



New Homes Index

2021: The year of the 'work/life' balance buyer

£335,227

Average new home asking price

70,023

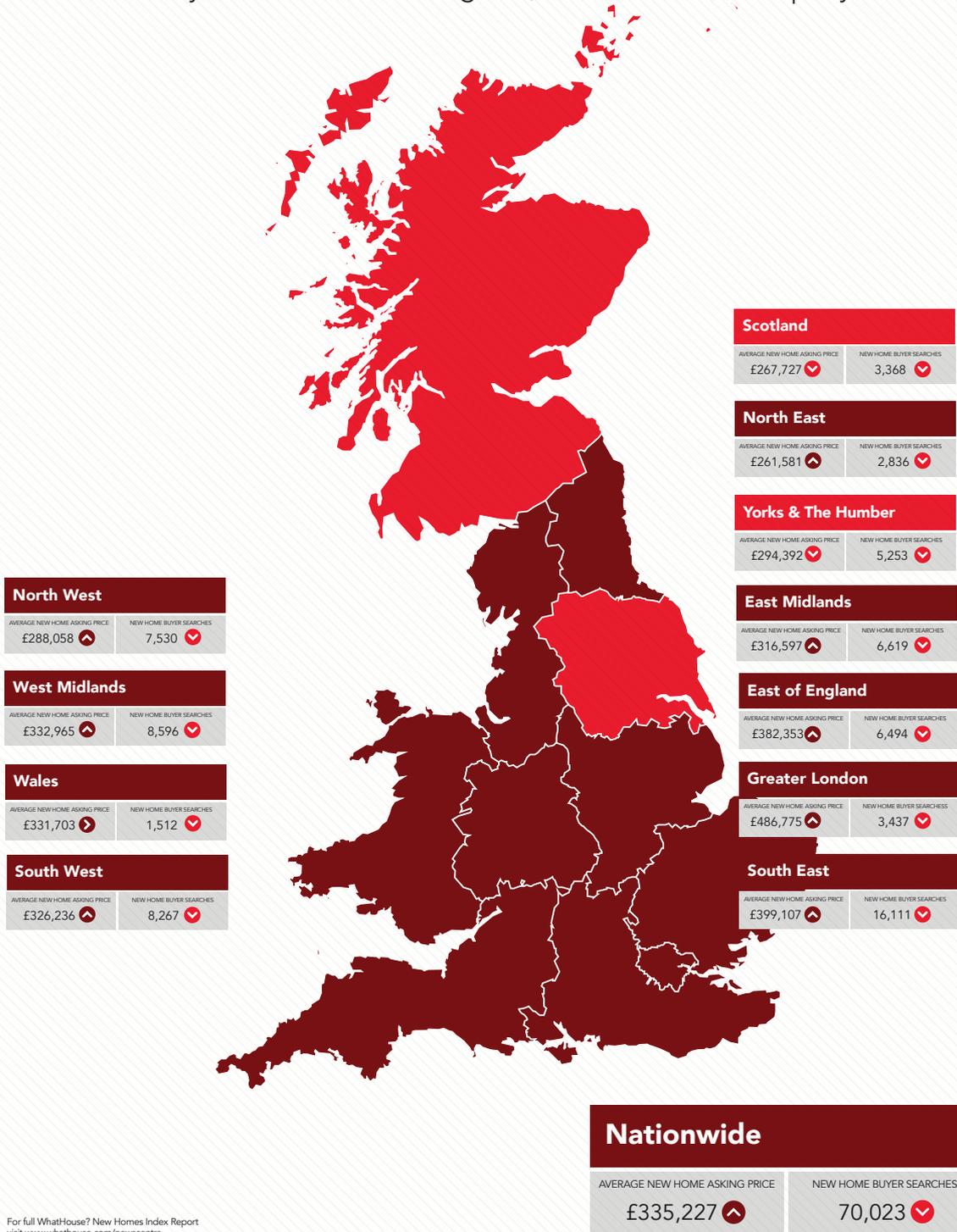
New home buyer searches

Executive Summary

- The national average price of new home property coming to market has jumped to £335,227. This is £5,914 (+1.8%) higher than the previous data recorded in September.
- Top three new home search areas during October:
 - 1. South East of England** remains in pole position, achieving 16,111 new home buyer searches during October 2021.
 - 2. South West of England** remains in the top three new home search areas for the second consecutive month, achieving 8,627 new home buyer searches during October 2021.
 - 3. The West Midlands** within the top three for the fourth consecutive month with 8,596 new home buyer searches during October 2021.
- Changing lifestyle aspirations and concerns over a potential interest rate rise keep new home buyer search activity healthy despite the end of the stamp duty incentive:
 - 1.** Number of new home searches was up 19.8% in October, versus 2019's 'normal market conditions' comparison
 - 2.** Number of new home properties coming to market ticks up compared to summer, particularly in Help to Buy and Luxury categories, but not enough to satisfy strong buyer demand for new home properties this autumn
 - 3.** 2021 has been the year of the 'work/life balance' buyer – those who have transitioned to home or hybrid working – and thus are reevaluating location and aspiring to have more space and luxury lifestyle features.

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 price of new home property coming to market has rallied, following a three-month cooling, jumping by an average of 1.8% (+£5,914) in October. In addition, this is the first time WhatHouse? has recorded a 'Regional Winners Streak', with all three top search regions holding onto their status as a new home buyer favourite.

