

# House Price Index

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

**-0.2%**

Prices fall marginally this month as new sellers temper price expectations

**+0.5%**

Annual asking price growth drops to its lowest since November 2019

**+3%**

Buyer demand still ahead of 2019's level

## Demand resilient but Bank of England rate rises biting

- The price of property coming to market falls by an average of 0.2% (-£905) this month, marginally below the 0% norm for this time of year, as new sellers temper their price expectations in response to rising mortgage costs and increasing buyer affordability constraints
- Recent Base Rate rises to combat stickier-than-expected inflation are biting, with the number of sales agreed now 12% behind 2019's more normal market, in contrast to 2023's better-than-expected first five months
- However buyer demand remains resilient, being 3% higher than 2019, with agents reporting that right-priced homes are still attracting motivated buyers due to a shortage of property for sale compared to historic norms
  - The number of available properties for sale is 12% lower than at this time in 2019
  - Rightmove research highlights the dangers of sellers initially over-pricing, with properties that need a reduction in asking price being more than 10% less likely to find a buyer than those that are priced right at the outset
- The average interest rate on Rightmove's mortgage tracker for a five-year fixed, 85% Loan-To-Value mortgage is now 5.69%, up by 0.49% compared to this time last month, with agents reporting that some movers are pausing until they have more certainty that mortgage rates have stabilised

### National average asking price

Month	Avg. asking price	Monthly change	Annual change	Index
July 2023	£371,907	-0.2%	+0.5%	287.5
June 2023	£372,812	-0.0%	+1.1%	288.2

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

Sector	July 2023	June 2023	Monthly change	Annual change
First time buyers	£225,552	£226,412	-0.4%	+0.3%
Second-steppers	£340,773	£342,471	-0.5%	+0.6%
Top of the ladder	£687,944	£688,936	-0.1%	+0.8%

Rightmove measured 107,365 asking prices this month nationally, circa 95% of the UK market. The properties were put on sale by estate agents from 11<sup>th</sup> June 2023 to 8<sup>th</sup> July 2023 and advertised on Rightmove.co.uk.

# Overview

The average price of property coming to market drops by 0.2% (-£905) this month to £371,907, marginally below the 0% norm for this time of year as new sellers temper their price expectations in response to recent Base Rate rises and increasing buyer affordability constraints. Price trends have proved more resilient than most expected during the first half of the year, with average asking prices now 2.6% higher than in January. However, the brakes on the economy being applied by the Bank of England to combat the surprisingly sticky inflation figures are biting, with the number of sales agreed in June now being 12% behind 2019's more normal market level, contrasting with the surprisingly strong first five months of the year. However, buyer demand remains resilient, being 3% higher than at this time in 2019, with agents reporting that right-priced homes are still attracting motivated buyers due to the shortage of property for sale compared to historic norms.



The interest-rate brakes being applied more strongly to slow the economy are now beginning to bite in the housing market. While prices and sales bounced back this year much more strongly than most expected, the unexpectedly stubborn inflation figures and the surprise of further mortgage rate rises when many felt that they had stabilised, have contributed to the fall in prices and number of sales agreed. However, buyer demand remains resilient at 3% above 2019's more normal market levels, buoyed by a shortage of quality property for sale and ongoing housing needs. First-time buyers, trader-uppers and downsizers with higher deposits and lower mortgage requirements appear to be still keenly searching the market, not wanting to miss out on the right property that is not over-priced and that they can still afford,

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



The two larger home sectors have been most impacted by lower levels of agreed sales. The numbers of sales agreed in June in the mid-market second-stepper sector and the top-of-the-ladder sector are 14% behind 2019's level. Some discretionary movers in these sectors who are trading up and are substantially increasing their mortgage are likely reassessing their budgets, waiting to see which direction mortgage rates head in the coming months.

The smaller home, two-bedrooms and fewer market sector has been less impacted, with June's sales agreed figure 9% below 2019's level. This typical first-time buyer sector has held up most strongly throughout the first half of the year, highlighting an ongoing determination from many first-time buyers to navigate the unsettled mortgage market and get onto the ladder, particularly with rents at record levels. It is also an indication of some people deciding to retire early and downsize to a smaller property, perhaps to release some equity from their home for lifestyle or early retirement, or to gift a deposit to family first-time buyers.

