



**Connells**  
group

**MARKET REPORT**  
Quarter Three 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

**The quarter saw the General Election bring a new Labour Government to power. Whilst this was a key event for the nation, it had no real impact on the housing market during Q3 and a continued steady improvement in activity levels has been seen across all sectors. More recently the Government announced its first Budget which included an increase in Stamp Duty Land Tax for second homes, our Q4 report will indicate any early impact that this has had on the housing market.**

With the possibility of some distraction from the General Election, uncertainty over interest rates and inflation, it was pleasing to see portal enquiries 17% ahead of 2023. Alongside this, new applicant registrations saw an 18% uplift, evidencing the strong demand that we continue to see across our 1,200+ branch network.

Viewing activity in the quarter was 18% higher than Q3 2023, with sales activity showing a 20% year-on-year improvement. This continuation of Q2's upward trend reflects a positive and active market, with buyers increasingly eager to transact.

Vendors have also remained keen to enter the market, with new instructions in Q3 showing an 11% increase over Q3 2023. By the end of September 2024, the number of second-hand properties marketed for sale was up by 16% compared to the same period in 2023.

Average asking prices increased by 2% in the quarter but remained flat when compared to Q3 2023. With demand and supply more balanced than we have seen in recent years, there remains less upward pressure on house prices.

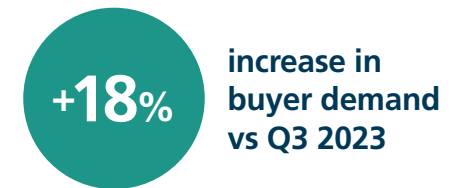
The Bank of England's base rate cut in August resulted in increased activity across the mortgage market, particularly from first-time buyers looking to take their first step onto the property ladder. The recent second cut to 4.75% is expected to have a further positive influence on the market.

Activity across the remortgage and buy-to-let sectors of the mortgage market has continued to ease over the quarter.

The lettings market remains stable, across our portfolio we are not seeing any notable increase in buy-to-let investors looking to sell their properties at the end of tenancies, and the number of properties available for rent increased by 4% during Q3. Where some landlords have tested the sales market, most have ultimately re-let their property and retained their investment.

The new homes market, and in particular the planning challenges faced by developers, continue to feature prominently in the Government's narrative. The delivery of reforms will take time and for now, the supply of new properties into the market remains subdued with the number of new homes available for sale at the end of the quarter being 3% lower than in Q3 2023.

Overall market conditions remain positive, with the improving position seen during Q2 continuing into Q3. As we look towards the end of the year, market conditions are set to continue on this track and will no doubt be influenced by further movement in mortgage rates.





**Ian Fry**  
Group Chief Executive (Estate Agency)



**increase in new instructions vs Q3 2023**



**the average asking price at instruction in Sept 2024**



**increase in viewing activity vs Q3 2023**

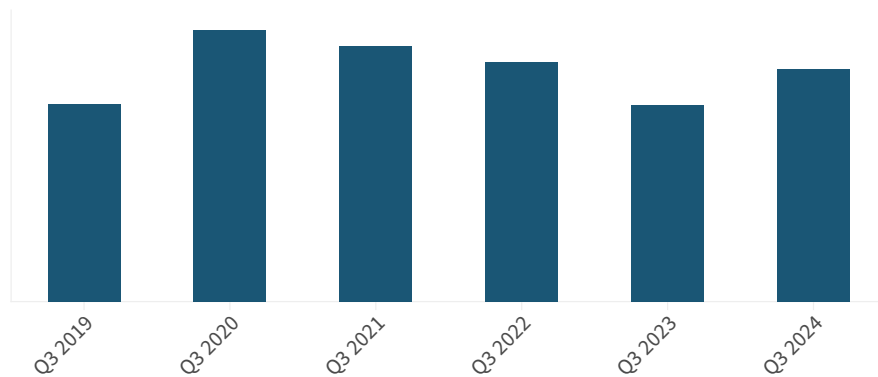


**increase in sales agreed vs Q3 2023**

The momentum that we saw build during H1 has continued and we are still seeing growth across our residential sales business.

Encouraged by the recent reduction in interest rates, the number of potential buyers searching for properties in Q3 within the Connells Group network rose by 18% compared to the same quarter of 2023, with increases across most regions remaining fairly consistent.

**Number of prospective buyers registered**

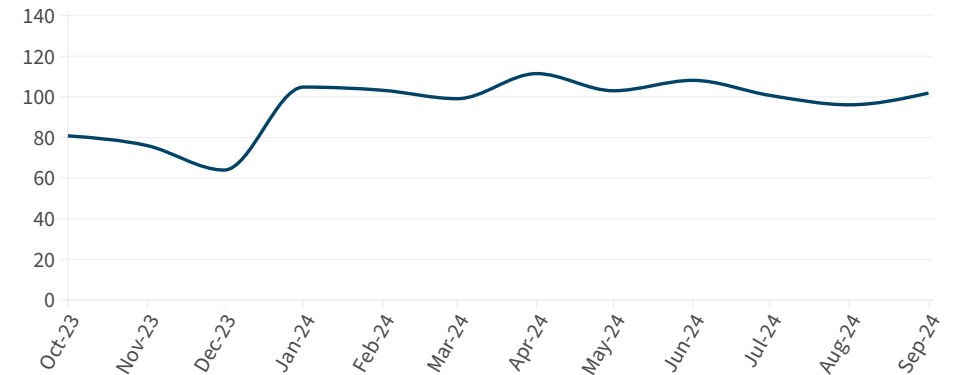


(indexed against January 2019)

Sales activity was unaffected by the recent election and strong buyer appetite continues to support increased transaction volumes, with the number of sales agreed in Q3 rising by 20% compared to Q3 2023. These figures are a step up from the 13% differential at the end of Q2, reflecting a strengthening performance and continued positive demand for properties - an encouraging sign as we enter the final quarter of the year.

Buyer activity was spurred on by supply side improvements, as the number of properties available for sale at the end of the quarter is 16% ahead of last year.

**Number of sales agreed**



(indexed against January 2019)

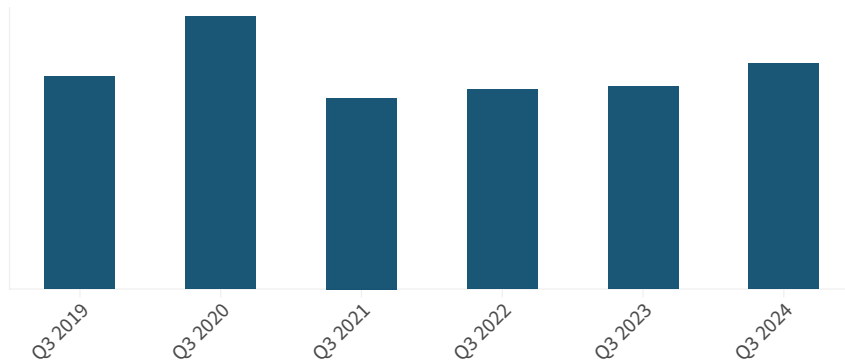


**Ian Fry**  
Group Chief Executive (Estate Agency)



Market appraisal activity remained strong throughout the quarter, 14% ahead of Q3 2023, with this driving a 12% increase in new instructions as vendors showed eagerness to enter the market ahead of the final quarter of the year.

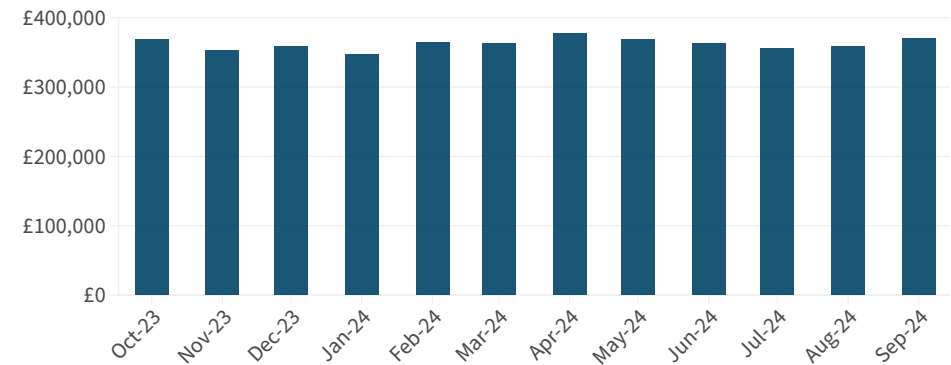
**Total number of instructions**



(indexed against January 2019)

The market remains price sensitive with the average property price at instruction flat when compared to September 2023.

