

# House Price Index

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

## +0.7%

Monthly asking price increase

## +8.7%

Annual price growth

## +20%

Increase in buyer demand vs pre-pandemic five-year average

## Surprisingly resilient market despite economic pressures

- The average price of property coming to the market rises by 0.7% (+£2,587) in the month to £367,760:
  - This month's rise in new seller asking prices is in line with the ten-year September average increase of 0.6%
  - The middle and high-end market sectors are driving price rises this month, with a new record average asking price (£340,513) in the "second-stepper" category (three bedrooms and non-detached with four bedrooms)
- First-time buyers facing cost pressures, though new stamp duty cuts may provide some additional support:
  - The stamp duty cut from Friday's mini-budget means that two-thirds of homes (66%) are now exempt from stamp duty for first-time buyers in England, and a third of all homes are exempt for all buyers (33%)
  - Average monthly mortgage payments for new first-time buyers are currently £1,057, which is 40% of an average gross salary for the first time since November 2012. They will jump to £1,114 per month if lenders pass on the latest interest rate rise of 0.5%
- The market remains surprisingly resilient despite growing economic pressures:
  - Buyer demand is up 20% on the pre-pandemic five-year average, and the stamp duty cut could stimulate some more demand over the next few months
  - The number of homes coming to market has risen back to 2019 levels, giving buyers more choice

### National average asking price

Month	Avg. asking price	Monthly change	Annual change	Index
September 2022	£367,760	+0.7%	+8.7%	284.3
August 2022	£365,173	-1.3%	+8.2%	282.3

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

Sector	September 2022	August 2022	Monthly change	Annual change
First time buyers	£224,479	£224,091	+0.2%	+7.4%
Second-steppers	£340,513	£338,757	+0.5%	+9.4%
Top of the ladder	£674,228	£665,304	+1.3%	+8.7%

Rightmove measured 125,004 asking prices this month nationally, circa 95% of the UK market. The properties were put on sale by estate agents from 7<sup>th</sup> August to 10<sup>th</sup> September 2022 and advertised on Rightmove.co.uk.

# Overview

The average price of property coming to market rises by 0.7% (+£2,587) this month to £367,760. This is in line with the average September rise of 0.6% over the last ten years. Price growth this month is driven predominantly by the middle and high-end market sectors, with the "second stepper" category (three bedrooms and non-detached with four bedrooms) reaching a new record average asking price of £340,513. Buyer demand in these sectors is up by 2% even compared to the frenetic market of last year, while more choice is now also available compared with 2021. These numbers suggest that for those who can, moving up the ladder to a home with more space remains a priority, even at a time when personal finances are stretched.



The end of the summer break and the start of the new school term is usually a time when we see renewed focus from buyers, as those with plans to move see an autumn window of opportunity ahead of them. Price growth this month in the middle and high-end sectors highlights that even when finances are more stretched, many of the reasons for looking to move up the ladder remain. This might be a growing family, or needing more space for other reasons, and the numbers suggest that those who can afford to are still prioritising moving. Prices are likely to remain strong while demand continues to outweigh supply. However, it is as important as ever to price competitively, especially in the sectors where there is now more choice, as there is a fine line between a realistically priced home and a home that feels overpriced when many buyers are making every pound count.

**Tim Bannister** Rightmove's Director of Property Science



First-time buyers are facing cost pressures, though the announcement to cut stamp duty may provide some support. The average monthly mortgage payment for new first-time buyers putting down a 10% deposit has now reached £1,057, which is 40% of an average gross salary for the first time since November 2012. Following the Bank of England's latest interest rate rise of 0.5%, with the base rate now at 2.25%, this number could jump to as high as £1,114 per month if lenders pass on the rise to new first-time buyers. A 10% deposit on a first-time buyer type home is now 57% higher than 10 years ago, while average salaries have increased by 32% over the same time, making it increasingly difficult to save the necessary deposit.

These factors combined have perhaps contributed to demand in the first-time buyer sector being down by 8% on the same period last year, though to put this into context, demand for first-time buyer type properties is still up by 27% compared with the five-year pre-pandemic average between 2015 and 2019. The announcement to cut stamp duty for first-time buyers may also drive some additional demand in the coming months, though because it is permanent, any increase in demand is likely to be steady rather than a surge. Two-thirds of homes (66%) are now exempt from stamp duty for first-time buyers in England, and by raising the stamp duty threshold from £125,000 to £250,000, a third of all homes currently for sale (33%) are now completely exempt from stamp duty in England, compared with 7% before the cut.

