



Connells
group

MARKET REPORT

Quarter Two 2024

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Methodology

Connells Group analyses detailed data from its estate agency, land & new homes, lettings, mortgage, surveys & valuations and asset management businesses. Individual measures are stated on a like-for-like basis and are subject to restatement following acquisitions.

Each month, the researchers analyse tens of thousands of registrations, instructions, applications, approvals and valuations and use this data to publish a quarterly report which reflects trends across the property spectrum. An index point of January 2019 is used where it is appropriate.



Adrian Scott
Managing Director, Group Lender Services

During the second quarter of the year, activity levels across our 1,200+ branch network have remained ahead of 2023, with the positive customer sentiment seen during Q1 continuing to support a good level of activity across all sectors of the market.

The surprise election announcement delivered by the Prime Minister in May, and the Bank of England's decision to maintain interest rates at a 16-year high in June, both had the potential to distract and influence market sentiment.

However, there was no easing in activity and as polling day drew near, data from our branch network indicated that buyer interest remained strong, and vendors continued to have an appetite to transact.

During the quarter, Connells Group hosted 'The UK's Largest Open House Event', across our core estate agency brands, and new homes businesses. This initiative drove increased activity across buyer offers, viewings and first mortgage appointments.

For the second quarter, portal enquiries increased 10% year on year, viewing activity rose by 11% year on year, and with buyers willing to transact, the number of sales agreed also reflected this upward trend, increasing by 13%.

The housing market has been underpinned by a sustained increase in the availability of second-hand homes. The number of properties available for sale at the end of June 2024 was up by 21% when compared to the same period in 2023. Average asking prices showed a marginal decrease of 1% from H2 2023.

Mortgage services data showed first-time buyers and buy-to-let investors continued to demonstrate positive activity. In our lettings business, rents have demonstrated an increase year on year. The number of available properties to rent has increased by 24% year on year. There has been no significant rise in buy-to-let investors looking to dispose of properties at the end of tenancies; instead, they have preferred to re-let and retain their assets.

Our new homes business also experienced an encouraging second quarter, with a steady number of reservations, although supply remains constrained due to ongoing challenges faced by developers.



increase in properties available for sale June 2024 vs June 2023



increase in buyer demand vs Q2 2023



increase in first-time buyer activity across mortgage services vs Q2 2023



increase in new instructions for lettings vs Q2 2023



Ian Fry
Group Chief Executive (Estate Agency)



increase in new instructions vs Q2 2023



the average asking price at instruction in June 2024



increase in viewing activity vs Q2 2023

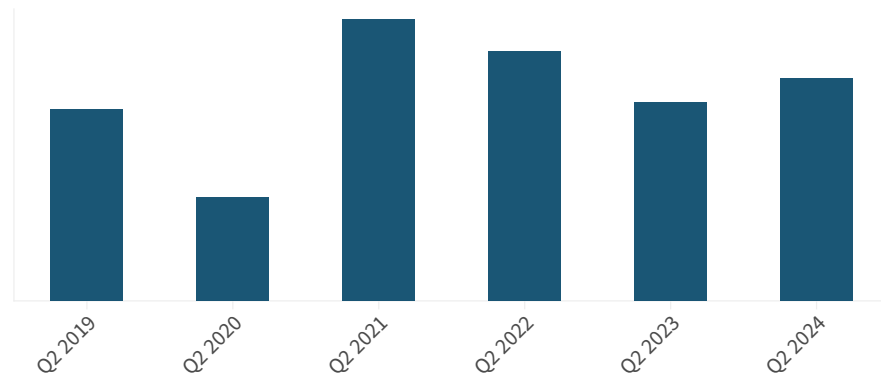


increase in sales agreed vs Q2 2023

Following a strong start to the year, the spring market has continued to demonstrate growth across key metrics, especially year on year.

Q2 encompassed several holiday periods and the lead-up to the general election, however the number of prospective buyers searching for properties in Q2 across the Connells Group network rose by 12% year on year and sat 16% above numbers seen in Q2 2019.

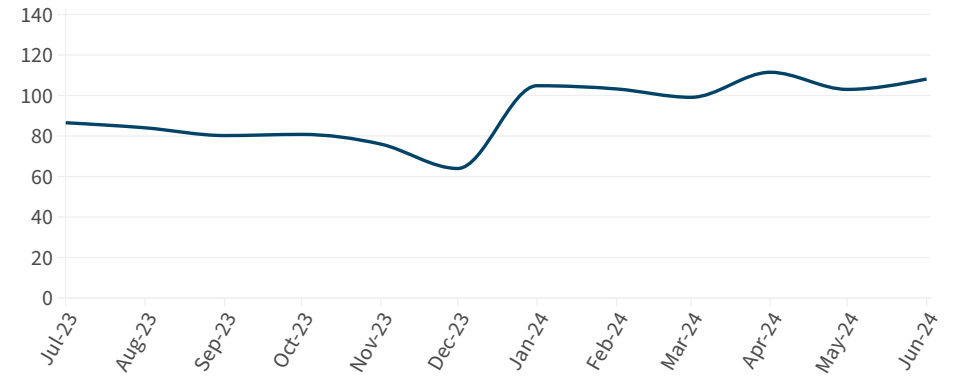
Number of prospective buyers registered



(indexed against January 2019)

Buyer activity positively influenced sales transactions, with the number of sales agreed in Q2 2024 showing an increase of 13% compared to Q2 2023. These figures show the strong performance of the market and the continued demand for properties.

Number of sales agreed



(indexed against January 2019)



Ian Fry
Group Chief Executive (Estate Agency)

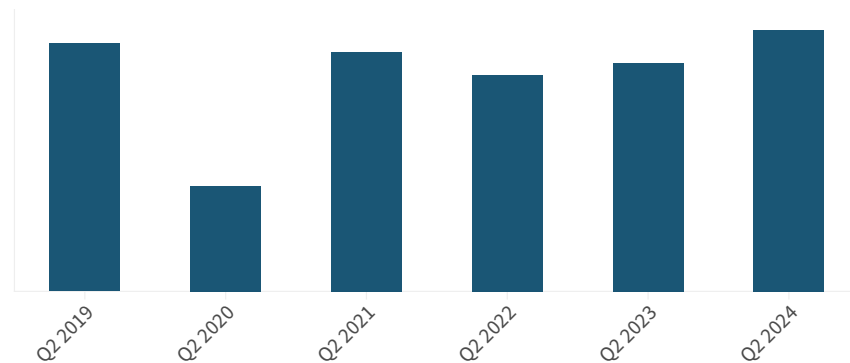


In Q2, buyer activity was stimulated by the increased number of properties available for sale.

The number of market appraisals remained strong throughout the quarter, with Q2's activity being the busiest on record for 6 years.

In Q2 2024 market appraisals increased by 15% compared to Q2 2023, leading to a 14% rise in new instructions during the same period as vendors showed a strong appetite to enter the market.

Total number of instructions

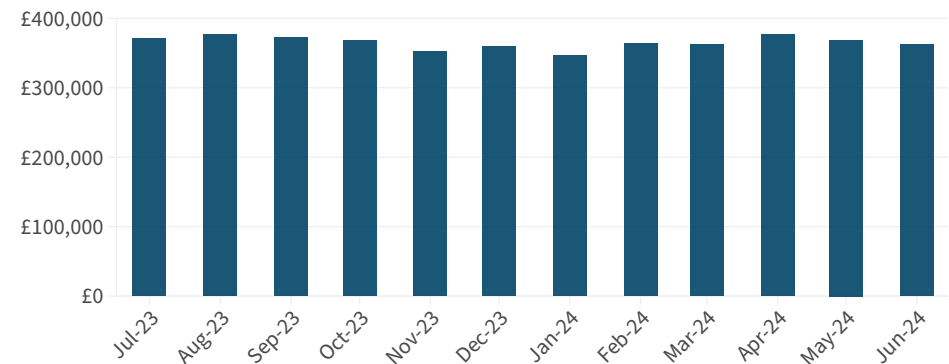


(indexed against January 2019)

The number of properties available for purchase also climbed, with numbers at the end of June 2024 demonstrating a year-on-year increase of 21%.

