The Rightmove House Price Index

THE LARGEST MONTHLY SAMPLE OF RESIDENTIAL PROPERTY PRICES

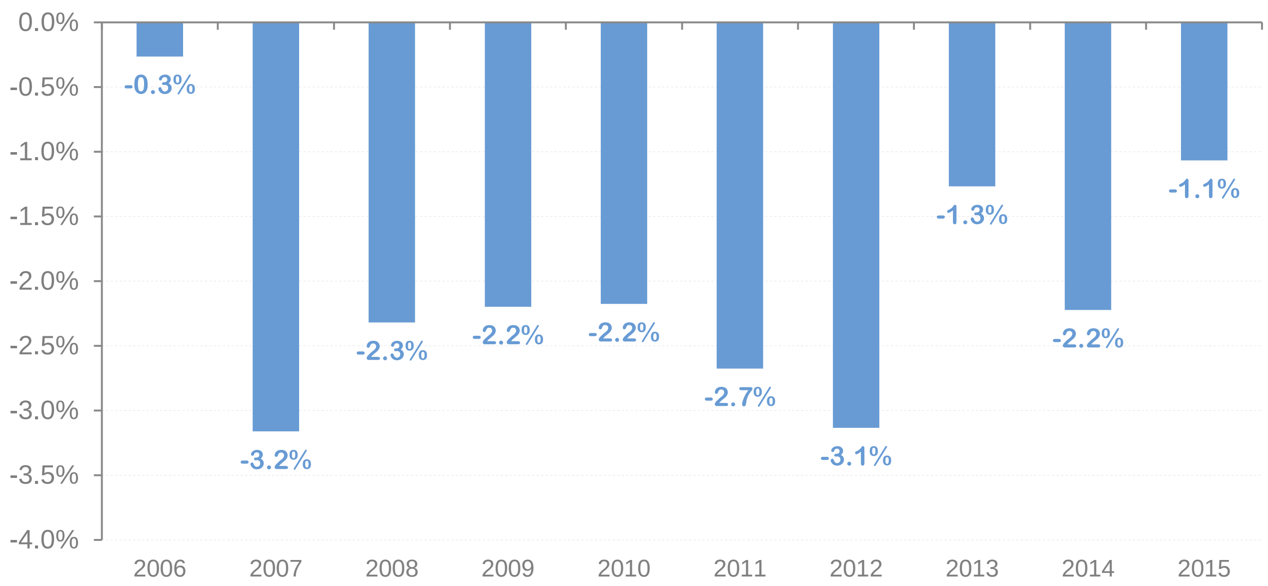
Under embargo for 00:01 hours: Monday 14th December 2015

Strongest December since 2006 as Rightmove forecasts 6% rise next year

- Lowest December dip (-1.1%) since 2006 in price of property coming to market pushes 2015 annual rate up from 6.2% to 7.4%
- Rightmove 2016 forecast: **new seller asking prices to rise by 6%**
    - Increasingly stretched affordability and extra stamp duty on buy-to-let sector will be outweighed by stark imbalance between supply and demand
    - Buyer enquiries to agents since beginning of October this year up 37% and number of properties coming to market down 5% compared to the same period in 2014
    - Demand and price boost predicted in more affordable cities such as Leeds, Edinburgh, Cardiff and Manchester as highly-skilled workers may choose to leave London for buoyant 'city-regions'
- Sell by April is advised for first-time sellers and financially-stretched landlords, while first-time buyers may want to wait for a better deal until additional stamp duty on buy-to-let properties gives them an extra edge

National average asking prices				
Month	**Avg. asking price**	**Monthly change**	**Annual change**	**Index**
December 2015	£289,452	-1.1%	7.4%	238.3
November 2015	£292,572	-1.3%	6.2%	240.9
National average asking prices by market sector (excluding Inner London)				
Sector	**December 2015**	**November 2015**	**Monthly change**	**Annual change**
First-time buyers	£177,052	£177,533	-0.3%	7.7%
Second-steppers	£242,481	£245,328	-1.2%	7.9%
Top of the ladder	£507,700	£520,219	-2.4%	5.5%

December monthly change in asking prices 2006-2015



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Overview

The seasonal 1.1% (-£3,120) dip in the price of property coming to market this month is the lowest December fall since 2006. It gives a final flourish to 2015's strong property market, pushing the annual increase up to almost £20,000 (7.4%), and is a strong indicator that upwards price pressure will continue in 2016.

