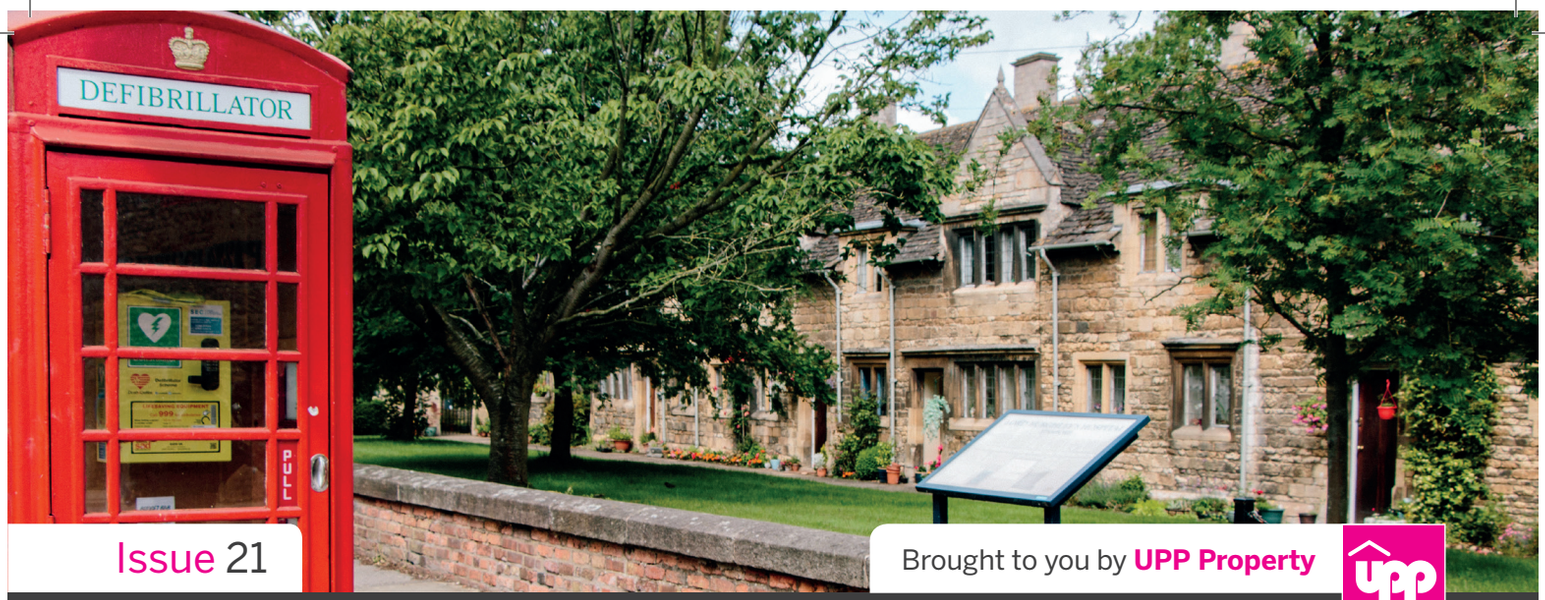

Issue 21

Brought to you by **UPP Property**

Stamford & Rutland
Property News

www.stamfordandrutlandpropertyblog.co.uk

Welcome

My name is David Crooke, owner of UPP Property Agents.

As a family run estate agency with offices in Stamford and Oakham, we feel a great responsibility for each and every client we work with, whether they are a homeowner, investor, landlord or tenant.

We work hard to offer advice and guidance on the local property market, the process and experience. Through our weekly blog, monthly newsletter, local and national press and social media, we want to help our clients gain a greater understanding of the property market and what lies ahead.

If you're looking for an agent who really knows the Stamford and Rutland market place, understands your needs and is dynamic in their approach, then pick up the phone. We look forward to your call.

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Stamford's Evolving Micro-Property Market

According to recent data released by the Office of National Statistics (ONS), I have discovered that at least 3 'micro-property markets' have emerged in Stamford over the last 20+ years.

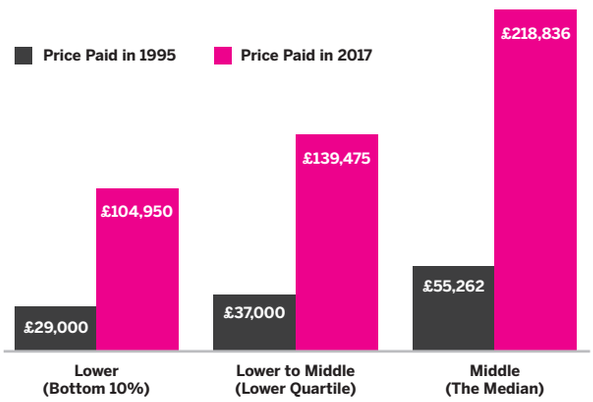
For ease, I have classed them as ***'Lower', 'Lower-Middle'*** and ***'Middle'***.