**Average asking price**



We continue to see positive sentiment amongst both buyers and sellers with both sides keen to transact where the price is right.

Whilst the average sale price of properties sold in September was 6% ahead of September 2023, we are unlikely to see this fully pull through to exchange prices by the year end as the average number of days to exchange currently stands at 113 days.



**Ian Fry**  
Group Chief Executive (Estate Agency)

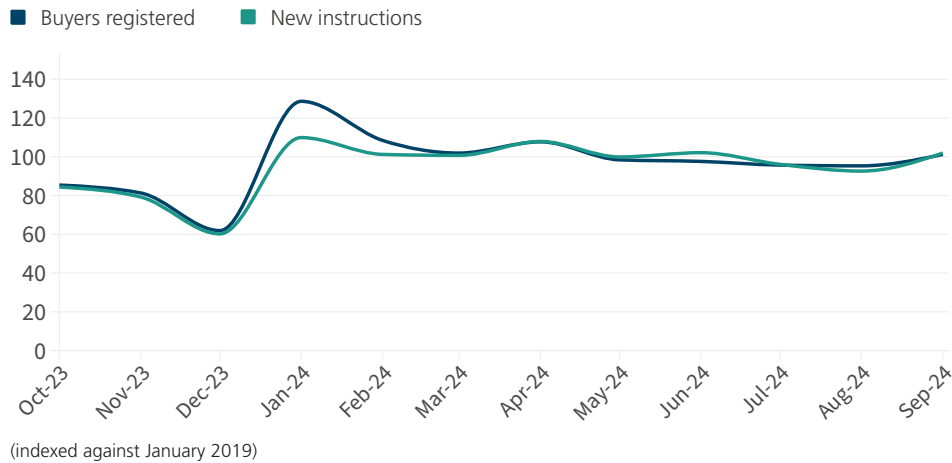


## New buyers and instructions

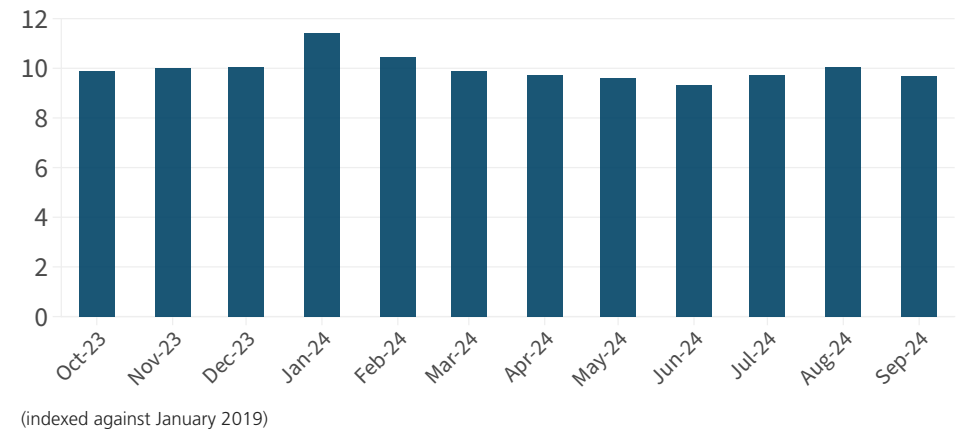
The positive sentiment that we saw from both buyers and vendors in the first half of the year has continued, with the quarter ending further ahead of last year.

In Q3, new applicant registrations were up by 18% and new instructions up by 11% on Q3 2023.

### Number of buyers registered & new instructions



### Buyers registered per new instruction

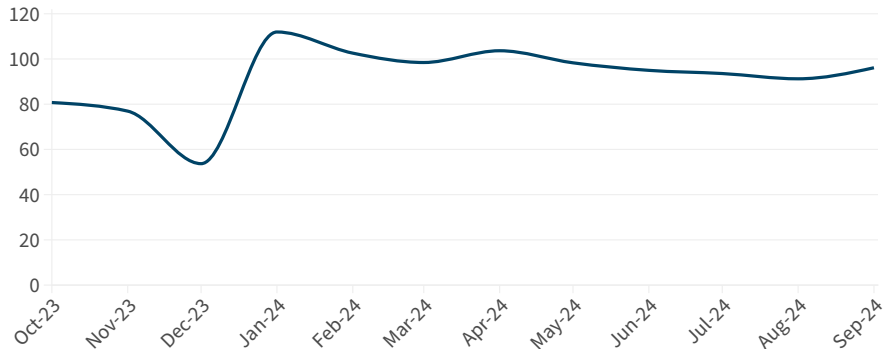




**Ian Fry**  
Group Chief Executive (Estate Agency)

Overall viewing activity in Q3 showed an 18% year-on-year increase and we ended the quarter on a high with September showing a 27% increase on September 2023.

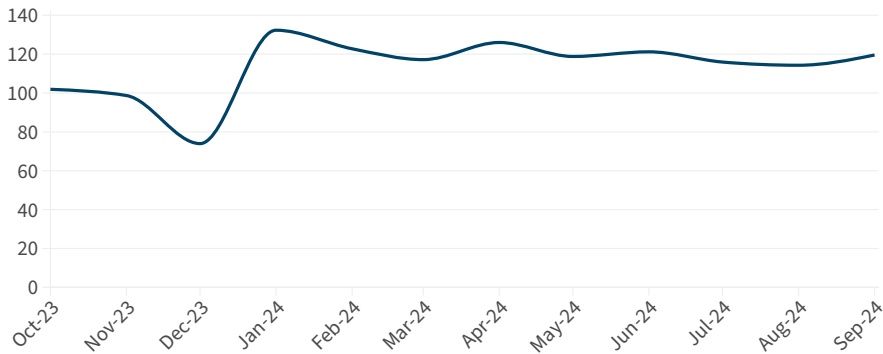
**Number of buyer viewings**



(indexed against January 2019)

The number of buyer offers made in Q3 was 17% higher than in Q3 2023.

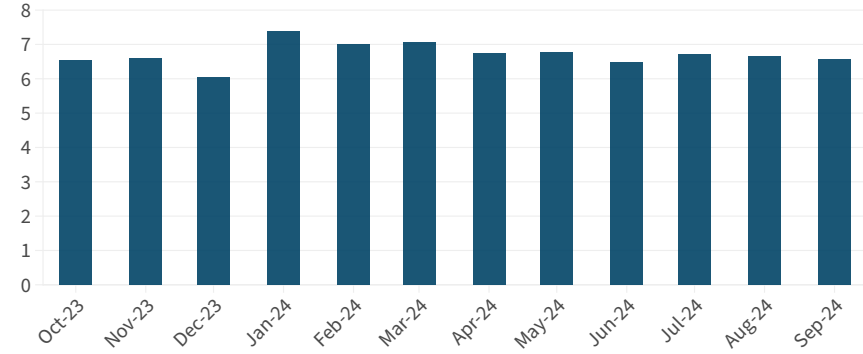
**Number of buyer offers**



(indexed against January 2019)

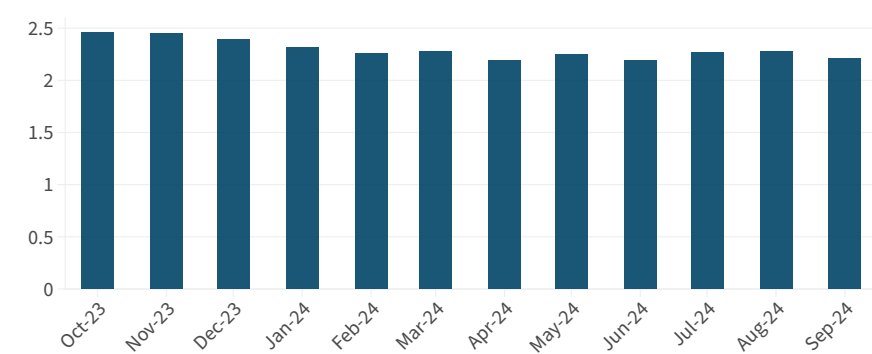
The average number of viewings per offer remained steady at 6.6 in line with Q2 as buyers remained confident.

