

Survey of Estate Agents 2008

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Appendix 4. Survey of Estate Agents 2008

A4.1 Acknowledgements

Thank you to all the agents who agreed to be interviewed and gave up their time to help us. We value your local knowledge and expertise and welcome your comments and feedback on the report below.

A4.2 Introduction

This report presents the findings of the survey of Estate Agents, 2008. The first survey of estate agents was conducted in 2007 via a postal survey. Around a 150 questionnaires were sent out and around 20 responses were returned. There was also a fairly uneven coverage from this survey e.g. with very few questionnaires returned from Huntingdonshire. Following this exercise we reviewed the questionnaire and asked for feedback from other research professionals and members of the wider SHMA partnership. Appendix 1 sets out a note on the methodology used, and Appendix 2 shows the 2008 questionnaire. We will continue to review the questionnaire and the survey process to make it as user-friendly and relevant as possible.

For the 2008 survey, data was gathered through face-to-face interviews, to ensure a good response rate a good coverage of the region. We interviewed 39 agents in total at agencies in towns across the sub-region. For the most part interviews were arranged by a phone call in advance, although some were arranged through dropping in and seeing if someone was available to talk.

A4.3 Coverage

We achieved a reasonable coverage of most of the market towns across the sub-region (shown on the map below). We also contacted agents in Whittlesey (Fenland) and Brandon (Forest Heath), but none were able to participate. Both of these are on the edge of the sub-region and may feel that their focus is elsewhere i.e. Peterborough and Thetford.

We asked about the number of sales in 2007. In total the agents we asked sold at least 4,237 of the 18,297 properties sold in the sub-region last year (23%). However, 9 agents didn't answer this question, so we may have information on between a quarter and a third of the market. In the 2007 surveys agents reported 3,042 sales – about 16% of the 19,304 sales during 2006.

We asked about the type of properties the agents sold to make sure we were finding out about the main market rather than niche markets. The majority of the agents interviewed sold mid-market, second-hand properties. One of the Ely agents sold mostly luxury homes and one of the agents in Bury St Edmunds sold mid-market to luxury. One agent in Cambridge City specialised in sales of apartments in the city. Every other agent sold mostly houses. These responses are summarized in figures 1, 2 and 3 below.

