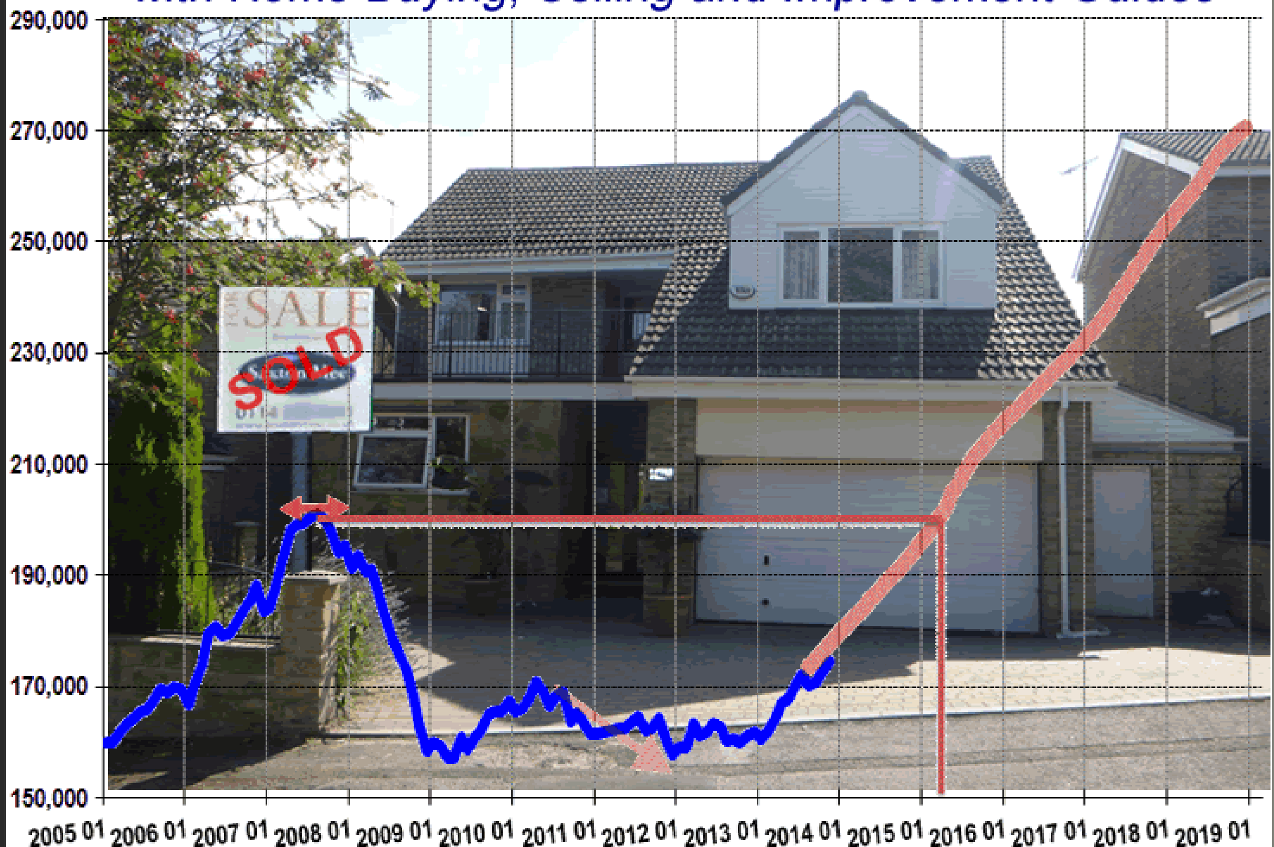
UK House Prices Inflation Mega-trend Forecast 2014 - 2018

How to Capitalise on the Great UK Housing Bull Market with Home Buying, Selling and Improvement Guides



by Nadeem Walayat

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Leverage Your Wealth To Inflation

By Investing in Assets Such as Housing that Cannot be Printed

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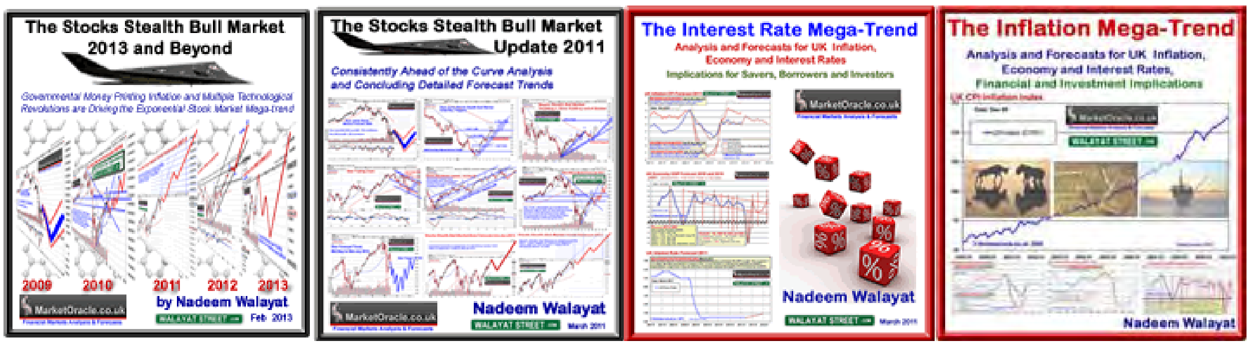
INTRODUCTION

Owning ones own home is one of the few ways to gain freedom in our system of inflation inducing debt slavery, despite the fact that approx 1/2 of home owners utilise debt (mortgages) to buy their homes. Succinctly, central bank prints money (debt) and then loan it to the government to buy votes (so as the population has a vested interest in perpetuating the illusion of freedom called democracy) and to the banks (who loan it to us) for interest, the consequences of printed money (debt) is to cause exponential inflation hence the Inflation Mega-trend. The government then taxes us on the inflation so that the purchasing power of our net earnings and net value of our assets (after taxes) is effectively stolen by the government and the banks, whereas the home one owns and lives in is one of the few assets that is both leveraged to inflation (because homes cannot be printed) and where the inflation is not taxed (UK capital gains are tax free on the home you own and live in).

This ebook is the fifth in the Inflation mega-trend series as waves of ever expanding fiat fractional reserve banking system debt money, encouraged by governments for the means of bribing voters with printed money (debt) that is stealthily monetized by central banks that wash over and cycle through asset classes such as for stocks for over the past 5 years against a perpetual highly vocal media-sphere that constantly warns of an unsustainable trend that is stated as being always on the verge of ending that is now being repeated towards the housing bull markets with talks of about to burst bubbles.



Since mid 2012 the waves of inflation started to inflate new housing bull markets across the world where the focus of my analysis is primarily on the UK and US housing markets which unlike fiat currency cannot be printed and thus tend to be leveraged to inflation as first momentum and then sentiment lifts each asset class towards their ultimate final bubble peaks many years, even as long as a decade AFTER the mainstream press first starts warning of a bubble.

The UK housing market during 2013 accelerated to an inflation rate of 8% per annum whilst US house prices literally soared by more than 12%. Meanwhile the most vocal of mainstream housing market commentators persisted in pointing to a myriad of reasons why the rise in house prices is unsustainable, such as a weak economy, high indebtedness, prospects for rising interest rates and lack of affordability as average earnings continue to rise at a rate below even the official rates of Inflation which is said to have put home ownership out of the reach of most. This ebook's in-depth analysis of the housing markets concludes in detailed multi-year trend forecasts for the next 6 years for the UK. Whilst also containing extensive housing market guides that push this ebook's value far beyond the trend forecasts.

This ebook comprises four main parts :

1. U.S. Housing Market Analysis and Trend Forecast 2013-2016

The US housing market analysis and concluding trend forecast at the start of 2013 acted as a good lead exercise for the subsequent more in-depth analysis of the UK housing market. Given its time critical nature the analysis and concluding trend forecast was published on completion and soon followed up by a youtube video version.

12 Jan 2013 - U.S. Housing Real Estate Market House Prices Trend Forecast 2013 to 2016

2. U.K. Housing Market Analysis and House Prices Forecast 2014-2018

The second part comprises the bulk of analysis that concludes in several detailed trend forecasts including that for UK house prices from 2014 to 2018 and their implications for the outcome of the next General Election (May 2015) as well as the Scottish Referendum.

This analysis was conducted during 2013 upto and including the 29th of December 2013, and given its highly time critical nature key excerpts were posted online in 2 parts that included the detailed trend forecasts on the 30th of December 2013:

- 30 Dec 2013 - UK House Prices Forecast 2014 to 2018, The Debt Fuelled Election Boom
- 30 Dec 2013 - UK House Prices Forecast 2014 to 2018, Inflation, Trend Trajectory and General Election 2015

These articles were further supplemented by 2 concise youtube videos:

3. Housing Market Guides

Over 1/3rd of this ebook comprises of extensive guides written from January to April 2014 that cover virtually every aspect of the process of buying, selling and owning properties, including many value increasing home improvements continuing on in how to save on running and repair costs with timely maintenance tasks and even guides on which value losing home improvements should be avoided -

- What Can You Afford to Buy?
- Home Buyers Guide
- Home Sellers Guide
- Top 15 Value Increasing Home Improvements
- Home Improvements to Avoid
- Home Winter Weather Proofing 22 Point Survey

These guides will further be supplemented from Mid 2014 onwards by a series of online videos and regularly updated calculators such as the ***Home Buying Profit and Loss Calculator,*** which will seek to give calculations on whether to buy or rent based on personal individual circumstances, that will be updated to include the latest expected trend trajectories for future house price inflation i.e. you will have your own personal future house price increase forecast.

4. Historic Analysis 2007 to 2012

A selection of 10 historic articles of analysis to illustrate the though process of analysis during key stages of the housing markets trend from the euphoric bubble high, to a state of denial as house prices entered a literal free fall, to the depths of depression and then emergence of the embryonic bull market during 2012 that gave birth to the bull market proper of 2013.

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Q&A

Readers can ask questions or express their views on this ebook's analysis and housing market guides by commenting on the web published forecast conclusion article - http://www.marketoracle.co.uk/Article43771.html

Your leveraged to Inflation mega-trend housing bull market analyst.

Nadeem Walayat

April 2014

Part 1

U.S. Housing Market Analysis and Trend Forecast 2013-2016

U.S. Housing Real Estate Market House Prices Trend Forecast 2013 to 2016

Jan 12, 2013 - 12:36 AM GMT - http://www.marketoracle.co.uk/Article38458.html

Following the peak of the over leveraged US housing market bubble late 2006, the real estate market literally crashed during 2007 triggering the financial crisis that has acted to subsequently feed a multi-year bear market as a consequence of the subprime mortgage debacle that was magnified globally via toxic CDO packages that literally risked the bankruptcy of the whole global financial system starting in June 2007 when Bear Sterns bailed out one of its hedge funds, within a year Bear Sterns would effectively go bust as JPM picked it up for about 5% of its peak value that acted as a prelude to what was yet to come during 2008 for the likes of Lehman's that prompted tax payer bailouts right across the globe to prevent financial armageddon as the too big to fail banks only slowly revealed the extent to their exposure to the toxic mortgage backed securities in what amounted to the greatest fraud in history as investors had been duped into buying junk that the credit rating agencies typically rated as Triple A for a fee.

Since which time the bear market in US housing has continued to act as a drag on the US economy, holding it back from recovery, in response to which the US government and central bank have sought to escalate their response in an attempt at engineering an economic bounce so as to induce an sustainable economic recovery of which the QE-4-Ever of Sept 2012 is just one recent response towards which amounts to printing an estimated $85 billion a month to inflate the US economy which is predominately aimed at the US housing market and secondary drivers.

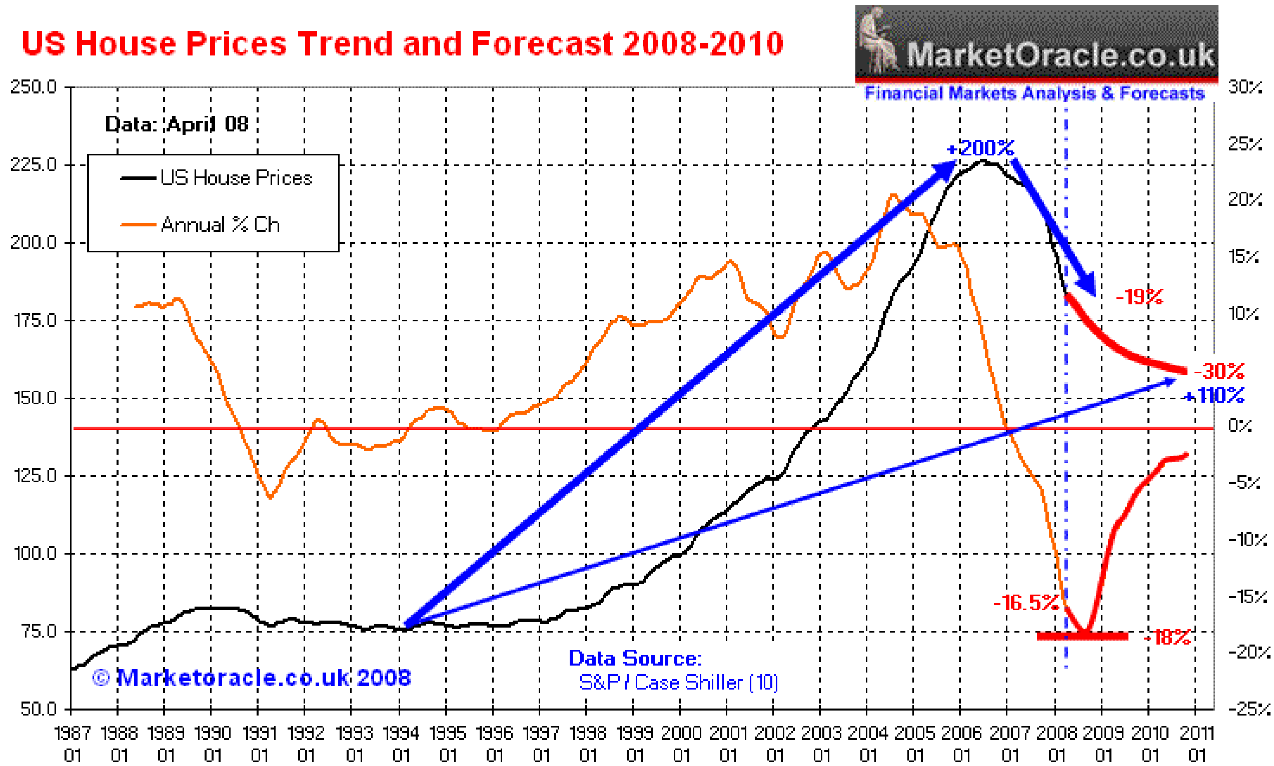
However, one of the best times to invest in an asset class is when it is at it's most hated, i.e. after a crash and a prolonged bear market when most investors have been badly burnt by losses, the US housing market and many other global housing markets such as the UK fit the bill for the potential for being at such an opportune moment during 2012 due to similar money printing asset price inflating government policies as I have been flagging for most of 2012 for expectations of the UK and US specifically to have entered into embryonic bull markets that this analysis seeks to expand into a detailed multi-year trend forecast.

06 Sep 2012 - Super Mario Draghi Triggers Stocks Stealth Bull Market Rallies to New Bull Market Highs

This years convergence towards housing market bottoms such as the UK and US presenting one of those once in a couple of decades opportunities to climb aboard what still are embryonic bull markets, just as I strongly suggested the birth of a new multi-year stocks stealth bull market in March 2009

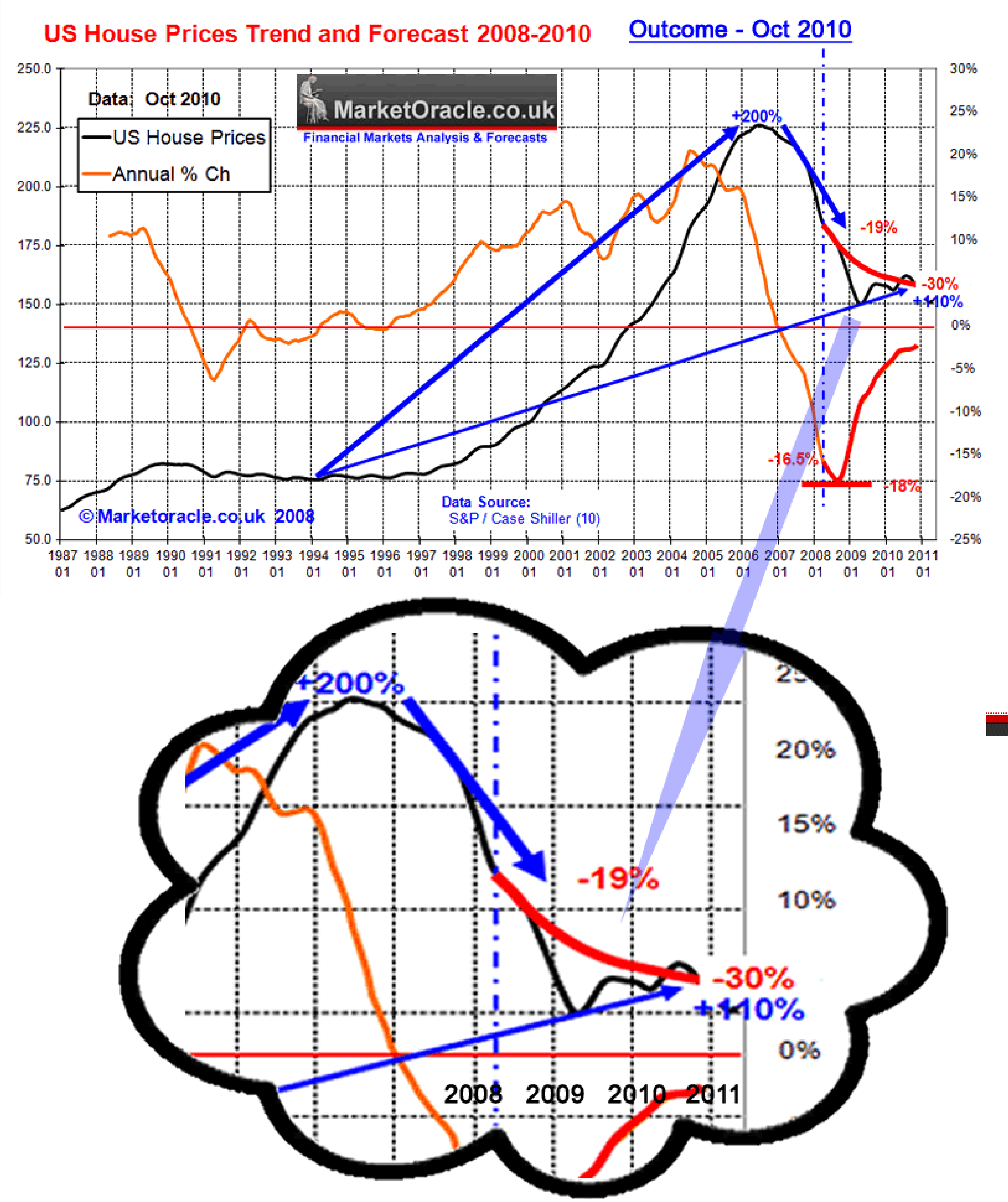
Revisiting US Housing Market Forecast 2008-2010

It has been four long years since I last analysed the US housing market due to lack of personal exposure to this market. My last forecast (29 Jun 2008 - US House Prices Forecast 2008-2010) concluded in a forecasts for a continuing bear market for another 2.5 years into the end of 2010 as illustrated by the below original graph -

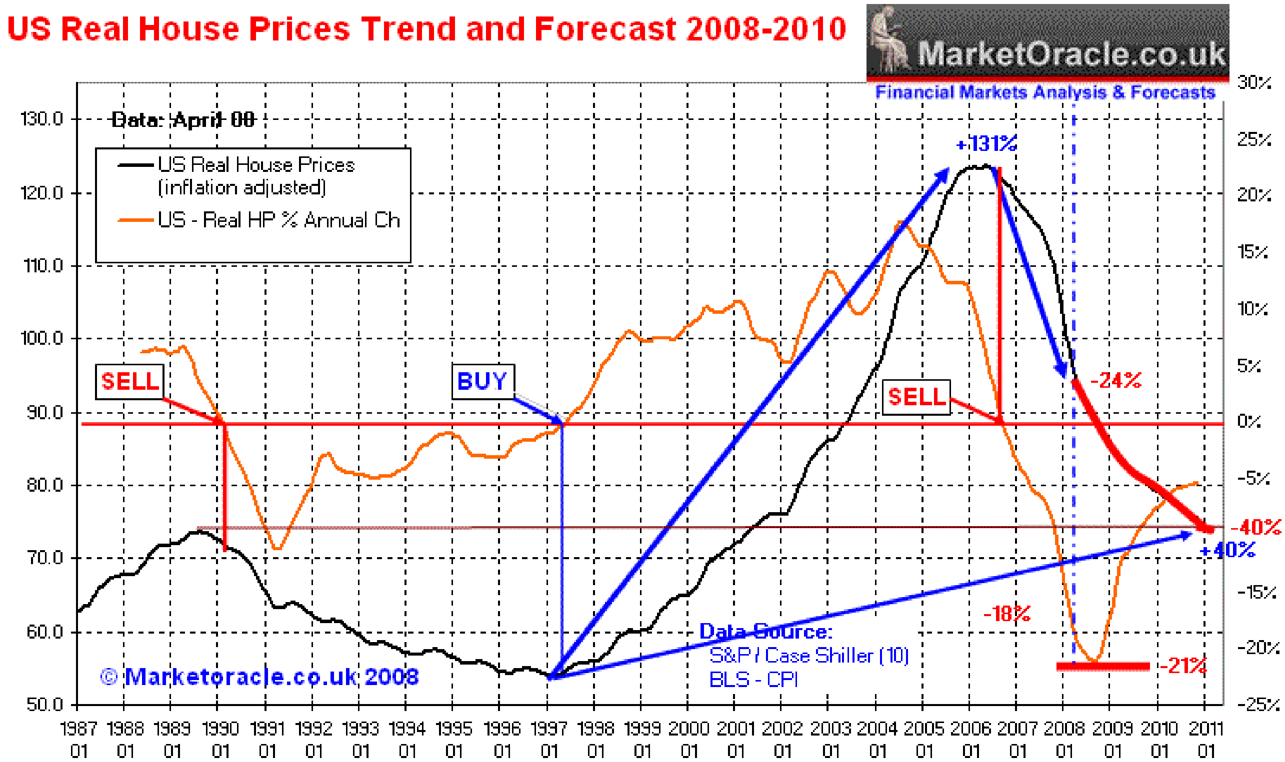


***US House Prices Forecast Summary** - Nominal US House Prices are forecast to fall by **30%** from the Mid 2006 peak by the end of 2010, or a further **11%** on the decline of **19%** to date. US house prices will continue falling in real-terms even if a low in nominal house prices is made by mid 2010.*

Actual outcome - The forecast for the Case shiller index to fall from 181.5 down to 158.7 over the subsequent 2.5 years, compares against the actual October 2010 index of 157.50, which virtually matches forecast expectations. Whilst the actual trend was more severe with the original support trendline containing the decline and subsequent uptrend.


US House Prices Trend and Forecast 2008-2010
Outcome - Oct 2010
Data: Oct 2010
US House Prices
Annual % Ch
MarketOracle.co.uk
Financial Markets Analysis & Forecasts
+200%
-19%
-30%
+110%
-16.5%
-18%
©Marketoracle.co.uk 2008
Data Source:
S&P / Case Shiller (10)
2008 2009 2010 2011

The analysis of June 2008 also gave the conditions for when a buy trigger would be initiated that had it's basis in the prevailing Inflation Mega-trend i.e. in terms of when US house prices would start to rise in real terms, and concluded that that no such a buy trigger was likely to occur during the following 2.5 years (into the end 2010) -



When to Buy? *- The time to start contemplating buying real estate again will be after the US housing market has made a nominal bottom in house prices and at the time US house prices start to increase in real-terms as the **BUY** / **SELL** signals above illustrate. As per this analysis there is no sign of a **BUY** trigger occurring within the next 2 1/2 years.*

Money Printing QE-4-EVER

The US Fed's latest efforts to put a floor under the U.S. housing market so that the banks stop being bankrupt, QE3 which started at $40 billion per month as an escalation of the policy for the transference of bad loans / defective mortgages from the bankers and onto the tax payers by way of the electronic money printing presses. This was added to in December 2012 by the Fed announcing it would also buy £45 billion of US Treasury bonds per month as it monetize's / effectively cancels US debt in a similar manner to that which the UK is engaged in as illustrated by the below graphic (Bank of England Cancels Britain's Debt)

Briefly, QQE amounts to the Fed returning the interest received on the US Treasury Bond it holds back to the US Treasury, which effectively means that debt has been cancelled (effectively, not actually) and therefore the US over time will have an effective falling Debt to GDP ratio whilst the actual Debt to GDP Ratio suggests otherwise. This is what I termed 6 months ago as the Quantum of Quantitative Easing the price for which is INFLATION as the Fed is effectively funding virtually the whole US budget deficit by printing money for nothing.

Many commentators in the mainstream press such as in the FT stated that QE3 it is deemed to fail, and others question how can this spark an housing bull market.

However, academics and journalists, who are not exposed to market forces fail to comprehend that market trends are made at the margins, for instance the difference between a recession or economic boom is little more than 3% of GDP, which is marginal to total GDP but has a far greater impact on all aspects of life. Where the markets are concerned marginal impacts have a far greater effect on market trends because of the fact that most people are only ever aware of these tips of the Ice-Bergs, i.e. all of the statistics that tend to get bandied about are mere tips of the financial ice-berg that is the $1 Quadrillion derivatives markets ($1000 trillion), which is why the reaction of asset prices is leveraged to Inflation that is the consequences of perpetual money printing in all of its form no matter whether its called QE3, or Open Market Operations, or Loans to the banks, or government debt printing (bonds), all of these actions are Inflationary, and it is marginal changes in the Inflation rate that is leveraged by the derivatives market Ice-bergs that sets trends in motion that act to feed upon them selves all the way to the NEXT bubble stage.

Therefore, before I receive a string of comments stating that x,y,z economic indicator is weak so house prices cannot possibly rise. The primary indicator to watch is Inflation because whilst we do not know to what the exact the reaction of the derivatives market will be, i.e. where the flood of money will exactly flow to, however I do know that it will be leveraged to far beyond the nominal extent implied by the annual rate of change which in itself tends to mask the exponential rate of Inflation, i.e. the official inflation rate of 2% compounds each year.

All central banks understand this, which is why the Fed is specifically targeting mortgage backed securities that are leveraged many times over ny derivatives, $85 billion a month / $1 trillion per year will probably have an impact on the financial system of many times that amount.

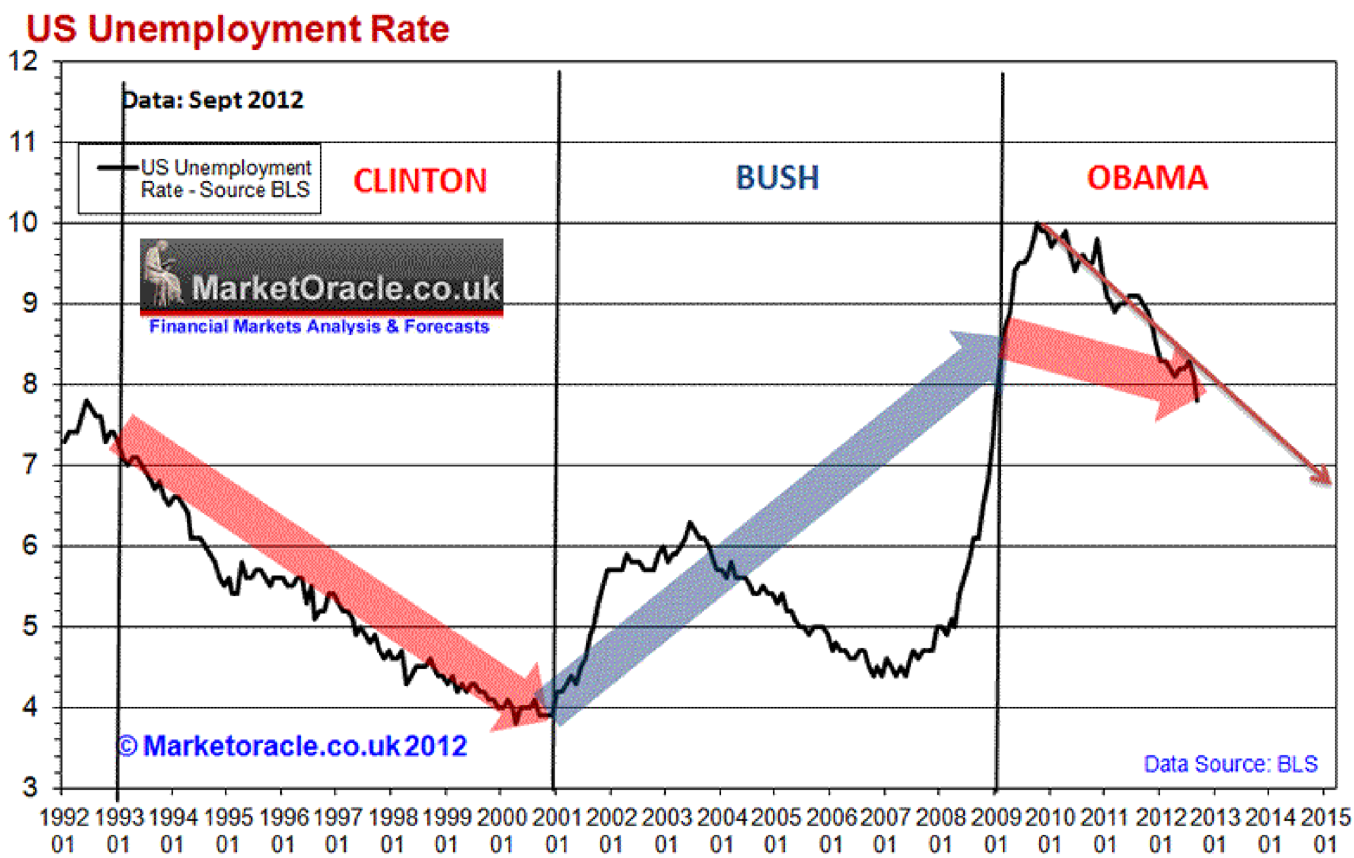
Another factor to consider is speculators from individuals to the mega- investment banks see what the Fed is doing and then attempt to discount future market action to this ongoing policy of market manipulation by the Fed, by reacting far beyond that of the nominal amount of $85 billion suggests, and it is this which sparks the change in trend that feeds on itself that this article seeks to evaluate in terms of the expectations for the US Housing market.

U.S. Unemployment and House Prices

Of all of the statistics a developed economies statisticians generate, the rate of unemployment is near the top of list of those that best reflect the true state of an economy which is why it factors so strongly in the politicking that goes on, in which respect both the Democrats and Republican are always busy putting their own spin on the latest U.S. unemployment data released by the BLS which shows that the US unemployment rate has held steady at 7.8% after having spent over 3.5 years above 8% and down from a high of 10% reached in October 2009.

The Truth About the U.S. Unemployment Rate

This analysis is sticking to the official standardised statistics produced by the BLS rather any of the political motivated statistics found around the net, the below graph illustrates the trend in the unemployment rate from 1992 to the present in terms of Presidency (06 Oct 2012 - High U.S. Unemployment Rate, Obama Failure or Bush Catastrophe for Romney to Continue?).



US Unemployment Rate Facts

Clinton - Unemployment Rate fell from 7.2% to 4.2% - 3%

Bush -Unemployment rate rose from 4.2% to 8.3% +4.1%

Obama - Unemployment rate to date has fallen from 8.3% to 7.8% -0.5%

The data clearly illustrates the extent to which the Bush presidency was a catastrophe for America as Bush handed Obama an economy that was literally in a state of free-fall, the consequences of which were that it took Obama some 10 months to bring the rate of free fall to a halt, with the subsequent recovery at a very similar rate of decent as that under the Clinton Presidency which suggests, should this trend continue the U.S. unemployment rate should fall to about 6.5% by the time of the 2016 election which suggests continuing Fed support.

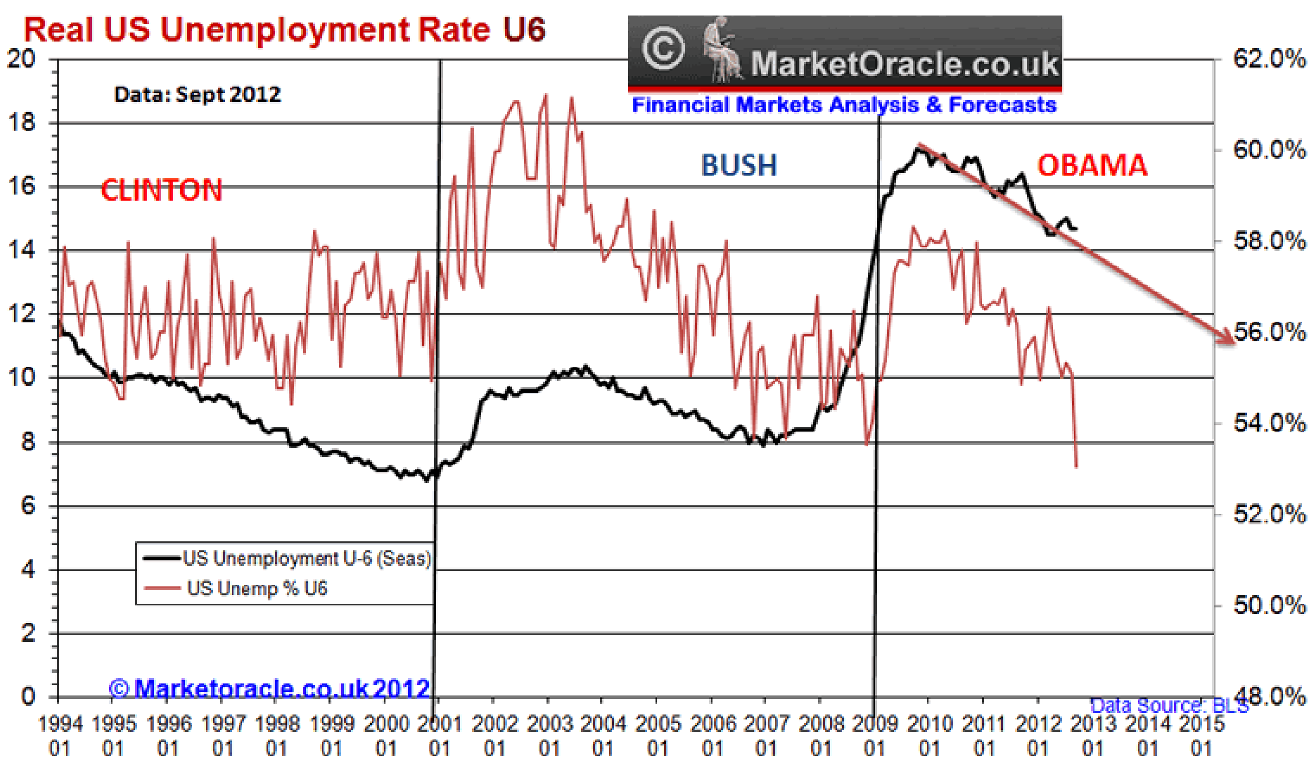
Historic Record

A further look at the historic unemployment rates amongst previous Presidents shows that there is a clear tendency for Republican Presidencies to push up unemployment rates whilst Democrat Presidencies tend to cut the unemployment rates.

The Truth About the Real U.S. Unemployment Rate

During the election campaign many republican's such as Donald Trump were been busy pointing out that the real US unemployment rate is as much as double the official rate with figures typically offered ranging from 11% to 20%, which has some basis in fact as the actual total US unemployment rate referred to as U-6 stands at 14.7%, so many republicans are correct in claiming that the real rate of US unemployment is far higher than the official rate as the official rate only includes those that are actively seeking work. This figure does not include the unemployed who are not actively looking for work; nor does it factor in workers with part-time jobs who are seeking full-time employment. When these workers are included, the (U-6) un/underemployment rate nearly doubles to 14.7% that remains unchanged from the August figure.

All Presidents tend to utilise this trick to under report the true level of official unemployment. The only way to gauge the level of corruption in the unemployment statistics is by taking a look at the official rate of unemployment relative to total rate of unemployment in percentage terms, where the lower the percentage the greater the level of corruption that tends to occur in the lead up to elections.



An analysis of the rate of corruption suggests that -

a. the Bush regime during the last 3 years of it's Presidency was engaged attempting to maximise the level of corruption in the official unemployment statistics.

b. That the Obama regime official statistics in the lead up to the 2012 Election increasingly became more on par with that of the Bush regimes efforts in the lead up to the November 2008 election i.e. Obama's Unemployment statistics are just as corrupt as that of President Bush.

Therefore whilst the real rate of unemployment has reduced as both graphs exhibit a downtrend, the actual extent of the fall in unemployment is far less than the official statistics suggests. The reality is that the pre-election report was highly suspect, where the comparison against U6 does suggest it has been manipulated for electioneering purposes i.e. not by the BLS but via government policy to aim to mask real unemployment.

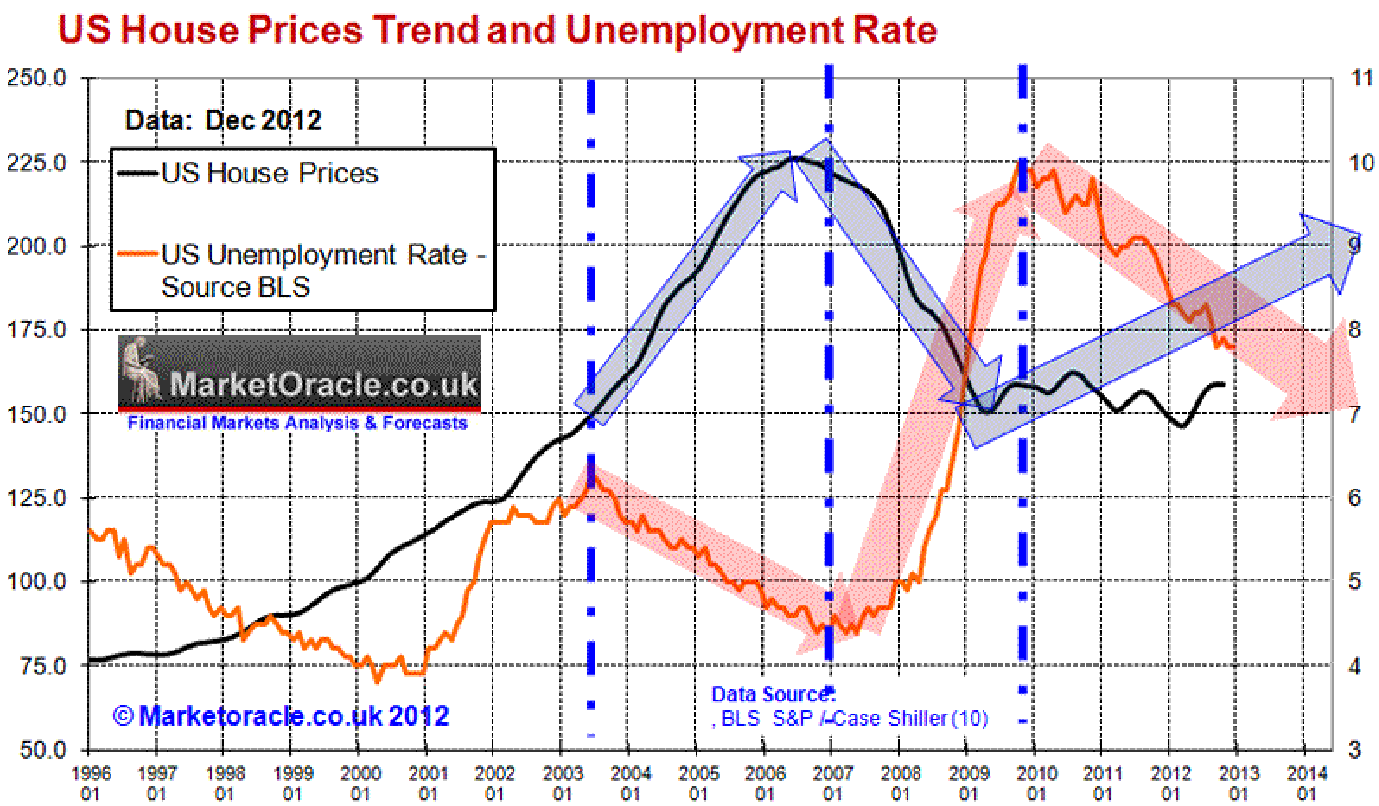
Fed Targets Unemployment Rate

The Fed further confirmed the expectations for a trend towards 6.5% in its December announcement that it had decided to target US unemployment rate down to 6.5%, which is a further example of the Fed escalating its response towards inflating the US housing market and economy and the central bank further taking its eye off of Inflation that will likely come back to bite the US over the coming years.

What this effectively means is that the policies of Zero interest rates and money printing (QE) are set to continue until the US unemployment rate falls to or below 6.5%, which is mans for several more years.

U.S. Unemployment and House Prices

In the preceding analysis (as of 6th Oct 2012) we have determined whilst the long-term trend in unemployment is down and targets a rate of 6.5% by early 2016, however against this the unemployment rate is likely to experience upward pressure into mid 2013. Now firstly one needs to realise that the absolute figure is not as important as the trend as house prices are predominantly sentiment driven therefore the importance of the unemployment data is the psychological impact of rising or falling statistics have on market participants future expectations.



Key points that stand out -

- US House prices LEAD changes in the US unemployment rate
- US house prices can rise even if the unemployment rate is rising, as along as the rising trend is shallow and sub 6.5%.
- Falling US unemployment since the late 2009 peak has so far only succeeded in stabilising US house prices.

The key conclusion is that US unemployment falling from 10% to 7.8% has acted to stabilise US house prices. With my expectations for US unemployment to fall to below 6.5% by 2016, this will act as an accelerant on US house prices i.e. US house prices response will be leveraged to increasingly LOWER rates of unemployment i.e. a fall from 7% to 6.5% will engender a greater response than a fall from 7.5% to 7%.

Unemployment Rate Housing Market Drivers

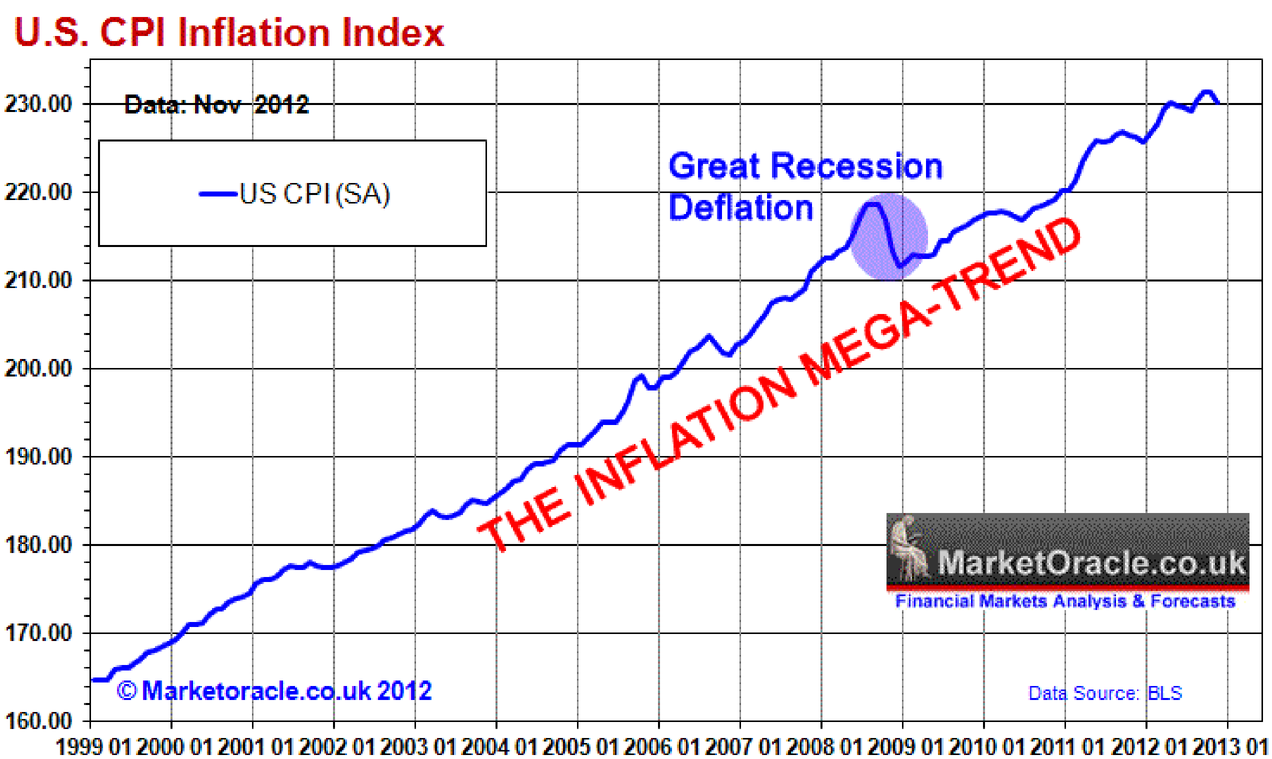
- 10% to 8.5% = Stabilisation - 2009 to 2011
- 8.5% to 8% = Embryonic bull market - 2012
- 8% to 7.5% = Clear emerging US housing Bull market - 2013
- 7.5% to 7% = Accelerating bull market - 2014
- 7% to 6.5% = Further leveraging of bull market trend - 2015
- Sub 6.5% = Strong multi-year bull market underway, over 10% per annum - 2016

US Economy - Ignore Debt Ceiling Drama

Whilst Europe, the UK and many other major developed countries have stagnated the US has continued to show relative strength by registering 3.1% GDP (annualised) for Q3 2012, which puts the US on a trajectory for 2% growth for 2012. US GDP growth is expected to improve in the face of ever escalating waves of money printing and ignoring the smoke and mirrors games that the White House and Congress keep playing such as the Fiscal Cliff Drama and soon to see Debt Ceiling 'Crisis', the US looks set to add at least 2.5% GDP for 2013 and probably at least 3% for 2014. Which coupled with ZERO interest rates will continue to exert upward pressure on US house prices for at least the next 2 years.

U.S. Exponential Inflation Mega-trend

GDP Growth of 2.5% 2013 say hello to real inflation of about 3.5% which illustrates why the US and every other nation is emerged in what is an exponential inflation mega-trend which the below graph clearly illustrates that even on the official CPI inflation measure (which tends to under report real inflation), that the US is no different to any other country which contrary to the delusional deflation propaganda is instead immersed in what has always been an exponential inflation mega-trend which vested interests and what can be only termed as deflation fools have been blindly regurgitating the threats ever since the Great Recession of the 2008-2009, which the graph clearly illustrates amounted to nothing more than a mere blip or as I warned at the time as being a mere deflationary ripple on the surface of an ocean of Inflation.



The Inflation Mega-trend Ebook of Jan 2010 (FREE DOWNLOAD), re-iterated that asset prices tend to be LEVERAGED to Inflation, which is precisely the trends that have subsequently transpired from stocks to commodities such as Gold and as I have been flagging during 2012, is expected to transpire for UK and US housing markets so it does not really matter if actual inflation is far higher than official inflation which means it is not necessary to focus on alternative inflation measures if one acknowledges that asset prices tend to be leveraged to official inflation data that go through the stages of being over sold or over bought against inflation due to the impact of investor sentiment.

$1 Trillion Coin Ultimate Fiat Currency Illustrates Exponential Inflation

Paul Krugman (clueless academic economist) can be seen smugly gloating in the mainstream media as one of his crackpot ideas for the US Treasury to Mint $ 1trillion Dollar Platinum coins with an intrinsic value of about $1,500 (poor Gold bugs, decades of expecting a Gold Standard all the while sneaky platinum bugs had been plotting their own standard), so that the Fed can use them to buy U.S. debt / finance the annual $1 trillion budget deficit and thus end America's exponential debt crisis.

So, according to Krugman and most politicians and academic economists is for the US to print money to infinity as a means of conjuring economic growth out of thin air i.e. without having had to earn the money that the US Government will seek to spend. However this does give the general public a window into the game that bankers and politicians are playing and that is one of perpetual money printing the consequences of which is an exponential inflation mega-trend.

The madness of the Trillion dollar coin should be obvious to all that if ever the United States did start to mint trillion dollar coins as a means of directly monetizing its debts then it should also replace its stars and stripes with that of Weimar Germany, because no one is going to hold a currency that can be latently so literally printed to infinity within minutes as people can imagine the U.S. Treasury churning out bucket loads of $ 1 trillion dollar coins, then $10 trillion, $100 trillion, $1000 trillion etc... In reality, I doubt that it is actually going to happen, as it is much easier for the people to be confused by the Quantum of Quantitative Easing than see the reality of $1 trillion coins being minted.

In terms of US Debt, the Trillion dollar coin is just as ridiculous as the debt ceiling, which means that the debt ceiling will probably eventually be abolished.

In terms of PHD Economists - Fiat academia is equally just as worthless to the real world.

In terms of hyperinflation - A trillion dollar coin would be a giant leap towards Hyperinflation because once it starts to be minted, it will prove just too tempting to keep minting the coins to pay the bills.

In terms of the housing market, know this that whilst governments can easily print currency in all of its forms, however they cannot so easily print houses!

The bottom line is that the Trillion dollar coin would be the latest example of fiat currency fraud, for it not to be classed as fraud then the coin would need to weigh about 21,000 tonnes, which is about triple the total amount of platinum ever mined in history!

Affordability Illustrates leverage - Falling house prices coupled with static to rising incomes (inflation) illustrates the impact of leverage on the housing market i.e. mortgagers tend to borrow 3.5X earnings, so if earnings have risen by 10% and house prices have fallen by 30%, then that results in an increase of 65% in affordability on where house prices were at the 2006 peak i.e. generally speaking US housing is 65% more affordable against 2006, i.e. a house that cost $200k in terms of borrower affordability at the peak is equivalent to buying a house for $107k today, or near half the peak price.

This is reflected in the US affordability index as compiled by NAR that is said to have hit a new all time high of 198.2

New Home Sales Inventory - Hits a 50 year low due to lack of construction during the past 4 years, whilst existing home sale inventories are at a 10 year low as potential sellers are refusing to sell at deep discounts or negative equity. This translates into the US housing market being primed to take off as a consequence of the multiple competing offers lifting sale prices.

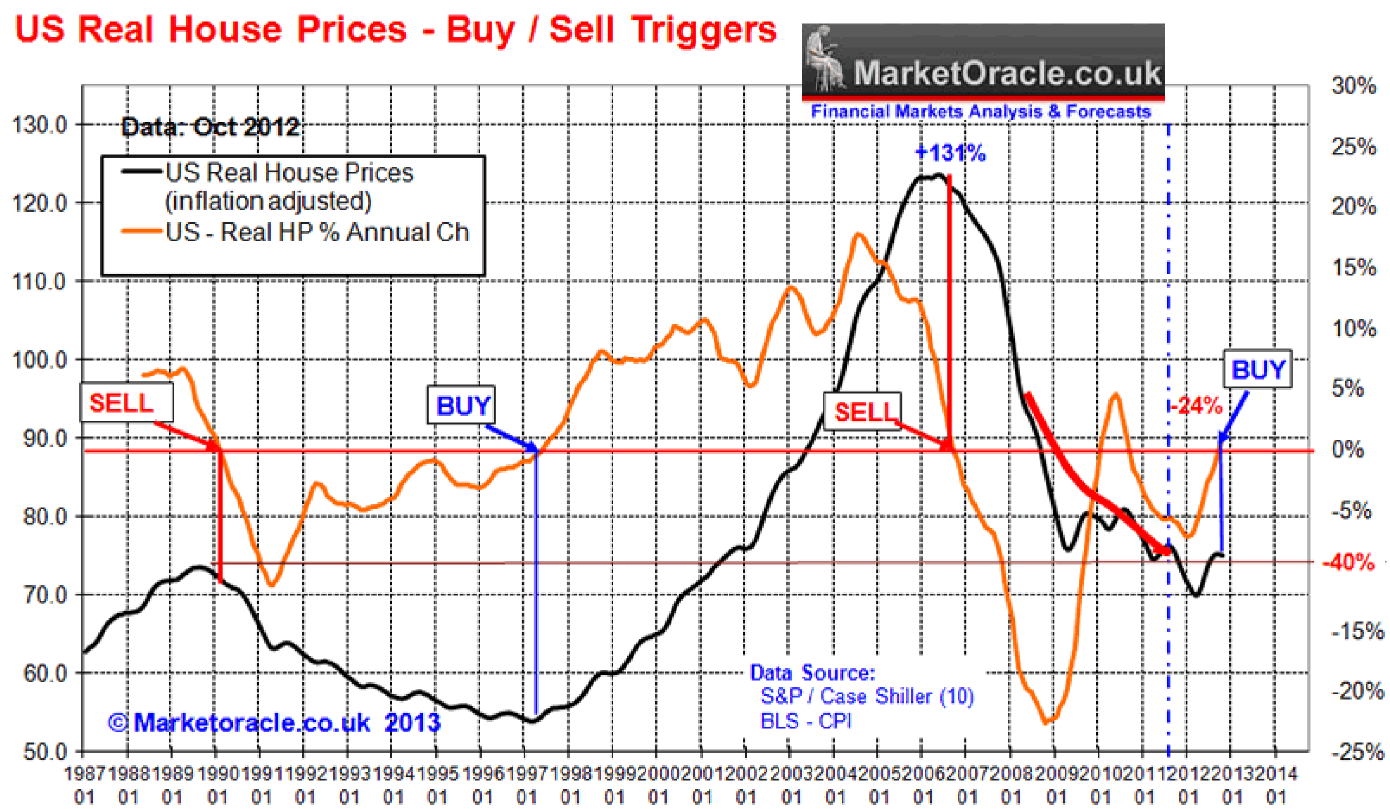
On the flip side, once a US housing bull market gets going, so will construction of new homes. It is too early in the cycle to say how this will impact house price trends as there are competing consequences i.e. the more construction the greater the confidence to buy / invest / speculate.

Demographics - The main demographic mega-trend in the western world if not the whole world is that of an ageing population, what this translates into is an ever decreasing ratio of workers to non workers, for countries such as the UK this crisis is exacerbated by out of control welfare states as a consequence of Labour party creating a pool of vested interest voters who are heavily reliant the welfare state. The key consequence of a falling ratio of workers to non workers is that workers will have less disposable income to feed a housing bull market and thus act as a damper on the housing market.

However, the advantage that the US has by virtue of ample land is that it can literally open the flood gates to new arrivals and thus give the economy and the housing market a boost as the number of workers to non workers increases. The key is that the US has an INCREASING population, so all of the commentary that suggests the US is following Japan is NOT going to happen because of this fundamental difference in that Japan's population is declining, with expectations for it to drop by 30% over the next 40 years, whilst US population is expected to increase by more than 30%, so regardless of demographics - that is a lot of demand for new homes to be built!

US Housing Market Buy Trigger?

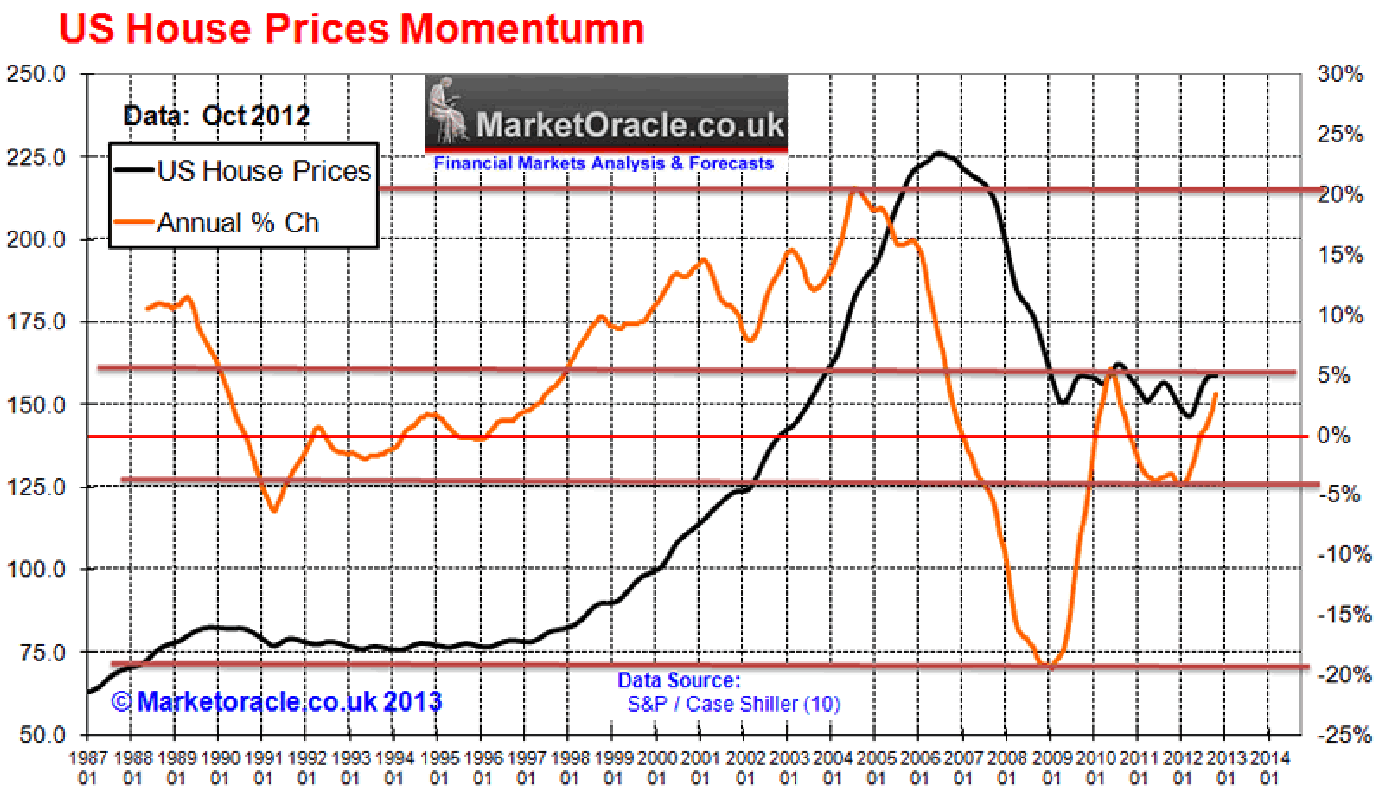
The below graph illustrates the state of the US Housing market in terms of its primary long-term driver - inflation, and answers the question posed at the start of this analysis in that has the US housing market triggered a buy signal as defined in June 2008 [(US House Prices Forecast 2008-2010)]() i.e. following the expected real terms downtrend into early 2011.



The graph shows that following the expected real terms downtrend forecast into early 2011, continued into the end of 2011 and that subsequently the embryonic bull market of 2012 has triggered a BUY SIGNAL ON the LAST Case Shiller data release (October 2012), that will likely be confirmed on the release of subsequent data over the coming months.

U.S. Housing Annual Market Momentum

The house price momentum graph shows annual extreme swings of +20% to the Bull market peak and then -20% to the bear market low. This was followed by a corrective swing higher to +5% which then dissipated to -5%, thus unwinding reactions to the preceding 40% swing and sets the scene for a normalisation of momentum for the US housing market over the coming years.

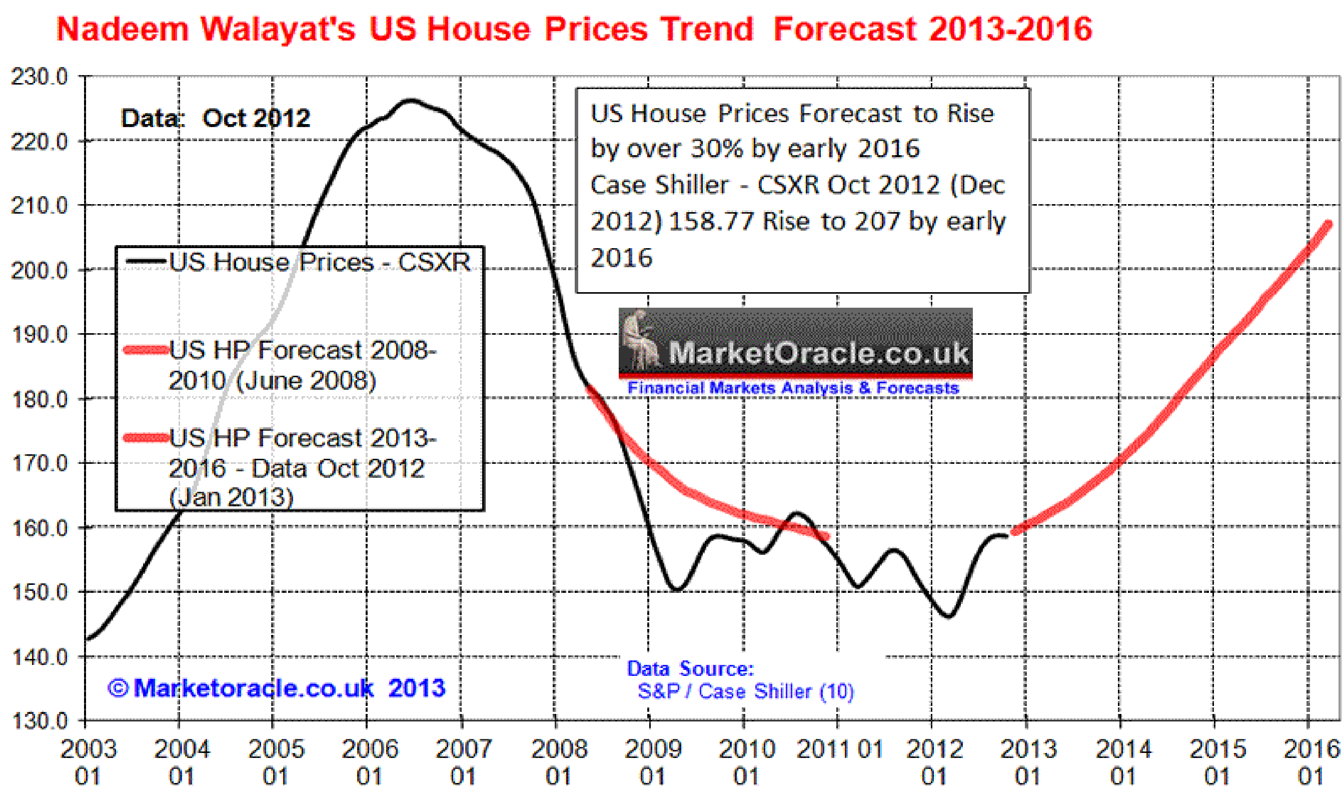


Whilst it is a little too early to determine what the precise momentum will be, however looking back at the preceding bull market suggests that once momentum breaks above 5% per annum, then this is likely to accelerate into a range of between 8% to 12% per annum.

Current rising momentum of 3.4% puts the US housing market on achieving such a trajectory during 2013 which implies that US house prices could rise by between 8% to 12% for 2013!

US Housing Market Forecast 2013-2016

My analysis has now reached the point where I am confidently able to generate a high probability multi-year trend forecast for US house prices. As mentioned earlier, the fundamentals have already triggered a reliable technical buy trigger, and as illustrated by rising real-terms momentum implies an accelerating trend for the US housing market over the coming years, i.e. as each years % gains prompts higher % gains in the following year as a consequence of ever improving market sentiment that will lead all the way towards the next bubble peak many years from now, but for this analysis I will focus on a trend forecast for over the next 3 years, dating from the last 2 months of of 2012 right through to early 2016 (Case Shiller index) as illustrated by the the below trend graph around which the actual house price index is expected to oscillate.



US House Prices Forecast Conclusion - As you read this, the embryonic nominal bull market of 2012 is morphing into a real terms bull market of 2013, with each subsequent year expected to result in an accelerating multi-year trend that will likely see average prices rise by over 30% by early 2016, which translates into a precise house prices forecast based on the most recent Case-Shiller House Price Index (CSXR) of 158.8 (Oct 2012 - released 26th Dec 2012) targeting a rise to 207 by early 2016 (+30.4%).

Implications of an Multi-year Real Terms Housing Bull Market

The key implication is that everything that was hated during the housing bust should therefore be loved going forward such as bank stocks! After all, the big banks can never go bust because they will always be bailed out. The central banks of the world have clearly told us what they are going to do and are in fact doing which is to INFLATE all of the debts away for which they do not need gimmicks such as the Trillion Dollar coins to achieve. Therefore House Price Inflation is one of the few avenues open to ORDINARY people to leverage themselves up to the central banks exponential inflation policies and bank stock prices are LEVERAGED to House Prices! i.e. 10% House price increase can in many cases result in a 100% increase in bank stock prices!

Inflation WARNING!

This is how it is - If I chose not to do nothing i.e. not buy property or dividend paying stocks or other assets leveraged to inflation then I KNOW inflation will wipe out ALL of my wealth and earnings purchasing power - That IS a certainty!, whilst everything else is a probability, risk vs reward, as I continue to attempt to leverage my assets and earnings to inflation, as illustrated by the January 2010 Inflation Mega-trend ebook (FREE DOWNLOAD)

US House Prices Forecast 2013-2016 Video

Jan 15, 2013 - 10:25 AM GMT

Has the US housing bear market ended ?

Follow the analysis to find out the answer including a detailed trend forecast covering over 3 years from 2013 to 2016.

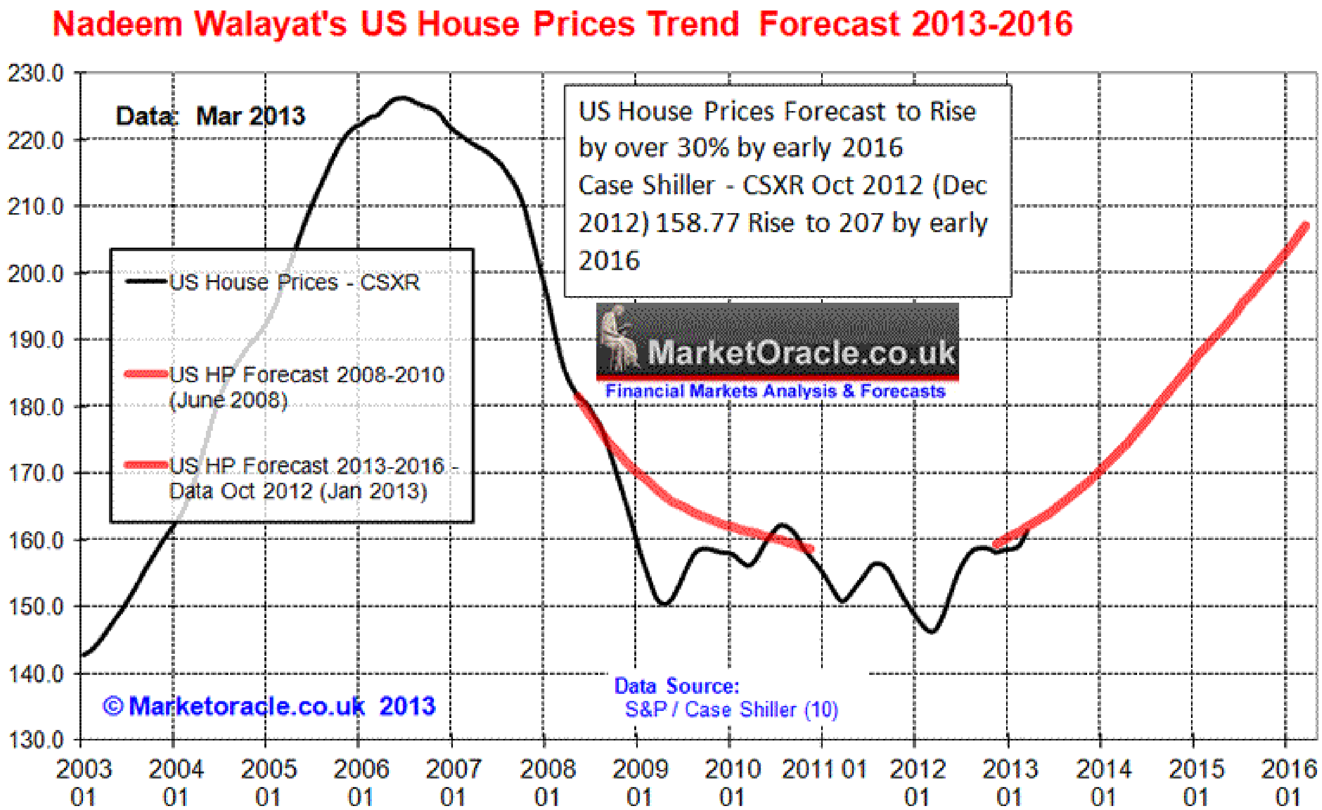
U.S. House Prices Accelerating, Fed Succeeding in Inflating New Ponzi Housing Market Bubble?

Jun 10, 2013 - 02:51 AM GMT - http://www.marketoracle.co.uk/Article40832.html

The Fed's QE-Infinity money printing programme to buy mortgage backed securities and government bonds that is running at a monthly rate of $85 billion is succeeding in inflating another US housing market bubble as house prices surge by an annualised rate of 11% in March (28th May) with some cities such as Phoenix seeing house prices soar by an annualised rate of 20%.

Now whilst the title of this article may contain the word bubble, however understand this that we are in the very early stages of the housing bull market that follows on from the embryonic bull market of 2012 which has many years to run, so do not make the mistake that many market commentators are making in the wake of the latest data, those who never saw this bull market coming are busy already proclaiming it as bubble that is about to burst.

An updated graph for the case shiller US house prices index shows that the US housing market is trending in line with the forecast trend trajectory.



