

# Understanding property prices

Kate Faulkner BSc(Econ)  
MBA CIM DipM

# My FTB experience

- Bought in Croydon in 1993
- My brother & sister had both gone into negative equity
  - Petrified
- Couldn't rent anywhere decent, so I had to buy
- My salary was £12,000
- The property cost £65,000, six times my income!
- I couldn't buy it alone due to 3 x income rule
- So I had to buy with a friend
- Deposit was £3,000, nearly 30% of my gross salary
- But our mortgage rate was over 10%!

# My property life

- Rented, bought, renovated, rented, bought, renovated
  - Quite a few times!
- It's taken me 13 years to get the property 'of my dreams'
  - I have owned/rented over 14 properties to get there
- I had to move out of London to afford the property I wanted
  - Reality was there aren't a lot of farmhouses in London
- I then had to buy another property in Reading when my husband found his 'job of his dreams'
- I am a home owner & a landlord
- Biggest lessons in property
  - Be as practical as you can
  - Know the market, study property prices and rents!

# Steps to understanding property prices

- Three step to understanding property prices:-
  - Know your local market
  - Is a property price under-valued, fair or over-valued?
  - How to work out and make an offer on a property

# Three ways to know your local market

1. Visit <http://www.landregistry.gov.uk/>

## House Price Index

Our House Price Index (HPI) is recognised as an official statistic. Using our dataset of completed sales, it is the only index based on repeat sales.

The HPI figure we publish each month compares the average house price today to what it was in January 1995, with the index set then at 100. It includes figures at national, regional, county and London borough level.

- » Search the House Price Index
- » **New** Search the House Price Index tool available - your feedback is welcome
- » Search house prices by address
- » Learn more about the index
- » House Price Index release calendar

## Headline – March 2014

The March data shows an average house price in England & Wales of £169,124, compared with a peak of £181,618 in November 2007. London experienced the highest annual increase in average property value with a movement of 12.4 per cent. Wales experienced the only annual price fall of 1.6 per cent.

## March 2014 report

Download the March 2014 HPI statistical report(PDF, 463KB), which shows headline statistics, average price changes by area, sales volumes and repossession volumes.



