TwentyCi Property & Homemover Report – Q1 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 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.

Key take-outs for Q1 2018

- **Confidence is building.** Nationally, property exchanges are up nearly 8% compared to Q1 2017, suggesting a continued building of confidence, stability and momentum in the market. Following the usual Q4 slowdown, Q1 has seen 100,000 more properties come on to the market. However, year on year we've only seen a 1% increase in listings, implying conversion rates have increased. The average house price remains unchanged at £297k.

- **London is changing.** Within inner London, asking prices are down 4% year on year, but the number of exchanges is up 8% in the same period. Prices are probably subdued by the pathway to Brexit and the international makeup of the market.

- **Smaller homes are on the rise.** Over half of all exchanges in Q1 were made on terraced and semi-detached houses, up 17% year on year. Nearly 1 in 5 exchanges were represented by a flat, up 10% year on year, reflecting the change in the composition of our housing stock, with flats dominating our large towns and cities.

- **Baby boomers are on the move.** The Silver Economy is still showing good levels of growth year on year, with 46% more property exchanges in Q1 2018 compared to Q1 2017. The active growth in the property market for the 55+ age groups is undoubtedly fuelled by a combination of pension drawdown and equity retrieval as the baby boom generation accesses the wealth accumulated in their properties and pensions.

- **Commuting can be cost-effective.** The reduction and scheduled ending of Severn Crossing toll charges is already showing significant benefits for those commuting from South Wales to Bristol, with house prices dropping by up to £6k for every mile you move further across the border. And all for less than an hour's commute.

All data is based on Q1 2018 versus Q4 2017 or Q1 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.

Overview

Confidence is building

Activity within the property market suggests that confidence has continued to build from the latter part of 2017. With less political and economic turbulence and a Brexit pathway becoming clearer, property exchanges are up nearly 8% year on year.

Average house prices though remain unchanged at £297k, with both supply and demand still below the levels seen before the financial crisis of 2008. Inner London prices are particularly subdued, down 4% year on year, but activity is increasing, shown by the 8% increase in exchanges over the same period. These prices show a marked disparity from the rest of the UK, but it will be interesting to see whether this price reduction ripples out to the rest of the UK over the coming months.

The speed with which a property is sold subject to contract has improved by seven days year on year, to an average of 77 days, reflecting an increased level of activity for buyers. Completion times however have increased by five days to 99. This is part of an upward trend which the property industry as a whole needs to address if a healthy market is to be maintained.

Colin Bradshaw, Chief Customer Officer at TwentyCi, said, "Simplifying the property purchasing process will be a major step forward, but one which is likely to be many years in the making. It is however good to see stability coming into the market with prices remaining flat alongside an increase in activity. It should be noted that while we are beginning to get a clearer picture on the UK's future outside the EU, there'll be many more twists and turns before we fully understand the post-Brexit landscape."

Smaller homes are on the rise

Activity within the housing market was skewed towards smaller, lower-valued homes in Q1, with nearly two thirds of all exchanges taking place on terraces, semi-detached houses and flats.

With nearly 1 in 5 exchanges represented by a flat this quarter, a significant change is underway in the composition of housing stock in large towns and cities, driven by the need for affordable homes.

For semi-detached properties, it's the demographic that's starting to shift, with a significant influx of buyers aged 66 and over. This could either be driven by an increase in downsizing to release equity, or by older couples splitting up. We will be placing this trend under the spotlight as we progress through 2018.

Colin Bradshaw, Chief Customer Officer at TwentyCi, said, "The demand for more affordable homes is well-documented. There are many supply side considerations at play here, but it is clear the demand for flats and apartments in cities and large towns is on the rise.

"We are also seeing a big uplift in buyers aged 66+ moving to semi-detached properties. This could infer either an increase in downsizing to release equity – which we would expect to trickle down into the economy – or alternatively older couples splitting up. While the latter is good for the property market, it would be less of a boon for the economy in general."

Baby boomers are on the move

The Silver Economy is undoubtedly being fuelled by a combination of pension drawdown and equity retrieval as the baby boom generation accesses the wealth accumulated in their properties and pensions. In fact, the latest figures from the Equity Release Council suggest that equity release lending broke through the £3 billion mark in 2017.

Given the long-term appreciation in property prices, it is not altogether surprising that older homeowners are choosing to unlock the equity in their property, whether this is to join the buy-to-let economy or give their children a leg-up onto the property ladder.

In response to this growing market, specialist estate agents are starting to spring up, including Homewise, who advertise properties for sale specifically for the over 60s. With their Home for Life Plan, Homewise helps people buy a home for their retirement at a significant discount on its market value. Owners can then live rent, interest and mortgage-free for the rest of their lives.

While most traditional estate agencies are advertising fewer and fewer properties, Homewise bucks this trend with their listings increasing by 68% from 2016 to 2017. They also boast a 5% share of the over-60s property market.

