

CONVEYANCING MARKET TRACKER

Q2 2019 EDITION

CONVEYANCING HITS THE BREXIT BUFFERS IN Q2 2019 AS 10% DROP IN ACTIVITY MEANS SLOWEST QUARTER FOR TWO YEARS

- Total conveyancing transaction volumes dipped by over 10% on a quarterly basis and 20% since Q2 2016 as Brexit uncertainty plagues the market
- The top 200 conveyancing firms now collectively control two fifths of the market – a record share
- The number of active conveyancing firms in England and Wales is at the second lowest level on record despite a slight quarterly increase (2%) to just over 4,000 (4,036)
- Conveyancers at the middle of the market that are doing more with less continue to thrive

Quarterly conveyancing volumes have dropped below 230,000 cases for the first time in two years (228,994), a decrease of over 10% compared with Q1 2019 according to our Q2 2019 [Conveyancing Market Tracker](#).

The dip is also a 20% decrease from Q2 2016 – before the EU referendum – where the number of transactions was above 280,000 (286,485).

Our tracker – which monitors business performance and competitive pressures in the conveyancing market – found that total transactions decreased for every segment of the market on a quarterly basis by up as much as 12%. For the top five firms, the 9% quarterly decline in activity represents a fallout of over 1,000 transactions, while for the top 1,000 firms, the 10% drop meant close to 20,000 fewer transactions (19,651) compared to Q1 2019.

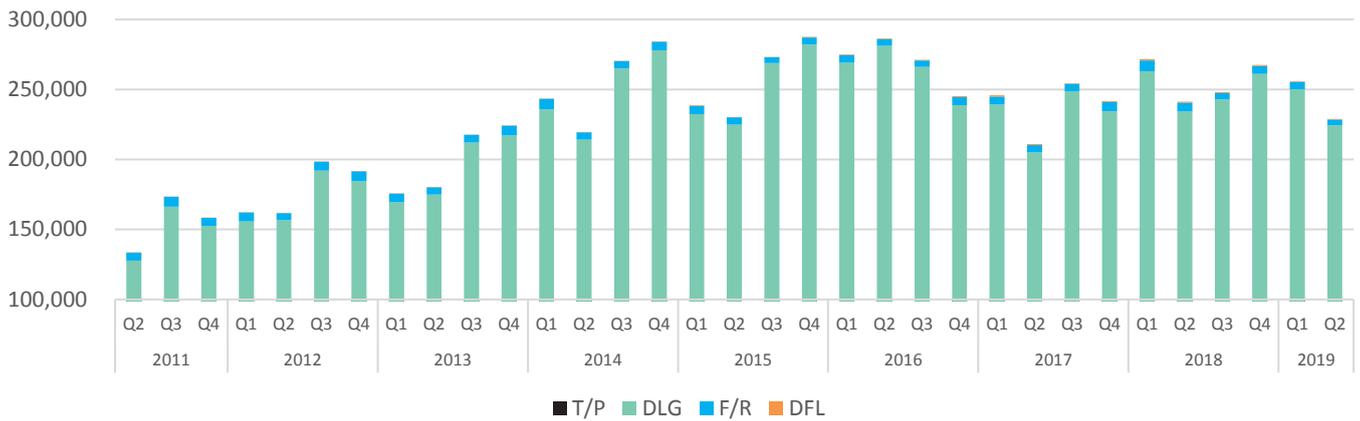
The drop in total transactions is illustrated by the number of firms handling between 200 and 500 transactions per quarter – the number of which has contracted by 22% in Q2, from 36 to 28, which is almost equivalent to the drop experienced over three years prior (23%).

Firms that process between one and five transactions quarterly dropped by 16%, marking a decline of 230 transactions.

