



Property Market Intelligence Report

2021 Quarter 2 report

Executive Summary

Welcome to the Reallymoving Property Market Intelligence Report Q2 2021.

Find out who is moving home, where they're going, what they're paying and what it all means.

Rob Houghton, Chief Executive of reallymoving comments: *"Our new property price analysis by home mover type shows that despite a seemingly unusual year in the property market, there are plenty of opportunities this year for those who want to move, even after the Stamp Duty holiday has ended. We want everyone to feel that their moving home goals are achievable and not be put off because they were looking at data that was too general. Average property price data is not helpful without context, so we have looked at property prices and inflation by location as well as by category of mover."*

There's no shortage of price indices in the UK looking at prices by region or town – as a nation, we're obsessed with what property prices are doing. But this only tells part of the story. What really matters is who's buying those homes and how much individual mover types are paying.

Our property price data is segmented not only by region, but by mover type so we can identify the clear trends and opportunities for those who want to move home. We do this to instil transparency in an already confusing market - and empower buyers and sellers to feel more confident in their understanding of the what's happening on the ground. We delve into home moving data collected from approximately 27,000 conveyancing quote forms completed by buyers and sellers in Q2 2021

The key findings for Q2 2021 are:

1. Despite some home mover types paying more year on year and in Q2 versus Q1, the double digit house price inflation reported by other indices is mostly due to activity among those upsizing or investing. First Time Buyer inflation is clearly a lot lower, likely due to caps on what they can afford because they need to rely on a mortgage, while other home mover types may have benefited from equity growth and can therefore afford to pay more than in 2020.
2. Not only does price paid vary by mover type, so does house price inflation. Although general property prices are reported as rising year on year, inflation for Upsizers is highest at 10% YoY and 4.9% Q2 vs Q1, while First Time Buyers are paying just 2.5% more YoY and 1.9% more in Q2 vs Q1.

Table 1: Average House Price and Quarterly Growth by Buyer Type

	2021 Q1	2021 Q2	quarterly change	annual change
First Time Buyer	£246,000	£250,000	1.9%	2.5%
Upsizer	£398,000	£418,000	4.9%	10.0%
Downsizer	£301,000	£316,000	5.1%	5.1%
Investor	£194,000	£205,000	5.5%	14.9%

3. Regional variations alongside different mover types show a vast difference from one area to another, with First Time Buyers paying on average just over £137,000 in the North East through to those in London paying in excess of £430,000.
4. Despite the average property price being just over £250,000 across the UK, our data shows 85% of buyers in the North East pay less than this.

Who's moving this quarter?

It's just over a year since the property market opened for business on 13th May 2020, so how have different home movers reacted over the last 12 months?

Market Share: First Time Buyer demand recovers in 2021

The data below shows the share of market for 5 different home mover types who requested quotes for conveyancing back to 2019. Although reallymoving over-indexes on First Time Buyers our trends have followed other reports over the last 12 months. They clearly show First Time Buyers' market share 'dipped' in 2020 (from 56% to 51%) and Upsizers, followed by Downsizers and, to some extent, Investors increased. These mover types were spurred on by the potential to save on Stamp Duty as well as the desire for more space, while First Time Buyer numbers were restricted when lenders feared a property price crash, and many required 15% or more deposits.

Table 2: Share of conveyancing quotes on reallymoving by Buyer Type

	First Time Buyer	Upsizer	Downsizer	Investor	Other*
2019	56%	13%	6%	5%	20%
2020	51%	16%	7%	6%	20%
2021 Q1	57%	13%	5%	6%	19%
2021 Q2	55%	13%	6%	6%	20%

* Other includes buyers who do not identify as one of the other types of buyer

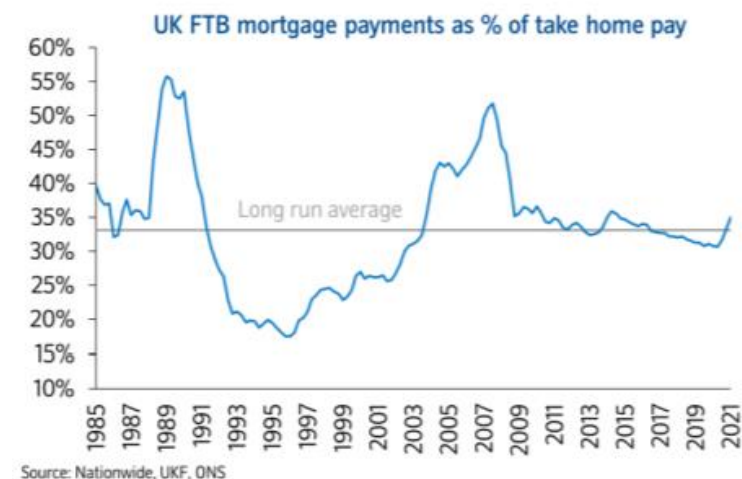
The good news is that despite some commentary suggesting that more FTBs have been priced out of the market from the unexpected house price rises in the last 12 months, our Q1 and Q2 data for 2021 shows they have

