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## INVESTMENT PROPERTY IN UK

The current state of the UK housing market makes finding investment property in the UK rather difficult as the market has taken a downward turn.

However, there are still many thousands of properties for sale, either in local estate agents or on the internet. Houses, flats and apartments all over the UK can offer potential for investment from full renovation to immediate buy-to-let.

Some websites offer resource online that enable you to assess the potential for investment property the UK has to offer by comparing properties against houses that have recently been sold in the same area. If you're looking to buy property as a buy-to-let investor you will also probably like to know the going rate for rental income in the area for your type of property.

People in the Midlands are displaying a surge of interest in investment property in the UK, according to a study carried out by Property for Life. Levels of parties registering an interest were up by around 25% from June to November, with the south-west showing the next highest level of interest.

"Investors have every reason to be confident in the long-term returns of buy-to-let. The high demand for rented property continues on its upward path and shows no signs of slowing as immigrant numbers increase and the younger generation put off buying until slightly later in life," said David, managing director of Austin Property for Life. "The private rented sector is an essential part of the property market, also taking up the slack on social housing," Mr Austin added.

Investors in UK property are also set to benefit in April 2008 when the new flat rate of capital gains tax outlined by the chancellor in his pre-Budget report comes into force.

A shortage of private rental accommodation in the south-east of England means that buy-to-let investment property in the UK is making a fight-back after some negative press recently. Figures from the Association of Residential Lettings Agents (Arla) show that 57% of letting agents in the south-east are telling of a shortfall of properties in the region. The study, from third quarter 2007, says that the figure is 37% across the whole country, but for central London the figures is nearer 66%. Demand for rental property here is strong, driven by immigration, the number of people living alone and a housing market that has squeezed some families out of house ownership and onto the rental market. This means that for investment property the UK is showing some good potential in an otherwise difficult market. There are also shorter void periods for landlords between tenants, who themselves are staying for longer periods.

"Softening in the sales market is always a driver of further demand in the rental market," said Ian Potter, head of operations at Arla. "These latest figures confirm that the private rented sector will once again be the safety valve for a housing market worried by the current financial uncertainties and the softening of house prices," Mr Potter predicted.

Looking deeper into the potential of investment property in the UK, a recent study has shown that landlords who buy property in areas of regeneration usually see higher yields than those on the wider UK rental market.

One way to buy investment property in the UK is to buy property at auction. Here you are hoping to buy a property under its true value because someone (be they a private owner looking for a quick sale or a company with a number of repossessed properties) is looking to shift their property as quickly as possible without recourse to normal estate agency channels. There is often work to be done on the purchased property, but that can often be a recipe for even greater profits if you can improve the look and feel of the place above the local norm.

Now may not be the best time to look for investment property in the UK as the housing market is on a downward turn, but there are always bargains to be found.