



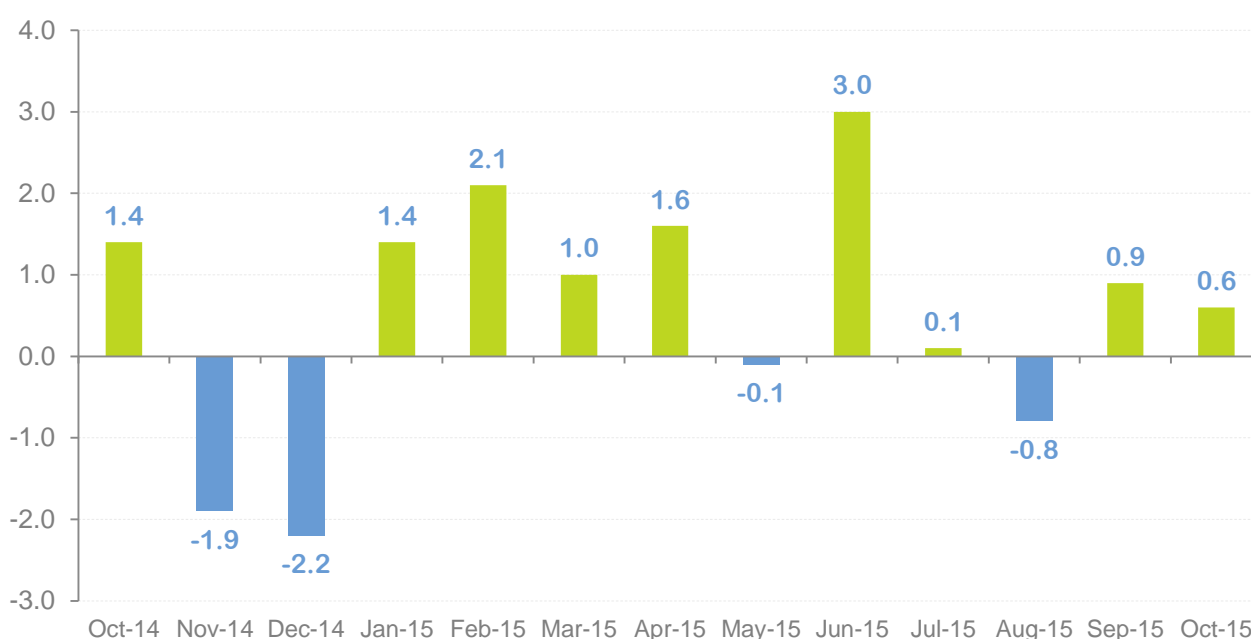
Under embargo for 00:01 hours: Monday, 19th October 2015

First-time buyer prices surge nearly 10% in a year

- Highest ever national average price of property coming to market, up by 0.6% (+£1,715) this month to £296,549 - and 5.6% more expensive than a year ago
- New record fuelled by high demand for first-time-buyer properties, with prices up 4.9% on last month and 9.6% (+£16,105) over the past 12 months
- Vicious circle as high tenant demand leads buy-to-let investors to go head-to-head with first-time buyers:
 - Many letting agents report 'same-day' rentals and little or no property to rent
 - Number of first-time-buyer properties (two bedrooms or fewer) coming to market down by 8% on same period a year ago, exacerbated by first-time sellers struggling with second-step price gap
- Rightmove advises first-time buyers how to get on a level playing field versus landlords by winning over the hearts, minds and pockets of sellers

National average asking prices				
Month	Avg. asking price	Monthly change	Annual change	Index
October 2015	£296,549	0.6%	5.6%	244.1
September 2015	£294,834	0.9%	6.4%	242.7
National average asking prices by market sector (excluding Inner London)				
Sector	October 2015	September 2015	Monthly change	Annual change
First-time buyers	£184,676	£176,027	4.9%	9.6%
Second-steppers	£247,004	£246,037	0.4%	6.0%
Top of the ladder	£530,457	£531,028	-0.1%	2.6%

% monthly change in average asking prices





Overview

While this month sees a new all-time high of £296,549 for the price of property coming to market, it is a relatively modest monthly increase for the time of year, at 0.6% (+£1,715). This is the lowest October increase since 2010 (+0.2%) and should be compared with an average October rise of 1.8% over the previous five years. However, while new seller asking prices in the middle (+0.4%) and upper (-0.1%) market sectors have under-performed against the national average this month, high demand combined with a supply shortage at the lower end of the market have pushed up prices for typical first-time-buyer properties by 4.9%. These two bedrooms or fewer properties are now at their highest price ever, an average of 9.6% (+£16,105) more expensive than a year ago, far outstripping the overall annual rise of 5.6% for all property types.

