

# House Price Index

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

**+0.0%**

Monthly asking price change, as prices remain static

**+3.9%**

Annual price growth

**+11%**

Increase in buyer demand versus same period in 2019

## Better than expected market surprises many as buyers return

- Average new seller asking prices remain flat this month, rising by just £14 (+0.0%), the smallest ever increase from January to February and a sign that more sellers are heeding their agents' advice to price right first time
- Increasing numbers of buyers are returning, with the market starting 2023 much better than many expected:
  - The latest snapshot of buyer demand shows the number of people contacting agents is up by 11% in the last two weeks compared with the same period in 2019's more normal market
  - The number of sales agreed continues to rebound, and is now just 11% down on 2019's levels, recovering from 15% down at the start of the year, and 30% down in the aftermath of the mini-budget
  - Average rates for a 15% deposit five-year fixed mortgage are now 4.82%, down from October's 5.90%
  - While there is still an overall shortage of property for sale, down by 24% compared to 2019, there is more choice for buyers than a year ago, giving prospective buyers confidence for their onward move
  - The latest sales agreed figures show that surprisingly it is the first-time buyer sector that is recovering better than the discretionary upper-end sector

### National average asking price

Month	Avg. asking price	Monthly change	Annual change	Index
February 2023	£362,452	+0.0%	+3.9%	280.2
January 2023	£362,438	+0.9%	+6.3%	280.2

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

Sector	February 2023	January 2023	Monthly change	Annual change
First time buyers	£223,249	£222,582	+0.3%	+3.7%
Second-steppers	£335,691	£333,345	+0.7%	+4.0%
Top of the ladder	£650,755	£656,322	-0.8%	+4.4%

Rightmove measured 114,858 asking prices this month nationally, circa 95% of the UK market. The properties were put on sale by estate agents from 8<sup>th</sup> January 2023 to 11<sup>th</sup> February 2023 and advertised on Rightmove.co.uk.

# Overview

The average price of property coming to the market rises by just £14 this month (+0.0%) to £362,452. This is the smallest increase from January to February on record, though prices remaining flat rather than falling as some expected could be seen as a positive indicator for the year ahead. However, reflecting the slower market conditions new sellers have broken with tradition and held prices static for the first time ever at this time of year rather than increase them. Transitions from a fast to a slower-paced market have historically had many different paths, and whilst it's early days the combination of sellers being more realistic on price and an improving picture on the number of sales being agreed suggests a softer landing for the market than many expected.



*The big question this month was whether we would see new sellers increasing their asking prices as has been the yearly norm as we approach the spring selling season. This month's flat average asking price indicates that many sellers are breaking with tradition and showing unseasonal initial pricing restraint. In addition to market conditions demanding greater realism on price, we are transitioning into a slower paced market, where buyers will take longer to find the right property at the right price due to the higher cost of servicing a mortgage. There are other indicators that this will be a softer rather than a hard transition despite the turbulence at the end of 2022. Homeowners who are coming to market in the upcoming spring season should use their agent's expertise and get the price right the first time, which can really help to find the right buyer more quickly.*

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



Though it is still very early in the year, this month's key metrics suggest that many buyers are seeing reasons to get on with their moves, and have the confidence to return to a market which, so far, is stronger than many expected. The number of potential buyers contacting agents is up by 11% in the last two weeks compared with the same period in 2019.

This demand is beginning to translate into sales, as the number of sales agreed is now just 11% down on the same period in 2019's more normal market, picking up from 15% down at the start of the year and vastly improved from 30% down in the aftermath of September's mini-Budget. This is quite a remarkable turnaround given the rapid increase in mortgage rates less than six months ago. Perhaps even more surprisingly, it is sales in the first-time buyer sector which are holding up most strongly and are down only 7% on 2019. This suggests that though the first-time buyer sector has been hardest hit in terms of the number of buyers enquiring, those who are in the market and able to move are motivated to agree a purchase, likely driven in part by high and increasing rents, and a continued desire to own their own home. Conversely and an indication of hyper-local and sector differences, sales in the top-of-the-ladder sector are down by 16% in the first two weeks of February compared with the same time in 2019.

Meanwhile average mortgage rates have edged downwards after the turbulent months immediately following the mini-budget. The latest data shows that someone looking to take out a five-year fixed mortgage with a 15% deposit would now be looking at an average rate of 4.82%, compared with 5.90% in October.

