

The Rightmove House Price Index

THE LARGEST MONTHLY SAMPLE OF RESIDENTIAL PROPERTY PRICES



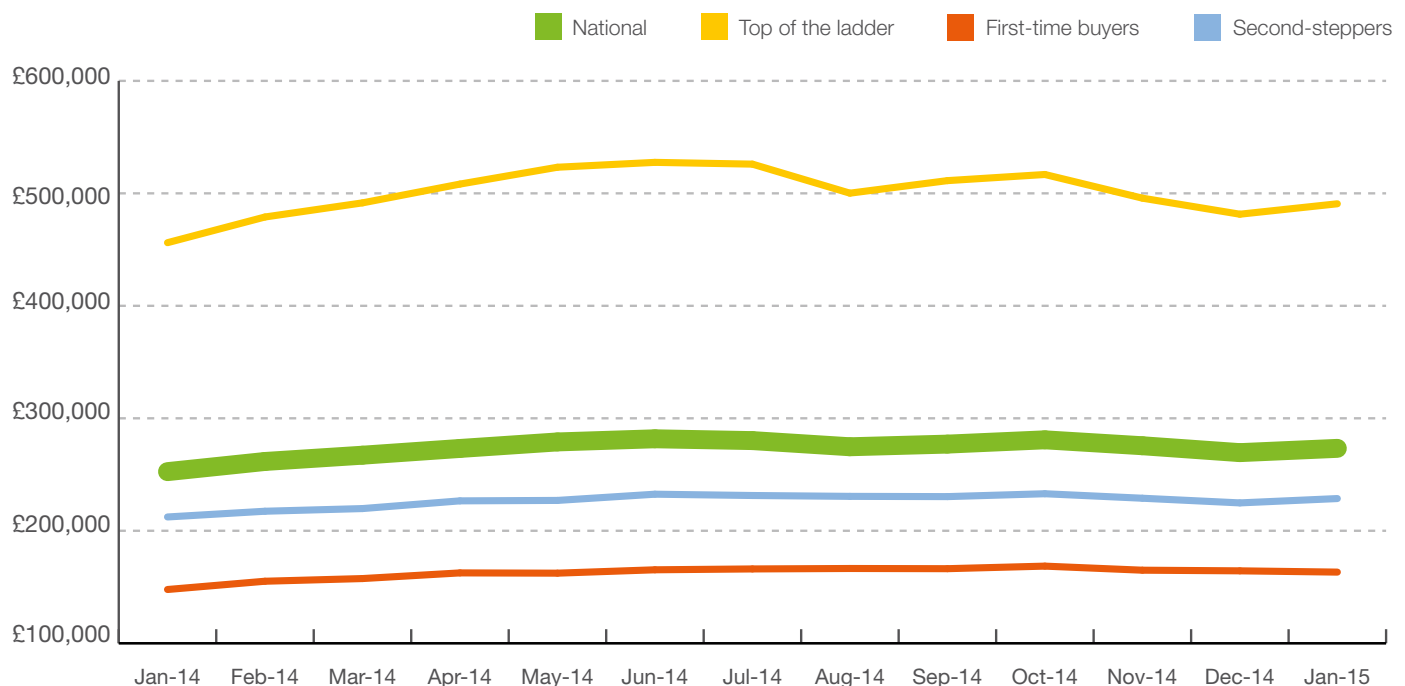
Under embargo for 00:01 hours: Monday, 19th January 2015

Record start to 2015 but sellers will have to work harder this year

- Highest ever Rightmove page views on Sunday 11th January¹ and site visits to date up over 10% on last year, setting a bullish early tone
- Price of property coming to market up 1.4% (+£3,798) in a month where prices usually fall
- Upwards price pressure as the number of properties coming to market (+2%) fails to replenish agents' historically low stock levels – currently 10% below same period last year
- Activity boosted by Stamp Duty savings of up to £1,250 for some first-time buyers – double incentive for early-birds as average property price in this sector is down by £1,132 this month
- In spite of the above and low mortgage and inflation rates, sellers will have to work harder in 2015 than in 2014:
 - election jitters and mortgage restrictions suggest a moderate reduction from the high transaction volumes seen in 2014
 - 2015 will be the 'Year of the Selective Mover' - lenders are selecting buyers who are good risks to lend to, and in turn buyers are very selective with the properties they choose

