



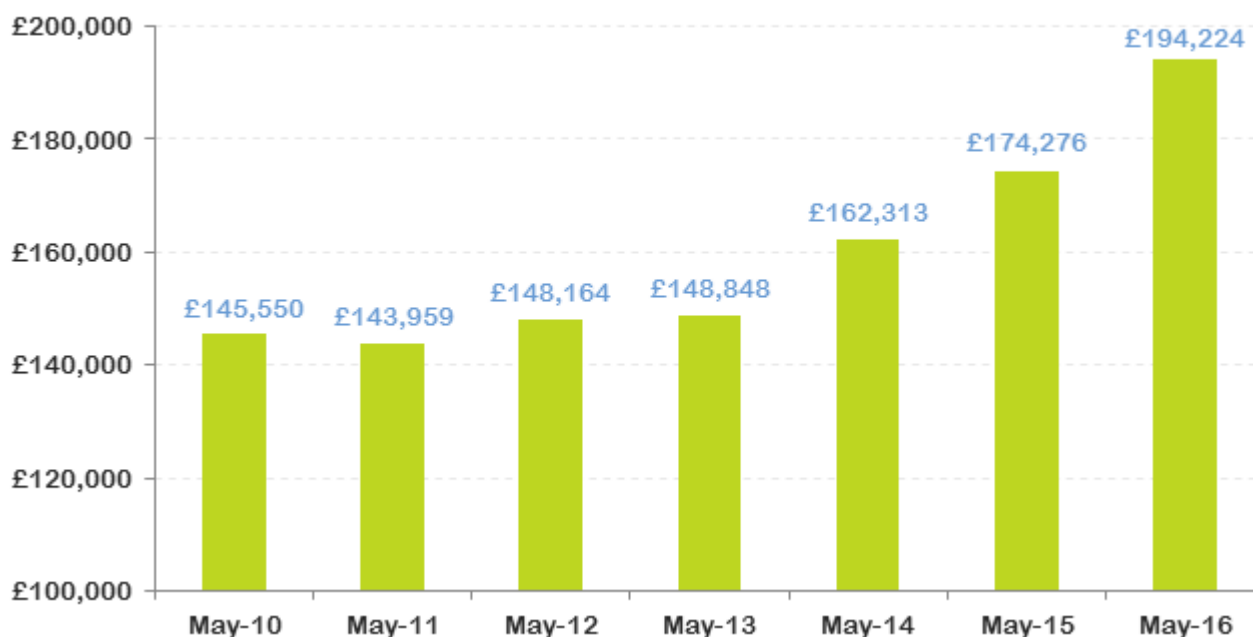
Under embargo for 00:01 hours, Monday 16th May 2016

Buy-to-let feast leaves higher prices for first-time buyers

- Modest May rise of 0.4% (+£1,118) in price of property coming to market in the last month masks nasty spring surprise for first-time buyers
- An 80% uplift in March transaction numbers¹ has left behind a property drought and price surge:
 - 6.2% (+£11,298) monthly jump in price of typical first-time buyer properties
 - Strong demand continues in this sector despite withdrawal of many investors following introduction of higher stamp duty taxes, yet new-to-the-market supply is down 1.5% year-on-year
- First-time buyer regional hotspots led by Croydon, Dartford and Luton, all with annual surges of over 18%

National average asking prices				
Month	Avg. asking price	Monthly change	Annual change	Index
May 2016	£308,151	+0.4%	+7.8%	253.7
April 2016	£307,033	+1.3%	+7.3%	252.8
National average asking prices by market sector (excluding Inner London)				
Sector	May 2016	April 2016	Monthly change	Annual change
First-time buyers	£194,224	£182,926	+6.2%	+11.4%
Second-steppers	£256,993	£257,871	-0.3%	+8.1%
Top of the ladder	£556,604	£546,232	+1.9%	+7.8%

First-time-buyer asking price trend





Overview

It was speculated that the investor activity drop-off after the April 1st stamp duty deadline would act as a brake on prices at the lower end of the market. However, intense investor activity – with March transaction numbers up a massive 80% on last year – has exacerbated the property drought in this sector and is now causing upwards price pressure. The modest overall 0.4% rise (+£1,118) in the price of property coming to market in the last four weeks, to a new record of £308,151, masks a price surge of 6.2% (+£11,298) in the lower-end sector (properties of two bedrooms or fewer excluding Inner London).