The overall market remains surprisingly resilient despite the headwinds. Demand continues to ease slightly from the heady levels of last year as expected, but even with the fall in first-time buyer demand, total demand is down by only 2% on the same period in 2021, and the stamp duty cuts could stimulate more demand. Compared with the pre-pandemic five-year average, total buyer demand is up by 20%. The number of homes coming to market has risen by 16% this month compared to this time last year, which is a return to 2019 levels.



The housing market continues to be extremely resilient even in the face of the economic headwinds that are stretching household finances. The rising cost of living is increasingly playing a role in some buyers' considerations, as they look at their budgets and what they can afford. Demand has been softening over the last few months, but Friday's announcement is likely to stimulate some more demand. If it does lead to a big jump in prospective buyers competing for the constrained number of properties for sale, then it could lead to some unseasonal price rises over the next few months. The first-time buyer threshold change means we could see more first-time buyers who can afford it making a jump to a bigger home as their first move. With more buyer demand we would also expect that the current trend of more properties coming to market will continue, offering more choice for buyers.

**Tim Bannister** Rightmove's Director of Property Science



# Agent's views



The property market has been driven by inadequate supply for decades, and whilst there has been reports of a slowdown in demand, particularly for new build homes, we have seen that the prime regional markets are continuing to thrive. This has been helped by hybrid working becoming more conventional, which has increased the numbers of buyers looking for larger homes outside of London. From what we've seen, house prices have remained resilient in spite of the cost-of-living crisis and interest rate rises, and a shortage of stock has continued to underpin price rises. Those with bigger budgets tend to be impacted less by the rise in interest rates or the increases in cost of living, and this has helped ensure that prime markets are continuing to flourish.

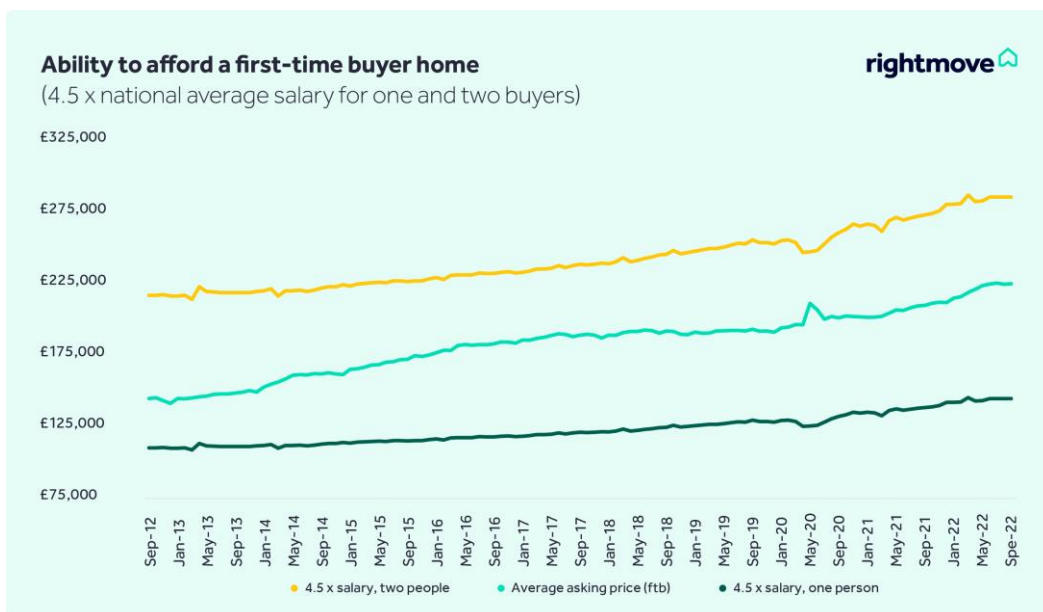
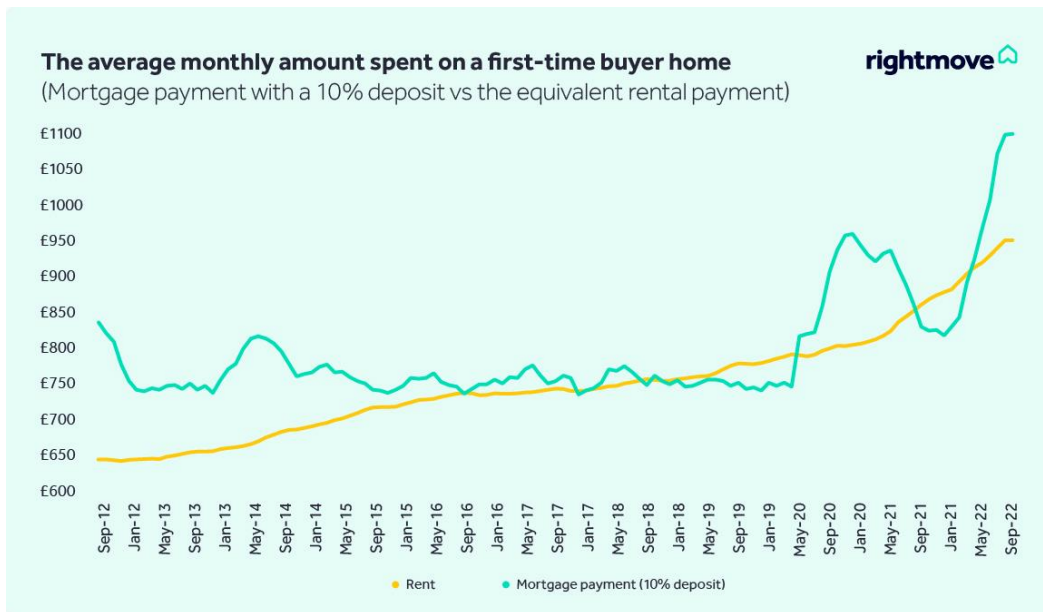
Richard Freshwater, Director at Cheffins in Cambridge



