

What's ahead for the prime UK housing market?

17th March 2021

Welcome and thank you for joining.

You are on mute for the duration of this
webinar.

We will begin shortly.



The Research Perspective

Market Backdrop, Survey Results & Forecasts

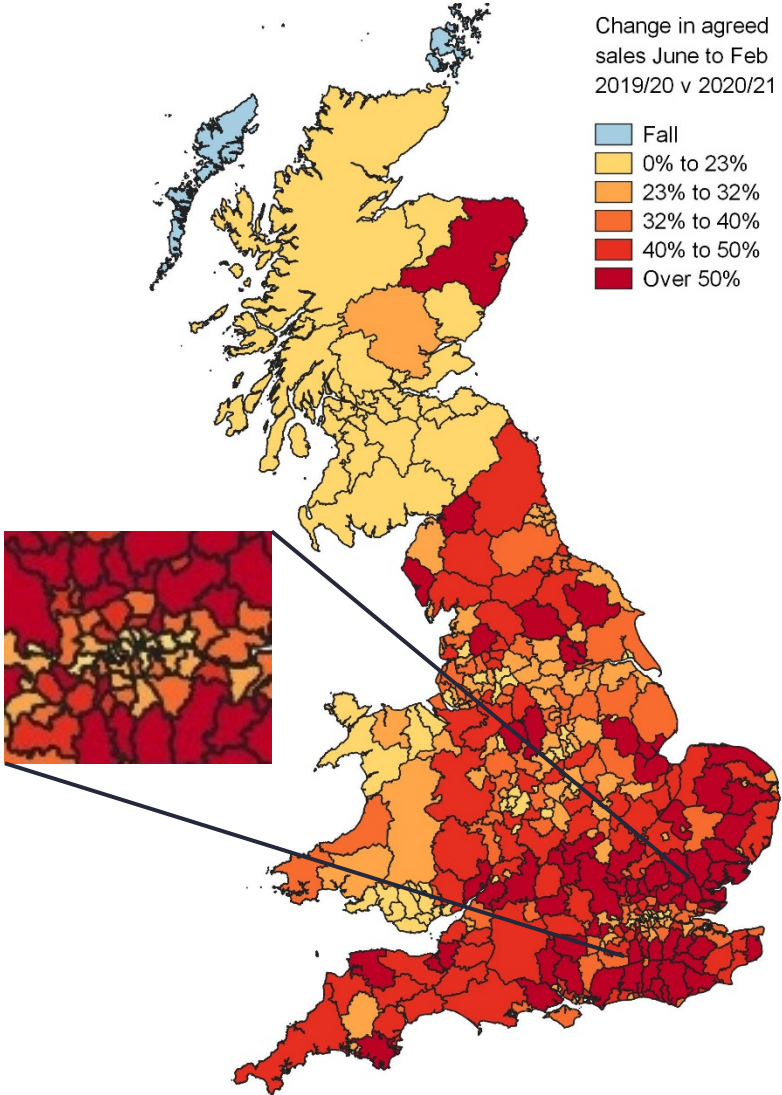
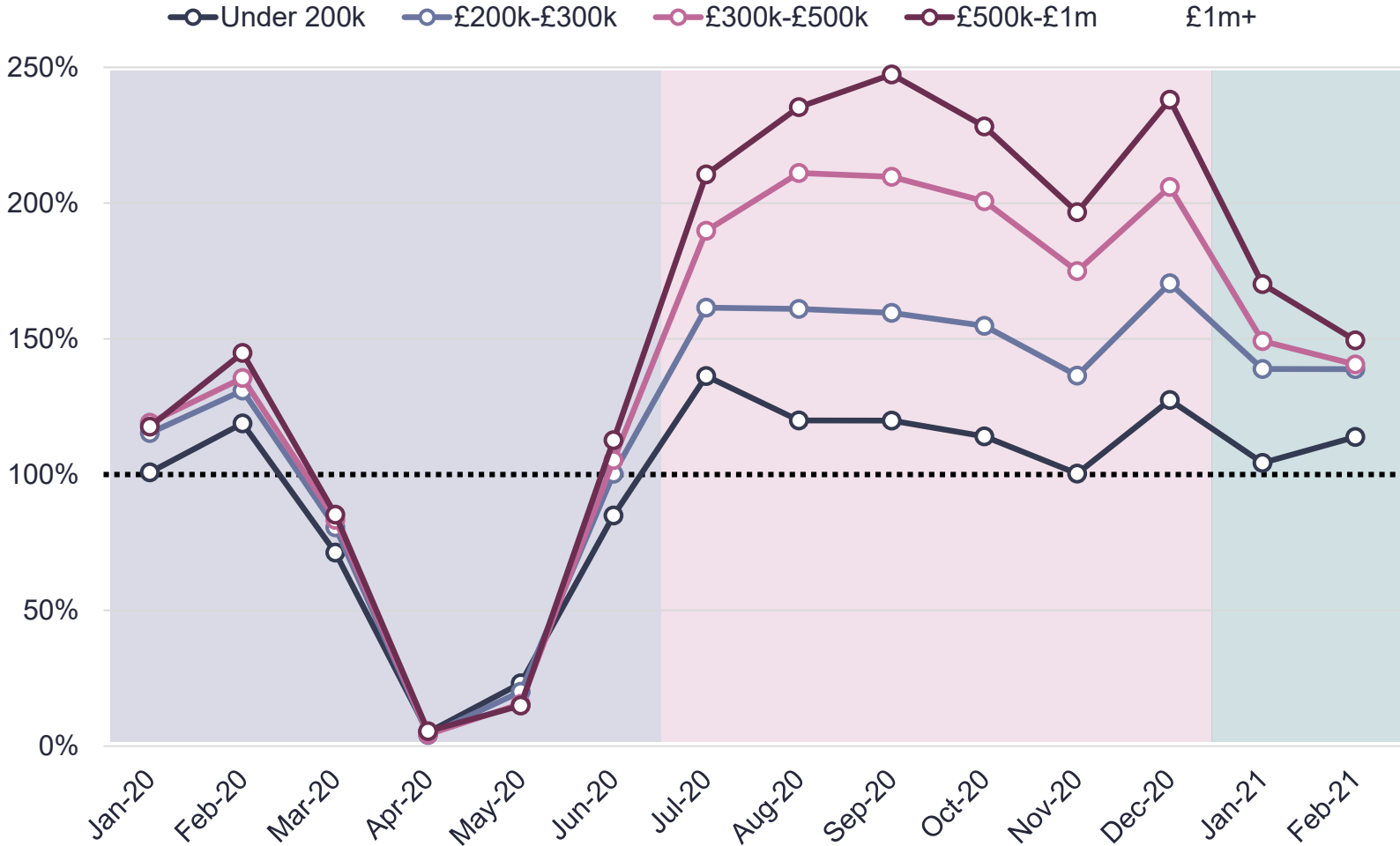
Lucian Cook, Director

