



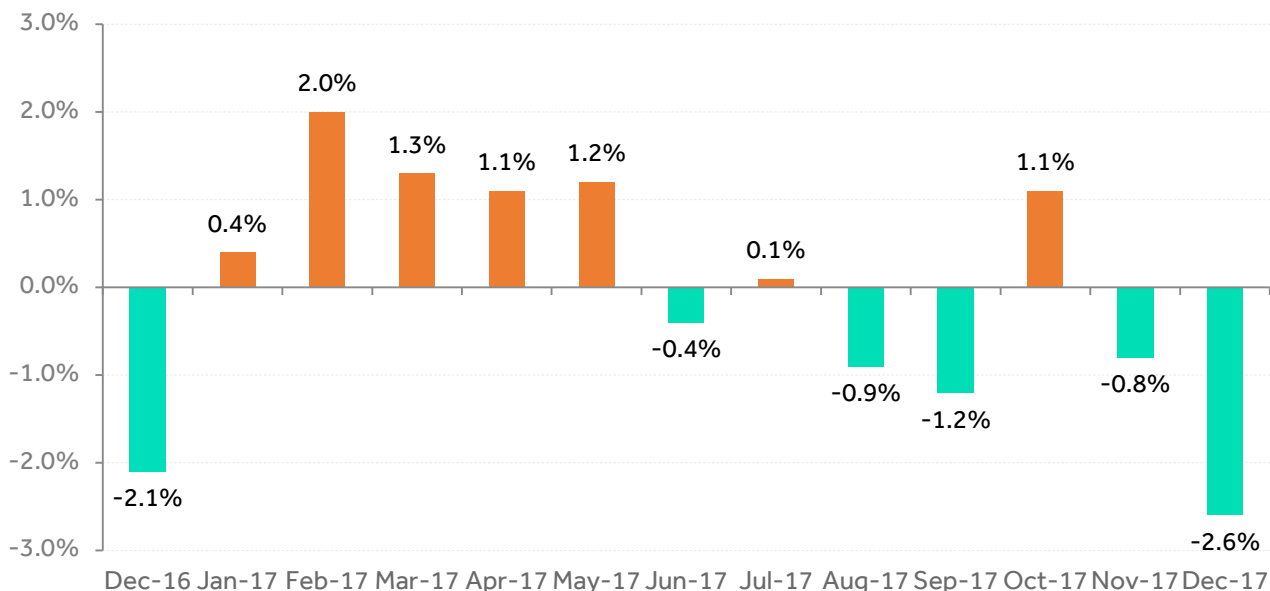
Under embargo for 00.01 hours, Monday 11th December 2017

2018: A tale of different markets leads to Rightmove forecast of +1%

- National average forecast of 1% growth in new seller asking prices in 2018 as the net result of upwards price pressures in some sectors and locations mitigated by negative price forces in others:
 - Price growth in lower and middle sectors of the market set to continue in 2018, with Rightmove forecasting average growth of 3% for typical first-time-buyer and 2% for second-stepper properties
 - Top of the ladder properties, predominantly influenced by ongoing re-adjustment in London and its commuter-belt, predicted to fall by an average of 2%
- 2017 finishes up with annual rate of +1.2%, with December seeing a seasonal price fall of 2.6% (-£8,178) in the price of property coming to market

National average asking prices				
Month	Avg. asking price	Monthly change	Annual change	Index
December 2017	£302,865	-2.6%	+1.2%	249.3
November 2017	£311,043	-0.8%	+1.8%	256.1
National average asking prices by market sector (excluding Inner London)				
Sector	December 2017	November 2017	Monthly change	Annual change
First-time buyers	£190,310	£193,577	-1.7%	+3.5%
Second-steppers	£263,634	£267,313	-1.4%	+3.6%
Top of the ladder	£519,187	£545,107	-4.8%	-0.5%

% monthly change in average asking prices



December report (new seller asking prices based on properties added between 5th November 2017 and 2nd December 2017)



Overview

Different speeds for different markets are set to continue in 2018. Shortages of suitable properties for sale in some sectors and locations will result in upwards price pressure in new seller asking prices in those areas. However, Rightmove forecasts that this will be mitigated by new sellers having to trim their initial price aspirations in less buoyant parts of the market, resulting in an overall increase of 1% in 2018. This marginal annual growth rate would represent a slightly slower pace of price rises than the 1.2% recorded this year, and would be the lowest yearly increase since the 0.8% rise recorded in 2011.