Despite this easing in sales levels there is no glut of property choice, with the number of available properties for sale 12% lower than at the same time in 2019. Agents report that even with market challenges, homes priced correctly in line with local market conditions are still attracting strong interest from motivated buyers keen to move. However, the dangers of sellers initially over-pricing and harming their prospects of finding a buyer are highlighted by the latest Rightmove research. Properties that need a reduction in asking price are more than 10% less likely to find a buyer than those that were priced right from the start. With the chances of selling already lower due to current market conditions, initial over-pricing reduces those chances markedly further.

The latest snapshot from Rightmove's mortgage tracker shows that the average rate for a five-year fixed, 85% Loan-To-Value mortgage is now 5.69%, up by 0.49% compared to this time last month but still below October's 5.89% following the mini-Budget.



The continuing twists and turns of persistent inflation and higher mortgage rates have posed some additional challenges for the market. Agents report that some movers are pausing until there is more certainty that mortgage rates have stabilised, as well as reviewing how higher costs affect their plans. However, there remains a large volume of motivated buyers who can factor rate rises into their budgets and are continuing to enquire about homes for sale, which is keeping the market functioning, albeit now with lower sales levels than at this time in 2019. Sellers who price right the first time, rather than starting with too high an asking price only to reduce later, have a much better chance of attracting one of these motivated buyers, and a good local agent will provide sellers with accurate evidence of prices that are being achieved in their area.

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



# Agents' views



The latest interest rate rise has certainly raised an eyebrow with both buyers and sellers. Most who can are taking a little more time to plan, adjust budgets and continue but with a little more caution. To some extent this is a welcome change to many of our sellers at the higher end, we are seeing buyers making more carefully considered offers after more thorough property and area research (certainly in contrast to a couple of years ago). The market appears to be “normalising” to pre covid levels, where most have time to think and make decisions. As rural agents we are still seeing a strong level of interest in unique or unusual homes, which are still often going to best and final offer scenarios. Realistic pricing and a well-trained team are vital to navigate the current market.

**Hannah Towers, Agency Partner at Armitstead Barnett LLP in Lancashire**

Seller sentiment remains strong despite the additional economic challenges that have presented themselves over the last couple of months. We're still seeing overoptimism amongst some sellers who are still to transition out of the buoyant pandemic market mindset, which can stall sales in some areas with buyers understandably much more price-conscious than a couple of years ago. There is still a shortage of correctly priced stock, and while there is not the level of demand that there was this time last year, the pool of buyers that remain are serious and ready to move with their mortgage in principle ready.