Colin Bradshaw, Chief Customer Officer at TwentyCi, said, "Owners who have been in their properties for many years have significant accumulated equity in most cases. This is effectively a wasted asset, so it is good to see providers enabling owners to remain in their homes while unlocking this capital to spend. On a more cautious note however, we should be aware of and learn lessons from previous equity release schemes."

Commuting can be cost-effective

With major improvements and changes being made to our transport infrastructure, the commuting landscape is set to evolve significantly.

Schemes including the ending of the Severn Bridge toll, the opening of Crossrail, the electrification of the East Coast Main Line and the development of HS2 will open up whole swathes of the country to commuters.

Our spotlight on Bristol for Q1 highlights the significant benefit of commuting across the border, with property savings of up to £6k per mile as you move further into Wales, to towns and villages within an hour's commute.

Colin Bradshaw, Chief Customer Officer at TwentyCi, said, "Major infrastructure projects across the country will have a significant impact on the commuter belt for many of our major towns and cities. This increase in geographical mobility will create new property hotspots, delivering economic benefits to areas previously outside commuting range."

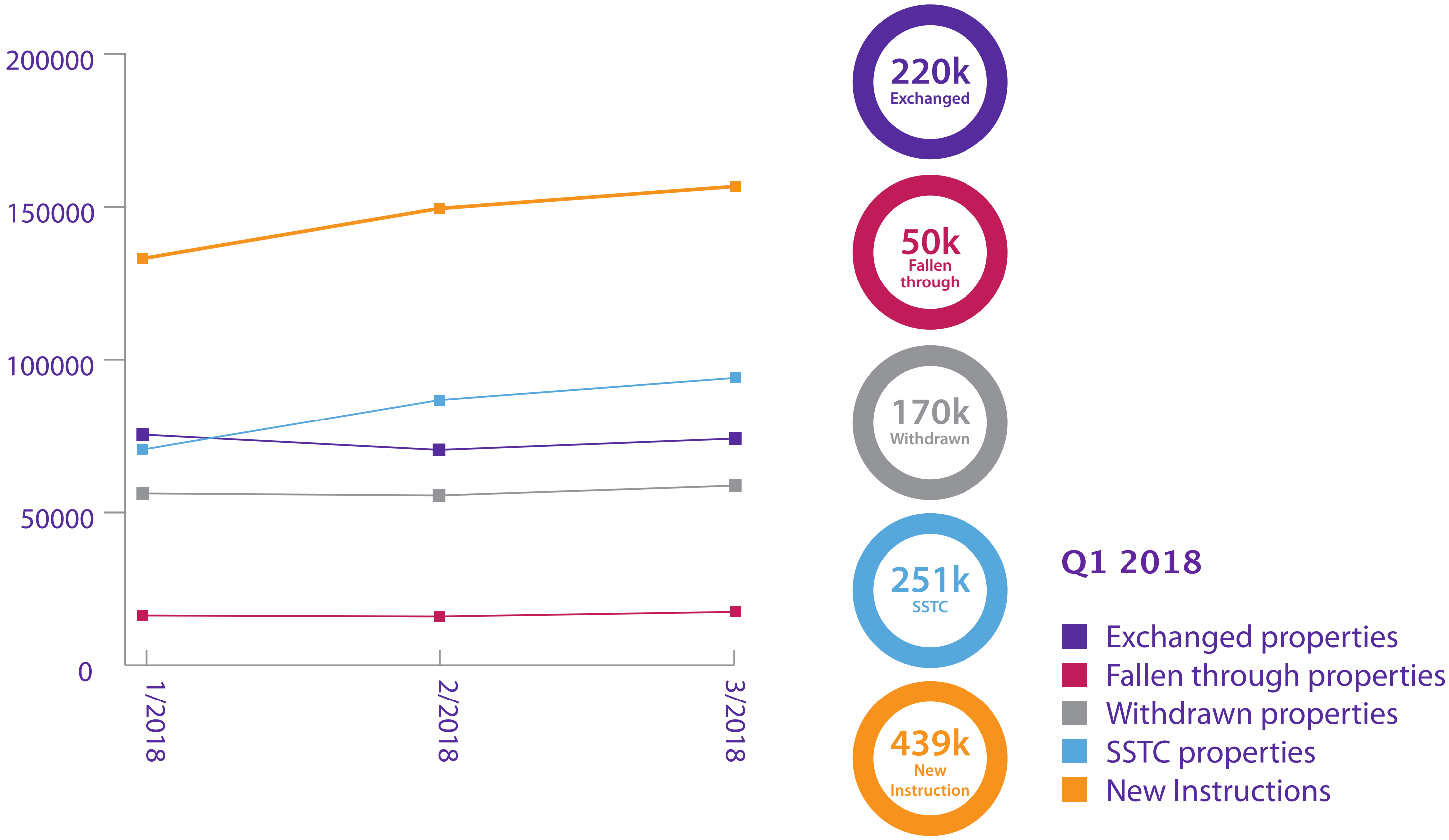
Kate Faulkner, Managing Director at Designs on Property, said, "Improved remote working technology and more flexible employers are also having an increasing impact on the housing market, with many commuters only needing to physically travel to the office two or three times a week.