Year to date, the average property price at instruction reduced by 1% from H2 2023. However, due to increased buyer confidence, the average property sale price increased by 5% over the same period.

Average asking price



As average sale prices increase, exchange prices will follow suit in the second half of 2024. This will be further supported by a larger volume of higher value homes which came to the market in Q2.



Ian Fry
Group Chief Executive (Estate Agency)

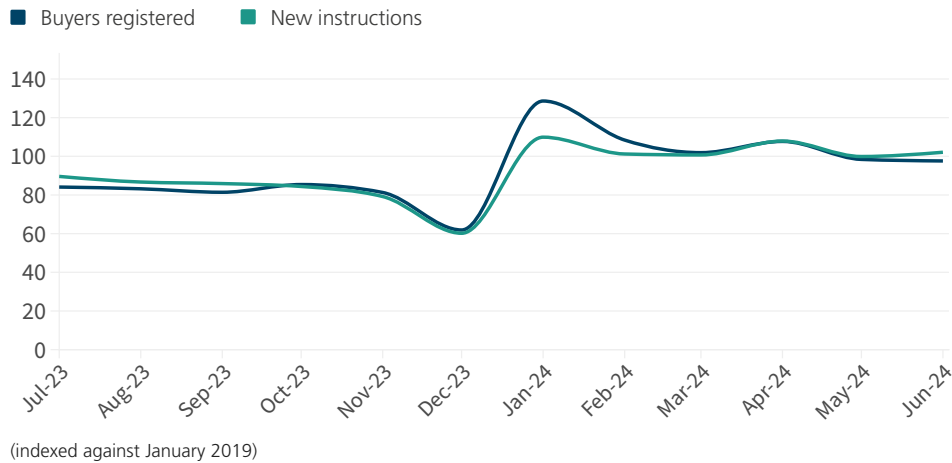
New buyers and instructions

The positive sentiment shown by both buyers and vendors during the first half of the year has seen new applicant registrations and new instructions running ahead of H1 2023.

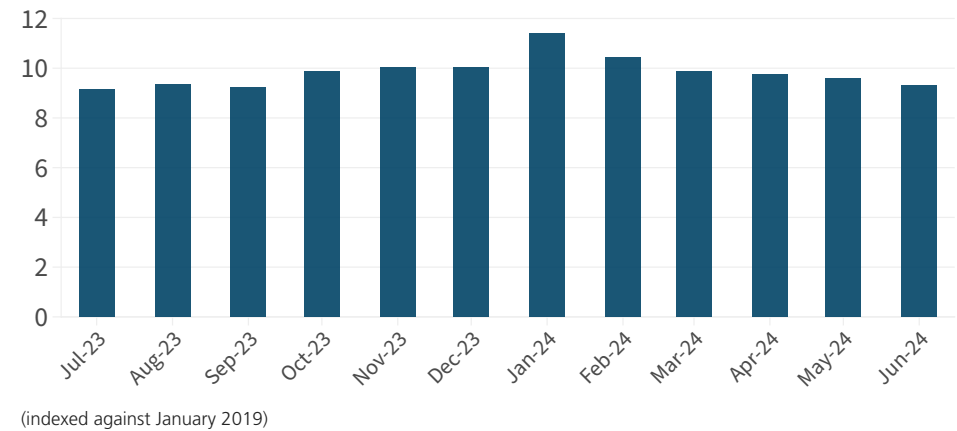
This position has been maintained and June ended with buyer registrations up by 14% on June 2023, and new instructions up by 11% on June 2023.



Number of buyers registered & new instructions



Buyers registered per new instruction

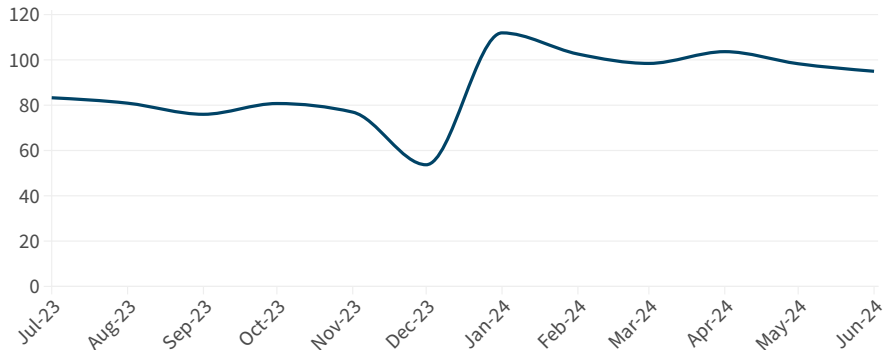




Ian Fry
Group Chief Executive (Estate Agency)

Viewing activity eased marginally at the end of the quarter but remained positive, and Q2 showed an 11% increase year on year.

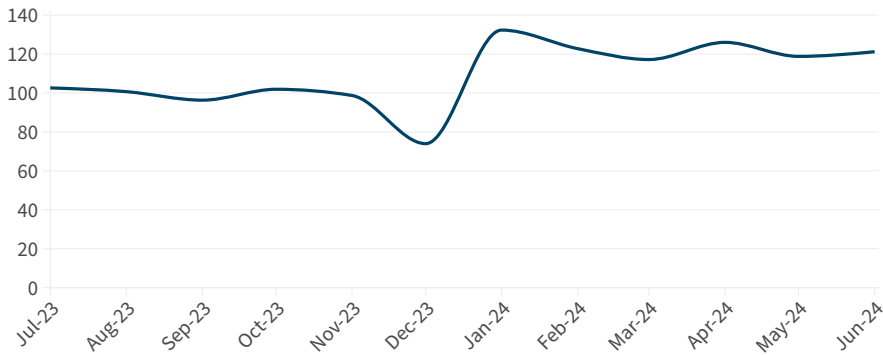
Number of buyer viewings



(indexed against January 2019)

The number of buyer offers made during Q2 were 9% ahead of the numbers seen in Q2 2023.

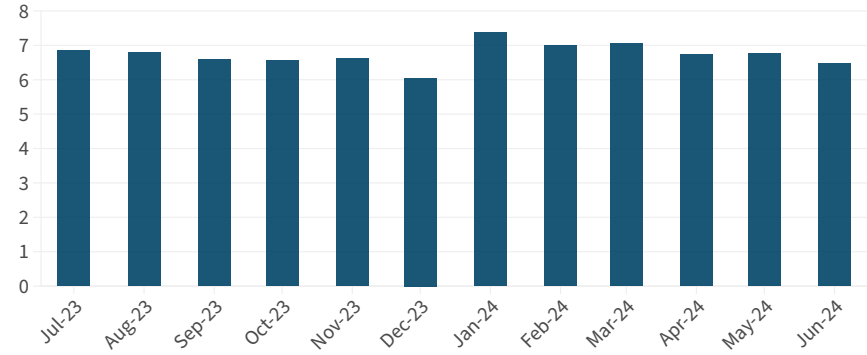
Number of buyer offers



(indexed against January 2019)

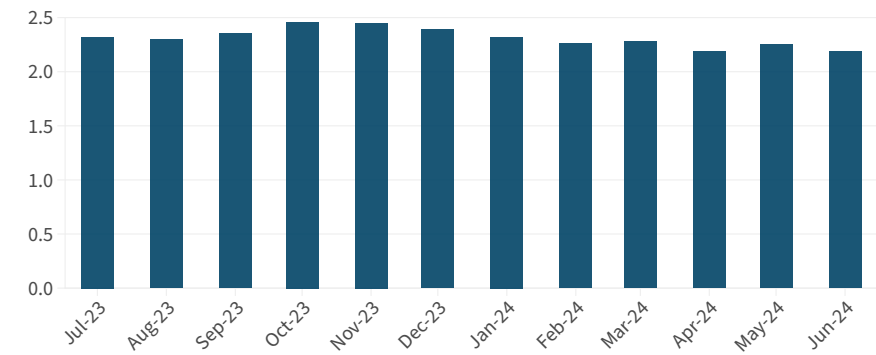
The average level of viewings per offer was 6.6 in Q2, an improvement from 7.1 in Q1 2024, reflecting increased buyer confidence.

