



*HIP Baseline Research:
Main Report*



HIP Baseline Research: Main Report

Consultation

On 5th May 2006 the responsibilities of the Office of the Deputy Prime Minister (ODPM) transferred to the Department for Communities and Local Government

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Executive Summary

In March 2006, ODPM (now Department for Communities and Local Government) commissioned a research project to establish the baseline for home buying and selling activity in England and Wales.

- The research was explicitly designed to address the Department's Key Performance Indicators (KPIs) set for the introduction of the Home Information Packs. A critical requirement was that the new research is capable of replication post implementation of the HIP.
- The method used has obtained a more accurate baseline, faster, more efficiently and at lower cost than would have been possible by repeating the '1998 method'.
- Data relating to a good cross-section of the different types of dwellings across England and Wales was collected from estate agents, buyers, sellers and solicitors. Estate agents routinely gather information on transaction dates and other aspects of individual house sales, and therefore this group was central to the study methodology.
- Estate agent data was collected using various self-completion forms, and buyer/seller/solicitor data was gathered by telephone interview.
- A sample of 361 estate agents was recruited, resulting in data on a total of 1,059 housing completions from 221 agents over a one-month period. A total of 490 telephone interviews were conducted with buyers and sellers, and 487 with solicitors.
- The average time from 'offer agreed' to 'exchange of contracts' was 81 days.
- 21% of buyers and sellers were dissatisfied with the overall buying/selling process. More than 35% of buyers and sellers were dissatisfied with the length of time it took. However, 82% of solicitors were satisfied with the efficiency of the current system.
- The average cost of a completed transaction was £1,546, and slightly more for first-time buyers.
- Various measures of 'failure ratio' and 'failure rate' are discussed; great care is recommended when using the different measures:
 - of the properties on the estate agents' books during the study period, one transaction failed while another three completed (but many others neither completed nor failed).
 - of all purchases that either completed or failed during the study period, 21% were failures.
 - 23% of buyers with completed transactions had previously had a failed transaction during their current house-buying experience.

- Of the properties on the estate agents' books that failed to complete after an offer had been agreed, 20% of those failures were due to the results of a survey. Another 57% failed due to a collapse elsewhere in the chain, some of which will have involved surveys.
- Buyers reported an average of £442 for abortive costs.
- Some 11% of sellers reported that they undertook repairs to their property before putting it on the market, a figure that will be particularly interesting to track as HIPs and Home Condition Reports become established.
- In conclusion, a robust, representative and easily repeatable baseline has been established for the year 2006. It has been set in the context of the current housing market, and specific reference has been made to its role in monitoring DCLG's KPIs for the Home Information Pack.

Section 1: Introduction – scope of research

1.1 Overview

BRE and Ipsos MORI were commissioned to provide baseline research on the buying and selling process before the introduction of the Home Information Packs (HIPs) that will become mandatory from 1st June 2007.

Following Government changes during May 2006, the Office of the Deputy Prime Minister (ODPM) became the Department for Communities and Local Government. In this report the term ODPM is used when referring historically, otherwise the Department is used.

This report covers the requirements for this research, the methodology and achieved samples and a summary of the main outputs for the key stages of the buying and selling process and for each of the main participants. The participants covered in this research are the:

- Estate Agent,
- Buyer,
- Seller, and
- Solicitor/conveyancer.

1.2 Background to the research

In March 2006, Department for Communities and Local Government commissioned a research project to establish the baseline for home buying and selling activity in England and Wales. BRE and Ipsos MORI designed a research methodology that directly met the forward looking requirements given in the brief. This agreed methodology departed from that adopted in the earlier 1998 study for sound practical and economical reasons, as outlined in the methodology report.

Previous research into the home buying and selling process was carried out for ODPM in 1998. This earlier study, “Key research on easier home buying and selling”, looked at the process of buying and selling, satisfaction with the buying and selling process, and ways of improving it. While the findings of that work were of key importance, BRE proposed that the same method could not be directly repeated in order to establish the 2006 baseline. An alternative methodology was proposed that would result in a more accurate baseline, which would allow the data to be obtained faster, more efficiently and at lower cost to the Department; and significantly, it would be repeatable at a later date.

In summary, the 1998 methodology was not adopted due to:

- ODPM’s timescale issues
- Number of transactions vs. small differences
- High drop-out rate with diaries

- Reliance on recent buyers' memory of dates
- Costly to repeat
- Not easy to repeat:
 - “An important consideration is the extent to which the effects of changes in the process can be measured without having to repeat an exercise as complex as the one undertaken.”¹

BRE and Ipsos MORI agreed a very straightforward way to obtain a more robust, repeatable and cost-effective baseline dataset.

It should be noted when looking at these findings that substantive differences exist between the 1998 study and the current research methodology. These include:

- A fixed end date (15 May 2006 to 9 June 2006), not a fixed start date (tracking survey).
- Based on estate agents' records, not self completion.
- Start date marketed with agent, not date started looking for property, or first put property on the market.
- Unlimited timeframe, not fixed timeframe –
 - All completed or withdrawals, not progress over time.
 - Snapshot state of market at given time, not range of possible outcomes over time.
- A limited set of opinions, not completely subjective records.
- Limited data available from short telephone interview, not extensive qualitative data from diaries or long interview.

The 2006 HIP Baseline research was explicitly designed to address ODPM's Key Performance Indicators (KPIs) set for the introduction of the Home Information Packs. The most critical requirement was that the proposed data collection process would be capable of replication post implementation of the HIP for statistical comparison.

1.3 Purpose of the research

The 2006 research was explicitly commissioned to provide a baseline understanding of the process of buying and selling homes in England & Wales before the mandatory introduction of the HIPs. Two key requirements of this new research were that it would:

1. meet the measures of the relevant KPIs, identified by ODPM in their specification for contract number RAE 3/14/25, and
2. be based on a methodology that could be replicated in the future.

¹ 'Key research on easier home buying and selling' DETR Housing Research Report 1998.

1.4 Key Performance Indicators

A set of Key Performance Indicators (KPIs) was established before the introduction of mandatory HIPs so that the impact of the HIPs could be assessed at a future date. The HIP baseline research was designed to directly address as many of these measures as possible. **Table 1** below details the KPIs, the respective measures and shows whether these measures are covered by the 2006 baseline research, future research or both.

Table 1: Key Performance Indicators and their measures.				
KPI Strategic benefit		Measures	Where covered	
			2006 baseline	Future research
1.1	Overall increase in consumer satisfaction with the buying and selling process	Research and monitoring into the buying and selling process as a whole	✓	✓
		Perhaps also identifying the benefits people think HIP/HCR have made to the overall process and experience		✓
		If possible identify that there is less wasted effort involved	✓	✓
		Evidence that HIP and 'e' conveyancing processes working well together		✓
1.2	To have fast and effective redress schemes	The awareness of redress schemes		✓
		That people who are using them think they are consumer friendly and effective		✓
2.1	Reduce the number of transaction failures in particular caused by survey or inspection findings	Research into transaction failures	✓	✓
		Evidence that consumers have confidence in e.g.: HCR		✓
		Evidence of reduction of failures caused by condition	✓	✓
2.2	Reduce the time taken from offer acceptance to exchange of contract in the overall buying and selling process	Research into reduction in average time taken from offer acceptance to exchange of contract	✓	✓
		Evidence of effective interaction with 'e' conveyancing process		✓
		Comparisons with comparators outside the UK		✓

Table 1: Key Performance Indicators and their measures.				
2.3	Reduce abortive costs to consumers and the industry	Research into the number of duplicate 2nd surveys/valuation inspections carried out and of the associated costs	✓	✓
		Research into other 'abortive costs'	✓	✓
		Research into transactional failure rates	✓	✓
		Reduction in the incidence of (significant) unexpected repair bills (e.g.: within a year of purchase?)	*	✓
		Possibility of a measure as evidence of savings to the industry	Not currently covered	

* This requires additional follow-up research.

Table 1: Key Performance Indicators and their measures (continued)				
KPI	Strategic benefit	Measures	Where covered	
			2006 baseline	Future research
3.1	Increased awareness and understanding of better housing maintenance and energy efficiency	Qualitative research into awareness levels of these two issues		✓
		Research into housing condition improvements	✓	✓
		Evidence of knowledge of energy efficiency in the HCR		✓
		Indications of the industry working with Government on condition and energy and using consolidated information from the HIP/HCR processes		✓
		Evidence of consumers acting on energy efficiency information included in the HCR		✓
3.2	Common Standards across the Industry to help quality and consistency	Research into how the standards, (technical and others) introduced as part of HIP have had a positive outcome for Buyers / Sellers / Industry in targeting improvements to homes		✓
4.1	More affordable entry costs and simpler process for first-time buyers	Research to check that first time buyers find the process effective including if possible, research that First-time buyers have increased confidence in the buying process	✓	✓
		Research into relative costs of the buying process for first-time buyers (excluding the property cost)	✓	✓

The HIP Baseline research set out to address each of the strategic benefits that could be covered prior to the introduction of the mandatory HIPs, including the Home condition report (HCR) and Energy Performance Certificate (EPC) sections. Whilst the research was in the field the legislative requirements for HIPs changed. The HCR was to be introduced as an authorised document rather than a mandatory element of the HIP on 1 June 2007. The EPC, searches and other legal documents would be mandatory. A number of measures can only be fully covered once mandatory HIPs, and its component parts are established in the market place.

1.5 Purpose of this report

The report is intended to provide an overview of the HIP baseline research datasets in the context of the current market. It has not been produced to provide a definitive set of tables, graphs or figures with which the future HIP research should be directly compared. Once the future HIP research has been completed, based on this same methodology, the comparative analysis should be undertaken at that time using the final datasets produced as part of this research in 2006.

Section 2: Methodology and achieved sample

2.1 Overview

The study involved the participation of a number of stakeholders in the research process; namely estate agents, home sellers, home buyers and solicitors/conveyancers. In designing the sample, the key aim of the study was considered, which was to collect data on the length of time a house sale took to complete, from the date the property was put on the market to the date of completion. The collected data had to be robust enough to be compared with data intended to be collected in the future, post implementation. Estate agents routinely gather information on transaction dates and other aspects of individual house sales, and therefore this group was central to the study methodology.

2.2 Estate agents

2.2.1 Sample of estate agents

The greatest proportion of estate agencies are found in urban areas (i.e. located in close proximity to the majority of the housing stock). To increase the representation from rural areas within the final sample, thus providing a better spread across the whole sample frame, a stratified sample method was used to select the estate agents to be involved in the study.

A two-stage approach was applied; the first stage selected which geographical areas were to be included in the study and the second stage determined which estate agents would be selected from these areas.

It was decided that Royal Mail Post Towns were to be used to determine geographical boundaries within England and Wales; the total number of Post Towns in England and Wales was recorded as 1,161. A random sample of 646 Post Towns was selected from the total number of Post Towns in England and Wales. For each of the Post Towns a search for businesses operating as estate agents was carried out. The source used for the search was a commercially purchased business directory called UK-info Pro V12. From the estate agents found for each Post Town up to 5 estate agents were randomly selected for recruitment to the study. The total number of estate agents in the sample was 2,663; these agents went through to the recruitment stage of the study, which aimed to recruit one estate agent from each Post Town in the sample.

2.2.2 Recruiting estate agents

Gaining support and publicising the project

To gain support and publicise the study, the National Association of Estate Agents (NAEA) was contacted as were high-level contacts at a number of national chains and franchise groups. The NAEA has 10,000 members and claims to represent over 50% of estate agents. The NAEA agreed to a statement which expressed its support for the project and urged participation. The statement was emailed to all NAEA members in a weekly newsletter on three occasions during the study. The head offices of the largest national chains and franchise groups were also asked to lend their support; of the twenty-eight contacted, nine national chains explicitly agreed to support the research.

