

# Rightmove House Price Index

The largest monthly sample of  
residential property prices

October 2018  
National edition

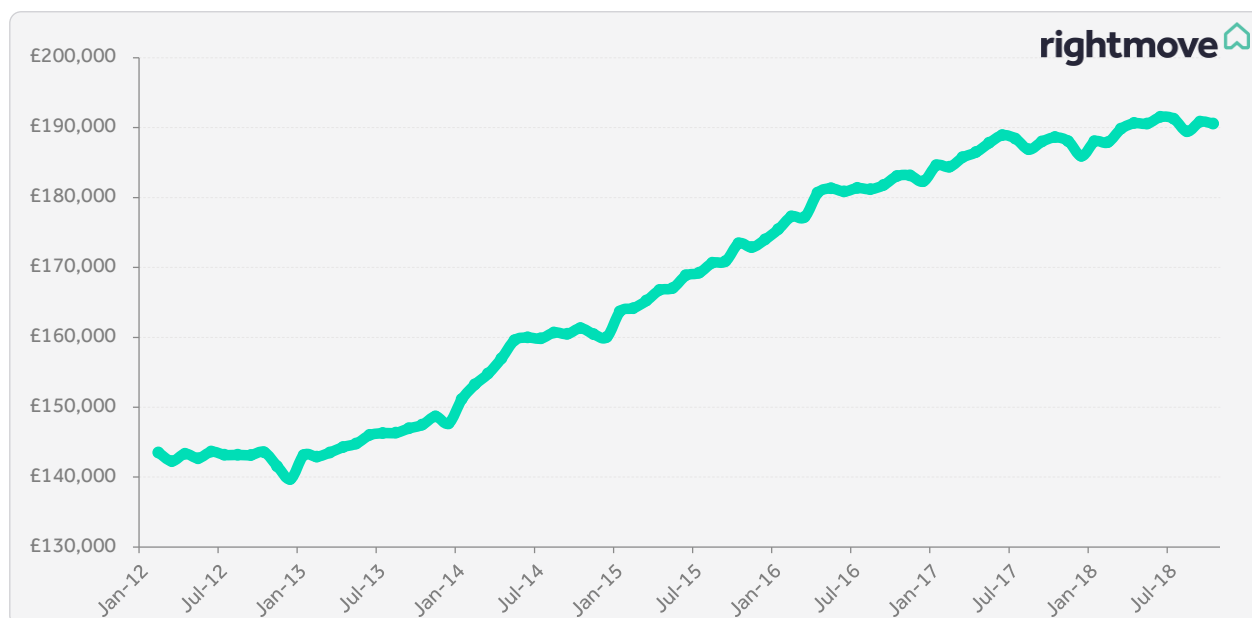


## Subdued prices provide first-time buyer opportunity this autumn

- Average asking price of property coming to market rises by relatively muted 1.0% (+£3,184) this month, the lowest monthly rate of increase at this time of year since 2010
- Slowest sector is properties with two bedrooms or fewer with a 0.1% monthly price fall, a result of less active buy-to-let investor activity, giving first-time buyers an opportunity this autumn:
  - These properties see largest year-on-year increase in average number of days to sell, up from 55 days to 58 days
  - Mortgage approvals for new buy-to-let purchases down by 14% compared to a year ago and down by 53% compared to three years ago as more punitive tax regime has its desired effect<sup>1</sup>
  - First-time buyers help to fill some of the gap left by lower buy-to-let activity with their year-on-year mortgage approvals up by 1%

National average asking prices				
Month	Avg. asking price	Monthly change	Annual change	Index
Oct 2018	£307,245	+1.0%	+0.9%	237.5
Sept 2018	£304,061	+0.7%	+1.2%	235.1
National average asking prices by market sector (excluding Inner London)				
Sector	Oct 2018	Sept 2018	Monthly change	Annual change
First-time buyers	£190,587	£190,842	-0.1%	+1.0%
Second-steppers	£274,789	£273,297	+0.5%	+1.9%
Top of the ladder	£545,020	£536,983	+1.5%	+0.5%

### First-time buyer sector: monthly asking price trend



Rightmove measured 114,049 asking prices this month, circa 90% of the UK market. The properties were put on sale by estate agents from 9<sup>th</sup> September 2018 to 6<sup>th</sup> October 2018 and advertised on Rightmove.co.uk.

