Is Buy-To-Let Now Dead?

If you have been following everything that's been happening across mainstream media over the past few months, you wouldn't be criticized for thinking the buy-to-let property market is now dead. Let's review some of the highlights to help resolve this critical debate.

If we look back to the impact of Liz Truss's disastrous mini-budget in September 2022, analysis shows that this budget cost the country a staggering £30bn, which immediately spooked the market as the pound fell to its lowest-ever level against the dollar. It is no surprise this was swiftly followed by the Prime Minister's resignation after just 44 days in office. Not long after the turmoil, we saw an increase in mortgage rates across all U.K lenders, which immediately instilled panic in homeowners, property investors and anyone looking to purchase their first residential property.

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Let's review some interesting statistics to help put all this information into perspective. Firstly, looking at the Bank of England's current base rate, which is currently 3%, it may seem like a shocking figure to most as the base rate has been averaging below 1% since 2009. However, if we look back farther to circa 1980, the base rate was soaring at 17%, which now gives us a much clearer picture of where we stand in today's market.

So, what does all this really mean for property investors? You will find that the main question on most people's minds is this: "Is now a good time to invest?". Let's break this question down because there are quite a few common reasons people choose to wait instead of investing now.

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The main reason you will find is people choose to wait for a financial crash to purchase property at a discounted price. Please be careful if this is the strategy you choose because the more time you wait, the more generated income you are missing out on from purchasing the property now. In addition to this, with inflation currently soaring at 11.1% the more impact this is having on the value of your money. If your money was invested in an asset such as property, not only will this provide you with a consistent passive income stream, but it will also benefit from capital appreciation over time and curb the impact of rising inflation.
Experienced investors understand that property investing is a long-term strategy, so even IF the market does crash over the next few years, it will not have a huge impact on your finances if you're planning on holding the property long-term. Remember, it's not about TIMING the market, it's about YOUR TIME in the market!

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If you would like any assistance with your property investment strategy or would like a better return on your savings, SC Property Sourcing & Investments Ltd offer a very competitive fixed return service which will get your savings to work.

To keep up to date with all things property you can find me on Facebook and Instagram under Shane Coyle Property. You can also contact me directly at shane@scpropertysourcingandinvestments.com

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