

House Price Index

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

-2.1%

Monthly asking price decrease

+5.6%

Annual price growth

+6%

Increase in new sellers coming to market versus same period last year

Prices fall as some movers wait for calmer 2023

- Average price of property coming to market drops by 2.1% (-£7,862) this month, a bigger dip than usual at this time of year as some determined sellers price aggressively to tempt hesitant buyers:
 - 2022 ends with new seller asking prices 5.6% higher than a year ago, versus 6.3% annual growth in 2021
- Rightmove forecasts that prices will drop by an overall average of 2% next year as a multi-speed hyper-local market emerges, with some locations, property types and sectors faring much better than others
- The number of views of homes for sale on Rightmove is up 11% compared to this time last year, a sign that there are many potential movers who are monitoring the market in detail and weighing up their options:
 - As mortgage rates settle down, buyer demand over the past two weeks is 4% up on the same period in 2019
 - We predict that the market will settle into a more normal pre-pandemic level of activity as 2023 progresses

National average asking price

Month	Avg. asking price	Monthly change	Annual change	Index
December 2022	£359,137	-2.1%	+5.6%	277.7
November 2022	£366,999	-1.1%	+7.2%	283.7

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

Sector	December 2022	November 2022	Monthly change	Annual change
First time buyers	£221,695	£223,770	-0.9%	+5.0%
Second-steppers	£331,836	£338,797	-2.1%	+5.6%
Top of the ladder	£648,204	£668,306	-3.0%	+5.6%

Rightmove measured 72,569 asking prices this month nationally, circa 95% of the UK market. The properties were put on sale by estate agents from 6th November to 3rd December 2022 and advertised on Rightmove.co.uk.

Overview

The average asking price of newly listed property drops by 2.1% this month (-£7,862) to £359,137. This is a bigger dip in new asking prices than is usual at this time of year, as sellers who are determined to find a buyer quickly adjust their expectations and adapt to a less frenzied housing market. This means that at the end of 2022, average asking prices are 5.6% higher than at this time a year ago, only slightly below the 6.3% growth recorded in 2021.



Though we would always expect prices to drop in December, as motivated sellers try to capture the attention of a buyer before Christmas with a competitive price, this monthly dip is the largest we've seen for four years. It's an understandable short-term reaction to the economic turmoil and unexpectedly rapid mortgage rate rises and reduction in availability of mortgage products that we saw in late September and October, before things began to settle down. Despite this we end the year with average asking price growth of 5.6%, which is only slightly lower than the 6.3% last year.

Tim Bannister Rightmove's Director of Property Science



Economic headwinds including rapidly rising mortgage costs mean that some would-be buyers may have paused their plans for the foreseeable future. However, over the past two weeks the number of people enquiring to estate agents is up 4% on the same period in 2019, and there are also signs that some discretionary buyers, who are still able to move, are using the space between now and the New Year to weigh up their options. Before sending an enquiry, future buyers need to consider what they could purchase, and the number of views of homes for sale on Rightmove is up 11% on last year. This indicates that there are many ready-to-go buyers, monitoring and waiting for a calmer market in 2023 after an uncertain last few months of the year.



It's understandable that some buyers are distracted, not only by the festive season, but also by the thought that they may get a better fixed-rate mortgage deal and a more stable outlook by waiting until the new year. Our data suggests that there are many ready-to-go movers out there waiting for what they feel to be the right time to enter the market in 2023. We'd usually see a jump in home-mover activity in January, but it takes a while at the start of the year for any significant price changes to feed through, so we'll be waiting for a potential bounce back in prices in February, which will be a very important leading indicator for the spring moving season.

Tim Bannister Rightmove's Director of Property Science



We predict an overall drop of 2% in average asking prices next year as economic headwinds continue to soften activity and lead to a more normal market, though price falls will be tempered by few forced sales. However, affordability constraints will bite in some segments and sectors of the market much more than others which makes a national average price prediction for new to the market properties more difficult than usual this year. This will lead to a more pronounced hyper-local market, where one side of a city, town or even street could fare better than another, depending on the types of property available and the desirability and affordability of the exact location. In this multi-speed market, working with a good, local estate agent who knows every corner of the area will be vital for both buyers and sellers.

After many months of having to act extremely quickly, there will be less urgency in the market as buyers wait for the right home to become available for their needs, and some sellers will hold out hoping for a price that matches their expectations. We could therefore see a stand-off in the early months of 2023 between some sellers who are in no rush to drop their prices, and those affordability-strapped or hesitant buyers. This will lead to homes taking longer to sell, and we could see a return to the more normal time to find a buyer of around 60 days.



