

House Price Index

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

+1.8%

Monthly price change to new price record

+1.5%

Annual price growth

+3%

Increase in buyer demand versus same period in 2019

Prices hit record high as new sellers respond to improving market

- The average price of property coming to the market jumps by 1.8% (+£6,647) this month to reach a new record of £372,894 in a delayed response to the higher-than-expected level of market activity since the start of the year:
 - This 1.8% monthly increase is the biggest of the year so far, and is significantly higher than the historic average May rise of 1.0%
 - Agreed sales numbers are currently just 3% behind the last more normal pre-pandemic market of 2019
 - The discount from final asking price to agreed sale price has steadied at an average of 3.1%, in line with normal market levels, reflecting home-mover confidence in the outlook for the market
- Whilst increased price confidence appears to be more justified in the lower and middle market sectors, there are some signs of over-optimism in the top-of-the-ladder sector, as some discretionary buyers hang back:
 - Buyer demand is 1% lower than in 2019 for top-of-the-ladder properties, compared with 3% above 2019's level in the second-stepper sector, and 6% above in the first-time-buyer sector
- Average mortgage rates are remaining steady despite another increase in the Bank of England base rate:
 - An average 5-year fixed, 15% deposit mortgage is now 4.56%, compared to 5.89% last October

National average asking price

Month	Avg. asking price	Monthly change	Annual change	Index
May 2023	£372,894	+1.8%	+1.5%	288.3
April 2023	£366,247	+0.2%	+1.7%	283.1

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

Sector	May 2023	April 2023	Monthly change	Annual change
First time buyers	£226,399	£224,963	+0.6%	+1.5%
Second-steppers	£341,567	£339,359	+0.7%	+1.3%
Top of the ladder	£685,068	£666,566	+2.8%	+0.6%

Rightmove measured 104,115 asking prices this month nationally, circa 95% of the UK market. The properties were put on sale by estate agents from 16th April 2023 to 13th May 2023 and advertised on Rightmove.co.uk.

Overview

Average new seller asking prices jump by 1.8% (+£6,647) this month, compared with the historical average May rise of 1.0%. This is a new record high of £372,894 as sellers respond with increased pricing confidence to a market that is defying start-of-the-year expectations. Earlier in the spring season we were seeing some caution on asking prices from new sellers despite positive signs for activity levels, as home-movers continued to navigate the fallout from the mini-Budget. Now, with buyer demand 3% higher than in 2019 and sales agreed just 3% behind 2019's levels, this positive activity has belatedly filtered through to new sellers' asking prices. However the current multi-speed, hyper-local market is still price-sensitive, and buyer affordability is still stretched. Whilst increased seller pricing confidence in the first-time-buyer and second-stepper homes sectors has more justification, there are some signs of over-optimism in the top-of-the-ladder sector.



This month's strong jump in new seller asking prices looks like a belated reaction and a sign of increasing confidence from sellers, as we'd usually see such a big monthly increase earlier in the spring season. One reason for this increased confidence may be that the gloomy start-of-the-year predictions for the market are looking increasingly unlikely. What is much more likely is that the market will continue to transition to a more normal activity level this year following the exceptional activity of the pandemic years. Steadying mortgage rates and a generally more positive outlook for the economy are also contributing to more seller confidence, though there are likely to be more twists and turns to come. The market is still very price-sensitive and it is important that new sellers do not damage their prospects of a sale by overpricing initially and reducing later, with agents reporting that it's the realistically-priced new instructions that are selling best.

Tim Bannister Rightmove's Director of Property Science



The average discount from the final asking price to the agreed sale price has steadied at an average of 3.1%, in line with pre-pandemic market levels. More predictable price patterns reflect home-mover confidence in the more normal market this year, following the uncertainty at the beginning of the year.

