



GARRINGTON



NEW DIRECTIONS FOR THE HOUSING MARKET

“When the market was effectively closed for almost two months during the spring of 2020, few commentators were expecting to be reporting record levels of house price growth by the end of the year. What is really happening behind the headlines?”

Jonathan Hopper – Chief Executive Officer

PRIME LONDON AND UK HOUSING MARKET

According to the Nationwide House Price Index, UK prices rose by 7.3% in the 12 months to December, the highest rise since January 2015. However, with unemployment levels rising and the country in recession, the apparent strength in the market is seemingly at odds with the economic backdrop. Demand has not been evenly distributed across the market, with wealthier buyers leading the wave. These are buyers with equity in their existing homes and are less likely to be employed in the more vulnerable sectors of the economy. Sales in the year to September of homes over £2 million across London accounted for 3.1% of transactions, up from 2.4% in 2019.

An epiphany

The housing market reopened in early summer in a frenzy as buyers appeared to emerge from lockdown having had something of a housing epiphany. With time to

re-evaluate their housing needs, the priorities of home movers shifted. For many this meant a move to larger homes in less urban locations, with a flight of equity from cities.

This does not mean a mass exodus from prime London markets. By October, LonRes data for prime central London showed more sales than a year earlier and although they fell back slightly at the end of the year, which is likely to largely be reflective of the rising market a year earlier, prices continue to hold steady. Average sales prices per square foot rose by 0.8% in the 12 months to December 2020. The upper end of the market is moving well. There were 8% more homes which sold for more than £5 million in prime central London in the six months to November than there were in the same period of 2019.

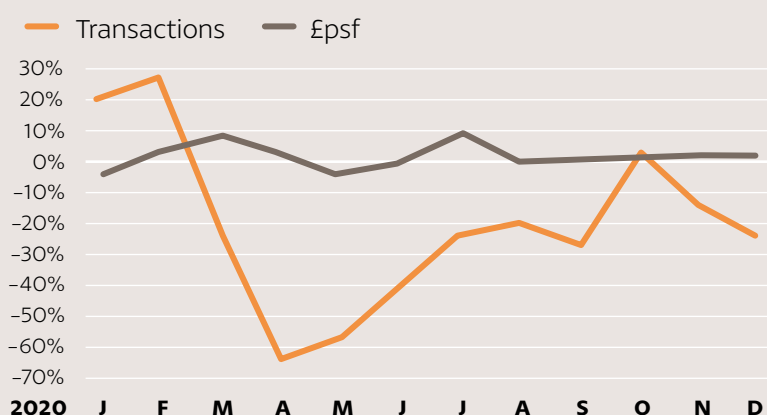
There are many arguments for the continued long-term strength of demand for prime

properties in London and its long-term credentials remain robust. London remains a global city, with investors continuing to buy up properties within its bounds even as the world is gripped by a global pandemic. Meanwhile, with the increased demand for gardens, it is worth noting that, in 24 out of 33 London boroughs, more than 80% of addresses have access to private outdoor space.

Outlook for 2021

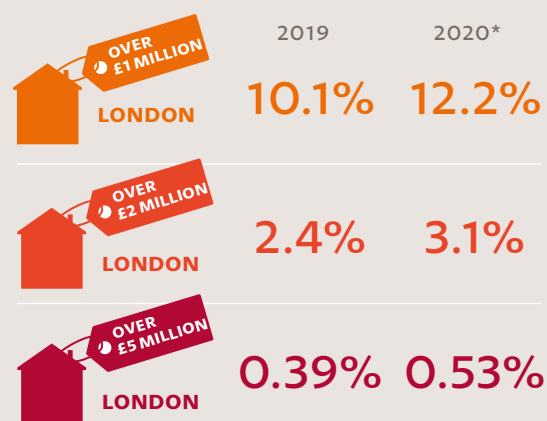
As the country begins 2021 with a third national lockdown, a deadline for the stamp duty holiday and a date for the introduction of a 2% overseas buyer surcharge, demand could be muted. However, with the vaccine rollout programme in flow, potential extensions to government support and a large backlog of property transactions making their way through the conveyancing process, we expect transaction levels and prices to be supported in the short term.

