

# The Rightmove House Price Index

The largest monthly sample of residential property prices

**Under embargo for 0001 hours: Monday 19<sup>th</sup> January 2009**

## New sellers halve as enquiries double: Are we near the bottom?

	January	December
<b>Average Property Asking Price</b>	<b>£213,570</b>	<b>£217,808</b>
<b>% Change in Month</b>	<b>-1.9%</b>	<b>-2.3%</b>
<b>% Change in Past Year</b>	<b>-7.3%</b>	<b>-6.3%</b>
<b>Monthly Index (Jan 2002=100)</b>	<b>173.8</b>	<b>177.2</b>

- Average asking prices down by 1.9% - prices now within 8% of the bottom of the market according to Rightmove's 2009 forecast
- Very low level of new listings coming to market (43,000 this month compared to 89,000 in January last year) is squeezing choice, with 20% fewer resale properties advertised compared to peak in May 2008
- Growing unemployment will fuel the 'Year of the property deal', though booming enquiry levels indicate increased competition for best buys in 2009
- Startling fresh data on numbers of New Year buyers and sellers shows an opportunity for a bounce-back, with higher sales volumes in the hands of government and lenders

### Rightmove Monthly Asking Price Trend



Rightmove measured 43,416 asking prices – circa 90% of the UK market. The properties were put on sale by estate agents from 7<sup>th</sup> December 2008 to 10<sup>th</sup> January 2009 and advertised on Rightmove.co.uk.

Rightmove.co.uk is the UK's largest property web site, advertising around 90% of all homes for sale via estate agents across the UK. The site attracts over 30 million visits from home movers each month who view in excess of 400 million pages. Each month Rightmove uses asking price data of up to 200,000 properties coming onto the market to produce this House Price Index - the largest, most accurate and up-to-date monthly index.

Released 19<sup>th</sup> January 2009

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## Overview

The rapid downturn and consequent fast-paced price falls continue this month, with a further fall of 1.9% in average asking prices. We forecast last month that prices were within 10% of the bottom of the market, so this substantial fall is consistent with the market bottoming out in the latter part of 2009. This is given further credence by a chronic lack of new supply both in the resale and new homes markets, which is at odds with both the 1990s UK housing downturn and the current experience of high unsold inventories in the US.

Miles Shippside, commercial director of Rightmove comments: "The speed with which prices have declined has been worrying, but it does mean we are potentially reaching the bottom sooner. One of the factors that will help to arrest price falls is a lack of property coming onto the market, resulting in lower inventory levels that align supply more closely with today's restricted demand. The reticence of discretionary sellers to come to market and the relatively low number of forced sellers have seen new listing numbers plummet. Add to this the collapse in the supply of new homes from developers and a massive shift of unsold stock to the lettings market, and the result is a dramatic reduction in the over-supply that has been present since early 2008."

Rightmove saw 43,416 properties coming to the market in the last month, less than half of the 89,110 properties measured in January 2008. The total number of resale properties advertised on the website has decreased by over 20% since the peak in May 2008, giving potential buyers a far more restricted choice. Some unsuccessful sellers have withdrawn until activity improves, and the additional cost of mandatory Home Information Packs (HIPs) may persuade further homeowners not to market their property. The number of new sellers may face a further decline when new regulations are introduced on April 6<sup>th</sup>. The new rules mean that estate agents will need to have received the HIP in their office before identifying the property, instead of just ordering one, delaying viewings by several days. The dwindling level of choice for prospective purchasers is exacerbated by the crisis in the new build industry, with 1,000 fewer developments being marketed today compared to this time last year. The question is whether this is a temporary blip in supply levels or a longer-term trend that will help to provide a firmer floor under prices.

Ironically the lettings market is now starting to experience similar over-supply from which the sales market appears to be slowly emerging. As frustrated sellers have chosen to offer their home for rent rather than sale, Rightmove has seen the inventory of properties on its lettings website increase dramatically. Whilst unsold stock has declined from its peak in May last year, property available to rent has increased by 37%, with around 320,000 homes available for rent on the website.

