

# TwentyCi Property & Homemover Report – Q4 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. It provides a real-time review of the UK market, 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.





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# Executive summary for 2018

## Subdued property market

The UK property market has remained lacklustre in 2018. With economic headwinds anticipated through the Brexit process and a lack of consumer confidence, the property market looks set to stay subdued into 2019. New instructions, while up 4% year on year, are not translating to an equal uplift in exchanges.

**Colin Bradshaw, TwentyCi's Chief Customer Officer, notes that,** "The low volume of properties coming to market has the potential to thwart demand. Q1 2019 and the outcome of the Brexit process will determine the outturn for the next 12 months.

"An orderly Brexit and improved consumer confidence, combined with a release of pent-up demand may fuel a property market upturn. The opposite, as the Bank of England has warned, could cause a temporary but significant hiatus in the market.

"While many indicators show that property prices are remaining stable and not falling, this is undoubtedly a direct result of a lack of supply."

## Online estate agents

The market share of online estate agents at the end of 2018 stabilised at 7.2% of all exchanges (down from a high of 7.6% in Q2). However additional analysis shows that online agents are struggling to penetrate south of the Watford Gap and for properties valued at over £200k.

**Colin Bradshaw, TwentyCi's Chief Customer Officer, notes that,** "The unexpected demise of eMoov and recent Purplebricks results suggest that online agents are struggling to win customers and build brand awareness, especially in the south. As in the dotcom boom of the early 21st century, high customer acquisition costs are a significant flaw in the current model.

"Paradoxically however, online agents are doing better in the north where properties are generally cheaper compared to the south. Based on their fixed-fee structures, one might have reasonably expected this to have been the other way around."

## Fallen-throughs

With one in five house sales falling through in England and Wales, the need for a seismic change in the buying and selling process is essential to deliver certainty to the property market. Collaboration between the government and the property sector, including the much-discussed Reservation Agreements, needs to gain traction ahead of an uplift in the market.

## Affordability – crisis in the capital

With consumer confidence low and the Brexit process casting an economic shadow, the performance of the London property market continues to decline. Notwithstanding Brexit, affordability in the capital will continue to act as a brake to revitalisation in the short- to mid-term, with the ripples being felt across the whole of the UK economy.



All data is based on 2018 versus 2017 unless otherwise stated. Analysis of property buyers is based on demographic overlay data versus individual property-based data triggers.

# 2019 housing market predictions

Up, down or much the same? In spite of the gloomy post-Brexit predictions for the UK economy and house prices, the property market has shown resilience since the 2016 referendum.

With the deadline now fast-approaching, here are some predictions for the year ahead from a selection of industry experts.

## National Association of Estate Agents

"We usually see demand spike in the first few months of the year, but the landscape will probably be very different in 2019 as buyers sit on the fence and adopt a 'wait and see' strategy until the Brexit deal is complete."

## Nationwide

"If the uncertainty lifts in the months ahead and employment continues to rise, there is scope for activity to pick up through 2019."

## Zoopla

"Regional markets are predicted to continue to fend off economic uncertainty and boast the most growth in the UK housing sector. London and south-east England are expected to bear the brunt of Brexit in 2019."

## Hometrack

"Brexit is the greatest driver of uncertainty in the near term and the prospects are for a slow start for the housing market in 2019."

## Halifax

"The UK could see house price growth as high as 4% by the end of 2019 despite current political upheaval."

## Rightmove

"House-sellers' asking prices will be unchanged at 0% across 2019. Underlying the flat growth across the UK generally, Rightmove expects to see asking prices falling by around 2% around London's commuter belt and decreasing by around 1% in Greater London itself, while heading further north, where affordability is less stretched, asking prices could increase by around 2% to 4%."

## Royal Institution of Chartered Surveyors

"House prices will stagnate in 2019 and the number of sales will fall as a mixture of Brexit and affordability constraints take their toll on the property market."

## Howard Archer, Chief Economic adviser to the EY Item Club

"The fundamentals for house buyers currently remain challenging. Consumers have faced an extended serious squeeze on purchasing power, which is only gradually easing. Additionally, housing market activity remains hampered by relatively fragile consumer confidence and limited willingness to engage in major transactions. However, a no-deal Brexit is unlikely to bring about a slump while the number of homes for sale remains relatively low."



