

LOCKED OUT?

Sealed bids, group viewings, bonkers prices and brazen estate agents: London's property market is a merciless battlefield for the first-time buyer on a budget. Andy Jones offers up the industry secrets on how to get a foot in the door

Illustration by Koren Shadmi

It's less a bubble, more a bloodbath. Eight buyers bidding for every property, the majority of London boroughs up by 18 per cent on last year and queues down the street for every viewing – and that's all before you get to the sealed bid. Basically, if you're a first-time buyer in London, you'll feel less Help to Buy, more 'Help! I'm buying!'

Estate agents, once arguably on a par with bankers and traffic wardens in the nation's affections, are the new gods. You'll hear fawning praise of their off-the-rail Moss Bros as clients try to steal favours on a deal. They don't even need to sweat to sell. Says first-time buyer Jennifer Round, 29, from South London: 'One estate agent – who arrived half an hour late – didn't know if the garden came with the flat, or if the building was leasehold or freehold. He did know, however, that we should put in offers

before 9am the next day as the owner expected to get £60,000 more than the asking price for it. Sadly, he was right.

There was another flat, in Tulse Hill (see overleaf), which gained national exposure for being a tip, with rubbish flowing from the cupboards like water. I used to read about house-sellers wafting freshly baked bread around the home to entice buyers – last month I stepped over a man asleep in the lounge.

And it's becoming primal. In 2013, we had 'gazumping' – offers trumping the buyer after a deal has been made. Now, we have 'ghost gazumping', where a vendor ups their price having accepted an offer, purely because they can, meaning the buyer needs to find extra thousands or else they lose the property, along with all their solicitor's and surveyor's fees.

To combat this, we have 'gazundering', where buyers suddenly reduce their offer at or close to exchange in the hope of snatching a last-minute discount. Although sometimes the reduction is out of necessity: 'First-time buyers are bidding way over the asking price, pushed on by the competition from Help to Buy. They "win" a bidding race, then their mortgage lender surveys the house at £10,000 less than they offered. They then have to climb down,' says one West London estate agent.

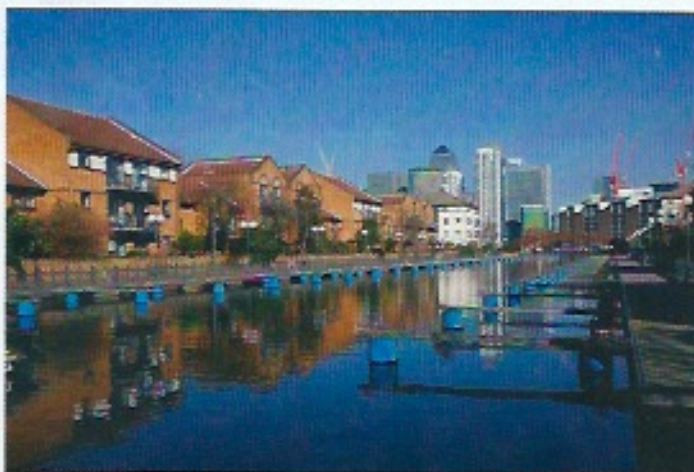
When you search for 'affordable housing' numerous schemes flash up supposedly tailored for the first-time buyer. A scheme offered by Barratt Homes, under the banner 'Why rent when you can buy?', offered three-bed homes in a shiny new block at Laval House, Brentford, for £369,000 – 20 per cent less than the market value. Only open to first-time buyers with combined salaries of less than £80,000, living or working in Brentford and with at least one child, the new-builds got a lot of interest. So far, so affordable. But there's a catch – these middle-earning young professionals would also need a deposit of £90,000 ready to go.

It feels, wherever you look, as if you're literally locked out. I've seen it all in my quest to find a one-bed flat south of the river: a two-bed maisonette in Camberwell went for £325,000, £100,000 more than the asking price. Once I sat in the footwell of a car because the agent didn't have room for everyone who wanted to reach the viewing. 'Estate agents don't even give you the addresses any more,' says Katie, 29, from Clerkenwell, who is in the market for 'anything under £420,000, anywhere'. 'They just give you the street and say, "You'll see the queue."' Such is demand, a house might be listed on property search sites and be sold before any viewings take place.

For the lucky few who seal the deal, you need to prepare for one final slap in the face. Many high-street estate agents also now charge a fee for 'sale by informal tender' (in which buyers make a sealed bid) – basically an extra sweetener for introducing you to the property.