Recruitment packs

Recruitment packs were sent to the 2,663 estate agents in the sample. The packs included details of the study, the NAEA statement of support and an acceptance form that agents completed and returned (electronically or by post) if they wished to participate.

Chasing estate agents

The sample of 2,663 estate agents that received recruitment packs was in excess of the number that was to be included in the study. The study sought a sample of one agent from each Post Town. Agents in each Post Town had been randomly ranked during the sampling process; the highest ranked agent for each Post Town was chased by telephone for a response. Once the highest ranked agent declined to participate, lower ranked agents were chased.

At the end of the recruitment stage 361 estate agents, from different Post Towns, had agreed to participate in the study.

2.2.3 Estate agents task

Estate agents routinely gather information on transaction dates and other aspects of individual house sales, and therefore this group was central to the study. Those participating were asked to complete the following forms:

Transaction forms

Agents were asked to complete transaction forms for properties that completed between 15 May and 9 June; this was largely an administrative task, completing questions about dates and the asking and sales price etc. The agents were also required to provide details of the seller and buyer for each transaction that completed within the specified timeframe. Information packs were sent to 360 estate agents that had agreed to participate on 26 May. From 8 June to 4 August Ipsos MORI were in continual contact with these agents; they dealt with queries and encouraged the return of these transaction forms.

Withdrawal forms

Agents completed withdrawal forms for any property that was withdrawn from sale during the previously stated study period.

Summary forms

Summary forms were sent to estate agents who had completed the study. These provided a summary of the activity within an estate agency during the test period and also allowed agents to give their opinion on the forthcoming Home Information Packs. Summary forms were sent to all 361 estate agents in our sample, but only the 221 estate agents who provided data were chased for completion. Chasing of summary forms finished on 31 August 2006.

2.2.4 Telephone Interviews with home buyers, sellers and their solicitors

Telephone interviews were carried out with home sellers, home buyers, and solicitors/conveyancers. A quota of 500 interviews each was set for home buyers and home sellers, but due to the lower number of transactions obtained this was reduced to 250. The study also aimed to interview 500 solicitors/conveyancers.

Contact details for these groups were collected on the transaction forms. On receipt of transaction forms, Ipsos MORI extracted contact details and then sent an advance letter explaining that an interviewer would contact the client; a few days later contacts were called by interviewers to complete a questionnaire. The three sets of questionnaires used for the telephone interviews were piloted and then amended before they were used for the main study.

On the 23 June the Ipsos MORI project team briefed the MTS interviewers. By mid July the telephone interviewers reported sample exhaustion for the surveys of buyers and sellers, they were reliant on contact details provided on transaction forms and due to a limited supply, interviews ceased. Once a sufficient number of contact details were collected from the remaining forms the final round of interviews commenced.

2.3 Response rates

Table 2 shows that of the 361 estate agents participating in the study, 61% made some response (submitted transaction or withdrawal forms). Based on the estimates provided by the estate agents a total of 2,057 transaction forms were expected from the 221 agents who responded. In the event, 1,059 (51%) were submitted from 185 agents. In total, 558 withdrawal forms were submitted by 125 estate agents and 118 summary forms were returned by estate agents.

The quota of 250 was exceeded for the home buyers' interviews; and the number of home sellers' interviews fell slightly short, as 234 were completed. A total of 487 solicitors'/conveyancers' interviews were completed, just short of the target of 500. More than half of the estate agents responding to the study completed summary forms.

Table 2: Sample response rates		
Responses	N	%
Estate agents recruited	361	100
Estate agents who responded positively	221	61
Estate agents who dropped out	35	10
Estate agents who did not respond	105	29
Transaction forms expected	2,057	100
Transaction forms received	1,059	51
Withdrawal forms received	558	n/a
Useable contact details for buyers	446	100
Completed interviews with buyers	256	57
Useable contact details for sellers	425	100
Completed interviews with sellers	234	55
Useable contact details for solicitors	1,156	100
Completed interviews with solicitors	487	42
Summary forms sent to estate agent	221	100
Summary forms completed	114	53

Section 3: State of the market

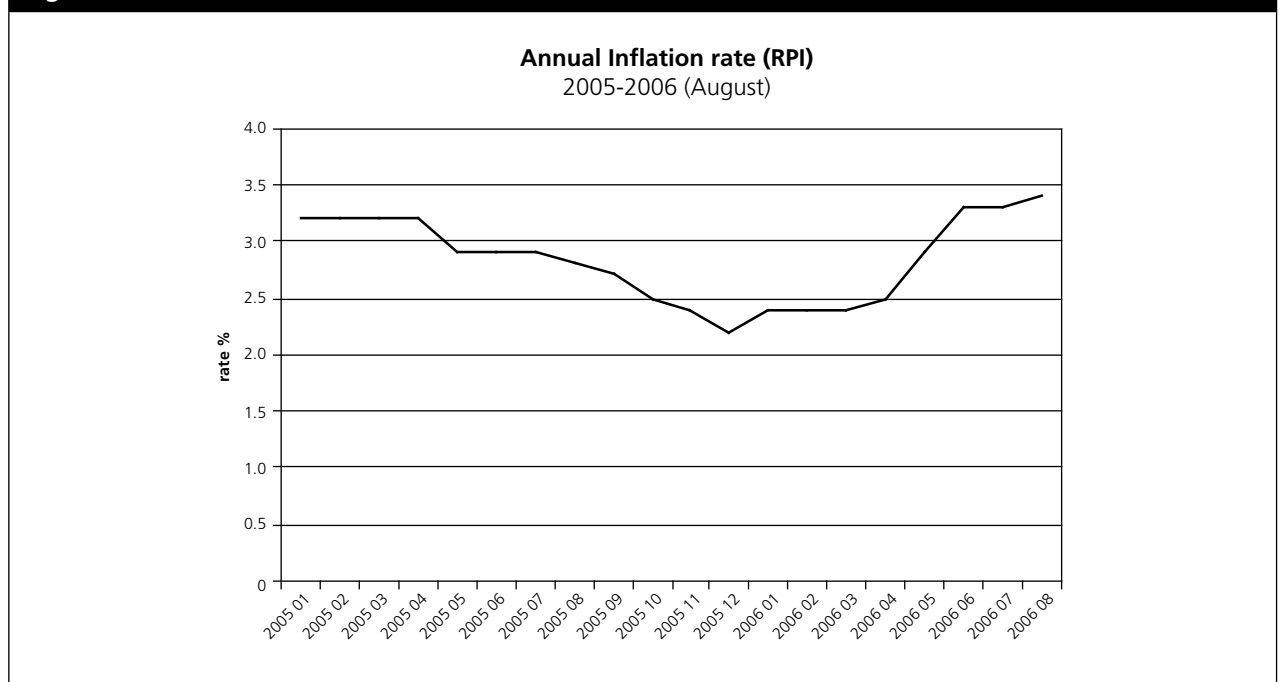
The true state of the market is often best judged in hindsight when a wide range of factors can be considered. This assessment is based on the published data available by the end of August 2006, and includes some provisional figures that are likely to be revised in subsequent monthly or quarterly releases of data. The current snapshot reflects available data for 2005 and the first six months (first two quarters) of 2006. For the future comparison research it will be possible to consider how the market in May/June 2006 compared to the second half of 2006 and subsequent years.

3.1 Prevailing market and economic factors

The market was relatively stable in the year before the research study period of 15th May 2006 to 9th June 2006. The Bank of England Base Rate started 2005 at 4.75%, fell to 4.5% in August 2005 and remained at 4.5% for the rest of 2005 and through to June 2006. Mortgage lender interest rates (for banks and building societies) reflected this same stability for the same period.

The annual inflation rate (RPI) fell steadily during 2005 from 3.2% to 2.2% and was relatively stable for the first four months of 2006, see Figure 1. In April 2006, RPI rose slightly to 2.5% then rose more markedly to 2.9% in May. The upward trend continued into June before slowing down again in July and August.

Figure 1: Annual inflation rate (RPI)



The latest published quarterly figures from HM Land Registry (2006q2) reveal the volume and average price of transactions in England & Wales. Figures 2 and 3 below show the quarterly trends since 2000.

Figure 2: HM Land Registry quarterly sales

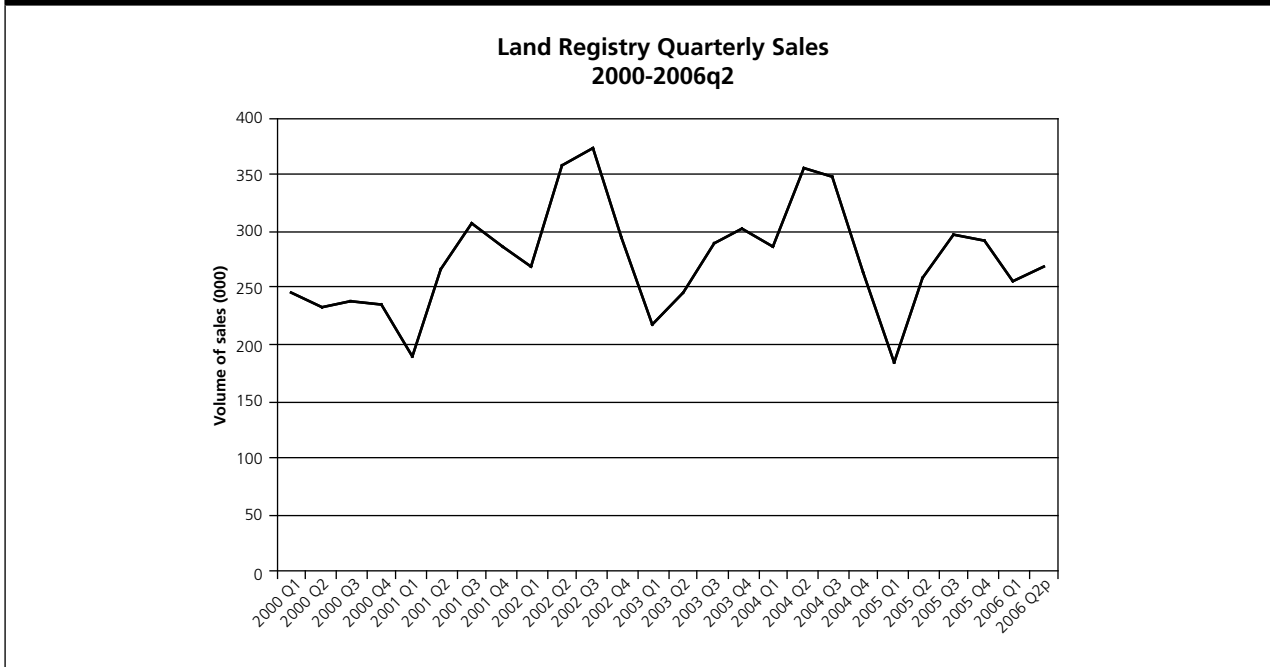


Figure 3: Land Registry Average Quarterly Price 2000–2006q2



The research period falls in the later half of the second quarter of 2006 (April to June).

Although the HM Land Registry figures for April to June are only provisional, and are likely to be revised, they do provide a useful benchmark for the baseline research results.

3.2 Estate agent perspective

From an initial sample of 646 locations randomly selected across England & Wales, 361 estate agents agreed to participate in this research. However, only some 212 agents actually participated by returning data for one or more of the three forms sent to them. Nine agents informed us that they had no completions or withdrawals within the study period (and did not complete a summary form).

