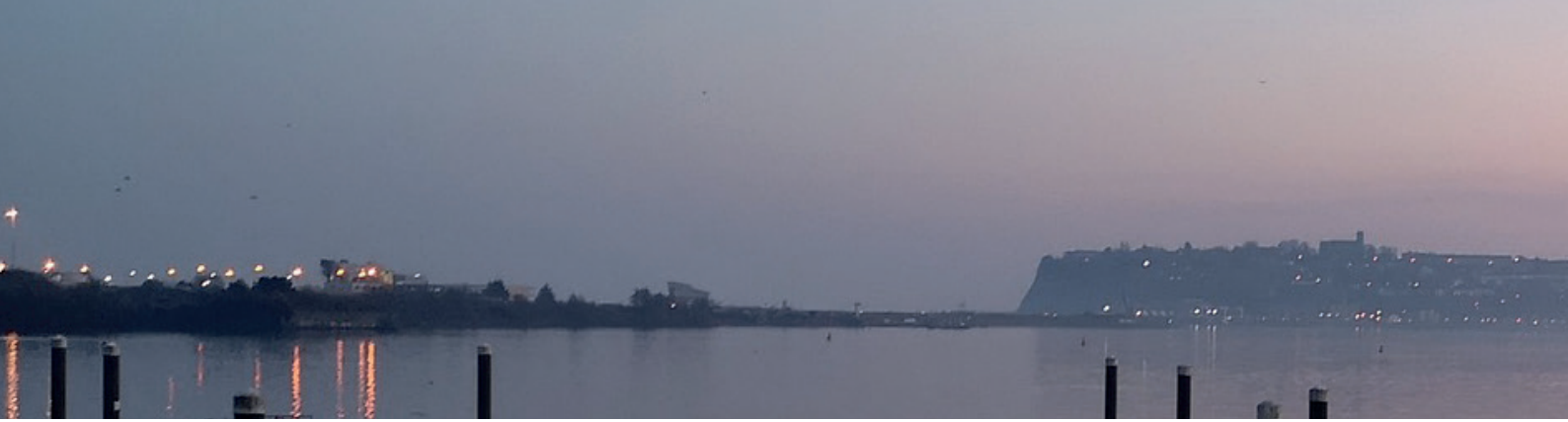




RESIDENTIAL MARKET REPORT

Cardiff Research
January 2021





HOW WILL THE **BREXIT DEAL** AFFECT CARDIFF **HOUSE PRICES AND YOUR MORTGAGE PAYMENTS?**

Christmas Eve brought the news that Boris Johnson had conclusively agreed on a Brexit deal for the UK with the European Union. This gave optimism that the economic turmoil of leaving the EU would be radically reduced, yet what will this 'trade deal' do to the value of your Cardiff home and the mortgage payments you will have to make?

Since the summer, the Cardiff property market has been booming, yet many commentators have cautioned that the momentum cannot last. With unemployment and the end of the **Stamp Duty Holiday on 31st March**, the Halifax reported last week that they believed UK house prices would drop by **at least 2% (and in some areas 5%) in 2021.**

I find it fascinating the Cardiff property market has defied the doom and gloom swamping the wider British economy in the last seven months. The Cardiff property market has profited from the large swell in demand from better-off existing Cardiff households trying to buy larger Cardiff houses **(as they are required to work from home) together with the added benefit of saving money from the Stamp Duty Holiday.**

Cardiff house prices are 5.6% higher than a year ago, making our local authority area the 128th best performing (of the 396 local authorities) in the UK.



With the Brexit deal being voted through in the Commons on the 30th December, many say this will boost the property market just as the Government-backed measures supporting the property market come to an end. **Yet, in the face of rising unemployment due to the pandemic, the Brexit deal may do little more than avoid uncertainty for the Cardiff housing market.**

What will happen to Cardiff house prices?

The Cardiff property market in 2019 was held back because of the **uncertainty of the Brexit deal**. In January 2020, we saw the demand released in the fabled 'Boris Bounce', only for buyer and seller activity to fall off a cliff in March during the first lockdown. **It then took off like a rocket once lockdown was lifted. UK house prices are 4.19% higher today, year on year (although some areas are breaking the mould, like Aberdeen whose house prices have dropped by 5.1% and at the other end of the scale, Worcester's house prices have increased by 11.9% year on year).** A lot of that growth in UK property prices has been fuelled by buyers spending their stamp duty savings on the purchase price of their new home. Yet, it cannot be ignored.

Of the 231,100 workers in Cardiff, 15,400 are still on furlough (although roughly 40% of those people are still only on part-time furlough).

When the furlough scheme ends in April 2021, **unemployment is likely to rise to in excess of 11%**, whilst the protection for the homeowners utilising mortgage holidays will finish.

Piloting the rocky shoreline of the recession is more important than any Brexit deal for Cardiff homeowners, buy-to-let landlords, buyers and sellers





In April, the market will also be dealing with the end of the Stamp Duty Holiday, which is due to come to an abrupt halt on the 1st April 2021. Consequently, we will continue to see the house price index's show growth in the first half of 2021. They will then recede as the prices of Cardiff homes purchased after the 1st April 2021 reflect the lower price paid (because buyers would have had to pay for their stamp duty again). **Therefore, probably by the end of 2021, the Halifax may be correct, and Cardiff house prices will be 2% to 5% lower than they are today, simply because of the stamp duty.**

What will happen to mortgage rates?

