



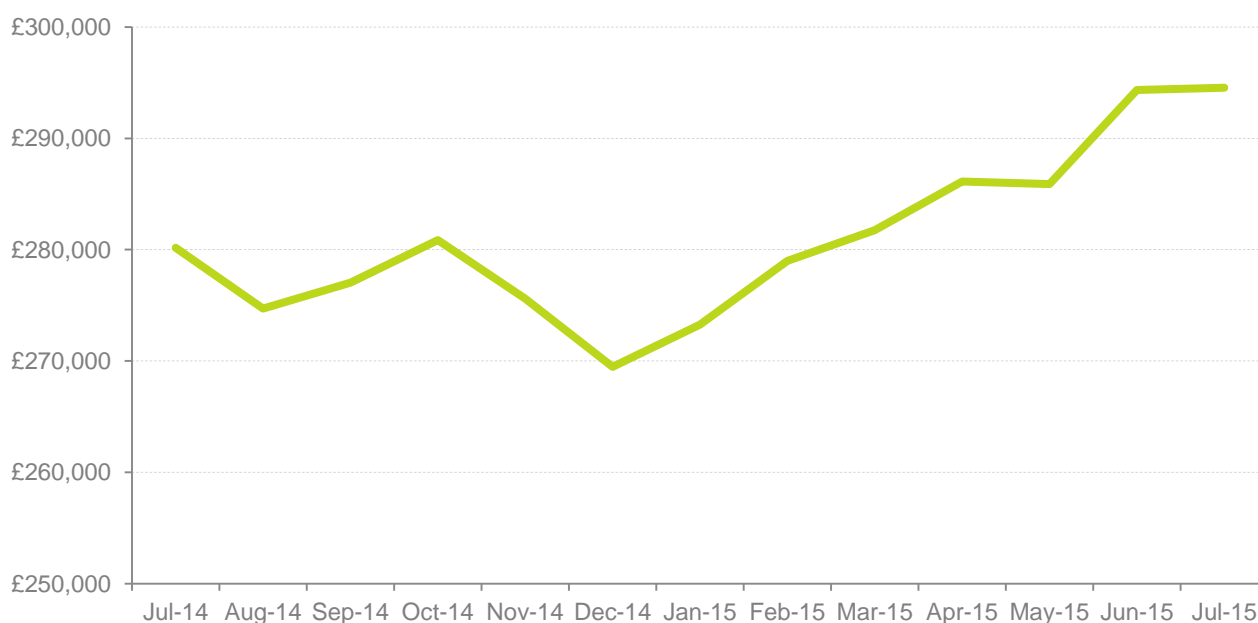
**Under embargo for 00:01 hours: Monday, 20th July 2015**

### Hottest demand for two bedrooms or fewer as prices hit new high

- New analysis from Rightmove shows the biggest gap between demand and supply is in the first-time buyer sector:
  - Number of enquiries per property for two bedrooms or fewer is 24% higher than for larger properties of three bedrooms or more
  - Challenge for government, planners and developers is how best to address this specific demand
- Price of property coming to market sees marginal increase for the second consecutive month to a new record high, up 0.1% (+£191) to £294,542
- Sharp drop in new seller numbers emphasises supply crisis and shortage of people trading up:
  - Number of new sellers down 10.6% on same period in 2014
  - High June demand with Rightmove visits and enquiries to agents both up 22% on last year

National average asking prices				
Month	Avg. asking price	Monthly change	Annual change	Index
July 2015	£294,542	+0.1%	+5.1%	242.5
June 2015	£294,351	+3.0%	+4.5%	242.3
National average asking prices by market sector (excluding Inner London)				
Sector	July 2015	June 2015	Monthly change	Annual change
First-time buyers	£174,785	£175,628	-0.5%	+5.2%
Second-steppers	£244,221	£242,380	+0.8%	+5.6%
Top of the ladder	£536,487	£543,065	-1.2%	+2.0%

### Monthly asking price trend





## Overview

The price of property coming to market has hit a new record high for the second consecutive month, albeit only a small 0.1% (+£191) increase on the month before. The average new seller asking price is now £294,542, though given the sharp drop in the number of properties put up for sale it is somewhat surprising that the increase is so modest. Likely influences are the onset of the seasonal summer slowdown, and buyers' constraints in affording record prices. The latter underlines the need for more new build homes – affordable, of the right type and in the right locations – and emphasises the importance of the recent government announcement on speeding up residential planning permissions aimed at boosting supply. The shortage is most acute for smaller homes with two bedrooms or fewer, where Rightmove sees the biggest demand in excess of supply.