Miles Shipside, Rightmove director and housing market analyst comments: *"There are signs of a slowing pace of price rises in some sectors of the market, with the overall October rise the lowest we've recorded at this time of year for five years. We still have another national average record however, as prices continue their upward trend. This is mainly being fuelled by the heady price rises of typical first-time-buyer homes. A near 10% price surge in this category in the last year proves that despite tighter lending criteria in last year's Mortgage Market Review, some first-time buyers can still afford the higher prices being asked for by sellers in this sector. It's also symptomatic of a shortage of properties coming to market with two bedrooms or fewer, combined with demand from both first-time buyers and landlords investing in reaction to the huge rental demand for smaller properties."*

Letting agents report extraordinary demand from tenants in many parts of the country, with new or existing households looking to the rental sector to fulfil their need for quick and flexible housing arrangements. A growing number of people like the transience of renting, without the complications, commitments and costs of buying and then selling. With inadequate supply from housing associations and the public sector, private landlords are one of the few active providers of smaller homes for rent. However, when this need is combined with first-time buyer demand, boosted by the return of low-deposit mortgages and lenders competing to reduce their rates, it creates a vicious circle due to the limited supply of suitable properties for sale in this most active sector. The number of first-time-buyer properties (two bedrooms or fewer) coming to market is down by over 8% on the same period a year ago.

Shipside observes: *"With local authorities, housing associations and developers no longer satisfying the country's housing needs, those in particular looking to rent or buy smaller homes must hope for the cavalry to come to their rescue, in the form of government action or large-scale institutional investment. Initiatives such as continued relaxation of planning rules to boost building, 200,000 new affordable homes available to buy over the next five years, or American-style institutional investment in the rented sector will take time to come over the hill, as the sound of bugles is still in the distance. In the meantime, it seems the army of privateer buy-to-let investors remains the only short to medium term way to scale up our rental capacity."*

"Tenant demand is such that many letting agents are reporting viewings and tenancy applications on the same day as marketing properties. In some cases they've nothing left to rent until tenants move out or a new influx of investor landlords gives some short-lived respite to tenants-in-waiting. Both investor landlords and first-time buyers looking to buy smaller homes are finding them in short supply. As they're typically owned by potential first-time sellers, the price gap and costs of moving to the second step on the housing ladder deter them from coming to market. Competition is most fierce in this sector, with first-time buyers and buy-to-let investors going head-to-head for the same properties."



So what can first-time-buyers do to get on a level playing field versus buy-to-let investors?

This is a tough battle, as there are lots of logical reasons why a seller would prefer to sell their property to a landlord investor. Their funding is often a safer bet as they typically have larger deposits or cash, and it could be said that they are less likely than less experienced first-time-buyers to pull out before exchange as their business mind-set lessens the risk of an emotionally inspired U-turn that sometimes scuppers a sale.

Rightmove's Miles Shipside, who practised in estate agency for over 20 years, shares some tactics and suggestions: *"Win over the heart, mind and pocket of the seller. Buy-to-let investors will give sellers logical reasons for accepting their offer over a first-time-buyer, so do whatever you can to be not only among the first to view, but also to meet or communicate with the owner and make sure they know how much you would love to own, occupy and cherish their property. Most owners have sweated hard to create a home and become very attached to it, so emotionally would prefer to pass on their property legacy to your caring hands rather than those of an absentee landlord."*

"While the agent will advise on the best and least risky offer to accept, the ultimate decision is the seller's. You can mitigate the seller's concerns by getting your financial affairs in good order and ensuring you have an agreement in principle for a mortgage, giving sellers and agents peace of mind in this area. Finally, landlord investors are in business to make a return, so may habitually try lower offers as they're less emotionally attached to the properties on which they are bidding as it's not their future home. If you can find out what fair price the seller is ideally looking for, and you can afford it, then your bid for their home may well be better for their pocket than a landlord's and also give them a feel-good glow for helping you onto the property ladder."

