

Rightmove House Price Index

The largest monthly sample of
residential property prices

March 2020
London edition



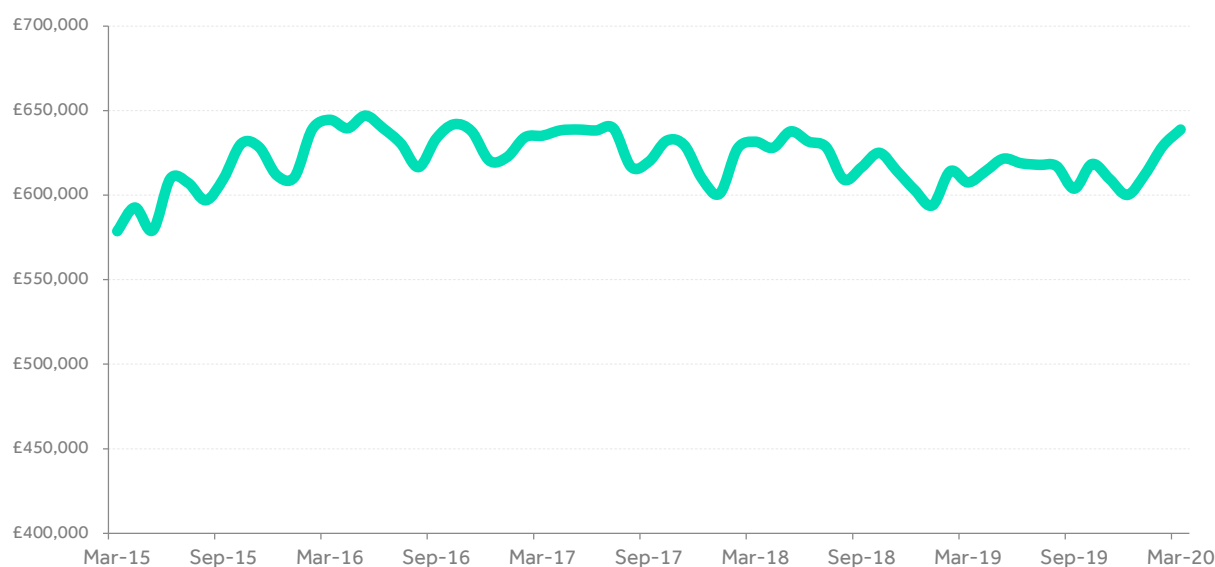
Sales surge pushes price growth to highest annual rate since 2016

- Price of property coming to market now up by 5.1% year-on-year, the highest annual rate of growth since May 2016
- Jump in prices fuelled by strong buyer demand and lack of supply compared to same period a year ago:
 - Number of sales agreed surges by 34.4%, to the highest at this time of year since 2016
 - Quicker time to sell by an average of 18% (fifteen days less)
 - Disparity between supply and demand as new seller numbers rise by just 7.9%
 - The Budget's 2% stamp duty surcharge on non-UK resident buyers may eventually temper the nascent recovery

London average asking prices				
Area	March 2020	February 2020	Monthly change	Annual change
Greater London	£638,826	£629,053	1.6%	5.1%
Inner London	£792,140	£782,964	1.2%	7.4%
Outer London	£529,090	£518,638	2.0%	2.9%

National average asking prices by market sector				
Sector	March 2020	February 2020	Monthly change	Annual change
First-time buyers	£489,860	£486,383	0.7%	4.1%
Second-steppers	£710,169	£709,047	0.2%	4.8%
Top of the ladder	£1,517,769	£1,417,288	7.1%	6.8%

Five year London asking price trend



Rightmove measured 111,464 asking prices nationally this month, circa 95% of the UK market. The properties were put on sale by estate agents from 9th February 2020 to 7th March 2020 and advertised on Rightmove.co.uk.

Overview

The price of property coming to market in Greater London rises by 1.6% (+£9,773) this month, the largest rise at this time of year since 2014. This jump means that prospective buyers are now facing prices an average of 5.1% higher than a year ago. This is the highest annual rate of price growth since May 2016. The key metrics all point to a much more active market than last year, especially in Inner London, fuelling upwards price pressure.

Miles Shippide, Rightmove director and housing market analyst comments: *“Compared to this time a year ago, average asking prices are over 5% higher as we enter the traditionally busy spring moving season. As the turnaround in the capital gathers pace, prospective buyers are now having to contend with prices increasing at the fastest annual rate since May 2016. Many more properties are being bought, and bought more quickly than at this time last year. This is further fuelling the existing shortage of property available for sale, driving up prices in the areas that are leading London’s recovery.”*

Properties are selling an average of 18% faster (fifteen days less) than this time last year, with the average time to sell now 67.2 days, down from 81.9 days a year ago. The number of sales agreed has surged by 34.4% year-on-year, and is at the highest level seen at this time of year since 2016. This strong demand has not been matched by new supply, with new seller numbers rising by just 7.9%.

