



'Think like the rich' and avoid the crunch

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Savvy investors are profiting in the property market despite the doom and gloom, claims one expert...

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Everyone is worried about the impact of the Credit crunch, but Nick Hopkinson of specialist firm, *Fruitful Property* is not wallowing in the negativity, preferring instead to find solutions and ways to profit amid the gloom. To that end, he poses the question: What are rich and successful investors doing and can you learn from them to overcome your fear and beat the crunch?

Mr Hopkinson explained: "No one seems to know the true extent of the bad debt that global banks have taken on. As a result, UK Mortgage availability has dropped sharply this year. First time buyers and anyone without a clean credit rating is struggling to pay higher interest rates and can't raise the much larger deposits required in today's property market. Mortgage and property affordability has worsened significantly for many. Repossessions and distressed seller numbers are also on the increase".

Gerald Ronson, successful boss of property firm, *Heron* recently said that he was 'excited by the current market' at lunch last week, adding: "Everyone knows that property is a long term game and you need to take a 7 to 10 year view. You can never guess the bottom, but you'll always get a better deal when prices are falling than when they are on the way up!".

Liz Peace, Director of *British Property Federation*, summarised the winning attitude and strategy of successful investors for Fruitful's Hopkinson at a recent breakfast meeting "The Vultures are circling, as (property) prices drop they are starting to get some real bargains. The Rich will be the real winners from the current credit crunch. They always are!"

Right time to step into the market?

Mr Hopkinson further observed: "UK inflation is still stable and well within the government target range of 1-3%. Interest rates are probably on a downward trend; nobody is suggesting interest rates are likely to rise significantly in the next couple of years. Latest employment figures are still very healthy; suggesting most people will continue to be able to afford their mortgages.

"UK Population growth and the chronic housing shortage continue unabated. In fact, new build starts are down 30 percent on last year which will make the housing shortage even worse than currently predicted in a few years time. Rising rents across England and Wales is further evidence of continued strong demand for housing**.

"Everyone's "bearish" on property at the moment, markets have very short memories and ordinary people are always driven by fear of losing out if prices fall further. This is exactly the time that savvy investors are stepping into the market and cementing their place on the future rich list. The fundamentals of long term growth in property are still the same as ever, but it is now a buyer's market if you have the money for deposits and can overcome your natural fear".

Savvy investors still profiting

Mr Hopkinson revealed how his clients are making their money: "Fruitful clients are currently buying pre-Repossession property, pre-Auction and post-Auction property at below market value (BMV) prices by moving fast to help these distressed sellers.

"Today's high rent yields mean 14 percent plus return on capital invested is common on these properties this year alone; regardless of any short term price movements. This is far better than any bank savings!"

"UK residential property consistently outperforms most other investments and the fundamentals have not changed".