Miles Shipside, Rightmove director and housing market analyst comments: *“Home owners have had a good run, with every year since 2011 seeing a rise in the price of property coming to market, and the national average rise over those six years being 30.9%, equivalent to 4.6% per year. 2018 will continue the 2017 trend by being a real mixed bag of different price pressures both up and down, but the net result is that we forecast another year of a slowing in the pace of price rises. The peak in the cycle of rising prices was 2015’s annual jump of 7.4%. The following year saw price growth more than halve to 3.4%, while 2017 is finishing up at 1.2%. Increasingly stretched buyer affordability, exacerbated as intended by tighter lending criteria and increased stamp duty for second-home-owners, is taking its toll on upwards price pressure. It is aided by a slowdown in the higher-end markets, with the influence of a re-adjusting London being a weighty factor on the national averages. The overall price growth slowdown that we are predicting for 2018 masks a somewhat tangled web of differing supply and demand factors, some favouring price increases and some in favour of price falls.”*

Factors in favour of prices increasing:

- Overall housing supply remains historically tight with restrained expansion of house-building
- Estate agents’ stock of property for sale is tight overall, especially further north with demand exceeding supply
- Historically cheap mortgage rates, with first-time-buyers’ deposits aided by family and lower stamp duty
- Transaction numbers remain robust as life-stage and lifestyle moves still need satisfying
- Rightmove forecasts the price of property coming to market in the typical first-time-buyer sector (properties with two bedrooms or fewer) to increase by 3% and second-stepper sector (properties with three bedrooms and four bedrooms except four bedroom detached) to increase by 2% in 2018

Factors in favour of prices falling:

- Stretched affordability failing to be addressed by muted wage growth
- Continuing reluctance of discretionary and typically higher-end movers during periods of uncertainty, with re-adjusting London influence being a weighty factor
- Rightmove forecasts upper sector properties (top of the ladder sector comprising four bedroom detached and all properties with five bedrooms or more), influenced by ongoing re-adjustment in London and its commuter belt, to fall by an average of 2% in 2018.

Shipside summarises: *“The mass market remains robust, with around 85% of transactions involving first-time-buyer and second-stepper properties. Demand is driven by many factors but two are key and over-ride the backdrop of uncertainty. Firstly, the desire to get onto the housing ladder, which is financially influenced by the bank of Mum and Dad, the rising cost of renting, and the limited time window between the effective zero-rating of first-time buyer stamp duty and prices increasing in response. Secondly is the need for space and schooling for growing families which is hard to postpone. Demand for the right property in these sectors will nudge up prices, with the more buoyant northern half of the country seeing most of the price rise hotspots. In contrast many sellers in the upper end of the market will struggle unless they price more aggressively to tempt wealthier but more hesitant buyers. While the minority 15% of the market volume is the upper end with at least four bedrooms,*



it wields disproportionate influence on national averages as the higher prices mean that every percentage point drop has a greater effect."

This month sees the price of property coming to market fall by 2.6% (-£8,178), leaving 2017 with an annual rise of 1.2%. The average fall at this typically quieter time of year has been 2.1% over the last seven years, and this slightly greater dip is in fact the largest monthly fall for five years. It is symptomatic of the more challenging market some sellers find themselves in and it is also a factor in Rightmove's slightly more cautious prediction for 2018 compared to this year.

