

MORTGAGE & PROPERTY

from scales porter

THE UK HOUSE- BUYING PROCESS

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complete transactions?

THE EFFECT OF A GENERAL ELECTION

Does the property market
suffer in any way?

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Looking at the capital's most
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Welcome to the latest issue of scales porter's mortgage and property magazine.

On 7 May 2015, there will be a general election in the UK, and some commentators are already speculating that this may have some effect on the UK property market. After all, both Labour and the Liberal Democrats have talked about a mansion tax. On page 04, we look at how this may deter some wealthier people from buying homes in the UK, especially if their purchases are just investments.

In recent years, there have been some frightening headlines in the national press about the implications of having Fallopia Japonica – more commonly known as 'Japanese knotweed' – anywhere near your property. So why is this and what are the hard facts? Turn to page 14 to find out more.

The number of homeowners in Britain who can claim to be 'property millionaires' now stands at 484,081 – almost 50% higher than last year, according to figures released by property website Zoopla. The latest Property Rich List 2014 from Zoopla shows that the ten most expensive streets in Britain have seen property values grow 12.9% over the last year, compared to the rest of the country where average values have risen by 6.6% over the same period. Read the full article on page 11.

A full list of all the articles featured in this edition appears opposite. We hope you enjoy reading the magazine and always welcome feedback. To discuss your unique requirements or to obtain further information, please contact a member of the scales porter team.



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THE EFFECT OF A GENERAL ELECTION

Does the property market suffer in any way?



On 7 May 2015, there will be a general election in the UK, and some commentators are already speculating that this may have some effect on the UK property market. After all, both Labour and the Liberal Democrats have talked about a mansion tax. This may deter some wealthier people from buying homes in the UK, especially if their purchases are just investments.

There may be uncertainties (for instance, if any party promises a change in stamp duty) that might speed things up or cause people to wait and see. But the reality is that there is no evidence that an election, or the vote-catching campaign that precedes it, will have much effect at all on anyone's ability to buy or sell.

PREVIOUS ELECTIONS

In April 1992, when John Major won the election for the Conservative Party, his victory was a bit surprising at the time, as the economy was only just recovering from a deep recession. Property sales were in the middle of a deep slump and average UK house prices (using figures from the Halifax) had fallen by 6% in the previous 12 months. Back then, the cost of the average home was just £65,000.

By May 1997, when Tony Blair was first elected as Labour Prime Minister, house sales had significantly picked up. The 360,000 sales recorded between April and June that year were the highest for any second quarter during that decade. Prices had risen too, by nearly 7% in the preceding 12 months, and the average home across the UK cost £69,000.

Fast-forward to June 2001, when Mr Blair was re-elected and sales were still strong. Prices were rising at an annual rate of 8% and homes now cost on average £92,000.

Four years later, in May 2005, at the time of Mr Blair's third successive victory, prices were undergoing a temporary deceleration, rising at just 4% a year compared to the 20% plus rate seen in 2004. But sales were still very busy and were on yet another upward trend. Meanwhile, the cost of the average home had shot up again, reaching £164,000.

YEARS OF STAGNATION

Prices were well on the way to hitting the current record of £201,000, reported in mid-2007, but then everything changed.

The banking crisis of 2007 and 2008 provoked the deepest economic recession in living memory. Bank lending dried up, the mortgage tap was turned off and the property market was thrust into five years of stagnation. The accompanying slump in house prices saw the cost of the average home fall by 16% in 2008.

By the time of the next election, in May 2010, sales were moribund and prices had fallen back to £169,000. In fact, that was 6% up on the previous year. But it was a false dawn for anyone who thought that a coalition government, led by David Cameron, would quickly change the outlook for the property market. Sales stayed in the doldrums, and prices fell further to reach a UK average of £161,000 towards the end of 2011.

A GROWING ECONOMY

Only in early 2013 did the Government find a way of boosting the property market. The Funding for Lending Scheme injected billions of pounds of cheap taxpayers' money into the banking system, and most of it went on fresh mortgage lending.

