

Consumer Attitudes towards Investing in Property - UK - April 2021

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“Unprecedented levels of savings have been accumulated during the pandemic by high-income households, which are key for growth in this sector. Potential investors see COVID-19 permanently changing the housing market, but also creating new prospects to invest”.

- Irene Salazar, Senior Financial Services Analyst

This report looks at the following areas:

- The impact of COVID-19 on the property investment market and existing investors.
- Existing investors’ short-term plans.
- Motivations to invest in property among existing and prospective investors.
- Interest in different types of property investments.
- Attitudes towards investing in property, including how COVID-19 will change the market.

Despite the enormous impact COVID-19 has had on the economy, effectively shutting down the housing market for months, the effect on property investors is mixed. 26% say the pandemic has had a positive impact on their investment, while 28% say it has had a negative impact, and 44% say it has had no impact. This means their short and mid-term needs will be varied and wide-ranging.

Challenging conditions due to the pandemic resulted in a 13% contraction in new lending in 2020. This was driven mainly by a sharp drop in remortgaging activity, which accounts for the lion’s share of new business. Following the initial shock and lockdown, the market has bounced back, particularly as investors sought to take advantage of the temporary reduction in SDLT.

It is expected the market will return to more normal levels of growth in 2021 but competition and product availability has worsened as lenders respond to heightened uncertainty and the threat of rising arrears and bad debts. Emergency measures introduced to protect renters have left landlords more exposed to the economic fallout and have highlighted grey areas regarding tenants’ and landlords’ rights.

However, faster-than-expected recovery and encouraging conditions could boost the market in 2021. Unprecedented levels of savings have accumulated during the pandemic by high-income households, which are key for growth in this sector. Potential investors see COVID-19 permanently changing the housing market, but also creating new prospects to invest. Seizing the right opportunity is the primary motivator to invest in property, which means changing lifestyles due to the pandemic could result in more people considering purchasing investment property.

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This report is part of a series of reports, produced to provide you with a more holistic view of this market

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