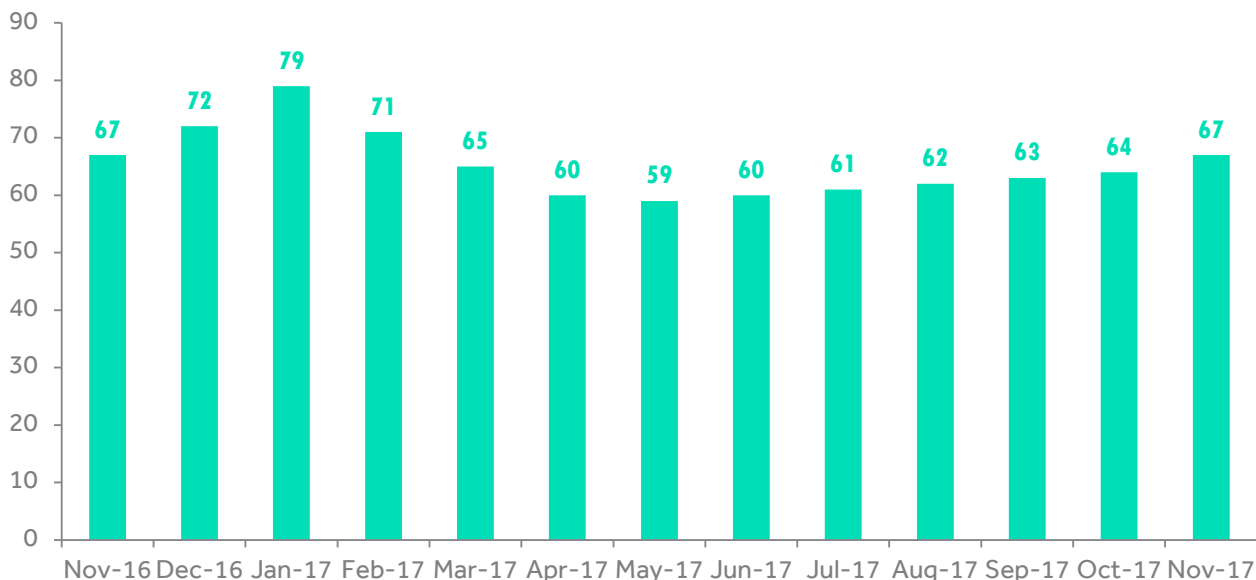
Agents' Views

Mark Manning, Director of Manning Stainton in Leeds, Harrogate, Wetherby and Wakefield said: *"Demand across the lower and middle markets remains healthy but there is a little price resistance starting to be felt in various pockets of the region. We've done some research and are pleased to see a 6% increase in the number of first-time buyers making offers to buy their first property this year. What's even more impressive is that this number is 37% higher than in 2013 which goes some way to proving the government's intervention is bearing fruit. The upper quartile has shown promise this year but I cannot help but feel with Brexit round the corner and all the uncertainty surrounding, that this part of the market will remain somewhat unpredictable. That being said against all of this remains a shortage of supply which should allow for further price growth over the next year."*

