

Life, Confidence and the Property Market

Martyn Stubbs assesses the extraordinary financial events of the past few months and places them in the context of the local market in the New Year.

The start of this fresh year is a good time to reflect on the turbulent months behind us in the property market, and to look ahead.

It is fair to say that we have endured a year of rollercoaster news and extraordinary financial events, with the banking system turning cartwheels and the property market suffering one of the harshest periods of trading for over half a century. Many of us in the property industry will be relieved that 2008 is over; but what lies ahead in the future? Some financial commentators argue that it will take many years for confidence in the property market to return.

The media seems to be full of 'expert' opinions about how much further property values will drop, when the market will turn and how long any period of recovery will take. From newspaper and broadcast journalists to eminent economists, they all have something to say. Even one or two estate agency research departments have jumped in with their two-pennyworth. The trouble is not one of them seems to agree. This is hardly surprising as none of them is a clairvoyant and none has ever encountered this sort of crisis before. So, no matter how expert anyone thinks they are, nobody really knows. With so many people conjecturing different things (and by the law of averages one of them will eventually be right) forecasting appears to be a rather fruitless exercise.

But we local property experts do know a thing or two. We know what is going on in our particular market place. We know we are still agreeing sales and, whilst it is fair to say that prices need to be realistic, buyers are returning to the fray. There has certainly been an upsurge in activity following dramatic interest rate cuts, and we think this will increase with further rate cuts as banks slowly relax their stranglehold on mortgage money. Also, no matter how eroded confidence is across the property and financial worlds, people do still leave the family nest, co-habit, get married, give birth, separate, divorce, get new jobs, lose their jobs, win the lottery, hit the jackpot and, sadly, die. Despite low property transaction volumes there is still movement- there always is.

So now is a good time to look forward, perhaps with just a little more optimism than in recent months. Low interest rates will attract buyers, turmoil in financial markets may just turn investors back to the safety of bricks and mortar, money will need to be lent to ensure the banking system begins to move again and, most importantly, life and the property market will go on.