RACONTEUR

Investing in Property

Property Partner

Saving for a house deposit in 2017

It's an uncertain time for first-time buyers, but a range of options are available to help desperate savers become homeowners

PROPERTY LADDER
HARRIET MEYER

The first rung of the property ladder seems increasingly beyond reach, with the cost of houses in the UK now standing at around six times the average salary.

House prices have soared by around a fifth over the past three years, while salaries rose by just 6 per cent over the same time period, according to latest figures from Nationwide. At the same time the average value of a home in the UK has jumped to an all-time high of £222,484, says Halifax.

However, there are options to help wannabe first-time buyers trying to scrape enough together for a deposit in 2017.

Buying a first home typically means saving a deposit of around 10 per cent, or more to access the best mortgage rates. This involves setting aside tens of thousands of pounds, but there are various government schemes that may offer a helping hand.

For example, the Help to Buy equity loan scheme slashes the deposit needed to 5 per cent and offers an interest-free loan for a further 20 per cent from the government. This scheme can be used to buy new-build properties in England worth up to £600,000, and is available to buyers until 2020.

First-time buyers saving for a house deposit may also want to consider the Lifetime ISA, available from April 2017. Savers aged between 18 and 40 will get £1 from the government for each £4 they put into the ISA before they turn 50. A maximum of £4,000 can be saved into the ISA each year, topped up to £5,000. This can be used to buy a first home worth up to £450,000 anywhere in the UK.

Despite some uncertainty over how the housing market will perform in 2017, many experts predict prices will keep rising, even if at a slower pace. If you are determined to buy a first home, consider where you can slash spending to help reach this target.

As an example of how to budget, you could set aside 50 per cent of income after tax for essential spending, and a maximum of 30 per cent towards nights out and holidays. The balance, at 20 per cent, can be put towards savings for life goals such as buying a first home. However, the more you can save, the better. There are plenty of online budgeting tools that can help.

£222.4k
average value of a home in the UK

20%
increase in house prices over the past three years

6x
the average salary is needed to buy a house

£32.3k
average deposit paid by first-time buyers

32%
of first-time buyers' disposable income is used for mortgage payments

Halifax 2017

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In partnership with Property Partner

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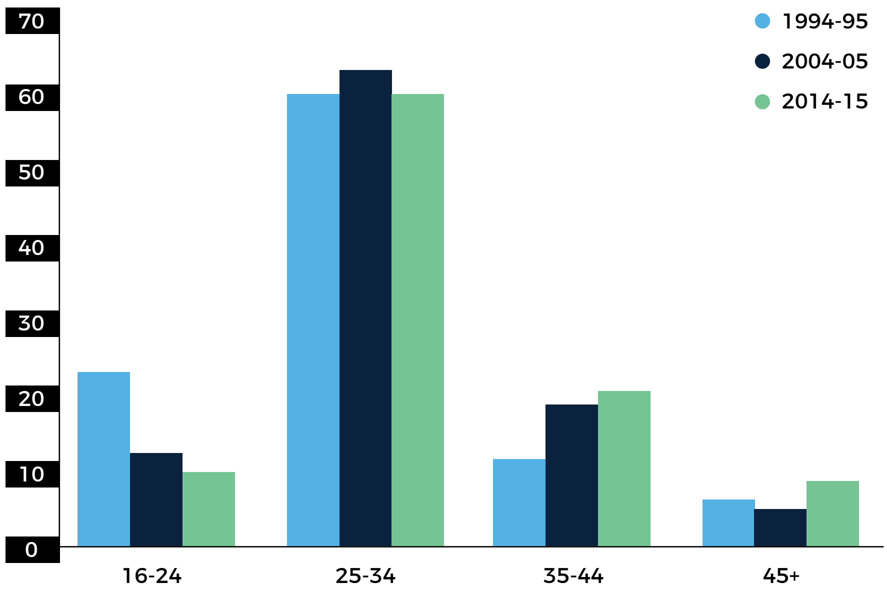
Right With interest rates at an all-time low, it can seem pointless hoping for any worthwhile interest on your savings

AGE OF FIRST-TIME BUYERS

SURVEY OF FIRST-TIME BUYERS IN ENGLAND ONLY, BY PERCENTAGE



Department of Communities and Local Government 2016

Scouring bank statements is a starting point, checking where spending can be reduced. Are there any utility bills that may be cut by switching provider, for example, or would you be wiling to ditch the TV package? Keeping a steady eye on spending habits will also help when getting a mortgage. Providers tend to carefully consider mortgage applicants' spending patterns, following tougher affordability tests introduced in April 2014.

