



January 2021

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An unexpected window of opportunity

Early January saw the UK plunged into a tough new lockdown with schools closed in the face of a new and rapidly spreading Covid variant. Thankfully, the property market remains open, but these developments will defer what promised to have been a buoyant Q1, as foreign buyers tried to beat the introduction of a 2% tax surcharge on 1st April. Instead, overseas interest is likely to remain muted before activity surges again in the second half of the year. This is creating an unexpected window of opportunity to purchase prime Central London property at competitive prices, however.

Our January newsletter outlines our views on the implications of the new lockdown and the opportunity it presents; stresses the benefits of using an experienced buying agent during these challenging times; discusses the implications of sterling strength for the market now that a Brexit trade deal has been agreed; and highlights widespread press coverage Black Brick received over the Christmas period.

We received some welcome positive news from the government on Thursday 7th January, confirming that UK leaseholders will now be given the right to extend their lease by a maximum term of 990 years at zero ground rent. Reacting to the announcement, Black Brick's Camilla Dell commented: "This is big news and will be welcomed by many. Many of our overseas buyers are worried about buying properties with leases and prefer freehold. This change in law will create much more certainty for anyone considering buying or currently already in a leasehold property."

We are delighted to be participating this month in The Luxury Property Forum on Thursday 21st January. Camilla Dell, Black Brick Managing Partner, will appear alongside Lucian Cook, Head of UK Residential Research at Savills UK; Swita Kothari, Prime Residential Senior Associate at CMS Cameron McKenna LLP; and Alec Watt, CEO and Founder of the Accouter Group of Companies. To register for the webinar please click [here](#).



What does the new lockdown mean for the property market?

Camilla Dell, Black Brick Managing Partner, welcomed the news that the UK property market will be allowed to continue functioning during the latest period of lockdown: "This lockdown will be very different from March. The property market remains open and we can continue to work, which is very positive news. We won't again see the dearth of transactions and we expect the market to behave much like the second half of 2020. Domestic buyers will continue to dominate given increased travel restrictions but we have acquired new overseas clients even very recently. The April 1st stamp duty deadline remains an incentive to move quickly."

While we might have expected foreign buyers to return to the UK market in Q1 to beat the April overseas buyers' surcharge, it will be difficult to travel to the UK in the coming weeks - not just because a negative Covid test will be required to enter the country, but because overseas visitors will be concerned about safety in the face of new UK variants. High Net Worth individuals that decamped to the countryside during the March lockdown may now choose to stay abroad in warmer climes where they spent the Christmas period, such as Barbados, Antigua and Dubai, waiting until the early summer to return.

Areas of central London typically attractive to overseas buyers will continue to be quiet, creating the opportunity for opportunistic bids by those willing and able to buy - Knightsbridge and Mayfair, for example. Notes Black Brick's Caspar Harvard-Walls: "Q1 presents a brilliant time to buy in Prime Central London as purchasers will not face the competition from foreign buyers we were expecting. Foreign buyer demand will now be pushed into Q3 and Q4 2021."



The benefits of using a buying agent during a pandemic

Instructing a buying agent at any time opens doors to the best properties, an honest third-party opinion on purchases, research on comparable sales and trusted recommendations for other service providers (conveyancing, interior design, architects, etc). Such assistance becomes even more essential in the context of a pandemic and rolling lockdowns.

Plenty of good quality stock is not currently being advertised on the open market as sellers wait the return of overseas purchasers. "There is the stock out there, and motivated sellers," says Black Brick's Caspar Harvard-Walls, "but these properties are not necessarily being openly marketed by estate agents or on the online portals. Sellers are instructing agents on a 'no advertising basis' where they can afford to wait but would like a bid, anticipating the return of overseas buyers later in the year."

Black Brick can leverage our network of estate agent connections to access off-market properties, carrying out appropriate due diligence to ensure our buyers secure competitive pricing at a time of market uncertainty. Comparable sales research is more essential than ever in this market as the pandemic has shifted buyer preferences across property types and postcodes. Engaging Black Brick for our initial instruction fee of £3000 allows you to see what is actually out there and make the most of a buyers' market in Q1.

While 'virtual' viewings have taken off as a means of reducing Covid risks and coping with the restrictions of lockdown, these videos and walk-arounds are produced by estate agents acting on behalf of the sellers. They will not show up that compromised view or tired décor which our investigations will uncover. Black Brick will provide you with a clear and balanced picture of a potential purchase, looking far beyond the agent's marketing brochure.

