

Rightmove House Price Index

The largest monthly sample of
residential property prices

April 2020



Estate agents go virtual and homeowners research during market pause

- Not enough properties coming to market to provide meaningful new seller asking prices this month
- Abrupt turnaround from best start to a year since 2016 to new sales now being almost impossible. Pre-lockdown sales agreed in the year to 23rd March were 11% up on the same period last year
- Existing sellers stay on the market, with total available stock for sale down just 2.6% since lockdown
- Agents focus on holding together sales already agreed, and explore virtual viewings and valuations to help keep activity bubbling
- What will it take to kick-start the market again once lockdown is eased?
 - Continuation of mortgage lending on the same terms as before the lockdown, aided by government incentives to encourage moving as key part of the economic recovery
 - Forbearance by lenders to limit forced sales until employment levels recover
 - Social distancing measures may still be needed for some time to come, so safe viewing procedures will require innovation by the property industry

Overview

Given the lockdown and pausing of key activities in the housing market, statistics on the number of properties coming to market, new seller asking prices, and new sales agreed are not meaningful. You do not have a functioning market when buyers can't buy and sellers can't sell, and so the focus needs to be on what is required to help the market recover once the lockdown can safely be eased.

For the record, the average asking price of the daily dwindling number of properties coming to market in our reporting period from 8th March to 11th April saw a monthly price fall of 0.2% to £311,950, with the annual rate of increase from last April being 2.1%.

Visits to Rightmove fell by around 40% at the time of the lockdown announcement, when property was understandably not at the front of people's minds, but has now started to recover slowly across the last week. While demand has naturally been much lower than earlier in the year, current behaviour on site shows many homeowners researching their plans for the future. Rightmove's recently relaunched sold prices section has recovered more quickly since the lockdown, with page views now running just 20% lower than usual levels.

Sales agreed and available stock for sale

The buoyant start to the year before the lockdown saw the number of sales agreed in the year to March 23rd up 11% compared to the same period last year, which was the best start to a year since 2016. Most sellers already on the market, and those with a sale already agreed, appear to be continuing with their plans to move once it has been deemed safe enough to do so. Available stock for sale is down only marginally, by 2.6%, and since the lockdown the level of fall throughs is similar to what we would expect to see in a normal three week period.

Miles Shipside, Rightmove director and housing market analyst observes: *"Agents report that there is good co-operation, with both buyers and sellers keen to hold deals together. While some buyers may express concern over the possibility of short-term dips in house prices, many are taking the longer-term view and living up to their commitments to proceed. This is being helped by mortgage lenders extending the life of existing mortgage offers by three months, and new legal rules on flexible completion dates."*

What will it take to kick-start the market again?

The price of property coming to market was at an all-time high as we went into lockdown, fuelled by buyer demand outstripping supply, high levels of employment, and mortgage lenders competing to lend. The unprecedented government support for people and businesses will need to continue once the lockdown is eased, in order to facilitate a quick recovery on many fronts. For the housing market, the key drivers that we believe will need to be in place to support a return to a more normal level of activity are laid out below.

Low interest rate lending with low deposits, plus government incentives

Buyer affordability is key to housing market activity, so mortgage lenders need to be in a position to be able to offer the same low interest rates. Recovery could also be boosted by government incentives targeted at home movers such as stamp duty holidays, extension of Help to Buy, and perhaps also encouragement of mortgage lending. Lenders need to keep offering low deposit mortgages, which would help both the resale and new build sectors of the housing market.