**Number of viewings per offer**



The average number of offers per sale agreed was 2.3 in Q3 2024, level with Q3 2023.

**Number of offers per sale agreed**



Regional average house prices at completion Q3 2024

£199,007

Scotland / North  
2.8% up from Q3 2023

£311,260

East  
0.6% down from Q3 2023

£232,477

Midlands  
2.8% up from Q3 2023

£719,307

London  
1.2% down from Q3 2023

£266,454

Wales / South West  
0.6% down from Q3 2023

£414,603

South East  
0.7% up from Q3 2023

UK average house price  
at exchange Q3 2024

£303,755

No  
change  
from Q3 2023





**Roger Barrett**  
Managing Director, Group Land & New Homes

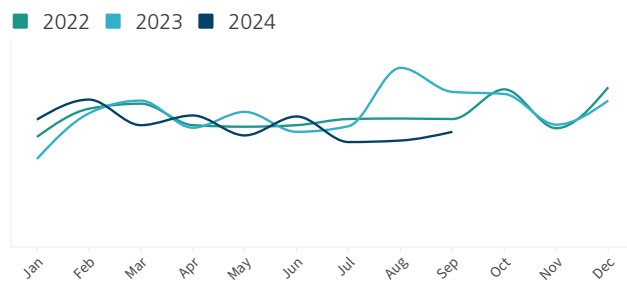
With the new Government's policy to deliver 1.5 million homes over the next five years, there has been an increased level of positivity across the new home sector. However, all parties understand that the path to achieving this objective is a complex one and something that will not have a material impact on the market for some time.

Set against this positivity, we continue to see the pipeline for new homes in the UK running behind previous years. The latest New Housing Pipeline Report produced by the Home Builders Federation indicated a continued decline in the number of approvals for new housing projects, with Q2 2024 showing a 7% fall compared to the first quarter of 2024, and a 9% reduction against Q2 2023.

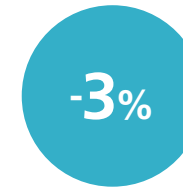
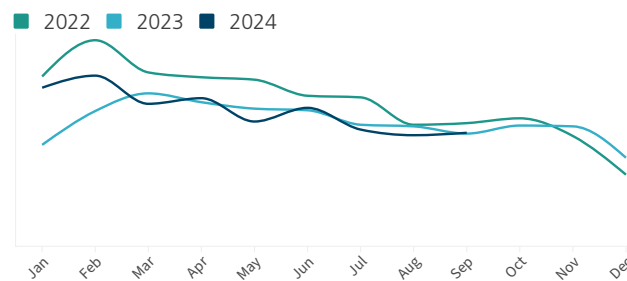
Separately, the latest National House Building Council (NHBC) figures also reflect a reduction in new homes being released to the market. In Q2 the number of new homes registered in the private sector saw a 13% reduction on Q2 2023, with a decline in registrations evident in 9 out of the 12 UK regions.

Recovering these shortfalls and turning around the industry to deliver increased output is going to take time and significant change and investment across the industry.

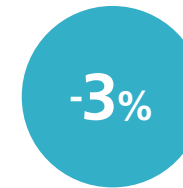
**Number of instructions**



**Number of sales agreed**



**decrease in the number of new homes for sale vs Sept 2023**

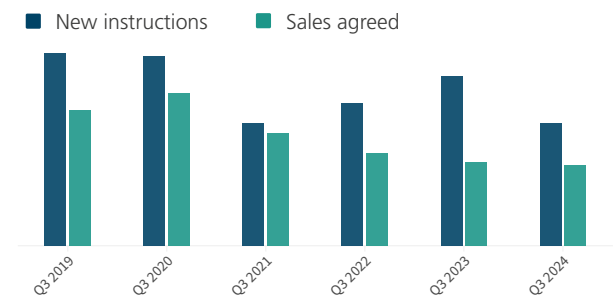


**decrease in new home sales vs Sept 2023**

Whilst developers continue to make use of incentives to make new homes an attractive proposition for buyers, Q3 saw a decline in sales activity with new sales agreed down by 3% year-on-year.

Whilst sales activity in the quarter has been slightly lower than the level seen in 2023, the reduction in new instruction activity continues to drive the constrained supply, with the number of new homes marketed for sale at the end of the quarter being 3% lower than September 2023.

**Number of new instructions vs sales agreed**





## Roger Barrett

Managing Director, Group Land & New Homes

The new home market continues to face a mix of challenges, but with the increased attention that we are seeing from the Government, there is hope that promised structural reforms will progress and ultimately support the much needed increase in supply across the UK. For now, however, the market continues to be constrained by:

- **Regulatory challenges:** Planning constraints and a lack of 'local plan' processes, coupled with regulations aimed at improving energy efficiency may cause developers to have to adapt their existing plans.
- **Limited supply impacting demand:** With current output continuing to be suppressed, there is limited choice available for those looking to purchase a new build property, with some being forced to reconsider a second-hand property where supply is more readily available.
- **A lack of Government initiatives:** Such as Help to Buy, to help stimulate the market.
- **Resource availability and construction costs:** Skills shortages in key areas and higher material and labour costs continue to be a challenge, ultimately impacting both pricing and profit margins.
- **Regional variations:** The market is experiencing uneven growth. Some areas, particularly outside London, are showing resilience, while others struggle.





**Stephen Nation**  
Executive Chairman, Group Lettings



**increase in new instructions vs Q3 2023**



**UK average rent for Q3 2024**



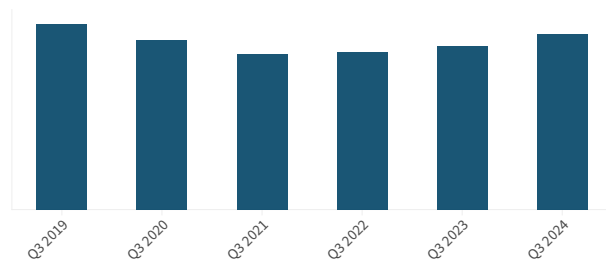
**increase in tenant demand vs Q2 2024**

Despite the continued uncertainty faced by landlords, with the Renters Rights Bill receiving its first reading in September, the residential lettings market remained active throughout Q3 as both landlords and prospective tenants were keen to transact.

We are not seeing any significant signs of landlords exiting the market, with our re-let figures remaining above 70%, and average tenancy lengths continuing to increase as landlords retain good tenants in their properties.

The quarter saw new instructions up 10% on Q2, and a 7% uplift when compared to Q3 2023. The quarter ended positively with September activity showing a 9% increase over 2023.

**Number of instructions**

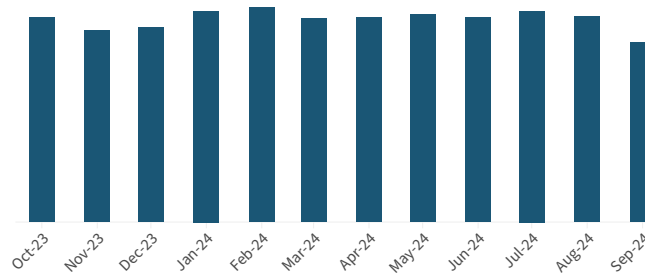


(indexed against January 2019)

The increased new instruction activity has supported a 4% uplift in the number of properties available for rent during the quarter.

Overall demand remains lower than 2023, however, applicant registrations saw a 6% increase over Q2, with the average number of applicants registered per instruction having eased back to 5.9, down from 6.1 in Q2.

