

reallymoving House Price Forecast

November 2020: Housing market on course for New Year correction

- House prices set to fall in January and February as post-lockdown boom comes to an end
- Prices will fall by 1.2% in January and 2.5% in February following December market peak
- Average house price will reach new high of £352,239 in December 2020 before correction begins
- Proportion of First Time Buyers fell by 12% between July and December versus same period in 2019

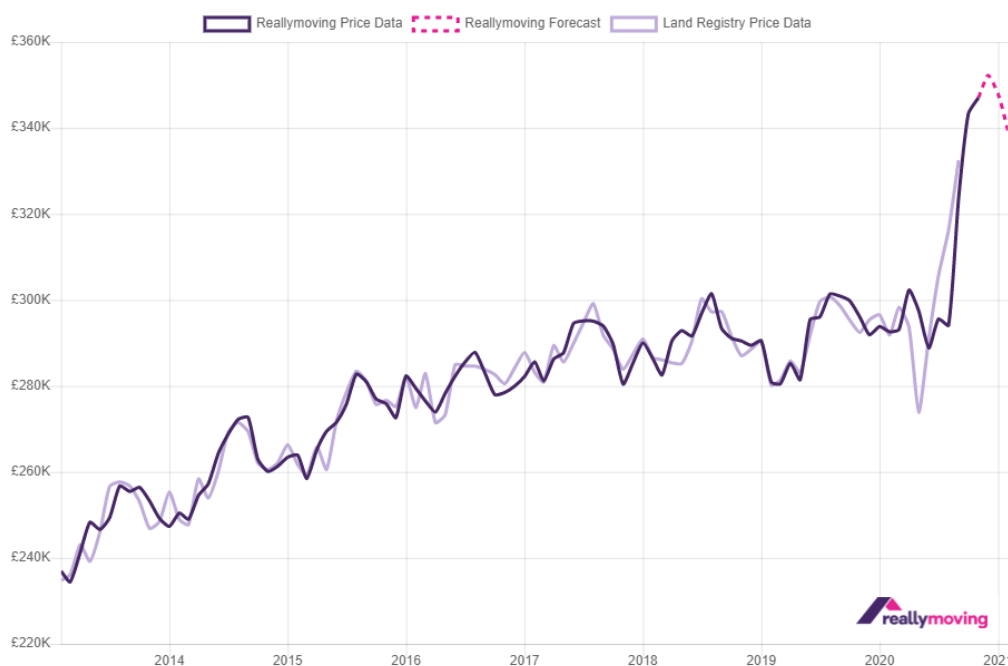
Month	Average price agreed	Monthly change %	Annual change %
October 2020 (actual)	£343,312	6.1%	14.5%
November 2020 (actual)	£347,035	1.1%	17.2%
December 2020 (forecast)	£352,239	1.5%	20.7%
January 2021 (forecast)	£347,880	-1.2%	18.4%
February 2021 (forecast)	£339,306	-2.5%	16.0%

The New Year will herald a turning point for the housing market, with a Christmas peak in prices followed by negative growth in of -1.2% in January and -2.5% in February 2021, according to the Reallymoving House Price Forecast November 2020, released today.

The surge in buyer demand that began this summer as the housing market emerged from lockdown, accelerated by the stamp duty holiday and continued through the early autumn, has pushed prices to record levels when those deals complete at the end of the year. Yet the data clearly shows that surge has now ended and the market is facing the reality of rising unemployment, reduced consumer confidence and further restrictions on economic activity. Buyers and sellers agreed deals at lower prices through October and November which will be reflected in prices falls in January and February.

Reallymoving captures the purchase price buyers have agreed to pay when they search for conveyancing quotes through the comparison site, typically 12 weeks before they complete. This enables reallymoving to provide an accurate three-month house price forecast that historically has closely tracked the Land Registry's Price Paid data, published retrospectively (see Graph 1).

Graph 1: reallymoving House Price Index (England and Wales) including 3-month price forecast



Monthly price changes

Strong buyer demand in the late summer and early autumn means positive growth is already built into the housing market for the remainder of the year, albeit at a slower rate than in September and October, with prices set to rise by 1.5% in December to peak at a new high of £352,239.