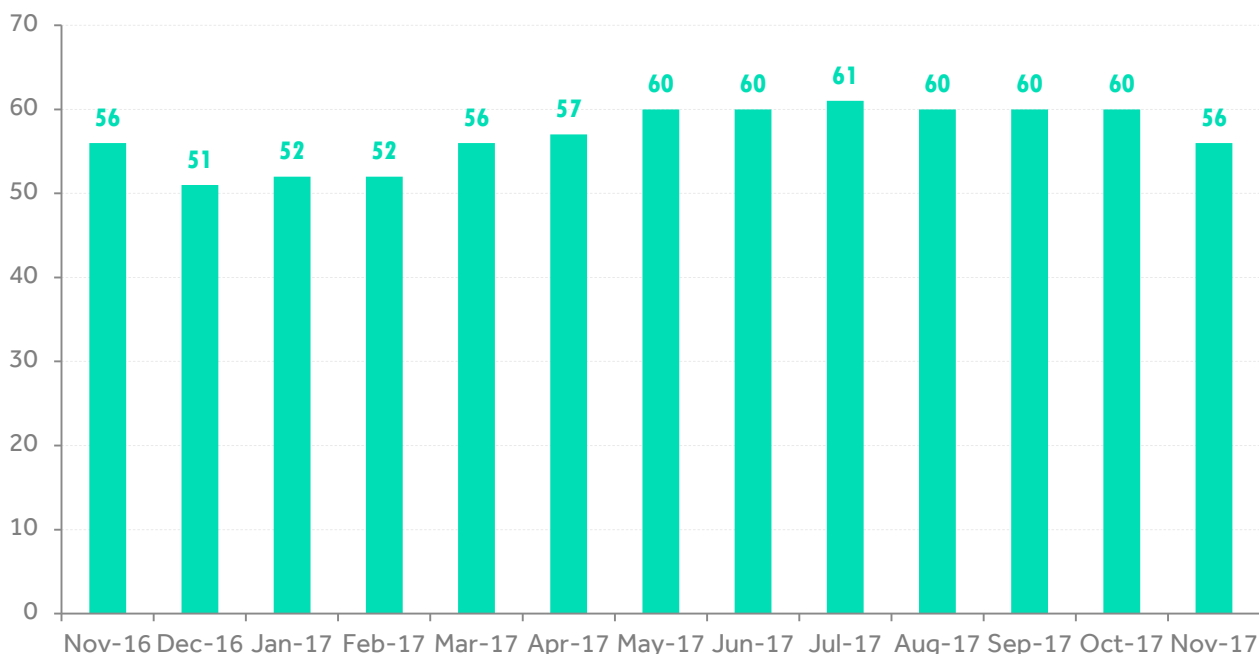
Nick Leeming, Chairman at Jackson-Stops said: *"The average UK house price will likely remain static across 2018, with punitive stamp duty levels and political and economic uncertainty weighing in on the residential property market. The escalating cost of moving house means home owners are more likely to stay put and renovate next year, when they might otherwise have moved, particularly with the interest rate rise rendering mortgage deals less favourable. This is the general picture for several of our regions including London and the South East. Where people are moving, smaller, family-friendly homes are likely to fare well, propped up firmly by the lower end of the market and increased competition between young families and downsizers. Bucking this trend, our branches in the West Country foresee an increase in average prices in the middle market, meaning homes valued at £500,000 to £1 million, with some predicting 4% growth next year. The Cotswolds will continue to attract families, with those previously based close to the capital increasingly happy to commute further several days a week and work from home in order to achieve their desired lifestyle."*



