

# Regional ROUND-UP

## CENTRAL LONDON

Prime London rents have continued to fall slowly during the past year, marking a seventh consecutive quarter of marginal falls. Rents were softening ahead of the EU referendum, but the Brexit vote has changed the shape of the market, creating a series of interesting micro trends that are concealed by average figures.

Average prime London rents fell by 0.6 per cent in the second quarter of 2017, with an annual decrease of 5.4 per cent. This leaves rents an average of 1.6 per cent down on their pre-credit crunch level. The most pronounced falls have been in the highest value, core prime central London locations, where rents are down 8.3 per cent year on year, having fallen by 1.4 per cent over the past three months.

Landlords in these markets have absorbed an average decrease of 9.5 per cent since the credit crunch. This has been offset by the 20 per cent capital growth over this period, a figure

that would have been much higher were it not for the 14.4 per cent fall in capital values since September 2014.

Despite falling rents, the average corporate relocation budget has risen by 13 per cent year on year. This has been largely driven by banks and financial institutions relocating higher-level staff, often moving with their families to live close to top schools.

In the mid-term, increased supply from new build and accidental landlords unable to sell is likely to suppress rental growth in London. However, London's global city status will ultimately underpin demand. We expect to see an uptake in the number of renters moving out to the commuter zone.



↑ Georgina Bartlett

## INVERNESS

So, as the date for Letting Agent Registration looms ever closer (31 January 2018), agents managing properties in Scotland will be gearing up to ensure all staff understand the standards of practice required by the Code.

Agents will also be looking closely at their existing Terms of Business to update them in line with the prescriptive terms set out in the Code of Practice.

It is important for agents to understand that although there will be a period of months for agents to apply to join the Register held by the Scottish Government, the Code of Practice will be in force from 31 January, and it will be possible for complaints to be made against agents with reference to the Code of Practice even if the agent is not yet on the Register.

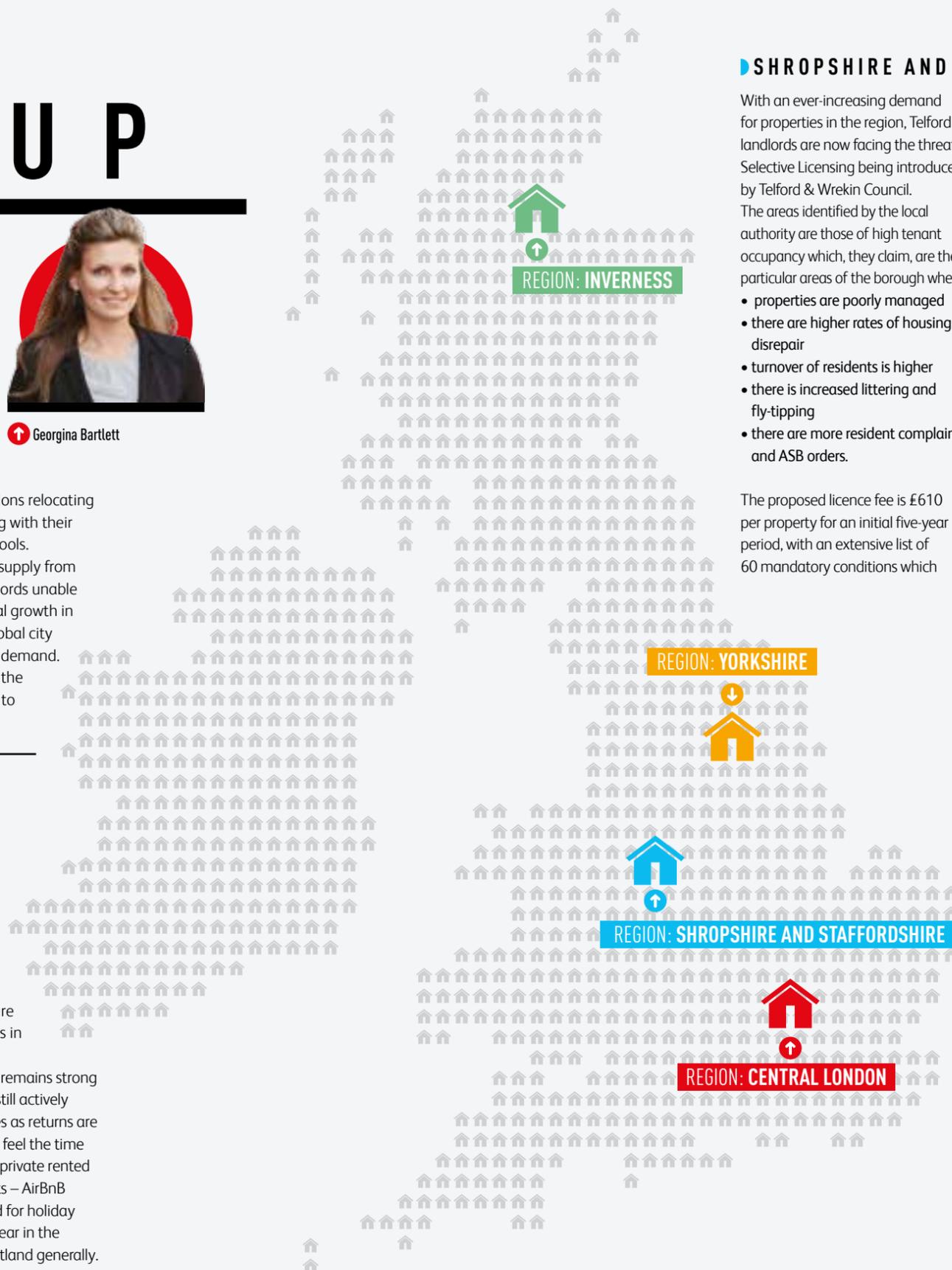
Many letting agents have signed up for training with ARLA PropertyMark and are seeking reassurance that there will be regular CPD in their area. The Scottish Board is

