

RESIDENTIAL MARKET REPORT

AUGUST 2021



KEY STATISTICS

UNITED KINGDOM



AVERAGE UK PROPERTY PRICE
£271,000



AVERAGE UK PROPERTY PRICE INCREASED
0.9% FROM APRIL - MAY



UK RESIDENTS TRANSACTIONS
219.1% HIGHER THAN JUNE 2020



STOCK OF HOMES DOWN
24% (YTD V 2020 AVERAGE)



HOMES WITH 4+ BEDS FACING 39%
DEMAND SURGE & 15% FALL IN STOCK



LONDON MAINTAINS
LOWEST ANNUAL GROWTH



RESIDENTIAL MARKET OVERVIEW

The UK housing market has seen demands remain above pre-pandemic despite the stamp duty holiday ending. It is estimated that **1.5 million** property sales will complete in 2021 as we continue to see a surge in demand thanks to the 'race for space'. The first six months of the year saw a **26% increase in demand**, while the number of homes for sale were **down by 24%**, keeping the UK in a sellers' market with **22%** of agents stating homes are selling in less than a week: **the fastest moving market for 5 years.**

Similarly, the average time to taken to sell a property is a mere 22 days and the number of 'sale agreed' on properties over £500,000 was **49% higher** compared to that of May 2019.

Will the race for space end?

The search for space continues to drive purchasing decisions, with buyers looking for space indoors and outside. However, it is expected the drive for bigger properties with outdoor space will slow and the demand for luxury apartments and city dwellings will come back to popularity as office-based working transitions back into lifestyle choices. While there is a stronger preference for rural living among middle-aged buyers, many young buyers are also seeing the attraction as affordability remains crucial to the buying process.

Confidence provided to mortgage lenders

Announced within the March 2021 budget, the **95% mortgage scheme** continues to be encouraged, after banks withdrew nearly every 95% mortgage during the pandemic. Similar to the Help to Buy mortgage guarantee scheme that was used by 105,000 buyers, this scheme could benefit those looking to purchase a property to live in (second homes and buy-to-let properties are not permitted) up to the value of £600,000. This new scheme could help the market seem sustained demand before it ends on 31 December 2021.