## Overview

It is traditional for the price of property coming to market to rise at this time of year, and while the monthly rise of 1.0% (+£3,184) does follow that pattern, it is the lowest seen in our October Index since 2010. The national average is dragged down by the 0.1% monthly price fall in the sector with properties of two bedrooms or fewer. This is the usual target market for both affordability-stretched first-time buyers and buy-to-let investors, but the latter are currently less active, giving an autumn opportunity for those looking to get on to the housing ladder.

Miles Shippside, Rightmove director and housing market analyst comments: *"With the government using the tax system to try and help first-time buyers while deterring out-of-favour landlords, prices in this sector have been subdued as intended. That gives aspiring first-time buyers an autumn opportunity to negotiate a favourable deal. The story at this time of year for the last five years has been an average autumn bounce of 1.6% in the price of property coming to market. Whilst all regions have seen a monthly rise, this year has a more subdued narrative with only a 1% uplift as the script has more sub-plots to affect the mood. While the backdrop of political uncertainty and stretched buyer affordability remains the same, this month has price drops at the bottom of the market dragging down the national average."*

The annual rate of increase drops to 0.9%, the lowest annual rate since February 2012, which was the start of the price recovery that led to average new seller asking prices rising by over a third (33.9%) in less than seven years.

Shippside notes: *"Stretched buyer affordability and a slowdown in price rises are the natural outcome of property prices increasing over the past seven years at a far faster pace than average wages. The prices of properties with two bedrooms or fewer have kept pace with the rest of the market with a 32.8% price uplift in that timescale, partly driven by buy-to-let investors seeking better and less risky returns than are available from other asset classes. Government policy has sought to reduce this activity through higher landlord stamp duty and lower income tax reliefs and so tilt the balance back towards first-time buyers. Help to Buy is also encouraging first-time buyers to buy brand new homes and may to an extent be redirecting them away from the second hand housing market."*

Properties with two bedrooms or fewer are typically the target market of buy-to-let investors, and where they compete with aspiring first-time buyers. Properties in this sector have seen the largest increase in the number of days to sell this month, taking 5% longer than the same month a year ago. While there have been increases in the time to sell in all sectors, this sector has seen the largest increase, up from an average of 55 days to 58 days. New buy-to-let mortgage approvals are down by 14% compared to a year ago and by 53% compared to three years ago as the more punitive tax regime has its desired effect.

Shippside observes: *"Landlords are clearly buying far fewer properties and that leaves a gap in the market for first-time buyers. While landlords were hit with a 3% stamp duty surcharge on property purchases back in April 2016, in contrast most first-time buyers were effectively awarded stamp-duty-free status in November 2017. The fall in prices at the bottom of the market during what is a traditional busier time means that those keen to sell need to price accordingly, which gives an opportunity for those stamp-duty-free first-time buyers to negotiate harder. First-time buyer mortgage approvals are up, albeit by a marginal 1% year-on-year, showing that some first-time buyers are helping to fill the gap in the market left by less competition from investors. More activity may follow if prices remain subdued, with stamp duty relief and falling prices helping their affordability. If the Chancellor's budget later this month encourages more landlords to sell to long-term tenants for rumoured capital gains tax relief, then landlords who are looking to sell and renters who aspire to become first-time buyers could work together for their mutual benefit."*

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Miles Shippside, Rightmove director and housing market analyst

