

Rightmove House Price Index

The largest monthly sample of
residential property prices

February 2019
National edition

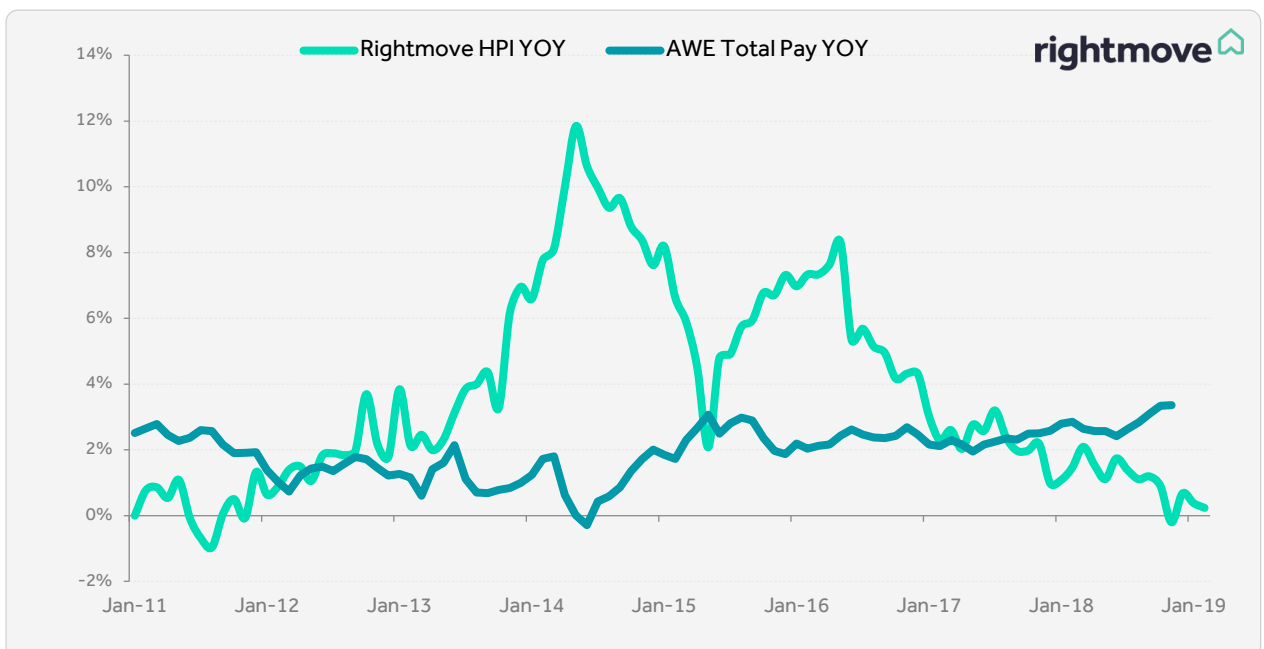


Housing affordability improves at fastest rate for eight years

- National average price of newly-marketed property rises by 0.7% (+£1,981) this month, consistent with the average 0.6% February uplift in the previous two years
- With the average annual rate of growth at only 0.2% (+£714), annual wage growth of 3.4%* is now outstripping asking prices at the fastest rate since 2011, improving buyer affordability
- New sellers in all northerly regions have the pricing power to ask more than a year ago, with six of these seven regions seeing annual price growth in excess of 2%
- Prospective buyers in three of the four southern regions are seeing new seller asking prices cheaper than a year ago, indicating that buyers have the upper hand over sellers
- Some signs of buyer hesitancy with number of sales agreed in January down 4% on prior year - will improving buyer affordability overcome uncertain political backdrop?