Map showing coverage of survey

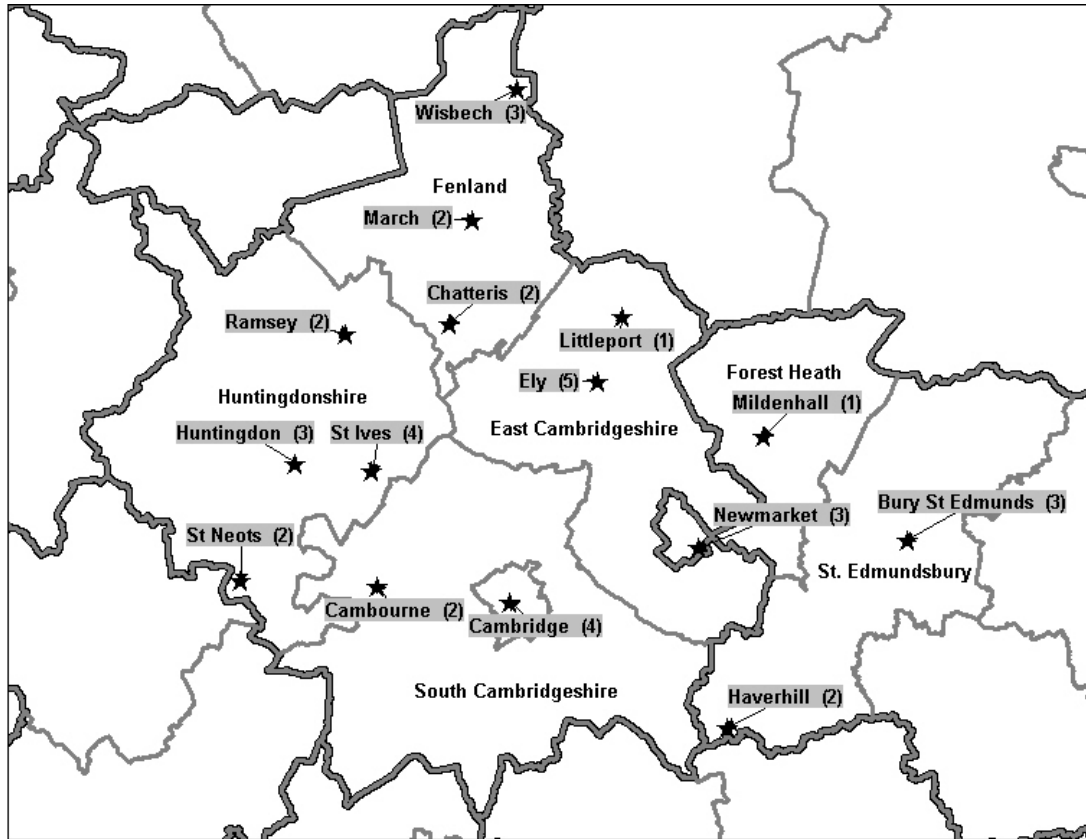


Fig 1: Age of property sold

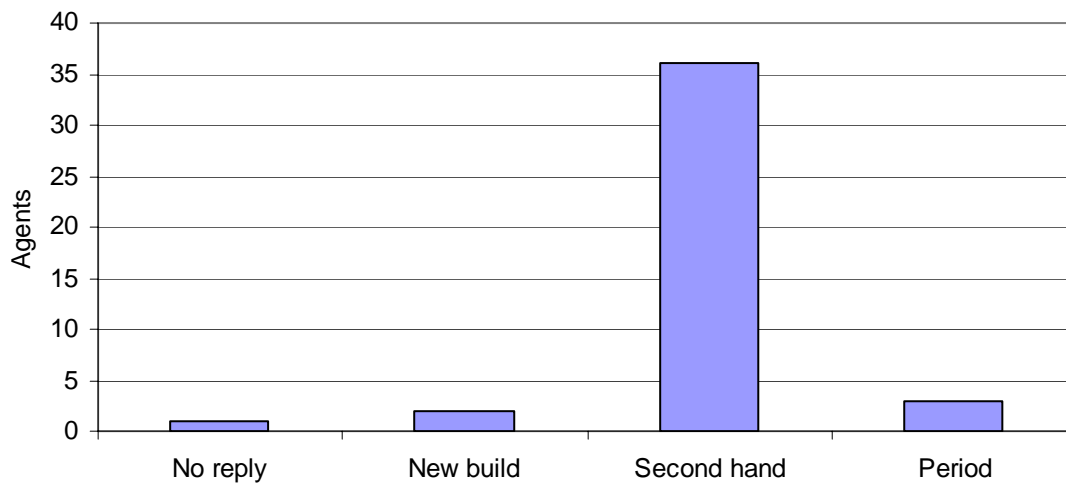


Fig 2: Type of property sold

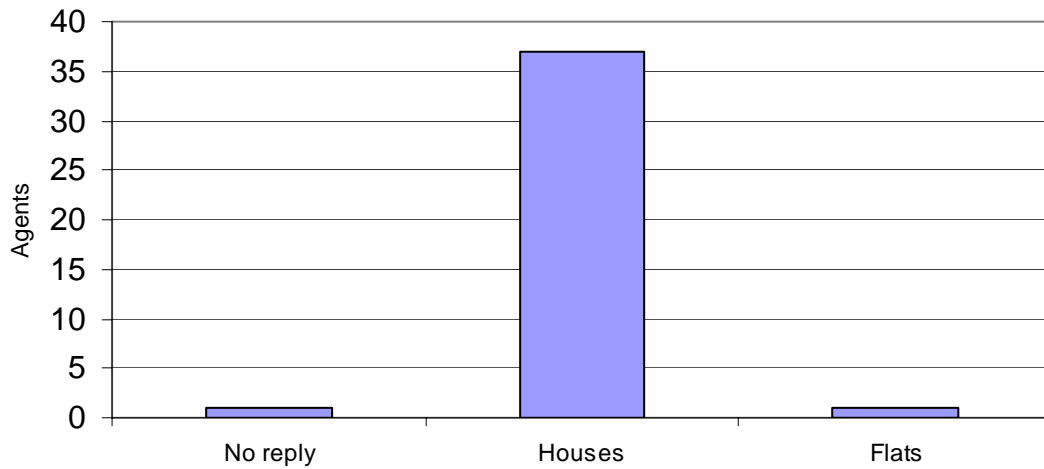
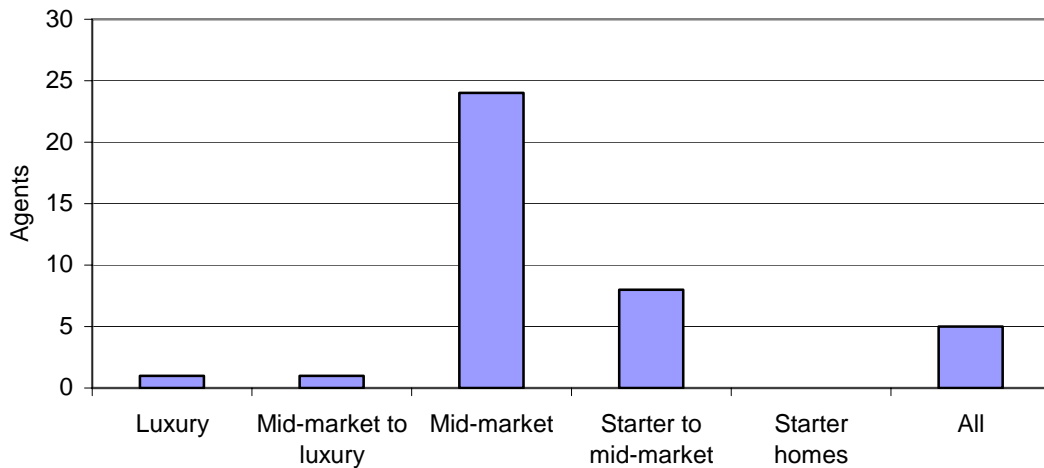


Fig 3: Main market



A4.4 Typical House Prices

We asked the typical price of the most common type of property sold. The results are shown in table 1.

Table 1: Current "Typical" House Prices and Average House Prices

	Hometrack Feb 2008	"Typical" House Price (from survey)
Cambridge	£300,000	£253,000
East Cambridgeshire	£231,000	£178,000
Fenland	£177,000	£142,000
Huntingdonshire	£226,000	£170,000

	Hometrack Feb 2008	"Typical" House Price (from survey)
South Cambridgeshire	£311,000	1
Forest Heath	£201,000	£201,000
St Edmundsbury	£223,000	£209,000
Sub-Region	£239,000	£183,000

Source: Hometrack, Feb 2008

The "typical" house price is the "average" of the answers given in each district to question 7a (see Appendix). There is a fairly large difference in the "typical" house price reported by the agents interviewed and "average" house prices in most of the districts (except Forest Heath). Some agents reported a fall in prices, but not by as much as this table would suggest in some areas. The "average" house price includes the more expensive properties and most of the agents interviewed were focused on the mid-market and starter homes. The "typical" prices are similar to the "average" price for terraced properties in Cambridge City and the average price for semi-detached properties in the other districts.

A4.5 Split of properties by size

Agents were asked what percentage of properties sold were 1 and 2 bedroom flats and 2, 3, and 4 bedroom houses. The reason for asking this question is to fill a gap in some Hometrack data. At the time of writing this chapter, data was available from Hometrack on house price by size, but not on the number of properties sold by size. While this can be estimated by looking at the stock, we asked to find out if the profile of sales was similar to the profile of the stock (as would be expected) or if properties of a certain size were turning over more or less quickly than the general stock profile would suggest. Also information on the stock profile (see Chapter 11, *Dwelling Profile & Occupation*) is taken from the 2001 Census and based on number of rooms, rather than number of bedrooms, so it is not straightforward to compare the different sources.

Table 2: Percentage of properties sold by size and district.

	1 bed flat	2 bed flat	2 bed house	3 bed house	4 bed house	Other
Cambridge	15%	14%	22%	34%	13%	2%
East Cambridgeshire	5%	2%	31%	30%	28%	3%
Fenland	2%	3%	32%	35%	28%	0%
Huntingdonshire	7%	7%	16%	40%	22%	9%
South Cambridgeshire	0%	3%	35%	40%	22%	0%
Forest Heath	6%	8%	21%	42%	24%	0%
St Edmundsbury	5%	9%	24%	40%	23%	0%

Table 2 shows that Cambridge City has a different stock profile to the rest of the sub-region and a different sales profile². In all areas, 3 bedroom properties were the most common size sold (between 30% and 42% of the market. Two bedroom properties (houses and flats) make up between 23% and 38% of the market depending on district. The share of the market for one-bedroom flats is less than 10% outside the city. The Census data (counting "rooms", but excluding bathrooms and hallways) shows that 5 room properties are the most

¹ Neither of the agents interviewed in South Cambridgeshire answered this question. Three of the four city agents interviewed covered this district as well as the city.

² One of the agents interviewed specialised in flat sales, but sold 40% flats and 60% houses. The other agents in Cambridge sold between 20-25% flats

common in each district, making up 27% of the sub-regional stock, and five room houses roughly equate to three bedroom properties. There is also a fairly close match for other sizes of properties.

Again, some of the agents felt they were unable to answer this question at short notice. The answers of some other responses did not add up to 100% and were adjusted by comparison with other agents in the area.

Fig 4: Percentage of houses and flats sold and 2001 profile of private stock by district

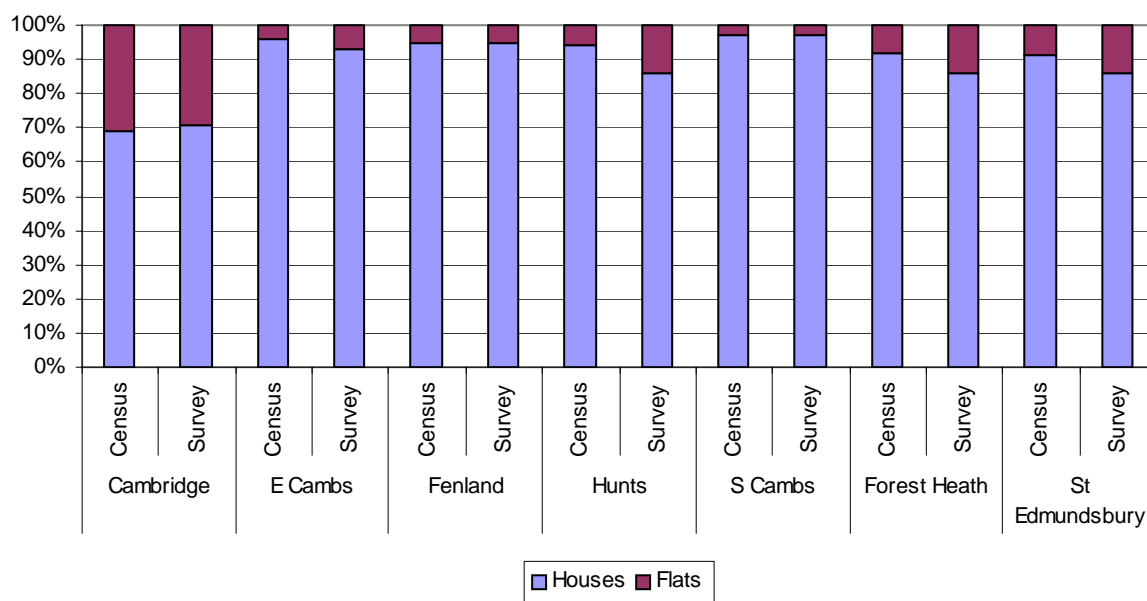


Figure 4 presents the data as the % of houses and flats sold, as shown by the Estate Agents Survey, and the profile of stock from the 2001 Census.

