TWENTYCI PROPERTY & HOMEMOVER END OF YEAR REPORT – **2020**

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INTRODUCTION

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.

Our publication provides a year-on-year comparison of the residential property market and focuses extensively on how the market is performing because of Covid-19 where national lockdowns, restricted liberties and economic concerns have become a daily occurrence.

Our report provides a real-time review of the UK market, covering 99.6% of all sale and rental property moves. 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 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

THE PANDEMIC PROPERTY SURGE

2020 and Covid-19 delivered an unprecedented experience on our economy, health and personal liberties with the impact now persisting considerably into 2021. Whilst the initial lockdown in March 2020 effectively placed the property market on ice, the eight months following the re-opening of this market has seen a level of buoyancy not experienced for over a decade.

Sales agreed for 2020 surpassed 2019 by over 10% fuelled by a combination of monetary policy (low interest rates), a generous fiscal policy (furlough payments and a stamp duty holiday) and a significant change in consumer preferences (rural locations and additional space).

Colin Bradshaw TwentyCi's Chief Customer Officer, adds: "The significant economic uplift delivered to the economy across multiple sectors and categories has provided a much-needed stimulus in the face of the Covid-19 storm. Maintaining momentum within the residential property market is an essential pillar for a faster recovery of the UK economy and we would anticipate further Government intervention to ensure this occurs".

THE RETAILERS LIFE RAFT

There are currently over 550,000 property sales agreed, with an estimated value to the economy of homemovers in excess of £12 billion per annum according to Aviva (outside of the transaction value). This value is widely considered to add 3% to GDP per annum.

The Chancellors Stamp Duty catalyst reflects how the residential property market is seen as a cornerstone for the UK's economic revival. With Brexit concluded, Covid-19 vaccines rolling out and light at the end of the tunnel, the importance of the property market as a means of driving consumer spend and as a bellwether for confidence in the economy has never been more significant.

Homemovers are the most valuable consumers on the planet during the moving journey and prioritising this group through targeted marketing engagement will undoubtedly drive a more rapid recovery for the economic woes of the pandemic.

Colin Bradshaw TwentyCi's Chief Customer Officer, adds: "The importance of homemovers to Retailers is critical. A homemover cannot defer expenditure that embraces multiple categories including carpets, curtains, furniture and DIY and having a dedicated focus on the huge propensity of this audience should not be ignored".

BREXIT IMPACT

So far we have not seen a discernible impact from the Brexit deal concluded somewhat at the eleventh hour and still not fully understood in terms of its' housing market impact.

We will report on the real time data that we see rather than speculate on any impacts, but 2021 will undoubtedly see the balancing of the impacts from the stamp duty holiday withdrawal, the "post pandemic" upswing and the impact of Brexit on the broader economy feeding into the housing market.

Colin Bradshaw TwentyCi's Chief Customer Officer, adds: "The balancing of what could be negative or positive impacts on the market makes any forward view harder to see, all we can do is to report what has happened as quickly and accurately as possible".