## House Price Index

**March 2014: 271.8**  
(Jan 1995 = 100)

**Avg. price £169,124**

**Change:** Monthly -0.4%  
Annual 5.6%

Next index:  
9.30 am, 30 May 2014

## Related content

Data

Public data

Price paid data

House price solutions

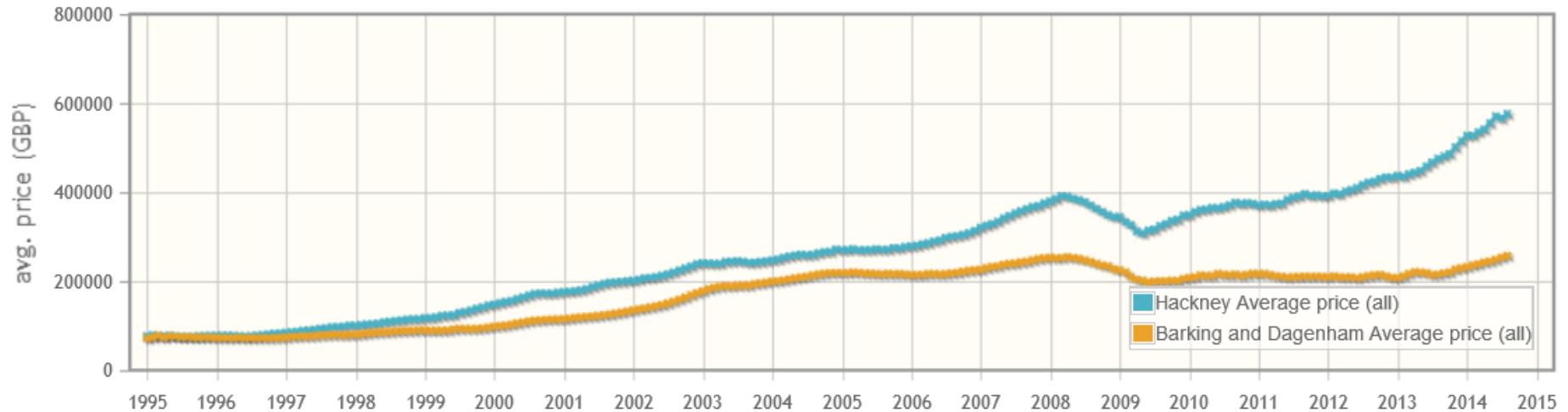


**Property**  
checklists.co.uk

# Not all of London is booming

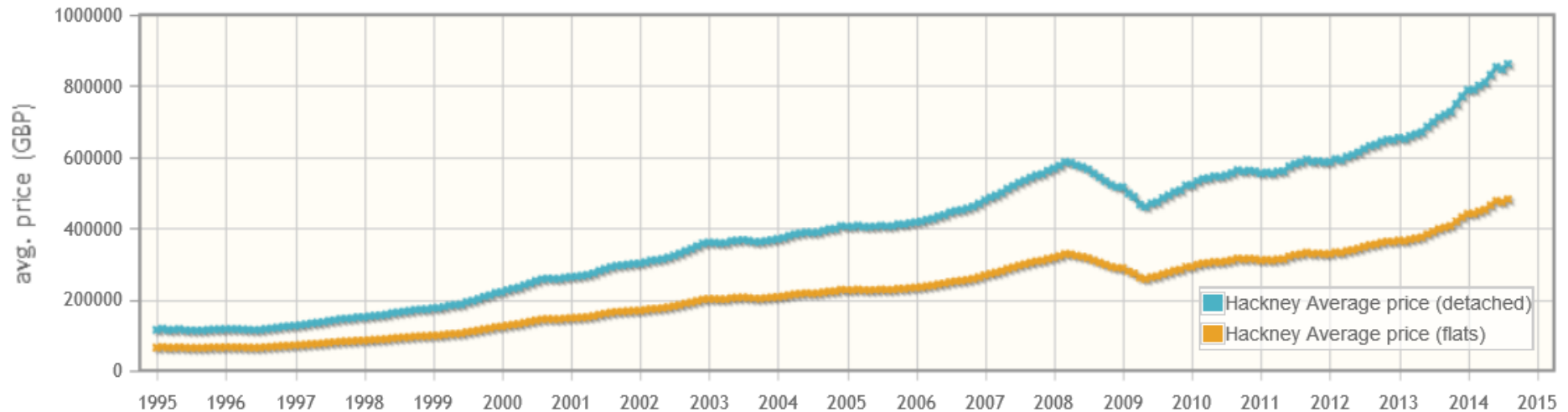
Comparing Hackney and Barking and Dagenham

