

Is 2021 the best time to invest into real estate?

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The year of 2020 has notably been a turbulence for the UK's property sector. After challenges of 2019, Brexit and COVID-19, the UK property market entered 2020 with a degree of optimism. People are uncertain about investing in property as a result of the current impacts circulating the UK economy. Many property investors question whether it is the best time to invest in property, or whether to wait until the right opportunity. Although there are many uncertainties around investment, 2021 may just be the best time to invest in the UK property market now.

Whether you're a first-time buyer or a current investor in the property sector, there are pros to investing your money into the market now. While past statistics have shown that property prices tend to drop following rocky periods, this period of low growth is often short-lived (1). Some people will recognise the best time to invest in property will be now, because post-pandemic the property market will recover, and investments will skyrocket.

A recent article by Seven Capital (2), shows the best locations to invest in UK property 2021. As regional cores continue to surge ahead of traditionally popular markets, the following UK hotspots (shown in figure 1) are now vying for the spotlight. The table shows Manchester and Edinburgh are leading the way for future growth; however, they are also the two most expensive markets. Birmingham is shown to be the most affordable UK city, with only 0.6% less growth over the next 5 years. This highlights the importance of the second city's core strengths in the property market.

Best Areas for UK Property Capital Gains

For those that want to invest in property for capital gains, these are the best areas for property price growth:

CITY	PROPERTY PRICES	GROWTH LAST 5 YEARS	GROWTH NEXT 5 YEARS	GROWTH OVER 12 MONTHS
BIRMINGHAM	£202,162	14.2%	16.5%	3.1%
MANCHESTER	£242,311	15.8%	17.1%	3.6%
NOTTINGHAM	£214,435	16.9%	14.8%	3.0%
GLASGOW	£194,545	15.5%	15.4%	2.3%
EDINBURGH	£333,691	12.3%	17.1%	3.5%

Source: Zoopla, JLL

Investing in real estate could mean either buying or rental of property, therefore people need to consider the best options before investment. If you are particularly interested in purchasing property to live there, then it is important to discuss whether you will be their long term or short term. Many property experts believe a customer should occupy the property for at least 7 years before selling in the market, for it to sell at a higher premium. On the other hand, if you are looking at rental property, the main focus is to look at how much money the property will generate overtime. Not only do you need to look at the rental costs of the property, but the overall uphold, maintenance costing and expenses of the property.

For many landlord's, this is a great time to start earning recurring income every month. As many University students get back to their studies, there is an expanding demand for rental properties amongst the larger cities in the UK. Popular Universities such as Liverpool, Manchester and Nottingham rely heavily on students towards the development on the property market. Therefore, the increase in demand in these cities for student accommodation, is a great opportunity for new beginners in the real estate market to begin to set up. This is aimed directly to students, as the accommodation often offers flexible contracts, affordability, plug and play living, community engagement and provides a hassle-free living experience.

Unfortunately, due to the current national lockdown in the UK, many University students cannot travel to their accommodation. This has meant many students are paying for University accommodation, without being there! Many students believe this is unfair, and petitions

are in place to stop students paying when they physically cannot travel.

Generally, the less experienced in the real estate sector continue to drop out of the market due to worry of losing property income. With low rates and currency benefits, this has allowed investors to take advantage of one of the most stable assets in a robust market that has continually proven to deliver returns over the long-term. The temporary Stamp Duty Land Tax reduction that was introduced by the government in July 2020, to address reduced housing property sales for the property market to recover and expand again. This will be available on properties in England until the 31st of March 2021, this means that Buy-to-Let investors now only pay 3% SDLT on purchases up to £500,000, which could mean savings of up to £15,000 when buying during this period.

However, there is worry many people are moving out from city centres to rural or international borders post-pandemic. Difficulties of city living for many have been a struggle this year, for example trapped in properties that are, on average, smaller than elsewhere; having less access to a garden (21 per cent of Londoners have no garden); the inflated rental prices rising in larger cities such as London (3). There is no surprise that many wealthy couples and families are moving away from city to rural locations, or even oversea.

Of course, 2020 and 2021 so far has been a roller-coaster journey for both the economy and property market; nonetheless low interest rates and government measures have helped to recover the industry. It is extremely hard to predict how the UK economy will respond, however now is a good time to invest in UK property if you are looking for a stable and long-term profit. There are many real estate companies such as 'Asset Bonds' and 'Property Wealth System' in the UK, taking full advantage of the online property market.

Despite the uncertainties from both sociological and economic impacts, the real estate market seemingly is an attractive investment in the long-term for consumers. Long-term investment is a strong and firm decision if you are willing to invest, rather than short term proposals. There is still a doubt what the future holds for the property sector, but for now it's the best time to invest!

1. <https://www.rw-invest.com/uk/is-now-a-good-time-to-invest/>
2. <https://sevencapital.com/investor-resources/now-best-time-invest-property/>
3. <https://www.independent.co.uk/life-style/people-leaving-cities-london-manchester-coronavirus-pandemic-lockdown-a9612116.html>