Frances Clacy, Associate Director

Market backdrop

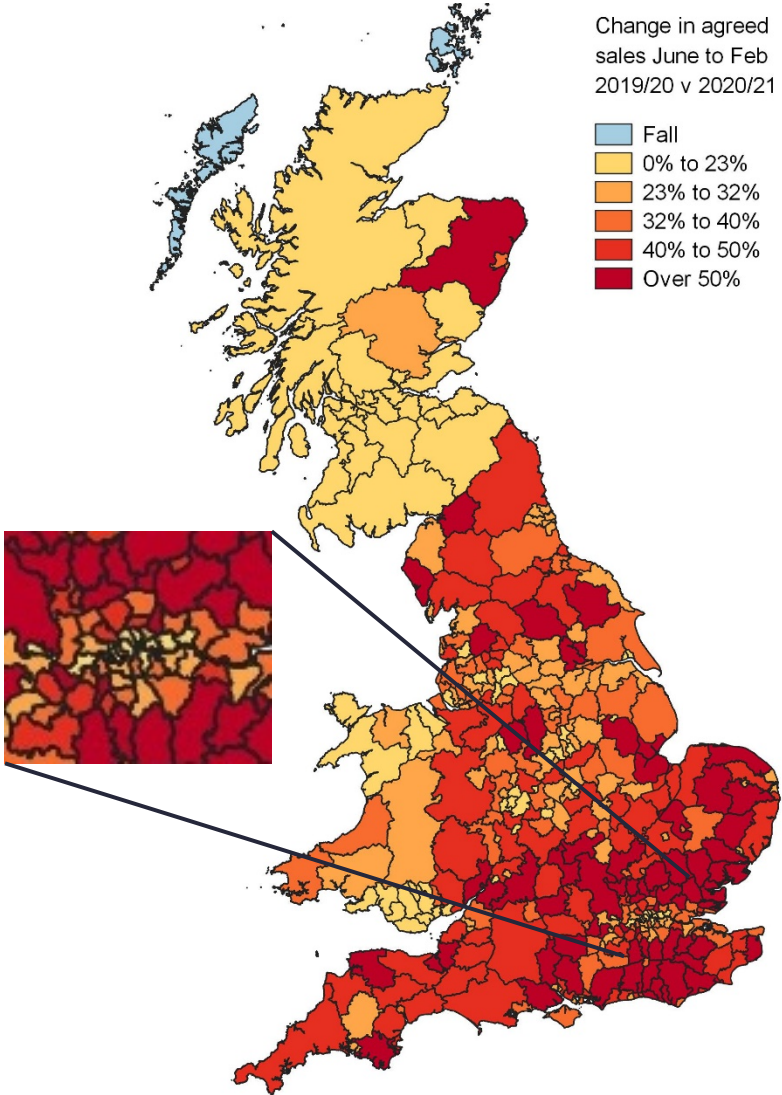
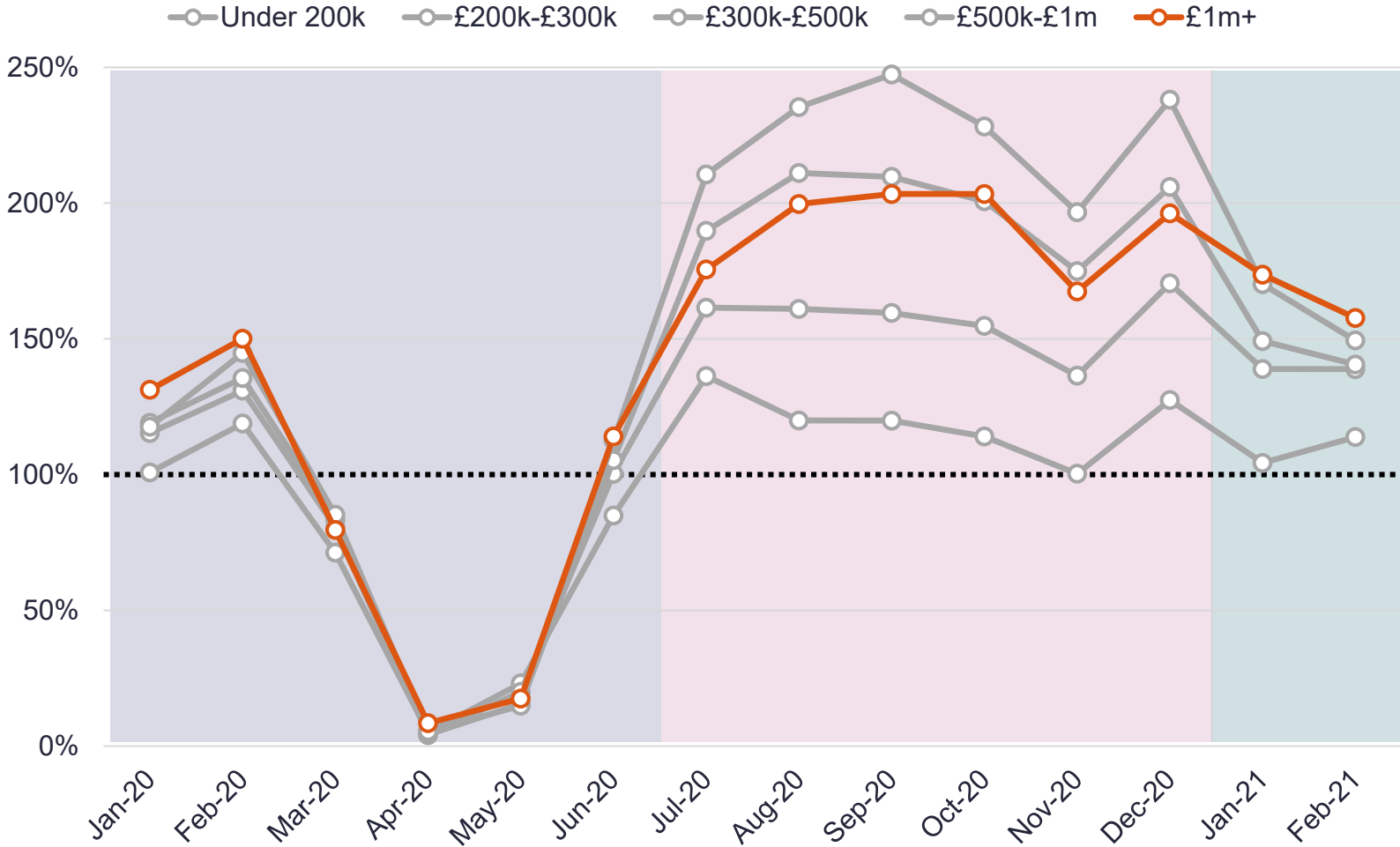
State of the market in the run up to a budget

