

RUTLAND & STAMFORD property news



David Crooke

author of the
RUTLAND & STAMFORD
property news

My name is David Crooke, owner and managing director of UPP Property Agents.

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

Before taking the plunge, I struggled to find decent, reliable, local property 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 and my weekly 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 – think of it as a 'Homes Under The Hammer' Rutland & Stamford Style!

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

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109 DAYS TO FIND A BUYER FOR YOUR STAMFORD PROPERTY

Trying to calculate the best time to put your property on the market can often seem something akin to witchcraft and, whilst I would agree that there are particular times of the year that can prove more productive than others, there are plenty of factors that need to be taken into consideration.

Even if you are putting your property on the market, you don't know how long it will take to find a buyer. At the moment, the latest set of figures for all 20 estate agents in Stamford, show the average length of time it takes to find a buyer for any Stamford property is as follows:-

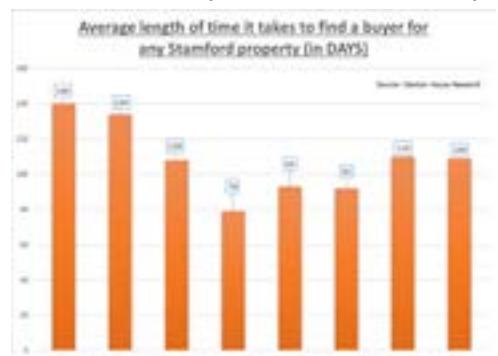
| | |
|------------------------|-----------------|
| Detached | 130 days |
| Semi | 88 days |
| Terraced | 85 days |
| Flat | 110 days |
| Overall average | 109 days |

In January 2016, the overall average time it took to find a buyer (again using data from all of the 20 Stamford Estate Agents) was 109 days.

So, on the face of it, things haven't changed much over the last 6 months or so. When I looked at the data going back to 2009, a slightly different picture appeared...

Winter 2009 - 177 days **Summer 2009 - 170 days**
and in more recent times ...

Winter 2013 - 140 days **Summer 2013 - 134 days**
Winter 2014 - 108 days **Summer 2014 - 79 days**
Winter 2015 - 93 days **Summer 2015 - 92 days**



Coming back to the present, even if you placed your property on the market today in Stamford, if it takes you on average a little over 15 weeks to find a buyer, then you can expect solicitors and the chain to take an additional 8 - 12 weeks after that, before you move.

It comes down to personal choice as to when you place your property on the market. Children often affect the decision; on one side you might delay putting that for sale board in your front garden so you can move in the summer school holidays, but on the other side, you might want to move sooner to be in the catchment area of a preferred school, in plenty of time for the next academic year?

There are times of the year when it's better to sell, and times when waiting a little longer can pay off in the long run. In a nutshell, I would say this is the way of the seasons...

Spring: Customarily there are more house-buyers as the Daffodils show themselves.

Summer: Sellers may miss out on house-buyers being on holiday.

Autumn: The enthusiasm for buying homes returns.

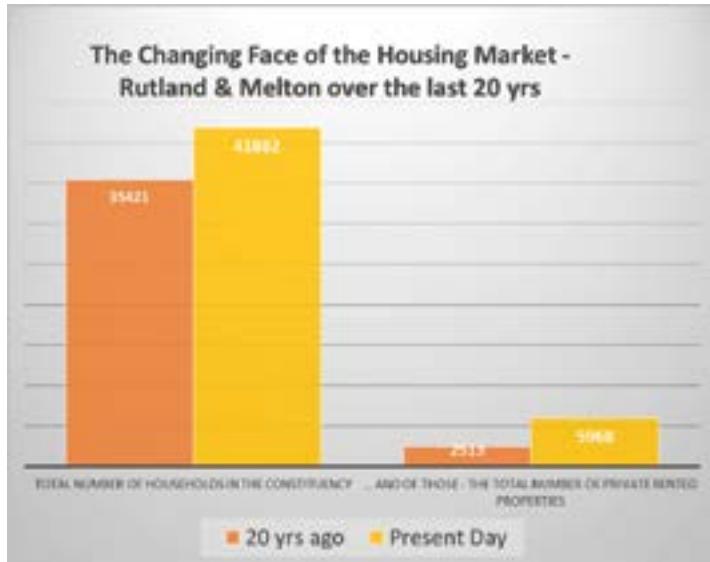
Winter: Interest diminishes as festive period looms.

What this means to buyers and landlord investors is that they often pick up a bargain in later months of the year, as there is less competition from owner occupiers. So, whilst there are better months to achieve a quicker sale, the only piece of advice I can give to every home owner and landlord in Stamford, is do the right thing for yourself, do your homework and buy (and sell) with both your head as well as your heart.

145% INCREASE IN PROPERTY VALUES IN RUTLAND SINCE THE MILLENNIUM

Since the Millennium, Rutland house prices have risen by 145.86%, whilst average salaries in Rutland have only grown by 51.27% over the same time frame. This has served to push homeownership further out of reach for many 'Rutlanders' as they have to battle against raising considerable deposits &, as a result of new mortgage regulations introduced in 2014/5, meet sterner lending criteria.

The private rental market in Rutland has grown throughout the last 20 years with buy-to-let investors purchasing a high proportion of newly built residential properties that were built & designed for the owner occupier sales markets. For example, in the Rutland & Melton constituency, roll the clock back 20 years & there were 35,421 properties in the constituency, whilst the most recent set of figures show there are 41,882 properties - a growth of 6,461 properties.