Shippide adds: *“New supply to the market has failed to keep anything close to the pace of increased demand in this recovery. Purchasers in a position to buy have been snapping up what’s currently on the market, rather than waiting for the usual post-Easter flurry of fresh supply. There are more owners putting their properties on the market compared to this time last year, but it is usual for sellers to want to wait for another month or two until there are more leaves on the trees to soften the starkness of their photographs and harden up their pricing prospects.”*

It is hard to predict how this post-election boost in market activity will be affected by the unknown impact of the Covid-19 coronavirus. Last week’s Budget mainly focused on this issue rather than on housing and major stamp duty reforms. Whilst any savings in stamp duty would have been welcomed by purchasers, Rightmove’s latest statistics indicate that the market fundamentals remain broadly sound. The new 2% stamp duty surcharge for non-UK residents may eventually temper the current recovery in some sectors of the London market from April 2021, though it will also provide a negotiating advantage to UK buyers. The Bank of England’s unexpected interest rate cut to 0.25% may also help to support the housing market if it feeds through into lower mortgage interest rates.

Shippide notes: *“The market has been waiting for several years for a London recovery. With a window of post-election political certainty, 2020 seemed set to be the year when many would look to make a move and satisfy their pent-up housing needs. However, the current fast pace of the housing market could now be affected by the spread of the Covid-19 coronavirus. We expect that housing market statistics, like other economic indicators, could be prone to volatility over the spring and summer. However the market fundamentals are still very sound, hence the current surge in activity, which has included Rightmove’s five busiest days ever. There have so far been no signs of a drop in buyer activity or interest in the housing market.”*

Agents' views

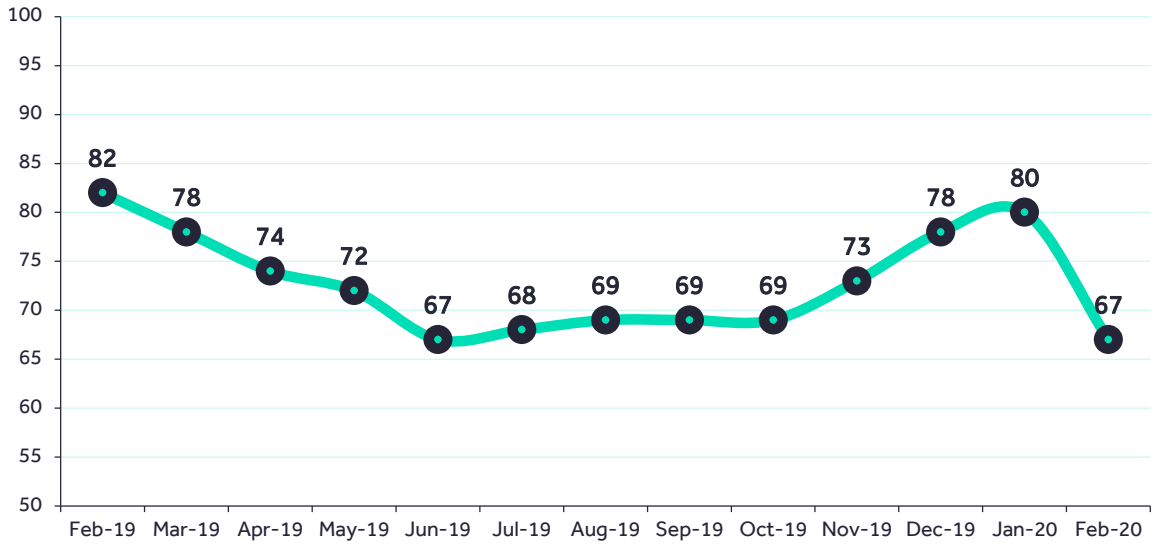
Louis Harding, Head of London Residential Strutt & Parker, said: *"What we're seeing in the London market at present follows what the numbers are saying. Our applicant numbers and new registrations are up by close to 40% on last year, and although our stock levels have increased from January, year on year we are still 30% down on combined property. I don't think we should be overly concerned with the 2% Stamp Duty surcharge on non-UK resident buyers, coming into effect in April next year. In the short term, it would seem sensible for a foreign purchaser with an ambition to buy in London for the increased duty charge to inform part of their decision making process. The 2% surcharge will be quickly absorbed by the market with buyers factoring this in when placing a bid on a property. Most non-UK buyers who are buying in London are doing so for medium to long term reasons; as such it's an additional cost that will be accepted and understood. The additional 2% will put London in line with other global cities such as New York. We are not unique and very much part of a global community. It's a small world these days, and the increase is unlikely to have a lasting impact."*