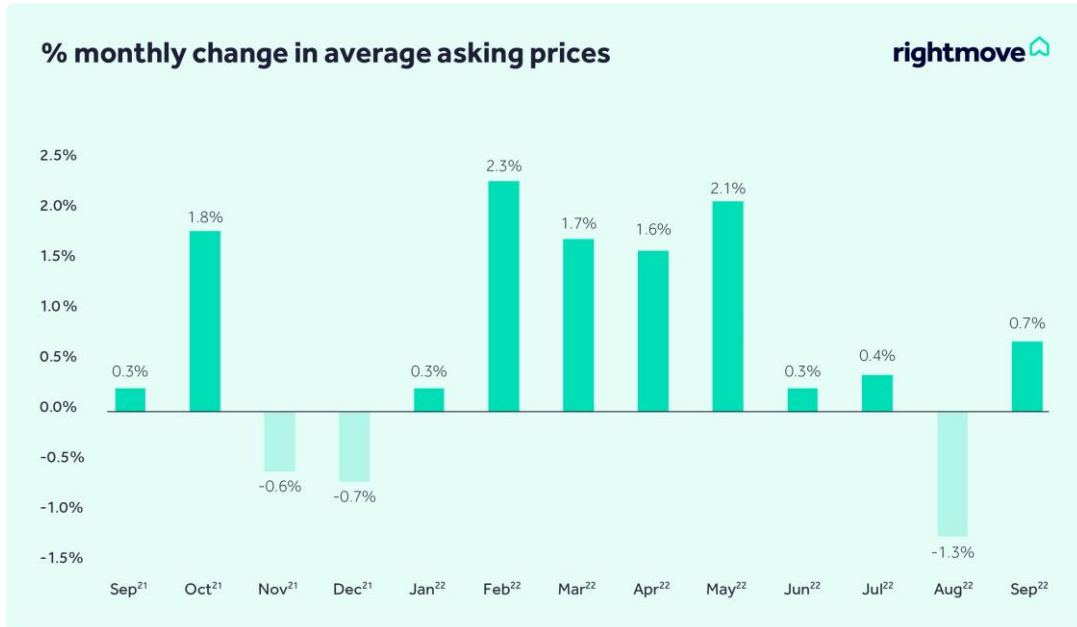
# Affordability trends

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.