While there is still an overall shortage of property for sale, with available properties to buy down by 24% compared to 2019, more choice is giving prospective movers confidence that they will be able to find the right home for them. The number of available homes for sale is up by 48% on the record low levels of last year, and this slower-paced, greater-choice market appears to be suiting the mass of buyers who need to organise a mortgage and who often lost out to cash buyers in the frenzied best bid scenarios of recent years.



*The frantic market of recent years was unsustainable in the long term, and our key indicators now point to a market which is transitioning towards a more normal level of activity after the market turbulence at the end of last year. Agents are reporting that they are now increasingly seeing buyers who have more confidence and more choice albeit with revised budgets to accommodate higher mortgage rates. It's a positive sign for the market to see many in the first-time buyer sector getting on with their moves, though despite average mortgage rates having edged down, some first-time buyers will still be priced out of their original plans and may need to look for a cheaper property, save a bigger deposit, or factor higher monthly mortgage repayments into their budgets.*

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



# Agent's views



We saw an increase in seller activity in January, with first time buyer properties and your typical three-bedroom family home being the most popular property types coming to market. For some the challenge in 2022 was the lack of properties to buy with demand outstripping supply, and now that the market has moved to a better balance of supply and demand, we are seeing some potential 2022 sellers take the plunge early in 2023.

First-time buyers were dominant in January, with stabilising prices combined with reducing fixed rate mortgages making it more affordable to get on the property ladder. Sellers are becoming more in tune to the market with those most motivated reducing asking prices to get sold and make their savings on the next purchase.

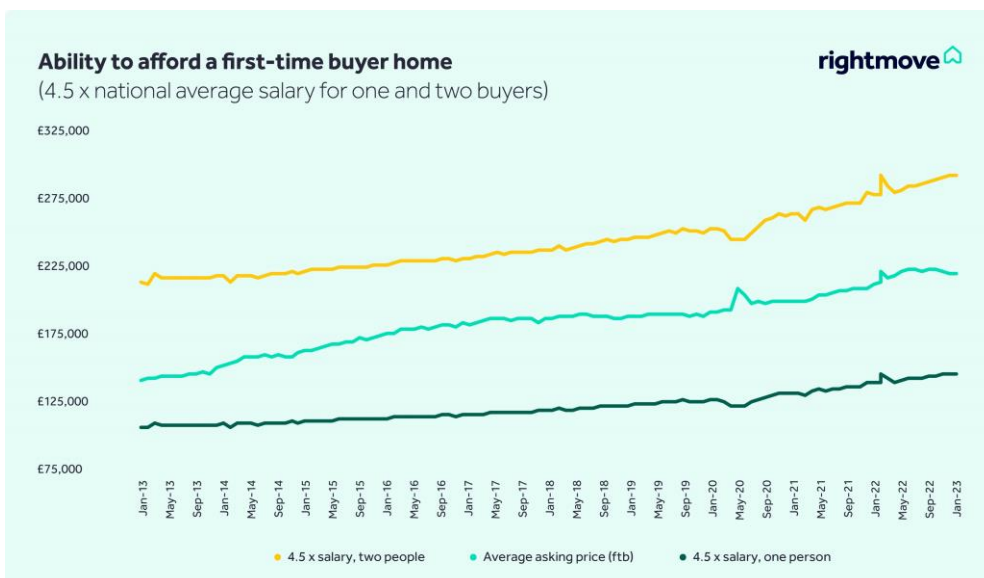
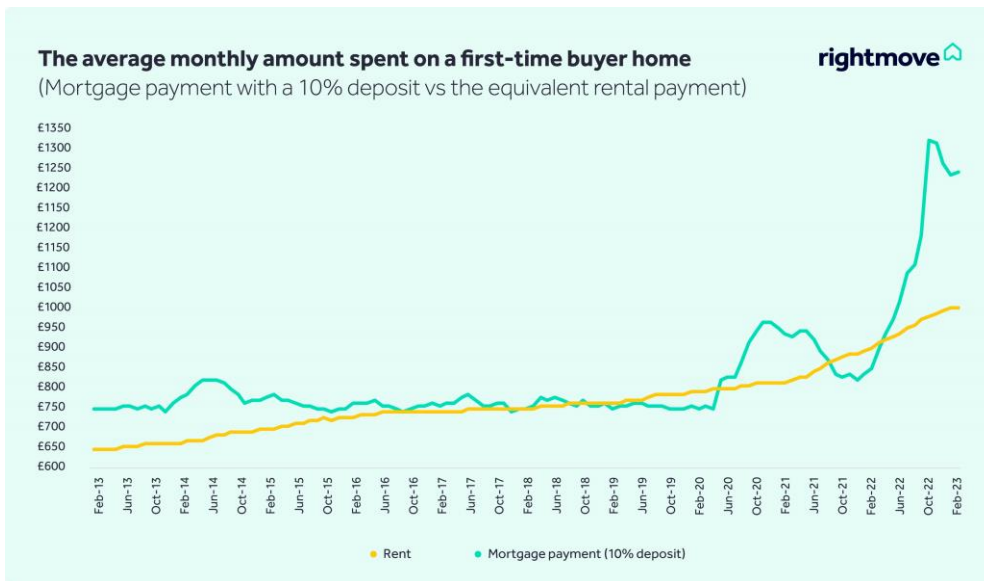
Simon Woodcock, Managing Partner at Robinson Michael & Jackson in Kent