Miles Shipside, Rightmove director and housing market analyst comments: *"Another month, and another record high in the price of property coming to market. While the monthly increase is very modest, the same period a year ago saw a monthly fall of 0.6% which is more the norm given the onset of the summer holiday season. However, given the widely acknowledged supply crisis and a sharp drop in new seller numbers this month compared to this time last year, it is somewhat surprising that the rate of increase has slowed to such an extent. Recent government announcements including relaxing residential planning requirements on brownfield land are an important part of the mix in improving affordability if they follow through to cheaper land prices."*

The analysis at a national level on Rightmove in June shows that the greatest gap between buyer enquiries and the number of properties available is for homes with fewer bedrooms. While different supply/demand dynamics will be at play in different parts of the country, the overall picture is that properties with two or fewer bedrooms have the highest number of enquiries per property. This large mismatch is in the typical first-time buyer sector (two bedrooms or fewer), with 24% more enquiries per property of this type than for larger properties with three or more bedrooms. They benefit from demand from not only first-time buyers, but also downsizers and buy-to-let investors. The quandary for developers is how to deliver more homes into this sector when building larger homes may deliver greater profit margins and attract buyers with less stretched affordability.

Shipside observes: *"The greatest mismatch between demand and supply is at the lower end of the property ladder, as no doubt many buyers in this category would like to afford to buy a larger home, but have had to accept that it is out of their reach and downsize their aspirations to increase their chances of a successful purchase. The forthcoming extra tax burdens on buy-to-let investors may help to tip the balance in favour of first-time buyers, but the consequent drop in rental property supply could push up rents."*

*"More supply of affordable starter homes for the growing demand from both renters and buyers is required, which means more new build for both sectors to meet the country's current and future housing needs. The challenge for government, planners and developers is how best to ensure the right properties are built in the right locations and at more affordable prices. This will however depend on addressing capacity constraints in the building industry, the price of land for housing, the consistency of funding for key players in the construction sector and the overall stability of the housing market and the wider economy."*

Demand remains high, with both visits to the Rightmove website and enquiries to estate agents up by 22% in June compared to the same period a year ago. In contrast the number of properties coming to market is running at a weekly run-rate 10.6% below the same period in 2014. The biggest drop-off in fresh supply is in the typical first-time buyer sector with two bedrooms or fewer, the sector where demand was already at its highest compared to available properties. The shortage of suitable property for sale highlights the need for an urgent and marked increase in the overall housing stock to help keep pace with the growth in household formation. With signs of buyers hitting their affordability ceilings, a substantial increase in suitable new build supply would help to alleviate upwards price pressure, although years of under investment will take years to rectify.

Shipside notes: *"Creating an environment where homes are more affordable requires long-term solutions. As prices increase, more and more buyers are reaching the upper limits of what they can afford or are allowed to borrow under newly restrictive mortgage lending criteria. Those assessing whether to sell and trade up are faced with a double whammy"*



*of curbs on their borrowing power and bigger price jumps to the next rung of the ladder. Improving affordability requires the creation of more homes of the right type and in the right place, resulting in increased churn and more pricing competition. The challenge is to identify what is in demand and in short supply and build more of it."*

