

Epsom Property News

Renting to the future? A home ownership crisis

With this summer marking forty years since Margaret Thatcher came to power, her legacy continues to invoke both celebration and consternation in equal measure. Whilst all Thatcher's policies were arguably contentious, no truer is this than in housing. Her landmark property legislation, the 1980 Housing Act, sought to address the slump in home ownership in the UK through Right to Buy.

Yet despite its perceived success, home ownership today is back in freefall – a situation that not only serves as a blight on our society but is compounded by the growth in home ownership rates of our European counterparts.

What has changed so significantly?

"There is in this country a deeply ingrained desire for home ownership. The government believe that this spirit should be fostered," Michael Heseltine proclaimed in 1980. As the figures show, he was right: home ownership levels during Thatcher's tenure propelled from 55%, to 71% following the introduction of Right to Buy. Today, however, levels have fallen back to 63%. For the younger generations, the picture is even bleaker: home ownership has slumped from around 65% to below 30%, whilst the latest English Housing Survey reveals only 25% of social tenants feel they will be able to buy in the future. Despite initiatives such as Help to Buy and the Lifetime ISA we are, in essence, heading back to 1979. Clearly more is therefore needed to help the young and the least able in society.

The lessons we have learnt from this are clear. Firstly, we must consider the pitfalls of the original Right to Buy scheme which, despite being well intended, had major shortcomings. The government failed to re-invest proceeds into new housing, as councils did not receive enough of the windfall. As a knock-on impact the policy also drove up social rents, which rose more than 50% relative to income over 10 years. The policy also failed to include and engage all those who were eligible to participate; feedback from a 1988 study showed 10% of council tenants were completely unaware of the scheme, whilst the vast majority of the remaining 90% only had 'sparse and often inaccurate' information.

Improving housing supply

It is clear more houses are desperately needed (around 300,000 each year, according to the Treasury), yet central government cannot provide these alone. We therefore need a collaborative approach - between house builders, housing associations, councils, business and government - coupled with new strategies to create the right conditions for housebuilding. Technology is also key.

Funding initiatives like the Housing Growth Partnership which support the SME Housebuilders - are a good start and the increased use of modular housing is also promising. The recent announcement that Japan's largest housebuilder is investing into Manchester-based modular home company Urban Splash is a great step forward. Alongside this, we also need to help housebuilders - big and small - gain a better understanding of the shape of future demand. In doing so they can be smarter and more adaptable, using data rich insights along with techniques like modular construction to improve the speed of delivery. These trends should help us get closer to building the right houses at the right time, and dampen the cycle peaks and troughs that undermine long term house building plans.

Accessible financial services

We now live in the data economy, a world in which our digital footprint enables hyper personalization and - in equal measure - a threat to our privacy. Our data does however hold the keys to more accessible financial services. How? Because personalization enables people to better understand their credit profile, check their affordability and can support smarter, faster savings as well as access to cheaper products and services. Critically, we can also use a personalized home buying service to drive education and awareness, addressing past failures and taking some of the stress out of the process.

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GAS SAFETY WEEK 2019

Gas Safety Week this year is happening between 16th and 22nd and will see organizations from across the UK working together to raise awareness of the dangers of poorly maintained gas appliances, which can cause gas leaks, fires, explosions and carbon monoxide (CO) poisoning. Direct Residential has Gas Safe engineers on hand to ensure the highest standard of safety.



Average cost to rent a room has increased to nearly £600 a month

Renting a room in the UK has become more expensive year-on-year with the average cost now hovering at just below £600 a month. But it's not all doom and gloom for renters with some cities bucking the trend with double-digit declines in room rates. London remains the most expensive place to rent at £783 a month while Cambridge and Oxford are also amongst some of the most expensive at £613 and £588 respectively, both seeing some of the largest quarter to quarter increases at 8-9%. Leading room share platform, ideal flat mate, released its Room Rental Index for the second quarter of 2019, looking at the cost of renting a room across the UK's major cities. Experts crunched the numbers from more than 29,000 room share listings on its site added between April and June and found that in the second quarter of this year, the average cost of renting a room in the UK has increased by 8%, now at £577 per month.



Nationwide building society goes into house-building

The Nationwide building society is to go into house building. It has been granted planning permission to build 239 new homes for sale or rent in Swindon, including 30 per cent affordable housing, in a multi-million pound not for profit regeneration project. The society says that the development "focuses on creating a multi-generational and supportive community, not just houses" and will include green space, a park with children's play area, and community meeting space.

The 239 homes will be comprised mainly of terraced houses or maisonettes, with a small block of apartments. All of the homes will have at least one parking space and either a private garden or access to shared gardens, for those preferring a more communal option. There will be a mixture of two, three and four bed homes for sale or rent, as well as 71 affordable one, two and three bed apartments and houses.

Brexit blues mean it's becoming a buyer's market, warns Rightmove

The price of property coming to market fell by 0.2 per cent or an average of £656 in the past month says Rightmove - the first fall so far this year. The portal says that while prices are traditionally weaker in the second half of the year, this year also sees the highest total stock per estate agency branch since 2015. With continuing political uncertainty Rightmove says it expects buyers in sectors where there is an over-supply to have a stronger hand negotiating lower prices in the coming months.



Rightmove says there are less properties are coming to market, down by 7.8 per cent this month compared with the same period a year ago. In addition, fewer sales are being agreed (down by 4.6 per cent in the year-to-date compared to the same period last year) and estate agents' total average stock per branch is higher than at any time in the last four years. Average stock is now running at 53.3 properties, the highest number since the 54.0 that was recorded in July 2015.

Miles Shippie, Rightmove director and housing market analyst says: "The housing market fundamentals remain largely sound in many parts of the country, but the current political climate means that the crucial ingredient of confidence has been impaired, and that is causing some potential buyers and sellers to hesitate."

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