

Providing Homes, Helping Recovery

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Background

Background:

The Scottish Government empty homes statistics published in December showed long term empty homes totals increasing by almost 16% from 40,963 to 47,333.

SG breaks figures down into homes empty for six to twelve months, and homes empty for more than a year.

Homes **empty for more than a year** increased by 3,405 increase (12.54%) from 27,146 to 30,551

Homes empty for **six to twelve months** increased by 2,965 (21.46%) from 13,817 to

What are the figures for England?

- The national total of empty homes has increased by 34% since 2016
 - 20% year on year rise of 42,540 to 268,385 long-term empty homes in England.
 - Fourth consecutive year in which figures have risen.
- Regionally
 - London has over 30,000 homes lie long-term empty
 - Inner London saw a huge rise of 27%, while outer London also saw a rise of 21%.
 - Manchester 19%+
 - Birmingham 18%+
 - Liverpool 17%+
 - Hartlepool 36%+
 - Bradford it's 1:50 homes are empty
 - North East Lincs 1:45 homes

Aim of session

- To look at the impact Covid-19 has had on the property market (sales and rentals) as a whole
 - Explain what this might mean for people with empty homes or looking to purchase empty homes.
- How does the increase in empty homes in Scotland following the pandemic, compare with the rest of the UK?
- What does covid mean for people with long term empty properties they are looking to sell?
 - Is there anything they can do to combat the covid effect?
- What does covid mean for people with long term empty properties they are looking to rent?
 - Is there anything they can do to combat the covid effect?
- What does it mean for people who might have be thinking about buying an empty home (either to live in, rent, or use as a second home)?
 - Is now a good time to buy an empty home?
- How long will the Covid-19 effect continue to be felt in the property market and empty homes market after the pandemic ends?

Scottish moving market closed

- Social distancing measures started w/c 16th March
- Mortgage payment 'holidays' announced
- March 23rd lockdown measures announced
 - Registers of Scotland temporarily closed application record.
 - Delay of house moves
 - Meant some couldn't move to an empty home
 - Others couldn't renovate (even though officially this was still allowed)
- 29th June home moving market opened
 - 200% increase in in viewing requests compared to the same week the previous year (ESPC)

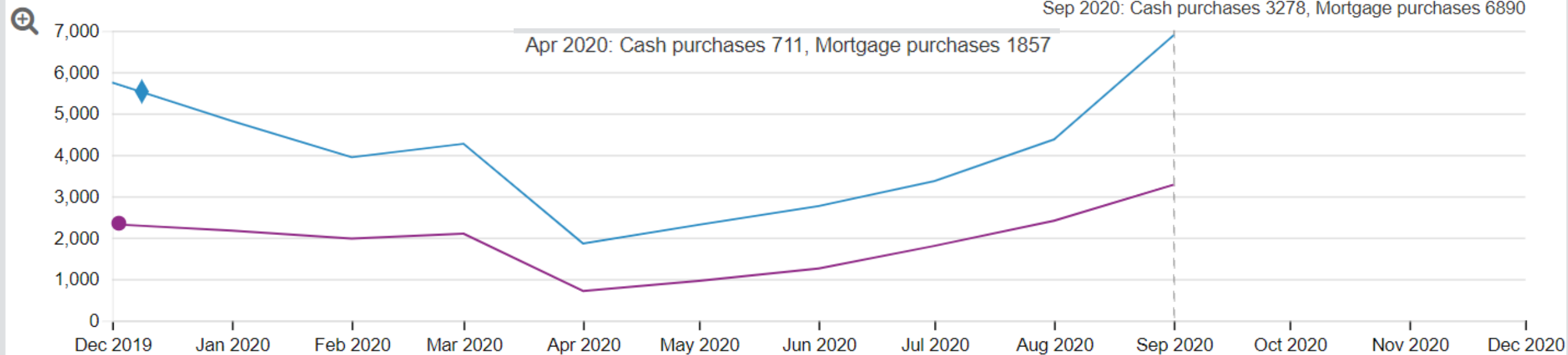
Sales volume changes during and post lockdowns

Sales volume by funding status in **Scotland**



 Cash purchases  Mortgage purchases

[See data graph](#) [See data table](#) [Download this data](#) [Compare with location ...](#)