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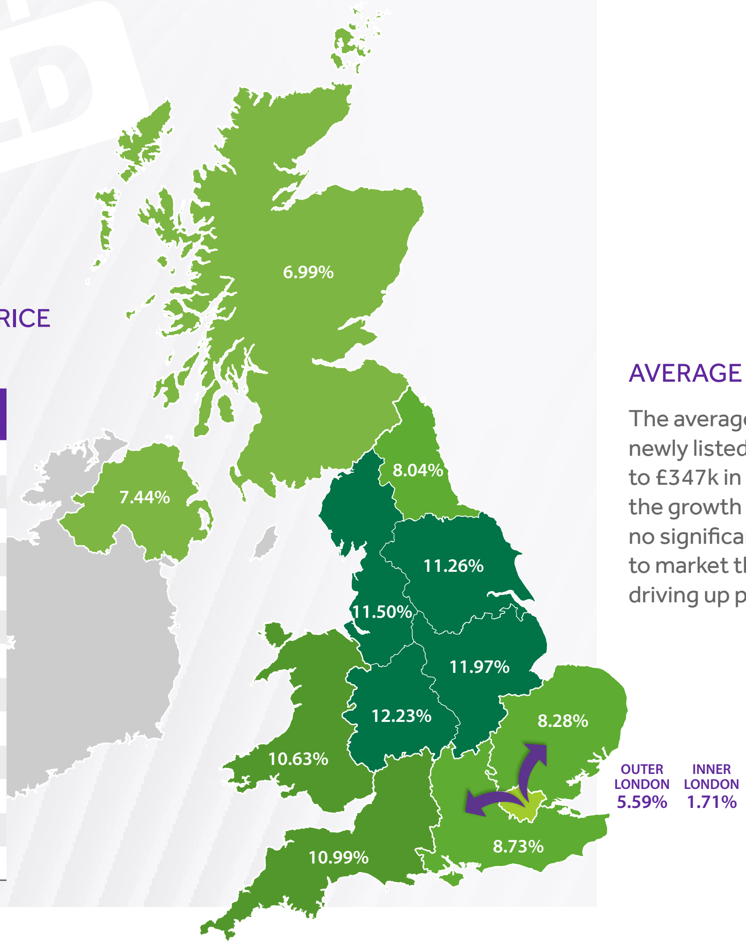
THE RESIDENTIAL PROPERTY MARKET

The comparison between 2019 and 2020 for the Owner-Occupied tenure is outlined below –

	2019	2020	YOY GROWTH
New Instruction	1,651,377	1,627,592	-1.44%
Sale Agreed	1,187,881	1,314,119	10.63%
Exchanged	943,015	893,154	-5.29%
Fallen Through	272,768	306,198	12.26%
Price Changed	898,041	741,017	-17.49%
Withdrawn	797,345	723,494	-9.26%

CHANGES IN REGIONAL ASKING PRICE

	YOY GROWTH
West Midlands	12.23%
East Midlands	11.97%
North West	11.50%
Yorkshire and The Humber	11.26%
South West	10.99%
Wales	10.63%
South East	8.73%
East of England	8.28%
North East	8.04%
Northern Ireland	7.44%
Scotland	6.99%
Outer London	5.59%
Inner London	1.71%



THE KEY INDICATORS

At the outset of 2020 there had been an early and significant indication of a property market uplift with the much anticipated post-electoral 'Boris bounce' beginning to ripple through. Little did we appreciate the impact Covid-19 would have on our economy, health and personal liberties. Whilst lockdown #1 effectively placed the property market on ice the period since the re-opening of this market has seen a level of buoyancy not experienced for over a decade.

From the table opposite one can clearly see that Sales agreed are up 10% year on year as the residential property market has experienced a post lockdown #1 surge. Whilst the Exchanged volume is down 5% there is significant volume currently in the conveyancing phase and Q1 2021 is expected to reverse this decline as buyers and sellers rush to beat the Stamp Duty deadline.

Price Changes & Withdrawals are also down as the market buoyancy provides for a more robust market with demand exceeding supply & whilst Fall Throughs are up this was a direct consequence of lockdown #1 and the initial closure of the property market.

AVERAGE PRICE – NATIONAL & REGIONAL

The average asking price across the UK for a newly listed property is now £375k compared to £347k in 2019 an increase of 7.88%. With the growth in the volume of Sales Agreed and no significant increase in properties coming to market the lack of available properties is driving up prices as demand exceeds supply.

Every region of the UK has experienced an increase in average asking prices all be it Inner & Outer London at the lower end. We can deduce a range of reasons for this occurrence; lockdown has led many to re-evaluate their living space, contemplate escaping the city and establishing a more preferable home/work commute balance reducing the need to be in close proximity to the corporate office.

