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TWENTYCI PROPERTY & HOMEMOVER REPORT

END OF YEAR REPORT 2022

Contents

Unless otherwise stated, comparisons throughout this publication are made between 2022 and 2021.

Executive Summary

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. The key headlines for 2022:

Sales agreed down on the year but still higher than 2019. As anticipated, in our previous report, 2022 saw 1.2 million transactions in residential, a fall of 14.3% compared to 2021, but in line with 2019 which is widely considered to be the last normal market. Meanwhile, the average property asking price in the UK has increased by nearly 9% on the year, but off from its peaks in Q2 2022.

The availability of Residential Property Stock has improved. As New Instructions moved higher, however, rental stock and performance, in general, remain depressed.

Hybrid / Online Agents continue to struggle in the higher value brackets. The average market share overall has fallen to 7.3% from a high of 8.2% in 2019 and is overwhelmingly in the lower value bands and outside of the South East. As market conditions toughen, it is difficult to see how these groups will break through this ceiling.

Mitigating the retail recession by focusing on homemovers. With higher interest rates and inflation, many forecasters anticipate a prolonged retail recession. However, with over 1.2 million households having moved in the last 12 months and a similar number forecast to move in the year ahead, homemovers offer a significant lifeline of expenditure as new owners transform their homes. Brands should consider adjusting their marketing to have a greater focus on the value of this consumer group.

COLIN BRADSHAW
MANAGING DIRECTOR
TWENTYCI

"2022 was a fast-moving, turbulent year when the widely anticipated housing market re-calibration began to take effect. Markets accustomed to analysing interest-rate movements in basis points had to swallow an increase of over 3 percentage points during the year. It remains to be seen whether inflation can be brought under control and further painful rate hikes avoided. In times like these knowledge is power and clients benefit greatest from the most complete and accurate housing market data available and our product continues to help them navigate the opportunities ahead".

The Owner-Occupied Property Market: Key Indicators

The Key Indicators

Overall, 2022 can be seen in two phases. The first half was characterised by continued market confidence and buoyancy, propelled by restricted stock levels and looser fiscal policy. But as the effects of the 2021 stamp duty holiday wore off and geo-political turbulence impacted energy markets, expectations of a re-calibration started to be seen in some key indicators. Then came the watershed moment later in the year when the short-lived Truss/Kwarteng government shook faith in the UK's creditworthiness. This prompted a sharp monetary response from the Bank of England, piling further pressure on already stressed household budgets. The results bear this out in an overall mixed picture:

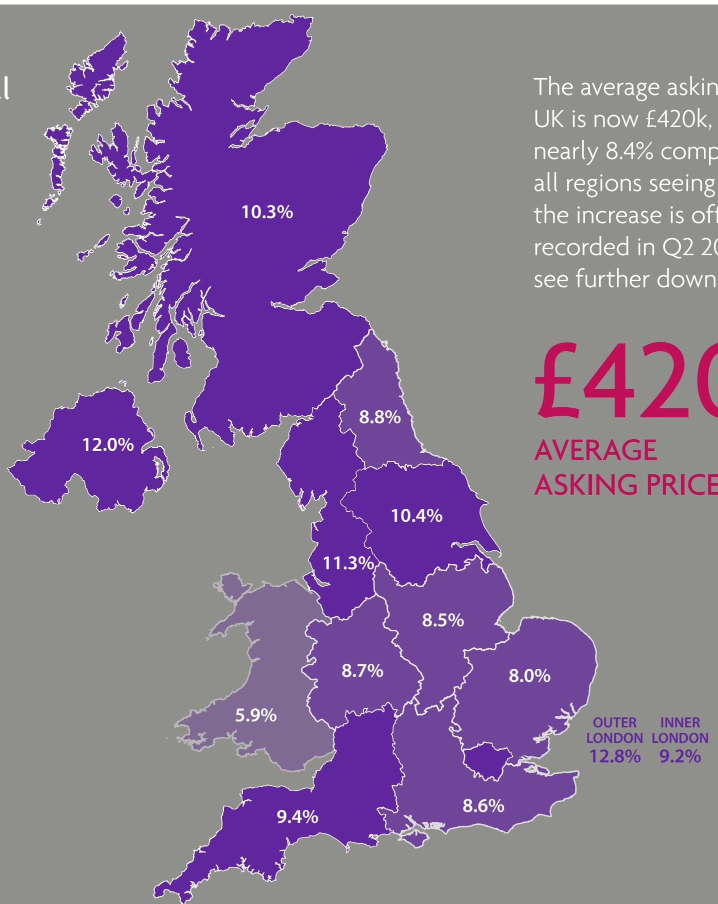
- There has been a welcome easing in residential stock supplies, following a two-year period of distinct shortages. New Instructions are up by 5% since 2021, but this is likely in part fuelled by homeowners downsizing or switching to renting due to pressure on household budgets.
- Sales Agreed and Exchanges are down by 14.3% and 10.8% respectively, which are a direct by-product of the conclusion of the Stamp Duty holiday. Transactional levels remain in line with 2019, widely considered to be the last year of near-normal market conditions.
- Price Changes have edged higher to nearly 1 in 5 transactions, accelerating particularly in the second half of 2022 as the market softened. Meanwhile, the level of Fall Throughs and Withdrawns are similar to levels in 2021, generally reflecting an active market.

