

Young professionals buoy Birmingham's agency business

Young professionals are fuelling the lettings market in Birmingham and helping to offset the effects of the credit crunch, writes David Gibbins



David Gibbins is managing director of James Laurence

Birmingham city centre has undergone a dramatic transformation over the past few years. A stroll around its streets reveals a cosmopolitan and sophisticated place that its new community of homeowners is proud of.

The regeneration has made good use of the city's rich but not-so-well-known urban heritage, such as the canal system and its jewellery-making and gun-manufacturing quarters.

St Paul's Square in particular offers some of the finest examples of Georgian architecture Britain has to offer while the Jewellery Quarter has been a site for bling-crafting for 250 years - today it's home to more than 400 such businesses, together with a growing number of independent galleries and media companies.

The Jewellery Quarter is a designated conservation area with more than 200 listed buildings, including the magnificent St Paul's church. Its historical surroundings have been described as the 'workshop of the world'.

The plan is to turn the district into the creative heart of the city. There is a hearty village feel to the area, with shops, bars and restaurants to cater for every conceivable taste.

There are the added benefit of excellent transport links, with station stops for the Midland Metro at both St Paul's Square

and the Jewellery Quarter. There is a much of development in Birmingham, both in terms of new-build apartment blocks and loft-style conversions of old workshops and warehouses.

Development

Luxury apartments and penthouses are available at Islington Gates and Brindley House property development sites while the Grade II-listed Derwent Foundry, off St Paul's Square, is being converted into a mixed-use scheme comprising 98 apartments.

The number of development projects that are underway

or about to commence shows the continued confidence that developers still have in the city and the investment speaks volumes - over the next 10 years £16.7bn will be invested in various residential, commercial and mixed-use projects, with the largest being the 400-acre regeneration plan for the East Side/Irish Quarter.

Sales

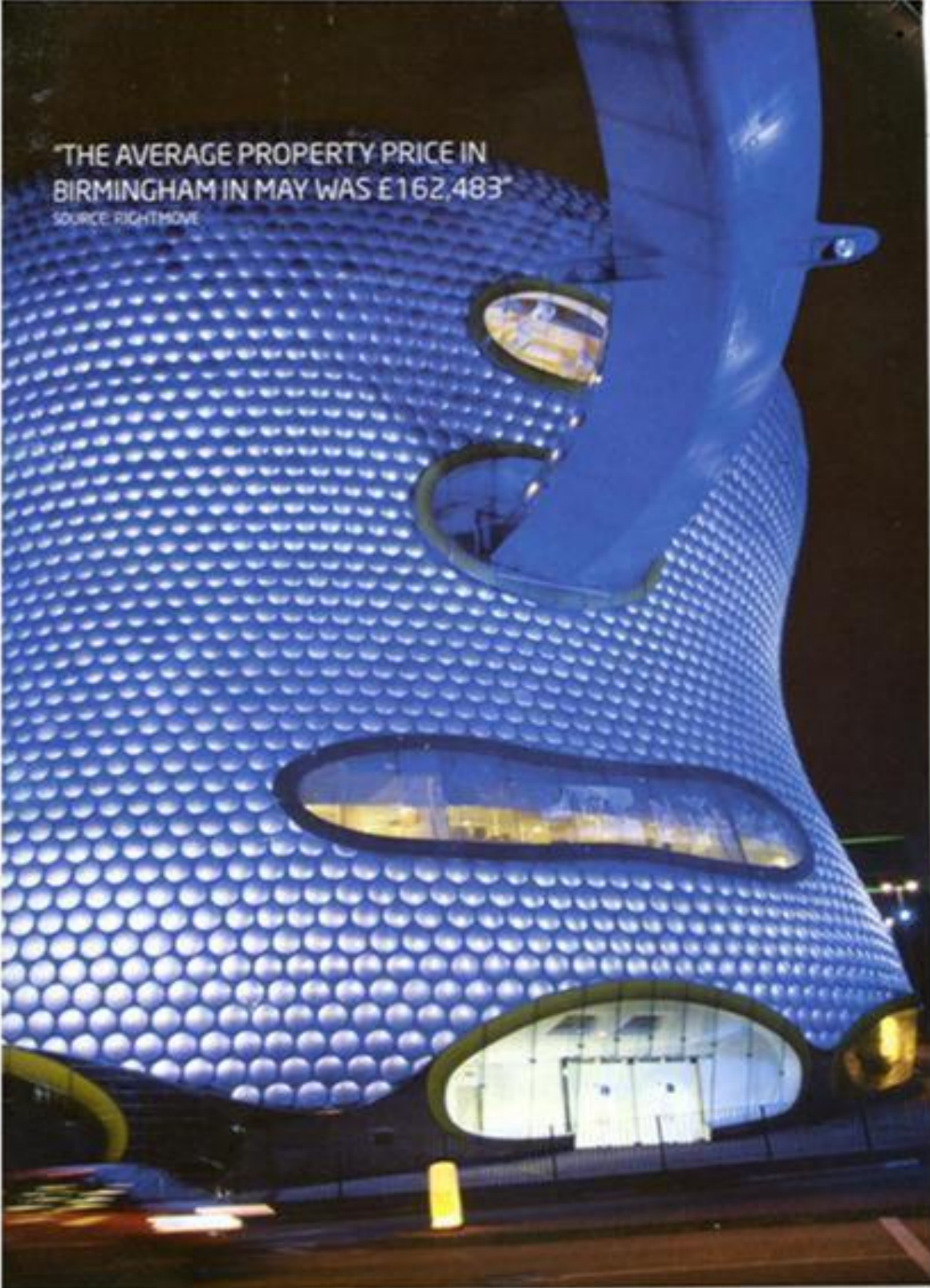
Like virtually every other Midlands-based estate agent, and probably many further afield, we have experienced a downturn in the level of sales, compared with this time last year. Sales are

