

The Rightmove House Price Index

THE LARGEST MONTHLY SAMPLE OF RESIDENTIAL PROPERTY PRICES



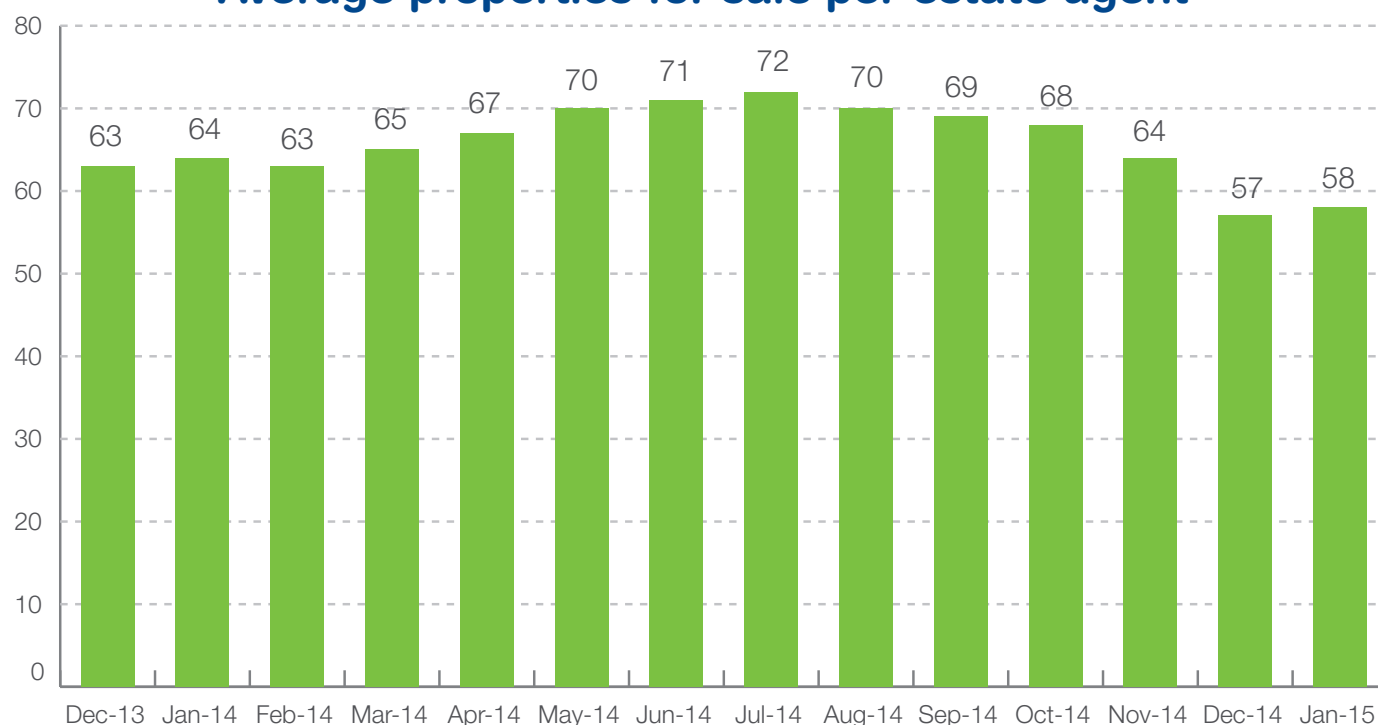
Under embargo for 00:01 hours: Monday, 16th February 2015

Structural housing shortage results in not enough sellers and rising prices

- Decades of inadequate provision of homes to satisfy demand are having an increasing effect, with a tight-stock market resulting in a shortage of quality property to trade up to
 - Average price of property coming to market up by over £5,000 this month (+£5,729/+2.1%), with all regions reporting uplifts
 - Increase in demand for property continues with busiest ever January site traffic on Rightmove
 - 31% increase in housing transactions in last two years in England and Wales¹, outstripping 11% rise in number of properties coming to market in same period
 - Some agents reporting lowest ever stock of quality property for sale, as lower owner-occupation, buy-to-let investors not selling, and owners' reluctance to 'sell before you find' contribute to a 4% fall in new seller numbers compared to same period in 2014
 - Different tactics required for a successful move in a tight-stock market

