

# Residential Market Analysis

Marcus Dixon

Associate Director

Savills Residential Research

Dec 2009



## Back on Track?



Nationwide up 7.6% since February

Transactions up from 41,000 in February to 82,000 in September

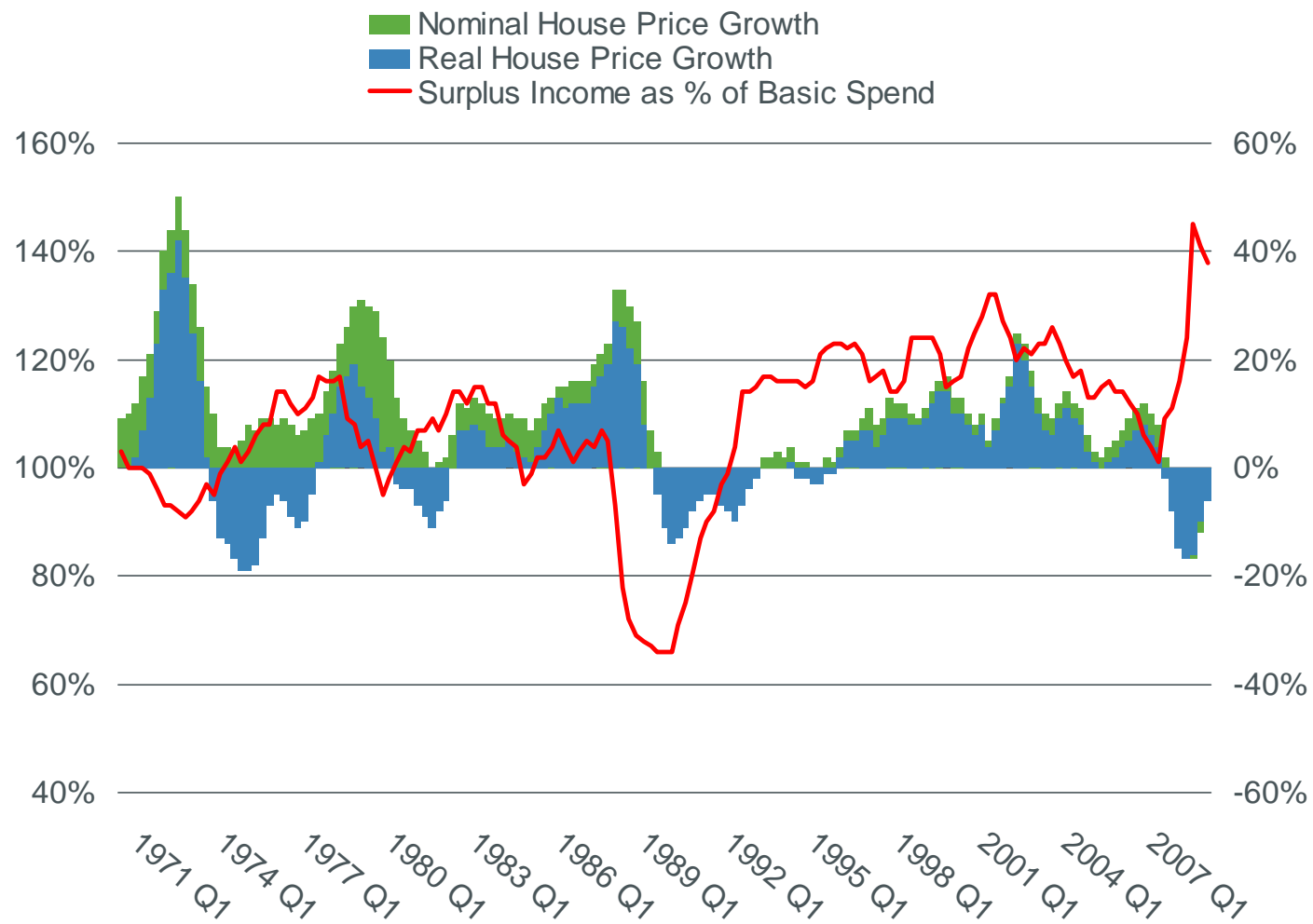
Prime central London up 8.4% since Q1 09