After two and a half years of frenetic activity it's easy to forget that having multiple bidders immediately lining up to buy your home was the exception rather than the norm in pre-pandemic years, and there will be a period of readjustment for home-movers as properties take longer to find the right buyer. We're heading towards a more even balance between supply and demand next year, but we don't expect a surge in forced sales which would cause a glut of properties for sale and contribute to more significant price falls in 2023. This is reflected in our prediction of a relatively modest average fall of 2% next year.

Tim Bannister Rightmove's Director of Property Science



Agents' views



2022 has certainly been a year of two halves. We started the year still riding the wave of momentum from peoples' changing requirements following Covid. As interest rates started to increase the market in London paused to catch its breath, and in the weeks that followed, we saw buyer demand fall sharply. However, there seemed to be a strong number of buyers who had factored higher rates into their budget and were still determined to transact.

For London, this means we expect exchange numbers to remain strong until the start of 2023, though certainly quieter than the extraordinary months we witnessed at the start of 2022. We expect that lower numbers of new buyers since the mini-budget will translate to lower transaction numbers in Q1 and Q2 next year, while the market readjusts to a higher interest rate environment. It's interesting to note that we have not seen huge numbers of properties come to the market, so we expect restricted supply to continue into the start of next year. Mortgage rates have now begun to cool and may continue to do so into the new year, which will support buyer affordability.

Guy Gittins, CEO at Foxtons

The month of December is a good market barometer as we register the most proactive buyers who are planning on moving in early 2023. Whilst there are less viewings and new instructions in December, we encourage as many new sellers as possible to launch their properties mid-December, as they enjoy high levels of internet activity with clients watching video tours and considering moving over the festive period.

This culminates in one of the most popular property search days of all which is Boxing Day, where you definitely want your property to have a presence. These are the properties that will attract the first wave of viewing activity in January and sell first. This year there is a hardcore group of buyers with pre-approved mortgages who want to buy before their mortgage deal runs out and they need to reapply at a higher interest rate. All the signs are that this group will be critical for sales in the new year so need to be identified and matched. With the keenest sellers having reduced their prices and new instructions being launched, in the coming year the best agents will become a real differential in achieving a sale.

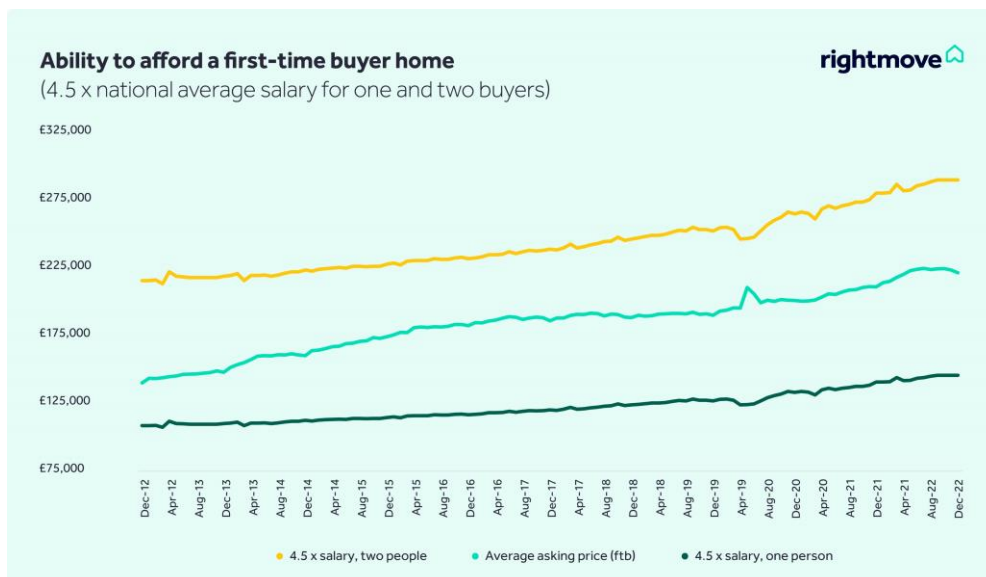
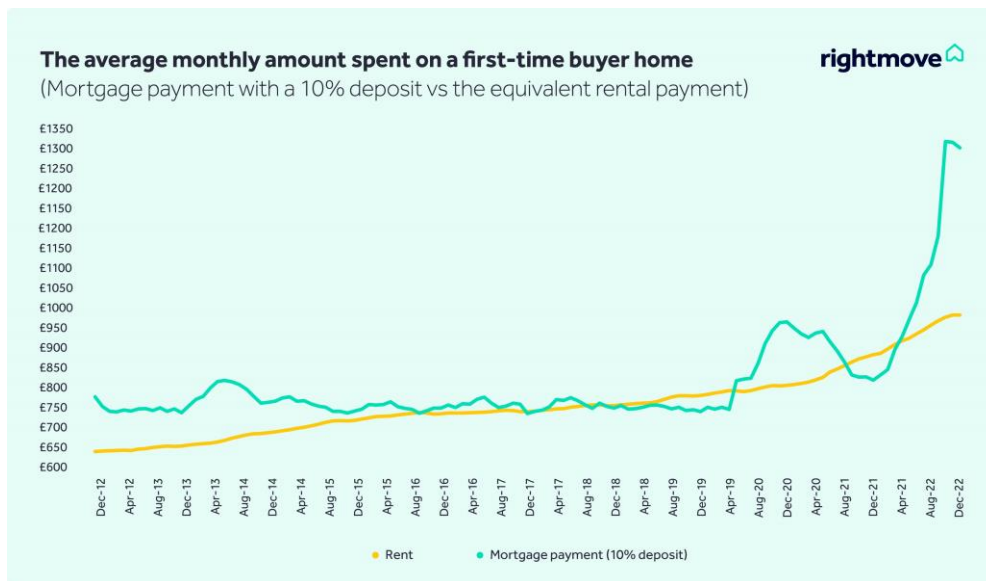
Rob Kennedy, Director at Philip James Kennedy in Didsbury