Number of viewings per offer



The average number of offers per sale agreed was 2.2 in Q2 2024. This decreased marginally from 2.3 in Q1 2024.

Number of offers per sale agreed



Regional average house prices at completion Q2 2024

£194,019

Scotland / North
2% up from Q2 2023

£306,039

East
5% down from Q2 2023

£221,740

Midlands
1% down from Q2 2023

£753,899

London
3% up from Q2 2023

£253,978

Wales / South West
3% down from Q2 2023

£399,392

South East
7% down from Q2 2023

UK average house price at exchange Q2 2024

£296,484

down
1%
from Q2 2023
£299,710



Roger Barrett
 Managing Director, Group Land & New Homes

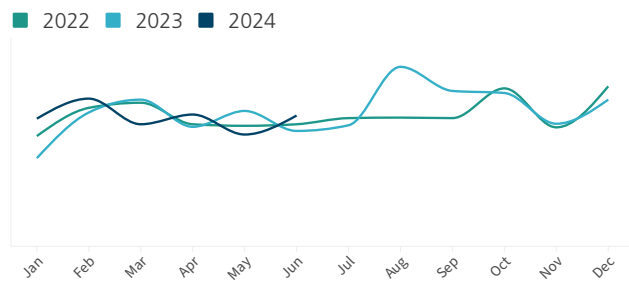
+2%

increase in instructions vs Q2 2023

Leading up to the election, building new homes was a topic of conversation. However, it remains to be seen which policies will be implemented by the new Government. Delays in the planning process have continued to constrain the supply of new homes, and planning reform should be at the top of their list.

According to the Home Builders Federation (HBF) June figures, the number of sites granted permission in Q1 2024 in England was 2,472 - the lowest quarterly figure since the HBF Housing Pipeline Report began in 2006.

Number of instructions



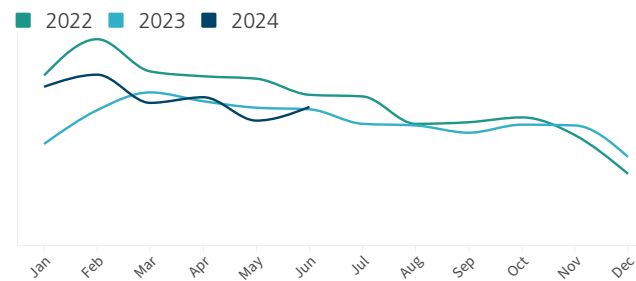
-1%

decrease in new home sales vs Q2 2023

Q1 saw good momentum from our new homes teams' results which largely carried into Q2, although a dip in activity was seen in May. Moving into spring, many developers saw positive signs from buyers.

Across Connells Group, the number of instructions for new homes grew by 2% year on year.

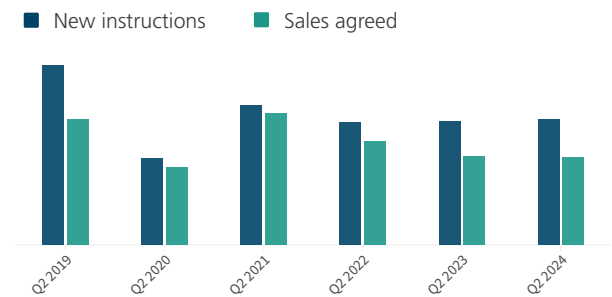
Number of sales agreed



These instructions are selling well, but sales volumes have decreased marginally by 1% year on year.

With the benefits of buying a new home well recognised among consumers, the major challenge in the new homes market continues to be restrictions on supply.

Number of new instructions vs sales agreed





Roger Barrett

Managing Director, Group Land & New Homes

The latest Housing Pipeline Report from the HBF, using Glenigan data, reveals a sharp decline in the number of new homes and sites granted planning permission in the year to March 2024.

New homes have a clear role to play in providing housing for all tenures, and recent data on planning permissions, which predict future supply levels, confirm industry concerns. This period saw the lowest number of new housing sites consented since data collection began in 2006, indicating a significantly reduced housing pipeline.

To increase delivery, the new Government must address:

- The re-introduction of housing targets and implementation of all 'local plan' processes.
- Natural England's nutrient neutrality requirements which could cause an additional fall in the supply of up to 41,000 homes, and these requirements have already blocked 160,000 homes.
- The lack of investment in local authorities and reform of planning structures.
- Proposed anti-development reforms to the National Planning Policy Framework (potential drop in the supply of 77,000 homes per year).
- The re-introduction of an effective replacement for Help to Buy.



Housing supply and market activity

These barriers demonstrate the need for collaboration from the Government with the industry to reform the planning system, assist prospective first-time buyers, and address the estimated 160,000 new homes stalled by nutrient neutrality rules.



Stephen Nation
Executive Chairman, Group Lettings



**increase in
new instructions
vs Q2 2023**



**UK average
rent for
Q2 2024**



**decrease in
tenant demand
vs Q1 2024**

The residential lettings market continued to perform well in Q2 2024, despite some uncertainty surrounding the election and future policies for the private rented sector.

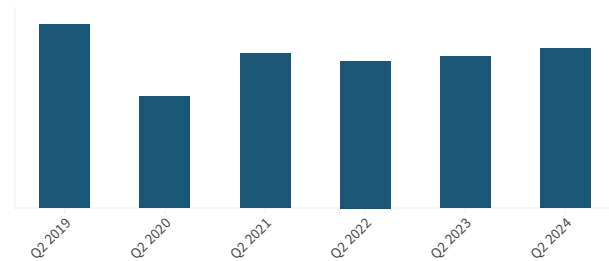
Connells Group's branch network saw a 6% increase in new instructions year on year compared to Q2 2023. Notably, the number of instructions in June was the highest since July 2020.

In June, the Group's re-let figures remained above 70% and we saw the number of properties available for rent continue to increase, rising by 4% quarter on quarter.

Investors continued to see benefit from the private rented sector. Tenancy lengths continued to increase, as Q2 saw the number of new prospective tenants registering ease by 2% quarter on quarter.

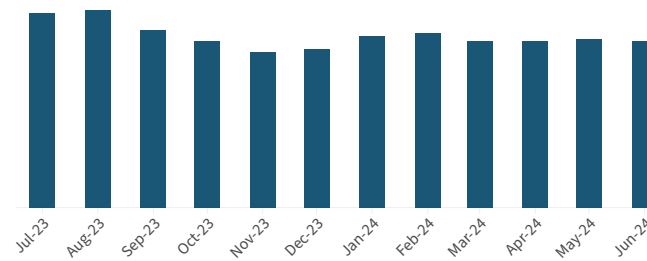
Across Connells Group, increased stock levels coupled with steady tenant demand resulted in the number of tenancies agreed in Q2 2024 increasing by 3% from Q2 2023.

Number of instructions

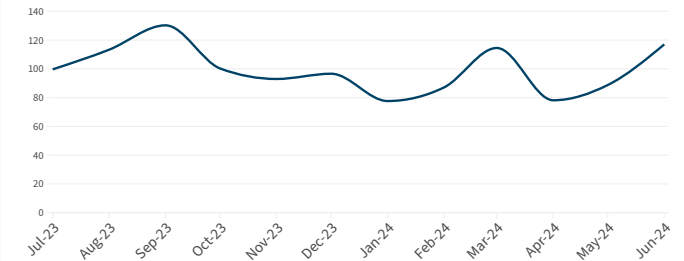


(indexed against January 2019)

Average applicants per new instruction



Number of agreed tenancies



(indexed against January 2019)



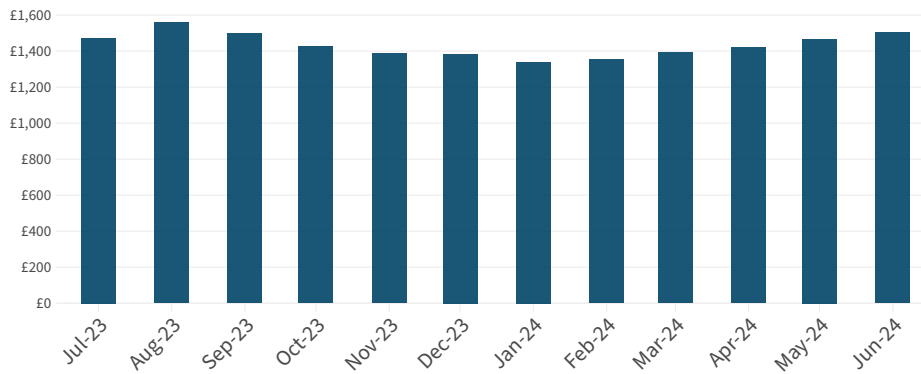
Stephen Nation
Executive Chairman, Group Lettings



The average monthly agreed rent in Q2 2024 was £1,464 pcm, with a peak in June at £1,503 pcm.