Agents' Views

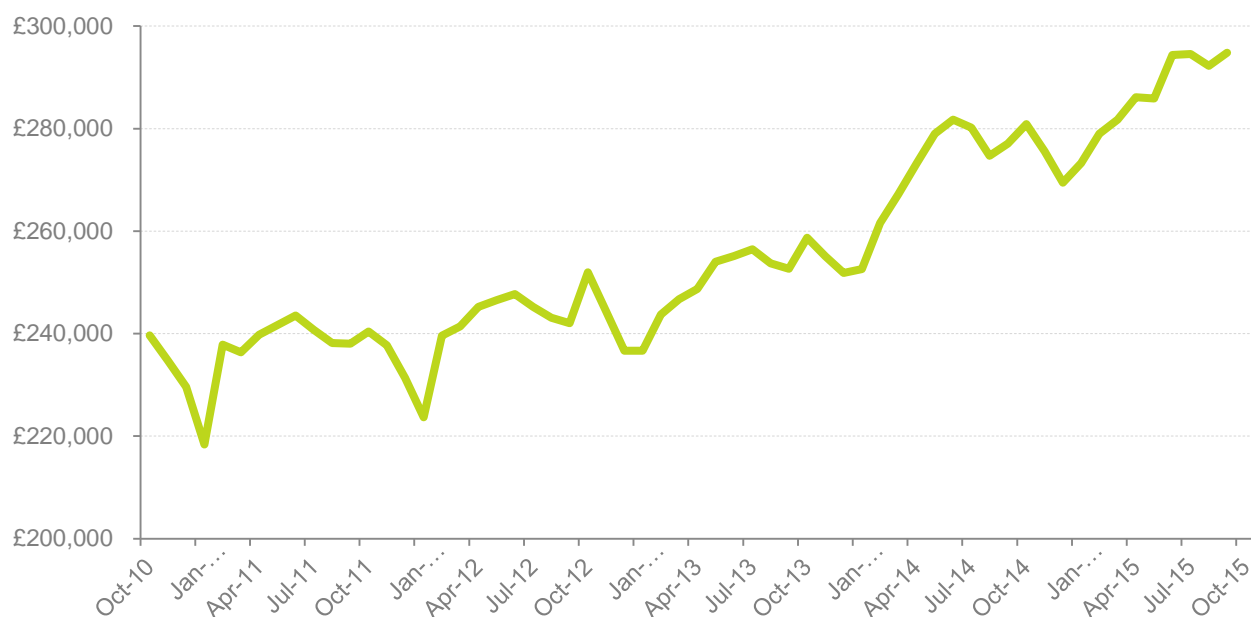
Danielle Cosway, Business Manager from Clear Property in Exeter, says: *"Over the past three months demand for rental property has increased massively. We just can't get enough lettings stock to satisfy the demand and we're struggling to keep properties on the market for more than 24 hours. While there are government schemes to help people get on the property ladder not everyone wants that kind of commitment and so prefer to find a quality home to rent instead. The fact that there's more money readily available for first-time investors has made the first-time buyer sector extremely buoyant recently, and obviously with this comes competition between first-time buyers and investors. But first-time buyers shouldn't be disheartened because as long as they have enough of a deposit to afford the home they want, they're not really any different to a non-cash investor, and they just need to push the fact that they really love the place and have no chain."*

Michael Hayward, Director of Castle Estates Letting Agency in Nottingham, says: *"The rental market has been ridiculously busy over the past few months. Before, we were organising around five to ten viewings a week on our whole stock of rental properties, and now we're seeing five viewings for each property, with many being let within a few days. We've also had requests for advice from first-time landlords looking to buy first-time-buyer type properties, some looking to use their pension pots, and it's clear there's not much to choose from. With such high tenant demand those looking to buy a smaller property need to be much more proactive, which is why it's vital they speak to local agents as well as using Rightmove as a tool to ensure they're first through the door."*

