

JUST GET ON WITH IT

Don't let Brexit put you off making your move. Whether you're buying, selling or renting, *Alexandra Goss* answers your market questions

As politicians argue, businesses scramble to make contingency plans and families stockpile pet food and tea bags, some people are attempting to buy and sell homes.

Indeed, estate agents are reporting a jump in viewings compared to the same period last year, and the property portal Rightmove says the number of people browsing its site in the first fortnight of 2019 was up 5% on the 2018 figure, with an average of 4.5m

visits a day. No doubt some of this is down to new year's resolutions, but there's a steady increase in buyers who are BOBs (Bored of Brexit) and GOWIs (Get on with It).

Are they mad? Here's what we know – and what you need to know – about the UK housing market.

1 How will Brexit affect property prices?

"Brexit is probably not quite as bad as most fear, at least if there is a deal of some kind," says Andrew Burrell, chief property economist at the

consultancy Capital Economics. "The underlying issues for housing remain high prices relative to earnings and rising interest rates, reinforced

by tight mortgage-market conditions. These will shape the rather insipid outlook for housing, while Brexit is a temporary distraction."

Burrell believes the most expensive markets will perform worst – with further price falls on the cards for London and southeast England – but the rest of the UK will continue to see modest



increases in values. “No crash is in prospect, but, in the long term, values will be constrained by earnings increases. House-price rises of no more than 2%-4% a year look likely.”

All bets are off if things go pear-shaped, though. Writing for Home in the autumn, David Smith, this paper’s economics editor, said: “A no-deal Brexit would... mean a significantly gloomier picture. Nationally, values would probably fall by about 10%. Some think that in the event of a ‘hard’ Brexit, the price drop would be even bigger.” Gulp.

2 Should I buy now or delay?

For most of us, this is less of a macroeconomic question and more of a micro domestic dilemma. Do you need another bedroom? Do you need to move for schools? Do you want to go mortgage-free? For many, the answer is yes – and they have been waiting for too long.

“At dinner parties, everyone says ‘Oh gosh, things must be terrible for you’, but actually there are some really serious buyers,” says Caroline Edwards, partner at Carter Jonas estate agency in Suffolk. “Some have been looking for months, if not years, and simply want to get on with their lives.”

A smattering of London agents confide that among the new buyers are a notable number of people who work in the City – after manufacturing, this is the sector most at risk from potential trade barriers with the EU, according to the Institute for Fiscal Studies. “We have seen far fewer City workers in the past three years, but they recognise a good opportunity now,” says Liza-Jane Kelly, director at Savills estate agency in Sloane Street.

As Burrell, of Capital

Economics, explains: “In an environment of relatively weak house-price inflation, there is little to be lost in delaying a purchase until there is greater

clarity. At the same time, the situation is not so parlous that you should not commit for fear of a sudden collapse.”

In all cases, consider your time horizon – the longer, the better. “In the past, if people were planning to buy for less than three years, I’d tell them to think about renting instead,” says James Greenwood, a director at the buying agency Stacks Property Search. “That minimum has now increased to five years.”

3 Can I get a bargain?

Quite possibly. Remember, though, that the housing market is fragmented – as in politics, what’s preoccupying people in Westminster is not the same as what’s worrying those in Wakefield. In prime central London, prices have dropped by 19.4% since the 2014 peak, but the average property in Westminster still costs more than £1m; in Wakefield, prices have risen by 3.4% over the past year, yet homes still typically sell for £147,718.

As a rule, the more expensive the area and the property, the bigger the headline price falls and the better the discount you might be able to negotiate. This isn’t only Brexit-related: buyers

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have long been balking at inflated prices and high stamp-duty rates. The investment bank UBS says 39% of properties for sale in London have been reduced. While some that were wildly overpriced are going for up to 25% or 30% less, the average “real” discount is a much more modest 2.6%. In the West Midlands, the difference between advertised and sold prices is only 1.57%, according to the data firm TwentyCi.

