

House Price Index

December 2014 edition

THE LARGEST MONTHLY SAMPLE OF RESIDENTIAL PROPERTY PRICES

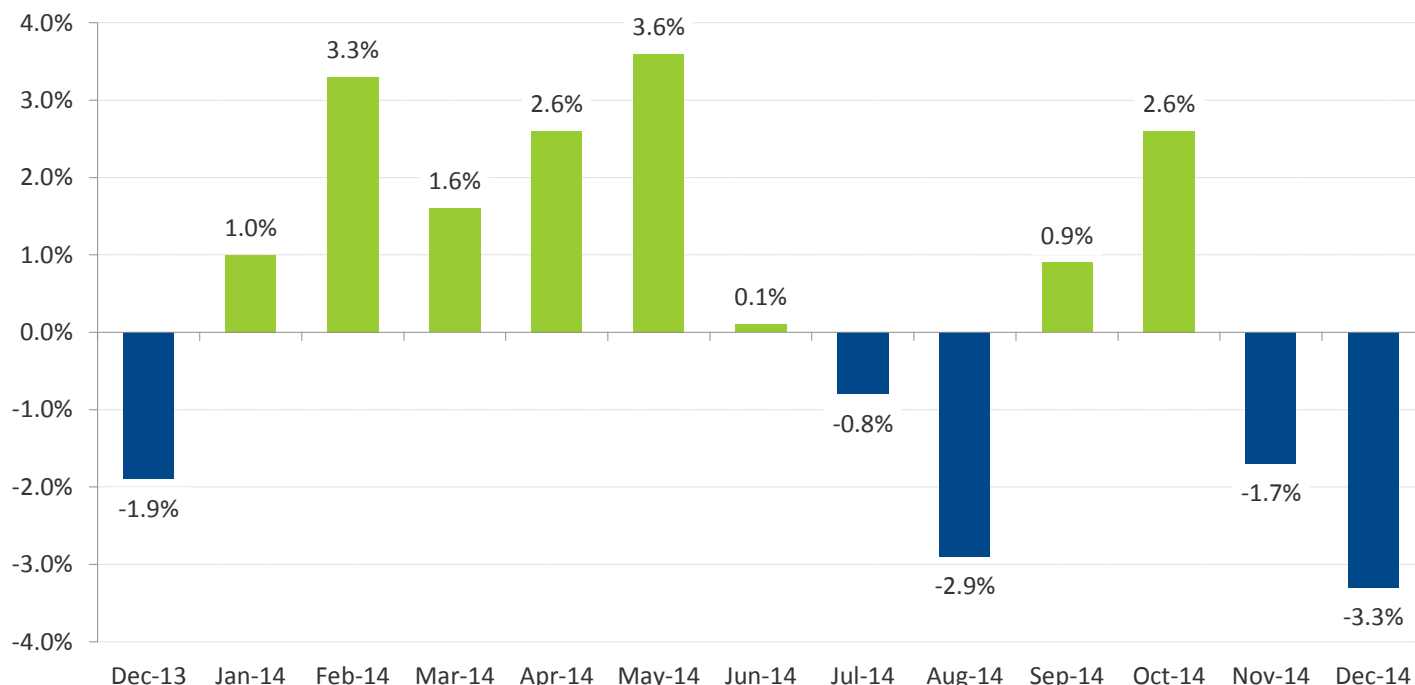
Under embargo for 00:01 hours: Monday, 15th December 2014

Largest ever monthly drop in asking prices - but 2015 rise still forecast

Average property asking price:	
Dec 14	Nov 14
£258,424	£267,127
% change in month:	
Dec 14	Nov 14
-3.3%	-1.7%
% change in past year:	
Dec 14	Nov 14
+7.0%	+8.5%
Monthly index (Jan 2002 = 100)	
Dec 14	Nov 14
210.3	217.3

- Year ends with largest ever monthly fall in price of property coming to market — down by nearly £9,000 — leaving prices up +7.0% during 2014
- Rightmove forecast for 2015: price of property coming to market to rise by between 4% and 5%, with upwards price pressure driven by:
 - Shortage of property for sale in popular locations as stricter lending criteria, pre-election jitters and limited choice of trade-up properties dissuade some home-owners from coming to market
 - Buyer sentiment aided by continuing low interest rate environment and boosted by Stamp Duty reform
- Buyers could find early 2015 offers 'best buy' opportunities—properties falsely priced below former Stamp Duty thresholds might offer tempting value

% monthly change in average asking prices



Rightmove measured 76,823 asking prices – circa 90% of the UK market. The properties were put on sale by estate agents from 9th November to 7th December and advertised on Rightmove.co.uk.

