



a1 property

NEWSLETTER FROM A1 FINANCIAL SOLUTIONS

MARCH 2019

ISSUE #05

SPRING

BREXIT AND THE HOUSING MARKET

What will the impact be?

PRESENTING YOUR
PROPERTY IN ITS
BEST LIGHT

Top tips for making your home more
appealing to potential buyers

AN UPWARD TREND

Average Scottish house prices up 2.9% on previous year



The latest publication of the monthly UK House Price Index (HPI) has revealed that the average price of a property in Scotland in November 2018 was £150,638 – an increase of 2.9% on November in the previous year, and a decrease of 0.7% when compared to the previous month.

These figures are in comparison to a UK average of £230,630, which was an increase of 2.8% on November in the previous year, and a decrease of 0.1% when compared to the previous month.

A LIKE-FOR-LIKE COMPARISON

The report shows that the volume of residential sales in Scotland in September 2018 was 8,472 – a decrease of 9.1% on September 2017 (a like-for-like comparison of the latest provisional estimate for September 2018, with the original provisional estimate for September 2017 as recorded before final

figures became available. This compares to decreases of 7.9% in England and 7.7% in Wales, and an increase of 4.9% in Northern Ireland (Q3 2018).

Average price increases were recorded in the majority (27) of local authorities in November 2018, when comparing prices with the previous year. The biggest price increases were in Midlothian, Highland and City of Edinburgh where average prices increased by 11.9% to £187,796, 9.5% to £170,923 and 9.3% to £266,985 respectively. The largest decrease was recorded in Aberdeen City, where average prices fell by 6.7% to £154,550.

INCREASE IN ALL PROPERTY TYPES

Across Scotland, all property types showed an increase in average price in November 2018 when compared with the same month in the previous year. Terraced properties showed the biggest increase, rising by 4.3%

to £125,616. The average price of flatted properties rose by 1.8% to £108,398, the smallest increase of all property types.

The average price in November 2018 for a property purchased by a first-time buyer was £121,735 – an increase of 2.7% compared to the same month in the previous year. The average price for a property purchased by a former owner occupier was £180,611 – an increase of 3.2% on the previous year.

The average price for a cash sale was £138,574 – an increase of 2.5% on the previous year – while the average price for property purchased with a mortgage was £156,255 – an increase of 3.1% on the previous year.



PRESENTING YOUR PROPERTY IN ITS BEST LIGHT

Top tips for making your home more appealing to potential buyers

1. FIRST IMPRESSIONS

First impressions count for everything. Get the windows professionally cleaned and replace any worn-out doormats so prospective buyers aren't put off before they've even walked through the front door – curb appeal is crucial.

2. ATTENTION TO DETAIL

Have a thorough spring clean and get to the corners you'd normally ignore. Buyers come with a critical eye and will inspect a room from wall to wall – you don't want them looking up at the ceiling and seeing a collection of cobwebs.

3. MAINTENANCE

Some buyers will be put off at the idea of any DIY. Run a maintenance check throughout your home and get the tool box out if necessary. Do any bulbs need replacing? Or is there a loose door handle that needs tightening?

4. PETS

If you have a dog, it might be an idea to send him or her to a dog groomer for a professional clean. A house that smells of pets can be a real turn-off for some viewers. Washing the dog's bed is a good idea too.

5. DECLUTTER

You need to help prospective buyers imagine where their furniture and family pictures will go. Rooms that look too busy, full of mismatching furniture or an oversupply of personal details can also make a room look smaller. Prospective buyers always want to check inside cupboards: if they're packed full, empty them out and throw away everything you don't need, or put things in a suitcase for a few weeks. Hide all those plastic toys which can take up so much space. It's important to demonstrate that your home has adequate room for storage.

6. CHARACTER PRESERVATION

If you are decluttering, remember not to remove traces of character altogether – thoughtful splashes of colour and a few well-chosen soft furnishings can make a property feel more stylish and individual. It's useful to remember what it was that made you fall in love with your home when you bought it.

7. A LIFESTYLE SETTING

Some buyers are looking for a lifestyle as much as a home. Setting the table with a simple white dinner set and some pretty napkins, for example, can help people

imagine living in your home. Book a weekly flower delivery and, weather permitting, open the windows ahead of a viewing – it'll help create a 'fresh' feeling during a viewing.

8. BATHROOM DETAILS

The bathroom is one of the most important rooms to get looking as good as possible. Buyers often want to check the water pressure of the shower, so remove any limescale that might have built up – it's an easy job but can make a big difference.

9. ADDITIONAL SPACE

Showing buyers how they can create additional space can be an effective way to demonstrate how your property might work for them, without the expense of carrying out any structural work. Investigate what could be done and highlight the possible options.