Miles Shippside comments: "Would-be buyers are sniffing that 2009 could be the year of the property deal. The market has plumbed the depths, with agents reporting sales being achieved at a discount of around 25% from peak boom prices. Even though growing unemployment and an increased number of amateur landlords failing to let will add to the amount of forced sales, the reduction in the number of properties coming to market appears to be aligning supply and demand more quickly than in previous downturns. This will help to establish a price floor, and is being assisted by a potential increase in demand from improved buyer affordability due to both lower prices and cheaper mortgages."

Rightmove has seen a surge in potential buyer activity since the New Year, generating double the enquiries sent to agents in the same period last year (Total email enquiries 429,560 versus 199,762). Whilst the lowest base rates in history have not fully fed through to mortgage rates, buyers can now buy a lot more property for the same monthly mortgage payment. This is stirring interest from the previously disenfranchised and disenchanted, and also from investors who are looking for a better home for their cash now that other asset classes are giving poorer returns.

This is only one step on the road to recovery. Restricted lending criteria and continuing economic woes mean that a 'bump along the bottom' in both price and volume will extend

into 2010, with the recovery timescales in hundreds of local markets governed by their own micro-economics. However, it does present an opportunity for a relatively small group of decision makers in the Government, Bank of England and lenders to stimulate the market by increasing mortgage lending.

Miles Shippside notes: "Households are still being formed, properties are being outgrown, and job-hunters have to relocate to where the jobs are. This pressure of pent-up demand must be vented, as it is stifling people's lives, whilst the lack of workforce mobility hinders the efficiency of the UK economy. This startling combination of a low volume of sellers and a high level of enquiries gives a further prompt to policymakers to act sooner, rather than making the well documented longer-term housing supply issues even more pressing."

For those would-be buyers that are sending the increased volume of enquiries to estate agents, 2009 offers opportunities and challenges. The lack of new sellers means that over the next few months, we could actually see a rise in the average asking price of properties coming to the market. Estate agents traditionally compete to build fresh stock levels in the early months of the year, creating upwards pressure on initial asking prices. This would be a mistake in the current market, compounded by some new sellers being less willing to negotiate on price than those who have been on the market for longer. They will have to compete on price with an existing large rump of forced sellers as well as increasing numbers of new forced sales.

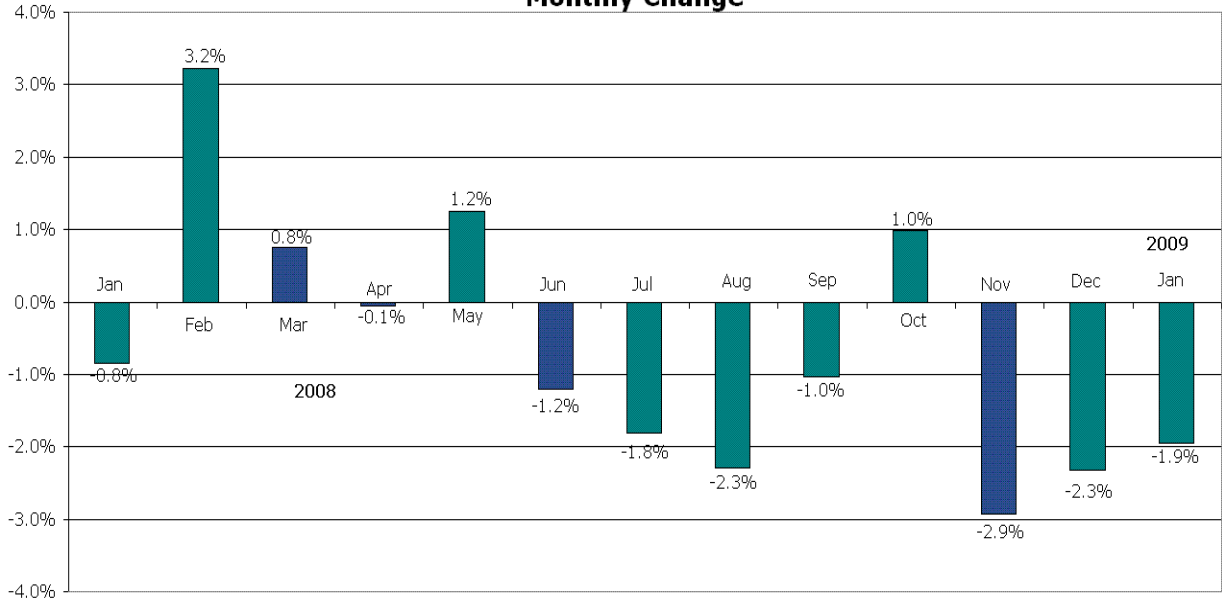
Though it is not guaranteed that the higher level of enquiries will turn into more successful completions, those that have the savings to shop around for better mortgage deals have the advantage of being in a market where there is a combination lower house prices, cheap finance and the likelihood of quality properties in forced sales.

