

Surge In Demand For Property In Coming Months

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A special post-Brexit Financial Activity Barometer* undertaken by GfK for JGFR finds a record level of financial activity in prospect led by property and life/pension demand. 84% of adults intend to save, invest, borrow or repay debt in the next 6 months, up from 82% in June, the highest proportion in the 14 years of the survey.

While there is little change in the proportion of adults who intend to save / invest (73%), borrow (20%), or repay debt (32%) compared to the above-average levels of June, there are notable differences between categories and in property purchase intentions and capital withdrawal intentions**

Notable changes in financial activity intentions post Brexit have been the sharp drop in savings intentions through cash deposits (down from 38% of adults to 35%) and ISAs (down from 42% of adults to 36%). Both drops in demand are likely to reflect the Bank of England interest rate cut.

More positively, demand for life and pension products has increased with almost a half of adults intending to pay in to a life or pension scheme, up from 47% in June and well above the long-term average of 41%. The success of auto-enrolment is reflected in the jump in regular pension contributions in the past 3 years. In August 39% of adults (66% of workers) intends to make a regular contribution, up from 37% in June and well above the long term average of 30%.

With a very poor cash saving climate, more people (27% v 24%, June and 22% average) appear to be ensuring greater financial health through paying into a life company scheme that may provide family protection or long term savings.

Borrowing and debt repayment intentions remain similar to pre-Brexit, but remain above their longterm average. Within borrowing categories a jump in personal loan intentions offset weaker mortgage demand.

Housing market activity is set to be well above average in the coming months despite the slight fall in mortgage intentions. Property seemingly is viewed as a much better investment than either cash, shares or bonds with property deposit intentions at a 14-year high, despite the rise in stamp duty on second homes and buy-to-let properties. The growing awareness of holiday letting through Airbnb as more tourists take advantage of the weaker pound may be helping to add to the demand for property investment.

Capital withdrawals continue to be running at well above average levels with just over 1 in 10 people intending to withdraw capital, up from a long term average of around 7%. Property investment will be a likely home for some of these funds, with cash buyers making up around a quarter of intended property purchasers, well up on June when few cash buyers were evident following the changes to stamp duty. Demand is high among the under 40s pointing to the Bank of Mum & Dad still open for business.

Regionally the increased demand for property is almost entirely in England, especially in London, the North West, the Midlands and the South East. Not all property purchase intentions will relate to the area where the respondent is based, although given a weaker pound and the Brexit-induced uncertainty over property investment in Europe, the majority of such housing activity will be in the UK.

Commented John Gilbert, Chief Executive of JGFR:

“Demand for financial products post-Brexit remains very strong. The UK consumer has become more financially engaged and active, driven by the constant advice given by print, online and social media. Generating passive income is the goal for millions with the search for yield favouring property and equities. At the same time more people are seeking to safeguard their future through greater contributions to life and pension products, while others are using consumer credit to acquire new cars and household goods as well as to help grow and balance their finances. Retail financial services, being at the front-line of the impact of Brexit policy-makers, will continue to attract much attention in the coming months.”