Sales are now back to normal and averaging more than 100,000 per month. Prices have been let off the leash, and the demand for homes has pushed the cost of the average UK home back up to £183,000, with prices now rising across the country at more than 10% a year. Prices in London have been in a bubble all of their own, and the average cost there is now £438,000.

At this point in time, the economy is growing, and the official unemployment count is still falling fast. Assuming there is no change in those trends by next spring, sales will still be brisk, prices will probably be higher than they are now, and saving a deposit and raising a mortgage will still be a big financial undertaking. ■

BY MAY 1997, WHEN TONY BLAIR WAS FIRST ELECTED AS LABOUR PRIME MINISTER, HOUSE SALES HAD SIGNIFICANTLY PICKED UP. THE 360,000 SALES RECORDED BETWEEN APRIL AND JUNE THAT YEAR WERE THE HIGHEST FOR ANY SECOND QUARTER DURING THAT DECADE.

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LONDON PROPERTY PRICES

Looking at the capital's most expensive homes

Global real estate services provider Savills recently predicted that property prices in central London could rise 26% by late 2017. In this article, we look at some of the capital's most expensive properties that you can currently find on the market.





This Italianate Grade II listed villa in Holland Park is on the market for £26.5m.
Picture: Knight Frank



This modernist home in London's Highgate, complete with swimming pool and cinema, is on the market for £18.95m.
Picture: Savills



A former notable resident of this Knightsbridge house is Charles Digby Harrod, son of the founder of Harrods. It could be yours for £17.5m.
Picture: Savills



A five-bedroomed apartment in Kensington. This property, which boasts a pool and gym, has a £30m price tag.
Picture: Savills



This double-fronted Victorian villa, which also has a landscaped garden, is on the market for £29m.
Picture: Knight Frank



This Eaton Square apartment, complete with fabulous dining room and a maid's room, is on sale for £28m.
Picture: Savills



A home in Belgrave Square, with six reception rooms and the same number of bedrooms and bathrooms, would set you back £35m.
Picture: Savills



This elegant Belgravia home, with roof terrace and a cantilevered staircase, has an £18m price tag.
Picture: Knight Frank



A Hampstead mansion in immaculate condition could be yours for £40m.
Picture: Knight Frank

MOVE OR IMPROVE?

New research shows the nation's obsession with home improvements

The latest research from Lloyds Bank shows that over 14 million people (44%) have either undertaken extensive work on their current property or are planning to do so within the next year, in order to improve or add value to their home. As house prices increase, almost two million homeowners say they couldn't afford to move so have decided to improve their current house instead.



Those aged between 25 and 34 are most likely to undertake redevelopments in the next 12 months, with over a quarter (27%) planning work. Within this age group, a further 30% have already completed significant home improvements on their current property.

MAKING A HOUSE A HOME

Improving the look of the house has shown to be the most frequent reason for undertaking home improvements, with 40% saying this was their key driver. This indicates that carrying out work on the house is a decision that is predominantly made to make a house a home, rather than for financial gain. However, a third (33%) of respondents also said adding value was a reason for improvements ahead of making improvements out of necessity, for example, to accommodate their immediate family growing (22%).

When it comes to looking at the function of the new space created by home improvements, creating additional living space seems to be the main priority, with 60% of respondents stating this as an average across England and Wales. New kitchens (40%), bathrooms (30%) and bedrooms (28%) are the next priorities for homeowners looking to improve.

THE VALUE OF IMPROVEMENTS

Almost one in five (18%), or nearly 6 million homeowners nationally, have previously bought a smaller property than they would have liked as a result of rising house prices. In the South East, this figure rises to 21%. Of those that did buy a smaller property than they would have liked, a quarter (25%) did so with a view to extending or improving the property to add value, with a further 18% doing so to extend and meet their housing needs.

Significant sums of money are also being spent to improve, with nearly a third (32%) of homeowners spending between £10,000 and £25,000 on the necessary work. A further 22% of people have spent between £5,000 and £10,000, while 13% of respondents have spent between £25,000 and £50,000.

These figures are very similar in comparison to how much value people feel the improvements added to their property, showing people felt that the amount they invested was similar to the amount of value it added.