"These buyers should be researching their local market and should be employing tactics to secure the best deal available in their area. In tough times buyers should always look for quality, but also look to pay bottom price. The quality properties in desirable locations will always bounce back first when a recovery happens, and a depressed market is an opportunity to secure a quality home that would normally be out of budget," comments Shippside.

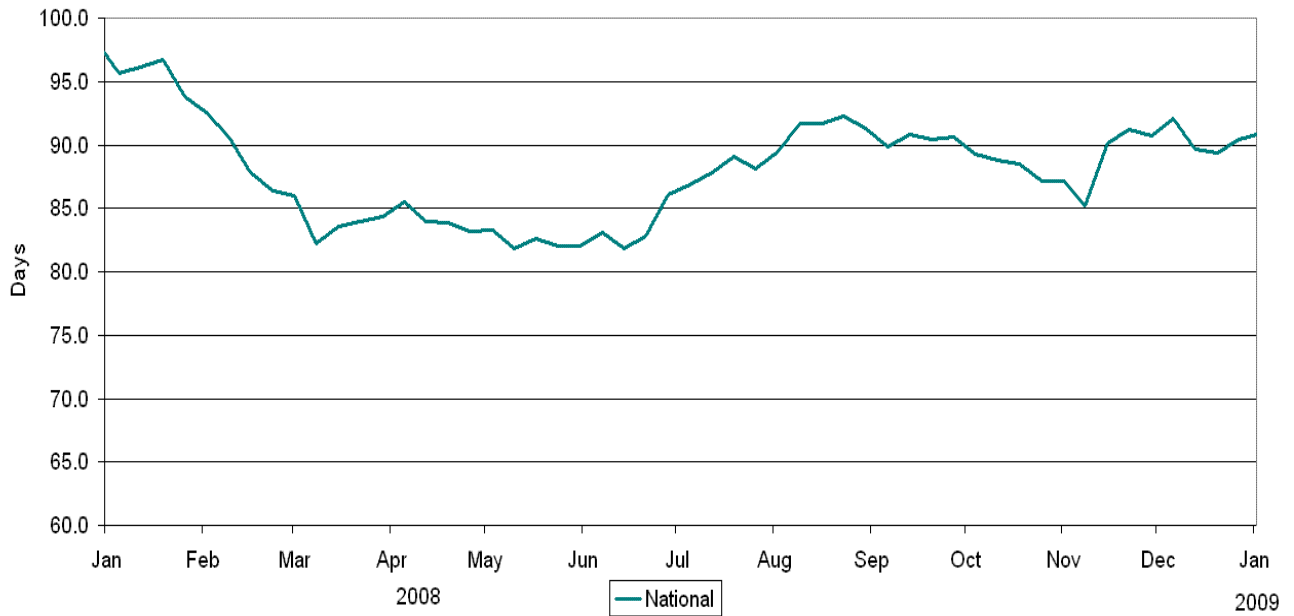
Investors should contact local letting agents and research what properties are renting well and giving a good return on investment. The ideal investment at the moment would be properties that return close to 10%, so that if rents or capital values fall a bit further and take some years to recover, the investment still stacks up financially.

"Those seriously hoping to snap up a quality deal should be lining up a mortgage and a solicitor so that when they do find their dream home, they can react quickly and drive a quick, hard bargain - If you can proceed when most mainstream buyers are unwilling or unable to do so, then you can have the pick of the quality deals from those sellers who are desperate to achieve a sale and willing to negotiate on price. Everyone is aware that it is a buyer's market, but the best buys will not fall into buyer's laps - it is vital to be proactive." Shippside concludes.