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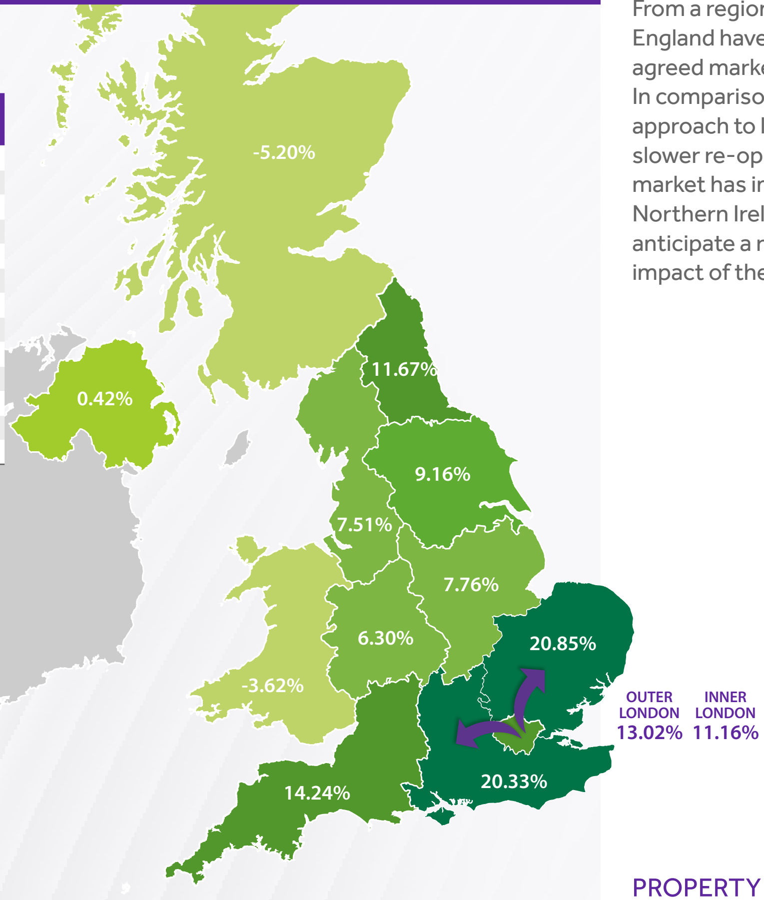
THE RESIDENTIAL PROPERTY MARKET

SALES AGREED

UK REGION	YOY CHANGE
East of England	20.85%
South East	20.33%
South West	14.24%
Outer London	13.02%
North East	11.67%
Inner London	11.16%
Yorkshire and The Humber	9.16%
Wales	-3.62%
North West	7.51%
East Midlands	7.76%
Northern Ireland	0.42%
West Midlands	6.30%
Scotland	-5.20%



PROPERTY CHARACTERISTICS

	YOY GROWTH
Flat	1.74%
Terraced	7.58%
Semi-detached	10.71%
Detached	23.74%

	YOY GROWTH
1 bed	-1.66%
2 beds	4.21%
3 beds	9.36%
4 beds	24.52%
5 beds	31.28%

SALES VOLUMES BY REGION & BY COUNTRY

From a regional perspective all areas of England have seen significant increase in sales agreed markedly in the East and South East. In comparison the significant difference in the approach to lockdowns and in particular the slower re-opening of the residential property market has impacted performance in Scotland, Northern Ireland and Wales. We would anticipate a redress to these areas should the impact of the pandemic abate in 2021.

PROPERTY CHARACTERISTICS

We have regularly observed within previous publications that for the residential property market to develop genuine momentum all facets of the market needed to see an uplift. The tables adjacent highlight the increase in the type of properties being sold in 2020 compared to 2019.

The increase in the volume of larger, detached properties selling is indicative of the "middle England, middle Income" cohort changing their circumstances.