National average asking prices:				
Jan 2015	Dec 2014	Monthly change	Annual change	
£273,275	£269,477	+1.4%	+8.2%	
National average asking prices by market sector (excluding Inner London):				
Sector	Jan 2015	Dec 2014	Monthly change	Annual change
First-time buyers	£163,251	£164,383	-0.7%	+10.5%
Second-steppers	£228,642	£224,783	+1.7%	+7.7%
Top of the ladder	£490,719	£481,449	+1.9%	+7.6%

Monthly asking price trend by market sector





Overview

Prices and activity both cooled in the second half of 2014, though there are signs of a New Year bounce-back. More people are looking for property than last year, more sellers are putting their property up for sale, and new seller asking prices have increased this month by 1.4% (+£3,798) at a time of year when there are usually price falls. However, Rightmove cautions that sellers will not have it all their own way in the year ahead in spite of the bullish tone set by these early indicators.

Miles Shipside, Rightmove director and housing market analyst comments: *“Early 2015 statistics currently point in the right direction for home-movers, with the Chancellor’s early Stamp Duty Christmas present perhaps being the spur for people making New Year resolutions to get on with moving. There are more positive signs of early-bird activity rather than pre-election jitters or economic worries deterring prospective movers. However, we are only a few days into the year and it remains to be seen whether this initial flurry is sustained.”*

The early bird has several advantages this year:

Stock shortage will fuel price rises: New seller numbers are up 2% on last year and, while modest, this is the highest weekly run-rate over this period for several years. However, the supply of property coming to market is still failing to replenish agents’ stock for sale. Stock has fallen by 10% compared to the same period in 2014, creating upwards price pressure in popular areas, contributing to a 1.4% month-on-month asking price rise.

Shipside notes: *“The unseasonably high 1.4% jump in new sellers’ asking prices suggests that there are more rises in the pipeline for the next few months. Early-bird buyers, including trader-uppers, can potentially catch a good deal by getting off the mark quickly in 2015, and get a better pick of the housing crop.”*

Stamp Duty savings window: Rightmove’s updated House Price Index methodology introduced this month takes advantage of additional and more granular data that was not available at its inception in 2002. The Index now tracks typical property prices and supply for the main market sectors, including first-time buyers, second-steppers and the top of the ladder². With the average first-time buyer property coming to the market at £163,251, the reform to Stamp Duty announced in the Autumn Statement could mean potential savings of up to £1,250.

Shipside observes: *“Should prices rise, as they look set to over the next few months, potential Stamp Duty savings will diminish, but they will still be helpful to first-time buyers struggling to save enough to cover the Stamp Duty bill as well as the mortgage deposit. First-time buyers are in a potential win-win savings window this month with the price of property coming to market in this sector being over £1,100 cheaper, coupled with up to £1,250 in Stamp Duty savings. This is a welcome boost given that the price of property coming to market in the first-time buyer sector has increased by 10.5% in the last year.”*

Harder to sell in 2015 than in 2014

Visits to the Rightmove website are up over 10% in the first 13 days of January versus last year. In addition Rightmove set a new record for pages viewed on the website on Sunday 11th January. These early indicators of increased property interest, combined with estate agents reporting low stocks of appealing property in popular locations, should give encouragement to prospective sellers. However, Rightmove still cautions sellers that it will be harder to sell in 2015 than in 2014. Election jitters could lower the number of property transactions rather than lower prices, resulting in a moderate reduction from the high volumes seen in 2014, but with average prices driven up by the more resilient activity in popular locations. In addition, we predict that many buyers who have jumped the hurdle of lenders’ selective criteria to secure a mortgage will be more fussy about the home they buy. The lack of the right quality property situated where people want to live may cause some to postpone their move.

Shipside predicts: *“The popular properties that most people want will remain sought after and will remain both highly prized and priced. Less attractive property is available in many locations but has often been on the market for some time, though it could be an option for choosier buyers if the seller is more negotiable on price. Buyers deemed mortgage-*

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worthy will value their hard-won purchase pots and want to spend them wisely. That might mean stretching themselves to afford a property that ticks all the boxes, but wanting a heavy discount on one that falls short. A property that offers longevity of stay by having adaptable accommodation and scope for increase of floor area will be especially appealing given the costs and upheaval of moving more regularly.”

2015 will be the ‘Year of the Selective Mover’ on two counts – first because lenders have selected them as a good risk to lend to, and second because they will be very selective about which properties they choose. The high traffic volumes on Rightmove not only indicate underlying demand, but also people regularly searching for a property that suits their needs. With insufficient new build over the last few decades and a systemic change in the make-up of our current housing stock, buyers are dissatisfied with, and therefore dismissive of, some of what is up for sale.

