

# Business not as usual

It may feel an overstatement to describe 2019 as ‘extraordinary’, but it really has been an uncharacteristic year in terms of the Oxfordshire letting market. Across the county we’ve had weeks with lets into double figures followed by a week of little commitment from applicants. However, our letting teams continued to work hard to update and advise their landlords on a weekly basis, which has resulted in 627 lets this quarter – an increase of 4.7% on 2018. Here we look at trends from our eight offices across the county:



## The ennui of uncertainty

Last year the Governor of the Bank of England stress-tested the banks for a worst-case scenario of a no-deal Brexit. Limits were set beyond anything seen before and the banks all passed – good news. However, the media headlines treated this more as a prediction of what *would* happen (“House prices would crash

by a third in no-deal Brexit”<sup>1</sup>) which resulted in many people holding off making decisions for months. This quarter we have definitely seen applicants being more decisive, perhaps fed up waiting for something that may not happen.

<sup>1</sup> <https://www.thetimes.co.uk/article/house-prices-would-plummet-in-no-deal-brexit-says-carney-csgr90hj>

## Falling behind on supply

Although demand is picking up, supply remains an issue in Oxfordshire. In 2017 the Government announced their housing plan to build up to 100,000 homes in Oxfordshire by 2031. This equates to just over 7,100 homes each year, but according to recent stats only 7,730 permanent dwellings have completed over the last two years<sup>2</sup>. On top of this, South Oxfordshire District Council has delayed its Local Plan<sup>3</sup> so the imbalance of supply/demand is unlikely to stabilise in the near future.

## A different family market

The family market usually reaches its peak between Easter and the summer holidays. This year there has been steadier demand, with large houses in Banbury letting as early as February and traditional 1930s semi-detached houses in East Oxford letting as late as September. In Oxford in particular we noticed more families committing outside of the typical ‘busy summer’, and also more renewing their tenancies, meaning that many 3 bedroom homes which would have typically been rented by families were going to professional couples instead. For example, Photo 1, a Victorian terraced house off of Botley Road at £1,600<sup>4</sup>.

## Research and adapt

Our success with lets is not down to luck. It comes from careful consideration of current market conditions, setting the correct rent and advising clients on when to upgrade a property or consider accepting pets. For example,

<sup>2</sup> Gov.uk

<sup>3</sup> <https://www.oxfordmail.co.uk/news/17853163.south-oxfordshire-conservatives-39-aghast-39-new-local-plan-delay/>

<sup>4</sup> All individual rents in this report are pcm and marketing rents



the landlord of a 2 bedroom apartment in Summertown came to us after their agent had failed to find a tenant. The other agent had not considered comparable properties and had priced the property too high. We reviewed the market, listed the property at £1,395, and let it on the second viewing.

## Dynamic letting

Continually assessing the market and advising landlords has been very effective this quarter, with every office having examples of properties letting within a week, on the first viewing or even before hitting the market:

- A 3 bedroom house on the Elmsbrook development in Bicester (Photo 2), which let before it was even listed thanks to excellent applicant-matching.
- A landlord had three properties on the same small development (Photo 3) in Banbury which another agency had failed to let (or even list on Rightmove). We started marketing the properties and had found great tenants for all three within a week.
- A 4 bedroom family home on Cumnor Hill (Photo 4) which was upgraded and let before listing thanks to its good quality.
- A recently redecorated 2 bedroom house in North Oxford which let before hitting the market thanks to appropriate rent-setting.

## An enduring tradition

Across the county we’ve seen landlords listing their properties for letting after they have failed to sell over the summer months. Our Banbury office had let and managed a 3 bedroom cottage (Photo 5) for the last five years but the landlord decided they wanted to sell when their tenants



moved out earlier this summer. We were recently working with applicants who wanted to be close to Sibford Ferris School. This property was perfect for their requirements so we approached the landlord who was happy to let the property again, rather than have it sitting empty.

## Renewals – a new normal

Across all offices we have seen an increase in the number of tenants renewing. In Quarter 1 we reported a change in behaviour with tenants negotiating more on rent or length of tenancy. With the same thing happening in Q2 and Q3 it’s safe to say that this seems to be the new ‘normal’. As with new tenancies, the landlords who are being sensible and flexible are the most successful ones. It can be better to keep a good tenant than risk a void.

## Enterprising time to invest

Nationally, landlord confidence is low following Government intervention and uncertainty over the economic impact of Brexit. However, opportunities have emerged for committed investors. Where sales properties are sitting on the market longer, some vendors are willing to accept a lower offer in order to agree a sale. Recent research by Zoopla found that buyers in Oxford have been able to negotiate discounts of up to 5% on average in the first quarter of this year. This is higher than the UK average of 3.9%<sup>5</sup>. Inspired Investment, our sales and acquisitions department, has helped many investors acquire properties this year through our Investor Club, often negotiating discounts or buying off-plan. To join our Investor Club, email [inspired@finderskeepers.co.uk](mailto:inspired@finderskeepers.co.uk).

## Looking ahead

It’s been an unusual year so we can’t predict exactly what will happen over the next three months. It feels like there is still a bit of pent up pressure of people waiting for the outcome of Britain leaving the European Union and we have already started to see signs of people beginning to make decisions so this may continue. No matter what happens, Oxfordshire is well-placed to thrive with a strong economy, a predicted population increase<sup>6</sup>, many globally recognised companies and multiple science and research facilities all expected to continue to deliver growth across the county.

<sup>5</sup> <https://www.oxfordmail.co.uk/news/17685543.more-oxford-homes-selling-for-less-than-asking-price/>

<sup>6</sup> ONS subnational population projections