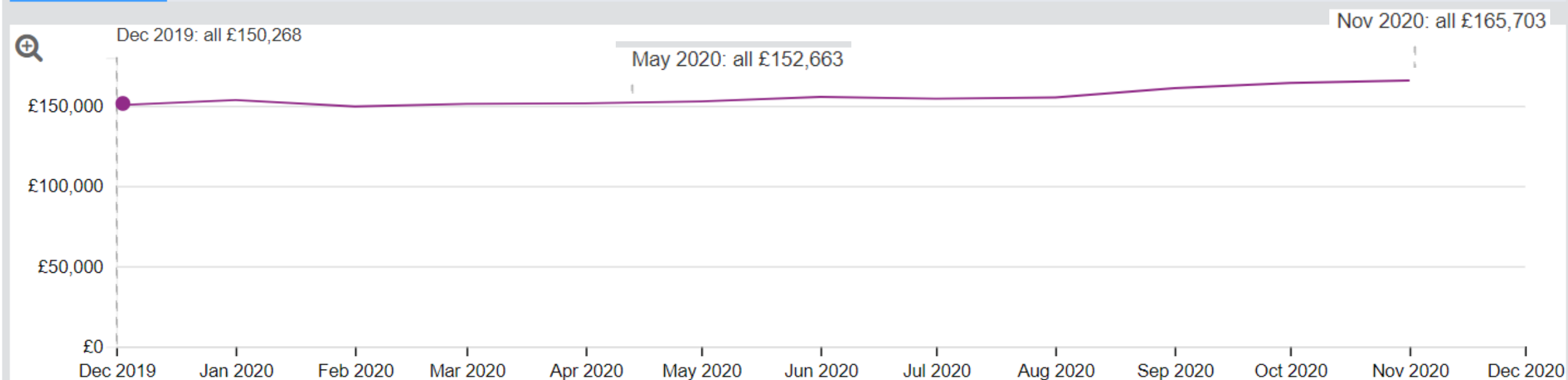


What's happened to property prices during Covid?

Average price by type of property in **Scotland**

All property types Detached houses Semi-detached houses Terraced houses Flats and maisonettes

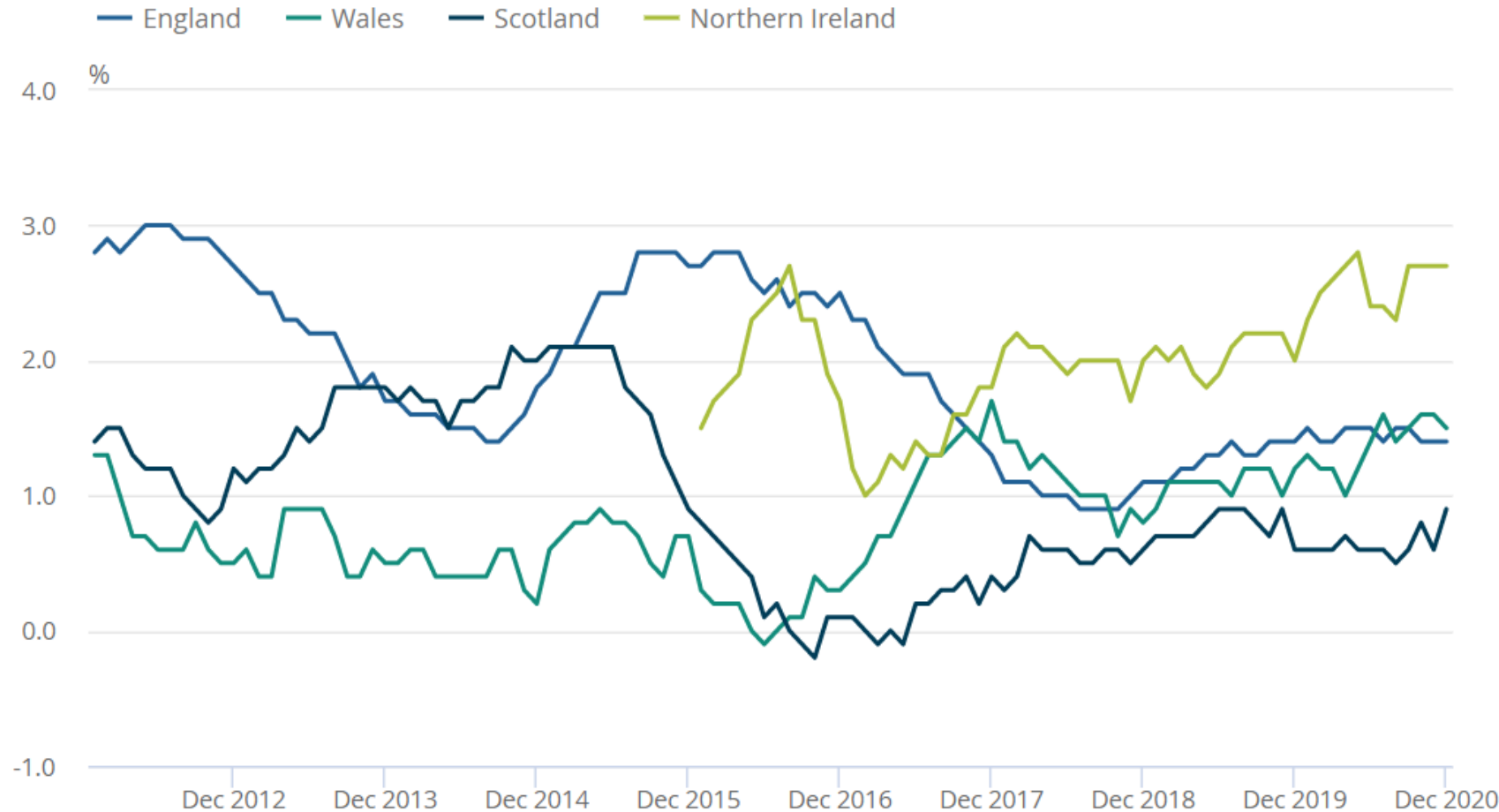
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Rental Market