	2021	2022	CHANGE
New Instruction	1,480,605	1,550,166	4.7% ↑
Sale Agreed	1,420,615	1,217,289	-14.3% ↓
Exchanged	1,129,503	1,007,686	-10.8% ↓
Fallen Through	318,206	315,652	-0.8%
Price Changed	530,665	617,217	16.3%
Withdrawn	573,233	547,332	-4.5%

Average Price – National & Regional

Changes in Regional Asking Price Q4 2022 compared to Q4 2021

UK REGION	CHANGE
Outer London	12.8%
Northern Ireland	12.0%
North West	11.3%
Yorkshire and The Humber	10.4%
Scotland	10.3%
South West	9.4%
Inner London	9.2%
North East	8.8%
West Midlands	8.7%
South East	8.6%
East Midlands	8.5%
East of England	8.0%
Wales	5.9%



The average asking price across the UK is now £420k, an increase of nearly 8.4% compared to 2019, with all regions seeing gains. However, the increase is off from the peaks recorded in Q2 2022 and is likely to see further downward pressure.

£420K

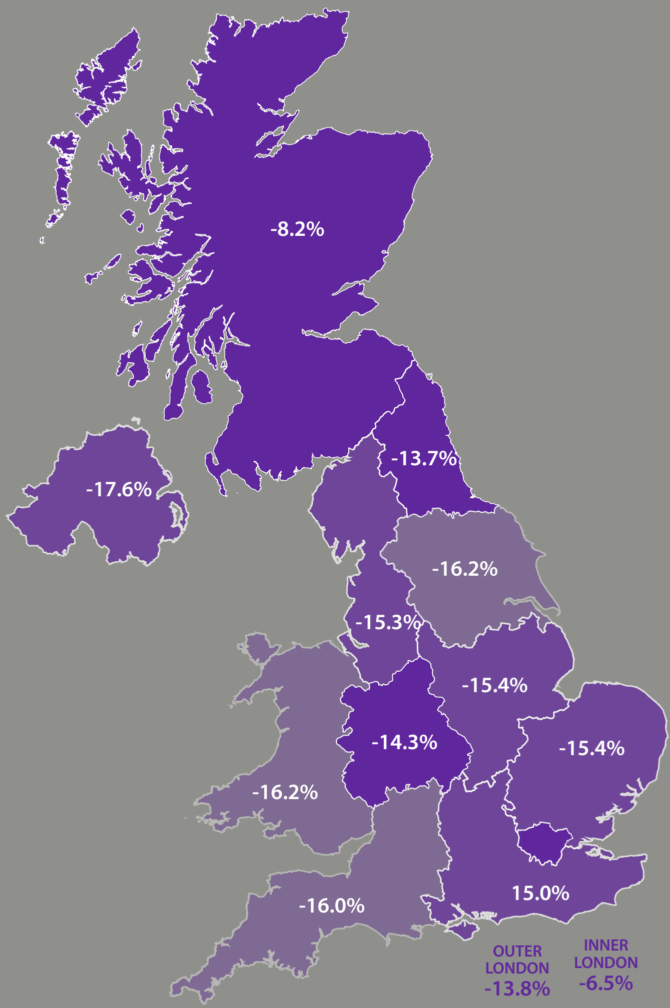
AVERAGE ASKING PRICE

The Owner-Occupied Property Market: Key Indicators

Sales by Region & Major Cities

Sales Agreed across the whole of the UK were on average 14% lower in 2022 compared to 2021. Our graphics highlight the broad picture across the regions and cities, with only Scotland and Inner London avoiding double-digit negative numbers. London was the slowest to recover post-pandemic and is now proving to be the most robust, as the strong US dollar supports foreign investors seeking pricing opportunities.

Whilst this is clearly a retreat, this is not evidence of a market in freefall. Transactions reached 1.2 million in 2022, which is broadly in line with 2019, the year widely agreed to be the last time "near-normal" market conditions were prevalent.



14 % LOWER SALES IN 2022 COMPARED TO 2021

1.2 million

SALES TRANSACTIONS IN 2022

Sales Agreed by Region
2022 compared to 2021

	CHANGE
Inner London	-6.5%
Scotland	-8.2%
North East	-13.7%
Outer London	-13.8%
West Midlands	-14.3%
South East	-15.0%
North West	-15.3%
East Midlands	-15.4%
East of England	-15.4%
South West	-16.0%
Yorkshire and The Humber	-16.2%
Wales	-16.2%
Northern Ireland	-17.6%

Sales Agreed by Major Cities
2022 compared to 2021

	CHANGE
Inner London	-6.5%
Glasgow	-9.2%
Edinburgh	-9.8%
Manchester	-10.6%
Nottingham	-12.7%
Newcastle upon Tyne	-13.1%
Birmingham	-13.3%
Sheffield	-13.5%
Plymouth	-14.0%
Norwich	-14.0%
Bristol	-14.2%
Cardiff	-15.5%
Southampton	-15.5%
Leeds	-16.8%
Peterborough	-18.9%