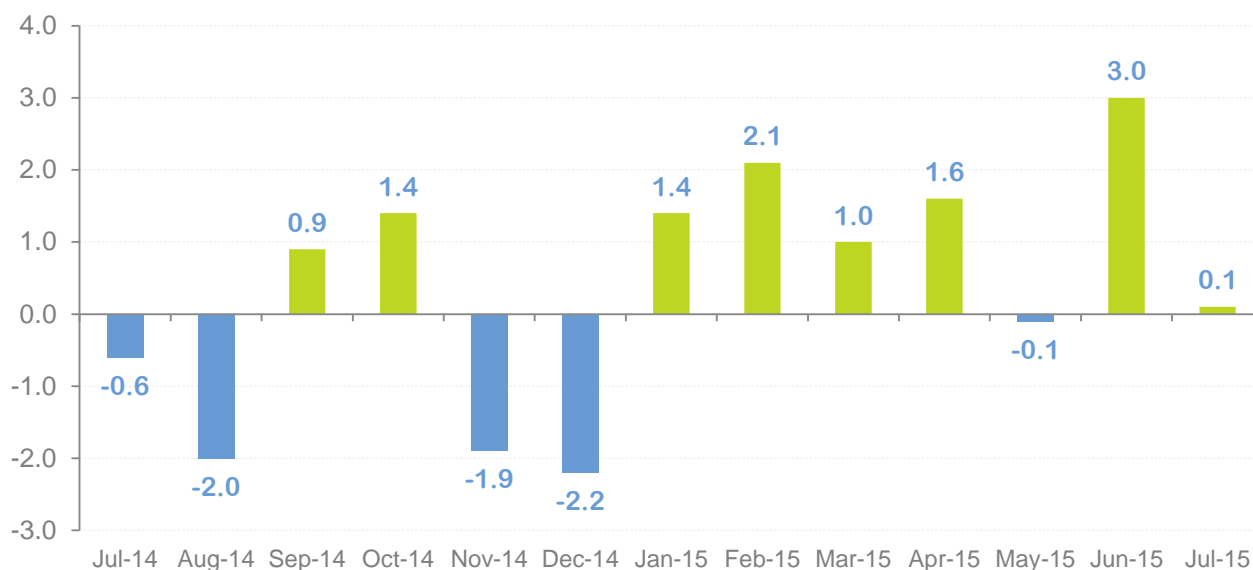
### Agents' Views

Trevor Binch, Managing Director of Merrick Binch in Coventry, comments: *"We're finding that any properties on the market with us at under £150,000 – so your typical two-beds or some three bed terraced – are selling immediately. There are a lot of investors snapping up these types of properties, and this, coupled with the fact that a lot of sellers aren't coming to market, is making the supply shortage worse. While there are some new developments being built in Coventry, there just isn't enough to satisfy the demand, especially at the lower end of the market."*

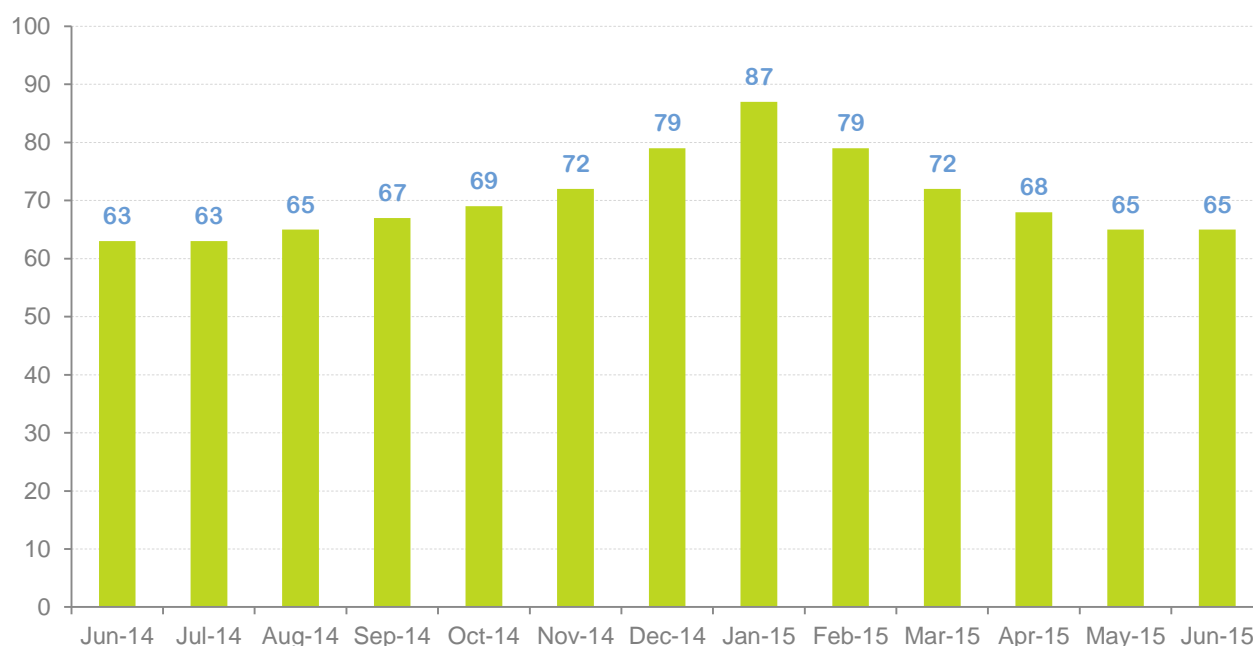
Donald Collins, Director at Go View London in Ealing, comments: *"The natural consequence of a growing London population, young professionals trying to get on the ladder and investors looking for long term investments, is a big shortage of two bed properties coming to market. For properties we have on between £400,000 to £700,000 half of the interest comes from residential buyers and half from investors. The fact that investors have a long term focus of building their portfolio, and in many cases handing it down to their kids, means that these kinds of properties in the right locations won't come back round on the market for about 15-20 years."*