With the Bank of England's base rate at an all-time low of 0.25 per cent, it can seem pointless hoping for any worthwhile interest on your savings. However, it's still worth comparing the many accounts on the market as rates vary widely. Using comparison services is a first step to securing the best deal.

Saving into an account on a monthly basis can pay. Some banks offer regular savings accounts with interest rates significantly higher than other rates on the market, at up to around 5 per cent. However, you'll have to stick to the rules for the best deals. These typically include having a current account with the bank, and there are caps on how much you can save each month.

Fixed-rate accounts also offer higher rates, but these involve tying up your cash for a specific period, which may not suit anyone saving for a deposit to buy. Beware of 'bonus rates' on savings accounts, which typically applies for a period of around 12 months, and once this ends interest payments may sink dramatically. Make a note in your diary of when the bonus expires, so you can move your money if necessary.

> Despite some uncertainty, many experts predict prices will keep rising, even if at a slower pace

Also remember to check the conditions, as even some 'easy access' accounts limit the number of withdrawals you can make each year.

Be flexible and consider all options that may reduce the sum required to buy, particularly while house prices continue to rise well above wage inflation. Many first-time buyers are unable to rely on the bank of mum and dad, but perhaps buying with a friend is an option for some. Up to four people can legally be registered as co-own-

Gary Burchell/Getty Images

ers of a property, although how the purchase is structured needs careful consideration.

Alternatively, there are shared ownership schemes, enabling someone to buy a portion of a home and pay rent on the remainder.

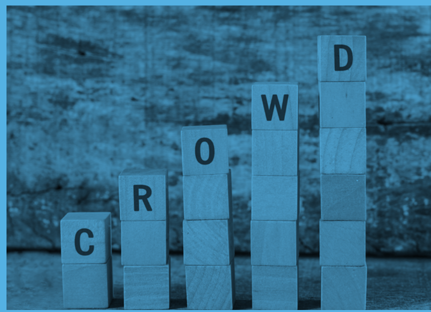
If you are currently renting it can be particularly difficult to find money to set aside. You may have to decide whether returning to live with parents is an option, to save over the short term, or move into cheaper accommodation.

History shows that house prices can dip, particularly during difficult economic periods. Every six months set aside some time to see how the market is performing in the area you want to buy. You may find that property prices are stagnating, or even falling, and you have greater bargaining power as a first-time buyer without a property to sell.

If you are willing, expand your search. House prices could fall in some areas, but not others, and perhaps your needs and preferences will change over the time you are saving for a deposit. This could mean the goal of home ownership is within reach sooner than expected.

Crowdfunding

Safe as houses?



Several regulatory and tax changes mean that many buy-to-let investors are turning to crowdfunding and accessing the returns that property offers without the hassle of managing tenants and collecting rents.

There are two types of property crowdfunding: equity crowdfunding and debt crowdfunding, or peer-to-peer (P2P) lending.

Unlike traditional buy to let, there is none of the hassle and administration that comes with being a landlord. Investors also experience more transparency than you would get from a lender as all platforms display details of arrears and defaults, and most have provision funds aiming to cover losses.

However, crowdfunding is still an investment rather than a savings product, so you are taking on more risk for a potentially higher return that is not guaranteed.

There is none of the financial protection that you would get from a mainstream banking product and there is no guarantee of the price you would get if the property were sold. You will also be responsible for your own due diligence and diversification when choosing the project and platform, and it may be hard to get your money out quickly as you would need to find a buyer on the platform's secondary market.

Ultimately, traditional buy to let and crowdfunding will both always need property developers and landlords so their businesses have someone to lend to. Both have their place, so it will be up to the investor to understand the risks and rewards.

Top tips for successful property investment

Investing in property can be a daunting process for even the seasoned investor as the industry adjusts to new regulation and swings in value. Here are nine top tips from industry experts to guide you through a constantly changing market

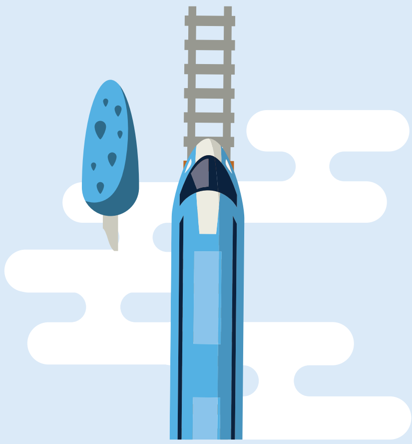
TOP TIPS
DAVID HATCHER

1

AFFORDABILITY

The first thing to consider when making a residential investment is whether you can really afford it. In particular, if you are taking out a mortgage, pay attention to the net income return expected and the potential for this to change due to interest rates and regulation.

