

CONVEYANCING MARKET TRACKER

Q2 2020 EDITION

CONVEYANCING COMEBACK GATHERS PACE IN JUNE AFTER COVID-19 CLIFF-EDGE

- 82,385 completed transactions registered in England and Wales during Q2 2020, the lowest level since records began in Q2 2011 and a 65% decrease on the previous quarter as Covid-19 froze the market
- April saw the biggest decline with just 440 transactions registered – less than 1% of the 55,381 total in March
- June's figure of 56,486 registrations was double the 25,459 processed in May as the comeback gathered pace
- The number of active firms dropped to an unprecedented low of 317 in April, before recovering to 3,735 in June
- The average firm registered just 34 transactions over the quarter, compared to 60 in Q1 2020, a drop of more than 40%

The conveyancing market experienced a precipitous fall at the start of Q2 2020 as the entire property market was impacted by the Covid-19 pandemic, before May and June brought green shoots of recovery, according to our latest edition of the **Conveyancing Market Tracker**.

The tracker – which monitors business performance and competitive pressures in the conveyancing market – shows just 82,385 completed transactions were registered in England and Wales during Q2 2020, down by 65% from Q1 and the first time on record quarterly transactions have fallen below 100,000.

The low figures, which are based on HM Land Registry data, are likely to be attributable to lockdown-related delays to its registration of transactions, as well as the entire shutdown of house-moving activity for the first half of the quarter before England's housing market reopened in mid-May.

April saw just 440 transactions registered – less than 1% of the 55,381 total in March – as the full impact of the lockdown was felt across the market with offices shut, transactions suspended and people confined to their homes.

The bounce-back began with 25,459 registrations in May and more than double that number – 56,486 – recorded in June, rising back above the 55,381 seen in March when the lockdown first took hold.

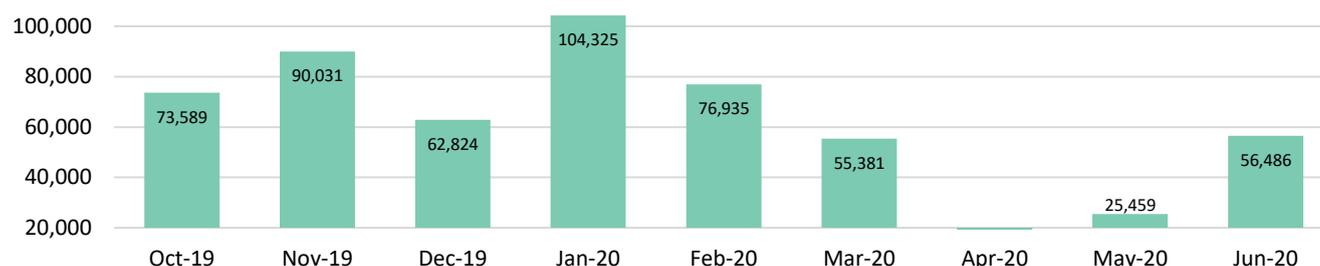
The number of active firms similarly recovered from an all-time low of 317 in April to 3,735 in June, although this remained lower than the average of 3,928 who were active in Q1. In addition, only 75 firms averaged 50 or more transactions a month in Q2 compared with 338 in the previous quarter.

“MAY SAW THE FULL FORCE OF THE PANDEMIC'S IMPACT IN TERMS OF SIGNIFICANT DROPS IN THE NUMBER OF TRANSACTIONS AND ACTIVE FIRMS, BUT THE JUNE DATA HIGHLIGHTS SOME POSITIVE SIGNS OF THE MARKET COMING BACK TO LIFE.

THE MARKET HAS SINCE BEEN BOLSTERED IN JULY BY THE GOVERNMENT'S STAMP DUTY HOLIDAY WHICH SHOULD HELP TO PROPEL ACTIVITY FOR THE SECOND HALF OF THE YEAR.”