Prime SW London up 15.3% since Q1 09

Prime London suburbs up 7.87% since peak



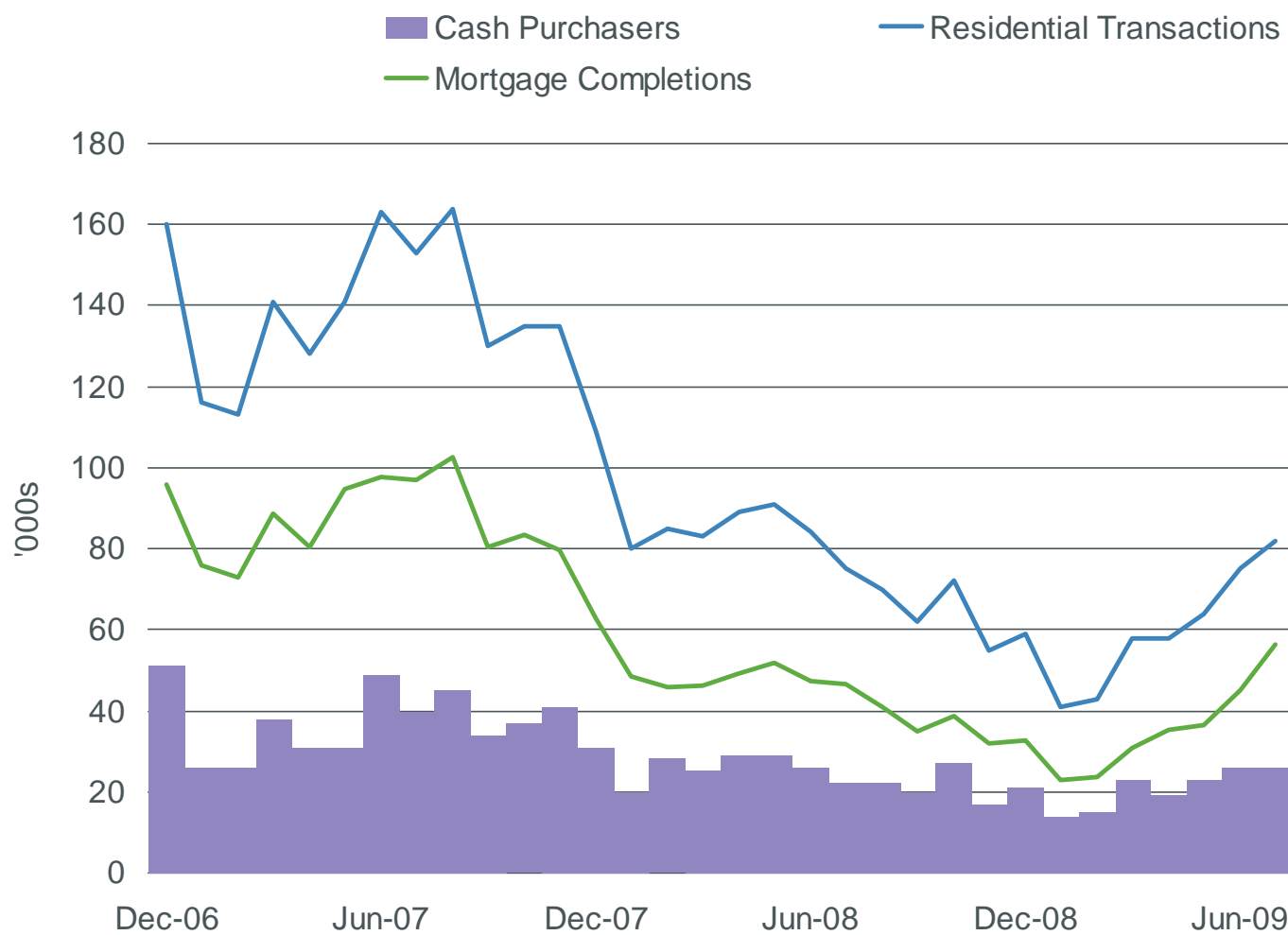
# Affordability remains high....in theory!



