



TWENTYEA PROPERTY & HOMEMOVER REPORT – Q2 2021

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targeted property insight



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CONTENTS

- **Introduction**
- **Executive Summary**
- **The Picture from the Pandemic**
- **The Stamp Duty Holiday – who missed out?**
- **Owner Occupied Market – Key Indicators**
- **The Lack of Property Stock**
- **First Time Buyers**
- **Online Agents & the High Street**
- **Lettings Market – Key Indicators**
- **The TwentyEA Insights Blog**
- **About TwentyEA**

INTRODUCTION

Welcome to the latest edition of the TwentyEA Property & Homemover Report, providing a comprehensive review of the UK residential property market, created from the most robust property change sources available.

Our publication normally provides a year-on-year comparison of the residential property market, however given the extraordinary impact on the market arising from the Covid-19 pandemic and the unique events affecting the property market during 2020, for this report the comparison looks back at 2019 to provide a “near normal” comparison.

ABOUT THE REPORT

Our report provides a real-time review of the UK residential market, covering 99.6% of all sale and rental property moves. This state of the nation report provides unique insight into the people behind the numbers, creating a picture of the demographic, regional and socio-economic factors impacting the housing market, including:

- **Factual data (not modelled or sentiment-based)**
- **Full market coverage**
- **Demographic overlay**
- **Property sales data**
- **Property rental data**
- **Real-time data**

“The real-time data and analysis provided by TwentyEA has provided invaluable insight into the performance of different sectors of the UK housing market in a fast-changing market. It has allowed us to stay on top of market trends, at a time when other sources of data have been lagging what has been happening on the ground”.

Lucian Cook
Director, Residential Research Savills

EXECUTIVE SUMMARY

Regions

- The South East region has grown agreed sales by in excess of 47% since Q2 2019, which is a compound annual growth rate of over 21%

London

- Although demand was significantly impaired at the start of the pandemic, 2021 has seen a strong return

Property Types

- The demand for detached houses and flats has been significant with compound annual growth rates of 20% per annum since 2019

Property Value

- The momentum within the property market is being driven by those who can afford higher value properties

Stamp Duty Holiday

- Over one million properties completed during the Stamp Duty holiday up to the end of June
- In the final week of the Stamp Duty holiday (at the £500,000 threshold) there were 78,000 property completions, four times the usual weekly volume

The Lack of Stock

- Aside from London, the whole of England and Wales at a regional level has between 2 and 1.7 months of property stock left to sell

Retail Lifeline

- The number of households in the home moving journey is up by over 40% since Q2 2019 with an additional 500,000 households entering, progressing, or completing the process of moving, fuelling a potential additional 3% GDP per annum

Colin Bradshaw, TwentyCi Chief Customer Officer, adds:

“As we adjust to a society tasked with living with Covid-19 we await the true impact of the pandemic and whether the significant volume and momentum that has occurred within the residential property sector, fuelled by a generous fiscal policy and a significant change in consumer preferences will sharply re-calibrate to pre-2020 levels”.

THE PICTURE FROM THE PANDEMIC

There has been a seemingly insatiable demand for residential property brought about by a combination of pent-up demand from the pandemic, Stamp Duty holidays and the underlying strength of the economy, or at least the strength of the sections of the economy that are able to buy property. But where is the demand coming from?

Please note that due to the volatility of the 2020 market we have compared 2021 to-date with an equivalent time period in 2019.

REGIONAL DEMAND

The growth share of sales agreed by UK region is shown below;

2019 to 2021 Growth and 2021 Share of Sales Agreed



Note that the horizontal and vertical lines represent the average share and the average growth respectively.

The South of the UK has seen the most significant demand, with a higher than average growth but also with a larger share of the total market.

In particular, it is worth pointing out the South East region, which has the highest share of the market of any region at nearly 17% and still managing to grow agreed sales by in excess of 47%, which is a compound annual growth rate (CAGR) of over 21%.

Although initial demand in London was sluggish as a result of the rush to leave the city due to the pandemic, we can see that it has bounced back stronger in 2021.

Although the Midlands, Yorkshire and the North West experienced lower than average growth, their performance in terms of sales agreed growth is still good, being just below average in most cases, and that their share of the total market is comparatively high.