So yes, whilst it is obvious that the rampant money printing policies of the UK and US ARE creating NEW ponzi housing market bubbles, however these bull markets have only just begun and are nowhere near to getting to the euphoria bubble stage as my most recent analysis for the UK suggests that the UK housing bull market could run for the rest of this decade before next popping, hence why I do not see any reason to rush to publish a detailed trend trajectory for the UK market, but rather continue to publish a series of in-depth analysis on its mega-trend drivers (03 Jun 2013 - UK Housing Bull Market Opportunities In Britain's Multiculturalism Immigration Crisis), towards arriving at the most probable trend trajectory.

Similarly, whilst my existing US housing market forecast is for into early 2016, that does not necessarily mean that I expect the market to peak and crash in 2016, for it is highly probable that just like the UK this current US housing bull market could last for the whole of this decade, or quite close to, so I see all of the discussions in the mainstream press and blogosfear concerning whether the US housing market is in a bubble or not as being ludicrous because I doubt it will even be in a bubble 3 years from now, let alone today!

The bottom line is that the global central banks ar engaged in an inflation war as they competitively debase their currencies via unprecedented money printing to INFLATE asset prices which are LEVERAGED to inflation, this was true for the stock market in 2009 (as I wrote at the time) and is true today for housing markets as the fractional reserve banking system ensures that whatever the central banks print will be leveraged up by at least X10 and during the mania phase as much as by X90 which will be driving the next subprime mortgage market that will once more ramp up prices into the final euphoria phase, which means a LOT of inflation is yet to come, far beyond anything that the academic economists that populate the mainstream press can ever conceive of, as from what I see they are still obsessed with non existant deflation whilst the housing bull market juggernaut rumbles on as illustrated by one of the most popular housing market articles of recent days as published by Forbes magazine.

Great Reflation Produces Mirage Of Recovery In Housing

By Peter Schiff - concluding -

Of course the real risks in housing center on the next leg down, in what I believe will be a continuation of the real estate crash. We can't afford to artificially support the market indefinitely. When significantly higher interest rates eventually arrive, the fragile market will again be impacted. We saw that movie about five years ago. Do we really want to see it again?

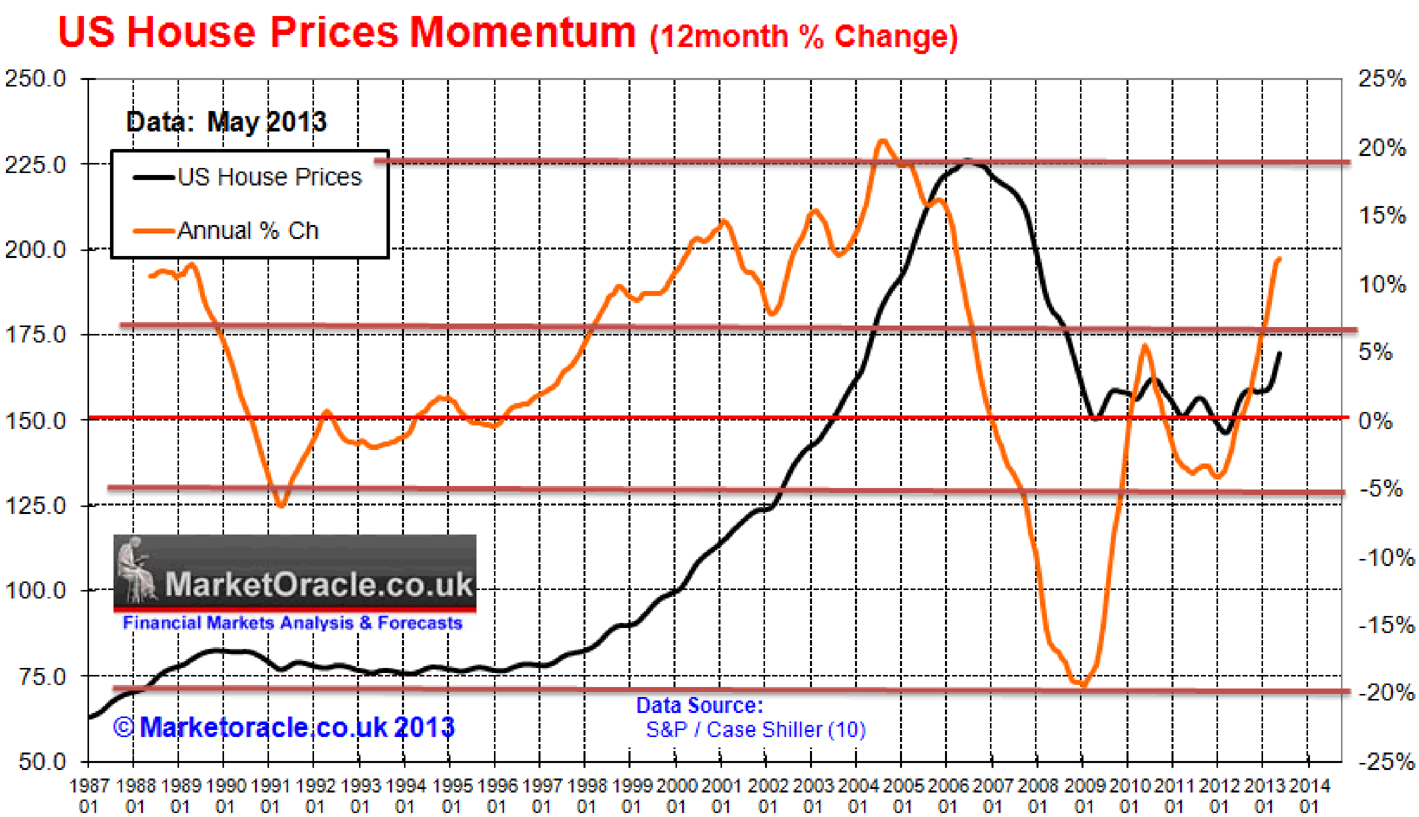
Meanwhile the smart money continues to pile into the US housing market as they snap up bargains (they have been doing so since at least mid 2012) whilst academics and mainstream journalists / salesmen, perma bears at blogosfear sites such as Zero Hedge, and off course cry babies who perpetually sit on the side lines always too fearful to commit, will as usual be found out to be wrong! Because they will NEVER understand what drives markets for the fundamental fact that they don't tend to put their own money on the line. Instead, I have put my own money where my mouth is and have committed 60% of my assets to the UK housing market on the basis of detailed analysis, just as I committed 30% to the stock market during 2009 because there is nothing that focuses ones mind to get it right than actually having a large chunk of ones wealth at risk.

U.S. House Prices Soaring, Housing Bull Market Momentum Reaches Boom Times

Aug 15, 2013 - http://www.marketoracle.co.uk/Article41871.html

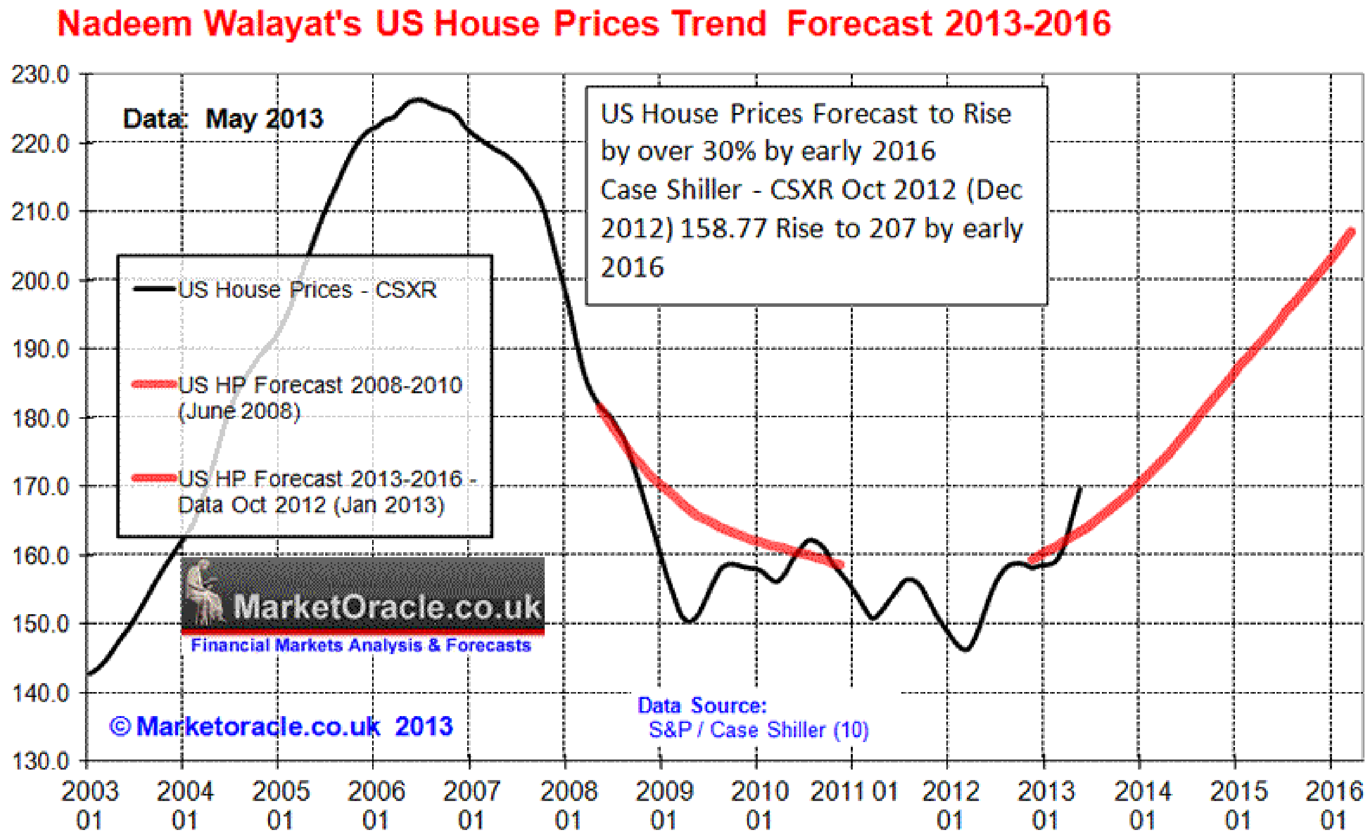
Prospective U.S. Home buyers who may have been persuaded by skeptical journalists that populate the mainstream financial press of the sustainability of the rise in house prices will by now be increasingly finding themselves in an panicky state as US house prices have literally started to soar during the past few months, as illustrated by the Case Shiller house prices index for the most recent month of May showing a jump of 7% over just the past 6 months.

The graph for long-term US housing prices shows that prices are now rising at an annualised rate of over 12% which now puts the momentum for house prices firmly into strong bull market territory, in fact a goldilocks state that in my opinion could be sustained for many years, never mind months (i.e. a rate of about 12% per annum is sustainable). However any further increase in momentum and then that would result in a the housing market overheating thus warranting a correction.



As also illustrated by the graph, the US housing market has some way to go to reach the point of a bubble peak, which means home buyers should take all of the commentary of this bull market not being sustainable, and for an imminent end, from clueless academic economists, financial commentary salesmen, and worse journalists who think they are clueless economists, with a house size pinch of salt, for they never saw this bull market coming in the first place and will likely only turn bullish just before the trend ends, as was the case towards the end of the last US housing bubble market.

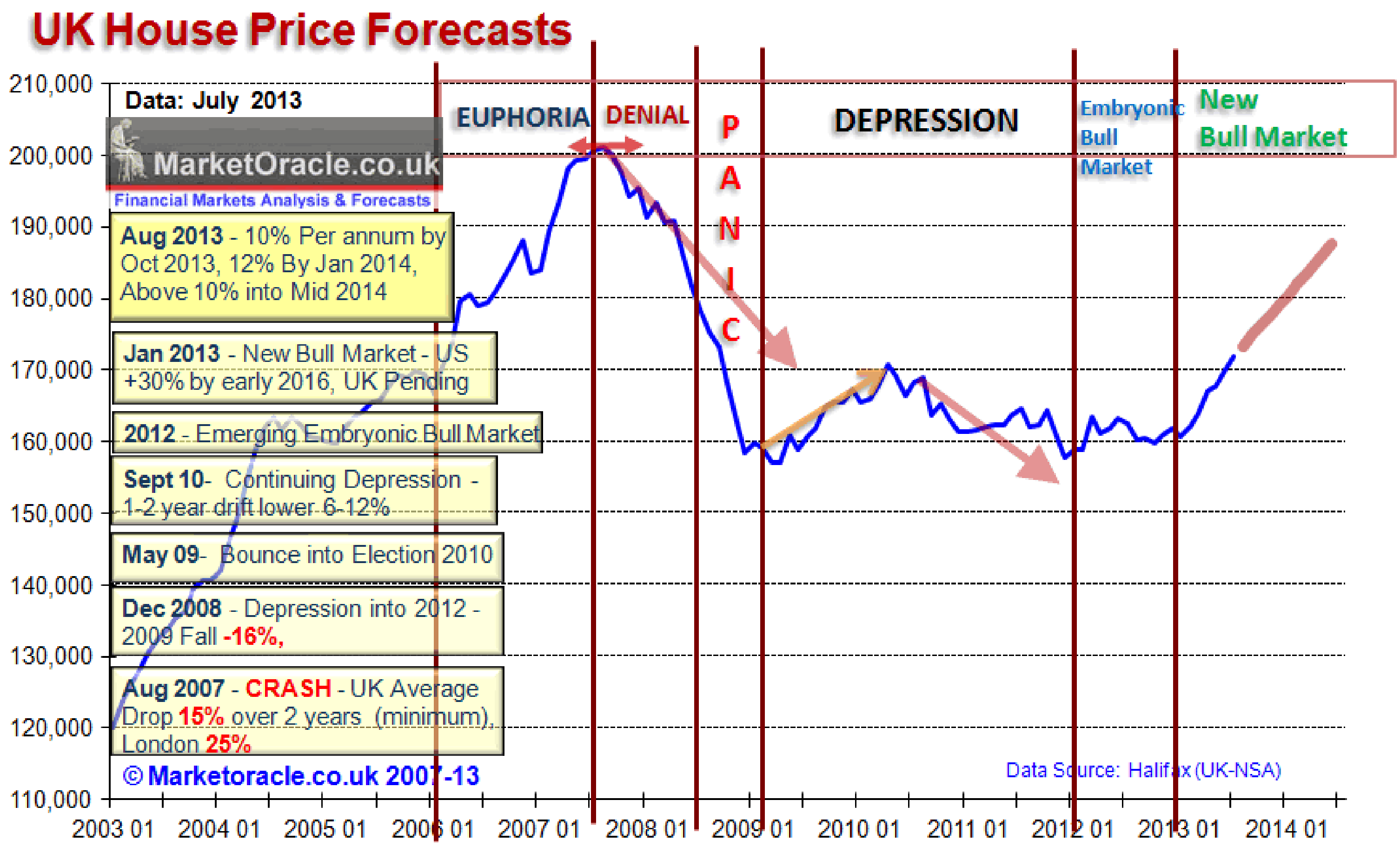
An updated graph for the case shiller US house prices index shows that the US house prices are now soaring, clearly this parabolic trajectory is NOT sustainable, so I am expecting the pace of US house prices growth to moderate over the coming months to oscillate around my expected trend trajectory. Still this should act as a warning shot across the bows of all those who are WAITING to buy, as such indecisiveness could prove very costly!



In conclusion, whilst it is still easy today to find much bearish rhetoric in the mainstream media of why the bull run in house prices is unsustainable, however you have to understand that the market is NOT driven by fundamentals but by SENTIMENT and it is SENTIMENT that CREATES the fundamentals! Which is why the academic economists NEVER have any real clue of what is going in the markets because they are ALWAYS LOOKING in the WRONG direction! i.e. they are looking at the CAUSE rather than the EFFECT, as the EFFECT makes itself manifest in the price charts long before the CAUSE appears in the economic data that academics focus upon.

UK Housing Bull Market

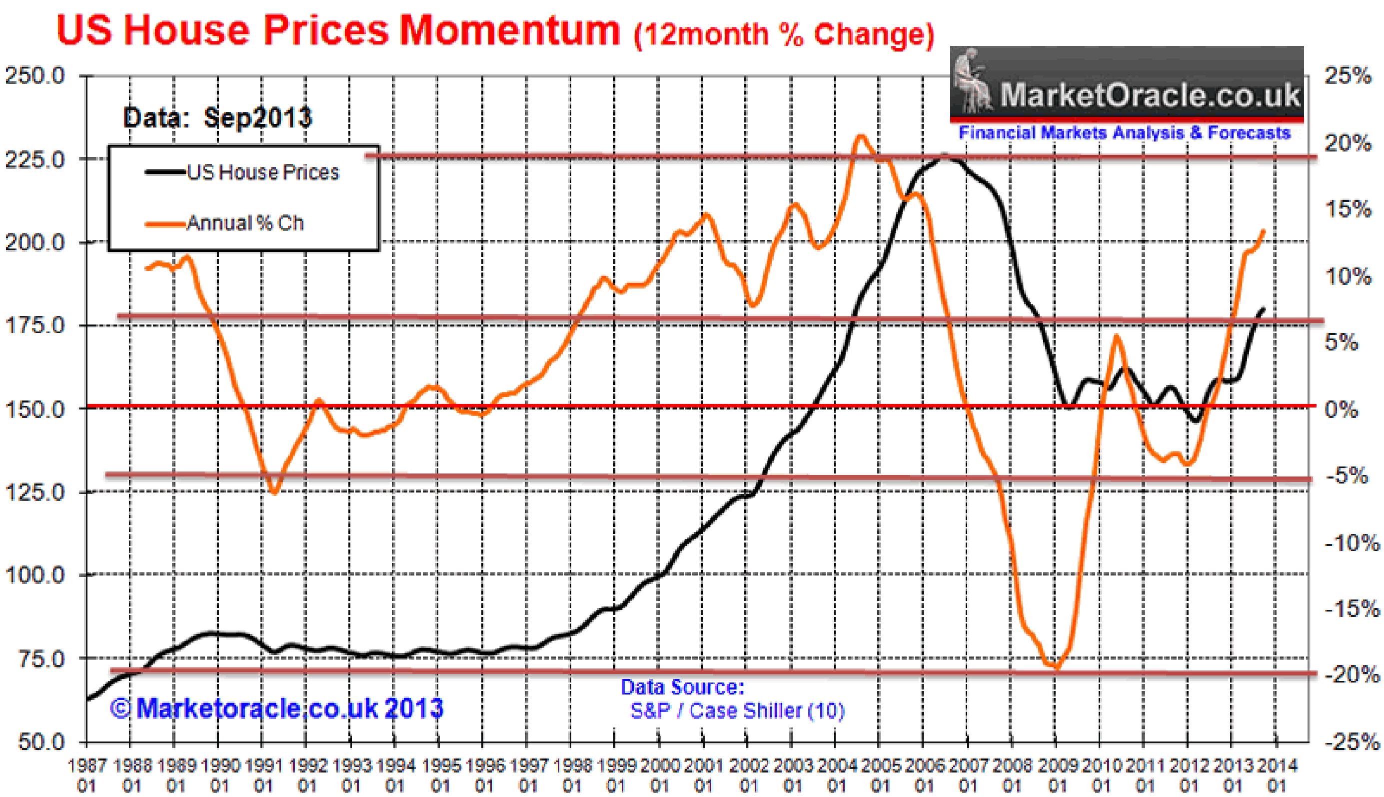
I have similar expectations for the UK housing market as that of the US, and likewise UK house prices have also started to soar over the past few months.



Raging U.S. Housing Bull Market, House Price Inflation Breaks Above 13%, 2014 Outlook

Nov 27, 2013 - http://www.marketoracle.co.uk/Article43314.html

The latest U.S. house price data released yesterday for September shows U.S. house price inflation momentum has continued to soar to an annualised rate of more than 13% well beyond the expectations of even the few bullish market commentators at the start of the year, whilst the bears are left to wallow in a state of perma-tripe that continues to go completely contrary to what has actually been transpiring during 2013.

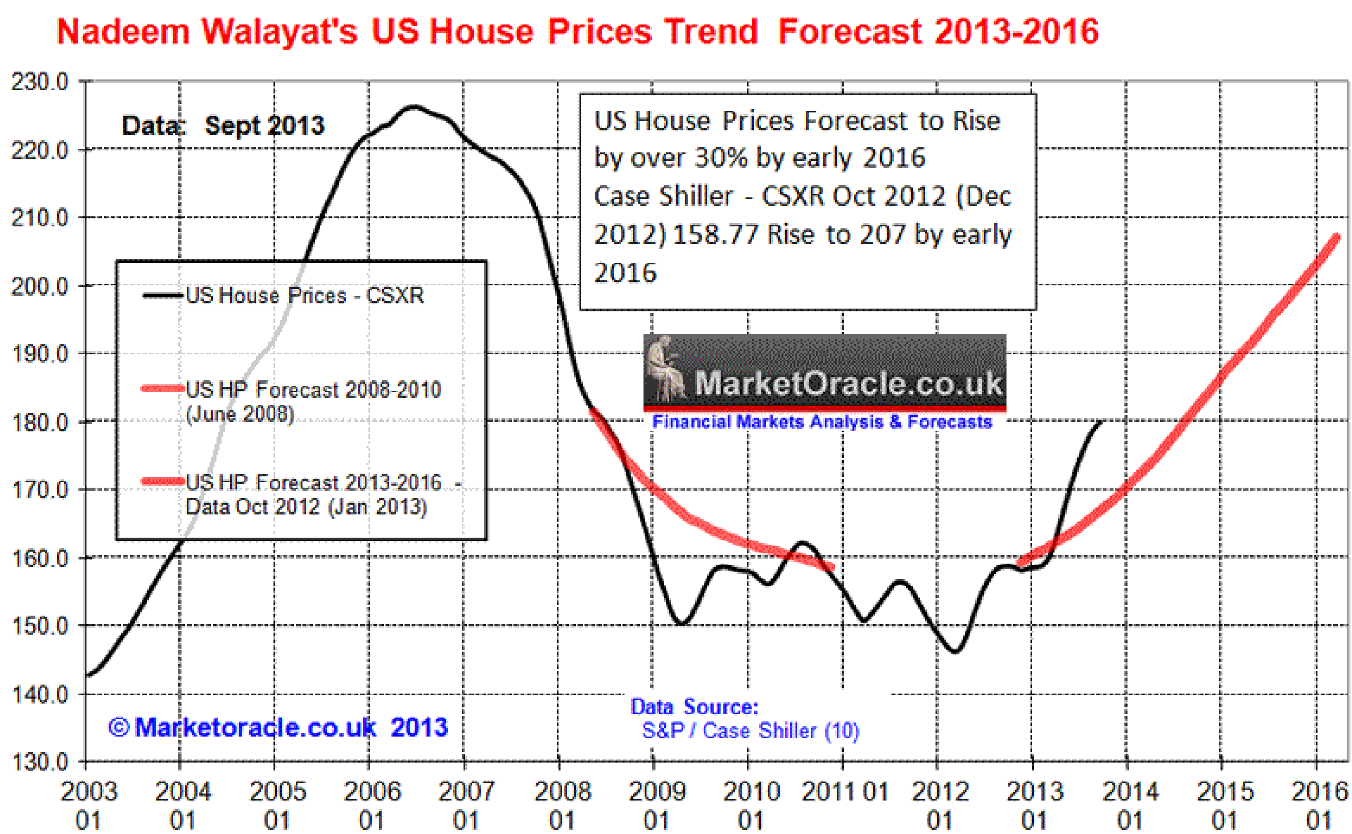


U.S. house prices continue to soar to a momentum rate that is significantly beyond my trend trajectory for US house prices to target a trend of 10% per annum, with longer term expectations for US house prices to rise by at least 30% by early 2016.

What are the Implications if Momentum Going into 2014?

I would not be surprised if current strong momentum is sustained into data for February 2014 to be released in April 2014. Therefore U.S. house prices could be rising at an annualised rate of more than 16% per annum! However, such momentum would NOT be sustainable and WOULD give way to a correction to an inflation rate of under 10% and I would not be surprised if it falls to 7% by July 2014 data to be released in September 2014.

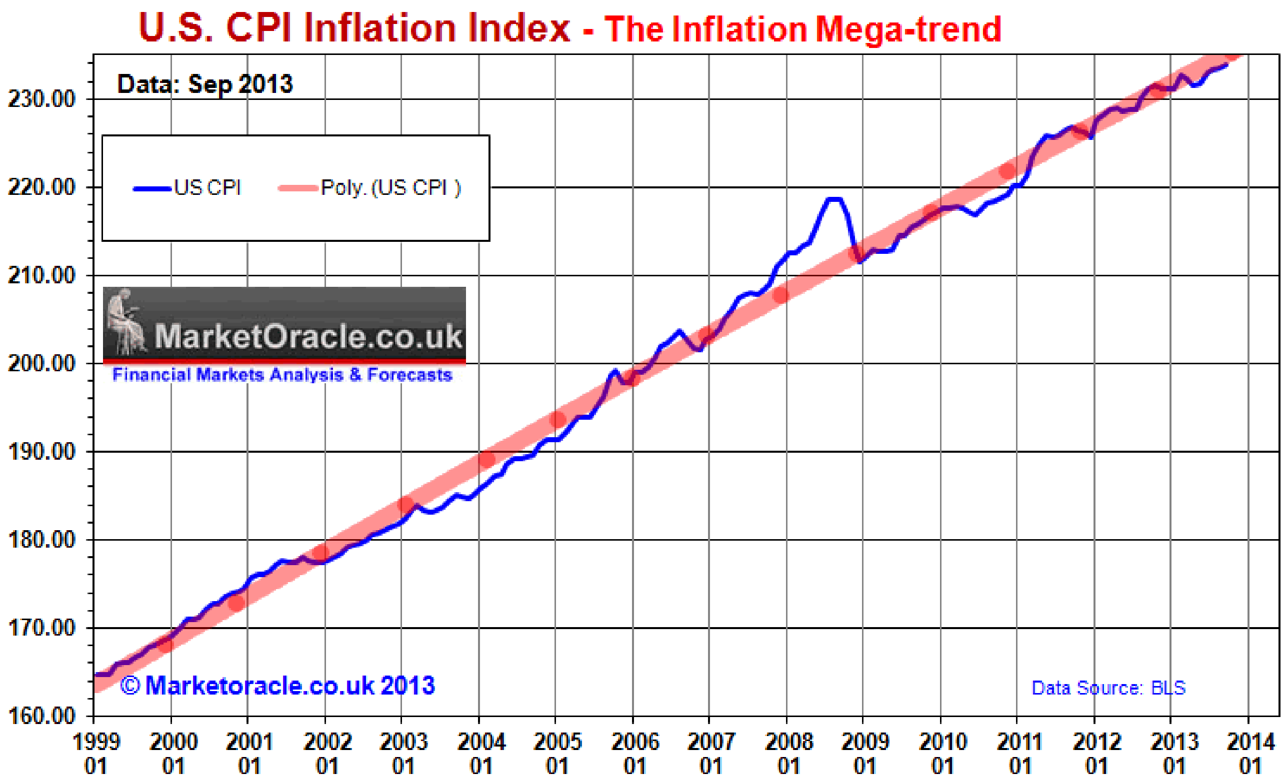
So, my expectations are now for a continuing strong rally into April 2014, to be followed by a sharp slowdown in price rises as U.S. house prices consolidate for the remainder of the year, which I am sure will be taken by many perma-bear clueless commentators to imply that the housing boom is over when in reality it would just be the US housing market unwinding from an very overbought state in preparation for their next leg higher that targets a rise of at least 30% by early 2016.



What are the mainstream press commentators missing ?

After all it is very easy to construct a bearish argument, I can do it very well, perhaps even better than most of the perma-bears, such as drawing on the the prospects for rising interest rates, after all U.S. treasury yields have been steadily rising for a while which has been picked up the perma-clueless crowd as a signal for a housing market CRASH that is just NOT going to happen! I mean the rate of inflation is not even going to slow for another 6 months, never mind actual FALLING house prices!

What many remain blind to is the fundamental driver that has remained constant for the PAST 5 years for stocks which is the exponential inflation mega-trend, the primary consequences of money printing debt monetization programmes that all governments are engaged in an attempt to buy votes through deficit spending, which feeds the exponential inflation mega-trend, which even manifests itself in the highly doctored official CPI data that under reports the real rate of inflation that people actual experience. So whilst the current U.S. CPI stands at a highly beguilingly mild 1.2%, however this STILL resolves in an EXPONENTIAL Inflation Mega-trend.

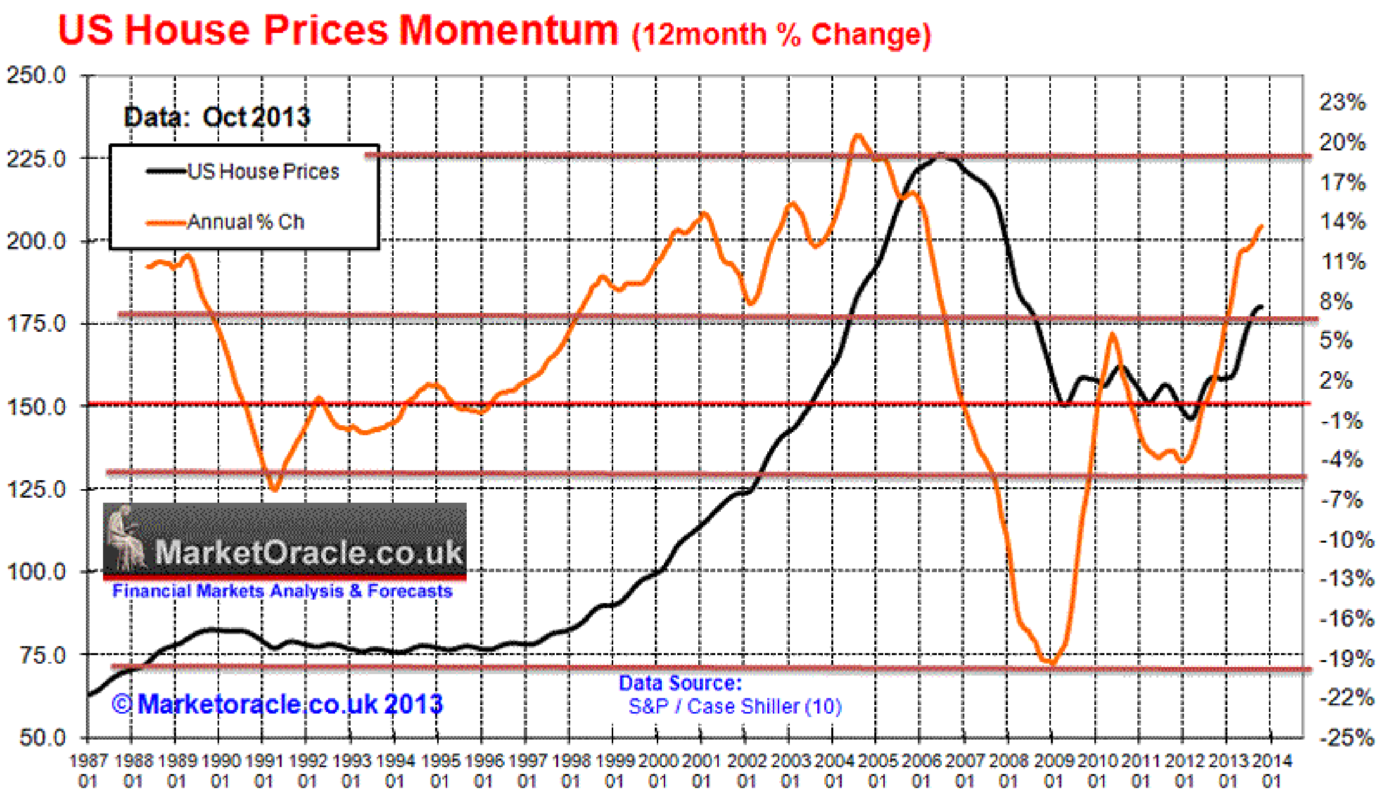


As I pointed out near 4 years ago in the Inflation Mega-trend ebook (FREE DOWNLOAD), governments only have one answer which is to PRINT MONEY! No matter what names it goes by, be it called QE, or government bonds, it is all money printing that results in Inflation against which asset prices are leveraged and oscillate around.

U.S. House Prices Forecast 2014, 2013 Bull Market to Yield U.S. Economic Boom

Jan 05, 2014 - http://www.marketoracle.co.uk/Article43843.html

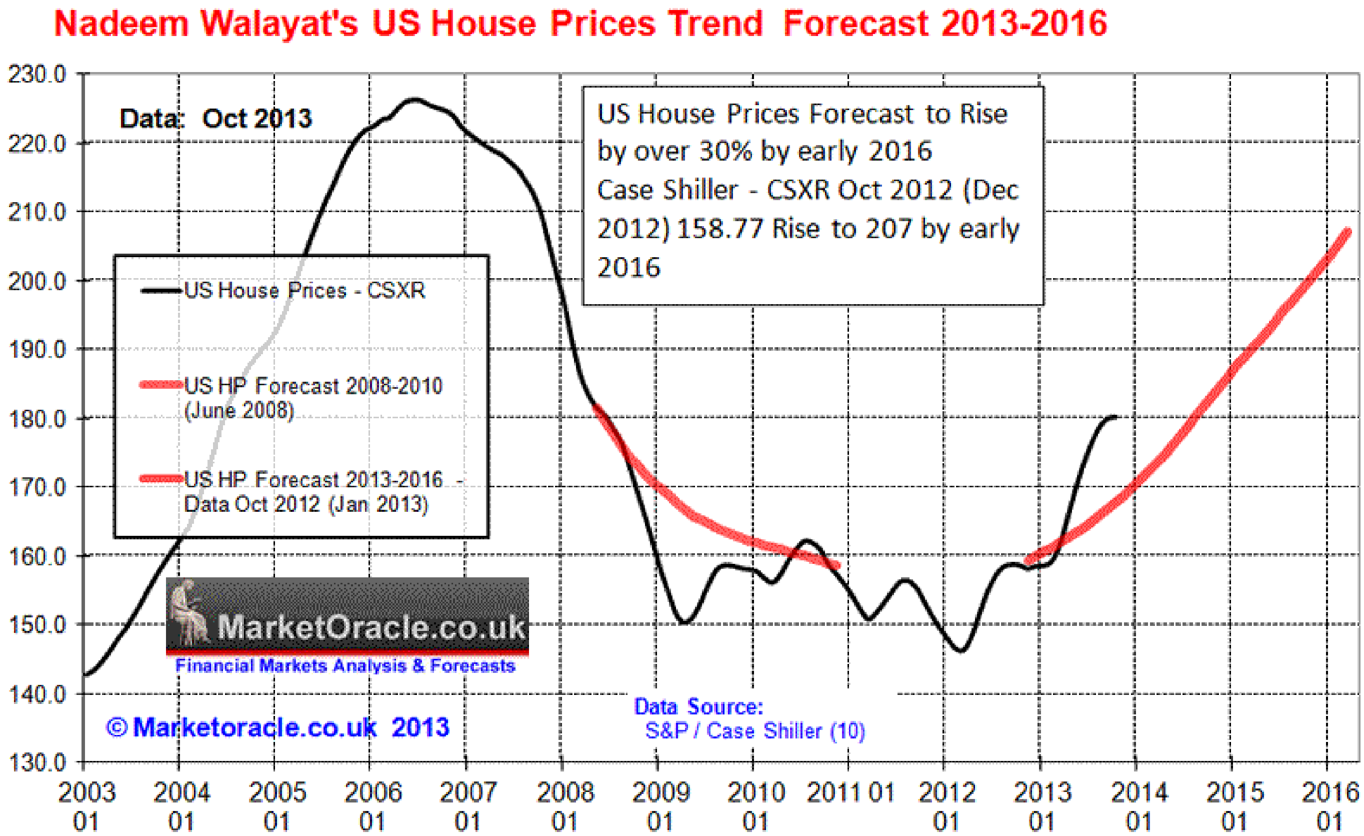
U.S. central bank rampant money printing has succeeded in inflating the US housing market far beyond anything that anyone could have imagined at the start of 2013, in fact a year ago the consensus view was that for U.S. house prices to end DOWN on the year, and such prevailing bearishness persisted in the mainstream press well into the middle of the year, instead as of writing the latest house prices data of 180.27 (SPCS10) published on 31st Dec 2013 for October 2013 puts U.S. housing market momentum at a high of 13.5% per annum as illustrated by the graph below:



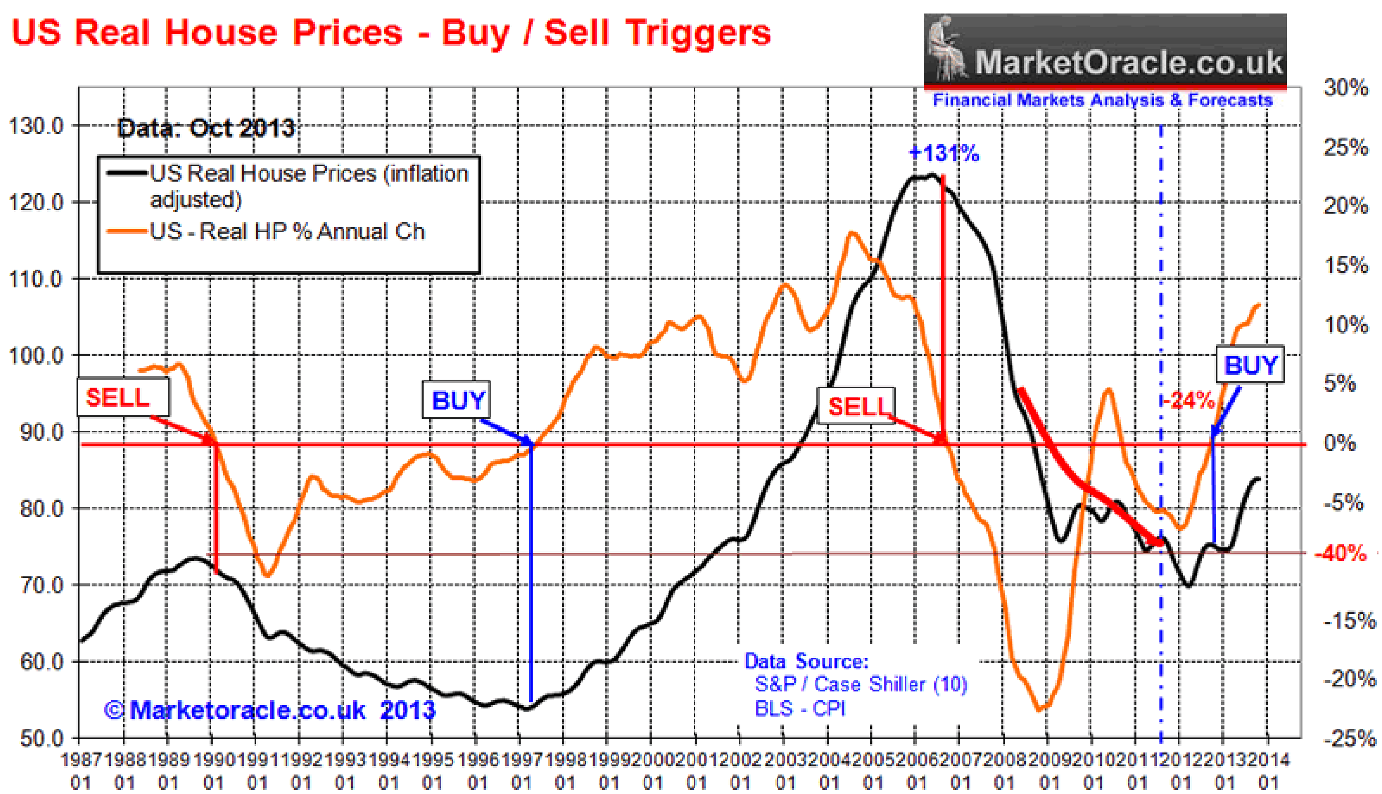
In my last U.S. housing market analysis of late November 2013, I mapped out a momentum trend trajectory of how I expected U.S. house prices to perform during 2014.

The latest data for October 2013 confirms my view that the U.S. housing market is going to be experiencing a severe slowdown in momentum during 2014 as the inflation rate drops from about 15% early 2014 to probably under 7% towards its end. This is in the context of my over-riding 3 year forecast of Jan 2013 to early 2016 as U.S. house prices look set to converge towards the forecast trend trajectory during 2014.

By mid 2014 the sharp slowdown in price rises will prompt many commentators in the mainstream press to proclaim that the bull market has ended, when in reality it would just represent the market laying the ground work for the next leg higher during 2015 as prices oscillate around the forecast trend.



The following updated graph illustrates the trend that has transpired following the actual buy trigger that took place that transformed the embryonic bull market of 2012 into a bull market proper as of October 2012 data published in late December 2012.



Excerpt: *The graph shows that following the expected real terms downtrend forecast into early 2011, continued into the end of 2011 and that subsequently* ***the embryonic bull market of 2012 has triggered a BUY SIGNAL ON the LAST Case Shiller data release (October 2012)****, that will likely be confirmed on the release of subsequent data over the coming months.*

The key point the chart illustrates for today is that contrary to the end of the bull market mantra that people will tend to be liberally exposed to in the mainstream press, the reality is that the U.S. housing bull market is nowhere near triggering a SELL signal, at least not for the whole of 2014 which continues to support my 3 year bull market scenario into early 2016, as this indicator will continue to prove remarkably useful in warning of the next market turning by that point in time.

So whilst US house prices have been soaring during 2013, still prominent market commentators such as Peter Schiff could be seen literally warning of an imminent CRASH, as the US housing market literally galloped up a debt ceiling and government shutdown mountain of worry.

6/4/13 - Great Reflation Produces Mirage Of Recovery In Housing

By Peter Schiff - concluding -

Of course the real risks in housing center on the next leg down, in what I believe will be a continuation of the real estate crash. We can't afford to artificially support the market indefinitely. When significantly higher interest rates eventually arrive, the fragile market will again be impacted. We saw that movie about five years ago. Do we really want to see it again?

U.S. Economic Boom of 2014

In my opinion the raging housing bull market of 2013 is merely phase 1 of an engineered feed back loop that will next manifest itself in strong U.S. economic growth during 2014 that is far beyond that which any academic analysts can perceive of today as they obsess over the likes of QE tapering, despite the fact that tapering STILL MEANS continuing money printing and somewhere along these academics seem to have forgotten all about what CHEAP fracking energy means for the U.S. economy. So whilst the foot may have been taken off the accelerator for U.S. house prices during 2014, the gas has already been amply applied towards uplifting the U.S. economy that will make itself manifest during 2014 and which will feed back into the U.S. housing market during 2015.

In terms of GDP this translates into typically adding 1.5% to 2% to the academic economic forecasts for 2014. For instance as of writing the IMF is forecasting that the U.S. economy will grow by 2.5% for 2014 whereas actual growth will likely turn out to be a far stronger at a rate of 4% to 4.25%.

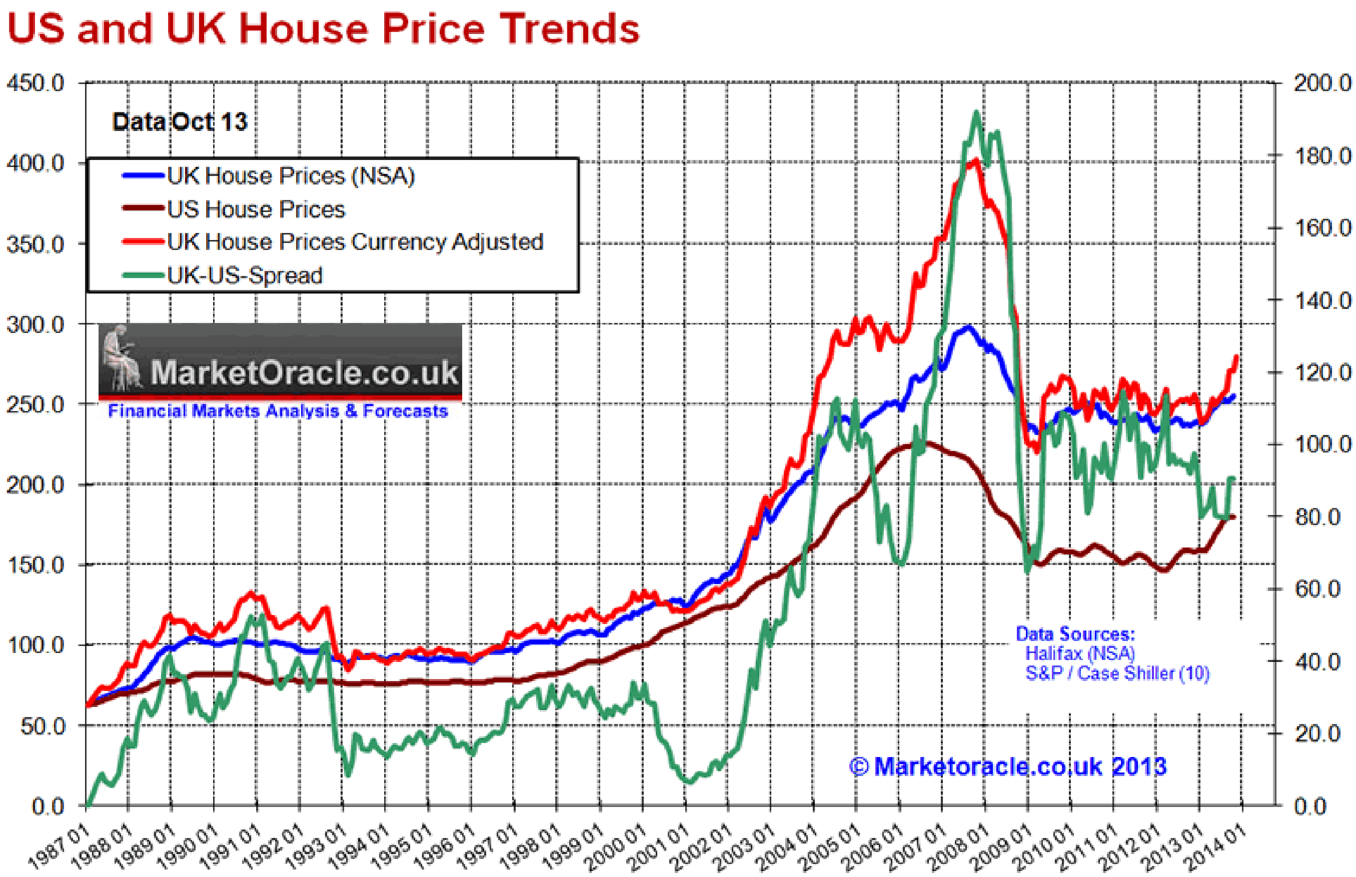
Ensure you are subscribed to my FREE newsletter for ongoing in-depth analysis of the U.S. and UK housing markets during 2014.

Summary for 2014 - Sharp slowdown in U.S. house prices inflation to under 7% coupled with sharp acceleration in U.S. economy to GDP 4% to 4.25%.

Your analyst warning you not to pay any attention to the bubble talking fools during 2014, all of whom never saw this bull market coming and thus will continue to remain in a permanent state of denial just as they have been towards the stocks stealth bull market of the past 6 years. Understand this - we won't see a bubble peak in U.S. house prices for many more years.

US / UK Housing Market Trends and Sterling

UK house prices had risen by 177% from January 1999 to the August 2007 peak, against US house prices that rose by 150% to their peak. However taking into account the currency trend, UK house prices rose by 238% with most of the gain occurring in the last 2 years of the last bull market. Whilst the rate of decline for both housing markets was similar allowing for the lag between each markets respective peaks



What stands out from the graph in terms of house price trend expectations are -

a. UK house prices tend to be far more volatile than US house prices.

b. In real terms, over the long-run UK house prices consistently outperform US house prices.

c. Presently the UK is near extremes of under valuation against US house prices of the past decade.

This translates into

1. The UK housing market representing a far better long-term both nominal and real-terms investment than the US housing market.

2. That currently UK house prices in international terms are CHEAP, i.e. currently trading at less than a 50% real terms valuation against their previous high which highlights a huge discrepancy between nominal house prices and real house prices. Which means as things stand if UK house prices rose to a new all time high over the next year or so then then in valuations terms they would still be nowhere near their all time highs in terms of currency.

However, there also exists a relationship for sterling strength during UK housing bull markets, what this implies is that the British Pound targets a trend to a rate of above £/$1.90 from the present £/$1.60 which would negative much but not all of this under valuation, therefore suggests an overall trend average UK trend for 2-3% per annum above US house prices.

The bottom line is that in terms of whether one should invest in the UK or US right now, the UK represents a far better valuation that looks set to persist and thus support UK house prices for several years.

Part 2

U.K. Housing Market Analysis and House Prices Trend Forecast 2014-2018

SMI Labour Benefit's Culture Catastrophe - Come to Britain and We Will Pay Your Mortgage!

Mar 13, 2013 - http://www.marketoracle.co.uk/Article39459.html

You want a FREE £200k+ House? Then come to Britain, and we will give this and much more, only thing you need to do in return is to vote Labour. Britain continues to suffer the consequences of rampant Labour government bribery of the electorate in terms of expanding the width and breadth of the benefits culture that has resulted in enticing approx 1/5th of those of working age that could work (8 million) to instead park themselves onto benefits for life where the name of the game is how to maximise benefit receipts rather than engage in productive activity.

The net effect of the benefits culture is that for MOST working families, at the time of the last election it was far, far better to park themselves onto benefits than to work, the resulting £200 billion total benefits bill of which at least £40 billion is out and out fraud as a consequence of those that could work making a life style choice to instead become baby making factories to maximise benefits without consequences for the impact of having children that they have little intentions of actually looking after has on wider society.

This article focuses in on one aspects of rampant benefits fraud as illustrated by Support for Mortgage Interest (SMI), which the Labour government introduced to bribe approx 240,000 additional vested interest voters.

The public spin on SMI was that it supports those who become unemployed, paying the interest on mortgages for upto 2 years of upto £200,000 at a flat rate of 6.08% which translated into a maximum benefit of £12,160 per year on top of ALL other benefits. This despite the fact that the policy of zero interest rates had long since pushed mortgage interest rates to about HALF the amount of benefit being paid out! So the tax payer had been effectively paying Interest AND Capital as in a typical 3% mortgage rate the benefit covers the interest on a mortgage upto £400,000!

The Collation Government eventually cut the interest paid from 6% to 3.63% which still amounts to an annual benefits payment of mortgage interest to a maximum of £7,260 for what amounts to a life-time mortgage interest payments.

SMI ENCOURAGES BENEFIT FRAUD

The effect of the SMI benefit is at least four fold -

1. Those through no fault of their own who lose their jobs with sizable mortgages, are going to be LESS likely to take on similarly paid employment in the future again due to the impact of this mortgage benefit i.e. a family of 5 (2+3) on benefits would need to earn an estimated gross income of more than £32,000 to over come the total amount of benefits that they are likely to be in receipt.

2. It encourages benefits fraud in terms of staying on benefits for life whilst encouraging under-declaring work i.e. as self-employed cash in hand so as to maximise benefits, as it is relatively easy for benefits fraudsters to overcome the 2 year time limit such as switching to claim income support for low income and working less than 16 hour work weeks or claiming that they have a disability.

3. The benefit is not only available to those of working age but also to pensioners upto a £100k mortgage, this defeats that whole purpose of what the benefit was said to be for, i.e. as a temporary support for those who become unemployed, when more than half the claimants are pensioners, which effectively means that the tax payer is paying for the next generations inheritance rather than prompting the downsizing and freeing up the housing stock which the likes of the bedroom tax encourages.

4. It encourages systematic benefits fraud in terms of citizens and also acts as a beacon to attract immigrants who have already mapped out how they will proceed to defraud the system and achieve their goal of obtaining a property with an over £200k mortgage so as to maximise benefits income potential whilst engaging in undeclared work as the state supports their children whom they live with but don't live with to further maximise benefits. This is one of the reason's why immigration to the UK has been about TEN Times that the last labour government promised it would be.

The above are just 4 examples as there are many more variations to this fraudulent benefit such as paying for second homes i.e. towards buy to let property portfolios.

The coalition government is desperately attempting to unwind labour's benefit for life culture through several mechanisms including introducing a £25,000 benefits cap and the bedroom tax, thought both of these are repeatedly watered down to dilute savings in the annual benefits bill or to entice those that could work to actually start to contemplate working (legally).

The problem that the coalition government faces is that it is relatively easy for the Labour party to promise the electorate debt fuelled bribes over responsible government the price for which is ultimately paid for by inflation. Therefore the more responsible the coalition movement acts, the less likely they are to get re-elected. Which means times-up ! Get ready to expect just as big voter bribes during 2014 that the last Labour government made which translates into INFLATION.

The coalition government has already acted to bribe voters by extending the SMI scheme into 2016. This effectively acts to PROP UP house prices.

The system of bribing voters to get elected is designed to bankrupt Britain. Protect your wealth now from incompetent corrupt politicians before inflation erodes away the value of your hard earned savings.

George Osborne Boosts UK Subprime Housing Market Ahead of Election Boom

Mar 20, 2013 - http://www.marketoracle.co.uk/Article39573.html

George Osborne announced a series of additional measures in along stream of give away's aimed at inflating the UK housing market the most significant of which is the policy of zero interest rates which artificially depresses UK interest rates as a consequence of inflationary Bank of England QE Money Printing to the tune of more than £500 billion to date.

Today's UK housing market boosting measures included -

- An emergency £3 billion for infrastructure and house building to kick start growth.
- Interest fee home equality loans of upto 20% of a deposit upto £120k to help people buy new build houses which means house hunters only need to find a 5% deposit for a LTV of 75%! i.e. £10,000 up front deposit to buy a £200k new build on an 75% LTV mortgage of 150k (note loan is interest free for 5 years).
- The government will make available an £130 billion guarantee for new mortgages for properties upto £600k so that the banks will lend to more risky borrowers, i.e. those without deposits to buy any new or existing build. This effectively means creating new mortgage / property demand of upto 200,000 per year (not clear if this excludes buy to let 2nd homes).

The above measures are clearly aimed at ALL prospective property buyers / voters across the country, including London, therefore this IS a clear cut election bribe i.e. Vote Conservative because we are giving you £120,000 interest free for five years towards buying any house upto £600k!

Other indirect boosts to the economy were also announced such as helping small business with a £2,000 NI Cut, and canceling the 3p fuel duty rise.

Embryonic Bull Markets of 2012 Morphing into Bull Markets of 2013

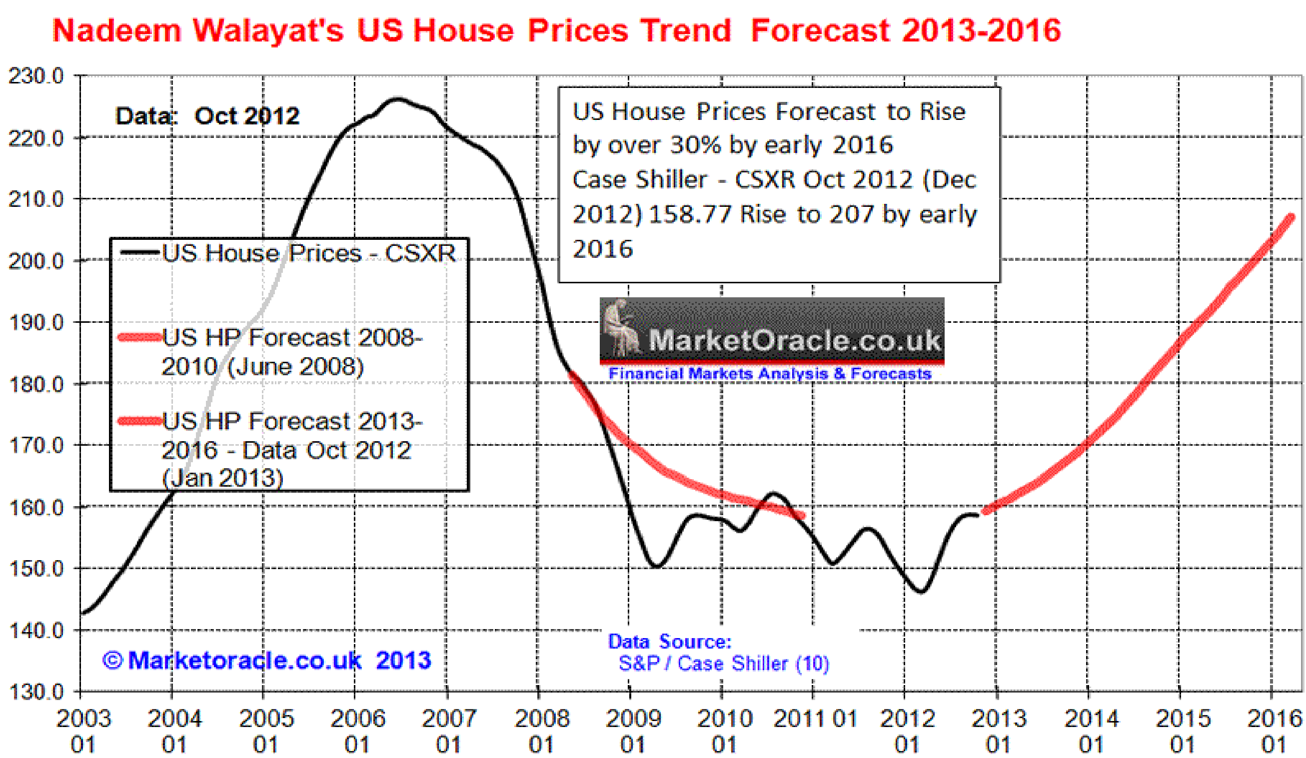
If you have been reading my articles at the Market Oracle, then you will know that I have been flagging embryonic bull markets for the UK and US for virtually the whole of 2012 that I expect to accelerate into full blown bull markets during 2013.

06 Sep 2012 - Super Mario Draghi Triggers Stocks Stealth Bull Market Rallies to New Bull Market Highs

This years convergence towards housing market bottoms such as the UK and US presenting one of those once in a couple of decades opportunities to climb aboard what still are embryonic bull markets, just as I strongly suggested the birth of a new multi-year stocks stealth bull market in March 2009

Housing Market Trend Trajectory

Whilst I have yet to get around to concluding towards a detailed multi-year trend forecast for UK house prices, see my earlier detailed analysis and concluding trend forecast for the US Housing market as an approximate guide for UK house price trend trajectory as the US looks set to lead UK trend by some 6-9 months - 12 Jan 2013 - U.S. Housing Real Estate Market House Prices Trend Forecast 2013 to 2016.



US House Prices Forecast Conclusion** - As you read this, the embryonic nominal bull market of 2012 is morphing into a real terms bull market of 2013, with each subsequent year expected to result in an accelerating multi-year trend that will likely see **average prices

rise by over 30% by early 2016*, which translates into a precise house prices forecast based on the most recent* ***Case-Shiller House Price Index (CSXR) of 158.8*** *(Oct 2012 - released 26th Dec 2012)* ***targeting a rise to 207 by early 2016 (+30.4%).***

Creating a UK Subprime Housing Bubble

The chancellors announcement of £130 billion mortgage guarantees effectively amounts to seeking to ultimately create a UK version of U.S. Fannie Mae and Freddie Mac that will eventually blow up in spectacular style as more and more house buying voters expect to be bribed at each election and therefore the £130 billion will mushroom to one day stand at well over £1 trillion of liabilities, off course the bust will come AFTER the next housing boom, so this and the next government need not worry themselves for the consequences of creating a UK subprime housing bubble as the consequences of which tax payers will be liable for in a decade or so's time which means another financial crisis as this repeats the SAME mistakes of mortgage backed securities i.e. the lenders are not liable for the risks so can take on more risky loans for commission as the liabilities will be with tax payers.

George Osborne UK Housing Market Statement:

So this Budget makes a new offer to the aspiration nation. And what symbolises that more than the desire to own your own home.

Today I can announce Help to Buy.

The deposits demanded for a mortgage these days have put home ownership beyond the great majority who cannot turn to their parents for a contribution. That’s not just a blow to the most human of aspirations – it’s set back social mobility and it’s been hard for the construction industry. This Budget proposes to put that right – and put it right in a dramatic way.

Help to Buy has two components.

First, we’re going to commit £3.5bn of capital spending over the next three years to shared equity loans.

From the beginning of next month, we will offer an equity loan worth up to 20pc of the value of a new build home – to anyone looking to move up the housing ladder. You put down a 5pc deposit from your savings, and the government will loan you a further 20pc.

The loan is interest free for the first five years. It is repaid when the home is sold.

Previous help was only available to those who were first time buyers, and who had family incomes below £60,000. Now help is available to all buyers of newly built homes on all incomes. Available to anyone looking to get on or move up the housing ladder.

The only constraint will be that the home can’t be worth more than £600,000 – but this covers well over 90pc of all homes.

It’s a great deal for home buyers. It’s a great support for home builders. And because it’s a financial transaction, with the taxpayer making an investment and getting a return, it won’t hit our deficit.

The second part of Help to Buy is even bolder – and has not been seen before in this country.

We’re going to help families who want a mortgage for any home they’re buying, old or new, but who cannot begin to afford the kind of deposits being demanded today.

We will offer a new Mortgage Guarantee. This will be available to lenders to help them provide more mortgages to people who can’t afford a big deposit. These guaranteed mortgages will be available to all homeowners, subject to the usual checks on responsible lending. Using the government’s balance sheet to back these higher loan to value mortgages will dramatically increase their availability.

We’ve worked with some of the biggest mortgage lenders to get this right. And we’re offering guarantees sufficient to support £130 billion of mortgages. It will be available from start of 2014 – and run for three years. And a future Government would need the agreement of the Bank of England’s Financial Policy Committee if they wanted to extend it.

Help to Buy is a dramatic intervention to get our housing market moving: For newly built housing, Government will put up a fifth of the cost. And for anyone who can afford a mortgage but can’t afford a big deposit, our Mortgage Guarantee will help you buy your own home. That is a good use of this Government’s fiscal credibility.

In the Budget Book, we also set out more plans for housing: Plans to build 15,000 more affordable homes. Plans to increase fivefold the funds available for building for Rent. And plans to extend the Right to Buy so more tenants can buy their own home.

Meanwhile George Osborne literally choked on his budget as he tried to suppress the underlying truth of an ever expanding debt mountain as the government prints debt to bridge the unbridgeable gap between that of government spending and revenues that feeds the exponential inflation mega-trend.

The bottom line is this - At least George Osborne is trying to sort out Britain's economic mess, when those that created the mess, Labour's response is to tax businesses, borrow and spend on an unproductive public sector black hole which would BANKRUPT Britain! The big picture remains as I have iterated countless time's which is one an exponential inflation.

Bedroom Tax - Coalition Government Attempts to Cure Britain of Benefits Disease Epidemic

Apr 01, 2013 - http://www.marketoracle.co.uk/Article39733.html

Large swathes of the Britain are infected with the Benefits disease which results in wasted lives as instead of millions of people developing themselves to the best of their productive ability instead focus on a full time career of determining what needs to be done so as to engineer how to be in receipt of the most amount of benefits payments from the state, including not engaging in legal work, giving the impression that they are single parent families and not forgetting the diseases primary manifestation which is to churn out an near endless supply of children that many have little intention of properly looking after as countless mainstream media reports continue to illustrate.

Britain's housing crisis manifests itself in over 250,000 families living in over crowded accommodation whilst as many as 600,000 live in under occupied properties.

One of the the coalition government's latest efforts to cure Britain of the benefits disease epidemic that infects as many as 8 million people of working age is the 'Under Occupancy Charge' that has come to be successfully publicised by vested interests as the 'Bedroom Tax', despite the fact that it is not a tax but an attempt to free up under occupied social housing stock properties with typically 3, 4 or even 5 bedrooms that continue to be held by individuals, couples or small families, when the properties are far more suitable for larger families stuck on long waiting lists whilst living in overcrowded properties. The policy will seek to implement a charge on those who choose to continue to live in under occupied properties and thus result in a reduction in housing benefit payments.

However, whilst the mainstream media may focus at great extent on the 'bedroom tax', the truth is that the implementation of the policy will barely make a dent in the £200 billion annual benefits bill of which £23 billion is spent on housing benefit of which the 'bedroom tax' will attempt to reduce by just 2% or about £400mill a year due to the dual fact that private properties and pensioners have been excluded, therefore single or pensioner couples living, in 2,3, 4 or even 5 bedroom houses whose children have long since left the nest will continue to be in full receipt of housing benefits and therefore continue to deprive working age families and non working families of their opportunity to also enjoy a family life as they have benefited from.

Similarly pensioners have been totally immune from the Coalition governments benefits cuts program which has virtually wholly focused on those of working age for the dual reasons of a. that the conservative party relies on the gray vote to get them elected, and b. that those of working age really should be shocked into work rather than wasting their whole lives from cradle to grave on benefits.

So today's implementation of the 'bedroom tax' will result in only partially curing perhaps no more than 1% or 2% of those infected with the benefits disease. And it should be remembered that many hard working people cannot afford spare bedrooms, whilst being forced to subsidise spare bedrooms for housing benefit claimants (most of whom do not work at all). Meanwhile highly vocal vested interests continue to force the government to spend money it does not have which creates the very inflation that the same people tend to moan about, whilst the national debt continues to expand exponentially towards a point where the markets Greece, Ireland, Spain and now Cyprus style say enough is enough your bankrupt!

Profiting from the Bedroom Tax

There's profit for housing benefit recipients in the details, and one such mega loop hole in the change in social housing is that tenants can now rent out their spare rooms for as much as hey like without affecting their housing benefit! Whilst for most areas of the UK this will earn a potential of £30-£50 per room per week, however in London the sky is literally the limit as a room in the right area can demand in excess of £150 per week!

Bank of England Celebrates 50 Months of Stealth Inflation Theft From Savers and Tax payers

May 09, 2013 - http://www.marketoracle.co.uk/Article40371.html

The Bank of England today kept interest on hold at 0.5% for the 50th month, as Britain's central bank continues to support its bankster brethren in the crime syndicate that calls itself Britain's banks who continue to literally get away with crimes without any real consequences as evidenced by the over 6 year old LIBOR scandal that the mainstream press and financial regulator only awoke to mid last year. As far as I am ware no one has gone to prison for this mega-fraud, instead the CEO's of Britians major banks have been retired on mega-pension handouts whilst all of the fines are at the end of the day being picked up by British tax payers.

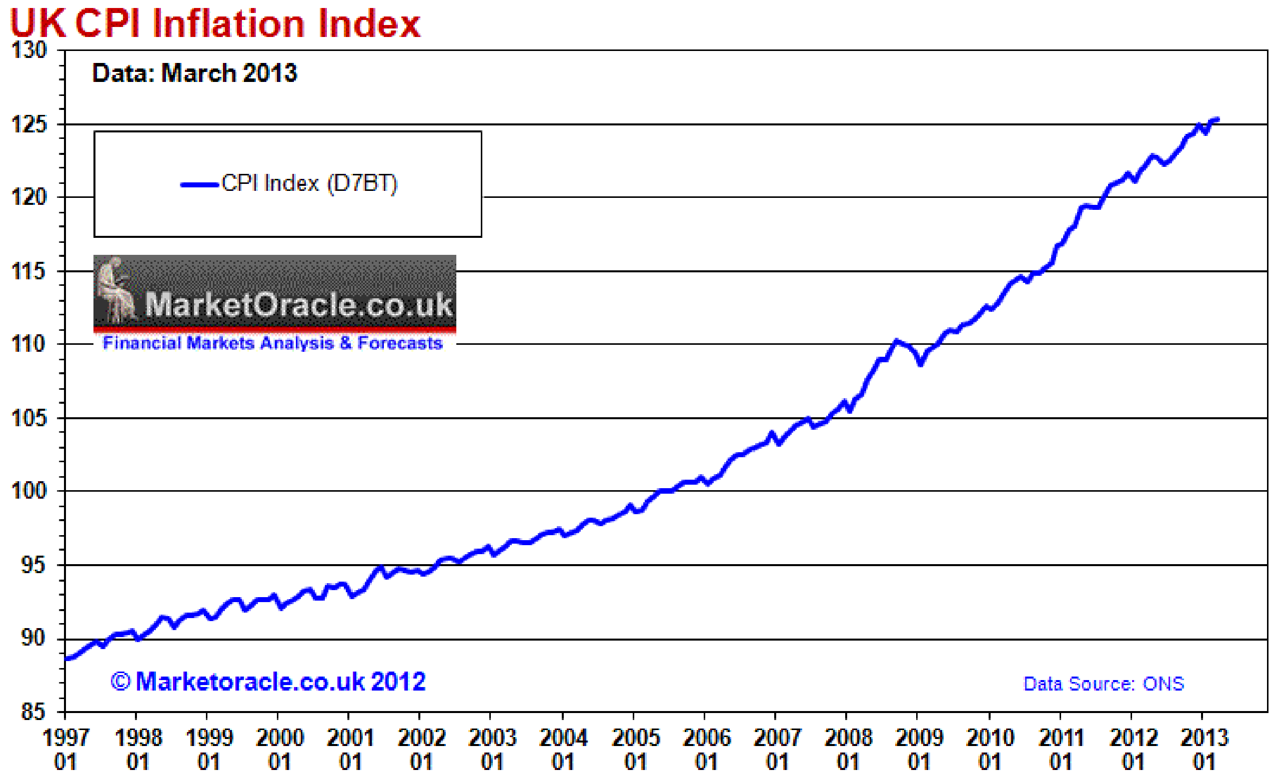
For instance the hundreds in million in fines for the likes of RBS are only the tip of the iceberg for this near wholly tax payer owned bank will soon be hit for claims for tens of billions in damages that Britians tax payers WILL foot the bill for, because the consequences would be bankruptcy which is something that we have repeatedly witnessed that the Government nor the Bank of England will ever entertain.

Therefore in the name of continuing to save Britain's criminal banks the Bank of England continues to funnel tax payer cash into their coffers, not only to meet the existing scandals such as PPI mis-selling but the long string of ever escalating bank rescues that will follow such as LIBOR as tax payers continue to be literally bled dry as the Bank of England's brethren bank billions in bonuses on the basis of fictitious profits.

