



INDUSTRY INSIGHTS

in Estate
Agencies





INDUSTRY INSIGHTS in ESTATE AGENCIES

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MARKET DEFINITION

1.1 Scope of the Market

Real estate covers a major part of the UK economy that contributes £101.2B, which is around 7% of the national GVA. (British Property Federation, 2019). In 2019, there were 113.2K businesses in the sector that employed 514,000 individuals.

(Statista Research Department, March 2020)

There are four types of real estate:



1. Residential
2. Commercial
3. Industrial
4. Land

#1 Residential real estate

includes both new construction and resale homes. The most common category is single-family homes. There are also condominiums, co-ops, townhouses, duplexes, triple-deckers, quadplexes, high-value homes, multi-generational and vacation homes.

#2 Commercial real estate

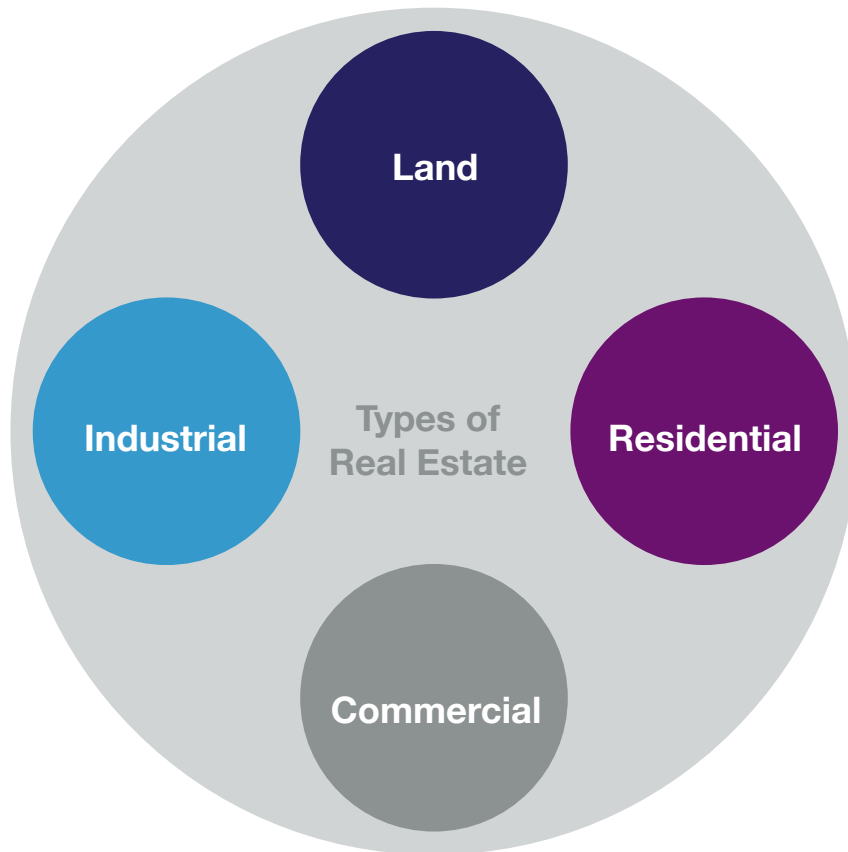
includes shopping centres and malls, medical and educational buildings, hotels and offices. Even though apartment buildings are used for residency, they are often considered commercial because they generate income.

#3 Industrial real estate

includes manufacturing buildings and property, as well as warehouses. These buildings can be used for research, production, storage and the distribution of goods. Some buildings that distribute goods are considered commercial real estate. Their classifications are important because the zoning, construction and sales are handled differently.

#4 Land

includes vacant land, working farms and ranches. The subcategories within vacant land include undeveloped, early developed or reused, subdivisions and site assemblies.
(The Balance, Feb.2020)



Source: The Corporate Finance Institute

The real estate industry can be divided into several different areas:

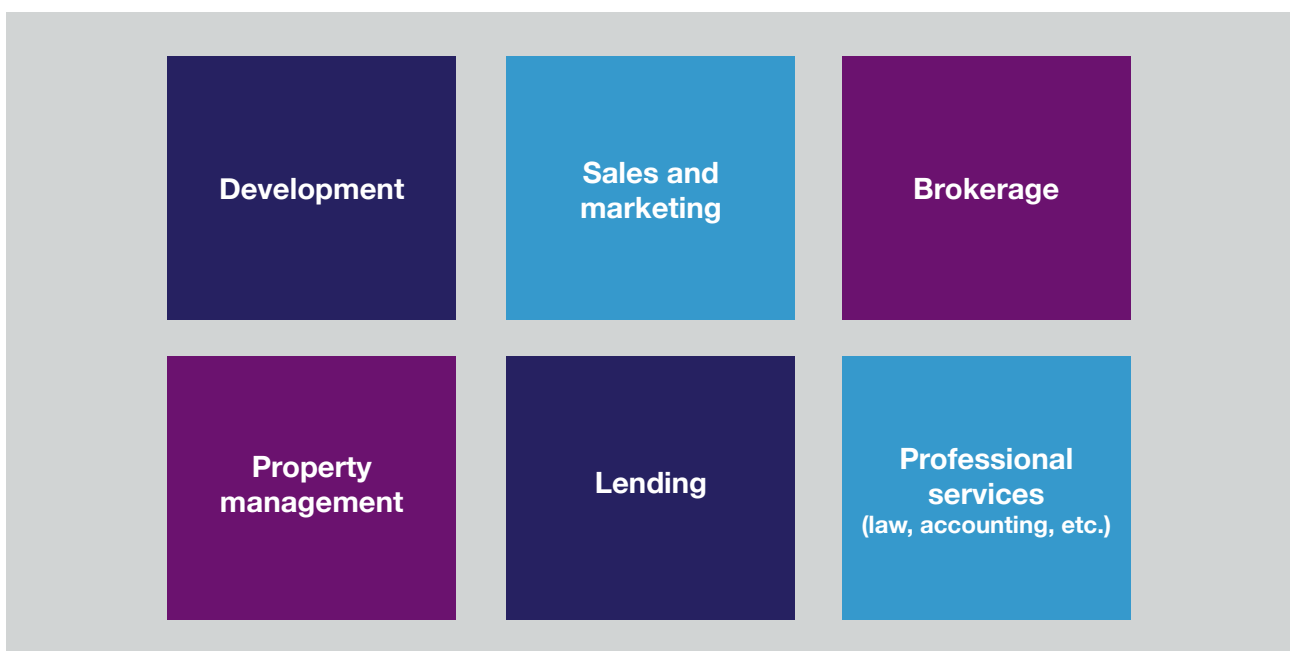


Image Source

#1 Development

Real estate development is a process that involves the purchase of raw land, rezoning, construction and renovations of buildings to sell or lease the finished product to end-users. Developers earn a profit by adding value to the land (creating buildings, renovating, rezoning, etc.) and taking the risk of financing a project. Development firms create a new product, which can be thought of as the “primary market” or generation of new inventory.

#2 Sales and marketing

Sales and marketing firms work with developers to sell the buildings and units they create. These firms earn a commission for creating all marketing material and using their sales agents to sell the inventory of completed units. These firms typically focus on new units.

#3 Brokerage

A real estate brokerage is a firm that employs a team of real estate agents (realtors) who help facilitate property transactions between buyers and sellers. Their job is to represent either party and help them achieve a purchase or sale with the best possible terms.

#4 Property management

Property management firms help real estate owners rent out the units in their buildings. Their jobs include collecting rent, showing units, fixing deficiencies, performing repairs and managing tenants. They charge a fee, typically a percentage of the rent, to property owners.

#5 Real estate lending

Lenders play a major role in the industry as virtually all properties and developments use leverage (debt) to finance their business. Lenders can include banks, credit unions, private lenders and government institutions.

#6 Professional services

There are a variety of real estate professionals who work in the industry and streamline operations while improving functions. The most common examples (other than the ones listed above) are accountants, lawyers, interior designers, general contractors, construction workers, and tradespeople. [\(Corporate Finance Institute\)](#)

1.2 Major Players

As mentioned earlier, the real estate industry is comprised of multiple segments (e.g. residential, commercial, etc.). Below, there are three lists of the biggest companies in the UK according to the following fields:

Estate Agents:

- Countrywide PLC
- Savills UK LTD
- Connells LTD
- LSL Property Services PLC
- Knight Frank LLP
- Foxtons Group PLC (Ibis World, June 2020)



Commercial Real Estate Consultancies:

- CBRE LTD
- Jones Land Lasalle LTD
- Savills PLC
- Knight Frank LLP
- Avison Young Holdings LTD
- Bidwells LLP
- Cluttons LLP (Ibis World, March 2020)

Residential Estate Agents:

- Countrywide PLC
- Connells LTD
- LSL Property Services
- Purplebricks Group PLC (Ibis World, Dec. 2019)



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MARKET INSIGHTS

2.1 Current Market Scenario

Housing Market

Inflation-adjusted house prices were up by 0.75% year-over-year in Q1 2020.

The UK's housing market is gradually improving. Real house prices rose by 0.75% during 2019 to Q1 2020, an improvement from the previous year's 1.36% decline and its best performance since Q1 2017. Quarter-on-quarter, real house prices increased slightly by 0.83% during the latest quarter.

(Global Property Guide, June 2020)

Regional Performance in House Prices

Wales was the best performing region from 2019 to Q1 2020, with real house prices rising by 4.62%, followed by Yorkshire and the Humber (2.59%) and North West (2.42%). London real house prices fell by 0.65%.

(Global Property Guide, June 2020)

However, rental values in prime central London grew by 1.2% during the current year to March 2020. In prime outer London, the annual increase was 1.1%, the highest rise in more than four years.

(Knight Frank UK, April 2020)

Demand Continues to Fall

Nationwide residential property transactions of £40,000 or above fell sharply by 15.4% to 291,050 units in the first four months of 2020 amidst the coronavirus outbreak, according to the HM Revenue & Customs. Even before the pandemic, demand had already weakened. It fell by 1.2% in 2019 and 2.3% in 2018 due to the political and economic volatility from the Brexit deal.

(Global Property Guide, June 2020)

Residential Property Transactions

The provisional seasonally adjusted estimate of UK residential property transactions in May 2020 was 48,450. That is 49.6% lower than May 2019, yet 16% higher than April 2020.