This quarterly average represents all regions and is up by 6% year on year and up by 8% from Q1 2024.

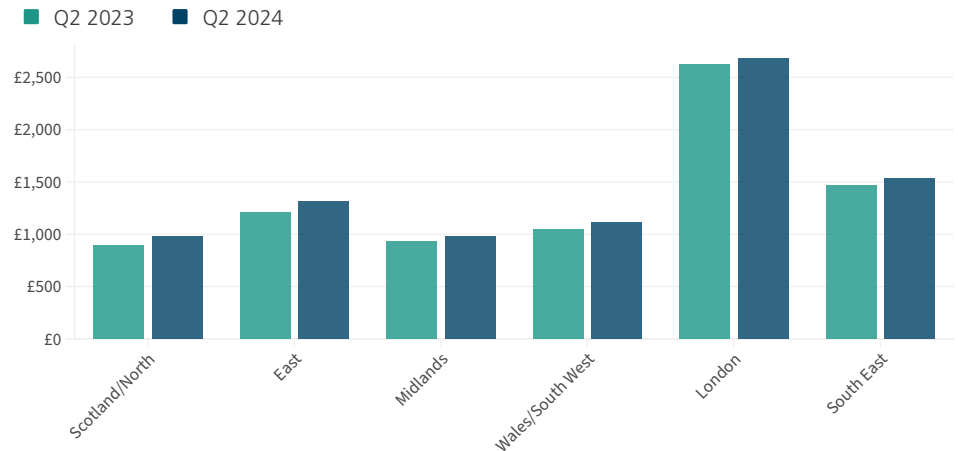
Monthly agreed rents (UK)



Rental price growth has continued to rise, but Q2 demonstrated no change in rental arrears. The South East and the Midlands both saw a decline in rental values in June, whereas in the two regions, Scotland / North and the East, rental values rose in June.

As stock levels continued to grow and pressure from tenant demand eased slightly, the overall growth rate of prices slowed year on year.

Average agreed rents (regional)



Regional average rent Q2 2024

£975

Scotland / North
9% up from Q2 2023

£1,310

East
9% up from Q2 2023

£978

Midlands
5% up from Q2 2023

£2,677

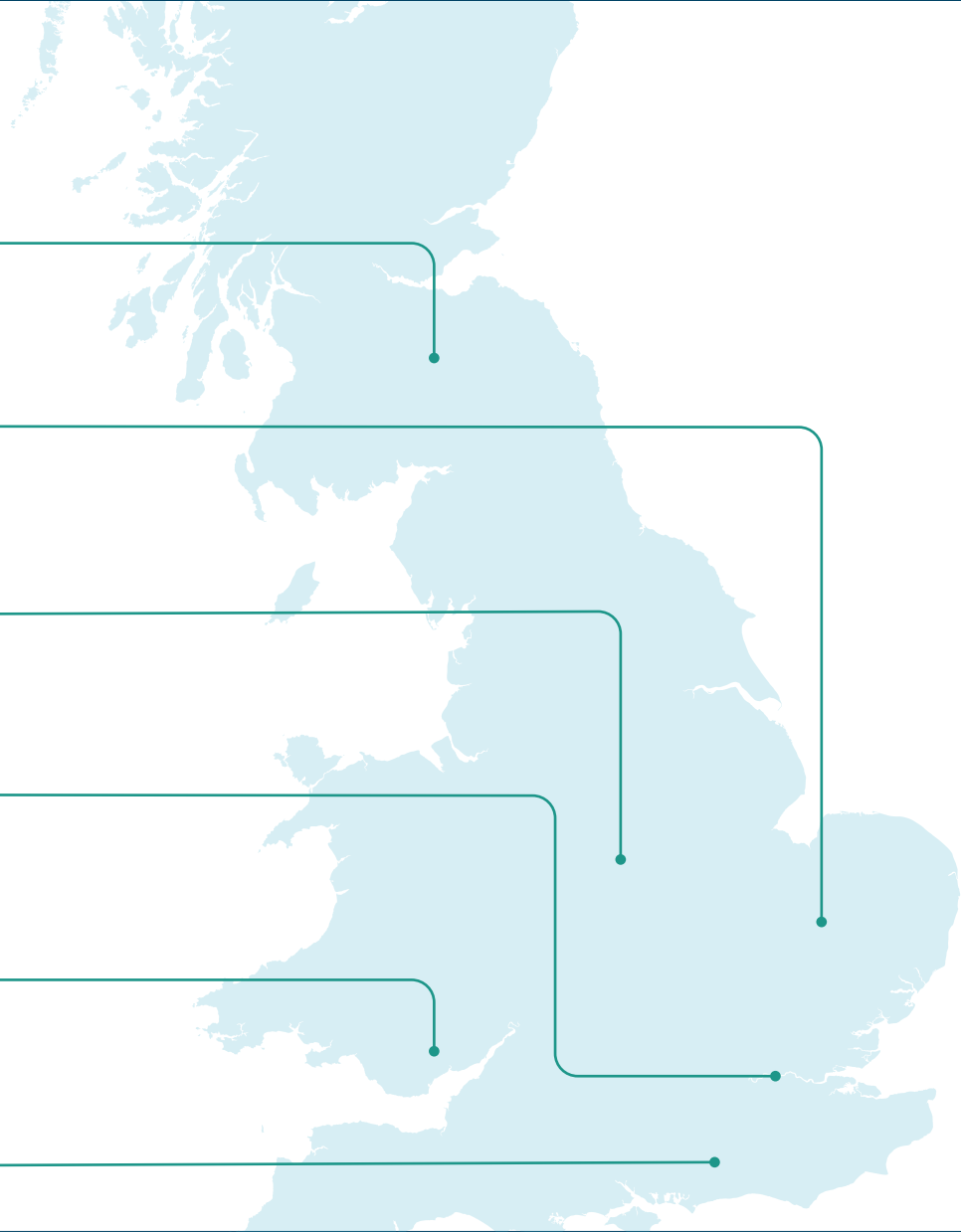
London
2% up from Q2 2023

£1,111

Wales / South West
6% up from Q2 2023

£1,533

South East
4% up from Q2 2023



UK average rent
Q2 2024

£1,464pcm

up
6%
from Q2 2023



Graham Closier
Group Mortgage Development Director



more first-time buyers vs Q2 2023



increase in buy-to-let mortgages vs Q2 2023



the average mortgage term in June 2024



UK average mortgage value Q2 2024

The mortgage market in the second quarter of 2024 saw a continuation of momentum from Q1. The Bank of England base rate remained unchanged, but there is widespread expectation that it will be reduced in the latter half of the year. Although inflation decreased, swap rates only saw marginal movements through the quarter.

As a result, mortgage rates remained relatively stable during this period. This led to a positive trend in mortgage applications from first-time buyers, home-movers, and buy-to-let purchasers.

However, individuals seeking to refinance their current mortgages were more hesitant to proceed, waiting in anticipation of a better deal.