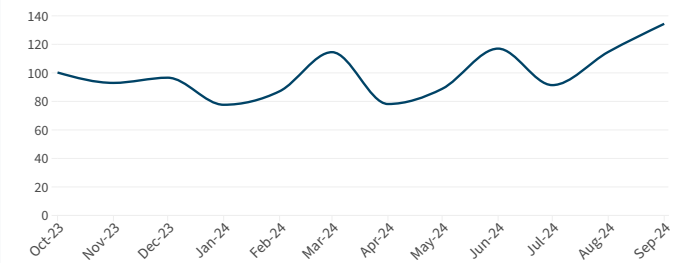
**Average applicants per new instruction**



Q3 is typically the busiest quarter of the year for our branch network, and this year has been no different.

With a strong and consistent level of activity seen throughout the quarter, the number of tenancies agreed in Q3 was 20% ahead of Q2.

**Number of agreed tenancies**



(indexed against January 2019)



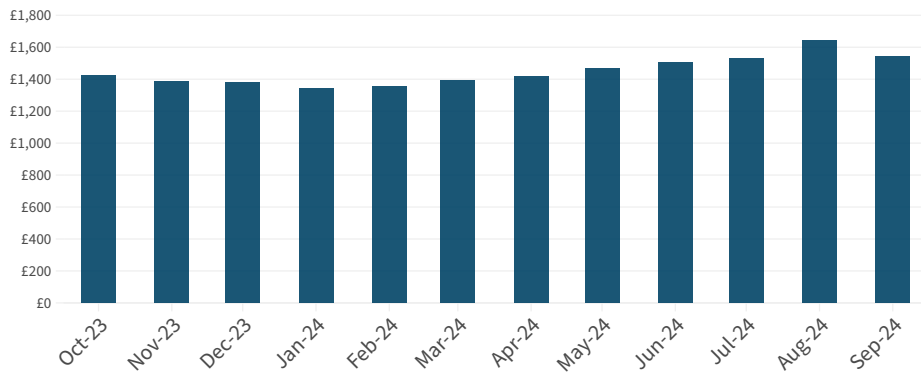
**Stephen Nation**  
Executive Chairman, Group Lettings



The average agreed monthly rent (pcm) at the end of the quarter stood at £1,545, slightly lower than the Q3 average of £1,575. This quarterly average encompasses all regions and represents a 4% year-on-year increase from Q3 2023.

With demand easing and good levels of supply continuing to be seen across the market, the pressure on rental prices looks set to remain below that seen in 2023.

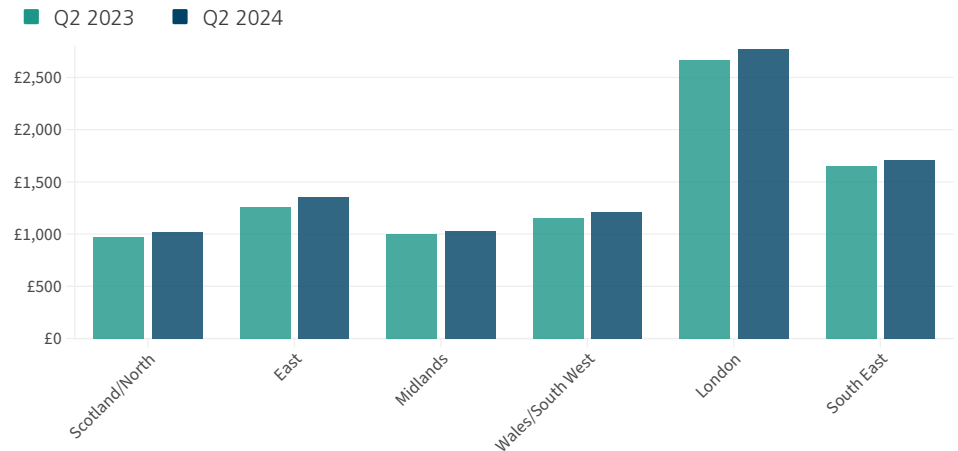
**Monthly agreed rents (UK)**



While average rents have continued to increase across all regions, the overall growth rate has slowed year on year.

The largest increases in rental values have been seen in the East, where average rents saw a 7% increase over Q3 2023. Whilst rents across the Midlands saw the lowest annual increase at 2%.

**Average agreed rents (regional)**



Regional average rent Q3 2024

UK average rent  
Q3 2024  
**£1,575pcm**

up  
**4.2%**  
from Q3 2023

**£1,016**

Scotland / North  
4.9% up from Q3 2023

**£1,355**

East  
7.3% up from Q3 2023

**£1,026**

Midlands  
2.3% up from Q3 2023

**£2,773**

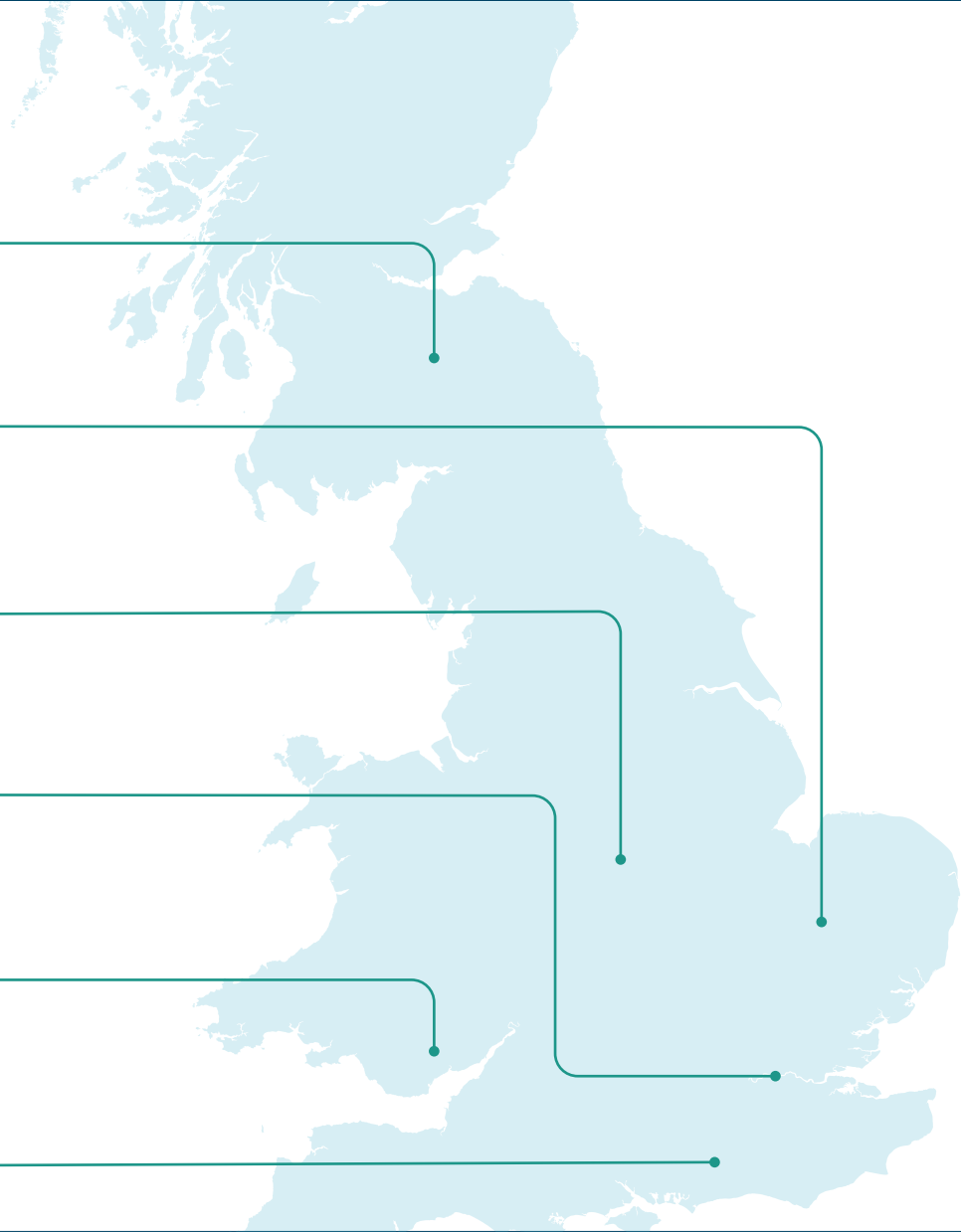
London  
4.1% up from Q3 2023

**£1,213**

Wales / South West  
5.1% up from Q3 2023

**£1,705**

South East  
3.1% up from Q3 2023

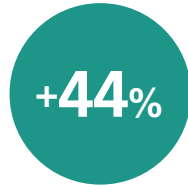




**Graham Closier**  
Group Mortgage Development Director



**+45%**  
more first-time buyers vs Q3 2023



**+44%**  
increase in buy-to-let mortgages vs Q3 2023



**26.5**  
years  
the average mortgage term in September 2024



**£175,143**  
UK average mortgage value Q3 2024

Overall the residential mortgage market in Q3 grew by 27% year-on-year, though there was a slight contraction of 3% compared to Q2 2024.