(HM Revenue & Customs UK, June 2020)

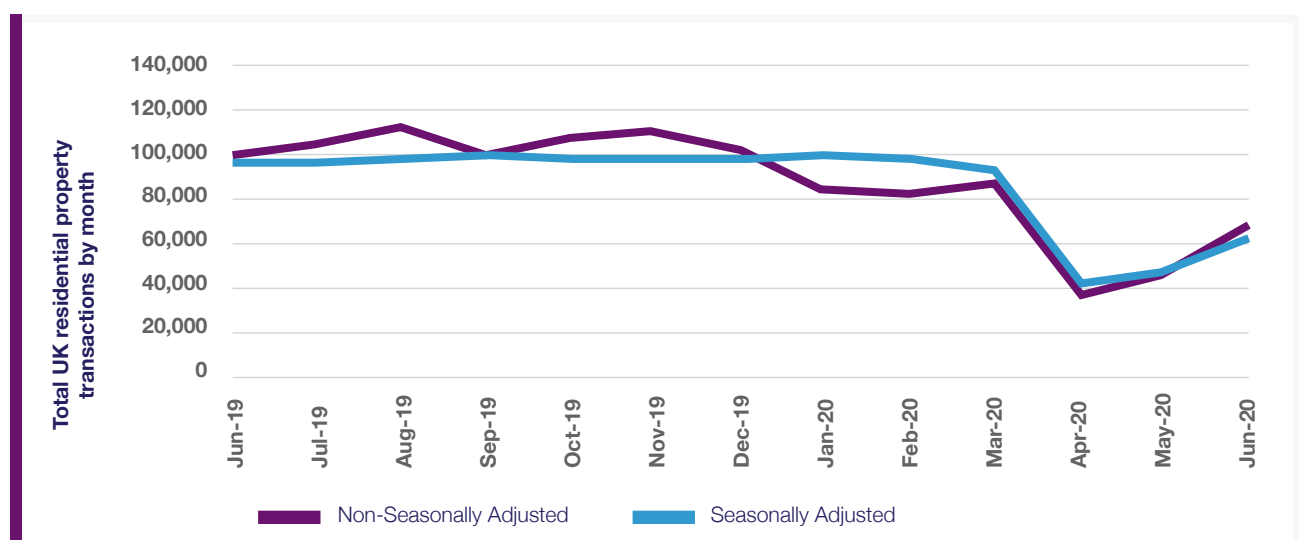


Image Source

Non-Residential Property Transactions

The provisional seasonally adjusted estimate of UK non-residential property transactions in May 2020 was 5,880; 42.2% lower than May 2019 yet 14.1% higher than April 2020.

(HM Revenue & Customs UK, June 2020)

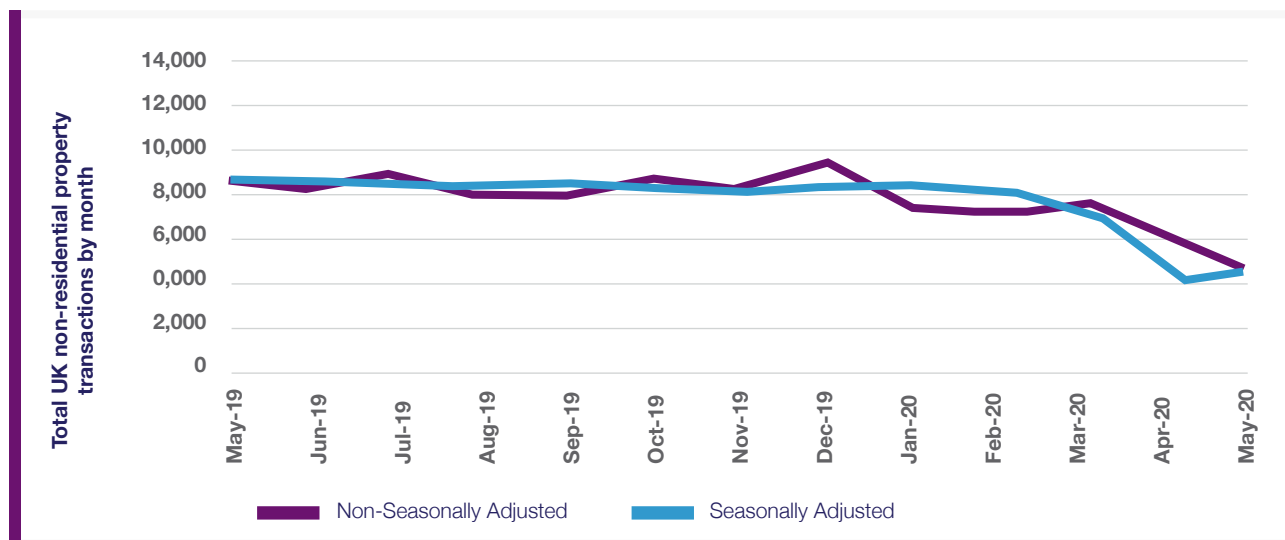


Image Source

Commercial Real Estate Market

Commercial real estate maintained the average prime yield at the same level for the end of March 2020 as it was for the end of February. However, while the Q1 2020 investment volume was up year-on-year, and very sharply up in some retail segments, there is very little evidence of 'post lockdown' pricing in the UK market until today.

(Savills UK, April 2020)



Image Source

In the context of commercial real estate (or real estate in general), yield refers to the annual income from the investment, expressed as a percentage of the investment's total cost or, in some cases, its estimated current value. Yield is another name for the rate of return.

(Fund Rise)

Prime yields provide the yield level of properties with higher quality or better locations, but it is not the maximum yield of closed transactions.