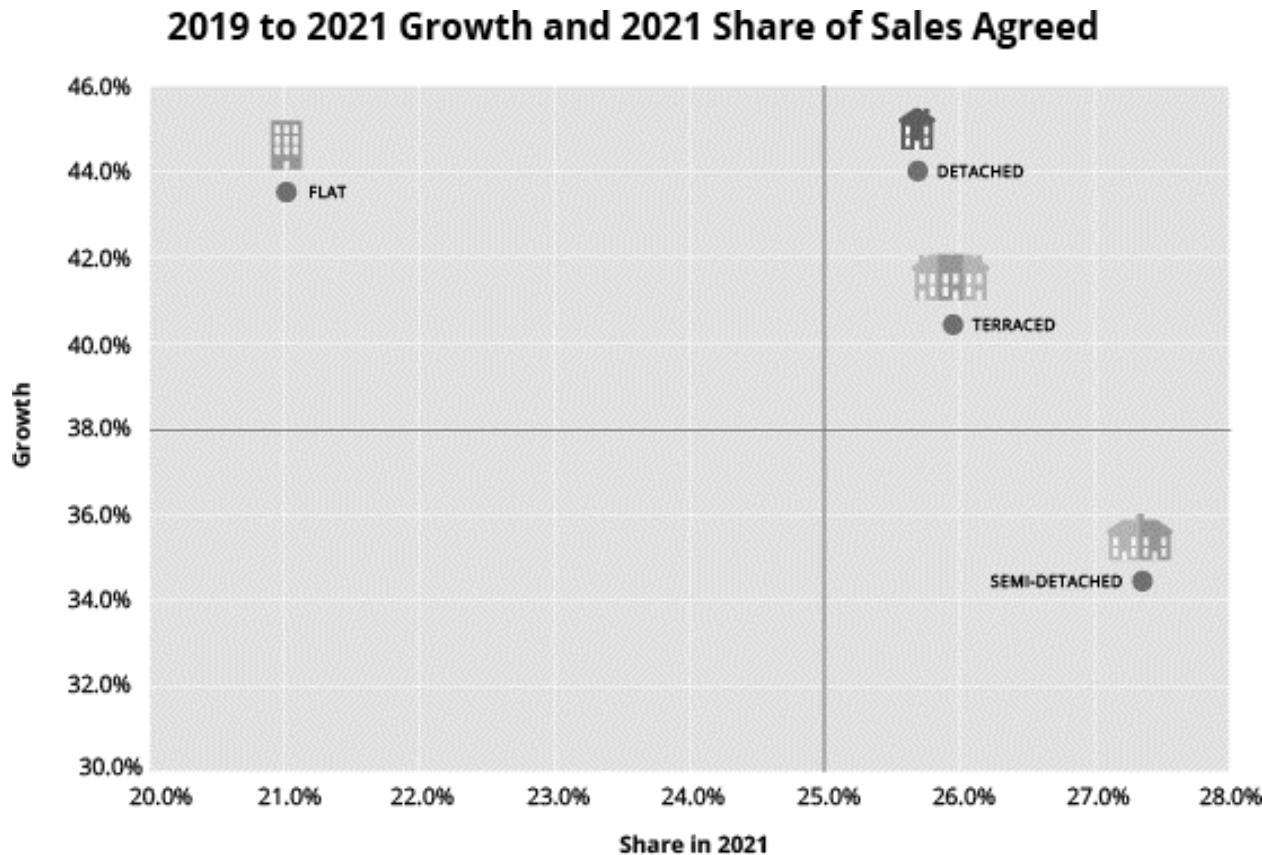
The North East has a low share of the market, but has actually experienced the highest growth in demand above any region of the UK.

Scotland has by far the lowest growth in the UK at 15% (or a CAGR of only 7.4%). In part, this is down to the ending of the Stamp Duty holiday to the original September timetable and their share of the market is relatively low.

THE PICTURE FROM THE PANDEMIC

DEMAND BY PROPERTY TYPE AND PRICE BANDS

The growth share of sales agreed by property type is shown below:

