

13 trends for 2013

It's a New Year, we're excited about the opportunities ahead and here are some views / trends on the rental market in Oxfordshire and its associated driving forces for 2013. Contact us to discuss your next home or tenant and to avoid / exploit these trends.

1. An expanding Private Rental Sector will be higher profile...

In 2013 you will see the acronym 'PRS' far more as it comes out of the shadow of the sales market, its elder, more glamorous sibling. The PRS has risen from 14% of UK households to 16% in the past 5 years¹, and growing pains abound: the Government refuses to licence agents and so an 'untrustworthy' image dogs the industry; landlords are pilloried for increasing rents but the Government is trying to encourage more large-scale landlords to 'build to rent' – a classic mixed message; and legislative resources are not addressing the priority issues (have we mentioned Article 4 Directions and HMOs before?)

2. and Boris Johnson could emerge as an unlikely voice of reason

Boris (Photo A) has entered the letting world with his new London Rental Standard, a set of principles for evolving the PRS². It is not perfect but it contains much sense and at least it nails the crux of the solution: *"Boosting supply, not burdensome regulation like rent controls, is the key to ensuring that the PRS remains a significant feature of London's housing market."*

¹ Department of Communities and Local Government
² <http://www.london.gov.uk/housingcovenant>

3. The green belt will come under severe pressure...

A high profile think tank recently parked its, ahem, tanks on the proverbial green belt and argued for relaxed planning constraints and incentives from developers to local communities³. This follows the Planning Minister Nick Boles' comments in December that the country needs to move from being 9% developed land to 12% developed land. The intersection of political, demographic and financial pressure will rally support for building on protected land in 2013.

4. ...which could mean 2000-4000 homes by Blackbird Leys

The most high profile proposed green belt development is the land south of Grenoble Road in Oxford (Photo B). Before the last election the City Council and Magdalen College were in dispute with South Oxfordshire District Council (SODC) over plans to build 4000 homes. The new Government scrapped the policies regarding regional new building targets and the 4000 home project went quiet. Recently there have been attempts to revive it, with an offer by the land owners to halve the scope to 2000 homes⁴. It remains to be seen if the SODC will return to the negotiating table in 2013.

³ Institute of Economic Affairs, "Redefining the Poverty Debate", 12/12
⁴ OxfordTimes.net, 14/12/12

5. Mark Carney Watching will be the new media sport

Every sigh and twitch of the incoming Governor of the Bank of England will be scrutinised by a British media hungry for inspiration. He faces a tough (although well-remunerated) brief: the words 'triple-dip' abound and most commentators foresee limited GDP growth and an inevitable march of low interest rates as both the UK's two main trading partners – the Eurozone and the USA – have their own problems to worry about.

6. Rents to rise just above inflation as the heat comes out of the London market

RPI inflation is currently 3.0% and in 2011 our average rent rose 3.4%⁵. In 2013 we envisage the same supply / demand equation operating: as more tenants renew their tenancies the supply of rental property is reduced. Demand will be healthy, particularly for 1- and 2-bedroom homes (such as Photo C, a 2-bedroom house in Witney with a garden) underpinned by a diversified local economy with unemployment less than half the UK average⁶. As such, a rent increase band of 3-4% makes sense as an average although if a property hits a sweet spot of demand the figure will be higher. Interestingly, reports have started to surface that rents in London are falling⁷, possibly due to headcount reduction among financial institutions.

⁵ Internal data from 1/1/11 to 31/12/12 based on a revolving portfolio across 8 offices.
⁶ Unemployment in Oxfordshire is 3.6% vs the national average of 8.1%, ONS, 12/12/12
⁷ http://www.lettingagenttoday.co.uk/news_features/Rents-drop-but-buy-to-let-investors-still-head-for-London



7. Woodstock, Kidlington, Bicester and Jericho to be 'hot' areas

'Hot' might be an exaggeration. 'Nicely warm' might be a better phrase. Woodstock and Kidlington are benefitting from the Begbroke Science Park and demand overflowing from Oxford. Bicester's centre is transforming and, once built, the new Chiltern line will make it the best connected town in Oxfordshire. The new Radcliffe Observatory Quarter in central Oxford is taking shape fast and will galvanise Jericho which is already popular with post-grads, young families and London commuters.

the best value in 2013. We understand that lovely 4- and 5-bedroom homes (Photo D) in the countryside with large gardens aren't in everyone's reach but they are often 10% to 30% less per square foot than urban equivalents.

10. Oxford's new Housing Strategy will be signed off but few 'sharers' and developers will applaud

The key Sites and Housing policy will be agreed by the City Council on 18th February. The HMOs restrictions (20% for each 200 metres of road) have appeased resident groups but the unintended consequence has been a reduction of property for younger sharers as either a) houses in some areas are not granted HMO licences, or b) landlords do not want to pay the HMO fees. The policies aiming for more affordable housing are sensible except for the new 50% affordable criteria for schemes of under 10 units⁸. We fear that this and the new Community Infrastructure Levy will result in less, not more, building.

On a more positive note, an open consultation begins in January on how to develop the old paper mill in Wolvercote. This river-fronted site has a potential capacity of 200 homes which makes it extremely precious in the housing ecosystem.

⁸ A caveat has been introduced to allow for more flexibility: "If it can be demonstrated to the City Council that the full contribution [of 50% of the units] would make the development unviable, the City Council will accept a lower contribution."

11. The local economy should be enhanced by the 'Oxford Phenomenon'

This project aims to communicate Oxfordshire's strengths in complex technologies just as Cambridge successfully positioned itself as 'Silicon Fen'. The challenge is greater for Oxford: Cambridge had a narrower legacy narrative than Oxford; the 'Dreaming Spires' image is cherished but a barrier to a 'hi-tech' story; and the Government is trying to make London's 'Silicon Roundabout' the main UK technology hub. We hope the Phenomenon project works – the Oxford 'brand' needs evolving to do justice to the depth and breadth of local skills. A major breakout company would accelerate matters – Autonomy's growth built fame for the whole Cambridge tech cluster.

12. Mobile & tablets are established, mobile payments are next

Last January we predicted huge growth in property browsing on mobile devices and indeed such traffic to www.finders.co.uk grew 167% in 2012 vs 2011. It now represents 20% of our web visits. In 2013 the new battleground will be mobile payments which will offer useful tools for the property sector. The UK lags behind most of the planet yet the security protocols and technology are here – from February we will accept payments using Barclays Pingit (Photo E, from which you SMS a bank transfer to someone) which is friction-free and effective.

13. Yet another year without a local John Lewis

While Abingdon, Witney and Bicester have made real progress developing their retail and leisure proposition, the new Westgate Centre in Oxford cannot come soon enough (Photo F). Land Securities and the Crown Estate are due to submit a planning application in 2013 and so it is unlikely that John Lewis, the planned anchor tenant, will open its doors until 2017⁹.

⁹ Oxford Mail, 9/10/12



8. The key September academic letting season will be in June

More and more tenancies starting in September in Oxford are being secured three months in advance by people related to the academic community who are keen to go away for the summer. Five years ago these people would arrive back in September and try to find a home – now they commit to a house or flat before the ritual summer migration overseas to fieldwork, travelling or family.

9. The best value rental homes for tenants will be larger rural properties

Applicants' increasing desire to be in or near towns, the shortage of 'weekender' tenants from London post-recession and the continuing low volume of 'just sold' tenants means that large rural homes will offer

