

REAL ESTATE

UK Property – Firm Foundations

By Paul Simmons

Does UK property still present a path to robust returns for investors in 2015? Can the UK property growth seen in recent years be sustained?

Property still features strongly in the UK pension and investment portfolios of business owners, but there's one word upon which this sector's growth hangs – stability.

The UK Government has displayed a pro-business stance, which is likely to bring more of the same – a consistent tax regime and no change for the sake of change.

There are a number of factors that have driven the UK property market forward in the past few years, par-

ticularly in London. In recent years, London has been the UK number one property market for buyers from around the world.

This is because the UK is financially-secure, it's an island so there's a lower risk of terrorism compared to some other cities, the shopping is great and the infrastructure, such as hospitals is also good. These are strong incentives for international buyers looking for suitable locations to base their families.

It's important not to be complacent as the market can change at any time. At the GGI conference coming up in the US, we expect to hear that New York is poised to take over as the number one property market for foreign investors, because they perceive it to be a lower terrorism risk than London.

While UK business owners often save for the future by purchasing commercial property, sometimes arranged through their pension, they also focus on buy to let property, and with record low mortgage deals entering the UK market, property is becoming ever popular.

Experts in London are now forecasting a 20% rise in local property prices over the next five years. However, the



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rest of the UK is also predicted to move forward.

Not all money in UK property market is from Russia and the oil states, a surprising amount of business also comes from the EU. What investors need to be aware of is that this growth is reliant on the perception of stability. Not only did activity grind to a halt prior to the UK General Election this year, but there may be a similar affect over the EU referendum that is due to be held in the UK by the end of 2017.

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