"Be mindful of tax changes and tighter mortgage regulation to come, notably the phased withdrawal of income tax relief on mortgage interest payments. Mortgage regulation will stress test affordability at much higher mortgage interest cover ratios, reducing the amount of debt investors can take on," says Lucian Cook, head of residential research at Savills.



2

INFRASTRUCTURE

New infrastructure has the potential to metamorphose areas in terms of their atmosphere, vibrancy and ultimately, value. Areas such as Slough have seen surges in value as a result of the forthcoming introduction of Crossrail and the prospective impact of Crossrail 2 and HS2 should be watched closely.

"Infrastructure initiatives are opening up swathes of land that were previously unsuitable for development, bringing major regeneration to new pockets of London in particular. As travel times into London are transformed, these areas will draw in new buyers, pushing up prices. Anticipate this and invest ahead," says Mark Collins, chairman of residential at CBRE.

3

RETURNS

It is important not to get greedy and expect a huge uptick in value straight away. Property typically throws off a much higher income return than bonds or stocks and is a valuable cashflow generator.

"Focus on the cashflow and take what the market gives you in house price growth – residential is a great cashflow investment where rents rise in line with earnings over the long run. Focus on buying a really good rental property that is attractive to tenants and will have low voids," says Richard Donnell, director of research at Hometrack.

4

HOUSEBUILDERS

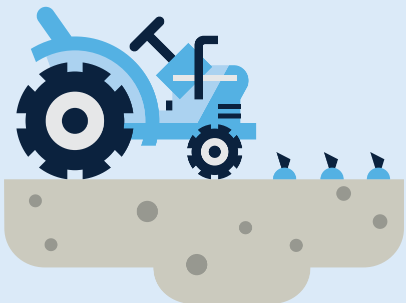
Many housebuilders have found themselves under considerable pressure in recent times following the result of the EU referendum with dramatically subdued share prices. This means there is added emphasis for them to hit their sales targets and investors can look to take advantage.

"Aspiring buyers can sometimes secure themselves a sizeable discount if they are looking to buy a new-build home from a major listed housebuilder that is approaching its financial year-end. Most listed housebuilders have either a June or December year-end and will invariably be keen to push through as many sales as possible as they approach those key dates," says Nick Whitten, associate director of residential research at JLL.

5 SPENDING

Beware of the added costs of owning and managing a property – it is not as simple as adding up the demanded rent for the year and assuming that is your return. The higher returning nature of property inevitably comes with more drawbacks than lower yielding bonds.

"You can't phone up your broker and sell it, and then you need to spend money to let and manage it. You will also have voids, potential repairs plus taxes, borrowing costs and professional fees," says independent agent Henry Pryor.



6 FARMING LAND

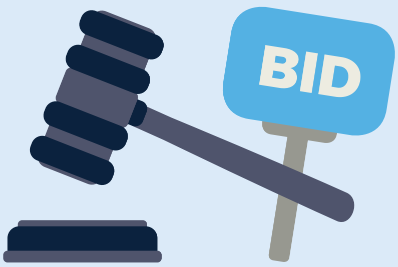
Considering purchasing a home with farming land can bring about advantages for investors looking to avoid punitive tax rates, with this sector often outperforming traditional residential investment.

"Farms and other mixed-use properties only attract a flat 5 per cent rate of stamp duty, compared with up to 12 per cent – or even 15% if it is a second home – for a high-value country house. The land can be easily let to a local farmer keen to expand their business without increasing fixed costs and provides a welcome income stream," says Clive Hopkins, head of farms and estates at Knight Frank.

7 AUCTIONS

The auctions market can be a rich source of opportunities for investors looking to pick up bargains from banks that have foreclosed or from sellers unwilling to invest the time and money to bring properties back up to standard.

