

# Property, Politics and Economics

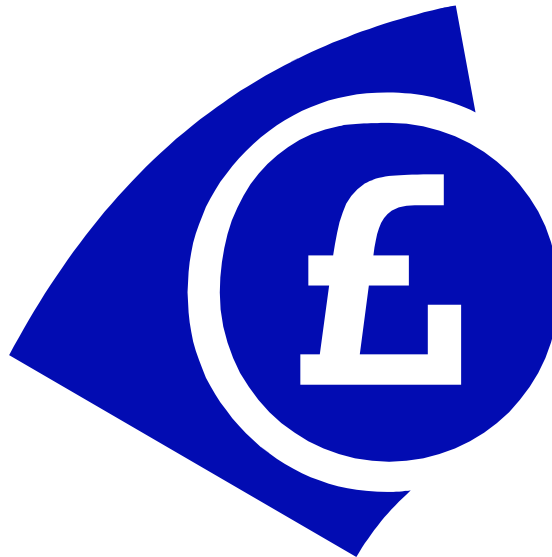
- Kate Faulkner
  - Analyse PPE
    - Property and the impact of politics and economics
    - Property prices, rents, what drives them up/down
    - How property compares to other investments
  - Sign up to [www.propertychecklists.co.uk](http://www.propertychecklists.co.uk)
    - Free checklists from industry experts
    - Articles, costs of property projects and property calculations

- Property



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- Money



# Even in Bucks

## there are different returns

### 24 Parslow Close, Aylesbury, Buckinghamshire HP21 9JD

£144,000	Flat, Leasehold	10 Apr 2015	1 bedroom
£115,000	Flat, Leasehold	19 Jul 2011	
£100,000	Flat, Leasehold	25 Jul 2003	
£69,950	Flat, Leasehold	01 Dec 2000	



	Enter Your Values
Bought for	£100,000
Sold for	£144,000
Years	12
Compound Annual Growth Rate	3.09%

# Even in Bucks

## there are different returns

Ground Floor Flat, 85 Walton Street, Aylesbury, Buckinghamshire HP21 7QX

<b>£94,000</b>	Flat, Leasehold	30 Apr 2015	1 bedroom
£115,000	Flat, Leasehold	13 Apr 2007	
£87,000	Flat, Leasehold	30 Apr 2003	



	Enter Your Values
Bought for	£87,000
Sold for	£94,000
Years	12
Compound Annual Growth Rate	0.65%

## Inflation Calculator

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[Inflation Calculator](#) | [How it works](#) | [Calculator Caveats](#)

What would goods and services costing

£  in  cost in  ?

NEW QUERY

**£ 122860.73**

**Inflation averaged 3.1% a year**

- Property price growth JUST beats inflation

Table 2. Average House Prices in England & Wales by Region, Jan 2005 and April 2014, expressed in nominal and real terms [link to source Excel](#)

Average House prices by Region: Jan 2005 - April 2014									
	Nominal Prices					Real Prices			
Region	Jan-05	Apr-14	% change	Average annual % change (9.25 years)		Jan-05	Apr-14	% change	Average annual % change (9.25 years)
Greater London	£ 292,582	£ 532,653	82.1%	8.9%		£ 296,436	£ 423,413	42.8%	4.6%
South East	£ 234,753	£ 305,560	30.2%	3.3%		£ 237,845	£ 242,893	2.1%	0.2%
East Anglia	£ 179,052	£ 219,099	22.4%	2.4%		£ 181,410	£ 174,165	-4.0%	-0.4%
South West	£ 205,186	£ 238,376	16.2%	1.7%		£ 207,889	£ 189,488	-8.9%	-1.0%
North	£ 131,216	£ 150,313	14.6%	1.6%		£ 132,944	£ 119,486	-10.1%	-1.1%
Yorks & Humber	£ 144,905	£ 161,712	11.6%	1.3%		£ 146,814	£ 128,547	-12.4%	-1.3%
West Midlands	£ 165,275	£ 183,530	11.0%	1.2%		£ 167,452	£ 145,890	-12.9%	-1.4%
North West	£ 144,425	£ 159,972	10.8%	1.2%		£ 146,327	£ 127,164	-13.1%	-1.4%
Wales	£ 143,794	£ 158,490	10.2%	1.1%		£ 145,688	£ 125,986	-13.5%	-1.5%
East Midlands	£ 159,428	£ 172,379	8.1%	0.9%		£ 161,528	£ 137,026	-15.2%	-1.6%
<b>England &amp; Wales</b>	<b>£ 199,151</b>	<b>£ 263,687</b>	<b>32.4%</b>	<b>3.5%</b>		<b>£ 201,774</b>	<b>£ 209,608</b>	<b>3.9%</b>	<b>0.4%</b>
						Index used CPIH, May 2005 = 100.0			