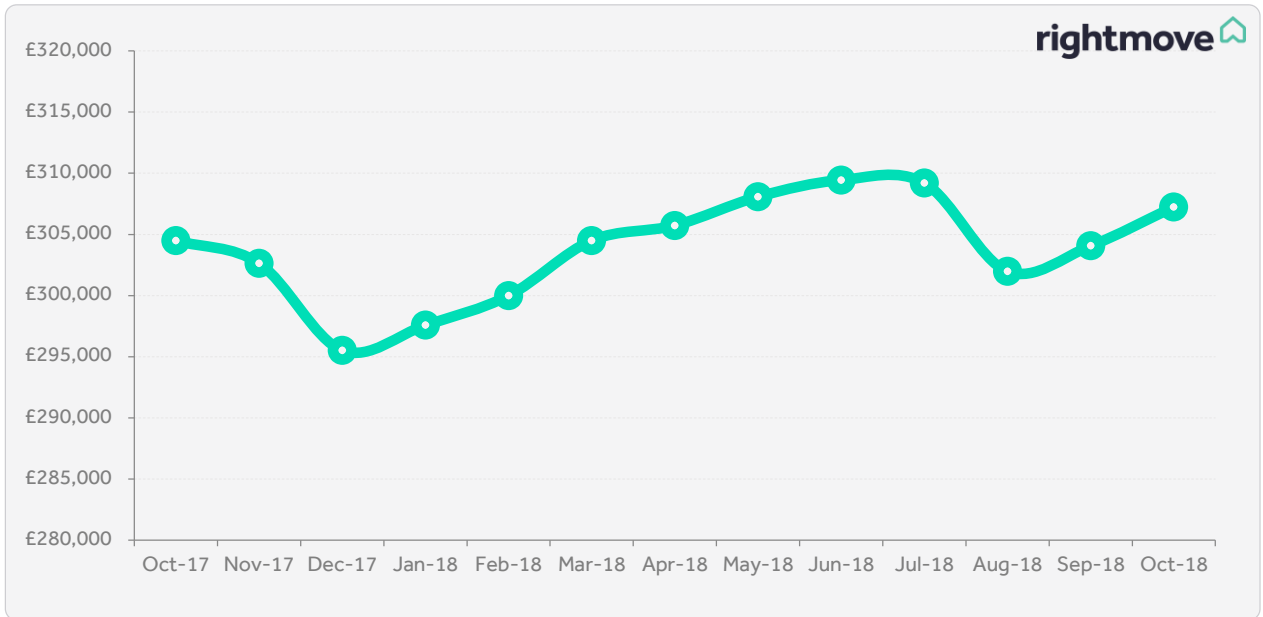


## Agent's view

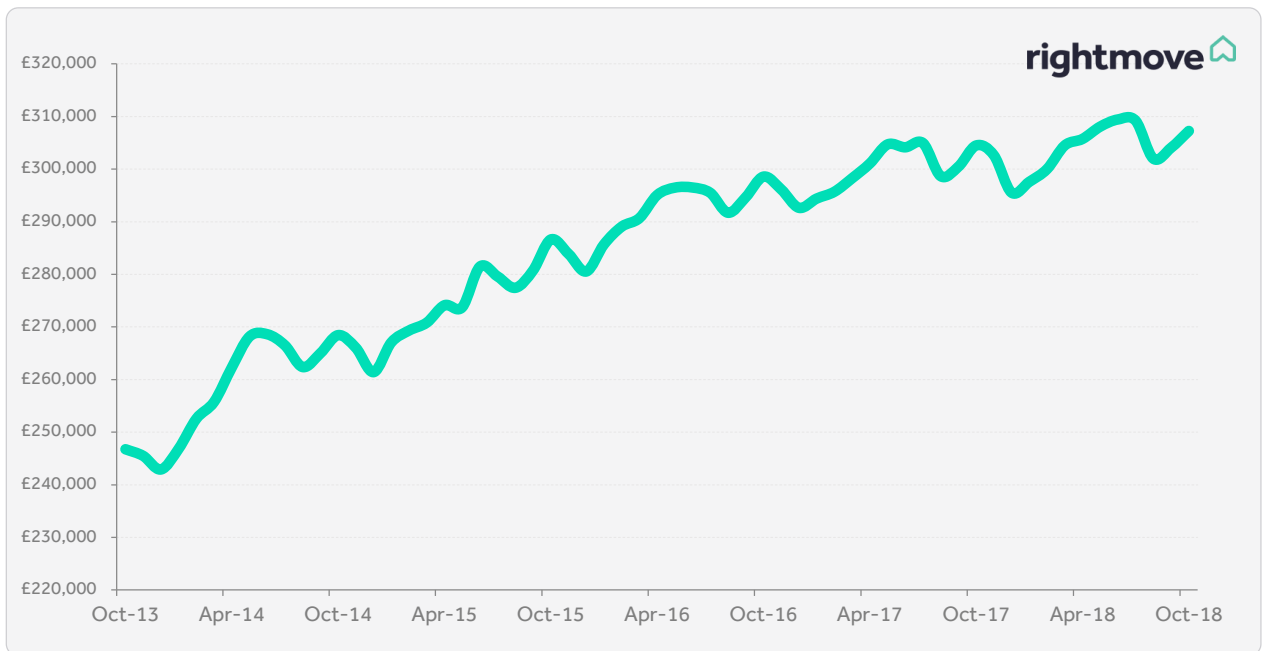
Robert Lazarus, MD of Sales at Paramount Properties in North West London, says: *"There's a better opportunity for first-time buyers coming in to the market at the minute compared to a couple of years ago, especially if they're looking for a one bed flat. Before the additional stamp duty on second homes came in we were selling 20% of these flats to landlords which was driving prices up, and now we're selling less than 5% of them to landlords, giving first-time buyers the first pick of new stock that comes on."*

