

CONVEYANCING MARKET TRACKER

Q2 2018 EDITION

CHALLENGERS CLOCK UP 23% GROWTH IN Q2 TO SET THE PACE AMONG TOP 100 FIRMS

- Firms ranked between 51st and 100th experienced largest yearly transaction growth (23%) as the challenger firms set the pace within the top 100, building on momentum from 2017
- Those ranked 1st to 50th follow closely behind with 19% annual growth
- Total conveyancing volumes for England and Wales grew 14% since Q2 2017 despite an 11% decline on a quarter-on-quarter (QoQ) basis
- The average firm completed 58 cases in Q2 2018, up by seven cases compared with the same period last year (51) but down six from the last quarter's 18-month high (64)
- Over the last four years, firms which typically process over 50 transactions per month have grown in numbers, while the number of those processing under 50 have declined

Challenger firms ranked between 51st and 100th experienced the largest year-on-year (YoY) growth in conveyancing cases (23%) according to the Q2 2018 edition of our [Conveyancing Market Tracker](#).

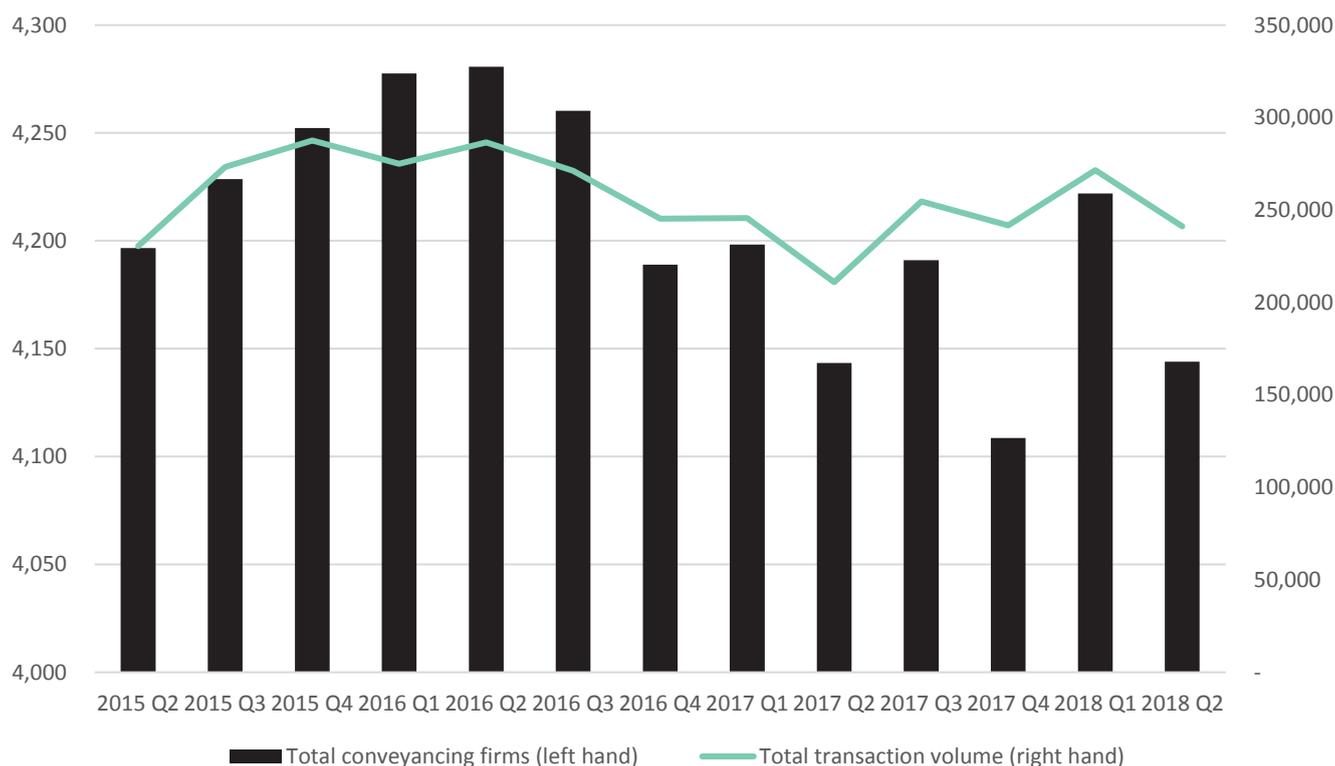
With the top 100 recording 20% annual growth collectively, the tracker – which monitors business performance and competitive pressures in the conveyancing market – shows the faster growth among challenger firms outpaced those ranked from 1st to 50th, whose transaction volumes increased by 19% year-on-year.