National average asking prices:				
Month	Avg. asking price	Monthly change	Annual change	Index
Feb 2015	£279,004	+2.1%	+6.6%	229.7
Jan 2015	£273 275	+1.4%	+8.2%	225
National average asking prices by market sector (excluding Inner London):				
Sector	Feb 2015	Jan 2015	Monthly change	Annual change
First-time buyers	£167,107	£163 251	+2.4%	+7.7%
Second-steppers	£231,317	£228,642	+1.2%	+6.4%
Top of the ladder	£505,263	£490 719	+3%	+5.5%

Average properties for sale per estate agent





Overview

We're now over a month into 2015, and despite predictions that the upcoming May election could slow home-mover interest, Rightmove has recorded its busiest ever month for traffic and leads to agents. This demand has contributed to new seller asking prices being up across all regions this month, by a national average of over £5,000 (+£5,729/+2.1%). Decades of inadequate provision of homes to satisfy growth in demand are having an increasing effect, with a tight-stock market resulting in a shortage of quality property for sale to trade up to.

Miles Shipside, Rightmove director and housing market analyst comments: *"For the right property at the right price, demand is outstripping supply and leading to some further upwards price pressure. However there is a limit to what the majority are willing or can afford to pay, especially with the tighter lending criteria. In locations where there is a tight-stock market some different tactics are required for a successful move as competition gets fiercer for quality homes as demand increases."*

Housing demand is at a record high with visits to Rightmove hitting over 100 million in January for the first time ever², and home-hunters looking through a record 1.5 billion pages of property. New record busiest ever days were set on Sunday 25th and Monday 26th of January. Email and phone enquiries by home-hunters to agents on Rightmove hit 4.3 million for the first time, equating to around 100 enquiries every minute.

Quality stock is in short supply in some locations, which is unsurprising given the structural under-supply of homes and the recovery from the economic downturn. The 31% increase in housing transactions in the last two years in England and Wales has outstripped the 11% rise in the number of new properties coming to market. Rightmove statistics show that the average available stock for sale per estate agency branch for the last two months (57 and 58 properties) has never been lower at the beginning of the year. New seller numbers this month are also 4% below those recorded in the same period in 2014.

Shipside notes: *"Many who are contemplating moving will have noticed a lack of suitable property for sale in their area, and may be hoping that it's a temporary shortage. What they may not fully appreciate is that this is the new norm, and is the consequence of over 20 years of not enough homes being built to meet the burgeoning growth in household numbers, resulting in a lack of quality homes for sale in many popular areas of the UK."*

Lower owner-occupation levels, down from a peak of 71% in 2003 to 65% in the latest figures³, mean that this shrinking sector has less ability to meet the housing needs of those looking to get onto or trade up and down the property ladder. This is exacerbated by the massive growth of the buy-to-let investor sector, up by 2.6 million homes since 1996. Buy-to-let investors' long-term investment strategy means they typically do not sell as frequently as owner-occupiers, resulting in reduced supply and choice for owner-occupier buyers in lower price sectors.

Shipside observes: *"More property could be effectively removed from the market when the buy-to-let sector sees a further boost from April, as agents are already reporting preliminary enquiries from retirees planning to cash in their pension pots and invest in buy-to-let properties to secure a steady inflation-proof retirement income. Agents also report a reluctance amongst owner-occupiers to put their property up for sale, as they can see little suitable to buy, though in truth selling first (subject to contract) puts you in the best position to secure your next home. Given that this is the likely shape of the market now and in the future, home-owners need to get their tactics right for a successful tight-stock market move if those are the conditions in the area where they wish to buy."*

Tactics for a successful move in a tight-stock market:

This might seem like an ideal time to sell with stock for sale being tight, but if you are moving up, down or sideways on the property ladder it also means it could be much harder to find your next property. While sellers might achieve a higher price, the property that they are buying is also likely to cost more. Selling subject to contract before finding another property and having an offer accepted sounds concerning to most, but with less property to choose from, a home-owner really needs to have a buyer for their own property or they will not be treated as a serious buyer themselves.