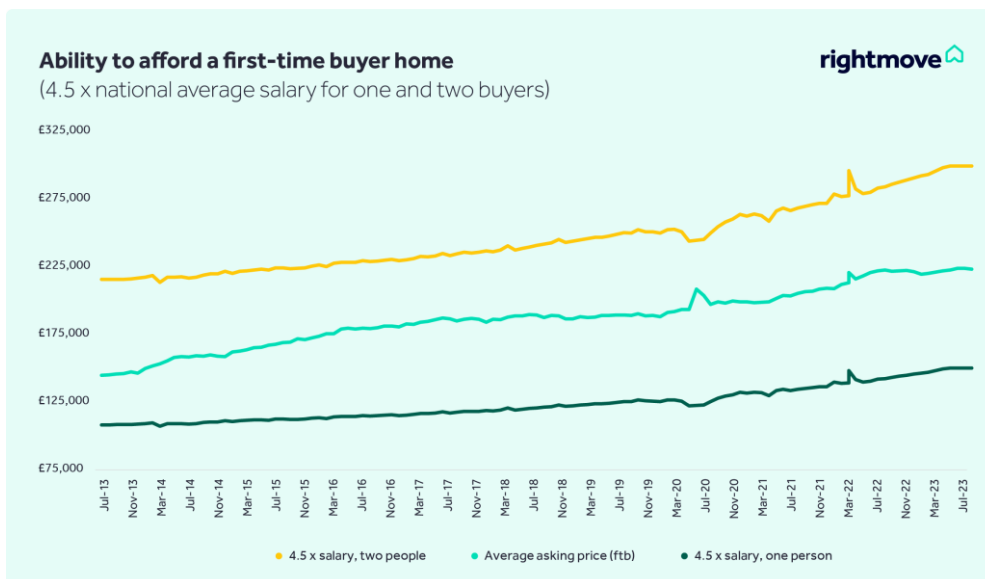
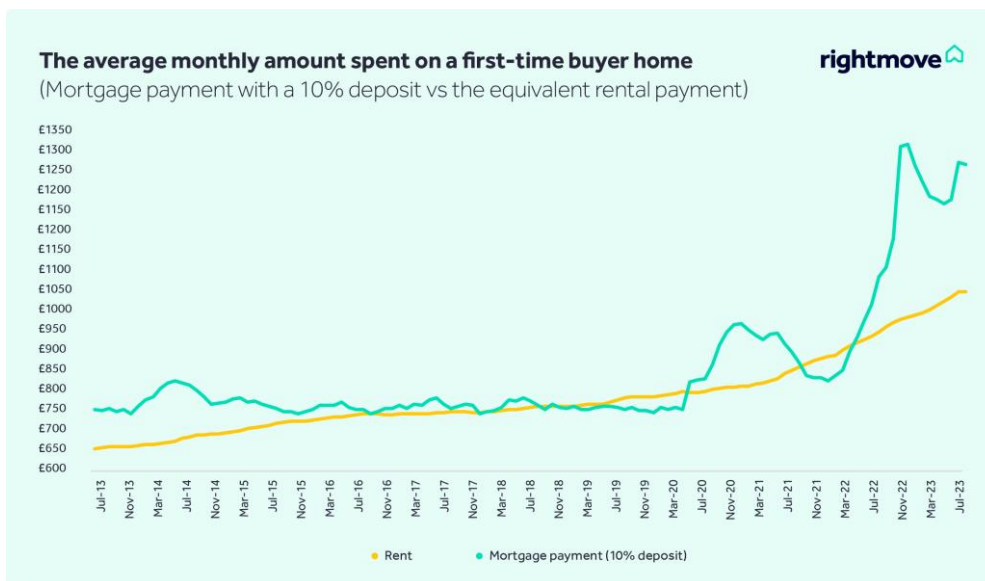
**Steph Walker, Chief Operating Office at The Agency UK**