In Cambridge City, East Cambridgeshire, Fenland and South Cambridgeshire the percentage of stock sold is very similar to the profile of privately owned stock at the time of the last census. In Huntingdonshire, Forest Heath and St Edmundsbury there were more flats sold than the proportion shown in the stock profile. This may be because of a change in stock profile, but it is more likely due to other factors. For example in Huntingdonshire, there were just over 2,400 private completions between 2001 and 2005/06. Assuming all of these were flats (which they weren't) this would have changed the proportion of flats from 6% to 10%. The proportion of flats sold was 14%, but a higher turnover for this type of property isn't surprisingly

A4.6 Who was buying in 2007?

The agents were asked about the different types of buyer in 2007 – what percentages were home-movers, first time buyers, buy-to-let investors, second home owners and “other”. The results by district are shown in table 3.

Table 3: Buyers by type, 2007

	Home-movers	First Time Buyers	Buy-to-Let Investors	Second Home	Other
Cambridge	62%	12%	20%	4%	2%
East Cambridgeshire	56%	26%	10%	5%	3%
Fenland	69%	16%	15%	0%	0%
Huntingdonshire	61%	23%	13%	3%	0%
South Cambridgeshire	60%	30%	10%	0%	0%
Forest Heath	59%	26%	10%	5%	0%
St Edmundsbury	65%	15%	16%	3%	0%
Sub-Region	62%	19%	14%	3%	1%

Almost two-thirds of buyers were home movers i.e. people who currently owned a property and buying a new home to live in. St Edmundsbury had the largest percentage of home movers – this may be due to the “luxury to mid-market” interviewed in this area – the upper end of the market is outside the price range of most first time buyers. East Cambridgeshire appears to have the smallest percentage of home movers, but one of the agencies interviewed was a brand with a reputation for being first-time buyer friendly, and their response showed a large proportion of first time buyers compared to home movers. The other agencies all had a similar percentage of around 55%-60% home movers.

The spread of first time buyers varied considerably across the sub-region. In Cambridge City, these made up only 12% of buyers. The city is considerably more expensive than the rest of the sub-region (see Chapter 13, *Current Property Prices*). Given the high prices, first time buyers who work in the area may be looking outside the city for cheaper properties. It is interesting that the agent in Cambourne reported the highest percentage of first time buyers. Agents in Fenland also reported a low number of first time buyers, despite 4 of the 7 interviewed specialising in the “starter homes to mid-market” level. Even though Fenland is the area with the lowest house prices in the sub-region, it has seen the largest percentage increase since 2001 (see Chapter 14, *Changes in property prices*), particularly the lower quartile house price, which is around the price range open to most first time buyers. However, when areas within the district are compared, agencies in Wisbech reported more first time buyers than the agents interviewed in Chatteris and March.

Cambridge City agents recorded the highest percentage of buy-to-let investors. The agency that specialised in flats had the second highest percentage of buy-to-let, although they did tell us that in one of the new developments near the station around a half of the properties had been bought for this reason. Two agencies, one in Huntingdon and one in Wisbech reported that 30% of their sales were buy-to-let. Other agents in these towns reported lower levels. In the sub-region as a whole, most agents said that buy-to-let was about 10% of sales.

Very low numbers of second home sales were reported in the sub-region.

In last year's survey of estate agents 77% of sales were to people buying a home as a primary residence and 18% of sales were to buy-to-let investors. The number of sales of primary residences has increased slightly (to 81%), but the proportion of buy-to-let is about the same and a lower number of “other” sales were recorded (including second homes).

A4.7 Distance moved

The agents were asked about how far people buying a new home to live in (i.e. home movers and first time buyers) were moving from their previous home. Most moves were local - from under 10 miles away. Agents in Forest Heath all had buyers moving quite short distances. The percentages are shown in Table 4.

Table 4: Distance moved by district

	Under 10 miles	10-40 Miles	More than 40 miles	Overseas
Cambridge	53%	35%	12%	0%
East Cambridgeshire	52%	29%	18%	2%
Fenland	55%	23%	22%	0%
Huntingdonshire	55%	23%	21%	1%
Forest Heath	69%	12%	18%	0%
St Edmundsbury	41%	37%	20%	3%
Sub-Region	51%	28%	20%	1%

Fenland had a higher than average number of people moving from more than 40 miles away. One agent in March said that around 80% of buyers had moved from more than 40 miles away and 20% had moved locally (although the other agent's response was almost the reverse). In Wisbech, the agents who answered this question (2 of the 3 interviewed in the town) both said 75% moved from under 40 miles and 25% moved more than 40 miles. Two agents in the district (one in March and one in Wisbech) talked about people moving into Fenland because it was a cheaper area and they were able to get "more house" for less money.

Very few agents reported selling homes to people coming from overseas. One agent in Ely reported 3% of sales to people from overseas and one agent in Haverhill reported 5%, but other agencies in these areas didn't report any sales to people coming from overseas. It is interesting to note that these were branches of the same agency, which suggests that it may be due to the company's brand and reputation. In both cases some of these sales were to people moving back to the country from overseas, but there were also some sales to the USAAF in Ely and some to Polish immigrants in Haverhill.

Another agent in Ely reported that all their sales were to people moving from 10-40 miles away, which would imply a number from Cambridge City (this agency also reported the highest percentage of first time buyers).

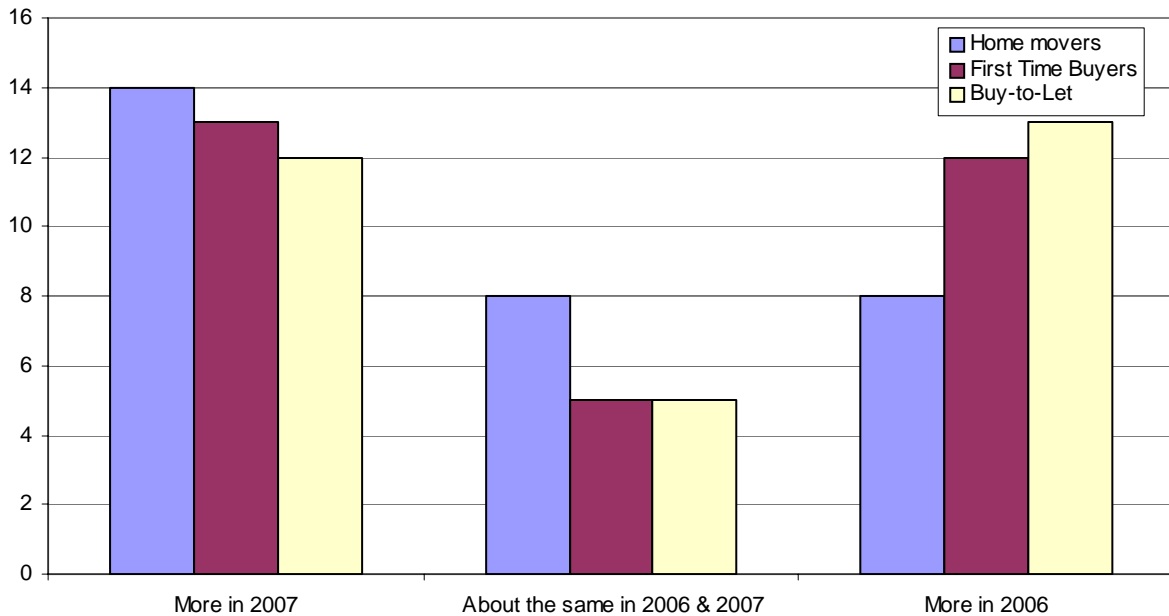
The information on movement into South Cambridgeshire is somewhat limited as only one agent gave a confident response to the question. They said that around 90% of people were moving from more than 40 miles away. The agents interviewed in South Cambridgeshire were both based in Cambourne and this may be a new town phenomenon. The Cambridgeshire County Council Research Group's own survey of Cambourne shows a fairly high percentage of people coming in from outside Cambridgeshire (42% for all tenures in the town, 50% for current owner occupiers), but this is unlikely to reflect the district as a whole. Given that all but one of the City agents interviewed also cover parts of South Cambridgeshire, the city figures may be a better figure for the district.