PRIME CENTRAL LONDON SALES MARKET ROLLING 12 MONTH AVERAGE



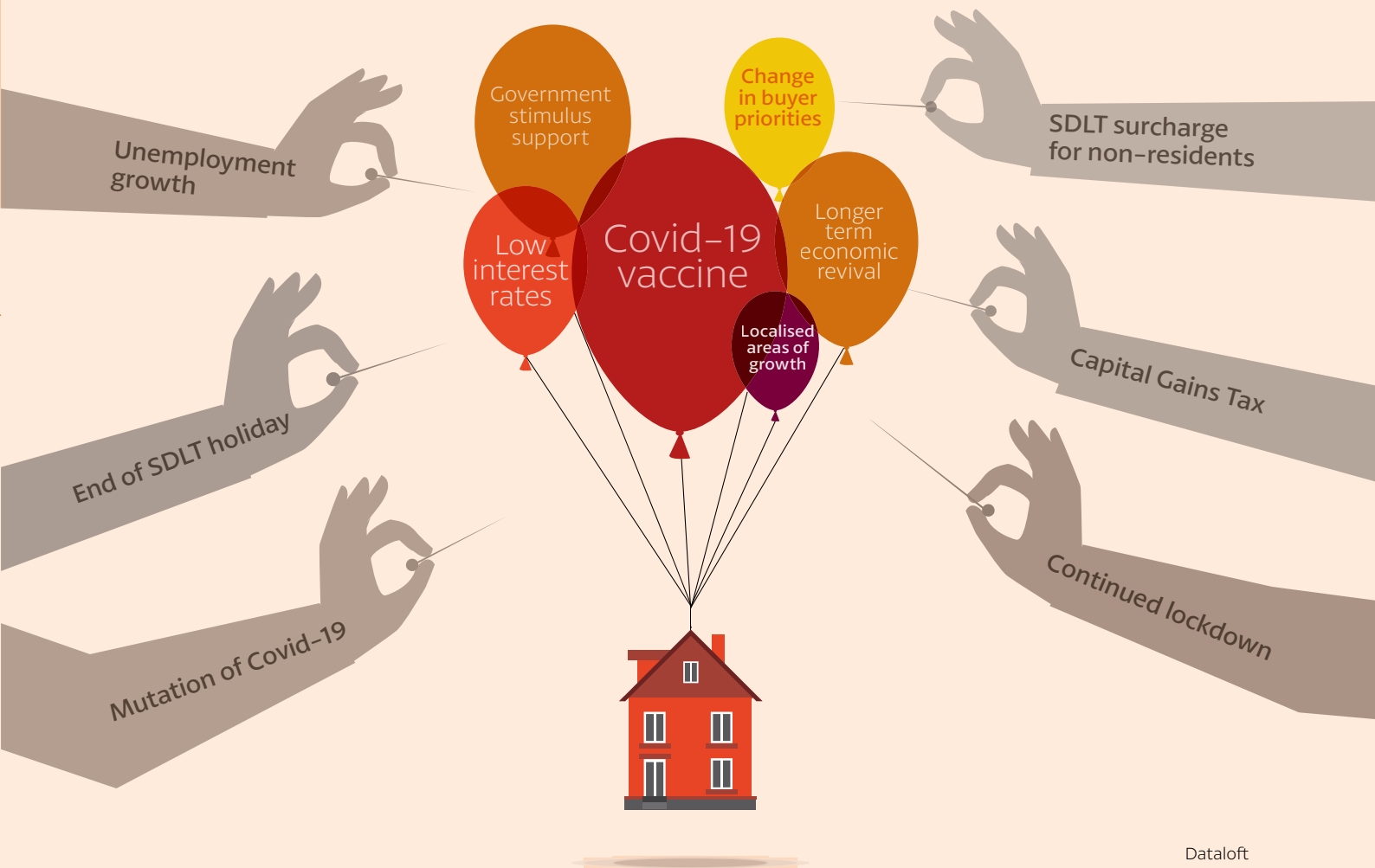
Source: LonRes

HIGH VALUE TRANSACTIONS GROWTH SINCE THE MARKET REOPENED



Source: HM Land Registry, showing % of transactions
*2020 data based on sales to September

2021 – WILL THE HOUSING MARKET STAY AFLOAT?