Estate Agent responses	No. of agents	Number of forms	Average forms per agent	Only 1 type of form returned
Transaction forms	185	1,059	5.7	38
Withdrawal forms	125	558	4.5	6
Summary form	114	114	1.0	17
Valid cases	212			

Of the 212 responding agents, 17 only returned a summary form, 38 agents returned only transaction forms and 10 agents returned at least one withdrawal form but did not report any completions within study period – only 4 of which also returned summary forms.

3.2.1 Profile of agents

The regional profile for all responding agents broadly follows the same distribution as the expected distribution from the 646 sampled locations, as shown in **Table 4**.

Regions (GOR)	Sampled locations	All responding agents	Transaction forms	Withdrawal forms	Summary forms
London	8%	9%	9%	9%	6%
South East	21%	21%	21%	17%	20%
South West	14%	19%	19%	19%	18%
West Midlands	7%	5%	4%	6%	6%
East of England	13%	19%	20%	21%	20%
East Midlands	5%	5%	5%	6%	7%
Yorkshire & the Humber	8%	6%	6%	6%	5%
North West	9%	5%	5%	5%	4%
North East	5%	3%	3%	3%	4%
Wales	11%	8%	8%	9%	10%
Valid cases	646	212	185	125	114

Table 4 also shows that the regional distributions for agents by the type of forms returned again broadly reflect the expected profile. There are slightly higher than expected responses in the South West and East of England regions and slightly lower than expected responses in the North West region.

3.2.2 Market activity

All 114 agents returning summary forms responded to the question on the level of market activity in their area. No agent stated that it was “not at all active”, while 9% responded that it was “very active”. The majority said that the local market was “neither particularly active nor inactive” (41%) or “active” (36%). This however, seems to conflict with the HM Land Registry volume of sales for the second quarter of 2006 (provisional) when compared to the previous quarter and with the same quarter in 2005. It also seems to conflict with the agents’ responses for the number of properties on their books – see section 3.2.3 below.

Some 79% of agents responded that property prices in their area were stable, neither rising nor falling. While 2% of agents stated that prices in their area were increasing rapidly and a further 19% said prices were increasing, only 1 agent (less than 1% of the total) said that prices were actually falling. Although the HM Land Registry data does show a national rise in prices over the previous 12 months, the summary form data seems to conflict with the data from the transaction forms.

From the transaction forms, some 82% of transactions were completed at a price below the original asking price, 15% at the same price and only 4% above. While there can be a range of reasons for a change in price, both up and down, the transaction form data suggests that a large proportion of properties were over priced when originally marketed. The fact that just over 30% of transaction experienced a price reduction of 5% or more suggests that prices have fallen since marketing in a number of areas.

When it came to the speed of offers reported via the transaction form, just over half (52%) stated that it was average (neither slow nor quick). There were one or two agents that considered the speed to be either very quick or very slow; the remainder were divided evenly between the slow (23%) and fast (23%) categories. Although the similar question on the transaction form related to completions, as **Table 5** shows, the results were fairly similar. The transaction form responses, relating to completions, show a slightly higher proportion of slow and very slow responses.

Speed of offer/transaction	Offers	Transactions
Very slowly	1%	10%
Slow	23%	19%
Average	52%	50%
Fast	23%	15%
Very quickly/fast	2%	6%
Valid cases	114	904

When it came to the number of buyers reported by the summary form agents, there was a similar pattern to the speed of offers, with some 52% stating that there were neither too few nor too many.

However, as **Table 6** shows, 35% of agents considered that there were fewer buyers, compared to only 14% that considered that there were more buyers. This may help to explain why prices fell in a number of areas.

Table 6: Number of buyers	
Number of buyers	Agents
Too few	4%
Some fewer	31%
Average	52%
Some more	10%
Too many	4%
Valid cases	114

3.2.3 Property on Books

The vast majority of agents (97%) reported that the properties sold during the study period were fairly typical of the type of properties they normally sell.

For the 108 agents that reported a figure, the average number of properties on their books was 60 per agent. This ranged from only 6 up to 275 properties, with a median of 45. Some 40% of agents said this was fewer than usual, 45% said it was usual, while only 16% said it was more than usual.

Table 7 shows the average number of properties on the books at the start of the study period, the average number of new instructions, completions and withdrawals, and whether the agent considered these to be more or fewer than usual.

Table 7: Properties on books				
Properties on books	Start	New instructions	Completions	Withdrawals
Mean properties at start	60	14	7	5
Valid cases	108	112	105	105
Fewer than usual	10%	13%	15%	3%
A little less than usual	30%	33%	36%	11%
Usual	45%	40%	28%	49%
A little more than usual	13%	12%	11%	23%
More than usual	3%	2%	0%	9%
Valid cases	111	112	108	106

By the end of the study period the agents had an average of 62 properties on their books, median 51. These figures, and the agents’ views on how typical they were, suggest that the market activity was less buoyant than usual. More agents have stated that new instructions and completions are down, and that withdrawals are up, than the other way around.

The average number of completions, for the 101 agents that reported at least one completion on the summary form, was 7.6 properties (if the four agents reporting no completions are included, the average is 7.3 properties per agent). The average number of completions recorded by 185 agents on the transaction forms was 5.7 per agent. Both are below the anticipated average of 10 completions that the initial 361 agents indicated on their acceptance forms.

3.2.4 Withdrawals

A total of 125 agents returned at least one withdrawal form; the average number returned was 4.5 properties per agent. This compares favourably with the withdrawal data from the summary form, where 105 agents reported an average of 4.5 properties withdrawn. If the 12 summary form responses stating no withdrawals are excluded, the average rises to 5.1 properties per agent.

The average length of time these properties were on the agents' books was 156 days. This is longer than the average pre-offer stage for properties that completed.

From the withdrawal form a reason for a property being withdrawn from an agents' books, other than a completion, was provided. A total of 511 valid withdrawal forms were returned and the largest single reason for a withdrawal was a change of agent (33%), followed by the vendor deciding not to move (23%). A full list of the main reason is provided in **Table 8**.

Table 8: Reason for withdrawal		
Reason for Withdrawal	Original	Recoded
Decided not to move	23%	23%
Change of circumstances	11%	11%
Lack of Interest	14%	14%
Collapse of Chain	6%	5%
Change of Agent	26%	33%
Private Sale	3%	3%
Other	17%	10%
Valid cases	511	511

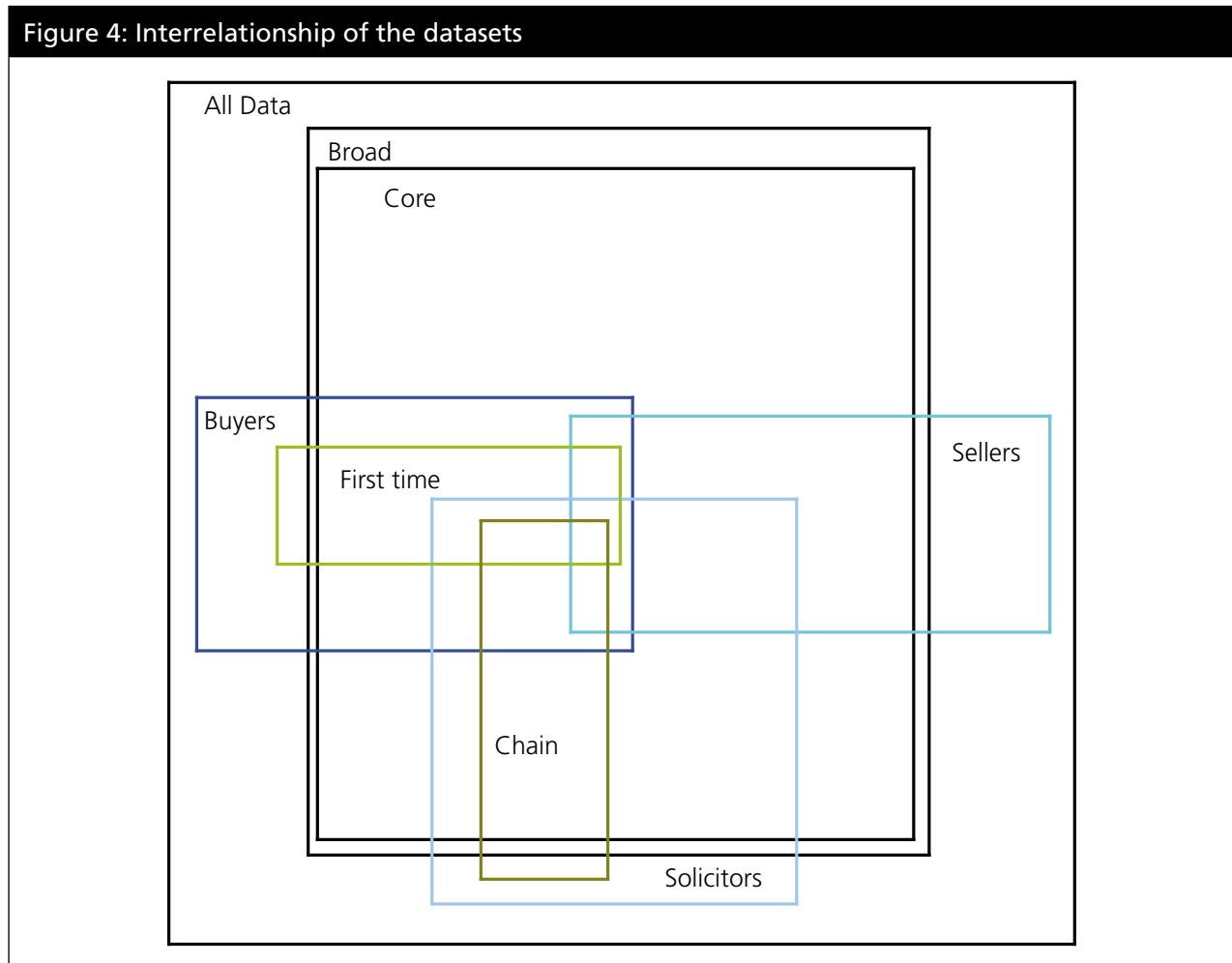
The original cases reflect the actual responses on the forms, but where the 'specify' section under the 'Other' option stated that there was a change of agent, these records were recoded. In many cases the 'specify' comments reveal that another agent often completed that sale, thus a withdrawal for one agent became a completion for another. It should also be noted that 53% of withdrawals (the total of the first four reasons) led to the property being taken off the market completely, although they may subsequently have been reintroduced to the market with another agent or with the same agent. It is uncertain for any of these withdrawals whether any duplication of abortive fees was involved.

The average asking price and distribution of values is provided in **Table 9**, over the page. It should be noted that the average asking price of withdrawn properties is higher than the average asking price of completions quoted on the transaction forms (£197,600). Price may well have been a factor in the reason for the withdrawal; it was explicitly mentioned within the ‘Other (please specify)’ comments box on a handful of forms.

Table 9: Withdrawal asking price	
Withdrawals asking price	Withdrawals
Up to £100,000	9%
£100,001 to £150,000	19%
£150,001 to £200,000	23%
£200,001 to £300,000	32%
£300,001 to £500,000	15%
£500,001 and over	2%
Average Price	£222,767
Valid cases	504

Section 4: Sample breakdown

The HIP baseline research has generated a number of databases that have allowed analysis to be undertaken on a number of subsets of data. The subsets and their interrelationships are shown in Figure 4 and are detailed below.



The complete dataset (ALL DATA) has been divided into different subsets for the individual analyses. Each record within any dataset refers to a single transaction, within which data may be available for different parts of the analysis.

ALL DATA consists of 1,059 records.

BROAD is a subset of ALL DATA, which selects only those cases which have a recorded completion date. It consists of 1,011 records.

CORE is a subset of BROAD which selects only those cases which have a recorded completion date between 15 May 2006 and 9 June 2006, which equates to 958 records.

