



Property predictions – what the industry thinks will happen in 2017

More predictions from property professionals about what may happen to the UK market in 2017, from planning and housebuilding to mortgages and prices...



Credit: Penny Mosgrove, Quintessentially Estates

We start the New Year with further insight into what some of the top names in the UK's property industry think will happen over the next 12 months.

Marc Langdon, partner at East Anglian estate agency Bidwells: "We should remember property still stands out as one of the UK's safest investments and the one which most understand. There will still be competition for quality housing in sought-after locations, so we can broadly expect house prices to rise through the course of the year, although this will fluctuate within microclimates of areas; central **London** may drop while the outer suburbs may grow. The same can be said for regional hubs; access to good road, rail and infrastructure links being the key drivers behind regional and local demand. Our ability to control inflation is one of the biggest battles the government will face in the medium to long term, as the need to control inflation has a direct impact on interest rates. If these were to rise, the already considerable issue of affordability will become a far bigger cross to bear for many and this will be a dangerous combination. So, if

we are able to champion first-time buyers and plot a course that allows us to avoid these storms in 2017, the long-term future still bodes well for UK housing.”

Jonathan Layzell, Stonewater executive director of development: “The government’s housebuilding targets are affected by a number of factors such as the availability of skilled labour which is a brake on the rate at which **new homes for sale** come forward. Also, developers are only going to build for the open market as quickly as they can secure buyers for their homes. It’s not in their interest to build if they can’t sell, or if government policy uncertainty makes it difficult to plan effectively. We need stability and consistency because the investments developers make are medium to long term, with long lead times involving large sums of money and risk. The spectre of Brexit presents a further challenge as it’s difficult to predict what a future operating environment might look like for us.

Dave Sheridan, chief executive officer, **Keepmoat**: “On the subject of productivity, offsite and modular approaches to construction can see a home built in around 25% of the hours usually needed to build using traditional brick and block methods. With nearly a hundred different housing types available, these properties can be built in a week, installed in hours and last a lifetime, a very promising construction timescale when considered against government targets for a million new homes by 2020. To resolve the housing crisis, the industry must collectively deliver the right variety of homes, which are affordable, dependable and offer bespoke solutions to the varying needs of residents nationwide, only then will the housing crisis begin to be solved.”

Fran Stott, HR director at Story Homes: “It is an established concern that the construction industry is facing a future skills gap. In 2017, housebuilders need to further collaborate with schools, colleges and universities to help attract young people and ensure that school-leavers and graduates are aware of the range of career paths that our industry has to offer. One of our key focuses next year will be investing in young talent attraction through school visits and presentations, careers fairs and building relationships with universities. It’s important to also work closely with parents, teachers and key influencers to ensure that they have access to relevant information – helping them to support young people to make informed decisions.

Mike Kirkham of Vincents Solicitors in Lancashire: “The change in **stamp duty** is making the purchase of property to rent less attractive, and so the pool of homes available for rent is, in some places, decreasing. The proposed tax increase will force some landlords to increase rents to make sure they can meet their tax liabilities. These two factors are likely to push up rents and more people are going to be pushed into homelessness. That is exactly the opposite of the stated ambitions of encouraging homeownership and reducing homelessness. It is difficult to see how this can be in the interests of local people, local builders or local government. The prospects for first-time buyers remains dire. A policy which addresses the problem of ever rising prices and continuing inability of people to get on the housing ladder is vital in order for the housebuilding industry to thrive. If that means more investment in social housing or mixed tenure schemes, then that’s where the focus must be.”

Daniel Kershaw, director at Russell Homes: “We are finding the biggest hurdle to delivery is securing planning applications within reasonable timescales. Planning authorities appear more under-resourced than ever, thus delaying plan preparation and determination of applications. While the majority of authorities, their officers and council members, understand the need to boost housing supply and actively support delivery, officers inform of unrealistic workloads as a primary reason for delays to determination. Until the Government invests properly in planning departments, increasing the numbers of experienced staff, then the policy changes that promote house building and respond to critical national housing shortage and affordability issues, cannot be implemented at the pace needed. Currently this disconnect between the government’s pro-development agenda and what is happening on the ground needs to be resolved.”

Kush Rawal, sales and marketing director, Thames Valley Housing: “We should challenge the conventional models for first-time buyer housing. Although the emphasis has long been on apartments, most people, if given the option, would prefer their own front door and more private space. Some housebuilders are beginning to introduce such models, but more needs to be done in investigating viable options for homes that combine the benefits of a house with efficient use of land. In the eighties we had the ‘starter home units.’ Perhaps it’s time for a fresh look at those? We also need to review the standard apartment designs, which have remained similar for many years despite changes in the way people live. This could include looking at options for more flexible use of space, such as retractable walls/dividers between certain parts of the home, allowing families to use the space differently as their needs change over time. Some basic requirements of a home have also changed – for example, internet connectivity is now fundamental to daily life also connecting up all the various bits of technology and gadgets we use.”

Andrew Biggs, land and new homes manager for Marchand Petit: “Proposals for first-time buyers could be looking better with the potential introduction of starter homes but we will know more in the New Year on this. Whereas potential upsizers should be in a better position to move due to various incentives offered by housebuilders, such as Part Exchange, likewise should the housebuilders continue to offer such incentives as stamp duty paid, then the downsizers will still be able to move but currently it is the stamp duty that is putting them off. In the South West we are not expecting prices to change dramatically in 2017, although certain hotspots will continue to perform. The Bank of England interest rate is likely to remain fairly benign. The Chancellor needs to review stamp duty especially for the second home and letting market, with more people renting and with current comments from the lords making the point that we should not all be looking to own a home, then landlords perform a vital role.”

Penny Mosgrove, CEO of Quintessentially Estates: “Consumer confidence may be cautionary in 2017 due to the run up to the Brexit process and the serving of the formal “notice to quit” the EU but London will continue to bounce back. No other capital city is home to five separate airports, such fantastic job opportunities, incredible transport infrastructure, such a stable government, inspiring culture - the capital city is a buzzing metropolis with much to celebrate. Acute undersupply of housing will increasingly mean that the outer London boroughs will have to absorb the population overspill from central London and will see prices grow. As a result, we expect additional growth in locations such as **Wembley**, Croydon, Canada Water, Stratford, White City and Wood Lane for example.”

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