Net agreed sales v same period in 2017 – 2019



State of the market in the run up to a budget

Net agreed sales v same period in 2017 – 2019



During February

savills

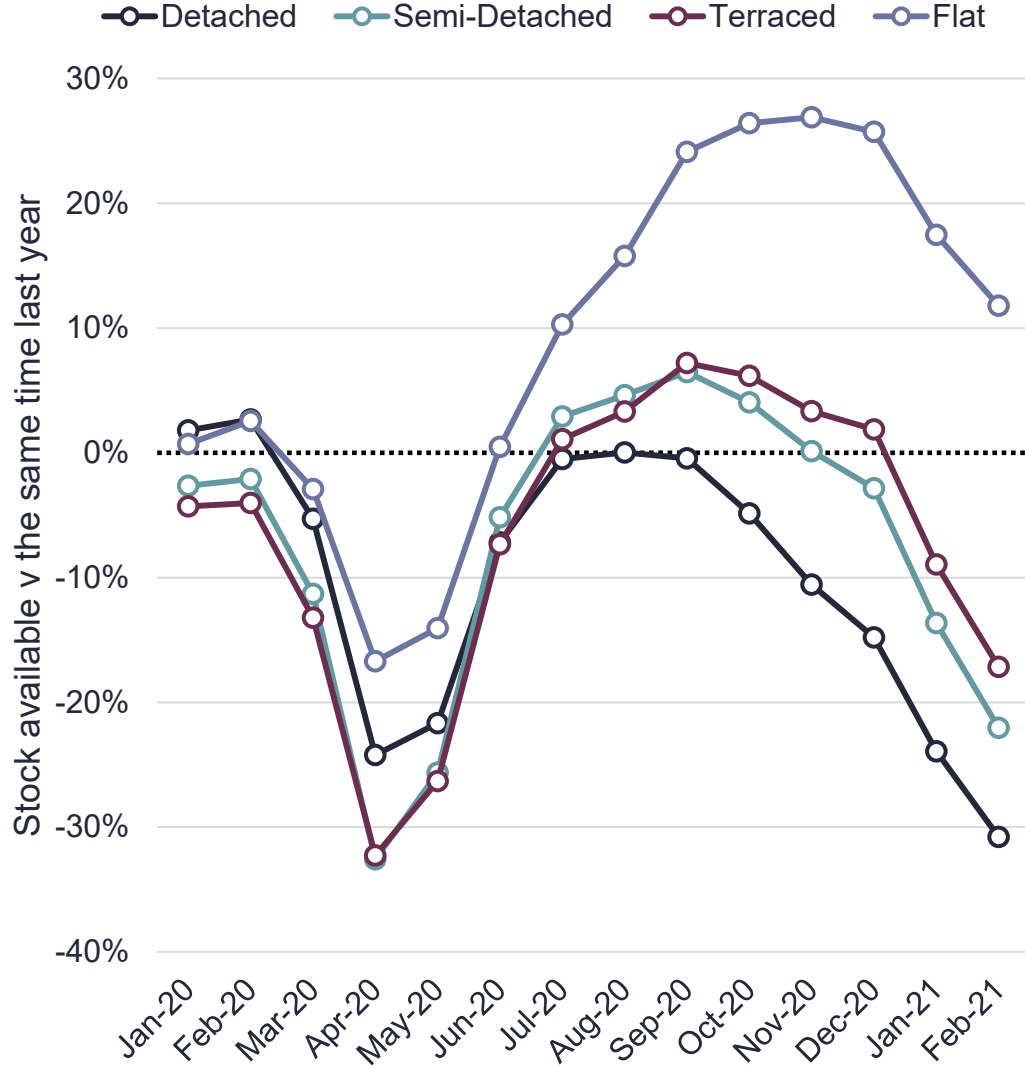
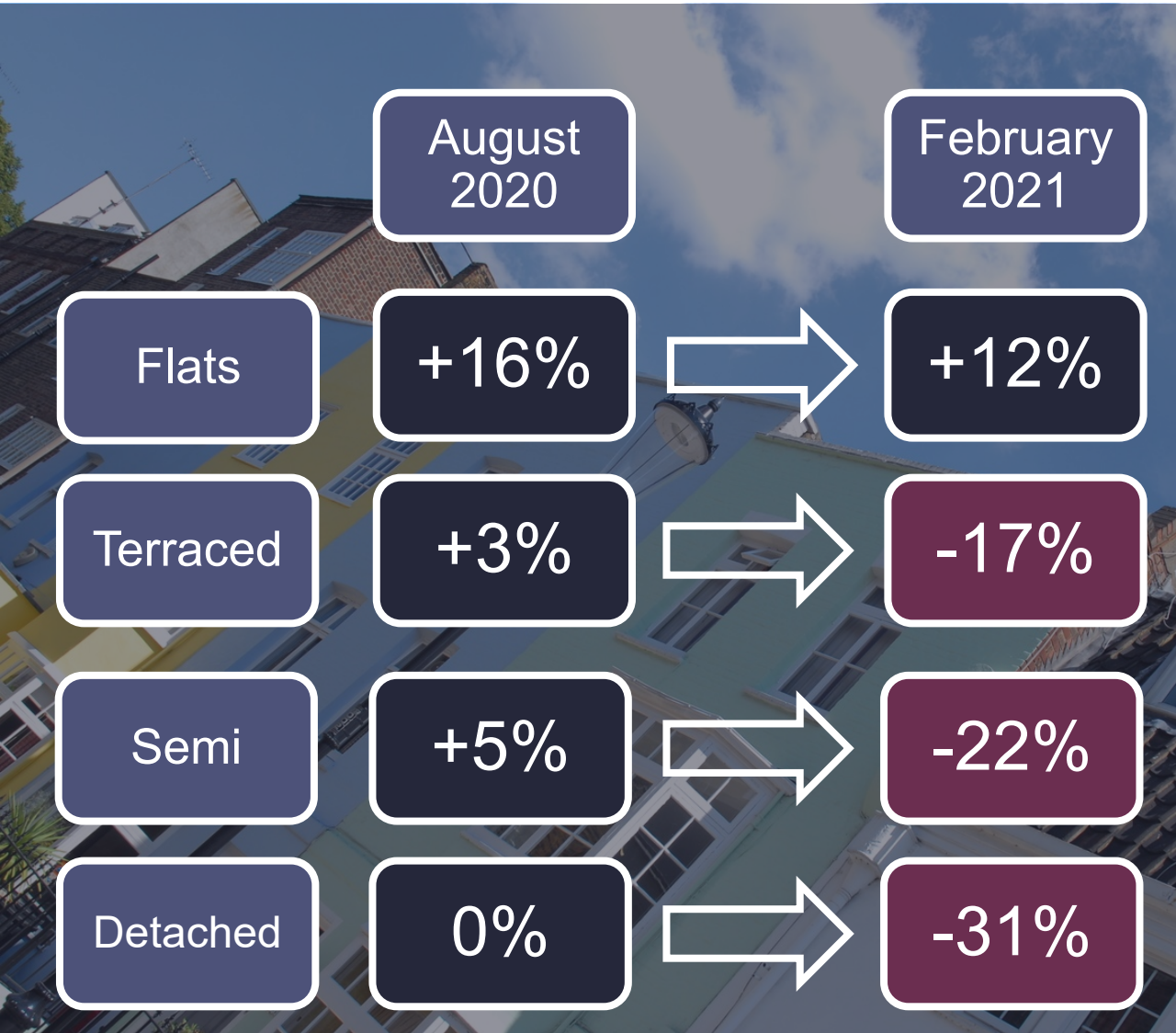
-16%