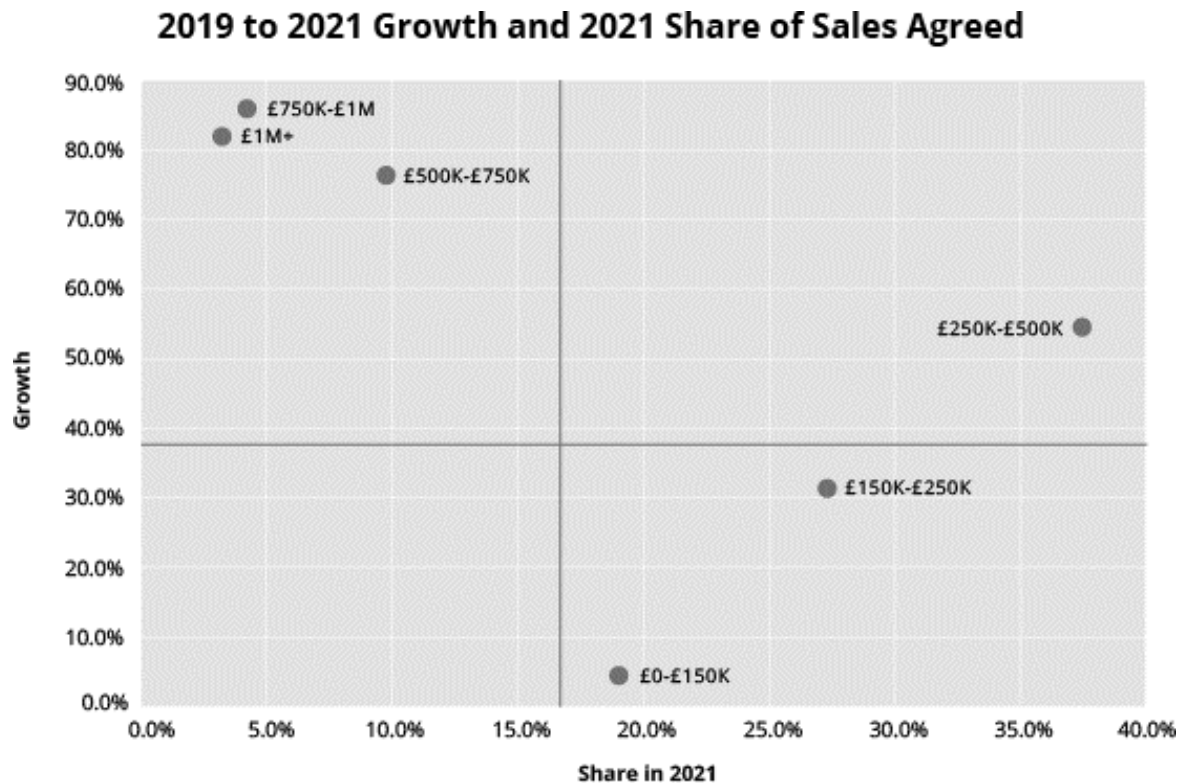


The growth of demand for detached houses and flats has been much greater in 2021 to-date than in 2019. They both have compound annual growth rates of 20% per annum.

Although semi-detached properties have the largest share of the market, their growth is 4% points off the average and c.10% points from detached properties.

THE PICTURE FROM THE PANDEMIC

The growth share of sales agreed by price band is shown below:



The highest levels of demand growth have been experienced by the highest priced properties. Where properties above £750k have an 83% growth rate. Even with this high growth, they only occupy 6% of the market in 2021.

Relative growth in the lowest priced bracket of £0- 150k has been much slower than average, with growth rates since 2019 struggling at 4%.

The highest share is reserved for £250k-£500k properties and these have also had above average and exceptional demand growth rates.

The analysis highlights that it is those that can afford higher value properties who are driving the demand. These buyers are perhaps less affected, or have been to-date, by the economic shocks of the pandemic and as such the underlying property market remains strong.

On the converse side, we are not out of the recessionary threat yet as the economy is still exceptionally fragile, or even non-existent, in certain sectors. This, coupled with inflationary pressures and the looming threat of higher unemployment levels raises the question of whether this will drag the whole economy into a recession.

THE STAMP DUTY HOLIDAY – WHO MISSED OUT?

The Stamp Duty holiday introduced across the UK in July 2020 has acted as a catalyst to the residential property market with the volume of transactions reaching previously unseen levels.

In the final week of the Stamp Duty holiday (at the £500,000 threshold) there were over 78,000 property completions, four times the usual volume. However, for anyone agreeing to sell their property prior to the 31st March 2021 nearly 124,000 were unable to complete prior to the stamp duty deadline. We now wait to see if there will be a significant increase in transactions falling through as a direct consequence of missing the incentive of the deadline.