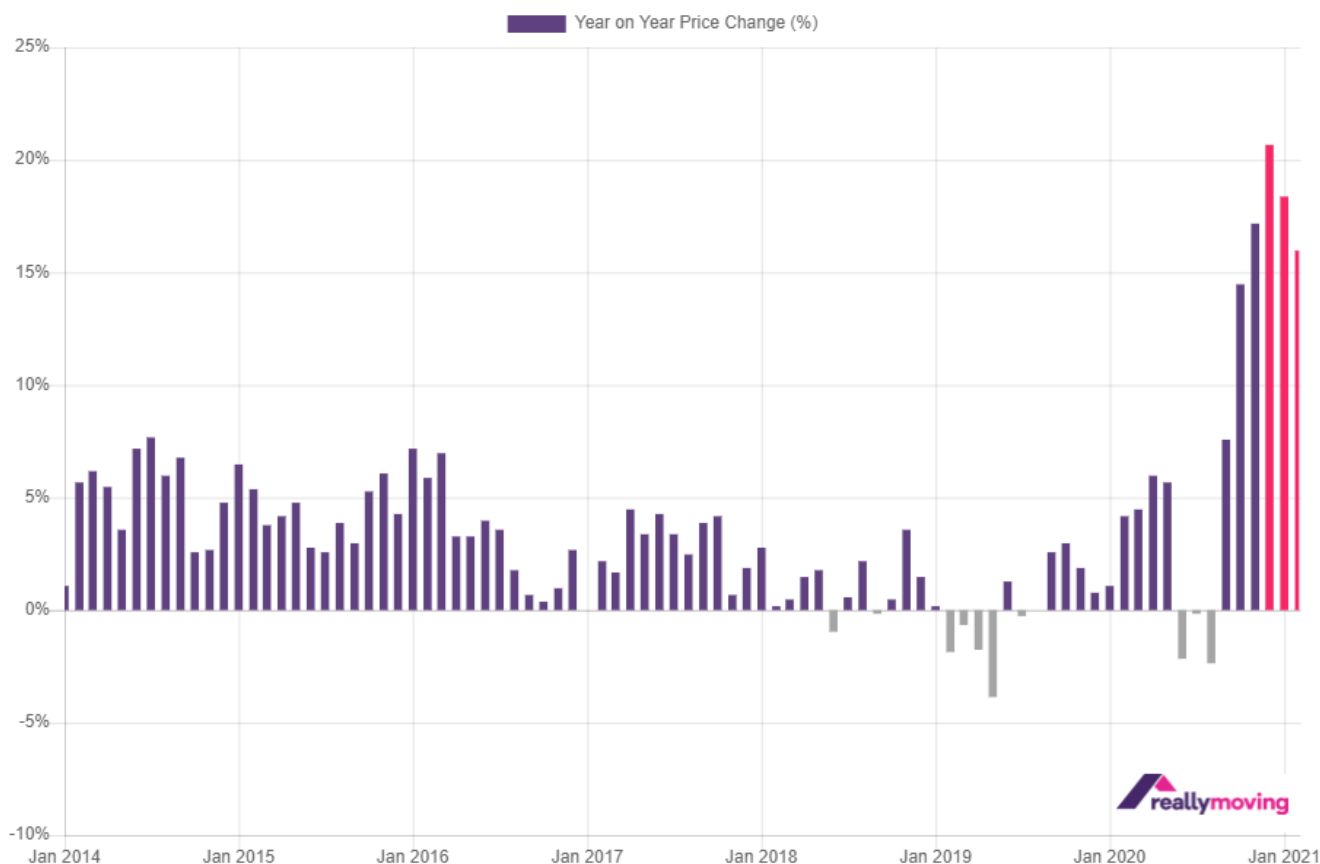
Yet as anticipated, the data now clearly indicates that the New Year will bring a turning point in house price growth, with prices falling for the first time in January (-1.2%), accelerating in February 2021 (-2.5%), reflecting a slowdown in buyer demand through late autumn.