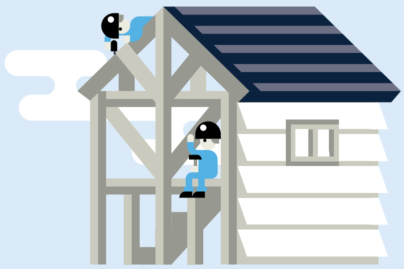
"Sale by auction is open to all and whilst the bidding can be a nerve-wracking experience for the first-time auction buyer, it does mean that providing the seller's minimum price is reached, you can make that one bid extra that secures the property for you," says Richard Auterac, chairman and auctioneer at Acuitus.



8 STUDENTS

Students are traditionally depicted as short of cash and living off rations but the reality is often very different, and buying in a market with a number of academic institutions can be a wise bet to bring in a strong income.

"There are now more than 500,000 students living in the private rented sector outside of university-owned or purpose-built student accommodation. Buy-to-let investors who target large university towns or cities may be able to capitalise on this trend in September and October when students using clearing are most active," says Nick Whitten, associate director of residential research at JLL.



9 REDEVELOPMENT

For those looking to be more adventurous, get stuck in and take on more risk there is huge upside potential in redevelopment. However, do not underestimate costs and the time-consuming nature of doing so.

"Converting old pubs to homes or taking two flats and making them a family house again can be lucrative. Follow the money and consider who has the ability to buy what they want and how you can offer it. Many old commercial buildings in market towns have been getting consent to be returned to residential use and it is worth considering if there is a suitable building in your town," says independent agent, Henry Pryor.

Best bet for buy to let

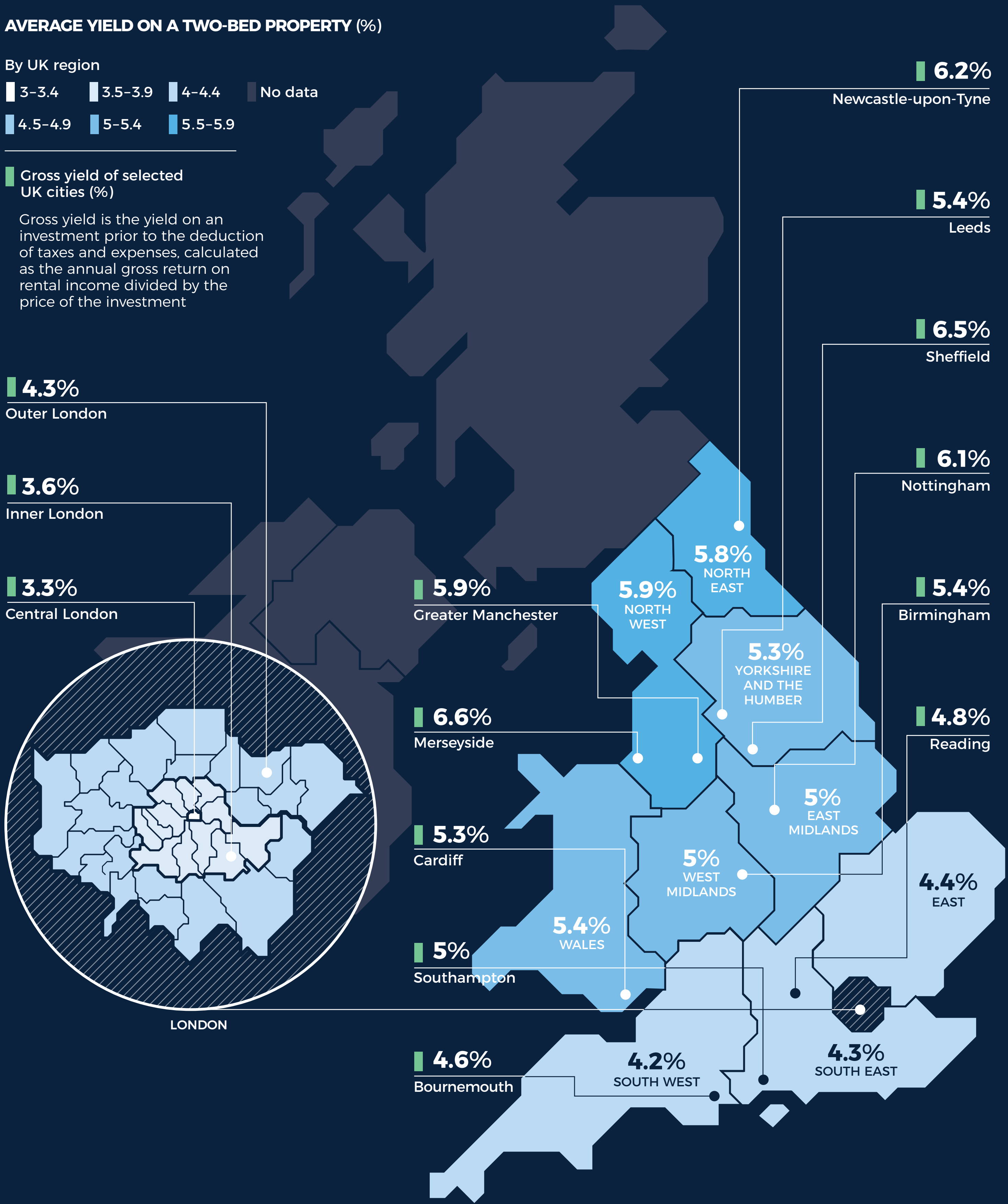
AVERAGE YIELD ON A TWO-BED PROPERTY (%)

