TWENTYCI PROPERTY & HOMEMOVER END OF YEAR REPORT – 2021

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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 year-on-year comparison of the residential property market.

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**
  2021 saw over 1.45m sales agreed an increase of 13% on 2020 and a massive 25% greater than 2019. These are levels of transactions not seen since prior to the 2008 global financial crisis.

- **The Lack of Residential Property Stock**
  - In 2021 there were 6% fewer properties put up for sale as the conclusion of the stamp duty holiday and a lack of available options for would be purchasers significantly slowed the stock coming to market.
  - On average there is now only 2.5 months' worth of stock available across the UK.
  - The significant momentum seen in the residential property market through 2020 & 2021 has come to an end and a re-calibration to pre-pandemic levels is anticipated.

- **Hybrid/Online Agents**
  Market share now stands at 6.7% with no significant consumer shift to the onlines' during the pandemic.

- **Lettings Sector**
  The sector continues to remain subdued. The volume of properties available for let is down nearly 12% compared to 2020, and whilst the lets agreed are up by 6%, the macro adjustments brought about by the pandemic and a fall in demand for urban rental living (as office working became more flexible) are still at play.

- **Retail Opportunity**
  With a retail recession in 2022 a high probability the near 1.5 million households that have moved in the last 12-months offer a significant lifeline of expenditure as new owners transform their new home.

Colin Bradshaw TwentyCi's Managing Director, adds: "2021 exceeded all forecasters expectations as the momentum first seen within the owner-occupied residential property sector in June 2020 continued throughout the year. As we learn to live with COVID-19, the conclusion of the generous fiscal policy provided by the stamp duty holiday and interest rates rising (impacting the affordability of mortgages), we wait to see if the market will now sharply re-calibrate to pre-2020 levels".

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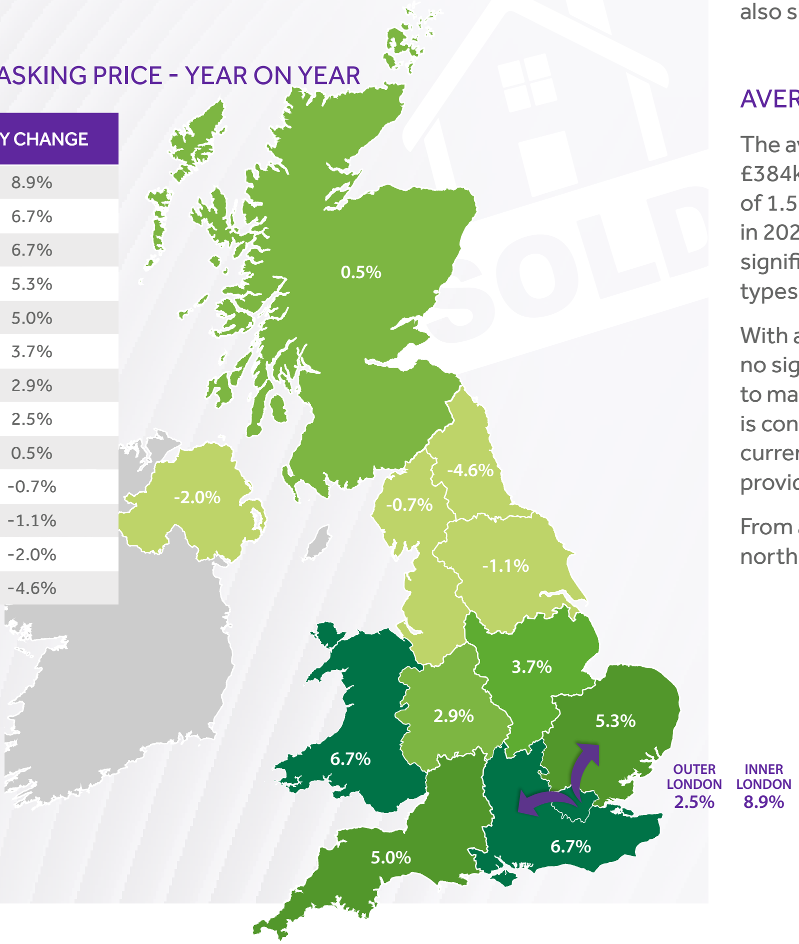
THE OWNER OCCUPIED PROPERTY MARKET