- 20% felt that their improvements added between £5,000 and £10,000
- 29% felt that their improvements added between £10,000 and £25,000
- 13% felt that their improvements added between £25,000 and £50,000

LACK OF AVAILABLE PROPERTIES

Regionally, those in the South East (including London) are more likely to undertake large-scale home improvements than in any other area. Over a third (34%) have undertaken major work on their current property, and a further 20% plan to do so within the next year.

In the South East, 38% of redevelopments are to create new bedrooms for the people living in the house. This is a lot higher than the national average, where 28% of redevelopments are to add bedrooms, and it is also 8% higher than the next highest region. This could reflect the lack of available properties in the South East, meaning people are more likely to look to redevelop. In the North of England, just 20% of work is carried out to add new bedrooms to a property.

By comparison, creating additional living space is not as important for those in the South East. Although it is still the most common reason why people in the region make home improvements (53%), it is a lot lower than the national average (60%) and the other regions of England and Wales. At the opposite end of the scale, over two thirds of people in the Midlands (67%) see increasing their living space as a priority when it comes to improving their home.

QUICK IMPROVEMENTS

In Wales and the South West, nearly one in five (19%) made improvements in order to sell their property – significantly higher than the national average of 7% and a lot higher than the next highest region, the North of England, at 8%.

Respondents in this region are more likely to focus their energy towards new kitchens (55%) and bathrooms (44%) than in any other region, but less likely to add new bedrooms to their property (23%). This may reflect the desire to make quick improvements in order to sell the property, as work to create new bedrooms can be a more substantial undertaking.

In the North of England, the focus is on enhancing the house for the benefit of the homeowner. Nearly half (46%) of improvements had the aim of improving the overall look of the property, above the national average of 40%. 17% of people in the North of England said that they couldn't afford to move, so opted to improve their house instead, which is higher than any other region in England and Wales.

Source:
ICM Research interviewed a random sample of 2,033 adults aged 18+ (of which 1,408 were homeowners) via online methods between 14–15 May 2014.



NEXT STOP: BILLIONAIRE'S ROW

London's 20 most expensive bus routes

Commercial property consultancy Knight Frank has calculated London's 20 most expensive bus routes by property price. The results are based on property sales 200 metres either side of each bus route, which gives an average sale price along the entire route.

The most expensive route is the number 9, which leaves Hammersmith and goes through Kensington (see full table right).

The number 22 is in second place, and the ten most expensive routes all go through the borough of Kensington & Chelsea.

Despite the fact that prices are rising faster in other parts of London like the City and Marylebone, it shows values still have some way to go before they catch up with traditional areas of prime central London.

It's really no surprise to see the number 9 in the top spot. The moment it leaves Hammersmith, prices start to rise, and as you cross into the Royal Borough, you see a big jump in prices. You pass some of the most expensive streets in the world, including the famous Kensington Palace Gardens – otherwise known as 'Billionaire's Row'. Meanwhile, the number 22 bus travels from Putney to Piccadilly Circus and takes in the full length of the world-famous Kings Road. ■

THE FULL TOP 20:

Rank	Route	Average sale price
1	9	£2,019,243
2	22	£1,624,190
3	C1	£1,617,704
4	10	£1,585,502
5	52	£1,422,765
6	11	£1,409,245
7	N52	£1,403,217
8	N97	£1,325,735
9	19	£1,322,279
10	14	£1,251,792
11	452	£1,242,654
12	74	£1,231,952
13	94	£1,217,713
14	H2	£1,205,215
15	414	£1,204,029
16	N22	£1,179,512
17	211	£1,165,721
18	N19	£1,156,898
19	49	£1,138,183
20	N74	£1,113,201



BRITAIN'S PROPERTY MILLIONAIRES



London boasts the nation's twenty priciest addresses

The number of homeowners in Britain who can claim to be 'property millionaires' now stands at 484,081 – almost 50% higher than last year, according to figures released by property website Zoopla.

The latest Property Rich List 2014 from Zoopla shows that the ten most expensive streets in Britain have seen property values grow 12.9% over the last year, compared to the rest of the country where average values have risen by 6.6% over the same period.

