TWENTYCI PROPERTY & HOMEMOVER REPORT

Q3 – 2022 REPORT

Information embargoed until 12.01am Thursday 20th October 2022.

Contents

Unless otherwise stated, comparisons throughout this publication are made between Q3 2022 and Q3 2019. This is considered the most appropriate indicator of the property market after the abnormal level of activity and transactions that occurred in 2020 and 2021 as a consequence of the pandemic and the stamp duty holiday.

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 Q3 2022:

Homeowner property market adjustment anticipated

In the home-owner property market, the widely anticipated recalibration in response to higher inflation and interest rates has not yet fed clearly into the results. We remain on track for 1.2 million transactions in 2022, as Q3 2022 Sales Agreed rose 8% against the same period in 2019. Meanwhile, the average property asking price in the UK has increased by 23% since 2019, driven by historical lows in sale property stock levels.

Early barometers of the anticipated reset

There has been a sharp increase in Fallen Through transactions in the period as mortgage products are withdrawn, along with a slight easing of the property sale stock shortage, as households consider downsizing due to higher costs.

Hybrid/Online Agents continue to struggle in the higher value brackets

The average market share increased slightly to 7.6%, but this is overwhelmingly in the lower value bands and outside of the Southeast.

The rental sector remains challenging

In contrast to the owner-occupied sector, rental property supply has tightened significantly, where all regions are now down to c.1.5 months of stock. This reflects the reduced incentives and opportunities for landlords. This is compounded by households deferring decisions to become owner-occupiers. These constraints have served to increase the average rental price and depress transactions.

Mitigating the retail recession by focusing on homemovers.

As the economic headwinds start to bite, a retail recession now feels much more likely. Homemovers continue to be the most economically valuable consumer group. The opportunities at each stage of this group's journey are outlined in our Homemover Wave (see p.9). With a further 1.2 million moves expected over the next 12 months, brands are well advised to adjust their marketing and focus accordingly. Our unique, data-driven service offers you the best way to keep up to date and we also publish regular updates and articles on our TwentyCi Insights Blog (see p.11).

COLIN BRADSHAW
MANAGING DIRECTOR
TWENTYCI

"We need to wait and see whether the owner-occupied sector will continue to be detached from the woes that are befalling the wider economy with the recent interest rate increases and cost of living rising. The supply side still stays depressed which should support prices but given the issues for the economy some forecasters are making negative price predictions but whether the changes to the Stamp Duty threshold for lower value properties will mitigate any correction remains to be seen".

The Owner-Occupied Property Market: Key Indicators

The Key Indicators

The widely expected recalibration in the property market has yet to materialise:

- Sales Agreed and Exchanges are up by 7.7% and 6.8% respectively, reflecting the continued buoyancy in the home-moving market and high level of transactions post pandemic.
- The market remained a sellers' one during the period. Price Changes and Withdrawals remain low, as sellers find less of a need to discount or remain in their property when sales can be achieved more quickly.

Clear signs of stress in the market are yet to be seen, but the combined effect of higher inflation and interest rates will undoubtedly have an impact in the near term:

- Whether the government's fiscal relaxation measures in October's "mini-budget" will provide enough support to households against the effects of higher inflation and the Bank of England's monetary tightening remains to be seen.
- The potential for further financial pressure on households may begin to push homeowners to sell in order to downsize or switch to renting. There might already be signs of this in the slight increase in New Instructions (+1.3%) and related easing in the supply of residential property sale stock (see p.6 for more analysis).
- Perhaps the first clear indication of stress is the marked increase in Fallen Through transactions, which could be a consequence of higher transaction levels, it is also likely due in part to increases in interest rates and the withdrawal of mortgage offers and products.

