



MARKET COMMENT

Is the property market defying gravity?

The sales market within prime central London has been encouragingly resilient, outside of the initial lockdown. The noticeable reduction in international demand brought on by the travel restrictions was cushioned by Londoners. More specifically family home buyers, who were spurred on by the low interest rates and an increase in the time we were forced to spend at home. This has unsurprisingly caused a supply crisis in London's leafier neighbourhoods, such as Hampstead, Wandsworth, Richmond and Notting Hill.

The seasonal family house market has continued well into Autumn as frustrated buyers who were unable to move during the stamp duty holiday continue their search. The result has been many of the desirable properties transacting before they are brought to the open market.

At street level, the defining moment for normality as we knew it was early September with the end of the school holidays and a subsequent jump in employees returning to the office. This steady return to the workplace, has enabled people to rebuild a routine for the working week and we are starting to see the early signs of 'boomerang buyers' returning to London in search of a bolt-hole.

Typically, these buyers purchased outside of London with the promise of flexible working allowing many people to balance country living with a London salary. However, as the reality and cost of commuting sets in, demand for apartments close to major train stations and employment hubs is rising.

As reported by Knight Frank in June, the lettings market rapidly came back to life with applicant registrations at 30% above pre-pandemic levels, driven by the tech, legal and finance sectors. Areas such as Aldgate, Tower Bridge, the City and Fringes saw a dramatic rise in activity after a year of over-supply as mobility companies commenced relocations for global corporations.

As vendors and landlords sit on their hands and supply of new properties to the market remains controlled, competitive bidding is common practice and prices appear solid. It is within these conditions, as with the strategic tapering of the stamp duty holiday that coincided with the end of furlough, that inflationary pressures are being absorbed. We will have to wait until January to see if there is a noticeable rise in supply, which could have a downward pressure on prices.

And to the country market...

With a never-ending Summer and an almost non-existent Autumn, the clocks have now changed, and Winter is very much upon us. With it comes the inevitable slow-down as thoughts turn to Christmas in little over a month. Do we dare take a breath after what can only be described as an extraordinary year; or will the demand for country property continue at the same pace?

The demand for country houses has long outweighed supply and the various lockdowns have dramatically exaggerated this. The draw of space, fresh country air and the chance to commute less has resulted in traditional country buyers being joined by a new wave of purchasers that previously had not viewed countryside living as an option. This has led to some record, if not verging on insane, prices being paid for family houses as multiple buyers chase the best properties.

We have also experienced a push to remoter areas as the search for value sees buyers looking further afield. Comparatively speaking, prices have jumped to such a degree that if you look at what £2.5m could have bought you in Hampshire 18 months ago, you would now be expecting to pay over £3m. With prices not accelerating at quite the same degree in London, those solely reliant on selling their London homes to finance a move to the country are finding their hard-earned money does not stretch as far.

The topic of the moment is inflation and whether it will continue on an upward trajectory unchecked or will the brakes need to be applied. With affordability already being stretched beyond the reach of the majority, and with many commentators predicting further rises, surely interest rates will follow suit. Last week the Bank of England chose to keep interest rates at a historic low, but how long can this position continue?

What we have learnt during the 40 years that we have been operating is, whatever the financial pressures of the day, people still need a home and will find a way. With supply remaining as tight as it is, having an experienced buying agent on your side has never been more important.

MEET THE TEAM

“As one of the first independent buying agencies in the UK, you can expect a level of experience and expertise that no other firm of buying agents can provide. Whether London or the country, we are the most experienced buying team in the business.”

Jonathan Harington, Director



YOUR LONDON TEAM



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YOUR COUNTRY TEAM
