

PROPERTY PRICE TACTICS

When buying a home, or indeed any investment property, always remember that negotiating the price is an expected formality. It is not like walking into a shop and paying the fixed sum. Homes are rarely sold at the price they are marketed for. Taking this into consideration, most Estate Agents will deliberately mark the property value up, as they are well aware that a negotiation process is likely to take place, in one way or another. The Estate Agents' brief from the Seller, is to sell the property for the highest possible price, which is understandable. As a Buyer, unless you have more money than sense, you will wish to pay the lowest price – thus the negotiation process begins.

DO YOUR RESEARCH

Whilst most Estate Agents will value a home based on what similar properties in the area have sold for, in truth, the Seller can decide to market the property for whatever figure they have in mind provisionally. It is vital, that you do your research, to first assess that what is being asked is reasonable. By searching online for “Sold house prices” you will find several leading property websites which will list all house prices paid across the UK since 1995 – using information gathered by the Land Registry.

ECONOMIC FACTORS

The current economic market also has a big impact on house prices throughout the United Kingdom. It is common in times of recession, to see a drop in first time buyers. As well as this, many home owners choose to wait until the market is more stable before advertising their home. This “slow market” is the ideal time for buyers, as house prices tend to dip. First time buyers will benefit. Those who sell and buy at the same time should not lose out – having sold realistically and bought realistically. The only Sellers who will lose out along the line, are the Sellers of larger properties, who will be selling to move in to rented accommodation, to invest the sale proceeds or to downsize.

WHAT IS FOR SALE?

Before you make any offer to purchase a property you should determine up front what is included in the sale. Any of these items can be used as negotiation leverage, especially if they do not meet your expectations, or are not what you would want to keep. When you view the property with the Seller, enquire whether carpets, curtains, light fittings and white goods are included in the sale price and make a written note, which you can refer to at a later stage.

To re-carpet a full house, will be quite expensive, yet the Sellers will often, for convenience, not wish to take all carpets. A deal can usually be done, if the parties are reasonable. There is also the question of what fixtures and fittings you will have in your new property if you are buying at the same time as selling. You may be surprised at how flexible the Seller could be on price – depending on their situation.

Always try and ascertain if the Seller has agreed to purchase another property, or has a new property in mind to purchase, when their own is sold. If so, and likewise the property has been on the property for several months without interest, the Seller may be eager for a quick sale.

LET THE NEGOTIATIONS BEGIN

As you move into the negotiation process, make the Seller aware of the reasons you have for arriving at the price you are offering. Evidence and persuasive comment will help the Seller to recognise that you believe the property is not worth the asking price. Give them the reasons why you are not prepared to pay the full price. If you are relying upon a mortgage valuation, which has valued the property lower than the market price, then produce a copy to the Sellers/Selling Agents. If work is required, then get written estimates and again produce these to the Sellers/Selling Agents to back up your offer. That said, if a property is worth the sale price that it is being marketed for and the Seller is fully aware of it, it is simply worth while saying to the seller, that you are aware that the property offers good value – but you simply do not have the full purchase monies to pay for it! You are not then insulting the Seller with the offer made and you never know, the Seller may be prepared to drop the price, depending on the circumstances at the time. It

is all about timing and being in the right place at the right time. It may be that similar offers have been made by other buyers in months past, which the seller has refused, but several months on, without any higher offers – the seller may just agree to sell at that point.

Buyers are advised to employ a Surveyor to determine the condition of the property. Hopefully the written Survey Reports will assist in giving you more leverage in bargaining for a lower purchase price.

CLOSING THE DEAL

“When/how quick?” is the usual question in the seller’s mind, when an offer is made for their property. It is thus important, when making your offer, to make this a condition of your offer i.e. if you are a cash buyer, it sounds a great deal more inviting for a seller to accept your offer, if you say that you will exchange contracts in three weeks and complete in a further seven days time. To a seller, who has nothing to purchase and can move to alternative accommodation straight away, this would be an ideal situation, and they are more likely to accept a reduced offer, for the sheer convenience. However, there is no point in you making such an offer to a seller who has not yet found another property to purchase and will need more time. You will still offer the same price but would be more understanding of the seller’s position and inform them that you will exchange contracts at their convenience i.e. when they have found another property to purchase. The more you can accommodate your seller, whilst achieving as low a price as possible for yourself, the better.

INFORM THE AGENTS

It is always a good idea to mention to Estate Agents, when your offer is made, that you have already appointed solicitors to handle the conveyancing on your behalf. This will send a signal to the seller that you are serious about the purchase, rather than making a random offer, which you may not be 100% serious about. Once your offer is accepted, all is down to your appointed solicitors to progress the transaction.

Good communication between all parties thereafter will discourage any further offers and reduce the risk of being gazumped.

The final piece of advice would be – try not to view the home of your dreams, through rose tinted spectacles. You must be realistic about price, about what works will need carrying out after you have purchased, and whether you can afford the mortgage repayments and the other associated costs of purchase. You should try as much as possible, to see the transaction as being “a commercial transaction”. Proceed with your head, not just with your heart.

ACTION

If you need help with any property transactions get in touch with me at Busbys, we have a hugely experienced property team. Busbys has the Lexcel accreditation; Lexcel stands for “legal excellence”. Contact me on 01288 35 9000 or at ian.osborne@busbyslaw.co.uk.

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