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Landlords increasingly more positive about prices

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Latest results from Young Group's Young Index show the continuation of a rising trend: increasingly positive sentiment among buy-to-let landlords that property prices will stabilise and rise over the next 12 months.

Some 77% of investors believe that London property prices will be at current levels or higher by this time next year (an increase from 57% in the previous quarter and up from a low of 36% in Q4 2008) and 51% of landlords expect the same to be true of UK property outside the capital (up from 42% in Q2 2009 and just 12% a year ago).

But despite this increasingly positive 12-month outlook, the expected pace of market recovery remains fragile. Landlords forecast an average property price rise of less than 1% for London property and a fall of 1.62% for UK property outside the capital.

London remains the preferred location for investors; 53% are considering buying additional property in the capital within the next 12 months (a similar level to the previous quarter although still down from the peak of 64% in Q1 2008). This compares to 26% of investors who are considering adding UK property outside of the capital to their rental portfolios.

However, the results from the Q3 2009 survey of investor market sentiment show that the percentage of investors who expect to acquire additional properties over the forthcoming 12 months is stabilising.

Neil Young, CEO of Young Group, said: "Our Young Index results for Q3 show that landlords are increasingly positive about the property market; a rising proportion believe that capital values are set to increase over the next 12 month, albeit by a very small percentage.

"From a practical point of view, it appears that landlords are fully aware of the current difficulties in securing buy-to-let mortgage funding to acquire additional rental property and the proportion of those who expect to add to their property portfolios is levelling off."

Some 57% of landlords cited a lack of access to appropriate mortgage finance as the main barrier to additional property acquisitions.

Young said: "To some extent the number of available buy-to-let mortgage products is irrelevant, what's needed is a sensible approach to lending with appropriate products, stability, consistency and certainty."