

SUMMER 2023

ISSUE 13

THE HJC

M A G A Z I N E



LATEST PROJECT IN IPSWICH

Explore the brand new HJ Collection development in the booming city of Ipswich.

REFORM BILL VS RENTAL MARKET

We dive into the housing reform bill and its effect on the U.K's rental market, is it all doom and gloom?

DON'T MISS OUR FUTURE EVENTS

HJ Collection take on the National Landlord Investment Show and the Business Show in the U.S. and U.K.

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REECE
MENNIE

**IN AN EVER-CHANGING
WORLD, THOUGHTFUL
INVESTMENTS ARE KEY**

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WELCOME

THE PLACE TO COME FOR PROPERTY AND INVESTMENT NEWS, UPDATES
AND KNOWLEDGE SHARED FROM THE BEST IN THE BUSINESS.

Welcome to the HJC Magazine, your ultimate source for property development insights. In this 13th issue, we bring you a collection of articles that embody growth, development, and endless opportunities.

Join us as we showcase our latest developments, including our Ipswich project and Hanley development. Explore the Savills U.K. Housing Market Updates and gain valuable insights into the ever-evolving property landscape. Discover the benefits and potential pitfalls of commercial-to-residential property investing, and dive into the achievements of U.S. developers making waves in our global market.

We also examine the impact of the Bank of England interest-rate rise, delve into the latest Housing Reform Bill, and discuss the challenges faced by first-time buyers. Plus, explore the growing gap between buyer demand and mortgage approvals. Don't miss our exclusive interview with industry expert Elliott Skinner, plus so much more!

From the whole of the team at HJ Collection, we hope you enjoy this latest issue of the HJC Magazine, where we inspire, inform, and ignite your passion for property development.



savills

U.K. HOUSING MARKET UPDATE

A RENEWAL OF CHALLENGES IN THE MORTGAGE MARKETS PUTS GREATER
PRESSURE ON PRICES AND ACTIVITY | JUNE 2023

House prices fell by -0.1% in May, now down -3.4% on an annual basis according to Nationwide. While the rate of falls has been softening in recent months, the recent spike in mortgage rates will continue to put downward pressure on pricing and activity.

New mortgage approvals fell in April, interrupting the general upward trend in activity since December. The number of approvals in April fell to 71% of the 2017-19 average for April, down from 85% in the previous month. It remains to be seen if the recent rate rises in May will have a further impact on the number of new approvals.

The number of completed transactions also fell in April, down to 77% of the 2017-19 average according to HMRC. This reflects the drop in mortgage approvals over the winter, which are now feeding their way into completions figures. We may well see another drop in completions later in the year from the recent drop in mortgage approvals.

Alongside this, there is a steadily widening gap between supply and demand. There had been an increase in surveyors reporting lower demand while the number reporting increased supply remained the same, according to the RICS April survey. Both indicators remain in negative territory however. This imbalance will also act to suppress price growth.

A gradual rise in mortgage rates starting in April has been the driver for a fall in activity, and will put continued downward pressure on prices. Inflation isn't falling as quickly as anticipated, and the BoE will be under greater pressure to raise the base rate as a result. While lenders had priced in some rises to the base rate, the market reaction to the inflation data released on the 24th of May suggests that tolerance has been exceeded. Rates have therefore reversed their downward trend.

This has also caused lenders to pull some mortgage products in order to reprice them. The number of first time buyer products available at the start of June was 4.4% lower than a week earlier. While this is a sign of caution from lenders, it's a far cry from the -50% fall in products the week after the mini-budget last September.

Annual house price growth in February was strongest in Bromsgrove in Worcestershire, up 14.9%. Rochdale had the second strongest growth, at 13.7%. Aberdeen was the only place seeing annual price falls, of -2.3%, with Westminster having the lowest growth at 0.1%.

Article source:
https://www.savills.co.uk/research_articles/229130/347955-0





Commercial-to-Residential Property Investing Benefits

The landscape of property investment is constantly evolving, with investors seeking innovative strategies to maximise returns and diversify their portfolios. One such strategy gaining popularity in the U.K. is commercial to residential investing. This approach involves repurposing commercial properties into residential spaces, offering advantages to investors and contributing to the dynamic transformation of urban areas. In this article, we will explore the benefits of commercial to residential investing in the U.K.

01

Capitalising on high demand:

The U.K. is experiencing a housing shortage, especially in urban centres. By converting vacant commercial spaces into residential units, investors can address this demand-supply imbalance.

The conversion unlocks hidden potential in buildings that may not be optimised for modern commercial use, ultimately increasing the housing stock and providing valuable housing solutions.

03

Adaptability and flexibility:

Commercial buildings offer unique opportunities for reuse. With creative design and refurbishment, these properties can be transformed into attractive residential spaces that cater to the evolving needs of urban dwellers. Design flexibility allows for diverse housing options, including apartments, lofts, townhouses, or mixed-use developments, appealing to a broader range of potential tenants or buyers.

02

Enhanced rental yields and returns:

Commercial properties often have higher rental yields compared to residential properties. By converting them into residential spaces, investors can benefit from the potential for increased rental income.

Residential properties in desirable locations tend to command higher rental premiums, enhancing cash flow and overall investment returns.

04

Urban Regeneration and community development:

Commercial to residential conversions contribute to urban revitalisation and the development of communities. Transforming vacant commercial buildings into residential units helps breathe new life into neglected areas, improving the overall aesthetic and quality of urban neighbourhoods. This process often complements wider regeneration initiatives, attracting further investment.

05

Planning incentives and government support:

The U.K. government recognises the importance of repurposing commercial properties to address the housing shortage. Various planning incentives and policy changes have been introduced to facilitate such conversions. These measures include relaxed planning regulations, streamlined approval processes, and financial support schemes. Investors can leverage these incentives to navigate potential hurdles and expedite their commercial to residential projects.

06

Diversification and risk mitigation:

Commercial-to-residential investing allows investors to diversify their portfolios by branching out from traditional residential property investments. By venturing into the commercial property market, investors can tap into potentially higher rental yields and capital appreciation while mitigating risks associated with a single property type or sector. This diversification strategy enhances the overall stability and resilience of an investment portfolio.

07

Long-term capital appreciation:

Residential properties in prime locations tend to experience sustained capital appreciation over the long term. By converting commercial properties into residential units in sought-after areas, investors can benefit from future capital growth. As urban areas evolve and demand for housing continues to rise, the value of these converted properties is likely to appreciate, offering potential lucrative exit strategies for investors.



Commercial-to-residential investing presents an exciting opportunity for investors to unlock the hidden potential of underutilised commercial properties while simultaneously addressing the pressing need for housing in the U.K. This strategy offers a range of benefits, including increased rental yields, capital appreciation, urban regeneration, and portfolio diversification. With supportive government policies and growing demand for residential properties, commercial-to-residential investing is poised to remain an attractive option for savvy investors seeking both financial returns and the chance to contribute to the transformation of urban landscapes.



THE LATEST BOE INTEREST-RATE RISE IS HITTING CLOSE TO HOME!

"THE FUTURE MAY BE UNCERTAIN BUT THERE'S ONE THING WE KNOW FOR SURE: THE COST OF BORROWING WILL BE HIGHER AND THE DAYS OF 1% INTEREST RATES ARE FIRMLY OVER."

Inflation has hit the U.K. harder than most, with our Consumer Price Index (CPI) far exceeding that of other G7 economies. As such, it came as no surprise when, on the 11th of May 2023, the Bank of England (BoE) once again raised its interest rates in an effort to drive down inflation – seeing the bank rate soar from 4.25% to 4.5% as a result.

While the twelfth interest increase might be good for the long-term economy, the news is not so great for the U.K. general public. With the aim of reaching just 2% inflation by the end of next year^[1], we should expect to see the impact of the continued BoE increments reflected across all other rates, including savings, loans, and mortgages, as well.

The future may be uncertain but there's one thing we know for sure: the cost of borrowing will be higher and the days of 1% interest rates are firmly over.

WHAT DOES THIS MEAN FOR LANDLORDS?

When the Bank of England raises its rates, it doesn't take long for other banks to follow suit and you may find yourself paying out more interest on the money you borrow than the interest you receive on your savings. If you're on a buy-to-let mortgage, you may therefore be wondering if it's time to hand in your notice as a landlord before being evicted from a seemingly sinking market.