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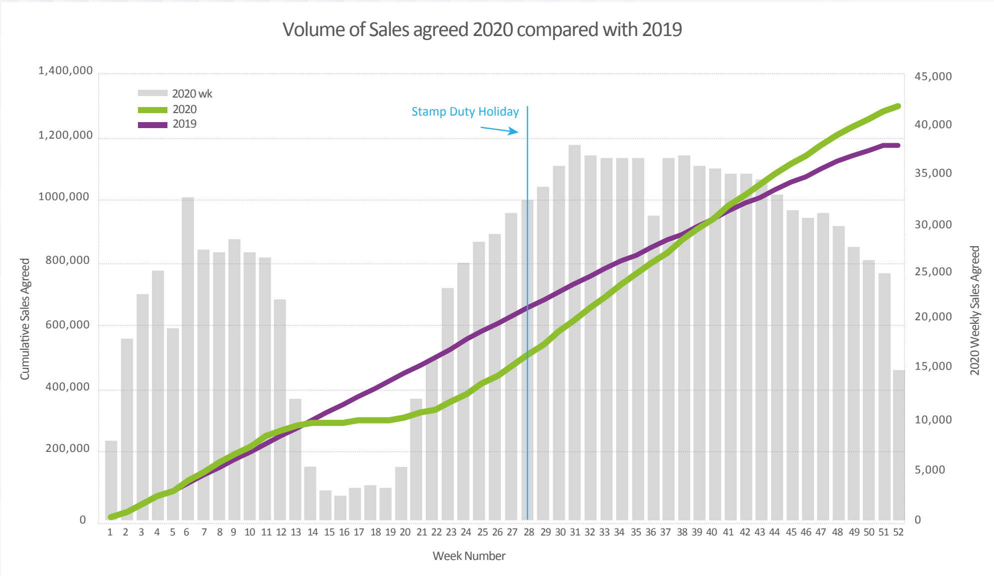
THE LETTINGS PROPERTY MARKET

	2019	2020	YOY GROWTH
New Instruction	1,571,757	1,440,063	-8.38%
Let Agreed	1,013,623	930,852	-8.17%
Let	925,213	819,220	-11.46%
Fallen Through	166,241	173,360	4.28%
Price Changed	574,092	624,412	8.77%
Withdrawn	728,529	716,332	-1.67%

THE KEY INDICATORS

In comparison to the Owner-Occupied sector the Lettings sector has softened considerably in 2020 as the demand of urban living with shorter commutes is replaced by more flexible locations and a shift for those able to join the property market rather than renting.

THE STAMP DUTY HOLIDAY



A Stamp Duty holiday was one of the key fiscal initiatives unveiled by the Chancellor post lockdown #1 to stimulate both the property market and the broader economy. For residential buyers of homes valued at up to £500,000 there is currently no stamp duty on the purchase price with the initiative scheduled to run until the end of March 2021.

Our view is that this fiscal stimulus has been a key catalyst in fuelling the momentum that occurred within the property market post lockdown #1. Homeowners and renters were already reconsidering their living circumstances as shown by the initial uplift in the residential property market in June 2020 and this added stimulus has added significantly to the transaction volumes.

There are currently over 550,000 property transactions in progress many of whom will be aiming for completion by the end of March 2021 to take benefit of the Stamp Duty holiday.

With the surge in the volume transactions the current challenge is whether the supporting ecosystem of surveyors, conveyancers, mortgage providers and removers can expand to manage the level of activity prior to the conclusion of the Stamp Duty holiday. In 2019 transactions were taking 14 weeks from sale to completion. This duration has been extended significantly with the uplift in sales volume. As we head into 2021 transactions are currently taking 22 weeks* to complete and the likelihood is that any transactions from the end of October 2020 are at risk of missing the deadline.

If the deadline is not extended will this create a "cliff edge" for the residential property market or will we continue to see the post-Brexit, "Boris Boom" that had been apparent in Q1 2020.

* Source: View My Chain

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HYBRID/ONLINE AGENTS COMPARED TO THE HIGH STREET AGENTS

	NEW INSTRUCTION
PROPERTY VALUE	% DIFFERENCE YOY
Less than £200,000	-1.37% ↓
£200,000 - £350,000	2.38% ↑
£350,000 - £1,000,000	4.75% ↑
£1,000,000+	-6.22% ↓