The Availability of Property Stock

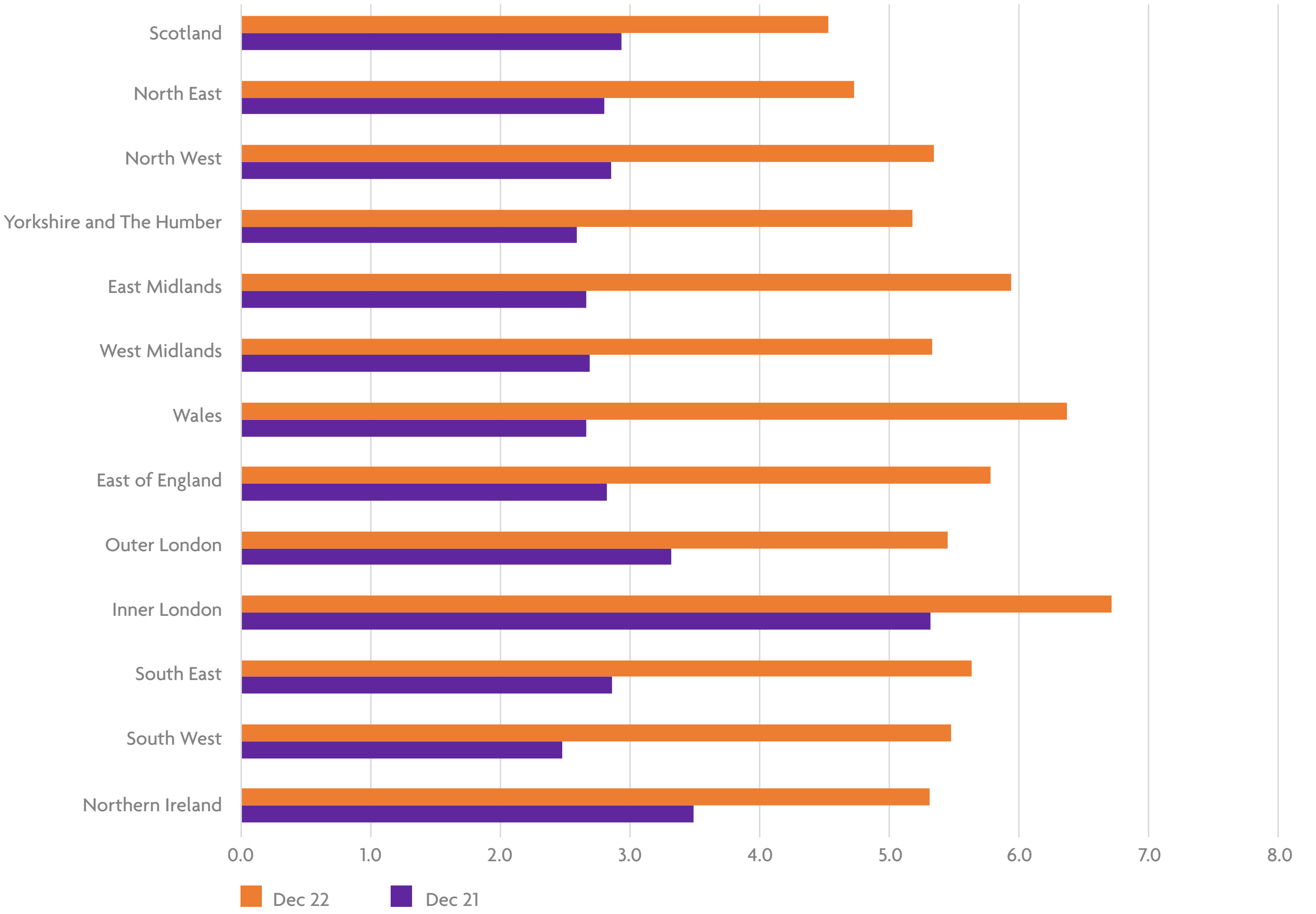
Lack of Residential Property Stock Easing

The 5% increase in New Instructions in 2022 and the reduction in Sales Agreed have fed through into an easing of stock availability, which is now closer to its typical levels.

Almost all regions in England and Wales have 5 months or more of supply, in some cases well in excess of double the levels in 2021, when excess demand had driven levels to historical lows.

5% more properties coming to market in 2022 compared with 2021

Months of Residential Sale Stock Available Per Region YOY



Online Agents and the High Street

Market Share – Exchanges

The market share of Hybrid / Online agents overall was 7.3% in 2022, down from the peak of 8.2% in 2019. Purplebricks, Yopa and Strike remain the dominant brands, together representing over 70% of this sector. The subdued performance of these agents in the last two years, in a seller's market, where demand outstripped supply, seems counter-intuitive (see below).

	2022
Less than £200k	9.2%
£200k - £350k	7.8%
£350k - £1m	5.3%
£1m +	1.1%

7.3% **OVERALL MARKET SHARE OF HYBRID/ONLINE AGENTS IN 2022**

Hybrid/Online Agents – Market Share by Price Band

Where the fixed-fee lower-cost model arguably ought to have prevailed, our analysis shows the opposite, as vendors consistently opted to stick with traditional agents. This is most pronounced in the higher value brackets, where online agents appear to have reached a ceiling.

Hybrid/Online Agents – Market Share by region

As previously noted, the failure to be adopted by sellers of higher-value properties will inhibit these agents in establishing a significant market share in London and the South East, where the property value and density of housing are greatest. It remains to be seen what further the Onlines can do to gain market share, especially in a market in which achieving a sale will become more challenging.

Hybrid/Online Agents – Market Share by Region

	2022
Yorkshire and The Humber	11.3%
North West	10.2%
East Midlands	9.8%
West Midlands	9.6%
North East	7.2%
Wales	7.2%
Scotland	7.0%
Outer London	6.6%
Inner London	5.0%
South West	4.9%
South East	4.7%
East of England	4.3%

Lettings Residential Property Market: Key Indicators

Key Indicators

The residential lettings sector continued to see a slide in supply and availability in 2022.