Miles Shipside, Rightmove director and housing market analyst comments: *"Whilst a fall is the norm at this time of year, this is December's best post-financial-crash performance, signalling another round of price rises in 2016. Despite the shortage of suitable stock in many parts of the market, demand for housing is on the up. Although the average price of property coming to market is already up by a hefty 7.4% compared to a year ago, Rightmove forecasts that prices will reach and breach new records next year."*

Price forecast:
Rightmove's 2016 forecast is for new seller asking prices to rise by 6%. In spite of increasingly stretched affordability and rising taxation of the buy-to-let sector, there remains a stark imbalance of demand in excess of suitable supply. Rightmove analysis of email enquiries sent by potential buyers to estate agents since the start of October this year shows a jump of 37% compared to the same period in 2014. In contrast to this surge in demand, the number of properties coming to market has fallen by 5% over the same period.

Shipside observes: *"Whilst initiatives are in place to encourage developers to build more new homes to supplement the supply of existing ones coming to market, the lead-times are long and developers face capacity constraints. In the meantime strong demand is being further fuelled by the additional momentum and aspiration for home-ownership that schemes such as Help to Buy create. We therefore predict that the average asking price will be another £17,000 higher by the end of 2016."*

City-regions in demand:
Rightmove predicts that Outer London prices will rise by circa 6% in 2016, so looking further north and west may seem increasingly attractive. Analysis of Rightmove data by Dr Alasdair Rae, of the University of Sheffield, suggests that we may see an exodus of highly-skilled workers leaving the capital for more affordable yet vibrant cities such as Leeds, Edinburgh, Cardiff and Manchester. This ripple effect won't reach all towns and cities and continued stagnation or price falls are likely in less sought-after areas in the north and west of the country, especially if buy-to-let investor activity tails off. As choosier buyers demand easier access to amenities to satisfy convenience and lifestyle demands, expect to see increased price divergence between the more buoyant large urban markets and smaller urban areas that can't offer the same range of facilities.

Dr Rae predicts: *"2016 may be the year when many young urban professionals finally give up on the London market and consider long-term career moves to the UK's large, buoyant city-regions, such as Manchester, Leeds, Cardiff and Edinburgh. They are already very popular and pricey because of what they offer, but may seem cheap to London émigrés priced out of the capital."*

Making the most of April 2016 stamp-duty changes:
There are some interesting and imminent dilemmas for several different sectors of the market following the Government's recent Autumn statement about a 3% surcharge on buy-to-let and second home purchases. Some would-be buyers or sellers may want to move more quickly while others may be better advised to delay their transaction until after the stamp duty changes.

Shipside advises: *"Those looking to expand their property portfolios will be trying hard to find suitable properties to buy and then complete the purchase before the April deadline. Those selling for the first time are likely owners of properties suitable for renting out, so they may be best advised to take advantage of any surge in investor activity*

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and market as soon as possible. Given that the legal process could take six weeks or so once a buyer is found, they only have between now and the middle of February to take advantage of this artificially induced boost to buyer demand."

Financially-stretched landlords may also consider early action and look to sell now. While rents are forecast to rise in popular locations to improve their returns, some of the hoped-for increase in capital values may be dented in this sector once the stamp duty changes have gone through.

Shipside explains: *"Highly-geared landlords who are worried about the upcoming changes to mortgage interest tax relief should consider whether this is an opportune time to exit the market. Again they need to act quickly as buy-to-let investors looking to purchase will want to complete before the April deadline."*

First-time buyers on the other hand may feel the increase in tax levied against buy-to-let investors in this sector will help them to secure a better deal if they delay agreeing to buy until it is too late to complete before the April deadline.