Average prices

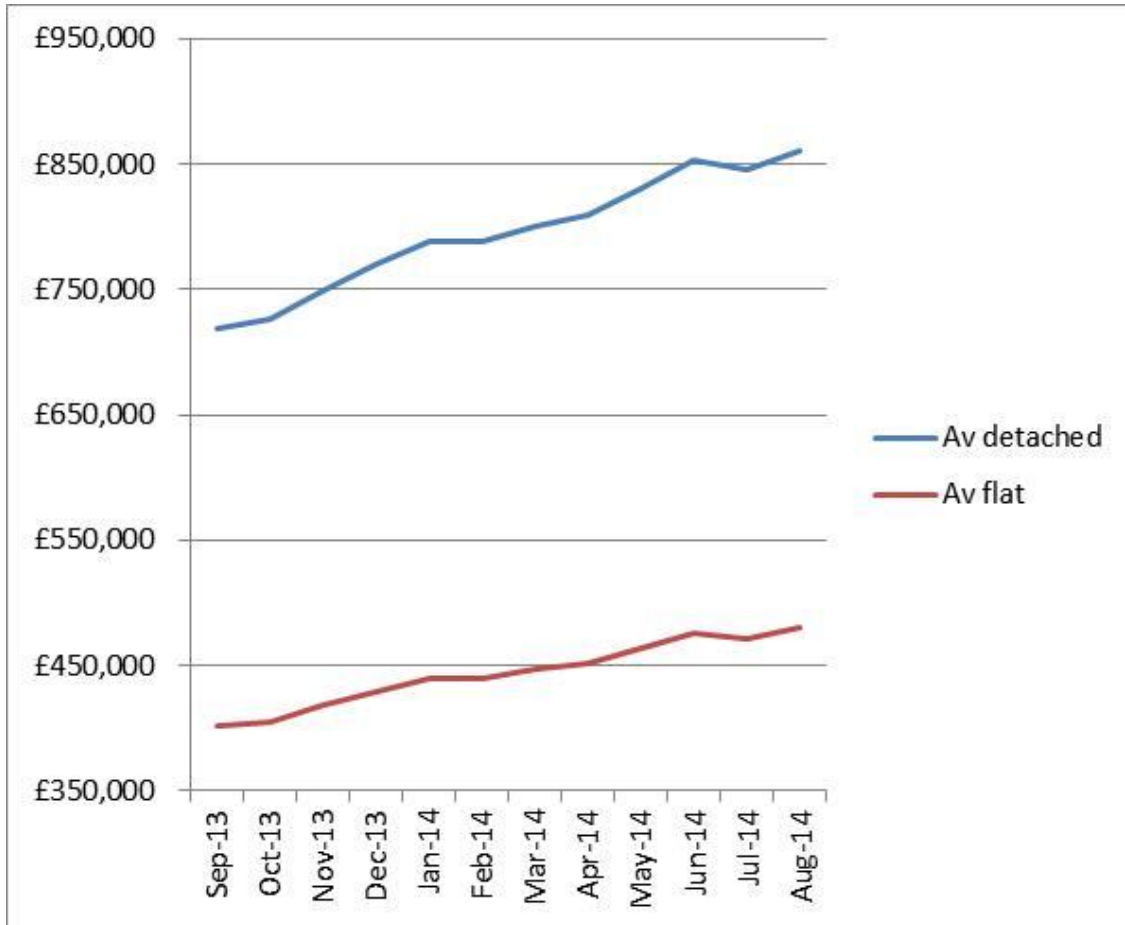


# Property types grow at different rates

## Average prices



# Watch the market go up & down



Date	Av detached	Av flat
Aug-14	£ 861,270	£ 480,617
Jul-14	£ 846,216	£ 472,216
Jun-14	£ 853,288	£ 476,163
May-14	£ 830,611	£ 463,508
Apr-14	£ 809,274	£ 451,601
Mar-14	£ 800,471	£ 446,689
Feb-14	£ 788,725	£ 440,134
Jan-14	£ 788,294	£ 439,894
Dec-13	£ 770,410	£ 429,914
Nov-13	£ 749,111	£ 418,028
Oct-13	£ 726,819	£ 405,588



# Good news!

- We track each month for every London Borough:-
  - Land Registry latest prices
  - How these prices compare overtime from 2000
  - What happened to prices throughout the Credit Crunch
  - [www.propertychecklists.co.uk](http://www.propertychecklists.co.uk)
- Why is this important?
  - Puts the market into context for you
  - Helps you learn about your local market

# Example of Croydon

- Currently +21% year on year, very scary!
- Average growth each year is 6% since 2000  
*Suggests market is 'overheating'*
- Analysis shows highest YoY growth was in 2000@27%  
*So may rise higher than this in the future, may have peaked*
- Prices fell in the area by 20%  
*So this is your 'risk' when buying*
- BUT prices are still 'good value'  
*Prices are 'only' up 10% since 2007/8 market height*

## 2. Checkout for sale/sold boards

- More difficult to track in London due to 'fly boarding'



- 6+ boards sold vs 10 for sale = sellers market
- 4 boards sold vs 10 for sale = balanced market
- 1-2 boards sold vs 10 for sale = buyers market

# Same analysis on-line

1-10 of 783 properties for sale found

## Change location and criteria

Location:


Radius:

Property:

Beds:  to


Price (£):  to

Added:

Include Sold STC 

[Update Results](#)

View as:

 List

 Grid

 Map

Property type:

[Houses](#) (32)

[Detached houses](#) (2)

[Semi-detached houses](#) (4)

[Terraced houses](#) (15)

[Flats / Apartments](#) (738)

[Bungalows](#) (1)

[Land](#) (5)

[Commercial Property](#) (14)

[Other](#) (1)

Preowned & new homes:

[Pre-owned homes](#) (760)

[Brand new homes](#) (22)



£188,860 Offers Over



1 bedroom flat for sale  
Moose Road, South Norwood

A superbly presented one bedroom garden flat, located on a quiet road opposite Grange Wood Park and well placed for popular local amenities. Offering a private entrance and to be sold with a share of the freehold, this warm and inviting property comprises a modern open-plan kitchen / living space, ... [More details >](#)

★ Save property  Contact agent  Upgrade listing

Added on 17/08/2014 by Pedder, Crystal Palace. Call: 020 9012 3396 Local call rate



£188,860

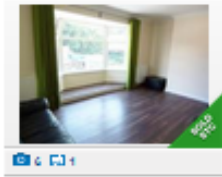


1 bedroom flat for sale  
130 Brighton Road, FULHAM, Surrey, CR5 4EX

Andrews are pleased to offer this ground floor one bedroom apartment, situated within a quarter of a mile of Reedham Train Station with its links to London and easy access to local buses. [More details >](#)