The number of buyers enquiring to agents about homes for sale is now 3% higher than at this time in the last more normal market of 2019. This is led by the first-time-buyer and second-stepper sectors, with buyer demand now 6% and 3% above pre-pandemic levels respectively. However, there are signs of some over-optimism in the top-of-the-ladder sector, which has the fastest-rising prices this month despite buyer demand in this sector being 1% lower than at this time before the pandemic. While properties in this largest-homes sector are still selling faster than in 2019, it is now taking an average of 67 days to agree a sale, nearly double the 35-day average at this time last year. This is the biggest increase in the time taken to find a buyer, with second-stepper properties now taking 52 days on average compared to 28 days last year, and first-time-buyer properties now taking 53 days, up from 35 days a year ago.

A steadying in average fixed-rate mortgages is also contributing to greater home-mover confidence. The average rate for a five-year fixed, 15% deposit mortgage is now 4.56%, down from 5.89% in October. To add some further context, this compares to 4.52% last week. With mortgage rates starting to remain relatively stable week-to-week despite a further Bank of England increase in the base rate, home-movers can more easily understand and plan for the expected costs of their mortgage.

Rightmove's House Price Index is based on the largest and most up-to-date sample of properties coming to the market for sale, meaning that we are in a unique position to be the first to identify any early changes in the market. We expect our monthly price increases to be reflected in other indices over the coming months.



This month's record price is a strong indication of sellers' confidence, and we can see from activity levels and the still relatively limited choice of property for sale that this confidence is justified in some segments of the market. More discretionary sellers at the top-end may be prepared to price high and wait for the right buyer, and whilst it is positive that they appear to feel no financial pressure to sell, the data suggests that some sellers in this sector will need to price more competitively if they want to find a buyer in the current market. A more stable mortgage market is good news, and after a period of rapid rate rises followed by some significant falls this year, this period of relative stability will help home-movers to plan ahead.

Tim Bannister Rightmove's Director of Property Science



Agents' views



The market is very price sensitive, and it is the most accurately priced homes that are creating the most interest and attracting buyers. Properties that have been on the market for a few months may have gone stale, and their asking price out of line with more realistically priced new instructions, where many sellers are motivated to sell and in tune with the current market. Starting with too high an asking price, thinking you can always reduce the price later can be damaging to the prospects of a sale. We're now seeing a much more normal market following the pandemic inspired frenzy, with good buyer activity for right-priced property, with many of our new instructions finding a buyer within a week. Movers are beginning to understand the new market dynamics and are not as deterred by changes to interest rates as they perhaps were a few months ago.

Vicki Foreman, Associate Partner at Brown & Co. in Norfolk

We're seeing a reasonable level of activity this spring, as the market follows its usual pattern of being busy this time of year, though it has felt a little stop-start with the bank holidays quickly following Easter. The market is still stock-starved and good quality homes in popular areas are still finding buyers quickly. The changed market this year does make valuing homes more of a challenge, as similar properties may be valued slightly differently depending on how popular that specific road or that particular type of property is with buyers. Most of the activity we are currently experiencing is with homeowners coming to market for relocation reasons, perhaps trading up their first flat for something bigger or changing location to release some of the capital they have in their current home.

Lars Gooch, Operations Director at Keatons in London

Good homes in key residential areas are still attracting a lot of demand and selling quickly, and there is still an undersupply of homes for sale across all price points. Accurate initial pricing remains key, and we're seeing more sellers set competitive and realistic price expectations for the current market which also makes any overpriced stock stand out. We're still seeing a continuation of people relocating from cities and urban areas to coastal areas, where they make get more space and a bigger property for their budget.

