



De Villiers Chartered Surveyors Limited

# Aspects

October 2012

## Welcome to Aspects



This is the inaugural edition of our De Villiers' newsletter Aspects. By deed as in name, Aspects is our view on the markets in which we all operate and a glance at some of our achievements over the past few months that we hope will inspire, inform and entertain in equal measure.

As ever, with all newsletters, we are conscious that you receive a lot of material to read over a month, so rather than promise to fill your inbox on a monthly basis with reams of information you will not thank us for, we will be sending you Aspects on a biannual basis.

Please feel free to call or email and offer any of the De Villiers team feedback on an item you have read or if you wish to obtain property advice from any of our qualified surveyors.

Many thanks and I hope you enjoy Aspects!

### James Perris

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# 2012 Olympic results

## A significant milestone in the UK economic and property recovery? Paul Wise shares his Olympic highlights.



Unbelievably more than six weeks has past by since the end of the Olympics and Paralympics which has been rightfully acknowledged nationally and globally as a huge success. For me the highlights of the games were Mo Farah's double gold (particularly the 10,000 metres on "Super Saturday"), the excellent transport and organisation plus the packed stadiums at the Paralympics.

Now we are back to work it has left me hoping/speculating whether the post Olympics feel good factor is going to remain and kick start the UK economy out of recession. Of course we all want this to be the case but at the moment there appears to be too many macro economic obstacles in the way. The fundamentals of higher unemployment, very slow wage growth and rising living costs together with a coalition government having its unity tested doesn't bring too much confidence.

And this is without even contemplating the big elephant in the room - the Eurozone crisis. It would appear that until there is a concrete plan on the future of the Euro the markets/banks cannot make any longer term business plans with any confidence. Hopefully the IMF can bring together the German and Greek governments to agree a workable and equitable rescue plan or commence an orderly exit plan for the weaker euro nations or a two tier status euro currency.

In terms of the affects on UK property we expect prime commercial and residential assets in Central London to keep increasing in value albeit at more modest levels than we have recently seen; the demand from overseas investors is still strong and over 44% of all UK commercial property purchased in Q1 2012 by foreign companies and we expect this to continue at the same rate. We expect secondary commercial assets to keep coming under downward pressure as refinancing becomes more difficult and corporate rental demand remains flat. On residential properties we expect, outside of the popular London commuter towns, the market to remain static in terms of growth due to the wider economic malaise.

It's early days but we are not expecting the Olympics to be a significant milestone in the UK economic and property recovery but at least we have been left with some great sporting memories and made the most of our showcase of London to the rest of the world.

### By Paul Wise

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# Market predictions

## What can we read in to the residential property market?

In hindsight there are predictable signs when the residential property market cycle is reaching its peak:

- Lenders having to compete with each other for business - offering loans in excess of a property's value, and letting the loan to earning ratios increase
- Properties being turned or flipped for exceptional profits in a matter of weeks.
- A proliferation of property developers and landlords.
- Poor standard of refurbishments still selling at high prices.
- Everyone rushes to buy in the belief that prices cannot possibly go down.

These pre-crash behaviours were evident in 1989 and 2007 with similar trends over each boom and bust property cycle. Perhaps even witnessed as far back as 1830 with the renowned architect John Nash falling foul of a change in sentiment when developing his houses around Regents Park and dying shortly after an indebted man despite his significant achievements.

Equally, after the market has fallen there are several years of exceptionally low prices. In 1995, I attended an auction to bid for a building where the reserve was £15,000. It had been bought at £200,000 in 1989. I was outbid and it sold for £23,000. There are likely to be thousands of similar stories throughout the 1990's and to a lesser extent in the late 2000's.

But it seems the market trends are now less straightforward and are not following our previous cycles.

The residential property market witnessed significant acceleration until 2007 after which sentiment and the economic situation changed and prices began to fall.

In previous recessions property prices would find their bottom level and remain relatively stable over several years as the economy recovered and grew. However, reducing interest rates has interfered with the cycle. The bust was stopped mid-fall to avoid a significant crisis. The Bank of England knew residential property had partly funded the last 10 years of boom through remortgaging that released funds to fuel the spending. A significant fall in house prices would exacerbate an already critical economic position. But this lack of a full property crash has left the market, particularly outside prime London, in a state of limbo. With house prices not falling significantly first time buyers are still priced out of the market with sections of the mortgaged mid level market unable to afford to move. This creates little movement or price changes along the property ladder a trend I cannot see changing in the short term.

London has seen further growth from the 2007 peaks and in some areas by 20%. Recent commentary has called this a bubble. Possibly, but unlike the remainder of the UK demand is mainly from overseas buyers where the developing markets continue to create significant individual wealth.

Do the continued government levies affect the Prime London market? They create some short term pause for thought as we are now experiencing, but the reasons for the purchases can often leave the tax involved irrelevant.

My view is that prime London will continue to grow and affect immediate surrounding areas but the remainder of the country will stay relatively static, until, in the ever increasing longer-term, interest rates return to traditional levels and property is allowed to continue its well worn and necessary path of boom and bust.

**By James Perris**

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# Hitting new boundaries

## How did sponsors De Villiers get on in the West Herts Charity Cricket Day?

The De Villiers cricket team, the main sponsors of the West Herts Charity Cricket Day, could add little value to the tournament and found themselves on the end of three straight defeats. The team led by Property Acquisitions Director Stephen Andrew, and featuring Commercial Director Paul Wise, Enfranchisement Specialist Mark Everett, Residential Director James Perris and his 9 year old son Ben Perris, who outplayed his father in all aspects of the game, have vowed to improve next year. Among the professionals who captained the sides was current England Ladies Captain Charlotte Edwards, and former internationals Mark Illott, Martin Bicknell, Paul Jarvis and Peter Such.

Do you fancy playing against and with England Cricket stars?

If so next year we are opening the competition for up to 10 companies with each team, of as many squad members as you wish, playing a minimum of three games with all food included and a bar open all day. For further details please call **James Perris 07799 663001**.

The event raised **£5000** for Urban Access and Signpost both of whom provide counselling services for young adults.



England Ladies Captain Charlotte Edwards





# And finally...

## A spotlight on Mark Logan our Associate Director, BSc (Hons) MRICS



Mark has worked in the commercial and residential property sectors since 1998 and qualified as a Chartered Surveyor in 2001.

At the beginning of his career Mark worked as Graduate Surveyor for Donaldsons/DTZ and was based in Central London and Birmingham. In more recent years he has specialised in the valuation of residential properties on behalf of lending institutions, private clients and housing associations in Greater London and East Anglia.

Mark has a young family but when time permits he enjoys many sports including golf, mountain biking and cricket. He is a long suffering Tottenham supporter, having followed the team since 1981.

### Mark Logan

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### De Villiers are currently advising clients' with respect to:

- Corporate Relocations
- Commercial and Residential Valuations
- Business Rates Mitigation
- Property Investment
- Leasehold Enfranchisement
- Building Surveys and Home Buyers Reports
- Lease Consultancy

For further information please contact one of our Directors.

## Property quiz question

**What is the most expensive single residence sold in London this year?**

**The first three correct answers will win a case of Champagne.**  
**Entries by 1st December 2012 to [info@dv-surveyors.co.uk](mailto:info@dv-surveyors.co.uk)**

