PROPERTY TRANSACTION DATA INSIGHTS 2007-2021

Why are property transactions now taking so long?

Perspectives from across the property value chain

landmark.co.uk

Landmark Information Group

contents

01 INTRODUCTION

Surely the most common complaint about the property transaction process is the length of time it takes. And it's a pain point that is felt by every single part of the value chain: by home movers desperate to finally get the keys to their new property; by estate agents who will not unlock revenue until the transaction is complete; by conveyancers under pressure to get to the point of exchange; and by lenders who must balance speed with risk management.

With this in mind, we analysed almost 15 years of England and Wales property sale and purchase data to get a better understanding of how long key milestones in the transaction process really take, to identify trends and to attempt to demystify the drivers for this industry-wide challenge.

What we found was striking.

In 2007, the average time to complete on a home purchase was 83 days; by 2021, the average purchase took 122 days. In February 2022, the average purchase took 135 days from instruction to completion. Sales completions have lagged even further, taking an average of 145 days in 2021, compared to 97 days in 2007.

It begged the question: with a wealth of solutions and expertise at the industry's fingertips, why is the process slowing down, rather than speeding up?

Our industry experts have analysed the data from the legal, estate agency and lender perspectives in a bid to shed light on this concerning and ultimately unsustainable trend. They were unanimous in their view that while watershed moments for the industry such as the Mortgage Market Review in 2014 and the more recent pandemic-era temporary reduction in SDLT rates undoubtedly made an impact, the true causes of the great slowdown we have seen in property transactions over the past 15 years are far more complex and nuanced than we might otherwise think.

This report aims to offer professionals from across a fragmented value chain a more comprehensive and wide-ranging vantage point from which to understand this trend, and to highlight some of the contributing factors that we see at large today. But perhaps most importantly of all, it is my hope that this report will spark conversations that can generate an industry-wide response to an industry-wide issue.

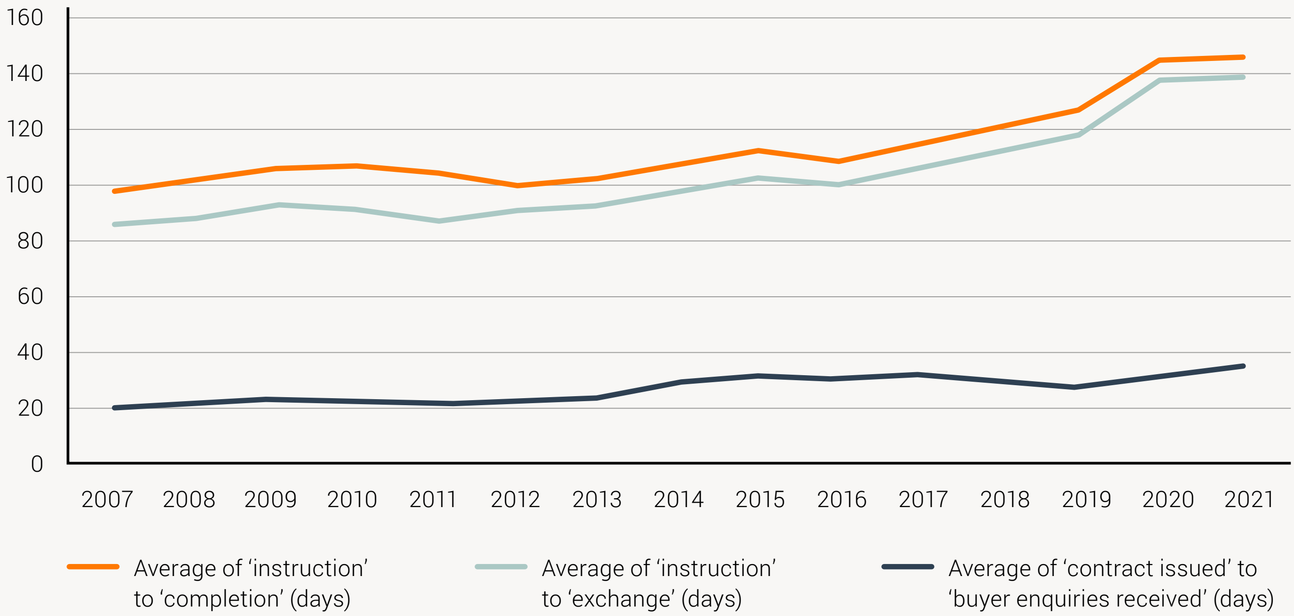
Property is ready for a new direction; with the right data, understanding and collaboration, people at every point along the property transaction value chain can play some part in reversing the trend and putting the foundations in place for property professionals to act and transact with confidence, and at pace.

