

# Is the property market feeling better?

Quarter 3 has been the most 'typical' quarter of 2020. The usual 'busy summer months' saw strong demand for quality properties of all sizes and locations and we let 10% more properties this year compared to the same period in 2019. It is no surprise that coronavirus continues to dominate much of the news; not only is there concern about a second wave or even a localised lockdown in Oxford, but there is concern of the economic effect over the coming weeks and months. We approach the autumn and winter with cautious optimism – more than aware that we are not yet through the woods and this 'recovery' could be thrown into chaos.

## Soaring leads, decisive applicants

Having put their lives on hold earlier in the year applicants were ready to take action in July, August and September. A Rightmove study showed that rental searches across the UK were up 34% in August compared to 2019<sup>1</sup> and this was reflected in our own volume of enquiries in Q3, which increased 55.7% year-on-year. In recent years applicants had wanted to view as many properties as they could before reaching a decision. However, our video tours have helped applicants to shortlist and they are either prepared to rent on the basis of watching the online tour or they only need to physically view a couple of properties (following our strict COVID-19 guidelines) before making a decision.

11027  
2019

17173  
2020

Phone and email enquiries from finders.co.uk, Rightmove and Zoopla, 01/07/20 - 30/09/20

## Breaking records in the city centre

Traditionally a quieter month, this August saw a record-breaking month for lets in our Central Oxford office. This was aided in part by the fact that many students coming to Oxford from overseas who usually secure their property in the spring were doing so much later this year due to earlier uncertainty around courses starting and acquiring visas.

<sup>1</sup> <https://www.rightmove.co.uk/press-centre/chessington-is-in-busy-interchanges-are-out-for-renters>

## Couples upsizing

Since lockdown eased, 34% of tenants who have moved chose a property with at least one extra bedroom compared to just 25% in Quarter 1<sup>2</sup>. Broadly speaking, the majority of applicants have included 'more space' in their search this quarter where they can afford it within their budgets. 1 bedroom apartments remain popular with single tenants including those moving from the family home or out of shared accommodation, but couples have been considering whether these would work if either ends up working from home. As a result 2 bedroom properties have been more popular with this cohort. In fact, in central Oxford

<sup>2</sup> <https://www.telegraph.co.uk/property/renting/renters-ditch-london-flee-suburbia-seeking-space>

some existing tenants moved from one of our 1 bedroom properties to one of our 2 bedroom properties as they needed space for a home office.

## Large houses letting well

One notable trend is that larger houses, which historically let best in the spring months, have been very popular in Q3. For example:

- A 4 bedroom Grade II Listed 17th Century family home in Clanfield, near Witney at £4,000<sup>3</sup> received two offers when it was listed this summer whereas it had taken several viewings to let previously
- A 4 bedroom Grade II Listed farmhouse at £1,600 in Nethercote, near Banbury let within two weeks
- A brand new 4 bedroom contemporary home at £4,000 in Burcot, near Abingdon let within two weeks to an existing tenant looking to move out of Oxford for more space

## Oxfordshire's perennial popularity

As home-based working becomes the norm and rail commutes less frequent, more renters are looking to move out of London. Our East Oxford team recently let a 2 bedroom period conversion ground floor apartment in Thame to a couple who now only need commute to the capital every few weeks. With easy access to Haddenham & Thame Parkway and the M40, this property suited their requirements perfectly.

<sup>3</sup> All individual rents in this report are pcm and marketing rents



In a recent Rightmove study of more than 60 million rental searches, both Oxford and Abingdon featured in the UK's new rental hotspots (Table 1). Whilst the pandemic certainly appears to have increased the popularity of some areas, life changes have always brought applicants to this region whether it's job relocations to the Science Vale, local hospitals and educational establishments or just moving out of London but retaining easy access to the city.

Place	County	Annual Change
Cambridge	Cambridgeshire	+76%
Cirencester	Gloucestershire	+75%
Oxford	Oxfordshire	+64%
Bishop's Stortford	Hertfordshire	+62%
Gloucester	Gloucestershire	+62%
Folkestone	Kent	+62%
Sale	Greater Manchester	+61%
High Wycombe	Buckinghamshire	+61%
Abingdon-on-Thames	Oxfordshire	+60%
Margate	Kent	+60%

Rightmove Research: Top 10 biggest annual increases in rental searches outside London, Aug 2020 vs Aug 2019

## Outside space and pet-friendly homes in demand

According to recent research by Zoopla<sup>4</sup> the words 'garden' and 'balcony' featured in the top 5 most searched-for property features. Outside space is always a priority in summer months, but anecdotally we have seen even more of a trend this year, likely caused by concerns around a second lockdown. 'Pets' also appeared in the top five most searched for property features, but our offices have not noticed a particular increase this quarter. Larger properties and country locations will always attract tenants with pets (pandemic or no pandemic) and so landlords need to be prepared for this demand but also ensure the right clauses are added to the tenancy agreement.