Rental market

Index of Private Housing Rental Prices percentage change over 12 months
for countries of the UK, January 2012 to December 2020



Rental growth in Scotland increased by 0.9% in the 12 months to December 2020, up from 0.6% in the 12 months to November 2020.

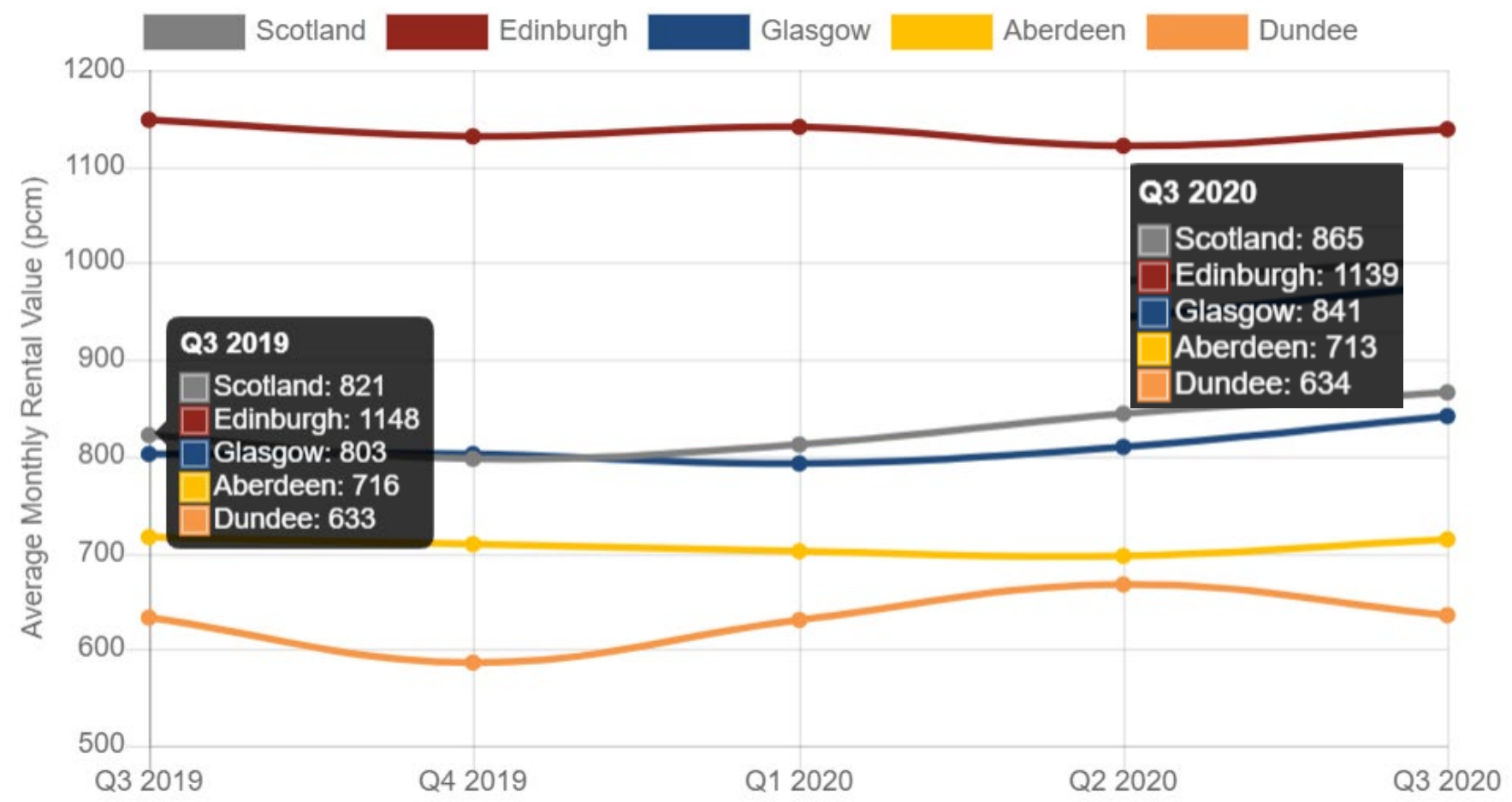
Scotland's rental growth has remained weaker than the rest of the UK since August 2016.