Look at sites such as Rightmove to see what else is on sale, and use sold figures from the Land Registry’s monthly House Price Index (note that there’s a time lag in the data) and tools such as PropCast (theadvisory.co.uk/propcast). This looks at the number of properties on the market in a postcode, calculating the percentage under offer or sold subject to contract.

4 What’s the best way to negotiate a deal?

Best not ask a politician! Instead, do your research on the seller: look at how long their property has been on the

market; whether they have already cut the price, and, if so, by how much; and ask the reason for selling – you can bargain harder if they’re pressured to move. Press your advantage if you’re chain-free or purchasing in cash.

“Buyers can take advantage of the negative headlines,” says Henry Sherwood, managing director of the Buying Agents. “Sellers’ expectations are probably the lowest they have ever been, so it’s time to negotiate good deals – but only on the right property. If something is on a busy road,

it's cheap because it's blighted, not because of Brexit."

You should also look at new-build stock to see if developers are discounting. Bellway Homes, for instance, is cutting £20,000 from the price of flats in its new scheme in Poplar, east London, and is offering holiday vouchers.

5 The house I'm buying has been devalued. What should I do?

Last year saw a significant rise in homes being valued by mortgage lenders at prices that were lower than those the buyers had agreed to pay. This can frighten purchasers and mean they have to shell out thousands extra upfront to avoid the sale collapsing.

"Banks are erring on the side of caution," says Robert Bailey, founder of the eponymous buying agency. "While this doesn't mean you should pull out, you should definitely speak to the vendor and try to renegotiate the price. Whether they will match the bank's valuation will depend on how big a discount – if any – they accepted on the asking price."

6 I'm worried about rising interest rates. How can I protect myself?

You're not the only one. This is possibly the issue that will cause the greatest concern for households in the short term. In a survey conducted by Charles Curran, director of the Chelsea estate agency Maskells, almost three in four respondents expected interest rates to increase in 2019, suggesting that spending sentiments are shifting and consumers are tightening their belts. He is seeing clients remortgage to lessen their exposure and consider moving to be mortgage-free or to cut their maintenance bills.

According to the latest data

from UK Finance, 96% of the mortgages issued in 2018 were at fixed rates – the highest proportion of fixed mortgage lending since records began in 1993. "The consensus among economic forecasters is that the base rate will rise over the next few years," says Lawrence Bowles, research analyst at Savills. "Oxford Economics predicts it will increase from 0.75% now to 2.75% by the end of 2023.

"Given that lenders' margins are the lowest since before the global financial

crisis, we see little scope for mortgage rates to stay static or fall further."

Although there are now 150 10-year fixed deals available, Mark Hayward, chief executive of NAEA PropertyMark, which represents more than 10,500 estate agents' offices, advises against fixing for longer than five years, "as various things could influence and change the market". Figures from UK Finance confirm that loans with terms of more than five years make up only 3% of the fixed mortgages taken out.

96% OF NEW MORTGAGES IN 2018 WERE FIXED RATE

7 Dare I put my house on the market?

Earlier this month, the Royal Institution of Chartered Surveyors said its members had the most negative outlook for sales over the coming three months since its records began in 1999. If all this makes you feel a bit gloomy, remember: most

sellers are buyers, too.

"The house you are buying may also have fallen in value, although in some areas prices show little sign of faltering," says Roger Punch, consultant at the south Devon estate agency Marchand Petit. "If you are upsizing, the discount going up will be much larger than the hit you're taking."

Last year, the number of properties exchanging dipped by only 1.2% compared to 2017, from 984,000 to 972,000, according to TwentyCi. The number of properties withdrawn from sale in 2018 ticked up by 2.8% to 805,000.

"This saga is two and a half years old, and people say they can't keep putting their lives on hold," says Lindsay Cuthill, head of Savills' country department. "A lady with a £1.25m house in Fulham contacted me, saying, 'I've owned it for 20 years, I have been dithering about selling, but want to give money to my children. I'm fed up with Brexit. I just want to get on with it.'"