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

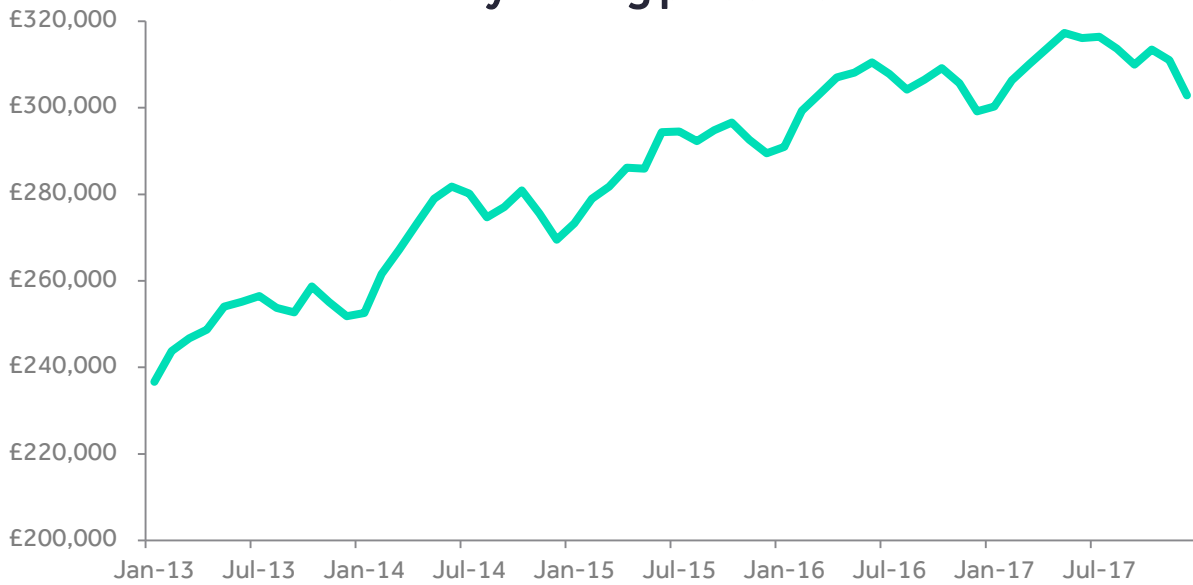


Average stock per agent (including Under Offer/Sold STC)