Scotland - Average Stock Levels (Q1 - Q3 2020)



Both rents and prices are a very mixed picture

Scottish Monthly Rent Analysis Q3 2019-Q3 2020



Rent reductions:-
Edinburgh
Aberdeen

Rent rises:-
Glasgow

Rents stable:-
Dundee

Link between the local economy, wages and rents

Aberdeen

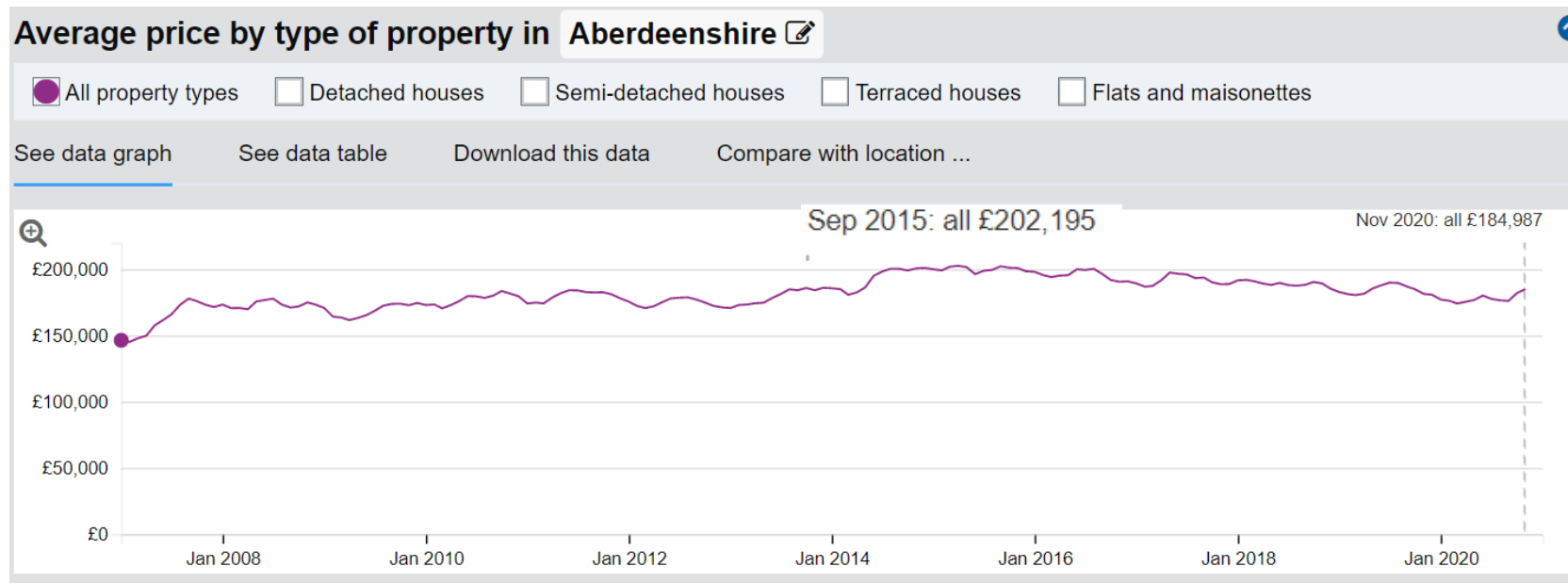
Market Overview - Q3 20

Beds	Average Rent	Rent Change 1yr	Rent Change 5yrs	Rent Change 10yrs	Av. TTL (days)	TTL Change YoY	Let within a week	Let within a month
1 bed	£454	0.0%	-30.3%	-18.1%	43	-4	15%	48%