	NEW INSTRUCTION		
REGION	2020	2019	% DIFFERENCE YOY
East Midlands	10.16%	9.85%	3.13% ↑
East of England	5.31%	5.25%	1.20% ↑
Outer London	6.98%	6.84%	2.00% ↑
Inner London	6.00%	5.50%	9.11% ↑
North East	6.94%	7.03%	-1.32% ↓
North West	9.77%	9.45%	3.31% ↑
Scotland	8.74%	8.98%	-2.59% ↓
South East	5.46%	5.51%	-0.96% ↓
South West	4.88%	4.68%	4.16% ↑
Wales	7.50%	7.79%	-3.76% ↓
West Midlands	10.51%	10.67%	-1.52% ↓
Yorkshire and The Humber	11.52%	12.09%	-4.66% ↓
Total	**9.91%**	**7.20%**	**9.96%**

MARKET SHARE – FOR SALE

Initially benefitting from an increase in market share during lockdown #1 (when the High Street agents were closed for nearly 2 months) the market share of the Hybrid/Online agents in 2020 for exchanges has remained at the 8% mark.

HYBRID/ONLINE AGENTS – MARKET SHARE BY PRICE BAND

Hybrid/Online agents have traditionally appealed to the owners of lower value properties. In 2020 we have seen an improved level of penetration into properties of greater value. This will be driven both by the increase in the average property price coming to the market (thereby making fewer available in the lower bandings) in addition to the significant uplift of activity across all price bands within the residential property market.

HYBRID/ONLINE AGENTS – MARKET SHARE BY REGION

The growth in New Instructions within Inner & Outer London has been a significant change for the Hybrid/Online agents in 2020. Penetration into London and the South East with the higher volume of properties is essential for these agents to genuinely deliver significant growth at a National level.

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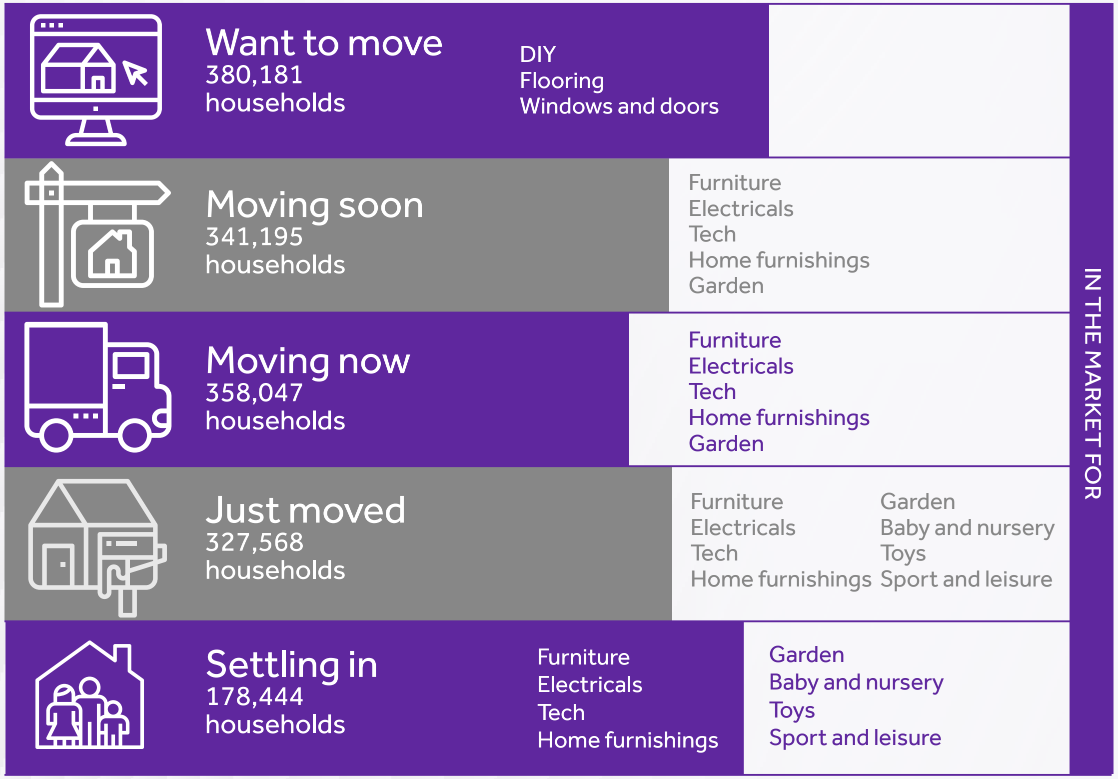
THE HOMEMOVER WAVE UP BY 20% YEAR ON YEAR

Q1 2021 VOLUME OF HOMEMOVERS



Our 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 the specific stages below and triggered by activity such as online property searches, surveys and EPC reports.