Between July and December 2020, the proportion of First Time Buyers in the market fell by 12% compared to the same period last year, as the post-lockdown boom was driven by equity-rich homeowners higher up the ladder, who benefited the most from the stamp duty holiday. Comparatively, few First Time Buyers benefited from the tax saving, while facing additional challenges securing mortgages and competing with Buy to Let investors for starter homes. This trend helped push up average prices in the second half of 2020, with a correction likely when the stamp duty holiday ends and First Time Buyer activities rebounds.

Annual price changes

By January 2021, the average value of a home in England and Wales will have risen by £54,000 compared to January 2020, a remarkable 18.4% year on year growth. Fuelled by the stamp duty holiday, average prices have been pushed up sharply by existing homeowners who are largely unaffected by the pandemic, yet the rate of annual growth is already slowing from 20.7% in December 2020, to 18.4% in January 2021 and 16% in February 2021. As demand continues to subside reallymoving expects the rate of annual growth to slow further in the months ahead.

Graph 2: Year on Year average price changes (England and Wales) including 3-month forecast

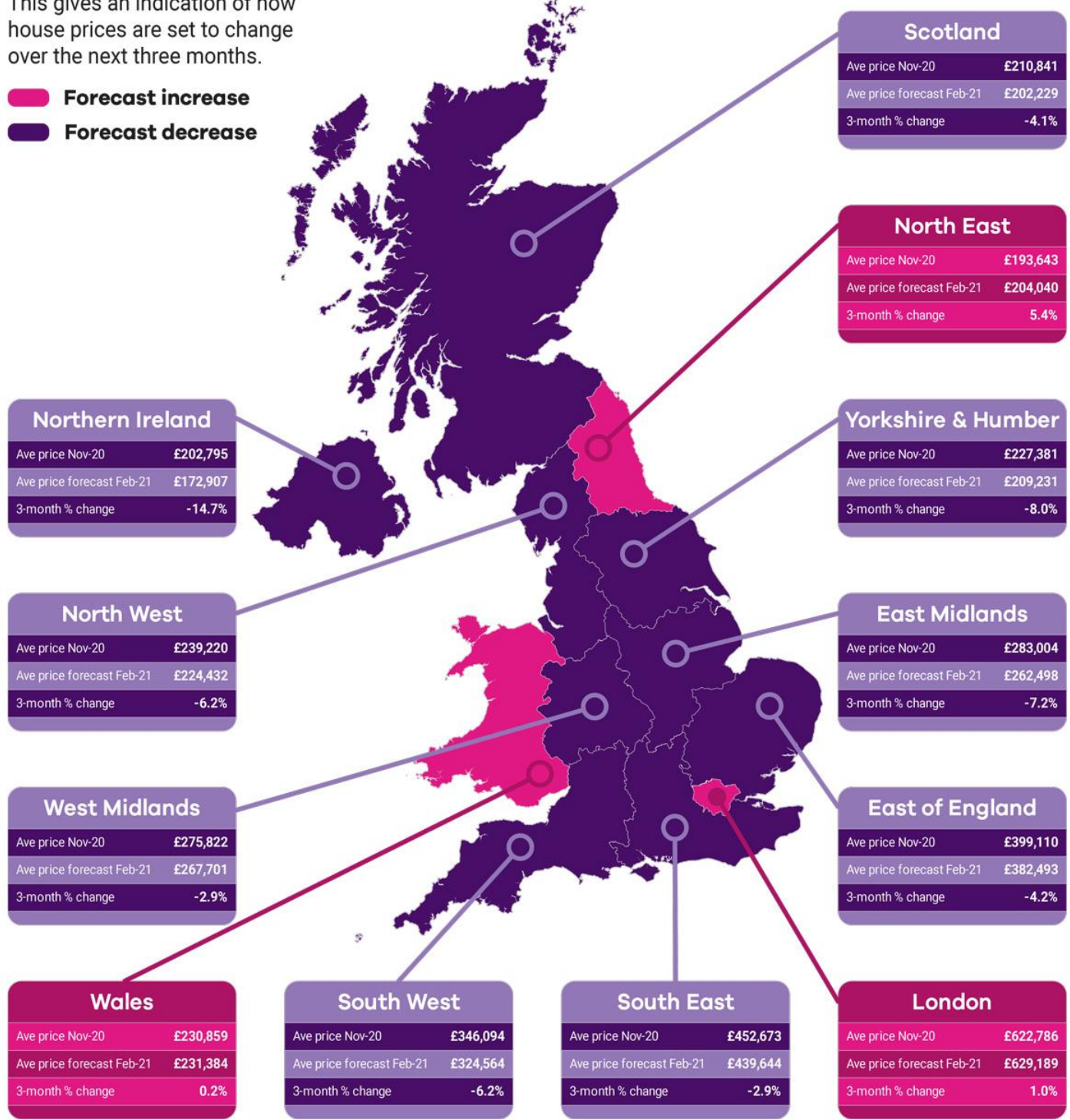


Regional Forecasts



The map below shows the forecast percentage change in regional house prices for February 2021, relative to current figures seen in November. This gives an indication of how house prices are set to change over the next three months.