- New Instructions are down by 7.8% compared to 2021, and by over 25% since 2019.
- Landlords are withdrawing from the market as tax, regulatory and cost environments have become less favourable.
- Lack of supply is compounded on the demand side as tenants are undoubtedly deferring decisions to buy as a result of higher house prices, inflation and interest rates.

	CHANGE
New Instruction	-7.8%
Let Agreed	-4.0%
Let	-6.2%

Average Price – National & Regional

The lack of supply has inevitably translated into higher asking prices, which on average are now at £1,652 per month, an increase of £200 since 2021 and almost £300 since 2019.

- Lack of rental stock and continued demand are the drivers of higher rental prices.
- This trend is likely to continue as higher interest rates and inflation may be passed on by landlords whilst supply constraints and demand pressures continue to apply.

LACK OF RENTAL STOCK AND CONTINUED DEMAND ARE THE DRIVERS OF HIGHER RENTAL PRICES

AVERAGE MONTHLY ASKING PRICE

£1,652

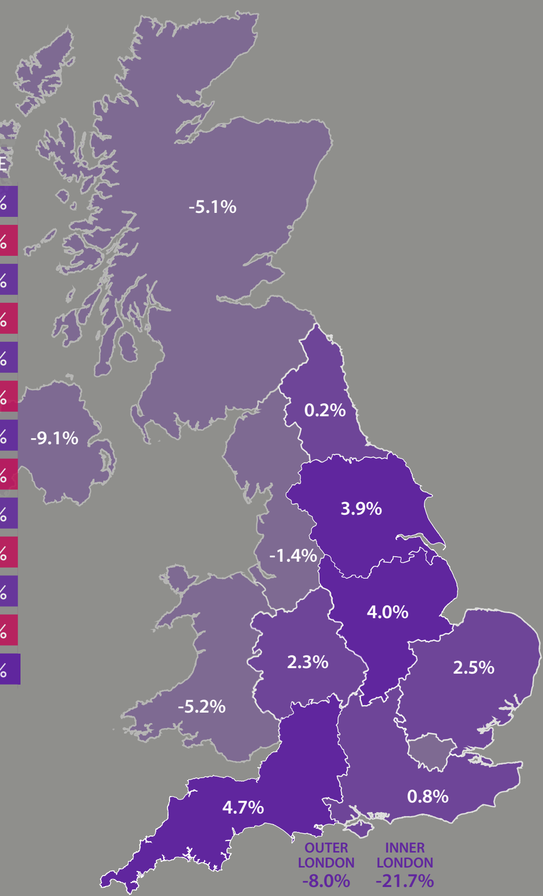
Rental Lets Agreed by Regions & Major Cities

The pressure on London, Manchester and Edinburgh in terms of supply is abundantly clear in significantly reduced Lets Agreed in 2022 compared to 2021. Elsewhere numbers were generally flat, with Peterborough and the South West being outliers, showing some modest growth.

Rental Lets Agreed by Regions & Major Cities 2022 compared to 2021

MAJOR CITIES	CHANGE
Plymouth	5.1%
Peterborough	4.7%
Nottingham	2.9%
Southampton	1.1%
Sheffield	1.0%
Bristol	0.0%
Birmingham	-0.8%
Norwich	-1.2%
Leeds	-1.3%
Newcastle upon Tyne	-1.7%
Cardiff	-6.8%
Glasgow	-7.0%
Manchester	-11.5%
Edinburgh	-11.8%
Inner London	

UK REGION	CHANGE
South West	4.7%
East Midlands	4.0%
Yorkshire and The Humber	3.9%
East of England	2.5%
West Midlands	2.3%
South East	0.8%
North East	0.2%
North West	-1.4%
Scotland	-5.1%
Wales	-5.2%
Outer London	-8.0%
Northern Ireland	-9.1%
Inner London	-21.7%