BUYERS is a subset of ALL DATA where an interview was conducted with the buyer of the property detailed in the transaction. The majority of the cases (234 out of 256) are included in the CORE subset. Within these 234 cases, 92 cases also have data for SELLERS and 121 also have data for SOLICITORS. In 62 of these CORE cases data are available for all three subsets: BUYERS, SELLERS and SOLICITORS.

FIRST-TIME BUYERS is a subset of BUYERS with 62 Cases, 56 of which are included in the CORE subset. All FIRST-TIME buyers reported that this was the first property they had purchased at the beginning of the buyers questionnaire. Within these 56 cases, 27 also have data for SELLERS and 32 also have data for SOLICITORS. Only 15 cases have data for all three.

SELLERS is a subset of ALL DATA where an interview was conducted with the seller of the property detailed in the transaction. The majority of cases (207 out of 234) are included in the CORE subset. Within the 207 cases, 131 cases also had data for SOLICITORS but no data for BUYERS.

SOLICITORS is also a subset of ALL DATA, where an interview was conducted with either the solicitor representing the buyer or the seller of the property detailed in the transaction. For approximately 100 transactions an interview was conducted with both the sellers' and the buyers' solicitors. There were 391 cases where a solicitor was interviewed about the property detailed in the transaction, 354 of which were in the CORE subset.

CHAIN is a subset of SOLICITORS, with 188 cases, where the solicitor for either the buyer of the seller reported that the property had an ongoing chain. Of these, 171 were part of the CORE subset. Within the CORE subset 59 CHAIN cases also had data for SELLERS, 69 also had data for BUYERS, and 26 had data for both BUYERS and SELLERS. There was a small overlap with FIRST-TIME BUYERS with 14 cases.

These subsets are used for the analysis in the following section of report. A fuller set of data tables can be found in the appendices.

Section 5: HIP Baseline research findings

5.1 Profiles

The first measure identified in the Key Performance Indicators (KPIs), under KPI 1.1, is “research and monitoring into the buying and selling process”.

The 2006 HIP baseline research was designed to cover the whole process of buying and selling a home in England and Wales: from the initial registering or marketing of a property with an estate agent to an eventual completion or withdrawal. Both quantitative and qualitative data has been obtained from each of the main participants involved in this process: the estate agent, buyer, seller and solicitor/conveyancer.

The resulting database produced from this research provides the baseline dataset for comparison with a future dataset based on the same methodology.

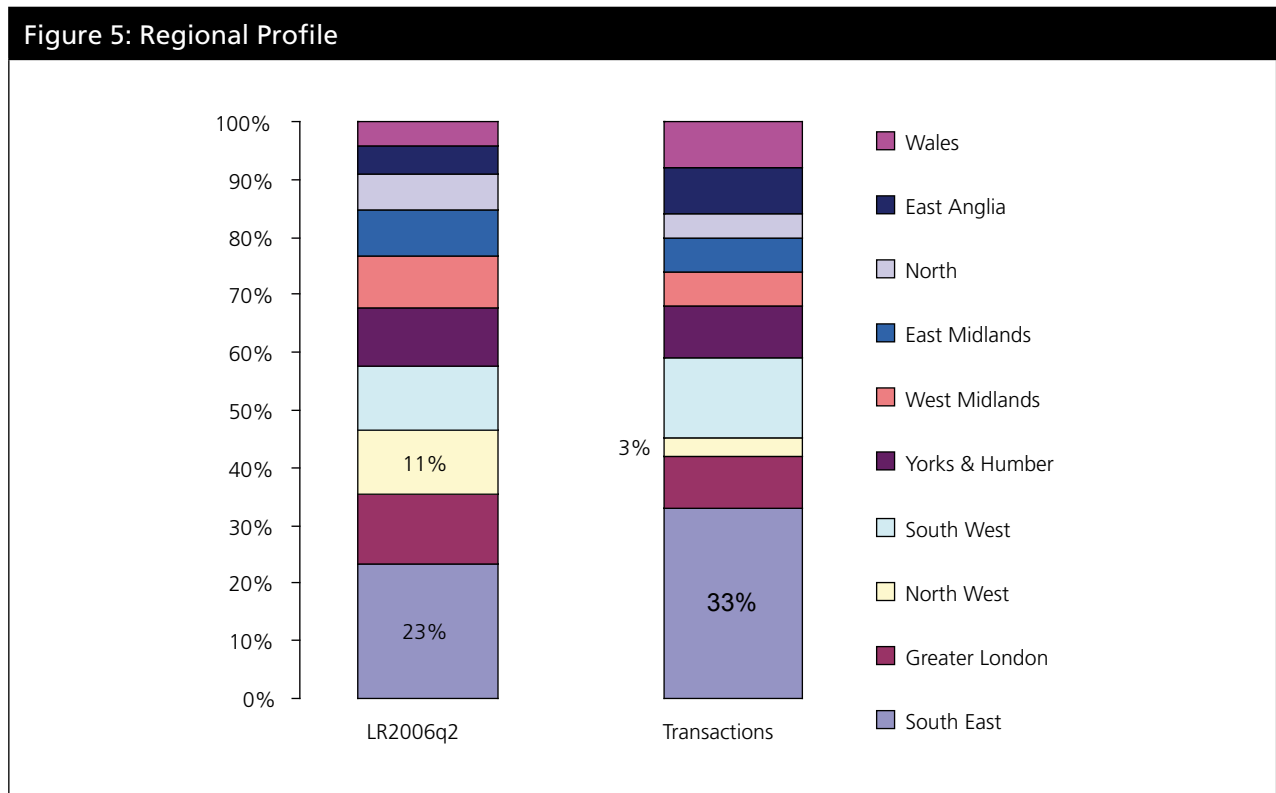
To put the 2006 baseline findings in context, the transactions database was analysed to produce a series of characteristics or profiles that would reveal the range and coverage of the dwellings captured in the survey.

It has been possible to profile the transactions dataset by region, property type, construction age, number of bedrooms, tenure, price, type of occupancy, speed of sale and the condition of the property. These are shown in detail in Table 20 to Table 29 in Appendix A.

The HM Land Registry has recently published provisional transaction data for the April to June quarter of 2006; our research period falls into the latter half of this quarter. This source provides a breakdown of sales for England and Wales by region, property type and property price bands. It should be noted that the Land Registry data categories do not always provide an exact match with our data categories.

As shown in Figure 5, there is a reasonable spread of properties across the regions – Standard Statistical Regions (SSR). Compared with the provisional HM Land Registry figures for the second quarter of 2006, the South East is higher while the North West is lower than expected.

Profiles for subsets of the data for buyers, sellers, solicitors, first-time buyers and those involved in a chain, reveal similar distributions to the Core transactions dataset. Notable exceptions are usually for first-time buyers, who tend to buy properties that are smaller, less expensive and leasehold;. Transactions that were part of a chain were also an exception, where properties tended to be larger, owner occupied and in better condition.



The profiles for the transactions dataset have revealed a good cross-section of the different types of dwellings across England and Wales, as would be expected from a random sample of transactions.

5.2 Key transaction stages

The key stages in the progression of a property transaction, from start to completion, are the same as they were for previous studies. These key stages for buyers and sellers are shown in **Table 10**.

Table 10: Key stages for buyers and sellers

Key Stages	Key Stages for Buyers	Key Stages for Sellers
1	Marketing to Offer agreed	Instruction to Offer agreed
2	Offer agreed to Mortgage Offer	Offer agreed to Mortgage valuation
3	Mortgage Offer to Exchange	Mortgage valuation to Exchange
4	Exchange to Completion	Exchange to Completion

One of the measures in KPI 2.2 explicitly seeks to show a reduction in the average time taken from offer acceptance to exchange of contracts. This research, based on 943 transactions, reveals a current average of 81 days (median 74 days) with a standard deviation of 41 days. Figure 6 below shows the average time in days for each of the key stages.

Assuming this methodology is repeated sometime in the future to compare transaction times pre- and post- introduction of HIPs, the sample size is large enough to determine a difference of 5.3 days as being significant at 0.05 level, or 6.5 days as being significant at the 0.01 level. If a one-tailed test is assumed (transaction times will decrease post HIP) then the sample size is large enough to determine a difference of 4.7 days as being significant at 0.05 level, or 6.0 days as being significant at the 0.01 level.. All of these calculations assume equal sample sizes, equal variances and are calculated with a power of 0.8 (i.e. 80% chance of finding a difference a difference between means when the difference is real).

Subsets of the data for price bands, location, those involved in a chain and first-time buyers (see Appendix B), reveal similar distributions to the Core transactions dataset for offer agreed to exchange, but greater variability for the pre-offer stage 1, see Figures 7 to 10 in Appendix B. Higher priced properties and those in Wales and the north of England tend to have longer pre-offer stage 1, while first-time buyers tend to have the shortest stage 1. The offer agreed to exchange of contracts stages were marginally longer for transactions in London and the South East region (GOR), for those in a chain and for those who were repeat buyers.



5.3 Satisfaction with the buying and selling process

KPI 1.1 asks for a strategic benefit of an “Overall increase in consumer satisfaction with the buying and selling process”, and KPI 4.2 has a particular focus on the first-time buyer.

From the buyers’ and sellers’ questionnaires, questions were asked relating to satisfaction with the whole process and the length of time from registering with an agent to completion.

Table 11: Overall level of satisfaction with the buying and selling process

Level of overall satisfaction	Buyers' questionnaire		Sellers' questionnaire	All buyers	All Sellers
	First-time buyers	Previous buyers	Previous buyers		
Very satisfied	23%	21%	25%	23%	28%
Fairly satisfied	56%	49%	54%	52%	42%
Neither satisfied nor dissatisfied	3%	5%	3%	4%	8%
Fairly dissatisfied	13%	14%	12%	13%	10%
Very dissatisfied	5%	9%	6%	8%	11%
Don't know	0%	1%	0%	0%	0%
Valid cases	62	194	108	364	358

Table 11 shows the overall level of satisfaction for the different subset of buyers interviewed. Considering the small number of cases involved, first-time buyers are on average no more satisfied than previous buyers. The majority, 75% of all buyers and 70% of all sellers, are fairly or very satisfied with the buying and selling process. It should be noted that all buyers and sellers surveyed have completed on the sale of the transaction property, and hence may more readily report satisfaction with the process.

When it comes to satisfaction with the length of time of the process, as shown in **Table 12**, the level of satisfaction drops to 57% for buyers and 51% for sellers, suggesting that although satisfied with the overall process some of those surveyed were not satisfied with the amount of time it took. First-time buyers have a slightly higher level of satisfaction, with 61% fairly or very satisfied, and 27% very satisfied. Although the number of first-time buyers in the sample is small, their level of satisfaction may relate to lower expectations, perhaps through lack of knowledge on what to expect regarding the time taken to buy a property.

Table 12: Level of satisfaction with the length of time

Level of satisfaction with length of time	Buyers' questionnaire		All Sellers
	First-time buyers	Previous buyers	
Very satisfied	27%	22%	22%
Fairly satisfied	34%	35%	29%
Neither satisfied nor dissatisfied	2%	8%	6%
Fairly dissatisfied	19%	20%	19%
Very dissatisfied	18%	16%	23%
Don't know	0%	0%	1%
Valid cases	62	194	234

Table 13 shows the solicitors' views on the efficiency of the current buying and selling process. The majority of solicitors (82%) are satisfied with the current system. There is little difference between the views of those acting for the purchasers and those acting for the seller.