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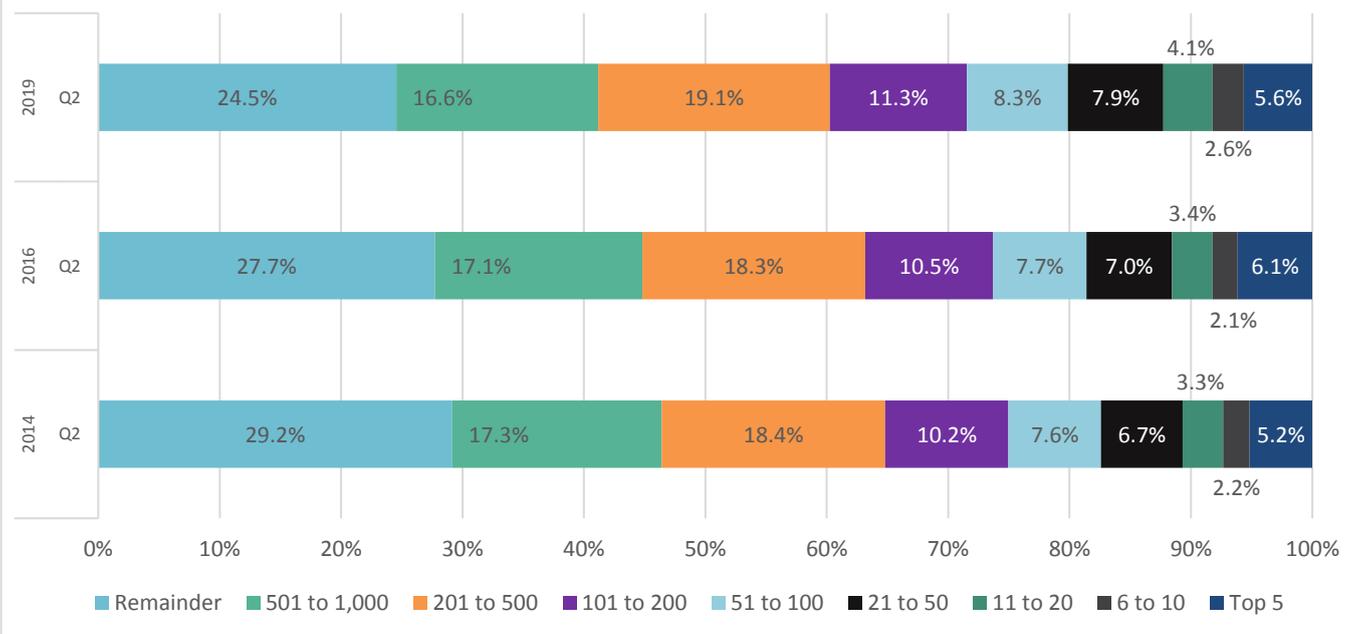
Andy Sommerville,
Director of Search Acumen

GRAPH 1 - VOLUME OF TRANSACTIONS



The latest data for Q2 2019 shows that the top 200 conveyancing firms now control more of the market (39.7%) than ever before. While this is a modest increase of less than half a percentage point on Q1 2019 (39.3%), it represents a significant long-term gain from 31.9% share which the top 200 firms held back in Q2 2011.