Employing our services also helps our clients to reduce Covid risks - not just via virtual tours but by reducing the number of properties a client may need to physical visit during a search. Rather than viewing 20-30 properties, we can whittle that number down to 5-6 on your behalf. We also ensure there are measures in place to keep people safe, including social distancing, use of PPE, making sure the owner is absent during the viewing and opening windows to ventilate the property beforehand. Well-managed, well-curated viewings help to reduce the risk of Covid transmission and to avoid wasting both buyers' and sellers' time.



Appreciating sterling

A significant change for the UK property market in 2021 is the reversal of sterling's fortunes against the dollar, now galvanised by the signing of a Brexit trade deal between the UK and the EU. Sterling has recovered from its post-Brexit vote lows of around \$1.20 to \$1.35 and could rise further this year. To the extent that overseas investors have already 'banked' these gains and have sterling cash sitting on the sidelines, this could help to stimulate the London market as the Covid fog lifts later in the year. But the 'dollar discount' for London property is quickly evaporating.

Luckily, the same cannot be said for euro buyers, where euro appreciation has kept pace with sterling. Those who, perhaps, require a more permanent base in the UK in the wake of Brexit for work purposes, are not facing the same sort of FX headwinds as their US counterparts.



Black Brick in the press

Over the Christmas period, Black Brick featured in a range of news publications, including the Financial Times, the Telegraph and Bloomberg. Our views were picked up on topics ranging from the 2021 outlook, property trends among the ultra-rich, how developments aimed at foreign buyers are faring, and the argument for a quiet Q1.

On the return of foreign buyers and 'Test to Release' travel rules...

Camilla Dell, a buying agent and managing partner at Black Brick says the quarantine reduction could help transaction volumes in PCL 'spring back to life' [but] "Until the whole of London is open, including restaurants, hotels [and] retail, we don't see foreign buyers returning in huge numbers, even with the new rule in place."

Property Investor Today

...the impact on new developments aimed at foreign buyers...

Larger developments like Lillie Square and Battersea are suffering because of the tax changes for overseas buyers, according to Camilla Dell, managing partner at buying agent Black Brick Property Solutions. "That part of the new development market in London is challenged and has the potential for price falls," she said.

Bloomberg

...the potential for those relocating from Hong Kong to support the market...

"Unlike wealthy buyers from the Middle East or the U.S, Hong Kongers are probably looking to relocate permanently to the U.K. There will be potential for more buyers as a result of BNO holders being told they're welcome with open arms."

Buy Association

...the likelihood of a quiet start to the year...

Between December 26 last year and January 8, the number of daily visits to Rightmove increased by 71 per cent. This year is different, of course, but Camilla Dell, managing partner at buying agents Black Brick, still thinks people will find the time for some mindless festive scrolling. "This time of year people are always drawn to the portals for some good old 'property porn' — and perhaps this year more than ever as, let's face it, there isn't much else to do," she says. "But, whether this will translate into a flurry of new transactions in the new year remains to be seen. I think a lot of people wanting to make a move this year already have."

Financial Times

...and the Q1 opportunity for domestic buyers:

Post-Covid - or, at least, post-vaccine - London will also see the return of overseas buyers. For UK buyers with serious money, their absence currently opens up opportunities in prime central areas such as Mayfair and Belgravia. "Apartment prices in central London's golden postcodes have fallen by 8.2% in five years and houses are down by 1%. There are no viewings taking place and none of the usual audience is here. But by next summer, it will be more competitive again," says Dell.

The Telegraph

Last, but not least, our founder Camilla Dell featured on The Negotiator's 'Women in Property' Power List 2020.

The Negotiator



Rental of the month: The Fitzbourne, New Cavendish Street, W1 - £10,250 per/month

We were engaged by a Canadian client who was relocating to London for work on short notice. She was looking to rent a three-bedroom property within a 15-minute taxi journey of her new office in Kings Cross. It was critical that the apartment be in great condition, fully furnished, have air conditioning, a lift and have some outside space. This was a tough search, made no easier by the Covid-19 international travel restrictions and quarantine rules. The client would therefore have to rely heavily on our expertise and guidance to find the right option as she would be selecting the property remotely.

We identified the **perfect 3-bedroom apartment** with a sensational roof terrace set in a boutique portered mansion block in the heart of Fitzrovia which matched all the criteria given to us. We provided a comprehensive video tour so the client could get a sense of the space and condition of the apartment which gave her the confidence to move forwards without seeing it in person. When securing the flat we were able to negotiate over a 32% discount from the asking price - from £15,167 pcm down to £10,250pcm.



We're ready when you are.

We would be delighted to hear from you to discuss your own property requirements and how we may be able to assist you. Should you wish to arrange for a non obligatory consultation, please contact us:

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