Fortunately, it's not that simple. If you're on a fixed-rate mortgage, your payments won't be affected until the set period matures and – although getting a new fixed deal may prove more costly in light of the 2022 mini budget – most banks will have already factored the latest interest increase into their pricing.

Having said that, most buy-to-let landlords are on a variable rate or tracker mortgage, which means that when inflation goes up, so do their repayments. This is less than ideal when tenants are already struggling with the cost of living, making it a bad time to put prices up. Add this to the higher maintenance costs you will have to pay for property upkeep and it's understandable to feel that you're running on borrowed time.

Just remember that, as long as you're able to hold onto your tenants – something that reasonable payment plans can really help with – you should still be turning a profit and the difference in interest on incoming payments and outgoings will be negligible. It's more a case of waiting out a minor, short-term convenience than weathering a storm.

In fact, what many landlords fail to consider is that most tenants need them more than they need their tenants. With both living costs and borrowing rates at an all-time high, it's harder than ever for people of all age groups and demographics to save up for a deposit and get a foot onto the property ladder. This means the rental properties in your portfolio are now in greater demand than before.



WHAT TO EXPECT IN THE FUTURE: AN OPPORTUNITY FOR INVESTORS

Interest rates are reviewed on a regular basis, meaning they could shoot up further if inflation fails to slow. The BoE issues a decision around every six weeks and it has been on a steady increase for some time.

Rather than seeing this as a threat, however, we encourage investors to seize the opportunity. With property prices also running high, now is a great time to reassess your property portfolio and rental strategy. Sell any assets that aren't bringing in much capital, using the proceeds to take advantage of other bargains.

In contrast, you could consider becoming a 'lender not a landlord' and using the proceeds to invest in alternative property bonds, which enable individuals to benefit from investing in a property-backed asset, while generating higher-than-average returns – all without the hassle of managing tenants.

Ultimately, it's simply a matter of patience. If you're willing to play the property market waiting game, you will need to tolerate slightly higher interest on your mortgage and take time with your development strategy for the next couple of years.

Alternatively, if you want to find out more about investing in property bonds and the level of return you can expect, please contact a member of our team today.

Article Source:

[1] <https://www.bankofengland.co.uk/explainers/why-are-interest-rates-in-the-uk-going-up#:~:text=On%20Thursday%20May%202023,loan%2C%20mortgage%20or%20savings%20account>



HJ COLLECTION MAKES A SPLASH OVER THE POND WITH U.S. INVESTORS

Introducing the U.S. market to HJ Collection and U.K. property has been a key part of our expansion. Our U.K. and U.S. teams joined forces between May 16th and May 24th to host a seminar series across the U.S. on investing in U.K. Real Estate.

Our teams hosted 2 seminars in Pittsburgh, and 1 seminar in New York, welcoming hundreds of attendees including potential investors, property partners, and industry experts. We were welcomed by iconic venues in both cities, including The Nevillewood Golf Club and Duquesne Club in Pittsburgh, and The Yale Club in New York.

It was fantastic to see the U.S. and U.K. teams networking with the attendees. We were able to educate them on the current state of U.K. and U.S. real estate, market challenges and solutions, and investment opportunities in the U.K.

Our U.K. team were thrilled to return home knowing they had new business connections to explore, and that the U.S. expansion is in the safe hands of the HJ Collection U.S. team.



THE LONDON BUSINESS SHOW 2023

THE UNITED STATES BUSINESS SHOW 2023

HJ Collection Exhibit With The Business Show In The U.S. & The U.K!

"For over 25 years our events have connected thousands of savvy business owners and budding entrepreneurs, sharing a wealth of knowledge, skills and advice in the heart of London. Business Show Media Ltd. holds a portfolio of some of the biggest events in Europe.

Running for over 20 years and producing 44 editions, Europe's biggest business show is now launching in the U.S! Providing a platform for entrepreneurs looking to start a business or SMEs looking to grow and develop their business, hosted in L.A. in September 2023 and Miami in 2024.

Running alongside The Business Show we have Working From Home Live and Retrain Expo, offering everything you or your business needs to successfully adapt to the ever changing industry advances. Retrain Expo helps you re-skill and retrain for the future, whereas Working From Home Live offers the tools and resources needed to work remotely.

We also have the return of Going Global, this show provides unparalleled education and information on trade agreements, international strategy, cultural and economic differences, and connects you with an abundance of business owners, under one-roof, who are looking to invest abroad.

This year we are incredibly excited to be introducing two brand new zones to continuously support businesses with adapting to the ever-evolving ways of conducting business in a modern society - Sustainability Zone and Future Working Show."

Business Show Media

Attend The Show:

L.A, U.S.

Los Angeles Convention Center
20th & 21st September 2023

London, U.K.

ExCeL London
22nd & 23rd November 2023

Miami, U.S.

Miami Beach Convention Center
6th & 7th March 2024

To secure your free tickets, please go to either www.thebusinessshowus.com for U.S. events or www.greatbritishbusinessshow.co.uk for U.K. events. Alternatively, you can get in touch with a member of our team to complete your registration. Our contact details can be found at the front and rear of this magazine.

We look forward to seeing you at our upcoming events in the U.S. and the U.K.



RESIDENTIAL RESEARCH UPDATE

Lucian Cook, head of residential research, shares insight and analysis into the data and trends currently shaping the U.K. property market in June.

Stubbornly high inflation and the prospect of further increases in interest rates set the context for a slightly more cautious update on the U.K. housing market this month.

Steady improvement...

In recent months, data coming out of TwentyCi has suggested a progressive improvement in market conditions. This culminated in the number of market-wide agreed sales getting to within 2% of the pre-pandemic norm in the month of May. In further signs of greater market stability, the number of deals falling through declined as did the number of cuts in the asking price for properties.

Meanwhile the Nationwide recorded a very marginal fall in the average value of homes across the U.K. in May (-0.1% month on month). That meant 'three-month on three-month' house price growth - which gives a good indication of recent market trends without the volatility of monthly house price movements - continued to moderate, even though annual house price falls stood at -3.4%.

However, data from the Bank of England showed that the recovery in mortgage approvals stalled in April, reminding us of the challenges facing mortgaged buyers and the pressures on their budgets.

...but headwinds pick up

Despite a fall in the headline rate of inflation in April, evidence of persistent upward price pressures across a range of goods and services resulted in a marked increase in market expectations for future Bank base rate on the release of these figures. Though less extreme, economists have also increased their base rate forecasts, with Oxford Economics for example now expecting Bank base rate to hit 5% by the end of August.

As a consequence, lenders increased the cost of fixed rate mortgages immediately prior to the last May bank holiday. Moneyfacts now reports that the 'average' effective mortgage rate for a 5-year fixed rate deal stands at just under 5.2%, while that for a 2-year fix is closer to 5.5%.

That is likely to put renewed pressure on the amount buyers that are willing or able to borrow over the coming months. Consequently it looks like the housing market

will remain price sensitive over the remainder of 2023 and into 2024, meaning prospective sellers will need to remain realistic about the price at which they market their property.

This said, we remain of the opinion that any further downward pressure on prices will be mitigated by demand from cash buyers and measures taken by lenders to help people facing a sharp increase in mortgage costs as they come to the end of their fixed rate mortgage.

Prime expectations

The top end of the market, though less reliant on mortgage debt and more insulated from rate rises than the mainstream market, is unlikely to be entirely immune to these financial pressures.

TwentyCi data indicates that in May activity levels in the housing market between £1m and £2m, while 19% below the first nine months of 2022, were in line with April on a seasonally adjusted basis. In the market over £2m, they were within 5% of the average levels seen in the first three quarters of last year.

Meanwhile the Capgemini World Wealth Report 2023 indicates that the wealth of U.K. High Net worth individuals contracted by -1.1% in 2022. According to their calculations, the number of mid-tier millionaires and ultra-HNWIs across the globe fell by -3.8% and -4.6% respectively.

AND FROM THE LETTINGS MARKET...

Biggest regulatory reform for over 30 years

The Renters Reform Bill represents the biggest change in the regulation of the private rented sector since the introduction of the Assured Shorthold Tenancy Agreement via the Housing Act 1988. Since then, we have seen the size of the private rented sector and the demands put upon it increase substantially.