Miles Shippside, Rightmove director and housing market analyst comments: *“If you were expecting a long period of price doldrums at the lower end of the market following the mass exit of the buy-to-let brigade, this month’s 6.2% price rise will come as a big surprise. Properties at the lower end of the market were the most common target for the investor community, and the immediate aftermath of the tax deadline saw new seller asking prices drop in this sector for just one month. The 1.4% fall reported in April’s index appears to have been a very short-lived knee-jerk, with an average price surge of £11,298 this month for properties coming to market with two bedrooms or fewer. It remains to be seen if these prices can be achieved and there may be some over pricing in the market; it is also a reflection of better quality property coming to market in this sector which is now targeting owner-occupiers rather than landlords.”*

In the period between the November announcement of a stamp duty rise and its implementation at the end of March, the price of property coming to market in this first-time buyer/investor sector increased by 3.0%. In just four weeks it has now risen by 6.2%, the highest monthly rise recorded for this sector since February 2012. Demand for typical entry-level property remains high, with searches on Rightmove specifying two bedrooms or fewer being up by 47% this April compared to April 2015 in spite of waning investor interest. In contrast, fresh supply for this sector is down by 1.5% in the last four weeks compared to the same period a year ago. While the price of a first home is accelerating, motivation to get on to the housing ladder is buoyed by the increasing cost of renting, better availability of mortgage products, and deposits gifted by family.

Shippside adds: *“Buy-to-let investors have had a bricks and mortar feast between the Chancellor’s announcement in November and the tax deadline at the end of March, and the result is a famine of suitable property and higher prices. First-time buyers are still eager to secure some of the very limited suitable supply in many parts of the country. Estate agents have perhaps been focused on getting investor sales through to completion before the tax hike, and some may have been surprised by the continuing momentum and scarcity of stock to meet ongoing demand. The net effect is eye-watering increases in asking prices in some towns, and is further stretching first-time buyers’ affordability even though they are competing against fewer buy-to-let investors in the market.”*

Regional first-time buyer hotspots

The biggest increase in the price of property coming to market compared to a year ago in the typical first-time buyer sector is in Croydon in Greater London, up by 18.6%. In regions outside London, but still very much in commuter-belt territory, Dartford in the South East has recorded an 18.5% jump, with Luton in the East of England up by 18.4%. Agents report that all of these areas were the focus of considerable buy-to-let investor activity. Conversely, six out of ten regions contain some towns which have seen falls in average asking prices, with the largest drops in Llandudno at 7.5% and Darlington down 3.0%.

Shippside observes: *“The country’s top price-rise hotspot is Croydon, where Londoners priced out of some other parts of the capital have sensed a combination of convenience and value, aided by some serious regeneration. Dartford has also been a very popular and affordable area for London buyers prepared to commute from the South East region and also good for rental yields for investors. With 5% less property coming to market in Dartford in the last four weeks compared to the same period in 2015, limited fresh supply is also a big factor. Luton has been a low-priced town for some time with easy London access, and has now come into play in the past twelve months. Not all towns are seeing these annual hikes; for example a typical first-time buyer home in Llandudno is down 7.5%, and Darlington is now 3%”*



cheaper. The health of local economies have a big influence on demand and affordability, and consequently the amount you can ask for a property.”

Regional highest and lowest increases in first-time buyer sector

Region	Highest/Lowest	Place	Yearly % change	Avg. asking price May 2016
East Midlands	High	Northampton	8.1%	£146,132
	Low	Nottingham	4.1%	£117,013
East of England	High	Luton	18.4%	£186,900
	Low	Peterborough	5.4%	£143,660
Greater London	High	Croydon	18.6%	£297,770
	Low	West London	3.3%	£751,836
North East	High	Newcastle	3.4%	£109,495
	Low	Darlington	-3.0%	£92,639
North West	High	Manchester	8.2%	£124,888
	Low	Preston	-1.3%	£116,367
South East	High	Dartford	18.5%	£244,310
	Low	Portsmouth	7.1%	£182,404
South West	High	Bristol	13.0%	£212,298
	Low	Exeter	-0.8%	£178,675
Wales	High	Newport	3.3%	£106,326
	Low	Llandudno	-7.5%	£145,703
West Midlands	High	Birmingham	7.9%	£136,429
	Low	Hereford	-1.7%	£158,250
Yorkshire and the Humber	High	Halifax	8.7%	£108,046
	Low	Huddersfield	-0.2%	£105,946