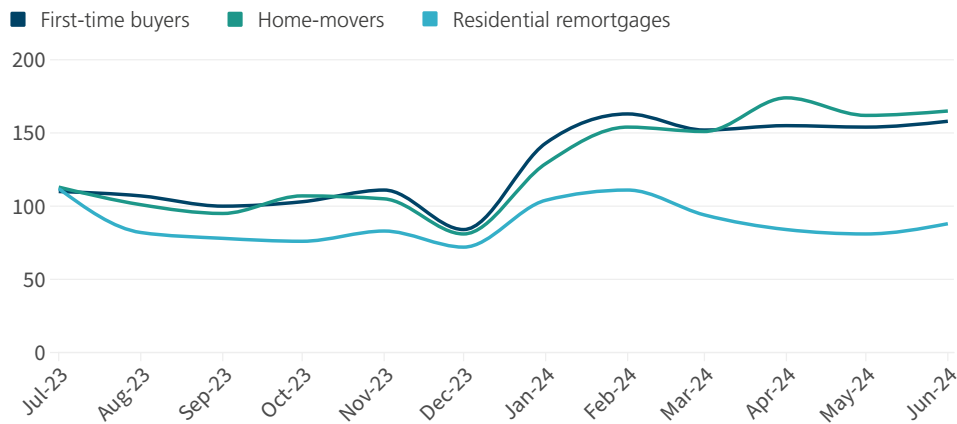
The residential mortgage market in Q2 was up by 16% year on year. When compared to Q1 2024, total activity saw a slight contraction of 2%.

For the quarter, first-time buyers were once again the leading customer type. However, home-mover activity increased by 36% year on year and by 15% from Q1 2024, showing the largest area for customer growth.

Overall, first-time buyers equated to 36% of the total business for Q2 2024, with their activity 28% up year on year and 2% up from activity seen in Q1 2024.

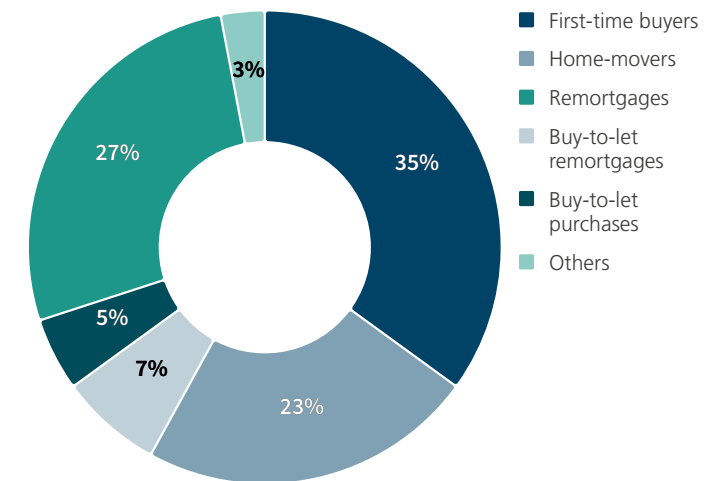
Regionally, the highest number of first-time buyers was seen in the North and Midlands, but the growth of first-time buyer activity was most evident in the East, where the activity grew by 39% from Q2 2023.

Number of residential mortgages by type



(indexed against January 2019)

Percentage of mortgage types Q2 2024





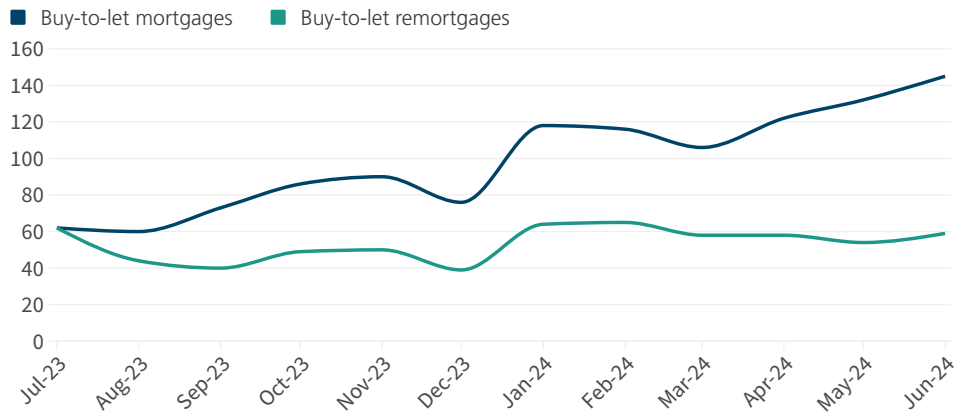
Graham Closier
Group Mortgage Development Director

Overall, buy-to-let activity saw a 9% increase year on year and a 3% increase quarter on quarter.

Buy-to-let mortgage purchases led the way, increasing by 45% vs Q2 last year and by 19% vs Q1 2024.

Buy-to-let remortgages saw a slight decrease, falling by 9% year on year and by 7% from Q1 2024.

Number of buy-to-let mortgages by type



(indexed against January 2019)





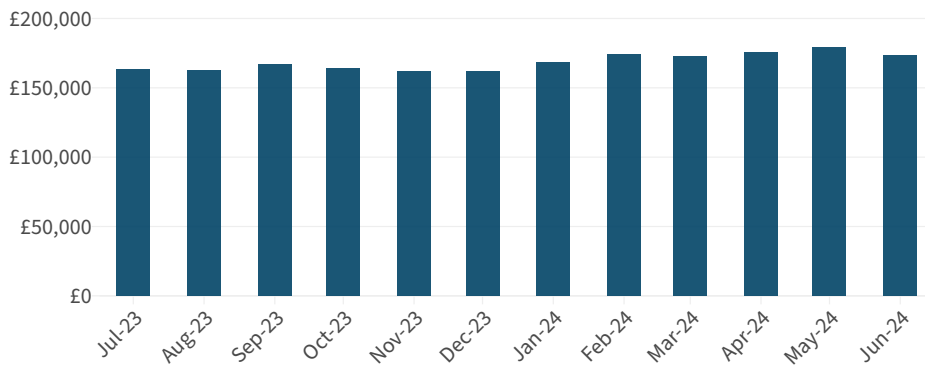
Graham Closier
Group Mortgage Development Director



Mortgage values

The average mortgage value in Q2 was £175,708, which is 3% higher than the same quarter last year.

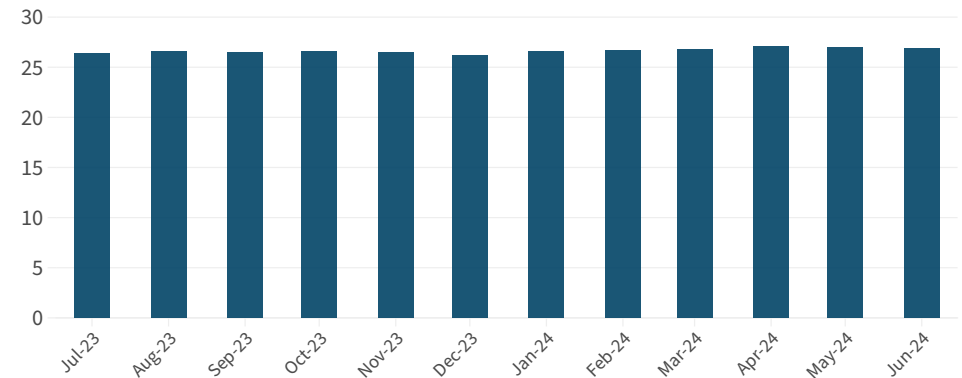
Average mortgage value (£)



Mortgage terms

The average mortgage term increased, standing at 26.9 years at the end of Q2 2024, up from 26.3 years in Q2 2023 and up from 26.8 years in Q1 2024.

Average mortgage term (years)





Graham Closier
Group Mortgage Development Director

Regional overview

First-time buyers in Scotland / North and Wales / South West accounted for the largest share of mortgage purchases, at 36%.

In the East and South East regions, remortgage activity was the busiest and accounted for 30% and 29%, respectively.

In London, first-time buyers made up 32% of Q2 mortgages and remortgage customers made up 27%.

In the Midlands, first-time buyers made up 34% of customers, whilst remortgage customers made up 27%. This was followed by home-movers at 20%.

