RUTLAND & STAMFORD property news

David Crooke
author of the
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Location, Location, Location...Our new office move to Red Lion Street in Stamford has gone really well, and we are pleased with the support and encouragement we have received from our vendors, landlords and from our fellow local independent trading neighbours – thank you for making us feel so welcome.

Buying, selling or renting a property - either a personal a home or a long term investment can be difficult. My colleague Adrian and I know the Rutland and Stamford property market like no one else. We work hard to keep abreast of which type of property is in demand, we know which location is most sought after and we know what makes a sound investment.

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 get in touch.

We are here to help you.

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IS BREXIT SET TO RESTRAIN STAMFORD PROPERTY PRICE RISES IN 2017?

While Brexit has not yet had a sizeable impact on our local housing market, my analysis is pointing to the fact that the economic viewpoint still remains uncertain and local property price growth is likely to be more subdued in 2017 - **although that isn't a bad thing, so let me explain.**

Since last summer, apart from a little wobble of uncertainty a few weeks after the Referendum vote, property values (and the economy) on the whole has outperformed what most people were anticipating. In fact, when I looked at the property prices for our South Kesteven District Council area, these were the results...

The UK property market continues to perform robustly (because we can't just look at Stamford as if in its own little bubble) with annual price growth set to end this year at 6.91% and most of the East Midlands region property market at 7.52%.

Talking to fellow agents in London, the significant tidal wave of growth seen from 2013 through to 2015 in the capital has subdued over the last 6 months. However, as that central London house price wave has started to ripple out, agents are starting to see stronger property growth values in East Anglia and the South East regions outside of London, than what is being seen within the M25.

However, up here in beautiful Stamford and Rutland, we haven't really been affected by what is happening in the central London property mega bubble. Our local property market is more driven by sentiment and confidence. The main forces for a weaker local property market relate to economic uncertainty surrounding the Brexit process, which I believe will impact unhelpfully on consumer confidence in the run up to and just after the serving of the Section 50 Notice by the end of Q1 2017.

In addition, the influence of reforms to the taxation of landlords is expected to result in a reduced demand from buy-to-let landlords, which will limit upward pressure on property values. However, on the other side of the coin, demand from tenants has been strong, but this has been counterbalanced by a strong supply of rental properties. In my opinion, there is a slight risk of rents not growing as much in 2017 as they have in 2016, but by 2018 they will rise again to counteract Philip Hammond's changes to tenant fees.

The broader local rental market looks relatively positive with modest rental growth expected and rents might rise further if landlords begin to sell properties in an effort to offset to the impact of tax rises.

So what do I predict will happen to Stamford's future housing market? I believe property values are expected to rise by 1.5% in 2017, compared to the 5.3% seen this year. Then picking up again with a rise of 2.4% in 2018, 3.1% in 2019, 4.6% 2020 and 6.1% in 2021.

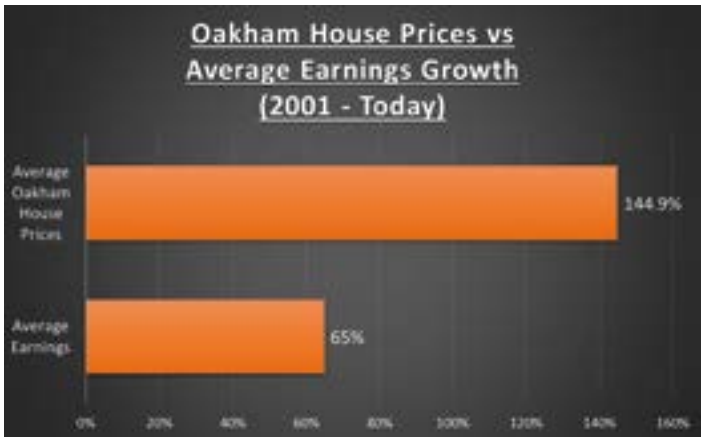
But my predictions do not take into account any effect of a possible snap General Election or further referendum on ratifying any Brexit deal - if that comes to pass in the future.