"The cost of commuting is still a major factor in house-hunting though. For instance, Peterborough is great from a house price perspective and less than 50 minutes from King's Cross, but a season ticket costs over £6.5k per year.

"One possible solution to the housing crisis is to rethink where new homes are built. Rather than simply tacking them onto the outskirts of existing towns and cities, a return to creating new towns like Milton Keynes might offer more efficient and cost-effective commutes."

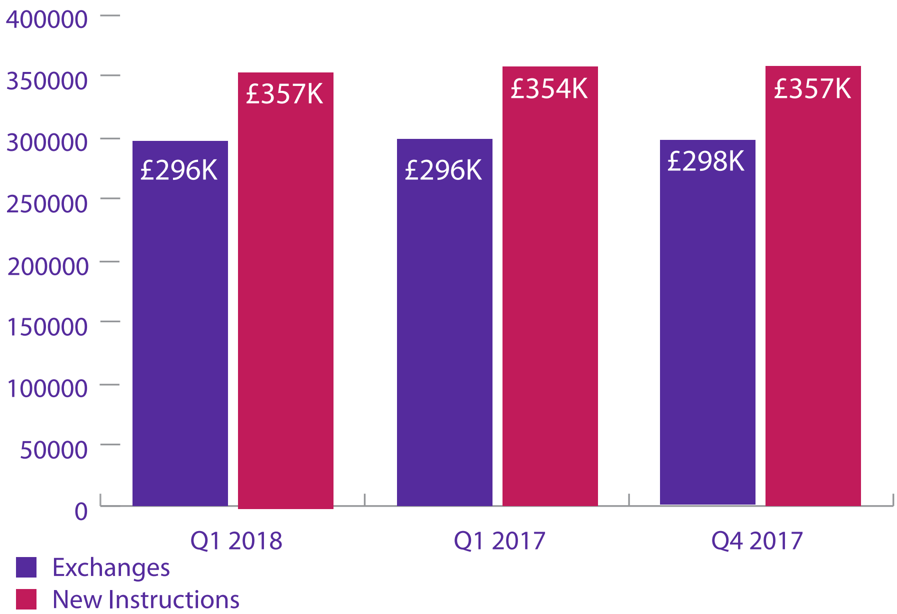
UK National Trends

Property exchanges were up nearly 8% compared to Q1 2017, suggesting continued confidence and stability in the property market, however exchanges were 9% lower than Q4 2017, reflecting seasonality. 11.7% of all exchanges in Q1 2018 were made in London. There were 100,000 more new instructions nationwide in Q1, reflecting the seasonal post-Christmas pick-up.



Average House Price

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



Q1 increase in move makers

Homemover Segments

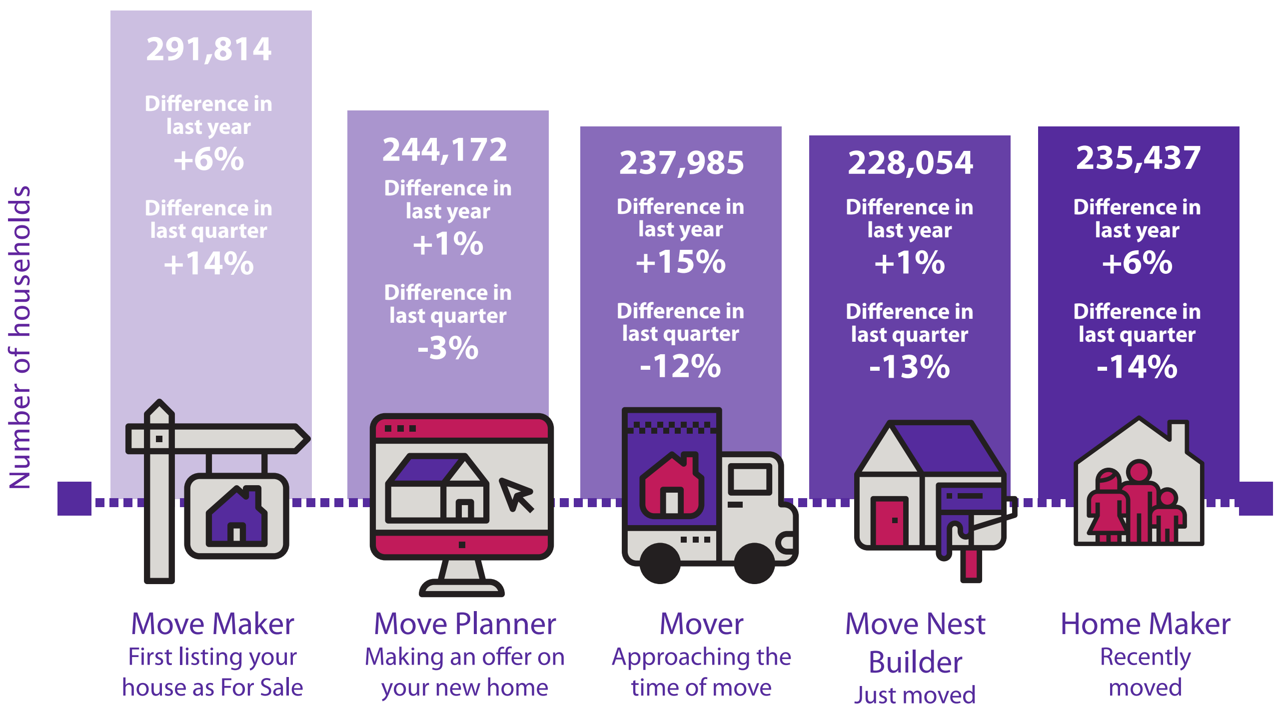
TwentyCi's data tracks homemovers as they make their way through the property buying or renting process. Known as the homemover wave, this journey can last several months and is broken down into five specific stages triggered by activity such as online property searches, surveys and EPC reports.