## % monthly change in average asking prices

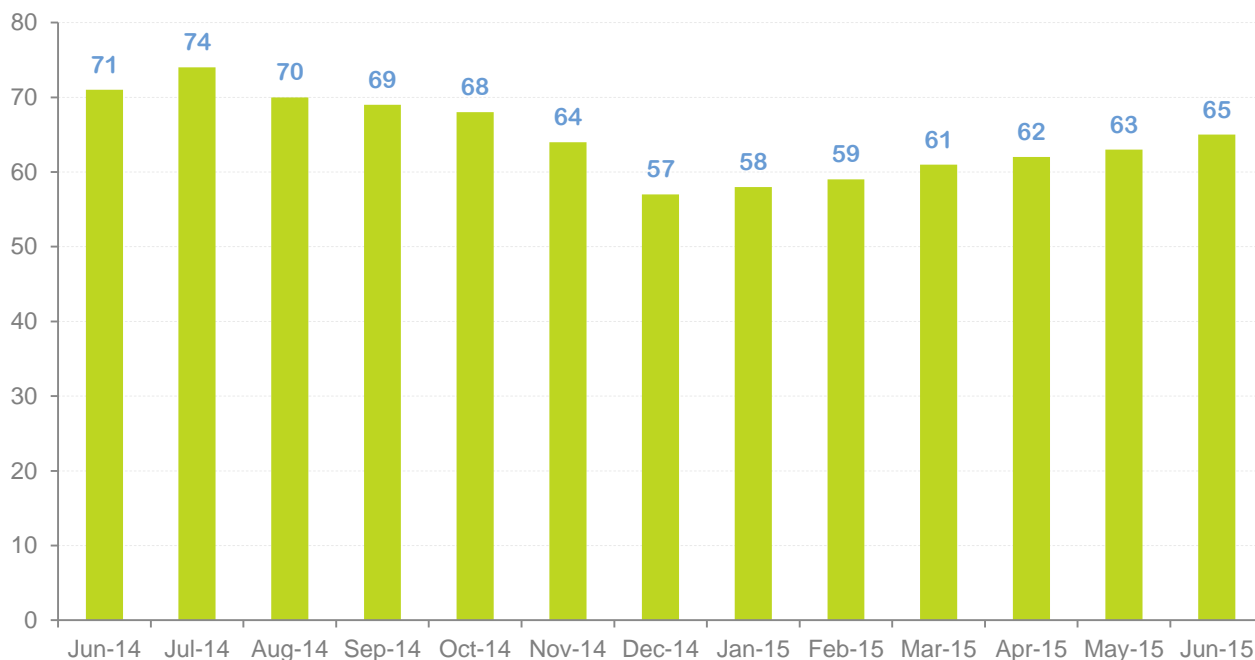


## Average 'time to sell' (no. of days) - National





## Average properties for sale per estate agent





## Regions of England and Wales



Increase from previous month



Decrease from previous month

### NORTH EAST

Avg. price July 15	£147,251
Avg. price June 15	£144,210
<b>Monthly change</b>	<b>2.1%</b>
Avg. price July 14	£145,936
<b>Annual change</b>	<b>0.9%</b>

### YORKS. & HUMBER

Avg. price July 15	£172,412
Avg. price June 15	£173,844
<b>Monthly change</b>	<b>-0.8%</b>
Avg. price July 14	£169,104
<b>Annual change</b>	<b>2.0%</b>

### NORTH WEST

Avg. price July 15	£176,277
Avg. price June 15	£176,067
<b>Monthly change</b>	<b>0.1%</b>
Avg. price July 14	£171,602
<b>Annual change</b>	<b>2.7%</b>

