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Client Newsletter - Christmas 2010

## Market Comment by Ben Temple

The Residential Sales Market... source is the Land Registry:

	Christmas 2009 Annual price change	Christmas 2010 Annual Price Change
Wandsworth	- 2.4%	+11.2%
Lambeth	- 3.6%	+ 10.1%
Kensington and Chelsea	- 0.4%	+ 9.7%
Hammersmith & Fulham	- 3.1%	+12.1%

What a difference a year makes. The figures above show how the market has changed this year, and despite the media suggesting a slow down in the second half of the year, the market has continued positively in to the last few weeks.

The big issue in the market has been the supply of properties for sale; we have looked at the Land Registry sales figures for London and have found as follows:

Price Range in London	August 2009 No of sales	August 2010 No of sales	change
£150,000 to £200,000	1263	1010	-20%
£200,000 to £250,000	1691	1759	+4%
£250,000 to £300,000	858	863	+1%
£300,000 to £400,000	1272	1506	+18%
£400,000 to £500,000	663	872	+32%
£500,000 to £600,000	274	413	+51%
£600,000 to £800,000	419	516	+23%
£800,000 to £1,000,000	171	264	+54%

This is a surprise although it reflects the improved market for 2010 where across the UK sales volumes have also increased from the low levels of 2009. "On the ground" the number of properties available for sale and to view remains low by historical standards, which has assisted the annual price changes in 2010 of around 10% in London.



Photography  
by Marcus  
Harvey\*

The other big issue is finance; property is a large purchase and generally needs bank finance to improve the investment return. In a recent article in the Saturday Telegraph the finance issue was graphically illustrated - see 'Graph One' on next page.

Dan Longworth gives a useful update on the current state of the finance market later in the newsletter, but needless to say the raising of finance is more difficult than in 2007 but it is not impossible.

Temples have used a professional photographer in 2010 and are delighted to recommend him to clients. \*Marcus Harvey is an award winning London based photographer specialising in interiors and portraiture. He has been working in the profession for five years, prior to this he worked as a digital retoucher in a photographic lab. This experience has enabled him to produce high quality imagery for a number of clients including The Observer, Shortlist and the NSPCC. He can be contacted via email: [marhar2005@gmail.com](mailto:marhar2005@gmail.com)



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## Looking to the year ahead...

**BEN TEMPLE, MANAGING DIRECTOR, TEMPLES**

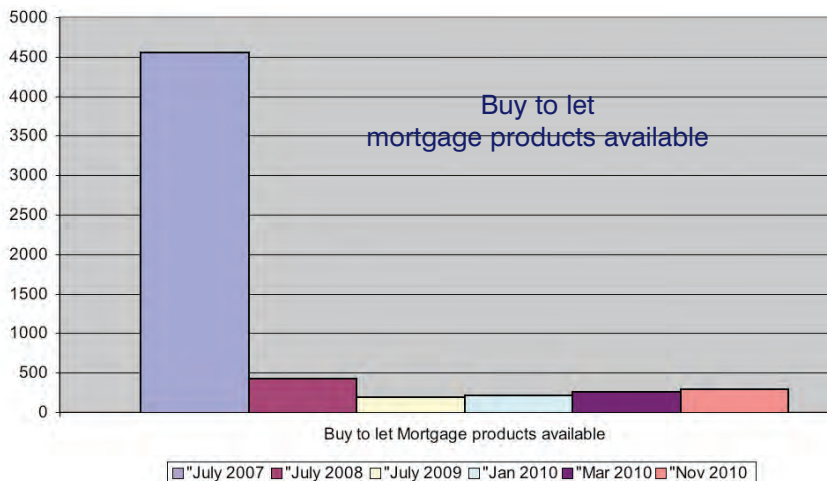
THE MARKET IS NERVOUS about the effects of the government austerity budget. However, I believe the world markets are more nervous about the Euro, Iran, North Korea and other destabilising factors. This means London is being seen as a "safe haven", more so than for many years, so we suspect property purchase opportunities in early 2011 will be snapped up by International Investors, and the London property market will do better than media projections over the next few years. Due to rental growth which is showing an average of approximately 5% for the last year, we predict a similar level of growth in the Sales Market, and therefore believe prices will have risen by around 5% again by end 2011 in London.

### Base Rate Forecast

Because Bank Finance is crucial to the property market the base rate is also critical to projections for price growth. Shown in 'Graph Two' are the projections for the Base Rate which we have collated from various articles over the last few months.