The abolition of Section 21 will see the demise of the Assured Shorthold Tenancy, marking the end of so called 'no fault evictions'. At the same time, the power for landlords to recover possession of property on breach of tenancy terms will be strengthened, while further grounds to obtain vacant possession on two months' notice will be introduced where a landlord intends to sell a property or where either they or a close family member wishes to move into it.



New rent review procedures

Ultimately these new grounds for possession will protect the liquidity of the landlord's investment, however it will require a new approach to be taken towards rent reviews. As the bill is currently drafted, rent reviews will be initiated by the landlord serving notice of a rent increase in a specified form, with the tenant having the power to refer the matter to the First Tier Tribunal where they think the landlord's proposal is above the market rate.

Practically this is likely to put a greater onus on landlords to justify any proposed rental increases through market evidence. Useful guidance on how all of this will operate can be found on the Government website.

Increased cost of debt widens the gaps between different types of landlords

This comes at a time when financial pressures faced by mortgaged and unmortgaged landlords has widened substantially, as costs of mortgage debt rise and the potential impact of restricted tax relief in a higher

interest rate environment begins to emerge.

Prospects of continued under-supply

Modelling undertaken by Capital Economics on behalf of the National Residential Landlords Association has produced some headline grabbing statistics regarding the number of private rented properties that could be taken out of the sector in a higher interest rate environment.

However, the impact for individual landlords will depend on the legal structure in which the property is held, the level of equity which they have accumulated in their assets, and the ability to diversify some of the property specific risks across their portfolio.

While smaller more indebted landlords are likely to be at the sharp end of these pressures, some larger, equity-rich landlords will be eyeing an opportunity to expand their portfolio, particularly if they hold their property in a corporate structure. Those landlords will have a keen eye on the state of the wider U.K. housing market.

Article Source: https://www.savills.co.uk/research_articles/229130/347940-0



‘Long Slog’ for First-time Buyers Means More Demand for Rentals

A new report has revealed just how long it could take for today’s first-time buyers to save for a deposit, and it’s pushing the housing ladder further out of reach for many.

The gap between wages and house prices is widening, meaning that the length of time – or the salary required – to be able to save enough for a deposit on a home is putting many would-be buyers into difficulty.

Although the average age of first-time buyers is currently around 33 years old, according to Government figures, the latest analysis conducted by Interactive Investor indicates this could be much higher in some parts of the country.

In what was described as a ‘long slog’ by Alice Guy, head of pensions and savings at Interactive Investor, the average length of time for a 21-year-old earning a median wage and saving 10% of their take-home pay to amass enough cash for a house deposit is 13 years. This means they won’t get onto the property ladder until they’re 34 years old.

But if you look at London, where the average home costs around £523,325, according to the latest ONS data, the same 21-year-old on an equivalent wage in the capital could take 19 years to save up a deposit at the same rate, meaning they’ll be 40 years old before owning a home.

THE INCOME/HOUSE PRICE MISMATCH

The fact that the gap between salaries and property values is wider than ever means that it has never been more difficult for first-time buyers to save up. This tallies up with the fact that rental demand is sky-high across many parts of the U.K, as people remain renting for longer than ever.

Many would-be first-time buyers may become permanent tenants, making the most of the additional freedom and flexibility that renting brings, without having to make the financial sacrifice of saving for a deposit. For those that do strive for homeownership, many are increasingly turning to family for help.





Interactive Investor's report demonstrated the difference between saving for a deposit in London, the most expensive region, and saving for one in the cheapest place in the country, the North East.

The average home in the North East will set you back £156,912, while the average salary for a 21-year-old living is £18,944, rising to £25,730 for 22-to-29-year olds and £31,951 for 30-39-year-olds. In this part of the country, first-time buyers looking at these averages will take eight years to save for a deposit.

On average across the U.K, the analysis also narrowed down the length of time to save for a deposit depending on if you're a high, low or middle earner. High earners will take an average of just nine years to save up to buy a home, compared with 13 years for middle earners and 16 years for low earners.

FIRST-TIME BUYERS: DON'T OVERSTRETCH

As Interactive Investor's Alice Guy points out, many young people may never own a home. This is why the private rented sector is now more important than ever, with landlords offering crucial accommodation to those who want to live independently but can't afford – or do not want – to buy.

Particularly with the rising cost of living, saving 10% of your take-home pay each month is not an easy feat, and many prospective first-time buyers may decide it isn't worth it.

Guy says: ***“Young people face a stressful juggling act with the triple whammy of high house prices, large student debts and needing to save if they want to start a family. And on top of this, they also need to start saving into their pension if they want to achieve a comfortable retirement in the future.***

“For previous generations it was relatively easy to live on beans and toast for a few years, knowing that home ownership would be possible after a few frugal years. But now young people have a long slog ahead and it's easy for something to trip them up along the way, perhaps a period with lower pay or having children earlier than planned.”

Guy also points out the importance of family help for many young people to become first-time buyers, but says this means there is a ***“widening gap between the haves and the have nots”***.

“It's encouraging to see that some lenders are now offering mortgages with lower levels of deposit needed. But most of these mortgages need a guarantor, usually a family member who will step in if you can't repay your loan.

“Homeowners will also need to be carefully not to overstretch, especially as house prices are currently falling. If they buy a house on a 100% mortgage and house prices fall, they could end up with negative equity where the mortgage they owe is more than the house is worth.”

Article Source: <https://www.buyassociationgroup.com/en-gb/2023/06/08/first-time-buyers-slo/>

LOWEST OFT LIFT OFF



REASONS WHY LOWESTOFT SHOULD BE ON YOUR PROPERTY RADAR AND WHY WE ARE DEVELOPING THERE



"Overall, sold prices in Lowestoft over the last year were 11% up on the previous year and 20% up on the 2020 peak of £210 937."
Source: Rightmove.co.uk.



Lowestoft, a charming coastal town in Suffolk, England, has been steadily gaining attention as an attractive area for property investment. There are several factors contributing to this appeal, making it an ideal location for investors seeking affordable opportunities and long-term growth potential.

One of the key reasons for Lowestoft's attractiveness is its affordability. Property prices in the town are generally lower compared to other regions in the U.K., particularly when compared to London and the South East. This affordability factor has made Lowestoft an appealing option for investors looking to enter the property market without breaking the bank.

Another significant factor contributing to Lowestoft's investment potential is the ongoing regeneration projects in the area. The town has seen substantial investments in projects aimed at boosting the local economy and improving infrastructure. For example, the Lowestoft Eastern Energy Facility and the Gull Wing Bridge are expected to create job opportunities and enhance the town's connectivity, making it even more desirable for businesses and residents alike.

Lowestoft's tourism potential is another reason why investors are increasingly drawn to the area. The town boasts beautiful beaches, picturesque parks, and a rich cultural heritage, with attractions such as the Lowestoft Maritime Museum and the Marina Theatre. These attractions make Lowestoft a popular destination for tourists, which, in turn, can increase demand for short-term rentals, providing investors with an additional source of income.

The town's proximity to larger cities like Norwich and Ipswich also adds to its investment appeal. Well-connected by road and rail, Lowestoft offers potential for commuters seeking more affordable housing options while still having access to the amenities and job opportunities of nearby urban centres. This connectivity can lead to an increased demand for properties in the area, resulting in potential capital growth for investors.

Finally, the growing population of Lowestoft and the demand for rental properties make it an attractive location for property investors seeking a steady rental income. As the town continues to develop and attract new residents, the demand for rental properties is likely to increase, providing investors with a consistent source of revenue.

In conclusion, Lowestoft's affordability, regeneration projects, tourism potential, proximity to larger cities, and rental demand make it an appealing area for property investment. However, it's crucial for investors to conduct thorough research and consider local market conditions before making any property investment decisions. By carefully assessing the potential risks and rewards, investors can make informed choices and capitalise on the opportunities that Lowestoft has to offer.

BUT WHAT IS ACTUALLY ON OFFER IN LOWESTOFT?

In 2022, the Government approved a £24.9 million regeneration programme for Lowestoft, which will see five major projects begin over the next few years in a bid to improve the infrastructure and facilities in the area. The plans will see a variety of major improvements to the town's Station, Historic and Cultural Quarters, alongside its seafront and Port Gateway locations.