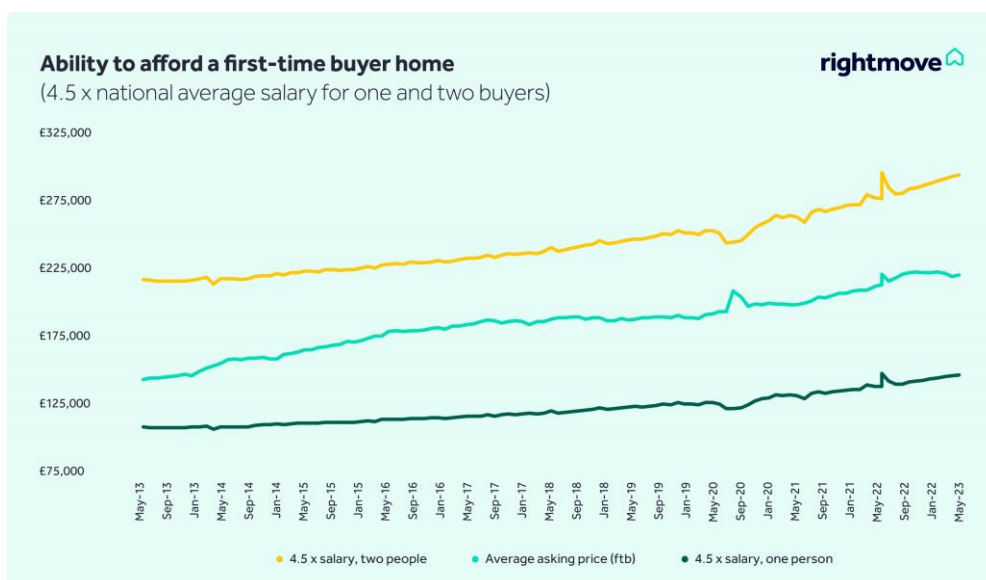
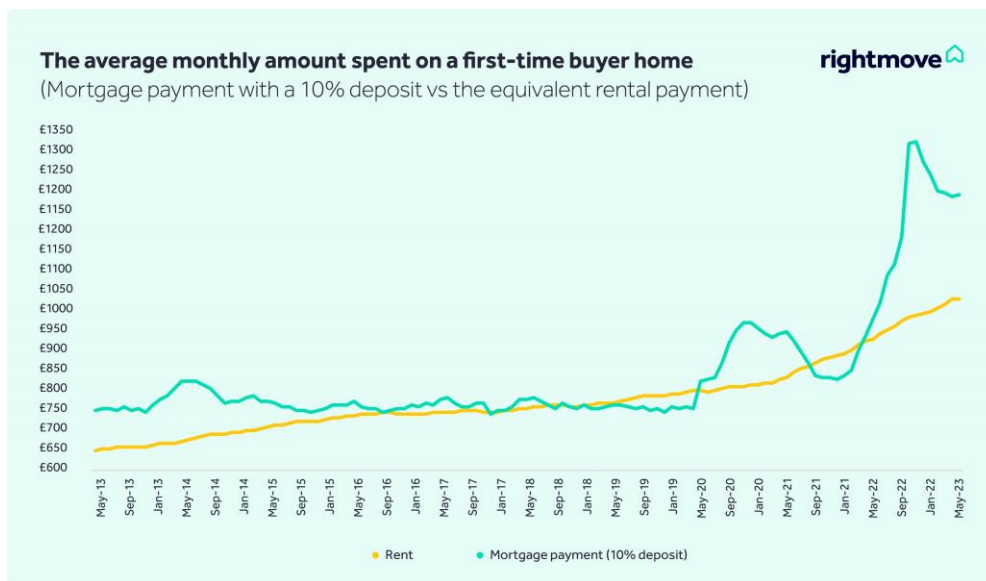
Bruce Patterson, Managing Director at Corum in Ayrshire



