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Rightmove House Price Index

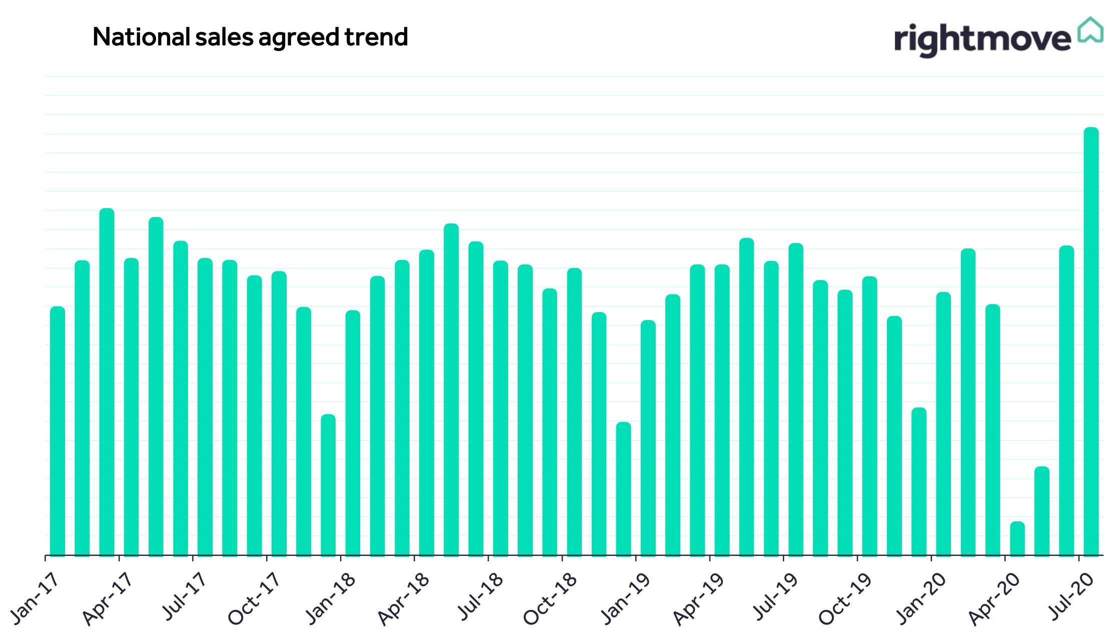
The largest monthly sample of residential property prices

August 2020

Busiest month for ten years as home-buying supersedes summer holidays

- Rulebook rewritten as post-lockdown mini-boom accelerates and home-moving fills the holiday void
- Highest number of sales agreed in a month since we started tracking this data over ten years ago, up by 20% on the previous high, and with a record total value of over £37 billion
- Highest number of properties coming to market in a month since March 2008 as more movers join in
- Latest weekly sales agreed figure up by 60% compared to the same week in 2019 as buyers ignore the usual summer holiday slowdown
- Unseasonal record high for new seller asking prices in seven regions, but London drags down the national average to a 0.2% fall due to its own more typical 2.0% seasonal monthly drop. The out-of-city exodus drives prices in places like Devon and Cornwall to new records
- Record levels of buyer activity lead to processing delays and mean that patience is required to get sales agreed to completion

National average asking prices				
Month	Avg. asking price	Monthly change	Annual change	Index
August 2020	£319,497	-0.2%	+4.6%	247.0
July 2020	£320,265	n/a	+3.7%	247.6
National average asking prices by market sector (excluding Inner London)				
Sector	August 2020	July 2020	Monthly change	Annual change
First-time buyers	£201,196	£199,340	0.9%	5.3%
Second-steppers	£290,520	£288,526	0.7%	5.2%
Top of the ladder	£563,593	£571,005	-1.3%	4.5%



Overview

The rulebook has been rewritten as the post-lockdown mini-boom accelerates rather than slows down. There is normally a seasonal slowdown in housing market activity over the summer months, as both buyers and sellers turn their attention to summer holidays. But this year, home movers have put more property on the market and have agreed more sales than in any month for over ten years, worth a record total of over £37 billion. This is leading to monthly price increases in ten out of twelve regions, with a record high in new seller asking prices in seven of those regions. Prices usually fall at this time of year, as sellers try to tempt holiday distracted buyers, with the national average monthly fall for the last ten years being 1.2%. While there is a slight monthly fall of 0.2% (-£768), this is due to London's more normal seasonal fall of 2.0%, reversing what would otherwise have been an unseasonal national rise.