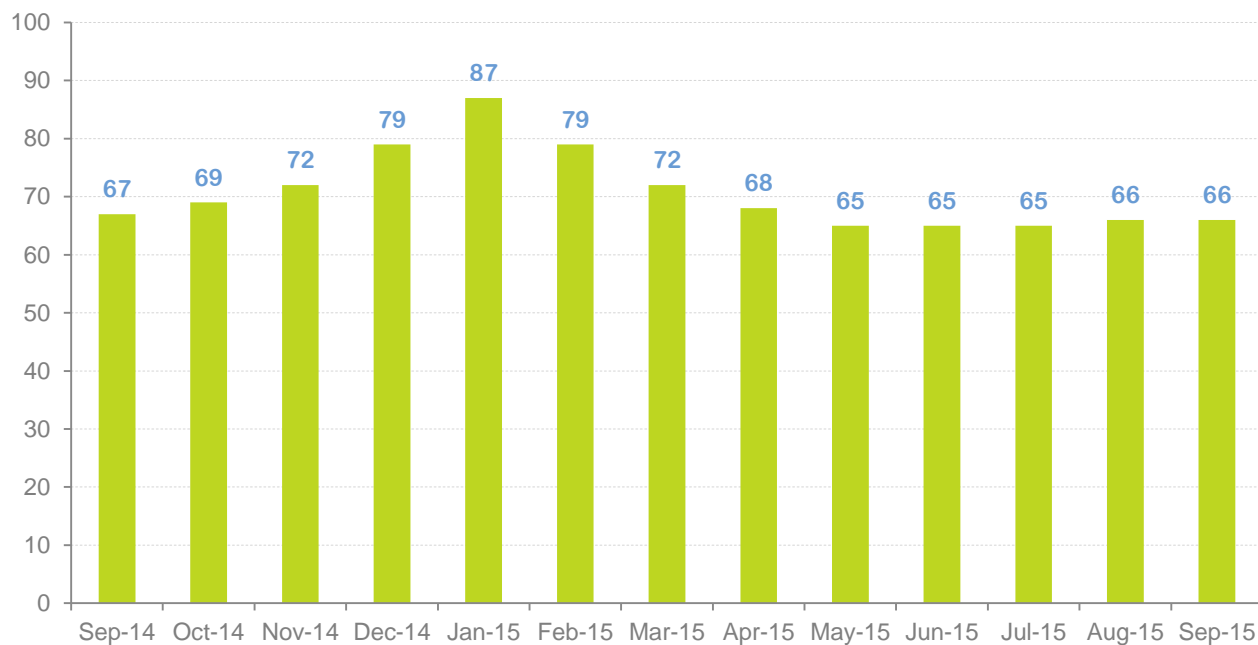
Jo-Anne Neighbour, Head of Residential Sales at Savills in Islington, says: *"Demand is high and exceeding supply at the lower end of the market in this area, with anything not over-priced selling very quickly. Buyers are very clued up on what represents value and can easily spot an asking price that is out-of-line, with the most interest being generated in the £500,000 to £750,000 bracket."*