National average asking prices				
Month	Avg. asking price	Monthly change	Annual change	Index
Feb 2019	£300,715	+0.7%	+0.2%	232.5
Jan 2019	£298,734	+0.4%	+0.4%	231.0
National average asking prices by market sector (excluding Inner London)				
Sector	Feb 2019	Jan 2019	Monthly change	Annual change
First-time buyers	£189,347	£190,086	-0.4%	+0.8%
Second-steppers	£271,880	£270,750	+0.4%	+1.1%
Top of the ladder	£521,601	£517,921	+0.7%	-0.6%

Rightmove UK HPI vs Average Weekly Earnings (AWE) - YOY % Change



Rightmove measured 106,343 asking prices nationally this month, circa 90% of the UK market. The properties were put on sale by estate agents from 13th January 2019 to 9th February 2019 and advertised on Rightmove.co.uk.

Overview

National average asking prices of newly-marketed property rise by 0.7% (+£1,981) this month. This is consistent with the recent norm for this time of year which saw an average 0.6% February uplift over the previous two years. However, as we enter the traditionally more buoyant spring market the average annual rise of 0.2% (+£714) is the most subdued that Rightmove has recorded at this time of year since 2009. As a result, and with average wage growth now running at an annual rate of 3.4%, buyer affordability is improving at the fastest rate against average new seller asking prices since 2011.

Miles Shippside, Rightmove director and housing market analyst comments: *"Longer daylight hours and green shoots appearing in gardens herald the start of the traditionally more buoyant spring market. Sellers' subdued pricing is now being outstripped by higher average wage growth, meaning that buyer affordability is on the rise at the fastest rate in nearly eight years. Buyers are also being given the leg-up by cheap mortgage rates, if they can meet lenders' criteria and lay their hands on a large enough deposit. In theory the scene would be set for an active spring if it were not for the uncertain political backdrop. As it is, the extent of that activity will depend on the degree of hesitancy among sellers to try to sell and be realistic on price, and buyers overcoming short-term uncertainty and taking a medium-term view that this is a good time to buy. As always those decisions will also be influenced by local market dynamics."*

While seller pricing power is generally diminished compared to previous years, spring buyers should again note the north/south divide that is a regular feature of the UK property market. New sellers in all northerly regions, including the Midlands, have sufficient pricing power that they can ask for modest increases compared with a year ago. Six of these seven regions are seeing annual asking price growth in excess of 2%, with Yorkshire & the Humber as the highest riser at 3.6%. Scotland is the poorest performer year-on-year, but new seller asking prices are still 1.6% higher. In contrast, all southern regions fall below that figure, with three having average prices cheaper than a year ago (London -2.1%, South East -1.4%, and East of England -0.2%). Conversely, buyers will be encouraged to act by having more fresh-to-the-market choice in all northern regions bar Wales, whilst all southern regions are seeing hesitancy to come to market with fewer new sellers than at this time a year ago.

Shippside observes: *"Prospective buyers in three of the four southern regions are seeing new seller asking prices cheaper than a year ago, indicating that buyers have the upper hand over sellers when it comes to negotiating a price. This has obviously been a factor for some owners in those regions deciding not to come to market. Market conditions are more favourable for sellers further north though agents say that it's still a very price-sensitive market where asking too much at the outset scares off buyers."*

The number of sales agreed by agents in January was 4% behind the previous January, so despite the political turmoil numbers are holding up reasonably well. Assuming that wage growth continues to be greater than house price growth, it will still take some time for improved buyer affordability to work its way through to more activity. Cheap mortgages help buyers, and lenders seem to be competing hard to lend with plenty of attractive fixed rates available to mitigate the risks of any future interest rate increases.

Shippside concludes: *"A first-time buyer in London recently enthused to me that she and several of her friends were now buying properties. She was aided and abetted by a five-year fix of 1.7%, meaning that she could live cheaper on her own than sharing a rented property, since she was fortunate enough to be able to find the money for a deposit. Sellers' greater willingness to negotiate because of the political uncertainty also helped her cause."*

