

# House Price Index

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

**+0.9%**

Monthly asking price increase, biggest January rise since 2020

**+6.3%**

Annual price growth

**+4%**

Increase in total buyer demand versus same period in 2019

## Bigger than usual New Year bounce after extended year-end lull

- After two months of falls, average new seller asking prices rise again by 0.9% (+£3,301) this month, the biggest increase at this time of year since 2020 as New Year sellers test the market:
  - However, average asking prices are still £8,720 lower than their peak in October
- It's early days, but there are some signs of positivity in the first few weeks of the year:
  - The number of prospective buyers contacting agents is up 4% compared to the same period in 2019, and up by 55% compared with the two weeks before Christmas, the biggest New Year bounce since 2016 after the extended lull at the end of the year
  - However, the number of enquirers is down by a third compared to the buoyant market of this time last year
  - Would-be sellers jump into action with 5<sup>th</sup> January the third busiest day ever for people asking agents to come out and value their home, an early sign of confidence for the year ahead
  - Average monthly mortgage payments for hard-pressed first-time buyers continue to fall as mortgage interest rates soften, with some deals now on offer below 5%

### National average asking price

Month	Avg. asking price	Monthly change	Annual change	Index
January 2023	£362,438	+0.9%	+6.3%	280.2
December 2022	£359,137	-2.1%	+5.6%	277.7

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

Sector	January 2023	December 2022	Monthly change	Annual change
First time buyers	£222,582	£221,695	+0.4%	+3.9%
Second-steppers	£333,345	£331,836	+0.5%	+6.2%
Top of the ladder	£656,322	£648,204	+1.3%	+5.2%

Rightmove measured 56,968 asking prices this month nationally, circa 95% of the UK market. The properties were put on sale by estate agents from 4<sup>th</sup> December 2022 to 7<sup>th</sup> January 2023 and advertised on Rightmove.co.uk.

# Overview

After two months of falls, the average price of property coming to the market for sale rises again by 0.9% this month (+£3,301) to £362,438. Whilst a rise in asking prices is expected in January, this is the highest at this time of year since January 2020. After the market's uncertain final few months of 2022, this familiar seasonality is a tentative sign of stability, with new sellers feeling confident to test the market, albeit at average asking prices that are 2% below October 2022's record. It's still early days, but this is a more encouraging start to the year than many anticipated.



*The seasonal increase in new seller asking prices this January from December is particularly encouraging for movers who are looking for the reassurance of familiar trends and a calmer, more measured market after the rapidly changing and at times chaotic economic climate of the final few months of last year. However, while average asking prices did rise in January, they are still £8,720 less than their peak in October. The early-bird sellers who are already on the market and have priced correctly are likely to reap the benefits of the bounce in buyer activity, while over-valuing sellers may get caught out as property stock builds over the next few weeks and months, and they experience more competition from other better-priced sellers in their area. It will be important for the vast majority of sellers to remember that a drop in your asking price is likely not an actual loss compared with what you paid for it, only a failure to live up to aspirations. Listening to your estate agent's advice about your hyper-local market and pricing right the first time can avoid a stale sale and the need for even greater reductions later.*

**Tim Bannister** Rightmove's Director of Property Science



At the beginning of the year, buyer demand is up by 4% compared with the same period in the last "normal" pre-pandemic market of 2019. The bounce-back in activity this January was bigger than usual this year, following an extended year-end lull. The number of prospective buyers sending an enquiry to an estate agent about a property for sale jumped by 55% in the last two weeks, compared with the previous two weeks, an indicator of pent-up demand. In recent years, this New Year jump in enquiries has been around 45%, and it was last higher than this in 2016, a potentially positive sign for the year ahead.

However, buyer demand is down by 36% compared to last year's busiest ever start to a year, as the market navigates its return to a more normal level of activity.

On 5<sup>th</sup> January, the number of people sending a request to an estate agent to value their home, typically the first step for a future seller, was the third largest on record, an early sign of market confidence. Indeed, the last week has been the busiest for these home valuation requests since August 2022. However, even with the prospect of more sellers coming to market, the number of available homes for sale is still well below long-term norms.