Let's start here.

Simon Brown
CEO, Landmark Information Group
April 2022

02 PROPERTY TRANSACTION DATA, 2007-2021

England and Wales property transaction data, 2007-2021: Sales



Key data points

Instruction to completion

- The average time from instruction to completion in 2007 was 97 days
- The average time from instruction to completion in 2021 was 145 days
- This represents an increase of 52 days / +49%

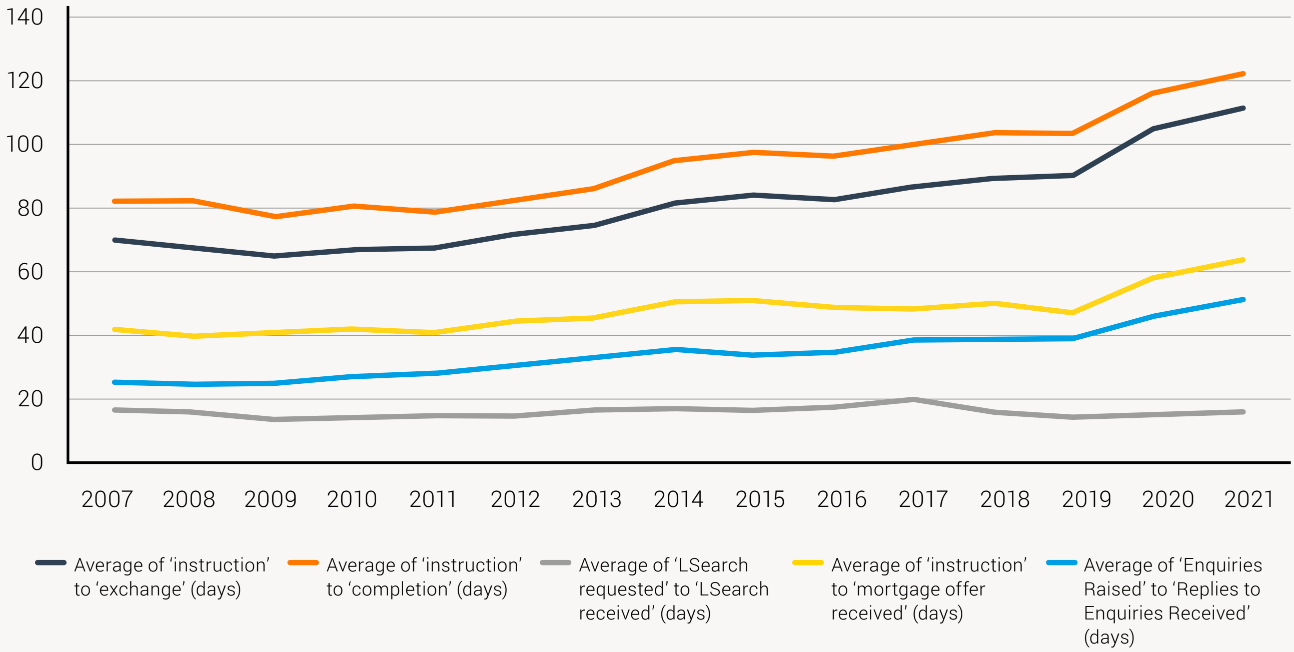
Instruction to exchange

- The average time from instruction to exchange in 2007 was 86 days
- The average time from instruction to exchange in 2021 was 138 days
- This represents an increase of 52 days / +60%