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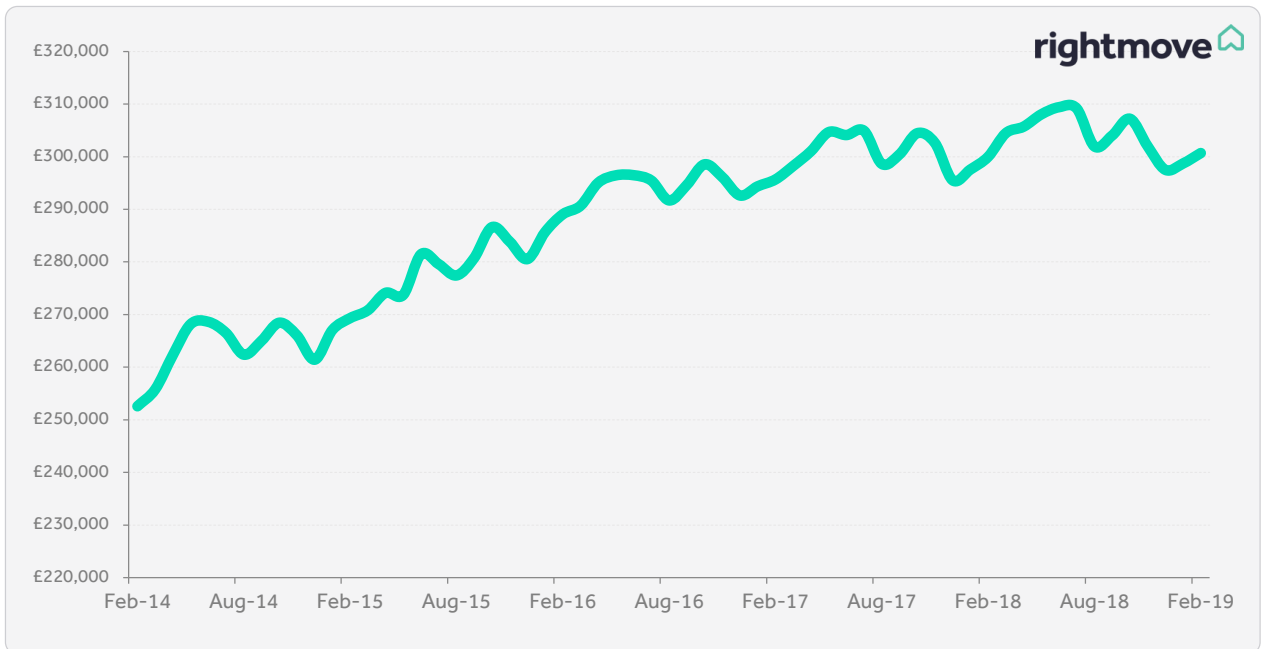
Agents' views

Nick Leeming, Chairman at Jackson-Stops, comments: *"As our uncertain market becomes the 'new normal' both buyers and sellers are coming to the conclusion that now is as good a time as any to make a move while interest rates remain relatively low. Prominent lenders such as HSBC are cutting their mortgage rates, including their 10-year fixed-rate loan products, which is particularly welcome news for first-time buyers and those looking to remortgage their properties over the next few months. Although a decade long fixed rate mortgage may seem like a big commitment, particularly to those new to the market, locking themselves in could provide the assurance they need while the UK navigates through Brexit, and the wider uncertain political and economic landscape. Given that we currently have no clearer idea of our position outside of the EU with so few weeks to go until Brexit day on the 29th March, it's not surprising that some parts of the market remain hesitant. However, for those looking to make a move the best advice we can give buyers is to do their research. There is a limited supply of stock coming to the market currently, so if a property ticks all of the boxes in terms of price, location, access to key amenities and good transport links, we would advise them to really consider purchasing the home."*

