

# New Homes and Buyer Migration



## New build has greater buyer pull

New build homes are an attractive proposition to many buyers, and have the potential to draw them from greater distances than when they buy a second-hand home.

Across the country, new build buyers are willing to move 56% further than those moving to a second-hand property. The median distance moved by a household to a new build home is five miles, compared to a median of 3.2 miles for households moving to a second-hand home.

Our analysis also shows that 70% of households

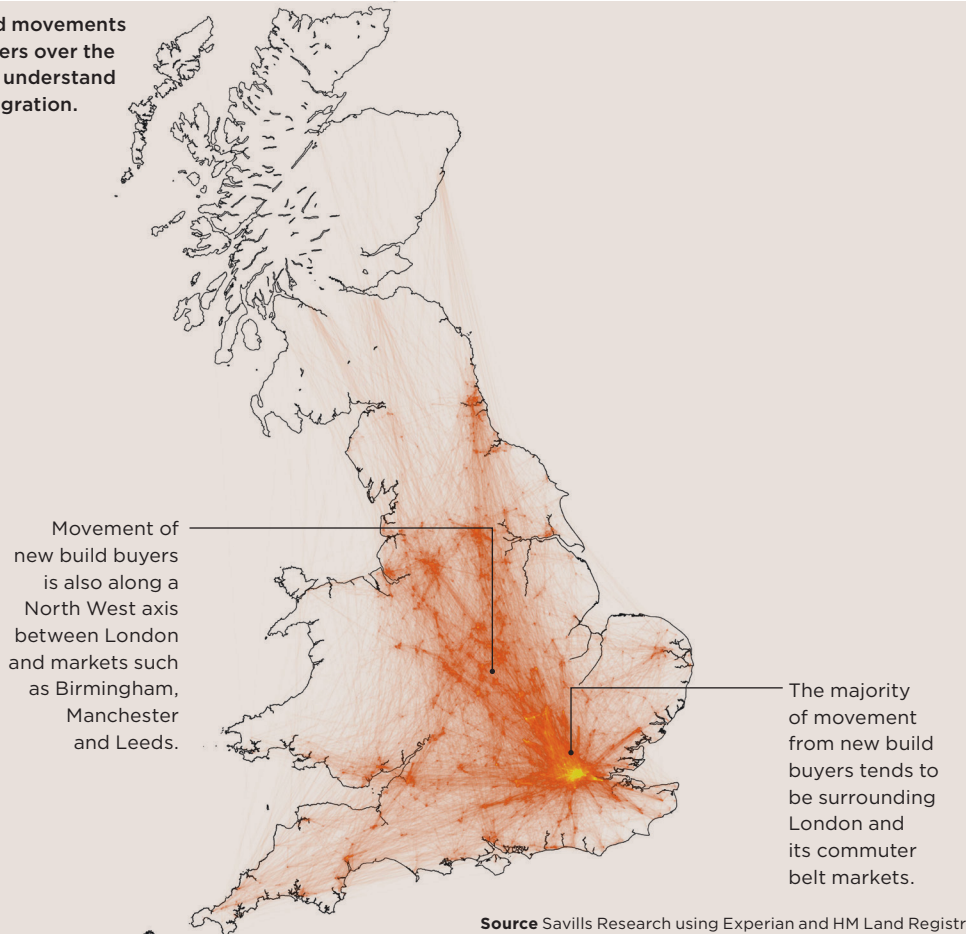
moving to a new home have moved 12 miles or less.

This means that most developments will draw 70% of their buyers from within 12 miles.

Understanding this local market is key to any successful development. Developers who aspire to pull large numbers of potential buyers from further afield will need a compelling product offer and strongly targeted marketing. This will be particularly key as developers adapt to the market after the Covid-19 lockdown.

**Migration patterns** New build buyers have followed the below pattern since 2017

We have mapped movements of new build buyers over the last two years to understand the pattern of migration.



## Where do new build buyers move further to?

We've also looked at a ratio of how much further people will move for a new build rather than second-hand home, to find that some areas have a greater pull for new build.

Product appears to be key for attracting buyers further for new build. Areas such as Newham and Brent in London stand out as attracting buyers up to three-and-a-half times further to new build homes. Both of these areas have seen transformative regeneration around the Olympic Village and

Wembley. These new build schemes offer something different to the local second-hand market in the high quality of product available as well as amenities.

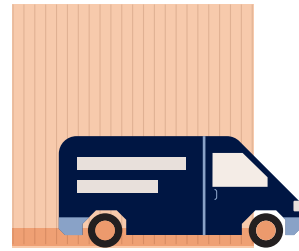
Outside of London, key locations such as Bristol, Cambridge and Milton Keynes can attract new build buyers up to two-and-a-half times further. These have been fast-growing markets with good transport links and employment opportunities, and developers have targeted this rise

in demand with new developments. The quality of product on offer from these schemes incentivises buyers to move further to them.

Most coastal areas have fairly low ratios, but markets on the south coast, such as Eastbourne and Southampton, see a greater pull for new build as popular areas to relocate to. This may be driven by product aimed at downsizers, but also highlights why some buyers move further depending on their profile.