TOP-END MARKET GROWTH

The growth in property values at the top end of the market has also helped increase the number of streets with an average property value of over £1 million by almost a third over the last twelve months to 10,613. Just under a third of the streets with average property values over £1 million are located in London (3,744).

There are now 12 streets with average house prices over £10 million, all of which, unsurprisingly, are in London. The average property on Kensington Palace Gardens, the most expensive street, is now worth

£42,730,706 – 162 times the value of the average British home (currently valued at £263,705 according to Zoopla). For this price, you will be able to count the Sultan of Brunei as your neighbour on this exclusive 'Billionaires Row'.

PROPERTY RICH LIST

The Boltons in SW10 takes second place on this year's property rich list, with average house prices standing at £26,570,341, and Grosvenor Crescent in SW1 rounds out the top three with average property prices of £22,293,470. Outside of the capital, the most expensive street in Britain is Sunninghill Road in Surrey, where the average home is currently worth £5,605,067. The two most expensive towns outside London are both in Surrey, with average house prices in Virginia Water at £1,186,262 and Cobham at £1,003,400.

W8 (Kensington) remains London's most prestigious postcode, with average property prices in the area of £2.78m. Neighbouring SW7 (Knightsbridge), the next most expensive area in the capital, has average values of £2.48m, while property values in third-placed SW3 (Chelsea) stand at £2.37m. The rest of the top 10 is dominated by areas in South West, West and North West London.

A MAGNET FOR THE SUPER-WEALTHY

London boasts all of Britain's twenty priciest addresses. Prime properties in the capital have long been a magnet for the super-wealthy looking for a safe investment asset. For the lucky few who can afford these stratospheric price tags, the fabulous mansions on streets like Kensington Palace Gardens and the Boltons are offering very strong returns. ■

PUBLIC TRANSPORT ON YOUR DOORSTEP

The capital's high premiums for living near transport links

As you make that journey to the station on a freezing cold winter's morning, have you ever wondered how much more you would pay to live closer to the main transport links?

According to a survey carried out by the Halifax, that all depends on where you live. The survey concentrated on three metropolitan areas: London, Glasgow and Manchester. Of the three, London has by far the most extensive transport network, with 94% of homes within 1,500m of a station (which is just under a mile). Glasgow has 72% and Manchester 69%.

RELIANCE ON PUBLIC TRANSPORT

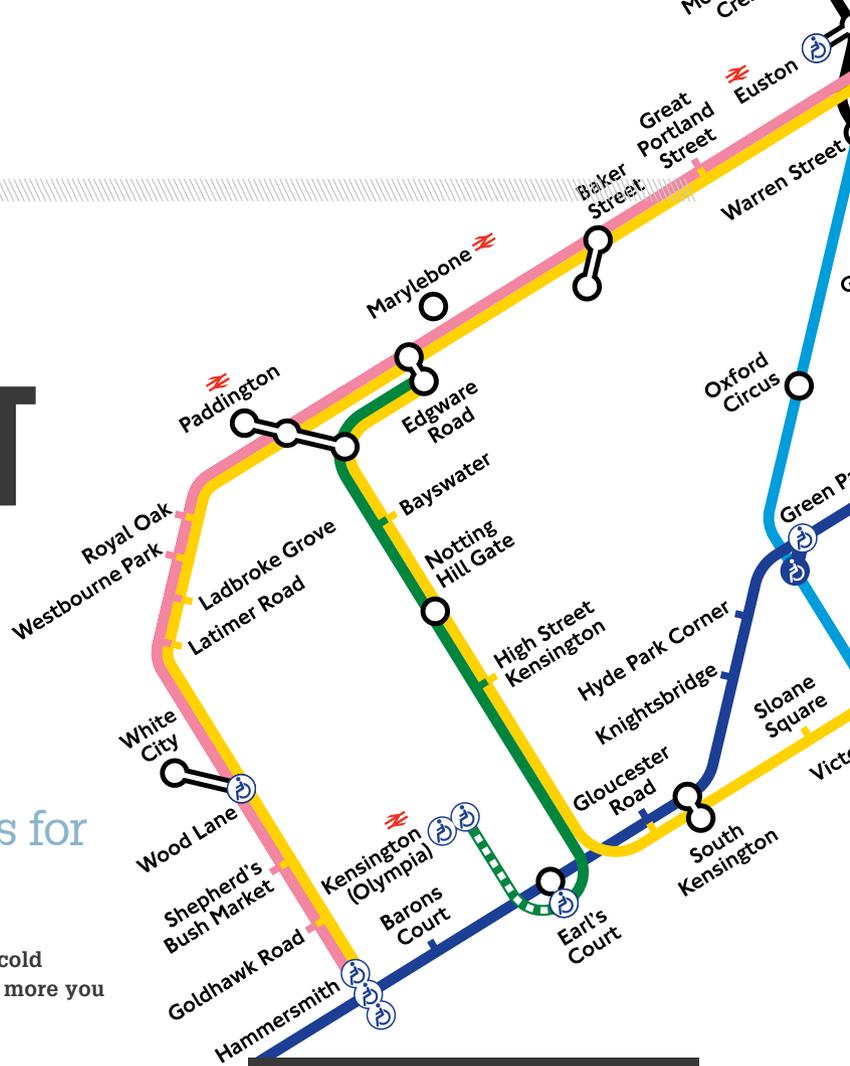
London, it turns out, has the highest premium for living near transport links – 10.6% (or £42,000 on the average house) for properties within 500m of a train or subway station. Glasgow is second at 6.0% (£9,400) and Manchester, with the least dense transport network, is third at 4.6% (£8,300). The further away you go, the more the premium falls – by approximately 25% for 750m, and then by around 50% for 1,000m.