### Graph One

The issue of finance graphically illustrated in the Saturday Telegraph



### The Rental Market

The rental market will be crucial to Investors in 2011 and so we would recommend checking to see what happens to your returns in the event the base rate changes as in Graph Two, but on the basis Rental Growth of around 5% is also achieved in 2011. Clearly the reflection of rental growth in the actual rental being paid by tenants will be very important to some investors who are highly geared as rates increase.

In 2010 the market has improved steadily from the start achieved at the end of 2009. In the first quarter of 2010 we were still showing some rentals payable falling where previous "highs" had been achieved; in March we had two properties letting at new rents - -26.5% and -12% below previous levels... not good! However from 1st April rents have increased by an average of 5.2% with the increases accelerating in September, October, and November which showing average increases of 9%, 8.1% and 9.6% respectively. The

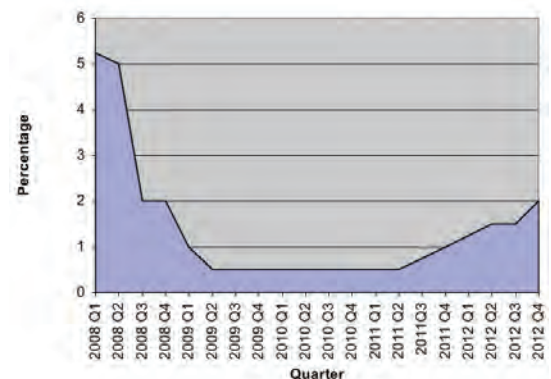


*What does 2011 have in store?*

cause of this change is a drop in supply of properties, and an increase in demand from tenants. When preparing statistics for this newsletter I found it interesting that this market has caused a change to the habits of applicants with 30% of our enquiries coming from visits to our offices in 2010, up from 9% in 2009.



**Graph Two**  
Bank of England Base Rate Projection



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## Temples Maintenance adds real value for clients

IT IS NOW FOUR YEARS since we decided to set up Temples Maintenance and employ a contractor within the business, so we could deal with smaller maintenance items cost effectively.

The work done by Temples Maintenance has ranged from re-fixing toilet roll holders, to decoration of whole properties, re-tiling bathrooms, and fitting new

kitchens. As we control the work we can make sure urgent issues are dealt with and we hope we have happy tenants and landlords as a result.

Any questions about work for Temples Maintenance can be raised with [zania@temples.co.uk](mailto:zania@temples.co.uk).



## Demand high on both sides

DAN LONGWORTH, FRANCIS STONE, INDEPENDENT MORTGAGE ADVISER

2010 HAS BEEN ANOTHER challenging year for buy to let investors operating in the mortgage market. We have seen a significant increase in demand for buy to let mortgage products during the second half of this year. Investor confidence has been fuelled by a substantial reduction in tenant arrears and rising rental incomes throughout this year. Landlords with tracker and variable rate mortgages will have continued to benefit from the historically low base rate and reduced monthly payments on their loans. First time buyers and sellers remain largely priced out of the mortgage market due to ever tighter underwriting criteria and the need for deposits of at least 25%. Consequently the demand for rental properties has continued to increase as potential buyers decide to rent instead.

The buy to let lending market continues to improve with 26,900 new loans agreed in the three months to September this year with a total value of 2.8 billion. The Council of Mortgage Lenders last week expressed their optimism for

the continued growth in demand for buy to let loans due to the demand for rental property. CML Director General Michael Coogan states "we would expect buy to let demand to pick up further if the current rising rental trend continues and house prices remain stable".

One of the main issues facing the mortgage market currently is how lending supply can meet the demand. The number of lenders operating in the market is still significantly less than in 2007. Lenders remain entirely risk driven in their approach to new lending and the deposit or equity levels required reflect this. Buy to let approval rates remain depressed and whilst the current economic climate in general is a significant contributory factor, stricter underwriting continues to restrict growth in new lending.

The serious lenders operate within the 70% to 75% loan to value field. The good news is that these lenders are starting to make some positive moves to attract new business. Products are now

### Case Study - Recent Purchase

- Period conversion in Clapham
- Purchase price - £350,000
- Deposit (25%) - £87,500
- Loan amount - £262,500
- 4.80% 2 year Tracker
- Fixed lender fee - £2,249
- Monthly interest payment - £1058.99
- Monthly rental required - £1312.50 (based on 125% of pay rate)

available for lending to Ltd Companies, on HMO's, multi unit properties and under a Light Refurbishment scheme. A penalty free Tracker is now available for both remortgage and purchase business. Lender fees have reduced too in recent months with some lenders offering fixed product fees of £999 as well as incentives to remortgage such as free valuations and free legal work. Investors with a 25% deposit can expect a pay rate of less than 5% on both fixed and tracker products. The re-emergence of Paragon Mortgages Ltd to the market is also great news as they have an appetite to lend on more complicated lending scenarios.