Q1 2018 saw a growth in households entering the homemoving journey, with 14% more at the move maker stage than in the previous quarter. Fewer households were reaching the end of their homemover journey in Q1 2018, with a 14% drop in the number at the home maker stage compared to Q4 2017.

The trend seen here is typical at this time of year, as most homebuyers aim to complete their move before Christmas. After a jump in completions in Q4 2017, more new moving journeys began in Q1 2018, when there would be less chance of delays.

However when comparing year on year to remove seasonality as a factor, the number of homemovers increased across all stages. The slight decline at the start of 2017 probably reflected the initial uncertainty in the months following the Brexit referendum.

Homemover Cycle Segments Q1 2018



UK Regional Trends

▲ = up
■ = no movement
▼ = down

Number of Exchanged Properties by Region

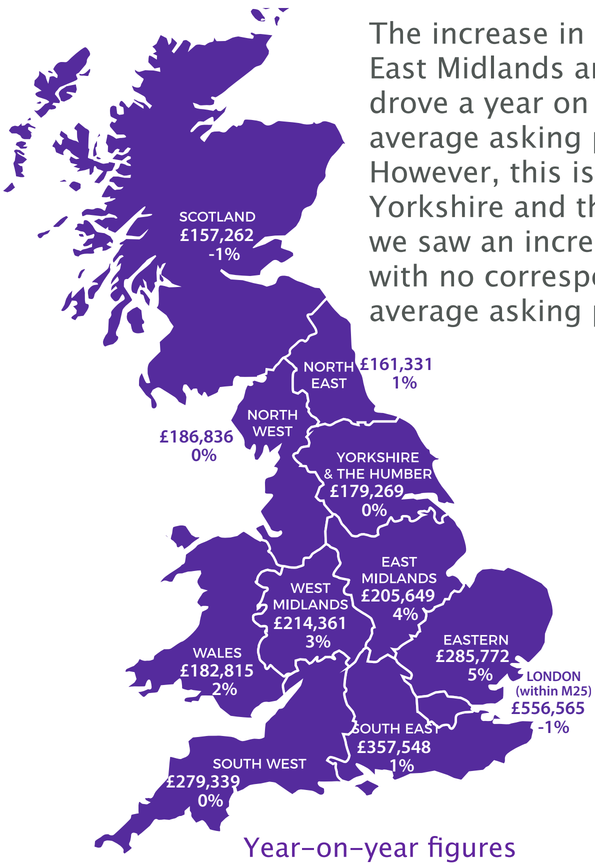
UK Regions	Q1 2018	Q1 2017	Q4 2017	Difference in last Year	Difference in last Quarter
East Midlands	15,301	13,408	18,325	14% ▲	-17% ▼
East of England	18,335	16,354	19,850	12% ▲	-8% ▼
London (M25)	29,042	26,850	28,324	8% ▲	3% ▲
North East	6,808	5,787	7,783	18% ▲	-13% ▼
North West	26,147	24,694	28,742	6% ▲	-9% ▼
Scotland	8,331	7,885	9,695	6% ▲	-14% ▼
South East	41,013	39,306	44,140	4% ▲	-7% ▼
South West	27,186	26,944	30,336	1% ▲	-10% ▼
Wales	10,137	9,031	12,581	12% ▲	-19% ▼
West Midlands	20,394	18,385	23,094	11% ▲	-12% ▼
Yorkshire & the Humber	17,286	15,217	19,105	14% ▲	-10% ▼

London (M25) was the only region to experience growth in the number of exchanges in Q1 2018 compared to the previous quarter, bucking the trend of a 9% decline nationally. Wales has seen the largest drop in volume, with a 19% reduction in exchanges.

Year on year, the North East saw the largest growth, with 18% more exchanges in Q1 2018 than in Q1 2017.