bounced back to the levels we would expect prior to the pandemic, currently at 55%, resulting in other home movers returning to their normal market share too.

One reason FTBs have been able to rebound is that although prices are up, affordability due to competitive mortgage rates remains normal, with mortgage payments costing 31.1%¹ of take-home pay.

Figure 1: UK First Time Buyer mortgage payments from Nationwide

¹<https://www.nationwide.co.uk/about/house-price-index/headlines>

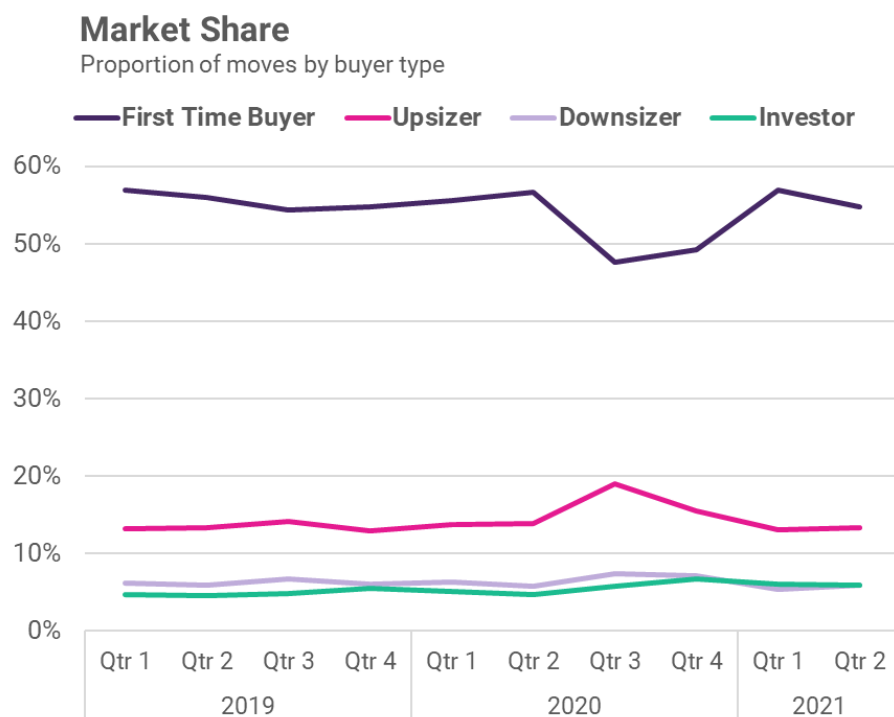


Rising property prices do make saving for a deposit harder, but as some have managed to save more money during the pandemic, it's likely to mean the higher deposits required were more easily secured, especially for those that have been able to carry on earning without spending as they normally would.

Rob Houghton: "Although there is clearly a relationship between affordability and house price rises, with mortgage rates continuing to be at historic lows

and the help the government are giving to FTBs through schemes such as ISAs topping up their deposit savings by 25%, the Help to Buy new build scheme, 95% mortgage guarantees and the new First Homes initiative, many can still afford to buy their first home. Anyone thinking that the recently quoted double digit house prices means they can't, should check property prices locally and speak to a mortgage broker to find out what they can afford in their desired area. If working from home becomes more regular in the future, this may even open up fantastic opportunities for FTBs to get on the ladder in more affordable areas if they are commuting less regularly."

Figure 2: Market Share of Buyer Type



Average Price: Despite price rises, FTBs can still afford to buy

In the last 12 months during the pandemic, property prices paid by each home mover type have varied up and down each quarter as the table and chart show below. It appears the highest prices paid so far started to hit in Q3 2020, with prices continuing to rise to their highest levels in Q4 (for all home mover types). They fell back in Q1 and although they rose again in Q2, according to our data, they haven't recovered to the prices paid in the last two quarters of 2020.