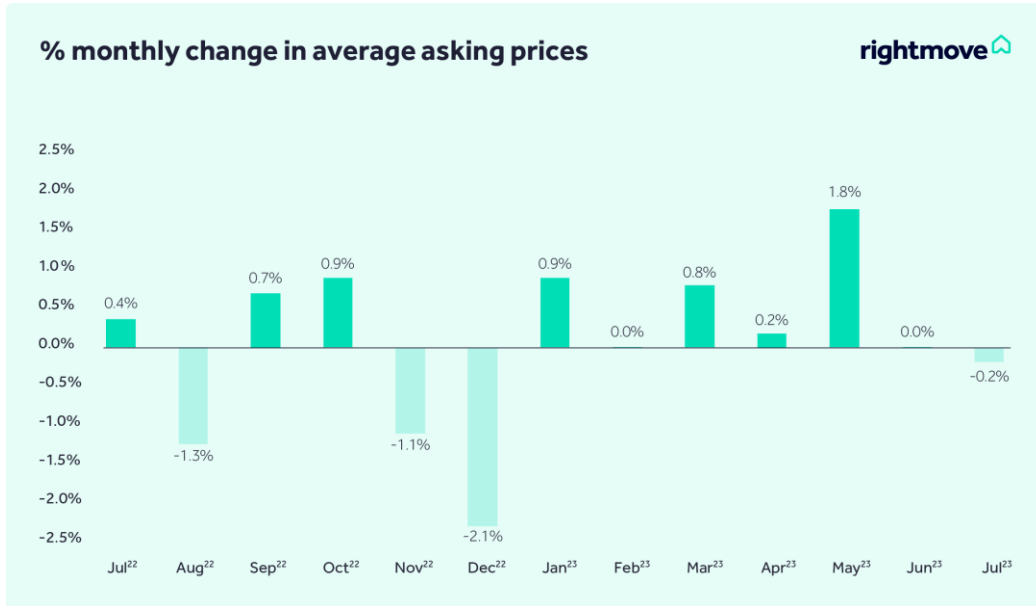
# Affordability trends

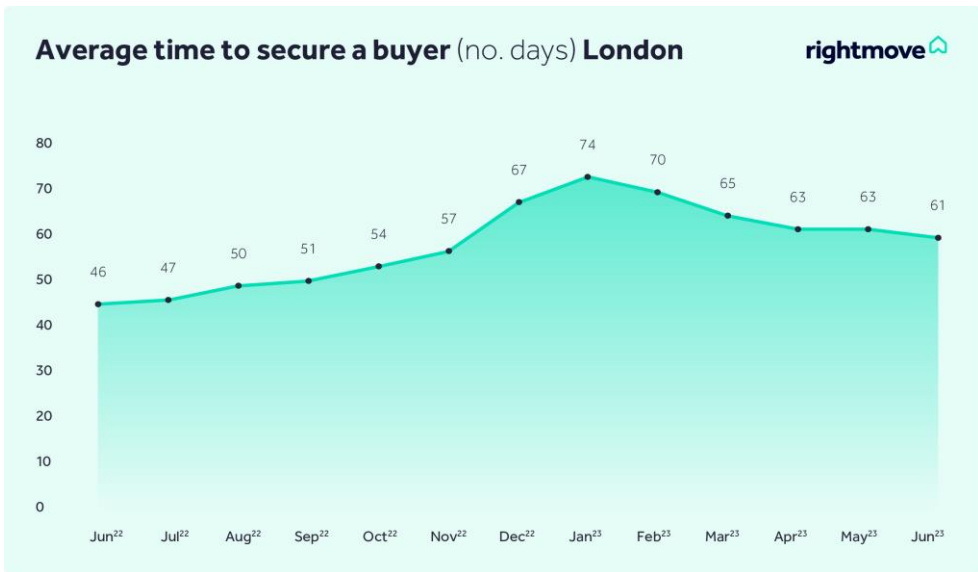
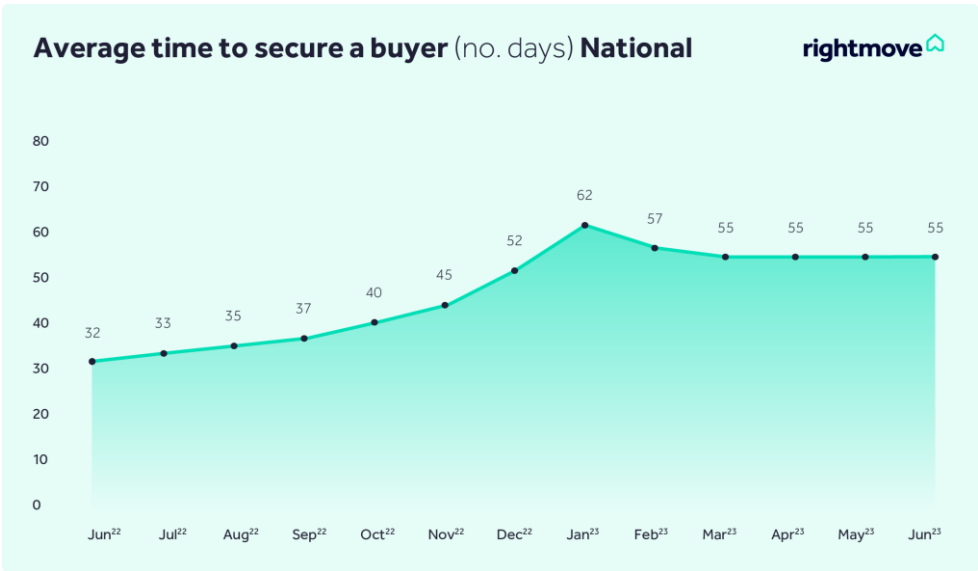
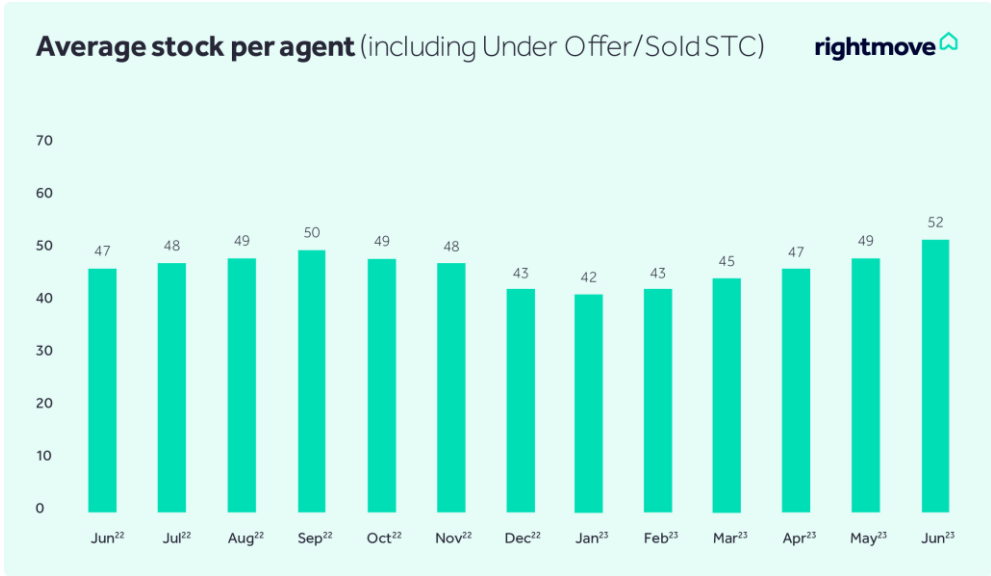
The first-time buyer monthly mortgage payment is based on Bank of England data of the averages for 90% LTV two-year fixed mortgages from lenders, and the average asking price of a typical first-time buyer home (two bedrooms or fewer) using the Rightmove House Price Index. The equivalent monthly rent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