## UK National Trends

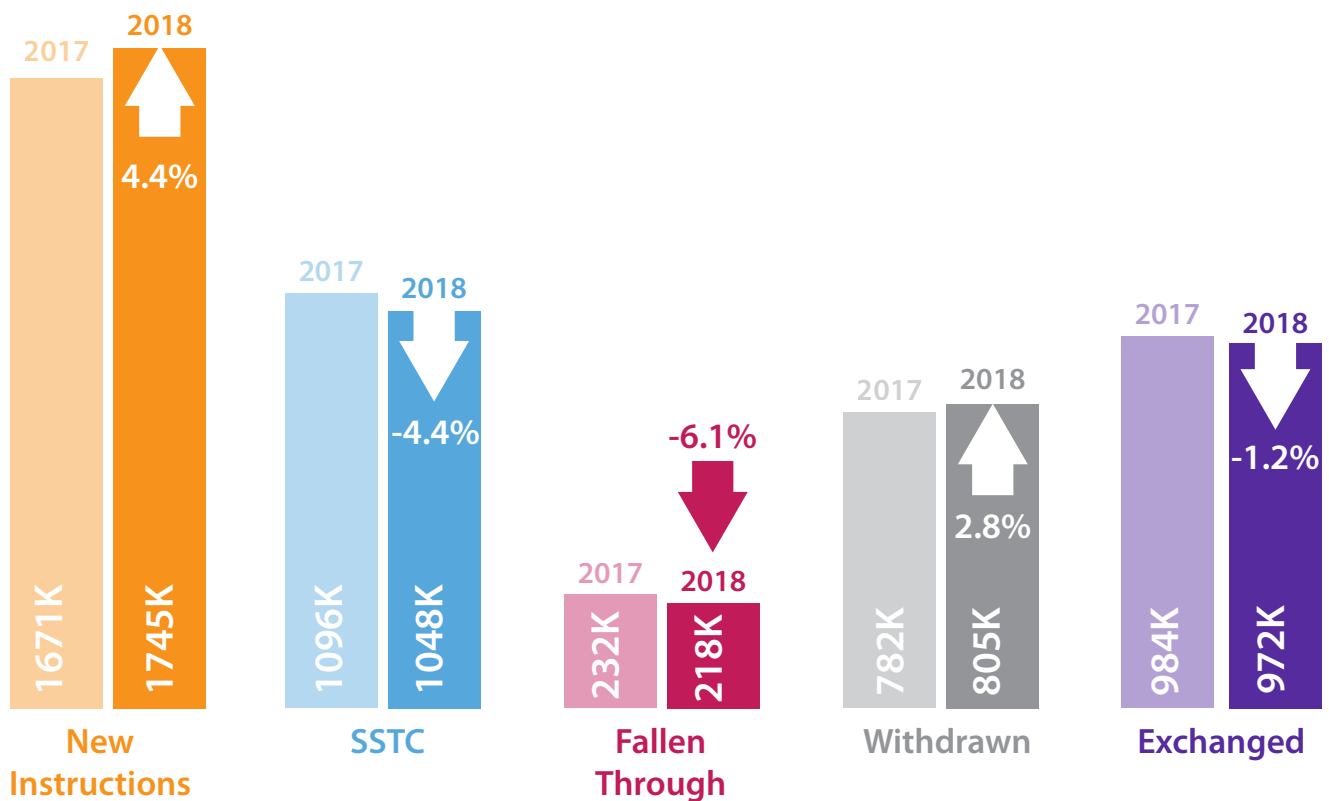
2018 has seen 4% more properties come to market than in 2017, however the number of properties exchanging has declined by 1.2%.

While the conversion of listed to sold subject to contract has declined by 4%, there remains a significant volume of transactions within the property market.

This is still much lower than the number of transactions seen during the market's most buoyant years though.

Collectively, fall throughs and withdrawals have increased by 0.8% between 2017 and 2018 – a surprisingly low figure given the perceived lack of consumer confidence fuelled by Brexit uncertainty.

The average property price for exchanges has also risen by 2.1% year on year from £296k to £302k.



# UK Regional Trends

## Average asking price by region



UK regions	Average asking price - Q4 2018	Difference in last year (average asking price)
East Midlands	£215,592	3% ▲
East of England	£303,948	6% ▲
London (M25)	£578,080	0% ■
North East	£161,040	4% ▲
North West	£195,610	3% ▲
Scotland	£169,401	-1% ▼
South East	£382,312	3% ▲
South West	£298,605	4% ▲
Wales	£192,000	1% ▲
West Midlands	£227,872	5% ▲
Yorkshire and the Humber	£188,079	3% ▲

Year on year, all regions in England have seen an increase in average property price, while prices in Scotland have dropped by just 1%.