Inflation figures show that 'average prices' have increased by 5.3% year on year. This aligns with Hometrack's index showing a 4.7% rise. But what does this mean for movers?

Breaking down the price inflation for each home mover type, it is possible to see the impact of different inflation rates, which ranges from a 2.5% YoY rise for FTBs through to a 10% increase for Upsizers, and a 15% rise for Investors.

For First Time Buyers, this inflation is less concerning than the overall average would suggest. While rising prices are a challenge for First Time Buyers, affordability is the key and with mortgage rates remaining low and lenders becoming increasingly competitive in terms of Loan to Values and rates, there are still options for many new homebuyers. It's so important for hopeful First Time Buyers to focus on the type of property/mover type trends, rather than seeing averages and assuming a move is unachievable.

Table 3: Average Price by Buyer Type

	First Time Buyer	Upsizer	Downsider	Investor
2019	£224,000	£371,000	£269,000	£189,000
2020	£252,000	£409,000	£314,000	£200,000
2021 Q1	£246,000	£398,000	£301,000	£194,000
2022 Q2	£250,000	£418,000	£316,000	£205,000

Regional Breakdown

When considering purchasing a property, it is important that home movers focus more on property prices in their local area and understand their individual affordability options. The following data for each home mover type shows that for many First Time Buyers, property prices are much more accessible than reported by average prices.

Rob Houghton: *“If would-be buyers focus on ‘average house prices’, their dream of owning a home may feel out of reach. Understanding how much similar home movers are paying for a property in their local area could show that the dream of home ownership is a lot more achievable than they first believed. For example, First Time Buyers in the North East are paying £137,381 while in London the cost is £429,558, while Upsizers pay £276,209 in the North East and £687,621 in London. The type of mover, the property they require, and the location are key to understanding property prices.”*

First Time Buyers in London pay 3x those in the North East

By far the cheapest area for FTBs to buy is the North East where they are paying around £137,000 for a first home, way below the ‘average price’ quoted for a property by the Land Registry which is just over £250,000. Remember too, that this average price means some are paying even less.

Table 4: Average First Time Buyer Price by UK Region

	East Midlands	East of England	London	North East	North West	Northern Ireland
2019	£171,000	£254,000	£403,000	£131,000	£161,000	£143,000
2020	£181,000	£275,000	£434,000	£141,000	£172,000	£156,000
2021 Q1	£185,000	£273,000	£433,000	£139,000	£171,000	£173,000
2021 Q2	£189,000	£280,000	£430,000	£137,000	£180,000	£155,000

	Scotland	South East	South West	Wales	West Midlands	Yorkshire
2019	£151,000	£270,000	£212,000	£156,000	£179,000	£152,000
2020	£165,000	£291,000	£231,000	£171,000	£194,000	£163,000
2021 Q1	£159,000	£284,000	£236,000	£170,000	£188,000	£167,000
2021 Q2	£160,000	£289,000	£235,000	£172,000	£197,000	£169,000

It’s important to know that despite reports of huge rises ‘on average’, suggesting affordability for FTBs has decreased, inflation rates for First Time Buyers, across different regions indicate that some are paying just a few percent more for their homes this year versus last, while some are even paying less, for example in the North East and the South West where we’ve seen the price they pay (on average) fall both year on year and on a quarterly basis.

However, the data also makes it clear how tough it is to buy in other areas - FTBs are having to find between £235,285 in the South West through to £289,484 in the South East. With London attracting more wealth due to its status as an international capital city, First Time Buyers are having to fund around £429,558, on average, which is why it’s essential for anyone living in these areas wanting to get on the ladder to investigate the government schemes available.

Upsizers and Downsizers go on a property spending spree in 2020

Those looking to move up the ladder will have had ‘good and bad news’ since the market re-opened, with their own property prices likely to rise, but the inflation on their next home also rocketing in most regions. To some extent the double digit inflation in the East and West Midlands, North East and West, N. Ireland, Scotland, Wales has been driven by several factors. Firstly, house price rises in these regions have been a lot lower since the last recession

than in the East, South and London, so these house prices are ‘catching up’ with higher priced regions. Secondly, there is often a shortage of stock of good quality properties in great areas and those that can pay more have been willing to stretch themselves to buy the perfect home they are likely to live in for the next 20+ years.