# Asking price trends

## Monthly asking price trend

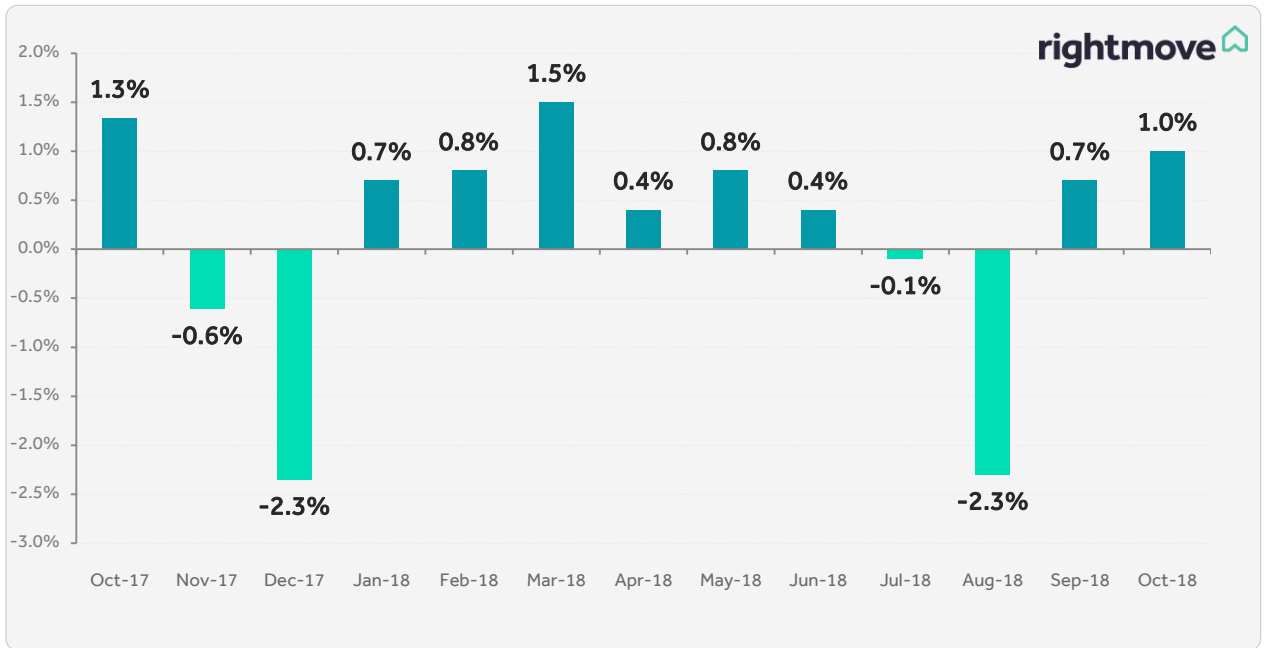


## Five year asking price trend



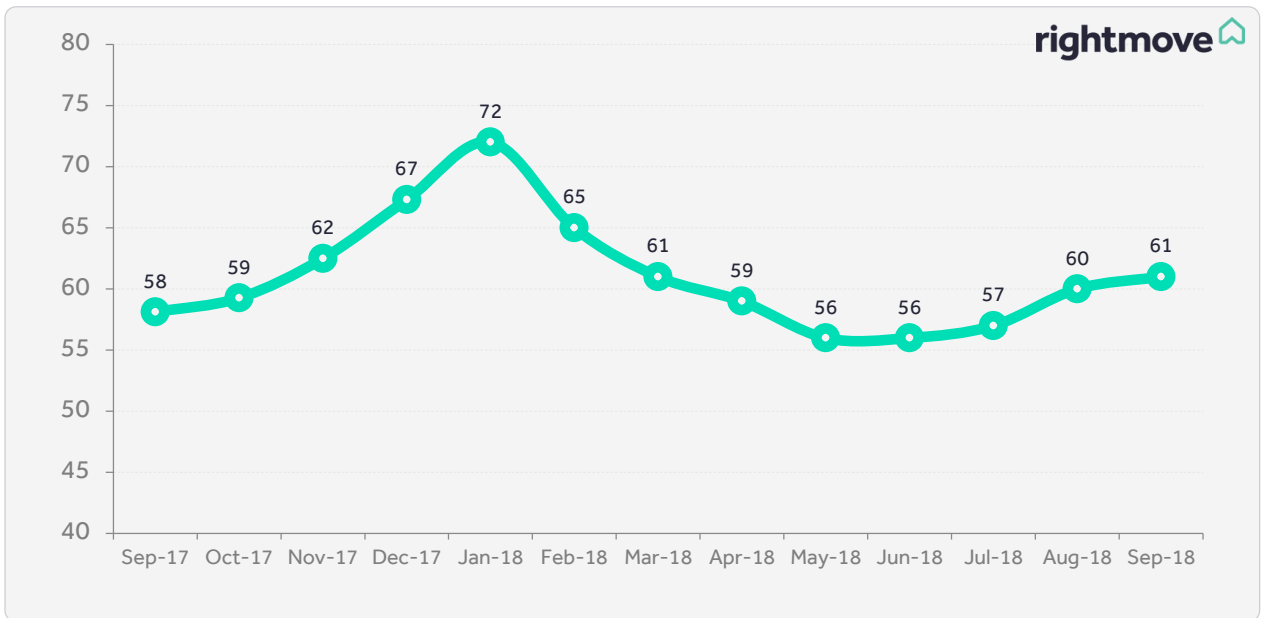