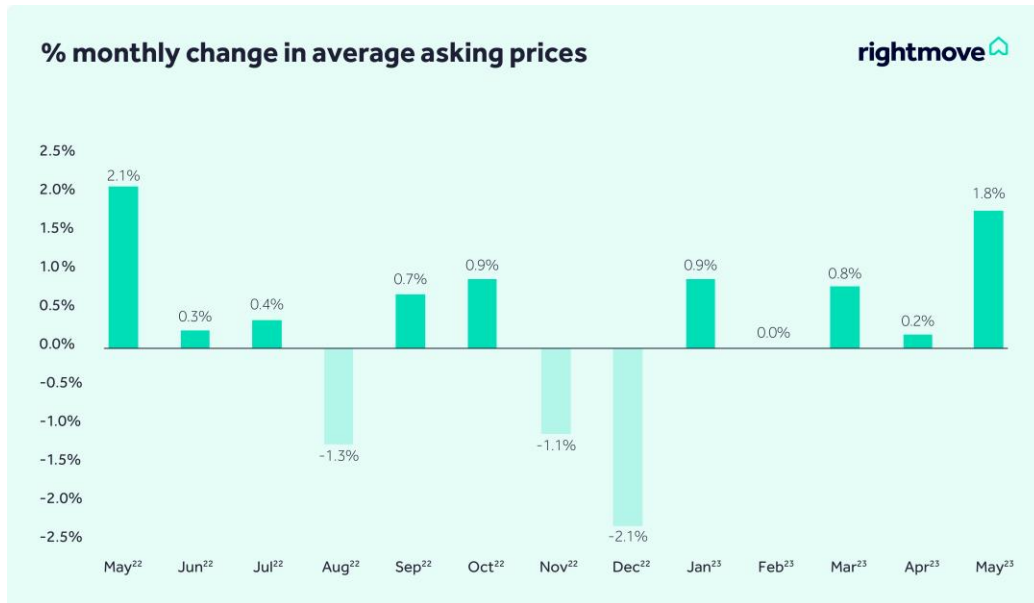
Affordability trends

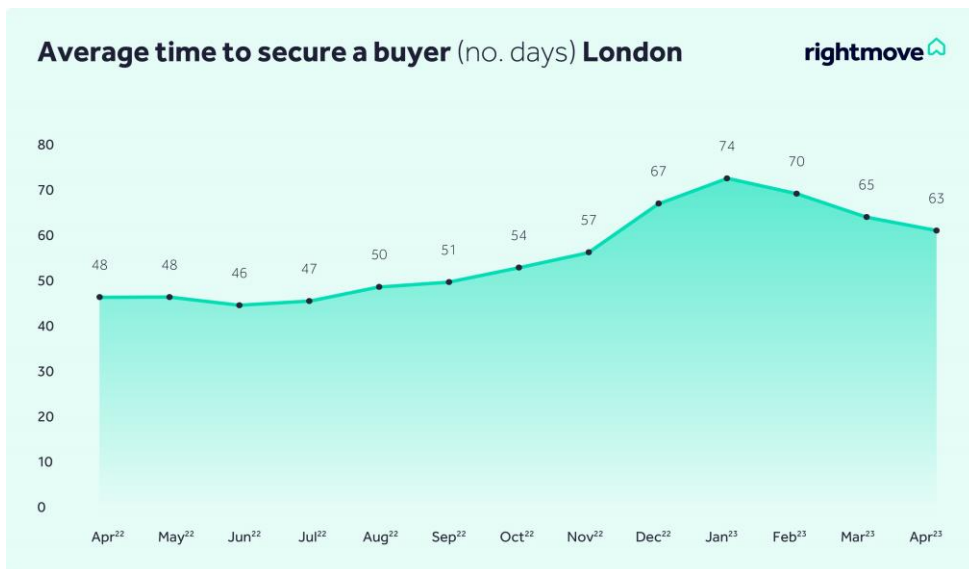
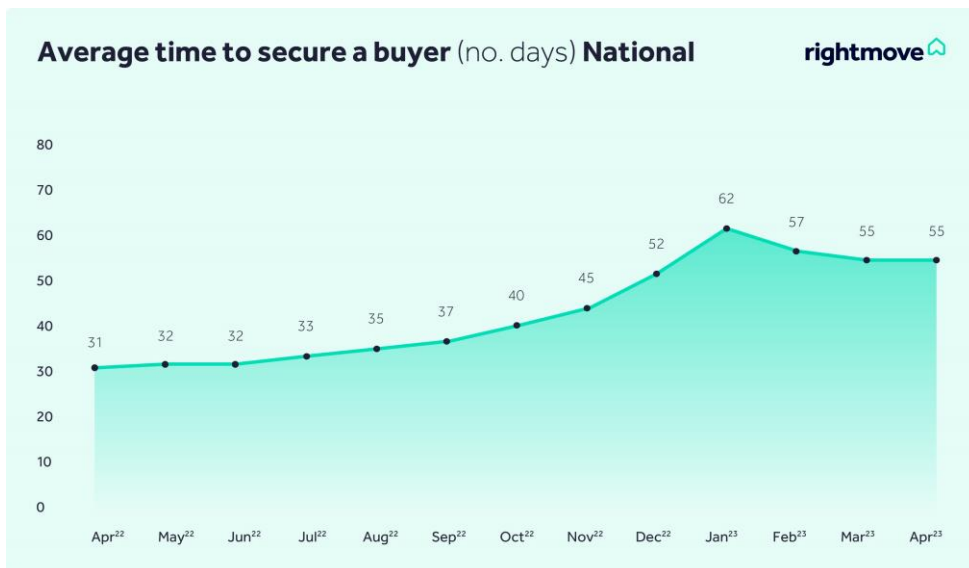
The first-time buyer monthly mortgage payment is based on Bank of England data of the averages for 90% LTV two-year fixed mortgages from lenders, and the average asking price of a typical first-time buyer home (two bedrooms or fewer) using the Rightmove House Price Index. The equivalent monthly rent 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.