These significant increases in yearly activity came despite declines in quarterly volumes in Q2 2018, on the back of a busy first three months of the year for

completed transactions logged with HM Land Registry. On a quarter-on-quarter (QoQ) basis, the total number of cases decreased by 11% (from 271,546 to 241,245). However, the YoY picture shows a 14% annual boost compared with Q2 2017 (210,964 to 241,245).

The average number of cases conveyancing firms dealt with in Q2 2018 (58) dropped by six cases per firm from an 18-month high of 64 in Q1 2018. However, on a YoY basis, the average firm processed 14% more transactions in Q2 2018 compared with the same quarter last year (51).

Graph One: Total active conveyancing firms versus quarterly transaction volumes



TOTAL FIRMS

The total number of conveyancing firms active in the market dropped 2% over the quarter (4,222 to 4,144), as the year on year remained effectively unchanged (4,143 to 4,144).

The number of firms completing between 200 and 500 transactions per month saw the largest increase compared with Q2 2017, rising from 20 to 30.

Those that complete between five and ten transactions per month saw the largest decrease in Q2 2018. The number of conveyancers in this category dropped 5% annually (754 to 714) as fewer firms were active towards the fringes of the market.

Over the last four years, our Market Tracker shows that the number of firms processing over 50 transactions per month have grown in number – particularly at the level of the market where firms are handling 200-500 transactions a month – whereas the number of firms processing fewer than 50 cases a month has declined [see graph 2].

TOTAL ACTIVITY

Total conveyancing volumes in the market dipped in Q2 2018 after a busy Q1 but nonetheless compared

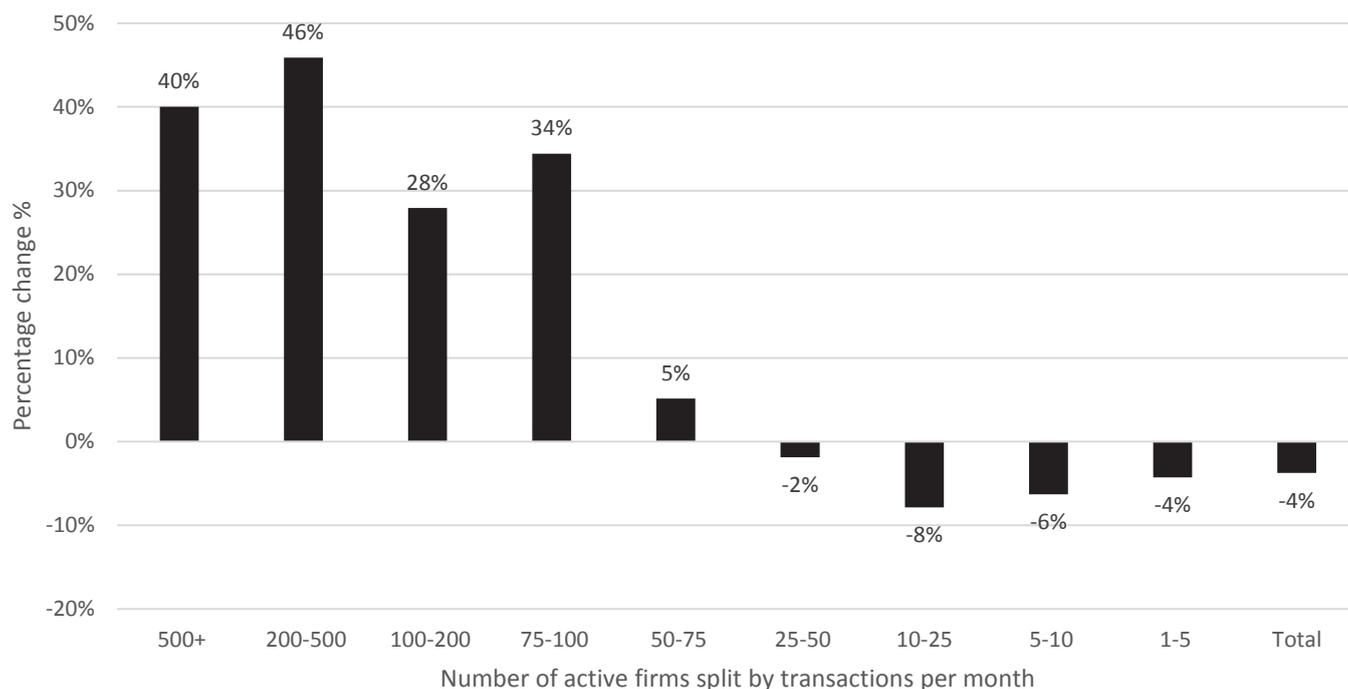
favourably year-on-year. On a QoQ basis, the total number of cases decreased by 11% while a YoY picture revealed a 14% boost to market activity.