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Shipside advises: *"You might think of postponing your moving attempt until there's more choice available, but the likelihood is you will still have to contend with fewer available properties for sale in the future, unless by massive investment or magic we create more homes to match housing demand. The issue is down to a lack of private, affordable and social housing, and what it will take is a focus on long-term provision to address the nation's housing needs."*

Advice for a successful move if there is a **tight-stock market** in your area:

- In this sort of market you should find a buyer first, preferably one with patient timescales, and then start looking in earnest
- Until you have found somewhere make sure the respective conveyancers take things slowly and that you don't incur premature costs, and the same goes for your buyer's mortgage application and any fees
- Do not be pressurised into buying a property that does not suit your needs. If you cannot find the right home for you, delay the deal with your buyer until it comes along
- If nothing else does come along and you lose your prospective buyer then the worst outcome is that you take your property off the market and stay put for now, though do make sure your agent operates a no-move no-commission policy

Agents' Views

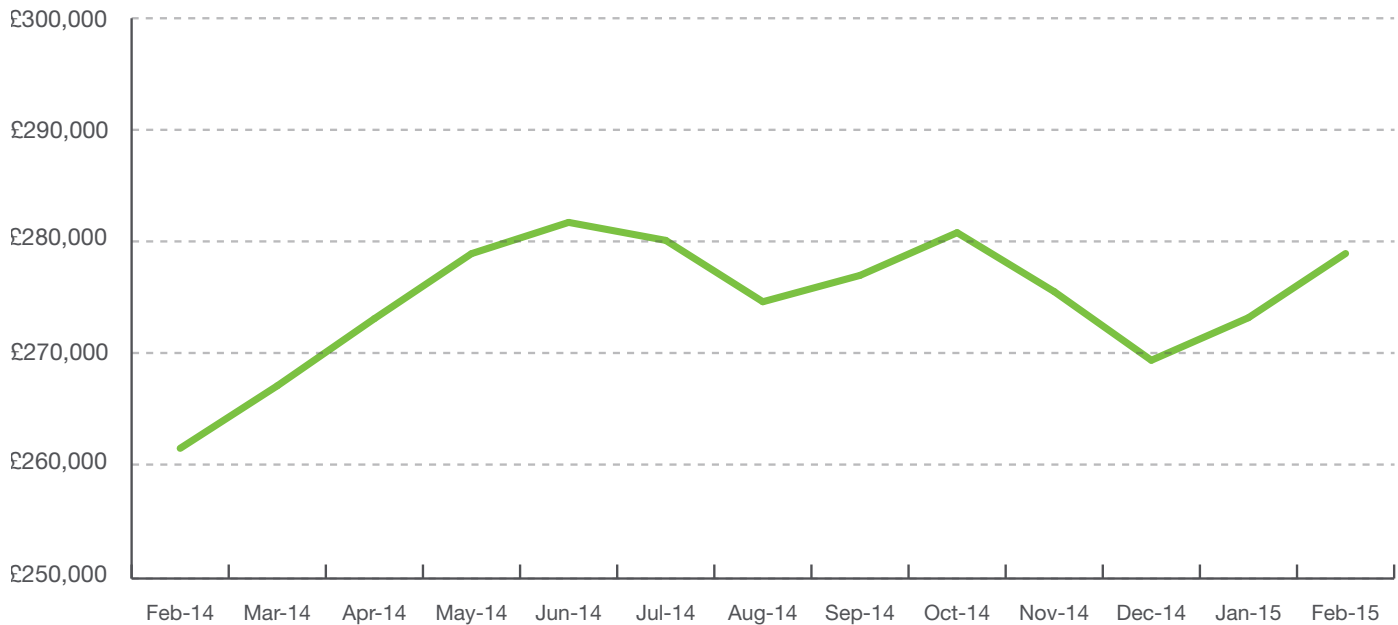
Ian Kenworthy, Director at Samuel Miles in Royal Wootton Bassett says: *"The market is fragmented at present and quality stock is at a record low, with a big factor being the number of buy-to-let investors who bought property over the past few years, which has halted the churn at the bottom end of the market. First-time buyers are now having to bypass the two-bed terraces and consider larger properties that in many cases are beyond their borrowing means. This stock shortage has led to a number of bullish sellers putting their properties on the market at prices above their value, which is stalling the market even further."*

Michael Herwald of Michael Herwald & Company in Manchester says: *"There has been a shift in the type of property first-time buyers have been purchasing in the past few years. Many of the buyers are older with a bigger deposit, which has enabled them to afford a mid-range property rather than a typical starter home, pushing up prices in this sector. This in turn has led to prices going down at the lower end of the market, especially flats. Stock is in short supply in some areas, especially because more people are staying put rather than trading up because they are worried that they will have problems with finance."*

