TWENTYCI PROPERTY & HOMEMOVER REPORT Q1 – 2022

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INTRODUCTION

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

This publication provides a comparison between Q1 2022 and Q1 2019, which is considered the most valid indicator of the property market after the abnormal level of activity and transactions that occurred as consequence of the pandemic.

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 including:

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

"The real-time data and analysis provided by TwentyCi 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

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EXECUTIVE SUMMARY

- **Sales Agreed**
  Q1 saw 342k sales agreed which is nearly 17% greater than Q1 2019. At this transactional level and sustained activity, volumes are on track for 1.2 million transactions in 2022.

- **Average Asking Price**
  The average asking price has risen by nearly 19% in the last two years.

- **The Lack of Residential Property Stock**
  Aside from Inner London, the whole of England and Wales, at a regional level, has just under two months' worth of property stock left to sell and overall, the available months of stock are down by almost half on historical norms.

- **Hybrid/Online Agents**
  Market share now stands at 7% with a continued polarisation to the lower value properties.

- **Mitigating the Retail Recession**
  With inflation, fuel costs and the subsequent impact on household incomes, a retail recession in 2022 feels inevitable. With over 1.45 million households having moved in the last 12-months and a further 1.2 million forecast to move in the next 12-months, homemovers offer a significant lifeline of expenditure as new owners transform their new home. Brands should consider adjusting their marketing to have a greater focus on the value of this consumer group.

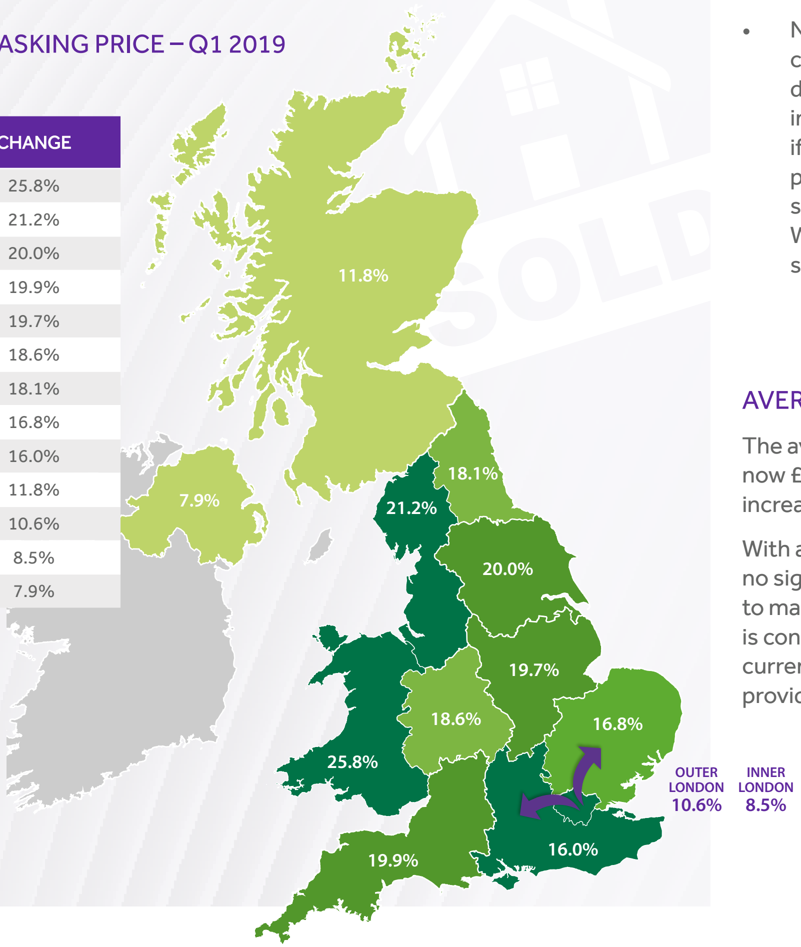
Colin Bradshaw TwentyCi's Managing Director, adds: "2022 has not, as yet, brought a re-calibration of the residential property market. On the contrary, the owner-occupied sector appears to be removed from the woes that are besetting the wider economy and this despite households wrestling with the rise in the cost of borrowing, price inflation and the surge in fuel and energy charges.
It would appear that Homeowners continue to be determined to take advantage of the rise in property prices that has occurred over the past two years, both trading up and down the property ladder. It is also the case that whilst interest rates have risen, the cost of borrowing is still at an historically low-level, benefiting affordability. So will this trend end anytime soon?".