Scotland / North

First-time buyers **36%**
Home-movers **25%**
Buy-to-let remortgages **5%**
Buy-to-let purchases **5%**
Remortgages **25%**
Others **4%**

Midlands

First-time buyers **34%**
Home-movers **20%**
Buy-to-let remortgages **7%**
Buy-to-let purchases **8%**
Remortgages **27%**
Others **4%**

Wales / South West

First-time buyers **36%**
Home-movers **24%**
Buy-to-let remortgages **6%**
Buy-to-let purchases **4%**
Remortgages **26%**
Others **4%**

East

First-time buyers **33%**
Home-movers **22%**
Buy-to-let remortgages **7%**
Buy-to-let purchases **6%**
Remortgages **30%**
Others **2%**

London

First-time buyers **32%**
Home-movers **19%**
Buy-to-let remortgages **12%**
Buy-to-let purchases **6%**
Remortgages **27%**
Others **4%**

South East

First-time buyers **33%**
Home-movers **24%**
Buy-to-let remortgages **6%**
Buy-to-let purchases **4%**
Remortgages **29%**
Others **4%**



Simon Matthews
Managing Director, AMG

+6%

**increase in number
of mortgages
with 10% arrears
or more**

1,470

**total
number of
possessions
in Q1 2024**

The most recent possession figures released by UK Finance provide details of market activity during the first quarter of 2024. The total number of possessions taken during Q1 2024 when compared to Q1 2023 increased by 20%.

Lenders continued to offer support measures to those homeowners facing increased mortgage costs, and when compared to Q4 2023, the total number of possessions increased by 29%.

In the first quarter of this year, the total number of mortgages with arrears representing 10% or more of the balance outstanding showed a 6% increase when compared to Q4 2023.



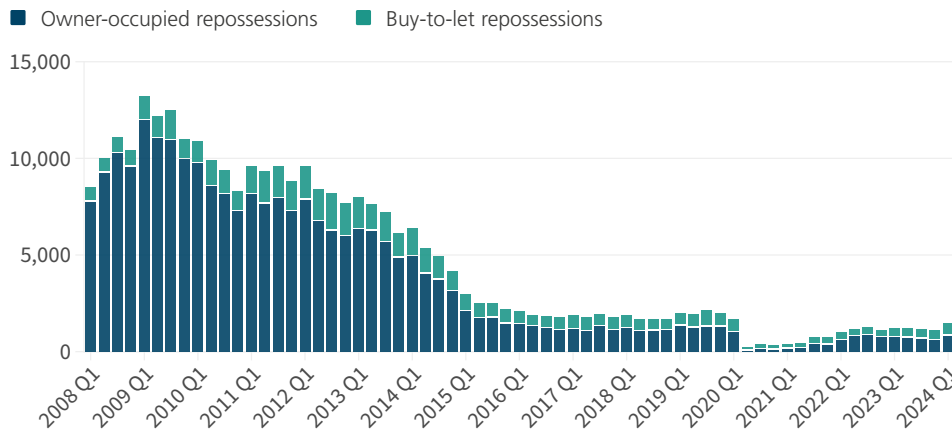


Simon Matthews
Managing Director, AMG

Examining the total number of possessions from Q4 2023 to Q1 2024, owner-occupier possessions increased by 36% whilst buy-to-let possessions increased by 20%.

The percentage of possessions accounted for within the buy-to-let sector stood at 40% in Q1 2024, a decrease on the 44% share seen in Q4 2023.

Number of possessions, buy-to-let and owner occupied

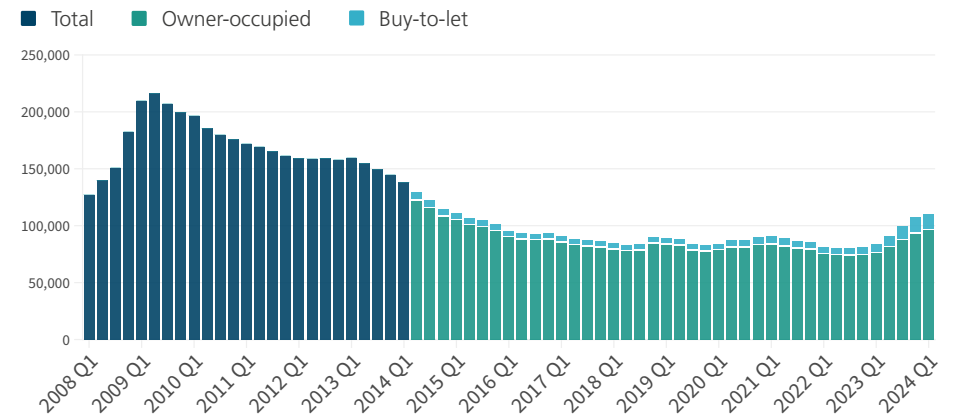


(UK Finance data)

When looking at possession sales, the average sale price in Q1 2024 was £176,789, a 13% increase on the average price in Q4 2023. Houses accounted for 66% of completions during Q1 2024, up from 55% in Q4 2023.

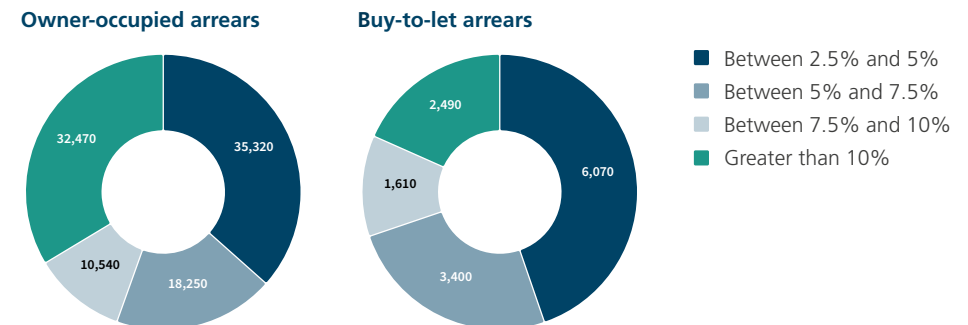
Owner-occupiers with arrears of 2.5% or more of the total balance remaining totalled 96,580 in Q1 2024, 3% ahead of the previous quarter. In the buy-to-let sector, arrears of 2.5% or more of the total balance stood at 13,570, a figure which was unchanged from Q4 2023.

Arrears on mortgages, 2.5% or more balance outstanding



(UK Finance data)

Arrears by the bands as a proportion of total balance



(UK Finance data)



Ross Bowen
 Managing Director
 Connells Survey & Valuation



Matthew Cumber
 Managing Director
 Countrywide Surveying Services

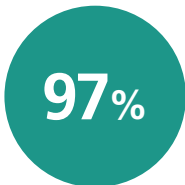
“Changes to mortgage product pricing and the holiday periods in April and May caused swings in demand for lender clients’ mortgages, affecting valuation and survey levels.

Despite this, Connells Survey & Valuation maintained excellent customer outcomes across all services provided. We are observing an increase in stakeholders seeking quality, with new clients and surveyors choosing to work with us as we continue to implement our long-term growth strategy.

Although there is increased uncertainty due to the post-general election landscape, Connells Survey & Valuation is well-positioned to support clients’ ongoing trading levels.”

“Demand for surveys remained strong and customers continued to see the benefits of a RICS (Royal Institute of Chartered Surveyors) Chartered Surveyor in the house-buying process. Countrywide Surveying Services has continued its long-term investment in both technology and people, looking at how we can benefit from innovative technologies coming to market to further enhance the process.