	2020	2021	YOY CHANGE
New Instruction	1,599,939	1,506,040	-5.9%
Sale Agreed	1,286,282	1,452,972	13.0%
Exchanged	881,730	1,134,532	28.7%
Fallen Through	298,680	326,091	-9.2%
Price Changed	718,757	545,585	-24.1%
Withdrawn	700,276	581,232	17.0%

CHANGES IN REGIONAL ASKING PRICE - YEAR ON YEAR

	YOY CHANGE
Inner London	8.9%
Wales	6.7%
South East	6.7%
East of England	5.3%
South West	5.0%
East Midlands	3.7%
West Midlands	2.9%
Outer London	2.5%
Scotland	0.5%
North West	-0.7%
Yorkshire and The Humber	-1.1%
Northern Ireland	-2.0%
North East	-4.6%



THE KEY INDICATORS

2021 has seen a level of activity within the residential property market unprecedented since prior to the global financial crisis of 2008.

With sales agreed up nearly 13% year on year and exchanges jumping by over 28% the momentum, initially stimulated by the stamp duty holiday introduced in June 2020, has been maintained throughout 2021.

With new instructions down by nearly 6% compared to 2020 a strong sellers' market persists. The need for a price change is also significantly down as home sellers can command close to the asking price for their property (no need to discount). Similarly, the number of properties withdrawn from the market is also down as properties are snapped up due to the surge in demand.

The primary challenge facing the market in 2022 is a lack of choice for potential buyers the by-product of which will potentially be a slowing of the market. We look in more detail at the lack of stock later in this report.

AVERAGE PRICE – NATIONAL & REGIONAL

The average asking price across the UK is now £384k compared to £378k in 2020 an increase of 1.5%. At its peak the average asking price in 2021 was £392k however this figure is significantly determined by the mix of property types, values & their location.

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.

From a regional perspective there is a distinct north-south divide emerging reflecting the property market prior to the pandemic. This contradicts the flight to green spaces and the flexibility for more hybrid working. With the government promoting a "levelling up" agenda and a desire for a "northern powerhouse", significant challenges undoubtedly lie ahead to make this a reality, especially with the axing of the second phase of the HS2 rail extension.

Inner London continues to show significant growth from the initial detrimental impact of the pandemic. This is primarily driven (based on reports) by a resumption of foreign investment both post-Brexit and post COVID.

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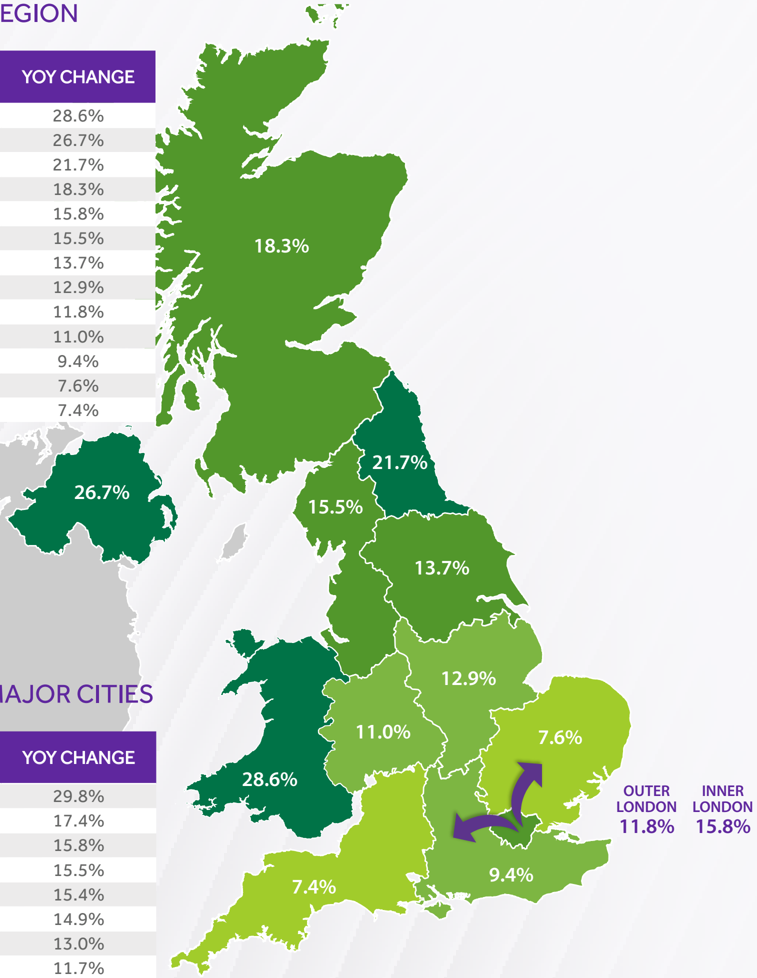
THE OWNER OCCUPIED PROPERTY MARKET