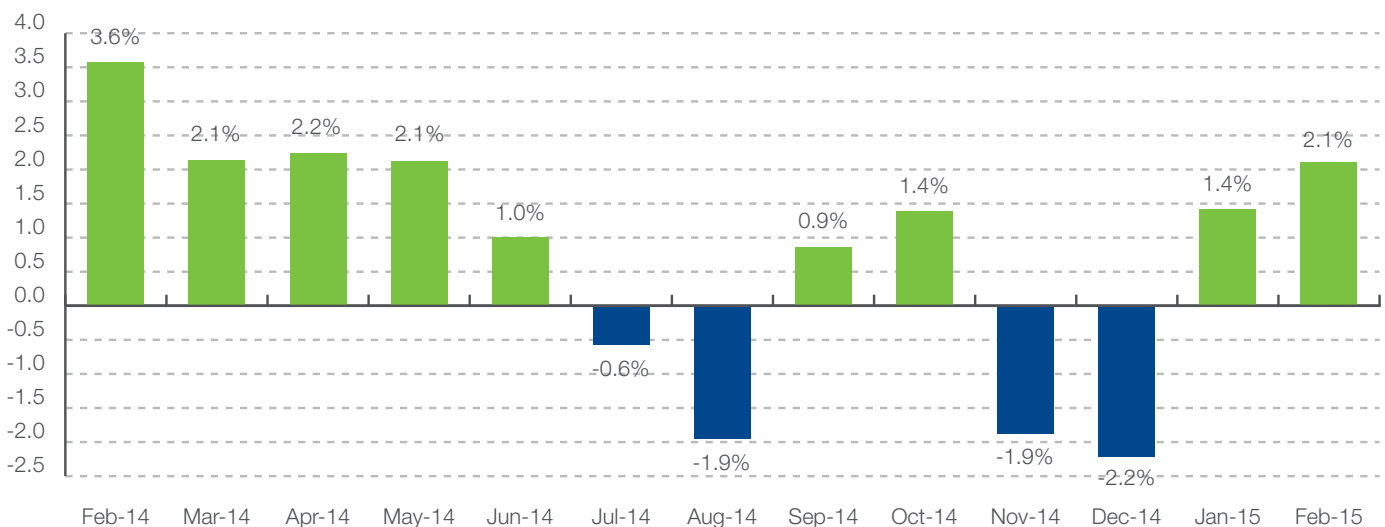
Ken Hume of James Alexander in Norbury, South West London, says: *"There is a definite lack of stock at present, and while this is something that would usually improve as the year progresses, I think the upcoming election will slow things down in 2015. That said, there is still enough pent-up demand so the market will continue to move as long as property is priced correctly and not over-valued. We've seen increased interest in Norbury as a location for first-time buyers, especially as it's within easy commuter distance to central London, and with the nearby investment such as the new Westfield coming to Croydon in the near future. People willing to move just that little bit further out could find a two bed flat for £250,000, well below the average of a first-time buyer property in the capital."*