2 bed	£639	-1.4%	-32.3%	-20.1%	51	4	8%	39%
3 bed	£971	0.3%	-24.3%	-14.1%	60	9	8%	28%
4 bed	£1,415	-0.7%	-20.3%	-7.2%	60	8	9%	29%
All	£713	-0.4%	-28.3%	-16.3%	50	2	11%	41%

8.5% fall in prices since 2015

To keep up with inflation, average price would need to be £213,000

15% fall in real terms



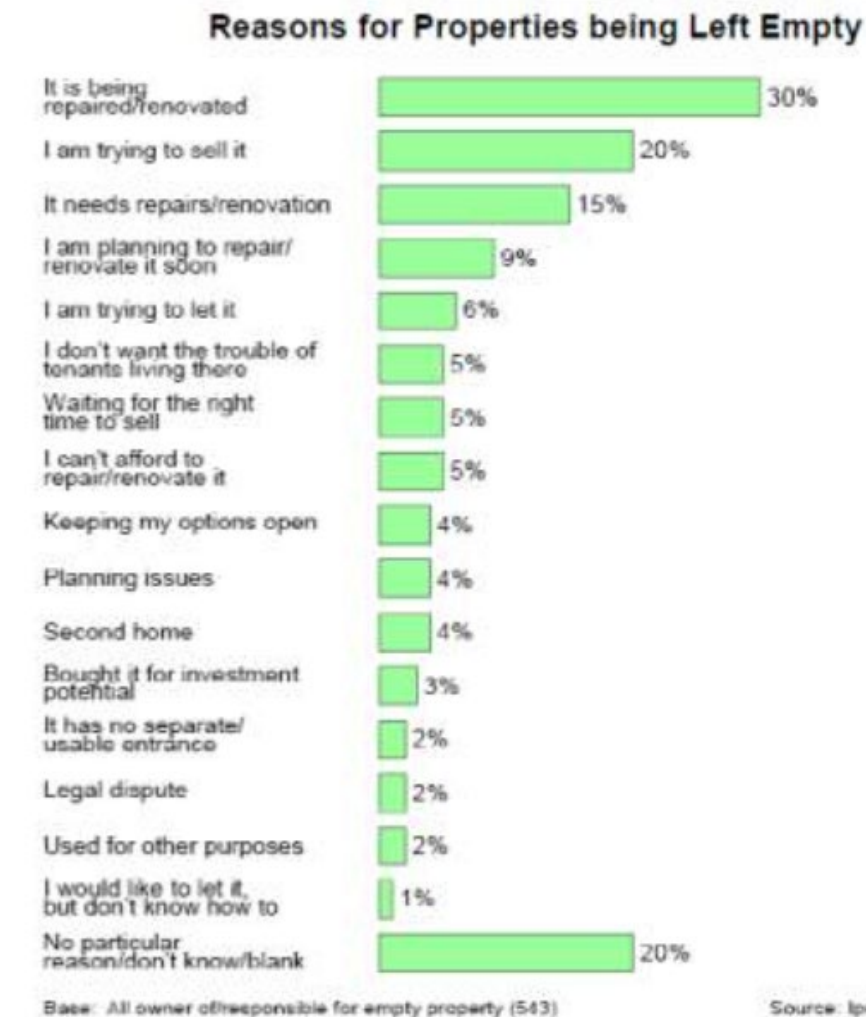
Incredibly, both the rental and buying/selling market
have been very buoyant

Caveat: each area/street/property can be different

How has Covid affected Empty Homes?

