

House Price Index

The largest monthly sample of residential property prices and housing market activity

£367,501

Record high average asking price

+10.2%

Annual price growth

31 days

Record low average time to find a buyer

Fourth new record puts prices £55,000 higher than pre-pandemic

Price of property coming to market hits a fourth consecutive record of £367,501, up by 2.1% monthly (+£7,400):

- Average asking prices have risen more than £55,000 in the past two years, compared to a £6,000 rise in the two years before the pandemic

Activity levels remain strong and still significantly higher than pre-pandemic, though there are signs that the frenetic market is starting to ease:

- The number of buyers contacting estate agents in the month is 31% higher than the more normal 2019 market, but down 14% year-on-year
- Speed of market means available properties down 16% compared to last year and down 55% compared to 2019, with new stock most desperately needed for two and three bedroom semi-detached homes
- Sales agreed are up 12% year to date compared to the same period in 2019, and down 17% year to date compared to 2021

New Rightmove analysis tracks first-time buyer affordability and the impact of rising interest rates:

- Average monthly mortgage payments are back to being higher than rental payments after four consecutive interest rate rises, though historically low interest rates make mortgage payments only 11% higher than ten years ago, while rental payments are 40% higher
- Solo first-time buyers hardest hit, now needing a 34% deposit compared to a 25% deposit ten years ago

National average asking price

Month	Avg. asking price	Monthly change	Annual change	Index
May 2022	£367,501	+2.1%	+10.2%	284.1
April 2022	£360,101	+1.6%	+9.9%	278.4

Rightmove measured 98,725 asking prices this month nationally, circa 95% of the UK market. The properties were put on sale by estate agents from 17th April to 14th May 2022 and advertised on Rightmove.co.uk.

Overview

The average price of property coming to market has hit a new record for the fourth consecutive month, rising to £367,501. This month's increase of 2.1% (+£7,400) is the highest at this time of year since May 2014, and marks a national jump of £55,551 in asking prices in the two years since the housing market shut due to the pandemic. This compares to a rise of just £6,218 in asking prices in the two years before the pandemic, and illustrates how the frenzied market activity has led to two-year price growth in cash terms never before witnessed in over twenty years of tracking prices.

This fourth consecutive price record comes alongside a fourth successive interest rate rise, but this rate rise and other household economic concerns do not appear to have dented the motivation and urgency to move that are felt by many, though there are signs that the market is starting to ease. The number of buyers contacting estate agents is 14% down on the stamp-duty-fuelled market of this time last year, but is up by 31% on the more comparable market of 2019. The number of properties available to buy is 55% down on the levels seen in 2019, meaning that supply and demand look likely to remain out of kilter for at least the rest of the year. The number of sales agreed is up by 12% in the year to date compared to 2019 even with restricted choice, though is down 17% compared to the exceptional market of the same period last year. These numbers suggest that a lack of homes for sale rather than a lack of desire from buyers is what is dictating the pace of the market. New stock is most urgently needed in the mid-market sector of two and three bedroom semi-detached homes, which are seeing the most competition from buyers.



People may be wondering why the housing market is seemingly running in the opposite direction to the wider economy at the moment. What the data is showing us right now is that those who have the ability to do so are prioritising their home and moving, and the imbalance between supply and demand is supporting rising prices. Though demand is softening from the heady levels we saw this time last year, the number of buyers enquiring is still significantly higher than during the last 'normal' market of 2019, while the number of homes for them to choose from remains more constrained. We anticipate that the effects of the increased cost of living and rising interest rates will filter through to the market later in the year, and a combination of more supply of homes and people weighing up what they can afford will help to moderate the market.