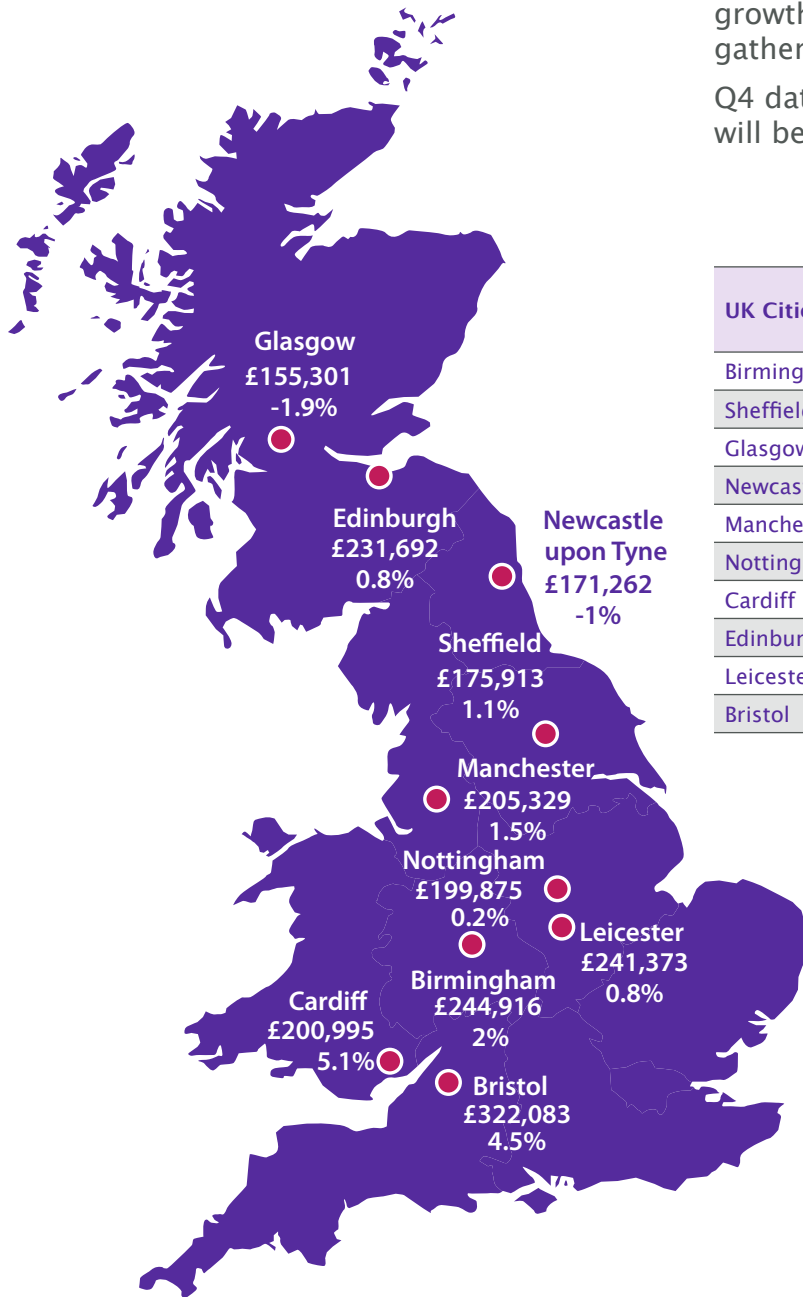
▲ = up  
 ■ = no movement  
 ▼ = down

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

Year on year, the average asking price has increased in all the major UK cities with the exception of Glasgow and Newcastle upon Tyne.

Cardiff and Bristol are showing the strongest growth as the south west's economic importance gathers pace.

Q4 data is typically anomalous, however Q1 2019 will be a bell weather to the property market.