## Renewals

In pre-Brexit uncertainty renewals fell into two camps: those who wanted the flexibility of break clauses and those who wanted to tie-in for several years. Lockdown uncertainty has mainly seen the former: short renewals or break clauses being sought to allow flexibility. Tenants do not want the

<sup>4</sup> Zoopla (September 2020), Monthly Market Briefing <https://advantage.zpp.co.uk/insights/monthly-market-briefing>

upheaval of moving at the moment, but they are approaching their future plans with caution. We have advised landlords on a case-by-case basis as this needs to work well for both parties.

## Letting Airbnb properties

Within weeks of lockdown our Oxford offices noticed more landlords switching their Airbnb lets to longer lets as demand had fallen. This has continued into Quarter 3 and has moved outside of Oxford, with our Banbury and Witney offices also reporting this trend. Short let properties tend to be finished to a high standard and are therefore popular for long term lets as well. For example, a 3 bedroom apartment in Woodstock let quickly, having previously been listed on Airbnb.

## Stamp duty and buying

The stamp duty holiday has motivated some tenants to move out of the rental sector, particularly in the areas of Oxfordshire where new build developments are offering further incentives. We have seen a small increase in the number of tenants surrendering their tenancy linked to purchases, however with strong applicant demand these properties have quickly been re-let – a great result for both tenant and landlord.

## Stamp duty and selling

Some landlords are trying to sell their property during the stamp duty holiday, while others see the benefit of retaining an investment property in an OX postcode and have developed/upgraded their property with a view to letting it out for a continued income source. For example, a 4 bedroom townhouse in Banbury had a full upgrade through our project management division and let to professionals on the first viewing. In a crowded sales market it might be better to let the property and receive income in the meantime, especially as we head into autumn/winter when the sales market historically cools.

## The future

It has never felt more challenging to try to predict the coming months. We let more properties this Q3 than 2019 when logic might have suggested that fewer people wanted to move, and larger houses continue to be popular outside of the typical 'family home season'. Now is not the time to guess at long term trends, but to focus on the here and now. We have adapted our letting and property management processes to ensure continued success for our clients in difficult times and will continue to do so in the coming months.

## Property. Property.

## Landlord Licensing

Oxford City Council has launched a public consultation on two licensing schemes aimed at improving conditions in the private rented sector (PRS). They intend to extend the current 'additional' licensing scheme for Houses in Multiple Occupation (HMOs) and to introduce a new 'selective licensing scheme' to cover all privately rented homes in Oxford.

Improving conditions in the PRS is clearly positive for tenants and it is also good for landlords in the long run as the properties in the best condition tend to attract the best tenants. Our concern is the risk of landlords seeing this as another blow from the government, making being a landlord less attractive.

Oxford has one of the highest proportion of rented homes in England (49.3% of homes are in the PRS<sup>5</sup>), with many tenants coming from overseas to live and work in Oxford for a fixed period of time. Indeed, even the Oxford coronavirus vaccine has 37 nationalities helping to work on it<sup>6</sup>! So landlords need to feel supported to be able to keep their properties as a reduction in the supply of rental properties would be damaging to the rental market in Oxford and could lead to rents increasing for tenants.

Members of the public can find more information and take part in the consultations at [www.oxford.gov.uk/propertylicensing](http://www.oxford.gov.uk/propertylicensing)

<sup>5</sup> [https://www.oxford.gov.uk/news/article/1540/consultation\\_starts\\_on\\_plans\\_to\\_improve\\_oxford\\_s\\_private\\_rented\\_sector](https://www.oxford.gov.uk/news/article/1540/consultation_starts_on_plans_to_improve_oxford_s_private_rented_sector)

<sup>6</sup> <https://www.theneuropean.co.uk/brexit-news/europe-news/37-nationalities-in-oxford-covid-vaccination-team-91446>

## A let for the times

One property in East Oxford illustrates the current climate perfectly: the owner used the property infrequently when in Oxford for work, but is currently not required to travel here and so decided to let the property for a year. The 1 bedroom apartment (with study) was listed, complete with video tour, and quickly let to a tenant relocating to Oxford who knew the area, needed space to work from home and was happy to take the property based on the video tour.