10. GARDEN MAINTENANCE

Mow the lawn, cut back any trees and bushes, tidy up the garden furniture, hide the children's plastic toys and plant some inexpensive colourful flowers – a great-looking garden can make the world of difference.



BREXIT AND THE HOUSING MARKET

What will the impact be?

The country is divided on Brexit, and so too are opinions regarding Brexit's impact on the property market. There are clearly differences in property market trends across the country, but can this be attributed to the uncertainty over Brexit or other factors? With Brexit negotiations reaching the sharp end, we take a look at the impact on the housing market.

NO SIMPLE ANSWER

Whilst the housing market in some areas of the UK has stagnated over the past year, opinion is divided on whether or not it is because of Brexit. Some see uncertainty around Brexit as the biggest challenge affecting the property sector, others see higher taxation, stricter bank lending and the fallout from Stamp Duty and Land and Buildings Transaction Tax (LBTT) changes as key factors. There is no simple answer, although the outcome of the Brexit negotiations will clearly have an effect on what happens next within the residential property sector.

After Article 50 was triggered, a commentator from the Telegraph stated: 'For most of the country, Brexit will have little effect on house prices. In much of the UK, homebuyers are moving because they need to, because of jobs or an expanding family; this means that prices will hold up in much of those areas. A buoyant property market depends on the UK's economic health, which is difficult to forecast. If the pound weakens further, inflation surges, and interest rates are raised, the capacity for house price growth would be reduced. Equally, if Brexit negotiations are very successful, economic growth continues to remain positive, and confidence is boosted, house prices could increase earlier and at a faster rate than initially thought.'

Since then, the uncertainty continues, although the outlook in Scotland is different to London and the South of England. The August 2018 RICS Residential Market Survey shows a diverse regional picture with the market solid in many parts of the country. While London, parts of the wider South East and, to some extent, East Anglia are 'downbeat', Scotland and Northern Ireland in particular are showing 'a healthy market, with a positive outlook for sales activity'

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ENCOURAGING SIGNS

It is clearly very difficult to talk about the housing market at the moment without being acutely aware of the marked differences in trends across the UK. While a combination of a lack of stock and some level of uncertainty, both relating to the interest rate outlook and Brexit, has had an impact on activity, the overall picture in these areas is still encouraging. The story in London and the South East is, as has been widely recognised, rather more challenging, but it is important that this is not seen as being indicative of the wider market.

Mark Carney, Governor of the Bank of England, recently warned that a no-deal Brexit could see house prices plunge, the worst-case scenario being a possible 35% fall in house prices over three years. However, he was keen to point out that he was not predicting a property market crash in the wake of a no-deal Brexit, but that a housing slump and other outcomes including higher unemployment were worst-case scenarios used in stress tests for British banks, designed to ensure there is no repeat of the 2008 financial crisis.

Currently, the focus is on the possibility of Britain ending up with a no-deal scenario. However, there could be a more positive outcome resulting in a very different effect on the country's economy and housing market. BBC economics editor, Kamal Ahmed, commented: 'If there is a "good deal" with the EU, Mr Carney believes there could be a significant boost to the economy as pent-up demand held back by the present uncertainty is released. Investment could rise markedly, he has argued.'

A SAFE INVESTMENT

Whilst some commentators state that the ongoing Brexit negotiations have been impacting negatively on the housing market, it doesn't seem to have dampened people's enthusiasm for home ownership in east central Scotland. That may, of course, change

over the next few months as we move closer to the UK's exit from the EU in March 2019 and beyond.

Since the Brexit referendum result, we have continued to see a property market that is delivering excellent results for sellers, with great mortgage product availability, low interest rates and high demand leading to the levels of property sales in Scotland being at a six-year high.

Scotland is not immune to wider economic trends and, if the UK economy is badly hit, it will affect the property market in Scotland. However, property is generally viewed as a safe investment, and Scotland's relative insulation from volatility in the City of London should ensure that Scotland remains an attractive option for homebuyers and investors both at home and from the rest of the UK. The Edinburgh market in particular should continue to attract homebuyers and investors; in a study commissioned by the Royal Mail earlier this year, Edinburgh was voted the most attractive UK city in which to live and work.

RISK STILL EXISTS

It remains to be seen what the Brexit outcome will have on the wider economy in Scotland and the UK. However, it seems that house prices continue to be more closely aligned with the wider socio-political outlook of the country and that, as long as the wider economy, earning prospects and levels of employment in Scotland are not negatively affected, Brexit is unlikely to have a negative effect on the level of property sales or property prices in Scotland.

In the absence of a crystal ball, the true impact of Brexit won't be known for some time yet. Ultimately, however, it is the shape of the economy that will determine the outcome for the UK property market after Brexit. Meantime, risks exist regardless of the political landscape, so Brexit shouldn't stop you buying or selling property.



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