At first glance, the results would seem illogical – London has by far the best access to the public transport network, so why is there such an emphasis on living right on top of a station? The answer is simple: in London, a far higher percentage of the population relies on public transport to get to work, with only half the average rate commuting by car.

Camden is the top borough for transport links, with 85% of properties within 500m of a station, but is also one of the most expensive ones, with an average price of £843,000. The worst boroughs for proximity to transport links are Havering, Bexley, Barking and Dagenham.

THE LONDON UNDERGROUND

The average price is the highest for houses whose nearest station is the Circle line – £802,601 (Halifax: Average London price £330,315). There is a much smaller spread between the rest of the lines. The Metropolitan line is the cheapest at £369,417. This is most likely because it stretches quite a long way into cheaper suburban areas. ■



Line (nearest station)	Average Price
Circle	£802,601
Bakerloo	£550,762
Northern	£530,506
Victoria	£518,512
Jubilee	£503,689
Overground	£484,630
Hammersmith & City	£478,624
District	£461,683
Piccadilly	£442,594
Docklands Light Railway	£440,704
Central	£373,950
Metropolitan	£369,417

CONTACT US FOR FURTHER INFORMATION

As part of our service, we take the time to understand our clients' unique needs and circumstances, so that we can provide them with the most suitable solutions in the most cost-effective way. If you would like to discuss the range of services we offer, please contact scales porter on 0207 4708888 or email info@scalesporter.co.uk for further information.



THE UK HOUSE-BUYING PROCESS

How long are we waiting to complete transactions?

The house-buying process takes longer in the South East than anywhere else in the UK, according to a new report.

The research, carried out by removals company Bishop's Move, which is this year celebrating its 160th year in business, surveyed 1,000 people and found that almost half (47%) of those in the South East take between 10–15 weeks to get their property transactions completed.

Of those surveyed, 22% in the South East said it took them between 10–12 weeks and 25% said it took them between 13–15 weeks to complete the house buying process. A further 9% said it took them between 16–18 weeks. Only East Anglia ran the South East close, with 46% also taking between 10–15 weeks.

In contrast, 41% of those in the North East are in their new homes

within just six weeks from having an offer accepted, while 54% in the South West complete their moves within nine weeks.

Perhaps unsurprisingly, given the differences in the house-buying process north of the border, those buying a home are in their new property, on average, within just six weeks. In Scotland, the majority of property is sold by estate agents working within solicitors' firms, ensuring transactions are dealt with under one roof. Another difference is that under the Scottish system, the majority of checks are carried out before any offer is made.