Source: Savills

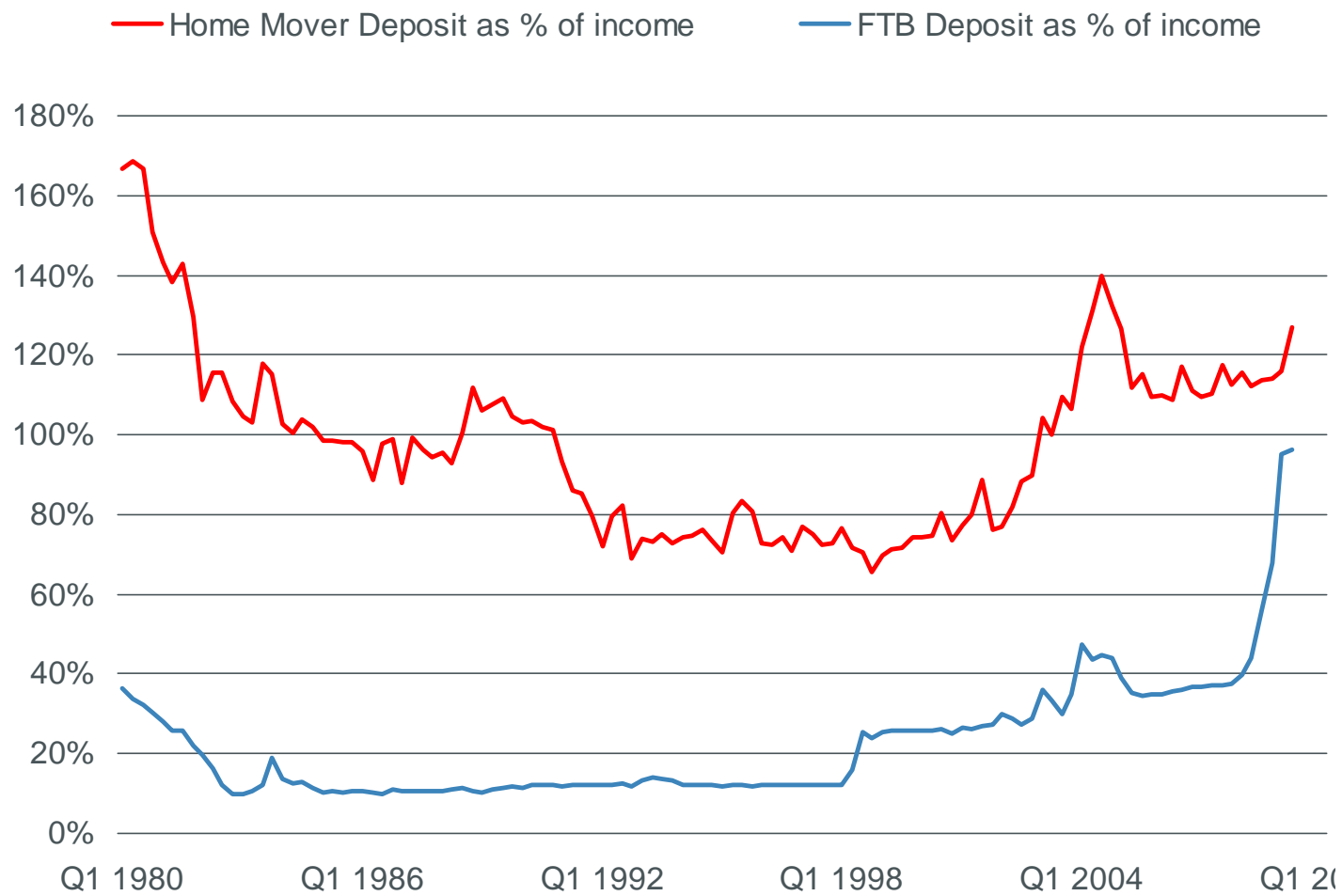


**the market has  
divided into the  
equity haves and  
the equity have-  
nots ...**



Source: IR, CML

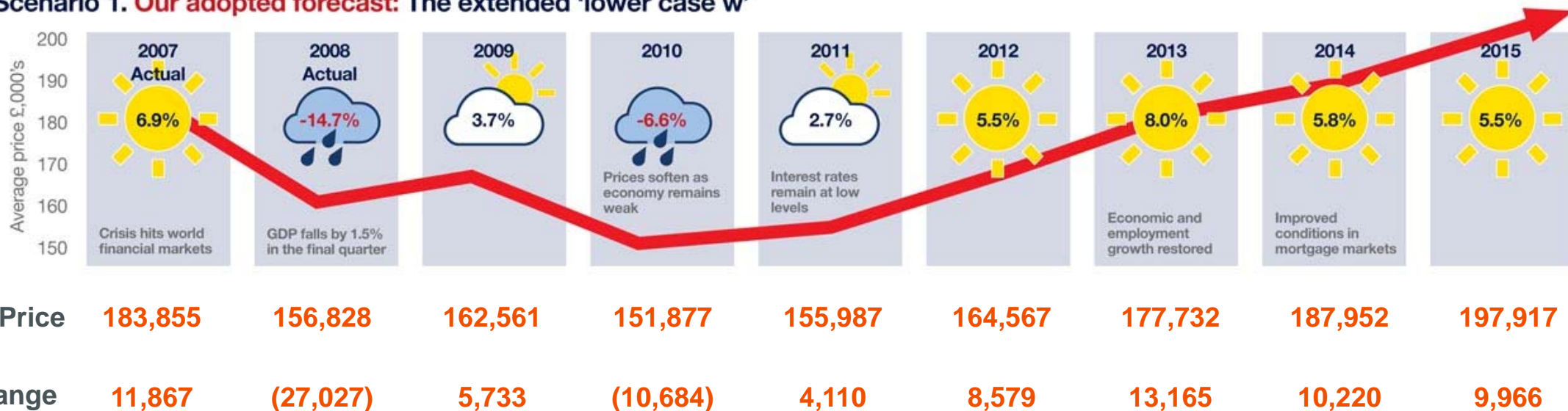
# LTVs affect deposit affordability



Source: CML / Savills

# The adopted mainstream UK forecast

Scenario 1. Our adopted forecast: The extended 'lower case w'

