2023 Q3 MARKET REPORT

Hawksman

Market Update

From the desk of James Mason

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Insider Insights

From other prestige independent agents around the UK

4 Key Drivers

To make sure you get your asking price if you're selling

Predictions

For the local high-value homes market in 2023!

Welcome

to your Q3 quarterly update!

James Mason,
Founder of Hawksman Real Estate

In this update, we'll share with you our interpretation of the property market in Cobham, and how it could affect the value of your home, both now and in the future.

So, put the kettle on, grab a couple of your favourite biscuits and we'll get started.

What happened in Q2 this year?

Q2 started off in strong fashion. Despite the March interest rate increase, momentum in the property market steadily grew throughout April and May.

At the beginning of June, the market was strong, and homes were selling for good prices. Not post-pandemic good, but certainly pre-pandemic good. Well-marketed homes at strong but competitive prices sold quickly.

A selection of homes sold in Q2

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Then, just as we thought we'd reached relative parity between buyers and sellers, we were hit by a wave of negativity from the City. On 21st June, The Bank of England responded to the unexpected inflation rise with a bitter pill – a hike of 0.5%, to an interest rate of 5%.
This sent mortgage rates soaring with the press reporting 14 year highs for 5 year fixed rates, averaging over 6%. This resulted in several weeks of deathly silence in the market followed by another 0.25% rise on 2nd August to bring current interest rates to 5.25%.

Now as many of you reading this will know, historically a 5.25% interest rate is relatively normal. Even on the low side. But current property values sit at around 9 times earnings, compared with only 6 times earnings in 1992, when interest rates were almost 15%. So whilst 5.25% might look like a low marker in the last few decades, properties are as unaffordable as they've ever been when compared to actual earnings.

As always, when the Bank of England raises interest rates several times in a row, as it has done this year, uncertainty and a lack of confidence in the property market inevitably prevails. This has resulted in a decrease in general levels of interest, this combined with summer holiday months, a slowdown in viewings.

What are we seeing right now?

With the interest rate rise quelling interest levels across the board, homeowners and agents have reacted dramatically to the reduced pool of quality buyers, and a slew of significant price reductions on Rightmove have followed.

These reductions have mostly had little impact, because a price reduction to attract a buyer only works when there are enough buyers to go around, and due to the recent summer holidays and families pressing the ”pause” button, that has not been the case. We have seen a trend of sellers chasing the market down, rather than trying to get ahead of it.

We have held strong in giving honest advice to our clients and as a result have had an incredibly successful couple of months with some fantastic prices being achieved, an approach we will be continuing as we go into the traditionally strong autumn selling months.

Prediction

I expect interest rates to rise a couple more times to 5.75%. I don’t expect it to hit 6%. Four to six months of stability will hopefully follow, before a slow decline in rate from Q2 of 2024. The next few increases are predicted by the stock market, and therefore shouldn’t have a huge impact on mortgage rates and hence the housing market. The ‘shock’ has already happened. Here’s to a smoother next 12 months…

Positive signs? Recently, several major lenders have begun reducing their mortgage rates. Whilst the figures aren’t lifechanging, they are certainly helpful.

What are buyers looking for right now?

- Quality homes in private roads or estates – this never changes
- Properties with large, well-maintained gardens
- Homes with significant ancillary accommodation
- Proximity to the best local schools
- Fully refurbed homes for time-poor families

For these homes, the chances of achieving a premium selling price are still high, as discerning buyers with substantial cash reserves tend to focus on these types of homes.

HOW THE CURRENT MARKET AFFECTS YOUR HOUSE VALUE NOW

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As the number of properties on the market heads towards 2019 levels, it is more challenging to sell right now than it has been. Fewer genuine buyers having more choice, and with that, more negotiating power. Second and third viewings are becoming the norm as buyers are making sure they've found their next dream home.

Looking at the wider market, many sellers haven't yet reflected the drop in price that we have seen this year, creating a false impression of where true values lie and continuing to overinflate expectations of potential movers.

House values have dropped; we are seeing around a 10% reduction compared to what you could have achieved last year. As we discussed earlier in the update, insufficient reductions in price are having little to no impact on the number of sales. Therefore, getting ahead of a falling market is the play.

Our advice right now

We've written and re-written this update numerous times over the last few weeks. The market seems to be changing week-by-week. We've decided that being prepared is the answer.

If you're considering a move in the next 6 months or so, we need to have a chat sooner rather than later.

Here's why: With the market seemingly moving on a weekly basis, being prepared and able to react is critical to achieving the very best price for your home.

