



Bright Ideas

With the property market somewhat subdued now can be a great time to pick up a bargain or two!

But is it really such a good time to invest in property?

This may come as a surprise to some but as far as the high street lenders predictions are concerned, the answer is a resounding yes!

The lending market remains very tight in general; gross lending this year is predicted to be £132 billion, a far cry from the £365 Billion lent in 2007! Over the next 4 years however, one particular sector is expected to grow by about 50%. The residential buy to let market currently makes up £30 billion of the overall lending but is predicted to rise to £45 billion by 2015. These buy to let loans will then represent 15% of the overall lending market.

With some mortgage customers finding it difficult to get funding, more and more clients are turning to the rental sector and in turn rents are predicted to rise by approx 6% per year for the next five years.

So what does this all mean?

It can mean that a correct property purchase should represent a good option for both the immediate future and almost certainly over the next 5 to 10 years. Both capital growth and income prospects look good, largely forced by market factors. Many are now seeing a shift in culture from "buying for profit" toward a "rent for greater flexibility" attitude. Lenders are recognising this opportunity and more are expected to aggressively enter the market. It has been rumoured for some time that banking giant Santander are to enter the UK market and this competition should drive rates down.

So, if you have cash reserves earning little interest yet are worried about risky stock and share markets, low property prices in the buy to let market may well represent a better alternative.

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