THE OWNER OCCUPIED PROPERTY MARKET

	Q1 2019	Q1 2022	CHANGE
New Instruction	429,688	392,996	-8.5%
Sale Agreed	292,631	341,951	16.9%
Exchanged	218,143	263,619	20.8%
Fallen Through	60,491	71,613	18.4%
Price Changed	216,297	111,233	-48.6%
Withdrawn	191,294	125,913	-34.2%

CHANGES IN REGIONAL ASKING PRICE – Q1 2019 COMPARED TO Q1 2022

	CHANGE
Wales	25.8%
North West	21.2%
Yorkshire and The Humber	20.0%
South West	19.9%
East Midlands	19.7%
West Midlands	18.6%
North East	18.1%
East of England	16.8%
South East	16.0%
Scotland	11.8%
Outer London	10.6%
Inner London	8.5%
Northern Ireland	7.9%



THE KEY INDICATORS

Our report provides a comparison with Q1 2019 which we consider to be the last "normal" performance of the residential property market. The rollercoaster of the pandemic and the fiscal policy changes effected through the Stamp Duty holiday make a meaningful review for this period of little value.

The table opposite highlights the key events across a property transaction.

The key observations in comparing the current market with 2019 are as follows –

- New instructions are down by nearly 9% compared to 2019. We attribute this to a distinct lack of available residential stock inhibiting sellers entering in the market if they are unable to find a corresponding property to purchase (please see the separate analysis later in the report). We may also be on the verge of a market slowdown as a consequence of the pressures on household finances brought about by inflation, a rise in interest rates and the significant increase in energy prices.
- Sales Agreed are up by 17% and exchanges by nearly 21% highlighting the huge surge in activity that occurred throughout the pandemic.
- The increase in Fall Throughs is a consequence of higher transactional levels, but the more interesting observation is the significant drop in Price Changes. A seller's market removes the need for discounting whilst the number of properties Withdrawn is also down as sellers are able to achieve a quicker sale than in prior years, negating the need to remain in their existing property.

AVERAGE PRICE – NATIONAL & REGIONAL

The average asking price across the UK is now £403k compared to £339k in Q1 2019, an increase of nearly 19% in two years.

With a sustained high level of Sales Agreed and no significant increase in properties coming to market, the lack of available properties is continuing to push prices up as demand currently significantly exceeds supply, providing for a sellers' market.

All regions of the UK have benefited from the increase in property asking prices with the lower performance of Inner & Outer London a direct consequence of the impact of the pandemic.