Forecast increase
Forecast decrease



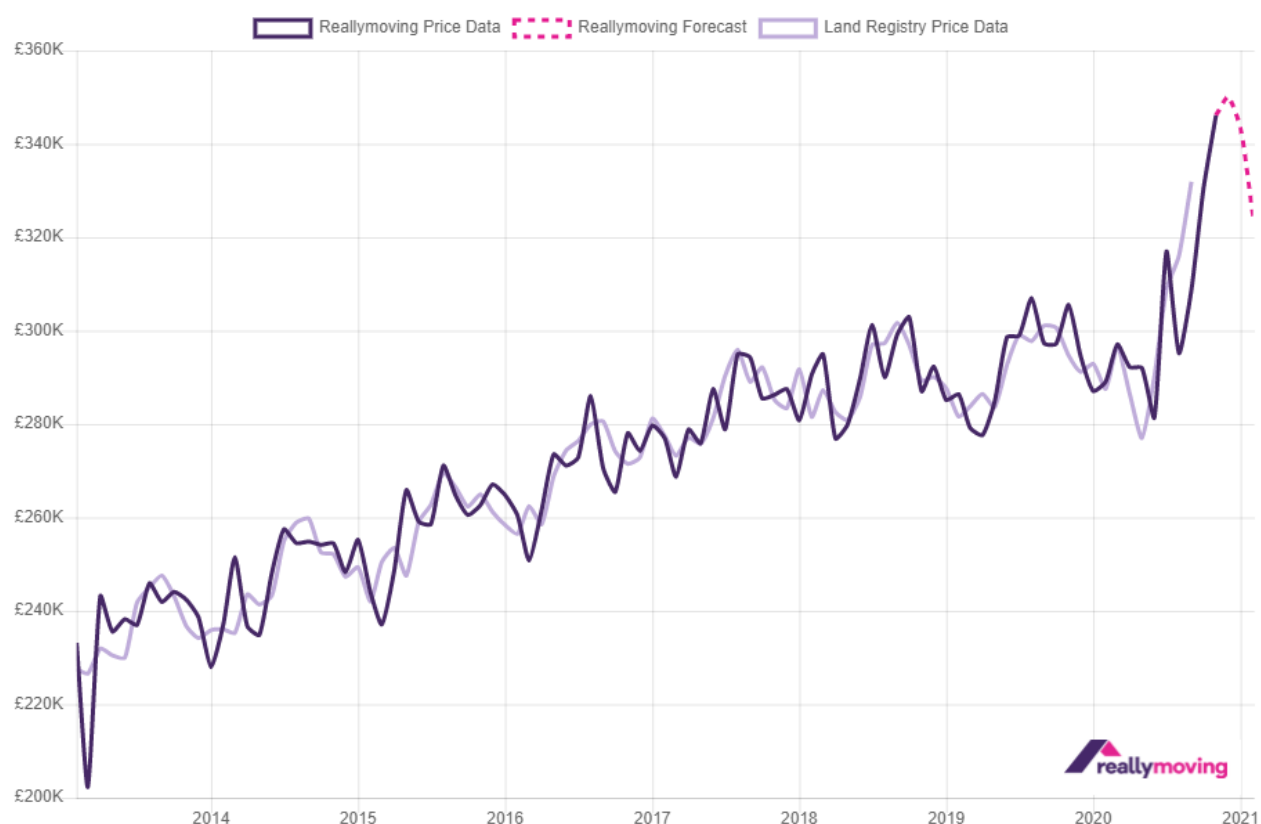
Regional 3-month price forecasts

Nine out of twelve UK regions will see prices decline over the next three months, with some of the largest falls to take place in the north including Yorkshire and Humberside (-8.0%), the North West (-6.2%) and Scotland (-4.1%). All UK regions will see annual growth remain in positive territory, however. Strong price gains over the last twelve months mean average values across the country remain considerably higher than a year ago, although in most areas the rate of annual growth is showing signs of slowing in February, in line with the national trend.

London will see positive price growth of 1.4% in December, but this will slow to just 0.3% in January with prices beginning to fall in February (-0.6%).

Reallymoving's online [House Price Forecast](#) is an interactive tool providing house price information and forecasts for every region of the UK alongside Land Registry Price Paid data. Highlighting the South West this month, the region saw notably strong monthly growth through the early autumn as city buyers chased the rural dream, but prices will fall by 6.2% over the next quarter from £346,094 in November to £324,564 in February 2021.

Graph 3: reallymoving House Price Index (South West) including 3-month price forecast



Analysis and commentary

Rob Houghton, CEO of reallymoving, comments: *“Our prediction of a New Year change in fortunes for the housing market has been further strengthened by the latest data which clearly shows price growth entering a downward trend in January and accelerating in February.*

“The mask is beginning to slip on the two-tier housing market of recent months, which has seen activity from equity-rich homeowners who are less affected by the pandemic, concealing problems at the lower end of the market where First Time Buyers have benefited little from the stamp duty holiday and faced considerable challenges securing higher loan to value mortgages.

“The kind of growth we’ve seen over the last few months was never sustainable. Despite positive vaccine news, which will certainly boost confidence that the end of the pandemic is now in sight, there are significant challenges for the housing



