



WELCOME TO BACKLOG BRITAIN

The housing market may be at an all-time high, but the process of buying and selling is hitting an all-time slow. Home investigates



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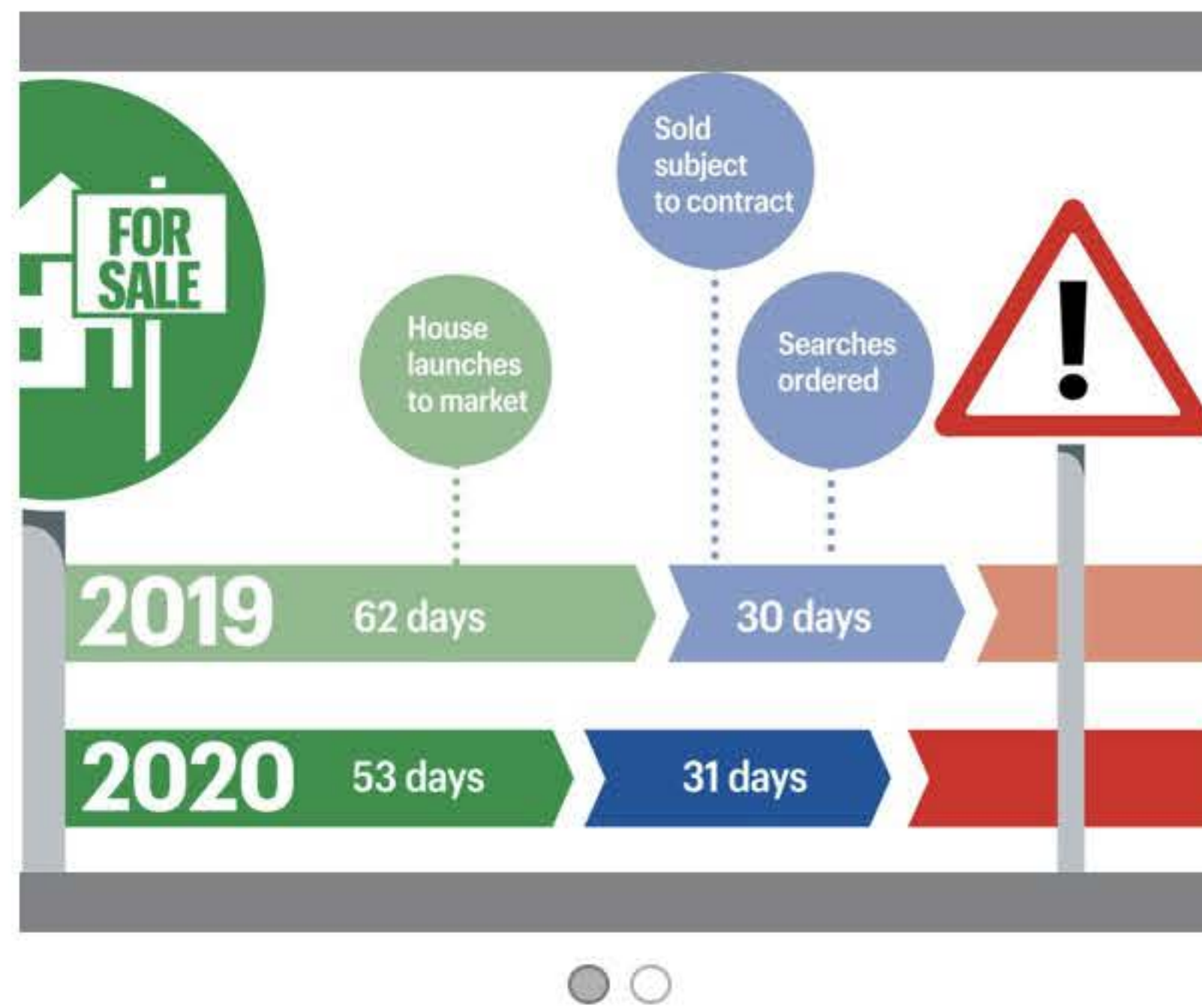
Homes are going under offer faster than they have for a decade, yet it is taking longer for sales to complete — with the buying process fraught with backlogs and delays.