Contract issued to buyer enquiries received

- The average time from contract issued to enquiries received in 2007 was 21 days
- The average time from contract issued to enquiries received in 2021 was 35 days
- This represents an increase of 14 days / +67%

England and Wales property transaction data, 2007-2021: Purchases



Key data points

Instruction to completion

- The average time from instruction to completion in 2007 was 83 days
- The average time from instruction to completion in 2021 was 122 days
- This represents an increase of 39 days / +47%

Instruction to exchange

- The average time from instruction to exchange in 2007 was 71 days
- The average time from instruction to exchange in 2021 was 111 days
- This represents an increase of 40 days / +56%

Search requested to search received

- The average time from search requested to search received in 2007 was 16 days
- The average time from search requested to search received in 2021 was 16 days
- Notwithstanding peaks averaging 18 and 20 days in 2016 and 2017, this metric remains stable

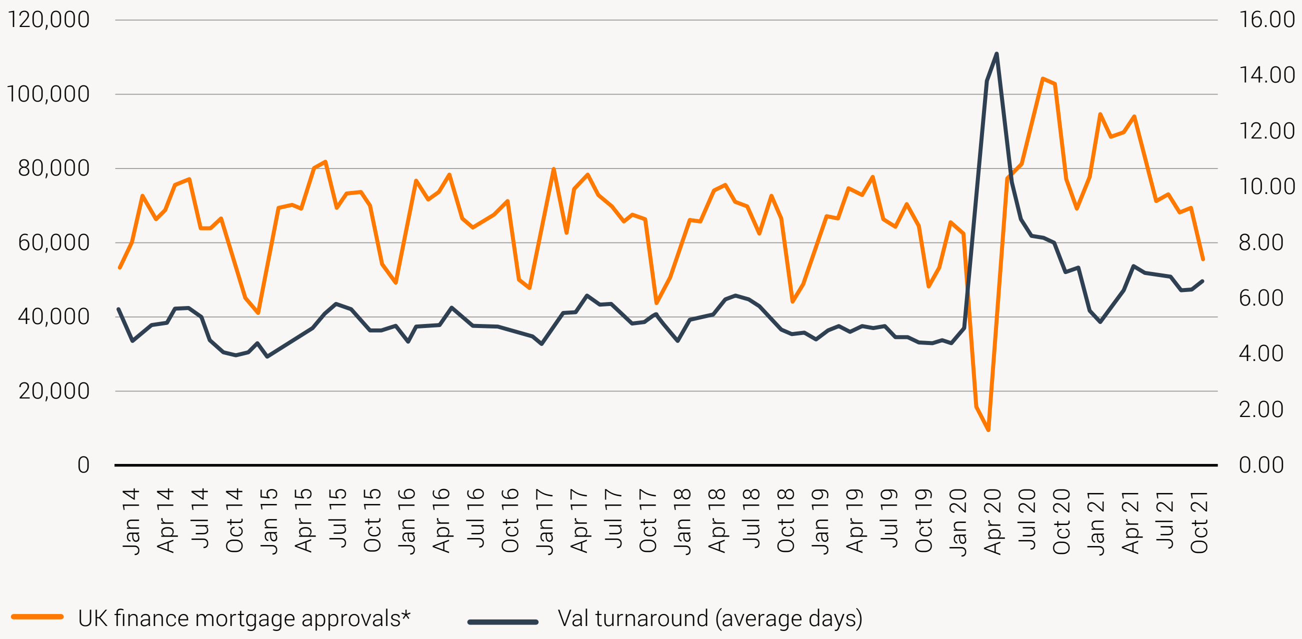
Instruction to mortgage offer received

- The average time from conveyancer instruction to mortgage offer received in 2007 was 42 days
- The average time from conveyancer instruction to mortgage offer received in 2021 was 64 days
- This represents an increase of 22 days / +52%

Enquiries raised to replies to enquiries received

- The average time from enquiries raised to replies to enquiries received in 2007 was 25 days
- The average time from enquiries raised to replies to enquiries received in 2021 was 51 days
- This represents an increase of 26 days / +100%

England and Wales property transaction data, 2007-2021: Valuation turnaround times



Key data points

Mortgage approvals

The chart shows approvals for purchase mortgages by month between January 2014 and December 2021. There was a 26% increase in approvals in the 18 months post lockdown (July 2020 – December 2021), compared to the 18 months from July 2018 to December 2019.