PRIVATE RENTING IN OAKHAM SET TO HIT 929 HOUSEHOLDS BY 2021

Can we blame the 55 to 70-year-olds for the current housing crisis in our towns? Also known as the 'Baby Boomer Generation', they were born after the end of WWII as the country saw a massive population explosion and recovered from the economic hardships experienced during wartime.

Throughout the 1970's and 1980's, they experienced (whilst in their 20's, 30's and 40's) an unparalleled level of economic growth and prosperity throughout their working lifetime on the back of improved education, government subsidies, escalating property prices and technological developments... they have emerged as a successful and prosperous generation.

Yet some have suggested these baby boomers have (and are) making too much money to the detriment of their children, creating a 'generational economic imbalance', where mature people benefit from house-price growth whilst their children are forced either to pay massive rents or pay large mortgages.



Between 2001 - today average earnings rose by 65%, but average Oakham house prices rose by 144.9%

The issue of housing is particularly acute with the generation called the 'Millennials', who are young people born between the mid 1980's and the late 1990's. These 18 to 30 years, moulded by the computer and internet revolution are finding it very hard to buy a property, as these 'greedy' landlords are buying up all the property to rent out back to them at exorbitant rents ... it's no wonder these Millennials are lashing out at buy-to-let landlords, as they are seen as the greedy, immoral, wicked people who are cashing in on a social despair.

Like all things in life, we must look to the past, to appreciate where we are now. The three biggest influencing factors on the property market in the later half of the 20th Century were, firstly, the mass building of council housing in the 1950's and 60's, secondly for the Tory's to sell most of those council houses off in the 1980's and, finally, 15% interest rates in the early 1990's which resulted in many houses being repossessed. It was these major factors that underpinned the housing crisis we have today.

To start with, in 1995 the USA relaxed its lending rules by rewriting the 'Community Reinvestment Act'. This Act saw a relaxation on the banks' lending criteria as there was pressure on these banks to lend on mortgages in low wage neighbourhoods, the American viewpoint was that anyone, (even someone on the minimum wage / any working class person) should be able to buy a home. Unsurprisingly, the UK followed suit in the early 2000's, as banks and building societies relaxed their lending criteria and marketed 100% mortgages, even Northern Rock offered 125% mortgages.

Today we can observe those very same footloose banks from the early/mid 2000's (lending 125% with a just note from your Mum and a couple of breakfast cereal tokens), ironically reciting the Bank of England backed hymn-sheet of responsible-lending. On every first time buyer mortgage application, they are now looking at every line on the 20-something's banks statements, asking if they are spending too much on socialising and holidays ... no wonder these Millennials are afraid to ask for a mortgage (as more often than not after all that – the answer is negative).

Conversely, you have unregulated Buy-To-Let mortgages. As long as you have a 25% deposit, have a pulse, pass a few very basic yardsticks and have a reasonable job, the banks will literally throw money at you ... E.g., Virgin Money are offering 2.99% fixed for 3 years – so cheap!

See my blog for more on this emotive matter and for some very interesting findings on why young people aren't buying property anymore – and it's not what you think!

See my WEEKLY blog for the '3 Best Buy-To-Let Deals on the Rutland & Stamford property market', such as...

2 Bedroom End of Terrace
Perth Road, Stamford. Marketed by Leaders
Sale Price £170,000 → Rent: Approx. £795pcm → Yield: 5.6%

2 Bedroom End of Terrace
Radcliffe Road, Stamford. Marketed by Sowden Wallis
Guide Price £169,995 → Rent: £625-£650pcm → Yield: 4.6%

2 Bedroom Semi-Detached
Drift Avenue, Stamford. Marketed by UPP Property Agents
Guide Price £169,950 → Rent: Approx. £650pcm → Yield 4.7%

For more details and a link to each property, please visit my blog. Prices correct as at February 2017

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

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