

House Price Index

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

£369,968

Sixth consecutive record asking price

+9.3%

Annual price growth

+20%

Increase in first-time buyer monthly mortgage payments vs start of the year

Sixth price record but market cooling from boil to simmer

- Price of property coming to market hits sixth consecutive record of £369,968, up 0.4% in the month (+£1,354):
 - New first-time buyers face record prices and rising interest rates, meaning that their monthly mortgage payments are now 20% (+£163) higher than the start of the year
 - More buyers may lock in longer mortgage terms to bring more certainty to their outgoings, especially as lenders are now offering virtually the same rate for either two-year and five-year fixed mortgages
- Rightmove revises full-year 2022 house price forecast up from 5% growth to 7% despite cooling market, as record low stock volumes struggle to recover enough to meet buyer demand, though there are signs of this improving:
 - Number of new sellers coming to market is up by 13% compared to this time last year, although available stock is still 40% down on June 2019's levels which will help to underpin prices
- Demand to move is coming off the boil but remains high despite economic and political uncertainty:
 - Buyer demand is up 26% on June 2019's levels, though down 7% on last year's frenzied market

National average asking price

Month	Avg. asking price	Monthly change	Annual change	Index
July 2022	£369,968	+0.4%	+9.3%	286.0
June 2022	£368,614	+0.3%	+9.7%	285.0

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

Sector	July 2022	June 2022	Monthly change	Annual change
First time buyers	£224,943	£224,251	+0.3%	+8.5%
Second-steppers	£338,770	£339,675	-0.3%	+9.8%
Top of the ladder	£682,811	£678,628	+0.6%	+9.9%

Rightmove measured 107,399 asking prices this month nationally, circa 95% of the UK market. The properties were put on sale by estate agents from 12th June to 9th July 2022 and advertised on Rightmove.co.uk.

Overview

The average price of property coming to market sees a sixth consecutive record this month, rising by 0.4% (+£1,354) to £369,968. A continuing desire to move and low numbers of homes for sale are driving further price growth even at a time when personal finances are becoming increasingly stretched. Buyer demand continues to exceed historically normal levels and is now 26% higher than at the same time in 2019, although down 7% on June 2021. There are signs of the seriously depleted stock situation improving, with the number of sellers up by 13% compared with this time last year, but the number of available homes for sale is still 40% down on where it was in 2019. This significant shortfall from more normal stock levels will help to underpin prices this year, as there are simply not enough homes coming to market to correct the balance between supply and demand. The slow rate of stock recovery has led to Rightmove revising its 2022 price forecast, with 7% annual growth now expected by the end of the year across Great Britain, up from our 5% forecast at the start of the year.



Having more new sellers this month is a win-win for the market, as these sellers will likely achieve good prices for their homes given the sixth asking price record in a row that we've now seen, which may help to explain the increase in new stock coming to market over the last year. For those looking to buy, it means more choice, and a slight easing in competition against other buyers while the market is still moving very quickly. In the current fast-changing economic climate, those looking to buy who find a suitable home they can afford, may choose to act now rather than wait. While more choice is welcome news, the number of homes available remains well below the more normal levels of 2019 and is unable to satisfy the continued high demand that we're seeing. Though a softening in demand is moving the market from a boil to a simmer, it remains 26% up on 2019. With such an imbalance remaining between supply and demand, prices look underpinned, and we would therefore only expect typical smaller seasonal month-on-month falls, rather than more significant price falls in the second half of the year. This has led to us revising our annual price growth prediction for the end of the year from 5% growth to 7%, although this would still mark a slowing from the 9.3% seen this month.