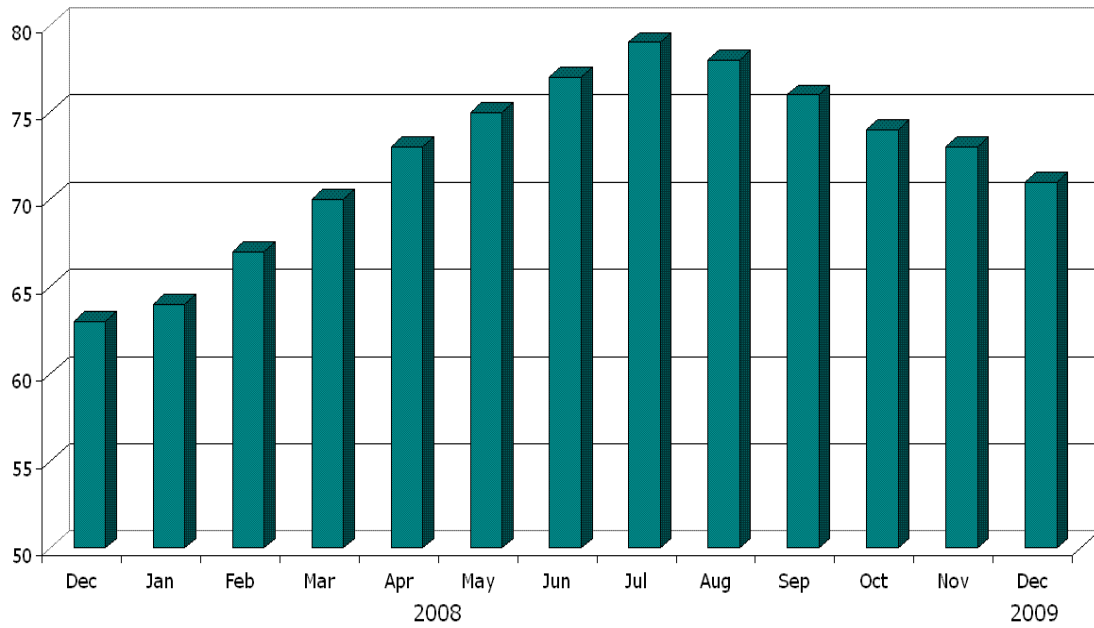
### Monthly Change



### Time on Market Indicator



Average properties for sale per Estate Agent



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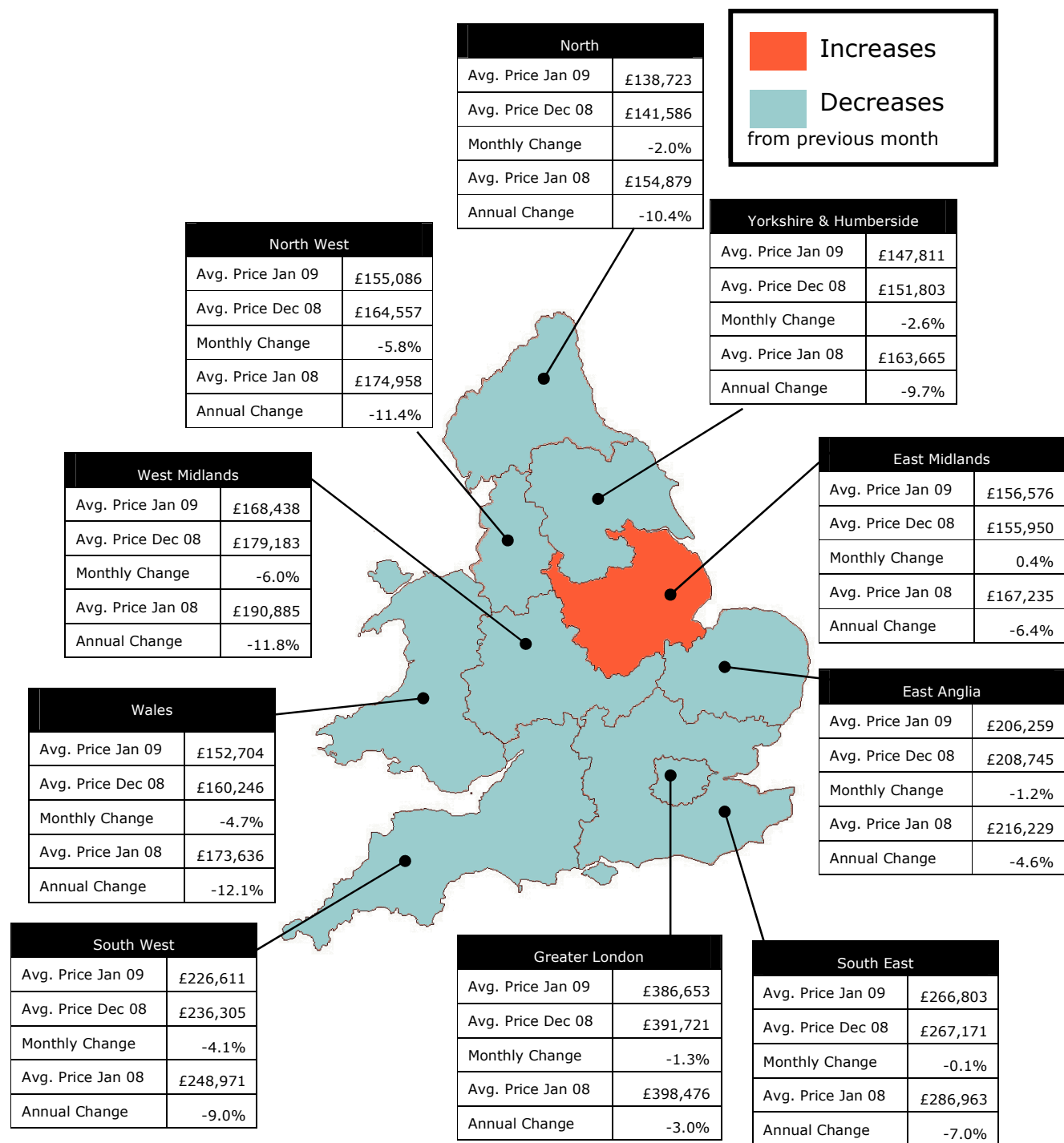
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The UK's number one property website

## Regions of England & Wales



If you are a journalist and would like a further breakdown on these regional statistics please contact the Press Office on: [press@rightmove.co.uk](mailto:press@rightmove.co.uk) or call 0845 456 8439

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## National Asking Price Trend

Month	Index (Jan 2002 = 100)	% Change	Avg. Price
January 2008	187.5	-0.8%	£230,428
February 2008	193.5	+3.2%	£237,856
March 2008	195.0	+0.8%	£239,655
April 2008	194.9	-0.1%	£239,521
May 2008	197.3	+1.2%	£242,500
June 2008	194.9	-1.2%	£239,564
July 2008	191.4	-1.8%	£235,219
August 2008	187.0	-2.3%	£229,816
September 2008	185.0	-1.0%	£227,438
October 2008	186.9	1.0%	£229,691
November 2008	181.4	-2.9%	£222,979
