

RUTLAND & STAMFORD property news



David Crooke

author of the
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My name is David Crooke, Owner & MD of UPP Property Agents.

Just over a decade ago, I bought my first investment property & became a landlord for the first time.

Before taking the plunge, I struggled to find decent, reliable, local property market information. I wanted to know where to buy in Stamford (& where to avoid!), what to buy in Stamford? How many bedrooms? New build or old?

Now, to assist you with your research, I share what is happening in our very own property market via these newsletters & my on-line blog.

Proving very popular is my weekly post of the '3 best buy-to-let deals', irrespective of which agent is marketing it - a kind of 'Homes Under The Hammer' Stamford & Rutland style!

If you have a question regarding an existing property you own, or if you are considering buying one & would like to discuss it, please get in touch.

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Issue 5

WHAT WOULD 'BREXIT' MEAN TO THE 5,880 STAMFORD PROPERTY OWNERS?

If you read all the newspapers the Brexit debate seems to be focused solely on central London. Many commentators have said Brexit would cause central London to have a lower standing in the world, with higher unemployment rates along with the implication of lower wages and higher crime figures... but we are in Stamford, 103 miles away from central London.

What would Brexit mean for the 5,880 property owners of Stamford?

In the run up to the vote on the 23rd of June, I predict the 'IN' camp will start to scare homeowners with forecasts of negative equity, and the 'OUT' camp will appeal the '20-somethings' (who have been priced out of the property market) with the prospect of a new era of inexpensive housing. That is, should the fears of central London estate agents and developers who believe the bottom will fall out of the market if we do leave, become real.

With the short-term uncertainty in the country, quite often big decisions are put on ice and people hesitate over 'big money purchases' i.e. buying a property. However, in the 4 months up to last year's election, property values in Stamford increased by 1.76%.

I believe that a vote to stay in the EU would see the Stamford property market return to a status quo very quickly, but the contrasting result could lead to some changes. The principal menace to the housing market could be a rise in interest rates as a result of a Brexit, which could theoretically see the cost of mortgages grow swiftly, pricing many out of the market ... but then 75% of landlords buy without a mortgage, so that won't affect them.

Also, according to data from the Bank of England, 80.33% of all new mortgages taken out in 2015 were fixed rate. Looking at mortgages as a whole, 44%

of all UK mortgagees have a fixed rate mortgage, but 56% don't.

Today, property prices are 241.83% higher than 21 years ago in Stamford and are 4.2% higher than 12 months ago. So, make your own decision on 23rd of June 2016 safe in knowledge that whatever the result, there might be some short term volatility in the Stamford property market, but in the long term (and property investment is a long term strategy) there aren't enough houses in Stamford to live in either to buy or rent. Until the Government allow more properties to be built the Stamford property market will be just fine - even if it has a little blip in the summer, there could be some property bargains on the run up to Christmas to be had!

For more advice and opinion on the Stamford property market, even where those buy-to-let bargains could be found, visit www.rutlandandstamfordpropertyblog.co.uk



For my weekly choice of the '3 best buy-to-let deals' in Rutland and Stamford, visit www.rutlandandstamfordpropertyblog.co.uk

ONLY 369 COUNCIL HOUSES IN THE OAKHAM AND RUTLAND AREA LEFT – OPPORTUNITY OR PROBLEM?

The 'Right to Buy' scheme was a policy introduced by Maggie Thatcher in 1980 which gave secure council tenants the legal right to buy the council home they were living in with huge discounts.

The heyday of the council 'Right To Buy' scheme was in the 80's and 90's, when 1,719,368 homes in the country were sold in this manner between October 1980 and April 1998. However, in 1997, Tony Blair reduced the discount available to tenants of council houses and the numbers of properties being bought under the 'Right to Buy' declined.

So what does this mean for Oakham homeowners and landlords? Well, quite a lot in fact

Looking at the figures for our local authority, whilst the number of 'Right to Buys' have dwindled over the last few years to an average of only 20 'Right to Buy' sales per year, one must look further back in time.

Looking at the overall figures, 935 council properties were bought by council tenants in Rutland between 1980 and 1998. Big numbers by any measure and even more important to the whole Oakham property market (i.e. every Oakham homeowner, Oakham landlord and even Oakham aspiring first time buyers), when you consider these 935 properties make up a colossal 8.8% of all the privately owned properties in our area (because in the local authority area there are only 10,556 privately owned properties).

Oakham first time buyers and landlords can now buy these ex-council properties 'second hand', as those original 80's and 90's tenants (now homeowners) have more than passed the time of any claw back of the discount they received (council discount was repayable if the first owner sold within a stipulated time period - usually 5 years).

Tenant demand for such properties is buoyant since Oakham property values are high. Many are simply unable to buy a property, or one big enough to suit their family's needs, so they will reconcile themselves to renting, resulting in a good rental demand for that genre of property.

