

TwentyCi Property & Homemover Report – Q2 2018

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Welcome to the latest edition of the TwentyCi Property & Homemover Report providing a comprehensive review of the UK property market, created from the most robust property change sources available – providing a real time review of the UK the market and covering 99.6% of all property moves (both sales and rentals).

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 TwentyCi National Property & Homemover Report is published quarterly.



Executive summary for Q2 2018

Confidence is building

With new instructions up nearly 7% year on year, house prices remain stable with no significant discounting. This ongoing stability suggests we could be starting to see the green shoots of a recovery in confidence, from both buyers and sellers. Interest rates remaining on hold, a strong labour market and wage growth finally picking up are all contributing to an increasing number of home owners entering the market.

Online agents are on the rise

Online estate agents now represent nearly 8% of all exchanges, an increase of 13% from Q1 to Q2. In the last year, online agents have established a greater footprint across England, helped by significant investment in advertising and the introduction of more local property experts. The share of the properties they represent has also grown, increasing by more than 30% in most price bands below £1m. The announced merger of Emoov and Tepilo may indicate the start of consolidation of players within this space.

Colin Bradshaw, TwentyCi's Chief Customer Officer, notes that "The growth in market share for online agents continues unabated, with this group now representing nearly 8% of all exchanges. It is interesting to note that almost all of this growth has been in properties below £1m. Logic might dictate that a fixed-price service would be more attractive to sellers of higher-priced properties, but perhaps this group of vendors is motivated by factors other than just price".

London remains an enigma

London continues to operate its own unique property ecosystem. The average asking price is up 3.1% in Q2, an increase seemingly generated by a lack of available properties. Time to sell averages over five months, although a lack of noticeable discounting suggests sellers are patient. Nearly two thirds of properties available in Q2 were rentals, underlining the dominant tenure within the capital.

Smaller homes are the biggest sellers

Terraced and semi-detached houses continue to make up the largest proportion of property sales, accounting for over 55% of all exchanges in Q2. Both housing types have grown in the last year, driving growth overall. In comparison, flats show a significant decline in sales volume with the conjecture being that flats now dominate the rental rather than sales market in our major towns and cities.

The Silver Economy is going from strength to strength

Baby boomers' appetite for property continues unabated, with exchanges up 10% year on year, fuelled by a combination of final salary pension schemes, pension drawdown and equity retrieval, as well as wealth accumulated in property.

Realised prices vary by value

A review of 2017 listed prices compared to the price actually achieved shows an average discount of up to 4% for properties sold for less than £1m, suggesting there is no significant property devaluation occurring. The realised value of properties over £1m, however, shows an average discount of 8%.

Kate Faulkner, Managing Director at Propertychecklists.co.uk, said, "With some indices and market reports suggesting we have a market currently in the doldrums, this in-depth data shows that this very much depends on the market consumers are operating in. For example those selling properties over a million pounds are having to discount – and if in London, selling times are around 5 months. In contrast, terraces and semi-detached properties under a million pounds are dominating transactions currently. The summer months will be crucial to finding out which way the market goes for the rest of 2018".

All data is based on Q2 2018 versus Q1 2018 or Q2 2017 for year-on-year comparisons unless otherwise stated. Analysis of property buyers is based on demographic overlay data versus individual property-based data triggers.