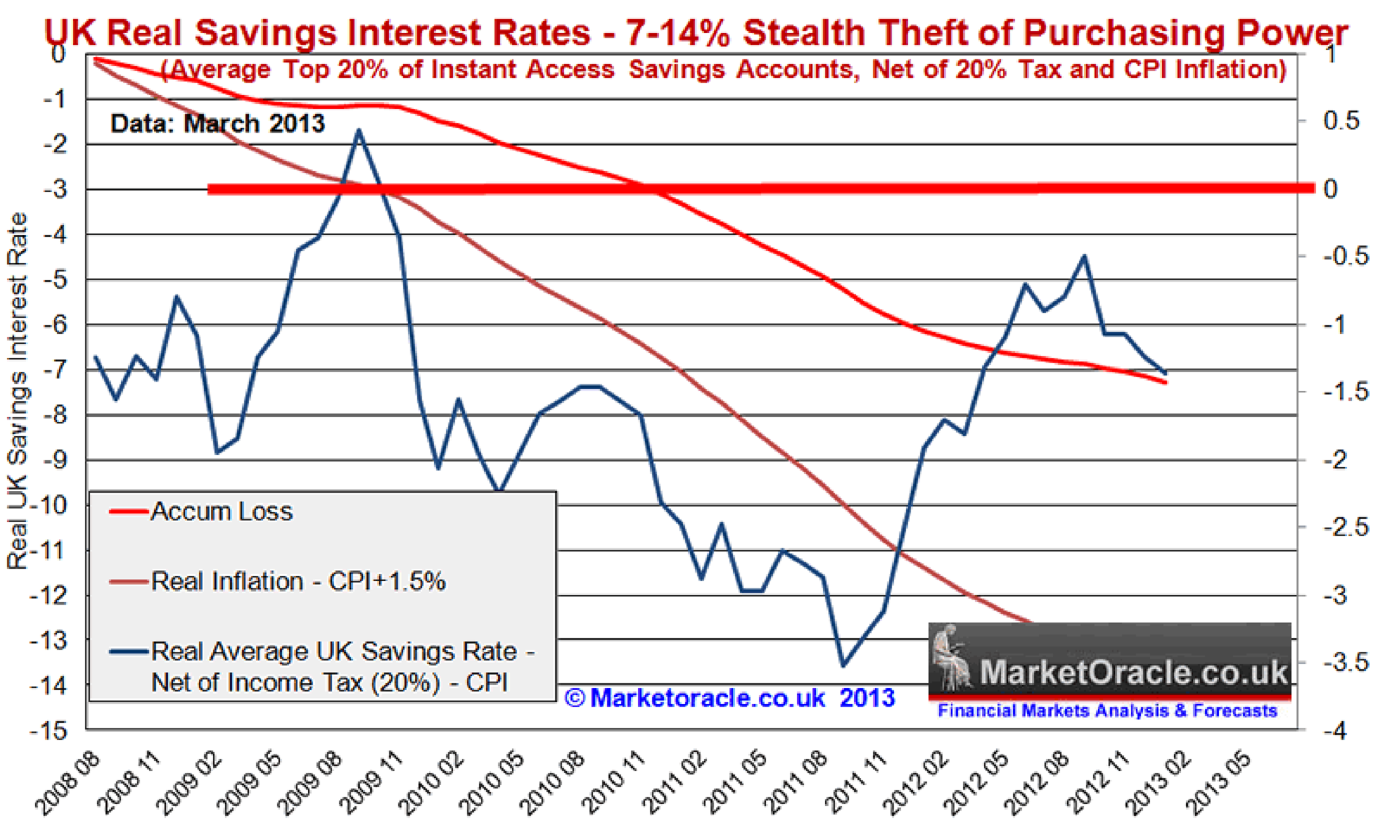
Britians' Savers and Workers Continue to Pay the Price

Britians' savers and workers continue to pay the price for over 5 years of artificially low interest rates as the Bank of England continues to print money to monetize government debt and drive down all interest rates in the economy the consequences for which is for persistently sub-inflation rates of interest that ensures that depositor cash over the coming decade will be stolen in MOST part as I warned several years ago and as iterated in the January 2010 Inflation Mega-trend Ebook (Free download), whilst the Bank of England continues to attempt to keep the general population sedated with the economic propaganda mantra of the always imminent risk of deflation something that was NEVER probable but just an excuse for the stealth theft of wealth by means of high real inflation which exists even on the governments own highly suspect official CPI measure of inflation that tends to under-report real inflation by approx 1.5% per annum.

Instead Britians' savers and workers continue to be impacted by the consequences of the EXPOENTIAL inflation mega-trend as illustrated by the below graph that clearly demonstrates the deflation of the great recession of 2008-2009 that vested interest academic economists that populate the mainstream press continue to regurgitate amounts to nothing more than an inconsequential blip.



The impact on savers of the inflation stealth theft is worsened by the 20%-40% additional theft by means of double taxation on savings interest i.e. Inflation erodes the value of your savings by currently about 4% then the government taxes you by 20% to 40% on the sub inflation interest rate you will be in receipt of which means that savers are guaranteed to lose near 2% of the value of savings per year that amounts to an estimated theft of 14% over the past 5 years.



To protect oneself from the global inflation war against savings, savers need to increase risk i.e. if you invest in the stock market then you need to appreciate the fact that it will be far higher risk then leaving it in the bank even if you WILL lose at least 2% per annum in the bank.

Cyprus Shows that Ultimately Your Bank Deposits Will be Stolen

You think a Cyprus style theft cannot happen here ?

Think again, because when the chips are down and the Government has its back against the wall then it WILL happen and it would be far worse than that which took place in Cyprus for the fact that Britain is NOT in the Euro-zone, therefore our currency would plunge WHILST savings are frozen, whilst the government formulates a hair-cut xx%.

The net result would be that ALL Savers would lose, no one would be left standing as inflation would ensure that even if savers escaped the hair-cut they would only get back a fraction of the value of their money after the hair-cut which is why for several years I have been advocating an exodus out of bank deposits and into inflation proof assets such as stocks and since early 2012 property as illustrated by the January 2010 Inflation Mega-trend Ebook (FREE DOWNLOAD).

Cyprus is not the guinea pig for something new for ALL central banks including the Bank of England have plans for theft of depositor funds to recapitalize banks in the event of a re-run of 2008 or Cyprus 2013, or the soon to follow Greece, Portugal, Spain, Italy and Ireland.

The evidence for this 'bail-in' can be found in the Bank of England's own documents as the following except illustrates from a document dated 10th of December 2012 - http://www.bankofengland.co.uk/publications/Documents/news/2012/nr156.pdf

BANK OF ENGLAND

Resolving Globally Active, Systemically Important, Financial Institutions

A joint paper by the Federal Deposit Insurance Corporation and the Bank of England

10 December 2012

Resolving Globally Active, Systemically Important, Financial Institutions Federal Deposit Insurance Corporation and the Bank of England

Executive summary

The financial crisis that began in 2007 has driven home the importance of an orderly resolution process for globally active, systemically important, financial institutions (G-SIFIs). Given that challenge, the authorities in the United States (U.S.) and the United Kingdom (U.K.) have been working together to develop resolution strategies that could be applied to their largest financial institutions. These strategies have been designed to enable large and complex cross-border firms to be resolved without threatening financial stability and without putting public funds at risk. This work has taken place in connection with the implementation of the G20 Financial Stability Board's Key Attributes of Effective Resolution Regimes for Financial Institutions. The joint planning has been productive and effective. It has enhanced the resolution planning process in both jurisdictions, tackled key issues in relation to crossborder coordination, and identified potential challenges that will be addressed through further work.

This paper focuses on the application of "top-down" resolution strategies that involve a single ***Such a strategy would involve the bail-in (write-down or conversion) of creditors*** *resolution authority applying its powers to the top of a financial group, that is, at the parent company level. The paper discusses how such a top-down strategy could be implemented for a U.S. or a U.K. financial group in a cross-border context.*

In the U.S., the strategy has been developed in the context of the powers provided by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Such a strategy would apply a single receivership at the top-tier holding company, assign losses to shareholders and unsecured creditors of the holding company, and transfer sound operating subsidiaries to a new solvent entity or entities.

In the U.K., the strategy has been developed on the basis of the powers provided by the U.K. Banking Act 2009 and in anticipation of *the further powers that will be provided by the European Union Recovery and Resolution Directive and the domestic reforms that implement the recommendations of the U.K. Independent Commission on Banking. at the top of the group in order to restore the whole group to solvency.*

Both the U.S. and U.K. approaches ensure continuity of all critical services performed by the operating firm(s), thereby reducing risks to financial stability. Both approaches ensure activities of the firm in the foreign jurisdictions in which it operates are unaffected, thereby minimizing risks to cross-border implementation. The unsecured debt holders can expect that their claims would be written down to reflect any losses that shareholders cannot cover, with some converted partly into equity in order to provide sufficient capital to return the sound businesses of the G-SIFI to private sector operation. Sound subsidiaries (domestic and foreign) would be kept open and operating, thereby limiting contagion effects and crossborder complications. In both countries, whether during execution of the resolution or thereafter, restructuring measures may be taken, especially in the parts of the business causing the distress, including shrinking those businesses, breaking them into smaller entities, and/or liquidating or closing certain operations. Both approaches would be accompanied by the replacement of culpable senior management.

The above text clearly implies that a bail-in of all creditors will be involved in the case of bankruptcy to recapitalize the bankrupt banks.

I won't post the whole document but again refer to an excerpt that makes it clear that only insured depositors will be protected i.e. holdings of less than £85,000 per banking licence.

U.K. regime *17 In the U.K., the Banking Act provides the Bank of England with tools for resolving failing deposit-taking banks and building societies.5 Powers similar to those of the FDIC are available, including powers to transfer all or part of a failed bank's business to a private sector purchaser or to a bridge bank until a private purchaser can be found. The Banking Act also provides the U.K. authorities with a bespoke bank insolvency procedure* ***that fully protects insured depositors*** *while liquidating a failed bank's assets. These powers have proved valuable; for example, during the crisis they allowed the authorities to transfer the retail and wholesale deposits, branches, and a significant proportion of the residential mortgage portfolio of a failed building society to another building society.*

This further reinforces the fact that savers have to take some risk with their capital be it in the stock market or the housing market or commodities because as things stand you are guaranteed to lose at least 1/3rd of the real value of your bank deposits during this decade, with the ever prevalent risk that in a worse case scenario the Government WOULD Cyprus style outright steal ALL of your money in the bank.

FOCUSED MESSAGE

If you want to take one message away from ALL that I have written over the years then take note of this - The Exponential Inflation Mega-trend Can ONLY TREND in ONE Direction which is to ACCELERATE - You need to consider this in how you view risk vs reward with respect to your wealth. In the long-run your wealth can only survive if it is indexed to Inflation which means being invested in assets that cannot be easily printed such as the housing market or are leveraged to inflation such as consistently increasing dividend stocks.

Meanwhile Britain's politicians are dancing around the issue of In or Out of Europe when the REAL FUNDEMNENTAL ISSUE IS RAMPANT OUT OF CONTROL DEBT AND MONEY PRINTING AND ITS ACCELERATING INFLATION CONSQUENCES!

UK Housing Bull Market Opportunities In Britain's Multiculturalism Immigration Crisis

Jun 03, 2013 - http://www.marketoracle.co.uk/Article40717.html

In the recent May 2013 local elections support for UKIP soared to more than 25%, over taking the Liberal Democrats as the third party of protest as the major parties haemorrhaged voters due to their respective failures to address a crisis that has been fermenting over a near decade that has its roots in Labours open door policy to immigration from all new eastern european accession states, especially as many in Britain now fear another re-run of what followed the likes of Poland joining the EU near a decade ago as Bulgaria and Romania joining will likely see as many as 400,000 migrants over the next 3-4 years which is set against official expectations of just 13,000 new arrivals during 2014 (Communities Department).

The current official estimates of immigration are just as bogus as those of the last Labour government's which expected in 2004 that only 50,000 new arrivals would arrive from the then new eastern europe member states, instead Britain witnessed its greatest influx of immigrants in many generations, with eventually more than twenty times the propaganda number arriving in a relatively short space of time, which converts into a number nearer to 200,000 arriving during 2014, and as many as 100,000 migrants per year for several years thereafter, which suggests that rather than official estimates of 25,000 over the next 3-4 years the UK will likely witness mass immigration from Bulgaria and Romanian of well over 15 times that number. Which will be in addition to the mass migrations already underway from the bankrupt euro-zone member such as Ireland, Spain, Portugal and Greece as a consequence of soaring youth unemployment rates (18-25 and under) that stand at between three and five times that of the UK).

The Benefits Plague

Whilst many mainstream politicians argue that those who will come to the UK will mostly be along the lines of the last mass migration from the likes of Poland i.e. young hard working individuals, however the problem is that most of the young hard working Bulgarians and Romanians have already migrated (estimated 200,000) to the UK during the past 5 years via a whole host of avenues such as work permits and low skilled quota schemes, all of which will be abandoned as of 1st of January 2014 in favour of a complete open door policy.

Instead it is highly probable that many of the future arrivals from Bulgaria and Romania will tend to be poor families who will seek to target Britians welfare system as the level of poverty in the newest members states are at European extremes that only the likes of the Roma communities have experienced in the former Czechoslovakia, in which case the calculations will be pretty easy for most migrants for why would a family subsisting in Romania on less than 1/10th the resources that will be available in the UK not migrate whole families to Britain who will have the same rights as any British citizen for access to the whole hose of services and benefits available from housing, hard cash, schools and the NHS. After all, if Britain's population could similarly attain an income that was near ten times the benefits cap of £26,000 in another european state (£260,000), then the UK would also likely witness a mass exodus of many benefits and low income families out of Britain.

Both Major Political Parties Support Immigration

Leaders and representatives of both major parties have been busy making statements promising to control immigration in the future, however these amount to nothing more than bare faced lies when one considers the real fundamental drivers for immigration because if the politicians were really serious about controlling immigration than it would already have been done!

Labour Supports unlimited immigration because the vast majority of immigrants will tend to vote Labour i.e. be politically left of centre, therefore Labour sees immigration ultimately in terms of hundreds of thousands of new Labour voters who will ensure further election victories. Labour's strategy has therefore been highly successful as in a little over 10 years it has changed many constituencies in favour of voting Labour to the point where it has become near impossible for the Conservatives to win elections with significant majorities such as the landslides achieved by Margaret Thatcher achieved during the 1980's.

Conservatives support immigration because it is highly profitable for their pay masters - big business, as the influx of migrant workers will tend to drive down wages for all workers thus deliver higher profits for business. Academic economists may rightly argue that by doing so businesses will ultimately erode their own profits as workers who earn less also spend less. However what academics fail to appreciate is that the state steps in to fill the gap by subsidising workers through tax credits and paying some 8 million people who are economically inactive all of which is funded by money conjured out of thin air i.e. government debt that is not backed by any economic activity that acts to inflate the economy, and thus corporate profits which are leveraged to inflation.

The Conservative led Coalition boasts that it has cut net migration by a third, but what they forget to mention is that only immigration from OUTSIDE of the EU has been cut i.e. many of whom would be highly skilled workers, who instead of being reliant on the state would have paid taxes. Additionally the Conservatives conveniently tend to forget that the Borders Agency has been an abysmal failure that routinely allows in many tens of thousands of illegal migrants every year.

Therefore one should realise that high net immigration is in the interests of both major political parties both in terms of votes and for those that bankroll the parties, which means neither Labour or Conservatives will actually do anything significant in respect of controlling immigration, so everything you are hearing in the mainstream media from the politicians such as Cameron promising a referendum in 2017, some 2 years AFTER the next election is purely smoke and mirrors BS to mislead the population into thinking that something will eventually be done about Britain's immigration crisis.

Yes each party may announce plenty of policies and massage figures in the run upto the next General election, but they will break ALL of their immigration promises just as they have done before because it is not in either main parties interests to control immigration.

Impact of UKIP on the Next General Election

The remarkable showing of the UKIP of 25% in the local election is not going to be replicated at the next general election. Instead history suggests in terms of what happens to mid-term protest votes, that it is highly unlikely that UKIP will be even able to attract half the vote that they are able to today, i.e. a more probable outcome is 12% of the vote which at best will only win UKIP a handful of seats, not even enough to make any difference in an hung parliament.

Instead where the UKIP vote will influence the election is in the fact that they will take twice as many votes away from the Tories then from Labour and therefore as things stand virtually ensure that the Labour party will win the next general by a sizeable majority.

I am sure that the leadership of the UKIP fully understand this and therefore over the next 2 years we will likely see tactical voting agreements emerge between UKIP and the Conservatives in favour of 'promises' of UKIP friendly policies.

In the meantime Conservative MP's are falling over one another to become anti-european as they run scared of losing their seats to

Labour at the next election by virtue of lost votes to UKIP.

Nigel Lawson Waits for Thatcher to Die Before Admitting He's Wrong on Europe

Nigel Lawson who was an ardent pro-european tory both during Thatchers regime and for several decades afterwards, therefore his latest announcement that he would vote for Britain to leave the European Union in an referendum has come as bit of a bolt out of the blue, akin to Margaret Thatcher revealing that she was always a closet socialist.

Nigel Lawson as Chancellor of the Exchequer continuously battled against his Prime Minister during the Thatcher years as he pushed towards greater integration with Europe. In fact Lawson along with the then Foreign Secretary pushed for Britain to join the Exchange Rate Mechanism ahead of a single currency. And it was Lawson's and Howe's resignations that ultimately triggered the Coup against Thatcher.

Now the same Nigel Lawson who has been wrong on the European single currency for several decades has the gall to stand up and say that Britain should leave the europe union, lacking any credibility, something that the Gold fish memory mainstream media fails to recognise.

"I strongly suspect that there would be a positive economic advantage to the UK in leaving the single market, quite apart from the more important economic gains I have already listed. Before we joined the European Common Market, as the EU was then known, far too much of British business and industry felt secure in the warm embrace of what was still known as Imperial Preference and was reluctant to look farther afield. It took entry into the Common Market to bring about a recognition of the opportunities on our doorstep."

The problem is that leaving an economic union is always going to be far more painful than joining a union as the Euro-zone PIIGS nation are discovering today, that whatever the pain they are enduring, what would follow an exit out of the Euro-zone and EU would be a far worse hyperinflationary collapse of their economies.

Yes, Britain could in a referendum vote to leave the European Union, but the people of Britain should prepare themselves for very high inflation and unemployment rising to at well over 3 million for several years the conclusion of which would be for a reduction in real GDP of about 9% or twice that of the Great Recession of 2008-2009.

In the immediate term the only real benefit of leaving the european union would be that Britain would no longer have to pay its annual membership fee of about £9 billion a year which is about 1.5% of government spending, another saving would be on being forced to contribute towards bailing out bankrupt euro-zone nations.

In the longer term, British businesses freeing themselves to some degree from ever expanding european red tape, an example of which is the annoying cookies nonsense where virtually every UK website has to repeatedly flash a message that cookies are being stored on user computers, should then become more profitable as they are able to channel more resources towards doing business rather than trying to comply with ever expanding european union bureaucracy.

In my opinion it is far too difficult to determine if Britain would be better of in the long-run from exiting from the European Union, however in the short-term i.e. the next 5 years it is highly probable that Britain would be significantly worse off.

Extremist Ideology of Multiculturalism is Why 90% of Immigrants Fail to Integrate

Many of the mainstream politicians actively promote the policy of multiculturalism as the primary way for immigrants to integrate / assimilate themselves with diverse cultures into British society, whereas the facts spanning several decades suggest the complete opposite takes place as the policy of multiculturalism (all cultures being equal) results in immigrants tending to congregate in ghettos that over time displace the indigenous populations, which are further reinforced by subsequent generations most of whom remain within their expanding boundaries of ghetto's which we see in ALL immigrant population groups, which is reinforced by state schools teaching of multiculturalism and by religious schools. The only change that happens over the time is that ghettos can become wealthy i.e. the Jewish immigrants of the 1930's to 1940's now live in rich ghettos such as Gants Hill, Golder's Green, Hampstead and Hendon, similar changes occurred with Hindu and Sikh migrations of the 1950's to 1970's and then for Pakistani's of the 1960's to 1980's and likely for a whole host of more recent influx of migrants from Africa, East Asia (China) and off course Eastern Europe.

The main reason for the lack of integration is religion which is used to justify separation between population groups, we see this with ALL immigrant population groups, Jews, Non CoE Christian's, Hindu's, Muslims, Sikhs and most recently Chinese. In which respect over time the reasons for separation become further exaggerated that is illustrated for instance by the Muslim community where many of the children of immigrants tend to become far more religious than their parents as illustrated by the wearing of the burka (full veil), something that their parents would never have worn and nor do their counterparts in most of the originating countries such as Pakistan, India and North Africa.

Furthermore the trend of separation also increasing risks of contempt for the country that has given them a home due to exaggerated religious doctrines that justify breaking the laws of the land because they are deemed to take second place to religious doctrine, again we see this IN ALL religions, Jews, Hindus, Sikhs, Confucianism as well as Islam.

As an example most muslims in line with the general population tend to see themselves as law abiding and would never entertain crimes such as the recent acts of terror, but many of the same people are more than happy to actively defraud the state in terms of perceiving themselves to have been given the green light by their respective religion such as in fraudulently claiming benefits whilst working in the black economy.

Such justification for fraud against the state is illustrated by the pick and mix attitude towards religious sermons such as finding justification in the utterances of self professed preachers / leaders as illustrated recently by the Daily Telegraph -

Daily Telegraph - Muslim preacher urges followers to claim 'Jihad Seeker's Allowance' *A Muslim preacher is secretly filmed urging followers to take benefits from the state to fund a holy war.*

Anjem Choudary was secretly filmed mocking non-Muslims for working in 9-5 jobs their whole lives, and told followers that some revered Islamic figures had only ever worked one or two days a year.

“The rest of the year they were busy with jihad [holy war] and things like that,” he said. “People will say, ‘Ah, but you are not working’.

“But the normal situation is for you to take money from the kuffar [non-believers].

“So we take Jihad Seeker’s Allowance. You need to get support.”

He went on to tell a 30-strong crowd: “We are going to take England — the Muslims are coming.”

Ridiculing the daily lives of UK workers, Choudary said: “You find people are busy working the whole of their life. They wake up at 7 o’clock. They go to work at 9 o’clock.

“They work for eight, nine hours a day. They come home at 7 o’clock, watch EastEnders, sleep, and they do that for 40 years of their life. That is called slavery.”

Choudary, a father-of-four, claims more than £25,000 a year in benefits, £8,000 more than the take-home pay of some soldiers fighting the Taliban in Afghanistan, according to the Sun, which covertly filmed the preacher at three meetings.

Such subversion of religious scripture in the pursuit of self interest results in outright criminal fraud against the state which is prevalent amongst ALL of Britain's ghettoed immigrant communities that amounts to undermining of the state from within which over time is contributing towards the social and economic decay of Britain. Religion is used by Jews, Orthodox Christians, Hindu's, Sikhs, and Muslims to justify what amount to crimes against the state that range from claiming benefits that they are not entitled to far worse acts of subversion.

The bottom line is that multiculturalism DOES NOT WORK, it PERMANENTLY fragments society into ever expanding Ghettos where over time the populations have LESS in common with one another, not more! The only answer is to scrap the mainstream policies that support multiculturalism such as the state funding for religious schools of ALL faiths. For the brainwashing for separation of the population starts in faith schools. Next the state must seek to exert secularism by banning the use of ALL religious symbols in public places such as schools, hospitals, and in all government services and seek to extract multiculturalism from state school education in favour of a policy of Britishness.

If Britain does not get a grip on the current situation and put multiculturalism into reverse gear then ultimately the British state will see itself fragment during future economic crisis as populations that have very little in common with on another will choose to go their separate ways, which as Northern Ireland illustrates would result in catastrophic consequences.

Religion breeds separation, where isolated separated people tend to over time see those of other religions that they have little interaction with as inferior to themselves, and it is this that which is at the root of the current mainstream press reporting.

The policy of multiculturalism is as consequences of politicians seeking to create pools of vested interest voters. Multiculturalism are the policies that reinforce cultural differences amongst the population under the premise that all cultures are equal when the truth is the exact opposite as illustrated by the fact that the only reason countries such as China are prospering is because they are busy WESTERNISNG. So British politicians instead of reinforcing the strengths of British culture seek to exaggerate cultural differences between peoples in pursuit of creating and maintaining pools of vested interest voters.

British Government Bribing Islamic Extremists Not to Blow Themselves Up

The recent events out of Woolwich reinforce my view that multiculturalism is an extremist policy that promotes inter communal conflict rather than integration and is as a consequence of successive government objectives for the fragmenting of society into creating pools of vested interest voters.

Whatever the Government of the day, there has always ever only been one solution for EVERY problem that confronts it and that is one of printing money to bribe the recipients so as to create vested interests. With regards to Islamic extremism news topic of the day, it amounts to effectively bribing extremists to not blow themselves up, i.e. for extremists to go onto the Home Office, Communities Department and even the MI5's payroll, the estimated amount that Britain spends per year to bribe extremists to not blow themselves totals approx £700million, which given the ongoing news story out of Woolwich is likely to increase further.

Mainstream Press Focus on the Extremists

The mainstream press in near totality has this past week been focusing on either current or former extremists that rarely represent a fraction of 1% of the population's from within which they emerge (as is nearly always the case). The bribed former extremists have been busy these past weeks earning their bribes on the news channels as they are presented to explain what is happening and why and what needs to be done, whilst conveniently not mentioning that they are on the payroll of government funded agencies. Furthermore the solutions put forward invariably involve more tax payer funding towards anti-extremism projects as the various groups seek to personally capitalise on the Woolwich murder.

This tends to send out the message to the wider population that there are generally only two types of muslim, current or former extremists, whereas the truth is that the number of extremists is a fraction of 1%, though both the media AND muslim agencies purporting to represent muslims will tend to exaggerate the number, where the media does it for readership and advertising and the muslim organisations for an increase government funding and other financial support.

This further illustrates the government policy of bribing everyone and everything with printed money be it called QE or Government debt that will never be repaid but is rolled over in perpetuity. This is why Scotland is unlikely to go independant because the Government of the day effectively bribes the Scottish electorate to stay in within Union to the tune of an extra £1600 per capita of state spending over England, and the same is true for Northern ireland and Wales. - This IS what drives the Inflation mega-trend and why there will never be Deflation because ALL governments default setting is to PRINT to BUY Votes, be they terrorists, nationalists, socialists, or even capitalists.

We are ALL being bribed ALL of the time to become vested interests.

So the word has long since gone out amongst deprived communities that there is funding to be claimed and profits to be made as a gullible government seeks to throw hundreds of millions a year in their direction. Thus Islamic radicalism in Britain can be a career choice for many young people because just like their benefits claming for life children producing white brethren, they too can skip the hard work route and land themselves onto the governments money for nothing payroll just as the Government has done in places such as Northern Ireland.

The more the observed problem of extremism in any particular community then the more tax payer money will be flooded into such areas to fund anti-extremism projects and related social projects for which many Imam's and bogus scholars will step forward to profit from. If the mainstream press wants to earn any credibility then they need to state that virtually EVERY former radicalised person they have put on the likes of Newsnight this past week is in some manner on the governments payroll.

Instead the real solution is to end multiculturalism (all cultures are equal) and instead promote INTEGRATION. So politicians instead of expand the cultural differences between peoples in pursuit of creating and maintaining pools of vested interest voters should reinforce the strengths of British culture.

The Worlds Most and Least Western Multicultural Countries

An in depth study by Queens University analysed the the extent of multicultural shift over the past three decades, by examining the adoption of the following eight policies:

1. constitutional, legislative or parliamentary affirmation of multiculturalism;
2. the adoption of multiculturalism in school curriculum;
3. the inclusion of ethnic representation/sensitivity in the mandate of public media or media licensing;
4. exemptions from dress-codes, Sunday-closing legislation etc;
5. allowing dual citizenship;
6. the funding of ethnic group organizations to support cultural activities;
7. the funding of bilingual education or mother-tongue instruction;
8. affirmative action for disadvantaged immigrant groups.

The following table shows the total score's for each country, and the global trend towards multiculturalism by most western nations. The table shows no change in the policies of Multiculturalism in the United States which as the world's largest immigrant melting pot where the over-riding policy remains firmly grounded in one of Secular Americanism.

	TOTAL SCORE		
	1980	2000	2010
Canada	5	7.5	7.5
Sweden	3	5	7
Finland	0	1.5	6
New Zealand	2.5	5	5.5
United Kingdom	2.5	5.5	5.5
Norway	0	0	3.5
Portugal	1	2	3.5
Spain	0	1	3.5
Ireland	1	1.5	3
United States	3	3	3
Germany	0	2	2.5
Greece	0.5	0.5	2.5
France	1	2	2
Netherlands	2.5	5.5	2
Italy	0	1.5	1
Switzerland	0	1	1
Denmark	0	0.5	0
Japan	0	0	0

The full study can be accessed here - http://www.queensu.ca/mcp/immigrant.html

The mixing of cultural diversity is good for Britain but multiculturalism is bad in that it ultimately sows the seeds for future conflict. UKIP gives Britain an opportunity to correct the path it is on before the multicultural immigration crisis further intensifies. The bottom line is the Council of Muslims, Jews, Hindu's, Sikhs, Poles, Arabs, Afro-Caribbean's, Somalis, Chinese who purport to represent their respective population groups and thus encourage division because it is in their self interest to do so. Instead ALL of the people of Britain already have political representatives in Parliament and local councils and therefore NO state funds should be expended on supporting the whole host of divisive multicultural charities and institutions.

The bottom line is that regardless of any war crimes committed by British soldiers abroad, instead it is up to every British citizen regardless of religion / culture or origins to seek out to preserve Britain as an Oasis of law, order, justice and civilisation in a world that will always be wracked by chaos and violence, after all this is the precise reason why most people have migrated to Britain in the first place.

Despite the fact that only a person who is clearly insane could do what was done in Woolwich, still in its aftermath the rise of EDL / BNP shows that civilisation is fragile which needs to be actively protected against extremists by the vast majority of citizens, and it should be the role of the state to promote British culture and identity rather than the fostering of a fragmented multi-culture that sows the continuing seeds of resentment and ultimately future inter-communal conflicts.

Euro-zone Unemployment Crisis Driving Workers to Migrate to UK

Euro-zone unemployment rates hit new economic depression extremes, with Greece leading the PIIGS nations that collectively have a youth unemployment rate of more than 50% that continues to encourage mass migration out of the PIIGS to either Germany, or the UK as the below table illustrates there exists a huge gap between the single markets jobs markets.

Country	18-25	All
UK	20.2%	7.7%
Germany	7.6%	6.9%
Greece	62.5%	27%
Spain	56.4%	26.8%
Portugal	43%	17.8%
Italy	40.5%	19%
Ireland	26.6%	13.5%

Many of the smaller PIIGS countries unemployment rates would be even higher were it not for the fact that hundreds of thousands of unemployed have been migrating to other european union countries such as Germany and the UK over the past 4-5 years, with Ireland alone witnessing a staggering 308,000 workers leave, without which Irelands unemployment rate would be DOUBLE at well over 25%!

The effect of the soaring unemployment rates is to blame immigrants for the jobs crisis as we see in the highest unemployment nations such a Greece and Spain that are seeing increasing levels of violence against ethnic minority populations.

It is also ironic that countries with the greatest increase in persecution of immigrant populations, namely Greece are witnessing the highest level of emigration of especially their young people to Germany and the UK, where I am sure the newly arrived migrants expect to be treated in a far more civilised and equal manner than that which they subject their own immigrant populations to, the same holds true for virtually all eastern european states that whilst migrating to the west in huge numbers, domestically drift towards far right extremism.

The net effect is that Britain's Labour market is far stronger than that which the official figures suggest as the UK soaks up at least a net 100,000 euro-zone migrant workers each year which one the hand should support tax revenues but on the other hand results in persistently high unemployment due to a highly competitive UK jobs market that also acts to cap wage rises, which is good for the british economy because it increases competitiveness.

The bottom line behind the euro-zones unemployment crisis is apparent in the data itself, in that the PIIGS just cannot compete against Germany which has effectively EXPORTED its unemployment abroad. Therefore the only solution remains as I have iterated for several years now which is for either Germany to leave the eurozone or the PIIGS to leave and inflate their way out of their current economic depression death spiral.

In terms of financial market opportunities, they are clearly to be found by investing in German corporations and real estate for the alternative to breakup of the euro-zone is for Germany to turn itself from a large exporter to a net importer, i.e. for Germans to go on a record breaking spending spree, creating demand for euro-zone wide goods and services, though given the inflationary consequences I don't see there being political will in Germany to go down this path unless forced to right at the brink of a euro-zone breakup.

UK Housing Market - Limited Supply and Ever Increasing Demand

The influx of upto 500,000 migrants over the next 3-4 years will be housed in large part by the state either in private landlords or in social housing. Therefore this will continue to put immense pressure on social housing which will effectively put the final nail in the coffin of council and housing association waiting lists where it will be virtually impossible for those in existing social housing to move to another social housing in major urban areas, the only option available will be to move out of social housing into private rented accommodation as the focus will be further intensified towards only housing homeless British and migrant families.

However as I earlier noted in the article (13 Mar 2013 - SMI Labour Benefit's Culture Catastrophe - Come to Britain and We Will Pay Your Mortgage!) that the benefits system does allow claimants to engineer the purchase if properties where the interest on upto £200,000 of a mortgage is paid for by the tax payers in perpetuity. This currently results in the state paying for over 250,000 mortgages, where approx 50% of claimants are pensioners, despite the fact it was meant to be a temporary support for workers losing their jobs.

The impact on the housing market will be two fold, firstly it will encourage the indigenous population on Benefits into temporary employment as that will be the only route for many to move to a better located property and it will lead to further demand for private rented properties, both of these will have the effect of creating demand at the bottom end of the housing market that will ripple out across the housing market due to increase in housing market transactions which is the real life-blood of the housing market.

This article illustrates just one aspect of the many factors that are exerting upward pressures on UK house prices that I have been flagging since the start of the 2012, as the embryonic bull market of 2012 increasingly morphs into a full fledged bull market of 2013 and beyond, which off course is already well underway in London courtesy of the top down ripple effect of the annual influx of billions of dodgy funds not just from Russia but from across the whole globe which sees London's properties as one of the ultimate safe havens that has already had the effect of wiping out the preceding 25% London house price crash and which I expect to be replicated near nationwide over coming years.

HOUSING MARKET OPPORTUNITIES

Ghetto's and House Prices

Whilst the immediate reaction to an new influx of migrants into existing indigenous area's will be to push down house prices, as the existing population tends sell up and move out. However over time as the Ghettos become more established then there will be a tendency for the epicentres of most Ghettos to see an above average increase in house prices as the 150,000+ annual net immigration results in a continuing extra demand for housing in these areas whilst at the same time there will be a tendency for the outskirts of the ghetto's to lose house price value in a ripple out effect as the indigenous population seeks to relocate and move out of the changing ethnic environment and thus increasing supply of properties on the outskirts of ghettos. As is always the case many additional factors need to be taken into account such as the the unemployment rate, crime rate, risk of flooding, quality of schools etc, especially as migrants will tend to push down school performance tables due to the extra demands such as poor language skills and cultural differences.

The investment opportunity here would be to accumulate properties on the periphery of ghettos with a view to rental income as it is expected an expanding Ghetto will push up house prices in the future.

Inner City Mansions Up for Grabs

Apart from traditional buy to lets in expanding Ghettos, there is also an ongoing opportunity to literally pick up mansion size properties right smack in the middle of many urban areas of most of Britain's major cities.

Without knowing it you will likely pass by many of these boarded up large properties on a daily basis without ever giving them a second thought as to the opportunities they represent. Furthermore the supply is not diminishing instead another 20 such large properties join their ranks every week! What can I be referring to ?

Pubs!

Literally thousands of pubs have closed over the past 10 years as a consequence of the super markets taking much of their traditional business away whilst local demographic changes courtesy of the immigration crisis virtually wiping out most of their remaining customer base as traditional British pubs do not tend to be frequented by immigrant populations, this has resulted in a huge opportunity for property developers that I have personally witnessed, where those with time on their hands can make as much as X4 the cost of purchase and development by turning boarded up pubs bought at auction into flats and commercial premises or if they so desire a large residency for their own use.

In the local auctions that I track at least 2 or 3 pubs crop up each time, many require much work in terms of planning and building works and thus can be picked up for far less than much smaller residential properties within the same area, and thus huge rewards are possible for those with the ability to capitalise upon them.

Opportunities in Closed Down High Street Shops

Whilst thousands of shops are closing down across Britains high streets each year due to competition from the internet, shopping malls and ridiculous local council policies in terms of high parking charges. However this presents an ongoing opportunity to pick up retail properties in a similar manner to pubs on the cheap on the outskirts of the expanding Ghettos as immigrant populations will tend to seek out stocks of goods and services that are not provided for by the super markets or chain shops but rather available from local community shops.

How to Profit from the Bankrupt Banks

Looking wider a field there is another UK housing market opportunity trend in progress courtesy of the financial crisis and that is in buying closed down bank branches. Whilst disappearing bank branches is a near decade old trend, however once upon a time the tendency was for bank branches to be converted into pubs or wine bars that happens far less frequently today then several years ago, therefore increased supply of bank branches coupled with decreasing demand from competing sectors such as the pubs, gives prospective buyers another opportunity to pick up large properties in prime locations at deep discounts for development.

Pick Up Light Industrial Units

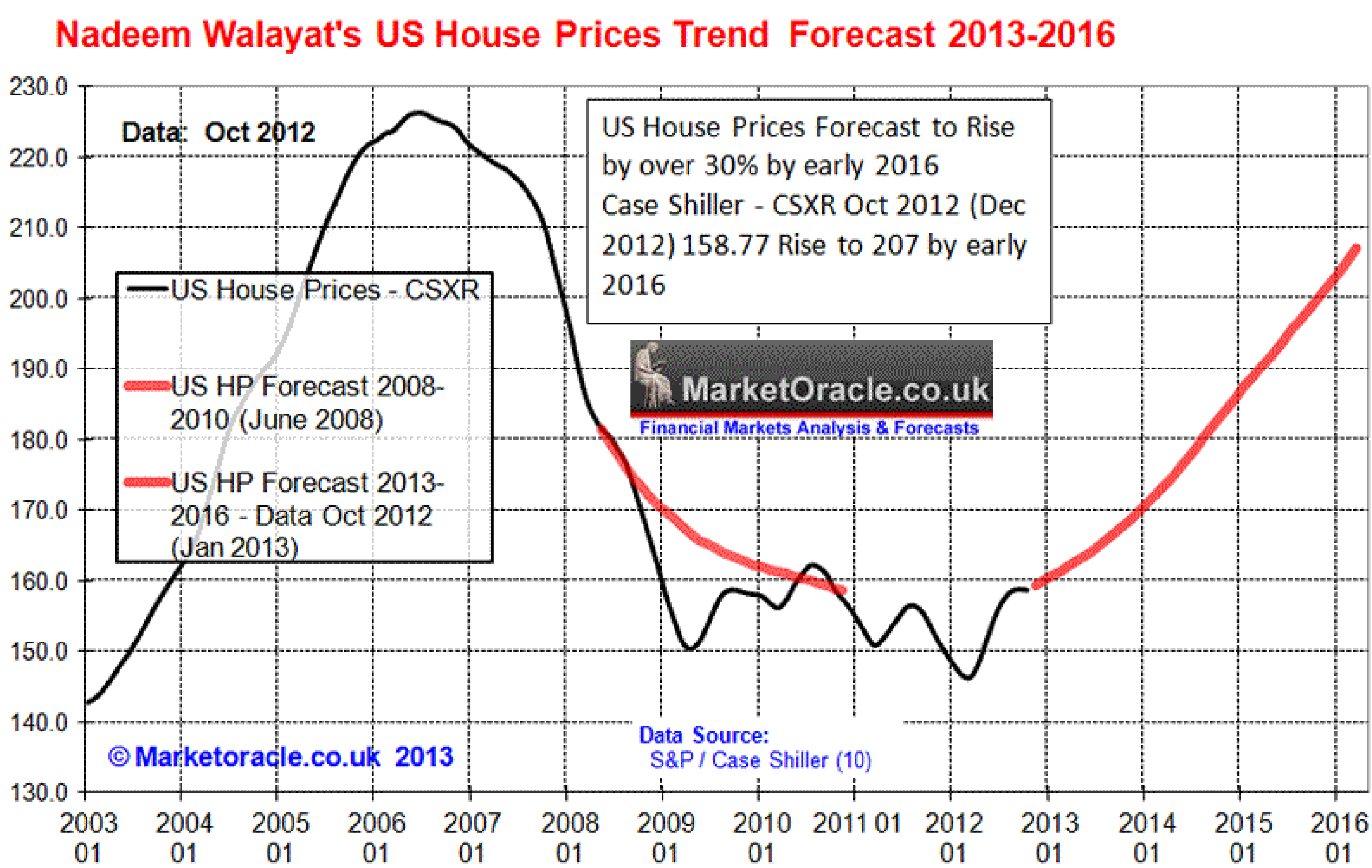
The ongoing recession continues to push many businesses to the brink that is resulting in a steady supply of freehold light industrial units comprising of offices and workshop areas becoming on the market and usually again at auction.

Greenbelt Land

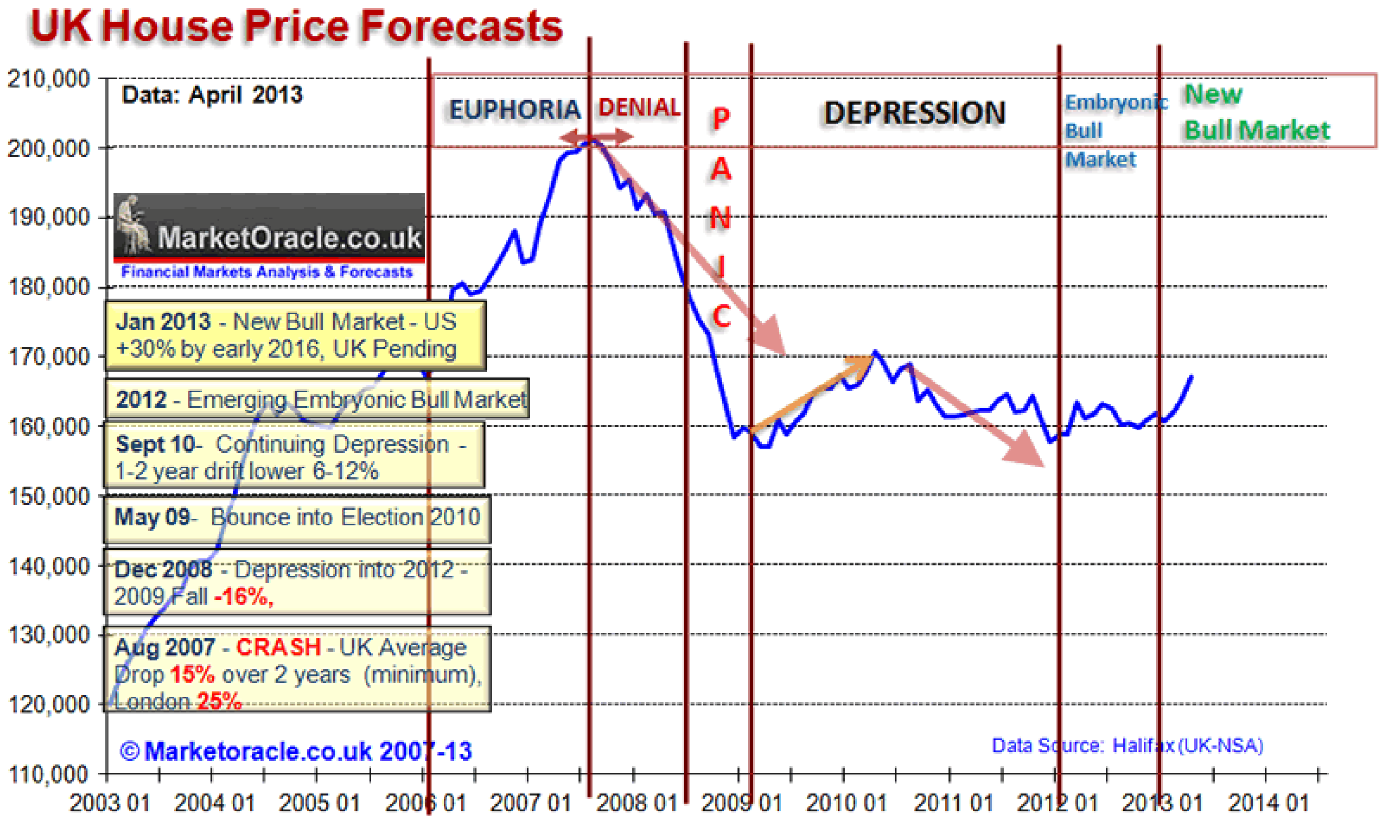
Competitively priced greenbelt land that is adjacent to existing housing developments, where should planning permission be granted at a future date the value of the land could literally increase 100fold. However it may take a decade or more, and one needs to pay special attention to any clauses such as that if any profit is made on the land as a consequence of the granting of planning permission then that would need to be shared with the previous land owner, in my experience a 50/50 split tends to be the norm that diminishes over time, i.e. after 20 years any planning permission development profit would no longer need to be shared with the previous land owner.

Current State of the UK Housing Bull Market

My approximate expectations are for the UK to follow a similar trend to that of the US Housing market which I forecast to rise by 30% by early 2016 (15 Jan 2013 - US Housing Bear Market Over? House Prices Forecast 2013-2016). Therefore UK house prices can also be expected to rise by approximately 30% by early 2016.



The following graph illustrates the current state of the new UK housing bull market of 2013 following the embryonic bull market of 2012.



The bottom line is that the UK housing bull market is now well underway for which readers of my articles have had well over a years head start! This is a new bull that has many years to run the trend for which I will seek to map out over the coming months.

Asset Allocation

The following represents my asset allocations and targets by end of 2013.

	Jan 2012	Mar 2013	Dec 2013
UK Property	0%	50%	60%
Cash & Bonds	60%	32%	18%
Stocks	40%	18%	22%

UK housing market analysis continues in my next articles on population growth and earnings as academic economists repeatedly mistakenly state that UK house prices cannot rise whilst average earnings are falling.

Mervyn King Mission Accomplished, Bankster's Saved, Debt Monetized Via QE Stealth Inflation Theft

May 16, 2013 - http://www.marketoracle.co.uk/Article40476.html

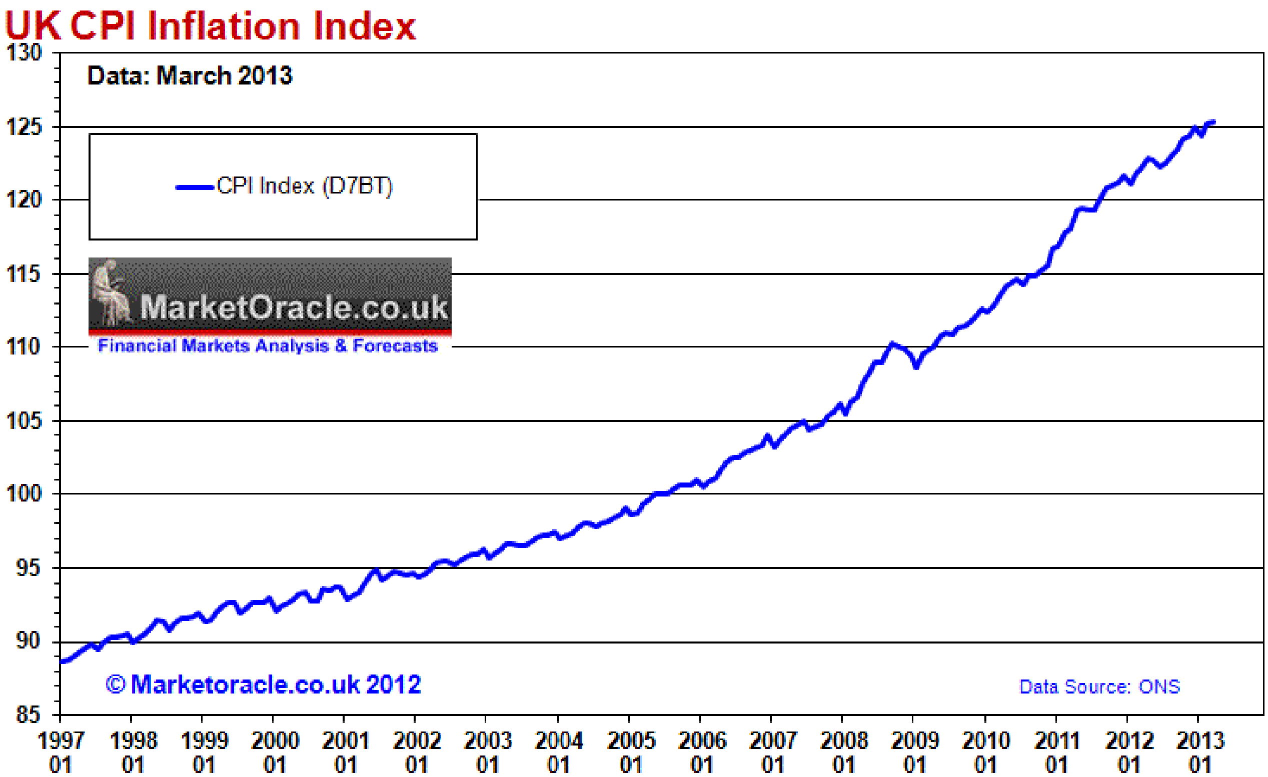
Mervyn King delivered his last Bank of England Quarterly Inflation economic propaganda report as he is due to make away for the Canadian Central Bank governor Mark Carney in June. His final message was one of economic optimism in terms of forecasting stronger economic growth going forward of 2% in 2 years time.

"There is a welcome change in the econ comic outlook, today's projections are for growth to be a little strong and for inflation to be a little weaker than we expected 3 months ago, that is the first time I have been able to say that since before the financial crisis"

The problem is that the Bank of England every year says virtually the same thing!, Higher growth and lower inflation that repeatedly FAILS to materialise. For instance 2 years ago (May 2011) the Bank of England forecast that the UK economy would by now be growing by 3% (0.6%) and Inflation would be at 1.8% (2.8%). Therefore Mervyn Kings 2nd term as governor of the Bank of England given the continuing poor state of the British economy and that the Bankrupt tax payer bailed out still to too big to fail banks continue to hold the country to ransom, can only be concluded as being an unmitigated disaster, which has seen Inflation rage by more than 20% and the UK economy shrink and still remains 2% smaller than it was 5 years ago - A DISASTER for ordinary people!

The Bank of England has been behind the curve in virtually every significant economic event of the past 5 years.

The BoE missed the Great Recession of 2008-2009 and every economic forecast for growth has FAILED to materialise. The BoE missed inflation soaring to as high as over 5%, instead the mantra of Mervyn Kings quarterly reports of the past 5 years has been one of the threat of deflation and that inflation would magically always converge to 2% in 2 years time, something that the BoE has failed to achieve 90% of the time! Which illustrates why Mervyn King's Bank of England quarterly reports have amounted to nothing more than economic propaganda as the always imminent threat of deflation continues to be used as an excuse to implement the policies for the theft of purchasing power of wages and savings as the following graph illustrates that since the financial crisis deflation mantra period of the past 5 years, Britain has in effect witnessed Inflation of 20% on the highly suspect official CPI measure of inflation that tends to under report real inflation by approx 1.5% per annum. Which is the reason why ordinary people are increasingly finding great difficulty in getting by in their weekly shopping as the prices are rising at a pace far greater than their net disposable earnings are able to keep pace with.



This stealth theft has been engineered by the Bank of England on instructions from both Labour and Coalition governments so as to meet their primary objective of being able to bribe voters with printed money.

Lately Bank of England officials have been entertaining an amendment to the Inflation target to 3% or even higher, to coincide with money printing Mark Carney's arrival. So if 2% delivers an average inflation rate of 3.5%, what can we expect from a 3% Inflation target ? An average rate of 4.5%, with a trend oscillating between a rate of 7% to 2.5%, which is the probable UK inflation trajectory over the next 5 years, with real inflation averaging at 6% per annum.

Saved the Bankster's

At huge tax payer cost, all of the liabilities of the bankster's remain firmly dumped onto tax payers that could still bankrupt Britain several times over, and where the bankster's are concerned its business as usual - Heads they Win, Tails the tax payer Loses as the people of Britain will soon find out as all the lawsuits surrounding the LIBOR rate rigging scandal start resulting in awards of multi-billion pounds in damages that Britians tax payers WILL foot the bill for, because the consequences would be bankruptcy which is something that we have repeatedly witnessed that the Bank of England will never entertain.

Therefore in the name of continuing to save Britain's criminal banks the Bank of England continues to funnel tax payer cash into their coffers, not only to meet the existing scandals such as PPI mis-selling but the long string of ever escalating bank rescues that will follow such as LIBOR as tax payers continue to be literally bled dry as the Bank of England's brethren bank billions in bonuses on the basis of fictitious profits.

Government Fraud to Feed the Inflation Mega-trend

The ultimate effect of the fraud perpetuated upon workers and savers amounts to more than £1 trillion of funny money created over the past 5 years through a myriad of smoke and mirror schemes such as Quantitative Easing, Funding for Lending, and QQE, that has been expended on the bankster's and benefits plague that seeks to keep over 8 million non productive persons of working age sedated on benefits who on their own have been receipt of more than £400 billion that has not been backed by any economic activity but creates demand for consumers goods and services and hence has more than overcome the deflation of average falling wages, which is why we don't have deflation instead we have sustained exponential inflation as the earlier graph illustrates.

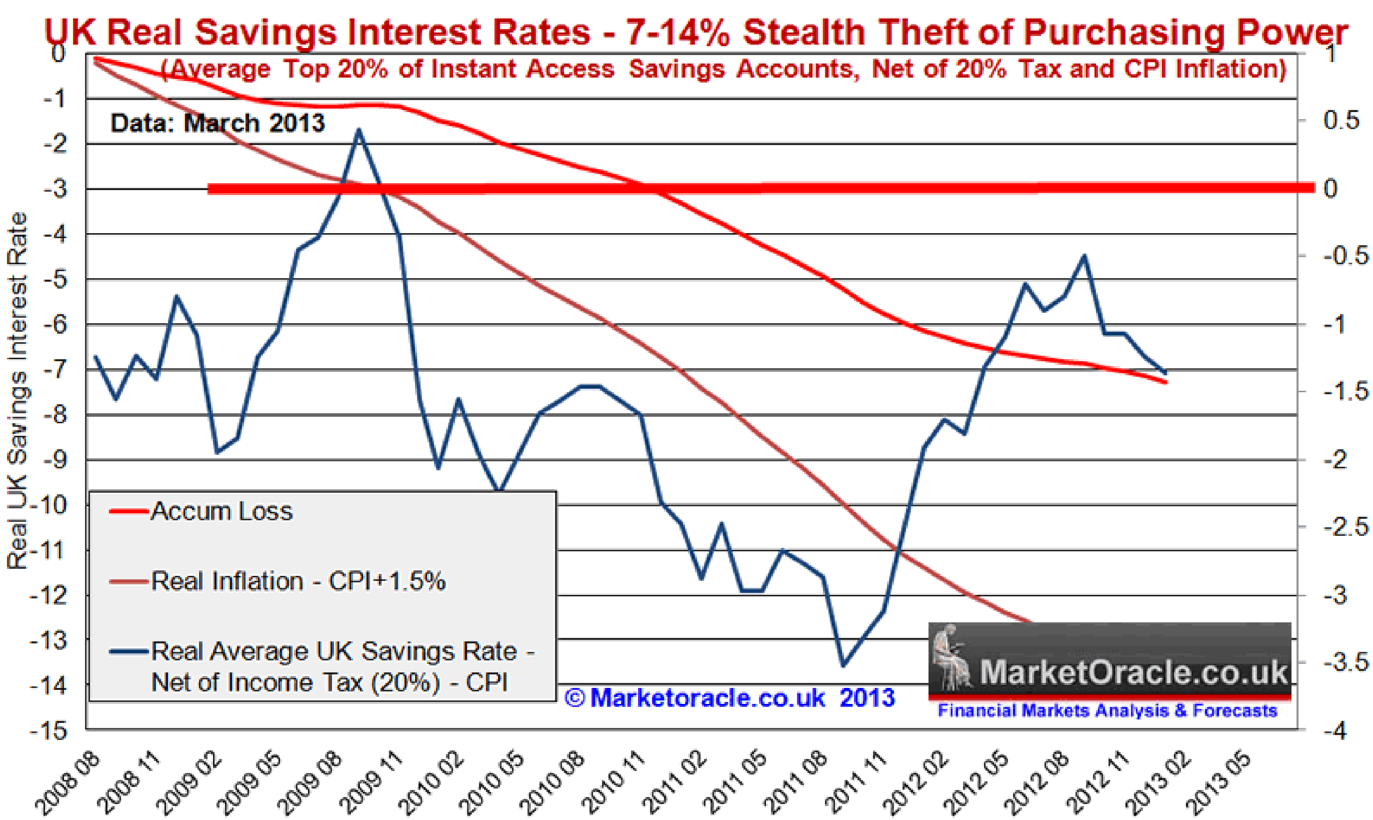
The only answer the government has ever had in dealing with the financial crisis has been to engage in further outright theft which takes the form of the Bank of England printing money to buy UK government debt, the interest on which the Bank of England then repays to the Government, who treat it as INCOME, and therefore rather than the UK deficit being £160 billion, instead the politicians can claim it has fallen to £120 billion per year.

THIS IS FRAUD!

At the rate the Bank of England is monetizing UK government debt by the end of 2015 more than 50% of UK government debt will have been bought by the Bank of England (current approx 1/3rd). However the consequences of what I termed as the Quantum of Quantitative Easing (July 2012) is that it will result in an further acceleration of the inflation trend which amounts to the stealth theft of purchasing power of wages and lifetime savings.

The Impact on Savers of Bank of England QE Inflation

The impact on savers of Zero interest rates and the inflation stealth theft is worsened by the 20%-40% additional theft by means of double taxation on savings interest i.e. Inflation erodes the value of your savings by currently about 4% then the government taxes you by 20% to 40% on the sub inflation interest rate you will be in receipt of which means that savers are guaranteed to lose at least 2% of the value of savings per year that amounts to an estimated theft of 14% over the past 5 years.



To protect oneself from the global inflation war against savings, savers need to increase risk i.e. if you invest in the stock market then you need to appreciate the fact that it will be far higher risk then leaving it in the bank even if you WILL lose at least 2% per annum in the bank.

As a guide of what one could consider doing to protect themselves from the ongoing fraud, the following table illustrates how my portfolio is trending in terms asset classes to protect both against inflation stealth theft and possible outright theft.

	Jan 2012	Mar 2013	Dec 2013
UK Property	0%	50%	60%
Cash & Bonds	60%	32%	18%
Stocks	40%	18%	22%

The bottom line is that as a saver, just like you I have no choice, I either take risks in dividend paying stocks and the UK housing market or all of my hard earned wealth will be stolen by the government and the banks. Off course one of the main objectives of ZIRP is to force everyone to spend their savings, then we will all be in the same boat, become reliant on state benefits because the government's stealth tax - inflation will have eroded the purchasing power of our earnings away.

When Will interest Rates Rise?

I do not see any sign that the UK base interest rates are going to rise during the next 12 months and given where we are at in the election cycle, a UK base rate rise during the year in the run up to the May 2015 election is also highly unlikely. Therefore I cannot see the Bank of England raising interest rates for at least the next 2 years. The only mechanism that would result in a base rate rise is if the Bank of England lost control of interest rates i.e. the market forced the BoE to raise interest rates during a collapse in confidence in sterling, which could be triggered by an event emanating out of one of our weapons of mass financial destruction aka Britains big banks, i.e. hidden bad debts or derivatives bets that trigger a chain reaction collapse of the banks.

Bank of England's Plan to Steal Bank Deposits

One of the Mervyn Kings last tasks was to pave the way for the Bank of England to steal bank deposits Cyprus style during future banking sector bailouts which are INEVITABLE!

Excerpts from the Bank of England's own document illustrates this policy change - http://www.bankofengland.co.uk/publications/Documents/news/2012/nr156.pdf

BANK OF ENGLAND

Resolving Globally Active, Systemically Important, Financial Institutions

A joint paper by the Federal Deposit Insurance Corporation and the Bank of England

10 December 2012

Resolving Globally Active, Systemically Important, Financial Institutions Federal Deposit Insurance Corporation and the Bank of England

Executive summary

The financial crisis that began in 2007 has driven home the importance of an orderly resolution process for globally active, systemically important, financial institutions (G-SIFIs). Given that challenge, the authorities in the United States (U.S.) and the United Kingdom (U.K.) have been working together to develop resolution strategies that could be applied to their largest financial institutions. These strategies have been designed to enable large and complex cross-border firms to be resolved without threatening financial stability and without putting public funds at risk. This work has taken place in connection with the implementation of the G20 Financial Stability Board's Key Attributes of Effective Resolution Regimes for Financial Institutions. The joint planning has been productive and effective. It has enhanced the resolution planning process in both jurisdictions, tackled key issues in relation to crossborder coordination, and identified *potential challenges that will be addressed through further work.*

This paper focuses on the application of "top-down" resolution strategies that involve a single ***Such a strategy would involve the bail-in (write-down or conversion) of creditors*** *resolution authority applying its powers to the top of a financial group, that is, at the parent company level. The paper discusses how such a top-down strategy could be implemented for a U.S. or a U.K. financial group in a cross-border context.*

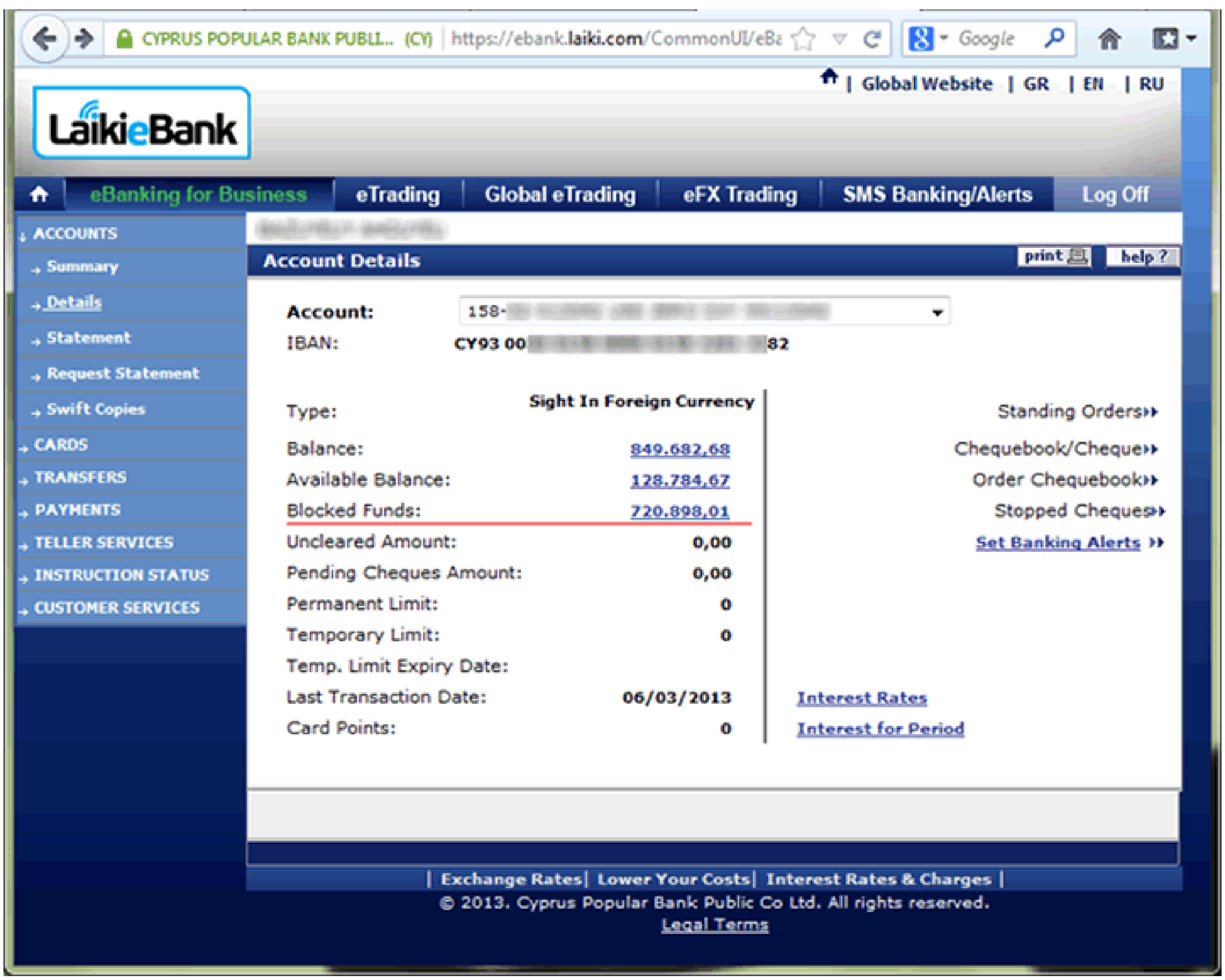
The above text clearly implies that a bail-in of all creditors will be involved in the case of bankruptcy to recapitalize the bankrupt banks.

Here is a further excerpt that makes it clear that only insured depositors will be protected i.e. holdings of less than £85,000 per banking licence.

U.K. regime *17 In the U.K., the Banking Act provides the Bank of England with tools for resolving failing deposit-taking banks and building societies.5 Powers similar to those of the FDIC are available, including powers to transfer all or part of a failed bank's business to a private sector purchaser or to a bridge bank until a private purchaser can be found. The Banking Act also provides the U.K. authorities with a bespoke bank insolvency procedure* ***that fully protects insured depositors*** *while liquidating a failed bank's assets. These powers have proved valuable; for example, during the crisis they allowed the authorities to transfer the retail and wholesale deposits, branches, and a significant proportion of the residential mortgage portfolio of a failed building society to another building society.*

This further reinforces the fact that savers have to take some risk with their capital be it in the stock market or the housing market or commodities because as things stand you are guaranteed to lose at least 1/3rd of the real value of your bank deposits during this decade, with the ever present threat that in a worse case scenario the Government WOULD Cyprus style outright steal near ALL of your money in the bank.

You have to realise this that NOTHING has changed in terms of the risk of Britain's Banks Bankrupting Britain because as the recent example of Cyprus shows that a nations banks WILL bankrupt the state! The Bank of England's policy paper for bailing in depositors illustrates that it is not a question of IF but rather WHEN, in which respect you need to act to protect your wealth from theft BEFORE the event, or you too will wake up one day to find 85% of your bank balance has been stolen as the following example of a Cyprus account holder illustrates.



Ed Miliband, Labour's Dirty Benefits Culture Election Winning Secret Revealed

Jun 07, 2013 - http://www.marketoracle.co.uk/Article40800.html

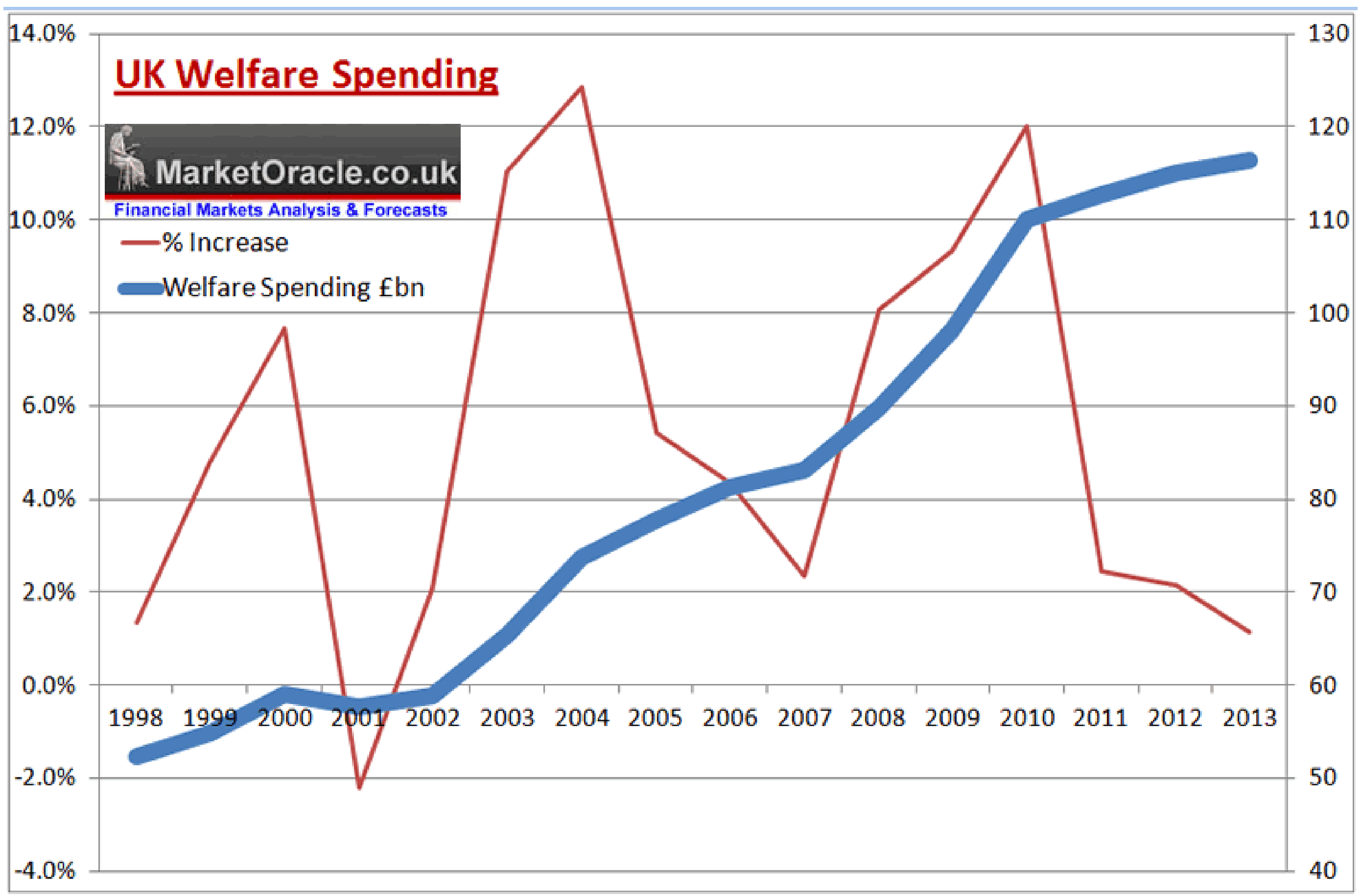
Labour leader Ed Miliband with much fanfare announced that Labour too will now crack down on Britain's benefits culture by capping social security spending following an 2015 election win.

