

# Success requires the ability to adapt

The rush for investors to buy before the stamp duty changes last year has made for a tricky year-on-year comparison for Quarter 2 evidenced by the amount lent for landlord property purchases, down by 79.5% between March 2016 and March this year<sup>1</sup>. Although this has led at times to some over-supply of certain properties, we are still successfully letting homes albeit with slightly more effort required. Here we take a closer look at what is happening across our 8 letting offices:

## Family homes 'go early'...

Letting is seasonal and you'd think predictable. We see a huge jump in activity after the Easter holiday as the 'busy period' begins, but this quarter the family home market seems to have spiked earlier than usual with some great lets negotiated early on including an elegant 4 bedroom Park Town Victorian Villa within walking distance of Oxford at £10,500<sup>2</sup> (Photo 1). We listed the property and the deal was concluded within 24 hours. Another example is a 4 bedroom farmhouse in Tackley which let for £4,500 to existing tenants with a gap of only two days between tenancies (Photo 2).

<sup>1</sup> www.cml.org.uk/news/press-releases/march-2017-lending-press-release/

<sup>2</sup> All individual rents in this report are pcm and marketing rents



## ...but some good properties are sticking

It is hard to say for sure why good property that lets quickly one year seems to struggle another, but this quarter oozed 'uncertainty' with slightly fewer applicants around (we think linked to visa issues, Brexit and Election concerns and low interest rates), which led to some taking longer to let. For example, a super smart 1 bedroom apartment at £1,350 in Oxford city centre (Photo 3) would normally have let within a fortnight of being listed but this year took nearly 10 weeks. There were noticeably fewer overseas applicants and corporate relocations were significantly reduced in this quarter.

## The see-saw of renting versus buying

An ongoing trend saw many tenants in Oxford renewing their tenancies (renewals



up 12.9% in Central Oxford<sup>3</sup>) with landlords happy for the continuity. On the other hand renewals outside of Oxford were down 11.2%. The feedback is that more tenants have been buying. For those able to make use of government incentive schemes, the pace of new build across Oxfordshire is providing opportunity for some to take the plunge and purchase. This might explain why our Banbury office has seen a reduction in applicants at the £1,300 - £1,600 mark; the majority of new builds on many of the developments in and around Banbury are 3+ bedroom homes.

## Britain's investors remain resilient

Radical policy changes and slowing price growth represent both a challenge and opportunity for buy-to-let. Canny investors know that the 3% stamp duty charge for second homes is not 'lost' (it can be offset when the property is ultimately sold). Our Inspired Investment team has seen a noticeable increase in landlords choosing to buy properties using a 'corporate envelope' – 14% of investor purchases were made through a company in 2016<sup>4</sup>. The number of multi-property landlords is also growing from 22% of the market in 2010 to 37% today<sup>4</sup>.

## Letting skills: qualify, qualify, qualify

Continuing to let properties in a tougher market doesn't happen by accident. A letting

deal is very different to sales and securing lets is down to our excellent letting teams focusing on accurately qualifying and then matching applicants to the perfect property. For example, a 3 bedroom detached house in Horspath village (Photo 4) which let on the first viewing to tenants who have rented through Finders Keepers since 2008. Another great match was a 2 bedroom end of terrace Georgian house close to Oxford city centre (Photo 5). The property has period furnishings yet many tenants prefer modern. We matched the ideal tenants: a couple moving to Oxford to work at the University. The property is less than a minute's walk from her work and he had previously worked in antiques and loved the style of the house.



## Price sensitivity

In 2017 applicants are more prudent with their finances. They want value for money and the feeling of having made a sensible decision in the current climate of uncertainty. For example, a 3 bedroom family home in Botley which was priced appropriately at £1,200 let very quickly (Photo 6). Further examples of appropriately pricing include a 2 bedroom end-terrace house in Headington Quarry (Photo 7) which let on the first viewing. However, overall it is a much more price sensitive market and landlords now have to adjust the rent (or improve the quality of the property) in order to secure a tenancy. As ever, we advise being realistic, flexible and suspicious of any letting agent who values your property at substantially more than other quotes (you rarely re-coup that lost income from a void period).

<sup>3</sup> Internal Finders Keepers figures on a revolving portfolio

<sup>4</sup> Landlords of the Future Countrywide Research paper Spring 2017