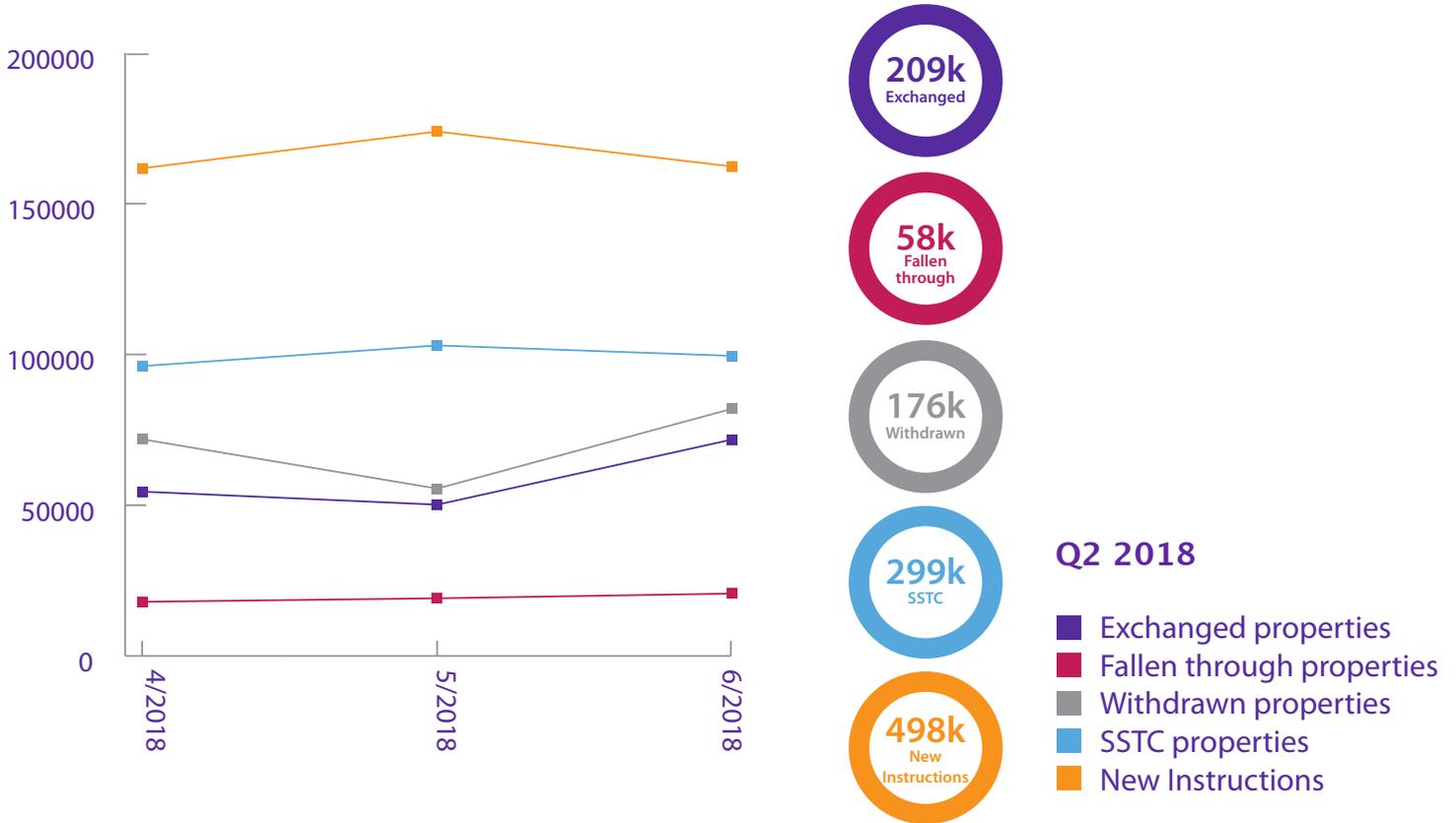


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UK National Trends

New instructions are up 6.6% compared to Q2 2017, and 11.7% compared to Q1, suggesting a significant increase in the number of properties coming to the market, easing previous supply issues. While property exchanges are down by 1% compared to Q2 2017, we expect this figure to rise during 2018 as the extra supply filters through, building confidence and stability in the property market.



Average House Price

Average house prices are stable year on year at just under £300k.