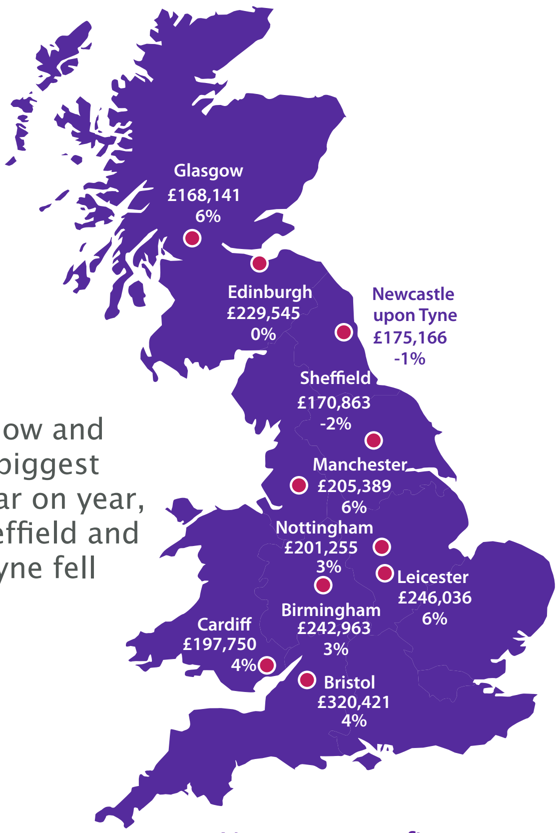
Average asking price in the top 10 cities and regions UK-wide + London

The increase in demand in the East Midlands and East of England drove a year on year increase in the average asking price of properties. However, this is not the case in Yorkshire and the North East, where we saw an increase in demand with no corresponding increase in average asking price.



Year-on-year figures

Manchester, Glasgow and Leicester saw the biggest price increases year on year, while prices in Sheffield and Newcastle upon Tyne fell slightly.



Year-on-year figures

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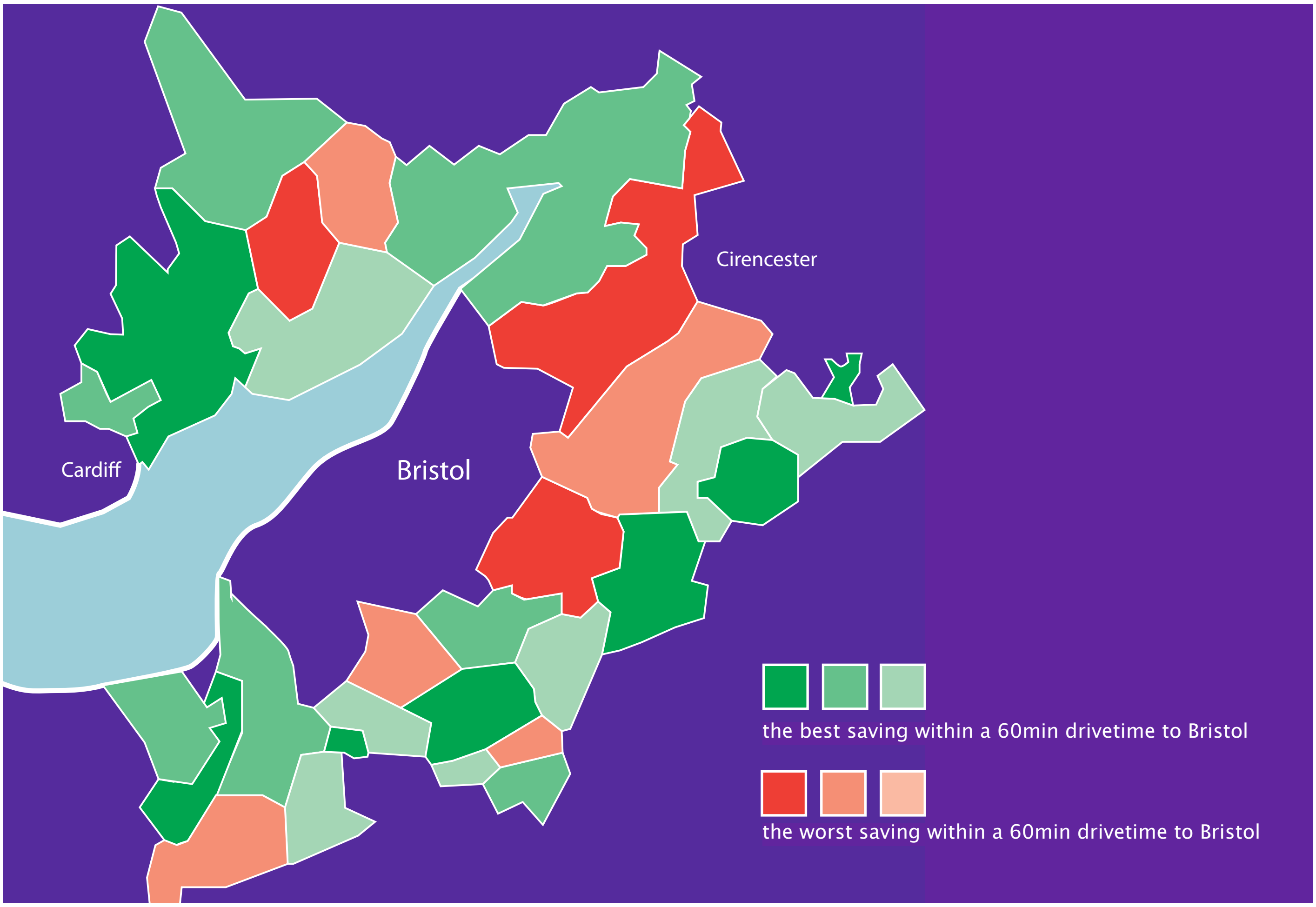
A bridge too far? Maybe not