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## *New legislation landlords need to take on board*

THANKFULLY 2010 has been relatively quiet for legislation affecting the Private Rented Sector (PRS). There have, however, been a number of court cases setting precedents for Tenancy Deposit Disputes and some crucial changes for Tenancy Deposit Protection as set out below. We also mention the digital switchover which will become more prevalent in 2011 and 2012.

### **Tenancy Deposit Protection**

The maximum rent threshold for Housing Act 1988 tenancies was altered on 1st October 2010 from £25,000 to £100,000 per annum. This means all tenancies where the rental is below £100,000 must now have their deposits protected by a government approved scheme. At Temples we have the facility for all clients to have their deposits registered with the The Dispute Service (TDS) who have found significant demand for their service in 2009 and 2010. As a result, TDS proposed significant increases to their charges which were disputed by all scheme members. The result is where deposits are now held by Temples, and are registered with TDS, the charge for using the prescribed forms and information, registration with TDS and all set up or renewal administration, will be charged from 1st January 2011 at £30 plus VAT per tenancy. If a referral is required due to a deposit dispute at the end of the tenancy, there will be additional charges for dealing with the referral for clients, and a quote will be provided when this is required. We are pleased to advise only one deposit was referred to the TDS to resolve in 2010.



*Temples keep  
you in the  
picture when  
changes are on  
the horizon*

### **Digital Switchover**

Source: PainSmith

Blogg <http://blog.painsmith.co.uk/>

As most people will know the UK is in the throes of switching from analogue to digital television signals. For many people this will simply involve a change in equipment, such as a new television set. However, some areas will require that a new aerial is fitted to the property to allow reception of the new signal.

For private landlords there will of course be the question of whether there is an obligation to upgrade the installations in their properties. In the case of O'Connor v Old Etonians Housing Association the Court of Appeal considered whether a landlord was required to upgrade a water installation to deal with a drop in supply pressure. It

commented that while it would be unreasonable to expect a landlord to provide an installation which coped with any possible change in supply of services there would be times where a technical advance, which was well flagged in advance, would require a change in installations. In these cases the Court felt that it would be reasonable for a landlord to be expected to upgrade installations to cope with the change. On this basis one would be forced to the conclusion that landlords will be expected to meet the cost of altering installations to make them compatible with the digital signal.

There are a number of sources of further information on the digital switchover although the majority are targeted at block landlords. There is a Chartered institute of housing good practice guide.

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## Let the testimonials do the talking...

"Temples stood out from the other agents we met when looking for a property to rent. The lettings negotiator paid a genuine interest in us as new comers to London and gave us lots of tips about things to do in the area. We have contacted the property management on a couple of occasions and both times they were very prompt in fixing the small problems with the flat."

Kind regards, Barry

"Unexpected kindness and a warm welcome never cease to amaze me. Thank you for all the time you spent today providing an overview of the rental market and specific information about what to expect in the Clapham and Wandsworth area. Thank you also for printing out the Best Price Guide for me to give to my client this weekend, the information therein is invaluable and will answer many unanswered questions he may have. I do hope that we will work together, if not now, in the future - coming into your office highlighted what it is I enjoy so much about this business."

My thanks, Linda

"I would like to take this opportunity to thank Shirley and the rest of the team for all your help over the years. You've all been really supportive and have done a great job in finding me great tenants. I would wholeheartedly recommend you to friends."

Best wishes, Katie

"Just a note to say how grateful I was to the staff of Temples for their patience and help in getting me moved into my new rental home. Temples were by far the most pleasant and professional agents to deal with throughout my property search and I spoke to numerous during my search! Some took my details and never called despite saying they had suitable properties coming up. Others just didn't listen to my requirements and showed me properties that were unacceptable! Fortunately Chris showed me a great property and did all of the work getting the contract details finalised with the landlord (which wasn't particularly straight forward). I found him to be very polite and, most importantly to me, genuine."

Matt

*The Lavender Hill Office, SW11*

## Gone but not forgotten...



NOT ALL EVICTED TENANTS leave feeling hard done by. When a tenant in Kensington was asked to leave a property earlier this year, he proved he had a sense of humour leaving a fully clothed dummy relaxing on the sofa.

