



# Q2: The summer crescendo hits albeit

When Shriti Vadera, Gordon Brown's economic agony aunt, talked about 'green shoots' in January<sup>1</sup>, the media erupted. And when a think tank declared the UK recession over in June<sup>2</sup>, disbelief still arose.

Yet as enigmatic 2009 reaches halfway, the Oxfordshire letting market is generally in good shape, emboldened by a pointed increase in demand from mid-May and with surprisingly few unpaid rents and landlord repossessions.

Now, we may not agree with the think-tank, there are issues with oversupply in some areas and the volume of negotiation required to secure deals is still abnormal, but so far the apocalypse which some predicted for 2009 has not happened.

Each local and sub-local market has its own story, but here are some themes across 8 specialist letting offices in Oxfordshire:

<sup>1</sup> ITV News, 14/1/09

<sup>2</sup> National Institute of Economic and Social Research, 14/6/09

<sup>3</sup> Rightmove data

<sup>4</sup> Labour Market Statistics, ONS

<sup>5</sup> John Lewis 13/6/09, 8.2% electricals increase year on year

**LATE SPRING RUSH CREATES A BUSY MARKET**  
June has been the busiest month for a year. Well-priced, well-marketed property is letting effectively, allowing landlords to reap the benefits. The traditional post-Easter rush arrived in May and brought with it applicant decisiveness, the hallmark of a good letting market for landlords.

Some examples: 45 new lets in 5 weeks in Banbury; swimming pool splendour in North Oxford (Photo 1); a 4-bedroom Picklers Hill house in Abingdon let for £2500 (all rents pcm) without coming to the market; impressive Central Oxford 1-bedroom flats attracting mature students consistently over £1000+ (Photo 2); a Tingewick, Buckingham 2-bedroom cottage with design accolades and roaring fire let for £1075 on the second viewing; our Abingdon team has placed good tenants in three of the four jaw-dropping apartments at Dandridge Mill, East Hanney for £1700-£2800 (Photo 4).

**MORE DEMAND FOR LARGER PROPERTY IN WEST AND NORTH OXFORDSHIRE**  
The winter was not kind to larger rental homes in these areas but appetite has returned (see sidebar for more on Banbury). One 5-bedroom Witney property tells the story: it let to an American business in early 2007 for £2200. In January 09 it re-let for £1200 for six months. In June it went for £1750. Honestly. This is an extreme story but it is indicative. Quarter 2 lettings nearby include The Winter Garden at Shipton-Under-Wychwood marketed at £1800, the four bedroom White Oaks in Burford, and The Studio also in Burford, advertised at £1450.

**HOWEVER APPLICANTS HAVE POCKETS OF AMPLE CHOICE**

Although May and June have been active, there are too many 2-bedroom apartments on the market in north Oxford and the county's satellite towns. This leads us back to the perennial issues of presentation (must be tip-top), pricing (expertise required) and persistence (from your agent). The upside for tenants is the incredible value out there, for example a 2-bedroom, 2-bathroom 'penthouse' just let for £750 in Bicester (Photo 3). In May in Bicester there were 84 2-bedroom properties to let, reduced to 68 in June<sup>3</sup> – still a high number. One property was marketed by eleven agents – not ideal.

**TALK OF 'GREEN SHOOTS' MIGHT BE PREMATURE DUE TO REDUNDANCY LAGTIME**

Trying to quantify the county's employment status is not easy. Net job creation / loss often does not include small businesses. 'Economically inactive' data is 10 months old. One measure is Jobseeker's Allowance Claimant data which is timely. It rose 80% from October 2008 to this February, and then 14% from February to May. Yet Oxfordshire is relatively well-placed, with 2.4% claiming the allowance versus 4.1% nationally<sup>4</sup>.

Our view is that over-reacting to 'good news' such as one week's bumper electronics sales in John Lewis is not healthy<sup>5</sup>. The underlying trends are a) that Oxfordshire's economy is bearing up well, but b) confidence is still fairly fragile. This paradox is likely to remain for 2009 which will place a ceiling on letting demand, particularly among the corporate tenant market which, unsurprisingly, has less impetus than in 2007 and 2008.

## SUPPORT OUR STROLLERS & SOBELL HOUSE

Our team of 30 people is walking the Midnight Stroll on Sat 11 July, in aid of Sobell House Hospice, our 2009 Charity of the Year. The Stroll is a 9 mile walk starting at 10pm around Oxford city centre. Any support or donations would be gratefully appreciated: [justgiving.com/fkoxford](http://justgiving.com/fkoxford) or via our website [www.finders.co.uk](http://www.finders.co.uk). Thank you.