Last year 55% of buyers moved locally, 15% moved 10-40 miles and 27% moved from more than 40 miles away. There was also a slightly higher proportion of overseas buyers (3%).

Sales in 2006 and 2007

We asked if there were more sales in 2006 or 2007. 15 said they made more sales overall in 2007 and 11 said they sold more in 2006, 6 said they'd sold about the same number in each year and the rest were no responses. The different responses were spread across the region, i.e. all the agents who sold fewer properties in 2007 were not all clustered in one or two places. We asked about the number of sales to different types of buyers, shown in figure 5.

Fig 5: Market activity by type of buyer



More agents reported selling more properties in 2007 to home movers and first time buyers, but slightly more agents reported selling fewer properties in 2007 to buy-to-let investors. As with the overall figures, there was no geographical differences between which areas had more sales to different types of buyers. At least two agents told interviewers the market in the first half of 2007 was very strong, but it began to change in the middle of the year. This is supported by data on the number of sales from Hometrack on the past two years and from the Land Registry.³

A4.8 Buyer Finance

We asked the agents two questions about how buyers were financing their purchases – the percentage of people buying with a mortgage and the size of deposit available to different buyers. Having run the survey, the second question is possibly a better question to ask of mortgage lenders/ independent financial buyers for three reasons. Firstly if people are at the stage of buying they have the finance sorted out. Secondly, lenders may be able to provide more accurate information on how much people have compared to what they need (aspiration versus reality). Difficulty obtaining finance and the disappearance of 100% mortgage was highlighted as a key problem in the current market. The final reason is that some agents felt it breached confidentiality to give information on the amount of money that had changed hands.

³ See <http://www.communities.gov.uk/housing/housingresearch/housingstatistics/housingstatisticsby/locallevelstatistics/tableshousingmarket/> The most recent figure published on this table fluctuates slightly due to the way the data is collected, but not so dramatically as to change the overall picture.

The first question also caused some confusion as some agents considered Mortgage and Buying Outright were the only options, whereas other split out "Mortgage + e.g. parental assistance" or "Buy-to-let" as "Other".

Fig 6: How people are financing their purchases by district

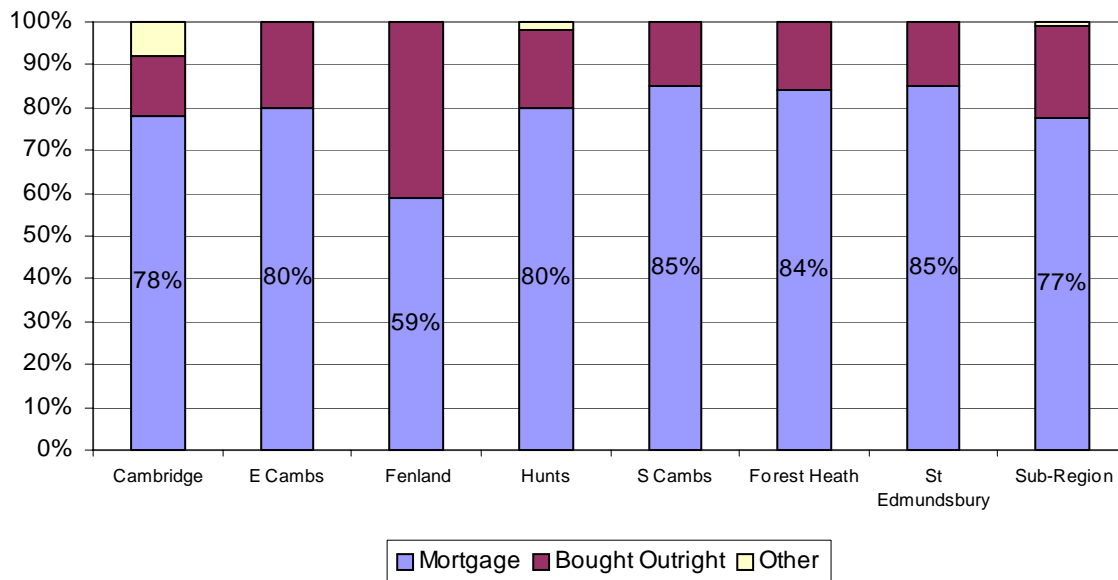


Figure 6 shows that in most of the sub-region, around 80% of purchases are financed with a mortgage and the remaining 20% are cash sales. In Fenland, two agents (one in March and one in Wisbech) said that the percentage of mortgages and outright purchase was about 50%, which decreased the percentage of people buying with a mortgage for the district as a whole. The 2007 survey recorded that 17% of sales were made by cash purchasers, so the number appears to have increased slightly.

A4.9 What sells slowly and what sells quickly?

Agents were asked which properties take the longest to sell in the current market and why, and also what sold quickly. These were open questions. The analysis is given by area below. In order to gauge what was meant by quickly and slowly we asked about the number of viewings before a "quick-selling" and "slow-selling" property was sold and whether this was more or less than this time last year. On average across the sub-region "slow selling properties" sold after about 18 viewings and "quick-to-sell" properties sold after about 12, and the number of viewing had increased on this time last year. However, we were advised by several agents that this was not the best measure. Viewings per sale had increased in the first few months of the year, but were now down to a similar number to last year spread over a longer period.

Cambridge City

Three of the agents in Cambridge City said that older Victorian properties sold quickly in the current market because there was a high and steady demand for this type of property. The other agent said that smaller properties (1/2 beds) sold quickly due to market demand and affordability issues.

They all had different opinions about what was selling slowly, which was partly due to the specialisation of the agencies, e.g. the agent who specialised in flats said that larger family

homes were harder to sell because the chains involved were more complicated. One agent who mostly sold city Victorian terraces said that flats were harder to sell and there was now an over-supply in the City Centre. One agent said overpriced "boring properties" such as 1960s and some 1920s stock sold more slowly because people preferred something "more interesting." One agent found new build properties harder to sell because they pay a premium when they buy, but the value usually depreciates by the time they sell, which does not happen with established stock.

Cambourne

The two agents in Cambourne both said that 2-3 bedroom properties, i.e. mid market stock sold quickly in the current market. "Luxury" and "large" homes are selling slowly as are "smaller" properties and "flats". This is interesting in light of the Cambourne household survey a couple of years ago which showed people were buying the largest homes they could afford. It would imply that people are now buying homes that more closely match what they need rather than buying as big as they can.

East Cambridgeshire

Two agents in Ely said that larger homes (with four or more bedrooms) were harder to sell. One said that this was due to affordability. The other specified four bedroom modern homes and gave the reason for these selling slowly as there were plenty of these in the stock, i.e. there was an over-supply.

One agent mentioned the importance of location – town centre homes especially older style properties sold quickly and rural properties sold more slowly.