	Q3 2022	Q3 2019	CHANGE
New Instruction	425,692	420,281	1.3% ↑
Sale Agreed	330,295	306,727	7.7% ↑
Exchanged	269,617	252,535	6.8% ↑
Fallen Through	90,188	76,401	18.0% ↓
Price Changed	181,060	242,667	-25.4% ↑
Withdrawn	146,117	200,678	-27.2% ↑

Average Price – National & Regional

£425K

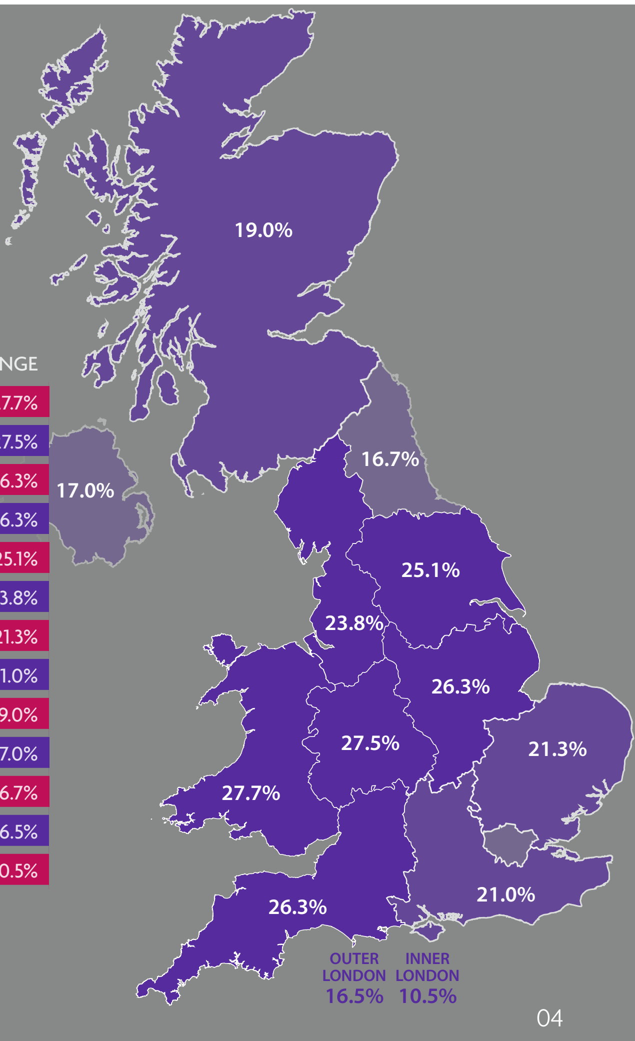
AVERAGE ASKING PRICE

The continued short supply of stock and high demand have underpinned strong gains across all regions since Q3 2019:

- The average asking price across the UK is now £425k compared to £344k in Q3 2019, an increase of nearly 23% in two years.
- All regions have benefited from an increase. Inner and Outer London are trailing, however, due to the direct effect of the pandemic.
- Higher inflation, recent increases in interest rates and the resulting pressure on household finances is likely to result in downward pressure in the coming months.

Changes in Regional Asking Price Q3 2019 compared to Q3 2022

UK REGION	CHANGE
Wales	27.7%
West Midlands	27.5%
East Midlands	26.3%
South West	26.3%
Yorkshire and The Humber	25.1%
North West	23.8%
East of England	21.3%
South East	21.0%
Scotland	19.0%
Northern Ireland	17.0%
North East	16.7%
Outer London	16.5%
Inner London	10.5%



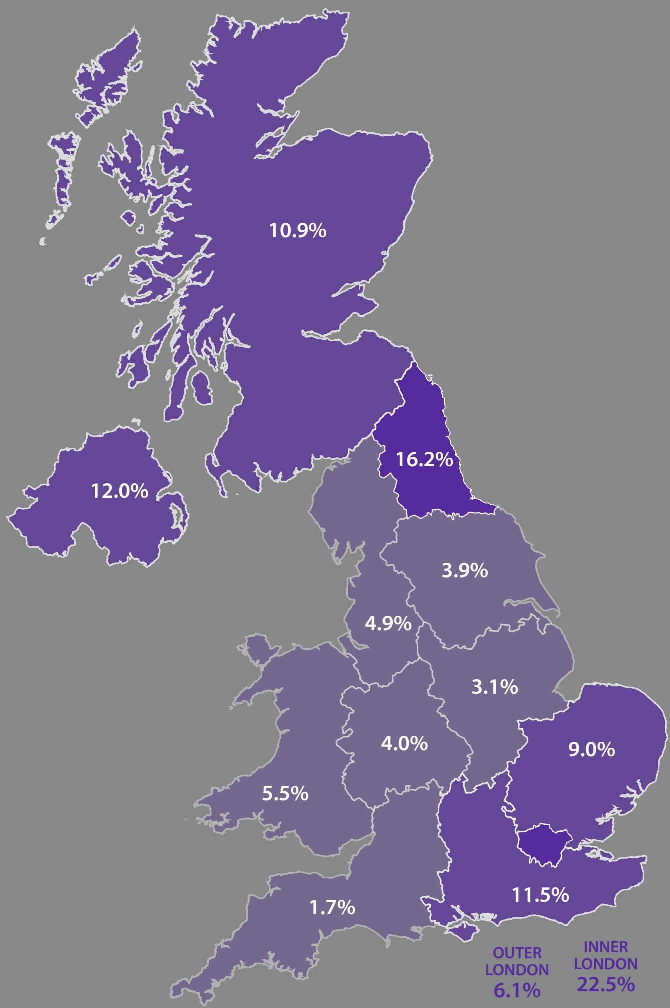
The Owner-Occupied Property Market: Key Indicators