Shipside advises: *“While you cannot change the location of a property, sellers can improve the appeal of their home in other ways to persuade today’s choosier buyers that the positives outweigh the negatives. Getting advice from estate agents about how to prepare or adapt your property ready for sale, pricing correctly to attract value-conscious buyers, and then getting it in front of as many of them as possible will be very important in 2015.”*

Agents’ Views

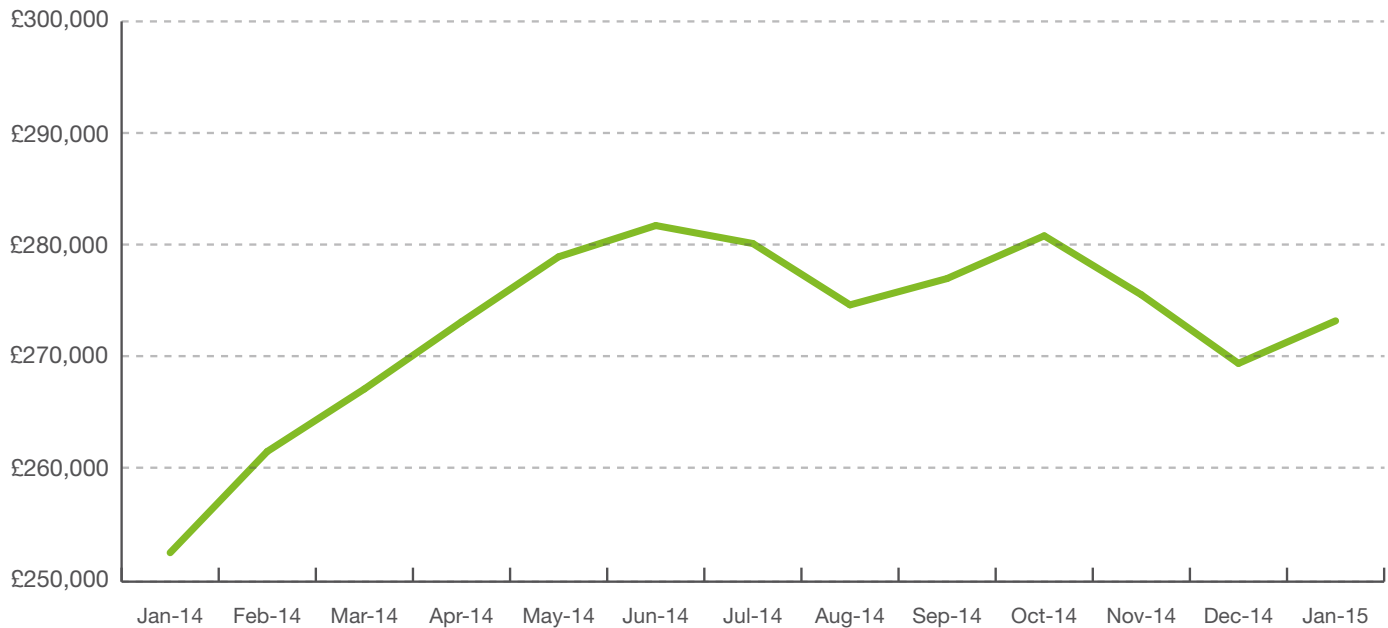
Robert Scott-Lee, Managing Director of Chancellors in London and the South East says: *“Straight after Christmas we saw activity pick up, with some deals being made before the New Year and record prices being set, especially in Berkshire and Oxfordshire. I think this year we’ll see even more investor properties being sold, which could mean first-time buyers will come up against some competition, but for those with a sensible deposit now is an opportune time to start looking. The first quarter is likely to be the busiest before we move into any potential disruption the election brings.”*

Mike Woods, Building Surveyor at RK Lucas & Son in Pembrokeshire, Wales, says: *“We are busier than we were last year but it’s not been as buoyant as we thought it would be at the start of the year, and there is still a lack of stock, especially first-time buyer homes around £80,000-£110,000 that are always in demand. We’ve had some vendors who want to wait until March to put their property on the market as there is a perception that homes will sell better in the Spring-time, but in reality getting their home on and marketed to a wide audience now could make it easier for them to sell and complete before the election.”*