market to overcome in the short term, including the end of both the stamp duty holiday and the furlough scheme on 31st March, which is likely to result in further downward movement in prices over the first half of next year.”

-- ENDS --

Notes to Editors

About the reallymoving House Price Forecast

The Index, which launched in May 2019, uses average house prices calculated from data submitted on conveyancing quote forms at reallymoving.com. Registrations for conveyancing quotes are completed typically three months prior to the transaction date, giving reallymoving a unique perspective and forecast of house prices. As such, forecasted data for December 2020 - February 2021 is based on registrations from September to November 2020 respectively.

The data is mix adjusted but not seasonally adjusted. Seasonally adjusted data is available on request.

Reallymoving recognises that, as a price comparison site, its average user profile is skewed towards the lower end of the market. Therefore, forecast values are lifted by the average difference seen between reallymoving and Land Registry Price Paid data during the previous quarter. The difference is fairly constant in percentage terms.

Only non-commercial properties between £40,000 and £2,000,000 are included in the calculation, to account for errors in submitting the quote form.

Between September – November 2020, reallymoving analysed data from 30,000 completed conveyancing quote forms to form the basis of its average property price projections for December 2020 – February 2021.

About reallymoving

Launched in 1999 and celebrating its 20th birthday last year, reallymoving has become the UK's leading provider of free instant quotes for home-moving services, serving its 2 millionth customer at the beginning of 2018. It is an independent and privately financed company, majority owned by its management and directors.

During 2019 reallymoving received 270,000 registrations and generated 1,050,000 quotes on behalf of its UK-wide network of partners, representing approximately £190 million worth of work in 12 months. reallymoving believes approximately 9% of the UK's home movers in 2019 received quotes from the site.

reallymoving provides instant quotes for Conveyancing, Surveys, Removals, 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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