December 2008	177.2	-2.3%	£217,808
January 2009	173.8	-1.9%	£213,570
<b>Annual Change</b>	<b>-13.7</b>	<b>-7.3%</b>	<b>-£16,858</b>

(National asking price includes other property types that are not classified below)

## National Asking Price Trend by Property Type

Month	Detached	Semi-Detached	Terraced	Flats/Apartments
January 2008	£324,114	£203,951	£183,324	£197,384
February 2008	£338,789	£207,458	£185,444	£197,649
March 2008	£340,632	£207,141	£186,797	£199,912
April 2008	£344,140	£206,452	£184,624	£198,873
May 2008	£344,706	£206,327	£183,833	£199,076
June 2008	£343,167	£204,036	£182,611	£196,699
July 2008	£338,319	£200,736	£180,449	£192,006
August 2008	£330,312	£198,079	£174,364	£189,965
September 2008	£327,568	£195,188	£174,270	£184,542
October 2008	£334,518	£193,143	£173,858	£187,051
November 2008	£323,690	£188,219	£170,740	£183,501
December 2008	£317,998	£185,471	£164,512	£175,915
January 2009	£314,282	£181,093	£161,667	£173,613
<b>Annual Change</b>	<b>-5.9%</b>	<b>-10.1%</b>	<b>-9.3%</b>	<b>-9.4%</b>