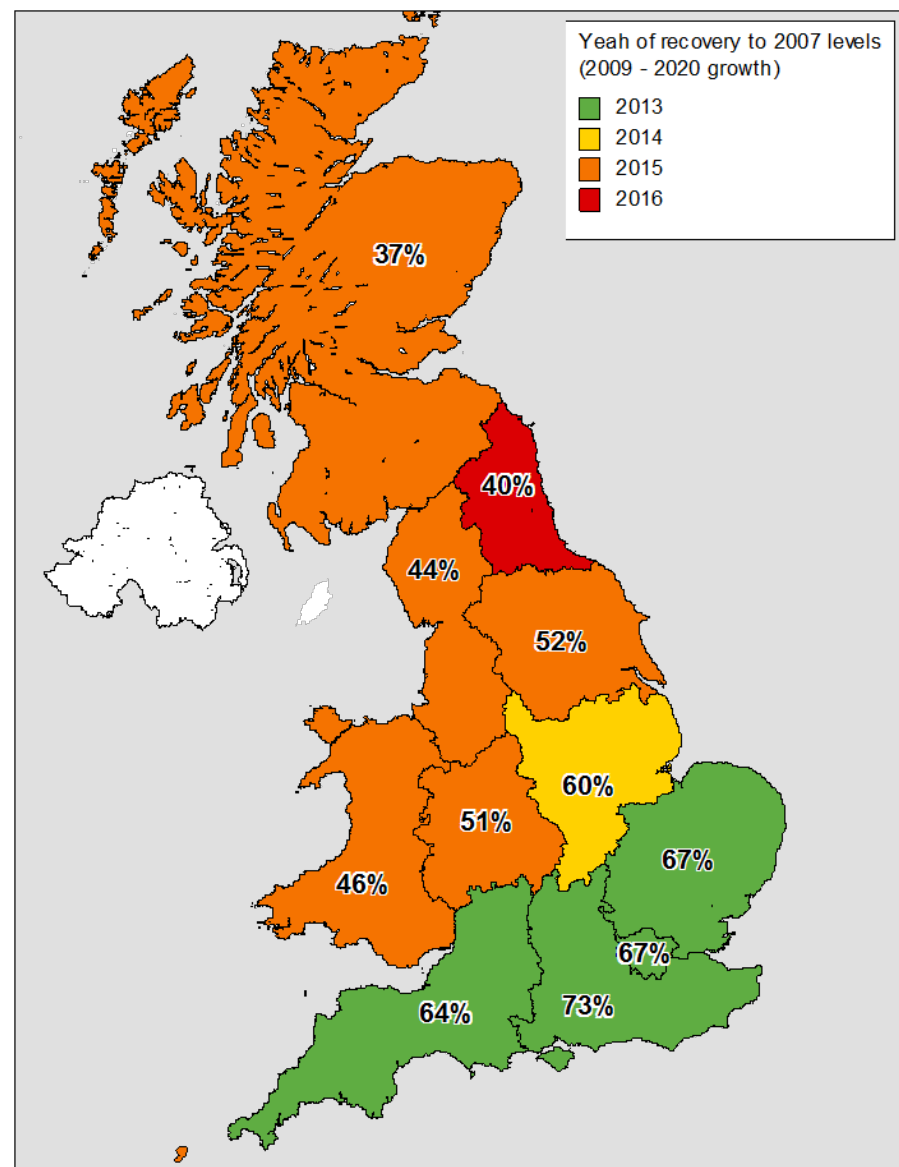
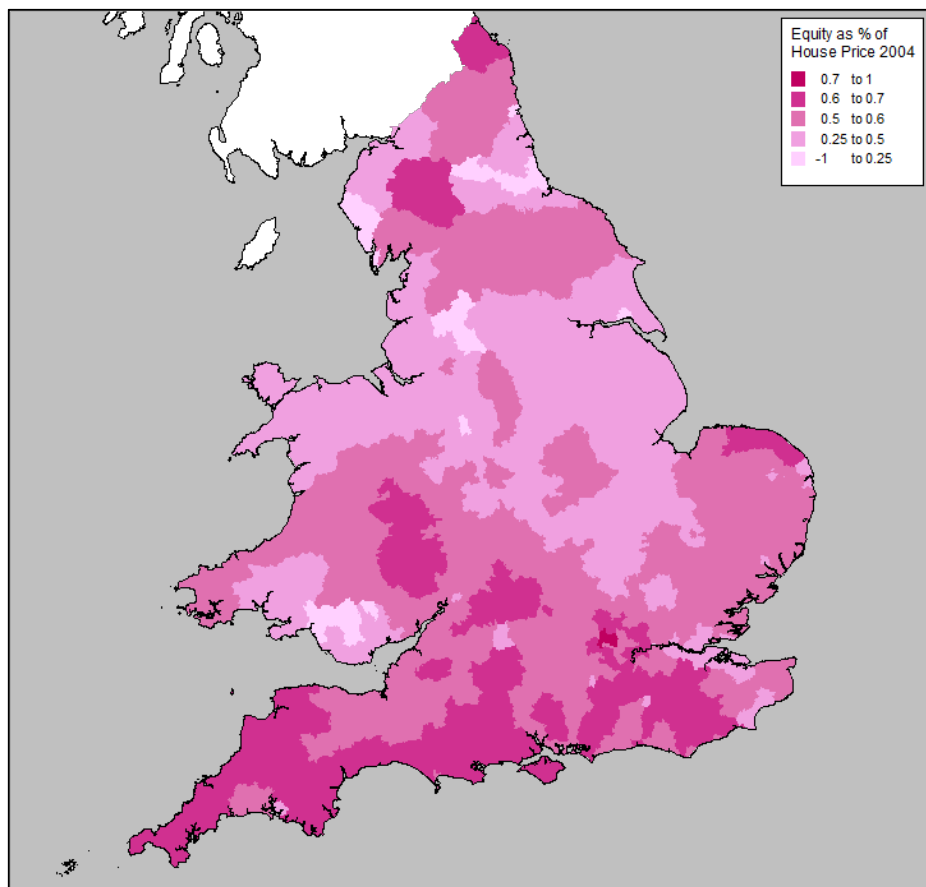


Source: Savills (forecast of Nationwide