★ Save property  Contact agent  Upgrade listing

Added on 24/08/2014 by Andrews Estate Agents, Purley. Call: 020 9012 2092 Local call rate



£188,860 Sold STC



3 bedroom maisonette for sale  
Brighton Road, Coulsdon, CR5

This split level three bedroom property is situated above a commercial property and offers spacious accommodation laid out over two floors comprising: Entrance Hall, Light and Airy Lounge with bay window to the front, a spacious kitchen/diner which has been fitted with white gloss wall and base u... [More details >](#)

★ Save property  Contact agent  Upgrade listing

Added on 27/08/2014 by Walter & Mair, Coulsdon. Call: 020 9012 3772 Local call rate



£188,860 Sold STC

1 bedroom detached house for sale  
Alexandra Road, East Croydon, Surrey

A newly converted and rarely available one double bedroom link-detached house in a Private (Mews Style) location with luxury first floor bathroom, luxury open plan kitchen and living room, central heating, double glazing, and garden. Superbly located for easy access to East Croydon station, tra... [More details >](#)

★ Save property  Contact agent  Upgrade listing

Added on 11/04/2014 by Benson & Partners, Croydon. Call: 020 9012 2174 Local call rate



£188,860 Under Offer



2 bedroom retirement property for sale  
Sylvan Hill, Crystal Palace, London, SE19

Clatters Court is a well presented and located development for the over 50s (retirement) situated on the corner of Church Road and Sylvan Hill. The accommodation comprises: reception, kitchen, bathroom and two bedrooms. Externally there is residents off street parking and well (contid...) [More details >](#)

★ Save property  Contact agent  Upgrade listing

Added on 12/07/2014 by Winkworth, Crystal Palace. Call: 020 9012 3512 Local call rate



£188,860



2 bedroom apartment for sale  
Kingsdown Avenue, South Croydon, CR2

This one bed apartment offers charming living space and a great location in a sought-after part of Croydon, close to Croydon and Purley town centers and local amenities, as well as being within walking distance to Purley Oaks rail station & bus services. [More details >](#)

★ Save property  Contact agent  Upgrade listing

Added on 14/02/2014 by James Chiltern, Croydon. Call: 020 9012 3218 Local call rate



£188,860 Sold STC



1 bedroom ground maisonette for sale  
Holmesdale Road, LONDON

A most attractive one bedroom split level flat set on the ground and first floor of a converted Victorian house and offered to the market in excellent condition throughout. The property features spacious and well planned accommodation throughout and has the benefit of its own section of garden (3... [More details >](#)

★ Save property  Contact agent  Upgrade listing

Added on 21/05/2014 by Jukes & Co Estate Agents, South Norwood. Call: 020 9012 3169 Local call rate



£188,860



2 bedroom flat for sale  
Ibexhall Road, Thornton Heath

"We are acting in the sale of the above property and have received an offer of £190,000 on the above property. Any interested parties must submit any higher offers in writing to the selling agent before exchange of contracts takes place" [More details >](#)

★ Save property  Contact agent

Added on 22/08/2014 by Barnard Marcus, Thornton Heath. Call: 020 9012 2062 Local call rate



£188,860 Sold STC

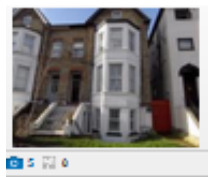


1 bedroom semi-detached house for sale  
Pentfold Close, Croydon, CR9

A one double bedroom starter home, this property is located with easy access to local amenities including Waddon Train Station and local tramlink. This property is offered in good condition and would make an ideal first purchase. Property also benefits from parking and a communal garden. [More details >](#)

★ Save property  Contact agent  Upgrade listing

Added on 16/08/2014 by Townends, Croydon. Call: 020 9012 2154 Local call rate



£188,860



2 bedroom ground floor flat for sale  
Selhurst Road, LONDON

A lower ground floor two bedroom converted flat with the added benefit of own section of rear garden. The property further benefits from a modern fitted kitchen open planned into reception area and fully fitted white bathroom. Located within easy reach of Selhurst train station and the local shop... [More details >](#)

★ Save property  Contact agent  Upgrade listing

Added on 19/08/2014 by Jukes & Co Estate Agents, South Norwood. Call: 020 9012 3169 Local call rate