Shipside adds: *“Owners need to be encouraged to move by reducing the costs of moving, and prospective buyers encouraged to buy by reducing the costs of funding their purchase. Given the government’s interventionist strategy to date that might include encouragement for lenders to resume business as usual with their full range of products when it’s safe to do so. We need to avoid a repeat of the post-credit-crunch mortgage famine which took from 2008 until the 2013 launch of Help to Buy to bring the mass market back into play with low-deposit mortgages.”*

Forbearance by lenders to limit forced sales until employment levels recover

It is vital that lenders show forbearance to those in arrears and do not rush to repossess, leading to forced sales. These would in turn put more severe downward pressure on property prices, depressing activity, and leading to damaging negative equity. Much will depend on future trends in employment rates, as most buyers need appropriate employment to get a mortgage or to keep up repayments on their existing mortgage. These are all-important factors influencing market sentiment, and it’s currently hard to predict how that will fluctuate in the months ahead.

Innovation to help rebuild activity so sellers and buyers keep safe

To aid a quicker market recovery it’s very important that the property industry tries to keep some activity simmering on the back-burner during the lockdown. Then after the end of the full lockdown, it needs a plan to overcome potential buyers’ and sellers’ new-found caution, and to cope with the need to maintain social distancing during visits for marketing, viewing, valuing and surveying.

Some properties that are for sale or rent have pre-recorded videos available for would-be buyers or tenants to view online. It would be highly unusual to buy a property without a physical viewing, but it will help them to work out which ones are worth viewing in person when stay-at-home restrictions are relaxed. Some sellers, guided by their estate agents who are unable to visit, are using mobile phones with their high-quality cameras to record their own videos. To help with this creative approach, Rightmove has just released a new ‘online viewing’ label for agents to highlight properties for sale or to rent that have video tours. Some innovative agents with good knowledge of the local area are also using live stream video to offer virtual valuations to prospective sellers, in preparation for future marketing.

Shipside concludes: *“We think it will take several months or more for the market to find its feet in this new unsteady world. Once the lockdown ends, agents will have to follow safe viewing precautions to give sellers the confidence to again allow viewers into their own homes, and buyers the confidence that they can safely visit homes that are for sale. During this slow-motion period we do not expect significant price falls, as home sellers will not be prepared to cut their prices while it is still not clear how the general public, businesses, financial markets, and the government are going to handle the transition to whatever turns out to be the new normal.”*

Agents' views

Peter Woodthorpe, Director of Readings in Leicester, says: *"The positive news so far is that we've had no sales fall through that were agreed before the lockdown. Some sellers and buyers are still proceeding on the basis of simultaneous exchange and completion while still adhering to government guidelines, for example where properties are currently unoccupied. At worst people are holding off to see what happens by the end of the lockdown, but not withdrawing from the transaction. Given the good start to the year it's possible that at some point in the future we may start again pretty much where we left off."*