quarterly index)



# Regionally

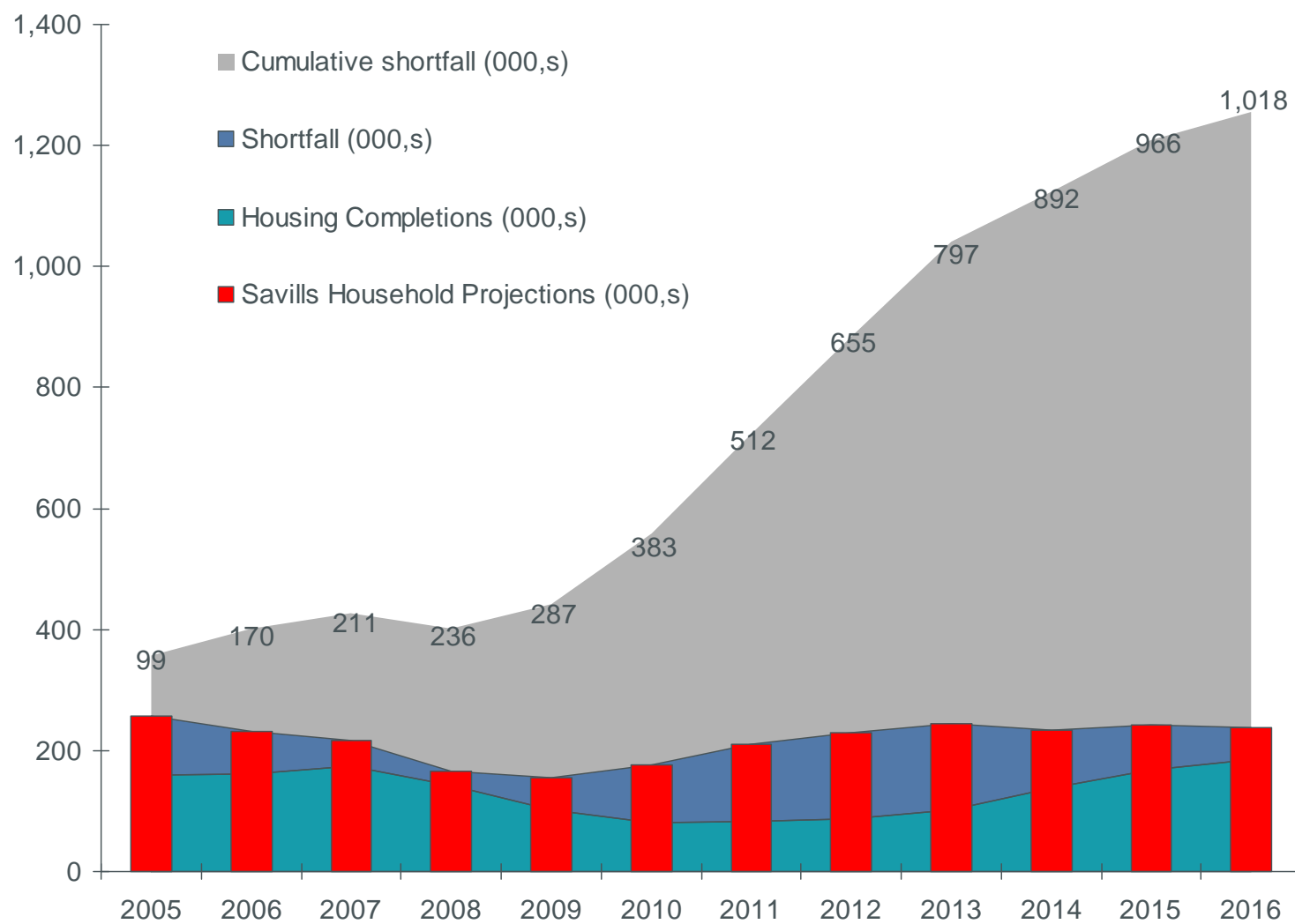
## Equity rich areas to lead the recovery