By UK region

3-3.4 | 3.5-3.9 | 4-4.4 | No data
4.5-4.9 | 5-5.4 | 5.5-5.9

Gross yield of selected UK cities (%)

Gross yield is the yield on an investment prior to the deduction of taxes and expenses, calculated as the annual gross return on rental income divided by the price of the investment



	Median two-bed sale price	Median two-bed rental income (monthly)	Gross yield
Central London LONDON	£1,445,833	£4,009	3.3%
Inner London LONDON	£636,718	£1,874	3.5%
Outer London LONDON	£393,488	£1,388	4.2%
Bournemouth SOUTH WEST	£227,500	£875	4.6%
Reading SOUTH EAST	£272,500	£1,100	4.8%
Southampton SOUTH EAST	£198,725	£825	5%
Cardiff WALES	£159,950	£700	5.3%
Leeds YORKSHIRE AND THE HUMBER	£145,000	£655	5.4%
Birmingham WEST MIDLANDS	£159,950	£725	5.4%
Greater Manchester NORTH WEST	£125,437	£614	5.9%
Nottingham EAST MIDLANDS	£110,000	£563	6.1%
Newcastle-upon-Tyne NORTH EAST	£129,950	£675	6.2%
Sheffield YORKSHIRE AND THE HUMBER	£120,000	£650	6.5%
Merseyside NORTH WEST	£99,109	£545	6.6%

AVERAGE YIELD BY PROPERTY SIZE

Across England and Wales combined

5.5%	One-bed
4.8%	Two-bed
4.3%	Three-bed
3.8%	Four-bed
3.5%	Five-bed

Savills Research/OnTheMarket 2017

UNLOCK THE RESIDENTIAL PROPERTY INVESTMENT MARKET

The new way to invest in property makes buy to let better and more accessible for all

Property Partner

British investors have a centuries-old affection for property – and no wonder. Property is one of the lowest risk, best returning investments you can make. Bricks and mortar are also, arguably, the most tangible and best understood asset class of all.

But while many of us might aspire to become buy-to-let landlords, the costs, hard work and red tape involved have, until now, put off all but the truly committed and relatively wealthy.

These days, the challenges and complexity of the process make it much like starting a business. Managing tenants and maintaining properties is time consuming and stressful.

But all this is changing fast as the crowdfunding revolution comes to the property sector.

EASIER WAY TO INVEST

Property Partner is a technology-driven property investment platform and marketplace, enabling investors to acquire, own and trade shares in high-quality UK residential property at the click of a button, without the hassle of mortgages, solicitors or maintenance.

Shareholders receive rental income each month in the form of dividends and can realise capital gains if the property rises in value. The letting and management is carried out by professional agents on behalf of investors, so there are no late-night calls about dripping taps to deal with.

To date, Property Partner has funded more than 346 UK properties, making it easy for investors to spread their risk by diversifying their portfolio. Founded in 2014, the Financial Conduct Authority-regulated platform is producing a current estimated return of 7 per cent* a year after fees.

This performance has attracted more than 9,700 individual investors who have invested over £46 million of equity across primary listings and secondary market trades. There's also reassurance in the way the assets are owned. Each property investment is held in a limited company called a special purpose vehicle (SPV).

This means it is totally ringfenced from the assets and liabilities of Property Partner and the other investments on the platform.