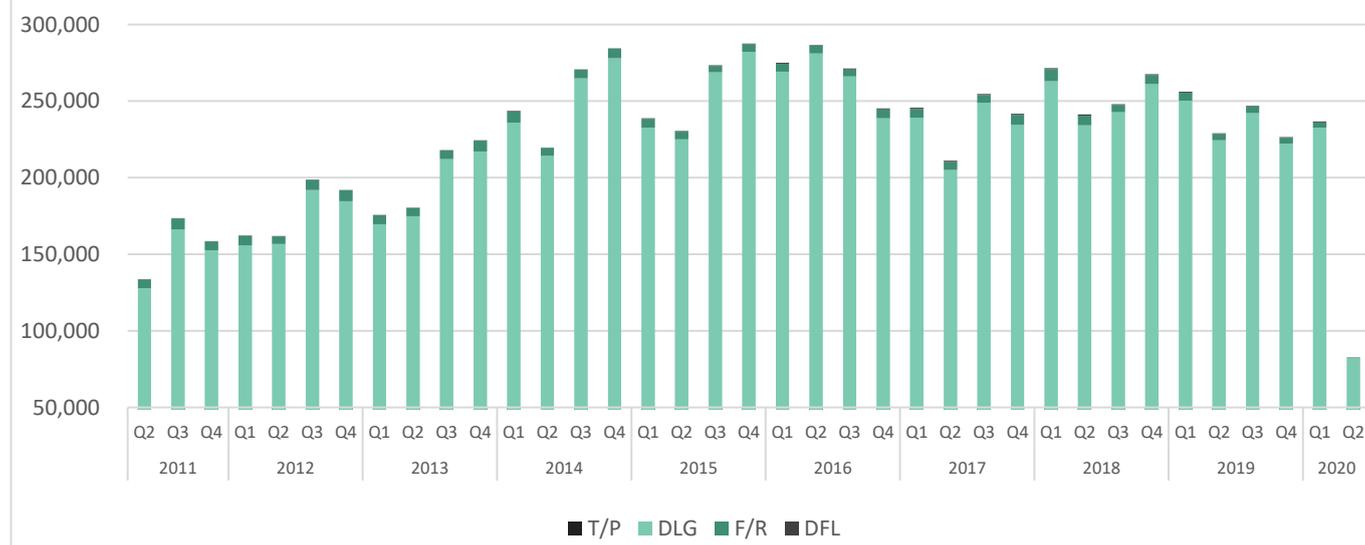
Andy Sommerville,
Director of Search
Acumen

GRAPH 1 - MONTHLY VOLUME OF TRANSACTIONS



Comparing transaction types, first registrations dropped the most by 97% from the previous quarter (100 in Q2 compared to 3,564 in Q1). Transfers of part were down by 88% in the quarter (4,496 in Q2 compared to 36,070 in Q1) while dealings – which make up the majority of activity – saw a 60% fall from 196,493 to 77,695.

GRAPH 2 - QUARTERLY VOLUME OF TRANSACTIONS



Among the top 1,000 firms, the top ten were most protected from the market freeze despite seeing their average quarterly transactions drop 56% from 2,826 in Q1 2020 to 1,244 in Q2 2020. Those firms ranked 101-200th were worst affected as their completed business for the quarter plummeted 69% from 274 in Q1 to 86 in Q2.

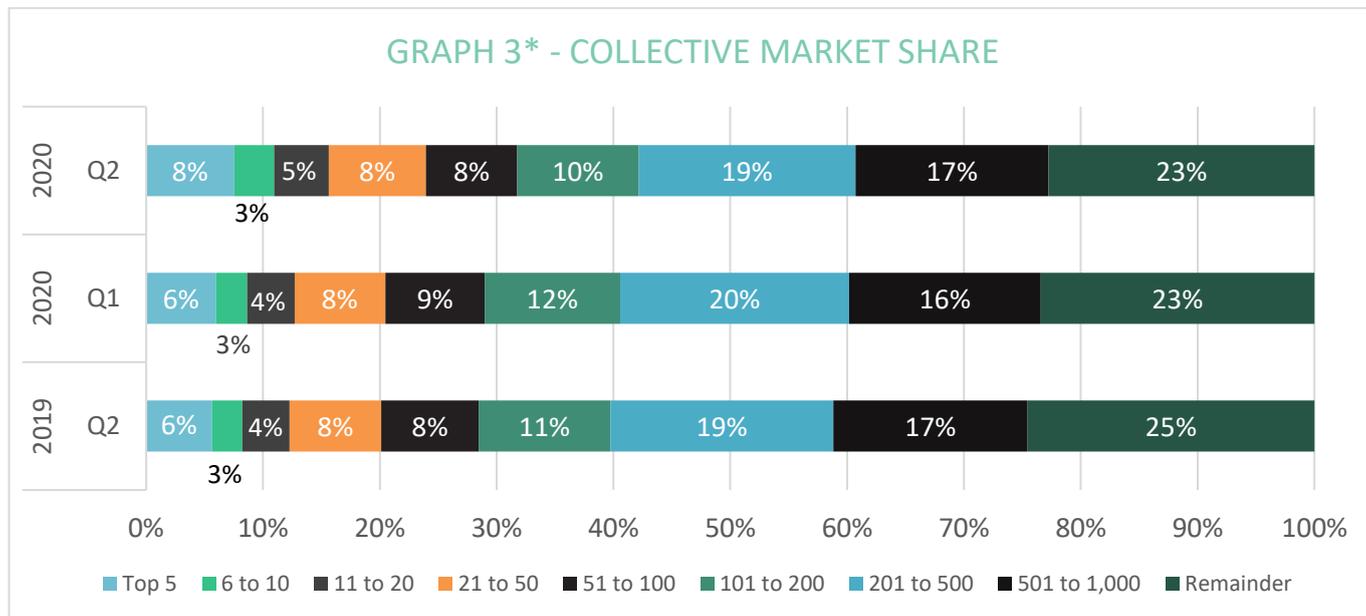
However, there were hopeful signs towards the end of the quarter as the market came back to life. By June, the top ten ranking firms were back to an average of 643 transactions a month – surpassing March’s figure of 477 to come within touching distance of the 649 recorded in February. The top five saw their average registered completions climb from 339 to 899 from May to June as lockdown restrictions began to be eased.

