

# Estate Agents: Inc Impact of COVID-19 - UK - November 2020

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## This report looks at the following areas:

- The impact of COVID-19 on the estate agents market.
- Trends and developments in the residential and commercial property markets.
- Why COVID-19 is driving a shift in house buyers' preferences.
- How affordability is shaping the property market and first-time buyer preferences.
- How Stamp Duty Land Tax changes will affect the market.
- Insights on consumer preferences and participation in the property market.

The result of the 2016 EU referendum led to a period of economic and political uncertainty that has contributed to a slowdown in economic growth. These factors have contributed to stagnant business investment and consequently affected growth in the number of property transactions for both residential and commercial properties.

Although uncertainty was lifted by a decisive General Election in 2019, this boost to businesses' confidence was completely reversed by the COVID-19 pandemic. MBD estimates the estate agents market will decline by 7.5% in 2020 to reach £10.6 billion. The decline was primarily driven by the temporary collapse in activity during the initial lockdown phase of the pandemic during Q2 2020.

Despite the shock caused by the pandemic, the property market has fared well in comparison to previous recessions. House prices have remained stable, indicating that government support measures including income support, mortgage and rent holidays and business financing have been successful in mitigating the pandemic's economic effects.

Alongside quickly recovering sales activity, this suggests that resurgent interest in the residential property market has driven prices higher. The increases come



"The extensive support for businesses and workers in response to COVID-19 has so far limited the virus' impact on the UK property market. Whilst the industry is also challenged by both economic and political uncertainty with regards to Brexit, demand for property has held up well."

- Francesco Salau, B2B Analyst – 5 November 2020

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despite tighter lending conditions and higher mortgage rates that will price more people out of the market.

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## Table of Contents

### OVERVIEW

- Key issues covered in this Report
- COVID-19: Market context
- Economic and other assumptions

### EXECUTIVE SUMMARY

- **Impact of COVID-19 on estate agents**  
Figure 1: Short, medium and long-term impact of COVID-19 on estate agents, 6 November 2020
- **The market**
- **Market size and forecast**  
Figure 2: Market size and forecast for the UK estate agents market, 2015-25
- **Market segmentation**  
Figure 3: UK estate agents property value, by segment, 2016-20
- **Companies and brands**
- **The consumer**
- **Impact of COVID-19 on property plans**  
Figure 4: Effects of COVID-19 on property market participation, September 2020, (% of respondents)
- **Market participation**  
Figure 5: Involvement in the property market, September 2020, (% of respondents)
- **Attitudes towards estate agents**  
Figure 6: Method of property sale, September 2020, (% of respondents)
- **Stamp Duty changes**  
Figure 7: Awareness of Stamp Duty Tax changes, September 2020, (% of respondents)

### ISSUES AND INSIGHTS

- **Tighter credit conditions could hold back transactions in the medium term**
- **Digital home tours could address COVID-19 concerns while improving marketability**

### THE MARKET – KEY TAKEAWAYS

- **Government COVID-19 support for the economy has stabilising impact and will be critical to recovery in the short term**

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- **Residential market is anticipated to continue growth while retail sector difficulties hold back commercial property**
- **Government support will promote price stability while demand for larger properties will drive transactions**
- **Rising prices are slowing entry into the property market and increasing the number of renters nationally**

## MARKET SIZE

Figure 8: Short, medium and long-term impact of COVID-19 on estate agents, 6 November 2020

Figure 9: UK estate agents market value, 2016-20

Figure 10: UK residential and non-residential property transactions, 2015-19, (thousands of transactions)

## MARKET SEGMENTATION

- **Commercial property value set to decline as demand for office and retail is hit by COVID-19**
- **Residential property market**
- **Commercial property market**

Figure 11: UK estate agents property value, by segment, 2016-20, (£ billion)

- **Residential rental market**

Figure 12: Dwelling stock, by tenure, England, 2010-19, (% of all dwellings)

## MARKET FORECAST

- **Policy support will be critical to the property market's medium-term health**

Figure 13: UK estate agents market value forecast, 2020-25, (£ billion)

Figure 14: UK residential property transactions forecast, 2020-24, (thousands of transactions)

- **Commercial property market forecast**

Figure 15: UK commercial property capital value forecast, 2019-24, (£ billion)

## MARKET TRENDS

- **Trends in the housing market**

Figure 16: UK residential homes sales volume, all property types, October 2016 -July 2020, (number of sales)

Figure 17: UK average house price, all property types, October 2016-July 2020, (average property price, £)

- **Future buyers will favour larger properties able to accommodate homeworking**

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Figure 18: Help to Buy legal completions, by property type, Q2 2013-Q1 2020, (number)

Figure 19: Change in annual registrations, by house type, 2010 to 2019, (% change)