Following the base rate reduction in August, prospective buyers are now benefitting from the lowest mortgage rates for over a year, prompting many to enter the market and show an increased appetite to purchase their first or next home.

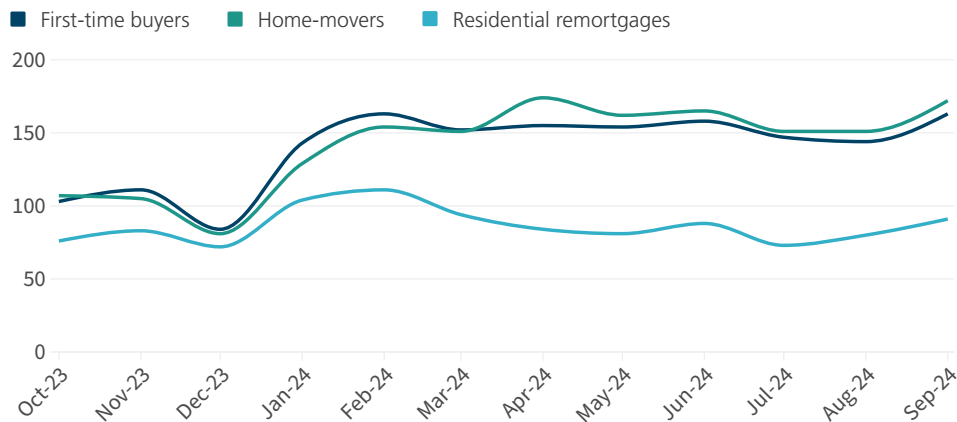
Lenders have responded well to the initial cut with plenty of attractive products available for all sectors of the market, stimulating an uptick in mortgage applications which saw Q3 activity levels 27% ahead of Q2.

Remortgage activity has continued to ease over the quarter with Q3 activity 3% lower than Q2 and 8% lower than Q3 2023.

First-time buyers accounted for 35% of total business in Q3 2024, representing an 8% increase year-on-year but with a 1% decrease from Q2 2024.

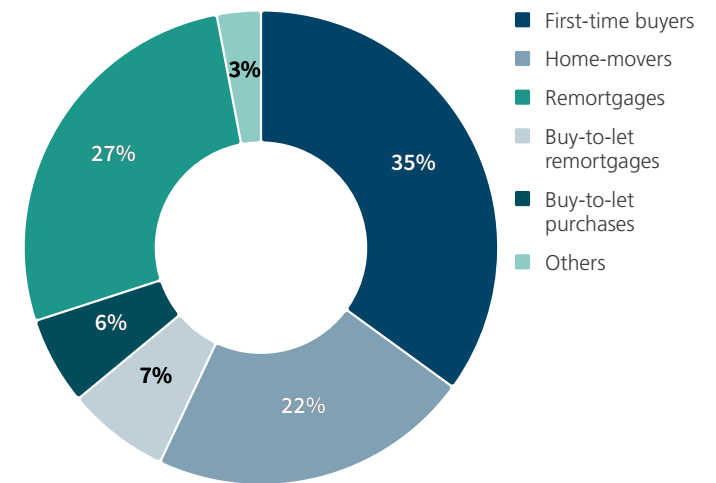
The dominance of first-time buyers across all regions is a feature of the market in Q3, as the base rate reductions and availability of mortgage deals encouraged more first-time buyers to look to progress with their first move.

**Change in mix of residential mortgages by type**



(indexed against January 2019)

**Percentage of mortgage types Q2 2024**





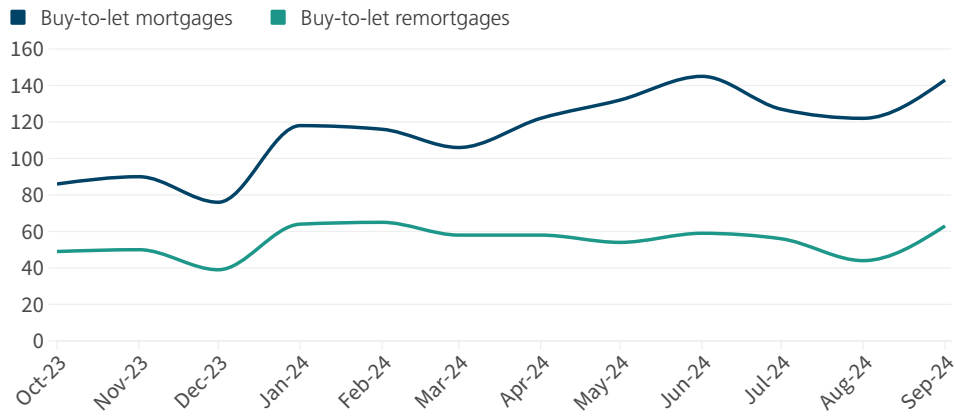
**Graham Closier**  
Group Mortgage Development Director

Overall buy-to-let activity declined by 3% when compared to Q2, however activity levels were 44% ahead of Q3 2023.

Buy-to-let mortgage purchases continued to lead this segment of the market with volumes more than double those seen in Q3 2023.

Buy-to-let remortgage activity saw a lower increase, with volumes 15% ahead of Q3 2023.

**Number of buy-to-let mortgages by type**



(indexed against January 2019)





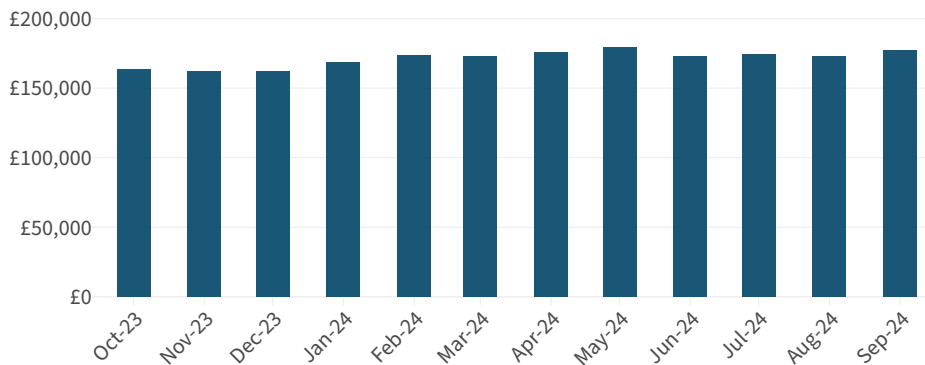
**Graham Closier**  
Group Mortgage Development Director



### Mortgage values

The average mortgage value in Q2 was £175,143, representing a 7% increase compared to the same quarter last year.