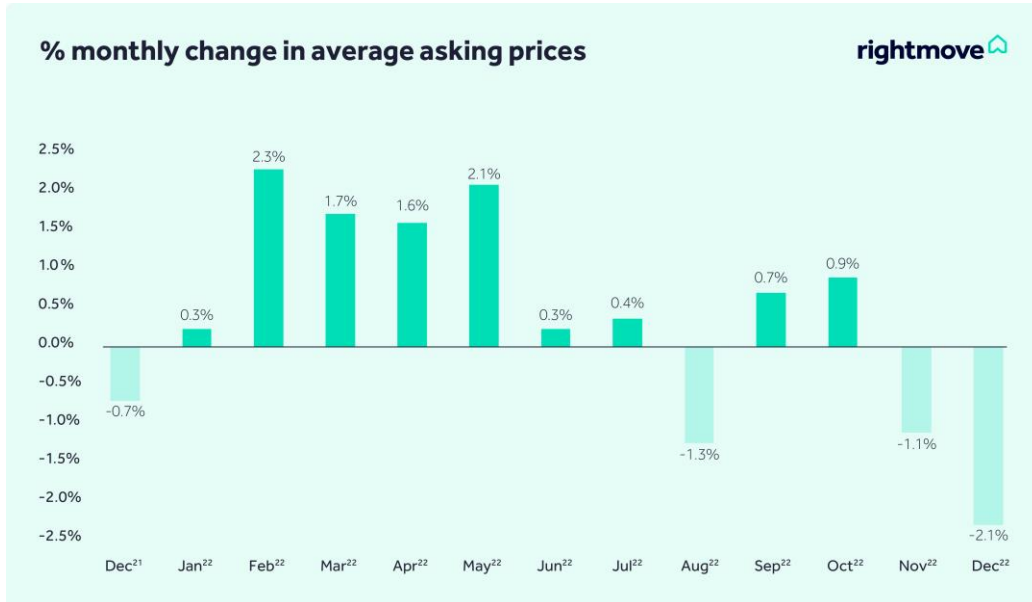
Affordability trends

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.