SIMPLE SALE

Property Partner has created the world's first and biggest property exchange. This marketplace gives investors the opportunity to exit the market at a time and price of their choosing. Investors can realise capital

returns by selling their shares on platform and pocket 100 per cent of the proceeds as there are no exit fees to pay. More than £11.3 million in shares have already been traded on the marketplace, bringing liquidity to an illiquid asset class.

BETTER FOR BUILDERS, BETTER FOR TENANTS

Investors aren't the only ones to benefit from the Property Partner model. By providing much-needed cash flow to small developers, the company is also doing its bit to boost housing supply. In one example, Property Partner bought four new-build homes from a local developer in East Sussex, freeing him up to move on to his next project and providing an investment opportunity that was crowdfunded in just 28 minutes.

But these properties aren't just investments, they're also people's homes. For Property Partner, tenants are just as important as investors. That's why it sets fair rents, fixes problems quickly and invests in upgrading

its estate – because happy tenants stay longer, so good landlords make good returns.

LEADING UK PROFESSIONALS

Aside from being FCA regulated and audited by KPMG, Property Partner has attracted some of the best-known and most established names in property, technology and finance.

Director of property Robert Weaver is one of the most accomplished and respected residential property professionals in the UK. As former global director of residential property at RBS, he's an expert at hand-picking properties that outperform for investors.

Its board of directors includes Ed Wray, co-founder of Betfair, and Neil Rimer, co-founder of the global venture capital firm Index Ventures, who has invested in market-defining companies across the technology and finance sectors including Funding Circle and TransferWise.

Property Partner's own aspirations are no less ambitious. Soon its investors will be able to choose from properties all over the UK, Europe and beyond – and the ultimate aim is to create a global stock exchange for residential property.

For more information please visit www.propertypartner.co

PROPERTY PARTNER PERFORMANCE

7%* a year after fees current estimated return

£46m+ invested

£1m paid out in dividends

Meet the Balcombs

Like father like son

The Balcomb family are evidently smart with their money – both father and son have investments across a range of asset classes. Oliver introduced his father, David, to the platform after vetting it for a few months. Despite being a generation apart and having different investment goals, they like Property Partner for the same reasons.

Oliver uses Property Partner to track the market while he saves to buy his own place: "Property Partner is a key investment of mine as I build my deposit – I see it as the best place to keep it. The property market in the UK is a lot less volatile than shares and Property Partner has opened up the market to everyone."

David, however, already owns one buy to let, but he now considers Property Partner to be a better way to invest and has split his funds across ten different properties, minimising his risk: "Property Partner is an excellent opportunity to invest in a market that wasn't available before. It represents a positive alternative to the stock market, which is very volatile."

They both agree that Property Partner could well be the future for investors in bricks and mortar.

CAPITAL AT RISK
The value of your investment can go down as well as up. Forecasts are not a reliable indicator of future performance. Gross rent and dividends may be lower than estimated. Five yearly exit protection or exit on platform subject to price and demand. Financial promotion by London House Exchange Limited (8820870); authorised and regulated by the Financial Conduct Authority (No 613499).

* Properties on our platform have, on average, after all fees and before personal taxation, delivered an estimated annualised total return of more than 7 per cent, including approximately 3 per cent net rental income (dividends) and 4 per cent in capital value growth. These estimated returns are calculated quarterly, (i) with reference to the average dividend yields and price movements of all previous listings, (ii) spreading over five years any purchase discount to the RICS valuation, and (iii) assuming the property remains tenanted. We are champions of transparency and you can download the objective data used to calculate this estimated return on the website.

Proptech shaking up the housing sector

From virtual reality to online platforms, technology is changing expectations and disrupting the role of the traditional high street estate agent

PROPTECH
FINBARR TOESLAND

Few industries have been left unscathed by ambitious digital startups disrupting long-established companies. From digital-only challenger bank Atom to ride-hailing app Uber, innovative technologies are being used to revolutionise customer experience and create new business models, tailored to tech-savvy consumers.

The property industry is no exception.

"Online property portals, such as Rightmove and Zoopla, have changed the industry massively," says television property expert Sarah Beeny, owner of online estate agent Tepilo. "Only ten years ago, people looking to buy a home would have to call numerous local agents and trawl through the local property pages to find out what was for sale. But now, most people begin their property search online. Digital has made the whole process easier and quicker."

Digital solutions may have already made an impact on the property sector, but property technology – or proptech – is far from reaching its true potential. House buyers still have to go through an often drawn-out and arduous buying process. As the quality of data in the industry improves, and becomes more accessible, much can be expected to change.