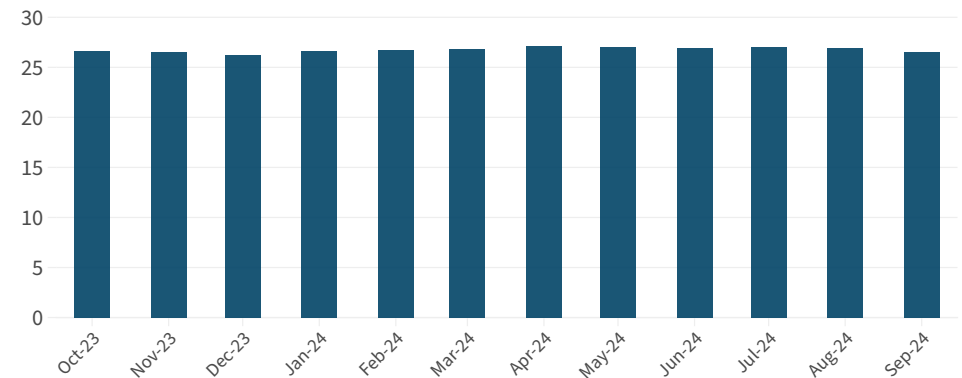
Average mortgage value (£)



### Mortgage terms

The average mortgage term has eased slightly over the quarter, standing at 26.5 years at the end of Q3. This compares to the 26.9 years seen at the end of Q2.

Average mortgage term (years)







**Graham Closier**  
Group Mortgage Development Director

## Regional overview

With an increased appetite seen from first-time buyers during Q3, it is no surprise that first-time buyers accounted for the largest share in activity (35%) across all regions, with London seeing the largest shift towards first-time buyer activity.

Additionally, we have seen remortgages account for the second largest share of activity across all regions, 27% at a national level with the East and South East seeing 30% or more driven by remortgage activity.

With the exception of the Midlands, the South East and South West, homemover activity has taken a smaller share during Q3.

### Scotland / North

First-time buyers **37.4%**  
Home-movers **22.7%**  
Buy-to-let remortgages **5.2%**  
Buy-to-let purchases **5.7%**  
Remortgages **25.3%**  
Others **3.7%**

### Midlands

First-time buyers **33.3%**  
Home-movers **21.6%**  
Buy-to-let remortgages **6.5%**  
Buy-to-let purchases **7.6%**  
Remortgages **27.5%**  
Others **3.5%**

### Wales / South West

First-time buyers **36.8%**  
Home-movers **24.5%**  
Buy-to-let remortgages **6.4%**  
Buy-to-let purchases **4.4%**  
Remortgages **24.6%**  
Others **3.3%**

### East

First-time buyers **32.5%**  
Home-movers **20.9%**  
Buy-to-let remortgages **7.4%**  
Buy-to-let purchases **5.5%**  
Remortgages **31.1%**  
Others **2.6%**

### London

First-time buyers **34.1%**  
Home-movers **13.9%**  
Buy-to-let remortgages **11.9%**  
Buy-to-let purchases **6.3%**  
Remortgages **28.6%**  
Others **5.2%**

### South East

First-time buyers **32.3%**  
Home-movers **24.0%**  
Buy-to-let remortgages **6.1%**  
Buy-to-let purchases **4.2%**  
Remortgages **30%**  
Others **3.4%**



**Simon Matthews**  
Managing Director, AMG

**+3%**

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

**1,690**

**total  
number of  
possessions  
in Q2 2024**

The most recent possession figures released by UK Finance provide details of market activity during the second quarter of 2024. The total number of possessions taken during Q2 2024 show a 39% increase when compared to Q2 2023.

Lenders continue to offer support measures to those homeowners facing increased mortgage costs, and when compared to Q1 2024, the total number of possessions had increased by 8%.

In the second quarter of this year, the total number of mortgages with arrears representing 10% or more of the balance outstanding showed a 3% increase when compared to Q1 2024.



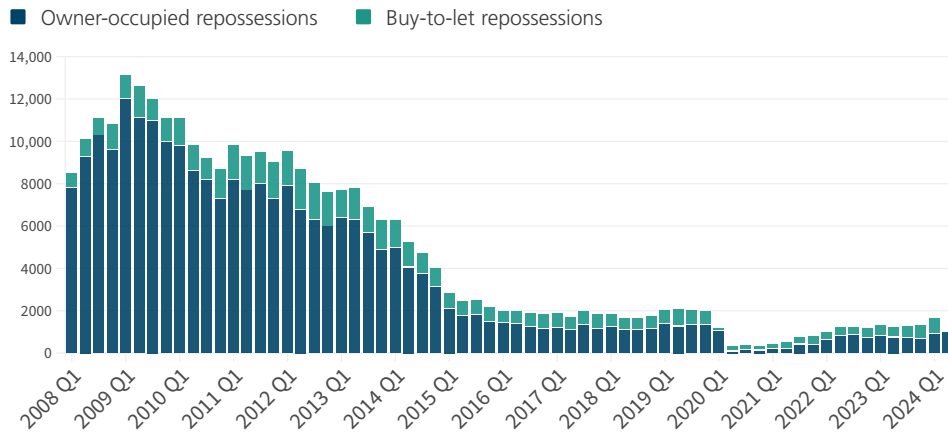


**Simon Matthews**  
Managing Director, AMG

Examining the total number of possessions from Q1 2024 to Q2 2024, owner-occupier possessions increased by 8% whilst buy-to-let possessions increased by 13%.

The percentage of possessions accounted for within the buy-to-let sector stood at 42% in Q2 2024, a 3% increase on the 39% share seen in Q2 2023.

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

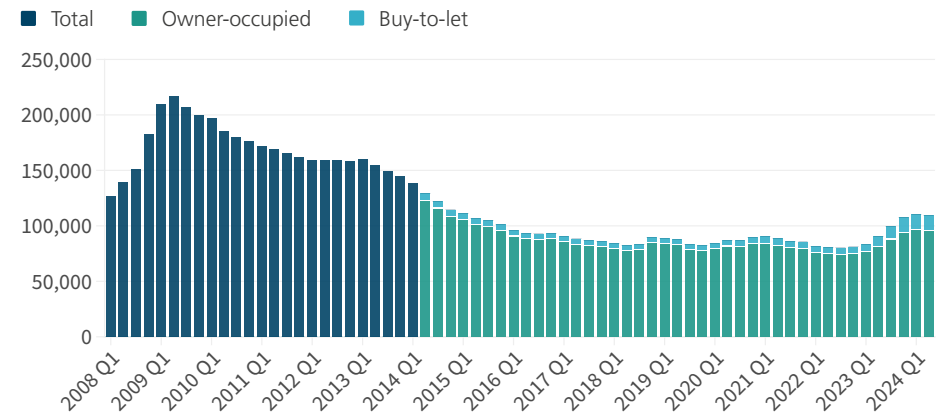


(UK Finance data)

When looking at possession sales, the average sale price in September was £185,456, a 7% increase on the average price in September 2023. Houses accounted for 65% of completions in September, up from 59% in September 2023.

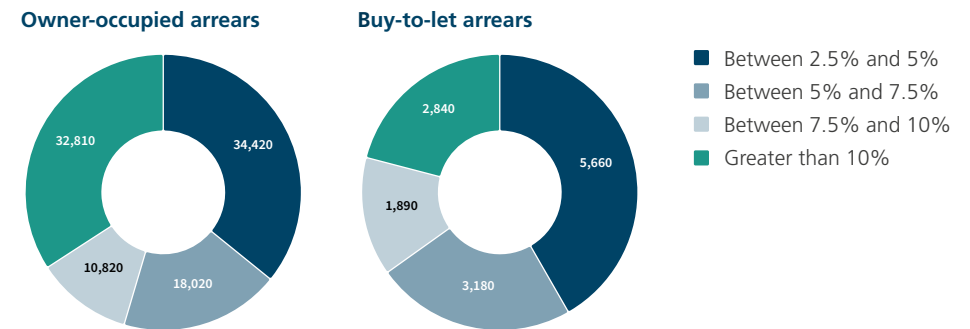
Owner-occupiers with arrears of 2.5% or more of the total balance remaining totalled 96,070 in Q2 2024, a slight decline on the previous quarter. In the buy-to-let sector, arrears of 2.5% or more of the total balance stood at 13,570, only just ahead of the 13,490 seen in the first quarter of the year.

