Weekly Blog – 20/05/2020

Can you predict capital appreciation?

One of the greatest things about property investing, in my opinion, is the fact you get paid twice. Firstly, rental income creates positive cash flow, putting money in your pocket every month. Secondly, capital appreciation. You can benefit from capital appreciation by refinancing your property as and when the market allows.

So, how can you predict if a properties value will increase. In short, you can never be certain if your properties value will increase as there are many factors that affect this. However, some key things to check when buying an investment property and trying to predict if it will appreciate are:

- **Major developments:** large national developments, such as HS2, could have a major affect and property prices in certain areas. For example, if HS2 is completed, then it would make a direct link between Crewe and London. Undoubtedly having a positive effect on the property market in Crewe.
- **Buy in a cheaper area:** Although we do not recommend you ever buy a property investment based on it appreciating to make a return. Buying in a cheaper area allows for growth, whereas if you buy in an area which has already seen growth it could limit profit through appreciation.
- **Employment:** Most towns and cities across the UK are seeing continual development however, if large employers are investing in your area then this is a good sign as more jobs equals more demand for housing.

Thank you for reading this week's blog and I hope you have found value in the content. If you have any questions or would like to have a chat to find out how we can help you in your property journey, then please send an email to info@dixonsourcing.co.uk.