SALES AGREED BY REGION

UK REGION	YOY CHANGE
Wales	28.6%
Northern Ireland	26.7%
North East	21.7%
Scotland	18.3%
Inner London	15.8%
North West	15.5%
Yorkshire and The Humber	13.7%
East Midlands	12.9%
Outer London	11.8%
West Midlands	11.0%
South East	9.4%
East of England	7.6%
South West	7.4%



SALES AGREED BY MAJOR CITIES

UK CITIES	YOY CHANGE
Cardiff	29.8%
Peterborough	17.4%
Inner London	15.8%
Newcastle upon Tyne	15.5%
Edinburgh	15.4%
Glasgow	14.9%
Birmingham	13.0%
Manchester	11.7%
Sheffield	11.0%
Nottingham	10.6%
Bristol	9.3%
Leeds	9.3%
Plymouth	8.4%
Southampton	7.6%
Norwich	5.0%

SALES VOLUMES BY REGION & MAJOR CITIES

Sales agreed across the whole of the United Kingdom are now on average 13% greater than 2020 with double digit growth being experienced in most regions. Inner & Outer London continue to demonstrate a significant re-bound compared to the start of the pandemic.

All key cities also show significant growth with the momentum being shared nationally. The economic recovery of the whole of the UK will continue to be assisted by the expenditure generated by homemovers (c.3% of GDP per annum).

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THE LACK OF PROPERTY STOCK

LACK OF PROPERTY STOCK

There continues to be a distinct lack of residential property stock coming to the market. Compared with 2020 there were 6% fewer properties coming to the market whilst sales agreed were 13% greater. Demand throughout 2021 has consistently exceeded supply.

Aside from Inner London, the whole of England and Wales at a regional level has between 2.2 and 3.1 months of property stock left to sell. Overall the available months of stock are down by almost half on historical norms. Without a significant uplift in the volume of new instructions the residential property market is at risk of a significant slowdown in 2022.

THE STOCK AVAILABLE

In comparison with 2019 there has been a significant reduction in the availability of all property types other than flats. This is reflected in the number of bedrooms available across the market with a significant deficit in 3+ bedroom properties.

PROPERTY TYPE	AVAILABILITY
Detached	-26%
Semi-Detached	-18%
Terraced	-11%
Flat	50%

BEDROOMS	AVAILABILITY
1	59%
2	15%
3	-12%
4	-20%
+5	-17%

The property stock available now is represented more by mid and higher priced properties compared with 2019. More affordable housing has declined by 13% whilst higher value properties have increased by 37%.

PRICE BAND	AVAILABILITY
£0-£250k	-13%
£250k-£500k	1%
£500k-£750k	20%
£750k+	37%

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THE STOCK AVAILABLE

UK REGION	AVAILIBILITY
Inner London	79%
Outer London	32%
Scotland	0%
West Midlands	-2%
South East	-6%
East Midlands	-8%
North West	-8%
East of England	-9%
Yorkshire and The Humber	-10%
Northern Ireland	-13%
Wales	-13%
South West	-20%
North East	-23%

THE STOCK AVAILABLE CONT.