Agent's View

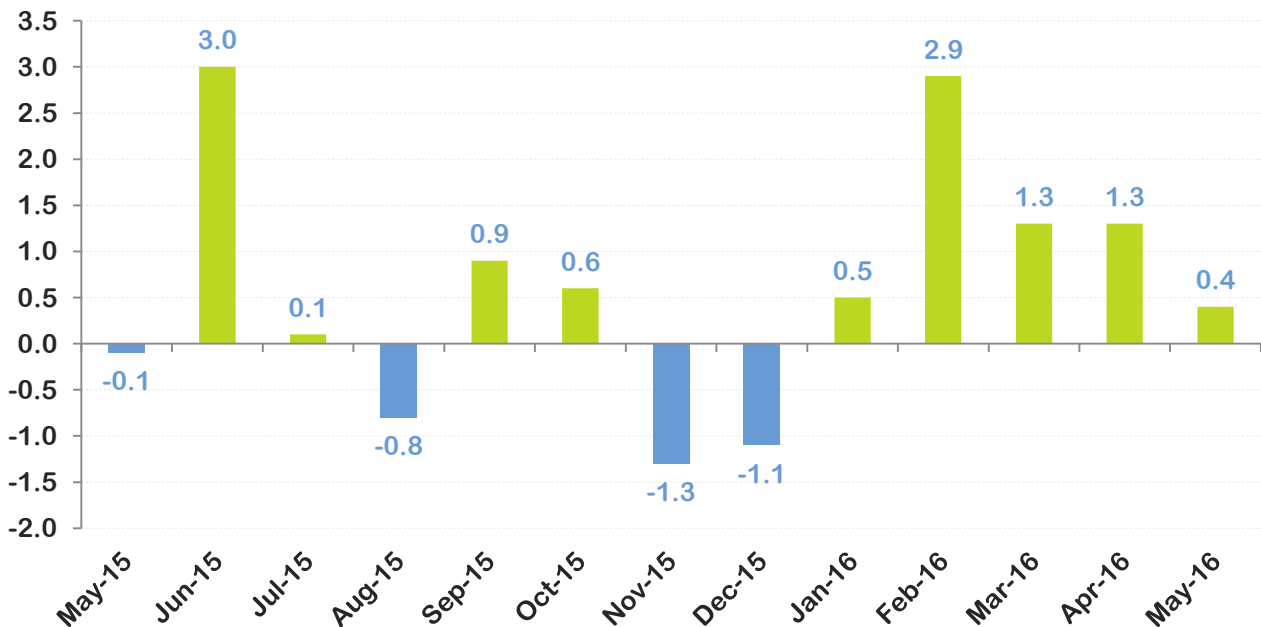
Paul Milsom, area sales manager at Leaders estate agency comments: *“The lack of properties for first-time buyers has been a feature of the market for some time, long before the buy-to-let rush which preceded the stamp duty changes in April, which has only exacerbated the shortage. We are seeing a severe shortage of one-bedroom apartments in all areas which has pushed prices up and they are continuing to rise. Despite the increase in stamp duty, investors are still keen to purchase one-bedroom flats because they make good long-term investments due to their higher yields, potential for capital gains and consistently high demand from tenants. However, supply of two-bedroom flats is currently good across the board and prices for these appear to have peaked, so first-time buyers should look out for two-bedroom flats that have been on the market for a while, and those that need a little work, as these offer a good opportunity to add value which could help them take their next step up the ladder when they come to sell.”*



