



BRISTOL RESEARCH

NOVEMBER 2019

RESIDENTIAL MARKET REPORT



Bristol Property Values 1.5% Lower Year-on-Year

It seems that quite a few Bristol homeowners and Bristol landlords have become acclimatised to living with the uncertainty of Brexit throughout most of 2019, as figures show many of them decided to get on with living life, started reinvesting their money into Bristol property and buying and selling their Bristol homes and BTL investments. Land Registry stats confirm that. Current data shows that...

Bristol property values are 1.5% lower than 12 months ago

Whilst the newspapers were stating prime central London property values were now 17% below the levels being achieved a couple of years, that message seems not to have been heard by certain sectors of the Bristol property market!

Speaking with other property professionals in Bristol, many weren't expecting the usual autumn rebound after the summer holidays. Many were anticipating a dormant Bristol property market on the run up to Christmas believing many Bristol home-movers would put off their home moving activities until the new year, yet in many sectors of the local property market, I have seen (and the stats back this up) that those Bristol property buyers who are able to hold their nerve (whereas others were hesitant) have found themselves in a better negotiating position to get a great property deal. Putting aside the fluff of newspaper headlines, the real foundations of Bristol housing market remain sound with record low unemployment, ultra-low interest rates and low inflation.

Interestingly, there are 5% more homes for sale in Bristol compared to two years ago, meaning more choice for buyers

However, there are still parts of the Bristol property market that remain stagnant, with some homeowners being slightly unrealistic with their marketing pricing. To them, the property market appears to be slow, as they stare at their 'for sale' board for months on end, yet nothing could be further from the truth.

However, there are still parts of the Bristol property market that remain stagnant, with some homeowners being slightly unrealistic with their marketing pricing. To them, the property market appears to be slow, as they stare at their 'for sale' board for months on end, yet nothing could be further from the truth. The key to a balanced (and healthy) property market is realistic pricing by the homeowners when they place the property on the market, mortgage affordability for buyers (which was discussed a couple of weeks ago in the Bristol Property Blog) and buy to let landlord activity which creates and maintains forward momentum. One measure of momentum is how long a property remains on the market, and interestingly...

“The current average length of time a Bristol property remains on the market is 65 days, up slightly from 52 days two years ago”

Now the number of properties sold locally is slightly down year on year (even though we had a burst of property sales in the summer locally) and interestingly, Rightmove reported recently that nationally, the number of properties sold in the UK was only just over 3% less year on year, so a similar picture nationally. So, what does all this mean for Bristol homeowners and Bristol landlords?

We have always had issues that were game changers for the housing market; for the last few years it's been Brexit, 10 years ago the credit crunch, 18 years ago the dot com crash, the ERM and 15% interest rates issue 27 years ago, dual MIRAS 32 years ago, hyper-inflation 40 years ago, the 3 day week 45 years ago – the list goes on. Everyone needs a home to live in, the local authority just has not got the money to build council houses, so buy to let will continue to grow for the foreseeable future which in turn creates a stable foundation for all homeowners. Maybe you should use this time, like many are in Bristol to take advantage of the property deals to be had in Bristol.

Bristol Buy To Let - Past, Present And Future

Investing in a Bristol buy to let property has become a very different sport over the last few years.

In the glory days of the five years after the turn of the Millennium, where we had double-digit house price growth, mortgage companies (notably Northern Rock, HBOS and their ilk) desperate to get on the buy to let mortgage bandwagon with rates so low it would make the belly of a snake seem high and an open mildness to give loans away with not so much more than a note from your Mum and with hardly any regulatory intervention... anyone could make money from investing in property – in fact it was easier to make money than fall off a log! Then we had the unexpected flourish of the property market, with the post credit crunch jump in the property market after 2010, when everything seemed rosy in the garden.

Yet, over the past five years, the thumbscrews on the buy to let market for British (and de facto) Bristol investors have slowly turned with new barriers and challenges for buy to let investors. With the change in taxation rules on mortgage relief starting to bite plus a swathe of new rules and regulations for landlords and mortgage companies, it cannot be denied some Bristol landlords are leaving the buy to let sector, whilst others are putting a pause on their portfolio expansion.

With the London centric newspapers talking about a massive reduction in house prices (mainly in Mayfair and Prime London – not little old Bristol) together with the red-tape that Westminster just keeps adding to the burden of landlords' profit, it's no wonder it appears to be dome and gloom for Bristol landlords ... or is it?

One shouldn't always believe what one reads in the newspaper. It's true, investing in the Bristol buy to let property market has become a very different ballgame in the last five years thanks to all the changes and a few are panicking and selling up.

