

YOUiq: West Prime Central London Residential Review

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Brexit - Uncertain Times: The vote to leave Europe came as a great shock to many, especially in London and the resulting political upheaval has led to acute uncertainty and concern.

Homeowners have many questions as they try to assess the impact of the shock wave travelling through the residential property market. We outline our brief thoughts below:

The Prime Central London ‘PCL’ market has been softening since mid-2014 (Figure 1 below). The softening has been caused by several factors including a tightening of very generous privileges previously enjoyed by non-domiciles, increased Stamp Duty, increased annual taxes on properties held in corporate structures, the removal of mechanisms to borrow onshore, secure offshore, the removal of some inheritance tax shelters etc, etc... The list goes on and supports arguably a concerted government legislative effort gradually to soften prices or at the very least take the steam out of the market. We have covered this extensively in previous YOUiq issues. The market has seen a flight to quality, with

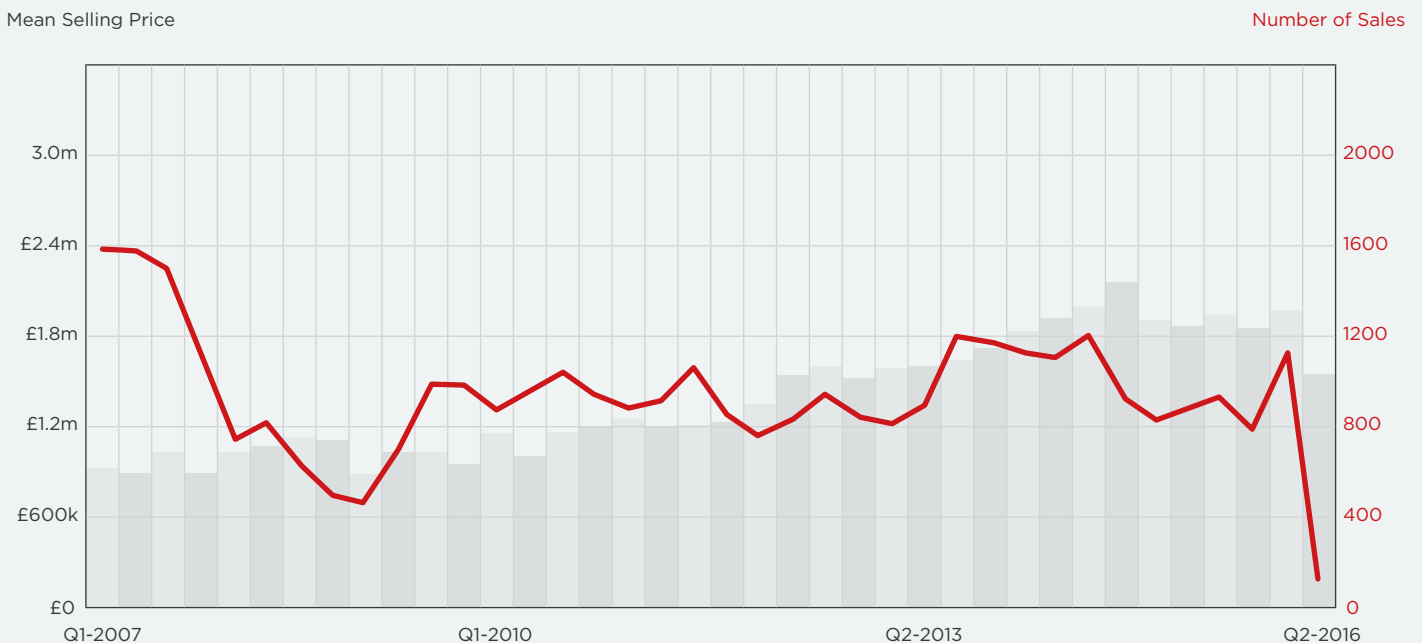
low transaction volumes and the illusion that prices are being maintained. With the exception of best-in-class properties, achieved prices have already fallen substantially and due to recent events, they are likely to fall further.