Table 13: Solicitors' view of efficiency of current system			
Efficiency of system	Purchase	Sale	All Solicitors
Very inefficient	2%	1%	2%
Fairly inefficient	6%	7%	6%
Neither efficient nor inefficient	9%	11%	10%
Fairly efficient	62%	57%	60%
Very efficient	21%	25%	22%
Valid cases	246	212	458

More details on the information recorded for buyers, sellers and solicitors can be found in Appendices C, D and E respectively.

5.4 Failure rates and abortive costs

5.4.1 Failure rates

There are a number of measures across KPIs 1.1, 2.1 and 2.3 that relate to wasted effort (KPI 1.1), transaction failures (KPI 2.1), duplicate surveys (KPI 2.3), abortive costs (KPI 2.3) and failure rates (KPI 2.3).

For the purposes of the KPIs and therefore this report, a failure is defined as:

“a potential property transaction where an offer had been agreed between a buyer and a seller but which subsequently fell through and did not lead to a completion with that same buyer and seller”.

Such a property may be withdrawn from the market (a withdrawal) or may lead to a completion with a different buyer.

There are a number of data areas where a failure rate could be measured and a number of ways in which these measures could be expressed. For each of the following areas one or two measures have been calculated from the available data:

- Proportion of sales that fell through post offer agreed (summary form).
- Proportion of failures due to survey results (summary form).
- Proportion of buyers who experienced a failed transaction before completing (buyers and sellers questionnaires).
- Proportion of properties that failed post offer agreed before completing (buyers and sellers questionnaires).

From the summary form 107 agents reported a total of 274 properties where a sale was agreed but subsequently fell through, an average of 2.6 properties per agent. Of these 25 agents reported no properties falling through after an offer had been agreed.

Sales that fell through post offer can also be expressed as a percentage of all properties on the estate agents’ books. From the summary form, of the 103 agents that provided relevant data, there were 262 failures over the study period and a total of 6,278 properties on their books at the start of the study period. This produces a ‘book-based’ failure rate of 4.2%.

A ‘failure ratio’ can be calculated based on sales. The ratio compares the number of sales that fell through with the total number of completed sales during the study period. There were 240 sales that fell through post offer and 736 completed sales, resulting in a failure ratio of 1:3.07. During the study period, for every 100 properties that failed, 307 properties completed. This can not be converted into a ‘failure rate’ percentage; details of failure rates are discussed below.

Of those failures identified on the summary form, 101 agents provided data for both failures (253) and reason for failure due to the results of a survey (50). Thus 20% of all failures are due to the results of the survey. A collapse elsewhere in the chain was the single largest reason for a failure at 57% of all agreed sales that fell through. It is likely that many of these would also have had a survey. From the buyers and seller questionnaires, it was identified that 9% of all surveys commissioned by potential buyers were on properties that the buyer failed to complete on.

A ‘failure rate by individual’ can be defined as:

“the number of buyers with completed transactions that had offers accepted on previous purchases, which subsequently fell through, as a percentage of the total number of buyers that completed transactions, within a given timeframe”.

Of all the buyers surveyed, the overall individual based failure rate was 23%. **Table 14** shows the failure rates for different types of buyers. First time buyers had a low failure rate, 15%, and sellers purchasing property had the highest failure rate at 26%. In the 1998 study, around one third of all buyers (both tracking survey and recent buyers) said they had had an accepted offer on previous purchases, which subsequently fell through.

Table 14: Failure rates by individual			
Type of buyer	Total Number of buyers	Previous offers accepted	Percentage of failures
Buyers details (from buyers survey)	256	55	21%
First time buyers	62	9	15%
Repeat buyers	194	46	24%
Buyers details (from sellers survey)	108	28	26%
All buyers	364	83	23%

This same data from the buyers and sellers survey can also be expressed in terms of the number of properties involved. A ‘failure rate by purchases’ can be determined as:

“the number of purchases that had offers accepted, which subsequently fell through, as a percentage of the total number of purchases, whether completed or failed.”

The number of failed purchases was recorded within the buyer’s questionnaire. Most buyers (86%) who had experienced failure had only one offer accepted without a purchase being completed, see **Table 15**. In a few cases, two or three offers had been made and accepted resulting in failure.

Number of offers accepted (percent)	1	2	3	Total	
				Buyers	Purchases
Buyers details (from buyers survey)	45 (82%)	8 (15%)	2 (4%)	55	67
First time buyers	6 (67%)	3 (33%)		9	12
Repeat buyers	39 (85%)	5 (11%)	2 (4%)	46	55
Buyers details (from sellers survey)	26 (96%)	2 (7%)		28	30
All buyers	71 (86%)	10 (12%)	2 (2%)	83	97

Using the information from **Table 14** and **Table 15**, the total number of transactions recorded is 461 (with 97 failed purchases and 364 completed transactions) giving a ‘purchase based failure rate’ of 21%.

When it comes to the costs, 2% of solicitors acting for the buyer and 11% of solicitors acting for the seller reported duplicate or abortive costs. From the buyers and sellers questionnaires, a total of 83 buyers reported an average of £442 for abortive costs.

5.5 Survey costs

The majority of buyers had a survey carried out on the property before purchase. **Table 16** shows the types and average cost of surveys undertaken by buyers. The majority of buyers (89%) had surveys undertaken on properties they proposed to buy.

Type of Survey	Surveys	Buyers	Average cost
None	–	11%	
Mortgage lenders survey	40%	41%	£325
Home buyers survey	36%	38%	£421
Full structural survey	14%	15%	£563
Specialist survey	6%	6%	£218
Don’t know	4%	4%	
Valid cases	379	364	356

The cost of each survey was banded and the grouped mean cost of each survey was calculated. These calculated values could be applied to the responses from each individual reporting to have had surveys. There were a large range of values given for some survey

costs; this confirmed the expected difficulty of asking buyers to remember the costs some time after the event. The mean cost of a full structural survey was £563, of the home buyers’ survey was £421, and of the mortgage lenders survey’ was £325.

5.6 First-time buyer costs

The relative cost for first-time buyers (KPI 4.1) was not found to be significantly different from those of other buyers. Based on the calculated group mean costs, first-time buyers had an average of £1,633 per transaction compared with £1,518 per transaction for previous buyers. **Table 17** shows these cost calculated by the group mean and the group median.

Table 17: First-time buyer costs			
Type of buyer	Valid cases	Group mean costs	Group median costs
First-time buyer	62	£1,633	£1,418
Repeat buyers	194	£1,518	£1,308
All buyers	256	£1,546	£1,334

5.7 Cost of successful and failed purchases

Using estimated costs (survey and conveyancing), it is possible to calculate the cost associated with a simple straightforward purchase, where the buyer is successful in completing a transaction at the first attempt. For those who had an accepted offer on a previous purchase, which subsequently fell through, it is also possible to estimate the cost associated with the failed purchase(s) and add this to the cost for their completed transaction. Estimates were calculated using both grouped mean costs and grouped median. These estimates were also recalculated using half conveyancing costs for failed transactions. The results are shown in **Table 18**.

Table 18: Mean conveyancing and survey costs, with or without failed purchases						
Calculation type	Cost of purchasing property	Sample	Mean costs	Median costs	95% Confidence interval for Mean	
					lower bound	upper bound
Full conveyancing costs	Straightforward purchase	281	£1,411	£1,199		
	Failure	83	£442	£393	£288	£596
	Total cost of purchase including failure costs	83	£1,891	£1,629		
Half conveyancing costs for failed purchases	Straightforward purchase	281	£1,411	£1,199		
	Failure	83	£326	£301	£216	£437
	Total cost of purchase including failure costs	83	£1,775	£1,537		

The mean failure cost values given are calculated from the total recorded costs to all the failed purchases divided by the number of people who had a failed purchase. However, many of these did not have any recorded conveyancing or survey costs. This is likely if the purchase failed very soon after the offer was accepted. By considering just those who had incurred such costs, see **Table 19**, it is clear that the failure costs are higher on average, but it should be noted that these values are applicable to only 43% of all failed purchases. The values shown in **Table 19** are directly comparable with the 1998 calculated costs, and are similarly subject to potential error due to the small numbers in the sample. The sample is however three times the size available in 1998. See Appendix Tables 37 to 39 for a breakdown of costs by buyers and sellers surveys.

Table 19: Mean conveyancing and survey costs, for failed purchases with incurred costs

Calculation type	Cost of purchasing property	Sample	Mean costs	Median costs	95% Confidence interval for Mean	
					lower bound	upper bound
Full conveyancing costs	Failure	36	£1,019	£906	£767	£1,272
	Total cost of purchase including failure costs	36	£2,539	£2,217		
Half conveyancing costs for failed purchases	Failure	36	£753	£695	£578	£928
	Total cost of purchase including failure costs	36	£2,272	£2,006		

The cost of failed purchases can be estimated to be between £326 and £442 depending on the amount of conveyancing costs applied. For those that did incur a cost of failure (43% of failed purchases) the cost can be estimated to be between £752 and £1,019. These values should be treated with some caution, due to the poor recollection expected by the buyers, the need to calculate grouped averages, and the limited amount of data used to calculate some of the average costs.

5.8 Home condition and repairs

KPI 2.3 has a specific measure for a 'reduction in the incidence of unexpected repair bills'. Data for this can only be captured as part of a retrospective survey of recent buyers at least one year after their purchase.

Some 11% of sellers reported that they undertook repairs to their property before putting it on the market. This is the only measure under KPI 3.1 that is covered by the current research and it will be interesting to see how this compares with future research once HCRs are established.

Section 6: Conclusions

A robust, representative and repeatable baseline has been established for the year 2006. It has been set in the context of the current housing market, and it provides key data for monitoring DCLG's KPIs for the Home Information Pack going forward.

The baseline dataset was collected on transactions completed between 15th May and 9th June 2006. A sample of 361 estate agents was recruited, and information was received from 221 positively responding estate agents regarding 1,059 completed transactions. It was observed that the estate agents consistently over-predicted their volume of business (i.e. the number of completions that would occur) during the study period.

In addition, a total of 490 telephone interviews were conducted with buyers and sellers, and 487 with solicitors.

Where comparisons could be made, the data were shown to be representative of all likely sales, with a slightly increased proportion of transactions in the South East and a slight decrease in the North West.

The key findings were as follows:

- The average purchase price was £197,600, very similar to the average price reported from the Land Registry.
- As expected, first-time buyers tended to buy smaller houses and bought houses at lower selling prices. Otherwise there is no real difference between first-time buyers and repeat buyers in terms of satisfaction with the buying process or the costs of buying.
- The mean length of time, offer to exchange, for the transactions was 81 days. The transaction process was marginally longer in the South East & London, for those in a chain and for those who were repeat buyers.
- 21% of buyers and sellers were dissatisfied with the overall buying/selling process. More than 35% of buyers and sellers were dissatisfied with the length of time it took. However, 82% of solicitors were satisfied with the efficiency of the current system.
- The calculated mean costs for surveys were as follows;
 - full structural survey: £563
 - home buyers survey: £421
 - mortgage lenders survey: £325

The individual figures contain some unexpectedly high and low self-reported costs, so care should be taken when using them. It is likely that the unexpected figures are due to the reliance on recall where an interview took place a long time after the survey had been conducted.

- The average full cost of a completed transaction was £1,546, and slightly more for first-time buyers.
- Various measures of 'failure ratio' and 'failure rate' have been proposed. The importance of understanding the actual measure being used is once again stressed here, because different results arise from the different measures. For example:
 - of the properties on the estate agents' books, on average one transaction failed while another three completed (and many others simply did not complete or fail) during the study period.
 - 21% of all 'concluded' purchases (i.e. those that either completed or failed during the study period) were failures.
 - 23% of buyers with completed transactions during the study period had previously had a failed transaction during their current house-buying experience.
- Of the properties on the estate agents' books that failed to complete after an offer had been agreed, 20% of those failures were due to the results of a survey. Another 57% failed due to a collapse elsewhere in the chain, some of which will have involved surveys.
- Buyers reported an average of £442 for abortive costs.
- Some 11% of sellers reported that they undertook repairs to their property before putting it on the market, a figure that is expected to change, probably increase, as HIPs and Home Condition Reports become more established.