Dataloft

GROUNDING BY THREATS BUOYED BY OPPORTUNITY

Where 2021 takes us is far from clear but we have become accustomed to opposing forces pressing on the UK housing market. Some may look different to previous years and while threats will persist, opportunities will also arise.

THREATS

Unemployment set to rise to 7.5% by mid-2021, the highest level since the Global Financial Crisis in 2009.

Mutation of Covid-19 rising rates of infection leading to an extended third further national lockdown.

End of SDLT holiday on 31st March 2021, causing a cliff edge threat to stability.

SDLT surcharge of 2% for non-residents due to be introduced 1st April 2021.

Continued lockdown threat to confidence and economic recovery.

CGT tax on primary residences could be announced in the March 2021 Budget. SDLT could be increased for second home buyers in England, as in Wales?

OPPORTUNITIES

Government stimulus support extension to SDLT holiday or other support measures.

Low interest rates continuing to keep mortgage rates low. Rates have been sub-1% for over 10 years and are currently at their lowest ever level. Could we see negative rates in 2021?

Change in buyer priorities boost to demand as buyer priorities are changed by different lifestyles and workstyles with tech-enabled ability to 'work from anywhere'.

Covid-19 vaccine boosting both confidence and economic recovery.

Localised areas of growth emergence of next generation places to live.

Longer term economic revival pre-Covid levels expected by end of 2022.

PLACES FOR THE NEW NORMAL

Where is the untapped potential?

In our Summer report we introduced the idea of the 'digital commuter' to describe people who are no longer tied to their place of work. Improved connectivity, super-fast broadband, a greater focus on personal wellbeing and the ability to work from home were already beginning to impact on choices and aspirations, even before the pandemic. Covid accelerated these trends and took choice to a new level. The option of 'work from home' became the possibility of 'work from anywhere'.

Rethinking location priorities

The experience of the pandemic prompted people to examine lifestyle choices. For some it translated into the desire for a larger home with bigger gardens and a dedicated space to work from home but others decided to completely rethink where they live. The possibility of 'work from anywhere' opens up a very different set of opportunities. Freed from the tyranny of the train timetable, or the traffic news, it is possible to draw up a whole new set of priorities.

Making that holiday home dream a main residence reality, getting more house for the money, or living closer to friends or family can drive decisions. With a whole new set of location criteria, opportunities open up further afield from those identified in the last report and bring some unexpected places into the spotlight, places that have perhaps been overlooked in the past; the untapped potential, next generation places for the new normal.

Next generation places

For this next stage in our digital commuter analysis, we reassessed markets across the nation scoring the quality of places based on a new set of buyer priorities for 2021. While proximity to work may not be such a high priority, access to fast broadband is a prerequisite.

1400 places were selected based on:

- > 1000 dwellings
- > 95% access to super-fast broadband

These places were then measured on nine criteria and ranked by their average score to create a league table of next generation places for 2021 and beyond.