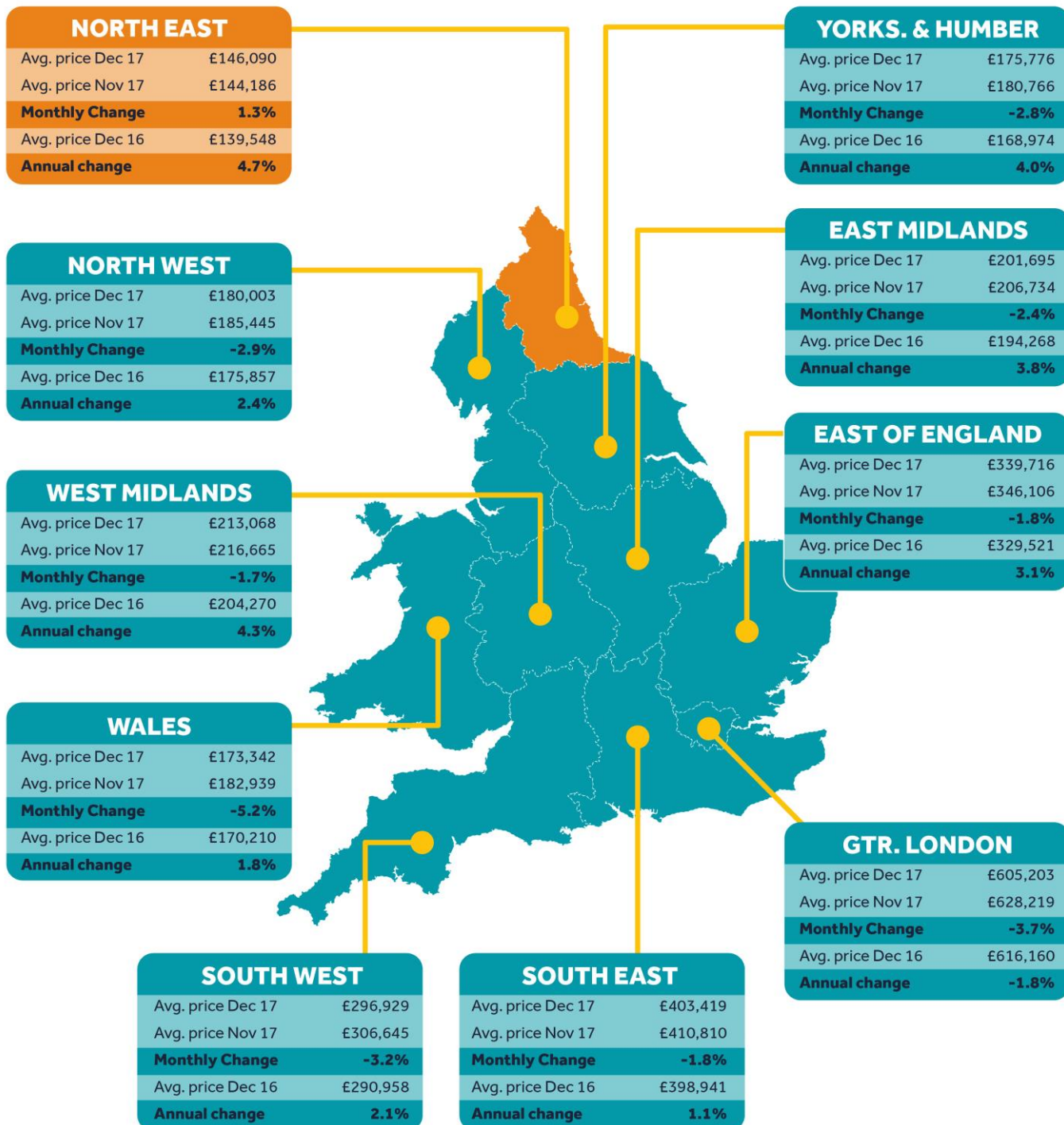
Monthly asking price trend





Regional trends

■ Increase from previous month
 ■ Decrease from previous month
 ■ No change





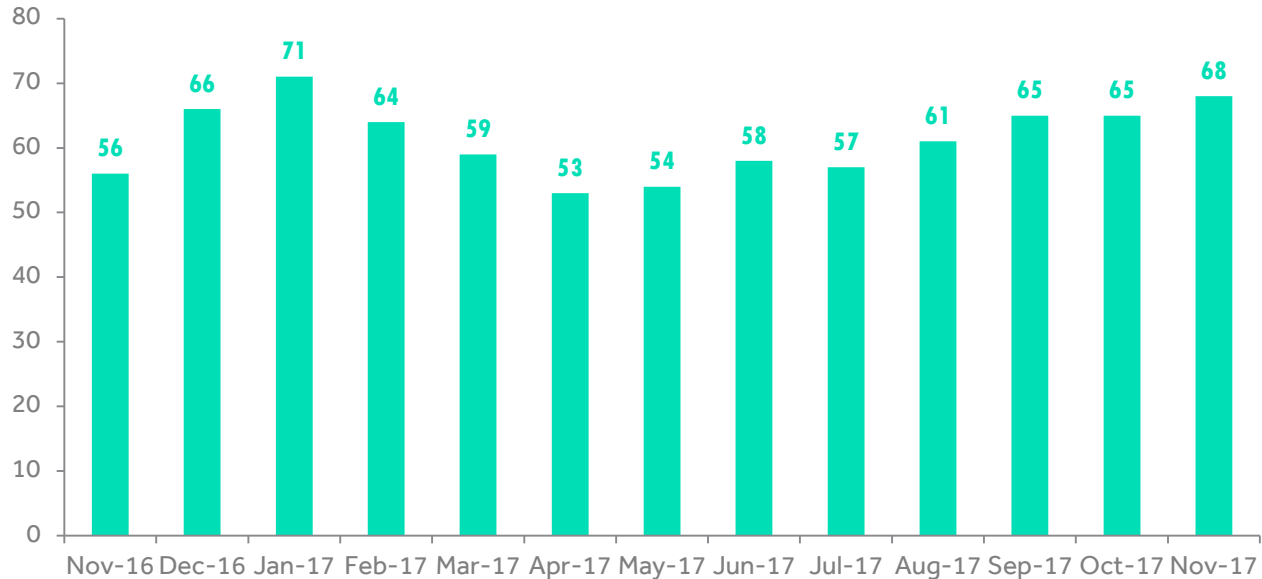
London's best annual performers: December 2017

Borough	Avg. price Dec 2017	Avg. price Nov 2017	Monthly change	Avg. price Dec 2016	Annual change
Camden	£1,185,740	£1,162,169	2.0%	£994,411	19.2%
Newham	£415,700	£415,271	0.1%	£378,748	9.8%
Merton	£620,923	£625,285	-0.7%	£583,271	6.5%
Hounslow	£548,934	£540,021	1.7%	£516,028	6.4%
Greenwich	£461,666	£434,807	6.2%	£435,767	5.9%

London's worst annual performers: December 2017

Borough	Avg. price Dec 2017	Avg. price Nov 2017	Monthly change	Avg. price Dec 2016	Annual change
Hammersmith and Fulham	£925,085	£947,818	-2.4%	£1,028,770	-10.1%
Islington	£720,235	£747,629	-3.7%	£801,593	-10.1%
City of Westminster	£1,750,781	£1,776,008	-1.4%	£1,917,079	-8.7%
Richmond upon Thames	£833,884	£887,812	-6.1%	£904,802	-7.8%
Tower Hamlets	£568,722	£560,318	1.5%	£614,134	-7.4%