Rightmove.co.uk is the UK's largest property website, advertising around 90% of all homes for sale via estate agents across the UK. The site attracts over 80 million visits from home movers each month who view in excess of one billion pages (Rightmove data, Oct 2013). Each month Rightmove uses asking price data of up to 200,000 properties coming onto the market to produce this House Price Index - the largest, most accurate and up-to-date monthly index.

Overview

2014 ends with the largest ever monthly fall (when measured in pounds) in the price of property coming to market, down by an average of £8,703. This 3.3% drop in new seller asking prices has reduced the annual rate of increase from +8.5% in November to give a final 2014 figure of +7.0%. This is a further indication of the slowing pace of growth, though it is important to note that the recovery remains countrywide with all regions recording positive price growth for the year. On the back of an annual increase of +7.0% this year, Rightmove forecasts a national average rise in new seller asking prices in the range of 4% to 5% for 2015.

Miles Shipside, Rightmove director and housing market analyst comments: *"Whilst a near £9,000 drop is the biggest ever reduction in the price of newly marketed property compared to the month before and a sign of a market continuing to cool, a fall is not unexpected in December. Though sellers are fewer in number at this time of year, those that do come to market are often keener to sell so price lower in a bid to stand out. The overall picture for the year is still one of a much recovered property market, with sellers and their estate agents confident enough to be putting property on the market at a higher price on average than a year ago, although we predict a slower pace of price growth in 2015. This means that sellers and agents will have to work harder to achieve a sale next year."*

Rightmove's 2015 forecast

The national average price of property coming to market is forecast to rise by between 4% and 5%. Rightmove predicts the South East will see the highest growth in prices next year as the London ripple effect continues and stock shortages remain acute. These factors mean that the East and South West regions also look set to perform better than the northern regions. London will not be the price rise powerhouse leading the rest of the country as it has been in 2014. Sectors of the London market will continue to re-adjust with several different forces at play. Affordability has already been stretched to its limit in some inner London locations, and there are also winners and losers with the Stamp Duty changes. The threat of mansion tax on properties over £2million will remain a deterrent until at least May's election.

Shortage of property for sale in popular locations: While the number of resale properties coming to market in 2014 is up by 8% on 2013, HMRC transaction numbers for completed sales are currently 18% higher than the same period last year¹, leading to some supply shortages, especially in popular locations. While buyer demand has tailed off during the second half of the year, there are now signs of fewer sellers coming to market too. In the last four weeks, 76,823 new sellers have come to market, down 4% on the same period a year ago and the second consecutive month that there has been a year-on-year fall. There are factors that could see this trend continue into 2015, exerting some modest further upwards price pressure. Stricter lending criteria may prevent some home-owners from being able to fund the trade up to the next bracket, while the usual pre-election jitters will deter others. In some especially buoyant parts of the country the lack of properties available gives limited purchase choice for prospective sellers who are planning to trade up, dissuading some home-owners from coming to market.

Shipside observes: *"In spite of generally positive market conditions, some of the measures designed to restrain and control buyer demand have also curtailed the supply side by damaging the desire and ability of home-owners to place their property up for sale. Elections also add a further element of uncertainty that may deter some from making a major financial decision to trade up or down, so the likelihood is that good quality property will be in short supply in higher-demand locations, leading to higher prices where buyers still remain ready, willing and able*

¹ HMRC, UK Transactions above £40,000, Jan-Oct 2014 compared with Jan-Oct 2013

to proceed. With the average number of properties for sale per estate agency branch at the lowest level ever recorded at this time of year, there is still some scope for price growth."

Positive buyer sentiment: Rightmove's latest quarterly Consumer Confidence Survey of over 40,000 prospective home-movers shows that 63% think property prices will be higher in 12 months' time, though this is down from figures of 75% and 79% in the previous two quarters. Rightmove's view is that there may not be a rise in Bank of England base rates until 2016, and in addition both sentiment and costs of purchase have been aided by the Stamp Duty reform announced in the Autumn Statement.

Shipside notes: "Buyers are having a tougher time but remain price-positive as only one in ten in our latest survey think prices might fall over 2015. While the Bank of England's measures are making it harder to buy, the Chancellor has boosted buyers' coffers with a welcome and long-overdue overhaul of Stamp Duty that will help most in the mass-market. Market volumes are likely to be more muted in the first half of 2015 than in 2014, but conversely we could see a better second half. A good result would be overall volumes similar to 2014, but we could also see a thinner-volume market with relatively stable prices."

'Best buy' opportunities earlier in 2015? Buyers could find that early 2015 offers the best buying opportunities. With price rises still likely to outstrip wage inflation next year, affordability will become further stretched as the year progresses, helping the early movers. In addition, first-time buyers may benefit from buying before April's greater pension freedom encourages more buy-to-let investors into the market. Early buyers could also benefit from snapping up properties currently on the market but falsely priced below the former Stamp Duty thresholds. Within a few months this pricing inefficiency will disappear, as sellers of property worth just over the £125,000, £250,000 and £500,000 thresholds are likely to price their property at its true value, adding to purchase costs and house price inflation in 2015.