Average monthly mortgage payments for hard-pressed first-time buyers continue to fall as mortgage interest rates soften, with some deals on offer below 5%. Further easing of mortgage interest rates this year may tempt more first-time buyers to send enquiries to estate agents and begin the process of a 2023 move.



*These statistics based on the largest sample of any UK housing report give reasons for some positivity at the beginning of 2023. Given that the pause for Christmas came unexpectedly early last year, it was important to see whether buyers and sellers would pick up their plans again at the beginning of this year, or wait to see what the first few months might bring. The numbers certainly suggest that activity has bounced back after Christmas and agents will now be busy trying to match the likely revised expectations of buyers and sellers as we move towards the important spring season. We expect that the full effect of affordability constraints and last year's mortgage rate rises will hold back some segments of the market in the first half of the year, but our leading market indicators may start to identify some green shoots of growth that will go on to strengthen in the second half of 2023.*

**Tim Bannister** Rightmove's Director of Property Science



# Agent's views



Premium property prices seen over the last 18 months have largely disappeared which in turn has encouraged buyers back into the market and sales enquiries are on the rise. The initial shock to the housing market last autumn, after the mini-budget, has also subsided.

Across our network of offices, we've certainly been cheered by the volume of sales activity immediately following the Christmas break. People are now looking ahead and putting their moving plans into action for the new year.

As mortgage rates start to lower and inflation moves under control, we're seeing an uptick in demand from those who've taken a long-term view to investing in their next home.

Many of our sellers are opting for more realistic asking prices to reflect the changing market conditions. This puts them in a strong position to attract early interest, generate positive enquiries from good buyers, and increase prospects of an earlier sale.

Along with increases in viewing levels seen so far in 2023, we're also receiving more requests for valuations. This bodes well for a reasonably balanced market in the months ahead, where supply and demand are more evenly matched.

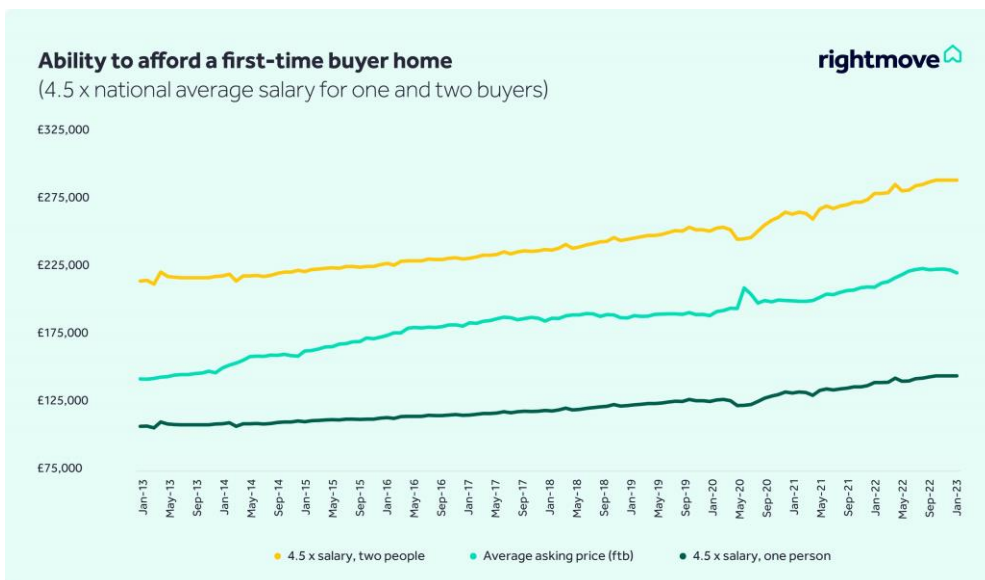
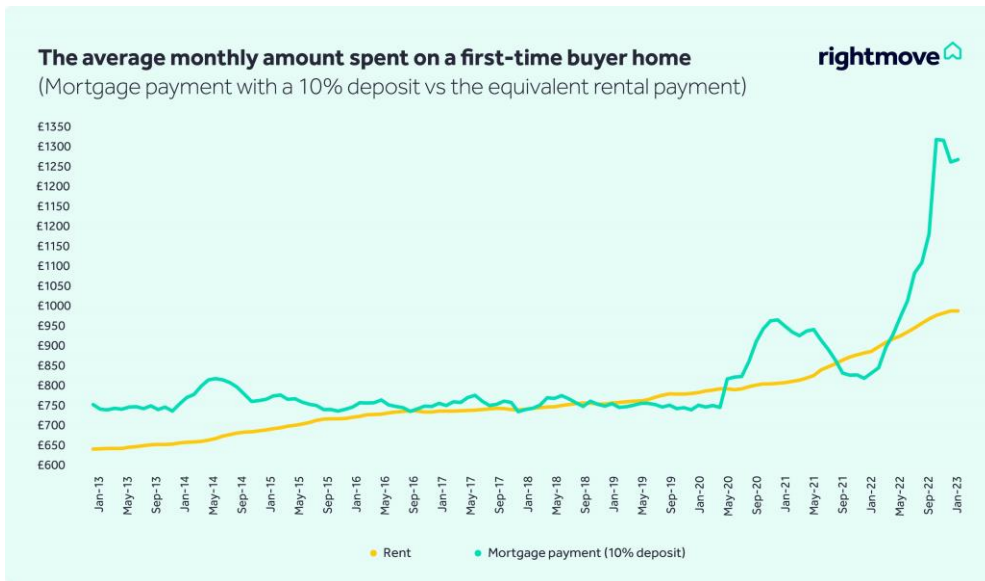
Gareth Overton, Head of Residential Sales, Henry Adams



