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**Private Finance predicts house price inflation for the upper end of the UK property market**

Recent conflicting reports about house price inflation from Nationwide and CEBR mean that buyers and sellers are feeling somewhat confused about the future direction of property prices. However, independent mortgage broker, Private Finance, believes that clients can take a more confident view about the upper end of the UK housing market, where prices are continuing to rise and purchasing high quality property remains a sound investment decision.

“In the last few weeks we have seen incidents of buyers willing to increase their bids for property at the upper end of the market, sometimes by as much as 18% in a single week,” observes Simon Checkley, managing director of independent mortgage broker, Private Finance.

“This is indicative of the active interest in this sector of the market, so it is essential that such buyers arrange their property finance before their offer is accepted, so that they can move quickly to secure their desired property.”

“Obviously, such price rises are not typical of the UK market in general, but then we should remember that there isn’t a single market for property, but a number of very different market sectors affected by specific variables.”

To assist clients in assessing house price dynamics in the UK, Private Finance suggests they consider the following 3 key factors:

1. The fundamental macroeconomics of the UK property market – increasing demand from a growing UK population versus limited supply of housing stock – mean that house prices in general are likely to rise steadily in the long term. The UK was already short of new homes before house builders virtually stopped building in 2008, with no signs of a return to business as usual for several years. Perhaps the huge price inflation of the early 21<sup>st</sup> century has passed for good, but

what would be so bad about that? People could get back to seeing property as a place to live and not some 'get rich quick' scheme.

2. There is no such thing as 'the UK housing market'. Just as the individual markets for art prints and original art works are entirely different, so are the markets for 2 or 3 bedroom terraced houses and 5 or 6 bedroom country houses. So, even in the short to medium term, the economic factors that affect the sale and price of much of the UK's housing stock are completely different from the specific - and sometimes local – factors that affect market niches.
3. Finally, property is not just a 'utility' purchase. Maslow's hierarchy of needs demonstrates that, having first found food and shelter, humans develop their needs for esteem and self-fulfillment. With the 'baby boomers' coming to the peak of their earning power, the upper end of the market will see buyers actively looking for houses that reflect their aspirations. They will be prepared to pay for a property in a certain style in a particular location and this demand, coupled with limited supply of 'original' homes, will ensure that prices in such sectors continue to rise.

Simon Checkley adds "Commoditised markets are weak right now, with decreased disposable income and the fear of unemployment meaning that people feel worse off than they did two years ago. Mass market homes are unlikely to see a significant increase in prices in the next few years. But the upper end of the market experiences quite different dynamics.

"Just like beautiful and original works of art, high quality property is rare and has a unique nature which will continue to support an increase in its price over the years. We strongly believe that investment in the upper end of the UK property market continues to be a wise long-term investment decision."

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### **Notes to Editors**

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## Private Finance – Key Facts

- Private Finance is an independent mortgage broker ([www.privatefinance.co.uk](http://www.privatefinance.co.uk)) which advises and arranges large loans and associated products and services for high value clients. Private Finance gives introducers exclusive access to bespoke mortgage solutions for their clients and lenders exclusive access to new high net worth market segments.
- Since its launch in 1999, Private Finance has developed strong relationships with a number of estate agencies, and currently has exclusive arrangements with property agency brands including Jackson-Stops & Staff, Strutt & Parker, Frank Harris, The County Homesearch Company and Sullivan Thomas
- Private Finance has grown organically, without seeking external investment, and thus has had freedom to develop its own bespoke culture and business model over the past ten years. Its clients are high earners and wealthy individuals and the essence of the Private Finance service, delivered using the latest technology without losing the 'personal touch', is the quick and efficient arrangement of a suitable mortgage, leaving the client free to get on with their busy life.