

- £425,000 – four bed house in Saltdean, walking distance of the sea. Decked garden, garage and off-street parking. Winkworth.
- £1.4m – six bed detached Victorian house in Hove, drawing room, dining room, roof terrace, garden and garage for four cars. Strutt & Parker
- £354,950 – two bed city-centre flat available off-plan in the Glass Pavilion development, 300 yards from Brighton Pier. Under-floor heating, some have balconies. Mishon Mackay.
- £419,950 – four storey Victorian 4 bed house in St George's Terrace, close to the seafront in the heart of Kemp Town. Bonett's.
- £349,950 – two bed ground floor flat in a listed building. Lewes Crescent, Kemp Town. Strutt and Parker
- £375,000 – three bed maisonette with roof terrace, Lansdowne Place, Hove. Strutt & Parker.

#### WHAT'S NEW

Mishon Mackay has recently sold the last of 21 townhouses, priced from £450,000, at Gladstone Row in the New England Quarter near the railway station. Marine Gardens is a development of four live-work units in Kemp Town, from £200,000 through Graves Jenkins. The Mirage in Hove will comprise nine luxury flats through Mishon Mackay. Coast has 40 two and three bed flats for sale from £175,000 through Savills. The One Brighton Development located in the city's New England Quarter will be one of the UK's first environmentally and socially sustainable "One Planet" communities. It is a joint venture between Crest Nicholson and Bio Regional Quintain and will result in a iconic scheme of eco-studios and one and two bed apartments. One Brighton is linked to local cycle routes leading into the city and also to Brighton train station, and for travelling further afield, the on site Car Club means residents will be able to hire a car as and when they require. Prices start from £125,000.

#### RENTAL MARKET

The buy-to-let market in the city is very strong, encouraged by two universities and numerous colleges and language schools. Brighton and Hove Council statistics show that at 18 per cent, the proportion of private rented accommodation is twice the national average, while council housing at 12 per cent is less than two thirds of the national level and Housing Association property is below the national average of 4.5 per cent. More social housing is needed but because land is so expensive the cost of rental would be at least as much as that in the private sector.

Rents in Brighton and Hove are strong. Leaders (the largest letting agent in the city) say that rental prices have increased by up to 20 per cent in recent years. Studios are £500 pcm; one bed apartments £650-£900; two bed £800-£1,500; three/ four bed apartments and houses up to around £1,000-£3,000.

David Thorne, lettings manager of the Western Road branch of Leaders, says, "Brighton is a very big rental town, with thousands of students as well as a very broad mix of people who choose to rent here first before they buy. I moved down from London eight years ago and every year I see the number of commuters from Brighton to London increasing. The good schools down here are a draw for many. The amount of rental stock in Brighton is on the up as many choose to rent out properties rather than sell. However, as new tenants will tell you, this gives bargaining power on rental prices and many landlords are renovating properties or adding extras to entice tenants. When we hit May the rental market goes nuts, because people want to be here for the summer and students look towards the next academic year. Gardens can be important because central

Brighton is quite urban, they are a really big selling point.”

Leaders have a number of properties which include tempting incentives. A two bed fully refurbished apartment in walking distance of the station, at £1,295 pcm included a plasma TV and new appliances. Others include designer kitchens and bathrooms and a car pool scheme, giving residents the use of a car without having to own one – and add to the parking issues!

Bonetts say that those seeking rental property are spoilt for choice. Their lettings department had its busiest first quarter ever and they are expecting an even busier summer this year than in 2008. Says Paul Bonett, “Rentals are busy but prices are about 10 per cent lower than the early part of the year. They may come down a little more as there is a lot of supply but people are not feeling ‘well off’.”

Andrew Boyle, MD of Brighton Lettings (part of the Town and Country Property Services Group) reports a slow first four months of 2009 due to oversupply but the market has become more balanced as the sales market improves. “There are plenty of prospective tenants who are able to be very choosy, resulting in a higher than normal viewing to let ratio.”