UK Regional Trends

▲ = up
 ■ = no movement
 ▼ = down

Number of Exchanged Properties by Region

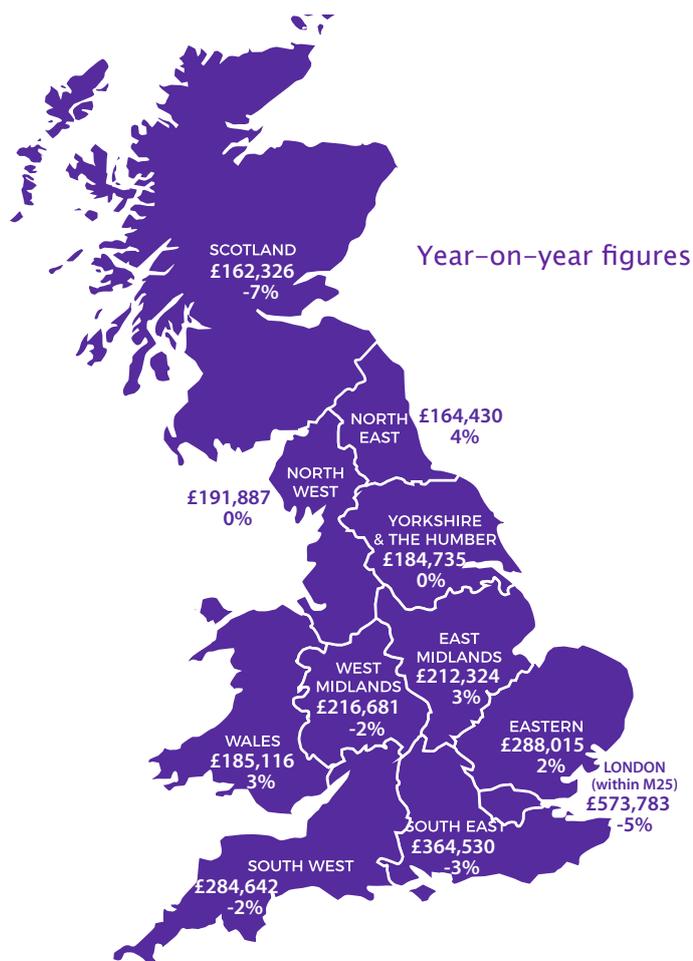
UK Regions	Q2 2018	Q2 2017	Q1 2018	Difference in last Year	Difference in last Quarter
East Midlands	15,152	14,399	15,519	5% ▲	-2% ▼
East of England	17,381	15,833	18,597	10% ▲	-7% ▼
London (M25)	25,792	27,695	29,457	-7% ▼	-12% ▼
North East	7,196	7,631	6,906	-6% ▼	4% ▲
North West	25,241	25,354	26,520	0% ■	-5% ▼
Scotland	8,639	11,840	8,450	-27% ▼	2% ▲
South East	38,164	36,975	41,598	3% ▲	-8% ▼
South West	24,445	23,601	27,574	4% ▲	-11% ▼
Wales	10,198	10,847	10,282	-6% ▼	-1% ▼
West Midlands	19,092	19,144	20,685	0% ■	-8% ▼
Yorkshire & the Humber	18,027	18,096	17,530	0% ■	3% ▲



The North East of England, Yorkshire and the Humber and Scotland are the only regions to have experienced growth in the number of exchanges in Q2 2018 compared to the previous quarter, with all other regions showing a quarterly slowdown.

Comparing year on year, we are seeing significant geographical variation, with the East of England showing a growth of 10%, while Scotland is down by over 25%.

Average asking price in the top 10 cities and regions UK-wide + London



The increase in demand in the East Midlands and East of England is driving a year-on-year increase in the average asking price of properties. In Scotland however, a drop in the number of exchanges and a 7% fall in average asking price suggests supply is exceeding demand.

UK Cities	Average asking price £ Q2 2018	Difference in last Year	Difference in last Quarter
Birmingham	247,350	2.0%	1.8%
Sheffield	183,374	4.2%	7.3%
Glasgow	166,743	-0.3%	-0.8%
Newcastle upon Tyne	174,414	-5.6%	-0.4%
Manchester	212,466	7.9%	3.4%
Nottingham	209,965	3.8%	4.3%
Cardiff	207,945	5.4%	5.2%
Edinburgh	247,821	2.2%	8.0%
Leicester	255,101	5.1%	3.7%
Bristol	323,753	3.2%	1.0%

The average asking price has increased in Q2 in all major cities except Glasgow and Newcastle upon Tyne. Manchester has seen the greatest increase.

The rise across the country can be interpreted as growing confidence from sellers in the price they believe can be realised for their property. This, combined with a significant increase in new instructions in Q2, suggests confidence and momentum returning to the property market.

Colin Bradshaw, Chief Customer Officer of TwentyCi, says, "It is interesting to note that prices in Newcastle upon Tyne have fallen nearly 6% versus last year, as opposed to Manchester where prices have risen nearly 8% over the same period. This perhaps reflects the growth of Manchester as a commercial centre and more specifically as a media city. These results demonstrate the mixed fortunes of cities with a heritage of traditional industry."

