



# Aspects

De Villiers Surveyors | June 2024

## Welcome to Aspects, De Villiers' six monthly review of the residential market

As well as the market, we have also included an article on potential upcoming changes to leaseholds and an example of why surveys are important.

Please also enter our property quiz as there are three prizes of £50 John Lewis vouchers for the first three correct answers that we select at random on the **30th June 2024** (the closing date).

### Introduction and Market Comment

Despite the last 18 months of uncertainty and high interest rates, property has generally held its ground against most economists' predictions.

With inflation now down 70% (ONS) from its peaks and seemingly under control, I would hope the BoE will respond quicker than they are intimating. The reason why the BoE's behaviour now is crucial, is that after 10 years of low borrowing costs, business and home owners are reaching a critical point in their ability to absorb higher borrowing costs. If the BoE reacts dynamically now, then I think property is on for a positive recovery.

But we now have another potential disruption to the economy. Will the election result de-rail any property recovery? Based on the statistics below it would seem unlikely as, bar Liz Truss (who caused chaos) and Gordon Brown (who inherited chaos) house price trends are more positive than negative, immediately after an election. This is partly due to policy, but it must also be because we are making a change of government due to a period of malcontent, so we are naturally feeling more positive about the future.

Statistics are from Land Registry data.

Prime Minister	Date elected	Political Party	House Price change 1 year after election
James Callaghan	1976	Labour	+5%
Margaret Thatcher	1979	Conservative	+20%
John Major	1990	Conservative	-1.5%
Tony Blair	1997	Labour	+7%
Gordon Brown	2007	Labour	-5%
David Cameron	2010	Conservative	-2%
Teresa May	2016	Conservative	+4.5%
Boris Johnson	2019	Conservative	+1.7%
Liz Truss	2022	Conservative	-1% (49 days)
Rishi Sunak	2022	Conservative	-2.5%

Therefore I think generally there is more positivity in the market than since Q2 2022, but I do feel for this to continue, we need to see interest rates reduce far quicker than is being suggested.

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### Get in touch

Contact De Villiers Surveyors for any enquiries, assistance, or information you need.

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### Property Quiz

Quiz question:

**What was the first building to use concrete with reinforcement?**

The first three correct answers selected at random on the **30th June 2024** (the closing date) will win a £50 John Lewis voucher.

Please email

kim.jaghai@devilliers-surveyors.co.uk



## Leasehold Legislation Changes

Leasehold and Freehold Reform Act 2024



The government managed to pass the above Act prior to calling the snap election.

So what are the main changes that will affect leaseholders and particularly those on leases of less than 80 years?

1. Once the legislation is enacted, marriage value will no longer be shared with your freeholder. This could make some significant savings for those on a low lease, but it is likely to be challenged in the courts by the freehold community.
2. The legislation caps ground rent at 0.1% of the value of the property when you are extending your lease. This should see a saving to leaseholders when calculating the freeholders' compensation for reducing the ground rent to a peppercorn.
3. Allow leases to be extended to 990 years (as opposed to 90 years).
4. Share the professional fees (at the moment the leaseholder pays all costs).
5. Allow the buyout of the ground rent without having to extend the lease.
6. Abolish the two year ownership condition.

Whilst the bill was passed and achieved Royal Assent, the act has not yet come into effect and a date has not yet been given when it will. It is likely to be 2025 or 2026 for some parts of the act, although not until 2028 for others.

## Condition Advice and Surveys

The pictures below are of a house I visited last month. We are often told that as the house has been there for a hundred years, it will be fine. Unfortunately that is not always the case.

This was an attractive Victorian townhouse that had stood since 1880. So why did, what were small cracks that every house has, suddenly turn into a serious subsidence problem where underpinning and partial reconstruction becomes necessary?

With most of London, where the soil is predominately clay, trees are usually the problem. They draw the water from the clay (particularly during an increased dry spell) causing the clay to shrink and the foundations to drop.

If you are considering buying a home and wish to discuss a survey, please feel free to call the office or James Perris direct on 0207 887 6009.



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