# Asking price trends

% monthly change in average asking prices

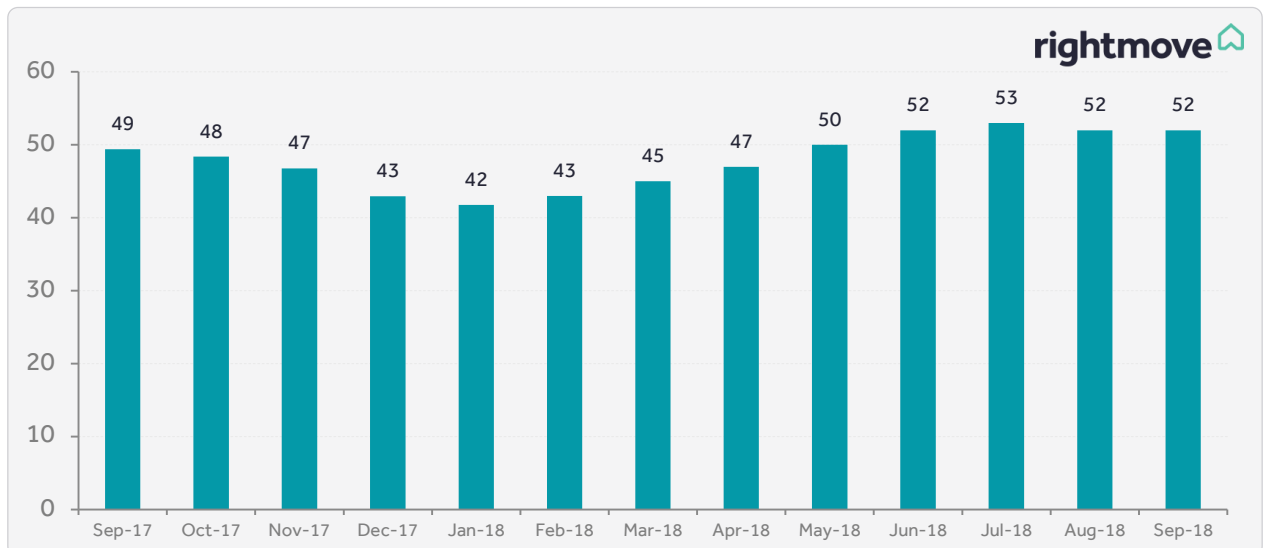


# Average time to sell and stock

