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Is now the time to start thinking about a buy to let investment in property in the UK? Given that we are currently in a recession and the property market is in freefall, it might be a rash move. On the other hand, based on market analysts' property predictions that the 'bottom' of the property market is likely to be reached in the late autumn 2009, perhaps it's time to take the plunge?

By Gordon Miller

By this autumn, it's predicted that house prices will have dropped from their zenith in October 2007 on average between 25 to 35%, dependent on which set of statistics you read. The 'peak to trough' decline may be bad news for existing or recent buy to let investors, but for those thinking of joining the more than one million people who currently have such an investment, this could be the best time to bag a bargain.



What Are The Experts Doing?

Seasoned investors indicate that they are looking to add to their portfolios. In the latest poll of investors by property portfolio managers the Young Group, 33% intend to buy additional residential property investments within London within the next 12 months; 8% of investors intend to buy UK residential property outside of the capital.

The Young Index results for Q4 2008 show no evidence of an exodus from buy to let. Instead, 96% of investors indicated that they intend to hold investment property over the next 12 months. The survey demonstrated that the majority of buy to let investors are looking to the medium to long-term. More than a third of respondents intend to hold their property investments for at least the next 10 years and more than 20% expect to retain their portfolios for 15 years or more.

The findings should come as no surprise. By far the most common reason for people holding property investments is to provide for their future. Their long-term aim is to build wealth to boost their pension provision. Neil Young, CEO of the Young Group, said: 'To a certain extent, short term market fluctuations aren't a concern to most investors as long as their property is financed appropriately and paying for itself in the short term.'

What Are Other Investors Doing?

The Council of Mortgage Lenders, whose members are banks, building societies and other lenders who together undertake around 98% of all residential mortgage lending in the UK, reports the number of buy to let mortgages outstanding continues to rise: there are now 1,103,000 buy to let mortgages in the UK worth £132.5 billion, an increase of 19% by volume and 25% by value from a year ago. Buy to let mortgages represent 9% of the total number of UK mortgages outstanding and 11% of the value of mortgage stock.