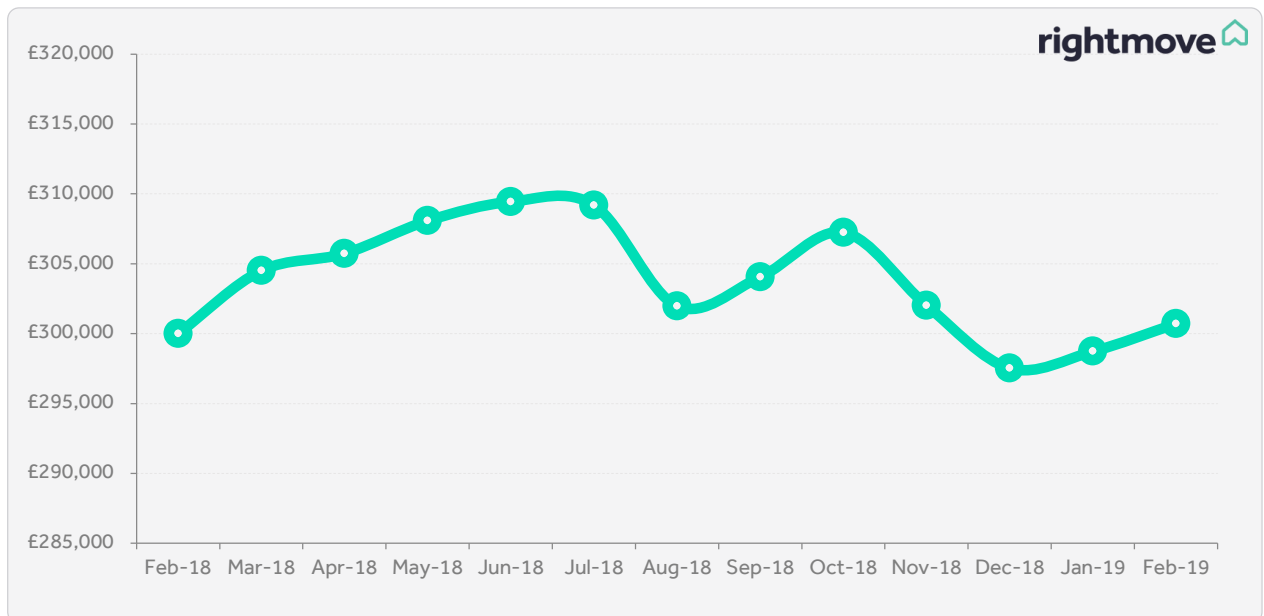
James Scollard, owner of Clifftons Independent Estate & Letting Agents in Bournemouth said: *"In our area we saw an exceptionally positive sales month in January, and the rental market remains strong. There is fundamental uncertainty in the wider economy, which is affecting confidence, but essentially the housing market where we are is solid. Home owners and first-time buyers are enjoying record low interest rates and as this is likely to continue, certainly in the short term, now is a good time to buy a home."*

