

Resilience in the face of uncertainty

'May you live in interesting times' goes the apocryphal saying. Keeping calm and carrying on seems easier to say than to do, but remaining composed is the best way forward. We remain bullish on the fundamentals which underpin the Oxfordshire letting market and this is a report looking back to Quarter 2 (April, May and June) and forwards post-'Brexit'.

What is letting best?

Smaller properties (such as a Photo 1 on Cumnor Hill in Oxford, £995 pcm¹) and village cottages (Photo 2 in Hanwell, £1,300 pcm) were letting well as were 3-bedroom family homes. The bigger family houses tend to stay on the market a little longer because the target market is smaller and the deals are more complex. However, where landlords have been flexible we have secured some good lets on large family homes already. Photo 3 shows a beautiful late 17th century 4 bedroom home in Shipton-under-Wychwood (£2,000 pcm) which was let very quickly because the landlord was happy to welcome both children and pets. We have also had some very decisive applicants with good budgets, such as the family who are moving to Oxford for their child's school and fell in love with a spectacular 6-bedroom house on Cumnor Hill (Photo 4).



Longer term tenancies

Twenty, even ten years ago, renting was a short-term, stop-gap solution. Most tenants were either new graduates in house shares or they might have just moved to the area and were considering where to buy. But now tenants are interested in longer contracts as rented accommodation is seen as an acceptable and sensible lifestyle choice. Families in particular will often ask if a property will be available for some years, until the children have finished their schooling.

Families need not worry that they have missed out as we are listing some truly wonderful homes at the moment, such as a fantastic 6-bedroom barn conversion (Photo 5) designed around a central courtyard in Sibford Ferris (£3,600 pcm). The village is a short drive from Banbury station from where



you can get to London in under an hour. We also have a gorgeous 7-bedroom detached family home (Photo 6) in the village of Sutton Courtenay (£4,000 pcm) – ideal for the Europa School or Abingdon's schools and also for commuting to London from Didcot Parkway.

Landlords: be flexible

A tale as old as time: in a fast-moving rental market, flexibility is key. It can be tempting to stick with a figure you have decided on, but if the property is not letting then it is better to drop the rent or give the property a makeover rather than risk being left with an empty property. Indeed, the landlord of a property in Central Oxford (Photo 7) redecorated and sorted out a damp problem and increased her rental income by 16.3%.



Bicester

Bicester is booming. We've been saying this for a while, but if you walk through the town or drive along the A34 now you will be confronted with evidence of this at every turn. The Tesco supermarket has been moved – allowing Bicester Village to add another 36 units by 2017 – and the business park about to be developed around the new superstore is promising to create around 3,000 new jobs. Our Bicester team has taken on 30 new properties in the last quarter, 40% of which have been new-build properties and one of which was at the Elmsbrook eco-town (Photo 8, £1,150 pcm). We are the first agent to list (and



let within two days) a property at this exciting new site, where plans are to develop 6,000 new houses in the North West of Bicester.

Looking ahead - The UK votes to leave the EU

Like the 'Brexit' protagonists, we do not have a crystal ball. However, based on our experience in the property sector, here are our views relative to the letting market:

- 1. Don't panic.** The phones are still ringing and we've had nobody pull out of any deals. People will continue to need somewhere to live and so demand for quality stock will remain strong. The rental sector gives tenants huge flexibility with little risk.
- 2. A diversified economy.** We operate in an area of value added jobs across multiple sectors from biotech to publishing. Indeed, we believe the investment fundamentals remain the same. Oxfordshire will continue to have major 'pull' factors for tenants – schools, transport, quality of life.
- 3. One scenario – more medium-term demand.** Since 2012 we have seen many good tenants leave the

rental sector to buy a home. One hypothesis is that a trend from 2009/10 will return – tenants renewing their tenancies longer as they delay moving from renting to owner-occupation.

- 4. Less height for the top to fall.** In 2008/9 we saw corporate lets and 'weekender' rentals from incoming Londoners decrease in volume and they have never returned to the same levels hence we do not think the top of the rental market will suffer like it did from 2008 to 2009. Indeed, many companies now give a rental allowance to their staff instead of putting the tenancy in the company's name.
- 5. Opportunities for investors.** It may sound mercenary but in 2009 we saw clients buy residential property in times of uncertainty and they reaped the benefit. We can help

via our Inspired Investment acquisition service.

- 6. Short-term – a little oversupply.** We are not used to reducing rents in June but in some areas we needed to. Why? We believe it is a combination of a cohort of property bought in March for the SDLT deadline coming on stream; the Right to Rent laws deterring a small minority of tenants without visas; and a slight imbalance between pay rises and rent rises. Though the path ahead is currently unclear, it is too early to speculate if this is a blip or a real trend.
- 7. The unknown - interest rates etc.** The Governor of the Bank of England and the Chancellor have pledged to take action to support the economy through these uncertain times, reducing rates and taxes where necessary to support stability and growth.

¹ All individual rents in this report are pcm and marketing rents