When repeating this research at a future date it will be important to account for the fact that the method is dependent upon estate agents selling the majority of homes, which may have changed. However, since the questionnaires will not need to be developed prior to the sampling timeframe it will be possible to make the questionnaires available for recording data as completions occur, rather than after the event as was the case in 2006. Similarly, it will be possible to conduct the telephone interviews much closer in time to the completion date than was the case in 2006.

Overall the results are extremely robust and the methodology can easily be repeated in at a later date to provide a second dataset for comparison once HIPs and HCRs have become established.

Appendix A: Profile of the 2006 Transactions database

Table 20: Transactions by Region (SSR)					
Region (SSR)	Land Registry Sales 2006 Q2 (provisional)				Broad Transactions 2006
	Total	Houses	Flats	All	
North	14,944	6%	4%	6%	4%
North West	30,663	12%	7%	11%	3%
Yorks & Humber	26,360	11%	5%	10%	9%
Wales	12,020	5%	2%	4%	8%
West Midlands	23,519	9%	5%	9%	6%
East Midlands	22,576	10%	3%	8%	6%
East Anglia	12,885	5%	2%	5%	8%
South West	29,472	11%	11%	11%	14%
South East	62,737	23%	27%	23%	33%
Greater London	33,254	8%	34%	12%	9%
Total	268,430	83%	17%	100%	1,011

It should be noted that the data published by HM Land Registry uses the Standard Statistical Regions (SSR), as shown on **Table 20**, where the South East region includes the counties of Hertfordshire, Bedfordshire and Essex. All other regional tables use the newer Government Office Regions (GOR).

There is a good match with the HM Land Registry provisional figures of 83% for houses/ bungalows and 17% for flats compared to the survey results of 87% and 13% respectively (see **Table 22**).

Table 21: Transactions by Region (GOR)							
Regions (GOR)	Core	BROAD	Buyers	Sellers	Sols	First	Chain
London	9%	9%	12%	12%	9%	13%	7%
South East	20%	19%	17%	17%	18%	13%	22%
South West	14%	14%	18%	18%	15%	16%	12%
West Midlands	6%	6%	5%	7%	7%	6%	5%
East of England	22%	22%	23%	17%	22%	23%	27%
East Midlands	6%	6%	5%	6%	4%	5%	5%
Yorkshire & the Humber	9%	9%	6%	5%	8%	3%	7%
North West	4%	4%	6%	5%	6%	5%	5%
North East	3%	3%	4%	7%	4%	8%	4%
Wales	8%	8%	5%	5%	7%	8%	5%
Valid cases	958	1,011	251	230	388	62	186

Table 22: Transactions by property type

Property Type	Core	BROAD	Buyers	Sellers	Sols	First	Chain
Terraced	28%	29%	31%	31%	30%	45%	27%
Semi-detached	27%	26%	30%	27%	24%	27%	26%
Detached	18%	18%	17%	15%	18%	4%	26%
Bungalow	13%	13%	9%	11%	12%	2%	11%
Flat/maisonette	13%	13%	12%	15%	14%	22%	9%
Other	1%	1%	1%	1%	1%		1%
Valid cases	911	961	229	212	361	55	170

Table 23: Transactions by construction age

Construction Age Band	Core	BROAD	Buyers	Sellers	Sols	First	Chain
Pre 1919	20%	20%	25%	21%	24%	23%	20%
1919-1945	14%	14%	14%	12%	13%	15%	11%
1946-1964	16%	16%	15%	17%	13%	15%	13%
1965-1980	23%	23%	24%	29%	25%	19%	26%
Post 1980	21%	21%	18%	18%	21%	25%	26%
New Build	6%	6%	4%	4%	4%	4%	4%
Valid cases	875	925	219	202	349	53	168

Table 24: Transactions by number of bedrooms

Number of Bedrooms	Core	BROAD	Buyers	Sellers	Sols	First	Chain
1	7%	7%	8%	8%	9%	15%	6%
2	33%	32%	28%	32%	29%	37%	19%
3	41%	41%	47%	41%	40%	48%	47%
4	16%	17%	13%	15%	18%	0%	25%
5+	3%	3%	4%	4%	5%	0%	3%
Valid cases	685	720	178	169	277	46	129

Table 25: Transactions by tenure

Tenure	Core	BROAD	Buyers	Sellers	Sols	First	Chain
Freehold	84%	84%	85%	84%	83%	79%	88%
Leasehold	16%	15%	14%	15%	16%	21%	11%
Other	<0.5%	<0.5%	1%	<0.5%	1%	0%	1%
Valid cases	901	954	229	211	362	56	172

Transaction Price Bands	LR 2006q2	Core	BROAD	Buyers	Sellers	Sols	First	Chain
Up to £100,000	16%	10%	10%	10%	13%	12%	21%	5%
£100,001 to £150,000	27%	29%	30%	26%	27%	25%	39%	22%
£150,001 to £200,000	23%	25%	25%	26%	28%	24%	24%	26%
£200,001 to £300,000	21%	23%	22%	23%	20%	24%	16%	32%
£300,001 to £500,000	10%	10%	11%	12%	10%	12%		12%
£500,001 and over	3%	2%	2%	2%	3%	3%		3%
Average price (£k)	£199.2	£197.6	£198.0	£205.4	£196.9	£205.1	£142.6	£217.1
Valid cases		957	1,010	251	230	387	62	186

Occupancy	Core	BROAD	Buyers	Sellers	Sols	First	Chain
Owner occupied	66%	67%	69%	67%	65%	64%	83%
Rented	6%	6%	3%	5%	4%	5%	3%
Vacant	27%	27%	29%	28%	31%	31%	14%
Valid cases	907	957	228	212	362	55	169

Speed of offer/sale	Core	BROAD	Buyers	Sellers	Sols	First	Chain
Very slow	10%	10%	9%	5%	9%	5%	8%
Slow	19%	19%	18%	20%	19%	11%	18%
Average	50%	50%	51%	51%	51%	60%	53%
Fast	15%	16%	14%	17%	16%	15%	15%
Very fast	6%	6%	8%	6%	6%	9%	6%
Valid cases	904	953	229	212	361	55	169

Condition of property	Core	BROAD	Buyers	Sellers	Sols	First	Chain
Very poor	6%	6%	8%	6%	6%	7%	2%
Poor	13%	13%	11%	12%	15%	15%	8%
Average	37%	37%	37%	34%	36%	37%	38%
Good	34%	34%	34%	37%	33%	35%	38%
Very good	10%	10%	11%	10%	10%	6%	13%
Valid cases	904	954	226	210	357	54	169

The profiles for the transactions dataset have revealed a good cross-section of the different types of dwellings across England and Wales.

Appendix B: Transaction Key stages

Table 30: Key stages for buyers – mean days

Key Stages	Key Stages for Buyers	Transactions 2006	
		Days	sample
1	Marketing to Offer agreed	108	932
2	Offer agreed to Mortgage Offer	45	521
3	Mortgage Offer to Exchange	42	521
4	Exchange to Completion	8	945
A	Marketing to Exchange	190	926
B	Offer agreed to Exchange	81	943
D	Offer agreed to Completion	90	956
All (C)	Marketing to Completion	198	934

Table 31: Key stages for sellers – mean days

Key Stages	Key Stages for Sellers	Transactions 2006	
		days	sample
1	Instruction to Offer agreed	109	952
2	Offer agreed to Mortgage valuation	23	667
3	Mortgage valuation to Exchange	62	672
4	Exchange to Completion	8	945
A	Instruction to Exchange	191	940
B	Offer agreed to Exchange	81	943
D	Offer agreed to Completion	90	956
All (C)	Instruction to Completion	199	953

For the selling process, the starting point under the HIP Baseline research methodology is the date that the estate agent who completed the eventual sale was instructed to market the property.

For the buying process, the starting point under the HIP Baseline research methodology is the date that the estate agent who completed the eventual sale actually began to market the property. This subtle difference reflects the fact that a potential buyer can only actively look at properties that are being marketed.

Under this methodology, the selling process does not account for any time that the property was on the books of another agent, nor does the buying process account for the time that the potential purchaser was looking for a property before finding the one they completed on, or any time spent looking at other properties that did not lead to a completion.

The key stage dates for the core transaction dataset, shown in **Table 30** and **Table 31** above, are alternatively shown as time-lines in Figure 6 (in section 5 above).

As expected, the average time from offer to exchange, and for exchange to completion, are identical for the buyer and the seller.

Figures 7 to 10 below show the same core transaction time-line split by price band, region, whether the transaction property is part of a chain and whether the purchaser is a first-time buyer.

The following key will assist in the interpretation of these figures

Key Stages	Key Stages for Buyers	Key Stages for Sellers
1	Marketing to Offer agreed	Instruction to Offer agreed
2	Offer agreed to Mortgage Offer	Offer agreed to Mortgage valuation
3	Mortgage Offer to Exchange	Mortgage valuation to Exchange
4	Exchange to Completion	Exchange to Completion