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





London boroughs

Borough	Avg. price Dec 2017	Avg. price Nov 2017	Monthly change	Avg. price Dec 2016	Annual change
Kensington and Chelsea	£2,031,292	£2,171,604	-6.5%	£2,129,846	-4.6%
City of Westminster	£1,750,781	£1,776,008	-1.4%	£1,917,079	-8.7%
Camden	£1,185,740	£1,162,169	2.0%	£994,411	19.2%
Hammersmith and Fulham	£925,085	£947,818	-2.4%	£1,028,770	-10.1%
Richmond upon Thames	£833,884	£887,812	-6.1%	£904,802	-7.8%
Wandsworth	£758,827	£782,434	-3.0%	£756,067	0.4%
Islington	£720,235	£747,629	-3.7%	£801,593	-10.1%
Barnet	£697,499	£689,650	1.1%	£685,868	1.7%
Hackney	£657,342	£670,321	-1.9%	£646,350	1.7%
Lambeth	£652,491	£652,968	-0.1%	£677,373	-3.7%
Southwark	£622,032	£614,891	1.2%	£617,803	0.7%
Merton	£620,923	£625,285	-0.7%	£583,271	6.5%
Brent	£609,546	£612,035	-0.4%	£641,503	-5.0%
Kingston upon Thames	£607,329	£596,966	1.7%	£598,373	1.5%
Ealing	£592,481	£628,719	-5.8%	£606,334	-2.3%
Haringey	£578,678	£606,841	-4.6%	£601,465	-3.8%
Tower Hamlets	£568,722	£560,318	1.5%	£614,134	-7.4%
Harrow	£556,557	£556,679	0.0%	£548,826	1.4%
Hounslow	£548,934	£540,021	1.7%	£516,028	6.4%
Bromley	£515,776	£525,275	-1.8%	£509,330	1.3%
Waltham Forest	£479,240	£480,212	-0.2%	£468,924	2.2%
Redbridge	£475,862	£475,636	0.0%	£459,543	3.6%
Hillingdon	£473,681	£472,137	0.3%	£478,104	-0.9%
Enfield	£472,069	£494,135	-4.5%	£469,958	0.4%
Greenwich	£461,666	£434,807	6.2%	£435,767	5.9%
Lewisham	£455,129	£469,046	-3.0%	£461,086	-1.3%
Sutton	£427,686	£442,247	-3.3%	£437,480	-2.2%
Croydon	£421,782	£423,932	-0.5%	£419,062	0.6%
Newham	£415,700	£415,271	0.1%	£378,748	9.8%
Havering	£412,698	£403,763	2.2%	£391,511	5.4%
Bexley	£371,996	£372,201	-0.1%	£358,281	3.8%
Barking and Dagenham	£312,248	£313,056	-0.3%	£302,994	3.1%



Editors' notes

About the Index:

The Rightmove House Price Index methodology was refined in January 2015. The Index now uses new mapping technology to define regions at a postcode rather than postcode district or area level, and the mix adjustment has been updated to reflect the current proportion of stock by property type in each area, to provide even more accurate data. All regional breakdowns are now reported in line with ONS regions. For the purpose of historical comparisons, the historical figures have been restated based on the new methodology.

The Index can now include further 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. 95% of properties are sold via an agent, whilst only 75% are purchased with a mortgage. 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 77,731 asking prices this month, circa 90% of the UK market. The properties were put on sale by estate agents from 5th November 2017 to 2nd December 2017 and advertised on Rightmove.co.uk. This month 3,628 properties have been excluded due to being anomalies.

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 around 90% of all properties for sale and at any time displays a stock of over one million properties to buy or rent, worth around £270 billion. The Rightmove.co.uk site attracts over 130 million visits from home movers each month with time on site averaging over 1 billion minutes per month (Rightmove data, July 2017).