Gray Stern, co-founder and chief commercial officer of peer-to-peer lending platform Landbay, believes that blockchain technology could revolutionise the Land Registry and streamline the entire purchasing process – eliminating the need for conveyancing. "Couple that with finance and insurance provided in real-time via marketplace platforms and we're at a point where transacting property becomes quite fluid," says Mr Stern.

Virtually every part of the industry is set for change as proptech gains momentum. Rajeev Nayyar, director of property repair software firm Fixflo, foresees a future where continuous, seamless maintenance will become commonplace in many developments. For example, a boiler on the verge of breakdown can look for a repair method through its software and, if it fails to fix the problem, automatically contact an engineer who can print the required part on a 3D printer.

Through the use of new technology and advanced algorithms, online mortgage brokers are providing a quicker, lower priced and more convenient service than conventional bro-

kers. "A fresh new breed of brokers has already emerged, using algorithms to quickly give prospective borrowers a complete view of the market, what they can afford, and which lender will give them the best rate," says Ishaan Malhi, founder and chief executive of Trussle, an online mortgage broker.

"Where 2016 saw a lot of startups in the sector get started and work towards achieving 'product-market-fit', 2017 will be a transitional year for proptech when many of those companies mature and scale into their incumbents' territory," says Mr Malhi.

While technology will play a central role in the property industry going forward, the importance of personal interaction should not be forgotten. Even the most advanced technological solutions can run into problems and damage the customer experience, leaving users in need of non-artificial intelligence assistance. This is especially true as more and more property platforms appear online, all competing primarily on cost, leaving those companies that prioritise customer service standing out.

"As always it's the best value proposition that tends to win and utilising digital to cut costs whilst investing in service is the way to achieve this," says Stuart Law, chairman of Assetz Property, a Manchester-based property investment firm.

In the near future proptech will no longer be associated with just progressive startups, but traditional property firms will have also embraced many of these nascent technologies. "Artificial intelligence will become part of the industry's DNA. As consumers, we will expect technology to do most of the thinking and organisational heavy lifting for us," says Ms Beeny.

As the quality of data in the industry improves, and becomes more accessible, much can be expected to change

From 3D property walkthroughs to immersive virtual reality (VR) tours, technological breakthroughs will soon hit the mainstream. Buyers and renters still spend countless hours going from location to location searching for suitable properties, when VR allows them to view homes from anywhere in the world. The adoption of cloud solutions can help make it easier to access all property documentation in one place online, too.

"Technology will also allow properties to be more accurately priced based on big data, and reaching potential buyers will become a more straightforward process," adds Ms Beeny.

However, a complete overhaul of the property industry through proptech isn't going to happen anytime soon, according to Simon Heawood, chief executive of the UK's first online Property ISA provider Bricklane.com.

"Given the size and value of the asset – and its usual outsized share of the owner's net worth – disruption in property generally takes the form of improving what currently exists, whether it be by reaching customers more effectively, like Zoopla, or reducing operational overheads, like property management with Rentify," says Mr Heawood.

The new, younger generation of consumers, who expect agents to be proactive and offer an efficient buying process at a competitive price point, are driving demand for proptech platforms. Inflexible high street estate agents who are only available during normal working hours will be the first to be disrupted, as buyers and sellers want agents to be accessible outside of the nine-to-five.

"In my view, the shopfront physical presence of the estate agency and particularly the letting agent will die away, transitioning to a principally online presence. While it's an exciting time for the sector in general, it promises a bleak future for the high street estate agent who doesn't evolve," says Mr Law.

Bloomberg/Getty Images

DANIEL LEAL-OLIVAS/Stringer/Getty Images

Using your retirement to invest in property

Property investment can deliver long-term value growth, so relying on it for your retirement can offer huge potential but comes at a risk

RETIREMENT
PADRAIG FLOYD

We've all heard people we know tell us with absolute confidence that they don't trust pensions and have invested in property instead. But the question remains: is real estate really as "safe as houses" and should investors rely on it to provide retirement income?

Property may look good value in certain areas, and with historically low interest rates finance is relatively cheap. But buy to let – the property investment choice for Middle England – is facing certain obstacles, ever since the government moved the goalposts in the 2016 Budget.

From April, mortgage interest tax relief will be reduced and from 2021 will be capped at 20 per cent – half of that which high-rate taxpayers can claim today. Any buy-to-let purchase made after April will also face a stamp duty land tax surcharge of 3 per cent. That may not sound like much, but on a £500,000 property – close to the London average – that's an extra £15,000.