Sales by Region & Major Cities

Sales Agreed across the whole of the UK were on average 9% higher in Q3 2022 than in Q3 2019, highlighting the persistent momentum in the market.

Inner London, which had stalled during the pandemic, has rebounded sharply with a growth of 22.5%. But in another sign perhaps of a softening market, the picture is not uniformly positive across the regions. Six major cities are either flat or down in volume of Sales Agreed and gains across most regions are tapering off compared to Q2 2022.

Overall, despite the mixed picture, with volumes as they are, we still anticipate achieving 1.2 million transactions in 2022.



9% HIGHER SALES IN Q3 2022 THAN Q3 2019

22.5% INNER LONDON GROWTH

Sales Agreed by Region Q3 2019 compared to Q3 2022

	CHANGE
Inner London	22.5%
North East	16.2%
Northern Ireland	12.0%
South East	11.5%
Scotland	10.9%
East of England	9.0%
Outer London	6.1%
Wales	5.5%
North West	4.9%
West Midlands	4.0%
Yorkshire and The Humber	3.9%
East Midlands	3.1%
South West	1.7%

Sales Agreed by Major Cities Q3 2019 compared to Q3 2022

	CHANGE
Inner London	22.5%
Newcastle upon Tyne	14.0%
Southampton	13.7%
Peterborough	9.4%
Glasgow	4.4%
Cardiff	3.5%
Birmingham	3.2%
Bristol	2.3%
Leeds	1.8%
Sheffield	0.9%
Norwich	0.3%
Manchester	-0.1%
Plymouth	-0.2%
Nottingham	-1.0%
Edinburgh	-1.7%