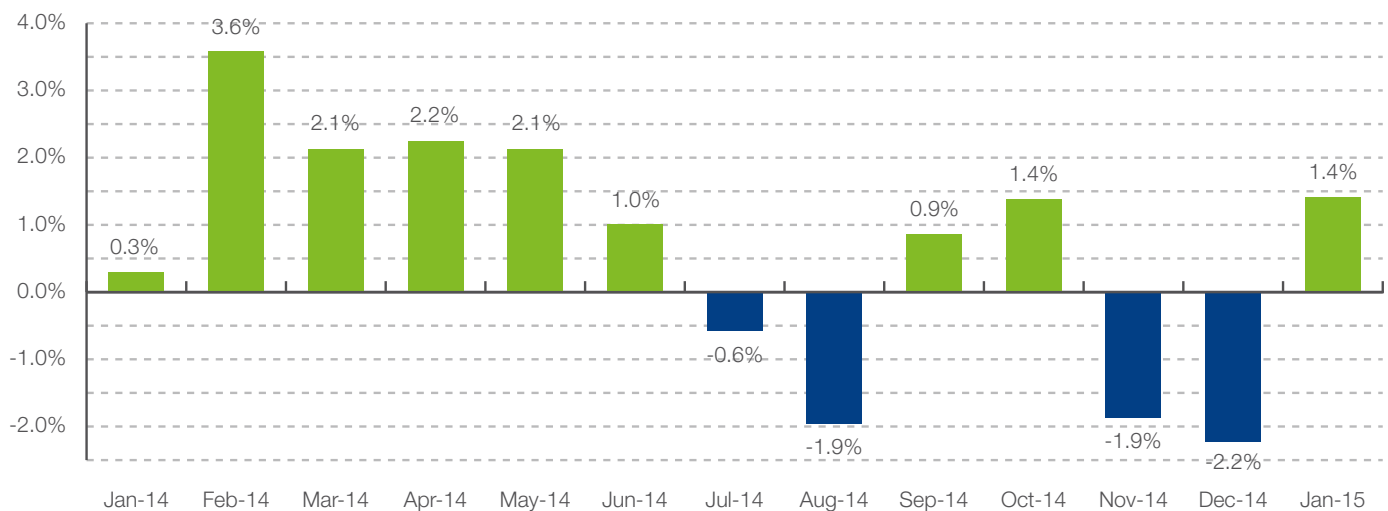
Simon Gerrard, President of National Association of Estate Agents and Managing Director of Martyn Gerrard Estate Agents with 11 branches in London says: *“The start of the year has been a strong one, and we’re only a week or so in. More people seem to be putting their property on the market early this year, one explanation for this is that they are doing so rather than waiting for the normal seasonally busy time of Spring. This is most probably because Spring 2015 will coincide with the General Election that could lead to uncertainty in the market at that time. There is still more demand than supply, and sellers with property values near the old Stamp Duty thresholds are now able to market their property for its true worth, both of which are contributing to higher asking prices. Overall I think we’ll see a strong first quarter to the year, especially as potential buyers are now getting used to what is expected of them with the stricter lending criteria.”*