Sales vs rent – top 10 cities UK-wide

National Sales vs Rent Q2 2018

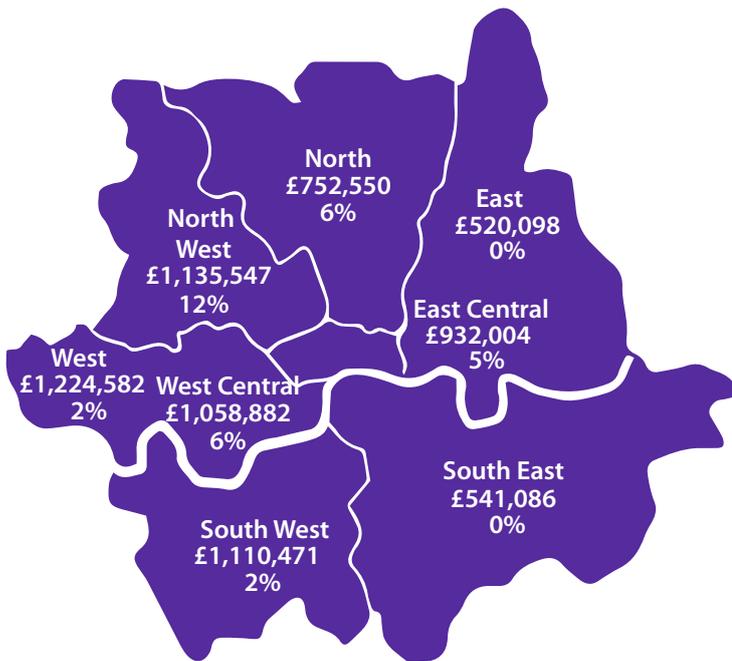


Renting continues to be a popular choice in the UK's major cities as we see a societal shift to longer-term renting due to the difficulty of getting on the property ladder. For Q2, approximately a third of all listings are within the rental sector. Both Edinburgh and Glasgow have significantly more sales than rentals listings, in line with the earlier observation that supply is exceeding demand in Scotland.

Colin Bradshaw, Chief Customer Officer of TwentyCi, notes that, "Manchester has the highest percentage proportion of properties to rent of the top 10 cities UK-wide, at 45%. This contrasts strongly with Edinburgh, where the percentage of rental properties available is only 19%. This is perhaps reflective of the strong supply of properties for sale in Edinburgh."



London Trends

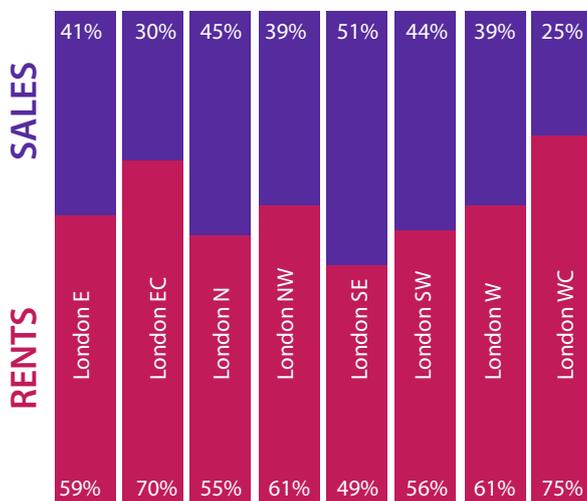


All areas of London saw an increase in the average asking price in Q2, with North West London showing a significant uplift as the property hotspots in the capital shift northward.

As the number of new instructions in London remains subdued, a lack of supply is likely to drive prices higher.

Sales vs Rent - London

London Sales vs Rent Q2 2018



Just under 60% of property listings in London in Q2 are for rental properties, consistent with previous quarters.

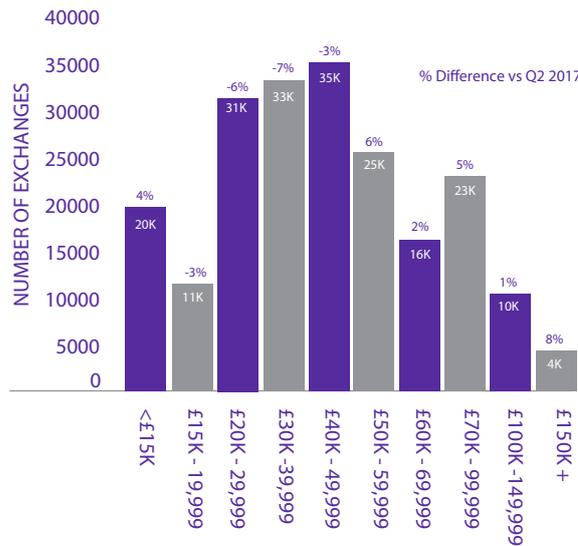
The lack of affordable property for sale and a limited sale supply generally is likely to sustain this trend in the capital.