Tim Bannister Rightmove's Director of Property Science



National average asking price by market sector (excluding inner London)

Sector	May 2022	April 2022	Monthly change	Annual change
First time buyers	£223,117	£220,466	+1.2%	+8.3%
Second-steppers	£337,030	£333,053	+1.2%	+11.2%
Top of the ladder	£680,938	£655,593	+3.9%	+11.9%

As interest rates creep up, new Rightmove analysis tracks first-time buyer affordability over the last ten years. This month, average monthly mortgage payments (£901) overtake average monthly rental payments (£887). However, the data shows that over the last ten years, the gap in payments has narrowed, meaning it is no longer notably cheaper to rent in terms of monthly outgoings.

This new affordability analysis is based on a household taking out a 90% loan-to-value mortgage, at the average two-year fixed interest rate, and looks at a typical first-time-buyer home of two bedrooms or fewer, and the average monthly equivalent rental payments.

The average monthly mortgage payment for a typical first-time-buyer home has increased by 13% (+£100) since December last year following four interest rate rises, although this is only 11% (+£87) higher than ten years ago. This may be surprising considering the strong house price growth over the last ten years, however it illustrates that a decade of historically low interest rates have effectively compensated for rising house prices in terms of monthly outgoings on a mortgage.

By contrast, equivalent monthly rental payments are 40% higher than ten years ago, as tenants feel the full effect of rising costs. Rents are currently rising at the fastest pace that Rightmove has ever recorded.

Monthly outgoings are only one part of the equation however, as the data also looks at the ability for a first-time buyer to borrow enough from a lender to purchase a first home. For a person looking to buy on their own, on the national average full-time salary, borrowing 4.5 times their income, ten years ago they would have needed to find a 25% deposit (£35,053) to afford a typical first-time buyer home. Today they would need a 34% deposit (£74,402).

These are national averages and it will vary across the UK, however at a national level it means that a person buying on their own on an average salary, looking to buy an average first-time buyer home, now needs a deposit 112% higher than a decade ago.

This shows that while average monthly payments for a first-time buyer on their mortgage have remained relatively stable over time due to low interest rates, it has become more difficult to raise the increasingly large deposit needed to cover the gap between the price of a first home and what one can borrow.

Two people buying together on the average salary should still be able to afford a first-time buyer home if they have saved a 10% deposit, although that deposit size has increased from £14,269 to £22,312, a jump of 56%.



This new analysis shows how it has become increasingly difficult for an average first-time buyer to afford a home on their own. The historic average mortgage payments for a first home provide some good context to the current backdrop of rising interest rates and help explain why so many people take out fixed-rate mortgages. As interest rates are predicted to rise further during the course of 2022, many buyers will be looking to lock in mortgage deals now before further rate rises. With so many variables affecting house prices and affordability, the market is extremely difficult to predict, and those looking to buy will be prioritising their own needs and what they can afford rather than waiting to try and time the market.