The fall may be countered by a weaker pound attracting inward investment but it is unlikely that there will be a surge of investment at this stage when prices remain at or near to their current levels – and the previously noted changes removing advantages of offshore funds investment will dampen this flow.

The Bank of England is widely anticipated to lower the base rate (although banks may well increase their rates to increase margins and protect profitability) and possibly recommence quantitative easing. Currently few sellers are

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Figure 1: YOUhome and Land Registry Data by Quarter, PCL



forced sellers and so we expect the shortage of supply to continue.

On balance we believe that transaction numbers will continue to be low, certainly for the immediate period. Sales prices achieved in these conditions of low transaction levels and potentially increasing finance costs will begin gradually, but not suddenly to fall. The rate of price falls may accelerate, potentially rapidly, if well-paying London businesses become less profitable, reduce pay, choose to downsize or relocate.

The next question is if prices do fall how painful will the consequences be? The answer is not overly so. The reason for this is that average prices have (broadly) doubled since 2009 and transaction volumes have been low (Figure 2). This means that substantial equity has been built in a very short low inflation period. This has created a supportive buffer for purchasers, including many who bought early in this period.

Adrian Black,
YOUhome Managing Director

Key Points:

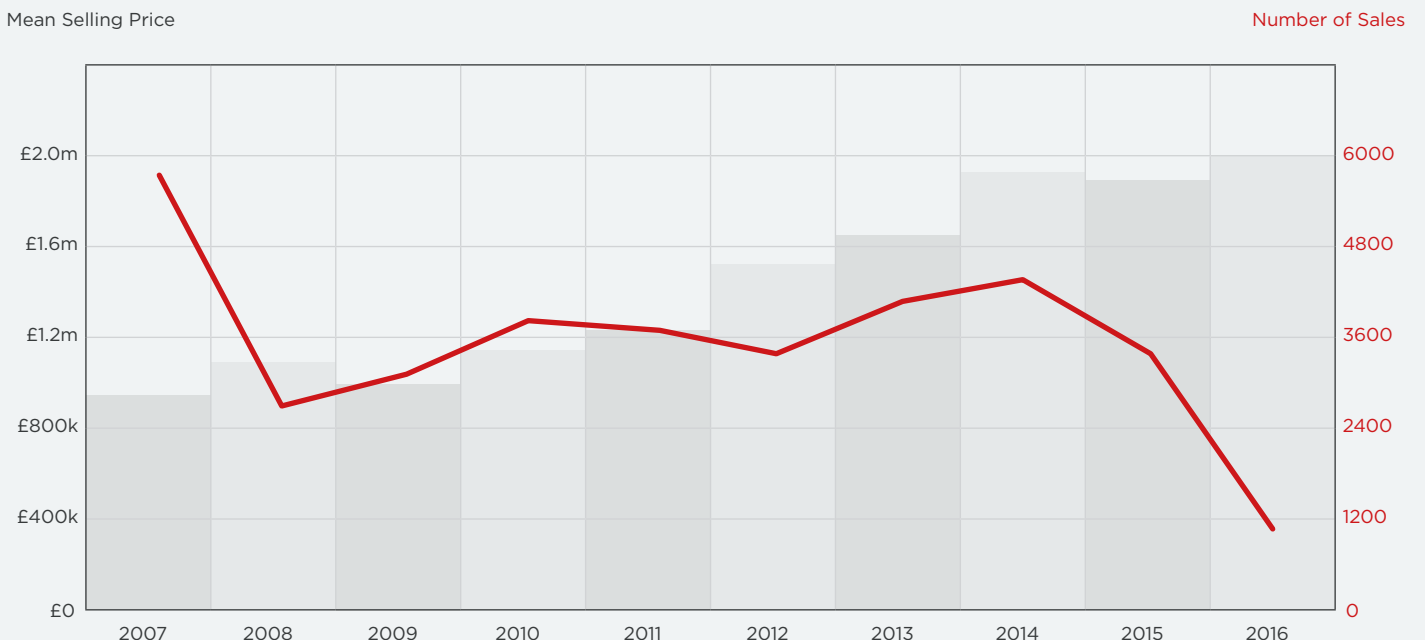
Market totally unprepared for Brexit.