Tim Bannister Rightmove's Director of Property Science



Interest rate rises and record prices mean that the average first-time buyer monthly mortgage payment for someone taking out a two-year fix is now 20% (+£163) higher than at the start of the year, now standing at £976 per month. Demand is likely to return to more normal levels in the second half of the year due to the rising cost of living and affordability concerns, however the prospect of further interest rate rises may drive some to act now to lock in a longer fixed-term mortgage rate. This is even more likely because the gap between interest rates for shorter and longer term mortgages has been closing in recent years, and they are now virtually the same. For example, the average interest rate for a 75% loan-to-value mortgage is now 2.9% for either a two-year or five-year fixed deal. Historically lenders offered a lower rate on a two-year fix, with a difference of as much as 1% between the two deals over the past five years.



The challenges presented by rising interest rates and the cost of living will no doubt have an effect throughout the second half of the year, as some people reconsider what they can afford. However, there is also anticipation among would-be home-movers that personal finances may become even more stretched in the coming months, with further interest rate rises expected and the energy price cap jumping again in October. Given the political and economic uncertainty at the moment, those who want to move this year, particularly first-time buyers, may seek some financial certainty by locking in longer fixed-rate mortgage terms now before their monthly outgoings increase again.

Tim Bannister Rightmove's Director of Property Science



Agents' views



We're not surprised to see 11.6% annual price growth here in York, despite the obvious headwinds in the economy. The shift since Covid to being allowed to work from home has meant a steady flow of buyers from London have relocated to York due to its connectivity. The first half of the year has seen many properties going to best and final offers, often achieving considerably more than their asking price due to the level of buyer demand. Yorkshire is still significantly cheaper than the South East and this is driving prices upwards. We expect to see a busy Autumn due to the lack of properties available, and the continued interest from London and the South East, despite interest rates continuing to rise from their historic lows.

Ben Hudson, Managing Director at Hudson Moody in York

While buyer demand may be cooling compared to the dizzying heights of the peak pandemic market, there remains a huge imbalance between buyer appetites and available stock levels. The increasing cost of borrowing and the wider economic backdrop may cause buyer demand to continue to cool further this year, albeit gradually. However, even though a fresh wave of homes are coming to market, this boost to stock levels is unlikely to rebalance the scales. Therefore, we can expect property values to remain buoyant for the remainder of 2022.

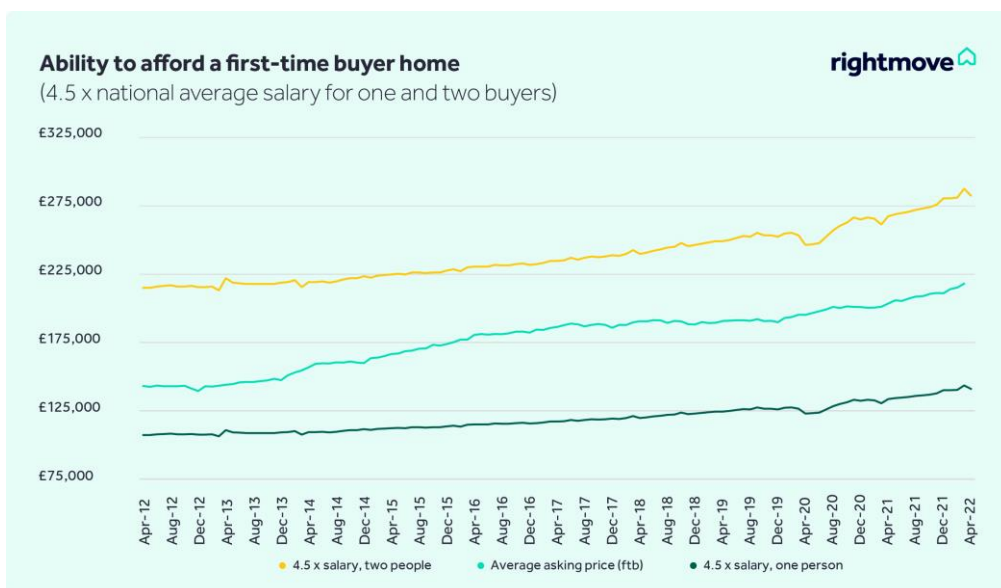
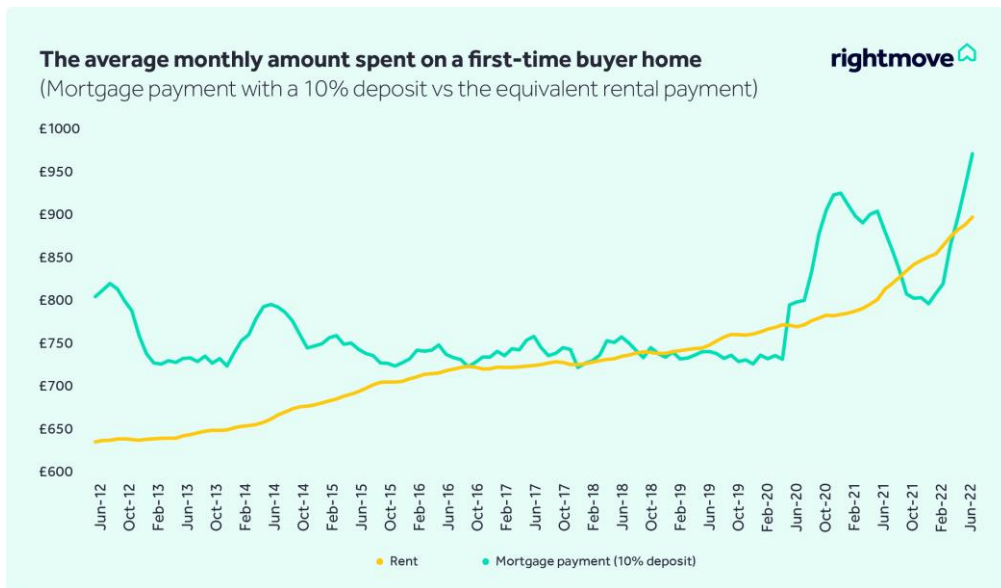
Marc von Grundherr, Director of Benham and Reeves in London