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



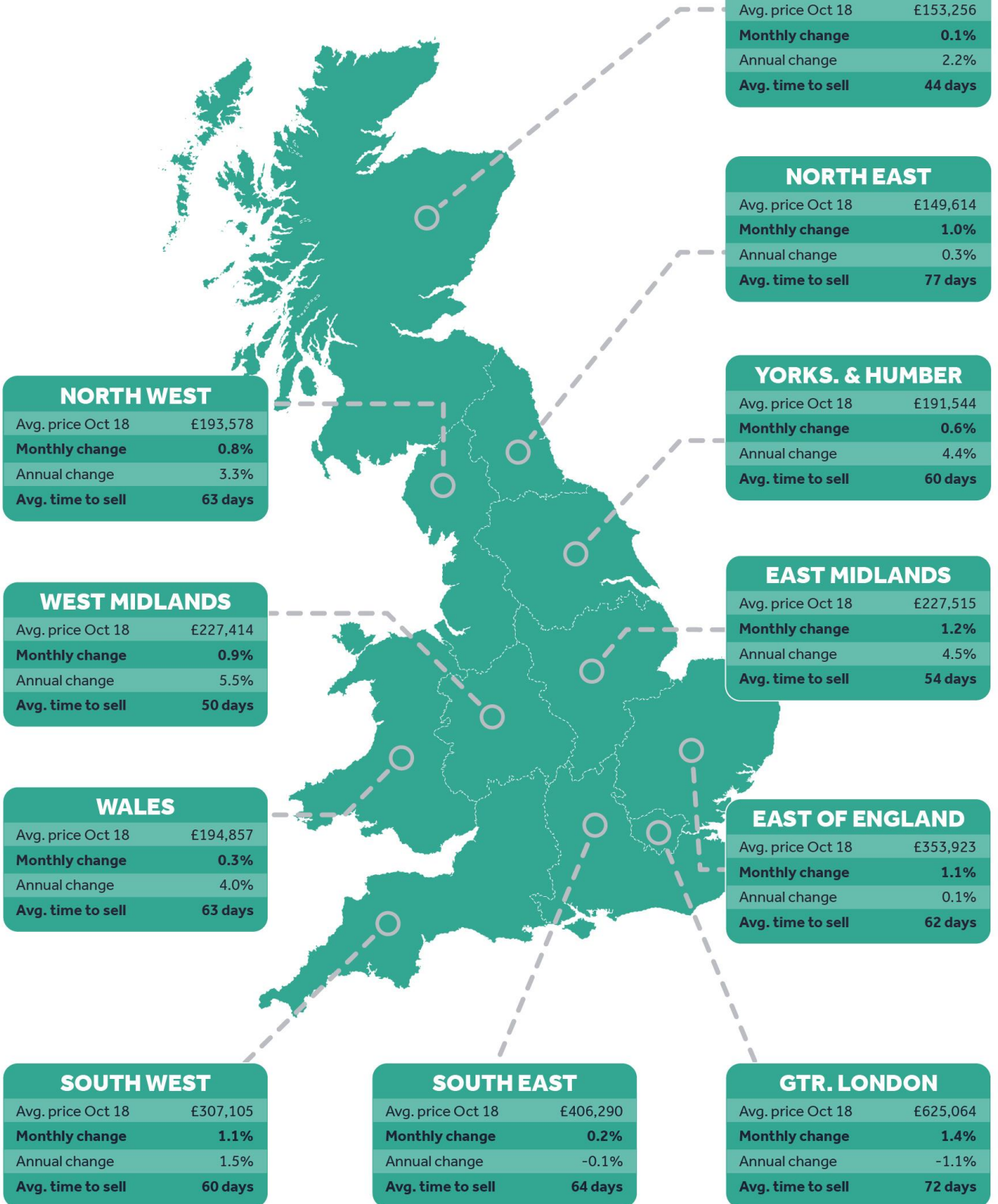
## Average stock per agent (including Under Offer/Sold STC)