(RIWIS)

2.2 Technological Innovations

Note: The source used in this section is a multipage report. So, apart from the source and date, the page number has also been added to verify the information.

PropTech

Real estate, as an asset and as an industry, is not immune to the innovations made possible by the fourth industrial revolution. **PropTech** describes the digital transformation that is currently taking place within the real estate industry.

(University of Oxford, 2020, pg.6)

Smart Buildings

Smart buildings describe technology-based platforms that facilitate the operation and management of real estate assets. The assets can be single property units or entire cities. The platforms may simply provide information about building or urban centre performance, or they may directly facilitate/control building services. This sector supports real estate assets, properties and facilities management.

(University of Oxford, 2020, pg.6)

Real Estate FinTech

Real estate fintech describes technology-based platforms that facilitate the trading of real estate asset ownerships. The assets can be buildings, shares or funds, debts or equities. The platforms may simply provide information for prospective buyers and sellers or they can directly facilitate or affect transactions of asset ownerships or leases with a (negative or positive) capital value. (University of

Oxford, 2020, pg.6)

Sharing Economy

The sharing economy describes technology-based platforms that facilitate the use of real estate assets. The assets can be land or buildings, including offices, shops, storage areas, housing and other property types. The platforms may simply provide information for prospective users and sellers of space or they can directly facilitate or affect rent- or fee-based transactions. This sector supports real estate occupier markets.

(University of Oxford, 2020, pg.6)

Legal Tech-Smart Contracts

Legal technology is reinforcing and transforming much of the real estate transactions (sale and leasing) process. In addition to the opportunity to speed up transactions, smart contracts are used for the automated movement of funds, data and agreements. They are contracts written in computer code. Smart contracts can be self-executing and self-enforcing, meaning that a contract can imply a pre-determined outcome once the required criteria are met.

(University of Oxford, 2020, pg. 62 & 32)

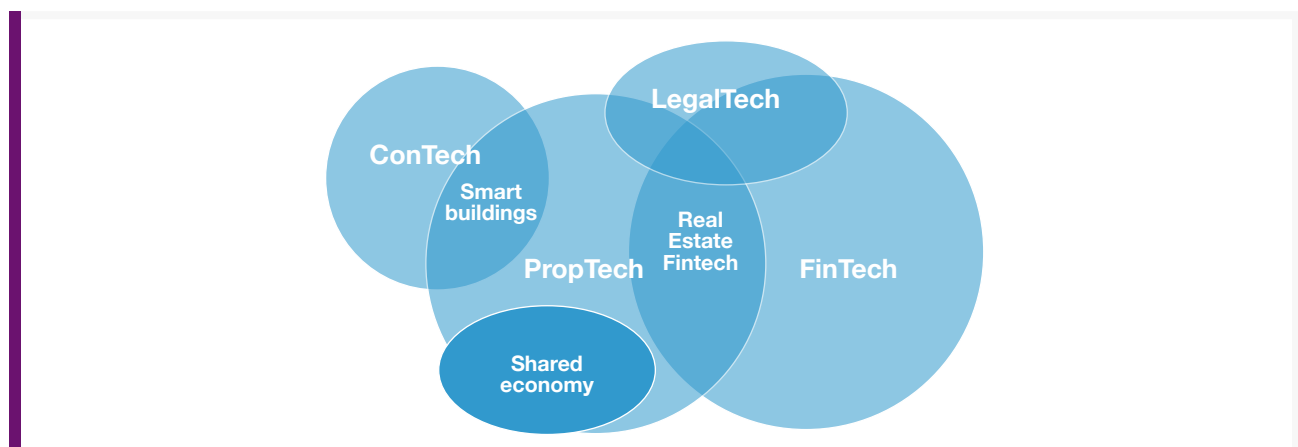


Image Source

2.3 Government Regulations & Initiatives

Post-Lockdown Regulations

The UK has been in lockdown for months; however, real estate services were deemed essential. Now, the government has announced plans for restarting the housing market, modifying regulations due to COVID-19 and releasing a new set of guidelines for private residential buyers and renters in England to follow moving forward.

The guidance order covers only England as of now. The administrations of Scotland, Wales, and Northern Ireland have yet to follow suit.

(Property Portal Watch, May 2020)

Estate agents

Estate agents can open for business but should consider how and when to reopen their premises given government guidance on safer working conditions. Estate agents should inform customers and their staff about taking safety measures throughout the sales process.

Agents should:

- Ask if any party has had symptoms or has been asked to self-isolate before proceeding with any viewings or office visits.
- Operate using an appointment system for office visits and when conducting viewings.
- Strongly encourage clients to view properties virtually but can allow them to physically inspect the properties in which they have shown a strong interest.
- Accompany visitors at physical viewings and maintain a minimum distance of two metres from others wherever possible. If social distancing is impossible and the visit is in an enclosed space, wearing a face mask is required to stay aligned with government guidance.

Note: If they do not accompany visitors, they should make sure that both buyers and sellers clearly understand how the viewings should be conducted safely.

- Do everything possible to promote flexibility when arranging move dates; for example, advising clients to ensure that contracts have explicit terms to manage the timing risks because of the coronavirus.
- Work with their clients and other agents to arrange a new date to move where sales are due to complete the transaction and one of the parties has the coronavirus or needs to self-isolate.
- Ensure that all keys are appropriately cleaned before the handover.

Agents should not:

- Carry out any open house viewings.
- Drive clients to appointments.