There was good news for people living in the south west back in January, when the toll on the Severn Bridge crossing was reduced by 26%. Now the two bridges are back under public ownership, the government's looking to scrap the tolls completely by the end of the year.

So might South Wales now be a tempting alternative for homebuyers working in Bristol without a big budget? We decided to take a look and do a few sums.

We started by calculating the average property price in the Bristol area – that's anywhere with a BS postcode. It came in at £320k, a not insignificant figure. We then worked outwards from the city centre, comparing drive times and property prices beyond the BS postcode, including across the bridge in South Wales.

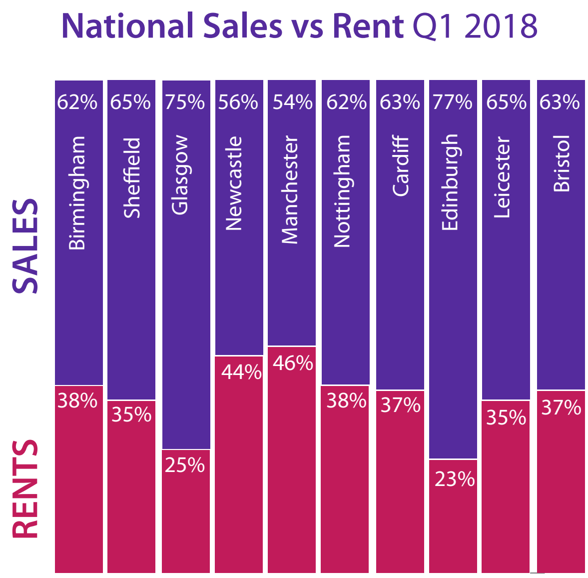
Limiting the commute to 60 minutes, there are 14 postcodes where house prices are at least £100k cheaper than Bristol, nine of which are in South Wales.

Desirability of course is another key factor, but we found plenty of very desirable homes in and around Cardiff, Newport and Monmouthshire that would save you over £100k compared to Bristol. For those seeking waterfront properties, Cardiff Bay is a tempting option, while villages like Undy and Magor offer an escape from city life.

Finally, we looked at the saving per mile of commute to Bristol. There are 15 districts where the saving is above £2.5k per mile, 11 of which are in South Wales. The top saving came in at over £6k per mile, with places like Bishpool and Beachwood in eastern Newport offering a considerable saving when compared to living in Bristol itself.

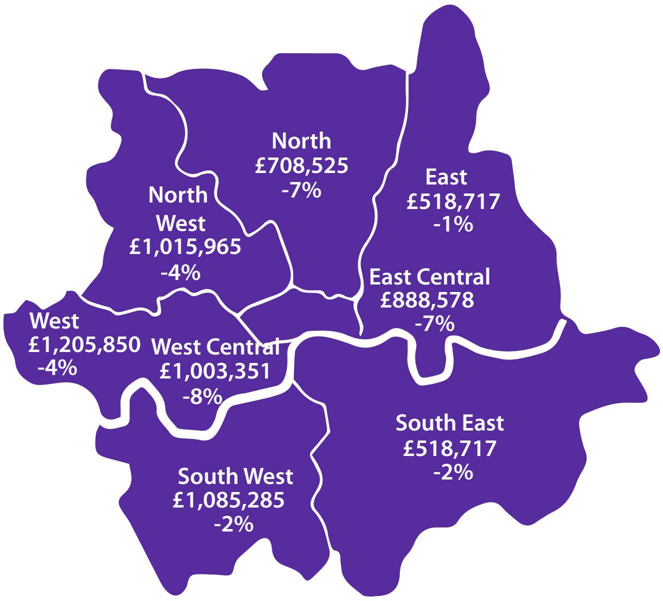
So heading into 2019, working in Bristol but living across the border could deliver a substantial saving for homemovers. Perhaps even more significantly though, it could even start to change the economic landscape in South Wales.

Sales vs. rent – top 10 cities UK-wide



Renting continues to play a significant role in the UK's cities, with a societal shift to longer-term renting due to the difficulty of getting on the property ladder. Most of the major cities are following the market average, with a large increase in the percentage of rental properties in the last year, but a small decline from Q4 2017. Edinburgh is the only exception, where the reverse is actually happening.