Shipside explains: "For years sellers have had to price at £125,000, £250,000 or £500,000 even if the property would've been worth up to 10% more in a market that wasn't distorted by the Stamp Duty thresholds. Many properties are still priced below these thresholds even though their significance has been greatly reduced now that the additional tax is incremental rather than a "slab", and some of them now offer tempting value if you can get in quick. No newly marketed property has a reason to price down to such an extent as before, so this is a limited opportunity and serious buyers around these brackets should be scouring the market for this older stock."

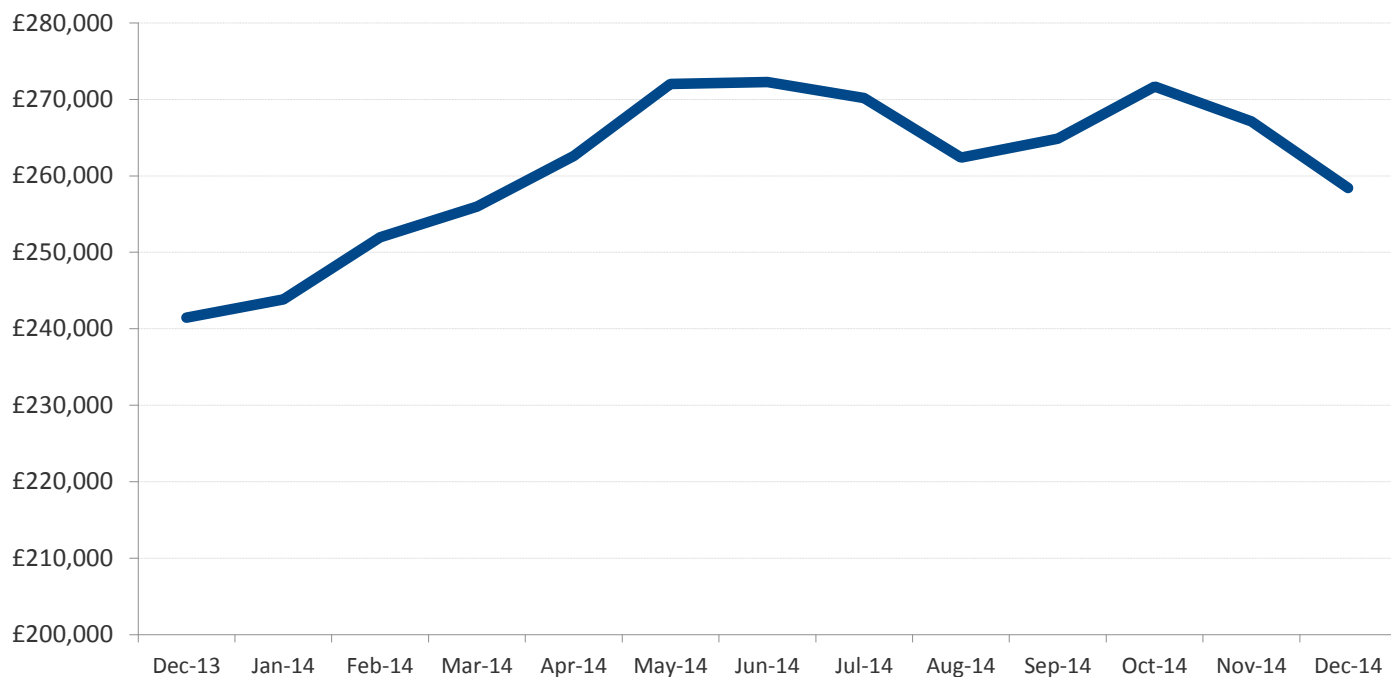
Agents' views

Managing Director of Oakwood Homes in East Kent, Andrew Dickinson, says: *"There is a serious shortage of stock in our area, and the demand is still strong as we look towards 2015. Over the past six months half of our sales have come from London buyers, including investors and people relocating from the capital. Thanet has been a particular hotspot, and across East Kent prices have risen by around 9%. I think prices will remain pretty static next year and the best chance for buyers will be in the first part of the year, especially for those that can take advantage of the Stamp Duty reform, and get in ahead of any changes that the May election could bring."*

