

# Current and future property market

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# What do we do?

- Educate and inform
  - First time buyers through to self build and buy to let/property investment
- How?

## Episode 1 - Is Buy to Let a wise investment?

### Watch Episode 1

### Episode 1 - Contents

### Download eBook 1

The Buy to Let Show episod...



- Should you invest in buy to let?
- The pros and cons of letting a property
- What are your financial expectations from buy to let?
- Investing for retirement
- What will your financial adviser discuss with you when you visit?
- Example of costs and returns
- Buy to let tax
- What is the right way to set up your property investment business?
- Investing via a Limited Company
- Buy to let summary



Watch:

- [Kate's intro](#)
- [Legend landlord Tom](#)
- [Panel discussion](#)

[Buy To Let Guide](#)

[Choosing A Law Firm For Your Buy To Let Purchase](#)

[Analysing A Buy To Let](#)

[Financing A Buy To Let](#)

[Investing Via A Limited Company](#)

[Buying At Auction](#)

[How To Buy Property Below Market Value](#)

[Buy To Let Insurance](#)

[Letting A Property](#)

[Choosing A Letting Agent](#)

[12 Steps To Letting Success](#)

[Landlord Associations](#)

[Renting Rooms](#)

[Buy To Let Tax](#)

[How To Ensure Your Rental Property Is Safe For Tenants](#)

[Landlord Electrical Safety Checklist](#)

[Legionnaires Disease Risk Assessment](#)

Produce specialist  
price and rental reports

# The national picture

Average price: United Kingdom from January 1995 to October 2017

Key: ● all property types



4 fold increase in prices vs inflation at 76%

Who cares?

# Local markets matter

### Average price: London from January 1995 to October 2017

Key: ● all property types



5 fold increase

### Average price: Manchester from January 1995 to October 2017

Key: ● all property types



3.5 fold increase

# Deals matter

## 40, Fassett Square, London, Greater London E8 1DQ

<b>£1,500,000</b>	Semi-Detached, Freehold, Residential	16 Sep 2016	4 bedrooms
<b>£754,842</b>	Semi-Detached, Freehold, Residential	22 Jan 2010	
<b>£543,000</b>	Semi-Detached, Freehold, Residential	14 Aug 2006	
<b>£107,000</b>	Semi-Detached, Freehold, Residential	27 Nov 1996	



14 fold  
increase

## 30, Manley Street, Salford, Greater Manchester M7 2FJ

<b>£125,000</b>	Terraced, Freehold, Residential	28 Jun 2017	3 bedrooms
<b>£44,000</b>	Terraced, Freehold, Residential	15 Mar 2004	
<b>£10,000</b>	Terraced, Freehold, Residential	29 Nov 2001	
<b>£12,000</b>	Terraced, Freehold, Residential	17 Nov 1995	



10.5 fold  
increase

# What factors landlords need to consider

- Will the property meet your investment objectives?
  - Have you 'done enough'?
  - Does harsher taxation on property = better investments
  - Who will inherit your properties? Are you sure?
- Will the property keep up with inflation?
  - Do you need mortgage finance to secure a return?
  - Have you compared the two?
- Natural vs forced price growth?
  - Can you develop?
- Do you know the 400+ lettings rules and regulations
  - How do you keep up to date?