Price Bands, Income Bands and Property Type

Household Income Band

Year on year, households earning more than £50k per annum have seen the greatest increase in exchanges, with the squeeze on disposable income being felt more keenly by low-earning households. This in turn impacts the volume of exchanges in this income band.

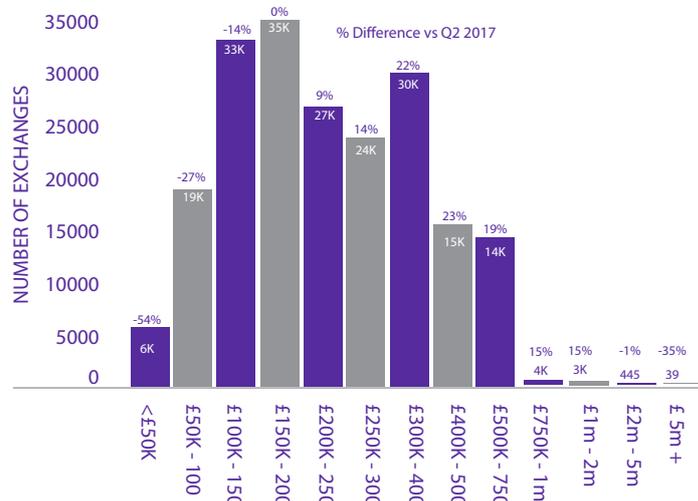
Number of Exchanged Properties by Income Band Q2 2018



Property Price Band

The significant decrease in the number of exchanges within price bands below £150k illustrates the lack of affordable housing at lower price points and the fact that low earners are struggling to get on the property ladder in all areas. The drop is also reflective of the general switch from buying to renting. The market for properties above £200k shows distinct signs of picking up as confidence arises from stability.

Number of Exchanged Properties by Price Band Q2 2018

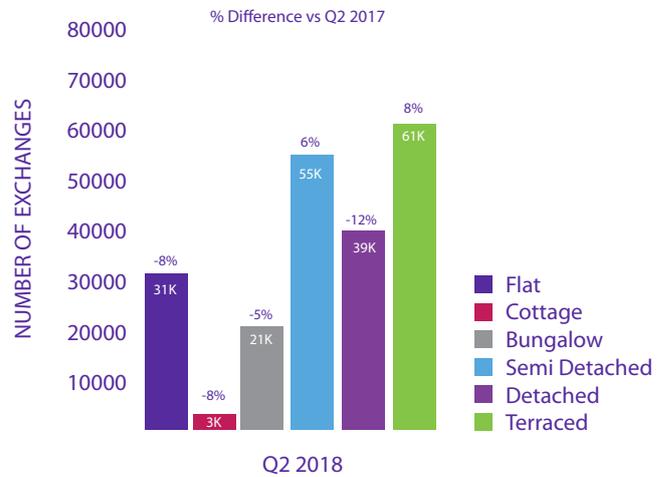


Property Types

Year on year, semi-detached and terraced houses have seen the greatest levels of growth in exchanges, while detached homes continue to show the greatest decline, with exchanges dropping by 12% since Q2 2017.

The decline in exchanges for detached properties perhaps reflects owners taking a 'stay and improve' approach rather than selling in a subdued market. Higher stamp duty rates could also be off-putting for potential buyers. A steady stream of new instructions on detached homes though may improve momentum in this market.

Number of Exchanged Properties by Property Type Q2 2018



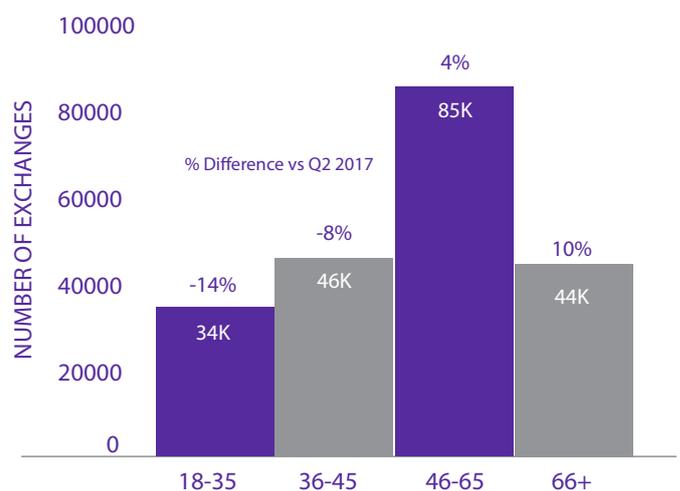
Lifestage

The Silver Economy is still showing good levels of growth year on year, with 10% more property exchanges in Q2 2018 compared to Q2 2017.