Among the top 1,000 firms, total transactions grew by 16% from 154,502 in Q2 2017 to 179,626 in Q2 2018. The top five experienced growth of 13% over the same period, with transactions rising from 12,538 to 14,213. Meanwhile, the top 100 experienced a 20% annual increase – adding 11,245 transactions to rise from 56,176 in Q2 2017 to 67,421 in Q2 2018.

On a quarterly basis, the top 100 firms saw a 11% drop in activity while the top five saw a more modest decline (7%). Firms ranked between 51st and 100th were hit harder as total activity levels shrunk 13% from 22,858 to 19,842. However, on a yearly basis, this group of firms experienced the strongest gains, with activity levels up 23% from 16,133 since Q2 2017.

The quarterly dip was reflected across all types of transactions. First Registrations dropped the most significantly, down 20% QoQ (7,895 to 6,317), while Dispositionary First Lease cases dropped the least – down 9% QoQ (768 to 699). Dealing transactions – which make up the largest share of market activity –

Graph Two: Change in total number of firms since Q2 2014



dropped 11% from 221,782 in Q1 to 197,921 in Q2.

In contrast, the only category of transaction to have seen declines in activity on a YoY basis were Dispositionary First Lease, dropping 4% (727 to 699) while Transfers of Part shot up 52% (23,947 to 36,308) and Dealings rose 9% (181,166 to 197,921).

AVERAGE TRANSACTIONS

The average number of cases conveyancing firms dealt with in Q2 2018 (58) dropped significantly on Q1 2018 (64), down six cases per firm. However, on a YoY basis, the average firm processed 14% more transactions in Q2 2018 compared with the same time last year (51).

During Q2 2018, each firm in the top 100 completed 674 transactions on average, climbing by 20% YoY from 562. Within the top 100, the quickest pace of growth was recorded by the challenger firms. These firms saw their average volumes increase by 23%, from 323 to 397 transactions per month.

In contrast, those ranked 1st to 50th recorded a more modest – but still impressive – 19% growth rate, adding 151 transactions in the process to their Q2 monthly average (from 801 in 2017 to 952 in 2018).

Those firms ranked outside of the top 1,000 firms experienced a modest annual gain in the average

number of cases completed per month in Q2 2018, up 9% to 20 from 18 in Q2 2017.

MARKET SHARE

The market share among different ranks of conveyancing firms remained largely consistent both quarterly and annually as the larger firms preserved their hold on the bulk of activity. The top 1,000 firms held 74% of the market share in Q2 2018, remaining unchanged compared with Q2 2017.

However, in line with their strong performance year-on-year, the top 100 accounted for 28% of activity, up from 27% a year earlier as they collectively delivered an extra 11,245 transactions. The top 50 grew their share from 19% to 20% of activity, adding 7,536 transactions year-on-year.

MONTHLY TRENDS

April was the busiest month for the sector in Q2 2018, as 88,438 cases were processed, up from 69,962 during the same month last year.

The market then experienced a slight dip in May (70,910) before rising to 81,897 cases in June, with both months seeing 4% less activity than in 2017.

MARKET COMMENTARY

Andrew Lloyd, Managing Director of Search Acumen, comments:

“There is no doubt that the conveyancing market is facing a challenging 2018, as housing transactions continue to see sluggish growth amid ongoing uncertainty across the country. Economically, the year was always going to be an unpredictable period, but our figures give plenty of reason for UK conveyancers to keep a spring in their step.

“Despite the testing environment, it is interesting to see challengers in the market – those mid-sized conveyancers – have enjoyed robust growth over the last year. These firms have seen continued strong progress in terms of transaction volumes during the first six months of the year and show little sign of stopping.

“While other sections of the market experienced greater increases in activity over recent years, we know from our data that occasional conveyancers have continued to diminish in number. Activity in UK housing is already significantly reshaping the conveyancing market and all firms large and small should be preparing for the challenges and opportunities that variances in market activity bring.

“As activity levels remain relatively subdued in the short-term it will be interesting to see how the competitive landscape takes shape. Challenger firms are pressing on through uncertain times and the signs suggest that larger firms are getting smarter, more efficient and taking advantage of a challenging market.”

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 Ambrose Fullalove or Katy Chambers at Instinctif Partners on **0207 457 2020** or searchacumen@instinctif.com



<https://www.linkedin.com/company/search-acumen>



<https://twitter.com/SearchAcumen>

ABOUT SEARCH ACUMEN

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

The business is built on a commitment to re-engineer the experience of conducting due diligence on property transactions – helping its clients work more efficiently and effectively to deliver better outcomes for their customers. Search Acumen’s 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.

Its leadership team pioneered the original concept of property searches and built an entire industry in the process. Search Acumen now works 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. Managing Director Andrew Lloyd is a founding member and board director of the UK PropTech Association and featured prominently in the LendInvest Top 25 PropTech Influencers for 2017.