# Why does inflation matter?

- Inflation since 2007 credit crunch: 27%
- Regional property price performance

Property Prices - Regions	Highest average house price pre-credit crunch 2007/08	Lowest average house price during recession 2009	Market low +/- versus market height	Latest month's data Jun-17	How much higher/lower are latest prices vs height in 2007/8	Year on year change in price in Jun 17	Annual average increase since 2000	Highest yearly average increase since 2000	Date	% Increase
North East	£139,400	£117,079	-16.01%	£130,065	-7%	2.5%	6.1%	Jan-04	34.8%	
North West	£152,427	£124,654	-18.22%	£156,392	3%	5.5%	6.8%	Jul-04	33.0%	
Yorkshire & The Humber	£150,233	£123,833	-17.57%	£157,762	5%	4.9%	6.9%	Jun-04	29.3%	
East Midlands	£159,537	£129,876	-18.59%	£182,166	14%	7.1%	7.0%	Feb-03	33.9%	
West Midlands	£165,807	£136,966	-17.39%	£185,082	12%	4.7%	6.5%	Jan-03	29.5%	
South West	£212,666	£171,356	-19.42%	£246,159	16%	5.3%	6.7%	Jan-03	29.8%	
East	£209,624	£168,263	-19.73%	£286,623	37%	7.2%	7.5%	Jan-03	28.9%	
South East	£238,670	£191,156	-19.91%	£320,168	34%	4.9%	6.8%	Jun-00	25.0%	
London	£298,596	£245,351	-17.83%	£481,556	61%	2.9%	8.0%	Apr-00	28.3%	

Only East, South East and London regions have kept pace with inflation

Cash investment of £139,400 in 2007 in the North East should be worth : £177,500



# Matters even more for rents





























































- They are your earnings
  - On average, rents rise by 2% per annum
  - On average, inflation rises by 3% per annum
- If you charged £500 rent in 2007
  - Should be charging £636 per month today
    - If wages allow
- Are your rents keeping up or are you giving yourself a wages cut
  - Can you reduce your costs without increasing your risk?

Future of BTL, will it deliver?

Whatever happens in the property market, buy to let can always deliver

# Forecasts for BTL

- Lower natural capital growth

	2017	2018	2019	2020	2021	5-year
<b>UK</b>	 0.0%	 2.0%	 5.5%	 3.0%	 2.0%	<b>13%</b>
<b>London</b>	 0.0%	 3.0%	 4.5%	 2.0%	 1.0%	<b>11%</b>
<b>South East</b>	 2.0%	 2.0%	 6.5%	 4.0%	 1.5%	<b>17%</b>
<b>East of England</b>	 2.5%	 2.5%	 6.5%	 4.0%	 2.0%	<b>19%</b>
<b>South West</b>	 1.0%	 2.0%	 6.0%	 3.0%	 1.5%	<b>14%</b>
<b>East Midlands</b>	 0.0%	 2.0%	 5.5%	 3.5%	 2.0%	<b>14%</b>
<b>West Midlands</b>	 -0.5%	 2.0%	 5.0%	 3.5%	 2.0%	<b>13%</b>
<b>North East</b>	 -2.5%	 1.5%	 5.0%	 2.0%	 3.0%	<b>9%</b>
<b>Yorks &amp; Humber</b>	 -2.0%	 1.5%	 5.0%	 2.5%	 2.5%	<b>10%</b>
<b>North West</b>	 -2.0%	 2.0%	 5.5%	 3.0%	 3.0%	<b>12%</b>
<b>Wales</b>	 -2.0%	 1.5%	 5.0%	 2.5%	 2.5%	<b>10%</b>
<b>Scotland</b>	 -2.5%	 1.5%	 5.0%	 2.0%	 3.0%	<b>9%</b>

# Rental growth forecasts

	2017	2018	2019	2020	2021	5-year
UK	 2.5%	 4.0%	 5.0%	 3.5%	 3.0%	19%
London	 3.0%	 4.5%	 5.5%	 5.0%	 4.5%	25%

# BTL Headwinds

- Housebuilding
  - Planning has failed to match homes with population
  - New measure of housing need
- PRS
  - Belief is that people rent just because they can't buy
- Currently there is an anti (small) landlord campaign
  - Increased taxation
  - £30,000 fines and jail
- In contrast support for large landlord build to rent

# BTL Headwinds

- What else?
  - Lettings fee ban and agent regulation
  - Landlord ombudsman and housing court
  - Incentives for 12 months + tenancies
    - 3 months notice to remove tenants
  - Just announced in Scotland Universal Credit can elect to pay their landlord direct
    - England government being urged to do the same
- Possible rent controls - don't worry!

Enjoy your day!