

House Price Index

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

-1.1%

Monthly asking price decrease, in line with pre-pandemic five year average

+7.2%

Annual price growth

+13%

Increase in new sellers coming to market versus same period last year

Financial uncertainty continues though price drop in line with the norm

- The average price of property coming to the market drops by 1.1% (-£4,159) this month, which despite the weight of financial uncertainty is in line with the average 1.1% drop recorded in November during the pre-pandemic years of 2015-2019
- The proportion of properties seeing a reduction is only slightly up on pre-pandemic levels, though a slowdown in activity from last year's frenetic market has led more sellers to be willing to reduce their asking price to agree a quicker sale:
 - In October, 8% of unsold properties on Rightmove were reduced in the month, in line with the 7.5% of properties that were reduced in October 2019
 - However, it is double the 4% in October 2021 as the market becomes increasingly price sensitive and emphasises the importance of listening to your agent's recommendation on pricing
- Some new buyers appear to be holding off to wait for more financial certainty, while others who were already stretching themselves have now had to pause:
 - Buyer demand is still up by 4% on the more normal market of 2019, but down by 20% on October last year
 - First-time buyer properties continue to be the most affected sector, with year-on-year demand down by 26% in October, while second stepper demand is down by 17%, and top of the ladder is down by 15%
- The era of historically low interest rates is over, but there are signs that mortgage rates and availability are now settling down

National average asking price

Month	Avg. asking price	Monthly change	Annual change	Index
November 2022	£366,999	-1.1%	+7.2%	283.7
October 2022	£371,158	+0.9%	+7.8%	286.9

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

Sector	November 2022	October 2022	Monthly change	Annual change
First time buyers	£223,770	£224,713	-0.4%	+5.9%
Second-steppers	£338,797	£339,984	-0.3%	+7.8%
Top of the ladder	£668,306	£684,460	-2.4%	+7.0%

Rightmove measured 89,562 asking prices this month nationally, circa 95% of the UK market. The properties were put on sale by estate agents from 9th October to 5th November 2022 and advertised on Rightmove.co.uk.

Overview

The average price of newly-marketed homes dips by 1.1% this month (-£4,159) to £366,999. As is usual in November, sellers are pricing more competitively to try to find a buyer in the last months of the year. This monthly price drop is exactly in line with the average 1.1% that Rightmove recorded in November during the pre-pandemic years of 2015 to 2019, and so should not be regarded in isolation as a negative indicator. However, there are signs that more existing sellers, whose properties were already on the market and unsold, are willing to take their agents' recommendations and reduce their prices in order to achieve a quicker sale. The proportion of unsold properties seeing a price reduction has increased only slightly from the pre-pandemic 7.5% in October 2019 to 8% this October. However, it has doubled from the figure of 4% in the frenzied market of October 2021. Buyer demand is still performing better than it was during the more normal market of 2019, but it is clear that we have returned to a much more price-sensitive housing market after two years of a buying frenzy.



The plethora of predictions about what might happen to prices next year comes at a time when much is still uncertain, but what is certain is that the exceptional price growth of the last two years is unsustainable against the economic headwinds and growing affordability constraints. Home-owners who come to market in the final few months of the year tend to price lower to attract buyers in the lead-up to Christmas, and we're hearing from agents that both existing and new sellers understand that to sell in the current market they need to price competitively. During the market frenzy many agents said that they had to rip up the rule-book on valuing properties due to bidding wars, but now they're back in more familiar territory, and pricing right first time is even more critical to securing a quick sale.

Tim Bannister Rightmove's Director of Property Science



The first-time buyer sector saw the biggest increase in activity during the market frenzy of the past two years, but is now facing the biggest challenges after the sudden jump in mortgage interest rates, though there are signs over the past few weeks that rates and availability are starting to settle down. This is despite a record-breaking base rate rise last week, as that rise had largely been factored in by lenders. The drop in buyer demand versus the strong market of last year is highest in the typical first-time buyer sector, with demand down by 26% on this time last year, though still up by 7% on this time in 2019. In the second stepper sector demand is down by 17%, and at the top of the ladder there has been a drop of 15%. Overall, total demand is still 4% higher than in 2019, but 20% lower than in October last year as the ongoing financial uncertainty weighs on the market.