"There has been a little pushback and buy-to-let investors are a little bit more circumspect," admits Jeremy Leaf, director of Leaf & Co, a north London estate agent.

Landlords will have greater responsibilities under the Deregulation Act 2015 – which governs repairs and access to property – and more worryingly will be held responsible for immigration checks on their tenants.

This makes the loss of the old 10 per cent wear-and-tear allowance – to be replaced by one based on expenditure – seem like small beer, but despite this, most buy-to-let investors are likely to persevere. Selling up would land them a large capital gains tax bill, says Mr Leaf, and for his money there simply isn't an alternative asset class that can offer the returns above expenses; though some are becoming more professional and incorporating into limited companies to manage their portfolio.

Jake Russell, a director of central London agency Russell Simpson, agrees: "Property remains one of the strongest and safest investment prospects available, especially in London."

Despite the turbulent political events of 2016 that affected the property market, house prices in London grew by 3.7 per cent. Any property price rises will be minimal in 2017 as the political environments bed in, according to Mr Russell, but a number of exceptional development projects in the pipeline such as Battersea Power Station, Clarges and Southbank Place will have a major role to play.

"The future is bright for the property market, with property prices expected to record an increase of 6.3 per cent by 2019 and an exceptional 19 per cent by 2021," he says.

Location is absolutely essential, says Damien Jourquin, chief executive officer of peer-lending platform P2P Residential. Having developed dozens of flats across the south of England in Bedford, Milton Keynes and London, Mr Jourquin is currently tipping Woolwich as the current hot spot, which he believes will see 40 per cent growth in the next four years as Crossrail and HS2 move into an area of south London which is not well served by the Tube network.

"The appeal is obvious for a crowded city undergoing considerable growth," he adds, "as Woolwich is only seven minutes from Canary Wharf, 25 minutes from Bond Street and 40 minutes from Liverpool Street."

According to Lawrence Coppen, chief executive of Glo Group, a developer in north and south of England, UK residential property has delivered better long-term value growth on a total returns basis than any other investment class.

"Returns are typically less volatile than equities, and historically there have been very few periods of sustained price falls," he says.

> Property remains one of the strongest and safest investment prospects available, especially in London

House prices in England have grown at twice the rate of pensioner households' disposable incomes over the past 20 years, outstripping gains from the state pension, investments, occupational pensions and other earnings, according to research from the Equity Release Council.

Diversification should not be forgotten, says Mr Coppen. The residential property market performs differently from other assets such as bonds and shares, so during times of great share price volatility, returns have remained relatively stable.

"As a result, property can reduce the risk and improve the stability of an investment portfolio," he says.

Which is all very well provided it is part of a portfolio, not a case of "having all your eggs in one basket", says Stephen Casey, financial adviser and managing director of Aspects Financial. Property can't be sold as quickly as other assets, which could prove problematic if you need to raise cash quickly, he says.

"You can access it through bricks and mortar funds or direct commercial property investment with all the growth, but without the headaches," he adds.

Using a pension is actually a very clever way to invest in an actual property, according to Claire Trott, head of pensions strategy at financial advisory firm Technical Connections. It has to be a commercial property – residential is excluded – but in addition to the benefit from tax relief on contributions, you can purchase and develop the property from tax-relieved funds and rents payable are accepted back into the pension tax-free.

For those who may be affected by the annual allowance taper, there are additional benefits.

"Even if you have been restricted to £10,000 of pension contributions a year, rental income from a commercial property held in your pension does not count towards that figure," says Ms Trott.

"That is also true for those who are already receiving a pension income and could be affected by the money purchase annual allowance."

The new pension freedoms allow investors more control over when and how they take income after the age of 55 and it is so much more flexible to use a pension these days. So while property appears to offer good opportunities for UK investors, don't dismiss a pension out of hand, as it may provide a useful vehicle for managing a property in the most tax-efficient manner.

House prices outperform pension funds

Data from the Office for National Statistics shows that pensioners' household incomes increased by 66 per cent in real terms from £12,664 in the 1994-95 financial year to £21,026 in 2014-15. In the same period, house prices in England increased by 148 per cent from £82,100 to £203,360, adjusted for inflation. This is nearly 10 times the size of a typical pensioner's household income, up from 6.5 times back in 1994-95.