



Central London: house prices hit an all-time high during the summer

London calling, but only a fool rushes in

For investors or those offloading property assets in London, the advice is to keep a cool head in its feverish post-lockdown market



David Johnson

In much the same way that ceasing market activity during the first lockdown had the effect of creating much pent-up demand in Ireland's property market, the London market reacted the same way with house prices hitting an all-time high during the summer.

According to Land Registry figures, prices increased by 3.6 per cent in June alone thanks to a resurgence of activity following the Covid-19-related restrictions. That period marks the highest price growth since 2016, and four-plus bedroom properties are in high demand, driving up their prices by an incredible 9.1 per cent in the past year to an average of

£1.454 million (€1.623 million).

It is easy to be seduced by such headlines – and many buyers and sellers are. The number of new instructions on the market almost doubled in September compared with a year ago, according to LonRes, so there is huge choice out there for buyers.

There is also a sense among vendors that now is the time to capitalise on high numbers of buyers who are keen to move after months of lockdown.

September saw 21 per cent more properties go under offer compared with the same month last year – and the high end is particularly lively, with the same month seeing a 29 per cent annual increase in sales over £5 million.

While few buyers are clamouring for an apartment without outdoor space in the current climate, some spacious, well-renovated and rare to the market properties are going under offer the day they go on sale.

Vendors are fielding competing bids. There is a frenetic feel in some quarters – and that's without the usual competition from overseas buyers, who are absent from the prime London market due to ongoing Covid-19 travel restrictions.

The country market, in particular within an hour's commute of London is where we are seeing the most demand and, in some cases, buyers are willing to pay prices that it's hard for us, as independent consultants, to justify.

Buyers who do not engage the services of a buying agent are overpaying by substantial amounts in some cases. They are used to London house prices, and £700-800 per square foot seems relatively good value to them for a large country house within commuting distance of the city.

But there is a danger of buyers being caught up in the post-lockdown momentum and overpaying.

My worry is that we just do not know what lies around the corner. In fact, we do know a few things and they don't look overly hopeful.



Key to buying property in London is a sense of perspective

The current lockdown was inevitable as Covid-19 cases began spiking again, there is also huge job insecurity and, lest we forget, Brexit looms on December 31.

At the highest level of the market, buyers are largely immune to much of this, but they need to be aware of the unscrupulous tactics that estate agents are employing in this highly competitive market.

Overvaluing prime property is rife among agents, particularly in prime central London and, more recently, the country estates.

Agents will tell a vendor their home is worth an inflated figure to secure the instruction – and a high-end property with an

eye-catching price helps bring in surrounding business. In London's super-prime echelons, this can mean a property can be overpriced by a few million pounds.

For the vendor, that usually only means one thing – a property that attracts few viewings and fails to sell under an unrealistic valuation.

My advice to vendors? Presentation and valuation are of utmost importance.

As for valuation, do not have blind loyalty to any one agent and do not fall for the brand. Meet with several agents before you choose who you think will best represent your property and achieve a price you are happy with. This is a pri-

mary asset, and you should always remain in control of it.

Do not be misled. Find local agents who come with good reviews and a good reputation. Offer to give several of them two or three weeks to get their 'hot' buyers through the door.

This will reveal who is motivated enough to sell your property. It is also a great opportunity to get some accurate feedback from genuine buyers about the price and condition of your property.

Try to stay discreet. Buyers like to feel they are getting a property off-market, so try to keep your property away from online portals such as Rightmove or OnTheMarket.

You don't need to have an online presence if you engage with the right estate agents. If you do decide to go online after the agents' test period, be accurate over price and presentation to suit your target buyers.

Also speak to buying agents, who can provide an independent view on what your property is worth and let you make the decision.

For buyers, it is a similar message: is the asking price really worth it? We say there is no such thing as a steal in prime central London, but you can buy well.

Usually, where central London peaks, the outskirts follow. But that trend has been flipped during the pandemic, with outer London seeing new highs and inner London offering some interesting possibilities for those who like to go against the grain rather than follow the herd.

For example, due to Covid-19 we are seeing less demand for centrally located apartments, which would typically be sought after by the commuter who wants a pied à terre, or students lucky enough to have parents able to buy them an apartment close to their college.

With a mood swing among wealthy buyers at present to move out of London, where they can have larger properties and land, we also see opportunities in prime central London areas such as Mayfair or Marylebone, with buildings that started life as family houses converted into office blocks decades ago. They are now ripe to be turned back into statement mansions again.

The key for buyers and vendors now is to keep a sense of perspective. The coming months promise great uncertainty. Don't be swept along by a sense of urgency.

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