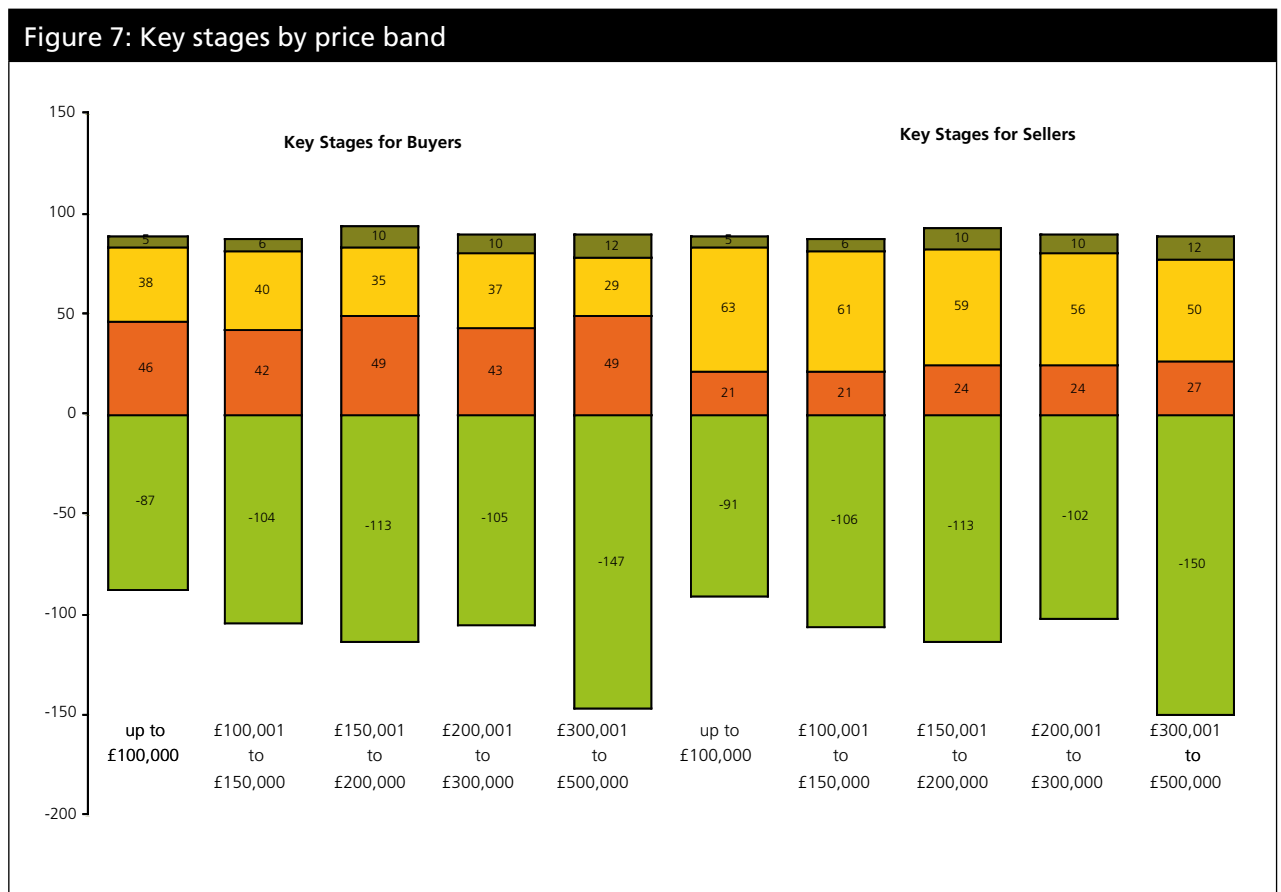


Figure 8: Key stages by locations



Figure 9: Key stages for chains

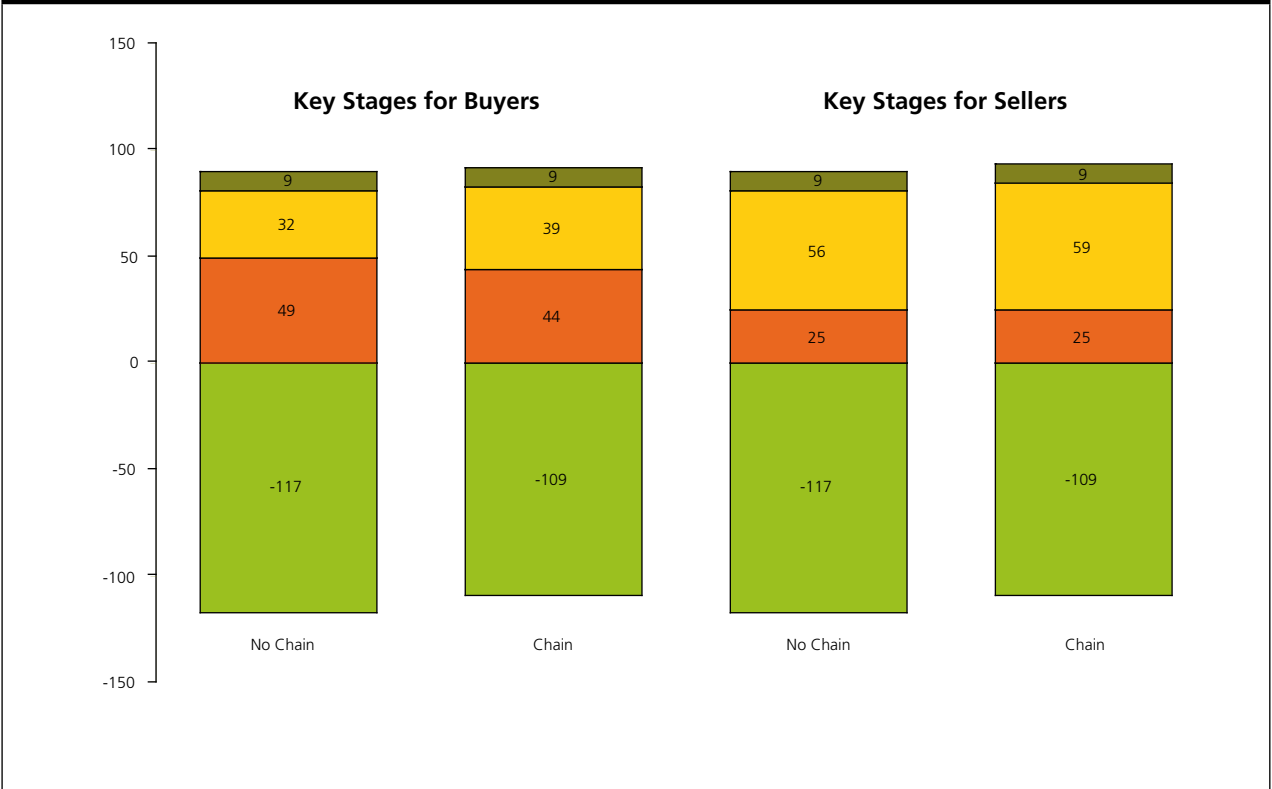
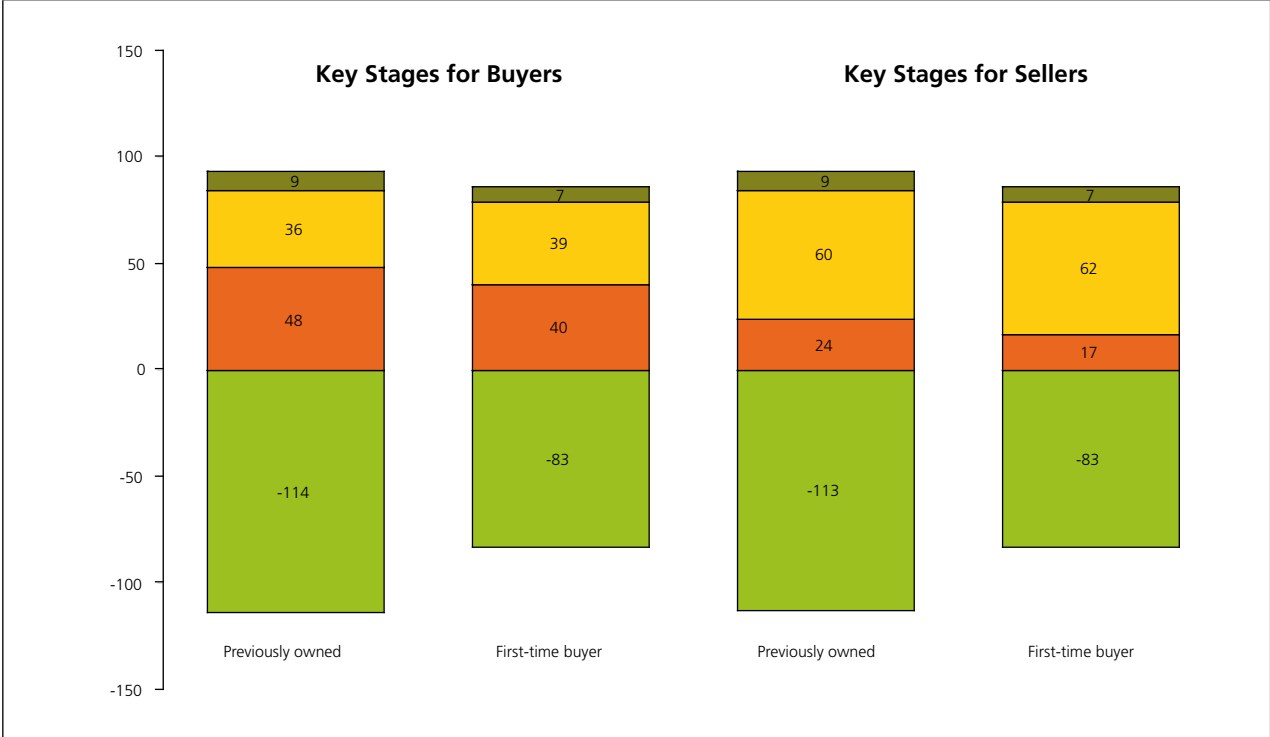


Figure 10: Key stages for first-time buyers



Appendix C: Buyers findings

The buyers' questionnaire yielded some 256 records, with the sellers' questionnaire providing an additional 108 buyers' details.

Timescales

Buyers reported spending an average of 20 weeks looking for a property before they had an offer accepted, see **Table 32**.

Table 32: Time spent looking for a new property before offer accepted		
Type of buyer	N	Mean
First-time buyer	62	14 weeks
Repeat buyers	193	15 weeks
First time and repeat buyers	255	15 weeks
Buyers from sellers interviews	107	12 weeks

The average self reported time for which buyers were involved in a transaction, from registering with an agent to completion was 18 weeks for all buyers; this was somewhat lower for first-time buyers at 13 weeks (**Table 33**).

Table 33: Time taken in weeks, from registering with agent to the completion date		
Type of buyer	N	Mean
First-time buyer	62	13 weeks
Repeat buyers	192	19 weeks
All buyers	254	18 weeks

Satisfaction with the buying and selling process

Table 34 shows that 57% of buyers were “very satisfied” or “fairly satisfied” with the length of time taken from registering with an agent to completion. The 37% who were dissatisfied with this process were asked to give a reason for this (see **Table 35**).

Table 34: Level of satisfaction with time taken, from registering with agent to the completion date	
Level of satisfaction	Buyers
Very satisfied	23%
Fairly satisfied	34%
Neither satisfied nor dissatisfied	6%
Fairly dissatisfied	20%
Very dissatisfied	17%
Valid cases	256

Table 35 shows that 43% of buyers who were dissatisfied indicate that the process took a long time to complete. 17% had other reasons; these included problems for buyers because they had to move to temporary accommodation because of difficulties with the purchase, and general difficulty in finding a suitable property.

Table 35: Reasons buyers were dissatisfied with time taken, from registering with agent to the completion date	
Reasons for dissatisfaction	Buyers
Delays caused by vendor	4%
Delays caused by estate agent	4%
Delays caused by Mortgage Company	4%
Delays caused by solicitor	11%
Difficulties with the chain	10%
General lack of communication	5%
Long length of time	43%
Other	17%
Valid cases	92

Buyers were generally satisfied with the overall buying process. The buyers’ survey reported that 72% of buyers were “very satisfied” or “fairly satisfied” with the buying process (see **Table 36**). Sellers were also generally satisfied, with 79% of sellers reporting that they were “very satisfied” or “fairly satisfied” with the buying process.

Table 36: Overall level of satisfaction with the buying process			
Level of satisfaction	Buyers’ questionnaire	Sellers’ questionnaire	All buyers
Very satisfied	21%	25%	23%
Fairly satisfied	51%	54%	52%
Neither satisfied nor dissatisfied	5%	3%	4%
Fairly dissatisfied	14%	12%	13%
Very dissatisfied	8%	6%	8%
Don’t know	0%	0%	0%
Valid cases	256	108	364

Costs

Conveyancing costs

The data gathered from the surveys on the cost of conveyancing were collected using a number of cost bands. Respondents were asked to indicate which price range best fitted the cost of the service. This method was used, since it was considered likely that respondents would have difficulty remembering the exact cost weeks after the transaction had taken place. **Table 37** shows the conveyancing cost reported by sellers and buyers. 31% of sellers and 21% of buyers had conveyancing costs that were between £500 and £749. Although the grouped mean for both sellers and buyers is much higher, £962 (sellers) and £1,032 (buyers).

Table 37: Conveyancing costs		
Conveyancing costs	All buyers	
	Sellers' questionnaire	Buyers' questionnaire
Less than £100	1%	1%
£100 – £299	4%	2%
£300 – £499	11%	14%
£500 – £749	31%	21%
£750 – £999	11%	15%
£1,000 – £1,249	10%	13%
£1,250 – £1,499	3%	4%
£1,500 – £1,999	3%	5%
£2,000 – £2,499	2%	5%
£2,500 – £2,999	3%	2%
£3,000 or more	4%	4%
No cost	2%	1%
Don't know	14%	13%
Valid cases	93	229
Mean	£962	£1,032
Median	£715	£842

Survey costs

The majority of buyers had a survey carried out on the property before purchase. **Table 38** shows the types of surveys undertaken by buyers. The majority of buyers (89%) had surveys undertaken on properties they proposed to buy.