Monthly asking price trend

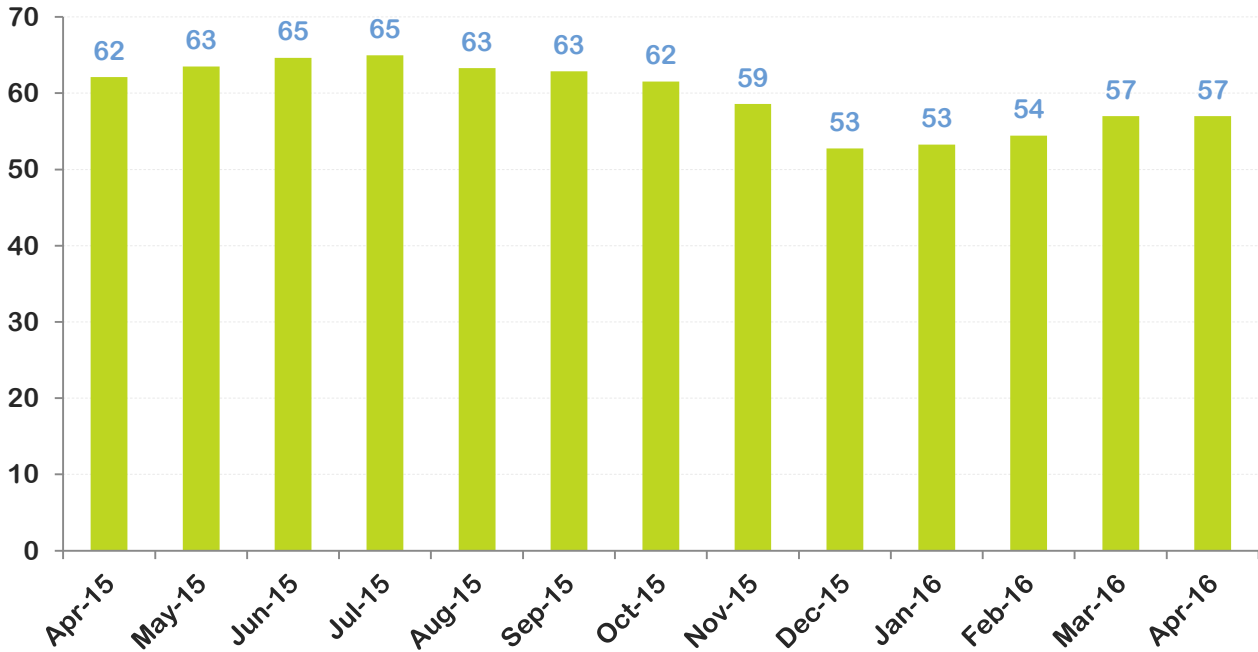


% monthly change in average asking prices

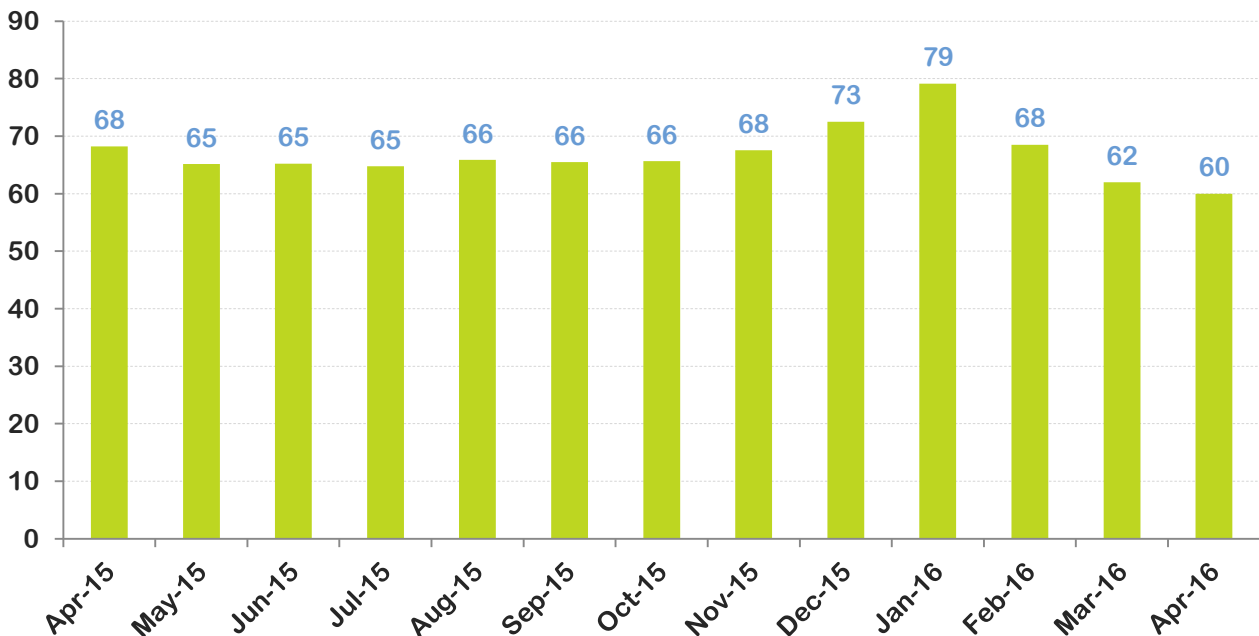