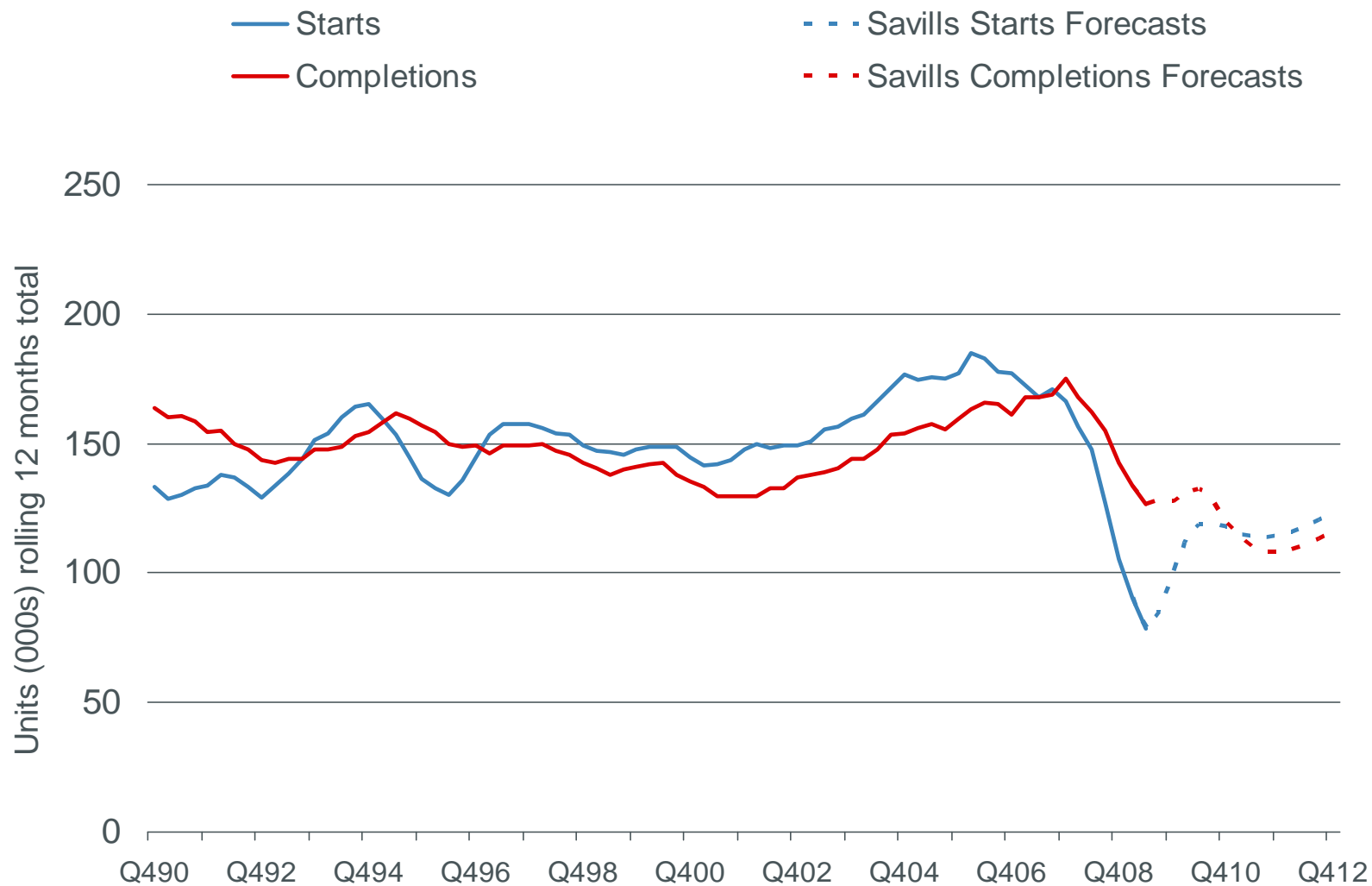
# Land & Development

---

# long term, housing remains a rare commodity



**activity has bounced back (in some markets)**

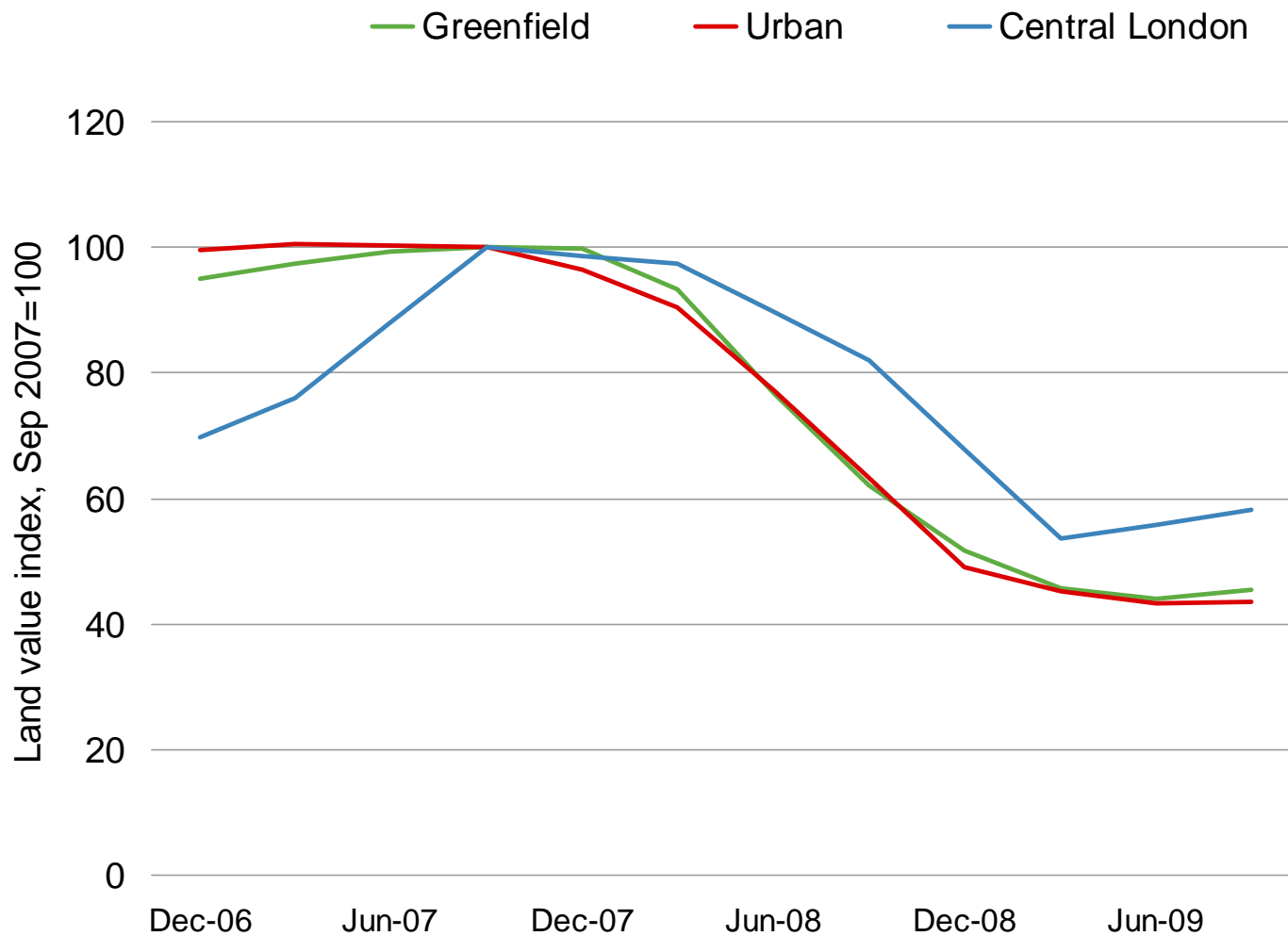


Source: CLG/ Savills

# and so we are seeing land markets level

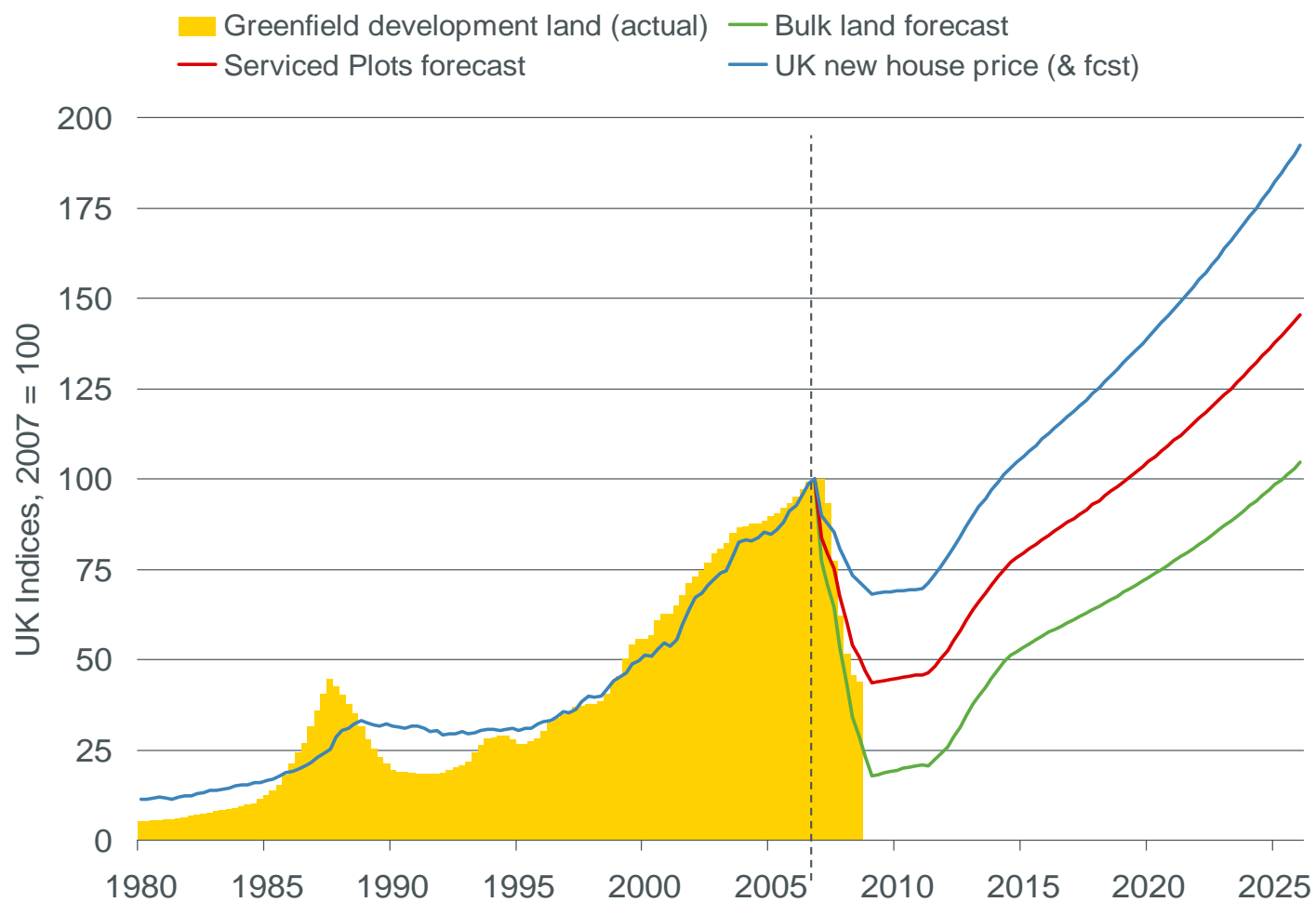
trading on smaller less risky sites

