

Property & Mortgages

Should I wait to sell our family home until after the election?

I'm worried about the effect on our property chain

Your Questions



MAY 16, 2017 by: **Lucy Warwick-Ching**

My husband and I were planning to sell our family home in London as our children have left the nest and we want to downsize. With the election coming up, the estate agents are advising we do not put the house on the market. However, we have already seen a property we would like to put an offer on. How will this affect our chain if we hold off?

Nearly every homeowner will find themselves in a chain at some point in their lives as very few of us have the financial ability to buy a new home without selling our existing home at the same time.

When you enter a chain, the sale and purchase of all the homes owned by each of the parties involved will be reliant on each other, says **Emily Lui, partner in the residential property team at Seddons.**

For example, Mr A doesn't own anything and wants to buy a small flat from Miss B, Miss B is happy to sell her flat to Mr A but can't be homeless, so wants to buy a house from Mr C and move in straight away. She doesn't have enough money to buy the house from Mr C and relies on Mr A buying her flat. Mr C is moving abroad and renting there and therefore does not need the money from the sale to buy a new home, so the chain stops there.

The length of chains depends how many people rely on selling or buying a property. The longer the chain, the more complicated things can become.

In your situation you are being advised to delay putting your home on the market, but this could cause problems for your chain as each family involved in the chain will have different circumstances.



Emily Lui

For example, someone might need to proceed quickly because they need to move during the school holidays, or because the funds are required to pay care home fees for an elderly owner. You should also consider when the mortgage offers of each party in the chain will expire. Mortgage offers are typically valid for six months, but can be as little as three months. This means that it might not be possible for every party in the chain to wait for you and someone might withdraw.

If one party in the chain withdraws before the chain has exchanged, the chain will collapse. Either that party will need to be replaced to make the chain complete again, or someone in the chain will need to decide to go into rented accommodation to allow part of the chain proceed. In our earlier example, if Mr C withdrew from the sale to Miss B, she would quickly need to find another property to buy, or she could move into rented accommodation to allow the sale of her flat to Mr A to go ahead.



Clare Betteridge

Clare Betteridge, director at RFR Property, says that while a general election is always unsettling, the property market generally operates regardless, in two main cycles — the spring market and the autumn market. If you lose the opportunity to sell your family home before the market slows down for the summer holidays (traditionally end of July and most of August), you may have to wait until mid-September to see many potential buyers coming through the door.

Properties always look their best at this time of year, so it could be worthwhile encouraging your selling agent to show your house to the most serious buyers that they have registered, almost as an “off-market” opportunity, even if you decide not to offer the property openly with brochures, website listings until after the election. Most agents will know exactly who their “best” buyers are and often welcome the opportunity to provide an exclusive opportunity to those whom they know are funded and able to proceed.

Much will depend on the circumstances of the seller of the property that the family wants to buy. Are they constrained by timing?

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There is much to be said for breaking the chain, moving into rented accommodation temporarily and then approaching the market as a cash buyer. This would provide more certainty, as you would then not be reliant on surveys and mortgage offers lower down the chain, or be hostage to the timing constraints of each party. This, of course, involves two moves — and one can be stressful enough — plus the expense of renting (unless you can move in with family), and the expense and inconvenience of storing any excess belongings. On the flip side, in some circumstances cash buyers are able to negotiate a lower price.

A more drastic course of action was taken by a seller recently. This family owned a large house at the top of a chain of four, and in order to preserve his sale, the father was prepared to purchase the much smaller property at the bottom of the chain, as an investment. This would not be a route for the faint hearted but the seller's view was that the smaller property was eminently rentable, and represented a more liquid asset, so the risk was therefore negligible. *The opinions in this column are intended for general information purposes only and should not be used as a substitute for professional advice. The Financial Times Ltd and the authors are not responsible for any direct or indirect result arising from any reliance placed on replies, including any loss, and exclude liability to the full extent.*

Our next question

I live in a block of apartments in the Royal Borough of Kensington and myself and a number of the tenants are looking to purchase the freehold of the building. That said, we are concerned that we don't know all of the tenants in the building and thus what their intentions are. How should we go about purchasing the freehold and will we be able to so if all of the tenants don't consent?

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