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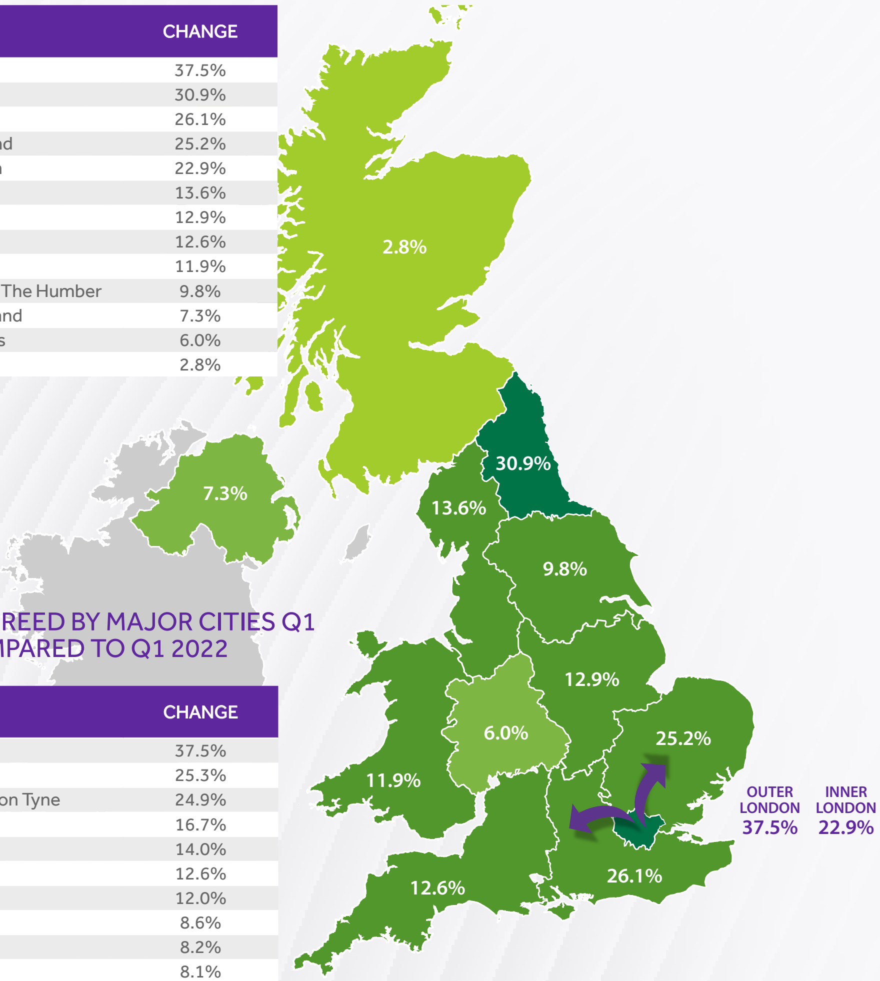
THE OWNER OCCUPIED PROPERTY MARKET

SALES AGREED BY REGION Q1 2019 COMPARED TO Q1 2022

UK REGION	CHANGE
Inner London	37.5%
North East	30.9%
South East	26.1%
East of England	25.2%
Outer London	22.9%
North West	13.6%
East Midlands	12.9%
South West	12.6%
Wales	11.9%
Yorkshire and The Humber	9.8%
Northern Ireland	7.3%
West Midlands	6.0%
Scotland	2.8%



SALES AGREED BY MAJOR CITIES Q1 2019 COMPARED TO Q1 2022

UK CITIES	CHANGE
Inner London	37.5%
Peterborough	25.3%
Newcastle upon Tyne	24.9%
Norwich	16.7%
Southampton	14.0%
Plymouth	12.6%
Bristol	12.0%
Cardiff	8.6%
Leeds	8.2%
Birmingham	8.1%
Nottingham	8.0%
Sheffield	7.8%
Manchester	7.2%
Edinburgh	3.7%
Glasgow	-6.3%

SALES BY REGION & MAJOR CITIES

Sales Agreed across the whole of the United Kingdom for Q1 2022 are now on average 17% greater than Q1 2019, highlighting the continued, high level of transactions that continue to persist. Inner London, in particular, now shows both a significant re-bound compared to the start of the pandemic as well as considerable growth compared to Q1 2019.

Aside from Glasgow all key cities also show significant growth with the momentum having been shared nationally.

As a reminder the residential property market in 2018 & 2019 was overshadowed by Brexit and a hiatus on the terms associated with the UK leaving the EU. Whilst the subsequent momentum injected into the market has primarily been a consequence of the pandemic, on reflection the subdued market prior to 2020 had potentially resulted in significant pent-up demand.

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THE LACK OF PROPERTY STOCK

UK REGION	YOY CHANGE
Northern Ireland	-19.3%
North East	-16.0%
South West	-9.9%
South East	-9.8%
West Midlands	-9.3%
Scotland	-8.5%
Outer London	-8.4%
East of England	-6.8%
Wales	-6.7%
North West	-6.7%
East Midlands	-6.5%
Inner London	-4.9%
Yorkshire and The Humber	-4.4%

THE LACK OF RESIDENTIAL PROPERTY STOCK

The lack of residential property stock coming to the market persists. Property exchanges have now outstripped new properties coming to the market for over 18 months.

The table to the left highlights the challenge with all regions of the UK having fewer properties available than a year ago. Aside from Inner London, the whole of England and Wales at a regional level has just under two months' worth of property stock left to sell and overall, the available months of stock are down by almost half on historical norms.

As we have previously noted without a significant uplift in the volume of new instructions the residential property market is at risk of a significant slowdown in 2022.