### EAST MIDLANDS

Avg. price July 15	£190,192
Avg. price June 15	£188,962
<b>Monthly change</b>	<b>0.7%</b>
Avg. price July 14	£182,609
<b>Annual change</b>	<b>4.2%</b>

### WEST MIDLANDS

Avg. price July 15	£200,129
Avg. price June 15	£201,223
<b>Monthly change</b>	<b>-0.5%</b>
Avg. price July 14	£193,972
<b>Annual change</b>	<b>3.2%</b>

### EAST OF ENGLAND

Avg. price July 15	£313,255
Avg. price June 15	£309,407
<b>Monthly change</b>	<b>1.2%</b>
Avg. price July 14	£291,640
<b>Annual change</b>	<b>7.4%</b>

### WALES

Avg. price July 15	£177,280
Avg. price June 15	£174,680
<b>Monthly change</b>	<b>1.5%</b>
Avg. price July 14	£180,420
<b>Annual change</b>	<b>-1.7%</b>

### GTR. LONDON

Avg. price July 15	£615,115
Avg. price June 15	£613,922
<b>Monthly change</b>	<b>0.2%</b>
Avg. price July 14	£570,713
<b>Annual change</b>	<b>7.8%</b>

### SOUTH WEST

Avg. price July 15	£286,155
Avg. price June 15	£287,776
<b>Monthly change</b>	<b>-0.6%</b>
Avg. price July 14	£278,148
<b>Annual change</b>	<b>2.9%</b>

### SOUTH EAST

Avg. price July 15	£386,988
Avg. price June 15	£388,617
<b>Monthly change</b>	<b>-0.4%</b>
Avg. price July 14	£365,892
<b>Annual change</b>	<b>5.8%</b>