"We will tackle the deep, long-term causes of social security spending and tackle the costs of failure like housing benefit. They (Conservatives) will not."

"Controlling social security spending and putting decent values at the heart of the system are not conflicting priorities. It is only by reforming social security with the right values that we will be able to control costs."

Labour politicians often put forward the argument that the state should step in at times of economic downturn / recessions to help support those who have lost their jobs.

However the following UK welfare spending graph illustrates a dirty secret that Labour does not want you to know!



The graph illustrates two key points -

1. That even during Labour's low unemployment boom years of between 1997 to 2007 the amount spent on welfare benefits increased in virtually every year, where from 1997 the annual spend more than doubled from £52 billion to £110 billion by the time of the May 2010 Election.

2. That in the run up to each election, the Labour government would go on a welfare spending rampage as illustrated by the 12% jump in welfare spending in the run up to the May 2010 General Election, similar increases took place prior to each election regardless of economic fundamentals.

The reason for this is that it is in the Labour party's interests to bribe voters into creating permanent pools of vested interest voters, which by the time of the 2010 general election meant that 90% of the population were in receipt of benefits in one form or another. The election consequences of which were that despite Labour presiding over the worst economic collapse since the Great Depression leaving the country virtually bankrupt, despite failing to regulate Britains banks that had become a crime syndicate, despite abysmally failing to control immigration, and off course despite taking Britain into a costly illegal Iraq War, the Conservative party still FAILED to win an outright majority at the 2010 election as Thatcher had been able to achieve in 1979, which was as a direct consequences of Labour's twin policies for turning everyone into a benefit claimant and out of control immigration so as to create large pools of vested interests voters that virtually ensures that no matter how disastrous a Labour government turns out to be that the Conservatives still cannot win UK elections unless a fundamental shift takes place in either of these two out of control policies which as of writing is not manifesting itself as both immigration continues at the rate of 150,000 per annum and the amount spent annually on benefits continues to increase.

Furthermore the graph illustrates that the coalition government has in reality not implemented any significant economic austerity in terms of welfare spending cuts because the welfare budget still continues to increase each year. This is for similar reasons to Labours welfare spending rampage in that cutting benefits even by a small amount will result in many lost votes that further ensures that the Labour party is probably heading for a strong election win in 2015.

And there is another flaw at the heart of Britain's welfare spending, and that is the FACT that the whole budget is being paid for with BORROWED MONEY. This translates into Britain effectively being bankrupt and this bankruptcy manifests itself in an Exponential Inflation mega-trend.

Most People Are Now Vested Interest Benefits Claimants

Earlier this year, the BBC with much fanfare published it's Great British Class Survey, which sought to extend Britain's class structure from the three traditional classes of upper, middle and working class to now comprise 7 social classes of Elite, Established middle class, Technical middle class, New affluent workers, Traditional working class, Emergent service workers, and the Precariat.

However there is a huge hole in the BBC's analysis and that is it excludes the 8 million of adults of working age who claim benefits of which at least 5 million are permanently on benefits and thus comprise the benefits class that amounts to 22% of those of working age in Britain, that would comprise near double the class referred to as the Precariat.

Furthermore the benefits class social pecking order would be linked to the amount of benefits they are in receipt of and therefore the benefits class would tend to straddle the whole range from the Precariat right trough to the established middle class as illustrated by the recent case of Mick Philpott (found guilty of killing his children in a botched attempt to increase benefit payments) who was reportedly in receipt of £60,000 in benefits per annum which is an comparable income to those in the Established middle class. The breakdown of the benefits class is further complicated when those in receipt of tax credit benefits are taken into account, who tend to be perceived as the more deserving of benefit claimants.

Therefore a more accurate breakdown of Britain's class structure would comprise 8 classes that includes the benefits class which is overlaid over the BBC's 7 classes as illustrated below -

Note the above excludes 11 million pensioners.

The above graph clearly shows that there exists a huge vested interest in the Benefits Culture, which has come about by Labour Party design as the last Labour government attempted to maximise vested interest voters that it was continually seeking to expand breadth of in an attempt to bribe the electorate into repeatedly voting for a Labour government, regardless of the inflationary consequences of spending money that the country does not have (printing debt).

The benefits culture can be seen as a Labour party voting block that the Conservative party can only seek to defeat at the next election by fragmenting i.e. turning one part of the benefits culture against another part in which respect the Coalition is putting In-work Benefit recipients up against Non-working benefit recipients.

The benefits culture is a disease that encourages laziness and jealousy of those who become successful through hard work, hence why those most vocal against successful immigrants tend to be lazy benefit claimants who have literally not done a days work in their lives and don't intend on doing so , but still spout the likes of the poles have taken our jobs! This despite the fact that it was LABOUR policy to import working class immigrants due to the fact that they would tend to vote LABOUR!

Unfortunately most voters are gullible and easily bribed so Labour looks set to win the next general election as they will promise everyone everything under the sun, so the only thing hard working people can do is to prepare themselves for the coming inflation stealth theft of wealth that Labour election bribes will deliver.

Many vested interests decry the Tories as being the nasty party but the really nasty party is Labour because they tell the poor they cannot do anything for themselves but instead must rely on free money and services to live on and all they want in exchange is their vote the consequences of which is that Britain continues to die a slow death.

The bottom line is that the next Labour government will ramp Britain's Inflation mega-trend towards rates that average more than twice that which have been experienced over the past 5 years.

Bank of England 0.5% Interest Rates for 7% Unemployment, to Result in 7% Inflation, Ongoing Savings Theft

Aug 07, 2013 - http://www.marketoracle.co.uk/Article41769.html

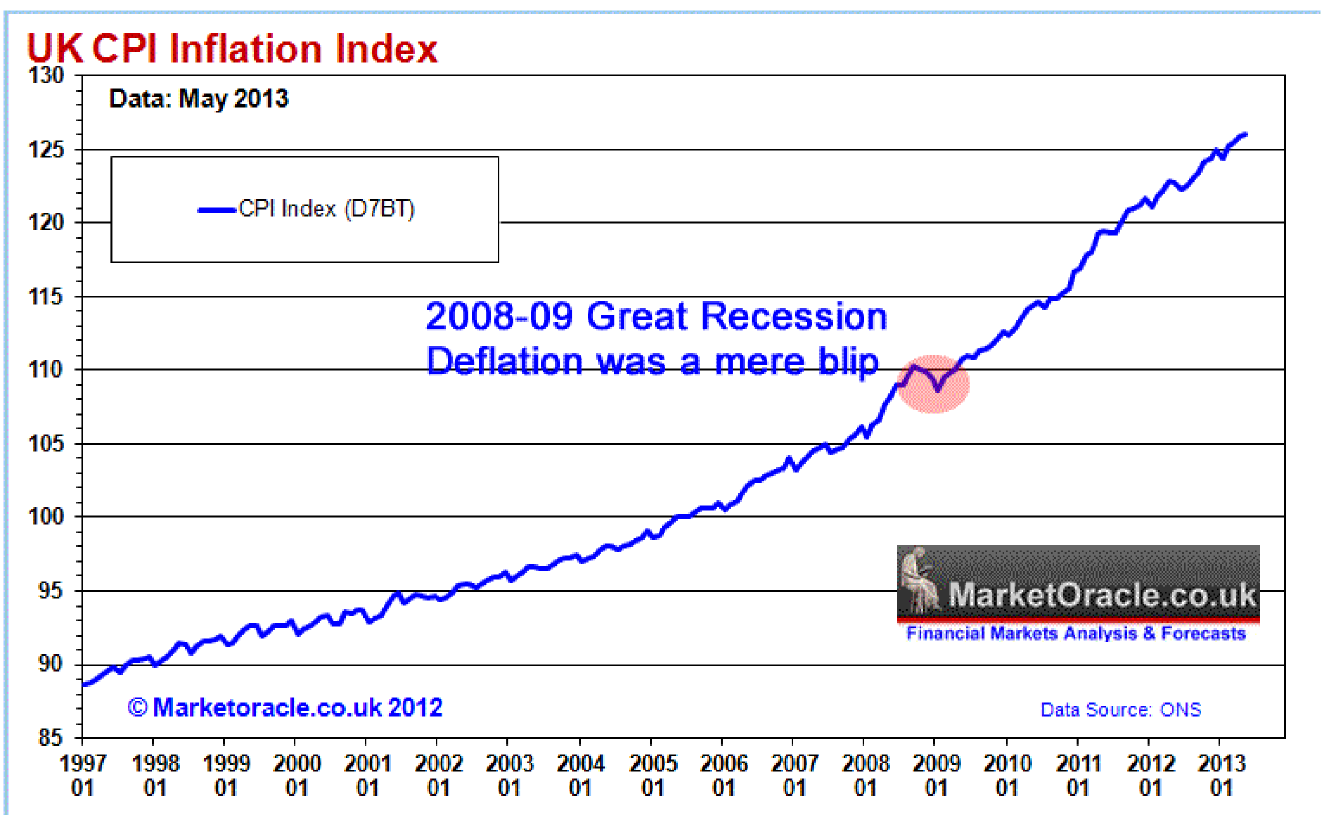
"We won't even begin to think about raising interest rates until we see the unemployment rate go to 7%" - Mark Carney. With that the new Governor of the Bank of England did away with over 4 years of Mervyn Kings smoke and mirrors propaganda of temporary emergency low interests of just 0.5%, and money printing of £500 billion, the consequence of which is theft of purchasing power from savings and worker wages by means of high real inflation, transferring this stolen wealth to the bankrupt banking crime syndicate, and the government so that it can continue to maintain vested interest voting blocks, by bribing the electorate with debt and printed money that is not backed by any economic activity.

The current unemployment rate is 7.8%, and the BoE forecasts it will take 3 years to get it to 7%, therefore Mark Carney today announced that the policy of near zero interests will remain for at least another three years so as to to finance government deficit spending (debt interest), continue to funnel cash into the banking crime syndicate, and force the increasingly depressed savers to throw in the towel and go on a spending / consumption binge in an attempt at inflating the economy through the services sector so that many millions more low paid service sector jobs (wage slaves) can be created so that the government and the Bank of England can claim success at having reduced the unemployment % rate, because they know that it is impossible for Britain to create high paying manufacturing jobs in any significant numbers due to intense competition from Asia at near 1/10th Britain's wages, and as a consequence of technological advances such as robotics which means that there will never again be the level of demand for blue collar workers as there was up until the mid 1970's, as factories will continue to become more automated, thus the trend will continue towards requiring fewer and fewer high paid manufacturing workers.

Hyper QE - £200 Trillion Note,
The Governments solution to Britain's budget and debt crisis

Mark Carney's governorship therefore represents a case of business as usual which means a continuation of the official policy of rampant money and debt printing in perpetuity, the consequences of which is the ongoing exponential inflation mega-trend that currently manifests itself in an official inflation rate of 2.7% CPI, though real inflation tends to average between 1 to 1.5% above the highly suspect official rate therefore at between 3.7% and 4.2%.

The following graph of official CPI inflation rate (that tends to under report real inflation by between 1-1.5% per annum) illustrates the exponential inflation mega-trend in motion that asset prices tend to be leveraged to and oscillate around and hence one of the primary mechanisms of how the elite accumulates wealth, whilst the effect on the wage slaves is to continuously lose purchasing power of net earnings (after taxes) thus forcing workers to take on debt and thus become reliant on political bribes (benefits and entitlements culture) and perpetual debt slaves who will spend virtually their whole adult lives servicing their debts, for instance over 90% of today's graduates will leave university with about £60,000 of debt that they will then be focused on servicing for the next 25 years of their lives.



Savings Interest Rates Crash

The below table for the cash isa rates as offered by the Halifax shows that savings interest rates crashed directly in response to the Bank of England's Funding for Lending Scheme announced in July 2012, which sought to provide the Banks with cheap money to entice lending to the general public that originally would total an estimated £80 billion over 18 months but which now has been indefinitely extended. The effect of which is that the Banks are able to rely on Bank of England / UK Treasury for funding for loans instead of savings and thus savings interest rates continue to crash.

Halifax ISA's	May 2012	Sept 2012	Nov 2012	Mar 2013	May 2013	July 2013	% Cut
Instant Access	3%	2.75%	2.35%	1.75%	1.35%	1.35%	-55%
1 Year Fix	2.25%		2.05%	2.05%	1.75%	1.75%	-22%
2 Year Fix	4.00%	3.25%	2.25%	2.5%	2.10%	2.10%	-48%
3 Year Fix	4.25%	3.75%	2.35%	3.00%	2.25%	2.25%	-47%
4 Year Fix	4.35%	3.80%	2.40%	3.05%	2.30%	2.30%	-47%
5 Year Fix	4.50%	4.15%	2.60%	3.10%	2.35%	2.35%	-48%

Deposits held in any sub 3% (after tax) savings accounts continue to be systematically stolen.

Housing Market Opportunities - Protecting Your Wealth From the Stealth Inflation Theft

However, it's not all bad news for ordinary home owners, for one of the consequences of debt and money printing is that for the inflation of a new housing bubble. Today's policy announcement for 3 more years of zero interest rates will put added upward pressure on the housing market as sentiment acts in advance of future expected demand, this should not come as any surprise to my readers, as following the end of the UK housing market depression into the start of 2012, I been flagging how the then much hated housing asset classes in the UK and US were presenting a once in a decade opportunity as the embryonic bull markets of 2012 HAVE morphed into the new bull markets of 2013 that I expect will run for virtually the whole of the remainder of this decade, because all the Bank of England and Government can do is print ever more amounts of Debt and Money which inflates asset prices that cannot be printed.

08 Sep 2012 - UK Home Extension Planning Rules Relaxed to Boost Economy, Trigger Housing Bull Market

I am continuing to see positive signs towards a multi-year bull market, so I am giving you another head start on an emerging probable multi-year bull market in UK housing.

What I am Doing?

As a guide of what one could consider doing to protect themselves from the ongoing inflation stealth theft and the outright risk of theft of bank deposits Cyprus style, the following updated table illustrates how my portfolio is trending in terms of asset classes.

	Jan 2012	Mar 2013	July 2013	Dec 2013
UK Property	0%	50%	60%	61%
Cash & Bonds	60%	32%	24%	19%
Stocks & Commodities	40%	18%	16%	20%

The big picture implication is that we are witnessing STEALTH economic recoveries in many countries that the clueless academic economists have been failing to recognise for over a year now as they remain largely fixated on non-existant deflation whilst the stealth bull markets rage on.

The bottom line is that as a saver, just like you I have no choice, I either take risks with dividend paying stocks and the UK housing market or all of my hard earned wealth will be stolen by the government and the banks. Off course one of the main objectives of ZIRP is to force everyone to spend their savings, then we will all be in the same boat, become reliant on state benefits because the government's stealth tax - inflation will have eroded the purchasing power of our earnings away to nothing, as ultimately the government can always print an infinite amount of money Zimbabwe style with a similar economic and social consequences.

What happens when interest rates rise?

This begs the question that no one appears to be asking as most are busy celebrating a 3 year interest rate freeze, which is what happens when interest rates rise? In 3 years time government debt will be 30% larger and mortgage debt at least 20% larger. The answer off course can be found in the exponential Inflation Mega-trend which is why my expectations are for the annual (compounding rate) of inflation to ratchet up to an average CPI rate of 4.5%, as I have warned of several times during the year - 16 May 2013 - Mervyn King Mission Accomplished, Bankster's Saved, Debt Monetized Via QE Stealth Inflation Theft

An average rate of 4.5%, with a trend oscillating between a rate of 7% to 2.5%, which is the probable UK inflation trajectory over the next 5 years, with real inflation averaging at 6% per annum.

Especially as most of the new jobs created will go to more productive and hard working immigrants, whilst the unproductive, lazy, de-evolving unemployable benefits for life class, will largely continue to remain unemployed, the net effect is that for a slow decline in the official unemployment rate, coupled with huge demand for resources created by continuing immigration, therefore expect a much higher inflation rate than most can imagine today.

Expect when UK Unemployment falls to 7% for the UK Inflation rate to have also risen to 7%.

At the end of the day the Bank of England as illustrated by its actions first serves its bankster brethren and then the politicians and hence its policy for another 3 years of ZIRP first benefits the bankster's and then the politicians.

UK House Prices Bull Market Soaring Momentum, 10% Inflation by October?

Aug 19, 2013 - http://www.marketoracle.co.uk/Article41905.html

Prospective U.K. home buyers who may have been persuaded by the pseudo-economists, financial / economic journalists that populate the mainstream press as to the sustainability for any rise in UK house prices will over the past few months been finding themselves in an increasingly panicky state as UK house prices have literally started to soar as illustrated by the latest data and news out of RICS that reported that house prices are now rising at their fastest pace in 7 years, with their indices giving their best readings since November 2006.

Similarly Halifax data shows the lowest mortgage interest rates in 14 years, with some fixed rates as low as 1.5% that is resulting in a continued trend lower in terms of borrowings costs as a percentage of average borrower income of 27%.

UK House Prices Inflation Momentum

According to the Halifax, UK house prices (July data) are now rising at an annualised rate of 4.6%, which is up from just 1.1% in March 2013.

Commenting, Martin Ellis, housing economist, said:

"House prices in the three months to July were 2.1% higher than in the previous three months. This is similar to the rates of increase recorded throughout the first six months of 2013. Prices in the three months to July were 4.6% higher than in the same three months last year, the highest annual rate since August 2010. Sales have also picked up with total purchase transactions for the first half of the

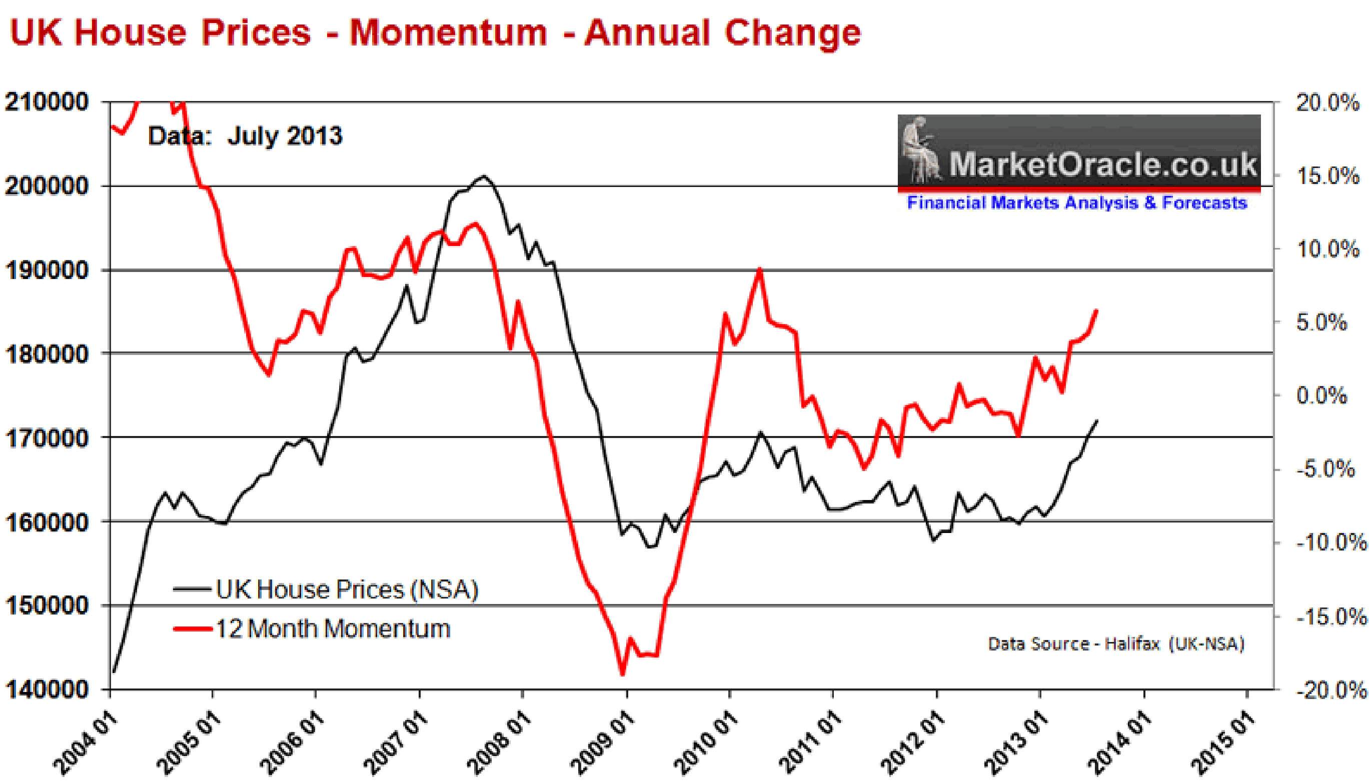
year 6% higher than in the same period last year.

"Signs of improvement in the economy, underlined by the recent evidence of a rise in gross domestic product in Quarter 2 and increases in employment, appear to have boosted consumer confidence. Greater confidence is likely to have underpinned the increase in housing demand. Official schemes, such as the Funding for Lending Scheme and the Help to Buy equity loan scheme, may also be raising demand. House prices are expected to continue to rise gradually through this year with only modest economic growth and still falling real earnings constraining housing demand and activity."

The last time house prices were rising at this pace was in early 2010 in the midst of Labours debt fueled election bounce. Off course many will be thinking that all we are seeing now is a Conservative debt fuelled election bounce, but the key difference being that the election is still 2 years away.

Therefore unlike Labour's short-term debt fuelled trajectory the timing of and maintenance of current house price momentum over the next 2 years will be more than enough for the UK housing market and economy to gain escape velocity beyond the depression that followed labour's election bounce which was as I pointed out at the time part of a scorched earth economic policy - 31 May 2009 - Labour Governments Bankrupt Scorched Earth UK Economy for the Conservative Government.

In terms of what the house prices momentum implies based on Halifax price data (NSA), a healthy bull market will tend to oscillate between a trend of 4% to 12% per annum. Any higher than 12% then the market will begin to over heat with red warning signs around 20%, that would at least result in a pause in the market for as long as a year.

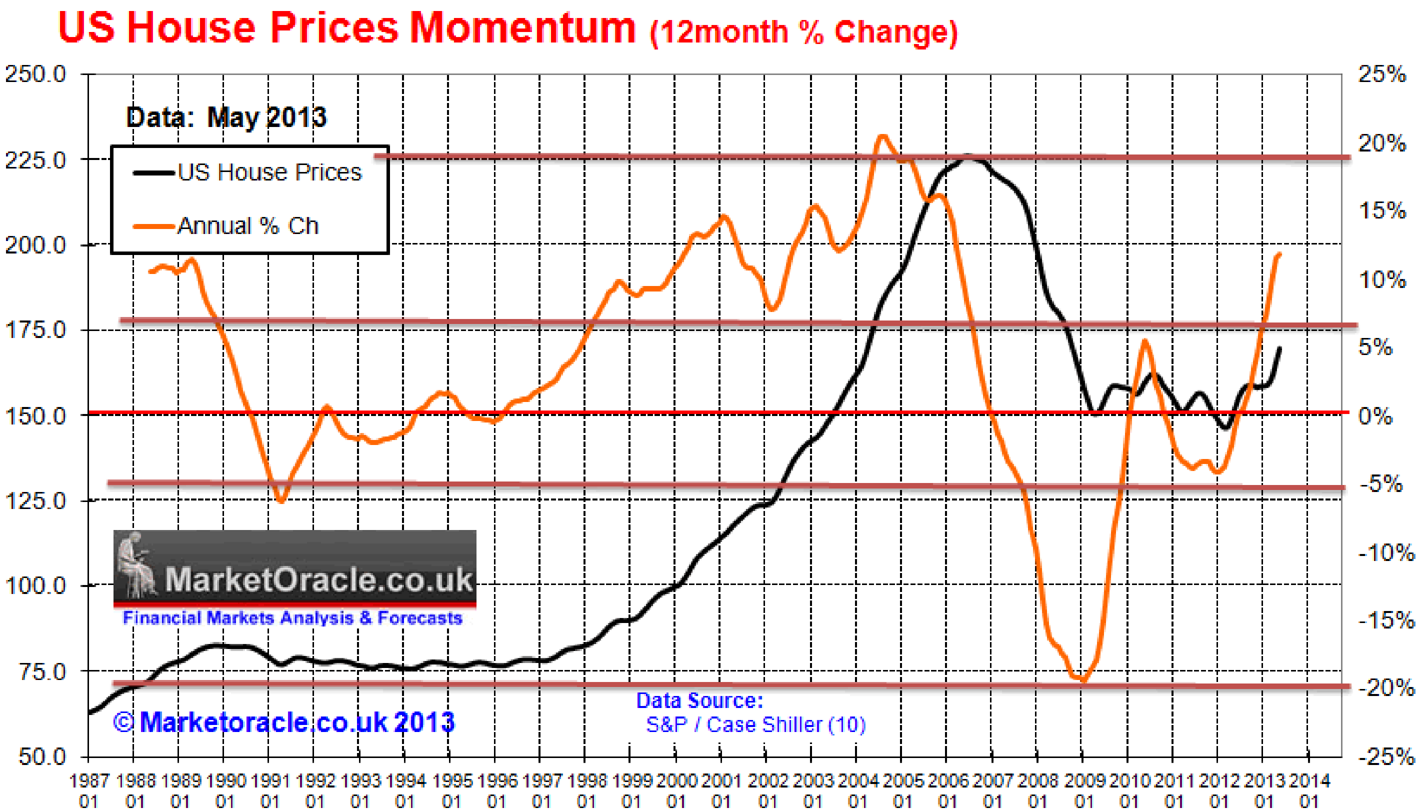


In terms of the bull markets current momentum, the UK housing market is accelerating towards an annual inflation rate of at least 10% per annum. Given the markets current trend trajectory, UK house prices could be rising by 10% per annum as early as on release of the Halifax data (NSA) for October 2013 (in November), and continue accelerating to a rate of more than 12% per annum for January 2014 data (released Feb 2014).

Many readers may be surprised by such a bullish outlook, to hear that in just over 2 months time UK house prices could be soaring by over 10% per annum, and 12% for Jan 2014 data, but back in September 2012, as illustrated by comments and emails at the time, many were also skeptical of calls for a new bull market that was then just getting started.

US Housing Market Momentum

US housing prices are now rising at an annualised rate of over 12% which now puts the momentum for house prices firmly into strong bull market territory, in fact a goldilocks state that in my opinion could be sustained for many years, never mind months (i.e. a rate of about 12% per annum is sustainable). However any further increase in momentum and then that would result in the U.S. housing market overheating thus warranting a correction.



Therefore the US housing market has some way to go to reach the point of a bubble peak, which means home buyers should take all of the commentary of this bull market not being sustainable, and for an imminent end, from clueless academic economists, financial commentary salesmen, and worse journalists who think they are clueless economists, with a house size pinch of salt, for they never saw this bull market coming in the first place and will likely only turn bullish just before the trend ends, as was the case towards the end of the last US housing bubble market.

What Academics and Journalists Will Never Understand About Markets

In having immersed by myself in the markets for 30 years now, I know that what many academics tend to take for granted rarely matches reality. Whilst I covered many aspects of trading markets in my last ebook (Stocks Stealth Bull Market 2013 and Beyond - Free Download). However in terms of economic trends what academics will always fail to grasp is that markets are NOT driven by fundamentals but by SENTIMENT and it is SENTIMENT that CREATES the fundamentals! Which is why the academic economists rarely have any real clue as to what is going in the markets because they are nearly always looking in the WRONG direction i.e. they are looking at the CAUSE rather than the EFFECT, as in reality it is the EFFECT that makes itself manifest in the price charts long before the CAUSE appears in the economic data that academics focus upon, which is why the SAME economic data can and is used by economists and pseudo-economist (journalists) such as that which we see on TV news shows to explain EITHER price rises OR falls.

You can only know the markets IF you TRADE the markets! The pseudo and academics economists will never get you on the right side of trends years ahead of the herd, in fact most press media commentators will be some of the LAST people to jump onboard trends, usually just before they end!

Momentum Drives Housing Market Sentiment and Economic Growth

As house price rises continue to accelerate, many people sat on the sidelines waiting for prices to fall or even crash will realise that it is just not going to happen, and in their despair at the relentless accelerating trend of rising prices, in increasing numbers will feel no choice but to jump onboard the housing bull market as a they see the houses they have been viewing sold and asking prices trending ever higher.

As house prices rise, home owners see the value of their houses rise £x thousands per month, in many cases by more than their salaries, this will encourage many to borrow and spend more, and save less which will meet the governments primary objective for inflating the economy by means of the housing market. Everyone will be playing the game of how much has my house value increased by, a quick analysis of my own housing portfolio (based in Zoopla estimates) shows a 5.5% increase in housing wealth over just the past 6 months! Does this make me feel richer, more willing to spend? Well, being only human, YES it does!

Government Actions Inflating the UK Housing Bull Market Sentiment

At the end of the day this all comes back to one thing and that is INFLATION, which is the consequences of governments printing debt and money to buy votes by whatever means possible, be it INFLATING the housing market or INFLATING the benefits culture, or INFLATING the public sector. Clearly one of the largest pool of vested interest voters are those who own HOUSES, then there is the far more costly benefits culture that includes, the non working, tax credits recipients and pensioners, that collectively consume some £230 billion per annum in benefits, approx 1/5th of which is financed through printing new debt. Therefore throwing an estimated £40 billion at the UK housing market per year is far more effective in terms bribing voters than another £40 billion thrown down the Benefits Culture black hole that would yield little return in terms of new votes for the tories.

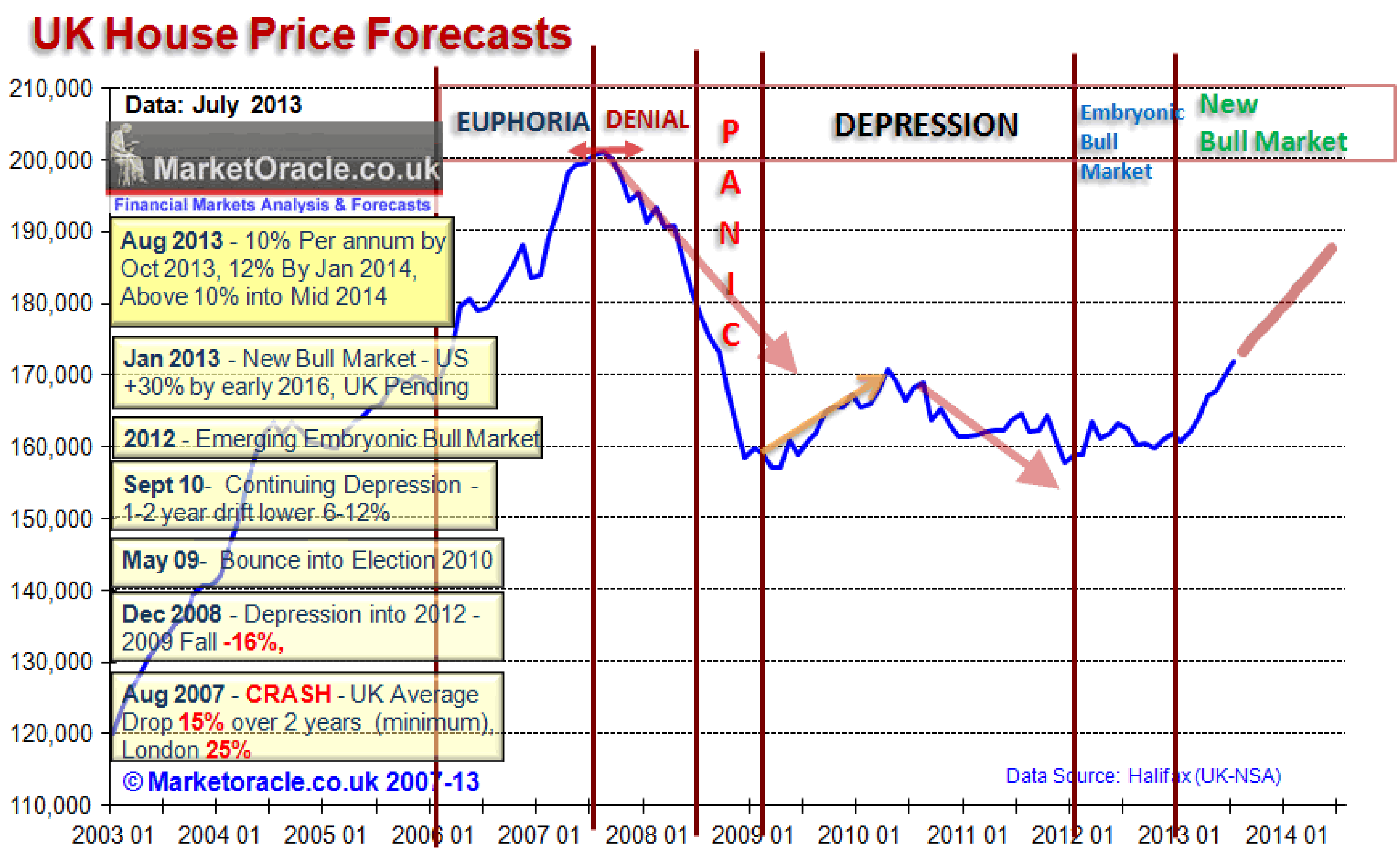
In reaction to strong housing market data, the mainstream press right from the Financial Times downwards has been busy bringing forth fears of a new UK house price bubble.

FT - Price rises revive UK housing bubble fears

A raft of positive data this week has reinforced a sense of recovery in the UK housing market – and sparked warnings that a new bubble could be forming....

This illustrates a press that only tends to connect the dots by looking in the rear view mirror as an explanation for why UK house prices have risen and why the end is always imminent, so as to generate scare mongering headlines to sell copy in suggestions for an unfolding bubble, which will turn out to be completely ignorant of the reality that the bubble phase could be as long at 10 years away!

So whilst the mainstream press tends to flip, flop in their views following the release of virtually every piece of economic data, as I am sure that the same financial journalists and academic economists who have now jumped on board the latest housing data's band wagon will be found to be proclaiming its end and a new crash in house prices during a probably correction into mid 2014. Against which my own view has remained consistent as illustrated by the below graph that my expectations were for the UK housing market depression to come to an end by the start of early 2012, following which the UK and US entered into embryonic bull markets which gave golden opportunities for virtually a whole year to all those who cared to listen to buy properties at deep discounts in a buyers market.



The actual signal for change from an embryonic bull market into a bull market proper came in September 2012 following the governments announcements proposing to double permitted developments for home owners, which had the near immediate effect of changing housing market sentiment long before the first building works could be commenced, as it would trigger demand for property with a view to extending as well as owners seeking to contract builders as I pointed out at the time right at the bottom of the UK housing market for 2012.

06 Sep 2012 - Super Mario Draghi Triggers Stocks Stealth Bull Market Rallies to New Bull Market Highs

This years convergence towards housing market bottoms such as the UK and US presenting one of those once in a couple of decades opportunities to climb aboard what still are embryonic bull markets, just as I strongly suggested the birth of a new multi-year stocks stealth bull market in March 2009

08 Sep 2012 - UK Home Extension Planning Rules Relaxed to Boost Economy, Trigger Housing Bull Market

I am continuing to see positive signs towards a multi-year bull market, so I am giving you another head start on an emerging probable multi-year bull market in UK housing.

The announcement was followed by further government measures that would boost sentiment long before the policies would be implemented in any significant number such as George Osbourne's March budget announcement to effectively create a UK subprime mortgage market by paying 20% of the deposit on first new builds and from 1st of January 2014 all properties upto a value of £600k.

20 Mar 2013 - George Osborne Boosts UK Subprime Housing Market Ahead of Election Boom

Creating a UK Subprime Housing Bubble

The chancellors announcement of £130 billion mortgage guarantees effectively amounts to seeking to ultimately create a UK version of U.S. Fannie Mae and Freddie Mac that will eventually blow up in spectacular style as more and more house buying voters expect to be bribed at each election and therefore the £130 billion will mushroom to one day stand at well over £1 trillion of liabilities, off course the bust will come AFTER the next housing boom, so this and the next government need not worry themselves for the consequences of creating a UK subprime housing bubble as the consequences of which tax payers will be liable for in a decade or so's time which means another financial crisis as this repeats the SAME mistakes of mortgage backed securities i.e. the lenders are not liable for the risks so can take on more risky loans for commission as the liabilities will be with tax payers.

As mentioned above, this scheme will be extended from the 1st of Jan 2014 to allow prospective home buyers to buy ANY property (not just new builds) with the government financing 20% of a deposit upto £600k, or £120k of tax payer money going towards EACH prospective buyers home purchase, which EFFECTS market sentiment in the PRESENT.

Benefits Culture Feeding the Housing Bull Market

Successive Labour governments and to a lesser extent Conservative governments have succeeded in turning Britain effectively into a nation of scroungers, where the most extreme manifestation of which are the 8 million who can work but as a life style choice choose not to work, which has contributed towards literally millions of immigrants arriving over the the past decade or so, an estimated number that is 20X the number forecast by the politicians and their academic statisticians, resulting in record high employment numbers whilst high unemployment numbers persist.

You want a FREE £200k+ House? Then come to Britain, and we will give this and much more, only thing you need to do in return is to vote Labour. Was the rallying cry to potential Labour voting immigrants.

The net effect of the benefits culture is that for MOST working families, at the time of the last election it was far, far better to park themselves onto benefits than to work, the resulting £230 billion total benefits bill of which at least £40 billion is out and out fraud as a consequence of those that could work making a life style choice to instead become baby making factories to maximise benefits without consequences for the impact of having children that they have little intentions of actually looking after has on wider society.

One such manifestation of the rampant benefits fraud is Labour's Support for Mortgage Interest (SMI), which the Labour government introduced to bribed to create approx 240,000 additional vested interest voters.

The public spin on SMI was that it supports those who become unemployed, paying the interest on mortgages for upto 2 years of upto £200,000 at a flat rate of 6.08% which translated into a maximum benefit of £12,160 per year on top of ALL other benefits. This despite the fact that the policy of zero interest rates had long since pushed mortgage interest rates to about HALF the amount of benefit being paid out! So the tax payer had been effectively paying Interest AND Capital on typical mortgages at rates of 3%, this covering interest on a mortgage of upto £400,000!

The Collation Government eventually cut the interest paid from 6% to 3.63% which still amounts to an annual benefits payment of mortgage interest to a maximum of £7,260 for what amounts to a life-time of mortgage interest payments.

SMI ENCOURAGES BENEFIT FRAUD

The effect of the SMI benefit is at least four fold -

1. Those through no fault of their own who lose their jobs with sizable mortgages, are going to be LESS likely to take on similarly paid employment in the future again due to the impact of this mortgage benefit i.e. a family of 5 (2+3) on benefits would need to earn an estimated gross income of more than £32,000 to over come the total amount of benefits that they are likely to be in receipt.

2. It encourages benefits fraud in terms of staying on benefits for life whilst encouraging under-declaring work i.e. as self-employed cash in hand so as to maximise benefits, as it is relatively easy for benefits fraudsters to overcome the 2 year time limit such as switching to claim income support for low income and working less than 16 hour work weeks or claiming that they have a disability.

3. The benefit is not only available to those of working age but also to pensioners upto a £100k mortgage, this defeats that whole purpose of what the benefit was said to be for, i.e. as a temporary support for those who become unemployed, when more than half the claimants are pensioners, which effectively means that the tax payer is paying for the next generations inheritance rather than prompting the downsizing and freeing up the housing stock which the likes of the bedroom tax encourages.

4. It encourages systematic benefits fraud in terms of citizens and also acts as a beacon to attract immigrants who have already mapped out how they will proceed to defraud the system and achieve their goal of obtaining a property with an over £200k mortgage so as to maximise benefits income potential whilst engaging in undeclared work as the state supports their children whom they live with but don't live with to further maximise benefits. This is one of the reason's why immigration to the UK has been about TEN Times that the last labour government promised it would be.

The above are just 4 examples as there are many more variations to this fraudulent benefit such as paying for second homes i.e. towards buy to let property portfolios.

The coalition government is desperately attempting to unwind labour's benefit for life culture through several mechanisms including introducing a £25,000 benefits cap and the bedroom tax, thought both of these are repeatedly watered down to dilute savings on the annual benefits bill or to entice those that could work to actually start to contemplate working (legally).

The problem that the coalition government faces is that it is relatively easy for the Labour party to promise the electorate debt fuelled bribes over responsible government the price for which is ultimately paid for by inflation. Therefore the more responsible the coalition movement acts, the less likely they are to get re-elected. Which means times-up ! Get ready to expect just as big voter bribes during 2014 that the last Labour government made which translates into INFLATION.

The coalition government response was to continue to bribe voters by extending the SMI scheme into 2016. This effectively acts as another significant prop for UK house prices.

Bank of England 0.5% Interest Rates for More 3 Years?

"We won't even begin to think about raising interest rates until we see the unemployment rate go to 7%" - Mark Carney. With that the new Governor of the Bank of England did away with over 4 years of Mervyn Kings smoke and mirrors propaganda of temporary emergency low interests of just 0.5%, and money printing of £500 billion, the consequence of which is theft of purchasing power from savings and worker wages by means of high real inflation, transferring this stolen wealth to the bankrupt banking crime syndicate, and the government so that it can continue to maintain vested interest voting blocks, by bribing the electorate with debt and printed money that is not backed by any economic activity.

The current unemployment rate is 7.8%, and the BoE forecasts it will take 3 years to get it to 7%, therefore Mark Carney announced that the policy of near zero interests will remain for at least another three years so as to to finance government deficit spending (debt interest), continue to funnel cash into the banking crime syndicate, and force the increasingly depressed savers to throw in the towel to either invest in assets such as housing or go on a spending / consumption binge in an attempt at inflating the economy through the services sector so that many millions more low paid service sector jobs (wage slaves) can be created so that the government and the Bank of England can claim success at having reduced the unemployment % rate, because they know that it is impossible for Britain to create high paying manufacturing jobs in any significant numbers due to intense competition from Asia at near 1/10th Britain's wages, and as a consequence of technological advances such as robotics which means that there will never again be the level of demand for blue collar workers as there was up until the mid 1970's, as factories will continue to become more automated, thus the trend will continue towards requiring fewer and fewer high paid manufacturing workers.

Mark Carney's governorship therefore represents a case of business as usual which means a continuation of the official policy of rampant money and debt printing in perpetuity, the consequences of which is the ongoing exponential inflation mega-trend that currently manifests itself in an official inflation rate of 2.7% CPI, though real inflation tends to average between 1 to 1.5% above the highly suspect official rate therefore at between 3.7% and 4.2%.

My expectations are for inflation to ratchet up to an average CPI rate of 4.5%, as I have warned of several times during the year - 16 May 2013 - Mervyn King Mission Accomplished, Bankster's Saved, Debt Monetized Via QE Stealth Inflation Theft

An average rate of 4.5%, with a trend oscillating between a rate of 7% to 2.5%, which is the probable UK inflation trajectory over the next 5 years, with real inflation averaging at 6% per annum.

As most of the new jobs created will go to more productive and hard working immigrants, whilst the unproductive, lazy, de-evolving unemployable benefits for life class, will largely continue to remain unemployed, the net effect is that for a slow decline in the official unemployment rate, coupled with huge demand for resources such as housing created by continuing high immigration, therefore expect a much higher inflation rate than most can imagine today.

Expect when UK Unemployment falls to 7% for the UK Inflation rate to have also risen to 7%.

Savers are left with little choice, either keep their cash in the bank and continue to have it systematically stolen by means of inflation or leverage themselves to inflation by primarily investing in the housing market. Soon even the dumbest of savers will be able to do the maths by figuring out the difference between 1% return on savings in the bank compared to 10% increase in property capital values per annum.

Interest Rates to Rise Sooner than Anyone Expects?

So, according to the Bank England the next interest rate rise is at least 3 years away. Well I'll let you you into a little secret, and that is when the government or one of its institutions makes a definite statement that x is going to happen for many years, a bandwagon on which over 90% of the media jumps onboard, then there is a very high probability that the exact opposite is going to happen!

Therefore forget about 0.5% UK interest rates in 3 years time, far more probable is 4.5% interest rates by the end of NEXT year! This is not something that I've plucked out of thin air but is based on the conclusion of my long standing analysis dating back to March 2011 (08 Mar 2011 - UK Interest Rate Forecast 2011 - Conclusion and Implications - Part 2), I even wrote a whole ebook explaining why I expected UK interest rates would rise to 4.5% by the end of 2014. (The Interest Rate Mega-trend - FREE DOWNLOAD). Which implies significantly HIGHER mortgage interest rates than anyone expects today.

The point is that the Bank of England does NOT control interest rates, instead interest rates are controlled by the money markets. All it would take for interest rates to rise is for a relentless flow of foreign currency out of the UK. The reasons for which will become apparent with the benefit of hindsight, which I can only speculate about at this point in time, such as worsening inflation expectations, or that the flaws in the Euro-zone are fixed, or any one of a 10 other possibilities, which I am sure the academics looking in their rear view mirrors will happily write about for many years AFTER the fact!

Off course when interest rates rise by the end of next year the academics and the mass media that have swallowed the 0.5% interest rate economic propaganda hook line and sinker will all suffer collective amnesia and march on as though they had always anticipated high UK interest rates all along, as will Mark Carney at the Bank of England.

Higher Mortgage Interest Rates Impact on the Housing Bull Market

I am sure that many people reading this will naturally conclude that higher interest rates will be a big negative for the housing market that could imply a bear market or even market crash. I am sure such expectations will become prevalent in the mainstream press as soon as interest rates start to rise, but I am going tell you now, long before even the first interest rate hike takes place that interest rate hikes are NOT going to make ANY difference to the housing bull market, for the rate rises would reflect a normalisation of the UK interest rate market and NOT a panic event.

Again the primary driver will be SENTIMENT!

When house prices are rising at a pace that is more than people earn, will their mortgage costs rising by approx 1/3rd make such an impact on sentiment? I don't think so, not by the end of 2014 when the UK housing market will be rising by at least 10% per annum, or on average prices of £230k of about £23k per annum! TAX FREE! (own properties).

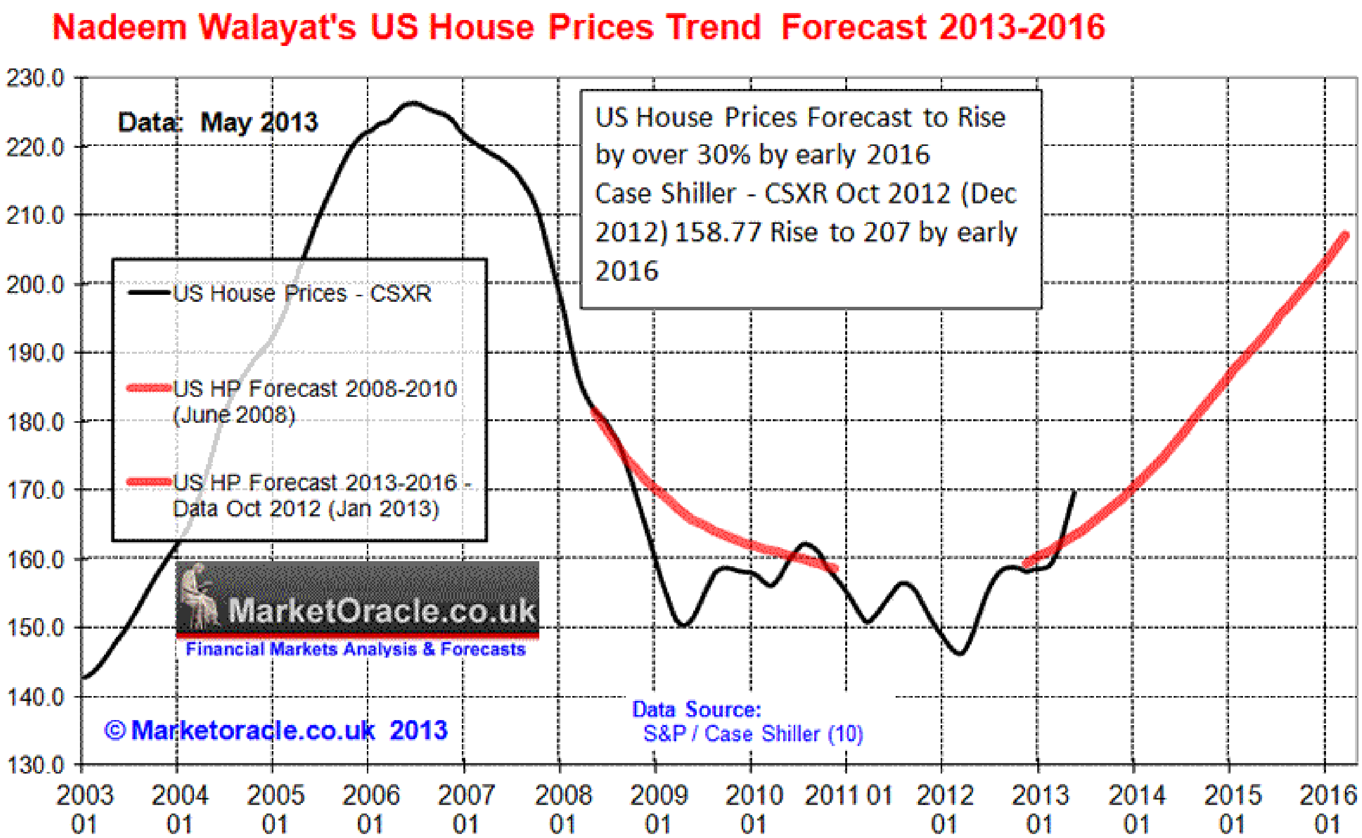
So

1. Prepare for interest rate hikes long before anyone in the mainstream media or academics can imagine today.

2. That the rate rises will NOT result in a bear market or worse a crash as the trend momentum by then will have a couple of years under it's belt and the longer a trend goes on the more likely it is to continue towards the final blow off bubble stage, that would still be many years away.

U.S. Housing Market Trend Trajectory

My expectations are for the UK to follow a similar trend trajectory as that of the US as per my analysis and concluding trend forecast of January (12 Jan 2013 - U.S. Housing Real Estate Market House Prices Trend Forecast 2013 to 2016), that forecast US house prices to target a rise of 30% by early 2016 and so will likely the UK. An updated graph for the case shiller US house prices index shows that the US house prices are now soaring, clearly this parabolic trajectory is NOT sustainable, so I am expecting the pace of US house prices growth to moderate over the coming months to oscillate around my expected trend trajectory. Still this should act as a warning shot across the bows of all those who are WAITING to buy, as such indecisiveness could prove very costly!



The bottom line is that the UK bull market is only just getting underway and will likely last the remainder of this decade, yes there will be overbought states when prices run away to more than 20% per annum followed by corrections that see virtually zero or even negative growth for a month or two, but the over-riding trend will be that of a strong bull market, that in terms of momentum will average at least 10% per annum.

US and UK Soaring House Prices Bull Market Momentum - Video

Aug 27, 2013 - http://www.marketoracle.co.uk/Article42027.html

Despite academic and mainstream press skepticism, US and UK house prices are literally starting to soar in response to government measures aimed at boosting housing market sentiment into sustainable bull market trajectories, that I expect could continue for the remainder of this decade.

Final Warning UK House Prices Boom Imminent!

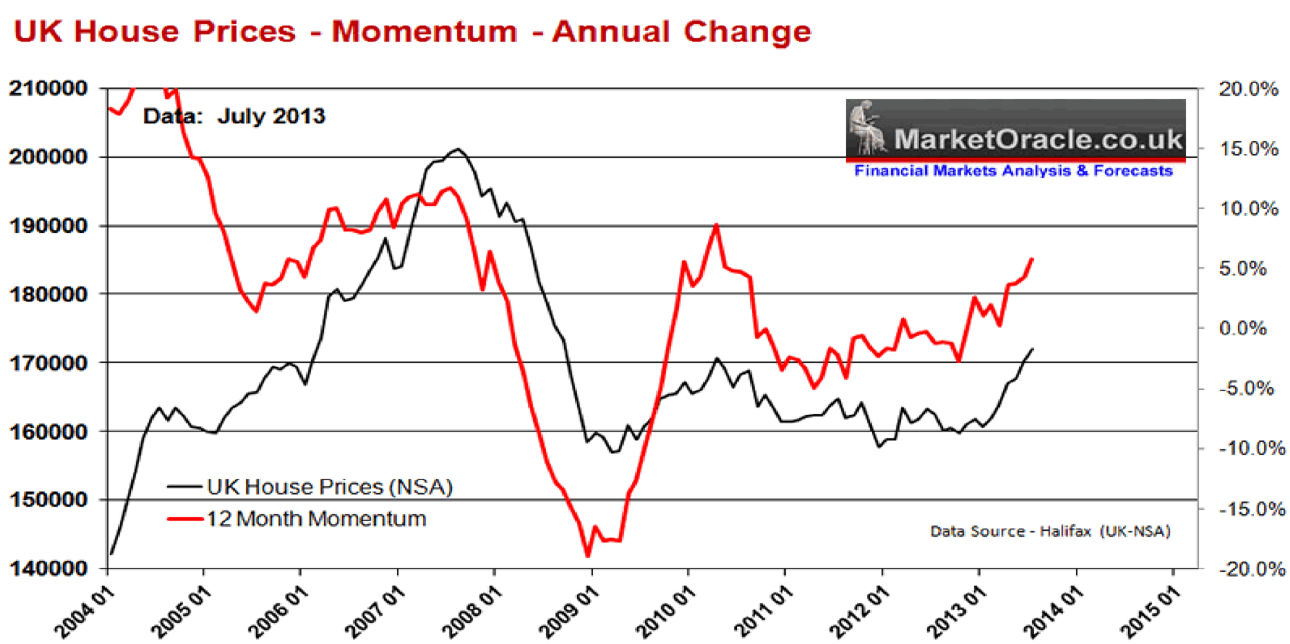
Sep 10, 2013 - http://www.marketoracle.co.uk/Article42199.html

At this very moment in time, long before the EFFECTS will become manifest in the underlying prices data, the UK housing market is fast accelerating towards a boom BEFORE the end of this year as the latest news out of the UK housing market continues to gives strong indications towards.

The Royal Institution of Chartered Surveyors today reports that UK house prices are now rising at their fastest pace in 7 years as their seasonally adjusted houses prices balance climbed to a reading of +40 from an upward revision to +37 for July, the highest since November 2006, with RICS now forecasting a 2.2% rise in house prices over the coming year. Additionally the average number of proprieties sold per surveyor per quarter rose to 17.9, the highest in near 4 years.

The UK housing market momentum is continuing to accelerate towards a boom of over 10% per annum as per the conclusion of my last in depth analysis of mid August - [UK House Prices Bull Market Soaring Momentum, 10% Inflation by October?](#)

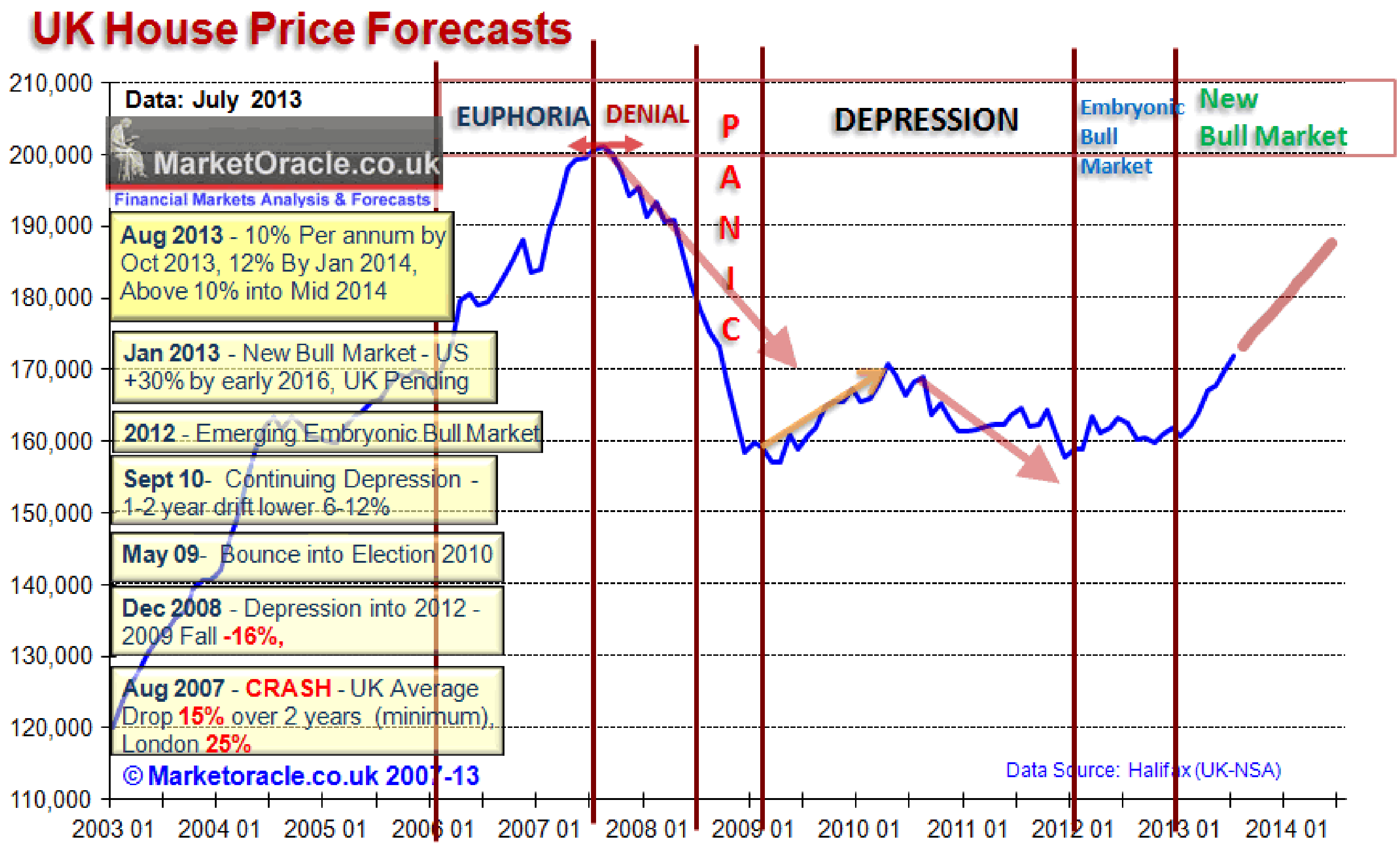
Where my expectations were for house prices momentum to rise from 4.6% (July data) to at least 10% for October data, and reach 12%+ by January 2014 data as excerpted below:



In terms of the bull markets current momentum, ***the UK housing market is accelerating towards an annual inflation rate of at least 10% per annum.*** *Given the markets current trend trajectory,* ***UK house prices could be rising by 10% per annum as early as on release of the Halifax data (NSA) for October 2013 (in November)****, and continue accelerating to a* ***rate of more than 12% per annum for January 2014 data*** *(released Feb 2014).*

Therefore all those waiting to decide where to buy or not, then you should take this as your final warning that house prices are literally about to enter a boom phase when within just a couple of months time the mainstream press will become saturated with stories of a UK house prices boom.

Re-cap of the UK House Prices Trend Trajectories



The actual signal for change from an embryonic bull market into a bull market proper came in September 2012 following the governments announcements proposing to double permitted developments for home owners, which had the near immediate effect of changing housing market sentiment long before the first building works could be commenced, as it would trigger demand for property with a view to extending as well as owners seeking to contract builders as I pointed out at the time right at the bottom of the UK housing market for 2012.

06 Sep 2012 - Super Mario Draghi Triggers Stocks Stealth Bull Market Rallies to New Bull Market Highs

This years convergence towards housing market bottoms such as the UK and US presenting one of those once in a couple of decades opportunities to climb aboard what still are embryonic bull markets, just as I strongly suggested the birth of a new multi-year stocks stealth bull market in March 2009

08 Sep 2012 - UK Home Extension Planning Rules Relaxed to Boost Economy, Trigger Housing Bull Market

I am continuing to see positive signs towards a multi-year bull market, so I am giving you another head start on an emerging probable multi-year bull market in UK housing.

The announcement was followed by further government measures that would boost sentiment long before the policies would be implemented in any significant number such as George Osbourne's March budget announcement to effectively create a UK subprime mortgage market by paying 20% of the deposit on first new builds and from 1st of January 2014 all properties upto a value of £600k.

20 Mar 2013 - George Osborne Boosts UK Subprime Housing Market Ahead of Election Boom

Creating a UK Subprime Housing Bubble

The chancellors announcement of £130 billion mortgage guarantees effectively amounts to seeking to ultimately create a UK version of U.S. Fannie Mae and Freddie Mac that will eventually blow up in spectacular style as more and more house buying voters expect to be bribed at each election and therefore the £130 billion will mushroom to one day stand at well over £1 trillion of liabilities, off course the bust will come AFTER the next housing boom, so this and the next government need not worry themselves for the consequences of creating a UK subprime housing bubble as the consequences of which tax payers will be liable for in a decade or so's time which means another financial crisis as this repeats the SAME mistakes of mortgage backed securities i.e. the lenders are not liable for the risks so can take on more risky loans for commission as the liabilities will be with tax payers.

As mentioned above, this scheme will be extended from the 1st of Jan 2014 to allow prospective home buyers to buy ANY property (not just new builds) with the government financing 20% of a deposit upto £600k, or £120k of tax payer money going towards EACH prospective buyers home purchase, which EFFECTS market sentiment in the PRESENT.

The bottom line is to take this as your final warning for a UK house prices boom as those waiting on the sidelines have only a matter of weeks to act before housing market sentiment responds to a market that is rising at a rate of more than 10% per annum. The days of under offering for good houses in good locations is about to end.

In terms of the long-term picture, my view remains that I expect this housing bull market to last the REMAINDER of this DECADE.

Over the past 18 months, virtually everyone I know personally has gotten the unequivocal once in a decade buying opportunity message and acted, hopefully many of my readers will have also gotten the message and acted, rather than to be found kicking themselves by year end due to delaying action.

Again, those who are skeptical for an imminent strong UK housing bull market need to understand that the Bank of England is extremely reluctant to raise interest rates, in fact the new governor literally stated NO RISE for THREE YEARS! That and an election 2 years away means there is NOTHING to counteract SOARING Prices, Instead as my last article on sentiment explained at length the sentiment will feed on itself where we could easily see house prices soaring well beyond anything we can imagine today. My existing analysis concludes in a forecast momentum of 12% for Jan 2014, my unconfirmed expectations are that such a momentum should be able to be sustained for most of 2014, more on the outlook for the whole of 2014 over the next few months.

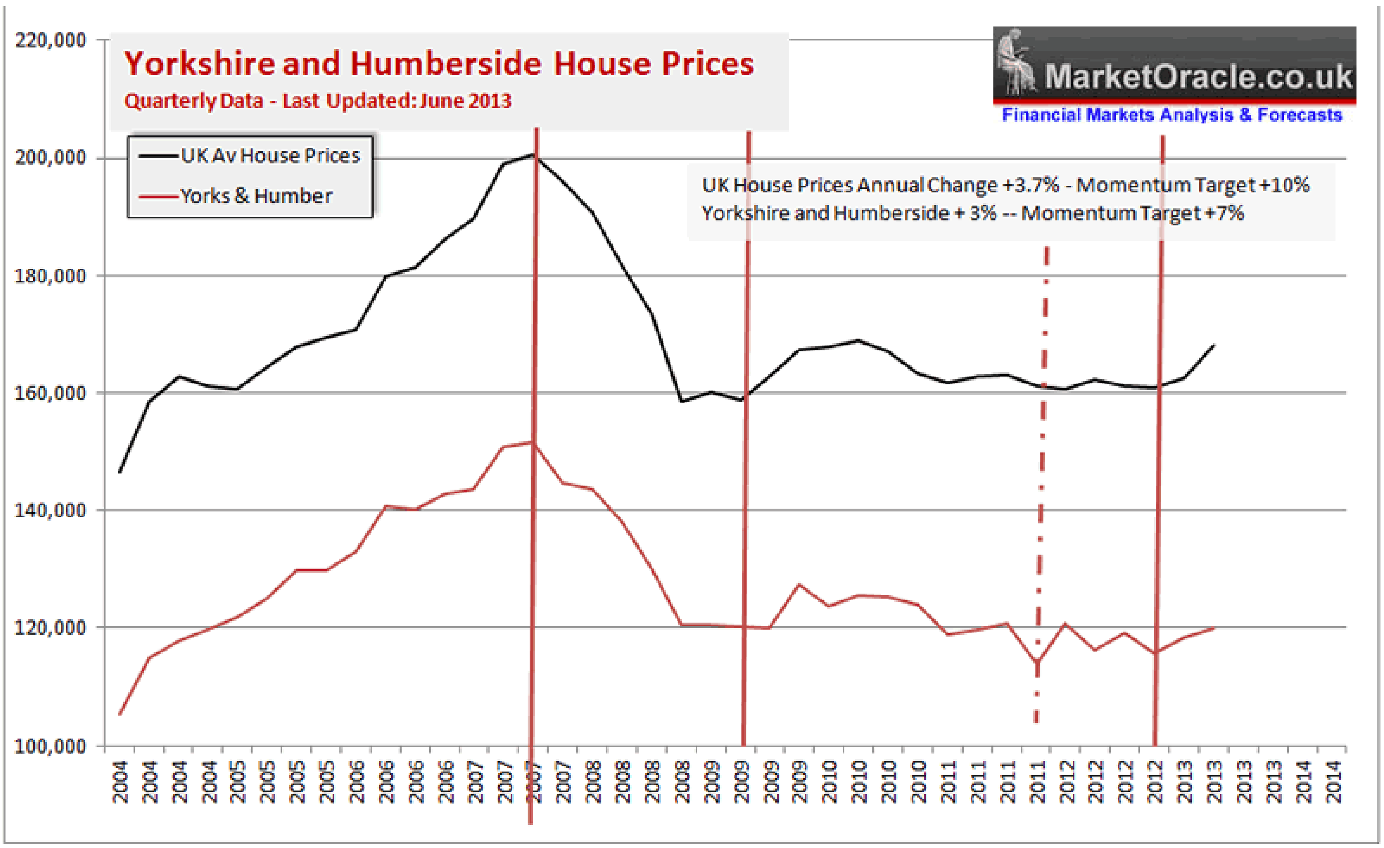
Sheffield House Prices Forecast, UK, Yorkshire and Humber

Sep 22, 2013 - http://www.marketoracle.co.uk/Article42374.html

Whilst average UK house prices are rising at an annual rate of 4%, London on the other hand is trundling along at near 10% per annum, homing in on their 2007 highs, meanwhile areas such as Yorkshire and Humberside are lagging behind the national trend with average house prices rising at an annual rate of just 3% and where Sheffield, Y&H's largest city has been seized upon by both politicians and the mainstream press to make the point that house prices are only booming in London whilst cities such as Sheffield are assumed to be continuing to stagnate.

Firstly, In terms of the big national picture, my expectations are for average UK house prices to be rising at a rate of 10% per annum this year and possibly as early as on release of October data this November, and that I expect the trend of 10% per annum to continue into at least Mid 2014 as illustrated by 19 Aug 2013 - [UK House Prices Bull Market Soaring Momentum, 10% Inflation by October?](#))

In terms of forecast price momentum for Yorkshire and Humberside, this region clearly lags the national average as a consequence of deeply rooted socialist economic tendencies that results in a much larger public sector, and conversely smaller private sector, the consequences of which has meant a deeper impact of government spending cuts and less developed private sector to fill the gap than for instance the South East region. Therefore I expect Y&H to lag the UK average by about 3%, thus the region targets an annual price gain momentum of 7% per annum by the end of this year.



However the averages mask the real price trends which is the differences in trends between affluent, middle and deprived areas both within regions and within individual cities.

Some of the Key Drivers for House Prices Trends

- Population Growth and Decline- Some areas of the city are witnessing falling or stagnant populations, which usually effects the mid range properties of an area rather than those at the higher or lower end, such as the North and the South of the City, which results in those seeking to sell properties over inflating asking prices as they compare general price trends across the city against their own properties expectations. The effect can be as serious as making the difference between 50% price increase over 10 years.

