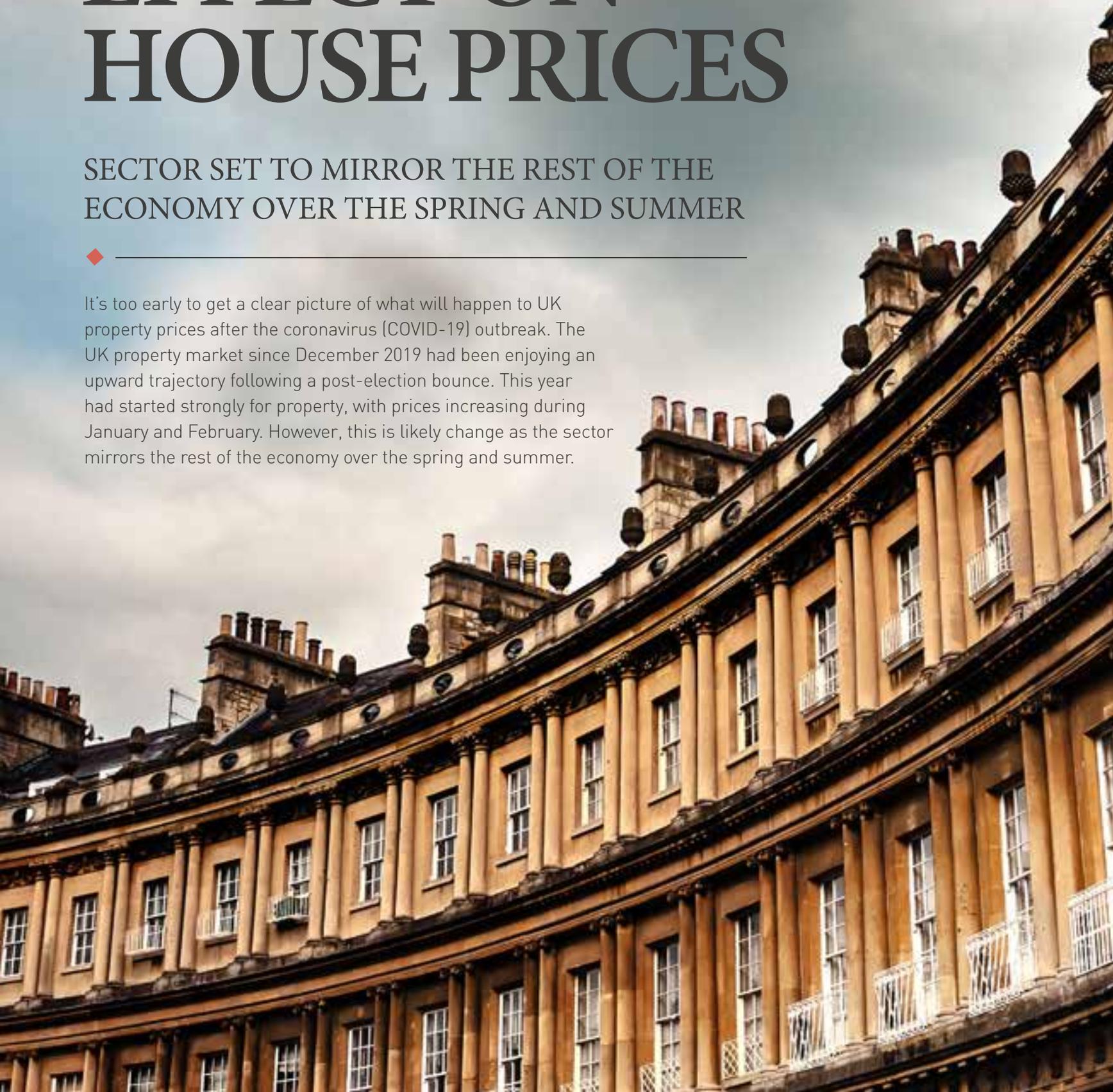


COVID-19 EFFECT ON HOUSE PRICES

SECTOR SET TO MIRROR THE REST OF THE
ECONOMY OVER THE SPRING AND SUMMER

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It's too early to get a clear picture of what will happen to UK property prices after the coronavirus (COVID-19) outbreak. The UK property market since December 2019 had been enjoying an upward trajectory following a post-election bounce. This year had started strongly for property, with prices increasing during January and February. However, this is likely change as the sector mirrors the rest of the economy over the spring and summer.