(UK Government, May 2020)

UK Business Support Mechanisms

The UK government and regional administrations have been developing and announcing a range of measures to support the economy, businesses and workers throughout the COVID-19 crisis.

(Pinsent Masons, May 2020)

Business support mechanisms include:

- [COVID-19 Corporate Financing Facility \(CCFF\)](#)
- [Coronavirus Business Interruption Loan Scheme \(CBILS\)](#)
- [Coronavirus Large Business Interruption Loan Scheme \(CLBILS\)](#)
- [Coronavirus Job Retention Scheme](#)
- [Term Funding Scheme with additional incentives for SMEs \(TFSME\)](#)
- [Small Business Grant Fund \(SBGF\)](#)
- [Coronavirus Business Support Grants \(Scottish Scheme\)](#)
- [Future Fund](#)
- [ESFA Post-16 Provider Relief Scheme](#)
- [Bounce Back Loans Scheme](#)
- [Trade Credit Insurance](#)
- [Statutory Sick Pay](#)
- [General Taxation - Time to Pay](#)
- [Insurance](#)
- [Companies House](#)
- [Mortgage Holidays](#)
- [Deferred VAT Payments](#)
- [Self Employed Income Support Scheme](#)
- [Reform of Insolvency Law](#)

3

MARKET DYNAMICS

3.1 Drivers

The Overall Real Estate Sector

Technology

In 2020, the UK real estate community is becoming more sophisticated with its technology strategies. It matured a lot in 2019, but 'the best' will stand out from 'the rest' as larger firms take bolder steps than smaller firms can manage. Stakeholder groups will need to define their tech requirements for effective analytics, management and experiences. (CBRE, 2020)

Climate Change

Investors and developers can take steps towards making real estate a carbon neutral industry. An in-depth analysis and assessment of building performance can help identify savings. To maximise these savings, developers will need to adopt a holistic approach, considering the design, construction and use of buildings, including the use of materials. (CBRE, 2020)

Commercial & Industrial Real Estate

E-Commerce Growth & Demand Focus on Cities

E-commerce growth will see an increase in demand for distribution warehouses in cities, especially London, where industrial land is scarce. (Cushman & Wakefield, Feb. 2020)

Global Economic Uncertainty & Demand Increase

Uncertainty in the global economy is likely to lower property investors' risk profile, fuelling demand for prime UK real estate, particularly office and industrial areas. (Cushman & Wakefield, Feb. 2020)

Key Success Factors:

Note: The source used in this section is a multipage report. So, apart from the source and date, the page number has also been added to verify the information.

A global network with local knowledge and good government relations

Local knowledge has always been essential for success in real estate, but it will become even more crucial as the investment community looks for value in international markets.

Specialist expertise and innovation

Making the most of the opportunities unfolding in the fast-changing real estate world will require specialist skills (e.g. subsector specialisations, urban economic analyses, product development, regulations, taxes, etc.) and an entrepreneurial spirit.

Cost management

The real estate business has become less profitable in most of the world over the past five years since the bursting of the asset price bubble, leading to a need to improve cost management by creating smaller organisations.

Having local partners in local markets will help mitigate costs, as will acquiring specialised local investors and developers. Additionally, outsourcing non-core functions can help generate more profits with fewer resources.

The right people

As the real estate sector grows, the war for talent will intensify with local knowledge being the key factor to success; yet, relatively few people have that kind of expert knowledge, which is required. [\(PWC, 2020 pg. 31-35\)](#)

3.2 Restraints/ Industry Challenges

Brexit Uncertainty

As the focus shifts towards the debate over the UK's future trading arrangements with the EU, considerable uncertainty still remains. [\(Avison Young, 2020\)](#)

Lockdown Measures Reduce the Demand for Estate Agents (both residential and non-residential)

The government advice to postpone moving homes during the lockdown has heavily affected the demand for estate agents. (Ibis World, June 2020) More analytically, social distancing measures and the inability to view properties will delay property transactions for both buyers and the lettings markets, weighing on demand for industry services. [\(Ibis World, Dec. 2019\)](#)

House Sales Market: The Risk of Buyers' Confidence Weakens

Housebuilders hope that forward sales will help completions bounce back once construction and sales sites are formally reopened. However, not all of the homes included in forward sales figures represent contractual purchases, but also reservations. A more prolonged economic downturn post lockdown could mean that fewer reservations will lead to completion if buyer confidence is weakened or unemployment levels rise. [\(Investors Chronicle UK, Mar. 2020\)](#)

Lower Density of Buildings, Lower Profitability

The lower density of use of buildings could also mean squeezed margins and potentially lower profitability. This could also impact the capital values of some real estate assets in the future, should this become a longer-term phenomenon. [\(Knight Frank, May 2020\)](#)

3.3 Opportunities / Investments

UK: An Attractive Place for Real Estate Investments

The UK's total returns are solid, and a low interest rate environment offers investors a robust alternative to fixed income. Investment volumes will rebound sharply from 2020. Despite already being at historic lows, further yield compression is possible if not likely across European office markets with London looking particularly well-placed from a relative value perspective. [\(CBRE, 2020\)](#)

Crowdfunding & Property Management Platforms

Crowdfunding and property management platforms will become more prominent as technology becomes increasingly important for landlords, tenants and retail investors. [\(Cushman & Wakefield, Feb. 2020\)](#)

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COMPETITIVE LANDSCAPE

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Competition for Prime Assets Will Intensify Further

New wealth from the emerging economies will intensify competition for prime assets; the investment community will need to think laterally to gain attractive returns. They might have to develop assets in fast-growing but higher risk emerging economies, or specialise in the fast-growing subsectors, such as agriculture, retirement, etc.