THE OWNER OCCUPIED PROPERTY MARKET

	Q2 2019	Q2 2021	YOY GROWTH
New Instruction	459,238	438,638	-4.5% 6
Sale Agreed	326,167	433,895	33.0% 5
Exchanged	216,128	254,015	17.5% 5
Fallen Through	71,543	87,817	22.7% 5
Price Changed	257,900	157,204	-39.0% 6
Withdrawn	192,517	152,985	-20.5% 6



THE KEY INDICATORS

The extraordinary performance in the residential property market is laid bare for all to see when comparing the key indicators from Q2 2019 with Q2 2021.

2019 had been an unspectacular year for the property market following a similar pattern to 2017 & 2018 with the impact of Brexit delivering political and economic uncertainty which weighed heavily on the volume of transactions. 2020 was expected to herald an uplift driven by the much anticipated post-electoral 'Boris bounce'. Jump forward to July 2021 and the pandemic has led us to re-evaluate our living circumstances with the addition of the Stamp Duty holiday providing an unexpected catalyst to transactions.

We have forgone a comparison with 2020 due to the turmoil the first Covid lockdown delivered, instead our comparison covers the period between Q2 2019 and Q2 2021

From the table, one can clearly see the significant rise in Sales agreed and Exchanged

as the surge first experienced post lockdown #1 continues.

The number of Price Changes is also significantly down as is the number of properties being Withdrawn from the market. This is in part due to the lack of new properties coming to the market with New Instructions down by nearly 4.6% compared to 2019. With demand exceeding supply there is less requirement for discounting whilst less stock encourages buyers to remain in a transaction rather than looking for an alternative.

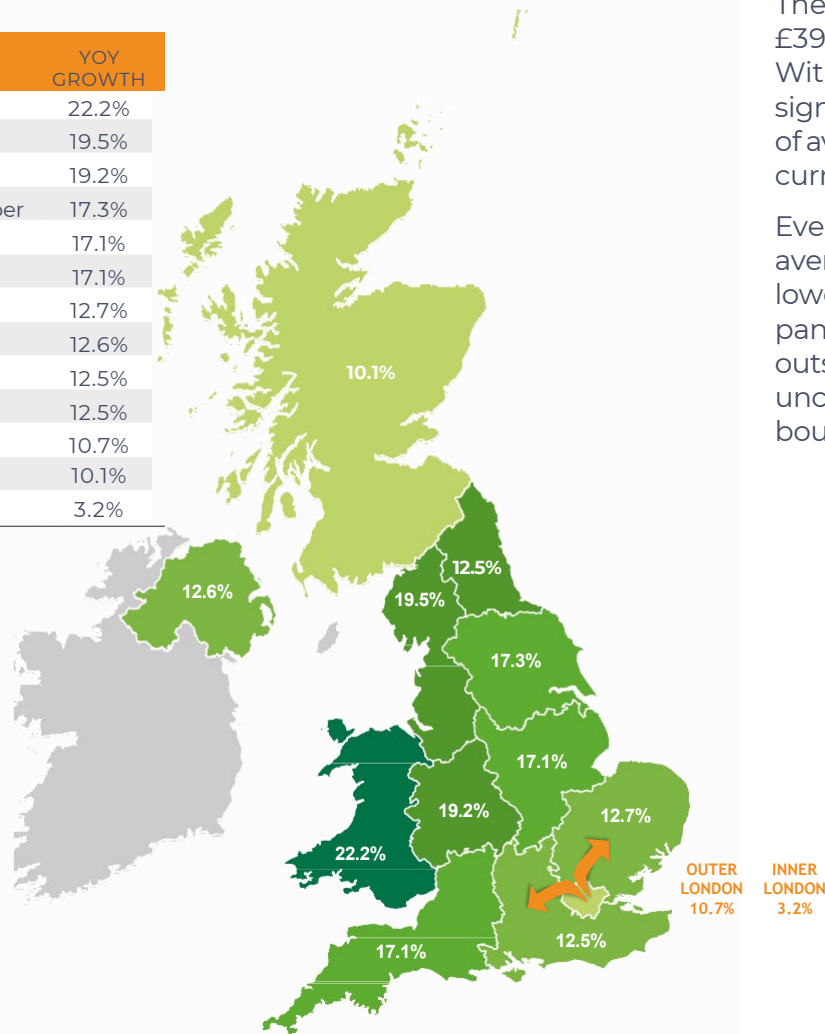
The lack of property coming to the market and the tapered conclusion of the Stamp Duty* holiday is likely to temporarily cause a slow down in the market and a return to the pattern seen pre-Covid.