Average valuation turnaround times

- The average valuation turnaround time in 2014 was 4.91 days
- The average valuation turnaround time in 2021 was 6.49 days
- The average valuation turnaround time peaked in June 2020 at 15 days (due to the impact of Covid-19 restrictions)

*Published with kind permission of UK Finance

03 TOP-LINE ANALYSIS

The transaction time slow-down we see in our data - across not just exchange and completion times, but also mortgage offers and enquiry turnarounds - is an industry-wide issue, that ultimately requires an industry-wide response. But where do we even begin, when it comes to identifying the actions and interventions that might help reverse this trend?

Property is a hugely fragmented market with multiple actors, processes and regulations involved at each step of a transaction.

Looking closer, the time from enquiries raised to enquiries received has increased by 100% since 2007. We suggest that much of this delay could be due to the different types of enquiries and increased requirements around client validation.

This brings us to the popular belief that search turnaround times are the cause of transaction delays.

> ***A complete picture of what is happening across the whole value chain is needed, if we are to make any meaningful movement towards speeding up transaction processes.***

Understanding the domino effect

While market disruptions and watershed moments do affect transaction timelines (you'll see that the spikes in our graphs map directly to events such as the Covid-19 pandemic and 2014's Mortgage Market Review), the overall direction of travel for property transaction times is upward.

For this reason, we started out with the hypothesis that ingrained and systemic inefficiencies are at play at different parts of the value chain, each one of which has the potential to create a knock-on effect with parallel or consecutive processes. The effect, as we have all experienced, is cumulative.

Our understanding of the data, then, led us to conclude that a single remedy to this industry-wide challenge is not the aim. Instead, there is a whole range of things that we as an industry can address.

Myths and realities

Historically, conveyancers are first in the firing line when home-movers are looking for someone to blame for delays in the property process. Yet most home-movers have only a layman's understanding of the conveyancing process and are largely unaware of its conditional nature. Conveyancers cannot simply fast-track their part of the process when the client asks them to – one part of the process depends heavily on others, and so in many respects, conveyancers' hands are tied.

It is, however, true that conveyancing is taking longer, but we believe that the number and nature of additional enquiries being raised is a major contributing factor.

However, our data shows that search turnaround times have remained relatively flat, rising moderately during key periods, such as the 2020-2021 SDLT 'holiday', before swiftly recovering. We anticipate that, with increasingly sophisticated search ordering platform technology becoming more and more accessible to property professionals, this particular process should not be the focus of too much concern in the context of the bigger picture.

Finally, we have seen lead times for mortgage offers to be issued increasing, with the average buyer waiting 64 days from conveyancer instruction to receipt of a mortgage offer in 2021, up 22 days from 2007. While this represents a considerable time-lag, it is striking to note that valuation turnaround times, on which mortgage offers are contingent, have remained stable during the 2007-2021 period, indicating that other factors are affecting mortgage offer lead times.

A complex picture

This top-line analysis demonstrates just some of the scale and complexity of the problem we are facing as an industry. But it also indicates the depth of the co-dependencies that characterise the property market. Whether you are a conveyancer, a lender, an estate agent, or even a PropTech, the property business is a team sport. We all have a part to play.

With that in mind, let's get to know our team-mates a little better.

04 THE ESTATE AGENCY VIEW

Ben Robinson, Managing Director, Landmark Estate Agency Services

The data clearly shows transactions times increasing, a trend which has accelerated recently. This is likely due in part to a basic capacity issue, as transactions overall have jumped significantly. Increases in transaction volumes will quite naturally magnify any underlying inefficiencies.