Less stock available to buy than at the same time last year

More stock under offer awaiting exchange

+37%

Meaning stock shortages for larger homes



Source: Savills Research using TwentyCI

Outside of London

40%

of stock advertised on the web
was already under offer

Within London

22%

of the stock advertised on the web
was already under offer

Key Questions

To what extent did the lockdown put home-movers plans on pause?

How much will the stamp duty extension boost activity?

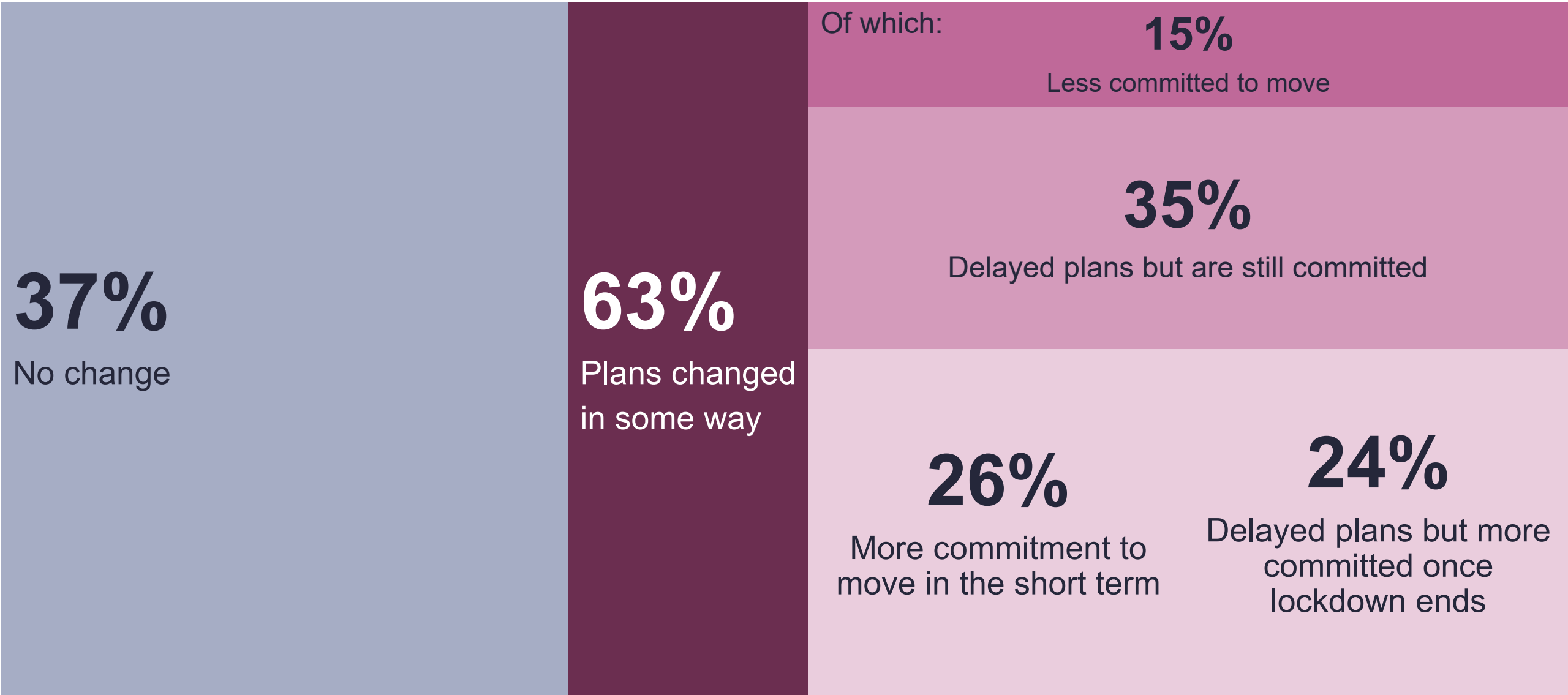
What does the roll out of the vaccine do to lifestyle drivers?