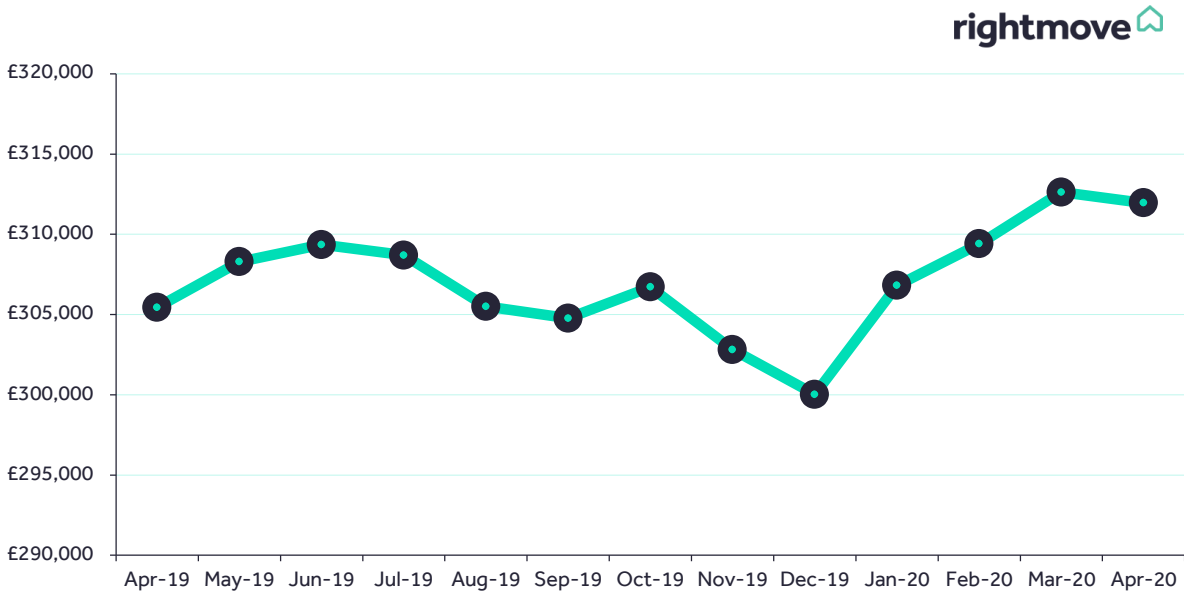
Ben Hudson, Managing Director of Hudson Moody in York, says, *"Since going into lockdown, we've had to adapt quickly to how we do business. Prior to the stay at home period we put together videos on many of our properties and invited our clients to produce their own 'virtual viewings' which has had a really positive and enthusiastic response. All videos are available on Rightmove and our own Hudson Moody TV channel on our website. We're also using video viewings for our lettings business to sign up tenants in readiness for when we unlock. The vast majority of ongoing sales want to proceed as soon as possible after the lockdown and many potential purchasers want to book appointments as soon as we are once again able to do viewings. We've also been busy with valuations with potential vendors sending in photos and videos of their properties and having face-to-face calls with them. Whilst we're under no illusion as to how difficult life may be moving forward we're optimistic and we intend to do all we can to ensure people can move when the time comes."*

Monthly figures

Although the usual metrics in our House Price Index are not meaningful this month, we've published them for continuity purposes of the series.

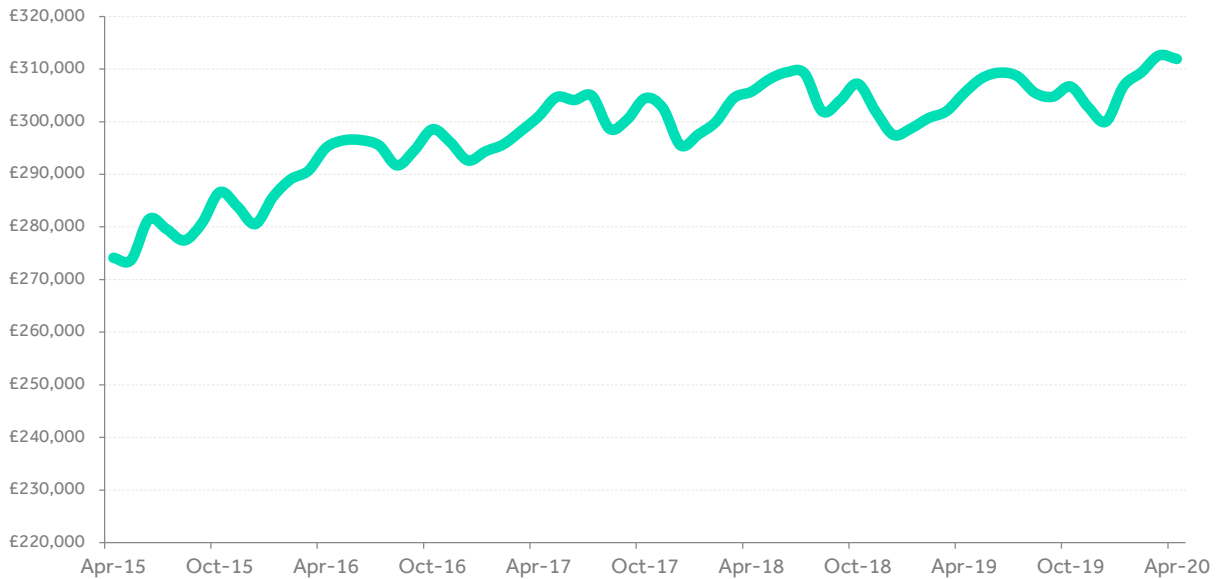
National average asking prices				
Month	Avg. asking price	Monthly change	Annual change	Index
April 2020	£311,950	-0.2%	2.1%	241.2
March 2020	£312,625	1.0%	3.5%	241.7