One agent said that period properties were harder to sell because they tended to be higher maintenance, whereas more modern property was cheaper, easier to maintain and more energy efficient. One other agent also mentioned the importance of condition – people wanted something structurally sound and not in need of much work because it is harder to obtain mortgages for properties in poor condition.

One agent said that smaller terraced properties and flats were hard to sell in the current market because the main buyers for this type of home are first time buyers and they can not currently obtain finance, but two agents said that these were selling quickly because they were more affordable.

One agent said the upper end of the market was currently selling more quickly because the people who could afford to buy at this level were still buying.

One agent said that 3 bed semi-detached properties sold quickly because of broad appeal to both first-time buyers and home movers.

Fenland

Two of the agents in the district said that everything was selling slowly in the current market (one in Chatteris and one in Wisbech). When these agents were asked what was selling quickly they both said cheaper properties or homes that represented good value for money. When asked about the reasons for the generally slow market, the difficulties in obtaining finance was key. One agent reported a banking contact telling him that banks were checking prices to make sure they did not have the lowest rates on any given day. The perception of the market being bad was also having a negative effect on buyer psychology.

Four agents in the district said that more expensive homes were harder to sell. More expensive was defined as "above stamp duty", "£300K+" and "£250K+" and "higher price". The reason for this was that it was too expensive for local people and people coming into the district were having problems selling the homes they were moving from. Only one agent said

that these properties were selling quickly, again because people who do have the sort of money required are still spending it.

Only one agent said that smaller stock was selling more slowly because first time buyers couldn't obtain finance. Four said that these types of properties were selling more quickly. Two said that this was mostly due to investors and cash buyers, and one said that there was still some movement into the district from more expensive areas. One said that there was a better match between local wages and lower priced property.

Huntingdonshire

Three agents in Huntingdonshire said that larger, more expensive properties were selling more slowly in the current market. Two said that this was because few people could afford them. The other two said that people were downsizing to release equity, so smaller properties were more attractive. However two agents in Huntingdon said that the larger more expensive properties were selling more quickly. This was due to people who had moved into the area a year or so ago and had sold their previous home and been renting. People who had to move from more expensive areas for work purposes were now taking advantage falling prices to re-enter the market.

Three agents in the districts said that flats were selling slowly. In St Ives and St Neots they said that this was partly over-supply and preference for houses, and partly first time buyers not being able to obtain finance. In Huntingdon the finance was more of an issue than the supply. Two of the agents interviewed in St Ives said that "smaller properties" were slower to sell in the current market, again because of a lack of first time buyers – the prime market for this size property. However one agent stressed that one-bedroom properties were particularly unpopular because people prefer to have another bedroom for example, they can rent it out to help cover costs.

Three agents said that two bedroom homes were popular, but each for different reasons. One said this was a good size for people downsizing (which suggests an older set of downsizers). Two said that they were in high demand by first time buyers, but one also specifically said there was under supply of properties of this size in St Ives.

Two agents highlighted the importance of location in what sold quickly and one in St Neots specifically mentioned school catchment areas.

One agent said that character homes sold quickly. However, "niche" homes, e.g. "detached but not large" sold slowly. There is a limited market for specialist stock, but some buyers find it "exciting" and will buy if it is right.

One agent in the district said that the middle-market was not selling well because first and second time purchasers wanted to hang on to what they had accrued for the time being.

Forest Heath

Two agents in Forest Heath said that price was key and "over-priced" stock sold slowly. The other two agents interviewed both said that flats were unpopular. One said that this was because a lot of flats had been built in the past five years, the price of which had now fallen. One said it was because people preferred freehold properties to leasehold. This agent also said that shared ownership and ex-local authority homes were slow sellers. Shared ownership was slow to sell because solicitors don't like it and also because the rental element has increased to an unattractive level. Ex-Local Authority stock just hadn't appreciated as well as other stock.

St Edmundsbury

One agent in Bury St Edmunds said that everything was selling slowly, unless it was very sensibly priced. One said there was no demand for smaller stock and flats in the current market, and properties priced between £200-250K were selling more quickly. One said the mid-market stock (larger 2-4 bedroom properties) was slow to sell because of buyer confidence and mortgage affordability. However the smaller stock was doing well if the price was right because there were still a few investors buying and because some first time buyers were still able to get help from parents in order to afford a deposit.

One agent in Haverhill said that there had been some three-storey town houses built which sold slowly because people found them impractical, but ex-local authority stock sold quickly because it was good value for money. The other agent interviewed in the town said that flats were slow to sell, but period homes sold quickly because people wanted to live in something with character ("all new builds look the same").

A4.10 What are different groups looking for?

We asked about what potential first-time buyers, home movers and buy-to-let investors were looking for in the current market.

First time buyers

From the responses to this question the ideal first time buyer home would be a reasonably modern two bedroom freehold house with a garden and parking for under £125,000 (stamp duty).

However, six agents from all across the sub-region said that there either weren't any or were very few first time buyers around at the moment. Eight agents talked about first-time buyers being currently unable to get mortgages, as many didn't have a deposit, but also market confidence was very low and people didn't want to buy while prices were falling – they preferred to rent until the market was on the up again.

Four of the 39 agents interviewed said shared ownership was a good option for first time buyers, but one Bury St Edmunds-based agent did specify that the rent level had to be reasonable (a similar issue was raised by an agent in Newmarket).

One agent in St Ives said that first time buyers were very fussy in the current market. Others were saying that they were looking out for good deals and because people are keen to sell, there are at least a few of these around at the moment. One agent mentioned gifted deposits – where the buyer pays full asking price, but the vendor gifts 5% as a deposit.

One agent in Cambridge said that first time buyers were looking further afield (Ely, Huntingdon and Newmarket) because they couldn't afford to buy in the City.

Homemovers

Several agents said that home movers are not a homogenous group and people's needs varied greatly. However, there were some consistent points. The ideal home for a home mover is a three/ four bedroom home, ideally semi-detached or detached (outside Cambridge City). Six agents said that location was important to home movers (near to schools, close to amenities etc.), so location was more of a priority for home movers than for first time buyers.

Five agents said that currently we are in a "needs driven" market, i.e. people are moving because they need to, e.g. family breakdown, moving for work rather than because they want to. As with first time buyers, people are looking for bargains and general good value for

money. Some of this was because people were having to take lower offers on the home they were moving from, leaving less capital for their next purchase. Three agents said that people were looking for buyers. Others also talked about a lack of buyers in a later question (see below).

Buy-to-Let

Thirteen of the agents interviewed reported very little buy-to-let activity in the market at the moment. Again, this was spread across the sub-region and not clustered in one place. As with first time buyers, the problem is largely due to tougher lending and low market confidence. There is currently a strong demand for rented stock, but there is also a good supply which is keeping rents quite competitive for renters and buy-to-let rent returns are consequently quite low. Because prices aren't currently rising, buy-to-let isn't currently attractive for short-term capital appreciation. As reported by some agents, buy-to-let investors want a good return for their investment and currently they aren't getting it, unless they're prepared to take on properties in poor condition, which they are more willing to do now than they were a year ago. Some are also hunting desperate sellers in order to get a good bargain.

While there are fewer buyers around, it appears that a lot of the people who have properties are keeping them for long term capital appreciation and not selling up. Several agents also reported that people who needed to sell but couldn't (e.g. for job moves) were holding onto the houses they were moving from because they can't currently find buyers/ don't want to sell in a weaker market if they don't have to, and renting them while buying another home to move into.

