



*Welcome to our
monthly newsletter
for property
landlords.*

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House price affordability

In the largest fall in house prices since 2011, prices fell by 2.6% in the year to June 2023, meaning **the average UK house price fell by £7,500.**

This data, taken from the most recent Halifax index, also shows that in June 2023, house prices declined for the third month in a row. Analysts believe that the recent decline was to be expected following the surge in house prices in Summer 2022, which was largely fuelled by the temporary stamp duty cut.

The index also notes that pricing behaviour is shifting, with **sellers cutting their asking price in response to the market being under strain from high mortgage costs.** Halifax also predict that this strain on peoples' finances will fuel further price decreases in the months ahead.

Mortgage rates

A recent report by real estate firm Hamptons has found that **almost 225,000 property owners could lose money on their rental properties when they come to renew their buy-to-let mortgages**, the rates of which are approaching 7%.

The report found that 226,930 rental properties (11% of all mortgaged rental properties) will not generate sufficient income to cover costs at the current mortgage interest rates.

Approximately 70% of buy-to-let landlords own a property that is mortgaged. This is a much higher percentage than for owner-occupiers, which means this sector is more at risk from higher interest rates.

Increasing mortgage rates, together with tax increases such as the withdrawal of higher-rate tax relief on mortgage interest and additional stamp duty on additional homes, mean that even if the average higher-rate taxpayer landlord were to increase annual rents in line with the national average, they would still lose £119 a month.

Advice for those investing is to put down much bigger deposits than before.



Renters Reform Bill: Parliamentary progress

The Government has announced all parliamentary business scheduled up to the Summer recess, which commences 20 July 2023, and there are no plans for the second reading of the Renters Reform Bill.

The Bill proposes sweeping reforms to the property rental sector, including banning no-fault evictions. It is considered unusual for a Bill to make such slow progress through Parliament and there are concerns that the Government may be having 'second thoughts'.

Parliament returns from summer recess on 4 September, so it is possible that the second reading may take place then, but with the conference recess scheduled to take place between 19 September and 16 October, there will be very little time.

Discussions are underway to extend elements of the Bill to Scotland in a bid to further safeguard tenants with children or those receiving benefits, and also providing tenants with the right to request having a pet in the property.

Scotland: Potential housing emergency

Public sector membership organisation Solace Scotland, in collaboration with the Association of Local Authority Chief Housing Officers (ALACHO), have published a report 'Housing in Scotland: Current Context and Preparing for the Future' which details **their assessment of the social housing emergency in**

Scotland and the steps needed to address it.

The report estimates that 125,000 homes are needed to meet current demand for social housing and says that this current level of pressure on local authority housing is unsustainable.

Key concerns in the report include:

- An emerging **affordability crisis** across the whole housing system but particularly in rural, island and east central Scotland;
- **Record and rising numbers of people in temporary accommodation** across most Councils;
- Continuing **shortfall in the supply** of mainstream social housing lets; and
- An emerging issue with the **shrinking private rented sector.**

Solace concludes that a fundamental review and whole system transformation of homelessness services and social housing provision are required.