(PWC, 2020 pg.6)

Competitiveness Through Incentives for an Innovative Corporate Structure & Staff Motivation

Real estate organisations will need to make incentives as competitive as possible, in the broadest sense, while aligning them with changing strategies. Ensuring that the structure and level of pay reflect people's changing motivations while encouraging the behaviour and financial returns needed will also be vital. (PWC, 2020 pg.35)



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RECRUITMENT: CHALLENGES & FACTS

Facts

According to **The Negotiator UK (Oct. & Nov. 2019)**, successful estate agency recruitment is far more than an eye-catching 'OTE' (on-target earnings) salary and an immediate start date.

Estate agencies are used to incentivise estate agent recruitment on potential-high salaries are earned by enticing commission structures and performance-related bonuses. However, applicants are increasingly motivated by different aspects that don't always focus on financial gains, such as wellbeing and company culture.

Real Estate Jobs/Candidates' Priorities:

Money Matters, but so do Culture & Benefits

Ambitious Group's Managing Director, Robin Tossel, believes that money still talks when it comes to attracting the best talent and with commission directly rewarding success, accomplished agents with a proven track record will expect a good package. However, there is a softening of attitudes. Under his experience, candidates are currently interested in an agent's company culture and its benefits packages, such as gym memberships and private healthcare.

Work-Life Balance

People, especially Millennials, want a combination of money and leisure time and Lynn Connell, the Director in LCA Jobs, has noticed this attitude among property candidates especially in the last year.

"They want financial security, a commission structure that allows them to fund a certain lifestyle and weekends off so they can enjoy experiences."

- Lynn Connell, Director in LCA Jobs, UK

(The Negotiator UK, Nov. 2019)

Real Estate Agents' Salary Levels

Indeed (June 2020) indicates that the average annual salary for a real estate agent is £29,957 in the United Kingdom. The result is based on 3,815 salaries that were submitted anonymously through the platform by real estate agent users and collected from past and present job advertisements in the past 36 months. The typical tenure for a real estate agent is less than a year.

Most Common Real Estate Jobs

Real Estate Agents

Agents can either be buyers' agents or listing agents. Buyers' agents represent those who want to buy a property and listing agents assist those who want to sell. Anyone who sells real estate on behalf of the owner or assists a client in purchasing property is a real estate agent.

Real Estate Brokers

A real estate broker requires a second level of licensure after becoming licensed as and working as, an agent for some time.



Real Estate Clerks

They maintain records and handle paperwork along with other administrative duties for real estate brokerages.

Office Managers

They deal with everything from maintenance and ordering supplies to scheduling and bookkeeping.

Home Inspectors

They provide professional opinions and documentation of a home through a visual evaluation in addition to operational testing of the home's elements and components to determine its current condition.

Real Estate Appraisers

Executing bankers' duties, they sometimes set values for property tax purposes, setting compensation levels in cases of a seizure by eminent domain, and they might assist in negotiations between buyers and sellers and renters and owners. Appraisers must either be certified or licensed, and several levels of licensure exist.

Mortgage Consultants or Loan Officers

They advise borrowers on choosing the best mortgage and they assist in helping them fill out loan applications. They make their money through commissions on the loans.

Loan Underwriters

They make sure that buyers can repay their mortgages before approving loans. The underwriter will either approve, suspend, or turn down a mortgage application.

Licensed Closing Agents or Closing Coordinators

They ensure that financial transactions are conducted properly. Real estate lawyers make sure that all legal agreements involved in the sale are properly drawn up, and all ownership disputes are handled accordingly.

Real Estate Consultants and Analysts

They help potential buyers understand how to invest in real estate to get a good financial return.

Real Estate Managers

Otherwise known as property managers, manage properties belonging to investors. They deal with hands-on operations and are additionally responsible for maintaining the property's value and income. They are typically paid a percentage of the rents they generate and collect.

Foreclosure Specialists

They facilitate the process when a home or property is reclaimed by a bank due to non-payment on a mortgage. They might help the homeowner, lender, new buyer or all three with procedures, but foreclosure specialists usually work with banks and real estate companies.

(The Balance Careers, 2018)

Emerging Recruitment Trends

Focus on Employee Wellness & Talent Acquisition

The need to hire and keep talented employees is what new and traditional businesses have in common. One of the best ways to meet this need is to improve the employees' working environment. In 2020, employers will become more focused on employee wellness to improve productivity and less focused on reducing costs. (Cushman & Wakefield, Feb. 2020)



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KEY FINDINGS SUMMARY

Real estate covers a major part of the UK economy that contributes **£101.2B**, which is around **7%** of the national GVA.
(British Property Federation, 2019).

In 2019, there were **113.2K** businesses in the sector that employed **514K** people.
(Statista Research Department, March 2020).