A4.11 Changes in the market over the past year

- We asked a question about whether it was currently a buyers or sellers market. None of the agents surveyed felt it was a seller market, although several told us that it had been last year. Northern Rock was mentioned as a cause of this "complete 180 degree change" by at least one agent. Only one person mentioned the introduction of Home Information Packs (HIPS) and this was to say that they had had no effect on the market.
Normally a buyers market means a lot of homes for sale and buyers being choosy, making low offers. Buyers are being choosy and making low offers, but in the current buyers market, there are very few buyers. People are currently hanging on to their homes unless they absolutely need to sell because they don't want to lose money. There are home movers holding on to the properties they are moving from and letting out of necessity because they can't find a buyer in the current market. One agent in Huntingdonshire said that the repossessions had started, but this hadn't been noted elsewhere.
One agent in Forest Heath said that sales were falling through, i.e. people were changing their minds about buying at the last minute.
- Thirteen agents said that prices had fallen by between 5%-20% (smallest decrease was reported in the City. The biggest decrease was reported in Bury St Edmunds). There were very few properties making their asking price.
- Sixteen agents said that business was slow. The number of sales have fallen dramatically. An agent in Huntingdonshire reported that he had been in business at the time of the 1990s crash and the current market was a lot worse than then. One agent in Fenland said that he was doing 30% of the business he was doing this time last year. In Haverhill last year there were 10 agencies. Half of these have now closed. Some agents reported having to fight for every sale. Others reported a reduction in staff at their offices (one from a staff of 20 to a staff of six). This is

supported by data from Hometrack showing a significantly drop in the number of sales from this time last year.

Several of the agents interviewed worked in agencies that dealt with both sales and lettings. Some said that without the lettings side of the business, they would probably have gone out of business. There were also a couple of agencies who were just starting a residential lettings side to their business. This is because of the difference in price between buying and renting in the current market (see paper on affordability – coming soon). It was easier to arrange interviews with estate agents than it was with letting agents. In last year's postal survey of letting and estate agents we had a higher response rate from letting agents than estate agents.

Some agents said that for a while the number of viewings per sale had increased, but now it was probably about the same as last year, but the viewings were spread out over a longer period. In other words, people aren't even looking unless they are very serious about moving.

- Six agents said that it was difficult to get chains going because there were very few first time buyers compared to last year.
The reason for this lack of first time buyers was that mortgage companies were not lending. Eleven of the agents interviewed said that the current financial market was a major cause of the difficulties they had been having in the past year.
- Seven agents simply said there was no confidence in the market and while there were genuine problems, the "media hype" was not helpful.

A4.12 The coming year

The agents were asked about how they thought prices would change in the coming year. All of the agents who answered this question felt that prices would continue to decrease, except for two who felt they would not change (one in Cambridge City and one in Newmarket). The most pessimistic estimate came from one of the agents in Cambourne who thought that prices would fall by 35%. In the sub-region as a whole, the average expected change in price between now and next year was a 13% decrease. At a lower level, this estimate is probably less robust. Generally the agents interviewed in Forest Heath (-6%), Cambridge (-8%), St Ives (-7%) and St Neots (-8%) were the most optimistic. The agents in St Edmundsbury (-15%), Wisbech (-16%) and Huntingdon (-15%) were the least optimistic.

We also asked about how much prices were likely to fall by property type. Several agents thought that this was a bit too specific (or in some areas that it didn't apply to their stock profile). The answers we did get suggest that new build prices are likely to decrease more sharply than older properties and that flats are likely to decrease by more than houses. Table 5 shows the projected "typical" prices for next year using the sub-region estimate (-13%) and the district estimate.

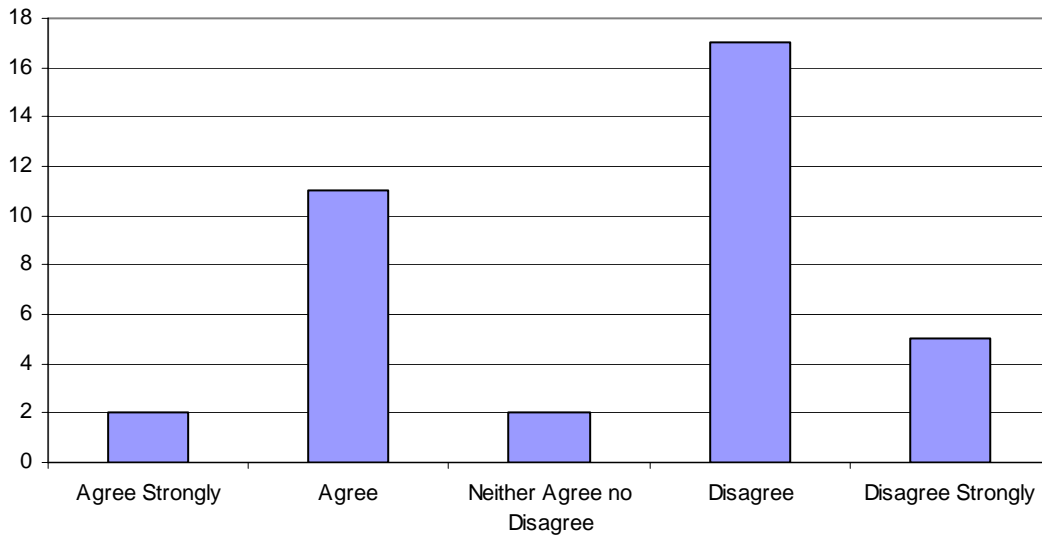
Table 5: "Typical" house prices, 2009

	"Typical" House Price 2008	Sub-region estimate 2009	District Estimate 2009
Cambridge	£253,000	£220,110	£232,760
East Cambridgeshire	£178,000	£154,860	£155,750
Fenland	£142,000	£123,540	£121,552
Huntingdonshire	£170,000	£147,900	£153,000
South Cambridgeshire			£191,870
Forest Heath	£201,000	£174,870	£188,940
St Edmundsbury	£209,000	£181,830	£177,650
Sub-Region	£183,000	£159,210	

In order to get some feeling for what might happen in the coming year, we asked to what extent the agents interviewed agreed or disagreed with a series of statements about next year compared to this year.

There was no “typical” house price data for South Cambridgeshire available, however, most of the Cambridge City estate agents also covered South Cambridgeshire. The district estimate for South Cambridgeshire is based on the City estimate.

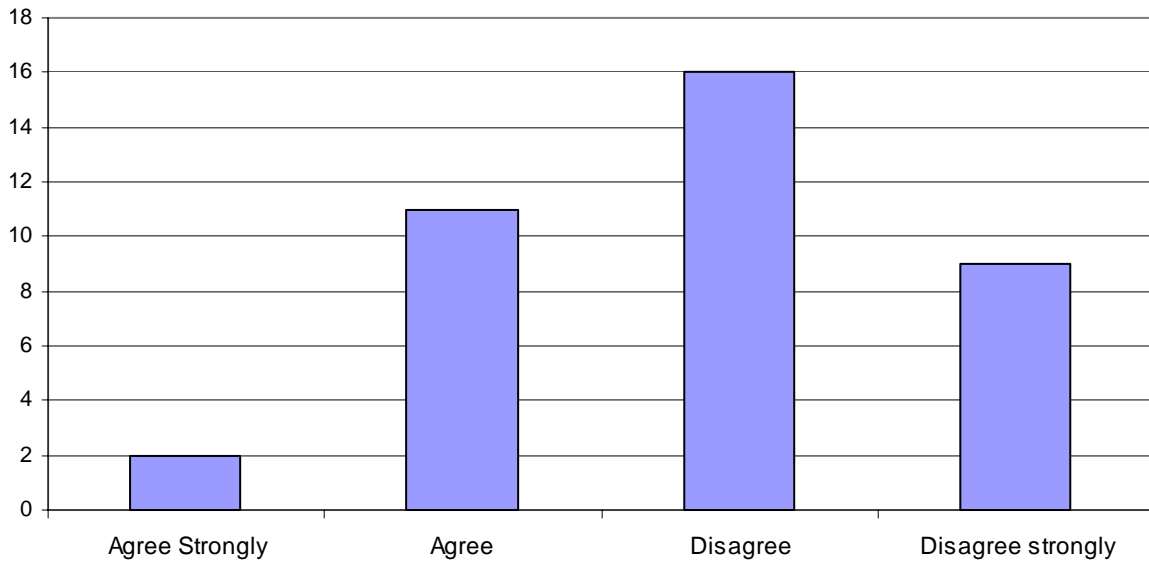
Fig 7: “More home movers will look to move”