National average asking prices by market sector (excluding Inner London)				
Sector	April 2020	March 2020	Monthly change	Annual change
First-time buyers	£195,410	£195,463	0.0%	2.4%
Second-steppers	£280,084	£280,818	-0.3%	1.6%
Top of the ladder	£549,825	£549,081	0.1%	2.0%

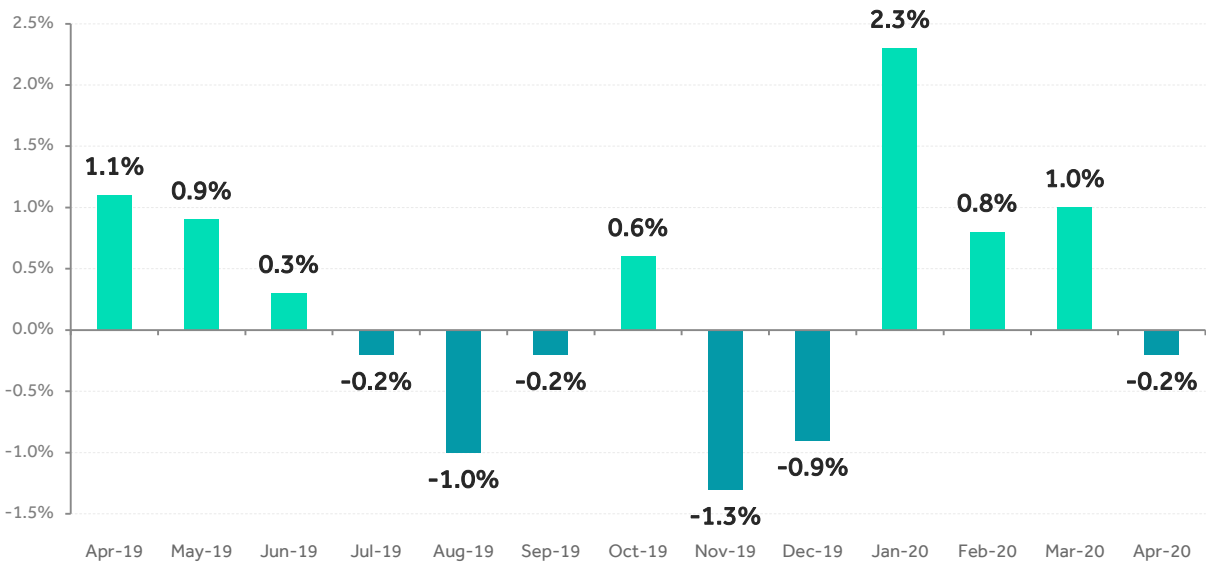