The Availability of Residential Rental Property Stock

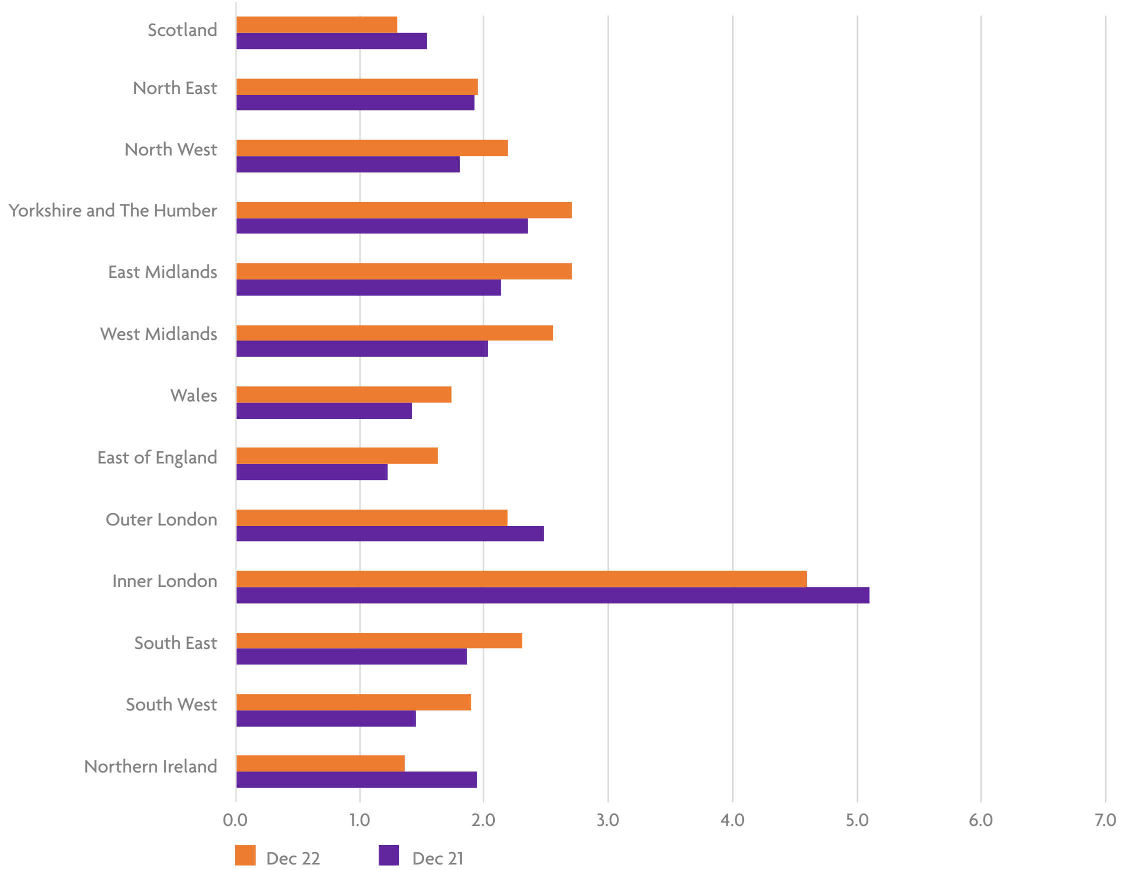
The Lack of Residential Rental Property Stock

Our graphic highlights the lack of rental properties available in the market in 2022 in comparison with 2021. Aside from Inner London, all regions sit between 1.5 and 3 months of stock. The situation has deteriorated considerably in London, Scotland and Northern Ireland.

Any major improvement in rental stock availability remains in question with interest rates rising, a squeeze on the availability of mortgages, particularly buy-to-let and the fiscal and legislative changes from prior to the pandemic that is less enticing for landlords.

Aside from Inner London, all regions sit between 1.5 and 3 months of stock.