# Regional trends

 Increase from previous month

 Decrease from previous month

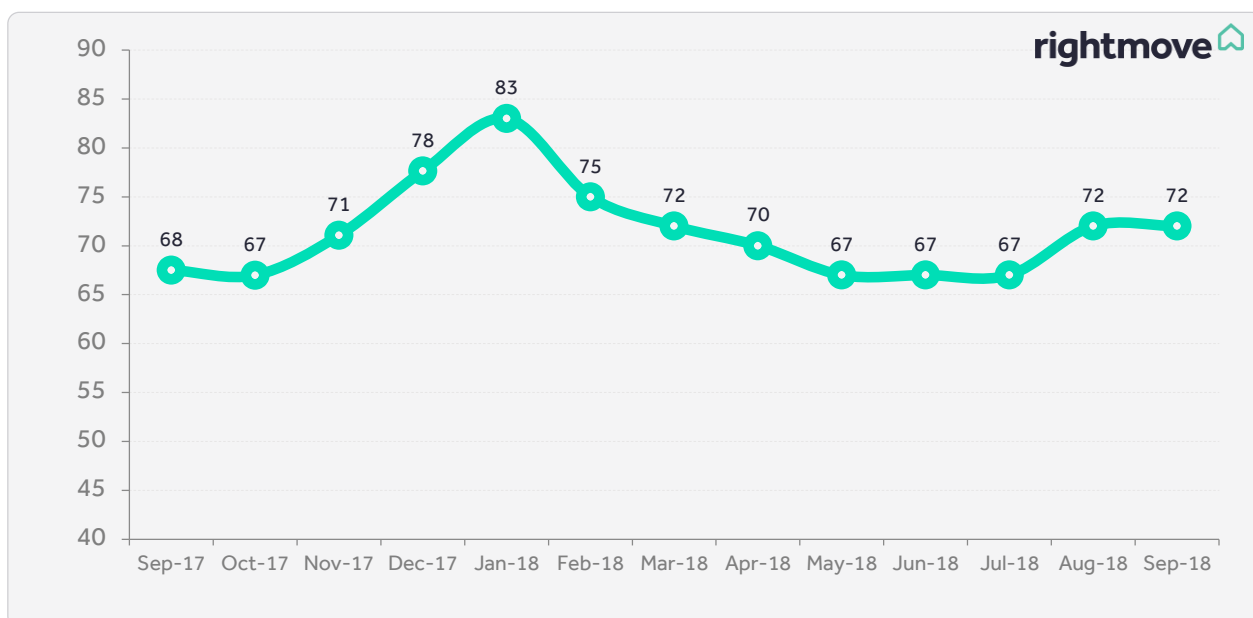




# London trends

Transport for London zones	Avg. price Oct 2018	Avg. price Sept 2018	Monthly change	Avg. price Oct 2017	Annual change
Zone 1	£1,348,421	£1,298,070	3.9%	£1,348,020	0.0%
Zone 2	£748,012	£736,622	1.5%	£760,782	-1.7%
Zone 3	£594,675	£586,915	1.3%	£607,395	-2.1%
Zone 4	£484,840	£486,695	-0.4%	£485,891	-0.2%
Zone 5	£475,754	£474,554	0.3%	£479,193	-0.7%
Zone 6	£498,865	£487,350	2.4%	£491,613	1.5%

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



## London trends

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 Oct 2018	Monthly change	Annual change
Richmond upon Thames	£855,621	3.9%	2.7%
Bexley	£412,974	0.2%	2.4%
Barking and Dagenham	£315,748	0.1%	2.4%
Havering	£406,407	-0.7%	1.9%
Haringey	£615,226	1.3%	1.5%
Waltham Forest	£486,782	0.5%	1.3%
Barnet	£645,729	0.1%	0.9%
Westminster	£1,474,065	2.7%	0.9%
Redbridge	£462,869	0.5%	0.8%
Bromley	£532,690	0.3%	0.6%
Camden	£994,028	1.9%	0.2%
Newham	£415,888	0.5%	-0.1%
Croydon	£441,101	0.4%	-0.1%
Brent	£578,808	1.0%	-0.1%
Wandsworth	£809,665	1.2%	-0.7%
Kingston upon Thames	£613,556	-0.5%	-0.8%
Sutton	£462,807	0.2%	-0.9%
Greenwich	£436,407	-0.4%	-1.1%
Southwark	£643,870	0.7%	-1.2%
Hillingdon	£484,281	-0.6%	-1.4%
Islington	£764,411	0.8%	-1.4%
Enfield	£457,345	-0.4%	-1.4%
Ealing	£547,738	0.9%	-1.4%
Hounslow	£536,608	-0.7%	-1.6%
Hammersmith and Fulham	£942,970	2.1%	-1.9%
Harrow	£557,148	0.1%	-2.0%
Merton	£634,252	0.8%	-2.2%
Kensington and Chelsea	£1,593,938	0.8%	-3.7%
Tower Hamlets	£569,690	-0.8%	-4.1%
Lambeth	£640,779	-0.1%	-4.7%
Lewisham	£457,022	-0.8%	-4.7%
Hackney	£632,323	-0.9%	-5.5%

# Editor's notes

1 Mortgage approvals from UK Finance Mortgage Trends Update, July 2018.

## About the Index:

The Rightmove House Price Index methodology was updated in January 2018. The report now includes data for Scotland and a number of measures have been refined. The stock per agent figure now calculates the average based on the number of properties an agent has on Rightmove each day across the month, rather than the average of the total number of properties each agent advertised in the month. London asking prices are now broken down into travel zones. For the purpose of historical comparisons, the historical figures have been restated based on the new methodology.

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 90% 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.

Rightmove measured 114,049 asking prices this month, circa 90% of the UK market. The properties were put on sale by estate agents from 9<sup>th</sup> September 2018 to 6<sup>th</sup> October 2018 and advertised on Rightmove.co.uk.

## 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 90% 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 over 130 million visits from home movers each month with time on site averaging over one billion minutes per month (Rightmove data, July 2017).