Monthly asking price trend

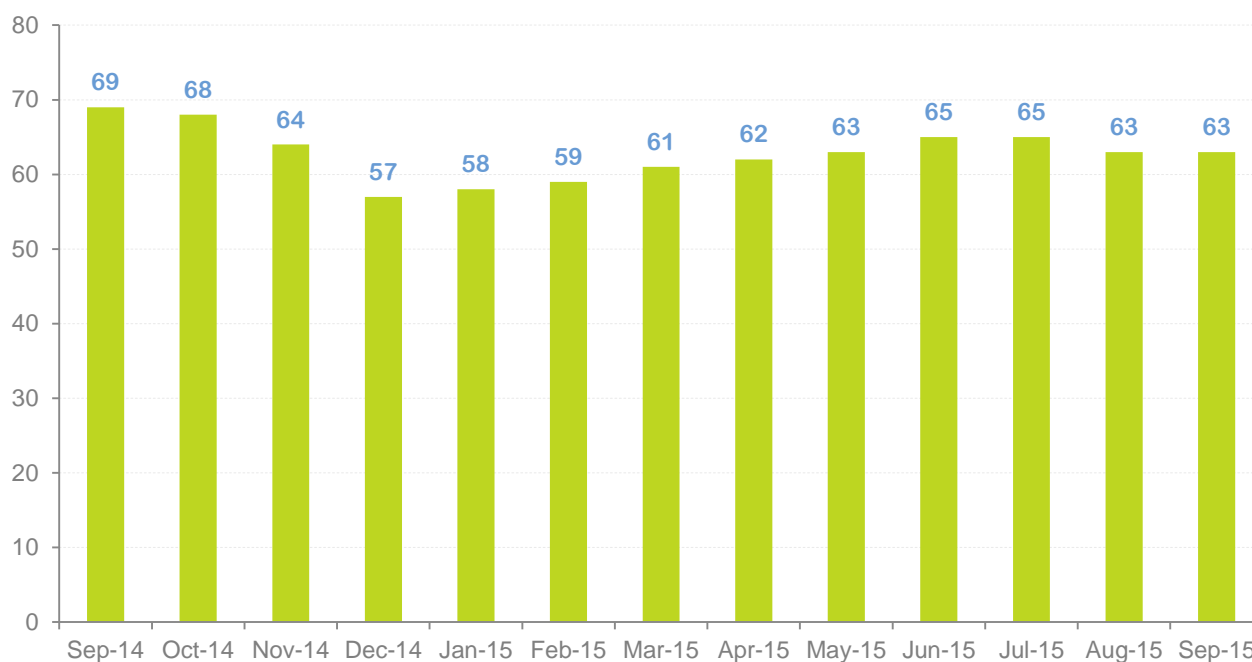


Average 'time to sell' (no. of days) - National





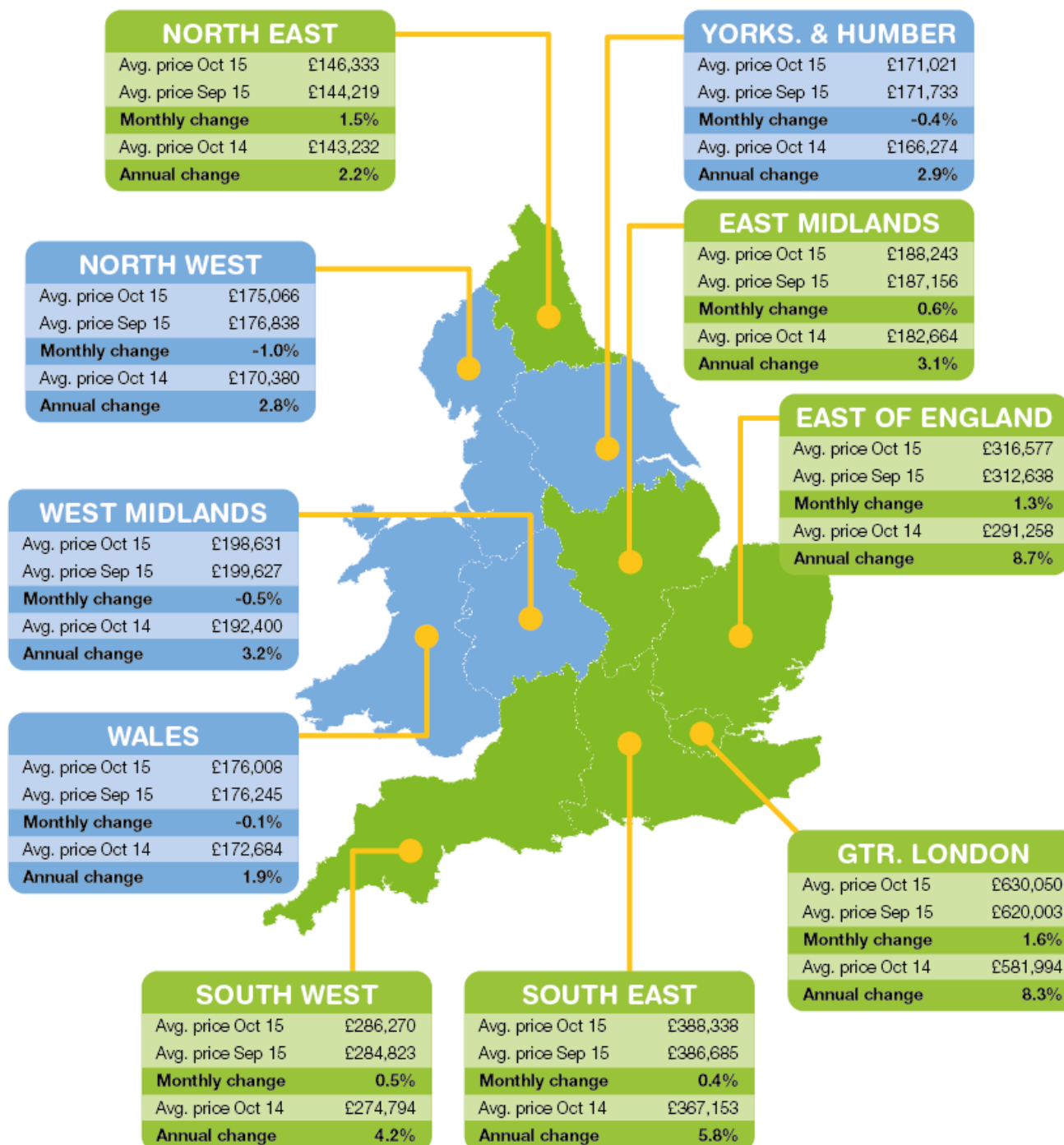
Average properties for sale per estate agent





