

House Price Index

The largest monthly sample of residential property prices

2021 forecast: 4% price growth as housing priorities outweigh uncertainties

- Rightmove forecasts robust 4% national average price growth in 2021 as housing priorities stay high on people's life agendas, though price rises for newly marketed properties will be at a slower pace than this year
- 2020's unanticipated market momentum sees prices finish 6.6% up on 2019 despite a fall of 0.6% this month
- Busy Q1 expected as stamp duty deadline approaches, with logjam of 650,000 properties currently changing hands – this huge number is unchanged on last month due to strong sales agreed for this time of year
- Slower Q2 as average tax saving of 1.9% of purchase price in Great Britain due to end, but ongoing demand and cheap mortgage rates available for some will help to support continued modest price growth
- Uncertainties remain in 2021, but housing needs and fresh-start mentality suggest the market will continue to outperform, as shown by 53% more prospective buyers contacting estate agents than at this time a year ago

National average asking price

Month	Avg. asking price	Monthly change	Annual change	Index
December 2020	£319,945	-0.6%	+6.6%	247.4
November 2020	£322,025	-0.5%	+6.3%	249.0

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

Sector	December 2020	November 2020	Monthly change	Annual change
First time buyers	£201,037	£201,220	-0.1%	+5.8%
Second-stoppers	£290,517	£291,789	-0.4%	+7.0%
Top of the ladder	£561,660	£569,692	-1.4%	+7.6%

Rightmove measured 89,018 asking prices this month in England, circa 95% of the UK market. The properties were put on sale by estate agents from 8th November to 5th December and advertised on Rightmove.co.uk.

Rightmove forecasts a robust 4% national average house price growth in 2021 as there is strong evidence that people will continue to have their reprioritised housing needs high on their life agendas. The unexpected market momentum of 2020 overcame the unknowns of the pandemic and associated economic fallout, and though headwinds and uncertainties remain, demand for housing and buyer affordability appear to be strong enough to outweigh some of these dampening effects. Rightmove does however predict that the price rises will be at a slower pace than this year, which finished up by 6.6% (up by £19,920 to £319,945) despite a small monthly fall of 0.6% (-£2,080). The stamp duty holiday has undoubtedly added some extra momentum, but buyer demand was already very high prior to its announcement in July, and remains remarkably resilient at 53% higher than this time a year ago, despite the decreasing likelihood of completing a purchase by 31st March if it is agreed now. Having the biggest home-hunting audience in the UK, Rightmove has unique insight into future demand for property, and this, alongside other evidence, underpins our 2021 forecast of a 4% rise in the average price of property coming to market.

Tim Bannister, Rightmove's Director of Property Data comments: *"2021 has a lot of variables, and so is not an easy one to call, but with Rightmove's unique leading indicators of buyer and seller behaviour we are confident that the housing market will continue to outperform general expectations next year as it did this. Our 2021 forecast of a 4% price rise is more conservative than the unsustainable 6.6% national average seen this year. There's likely to be a lull in quarter two unless the stamp duty holiday is extended, but for many buyers its removal will not be make or break, though may lead them to reduce their offers to a degree to compensate for the higher tax, and indeed many sellers may be prepared to help to mitigate their buyer's financial loss. First-time buyers will remain largely exempt, so in most cases will be no worse off. The maximum savings of £2,450 in Wales or £2,100 in Scotland are considerably less decisive than the £15,000 available in England for a house costing £500,000 or more, which does however only apply to a small part of the market."*

It will be a busy start to 2021. The New Year is typically a time for resolutions for the year ahead, and many will see it as an opportunity to draw a line under 2020, which may well include a fresh start in a new home for those who have not already acted. Many have already done so since the English market re-opened in May, and many more are continuing to do so despite the seasonally quieter run-up to the Christmas period and the declining chance of completing a purchase before the stamp duty deadline. Despite the clock ticking, around 130,000 sales were agreed over the last month, up by a remarkable 44% on the same period in 2019. A month ago we said that there were a massive 650,000 sales agreed and in the pipeline, many of which will be aiming for completion before 31st March to qualify for stamp duty savings. One month on, and a month closer to that deadline, the figure remains at around 650,000 because 130,000 additional sales have joined the processing logjam and replaced the 130,000 completions or fall-throughs that have taken place in the last month. Some completions are already projected to be delayed until April next year, especially where there are search delays, legal issues or complex mortgage applications.