working with members to ensure a comprehensive programme is in place across the country.

Demand for rented property remains strong in the Highlands; investors are still actively seeking out buy-to-let properties as returns are good. However, some landlords feel the time is right to move away from the private rented sector into furnished holiday lets – AirBnB being a key influencer. Demand for holiday lets has been exceptional this year in the Highlands and the north of Scotland generally.



↑ Kathleen Gell



## SHROPSHIRE AND STAFFORDSHIRE

With an ever-increasing demand for properties in the region, Telford landlords are now facing the threat of Selective Licensing being introduced by Telford & Wrekin Council. The areas identified by the local authority are those of high tenant occupancy which, they claim, are the particular areas of the borough where:

- properties are poorly managed
- there are higher rates of housing disrepair
- turnover of residents is higher
- there is increased littering and fly-tipping
- there are more resident complaints and ASB orders.

The proposed licence fee is £610 per property for an initial five-year period, with an extensive list of 60 mandatory conditions which

landlords will have to comply with – most of which are covered by existing legislation introduced by the various Housing Acts, plus other random (and totally unreasonable) requirements.

Demand continues to outstrip supply of rental property throughout the Telford and surrounding areas. Together with the inevitable ban of tenant fees looming, Stamp Duty, changes to income tax relief and increasing legislation, agents in the area are understandably concerned that the introduction of selective licensing will lead to landlords deciding to sell their investment properties in these areas. There are also concerns that tenants will avoid areas due to stigmatisation, an inevitable decrease in property values, and an increase in demand for properties in other areas. What good will it do?



↑ Dawn Clarke

We know this is not the first area where Selective Licensing has been introduced, and it won't be the last, but Wrekin Landlords Association is actively campaigning on behalf of their members while the consultation is taking place. Numerous meetings have taken place, where local landlords and agents have been actively participating in the campaign, and pledging substantial amounts towards a Judicial Review, should this be needed.



↑ David Waterhouse

resulting in fewer available properties for agents to let.

The full effect of the impending tax changes, and the tapering of the mortgage tax relief available to landlords, is yet to be felt in my opinion. However, greater interest from landlords looking to "park" money in a property investment, in the hope of seeing good capital investment, has seen an increase in certain areas of our region.

## YORKSHIRE

The Yorkshire region continues to see strong demand across all areas: family, professional and student.

As a general rule there is no dramatic upward trend in rents, but certain pockets of the market are still commanding ever-increasing rent rises, particularly smaller three-bed family homes.

A key element reflected across the region is that tenants are remaining in properties for longer

The impact of the planned Build to Rent project in Leeds is yet to be appreciated as the scheme filters out from its predominant base in London.

For agents, the impact of the impending tenant fee ban still looms large on the horizon, but with the passage of time many agents will have found ways to mitigate their potential loss.

The ever-changing rental landscape is still not failing to challenge landlords, tenants and agents alike!