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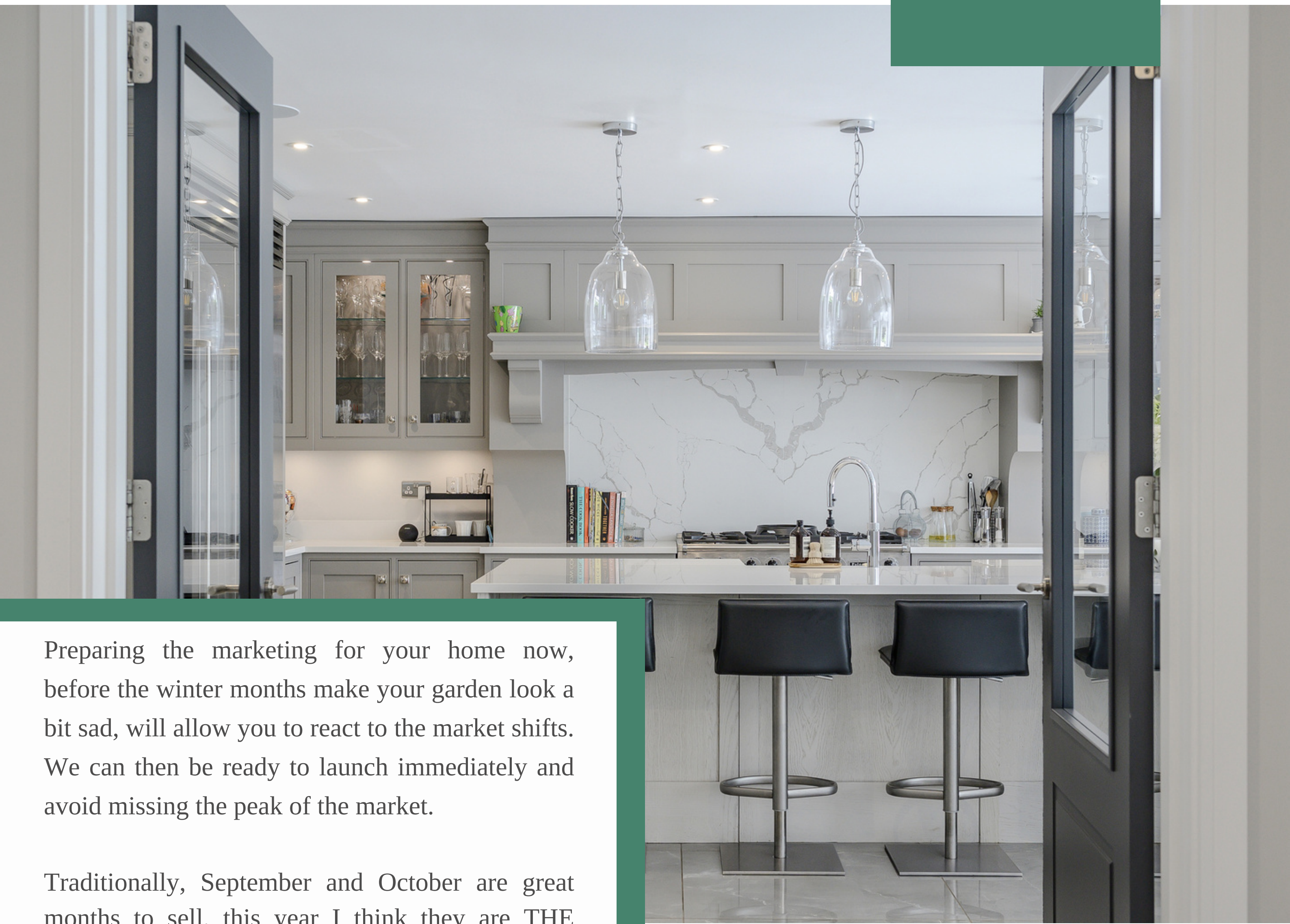

Preparing the marketing for your home now, before the winter months make your garden look a bit sad, will allow you to react to the market shifts. We can then be ready to launch immediately and avoid missing the peak of the market.

Traditionally, September and October are great months to sell, this year I think they are THE months to sell. Not least because buyers at this time of year are planning for a move before the coming Christmas and so tend to keep the sale moving.

A chat over a cup of tea is our favourite way of getting to know you and your home. Whether you are considering a move in the near future or don't expect to be doing anything for the next 5-10 years, we'd love to be part of your plans. You'll never be wasting our time, it's a fruitful discussion you can 'bank' for when the time is right for you to take the next step.

As usual, there are 3 ways you can arrange a visit with us:

1) Email me directly **james@hawksman.com**
2) Message me on Instagram– find us by searching HawksmanUK (don't forget to follow to see all our listings before they hit Rightmove!
3) Call or WhatsApp me on **07753 101900**

If you'd prefer an initial phone chat, drop us a line with your best number, and we'll give you a call at a time which suits you.