5 out of 10 sold  
Sellers market  
- Just

# 3. Talk to local agents

- Don't believe what you hear about agents
  - Many realise the importance of FTBs to the market
- Ask
  - Who is currently buying?
  - What properties are coming onto the market?
  - What prices are property's actually going for?
- Good agents will:-
  - Be fair to both buyer/seller
  - Be wary of agents charging commission fees to buyers on completion not sellers
- But remember, their job is to make money for the seller
  - Gazumping is driven by sellers, rarely agents

## REMEMBER:

If you think you have been unfairly treated by an agent, complain to them, then the Ombudsman for up to £25,000

# How fairly is a property priced?

- Worry less about marketing prices & more about sold prices
- Be wary of Zoopla's price estimates

## Flat 1, 37 Addiscombe Road, Croydon CR0 6SA

Flat, Leasehold , -- Beds, -- Baths, -- Recepts - [Edit](#)

Last sale: £225,000 Sale date: 13th Jan 2005

➤ Your home? [Get a FREE agent valuation](#)

Zoopla Estimate <sup>?</sup>

**£313,001**

[Refine estimate](#)

## Flat 2, 37 Addiscombe Road, Croydon CR0 6SA

Flat, Leasehold , -- Beds, -- Baths, -- Recepts - [Edit](#)

Last sale: £175,000 Sale date: 13th Jan 2005

➤ Your home? [Get a FREE agent valuation](#)

Zoopla Estimate <sup>?</sup>

**£243,476**

[Refine estimate](#)

## Flat 5, 37 Addiscombe Road, Croydon CR0 6SA

Flat, Leasehold , -- Beds, -- Baths, -- Recepts - [Edit](#)

Last sale: £125,000 Sale date: 13th Jan 2005

➤ Your home? [Get a FREE agent valuation](#)

Zoopla Estimate <sup>?</sup>

**£173,902**

[Refine estimate](#)



# Find a similar property

- Find a few properties which has recently sold and is similar in:-
  - Age
  - Floorplan/square footage
  - Within the same street
  - Condition
- If a flat, check lease length, check planned major works
- Check similar access to amenities, especially tube/train stops



# How fairly is a property priced?

- Use LR data, suggests Barking and Dagenham is 1% above 2007 height
- In this example, the terrace sells for £2,500 above 2007 peak = 1%

## 3 Payne Close, Barking, Greater London IG11 9PL

<b>£222,500</b>	Terraced, Freehold	15 Aug 2014	2 bedrooms
£220,000	Terraced, Freehold	06 Jul 2007	
£174,995	Terraced, Freehold	27 Feb 2003	
£135,000	Terraced, Freehold	10 Aug 2001	

- This property has grown in price by 4% per year
- It hasn't doubled in value even in 14 years
- Only real way to know is via a RICs surveyor valuation

# Look for good value

- But understand the reasons why
  - Major works, short lease, leaky roof

## Flat 65, Cromwell Lodge, Longbridge Road, Barking, Greater London IG11 8UB

£110,000	Flat, Leasehold	30 Jul 2014	1 bedroom
£122,500	Flat, Leasehold	28 Aug 2009	



## 149 Victoria Road, Barking, Greater London IG11 8PZ

£213,000	Terraced, Freehold	22 Jul 2014	3 bedrooms
£210,000	Terraced, Freehold	01 Jun 2005	
£165,000	Terraced, Freehold	01 Mar 2005	



# Dealing with sealed bids

- I am not a fan!
- Don't get 'drawn in' and overstretch yourself, especially with MMR
- Ask if there is an offer that can be made which will 'take the property off the market'
- Give 'odd numbers' eg £287,691
- Show you are prepared:-
  - MIP
  - Have a legal company ready to go
  - Surveyor lined up
  - Can complete in a short time frame OR are happy to exchange early and complete at a later date

# How to make an offer

1. Based on what you can afford now and at 5-7% mortgage rates
2. Don't overstretch yourself in this market
3. Make sure you know your outgoings
4. Split spend into 'need' and 'nice to have'
5. Secure a mortgage agreement in principle via broker
6. Make sure you have a legal company ready to go
7. Checkout local sold property prices
8. Consider condition of property, work required/lease length
9. Put your offer forward based on comparables
10. Do it in writing, read receipt if emailing

# There is help available

A2Dominion Group	Circle	The Hyde Group	Notting Hill Housing
Affinity Sutton	East Thames Group	L&Q	Peabody
AmicusHorizon	Family Mosaic	Metropolitan	Southern Housing Group
Catalyst Housing	Genesis Housing Association	Network Housing Group	



Free property Q&A service!