Compared to 2019 the number of people in the home moving journey is up by nearly 20%. Harnessing this data for targeted marketing campaigns can bring huge gains and strong ROI across multiple sectors and categories, particularly in times of uncertainty.

A home mover is the most valuable consumer on the planet during the period of moving; Aviva estimate that over £12 billion is spent by home movers each year in addition to the value of the transaction.

Post lockdown #1 the surge in the residential property market has raised the volume of households moving through the homemover funnel to unparalleled levels

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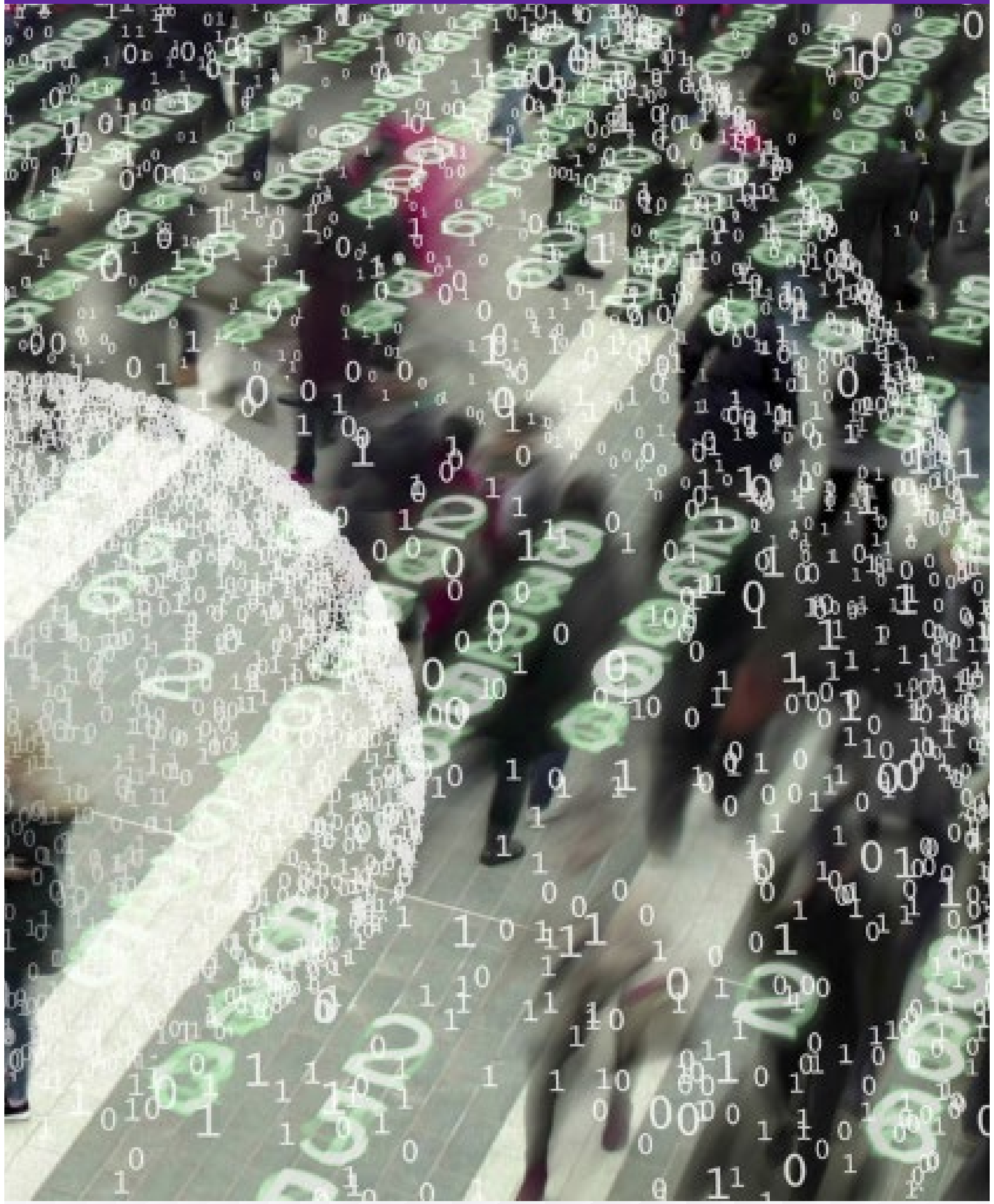
CATCH-UP ON OUR LATEST HOMEMOVER INSIGHTS