Miles Shipside, Rightmove director and housing market analyst comments: *"There have been many changes as a result of the unprecedented pandemic, and these include a rewriting of the previously predictable seasonal rulebook for housing market activity and prices. Home movers are both marketing and buying more property than we have recorded in any previous month for over ten years, helping push prices to their highest ever level in seven regions. Rather than just a release of existing pent-up demand due to the suspension of the housing market during lockdown, there's an added layer of additional demand due to people's changed housing priorities after the experience of lockdown. This is also keeping up the momentum of the unexpected mini-boom, which is now going longer and faster. We associate this time of year with diving into the pool rather than the property market, and of sand and sun rather than bricks and mortar, but buyers have had a record £37 billion monthly spending spree."*

The number of monthly sales agreed is the highest that we have ever measured since we started tracking this figure ten years ago, up by 38% on the prior year, and a massive 20% higher than the previous record set in March 2017. The increase in activity is not just a result of the stamp duty holiday, as sales agreed are up across all sectors of the market. They're up 29% in the first-time buyer sector, 38% in the second stepper sector and 59% for larger, top of the ladder homes. Momentum is still building, with the latest weekly figure for the number of sales agreed having shot up by 60% compared to the same week a year ago. As part of the virtuous home moving circle, home-owners are bringing more properties to market than in any month since 2008, giving more choice to buyers. There are 44% more properties coming to market compared to the same period a year ago, though there are considerable regional variations.

Shipside observes: *"More property is coming to market than a year ago in all regions, and at a national level the new supply and heightened demand seem relatively balanced. However, those expressing most desire to move on are unsurprisingly in London and its commuter belt. London has 69% more properties coming to market, with the South East at 60% and the East at 56%. With work and transport patterns potentially changing most around the capital, commuter-belt properties need to have more appeal to prospective buyers than just proximity to a station. Many buyers do appear to be satisfying their new needs in these regions, as the number of sales agreed in each is also at a record level. The out-of-city exodus has helped push prices to record levels in Devon and Cornwall, for example, where working from home means a different lifestyle much closer to your new doorstep."*

Record levels of pent-up and new buyer demand mean that there is extra pressure on the lending and legal areas of the home moving process. The average time between agreeing a sale and moving in was already around three months before lockdown and now there is a ten-year high in the number of sales being agreed. Mortgage lenders and conveyancers may struggle to cope with the increased workload, not only now but as pressure rises further in the run up to the 31st March stamp duty holiday deadline.

Shipside notes: *"Not only are we seeing an unusually busy summer period, but also parts of the lending and legal sectors are having to cope with capacity constraints, as some staff will still be on furlough while many will still be working from home. Patience will be required, especially with some lenders limiting their product ranges due to capacity constraints in their ability to process mortgages.*

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To minimise the risk of missing the 31st March stamp duty deadline it's best to plan well ahead. This busy pace of the market looks set to continue in the short term, and although the market has proven resilient since reopening we still need to be mindful of the wider economic concerns as the year progresses."

Agents' views

Kevin Shaw, Managing Director of Residential Sales at Leaders Romans Group (LRG), said: *"This is positive news for both the property sector, and the wider economy. The market performed well in Q1 this year, and has picked up since lockdown restrictions were lifted. Pent-up buying demand is a key factor for this post-lockdown emergence, as is the increased demand for living space and gardens. As many of us continue to work from home, people have realised business can function well while doing so, and so no longer want to commute into big cities five days a week, or live in urban environments closer to offices.*