Monthly asking price trend

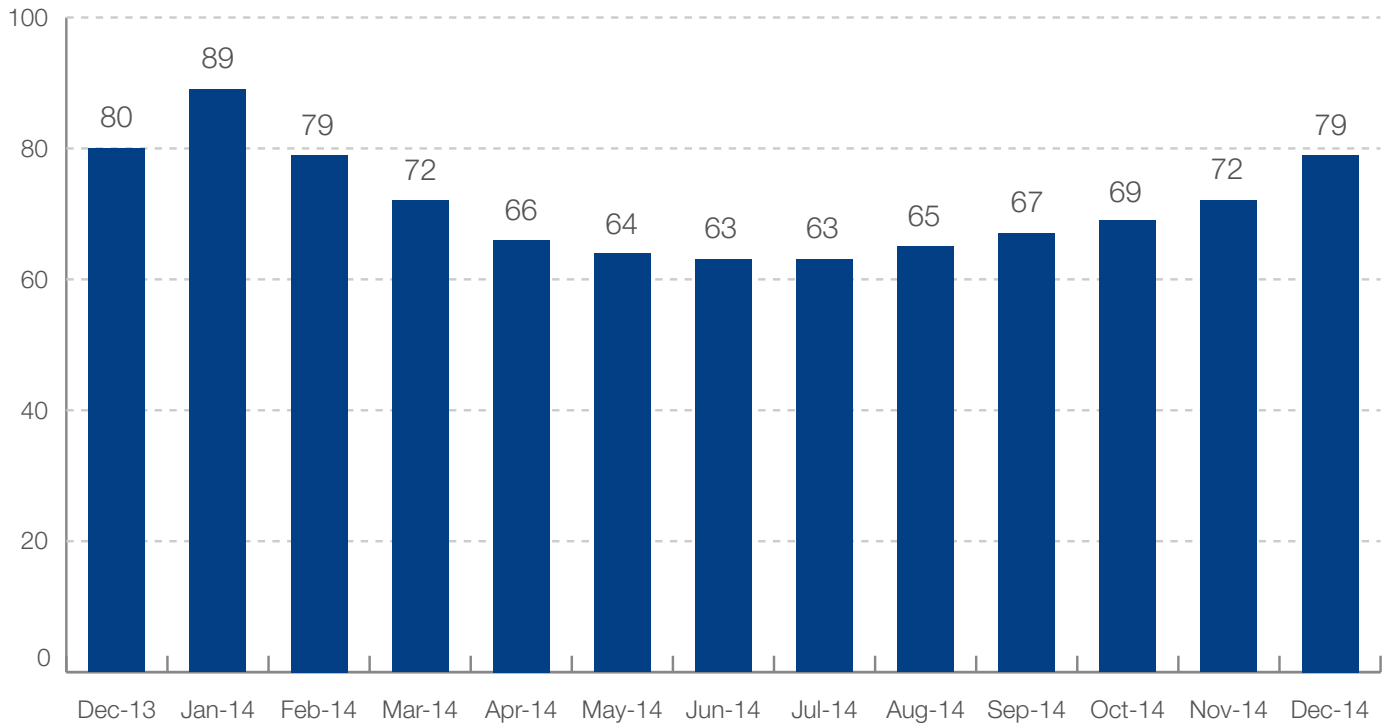


% monthly change in average asking prices

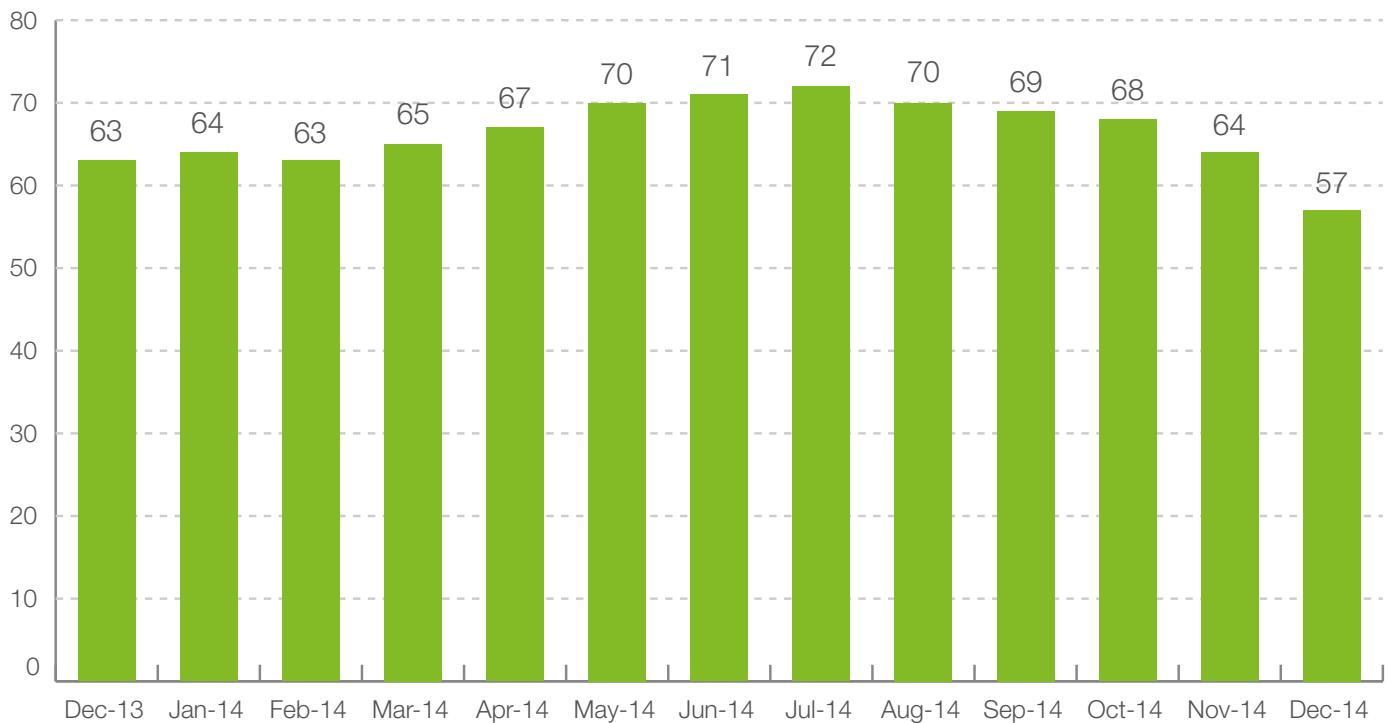




Average 'time to sell' (no. of days) - National



Average properties for sale per estate agent