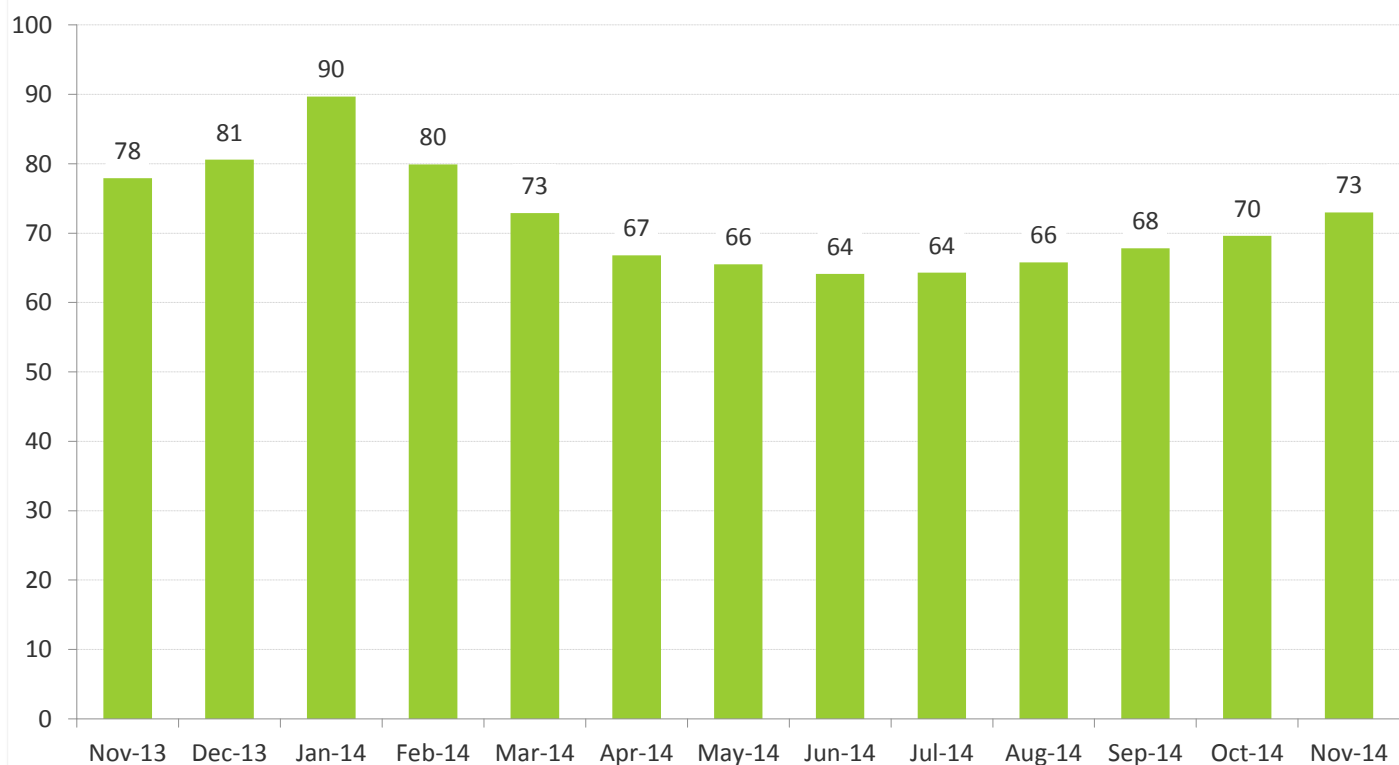
Branch Manager at Keppie Massie Residential in Liverpool, Debra Beach, says: *"As the London market cools somewhat the North West in general is seeing interest from investors from the South and overseas. However many of the suburbs are struggling to keep up with this pace, with the under 100k price bracket outside the city centre in particular experiencing an imbalance in supply and demand; moreover this bracket will see no benefit from the stamp duty changes so this recent positive step will not affect properties at this level. Prices have fallen during recent months as sellers have been competing to attract fewer buyers than earlier in the year; this combined with stricter mortgage application procedures has meant that the hope of a mini-boom have been short lived. We are cautiously optimistic that the New Year will see renewed confidence, with more stock coming to market and more buyers looking to secure purchases and mortgage deals before both prices and interest rates rise."*

PLEASE NOTE: The Rightmove House Price Index is being refined and will be in a new format in 2015. The refinements will give the ability to report more in-depth and granular-level data. Some measures will be restated, including the national and regional average asking prices and numbers of properties coming to market.