*No Stamp Duty on the first £500,000 of all sales in England and Northern Ireland until the end of June 2021 after which the nil rate band will be set at £250,000 until the end of September.

THE OWNER OCCUPIED PROPERTY MARKET

CHANGES IN REGIONAL ASKING PRICE

	YOY GROWTH
Wales	22.2%
North West	19.5%
West Midlands	19.2%
Yorkshire and The Humber	17.3%
East Midlands	17.1%
South West	17.1%
East of England	12.7%
Northern Ireland	12.6%
North East	12.5%
South East	12.5%
Outer London	10.7%
Scotland	10.1%
Inner London	3.2%



AVERAGE PRICE – NATIONAL & REGIONAL

The average asking price across the UK in Q2 2021 is now £391k compared to £361k in Q2 2019, an increase of 8.3%. With the growth in the volume of Sales Agreed and no significant increase in properties coming to market the lack of available properties is driving up prices as demand currently exceeds supply.

Every region of the UK has experienced an increase in average asking prices all-be-it Inner London seeing the lowest growth reflecting the significant impact of the pandemic on the capital. With demand for properties outstripping supply this position is likely to remain unchanged in the short term with London expected to bounce back over the next 12 months.

THE OWNER OCCUPIED PROPERTY MARKET

SALES VOLUMES BY REGION & MAJOR CITIES

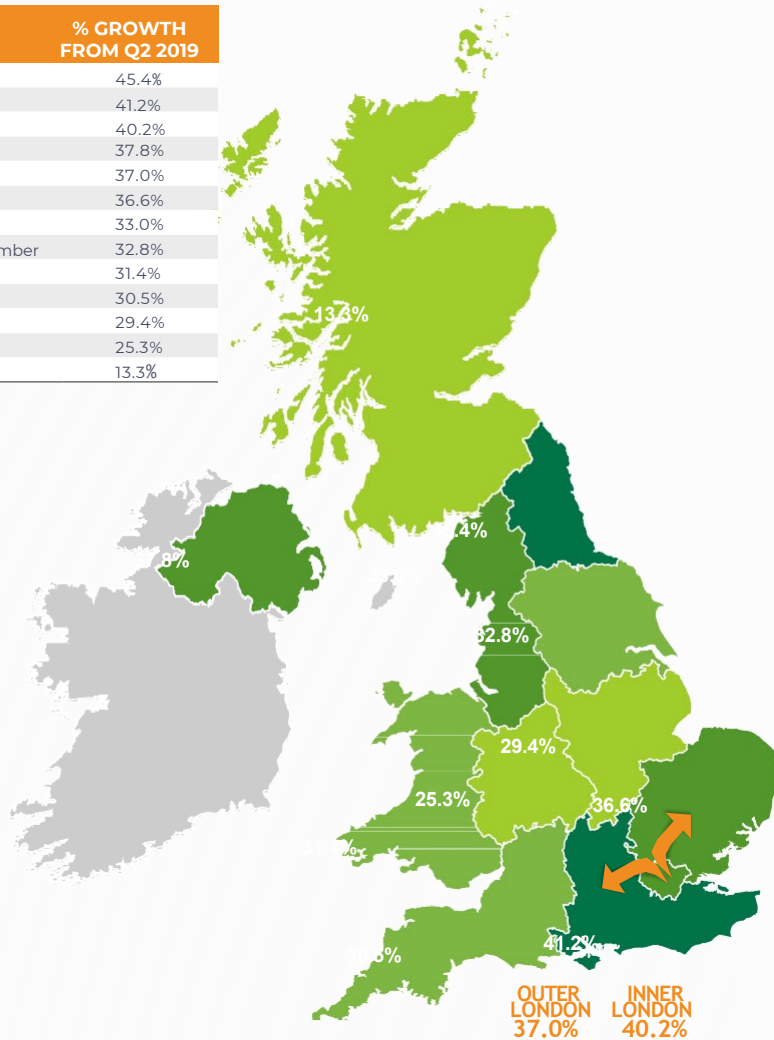
Sales Agreed across the whole of the United Kingdom are on average 33% greater than in Q2 2019. With the momentum being experienced at a national level, the economic recovery of the whole of the UK will be significantly fueled by the expenditure generated by homemovers (c3% of GDP).