Press enquiries regarding the methodology employed and access to further analysis of the data held by rightmove.co.uk should be directed to the Press Office on [press@rightmove.co.uk](mailto:press@rightmove.co.uk) or call 0845 456 8439

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## London's Best Performers January 2009

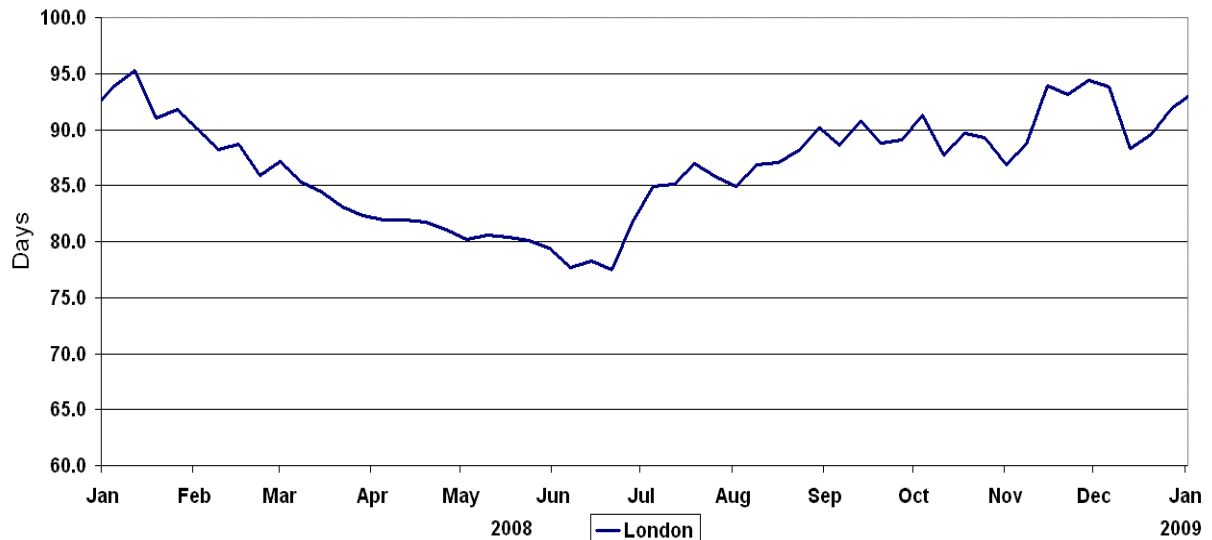
London's Top 5	Avg. Price Jan 09	Avg. Price Dec 08	Monthly Change
Kensington and Chelsea	£1,770,243	£1,650,471	7.3%
Haringey	£454,153	£427,712	6.2%
Ealing	£382,118	£371,358	2.9%
Tower Hamlets	£448,071	£437,721	2.4%
Islington	£584,206	£571,732	2.2%

## London's Worst Performers January 2009

London's Bottom 5	Avg. Price Jan 09	Avg. Price Dec 08	Monthly Change
Hackney	£426,839	£467,642	-8.7%
Brent	£469,844	£503,236	-6.6%
Wandsworth	£486,886	£511,394	-4.8%
Richmond-upon-Thames	£517,661	£542,962	-4.7%
Waltham Forest	£257,913	£270,044	-4.5%