Asking price trends

Five year asking price trend

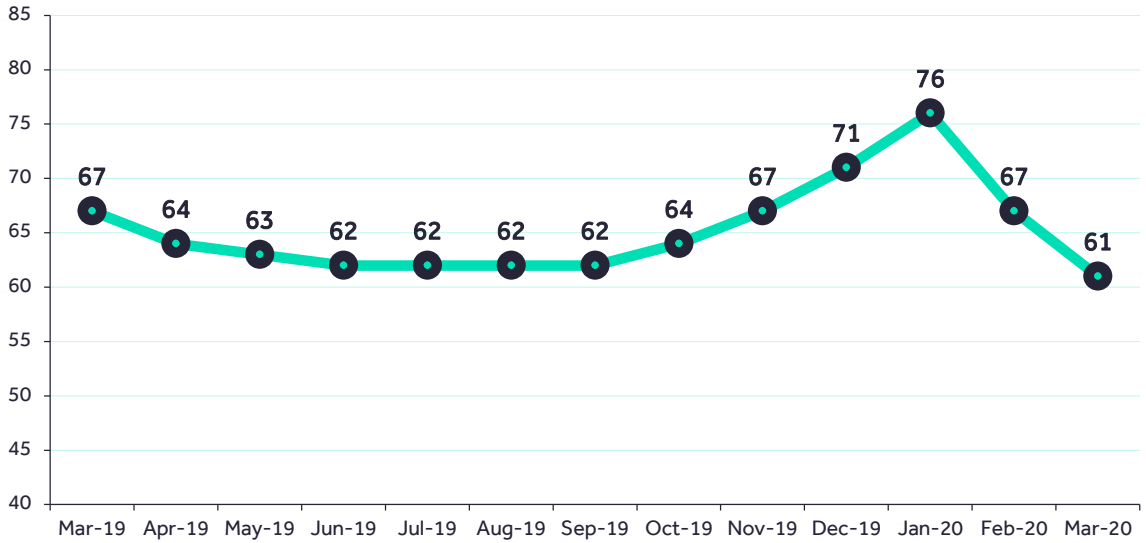


% monthly change in average asking prices

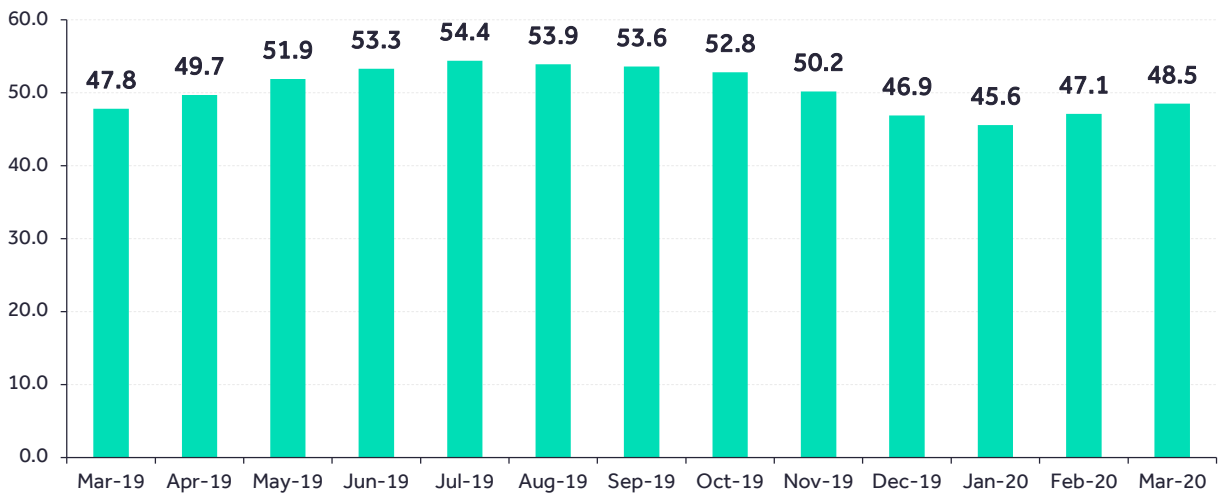


Average time to sell and stock

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



Average stock per agent (including Under Offer/Sold STC)