We are in the midst of a property boom riding on pent-up demand. This has built up not only in the seven weeks the market was in lockdown, but in the four years since the EU referendum, during which Brexit uncertainty and the fear of a Corbyn-led Labour government stymied sales. This accelerating demand was given added impetus on July 8 when the chancellor announced a stamp duty cut until March 31.

Scratch below the surface, however, and all is not so rosy — with the system buckling as overwhelmed banks, surveyors, local councils and lawyers struggle to cope.

“It is incredibly frustrating. At the moment you are lucky to get a sale through in six months from the offer being agreed to completion,” says Marc von Grundherr, director at Benham and Reeves, an estate agency in London.

Beth Rudolph, director of delivery for the Conveyancing Association, goes further: “We are saying to people they will need to put their homes on the market by September 25 to complete before the stamp duty deadline, which is shocking. The selling process has speeded up, but the time to complete is the same, if not



longer, because of a lack of capacity, backlog and other problems.”

Disgruntled buyers and sellers as well as property professionals are taking to social media to complain. One buyer tweeted: “So, so slow. Seven weeks for a mortgage appointment, five weeks for a surveyor to visit... painful.”

Maurice Kilbride, an estate agent in Cheshire, tweeted: “Average time from sale to completion now 19 weeks, which is ridiculous. Would help if solicitors and lenders brought back a full complement of staff given how busy things are.”

The most recent report from the Royal Institution of Chartered Surveyors (Rics) is stuffed full of anecdotal evidence from estate agents and surveyors across the country worried that sales will be scuppered by delays in conveyancing and searches.

It now takes 53 days on average to sell a property subject to contract, compared with 62 this time last year, according to the property portal Rightmove. However, the data analysts TwentyCi estimate it now takes an

average of 125 days from offers being accepted to exchange of contracts, compared with 107 days a year ago.

Of course the speed of deals can vary greatly depending on the individual circumstances of the buyer and seller, the property and where they are in the country. It is particularly complex if there are leasehold problems or the property is in a block of flats affected by cladding issues.

The good news — there is some — is that despite the delays, fall-through rates have not risen dramatically: 23 per cent of sales have fallen through this year so far, just one percentage point higher than last year, according to TwentyCi.

However, the Conveyancing Association warns transaction times could be up to 20 weeks and the fall-out rate could be as high as 34 per cent.

MORTGAGE DELAYS

A large part of the delay is being blamed on the lenders, who have struggled to process a deluge of applications for both mortgages and mortgage payment deferrals while many of their staff are still working from home because of Covid-19 restrictions.

Chris Sykes, a mortgage consultant for Private Finance, a broker, says: “We are definitely seeing some processing issues. In most cases it is taking a lot longer than six months ago. Where underwriters would usually

take two to three days to access a case, that can now be two weeks or more.”

He adds: “The offices are only at partial capacity and many are still working from home, with staff not easily being able to run quirks of cases by each other. This means that productivity has reduced a little. Lenders are inundated with applications at the moment, so less capacity and more demand leads to long delays.”

Nationwide recently sent out an alert to brokers, stating that it was taking an average of 19 working days for an initial underwriting of a mortgage application. “Previously one wouldn’t expect to have to wait more than a week for an initial underwrite. Nineteen working days is four weeks, which is the usual target length of time for someone to exchange after having an offer accepted,” says Hugh Wade-Jones, managing director of Enness Global Mortgages.

“Add to that — assuming everything is fine, which is a big assumption — you have 11 working days for a valuation to be carried out, 11 working days from receipt to being assessed — and it may take a week to be returned — so you’re in for a couple of months.”

In addition, banks are changing their offers regularly. Barclays recently reduced its income multiple, while other big names are pulling products for those with small deposits. There were 1,172 mortgage

deals for those with a deposit of 10 per cent or less in September 2019, compared with just 76 now, according to Moneyfacts. This concentrates demand for these products on to fewer lenders, adding to delays.