Market already softening since mid 2014.

Prices may fall rapidly if PCL suffers local economy shocks.



Figure 2: YOUhome and Land Registry Data by Year, PCL



Selling Property in Uncertain Times: The London property market has been cooling, especially in Prime Central London 'PCL' and the surrounding areas.

Cooler winds are blowing through the PCL market. Property for sale is remaining on the market for longer and the decline in sales volume is met with a flight to quality and the ball is now often in the buyer's court.

Although the market has become more challenging for vendors, there are many steps that can be taken to ensure property is successfully sold.

1. Price Accurately – The market is taking a dim view of unrealistic pricing. Beware, it will result in little or no viewing interest and it will NOT stand out from the crowd of other available stock. Listen to the advice of your Estate Agent. Ask them for recently sold comparable property examples from a range of sources and detailed local market analysis.

YOUhome produces the most detailed and informative market appraisal reports available for FREE. Example shown on our London website.



2. Choose the Right Agent – This is the time when experience really counts. Choose a proactive agent who shares information, gives feedback and has experience in dealing with the many particular sales issues that can arise and be amplified in difficult markets. Get individual attention, not mass market processing, to secure the hard-won results you need.

3. Presentation – Present your property in the best light, de-clutter and address any maintenance and repairs, work with an agent who understands and pays attention to the detail.

4. Choose the right solicitor - More sales fail to proceed to exchange in tough markets. It is imperative that your solicitor is experienced, proactive and responsive. They should have a good relationship with your agent and together they can ensure your sales progression gets across the line.

Our team at YOUhome has a combined 50+ years of experience selling and advising on prime property and transaction experience of 100s of sales in all market environments. If you instruct us, you will be in very safe hands, as confirmed by the testimonials below.

Nick Sajid,
YOUhome Sales Manager

“ YOUhome pursued all aspects of finding a buyer and managed to secure a deal. They were the best in providing professionally structured feedback quickly after every viewing as well as very good market analysis and statistics. We are very happy to work with them again for purchases and sales in the future and we would gladly recommend them to friends and associates. ”

“ After six months of trying to sell our property using brand name estate agents, we engaged YOUhome and were pleased to discover that it's not size that matters but eagerness and enthusiasm to perform quickly and with determination. ”

Steve Sakoulas, *Home Owner Woodsford Square*

“ I can only say I wish I had gone with YOUhome sooner. I would very happily work with them again in the future both for sales and purchases of property and I highly recommend them. ”

Dr Jasmine Piran, *Home Owner Holland Park*

Sales

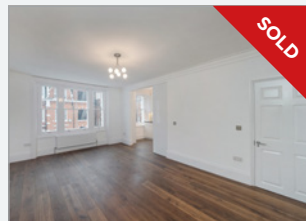
Selling your home? There is a trusted, high quality and - we believe - better value alternative available now. YOUhome has sold thousands of properties and we will be delighted to help you sell your property.



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Woodsford Square
 Holland Park, £3,250,000



Sheffield Terrace
 Kensington, £975,000

Option 1 Sole Agent	Option 2* Co-ordinating Agent	Option 3 Multi Agent
0.8%	1.25 - 1.75%	2%

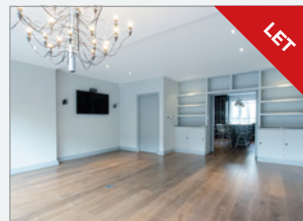
All fees listed exclude VAT.

* Combines our marketing with the ability to reach out to applicants who are not active on property portals, nor with a buying agent, but registered at other prime central London selling agents.

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Warwick Gardens
 Kensington, £2,000pw



Sheffield Terrace
 Kensington, £575pw

Services	Option 1 Sole Agent	Option 2 Multi Agent
Tenant Find	6%	10%
Additional Rent Collect	2%	2%
Additional Full Management	2%	2%

All fees listed exclude VAT.

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We have developed state-of-the-art technology and combined it with experienced and qualified agents so that we can lead market understanding, deliver a great service and get you the best price possible for your property.

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