The continued requirement for more space, reduced activity in the second hand market, and the window of opportunity to buy before a potential interest rate rise seems to have negated the conclusion of final stamp duty incentives and are keeping new home buyer search activity healthy compared to post pandemic levels.

Additionally, the much talked about transition to home / hybrid working and people's reinvigorated desire to connect with nature has driven an outward migration from cities, increasing demand for suburban homes that is largely being met by the new homes sector.

Looking to 2022, having adeptly navigated the coronavirus pandemic, housebuilders will face a fresh set of challenges. The economy may have recovered at a faster rate than most predictions, but anticipated interest rate rises, inflation and employment uncertainty are likely to further affect new home buyer confidence and search demand.

WhatHouse? predicts 2022 sales activity will return to more normal post pandemic levels and build will begin to pull back the forward sold position. We expect to see a greater use of house builder incentives and single figure price increases nationally, with the South East, South West and West Midlands leading the way.



Top 3 Demand Growth Regions – October 2021

South East of England	South West of England	West Midlands
16,111	8,627	8,596
New home buyer searches	New home buyer searches	New home buyer searches



Daniel Hill, Managing Director,
WhatHouse? comments:



“Competition for new homes remains healthy this autumn, with average prices increasing by almost £6,000 in the month. Although more new build properties are coming to market, the level is still not enough to meet demand. Consequently, price uplifts have been experienced across the UK, with nine of the eleven regions of Great Britain recording an uptick.

Looking forwards, WhatHouse? predicts that prices will once again cool or flatten. Much will depend on local factors and micro economies will influence the performance of individual developments. House builders will be looking very carefully at their

cancellation rates throughout the next few months and will expect to have to work harder for each sale. The 80/20 rule for development sales will become more apparent and we are already beginning to see incentives being used on slower developments”.



Dave Bexon,
iBEX Consulting, NED whathouse.com comments:



“We are at a really interesting point at present. New home builders have experienced a market they never expected going into the first lockdown. The new homes industry has always been very adept at responding to all types of challenge. Before the pandemic hit, increasing production and sustainability whilst managing supply chain and labour shortages being just one example. They responded equally well to the Covid crisis rapidly introducing new ways of working and ever since the industry emerged as one of the first to return to work, they have experienced something of a boom.

We now face a fresh set of challenges and whilst the economy has recovered at a faster rate than most predictions many in the industry and consumers see some clouds on the horizon. Media reports of interest rate rises inflation and employment uncertainty are beginning to affect confidence. Fuel prices are at record highs and the house price/earnings ratio is at levels not seen since 2007. Whenever consumers begin to feel the pinch, activity tends to reduce and towards the end of the year there is a natural fall off in activity towards Christmas. New home price increases have been slowing for several weeks now and whilst I don't expect them to reverse, they will undoubtedly slow further.

Not quite the perfect storm or battering down the hatches but time for careful navigation!”

Housebuilder's View

Sophie Horgan,

Director, Horgan Homes comments:



"The data certainly conforms with the activity we're seeing in the West Midlands. There has been a marked increase in interest at the luxury end of the market especially in off-plan properties that are not yet on sale.

"There are several variables at play undoubtedly because consumers' needs have changed post pandemic. Buyers want gardens with an area that encapsulates the indoor/outdoor living concept and there's more of a demand to live in areas where there is open access to green spaces, walks or the countryside. Buyers are also embracing the hybrid living model and looking for homes that offer an office/study space to work from.

"The Midlands area as a whole has possibly been undervalued for some time and with HS2 and the Commonwealth Games coming to Birmingham, I do believe we'll see a rise in house sales and new house search activity. Inflation is a concern especially with impending interest rate rises but a high percentage of mortgages at fixed rates may balance that out.

"On the whole, the West Midlands is one of the best placed regions for accessibility and future growth and I think that's being recognised more and more by builders and buyers."

Donna Smith,

Sales Director,

Wavensmere Homes comments:



"Once again, we are delighted to see that the West Midlands is in the top three new homes search areas for the 4th consecutive month. This is certainly a trend we have experienced on our developments during October.

Despite the 'inevitable' enquiry slow down following the end of the stamp duty incentive, which was expected, we have since enjoyed unprecedented interest levels in our developments during the month of October. As a result of this, we have found a requirement to release more properties to the market for sale which has enabled us to be much further forward sold than we had originally anticipated.

We are cautiously optimistic that the existing levels of enquiries will continue for the remainder of the year, providing any interest rate rises are relatively modest. The comments included within the report regarding purchasers changing lifestyle aspirations are never more prevalent than now. Now more than ever, we are seeing purchasers making their buying decisions based upon work / life balance and amenity space on new build sites. At Wavensmere Homes, we have identified, where we can, a need to provide on site gyms, work spaces, cinema rooms, cafes, cycle paths, walkways and community spaces where people can enjoy a better work life balance. We believe that today's discerning buyers now look for much more than just a home, they now seek community, lifestyle, sustainability and amenity and consequently their buying decisions focus on these key elements."



PREDICTIONS 2022

What will 2022 bring?

As new home builders prepare to face a fresh set of challenges we share cross industry predictions for 2022, addressing the impact of interest rate rises, employment uncertainty and changing buyer behaviour in this special edition WhatHouse? New Homes Index.

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About the WhatHouse? New Homes Index

The WhatHouse? New Homes Index is based on data sourced from the WhatHouse? 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? user experiences and geographic market share.

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