The **'lower'** and **'lower-middle'** sectors of the Stamford property market have been fuelled over the last few years by 2 sets of buyers. The first set (making up the clear majority of those buyers) are landlord investors who are throwing themselves into the Stamford property market to take advantage of alluringly low prices and even lower interest rates. The other set of Stamford buyers in the **'lower'** and **'lower-middle'** property market are the first-time buyers (FTB), although the FTB market is in a state of unparalleled deadlock as it's been trampled into near-immobility and incapacity by the new 2014 stricter mortgage affordability regulations and also fewer mortgages with low deposits.

Some of you may be interested to know how I have classified the 3 sectors;

1. **'Lower' – the bottom 10%** (in terms of value) of properties sold
2. **'Lower-Middle'– lower Quartile** (or lowest 25% in terms of value) of properties sold
3. **'Middle' - which is the median** in terms of value

Change in prices paid in Stamford & SKDC between 1995 - 2017



Analysing the figures for SKDC you can see the 3 sectors have each performed quite differently.

You can quite clearly see that it is the **'middle'** market that has performed the best.

What do all these different figures mean to Stamford homeowners and landlords? The worst performing sector (with the lowest percentage uplift) was the **'lower'** housing market. Therefore, interestingly, if we applied the best percentage uplift figure (i.e. from the **'middle'**

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market percentage uplift), to the **'lower'** 1995 housing market figure, the 2017 figure of £104,950, would have been £114,840 instead.

Now, I have specifically excluded the upper reaches of the Stamford housing market for several reasons. Firstly, the lower or middle market is where most of the buy-to-let investment landlords buy their property and where the majority of property transactions take place. Secondly, due to the unique and distinctive nature of Stamford's up-market property scene (because every property is different and they don't tend to sell as often as the lower to middle market), it is much more difficult to calculate what changes have occurred to property prices in that part of the Stamford property market. Looking at the statistics for the up-market Stamford property market from The Land Registry, only 38 properties in Stamford (and a 1 mile radius around it) have sold for £1,000,000 or more since 2003.

When you realise there isn't just one Stamford Property Market, but many "micro-property markets", you can spot trends and bag yourself some potential bargains in Stamford. Even in this market I have spotted a number of superb property deals over the last few months that I have shared on my Property Blog and to my landlord database, especially in the **'lower'** and **'lower/middle'** market.

Is the local property market slowing?

Historically, during the summer months rents often increase as demand for property surges and tenants are normally prepared to pay more to secure the right property in the right location. This is particularly good news for local landlords as average Oakham rents have been on a downward trend recently.

On average, rents in Oakham for NEW tenants moving in have risen 1% for the month, taking overall annual Oakham rents 3.2% higher for the year

However, some local landlords have also expressed their apprehensions about a slowing of the housing market in our area. This negativity may be exaggerated, as the other side to property investing is 'capital values' (which will also be of interest to all homeowners as well as landlords). I believe the Oakham property market has been trying to find some level of equilibrium since the New Year. According to The Land Registry, **Property values in Oakham are 12.36% higher than they were 12 months ago, rising by 2.56% last month alone!**

NB, this reflects the sales of properties that took place in early spring 2017 and now are only exchanging and completing during the summer months.

In reality, the number of Oakham properties on the market today has risen by 15.05% since the New Year and that will have a dampening effect on values. As tenants have had less choice, buyers now have more choice and that will temper Oakham property prices as 2018 approaches.

Even with this uplift in the number of properties for sale in Oakham, property prices will remain resilient in the medium to long term. The number of properties on the market today is well below the peak of summer of 2008, when there were 194 properties for sale compared to the current level of 107 (if you recall, prices dropped by nearly 20% in Credit Crunch years of '08 and '09).

Compared to 2008, today's lower supply of Oakham properties for sale will keep prices relatively high... and they will continue to stay at these levels for the medium to long term.

Less people are moving than a few years ago, resulting in a shortage of property on the market as a whole. This keeps prices relatively high, but it is also due to a number of other underlying reasons; Firstly, buy-to-let landlords tend not to sell their properties as often as 'owner-occupiers', thereby removing the property from the cycle. Secondly, Stamp Duty is much higher compared to 10 years ago, triggering increased moving costs. Next, with a scarcity of local authority housing, demand for private rental property remains buoyant.

Then we have the UK's maturing owner/occupier population, who are less likely to move. Add to that the lack of new homes being built in the country - the UK needs 240k houses building every year and we are currently only building 145k a year! And finally, the new mortgage rules introduced in 2014 stipulating how much a person can borrow on a mortgage has also curtailed demand.

There may still be some decent buy-to-let deals to be had in the coming months. One place for such deals, irrespective of which agent is selling it, is my informative property blog: **www.rutlandpropertyblog.com**

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