UK Cities	Average asking price - Q4 2018	Difference in last year	Difference in last quarter
Birmingham	£244,916.28	2.0%	-3.6%
Sheffield	£175,913.45	1.1%	-4.2%
Glasgow	£155,301.40	-1.9%	-6.0%
Newcastle upon Tyne	£171,261.74	-1.0%	-2.1%
Manchester	£205,329.68	1.5%	-0.7%
Nottingham	£199,875.44	0.2%	-3.6%
Cardiff	£200,995.25	5.1%	-0.1%
Edinburgh	£231,691.85	0.8%	-1.5%
Leicester	£241,373.30	0.8%	-5.0%
Bristol	£322,083.30	4.5%	1.0%

Year-on-year figures



## Sales vs rent – top 10 cities UK-wide

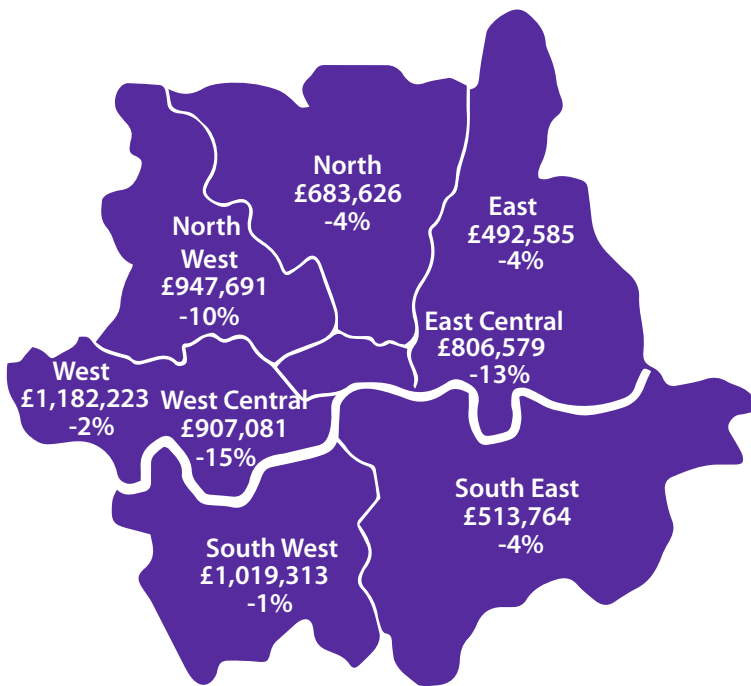
National Sales vs Rent Q4 2018



2018 has seen a steady increase in the percentage of rental properties available and as we enter 2019, this category makes up approximately 40% of the country's available housing stock.



## London Trends

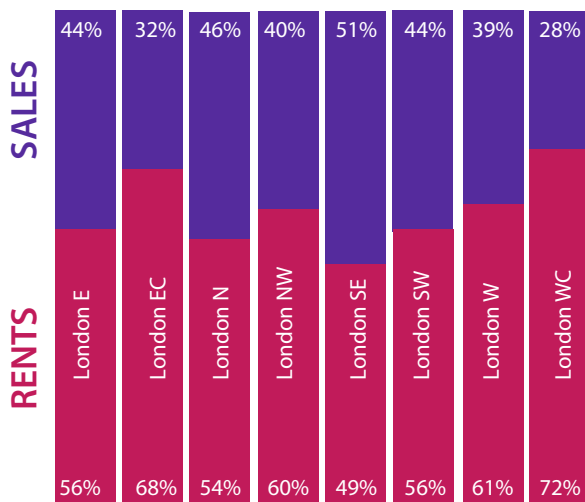


Year on year, all London areas have seen a fall in the average asking price with the central areas incurring the largest decrease.

There are several factors at play here, including the Brexit process impacting WC postcodes and a significant increase in affordable flats in EC and NW London as the residential axis of the capital shifts.

## Sales vs Rent - London

### London Sales vs Rent Q4 2018



In Q4, nearly 60% of all London listings were for rental properties, compared with just 40% in all other major UK cities.

This is an ongoing trend in the capital, with affordability inhibiting the purchase market.

The increase in the number of flats being built in EC and NW postcodes has led some property analysts to speculate that supply is outstripping demand both in the purchase and rental sectors.

## Online agents – market share by region

	Year-on-year comparison
Scotland	49.82%
North East	38.37%
Northern Ireland	34.09%
North West	8.66%
Yorkshire and The Humber	8.49%
East Midlands	5.58%
East of England	-0.67%
West Midlands	-1.49%
Wales	-2.40%
South West	-9.05%
Inner London	-10.07%
Outer London	-16.26%
South East	-19.27%

Year on year, online estate agents have seen the greatest levels of growth in the North East, North West, Northern Ireland and Scotland.

