

PRESS RELEASE

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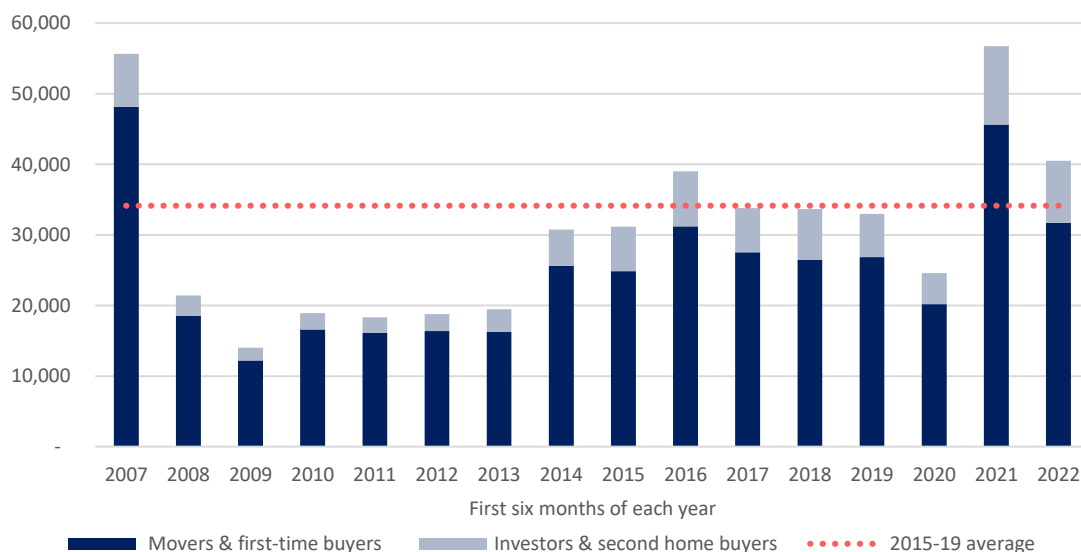
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LONDON EXODUS CONTINUES INTO THE FIRST HALF OF 2022

With a record share of buyers leaving to purchase their first home

- In H1 2022 Londoners bought 40,540 homes outside the capital, 19% above the pre-Covid average (2015-19) (chart 1, table 1).
- While overall numbers have fallen year-on-year, the rate at which people continue to leave London has remained the same. Londoners bought 7.9% of all homes sold outside the capital in H1 2022, the same proportion as in H1 2021, and up from 6.9% in H1 2019.
- Three-quarters of these buyers made a permanent move out of London, equating to 31,740 purchases in H1 2022 (table 1). A record 28% of homes were bought by a first-time buyer, up from 22% in 2019 and just 13% a decade ago (chart 2).
- Over half (53.9%) of households leaving London this year moved to a more affluent area (chart 3).

Chart 1 - Number of properties bought by Londoners outside the capital



Source: HMRC & Hamptons

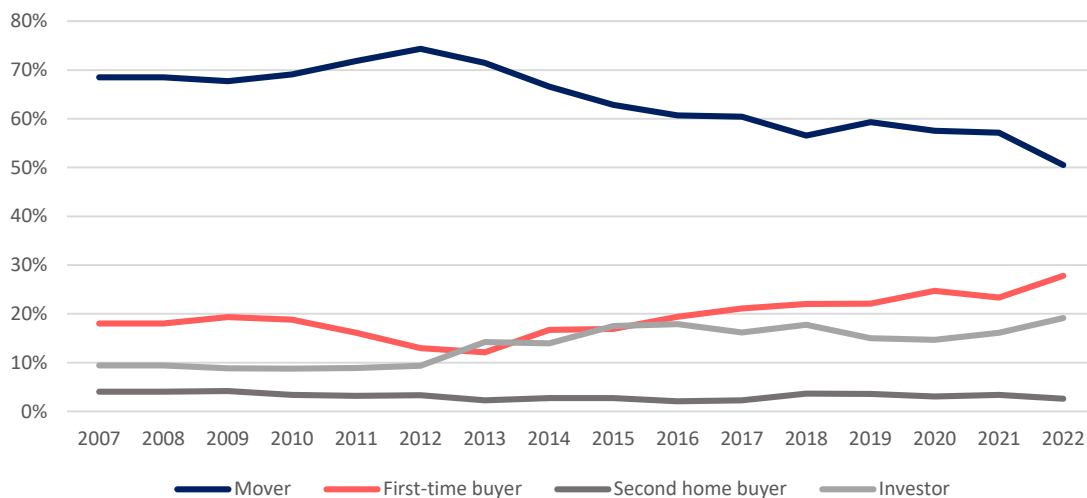
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During the first six months of the year (H1 2022), Londoners bought 40,540 properties outside the capital, 19% above the 2015-2019 (pre-Covid) average of 34,140. However, since overall transactions have slowed compared to 2021's spike (partly driven by the stamp duty holiday), so too has the number of homes bought by Londoners moving out of town. During the first half of 2022, London leavers purchased 16,210 fewer homes than the same time last year (56,750) (chart 1, table1).

