

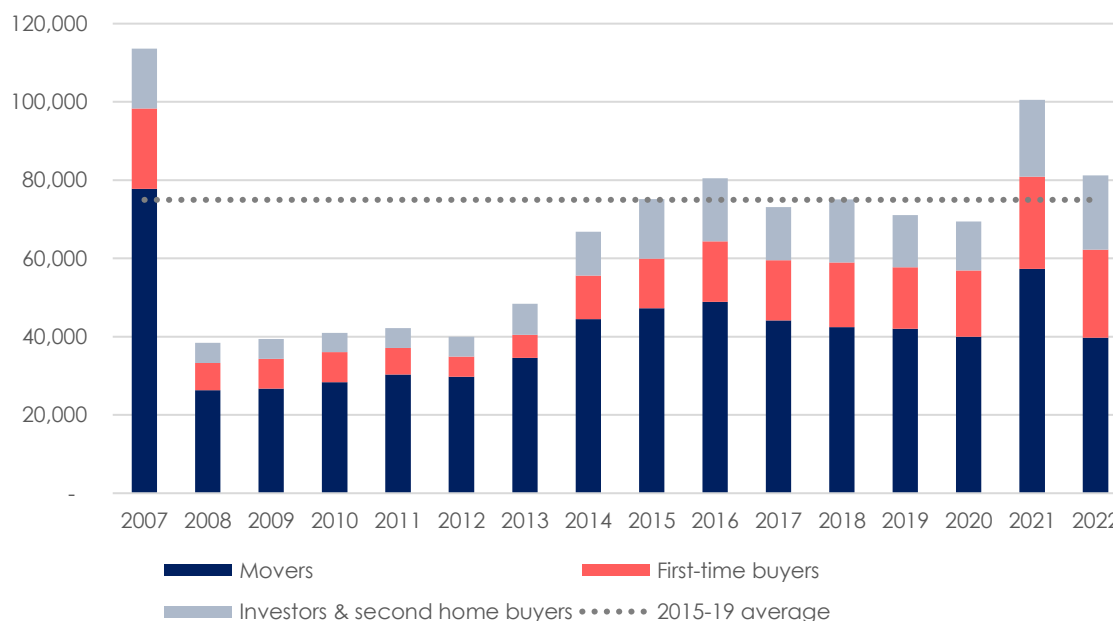
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LONDON OUTMIGRATION SLOWS IN 2022

- Londoners will purchase 81,200 properties outside the capital in 2022, nearly 20,000 fewer than their 2021 peak of 100,540 (chart 1).
- Affordability pressures meant that first-time buyers made up a record 28% of those buying outside the capital, equating to 22,470 purchases (charts 1 & 2).
- The search for higher yields led to nearly two-thirds (62%) of London based investors choosing the regions over the capital for their buy-to-let purchase, up from 26% in 2012.
- Strong house price growth outside London has meant that 26% of movers bought a 4+ bed home in 2022, down from 30% in 2020. And they're moving 4.4 miles further on average than last year.

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



Source: ONS & Hamptons

The share of Londoners purchasing property outside of the capital slowed in 2022, back towards pre-Covid norms. In 2022, Londoners bought 7.3% of all homes sold outside the capital, down from a 14-year high of 7.8% in 2021. Proportionally though, with flexible working becoming the norm for many, the rate of London outmigration remains above 2019 levels when 6.8% of homes in the regions were bought by a Londoner. /...

In number terms this means that Londoners are set to purchase 81,200 properties outside the capital in 2022, nearly 20,000 fewer than when London purchases peaked at 100,540 in 2021 (chart 1). However, this figure remains 8% up on the 2015-19 average of 74,970 and reflects the fact that 300,000 fewer homeowners moved in 2022 than in 2021.

