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How to negotiate a once-in-a-lifetime discount off your dream home

There is a six-month window of opportunity to knock big sums off a house purchase, experts advise

By **Melissa Lawford**

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The longer lockdown conditions continue, the greater the downward pressure on employment, wages and house prices.

Estate agents Knight Frank has just downgraded its price forecasts for UK house prices from a 3pc drop over 2020 to a 7pc drop. Other estimates are steeper. Deutsche Bank predicts values could fall as much as 23pc.

What is clear is that negotiations are already getting more aggressive. Liam Bailey, of Knight Frank research, said sale prices are off by 5pc since the beginning of the crisis.

If you are in a position to buy, now is the time to try for a bargain. Investors are certainly already circling. Thea Carroll, a buying agent, notes one New York buyer who is currently eyeing up the London market with a £200m budget.

Here's how to start, even if you have a bit less to spend.

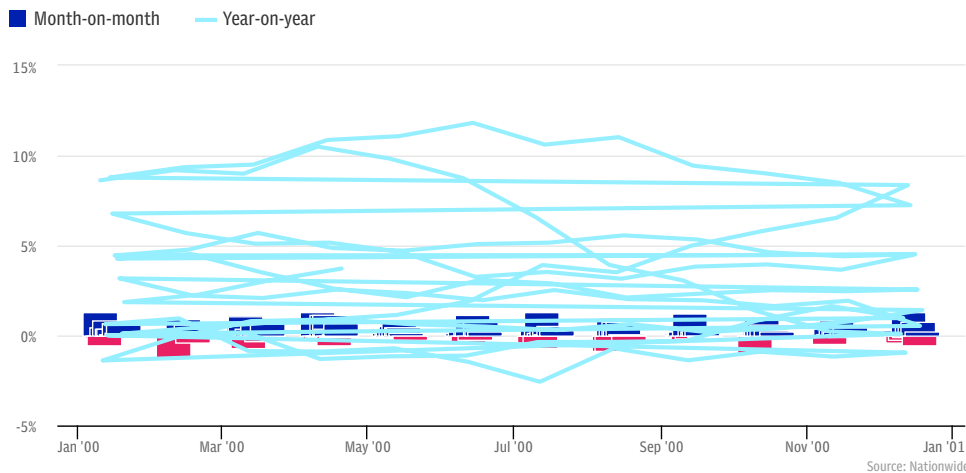
How much of a discount is realistic?

Roarie Scarisbrick, a London buying agent with Property Vision, said: "Most people, maybe 70pc of sales, in most market conditions get 5pc off the original asking price. Then maybe 20pc of people can get 5pc to 8pc off. And an 8pc to 12pc discount is a dwindling minority. Over that is an anomaly."

Now is the time to ask for more, especially if homes are being sold with pre-lockdown prices. The Bank of England's economic forecasts are consistent with a 16pc drop in house prices. Mrs Carroll has just negotiated a 16pc discount off a property sale during lockdown.

Before the flop

UK house prices were rising before the lockdown took effect



"It is a good moment for the opportunist," said Mr Scarisbrick. But he has a word of caution. "It is very hard to come back if you have aggressively low-balled," he said. "You want to be seen as a credible buyer not a vulture."

Know your seller

Pickings are increasingly slim. The number of new listings coming to the market in the first three weeks of April was nearly 90pc down on the same period in 2019, according to The Guild of Property Professionals.

At the same time, anyone who has brought a property to the market in the last two months despite the uncertainty and the freeze on the market is clearly motivated, said Mrs Carroll.

Anyone with a deadline to sell will be more open to negotiation. Probate properties, as well as sellers with inheritance tax bills, over exposure to equity or who need to move because of work are all more likely to be amenable to discounts, said Mrs Carroll.

Ask as many questions as you can, said Mr Scarisbrick. Find out how long the seller has been in the market, what offers they have already turned down and when they want to complete. "Then try to look as appealing as possible based on what they want."



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The most important thing is to be able to transact quickly, added Mr Scarisbrick. "It's all about speed. Get a good lawyer, get dates lined up for your survey, get your advice in the early stages, you may well be able to get a lower offer if you are able to move fast."

A six-month window for discounts

Mrs Carroll estimates that the opportune window for buying with a decent discount will only be six months, unless there is a second spike in the virus. "Be under no illusions that there is a huge amount of pent up demand," she added. "If you're dilly-dallying the opportunity cost is significant."

But if you're entering into negotiations now, have some patience. "If you have cash or lending ready, you can let things marinate," said Mrs Carroll. "Put in a cheeky offer and wait three weeks."

Going forwards out of lockdown, keeping an eye on levels of market uncertainty will be key, said Mrs Carroll. "The route forward will have peaks and troughs, you need to look for the microshocks. Things like if the R rate increases, or the stock market starts dropping." These moments will hit consumer confidence and will therefore be ideal moments to put in an offer.



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