in higher value markets



Source: Savills Research

... but many large sites will remain under water

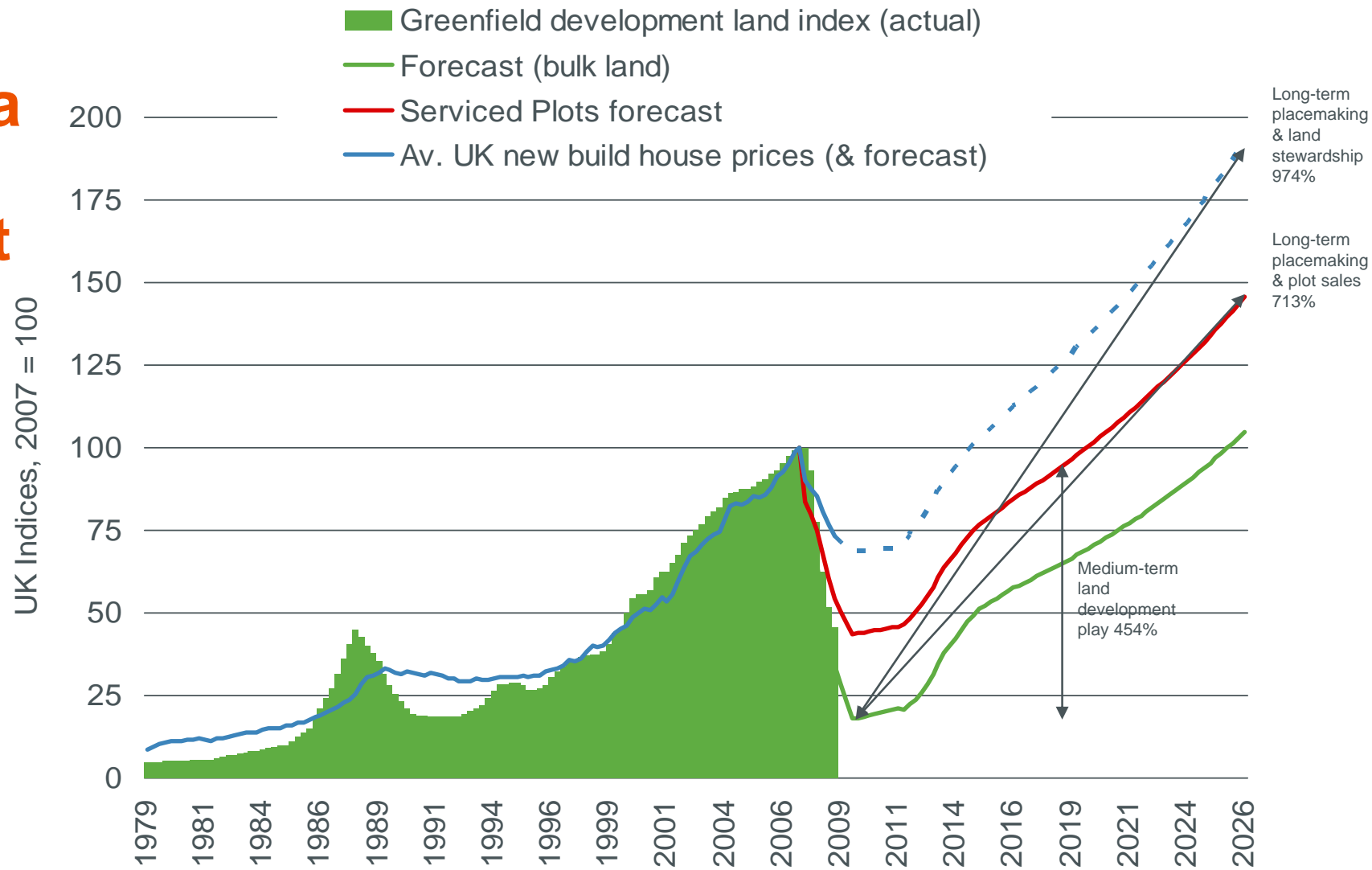


Source: Savills Research

**BUT....Small sites cannot meet targets**  
**need to bring forward large sites too**

---

**the value uplifts from a new land development model