



New Homes Index

'Decisive' buyers still keen to upgrade to a new build home

£384,738

Average new home asking price

50,398

New home buyer searches

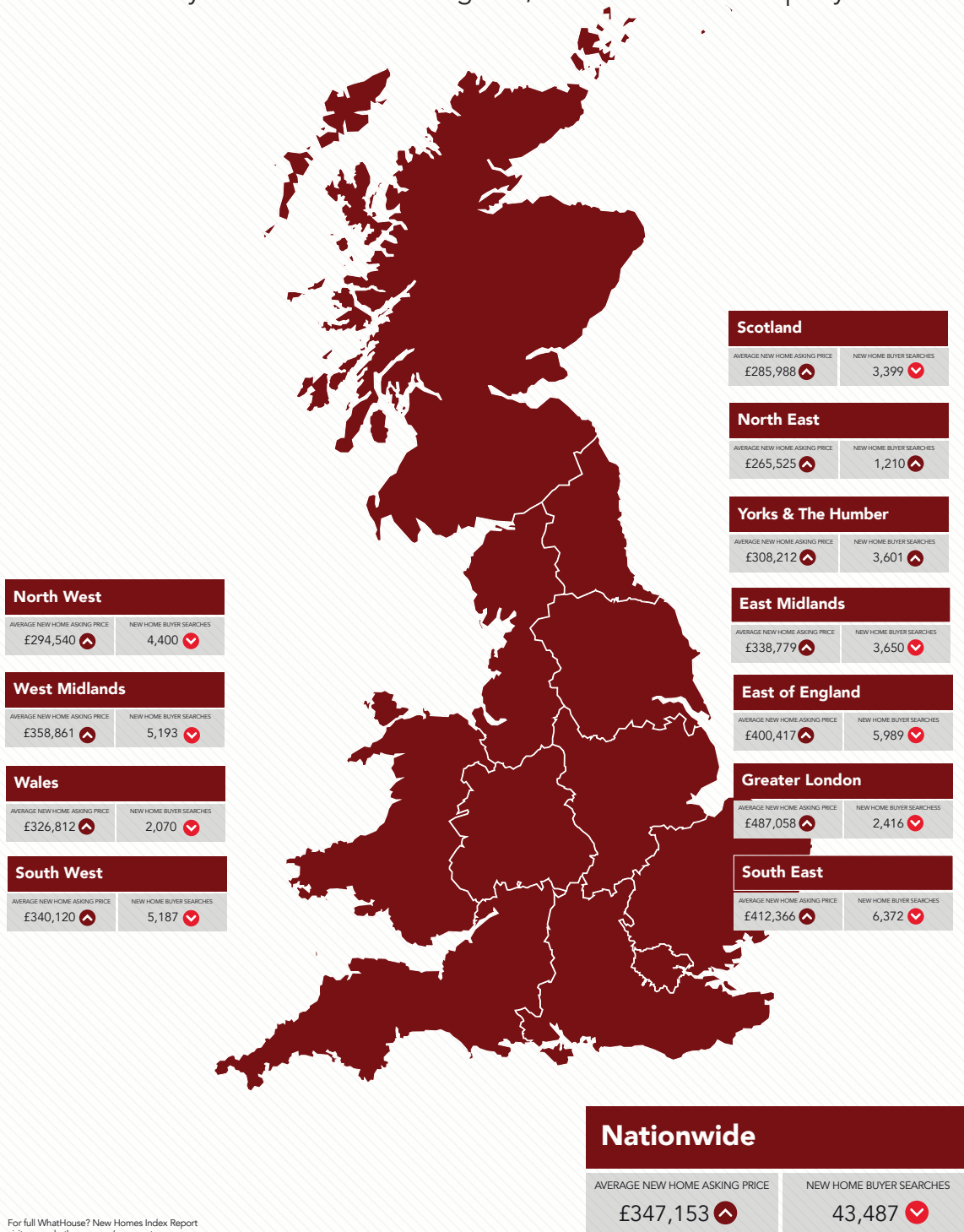
Executive Summary

- Mortgage affordability, interest rate increases, and cost-of-living challenges contribute to a nationwide decrease in the number of people searching for new build properties:
- The total number of people searching for new build properties is down -14% in June compared to May, but serious home hunters are holding strong and the number of people requesting development information remains reassuringly static against 2021 levels.
- Nationally, luxury property search hit hardest with a -53% drop in search in June compared with May, indicating that affluent home buyers are reevaluating lifestyle changes as a result of the cost-of-living crisis.
- Long held plans to move, lower maintenance costs, and increased energy efficiency continue to drive retirees interest in new build retirement homes. Multiple regions across the UK experienced an increase in the number of people searching in May than in June, with Scotland up +63%.
- The impending end of the Help-to-Buy equity loan scheme means first time buyer interest is dropping (down -31% nationally in June) but interest in Part Buy Part Rent (Shared Ownership) is on the rise. Multiple regions across the UK have experienced an increase in people searching for Part Buy Part Rent properties, the East of England leads with a +39% increase in June compared to May – driven in part by housebuilders provision of incentives and affordability enablers.
- Price of new build property coming to market hits a record of £347,152, up by 2.6% from the same period last year (+£9,110).
- The West Midlands has joined the UK's top three new home search areas, replacing the South West, which has held the 3rd spot for five consecutive months:

- 1. South East of England —**
6,372 new home buyer searches
- 2. East of England —**
5,989 new home buyer searches
- 3. West Midlands —**
5,193 new home buyer searches

New Homes Index – Regional summary

Note: The WhatHouse? New Homes Index is based on data sourced from the WhatHouse? New Homes audience platform. The Index uses data from approx. 400,000 new home buyer searches across England, Scotland and Wales per year.



For full WhatHouse? New Homes Index Report visit www.whathouse.com/newscentre

Overview

The average price of a new build property coming to market hits yet another new record, rising by 2.6% (+£9,110) to £347,152. This is the smallest increase since March, as the pace of new build property price rises starts to slow.

The number of people searching for new build properties has slackened, as nationally we are seeing a -14% decrease in search. However, we are seeing signs that decisive buyers remain determined to put into action long-held plans to move, as the number of people requesting development information holds strong compared to 2021 figures. An indication that those in a position to move are taking advantage of the ability to customise the design and finishings, achieve lower maintenance costs, increase energy efficiency, and manage risk thanks to a new home warranty.

