

BTL Finance News

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More Landlords Hope for an Increase in House Prices

The results of the Young Index, published lately by the Young Group reveal that UK buy to let landlords are still determined that house prices will stabilise in the next 12 months

The research showed that as much as 77% of British buy to let investors put most of their trust into London property, which they believe to be priced higher or equal in 1 year. It is interesting to note that the figure represents a significant improvement from that one in the second quarter of 2009 (57%) and in the fourth quarter of 2008 (36%). At the same time, the number of respondents expecting overall UK house prices to go up also increased from 42% in the second quarter of 2009 to 51% this time.

However, these encouraging figures do not coincide with landlords' forecasts, who predict that London house prices will rise by no more than 1%, and overall UK house prices will fall by 1.62%. These gloomy house price forecasts, no doubt, hamper the recovery of the housing market, which is still extremely fragile.



Young Index results show that the attractiveness of house prices in London makes it the preferred location for UK buy to let investors, 53% of whom are planning to purchase one or more properties in London in the course of the next 12 months. The percentage of landlords considering property purchase in London fell from 64%, which was registered during the buy to let peak in the 1st quarter of 2008. As for investors considering property purchase outside London, they constitute 26%.

Still, according to Mr. Neil Young, CEO of Young Group that compiled the Young Index, the number of investors seeking to invest into UK property in the next 12 months stabilised in the 3rd quarter of 2009 due to attractive house prices. He added that the fact the percentage of such investors is very small can be explained by current difficulties in funding and securing a buy to let mortgage, of which landlords are fully aware.