Shipside speculates: *"If a buy-to-let investor wants to buy the same property as a first-time buyer, their purchase costs are going to be 3% higher if they do so post-April. That may mean their returns will not stack up to make it attractive, and they will potentially be at a disadvantage compared to would-be owner-occupiers looking to get onto the property ladder. Prices may therefore have a period in the relative doldrums in this lower-priced sector, until the dust has settled. However, demand among fellow first-time buyers remains strong so waiting for prices to fall could be just wishful thinking. A lot depends on the dynamics of your local property market so doing your local research is very important as always."*

Agents' Predictions

Mark Manning, Director of Manning Stainton in Leeds, Harrogate, Wetherby and Wakefield said: *"The last 12 months has seen a surplus of supply turn into an excess of demand within a relatively short space of time, leaving the shelves pretty bare this festive season. Overall Leeds for example has just 3,500 properties for sale, 30% down on what we would consider the norm. Against this we've seen a surge of new buyers and tenants. The recent change to stamp duty on buy-to-let or second homes together with the tax relief changes will create some interesting decisions for landlords in the New Year. This, together with an increase in new build sites coming online, should add to a predicted increase in supply at the start of 2016 and our estimate is an average 6.5% increase in prices over the next 12 months."*

Robert Scott-Lee, Managing Director of Chancellors in Surrey, Bucks, Oxfordshire & Berkshire says: *"We've seen some strong prices recently with indication these will continue into 2016, specifically in market places with active investors. We've seen huge growth in prices when urban regeneration plans have been confirmed and have started to progress with local authorities. Great examples are Bracknell and Slough where our offices are reporting frequent over asking prices being secured and expect double digit price growth may be possible through 2016. We've had a rush from landlords looking for high quality stock, for example those with good EPC scores, so that they can maximise yields to professional tenants. With good buy-to-let mortgage rates available this has given good confidence to landlords looking to extend their portfolios and we expect this to continue even after the stamp duty changes in April."*

Nick Barnes, Chestertons' Head of Research, offers the following predictions for the London residential markets in 2016: *"We're likely to see a flurry of activity before the 3% premium in stamp duty in April for second-home buyers and buy-to-let investors, but after that there may be a slump as particularly pensioners and smaller investors are deterred from entering the market and instead look for other investment options. This will hit London the hardest, as around 15% of buyers here are buy-to-let or second-home investors. I think more pensioners and 'empty nesters' will be looking for realistic options to downsize but stay in the capital, while jobs in the booming hi-tech and financial services sectors will continue to make London an attractive option for major multi-nationals, and the expansion of*