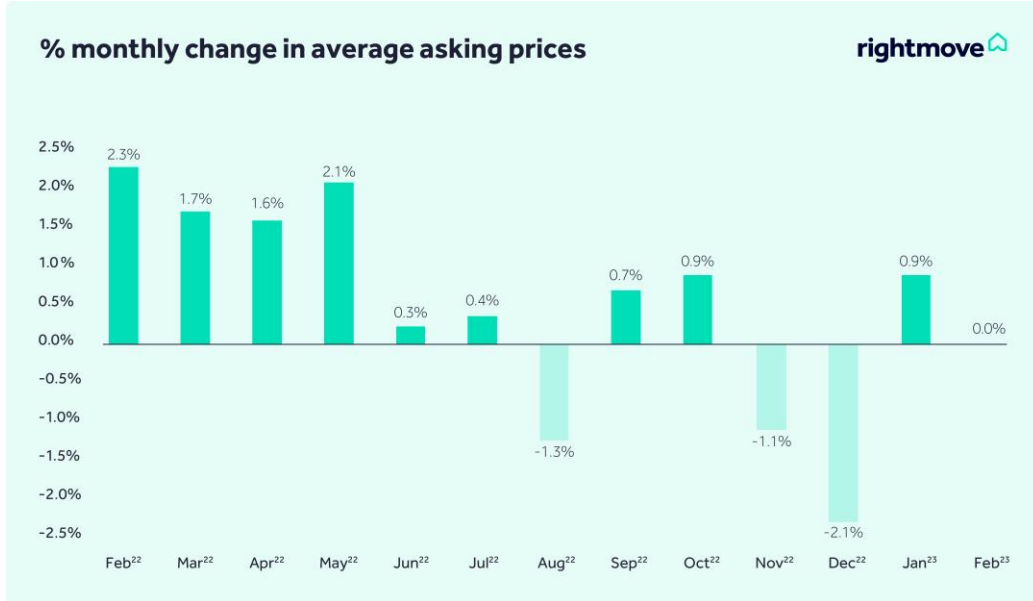
# Affordability trends

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.