According to Martine McIntyre, Associate Director of Tingleys, at the start of the year there was a greater supply of properties than demand. “Landlords were advised to ensure their property had the competitive edge. A few months on, some say this has reversed, demand is greater than supply. To a degree this is correct. Many agents incorporated rentals to keep their business ticking over which had a detrimental effect on the specialist lettings agencies. Sellers couldn’t sell therefore offered their properties for six-month rentals. The insecurity of a tenancy term forced many tenants to sit tight where they were and not move. With turnaround reduced and investors not buying, demand became greater.”

Quality of rental accommodation varies enormously but it has improved. Rand & Co believes that this is probably due to the number of homes that would have been on the sales market but are now offered for rent. Jo-Blaise Martin from Massey Property Services agrees: “We are saying to landlords, their property has to be either the best property tenants see that day or the best value for money – if it doesn’t fall into one of those categories it will take some time to let.”

Hayley Majtas of Rand & Co feels the market will very slowly improve and rents will level out to 2008 prices; “Demand has definitely dropped. Rents have dropped and most tenants now offer less than the advertised price.”

## THE AUCTION

Scene Clive Emson Auctioneers, one of the southeast’s largest property auctioneers, has not seen a substantial increase in the number of properties going to auction in Brighton and Hove. Fox and Sons Auctions report that lots are down on a year ago about 30-40 per cent – the Essential Information Group reports a national 31 per cent decrease in lots nationwide but a 47 per cent decrease in southeast England. Austin Gray Auctioneers would agree that lots are quite hard to come by but all three auctioneers have seen a significant increase in interest from potential buyers.

James Emson, Auctioneer at Clive Emson reports a great demand for all property that is competitively priced, especially unusual properties and those requiring modernisation. “The investment market has seen a good interest from existing investors and private individuals disheartened by the low return on their savings.” he comments. “Both residential and commercial properties are in demand as long as they are priced realistically and buyers can see a return, either from investment or capital growth. We have seen a fair number of residential lots bought by owner occupiers, especially ones in good locations.”

Austin Gray Auctioneers’ July Auction was their largest in five years. “There has been a considerable increase in the level of enquiries and viewings, even for development lots for which there was little or no interest last year”, says Nick Muston, Auction Manager of Austin Gray. “The residential market has shown a marked improvement since the grim final quarter of 2008, with easily rentable flats proving particularly popular with investors who want a better return than they currently achieve on deposit accounts.” Auction prices appear to be holding relatively steady. For the same six month period in 2008 Clive Emson sold 362 properties at an average price of £138,000, in 2009 they have sold 325 properties at an average price of £126,000. Some of this can be attributed to the current market, some to the fact that larger properties are harder to finance at present.

John Colman, Sussex Auctioneer at Fox and Sons, says prices are up on six months ago, perhaps similar to last year. More than 80 per cent of their properties are reaching or exceeding reserve and a number have been sold at a significantly higher price than expected. “A year ago lots were selling but not surprising us on

price”, says John. “Now 30 per cent are going for more than we would have expected a few months ago – due to demand.” Fox and Sons auctioned a house in Crawley which achieved £191,000 against a guide of £130-140,000 and another house in Worthing that exceeded its guide by £40,000.

Clive Emson recently had several good investments that exceeded guide prices. James Emson believes that this is down to people looking at a lot and deciding that to them it is worth more for convenience or it is their preferred area. In Rottingdean they had three flats offered individually with a total guide of £225,000 – on the day the total realisation ended at £326,000. Clive Emson Auctioneers has auctioned 376 properties with a success rate of 87 per cent including the lots sold post.

Austin Gray also report excellent success rates of 78 per cent on the day climbing to 84 per cent with post sales. “If I look back at the results achieved at the end of last year, I would be confident of bettering those prices now”, adds Nick Muston. “I sold a very dilapidated, ex-squatted, two bed house in Surrey Street opposite Brighton Station, next door to a pub and in the same road as two “adult” shops in a recent sale for considerably more than the guide of £130-£140,000, (which certainly attracted the crowds, but given that it would need £70,000 spent on it and when finished would be worth £220,000 it seemed sensible) It sold to an owner occupier on the day for £190,000. Bedford Square, Brighton, a registered HMO producing £41,000 pa sold for £450,000.”