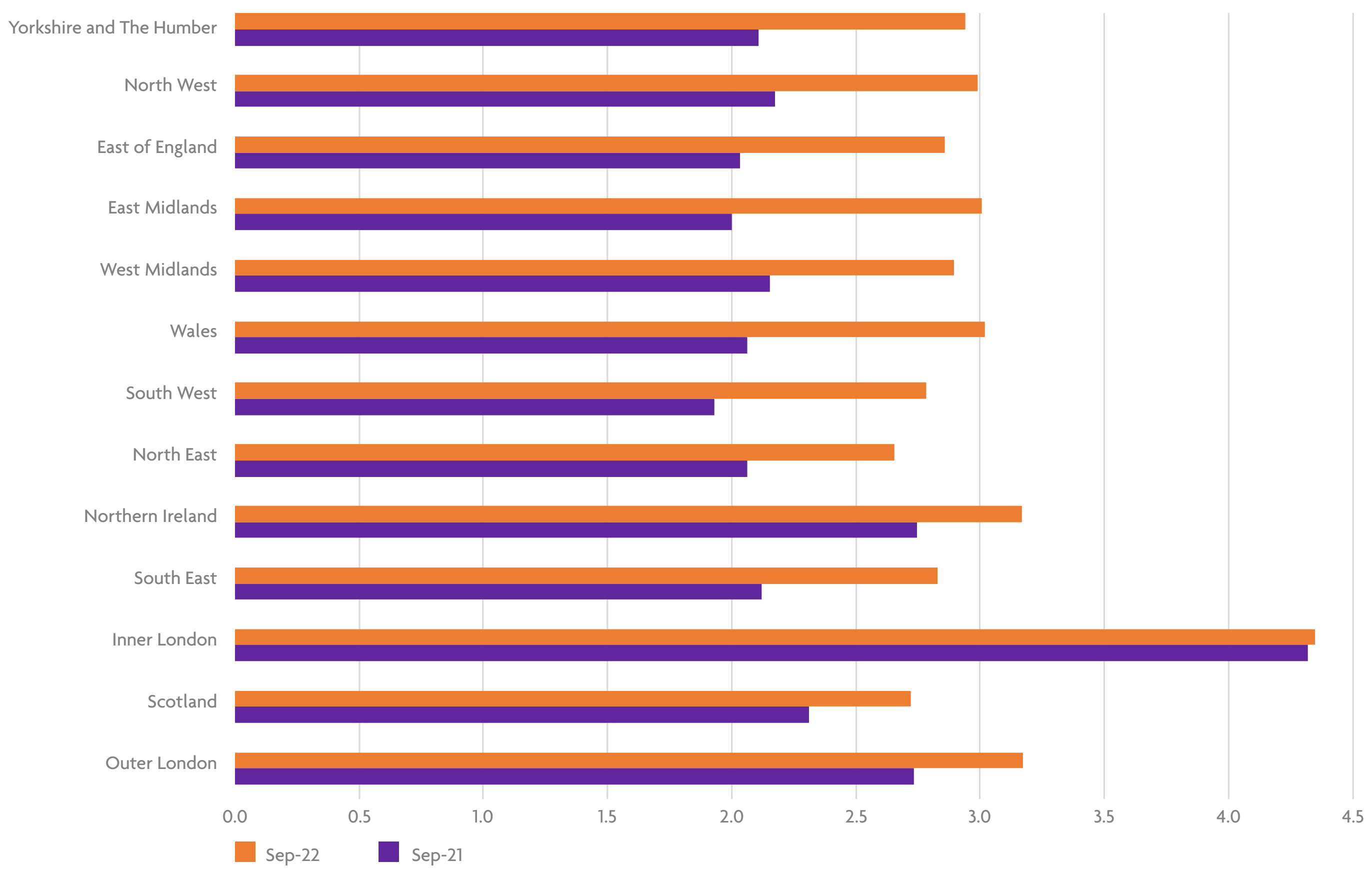
The Availability of Residential Sale Property Stock

The Lack of Residential Sale Property Stock

Aside from Inner London, most regions have between 2.5 –3 months of supply as of September 2022, an increase compared to September 2021 but considerably lower than historical norms. The higher levels of stock in Inner London (and to some extent Outer London) are a hangover from the impact of the pandemic, but these areas are now experiencing a rebound in Sales Agreed (see p.4).

Most regions have between 2.5 –3 months of supply as of September 2022

Months of Residential Sale Stock Available



Hybrid/Online Agents

Market Share – Exchanges

The market share of Hybrid/Online agents overall was 7.6% in Q3 2022, a modest increase against Q2 2022, but still down from the peak of 8% achieved during the height of the pandemic. Purplebricks, Yopa and Strike remain the dominant brands, representing 70% of the Hybrid/Online share.

	Q3 2022
Less than £200k	9.4%
£200k - £350k	8.4%
£350k - £1m	5.5%
£1m +	1.2%

7.6% **OVERALL MARKET SHARE OF HYBRID/ ONLINE AGENTS IN Q3 2022**

Hybrid/Online Agents – Market Share by Price Band

The largest market for Hybrid/Onlines has been consistently in the lower-value ranges as they struggle to convince higher-value sellers of the appeal of their approach. This continued in Q3 2022, where the share was as high as 9.4% in the Less than £200k category but decreased progressively in every higher category to a low of 1.2% in the £1m+ bracket.

The largest market for Hybrid/Onlines has been consistently in the lower-value ranges

Hybrid/Online Agents – Market Share by region

As previously noted, the failure to be adopted by sellers of higher-value properties will impede the Hybrid/Onlines in establishing a significant market share in London and the Southeast, where the property value and density of housing is greatest. This is borne out by the regional results.