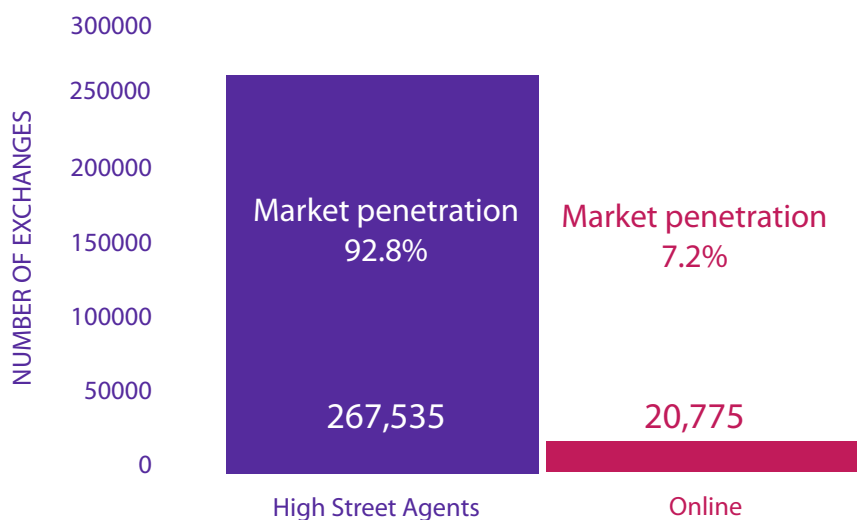
Penetration south of the Watford Gap remains a challenge.

## Online agents – market share by price band

	Year-on-year comparison
Less than £200,000	4.06%
£200,000 – £350,000	-4.33%
£350,000 – £1,000,000	-3.33%
£1,000,000+	-0.60%

Year on year, growth is greatest for properties valued under £200k which would correlate with the growth we have seen in the northern regions of the UK and the lack of penetration across the south, where property prices generally exceed £200k.

## High street agents vs. online



The market share of online agents remained consistent at 7.2% of exchanges, in line with Q3 but down from the high of 7.6% earlier in 2018.

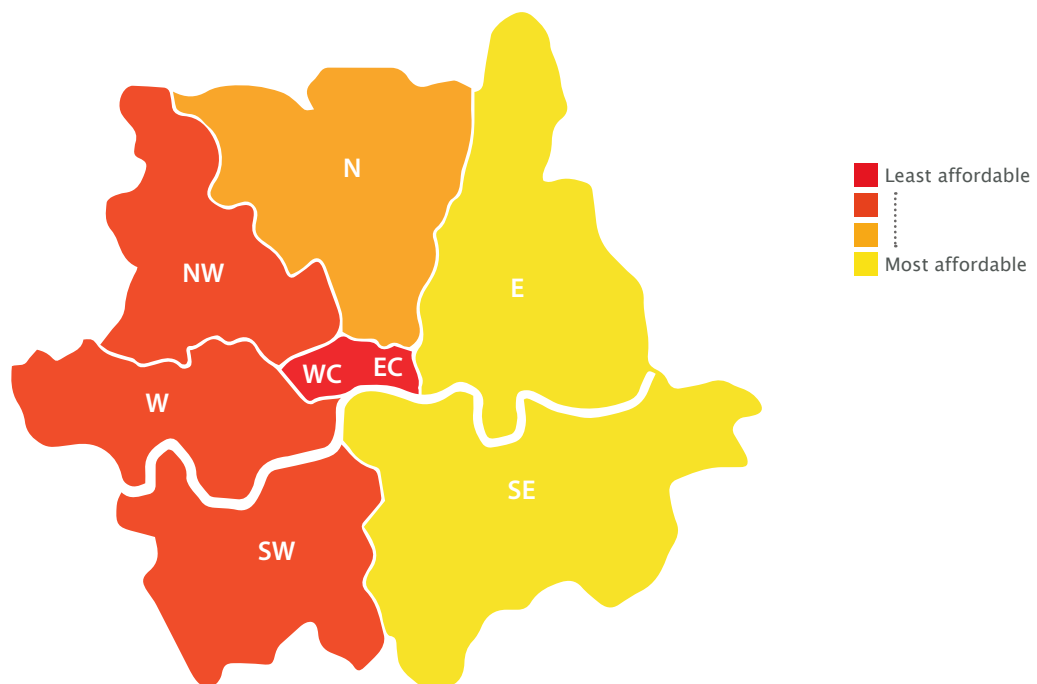
## Affordability – crisis in the capital

Looking at cities across the UK, there's still a clear north–south divide when it comes to affordability, despite salaries being higher in the south. And it's not only buying a home that's out of reach for many. Even renters on low incomes are struggling to pay in London.

