



WHAT CAN WE EXPECT FROM THE UK PROPERTY MARKET IN 2020?

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The New Year is upon us, which mean property investors will likely be wondering what 2020 has in store.

For some, there may be a sense of frustration that Brexit uncertainty lingers on as it did in 2019. However, there is a marked difference from 12 months ago; now, after a strong performance in the December 2019 General Election, the Conservative Party has a majority in the House of Commons. As such, the barriers standing in the way of Prime Minister Boris Johnson as he attempts to “get Brexit done” have been significantly lessened.

Consequently, there is a sense of relief and optimism within the property sector, as well as the UK bridging sector. Both lenders and real estate investors can plan with greater confidence of how political events will unfold over the coming months.

Looking to 2020 and what it has in store for the UK property market, there are several notable trends that investors and brokers ought to be aware of. Here, Market Financial Solutions (MFS) guides you through them.



WILL PENT-UP DEMAND BE RELEASED?

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The prevailing sense throughout 2018 and 2019 was that those buying or selling properties had adopted a “wait and see” mindset regarding Brexit, delaying any major decisions until the outcome had been decided. Indeed, [a survey of 1,000 UK property investors in September 2019](#) found that the majority (55%) had paused on investment plans over the course of 2019 as they awaited a conclusion to Brexit. Furthermore, 51% of property investors said they were confident there will be an increase in listings and sales on the property market once Brexit is complete.

If Johnson comes true on his promise to ensure the UK leaves the EU by 31st January, then it is likely, according to those sentiments shown in our survey, that there will be a rise in activity within the property market. Buyers, sellers and investors who have been stalled by the uncertainty of recent years could be sparked back to life.

We have pre-empted the potential upturn in activity, and as such in December 2019, [we lowered our bridging loan rates](#) to catalyse movement in the property industry. The new and improved rates will be held throughout Q1 2020, to support those keen to capitalise on new bricks and mortar investment opportunities as they arise.



55% of property investors paused on their investment plans in 2019



Over half (51%) are confident there will be an increase in property transactions once Brexit is resolved

UK house prices were 1.4% higher by the end of 2019 than they were at the start. This increase is a testament to the ability of property as an asset class able to withstand challenging market conditions.



UK house prices rose by 1.4% in 2019

Looking to 2020, **the predictions** are for more of the same. Both Rightmove and the Royal Institution of Chartered Surveyors are forecasting house price growth of 2% this year, with Savills saying it is expecting a rise of just 1%, adding that it believes this will be followed by a jump of 4.5% in 2021.



UK house prices are set to rise by at least 1% in 2020, followed by a 4.5% jump in 2021

Further to a rise in price growth, property investors may be spurred on by predictions that rents will also rise. In fact, the vast majority (84%) of letting agents think rent prices will rise in 2020, which is up from two thirds (65%) who said the same 12 months ago.



84% of letting agents think rent prices will rise in 2020

With promise of greater certainty being obtained around Brexit and the form it will take, there is evidently reason for optimism for property buyers. Residential real estate in the UK has managed to steadily rise in value over the past four years despite numerous political and economic shocks; there will be hope that with a smoother path ahead in 2020, this growth can continue and even accelerate.



House prices could rise by as much as 15.3% over the next five years

RISE OF REGIONAL HOTSPOTS

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When examining the aforementioned predictions regarding UK house price growth, it is often worthwhile to take a more regional – rather than nationwide – view. After a long period in which prices in London were rising at a far faster rate than the rest of the country, in more recent years the opposite has been true.

Data from Zoopla in late 2019 illuminated this point in an interesting way. It presented property price growth changes on a daily basis throughout the first half of last year – it showed that properties in the West Midlands grew in value the most, increasing in price by an average of £36.58 every 24 hours. This was followed by the South East (+£35.32), North West (+£20.39), Wales (+£18.03) and Yorkshire (+£12.37).

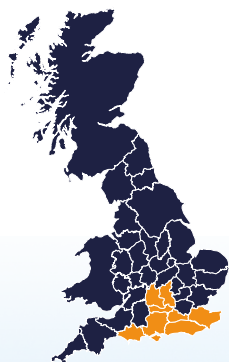
In 2020, regional hotspots such as this will likely attract a great deal of attention from property investors. And this, too, is a trend that we have already identified over the past two years; accordingly, we have expanded the reach of our bridging loan services to cover more and more regions across the UK.

During the year ahead, as well as delivering loans to property buyers in London and the South East, we shall be developing an even stronger foothold in places like the Midlands and the North of England. These are regions where there is increasingly strong appetite from property investors and, as such, greater demand for fast finance to complete on new acquisitions.

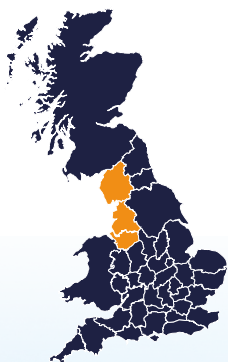
THE TOP RATES OF DAILY HOUSE PRICE GROWTH IN THE UK IN 2019, ACCORDING TO REGION:



**WEST
MIDLANDS**
+ £36.58



**SOUTH
EAST**
+ £35.32



**NORTH
WEST**
+ £20.39



WALES
+ £18.03



YORKSHIRE
+ £12.37



ACCESS TO FAST FINANCE WILL REMAIN KEY

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All of the above trends indicate that 2020 could be a period of increased activity and price-growth in the UK property market. The result is that fast access to capital will be more important than ever to investors.

In late 2019, we commissioned [an independent piece of research](#) among property buyers to find out how damaging delays in finance can be for those hoping to complete on a purchase. We found that 31% of UK homeowners have previously lost out on a property as a result of being gazumped in the last decade – of those who have seen a deal fall through, 34% said it was due to either themselves or someone in the chain not getting their mortgage approved in time.



31% of UK homeowners have been gazumped in the last decade



66% believe buying a property has become more difficult over

Mortgage delays can spell disaster for property chains, particularly in today's highly competitive market. Indeed, two thirds (66%) of homeowners think the process of buying a property has become more difficult over recent years as a result of increased competition and a lack of housing supply.

Not having the necessary finances in place to move ahead with a property acquisition can not only mean an investor loses out on an opportunity; it can also result in him or her losing significant sums of money, with figures from Which? showing that on average buyers lose £2,899 in intermediary funds when a deal falls through.

This is why specialist finance solutions – particularly bridging loans – have become an increasingly popular option among property investors over the past decade.

In 2020, we will remain committed to ensuring both brokers and private clients can gain access to the finance they need to complete on their next property investment. With new lower rates and a growing team of BDMs spanning more and more of the UK, there has never been a better time to work with us on your bridging needs.

If you want to find out more about our bridging loan services, be sure to get in touch by emailing info@mfsuk.com.



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