

Rightmove House Price Index

The largest monthly sample of
residential property prices

January 2018
London edition

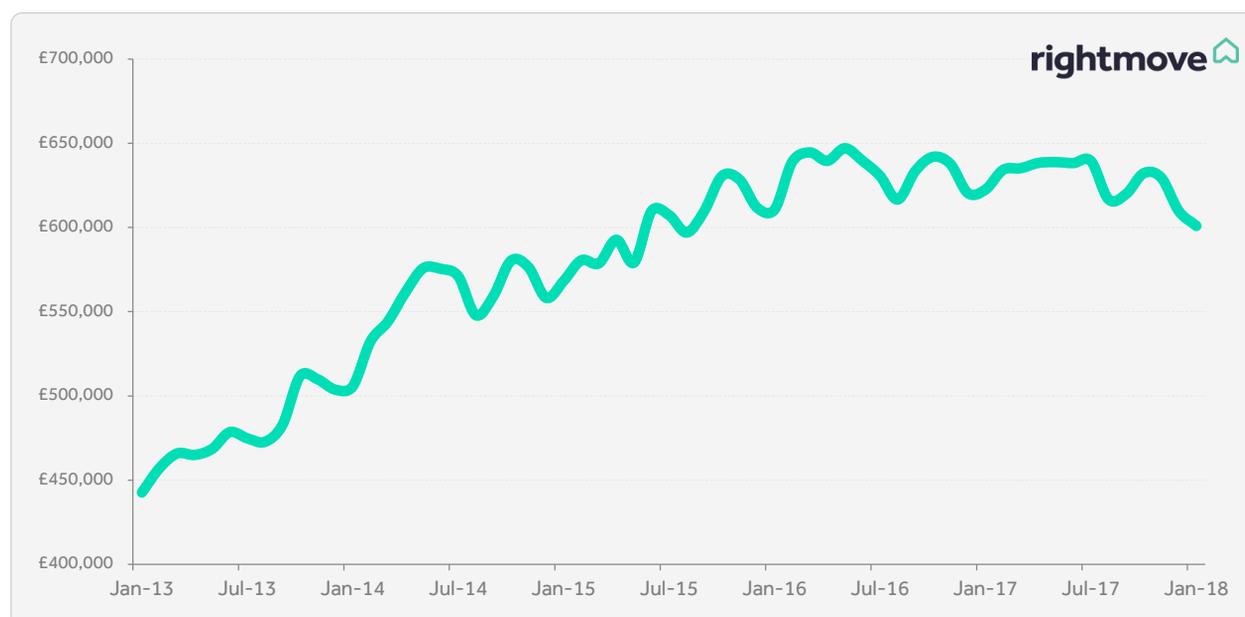


Asking prices down 1.4% in London this month as sellers tempt New Year buyers

- New-to-market sellers drop asking prices by 1.4% (-£8,819) this month to tempt New Year buyers
- Property coming to market now an average of 3.5% (-£21,618) cheaper than a year ago as London continues to re-adjust to over-stretched affordability and slower momentum
- Annual falls in the price of newly-marketed property are not London-wide, with falling prices largely concentrated in three Transport for London Zones:
 - Largest annual falls are in Zone 2 (-6.4%) and Zone 3 (-7.7%), the two most expensive Zones after Zone 1, where prices are currently flat (+0.1%)
 - Zone 5 falls by a modest 0.7%, while Zone 4 (+0.8%) and Zone 6 (+2.3%) see the largest rises

London average asking prices				
Area	January 2018	December 2017	Monthly change	Annual change
Greater London	£600,926	£609,745	-1.4%	-3.5%
Inner London	£738,247	£746,937	-1.2%	-4.0%
Outer London	£500,454	£510,483	-2.0%	-3.1%
Average asking prices by market sector				
Sector	January 2018	December 2017	Monthly change	Annual change
First-time buyers	£483,132	£489,176	-1.2%	-4.3%
Second-steppers	£678,230	£683,109	-0.7%	-1.4%
Top of the ladder	£1,303,658	£1,286,791	1.3%	-4.3%

Five year London asking price trend



Rightmove measured 63,365 asking prices nationally this month, circa 90% of the UK market. The properties were put on sale by estate agents from 3rd December 2017 to 6th January 2018 and advertised on Rightmove.co.uk.

Overview

New-to-the-market sellers have taken heed of the tougher London environment, and have launched their properties onto the market at prices 1.4% (-£8,819) cheaper than those of the previous month. They will be hoping that buyers are returning to the market after the Christmas break, as they normally do, and that they can tempt them with cheaper pricing.

Miles Shipside, Rightmove director and housing market analyst comments: *"In a bout of realism rather than the usual New Year optimism, the latest crop of sellers to come to market are an average of £8,819 cheaper than those who came to market the month before. They will be hoping that their prices are pitched at the right level to tempt the flurry of buyers who appear after the seasonal break."*

Property coming to market is now an average of 3.5% (-£21,618) cheaper than a year ago as London continues to re-adjust following several years of rapid price rises. However, it is important to note that falls in new seller asking prices are not London-wide. Rightmove has analysed the average price of property coming to market in Transport for London Zones 1 to 6, and as one would expect, the closer you get to the centre the higher the average property price, with the exception of Zone 6. Zone 2 (-6.4%) and Zone 3 (-7.7%) have seen the largest falls. In Zone 1 it seems that sellers have chosen to stay off the market rather than drop their prices with the average price static at +0.1% but new listings down by 17.4% compared to the same month a year ago.