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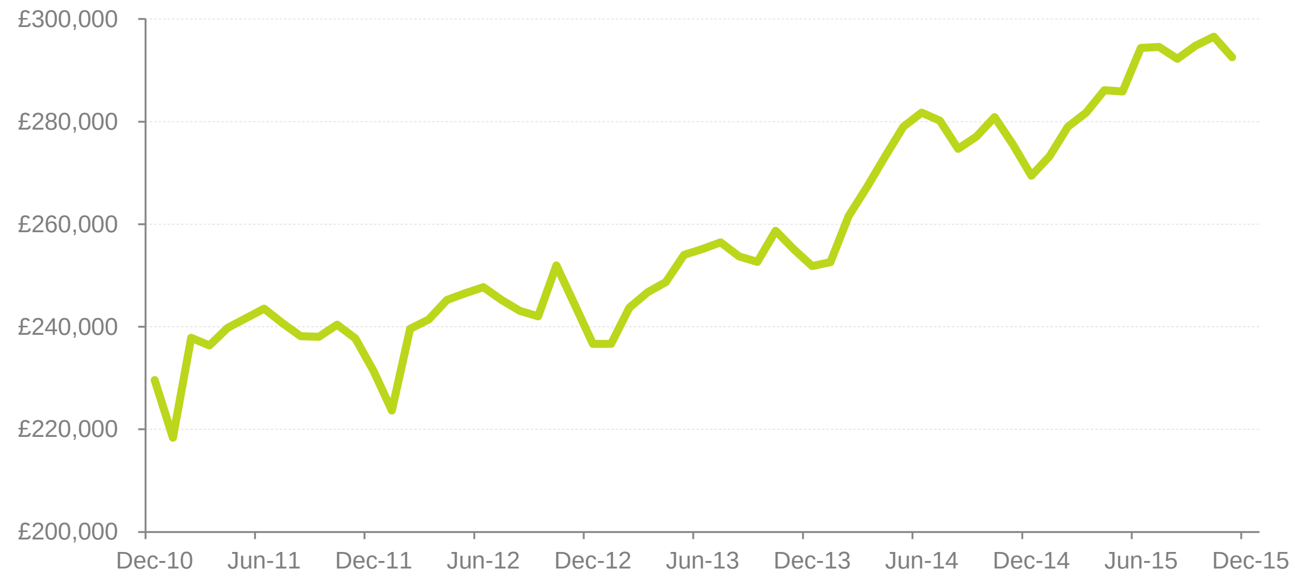
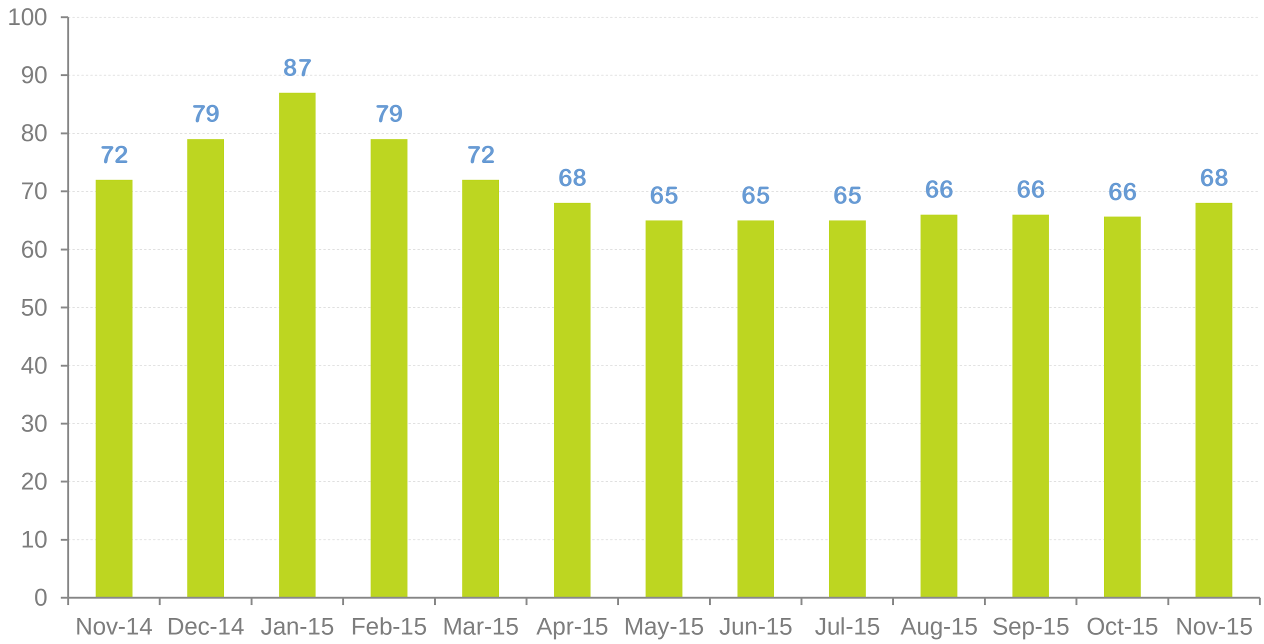
the 'City fringe' will continue unabated. However, some organisations, including the CBI, are warning that the availability and affordability of homes in London, coupled with the uncertainty a Brexit vote will bring, could make some corporates look elsewhere in 2017 and beyond."

Stephanie McMahon, Head of Research at Strutt & Parker says: *"Price growth in London is being driven by the Greater London market as changing lifestyle needs and net migration fuel demand. In addition future infrastructure improvements such as Crossrail are being priced in across more peripheral areas such as Southall and Hayes & Harlington to the West and Woolwich to the East. The UK market as a whole is in steady growth mode as the demand side policies such as Help to Buy, alongside cheap borrowing rates and low supply levels create price impetus. The areas with the greatest momentum are those which are readily commutable and/or are benefitting from infrastructure upgrades. Anticipated interest rate movement in the coming 18 months will cause concern for the highly leveraged and has resulted in increasing numbers fixing their mortgage products to ensure consistency of payments."*