PROPERTY TYPE

In line with the buoyancy of the residential property market at a national level, all property types are significantly represented - flats, terraced houses, semi-detached and detached - confirming our observation in previous reports that for the residential property market to develop genuine momentum all facets of the market needed to see a simultaneous uplift.

Detached properties are up 35% compared to Q2 2019 with the “middle England, middle Income” cohort changing their circumstances.

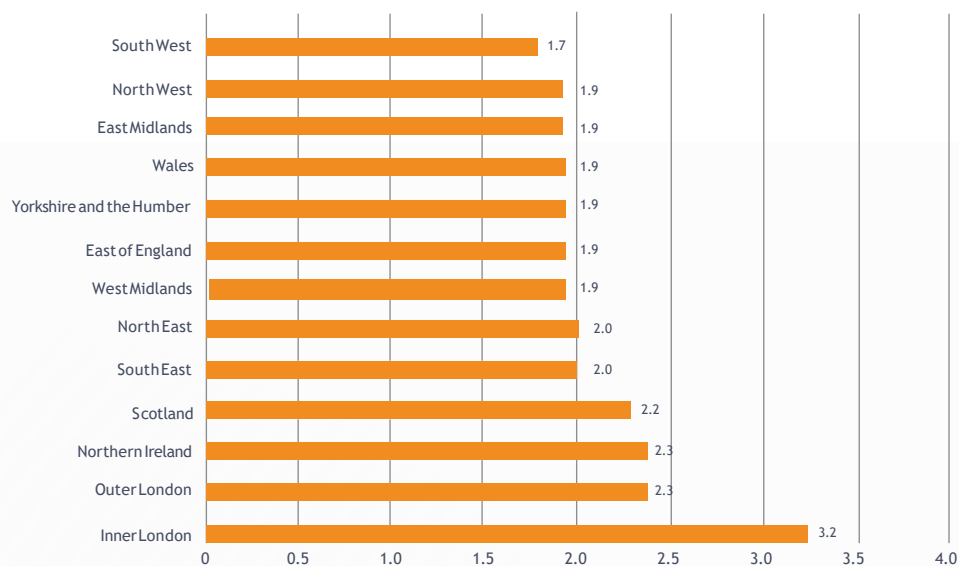
UK REGION	% GROWTH FROM Q2 2019
North East	45.4%
South East	41.2%
Inner London	40.2%
Northern Ireland	37.8%
Outer London	37.0%
East of England	36.6%
North West	33.0%
Yorkshire and The Humber	32.8%
Wales	31.4%
South West	30.5%
East Midlands	29.4%
West Midlands	25.3%
Scotland	13.3%



UK REGION	% GROWTH FROM Q2 2019
Peterborough	46.6%
Inner London	40.2%
Newcastle upon Tyne	39.7%
Norwich	34.5%
Southampton	30.9%
Bristol	29.4%
Sheffield	27.4%
Plymouth	26.2%
Leeds	24.2%
Birmingham	23.9%
Cardiff	22.4%
Nottingham	22.1%
Manchester	12.5%
Glasgow	8.3%
Edinburgh	8.1%

THE LACK OF PROPERTY STOCK

Months of Available Stock For Sale



There is an acute lack of stock coming to market to satisfy the surge in demand brought about by the Government's Stamp Duty stimuli and pandemic induced work and lifestyle changes.

Aside from London, the whole of England and Wales at a regional level has between 2 and 1.7 months of property stock left to sell.

Overall, the available months of stock numbers are down by about half on historical norms although London has plenty of property stock, aside from the outskirts to the East.

HYBRID/ONLINE AGENTS COMPARED TO THE HIGH STREET AGENTS

PROPERTY VALUE	DIFFERENCE COMPARED TO Q2 2019
Less than £200,000	-1.7%
£200,000 - £350,000	3.7%
£350,000 - £1,000,000	10.6%
£1,000,000+	1.2%

UK REGIONS	DIFFERENCE COMPARED TO Q2 2019
East of England	13.7%
Outer London	13.3%
Inner London	11.8%
North East	8.7%
South West	3.9%
Yorkshire and The Humber	3.7%
North West	3.2%
East Midlands	-1.1%
Scotland	-2.8%
South East	-3.0%
Wales	-21.2%
West Midlands	-12.5%

MARKET SHARE – EXCHANGES

The market share of the Hybrid/Online agents in Q2 2021 for exchanges stands at 8.1%, an uplift of 0.5% over Q1 with the brands of Purplebricks, Yopa and Strike representing over two thirds of all Hybrid/Online activity.