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HYBRID/ONLINE AGENTS

PROPERTY VALUE	Q1 2022
Less than £200k	9.0%
£200-£350k	7.3%
£350k-£1m	4.7%
£1m+	0.9%

UK REGIONS	Q1 2022
Yorkshire and The Humber	11.7%
West Midlands	11.5%
East Midlands	9.7%
North West	9.7%
North East	8.2%
Wales	7.4%
Scotland	7.2%
Outer London	5.9%
Inner London	5.0%
South West	4.4%
East of England	4.1%
South East	4.1%

MARKET SHARE – EXCHANGES

The market share of the Hybrid/Online agents in Q1 2022 for exchanges stands at 7% representing a small increase quarter on quarter, but still significantly down from the high of 8% in 2020.

Purplebricks, Yopa and Strike remain the dominant brands representing nearly 75% of all Hybrid/Online activity.

HYBRID/ONLINE AGENTS – MARKET SHARE BY PRICE BAND

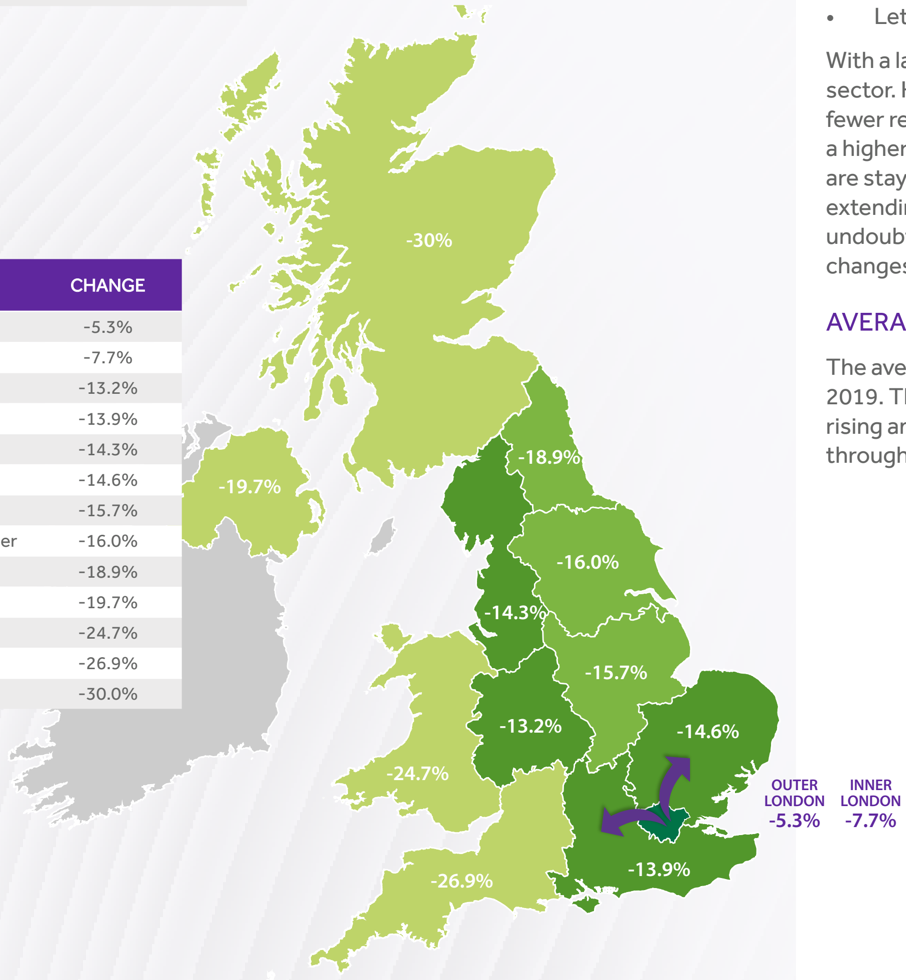
The marketshare of the hybrid/online agents remains polarised to the lower value properties, a situation that remains unchanged from previous periods. The failure to be adopted by sellers of higher value properties will inhibit the ability of these agents to establish significant market share in London and the South East, where the property value and density of housing is greatest.

HYBRID/ONLINE AGENTS – MARKET SHARE BY REGION

The market share by region confirms the challenge faced by these agents in breaking into those regions of the UK with higher property values.