The real benefit from the Brexit deal is that there will be no tariffs on most goods coming into the UK. **52% of all goods imported into the UK are from the EU (totalling £374bn per annum).** The UK Government were planning to add between **2% and 10% tariffs** under World Trade Organisation rules on the vast majority of those goods. Price increases because of those tariffs would have fuelled inflation, meaning the Bank of England would have to increase interest rates. **Although 77.2% of British mortgages are on fixed rates (paying an average of 2.16%), eventually those increased Bank of England rates would have fed through into higher mortgage payments.** To show you how vital low interest rates are...

The average Cardiff homeowners' mortgage is £513.05 pm, owing an average of £209,172.



Yet if interest rates rose only **1.5%**, Cardiff homeowners' monthly mortgage payments would rise to **£774.52 pm**, and if interest rates were at their 50-year average, then the mortgages payments would be an eye-watering **£1,508.36 pm** **(note all mortgage payment figures mentioned above are only for the interest element of the mortgage- the capital repayment element would be additional and variable depending on the length of mortgage).**

As I have mentioned many times in the articles I have written about the Cardiff property market, low interest rates are vital to ensure we don't have a property market crash. That's not to say just because they are at an all-time low of 0.1% to aid the economy that there won't be some form of realignment of property prices later in the year (as mentioned above). Yet low interest rates mean people can still pay their mortgages, so there won't be panic selling. **That would mean there won't be a flood of property come to the market (like there was in the 1988 and 2008 property crashes when interest rates were much higher), suggesting property prices should remain a lot more stable.**





A SAVVY SELLERS GUIDE TO GETTING YOUR CARDIFF HOME **READY FOR A SPRING SALE**

When things are uncertain, it's understandable that making huge life decisions such as moving home could be far from the front of your mind. **Yet as more and more of us are vaccinated, noises from the government lead us to believe schools could be set to return soon, and our crappy winter weather starts to ease, you could be thinking why wait any longer?** The question mark hanging over the Stamp Duty holiday extension could be resolved within the coming weeks, which may go in your favour, but regardless of the outcome, if you want to ensure you get the highest possible price and not just an acceptable price for your Cardiff home, there are things that all savvy sellers do to get a house ready for a spring sale.

What are these things savvy sellers know?

There is nothing revolutionary, in fact most of it is common sense, but when you are swept up in the stresses and excitement of buying and selling at the same time, it's not as easy to see things as they are. **At NEXA Cardiff we work hard to negotiate the highest possible price for homes we sell in Cardiff, but we know we can always get that little bit more when there is a savvy seller on board.**



Strictly do décor

Your Saturday nights may once have involved dancing the night away with friends and family, but this weekend, grab your partner – i.e. a paint brush – and chasse across your room refreshing the colour as you go. This new weekend phenomenon – Strictly do décor – has hit homes up and down the country, as savvy sellers are taking advantage of lockdown and swapping the sequins for overalls to ensure their home is buyer-ready. **Gone is the vibrant décor that only an owner can love, and in with more neutral, toned-down palette which, although it may not be to the savvy seller's taste,** ensures that their home will do its job and walk away with not a Len Goodman 7, but a very elegantly dressed, Shirley Ballas 10.

Blankety BLANK

'A buyer is walking around a house, they enter a room and instantly knew that it is was a BLANK'. Sorry, there is no cheque book and pen if you get this answer right, but if you can't tell what the purpose of a room is, how can any potential buyers? This lockdown has meant that every inch of our homes has had to transform into multipurpose areas – dining rooms are now gyms, and kitchens are doubling up as classrooms – but buyers are not looking for confusion, they want clarity. **Home offices, as we know, are going to be an essential in any home after this pandemic, with many businesses already informing staff that they are changing how they operate for good. So if you have a room that lacks a clear identity, create one so that no buyer leaves your home thinking about the BLANK.**





Top Kerb

Your driveway may look like the Top Gear studio, but does it make your home look its best, really? One thing people often forget about is a home's kerb appeal. Now, it doesn't matter if your house opens onto the street or you're lucky enough to be set back away from the road, every house can rev up its exterior to create a Ferrari from a Fiat. **You want anyone passing your home in Cardiff to want to take a second look because, as we all know, first impressions count.**

DIY SOS

Are you handy with a hammer, or sloppy with a screwdriver? When it comes to getting those odd jobs done ready for your home to go on the market, every savvy seller knows that if you're not up to the task, get the professionals in. Nothing screams DIY SOS than some worse for wear repairs. You know the drill – if you see one thing faulty you become hawk eyed, looking to find the next flaw and the next... until you're convinced that this perfectly sound house is actually a house of horrors. **So don't play the 'it will do' game, because you will only lose out when it comes to actual offers. Get the repairs done professionally and 'Play Your Cards Right' so we can negotiate 'Higher, Higher'.**

A modern interior space featuring a wide, light-colored stone staircase with a dark wood handrail and glass balustrade. In the foreground, a grey sofa with patterned and solid-colored cushions is visible. The background shows a large window and a modern chandelier with multiple small lights. The overall atmosphere is clean and contemporary.

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