We have developed a unique data-sourcing technology that reduces risk to clients in the valuation process, and continue to offer specialist advice and support through our people. We also continue to bring in and train new surveyors through our Graduate Training Academy, empowering our colleagues to ensure that our customers’ interests are always protected.”



service quality,
13% ahead
of the market
over Q2 2024



average
servicing speed
over Q2 2024,
1.2 days faster
than the market



average
valuation
price in
Q2 2024



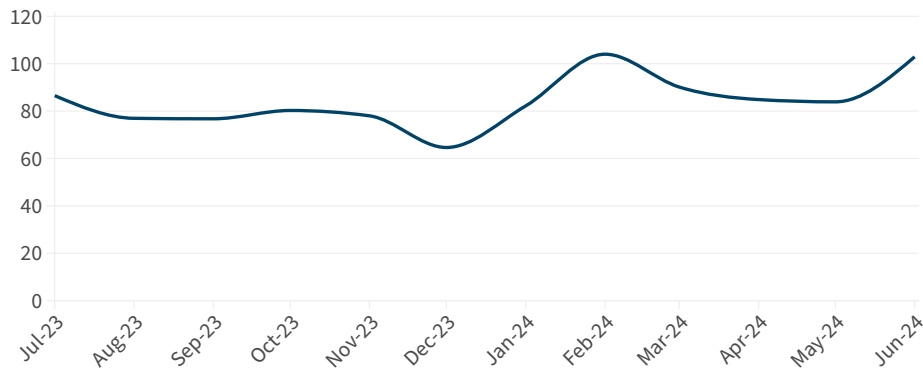
of all
valuations
were
buy-to-let



Taking analysis of the market across both Connells Survey & Valuation and Countrywide Surveying Services, valuations remained steady with figures at the end of Q2 in June representing a 14% increase from March 2024.

Although the Bank of England held base rates in June, buyer activity remained robust. Coming into Q2 there was a slight drop in activity in April and May with an uptick in June.

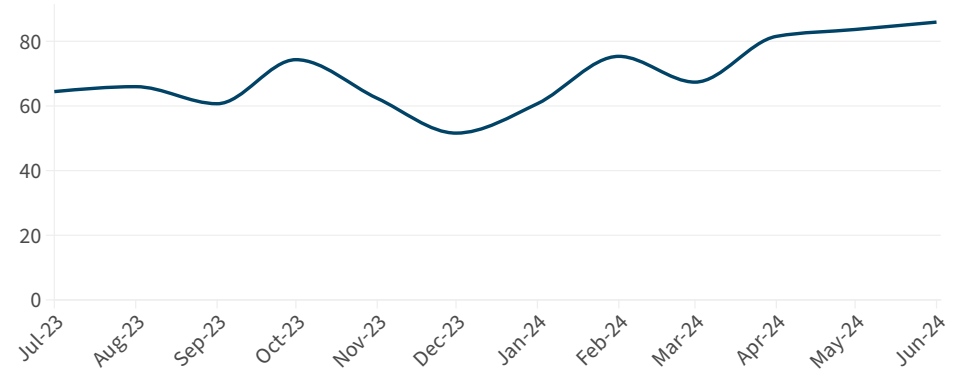
Number of mortgage valuations



(indexed against January 2019)

Reviewing Q2, the number of surveys carried out gradually increased, with June demonstrating the highest levels since August 2021.

Number of surveys

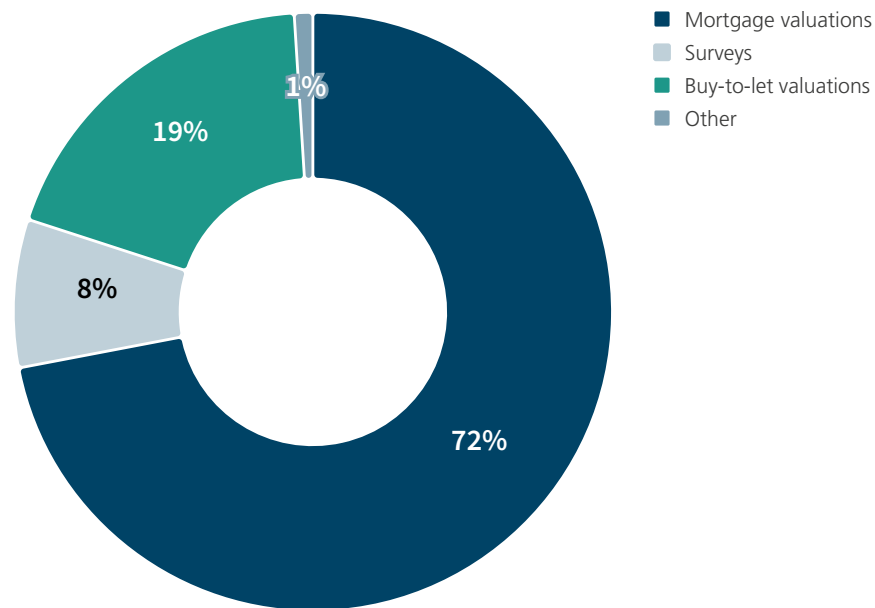


(indexed against January 2019)

Mortgage valuations accounted for 72% of the total business for Q2, lower than the 74% seen in Q1.

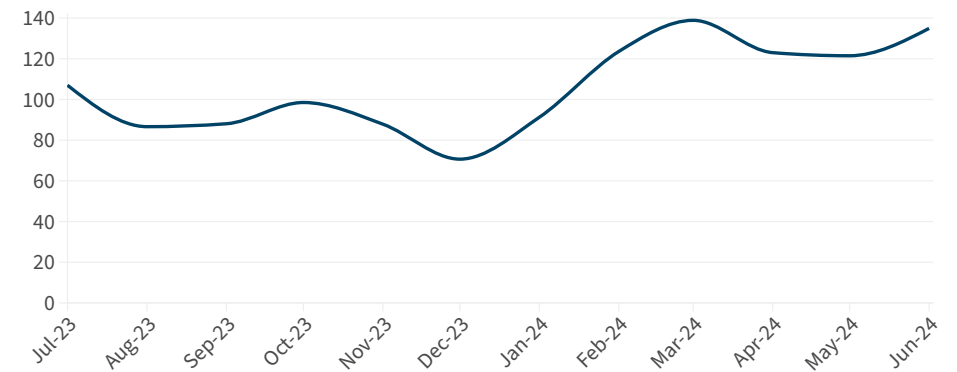
Remortgage activity continues to drive a significant share of valuation activity, and accounted for 27% of transactions across the Group's mortgage businesses.

Surveys and valuations mix



The number of buy-to-let valuations carried out was strong in Q1, a momentum that carried into Q2, accounting for 19% of all activity.

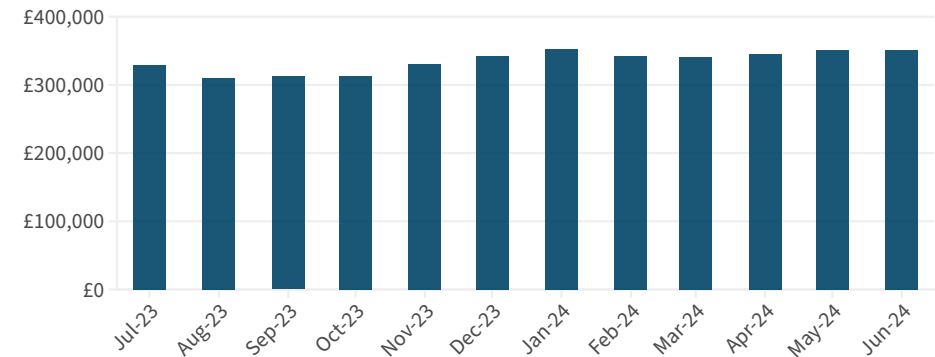
Number of buy-to-let valuations



(indexed against January 2019)

The average valuation price continued to increase during Q2, with the average in June sitting at £351,511.