## Sending a little Christmas charity

RATHER THAN SENDING Christmas cards to clients we are again making a charitable donation on behalf of Temples and all our clients.

Zania Temple is a volunteer at Thames Hospice in Ascot and the hospice are grateful for funds to assist with the services they provide to terminally ill patients and their families. Zania has seen first hand the benefits provided by the Hospice and we are pleased to support them again this year. Anyone who would like to know more about the Hospice or who wishes to make a donation can find information at [www.thameshospicecare.org.uk](http://www.thameshospicecare.org.uk)



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## Temples handy hints for landlords and tenants

### Condensation / Mould / Mildew

CONDENSATION IS THE RESULT of warm, moist air which finds a cold surface on which to condense. The two coldest places in a house are generally the windows, and the bottom of the outside walls, near the skirtings. Moisture comes from a variety of sources, but mainly:

- We humans - the average human sweats and loses around 8 pints of water in a 12 hour period
- Kitchens - cooking - steam from hobs and ovens
- Bathrooms - showers, baths, wet towels
- Plants - in pots on window ledges
- Washing and drying clothes
- Heating

One of the things we often see is water streaming down windows in winter and collecting in pools on the window ledge. This is because the rooms are not able to breathe - the air is not circulating and able to get away, and the warm, moisture-laden air thus releases moisture on the windows. Poor air circulation also encourages stagnant air pockets to form (behind furniture and in cupboards) causing mould to grow. To prevent condensation and increase air circulation:

- Keep bedroom doors opened during the day, and windows partly opened throughout the flat.
- Good ventilation of kitchens when washing or drying clothes is essential. If there is an electric extractor fan use it when cooking, or washing clothes, particularly whenever windows show any signs of misting. Leave the fan on until the misting has cleared.



*After bathing or showering - open a window and close the door*

- If there is not an extractor fan open a window but keep the door closed as much as possible.
- Turn the heat down - a 5 degree drop in temperature means a great deal less water can go into suspension in the air.

Mold and mildew thrive in the shower and the bath not only due to the damp conditions, but because of the grime that builds up on the surfaces with each use. Body oil and soap scum nourishes the growth. To prevent mould and mildew:

- Reduce the humidity to reduce mould and mildew growth.
- Clean the showers and tub regularly and use bleach to kill the mold spores.
- Vinegar does a great job with deodorizing and killing mould and mildew. It's mild acidic nature makes the environment inhospitable to future growth and it also removes any musty odour.

### Preventing Blocked Drains in Kitchen and Bathroom

- Wipe all foodstuffs and grease off plates, pots and pans with kitchen towel before putting in the dishwasher
- Never put tea leaves, coffee grinds or grease or oil of any kind down the drain
- When rinsing/washing greasy pans, add a few drops of fairy liquid to the (hot) water as this prevents the grease from coagulating once it goes down the drain
- Use an appropriate liquid drain unblocker in both the kitchen and bathroom on a regular basis
- Use mesh drain covers to trap hair and other objects before they enter the drains



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## People and offices

THE WANDSWORTH Lettings office covers lettings for all the borough as well as North of the river up to Hammersmith and Chiswick, Fulham, Westminster, Kensington and Chelsea, and as far south as Tooting and Streatham, covering Balham, Clapham, Battersea in between. The Park South block management office covers all block management instructions.

### Based at the Wandsworth lettings office - 020 7228 3191

Chris Hinds - Senior Lettings Negotiator - [chris@temples.co.uk](mailto:chris@temples.co.uk)

Silvia Donadoni - Office Administrator - [silvia@temples.co.uk](mailto:silvia@temples.co.uk)

Catherine Gilson - Projects Manager - [catherine@temples.co.uk](mailto:catherine@temples.co.uk)

### Based at the Lambeth Property Management and Accounts office - 020 7720 6847

Ben Temple - Managing Director - [ben@temples.co.uk](mailto:ben@temples.co.uk)

Zania Temple - Director responsible for Temples Maintenance - [zania@temples.co.uk](mailto:zania@temples.co.uk)

Marie Poole - Property Manager - [marie.poole@temples.co.uk](mailto:marie.poole@temples.co.uk)  
Direct line: 020 7501 3463

Shirley Woods - Accounts Manager - [Shirley@temples.co.uk](mailto:Shirley@temples.co.uk)  
Direct line: 020 7501 3465

### Based at the Park South Block Management office

Nora O'Connell - Senior Property Manager - [nora@temples.co.uk](mailto:nora@temples.co.uk)

