



Residential
Market Report
DECEMBER 2021

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KEY STATISTICS

UNITED KINGDOM



Average UK property price
£325,661



Average UK property price
increased **1.29%**



UK residential transactions
28.2% higher than October 2020



1 in 16 homes changed
hands in 2021



19% increase in
demand for homes



Supply of homes
down 21%



RESIDENTIAL MARKET OVERVIEW



One in 16 privately-owned homes are set to change hands in 2021, making it an incredibly active year for the housing market, the busiest since 2007. Comparatively, in 2019 it was one in 20 that changed hands, further highlighting the increasing demand for residential homes in the UK.

The supply of homes being listed has been running 5%-10% lower than levels typically seen in 2017 – 2019. While houses are seeing the biggest drop in supply being down more than 50% compared to average levels over the last five years. While flats are experiencing just a 15% drop.

Property type	September 2021	September 2020	Difference
Detached	£419,714	£368,665	13.8%
Semi-detached	£258,757	£230,230	12.4%
Terraced	£221,773	£196,787	12.7%
Flat or maisonette	£222,462	£208,846	6.5%
All	£269,945	£241,541	11.8%



TRANSACTIONS



Month and year	Non-seasonally adjusted	Seasonally adjusted
October 2012	83,060	76,970
October 2013	101,920	92,860
October 2014	114,990	100,330
October 2015	119,950	106,750
October 2016	98,070	95,540
October 2017	107,560	101,200
October 2018	109,020	99,910
October 2019	107,100	98,500
October 2020	121,740	107,220
October 2021 (Provisional)	85,090	76,930



REGIONAL OVERVIEW



NORTH WEST

Price: **£203,661**
Monthly Change: **5.3%**
Annual Change: **16.8%**

NORTH EAST

Price: **£152,776**
Monthly Change: **3.8%**
Annual Change: **13.3%**

YORKSHIRE & THE HUMBER

Price: **£192,354**
Monthly Change: **4.0%**
Annual Change: **11.9%**

WEST MIDLANDS

Price: **£231,501**
Monthly Change: **3.1%**
Annual Change: **11.7%**

EAST MIDLANDS

Price: **£231,318**
Monthly Change: **4.9%**
Annual Change: **14.7%**

WALES

Price: **£196,216**
Monthly Change: **2.5%**
Annual Change: **15.4%**

EAST OF ENGLAND

Price: **£327,982**
Monthly Change: **1.7%**
Annual Change: **9.3%**

SOUTH WEST

Price: **£301,327**
Monthly Change: **4.0%**
Annual Change: **11.7%**

SOUTH EAST

Price: **£370,886**
Monthly Change: **3.0%**
Annual Change: **11.7%**

LONDON

Price: **£507,252**
Monthly Change: **-2.9%**
Annual Change: **2.8%**



How will 'lifetime deposits' change the rental market?

The Government's scheduled publication of their White Paper for the Renter's Reform Bill, which incorporates proposals to forbid Section 21 evictions and introduce 'Lifetime Deposits', has been suspended until 2022.

The additional time is required to give a chance to create a level playing field to reforms for both landlords and tenants in the private rented sector in England.

In this article, we look at these lifetime deposits. How could the Lifetime Deposit Scheme work, and how could it benefit both landlords and tenants?

When a tenant moves between rented homes, they need the deposit for their new home before being released from their old home.

This means finding that amount of money at the time of moving home can be difficult for many tenants; thus, they become stuck in their existing rental.


Therefore, Westminster wants to propose in this White Paper a new deposit choice for tenants. A deposit is transferred from the old landlord (letting agent) to the new landlord (letting agent), thus making life simpler as the tenant doesn't need to save for an additional new deposit every time they move home.

Now, of course, it's vital that any new 'deposit scheme' does not dissuade landlords from making valid claims for damage to properties. Landlords cannot be expected to give up their right of recourse to a security deposit until such time that they are satisfied there will be no need to claim it.

So how would Lifetime Deposits work?

There would need to be some form of system safeguarding that the new landlord is protected by a whole deposit, even if the deposit on the old home comes into dispute.

This will be critical and central to landlords having conviction in the Lifetime Deposit Scheme. That could be something like an interest-free loan for the tenant on the crossover between the properties.



Another advantage to the scheme is that **‘lifetime deposits’ could be used for tenants to build a deposit for a house for the future.**

What about the existing system of deposits?

The rules regarding the amount of deposit held by a landlord were changed a couple of years ago, where only five weeks’ worth of rent can be held as a deposit.

The deposits tenants have had to save for certainly raise the cost of renting a home. Some say this extra burden puts another nail in the coffin of the dream of homeownership for many renters.

Yet the other side of the argument contends that if the tenant misses more than one month’s worth of rent, the landlord is immediately out of pocket, even before they’ve got the costs of solicitors and any improvement works from the tenant trashing the place.

Does a deposit of just over one month provide landlords with a decent level of protection against unpaid rent or damage to the property?


Before we conclude our thoughts to the initial question of ‘lifetime deposits’, the need for decent landlord insurance to ensure you are adequately covered as a landlord is vital.

So, what are my thoughts on ‘Lifetime Deposits’?

The common need for tenants to stump up a ‘two-fold deposit’ is not helping many renters when moving home. It’s clear the standard cash down deposit is not fit for purpose for the 21st Century.