Average stock per agent (including Under Offer/Sold STC)



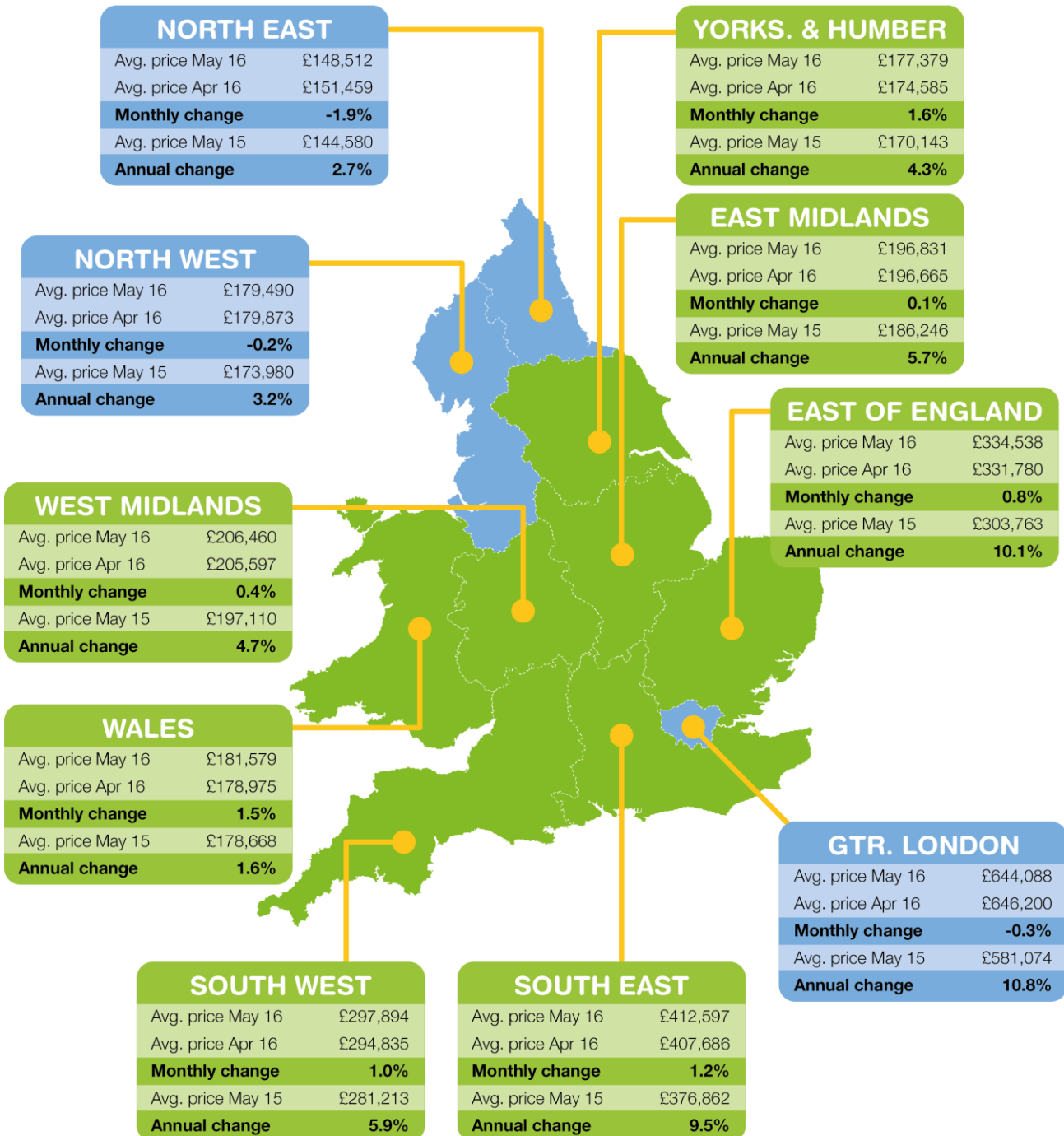
Average 'time to sell' (no. of days) - National