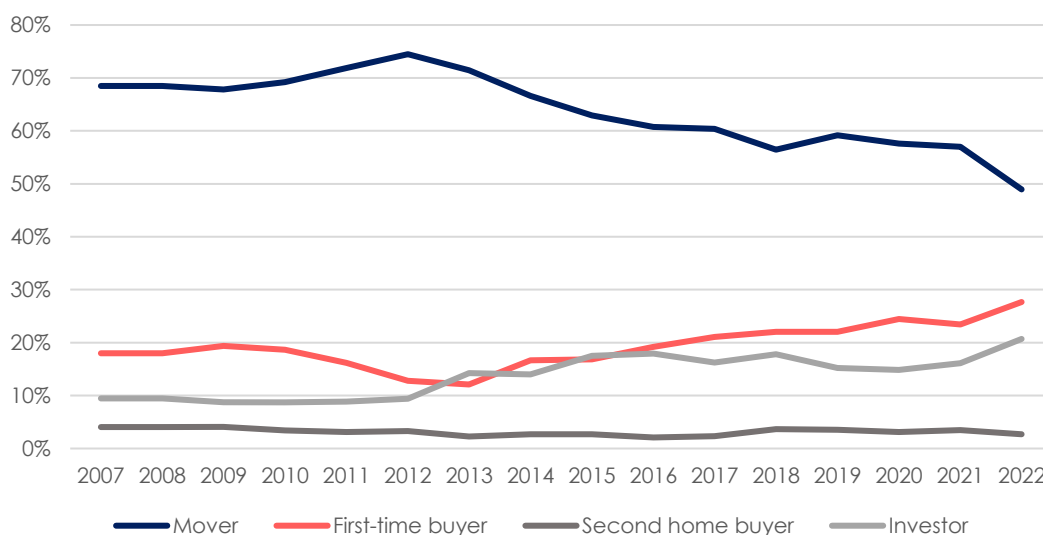
Who's buying?

Driven by affordability pressures, first-time buyers made up a record 28% of those buying outside the capital, equating to 22,470 purchases (charts 1 & 2). Due to lower transaction numbers overall, London based first-time buyers bought 5% fewer homes in the regions than in 2022. However, mover numbers (those selling a home in London) dropped more, by -31% year-on-year. This means that buyers making a permanent move out of the capital purchased 62,210 homes in 2022 - 23% fewer than last year's peak, but 8% more than in 2019 (chart 1).

With an average purchase price of £371,670, 30% more than average, first-time buyers leaving the capital are set to spend £8.35bn on property in 2022. This figure exceeds the total value of all new homes sold in London in 2021 (£7.6bn).

Meanwhile, London based investors made up a record 21% of those buying in the regions, up from 16% in 2021 and 9% a decade ago (chart 2). The search for higher yields to cover rising costs means that nearly two-thirds (62%) of London based investors now choose the regions over the capital for their new buy-to-let, up from 26% in 2012. Together with second home buyers, they spent a total of £4.89bn on property outside the capital in 2022.

Chart 2 – Who's buying outside London



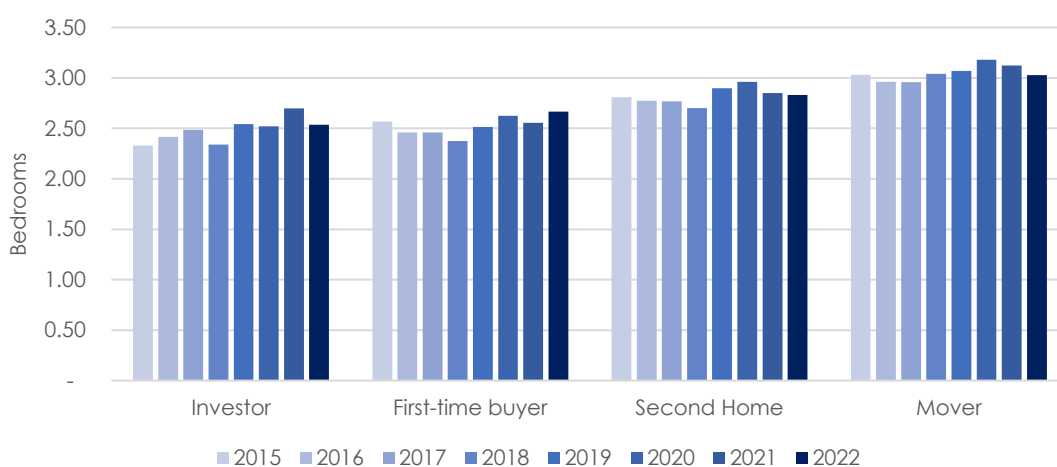
Source: Hamptons

What are they buying?

