The Potential Impacts Of An Independent Scotland On UK Buy To Let

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Graham Davidson, Managing Director of Sequre Property Investment, considers how an independent Scotland might affect those considering investing in buy to let.

There is still uncertainty surrounding several vital elements of Scotland's economy should the 'yes' campaign win.

Over the past year, Sequre Property Investment has seen a rise in Scottish investors focusing their attention purely south of the border on cities such as Manchester and Liverpool. These cities are undergoing a resurgence when it comes to job creation, investment and improvements to infrastructure, all of which mean they have a very bright future. For example Manchester is experiencing inward investment thanks to developments of national significance, such as Airport City, MediaCityUK and the recently announced One North Transport initiative. On top of this, in the wake of a yes vote, the likely weakening of sterling could encourage Scottish investors to think about their investments in a wider geographical context, as there will be a range of strong opportunities available to them.

Glasgow was once touted as a great investment option, with gross annual yields of over 7.8%. Yet this could no longer be a given. An independent Scotland will have a smaller economy, which comes with higher credit risk and higher funding costs. This creates pressure on household finances and may actually result in lower house prices as people seek to find more affordable housing solutions. This might in turn mean that house sales begin to stall. The likely drop in Scottish property prices will mean that investment potential and likely returns will diminish, which further adds weight to the argument that investors should be concentrating on cities with a much healthier investment outlook, like Manchester and Liverpool.

We would therefore expect to see more and more investors coming to us as they seek investment options that are likely to provide strong returns for years to come. The likelihood of mortgage rates remaining lower for longer will also make investing in a buy to let property more viable for many. Large employers have already announced intentions to move south of the border should the Yes vote win. Business confidence in the region is shaky to say the least, and many large decisions may well be put on hold for some time.

All this has the knock-on effect of creating job uncertainty which, added to a housing market that has only recently recovered from the crash of 2008 means careful consideration when looking at buy to let. We would advise people to consider their property investments, especially if they are currently looking at Scotland, alternative cities might provide a better option at the moment.

About Sequre Property Investment

Sequre Property Investment specialises in the provision of discounted, high-income producing, buy-to-let property in a number of major UK cities. We provide an expert acquisition and investment service to individuals ranging from first time property investors to those with portfolios worth several million pounds. www.sequre.co.uk

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