Regional trends

■ Increase from previous month ■ Decrease from previous month





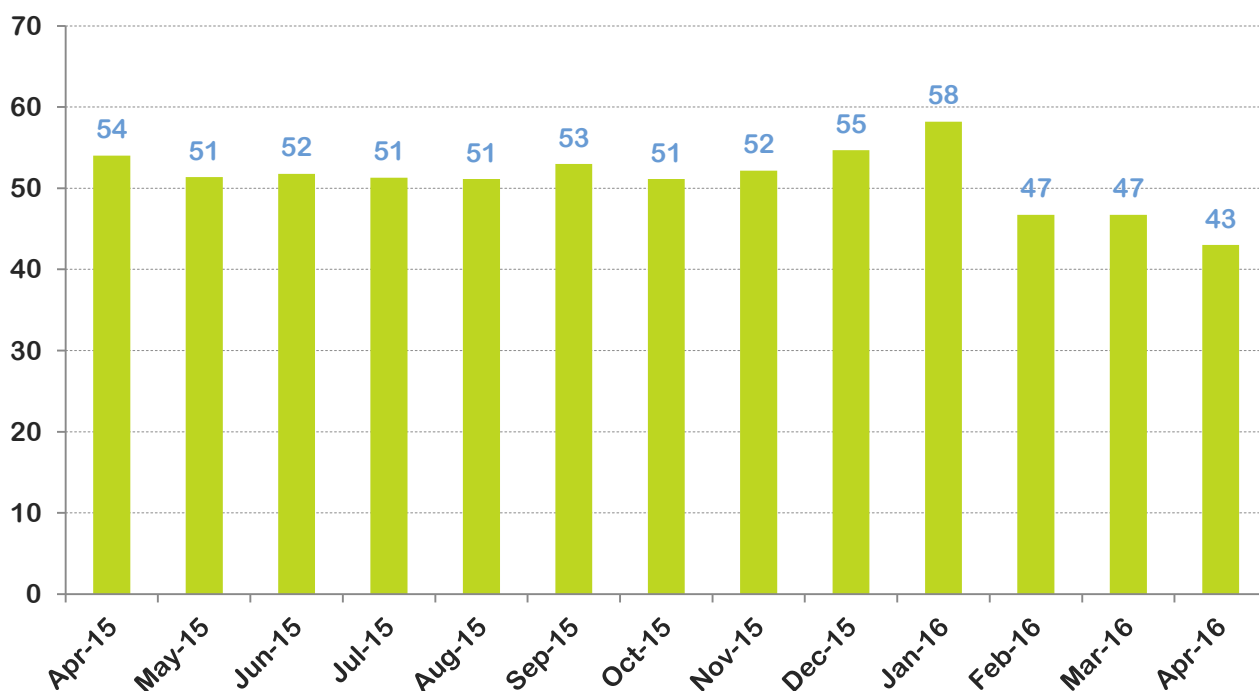
London's best performers: May 2016

Borough	Avg. price May 2016	Avg. price Apr 2016	Monthly change	Avg. price May 2015	Annual change
Merton	£713,285	£671,176	6.3%	£583,108	22.3%
Haringey	£639,960	£604,138	5.9%	£601,526	6.4%
Kingston upon Thames	£659,122	£637,544	3.4%	£576,318	14.4%
Brent	£651,267	£631,089	3.2%	£568,761	14.5%
Lewisham	£482,336	£467,182	3.2%	£429,325	12.3%