Nevertheless, the overall extent of the slowdown is captured by the fact that the top five ranking firms completed fewer transactions in the three months from April to June – a total of 6,218 – than they did in a single month during January 2020. Back then, the start of the year brought 6,353 registered completions at the top end of the conveyancing market in a single month – the busiest month since May 2016 prior to the EU referendum.

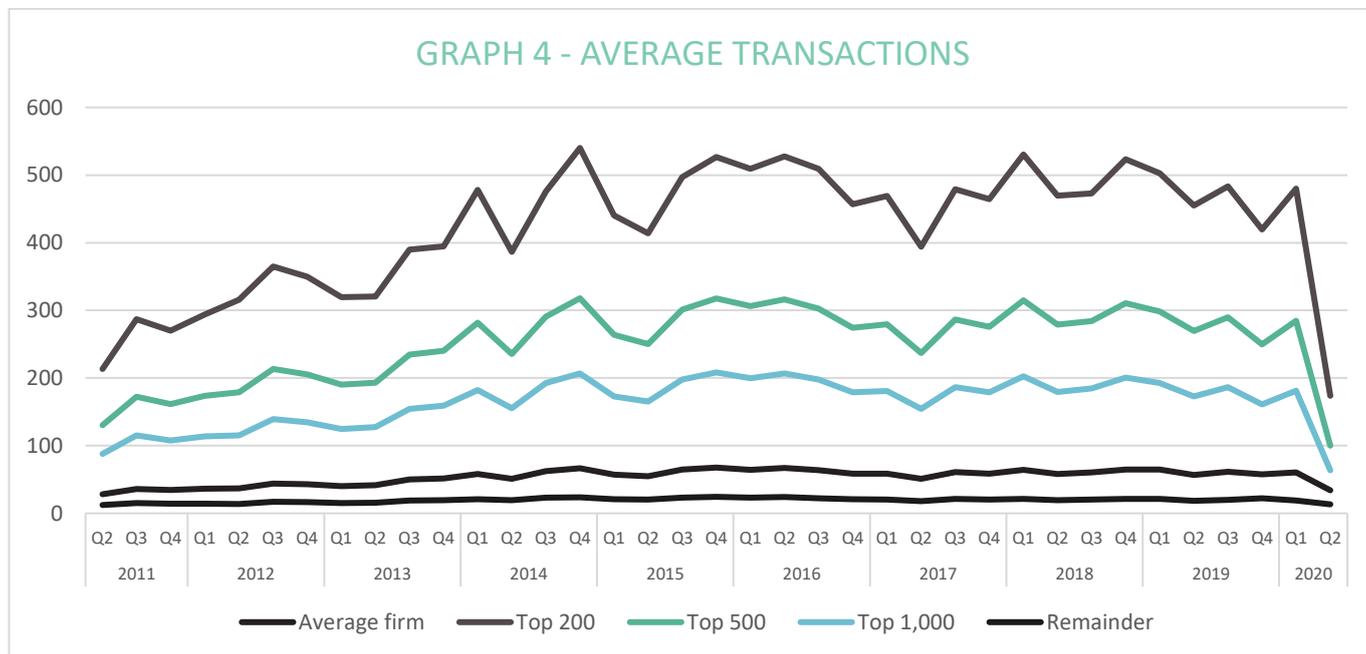
Outside of the top 1,000 firms, there was an average of 13 transactions completed in Q2, the second lowest on record after the 12 seen in Q2 2011 during the credit crunch which followed the Global Financial Crisis of 2007/08.