Months of Residential Rental Stock Available Per Region YOY



The Homemover Wave

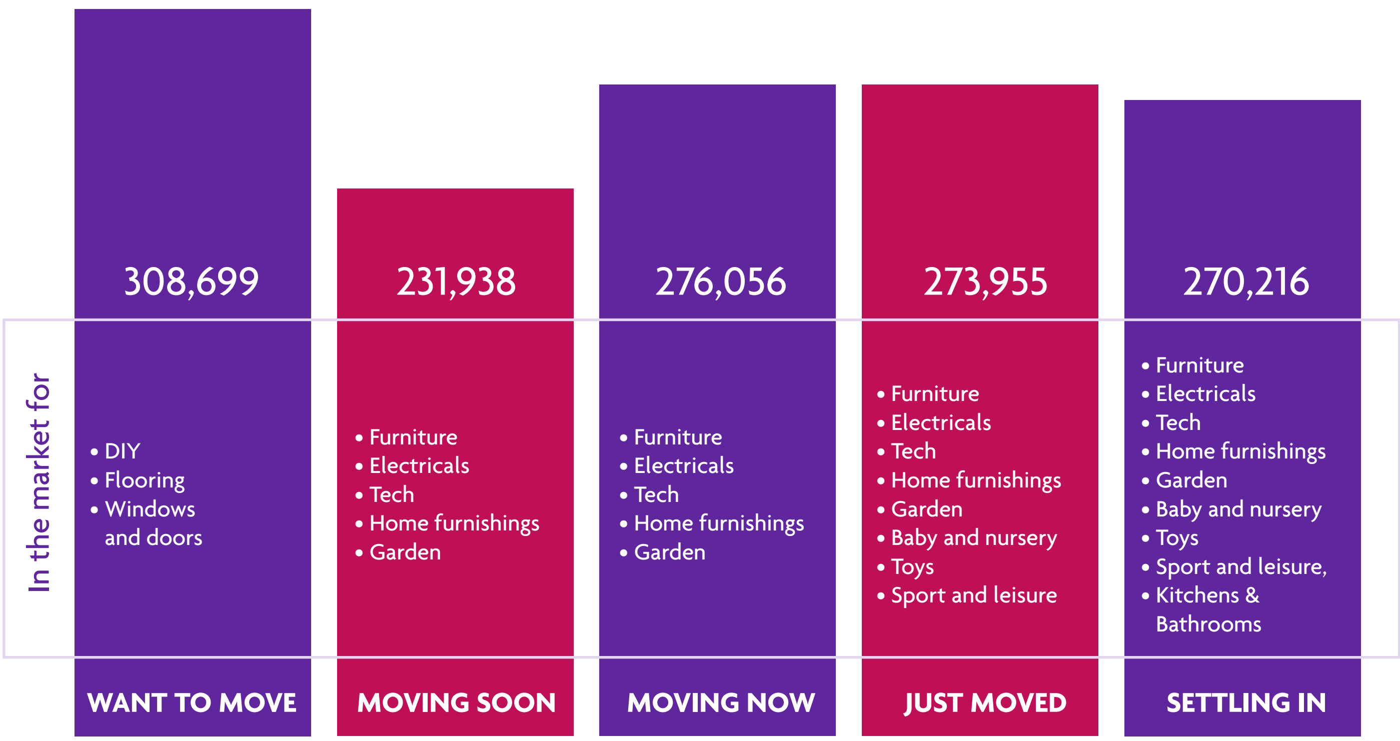
Homemovers are the most economically valuable consumer group. Understanding when households are on the move and at what stage can drive huge revenue and ROI gains across multiple sectors and categories.

The Homemover Wave is a key insight powered by billions of data points in our property data product, tracking this vital group in their journey through the specific stages of the buying and selling process.

At the beginning of January 2023 there were nearly 1.36 million households progressing through the owner-occupied Homemover Wave. The market recalibration, which has undoubtedly begun, will less likely impact volumes than the profile of the buyers and sellers.

At the beginning of January 2023 there were nearly 1.36 million households progressing through the owner-occupied Homemover Wave.

HOMEMOVER WAVE SEGMENT OCTOBER 2022



Property Market Forecasts for 2023

The housing market is pivotal to the UK economy and is the focus of predictions from many interested parties and commentators. Here we have selected a number of these, highlighting the wide spectrum of differing emphasis and outcomes predicted.