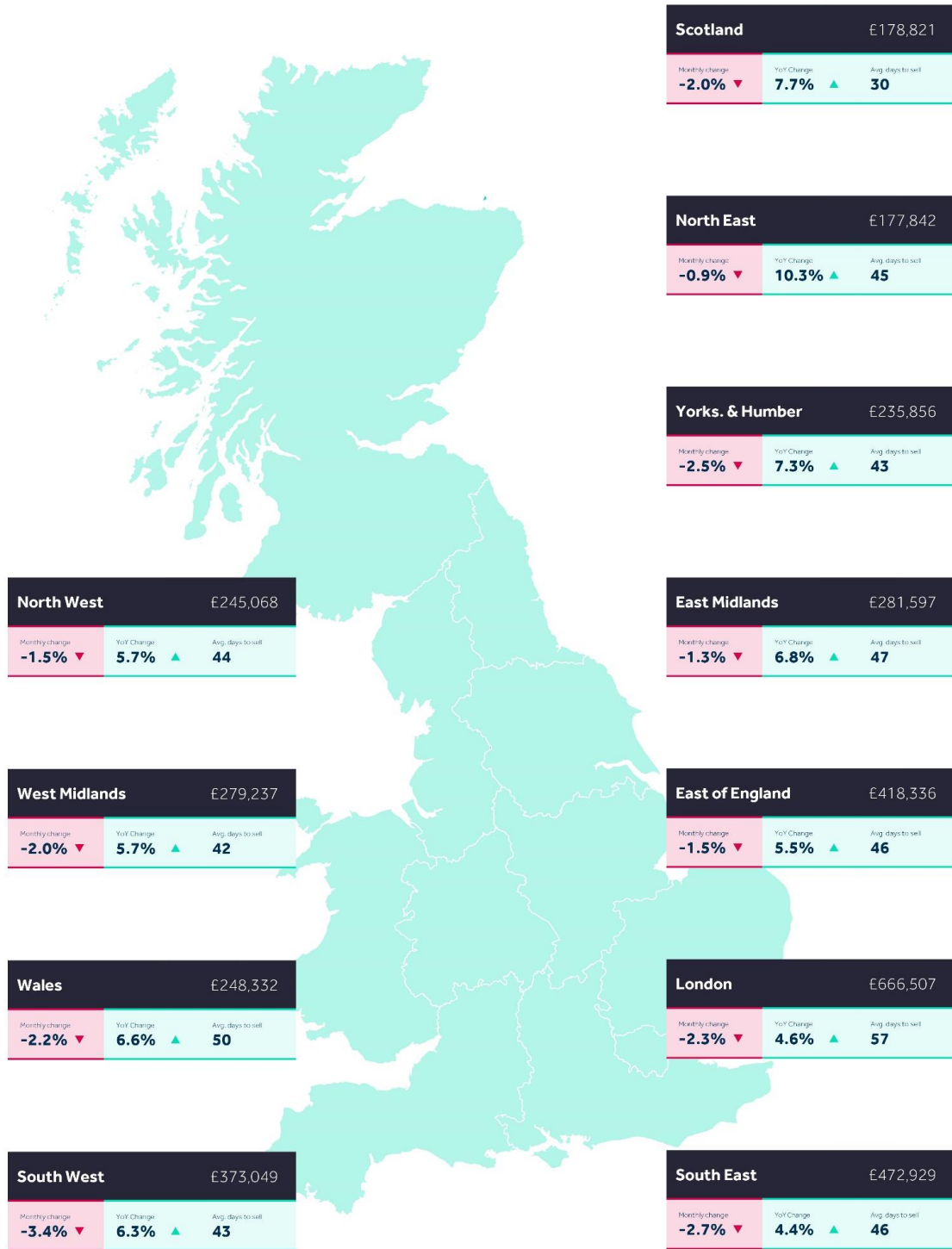
Price & activity trends





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 Dec 22	Monthly change	Annual change
Camden	£1,092,725	1.8%	13.5%
Hackney	£700,621	-1.2%	10.4%
Barnet	£718,725	-1.7%	8.6%
Waltham Forest	£562,371	-0.8%	8.5%
Ealing	£615,436	-1.4%	8.3%
Hillingdon	£558,736	0.2%	8.3%
Hammersmith and Fulham	£969,559	0.7%	8.0%
Islington	£791,867	-0.6%	7.8%
Sutton	£535,212	-0.2%	7.7%
Havering	£483,815	-0.4%	7.7%
Enfield	£513,928	0.1%	7.1%
Southwark	£661,951	0.6%	7.1%
Bexley	£487,086	-0.2%	6.9%
Barking and Dagenham	£376,038	0.1%	6.6%
Richmond upon Thames	£936,168	0.1%	6.4%
Hounslow	£610,482	-0.6%	6.4%
Brent	£654,157	-0.8%	6.2%
Tower Hamlets	£590,196	-0.8%	5.9%
Kingston upon Thames	£708,793	0.3%	5.5%
Redbridge	£514,588	-0.6%	5.2%
Merton	£737,366	-3.1%	5.1%
Bromley	£627,085	-1.2%	4.9%
Lewisham	£517,759	-1.1%	4.9%
Haringey	£676,565	-1.6%	4.9%
Kensington and Chelsea	£1,705,492	0.5%	4.7%
Harrow	£628,704	-1.1%	4.6%
Croydon	£491,197	-0.6%	3.8%
Wandsworth	£823,960	-0.1%	3.6%
Newham	£461,357	-1.4%	3.0%
Greenwich	£491,706	-1.7%	2.3%
Lambeth	£670,935	-0.5%	-1.6%
Westminster	£1,430,377	-2.0%	-2.2%

About the Index

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

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).