The top five ranking firms saw their combined market share climb from 6% in Q1 2020 to 8% in Q2 2020 – the highest level in over six years since Q1 2014 – as their scale helped them bounce back quicker as activity returned.

At the same time, the top 1,000 firms retained the same 77% collective market share they held in the first three months of the year, up from 75% a year earlier. This was despite seeing just 63,642 completed transactions registered compared with 181,239 in Q1 2020.



For the average conveyancing firm, transactions declined by 43% quarterly from 60 in Q1 2020 to 34 in Q2 2020 – taking them back to levels of business last recorded in 2011. However, the rally in June meant that business stayed above the levels of the worst quarter on record, Q2 2011, when the average firm completed just 28 transactions.



MARKET COMMENTARY

Andy Sommerville, Director of Search Acumen, comments:

“As suspected, the second quarterly figures have demonstrated the challenges that conveyancers and much of the property market have been tasked with navigating under Covid-19. May saw the full force of the pandemic’s impact in terms of significant drops in the number of transactions and active firms, but the June data highlights some positive signs of the market coming back to life. The market has since been bolstered in July by the government’s Stamp Duty holiday which should help to propel activity for the second half of the year.”

“While the figures for the second quarter were largely gloomy, there are some important lessons to learn from. We saw many firms adapt to new, digital ways of working under lockdown in order to maintain some level of activity. Now that some demand has returned to the market, it is time for all firms to act and harness the available data and latest innovations once and for all.”

“We have started to see indications that the market has accepted the reality that digitisation is the way forward for the industry. The Ministry of Housing, Communities & Local Government’s (MHCLG) bid to modernise England’s planning sector is just one such sign. The government is waking up to the fact that an overreliance on manual tasks and in-person activity has gone on for far too long.”

“It is not just up to the government to enact change. Instead, the private sector must work hand in hand with local and national public bodies to forge a property market strong enough to bolster the UK’s economy as we emerge from Covid-19. We have long called for collaboration around the increased availability of accurate data, the importance of integrating the latest technologies including AI and blockchain into property processes and ensuring that people are well versed in these innovations to best leverage the data at our fingertips. This is not only what the market needs to be more efficient, productive and to better serve clients but is equally crucial for the country to bounce back post-Covid.”



Andy Sommerville is the Director at Search Acumen. His 35 years of experience in property searches spans both public and private sectors. He is committed to advancing government’s digitisation drive and to using technology to deliver products and services for the next generation of property law.

NOTES TO EDITORS

METHODOLOGY

The Conveyancing Market Tracker examines competition in conveyancing by analysing business activity among those firms holding Land Registry client accounts, as well as assessing commercial pressures and the outlook among conveyancers. The Tracker was designed by Instinctif Partners. While care is taken in its compilation, no representation or assurances are made as to its accuracy or completeness.

For more information or media enquiries, please contact Malini Parkash or Jack Barnett at Instinctif Partners on **0207 457 2020** or searchacumen@instinctif.com



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ABOUT US

Search Acumen is a property data insight and technology provider to conveyancers, solicitors and commercial property lawyers across the UK. Since taking its first order in October 2013, we have become the data supplier of choice for many leading residential and commercial firms.

Our business is dedicated to transforming the information processes to enhance and accelerate the practice of property law by delivering organised and prioritised property data. Our growth and success rests on working with data owners to understand, shape and deliver datasets that are essential and insightful for the next generation of property lawyers.

Our leadership team pioneered the original concept of property searches and built an entire industry in the process. Today we provide legal professionals with digital access to over 20 layers of essential property data on-demand, and work closely with HM Land Registry and other forward-thinking organisations to revolutionise the experience of buying and selling property. Our Managing Director Andrew Lloyd is a founding member and board director of the UK PropTech Association and featured prominently in LendInvest’s most recent Top 25 PropTech Influencers.