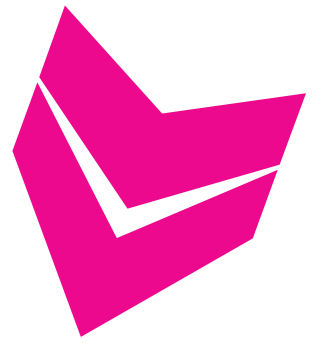


Vickery Holman

Property Consultants



DEVELOPMENT SERVICES NEWSLETTER WINTER 2017/18

Development Update

ECONOMY

November 2017 saw the Bank of England's Monetary Policy Committee take the decision to increase interest rates by 25 basis points to 0.5% which is the first change in 14 months. This rate rise was hotly anticipated given that inflation is currently standing at 3.1% (rising from 3.0% in December 2017) against a target of 2%.

RESIDENTIAL MARKET

Separately published by the Land Registry and the Office for National Statistics, the UK House Price Index (HPI) replaces the previous indices. These evidence an annual inflation in value across the South West of 6.69% for October 2017 (5.75% for September 2017) with an average house value of £251,376. October's sub-regional figures translate as follows:-

AUTHORITY	MONTHLY CHANGE (%)	ANNUAL CHANGE (%)	AVERAGE PRICE (£)
Cornwall	1.54	7.64	227,929
Devon	0.6	6.09	254,046
South Hams	-0.64	3.13	292,035
Plymouth	-0.3	5.8	174,334
Exeter	0.17	6.19	254,351
Torbay	1.96	7.15	197,255
Teignbridge	2.65	4.42	244,984
East Devon	-0.01	7.77	278,250

In December 2017 a modest annual rise in house prices by 2.6% in comparison to 4.5% in 2016. Low mortgage and healthy employment growth rates are considered to have supported demand. This was partly offset by pressure on household incomes, which exerted an increasing drag on consumer confidence as the year progressed. House prices were supported by the lack of property on the market. Previous policy changes such as additional stamp duty on second homes, changes to tax deductibility of landlord expenses and lending criteria, meant that demand from buy to let investors remained subdued throughout the year.

Halifax report house prices in the last three months of 2017 were 2.7% higher than in the same three months of the previous year. Prices in the three months to December (October - December) were 1.3% higher than in the previous three months (July - September), this is down from 2.3% recorded in October and November. On a monthly basis, house prices declined by -0.6% between November and December, representing the first fall since June 2017. This follows a 0.3% increase in both October and November, suggesting house price growth has eased. The average house price at the end of the year was reported at £225,021 nationally.

The latest RICS Residential Market Survey for November 2017 indicates further subdued momentum in the housing market. New instructions to sell continued to deteriorate at headline level, extending a run of 22 months of negative reading. House prices are considered to remain broadly flat at national level, although expectations are positive over the next 12 months in virtually all areas. New buyer enquiries appeared stable, having declined in both September and October, whilst newly agreed sales declined at a moderate pace. Turning to the lettings market, interest from prospective tenants fell for the first time since 2015, with RICS reporting a net balance coming in at -16%. New landlord instructions continued to decline, leading to flattening rental expectations over the month.

Development Market

The latest statistics from National House Build indicate that the twelve months to August 2017 produced the highest annual new build total since 2007 of around of around 170,000 units. The Southwest has mirrored the national trend and therefore the development land market is in rude health. At Vickery Holman we have seen our busiest year for land transactions since the recession with over £15million of land either already transacted or STC.

The prospects for the market are on balance encouraging. Whilst the ongoing Brexit negotiations and the Bank of England's concerns regarding private indebtedness combine to create an atmosphere of nervousness and caution in the economy at large, there appears to be a growing demand particularly from smaller regional developers and niche product developers

which is leading to a lot of activity in the market. A significant player in the future could be the re-emergence of demand from local authorities intent on developing council houses, encouraged and supported by the government and HCA funding. The level of council house building reached its peak in 1960/70's but vanished following the Thatcher era of Right to Buy which decimated the Local Authority's estate.

Enquiries from niche developers including larger higher quality/added value, zero carbon, custom build, 'lock and go' apartments have all crossed our desks in recent months and seek opportunities in the South West. The current urban phenomenon of co-living has however yet to appear.



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Viability appraisals/Market analysis/Valuations/Dispute resolution/Acquisitions/Disposals/Development management/Construction management



SOLD

TREVEMPER, NEWQUAY

Residential
15.6 acres with planning permission for 147 dwellings and distributor road



AVAILABLE

TENCREEK, LISKEARD

Mixed use – residential, leisure and employment
50+ acres with outline planning permission



SOLD

ROUND RING, PENRYN

Residential
4.3 acres with planning permission for 53 dwellings



UNDER OFFER

PRINCE MAURICE, PLYMOUTH

Residential
4 acres with planning permission for 74 dwellings
(Provision for 50% Starter Homes)



UNDER OFFER

HILL HEAD FARM, BUDE

Residential
32 acres with planning permission for 260 dwellings and community uses



AVAILABLE

WHERRYTOWN, PENZANCE

Potential for mixed use development
Site 1.3 acres
Existing building (12,000 sq ft)



SOLD

BONDS LANE, WOODBURY

Strategic development land
18 acres



AVAILABLE

HEARTLANDS, POOL

0.5 acres employment land
Adjoining Cornwall College campus and Pool Innovation Centre



AVAILABLE

FINNAMORE BUSINESS PARK, OTTERY ST MARY

Employment Land
2.5 acres
Local Plan allocation

We're here to help...



Greg Oldrieve
BSc MRICS
Head of Development Services
RICS Registered Valuer
goldrieve@vickeryholman.com
DD: 07813 930 744



Stephen Maycock
BA (Hons) MRICS
Surveyor
RICS Registered Valuer
smaycock@vickeryholman.com
DD: 07813 153 124



Mark Pellow
MRICS
Managing Director
RICS Registered Valuer
mpellow@vickeryholman.com
DD: 07785 971 450



Visit our web site
vickeryholman.com

