

Slaying the Property Dragon

Martyn Stubbs of *Phillips & Stubbs* takes a quiet moment to reflect on the property market.

“Gazumping is rife,” scream the headlines from the nation’s broadsheets. “More sales are happening off the market than on the open market,” opine TV celebrity property finders.

What are we all to do? The market, we are told, is gridlocked.

It isn’t, so let’s just take a moment to reflect. These commentators all seem to be talking about a world in which most of us don’t live. They are speaking about the priciest parts of London and the most fashionable parts of the countryside and coast. Gazumping is far from rife in parts of Tower Hamlets at the moment.

They talk about a world where the price of properties is less relevant because the people buying them can largely afford any price. Glamorous property, wealthy people, short supply and strong demand by alpha males and females ignite prices and feed headlines.

This is the Ferrari, Bugatti and Lamborghini end of the housing market. But most of us don’t own super cars. We drive nice but practical vehicles where status may be an issue but price is a strong determining factor. Most of us think about our property in the same way.

So what about the real everyday world? There is no doubt that there is far less on the market than last year, and indeed for many years past. In some areas this is pushing up prices, though perhaps not as much as last year. Ironically this is exactly what the Bank of England tried to avoid through its interest rate rises over the past few months.

But overall we have still not seen the desperate measures employed by panicked buyers in previous times when there has been a shortfall in supply against acute demand.

Moving home cleverly in this type of market requires a steady nerve rather than a bottomless pocket, and some alternative thinking rather than a herd instinct.

The incidence of full price offers will increase. Buyers will have less time to make up their minds. Some buyers will be prepared to meet sellers’ highly optimistic asking prices, recognising that with property values rising at £120 per week across the UK, as a whole, by the time they move in their once-expensive purchase will not seem so dear.

Many will not want to put their homes onto the market until they have found a

replacement. This could well backfire, as they will not be in a good position to buy when they do find a suitable property. This also exacerbates the dearth of property.

Some buyers will consider taking out bridging finance to complete a purchase. With interest rates relatively low and property demand high this is, as ever, a risky strategy but not as quite risky as bridging loans have been in the past.

However, the clever buyer will recognise that there is in fact still a great deal on the market. This may not be the best time to be looking at prime property in chic areas but it is perfect for identifying the next property 'hot spot' and finding something that can be advantageously upgraded, remodelled and even refaced. This is a great time to undo the DIY wrongs of the past and turn an ugly duckling back into a swan. There are still plenty of these opportunities about.

Interest rates may go up higher and this may finally dampen the market. First time buyers would be well advised not to overstretch. But with no hint of recession and the cost of borrowing still reasonable we are moving into uncharted waters where forecasting becomes the province of the inexperienced and real experts will admit they are left guessing. There may be dragons. But I believe this is a great time to sell and, for the brave and foresighted dragon slayer, a good time to buy.