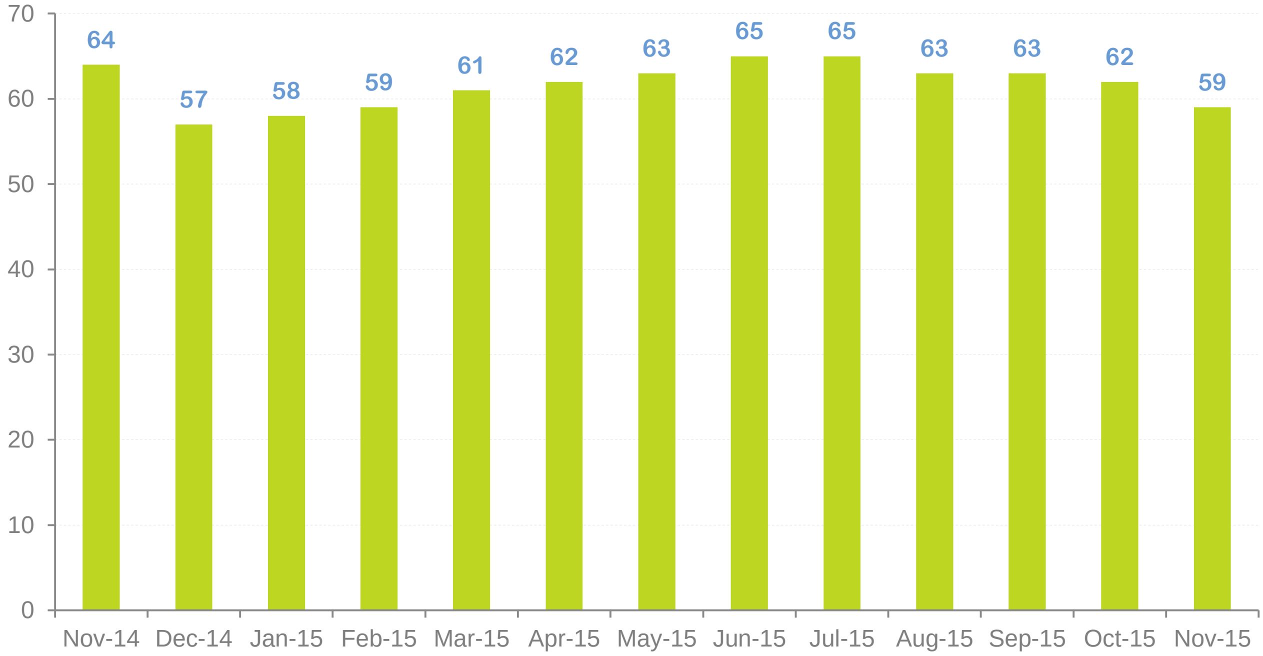
Monthly asking price trend



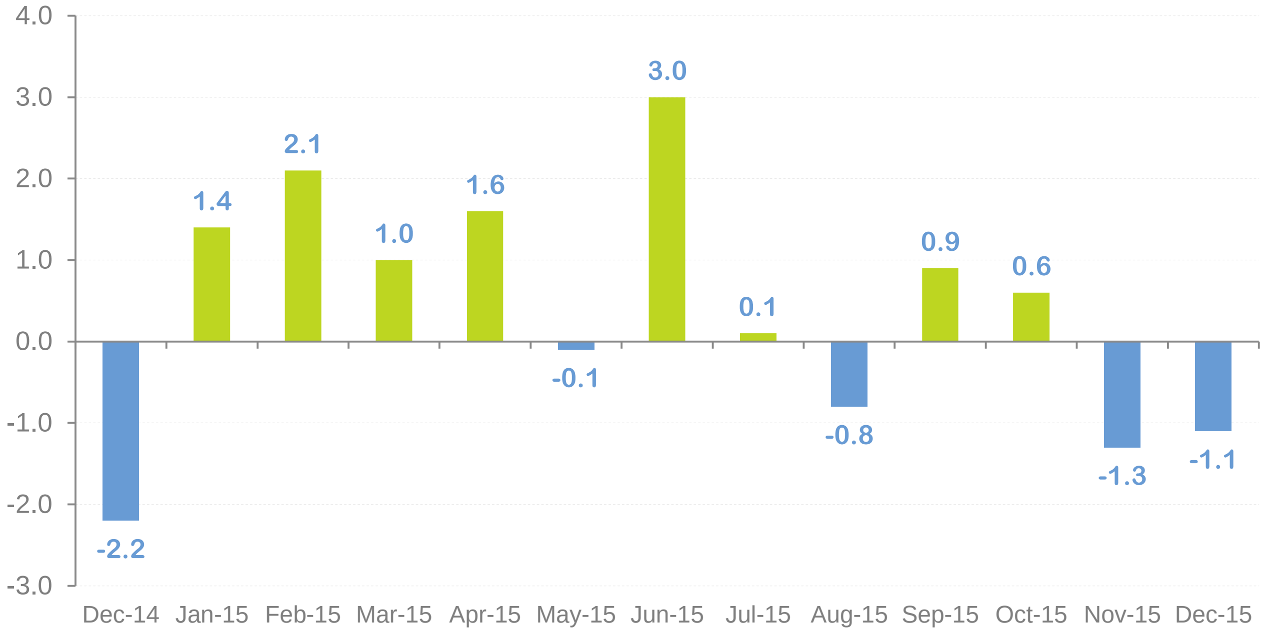
Average 'time to sell' (no. of days) - National