should be compelling**

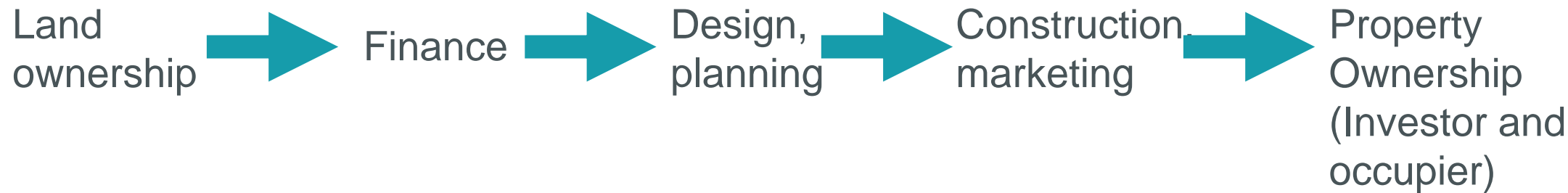


Source: Savills Research, Nationwide

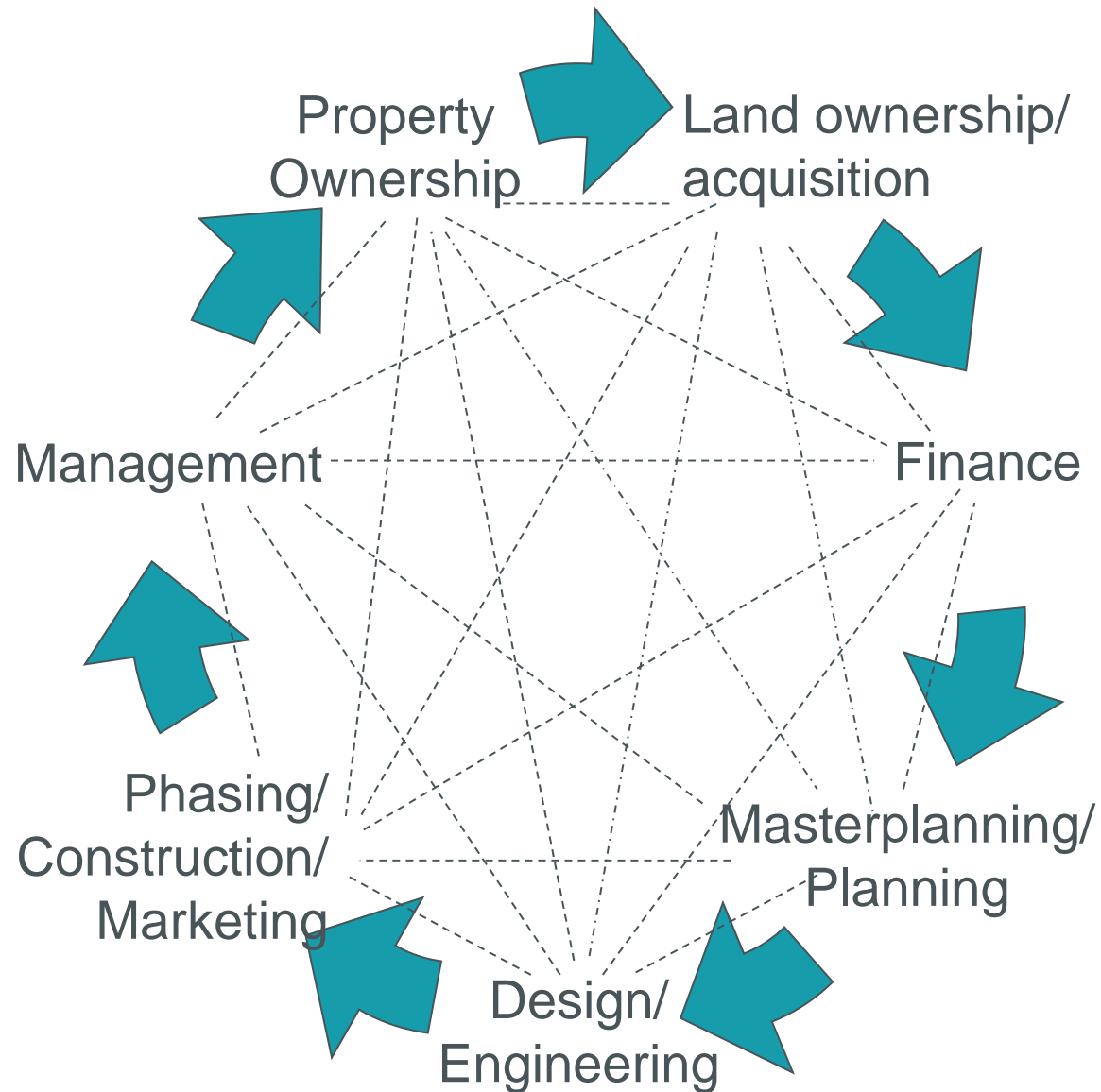
but this would mean moving away from the linear model of development ...

---

savills



to one that deals with the barriers that are many and complex



# new, long-term models are needed