The now largely superseded mini-budget sped up the slowing of market activity that we had been seeing since the summer, and we're now in another state of limbo as we wait for any surprises or help in Jeremy Hunt's Autumn Statement on Thursday. The frenzied market of the past two years has turned into a more normal market more abruptly and less smoothly than we were expecting. Though many are getting on with moves, especially those with a purchase already agreed, understandably there are people who are pausing for thought. Some buyers have decided to turn their attention to Christmas instead, and be part of the New Year jump in home-moving activity. There's a group who are ready and able to move and are waiting on the side-lines for more financial certainty. Then there's a group of first-time buyers or people hoping to trade up who were already stretching themselves financially and may now have had their plans dashed. It's important to note that there isn't a glut of unsold properties, and the average number of enquirers for the low number of available properties for sale is still over a third higher than it was back in October 2019, which is helping to prevent any price falls by more than is usual at this time of year. The era of historically low interest rates and the buying frenzy are over, which could make way for a more normal market that opens up potential opportunities for those who were put off entering the frantic market over the past two years.

Tim Bannister Rightmove's Director of Property Science



Agents' views



Following 14 consecutive quarters of rising property prices, growth in the housing market is starting to soften. This slowdown can be attributed to the new economic conditions the market is facing, namely the increased cost of borrowing. There remain however, very determined buyers and sellers who are looking for a new home and we expect sustained activity in to 2023.

Most sellers we are speaking to appreciate that any adjustments to pricing comes off the back of three years of growth, so for those motivated to come to the market it's not really a central consideration. Also, regardless of economic headwinds, there will always be people who need to move, and we remain in a very supply constrained market, where even if buyer demand falls, it will still outweigh the number of available homes.

Kate Eales, head of regional agency at Strutt & Parker

Pricing your property right is key to a successful sale, and it becomes even more pertinent in a tricky, or cooling market. We often find that the most critical time to find a buyer is during the first couple of weeks of a property being marketed, if the price is too high it's much more likely to stick around on the market and get stale, meaning you may have to end up reducing the price to garner interest. By agreeing a price with your agent from the beginning that is competitive and in line with the market as a whole, it can help generate more viewings and could lead to a quicker sale without the need for a reduction.