# Five economic factors which affect your BTL business

- Population changes = demand from tenants
- Households = type of home required
- Jobs & wages = determines rent levels
- Inflation = affects costs
- Interest rates = cost of borrowing  
= can affect property values



Future of

jobs and homes in Bucks

**Buckinghamshire County Council**

**Strategic Plan 2013-17**

<http://www.buckscc.gov.uk/media/681808/Strategic-Plan-2013.pdf>

# Useful information

- 42% of households have an income of above £50k
- 3.6% of residents live in the top 20-30% most deprived areas of the country.
- Buckinghamshire has an ageing population and although many of the 84,000 people aged 65+ are active and healthy
  - 13,000 need significant extra support
  - by 2021 there is predicted to be a significant (37.5%) increase in the percentage of those aged 75+
  - the number of people aged 90+ is expected to more than double by 2026

## housing supply keep up with demand

- Aylesbury Vale
  - 13,500 Planned Provision (2011 – 2031)
  - 7,500 Completions / Committed Developmen
  - 6,000 Required Permissions to meet planned target
- Wycombe
  - 8,050 Planned Provision (2006 – 2026)
  - 3,536 Completions / Committed Development (2006-12)
  - 1,108 Unimplemented Permissions
  - 3,406 Required Permissions to meet planned target
- Chiltern
  - 2,650 – 2,900 Planned Provision (2006-2026)
  - 813 Completions / Committed Developments (2006-2012)
  - 706 Unimplemented Permissions
  - 1.131 – 1.381 Required Permissions to meet planned target

# Buy to Let Economics

## for Bucks



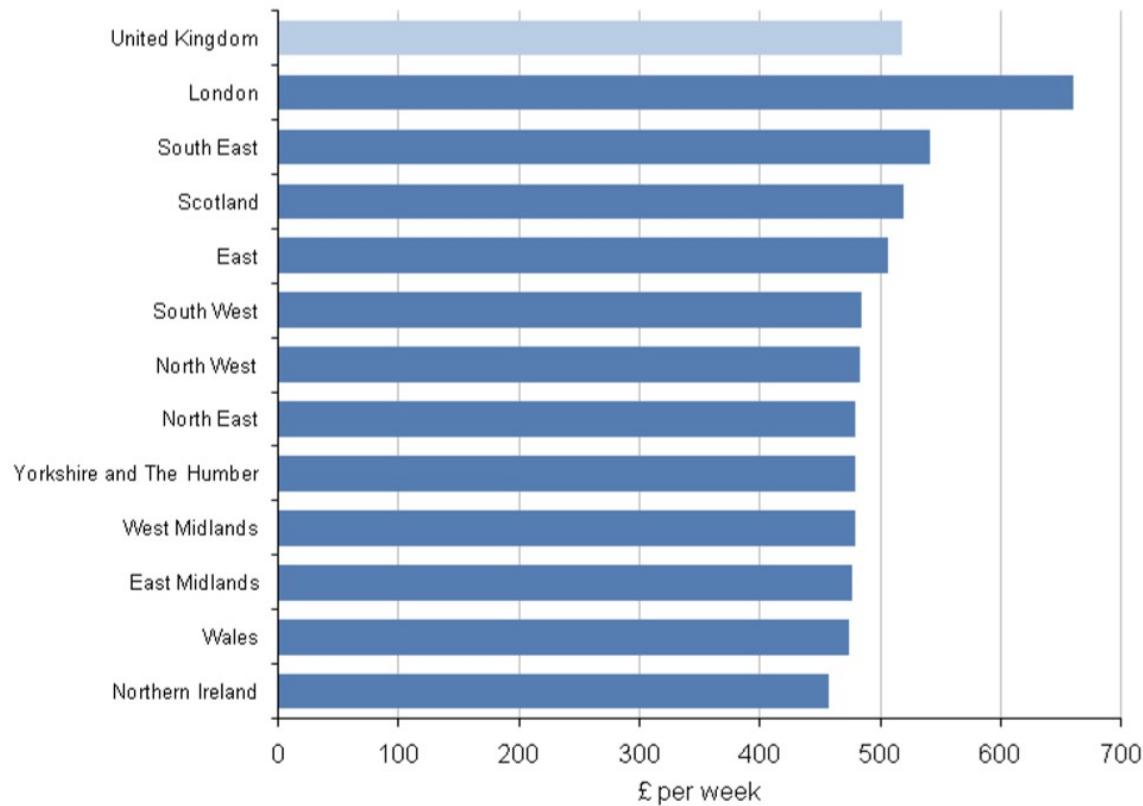
<http://www.buckstvlpe.co.uk/uploads/downloads%5CBTVLEP%20SEP%20Report%20Summary.pdf>