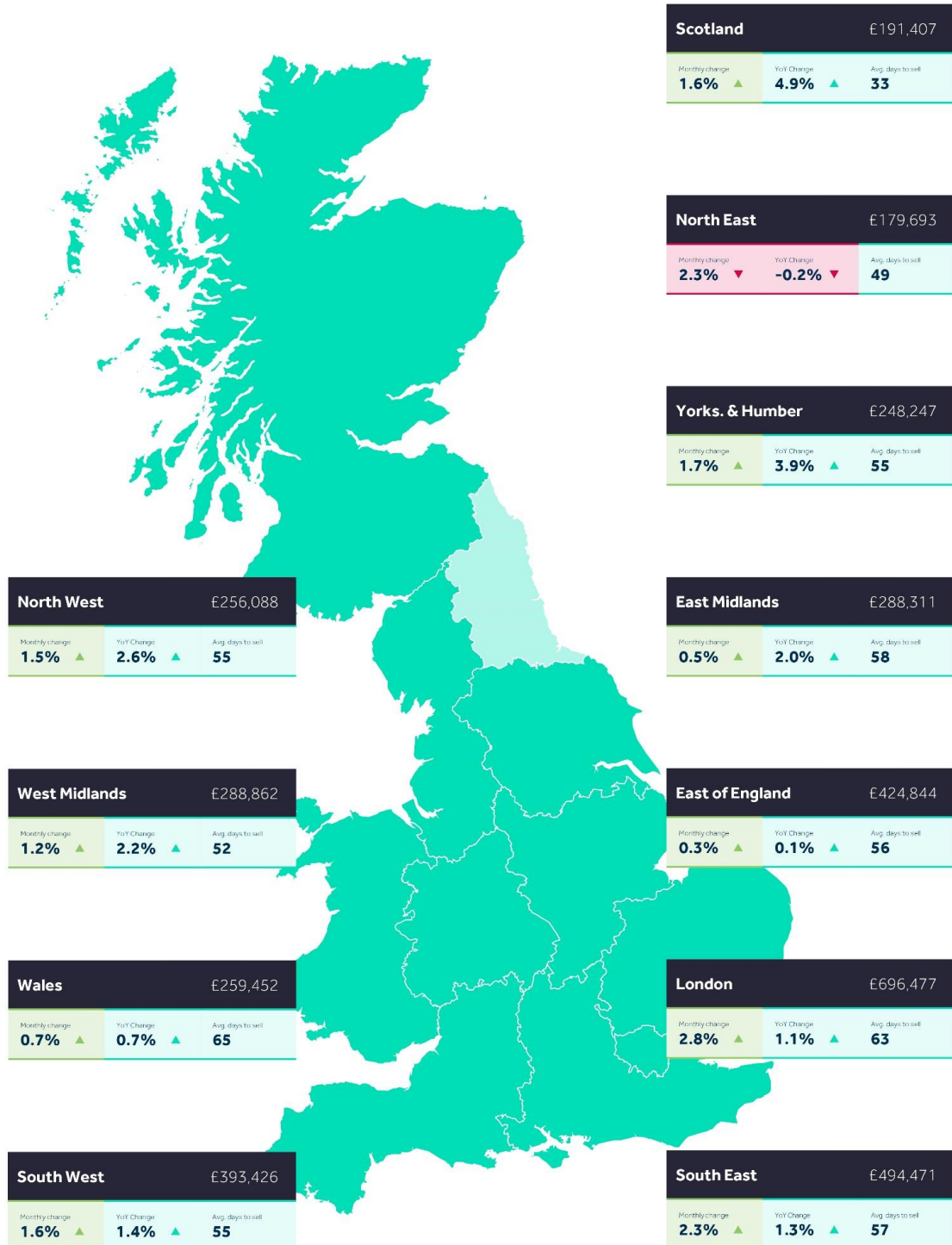
Price & activity trends





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 May 23	Monthly change	Annual change
Hackney	£724,189	2.3%	5.3%
Southwark	£673,413	-0.1%	4.3%
Camden	£1,040,644	-3.0%	3.7%
Westminster	£1,507,972	4.3%	3.6%
Lambeth	£691,204	2.0%	3.5%
Wandsworth	£865,252	1.1%	3.4%
Bexley	£488,069	0.1%	3.4%
Greenwich	£502,505	1.8%	2.6%
Islington	£800,394	-1.1%	2.1%
Waltham Forest	£558,846	1.0%	1.9%
Bromley	£631,014	1.6%	1.9%
Tower Hamlets	£603,179	1.1%	1.9%
Newham	£467,174	0.2%	1.9%
Ealing	£604,582	-1.0%	1.6%
Sutton	£552,422	0.5%	1.3%
Redbridge	£520,376	0.1%	1.3%
Richmond upon Thames	£948,220	1.9%	0.9%
Barking and Dagenham	£370,996	1.0%	0.3%
Lewisham	£518,574	-0.3%	0.2%
Hammersmith and Fulham	£965,822	1.5%	0.1%
Enfield	£506,559	0.0%	0.0%
Kingston upon Thames	£709,854	2.1%	-0.2%
Brent	£633,510	0.5%	-0.3%
Havering	£480,991	-0.2%	-0.5%
Harrow	£624,973	0.0%	-0.8%
Barnet	£726,123	-0.2%	-1.0%
Haringey	£666,306	-0.9%	-1.1%
Croydon	£487,202	0.2%	-1.3%
Hounslow	£593,957	0.4%	-1.5%
Kensington and Chelsea	£1,660,209	0.7%	-2.2%
Hillingdon	£541,212	-1.1%	-2.2%
Merton	£718,211	0.2%	-2.5%

About the Index

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

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 providing real-time data, 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).

Average mortgage rates to be credited to Rightmove. The data is provided by specialist mortgage technology provider Podium Solutions. The data covers 95% of mortgage lending, to exclude specialist lenders. If you would like further data on different LTVs or fixed terms, please contact us.