The Biggest Companies per Real Estate Sub-sectors:

- Countrywide PLC in Estate Agents & the Residential Real Estate Sub-Sector
(Ibis World, June 2020) (Ibis World, Dec. 2019)
- CBRE LTD in the Commercial Real Estate Sub-Sector (Ibis World, March 2020)

Overall Industry Drivers:

New Technology:

- PropTech 2020 (University of Oxford, 2020)
- Analytics, Management & Experience
(CBRE, 2020)

Climate Change:

A carbon-neutral industry will help real estate companies identify savings. (CBRE, 2020)

Commercial & Industrial Real Estate Drivers:

- E-commerce growth & demand focus on cities
(Cushman & Wakefield, Feb. 2020)
- Global economic uncertainty & demand increase
(Cushman & Wakefield, Feb. 2020)

Industry Pains:

- Brexit uncertainty (Avison Young, 2020)
- Lockdown measures reduce the demand for estate agents (residential and non-residential) (Ibis World, Dec. 2019)
- House sales market: The risk of buyers' confidence weakens
(Investors Chronicle UK, Mar. 2020)
- A lower density of buildings, lower profitability
(Knight Frank, May 2020)

Real Estate Jobs/Candidates' Priorities:

- Money matters, but so do culture & benefits
- Work-life balance
(The Negotiator UK, Nov. 2019)

Real Estate Investments 2020-2022

Today, Savills UK's (April 2020) house view is that yield hardening is off the table for the short term (they predicted that city offices would harden in Q1 2020), but softening is not likely to occur to the degree that it happened in the Global Financial Crisis (GFC).

In general, this is because the level of indebtedness across the sector is significantly lower than it was in 2006/07. This means that a sharp rise in bank-led selling is not likely, and thus a rise in yields on the scale that was seen in 2008/09 is also unlikely. Sectors that were under pressure before the current crisis will remain under pressure and Savills UK expects to see further bank-led sales of retail assets.

Investment volumes will recover in line with economic growth, from Q4 2020 in their base case, and Q2 2021 in our downside scenario.

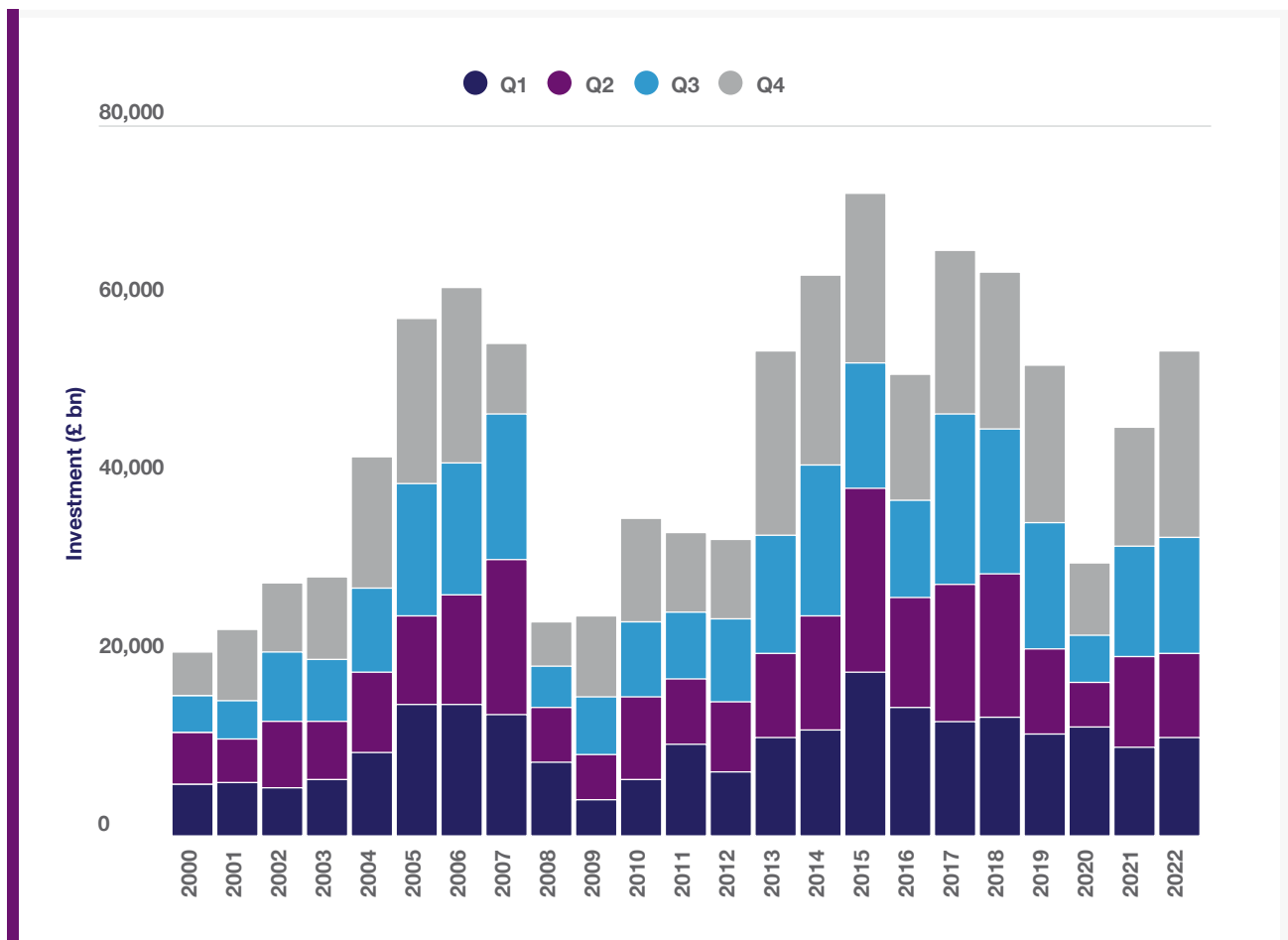


Image Source

The Residential Market: Prices and Transactions

Knight Frank's Forecast until 2021: House Prices

Knight Frank's (April 2020) view is that mainstream UK house prices will fall by 3% in 2020 with prices in prime central London remaining unchanged following a 25% fall in some markets since 2014. We expect that prices will recover sharply in 2021 with an 8% increase for prime central London prices for next year.