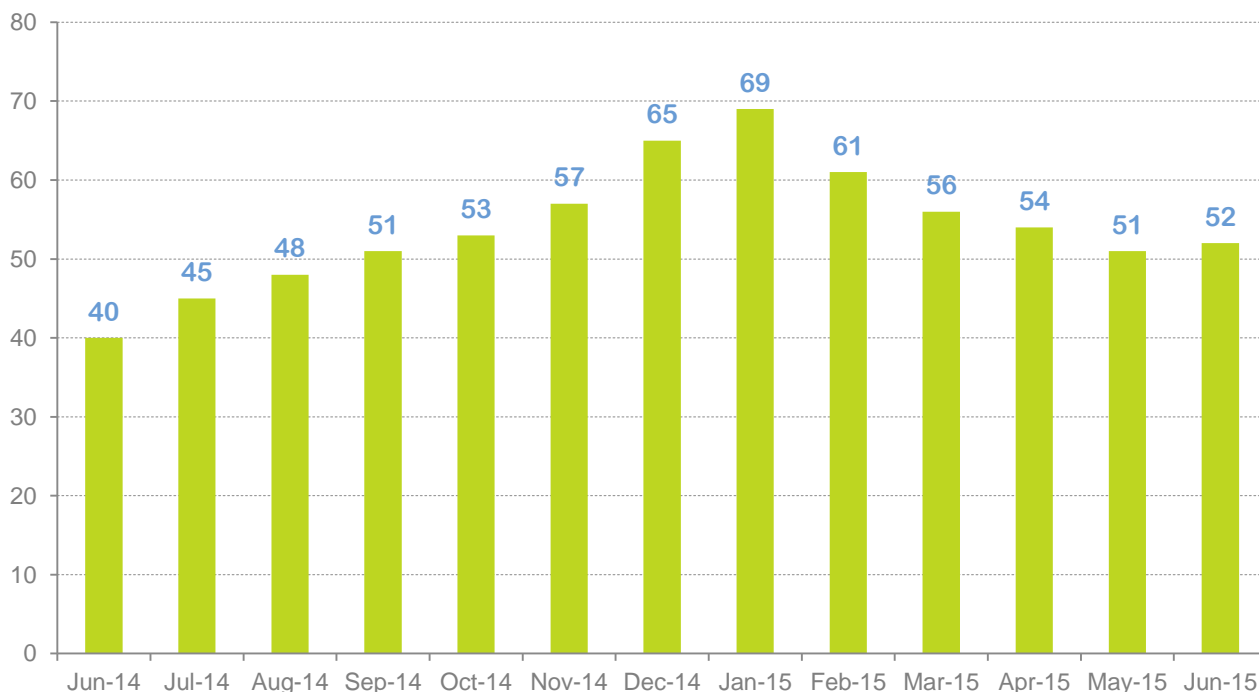
## London's best performers: July 2015

Borough	Avg. price July 2015	Avg. price June 2015	Monthly change	Avg. price July 2014	Annual change
Greenwich	£427,976	£396,542	7.9%	£390,688	9.5%
Lambeth	£661,335	£613,621	7.8%	£620,714	6.5%
Harrow	£530,864	£509,644	4.2%	£485,951	9.2%
Hounslow	£540,714	£519,419	4.1%	£525,701	2.9%
Lewisham	£440,580	£424,602	3.8%	£399,348	10.3%

## London's worst performers: July 2015

Borough	Avg. price July 2015	Avg. price June 2015	Monthly change	Avg. price July 2014	Annual change
Kensington and Chelsea	£2,289,669	£2,467,876	-7.2%	£2,087,868	9.7%
Richmond upon Thames	£825,497	£882,867	-6.5%	£856,625	-3.6%
Camden	£1,128,349	£1,191,409	-5.3%	£1,122,245	0.5%
Ealing	£608,433	£636,803	-4.5%	£592,352	2.7%
Brent	£600,489	£618,596	-2.9%	£610,911	-1.7%

## Average 'time to sell' (days) - London





## London boroughs

Borough	Avg. price July 2015	Avg. price June 2015	Monthly change	Avg. price July 2014	Annual change
Kensington and Chelsea	£2,289,669	£2,467,876	-7.2%	£2,087,868	9.7%
City of Westminster	£2,053,876	£2,036,645	0.8%	£1,763,136	16.5%
Camden	£1,128,349	£1,191,409	-5.3%	£1,122,245	0.5%
Hammersmith and Fulham	£1,029,498	£1,056,971	-2.6%	£994,294	3.5%
Richmond upon Thames	£825,497	£882,867	-6.5%	£856,625	-3.6%
Wandsworth	£800,212	£810,585	-1.3%	£775,786	3.1%
Islington	£732,625	£742,057	-1.3%	£725,770	0.9%
Merton	£694,066	£675,051	2.8%	£602,507	15.2%
Barnet	£669,799	£663,247	1.0%	£643,260	4.1%
Lambeth	£661,335	£613,621	7.8%	£620,714	6.5%
Kingston upon Thames	£621,152	£599,525	3.6%	£553,275	12.3%
Hackney	£619,377	£601,327	3.0%	£579,436	6.9%
Ealing	£608,433	£636,803	-4.5%	£592,352	2.7%
Brent	£600,489	£618,596	-2.9%	£610,911	-1.7%
Haringey	£596,826	£607,601	-1.8%	£585,746	1.9%
Southwark	£594,483	£599,080	-0.8%	£581,372	2.3%
Tower Hamlets	£572,140	£574,865	-0.5%	£523,105	9.4%
Hounslow	£540,714	£519,419	4.1%	£525,701	2.9%
Harrow	£530,864	£509,644	4.2%	£485,951	9.2%
Bromley	£493,869	£503,686	-1.9%	£478,711	3.2%
Hillingdon	£444,266	£431,187	3.0%	£376,792	17.9%
Lewisham	£440,580	£424,602	3.8%	£399,348	10.3%
Greenwich	£427,976	£396,542	7.9%	£390,688	9.5%
Enfield	£426,396	£426,459	0.0%	£399,897	6.6%
Redbridge	£417,825	£410,942	1.7%	£359,871	16.1%
Waltham Forest	£413,392	£407,004	1.6%	£374,810	10.3%
Sutton	£388,615	£387,174	0.4%	£360,512	7.8%
Croydon	£377,114	£371,500	1.5%	£348,809	8.1%
Newham	£361,697	£369,248	-2.0%	£319,600	13.2%
Havering	£339,631	£347,652	-2.3%	£315,124	7.8%
Bexley	£321,933	£322,237	-0.1%	£296,679	8.5%
Barking and Dagenham	£257,180	£252,400	1.9%	£226,683	13.5%





### 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 147,903 asking prices – circa 90% of the UK market. The properties were put on sale by estate agents from 7th June 2015 to 11th July 2015 and advertised on Rightmove.co.uk. This month 7,318 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).