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



% monthly change in average asking prices



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Regions of England and Wales

Increase from previous month | Decrease from previous month

NORTH EAST	
Avg. price Dec 15	£139,449
Avg. price Nov 15	£142,917
Monthly change	**-2.4%**
Avg. price Dec 14	£137,456
Annual change	**1.4%**

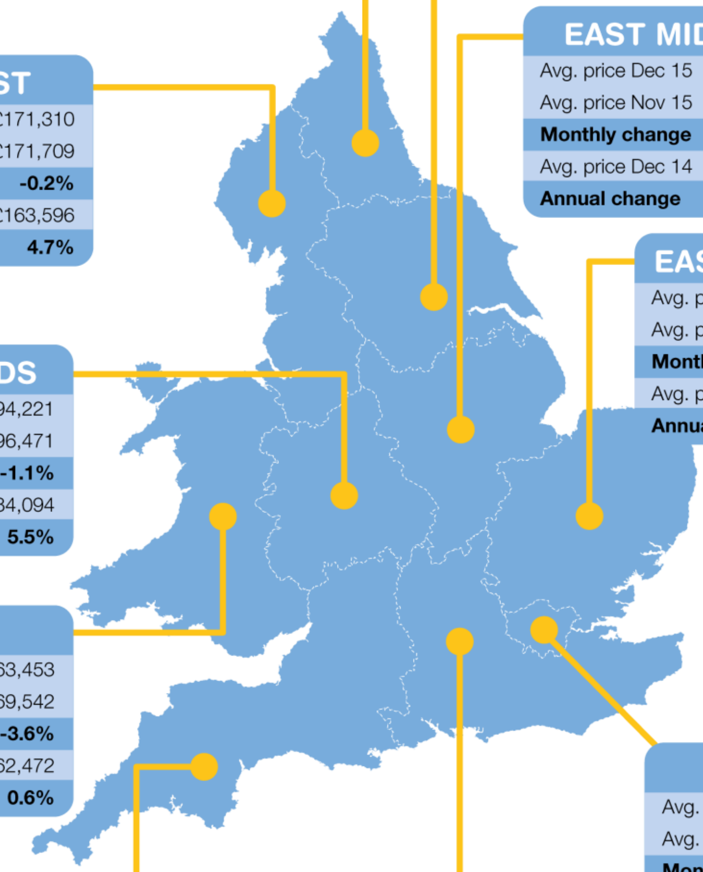
YORKS. & HUMBER	
Avg. price Dec 15	£166,060
Avg. price Nov 15	£167,343
Monthly change	**-0.8%**
Avg. price Dec 14	£161,555
Annual change	**2.8%**

NORTH WEST	
Avg. price Dec 15	£171,310
Avg. price Nov 15	£171,709
Monthly change	**-0.2%**
Avg. price Dec 14	£163,596
Annual change	**4.7%**

EAST MIDLANDS	
Avg. price Dec 15	£185,577
Avg. price Nov 15	£187,148
Monthly change	**-0.8%**
Avg. price Dec 14	£175,495
Annual change	**5.7%**

EAST OF ENGLAND	
Avg. price Dec 15	£309,839
Avg. price Nov 15	£315,568
Monthly change	**-1.8%**
Avg. price Dec 14	£283,748
Annual change	**9.2%**

WEST MIDLANDS	
Avg. price Dec 15	£194,221
Avg. price Nov 15	£196,471
Monthly change	**-1.1%**
Avg. price Dec 14	£184,094
Annual change	**5.5%**



WALES	
Avg. price Dec 15	£163,453
Avg. price Nov 15	£169,542
Monthly change	**-3.6%**
Avg. price Dec 14	£162,472
Annual change	**0.6%**