After a healthy first half of the year, we consider it likely that affordability challenges will influence new build market behaviour further through the second half of the year, with more interest rate rises expected. This, alongside the usual seasonal variations, means that there are likely to be further search decreases and a levelling off of new build price to market during the remainder of 2022.

The Help to Buy scheme's property reservation deadline is now set for October - we expect to see significant Part Buy Part Rent search growth by the end of the year, as home hunter interest fuels increased development.



Top 3 Search Growth Regions – June 2022

South East of England	East of England	West Midlands
6,372	5,989	5,193
New home buyer searches	New home buyer searches	New home buyer searches

Housebuilder's View

Daniel Hill,
Managing Director, [whathouse.com](https://www.whathouse.com) comments:



"When we look at the number of people searching for new build homes compared to the pre-pandemic average, demand is still healthy compared to the historic 'normal'. More importantly, we are also seeing that lead levels (people requesting further information relating to a particular development) are holding strong and we're hearing from housebuilders that they're still seeing significant interest and are achieving successful sales.

As we enter the second half of the year, we anticipate further slowdown in people's search for new build properties, particularly given worsening mortgage affordability, interest rate increases and cost-of-living challenges. We expect this to impact the number of people searching in the early 'awareness' stage most noticeably. However, we predict that interest from decisive buyers in the later 'consideration' and 'decision' stage will hold steady, given that new build homes are storming ahead of second-hand properties when it comes to consumer confidence, lower running costs and life-style desirability."

Dave Bexon,
Non-Exec Director, [whathouse.com](https://www.whathouse.com) comments:



"At the mid-year point housebuilders can look back confidently as having had a strong 2021/22, and house price inflation has – there or thereabouts – managed to cover the hike in building material costs. The economy is under extreme pressure and the slowdown is being felt everywhere, but the need for new housing is not going to go away. Any predictions about a collapse in the housing market are extremely premature. We will see a cooling in search through the rest of 2022 as there is less froth in the market. However, as lead data shows, quality new home buyers are still there and with incentives and affordability enablers being offered by housebuilders, we predict the market will steer away from a major slowdown.

We anticipate housebuilders will experience a finally flurry of Help to Buy interest in London, as apartments are fast tracked for completion by the December deadline. Overall, housebuilders are likely to deliver strong performances by year end and with a fair wind they can navigate the continuing supply chain issues and rising costs."

