

Home buyer commitment sees biggest rise in over a year

3 years ago



Property firm [Savills](#) have reported that commitment to move among buyers has returned to levels not seen since February 2022.

The report follows a survey of prospective prime property buyers and sellers, to uncover how the market has changed so far in 2023.

Although higher interest rates and wider market uncertainty are expected to dominate the market in 2023, the latest findings point to a more positive attitude towards budgets and financing, alongside an increased commitment to move among relocators, upsizing families, downsizers and even affluent first-time buyers.

But despite increased confidence, a lack of stock remains an issue for prime buyers. The majority (77%) still say that a lack of stock is having an effect on their ability to purchase a home – rising to almost nine in 10 of those looking to upsize their property.

Rightsizers and relocators drive up buyer demand

Commitment among prime buyers and sellers has improved significantly in both in the short and long term, according to Savills. A net balance of +28% has said they are looking to move in the next three to six months, up from a net +7% in November 2022.

Upsizers (+26%) and downsizers (+34%) have seen the most significant bounce back in commitment over the next three to six months (compared with -1% and +7% when asked in November). Downsizers (+41%) are also the most committed in the long term (12-24 months) along with those looking to relocate (+38%).

A shift in buyer sentiment chimes with the latest TwencyCi data which shows that sales agreed in March were in line with the 2018-2019 average, but with cash buyers now holding a bigger share of market activity.

“This is a significant shift in sentiment after the marked dip in confidence we saw towards the back end of last year. While cash buyers have taken a greater share of the market, accounting for 39% of all transactions in January, commitment to move has also increased among typically highly leveraged buyer groups including upsizers. Families, in particular, are coming back to the market in search of more space, particularly as build costs climb and appetite to extend and improve is dampened.

“While this increased optimism has yet to translate into more mortgage approvals, it’s a good sign that the market is moving in the right direction,” comments Ms Frances McDonald, director of residential research at Savills.

Budgets remain resilient

Attitudes towards budgets and finances more broadly have also improved over the past two quarters, says Savills.

Three in five (60%) prime market buyers now say that recent interest rate rises and the increased cost of living are having no effect on their budget or source of funding (up from 53% in August 2022), and just one in five (21%) stated that they had decreased their budgets, down from almost a third (29%) in August 2022.

This comes as some confidence has returned for (short-term) fixed-rate mortgages with a third (32%) of buyers considering a two-year fixed-rate mortgage vs only a quarter (23%) in November 2022.

Rising interest rates are having the most significant impact on first-time buyers, resulting in almost half (48%) reducing their budgets. This compares to just 17% of those looking to purchase a property at the top end of the market (above £2 million) – a market segment typically more reliant on cash and equity-rich purchasers. Similarly, downsizers have emerged as the most resilient buyer group, with 68% keeping their budgets and funding the same.

What buyers are looking for

The size (62%) and the number of rooms (59%) are now the most important attributes for prime buyers, at the expense of outside space (37%) and character (24%), which were both more important to buyers in early 2022, according to Savills.

Proximity to family (47%) also now trumps proximity to park and open space (43%) in terms of buyer priorities, while in London, proximity to a train or tube station (61%) is now by far the top priority for prime buyers, as some of the market trends which dominated the pandemic housing market start to dilute.

“Buyer priorities which have shaped demand over the past three years are now starting to give way to more needs-based priorities. Whereas lifestyle demands such as proximity to green space, shops and local amenities topped buyers’ wish lists – today’s prime buyer is now more concerned about the size of the home itself, and living near family, as well as a train or tube station,” concludes Frances McDonald.