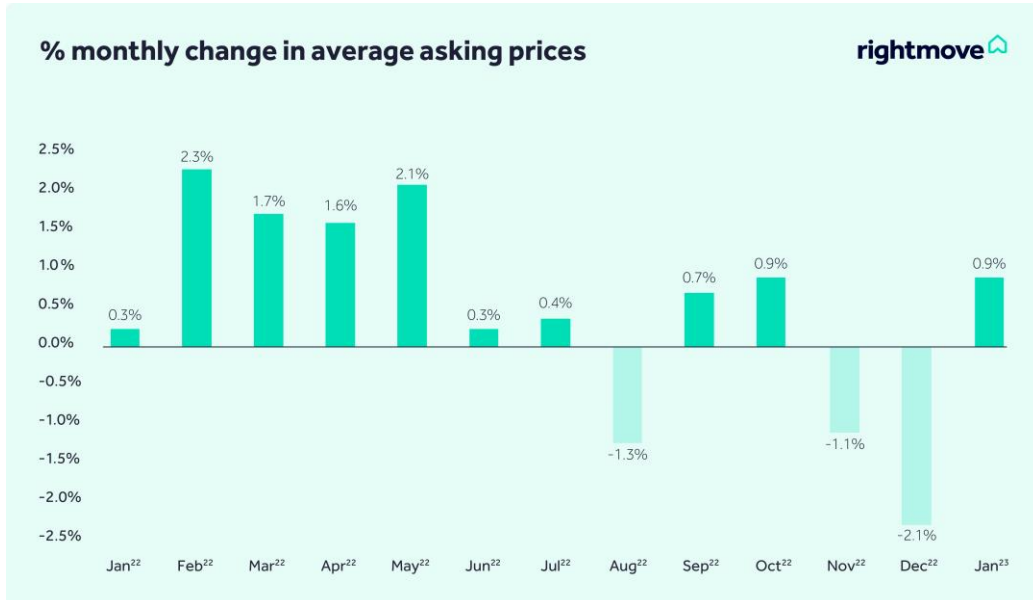
# Affordability trends

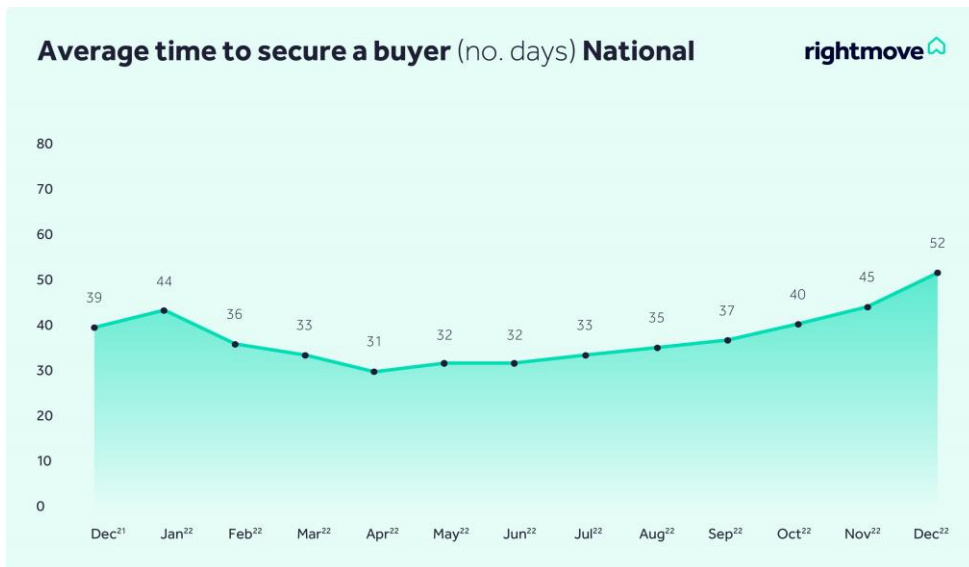
The first-time buyer monthly mortgage payment is based on Bank of England data of the averages for 90% LTV two-year fixed mortgages from lenders, and the average asking price of a typical first-time buyer home (two bedrooms or fewer) using the Rightmove House Price Index. The equivalent monthly rent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