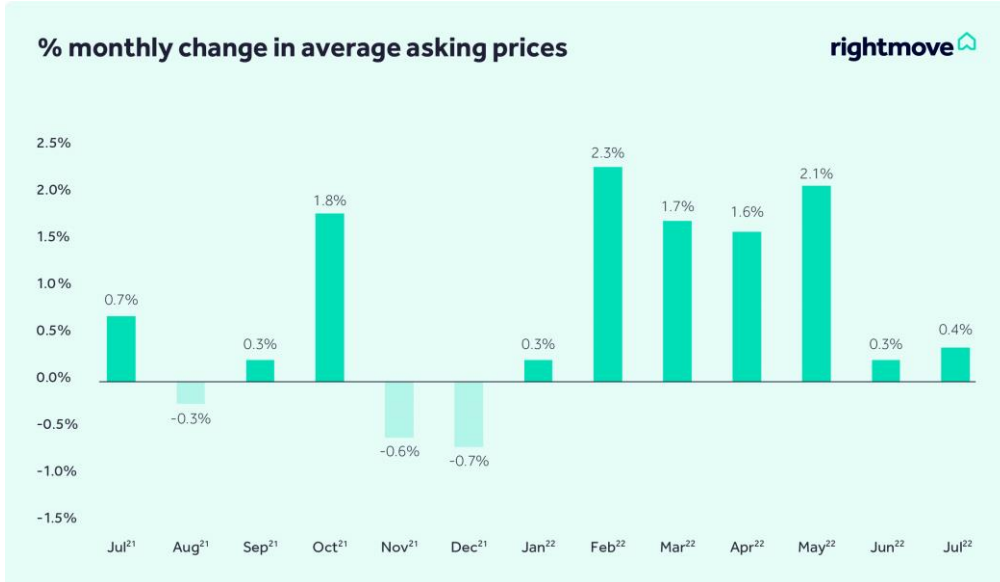
Affordability trends

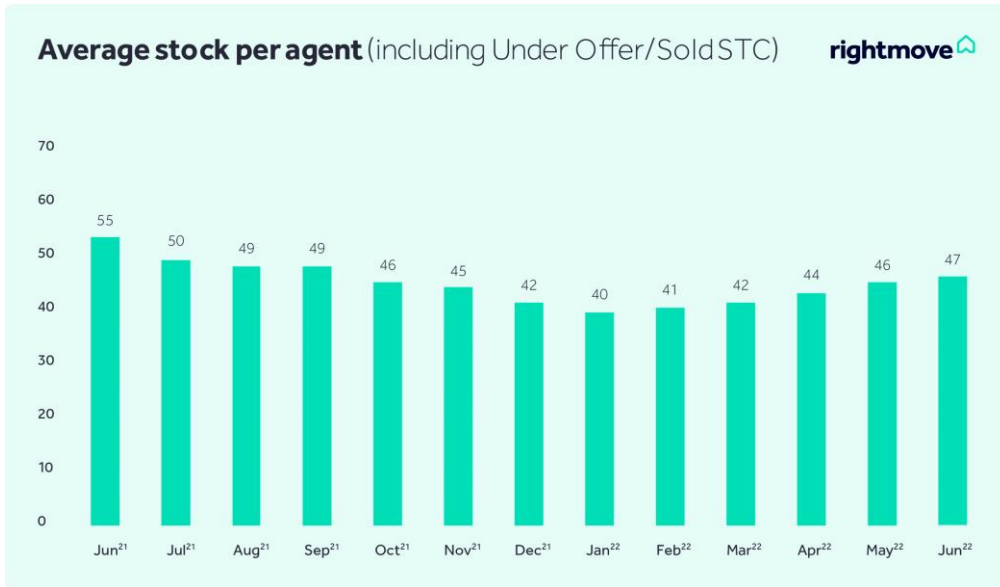
The first-time buyer monthly mortgage payment is based on Bank of England data of the averages for 90% LTV two-year fixed mortgages from lenders, and the average asking price of a typical first-time buyer home (two bedrooms or fewer) using the Rightmove House Price Index. The equivalent monthly rent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