Shipside observes: *"Half of the six TfL Zones are in positive annual price territory, indicating that the price fall malaise is not London-wide and re-emphasising the fact that the capital is made up of a myriad of local markets. Sellers in Zone 1 can afford to defer their sell until market condition are more favourable, helping to maintain the status quo in the price of newly-marketed property, with the average still hovering close to £1.3 million. However, Zone 2 (average £704,591) and Zone 3 (average £564,050) are suffering the most as buyers and sellers in these relatively cheaper areas are more adversely affected by over-stretched affordability and uncertainty. While Zone 5 has also dropped marginally year-on-year, it is property in Zones 2 and 3 that has been the biggest contributor to London's 3.5% annual fall."*

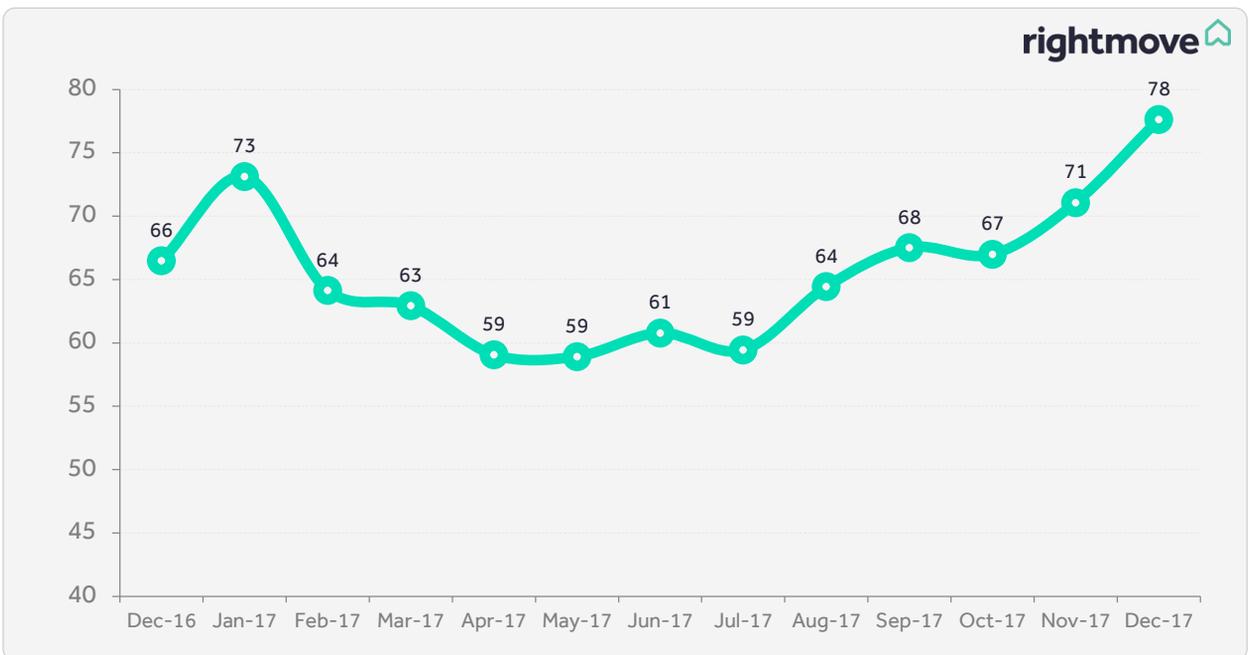
Agent's view

Chris Chapman, Divisional Managing Director of Estate Agency at Andrews, comments: *"The Chancellor's recent announcement that Stamp Duty would be removed for first time buyers of properties of up to £300,000, or on the first £300,000 of higher value properties up to £500,000, is the focus of much attention in terms of the impact that it's having on the market. Whilst it hasn't, in our experience, resulted in a huge spike of first-time buyers entering the market, it has certainly created increased interest from purchasers who had previously felt unable to take the first step on to the property ladder – certainly in London. What this has meant though, is that it's created a gap in the London market whereby properties which have been priced slightly upwards of £500k (in the £520-£540k region) are now being reduced by vendors to below £500k in order to capitalise on interest from first time buyers. Whilst this may prove to be a positive move for some vendors, the danger lies in the property then being sold for under its natural market value. It is, however, simply too early to draw any firm conclusions."*

London trends

Transport for London zones	Avg. price Jan 2018	Avg. price Dec 2017	Monthly change	Avg. price Jan 2017	Annual change
Zone 1	£1,295,435	£1,248,932	3.7%	£1,293,729	0.1%
Zone 2	£704,591	£732,673	-3.8%	£752,515	-6.4%
Zone 3	£564,050	£583,360	-3.3%	£611,210	-7.7%
Zone 4	£473,576	£474,647	-0.2%	£469,725	0.8%
Zone 5	£465,450	£470,650	-1.1%	£468,817	-0.7%
Zone 6	£490,463	£482,234	1.7%	£479,599	2.3%

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



Editor's notes

About the Index:

The Rightmove House Price Index methodology has been updated as of 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 seen 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).