London's worst performers: May 2016

Borough	Avg. price May 2016	Avg. price Apr 2016	Monthly change	Avg. price May 2015	Annual change
Greenwich	£460,532	£485,697	-5.2%	£405,329	13.6%
Lambeth	£630,350	£664,561	-5.1%	£604,076	4.3%
Barnet	£670,654	£702,956	-4.6%	£647,905	3.5%
Camden	£1,099,702	£1,150,149	-4.4%	£1,103,710	-0.4%
Southwark	£628,163	£657,370	-4.4%	£615,613	2.0%

Average 'time to sell' (days) - London





London boroughs

Borough	Avg. price May 2016	Avg. price Apr 2016	Monthly change	Avg. price May 2015	Annual change
Kensington and Chelsea	£2,287,938	£2,244,739	1.9%	£1,981,363	15.5%
City of Westminster	£1,871,358	£1,880,224	-0.5%	£1,919,918	-2.5%
Camden	£1,099,702	£1,150,149	-4.4%	£1,103,710	-0.4%
Hammersmith and Fulham	£1,020,421	£1,057,044	-3.5%	£996,675	2.4%
Richmond upon Thames	£927,944	£933,761	-0.6%	£815,144	13.8%
Wandsworth	£829,151	£852,058	-2.7%	£767,331	8.1%
Islington	£774,037	£790,552	-2.1%	£756,985	2.3%
Merton	£713,285	£671,176	6.3%	£583,108	22.3%
Barnet	£670,654	£702,956	-4.6%	£647,905	3.5%
Kingston upon Thames	£659,122	£637,544	3.4%	£576,318	14.4%
Brent	£651,267	£631,089	3.2%	£568,761	14.5%
Hackney	£641,775	£639,876	0.3%	£630,321	1.8%
Haringey	£639,960	£604,138	5.9%	£601,526	6.4%
Ealing	£635,757	£625,473	1.6%	£603,721	5.3%
Lambeth	£630,350	£664,561	-5.1%	£604,076	4.3%
Southwark	£628,163	£657,370	-4.4%	£615,613	2.0%
Tower Hamlets	£608,789	£600,705	1.3%	£620,868	-1.9%
Hounslow	£585,150	£583,015	0.4%	£518,478	12.9%
Harrow	£573,952	£570,481	0.6%	£515,216	11.4%
Bromley	£541,856	£541,610	0.0%	£490,080	10.6%
Hillingdon	£485,349	£490,183	-1.0%	£435,562	11.4%
Lewisham	£482,336	£467,182	3.2%	£429,325	12.3%
Waltham Forest	£476,363	£464,824	2.5%	£405,792	17.4%
Enfield	£476,284	£463,804	2.7%	£420,272	13.3%
Greenwich	£460,532	£485,697	-5.2%	£405,329	13.6%
Redbridge	£452,517	£449,125	0.8%	£403,993	12.0%
Sutton	£439,176	£439,576	-0.1%	£389,872	12.6%
Croydon	£419,856	£416,889	0.7%	£372,772	12.6%
Newham	£401,295	£401,197	0.0%	£340,171	18.0%
Havering	£385,906	£389,583	-0.9%	£335,007	15.2%
Bexley	£359,692	£356,208	1.0%	£317,698	13.2%
Barking and Dagenham	£297,114	£302,347	-1.7%	£250,977	18.4%



Editors' notes

1 Residential transactions in England in March 2016 compared to March 2015, Homes and Communities Agency Housing Market Bulletin.

About the Index:

The Rightmove House Price Index methodology has been refined as of 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 122,066 asking prices – circa 90% of the UK market. The properties were put on sale by estate agents from 10th April 2016 to 7th May 2016 and advertised on Rightmove.co.uk. This month 6,181 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 90 million visits from home movers each month who view in excess of one billion pages (Rightmove data, October 2014).