

THE HOMEBUYER WISHLIST 2021



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THE HOMEBUYER WISHLIST

The UK's property market has enjoyed a strong start to 2021. In fact, since the initial coronavirus lockdown between March and July 2020, in which time the real estate sector ground to a halt, the market has rebounded rapidly and achieved remarkable growth.

The demand that was pent up during the first lockdown was quickly released, further catalysed by the introduction of the stamp duty holiday on 8 July. Since that point, house prices have increased sharply, and transaction volumes have outstripped all expectations.



- Average UK house price increased by **8.2%** to **£258,204** in the 12 months leading up to April 2021, according to the *Halifax House Price Index*.

- It is the highest annual growth rate the country has seen since October 2014. Meanwhile data from HMRC showed that there were an estimated **190,980** residential property transactions in March 2021, which is more than double (102%) the figure recorded a year earlier.



In the face of significant buyer demand, the market is booming. And this comes despite many social distancing measures remaining in place and longer-term economic uncertainty hanging over head.

However, has the Covid-19 pandemic had a notable impact on the priorities of UK homebuyers within this busy market? This has become a regular subject of debate within the property industry over the past 12 months, with commentators attempting to grapple with the wider ramifications of remote working and limits on social activities.

To provide insight into the subject, between 23 and 27 April 2021 Market Financial Solutions (MFS) commissioned an independent survey among **1,282** homeowners and homebuyers – all of whom own a residential property in the UK (334 having bought one in the preceding 12 months) or are currently in the process of buying one.

Our timely research delves into the factors that matter most to UK homebuyers and how their priorities have changed as a result of the pandemic. Further, the results are compared with a survey MFS commissioned in the summer of 2019, offering a clear overview of how the property buying market has evolved over the past two years.

THE UK HOMEBUYER WISHLIST

Based on the survey of **1,282** UK-based homebuyers and homeowners, these are the most important factors people look for when buying a residential property:

2021			2019		
Rank (change from 2019 ranking)	Factor	% who stated it was 'important' or 'very important' (increase or decrease versus 2019)	Rank	Factor	% who stated it was 'important' or 'very important'
1 (+1)	Garden and/or outdoor space	92% (+3%)	1	Square footage of the property	90%
2 (-2)	Square footage of the property	89% (-1%)	2	Garden and/or outdoor space	89%
3 (+5)	Broadband and mobile connectivity	88% (+6%)	3	The quality and finish of the property	88%
4 (-1)	The quality and finish of the property	85% (-3%)	4	Distance to nearest city or town	87%
5 (+6)	Proximity of public spaces and parks	84% (+5%)	5	Garage or off-street parking	86%
6	How built-up the local area is	79% (-4%)	6	How built-up the local area is	83%
7 (-2)	Garage or off-street parking	77% (-9%)	7	Transport links	83%
8 (+6)	Potential for extensions and conversions	76% (+5%)	8	Broadband and mobile connectivity	82%
9	Whether it was a detached, semi-detached or terraced property	75% (-6%)	9	Whether it was a detached, semi-detached or terraced property	81%
10	Local shops, cafés, bars and restaurants	75% (-6%)	10	Local shops, cafés, bars and restaurants	81%
11 (-7)	Distance to nearest city or town	74% (-13%)	11	Proximity of public spaces and parks	79%
12 (+3)	Culture of the community and proximity of cultural sites	69% (+2%)	12	Proximity to good schools	77%
13	Age of the property	68% (-6%)	13	Age of the property	74%
14 (-7)	Transport links	67% (-16%)	14	Potential for extensions and conversions	71%
15 (-3)	Proximity to good schools	65% (-12%)	15	Culture of the community and proximity of cultural	67%

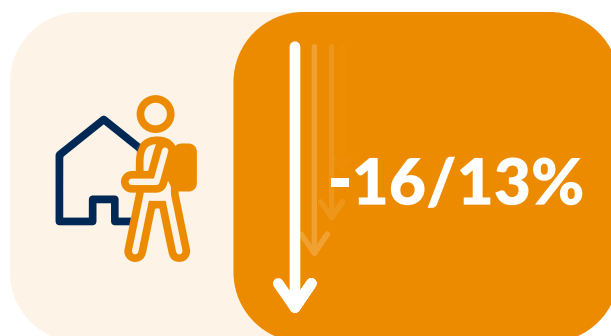
The 2021 survey produced a number of interesting findings. For one, a property's garden or outdoor space is now the single most important factor to UK homebuyers. Indeed, it is likely that as a result of the restrictions during the periods of lockdown over the past year, having one's own outdoor space has become increasingly valuable for Britons.



Elsewhere, 'broadband connectivity' and 'proximity to public parks' were cited as important factors by **88%** and **84%** of homebuyers respectively; in both instances there was a notable increase in how many see these as important qualities when compared to the 2019 survey.

Again, the pandemic is a probable driver of this trend; with remote working becoming the norm for many organisations during the Covid-19 crisis, a property's broadband connection has taken on even greater importance, while lockdown periods have resulted in many more people visiting local parks and green spaces for their daily exercise or to socialise outdoors with friends and family members.