While that is a lot to look forward to, there is already much to offer from Lowestoft. Although, South Beach, Pakefield Beach and Claremont Pier offer some of the best sandy spots in the U.K, the activities certainly don't end there. Families can enjoy fun days out

at Pleasurewood Hills Theme Park, Africa Alive Zoological Reserve and Adventure Island Playpark. And those with a historical interest can explore a range of local museums, some with nautical themes, such as the town's Maritime Museum and its Royal Naval Patrol Service Museum.

All in all, the future looks brighter than ever before for Lowestoft. The 'stay-cation' boom which arrived during the pandemic shows no signs of slowing down, due to the cost-of-living crisis and surging flight costs, while rental demand continues to climb in desirable coastal towns, providing excellent investment opportunities.



STRONG INVESTMENT OPPORTUNITIES

According to Rightmove, the average house price in Lowestoft during 2022 was £226,868, significantly lower than London's average of £877,915, which is just over a 2.5 hours' drive away. Furthermore, house prices in the town are also lower than in neighbouring Norwich, which is where many Lowestoft residents commute to work. Overall, Lowestoft offers some of the cheapest properties to buy in Suffolk, guaranteeing all the benefits of coastal living at an affordable price.

Just like in many other areas of the U.K, the rental demand is high in Lowestoft, although would-be renters are finding themselves in a unique position. Given its locality near the coast, property owners are predominantly letting their homes out for short stays to suit tourists' needs, leaving those looking for long-term rental properties in a tough situation. With the demand for rented property so high in these areas, an investment in a buy-to-let is going to pay dividends, given that property owners aren't going to be short of potential renters in the area.

HJ COLLECTION DEVELOPMENTS

HJ Collection has recently acquired a commercial building located in Lowestoft town centre, with planning already in place to convert it into 22 residential units and five retail units. Close to local amenities, the site boasts strong rental and/or repurchase demand and will be completed within the next 15 months.

KEY FIGURES

- We're building a mixture of studio, 1-bedroom, and 2-bedroom apartments, with five commercial units below.
- £480k purchase price
- £1.36m development costs
- £1.84m total project costs
- £3.62m GDV

To learn more about our upcoming development, please get in touch with us using the information on the contents page.

HJ COLLECTION

PROFESSIONAL DEVELOPER

HJ Collection is an Award-Winning Revolutionary Property Developer Focusing on Developing Spaces Into Dynamic Places.



Landlord Investment Show

2022 Winner

Property Developer of the Year



RESI Awards

2023 Finalist

Small Developer of the Year



Property Week Awards

2023 Finalist

Entrepreneur of the Year

2022 & 2021 Finalist

Newcomer Award - Residential



The Latest Housing Reform Bill is Rocking the Foundations of the U.K's Rental Market

In 2019, the Government pledged to make life better for the U.K's 4.61 million renters, claiming that it would halve the number of 'non-decent' rented homes by 2030[1]. True to its word, on the 17th of May, 2023, it introduced a revolutionary housing reform, described by Landlord Today as a "pro-tenant, anti-landlord[2]" movement. Despite the fact that the changes still need to pass through Parliament and the House of Lords – meaning months of waiting, a series of discussions and content that's up for debate – the Renters' Reform Bill is already causing quite a stir. But is it as bad for landlords as some say it is?

What will change?

The proposed legal amends – labelled the "biggest shake-up since the Housing Act of 1988" by the Evening Standard [3] – are all part of the Government's plan to deliver "safer, fairer and higher-quality homes". From banishing 'no-fault' evictions to putting an end to cold, damp housing, the Bill is expected to benefit almost eleven million tenants across England alone[4].

The Renters' Reform Bill will:

- Abolish Section 21, meaning that landlords now need a good reason to evict their tenants.
- Tenants will have the legal right to request pets. Landlords must consider the request and cannot 'unreasonably[5]' refuse.
- The Decent Homes Standard, which currently applies to social housing, will also be applied to the private sector.

- Landlords can no longer refuse to rent to tenants on the grounds that they claim benefits or have children.
- Assured shorthold tenancies will be replaced by periodic tenancies, allowing tenants to move out with two months' notice if the property has problems or their circumstances change.
- Rent review clauses will also be abolished.

Why are landlords concerned?

Landlords around the country have been plagued by uncertainty after hearing the news, worried that the removal of Section 21 'no-fault' evictions could make it more difficult for them to recover their properties. It's not that they're horrible people looking to get rid of innocent tenants. The majority simply feel that, if it's more difficult to evict tenants, they might fall into financial arrears. At the moment, local councils will only house tenants who have been firmly evicted – not those who leave voluntarily. As a result, many landlords feel forced to serve a Section 21 notice when they haven't received rent from tenants who long abandoned ship.

Another concern is that rent review clauses will make it harder to charge tenants more in an effort to keep up with the rising cost of living and inflation. Nevertheless, this need not be too much of a concern, as landlords will still be able to increase their rates, provided that the increase is fair and they provide tenants with two months' notice – just one example of how the reform will work both ways.



It's not all bad news

The Renters' Reform Bill could actually offer some good news for landlords. Whilst tenants will be able to leave more easily, they will also be required to give two months' notice, giving you more time to find new renters without losing out on income.

The abolishment of Section 21 is actually a good thing, too. Yes, it will put an end to criminal landlords evicting tenants if they dare to complain about mould or dampness. But if you're a respectable landlord doing everything above the board, you have nothing to worry about. You can easily recover your property if you have evidence of tenants' anti-social behaviour or purposeful failure to pay rent – and, if you want to move back in yourself or are planning to sell, you'll simply give tenants two months' notice before the keys to your house or apartment are safely back in your hands. You'll even be able to put the property back onto the rental market after a three-month period if you change your mind.

No-fault evictions only refer to landlords requesting that their tenants leave, without giving sufficient notice or reason. Currently, even if model tenants have been paying their rent on time for years, people can simply tell them to up and leave at a moment's notice, creating a significant amount of instability in their lives in the process. Sounds pretty unfair, right? What is also unfair, however, is upstanding landlords having to see their homes go to ruin in the hands of irresponsible and unruly tenants who care little about the property. Designed to protect both tenants and landlords, the Renters' Reform Bill is here to change all that, bringing reduced notice periods for those who have damaged the property or continue to breach their tenancy agreement.

Of course, being able to evict anti-social tenants more easily also limits the amount of upheaval in your life as a landlord. You won't pay as much in repair costs and won't have to worry about appearing in court – especially given that the Bill will also introduce a new Ombudsman, specifically dedicated to resolving disputes for as little as possible. A win-win, particularly when it comes to ensuring you receive due payment.

So, what about pets? Won't they cause damage?

Well, it's possible, yes. But if you want to remain competitive in an already challenging market, you should probably consider accepting furry friends, anyway. With 52% of British adults owning at least one animal[6], the increase in potential tenants would be huge if you were to accept pets. Plus, under the reform, you will also be able to make insurance for the pets obligatory, to cover any damages that might occur.

The Verdict

With 33% of private landlords in England and Wales planning on cutting the number of properties they rent out[7], there may be an increase in buy-to-let owners selling up. But it's important to remember that it's not all down to the reforms. There are plenty of personal reasons for selling a buy-to-let, from moving to a new area to reaching the natural end of your property journey. Plus, the U.K. has been suffering from record-high inflation rates and rising mortgage prices lately, with the uninformed panicking and looking for a quick out. The more astute among you will see this as an opportunity rather than a threat, as the desire for quick sales makes it a great time to grab a bargain.

With the majority of U.K. adults unable to save for a deposit and climb onto the property ladder, there has never been a greater demand for rental property. This also means that most renters will be happy to remain long term, provided that you are a caring and attentive landlord who doesn't go out of their way to discriminate or make life difficult for your tenants.

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CITYA.M.

Prospective buyers hit with fresh blow as mortgage approvals continue to fall

Prospective buyers continue to suffer setbacks as fresh data reveals that mortgage approvals fell during April.

Net mortgage approvals for house purchases fell from 51,500 in March to 48,700 in April, figures from the Bank of England show, with experts predicting that the figure could fall further following the central bank's decision to hike interest rates in May.

"The mortgage pain is far from over as concerns over how higher interest rates will go has resulted in the withdrawal of seven per cent of mortgages from the market since last week, and an increase in average rates on two- and five-year fixed deals," Myron Jobson, senior personal finance analyst at Interactive Investor, said.