The increase in transaction time is being felt sharply by the estate agents we are talking to on a daily basis here at Landmark. It is a major concern for a number of reasons. The first is cashflow, since most agents are not paid until the transaction completes, it's simply taking longer to get paid. Second, is a correlation between length of transaction time and transactions falling through. In a market that's currently struggling with demand outstripping supply, estate agents cannot afford to risk losing sales in this way. The third is more practical: agents are typically the home-mover's first point of contact in the property transaction process, so delays mean that agents have to spend more time on sales progression and chasing up surveyors, conveyancers and lenders as their customers' frustrations increase.

All of this creates the kind of financial pressure, which is painful for any business, but especially so for the many estate agencies that are small, owner-operator businesses without large cash reserves. For many, the length of time property transactions take is becoming as important a problem to fix as winning market share.

From an estate agency viewpoint, the lack of understanding and transparency around what is causing the delays - and their limited ability to influence the issue at hand – is creating a widening gap between expectation and reality. In turn, this can lead to frustration, confrontation, and wrongly attributed blame – none of which are helpful in getting to the root of the issues and finding solutions.

An example of incorrectly attributed blame seems to be turnaround time for searches. While people are quick to blame this part of the process, we can see from the data that this is not the reason for longer transaction times overall. The data does suggest that the enquiries stages are problem areas, however. This might feel counter to agents' logic, given that technology improvements should have made these activities easier by now.

But this also highlights an opportunity for agents to positively impact transaction times: anything that can be done by estate agents to help to reduce the number of enquiries will ultimately provide a direct benefit. In practice, that could look like an education piece to help busy agents understand the enquiries part of the process in more detail and highlight what they can do to help.

Enquiries are essentially the provision of information, which results in questions that need to be answered. Things that should help include getting more information sooner, involving the relevant parties earlier in the process and finding new ways to ensure that the information provided is accurate, complete and helpful. There is evidence to suggest that this approach is effective, if we look at the data between 2007 and 2010 when Home Information Packs were required; this period shows a small decline in enquiry times, compared to the following period which has seen a consistent increase. We can also look to the Scottish property market and the UK and Wales auction markets, which consistently see quicker completion times and a lower fall-through rate for evidence that more complete, quality information and cooperation sooner in the process makes a difference.

Agents – on the face of it - have little influence on the transaction process after an offer has been accepted, but they can make a difference.

If they can prioritise some of the problems I've talked about, like property information, and work with others to come up with solutions, they can actually improve their own business performance as well as playing their part in reversing this trend. For a long time now, estate agents have been focussed on market share and the fight for listings, but as those transaction times are stretching out, agents are starting to see that big improvements can be made from the same amount of business if we can just get that pipeline to turn a bit more quickly.

About Ben

Since joining Landmark in 2016, following the acquisition of ETSOS where he managed the estate agency arm of the business, Ben has integrated Landmark's estate agency portfolio of services to develop a value-added proposition for estate agents. The division includes the ETSOS, Metropix and Compliance in a Box brands.

ben.robinson@landmark.co.uk

05 THE LENDER VIEW

Mike Holden, Managing Director, Landmark Valuation Services

I'll start with a caveat. When we look at the data, we can see that the time it takes from a customer instructing a conveyancer to a mortgage offer being received was 64 days in 2021, an increase of 52% from 2007. What the data doesn't tell us is at which point the actual mortgage application was made, so we can't conclusively say that the data indicates that mortgage offer timings are getting longer. But it does tell us plenty of other factors are affecting the lending side of things.

For instance, we can clearly see the impact of increased rigour and general tightening up on lending conditions following the Mortgage Market Review in 2014, shown in the data by a real jump in the time to receiving a mortgage offer. The likelihood here is that on the lenders' side, the time from application to offer wasn't so different, but the brokers and purchasers were having to do a lot of the heavy lifting in terms of additional affordability information, which all took a bit more time. Over the years, factors like Grenfell and cladding safety, and escalating ground rents have resulted in more processes and checks for lenders and valuers to undertake before they can issue an offer, which inevitably slows things down.

When we consider the additional workload that the Mortgage Market Review ultimately generated, there has been only a small impact on valuation turnaround times overall. The average physical valuation turnaround time for purchase mortgages in 2021 was just over 1.5 days higher than in 2019, even with the challenges that Covid-19 and lockdowns brought for physical valuations and the knock-on effect on mortgage offers.