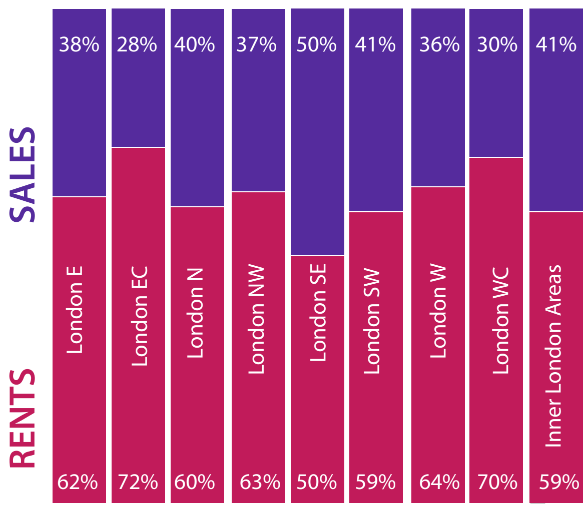
London Trends



West London achieved the highest average asking price in Q1, although prices in this area are down 4% year on year and the London market in general remains subdued. The sharpest decline was in the WC area, with prices down 6% compared to Q4 2017 and 8% year on year.

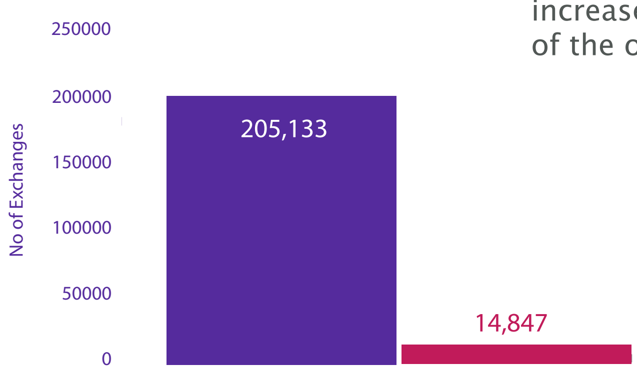
Sales vs Rent – London

London Sales vs Rent Q1 2018



Year on year, all areas of London experienced a growth in the proportion of rental listings, with the exception of the WC postcode. North London was the hottest area for rentals, with a rise of 12%.

Nationwide Bricks and Mortar vs Online

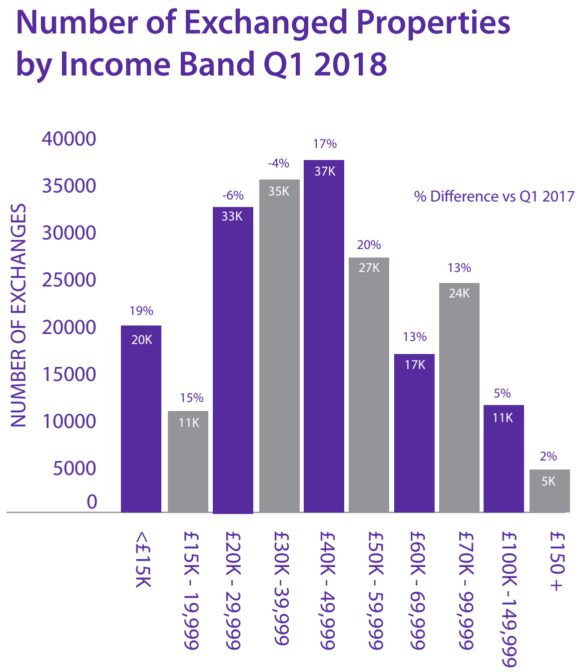


Online-only estate agents' market share increased by 11% in Q1, and now makes up 7% of the overall market.

Price Bands, Income Bands and Property Type

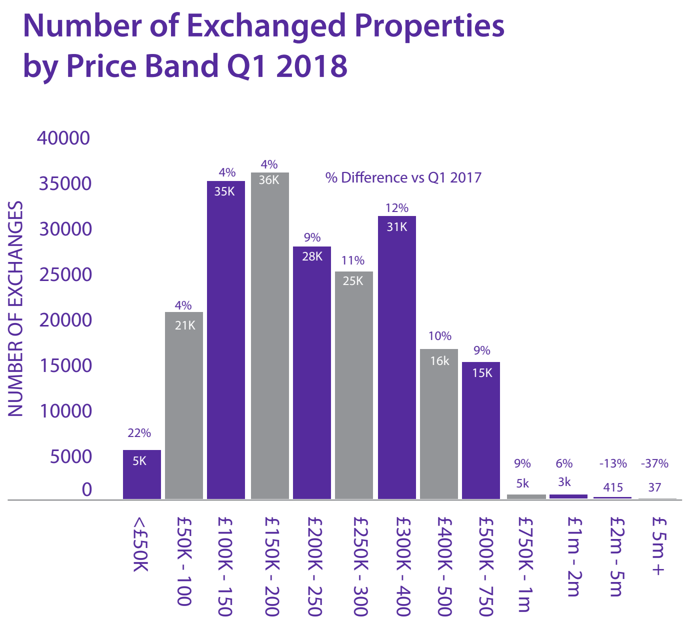
Household Income Band

Year on year, households with an income of £50k–£60k have seen the greatest growth in exchanges.