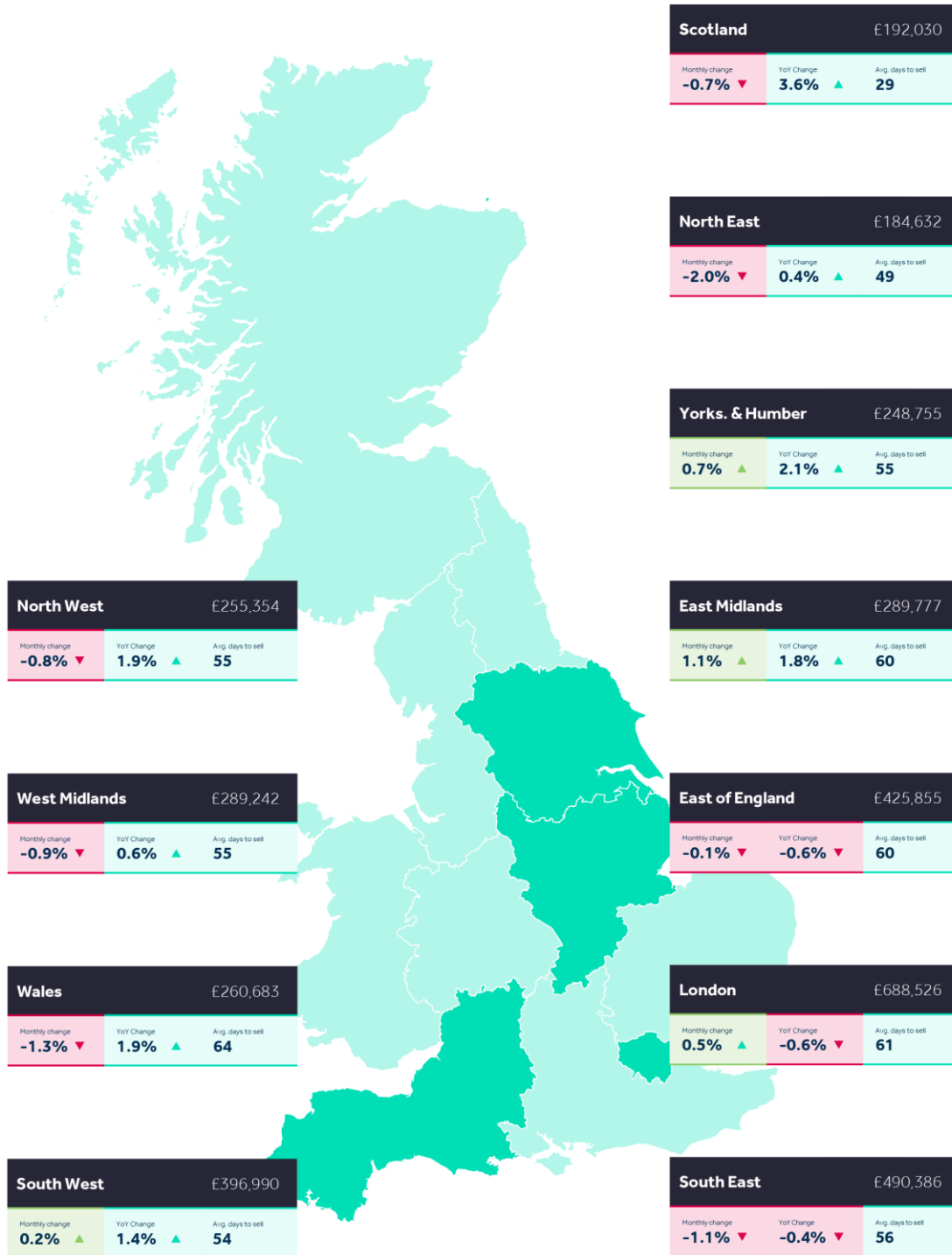
# Price & activity trends





# 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 July 23	Monthly change	Annual change
Haringey	£687,626	2.4%	3.3%
Tower Hamlets	£615,965	1.1%	2.7%
Westminster	£1,545,269	3.5%	2.5%
Islington	£798,425	-0.1%	2.5%
Lambeth	£699,867	1.4%	2.4%
Camden	£1,055,930	3.4%	2.3%
Bexley	£487,225	-0.6%	2.2%
Wandsworth	£872,908	0.5%	1.7%
Hackney	£720,494	-1.6%	1.6%
Kingston upon Thames	£727,315	-0.5%	1.6%
Hillingdon	£559,365	1.8%	0.9%
Waltham Forest	£562,136	0.6%	0.8%
Sutton	£553,726	-0.3%	0.5%
Southwark	£657,772	-1.6%	0.5%
Croydon	£492,932	0.8%	0.1%
Kensington and Chelsea	£1,687,673	2.2%	0.0%
Brent	£647,939	-0.4%	-0.2%
Greenwich	£504,725	0.4%	-0.2%
Newham	£465,177	0.6%	-0.2%
Bromley	£634,752	-0.1%	-0.3%
Hounslow	£604,144	1.2%	-0.4%
Enfield	£501,079	-0.1%	-0.8%
Redbridge	£517,446	0.3%	-1.0%
Richmond upon Thames	£948,222	-2.1%	-1.2%
Barking and Dagenham	£371,795	0.2%	-1.2%
Hammersmith and Fulham	£992,846	0.7%	-1.4%
Ealing	£590,294	-1.3%	-1.7%
Havering	£478,859	0.2%	-1.8%
Lewisham	£517,410	-0.3%	-2.2%
Harrow	£615,230	0.3%	-2.5%
Merton	£735,330	1.0%	-3.0%
Barnet	£719,165	-1.1%	-4.0%



# About the Index

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

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 providing real-time data, 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).

Average mortgage rates to be credited to Rightmove. The data is provided by specialist mortgage technology provider Podium Solutions. The data covers 95% of mortgage lending, to exclude specialist lenders. If you would like further data on different LTVs or fixed terms, please contact us.