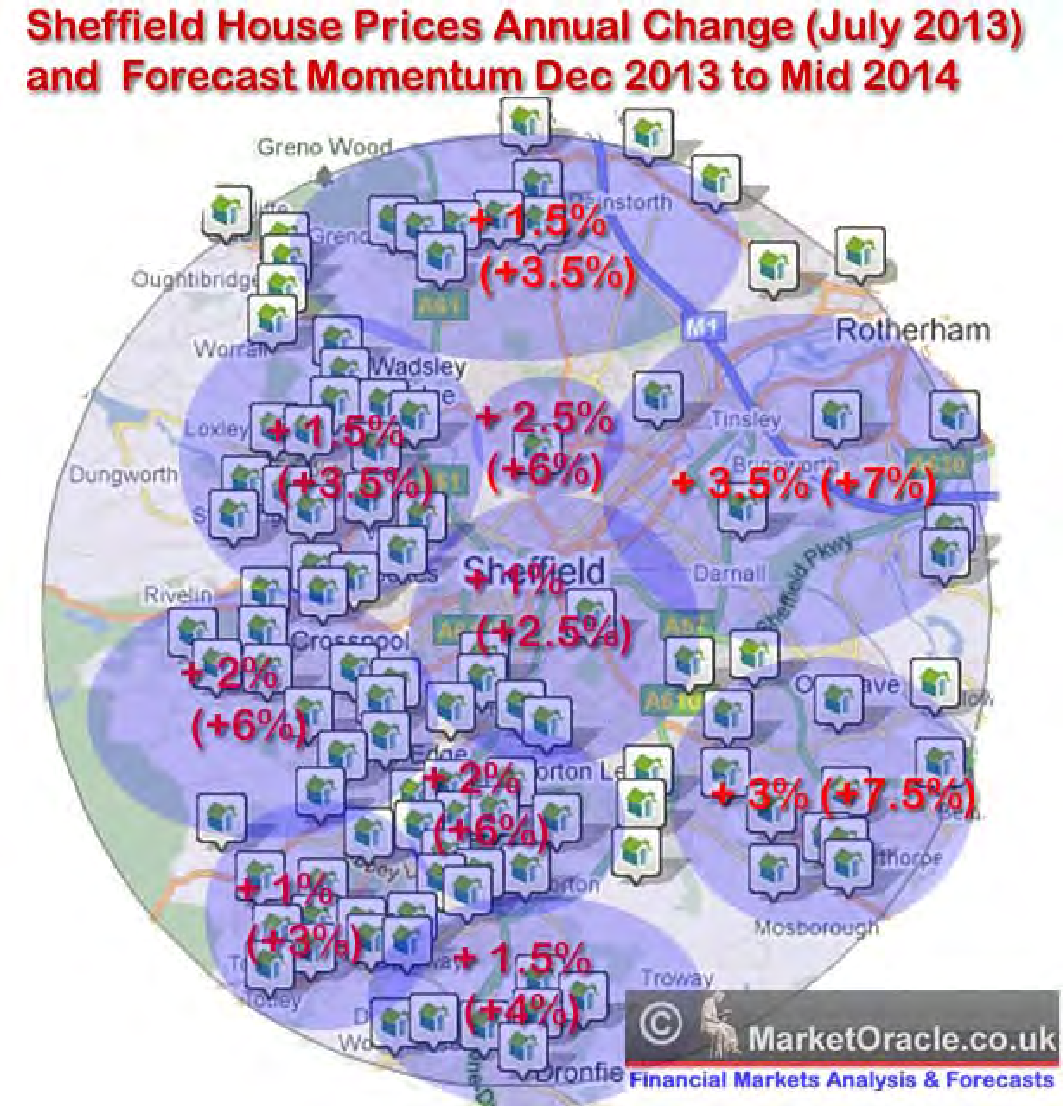
  Local Schools Changing Performance - House prices can be effected in both directions if the local schools improve or decline in performance over time, which in some instances may fail to register with home sellers as their children may have grown up many years ago. However, whilst the teachers of 'GOOD' schools can boast of their hard work, the truth is that it is the

PARENTS who determine whether a school is good or bad and NOT the quality of teaching. The facts are that middle class parents go out of their way to educate their children including much extra curricular activity. Whilst parents of deprived area's tend to wholly leave it to the FREE state to educate, and pay little regard to extracurricular activity or other factors such as general behaviour.

- House Price Crash Aftermath - Houses tend to crash hardest in the deprived areas, as they are last to join the boom and first to feel the bust. Whilst affluent 'good' areas are nearly always in demand and thus price falls are cushioned. This also means that poorer areas are likely to see a greater percentage gain as they are starting at a lower base.
- Rivers - Up until June 2007 when Sheffield was hit with the Great Flood, many Sheffielders had never taken the issue of flooding seriously, however that no longer applies where the path of Sheffield's many rivers has negatively impacted on house prices that are deemed to be at risk of flooding and therefore likely to incur difficulty in insuring, which effects both affluent and the poorer areas equally, where a matter of a 100 metres can effect similar houses to the difference of as much as 25% in price as well as resulting in greater supply on the market as these flood risk housing is more likely to remain on the market for far longer than properties elsewhere. The same holds true for all of the UK's major cities that are built on canal and river water ways.
- New Houses - New housing stock usually from the low to middle price range areas of the city are unlikely to appreciate much during the first 10 years. Which can result in over valuations by sellers as they price their houses in terms of how average properties in their area's have appreciated. New stock tends to be created in greater quantity more in the lower price category.
- Competition for Properties - The affluent areas attract greater competition for properties than the more deprived areas, especially as they are the prime locations for those migrating from more affluent areas of the UK such as London, i.e. someone moving to Sheffield from London is approximately 20X more likely to buy a property in S10 or S11 than S5.
- Competing Estate Agents - There is be greater competition in affluent areas between estate agents for business due to higher potential commissions, therefore there is a tendency to more aggressively value these properties so as to secure business and shut out other agents.
- Crime Rates - Even a few bad crime stories of shootings and killings can have a significant and lasting effect on buyer sentiment for an area as well as the longer-term trends for crimes such as burglaries.
- Social Housing - Areas with more social housing will tend to see less appreciation in house prices due to the difference in presentation of properties between social housing tenants and owner occupiers.
- No or Negative Equity - Home owners in the less affluent areas tend to be trapped into little or negative equity properties and thus will find it difficult to price their properties at a level that the market will bear. Whilst there is a greater propensity for demand from cash buyers for more affluent properties.
- Immigration - Continuing high immigration, increasingly results in the indigenous population migrating out of these areas towards the more ethnically similar areas of the city i.e. which mainly means the more recently built suburbs. This tends to result in demand for middle end properties in in the suburbs as well as for the high immigrant areas, where particularly for rental investment purposes rather than larger residencies for own occupation.
- Public Sector Recession - Just as the Olympics boosted many areas of London, so is the public sector recession as a consequence of 500,000 public sector job losses depressing areas where public sector works tend to reside and that impacts harder on Northern UK cities such as Sheffield, Liverpool, Newcastle than Southern cities. Therefore resulting in weaker prices for those areas of Sheffield where public sector workers tend to reside i.e. inner city middle income bracket property areas, hence higher supply resulting in a very wide margin of difference between seller expectations and what the market is actually prepared to pay for such properties.
- Private Sector Boom - Conversely whilst areas heavily reliant on public sector employment suffer, areas of the city populated by professionals and business people are benefiting in terms of the coalition governments policies of zero interest rates easy money, as business are able to profit from emerging opportunities as a consequence of a shrinking public sector against which they were previously unable to compete.
- Distance from City Centre - Affluent areas that are within 3 miles of the city centre tend to be far more in demand than those further away that would demand greater traveling time i.e. in Sheffield's example S11 is far more favoured than S17 for this reason.

These key drivers for Sheffield are just as valid for most UK cities.

The below graph details my concluding forecasts for the annual rate of price change by area's of the city of Sheffield for the end of 2013, which is set against the actual price changes over the past 12 months (July 2013 Data). The forecast average for the city as a whole is approx 5.5%.



David Cameron Brings Forward Help to Buy Mortgages, Stoking House Prices Bubble, Election Boom

Sep 29, 2013 - http://www.marketoracle.co.uk/Article42474.html

The coalition government is ramping up its efforts for not just igniting economic recovery but an election boom as David Cameron announces that the Help to Buy Scheme which was due to be extended to all house purchases upto £600k from January 1st 2014, will instead now commence this coming week. This is a clear case of actions speaking louder than words for literally just days ago George Osbourne was issuing statements that he wanted the Bank of England to step in to prevent a housing bubble, we even had the likes of Vince Cable calling on the 2nd phase of Help to Buy to be scrapped, instead the Coalition governments ACTIONS for over a year have been one of escalating efforts towards stoking a house prices bubble in an attempt at igniting an ELECTION BOOM, an election that could come much earlier than the consensus expects.

The Conservative strategy is clearly to go for broke, to maximise economic growth and the 'feel food factor' for this will give David Cameron an additional option of attempting to win an outright majority by going for an EARLIER election than May 2015, as I suggested several weeks ago (Army of Estate Agents Recruited for UK House Prices Boom, Election May 2014?), that the election could come as early as May 2014.

*When house prices boom so does the **ECONOMY!** George Osbourne appears not to be taking any chances as he is well ahead of schedule for an May 2015 election economic boom that is still near 2 years away. Which raises the question, could the next general election come a year earlier? Is that the **Conservative secret plan for a May 2014 election?** For that is what is implied by an imminent housing market boom that will feed into an economic boom going into Mid 2014!*

The Help to Buy Scheme announced in the March 2013 budget consequences are one of creating a UK subprime mortgage market by means of the government loaning upto 20% (£120k) for first new builds and now any property upto a value of £600k. What this means is home buyers ONLY need a £30k deposit to BUY a £600k property at an LTV of 75%. Before Help to Buy, buyers with a 30k deposit could only afford to buy a £120k property! Therefore the EFFECT of Help to Buy is of a monumental boost to UK house price inflation, as this quadruples the amount of debt home buyers can take on.

It's not rocket science, it's actually quite simple: Limited Supply + Quadruple Demand = House Prices Boom!

The strategy in bringing forward of the Help to Buy Scheme for all properties is clearly aimed at building on housing market sentiment towards a trend trajectory of average UK house prices rising at a rate of at least 10% per annum, which is precisely inline with my forecast momentum for UK house prices to be rising by 10% per annum as of October 2014 data, and all the way into Mid 2014.

Whilst the new bull market of 2013 morphs into the raging bull market of 2014, I can imagine many house hunters waiting to buy will now be hoping that the effect of the Help to Buy scheme on house prices will be short-lived, however know this that my long standing expectations remain for THIS bull market to last for the remainder of this decade. Ensure you are subscribed to my always FREE newsletter as my in-depth analysis resolves towards a detailed trend forecast for many years beyond Mid 2014.

Yours analyst waiting for the PANIC Buying headlines in the mainstream press. Forget under offers, it's offers OVER for an increasing number of areas of the country as I warned several weeks ago - Final Warning UK House Prices Boom Imminent!

The bottom line is to take this as your final warning for a UK house prices boom as those waiting on the sidelines have only a matter of weeks to act before housing market sentiment responds to a market that is rising at a rate of more than 10% per annum. The days of under offering for good houses in good locations is about to end

The bottom line is this remember to IGNORE what spouts from the mouths of ALL politicians, instead LOOK at their ACTIONS! And the mainstream press will ALWAYS be several years BEHIND the curve, after all they are just journalists, not analysts, not traders, not investors, not speculators, Just Journalists who think they are economists (pseudo-economists), without understanding that economics is nothing more than political propaganda.

New Help to Buy Mortgages Halifax, RBS, Nat West, HSBC, Virgin Money, Aldermore, Santander

Oct 11, 2013 - http://www.marketoracle.co.uk/Article42641.html

David Cameron brought forward the Help to Buy scheme phase 2 by 3 months to 7th of October 2013 to help kick start a UK housing market lead election economic boom which means that despite the governments five year fixed term date for a May 2015 general election, in reality the election could come at anytime between May 2014 and May 2015. Therefore the stronger the economy the more election cards David Cameron will have to play in the run up to the next general election.

The help to buy scheme phase 2 extends the government loan guarantee to all home buyers (not just new builds for phase1), which simply leverages home buyers with just 5% deposits upto 20%. I.e. if you have a £25k deposit then as of Phase 2 (as far as the banks are concerned) you now have a £100k deposit as the government now guarantees the banks against losses on the additional £75k (15%). The effect of this is to greatly extend the amount of debt that banks are willing to lend and thus home buyers can afford higher priced homes.

Pre Help to Buy Phase 2

A £25k deposit at 80% LTV would only allow for a maximum mortgage loan of £125,000.

As an example a couple on a combined income of £60k with a £25k deposit would only be able to borrow a maximum of £125k on an LTV of 80%, and thus afford to buy a property in the £150k price range.

Post Help to Buy Phase 2

Now a £25k cash deposit at the same effective 80% LTV will allow a home buyer to borrow upto a maximum mortgage loan of £500,000 at an actual LTV of 95%! Which represents a huge potential expansion in borrowing capacity, subject to earnings.

As an example a couple on a combined income of £60k with a £25k deposit would now be able to borrow a maximum of £210k on an LTV of 95% (effective 80% LTV), and thus now be able to buy a property in the £235k price range, some £85k higher than last week.

New Help to Buy Mortgages

During the past week many banks have been busy announcing their Help to Buy 95% (80%) mortgages as illustrated below-

Bank	Interest Rate	Fix	Fee
Halifax (Tax payer bank)	5.19%	2 years	£995
RBS / Nat West (Tax payer bank)	4.99%	2 years	£0
RBS / Nat West (Tax payer bank)	5.49%	5 years	£0
HSBC	From Dec 2013		
Santander	From Jan 2014		
Aldermore	From Jan 2014		
Virgin Money	From Jan 2014		
Barclays	Pending		
Nationwide	Pending		

Will Help to Buy Phase 2 Create a Housing bubble?

The coalition government politicians don't think so. But in reality off course it will because the DEMAND for mortgages could literally DOUBLE! The government has initially ear marked £12 billion towards the scheme which with an average guarantee of £40k would be enough to cover 300,000 Help to Buy mortgages, enough financing for about a years worth of expected demand.

Thus huge extra demand and limited supply means soaring house prices as I warned before the start of Phase 1 in March 2013.

PANIC BUYING!

The effect of INFLATING house prices at a rate of AT LEAST 10% per annum WILL result in PANIC BUYING as people will FEAR waiting to buy, especially as from now on it is a case of OFFERS OVER ASKING PRICES for MANY and an expanding number of areas of the country that will likely see house prices being marked SHARPLY HIGHER over barely a few weeks ago in response to the increased footfall of prospective buyers as the house prices boom shockwave's continue to emanate out of the London epicentre in increasing waves of magnitude.

~~Help to Buy~~ - Help to Elect a Conservative Government

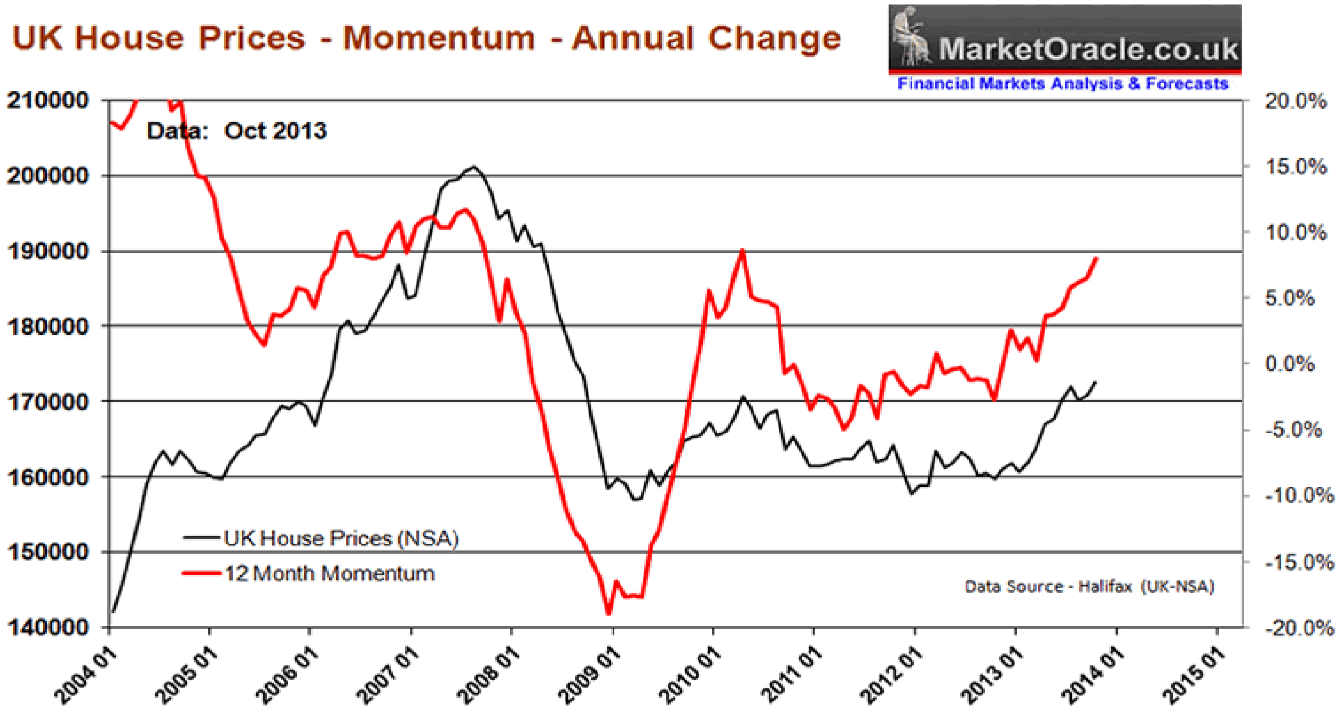
Soon home owners will be seeing their house values rising at a monthly rate that is greater than their earnings and thus will be far more inclined to vote Conservative in gratitude for the increase in their paper wealth, despite the fact that it is NOT real wealth but just a means of creating MORE debt which my next in-depth analysis will explain at length - to get this analysis in your email in box, ensure you are subscribed to my ALWAYS FREE Newsletter.

UK House Prices Boom Propelling GDP Economic Growth to Above 3%, Interest Rates Pressure Cooker

Nov 18, 2013 - http://www.marketoracle.co.uk/Article43160.html

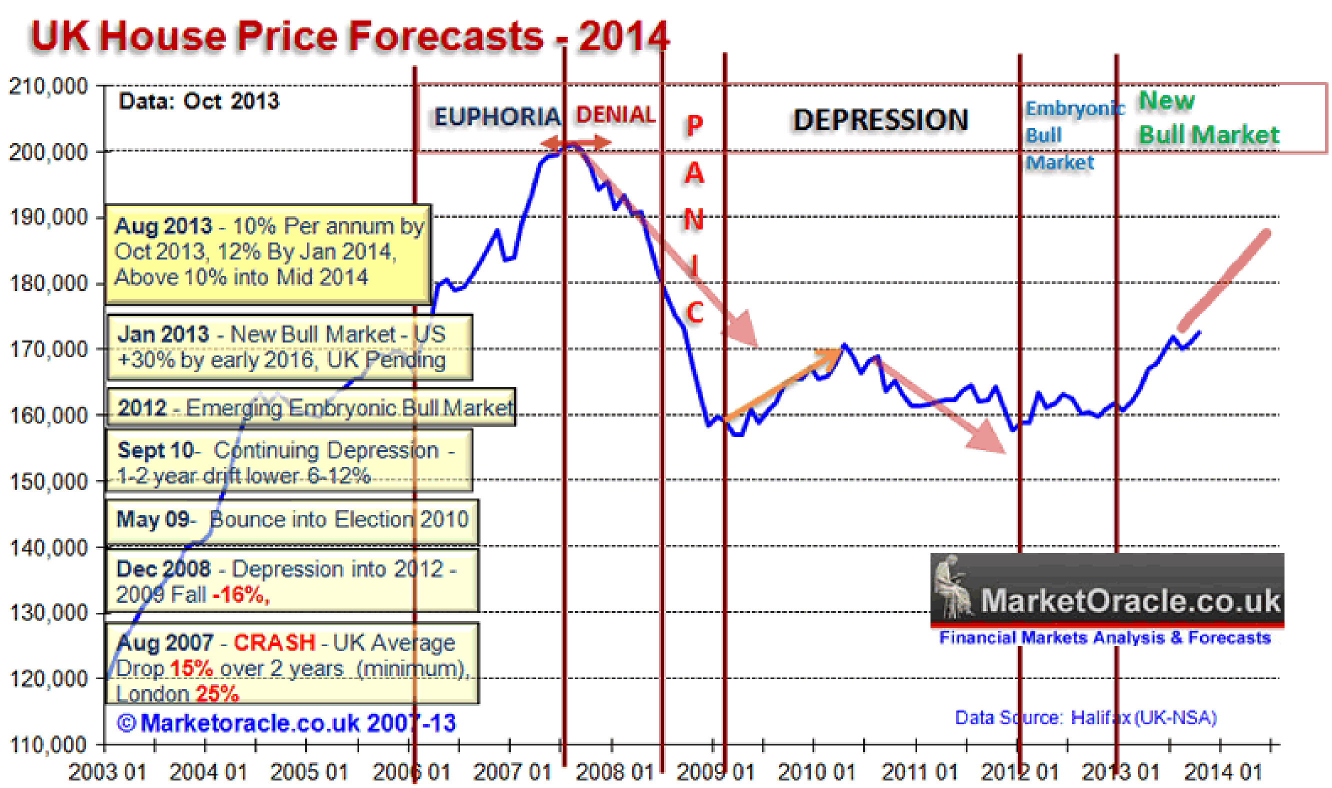
Britain's house prices bull market momentum as a consequence of 5 years of ZIRP and rampant money printing is finally and rapidly starting to translate into positive economic data as illustrated by the unemployment rate tumbling to 7.6% and GDP growth rate of 0.8% for Q3, which prompted many academic economists from the Bank of England downwards to busily revise doom and gloom forecasts of in some cases just 1% GDP growth to now a high 2.5% as illustrated by Money Printing Mark Carneys latest quarterly Inflation report forecast for 2014, that in my opinion could easily exceed 3% with Inflation consequences for in excess of CPI 3% that will result in far more than mere hints of interest rate hikes that the mainstream press has been busy scrambling over these past few days to commentate on the risks of.

UK house prices as measured by the Halifax (NSA) are now rising at a rate of 8% per annum as opposed to falling at a rate of over 2% per annum when I flagged an imminent UK housing multi-year bull market over a year ago.



However, UK house prices momentum of 8% per annum whilst taking many academics by surprise lags my forecast expectations of house prices to be rising by 10% per annum for October data (19 Aug 2013 - [UK House Prices Bull Market Soaring Momentum, 10% Inflation by October?]). In my opinion this suggests that UK house prices will continue accelerating over the next 3 months to target an inflation rate of at least 11% per annum for January 2014 data.

In terms of forecast trend trajectory, UK house prices trend currently stands approx 1.5% below my forecast expectations.



The mainstream press is now correctly (over 6 months behind the curve) pointing to George Osbourne's Help to Buy Scheme and its recent expansion as a significant factor in helping to drive house prices momentum to 8%, which in my opinion could result in a doubling of housing market demand during 2014.

UK Interest Rates Pressure Cooker

The mainstream financial press after having swallowed Bank of England Propaganda for virtually the whole of 2013 that UK Interest rates would be kept on hold until 2016 as a consequence of the Bank of England targeting a 7% Unemployment rate, are now following hints by Mark Carney that rates could rise before the end of next year and so can be seen scrambling to write reams and reams of commentary that nearly always stands at least a year behind the curve.

Whilst my expectations have remained consistent since March 2011 in expecting UK Base Interest rates to target 4.5% by the end of 2014, which is still something far beyond anything that the collective consciousness of the mainstream financial press even after Mark Carneys recent statement as warned of several months ago of what to expect would happen to the UK inflation and interest rates as the UK converged on an 7% Unemployment rate.

So what is missing from recent optimistic press reporting on accelerating UK GDP growth that I expect will exceed 3% for 2014, is the INFLATION consequences and that is RISING INTEREST RATES! Not hints of, but actual rate hikes far beyond anything that is being imagined today.

What many need to remember is that a 0.5% base interest rate is not NORMAL, it is a PANIC MEASURE purely to prevent the bankrupt Banking crime syndicate from imploding. Unfortunately, interest rates having been at 300 year lows for 5 years has conditioned many people into perceiving them to be the norm when they are NOT. The norm is more like 4.5% and NOT 0.5%.

Rising Interest Rates Impact on the Housing Market

Again, I refer to my earlier article - 19 Aug 2013 - UK House Prices Bull Market Soaring Momentum, 10% Inflation by October?

I am sure that many people reading this will naturally conclude that higher interest rates will be a big negative for the housing market that could imply a bear market or even market crash. I am sure such expectations will become prevalent in the mainstream press as soon as interest rates start to rise, but I am going tell you now, long before even the first interest rate hike takes place that interest rate hikes are NOT going to make ANY difference to the housing bull market, for the rate rises would reflect a normalisation of the UK interest rate market and NOT a panic event.

Again the primary driver will be SENTIMENT!

When house prices are rising at a pace that is more than people earn, will their mortgage costs rising by approx 1/3rd make such an impact on sentiment? I don't think so, not by the end of 2014 when the UK housing market will be rising by at least 10% per annum, or on average prices of £230k of about £23k per annum! TAX FREE! (own properties).

So

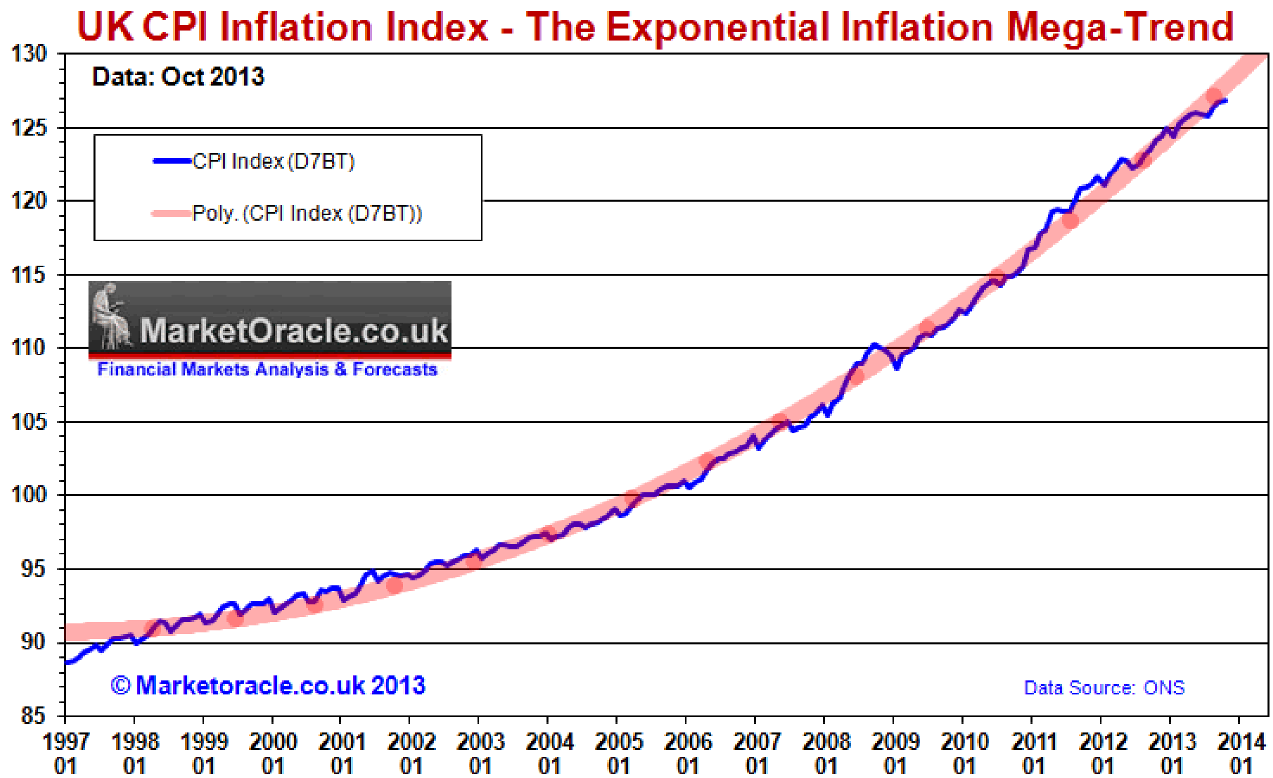
1. Prepare for interest rate hikes long before anyone in the mainstream media or academics can imagine today.

2. That the rate rises will NOT result in a bear market or worse a crash as the trend momentum by then will have a couple of years under it's belt and the longer a trend goes on the more likely it is to continue towards the final blow off bubble stage, that would still be many years away.

Though off course the Banking crime syndicate has not waited for the detached and largely irrelevant base interest rate to rise, for they have already been hiking borrowing rates for several years now to well above base rate.

The Exponential Inflation Mega-trend

The primary consequences money printing debt monetization programmes that all governments are engaged in, in an attempt to buy votes through deficit spending, is to feed the exponential inflation mega-trend. Which this article should act as a timely reminder of that asset prices are leveraged to and oscillate around the exponential inflation mega-trend which currently has UK inflation compounding inflation at the rate of 2.2% per year which resolves in the following exponential trend.



The above graph also continue to illustrate why the perpetual warnings of always imminent deflation are in denial of the reality of exponential inflation and are thus not only delusional but for those that espouse such deflationary scenario's year on year, then they must be suffering from a form of mental illness i.e. perpetual unwavering belief in something that does not even exist, much as one can say about the followers of the litany of cults that believe in the all knowing and seeing man in the sky.

The bottom line is this, a huge transfer of wealth us under way as a consequence of the exponential inflation mega-trend from those that work and rent (wage slaves) to those that own the assets (housing and stocks etc) as inflation both erodes purchasing power of earnings and inflates leveraged asset prices.

Bank of England UK Housing Market Bubble Panic is Mark Carney Playing Game of Thrones

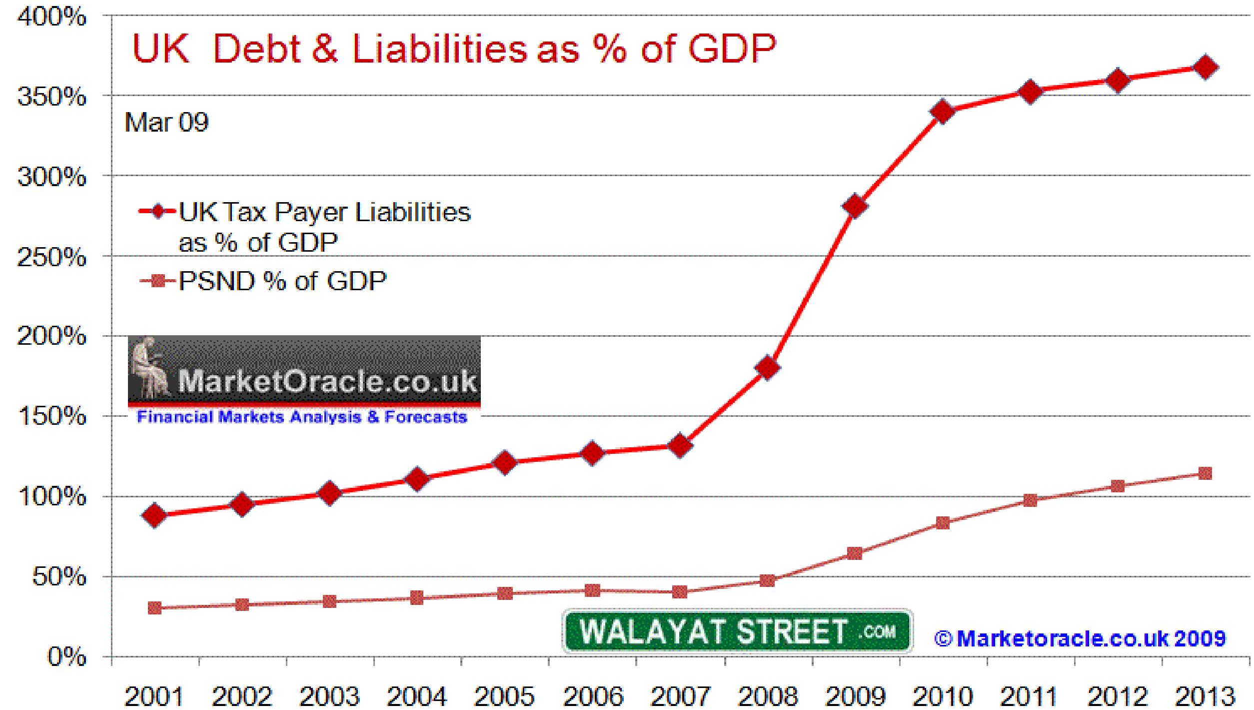
Nov 29, 2013 - http://www.marketoracle.co.uk/Article43337.html

The Bank of England's relentless, monotonous statements of a stable UK housing market for the whole of 2013 that have been dutifully regurgitated by the mainstream media was punctured yesterday as the broadcast news was full of the image of money printing Mark Carney issuing a warning of the risks of an unfolding UK housing market bubble that the Bank of England would seek to take measures to counter starting with withdrawal of the funding for lending scheme for mortgages from the end of Jan 2014.

However, has everyone forgotten what Mark Carney did for Canadian House Prices ? A reminder he pumped them up by over 80%! He is following the SAME PATTERN in the UK! For that is why he was hired because he is an expert at inflating housing market bubbles! All Mark Carney did by his latest statement is in effect to act as a character out of Game of Thrones series, hiding his crafty smile behind smoke and mirrors that stealthily seeks to inflate house and other asset prices.

So, in my opinion Mark Carney's statement amounts to nothing more than a chess piece move that the Bank of England is playing in this case its objective is to act as a back covering move in case the bubble gets out of control, because there is NOTHING that the Bank of England WILL Do to kill off the housing boom that is under way because THEY played a pivotal role in ENGINEERING it into existence both in terms of supporting their bankster crime syndicate brethren at the still mostly bankrupt banks, as well as following the dicatats of their political masters who are focused on engineering an election boom and to hell with the consequences in terms of inflation and interest rates, just as Gordon Brown's Labour government sought to bankrupt Britain to maximise labour votes in the run upto the May 2010 general election as I wrote a year beforehand -

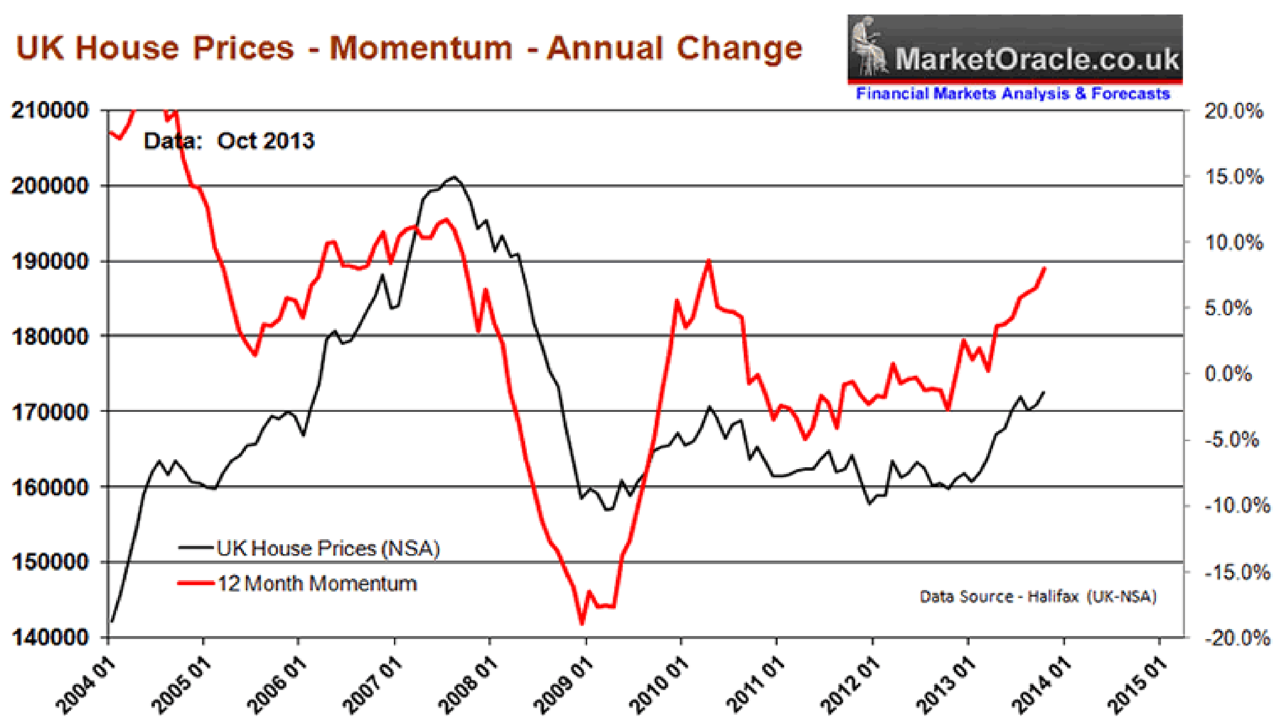
31 May 2009 - Labour Governments Bankrupt Scorched Earth UK Economy for the Conservative Government



In conclusion, the Labour government's primary objective now is to deliver David Cameron's Conservative government a scorched earth economy whilst at the same time engineering a debt fueled economic bounce to maximise the number of seats the party will be able to muster in opposition, therefore current opinion polls and projections of seats at the next election grossly under-estimate the actual number of seats Labour will win.

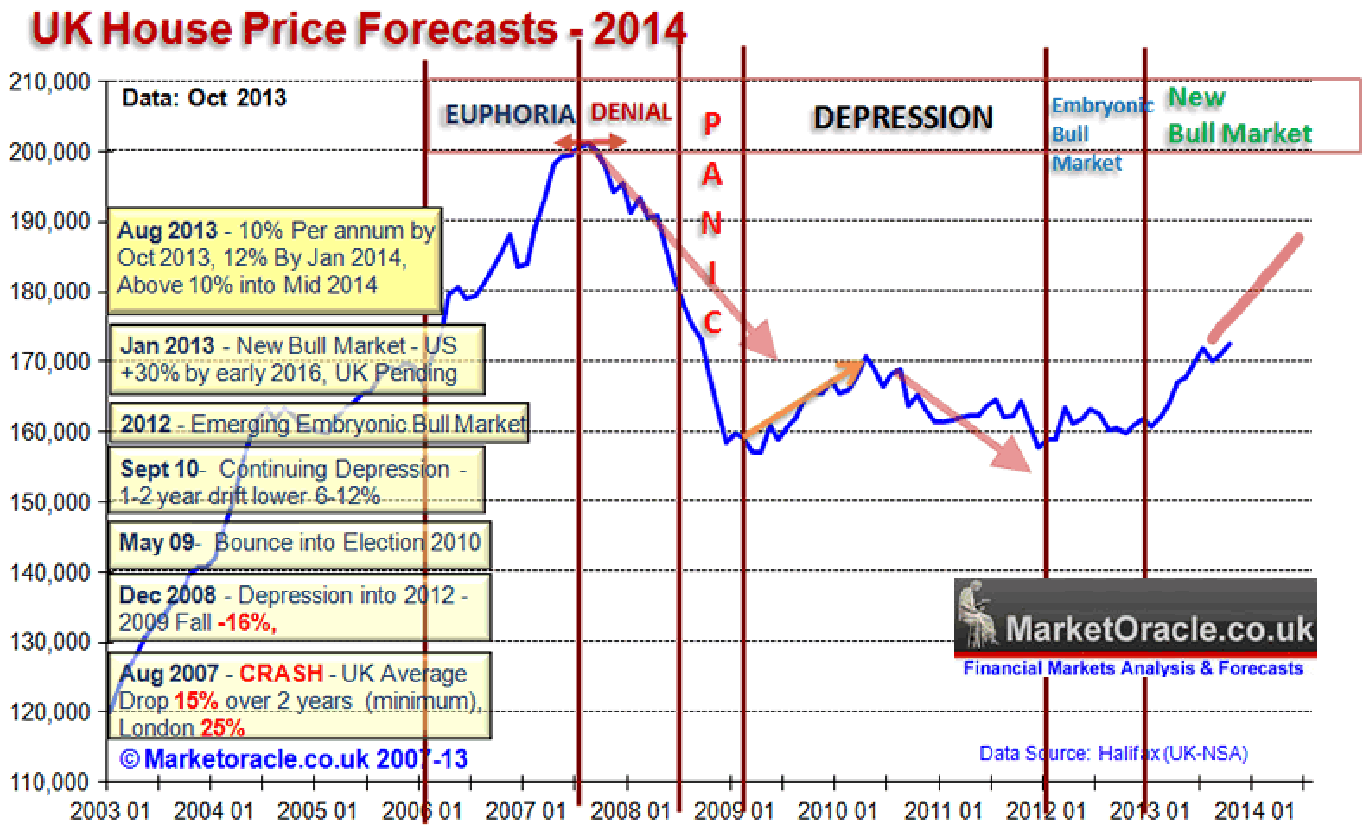
Again Mark Carney's statement is nothing more than him covering his back ahead of a strong housing bull market during 2014. He publically takes away a minor scheme, after replacing it with a much larger inflationary scheme, remember this follows hard on the heels of the Bank of England and Government bringing FORWARD the help to buy scheme expansion to the beginning of October. So when house price inflation busts above 10%, he can say look the Bank of England is doing something to curb house price inflation, when the truth is one of smoke and mirrors to hide the real agenda that of the Bank of England is heavily supporting the housing bull market.

UK house prices as measured by the Halifax (NSA - October) are now rising at an annualised rate of 8% per annum as opposed to falling at a rate of over 2% per annum when I flagged an imminent UK housing multi-year bull market over a year ago.



However, UK house prices momentum of 8% per annum whilst taking many academics by surprise lags my forecast expectations of house prices to be rising by 10% per annum for October data (19 Aug 2013 - UK House Prices Bull Market Soaring Momentum, 10% Inflation by October?). In my opinion this suggests that UK house prices will continue accelerating over the next 3 months to target an inflation rate of at least 11% per annum for January 2014 data.

In terms of forecast trend trajectory UK house prices trend currently stands approx 1.5% below my forecast expectations, far from what I would class as entering a bubble phase that instead would today show trend trajectory at least 8% above forecast trend.



So forget the likes of the FT, Wall Street journal and the rest of the mainstream press, there IS NO BUBBLE in average UK house prices! Nor is there any sign there will be during the WHOLE of 2014! What we are seeing is a BULL MARKET that has momentum and trend trajectory behind it that can be sustained for many years. The problem is that the mainstream press journalists have been conditioned to only see stagnating prices, so any rising trend is perceived as a bubble. It will take many years of rising prices for the mainstream press journalists to become conditioned to rising prices and only then will they stop writing about a housing market bubble, but off course at huge detriment to their readers.

The ONLY bubble we have is a DEBT bubble and how do the government deal with a crushing debt bubble, especially in the run upto an election? The government inflates asset prices!

Don't worry, I'll let you know well in advance when the UK housing market is entering its bubble phase just as I did during 2007 right upto the very month it peaked - 22 Aug 2007 - UK Housing Market Crash of 2007 - 2008 and Steps to Protect Your Wealth

Rising UK Interest Rate

The announcement by Mark Carney of cutting funding for lending loans for mortgage lending will have the effect of pushing mortgage interest rates higher by upto 1%, and thus savings interest rates should rise by a similar amount therefore those looking to fix mortgages the time to act is NOW, whilst those looking to fix savings should see much better rates of upto 1% higher during Q1 of 2014.

Whilst the mainstream financial press had swallowed Bank of England Propaganda for the whole of 2013 that UK Interest rates would be kept on hold until 2016 as a consequence of the Bank of England targeting a 7% Unemployment rate, are now busy covering their backs Mark Carney style that interest rates could rise significantly before the end of next year, this illustrates that the mainstream media always stands at least a year behind the curve.

Instead my expectations have remained consistent since March 2011 in expecting UK Base Interest rates to target 4.5% by the end of 2014, which is still something far beyond anything that the collective consciousness of the mainstream financial press even after Mark Carneys statement, as I warned of several months ago of what to expect would happen to the UK inflation and interest rates as the UK converged on an 7% Unemployment rate.

UK Economy GDP Growth - The Election Boom

The Coalition Governments increasing measures aimed at igniting an accelerating election economic boom have been starting to materialise in the official economic statistics as illustrated by the recent announcement of a jump in UK GDP for 2013 Q3 to 0.8%, which prompted the governments OBR to revise year on year growth forecast to 1.4% (0.6%) for 2013 and to 2.4% (1.8%) for 2014, with these revisions being representative of most academic economists as they converge towards a consensus view.

The current phase for accelerating economic growth follows an over 5 year long effort since the depths of the Great Depression of 2008-2009 for the economy to attempt to claw its way back out of the deep black hole that the Labour government had left it in and that has still to return to the level where it stood at its 2008 peak that it will now likely achieve during late 2014.

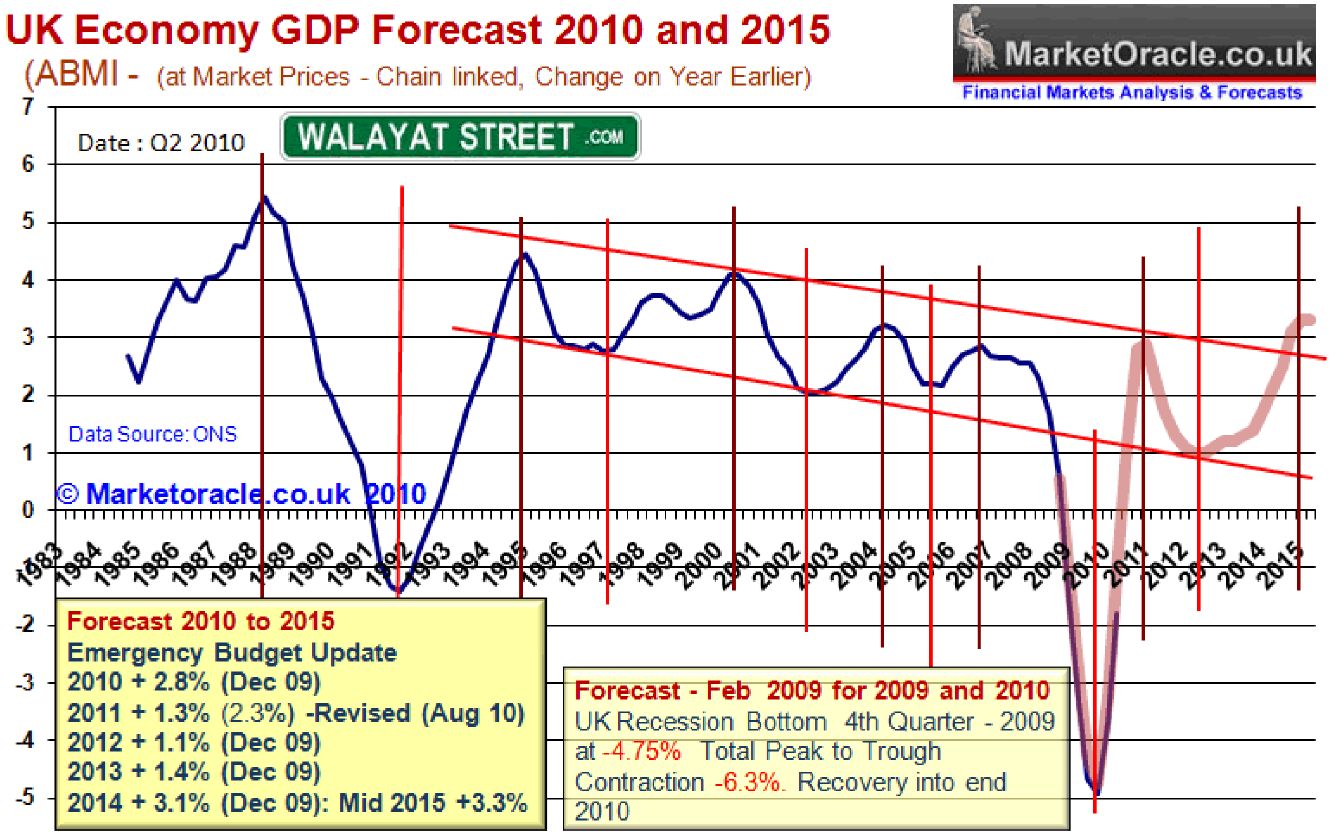
Depending on what measure of GDP one takes, the UK economy still remains between 2% to 3% below its GDP peak. The measure of GDP that I track is ABMI chain linked change on the year earlier currently puts UK GDP at -2.5% below its 2008 Q2 peak.

UK Economic Growth Forecast 2010 to 2015

My original economic forecast of Dec 2009 and as illustrated in the Inflation Megatrend ebook (FREE DOWNLOAD), with a revision for 2011 following the formation of the coalition government in mid 2010, were for the UK economy to bounce strongly into the 2010 election which given Britain's dire debt dynamics and deficit cutting expectations meant that no matter who won the subsequent election, the economy was expected to weaken into the end of 2011 which implied a period of UK housing market depression into early 2012 followed by an embryonic economic recovery during much of 2012, following which the economy was once more enter into an debt fuelled election boom as illustrated by the original UK economic forecast below -

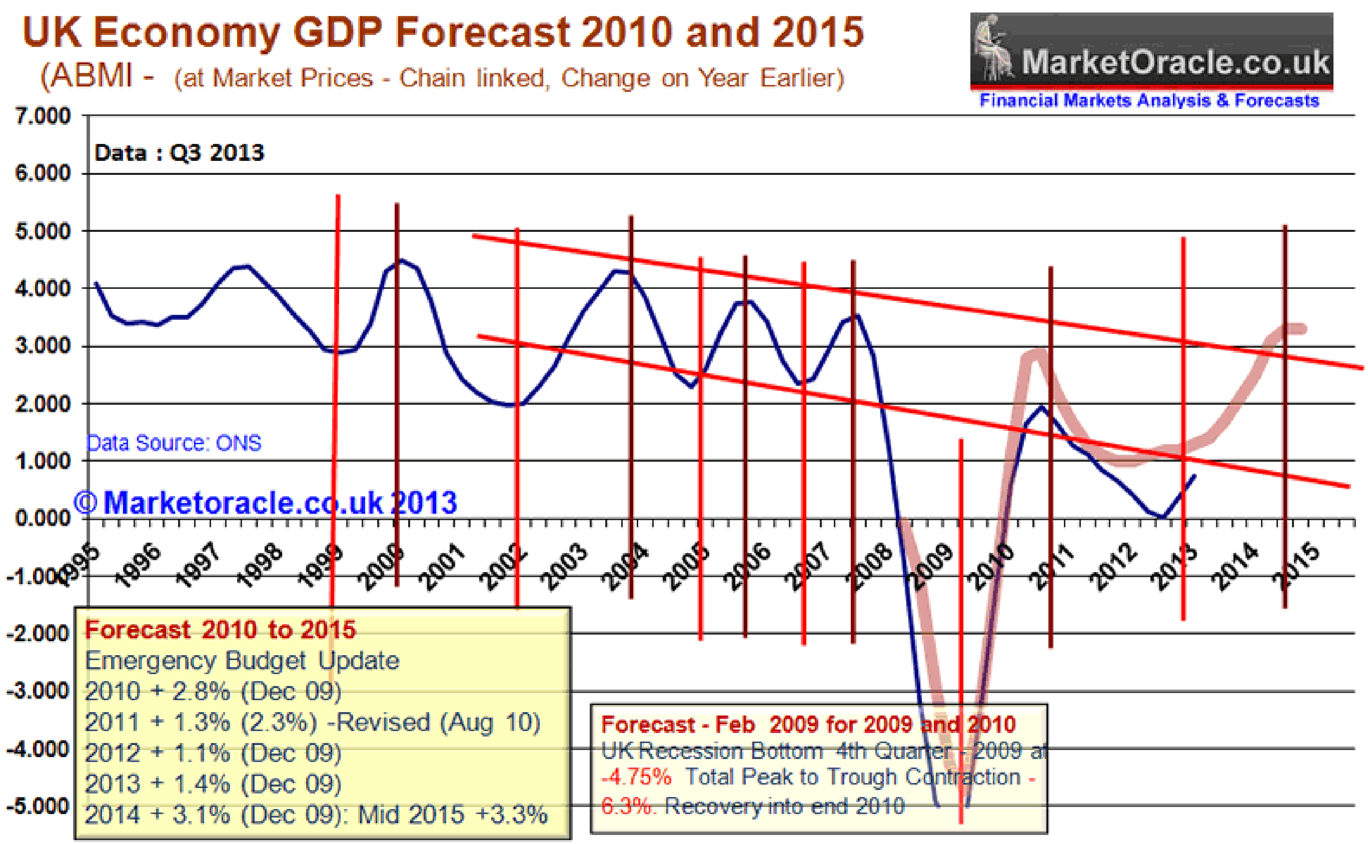
31 Dec 2009 - UK Economy GDP Growth Forecast 2010 and 2011, The Stealth Election Boom) update following the June Emergency Budget that resulted in a revision only for the 2011 from +2.3% to +1.3% (09 Aug 2010 - UK Economy GDP Growth Forecast 2010 to 2015).

- *UK GDP 2010 2.8%*
- *UK GDP 2011 = 1.3%*
- *UK GDP 2012 = 1.1%*
- *UK GDP 2013 = 1.4%*
- *UK GDP 2014 = 3.1%*
- *UK GDP Mid 2015 = 3.3%*



Original GDP Growth Forecast Graph.

The updated chain linked year on year change GDP graph illustrates 2 key points -



1. That the post economic collapse economic recovery into Q3 2012 turned out to be significantly weaker than expected which resulted in what I classed as an embryonic UK housing bull market that persisted for virtually the whole of 2012 as academic economists constantly speculated on whether or not the UK would enter a double dip recession.

2. The subsequent economic trend since Sept 2012 when George Osbourne finally succeeded in shifting gears for the housing market and thus sparking a multi year bull market following his then announcement to effectively double housing market permitted developments, since which time house price inflation momentum has continued to accelerate, having gone from -2% to now standing at +8.5%. Note the key point is the effect on SENTIMENT that has been driving housing market activity and not on WHEN works on extending properties would commence.

08 Sep 2012 - UK Home Extension Planning Rules Relaxed to Boost Economy, Trigger Housing Bull Market

I am continuing to see positive signs towards a multi-year bull market, so I am giving you another head start on an emerging probable multi-year bull market in UK housing.

The implications of UK house prices momentum and sentiment on the broader economy were covered extensively in my article of August 2013 as strong house prices momentum acts as a feedback loop hence the lag of a couple of quarters between GDP data and the house price indices.

19 Aug 2013 - UK House Prices Bull Market Soaring Momentum, 10% Inflation by October?

In having immersed by myself in the markets for 30 years now, I know that what many academics tend to take for granted rarely matches reality. Whilst I covered many aspects of trading markets in my last ebook (Stocks Stealth Bull Market 2013 and Beyond - Free Download). However in terms of economic trends what academics will always fail to grasp is that ***markets are NOT driven by fundamentals but by SENTIMENT and it is SENTIMENT that CREATES the fundamentals!*** *Which is why the academic economists rarely have any real clue as to what is going in the markets because they are nearly always looking in the WRONG direction i.e. they are looking at the CAUSE rather than the EFFECT, as in reality it is the* ***EFFECT*** *that makes itself manifest in the price charts long before the CAUSE appears in the economic data that academics focus upon, which is why the SAME economic data can and is used by economists and pseudo-economist (journalists) such as that which we see on TV news shows to explain EITHER price rises OR falls.*

You can only know the markets IF you TRADE the markets! *The pseudo and academics economists will never get you on the right side of trends years ahead of the herd, in fact most press media commentators will be some of the LAST people to jump onboard trends, usually just before they end!*

Momentum Drives Housing Market Sentiment and Economic Growth

As house price rises continue to accelerate, many people sat on the sidelines waiting for prices to fall or even crash will realise that it is just not going to happen, and in their despair at the relentless accelerating trend of rising prices, in increasing numbers will feel no choice but to jump onboard the housing bull market as a they see the houses they have been viewing sold and asking prices trending ever higher.

As house prices rise, home owners see the value of their houses rise £x thousands per month, in many cases by more than their salaries, this will encourage many to borrow and spend more, and save less which will meet the governments primary objective for inflating the economy by means of the housing market. Everyone will be playing the game of how much has my house value increased by, a quick analysis of my own housing portfolio (based in Zoopla estimates) shows a 5.5% increase in housing wealth over just the past 6 months! Does this make me feel richer, more willing to spend? Well, being only human, YES it does!

The most recent UK GDP data for Q3 2013 jumping from 0.3% to 0.8% illustrates that the UK housing market momentum is fulfilling its primary objective for translating into accelerating economic momentum and that is where the true state of the economy and where the coalition governments electoral prospects lie and not in ivory tower based theoretectical models focused the great recession that has long since left the general populations collective memory.

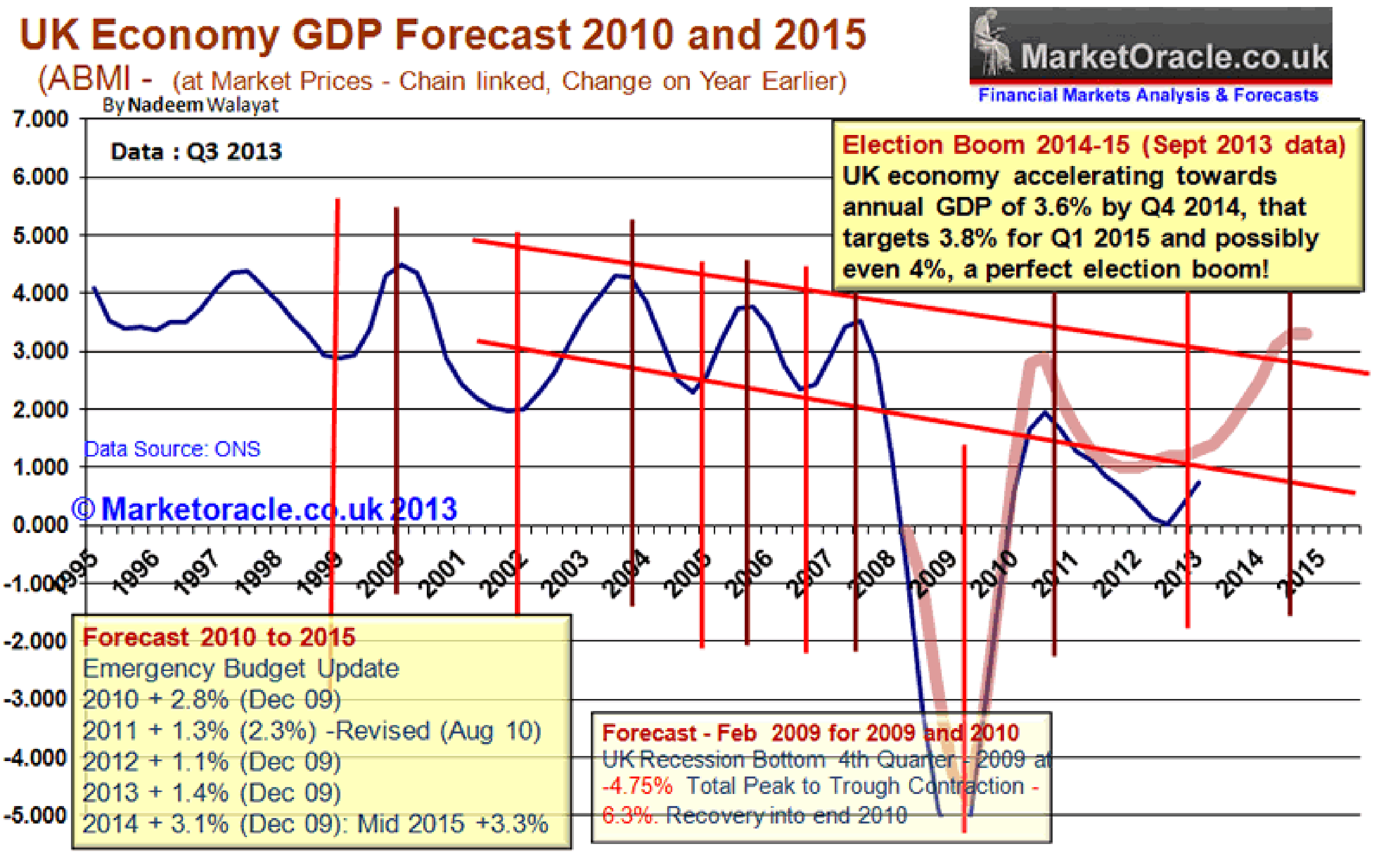
Economic Growth Forecast 2013-2015

The general population having been conditioned by 5 years of economic depression is right at this moment in time starting to experience the feel good factor that encourages consumption and accelerates the velocity of money which even at the abysmally poor growth rate for 2013 of just 1.4% gives a strong indicator of what to expect going forward as the housing / economy feed back loop looks set to accelerate the rate of economic growth to far beyond the 2.4% rate for 2014 that the consensus has converged around, and the consequences it implies for perceptions of the state of the economy for the general population.

As mentioned earlier this sea change in perception is already well underway, its just that its not going to be visible in the economic data for many months which is why the academic economists are once more caught on the hop where barely a few months ago the so called think tanks were busy downgrading Britain's growth prospects are now once more with the benefit of hindsight scrambling to upgrade to a rate of growth to around 2.5% for 2014, but they WILL ALWAYS remain well behind the curve because they do not understand the effect of market MOMENTUMN and SENTIMENT and that the UK economy is predominately a market economy.

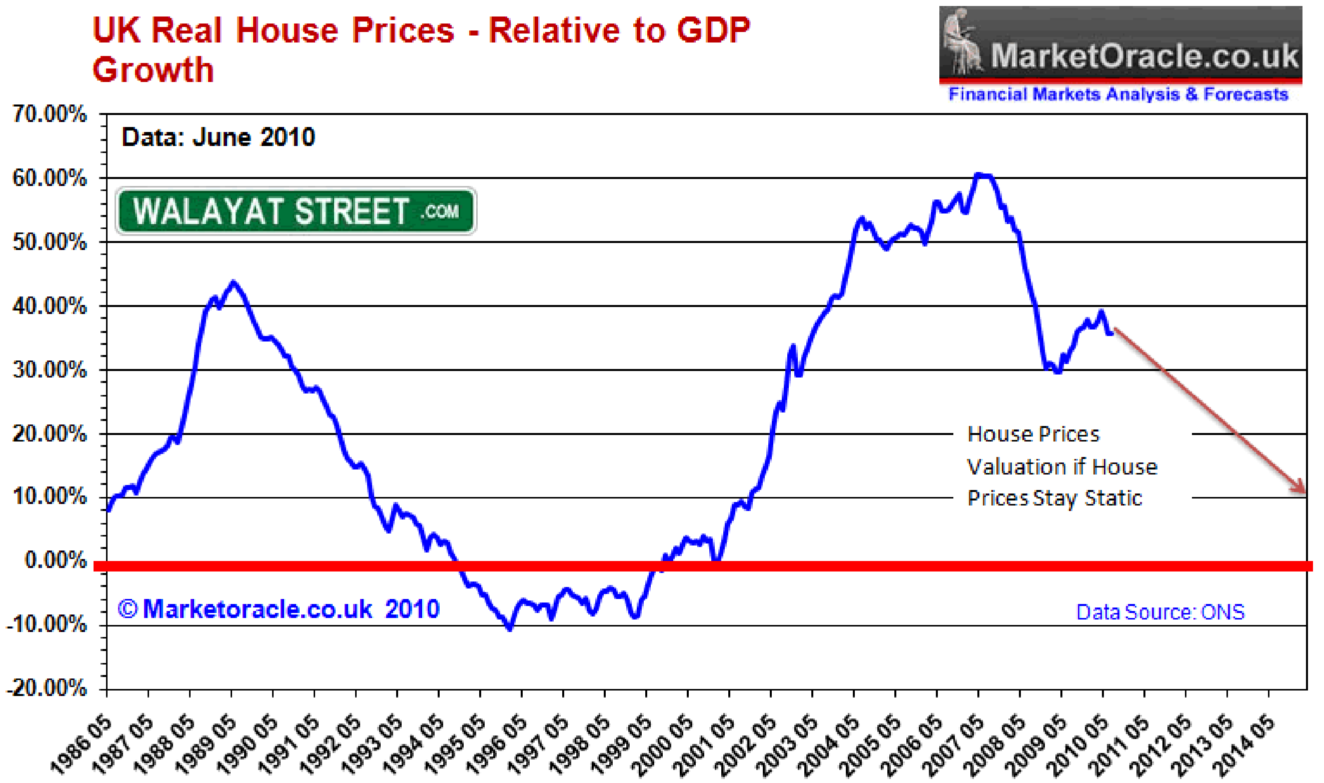
In terms my long standing growth forecast (as of Dec 2009), that concluded in a growth forecast for 2014 of 3.1% and peaking at a rate of 3.3% for Q2 of 2015. Instead, I now find myself not just contemplating GDP of more than 3%, but whether UK GDP growth by 2014 Q4 will exceed 4%! That illustrates how different an economic world the UK will be in in the lead up to the May 2015 election as today's 1.4% for 2013 will be a distant memory as the UK economy homes in on 4% GDP.

Therefore in terms of my economic growth conclusion, I expect the UK economy to at least attain a growth rate of 3.6% for 2014 and target 3.8% for Q1 2015 with a strong possibility of achieving the holy grail for election victories of announcing during the election campaign of 2015 that the UK economy at that time was growing at 4% per annum. Furthermore post election I expect that an over heating UK economy to slow as it dips back towards 3% over subsequent quarters of 2015.

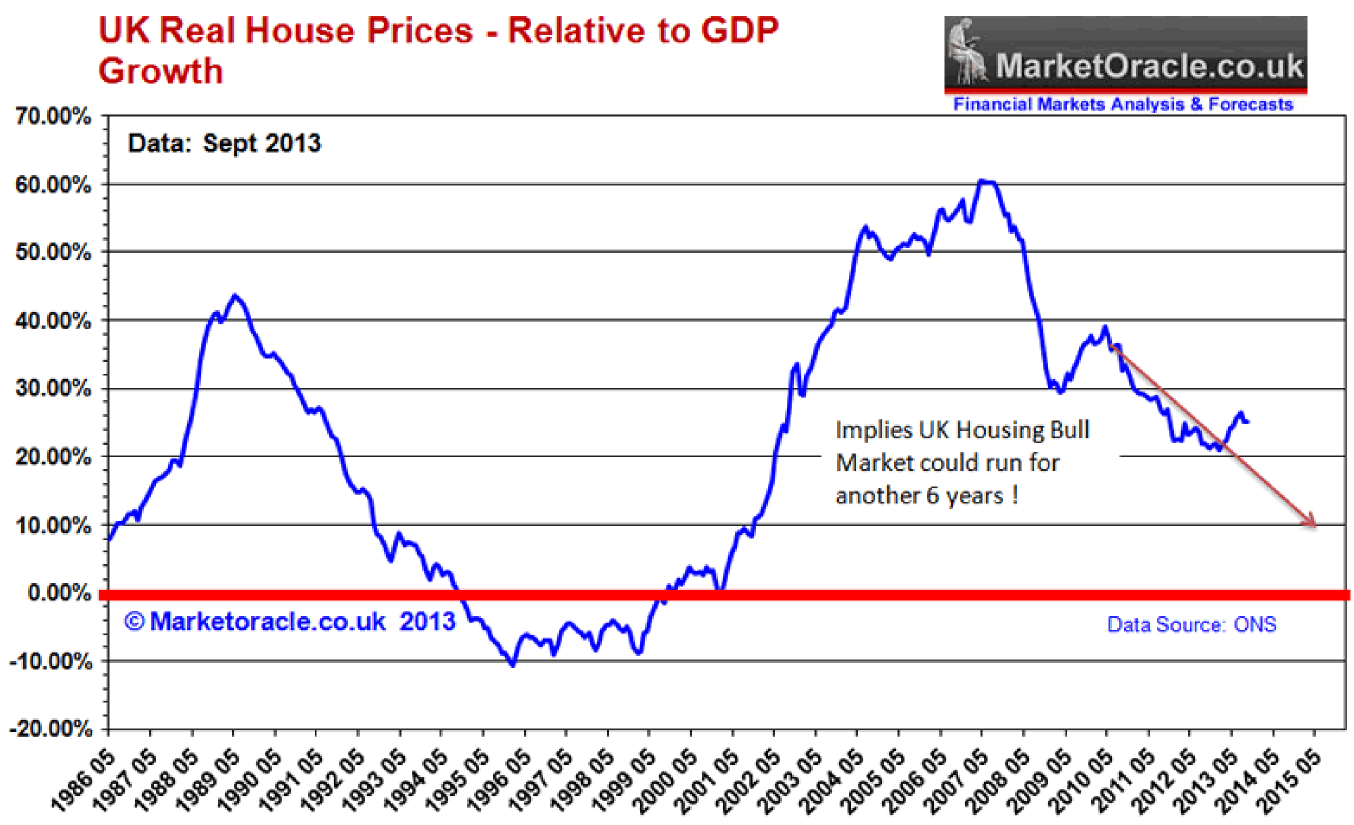


UK House Prices Valuation Against GDP Growth Trend Projection

The below graph illustrates my original forecast trend trajectory (03 Sep 2010 - UK House Prices and GDP Growth Trends Analysis) for UK house prices against UK GDP Growth as of GDP Q2 2010 against the Halifax house price index for June 2010 of £166k, which at the time resulted in a over valuation reading of 37%. The forecast trend was for this measure to fall to 10% above GDP. Note this was not a forecast trend for UK house prices, but rather where this valuation index was expected to stand against the forecast trend for the UK economy IF UK house prices STAYED at their June 2010 level. Therefore house prices rising or falling would put the actual index higher or lower than indicated.



The updated graph to 2013 Q3 GDP shows a marked turnaround in this indicator that bottomed at 21% at the beginning of 2013.



However the important factor is not where the index bottomed for that is just a measure of valuation sentiment, what is important is WHEN the indicator bottomed! Because unlike the May 2010 general election that saw the indicator bottom a year before hand, this time the indicator has bottomed near 2.5 years BEFORE the next general election which means that -

a. Contrary to many commentators / academics who imply that a house prices bull run is unsustainable because prices are already not too far off from their last bull market highs, however, in terms of valuation they are trading significantly below the bull market highs.

b. Unlike the election bounce of 2010, this housing bull market is starting from a far lower base AND has greater time behind it which means that the trend will be supported all the way into the next general election that has the potential for sustainable momentum to have been built up that will be able to be sustained for many years beyond the next general election that ultimately targets a bull market bubble valuation peak far beyond that of August 2007 high, which coupled with GDP growth of above 3% will extend the trend for many years forward.

Therefore this indicator heavily supports my longstanding expectations for the current UK housing bull market to last for the remainder of the whole of this decade, SIX YEARS!

This may leave many confused as to why the UK economy could be soon growing so strongly, the answer lies in Britain's debt trajectory that pre-dates the LAST general election.

