

UK Residential Real Estate - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2020-2029

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Report description:

The UK Residential Real Estate Market size is estimated at USD 360.27 billion in 2024, and is expected to reach USD 476.46 billion by 2029, growing at a CAGR of 5.75% during the forecast period (2024-2029).

Key Highlights

- Since the coronavirus outbreak, demand on the residential property market has been strong, which has in turn affected house prices around bigger cities. The limited availability means competition among home buyers has been higher and the prices have been rising at a faster pace. In November 2021, the average house price in London reached almost 520,000 British pounds and was almost three times as high as in North East. Most households in the UK own their homes and rely on a mortgage for home financing. Comparing homeownership rates in different European countries, it can be seen that the UK ranks close to the Netherlands, Sweden, and Denmark, with 65.2 percent.
- Since 2014, the quarterly number of housing completions in England has fluctuated between approximately 17,000 completed housing completions in the second quarter of 2020 and 53,000 housing completions. Both the dramatic fall and the consequent increase could be attributed to the coronavirus (COVID-19) pandemic that unfolded in 2020. In the second quarter of 2022, there were 46,250 completions.
- London had nearly 3,500 completed build to rent homes less than the rest of the UK combined in the second quarter of 2022. Build to rent refers to homes that are built specifically for renting rather than for sale. They differentiate from traditional rent homes with their focus on the provision of as services, i.e. professional on-site management, shared spaces, work zones, fitness centers. In the second quarter of 2022, there were roughly 44,500 build to rent homes in planning in London and 71,400 in the rest of the UK. In the past three years, the build to rent sector has been growing in the UK.
- House prices vary widely in the United Kingdom (UK), but housing in certain cities and counties is substantially pricier than in others. Surrey, for example, concentrated seven of the most expensive towns to buy a home, including Virginia Water, Cobham,

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and Richmond. With an average house price of over one million British pounds as of January 2022, housing in these towns cost roughly four times the national average.

UK Residential Real Estate Market Trends

Increasing in the United Kingdom House Prices

Average house prices are affected by several factors Economic growth, unemployment, interest rates, and mortgage availability can all affect average prices. A shortage of supply means that the need for housing and, therefore competitive market created will push up house prices, whereas an excess of housing means prices fall to stimulate buyers. Average house prices are affected by several factors Economic growth, unemployment, interest rates, and mortgage availability can all affect average prices.

A shortage of supply means that the need for housing and, therefore competitive market created will push up house prices, whereas an excess of housing means prices fall to stimulate buyers. When it comes to the average price of housing, this is certainly true in the United Kingdom (UK). As of June 2022, the average house price in London was roughly double the national average. At over 538,000 British pounds (USD 648021.00), the capital of England has the highest average house prices in the entire UK.

Even within London, average house prices varied massively. To live in Kensington and Chelsea, the average house would set back withover one million British pounds (USD 1.20 Million). At the other end of the scale, a house in Barking and Dagenham would cost about a quarter of that seen in Kensington and Chelsea. In 2022, the number of housing transactions in the UK reached 1.3 million. With the expected increase in transactions, the average house price is also set to grow across the UK.

Increase in Residential Properties across the United Kingdom due to favorable Mortgage Rates

After stagnating due to the coronavirus pandemic in 2020, activity in the residential property market in the United Kingdom surged in 2021, followed by a decline in 2022. From approximately one million transactions with a value of 40,000 British pounds and above in 2020, the transaction volume reached nearly 1.5 million in 2021 and 1.3 million in 2022. For residential transactions, England made up the majority of completions.

The number of monthly mortgage approvals for a home purchase in the United Kingdom peaked at over 100,000 approvals in November 2020, after falling to record low levels at the beginning of the coronavirus pandemic in the second quarter of the year. The spike was due to the easing of the first lockdown and a rise in the demand for housing. In 2022, the housing market started cooling down and this was reflected by a falling number of mortgage approvals. In October 2022, there were about 58,000 mortgage approvals. Remortgaging approvals followed a similar trend.

Mortgage rates increased at a record pace in 2022, with the 10-year fixed mortgage rate doubling between March 2022 and December 2022. With inflation increasing, the Bank of England introduced several bank rate hikes in 2022, resulting in higher mortgage rates. After falling in 2020 due to the coronavirus (COVID-19) pandemic, both the number of residential properties sold and the gross value of mortgage lending surged in 2021. Of the plus one million transactions made across the United Kingdom in 2021, the majority of residential properties were sold in England.

The meager mortgage rates that have helped intensify housing market demand are expected to continue to grow higher during the study period. Thus, this is driving the residential real estate market in the United Kingdom.

UK Residential Real Estate Industry Overview

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The residential real estate market in the United Kingdom is fragmented due to the low market share concentration, with the industry being highly competitive. The United Kingdom Residential Real Estate market is experiencing a shortage of houses, which has led to higher demand and a positive impact on the big housebuilders in the United Kingdom. Several have reported a rise in sales due to the healthy demand for new homes. Key players in the UK housebuilding are Miler Homes, Crest Nicholson PLC, Barratt Developments, London and Quadrant Housing Trust, Bellway PLC, Kier Group PLC, and Berkeley Group.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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