THE LETTINGS PROPERTY MARKET

	CHANGE
New Instruction	-28.3%
Let Agreed	-15.3%
Let	-6.3%



	CHANGE
Outer London	-5.3%
Inner London	-7.7%
West Midlands	-13.2%
South East	-13.9%
North West	-14.3%
East of England	-14.6%
East Midlands	-15.7%
Yorkshire and The Humber	-16.0%
North East	-18.9%
Northern Ireland	-19.7%
Wales	-24.7%
South West	-26.9%
Scotland	-30.0%

THE KEY INDICATORS

When comparing the lettings sector in Q1 2022 with Q1 2019 the challenge of this area of the market is laid bare, with the whole segment massively underperforming.

- New instructions are down by over 28% compared to Q1 2019 outlining a lack of rental stock available.
- Let Agreed - the volume of lets agreed is down by 15% compared to Q1 2019.

With a lack of stock in the residential owner-occupied sector one might expect a buoyant rental sector. However, to the contrary, we are seeing an extremely lacklustre level of activity. With fewer rental properties coming to the market, one would expect an excess in demand to result in a higher level of lets occurring, but perversely this is not the case. One might surmise that renters are staying put, with few alternative options available, the step to the owner-occupied sector extending and the pressure on household incomes encouraging people to stay put. We are also undoubtedly seeing some effect from the shrinkage in the number of Landlords due to the tax changes put in place in 2019.

AVERAGE PRICE – NATIONAL & REGIONAL

The average asking price across the UK is now £1,495 per month an increase of 10% from Q1 2019. This may be considered surprising in a lacklustre sector, however, with interest rates rising and energy costs rocketing we would expect to see Landlords passing on these increases through rent rises.

	YOY CHANGE
Manchester	-5.1%
Inner London	-7.7%
Birmingham	-8.8%
Southampton	-10.7%
Leeds	-12.0%
Cardiff	-16.2%
Peterborough	-16.2%
Edinburgh	-18.0%
Sheffield	-18.5%
Nottingham	-18.8%
Bristol	-20.0%
Newcastle upon Tyne	-21.2%
Norwich	-21.4%
Glasgow	-23.6%
Plymouth	-39.8%

RENTAL LETS AGREED BY REGIONS & MAJOR CITIES

The table to the left starkly highlights the downbeat performance of the lettings sector with Inner & Outer London outperforming all other regions as renters return to the city post-pandemic.

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

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THE HOMEMOVER WAVE

APRIL 2022

		In the market for
Want to move	365,873 households	DIY Flooring Windows and doors
Moving soon	328,640 households	Furniture Electricals Tech Home furnishings Garden
Moving now	242,221 households	Furniture Electricals Tech Home furnishings Garden
Just moved	256,625 households	Furniture Electricals Tech Home furnishings Garden Baby and nursery Toys Sport and leisure
Settling in	264,687 households	Furniture Electricals Tech Home furnishings Garden Baby and nursery Toys Sport and leisure Kitchens and Bathrooms

IN THE MARKET FOR

Our extensive property data tracks homemovers as they make their way through the buying and selling process. Known as the Homemover Wave, this journey can last several months and is broken down into the specific stages below and triggered by activity such as online property searches, surveys and EPC reports.

At the beginning of April 2022 there are over 1.45 million households progressing through the home move journey. This is an increase of nearly 300k compared to January 2022 with the number of people entering the top of the funnel rising significantly.

The spending power associated with this massive volume of movers can bring huge revenue gains and strong ROI across multiple sectors and categories, particularly as our economy and retailers start to experience a slowdown in consumer expenditure.