Compared to Q1 2018, the last quarter has seen a decline in the volume of exchanges for most age groups. The 66+ group is the only audience to marginally buck the trend, with a growth of 1% in exchanges against a nationwide decline of 6.2%.

For under 35s, the decline in exchanges both year on year and quarter on quarter suggests a reluctance to make the significant lifestyle and financial shift from tenant to home owner.

Number of Exchanged Properties by Lifestage Q2 2018



2017 Property Price Reduction

The tables below show % price reduction when comparing the original listing price with the price recorded by Land Registry after completion.

By region

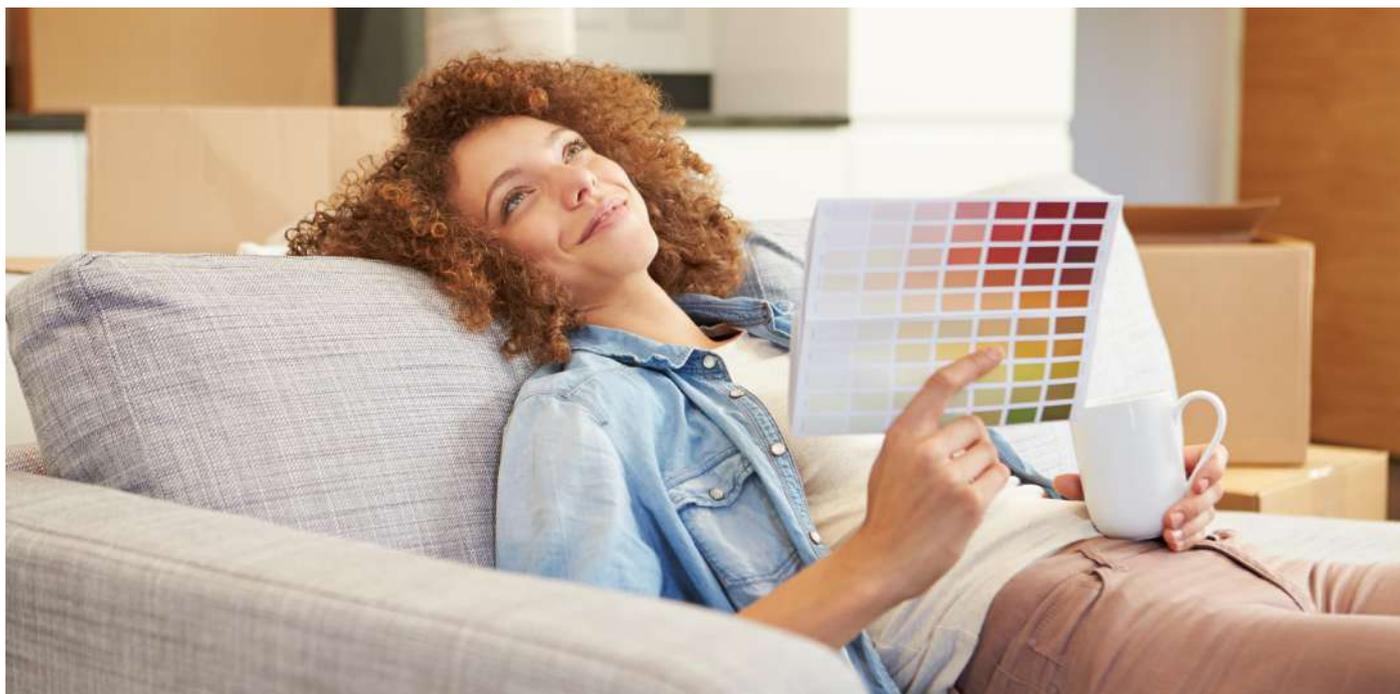
Region	% Perc
Scotland	2.25%
West Midlands	-2.86%
East of England	-2.88%
South East	-3.16%
Wales	-5.23%
South West	-3.19%
Greater London	-3.26%
East Midlands	-3.25%
Yorkshire & Humber	-3.84%
Inner London	-4.41%
North West	-4.18%
North East	-5.38%