SELLERS USED TO WAFT FRESHLY BAKED BREAD AROUND TO ENTICE BUYERS. LAST MONTH I STEPPED OVER A MAN ASLEEP IN THE LOUNGE

Where to buy? The next affordable hotspots



ISLE OF DOGS

The East End riverside spot between Canary Wharf and Greenwich (left) is a good place to invest, says Fostons' Daren Haysom. 'You have all the super-slick apartment blocks in this area but there is a lot of property at Millennium Harbour and the Cascades that is reasonably priced. Transport is excellent with the DLR, easy access to Canary Wharf and the riverboat.'

1-bed flat: from £215,000
1-bed terraced house: from £290,000

LEYTON

Leyton (below) is 20 minutes from Hackney and Shoreditch, had a refit for the Olympics and is on the Central Line, says a spokesperson for Bairdrow Lives. 'We're going to see more coffee shops and

professionals move here. It has a Westfield in nearby Stratford and the properties are usually a good size with gardens.'

1-bed flat: from £145,000
2-bed terraced house: from £275,000



CROYDON

Croydon (below) looks set to become London's next property hotspot as its billion-pound projects start to attract young professionals. Says Perry Power: 'The suburb's first-rate transport links, new

shopping centre and plans to build 2,000 new homes a year means it could outperform the rest of London.'

1-bed flat: from £70,000
1-bed terraced house: from £133,500



Big agents such as Haart, Douglas Allen and Arun Estates can charge anything from one to 2.5 per cent of your purchase price. (Agents say this is legal, and that they reduce vendors' fees in this process.) It's no wonder Walthamstow MP Stella Creasy called the practice 'a nice fat fee' for agents.

Going to sealed bids – or the 'river of tears', as one broker called it – is the new descent into



CATFORD & PENGE

Well located next to Crystal Palace, which has sky-rocketed in price. Says Sarah Bony: 'Catford (above) and Penge suffer from slightly odd names, but have lovely streets, beautiful buildings and

parks and pubs. Some of the shops are boarded up, but it is getting smarter.'

1-bed flat: from £140,000
1-bed semi-detached house: from £160,000



ACTON

When Crossrail arrives in 2018, the journey from West Ealing to Tottenham Court Road will be cut from 33 to 17 minutes. 'There has been a huge surge in investors in this area because of Crossrail,'

says Narendra Gandhi of Winkworth. 'Acton was once seen as the poor relation of Ealing, but the price gap is closing.'

1-bed flat: from £159,950
1-bed house: from £350,000

hell for buyers. You fall in love with a place only to find the price surges out of reach. If you lose, you don't get a house; if you win, you lie awake knowing you've paid way over the odds.

However, there are some ways to get ahead. Ellen Anderson, 31, found a personal touch helped her buy her first home in Leytonstone. 'On the back of the sealed-bid form there was a blank space, so we wrote down exactly how much we loved the house, that we'd look after it and how this had been a dream of ours for years. I think knowing we wouldn't mess them around was a huge help.'

Property expert Kate Faulkner – who will

host a free first-time buyers' clinic at Islington's Business Design Centre (10 May from 10am) – advises making sure your bid has as much detail as possible. 'Even if they don't ask for one, include a letter from your broker confirming you have your deposit and mortgage ready, plus solicitors' details. In tight bids, an extra £50 won't make a difference, but an extra £850 can do it without smashing your budget.'

Also, says former FBI agent Joe Navarro, author of *What Every Body Is Saying*, while agents can't legally disclose what sealed bids have been, their body language can reveal a lot. 'Offer an estimate of what you might bid. Does their voice break at all? Do any questions cause them hesitation or discomfort? If they purse their lips, this is a sign of disagreement, possibly hinting you are bidding too low.'

Owners are steadily being cut for the better in terms of price. Help to Buy has enabled 49 new homeowners a day to get on the property ladder since it was launched by the government in April 2013, allowing first-time buyers to purchase properties up to £600,000 with a 5 per cent deposit. But, incredibly, London is one of the slowest areas to grab hold of the Help to Buy savings, says Faulkner. 'While the rest of the country has gone Help to Buy mad, London is around seventh out of ten regions for uptake across the whole country. I'm not sure if this is down to London swagger, lack of deposits or the price of housing, but it's remarkable young Londoners are so far behind.'

Sites such as Tepilo, launched by property expert Sarah Beeny in 2009 and getting around 1,000 hits per day, hope to remove the middle man, allowing vendors to meet and sell to buyers without paying agents' fees. A similar site by budget king Stelios of easyjet arrives next year. According to spokesperson Richard Shackleton: 'easyProperty.com will launch in the very near future to make property transactions incredibly straightforward and aggressively slash estate agency fees.'