Average valuation price



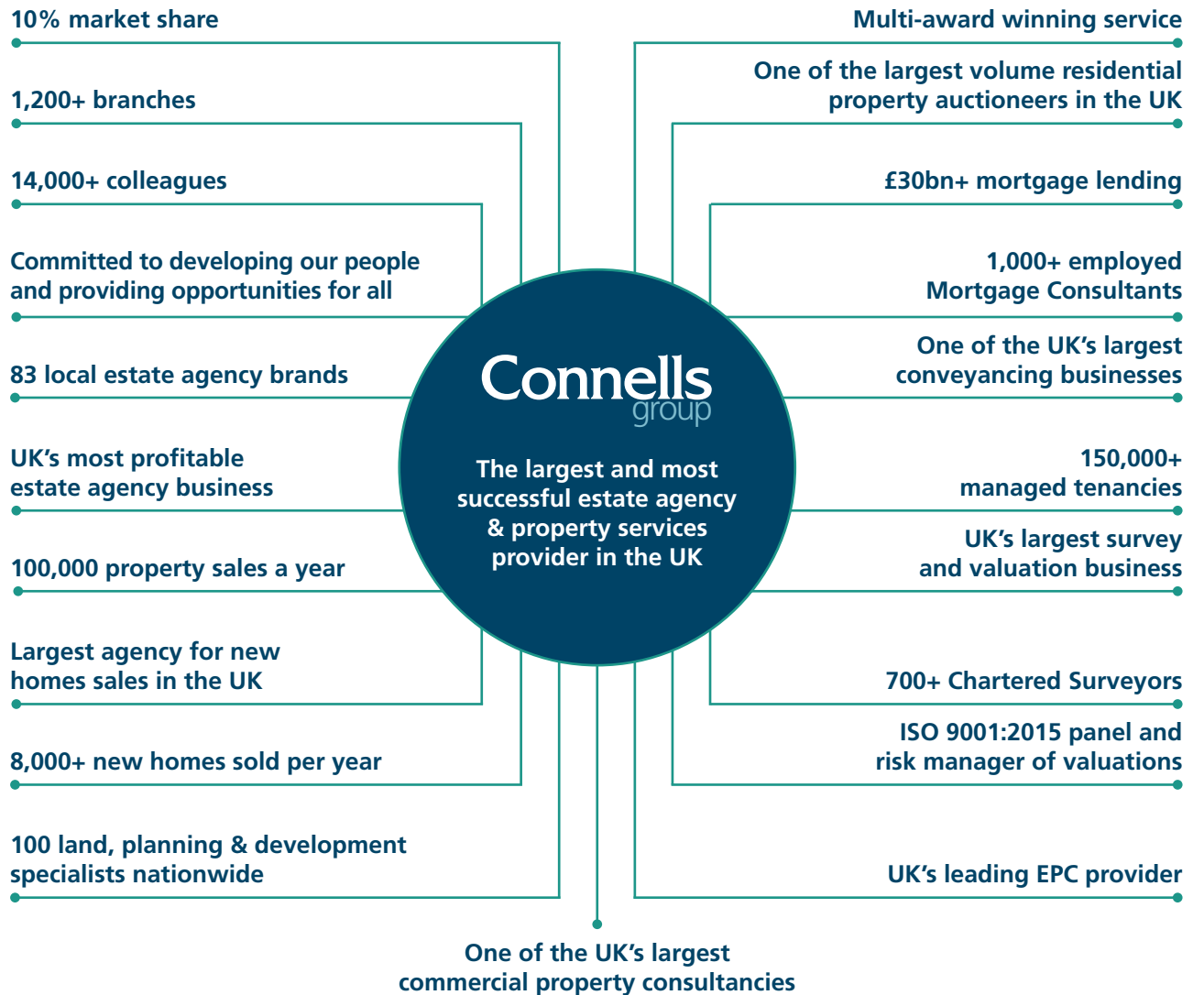
Connells Group is the largest and most successful estate agency and property services provider in the UK.

Founded in 1936, with a network of over 1,200 branches nationwide, the Group combines residential sales and lettings expertise with a range of consumer and corporate services. This includes: mortgage services, new homes, conveyancing, EPC provision, survey and valuations, corporate lettings, private rented sector, build to rent, asset management, land and planning, LPA receivers, commercial property and auctions.

Corporate clients benefit from Connells Group's broad range of award-winning services and depth of experience and expertise.

We work with some of the UK's leading organisations and institutions on land acquisition and disposal, asset management, mortgage sales and distribution, corporate lettings, auctions, conveyancing and surveying services.

Connells Group is a subsidiary of the Skipton Building Society, one of the UK's largest providers of financial services and products.



Figures quoted for full year 2023, correct as at February 2024, based on internal data.

Land, New Homes & Planning



Commercial Property



Property Auctions



Asset Management



Strategic Investments



EPCs & Inventories



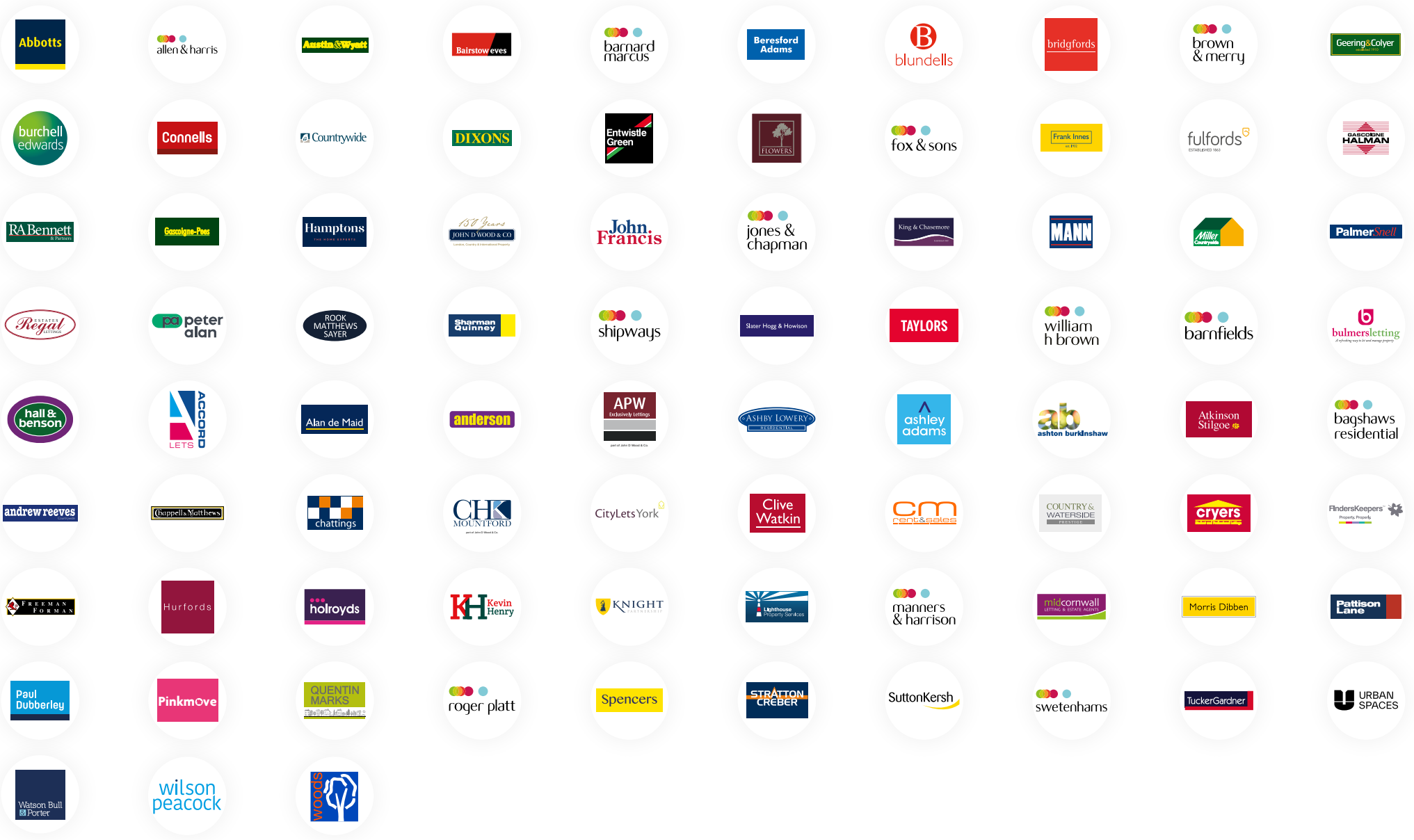
Legal Services



Surveys & Valuations



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