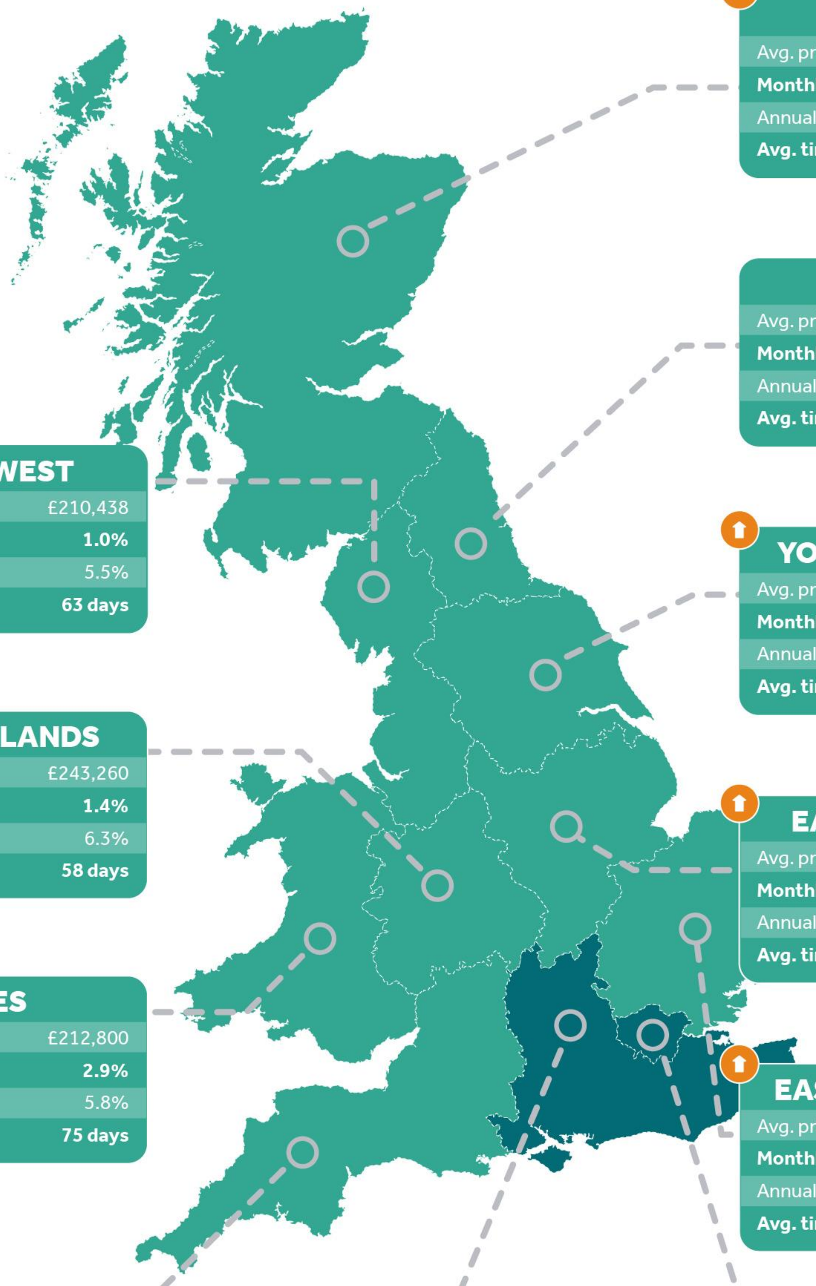
"There is real demand to live in rural locations providing green space. The recently announced stamp duty holiday is another market accelerator too, with many investors and buyers exploiting the savings that are to be made. We've also seen stock levels increase - growing supply gives buyers more choice. These figures are extremely positive, but unlikely to lead to a sustained boom in prices. "

Dominic Murphy, Managing Director of DM & Co. Estate Agents in Solihull, added: *"The market is showing incredible signs of resilience post-lockdown. The chancellor's announcement has certainly contributed to this bounce back and the market is more active now than it has been in the last ten years. July 2020 was the best month in DM & Co.'s history .*

"We're seeing increased activity across all price brackets and expect this to continue well into Q4 as buyers will be doing all that is in their power to push sales through before the end of the stamp duty holiday. I suspect that the market will remain buoyant until job losses filter through and really start to hit the market in full force and mortgage-ability starts to be questioned. If you can be in a chain-free position, you are most likely to be taking advantage of the momentum that the market is seeing and not be open to chains breaking further down the line."

Regional trends

Increase from previous month — Decrease from previous month — Record high for new seller asking prices



SCOTLAND

Avg. price Aug 20	£166,635
Monthly change	**0.2%**
Annual change	6.3%
Avg. time to sell	**53 days**

NORTH EAST

Avg. price Aug 20	£159,700
Monthly change	**1.7%**
Annual change	4.6%
Avg. time to sell	**76 days**

NORTH WEST

Avg. price Aug 20	£210,438
Monthly change	**1.0%**
Annual change	5.5%
Avg. time to sell	**63 days**

YORKS. & HUMBER

Avg. price Aug 20	£206,818
Monthly change	**1.4%**
Annual change	5.9%
Avg. time to sell	**61 days**

WEST MIDLANDS

Avg. price Aug 20	£243,260
Monthly change	**1.4%**
Annual change	6.3%
Avg. time to sell	**58 days**

EAST MIDLANDS

Avg. price Aug 20	£241,749
Monthly change	**1.4%**
Annual change	6.3%
Avg. time to sell	**60 days**

WALES

Avg. price Aug 20	£212,800
Monthly change	**2.9%**
Annual change	5.8%
Avg. time to sell	**75 days**

EAST OF ENGLAND

Avg. price Aug 20	£364,971
Monthly change	**0.5%**
Annual change	3.7%
Avg. time to sell	**62 days**

SOUTH WEST

Avg. price Aug 20	£323,487
Monthly change	**1.0%**
Annual change	5.4%
Avg. time to sell	**62 days**

SOUTH EAST

Avg. price Aug 20	£417,987
Monthly change	**-0.2%**
Annual change	4.2%
Avg. time to sell	**65 days**

GTR. LONDON

Avg. price Aug 20	£629,261
Monthly change	**-2.0%**
Annual change	2.0%
Avg. time to sell	**57 days**

Editor's notes

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 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.

Rightmove measured 149,539 asking prices this month in England, circa 95% of the UK market. The properties were put on sale by estate agents from 12th July to 8th August 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 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 attracts nearly 141 million visits from home movers each month with time on site averaging 1.1 billion minutes per month (Rightmove data, July 2019).

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