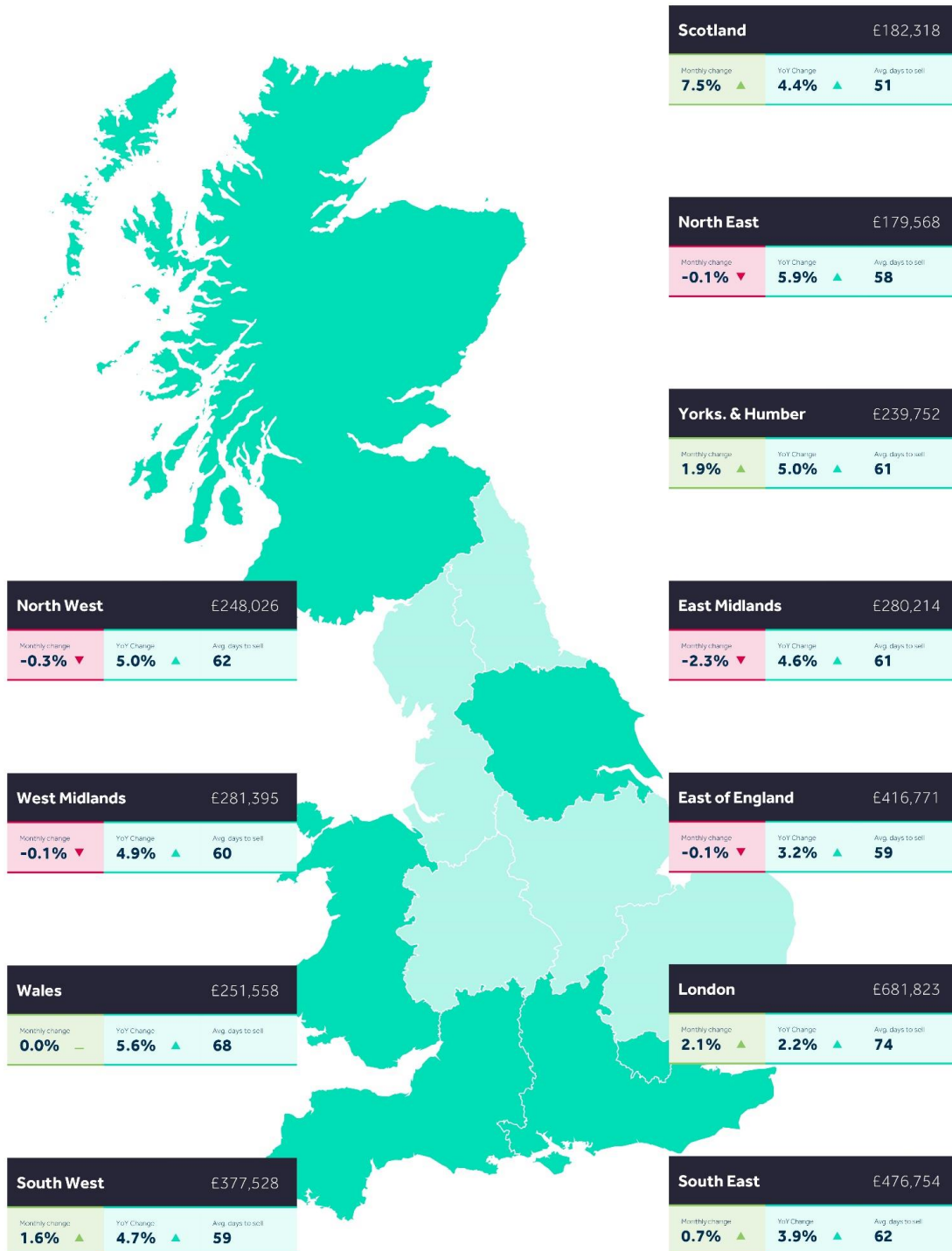
# Price & activity trends





# 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 Feb 23	Monthly change	Annual change
Camden	£1,159,717	6.0%	17.2%
Barnet	£706,572	0.2%	8.0%
Islington	£803,471	3.8%	7.7%
Haringey	£670,862	0.4%	7.1%
Sutton	£544,880	3.1%	6.0%
Bexley	£480,386	0.3%	5.7%
Hillingdon	£558,933	1.7%	5.7%
Enfield	£506,724	-1.2%	4.8%
Wandsworth	£842,845	3.1%	4.7%
Hounslow	£596,175	-1.6%	4.4%
Hackney	£680,403	-1.5%	4.1%
Havering	£476,501	0.2%	4.1%
Waltham Forest	£553,077	-0.2%	4.0%
Tower Hamlets	£590,726	-1.0%	3.9%
Hammersmith and Fulham	£976,058	0.2%	3.8%
Kingston upon Thames	£691,675	-0.4%	3.7%
Southwark	£663,409	0.6%	2.9%
Barking and Dagenham	£371,398	-0.6%	2.7%
Harrow	£614,102	0.1%	2.7%
Croydon	£485,253	0.2%	2.6%
Merton	£695,628	-2.3%	1.9%
Ealing	£603,703	-0.4%	1.7%
Lewisham	£509,545	-0.4%	1.6%
Redbridge	£509,967	1.8%	1.5%
Bromley	£619,133	-1.3%	1.4%
Brent	£611,326	-3.2%	1.3%
Newham	£453,099	0.0%	0.8%
Westminster	£1,397,410	-2.1%	0.7%
Richmond upon Thames	£894,568	-4.2%	0.6%
Greenwich	£476,277	-1.2%	0.4%
Lambeth	£660,437	0.7%	0.4%
Kensington and Chelsea	£1,647,104	1.7%	-2.2%



# 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).

Average mortgage rates to be credited to Rightmove. The data compares the average for October 2022 with the average for the first two weeks of February. The data is provided by specialist mortgage technology provider Podium Solutions. The data covers 95% of mortgage lending, to exclude specialist lenders. If you would like further data on different LTVs or fixed terms, please contact us.