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## **Press Release**

### **‘Confidence is back’, say Basingstoke’s estate agents**

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by **Alex Preshaw, partner specialising in residential property**

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Around a dozen estate agents in and around Basingstoke, who took part in a recent survey conducted by Phillips Solicitors, agree that confidence is returning to the residential property market. The survey was designed to find out if our local property experiences reflect the national picture and the dire predictions handed out on news programmes day in day out.

Well, the good news is that the majority of estate agents, despite having had a bad 2008 with sales volumes down by an average of 40-50%, are on the whole fairly optimistic about this year. Whilst fewer new sellers are coming on to the market than a year ago, some agents have reported a slight increase in the average property asking price since January, in line with Rightmove’s House Price Index findings of a 1.2% price increase in January.

Most of the estate agents questioned agreed that Basingstoke’s house prices were down by 20% over the year but that the rate of decline had slowed down. Hometrack reported that nationally prices lost a further 0.8% nationally during February. All had experienced signs of an upturn in buyer interest and viewings in the first part of this year, reflecting the national picture of a 17% rise in the number of potential new buyers registering with estate agents. One agent commented that this had occasionally resulted in multiple bidders enabling vendors to get near their asking price. Others felt that the increased enquiries had yet to translate into actual sales in January but national figures show that the number of sales agreed rose by 35.9% in February. Agents are finding that many vendors are still unrealistic about setting a proper price and buyers unrealistic about making sensible offers.

### **Lending still a problem**

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Still lacking in the market are the first time buyers who are finding it difficult to get a mortgage without a hefty deposit, averaging 10-15%.

Mortgage lending has slumped by more than half in the past year, according to the Council of Mortgage Lenders (CML) and this has been partly responsible for the downward spiral in house prices. First time buyers are finding that rates are variable, the criteria are still tight, administration fees have shot up and parents are often required to act as guarantor. Further up the value chain a lot of sellers are stuck in their first house unable to move. Those home owners who have 25% equity are the lucky ones and will get good lending whilst those with 45% will be able to find the best deals.

### **Is this the turning point?**

Asked when the turning point might come for the market to pick up, opinion varied: some believe that the next quarter will see an upturn, set confidence levels and seal what happens later. But the majority of estate agents believe that volumes will improve later this year with slow price increases through to 2010. The overwhelming opinion is that confidence is back and now is a good time to buy.

Summarising the critical factors that will get the market going again, estate agents listed improved lending, especially to first time buyers; construction starting again on new builds; security of jobs and market confidence. There is significant pent up demand which will have an effect on prices once the turning point comes but agents agree that now is the best time to move up the market since the 1990s.

### **Investors are back**

The market has seen much more activity from investors but the days of short term gain are over – ‘cash rich’ investors are in it for the long term, anticipating a better return on investment than they can get from the banks or from other investments.

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Estate agents have not noticed a significant increase in the number of repossessions but where there are some, they tend to be in the lower price ranges. Selling prices are not being reduced, but are being priced at market rates.

### **Optimism is back too**

There's no doubt that the overwhelming feeling among Basingstoke's estate agents is one of optimism – viewings are up, sensible lending is gradually becoming available, interest rates are low and there is a new air of confidence. There will always be a need for people to move house but future success will depend on buyers and sellers being realistic about pricing and value and estate agents managing the differential. Whilst the underlying transaction levels are higher than recently, the increase in market activity and demand for housing is still at the levels seen two to three years ago. Consumer confidence is key to the recovery of the housing market.

Alex Preshaw, partner specialising in residential property at Phillips Solicitors, comments: 'This isn't the first recession and it won't be the last but the country's economy, and indeed confidence, has traditionally been dependent on property and prices. The speed with which the industry has been hit during the past year has taken most people by surprise. In previous downturns and recessions the banking system was still intact but this time the banks have been caught out by their ludicrous lending policies over the last five years or so, as well as their encouragement of people with relatively low income to take on debt, and that's why they are so cautious now about lending. But Basingstoke has always been a thriving business community and its 'Diamond for growth' status, which brings considerable government funding, may well help it through these difficult times'

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