Regions of England and Wales

■ Increase from previous month
 ■ Decrease from previous month





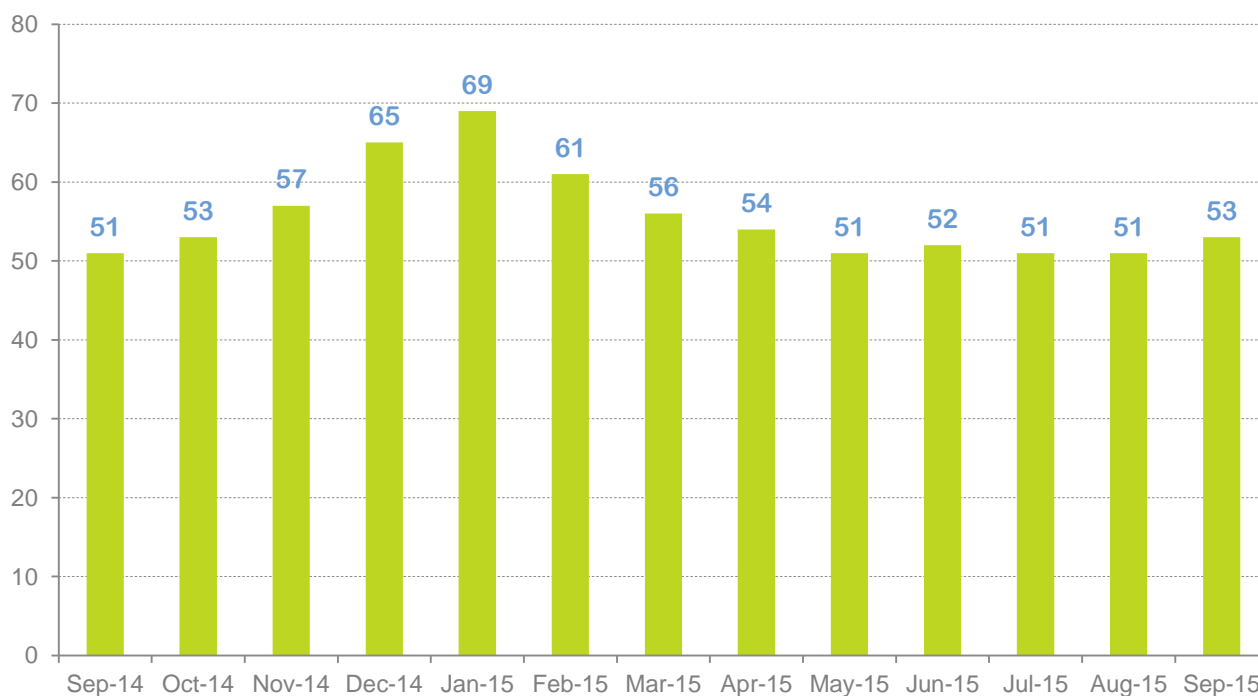
London's best performers: October 2015

Borough	Avg. price Oct 2015	Avg. price Sep 2015	Monthly change	Avg. price Oct 2014	Annual change
Tower Hamlets	£617,075	£566,497	8.9%	£523,080	18.0%
Merton	£672,563	£619,838	8.5%	£625,856	7.5%
Haringey	£620,950	£573,719	8.2%	£586,599	5.9%
Lambeth	£653,552	£605,929	7.9%	£588,688	11.0%
City of Westminster	£2,022,794	£1,878,256	7.7%	£1,946,621	3.9%

London's worst performers: October 2015

Borough	Avg. price Oct 2015	Avg. price Sep 2015	Monthly change	Avg. price Oct 2014	Annual change
Wandsworth	£818,203	£877,178	-6.7%	£818,046	0.0%
Southwark	£612,039	£631,055	-3.0%	£613,841	-0.3%
Barnet	£661,480	£679,720	-2.7%	£640,856	3.2%
Richmond upon Thames	£900,749	£910,626	-1.1%	£906,263	-0.6%
Havering	£349,520	£351,244	-0.5%	£320,918	8.9%

Average 'time to sell' (days) - London





London boroughs

Borough	Avg. price Oct 2015	Avg. price Sep 2015	Monthly change	Avg. price Oct 2014	Annual change
Kensington and Chelsea	£2,492,753	£2,326,857	7.1%	£2,385,521	4.5%
City of Westminster	£2,022,794	£1,878,256	7.7%	£1,946,621	3.9%
Camden	£1,133,750	£1,119,730	1.3%	£1,119,595	1.3%
Hammersmith and Fulham	£1,042,822	£1,036,493	0.6%	£974,507	7.0%
Richmond upon Thames	£900,749	£910,626	-1.1%	£906,263	-0.6%
Wandsworth	£818,203	£877,178	-6.7%	£818,046	0.0%
Islington	£761,320	£759,046	0.3%	£708,426	7.5%