Monthly asking price trend

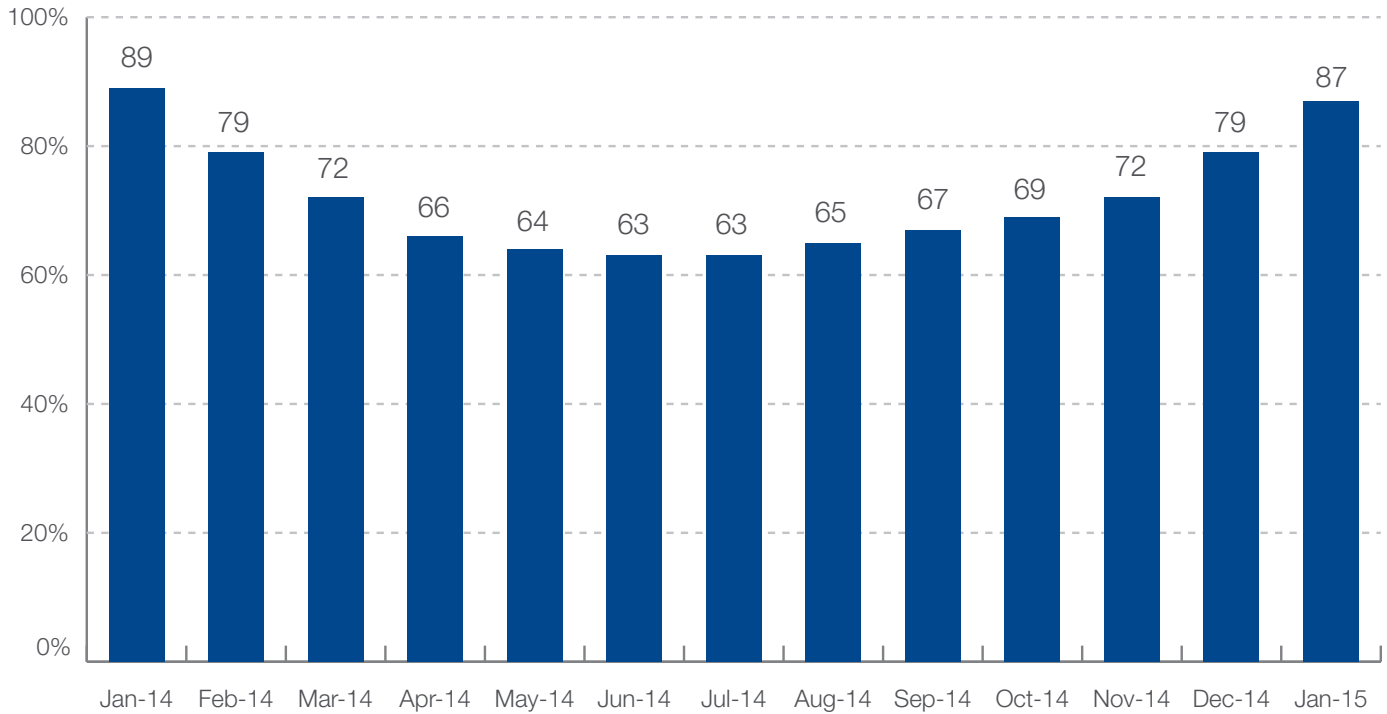


% monthly change in average asking prices

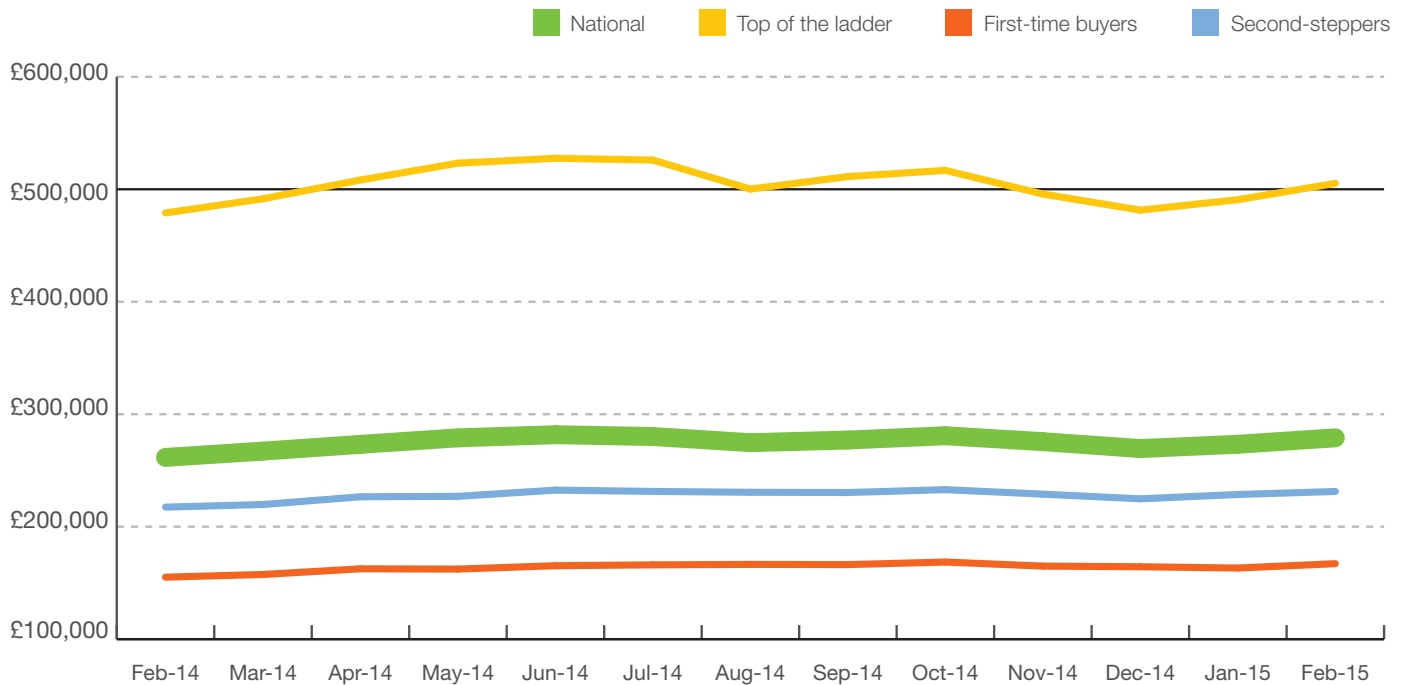




Average 'time to sell' (no. of days) - National