Housebuilder's View

Nicky Gordon

Managing Director, Genesis Homes comments:



"The findings of the whathouse.com New Homes Index for June are in line with our experiences in the marketplace. We are continuing to see strong levels of demand from serious purchasers. Our footfall and digital traffic has reduced over the past month, however we continue to see strong conversion rates to reservation. Buyers feedback is showing a more thought-through approach to new build, with many now quoting energy efficiency and sustainability through future-proofing being their drivers to purchase new build now. This is unsurprising with the unprecedented cost of living rises, most notably in energy pricing. Its pleasing to start to see new build receiving the recognition which it has long deserved in construction and efficiency standards, and this being seen in consumer appetite."

Bianca Cullis

Head of Sales and Marketing, Owl Homes comments:



"The reduction in search volumes outlined in the June Whathouse? Index reflects what we have seen over the past month, as such it's an early indicator of the direction the market is going. Inflation, interest rates rises, and general cost of living increases are now pushing the new homes market to return to more consistent levels. Buyers are still demonstrating confidence in the industry when identifying the benefits of buying new over older properties, many of our developments are forward sold as a result of this and our focus is now completing on homes reserved earlier on in the year. It is great to see from the Whathouse? report the West Midlands has joined the

top three new homes search areas showing there is defiantly buoyancy still in the region. Buyers are certainly assessing the implications on their finances before taking their next steps, it is encouraging to see the market is reacting by introducing 95% LTV products into the market this will hopefully have a positive effect on the first-time buyer market with the reservation deadline set for October for purchasers looking to use Help to Buy."

Matt Vincent

Sales Director, Spitfire Homes comments:



"It is not surprising to see an overall decline in new home buyer search levels as a result of the macro factors within the economy.

"While this drop in volume is to be expected, it's positive to see the market buoyed by resilience in those that are firmly on the hunt for property. Despite a reduction in the quantity of searches, Spitfire Homes is still seeing a healthy stream of quality enquiries come through across our patch and values remain strong.

"As a Midlands-based homebuilder, it is reassuring to see the West Midlands breaking into the top three most searched areas in June. This reflects the strong appeal of the region to serious home hunters, blending strong connectivity, an attractive quality of life and a diverse supply of homes fit for a range of buyer requirements."

Housebuilder's View

Sophie Horgan

Director, Horgan Homes comments:



"The fact that the West Midlands is within the top three of the growth regions for new home buyer searches doesn't surprise me as it aligns with the level of interest we're seeing in the market.

"Prospective homeowners are considerably more focused on energy efficiency and renewable products to future proof their new build purchases. This is being driven by the increase in cost of living and, particularly, high energy costs which is changing the way buyers are viewing their next property purchase, giving more focus on new build

properties. With a general shortage of available property, this is keeping demand in the new build market at a consistent level.

"With inflation predicated to reach double digits this year and increased interest rate rises, I do think we'll start to see a plateauing off in the market place towards the end of the year. However, with the advancements in the efficiency of new homes and renewable energy contributing to lower running costs, this is likely to keep demand for new builds at a steady level."

Zac Worthington

Head of Sales, Laurus Homes comments:



"Day to day and week by week we are experiencing many of these findings across our range of developments in the North West. Operating in a continued strong area of demand and sales, we have maintained high levels of interest across the range of homes offering high grade specification on the inside and outside, along with spacious and modern interiors. Of course, the impact of cost of living is affecting everyone and their decisions, especially with the rise of interest rates in June by the Bank of England when considering the option of moving home. However, we've worked with many customers who are exploring the option of moving home as their current fixed term mortgage

comes to an end and through exploring a new build home, they have discovered preferential interest rates for new build homes, such as Green Mortgages and have decided now is the time to purchase!

As well as offering our outright sale homes, we have shared ownership as another option for people to purchase their next home and the demand has been unprecedented across the entire North West for some time now. Within the last couple of months, despite the continued price growth and the cost of living challenges we have seen 55% of our buyers are first time buyers, which is encouraging as a strong measure for the demand, need and accessibility in the market.

We're looking forward with some caution simply because we see the trends showing signs of the market potentially slowing slightly, however as it stands, we are also not ruling out our strong performance continuing in the North West where overwhelming the demand still outweighs the supply."

Contact

**If you have any questions about our research
please get in touch.**

Daniel Hill
Managing Director
dh@globespanmedia.com

Jill Willis
PR & Communications
jill@attractandengage.co.uk

Stay up to date with the latest research from Whathouse.com at
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About the WhatHouse? New Homes Index

The WhatHouse? New Homes Index is based on data sourced from the whathouse.com new homes audience platform. The Index is compiled using a sample representing approx. 400,000 new home buyer searches across England, Scotland and Wales per year and its findings are reflective of whathouse.com user experiences and geographic market share.

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