

Time For a Move



Martyn Stubbs of Phillips & Stubbs looks at the state of the property market in the light of the election result.

It's not just the Camerons and the Browns who are moving home. Lots of other people have decided that it is time for a change. Recent activity in the property market is at levels not seen for several years, and now the election is well and truly out of the way there should be even more decisiveness in the market.

Over the past few weeks, while politicians criss-crossed the country, we have been holding an extensive round of face-to-face meetings with our own associated firms throughout the UK. There is no better way to gauge the state of our nation's property market than to compare notes with other professionals at the coalface.

So here is a report on the market that our new government inherits. It is not a bad picture. Far from it, and many will be pleased that this coalition intends to see off Home Information Packs in the fullness of time.

Prices in leading and popular areas close to London and in other large metropolitan areas have surged back to 2007 levels and - in some key locations - have exceeded even these. Most other areas have seen prices rise but not to such a generous extent.

First time buyers have not exactly rushed to take advantage of the £250,000 stamp duty holiday set in the last budget, but this is seen as a direct result of there still being some difficulty in agreeing mortgage loans and having to find large deposits. As lenders become more accommodating to borrowers, and more competitive with each other, this situation should improve greatly.

However, the big issue is at the other end of the market. Larger homes are coming onto the market in greater numbers. There is clear evidence that most owners of these want to downsize, seeking less but often more contemporary, well-equipped and thermally efficient space. There are many reasons for this – releasing equity for children's education, helping offspring with mortgage deposits, labour saving, lower day-to-day running costs, lifestyle relocation, provision for pension, etc. but whatever the reason it goes hand-in-hand with a prevailing concern that the next few years are not going to be so benevolent to those living far beyond their reasonable housing needs.

This will put greater pressure on good, middle market homes where prices should respond positively to demand. Larger, older houses away from golden postcodes will still sell, but accurate pricing will be crucial and the days of highly optimistic asking prices in this area may be over for some time to come.

It is manageable, top end houses possessing high specifications and located in the most fashionable of hot spot areas that will really attract the new breed of city bonus spender.

So in these turbulent times, both politically and economically, as we all tackle the real fallout of the recession over the coming months, our advice is this. If you are a first time buyer, save, save, save and then buy carefully within your means. If you are a middle market buyer or seller the market is rather rosy for you if you price to sell and buy prudently. If you are a top end seller then get your relocation in first and be fiercely competitive with your price - before many others decide, like you, that downsizing can be both fun and liberating.