GTR. LONDON	
Avg. price Dec 15	£616,548
Avg. price Nov 15	£619,866
Monthly change	**-0.5%**
Avg. price Dec 14	£561,090
Annual change	**9.9%**

SOUTH WEST	
Avg. price Dec 15	£272,823
Avg. price Nov 15	£279,643
Monthly change	**-2.4%**
Avg. price Dec 14	£259,779
Annual change	**5.0%**

SOUTH EAST	
Avg. price Dec 15	£381,609
Avg. price Nov 15	£384,001
Monthly change	**-0.6%**
Avg. price Dec 14	£349,415
Annual change	**9.2%**

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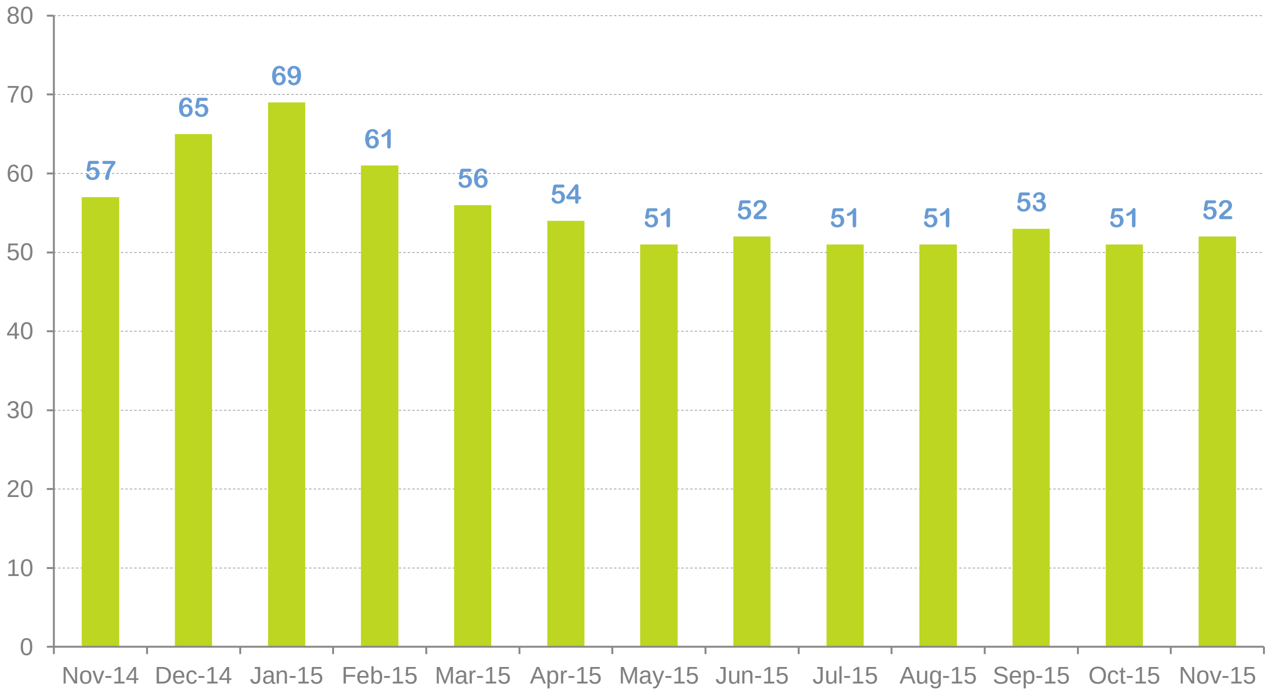
London's best performers: December 2015

Borough	Avg. price Dec 2015	Avg. price Nov 2015	Monthly change	Avg. price Dec 2014	Annual change
Camden	£1,207,626	£1,047,597	15.3%	£991,428	21.8%
Kensington and Chelsea	£2,497,560	£2,327,125	7.3%	£2,192,956	13.9%
Merton	£670,771	£631,304	6.3%	£516,951	29.8%
Richmond upon Thames	£930,316	£879,220	5.8%	£858,571	8.4%
Newham	£396,012	£377,592	4.9%	£316,671	25.1%