### Market monitor

Key statistics for the new homes market



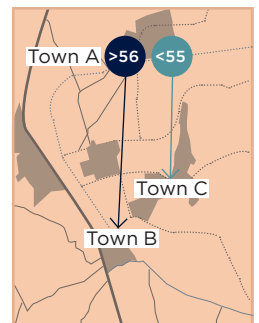
**56%**

New build buyers will move 56% further than those buying a second-hand property.



**2.5x**

Some markets, such as Bristol and Cambridge, see new build buyers move 2.5 times further than second-hand buyers.



**21%**

Buyers aged 56 and over will move 21% further than those aged under 55.

Source Savills Research using Experian and HM Land Registry

## Variations with age and income

There are also differences in how far buyers move depending on their age and their household income.

Buyers move further to new build homes across all age ranges, but older buyers tend to move further overall. There is a step change between the ages of 50 and 60 which is likely to be a consequence of retirees moving to start a new phase of life. They may be looking to move away from an employment location, move closer to family, or possibly downsize.

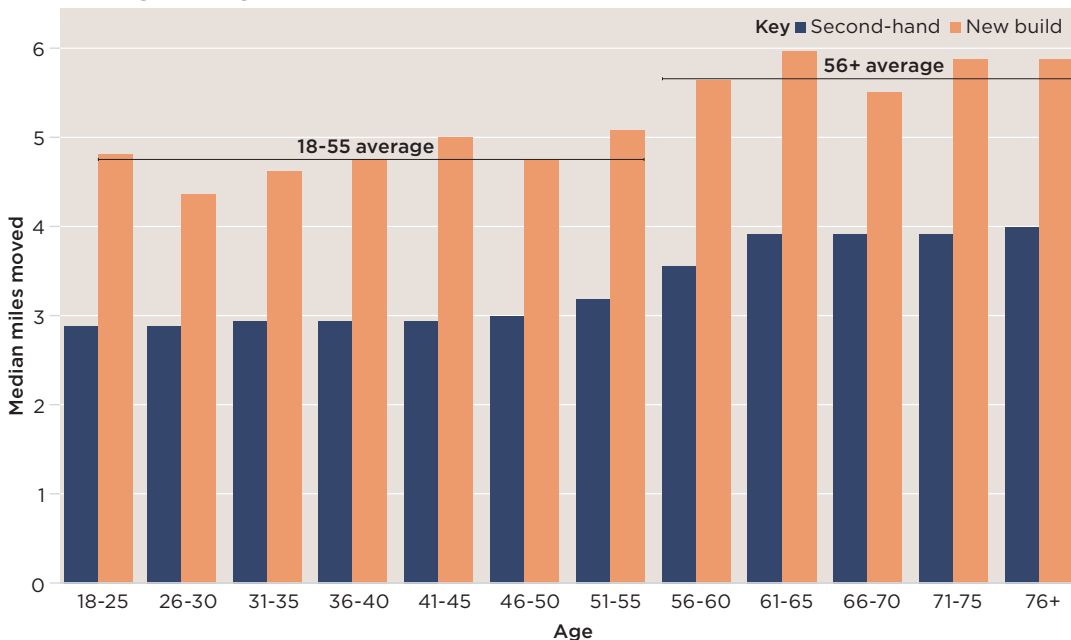
We also found that people with higher incomes tend to move

further overall, but lower earners will move further for new builds. Those with an income of £35,000 typically move 70% further for a new build, whereas those with £140,000 only move 24% further to a new build. This could be due to more affluent households being less price constrained, and not needing to compromise on the location of their home or space, whether it's new build or second-hand. Lower-income households have less flexibility on price, and may need to search further afield to find a suitable new build home.

Due to this greater price sensitivity, these younger and less affluent groups are also more likely to use Help to Buy, which will inevitably draw them more to new build.

Interestingly, some of the hotspots we identified that pull new build buyers further are also those markets which have seen a significant proportion of new build sales come through Help to Buy. This includes Milton Keynes, where a third of new homes built since 2013 have been through the Help to Buy scheme.

**The age old question** Buyers of all ages tend to move further to new build



Source Savills Research using Experian and HM Land Registry

“Contrasting motivations for buyers on different incomes and at different stages of their lives will help to capture demand for more specialised schemes”

## What does this mean for developers?

Although there is clear evidence that new build homes pull buyers from further afield than second-hand homes, this simple story is complicated by the effects of marketing. A new build development is likely to be advertised far more widely than a second-hand home.

By understanding how far people will move, and why they may move further for a new build, developers can more forensically target their marketing. Contrasting motivations for buyers on different incomes and at different stages of their lives will also help to capture demand for more specialised schemes, for example

a retirement living scheme or one more focused on first-time buyers.

Understanding these patterns will become more important for the market after lockdown ends amid the Covid-19 pandemic, when developers will be looking to restore sales rates.

After a sustained period of home working, there may also be a shift in people's perceptions of their work/life balance and their need to work from an office. We may see traditional migration patterns shift as people decide to make a lifestyle move and commute less often. Developers will need to adapt their marketing strategies in line with this change.

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