Compared with 2019 the location of the stock available is skewed to Inner and Outer London. There are 79% more properties available for sale in Inner London and 32% more properties available in Outer London. This translates directly into the significant increase in availability of flats compared with 2019 (50% more) as well as the asking price, which tends to be at the higher end of the property price range. With London having initially taken the significant brunt of the pandemic (particularly with the flight to green spaces), whilst availability exists, affordability will be the most significant barrier to this markets resurgence. Outside of London the North East and South West have exceptionally low levels of stock compared to 2019.

HYBRID/ONLINE AGENTS COMPARED TO THE HIGH STREET AGENTS

PROPERTY VALUE	YOY CHANGE
Less than £200k	-8.9% ↓
£200-£350k	-12.5% ↓
£350k-£1m	-11.3% ↓
£1m+	8.8% ↑

UK REGIONS	YOY CHANGE
North East	13.4% ↑
Wales	3.0% ↑
North West	-2.7% ↓
Scotland	-2.8% ↓
Yorkshire and The Humber	-3.2% ↓
Northern Ireland	-6.4% ↓
Inner London	-7.2% ↓
West Midlands	-10.0% ↓
Outer London	-12.1% ↓
East Midlands	-13.7% ↓
South West	-19.2% ↓
South East	-23.7% ↓
East of England	-27.1% ↓

MARKET SHARE – EXCHANGES

The market share of the Hybrid/Online agents in 2021 for exchanges stands at 6.7% and has fallen back from a high of 8% in 2020.

This segment of the market is dominated by three brands – Purplebricks, Yopa and Strike who when combined represent nearly 70% of all Hybrid/Online activity.

During the pandemic many sectors and categories have seen a significant shift online, however the Estate Agency sector has not followed suit with a low level of market penetration persisting. The Hybrid/Online agents have considerably underperformed in comparison to the traditional High Street agents who have all, in the main, benefited from the surge in residential property transactions. Perhaps this is sellers preferring the tangible, personal & reassuring approach given by the High Street agents or whether the well-publicised internal and external issues occurring at Purplebricks have had a significant impact on their business performance.

HYBRID/ONLINE AGENTS – MARKET SHARE BY PRICE BAND

When looking purely at 2021 one can see that the fall in market share of the Hybrid/Online agents is across all the core price bands of the UK property market other than in the transactions over £1m+ (of which there are an immaterial volume). Such a considerable underperformance in a buoyant market will clearly raise significant interest into the viability of a business model that appears to have not gained traction with over 93% of house sellers.

HYBRID/ONLINE AGENTS – MARKET SHARE BY REGION

Any of the territorial gains reported in previous publications of the TwentyCi Property & Homemover Report have been significantly eroded during 2021. The reduction in the market share for the onlines has occurred in 11 of the 13 UK regions.

