

Monthly Market Briefing

The latest data, views and outlook on the residential market

- House price forecasts for 2021
- What buyers are searching for
- Sales market activity in 2021
- Latest policy update
- Regional price and rental data

“House price growth is forecast to hit +4% by the end of this year, slowing to +1% by the end of 2021”

Richard Donnell
Research and Insight Director,
Zoopla

House price growth set to slow in 2021

Average house price growth rose from 2.9% in September to 3.5% in October, the highest rate of growth in three years. This growth in prices, underpinned by strong demand and activity levels, is expected to continue, and average capital values are forecast to end the year up +4%.

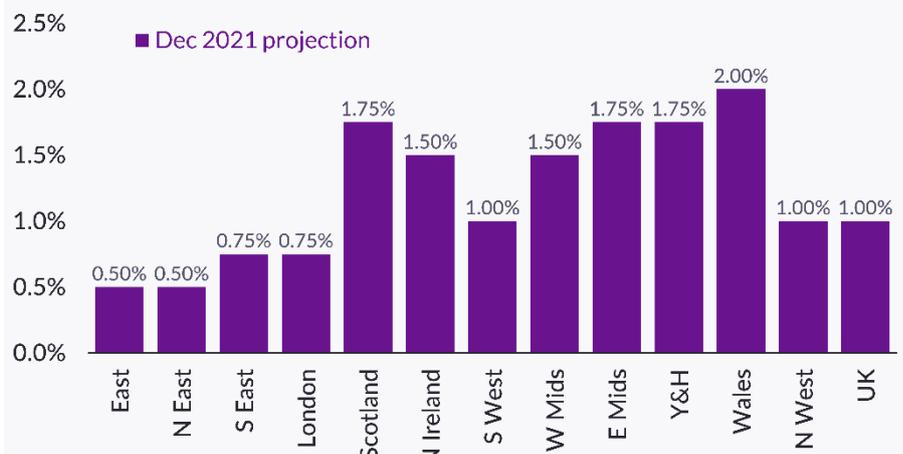
Every region is seeing price rises (page 3). For a more localised insight into price trends in your area, visit [In Your Area](#).

As we move into next year, the pace of house price growth is set to slow, but there will be some growth in every region, as shown in the chart below. The factors driving the market next year are examined in more detail in our latest [House Price Index](#).

Price growth will slow in all areas in 2021, but our current forecasts signal no ‘cliff-edge’ in pricing next year.

Annual house price growth to slow in 2021

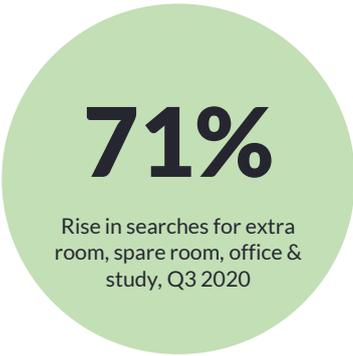
Zoopla



Source: Zoopla House Price Index

Find out all the latest data for your area:

[In Your Area](#)



Buyers searching for extra space

Our data has been clearly showing that there has been a rise in buyers and renters looking for homes with more space ever since lockdown back in March.

We have examined in previous reports the rise in demand for 3-bed, 4-bed and 5-bed homes for sale, how rental houses are being let out more quickly than flats across the UK outside London, and how Gardens top the list of search terms among those looking to move.

New data shows this trend shows no sign of abating. There has been a rise in the number of searches for keywords which signify extra space in a home. We grouped together search terms including: 'Extra room', 'Spare room', 'Office' and 'Study' and found searches had risen 71% in Q3 compared to Q2.

This may well reflect the increased appetite for space in which to work in a new property, given the changes in working from home and differing commuting patterns which have developed during 2020.

Properties that are well tagged could be at an advantage when buyers search for home-working options.

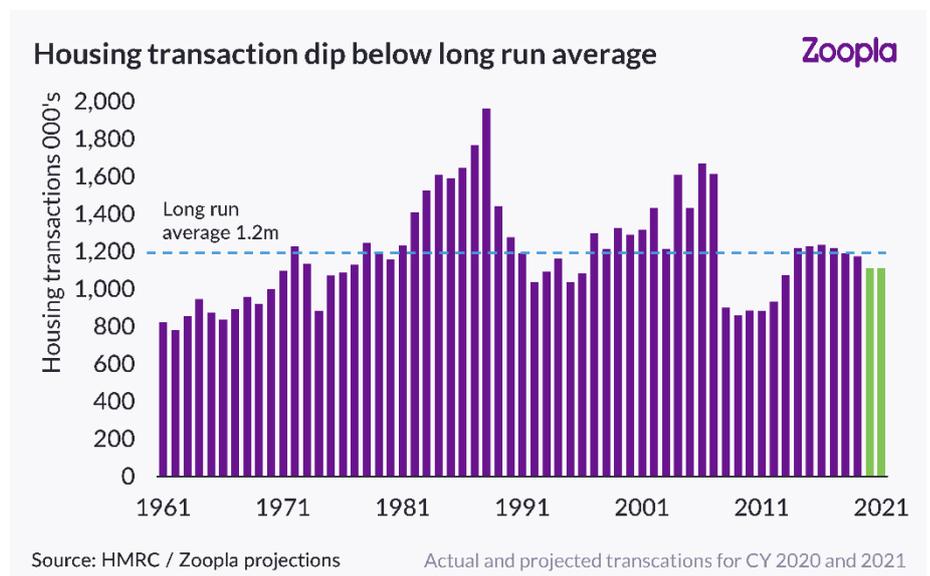
Activity down -6% in 2020, steady in 2021

We expect total transactions this year to be at 1.1m, some 6% lower than last year –underlining the elevated activity levels in the market since the end of the first lockdown.

We expect sales transactions in London and the South East to be 7% higher, where they are rising from a lower base.

The sales pipeline moving into Christmas is 50% higher than this time last year, so we expect higher levels of transactions moving into Q1 next year. This will offset slightly lower levels of activity in the rest of the year, and so we expect 1.1m sales transactions in 2021.

Sales will dip modestly this year, but remain steady in 2021.



Policy Update

- The Government has announced the new tiered approach for restrictions in England once the second lockdown ends on December 2nd. The housing market will remain open in each tier, and there is more detail on each level of restriction and what it means for your clients on [Zoopla Discover](#).
- NAEA Propertymark has updated its [best practice guidance](#) for agents operating in each region.
- The Spending Review, delivered on November 25th, highlighted the £20 billion earmarked for underpinning the Government's long-term housing strategy. However there was no mention of Capital Gains Tax, after a report by the [Office of Tax Simplification](#) suggested bringing the tax for investment properties and second homes in line with income tax. All eyes will be on the Chancellor's next Budget – no date has been confirmed for this.

Data digest August

	House prices % annual change	Rents % annual change
UK	3.0%	-0.5%
East Midlands	4.0%	2.5%
East of England	2.4%	2.2%
London	2.7%	-5.2%
North East	2.5%	3.2%
North West	4.4%	1.8%
Northern Ireland	3.0%	3.3%
Scotland	2.7%	0.1%
South East	2.6%	0.8%
South West	3.2%	2.7%
Wales	4.3%	2.5%
West Midlands	3.6%	0.0%
Yorkshire and the Humber	4.2%	2.3%

Find out all the latest data for your area:

In Your Area

Source: Zoopla Research, prices year to October 2020, rents year to end Q3 2020

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