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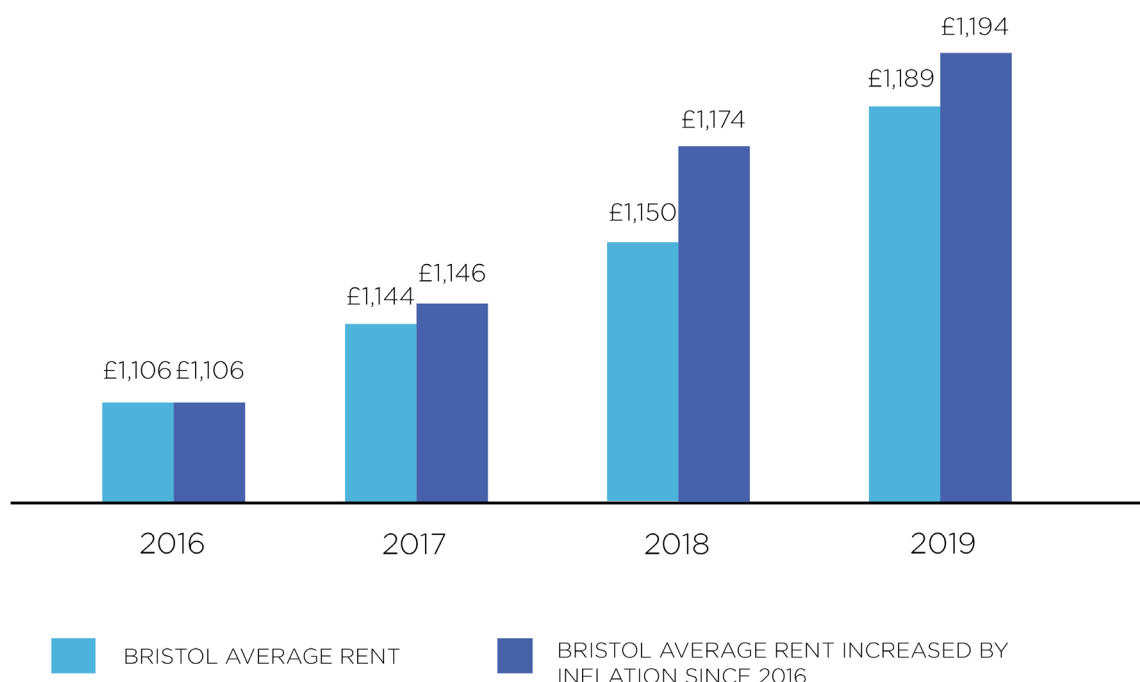
“Bristol landlords can no longer presume to buy a property, sit on it and automatically make a profit”

Bristol landlords need to see their buy to let investments in these tremulous times in a different light. Before landlords kill their fatted calves (i.e. sell up) because values are, and pardon the metaphor, not growing beyond expectation (i.e. fattening up), let's not forget that properties produce income in the form of rent and yield. The focus on Bristol buy to let property in these times should be on maximising your rents and not being preoccupied with just house price growth.

“Rents in Bristol’s private rental sector increased by 3.42% in the past 12 months”

Rents in Bristol since 2008 have not kept up with inflation, it is cheaper today in REAL TERMS than it was 11 years ago and some landlords are beginning to realise that fact with our help.

BRISTOL RENTS SINCE 2016



Looking at the last few years, it can be seen that there is still a modest margin to increase rents to maximise your investment (and it can be seen some Bristol landlords have already caught on), yet still protect your tenants by keeping the rents below those 'real spending power terms' of the 2008 levels. Buy to let must be seen as a medium and long-term investment

“Rents in Bristol are 7.50% higher than they were 3 years ago and property values are 16.93% higher than Jan 2016”

...and for the long term, even with the barriers and challenges that the Government is putting in your way – the future couldn't be brighter if you know what you are doing.

Investment is the key word here... In the old days, anything with a front door and roof made money – yet now it doesn't. Tenants will pay top dollar for the right property but in the right condition. Do you know where the hot spots are in Bristol, whether demand is greater for 2 beds in Bristol or 3 beds? Whether city centre apartments offer better ROI than terraced houses or semis? With all the regulations many Bristol landlords are employing us to guide them by not only managing their properties, taking on the worries of property maintenance, the care of property and their tenants' behaviour but also advising them on the future of their portfolio. We can give you specialist support (with ourselves or people we trust) on the future direction of the portfolio to meet your investment needs (by judging your circumstances and need between capital growth and yields), specialist finance and even put your property empire into a limited company.

If you are reading this and you know someone who is a Bristol buy to let landlord, do them a favour and share this article with them – it could save them a lot of worry, heartache, money and time.

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Is This the End of No-Fault Section 21 Evictions for the 111,292 Bristol Tenants?

In the late spring, the Government announced that they were planning to end no-fault evictions for tenants living in private rented accommodation.

I have had a number of Bristol landlords contact me anxious that removing a tenant from their Bristol buy-to-let property in the future had possibly become a lot more problematic. Yet, at the launch of the consultation on the changes to the piece of legislation relating to no-fault evictions (called the Section 21 amendments), the Government wanted to assure British landlords that they would be protected by the bolstering of the existing Section 8 legislation. The current Section 8 allows landlords grounds for recovery of their properties for reoccupation of the landlord, non-payment of rent and other legitimate factors.