GRAPH 2 - COLLECTIVE MARKET SHARE

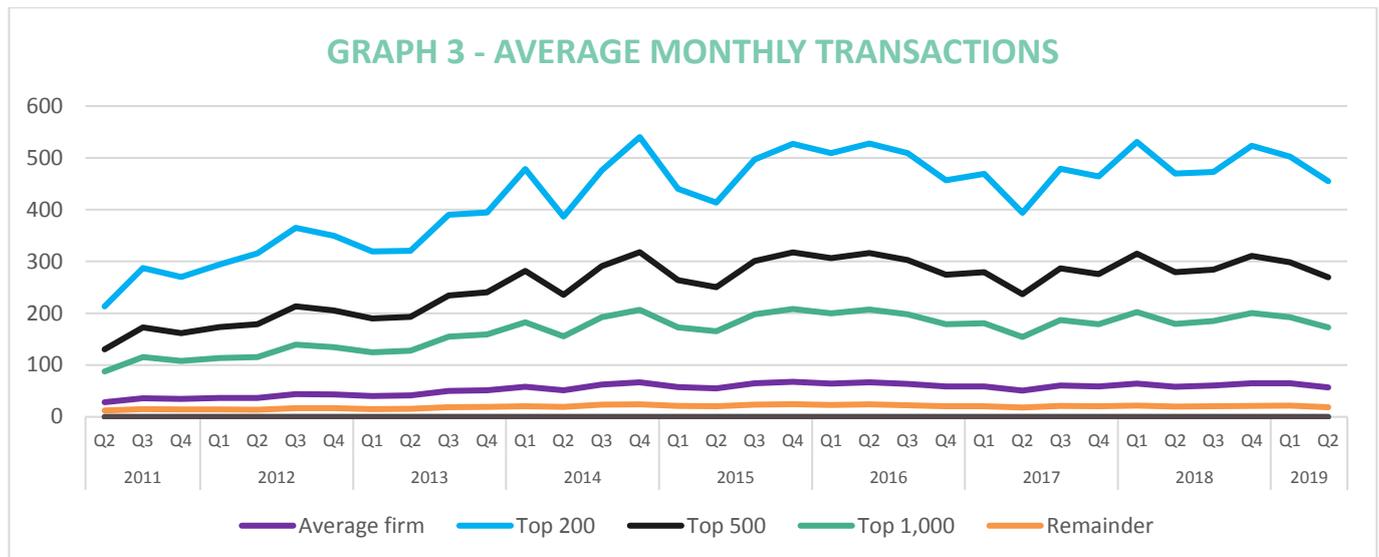


The most notable gains in market share have taken place at the middle of the market. In the past five years, the top 201–500 firms have increased their collective share from 18.4% to 19.1%, those ranked 101-200 have seen their share rise from 10.2% to 11.3%. The top 21-50 firms enjoyed a 7.9% market share in Q2 2019 compared to 6.7% five years ago.

The slowdown in overall activity has carried across to the average number of cases conveyancing firms dealt with in Q2 2019. The tracker shows a quarterly decrease of over 12% from 65 cases in Q1 to 57 in Q2. The top fifty firms and those outside the top 1,000 experienced the biggest dips in average transactions from Q2 2016 at 10% and 14% respectively – suggesting a more robust middle market has developed over the last three years.

The tracker shows that a longer-term view of activity is more positive. The average number of cases per firm is up 11% on two years ago from 51 in Q2 2017. The firms at the top end of the market are also performing strongly

compared to five years ago, with average monthly caseloads up by over 20% for the top 50 firms. The remaining firms' average quarterly numbers remained steady over the last two years.



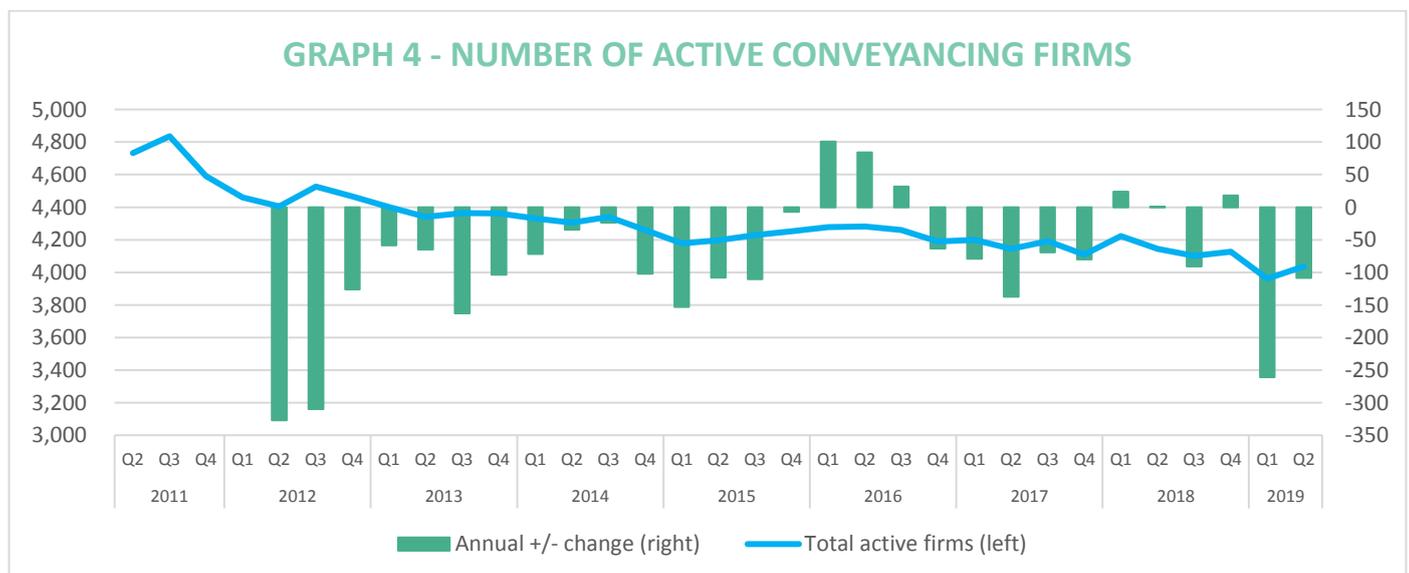
Despite a slight quarterly increase (2%) in the number of active conveyancing firms in England and Wales, consolidation remains the order of the day. The number of active firms dropped below the 4,000 mark for the first time (3,961) in Q1. While there was an increase of 75 active firms in the last quarter, bringing the total to 4,036, this remains the second lowest on record.