**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

“Outright trading activity bucked the customary holiday impact on the market, with a welcome 17% rise in volumes over Q3. However, the local picture has been patchy where some trading improvements have been subdued, especially with middle and upper market properties in some areas. This is indicative of a more cautious approach by some homebuyers ahead of the Autumn Budget.

Integral to our continuous improvement strategy, research and development into new technology and service solutions proceed unabated across the mainstream and specialist lending sectors. In parallel to this, various additional Consumer Duty led initiatives started to gain momentum; such as the promotion of survey reports to home-buying mortgage customers.

Whilst we’ve not seen a material change in demand for BTL valuations, given the new increased SDLT levy announced by the Chancellor, we shall be monitoring any impacts on demand and changes with property values carefully over the months ahead.”

“Demand for surveys remained strong and customers continued to see the benefits of a RICS (Royal Institution 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 Q3 2024**



**average servicing speed over Q3 2024, 1.7 days faster than the market**



**average valuation price in Q3 2024**



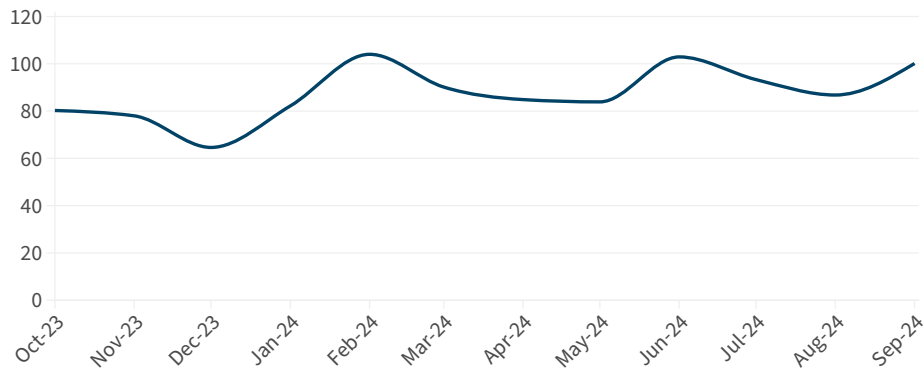
**of all valuations were buy-to-let**



Mortgage valuation activity across the business has remained positive during Q3, with the quarter seeing a 3% uplift on Q2, and volumes 17% ahead of Q3 2023.

Following the Bank of England 0.25% cut in base rate in August, we have already seen an uplift in buyer activity starting to drive increased demand across the market.

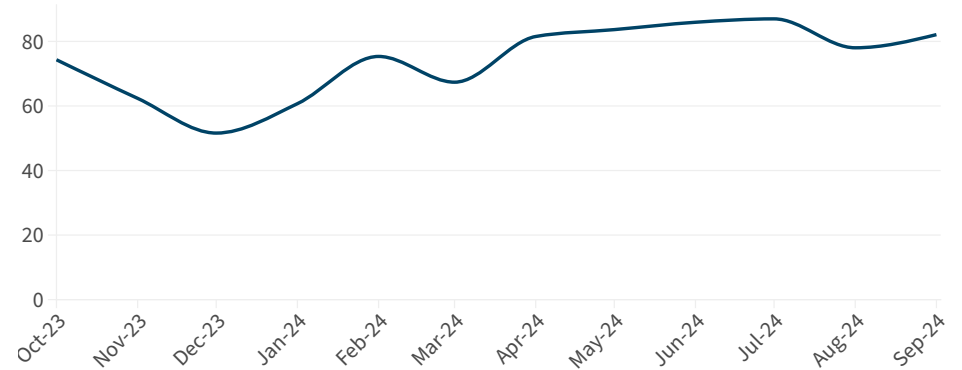
**Number of mortgage valuations**



(indexed against January 2019)

The number of surveys carried out eased over the summer period, but overall Q3 saw activity levels up 29% on Q3 2023.

**Number of surveys**

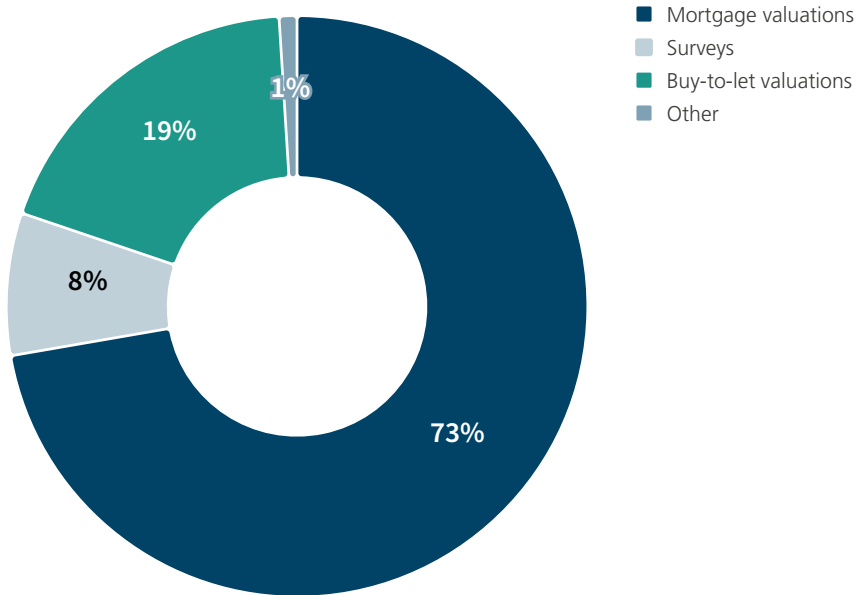


(indexed against January 2019)

Mortgage valuations accounted for 74% of the total business for Q3, a 2% increase over Q2 and moving closer to the 75% seen in Q3 2023.

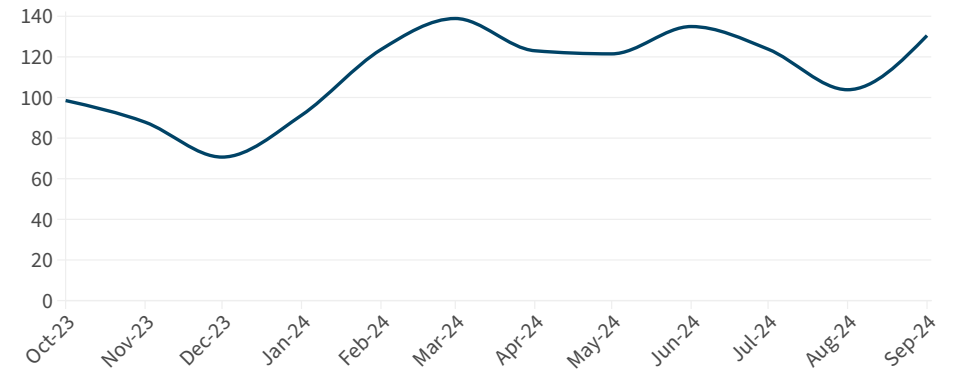
Remortgage activity continues to represent a significant share of valuation activity, remaining steady and continuing to account for 27% of transactions across the Group's mortgage businesses.

Surveys and valuations mix



The number of buy-to-let valuations carried out during the quarter eased slightly, but continued to account for 19% of all activity.

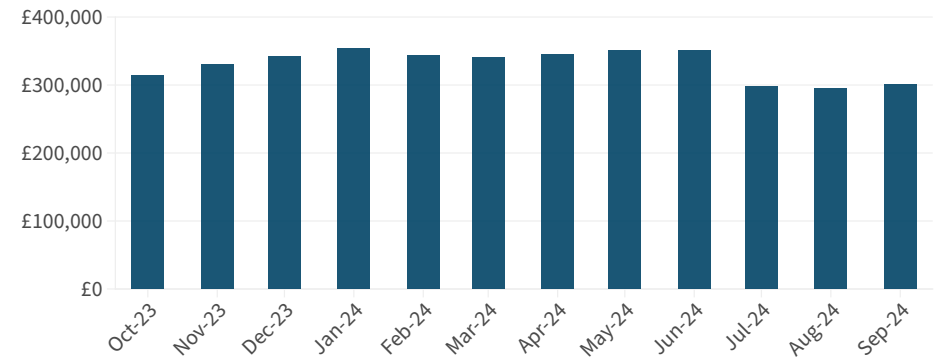
Number of buy-to-let valuations



(indexed against January 2019)

The average valuation price saw a reduction for Q3, with the average of £301,426 4% lower than in Q3 2023.