It will be a slower second quarter once the stamp duty holiday is over, though even with the average price in Britain up by 6.6% this year, cheap mortgage rates that available for some leave scope for further modest price growth despite the loss of the tax saving. Indeed all regions have seen far greater average price increases than the average savings in stamp duty, indicating affordability headroom. Pandemic-related uncertainties have been around for nearly a year, and Brexit uncertainties for far longer, and record activity month after month has proved that movers are willing and able to act on their new or existing housing priorities. Demand has therefore exceeded supply in 2020 with the number of properties coming to market for the year to date down by 0.6% on the same period in 2019, and the number of sales agreed up by 8.3%. As a consequence the number of available properties for sale is at a record low, indicating scope for some further modest price increases overall in 2021 despite those uncertainties.

Bannister says: *"Despite these headwinds, ongoing demand still remains very high, indicating that there's plenty of fuel left in the tank for the housing market. Interest rates remain at near-record lows, and we expect greater availability of low-deposit mortgages at competitive rates next year. These two factors will help to oil the wheels for home purchases by the 'accidental savers' who have collectively saved £100 billion that they couldn't spend during the pandemic restrictions. With the expectation of a return to more normality in the second half of 2021 and a likely 'fresh start' mentality for some, there are sound reasons for continued positive market sentiment that will outweigh the economic, political, and health challenges ahead. Rural, countryside, and coastal demand will remain high for those re-appraising their lifestyle, but more normality will also help the recovery of those aspects of city-living that have seen a dip in their appeal."*

Agents' Views

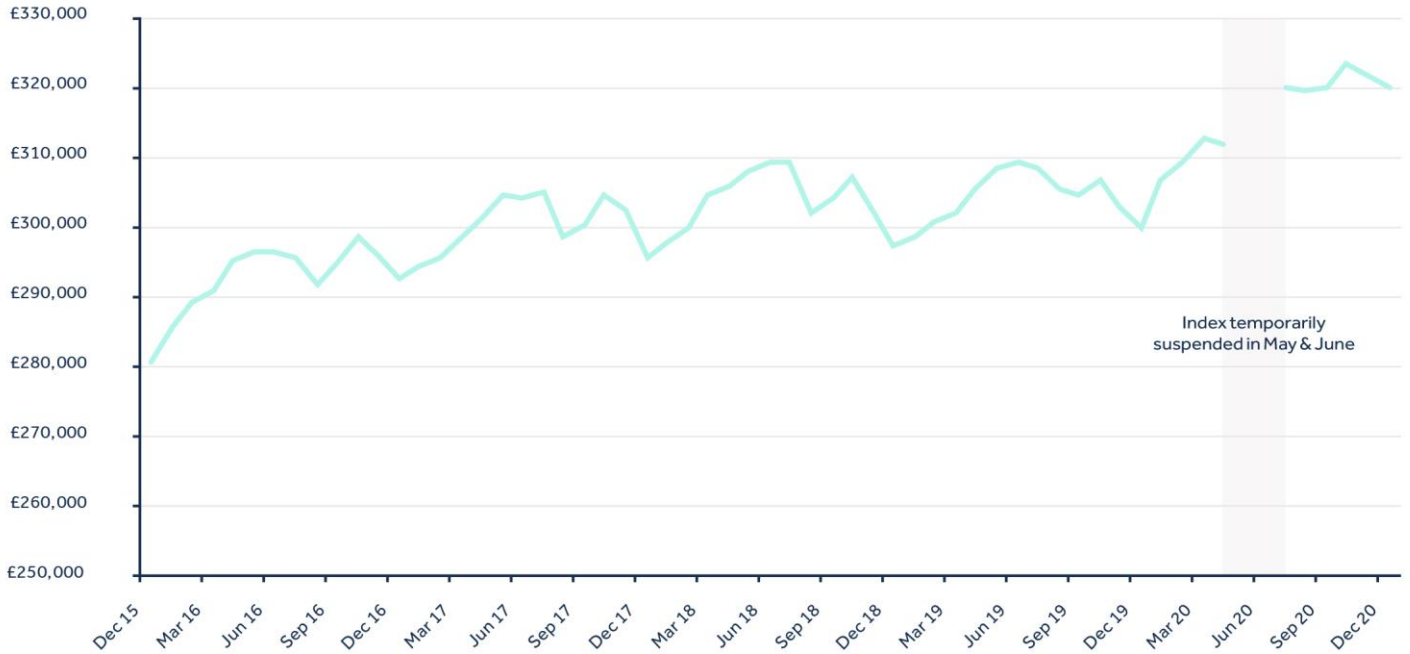
Nick Leeming, Chairman of Jackson-Stops, said: *"The start of the new year is traditionally a busy time in the housing market, with buyers and vendors alike taking the festive period to plan for the year ahead. However, we are expecting the first months of 2021 to be particularly active as buyers try to squeeze in their deals before March 31st. Those looking to make savings on the stamp duty holiday must act now, we are advising any serious house hunters to have their offers in by January latest. Buyers and vendors at the prime and super-prime end of the market will continue to move throughout 2021 due to a change in lifestyle aspirations which have been spurred on by the COVID-19 pandemic. Many of these clients will be entering the housing market for the first time in decades as they haven't had a pressing need to move or buy a second home so have held off doing so until now. Whilst the introduction of a viable vaccine will act as a shot to the arm for the housing market, restoring confidence at every level, the return of SDL T will slow transactions down at the lower end of the market although the top end will remain resilient."*