And what does that do to buyers priorities?

Between 4th and 11th March 2021 we surveyed 1,100 prospective buyers and sellers of prime property to find out the answers to these questions...

**Commitment to
moving**

How has the latest lockdown impacted moving plans?



Vaccine & relaxation of lockdown looks to boost confidence further

Net balance of opinion on commitment to move



Greater commitment to move in the short, medium & longer term



Suggests demand is likely to remain strong throughout all of this year and into next

As does the stamp duty holiday extension



With greater urgency from specific buyers

How has the extension of the stamp duty holiday affected your commitment to move prior to 30th June?

■ Somewhat more committed ■ Significantly more committed



London based buyers
48%
More committed

Second home buyers
54%
More committed

Buyer priorities

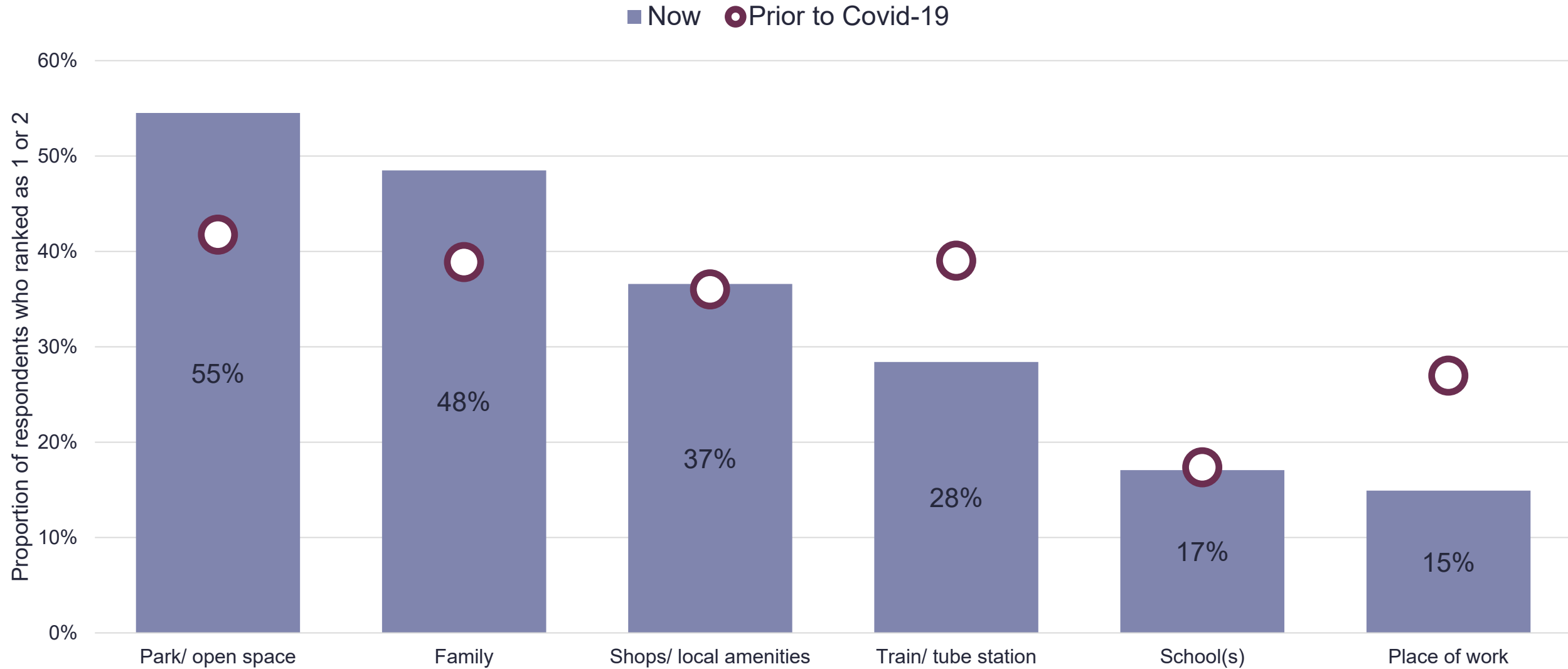
One year on – have priorities changed?

