

To Sell Or Not To Sell?

A vendor client of mine asked me the other day whether it would be advisable to put their 3 bed property up for sale and hope for the best possible price.

The answer given was fully dependant on a few more personal details pertaining to this particular client. The reason for the mention tallies with the fact that there are more like the above client whose reasons for wanting to sell have not made the decision process any easier.

Wealth built on bricks and mortar is usually cumulative over the long term. However, properties, like any other product is equally driven by supply and demand. Having said so, the glorious boom period of 2000 – 2007, with the availability of easy funds in the open market offered a quick turnaround for the savvy investor who bought, renovated and a few months later, sold for huge profits.

Though this craze created a few property millionaires within the period in question, it nonetheless became main stream and was given more glamour with the many television shows and property investment workshops up and down the country trumpeting the value of overpriced off-plan ventures to whomsoever cared to listen.

It wasn't easy not to have been carried away by the frenzy to become the next property tycoon.

The problem was that the razzmatazz that accompanied the free sales pitch in halls of enviable hotels also appealed to the many risk-averse individuals who wouldn't in a million years dream of venturing into the greed driven market of property profiteering if anyone cared enough to explain the risk element to them.

We now know, what was pitched and promised wasn't exactly what was delivered. To some, it's been a nightmarish affair since then. Worst still, many of the companies who hyped the game have gone out of business. The property market, like many others is still on its knees, but with interest rates seemingly at its record lowest at 0.5% for the time being, some investors could just maintain low payments depending on what finance package was offered to them at the time of purchase.

Worse cases are those fighting to keep their investments from the ugly hands of lenders bent on repossessions.

You get the picture! Now imagine what would happen to someone with three or more properties bought on the frenzy of a buy-to-let product at the height of the property boom when interest rate begins to climb upwards. Distress!

So the question remains: if you're in a distressed position with your lender and they've formally threatened you with repossession, what would you do?

- Option 1: Contact your lender and agree on repayment terms that are favourable to both.
 - Option 2: If it's your main and only home with extra rooms, consider taking in paying lodgers to help pay your mortgage.
 - Option 3: Salvage what you can by auctioning the property.
- By using the second option, you can be rest assured you'd get a quick sale. There are still buyers out there looking for a bargain.
- If you do achieve a sale, completion is usually within 28 days.

Note of warning: There's however no guarantee that you will achieve the best possible value for your property at an auction especially in a depressed market.

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If you do, fantastic. It means you should be able to pay off the lender and still have some change in your pocket to treat yourself to something special. You could always save to invest in another property in the future.

Would you sell or hold? If your circumstances are different and there is no urgent need to sell, then in this current depressed market condition where the buyer with funds is king, it would make sense to hold onto your properties and ride out the recession.

Having said the above, it's evident that judging by the general market trend and the total readjustment of aggregate spending, it seems that the labour government's quantitative easing is beginning to show some practical signs of gradual improvement within the UK economy.

However, let's not be easily fooled this time by the slight signs of growth within certain quarters of the economy. There are still job losses.

The manufacturing industry is still not out of its depth yet, nor is the farming industry, transport and so on.

The bitterness in certain quarters is that some investment bankers (certainly same wing of the financial institution which caused the global economic misery) are up to receive huge bonuses while Joe Bloggs, wife and two daughters are still struggling to understand why the value of their property has fallen so dramatically.

Let's hope that those who receive whatever huge bonuses would plough some into the local market and in some small way help boost the local economy so that all may benefit in little measures one way or another.

For free advice on achieving optimum rent, good lettings info and procedures, queries on property management, non obligatory property sales or letting appraisals, please contact:

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