

Why you should consider an investment property in Scotland

Lisa Bathurst, independent property expert and founder of Hurst & Wills, reveals why Scotland is one of the best countries to purchase an investment property.



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With house prices on the rise, a thriving economy, good infrastructure and a housing shortage, Scotland is a great place to consider buying an investment property.

“Scotland currently has some of the best potential for international investors,” says Bathurst, “and it has recently been labelled as the UK’s most attractive city for Foreign Direct Investment after London.”

There are many reasons why Scotland is such a good bet.

“Its solid infrastructure with easy connectivity hugely improves the productivity of businesses based there,” says Bathurst. “It has a buoyant property market that is supported by a skilled and talented workforce. Add to that a thriving culture and

world-class universities and you have excellent potential for growth,” she says.

The Scots, different to South Africans, are also happy renters with 70% of citizens renting their homes.

“This illustrates the need for more private rental schemes,” says Bathurst. “This tendency to rent combined with a current undersupply of housing following a decade of very little construction makes Scotland an obvious destination for international property investors,” she says.

According to PwC’s 2019 UK Economic Outlook report, the average house price in Scotland is set to go up by 14% over the next four years.

“One of the most interesting things about the Scotland market is the demographic of potential renters,” explains Bathurst.

“Unlike other parts of the UK, it’s not just the youngsters (AKA ‘Generation rent’) who are keen renters, nor are one-bedroom apartments the main rental opportunity. In Scotland, renters are mainly young families looking for three-bedroom places. This creates great ‘middle income’ investment opportunities,” she says. “It has also been widely reported that Scotland’s commercial property market is set for a record year of inward investment, with international funds making up almost half of all purchase value in the first six months of the year.”

Across the UK, the property market has been very popular with overseas investors, mainly due to its ‘safe haven’ offering and the devalued British pound since the EU referendum, which makes it more affordable. Scotland then is a cost-effective investment option compared to London, with all the benefits that being a UK city brings.

Investment facts

Here are some interesting investment facts on Scotland’s main cities.

Edinburgh

- Selected as UK’s best city for prospects in 2019
- Named as one of the best cities for residential investment (JLL)
- House prices are expected to rise by 18% by 2023, mainly due to the housing shortage
- A young population, where a third are between 25 and 34 years old. These renters are looking for purpose-built private rental stock, which is lacking in the city
- Last year properties were sold at 6% more than their asking price.
- A student population of more than 40,000 and a general population which is forecast to rise by 28% over the next decade means that demand for rented property is bound to rise
- Positive exit strategy with houses selling relatively quickly. According to Barclays Mortgages and Hometrack analysis of Zoopla listings, the average length of time it currently takes for a property to sell in the UK is 84 days. In Edinburgh it takes 31 days.

Glasgow

- A booming city, fuelled by a strong workforce, it contributes to 40% of Scotland’s jobs
- Gross Value Added (GVA) of over £40bn
- A tech-focus city with a skilled workforce
- The largest retail centre outside of London
- Thriving student population of over 80,000 with 40% staying in Glasgow after graduation
- House prices have risen by 10% over last five years

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