London's worst performers: December 2015

Borough	Avg. price Dec 2015	Avg. price Nov 2015	Monthly change	Avg. price Dec 2014	Annual change
City of Westminster	£1,764,956	£1,929,379	-8.5%	£1,867,486	-5.5%
Hillingdon	£441,482	£475,420	-7.1%	£399,351	10.5%
Hackney	£650,657	£687,330	-5.3%	£568,378	14.5%
Haringey	£605,403	£637,076	-5.0%	£601,889	0.6%
Lewisham	£442,528	£460,822	-4.0%	£397,045	11.5%

Average 'time to sell' (days) - London



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London boroughs

Borough	Avg. price Dec 2015	Avg. price Nov 2015	Monthly change	Avg. price Dec 2014	Annual change
Kensington and Chelsea	£2,497,560	£2,327,125	7.3%	£2,192,956	13.9%
City of Westminster	£1,764,956	£1,929,379	-8.5%	£1,867,486	-5.5%
Camden	£1,207,626	£1,047,597	15.3%	£991,428	21.8%
Hammersmith and Fulham	£1,095,788	£1,047,889	4.6%	£919,982	19.1%
Richmond upon Thames	£930,316	£879,220	5.8%	£858,571	8.4%
Wandsworth	£805,834	£833,266	-3.3%	£779,366	3.4%
Islington	£770,411	£795,978	-3.2%	£663,773	16.1%
Barnet	£681,923	£676,424	0.8%	£705,132	-3.3%
Merton	£670,771	£631,304	6.3%	£516,951	29.8%
Hackney	£650,657	£687,330	-5.3%	£568,378	14.5%
Southwark	£645,101	£638,666	1.0%	£560,235	15.1%
Kingston upon Thames	£632,897	£611,145	3.6%	£551,231	14.8%
Ealing	£628,941	£626,216	0.4%	£594,282	5.8%
Lambeth	£623,310	£631,566	-1.3%	£601,264	3.7%
Brent	£619,434	£622,145	-0.4%	£545,010	13.7%
Haringey	£605,403	£637,076	-5.0%	£601,889	0.6%
Tower Hamlets	£599,095	£587,752	1.9%	£552,946	8.3%
Harrow	£549,153	£537,883	2.1%	£477,812	14.9%
Hounslow	£548,580	£546,413	0.4%	£503,798	8.9%
Bromley	£500,570	£510,107	-1.9%	£451,562	10.9%
Redbridge	£445,398	£433,413	2.8%	£370,152	20.3%
Greenwich	£443,377	£449,776	-1.4%	£389,024	14.0%
Lewisham	£442,528	£460,822	-4.0%	£397,045	11.5%
Hillingdon	£441,482	£475,420	-7.1%	£399,351	10.5%
Enfield	£438,179	£455,389	-3.8%	£395,511	10.8%
Waltham Forest	£431,917	£433,466	-0.4%	£370,775	16.5%
Sutton	£399,890	£392,045	2.0%	£369,359	8.3%
Newham	£396,012	£377,592	4.9%	£316,671	25.1%
Croydon	£393,145	£395,467	-0.6%	£349,703	12.4%
Havering	£351,506	£361,441	-2.7%	£312,502	12.5%
Bexley	£332,038	£331,197	0.3%	£290,239	14.4%
Barking and Dagenham	£280,128	£274,957	1.9%	£236,161	18.6%

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Editors' notes

About the Index:
The Rightmove House Price Index methodology has been refined as of January 2015. The Index now uses new mapping technology to define regions at a postcode rather than postcode district or area level, and the mix adjustment has been updated to reflect the current proportion of stock by property type in each area, to provide even more accurate data. All regional breakdowns are now reported in line with ONS regions. For the purpose of historical comparisons, the historical figures have been restated based on the new methodology.

The Index can now include further 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 90% of the market, the largest and most up-to-date monthly sample of any house price indicator in the UK. 95% of properties are sold via an agent, whilst only 75% are purchased with a mortgage. 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 79,939 asking prices – circa 90% of the UK market. The properties were put on sale by estate agents from 8th November 2015 to 5th December 2015 and advertised on Rightmove.co.uk. This month 3,690 properties have been excluded due to being anomalies.

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 around 90% of all properties for sale and at any time displays a stock of over one million properties to buy or rent, worth around £270 billion. The Rightmove.co.uk site attracts over 90 million visits from home movers each month who view in excess of one billion pages (Rightmove data, October 2014).

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