It's the latest report released this week which paints a uncertain picture for the housing market, following signs last month that confidence in the market was improving. Today, figures by Nationwide showed that the annual rate of house price growth slipped back to -3.4 per cent in May from -2.7 per cent in April. Yesterday, reports by HMRC also showed that a post-early spring lull led to a 32 per cent fall in house prices in April with 67,220 homes sold, 29 per cent lower than the previous month.

"These latest figures show that life is being sucked out of the mortgage market by the relentless rise of interest rates and, to a lesser extent, the cost of living crisis," Graham Cox, founder, of Self Employed Mortgage Hub, said.

Fox said that the remainder of the year is likely to see "significant falls" in property values even in the unlikely event there are no further rate rises.

He added: "The Government, with an election looming, will no doubt try and pull some rabbit out of the hat to stimulate demand, which would be a mistake. A long overdue correction in house prices is what's needed now. Kicking the can down the road is no longer an option."

<https://www.cityam.com/prospective-buyers-hit-with-fresh-blow-as-mortgage-approvals-continue-to-fall/>



Interview Series #03

ELLIOTT SKINNER, SENIOR CONSULTANT HUNTER JONES GROUP



Elliott Skinner

What mistakes do you often see people make when making investments?

One mistake I often see people make when investing is focusing solely on the highest potential returns available. While it is natural to be drawn to higher returns, these opportunities often come with certain risks. They could be from businesses with a weaker track record, newer or less established in the market, or have not fully repaid clients during the investment cycle. For example, when we started in the market, we had to offer more attractive returns to compete and attract clients. However, as our business grew stronger and we successfully returned capital to clients, we adjusted our returns to a more sustainable level. This ensures feasibility while still providing a healthy rate of return, attracting potential clients.

What are common misconceptions about property bonds?

One common misconception about property bonds is the assumption that all bonds are the same and will yield similar results. This can lead to a lack of thorough due diligence by investors. To overcome this misconception, investors should research the track record of the bond issuer, evaluate past developments, assess capital returns, and consider collateral assets. By addressing these factors, investors can make informed decisions based on comprehensive due diligence.

Can you provide us with an overview of your role as a senior consultant?

As senior consultants in the London office, myself and Christopher Sola will oversee operations, manage staff, and ensure they have up-to-date information for client interactions. We also handle inquiries, welcome and guide potential clients, and meet the needs of existing clients. This includes exploring investment opportunities, providing updates, organising events, traveling for meetings, and participating in investor shows.

How do you assess the potential returns and risks associated with property bond investment?

To assess potential returns and risks of a property bond investment, evaluate the developer's track record, capital repayment history, asset management, and business model. These factors provide insights into past performance, financial stability, security measures, and market alignment, aiding your decision-making.

Can you share success stories?

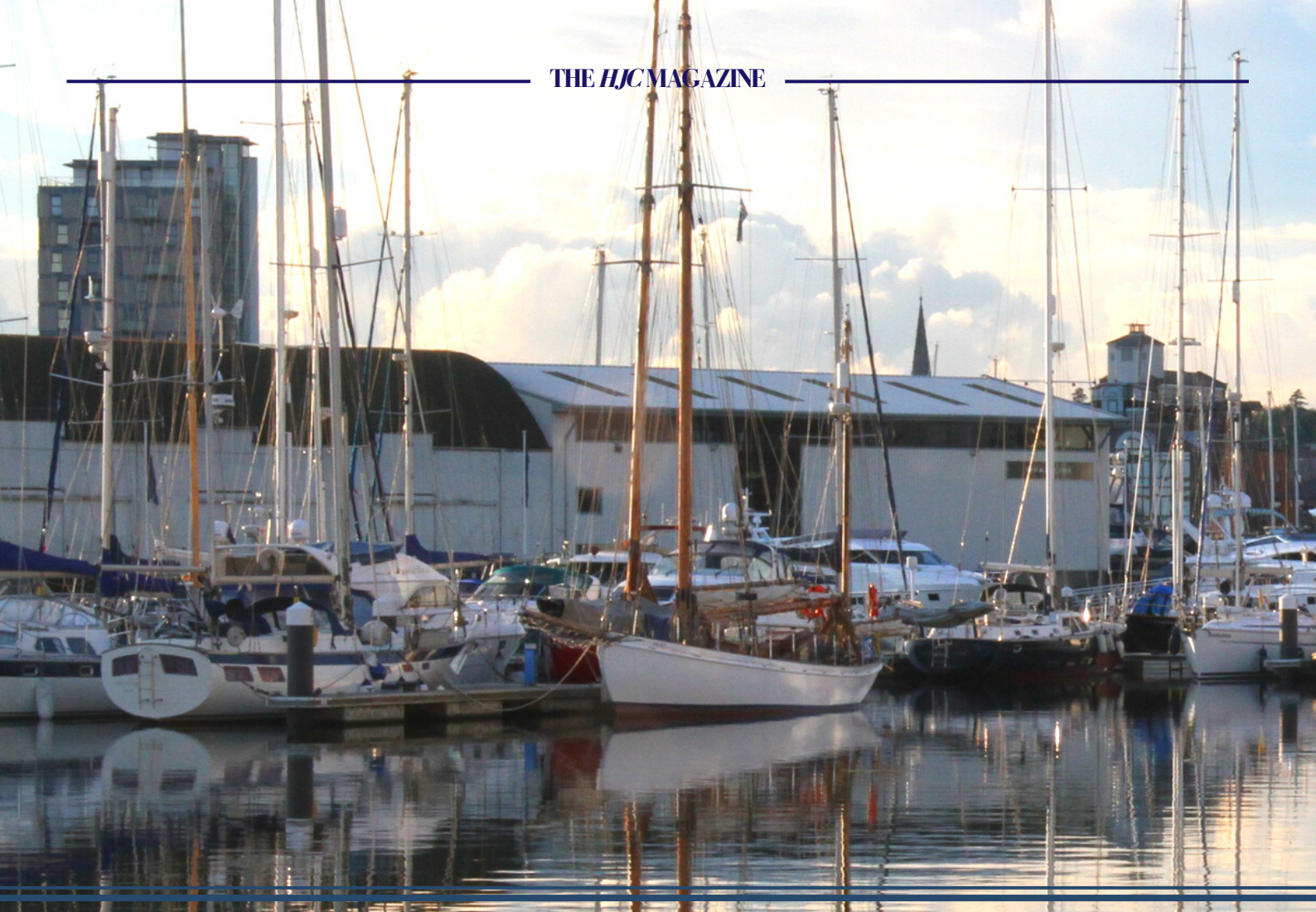
I have many success stories from clients who have achieved positive outcomes, such as acquiring properties for their children, strengthening pension funds, and reducing workloads. By generating additional income streams, my clients have enjoyed more quality time with their families. The abundance of positive testimonials speaks to the significant impact I've had on their lives.

How do you ensure transparency and maintain the trust of your clients throughout the investment process?

Open communication and trust are vital. I prioritise regular updates, address concerns promptly, and focus on building strong client relationships. This ensures transparency, security, and exceptional support throughout the investment process.

In your experience, what challenges or obstacles do investors typically face when engaging in property bond investments, and how do you help them navigate those challenges?

Investors in property bonds often struggle to identify reliable companies. We address this by meeting clients, showcasing our track record, and offering access to reputable opportunities. We provide continuous support, conduct due diligence, and guide investors towards informed choices. Our goal is to empower and support investors throughout their investment journey.



HJ Collection Launches Development In Ipswich

Carr Street is a redundant commercial building with Planning Permission for the conversion of the upper floors into 18 Apartments, 17 x 1 Bedroom and 1 x 2 Bedroom.

The building is located in a secondary town centre position with good public transport links. Having stood empty for a number of years, repurposing this run-down building allows us to breathe new life into an otherwise dormant and unwanted structure to provide much-needed residential accommodation.