The Q2 2019 figure is 3% down on the equivalent period last year when 4,144 firms were in operation, and a 6% decrease since 2016 when the EU referendum took place, marking a fallout of 245 firms over a three-year period.

The longer-term trend continues to point to consolidation and there has been a decline of 25% in the number of firms processing less than 50 transactions over the past three years, equivalent to a drop of over 100 firms (104).

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MARKET COMMENTARY

Andy Sommerville, Director of Search Acumen, comments:

“Our latest assessment of conveyancing activity has found that Brexit has truly begun to bite for the sector, even before it has truly arrived. After three years of increasing uncertainty, we’re finally seeing the result of the ‘wait and see’ approach that many homeowners and prospective buyers in England and Wales are taking while Westminster continues to wrangle over the nature of our exit from Europe.

“This Brexit-fueled market stasis is exacerbating the consolidation trend that has been underway over the last few years. Smaller conveyancing firms who were already struggling to compete are now facing tougher conditions, while those who have been able to gain a larger foothold are now taking a bigger slice of activity than ever before.

“But it’s not all doom and gloom. Looking at the figures more closely, we can see that average monthly transactions are still healthier than the pre-referendum. Conveyancing firms that have established themselves in the strong middle are doing more with less and continuing to thrive in the midst of a challenging market.

“We talk to many law firms on a daily basis about the challenge of doing more with less. They are always excited by the prospects of advancing technology to increase efficiencies and offer clients more – particularly in niche or specialist areas such as the new build sector. But the jump from theory to practice is still too much for many firms and practitioners, who continue to work just as hard as they have for decades without the benefit of better outputs.

“We don’t expect an improving market until Brexit is resolved, so the time is now for firms to make the leap. To increase market share and take advantage of changing market dynamics, conveyancers must think differently and be ready to embrace new ways of doing business.”



Andy is Director of Search Acumen with responsibility for client and service management. His 35 years of experience in property searches spans both public and private sectors, giving him an expertise in search management, product development, relationship building and high-quality customer service. Andy’s focus is on ensuring its service is backed up with a level of support that goes beyond that which the customer can expect to find in the market. This includes tuning in to lawyers’ emerging needs and ensuring Search Acumen delivers the most effective results that support their businesses in the best way possible.

NOTES TO EDITORS

METHODOLOGY

The Conveyancing Market Tracker examines competition in conveyancing by analysing business activity among those firms holding Land Registry client accounts, as well as assessing commercial pressures and the outlook among conveyancers. The Tracker was designed by Instinctif Partners. While care is taken in its compilation, no representation or assurances are made as to its accuracy or completeness.

For more information or media enquiries, please contact Lee Jones or Malini Parkash at Instinctif Partners on **0207 457 2020** or searchacumen@instinctif.com



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ABOUT US

Search Acumen is a property data insight and technology provider to conveyancers, solicitors and commercial property lawyers across the UK. Since taking our first order in October 2013, we have become the data supplier of choice for many leading residential and commercial firms.

Our business is built on a commitment to re-engineer the experience of conducting due diligence on property transactions – helping clients work more efficiently and effectively to deliver better outcomes for their customers. Our growth and success rests on challenging industry conventions by combining emerging technology and data with unparalleled insight into the evolving needs of property buyers, sellers and investors.

Our leadership team pioneered the original concept of property searches and built an entire industry in the process. We work closely with HM Land Registry and other forward-thinking organisations to unlock the potential of digitisation and technology to revolutionise the experience of buying and selling property. Our Managing Director Andrew Lloyd is a founding member and board director of the UK PropTech Association and featured in the LendInvest Top 25 PropTech Influencers for 2017.