

SPRING 2009 NEWSLETTER

SOME TWINKLY LIGHTS OUT THERE FOR THE CANNY INVESTOR

Pete McGahan, MD Worldwide Financial Planning, Writes:

So here we have it. A near zero interest rate for savers. Couple this with the fact banks are under pressure by regulators and markets to keep larger amounts of capital aside relative to the loans they have given, and you have a very tricky scenario.

First time buyers are the answer to the lower end of the market as they are desperate to buy, but banks have decided to tighten up in that area and are not offering very favourable rates for those with a low deposit. That of course is a bad day at the races all round, and has to change. A loosening of this regulation for banks would be welcome but its possible further government cash injections will be required. As if we didn't need further pressure on the pound. As complicated as it all is there are some twinkly lights out there for the canny investor.

Numbers are everything at the top and the bottom of the market, and in between, there is always sentiment to prove that us 'money people' are indeed clueless!

As we come closer to 'bottoms' in some sectors, consider where the cash investor will have to look for the income. Now as you know I have been calling property down for some three years and the bubble just kept getting bigger. Whilst there is further pressure on this market, one aspect is definitely

shining today - holiday property.

We are always looking for the potential for return over a risk free asset. That's not very difficult in today's market given how low interest rates are but that is not reflective of long term rates. I am comfortable rates will remain low for a year, whilst deflationary pressures, in a debt-laden economy sort themselves out. Inflation will return when we begin to spend, having reduced our debts with the excess income over the falling expenditure of mortgages and plummeting inflation.

Consider the next few years however. We have a pound that used to be worth something, and in turn there are two benefits to the economy. Firstly, foreign holidays are much more expensive due to the currency gap, secondly overseas visitors find the UK a reasonably cheap place to come to in comparison to their living memory. On my holiday in Norway last year I paid £18.90 for a pint of Guinness and a glass of wine. I've 'done' Norway now. Let's just say I came home very healthy after three weeks.

And on the grounds of supply and demand, holiday properties in the UK will be very popular indeed. This will make them a very attractive asset class for investors.

Another addition to this is the advent to the everyday investor of fractional ownership. Sometimes poorly confused

with timeshare, this is fast becoming an exciting way to access a reasonable return on cash for a part interest in a property.

The developer effectively creates a stunning holiday village with all the correct amenities and sells off part shares in each property. That share entitles you to a set period of say 4 - 8 weeks in a property which of course you let out to Mr & Mrs Holiday family. They arrive to a beautiful four bedroom house instead of a chalet with all the amenities they need - pool etc.

For other property investment opportunities take a look at the new web based portal, "www.holidayhometobuy.com", which allows Sellers of UK Holiday Home(s) to register, upload and manage their property(ies) for sale and Buyers to access information on Holiday Homes for sale around the UK. In effect, it is a "one stop" search centre and a forum for all those involved in the UK Holiday Home sector.

“Holiday properties in the UK will be very popular indeed”

www.wwfp.net - 23 January 2009

01.03.09 THE SUNDAY TIMES timesonline.co.uk/property



“Now is the time to buy your UK holiday investment...”



The Specialist web portal for UK holiday homes...

www.holidayhometobuy.com

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NEWQUAY VOICE Wednesday February 25 2009
www.newquayvoice.co.uk

Enterprising pair's boost to holiday home market

TWO Newquay entrepreneurs are vying to help stimulate the resort's housing market with their new online business venture.

Helen Cobley and Frances Cole (left) have over 30 years of experience in sales and property between them and have pooled their talents to create www.holidayhometobuy.com.

"We just thought that there was a gap in the market," said former Director of Fittal Surf Company, Frances.

"If you go on the internet and type in holiday homes then you just get long pages, there's nothing for UK holiday homes."

Newquay is experiencing a change with many of the long-standing hotels that have crumbled into apartments, because they're worried that they're going to be empty half the year," said Frances.

"But these homes are already built, they were built before we set up our site so at least let's get them filled and stimulate Newquay."

The pair's site has been developed over the past few months and is set for a March 1 launch in the Sunday Times. Helen and Frances are currently monitoring the local and national news and listing with estate agents to create articles and interviews concerning UK holiday homes.

"We want to make the site so that it's the first place people come when they are thinking about buying a holiday home," said Helen, who can the successful Newquay-based HolidayHome.com.

"It's not just a site full of listings, there's much more to it."

Visitors to holidayhometobuy.com can learn more about the market and means of purchasing such as fractional ownership.

All properties that are listed on the site are subject to the company's official prices.

Frances explained: "We only want to sell holiday homes and are not looking to affect the residential market."

Anyone wishing to browse the site's listings must register first. To do so is free at the moment but a year's basic membership will soon be priced at £30 plus VAT. The cost to sellers of listing a property varies.

"New business ventures in the current economic climate are few and far between and the perfect housing market may be enough to deter even the most bold businessperson. But the entrepreneurial spirit isn't gone."

"This could actually be the best time to start and we could help stimulate things. We have seen Newquay change so much over the years and we want to help stimulate the town again," said Frances.

Helen added: "I am Cornish through and through and we both care about our local economy. It's an exciting time for Newquay and there are big changes to come."