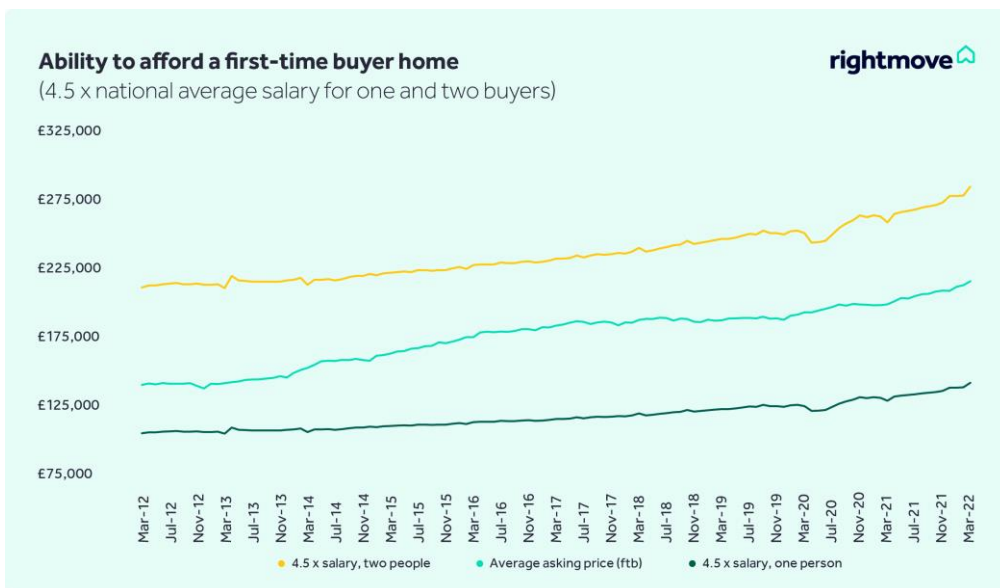
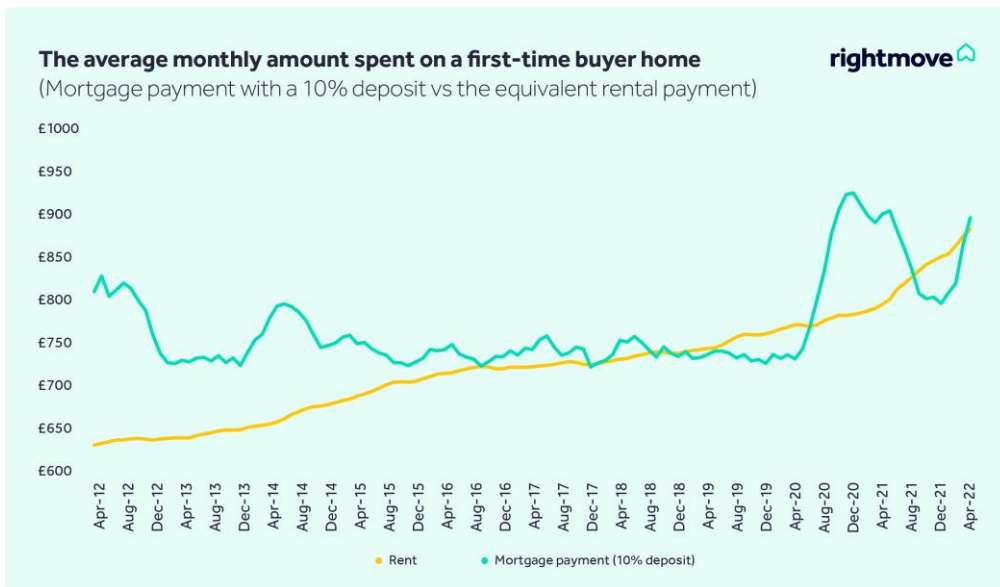
Tim Bannister Rightmove's Director of Property Science



Affordability trends

The first-time buyer monthly mortgage payment is based on Bank of England data of the averages for 90% LTV two-year fixed mortgages from lenders, and the average asking price of a typical first-time buyer home (two bedrooms or fewer) using the Rightmove House Price Index. The equivalent monthly rent is calculated using the same property types (two bedrooms or fewer).

The affordability to buy a first home is based on the Average Weekly Earnings (AWE) dataset from ONS multiplied by 4.5 to get the typical maximum that a person can borrow from a lender. The average asking price of a typical first-time buyer home is taken from the Rightmove House Price Index.



Agents' views



It appears we are reaching a steady plateau in the housing market following the pandemic property boom. Whilst frenzied buyer activity has calmed down, the market is definitely holding strong and we are now seeing higher volumes of vendors feeling more comfortable about putting their property on the market before making an offer on another. Pricing remains very robust with substantial offers being made across the whole market, and in most cases are still significantly in excess of Home Report value. It appears that people are more comfortable with a new normal, and whilst we should not forget the economic challenges ahead, for now we are taking the view that the market has stabilised.