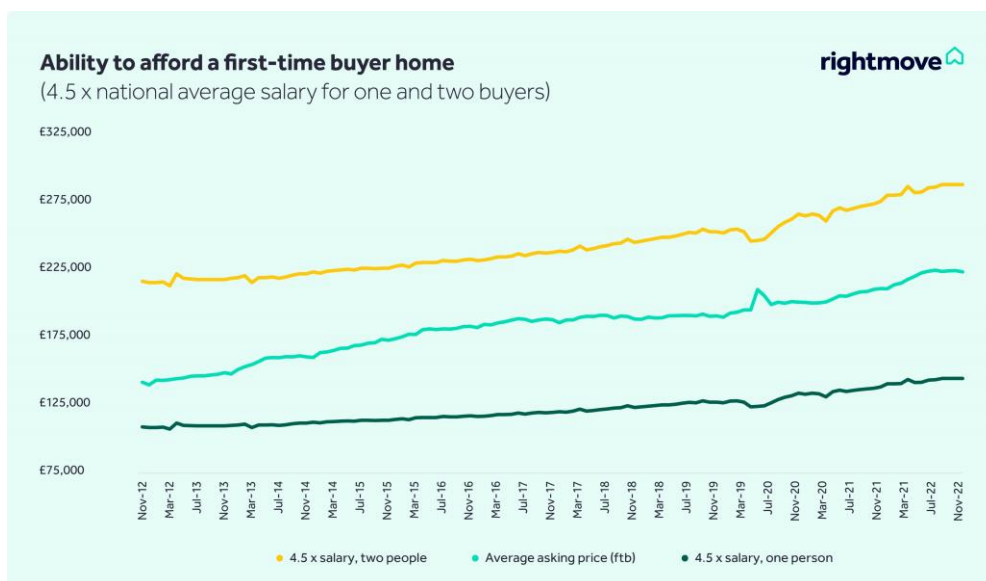
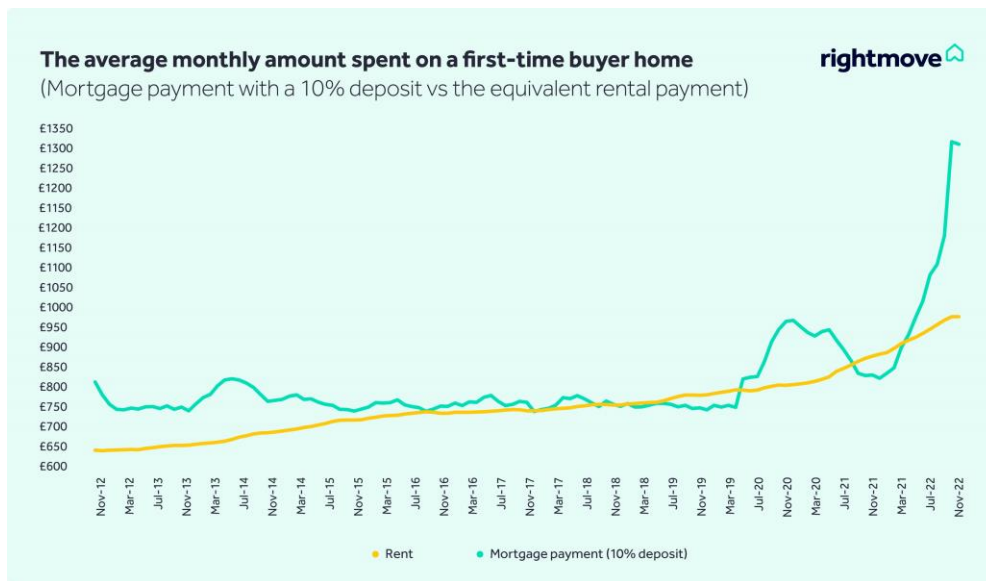
Andrew Marshall, Regional Director at Hamptons