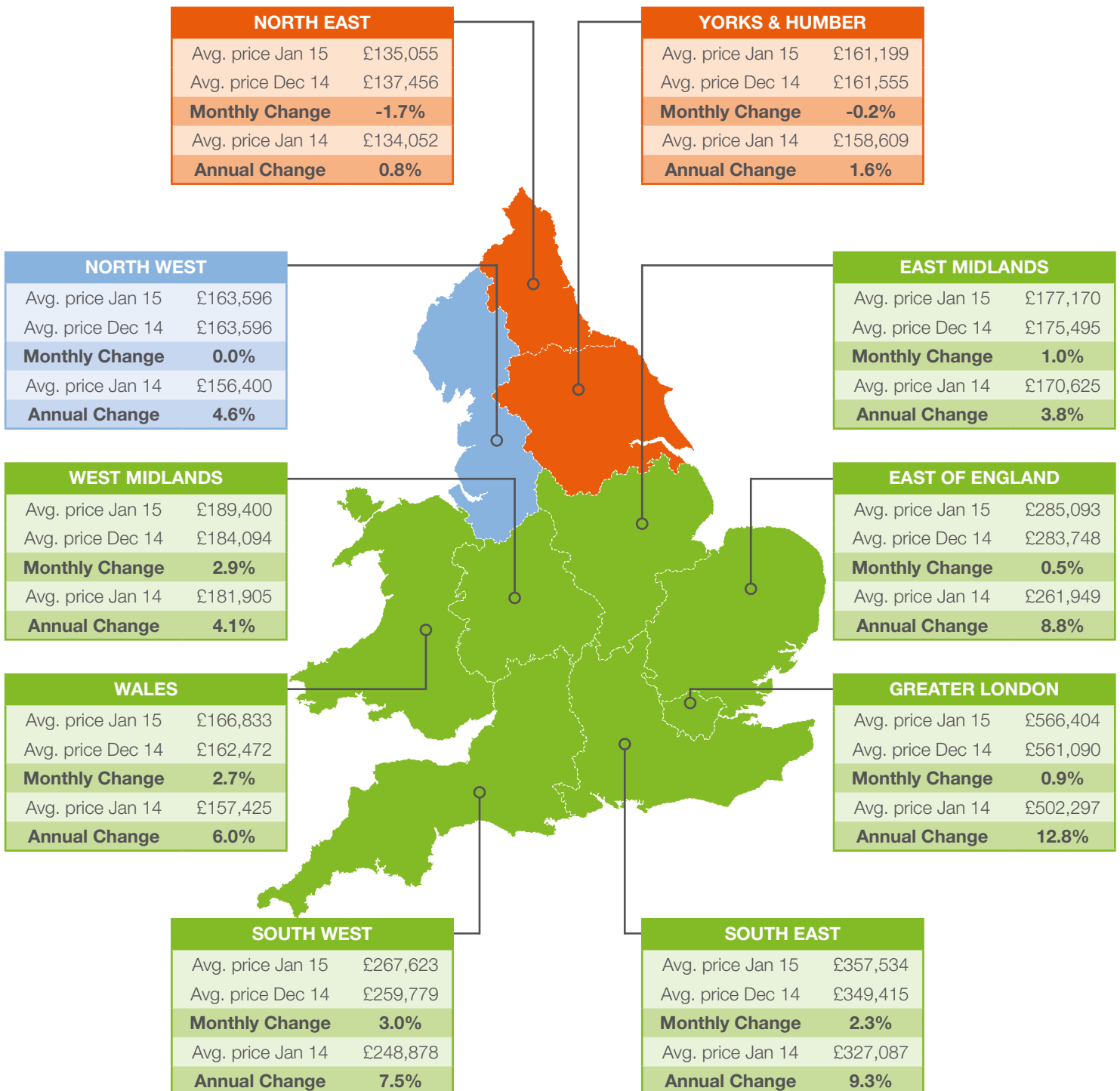
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Regions of England and Wales

■ = increase from previous month
 ■ = decrease from previous month
 ■ = no change from previous month