“48,530 Bristol landlords are affected by this potential change in the law”

Yet, it is comforting for Bristol landlords and tenants in the fact that most competent letting agents very rarely have to evict a tenant. In the worst-case scenarios the tenant needs evicting (normally because rent hasn't been paid) or because the landlord is either selling their buy-to-let investment or moving back into their property. Look at the consultation – it has been indicated that those grounds will not be removed from section 8 powers during the government's consultation and the talk is they will be bolstered and improved. To put the removal of Section 21 notices into some context...

“Only 22,527 section 21 notices made it to Court last year, out the 4.5million private rented households”

Scotland banned no fault evictions (i.e. their own version of a Section 21) two years ago, and the model suggested by Westminster is similar to that of the new Scottish system. Landlords, tenants and agents have had to adapt north of the border, and there hasn't been the mass exodus of landlords from the market since then.

Yet the call in the lettings and legal profession is ... if the Government is intent on making these changes, we need well-funded courts which specialise in housing and tenancy matters (like there are for family law and children). Especially when the landlord manages the property themselves (without an agent), the issue of eviction comes about from a breakdown in communication between landlord and tenant.

The courts could use their mediation skills to make it simpler and faster for tenants and landlords to obtain quick and available justice instead of the existing drawn out procedures under Section 8, which helps no one (not even tenants). This is important as the demand for Bristol rental properties is growing and people need a home to live in – fact.

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As an agent in Bristol, I know most Bristol landlords consider buy-to-let in Bristol as a long-term investment, with the average landlord looking to retain their buy-to-let property for at least 10 years and beyond. Talking to other agents around the country, over 90% of Section 21 notices are made by the tenant, not the landlord. Removing the Section 21 notice could affect tenants more than landlords.

Replacing Section 21 with a process that requires a landlord to firstly have a good reason, and secondly go through due process, will likely remove the more unprincipled landlords from the property market. That is great news as those unprincipled landlords will either sell their properties to new buy-to-let Bristol landlords, or to tenants who want to buy them. So, it could be a small win for people looking for a new Bristol home, and a disappointment for unprincipled landlords simply looking for a cash cow 'have no care about the property or tenant' investment vehicle.

If you are a Bristol landlord and want to know more about this, whether you are a landlord of ours, a Bristol landlord with another Bristol agent or a self-managing landlord, feel free to drop me a line or pick up the phone (I don't bite) to chat about the implications of this and other legislative changes that are on the horizon.

What's happening with the house prices in Bristol?

The majority of sales in Bristol during the last year were terraced properties, selling for an average price of **£301,488**. Flats sold for an average of **£242,750**, with semi-detached properties fetching **£323,762**.

Bristol, with an overall average price of **£311,483** was cheaper than nearby Montpelier (**£382,381**), Cotham (**£363,501**) and Kingsdown (**£441,750**).

Overall sold prices in Bristol over the last year were similar to the previous year and 10% up on the 2016 level of **£282,739**.

SOURCE: [RIGHTMOVE.COM](https://www.rightmove.co.uk)

What's happening with the house prices in Bedminster?

The majority of sales in Bedminster during the last year were terraced properties, selling for an average price of **£353,596**. Flats sold for an average of **£224,620**, with semi-detached properties fetching **£328,627**.

Bedminster, with an overall average price of **£313,747**, was similar in terms of sold prices to nearby Windmill Hill (**£314,831**), but was cheaper than Southville (**£347,500**) and Ashton (**£330,580**).

Overall sold prices in Bedminster over the last year were similar to the previous year and 17% up on the 2016 level of **£267,238**.

What's happening with the house prices in Redland?

The majority of sales in Redland during the last year were flats, selling for an average price of **£344,385**.

Terraced properties sold for an average of **£653,857**, with semi-detached properties fetching **£905,963**.

Redland, with an overall average price of **£502,760** was more expensive than nearby Cotham (**£363,501**) and Kingsdown (**£441,750**), but was cheaper than Westbury Park (**£543,231**).

Overall sold prices in Redland over the last year were similar to the previous year and 10% up on the 2016 level of **£457,063**.

SOURCE: [RIGHTMOVE.COM](https://www.rightmove.co.uk)

What's happening with the house prices in Clifton?

Most of the sales in Clifton over the past year were flats which on average sold for **£336,176**.

Terraced properties had an average sold price of **£699,300** and semi-detached properties averaged at **£1,130,921**.

Clifton, with an overall average price of **£427,117**, was similar in terms of sold prices to nearby Clifton Wood (**£441,083**) and Kingsdown (**£441,750**), but was more expensive than Hotwells (**£400,335**).

In the past year house prices in Clifton were similar to the year before and similar to 2016 when they averaged at **£431,479**.



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