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Russells Newsletter

February 2012

Welcome

Welcome to our first Newsletter of 2012. The year starts full of uncertainty, with the economy still in difficulties and the Eurozone crisis casting a shadow over any optimism.

We, however, believe that we should all be cheerful and as far as the Cambridge property market is concerned, there are very good reasons to be optimistic. The sales market remains relatively good as outlined by Jonathon Myles, Partner for the Sales Department in this month's Sales article.

The rental market also remains relatively strong, although it is as always an evolving market. This month's Lettings article highlights this.

Whilst we are now in February, we would nevertheless like to wish all our customers, clients, friends and acquaintances a very success and prosperous 2012.

Mortgage Health Check

Russells Financial are offering free mortgage health checks which are available to all. The mortgage market changes rapidly. If you would like a health check on your buy to let mortgage or mortgage on your home to make sure that you are getting the very best deal available, contact Phil Duff on 01223 569306, email pduff@russellres.co.uk.

Sales, The Market and Trends

The local property market ended 2010 with a severe shortage of new properties coming on to the market. This is not surprising, as the last quarter of the calendar year is always the quietest. In 2011 however, the media publicity surrounding the problems in the Eurozone and the U.K High Street served to make the problem a lot more acute. This situation meant that the number of transactions taking place dipped below our expectations for this part of the year.



Every cloud has a silver lining however, and with the lack of available stock, prices held up well, at a time of the year when we would usually expect them to dip slightly.

In this issue

- Welcome
- Mortgage Health Check
- Sales, The Market and Trends
- Lettings Department
- Facebook and Twitter
- Congratulations!

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Many properties that had remained un-sold through the busier Summer and Autumn periods began to sell quite readily. Cambridge differs from much of the country in that the population is quite transient, unemployment is low, and average pay quite high. A decent proportion of the properties in the City and some of the villages are rented out and this restricts supply to the market as an investment buyer may retain a property for many years, whereas an owner occupier will on average move every 7 years or so. This helps properties retain their value as the market remains balanced despite the national trend.

Many people who move to Cambridge to work wish to buy rather than rent and have good deposits. As a result, the local market has been affected much less by the restricted level of mortgage funding than nationally. One trend that has been quite noticeable is that owner occupiers are making up a much larger proportion of purchases than they did in the few years before 2008.

There remains a lot of publicity surrounding the threat of a double dip recession in 2012, there have been many high profile casualties on the High Street and unemployment nationally has been rising, the negative coverage on the economy by the media is likely to lead to a loss of confidence in the market amongst the buying public. This will in turn affect the property market. For the reasons already mentioned, Cambridge is a pretty safe place to own a property, although the overall annual market cycle is likely to follow the pattern of a flat market with some small growth in prices between now and May 2012 followed by a slight drop in values during the quieter second six months of the year, it is likely that the property market will continue on this path for a few more years yet. If you are considering selling your property in 2012, it follows that you are much more likely to be successful in gaining the optimum price by marketing between now and June.

Although the market is healthy, it is balanced and this means that it is not the boom market that many Cambridge property owners became used to between the years 2000 and 2008. As a result accurate pricing is vital, our recent sale of a modern townhouse on Ainsworth place perhaps illustrates this effectively. Advertised last year at £365,000, interest was minimal with a few viewings and one low offer being received. Advertised this year in the first week of January at £350,000, 13 viewings took place in a week, 3 offers were received and a sale agreed. Likewise a ground floor apartment on Pearl Close that followed our advice regarding the pricing has received a similar amount of interest with 4 offers being received and an offer accepted within a week to make it the most expensive apartment with 2 bedrooms that we are aware of having been sold on the development within the last 4 years. In both instances the sellers have benefited by marketing early in the year while there is still not much else on the market, at a time when large numbers of buyers are commencing their property search. In both of these cases we have disappointed buyers with nothing to offer them.

If you are considering selling your investment property over the next year or two then now would be a good time to start the process as competition is low and outweighed by the number of active buyers present. Please feel free to contact us at any time should you wish to discuss your properties value, or any other aspect of the local market.

Jonathon Myles

Lettings Department

Inevitably the winter and general gloom relating to the economy will have their effect on the rental market. The rental market is, however, and always has been a seasonal market with the summer, particularly August being the very busiest, they are the months in which a Landlord will always achieve the best rent. The fundamental difference between selling and renting a property is that empty properties produce no income at all. If the market is therefore going through a slightly quieter period, it is only sensible for a Landlord to reduce the rent slightly or offer another incentive in order to attract a tenant. It is sensible to have some rent rather than nothing. We always come up with marketing initiatives to achieve a very quick turnaround and to avoid empty periods if possible.

We have been extremely successful in January to keep empty properties to one of the lowest levels ever in January. This is the result of proactive marketing and constant liaison with Landlords. It is, however, not the general trend in the Cambridge market. We have noticed that a number of our competitors have very substantial lists of properties which are available immediately for let, with the net result being that tenants are being very choosy about properties, are viewing multiple houses and sometimes waiting a week to 10 days before making a decision. It is also very important that Landlords offer attractive properties to tenants. There is sometimes a view that if a property is rented the standard does not need to be the same as owner occupied property. We often hear *"that'll be alright for renting"* even on national television programmes. A tenant paying over £1,000 a month will look for quality. It is very often presentation that sets one property apart from the other and can be the simple difference between finding a tenant quickly or not.

Facebook and Twitter

Many of our tenants use Facebook and Twitter regularly. The use of social media enables us to get our name out to the market and perhaps more importantly, is being used as a new medium to advertise properties when they become available.

To follow us on Twitter our user name is <http://twitter.com/#!/russellslets> [Lettings]
<https://www.facebook.com/Russellssales> [Sales].

On Facebook our page/profile can be found at: <https://www.facebook.com/RussellsEstateAgents> [Sales]
<https://www.facebook.com/Russellslettingsagents> [Lettings]

Congratulations!

Two members of our team became proud parents in December.

Hannah Linstead who works as a Lettings Negotiator at the Cambridge office, gave birth to a baby girl Phoebe Isobel on 7th December. Both mother and baby are doing well.

Jonathan Myles who is a partner in the Sales Department became the proud father of a baby boy, Lucas Sebastian born on 8th December. Jonathan is back at work for the new year, but Hannah will be off until later in the year.

We welcome Kimberley Roman in Lettings Reception. Kimberley will be covering Hannah's maternity leave.



Jonathon Myles and baby Lucas Sebastian

Hannah Linstead and baby Phoebe Isobel

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