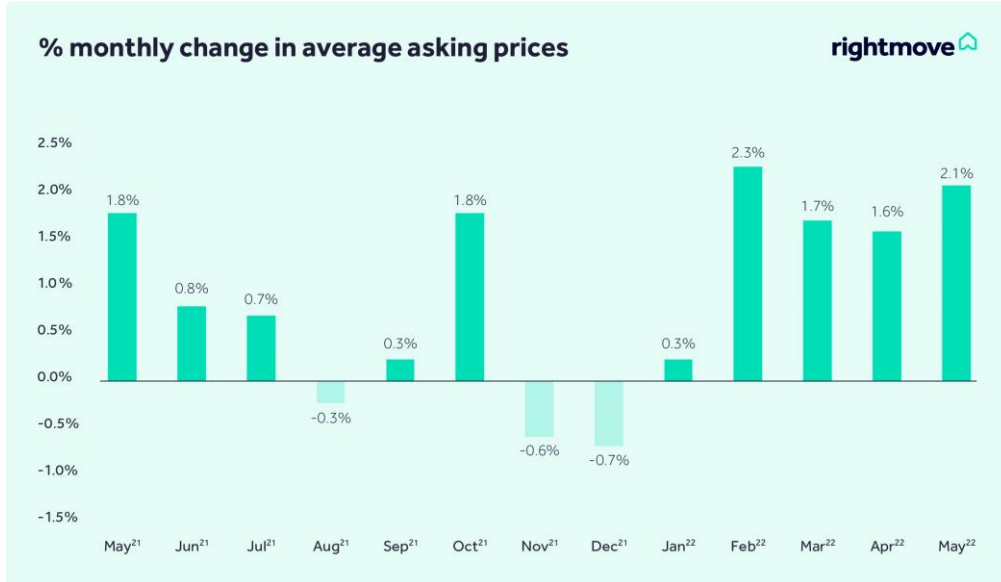
John O'Malley, CEO at Pacitti Jones in Glasgow

The property market is still buoyant in our area despite inflationary pressures and higher interest rates. The trend is set to continue as there is very little coming on the market, and when it does we agree a sale very quickly. Since COVID, we're still seeing a lot more people are able to work from home, and wish to live in rural areas as long as the broadband connection enables them to do so.