Places ranked on 9 measures of quality



Physical environment

Proximity to AONB

Area of Outstanding Natural Beauty/
Heritage Coast/National Park



Homes close to water

250m from river, lake or canal



Quality of living

Crime/community safety

Ranked from Index of Multiple Deprivation



Air quality

NO₂ levels



Farm shops

Within 3 miles



Architecture/heritage/environmental

Period homes

% of dwelling stock



Listed buildings

% of dwellings



Grade 1 listed

Total number



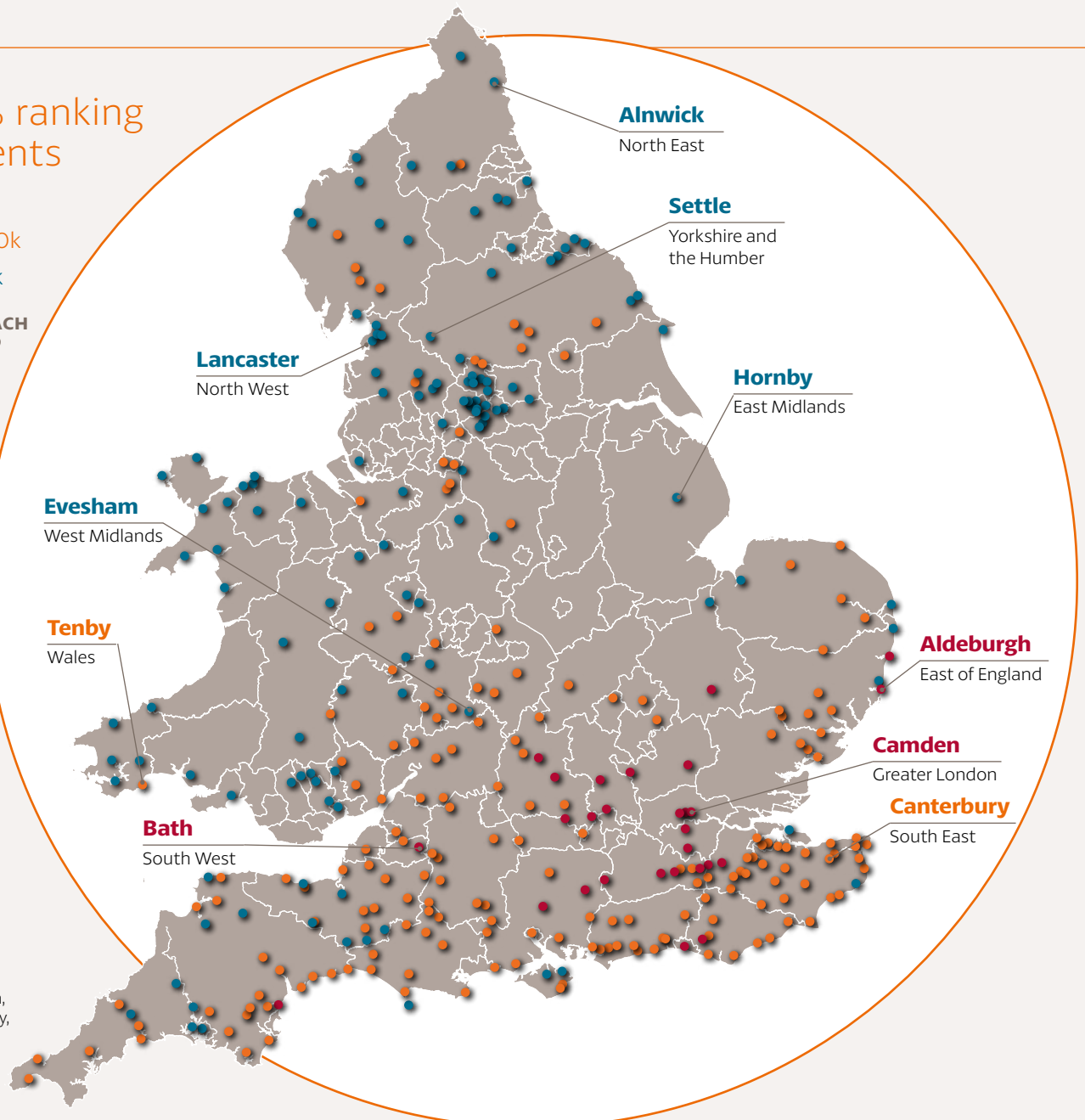
Energy efficient

PLACES FOR THE NEW NORMAL

Top 20% ranking settlements

- Over £650k
- £350k–£650k
- Up to £350k

TOP PLACE IN EACH REGION NAMED



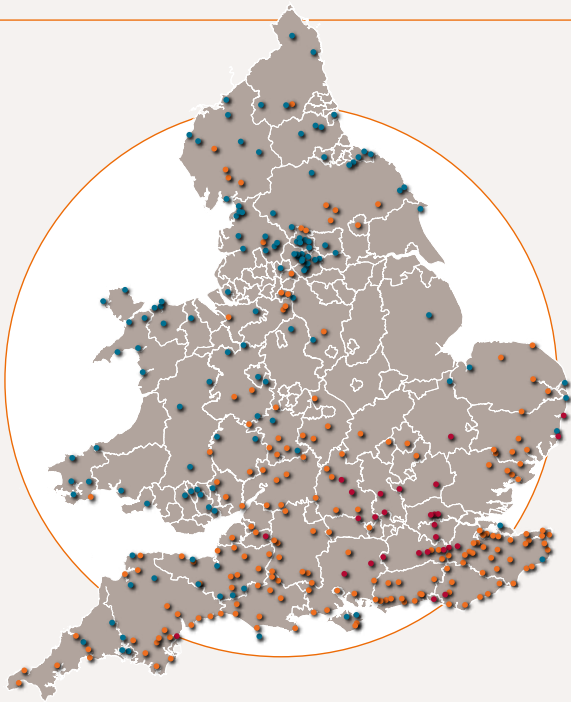
Source: Dataloft, Ordnance Survey, Natural England, DEFRA, Index of Multiple Deprivation, Ofcom, Land Registry, ONS, VOA, Historic England, CADW

NEXT GENERATION PLACES	REGION	ENVIRONMENT*		
		QUALITY OF LIVING*	ARCHITECTURE/HERITAGE*	
1 Bath	South West	40	269	1
2 Tenby	Wales	78	50	32
3 Bradford on Avon	South West	19	251	30
4 Ilfracombe	South West	65	66	69
5 Canterbury	South East	160	58	31
6 Rye	South East	1	205	68
7 St Ives (Cornwall)	South West	47	202	45
8 Settle	Yorkshire and The Humber	22	847	9
9 Wilton (Wiltshire)	South West	67	693	5
10 Aldeburgh	East of England	23	511	33

*Overall ranking in each category, out of 1372 settlements

With digital commuters less tied to the daily commute, home buyers have become freer to focus their home searches on wellbeing and quality of life.

PLACES FOR THE NEW NORMAL



Next generation places by price band