HYBRID/ONLINE AGENTS – MARKET SHARE BY PRICE BAND

With over 10% growth in the £350k - £1m properties in the last two years we are seeing a significant level of penetration of Hybrid/Online agents into properties of greater value. Whilst some of this will be driven by the uplift in transactional activity and the rise in the average price of property coming to the market, it also does demonstrate the increased adoption of their alternative customer offering.

The table outlines Exchanges by Price band.

HYBRID/ONLINE AGENTS – MARKET SHARE BY REGION

Hybrid/Online agents have now achieved significant adoption across England with 7 out of 10 regions seeing positive growth in Exchanges over the last two years. However, with the density of the UK housing stock waning in the South-East there is clearly a major challenge for the Hybrid/Online agents to establish a representative market share of the higher priced property locations.

THE PRICE OF PROPERTY FOR FIRST TIME BUYERS AND ITS IMPLICATIONS

BUYER SEGMENT	MEDIAN ASKING PRICE		PRICE GROWTH	CAGR
	H1 2016	H1 2021		
First Time Buyer	£105,000	£125,000	19.0%	3.5%
Second Stepper	£185,000	£225,000	21.6%	4.0%
Family Home	£300,000	£350,000	16.7%	3.1%
Executive Homes	£585,000	£625,000	6.8%	1.3%

UK REGION	MEDIAN ASKING PRICE H1 2021	MEDIAN INCOME 2020	LTI WITH 10% DEPOSIT
Inner London	£350,000	£41,017	7.7
Outer London	£260,000	£41,017	5.7
South East	£195,000	£33,004	5.3
East of England	£180,000	£31,044	5.2
South West	£165,000	£29,529	5.0
East Midlands	£130,000	£29,102	4.0
West Midlands	£130,000	£29,516	4.0
Wales	£110,000	£28,125	3.5
Yorkshire and The Humber	£100,000	£28,745	3.1
North West	£99,950	£29,558	3.0
Northern Ireland	£89,950	£28,324	2.9
Scotland	£79,950	£31,605	2.3
North East	£70,000	£27,856	2.3

The momentum within the residential property market has provided a significant uplift across many sectors of the economy, however for sustained growth and sustainability we require an active first-time buyer market.

If you were a first-time buyer today, on average, you could expect to be looking for a property advertised at £125,000. This has risen by 19% over the course of the last five years, but from a compound annual growth rate asking prices have only grown by 3.5% per annum.

For second steppers and family homes prices have risen by 4% and 3.1% respectively.

Executive homes in comparison however have not risen by very much in the last five years, with annual growth at a very modest 1.3%.

However, the key challenge for many first-time buyers is affordability. The opposite table looks at the current likely asking price for a first-time buyer. We have also taken median incomes for full time employees from 2020 (sourced from Statista). Considering an average 10% deposit, we have calculated the average loan to income values in the table opposite.

Mortgage lenders are limited by the Financial Conduct Authority (FCA) on the number of mortgages they are allowed to issue at more than 4.5 times individual incomes.

From the table, almost anywhere in the South is unaffordable unless you have access to additional deposit funds or perhaps parental support, which is why the Government have recently introduced yet more assistance which is now filtering through the lenders.

The Midlands and the North however remain much more affordable for first time buyers.

THE LETTINGS PROPERTY MARKET

	Q2 2019	Q2 2021	GROWTH COMPARED TO Q2 2019
New Instruction	396,494	328,326	17.2%
Let Agreed	258,048	232,572	-9.9%
Let	223,576	250,401	12.0%
Fallen Through	39,519	42,338	7.1%
Price Changed	152,434	134,310	-11.9%
Withdrawn	185,462	162,388	-12.4%

THE KEY INDICATORS

In comparison to the Owner-Occupied sector the Lettings sector has been significantly suppressed as the demand for urban living with shorter commutes has been replaced by more flexible locations and a shift for those able to join the property market rather than renting.

However, as the restrictions associated with the pandemic start to ease and a return to office working gathers momentum we are starting to see an uplift in the number of properties let.