Now let us all be honest, some (not all), ex-council properties lack the vital "KSA" (Kerb Side Appeal!). The new homes builders know all about KSA, as they dress up the exteriors of their new homes to make them more appealing to buyers.

Yes, the modern stuff being built in Oakham is lovely, but too many landlords purchase buy to let property solely based on where they would choose to live themselves, instead of choosing with a business head and thinking about where a tenant would want to live. Remember the first rule of buy to let property – "you aren't going to live the property yourself".

What an ex-council property lack in terms of 'KSA', they more than make up for in other ways. Tenants care more about how close the property is to a particular school or how close it is to family members for childcare support, than the overall look of a property.

Whilst ex-council properties tend to increase in value at a slower rate than more modern properties, that is more than made up in the much higher yields – and those built between the wars or just after are really well built.

Also, the very fact the council were forced to sell these Oakham properties in the 80's and 90's means that today's younger generation (who would have normally been considered for a council home themselves), find themselves in a different position to previous generations, as there simply aren't the number available, or even being built.

So to Oakham landlords, don't dismiss ex-council houses and apartments – but remember the 1st rule of buy to let (see above).

However, those very same Oakham landlords should go in with their eyes open and take lots of advice. Not all ex-council properties are the same and even though they have good demand and high yields, they can also give you other headaches and issues when it comes to the running of the rental property.

A useful resource for free advice and information on such matters is the Oakham property blog: www.rutlandandstamfordpropertyblog.co.uk.

That just leaves the 369 council houses still owned by Rutland County Council to be sold to their tenants in the coming years!

Data Sourced from The Office of National Statistics for Rutland, on the council sell offs and property numbers and The Census for council house numbers

3.7% RISE IN STAMFORD PROPERTY VALUES ADDS WEIGHT TO THE TOWN'S HOUSING CRISIS

Stamford's continuing housing shortage is putting the town's (and the country's) reputation as a nation of homeowners 'under threat', as the number of houses being built continues to be woefully inadequate in meeting the ever demanding needs of the growing population in the town.

George Osborne, used the 'Autumn Statement' to double the housing budget to £2bn a year from April 2018 in an attempt to increase supply and deliver 100,000 new homes each year until 2020.

He also introduced a series of initiatives to help get first time buyers on the housing ladder, including the contentious 'Help to Buy Scheme' and extending 'Right to Buy' from not just council tenants, but to housing association tenants as well.

Now that does all sound rather good, but the country is only building 137,490 properties a year (split down 114,250 built by private builders, 21,560 built by Housing Associations and a paltry 1,680 council houses). If you look at the graph (courtesy of ONS), you will see nationally, the last time the country was building 230,000 houses a year was in the 1960's.

Looking at the Stamford house building figures, in the local authority area as a whole, only 650 properties were built in the last 12 months, split down into 590 privately built properties and 60 housing association with not one council house being built.

This is simply not enough and the shortage of supply has meant Stamford property values have continued to rise, meaning they are 3.7% higher than 12 months ago, falling 0.8% in March.

So, what of supply? Well, we have spoken about the lack of new building in the town holding things back, but there is another issue relating to supply. Of the existing properties already built, the concern is the number of properties on the market and for sale. The number of Stamford properties for sale in February of

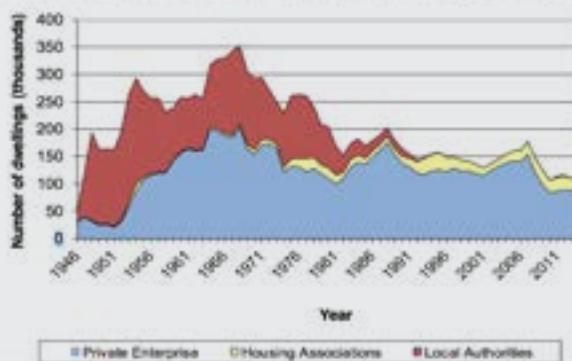
Data taken from The Office of National Stats for Building Numbers

The demand for Stamford property has been particularly strong for properties in the good areas of the town and it is my considered opinion that it is likely to continue this year, driven by growing demand among buyers (both homebuyers and landlords alike).

this year was 133, whilst 12 months ago, that figure was 105, whilst three years ago it stood at 218... a massive drop!

With demand for Stamford property rising, minimal new homes being built and less properties coming onto the market, that can only mean one thing ... now is a good time to be a homeowner or landlord in Stamford. For more articles like this, please visit the Stamford Property Market Blog: www.rutlandandstamfordpropertyblog.co.uk

Figure 3: House building permanent dwellings completed, by tenure, England, 1946 to 2014



FOR MORE ADVICE AND OPINION ON THE RUTLAND AND STAMFORD PROPERTY MARKET, SEE OUR BLOG



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