Using average prices per square foot for each area we have calculated the average price of a family home of around 1500 square feet. The top ranked places within each price bracket are shown in the tables.

Hidden gems

Often in these kind of rankings, places with the highest values default to the top of the rankings – after all we live in a market economy. But the rules have changed and we wanted to truly uncover some of our nation's hidden gems. Britain is prized for its built heritage and its natural beauty – particularly its verdure – but economic imperatives have led to many of its finest places being under-appreciated.

This analysis redresses that balance by giving equal weight to non-economic factors. It demands a long term perspective and an open mind. At the very least, it makes a perfect list of places to visit in 2021, once Covid restrictions are lifted, and at best, it is a list of places to consider as home.

Looking beyond price, our ranking threw up a few surprises. For example, at £325,000, an average-sized family home in fourth-placed Ilfracombe costs just half what it would in Bath. The seaside town in North Devon, which is a hub for foodies, boasts fine sandy beaches and a 20m high Damien Hirst sculpture, and is the cheapest of the top 15 locations.



NEXT GENERATION PLACES OVER £650,000

		OVERALL RANKING*
1	Bath	1
2	Aldeburgh	10
3	Lewes	14
4	Westerham	33
5	Southwold	58
6	Sevenoaks	67
7	Oxted	85
8	Winchester	86
9	Henley-on-Thames	104
10	Woodstock (West Oxfordshire)	117



NEXT GENERATION PLACES BETWEEN £350,000 AND £650,000

		OVERALL RANKING*
1	Tenby	2
2	Bradford on Avon	3
3	Canterbury	5
4	Rye	6
5	St Ives (Cornwall)	7
6	Wilton (Wiltshire)	9
7	Faversham	11
8	Langport	12
9	Hay-on-Wye	13
10	Lyme Regis	15