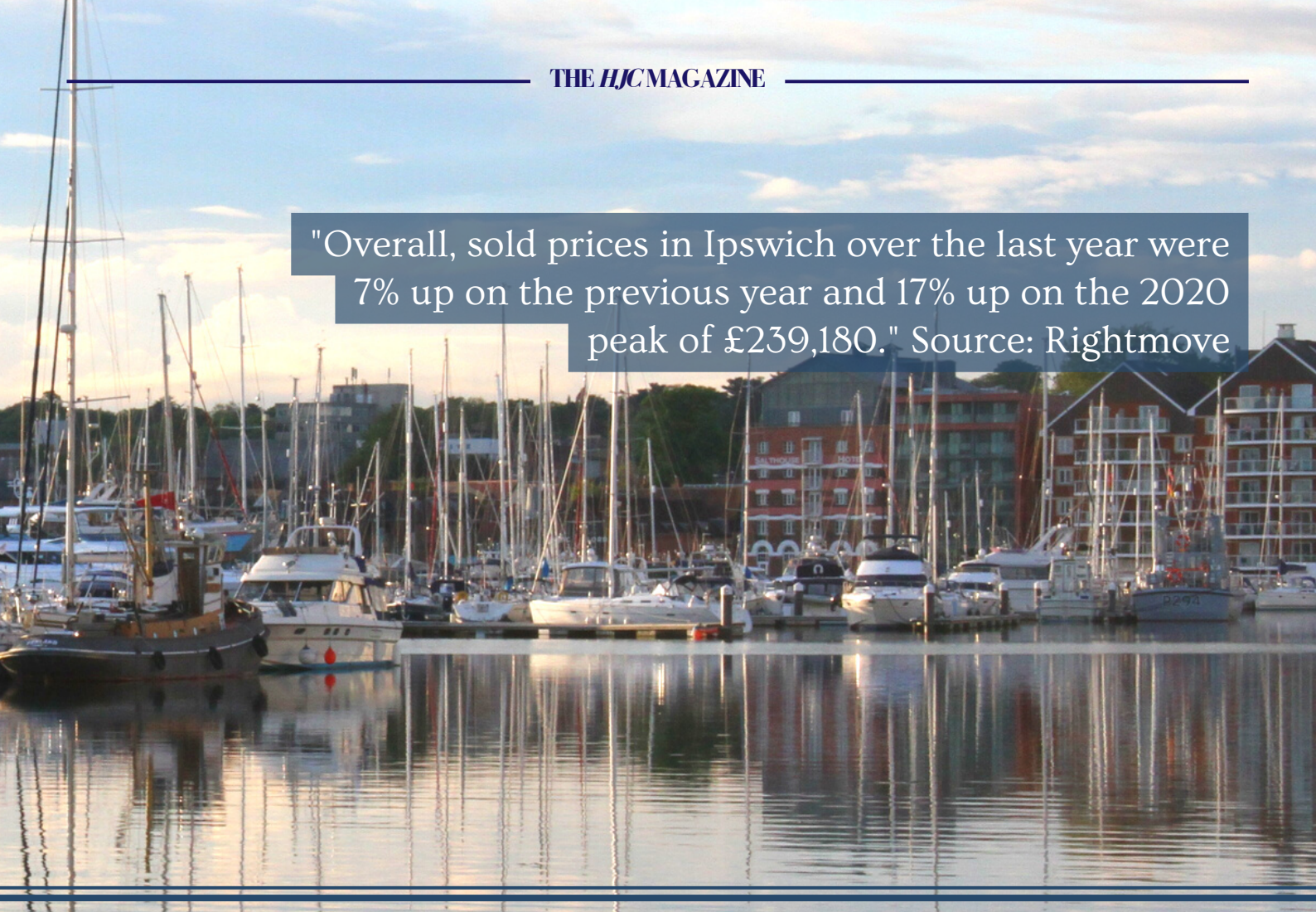
Ipswich is the county town of Suffolk and is one of the oldest English towns, home to over 1,500 years of heritage. Ipswich is located about 9 kilometres inland on the River

Orwell and is surrounded by two Areas of Outstanding Natural Beauty - The Suffolk Coast And Heaths, and Dedham Vale. The Ipswich Waterfront was historically an industrial port and was known as the largest and most important dock in the U.K.

Today, the Waterfront has been transformed into a trendy area lined with high-rise apartment blocks, restaurants and cafes/bars. This picturesque setting houses the Town's impressive marina and is also home to one of the U.K's newest universities, The University of Suffolk.

Did you know: Ipswich was voted as the 7th most desirable place to live in England by the Royal Mail in 2017?

"Overall, sold prices in Ipswich over the last year were 7% up on the previous year and 17% up on the 2020 peak of £239,180." Source: Rightmove



Ipswich Project Breakdown:

£890k

Purchase price

£2.20m

Total project costs

£1.31m

Development costs

£3.29m

GDV

Once completed, the conversion of the upper floors will create 18 Apartments, 17 x 1 Bedroom and 1 x 2 Bedroom.

If you would like to learn more about our Ipswich development or any of the current and upcoming projects in HJ Collection's pipeline, please don't hesitate to get in touch. Our friendly team are on hand to help answer all of your property questions.

P: 0207 117 2583

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rightmove 

House Price Index

The largest monthly sample of residential property prices and housing market activity

-0.0%

Prices fall by £82, the first monthly price fall of the year

+1.1%

Annual price growth slows further

+6%

Buyer demand holds steady in last two weeks compared to 2019 despite mortgage rate rises

Average new seller asking prices fall by £82 (-0.0%) this month to £372,812. This is the first monthly drop in new asking prices this year, and the first at this time of year since 2017. On average over the previous ten years we have seen an increase of 0.6% in asking prices at this time of year, indicating that buyer affordability constraints and more pricing realism from new sellers have brought forward the usual summer slowdown. There have been some significant increases in fixed mortgage interest rates over the last few weeks following stubbornly high inflation figures, piling pressure onto already very stretched budgets. These increases in rates and monthly mortgage payments may mean that some have to pause their plans for now. However, Rightmove's latest snapshot of the market suggests the immediate impact on activity has been limited with most movers determined to carry on if they can still afford it.

"Average new seller asking prices, the first and leading indicator of new trends in the market, have dropped slightly this month, signalling that the belated spring price bounce has quickly turned into an earlier than usual summer slowdown. We expect asking prices to edge down during the second half of the year which is the normal seasonal pattern, and while we sometimes re-forecast our expectations for annual price changes at this time, current trends suggest that our original forecast of a 2% annual drop in asking prices at the end of 2023 is still valid. Agents report that new sellers are sitting in two camps – those who still have overoptimistic price expectations following the buoyant pandemic market, and those who have adapted to the new conditions and are coming to market with a competitive price. Sellers who price competitively are much more likely to find a suitable buyer quickly before their home appears stale, and they can often then negotiate on price on any onward purchase."

Tim Bannister Rightmove's Director of Property Science

Over the last two weeks, Rightmove's statistics show no effect on demand but a modest impact on sales activity as movers navigate the latest mortgage rate rises. The sale is still 6% higher than the same two weeks in the more

normal market of 2019, while the number of sales agreed during this period is 6% lower, a slight drop from agreed sales figures being 3% behind 2019's levels in May.

However, it remains to be seen whether the expected further increase in interest rates will impact these figures. However, just as rates appeared to be settling, the significant changes in the mortgage market over the last four weeks are creating renewed disruption and uncertainty among movers trying to calculate how much they can afford to borrow and repay. In the last four weeks, the average mortgage rate for a 5-year fixed 85% Loan-To-Value (LTV) mortgage has jumped from 4.56% to 5.20%. This means that a new buyer purchasing a property at the current average asking price would now expect to pay an extra £117 per month if repaying the mortgage over a 25-year term.

By comparison, the average rate for the same mortgage product changed from 4.50% to 4.52% over the previous four weeks, highlighting how quickly the mortgage market has become more uncertain. This is leading more prospective buyers to check their current affordability, with daily visits to Rightmove's Mortgage in Principle service up by 53% compared with before the unexpectedly high inflation figures.

"We expected some more twists and turns this year and we've had several in the last month, including stubbornly high inflation figures, surprisingly large average wage increases, and their eventual impact on mortgage interest rates and availability. We expect that there may be more change to come depending on this week's inflation figures and the Bank of England Base Rate decision. It is likely to feel very frenetic for those taking out a mortgage right now, as they try to quickly lock in the best rate that they can find. Although the impact of higher mortgage rates on activity levels has been limited so far, with prospective buyers who can still afford to move appearing determined to go ahead, it remains to be seen how movers will respond to the expected further rate rises."