Asking price trends

Five year asking price trend

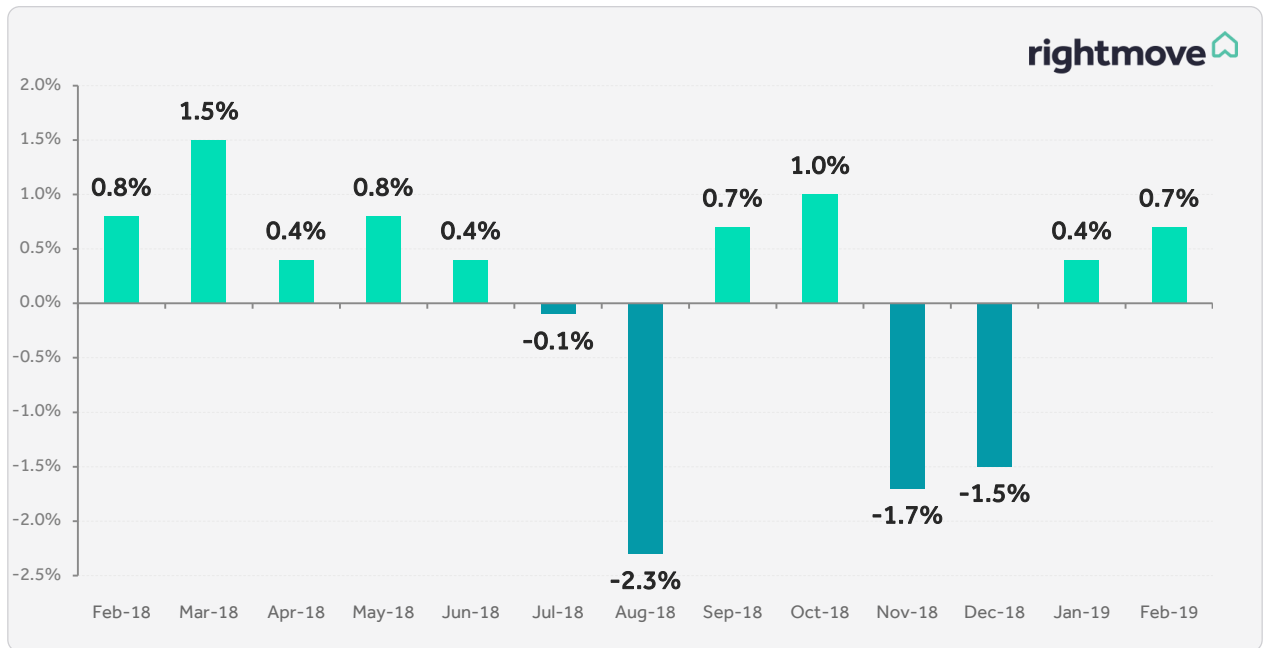


Monthly asking price trend



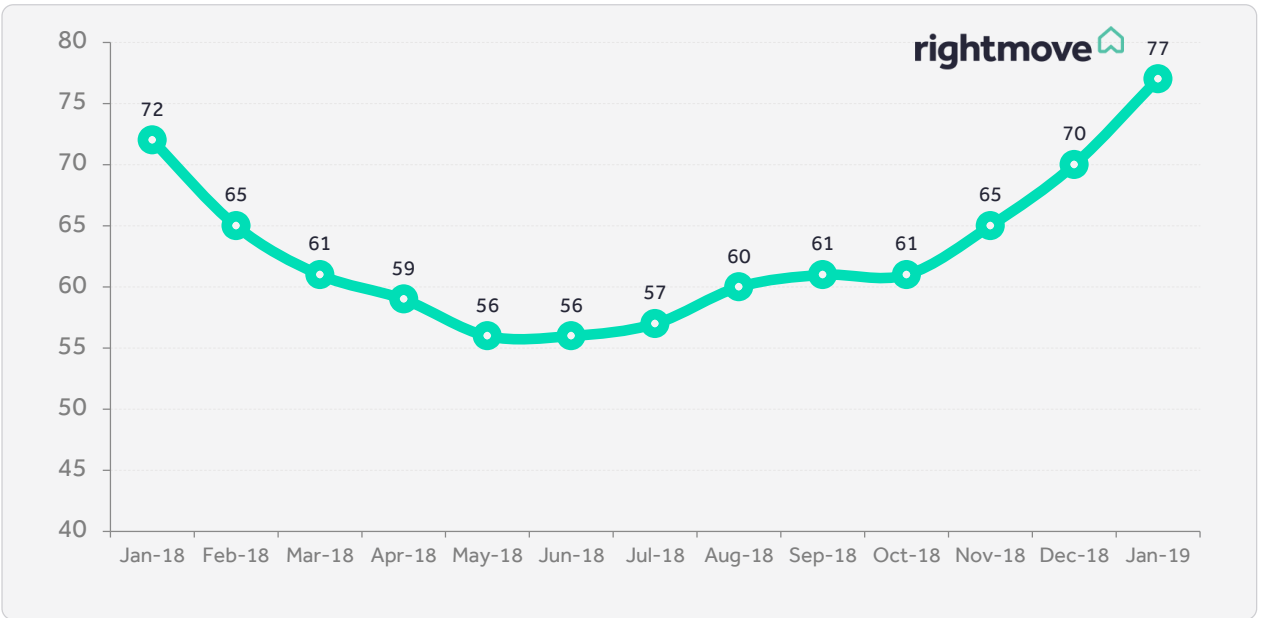
Asking price trends

% monthly change in average asking prices

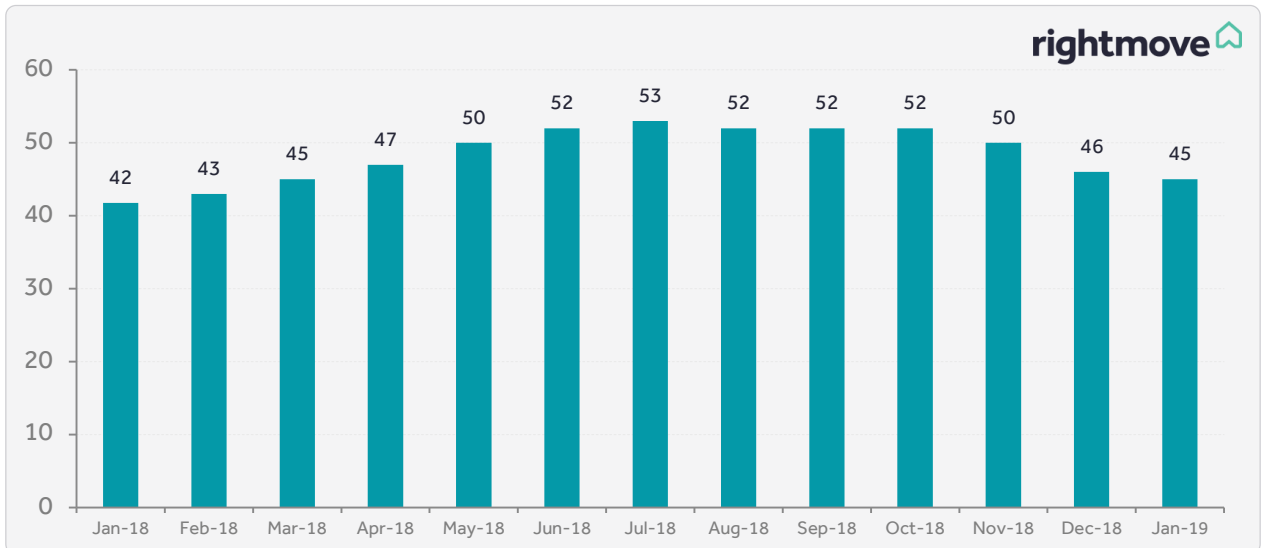


Average time to sell and stock

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



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



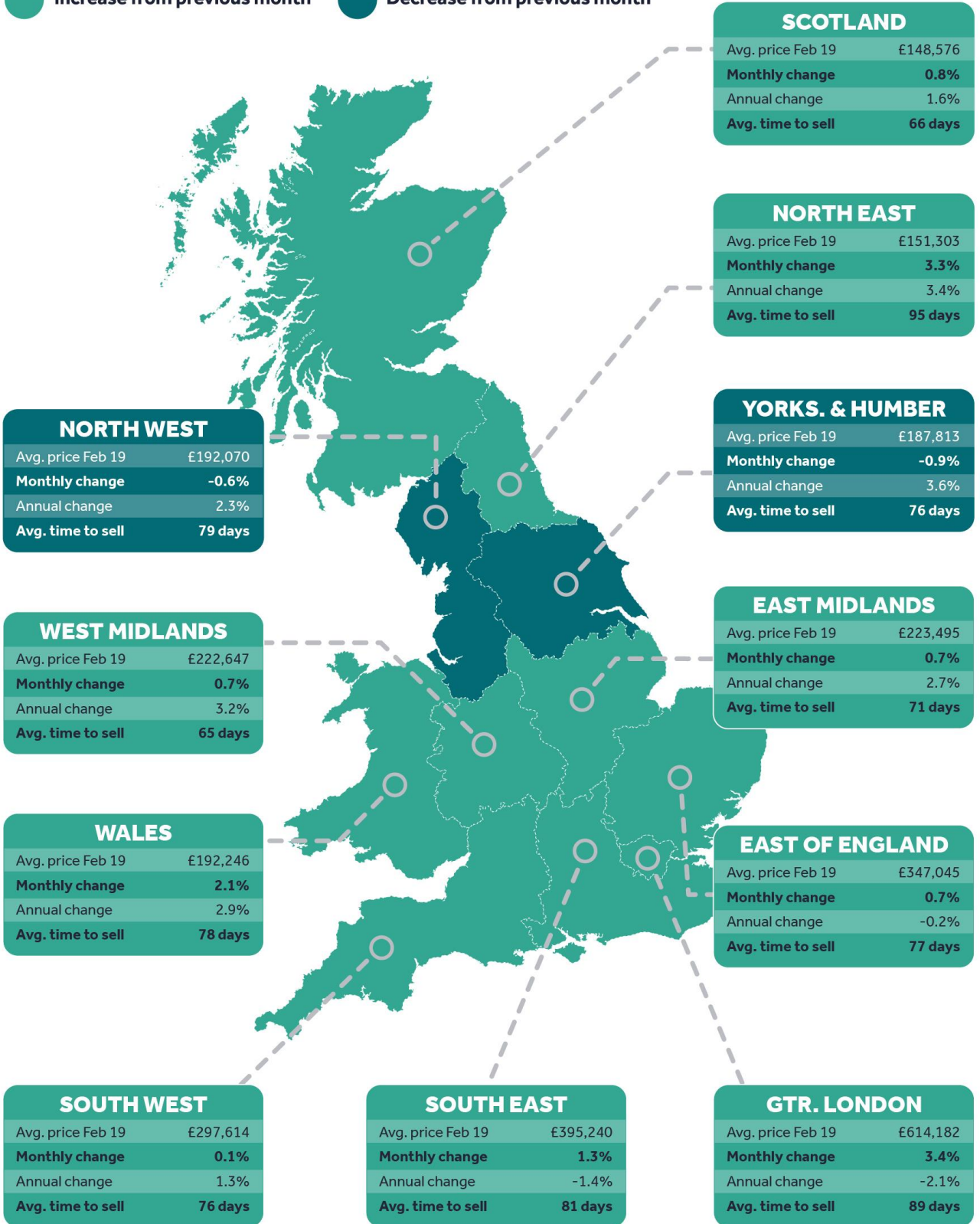
Regional trends



Increase from previous month

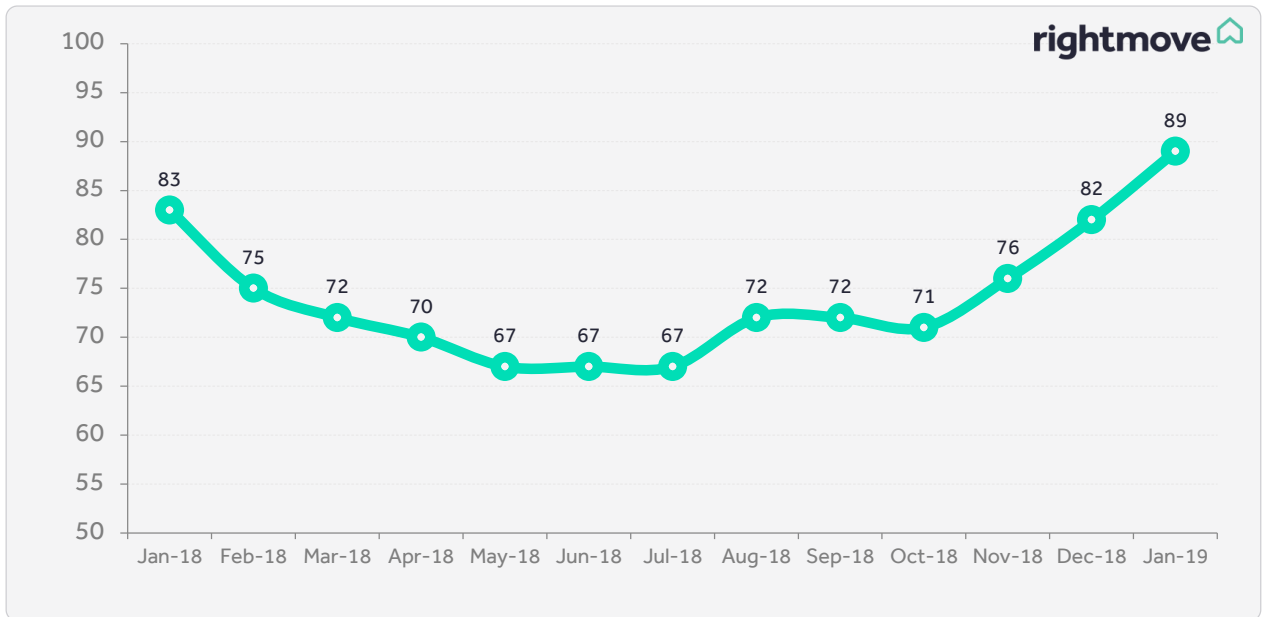


Decrease from previous month



London trends

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