## London Time on Market

Time on Market Indicator



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## London Boroughs

Borough	Avg. Price Jan 09	Avg. Price Dec 08	Monthly Change	Avg. Price Jan 08	Annual Change
Kensington and Chelsea	£1,770,243	£1,650,471	7.3%	£1,622,790	9.1%
City of Westminster	£1,075,893	£1,071,934	0.4%	£947,341	13.6%
Camden	£733,261	£742,622	-1.3%	£679,580	7.9%
Hammersmith and Fulham	£706,881	£721,172	-2.0%	£669,668	5.6%
Islington	£584,206	£571,732	2.2%	£514,726	13.5%
Richmond-upon-Thames	£517,661	£542,962	-4.7%	£555,441	-6.8%
Kingston-upon-Thames	£498,639	£514,550	-3.1%	£505,533	-1.4%
Barnet	£487,656	£477,951	2.0%	£464,365	5.0%
Wandsworth	£486,886	£511,394	-4.8%	£493,673	-1.4%
Brent	£469,844	£503,236	-6.6%	£512,942	-8.4%
Haringey	£454,153	£427,712	6.2%	£408,253	11.2%
Tower Hamlets	£448,071	£437,721	2.4%	£395,648	13.2%
Hackney	£426,839	£467,642	-8.7%	£429,918	-0.7%
Hounslow	£423,033	£441,694	-4.2%	£438,109	-3.4%
Merton	£383,649	£398,263	-3.7%	£391,004	-1.9%
Ealing	£382,118	£371,358	2.9%	£396,333	-3.6%
Lambeth	£360,222	£367,093	-1.9%	£389,325	-7.5%
Hillingdon	£343,546	£336,360	2.1%	£345,827	-0.7%
Southwark	£337,687	£346,407	-2.5%	£359,602	-6.1%
Sutton	£314,079	£316,496	-0.8%	£338,134	-7.1%
Harrow	£312,663	£309,573	1.0%	£330,721	-5.5%
Bromley	£310,348	£320,087	-3.0%	£323,712	-4.1%
Lewisham	£308,895	£312,864	-1.3%	£323,942	-4.6%
Enfield	£299,539	£305,737	-2.0%	£328,550	-8.8%
Redbridge	£265,014	£275,868	-3.9%	£302,559	-12.4%
Croydon	£259,790	£263,253	-1.3%	£286,589	-9.4%
Waltham Forest	£257,913	£270,044	-4.5%	£302,425	-14.7%
Havering	£242,968	£246,797	-1.6%	£267,240	-9.1%
Greenwich	£233,626	£241,935	-3.4%	£254,551	-8.2%
Barking and Dagenham	£209,017	£211,467	-1.2%	£233,711	-10.6%
Newham	£208,383	£217,791	-4.3%	£258,177	-19.3%
Bexley	£203,689	£206,070	-1.2%	£225,408	-9.6%

(City of London excluded due to small number of residential properties.)

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## Index Comparison

	January 09		December 08		November 08	
	House Price	Monthly change	House Price	Monthly change	House Price	Monthly change
Rightmove	£213,570	-1.9%	£217,808	-2.3%	£222,979	-2.9%
Halifax	N/A*	N/A*	£159,896	-2.2%	£163,605	-2.6%
Nationwide	N/A*	N/A*	£153,048	-2.5%	£158,442	-0.4%

\* Published at the beginning of next month for Halifax and at the end of this month for Nationwide

**Rightmove:** compiled from asking prices of properties as they come on the market via Rightmove's member estate agents over the previous month, covering over 90% the market. Not seasonally adjusted. (Seasonally adjusted figure used for the Halifax from Nov 2003, as no unadjusted figure has been published.)

**Halifax:** based on mortgage approvals of loans agreed by Halifax Bank of Scotland over the previous month, seasonally adjusted.

**Nationwide:** based on mortgage approvals of loans agreed by Nationwide Building Society over the previous month, seasonally adjusted.

Rightmove measures asking prices and does not seasonally adjust its figures, while Nationwide and Halifax both report data based on mortgage offers, seasonally adjusted. The index offered by the CLG (Department of Communities and Local Government) measure prices at completion stage, not seasonally adjusted.

### Editors' notes

Advertising property for over 90% of all UK estate agents, Rightmove is in a unique position to identify any immediate changes in the market. Using a larger sample than any other house price reports, Rightmove's **House Price Index** is compiled from the asking prices of properties coming onto the market via Rightmove.co.uk's 11,500 estate agency branches. Rather than being a survey of opinions as with some other indices, it is produced from factual data of actual 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, while 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 of the housing market.

This month 4,911 properties have been excluded due to being anomalies.

### **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 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. All eight corporate estate agents (those with 100 or more branches) list their properties on the site. The Rightmove.co.uk site receives over 30 million visits every month and is consistently ranked number one property website in the UK (source: Hitwise).

For further information on methodology please contact the Press Office on [press@rightmove.co.uk](mailto:press@rightmove.co.uk) or call 0845 456 8439

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