Tim Bannister Rightmove's Director of Property Science

Agent's Views

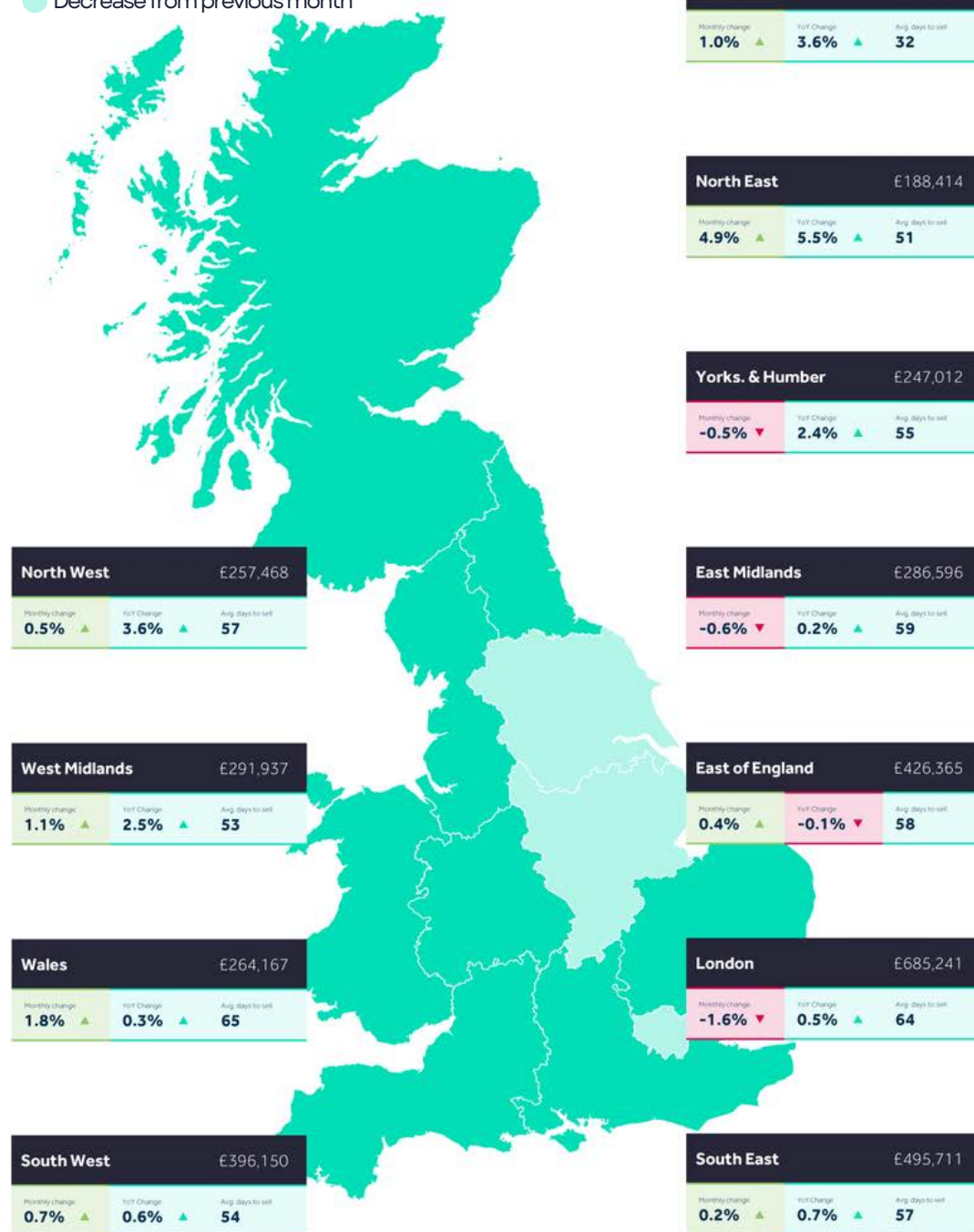
"The number of buyers has remained steady despite some of the challenges currently facing the market, though sales activity has dropped slightly. Sensibly priced properties are still selling well, but we're now returning to more normal market conditions where homes are taking longer to sell, and buyers have the time and space to come back for a second viewing. We anticipate some more hurdles to overcome in the second half of the year, but it is not all doom and gloom – we're working with lots of people who are motivated to move and sellers who are pricing right are still seeing a lot of success."

Michelle Gallagher,
Sales Director at JDG in Lancaster

"Although there has been some recent turbulence, I'd still class what we are seeing in the market at the moment as more normal levels of activity after the pandemic. We're going through a period of transition, and some discretionary sellers in no immediate rush to move are still testing the market with a price as there is a healthy level of buyer activity. However, sellers who are motivated to agree a sale soon need be sensible and market their property in line with their local market conditions. While there is now more choice on the market, we still have more buyers than homes for sale, and the stand-out properties are still attracting a queue of people wanting a viewing."

Andrew Fenton,
Managing Director at Chris Davies Estate Agents in Rhoose

- Increase from previous month
- Decrease from previous month



National average asking price				
Month	Avg. asking price	Monthly change	Annual change	Index
June 2023	£372,812	-0.0%	+1.1%	288.2
May 2023	£372,894	+1.8%	+1.5%	288.3
National average asking price by market sector (excluding inner London)				
Sector	June 2023	May 2023	Monthly change	Annual change
First time buyers	£226,412	£226,399	+0.0%	+1.0%
Second-steppers	£342,471	£341,567	+0.3%	+0.8%
Top of the ladder	£688,936	£685,068	+0.6%	+1.5%

TIME TO *EXPAND!*

HJ COLLECTION ARE LOOKING FOR NEW SITES

We are in the market for off-market sites across the U.K. Residential, commercial, or just land, our team of acquisition specialists is looking for sites with potential to add to our growing portfolio. If you think you may know of any suitable sites, please get in touch using the details below.



ARE YOU SELLING OR KNOW OF SUITABLE SITES BECOMING AVAILABLE?

We would love to hear from you. You can call us on 0207 117 2583 or email us via info@hjcollection.co.uk, we look forward to hearing from you to discuss the opportunities available.

MEET HJ COLLECTION AT THE LANDLORD INVESTMENT SHOWS!

It was a privilege to return to the National Landlord Investment Show this year. Our displays are bigger than ever, and it has been great to see so many new and returning faces at the events. The Investment Show provides the perfect opportunity to meet like-minded individuals and companies who share our passion for the property development sector. It is also a great opportunity for clients, investors, and interested parties to come and meet our team in person in an educational and informative environment.

At the last event, our very own Christopher Sola hosted a seminar on 'RECESSION PROOF PROPERTY INVESTMENTS'. It proved to be a great success, with many questions being asked by the audience. If you would like a copy of Christopher's presentation and to discuss the topic with him further, please get in touch using the contact details found on the contents page of this magazine. HJ Collection will attend all of the National Landlord Investment Shows this year across the U.K. For dates and locations, please see below.



"Now in our 10th year, the National Landlord Investment Show is the U.K's Number One landlord & property investment exhibition. Our shows connect thousands of property professionals throughout the U.K. and are a beacon for anyone with an interest in buy-to-let or the private rented sector. To date we have successfully delivered 77 live shows, 4 online shows and have been covered by The Times, The Telegraph, The Mail Online, Huffington Post, Property 118, Wharf Life, Property Tribes & more. We continue the success with a comprehensive series of live events throughout 2023."

To attend, please register for free online via the Landlord Investment Show website: www.landlordinvestmentshow.co.uk. The events are free to attend and located around the U.K. We look forward to seeing you at future events.

FUTURE SHOWS

ELSTREE DOUBLE TREE

NORTH LONDON / HERTS

27 SEPTEMBER 2023

MANCHESTER UNITED FC

OLD TRAFFORD

MANCHESTER

10 OCTOBER 2023

OLD
BILLINGSGATE

LONDON

1 NOVEMBER 2023

ARE GREEN PROPERTIES THE ANSWER TO THE BUY-TO-LET CRISIS?



At first sight, Britain's rental property market appears to be going through the mill. From rising Bank of England rates and fewer fixed-rate mortgages to the more stringent requirements set to come in with the next housing Reform Bill, the status quo has truly been shaken. In fact, the latest EPC changes, due to come in with the Government's Minimal Level of Energy Efficiency Laws, have sent many landlords into a spiral, with speculation that this is why 35,000 more buy-to-let properties were sold than bought in 2022.

The fear is that by obligating landlords to secure a minimum EPC rating of C or above by 2025 - with a £30,000 fine upon failure to comply - up to 14.6 million homes could automatically be pushed out of the rental market. Nevertheless, if you approach things right, this is actually a wonderful opportunity rather than a challenge.

