

July Housing Market Q&A - Part One

Stuart Marshall looks at the questions we've recently been asked about the UK housing market and how it could affect UK expats looking to buy UK property.

MANCHESTER, GREATER MANCHESTER, UK, July 20, 2021 /EINPresswire.com/ --

Q: 'I am a UK expat. I've recently taken early retirement and am looking to start building a property portfolio back home as a way to bring a bit of focus to my retirement but also to bring in some income and build an inheritance for my two children who are currently at university. My question is this: is this a bad time to start building a portfolio?

The prices seem astronomical from

what I remember when I was living in the UK. The properties I am looking at are selling quickly too. I'd ideally like a family home in a commuter area as this is the sort of tenant I'm looking to attract.'

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Stuart Marshall

A: 'You're right about the state of the market at the moment. The housing market is breaking records this year with the number of property transactions, increasing by 45% from last year to 1.5 million. The value of these transactions has risen by an even greater number – a rise of 68% from 2019, reaching £461 billion. [According to Zoopla's house price index](#), house prices are rising at four times the rate of flats, meaning that the average price of a

house grew by 5.2% last year, compared to the average price of flats which only grew by 1.1%.'

'This massive growth in the cost of houses, and in housing market activity more generally, can obviously be attributed – in large part – to the pandemic and its associated lockdowns. Whether it was the stamp duty holiday prompting people to move, or the impact of lockdown making people look for more space, they have all contributed to a situation whereby houses are selling in an average of 42 days.'



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'So, it's no surprise that the types of property you're looking at are selling incredibly quickly – and for such a high price! What I'd probably advise is that we're approaching the peak of the market (and we may actually already be past it). The lack of supply is still putting upwards pressure on property prices, as many who wanted to sell their house have done so already and those still wanting to move can't find another suitable property. However, the end of lockdown will more than likely bring a flood of new sellers onto the market. As things approach stability later in the year along with a successful vaccine rollout, people will feel more secure in listing their property and moving to a new one. This will present opportunities, particularly in the highly desirable family home market.'

'With regards your investment choice, investing in a family home is usually a good choice as demand for this type of [rental property](#) is high – particularly at the moment where renters are looking for more space but are unable to graduate from the rental market to home ownership because of uncertainty and high prices. And with the future of working life set to include working from home for at least some of the week, this trend is sure to continue.'

'Lastly, if you really do want to get an investment property sooner rather than later, it would be worth speaking to an experienced specialist expat mortgage broker who can help you to have everything in place to move on a property as quickly as possible when you see one you like. With such a competitive marketplace, it really pays to have all your ducks in a row and to be ahead of the game with your paperwork. Specialist brokers can also help to point you in the direction of



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potentially suitable properties and point out new opportunities that you might not have thought of. Good luck!

Q: 'I've recently seen that [renting is now cheaper than buying](#). What does this mean for those of us looking to invest? Will we find it harder to make a profit if houses are expensive, but renting is more affordable?'

A: 'Well, it is true that buyers across the country will now pay more per month to buy a property than they will to rent it. However, this doesn't mean that there's no money to be made in buying an investment property. On the contrary, the fact that renting is now more affordable than buying a property is not so much due to falling rents, but rather the rising prices of property. In fact, rents have actually risen in the last year. Hamptons International reports that rents have risen by 7.1% from the same point last year, while Rightmove reports that asking rents outside of London have hit a record high average of £982 per month. So, whilst it might cost you more to secure a property, this does not necessarily mean that you will earn a lower amount.'

'And in those areas where rents have fallen – namely city centre areas – great investment opportunities remain as investors can secure a more affordable property with rents certain to rise again to pre-pandemic levels in the future.'

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