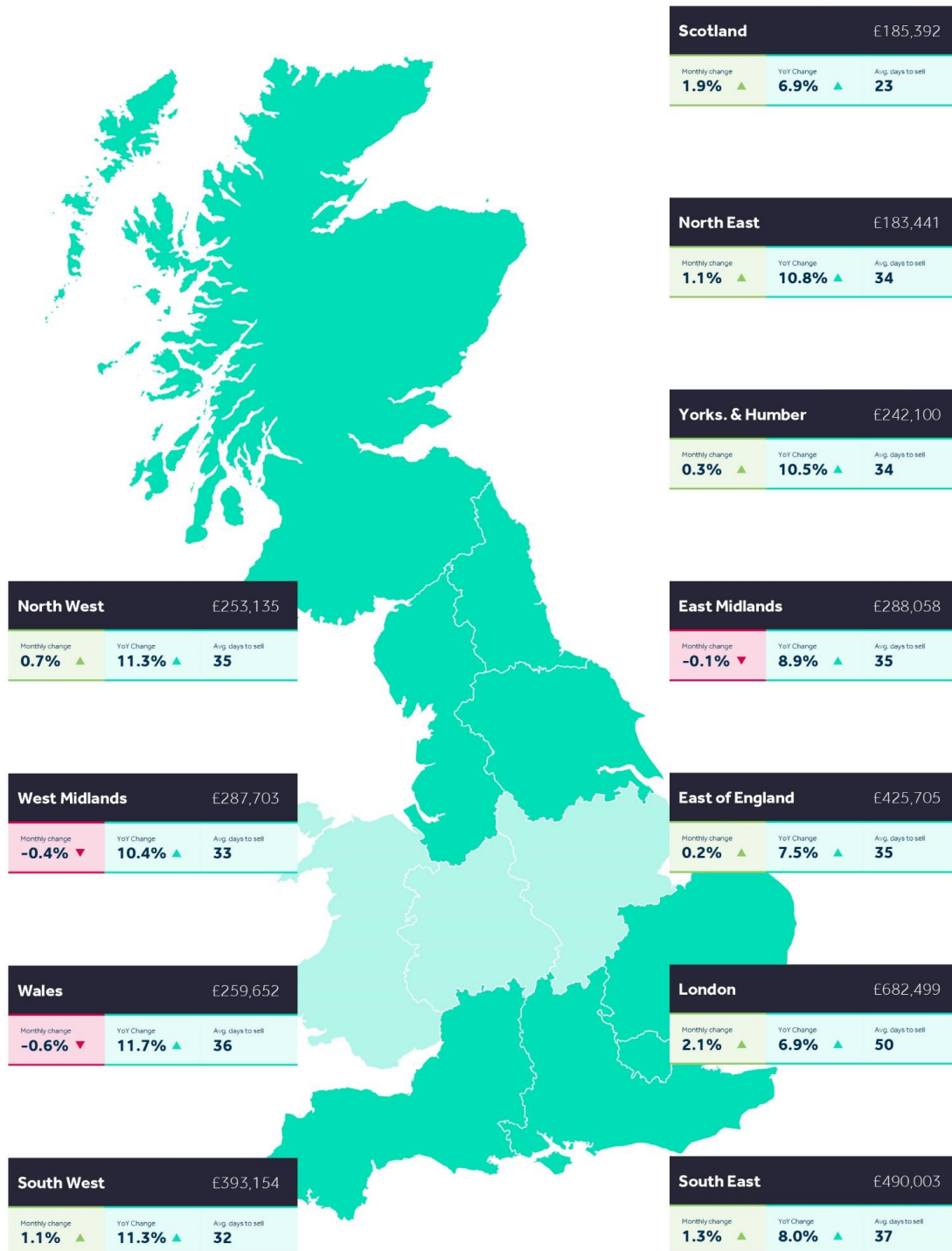
# Price & activity trends





# 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 Sept 22	Monthly change	Annual change
Havering	£483,814	-0.6%	10.4%
Merton	£739,582	1.2%	10.4%
Barking and Dagenham	£376,815	-0.5%	8.7%
Bromley	£635,996	-0.4%	8.6%
Newham	£468,865	0.3%	8.5%
Islington	£800,979	1.4%	8.4%
Redbridge	£524,465	0.1%	8.1%
Barnet	£721,405	0.7%	8.0%
Waltham Forest	£561,227	0.5%	8.0%
Hounslow	£608,003	1.6%	8.0%
Camden	£1,035,991	2.2%	7.9%
Kingston upon Thames	£691,194	-1.5%	7.6%
Ealing	£610,461	1.5%	7.3%
Westminster	£1,466,768	0.0%	7.3%
Bexley	£482,961	0.9%	7.2%
Haringey	£669,378	1.2%	7.2%
Hackney	£712,383	0.0%	7.1%
Harrow	£631,546	-0.3%	6.9%
Sutton	£545,223	-0.9%	6.7%
Hillingdon	£553,773	0.0%	6.7%
Lewisham	£523,643	-0.4%	6.6%
Kensington and Chelsea	£1,656,836	-0.2%	6.3%
Brent	£644,562	0.7%	6.1%
Croydon	£494,277	0.3%	6.0%
Greenwich	£502,996	0.4%	5.7%
Lambeth	£674,791	0.2%	5.4%
Enfield	£509,076	0.0%	4.8%
Hammersmith and Fulham	£987,175	-1.6%	3.9%
Wandsworth	£845,862	-2.1%	3.5%
Tower Hamlets	£594,076	-0.1%	3.4%
Southwark	£652,256	-0.4%	3.3%
Richmond upon Thames	£909,579	-2.8%	2.7%



# About the Index

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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).