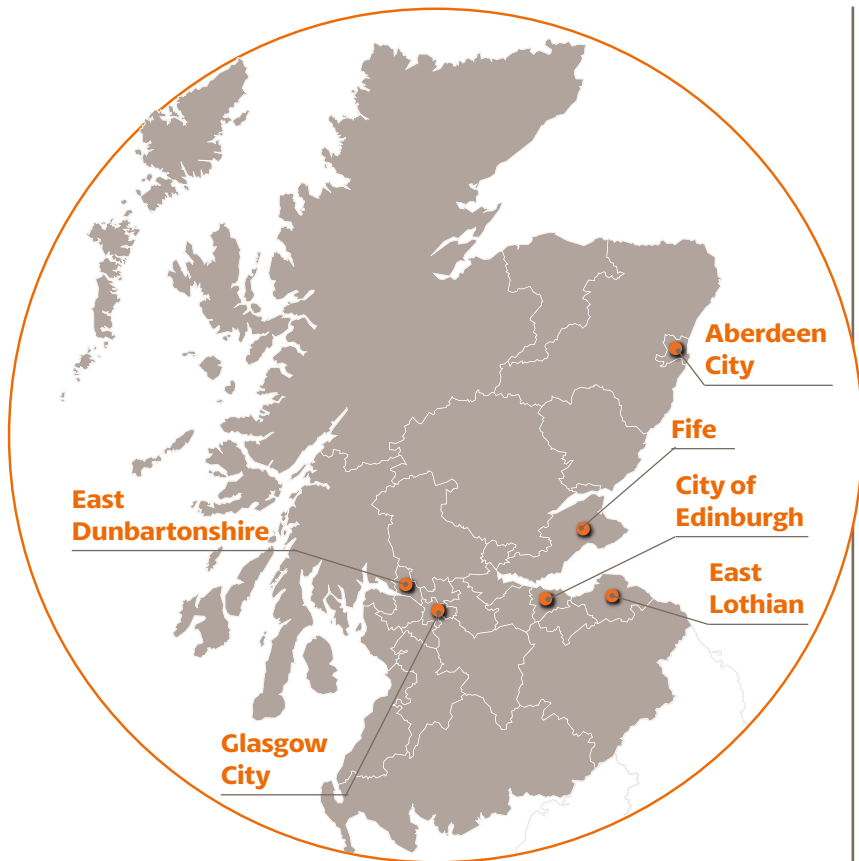


NEXT GENERATION PLACES UP TO £350,000

		OVERALL RANKING*
1	Ilfracombe	4
2	Settle	8
3	Newport (Isle of Wight)	17
4	Scarborough	25
5	Conwy	27
6	Lancaster	37
7	Brecon	40
8	Bethesda	=43
9	Alnwick	=43
10	Cardigan	45

*Overall ranking, out of 1372 settlements

PRIME SCOTTISH HOUSING MARKET



POSTCODE	LOCAL AUTHORITY	VOLUME OF SALES	AVERAGE PROPERTY PRICE
EH3	City of Edinburgh	276	£1,472,011
EH10	City of Edinburgh	188	£1,419,954
EH4	City of Edinburgh	169	£1,347,612
EH9	City of Edinburgh	166	£1,454,634
EH12	City of Edinburgh	127	£1,404,627
AB15	Aberdeen City	898	£1,412,042
G12	Glasgow City	51	£1,207,793
G61	East Dunbartonshire	49	£1,284,656
EH39	East Lothian	47	£1,366,311
KY16	Fife	45	£1,587,209

