

Alfreton & Ripley

PROPERTY NEWS

Issue **1**



60.3% of Amber Valley Voters voted to leave the EU. What now for the estimated 13,000+ Alfreton and Ripley Landlords/Homeowners?

BREXIT - One week on...

17.41m British voters cast their votes to leave the EU (60.3% of Amber Valley voters are included in that number) - so what now for the 4.3m British Landlords and 16.78m Homeowners?



The Chancellor during the campaign suggested that property prices would drop by 18%. Using Treasury estimates, their method of calculating this was tenuous at best, but focused around the abrupt and hasty increase in UK interest rates, which in turn would raise the cost of mortgages, and therefore lower demand for property, causing a drop in property prices, so yes, that could happen.



Property Values...

Alfreton and Ripley property prices are likely to follow the national trend and therefore they will probably drop in the coming 12 to 18 months - but by 18%... this does seem a little pessimistic, some believe that the figure was just rhetoric to get homeowners and landlords to vote in a particular way, but then again, the UK property market is quite a monster.

Since the last In/Out EU Referendum in June 1975, property values in Britain have risen by 1750.93%

(This isn't a typo) and whilst property prices did drop nationally by 18.7% between the peak of 2007 and the bottom of the market in 2009, when comparing property values today in the country, compared to that all time of high of 2007. (the period before the financial crisis of the Credit Crunch of 2008/9)... they are still up 10.14% higher.

Credit Crunch?

And so, notwithstanding the Credit Crunch, the worst global economic outlook since the 1930s and the recession it brought us, a matter of a few years later, the Government was panicking in 2012/13/14 that the housing market was a runaway train.

It seems that the same Credit Crunch doom-mongers and Soothsayers that predicted soup kitchens in 2008/9 are now predicting Brexit meltdown, but then bad news has always sold newspapers. Stock markets fluctuate, it's a well-known fact, but the British public still continued to buy property in 2009/10 and beyond. Aspiring first time buyers and buy to let landlords, dusted themselves down, took a deep breath and carried on buying... because the British love their bricks and mortar, we need a roof over our head, and after all, particularly for us British, our home is our castle.

The value of the pound has been fluctuating over the last week and we know from experience of living in the UK that in the past, UK Interest Rates have risen to reverse that drop. However, whilst a cheaper pound will probably make your pint of Sangria a little more expensive on your Spanish holiday this year and your brand new BMW might be pricier it will make British exports cheaper, which is better for the economy.

I hope you enjoy reading our newsletter and find it both informative and useful.

These articles are designed for people who have an interest in the residential property market in and around the Alfreton and Ripley areas.

We are a local, family run letting agency, passionate about property and our local area.

If you have any questions regarding the information in this article, property investment, lettings or management please feel free to contact me. I am always happy to help.



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...and Interest Rates?

Well, since 2009 interest rates have been around 0.5%, and lots of people have become accustomed to those sorts of levels, so what if interest rates rise?



Will this be the end of the world?

We only have to look back to 1986/88 during the property boom when interest rates were on average 9.25%, during the 1990's they were averaged around 6.5% and ultra-boom years (when UK property values were rising by 20% a year for three or four straight years across the UK) down to 4.5%. Many of you reading this who are in their 50's and older will remember the heady heights of interest rates reaching 15%. It is unlikely that Mark Carney (Governor of the Bank of England) will allow interest rates to rise that much as raising interest rates causes deflation - which is possibly the last thing that the economy needs at the moment.

We should remember that generally, whilst property values might drop in the country, they will most likely bounce back. It's only a paper loss... because it only becomes real if you sell. If you do have to sell, again as most people move up market when they sell, whilst your property might have dropped by 5% or 10%, the one you want to buy would have dropped by the same 5% to 10%... and here is the best part - (you need to do your sums) you would actually be better off because the more expensive property you would be purchasing would have come down in value (in actual pound notes) than the one you are selling.

Buy to Let Landlords...

What does all this mean for the estimated 3139+ Alferton and Ripley Landlords and the estimated 7220+ tenants living in their properties?

The British landlords of the 4.3m British buy-to let properties have nothing to fear either, nor do the 10.11m tenants living in their properties.

Buy to Let is a long term investment, there might even be some buy to let bargains to be had in the coming months as some people, irrespective of the evidence, begin to panic.

Even if immigration stopped today, the British population will still increase at a rate that will exceed the current property building level. Britain is building 139,600 properties a year but according to the eminent, 'Barker Review of Housing and Supply Report' the country needs to build around 250,000 properties a year to even stand still, and as the birth rate is increasing, the population is living longer and just under a quarter of all UK households now are occupied by a single person, demand is only going up whilst supply continues to be stifled.

"It's a well-known fact that a greater demand than supply usually leads to higher prices."



So, what now?

Well, there is no denying as most politicians have said, that there will be many challenges ahead. The country has spoken and we are now in uncharted territory, but then we have been through a couple of World Wars, an Oil Crisis, Black Monday, Black Wednesday, 15% interest rates and a Credit Crunch... and we have survived!

And the value of your Alferton or Ripley property? It might have a short term wobble... but in the UK, where we usually



and if recent history tells us anything... in the long term, it is likely to be as safe as houses... **regardless.**