Hybrid/Online Agents – Market Share by Region

	Q3 2022
Yorkshire and The Humber	12.4%
East Midlands	11.1%
North West	11.0%
West Midlands	10.7%
Wales	7.7%
North East	7.3%
Scotland	7.2%
Outer London	6.7%
Inner London	5.7%
South East	5.0%
South West	4.9%
East of England	4.8%

Lettings Residential Property Market: Key Indicators

Key Indicators

The challenges faced by the lettings sector are laid bare in the Q3 2022 numbers compared with Q3 2019:

- New Instructions and Lets Agreed are down by 25% and 19%, respectively.
- In contrast to the owner-occupied sector, there is a marked supply and availability issue, as some landlords withdraw from the market, as tax changes put in place in 2019 have reduced incentives.
- 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	-25.1%
Let Agreed	-19.1%
Let	-14.2%

Average Price – National & Regional

The average asking price across the UK was £1,605 per month in Q3 2022, 19% higher than in Q3 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.

LETS AGREED DOWN BY

19%

NEW INSTRUCTIONS DOWN BY

25%

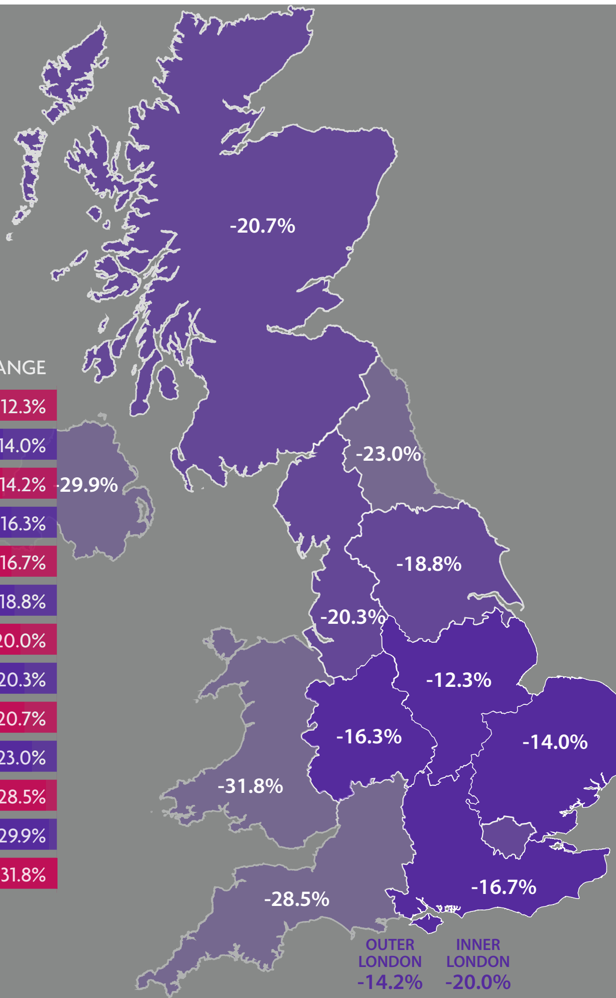
Rental Lets Agreed by Regions & Major Cities

The downbeat performance of the sector is highlighted starkly in the Regional and Major City tables. Edinburgh is an outlier at +37.8% compared to Q3 2019, albeit from a low volume of transactions, whilst all other locations have seen double-digit declines.

Rental Lets Agreed by Regions & Major Cities Q3 2019 compared to Q3 2022

MAJOR CITIES	CHANGE
Edinburgh	37.8%
Nottingham	-12.7%
Birmingham	-14.7%
Leeds	-14.8%
Southampton	-17.3%
Peterborough	-19.3%
Manchester	-19.5%
Inner London	-20.0%
Sheffield	-20.1%
Bristol	-21.0%
Norwich	-22.9%
Cardiff	-25.2%
Newcastle upon Tyne	-29.8%
Glasgow	-31.0%
Plymouth	-37.4%

UK REGION	CHANGE
East Midlands	-12.3%
East of England	-14.0%
Outer London	-14.2%
West Midlands	-16.3%
South East	-16.7%
Yorkshire and The Humber	-18.8%
Inner London	-20.0%
North West	-20.3%
Scotland	-20.7%
North East	-23.0%
South West	-28.5%
Northern Ireland	-29.9%
Wales	-31.8%