# Bucks does well for

## BTL economics

- Job and wage growth versus inflation

Figure 17: Median full-time gross weekly earnings by region, UK, April 2014



# Question to ask?

**How much cash?**



**How much borrow?**



Economically Bucks can be a  
great area for property

If it's capital growth you  
want

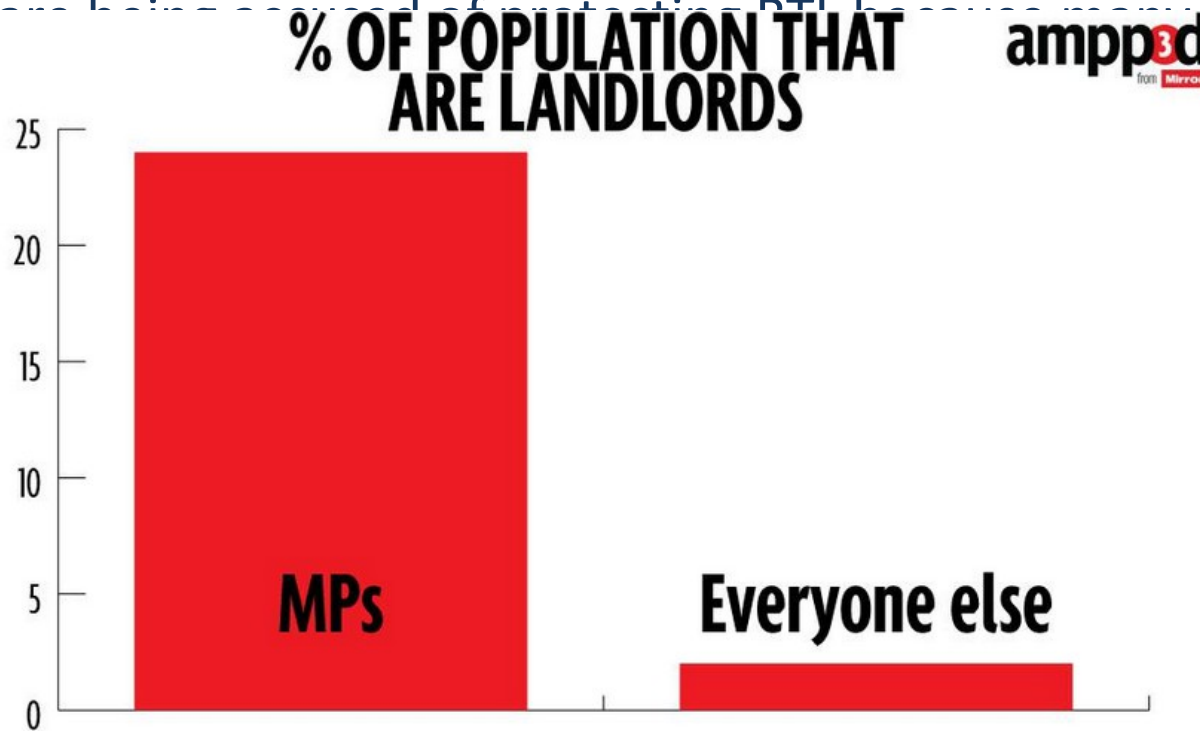
- Dramatically affects your earnings
  - Influences supply versus demand which affects prices/rents
  - Taxes can change each budget
  - Make other financial investment more lucrative

