

Where the UK property market is heading?

A Q & A with Paul Welch, founder and chief executive of Largemortgageloans.com

MFG: What would you say are the key issues that need immediate resolution on the British property market?

Welch: With the election just around the corner, the property market has slowed significantly while people wait for the outcome to be announced. The result will determine whether house prices rise or fall moving forward and therefore it's challenging to define what the immediate issues are and what the future ones will be at this present time. Despite this, the property market is currently heading in the right direction and is strengthening, and it's only after the election we will have a better idea of what lies ahead and what will need resolving.

MFG: For the first time all major parties have said they'll include housing as one of the main topics in their manifestos. Do you think a radical change in property supply could be achieved in five years?

Welch: The future of the property market all rests on the outcome on the election. For example, if, as the reports are speculating, a hung-parliament is announced it will be tremendously difficult for parties to gain the backing needed to pass their housing manifestos if there is little support. Yet, if we look back to where the property market was five years ago, it has come along leaps and bounds however will take 10 years for radical change to take place.

MFG: In your opinion, where is the UK property market going in terms of prices? And do you see different trends for the different market pockets – prime, near-prime etc.

Welch: At Largemortgageloans.com, we specialise in mortgages of £500,000 and above and during the last two years, demand for our service has increased by 71 per cent (Largemortgageloans.com, March 2015). This is indicative of the direction of market prices and buoyancy of the economy as a whole. While price and demand is high across the UK, the prime residences in the capital have softened and we have noticed a particular increase in the South East region, with over £700 million worth of enquiries handled in 2014. This is hot on the heels of London, with just over £915 million



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(Largemortgageloans.com, March 2015). This emphasises the trend in the increasing numbers of people buying property outside the capital although there will still remain interest in London property investment.”

MFG: How could a future increase in investments by high net worth individuals in the capital help business grow?

Welch: Investment by private individuals has always been an important source of capital for small businesses. These high net worth individuals and ‘business angels’ who invest in the capital’s commercial property, enable businesses to remain innovative and compete in the UK’s open market.”

MFG: What would you say are foreign examples for a good property practice that could be applied successfully in the UK?

Welch: In many respects the UK is a great example of good property practice. Due to increased investment and low interest rates the recovery of the UK property market is firmly established, and is currently out performing Europe.

The UK is one of the top three EU countries leading the property market, having recently had the third highest annual increase in house prices behind Estonia and Ireland. Therefore, other countries should consider following our lead. For example, Singapore is currently in a challenging situation and has almost come to a property standstill, with property prices having fallen 10-15 per cent since new tax charges have been increased.

They should consider targeting and promoting the benefits of investment to overseas high net worth individuals, with a particular focus on its residential property market to help ensure market recovery.”

About Largemortgageloans.com

Largemortgageloans.com is a UK mortgage broker specialising in arranging mortgages of £500,000 and above. In the three years to March 2015, the company has received mortgage enquiries worth more than £6 billion from high net worth individuals.

With the number of this type of individuals (worth £660,000 or more excluding their main property) expected to rise by almost a fifth to one million in the next three years [and the number of UK residential properties valued at £1million or more increasing by 49 per cent in just one year, Largemortgageloans.com has noticed an increasing demand for high-end mortgages. With a year-on-year increase in enquiries of 33 per cent, Largemortgageloans.com has achieved an additional £2 billion in enquiries each year since 2012, thus proving an increase in confidence in the upper quartile of the UK property market and economy as a whole.

“We want to educate all those individuals looking to borrow £500,000 or more on the best mortgage rates available to suit their needs,” Welch says.

“Many lenders, in fact, offer more attractive solutions for new customers. For example for a 0.5 per cent saving, one could save over £125,000 on a £5 million mortgage over a five year period – it’s extremely worth considering your options. With the cost of a mortgage reducing, it’s also an incredible time to consider property investment; however, it’s challenging to know where best to source funding, particularly at a high end. We’re keen to continually push boundaries to offer the most tailored solutions possible so that it’s easier to navigate the minefield that are mortgage options. This is even more imperative when borrowing larger amounts, and consequently the need to continually innovate and mould solutions is vital to enable the UK to benefit.”