Aled Ellis, Director at Aled Ellis & Co. in Aberystwyth



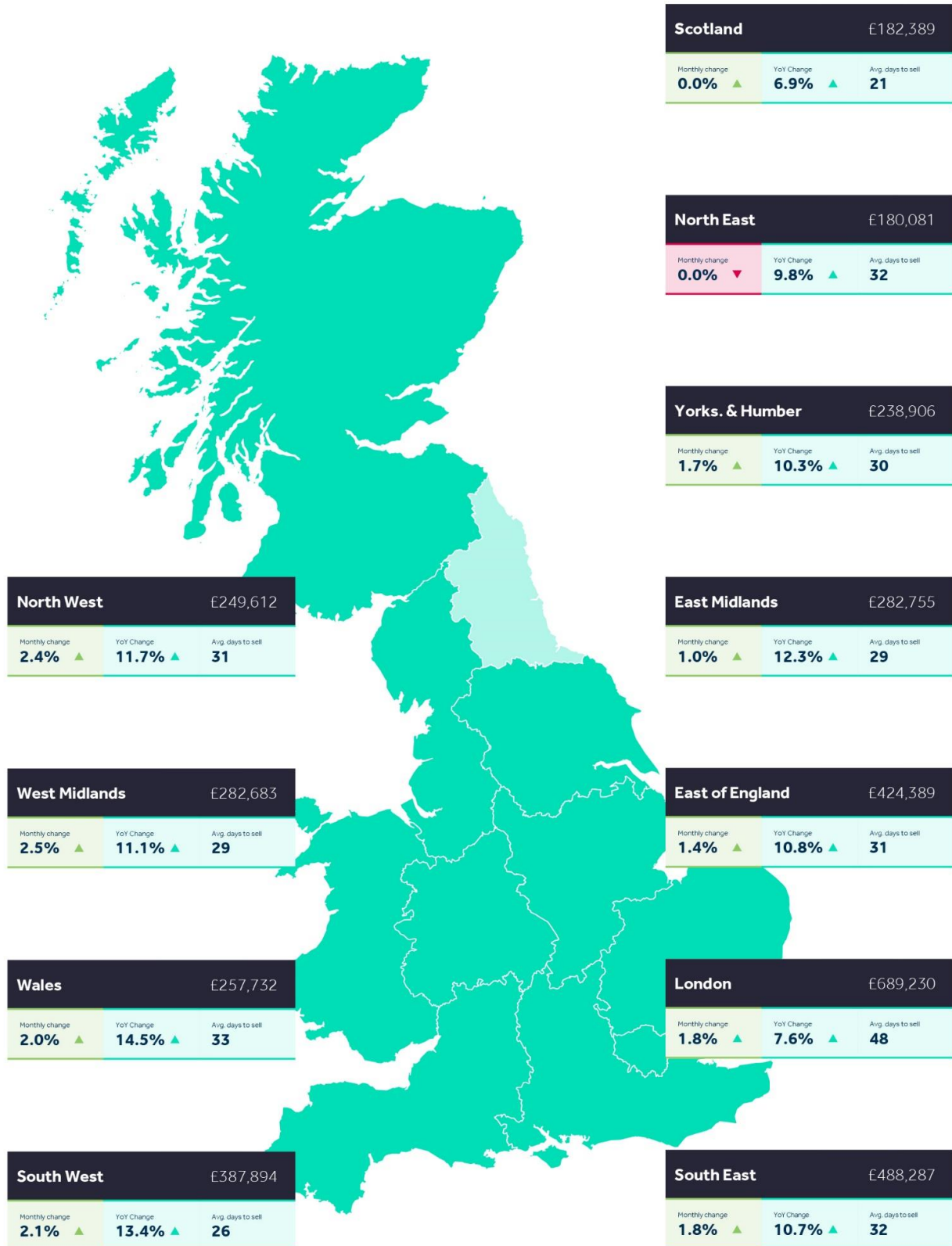
Price & activity trends





Regional trends

● Increase from previous month ● Decrease from previous month



London boroughs

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 May 22	Monthly change	Annual change
Westminster	£1,455,674	1.0%	11.7%
Merton	£736,679	2.8%	11.5%
Havering	£483,185	1.7%	10.5%
Bromley	£619,070	0.6%	9.6%
Barking and Dagenham	£369,852	1.1%	9.5%
Kingston upon Thames	£711,342	2.8%	9.1%
Sutton	£545,290	0.9%	8.7%
Barnet	£733,094	4.7%	8.1%
Harrow	£630,279	1.4%	7.9%
Kensington and Chelsea	£1,697,768	-2.2%	7.7%
Croydon	£493,590	1.1%	7.4%
Hillingdon	£553,502	0.6%	7.0%
Islington	£784,207	1.6%	7.0%
Haringey	£673,817	1.6%	6.7%
Redbridge	£513,734	0.7%	6.6%
Waltham Forest	£548,258	0.0%	6.6%
Richmond upon Thames	£939,325	1.8%	6.5%
Hounslow	£603,105	3.4%	6.4%
Bexley	£471,874	1.3%	6.4%
Wandsworth	£836,403	0.7%	6.0%
Greenwich	£489,550	1.1%	5.9%
Hackney	£687,430	1.1%	5.8%
Enfield	£506,505	0.7%	5.0%
Newham	£458,624	0.7%	4.9%
Lewisham	£517,661	1.6%	4.8%
Tower Hamlets	£592,056	1.9%	4.5%
Ealing	£595,086	0.3%	4.4%
Hammersmith and Fulham	£965,330	0.0%	4.1%
Brent	£635,108	3.4%	4.0%
Camden	£1,003,849	0.3%	3.4%
Lambeth	£667,722	1.0%	2.9%
Southwark	£645,493	-1.0%	2.8%

About the Index

The Rightmove House Price Index methodology was updated and restated in January 2018. 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.

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.

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 attracted 2.5 billion visits in 2021 with time on site totalling 18.3 billion (Rightmove data, 2021).