By price band

Price band	% Perc
Less than £200k	-3.24%
£200k - £350k	-2.95%
£350k - £1m+	-3.57%
£1m+	-7.54%

Comparing property price realised to the original listing price for 2017 perhaps surprisingly shows that there is in general no significant discounting, either by region or price band. The only exception is £1m+ properties which arguably exist within their own ecosystem.

With a limited number of properties coming to market compared to 10 years ago, sellers no longer need to offer significant discounts to secure a sale.



Homemover segments

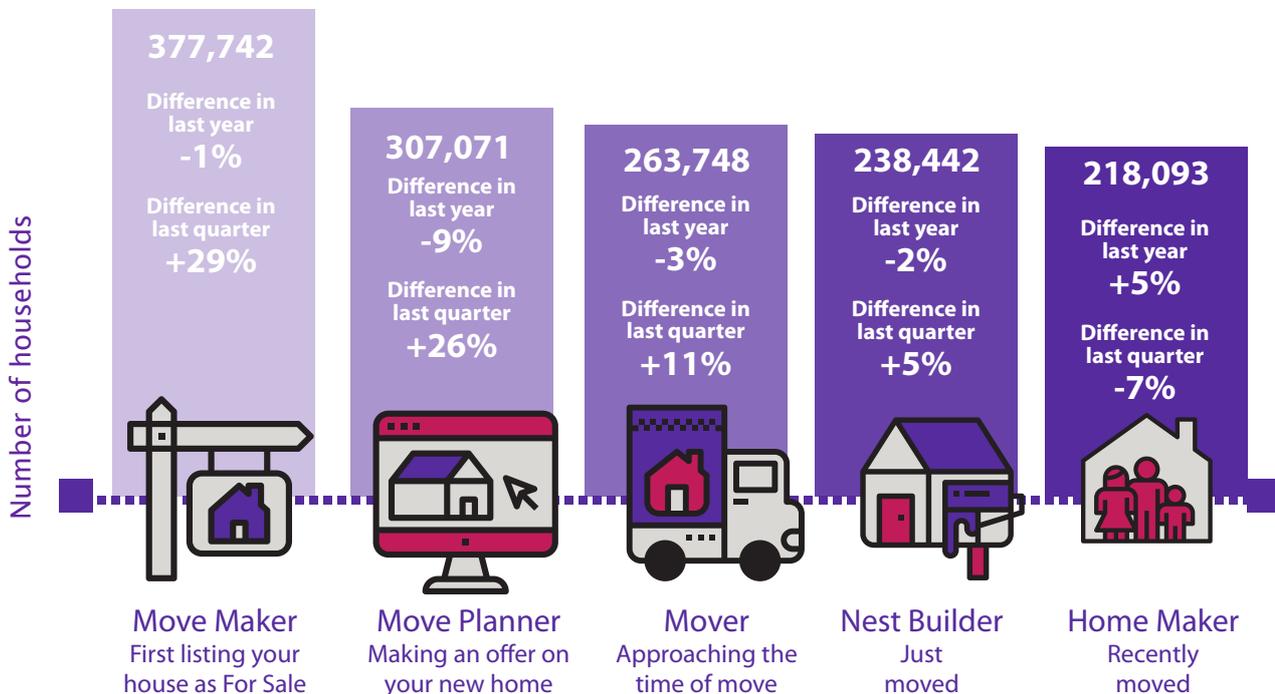
Q2 increase in move makers and move planners

TwentyCi's data tracks homemovers as they make their way through the property buying or renting process. Known as the homemover wave, this journey can last several months and is broken down into five specific stages triggered by activity such as online property searches, surveys and EPC reports.