Yet the rate at which people continue to leave London has remained the same as it was during the peak of the pandemic. Londoners bought 7.9% of all homes sold outside the region in H1 2022, the same proportion as in H1 2021, and up from 6.9% in 2019.

If this pace continues throughout the year, Londoners are set to buy 88,210 homes outside the capital in 2022. This is equivalent to the total number of homes sold in Yorkshire & The Humber last year (88,506) and 18% more than pre-Covid times when London purchases outside the capital averaged 74,980 each year between 2015 and 2019.

Chart 2 - Types of Londoners purchasing properties outside the capital



Source: Hamptons

The vast majority (78%) of London leavers are heading out of the capital to set up a home, rather than purchasing a buy-to-let or second-home. Londoners making a permanent move out of the capital in H1 2022 bought 31,740 homes, 16% above the pre-Covid (H1 2015-2019) average of 27,400 as buyers continue to adjust to new ways of living and working. The remaining 8,800 properties were purchased as buy-to-lets or second homes (table 1).

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Table 1 – Number of homes outside of the capital bought by a Londoner

H1 of each year	Movers & first-time buyers	Investors & second home buyers	Total
2007	48,130	7,520	55,660
2008	18,510	2,890	21,400
2009	12,220	1,830	14,050
2010	16,630	2,300	18,930
2011	16,130	2,210	18,340
2012	16,400	2,390	18,790
2013	16,260	3,200	19,460
2014	25,630	5,140	30,760
2015	24,880	6,310	31,180
2016	31,240	7,780	39,020
2017	27,550	6,260	33,810
2018	26,460	7,210	33,670
2019	26,880	6,130	33,010
2020	20,220	4,370	24,580
2021	45,660	11,080	56,750
2022	31,740	8,800	40,540

Source: Hamptons & HMRC

Affordability barriers and flexible working patterns have meant that a record 28% of Londoners buying outside the capital this year were purchasing their first home, up from 22% in 2019 and 13% a decade ago (chart 2). On average, these buyers spent £383,070 on their first home, equating to a total of £4.3bn spent in H1 2022. This is compared to an average price of £526,600 for a first-time buyer purchasing in London.

While the average Londoner bought a property 35.1 miles from where they lived, first-time buyers stayed a little closer to the city. On average, first-time buyers moved 23.7 miles, 2.2 miles further than in 2019 as strong house price growth, flexible working and the desire for space pushed them further out.

This year, 84% of first-time buyers stayed in the South of England, with 8% moving to The Midlands and 5% heading North. First-time buyers from London typically target more affordable commuter belt neighbourhoods, making up 34% of all buyers in Thurrock in H1 2022. Just South of the Thames, in Dartford and Medway, first-time buyers moving out of London accounted for more than one in five purchasers (table 2).

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Table 2 - % of homes in each local authority bought by a Londoner (H1 2022)