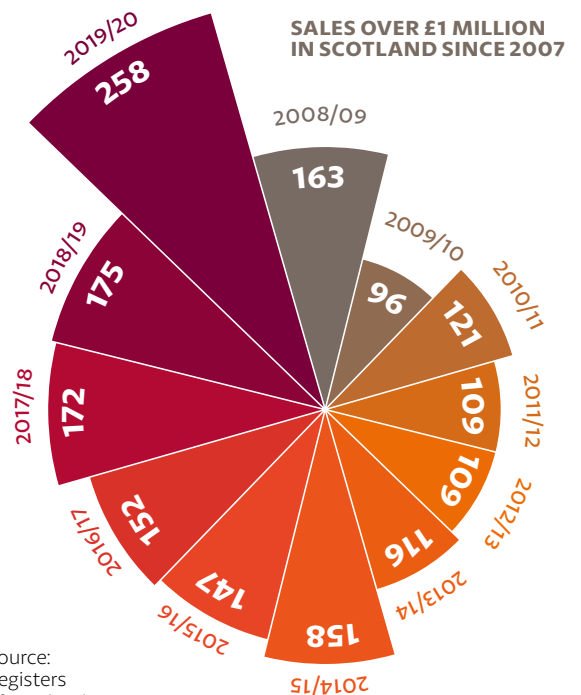
Source: Land and Property Data Team, Registers of Scotland (2007/08 – 2019/20)

Where is the untapped potential?

Encompassing six World Heritage sites, two National Parks, 13% of land area covered by National Scenic Areas, generally cleaner air quality and 47,000 listed buildings, Scotland hosts many attractive places to live. While comparable analysis to places in England and Wales is not possible, it is little wonder that the appeal of Scotland continues to attract buyers from south of the border, with activity particularly boosted by movers from expensive parts of England. This has contributed to growth in the number of high value sales across the country. In 2019/20, there were 256 homes bought for more than £1 million, 62% more than five years earlier.

Scottish prime hotspots

The area in and around Edinburgh has been a focus for high value sales over the last decade with its influence growing in recent years. The City of Edinburgh local authority area comprised 72% of sales over £1 million in 2019/20. There are other prime hotspots across the country, for example, west of Aberdeen, Bearsden in East Dunbartonshire and around St Andrews on the east coast of Fife.



Source:
Registers
of Scotland

THE GARRINGTON TEAM

HEAD OFFICE



**JONATHAN
HOPPER**
Chief Executive
Officer



**NICHOLAS
FINN**
Managing
Director



**JOHN
ADAMSON**
Chairman



**LYNNE
WEST**
Operations
Manager



**YANINA
JEFFREY**
Client Services



**ANYA
LOOMS**
Client Services



**DEBORAH
STANTON**
New Business
Executive



GARRINGTON

LONDON TEAM



**NICK
DAWSON**



**JAMES
RAWES**



**REX
CHALMERS**



**TOBY
RIDGE**



**JENNIE
COLE**



**KATIE
NEALE**



**DANIEL
ROWLAND**



**ANDREA
HEWITT**

Also South West

SOUTH EAST

SOUTH

SOUTH WEST

CENTRAL

EAST



**NICK
KING**



**JENNIE
PETERSSON**



**SAM
WILLIAMS**



**LISA
BURTON**



**PHILIPPA
MILLS**



**WILL
HEIGHAM**



**JENNIFER
MULLUCKS**

MIDLANDS

NORTH WEST

NORTH EAST

SCOTLAND

ASSET MANAGEMENT



KATE VINCENT



**DAVID
LEWIS**



**JULIAN
RICH**



**JAMES
MIDDLETON**



**EDWINA
DE KLEE**



**ISLA
DAVIDSON**



**DAVINA
RASELLI**



**HELEN
HUDSON**

Garrington work on behalf of private and/or corporate clients who want to buy, rent or invest in property both in London and throughout the UK.

Independent Property Advisers

Disclaimer: This report is for general information purposes only. While every effort has been made to ensure its accuracy, Garrington Property Finders Ltd accepts no liability for any loss or damage, of whatsoever nature, arising from its use. The content is strictly copyright and reproduction of the whole or part of it in any form is prohibited without prior written permission. © Garrington Research 2021



Garrington
53 Davies Street
London
W1K 5JH

T +44 (0)20 7099 2773

**E info@garrington.co.uk
W.garrington.co.uk**