down by 30%, despite instructions having increased. Instructions totalled eight last month, compared with seven in May last year, while our average sale turnaround time has increased from 14 to 18 weeks for the same period.

Meanwhile, the highest sale value last month was £155,000, which was for a two-bedroom city centre apartment. Modern apartments typically range from around £100,000 for a one-bed to £150,000-plus for a two-bed.

Sellers are becoming more realistic with their asking prices and this has seen the average asking price for properties fall





THE AVERAGE PROPERTY PRICE IN BIRMINGHAM IN MAY WAS £162,483*

SOURCE: RIGHTMOVE

Birmingham: The city is reaping the rewards of being host to a population of young earners



KEY FACTS: BIRMINGHAM

- Average prime rentals are £27.5 per square foot in Birmingham compared to the average cost in London of £59.23 per sq ft.
- It is estimated that more than 4.9 million sq ft (455,210 sq m) is either under way or planned by 2010 in Birmingham city centre alone.
- There are 600 professional and financial services firms based in Birmingham, employing more than 100,000 people and generating £3.7bn a year.
- The city has a highly skilled workforce with 80,000 people with advanced IT skills, 57,000 with professional qualifications/degrees and 30,000 people with specialist accounting and other technical skills.
- Birmingham International Airport offers more than 50 direct destinations worldwide
- It is one of the UK's fastest growing airports, having handled over nine million passengers in 2005.

Source: Savills Birmingham

by up to 12% over the past 12 months. Fortunately, record volumes within our lettings business have helped offset the decline in sales.

Clients in the area are typically young professionals aged 25 to 35, who are looking to buy or rent a property close to work and the vibrant nightlife of the city centre.

Their average salaries are £20,000-plus per annum, with purchases being made for lifestyle and investment purposes.

Great expectations

We expect sales activity to remain low in the area, though lettings volumes should continue to increase as a result of the credit

crunch and negative coverage of the property market in the national media.

Moreover, many prospective buyers are finding it increasingly difficult to find mortgage funding due to the way lenders have been tightening their criteria. Many buyers have undoubtedly been frightened off from the market

and opted to wait and see how it will perform in the next few months before making a decision about whether to buy. It is clear that the days of the speculative buyer looking to turn a quick profit are at an end but the purchase of property in quality locations arguably remains a good long-term investment. ■