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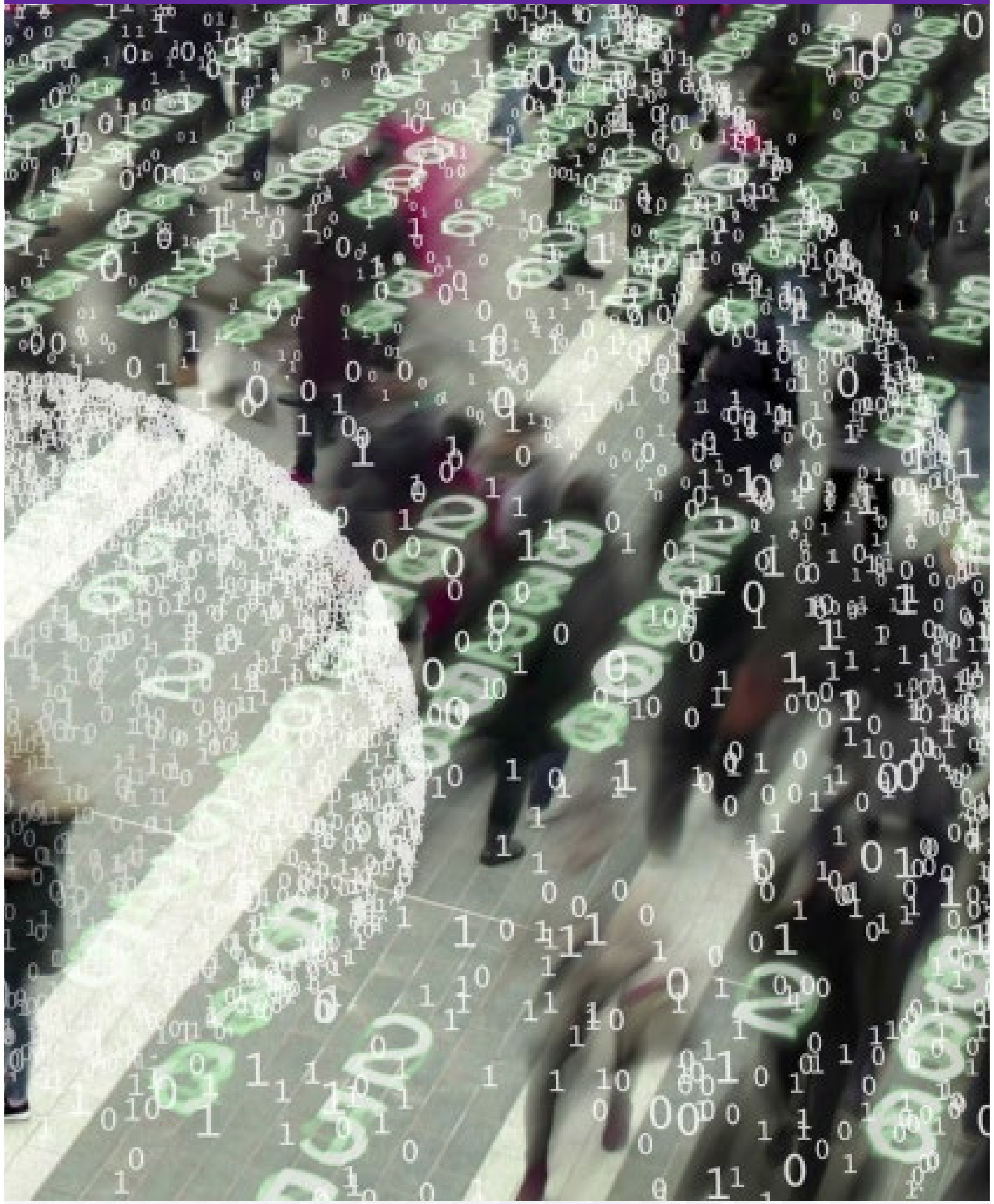

CATCH-UP ON OUR LATEST HOMEMOVER INSIGHTS

In addition to our Property and Homemover Report publication, we are regularly featured in leading publications including The Times, The Sunday Times and the Financial Times, furthermore, we post a range of articles and special features to our blog which can be found here - **news.twentyci.co.uk/blog**

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ABOUT TWENTYCI

TwentyCi is an information and marketing services company that provides UK residential property data, analytics & insight for marketing and other key strategic purposes. Our experience and client portfolio encompasses multiple sectors and categories, including property and estate agency groups, retailers, financial services, automotive and utilities.

Holding the UK's largest and richest resource of factual homemover data compiled from more than 29 billion qualified data points, TwentyCi works with advertisers and their agencies to create contextually targeted marketing programmes that cut through by reaching consumers at the exact moment that they need a company's product or service, through the best media channel for that individual.

CONTACT US

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