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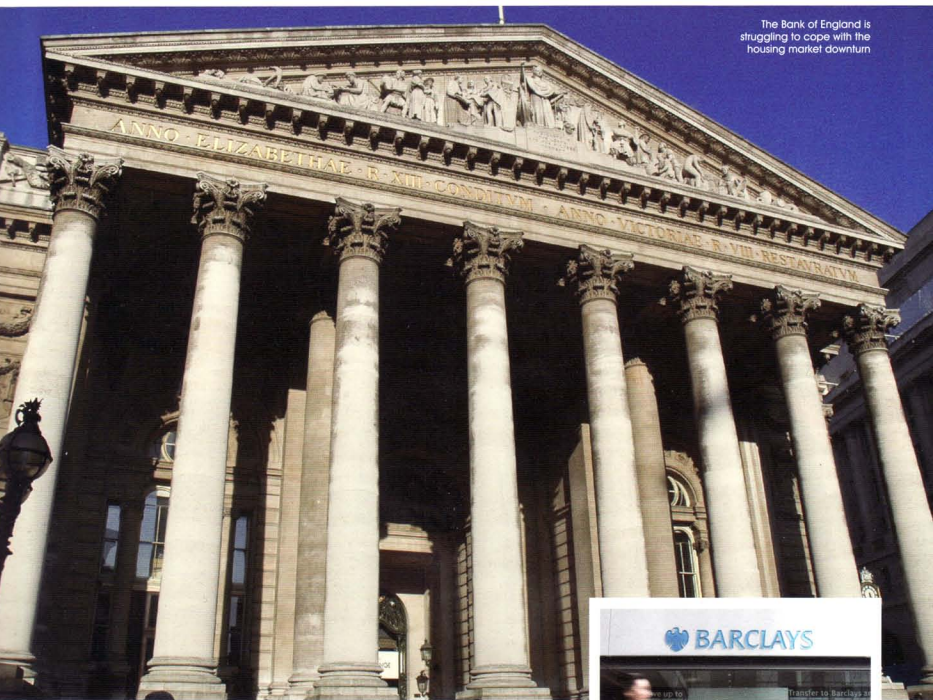
Plus Redecorate, redeccorate, redeccorate! Revamps and quick fixes for a spring makeover

Market moves

Last issue expert developer Gary McCausland correctly forecast that the property market was facing a massive downturn. This time around he reveals his personal portfolio secrets and his new predictions

We've reached this economic situation through huge financial mismanagement, human greed, irresponsibility and decisions made without thought. After the Lehman Brothers went under there was a domino effect, and everyone's been panicking since. It was only a matter of time really, because we were almost at a point where money didn't have any value anymore. You could go to a bank and they'd give you a 99 per cent mortgage. I saw big property dealers putting in a

million and they were getting \$99 million back, which was just ridiculous. But those days are gone, they're history. Everything has changed, and the people that adapt with the times will survive, while the people who don't will go under. Luckily because I realised there were clouds on the horizon I worked hard to safeguard my property company. I focused on selling what I had and downsized my workforce. I've closed one of my offices and really mobilised the big sites that I have. You have to do what you can in the credit crunch, you have to create partnerships, conserve money, get the costs down as far as you can and cut right back.



The Bank of England is struggling to cope with the housing market downturn

Money talks

The main problem for buyers and developers now is the lack of finance available. The number of ordinary mortgages available is down by 40 per cent, and now 40 per cent and 65 per cent are the best on offer. They're the ones where you used to get 95 per cent funding on a good day, but that's all gone now. If you haven't got a huge amount of equity and a fantastic track record then it's very difficult to get on the ladder, and it's those people who are the life-blood of the market. Until people have the confidence and finance to move again in mass, the market is going to be very subdued.

However, if you have got access to finance and cash, now is a good time to think about getting into property. Although the number of properties on the market is down by 65 per cent, the bargains out there are absolutely phenomenal. A lot of foreign investors are coming back into the UK market because they can see it's a buyer's market. The only caveat you have to consider is – how much further is

the market going to drop? We thought we were over the worst of it in 2008, but we're in another banking crisis right now, it just seems to be going from one nightmare to another and every time it's getting worse.

Helping hands

I believe there are things the government can do to help get us out of this crisis; one of which is to get rid of Home Information Packs. They don't really make sense to me, they're bureaucratic and just another layer to stop people from putting their property on the market. The vast majority of people don't have a disposable income, especially in these times, so where do you find another £300–350 before you put your property on the market? It's doing the absolute opposite of what it's meant to do. It's a disaster. Most solicitors will tell you not to rely on the HIPs so you've still got to do it all yourself anyway. In my opinion they are a waste of time, and a complete waste of money. ▶



The 95 per cent mortgages once offered by banks are no more

Gary wears: satin suit jacket, £165; trousers, £595; born Full Circle; tripod shirt, £130; Moss Bros; O Jinnis; £25; Tyler & Tyler



“I’m a huge fan of housing associations, I think they’re a great way forward”

Also, instead of dropping VAT by an amount that is irrelevant to everyone – what difference does 2.5 per cent or two-and-a-half pence in the pound make – they should have raised the stamp duty threshold from £175,000 to £250,000, so that everyone under £250,000 doesn’t have to pay a stamp duty. They need to do things like that to get some impetus back into the market. Another thing they can do is to start guaranteeing mortgages. Banks and mortgage companies won’t give you average person with a 5–10 per cent deposit a mortgage, so the government really needs to step in and subsidise in some way.

I think shared ownership schemes are the future of the housing market, a lot of housing associations are setting up at the moment. The programmes used to be for key workers, nurses and doctors, but they’re more or less opening their doors to anyone now. If you’re a couple and your salary is under £60,000 a year then you can go into a part ownership scheme, and I think the government has got to encourage these. I’m a huge fan of housing associations because I think they’re a great way forward and give affordable, good quality accommodation, much more than councils could ever provide, because you’re working with the private sector. I prophesise the future will be developers doing more and more schemes with the housing associations to create key worker and social housing.

What next?

I would predict that 2009 is going to be another tough year, 2010 will probably see green shoots growing, then in 2011, 2012, the market will hopefully start to recover. We are a growing human race so there’s an ever increasing demand on land, but also now a great pressure to keep our green spaces, which makes supply limited. Consequently, with a supply that’s limited and demand growing, prices will always go up, it’s fundamental basic economics. However the future is totally unknown right now, it’s absolutely impossible to predict, which is why it’s panic stations out there. The property market is in almost freefall, unemployment figures are soaring and construction has hit a brick wall. The thing about property is it’s like a supertanker; you’ve got to make the decisions a hundred miles out before you want to turn and get in the dock.

The most important thing is to stay realistic and to understand that these are very, very difficult and challenging times. Some people keep saying you’ve got to be positive, and you’ve got to look on the bright side, but I think you’ve got to look on the real side. I have spent the last year really managing what I have with the focus that I want to survive this downturn, rather than wanting to make millions. My bright side will be if I can survive this and be in the right position when the market turns again, which it will do, then I can concentrate on making money again. ■

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