- **Growth of homeworking will draw demand in areas that are home to high-value service sector roles**

Figure 20: Proportion of employees working at home, by region, April 2020, (% of employees)

Figure 21: Proportion of employees working at home, by occupation group, April 2020, (% of employees)

### MARKET DRIVERS

- **Affordability issues are a key driver of rising private rental tenures**

Figure 22: Ratio of median\* house price to median gross annual household earnings, by country and region, 2002-19

Figure 23: Average house price – England, by region, 2008-20\*, (average house price)

Figure 24: Change in proportion of households with an HRP, by age, 2006/7 to 2018/19, segmented by age, (% change in proportion)2006/07-2018/19

- **Savings available through Stamp Duty Tax changes are raising market participation**

### COMPANIES AND BRANDS – KEY TAKEAWAYS

- **Number of outlets decreases as consolidation becomes an attractive strategy**
- **Worsening market conditions prove impactful for turnover growth**

### INDUSTRY STRUCTURE

- **Changes in industry structure**

Figure 25: Analysis of changes in ‘real estate agencies’ activities, 2015-19, (number of outlets and businesses)2016-20

- **Changes in employment structure**

Figure 26: Analysis of the employment structure of ‘real estate agencies’ activities, 2018 and 2019, (number of outlets)

- **Changes in turnover structure**

Figure 27: Analysis of the turnover structure of ‘real estate agencies’ activities, 2018 and 2019, (£’000, number of businesses)

### COMPANY PROFILES

- **Connells Group**

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- **Recent company activity**
- **Financial information**  
Figure 28: Financial analysis of Connells Limited, 2016-20, (£ million and % annual change)
- **Countrywide**
- **Recent company activity**
- **Financial information**  
Figure 29: Financial analysis of Countrywide Group plc, 2015-19, (£ million and % annual change)
- **Foxtons**
- **Recent company activity**
- **Financial information**  
Figure 30: Financial analysis of Foxtons Limited, 2016-20, (£ million and % annual change)
- **Purplebricks**
- **Recent company activity**
- **Financial information**  
Figure 31: Financial analysis of Purplebricks Group plc, 2016-20, (£ million and % annual change)
- **Rightmove**
- **Recent company activity**
- **Financial information**  
Figure 32: Financial analysis of Rightmove plc, 2015-19, (£ million and % annual change)
- **Zoopla**
- **Recent company activity**
- **Financial information**  
Figure 33: Financial analysis of Zoopla Limited, 2015-19, (£ million and % annual change)

**THE CONSUMER – KEY TAKEAWAYS**

- **The pandemic is driving engagement through online channels but property sites are accruing most of the benefit**
- **COVID-related uncertainty is suppressing future activity but Stamp Duty changes will help offset negative sentiments**

**IMPACT OF COVID-19 ON PROPERTY PLANS**

- **Sellers’ concerns about COVID-19 exposure reflect the economic and wellbeing uncertainty it has generated**
- **Security of tenure correlates negatively with desire to move**  
Figure 34: Effects of COVID-19 on property market participation, September 2020, (% of respondents)

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- Executive Summary

---

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### PARTICIPATION IN THE PROPERTY MARKET

- Participation impacted by first lockdown and ongoing distancing measures**  
Figure 35: Involvement in the property market, September 2020, (% of respondents)
- Online search grows as the pandemic makes more agencies reliant on major property platforms**  
Figure 36: Method of property search, September 2020, (% of respondents)

### ATTITUDES TOWARDS ESTATE AGENTS

- Online agencies appear less popular despite competitive fees becoming a leading influence**  
Figure 37: Method of property sale, September 2020, (% of respondents)  
Figure 38: Reasons for choosing estate agent, September 2020, (% of respondents)  
Figure 39: Attitudes towards online-only agents and agency fees, September 2020, (% of respondents)

### LIKELIHOOD OF FUTURE ACTIVITY

- COVID-19-related uncertainty likely to reduce future engagement**  
Figure 40: Likelihood of future property sale, September 2020, (% of respondents)  
Figure 41: Involvement in the property market, September 2020, (% of respondents)

### REACTION TO STAMP DUTY CHANGES

- Stamp Duty changes prove to be an effective incentive for prospective buyers**  
Figure 42: Awareness of Stamp Duty Tax changes, September 2020, (% of respondents)  
Figure 43: Effects of Stamp Duty changes on future property market participation, September 2020, (% of respondents)

### APPENDIX – DATA SOURCES, ABBREVIATIONS AND SUPPORTING INFORMATION

- Abbreviations

### FURTHER SOURCES AND CONTACTS

- Trade associations
- Trade magazines
- Trade events

### What's included

- Executive Summary
- Full Report PDF
- Infographic Overview
- Powerpoint Presentation
- Interactive Databook
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