Auction houses in Brighton are dealing with a mere handful of repossessions. Fox and Sons report 5-10 per cent maximum, significantly fewer than expected. Clive Emson auctions have about one per cent sold by the mortgagee. “There is still a myth that repossessions are cheap; this is not necessarily the case, the mortgage companies are bound to achieve the best possible price they can. All the properties in the Clive Emson catalogue are marketed with realistic guide prices,” comments James Emson.

#### COMMERCIAL MARKET

The downturn in the UK commercial property market in the last few months shows no sign of abating, but there are pockets of good news, Brighton would appear to be one.

Colin Brades, Associate Partner of Cluttons LLP, reports that industrial, retail and office space are all holding up relatively well and there is life across prime, secondary and tertiary markets. In Brighton the retail sector has seen the most significant rise in the last three months for requirement, demand, viewing and offers.

“Supply across all three sectors is pretty consistent at present”, he says. “There is mainly a letting demand but freehold requirements are holding up. Prospective tenant demand for rent free periods has increased and we are seeing a rise in offers based upon RPI linked, collared and capped rent review and lower premiums are being offered and secured. Six months ago landlords were reluctant to offer greater incentives but today they are now well educated as empty property rates bite.”

Philip Graves, Director of Graves Jenkins believes that demand has increased since the start of 2009 but that 90 per cent of transactions are now leasehold rather than freehold (70/30 ratio before). He reports no over-supply in any sector with small offices and industrial 1,000 to 2,500 sq ft and retail units are in most demand. The company is achieving average rents per square foot of £8-£9 for industrial, £13-£14 for office, £40-£50 for retail and prime retail £130-£150. Philip says that they are not seeing any serious reductions in rates but more flexible lease terms – 3-6 months rent free, terms from three years or breaks, and limited liabilities.

Simon Forrest, Head of Commercial at Oakley Property reports that Brighton town centre retail, especially in the North Laine area is the sector most in demand. Also popular are centrally located offices up to 2,000 sq ft. Average retail rents per square foot vary between £10-£300 depending on location, industrial £6.50-£9 and offices £10-£17.50. Rents for offices are on average down by 15-20 per cent, industrial down by approximately 10 per cent and retail, in poor locations, down 20 per cent, in good locations they are static. Simon believes that the incentives available are working to some degree. “Most landlords are offering incentives so it becomes a sort of ‘arms race’ with landlords trying to offer better deals than their competitors and this has driven rents down.” One client is offering ‘buy deals’, the objective being to sell – eventually. “Tenants can rent for up to two years and if they take up the option to purchase they will have their rent refunded! As well as lower rents being offered, we also see stepped rents (with reduced rental terms at the outset of the lease) or rent free periods.”

Oakley Property provided three examples of recent deals: 70 Old Shoreham Road, Hove – self-contained office building of 1,070 sq ft, sold freehold for £317,000; Lewes Road, Brighton – retail warehouse of 3,250 sq ft, let on a new 15 year lease at £40,000 pa; Sydney Street, Brighton – ground floor lock up shop of 535 sq ft,

let for five years at a rent of £12,000pa.

Parson Son & Basley also report that retail and office space is in the greatest demand, though Barry Hough, Commercial Agency Manager says "Demand has decreased, I can see no excess in supply." Again he believes that the incentives on offer such as rent free periods, low starting rents and flexible lease terms, are good tools to attract tenants. Recent deals include Chatham Place, Brighton – a lock up shop of 200 sq ft plus 300 sq ft storage, letting at £7,000 pa. and 922 sq ft of first floor offices in Portslade letting at £12,100 pa.

Over the next two years Parson Son & Basley and Cluttons LLP both envisage a fairly static market, followed by slowly improving market conditions. Philip Graves of Graves Jenkins says: "Fortunately Brighton and Hove attracts tenants in all types of market, but the city is by no means completely recession proof." Oakley Property expects to see a return of the development and investment markets over the next two years. Current house prices in Brighton and Hove represent the actual asking prices for homes for sale calculated daily from the properties in the Home.co.uk property search, 15th July 2009

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