Tom Bill, Head of London Residential Research at Knight Frank, added: *"There has been a clear response in the London property market following December's decisive general election result. In the second week of January this year, Knight Frank registered the highest number of new prospective buyers in London for 15 years. However, it should be noted that 2019 was the strongest year since 2014 for prime London markets, having already been in recovery mode. This uptick is the result of price corrections, ultra-low interest rates and a weak pound. Despite this upwards momentum, the current volatility on global financial markets and government's proposed stamp duty changes demonstrate the markets still faces headwinds."*

Nick Leeming, chairman of Jackson-Stops, said: *"In line with the rest of the industry many of our branches registered a 'Boris Bounce', with our network reporting a 10% increase in the number of new applicants registering on the year to January. This renewed confidence has encouraged sellers to push for slightly higher guide prices than they would have six months ago – in turn marginally increasing local asking prices. While nationally stock remains limited, our branches saw a 26% uplift in new instructions in January compared to the same month a year ago, and we expect this to continue as we approach the busy spring market. Those looking to move soon should start speaking to their local agent now with a view to launching while competition remains fairly low and borrowing costs are back down to the lowest level in history following the Bank of England's cut to interest rates. As an industry, we are yet to see the impact of Covid-19 on the market, however if fewer people opt to holiday abroad over summer, we could perhaps see an increase in activity in this traditionally slower period."*

London trends

Average 'time to secure a buyer' (no. of days) - London



London trends

Borough data is based on a three-month rolling average and can be used as an indicator of overall price trends in each borough over time. It is not directly comparable with the overall London monthly figures.

Borough	Avg. price March 2020	Monthly change	Annual change
Lambeth	£656,625	1.3%	8.6%
Kensington and Chelsea	£1,611,065	2.8%	6.8%
Sutton	£479,220	1.7%	6.3%
Westminster	£1,497,296	2.2%	5.8%
Waltham Forest	£501,849	2.1%	5.6%
Tower Hamlets	£583,148	0.2%	5.2%
Camden	£1,029,110	0.5%	4.5%
Islington	£777,917	3.9%	4.2%
Lewisham	£475,625	2.0%	4.0%
Newham	£419,269	0.9%	4.0%
Brent	£584,956	1.2%	3.8%
Kingston upon Thames	£631,123	0.8%	3.6%
Haringey	£623,640	3.6%	3.6%
Greenwich	£451,789	1.7%	3.6%
Richmond upon Thames	£846,097	3.0%	3.5%
Bromley	£539,952	1.8%	2.8%
Harrow	£558,255	1.3%	2.8%
Ealing	£563,522	3.0%	2.6%
Hounslow	£555,150	4.1%	2.4%
Hammersmith and Fulham	£936,107	1.9%	2.1%
Southwark	£641,891	3.2%	2.0%
Bexley	£408,678	1.1%	1.6%
Barnet	£637,019	1.7%	1.4%
Barking and Dagenham	£314,209	0.0%	1.3%
Hillingdon	£483,309	2.4%	0.8%
Redbridge	£454,363	1.0%	0.7%
Hackney	£633,167	1.3%	0.5%
Merton	£627,853	1.0%	0.4%
Croydon	£427,248	1.0%	0.3%
Enfield	£450,255	0.0%	0.2%
Wandsworth	£797,854	1.4%	0.0%
Havering	£409,956	2.1%	-0.9%

Editor's notes

About the Index:

The Rightmove House Price Index methodology was updated in January 2018. The report now includes data for Scotland and a number of measures have been refined. The stock per agent figure now calculates the average based on the number of properties an agent has on Rightmove each day across the month, rather than the average of the total number of properties each agent advertised in the month. London asking prices are now broken down into travel zones. For the purpose of historical comparisons, the historical figures have been restated based on the new methodology.

The Index includes asking price 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 95% of the market, the largest and most up-to-date monthly sample of any house price indicator in the UK. 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.

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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 circa 95% of all properties for sale and at any time displays a stock of over one million properties to buy or rent. The Rightmove.co.uk site attracts nearly 141 million visits from home movers each month with time on site averaging 1.1 billion minutes per month (Rightmove data, July 2019).