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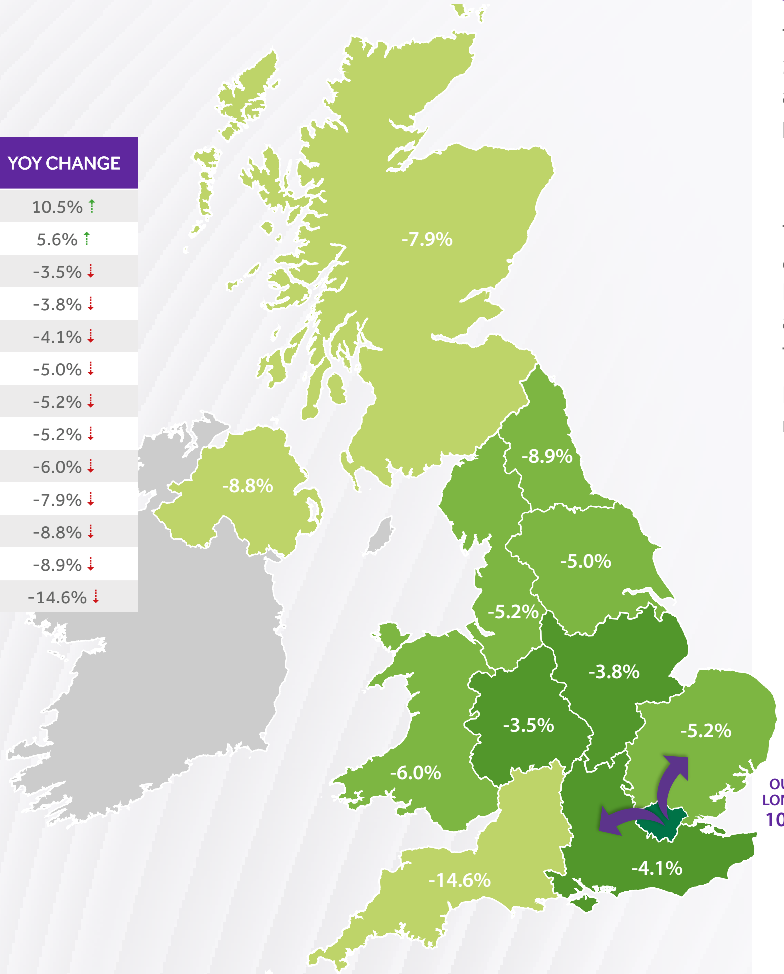
THE LETTINGS PROPERTY MARKET

	YOY CHANGE
New Instruction	-11.6%
Let Agreed	-3.1%
Let	6.2%
Fallen Through	-2.6%
Price Changed	-27.0%
Withdrawn	-11.8%

	YOY CHANGE
Outer London	10.5% ↑
Inner London	5.6% ↑
West Midlands	-3.5% ↓
East Midlands	-3.8% ↓
South East	-4.1% ↓
Yorkshire and The Humber	-5.0% ↓
East of England	-5.2% ↓
North West	-5.2% ↓
Wales	-6.0% ↓
Scotland	-7.9% ↓
Northern Ireland	-8.8% ↓
North East	-8.9% ↓
South West	-14.6% ↓



THE KEY INDICATORS

The lettings sector continues to remain significantly suppressed driven down by the desire to buy rather than rent together with the macro adjustments brought about by the pandemic and a fall in demand for urban rental living as office working became more flexible.

We would anticipate that as the pandemic continues to subside and COVID restrictions are eased a significant return to office-based working may drive momentum back into this sector. Similarly with a lack of available stock within the owner-occupied sector the option of renting may once again be more appealing.

AVERAGE PRICE – NATIONAL & REGIONAL

The average asking price across the UK is now £1,439 per month, an increase of 4% from 2020. This is somewhat surprising, however with new instructions down 11% year on year the availability of the right type of rental stock will result in upward price pressure on the desirable properties.

RENTAL VOLUMES BY REGIONS & MAJOR CITIES

The table left starkly highlights the downbeat performance of the lettings sector in all regions other than London. This is a continuation of the picture seen from the outset of the pandemic. London continues to see momentum which initially commenced in late 2020 due to availability and affordability, however with rental prices now 13% higher than Q4 2020 the re-calibration of this market will also undoubtedly slow.

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

	YOY CHANGE
Manchester	10.7% ↑
Leeds	7.4% ↑
Inner London	5.6% ↑
Bristol	1.5% ↑
Birmingham	1.4% ↑
Edinburgh	1.1% ↑
Cardiff	0.5% ↑
Southampton	0.4% ↑
Nottingham	-1.7% ↓
Glasgow	-2.1% ↓
Sheffield	-6.5% ↓
Norwich	-8.7% ↓
Newcastle upon Tyne	-9.5% ↓
Peterborough	-12.3% ↓
Plymouth	-27.4% ↓

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CACI – DEMOGRAPHIC INSIGHT WITHIN THE OWNER OCCUPIED & LETTINGS MARKET

OWNER OCCUPIED MARKET

Considering sales behaviour overall, while 2019 to 2020 saw a dramatic difference between house purchasing across the Acorn Groups, with more affluent segments maintaining previous home buying levels and lower affluent group exchanges dropping as much as 14%, 2020 to 2021 was a different story.