The truth is that private renters will pay up to 13% more for an energy-efficient property, with 65% believing it will help with climate change and 37% believing it will bring down their energy bills. As such, any updates you need to make to your property to achieve a C-rating or above will soon pay off.

So, what exactly can landlords do to make their property greener and more appealing to tenants? The obvious choices include insulating your floors, walls and loft, installing better doors and windows, upgrading your boiler or heating system and checking all lightbulbs and appliances.

However, landlords don't have to break the bank or make all changes at once, either. Whilst new rental contracts will require a 'C' by 2025, changes to existing contracts will be postponed until 2028, providing plenty of time to save. New landlords will also be free of all upgrade obligations for the first six months to give them a chance to recoup costs from initial rental payments before they continue to invest.

What's more, there will be a £3,500 limit to obligatory spending, meaning that if landlords have put this much into improving the property but still have not managed to reach their goal, they will be able to apply for an exemption. Exemptions should last for about five years and will also be available to landlords renting properties that would be threatened by structural issues if further sustainable upgrades were to be made.

However, if eco-friendly modifications can be made, we would strongly encourage all landlords to do so. Not only will it make prospective tenants more interested in paying more for the property, but it will also open up the possibility of profitable remortgaging options. For instance, Barclays currently offers lower-rate buy-to-let mortgages exclusively for energy-efficient properties and provided that landlords are able to demonstrate an improved EPC, many banks may be willing to lower the amount you will need to pay back in the future.

With so many minor rises compromising the former lucrative nature of buy-to-let, it seems we finally have a green saviour. One only has to look at figures from Paragon Bank to see the impressive difference that eco-housing can make, with a 19% increase in overall buy-to-let lending being recorded in the first half of 2023, despite such a volatile market. Having lent £1.02 billion in total, 99% of those buy-to-let deals were classed as specialists, with houses with an EPC rating of A to C ranking top of the list. Safe to say that green housing is not just here to save the planet - it's here to save the U.K.'s landlords, too.

Why We Invest in the West Midlands



The West Midlands is a region known for having a strong industrial heritage. In our eyes, however, its 4.7 million residents and growing economy make it an ideal location for property investment. We see the untapped potential and have invested in the region with 2 sites, creating 37 apartments between them.

We invest in tier 2 and 3 cities, and the rapid growth seen in Stafford and Stoke brings them into this category. On top of rapid growth, their location encroaches Stafford and Stoke into commuter hub territory, with them being less than one and a half hours away from London by train (soon to only be 38 minutes once HS2 is complete) - ideal for city workers looking to escape the hustle and bustle of the city. In addition, the West Midlands can reach nearly anywhere in the U.K. by car, train, and beyond, with several airports connecting to 400 destinations worldwide.

We are not the only ones who believe in the West Midlands, with the Government bringing massive investment towards the region. There are 29 regeneration schemes totalling £20 billion to target city centres, new homes, and a new train station [2]. This can only increase property value in the area.

The growing economy is supported by more than the recent cash injection. The West Midlands, and the Midlands in general, have always been synonymous with strong industry, having leading manufacturers basing their

factories there. Some examples include motor giants like Toyota U.K, Land Rover and Rolls-Royce, and other sectors like train manufacturers Alston and Bombardier [3].

The economy is further boosted by a young population with 1.5 million under 25s either in education or employment. This high number is a testament to the well-ranked universities in the West Midlands, including Aston University, Birmingham University, Coventry University, Warwick University, and Wolverhampton University [1].

The growing economy and population make investing in the West Midlands ideal. We have seen significant uplift from our developments already (before they are complete) and look forward to seeing the end result.

You can keep up with the status of our West Midlands developments on our CEO's Youtube channel @reecemennie.

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Who Are HJ Collection?

HJ Collection are a specialist developer focusing on Permitted Development Rights and have been revolutionising the development sector. With huge U.K. and Worldwide investor support, including successful joint venture partnerships, HJ Collection are able to provide a managed portfolio.

"A dominating developer with a rooted purpose to contribute to easing the housing shortage through greener purposes."



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LANDLORDS NEEDED:

Rental Market Supply-demand Gap Grows

SOURCE:  Buy Association

Growing tenant numbers combined with fewer landlords is putting a strain on the U.K. rental market, pushing up rental prices across much of the country. Overall, the latest Residential Market Survey released by the Royal Institute for Chartered Surveyors (RICS) last week revealed that optimism across much of the country's housing market is continuing to grow, with a more upbeat outlook despite the hurdles.

While there could be a temporary increase in pressure if predictions for another Bank of England base rate rise come to fruition, which many lenders are already pre-empting by once again increasing mortgage rates, many of the member agents taking part in the study reported positive findings. However, the picture remains much less certain when it comes to the U.K. rental market, with reports of dwindling supply levels, and a market that is struggling to keep up with the huge levels of tenant demand. This is pushing rental prices even higher across much of the country.

Rental Market Gap Hitting Tenants

Historically, renting has been hugely popular among younger people while they strive to save for a deposit for their own home. In recent years, though, there has been a shift towards long-term renting as a lifestyle choice, which has led to a huge increase in higher quality rental homes, such as build-to-rent.

Further to this is the fact that surging house prices has meant people must save for longer for a deposit, meaning additional demand in the rental market. And as the RICS report shows, this is being coupled with reducing numbers of homes to let available, exacerbating the supply-demand gap.

According to RICS, a net balance of +44% of survey respondents – surveyors operating in the sales and lettings markets – reported an increase in tenant demand in the rental market in May. Meanwhile, a net balance of -23% of respondents said new landlord instructions had declined during the same month.

So why is supply dwindling? Almost two-thirds of contributors said that they had experienced a rise in the number of buy-to-let landlords looking to sell properties. This could be for a range of reasons, from cashing in on a property for retirement to leaving the sector due to tax changes and interest rate rises.

Around two-thirds also reported a lower level of interest in the U.K. rental market from new buy-to-let investors over the past six months, which could be a result of the cost of living crisis taking its toll and affecting market confidence, as many have adopted a 'wait and see' approach.

How This Affects Tenants & Landlords

The growing gap between supply and demand in the U.K. rental sector has certainly perturbed many in the industry, with some calling for the government to reverse recent tax changes that can reduce some landlords' profits (Section 24), or to offer more incentives to landlords who provide crucial accommodation.

For tenants, the squeeze in supply means an extremely competitive market, with rising rents and many experiencing gazumping – where a landlord cancels their agreement to let the property due to receiving a higher offer. According to RICS, a net balance of +53% of respondents believe rental prices will increase over the near term. The expectation is that rental price growth will average almost 6% per year over the next five years.

Landlords are therefore in high demand at the moment, with many reporting being inundated with requests as soon as their empty rental home hits the market. The positive for investors is that void periods will be minimised as properties are let quickly, and yield potential is strong in the current rental market.

Cash buyers in particular may find the current market conditions more favourable, as they will be much less affected by mortgage rate fluctuations or tax changes linked to mortgage interest relief. Those looking for a quick sale may also be willing to take a lower offer from a cash investor.

The U.K. housing market remains one of the most resilient sectors when it comes to long-term investment potential.

“I AM FOCUSED ON DRIVING HJ COLLECTION TO BE A LEADING HOUSEHOLD NAME IN BOTH THE DEVELOPMENT SECTOR AND ALTERNATIVE PROPERTY INVESTMENT INDUSTRY BY UNDERSTANDING WHAT WILL GIVE OUR INVESTORS MAXIMUM SECURITY AND OPTIMUM RETURNS.”

Words from our CEO, Reece Mennie

HOW WE DO IT

We continue to work and forge relationships with several quality contractors who share our business model. Using this combined experience, we develop desirable, affordable living spaces through an intelligent and innovative approach to urban regeneration.

We professionally manage the whole process on behalf of investors and include investors in updates, site tours and virtual viewings.



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OUR NEXT EVENTS

U.K: LANDLORD INVESTMENT SHOW

27th September - Elstree Double Tree, North London / Herts

U.S: BUSINESS SHOW L.A.

20th & 21st September - Los Angeles Convention Centre, LA

Alternatively, we have an open-door policy at HJ Collection. If you would like to visit our London office in Canary Wharf, or meet with our team and developers on-site, please get in touch.





THE HJC

M A G A Z I N E

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