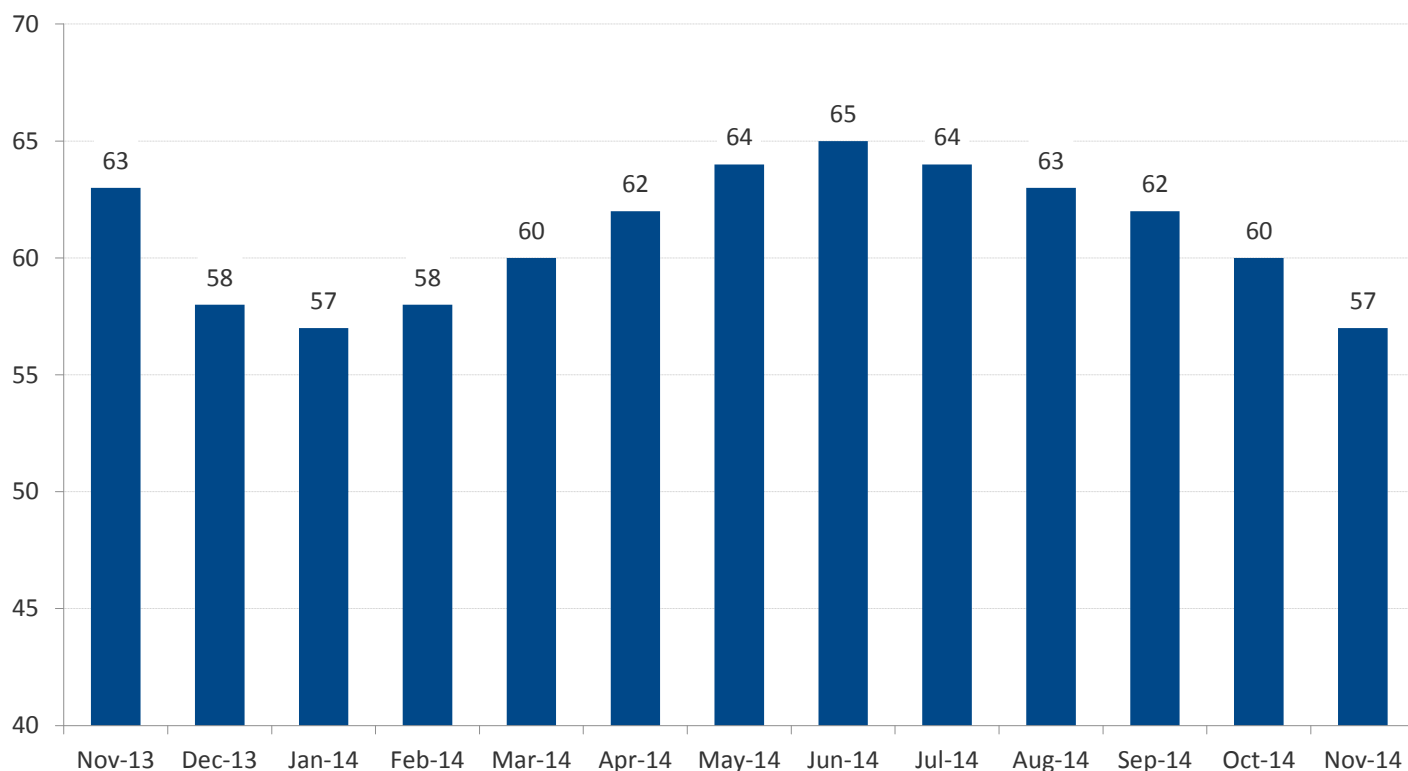
Rightmove monthly asking price trend



Average 'time to sell' - National

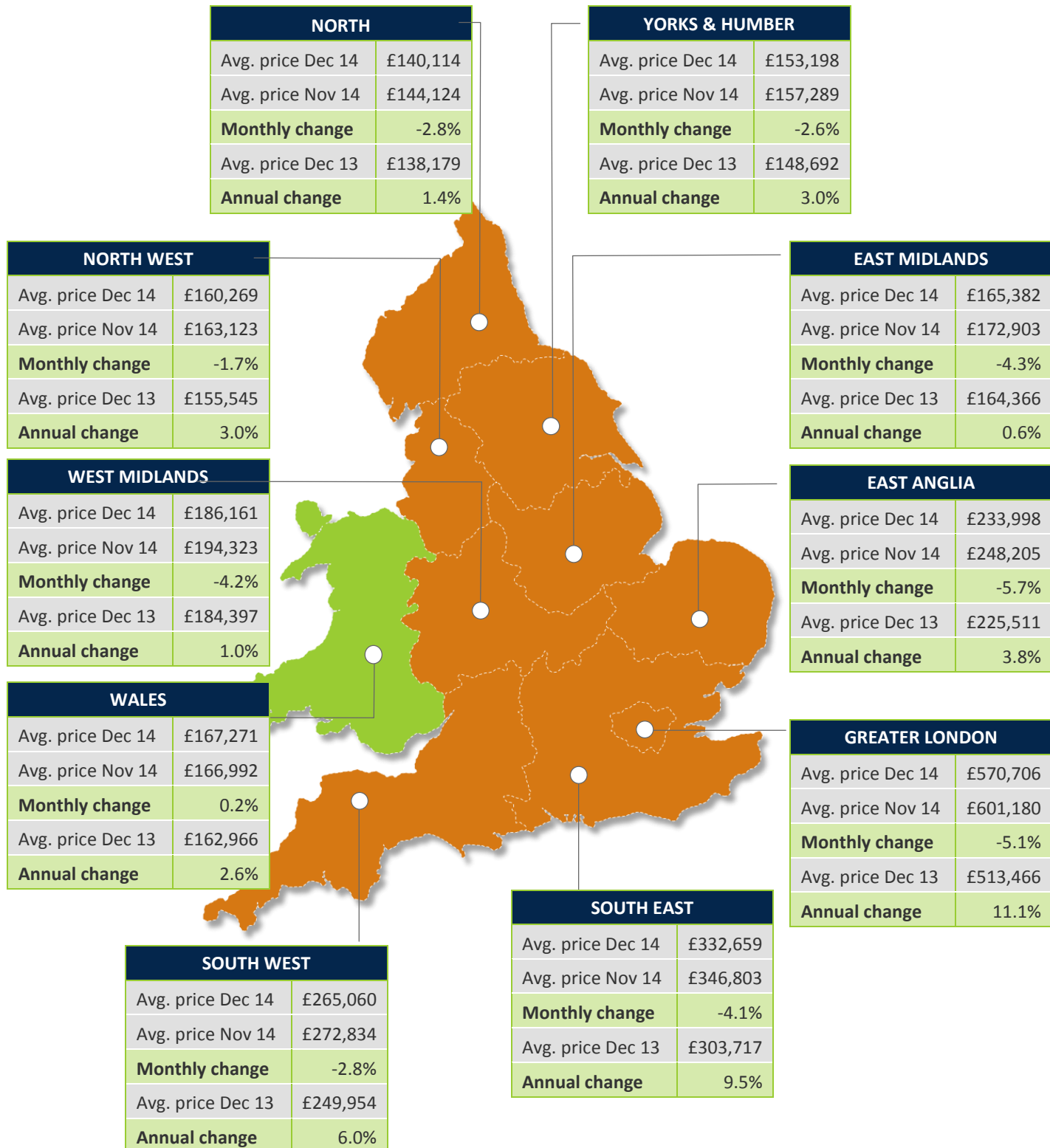


Average properties for sale per estate agent



Regions of England and Wales

■ = increased from previous month ■ = decreased from previous month



National asking price trend

Month	Index (Jan 2002 = 100)	% change	Avg. asking price
December 2013	196.5	-1.9%	£241,455
January 2014	198.4	+1.0%	£243,861
February 2014	205.0	+3.3%	£251,964
March 2014	208.3	+1.6%	£255,962
April 2014	213.7	+2.6%	£262,594
May 2014	221.3	+3.6%	£272,003
June 2014	221.5	+0.1%	£272,275
July 2014	219.8	-0.8%	£270,159
August 2014	213.5	-2.9%	£262,401
September 2014	215.5	+0.9%	£264,875
October 2014	221.0	+2.6%	£271,669
November 2014	217.3	-1.7%	£267,127
December 2014	210.3	-3.3%	£258,424
	+13.8	+7.0%	+£16,969

National asking price trend by property type

Month	Detached	Semi-detached	Terraced	Flats/apartments
December 2013	£357,940	£205,671	£190,844	£213,977
January 2014	£361,672	£206,758	£191,384	£217,406
February 2014	£368,622	£213,021	£200,764	£221,492
March 2014	£373,514	£215,004	£203,064	£227,970
April 2014	£387,478	£217,831	£207,855	£229,755
May 2014	£400,698	£222,988	£212,344	£237,350
June 2014	£400,190	£225,323	£215,548	£237,498
July 2014	£397,842	£223,159	£209,474	£235,337
August 2014	£382,622	£220,622	£206,606	£230,465
September 2014	£392,698	£221,599	£207,864	£232,793
October 2014	£397,736	£226,422	£216,711	£243,174
November 2014	£388,225	£223,603	£213,630	£241,035
December 2014	£374,581	£217,531	£207,292	£234,757
	+4.6%	+6.1%	+8.6%	+9.7%