The data on valuation turnaround times in the context of mortgage approval rates looks really interesting when you compare two 18-month periods, July 2018 to December 2019 (pre-Covid-19) and July 2020 to December 2021 (post-lockdown, when the market effectively opened up again). From the first period to the next, we saw a 26% jump in mortgage approvals. So, how did that affect valuations? Certainly, there was an immediate spike in valuation turnaround time, given that surveyors were still working against certain Covid-19 restrictions, a busy market and a backlog of some 70,000 valuations that had accumulated during lockdown. But you can also see in the data that recovery was swift.

> ***In general, the valuation community has done an impressive job of getting back on track.***

So, I think we have to look to the bigger picture here. The overall time of the purchase process has increased by nearly 20 days, but valuations are not taking much longer than they ever have.

About Mike

Mike joined Landmark Information Group in 2012 to take on the role of head of client relationships within Landmark's Valuation Services business. Previously, Mike had spent over four years working with The Digital Property Group in business development, sales manager and account director roles, before moving into a key account director role with Zoopla Property Group.

michael.holden@landmark.co.uk

06 THE CONVEYANCING VIEW

Rob Gurney, Managing Director, Ochresoft

Our data starts back in 2007 which is particularly interesting for me as an ex-lawyer, as it coincides with the introduction of the Legal Services Act. This piece of legislation essentially ripped up the prescribed rulebook and replaced it with principles-based and outcomes-focussed regulation. It also introduced Alternative Business Structures (ABS), enabling non-lawyers to own law firms. This was meant to inject much-needed innovation into the legal industry, with the hope of leading to more efficient ways of delivering legal services.

But the story the data tells points to a very different outcome to the intended one. Certainly, from a conveyancer's perspective, it didn't work. Why?

The enquiries process, as you've already seen, is taking longer.

> ***There are more enquiries being raised now than ever before and the nature of the enquiries have evolved, meaning more rounds of to-ing and fro-ing between lawyers.***

We might have thought that technology would help reduce this particular burden, but in reality, there is so much more for conveyancers to do now, when compared to 2007.

We should also be cognisant of conveyancers' obligations regarding anti-money laundering (AML), 'know your customer' (KYC) and enhanced due diligence (EDD), plus the need for ongoing monitoring throughout the transaction. That's all before they have established proof of funds and validated the source of funds. Basically, the more responsibilities that sit on the shoulders of conveyancing lawyers, the more time the process will take.

But now let's talk about inefficiencies. A bugbear for many conveyancers is incomplete contract packs, often sent out as a result of the need to meet panel SLAs that could be as little as 24 hours from instruction. Clearly, this is counter-productive, as it simply means delays further down the line when missing information needs to be tracked down.

Then there are leaseholds, which make up between 20-25% of all transactions. These transactions are easily derailed and delayed by un-co-operative landlords – the frequency at which this happens should not be underestimated.

From a broader conveyancing standpoint, most law firms would likely say that the work carried out by their conveyancers on every transaction (and the responsibility attached to it) has doubled since 2007, yet their fees have not.

But ever-tightening fee margins do not generally allow for the level of investment that is truly needed to embrace technology and harness the efficiencies it provides.

It is a truism as much as a generalisation to say that low fees should come with low expectations.