The Availability of Residential Rental Property Stock

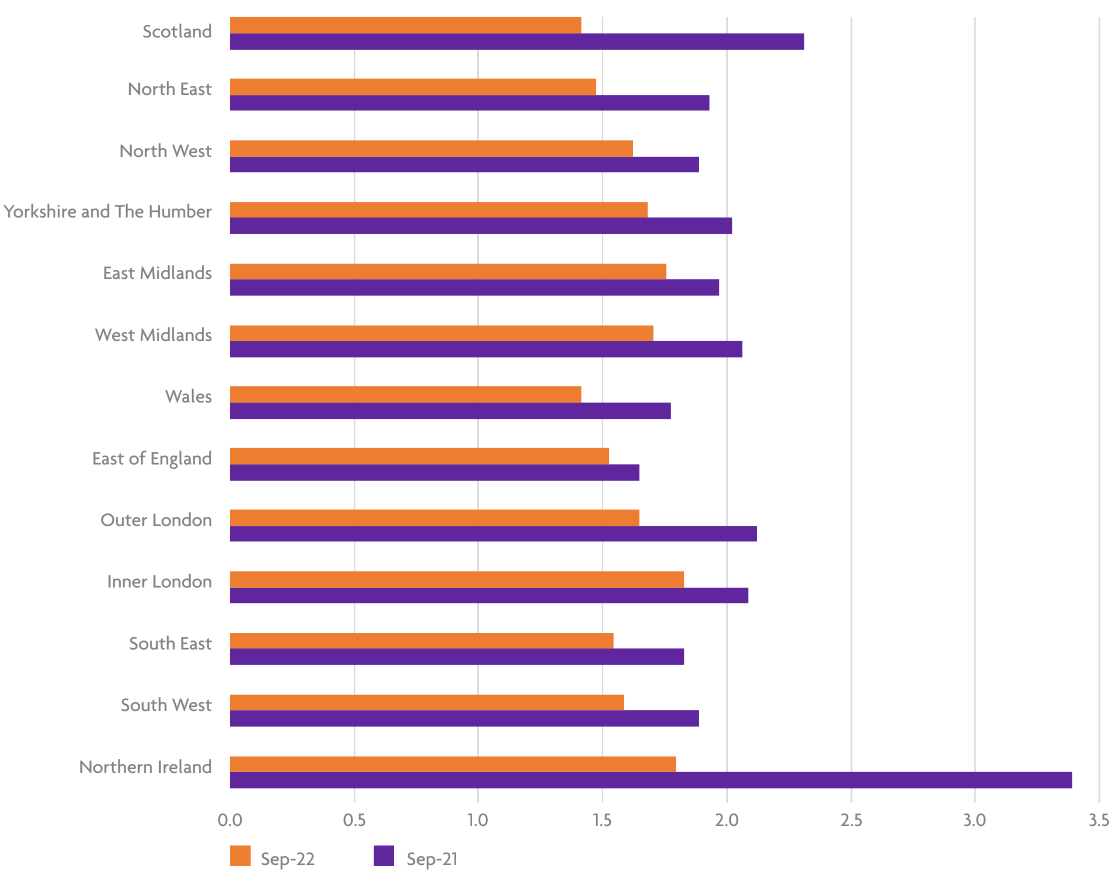
The Lack of Residential Rental Property Stock

As of September 2022, all regions have settled at around 1.5 months of available stock from two months in September 2021.

Pressures on the supply and demand side mean that this situation is unlikely to improve in the near term. Landlord incentives have been dulled by legislative and tax changes, whilst the reduction in buy-to-let mortgage products will inhibit any significant injection of new supply. Households deferring decisions to buy due to adverse economic conditions will tend to increase demand.

As of September 2022, all regions have settled at 1.5 months of available stock.