Impact of Covid on empty homes

- Reasons for property being left (Ipsos Mori poll)



80/20 rule

It is being repaired/renovated	(30%)
It needs repair and renovation	(15%)
I'm trying to sell it	(20%)
No particular reason / I don't know	(20%)

Why an increase in empty homes

- It is being repaired/renovated (30%)
- It needs repair and renovation (15%)
 - Market was closed and people have been nervous to 'go back to work'
- I'm trying to sell it (20%)
 - Market was closed for three months
- No particular reason / I don't know (20%)
 - Didn't know before Covid, they certainly wouldn't know what to do now!

Why has Covid affected Empty Homes?

- It is being repaired/renovated / It needs repair and renovation 45% of empty homes
 - Fear, nervousness:-
 - Going out
 - Hiring tradespeople
 - Some people don't think you can carry out work on any home, let alone one which is empty
 - Messaging issue
 - Danger they will fall into the 'no particular reason' bracket
- I'm trying to sell it 20% of empty homes
 - This is a 'non Covid' issue
 - Typically if a property isn't sold in a reasonable time frame it's too expensive
 - Unfortunately people aren't always realistic about the price
 - They are not under any 'pressure' to sell
- No particular reason / I don't know 20% of empty homes
 - This is a major issue because they won't do anything

How long will it last?

- Crystal ball time!

The Scottish Government has confirmed that any transaction with an “effective date” between the **15th July 2020** and **31st March 2021** (inclusive) will be eligible for the new LBTT rates. 20 hours ago

- Strongly recommend extending and/or tapering LBTT
 - Take the pressure off the market
 - Encourage more moving this year and support the economy
 - Prime reason: help those suffering the 3 D's
 - Problem with this tax is it's 'psychological' but it does encourage home movers
- Forecasts for this year
 - Prices – flat as a pancake/slight falls
 - Rents – mixed: up, down, stay the same
- Return to 'normal' – Summer? September?

When is the best time to buy/sell/rent?

	H1 2020 (actual)	H2 2020	2021	2022	2023	2024	5 years to 2024
London	3.7%	1.5%	0.0%	1.0%	4.0%	2.0%	12.7%
South East	2.3%	3.5%	0.0%	2.5%	5.0%	3.0%	17.3%
East of England	2.3%	3.5%	0.0%	2.5%	5.0%	3.0%	17.3%
South West	1.3%	3.0%	0.0%	3.0%	5.5%	3.5%	17.3%
East Midlands	1.5%	1.5%	0.0%	5.0%	7.5%	5.5%	22.6%
West Midlands	0.7%	1.5%	0.0%	5.0%	7.5%	5.5%	21.7%
North East	0.3%	0.5%	0.0%	5.5%	8.0%	6.0%	21.7%
North West	3.9%	0.5%	0.0%	6.0%	8.0%	6.5%	27.3%
Yorkshire and The Humber	1.8%	1.0%	0.0%	5.5%	8.0%	6.0%	24.1%
Wales	1.7%	1.0%	0.0%	5.0%	7.5%	5.5%	22.3%
Scotland	1.8%	2.0%	0.0%	5.5%	8.0%	6.0%	25.4%
UK	4.0%		0.0%	4.0%	6.5%	4.5%	20.4%

Real answer for home movers:

Don't 'guess' the market

It depends on people's personal and financial circumstances

Should be more about the 'cost' of putting a roof over your head

With an empty home:

Messaging / communication
'touch points'

Creating simple, turnkey solutions

Incentives to 'do something'

- Very 'Scottish' model - in England
- Instruct them as an agent and a legal company
 - All sales are 'ready to go' when a buyer is agreed
- Work closely with probate sales to offer the owner:
 - Valuations in the current condition and if invested in
 - Clear the property
 - Insure it while empty
 - Offer a renovation option via www.renovateforsale.com
 - Sell which can fund the renovation costs
- Case study:
A lady based in Bahrain had the property cleared and shipped her mums belongings to her
- The shipping costs were deducted from the completion funds.

Summary

- Property market 'on average' has recovered well during the pandemic
 - No reason why someone can't let or sell a property
- Covid has increased the number of empty homes
 - This should be expected
- Potential issue:
 - Pushes more people into the 'don't know what to do' bracket'
- Could have created more issues for those owning empty homes who have been adversely affected by Covid
 - Death, divorce, debt
 - Uncertainty
 - Shielding
- Improve the messaging and communication 'touch points'
- Explain to people why they shouldn't 'play the market'
 - Life and the economy gets in the way
- Have turnkey solutions, with case studies to encourage people to engage and take action