Marc von Grundherr, Director of Benham and Reeves, said: *"We're certainly seeing a sprint finish this year where the UK property market is concerned. This has been primarily driven by government stimulation in the form of the stamp duty holiday, protecting the market against the traditional air of lethargy that comes as we approach the Christmas period, and keeping it fighting fit both where transaction levels and price growth are concerned. We expect to see this tidal wave of market momentum spill over into next year and keep the market buoyant, as homebuyers race to cross the line before Rishi Sunak's chequered flag falls on the chance of a stamp duty saving. While the end of this initiative will lead to an understandable drop in demand over the months that follow, it will be more a return to pre-pandemic normality rather than a dramatic market crash. This will be largely due to the firm foundations laid this year which should enable strong and consistent growth throughout 2021."*

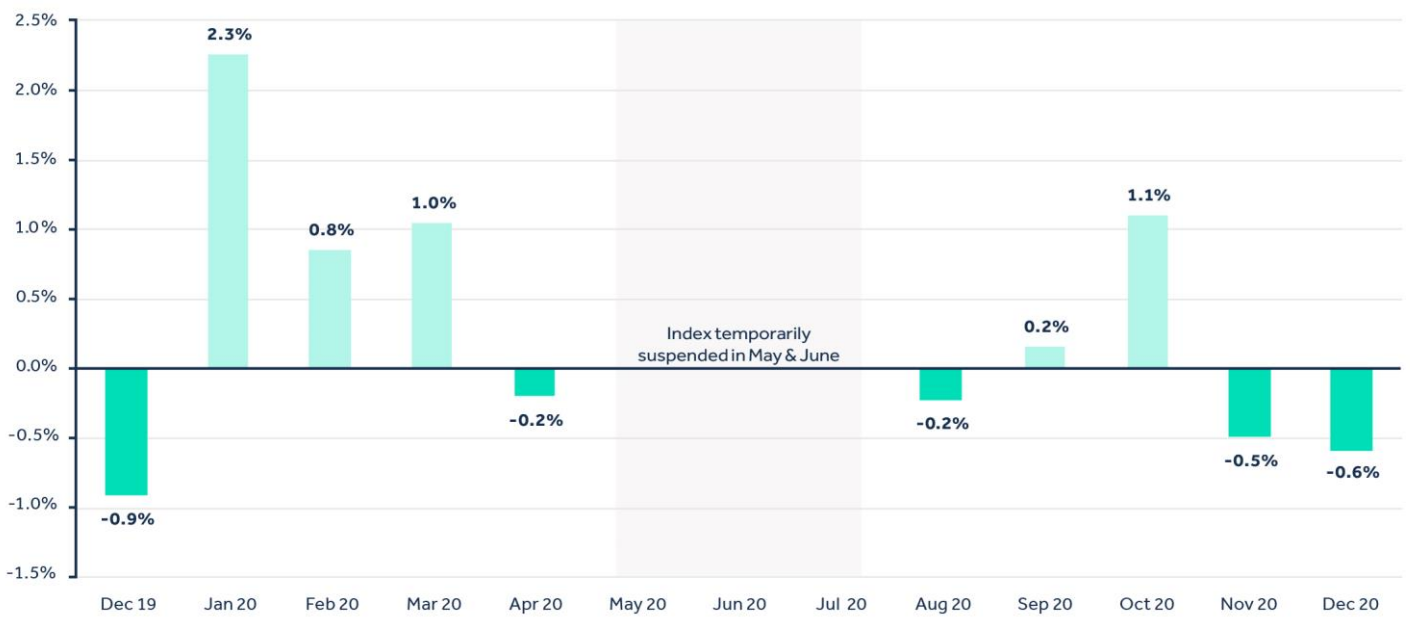
Average asking price trend



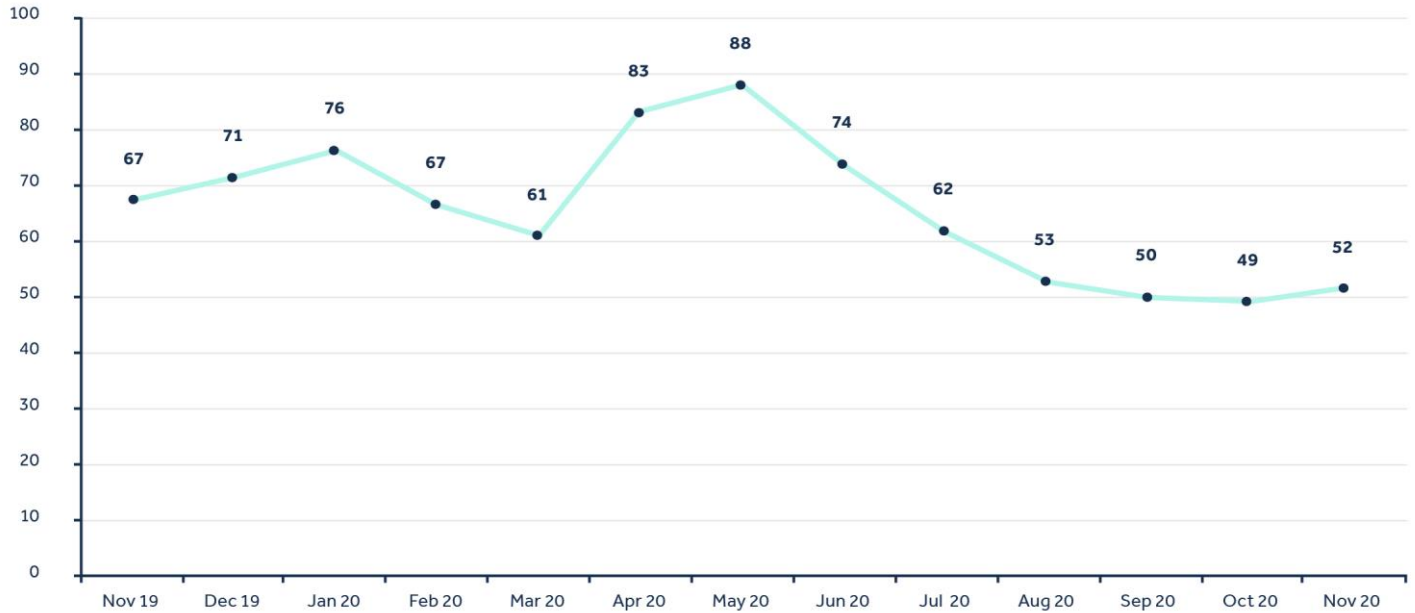
Five year asking price trend



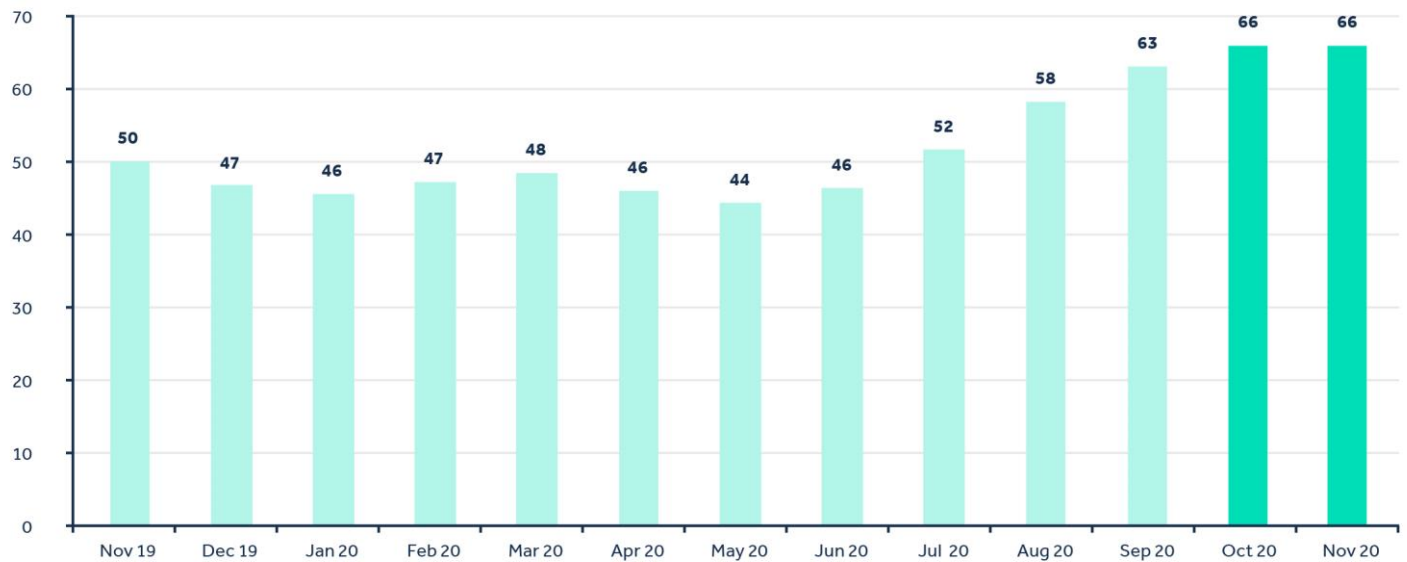
% monthly change in average asking prices