### Key London stats

To buy a property in the top 25% by price, the top 25% of earners would have to pay 40–60% of their take-home pay on a mortgage, even after putting down a 40% deposit.

As the map shows, central and western areas of the capital are the least affordable postcodes for buyers.



While the highest earners can choose to buy a property of lower value, the 25% of lowest earners in London aren't even able to buy a property in the lowest 25% price bracket. To do so would mean spending between 70% and 131% of their take-home pay on a mortgage.

For low earners, the cheapest rentals are often out of reach as well, with rent on a property of their equivalent standing costing 57% to 90% of their take-home pay.

In the Midlands and the north of England it's a brighter picture, with the 25% of lowest earners able to either rent or buy property. In Nottingham for instance, renting a property in the bottom 25% by price would cost 35% of take-home pay on rent or 37% on a mortgage.

## Fallen-throughs

In England and Wales over one in five property sales fall through, while in Scotland and Northern Ireland the figure is closer to one in ten.

With a variation in the legal process operating in Scotland for property purchases and conveyancing, transactions are far less likely to fall through.

For the rest of the UK to benefit from greater certainty in property buying and selling, the government and the sector need to come together and formalise a more robust process, including the much-discussed implementation of Reservation Agreements.

	Fallen-throughs	SSTCs	% FT / SSTC
Wales	13,512	59,033	22.9%
England (including islands)	239,594	1,099,166	21.8%
Scotland	9,327	89,410	10.4%
Northern Ireland	2,641	27,446	9.6%
<b>Total</b>	<b>265,074</b>	<b>1,275,055</b>	<b>20.8%</b>

All counts based on a years worth of data from 14/12/2017 to 13/12/2018 inclusive.

## Price achieved

The table outlines the price achieved compared to the original price at which a property was marketed.

For 2018, the top five is dominated by London and the South East, reflecting the challenging market conditions in these areas.

The Midlands continues to demonstrate a robust market with the lowest level of discount and sellers realising a value much closer to the asking price.

Region	2017 Price achieved	2018 Price achieved
Inner London	-3.76%	-3.73%
North East	-3.97%	-3.55%
Outer London	-2.78%	-3.14%
Wales	-3.85%	-3.08%
South East	-2.49%	-2.81%
North West	-3.05%	-2.58%
East of England	-1.88%	-2.51%
South West	-2.46%	-2.37%
Yorkshire and The Humber	-2.80%	-2.21%
East Midlands	-2.40%	-2.15%
West Midlands	-2.04%	-1.57%



## Availability of properties to buy

This table outlines the number of properties available to buy as a percentage of the overall housing stock in a region.

With an average of 2%, the statistics underline the distinct lack of properties on the supply side, with a lacklustre market, a lack of new housing stock and general consumer wariness stagnating the sector.

Region	Sale%
South East	2.42%
Outer London	2.30%
South West	2.28%
East of England	2.25%
Northern Ireland	2.23%
North East	2.14%
Inner London	2.00%
North West	1.96%
Wales	1.91%
East Midlands	1.88%
West Midlands	1.63%
Isle of Man	1.58%
Yorkshire and The Humber	1.57%
Scotland	1.20%
Channel Islands	0.81%



# Price Bands, Income Bands and Property Type

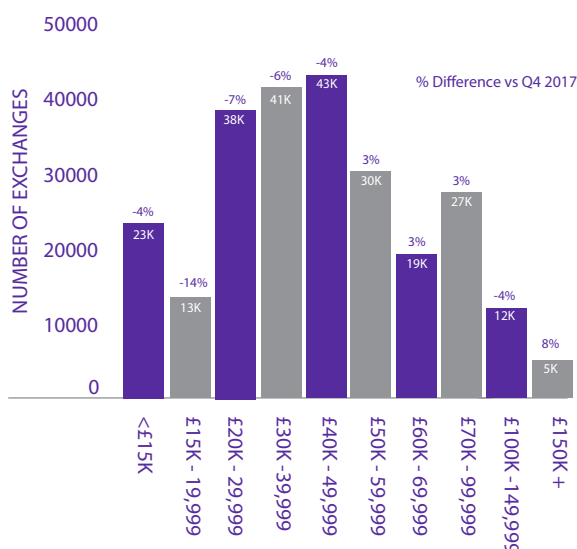
## Household Income Band

Year on year, a wealth gap has become apparent.