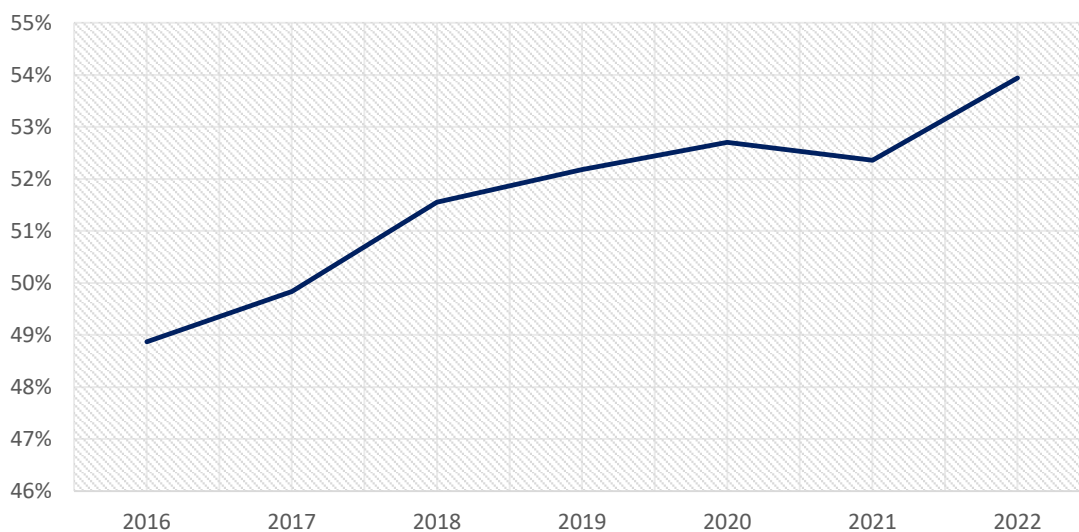
	Mover	First-time buyer	Investor	Second home buyer
1	Epping Forest (33%)	Thurrock (34%)	Thanet (16%)	Bath & N.E Somerset (5%)
2	Slough (22%)	Dartford (28%)	Middlesbrough (15%)	South Hams (5%)
3	Epsom & Ewell (21%)	Medway (20%)	Reigate & Banstead (13%)	Brighton & Hove (4%)
4	Watford (21%)	Basildon (18%)	Liverpool (10%)	Folkestone & Hythe (4%)
5	South Oxfordshire (20%)	Epsom & Ewell (16%)	Canterbury (8%)	Wiltshire (1%)

Source: Hamptons

Meanwhile, the share of homes bought by movers, who traded their London homes to buy outside the capital, dropped to a record low. Just 50% of properties bought outside the capital by a Londoner were purchased by someone with a house to sell, down from 59% in 2019 and 74% in 2012 (chart 2). With price growth in the capital moving at a slower rate than many of the places movers are heading to, some London leavers have found themselves on the back foot. On average these movers travelled 26.4 miles outside the capital, 0.6 miles further than in 2021.

A rising proportion of London leavers are trading up to a more affluent area. Over half (53.9%) of households leaving London this year moved to a more affluent area (chart 3). This is partly because more households have left less affluent areas of the capital. One in five (20.7%) London leavers came from the 25% most deprived areas of the capital this year, up from 18.4% five years ago.

Chart 3 - Share of London leavers moving to a more affluent area



Source: Hamptons

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There's also been an uptick in the share of Londoners investing in buy-to-let property outside the capital. Investors made up 19% of Londoners buying outside the capital this year, up from 15% in 2019 (chart 2). This means that a record 65% of London-based investors now purchase their buy-to-lets outside the capital, up from 26% a decade ago. They spent £210,070 on average, equating to a total of £1.6bn invested in H1 2022.

The appeal of higher yields further North has meant that 28% of these investors purchased buy-to-lets in the North of England, up from 11% a decade ago. This is reflected in the fact that the average investor purchased 102.8 miles away from their London home so far this year, up from 77.0 miles in 2017.

Commenting Aneisha Beveridge, Head of Research at Hamptons, said:

"It's becoming increasingly evident that one of the biggest Covid-related housing market trends – moving out of London for the country - could be here to stay. Despite more people returning to London offices this year, the rate at which households have upped-sticks and headed out of town has continued apace. While last year families relocating to gain more space accounted for nearly three in five Londoners buying outside the capital, this year the figures have been driven by first-time buyers, many of whom were renting in the capital.

"Strong house price growth outside of London over the last year has meant that buyers have had to move even further outside the M25. The average Londoner moved 35 miles, the equivalent of trading Fulham for Farnham or Canary Wharf for Chelmsford – an extra mile further than in 2021. The distance London leavers move is likely to continue rising until at least 2024 as house price growth in the capital continues to lag behind the rest of the country.

"While many Londoners have traded the city lights for a country abode, we've also seen a rise in the number of people moving into the capital this year - both tenants and buyers, from the UK and abroad. So far this year 13.3% of people buying a home in London came from the regions, the second highest figure on record. A sign that perhaps London hasn't quite lost its sparkle!"

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