Average time to secure a buyer (no. days) National

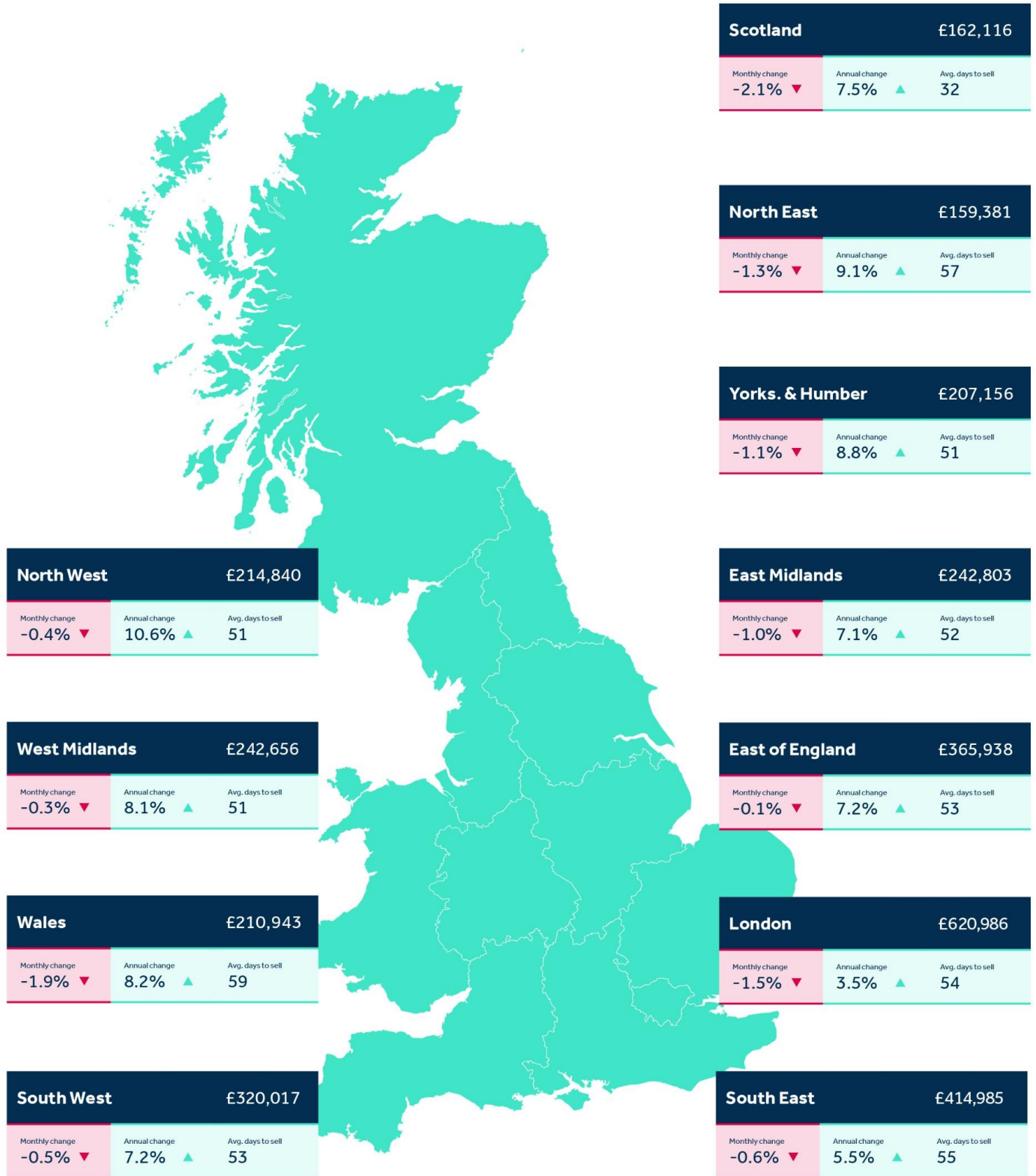


Average stock per agent (including Under Offer/Sold STC)

