



THE MARKET IN MINUTES: LOCAL ESTATE AGENTS

"We have been affected slightly on the residential side. There has been a slight reduction in sales and people are certainly taking longer over their decision – much more so than a few years ago. We are also finding that a large number of flats that don't attract a buyer first time round end up with our lettings department. Over the past couple of months they have seen a 50% rise in the number of properties they are looking after."

Andrew Kashimeri, Commercial and Sales Manager, Capital Homes Estate Agents & Valuers, North London

"We have seen a massive downturn in the market; however here in Chelmsford the flat market is not necessarily as strong as somewhere like Colchester for example. However we have found the flats we do have on our books are taking longer to sell and there is not doubt there is a massive supply over demand imbalance. The figures are in the regions of 15 properties to every one buyer."

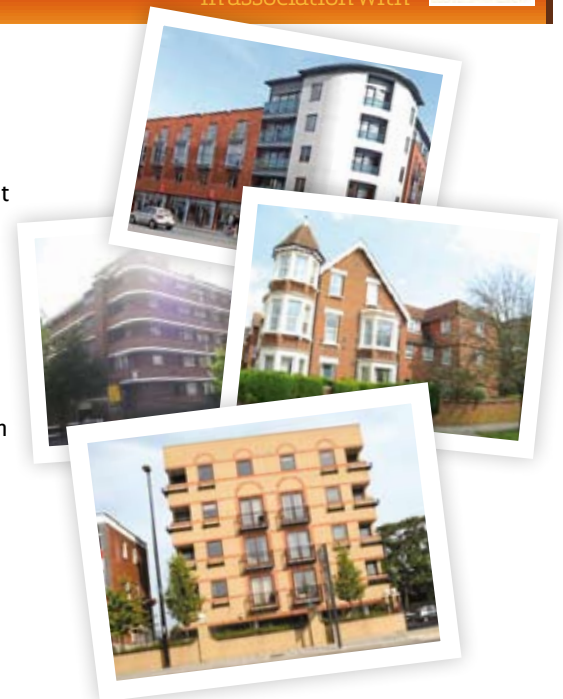
Robert Chamberlain, Senior manager, More Estate and Letting Agents, Essex

"All properties have been hit by the current market conditions, but I would say flats have been particularly affected due to the large number of properties that were bought as buy-to-let; a market which is now completely decimated. In our region I would estimate a 10-15% downturn, but I always maintain that if the price is right, flats will sell. We have a seven-unit block in St Albans that (with the market conditions in mind) have been discounted and we've already sold three of them. People have to be sensible, but the problem is a lot of people are in denial."

Rod Allsop, Consultant, Allsop Estate Agents, Hertfordshire

"The local market in Aylesbury has been affected by the credit crunch as has the national market. I would estimate a 65% downturn in demand for property across the board. We deal with everything from one-bedroom flats to five-bedroom houses and every type of property is in the same position. On a regional basis we have found that sellers are content to leave their flats on the market for long periods of time before considering dropping the asking price. As a result of this the lettings market remains strong, with two-bedroom flats in high demand."

Neil Kurz, Partner, Neil Douglas Estate Agents, Buckinghamshire



"At the moment first-time buyers have dried up, and that is affecting the flat market because that is obviously the type of property many are looking for. Add to that an increasing number of landlords looking to sell and you have a situation where supply outweighs demand. In our office I would estimate that viewings are down 50% compared to this time last year. And although HIPS haven't hindered things too drastically they haven't helped the situation."

Simon Fisher, Director, Absolute Estate Agents Ltd, Bedford

ENFRANCHISEMENT – IT'S ALL IN THE PLANNING

John Byers, Chartered Building Surveyor and director of Langley Byers Bennett talks about the importance of making good plans for the ongoing repair and maintenance of your building.



Sometimes the life of a lessee can be relatively relaxed. You can afford to sit back and let your landlord or managing agent do the work.

However upon acquiring your freehold responsibilities for the running of the building come along with the

privileges of ownership.

You may discharge many of the responsibilities for the day-to-day management of the building to a managing agent – to whom you are entitled to look for advice. However you should make sure that serious consideration has been given to budgeting for items of major expense in the future, and that these are not being overlooked in the normal bustle of day-to-day management.

Most residential leases enable provisions to be made each year on account of future expenditure for major capital items such as major external repairs, redecoration work, renewal of lifts or boilers, etc. Where this is the case you should discuss with your managing agent, making carefully considered provision for future expenditure.

This planned approach brings a number of benefits. It spreads the cost of very expensive items over a number of service charge years, so assists the lessees in budgeting their personal expenditure. It protects lessees at the time major work is done from having to bear the full cost of very expensive works as it spreads the cost over a long occupation period. It means the costs of various major items can be planned and scheduled in such a way as to prevent a number of items falling within the same service charge



year. It creates a fund that can be drawn on in the event of emergencies. It can put you in a position where you may be able to obtain better value from contractors or suppliers because funding for projects is readily available. It enables you (and future lessees) to understand “where they stand” and what their future occupation costs for the building might be.

BUDGET REPORT

Sometimes a managing agent is able to put together an approximate plan based on their own experience. However these often concentrate on items of day-to-day maintenance as this is often the focus of a managing agent’s duties, and they are not always the best person to advise on

items of major expenditure – particularly building construction or engineering work. More typically a chartered building surveyor or engineer are employed to produce a budget report (often described as a planned maintenance report).

In producing such a report the building surveyor would inspect the building, audit its condition and, based on their experience and expertise, provide advice upon the likely cost of future work and the appropriate timing of such work.

With this information you, or your managing agents can calculate the level of contributions required to the service charge to accumulate the funds that may be required, or at the very least, a contribution to those funds.

Remember work might not only include periodic repair and redecoration of the exterior or to other common parts of the building but may also include longer term requirements such as the replacement roof finishes, new lifts or boilers. Other items included might be work to mature trees, the repair or replacement of boundaries and hard landscaping, and perhaps contingencies for compliance with future legislation.

With some forethought coupled with good professional advice this is one area of service charge administration that need not be a worry.

As Winston Churchill said “Let our advance worrying become advanced thinking and planning”. ■

BUYING THE FREEHOLD OF YOUR BLOCK



Justin Bennett, director at enfranchisement specialist surveying practice Langley Byers Bennett spoke to *News on the Block’s* Editor, Jamie Reid, on some aspects of buying your freehold that you may not have considered.

Q Collective enfranchisement sounds a rather complicated process. Is it?

A Buying your freehold or collective enfranchisement of a block of flats should be fairly straightforward. However, in an ideal world, there would be no need for notices, counter-notices, nor both sides employing surveyors and solicitors when failing to agree premiums, nor determinations by Tribunals, nor the need for Court orders where landlords cannot be found. In an ideal world – a world where leases exist of course – buying your lease extension or freehold would not involve costly proceedings. There would be a willing landlord/ lessor (seller) and a willing tenant/ lessee (buyer). Should

such a world exist there would be neither dispute nor lengthy delays. Commonhold could and should be the answer. However, in this real world the various incarnations of Leasehold Reform law exist.

Q So what should people consider when thinking about this process?

A The reality is that in the *real* world when selling a landlord tries to maximize, and when buying a tenant tries to minimize. It is worth bearing this in mind when deciding whether or not to

Q And what can a landlord do to make leaseholders pay more for the freehold?

A The landlord can try to maximise through various means, by the creation of extra elements to the building such as the conversion of redundant communal plant rooms and ancillary lobbies into extra flats; the construction of extra floors to buildings or conversion of lofts; on a less grand