For households earning over £50k per annum the number of property exchanges has increased, while those with a lower income have seen a significant decrease in exchanges.

This suggests that the squeeze on disposable income and a lack of affordable housing are continuing to impede people's ability to both join and move up the property ladder.

### Number of Exchanged Properties by Income Band Q4 2018

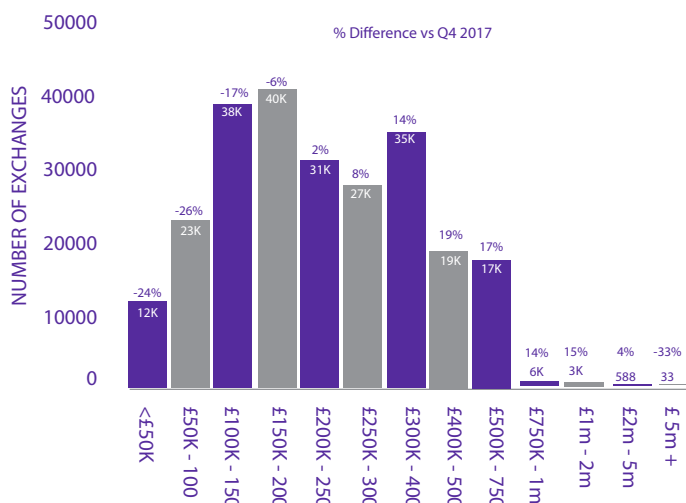


## Property Price Band

Year on year, fewer homes sold for under £200k.

This reflects both general house price inflation and highlights the lack of affordable homes.

### Number of Exchanged Properties by Price Band Q4 2018



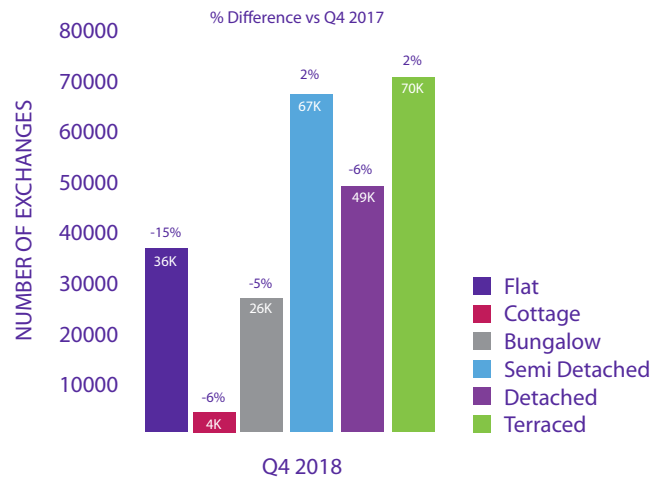
## Property Types

Year on year, semi-detached and terraced houses have seen the greatest levels of growth.

The uplift in detached properties seen in Q3 has not been sustained, possibly due in part to the continued lack of available homes in this category.

The key dependency now is for the number of new instructions to increase across all property types to feed the property market.

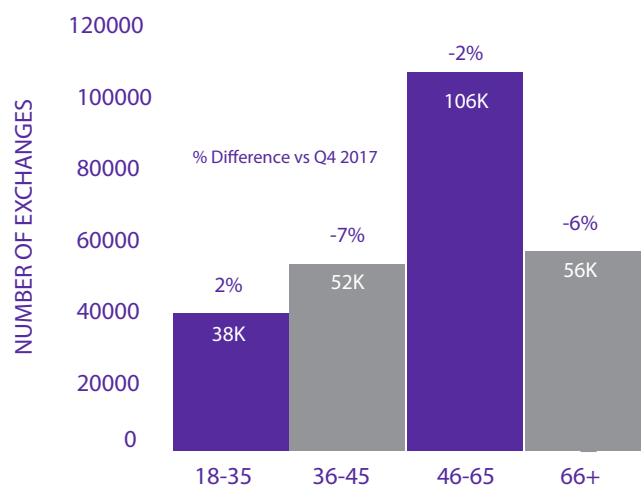
## Number of Exchanged Properties by Property Type Q4 2018



## Lifestage

Q4 2018 has seen the number of exchanges in the 66+ demographic continue to dwindle, while 18 to 35-year-old buyers are on the increase, both year on year and quarter on quarter.