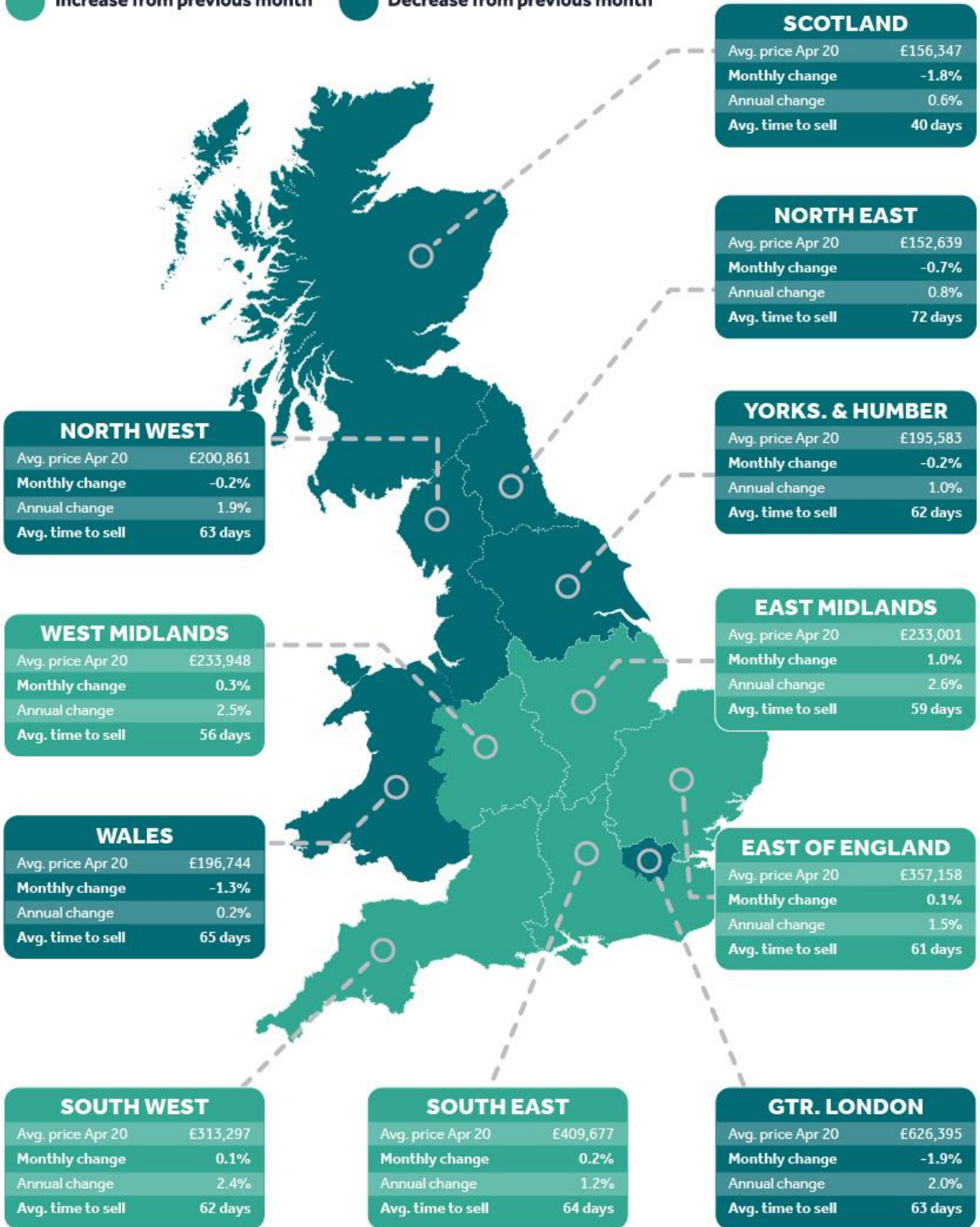
Regional trends



Increase from previous month

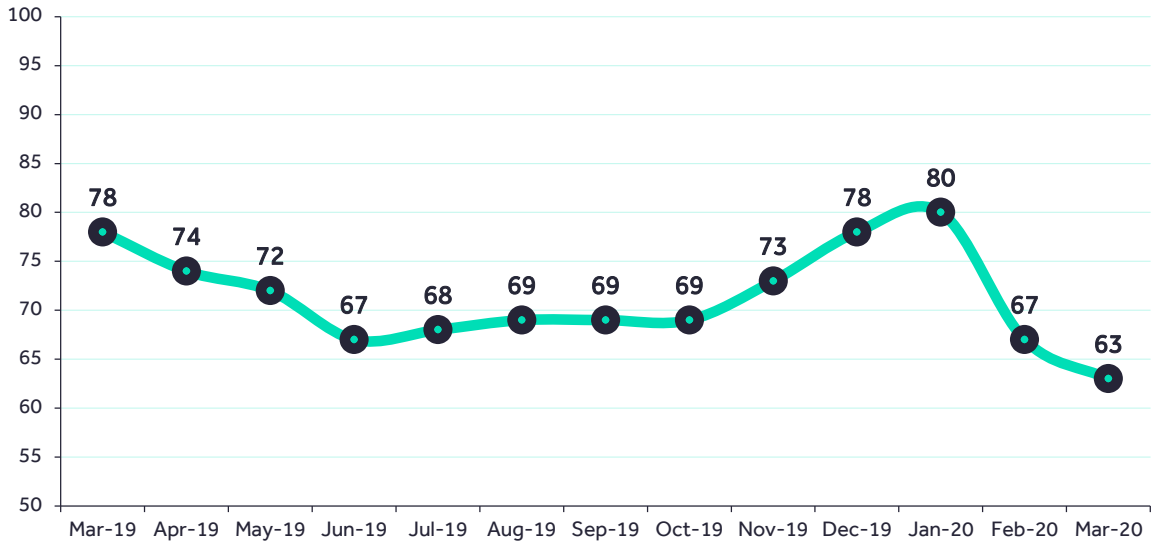


Decrease from previous month



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 April 2020	Monthly change	Annual change
Richmond upon Thames	£860,653	1.7%	6.2%
Lambeth	£664,931	1.3%	6.0%
Kensington and Chelsea	£1,601,983	-0.6%	5.6%
Camden	£1,015,567	-1.3%	4.9%
Waltham Forest	£501,374	-0.1%	4.9%
Tower Hamlets	£589,664	1.1%	4.9%
Westminster	£1,493,092	-0.2%	4.8%
Haringey	£628,105	0.7%	4.2%
Lewisham	£477,376	0.4%	4.2%
Hammersmith and Fulham	£960,437	2.6%	4.1%
Newham	£423,836	1.1%	3.6%
Sutton	£475,990	-0.7%	3.6%
Bromley	£546,886	1.3%	3.6%
Islington	£784,353	0.8%	3.0%
Kingston upon Thames	£625,071	-1.0%	2.9%
Greenwich	£453,606	0.4%	2.7%
Brent	£583,206	-0.3%	2.4%
Hackney	£639,644	1.1%	2.2%
Hounslow	£555,987	0.2%	1.9%
Harrow	£557,782	-0.1%	1.9%
Ealing	£561,068	-0.4%	1.7%
Barnet	£645,076	1.3%	1.7%
Bexley	£409,533	0.2%	1.5%
Merton	£636,696	1.4%	1.3%
Hillingdon	£490,270	1.4%	1.3%
Barking and Dagenham	£317,185	0.9%	1.1%
Havering	£415,435	1.3%	1.0%
Redbridge	£457,014	0.6%	0.9%
Croydon	£431,576	1.0%	-0.1%
Southwark	£640,497	-0.2%	-0.8%
Enfield	£450,034	0.0%	-0.9%
Wandsworth	£802,399	0.6%	-1.3%

Editor's notes

About the Index:

The Rightmove House Price Index methodology was last updated in January 2018 and the historical figures restated. 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 are 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.

Rightmove measured 65,531 asking prices this month, circa 95% of the UK market. The properties were put on sale by estate agents from 8th March 2020 to 11th April 2020 and advertised on Rightmove.co.uk.

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).