

What to know when buying during an election year!

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Kate the property expert

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Agenda

- My first time buyer experience
- Current schemes
- What happens during an election
- What happens after.....?
- Know your local market
- 10 steps to making an offer

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!

Government Schemes

Help to Buy New Build

- Here to stay according to Coalition: 2020
- Buy a new build with a 20% loan from government
- You need a 5% deposit
- Loan attracts interest after 5 years
- Good for:-
 - Getting on the ladder sooner rather than later
 - 75% LTV means access to low mortgage rates
 - No/little maintenance
- Pay premium for a new build
 - London £300k +
 - Watford and other areas, (quote Barratt developments)

Long term schemes

- Part buy, part rent
 - Purchase part of the property
 - Rent you rest
- Good for
 - Want security of tenure versus PRS
 - People who could otherwise not afford local area
- But
 - Tends to be more expensive to run than renting
 - Restricted on where you buy, different LAs different rules
 - Reliant on a scheme being available

Help to Buy Existing Home

- Allows you to buy a property with a 5% deposit
- Pointless scheme
 - Already access 95% LTVs with other lenders
 - No/little financial advantage
 - Restrictions apply
 - Renting the property out

If current government gets in

- These schemes are likely to stay
- Work out which scheme best suits you
 - Have to work out which you can access now
 - Understand what restrictions there are
 - Need to know what happens if you want to sell
 - Compare the costs of buying now vs ‘waiting to see’
- Consider the current market too

Rent to Buy Scheme

- New build property
- Rent @80% of local market rent
- Rent a property for up to seven years
- Put the discounted rent toward a deposit
- Good for
 - 1 and 2 bed apartments
 - Families
- Not ready yet! At risk?
 - 2015 to 2018
- Maybe better to move home/rent a room & save

20% discounted homes FTBs

- Register interest stage
- Not ready yet! 'At risk'?
 - Scheme until new government settled in
- Being built at the expense of social homes
- Under 40 years old

What do you do now?

- Consider all the schemes
- Work out if you need them
- Look to see when you can get on the ladder
 - Sooner rather than later
- Really understand your local market dynamics

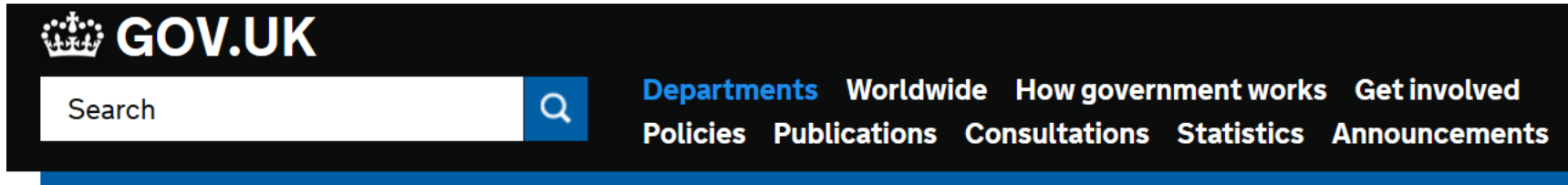
Local market dynamics

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



Land
Registry



[Search house prices](#)

[Search property ownership information](#)

[Boundary questions](#)

[Title deeds](#)

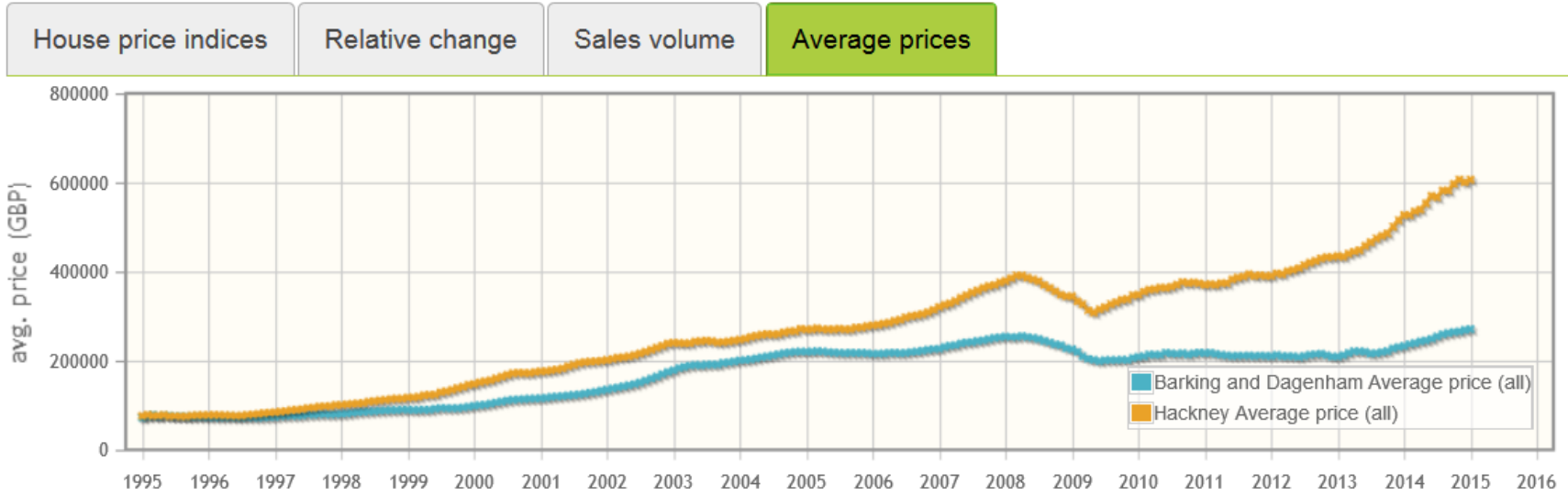
[Joint property ownership](#)

[Searches, fees and forms](#)

[Data](#)

Not all of London is booming

Comparing Barking and Dagenham and Hackney



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
- Why is this important?
 - Puts the market into context for you
 - Helps you learn about your local market

Example of Croydon

- Currently +18% 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 15% in the last 8 years

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)

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

- 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

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Zoopla Estimate ?

£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

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Zoopla Estimate ?

£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

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Zoopla Estimate ?

£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 6% above 2007 height

25 Payne Close, Barking, Greater London IG11 9PL

£143,000	Flat, Leasehold	05 Oct 2012
£120,500	Flat, Leasehold	26 Mar 2002
£111,995	Flat, Leasehold	15 Jun 2001

40 Payne Close, Barking, Greater London IG11 9PL

£163,000	Flat, Leasehold	24 Jul 2012	2 bedrooms
£163,000	Flat, Leasehold	15 Apr 2005	
£106,000	Flat, Leasehold	24 May 2001	

- 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	



How to make an offer

1. Based on what you can afford now and at 5-7% mortgage rates
2. Don't overstretch yourself
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

Affinity Sutton

AmicusHorizon

Catalyst Housing

Circle

East Thames Group

Family Mosaic

Genesis Housing Association

The Hyde Group

L&Q

Metropolitan

Network Housing Group

Notting Hill Housing

Peabody

Southern Housing Group



**Free property Q&A
service!**