Monthly asking price trend by market sector



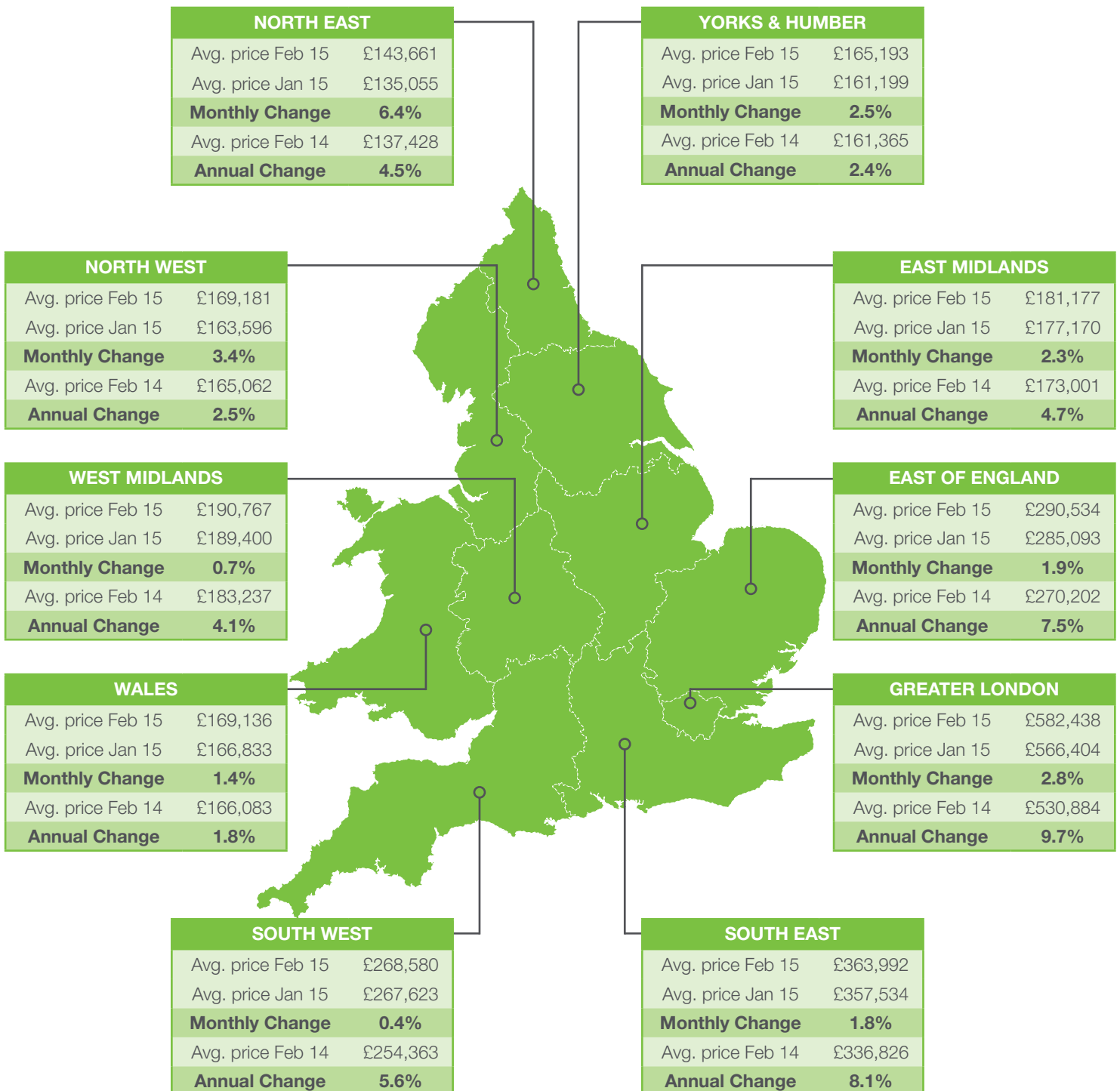
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Regions of England and Wales