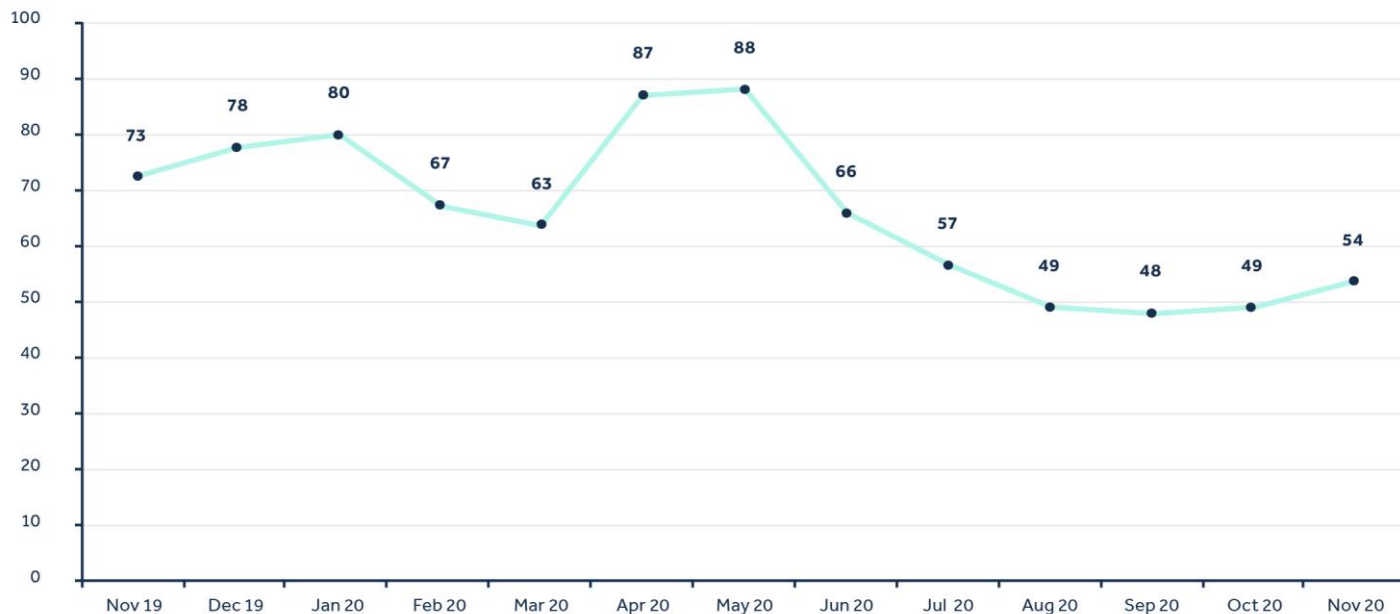


House Price Index

● Increase from previous month
 ● Decrease from previous month



Average time to secure a buyer (no. days) London



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 Dec 2020	Monthly change	Annual change
Haringey	£649,760	-1.6%	10.6%
Kingston upon Thames	£631,234	-1.0%	7.9%
Greenwich	£466,291	-0.1%	7.6%
Lewisham	£491,756	-1.0%	7.4%
Brent	£587,409	-2.3%	6.3%
Sutton	£488,373	-1.2%	5.9%
Waltham Forest	£507,545	-0.8%	5.9%
Harrow	£576,969	-0.2%	5.7%
Richmond upon Thames	£852,112	-2.0%	5.5%
Croydon	£451,034	-0.1%	5.5%
Bexley	£431,679	-0.1%	5.3%
Hackney	£654,712	-0.1%	5.1%
Barking and Dagenham	£331,296	-0.2%	5.0%
Enfield	£464,569	-0.4%	4.9%
Ealing	£572,103	-1.4%	4.9%
Hillingdon	£501,885	-1.2%	4.6%
Havering	£425,344	-0.8%	4.6%
Redbridge	£472,160	-0.1%	4.5%
Wandsworth	£791,745	-0.7%	4.4%
Bromley	£554,933	-0.8%	3.9%
Hounslow	£543,852	-0.3%	3.9%
Merton	£644,588	-0.6%	3.6%
Newham	£425,488	-1.1%	3.5%
Lambeth	£642,151	-1.1%	2.3%
Barnet	£643,235	-0.8%	0.7%
Westminster	£1,429,457	3.0%	0.6%
Camden	£981,375	0.7%	-0.2%
Kensington and Chelsea	£1,543,989	1.8%	-1.0%
Hammersmith and Fulham	£903,906	-3.9%	-1.2%
Islington	£745,083	-2.9%	-1.2%
Southwark	£622,837	-2.9%	-3.9%
Tower Hamlets	£564,292	0.8%	-4.6%

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.

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).