More agents disagree with the statement that more home movers will look to move this time next year than are moving this year. 7 of the 11 agents interviewed in Huntingdonshire either agreed or agreed strongly, but in all other districts the number of agents who disagreed with the statement outnumbered those in agreement. Two agents didn't respond to this question.⁴

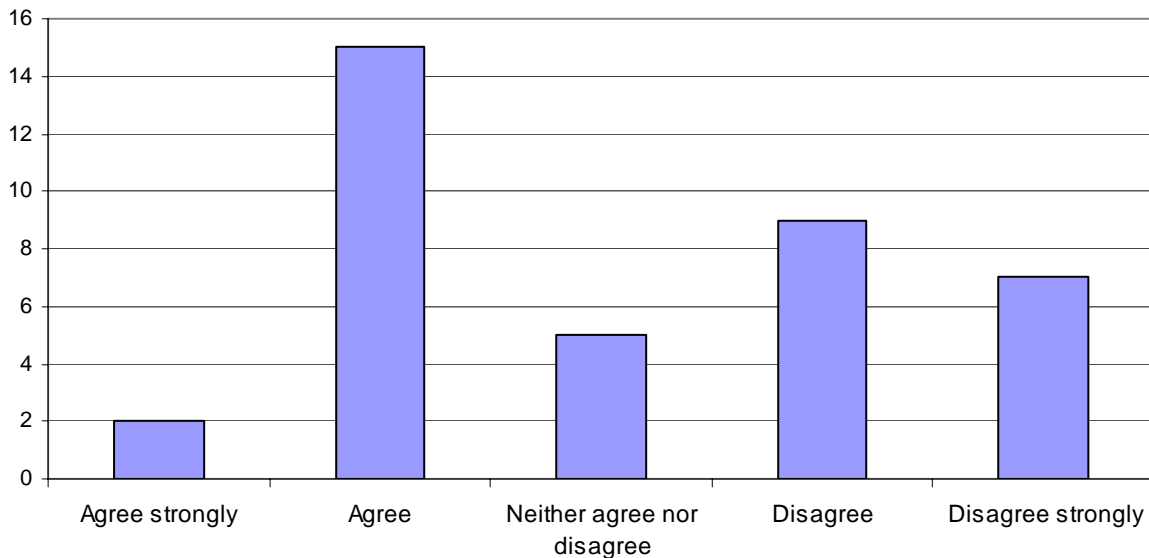
⁴ This was the only question that was substantially re-designed after it's initial pilot, so the response from the pilot agent is missing. All the statement questions that follow are based on 38 responses.

Fig 8: “More first time buyers will look to move”



More agents disagreed that “more first time buyers will look to move”. However, 3 out of 4 agents in Forest Heath and 5 of the 11 agents in Huntingdonshire agreed with the statement. There were no agents who said that they “neither agree nor disagree” with this response.

Fig 9: “More buy-to-let investors will enter the market”

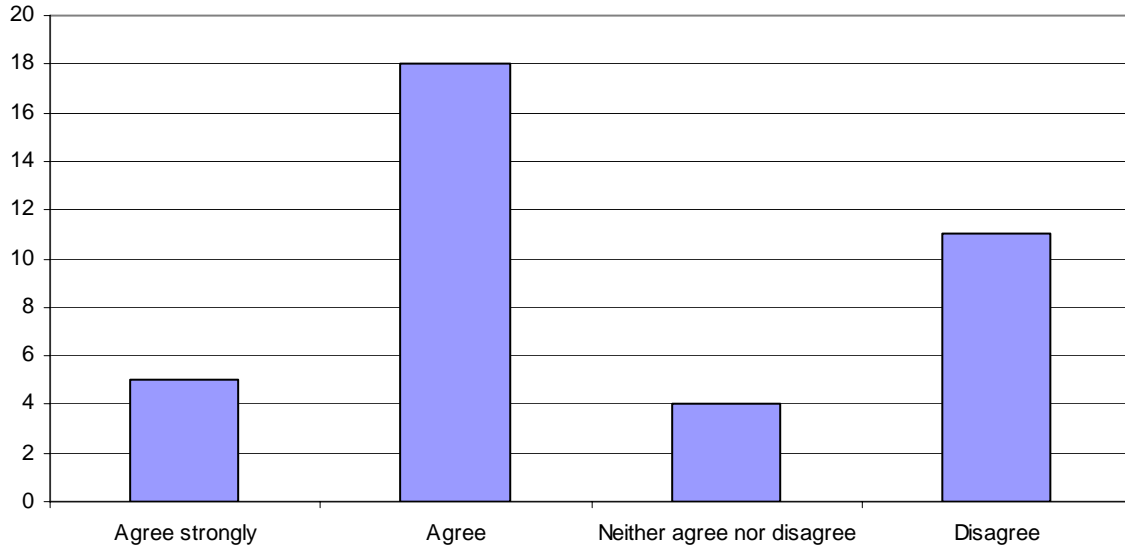


Opinion on this question was quite strongly divided. Seventeen agents agreed with the statement, and 16 disagreed, but seven of those who disagreed, disagreed strongly. There were also five agents who didn't have a strong feeling one way or the other on this. In Cambridge City, Fenland and St Edmundsbury more agents disagreed with the statement. In East Cambridgeshire and Huntingdonshire more agents agreed. There wasn't a consistent pattern in Forest Heath or South Cambridgeshire. There were some differences within Fenland and Huntingdonshire. Agents in March and Chatteris disagreed with the statement,

but those in Wisbech agreed. In Huntingdonshire agents in Huntingdon and St Ives agreed, but those interviewed in Ramsey and St Neots disagreed.

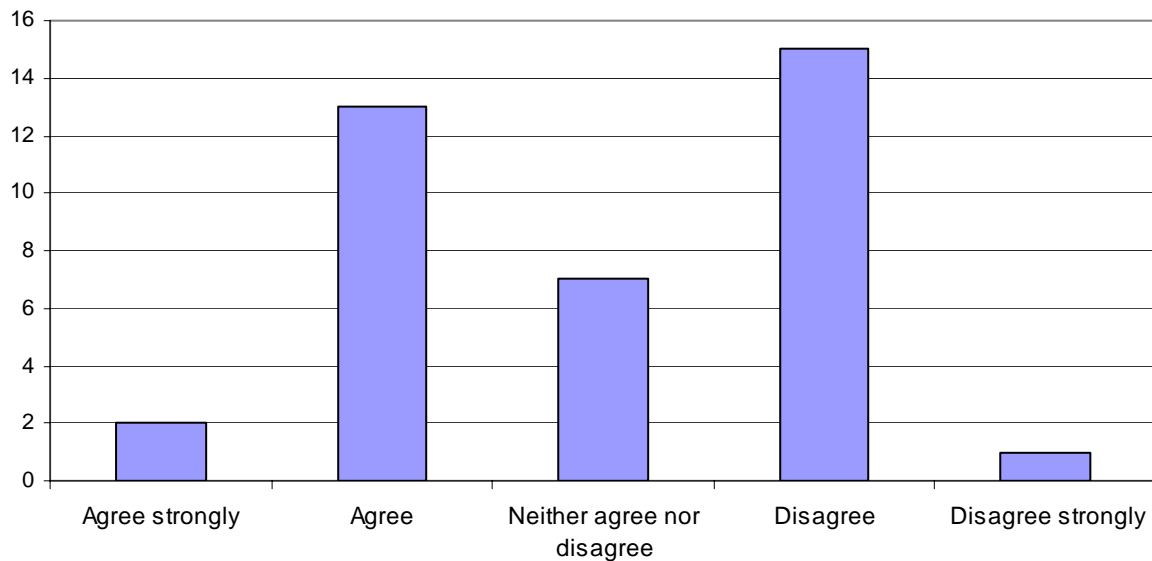
Broadly the areas with more private rented properties felt more optimistic that there would be more buy-to-let investors coming except for Cambridge City and Forest Heath, which have more complex markets than elsewhere in the sub-region.