Beeny, who has London properties upwards of £280,000 on her site, insists this is the future of home buying. 'It's silly to pay £4,000 to an estate agent – London houses don't need selling. You're basically paying for someone else's branded Mini. To see a property, the buyer rings an agent, who arranges a viewing. Why can't buyers just ring the owner?' This online model has already seen exponential growth with the hugely successful travel site Airbnb, where home stays all over the world are organised with no middle men.

Many harried Londoners are putting in offers with no agreements with mortgage



TIPPING POINT This cluttered two-bed flat in Tulse Hill hit the headlines when it went on sale at £285,000

lenders or banks in place. Do this first and you're already ahead of much of your competition, says Daren Haysom of Foxtons. 'Around half of the potential buyers we see don't have an Agreement in Principle, haven't spoken to their bank and aren't sure what their deposit is – merely a guess from mortgage calculators and internet guides. Also, get on the electoral roll as plenty of renters aren't. These things can cost you when you come to bidding.' Remember, the longer your paperwork takes to process after the bid, the more open you leave yourself to being gazumped.

Your property search doesn't start with estate agents' windows and end with the internet, says Faulkner. 'If you just miss out on one place, leaflet other houses on that street or area – write a polite note asking if they would consider selling their house. Don't talk cash or deposits, just that you like the road and are keen to buy. If someone gets back to you, you are already at the front of their queue.'

TO SEE A PROPERTY, THE BUYER RINGS AN AGENT, WHO ARRANGES A VIEWING. WHY CAN'T BUYERS JUST RING THE OWNER? SARAH BEENY

If you love a particular area but are priced out, get out there on foot, says Beeny. 'Get a proper street map and start looking at what is close to where. We are so reliant on sat nav and our phones, we forget how close some places are to each other – Leyton is close to Shoreditch and Hackney, but is half the price and has even better transport links. Don't rely on a Tube map – you won't see nice features like parks and little markets on it.'

Once you have decided on your location, introduce some CSI skills. Navarro advises being meticulous about every detail. 'Take a torch to look in corners for damp – this

No middle man required
Sarah Beeny's website cuts out agents

immediately shows you are serious. Even though you are a first-time buyer, you don't have to behave like one. That alone prevents an agent attempting to fleece you.'

You won't be surprised to know that nice guys often finish last in the property game. Professor ME Thomas, author of *Confessions of a Sociopath*, advises playing fair but dirty. 'Non-sociopaths place huge emotional value on serendipity and fate. Use that against them – Google the sellers or agents; can you find out a football team they support or a theatre they love to visit? – anything that might give you leverage at getting ahead of other bidders. It's incredible how people will warm to you if they think you are just like them. This can make the difference in you finding out a place is available or getting an edge in a close bidding war.'

Likewise, be aware of all the subtle tricks estate agents play. You don't have to sit down with every agent's preferred mortgage broker, says Jan Hytch, president of the National Association of Estate Agents. 'It's a dirty trick if agents put pressure on first-time buyers to meet their own broker. Bad agents who block buyers from proceeding without speaking to their own mortgage provider are acting against guidance issued by the Office of Fair Trading in 2008. They can ask you to, but it is illegal for estate agents to put undue pressure on buyers – this can lead to fines or even a prison sentence.'

You'll feel huge pressure to get your sale agreed as quickly as possible, but don't accidentally ramp up your own offer in the process, says independent property expert

Perry Power. 'The classic is when buyers make an offer of, say, £350,000, then add something like, "But we have our mortgage agreed up to £370,000." Don't even say, "I really want it" – the agent knows you want it or you wouldn't be bidding. Never forget you will soon be having to enter into negotiations with the person who now knows you really want the property.'

Also, when it comes to house-hunting, manage your stress, says Beeny. 'Accept that you can only view houses for ten weekends in a row before you'll go crazy, so don't waste successive weekends viewing houses that you know you will hate or can't ever possibly afford. You're ramping up your own misery.' ES



Words on the street

A glossary of property jargon

GAZUMPING

This is when you agree a price, only to have – after your surveys and solicitor's fees have been paid – someone come in with a higher offer before contracts are exchanged.

GHOST GAZUMPING

A gazumping with no bid even placed. In the current market, with prices rising overnight, vendors suddenly realise they can squeeze out a bit more cash.

GAZUNDERING

Buyers bid high, then get cold feet just as contracts are about to be exchanged – leaving the vendor a choice of taking a new lower offer or putting the property back on the market.

GROWDFORCING

Forcing as many people into one group viewing. This results in a quick sale at a higher price as mass panic takes over and one eager viewer says something like, 'Ooh, I really like it.'

SKIP 'N' SINK JOB

You buy a house and give it a quick facelift: empty out all old furniture (skip) then whack in a new kitchen (sink). Add white paint. £70,000 profit for barely a weekend's work.