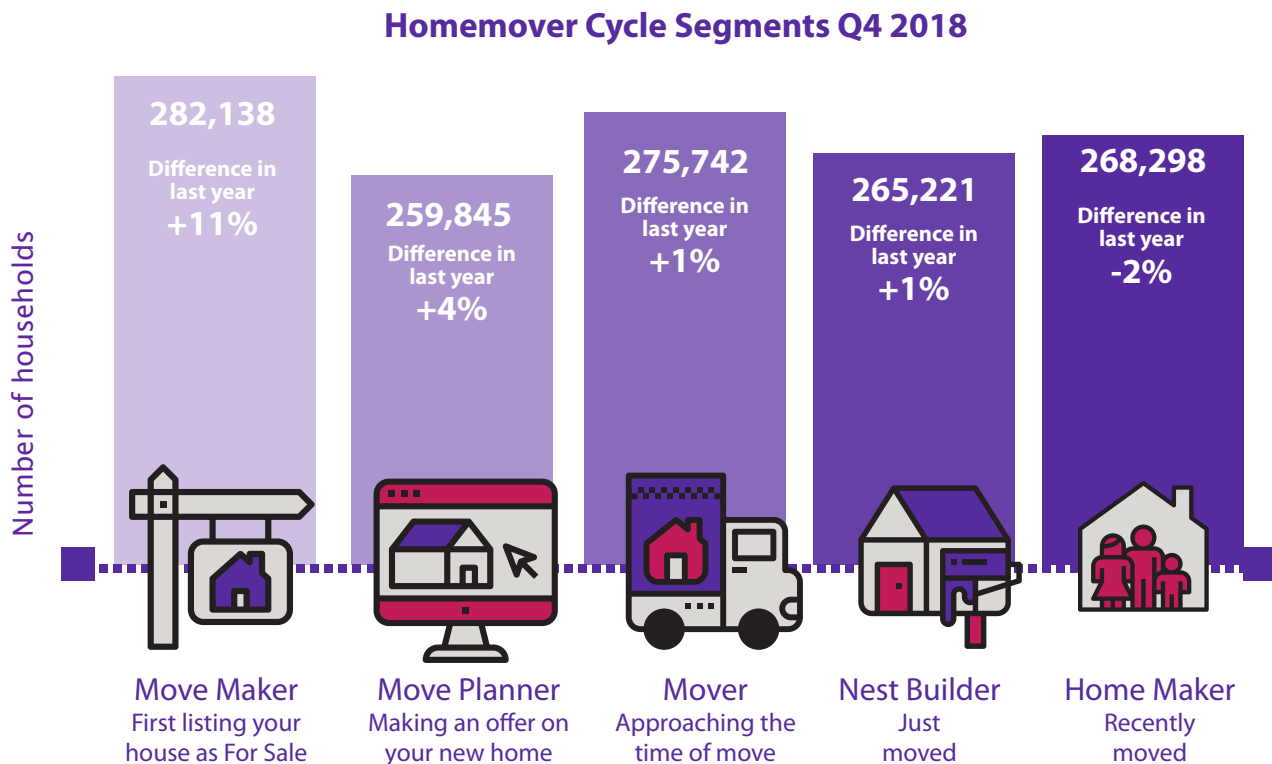
## Number of Exchanged Properties by Lifestage Q4 2018



## Homemover segments

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.



Year on year we have seen an increase in the number of properties coming on to the market, and a reduction in properties completing into the home maker segment.

The double-digit percentage increase in move makers offers positive encouragement, as more households enter the home moving journey and fuel the available stock.

## Unusual property features... Did you know?

Our comprehensive property data gives us a fascinating insight into the unusual features of homes across the UK.

If your mantra this month is 'new year, new me', you might be tempted by these wholesome homes that are on the market now.



### Grow your own

Want to get your five a day, every day? 53 properties boast an organic garden.



### Stay in lane

Skip the January gym rush in one of the 30 homes with a private swimming pool.



### Time for some mindfulness

Slow the pace and still your thoughts with a dedicated meditation room, available in 8 properties.

## About TwentyCi

TwentyCi is a life event data company that provides intelligence into the events in consumer lives that 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 [twentyci.co.uk](https://www.twentyci.co.uk).



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