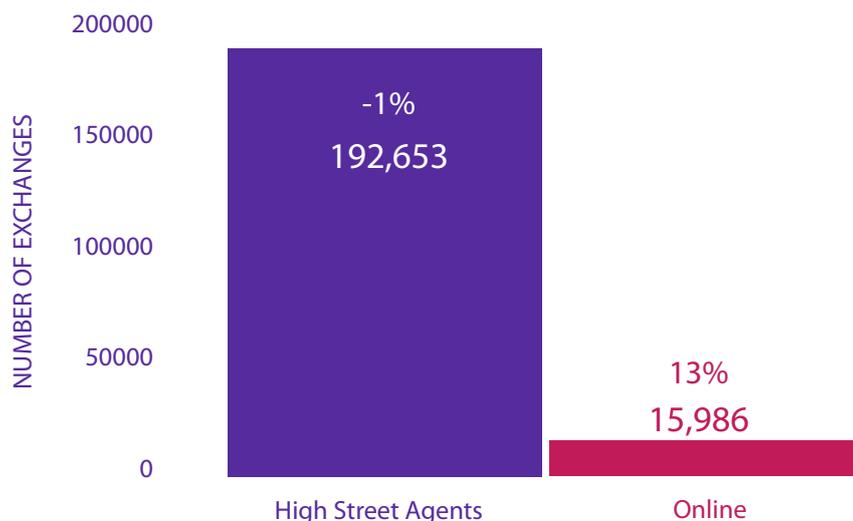
Q2 2018 has continued this year's trend of growth in households entering the homemoving journey, with 29% more at the move maker stage and a 26% increase at the move planner stage.

The significant increase at the start of the homemover wave bears out the jump in new instructions seen in Q2 as confidence in the property market is rekindled. We would expect the mover and nest builder segments to rise in Q3 as households pass through the homemoving journey.

Homemover Cycle Segments Q2 2018



High street agents vs. online



Over 15,000 households have exchanged when listed with an online agent in Q2 2018, increasing the share of online agents by 13% in the last quarter from 7% to 8%.

Online agents' market share by region

Region	% Growth YoY
Yorkshire and the Humber	51.58%
Inner London	47.34%
Wales	45.21%
North West	45.07%
East Midlands	44.04%
East of England	42.70%
North East	38.55%
West Midlands	35.75%
South West	33.21%
Greater London	23.09%
South East	16.67%

Online agents show significant growth throughout England and Wales as the key online brands become national players.

Greater London and the South East show the lowest increase, with year-on-year growth below 25%.

Online agents' market share by price band

Price band	Q2	% Growth YoY
£0 to £200,000	8.85%	32.53%
£200,000 to £350,000	7.72%	32.92%
£350,000 to £1m	5.53%	38.39%

As the online offering starts to appeal to all home owners, online agents are now representing properties across all values up to £1m, with growth greater than 30% year on year in all price bands.

Average time on market

Average time on market for properties less than £1m

City	Average time on market this quarter (days)
Edinburgh	87
Glasgow	97
Bristol	103
Cambridge	108
Birmingham	133
Manchester	117
Leeds	120
Oxford	131
Cardiff	141
Newcastle upon Tyne	188

The table highlights the time taken from new instruction to sold subject to contract. Edinburgh and Glasgow heading the table reflects the Scottish house-buying process and binding offers.

Average time on market for London properties

London area	Average time on market this quarter (days)
South East London	123
East London	137
North London	137
South West London	152
Western Central London	164
North West London	169
West London	174
Eastern Central London	220

There is a marked difference in the speed to sell in London, with the process from new instruction to sold subject to contract taking over five months on average.

This is a whole month longer than the average for the other UK cities, underlining the two-paced nature of the UK property market.

Unusual property features... Did you know?

Our comprehensive property data gives us a fascinating insight into the unusual features of homes across the UK. See if any of these take your fancy...



Bring out your best moves

Want to strut your stuff in the privacy of your own home? 74 properties currently on the market in the UK have their own dancefloor.



No more exercise excuses

Struggling to make it to the gym? In 1,850 homes you can roll out of bed and straight into your own private fitness room.



Going for a song

Ever dreamed of making the move from karaoke to recording artist? 196 homes currently on the market boast a recording studio.

TwentyCi

TwentyCi is a life event data company that provides intelligence into the events in consumer lives which act as purchase triggers, such as moving home, having a baby, buying a car or retiring. TwentyCi has been managing data for major advertisers like HJ Heinz, ATS Euromaster and many leading estate agents for over 15 years. TwentyCi holds the UK's biggest and richest resource of factual life event data including the largest,

most comprehensive source of homemover data compiled from more than 29 billion qualified data points. It 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. For more information visit www.twentyci.co.uk.

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