TRANSACTIONS

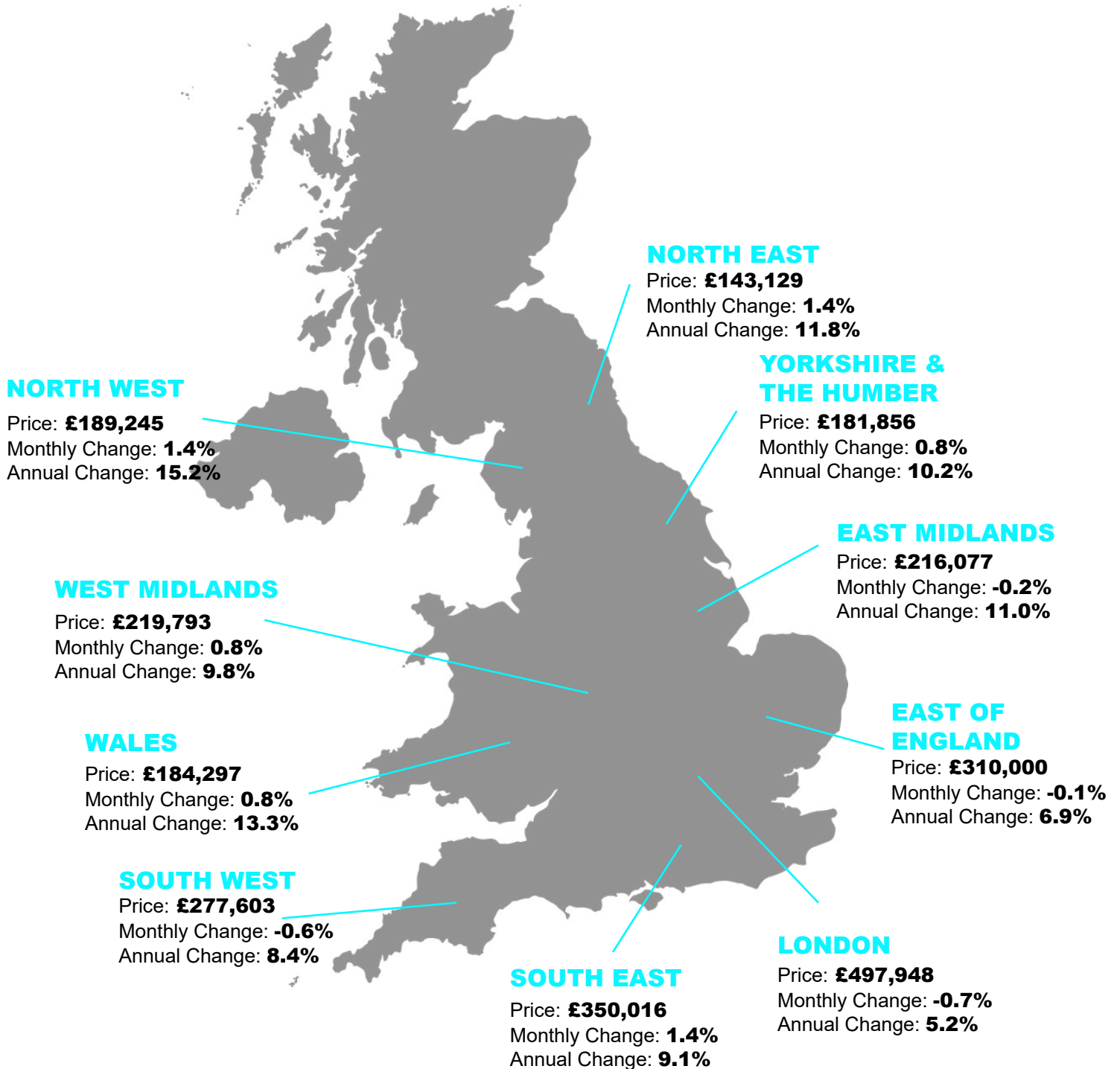
Key statistics:

- o **198,240** transactions in June 2021
- o Total up 74.1% in April compared to May

Month and year	Non-seasonally adjusted UK residential transactions	Seasonally adjusted UK residential transactions
June 2020	67,400	62,080
July 2020	80,640	70,770
August 2020	85,040	81,380
September 2020	99,040	95,570
October 2020	121,680	107,170
November 2020	121,100	115,150
December 2020	132,820	125,120
January 2021	97,710	120,230
February 2021	121,050	144,910
March 2021	173,410	183,170
April 2021	111,260	177,860
May 2021 (Provisional)	102,190	133,850
June 2021 (Provisional)	213,120	198,240



REGIONAL OVERVIEW





HOME MOVES HIT RECORD HIGH IN JUNE

Alongside the excitement of restrictions easing, June 2021 was the busiest month ever for UK estate agents, removal companies, and conveyancers since monthly records began, as **HMRC logged 213,120 residential transactions** in June. A jump of more than 216% nationally on the same month last year. Fuelled by the Stamp Duty Holiday in a similar trend to the last record month in March 2016, which saw buy-to-let landlords rushing to secure property before the introduction of a **3% stamp duty surcharge**.

Many property market commentators predicted the property market would slump after the Stamp Duty Holiday finished. However, looking at the property market through a medium-term view will allow for better oversight of pricing trends and market health. A key indicator will be looking at property transactions instead of pricing. There may be volatile short-term changes in the run-up to Christmas with house prices going up and down, that are stabilised in the new year.

With social trends such as remote working likely to remain a key aspect of many UK resident's lifestyles over the next few years, we expect the market and buyer decisions to be focused on indoor and outdoor space, along with local amenities and transport links.

A modern interior space featuring a wide staircase with a wooden handrail and glass balustrade. In the foreground, a light-colored sofa with patterned and solid-colored cushions is visible. The background shows a large window and a chandelier. The overall lighting is soft and modern.

NEXA

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