Merton	£672,563	£619,838	8.5%	£625,856	7.5%
Barnet	£661,480	£679,720	-2.7%	£640,856	3.2%
Lambeth	£653,552	£605,929	7.9%	£588,688	11.0%
Hackney	£649,326	£639,148	1.6%	£585,429	10.9%
Brent	£644,419	£623,835	3.3%	£601,829	7.1%
Kingston upon Thames	£636,595	£610,070	4.3%	£564,499	12.8%
Ealing	£635,942	£618,339	2.8%	£594,236	7.0%
Haringey	£620,950	£573,719	8.2%	£586,599	5.9%
Tower Hamlets	£617,075	£566,497	8.9%	£523,080	18.0%
Southwark	£612,039	£631,055	-3.0%	£613,841	-0.3%
Hounslow	£554,607	£531,400	4.4%	£512,828	8.1%
Harrow	£547,831	£542,953	0.9%	£467,713	17.1%
Bromley	£523,474	£510,122	2.6%	£477,319	9.7%
Enfield	£457,247	£443,470	3.1%	£400,295	14.2%
Greenwich	£455,103	£441,914	3.0%	£392,639	15.9%
Lewisham	£450,687	£436,820	3.2%	£413,379	9.0%
Hillingdon	£444,423	£446,130	-0.4%	£406,601	9.3%
Redbridge	£434,127	£428,306	1.4%	£371,939	16.7%
Waltham Forest	£433,796	£423,193	2.5%	£378,151	14.7%
Sutton	£398,333	£398,505	0.0%	£359,320	10.9%
Croydon	£390,069	£386,953	0.8%	£348,384	12.0%
Newham	£376,073	£361,557	4.0%	£318,316	18.1%
Havering	£349,520	£351,244	-0.5%	£320,918	8.9%
Bexley	£334,049	£327,506	2.0%	£289,175	15.5%
Barking and Dagenham	£273,097	£267,567	2.1%	£234,490	16.5%



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 109,384 asking prices – circa 90% of the UK market. The properties were put on sale by estate agents from 13th September 2015 to 10th October 2015 and advertised on Rightmove.co.uk. This month 5,603 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).