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



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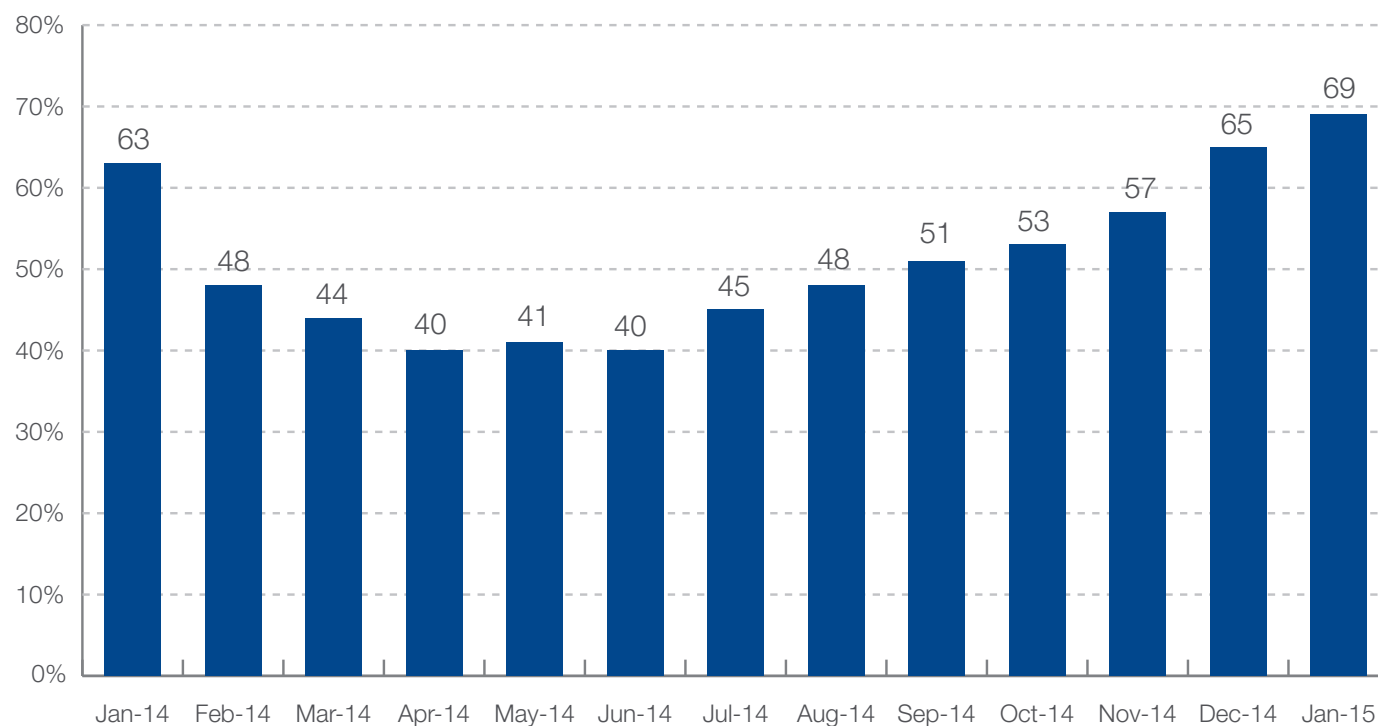
London's best performers: February 2015

