

# Rightmove House Price Index

May 2020



## First day traffic up on last year, indicating demand to support price stability

- With the reopening of the housing market in England, first day activity on Rightmove shows a release of pent-up home-mover momentum:
  - Home-mover visits to Rightmove back to pre-lockdown levels on Wednesday 13<sup>th</sup> May with almost 5.2 million visits, up 4% on the same day a year ago
  - Sales demand (unique enquiries) doubled from Tuesday to Wednesday, and was only 10% behind the same day in 2019
  - Rental demand also surges with highest unique enquiries in one day since September 2019
- No new seller asking price data to report as number of properties coming to market down 90% on same period a year ago, but signs of fresh supply with a 111% week-on-week increase in new sales listings on day the market reopened
- Home-movers and estate agents need to adapt immediately to biggest ever changes in how homes are marketed and viewed to ensure stringent social distancing, with virtual viewings a top priority

### Overview

For the second month running there were too few properties coming to market to accurately measure movement in new asking prices, and so we are not publishing average new seller asking price figures this month.

The pandemic and the universal experience of lockdown mean that your home has never been more important, and this is causing many people to re-appraise their housing needs. This is likely to be one of the factors behind the immediate release of pent-up demand on the first day of reopening, with home-mover visits to Rightmove hitting pre-lockdown daily levels, and up 4% on the same Wednesday in 2019. However, the shock re-opening of the housing market understandably came with stringent government Covid-19 safety guidelines so that the home-moving process can be a safe one. The industry needs to immediately adapt to comply with both these guidelines and changing home-mover housing requirements.

Miles Shippside, Rightmove director and housing market analyst comments: *"The traditionally busy spring market was curtailed by lockdown, but we're now seeing clear signs of returning momentum, with the existing desire to move now being supplemented by some people's unhappiness with their lockdown home and surroundings. Some may be unable or unwilling to move now, but those who are ready to take the plunge have jumped immediately into action. Unique enquiries on property for sale doubled from the day before, though we expect consistent momentum to rebuild over several months rather than weeks. With no new seller asking price data it's too early to comment on price movements, though high demand is needed to support a stable market. If there are attractive lower deposit mortgages available it would help sustain the recovery in activity. The industry has been caught by surprise, as we were all expecting the housing market to stay closed until at least June."*

To control the spread of the virus, the government has produced housing-sector guidelines including stringent social distancing measures. As these are the new norm, home-movers and estate agents need to immediately adapt to the biggest ever changes in the way that homes are marketed and viewed. The government states that initial viewings should ideally be virtual, with technology allowing the use of a variety of video options. That content will also prove to be effective to highlight homes that have suitable spaces for working from home, which may now be towards the top of must-have lists for many buyers whose commuting life has been curtailed for the foreseeable future. Conversely, proximity to stations or motorways and short journey to work times may become less important.

Agents will have direct experience of the need for a suitable workspace in a home, as some of their own high street premises will not be able to accommodate all of their staff or visiting customers while maintaining social distancing. Organising physical viewings will also mean estate agents taking on the unfamiliar task of health screening, as they quiz both sellers and buyers for Covid-19 symptoms or vulnerabilities, so they will be keen to follow the government guidance that the buyers who want to view in person should be serious.

Shipside predicts: *“These guidelines are understandably stringent to make sure the process can be carried out safely. It’s especially important for the recovery of transaction volumes that prospective buyers and existing and future sellers feel reassured enough to re-engage with their pent-up housing needs, but safety is the top priority for all and so it will take time. All parties will have to be innovative to work effectively while adhering to these guidelines. There are many benefits, including freeing sellers of the need to maintain a constant state of tidiness and letting them avoid the frustration of no-shows often associated with frequent physical viewings. High demand could lead to a boost in values for properties that offer inspiring home-working options. But on the other hand, the extra value for a property being close to a popular commuter route may diminish if working from home becomes the new norm. We already saw some early signs of people enquiring more about out-of-city areas so it will be interesting to see if this leads to a change in where people choose to buy now the market has been unlocked.”*

## Agents' views

Marc von Grundherr, Director at Benham & Reeves in London, said: *“It’s a warm but cautious welcome to the re-opening of the property market after weeks of being cryogenically frozen. The housing market underpins the broader economy and therefore agents are now tasked with being stewards of the recovery but, and this is important, they must also take their responsibilities seriously in terms of protecting customers and staff on valuations and viewings ensuring a social distance between all parties. I think we can now look forward to a swift restoration of market activity and in time to have prevented big price falls.”*

Guy Gittins, Managing Director of London estate agents Chestertons, said: *“This is great news for the many thousands of people who need to move home but, as the government is keen to stress, this is not a return to normality and everyone has to adapt to the current situation. Physical viewings and valuations can now take place but video viewings will remain a major feature for some time to come and people are urged to make use of them in the earlier stages of their search and only physically view properties if they are genuinely interested and able to place an offer. Any visitors to people’s property throughout the sales process - including the estate agent, photographers, interested buyers and surveyors - will need to confirm that they are not experiencing any symptoms and then be asked to adhere to strict guidelines aimed at maintaining social distance, avoiding physical contact and minimising the risk of spreading the virus.”*

Nick Leeming, Chairman of Jackson-Stops, comments: *“Following the government announcement we experienced an immediate flurry of activity across our branch network. We have a strong pipeline of pending sales which started to move within the first hours of trading. Our Exeter branch, for example, received four requests from buyers to view properties, all before 10:30am on the day the market reopened. Meanwhile, our Alderley Edge branch received two requests for valuations and three calls from buyers asking to view properties both above and below the £1 million price band before midday. One buyer asked if it was possible to immediately view a property in person on the day the market was unlocked, however we must remember that Rome was not built in a day. Our immediate priority is to put the health and safety of our clients, their families and our teams first and are ensuring that our branches are fully aware of the Government’s latest guidelines. It is only then that our branches will be arranging physical viewings, valuations and meetings, which means that virtual video tours continue to be an important tool for selling or letting a property. Not only are they easily accessible and fully functional on mobile devices but they also importantly help reduce time spent in physical contact with clients and prospective buyers. In addition to offering a layer of safety for our employees and clients, virtual viewings will enable us to firm up leads and identify committed buyers ahead of physical viewings.”*

# 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.

## 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).