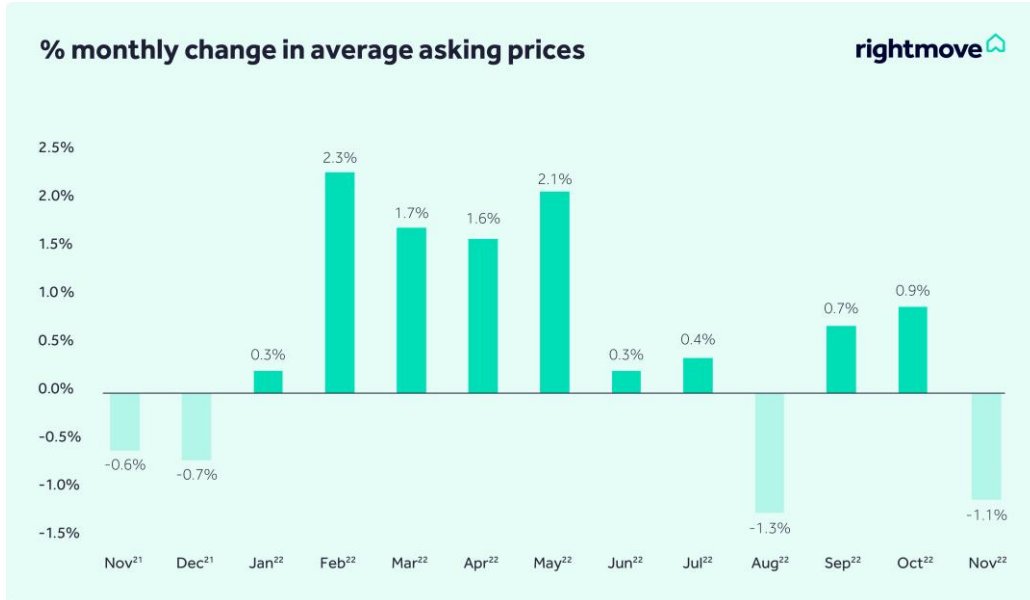
Affordability trends

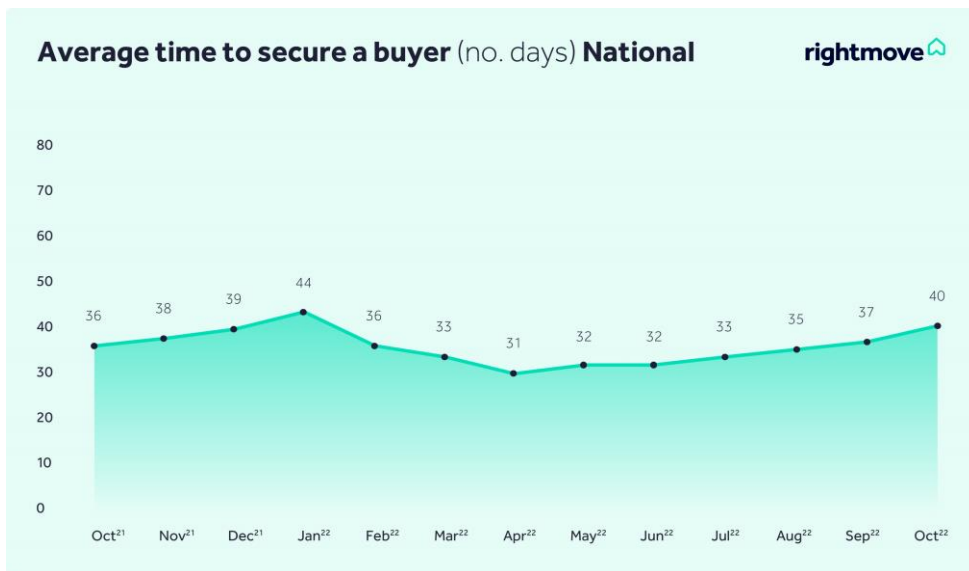
The first-time buyer monthly mortgage payment is based on Bank of England data of the averages for 90% LTV two-year fixed mortgages from lenders, and the average asking price of a typical first-time buyer home (two bedrooms or fewer) using the Rightmove House Price Index. The equivalent monthly rent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