One might suggest the Government’s quest for the ‘lifetime deposit’ could open the door to other deposit alternatives that have come onto the market for tenants in the last few years. Some landlords don’t require a deposit yet are compensated by asking the tenant to pay a higher rent to cover the risk. Also, there are companies that offer insurance-backed deposits where the tenant pays one week’s rent to an insurance firm, and the insurance firm pays out if a loss is incurred by the landlord.

Interestingly, other countries are already offering deposit loans and guarantee schemes. Could this be something for the British Government to contemplate?





We must wait until at least the spring of 2022 for the Renter's Reform White Paper to be published. Then every stakeholder involved (tenants, landlords, and agents, et cetera) can look at it in the cold light of day and decide how this will affect the way they view the landlord/tenant/agent relationship.

Many will say the bigger issue isn't 'Lifetime Deposits' in the White Paper, but the removal of no-fault Section 21 evictions. The removal of Section 21 is something the current Government has pledged to bring in during this parliamentary cycle (i.e. before Q4 2024).

We are not concerned about removing no-fault Section 21 evictions, but what will replace it to ensure there is suitable redress for landlords if the tenant doesn't pay the rent?

Of course, a handful of landlords will decide to sell their rental portfolio because of the White Paper. The same happened in 2016 when the increase in landlord taxes was announced.

However, this will reduce the supply and availability of rental properties, meaning rents will rise (classic textbook supply and demand), thus, landlords' return and yields will rise.

Yet, because tenants still can't afford to save the deposit for a home and we are all living longer, the demand for rental properties across will continue to grow in the next twenty to thirty years. The reason is we are still not building enough homes to accommodate our growing and aging population. This means we will turn to more European ways where the norm is to rent rather than buy in their 20s and 30s.

This means new buy-to-let landlords will be attracted into the market, buy properties for the rental market in and enjoy those higher yields and returns. Isn't it interesting that things mostly always go full circle?



How to turn your home buying dreams into a reality

House hunting brings out the dreamer in all of us, from searching the internet to flicking through home magazines, your list of needs and ideas for your next home may be never-ending. It is very easy to see a dream turn into fantasy as the realities of what you purchase seem to know no bounds. In today's market where buyers, like you, are many and available properties are few, having your head in the clouds can mean that your next home is moving further and further away. At NEXA we want to ensure that your home buying dreams turn into a reality.

Be prepared to compromise

Countless nights hooked on Rightmove have become the norm, and as you are digesting the latest properties to come on to the market ... you see it. Staring back at you from the screen is the home you have been dreaming about, and you race to contact the agent to book a viewing. But remember, this so-called perfect home will no doubt have caught the eye of other buyers who will also be queuing to view it as quickly as possible.

When such a property is in demand we are seeing multiple offers, and often buyers are requested to submit their best and final offer, and as such, the best offer (chosen by the seller) will win the prize. Now this home, this perfect home, suddenly is not looking so great after all, in fact, it is becoming stressful and you may not have the budget to compete.

But often the dream is not the right one, after all, we regularly see buyers who have lost their so-called dream home only to begin a search through different eyes and discover a property that is far better suited. Have your list, but be willing to compromise and don't be set in stone. Having an open mind is the key in this property market. Be clear where your compromises will be: you may be willing to do cosmetic work but want to avoid a renovation, you may need a space to work from home or be willing to add an extra 10 minutes onto your commute.

We may all have a vision of a dream, but often the reality is so much better.



Don't wait to get a mortgage in place

Let's face it, hunting for a house is way more exciting than going into your finances. But buying a home is also about the figures too, and delaying the truth about your financial situation could be the cause of your dream home slipping through your fingers. At least three months before you start your search you should be getting your monies into shape, checking your credit score, and seeing where you can make some changes to get you in a strong position.

Although there is nothing to stop you from searching for your new home without having a mortgage in principle, it could put you on the back foot. To show estate agents and sellers that not only you are serious about buying a house, but that you are in the right financial position to proceed will only aid you when it comes to making an offer. Whether you are a first-time buyer or looking to find your next home, never assume you know what you can afford as situations and regulations can change.

Get your figures right from the start and begin your search for your next home with a mortgage in principle in your hand.

Be prepared for what's next

You may think that finding your new home will be the trickiest part of the process, but it is the sales progression where things can get rocky. This is the time when all the legal processes start to transfer ownership over to you, but also everyone else that is in your chain. It is here where we earn our money, resolving problems swiftly so no one gets itchy feet, chasing paperwork, and generally being the glue that keeps your chain in place until completion.

This is the most stressful time of home buying, and it is worth being prepared for what is about to happen so that you don't lose heart and walk away. Ask all parties, your mortgage lender, your conveyance, and your estate agent what paperwork they will need during the process so you can start to get it ready. Make sure you return calls quickly and always ask if you are unsure about something that is happening.



You may have to take some deep breaths during the sales progression, but by being prepared and keeping your eye on that wonderful new home at the end, you can make sure that your dream doesn't turn into a nightmare.

Build a relationship

Most buyers keep us estate agents at a distance; they use the internet to find homes and call or email when they see one that they like. Now, the savvy buyers understand how important it is to build a relationship with their local estate agents because this can prove vital in being one of the first to know about a home coming onto the market that has not been advertised yet.

Come and have a chat with a member of our sales team; let them get to know you and understand what you are looking for. Next time they are valuing a home that could be the right fit, they will automatically have you in mind and will give you a call to get you viewing as quickly as possible. Keep us close and your perfect home could be closer than you think. Call our team today or pop in, we look forward to making your dream a reality.

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