

RUTLAND & STAMFORD property news



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author of the
**RUTLAND & STAMFORD
property news**

In this month's newsletter I reflect on the performance and growth of the housing market in Stamford and Rutland towards the end of last year, and give you an in-depth analysis on house values.

If you would like a free valuation of a property you already own, be that your own personal home or an investment property, for either sale or rental purposes, please do get in touch.

Likewise I am more than happy to cast my eye over any buy-to-let purchase you are considering. You are welcome to email me a Rightmove link, a brochure in the post, or we can even 'tread the carpet' together. I don't charge for my service, and you don't even need to be a client of mine.

We are here to help you buy, sell, rent and manage your homes and investments.

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STAMFORD'S PROPERTY VALUES 8.13% HIGHER THAN 1 YEAR AGO

Not even last year's Brexit vote hindered Stamford's steady rise in property values, as property values went up 1.49% in the last few weeks of 2016 - leaving Stamford values 8.12% higher than a year ago.

An increase in demand from buyers and an uninspiring level of supply (i.e. the number of properties on the market) has driven up Stamford's house values, and the Stamford property market has remained strong, still 15.6% higher than 20 months ago.

The housing market as a whole is built on the foundations of basic economic rules that any GCSE Economics student should understand. However, at a time when as a country we seem eager to uncouple ourselves from all manner of proven facts, anything is up for grabs.

Even the wary Royal Institute of Chartered Surveyors (RICS) said most of its chartered surveyors anticipated UK house prices to increase in the next 6 months, which seems contradictory given economic cautions from HM Treasury. Even though inflation will rise to around 2% to 3% this year and perhaps a little more in 2018 because of the Sterling's

devaluation, together with a high probability of a decelerating GDP and a slight rise in unemployment, how can the RICS and most landlords and sellers remain so confident about house values?

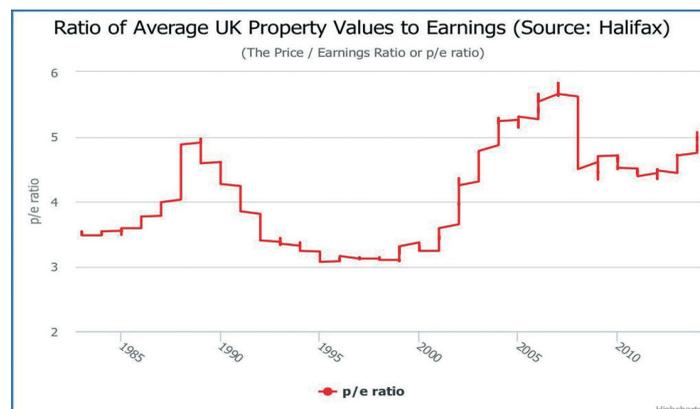
Nationally, we have a solid base of low unemployment, low inflation and preposterously low interest rates, and here in Stamford the local economy is doing quite well for itself. Confidence also plays a part. Confidence can supersede basic economic facts for a short time at least, which is why actual property market changes tend to be more exaggerated, as confidence can turn both positive and negative very quickly.

The fact is, there is a long-term relationship between property values, wages and unemployment. For example, looking at the following graph, you can quite clearly see the ratio of property values to earnings is nowhere near as high as it reached in 2008 and currently is in the middle of the range for the last 30 years. As a country, we are in a strong position.

Property values might drop slightly in 2017, but based on what we know of the UK economy now, values are not projected to move that

much over 2017 or 2018. Going into the next 2 years, we are in much better financial shape as a country compared to the last 2 crashes of 1987 and 2008.

Confidence will continue to be the key player in the housing market for a while longer, and this may spur some much needed second-hand market activity.



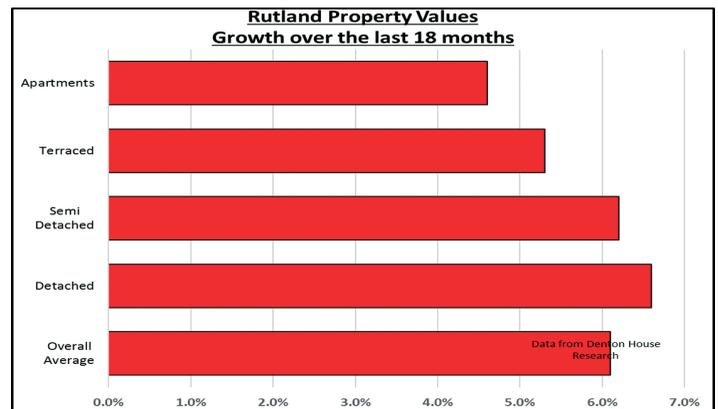
RUTLAND HOUSE PRICES RISE BY MORE THAN 6% IN THE LAST 18 MONTHS

Good news...property values in the Rutland County Council area rose by 2.3% to leave annual price growth at 9%. These compare well to the national figures where property prices saw a monthly uplift of 0.42%, meaning the annual property values across the country are 8.3% higher. This is all despite the constraining factors of Stamp Duty changes in the spring and, more recently, Brexit.

Interestingly, when looking at the last 18 months' figures, house prices are 6.1% higher. Again, thought provoking when compared to the national average figure of 13.6% higher.

Analysing how the different property types have performed paints a more interesting and relevant picture. Over the last 18 months, the best performing type of property was the detached house, which outperformed the area average by 0.42%, whilst the worst performing property type was the apartment, which under-performed the area average by 1.4%.

Now the difference doesn't sound that much, but remember two things, this is only over 18 months and the gap of 1.8% (the difference between the detached at +0.42% and apartments at -1.4%) converts into a few thousand pounds disparity, considering the average price paid for a detached property in Rutland over the last 12 months was £364,300 and the average price paid for an apartment was £153,000 over the same time frame.



The number of properties on Rutland's housing market increased this summer, something that hasn't happened since 2008. Greater choice for buyers means, using simple supply and demand economics, that top prices won't be achieved on every property. Some of that growth in property values throughout early 2016 may have come about because of a surge in house purchase activity, an indirect result of the increase in stamp duty on second homes from April, thus providing a temporary boost to prices.

However, it may be possible the recent pattern of robust employment growth, growing real earnings and low borrowing costs will tilt the demand/supply seesaw in favour of sellers and exert upward pressure on prices once again in the quarters ahead.

Assuming that everything goes well with Brexit, in 12 months' time Rutland's property values should rise in the order of 4% to 8%.

As interest rates are looking to stay low in the foreseeable future the steady growth in house prices and princely buy-to-let yields have made property investment an appealing option for many. See my WEEKLY blog for the '3 BEST BUY-TO-LET DEALS' on the Rutland and Stamford property market, such as...



2 Bedroom Terrace

Worcester Crescent, Stamford. Marketed by Newton Fallowell
Price £169,950 → Rent: £695pcm → Yield: c5%



3 Bed Town House

Mallard Court, Oakham. Marketed by Moores
Price: £170,000 → Rent: c£695 - £750pcm → Yield: c5% (based on £695pcm)



2 Bedroom Ground Floor Flat

Bourne Road, Essendine Nr Stamford. Marketed by UPP Property Agents
Guide Price: £125,000 → Rent: c£525pcm → Yield: c5%

For more details and a link to each property, please visit my blog. Prices correct as at December 2016

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



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