Table 38: Types of surveys undertaken by buyers		
Type of Survey	Surveys	Buyers
None		11%
Mortgage lenders survey	40%	41%
Home buyers survey	36%	38%
Full structural survey	14%	15%
Specialist survey	6%	6%
Don't know	4%	4%
Valid cases	379	364

The cost of each survey was banded; respondents were asked to indicate which price range best fitted the cost of the service.

Table 39 shows the cost of surveys undertaken by buyers, including the calculated grouped mean and median. The mean cost of a full structural survey was £563, of the home buyers' survey was £421, and of the mortgage lenders survey' was £325 (356 cases).

Table 39: Cost of surveys undertaken by buyers									
Type of survey	No cost	Less than £300	£300-£500	£500-£750	£750-£1,000	£1,000 or more	Don't know	Calculated Grouped Mean	Calculated Grouped Median
Full structural survey	2	10	11	12	9	4	5	£563	£563
Home buyers survey	2	35	56	26	6	1	12	£421	£400
Mortgage Lenders Survey	11	60	50	7	5	1	16	£325	£328
Damp or rot survey	1	4	1	0	0	0	0	£217	£263
Woodworm/infestation survey	1	0	0	0	0	0	0	N/A	N/A
Foundations or structural movement survey	0	3	0	0	0	0	1	£225	£225
Drains (underground drainage) survey	0	3	1	0	0	0	0	£269	£250
Valid cases	17	115	119	45	20	6	34	339	339

Chain

Table 40: Whether vendor part of an ongoing chain			
Vendor in chain	Buyers' questionnaire	Sellers' questionnaire	All buyers
Vendor had to buy another property	36%	36%	36%
No ongoing chain	63%	63%	63%
Don't know	1%	1%	1%
Valid cases	256	108	364

The question on chains referred to “ongoing” chains, which might be misleading. All the sales are complete and hence no chains are “ongoing” in that sense. The correct interpretation of “ongoing” in this context is that “there are other properties higher up in the chain”. Many who report no ongoing chain *for the vendor* could nevertheless be part of a chain themselves. The information given in **Table 40** only records whether the person questioned believe the property they were purchasing to be the top of the chain, and hence the reported level with ongoing chains seems reasonable.

Table 41: Time taken in weeks, from registering with agent to completion by whether vendor part of an ongoing chain, from buyers' interviews		
Vendor in chain	Valid cases	Mean (weeks)
Vendor had to buy another property	91	19
No ongoing chain	160	17
Don't know	3	12

First-time buyers

Table 42 shows that 24% were first-time buyers, 75% were existing owners, and 1% had previously owned a property but not just before the purchase.

Table 42: Types of buyers	
Type of buyers	Buyers
First-time buyer	24%
Existing owners	75%
Other buyers	1%
Valid cases	256

Appendix D: Sellers' findings

The sellers' questionnaire yielded some 234 records with the buyers' questionnaire providing an additional 124 sellers details.

Preparation

Table 43: Whether repairs undertaken to property before putting it on the market, from sellers' interviews

Undertook repairs to property before putting it on the market	Buyers' questionnaire	Sellers' questionnaire	All sellers
Yes	12%	11%	11%
No	88%	89%	89%
Valid cases	124	234	358

Satisfaction with the buying and selling process

The level of satisfaction with time taken, from listing property with an agent to the completion date, is shown in **Table 44** and overall satisfaction with the buying and selling process in **Table 45**.

Table 44: Level of satisfaction with time taken

Level of satisfaction	Sellers
Very satisfied	22%
Fairly satisfied	29%
Neither satisfied nor dissatisfied	6%
Fairly dissatisfied	19%
Very dissatisfied	23%
Don't know	1%
Valid cases	234

Table 45: Overall level of satisfaction with the selling process

Level of satisfaction	Buyers' questionnaire	Sellers' questionnaire	All sellers
Very satisfied	25%	30%	28%
Fairly satisfied	45%	40%	42%
Neither satisfied nor dissatisfied	9%	7%	8%
Fairly dissatisfied	10%	10%	10%
Very dissatisfied	10%	12%	11%
Don't know	0%	0%	0%
Valid cases	124	234	358

Chain

Table 46: Whether part of an ongoing chain			
Part of ongoing chain	Buyers' questionnaire	Sellers' questionnaire	All sellers
Yes	44%	38%	41%
No	56%	61%	59%
Don't know		1%	1%
Valid cases	124	234	358

Appendix E: Solicitor’s perspective

Timescales

The typical time taken for a sale/purchase to complete was 5-12 weeks, with over 70% of transactions completed within this time (Table 47). Sales took longer (about 12 weeks on average) than purchases (10 weeks).

Stage instructed by client	Purchase	Sale
2-4 weeks	5%	3%
5 to 8 weeks	44%	37%
9 to 12 weeks	32%	35%
13 to 16 weeks	14%	13%
17 to 20 weeks	3%	5%
More than 20 weeks	3%	8%
Valid cases	233	197

Satisfaction with the buying and selling process

Most solicitors (82%) found the current system for buying and selling a home to be either fairly efficient or very efficient. 8% of solicitors found the current system fairly inefficient or very inefficient. 10% of solicitors found it neither efficient nor inefficient. Those solicitors that did not find the current system efficient were asked to suggest ways of improving efficiency.

81 solicitors did not find the system efficient. Of these, 34 suggested ways to improve efficiency, including the following:

- All information should be on hand at the start;
- Other parties in process should be more efficient;
- Once an offer is accepted people should be bound;
- Online procedures;
- Government bridging loan scheme;
- Reduce Government involvement;
- Time limit on exchange;
- Non-returnable deposit.

The suggested benefits of most of the measures were to save solicitors’ or clients’ time. Other suggested benefits were to save clients’ money, to allow a solicitor to take on more properties, to reduce the number of aborted transactions or to reduce uncertainty.

E-conveyancing

26% of solicitor's firms are using e-conveyancing and 52% are planning on using the system in the future. 13% of solicitor's firms were not using the system and had no plans to use it.

Of four other companies, one said:

“We use elements of it/online searches and Land Registry Direct”

The main reasons given by those firms that were not using e-conveyancing and had not plans to use it were as follows:

- The company was happy with current system;
- Computer systems can be unreliable/insecure;
- The cost of the system;
- The company would wait to see how the system works;
- The company liked to give a personal service;
- The company was small, or conveyancing was a small part of its work.

Costs of transaction

6% of all transactions had duplication or abortive costs. **Table 48** shows the breakdown between purchases and sales.

Table 48: Were there any duplicate or abortive costs 'actioned' by you relating to this transaction?		
	Purchases	Sales
Yes	2%	11%
No	97%	87%
Refused	0%	0%
Don't know	1%	2%
Valid cases	248	214

The reasons for these costs among the four purchase transactions were specified in two cases:

- The chain collapsed so there were abortive costs relating to that;
- Extra time resolving unusual situation (part of the garden did not belong to the seller).

Table 49 shows the reasons for these costs among the sales transactions. N.B. in one case two reasons were given.

Table 49: Reasons for duplicate or abortive costs	
Reason	Valid cases
Searches	1
Property particulars	1
Title	6
Other	16

The “Other” reasons were specified as follows:

- Costs of dealing with sale;
- Paper work;
- Fees for carrying out abortive work;
- The individuals;
- Abortive sale;
- A prior abortive sale;
- Man hours;
- It is complex/linked to the sale of a freehold/ the business did not wish to buy the property in the end therefore the first matter did not go ahead/there were obviously abortive costs relating to this;
- The structural engineer’s report;
- The legal fees from the abortive sales;
- Abortive legal costs on two previous sales;
- Previous sale that didn’t proceed;
- We charged for the wasted time/the charges we for the time spent on the abortive work;
- An aborted sale;
- Cold feet on the purchaser’s part/personal preference;
- Legal fees.

Most conveyancing fees are charged on a fixed fee basis (Table 50).

Table 50: How clients are charged		
How clients are charged	Purchase	Sale
Fixed fee	97%	94%
Hourly rate	2%	5%
Percentage fee	2%	5%
Refused	0%	0%
Don't know	1%	1%
Valid cases	257	225

Table 51 and **Table 52** show that there was a large range of costs for those solicitors charging with a fixed fee.

Table 51: Fixed fees charged by purchase solicitors				
Purchase	Freehold sale	Freehold purchase	Leasehold sale	Leasehold purchase
Less than £100	2	1	1	1
£100-£199	1	1		
£200-£299	4	3	3	3
£300-£399	39	29	26	16
£400-£499	66	58	47	41
£500-£599	68	72	62	57
£600-£699	18	29	46	60
£700-£799	9	12	16	19
£800-£899		2	4	4
£900-£999	4	1	1	3
£1,000-£1,499	1	4	5	5
£1,500-£1,999		1		2
Refused	9	9	9	9
Don't know	20	19	21	21
Total	241	241	241	241

Table 52: Fixed fees charged by sales solicitors				
Sales	Freehold sale	Freehold purchase	Leasehold sale	Leasehold purchase
£100-£199		1		
£200-£299	1		1	1
£300-£399	27	17	16	11
£400-£499	54	51	40	35
£500-£599	64	62	60	54
£600-£699	16	26	34	36
£700-£799	7	8	14	22
£800-£899	1	3	5	7
£900-£999		1	1	2
£1,000-£1,499	1	1	2	3
Refused	8	8	8	8
Don't know	22	23	20	22
Total	201	201	201	201

Calculating from the mid points of these ranges, the average fixed fees for:

- A freehold sale was £502
- A freehold purchase was £535
- A leasehold sale was £559
- A leasehold purchase was £593

Chains

Overall, 41% of property transactions were involved in a chain. **Table 53** shows the breakdown between purchases and sales. The majority of these, 54%, were involved in a chain of 3-5 properties, with 18% in a chain of 2 properties and 4% in a chain of 6-10 properties.

Table 53: Transactions involving a chain		
Chain	Purchase	Sale
Yes	44%	37%
No	50%	57%
Don't know	6%	7%
Valid cases	248	214

Of transactions involving a chain, there were chain problems in 31% of purchase transactions and 41% of sales transactions. The types of problem are summarised in **Table 54** and **Table 55**.

Table 54: Problems experienced with chain (purchasing)		
Problem	Number of occurrences	Percentage of chain purchase transactions
Slow chain/people slow to act	7	6%
Break in chain	6	6%
Financial or legal problems	5	5%
Personal difficulties	5	5%
Problems co-ordinating chain	4	4%
Other	7	6%
Valid cases	34	31%

Table 55: Problems experienced with chain (selling)		
Problem	Number of occurrences	Percentage of chain sales transactions
Slow chain/people slow to act	7	9%
Financial or legal problems	6	8%
People had to move into temporary accommodation	3	4%
Problems co-ordinating chain	3	4%
Personal difficulties	2	3%
Break in chain	2	3%
Bad survey	2	3%
Other	7	9%
Valid cases	32	41%

Problems experienced

There were problems with 30% of purchase transactions and 33% of sales transactions. The types of problem are summarised in Table 56.

Table 56: Problems experienced with purchasing		
Problem	Purchase	Sale
Legal problems including planning permission	9%	11%
Paperwork/information slow or difficult to obtain	5%	0%
Problems with seller/other solicitors	5%	7%
Delays in chain	4%	5%
Structural problems	2%	3%
Delay in obtaining mortgage	0%	2%
Other problems	4%	6%
Any problems	30%	33%
Valid cases	75	71