Fig 10: "Fewer home movers will look to sell"



Twenty-three agents thought that fewer home movers would look to sell next year. Eleven disagreed with this statement and four neither agreed nor disagreed. More agents agreed than disagreed in every district except Forest Heath.

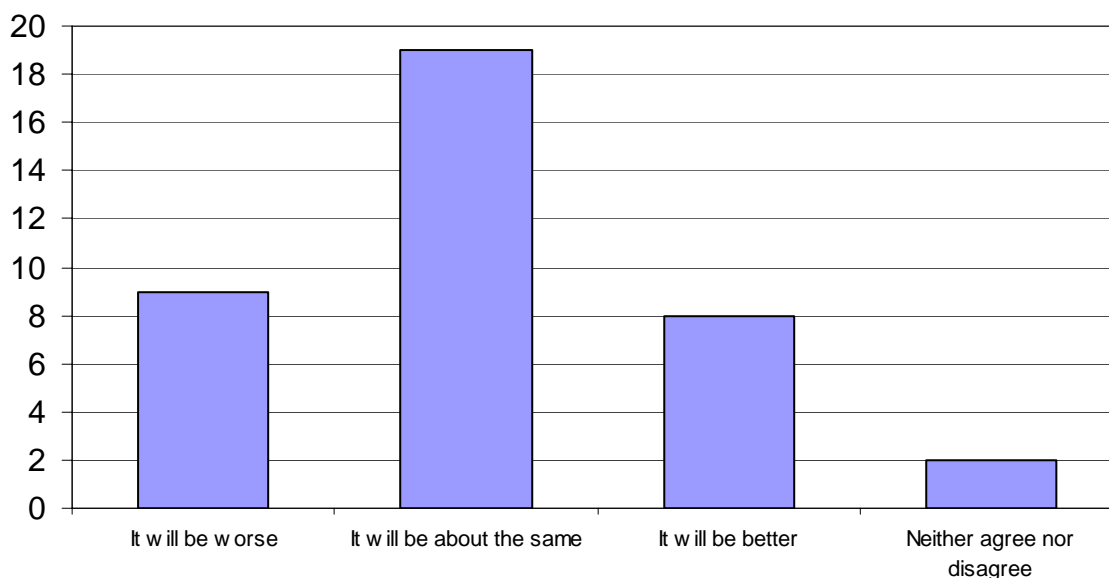
Fig 11: "More buy-to-let investors will leave the market"



As with the above statement about buy-to-let investors, opinions were divided about whether this group would leave the market. Seven agents neither agreed nor disagreed with the

statement. Sixteen disagreed – some of the agents said this was because most of the buy-to-let investors were in it for long term capital gain rather than as a short term plan but 15 agents agreed with the statement that more buy-to-let investors would leave the market and 2 agree strongly. Opinion was divided by district. In Cambridge City and Forest Heath, more agents disagreed than agreed. In East Cambridgeshire and Huntingdonshire, more agents agreed than disagreed. In Fenland and St Edmundsbury agents either agreed or agreed strongly. There weren't any consistencies below district level.

Fig 12: “The market will be fairly similar overall to how it is currently”



Nineteen (i.e. around half) of the agents interviewed thought that the market would be fairly similar overall to how it is currently. When agents disagreed with this statement, some were asked whether they thought it would be better or worse, however, this wasn't a designated follow-up questions (see Appendix 2), and not all interviewers asked it, although it was possible to infer from the responses to the previous statements. Nine agents thought the market would be worse and eight thought it would be better. All of the agents interviewed in Newmarket thought it would be slightly better, but one said that would be because they will have adapted to the situation by then. Agents in St Ives and Huntingdon also felt that the market would have improved slightly by this time next year, (although one agent in Ramsey felt it would be considerably worse). Most of the agents in East Cambridgeshire also thought it would be worse. In Cambridge City one agent neither agreed nor disagreed, one felt it would be about the same and one felt it would be worse.

A4.13 Summary

During July and August, we interviewed 39 estate agents in the Cambridge sub-region. We concentrated on finding out about “the mid-market”. Even within this, brand and reputation influence the overall results. For example, agencies with a reputation for being particularly first time buyer friendly. But even with these individual agency issues, we feel that this survey provides a fairly good overview of what is happening in the local market.

In 2007 in the sub-region as a whole 19% of sales were to first time buyers and 14% were to buy-to-let investors. Most of the rest were to home movers, with a very small percentage of second home and “other” purchases. There were comparatively more sales to first-time buyers in East Cambridgeshire, Huntingdonshire and Forest Heath and a significantly higher

percentage of buy-to-let sales in Cambridge City, and a very low percentage of first time buyers. Around 23% of sales were cash purchases last year.

Most people move locally although around 20% of people are moving from outside the sub-region. The number of people from overseas who are buying homes in this part of the country are quite small, and a few of these are British expatriates returning from abroad.

The first half of last year was a sellers market. Since the middle of last year, the housing market has changed considerably and business is slow. Prices have fallen and a further decrease is anticipated. It is now a buyers market with no buyers. National level factors are driving these conditions. There are very few things that are exacerbating or easing the problems locally.⁵ The factors driving this weak market are

- The credit crunch. Mortgage lenders are being more choosy about who they are lending to. For example there are no more 100% mortgages which means first-time buyers are having to find a minimum 10% deposit plus costs from somewhere.
- A loss of confidence in the housing market. People are seeing a lot of negative news and this is making them less confident about buying homes because of fears of further falls in price.
- The lack of buyers is creating problems for those who are trying to sell and so people are only moving if they need to e.g. for work, relationship breakdowns, downsizing to release equity etc. Some of those who are unable to find a buyer are keeping and letting the home they are moving from. At the same time, there are fewer buy-to-let investors in the market.
- A general increase in the cost of living.

Around half of the agents interviewed felt that these conditions would persist for at least another year. Some thought the market would improve slightly in the coming year, if nothing else through adaptation to a difficult market situation, but a significant number also thought it was likely to get worse.

⁵ Only one agent in the whole sub-region cited local issues as a main reason for current business difficulties.

Appendix 1: Methodology Note

To arrive at district totals, the percentage for each answer was assigned to the total number of sales by that agency, e.g.:

Agent	Q 3	Q 9				
	Properties	% Home Movers	% First-Time Buyers	% Buy-to-Let	% Second Homes	% Others
A	100	55%	30%	15%	0%	0%
B	150	50%	20%	15%	5%	10%
C	120	60%	25%	10%	0%	5%

This then gave a district total, from which a district percentage could be calculated.

Example	Q 3	Q 9				
	Properties	% Home Movers	% First-Time Buyers	% Buy-to-Let	% Second Homes	% Others
A	100	55	30	15	0	0
B	150	75	30	22.5	7.5	15
C	120	72	30	12	0	6
District Total	370	202	90	49.5	7.5	21
District Percentage	100%	55%	24%	13%	2%	6%

If no information was provided on the total number of properties for that agency, the data was excluded but used for checking i.e. to see how close it was to the district figure.

Data was cleansed before use – e.g. checking that the percentages added up to a hundred, investigating any unusual data by follow up phone call etc.

Appendix 2: Estate Agents Questionnaire