

# Adapting produces better results than chance

At the time of going to print for our previous report we anticipated the outcome of the Brexit process to have been decided by now. While the air of caution has continued, we have also seen real decisiveness in pockets of the market. Aside from Brexit, we have seen some major changes to the market in Quarter 2 (April, May and June) with the introduction of the Tenant Fees Act. While it's too early to tell whether this put moves on hold or whether rents will suddenly spike, we have noticed some interesting trends across our eight offices.

## Family homes letting well

As mentioned in our previous report, the family homes market came alive a little earlier than usual this year. Demand for these homes has been consistent since the start of the year. Large houses which may have taken a little longer to let in the



1



2

past have been letting very quickly this year. For example, a 6-bedroom house listed at £11,000<sup>1</sup> in Oxford (Photo 1) and a 5-bedroom house in Woodstock at £2,700 (Photo 2). We've also seen a number of larger houses letting on the first viewing, such as a 4-bedroom house in Bladon at £1,550.

## A 'sweetshop market'

Indecisiveness among non-family applicants continues across the county. Like a child in a sweetshop, when there is more choice on the market the temptation is to want to see everything before making a decision. Unfortunately, this has caused some applicants to miss out on properties they have liked because they wanted to see "just one more" before making their final choice. Our advice is: if you like it, take it!

## A different market

Location and condition of property are always important, but when there is more competition and applicants are taking longer to decide we recommend being flexible on rent to ensure the property is let. Our Central Oxford team had success recently on a 1-bedroom apartment in the city centre. Although it is in a great location and finished to a very high standard, there was a lot of competition for similarly sized properties. At the landlord's request we agreed to list the property at £1,400 with the proviso of reviewing the rent if there was no interest. After a couple of weeks we reduced the rent to £1,350 and promptly let it to a professional couple (Photo 3).

<sup>1</sup> All individual rents in this report are pcm and marketing rents

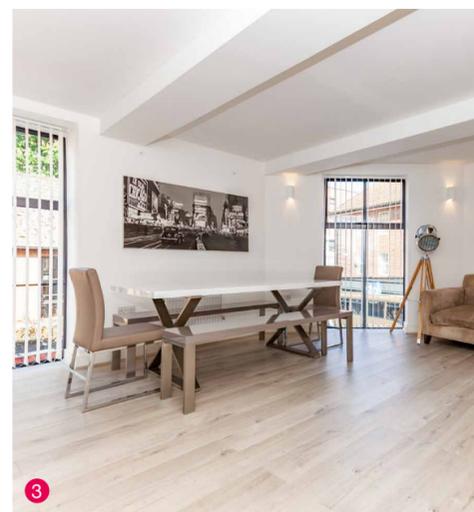
## Renewals

We've seen far more demand for flexibility from tenants at renewal over the last three years; many tenants want to secure their home for two or three years and proposed rent increases are being negotiated in many cases. Perhaps the Tenant Fees Act gives them the freedom to move and so they feel more confident in requesting more flexibility. We advise landlords to be realistic: do not try to increase to a rent that you wouldn't get on the market if your tenant decides not to renew.

## Just being on a portal does not cut it

Unlike other agents who might just put properties online and wait for them to let, our letting team's energy has helped us to secure 533 lets this quarter:

- We were listing a 1-bedroom apartment in Abingdon at £1,150 (Photo 4) alongside another agent. While carrying out a viewing at a 2-bedroom property in the same development we suggested viewing this large 1-bedroom apartment as we thought it would suit the applicant. They loved it and applied straight away.



3

- When tenants left their 3-bedroom property in Bicester without warning two team members went to the property to vacuum and tidy up to make sure it was presenting well and we promptly re-let the property (at the same rent) for a delighted landlord.
- In Central Oxford, a landlord came to us after their 2-bedroom apartment had been sitting empty with another agent. We got some great professional photos and proactively called all suitable applicants, resulting in two offers in the first week of listing.

## New Business

Across the board we've seen more enquiries from the "accidental landlord" i.e. those relocating, who have inherited a property or who have failed to sell (or even failed to Air Bnb in a couple of cases). For example, we listed a 3-bedroom house in Summertown at £2,000 which had been on the sales market for several months and we agreed a let within 9 days (Photo 5). We've also seen more landlords switching from their existing agents because they are no longer willing to put up with poor service when fees are being increased.



5

## Investors staying ahead

Inspired Investment – our search and acquisition service – had a successful quarter helping clients to expand their portfolio. One of the biggest successes was in matching the sale of a small development to an existing landlord. An international estate agent had been trying for two years to sell a 4-apartment development in Witney listed at £600,000 (Photo 6). The owner dis-instructed the agent earlier this year and recently instructed Inspired Investment to find a buyer for the apartments. We sent the details to our Investor Club database and within three weeks we

had sold the development off-market for £585,000 at a 6% return for our landlord. To join our Investor Club email [inspired@finderskeepers.co.uk](mailto:inspired@finderskeepers.co.uk)

## Buy-to-let in the future

While the political and economic uncertainty surrounding Brexit will continue into quarter 4, we remain positive for Oxfordshire. There will always be a market for private rentals here due to the transient population who enjoy the flexibility of renting. According to recent research, around two thirds (64%) of UK landlords are optimistic about the outlook for the residential buy-to-let (BTL) sector



4

over the next three years despite Brexit worries<sup>2</sup>. BTL can still be profitable if viewed as a long-term investment. Indeed, many of our clients regard their investment as a pension-style income stream that delivers a monthly cash flow from their property.



6

## The Tenant Fees Act 2019

Since 1st June it is illegal for agents or landlords to charge tenants for anything other than a set list of items. According to research released in May only 41% of people were even aware of the regulation change coming into force<sup>3</sup>. We have found an interesting split across the industry:

- Applicants:** applicants outside of Oxford have rarely referenced the ban, whereas many in Oxford were referencing it in the last few weeks of May.
- Tenants:** tenants across the county have been aware of the ban and have been referencing it at tenancy renewal.
- Letting Agents:** we've seen evidence of Oxfordshire agents writing to their landlords to increase their monthly management fee to recoup this lost income stream - something we haven't done.
- Landlords:** there are claims that landlords will simply increase the rent to cover the costs of their increased fees<sup>4</sup>. We have yet to see evidence of other agents hiking up rents, and we feel that it is not quite as simple as just increasing the rent – particularly if tenants are not prepared to pay it.

<sup>2</sup> <https://ccbanc.co.uk/new-research-finds-uk-landlords-optimistic-about-investing-in-property-despite-brexit-fears/>

<sup>3</sup> <https://www.justlandlords.co.uk/news/scepticism-uncertainty-tenant-fees-ban/>

<sup>4</sup> <https://www.theguardian.com/money/2019/jun/15/letting-fees-ban-agents-urge-landlords-to-increase-rents>