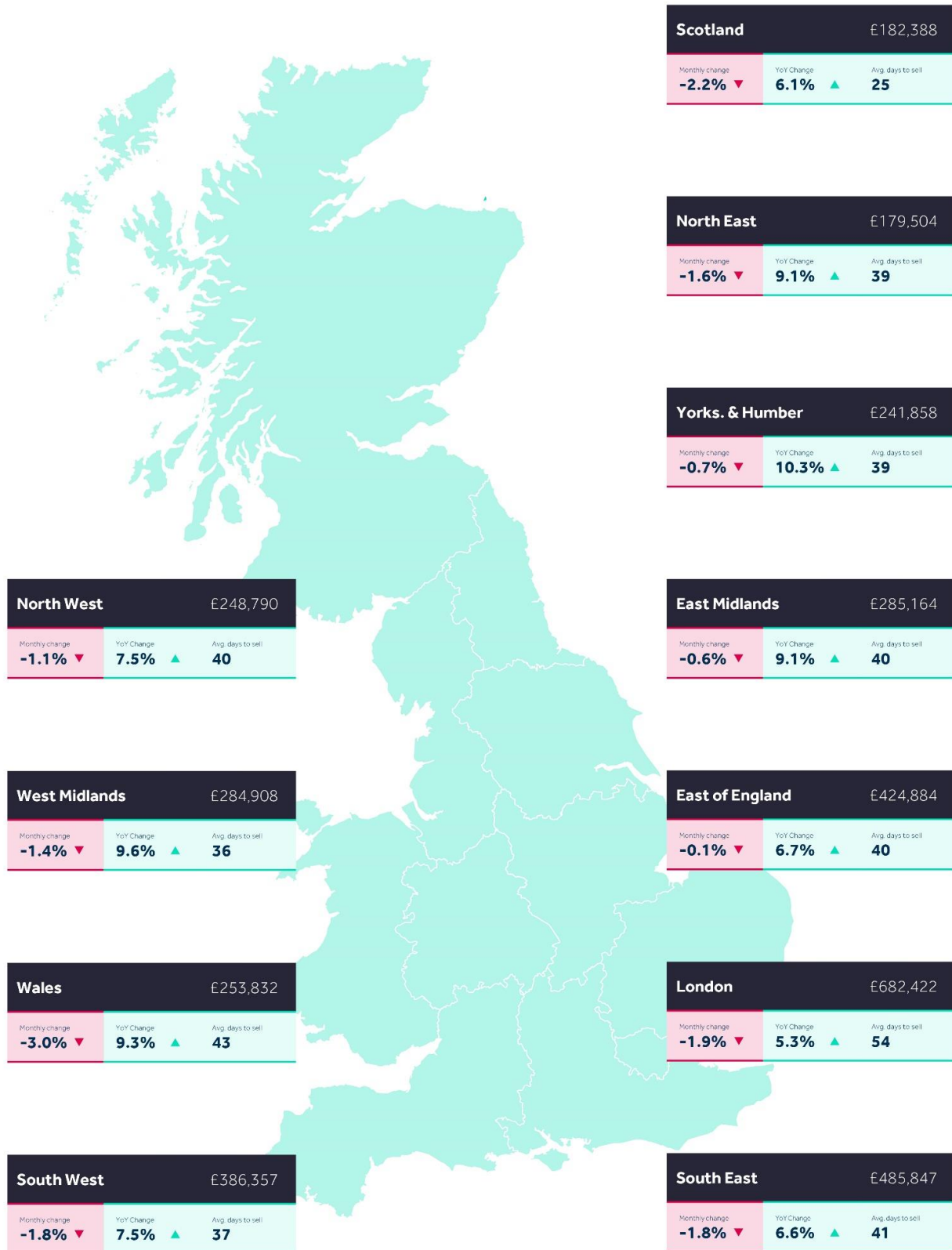


Price & activity trends





● 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 Nov 22	Monthly change	Annual change
Camden	£1,073,183	1.6%	12.8%
Merton	£761,296	2.7%	10.9%
Ealing	£624,111	0.8%	10.9%
Barnet	£731,443	1.6%	10.2%
Hackney	£709,450	0.0%	10.1%
Waltham Forest	£566,663	0.6%	8.8%
Islington	£796,579	-2.5%	8.5%
Hounslow	£613,999	0.5%	8.2%
Hillingdon	£557,845	-0.3%	8.1%
Havering	£485,667	-0.2%	7.9%
Bexley	£488,102	1.2%	7.5%
Haringey	£687,260	1.6%	7.4%
Barking and Dagenham	£375,517	-0.9%	7.3%
Kensington and Chelsea	£1,697,446	1.0%	7.1%
Harrow	£635,459	-0.9%	6.9%
Southwark	£658,116	1.7%	6.9%
Enfield	£513,295	0.4%	6.7%
Redbridge	£517,590	-1.3%	6.6%
Bromley	£634,420	-0.4%	6.5%
Newham	£467,883	-1.0%	6.5%
Brent	£659,508	1.8%	6.3%
Sutton	£536,044	-0.6%	6.3%
Kingston upon Thames	£706,666	0.7%	5.6%
Lewisham	£523,274	0.3%	5.5%
Hammersmith and Fulham	£962,852	-1.1%	5.4%
Tower Hamlets	£594,865	0.7%	4.8%
Croydon	£494,142	-0.6%	4.5%
Richmond upon Thames	£935,644	3.0%	4.2%
Greenwich	£500,273	0.8%	3.3%
Westminster	£1,458,992	2.4%	1.1%
Wandsworth	£824,945	-1.2%	1.1%
Lambeth	£674,599	0.0%	0.0%

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).