

Property Commentary July 2010.

To be or not to be a NIMBY That is no longer the question

We all suspected it was coming. It was reinforced on 09 June when the government stated that greater powers are to be given to Local Authorities to stop building homes on gardens. According to the BBC website (09 June 2010), some grabbing hotspots are Bournemouth, Winchester and Guildford. Recent government figures suggest the proportion of houses built on previously residential designated land increased from one in ten in 1997 to one in four in 2008.

The arguments against garden grabbing revolve primarily around a concern that neighbourhoods can become concrete jungles. In fairness to that view, it is more convenient to develop garden sites than industrial wasteland. The latter of course brings in problems with contamination. There can be no denying that gardens improve air quality, flood risk and are a haven for wildlife.

Part of the problem of course is the shortage of stock and I am talking here about London. Blend in the requirement for social housing and you have a recipe resulting in what is and has always been considered a contentious issue, in that Local Authorities and the government are forcing the private sector to provide services. I for one was taught it is the duty of the public authorities to provide those facilities. The developers are no doubt seeing prices rising slowly but factor in social homes and in all probability the average sale price is falling.

Be that as it may, I am not convinced that all is lost. As I see it, when the authorities talk about garden grabbing, they allude to rear sites, not side sites. I know of numerous examples where houses with large gardens have had their back land developed whereby the combine with the adjoining owner who has the corner plot. I know of numerous plots which have double street frontages. Disused pubs are not back gardens and so on.

So I say, do not be too disheartened about this change. But clearly obtaining planning consent for just about any scheme these days has the potential to become a nightmare. As change is called for so are the rules under which developers have to operate. Perhaps now is the time for a natural register in which industrial wasteland (hey why not all land!) is actually given an underlining zoning basis for alternative users. It is one thing to designate a site as suitable for development in the Local plan. It is another for the Local plan to state this site can be used for alternative users and state the suggested density.

As to the current state of the market, the commercial auction houses are selling off sale and leasebacks at keen yields. One I went to recently had about four on the trot which sold on the day at gross initial yields around 4.5%. Clearly there is a flight to clean income from solid tenants. Whilst latest reports from auctioneers state "% success rate" is low, what is in hot demand is grade A stock on sale and leasebacks.

Take care.


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