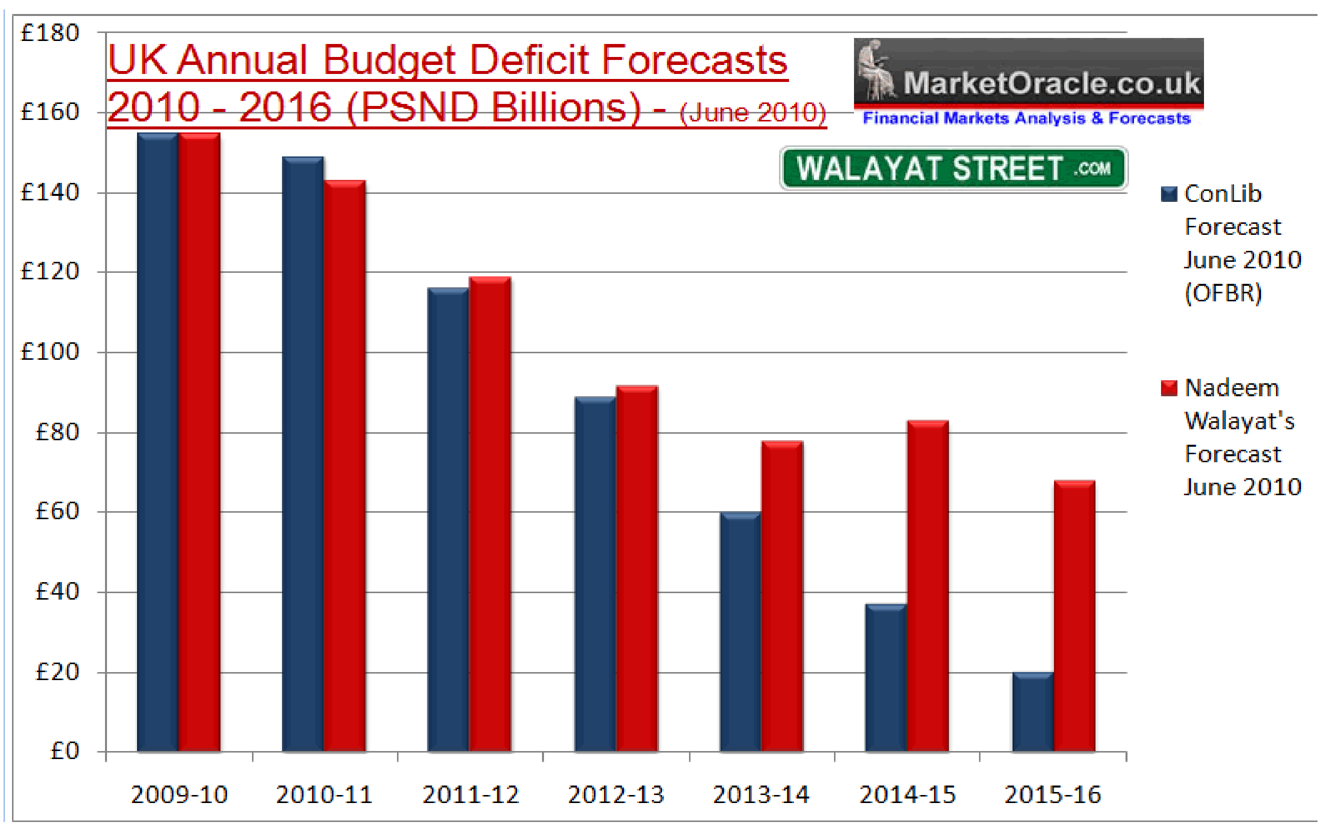
Britain's Debt Fuelled Economic Recovery

George Osbourne recently stated that he now expects the UK budget deficit to magically turn into a surplus by 2018 (current £75 billion deficit). However as is usually the case we need a mountain sized pinch of salt to take with the utterances from politicians and their economic propaganda mouth pieces such as the OBR and the Bank of England that are paid by the state to publish what amounts to nothing more than economic propaganda such as that of the Bank of England's perpetual mantra that UK Inflation will converge to 2% in 2 years time which it misses over 90% of the time!

Leaving aside the political trick of politicians trying to hood wink the voters by statements such as implying that paying somehow reducing the deficit is somehow the same as reducing the debt whilst the truth is that the debt is NEVER REPAID, instead here is a reminder of what the George Osbourne's OBR budget deficit forecast made right at the beginning of the Coalition governments term in office (June 2010) that stated that the UK deficit would be cut to £20 billion by the time of the next election which as I stated at the time was not going to happen as my analysis at that time concluded that the coalition rather than reducing the deficit would go on an extended borrowing spree as they attempted to ignite a debt fueled economic recovery into the Mid 2015 general election.

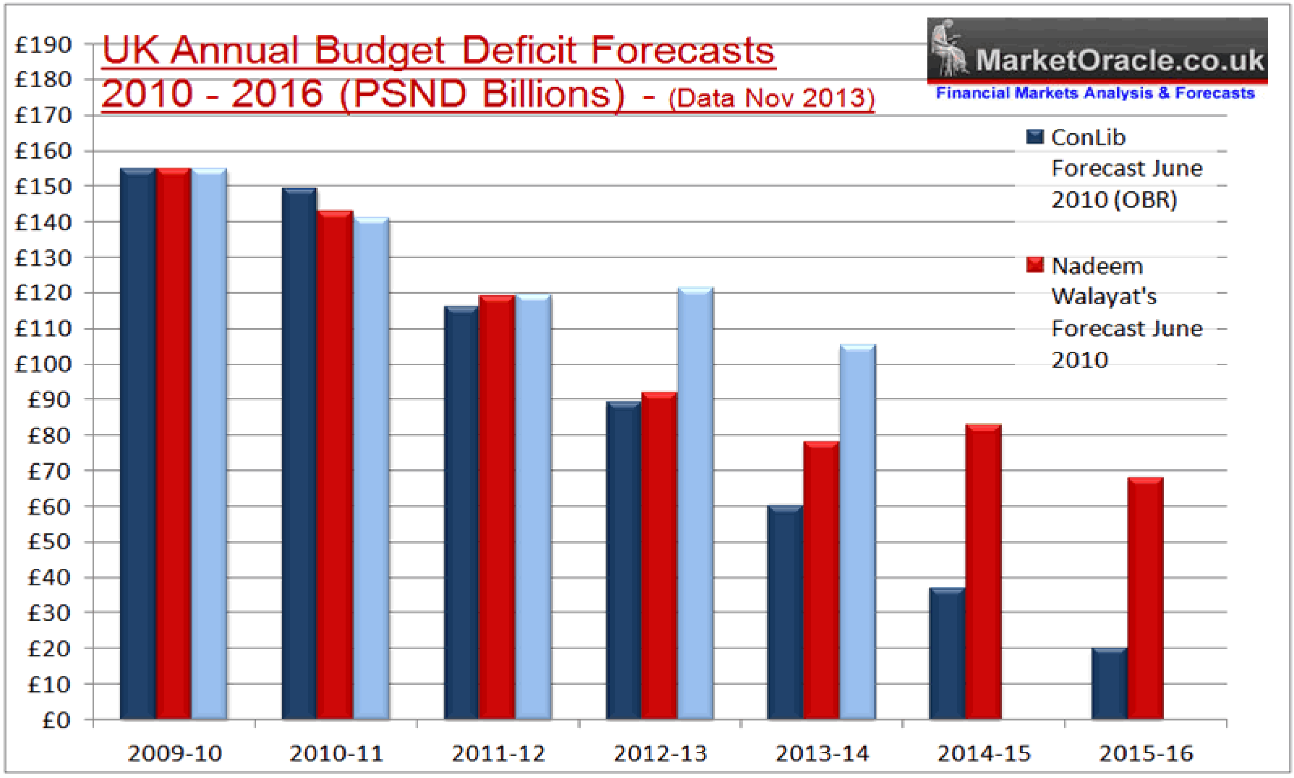
29th June 2010 - UK ConLib Government to Use INFLATION Stealth Tax to Erode Value of Public Debt

Therefore it is difficult to see how the government will be able to achieve its stated budget reduction target of getting the annual deficit down to just £20 billion by 2015-16. Whilst the government is expected to trend close to target for the next 3 years, however thereafter the governments (OFBR) and my deficit forecasts diverge as the coalition governments primary focus will be towards getting re-elected in May 2015. In all likelihood this means that total debt will be over £100 billion higher than that which the government is forecasting as illustrated by the annual budget deficits forecast graph below-



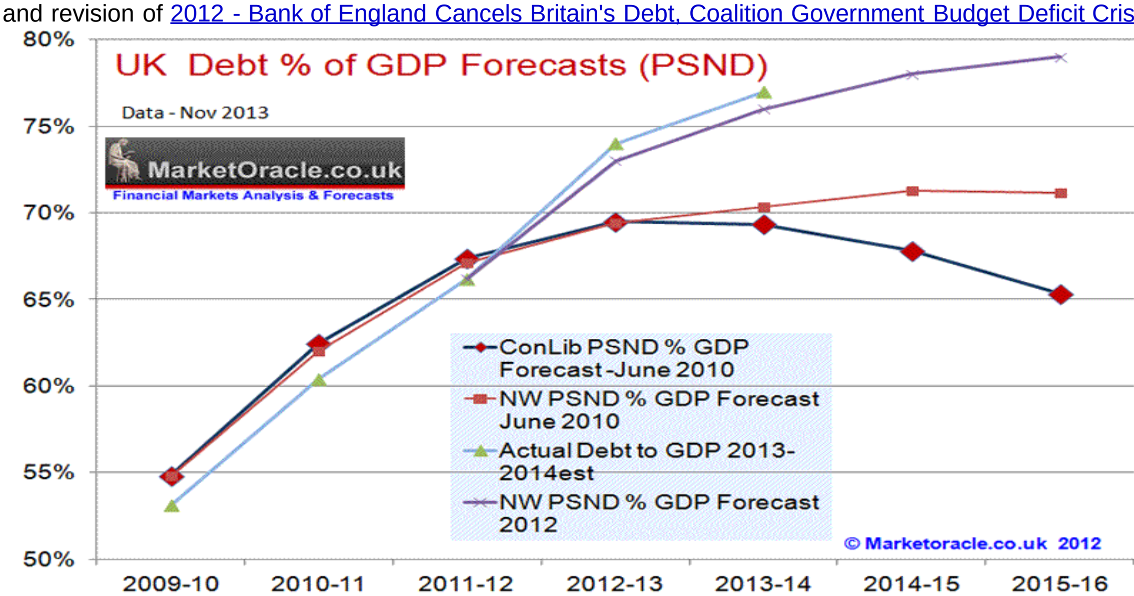
Whilst the ConLib's deficit reduction targets represent an improvement under the Labour governments target that would have resulted in extra borrowing of £478 billion over the next 4 years if the Labour government managed to stick to its targets. However the ConLib government will still expand total debt by £414 billion over the next 4 years, and £471 billion over the next 6 years to reach £1,242 billion, so hardly an earth shattering improvement.

The following updated graph for UK public sector net debt clearly shows that the UK government has hit a deficit cutting road block because instead of the deficit falling to around £60 billion for 2013-14, the government will be luckily if the deficit comes in at under £100 billion. Furthermore the trend for persistently high deficits is expected to continue all the way into the May 2015 general election as the Coalition government further ramps up deficit spending to buy votes, therefore there is a high probability that the deficit could yet expand further, the net effect of which would be for a total additional debt of over £130 billion beyond the governments expectations to be added to Britain's debt mountain.



UK Debt to GDP Ratio

The following graph further illustrates the difference between the Government's Debt to GDP trend expectations and the real debt dynamic reality (excluding bank bailouts) of a high budget deficit, the government forecast, and my original expectations of [June 2010,](#) and revision of [2012 - Bank of England Cancels Britain's Debt, Coalition Government Budget Deficit Crisis is Pure Propaganda](#)



The graph clearly illustrates that the deficit is not only NOT going to be cut but will expand in the run up the next general election which will put Britain in its most indebted state yet, this despite a strong economic recovery.

The Perpetual Debt Inflation Based Economy

The only answer / solution that governments have remains as I have iterated many times over the years, that of stealth default by means of high real inflation, and hence the Inflation Mega-trend. Inflation is a REQUIREMENT for the Debt Based Economy, this is how governments keep putting off the day of reckoning by attempting to inflate the debt away with printed money and then borrowing more money to service the debt interest which is why virtually all money in an economy is debt money that will NEVER be repaid.

When George Osbourne and David Cameron are stating that they are paying down Britain's debt, they are LYING! The same goes for Ed Milliband if he states that he will cut Britain's debt. NO GOVERNMENT DEBT IS BEING REPAID OR WILL EVER BE REPAID! Instead the truth is that the WHOLE of the economic growth (in real terms) since the May 2010 General Election and continuing into the May 2015 General Election will be wholly as a consequence of some £550 billion of additional DEBT. Again this is a very important point to note that ALL of the economic growth of this parliament is DEBT based, ALL of it, including the soon to follow boom into May 2015, the debt accrued over the 5 year term will equate to total real terms increase in GDP - virtually pound per pound.

You should have realised by now that the constant drivel about the threats and risks of debt deflation are nothing more than propaganda so as to allow policies such as quantitative easing (money printing) to be more palatable to the general population so as to ensure that the Inflation Mega-trend continues, therefore a good 90% of what you read in the mainstream press which is regurgitated by the blogosfear is pure propaganda motivated drivel, there has not been nor will be debt deflation.

The Quantum of Quantitative Easing

This is where we leave behind academic analysis of UK debt that the mainstream financial press and which government propaganda / politicians focus upon, but instead take a look at what is really going on with regards Britain's debt dynamics, because the picture we get is very different to the one I have just extensively painted above when we bring what I termed as the Quantum of Quantitative easing into the picture (20 Jul 2012 - The Quantum of Quantitative Easing Inflation is Coming!).

What is the Quantum of Quantitative Easing (QQE) ?

First a reminder of QE, to date the Bank of England has officially printed QE of £375 billion, plus another £100 billion that goes by the name of funding for lending, plus at least another £75 billion of behind the scenes off balance sheets loans to the Bankrupt banks that date back to as long ago as April 2008 that are continuously rolled over which means that the total QE is at least £550 billion of which approx 75% is being utilised to to buy UK government bonds.

My article of July 2012 explained that QQE amounts to the effective cancellation of government debt as the Bank of England repays the interest received on the debt held by the Bank of England back to the government -

20 Jul 2012 - The Quantum of Quantitative Easing Inflation is Coming!

QQE is taking place by means of the interest earned on government debt bought by the Bank of England *i.e. the Bank of England prints money to buy government debt from the banks, therefore the government pays the Bank of England interest on this debt most of which then gets recycled back to the Government so in effect the government has free money to spend that it should not have, and the more bonds the Bank of England buys the less net interest the Government has to pay. Imagine if all of the bonds were owned by the Bank of England, this would mean that the net interest paid by the government on all of its £1.1 trillion debt would be virtually ZERO! So effectively the government has NO DEBT TO SERVICE, because without any interest to pay it effectively ceases to exist! Yes this mechanism is QQE because it allows the government to spend money without increasing its NET debt burden, not only that but the government is actually REDUCING its debt burden as the debt is actually being cancelled out. So QQE is the quantum of QE as the net debt interest burden falls towards ZERO.*

I am sure this is one secret that the Bank of England wants to keep hidden away for as long as possible for it implies that the ramping up of the Inflation Mega-trend is already underway ***with approx 1/3rd of Government debt having been effectively cancelled to date!***

The policy of QQE has subsequently been seen to be made manifest as illustrated by a series of announcements that the Bank of England has in total transferred about £50 billion in interest received form the government back to the UK Treasury, which is then used as income to finance further government spending.

The effect of this is to make it very problematic in forecasting official debt to GDP because as of writing we do not know the timings and amounts of such 'windfalls'. However, in all probability the UK Government will eventually start to follow the example of US and Japan and seek quarterly 'windfall' payments which amount to approx £12billion a year and will increase inline with future QE debt monetization. The long term consequences of this is to neutralise the impact of future interest rate rises that academic economists obsess over.

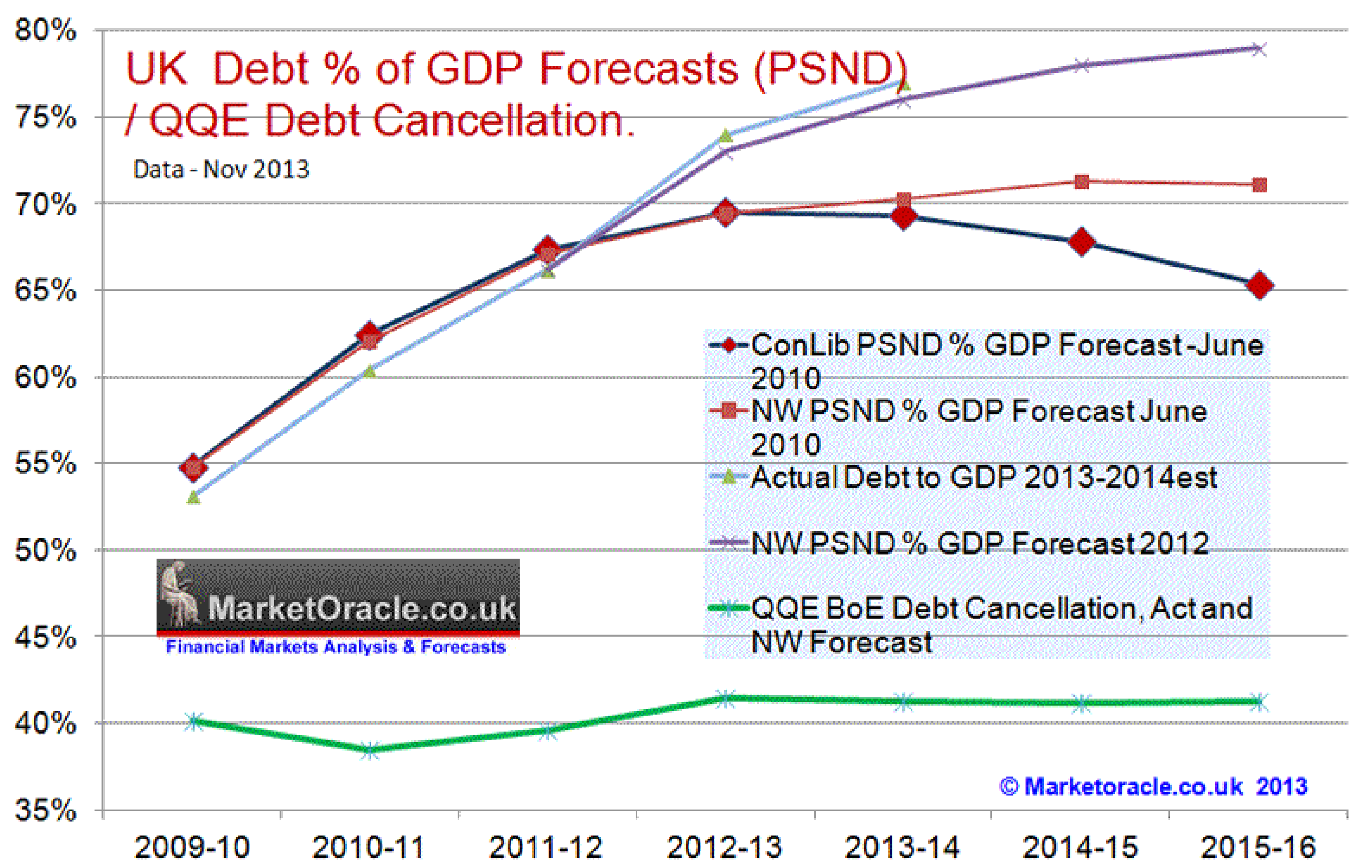
The Bank of England Cancels 1/3rd of Britain's Debt

To date the Bank of England has monetized government debt to the tune of approx £400 billion (33%) of the total debt mountain that currently stands at £1.22 billion in perpetuity, because the monetized debt will never be repaid but constantly rolled over and left for inflation to do its job by eroding away its value. The effect of this is as I have illustrated above that the government is thus currently paying itself interest on approx 1/3rd of its own debt which effectively means that the Bank of England has cancelled 1/3rd of Government debt to date, this despite it continuing to officially exist in terms of debt statistics, but to all intents and purposes it no longer has an impact on government finances which is why market interest rates remain low.

Now before you start to wonder wow, 1/3rd of government debt as if by magic has now disappeared in a puff of smoke, you need to realise that the consequence of both QE and QQE is INFLATION, as the economic consequences of flooding the economy with printed money (government deficit spending) that is NOT been backed up by any productive activity. i.e, the money that the government is printing on the likes of the benefits bill, NHS black hole, and pensions have not been produced by anyone but rather conjured out of thin air, and without the market interest rate consequences by virtue of the Bank of England buying this flood of debt issuance i.e. taking it off the market, and effectively canceling it which is contributing to an accelerating exponential Inflation mega-trend that over time seeks to erode the value of all sterling debt.

The rate of QE and related measures since March 2009 has averaged about £100 billion per year, which approximately covers the whole of the governments budget deficit and therefore ALL of the new debt that is being issued on an ongoing basis is effectively being systematically cancelled and there is no sign that this trend is going to end anytime soon, especially in the run up to the 2015 election as the Coalition government will increasingly attempt to buy votes with further money printing.

The below Debt to GDP ratio graph illustrates the impact of QE to date, and QE going forward such as the Help to Buy Scheme of at least a further £12 billion per year to guaranteed loans of £100 billion into Mid 2016, and then coupled with the policy of QQE of effective debt cancellation that translates into a truer picture of Britain's public debt burden that also takes into account the inflationary consequences in terms of inflating GDP that depresses debt to GDP.



Therefore, the REAL UK Debt to GDP Ratio appears to be have been systematically engineered to stay at a constant 41% of GDP (actual 77%), which I expect to remain constant at 41% into March 2015 as opposed to my forecast of actual of 79% on the official measure as a consequence of the effective cancellation of approx

£600 billion or 40% of outstanding government debt by 2015.

The above in a nutshell singularly acts to condense down the impact of QE, QQE and Inflation on Britain's actual government debt burden that blows apart ALL of the academic economic models that focus wholly on academic theories of debt and gdp without taking account of the critical factor of QQE that respective governments such as the UK, US, Europe, Japan and elsewhere have been engaged in since at least early early 2009. This turns the economic world literally upside down whose primary consequences are contrary to what the academic models constantly imply that of deflation is always being imminent, instead the reality is the exact opposite, that QQE as I warned in July 2012 implies an acceleration in the respective Inflation Mega-trends as the price paid for effective debt cancellation.

Why Smoke and Mirrors Debt Cancellation

The government has to go through the pretence that QE is just temporary that at some point it will be unwound, and that monetized government debt still exists and will eventually be repaid, for anything other than having such an official view would result in a series of market panics for all financials denominated in sterling, because the market would discount the future, the market will make the consequences of future QE far more severe as they will discount it as pure monetization of government debt that the Bank of England aims to cancel.

Therefore sterling would enter into a steep downtrend and inflation would soar, and not forgetting that technically officially canceling Britain's debt would make the Bank of England insolvent as a consequence of assets it holds ceasing to exist, and then what can of worms would that open up for Britain's financial system? Likely Britain's credit rating would fall to somewhere between that of Greece and Spain's.

Would the people of Britain still have any faith in using a bankrupt Bank of England's bank notes as a means of exchange for goods and services ?

So it does appear to be infinitely better for the stealth cancellation of debt, and to instead let inflation erode its real value away whilst the Bank of England returns the debt interest it receives on the government debt it holds back to the UK Treasury. Smoke and Mirrors! QE debt will never be unwound for the obvious reason that there is no market for it!

The Politics of QQE Debt Cancellation

So if public debt is only about 40% of GDP instead of 75%, then why do all major political parties lie to the public ?

Whilst the obvious reason is to hide the truth of money printing fraud and inflation consequences in terms of the risk of loss of confidence in fiat currency. However one of the primary reasons why the coalition government is perpetrating QQE through a myriad of smoke and mirrors is ideological, i.e. the Coalition Governments wants official debt to GDP to be high so that it can use it as an effective reason for dismantling Labours 6 million strong public sector gravy train and benefits culture pool of voters. Therefore, understand this that the debt is NOT the reason for the benefits and public spending cuts programme but Tory ideology aimed at making people responsible for their lives rather than sitting back on benefits whilst tax payers are forced to work ever harder so as to finance the life-styles of Britain's 5-6 million benefits scroungers. So the tories aim is to maintain the deficit and debt so as to erode the welfare state and reduce taxes on the workers.

Whilst Labour uses high debt to gdp as an Keynesian excuse to expand the size of the economy through the public sector (implying debt to GDP will fall), therefore as soon as Labour gets elected then they tend to go on a spending spree to rebuild their vested interest public sector and benefits claiming voter pools and so the cycle repeats whilst each time debt and inflation gets ratcheted ever higher .

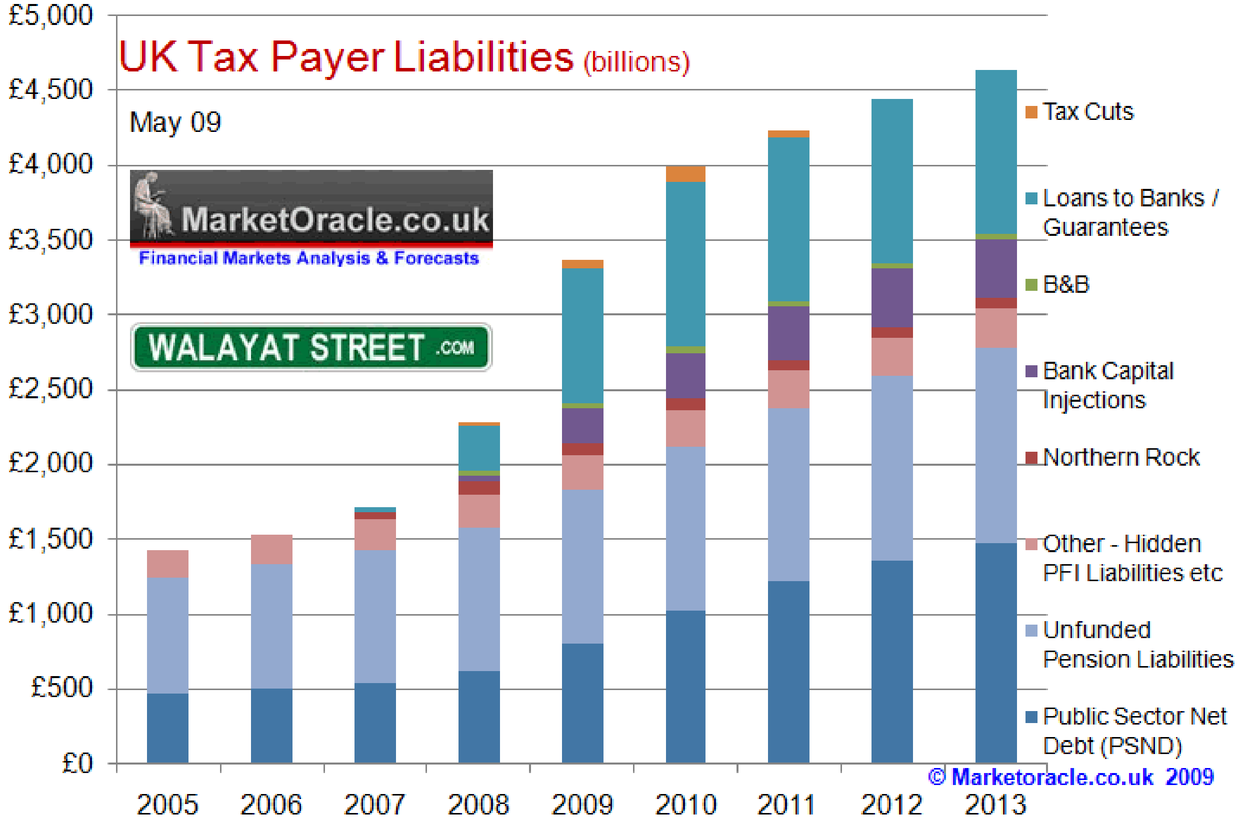
So neither party wants total debt to shrink. Instead both parties (all parties) want to utilise debt to created vested interest voting blocks so that they can win elections.

Inflationary Implications of QQE

The below graphic illustrates why not only deflation is not possible but also why inflation will continue to surprise the clueless academics and pseudo economists that most of the population are exposed to courtesy of the the cycle of Government deficit spending, debt printing, Bank of England money printing debt monetization programme that is feeding the exponential Inflation Mega-trend.

QQE allows the government to maintain its budget deficit as a % of GDP without impunity as more and more of the debt gets monetized, and that which I forecast to reach 40% of total debt by March 2016. As the government effectively has ceased to pay interest on that portion of national debt thus resulting in an effective lower Debt to GDP burden. However the fact still persists that the continuing deficit spending is not backed by any economic activity, and therefore it is just an increase in fiat currency in circulation that is chasing the same goods and services. Which means that each years annual deficit translates into another wave of money printing inflation, just as I I have been warning for over 4 years now and as illustrated at length by the Jan 2010 Inflation Mega-trend Ebook (FREE DOWNLOAD), that the only solution the governments have is to print money, no matter what they call it, be it loans, deficit spending, transfer payments, Quantitative Easing or printing debt (government bonds). This is the policy that ALL governments are engaged in that results in the debasement of ALL fiat currencies where all we witness in the exchange rates is the differing rates of free fall between currencies.

Of course total government debt is actually over X4 higher then official public debt at about £4.8 trillion for 2012-13, as my earlier analysis of May 2009 forecast.



And in addition to public debt and liabilities there is also private sector debt of banks, corporations and individuals that is estimated to be approx £7 trillion, given the fact that the bankrupt banks alone are still sitting on approx £3.5 trillion of debt, thus total UK debt is estimated to be at approx £12 trillion.

Bank of England's Economic Propaganda

High UK Inflation for the past 4 years illustrates the tendency of the mainstream press to basically regurgitate the views of vested interests that have beaten the drum of always imminent DEFLATION for the whole of 2010 and 2011 as high inflation was always just temporary and should be ignored by the general population, which is the precise message that was still being bleated out by the mainstream press.

The connection that the mainstream press has never been able to make is that the Bank of England does NOT make forecasts. Instead the Bank of England quarterly inflation forecast reports are nothing more than ECONOMIC PROPAGANDA, that virtually always converge towards the Bank of England achieving its 2% Inflation target in 2 years time, despite the fact that historical analysis shows that the Bank of England FAILS in achieving its 2% target 96% of the time, this is something that I have repeatedly exposed during the past 5 years following virtually every quarterly Inflation report.

Fundamental Flaw in Economic Theories and Models

The fundamental flaw in economic theories as espoused by academic economists and regurgitated at length in the mainstream press is the obsession over the collapse in Demand as a result of Recession / Depression without the ability to realise that the destruction of Supply is always GREATER.

Because in the west when people lose their jobs, whilst the may cease producing, they however are still consuming i.e. food, travel, energy, and general consumption goes on, which are financed through debt, sale of assets and off course government payments. So whilst production reduces but in many respects consumption goes on resulting in INFLATION, because no matter what the governments call it they are effectively printing money to finance the ongoing consumption of the 8 million un-productive adults. Therefore the Deflation theories that forecast there MUST be deflation because of the destruction of Demand are ALL WRONG and so are their policy responses which are GUARANTEED to ignite higher Inflation.

The bottom line is this that Governments need inflation to survive (buy votes), so they will never allow Deflation to persist and they have the money printing presses to ensure there will NEVER be a persistent trend for Deflation, which is why even Bankrupt economic meltdown Greece has had Inflation, as I wrote in the intro to the Inflation Mega-trend Ebook well 4 years ago (Free Download).

"The worlds economies swim in an ocean of inflation that is punctuated by occasional ripples of deflation which is illustrated by the perpetual upward curve of general prices as measured by the Consumer Price Index (CPI). Inflation in the long-run impacts on virtually

all commodities and asset prices. "

Britain's Inflation Crisis

The bottom line is that Britain rather than having a Debt Crisis instead has an INFLATION Crisis. As most people have been successfully brainwashed by relentless propaganda to believe that Inflation is good and deflation is bad. When the truth is the trend in inflation as a consequence of perpetually increasing debt is exponential.

UK Government Inflating the Housing Market Debt Bubble

Whilst many academics focus on personal indebtedness as a driver for future house prices, however what they fail to comprehend is the fact that governments constantly seek to INFLATE the economy to perpetuate the illusion of growth that is represented by persistently high budget deficits i.e. governments spend money that the country does not have the consequences of which is to increase the velocity of money as people are effectively being forced to spend earnings and savings, else lose purchasing power as a consequence of INFLATION.

The Conservative government's string of announcements most notable is the Help to Buy Scheme are aimed at inflating the housing market so as to engineer an debt fuelled economic boom as rising house prices encourages an INCREASE in housing market DEBT as home owners and buyers take on more mortgage DEBT.

Boosting the housing market in terms of debt has two effects -

1. The banks housing market bad debts become less bad and thus the banks are LESS bankrupt and more likely to create more debt / credit by the mechanism of fractional reserve banking.

2. Home owners who see the value of their assets rising month on month are for want of a better word deluded into SPENDING BORROWED money against the rising value of their houses, as they fall for the equity release sales pitch from the banks who encourage them to realise and SPEND the increase in equity they have in their home. However the reality of equity draw down is that it is a means of convincing Home Owning indebted SLAVES to BORROW EVEN MORE MONEY! Where the delusion is that the borrowers do not perceive it as an INCREASE in debt but instead a release of equity!

The TRUTH is that rising house prices do not MAKE people richer, but instead more susceptible to BORROWING MORE Money for CONSUMPTION as people delude themselves that they can somehow spend money against a rise in house prices, but the reality is that they will service the NEW debt through FUTURE WAGES and nothing that is linked to the actual rise in house prices because to benefit from a rise in house prices they would need to realise it by either selling or generate an INCOME from the rise in house prices! i.e. by renting out their home or rooms so that it wholly covers the debt interest on the NEW debt and thus the income would need to be at a constant yield to rising house prices. That is how an home owner benefits from rising house prices.

So all that the government guarantees do is to allow borrowers to convince themselves they are able to borrow even more money. This subprime party will continue as long as house prices continue to rise, but eventually the UK subprime bubble will POP, just as the US subprime bubble did, though it is highly likely that the UK subprime bubble is many, many years away from popping as I wrote when the policy was first announced in March 2013

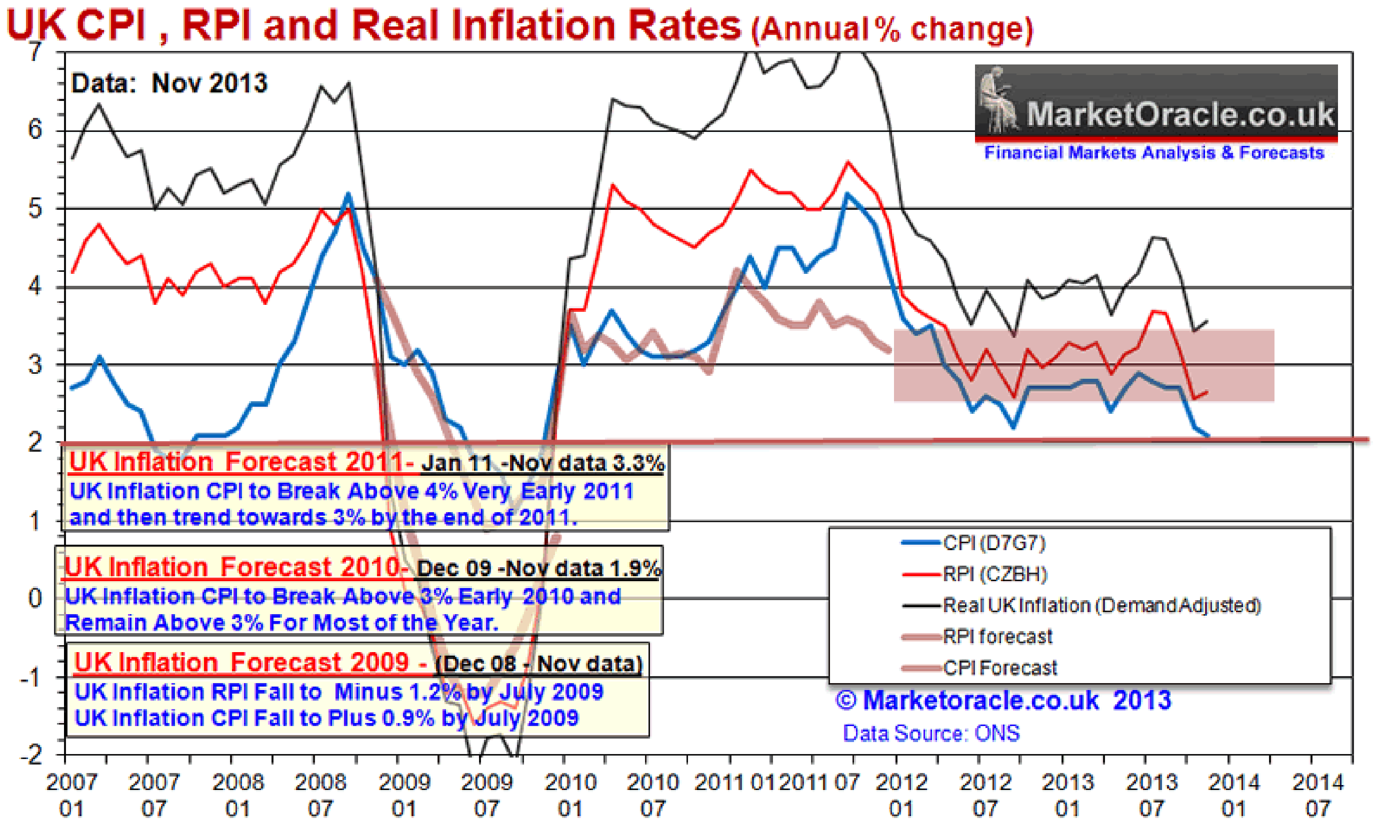
20 Mar 2013 - George Osborne Boosts UK Subprime Housing Market Ahead of Election Boom

Creating a UK Subprime Housing Bubble

The chancellors announcement of £130 billion mortgage guarantees effectively amounts to seeking to ultimately create a UK version of U.S. Fannie Mae and Freddie Mac that will eventually blow up in spectacular style as more and more house buying voters expect to be bribed at each election and therefore the £130 billion will mushroom to one day stand at well over £1 trillion of liabilities, off course the bust will come AFTER the next housing boom, so this and the next government need not worry themselves for the consequences of creating a UK subprime housing bubble as the consequences of which tax payers will be liable for in a decade or so's time which means another financial crisis as this repeats the SAME mistakes of mortgage backed securities i.e. the lenders are not liable for the risks so can take on more risky loans for commission as the liabilities will be with tax payers.

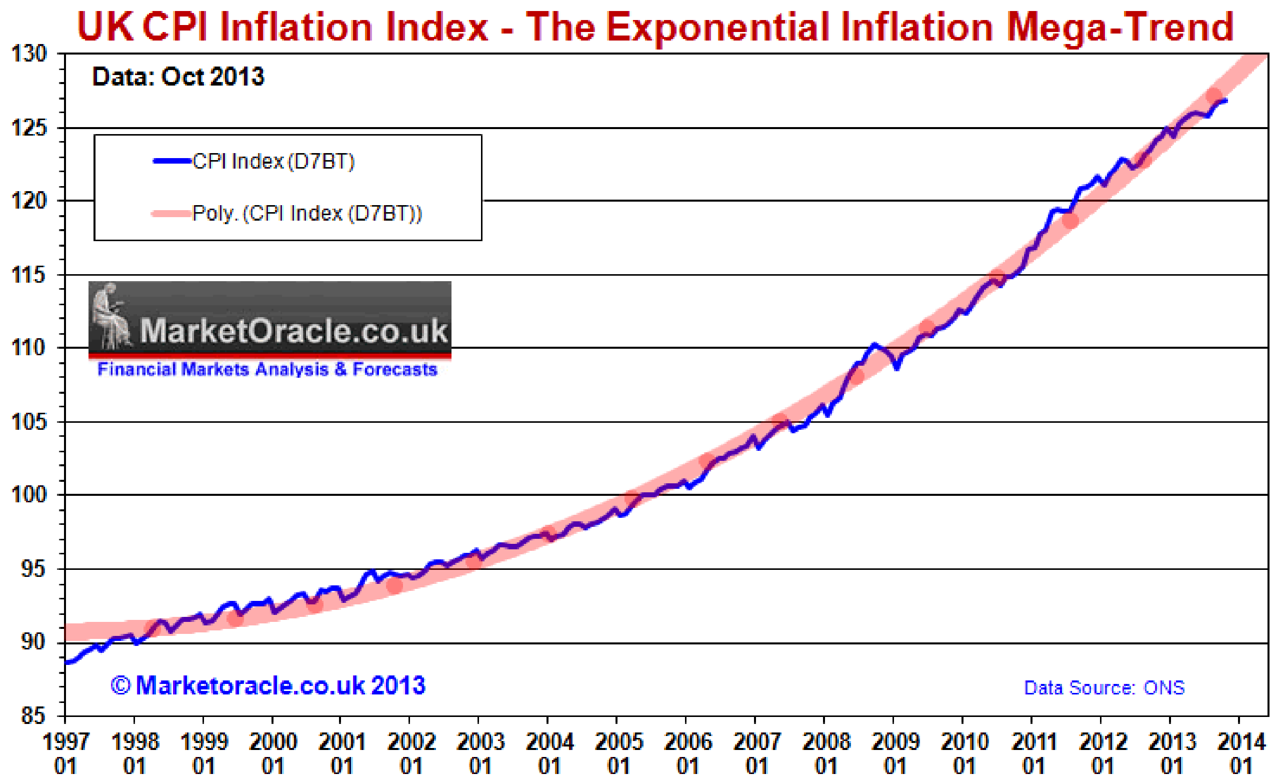
Real UK House Prices and the Inflation Mega-trend

The latest inflation data shows CPI falling to 2.1% for November 2013 (RPI 2.6%, Real inflation 3.6%) which was received as good news as inflation was finally starting to home in on the Bank of England's 2% CPI target rate. This prompted the usual mantra amongst the academics of the risks of dis-inflation and in some cases even deflation which were coupled with benign inflation forecasts by government institutions such as the Bank of England and the OBR that repeated their forecast that UK inflation would resolve to 2% in 2years time that is always the case and I mean ALWAYS, for more than a decade now the Bank of England has been spouting the same mantra aimed at keeping the wage slaves sedated as the actual inflation graph below illustrates that in reality there is an over 90% probability for UK Inflation being significantly above 2% in 2 years time.

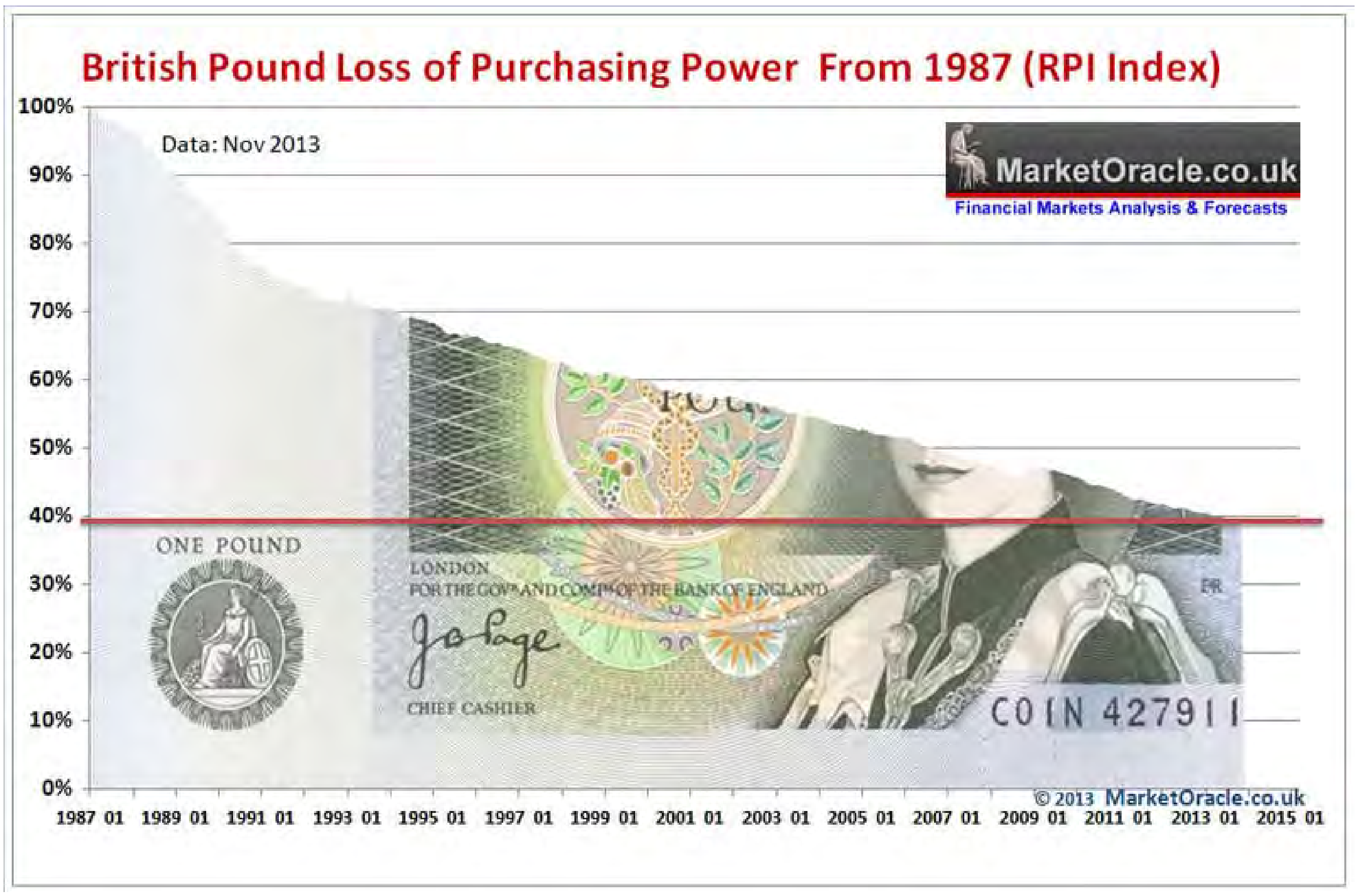


If you have been reading my inflation mega-trend series of articles this year, then you would know that I would not be surprised if UK inflation reaches as high as 7% in 2 years time! Which is well beyond anything in the collective consciousness of what passes for economic analysis from within ivory towers such as the OBR and a litany of economic Thick Tanks.

However, the inflation truth is far removed from that which the media focuses upon with the annual percentage rates of inflation that masks the truth of what is an exponential inflation mega-trend which is the primary consequences of perpetual money and debt printing monetization programmes that the government is engaged in, in an attempt to buy votes through high deficit spending, an inflation trend that asset prices are leveraged to and oscillate around which currently has UK inflation compounding at the rate of 2.1% per year that resolves in the following exponential trend.



The below graph again illustrates how much Inflation we have experienced that most people are likely unaware of is that of the loss of purchasing power of the British Pound which is now worth less than 40% of its value of 25 years ago as governments continue to relentlessly erode its value all the way towards zero.



This IS the reason why your real experience of day to day living expenses does not match government / media propaganda. However, it is even worse because as I keep reiterating that the rate of Inflation is EXPONENTIAL. What this means is that if you stuffed money under your mattress 20 years ago, today it's value would have been inflated away by 50%.

The debt / money printing induced inflation mega-trend is forcing people to either spend or put their hard earned cash into the bankrupt banks for a pittance in interest that is TAXED, so that it is near impossible to consistently get a return that is greater than even the official rate of inflation let alone the real rate of inflation that is currently about 3.6%, as governments continuously tinker with the methodology to reduce the official inflation rate as you will likely experience when you go to do you weekly shops and experience inflation rates nearer to 9% then 2%.

The Great Savings Interest Rates Crash Continues

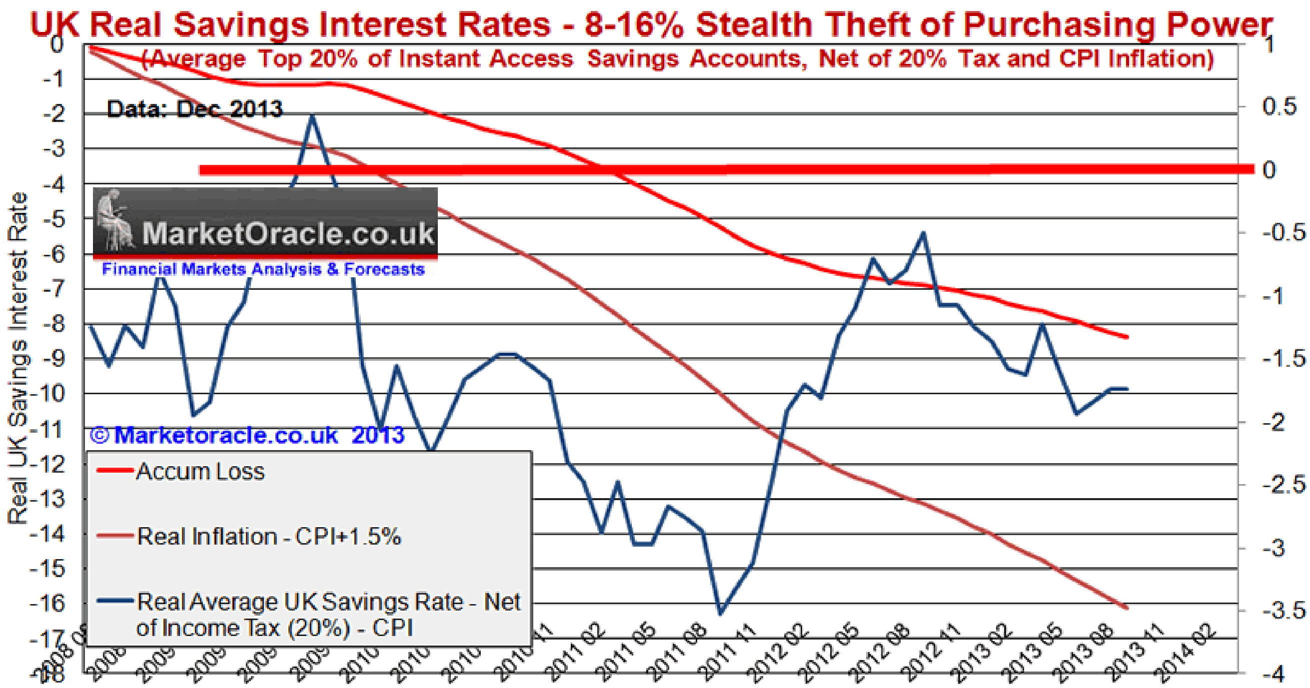
The below table for the cash isa rates as offered by the Halifax shows that savings interest rates crashed directly in response to the Bank of England's Funding for Lending Scheme announced in July 2012, which sought to provide the Banks with cheap money to encourage lending to the general public that originally would total an estimated £80 billion over 18 months but which subsequently was indefinitely extended. The effect of which has been for the Banks to rely on Bank of England / UK Treasury for funding of lending instead of savings and thus savings interest rates continue to crash despite a strengthening economy.

Halifax ISA's	May 2012	Sept 2012	Nov 2012	Mar 2013	May 2013	July 2013	Dec 2013	% Cut
Instant Access	3%	2.75%	2.35%	1.75%	1.35%	1.35%	1.10%	-63%
1 Year Fix	2.25%		2.05%	2.05%	1.75%	1.75%	1.50%	-33%
2 Year Fix	4.00%	3.25%	2.25%	2.5%	2.10%	2.10%	1.65%	-59%
3 Year Fix	4.25%	3.75%	2.35%	3.00%	2.25%	2.25%	1.85%	-56%
4 Year Fix	4.35%	3.80%	2.40%	3.05%	2.30%	2.30%	2.00%	-54%
5 Year Fix	4.50%	4.15%	2.60%	3.10%	2.35%	2.35%	2.10%	-53%

Just take a second look at this table at the degree of erosion of purchasing power from savers, even the long 5 year Halifax fix fails to match RPI of 2.6%, instead the rate paid is a pittance of 2.1% when it should be at least 4.5%! This is systemic banking system wide! This is why the banking system operates as a crime syndicate to systematically STEAL money from their customers be it LIBOR, PPI, SWAPS or PURCHASING POWER as a consequence of far sub inflation interest rates.

Furthermore, the Bank of England's recent announcement that it would restrict use of funding for lending to target businesses instead of mortgages has instead of increasing savings interest rates that the mainstream press ran with as the consequences of, instead has to date had the opposite effect of resulting in further cuts in the rates of interest.

Again, the consequences of the exponential inflation mega-trend stealth theft of savers wealth is worsened by the 20%-40% additional theft by means of double taxation on savings interest that ISA's at least attempt to protect against i.e. Inflation steals the value of your savings by currently about 1.5% then the government taxes you by 20% to 40% on the sub inflation interest rate that you will be in receipt of which means that savers are guaranteed to lose 2% of the value of savings per year which the following graph illustrates that over the past 5 years for the top 20% interest paying instant access accounts, on the CPI + tax measure over 8% has been stolen and on the real Inflation measure over 16% has been stolen.

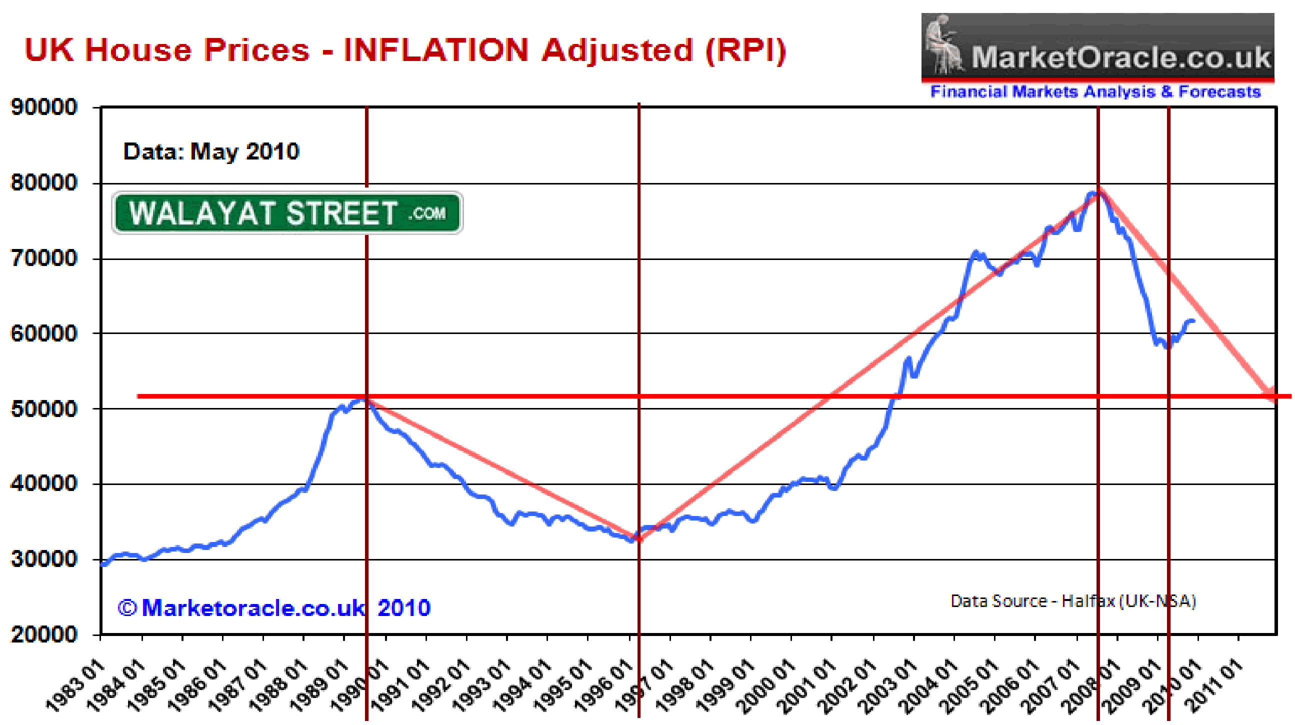


To protect oneself from the global inflation war against savings, savers need to risks i.e. if you invest in the stock market then you need to appreciate the fact that it will be far higher risk than leaving it in the bank even if it WILL lose its value at approx 2% per annum even in the best instant access savings account. For much of 2012 and for the whole of 2013 I have been flagging that the UK housing market presents one of the best opportunities for not only protecting against the stealth inflation bankster and government theft but also by profiting from the inflation mega-trend.

UK House Prices and the Inflation Mega-trend

My analysis and concluding trend forecast of 3.5 years ago laid out the the implications of inflation for the UK house prices trend over subsequent years towards a housing market bottom as illustrated below -

17 Jun 2010 - UK House Prices Inflation Adjusted Long-term Trend Analysis



The implications of the real trend in UK house prices are:

a. The housing market is nowhere near reaching another boom phase which only coincides when house prices pass their previous peak in REAL terms i.e. after inflation, this suggests that any upward trend in house prices is going to be shallow where the next boom could be as long as a decade away.

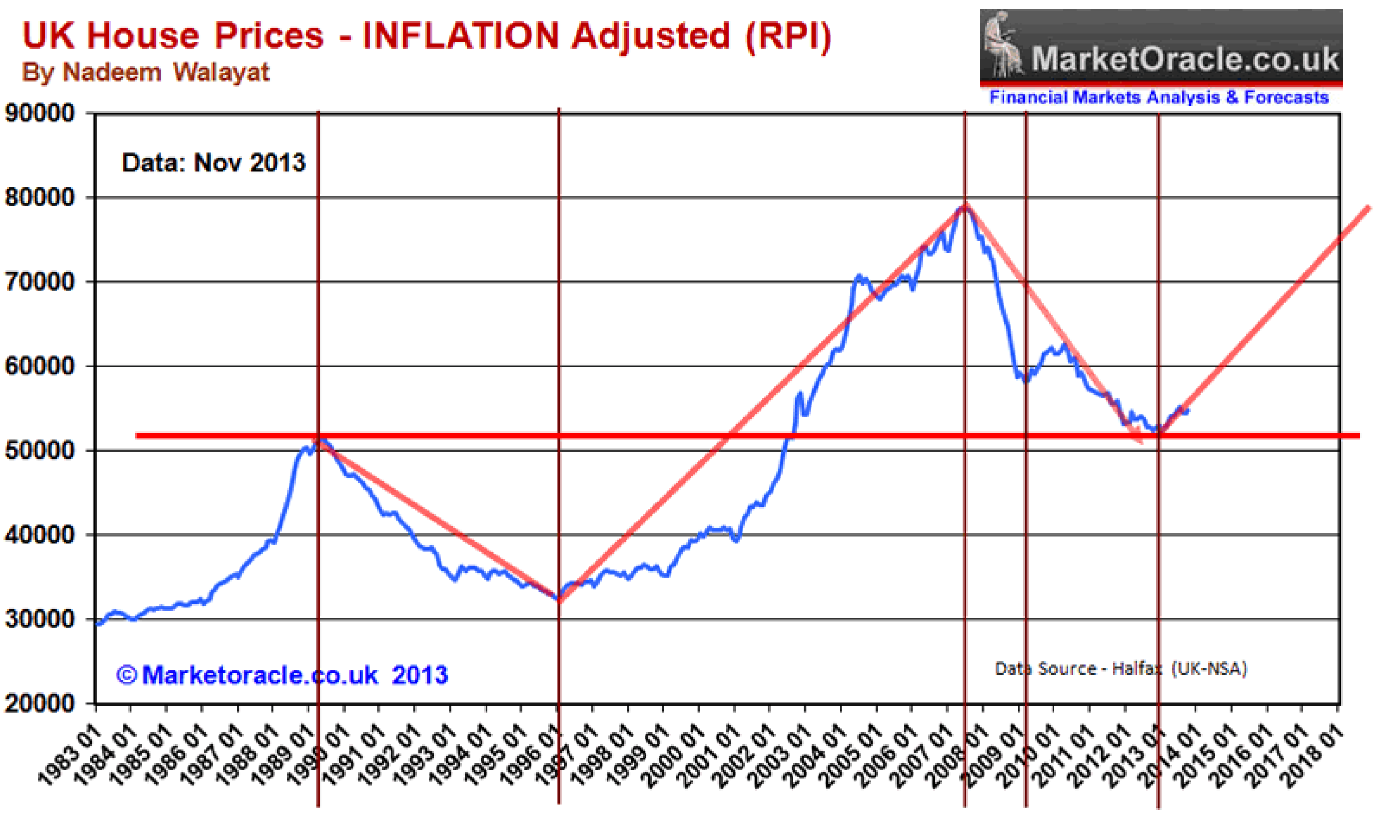
b. That the housing market in real terms has barely lifted off of its March low and is thus highly susceptible to a prolonged period of stagnation in real terms, i.e. the housing market basically goes nowhere for several years in real terms.

c. That it is highly likely that we have yet to see the low in UK house prices in real terms, which either means a sustained period of inflation or that the UK house prices revisit there 2009 March Bear market lows.

Conclusion

This analysis suggests that the value of UK house prices will continue to be eroded in real terms as a consequences of high inflation and weak nominal house prices trends which implies several years of stagnation to be followed by several more years of weak house prices growth in real terms. Thus those looking for a return to the boom times over the next few years are likely to be disappointed, especially the buy to let brigade that rely on capital appreciation in real terms to generate investment returns after costs.

The updated graph shows how things panned out in terms of a housing market bottom and what that bottom now implies for house prices for the remainder of this decade.



The implications of the real trend in UK house prices are:

1. The forecast real terms trend trajectory of June 2010 proved remarkably accurate in terms of mapping out where UK house prices would likely bottom several years later both in terms of price and time. Thus this indicator will again play a pivotal role in the extension for my existing forecast.

2. This supports my long standing view that the UK housing bull market can be sustained for the WHOLE of the remainder of this decade (6 years) and probably beyond.

3. That my existing expectations for a 10% per annum trend trajectory is more than sustainable, in fact the average rise in UK house prices over the next 6 years could easily exceed 80%! Which translates into an average of over 13% per annum that is well beyond anything that most housing market commentators, academic economists and journalists who think they are economists can comprehend today.

U.K. House Prices vs Supply, Immigration, Population Growth and Demographics Crisis

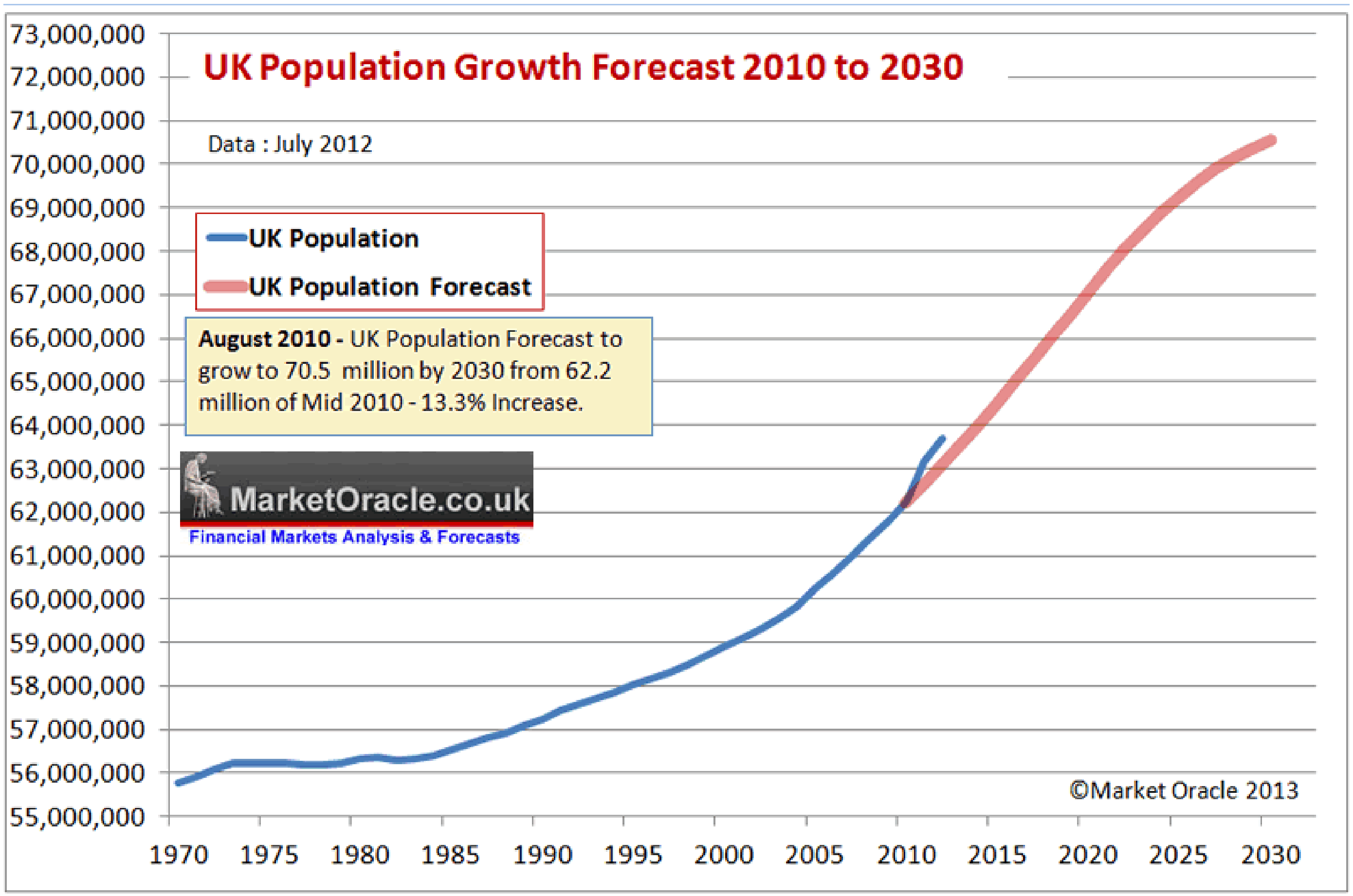
The long-term battle being played in the UK housing market is that of limited new build supply always trying to play catchup with ever increasing demands as a consequence of the UK's growing population and changing demographics which is set against many other developed countries that are either experiencing falling populations such as Germany and Japan or have ample space to build far beyond that demanded as a consequence of population growth such as the United States and of course not forgetting eastern europe as a consequence of emigration. Therefore this analysis as part of a series on the UK housing market seeks to gauge the likely impact of population growth and the ageing demographics crisis on UK house prices over the next 20 years.

UK Population Growth Forecast

My long standing forecast is for the UK population to grow from 62.2 million as of Mid 2010 to at least 70.5 million by 2030 as illustrated below:

UK Population Growth and Immigration Trend Forecast 2010 to 2030)

> *The assumptions being factored into the UK population growth forecast are for a natural UK population growth rate of births exceeding deaths of 0.33% per year (current 200k), coupled with net average current immigration trend of 240k per year, supplemented with climate change refugees averaging 50k per year from 2015 onwards extrapolates into the following trend forecast over the next 10 years that targets a rise from 62.2 million as of mid 2010 to 67 million by mid 2020, and should the same trend be maintained beyond 2020 then the UK population could rise to above 72 million by mid 2030. However in all probability the country will not experience the post 2020 trend due to several converging factors including political pressures, capacity constraints and the UK's relegation in the economic prosperity leagues. Which implies a tapering off of net immigration in favour of natural growth which implies a lower total of nearer 70.5 million by 2030 as illustrated by the below graph.*



However, the updated graph shows an actual trend trajectory as per the most recent ONS population data of into Mid 2012 of 63.7 million and an estimate of into Mid 2013 of 64.3 million which suggests that the UK population could increase by an additional 4 million by 2030 as a consequence of what amounts to out of control immigration and its birth rate consequences that translates into a population increase equivalent to 15 cities the size of Birmingham.

Labour Governments Immigration Catastrophe

It cannot be under stated how disastrous were the immigration policies of the last Labour government and their ineptitude in gauging the consequences in terms of opening the flood gates at a time when many other more competent european governments of such as Germany and France restricted immigration that acted as a funnel that sucked in 2 million eastern european immigrants into Britain's debt fuelled economic boom that has resulted in what amounts to catastrophic out of control immigration that is more than 20 TIMES that which Labour expected would take place, policies that as a consequence of being a part of the EU are STILL contributing towards out of control mass immigration that even former senior Labour Government Ministers such as former Foreign Secretary Jack Straw are stating were catastrophic:

" The predictions were completely catastrophic, I mean they were wrong by a factor of ten, in other words it wasn't 13,000 per year but it was something like 130,000 a year" - Jack Straw

The actual rate of annual immigration was 240,000, near 20 times the Labour governments propaganda that continued for many years into Mid 2000's despite clear evidence of mass immigration being under way.

One Million Romanian and Bulgarian's to Descend upon Elysium

The latest manifestation of the immigration catastrophe is well under way as hordes of Romanian and Bulgarian workers and benefits claimers that if follow what transpired during the past decade will turn out to be 20 times the academic estimates. The recent movie Elysium depicts what in many respects has been taking place in the UK this past decade as hordes of economic migrants from across the world have descended upon Elysium (Britain) that under the weight of which risks Britain's economic social and cultural destruction.

The Romanian and Bulgarian Benefits Plague

Whilst many mainstream politicians of both Britain, Bulgaria and Romania may argue that those who will come to the UK will mostly be along the lines of the last mass migration from the likes of Poland i.e. young hard working individuals, however there are two problems in that most of the young hard working Bulgarians and Romanians have already migrated (estimated 300,000) to the UK during the past 5 years via a whole host of avenues such as work permits and low skilled quota schemes, and the fake self employment loop hole, secondly that virtually all of these are low paid workers who are in receipt of TAX CREDITS, thus the net effect of eastern european workers is to INCREASE the tax burden as LESS is paid in taxes than is paid out as TAX CREDITS.

The current situation of a completely open door policy is further exacerbated because it is not just the Bulgarian's and Romanian's from the countries of origin that could flood Britain but also the estimated 3 million who have already migrated to the Southern European states such as Spain and Italy who following the drop of border controls many of whom look set to make the move to a better paying Britain both in terms of wages and benefits and in terms of the availability of low paid jobs.