However, anecdotal evidence suggests that a large number of those 6,461 were bought by Rutland buy-to-let landlords, as over the same 20-year time frame, the number of rental properties has grown from 2,513 to 5,968 in the constituency - a rise of 3,455 properties.

Nevertheless, some say this historic growth of the Rutland rental market might start to change with the new tax rules for landlords introduced by Mr. Osborne over the last seven or eight months. Yet the numbers tell another story. Across the board, mortgage borrowing climbed to a 9 year zenith in March this year as the British property markets traditional Easter rush corresponded with landlords hurrying to beat George Osborne's new stamp duty changes. Buy-to-let landlords borrowed £7.1bn in March 2016 (the latest set of figures released) which was 163% up on the £2.7bn borrowed in the previous March.

Personally, I don't think things will get worse in the buy-to-let market in Rutland & here are my reasons:

Firstly, what else are landlords going to invest in if it isn't property? The stock market? Since the Millennium, the stock market has risen by an unimpressive total of 5.54%, quite different to the 145.86% rise in Rutland property prices?

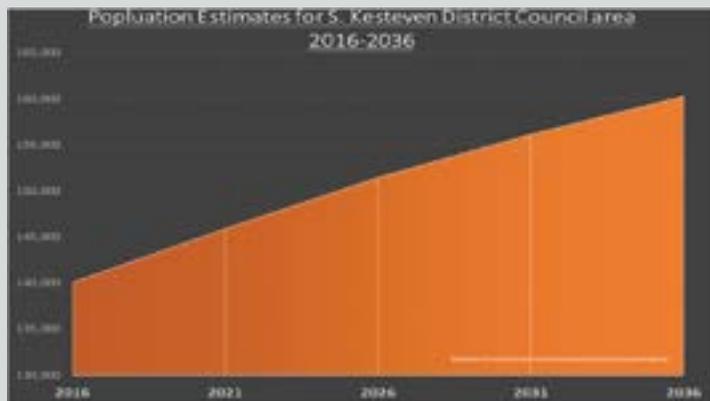
Secondly, its true the 3% stamp duty is the first blow on top of a number of other tax changes to be phased in between 2017 & 2021, such as landlords facing a constraint in their ability to offset mortgage interest and, if sizeable numbers of landlords do take the decision to sell their portfolios, this will lead to a substantial amount of second hand properties being put up for sale. Yet that might not be a bad thing, as I have mentioned in previous articles there is a serious shortage of properties to buy at the moment in Rutland: the stock of property for sale being at a 6 year all-time low.

Thirdly, if there are fewer rental properties in Rutland, as supply drops & demand remains the same (although ask any letting agent in Rutland & they will say demand is constantly rising) this will create a squeeze in the Rutland rental market & as a result, rents will rise. In fact, I predict even if landlords don't sell up, Rutland rents will rise as Rutland landlords seek to compensate for increased costs, which means more landlords will be attracted back.

STAMFORD POPULATION SET TO RISE TO 160,200 BY 2036

Stamford faces a predicament. The population is growing & the provision of new housing isn't keeping up. With the average age of a Stamfordian being 41.8 years (compared to the E.Midlands average of 40.0 years old & the national average of 39.4 years of age), the population of Stamford is growing at an alarming rate. This is due to an amalgamation of longer life expectancy, a fairly high birth rate (compared to previous decades) & high net immigration, all of which contribute to housing shortages & burgeoning house prices.

We commissioned some research by Durham University specifically for the South Kesteven District Council area. Known as the UK's leading authority for such statistics, Durham University's population projections make some startling reading...



The normal ratio of people to property is 2:1 in the UK, which therefore means...

We need just over 10,000 additional new properties to be built in the S. Kesteven District Council area over the next 20 years.

Whilst focusing on population growth does not tackle the housing crisis in the short term in Stamford, it has a fundamental role to play in long-term housing development & strategy in the town.

The rise of Stamford property values over the last 6 years since the credit crunch are primarily a result of a lack of properties coming onto the market, a lack of new build properties & rising demand (especially from landlords looking to buy property to rent them out to the growing number of people wanting to live in Stamford, but can't buy or rent from the council).

Although many are talking about the need to improve supply (i.e. the building of new properties), the issue of accumulative demand from population growth is often overlooked. Nationally, the proportion of 25-34 year olds who own their own home has dropped dramatically from 66.7% in 1987 to 43.8% in 2014, whilst 78.2% of over 65s own their own home. Longer life expectancies mean houses remain in the same hands for longer.

The swift population growth over the last 30 years provides more competition for the young than for the more mature population. It might surprise some people that 98% of all the land in the UK is either industrial, commercial or agricultural, with only 2% being used for housing, which means one could propose expanding supply to meet an expanding population by building on green belt - that's a topic most politician's haven't got the stomach to tackle, especially in the Tory strongholds of the South of England where the demand is the greatest. Some people suggest building on brownfield sites, but recent research suggests there aren't as many sites to build on, especially in Stamford that could accommodate 10,000 properties in the next 20 years.

In the short to medium term, housing demand will continue to grow in Stamford (& the country as a whole). In the short term, that demand can only be met from the private rental sector, which is good news for homeowners & landlords alike as that keeps house prices higher.

In the long term though, local & national Government & the UK population as a whole, need to realise these additional millions of people over the next 20 years need to live somewhere. Only once this issue starts to get addressed, in terms of extra properties being built in a sustainable & environmentally friendly way, can we all help create a socially ecological prosperous future for everyone.

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



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