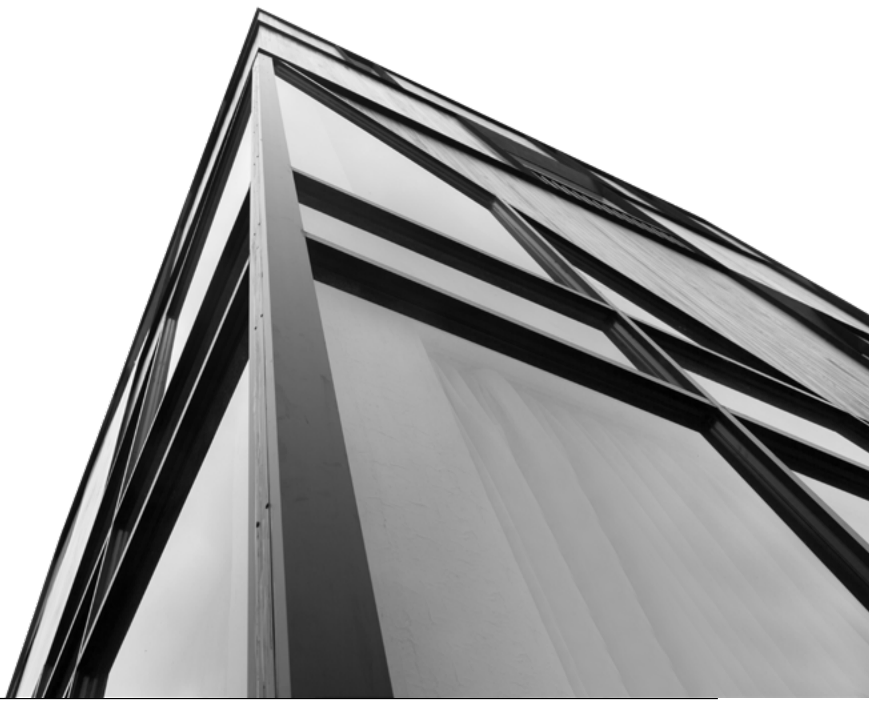
About Rob

Rob was appointed Managing Director in March 2020 and is responsible for delivering Ochresoft's business strategy. Rob is a qualified property lawyer and prior to this position was Head of Legal at Premier Property Lawyers. His track record is in streamlining legal processes and utilising data to provide a high quality and consistent services to all parties in property transactions.

robert.gurney@landmark.co.uk

07 KEY TAKEAWAYS

- The completion slowdown that we are seeing in the market affects every part of the property transaction value chain, with **consequences for all** – including home movers.
- This industry-wide problem demands an **industry-wide response**.
- The reasons for slower transaction times are largely misunderstood due to the **complexity and fragmented nature of the process**, with multiple processes and stakeholders – and often insufficient transparency between them.
- Market shocks such as the impact of Covid-19, and regulatory developments have affected the time taken to complete property transaction milestones, yet the data indicates that more **systemic issues are at play**, resulting in a continued upward trend in most cases.
- No single part of the transaction process is to blame, although the data does help us identify areas where **developments and improvements can be made** across the process as a whole.
- We see scope for improvement in the **handling of enquiries**, for example: estate agents can potentially play a role in extracting key property information at the very start of the process, smoothing the way for conveyancing.
- We also recognise the extra work required across the value chain to meet **increasingly onerous KYC and AML requirements** and to undertake the necessary **financial due diligence**; the right technology solutions can support and even automate parts of this process.
- The entire property transaction process relies on the **timely and accurate capture and sharing of data**; it is when data is siloed, duplicated, incorrectly taken down or even lost, an already fragmented process inevitably falters.
- As a Group, Landmark is focused on building better integration between process players, enabling them to leverage data to automate process elements, better inform the workflow and help mitigate risk – **enabling greater transparency, more certainty and the ability to transact at pace.**



08 FURTHER READING

Stay up to date with the latest data insights, thought leadership and news on the property market from Landmark Information Group.

Click the thumbnails to download the report

About Landmark Information Group

As the UK's largest property and land data business, Landmark Information Group supports the entire value chain of the property industry. With unrivalled datasets, a comprehensive team of in-house experts, an extensive partner network, and advanced technology innovations and system capabilities, our mission is to make every property transaction feel effortless; making it both simpler and faster while reducing risks for all stakeholders.

With more than 25 years' experience, we power confident property and land decisions for architects, surveyors, estate agents, environmental consultants, mortgage lenders, real estate professionals, land developers, property lawyers and search providers across all these markets.

Landmark Information Group is a UK national business and is a subsidiary of Daily Mail and General Trust plc (DMGT).

Further enquiries
Thank you for reading: Property Transaction Data Insights 2007-2021. If you'd like to find out more about what we can do for your business, then please get in touch.

propertytrends@landmark.co.uk

+44 3300 366000

landmark.co.uk

Landmark Information Group