Strong house price growth outside the capital over the last year has meant that Londoners' budgets don't stretch quite as far as they once did. Consequently, the average Londoner bought a property outside the capital with 2.9 bedrooms, slightly down from a peak of 3.0 in 2020 when Covid was at its height and the race for space was a primary driver of sales. 30% of Londoners buying outside the capital in 2020 bought a home with four bedrooms or more compared to 26% in 2022 (chart 3).

A third of movers trading their London home for elsewhere purchased somewhere with four beds or more, compared to 13% of first-time buyers.

Chart 3 – Average number of bedrooms bought outside the capital by a Londoner



Source: Hamptons

Where are they buying?

Strong house price growth in 2022 has meant that Londoners have moved further afield to get the space they require. The average Londoner buying outside the capital purchases 34.0 miles away, 1.2 miles further than last year which itself was a record.

Investors purchase furthest away, at an average of 109.8miles, a figure which has doubled since 2013. They are followed by movers at 26.6 miles and first-time buyers at 23.2 miles. The average first-time buyer moved 1.2 miles further than last year.

This is reflected in the fact that the share of Londoners moving permanently to the Midlands or the North rose from 6% in 2012 to 15% in 2022. Meanwhile 54% of London based investors bought a buy-to-let in the Midlands or North, up from 20% a decade ago.

Several of the local authorities that have seen the biggest increase in the proportion of their prospective buyers coming from London are located further than the traditional commuter belt hotspots. For example, in 2019 just 1% of applicants registering to buy in Wiltshire came from London. But by this year, 16% of prospective buyers were looking to move from the capital (table 1). /...

A record 19% of London leavers (movers or first-time buyers) are moving from Zone 1 or 2, up from 17% in 2019 and 15% a decade ago. However, those currently living in Zone 5 and 6 are still most likely to move outside the M25 and make up 44% of Londoners buying a home outside the capital.

Table 1 – Top 15 local authorities with the biggest increase in London prospective buyers

Local Authority	Region	% of applicants from London in 2022	Change since 2019
Wiltshire	South West	16%	15%
Swale	South East	23%	13%
Mid Sussex	South East	24%	13%
Hart	South East	23%	12%
Bath and North East Somerset	South West	21%	12%
Middlesbrough	North East	17%	12%
Tonbridge and Malling	South East	23%	11%
Medway	South East	34%	11%
Hertsmere	East of England	77%	10%
Brentwood	East of England	30%	8%
North Hertfordshire	East of England	20%	8%
Horsham	South East	17%	7%
Tunbridge Wells	South East	25%	7%
Basildon	East of England	30%	6%
Chichester	South East	15%	6%

Source: Hamptons

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

“London outmigration appears to have passed its peak. While 2021 was dominated by space seekers swapping the bright city lights for pastures green, 2022 signalled the return to the office. That said, the widespread popularity of flexible working has meant that Londoners continue to move that little bit further out of the city to gain more space, meaning outmigration numbers remain higher than pre-Covid times.

“Next year, we expect the pace of London outmigration to cool further as pent-up demand from the Covid related trend wanes. But affordability pressures, and in particular the cost of higher interest rates, may mean that more Londoners are forced to move further afield to buy a home. Our latest data suggests that first-time buyers in particular are sacrificing location in order to climb onto the housing ladder. And this looks set to put a floor under London outmigration numbers in 2023.”

Ends

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About Hamptons

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