*They can decide they don't want you to invest in property*



# What's happening currently?

- 'Anti-landlord' and 'anti-BTL' movement
- MPs are being accused of constructing BTLs because they are landlords



- Cross Party PRS review

Commons Select Committee



## Private Rented Sector

Inquiry status: inquiry concluded

The Communities and Local Government Committee conducted an inquiry into the private rented housing sector. The Committee invited submissions from interested parties and held a number of oral evidence sessions covering the quality and regulation of private rented housing, and levels of rent within the sector. It also visited Berlin to examine the German model and held informal meetings with tenants and landlords in the UK. The Committee published its report on 18 July 2013.

The Government response to the Committee's report was published on 16 October 2013, embracing many of the Committee's recommendations.

### Relevant debates in Parliament



#### Publication of Private Rented Sector Report

The Chair, Clive Betts launched the Committee's Report on the floor of the House of Commons on Thursday 18 July.

- [Watch the report launch \(after business questions\)](#)
- [Read the transcript of the launch](#)

# Summary

- Make the PRS “more mature”
  - Setting the agenda for politics and buy to let
  - Letting agents now belong to a redress scheme
    - Fees must be upfront and transparent
  - Retaliatory eviction legislation going through
  - Establishing minimum energy ratings
  - Mortgage relief go altogether?
  - Licencing for landlords?
  - Longer tenancies?
    - Government three year tenancy agreement

- Reviewing Housing Health and Safety Rating System
- Considering penalty charges for breaking the rules
- Ensuring housing benefit payments are paid based on the property's condition
- Considering rent controls / caps
- Threat/opportunity of Institutional investment

- Election suggestions from Conservatives
  - Pension reforms
    - Good and bad for property
  - More affordable homes
    - Discounted 100,000 homes for FTBs (under 40)
    - Especially in London
      - Rent to buy for 80% of market rate
      - Build to rent @ 80% of market rate
      - Massive increase in shared ownership
    - Cutting housing benefit for 18-21 year olds
    - Benefit cap being cut from £22k from £26k

# But what's worse...

- Election suggestions from Labour
  - Double the number of first time buyers
  - Introduce Rent controls
  - Ban tenancy fees
  - Mansion tax
- Already changing the rules in Wales
  - Licencing landlords and letting agents
  - No landlord can manage their own property without a course

# Keep up....

- [Propertychecklists.co.uk](http://Propertychecklists.co.uk)
- [Property Reporter.co.uk](http://Property Reporter.co.uk)
- [Landlordzone.co.uk](http://Landlordzone.co.uk)
- [Property Investor News](http://Property Investor News)



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[Register for Free Now](https://register.guardian.co.uk/housing/)

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# Survival tips...

- Understand your *REAL returns*
  - Taking into account inflation for capital growth/rents
- Work out your risks
  - Know what your ‘break-even’ is per property
    - Income perspective
  - Always know your capital gains tax liability
    - Make sure it is mitigated
- Be clear on your exit strategy
  - If you want to retire at 60, you have 10 properties
    - Might need to start selling at 50
- Get a property tax specialist



## How much will my property be worth ?

	Enter Your Values
Property Value	£120,000
Annual % Growth Rate	2.12%
No of Years	9
Value After 9 Years	£144,937

## How many years do I need to hold?

	Enter Your Values
Current Value	£120,000
Required value	£144,937
Annual return	2.12%
Years required	9.00

## What compound rate have I achieved?

	Enter Your Values
Bought for	£199,000
Sold for	£1,325,000
Years	15
Compound Annual Growth Rate	13.47%

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