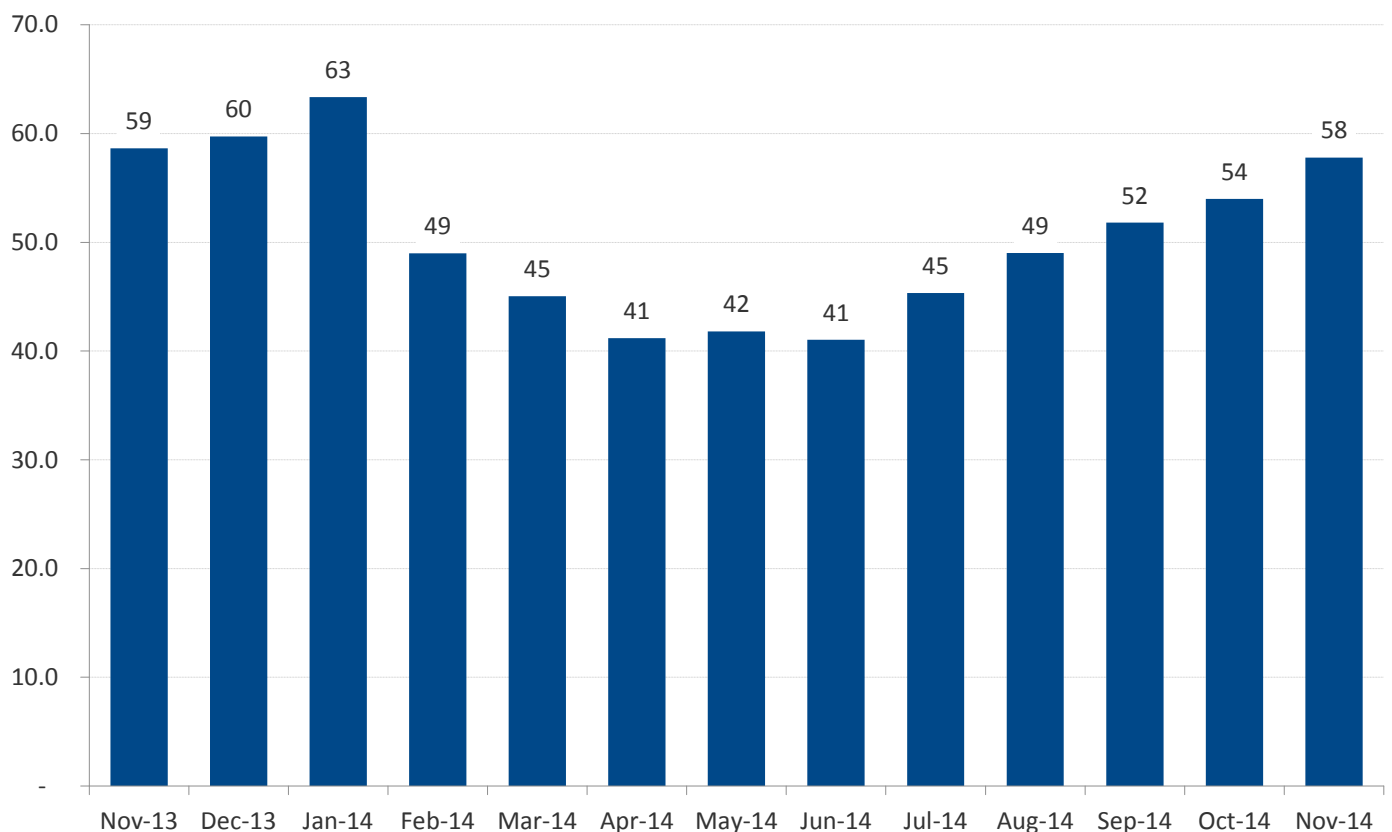
London's best performers: December 2014

London's top 5	Avg. price Dec 14	Avg. price Nov 14	Monthly change
Hounslow	£644,810	£648,047	-0.5%
Tower Hamlets	£597,079	£603,298	-1.0%
K'ton & Chelsea	£2,185,086	£2,212,845	-1.3%
Haringey	£655,152	£668,703	-2.0%
Richmond	£795,022	£815,326	-2.5%

London's worst performers: December 2014

London's bottom 5	Avg. price Dec 14	Avg. price Nov 14	Monthly change
H'smith & Fulham	£1,066,760	£1,146,788	-7.0%
Hackney	£722,479	£768,909	-6.0%
Merton	£547,840	£581,016	-5.7%
Brent	£719,700	£761,822	-5.5%
Southwark	£548,760	£580,694	-5.5%

