

De Villiers Surveyors

# Aspects

November 2018

## Welcome to our autumn edition of Aspects 2018.

As expected the property industry has not been immune to recent events concerning the uncertainty caused by the Brexit negotiations. Whilst we have seen a fall in consumer confidence, transactional activity and the share prices of listed house builders it has been surprisingly busy for both the commercial and residential teams at De Villiers.

Commercial have been increasingly active in the agency market with a number of acquisitions in both the office and retail market. Our business rates advisory department has been dealing with the outstanding appeals for 2010 Rating List. Plus we have seen an increase in our rent review instructions which is an indication that Landlords' are looking to increase their asset values through rental growth. Our corporate recovery and receivership department has picked up a number of new instructions working alongside a number of banks and finance houses.

There is no doubt that the residential market particularly in London has slowed over the last 12-18 months and we hope you find our view of the residential market of use and interest.

Please enjoy the read – including our footy and charity cycling exploits - and don't forget to have a go at our competition. And please get in touch if you wish to discuss any property matter – we are here to help.



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## De Villiers v City Voice 11 a side

De Villiers took part in the City Voice/Excel - 11 a side football match earlier this year. The game was held at the Honourable Artillery Club sports ground in the City of London.

De Villiers managed a great comeback from 4-1 down at half time to get 4-4 draw for the final result. Well done!



## Property Quiz Question

Quiz question:

**What's the most easterly and the most westerly station on the Elizabeth London underground line?**

**Please email [anna.svandova@devilliers-surveyors.co.uk](mailto:anna.svandova@devilliers-surveyors.co.uk) with your answer. The first three correct answers from our draw which takes place on 7/12/2018 will win £100 in John Lewis vouchers each.**





# London Residential Property Market

Since our last Aspects in March this year the London residential property market has continued to struggle in terms of demand and values.

Most agents have reported that buyers are generally not committing until after Brexit, perhaps exacerbated by Carney's comments regarding how far the market will fall in a post Brexit world.

The comments we provide in our valuations, which many of you will see regularly, show agents in almost all London postcodes stating the difficulties they are experiencing.

From discussions with agents outside London this buyer malaise is starting to have a marked impact across the Home Counties with few anticipating little or any changes in demand until Q3 next year.

In my opinion Carney's comments of a steep fall in prices is unlikely after Brexit, mainly because we have been seeing these falls for over a year and the anticipation of change can often be worse than the effect of the change itself. However it is essential that the government secure a Brexit deal next year or any recovery will also be put back.

I can envisage, and lenders must anticipate, that prices will be around 10% lower by this time in line with the 10% or so falls we have already seen across all tiers of the London market since 2016.

When prices fall they can often over-correct until a reason arises for the buying processes to restart. If we consider the 2008 falls, precipitated by the financial crisis, the Bank of England cutting

interest rates reversed this trend and buyers returned and prices inflated again. I would hope the conclusion of Brexit, in whatever form, should precipitate greater buying activity and a strengthening of prices.

Whilst the above commentary refers to the general London market, the higher priced London properties have already fallen by around 20% since their 2015 peaks. These falls seem to be beginning to stabilise and buyers are seeing "value" for the first time since the early noughties. The braver buyers securing relatively good deals in this current market may see some reasonable capital appreciation over the next 5 years and this current period may, in the years to come, be seen as the trough. Notwithstanding this, unless the punitive stamp duty charges are amended the top end of the London market will never return to high volume demand.

So whilst the outlook for the residential market is not ideal, prices did need to settle down after years of strong inflation, and as long as interest rates stay low then the falls should be manageable.



**James Perris**

Director, MRICS

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## Rent Review update

A rent review notice quoting a steep hike in rent can be an unwelcome letter from a Landlord. The general commercial property market has seen a period of steady growth, however in recent months we have seen a levelling off and decline in rents across most sectors. Despite this we are seeing an increase in rent review notices being served, as Landlords attempt to capitalise on historic transactional evidence.

We are currently advising and negotiating a large number of rent reviews on behalf of our clients and securing significant reductions against Landlords proposed rents. Early and considered advice is essential to formulate appropriate action and provide advice on time of essence reviews, the nature and detail of the rent review clause and of course comparable evidence.

**For further advice on any Rent Review issue please contact Mark Short or Tom Warren on 0207 637 7554**



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## Charity cycle ride

Paul Wise in our commercial team recently completed one of the iconic Tour De France cycle climbs Col Du Tourmalet (nicknamed the terrible mountain) in the Pyrennes for Duchenne UK Charity. Duchenne muscular dystrophy (DMD) is the most common fatal genetic disease diagnosed in childhood. The disease almost always affect boys, and they tend to be diagnosed before the age of 5. There are around 2,500 patients in the UK and an estimated 300,000 sufferers worldwide. Duchenne UK raises funds for research into the cure and treatment of the disease. The team of eight property surveyors from London property companies all successfully completed the challenge and raised £8k for charity in the process.

**Further details can be found on [www.duchenneuk.org](http://www.duchenneuk.org)**

## Commercial Property Acquisitions



De Villiers have acquired 2,500 sq ft on behalf of national portfolio client EON Matrix – the global energy solutions company at Meadows Business Park, Camberley Surrey at £25 p sq ft with approximately 6 months rent free on a 10 year lease with a 5 year break clause.



Pitchers Bar in Blackburn Lancashire which has been empty for a number of years has been purchased on a freehold basis by De Villiers on behalf of Frankies, a national gourmet halal burger and chicken restaurant. The restaurant is currently under a substantial refurbishment and due to open shortly. [www.frankiesburgers.co.uk](http://www.frankiesburgers.co.uk) De Villiers have recently acquired another unit for Frankies at Westfield shopping centre at Bradford and are part of the national acquisition campaign.



De Villiers have acquired the first UK retail unit for Jaquar, the international bath room fittings company, at the new Bishops Gate development on Fulham High Street close to Putney Bridge. Jaquar are one of the fastest growing premium and luxury bath room companies and employ 8,500 people worldwide.

[www.devilliers-surveyors.co.uk](http://www.devilliers-surveyors.co.uk)

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