Therefore this is a recipe for an immigration catastrophe because as many as 1 million Romanian and Bulgarian's could migrate to Britain over the next 2 years, far beyond anything that can be envisaged by that which is being reported of in the mainstream press of a high 50,000 per year, and it is very telling that the coalition government refuses to release the estimate of how many migrants will arrive during 2014 as the government chooses to keep their reports and estimates a secret from the people instead pretend not to have undertaken any study. One of the few politicians who has made a forecast is the Bulgarian Ambassador who forecasts just 8,000 per year when the actual number of Bulgarians is likely to be THIRTY TIMES official propaganda.

Thus it is highly probable that many of the future arrivals from Bulgaria and Romania will tend to be poor families who will seek to target Britains welfare system both in terms of benefits and tax credits for low paid workers as the level of poverty in the newest members states are at European extremes that the likes of the Roma communities have experienced in the former Czechoslovakia, in which case the calculations will be pretty easy for most migrants to make for why would a family subsisting in Romania or Bulgaria on less than 1/10th the resources that will be available in the UK not migrate whole families to Britain who will have the same rights as any British citizen for access to the whole host of services and benefits available from housing, hard cash, schools and the NHS. After all, if Britain's population could similarly attain an income that was near ten times the benefits cap of £26,000 in another european state (£260,000), then the UK would also likely witness a mass exodus of many benefits and low income families out of Britain.

And this does not take into account the Roma crime wave and civil disorder that may parts of Britain are experiencing that even a former Labour home secretary warns could result in riots during 2014.

Breaking the Back of Public Services

Public services such as health, housing and schools were already stretched to breaking point as a consequence of a decade of mass immigration and ongoing health tourism are now likely to effectively seize under the weight of the latest wave of as much as 1 million over the next 2 years as many hundreds of thousands of poor families will dump themselves at the feet of Britain's local councils and welfare state to home, feed, cloth and school in perpetuity that will prompt many hard working taxpayers to question exactly what are they being forced to pay taxes for because when they attempt to gain access to services they will experience much inertia.

The Academic Economics of Mass Immigration (propaganda)

Locked away in their ivory towers, academia tended to favour mass immigration for its positive consequences in terms of managing the economy i.e. as mentioned earlier mass immigration tends to drive down wages and therefore allowed an economic boom to take place without inflation consequences, as each annual wave poured water on the burning embers of a wage price spiral hence why many academic papers were written (propaganda) for the political paymasters in support of high immigration without ever contemplating the consequence in terms of debt as British workers with increasingly depressed wages were forced to borrow to mainstream standards of living and in terms of lack of housing and welfare services from schools and healthcare for Labours extra 2 million influx that went some way to explain why despite increasing spending on services, it always seemed never to make much difference to peoples real life experiences of the likes of the NHS.

The Politics of Mass Immigration

The Leaders and representatives of both major parties have been busy making statements promising to control immigration in the future, however these amount to nothing more than bare faced lies when one considers the real fundamental drivers for immigration because if the politicians were really serious about controlling immigration than it would already have been done!

Labour supports unlimited immigration because the vast majority of immigrants will tend to vote Labour i.e. be politically left of centre, therefore Labour sees immigration ultimately in terms of hundreds of thousands of new Labour voters who will ensure further election victories. Labour's strategy has therefore been highly successful as in a little over 10 years it has changed many constituencies in favour of voting Labour to the point where it has become near impossible for the Conservatives to win elections with significant majorities such as the landslides achieved by Margaret Thatcher during the 1980's.

Conservatives support immigration because it is highly profitable for their pay masters - big business, as the influx of migrant workers will tend to drive down wages for all workers thus deliver higher profits for business. Academic economists may rightly argue that by doing so businesses will ultimately erode their own profits as workers who earn less also spend less. However what academics fail to appreciate is that the state steps in to fill the gap by subsidising workers through tax credits and funding the lifestyles of some 8 million people who are economically inactive all of which is paid for by money conjured out of thin air i.e. government debt that is not backed by any economic activity that acts to inflate the economy, and thus corporate profits which are leveraged to inflation.

The Conservative led Coalition boasts that it has cut net migration by a third, but what they forget to mention is that only immigration from OUTSIDE of the EU has been cut i.e. many of whom would be highly skilled workers, who instead of being reliant on the state would have paid taxes. Additionally the Conservatives conveniently tend to forget that the Borders Agency has been an abysmal failure that routinely allows in many tens of thousands of illegal migrants that go unrecorded each year.

Therefore one should realise that high net immigration is in the interests of both major political parties both in terms of votes and for those that bankroll the parties, which means that neither Labour nor Conservatives will actually do anything significant in respect of controlling immigration, so everything you are hearing in the mainstream media from the politicians such as Cameron promising a referendum in 2017, some 2 years AFTER the next election is purely smoke and mirrors BS to mislead the population into thinking that something will eventually be done about Britain's immigration crisis.

So, yes each party may announce plenty of policies and massage the figures in the run upto the next general election, but they will break ALL of their immigration promises just as they have done so before because it is not in either main parties interests to control immigration.

Immigration Solution - Thinking Outside of the Box

A possible solution to Britain's immigration crisis is for politically corrupt eastern european countries such as Bulgaria and Romania to replicate the British political, legal, social and cultural system, therefore Britain rather than opening its doors instead Bulgaria and Romania should open their doors to hordes of British technocrats so that they can implement a blue print for constructing a modern democratic British colony, it's not as far fetched as it may sound as the euro-zone effectively replaced democratically elected governments with technocrats in several european countries such as Mario Monti's in Italy. The only stumbling block is would the corrupt eastern european politicians give up power?

Landlords to Evict British Benefit Claiming Tenants in Favour of Eastern European Workers

Rising house prices meets housing benefits cuts, benefits culture cap resulting in private Landlords increasingly making the financially commonsense decision to evict not just benefit claimants heavily in arrears but virtually all of their benefit claiming tenants in favour of far more reliable hard working eastern european workers.

This is the natural consequences of rising house prices as rental yields tend to track house price rises where the average annualised rise of 8.5% implies average rents could be raised by 8.5% which pushes benefits claimants increasingly into arrears and thus prompting Landlords to seek more reliable rent paying tenants as the Coalition government has desperately been attempting to cut what had become out control housing benefits payments to 4.5 million households under the Labour government that at its extreme had manifested itself in rental payments of over £100,000 per annum each to over 100 families that are now subject to the benefits cap.

Channel 4 News recently ran a story that illustrates what is taking place in Britain's property rentals market as one landlord explained why he has served eviction notices on 200 housing benefit claiming tenants thus forcing the tenants back onto already swamped public sector housing as a further example of what amounts to out of control immigration resulting in relentlessly building demand pressures right across sectors of economy.

The benefit cuts already brought in by the government are starting to have one unforeseen consequence some private landlords are refusing to house people on benefits at all, take the wealthy property owner Fergus Wilson and his wife Judith, two former maths teachers turned property tycoons have served eviction notices on 200 families who depend on welfare to cover their rent and he joins me now.

Fergus Wilson your not the only private landlord doing this so where are people on benefits supposed to live?

Well, that is a matter for the local authority, but the difficulty for the local authority is that they are full to capacity, so where do people go ? If they are single mums, they get some protection, but in reality it means bed and breakfast, if they are over 18 and have no children then the local council is under no obligation to house them.

But your kicking them out, government cuts have what have brought all this about and the impoverished tenants are taking the flack aren't they ?

Yes

So people say your a bit heartless, do you think your heartless?

Well if I am heartless then so all of the other landlords are heartless because were all doing the same.

But do you think your being unfair, your worth £240 million pounds, do you think you need to put rents up?

Yes I do, the situation is this if house prices go up then the rents go up in proportion, that's commonsense. All of our properties have to stand on their own two feet, its not a house of cards, if a property has a tenant who cannot afford the rent then the mortgage does not get paid and we would lose the house as well as the tenant, that's rather silly, if we have a person who is working who may be an eastern european, it is our experience you do not have defaults. I must tell you I have not had anyone in the last 2 years who was working fail to pay a penny, but as far as people on housing benefits we are now over 50% in arrears, so its a pretty simple choice.

Channel 4 Youtube

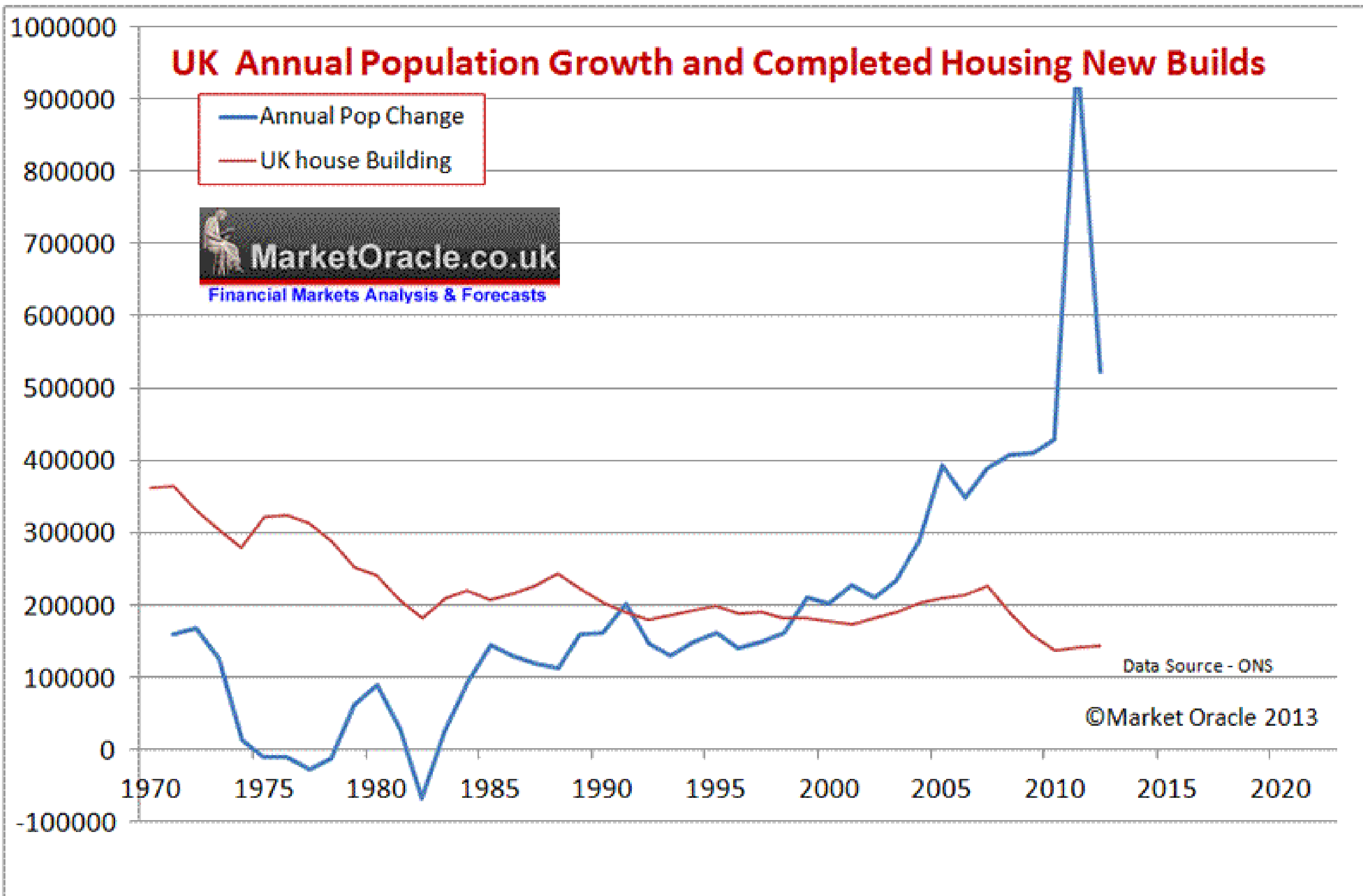
However, it is not as black and white as the Channel 4 story implies for many immigrants of especially the more recent waves out of Romania and Bulgaria can be even worse tenants than British benefit claimants as for months many landlords have been informing me of their negative experiences where Roma and other eastern european tenants who will say anything to gain a privately rented property by offering to pay higher rents and pay for several months up front, but then the experience is that no further payments are made where the Roma / Romanian tenants give the story that they have lost their jobs and then refuse to leave properties as Landlords are forced to go through the lengthy eviction process that usually results in the return of a stripped down wrecked property with inability to gain recompense from the tenants who have moved on to their next victim.

And where the welfare bill and immigration are concerned it should be noted that benefits such as housing and tax credits are available to all workers including low paid eastern european workers who will be in receipt of housing and other benefits that far out weigh taxes paid and hence demonstrates how where the property rental market is concerned immigrant demand is displacing British claimants rental opportunities whilst adding to the benefits bill.

At the end of the day the immigrant demand pressures are a wake up call for many of Britain's 8 million benefits for life claimers to get of their lazy back sides and into work as the immigrants illustrate that there is always work to be done because the twin forces of the state being increasingly financially unable to provide them with a free lunch from cradle to grave, coupled with continuing out of control immigration results in cost of living increases far beyond the rate that benefits are indexed to right upto the benefits cap that should increasingly force the 8 million non working benefit claimants to work as do the other 28 million hard working Brit's whom many claimants have been living off their whole adult lives despite no real reason other than a generational entitlement culture of laziness for the reason why they have made a life style choice not to work.

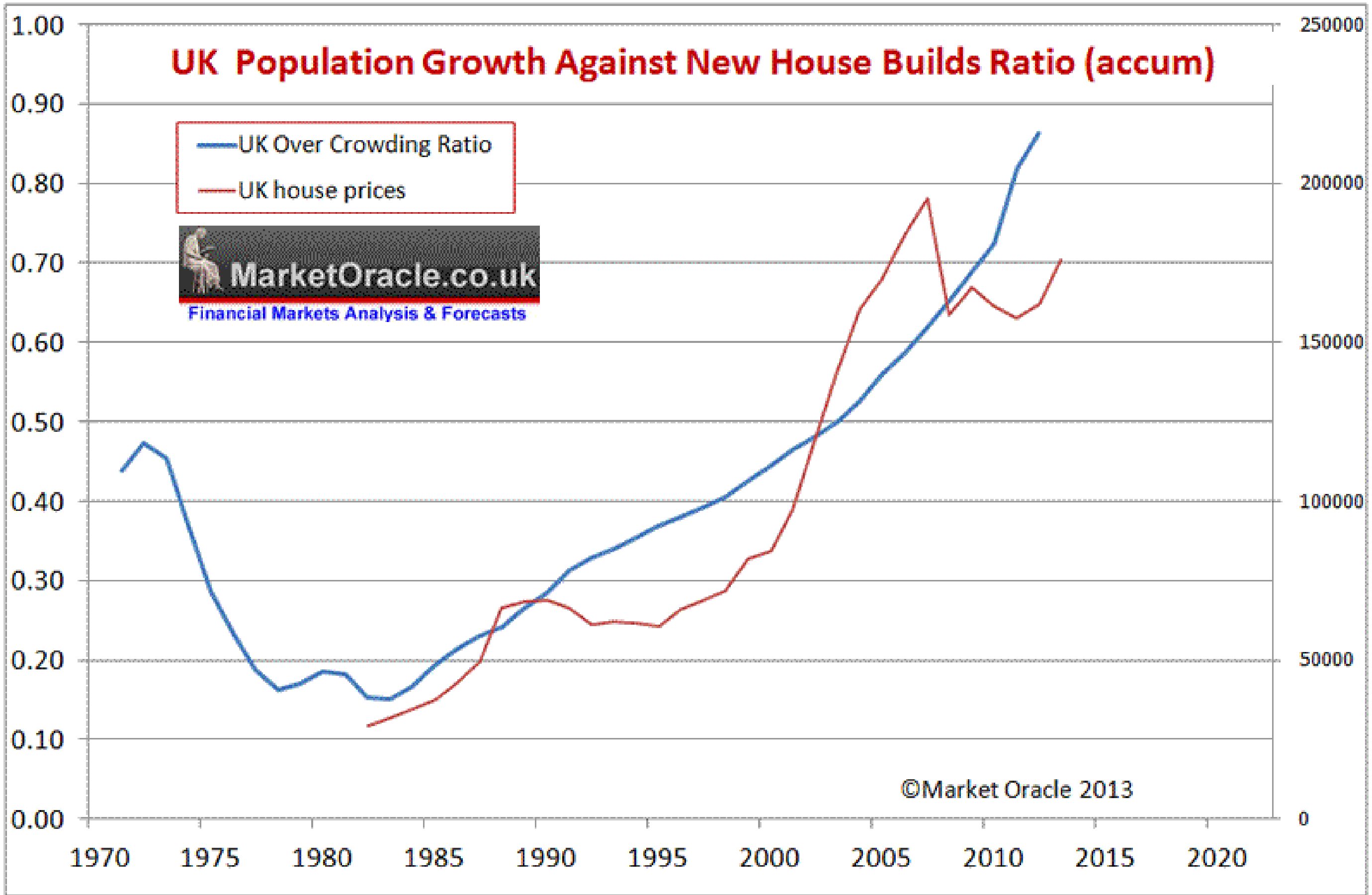
UK House Building and Population Growth

The below graph shows the UK annual population change against annual new housing build completions.



The graph illustrates a major long-term shift took place in the UK housing market dynamics by 2000 when the annual increase in population started to far exceed the number of new builds that ended the preceding trend for construction to exceed population growth in terms of addressing the UK's chronic long standing housing shortage, especially considering that the average size of households has continued to shrink falling from 3.1 in 1960 to just 2.25 in 2013 (one of the lowest in the world) as a consequence of the increase in single person households and single parent families. Therefore instead of increasing house building during the immigration catastrophe the exact opposite has taken place as far fewer houses were built each year than during the preceding decade This ratio is only trending in one direction i.e. lower which means that even if the UK population suddenly stopped increasing then the falling ratio towards 2.15 by 2030 would imply demand for an EXTRA 1.25 million properties.

The below graph further illustrates the ratio between the accumulative change in population since 1970 against the accumulative number of new housing builds also since 1970 as a ratio that shows the level of UK over crowding.



This better illustrates the change in trend that started to take place during the mid 1980's that coincided with the Thatcher governments reversal of the policy for the construction of social housing and implementation of the right to buy programme that resulted in the sale of millions of socially owned local council housing that ignited the property boom of the nineties AND noughties, the trend that was set in motion was for the inability of supply to keep pace with population growth which ensured continuously persistent upward pressure on house prices that despite the great recession still showed an accelerating trend as new build supply that currently stands at an estimated 140k per year is set against government estimates for a requirement of at least 250k per year, with 300k a more realistic estimate when the trend for a falling household size is taken into account, which thus ensures that the UK's over crowding situation is expected to continue to worsen year on year going forward, especially if the size of average households continues to shrink which would require 70,000 new builds per year even if the population stopped increasing.

And this analysis does not even consider the fact that each year the total number of properties remaining empty continues to rise either as a consequence of being for sale, let, legal issues or falling derelict. This totals now more than 1 million empty properties at any one time, a number which despite demand looks set to continue to rise as many of the derelict buildings will only come back on the market when they have been demolished and rebuilt, so erroneously counted as new builds when they should be classed as rebuilds.

Implications for House Prices

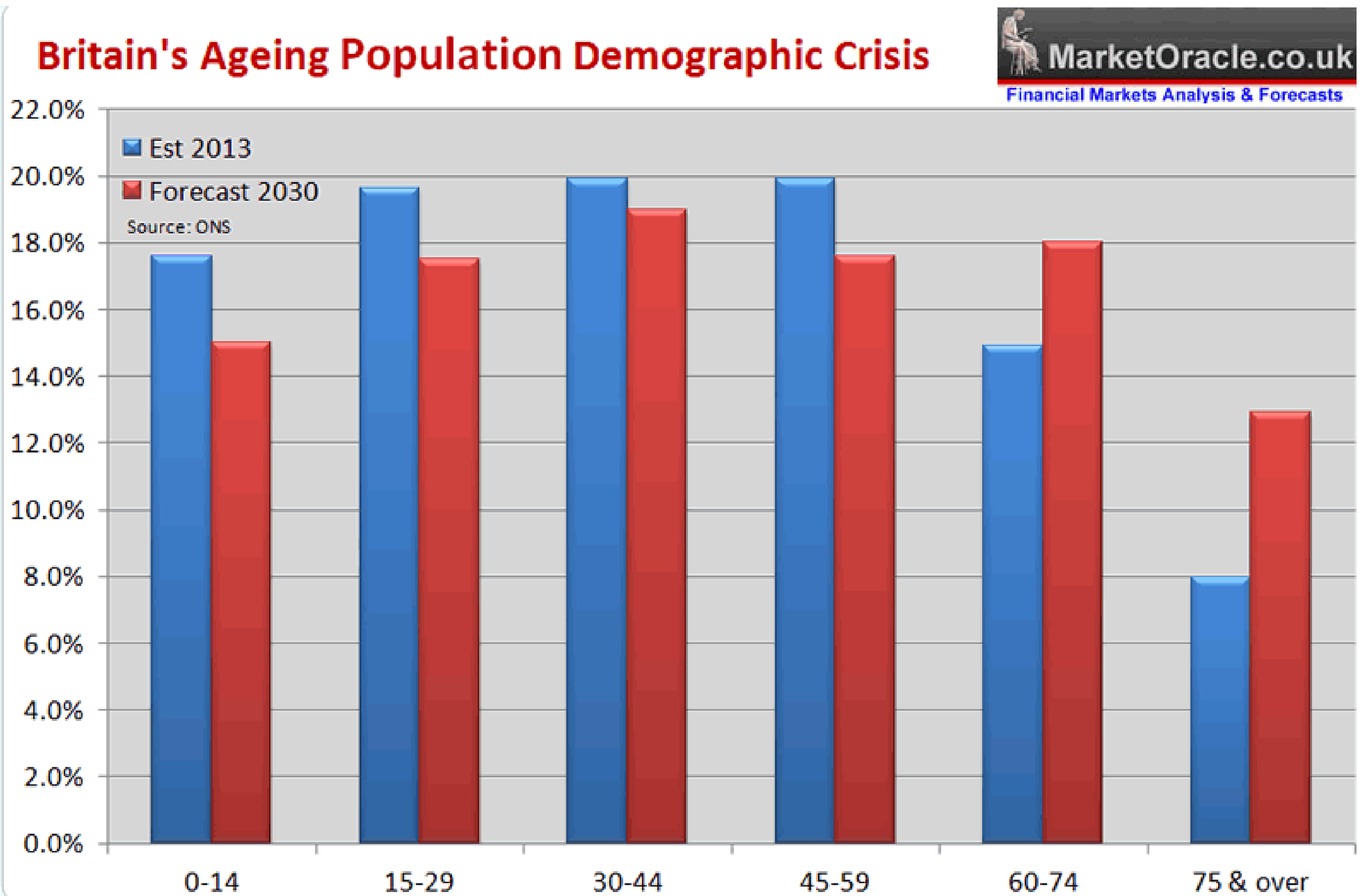
New build supply plays an important role in the housing market as it tends to average at approx 10% of the total number of annual transactions, which is more than enough to have a significant effect on the UK housing market especially as supply over recent decades has been consistently below that which is deemed necessary to meet the demands of a growing population which meant that the UK housing market was never destined to replicate the housing busts of countries such as the United States or even closer to home of countries such as Spain, where that housing bust has prompted many hundreds of thousands of British ex-pats to cut their losses and return to the UK, closely followed by unemployed Spanish and other PIIGS citizens seeking employment in a far more liberal and robust UK jobs market and thus introduce new demand into the UK housing market.

This suggests that the often put forward academic standards in terms of valuing the housing market affordability ratios such as X3.5 salary towards the likely path for the UK house prices does not take into account that of new demand against new supply trend that implies affordability ratios look set to be pushed ever higher to new trend extremes, and therefore supporting long-term rising price trends for UK house prices in real terms, i.e. expensive UK house prices look set to be here to stay for as long as the lack of new supply exists, especially as the UK population is expected to grow by at least another 5 million over the next 10 years and probably nearer 6 million which demands at least an extra 2.5 million homes to be built which is set against an realistic estimated construction of just 1.4 million new homes, which means UK over crowding is going to continue to get much worse and thus drive house prices ever higher.

The bottom line is Britain's over crowding ratio insures that no matter what the arguments are put forward by academics that many people just cannot afford to buy so house price rises must be unsustainable, instead the population growth fundamentals are such that their argument just does not matter, the only thing that can effect this fundamental trend is if the UK literally doubled the number of houses built per year, and even then it would not result in a fall in house prices but tend to index house prices to inflation. But off course that is not going to happen, the UK is not going to build anywhere near 300,000 homes per year, as the reality is that for most years UK house building will be short by as much as 150,000 completed new builds each year which will just compound the housing market demand vs supply pressures and thus exert further upward pressure on house prices.

Britain's Demographic Time Bomb Has Gone Off!

Britain's demographic crisis as illustrated by an ever growing ageing population that despite an increasing number of workers due to immigration cannot maintain ratios of the past, where 20 years ago there were 8.9 million pensioners against 28 million workers or a ratio of 3.15 workers to every retiree (15.5% of the total population), today there are over 11.5 million pensioners to 30 million workers, a ratio of 2.6 to 1 (18.1% of the total population). Britain's growing elderly population demanding an ever greater share of the economic pie that puts an ever increasing burden on the welfare state services such as the NHS that will continue to severely impact the economy.



There is no end in sight to Britain's demographics crisis as an ageing population looks set to see the number of retirees increase from approx 11.5 million today to 13.5 million by 2020 the impact of which is partially being offset by Britains rising population from 62 million (2010) to at least 67 million by 2020, which whilst putting Britain in a far better state than many other countries who's total population and worker base is already shrinking as well as experiencing an increasing ageing populations such as Japan, however an 8% increase in the total population against a 17% increase in retirees is not going to offset the impact of the increasing number of retirees as the ratio of workers to retirees continues to fall, especially as this trend looks set to continue to 2030 and beyond by which time the number of over 75's looks set to literally double in number, rising from 8% of the population today to more than 13% and in total approx 25% of Britain's population will be over 65 which suggests an unbearable ratio of 1.9 workers per retiree 1, which implies that huge amount of purchasing power of workers will be lost over the next 20 years, something that I will cover at length in my next in-depth analysis focused on wages and house prices (FREE Newsletter)

The consequences of Britain's demographics are as I pointed out 4 years ago in the Inflation Mega-trend ebook of Jan 2010 (FREE DOWNLOAD), that governments only ever have one solution which is to PRINT MONEY be it called debt that will never be repaid or QE or a multitude of other examples such as Funding for Lending, and the consequences of the perpetual exponential money printing is as I have written about on a near monthly basis for at least 7 years is continuous exponential inflation. This is why whenever I hear warnings of deflation, I consider the proponents as being delusional because there has not been nor ever will be DEFLATION!

There is a Silver Lining of Sorts

Thankfully it is not all gloom and doom as the current coalition government as well as future governments will increasingly recognise the exploding demographic time bomb and thus will actively engage (belatedly) in an attempt to alleviate the disastrous long-term consequences by both gradually raising the retirement age, which will probably be raised to at least 70 by 2025, as well as cutting the burden of costs that are presently dumped onto the tax payers.

Whilst both ends of the spectrum i.e. those retiring and those entering the workforce will both feel outraged at their own increasing costs, and diminishing services, however there is no way out of the demographics crisis other than for unpopular policies to be implemented as the alternative would be an hyperinflationary economic collapse, as successive weak governments have kept putting off the difficult decisions by taking the easy option of just printing money and monetizing government debt (as was the policy of the last Labour Government) which would wipe out the purchasing power of both earnings and savings and give the illusion of growth.

Other positive developments in recent years have been to address the problem of ageism so that people above a certain age are no longer seen as unemployable, the UK in this regard has come a long way over the past 10 years with now over 1 million pensioners working in retirement which coupled with extension of the retirement age should be seen as a positive trend until ultimately retirement would be resigned to the history books much as communism has been. After all retirement was never a sustainable policy as it was built upon the assumption that the ratio of workers to retirees would be sustainable at above X3, instead of the current trend towards below X2.

Whilst more elderly in the workplace over recent years has resulted in an improvement in the overall economy in terms of productivity in utilising what would have been an idle workforce, however as mentioned earlier, it does not resolve the tax and debt burden being placed onto future generations, which does confirm my view that at some point the retirement age will be scrapped altogether and along with it the state retirement pension to be replaced with a form of income support for low paid elderly workers, along the same lines as the current tax credits system. Though the problem here is political as the elderly are more likely to vote and therefore carry a far greater influence on government policies which given a rising elderly population can only increase. Therefore political parties have little choice but to lie to the grey vote to get elected and then break their promises citing economic fundamentals.

The objection put forward by many against an effective end to retirement is that it takes jobs away from the young, however this is a false premise as those starting out at the beginning of their careers are at a different stage of development than those that are in the last few years of their careers, just as those in their 40's usually do not compete against those in their 20's therefore even less so will those in their 60's and 70's, if anything it will allow for more efficient transfer of knowledge and experience between old and young workers rather than having an artificial cut off date.

So whilst out of control immigration of the past 10 years has been very bad in terms consuming resources and drawing on benefits, it does however have a silver lining as the children of the immigrants will bear the burden (as will all born during the past 25 years) of the demographic crisis, which will hopefully buy Britain time for its inept politicians and technological advances to alleviate the consequences of, which by 2030 could imply that 1.9 workers per retiree could be sustainable.

UK Real Unemployment Rate is 5.5 million - Britains Benefits Culture

Whilst the focus of this analysis so far has been the ratio of workers to retirees, however Britain also carries the burden of its benefits culture which has 8.9 million people of working age who are sat idle, this is set against the official unemployment rate of just 2.4 million which results in an unrecorded economically inactive gap of 6.5 million which illustrates the true extent of the failure of the last Labour government to manage the potential of the work force during the boom years as illustrated by the fact that 80% of the 2.1 million jobs created under Labour went to foreign workers and therefore did nothing to address the true level of UK unemployment that contained a hidden ticking social security financing time bomb that has exploded as an extra £40 billion annual budget deficit that still persists.

Off course not all of those that are economically inactive can work such as through disablement or long-term illness, nevertheless the real level of unemployment if including those that can work but choose not to work then the real level of unemployment is nearer to 5.5 million rather than the official level of 2.4 million.

Therefore the coalition government has been correct in recognising this huge and unsustainable burden on the state by implementing measures to force those of working age to actively seek employment rather than remain a burden on the state for their entire working lives and then again during retirement, which would have the dual effect of turning many millions of today's benefit claimers into tomorrows tax payers.

Impact on House Prices

The impact of the demographics crisis on the UK Housing market is suggestive of increasing supply from the mid to upper range of the UK housing market as many people approaching retirement will have during their working lives looked on their homes as a means of providing for them in their retirement as they expected the rise on house prices as a consequence of inflation and economic growth to result in a profit far in excess of any outstanding mortgages at the time of retirement and in most cases they will have played the property market wisely even after allowing for the depression of the past 5 years as many will be sitting on small fortunes, especially those that bought in the South of the England 30 or even 20 years ago. Therefore a significant number of retirees look set to continue to either downsize or move into retirement homes or the new retirement villages that have been springing up, which will in part free up supply to put a dampener on rampant house price inflation of what we saw during the last boom whilst INCREASING demand for smaller properties in retirement towns and areas of the country such as sea-side towns.

Furthermore the psychology of seeing ones property as a retirement investment is widespread amongst all ages so continues to act as an encouragement to buy as people who cannot ever imagine that properties will ever yield less at the time of retirement than they do when bought, but instead the mindset is fixated on what has come to pass for their parents and grand parents generations.

In addition to this we have the wage slaves with less real terms disposable income to pay towards housing costs in terms of mortgages which on face value implies a persistent real terms deflationary outcome for UK house prices over the next 20 years. However this has to contend with rampant immigration coupled with domestic population growth as immigrant couples tend to have larger families which coupled with the benefit culture baby making factories will result in at least an extra 10 million people, a trend that is more than capable of overcoming the deflation as a consequence of the ageing population that ultimately has to imply persistently high real rates of inflation not just for house prices but for sectors right across the economy.

Furthermore as more of the benefits for life claimants are increasingly encouraged or forced into work, in addition to many more retirees continuing to work in some capacity will improve Britain's productivity which coupled with ongoing exponential technological advances will mean that a ratio of workers to retirees that is unsustainable today could be sustainable 20 years from now which ultimately translates in workers being able to support a greater proportion of wages being spent on housing costs in terms of affordability than is the case to today, which is why those fixated on affordability ratio's as compared against the past will continuously find themselves wrong footed, as ratios get ramped ever higher from 20% of income 20 years ago to 1/3rd of income today to 50% of income in 10 or so years time.

Therefore the message being painted by this demographics analysis supports my long standing view that one of the only ways for people to leverage themselves to the exponent inflation mega-trend consequences is to be exposed to assets such as housing and not only that but whenever prices fall due to fluctuations in the business cycle even if not in nominal terms but just in real terms (after inflation) than home buyers should seize the opportunity presented because the over riding trend for house prices over the next 20 years will be for only in one direction! A doubling then tripling in house prices by 2030! Where ALL of the risks are to the UPSIDE, i.e. out of control inflation which may in its immediate aftermath result in a real terms drop but which would sow the seeds for the next ramping higher in house prices just as the Great Recession house prices depression had concluded in the embryonic bull market of 2012.

In terms of towards formulating a house prices forecast trend trajectory, then this analysis is supportive of my view for a sustainable average house prices inflation rate of 10% per annum (compound) over the remainder of this decade.

UK House Prices vs Earnings, Immigration, Public Spending, Unemployment and Housing Market Affordability

Politicians have been busy in recent months making a series of speeches warning of the cost of living crisis as liberally reported on by the mainstream press, a crisis that manifests itself in earnings unable to keep pace with even the official rate of inflation that has been systematically revised over several decades to under report the real rate of inflation. The persistent lack of apparent housing market affordability has encouraged many academic economists and journalists to warn of falling earnings against rising house prices as a fundamental reason why house price rises are unsustainable as obviously people just do not have enough money to finance house purchase costs such as mortgage payments as prices rise, and thus deflation is always deemed to be just around the corner. We'll as I will illustrate in this article in my UK housing market series that they are once more WRONG!

I have periodically warned of the expected fall in earnings as a consequence of the exponential inflation coupled with tax rises and middle class benefits cuts in terms as illustrated by my article of near 2 years ago that warned of a further erosion of wages of 15% to 25% that was expected to especially hit the middle classes hard following the tapering and withdrawal of child benefit for many middle class families despite the fact that it was never really a benefit for middle class workers but in fact a tax rebate i.e. they were getting back some of the money that they paid in taxes to cover bringing up children which is in comparison to the benefits for life baby making factories that not only have never done a days work in their lives but see their children as means to gaining more benefits the most extreme case of which in recent years was the Philpott's case, who risked and ultimately did kill their 6 children as a consequence of incompetence in carrying out their plan who's aim was to gain more benefits.

04 Mar 2011 - Inflation and Tax Rises Crush Britain's Middle Class, Real Earnings 25% Drop!

Middle Classes To Lose as Much as 25% of their real earnings.

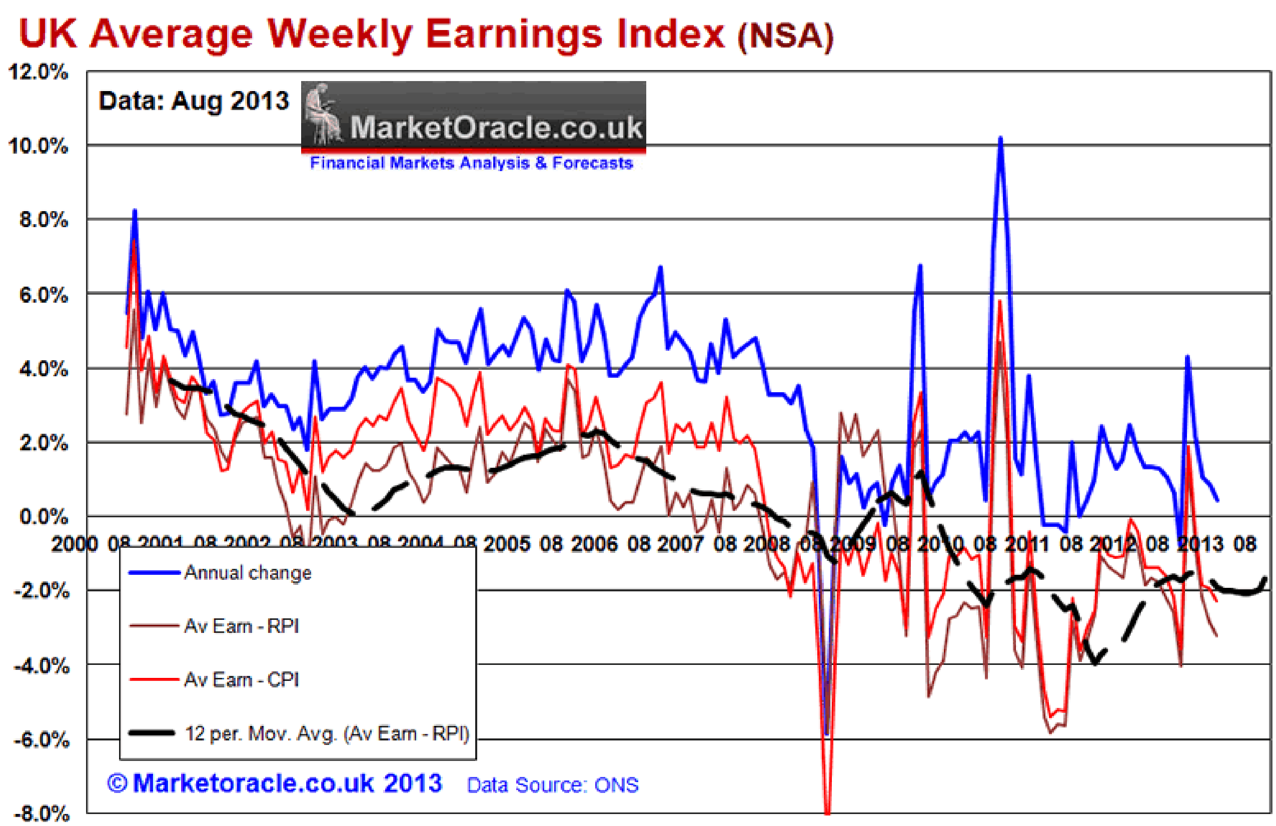
Whilst the poor can rely on benefits and the rich can rely on capital growth to profit from asset markets being inflated by the central banks far beyond the official inflation indices. However that leaves 70% of the British population that class themselves as being middle class to feel the full force of the Inflation and economic austerity mega-trend.

*Whilst many students (middle class wannabe's) have woken up to a near tripling of the debt burden they will be placed under, however, the situation for Britains vast middle class is set to get far worse than that which even the dire inflation outlook implies because on top of the inflation stealth theft of wealth and wage purchasing power there are a series of tax rises and benefit cuts due to hit the middle class workers of Britain and especially those with children as taxes rise such as national insurance, and tax allowances are cut, and benefits (tax reimbursements) such as tax credits are reduced and in many cases totally withdrawn which means **middle class workers could be hit by an additional loss of earnings purchasing power of 5% per annum on top of the real inflation theft of at least 3% per annum**, none of which features in any Bank of England or Government economic propaganda report.*

***Whilst trying hard to refrain from using expletives here, but the middle class of Britain is truly FQ&*ED! Middle class families will typically be poorer by between 15% and 25% by April 2013**, as from Jan 2013 many benefits will be cut such as the universal tax free child benefit payments being ripped away that alone amount to a loss of 7% of disposable income for a £45k wage earner with 3 children, that is destined to break the backs of many a middle class family fighting hard to stay above water in the wake of soaring prices.*

The workers of Britain have been losing real disposable earnings purchasing power at an average rate of 4% per annum, the trend is pretty much in line with my analysis as excerpted above which warned that workers should expect to lose between 15% to 25% of the net real terms value of their earnings over the next few years. This has now taken place as a consequence of the three policies of quantitative easing (Inflation), Tax rises (VAT,duty, tax free allowances frozen) and economic austerity (cuts in benefits such as tax credits and child benefit, and cuts in public services that now have to be paid for privately).

The following graph shows that even on the most recent data, that despite an improvement over the preceding years, the level of real average earnings are still not keeping pace with the cost of living and it is this which will be a critical factor in terms of the outcome of the next general election, as if the Tory led Coalition government fails by the end of 2014 to have engineered a positive trend in average earnings then it is highly probable that the Conservative party will not take part in formation of the next government. However, given the lag in the data I do expect this indicator to have turned positive during Q2 of 2014 as a consequence of an election inflationary boom.



However given the fundamental drivers of the British economy, I don't expect the positive trend to be sustainable much beyond the next general election, as the UK looks set to enjoy a temporary boom in real earnings during 2014 and into the May 2015 general election that looks set to quickly evaporate during the remainder of 2015 and for much of 2016.

The main reasons why real disposable wages will continue to be depressed are as a consequence of exponential inflation, continuing tax rises / benefits cuts (tax rebates), continuing mass immigration that depresses wages and the unproductive public sector spending black hole that expands each and every year as follows :

A. Bailing out the bankster elite whom the politicians ultimately serve the interests of.

The estimated cost in terms of money printing across a myriad of schemes such as QE of £375 billion, Capital injections, loans to banks such as Northern Rock and Bradford and Bingley that will never be repaid, funding for lending, paying out bonuses to staff of tax payer owned banks such as Lloyds and RBS on the basis of fictitious profits, compensation payments such as PPI, that in total I estimate to be at least £800 billion of tax payer support. Virtually ALL of which is OFF balance sheet hidden behind a myriad of Bank of England smoke and mirrors and so does not officially contribute towards Britains official debt dynamics but obviously does have economic consequences in terms of inflating the money supply which feeds the fires of exponential inflation and its consequences in terms of asset prices such as housing and stocks that tend to be LEVERAGED to inflation.

B. Out of Control Immigration

This is primarily a Labour conspiracy of the past 13 years as the Labour government sought to maintain a permanent hold on power through the importation of over 2.5 million adults (with at least an additional 1 million children) 90% of whom would be expected to vote Labour. The reason why this was a conspiracy is that whilst mass immigration was taking place Labour politicians could be seen bending over backwards to reassure the people of Britain that no such immigration was taking place and that just 13,000 people per annum were entering the country when the reality was one of net immigration of over 250,000 per annum, some 20 times the Labour governments propaganda. Therefore mass immigration of the 2000's was a Labour government conspiracy that attempted to hide from the people of Britain their plan for the wholesale importation of new Labour voters to bolster their election winning chances, the result was that the Conservatives failed to win an election in 2010 even though the economy was in a state of economic collapse that would normally have resulted in a landslide victory.

Lately, in great irony the same former Labour government ministers that instigated the immigration crisis can be found warning of its consequences in terms of breakdown of civil order as illustrated by the former Labour Home Secretary David Blunkett's recent warnings of the influx of Roma communities from eastern europe into his home city of Sheffield, where the Roma population has soared from less one hundred 8 years ago to well over 4,000 today, concentrated in pockets of the city such as Page Hall, that he warns could spill over into violence on the streets due to the clash of cultures between the indigenous / settled communities and the huge Roma influx underway as Czech, Slovak and Romanian Roma villages have literally moved lock stock and barrel to places such as Sheffield to draw on benefits that are more than 20 times that they were in receipt of in the likes of Romania, for instance a family of 4 in Romania would be in receipt of benefits of approx £75 per month, whereas in the UK benefits would total more than £1600 per month. Therefore it is no surprise that many hundreds of thousands of Romanian and Bulgarians have already moved to the UK with several hundred thousands yet to come during 2014.

BBC - David Blunkett riot fear over Roma migrant tensions

Tensions between local people and Roma migrants could escalate into rioting unless action is taken to improve integration, David Blunkett has warned.

The former home secretary fears a repeat of race riots that hit northern cities in 2001. His concerns centre on the Page Hall area of Sheffield, where Roma migrants have set up home.

"We have got to change the behaviour and the culture of the incoming community, the Roma community, because there's going to be an explosion otherwise. We all know that."

"If everything exploded, if things went really wrong, the community would obviously be devastated. We saw this in Bradford, Burnley and Oldham all those years ago when I first became home secretary. We saw that the community itself were the losers."

He called on the Roma community in Page Hall to change aspects of their "behaviour", such as congregating on the streets on summer evenings and dumping litter, which he said was "aggravating" local people.

'The Roma youngsters have come from a background even more different culturally, because they were living in the edge of woods, not going to school, not used to the norms of everyday life. We've got to change that.'

"We've got to be tough and robust in saying to people you are not in a downtrodden village or woodland, because many of them don't even live in areas where there are toilets or refuse collection facilities. You are not there any more, you are here - and you've got to adhere to our standards, and to our way of behaving, and if you do then you'll get a welcome and people will support you." - David Blunkett - Sheffield - Brightside MP, Former Labour Home Secretary

Future Waves of Endless Mass Migration

Whilst a huge influx is under way as consequence of opening Britain's borders to the likes of Bulgaria and Romania, however this represents just the tip of the mass migration ice-berg, for we will soon find that countries such as Bulgaria and Romania will become hubs for officially sanctioned human trafficking as these countries seek to profit from selling EU citizenship to migrants from across the world perhaps for a fee of Euro 40,000 or even eventually as low as Euro 10,000 as countries can legally seek to capitalise on their membership of the E.U., that many other poorer EU countries such as Greece and Czechoslovakia will seek to replicate. This will allow many more hundreds of thousands of migrants each year from outside of the EU to use the poorer EU countries as a route towards gaining EU citizenship that will allow them to settle in Britain.

In summary mass immigration has always been a Labour tactic to retain power in cities such as Sheffield, for instance mass immigration enabled Labour to size power back from the Liberal Democrats in Sheffield in 2011 as over 90% of immigrants tend to vote Labour as the traditional party of immigration.

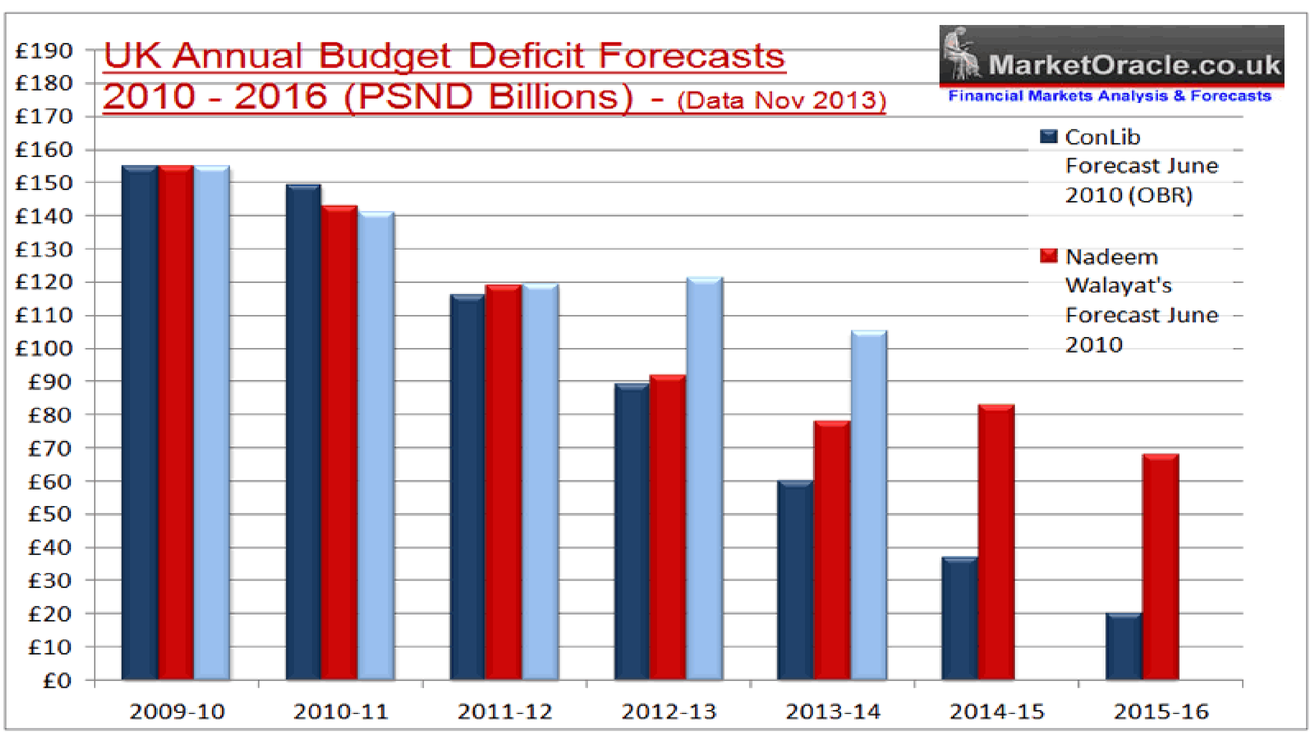
The mass immigration of 2.5 million of mostly low paid workers of which over 90% of whom are in receipt of benefits such as housing benefit and tax credits that contrary to the propaganda of working immigrants paying taxes when the reality is that they tend to take many times more out then they pay in taxes when taking all benefits and services into account and this does not even take into the account non working immigrant families towards which councils have a legal obligation to house.

The continuing consequences of mass immigration has been one of depressing wages of all workers, hence immigration has been one of the primary reasons for the real terms fall in average earnings that looks set to resume AFTER the debt fuelled election boom into May 2015.

c. PUBLIC SECTOR Vested Interest Workers

Governments of all persuasions continue to maintain the vested interest pool of public sector workers who act to reinforce the power of the state in peoples every day lives, where even so called front line workers mostly just tend to go through the motions of providing services to the general public that can best be measured in terms of quality of service when compared against similar private sector services. For instance the well publicised free NHS health check for the over 40's take approx 15 min's and are administered by health care assistants whilst a private health test costing £250 takes 2 hours and tend to be delivered by a doctor. Clearly the private health check is far more in-depth an comprehensive than the free NHS health checks such as actually measuring the functioning of ones heart rather than just guessing from a few multiple choice questions, that and the word free should be exchanged for taxed, as GP practices receive payments from tax payers for each NHS health check. So, if someone thinks they need to have a health check then they would be best advised to get the job done properly with a private comprehensive health check that actually covers what is needed form a health check rather than just going through the motions to earn GP practices extra income.

The consequences of funding the gravy train life styles of the unproductive and uncompetitive public sector is that as my recent analysis illustrated (UK House Prices Forecast 2014 to 2018, The Debt Fuelled Election Boom) manifest itself in persistently high budget deficits that continue to feed Britain's ever expanding debt mountain.

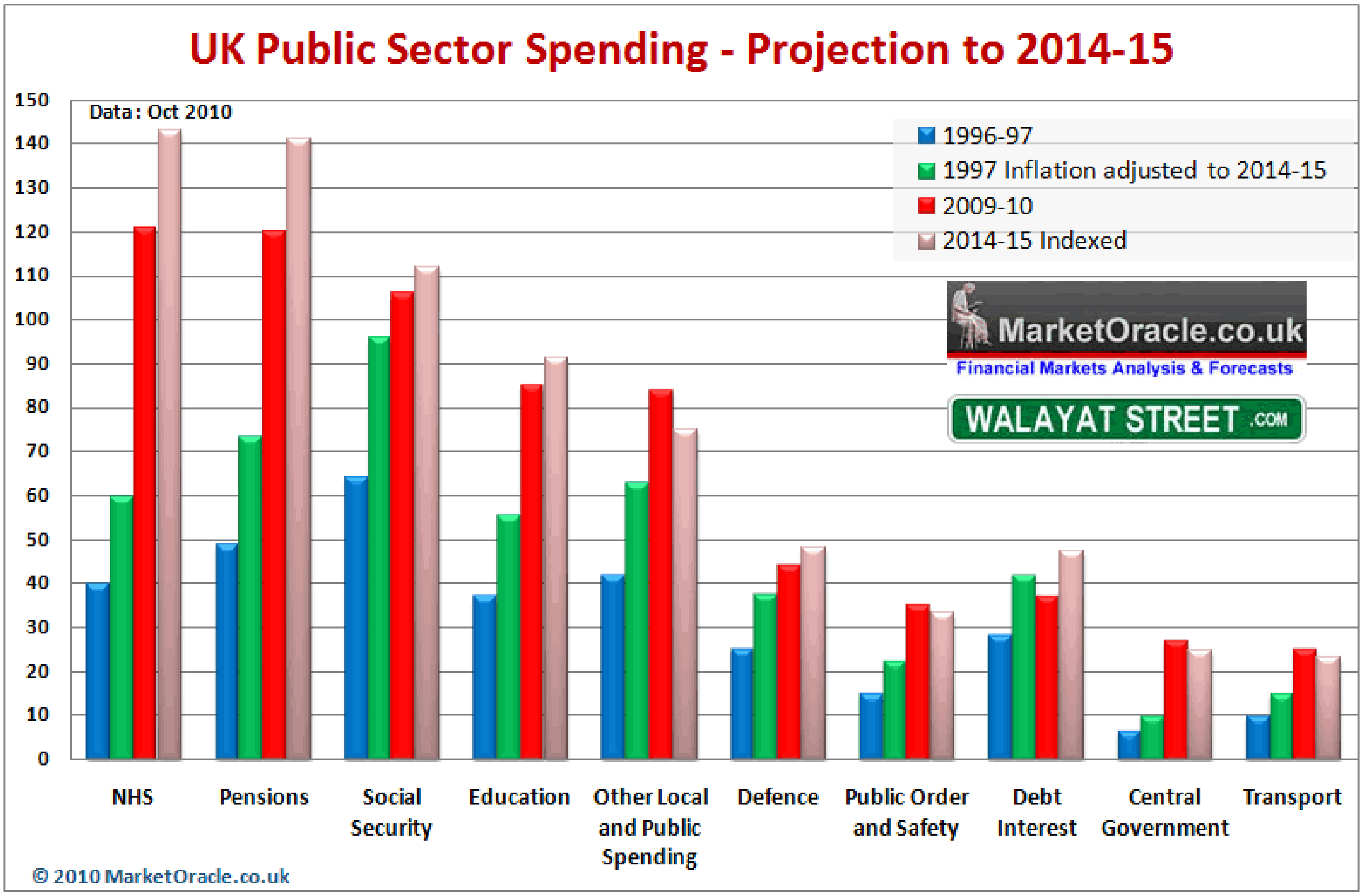


Taking a close look at the break down in public sector spending reveals the truth of what I originally warned of soon after the formation of the Coalition government that it would be impossible for the government to cut the deficit whilst ring fencing of the largest vested interest budget heads such as the NHS and pensions -

22 Oct 2010 - [UK Public Sector Spending Cuts Impact on Deficit, Debt, Unemployment and Economy]()

UK Public Sector Spending Projection to 2014-15

The following graph translates the announced cuts into spending department budget totals as phased in over the next 4 years (2014-15) after being indexed for inflation at 3% per year.



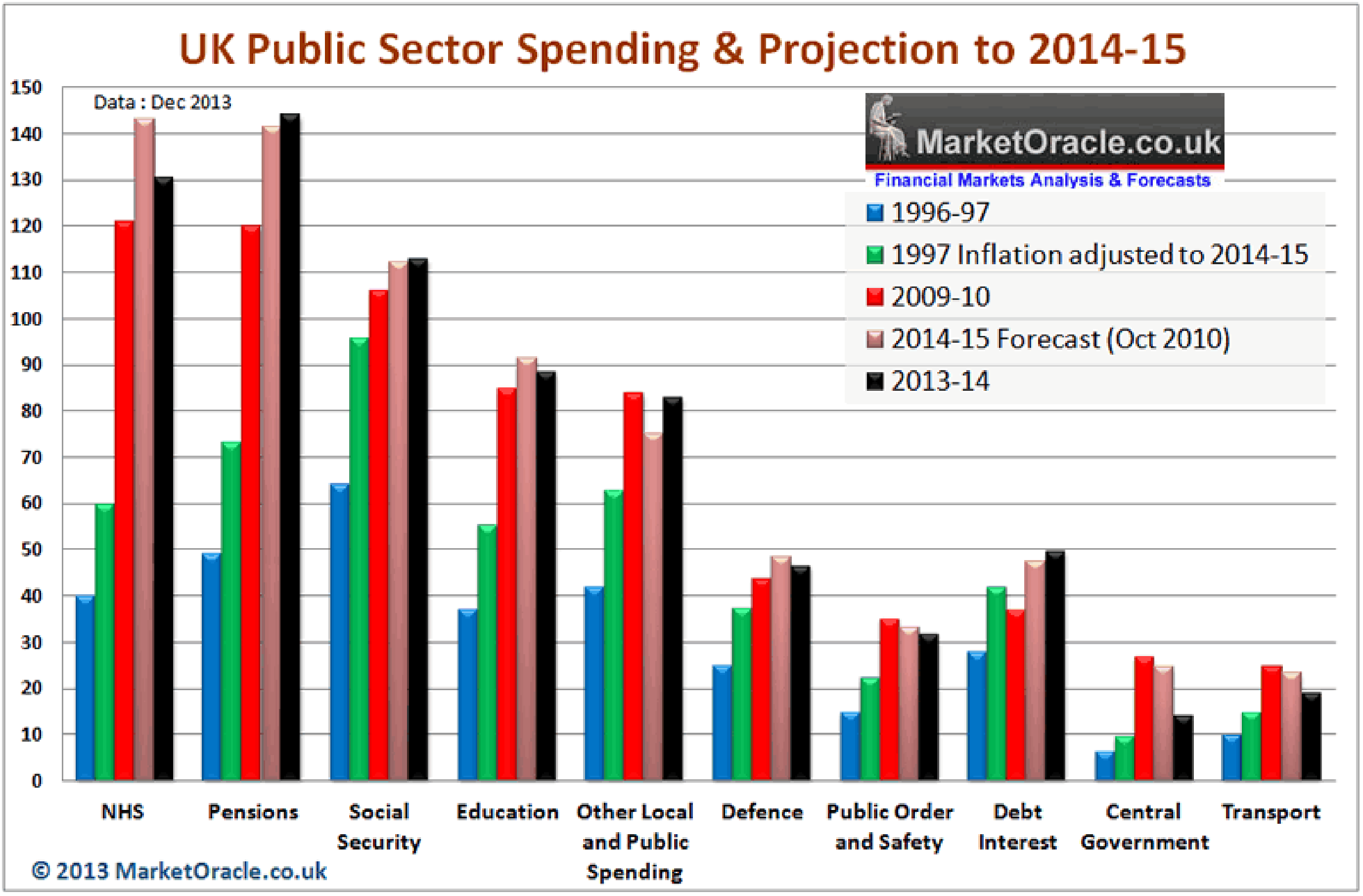
The graph shows that virtually every spending department will increase in nominal terms from 2009-10 to 2014-2015. Even budgets that have declared cuts of as much as 30% will barely see a nominal cut of 10%.

The fact is that EVERY year total UK government spending will INCREASE, from £680 billion for 2009-10 of to £739 billion for 2014-15, which is IF the government manages to achieve its spending cut targets as a more probable outcome is for far higher total government spending.

Clearly the coalition government has made a huge mistake in ring fencing the NHS, which under Labour had seen out of control spending and when coupled with pensions virtually accounts for the total increase in government spending over the next 4 years. The reason why NHS unions and worker representatives are demonstrating against NONE Existant cuts is because the NHS is so inefficient as an institution that just to stand it still requires annual increases of 7-8%, therefore INCREASING the NHS budget by approx 4% per year has a similar effect as a 3-4% cut, which illustrates why urgent reform if not outright privatisation of the NHS is still necessary to prevent this spending department from bankrupting Britain, as the NHS spending black hole succeeds in undermining all of the other spending cuts put together.

For the financial year 2013-14, UK government spending is expected to have risen to £721 billion, that is up by over £40 billion of extra annual spending from the £680 billion total of 2009-10 which is in line with my expectations for annual government spending to continue to grow each year towards a target of £739 billion for 2014-15 which illustrates the bogus debate that politicians and journalists are still engaged in concerning economic austerity government spending cuts that in reality never existed as the media focus has been on just minor isolated cuts whilst ignoring the overall big picture of ever expanding government spending.

The updated government budget spending breakdown graph for 2013-14 reveals the truth of the public sector spending black holes because this is how politicians gain control over the people of a nation through the reach of its public sector as they seek to expand this towards an all encompassing state by means of ever expanding mountains of bribes for vested interest workers and voters such as the the 1 million workers and their families that ride the NHS gravy train or the 11.5 million regularly bribed pensioners, or the 6 million reliant on tax credits that ensures that there never ever will be a trend for deflation because the political bribes will ALWAYS expand and as a consequence of which will result in ever higher inflation because that is what happens when governments print money to fill the economic gap generated by unproductive activity i.e. to finance the governments budget deficit.



What stands out from the updated breakdown of spending graph are the large out of control spending departments of Pensions, Social security and local government with the NHS and Education not far behind. The soaring social security spending is in stark contrast to the mass hysteria of benefits cuts in the media and amongst vested interest action groups, because as we can see benefits spending continues to increase which in large part is as a consequence of mass immigration of over 2.5 million low paid workers most of whom are in receipt of tax credits and other in work welfare benefits.

The only departments that have actually seen a cut in spending are the small spending departments of public order, central government and Transport, which have been far out weighed by the spending increase on just the big Pensions spending department alone.

Compared to when Labour took office, the bloated state in real terms is now at least twice as big as it would have been had it just kept pace with inflation and it is under this weight of a continuing huge unproductive public spending that ensures accelerating real inflation consequences against which asset prices such as house prices tend to be leveraged which is why I see this as one of the few asset classes that ordinary people can relatively easily leverage themselves to and profit from over the long-run.

NHS Spending Black Hole

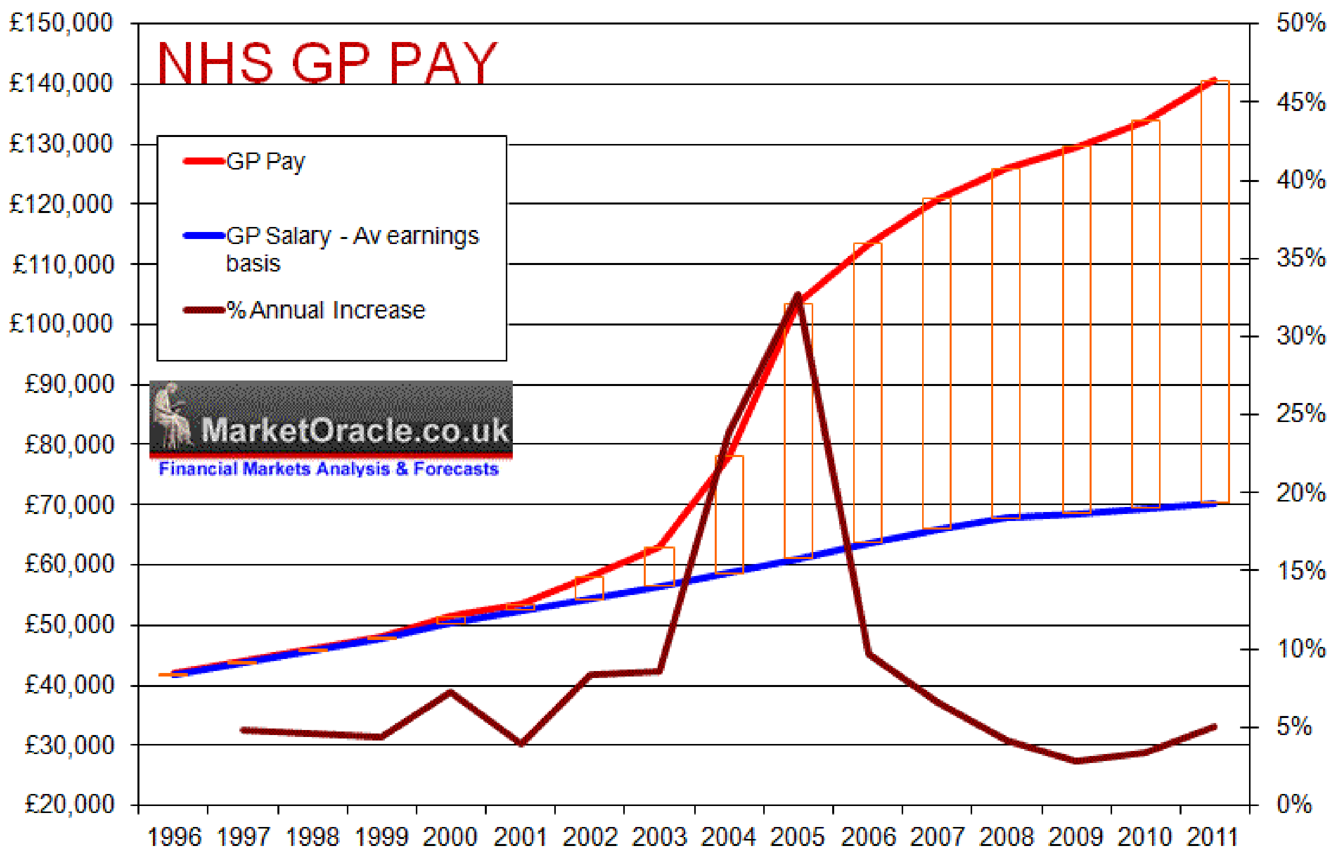
A closer look at the NHS spending black hole reveals the truth of a health service that countless reports illustrate on a near monthly basis as only tending to go through the motions of providing a healthcare service. All of us have our own real life experiences of an NHS that despite having had its budget more than tripled provides a worse service than it did when Labour first went on its spending binge over 13 years ago.

Many GP's seem to have forgotten the fact that the patients sat in front of them have had no choice but to PAY for their services, for had the patient the choice then they would be sat in front of a far more competent GP elsewhere because GP's operate under local monopolies that make it near impossible for patients to choose their GP practice, this lack of competition for patients means that ALL GP practices are in a race to the bottom of increasingly only going through the motions of providing GP services rather than that which are of any real value to patients and hence triggering soaring complaints, let alone the reality of patients not being treated for illnesses that will ultimately become life threatening or at the very least crippling resulting in far greater cost to the NHS.

The complaint often put forward by GP's for the lack of competent health service delivery is lack of government funding which does not stack up to scrutiny as the NHS budget under Labour had grown from £40 billion in 1997 to £121 billion for 2009-2010. NHS budgets increasing in line with inflation (CPI) would have seen the budget rise to stand at just £51.6 billion, and probably nearer £60 billion to allow for an ageing population. So the Labour government had in effect spent an extra £60 billion a year, in effect paying for two NHS's despite the public being in receipt of less than one. The Conservative led government has continued pouring money into the NHS black hole albeit at a slower pace which brings the NHS budget to now stand at over £130 billion per year.

So where has the money gone ?

For the answer we only need look at the pay of doctors, as illustrated by the Labour parties disastrous 2002-2003 GP contracts that sent annual GP pay soaring into the stratosphere, culminating in pay rises of more than 30% per annum, whilst GP's cut back on hours worked.



Similarly, the coalition government reforms for GP consortia to take control of the NHS commissioning budgets are also resulting in a similar disastrous outcome of worse service at far greater cost as a Channel 4 investigation revealed :

NHS GP Doctors Putting Profit Before Patient Care, Channel 4 News Investigation

A Channel 4 News investigation charged NHS Doctors with the subversion of the the coalitions governments NHS reforms to result in NHS doctors pocketing all of the cash saved as a consequence of the NHS reforms, which matches my own analysis of 2010 that the Coalition Governments proposed reforms were fatally flawed in that they allowed GP's to profit from patient care.

"Your doctor making a profit out of your health care, your GP Sending you to a clinic that he or she owns shares in, we are seeing the biggest shake up of the NHS in its history, Channel 4 news can reveal tonight that there is nothing on the legislation currently before parliament to prevent the outcome no one wants, doctors putting profit before the care of patients, in our special report tonight we show how the new arrangements will create fundamental conflicts of interest potentially harming the trust at the very heart of the doctor patient relationship". Channel 4 News

Channel 4 News investigation key points:

- Serious flaws in the Governments NHS reforms legislation, it's failure to protect patients against fundamental conflicts of interest, it allows GP's to put profit before patient care.
- All of the monies saved will go into the pockets of NHS GP's and doctors.

- GP's during patient consultations factoring in the profit they will make on their diagnoses.
- GP's referrals on the basis of how much commission they will earn from the heath institution.
- GP referrals to health clinics that the GP's own shares in.
- New private health clinics being set up with a view to making profits so that they can floated onto the stock market at huge profit for share holding GP's
- GP's get access to dip their hands into the annual £80 billion pot of money meant for patient care.
- GP's draw up the rules themselves on the conflict of interest, akin to writing 100 times, "I promise, I will not fiddle the patients"

Under the previous Labour government patients were treated as credit cards to swipe in and out of door ways as fast as possible to maximise profits. Under the Coalition government patients will now become cash cows to milk to the fullest extent possible, what's best for the health of patients won't even factor into the thought process during GP consultations - "If I send Patient X to Clinic Y for Operation Z, my consortia will earn a commission of £2,000".

The NHS GP reforms are pushing towards the worst of both worlds, i.e. no market competition and unprecedented GP control over NHS funds that in significant part will be funneled into the back pockets of NHS GP's via Consortia profits being paid out as dividend to GP partners and eventually huge windfall profits as GP Consortia's are floated onto the stock market.

Huge Discrepancy in the Quality of Health Services

Most patients have only known the NHS so have never had anything to compare it against as to the quality of the health services they are in receipt of. Therefore the only true way to realise just how bad the NHS is when one conducts NHS and PRIVATE consultations in parallel, which can be an eye opening exercise, revealing the huge discrepancy in the quality of service not only in terms of the time frame for consultations, diagnoses and treatment but in the actual prognosis and recommendations that illustrates what I have often warned of that the NHS in many if not most cases only tends to go through the motions of providing a health service at huge tax payer expense. In fact patients have at best a 50/50 chance that the consultations that they are undergoing are competent as many will be migrant doctors seeing the NHS purely as a means gaining citizenship and ultimately access to work in the private sector.