In addition to our Property and Homemover Report publication, we regularly post a range of articles and special features to our blog.

Here is a selection of our some of our most recent content

- **Getting your business through a Third lockdown**
- **The value of 530,000 homemovers in Q1 2021**

2021 HOUSING MARKET PREDICTIONS

No one could have predicted the behaviour of the property market in 2020 and that the key outcome of the pandemic was a significant uplift in the level of transactions and prices.

As we head in to 2021 we have highlighted several of the predictions from some of the biggest names in the property industry...

Russell Galley, MD at Halifax

"While the economy should begin to recover in 2021, helped by the roll-out of Covid vaccines, the jobs market will inevitably adjust to the changes in demand that are occurring, and unemployment is expected to rise. With the stamp duty holiday also due to expire in March – and lower levels of demand – housing market activity is likely to slow."

MORE DETAILS

Gráinne Gilmore, head of research at Zoopla

"The pipeline of activity being pushed through to meet the stamp duty deadline will also create a bit of a bumper first quarter of 2021. While completions might be 6% lower, we know the pipeline of activity exceeds the figure seen this time last year... In terms of pricing, we think that prices will be up 1% at the end of next year, which is no mean feat. In real terms that is probably a fall in pricing but up 1% in nominal terms. This will mean an easing from where we are now."

MORE DETAILS

Anthony Codling, City analyst

"The end of the Stamp Duty Holiday may cause some short-term turbulence, but we believe its impact is more likely to lead to a fall in housing transactions than a fall in house prices. Unemployment may rise as the UK adapts to new trading arrangements, but we believe that unemployment is a lagging indicator for the UK housing market. It is fear of unemployment rather than unemployment which has a negative impact on the housing market. The Brexit deal is more likely to reduce the overall fear of unemployment rather than increase it, in our view."

MORE DETAILS

Simon Rubinsohn, RICS chief economist

"It is clear from responses to the latest survey that there is considerable concern about the prospect of a sharp slowdown in transaction activity following the end of the first quarter of the coming year." Reduced government support and expectations of a rise in unemployment as redundancy programmes began to take effect were behind those predictions, he said. "There is little sense that the projected softer sales picture will feed through into pricing which is viewed as likely to prove rather stickier in the face of ongoing macro challenges."

MORE DETAILS

Phil Spencer

"We recently found out the disappointing news that the government is not planning to extend the stamp duty holiday...Despite this knock-back, expect the calls for an extension or phasing out of the stamp duty holiday to grow louder as we approach the March deadline... Even if it is coming to an end, it is likely to remain a significant talking point for buyers and sellers. This gives agents the opportunity to continue to use stamp duty as a starting point to meaningful conversations, explaining the benefits of buying and selling in the current market even if there is no tax cut. Whatever the outcome, the stamp duty holiday can have a positive legacy for agents."

MORE DETAILS

Rightmove

"Our main prediction is that the recent surge in average asking prices will continue into next year, as the nation's housing needs are likely to outweigh any economic uncertainty. Specifically, we forecast a robust 4% national average house price growth in 2021. However, we think that the price rises will be at a slower pace than this year, which finished 6.6% up on 2019."

MORE DETAILS

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ABOUT TWENTYCI

TwentyCi is a homemover & buyhavioural data agency that delivers strategic data, insight and engagement solutions.

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.

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