With a buoyant housing market across the South East, it comes as a

surprise to see transactions taking so long across the region. It remains to be seen whether this points to a lack of resources against what is currently a high number of moves. ■

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TO PANIC OR NOT TO PANIC

Japanese knotweed: the facts behind the headlines

In recent years, there have been some frightening headlines in the national press about the implications of having Fallopia Japonica – more commonly known as ‘Japanese knotweed’ – anywhere near your property. So why is this and what are the hard facts?

FEARSOME REPUTATION

Japanese knotweed was originally imported from Japan in the Victorian era as an ornamental plant. Unfortunately, at the time, no one realised what an invasive species it was or how difficult it was to kill off, or that it was capable of growing through even the hardest of surfaces, such as tarmac, paving and concrete. As a result, when it came into contact with buildings, it did extensive damage, growing through foundations, floors and walls.

Often likened to a triffid, its fearsome reputation spread almost as fast as the plant. Despite being a non-native species, it can now be found throughout the country. Indeed, it is claimed there is not a six-mile square patch of the UK that is knotweed-free.

WILDLIFE AND COUNTRYSIDE ACT

Japanese knotweed can grow up to 10cm per day and is capable of re-growing from a piece of root (rhizome) as small as 0.4g. At that kind of size, without professional help, it is almost impossible to completely eradicate

the plant by digging it out, and any spoil taken from the site is liable to be contaminated.

The problem was deemed so serious that in 1981, under the Wildlife and Countryside Act, it became an offence to ‘plant or otherwise cause Japanese knotweed to grow in the wild’. And from 1990, you were only able to dispose of it at a licensed landfill site (Environmental Protection Act).

However, it was only a couple of years ago, when banks and building societies began to refuse to lend against houses that had knotweed in their vicinity, that the topic really hit the headlines.

It was, in truth, a complete overreaction. Knotweed is not a triffid, nor anything like it. It can be dealt with and is far more of a problem with newbuilds than with older housing stock. Given a choice, knotweed will follow the path of least resistance – in other words, it will grow away from hard materials if there is a softer alternative available. Most problems therefore occur when you build over the top of it.





WAVE OF PUBLICITY

Lots of people saw the initial wave of publicity – the unsaleable homes and their distraught owners. What they didn't see was that RICS (Royal Institution of Chartered Surveyors) recognised the absurdity of the situation, immediately taking action to put some perspective into the issue.

As a result, things have calmed down considerably – you still have to declare the presence of knotweed at your property when you sell it, but surveyors will now classify infestations in different categories, depending on their proximity to the house. And, if there is a problem, lenders will almost certainly require money to be set aside for dealing with it, rather than refusing the mortgage application outright.

THE BEST COURSE OF ACTION

People do attempt to get rid of Japanese knotweed by themselves, but it's not easy. The roots are up to seven feet deep, and if you leave even

the tiniest scrap behind, the plant will regrow. In addition, you cannot dispose of the plants at the local dump – you will have to dry them out and burn them. You could also try using a glyphosate-based weedkiller, but you'll need to keep reapplying it for anything up to four years, and it is nowhere near as effective as the ones the professionals use.

Specialist companies use a variety of methods for eradicating knotweed. These include spraying or injecting the stems with herbicides (which needs repeating over three to four years) and digging them out, which is more expensive but instant. It costs around £100 per square foot and normally comes with a 10-year guarantee that should placate most lenders. So, unless you have an enormous patch of it in your garden, it will probably cost no more than a couple of thousand pounds to get rid of – unpleasant, but not disastrous. If it is in a neighbour's garden, on the other hand, you can't force them to do anything about it. It is not a

notifiable weed, but it is an offence to allow it to spread to someone else's land. Most experts say the best course of action is to discuss it with your neighbour and see if you can devise a joint strategy to combat the problem. In the meanwhile, you could always install a root barrier to prevent it from spreading any further.

So now you know – if you've got Japanese knotweed in your garden, or indeed if your neighbours have, there's no need to panic. ■

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