Nationally, the supply of properties for sale is hovering at historic lows, so vendors can use this to their advantage. "In parts of Gloucestershire, Buckinghamshire, Dorset and the East Midlands, there's a huge shortage of good family homes," says Greenwood at Stacks. "If you have a desirable property in a sought-after location – a lively market town or in the catchment area for an outstanding school – now could be a really good time to sell."

8 Will I have to set the asking price really low?

Nobody is saying you need to give it away, but you do need

to be realistic. Get at least three quotes and discard any that are vastly higher. Again, research is key. "In early

December, we had two clients with houses they wanted to sell right away," says Edward Church, senior director at Strutt & Parker estate agency in Canterbury. "We agreed sales on both within a month – one went for more than the guide price. Both were priced conservatively but fairly."

9 How can I test the market?

Owners get twitchy about having a property that hangs around online for months (or even years) and is gradually reduced – prompting knowing looks from neighbours and making their home seem stale and blighted. One way to avoid an embarrassing digital footprint is to ask an estate agent to advertise the property "off market" to buyers on their database.

If your home is particularly handsome, you could ask your agent to put it on their Instagram feed. "I put a £2.65m off-market house on Instagram one evening and had three requests for viewings the next morning," says Ross Davies, head of Knight Frank estate agency's office in Tunbridge Wells.

10 How long will I have to wait to find a buyer?

Again, there's no easy answer – but don't bet on netting one before March 29. According to Rightmove, properties in the northeast of England take the longest to sell, at an average of 85 days between first listing and going under offer. The fastest-moving markets are the West Midlands, where homes typically sell in 57 days, and Scotland, where the buying process is markedly different and properties shift in an average of 53 days.

11 Help! My property has been on sale for months.

Am I doomed?

Not necessarily. Aside from addressing the obvious issue of price, consider how your property looks. "If it's unfurnished, think about a light redecoration and dress it with furniture – even if only in key rooms," says Phillippa Dalby-Welsh, a director at Savills in Fulham. "Look at the photos to see if they should be switched round, or reduced if you've got too many. And be upfront with buyers about price cuts – use them as a selling point."

12 Should I just sack my estate agent?

Yes, if you feel you've exhausted what they can do for you. You usually won't have to pay them, but check your contract first: some agreements state that you must pay marketing costs, or that a charge will be incurred if a would-be buyer who was introduced to you by your estate agent later decides to

buy within a certain time of you ending the relationship with the agent.

Your chances of success when going the DIY route with an online agency depend on price and where you live. "Online sales are doing better in the north, but are struggling to penetrate south of the Watford Gap and on properties valued at over £200,000," says Colin Bradshaw, chief customer officer at TwentyCi.

13 I have a country house to sell – what should I do?

"The same thing I'd say if Brexit wasn't happening – wait until the end of March or the beginning of April to put it on the market," Cuthill says. "The country can look pretty grim in winter, so wait until the leaves are out and the photos will look better."

14 Hurrah – I have a buyer, but I'm worried they could pull out. What should I do?

Nationally, one in five house sales goes awry, and during the five weeks following the EU referendum in June 2016, buyer uncertainty resulted in a 36% rise in the number of deals falling through in prime London areas compared to a year earlier, according to the property analyst LonRes.

When you seal a deal, make sure you're in the best position to get to exchange as quickly as you can. Instruct a solicitor before you go to market, and gather paperwork – from building-control certificates to guarantees – in advance so solicitors' inquiries don't cause a delay long enough to make your buyer think twice.

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15 Should I sell up and rent?

More people are doing this: some because they want to try to bag a bargain down the line, others to test out a new area before they commit; still others because the shortage of stock means they haven't found anything suitable to buy.

"I recently let a £5m property where the tenant is renting for two years, then plans to buy it," says Joanna Cocking, head of prime and country house at Hamptons International estate agency. "I

think we will see more of these
'try before you buy' deals."

*What else do you want to know?
Email your market dilemmas to
homehelp@sunday-times.co.uk*

*Next week: everything you need
to know about buy-to-let*