Across the board, all Acorn Groups grew between 23% and 33% vs 2020, with City Sophisticates, Career Climbers, and Starting Out all sitting at 32% and 33%. These growth levels more than make up for any declines last year with every Acorn Group exchanging on more homes in 2021 than in the 2019 pre-covid baseline.

-

Accessible Villages/Dwellings were the only urbanality to grow in 2020 and have continued to perform well through 2021 with 30% more exchanges compared to the previous year. This growth is shared across acorn groups and affluence levels.

Having struggled in 2020, sales in Large Urban Areas bounced back in 2021 with exchanges increasing by 26%. More than half of this growth has come through the two most affluent Acorn Groups (Affluent Achievers and Rising Prosperity).

It is of note too, that within Large Urban Areas, Successful Suburbs and Steady Neighbourhood locations see high growth rates in 2021 as some movers actively sought out the connectivity, green spaces and lower prices-per-square-foot that suburbs offer.

LETTINGS MARKET

In 2021 the rental market was flat or declining in terms of rental agreements across every region with one exception, London. In London, rental agreements are up by more than 27% vs 2020 levels, with an increase of over 50,000 from 2020 to 2021. Within this increase, nearly 30,000 of these additional rental agreements were from the City Sophisticate Group a group that now accounts for more than half of all Rental Agreements in London. This highlights the influx of young, affluent workers back into the capital following the end of the first Covid waves, and is likely driven, in part, by the growth of the Build-to-Rent sector.

THE HOMEMOVER WAVE

JANUARY 2022

	IN THE MARKET FOR	
Want to move 317,793 households	DIY Flooring Windows and doors	
Moving soon 191,538 households	Furniture Electricals Tech Home furnishings Garden	
Moving now 217,917 households	Furniture Electricals Tech Home furnishings Garden	
Just moved 217,928 households	Furniture Electricals Tech Home furnishings	Garden Baby and nursery Toys Sport and leisure
Settling in 232,136 households	Furniture Electricals Tech Home furnishings	Garden Baby and nursery Toys Sport and leisure

Our data tracks homemovers as they make their way through the property buying 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.

As we head into 2022 there are over 1.1 million households progressing through the home move journey. 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 seek to re-build their business' in a post-pandemic world.