They estimate that residential sales across the UK will total around 734,000 for the full year, a 38% decline from 2019, with a slightly smaller fall seen in Greater London and the prime central London market. **(Knight Frank, April 2020)**

Knight Frank Housing Market Outlook 6th April 2020

		2019 (actual/est.)	2020 (forecast)	2021 (forecast)
Economic assumptions				
GDP	Year ave.	1.4%	-4.0%	4.5%
Residential price growth				
UK	Year end	1.5%	-3%	5%
London	Year end	-1.8%	-2%	6%
Prime Central London	Year end	-2.6%	0%	8%
Residential rental growth				
Prime Central London	Year end	1.2%	0%	3%
Residential transactions				
UK (HMRC)	Full year	1,175,000	734,000	1,391,000
London (Land Reg)	Full year	82,000	53,000	103,000
Prime Central London* (Land Reg)	Full year	3,200	2,200	4,300

**Kensington & Chelsea and City of Westminster*

Image Source

JLL's Forecast for the Next 5 Years: House & Rental Prices

Despite all the political, health and trade uncertainties that affect the UK economy, JLL has given its forecast.

JLL believes house prices will fall by 8% in 2020 and that the UK's new housing starts will fall to 80,000. They believe that home sales for 2020 will be dramatically lower. Initially, they expected home sales to fall by 550,000 from last year's totals but, due to the unforeseen circumstances caused by the pandemic, home sales fell by 650,000 in 2020.

JLL sees annual transactions getting back to normal in 2023 at 1.2 million.

(Manage Casa, June 2020)

JLL house price forecasts:

	2019	2020	2021	2022	2023	2024
UK price growth (% pa)	1.2	-8.0	-1.0	3.0	5.0	5.0
Greater London price growth (% pa)	1.3	-8.0	3.0	6.0	5.0	4.0
Prime Central London price growth (% pa)	-2.4	-4.0	4.0	7.0	4.0	3.0

Image Source

JLL expects rental prices to decline by 2%.
([Manage Casa, June 2020](#))

JLL Rental Market forecasts

	2019	2020	2021	2022	2023	2024
UK rental growth (% pa)	1.4	-2.0	1.0	2.5	3.0	4.0
Greater London rental growth (% pa)	1.2	-2.0	1.0	3.5	3.0	3.5
Prime Central London rental growth (% pa)	1.8	-2.0	1.5	3.5	3.0	3.5

Image Source

House Prices Will Rise by 15%

JLL UK experts forecasted that house prices in the UK will increase by 15% over the next four years. They support their outlook with a forecasted 68% rise in the national GDP, a 6.9% rise in household disposable income and a 2.7% increase in employment. ([Manage Casa, June 2020](#))

2020 to 2024 Forecast

Mainstream Sales Markets	2020	2021	2022	2023	2024	5-Year
UK	2%	3%	4%	4%	3%	15%
London	0%	2%	3%	4%	3%	13%
South East	2%	3%	4%	4%	3%	17%
South West	1%	3%	3%	3%	2%	13%
East of England	2%	3%	4%	4%	3%	17%
East Midlands	2%	3%	3%	3%	2%	14%
West Midlands	1%	3%	3%	3%	2%	13%
Yorks and Humber	2%	3%	3%	3%	1%	13%
North West	2%	3%	3%	3%	1%	13%
North East	1%	3%	3%	3%	1%	11%
Wales	2%	3%	3%	3%	1%	13%
Scotland	2%	3%	3%	3%	1%	13%

Image Source

Ibis World Forecast: Residential Transactions Value

The number and value of residential transactions are expected to fall as mortgage lenders temporarily restrict the number of product offerings, such as mortgages with low deposits and loan-to-value ratios of above 75% while the eligibility criteria temporarily become more demanding as workers are placed into furlough schemes or made redundant. These measures will inevitably limit the availability of capital to households, reducing the number and value of transactions and confining industry revenue. (Ibis World, Dec. 2019)

Commercial Market

Capital Economics' central case predicted a 10% one-off decline in commercial rents during Q2 2020, "given the severity of the slump, though, they assumed a reversal as the crisis dissipates". (IPE Real Assets, March 2020)

The UK commercial real estate market will continue to support the demand for both occupational and investment stocks because of its strong fundamentals of low unemployment, currency advantage, and the tight supply of occupational and investment stocks. Provided the tight supply in the occupational market, prime rents are likely to undertake a lot of pressure in certain markets during 2020. (Mordor Intelligence, 2020)

Property markets fluctuate and expectations are that commercial real estate transactions will remain low against historical standards while the UK market adjusts to life after the European Union; a short term decline in industry revenue is anticipated. Meanwhile, private firms that would otherwise be seeking new commercial space to expand their businesses are likely to hold off on investments to lease new property, at least until business activity improves and cash flow increases. (Ibis World, March 2020)

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