

UK PROPERTY MARKET, WHERE NEXT?

It wasn't that long ago that the media decided it was time again to revisit the property market with somewhat cheerful news of the visible green shoots of recovery within the UK economy and the general outlook within the property industry.

But it seems to have gone gloomy again. I ask myself, why?



Does anyone really know where the market is heading in the next 6 months, 1 or 2 years time?

Truthfully; the simple answer is No.

However, one can hazard logical guesses using analytical and statistical trends as indicators.

But yet again, it would be a guess.

It is therefore no brainer to suggest that applying the simple theory of supply and demand is the basic indicator for determining where the property market would be heading.

Since the recession or economic crunch as most would like to term it peaked in 2007, we've seen the unavoidable loss of jobs across the country as corporate and small businesses struggle to keep afloat. However there are huge gains to be made, again depending on location and other variables, by any who finds themselves in such enviable position not to

require the need of a mortgage funded purchase. So also are those who possess the elusive 15-30% disposable income as deposit in this market. This is the market that would ultimately create the next wave of property millionaires within the next few years.

Some "property experts" and certain economics analysts have been bold enough to put their neck on the line by casting more doubtful and frightening shadow over the gradual upward shift within the UK economy and the effect it would have on the overall picture of the property sector as the current year gradually leaps into year 2010.

Liam Bailey, economics analyst for Knight Frank is quoted in online estate agent today newsletter of October 14, 2009, "...It would be wrong to expect a continuation of the current rapid recovery in the housing market. The economy is not in a position to permit this in the short term. Similarly, it would be wrong to expect carnage.

Real demand is strong, supply in the wider market and the new-build sector is very low and we are unlikely to see a rapid shift away from a low interest rate environment."

Knight Frank also has gone ahead to forecasts aggregate growth for central London in the five years to 2014 of 38%, compared with 19% for the UK mainstream market.

On the other hand Zoopla, the property listing portal which recently published what they termed as "quarterly survey of housing market sentiment" stated that four out of five home owners expect property values to rise over the next six months.

The problem with Zoopla's survey is "sheer sentiment". It plays no tangible role in influencing which direction the property market goes whatsoever.

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In general terms, the problem with forecast and survey figures are the fact that they are just what they are; speculative.

And speculation is the likelihood of something happening as projected based on fulfilment of assumed criteria.

However, it in the event that all assumed criteria are not fulfilled would make nonsense of that speculation.

The fact of the matter is that “expert, analyst, guru or not” nobody really knows what action the average home owner is most likely to take in the near future.

What really would fuel or stall the property market goes back to the earlier principle of supply and demand.

Since there are not too many people within the general population who are more likely to earn six figure sums and above in bonuses later this year or early 2010, which if invested in property within a particular geographical setting may suggest a percentage increase in completed property sales.

It may be worthy of note that a slight increase in completed property sales within one location does not after all paint an overall picture of the national average.

The availability of attractive mortgage products and competitiveness amongst the lending sector of the economy is the only practical solution to ignite the liftoff.

It may just happen before we know it, let’s hope it would be sooner than later.

For free advice on achieving optimum rent, good lettings info and procedures, queries on property management or sales issues, please contact:

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