Property Price Band and Property Types

There is a distinct polarisation in the property market, with all price bands experiencing an increase in exchanges year on year except those valued at £2m and over, which have experienced a significant decline. With higher value properties more prevalent in the South East and in particular London, this reflects the subdued property market within the capital.



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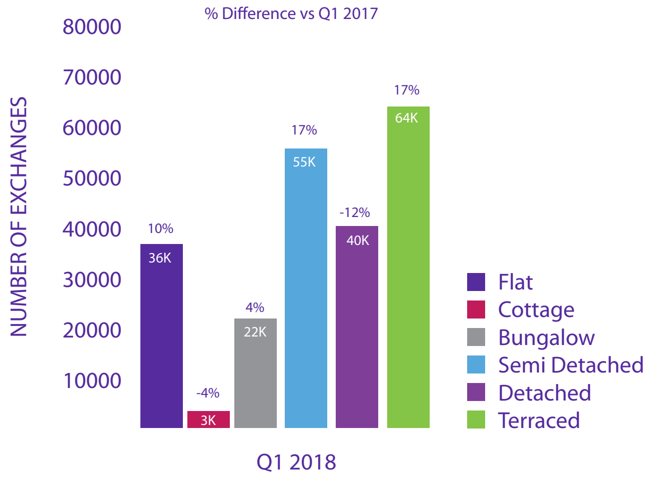
Property Types

Year on year, semi-detached and terraced houses saw the greatest levels of growth, with 17% more exchanges compared to Q1 2017. Detached homes meanwhile showed the greatest decline, with a 12% reduction in exchanges. Flats continued to show significant growth, reflecting the change in housing stock as more flats are built.

For semi-detached properties we are starting to see a significant influx of buyers aged 66 and over. This could be driven by an increase in downsizing to release equity or alternatively by older couples splitting up. We will be placing this trend under the spotlight as we progress through 2018.

The decline in exchanges of detached houses perhaps reflects the growing interest in staying and improving property, rather than selling in a subdued market.

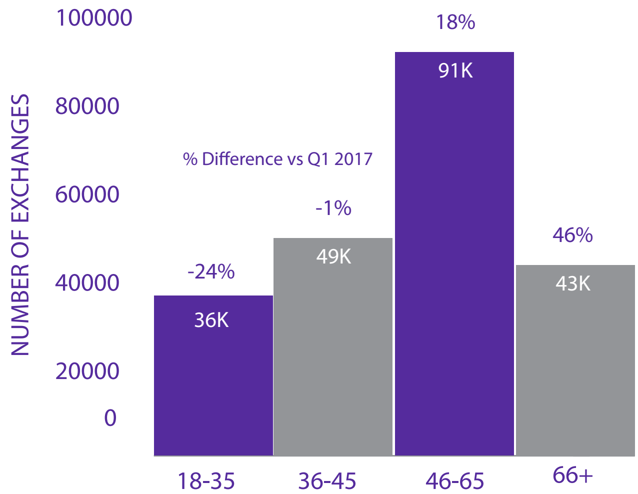
Number of Exchanged Properties by Property Type Q1 2018



Lifestage

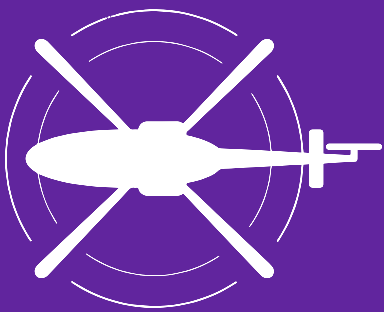
The Silver Economy is still showing good levels of growth year on year, with 46% more property exchanges in Q1 2018 compared to Q1 2017. The active growth in the property market for the 55+ age groups is undoubtedly fuelled by a combination of pension drawdown and equity retrieval as the baby boom generation accesses the wealth accumulated in their properties and pensions.

Number of Exchanged Properties by Lifestage Q1 2018



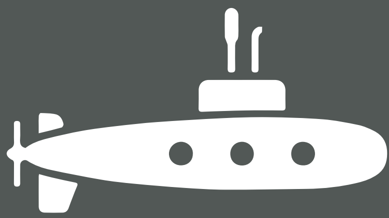
Unusual property features… Did you know?

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…



The sky's the limit

Need to pop in on the chopper? 63 houses in the UK have a private heli-pad, as well as one flat and even a bungalow.



All at sea

Struggling to park the sub? 15 houses offer docking for a submarine while 636 have boat moorings.

Safe and sound, underground

Sure we're heading for a new Cold War? Snap up one of the 93 properties with a nuclear bunker, or pick from 30 with a bomb shelter. Or if even the build-up gets too much, 33 homes have a panic room.

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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