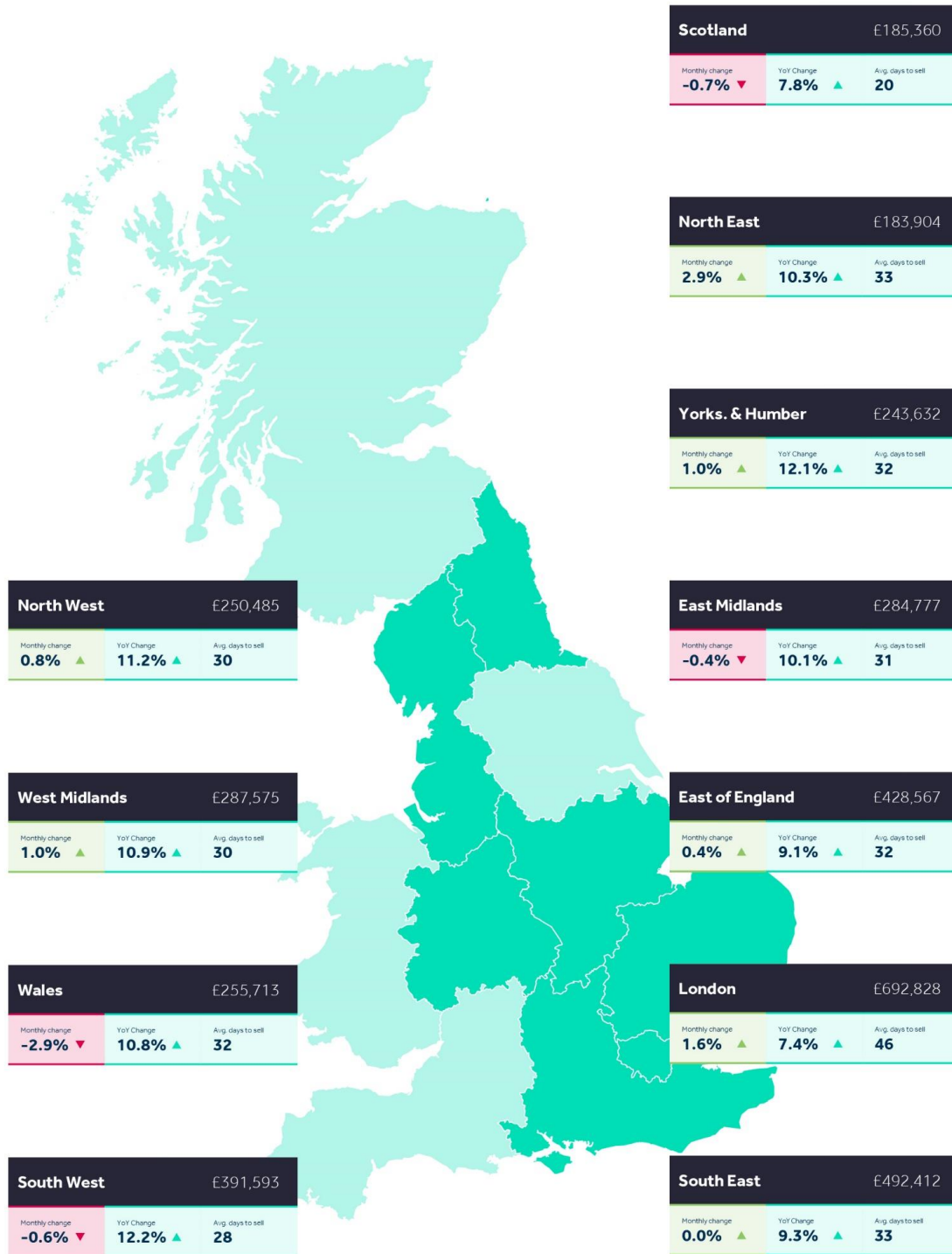
Price & activity trends





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 July 22	Monthly change	Annual change
Merton	£758,315	2.3%	11.6%
Barnet	£749,107	0.4%	11.3%
Havering	£487,526	-0.2%	11.2%
Bromley	£636,387	0.4%	10.3%
Barking and Dagenham	£376,434	0.8%	9.8%
Redbridge	£522,706	0.9%	8.6%
Kingston upon Thames	£715,755	0.3%	8.4%
Hillingdon	£554,254	0.3%	8.4%
Sutton	£550,778	0.2%	8.2%
Greenwich	£505,902	1.8%	7.9%
Lewisham	£528,900	1.0%	7.8%
Hounslow	£606,496	-0.5%	7.7%
Hackney	£708,973	1.1%	7.6%
Brent	£649,042	1.7%	7.6%
Harrow	£630,998	-1.3%	7.3%
Hammersmith and Fulham	£1,007,094	2.1%	7.0%
Waltham Forest	£557,855	0.2%	6.9%
Wandsworth	£858,705	1.4%	6.9%
Richmond upon Thames	£959,730	0.2%	6.7%
Bexley	£476,878	1.6%	6.4%
Newham	£466,320	0.5%	6.3%
Tower Hamlets	£599,498	-0.3%	6.3%
Ealing	£600,302	0.5%	5.8%
Croydon	£492,607	-0.5%	5.8%
Lambeth	£683,485	1.1%	5.5%
Islington	£779,222	-0.8%	5.0%
Camden	£1,031,999	3.3%	4.9%
Westminster	£1,506,880	2.2%	4.8%
Haringey	£665,790	0.4%	4.7%
Enfield	£505,201	-1.1%	4.3%
Southwark	£654,517	1.7%	2.1%
Kensington and Chelsea	£1,688,014	1.0%	-0.1%

About the Index

The Rightmove House Price Index methodology was updated and restated in January 2018. 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 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 being very up-to-date, 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).