Transport for London zones	Avg. price Feb 2019	Avg. price Jan 2019	Monthly change	Avg. price Feb 2018	Annual change
Zone 1	£1,387,684	£1,350,664	2.7%	£1,373,384	1.0%
Zone 2	£718,628	£684,903	4.9%	£745,819	-3.6%
Zone 3	£582,830	£563,480	3.4%	£601,992	-3.2%
Zone 4	£479,129	£471,781	1.6%	£482,071	-0.6%
Zone 5	£465,484	£461,696	0.8%	£480,897	-3.2%
Zone 6	£490,381	£473,976	3.5%	£491,609	-0.2%

London trends

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 Feb 2019	Monthly change	Annual change
Westminster	£1,480,945	2.5%	5.2%
Camden	£1,014,811	-0.1%	3.9%
Havering	£414,495	2.4%	1.6%
Enfield	£449,777	-0.7%	1.1%
Islington	£746,476	1.6%	0.6%
Waltham Forest	£475,140	0.0%	0.6%
Wandsworth	£801,623	5.3%	0.5%
Bromley	£524,242	-1.6%	0.0%
Bexley	£402,702	-0.1%	-0.1%
Haringey	£595,706	1.8%	-0.6%
Redbridge	£450,648	0.5%	-0.6%
Richmond upon Thames	£806,031	-2.3%	-1.0%
Hillingdon	£479,885	-1.7%	-1.1%
Harrow	£540,624	-0.8%	-1.6%
Lewisham	£456,857	0.1%	-2.2%
Greenwich	£431,155	-0.2%	-2.3%
Brent	£559,956	-0.4%	-2.6%
Ealing	£534,126	-1.9%	-2.7%
Kensington and Chelsea	£1,520,913	-3.1%	-2.7%
Barking and Dagenham	£307,290	-0.8%	-2.9%
Newham	£407,451	-0.3%	-2.9%
Southwark	£621,130	-0.6%	-3.6%
Barnet	£612,835	1.3%	-3.8%
Hammersmith and Fulham	£892,055	-2.0%	-4.0%
Kingston upon Thames	£598,044	0.3%	-4.0%
Croydon	£422,880	0.1%	-4.2%
Merton	£594,440	-3.5%	-4.5%
Sutton	£439,916	-2.2%	-4.6%
Tower Hamlets	£565,047	-2.0%	-5.2%
Hounslow	£517,641	1.2%	-5.4%
Hackney	£615,524	-0.7%	-5.8%
Lambeth	£601,368	-1.7%	-6.7%

Editor's notes

About the Index:

*ONS data on average weekly earnings, released on 22nd January 2019.

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 90% 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.

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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 90% 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 over 130 million visits from home movers each month with time on site averaging over one billion minutes per month (Rightmove data, July 2017).