Average 'time to sell' - London



London boroughs

Borough	Avg. price Dec 14	Avg. Price Nov 14	Monthly change	Avg. price Dec 13	Annual change
Kensington & Chelsea	£2,185,086	£2,212,845	-1.3%	£2,204,821	-0.9%
City of Westminster	£1,616,201	£1,666,528	-3.0%	£1,517,430	6.5%
Hammersmith & Fulham	£1,066,760	£1,146,788	-7.0%	£1,076,257	-0.9%
Camden	£1,034,201	£1,071,358	-3.5%	£984,508	5.0%
Islington	£839,837	£871,108	-3.6%	£712,530	17.9%
Wandsworth	£822,940	£850,789	-3.3%	£776,559	6.0%
Richmond-upon-Thames	£795,022	£815,326	-2.5%	£728,651	9.1%
Kingston-upon-Thames	£766,351	£798,736	-4.1%	£704,163	8.8%
Hackney	£722,479	£768,909	-6.0%	£589,811	22.5%
Brent	£719,700	£761,822	-5.5%	£746,354	-3.6%
Haringey	£655,152	£668,703	-2.0%	£541,726	20.9%
Hounslow	£644,810	£648,047	-0.5%	£547,119	17.9%
Barnet	£644,308	£666,721	-3.4%	£592,229	8.8%
Ealing	£604,927	£633,225	-4.5%	£514,798	17.5%
Tower Hamlets	£597,079	£603,298	-1.0%	£513,492	16.3%
Lambeth	£595,330	£624,441	-4.7%	£543,144	9.6%
Southwark	£548,760	£580,694	-5.5%	£492,264	11.5%
Merton	£547,840	£581,016	-5.7%	£510,805	7.3%
Lewisham	£445,226	£468,927	-5.1%	£390,715	14.0%
Hillingdon	£407,834	£424,903	-4.0%	£370,118	10.2%
Sutton	£405,306	£422,255	-4.0%	£374,683	8.2%
Harrow	£398,436	£413,524	-3.6%	£364,895	9.2%
Bromley	£397,887	£416,468	-4.5%	£357,298	11.4%
Enfield	£396,722	£415,601	-4.5%	£349,458	13.5%
Croydon	£379,445	£398,766	-4.8%	£331,896	14.3%
Waltham Forest	£367,552	£384,131	-4.3%	£325,079	13.1%
Greenwich	£350,084	£367,897	-4.8%	£307,447	13.9%
Redbridge	£347,685	£361,787	-3.9%	£304,847	14.1%
Newham	£301,788	£318,884	-5.4%	£257,746	17.1%
Havering	£285,245	£298,754	-4.5%	£256,239	11.3%
Bexley	£266,218	£274,917	-3.2%	£228,298	16.6%
Barking and Dagenham	£251,378	£260,459	-3.5%	£221,964	13.3%

Index comparison

	House price	Monthly
NOV 2014		
Rightmove	£258,424	-3.3%
Halifax	N/A*	N/A*
Nationwide	N/A*	N/A*
OCT 2014		
Rightmove	£267,127	-1.7%
Halifax	£186,941	+0.4%
Nationwide	£189,388	+0.3%
SEPT 2014		
Rightmove	£271,669	+2.6%
Halifax	£186,135	-0.4%
Nationwide	£189,333	+0.5%

*Published at the beginning of next month for Halifax and at the end of this month for Nationwide

Rightmove

Compiled from asking prices of properties as they come on the market via Rightmove's member estate agents over the previous month, covering over 90% the market. Not seasonally adjusted. (Seasonally adjusted figure used for the Halifax from Nov 2003, as no unadjusted figure has been published.)

Halifax

Based on mortgage approvals of loans agreed by Halifax Bank of Scotland over the previous month, seasonally adjusted.

Nationwide

Based on mortgage approvals of loans agreed by Nationwide Building Society over the previous month. Figure quoted for monthly change is seasonally adjusted.

Rightmove measures asking prices and does not seasonally adjust its figures, while Nationwide and Halifax both report data based on mortgage offers, seasonally adjusted. The index offered by the CLG (Department of Communities and Local Government) measure prices at completion stage, not seasonally adjusted.

Editors' notes

Advertising property for over 90% of all UK estate agents, Rightmove is in a unique position to identify any immediate changes in the market. Using a larger sample than any other house price reports, Rightmove's House Price Index is compiled from the asking prices of properties coming onto the market via the c.14,000 estate agency branches listing on Rightmove.co.uk. Rather than being a survey of opinions as with some other indices, it is produced from factual data of actual prices of properties currently on the market. The sample includes up to 200,000 homes each month – representing circa 90% of the market, the largest and most up-to-date monthly sample of any house price indicator in the UK. 95% of properties are sold via an agent, while only 75% are purchased with a mortgage. The index differs from other house price indicators in that it reflects asking prices when properties first come onto the market, rather than those recorded by lenders during the mortgage application process or final sales prices reported to the Land Registry. In essence, Rightmove's index measures prices at the very beginning of the home buying and selling process while other indices measure prices at points later in the process. Having a large sample size and being very up-to-date, the Rightmove Index has established itself as a reliable indicator of current and future trends of the housing market.

About Rightmove.co.uk:

Rightmove.co.uk is the UK's leading property website, displaying details of homes for sale or rent to the largest online audience. It is consistently ranked number one property website in the UK (source: Experian Hitwise). It has around 90% of all properties for sale and at any time displays a stock of over one million properties to buy or rent, worth around £270 billion. All eight corporate estate agents (those with 100 or more branches) list their properties on the site. The Rightmove.co.uk site attracts over 80 million visits from home movers each month who view in excess of one billion pages (Rightmove data, October 2013).

This month 8,194 properties have been excluded due to being anomalies.

For further information on methodology please contact the Press Office on **T** | 020 7087 0605 **M** | 07894 255295 or **E** | amy.funston@rightmove.co.uk.