

Economy

# Mr Property predicts 15 year UK house price boom as US and Chinese investors pile into market



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May 28, 2015 13:03 BST

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House prices have been buoyed by the Conservative victory (Reuters)

A man known as "Mr Property" has said that the UK is in the middle of a 15-year property boom with "no sign" of bust.

Mike Hussey, chief executive of property developer Almacanter, made the bold claim at an industry conference last week.

"We are in the middle of 15 years of property boom and no sign of bust. I have called the cycle well twice in the past and, although I may be wrong now, I believe that we are now in a 15-year period of steady growth in the property sector, which will run from 2010 to 2025. London, in particular, is entering an unprecedented boom period," he said.

The idea of 15 years of continuous growth will sound frightening to those trying to get on the housing ladder, particularly in London, where house prices have rocketed 17% since the general election.

Hussey cited low interest rates and a benign political environment as reasons for his forecast, but there are also other important factors at play.

## International investors

While domestic sellers have been keen to profit off the back of the Conservative election victory – which experts say provides certainty and rules out a mansion tax – so too have international buyers begun to increase their efforts to park their money in the safe haven that is London. Average London house prices are expected to double to a £1m in the next 15 years and there is no dearth of appetite to cash in on the growth.

Paul Welch, founder and chief executive of Largemortgageloans.com, said: "We are seeing increased activity from internationals looking to invest, with a particular focus on China, seeing a 1,150% increase in Chinese visitors between February and March 2015. This is only set to continue as the economy stabilises and it's promising to see such a large surge of Americans being attracted to our

real estate."

Welch's firm, which specialises in arranging mortgages of £500,000 and above, has also seen a 51% increase in interest from the United States post-election.

### **North/South divide?**

The Queen's Speech detailed plans to create a "Northern Powerhouse" in order to help deliver a more balanced economic recovery. In terms of house prices, while London and the South East have soared, figures for the North of England have risen at a much slower rate.

According to the ONS, the average house price in the capital is now £498,000. In the north east and Northern Ireland, house prices averages are £157,000 and £145,000 respectively.

However, even in the North investors are seeing potential.

Stuart Law, chief executive at Assetz for Investors, said: "There is still a long way to go for Northern cities, like Manchester and Liverpool, which are still well below peak pricing. We would advise shrewd investors looking for that sweet spot blend of capital growth potential and strong yields to focus building their portfolio in these cities along with Leeds, Birmingham and Newcastle."

### **House building**

Driving up prices is a lack of supply. The Conservatives yesterday brought forward Right to Build, which will enforce local planning authorities to support builders in identifying suitable plots of land for building. A statutory register for brownfield land will also be introduced.

Henry Gregg, assistant director of the National Housing Federation, said: "The availability and affordability of land are key obstacles to building the homes we need, so identifying and freeing up brownfield land is a good move in the short term. In the long term, however, there simply will not be enough of this kind of land to keep pace with the need for new homes or address the backlog."

How long is a "long term"? 15 years perhaps.

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