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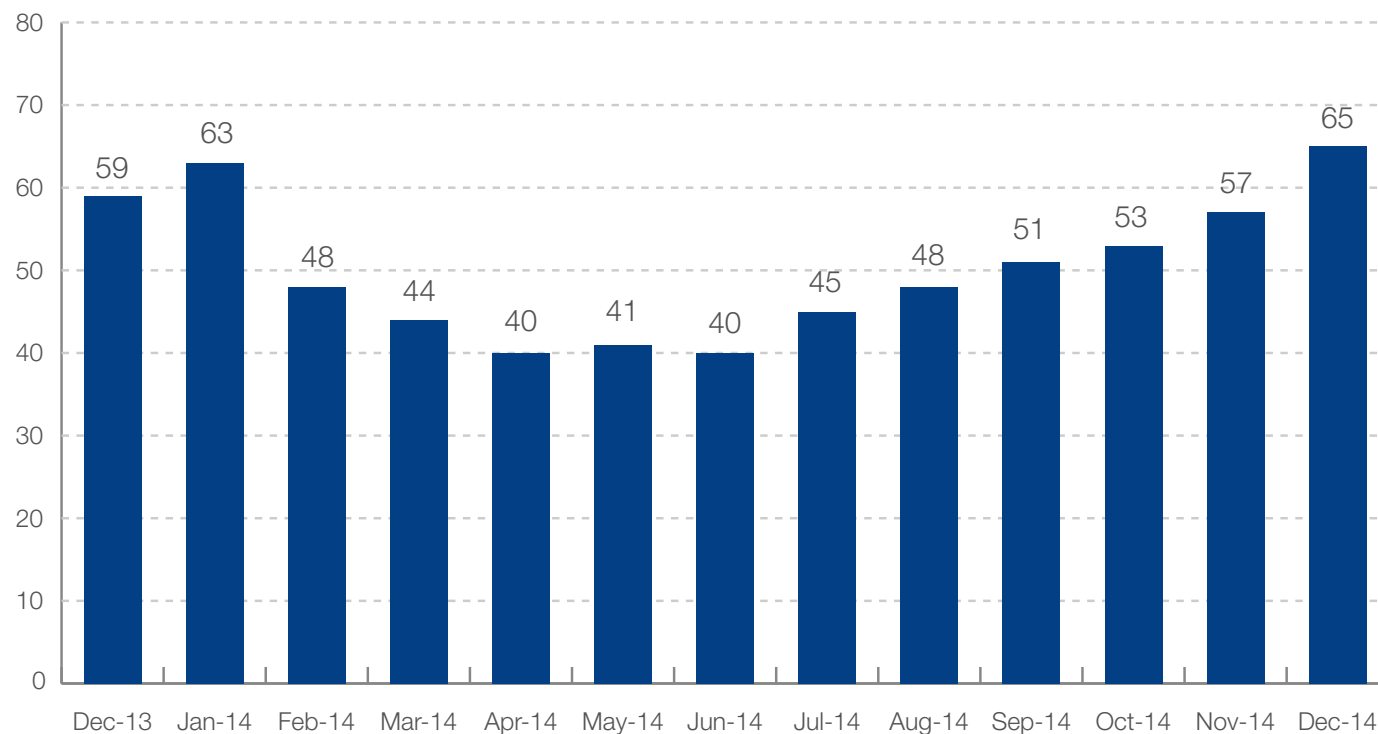
London's best performers: January 2015

London's Top 5	Avg. price Jan 2015	Avg. price Dec 2014	Monthly change	Avg. price Jan 2014	Annual change
Merton	£589,704	£516,951	14.1%	£560,065	5.3%
City of Westminster	£2,055,666	£1,867,486	10.1%	£1,665,101	23.5%
Hammersmith and Fulham	£1,009,772	£919,982	9.8%	£927,854	8.8%
Kingston-upon-Thames	£593,148	£551,231	7.6%	£494,990	19.8%
Bromley	£483,060	£451,562	7.0%	£414,022	16.7%

London's worst performers: January 2015

London's Top 5	Avg. price Jan 2015	Avg. price Dec 2014	Monthly change	Avg. price Jan 2014	Annual change
Richmond-upon-Thames	£780,673	£858,571	-9.1%	£807,250	-3.3%
Hounslow	£464,195	£503,798	-7.9%	£403,566	15.0%
Ealing	£565,818	£594,282	-4.8%	£488,920	15.7%
Barnet	£678,635	£705,132	-3.8%	£612,006	10.9%
Camden	£968,926	£991,428	-2.3%	£981,566	-1.3%