SURVEY SLOWDOWN

Survey and valuations are slowly picking up amid complaints that companies were slow to bring staff back from furlough. This has left many who are working struggling to cope with demand.

On top of which, Rudolph adds: “The average valuer is well over 50 years old, probably not shielding, but there has been a nervousness about returning to work.”

Ric Pickford, owner of Snapes estate agency in Stockport, says: “Surveys are taking easily four and up to six weeks in many cases, and it’s definitely creeping up to the four-month mark now for a sale to get to exchange and completion.”

SEARCH FIASCO

Local authority searches are taking longer, with official searches taking longer because they are understaffed, and personal searches stymied by councils not responding quickly to online requests by search agents and offering few appointments.

Rudolf says: “A lot of local authorities have gone back into the office, but they can only do half the number of

appointments because they need to clean down in between.”

Richard Powell, director at Ryder and Dutton estate agency, which has offices in Yorkshire and Lancashire, has become so frustrated with the delays — “up to six weeks at some local authorities” — he has started asking sellers’ lawyers to order searches when they put the house on the market. The cost is then transferred to the buyer when the deal goes through. He estimates that this cuts four to six weeks from the transaction time. “It doesn’t cost anyone any extra but speeds everything up for everyone. About 66 per cent of our sellers have done it and I think we can get that up to 80 per cent,” he says.

LEGAL LOW-DOWN

Many conveyancing firms seem to have been taken by surprise by the surge in demand. “They haven’t been very quick to bring their staff back from furlough,” Powell says. “Business is busier than it has been for about ten years, so even if they do bring everyone back they would need to recruit and train more people. Add to this that there is more compliance and red tape with anti-money laundering legislation and you can see the problem.”

Delays in conveyancing, mortgage processing and searches have pushed Powell’s average transaction time from point of sale to completion



from 12 weeks to 16-18 weeks.

As a way of reducing the delays in conveyancing, Powell has launched a “contract ready scheme” for sellers. Some of the delays are because sellers have to give a lot of information twice — to the estate agent and to the lawyer. This includes the fact that sellers have to provide ID in person, all of which can take a long time. Especially when, as Powell adds, “law firms display little urgency and do nothing until the client returns the documents ... they are not very good at chasing.

“To try and speed this all up we now encourage a vendor to accept a referral to a law firm when the property goes on sale. The legal work on the sale is done on a no sale, no fee basis so there is no risk to the seller in terms of extra costs,” says Powell. The company uses a software programme that means the data is only inputted once and shared including facial recognition ID. The lawyer then orders the searches and the estate agent starts to market the property as “contract ready”.

FAST FORWARD

Powell isn’t the only one frustrated by the delays — after all, if you can buy a property on the gavel at an auction, why is the bricks and mortar process so slow and tortuous?

The Ministry of Housing, Communities and Local Government has said it would like the whole sales process reduced to six to eight weeks. It is working with the Home Buying and Selling Group (HBSG), a wide-ranging group of property professionals, about the provision of upfront information to speed up sales.

Rudolph says: “Prior to lockdown, transaction times could be as much as 20 weeks after an offer had been accepted and the risk of a transaction falling through was around 34 per cent. There is simply not enough resource in the industry to support this amount of waste. We know that instructing a property lawyer on listing and providing all information upfront results in average transaction times of just six to eight weeks.”

One way in which this might be achieved is through digital logbooks, where all the material needed to buy, sell or rent a property is held.

Nigel Walley, managing director of Chimni, a logbook provider, is chair of the HBSG’s logbook working party. He says: “There are just four providers and 5,000 users of logbooks — we are almost universally unknown.”

This could change in the next year. “We are about a year way from mass roll-out,” he says. “Then people could be perpetually ready to convey with all their house information in one place in a format that can be shared between everyone.”

It can’t come soon enough, with buyers and sellers growing increasingly frustrated by the delays and concern mounting that many will miss the stamp duty deadline as a result.

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