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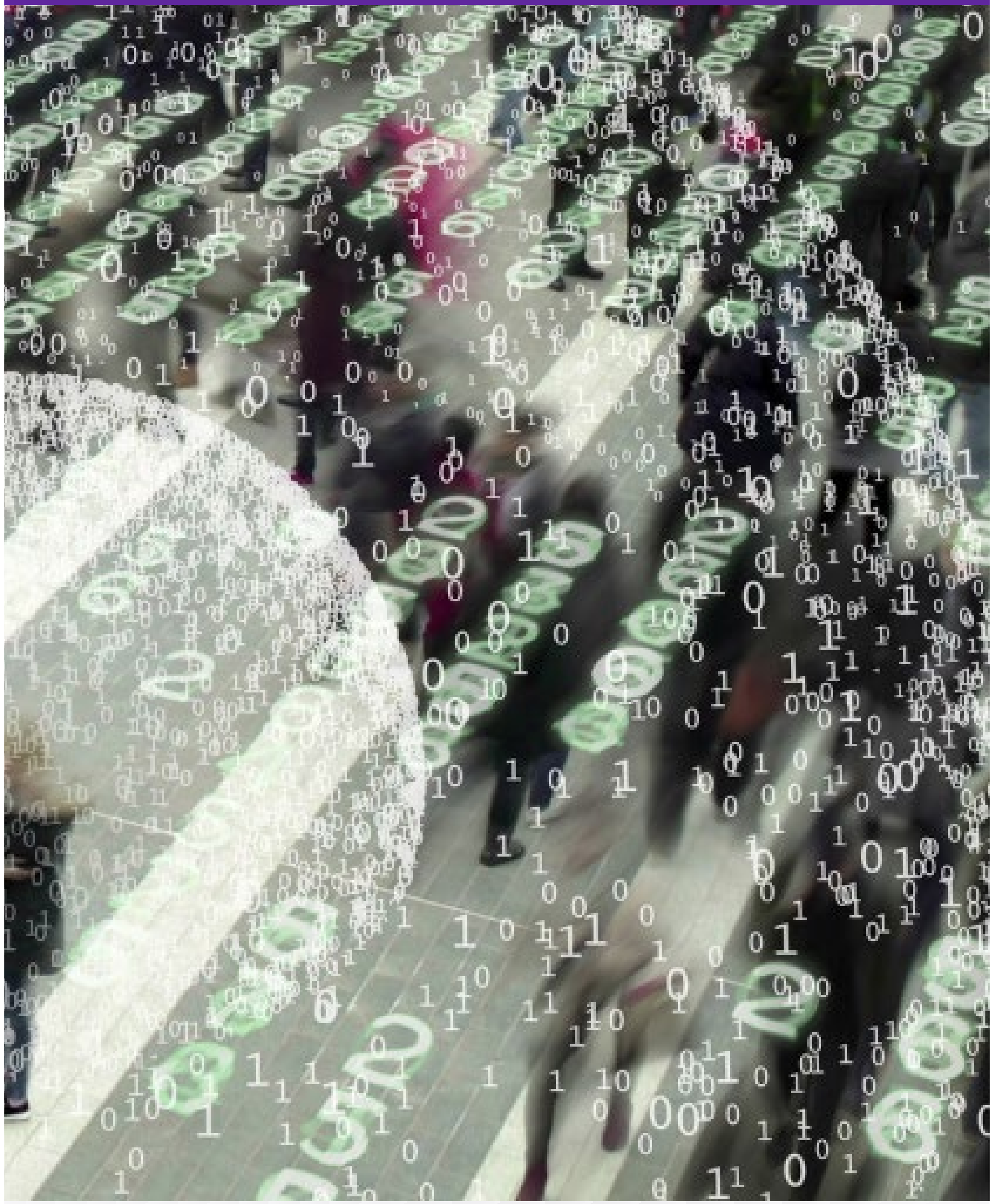

THE YEAR AHEAD - 2022 RESIDENTIAL PROPERTY MARKET FORECASTS

As we head into 2022 there is a spread of expectations as to how the market may perform. For some an increase in borrowing costs and the strain on household budgets will re-calibrate the market sharply. For others there is still a level of pent-up demand as people continue to adjust their home & working arrangements in a post-COVID economy.

Robert Gardner, the chief economist at Nationwide building society commented - "The outlook remains extremely uncertain. The strength of the market surprised us all in 2021 and could do so again next year."

Richard Donnell, director of research at Zoopla commented - "As the UK emerges from the impact of the pandemic, housing transactions are expected to decline by 20% from their high of 1.5m in 2021, to 1.2m in 2022, in line with the long run average, but still relatively high compared to the last decade."

Lucian Cook, head of residential research at Savills commented - "2021 was a remarkable year for the housing market, underpinned by a strong economic recovery, widespread reassessment of housing needs, ultra-low interest rate environment and, for the most part of the year, a stamp duty incentive. It will be difficult to replicate these market conditions throughout 2022."

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.

CACI ABOUT CACI

Understanding your customer and what they want is key to success in property. That's why customer data is the foundation for successful development and investment, with big sums at stake. Why take needless risks when you can work with a trusted partner that has the most accurate data? That's CACI.

We work with retail, residential, and commercial property developers, owners and investors to identify and quantify the value in every opportunity. When you choose CACI's data and expertise, you're getting the most detailed view of all the influencing factors and the strongest foundation for your investment and decisions.

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