More attractive	April 2020	March 2021
Working from home more	49%	52%
Accessibility to Wi-Fi	48%	41%
A separate space to work from home	44%	40%
Garden or other outside space	49%	38%
Village location	39%	33%
Countryside location	41%	35%

The importance of locality



The importance of locality



Outlook

Drivers in the mainstream markets

Less risk of a mid year lull in the market given...

Speed of the vaccination programme & roadmap for easing of social distancing

Extension of furloughing scheme to protect jobs

Continuation of lifestyle drivers over 2021 for those looking for more space





Extension of the stamp duty holiday

A return to the economic fundamentals from 2022







With price growth unpinned by low interest rates

And a return to the patterns of house price growth normally seen at this stage in the housing market cycle













Mainstream Housing Market Outlook

	2020 Actual	2021 f
UK House Price Growth	 +7.3%	 +4.0%
Transactions (m)	 1.05	 1.40
GDP Growth (whole year)*	-9.9%	+5.5%
Unemployment (at Q4)*	5.5%	5.8%
Bank Base Rate (at Q4)*	0.10%	0.10%













Mainstream Housing Market Outlook

	2020 Actual	2021 f	2022 f
UK House Price Growth	 +7.3%	 +4.0%	 +5.0%
Transactions (m)	 1.05	 1.40	 1.25
GDP Growth (whole year)*	-9.9%	+5.5%	+6.0%
Unemployment (at Q4)*	5.5%	5.8%	4.8%
Bank Base Rate (at Q4)*	0.10%	0.10%	0.10%

Mainstream Housing Market Outlook

	2020 Actual	2021 f	2022 f	2023 f	2024 f	2025 f
UK House Price Growth	 +7.3%	 +4.0%	 +5.0%	 +4.0%	 +3.5%	 +3.0%
Transactions (m)	 1.05	 1.40	 1.25	 1.20	 1.20	 1.20
GDP Growth (whole year)*	-9.9%	+5.5%	+6.0%	+2.2%	+2.0%	1.8%
Unemployment (at Q4)*	5.5%	5.8%	4.8%	4.3%	4.1%	4.0%
Bank Base Rate (at Q4)*	0.10%	0.10%	0.10%	0.10%	0.25%	0.5%

Mainstream Housing Market Outlook

	2020 Actual	2021 f	2022 f	2023 f	2024 f	2025 f	5 years to 2025
UK House Price Growth	 +7.3%	 +4.0%	 +5.0%	 +4.0%	 +3.5%	 +3.0%	+21%
Transactions (m)	 1.05	 1.40	 1.25	 1.20	 1.20	 1.20	n/a
GDP Growth (whole year)*	-9.9%	+5.5%	+6.0%	+2.2%	+2.0%	1.8%	+19%
Unemployment (at Q4)*	5.5%	5.8%	4.8%	4.3%	4.1%	4.0%	n/a
Bank Base Rate (at Q4)*	0.10%	0.10%	0.10%	0.10%	0.25%	0.5%	n/a

Differences in the prime market

More driven by wealth and equity as opposed to mortgage debt

Generally less exposed to the end of the stamp duty holiday

But more exposed to tax rises and any political uncertainty over the medium term

Prices looked good value in the prime central London markets pre pandemic




And pent-up demand remains given international travel restrictions

Vaccine & relaxation of lockdown looks to boost confidence further

Demand is likely to remain strong throughout all of this year and into next

Lifestyle factors and locality remain important drivers

Prime Market Forecasts

	2020 actual	2021	2022
Prime central London	 -0.4%	 +3.0%	 +7.0%

Thank you

Q&A