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## ACTIVE INVESTORS, MAINLY INSIDE THE OXFORD RING ROAD

A crude split is that outside Oxford investors have started looking again, but in Oxford they are buying. We have matched several investor clients with our landlords who want to sell, bypassing the sales market. In some instances the property remains tenanted, mitigating risks; for example two East Oxford 2-bedroom apartments sold at 5-6% yields (Photo 7 shows one of them) and a North Oxford family home we have managed for 20+ years. Investors also want central Oxford 1-bedroom flats and student properties.

## TWO NEW RECESSION BEHAVIOURS: RETOUR DE FRANCE AND WORKING FROM HOME

These two trends are anecdotal. The first is a variety of enquiries from people – families mainly – saying au revoir to expat life and returning to the UK. This contrasts with traffic the other way from 2000 to 2007. The second trend is an increase in applicants requesting 'home office space'. This can justify a larger property if the tenant's employment status makes the home office tax deductible. An unfurnished 4-bedroom house on Osney Island in Oxford let to a couple at £1650 is a case in point (Photo 8).

## OUR FOUR QUARTER 1 RECESSION BEHAVIOURS ARE TICKING ALONG

1. 'Everyone wants a deal' - at times the offices sound like a Moroccan souk, although with less highly-sugared mint tea. Yet increased negotiation

is hardly the preserve of the rental industry: we expect your business has experienced it too.

2. 'Referencing rises in importance' – lettings have been halted due to unannounced County Court Judgements and unsubstantiated salary claims.
3. 'Single people sharing with friends' – slightly less of this, where people share to reduce outgoings.
4. 'Trying to take a property which is too small' – this is understandable but not in the landlord's interest normally.

## LOOKING FORWARD: GOODBYE TO OXFORD'S GREEN BELT PROTECTION?

Beyond the Quarter 2 trends is the Government's new policy to build 4000 homes on the Oxford Green Belt south of Grenoble Road in Blackbird Leys<sup>6</sup>. These homes are part of a target of 40,680 new homes in Central Oxfordshire by 2026 with 35% 'affordable' and social housing. The need for cheaper accommodation is a clear social issue, but investors should be aware of the long-term potential increase in supply of housing in South Oxford.

The path may not be smooth, as already the South Oxfordshire District Council is challenging the Green Belt directive in the High Court, alongside the Campaign for the Protection of Rural England. Oxford City Council supports the new 4000 homes and calls the SODC's legal actions 'obscene'<sup>7</sup>. Watch this space. Separately, it is unclear if and how the government's planned new 110,000 affordable homes will affect Oxfordshire<sup>8</sup>.

<sup>6</sup> The South East Plan. Regional Spatial Strategy for the South East of England. Government Office of the South East, May 2009

<sup>7</sup> Oxford Mail, 16/6/09

<sup>8</sup> 'Building Britain's Future', Government policy document 29/6/09

## CONFIDENCE RETURNS TO BANBURY

In Quarter 2 the Banbury market is invigorated with our lets up 13% year on year, particularly larger property. The causes seem to be residents returning from abroad (see 'Recession behaviours'); intra-Oxfordshire migration with private and public sector professionals seeking lower rents while still working in Oxford; and a general recovery of confidence after job losses from key employers such as Orange, Vodafone and Prodrive in 2008.

We let Pear Tree House at Chacombe and Manor Farm House at Thenford (Photos 5 and 6) in consecutive weeks at rents well over £2500. These two properties were also on with London agents, a reminder that letting is ultimately local. In June we secured tenants for two big farmhouses on the Althorp estate for strong rents.

In all four cases the steps to success were:

1. The landlords listened to us about rent levels.
2. Finalising the deal involved the landlord compromising on some aspect of the tenancy beyond the rent, for example length of tenure, addition of a pet, etc.
3. We responded instantly to applicant interest and maintained momentum.

These larger property applicants want a rural feel yet near the M40 and M1 and access to good independent schools such as Winchester House and Stowe.

Although confidence has improved, the market can still be delicate: a rent even £25pcm too high can deter applicants for 1- and 2-bedroom homes in Banbury. Also there are worrying noises about redundancies at Kraft, a vital employer.

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