Conversely, several factors have become far less important in the eyes of UK homebuyers over the past 24 months. For instance, the transport links surrounding the property and its distance to the nearest town or city saw sharp falls in terms of how many people claimed these were key factors (**down 16% and 13% respectively**). This is perhaps unsurprising – with daily office commutes on hold and with hospitality, retail and leisure venues being closed for much of the past year, homebuyers are evidently placing less emphasis on transport connections or a property's proximity to urban areas.



Nevertheless, many of what one would consider to be the key features when investing in a property remain high on the list of homebuyers' priorities. The square footage of the property (**89%**), the quality of the finish (**85%**) and the potential to add value through extensions or conversions (**76%**) were all identified as decisive factors for the vast majority of buyers in the current market.



COVID-19 SHIFTS THE FOCUS

The Covid-19 pandemic has dramatically altered people's day-to-day lives. From the sudden rise in remote working and being more restricted to one's own home, through to strict travel restrictions and an inability to socialise in the usual environments, both consumers and businesses have been forced to function in very different ways since the start of 2020. MFS's research highlights that this has had a clear impact on the property market, in the short-term at least.

42%

of current homeowners in the UK said that the country's multiple lockdowns have inspired them to undertake home improvement projects in the past year.

34%

said the pandemic has altered their perspective of what they want and need from their primary residency

42%

said that their views on where they wanted to live had changed, while **46%** were keen for a house or flat with more space.

Indeed, industry data throughout the pandemic has pointed towards an exodus of homebuyers from towns and cities into the countryside, where they can get larger properties and have access to more green space. MFS's research found that almost a quarter (**24%**) of homebuyers had become more tempted to live in a rural area since March 2020. However, when it comes to a more long-term outlook, it is important to note that just **27%** believe remote working will remain the norm once the threat of Covid-19 abates.

One of the overriding messages from the research is that the UK's property market is too competitive at present – almost half (**47%**) of homeowners and homebuyers hold this view, while it was particularly common among those aged between 18 and 34 (**64%**). Furthermore, **40%** of those surveyed said they believe there is a shortage of the type of property that they would ideally like to buy.

47%

of homeowners and homebuyers believe the UK's property market is too competitive at present

Evidently, with buyer interest rising sharply over recent months, the imbalance between supply and demand has become more acute, making this a major concern among homebuyers. It is a longstanding issue, and one that the UK Government and construction sector will need to collaborate on closely in order to address in the years ahead.

REFLECTING ON THE FINDINGS

Paresh Raja, CEO of Market Financial Solutions:

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It has been an intriguing 12 months for the UK property industry. When the Covid-19 pandemic first took hold, real estate – like almost all sectors of the economy – suffered significantly, with the homebuying market effectively coming to a standstill as house viewings stopped, people were unable to move property, and businesses scrambled to adapt to full-time remote working.



Since then, the performance of the market has been nothing short of outstanding; it has been a hive of activity, which has resulted in property prices and transaction levels rising sharply. The Government deserves credit: the stamp duty holiday has worked wonders in reigniting the industry as a whole.

However, set against this marked progress, there have also been more subtle changes within the market over the past 12 months. And MFS's research sheds light on many of them.

Most notably, we can see how homebuyers' priorities have changed as a result of the pandemic. Outdoor space and broadband connectivity have become even more important to buyers, which makes perfect sense given people have been more confined to their homes, including for work. The trade-off has meant that transport links and proximity to urban areas have become far less important.

These are interesting short-term trends – ones that lenders, brokers and agents must all be aware of and monitor closely. Yet we must also be mindful not to get carried away.

Much is made of the so-called 'new normal' and how life will not return to how it was before the pandemic. However, we are still in the midst of the crisis, with social distancing rules in place and office-based working discouraged by the Government. As such, it is much too early to say whether the increased emphasis on green space and home-working areas in favour of transport links and nearby cities or towns remains the case in the months to come.

For me, it would be dangerous to assume that the rise in demand for rural properties will continue as part of the 'new normal'. As retail, leisure and hospitality venues re-open, and as many organisations invite employees back into the office, we should expect urban areas to spring back to life. And with commuting back on people's agenda, the desire to move further afield will have to be balanced against the need to be near one's place of work once again.

It is clearly a fascinating time for the property market. As MFS's data shows, the wish list of UK property buyers and evolved considerably since 2019, with the pandemic playing a fundamental role in reshaping people's priorities. We must now watch to see which trends continue and which are reversed as the Covid-inspired restrictions are peeled away.

Moreover, the tapering down of the stamp duty holiday is also going to have an impact on the market. Buyer demand is sky-high at present, and while this is unlikely to suddenly evaporate, the removal of the tax break might curb this demand somewhat.

Overall, though, the past 12 months have once again illustrated the UK's love affair with property. Even in the face of economic uncertainty and the truly unique challenges posed by the pandemic, Britons have flocked to real estate as an investment asset. It has been a success story to emerge from the chaos of Covid-19, and I expect the property sector to play a key part in driving the country's post-pandemic recovery.

I'm pleased to say that at MFS we have continued to thrive throughout the pandemic, finding innovative ways to ensure our investors, clients and brokers still receive an exceptional service. We have moved to a new, larger office (though still in Mayfair); we have grown our team; we have secured significant new funding lines; and we have completed on many major deals, underlining our ability to deliver bespoke loans in a matter of days. I am proud of what the MFS team has achieved and look forward to what the coming 12 months has to offer.



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