Average 'time to sell' (days) - London





London boroughs

Borough	Avg. price Jan 2015	Avg. price Dec 2014	Monthly Change	Avg. price Jan 2014	Annual change
Kensington and Chelsea	£2,193,008	£2,192,956	0.0%	£1,919,803	14.2%
City of Westminster	£2,055,666	£1,867,486	10.1%	£1,665,101	23.5%
Hammersmith and Fulham	£1,009,772	£919,982	9.8%	£927,854	8.8%
Camden	£968,926	£991,428	-2.3%	£981,566	-1.3%
Wandsworth	£812,731	£779,366	4.3%	£730,054	11.3%
Richmond-upon-Thames	£780,673	£858,571	-9.1%	£807,250	-3.3%
Islington	£680,546	£663,773	2.5%	£615,855	10.5%
Barnet	£678,635	£705,132	-3.8%	£612,006	10.9%
Haringey	£608,039	£601,889	1.0%	£471,222	29.0%
Lambeth	£597,542	£601,264	-0.6%	£535,592	11.6%
Kingston-upon-Thames	£593,148	£551,231	7.6%	£494,990	19.8%
Hackney	£591,719	£568,378	4.1%	£524,003	12.9%
Southwark	£591,355	£560,235	5.6%	£521,179	13.5%
Merton	£589,704	£516,951	14.1%	£560,065	5.3%
Brent	£580,877	£545,010	6.6%	£512,128	13.4%
Ealing	£565,818	£594,282	-4.8%	£488,920	15.7%
Tower Hamlets	£556,138	£552,946	0.6%	£453,522	22.6%
Bromley	£483,060	£451,562	7.0%	£414,022	16.7%
Harrow	£470,121	£477,812	-1.6%	£443,669	6.0%
Hounslow	£464,195	£503,798	-7.9%	£403,566	15.0%
Lewisham	£411,682	£397,045	3.7%	£344,815	19.4%
Enfield	£402,805	£395,511	1.8%	£342,539	17.6%
Hillingdon	£394,327	£399,351	-1.3%	£329,157	19.8%
Greenwich	£386,785	£389,024	-0.6%	£309,545	25.0%
Waltham Forest	£380,583	£370,775	2.6%	£324,434	17.3%
Redbridge	£380,425	£370,152	2.8%	£323,856	17.5%
Sutton	£372,913	£369,359	1.0%	£325,714	14.5%
Croydon	£355,606	£349,703	1.7%	£309,028	15.1%
Newham	£332,337	£316,671	4.9%	£260,415	27.6%
Havering	£320,062	£312,502	2.4%	£269,601	18.7%
Bexley	£297,761	£290,239	2.6%	£259,214	14.9%
Barking and Dagenham	£240,651	£236,161	1.9%	£197,701	21.7%



Editors' notes

About the Index:

The Rightmove House Price Index methodology has been refined as of January 2015. The Index now uses new mapping technology to define regions at a postcode rather than postcode district or area level, and the mix adjustment has been updated to reflect the current proportion of stock by property type in each area, to provide even more accurate data. All regional breakdowns are now reported in line with ONS regions. For the purpose of historical comparisons, the historical figures have been restated based on the new methodology.

The Index can now include further breakdowns in the housing market to offer trends at three different sectors of the market: first-time buyer, second-stepper and top of the ladder. Inner London prices have been excluded from this categorisation as the normal housing ladder is not really applicable.

Advertising property for over 90% of all UK estate agents, Rightmove is in a unique position to identify any immediate changes in the market. Rightmove's House Price Index is compiled from the asking prices of properties coming onto the market via over 13,000 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 asking 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, whilst 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 in the housing market.

Rightmove measured 68,755 asking prices – circa 90% of the UK market. The properties were put on sale by estate agents from 7th December to 10th January and advertised on Rightmove.co.uk. This month 3,454 properties have been excluded due to being anomalies.

¹Based on page views across all Rightmove platforms (desktop, mobile sites and apps).

²Market sectors explained:

First-time buyer: This figure represents the typical property a first-time buyer would purchase, covering all two bed properties and smaller that come to market (houses and flats).

Second-stepper: This figure represents the typical property of a person moving from their first home, covering all three and four bed properties that come to market (houses and flats) excluding four bed detached houses.

Top of the ladder: This figure represents asking prices at the top end of the market, covering all five bed properties and above (houses and flats), as well as four bed detached houses.

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 the 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. The Rightmove.co.uk site attracts over 90 million visits from home movers each month who view in excess of one billion pages (Rightmove data, October 2014).