House price inflation for equity-rich Upsizers isn’t as high in London, the South and East of England. This is likely to be due to a drop in demand, with many now preferring to move outside the capital for better work-life balance.

Downsizers are likely to be the most equity rich of all, with many owning their homes outright, allowing them to pay above asking price to secure a purchase. According to our data, places such as the Midlands, the North West and the South East have seen double digit rises, with Downsizers paying 20% more annually. However, in areas such as the East of England and London, Downsizers are managing to pay less this year than last.

Table 5: Average Upsizer Price by UK Region

	East Midlands	East of England	London	North East	North West	Northern Ireland
2019	£308,000	£421,000	£640,000	£229,000	£290,000	£236,000
2020	£330,000	£449,000	£662,000	£248,000	£310,000	£256,000
2021 Q1	£325,000	£457,000	£682,000	£256,000	£295,000	£225,000
2021 Q2	£338,000	£452,000	£688,000	£276,000	£328,000	£260,000
	Scotland	South East	South West	Wales	West Midlands	Yorkshire
2019	£264,000	£469,000	£366,000	£276,000	£311,000	£280,000
2020	£265,000	£500,000	£393,000	£316,000	£351,000	£309,000
2021 Q1	£265,000	£492,000	£383,000	£319,000	£322,000	£296,000
2021 Q2	£282,000	£521,000	£376,000	£350,000	£345,000	£297,000

Table 6: Average Downsizer Price by UK Region

	East Midlands	East of England	London	North East	North West	Northern Ireland
2019	£221,000	£314,000	£464,000	£153,000	£195,000	£149,000
2020	£253,000	£353,000	£482,000	£205,000	£216,000	£173,000
2021 Q1	£255,000	£324,000	£482,000	£202,000	£214,000	£171,000
2021 Q2	£261,000	£336,000	£463,000	£173,000	£233,000	£167,000
	Scotland	South East	South West	Wales	West Midlands	Yorkshire
2019	£182,000	£356,000	£282,000	£199,000	£229,000	£197,000
2020	£193,000	£407,000	£329,000	£249,000	£258,000	£229,000
2021 Q1	£193,000	£379,000	£326,000	£253,000	£254,000	£237,000
2021 Q2	£172,000	£414,000	£343,000	£251,000	£282,000	£241,000

Investors keen to bag bargains across the UK

Investors in 2020 often paid the least for property and inflation was fairly low as they negotiated hard to purchase. However, since the start of 2021, in most areas (apart from London) Investors are now seeing similar inflation levels to equity-rich home movers. Unlike other home mover types, in the East and West Midlands, East of England, South East and Yorkshire, they are paying more in Q2 than they were in 2020. Investors continue to take advantage of lower demand in London, bagging bargains so far this year.

Over-page: Figure 3: Map of regional prices by buyer type

Affordability: In which regions can you buy properties for less than the UK average £ 250,772?²

So how are these price rises affecting general home movers' abilities to purchase property up and down the country post-pandemic? According to the government's Land Registry UK House Price Index, the average house price in April 2021 was £250,772. This may feel impossible for many, particularly when the average deposit being paid by buyers is quoted as 22%³ or £57,278 according to the Halifax for 2020.

These grim figures around average house price and deposit could put home movers off unnecessarily, but if they investigate *regional* property prices, they might be pleasantly surprised about their options.

According to our data from conveyancing quotes each quarter, in the North East nearly a third of properties sold cost under £100,000 and 85% of properties in the area cost less than £250,000. Overall, in Wales, the North West, Scotland, Yorkshire and Humber and N. Ireland, the percentage of people buying for under £250,000 is over 70%. It's only slightly less in the Midlands too with 67% of transactions costing less than £250,000.

That means in most regions across the UK, more people are buying for less than £250,000, making it more affordable. The data also shows how unaffordable regions such as London, the South and East of England can be, where most people are having to spend more than £250,000 on a property and in London, 35% of home movers are even having to find over £500,000 to fund their home, which for many will feel an impossible task.