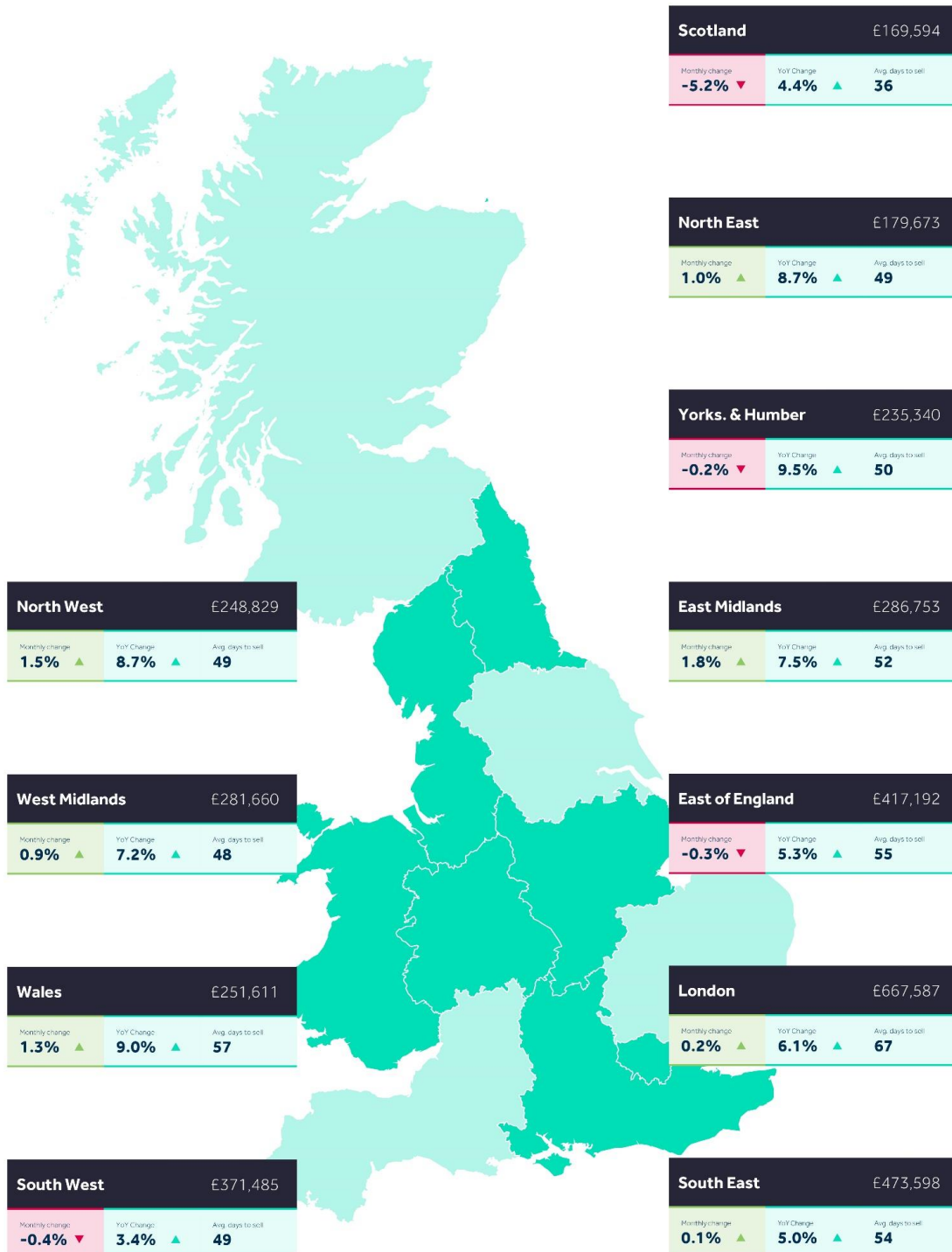
# Price & activity trends





# 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 Jan 23	Monthly change	Annual change
Camden	£1,094,027	0.1%	17.2%
Hackney	£690,821	-1.4%	9.9%
Hammersmith and Fulham	£974,050	0.5%	9.3%
Richmond upon Thames	£934,094	-0.2%	8.9%
Barnet	£705,192	-1.9%	8.8%
Haringey	£668,049	-1.3%	7.7%
Enfield	£512,854	-0.2%	7.2%
Waltham Forest	£554,168	-1.5%	7.0%
Hounslow	£605,920	-0.7%	6.9%
Hillingdon	£549,758	-1.6%	6.7%
Merton	£712,074	-3.4%	6.2%
Southwark	£659,224	-0.4%	6.0%
Brent	£631,386	-3.5%	5.3%
Bexley	£478,742	-1.7%	5.2%
Havering	£475,446	-1.7%	5.1%
Sutton	£528,643	-1.2%	4.9%
Barking and Dagenham	£373,783	-0.6%	4.9%
Tower Hamlets	£596,540	1.1%	4.9%
Croydon	£484,088	-1.4%	4.8%
Islington	£774,235	-2.2%	4.5%
Ealing	£606,416	-1.5%	3.8%
Bromley	£627,261	0.0%	3.7%
Kingston upon Thames	£694,601	-2.0%	3.7%
Harrow	£613,726	-2.4%	3.6%
Lewisham	£511,777	-1.2%	3.5%
Newham	£452,940	-1.8%	2.5%
Wandsworth	£817,204	-0.8%	2.1%
Redbridge	£501,194	-2.6%	1.6%
Greenwich	£482,047	-2.0%	1.5%
Westminster	£1,426,917	-0.2%	1.5%
Kensington and Chelsea	£1,620,304	-5.0%	-0.2%
Lambeth	£655,629	-2.3%	-1.6%



# About the Index

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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. The Rightmove House Price Index methodology was last updated and restated in January 2018.

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 providing real-time data, 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).