AVERAGE PRICE – NATIONAL & REGIONAL

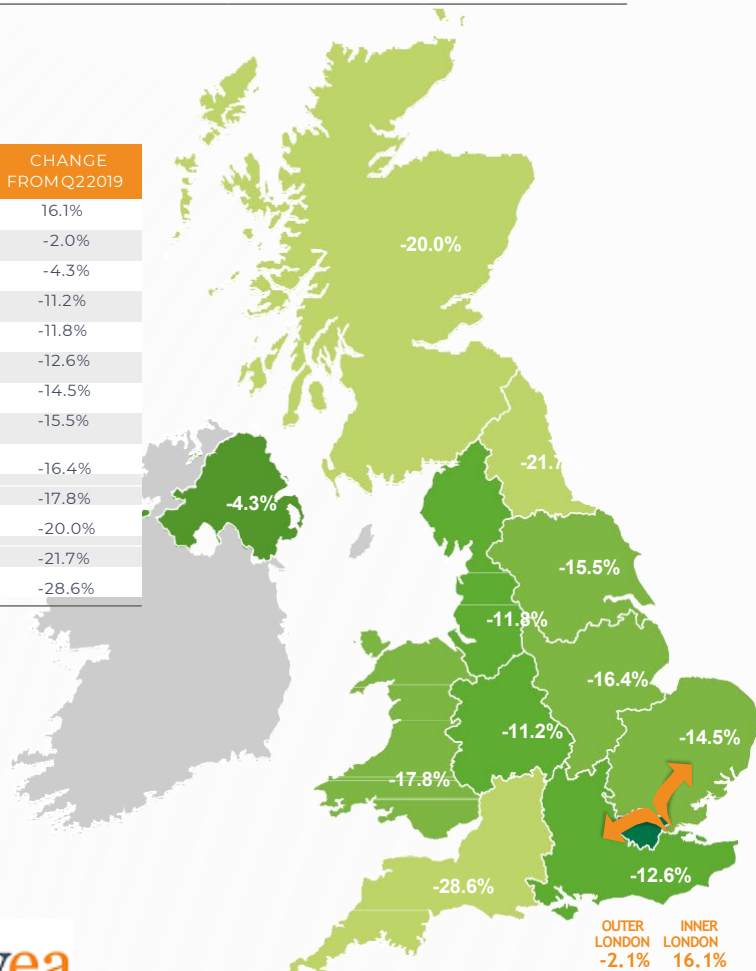
The average asking price across the UK in Q2 2021 is now £1,412 per month, an increase of 3% since Q2 2019.

RENTAL VOLUMES BY REGIONS & MAJOR CITIES

The table outlined below starkly highlights the downbeat performance of the rental sector compared to Q2 2019 except for Inner London which is seeing an opportunistic uplift in the number of people looking to rent in the capital whilst the market has availability and affordability. We are currently recording a 10% fall in Inner London rental prices compared to Q2 2019. This is likely to correct itself as the impact of the pandemic subsides and London recovers.

Further insight is provided in the table below highlighting the rental performance across the major Cities.

	CHANGE FROM Q2 2019
Inner London	16.1%
Outer London	-2.0%
Northern Ireland	-4.3%
West Midlands	-11.2%
North West	-11.8%
South East	-12.6%
East of England	-14.5%
Yorkshire and The Humber	-15.5%
East Midlands	-16.4%
Wales	-17.8%
Scotland	-20.0%
North East	-21.7%
South West	-28.6%



	CHANGE FROM Q2 2019
Inner London	16.1%
Manchester	6.8%
Leeds	3.9%
Birmingham	0.6%
Edinburgh	-2.0%
Cardiff	-6.2%
Glasgow	-7.6%
Bristol	-9.8%
Nottingham	-13.1%
Southampton	-13.1%
Sheffield	-14.1%
Peterborough	-20.1%
Norwich	-20.6%
Newcastle upon Tyne	-23.5%
Plymouth	-42.2%

CATCH-UP ON OUR LATEST PROPERTY MARKET INSIGHTS



Part of the TwentyCi Group, TwentyEA are property market experts and track almost every inch of the market on a daily basis to produce the largest and most granular source of home mover data in the UK.

Our unique suite of tools help estate agents identify and showcase their strengths as a business whilst connecting them to an exclusive pool of potential new instructions and helping to ensure that they are the agent of choice for prospective vendors.

Whether you just want the data, need a fully managed service or anything in-between, we can help.

You can also stay on top of the latest property news and market trends through our blog. Here's some of our most recent content;

- [Property Demand in 2021: Where have all the Sales Agreed Come From?](#)
- [The numbers are in... just how many properties didn't make the Stamp Duty deadline?](#)
- [The Impact of Guided Virtual Viewings is Eye Opening!](#)