Average valuation price



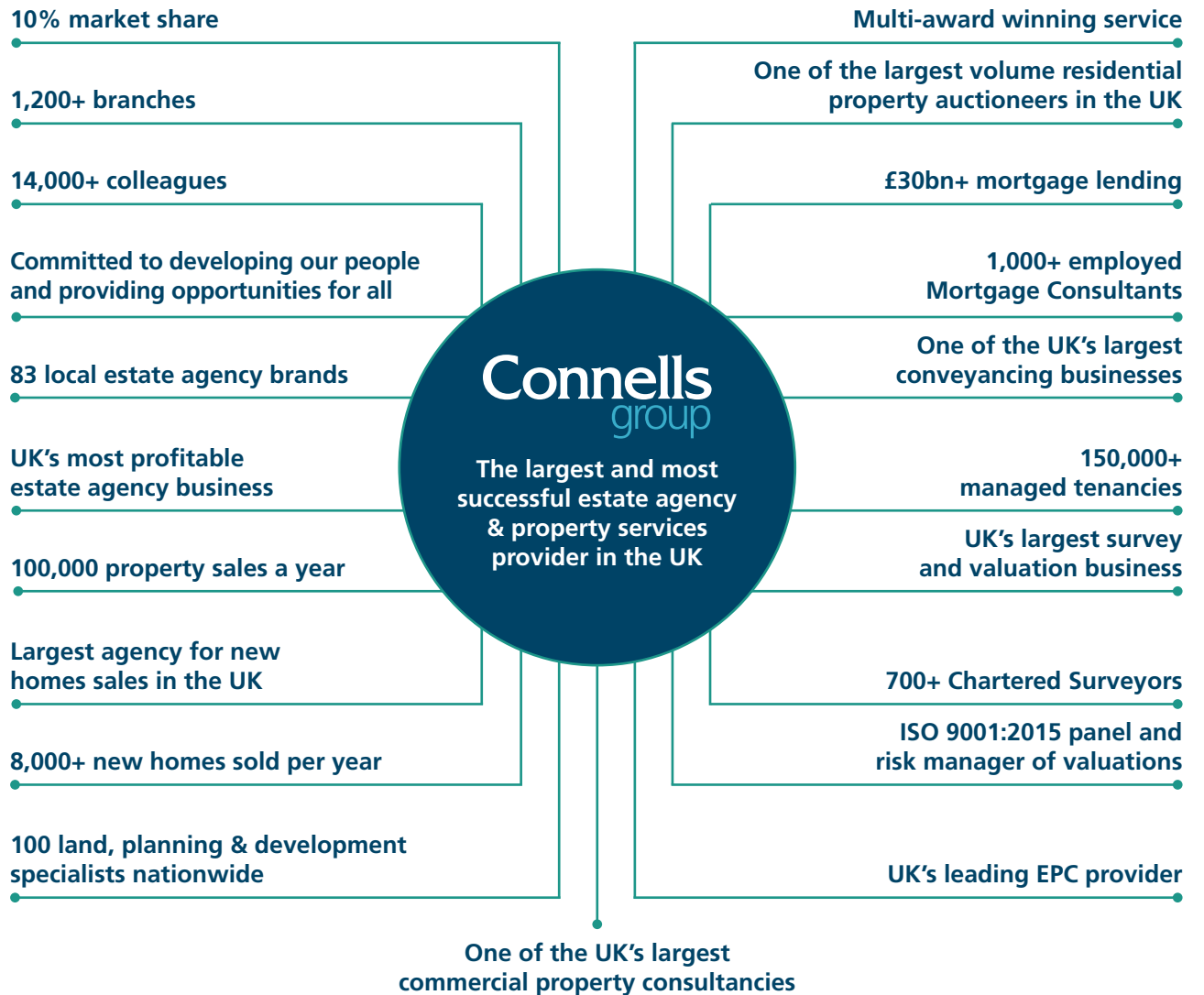
Connells Group is the largest and most successful estate agency and property services provider in the UK.

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

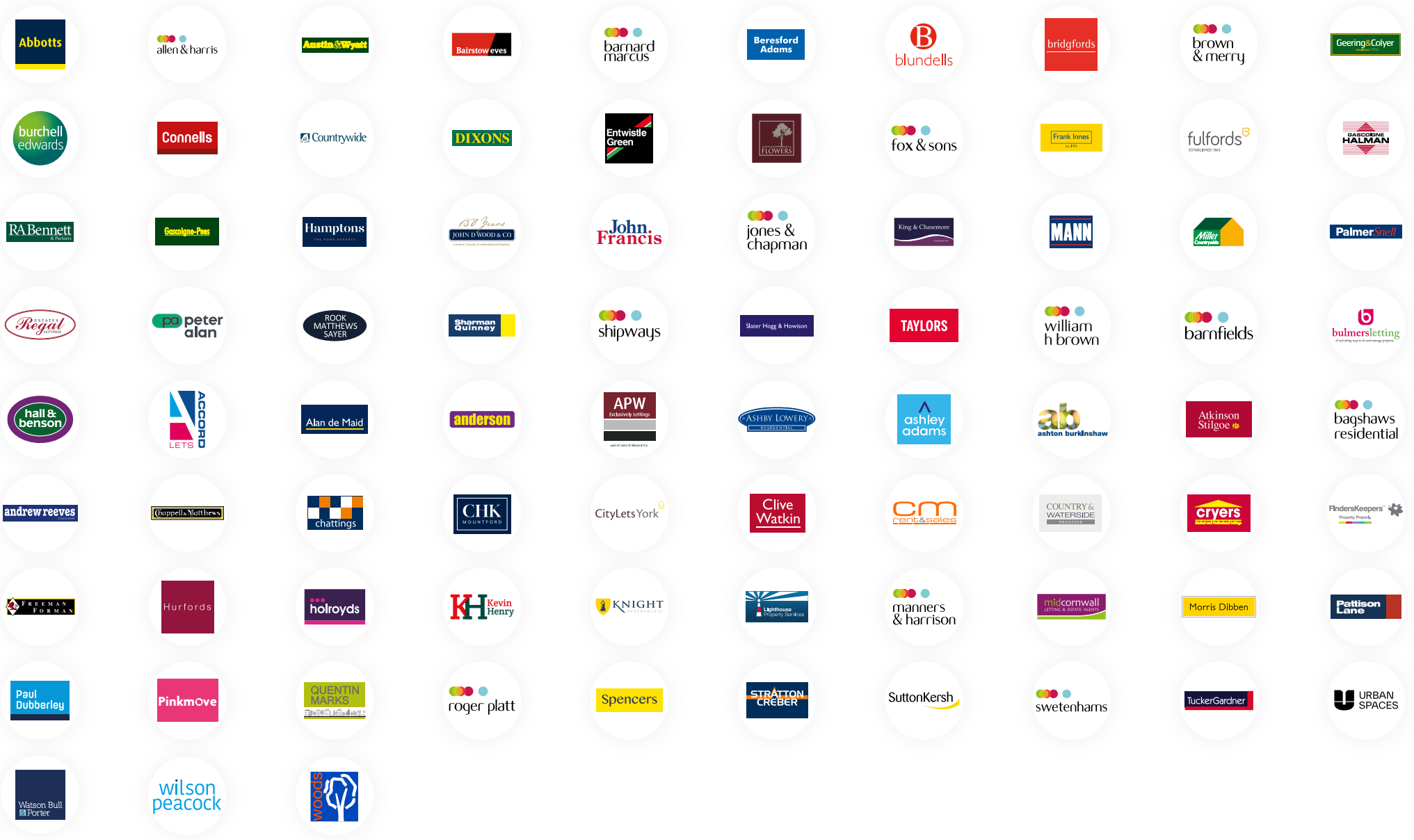


Surveys & Valuations





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