One assessment of the property market by Knight Frank forecasts that mainstream UK house prices are likely to fall 3% in 2020, but then bounce back by 5% in 2021. Behind the forecast is an assumption that the British economy will shrink by 4% in 2020 before growing by 4.5% next year as the pandemic recedes.

BUYERS AND RENTERS SHOULD DELAY MOVING

The Government's message to people is not to move property to try to limit the spread of coronavirus across the UK. Buyers and renters should delay moving while emergency stay-at-home measures are in place, it said.

Home buyers and renters should, where possible, delay moving to a new property while measures are in place to fight coronavirus. Government advice is that if you have already exchanged contracts and the property is currently occupied, then all parties should work together to agree a delay or another way to resolve this matter.

AMICABLE ARRANGEMENTS TO CHANGE MOVE DATES

In line with the Government's advice, anyone with symptoms, self-isolating or shielding from the virus should follow medical advice, which will mean not moving house for the time being, if at all possible. All parties should prioritise agreeing amicable arrangements to change move dates for individuals in this group, or where someone in a chain is in this group.

In the new emergency enforcement powers that the police have been given to respond to coronavirus, there is an exemption for critical home moves, in the event that a new date is unable to be agreed.

EXTENDING MORTGAGE OFFERS FOR UP TO THREE MONTHS

UK Finance has confirmed that, to support customers who have already exchanged contracts for house purchases and set dates for completion, all mortgage lenders are working to find ways to enable customers who have exchanged contracts to extend their mortgage offer for up to three months to enable them to move at a later date.

If a customer's circumstances change during this three-month period, or the terms of the house purchase change significantly and continuing with the mortgage would cause

house buyers to face financial hardship, lenders will work with customers to help them manage their finances as a matter of urgency.

GETTING YOUR PROPERTY ONTO THE MARKET

During this period, getting your property onto the market may be more difficult than usual. There should be no visitors to your home. You can speak to estate agents over the phone, and they will be able to give you general advice about the local property market and handle certain matters remotely, but they will not be able to start actively marketing your home in the usual manner.

If you are thinking about selling, you could use this time to start gathering together all of the information you will need to provide to potential purchasers. Advice for people to stay at home and away from others means you should not invite unnecessary visitors into your home, including property agents to carry out a market appraisal or take internal photographs prior to marketing your home, and Energy Performance Certificate assessors.

ADVERTISING IT AS BEING FOR SALE

If your property is already on the market, you can continue to advertise it as being for sale, but you should not allow people in to view your property. Some agents may offer the option of virtual viewings, or 360-degree viewings, or offer to show properties via video call or recorded film.

There should not be any visitors into your home, and you should therefore not let people visit your property for viewings. Your agent may be able to conduct virtual viewings, and you could speak to them about this possibility.

ACCEPTING OFFERS ON YOUR PROPERTY

The buying and selling process can continue during this period, but you should be aware that the process is likely to take longer than normal. You are free to continue to accept offers on your property. However, the selling process may take longer. Once you have exchanged contracts, you have entered into a legal agreement to purchase that home. If the property you are purchasing is unoccupied, you can continue with the transaction.

If the property you are purchasing is currently occupied, the Government is recommending that all parties should work to either delay the exchange of contracts until after the period where stay-at-home measures to fight coronavirus are in place, or include explicit contractual provisions to take account of the risks presented by the virus. ■

FORECAST FOR MAINSTREAM UK HOUSE PRICES

- ▶ Likely to fall 3% in 2020
- ▶ Bouncing back by 5% in 2021
- ▶ Assumption British economy will shrink by 4% in 2020, before growing by 4.5% next year as the pandemic recedes

Source: Knight Frank

Recognising that parties will need to alter the home-moving process, the Government have sought to ease this for all involved by:

- ▶ Issuing this guidance, developed with Public Health England, to home buyers and those involved in the selling and moving process
- ▶ Agreeing with banks that mortgage offers should be extended where delay to completions takes place in order to prioritise safety
- ▶ Working with conveyancers to develop a standard legal process for moving completion dates