London's Top 5	Avg. price Feb 2015	Avg. price Jan 2015	Monthly change	Avg. price Feb 2014	Annual change
Hounslow	£513,973	£464,195	10.7%	£449,091	14.4%
Richmond Upon Thames	£844,606	£780,673	8.2%	£832,179	1.5%
Harrow	£499,888	£470,121	6.3%	£431,736	15.8%
Kensington And Chelsea	£2,317,078	£2,193,008	5.7%	£2,433,727	-4.8%
Camden	£1,019,586	£968,926	5.2%	£1,054,156	-3.3%

London's worst performers: February 2015

London's Bottom 5	Avg. price Feb 2015	Avg. price Jan 2015	Monthly change	Avg. price Feb 2014	Annual change
Haringey	£560,981	£608,039	-7.7%	£457,611	22.6%
Kingston upon Thames	£573,079	£593,148	-3.4%	£517,346	10.8%
Wandsworth	£789,317	£812,731	-2.9%	£740,148	6.6%
Waltham Forest	£370,646	£380,583	-2.6%	£331,469	11.8%
Barking And Dagenham	£236,639	£240,651	-1.7%	£208,870	13.3%

Average 'time to sell' (days) - London





London boroughs

Borough	Avg. price Feb 2015	Avg. price Jan 2015	Monthly change	Avg. price Feb 2014	Annual change
Kensington And Chelsea	£2,317,078	£2,193,008	5.7%	£2,433,727	-4.8%
City Of Westminster	£2,118,353	£2,055,666	3.0%	£1,700,902	24.5%
Camden	£1,019,586	£968,926	5.2%	£1,054,156	-3.3%
Hammersmith And Fulham	£1,018,270	£1,009,772	0.8%	£958,294	6.3%
Richmond Upon Thames	£844,606	£780,673	8.2%	£832,179	1.5%
Wandsworth	£789,317	£812,731	-2.9%	£740,148	6.6%
Barnet	£707,364	£678,635	4.2%	£627,922	12.7%
Islington	£706,453	£680,546	3.8%	£620,787	13.8%
Hackney	£618,709	£591,719	4.6%	£520,668	18.8%
Southwark	£613,228	£591,355	3.7%	£540,813	13.4%
Merton	£604,531	£589,704	2.5%	£558,731	8.2%
Brent	£599,824	£580,877	3.3%	£506,900	18.3%
Lambeth	£590,435	£597,542	-1.2%	£573,308	3.0%
Ealing	£577,101	£565,818	2.0%	£520,461	10.9%
Kingston Upon Thames	£573,079	£593,148	-3.4%	£517,346	10.8%
Tower Hamlets	£563,726	£556,138	1.4%	£489,948	15.1%
Haringey	£560,981	£608,039	-7.7%	£457,611	22.6%
Hounslow	£513,973	£464,195	10.7%	£449,091	14.4%
Harrow	£499,888	£470,121	6.3%	£431,736	15.8%
Bromley	£475,985	£483,060	-1.5%	£423,546	12.4%
Hillingdon	£414,076	£394,327	5.0%	£358,346	15.6%
Lewisham	£406,577	£411,682	-1.2%	£364,728	11.5%
Enfield	£403,055	£402,805	0.1%	£358,913	12.3%
Redbridge	£387,811	£380,425	1.9%	£347,049	11.7%
Greenwich	£386,078	£386,785	-0.2%	£350,863	10.0%
Sutton	£372,639	£372,913	-0.1%	£346,819	7.4%
Waltham Forest	£370,646	£380,583	-2.6%	£331,469	11.8%
Croydon	£360,498	£355,606	1.4%	£319,188	12.9%
Newham	£338,643	£332,337	1.9%	£267,828	26.4%
Havering	£330,095	£320,062	3.1%	£292,327	12.9%
Bexley	£305,518	£297,761	2.6%	£269,225	13.5%
Barking And Dagenham	£236,639	£240,651	-1.7%	£208,870	13.3%



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 115,853 asking prices – circa 90% of the UK market. The properties were put on sale by estate agents from 11th January to 7th February and advertised on Rightmove.co.uk. This month 5,684 properties have been excluded due to being anomalies.

Market 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).

¹HMRC Property Transactions in England and Wales, 2012-2014 (estimated).

²Rightmove data across all platforms including desktop site, mobile site and apps.

³English Housing Survey 2012 – 2013.