Months of Residential Rental Stock Available



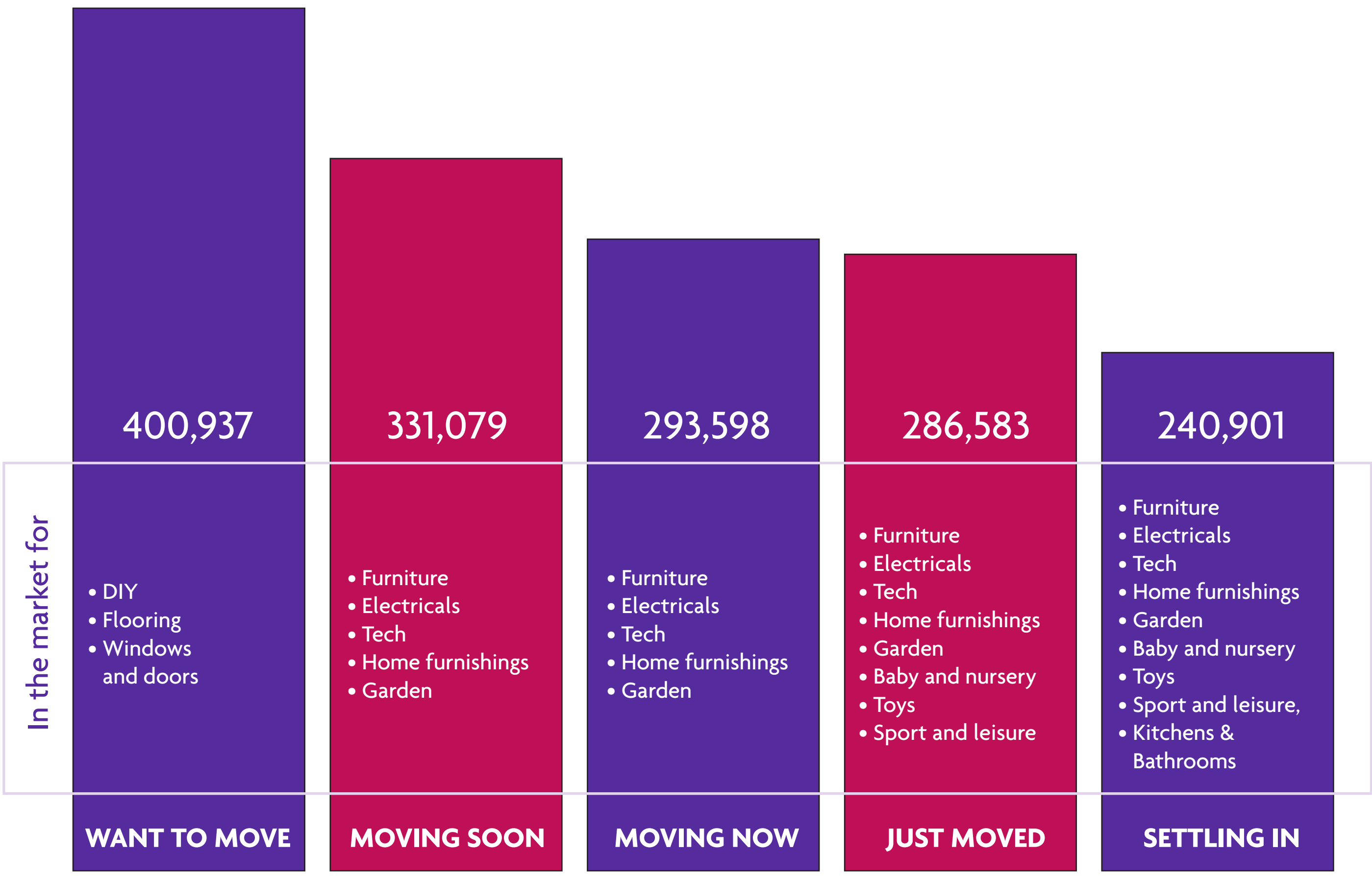
The Homemover Wave

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 October 2022 there were nearly 1.55 million households progressing through the home-move, owner-occupied journey. Whilst this reflects a continued buoyancy in the sector, we anticipate a recalibration brought about by interest rates rises and the pressure on household finances from the cost-of-living increase.

At the beginning of October 2022 there were nearly 1.55 million households progressing through the home-move, owner-occupied journey.

HOMEMOVER WAVE SEGMENT OCTOBER 2022



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

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

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

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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