² <https://landregistry.data.gov.uk/app/ukhpi>

³ <https://www.lloydsbankinggroup.com/assets/pdfs/media/press-releases/2021-press-releases/halifax/2021.01.22-halifax-first-time-buyer-review.pdf?optoutmulti=0.0%7Cc1:1%7Cc3:1%7Cc5:1%7Cc4:1%7Cc2:1&optmessage=1>

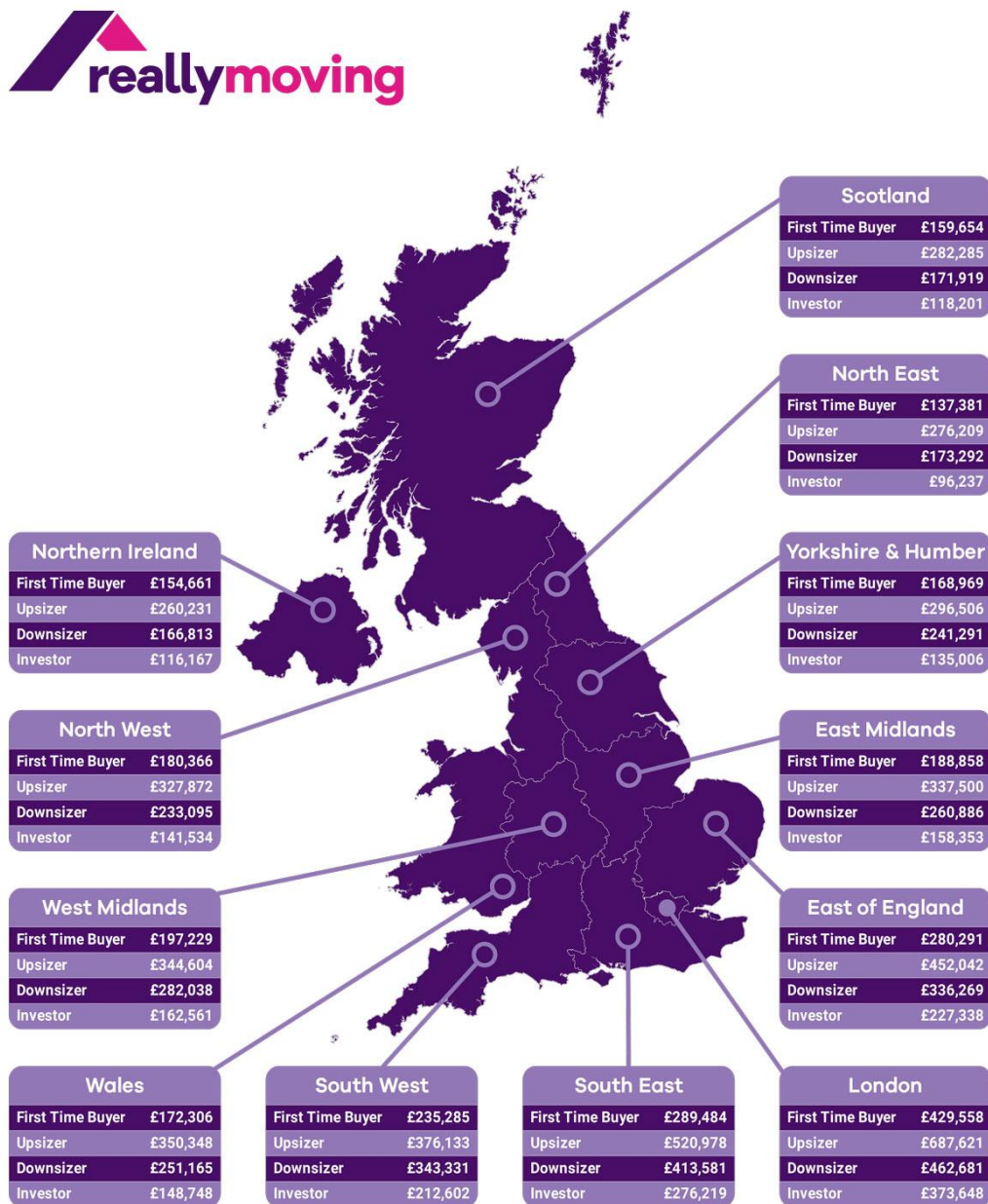
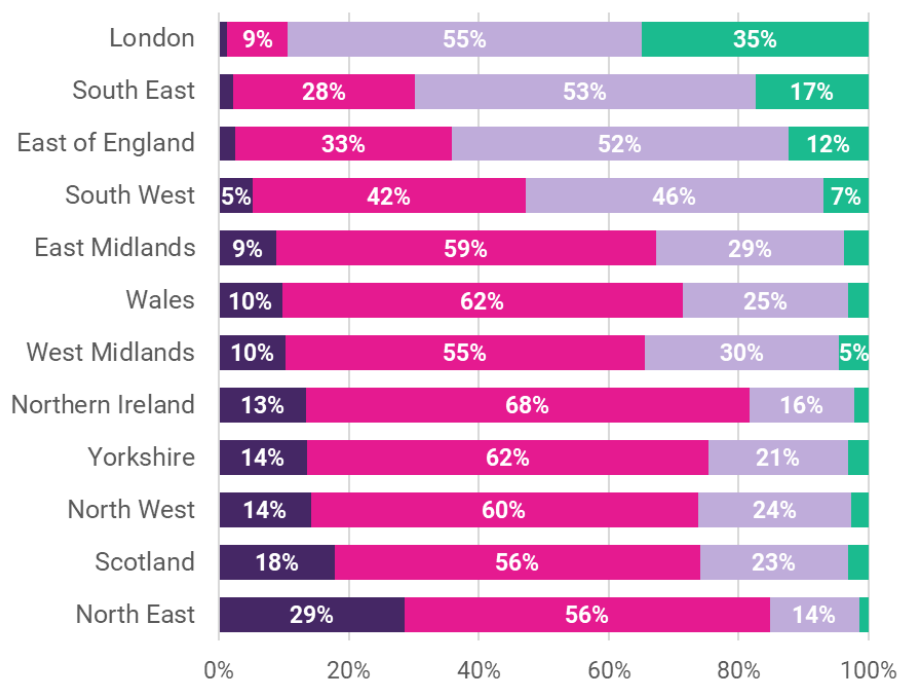