Zoopla - 3 reasons why the housing market might defy expectations in 2023
"Mortgage rates hitting 6.5% brought many predictions of sizeable house price falls in 2023. But we're less bearish and believe the housing market will be stronger than many expect next year."

Savills - Mainstream residential market forecast 2023-27: "Back to the Future"
"Even if Bank base rate returns to 1.75% by the end of our forecast period, we are unlikely to see the pace of recovery that we saw in the market from 2009 onwards. But, with an expectation that the economic woes are less entrenched than they were 30 or so years ago, neither is it likely to be as long in coming as in the early 1990s."

Rightmove - House price forecast: what will happen to asking prices in 2023?
"In 2023, we're forecasting that average asking prices will drop by 2%, which means prices will still remain higher than they were after the incredibly busy home-moving period of 2021."

Property Industry Eye - Conveyancing chief forecasts 'a slow start to 2023' for house sales
"Transaction numbers and the gloominess will lift towards the summer as interest rates and lending stabilise and the Government look to lift the economy again before the General Election in May 2024." (Lloyd Davies, Chairman of Conveyancing Foundation)

Henry Pryor – Property Commentator – Forecasts for 2023
"My own view … is that prices will end 2023 down by around 10%"

The Guardian - Experts predict housing market will cool in 2023 as UK enters a recession

Reuters - Bank of England warns higher rates and inflation to squeeze households in 2023

A Forward-looking view

Consumer confidence and 30-year-high inflation made for an exceptionally difficult year for consumers and retailers, with footfall down over 10% on pre-pandemic levels. Nonetheless, there are some lessons to be learned in light of continued economic headwinds, and as retail marketers tailor their offers to the needs of the cost-of-living consumer.

In November 2022, we have asked some of the revered industry experts to give their forward-looking views on the political, economic and residential market trends which will impact the marketing budget of retailers marketing to homemovers.

Click on the video links to watch the full presentations.

PROFESSOR
STEPHEN BARBER
REGENT'S UNIVERSITY, LONDON

"After the period of fantasy economic policy making we are back to dealing with the real world. There is the idea under Rishi Sunak and Jeremy Hunt that the laws of economics do apply and that we do not operate in isolation, but in the international markets and when you make the decisions you don't make them without implications, whether it is borrowing, interest rates, currency etc. There is also finally a recognition that fiscal and monetary policy has to work together and not against each other."

WATCH THE FULL VIDEO

"I have quite a few tips I have taken from my career at Dreams. Keep testing and learning – you can never be entirely happy, as there is always something to improve in Retail. Do lots of practical stuff, and use the best data. Yes the sales are down and the footfall is down but if you do practical stuff, your customers will respond and your sales team too. Sales can go up and your profit will improve even in a difficult market."

MILE LOGUE

EX-CEO OF DREAMS

WATCH THE FULL VIDEO

"Our view is that the positives outweigh the negatives at the moment. Unemployment is relatively low, the stamp duty changes applied in Small Budget have remained, and typical mortgage interest rates are still lower than long-term averages. Swap rates started to fall which means good news for borrowers, the equity people hold in properties is much higher, fall in prices in 2023 will kick-start the market. More people will buy as a result of that."

STUART DUCKER

STRATEGIC SOLUTIONS DIRECTOR, TWENTYCI

WATCH THE FULL VIDEO

The TwentyCi Insights Blog

Catch up on our Latest Homeowner 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 as an authority on the UK residential property market. Furthermore, we post a regular range of articles and special features to our blog which can be found **here**.

About TwentyCi & The Report

About the Report

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.

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

About TwentyCi

TwentyCi is a market intelligence and marketing services company that provides UK residential property data, analytics & insight for marketing and other key strategic purposes. Our experience and client portfolio encompass 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 organisations and their agencies to create contextually targeted advertising and marketing programmes that cut 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

For more information, please contact
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LUCIAN COOK
DIRECTOR, RESIDENTIAL RESEARCH SAVILLS

"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 conditions. 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"

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