Figure 4: Affordability of UK Regions

Affordability

The percentage of properties by region in the following price brackets

■ < £100k ■ £100k-£250k ■ £250k-£500k ■ £500k +



Rob Houghton: "What this data reinforces is the potential hurdles for certain mover types in certain areas. Those planning to move to more affordable areas may have a range of options, but those eager to stay close to family, friends or work in higher cost regions may find they need to consider alternative areas or property types, or government schemes to get onto the property ladder."

Cities: Prices paid by different buyer groups

The data below breaks down the latest average price different home buyer types pay for a property in at least one city in each region we've featured within this report.

	First Time Buyer	Upsizer	Downsizer	Investor
Birmingham	£206,000	£345,000	£210,000	£192,000
Bristol	£285,000	£402,000	£449,000	£240,000
Cambridge	£350,000	£473,000	£331,000	£233,000
Cardiff	£223,000	£417,000	£307,000	£161,000
Edinburgh	£205,000	£511,000	£315,000	£187,000
Glasgow	£151,000	£262,000	£223,000	£131,000
Leeds	£196,000	£321,000	£273,000	£162,000
Leicester	£192,000	£370,000	£271,000	£170,000
London	£430,000	£688,000	£463,000	£374,000
Manchester	£208,000	£366,000	£220,000	£174,000
Newcastle	£162,000	£307,000	£186,000	£97,000
Nottingham	£199,000	£325,000	£506,000	£159,000
Sheffield	£171,000	£240,000	£304,000	£237,000
Southampton	£242,000	£364,000	£233,000	£233,000

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Notes to Editors

About the reallymoving Property Market Intelligence Report

The report, which launched in quarter 2 of 2021, analyses average property prices from data submitted on conveyancing quote forms at reallymoving.com. Based on the data collected, reallymoving is able to segment by location and by four key buyer types, detailed below:

First Time Buyer (FTB):

Someone who has never owned residential property anywhere in the world, regardless of whether or not they lived in the property.

Upsizer:

Someone purchasing a more expensive property than the one they are selling.

Downsizer:

Someone purchasing a less expensive property than the one they are selling.

Investor:

Someone purchasing a buy to let property, irrespective of whether they fit into one of the other buyer types above.

About reallymoving

Launched in 1999, reallymoving has become the UK's leading provider of free instant quotes for home-moving services, serving over 2 million customers since its inception. It is an independent and privately financed company, majority owned by its management and directors.

During 2020 reallymoving received 280,000 registrations and generated almost a million quotes on behalf of its UK-wide network of partners, representing approximately £220 million worth of work in 12 months. Reallymoving believes approximately 9% of the UK's home movers receive quotes from the site.

Reallymoving provides instant quotes for Conveyancing, Surveys, Removals, Valuations, Home Reports (in Scotland) and Energy Performance Certificates.

Reallymoving also owns The Law Superstore, the comparison site for legal services.

www.reallymoving.com

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