The NHS is just one example of the unproductive public sector for the same takes place right across virtually every public sector department for instance in Sheffield, the inept and incompetent Labour city council cut black bins collections by 50% to cut costs but instead as a consequence of the costs of implementation and additional costs associated in dealing with the resulting fly tipping epidemic have resulted in overall costs actually having gone up!

The Primary Purpose of the Public Sector

Why do we have an NHS, State education and the rest ?

It is because the elite needs docile debt slave healthy workers and that is the primary function of some 5.5 million vested interest public sector workers to reinforce OBEDIANCE amongst their fellow worker slaves, to follow the system that the people of Britain are put on from cradle to grave.

Democracy IS an ILLUSION!

I have covered this in depth several times in the past in articles such as -

- The Illusion of Freedom - Democracy, Religion, Science and Propaganda
- How State Education Religiously Conditions Us into Become Slaves to the Elite
- NHS Catastrophe, A National Health Service that Kills it's Patients

The key to seeking freedom from slavery is to not partake in the system that encourages slavery in the service of the elite which means avoiding state education, avoiding the NHS and going private, avoiding working for a slave master and instead become ones own boss and most importantly of all avoiding DEBT. Do what the elite do, buy ASSETS such as property that is LEVERAGED to the Inflation that the unproductive public sector generates.

Falling UK Wages Extra Boost to Economic Recovery

For an economy to recover then there has to be an increase in productivity that is able to overcome bankster bailouts and public sector black holes and that is in the real terms fall of not earnings growth but of real disposable income as it is being siphoned off to pay for the former and generate greater productivity for corporations which can then go on to hire more workers, albeit it at pitiful pay rates that don't tend to reduce the burden on the tax payers because of tax credits and other incentive schemes to get the lazy benefits for life into work, but of course as the immigration story illustrates it many hard working eastern european's are driving the increase in corporate productivity but at the cost of taking out of the system far more than they put in as a consequence of the myriad of benefits such as tax credits and services such as the NHS and schools that are consumed far in excess of the pittance of tax that imported workers tend to pay against benefits and services paid out to working low pay families.

However again the key is the CYCLE for increasing productivity which has the effect of continuously making corporations more profitable and more eager to expand.

Wages Boost During 2014

I expect a stronger economy during 2014 to encourage Britains workers to do what they have not done for the past 5 years which is to ask for a pay rise, which will feed into earnings starting to rise at a faster pace than inflation when compared against the most recent data that shows earnings rising by 0.8% which is set against RPI inflation of 2.5%, so currently a net contraction in earnings of 1.7%, that I expect to be reversed by mid 2014 which would act as a huge boost to the economy, inflation and of course house prices.

So whilst as of writing requests for pay rises are in the minority, however by mid 2014 I expect the majority of workers will be requesting and more importantly being awarded significant pay rises.

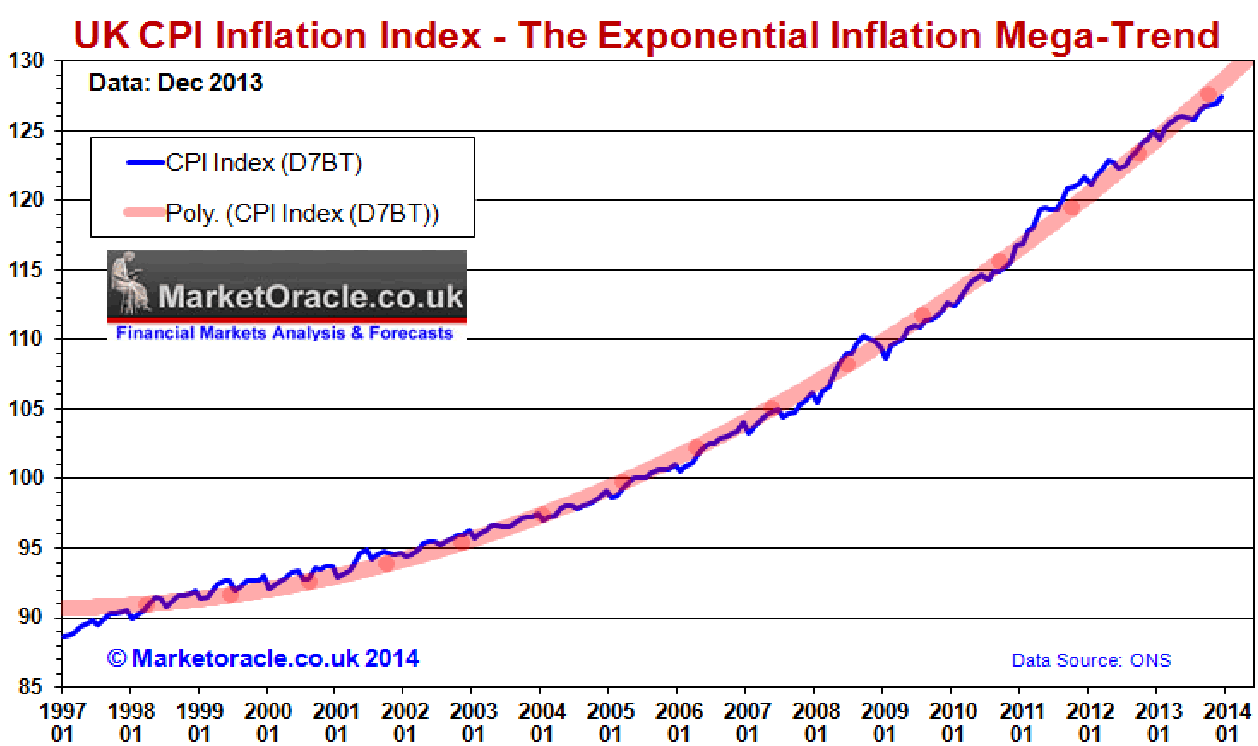
The Implications for House Prices

Government spending boils down to stuffing the pockets of public sector workers (in the service of the elites agenda for control) and benefit recipients with money that in most cases they have actually not earned in terms of productive activities, and there persists a continuing pressure for expansion of government spending each year to today's total of £721 billion that perhaps is only backed by £120 billion of actual productive economic activity, resulting in £600 billion discrepancy the consequences of which manifests itself in INFLATION that bubbles up in all areas of the economy for that is what government's printing money to hand out to vested interests in exchange for little or even no productive work results in. This even continues onto the private sector in the form of 6 million tax credits and housing benefit recipients again which acts to dilute economic productivity that deteriorates further with the payments to the 5.5 million benefit claimers for life who could work but choose not to and finally the 11.5 million pensioners who delude themselves that they have somehow put money in during their lifetimes whilst conveniently forgetting that they have already drawn more from the state in the form of services such as health and education than they had ever put in during the whole of their working lives.

THAT is where the inflation comes from EACH and EVERY year and that is WHY there will NEVER be Deflation for as I have illustrated above the government instead of cutting public spending has instead INCREASED EVERY year. In my opinion there is ONLY one way for ordinary people to protect themselves from the Public spending fraud and that is to leverage themselves to the Inflation consequences by primarily buying a property to live in which when sold will be tax free.

The Exponential Inflation Mega-trend

Briefly, without covering what I have already written at length many times, the real inflation truth is far removed from that which the mainstream media tends to focus upon with the annual percentage rates of inflation that masks the truth of what is an exponential inflation mega-trend which is the primary consequences of perpetual money and debt printing monetization programmes that the government is engaged in, in an attempt to buy votes through high deficit spending on a whole host of vested interests, approaching 50% of the population, an inflation trend that asset prices are leveraged to and oscillate around which currently has UK inflation compounding at the rate of 2% per annum that resolves in the following exponential trend.



State Education Grade Inflation

However it should be noted that governments don't just print money and debt with their monetary inflation consequences but virtually every aspect of government action via the bloated socialist public sector is geared towards inflation towards infinity that ultimately diminishes value towards zero be it pieces of paper called currency or for instance where education is concerned pieces of paper called GCSE certificates.

For instance public education Grade Inflation has seen the value of GCSE's continuously diminish in value year in year out as government funded institutions from schools, to local authorities to examiners have sought to inflate pass rates to give the illusion of improvement to the point where to most employers GCSE's are rated as near worthless i.e. in 1980 40% of students passed with a grade C or higher, today it is 70%, therefore GCSE's have lost nearly HALF their value over the past 30 years and the rate of grade inflation is increasing EXPOENENTIALLY, which implies that by 2020, over 90% of students will pass GCSE's with the result that over 90% of employers will rate them as worthless pieces of scrap paper.

What the education establishment and parents need to realise is that employers today rate GCSE's by the year they were taken. The older the vintage the more valuable the GCSE certificate, the more recent the certificate the less valuable the certificate.

Parents and Students need to realise that grade inflation is a fraud that that they are the victims of, because it allows teachers and schools to get away with substandard teaching that is masked by grade inflation that gives the illusion of having attained an educational standard that the students in reality have not, so someone in reality who has an real educational standard of grade E but graded as C is never given that extra real help that they need to actually succeed in working life. The end result is an educational system from schools, to colleges to universities that is geared more towards marketing certificates to parents and students rather than actually educating to employment standards.

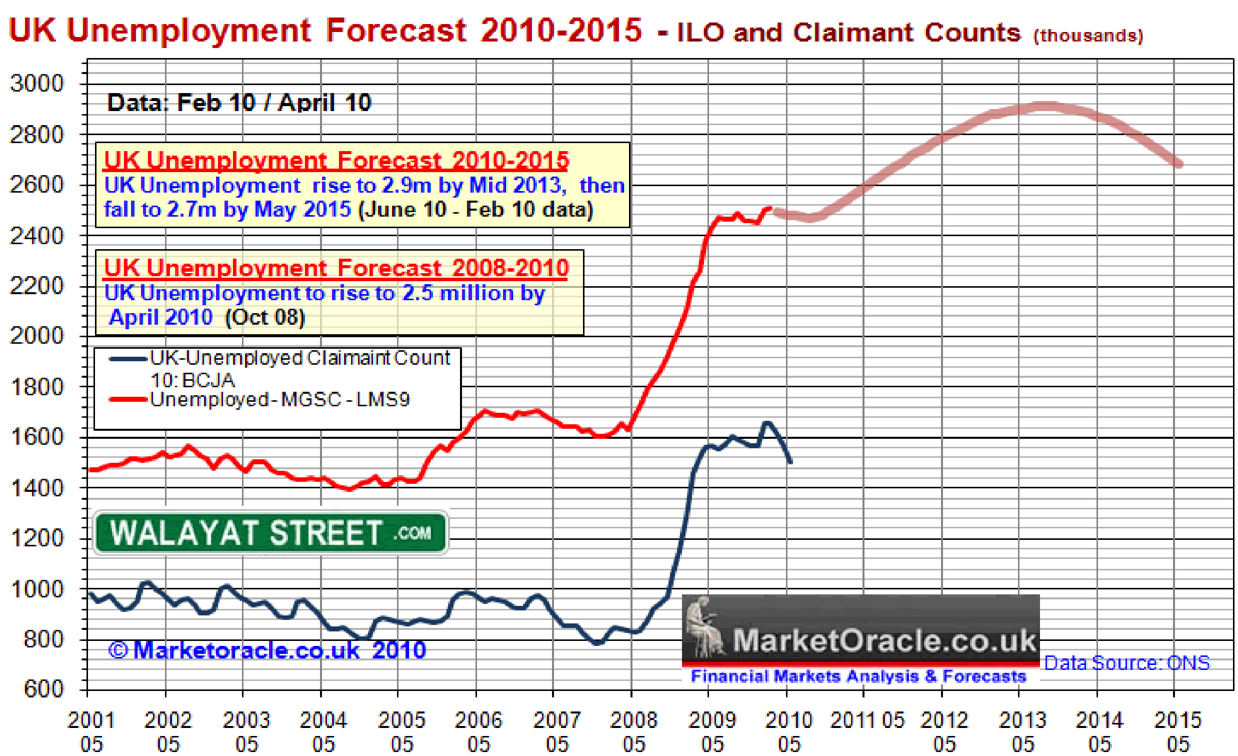
UK House Prices Against Unemployment

My long standing forecast as of four years ago was for UK unemployment to trend higher towards a peak of 2.9 million by mid 2013 before trending lower into the May 2015 general election as I expected 70% of the new jobs created under the Coalition government to go to migrant workers as they continue to displace British workers.

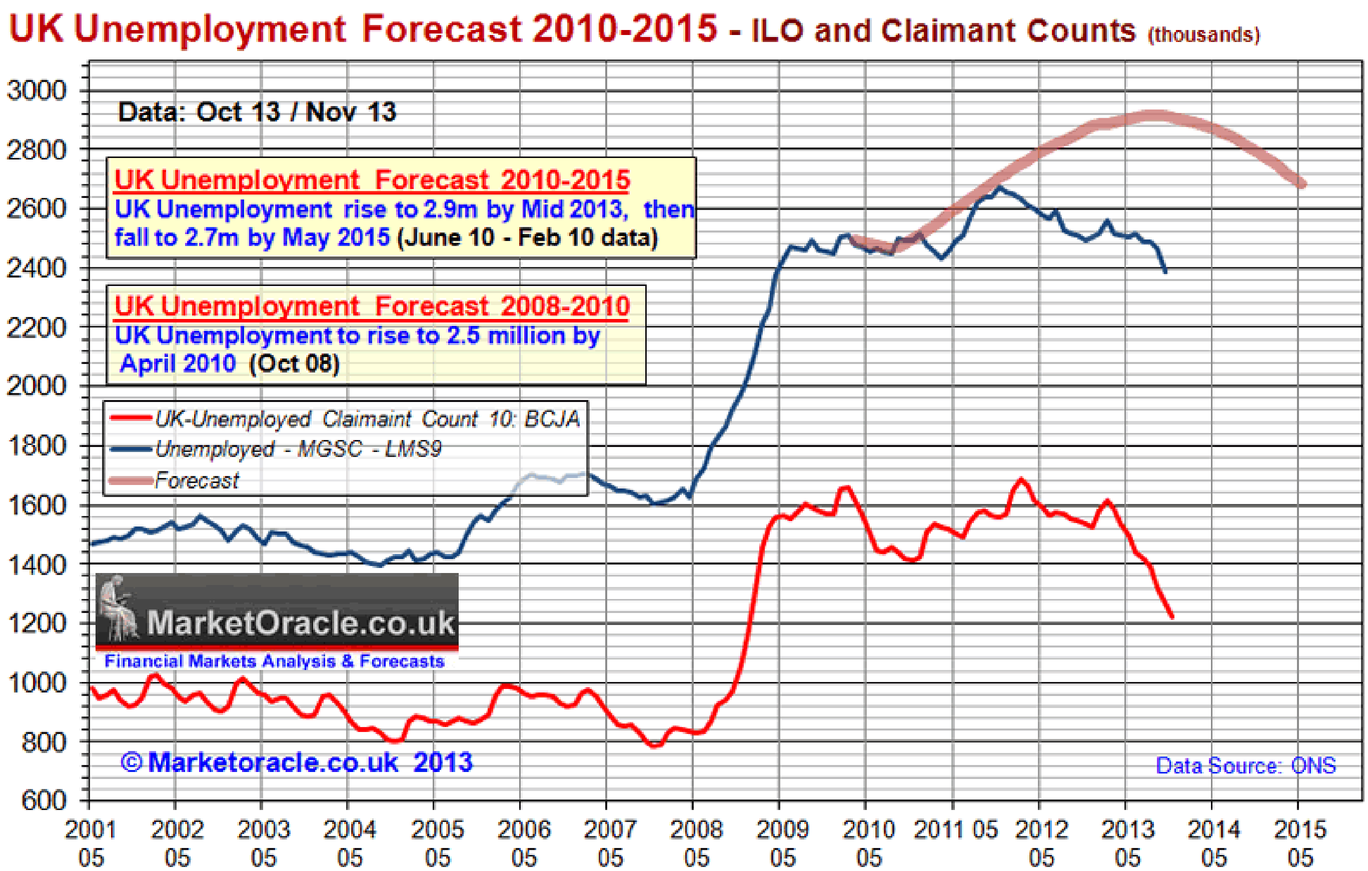
01 Jul 2010 - UK Unemployment Forecast 2010 to 2015

Final conclusion *- UK unemployment looks set to gradually rise to a peak of just over 2.9 million by mid 2013 before stabilising and starting to decline into a May 2015 General Election of just below 2.7 million against the governments forecast for UK unemployment to fall to 2 million by 2015 (OFBR - Peak at 8.1% this year before falling to 6.1%).*

The benefit claimant count can also be expected to rise, though is much more difficult to forecast as it is far easier for the government to manage claimant numbers by moving recipients onto other benefits, OFBR forecast a claimant count of 1.17 million by May 2015.



The following updated graph illustrates what has subsequently transpired in that UK unemployment did track my forecast for the first two years before starting to show significant divergence that on face value was a sign of relative economic strength but instead reflects the dual impact of the Coalition government stealthy abandoning the policies of austerity as evidenced by expansion of the budget deficit against forecast expectations. Something that both Labour and the Coalition government were happy to under play the significance of as both parties are invested in promoting the impacts of economic austerity. That and the trend for falling wages which encouraged employers to retain / employ workers on significantly less pay.

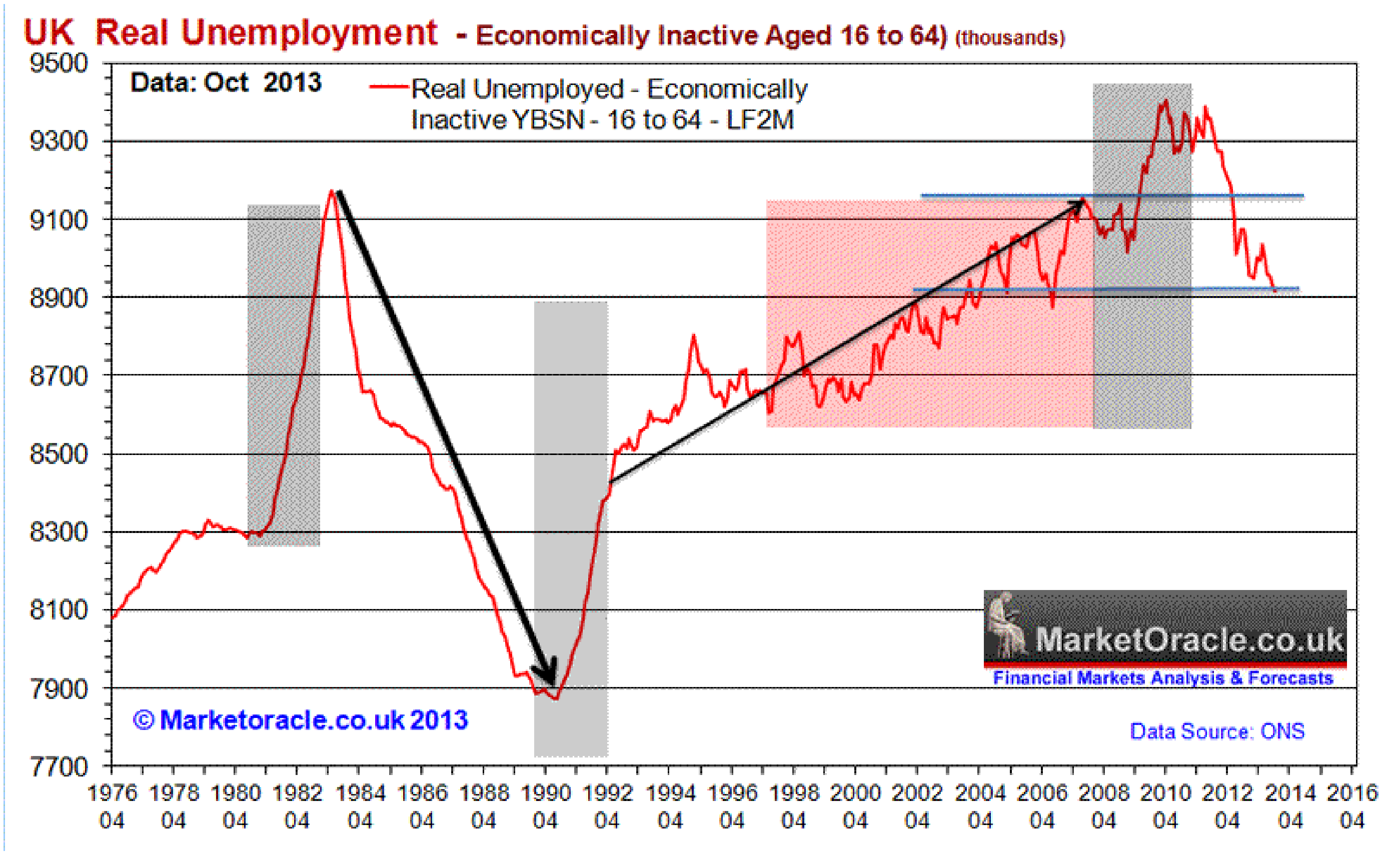


The positive UK unemployment trend has been further encouraged through a whole host of schemes such as the Bank of England's funding for lending scheme primarily for small businesses, full time workers converted to part time workers, about 1/2 million more self employed than there were in 2008, and that more than 1 million workers are now contracted under zero hours (up from 150,000 in 2010) that amount to a pools of virtual slave labour, workers who tend not to know if they will be working the following day until they receive a phone all or more usually the case a text message the evening before, and even then may find themselves rejected on arrival at work if the quota for workers has been fulfilled for that days shift work, or that their shift will end early on completion of the order, hence less pay as workers are only paid for hours actually worked.

Real Unemployment is 5.5 Million

Whilst the headline UK Unemployment rate peak of 2.7 million at 8.5% of the workforce is remarkably low when one compares it against past milder recessions had seen UK unemployment peak at much higher levels i.e. in the 1980's at 12% and in 1990 at 10.8%, therefore on face value the Labour government and then Coalition appeared to have achieved a minor miracle by UK unemployment peaking at only 8.5% in the midst of the worst recession since the Great Depression, which in reality was an 5-6 year economic depression.

However, I have long questioned the accuracy and validity of the official unemployment data which over several decades and much manipulation by successive governments has been tweaked many hundreds of times to under report true unemployment for political purposes. Current official unemployment stands at 2.4 million which is set against the total recorded as economically inactive of working age that stands at near 9 million which illustrates the true extent of failure of the last Labour government to manage the potential of the work force during the boom years as illustrated by the fact that 80% of the 2.1 million jobs created under Labour went to foreign workers and therefore did nothing to address the true level of UK unemployment that contained a hidden ticking social security financing time bomb that we have seen explode as an extra £40 billion annual budget deficit.



During the Conservative boom cycle, real unemployment fell from the 1983 crisis peak. However the same did not take place following the early 1990's recession where real unemployment failed to not only fall but steadily rose under Labours boom years as the benefits culture took hold as over 1 million foreign workers performed the jobs that unemployed Britain's were not prepared to do as they were far more comfortable living off tax payers as vested interests in Labours benefits for life culture, thus Labour engineered an extra 2 million positive voter balance i.e. 1 million more benefit claimants coupled with 1 million low paid immigrant workers that continued to increase long after the boom had ended.

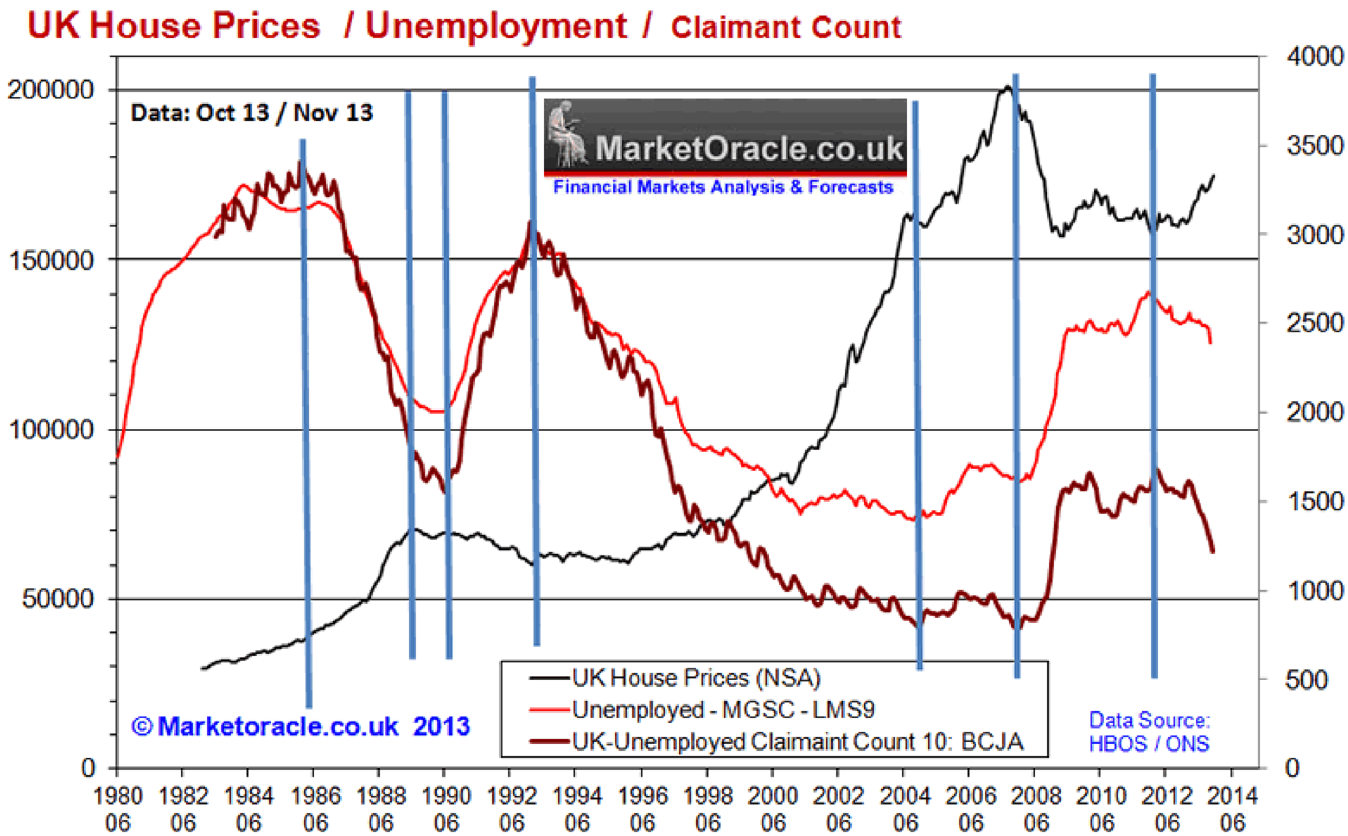
Whilst not all of the 9 million economically inactive are capable of seeking work, however the figure does imply that at least 3 million of the 9 million form the core of the what we all knows as the benefits culture i.e. the could work, won't work.

Therefore the 3 million not counted in official unemployment numbers that choose not to work but instead prefer to rely on tax payer funded benefits added to the official 2.4 million unemployed results in a total UK unemployment count of 5.5 million. Which is more in line with the recession experience of other similarly in-debted and structured European countries such as Spain that has an unemployment rate of 26.7%, against Britains real unemployment rate of 18.3% or 30% when including all economically inactive of working age.

The Conservative led coalition has so far only been partially successful in dismantling Labours benefits for life culture, as clearly the fall in real unemployment is nowhere on the scale of that which occurred following the early 1980's recession, when real unemployment was reduced by 1.2 million against just 500,000 during the past few years, implying that the Coalition has so far only done half the job of unraveling Labours pool of vested interest benefit claimers.

The key message that this graph sends out is that no matter what propaganda Labour politicians spout their actions in government are always to increase the number of real unemployed because most of whom would be expected to vote Labour just as took place during the Blair boom years.

In terms of house prices the next chart indicates that there does exist a strong relationship between house price trends and the unemployment claimant count, more so than that of official unemployment data which as the earlier analysis suggests does NOT reflect REAL unemployment. Which means that house prices can and have risen in the past whilst the official rate of unemployment rose if at the same time the claimant count did not rise.



The current strong trend in falling claimant numbers is both a strong inverse relationship as well as a LEADING indicator for UK house prices trend trajectory. What this implies for 2014 at least and probably into the May 2015 general election is that house price inflation looks set to accelerate further and that it is highly probable that average UK house prices will hit a new all time high BEFORE the next general election, something that academics are not expecting until 2019!

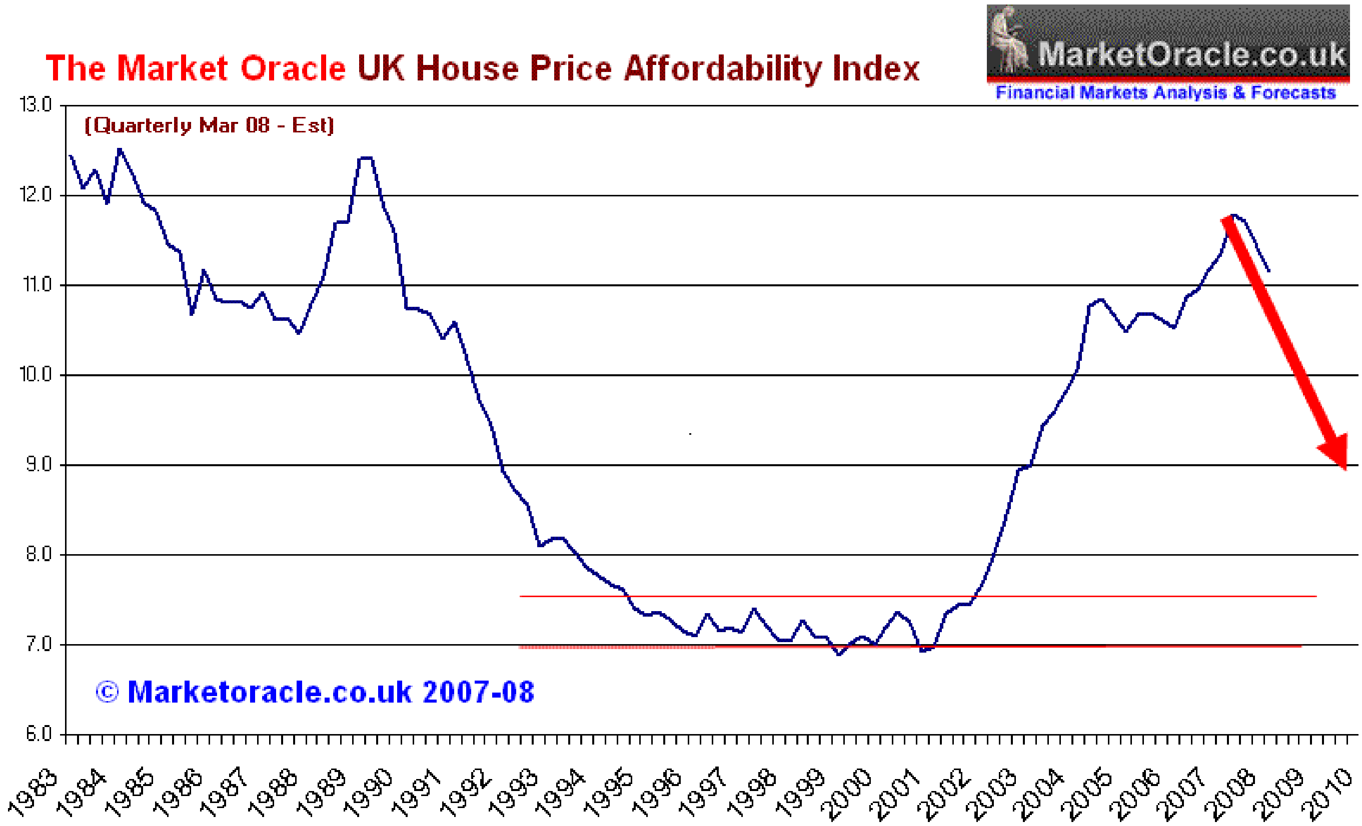
Therefore house prices at new all time highs will be a significant boost for the Conservatives in the run upto election day that will become the focal point for many commentators in the mainstream media as a sign that the UK economy had fully recovered following the depression of 2008-2013. This therefore reinforces my expectations that it is highly probable that the Conservatives will win a May 2015 general election despite Labour policies having engineered near 3 million extra vested interest voters during the past 15 years.

In terms of sustainability for house price inflation beyond the next general election, this depends on total clamant count maintaining numbers below 1 million, which again appears a highly probable outcome for several years where the strength or weakness in house price gains during any one year would be dependant upon the oscillation in claimant count numbers around the 1 million mark. Current trend implies a dip below then a post election nudge above.

UK House Price Affordability Index

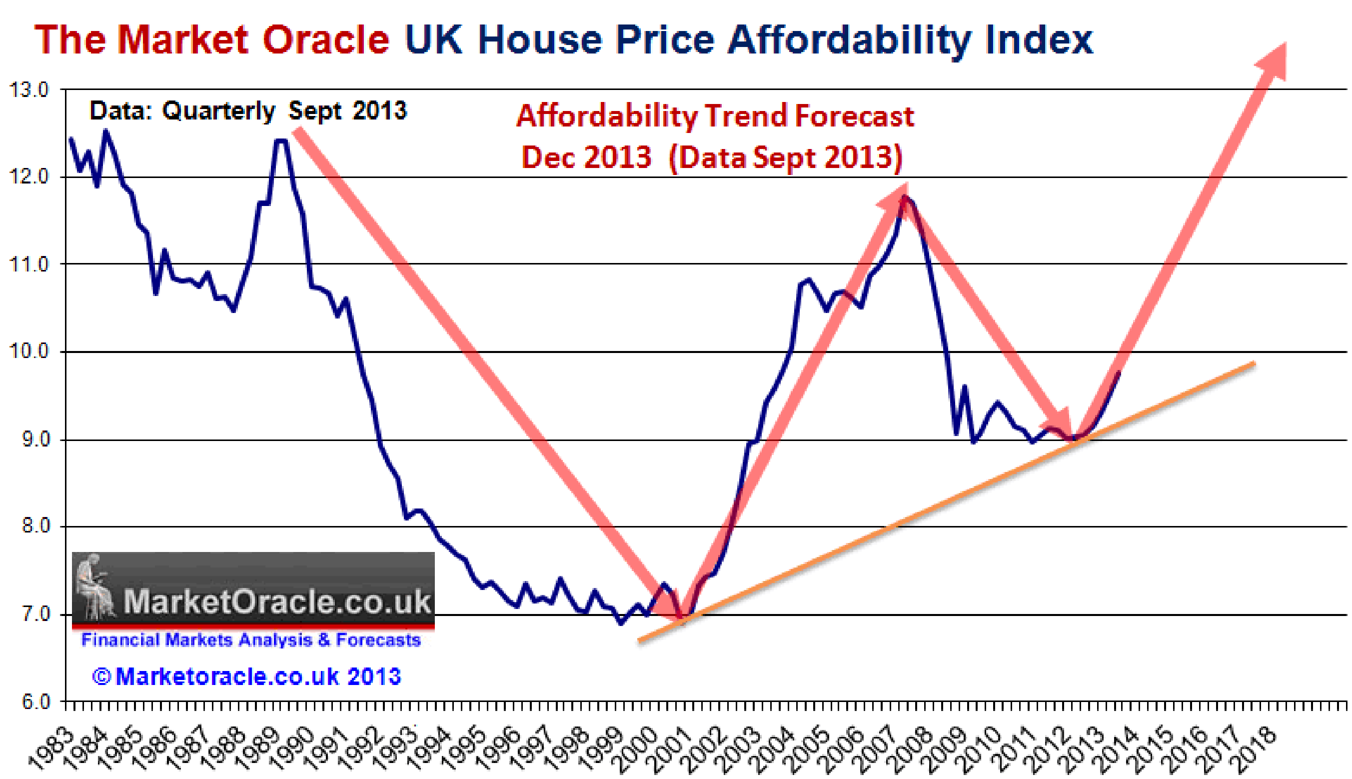
Most academic housing market commentators focus on the various measures of housing market affordability or rather in affordability as house prices despite the price crash never fell to the affordability levels of the early 1990's housing bear market bottom and therefore ivory tower academics continue to cling onto expectations of a further house prices crash so as the fit in with their theoretical models of where prices should bottom in terms of affordability that gets liberally regurgitated in the mainstream press, and looking at the graph below it really is very easy to be seduced by something that on first glance appears obvious that house prices really are nowhere near the affordability levels of the past therefore it is very, very easy to conclude in that house prices MUST fall! It is OBVIOUS, is it not ? But it is also WRONG!

Affordability Trend Forecast Feb 2008 - UK House Prices on Target for 15% Fall Despite Interest Rate Cuts



What the academics and mainstream press commentators fail to comprehend is TREND, or more precisely the TREND in AFFORDABILITY. The trend over the past 40 years has been for the proportion of earnings spent on housing costs to rise from 20% 40 years ago to an average of 35% today, which is trending towards 50% by 2030. This is the big story that academics have missed as over time, decades in fact people are becoming conditioned to spend more and more of their earnings on housing costs.

Affordability Forecast - Dec 2013



The reason why affordability is expected to trend ever higher again has its roots in the exponential inflation mega-trend as workers relentlessly face a loss of purchasing power of earnings and savings due to reasons stated in this article such as the Inflation of the size of the population that is virtually WHOLLY as a result of IMMIGRATION, as evidenced by the baby boom now underway mostly amongst migrants of the past 13 years that acts to relentlessly put pressure on housing availability where annual construction (new builds) is not able to keep pace with even half of the new demand generated each year. Therefore workers have no choice but to commit an ever larger proportion of their earnings towards housing costs, the effect of which is that housing market affordability troughs are being ratcheted ever higher which leaves many clueless academics to ponder as to why they keep getting it wrong year after year, decade after decade as they persist in delusional states where their theoretical models that suggest house prices must fall that is completely contrary to that which takes place in the real world.

The bottom line is that house prices are going to continue to get ever more expensive where those who are waiting for a further crash to become affordable will continue to regret not buying as the only way housing can even start to get more affordable is if the UK literally triples the number of new builds each year from approx 140,000 per year to 400,000, something that is just not going to happen as it would literally take the government undertaking to build a new city EVERY YEAR! Instead it has been over 40 years since the last city / town was built.

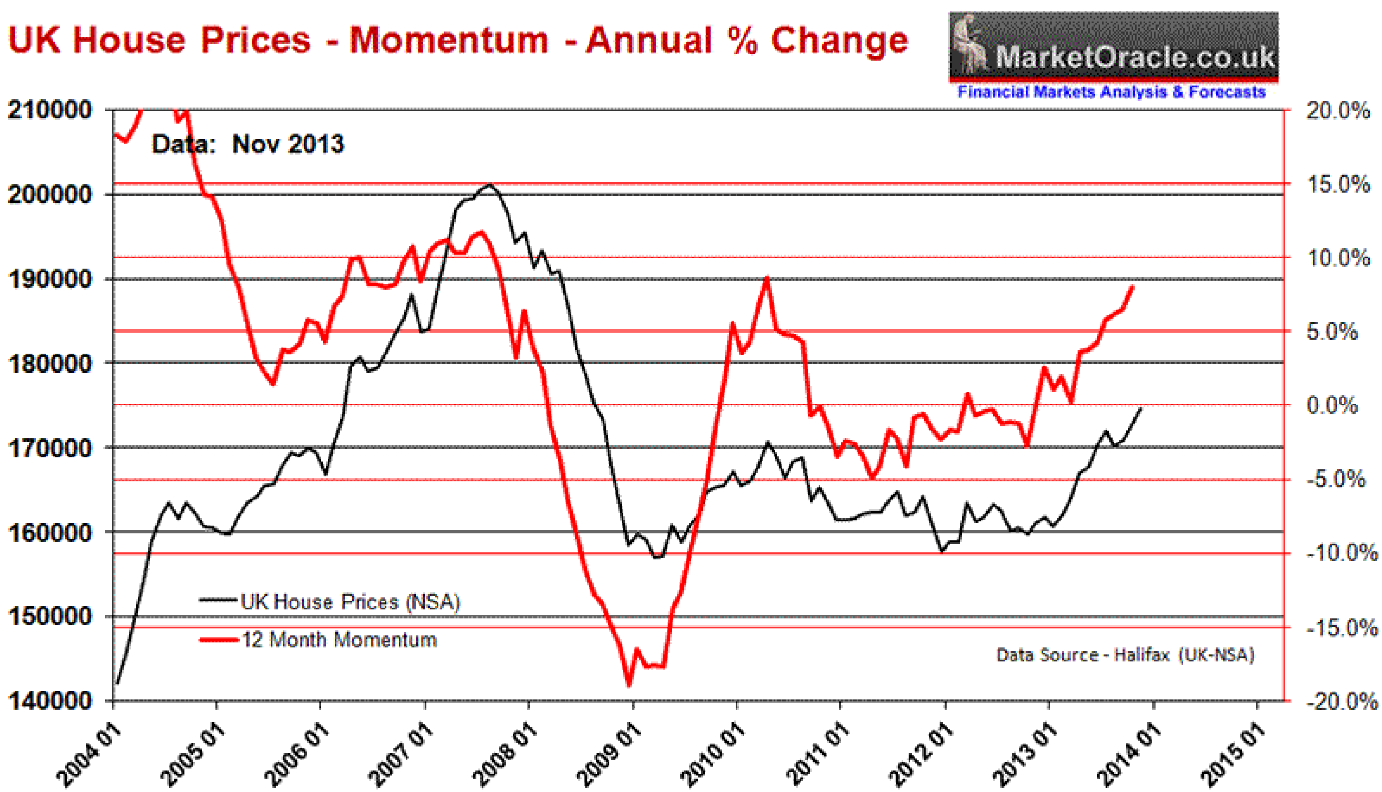
In my opinion I think it is inevitable that a series of new towns will be built that eventually will grow into new cities that will be announced over the coming years, which whilst encouraging economic growth will however also encourage further mass immigration, so even a series of new towns and cities may only make a marginal difference to UK housing affordability ratios.

Existing UK House Prices Forecast 2014

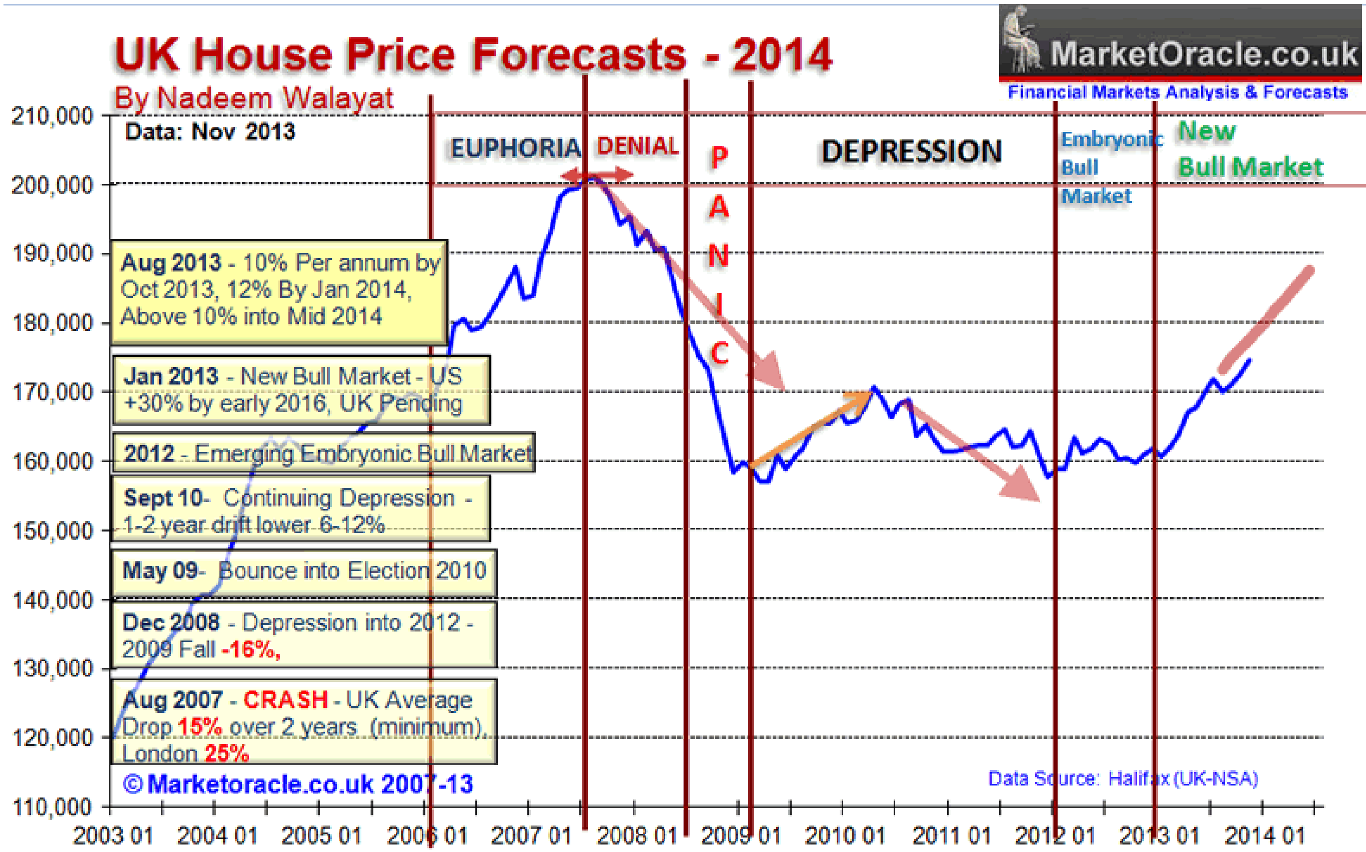
UK house prices as measured by the Halifax (NSA - November) are now rising at a rate of 8.5% per annum as opposed to falling at a rate of over 2% per annum when I flagged an imminent UK housing multi-year bull market over a year ago.

08 Sep 2012 - UK Home Extension Planning Rules Relaxed to Boost Economy, Trigger Housing Bull Market

I am continuing to see positive signs towards a multi-year bull market, so I am giving you another head start on an emerging probable multi-year bull market in UK housing.



The trend trajectory continues to home in on my forecast expectations for UK house prices to be rising at a rate of more than 12% per annum for January 2014 data, and then average a rate of 10% per annum.



19 Aug 2013 - UK House Prices Bull Market Soaring Momentum

*In terms of the bull markets current momentum, **the UK housing market is accelerating towards an annual inflation rate of at least 10% per annum.** Given the markets current trend trajectory, **UK house prices could be rising by 10% per annum as early as on release of the Halifax data (NSA) for October 2013 (in November)**, and continue accelerating to a **rate of more than 12% per annum for January 2014 data** (released Feb 2014).*

The bottom line is that the UK bull market is only just getting underway and will likely last the remainder of this decade, yes there will be overbought states when prices run away to more than 20% per annum followed by corrections that see virtually zero or even negative growth for a month or two, but the over-riding trend will be that of a strong bull market, that in terms of momentum will average at least 10% per annum.

Formulating a House Prices Forecast

In formulating a trend forecast for UK house prices beyond my existing forecast expectations into Mid 2014 and for several years beyond of 10% per annum, I need to weigh up the influences of disparate drivers where on the positive side we have momentum, sentiment and a strong sustainable economic recovery that will last for many years whilst on the negative side we have a economy that continues to accrue a mountain of debt that seeks to delay the day of reckoning my means of the INFLATION, which is both a positive in times of inflating prices and a negative in terms of eroding purchasing power of earnings and affordability which is why many ask how can house prices rise when property is unaffordable for so many house hunters, and it is true that house prices today are nowhere near the affordability levels of the mid 1990's bottom, in fact today's house prices in terms of affordability are beyond the early 1990's peak!

Also that high inflation also carries the risk of the Bank of England panicking to prevent a wage price spiral. Though I expect wages will continue to be depressed in real terms as a consequence of continuing high immigration from eastern europe (20 times the rate the politicians propagandised that it would be), the benefits culture catastrophe that fuels deficit spending and the convergence of GDP per capita between East and West.

So this housing bull market is NOT going to be a re-run of the last bull market! We are not going to see anywhere near 30% per annum price rises. Instead it looks set to be a far more measured affair that will likely never see a bubble spike before the bull market tops that my opinion could only be replicated during a period of out of control inflation i.e. RPI well above 10% and approaching 20% per annum.

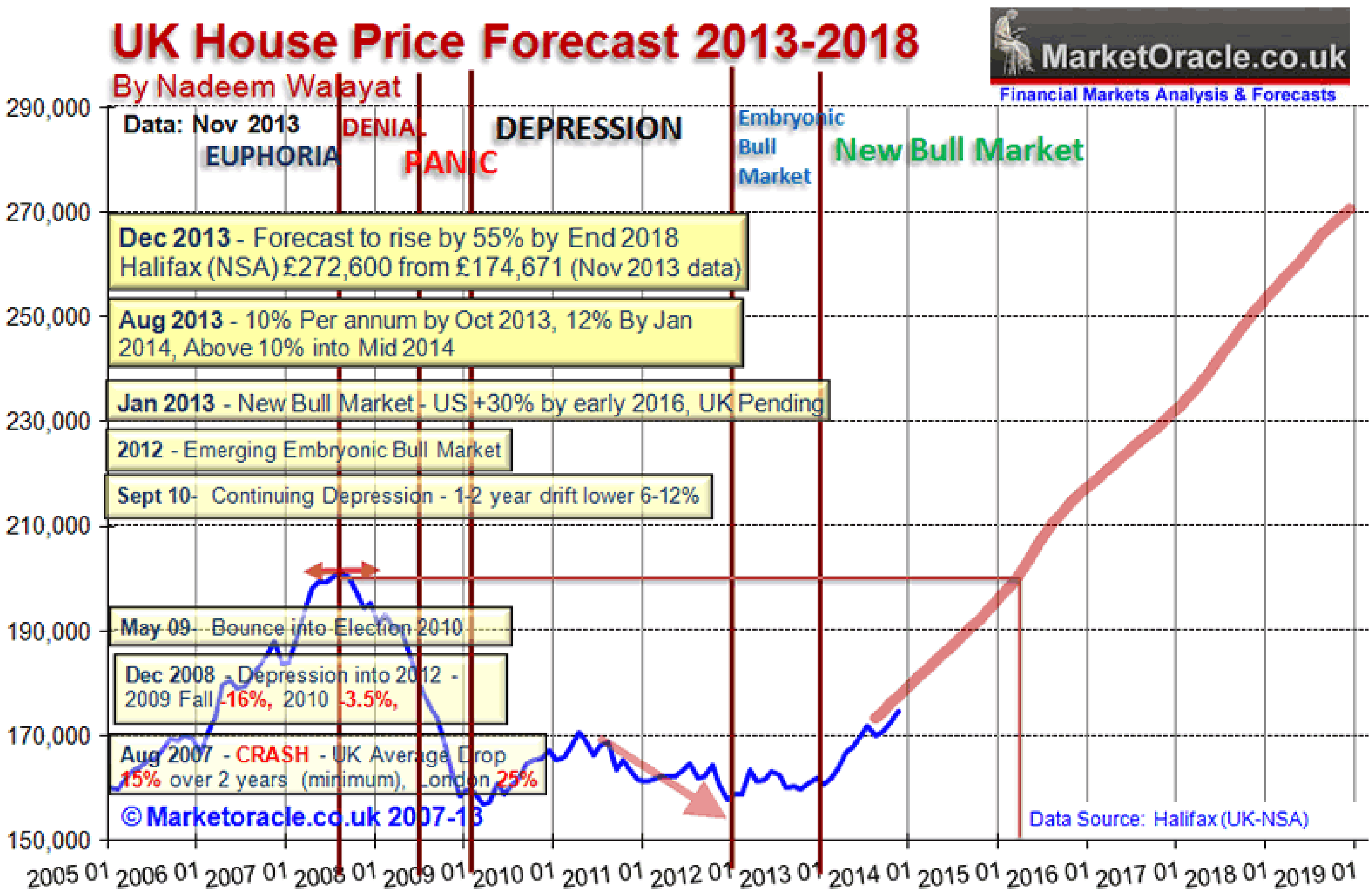
So, in term's of generating a multi-year housing market forecast this analysis continues to resolve around a relatively mild oscillation around 10% per annum. Which implies an acceleration into the run up to the next general election followed by a slowdown to a rate well below 10% per annum, that overall suggests that as long a UK inflation as measured by RPI does not persist beyond 5% per annum then UK house prices should target an average rate of 10% per annum for the remainder of this decade (6 years) and therefore target a 60% rise on the current Halifax House prices index into the end of 2019.

At present UK house prices are on an accelerating trend trajectory that implies the current momentum of 8.5% will continue to accelerate to a peak of more than 13% by Mid 2014, and likely stay above 10% into the May 2015 election, following which the momentum will likely slow sharply during 2016 which I am sure will prompt much bearish commentary at that time that slowing house prices inflation that could dip below 5% is a sign that the bull market is over when all it will do is lay the grounds for the next surge higher in momentum during 2017 and 2018, though I will leave the run up to the scheduled May 2020 General election for a future UK housing market ebook of some time during 2018. Therefore this analysis is focused on concluding in a detailed 5 year trend forecast into the end of 2018.

UK House Prices Forecast 2014 to 2018 - Conclusion

This forecast is based on the non seasonally adjusted Halifax House prices index that I have been tracking for over 25 years. The current house prices index for November 2013 is 174,671, with the starting point for the house prices forecast being my interim forecast as of July 2013 and its existing trend forecast into Mid 2014 of 187,000. Therefore this house prices forecast seeks to extend the existing forecast from Mid 2014 into the end of 2018 i.e. for 5 full years forward.

My concluding UK house prices forecast is for the Halifax NSA house prices index to target a trend to an average price of £270,600 by the end of 2018 which represents a 55% price rise on the most recent Halifax house prices data £174,671, that will make the the great bear market of 2008-2009 appear as a mere blip on the charts as the following forecast trend trajectory chart illustrates:



Peering into the Mist of Time - Beyond to 2018 to 2030

Whilst this ebook's concluding forecast is for an average of 10% per annum over the next 5 years. However as sections of this ebook such as demographics implies that 10% per annum for most years is a more than probable outcome all the way into 2030, i.e. don't take the five year forecast to imply that the bull market ends in 5 years time for I cannot see any reason why it cannot march on for the next 17 years or so, and given the nature of compounding this implies that UK house prices could first double and then triple by 2030, and that my near 30 years experiencing of short-term trading and long term investing informs me that this is probably an UNDERESTIMATION of how far house prices could rise over the next 17 years.

For instance I would not be surprised if UK house prices end 2030 FOUR times where they stand today i.e. implying that the Halifax House Prices index could rise from £174,671 (NSA - Nov 13 data) to over £700,000 by end 2030. Though don't take this as a definitive forecast for I will periodically come back to the UK housing market in hundreds of articles and several future ebook's to fine tune expectations, but do take this as an indication of my thoughts towards what I think is likely to transpire beyond 2018. Ensure you remain subscribed to my FREE Newsletter for regular updates (only requirement is an email address).

Mainstream Press Forecasts

Many academics and 'think' tanks that get reported upon in the mainstream press have been busy during the past few weeks up-grading their house price forecasts AFTER the recent surge higher, whilst most play it safe by just focusing on year ahead a few have looked 5 years ahead that typically still play it safe as they range in expectations for a rise in UK house prices of between 17% to 25% over the next 5 years -

CBRE - 17% Rise by 2018 - Commercial property consultants (CBRE).

OBR - 20% Rise by end of 2018 - The governments think tank (Telegraph).

Knight Frank - 24% rise by end of 2018 - A global real estate consultancy (KnightNox).

Savills - 25% rise by end of 2018 (up-rated from 18% a few months ago)- LSE listed Estate agent, whilst the most bullish but still playing it safe (Telegraph).

The Mainstream Press Nearly Always Gets it Wrong!

It is ironic that at a time when I was iterating the strong probability for a multi-year UK housing bull market of approx 10% per annum at the start of 2013 that the consensus view was one of prevalent doom and gloom right across academia that even infected vested interests such as estate agents, which goes to show the role sentiment can play where the mainstream media is concerned i.e. overly pessimistic when its time to buy and overly optimistic when its time to get out!

Daily Mail - 1st Jan 2013 - Bad news for homeowners as house prices will not return to pre-recession peak until end of the decade

House prices in Britain will not return to their pre-recession peak until the end of the decade, making this the longest slump in the property market since records began. A report by a leading estate agent said the price of the average home peaked at £183,959 in 2007 but has fallen so dramatically it will not return to this level until 2019. The 12-year recovery period could be the longest since records began in the 1950s. The report said that once the impact of inflation is stripped out, average prices will not return to 2007 levels until 2031 – an incredible 24 years after they peaked.

And at the time the likes of the Telegraph were even more pessimistic.

Instead it is increasingly probable that a year from now (early 2015) that average UK house prices will have passed their 2007 highs some five years ahead of that which the mainstream press were forecasting. So the bottom line is that If you listen to the mainstream press then you will always miss the boat and both be too late to buy and too late to sell as was illustrated by the mantra of the soft landing during 2007 and 2008 whilst the UK house prices were entering a state of free fall as I repeatedly warned at the time.

25 Sep 2007 - UK Housing Market on Brink of Price Crash - Media Lessons from 1989!

The UK Housing market is teetering on the brink of a crash led by the buy to let sector investors jumping ship. But the messages coming from the major banks and UK central bank are still benign. In many ways the situation is reminiscent of the initial stages of the the early 1990's property bust, which was also accompanied by soothing statements that ignored the facts on the ground as this article will illustrate.

Current Opinions Amongst Major Institutions

Bank of England *- The U. K. housing market remains in good shape despite turmoil in financial markets, Bank of England Monetary Policy Committee Member Kate Barker - 20th Sept 07*

Halifax Bank of Scotland *- UK's largest mortgage lender said a crash was unlikely as fundamentals remain strong. Also that the credit crunch is likely to result in cuts in UK interest rates and thus supportive of house prices - Martin Ellis, Chief economist- 18th Sept 07*

Royal Institution of Chartered Surveyors (RICS) *- Only 10% chance of a 1990's style housing market crash, Simon Rubinsohn - 18th Sept 07. This is a barely a month after Mr Rubinsohn recommending buy to let investments - “people who were thinking of dipping their toe into the equity market may now be tempted to forget about stocks and buy to let instead”. (The Independant).*

Paragon, Mortgage Company *- "the buy-to-let market was still strong"*

INFLATION Risk to the Forecast

The primary risk to the forecast is inflation, whilst I don't expect low inflation to significantly impact the forecast however high inflation as manifested by a a persistent rate of more than 5% per annum will effect the forecast. Given the leveraged nature of house prices to inflation therefore this would roughly translate into the expectation that for every 1% that UK inflation stays above 5% then house prices will rise by an additional 2%. For instance if UK inflation spends several months at 7% then house prices will rise by an additional 4% per year. Though on the downside in terms of house prices, a soaring UK inflation rate will also hasten an END to the housing bull market as the Bank of England will once more panic to prevent a wage price spiral by raising interest rates to MORE than the rate of inflation which would act to seriously erode housing market sentiment towards a sub RPI-inflation annual house price inflation rate.

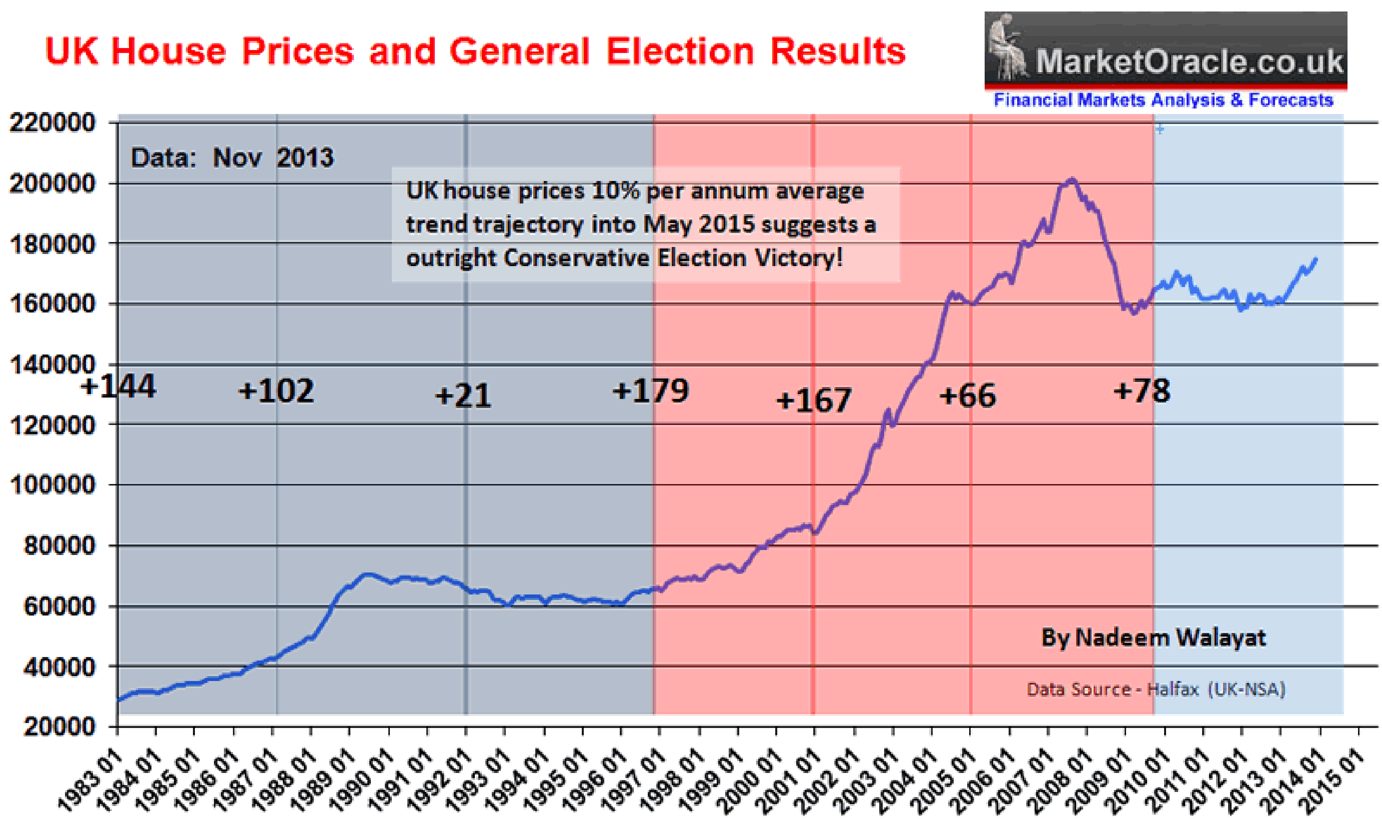
Formulating a UK General Election Forecast 2015

Recent opinion polls put Labour 6 points ahead of the Conservatives which would translate into Labour winning an general election with a 74 seat majority (Independant on Sunday). Similarly the bookies also have Labour (oddschecker) as hot favourites to win the most seats at the May 2015 general election, though the odds marginally favour another hung parliament, whilst the Conservatives trail a distant third in their chances for an outright election win. However, what the opinion pollsters, bookies and the mainstream media commentators fail to grasp is the likely impact of accelerating UK housing market momentum on an general election that is still 18 months away (May 2015).

Sign Up FREE BETS	£200	£30	£10	£50	£25	£50	£25	£20	£10	£88	£30	£50	£25	£50	£100	£50	£30	£25	£20		£50	£500	£££
View Form & Analysis sort by: fav/name	bet365	Sky BET	totesport	Boylesports	BETFRED	sportingbet	BETVICTOR	PADDYPOWER	StanJames	888sport	Ladbrokes	CORAL	William HILL	winner	SPREAD EX	betway	bwin	UNIBET	youwin	32Red	betfair	BETDAQ	SPORTING INDEX
Labour Majority	2.37				2.5		2.5	2.38	2.38	2.25	2.25	2.38	2.5	2.2	2.25	2.2		2.25	2.38		2.6		
No Overall Majority	2.3				2.25		2.38	2.5	2.5	2.38	2.62	2.38	2.38	2.5	2.38	2.5		2.38	2.25		2.44		
Conservative Majority	4.2				4		4	4	3.75	4.5	4.33	4	3.75	4	4	4		4.5	4		4.04		
Any Other Party Majority	201				101				201					101					151		190		
UKIP										201								201					
UKIP Majority											101		201		101								
Liberal Democrat Majority							81				201	201	251		201	151							
Liberal Democrats										251								251					

(Click image to enlarge)

The following graph illustrates the impact of the UK house prices trend on general election results for the past 30 years.



The key factors are the trend and strength of housing market momentum during the 2 years in the run up to each general election as being good indicators for the probable outcome in terms of which party will win (government or opposition) and the size of the likely majority.

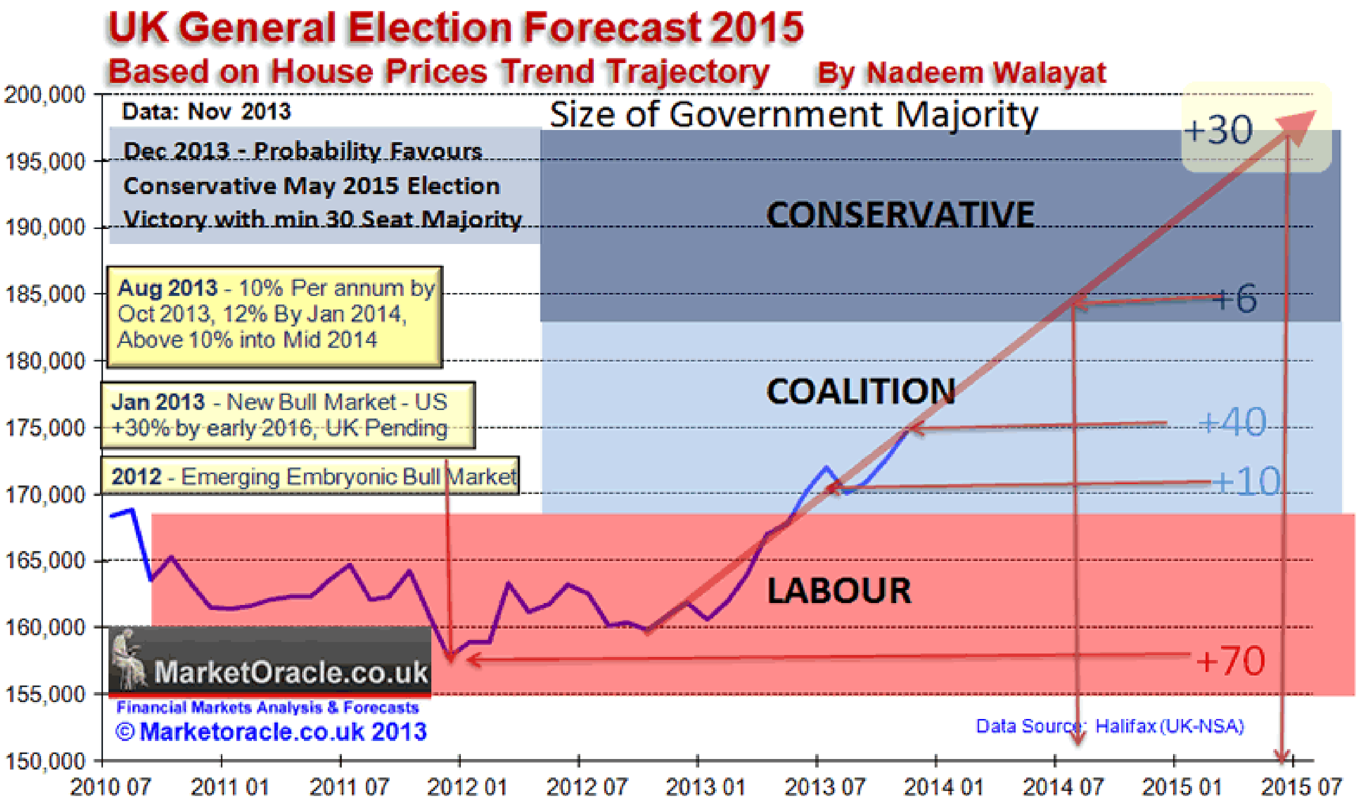
For example for the 1997 general election, despite a strengthening economy UK house prices were still stagnating and showing no signs of breaking out of what was a 6 year slump that they had been revisiting the bottom of the trading range for the preceding 3 years. The result was a huge majority win for Tony Blair's opposition Labour party.

The next such negative event for parties in power was in the rum up to the 2010 general election, where despite the housing market coming out of a severe bear market by the time of the general election the trend was still in its embryonic phase so whilst momentum was improving going into the election, however the momentum would only fully manifest itself some 6 months after the May 2010 General election which represented Gordon Browns last screw-up in that he could not even get the timing of the debt fuelled election bounce in house prices right despite increasing Britain's government debt (PSND) by over 40%!

UK General Election Forecast 2015

In terms of the 'fixed' May 2015 general election, the implications of 10% per annum house price inflation for another 18 months, that builds on the housing bull market of the previous 12 months and on the embryonic bull market of 2012 are that probability strongly favours an outright Conservative election victory.

The following graph attempts to fine tune the outcome of the next general election by utilising the more conservative current house prices momentum of 8.5% which has many implications for strategies that political parties may be entertaining to skew the election results in their favour.



The the key implications of the above graph are -

- The window for an outright labour election victory has already ended as of July 2013.
- As of writing an election today would result in a Coalition government with a majority of about 40 seats.
- The window of opportunity for a Coalition government ends by mid 2014 after which there is an increasing probability for a Conservative outright majority.

In conclusion a May 2015 general election at an average house price inflation rate of 8.5% would result in a Conservative overall majority of at least 30 seats. Therefore this is my minimum expectation as I expect UK house prices to start to average 10% per annum from early 2014 with my actual forecast converging towards average UK house prices breaking to a new all time high just prior to the May 2015 general election which would be a significant boost for housing market sentiment and thus the Conservative's election prospects.

Political Strategies

Labour Party

Labour has already lost the election, the only chance for governing is from within a Coalition with the Liberal Democrats, therefore their strategy will be aimed at fracturing the current coalition and thereby instigating an early general election, the earlier the better for each month that goes by decreases the size of majority that a Coalition government will be able to achieve.

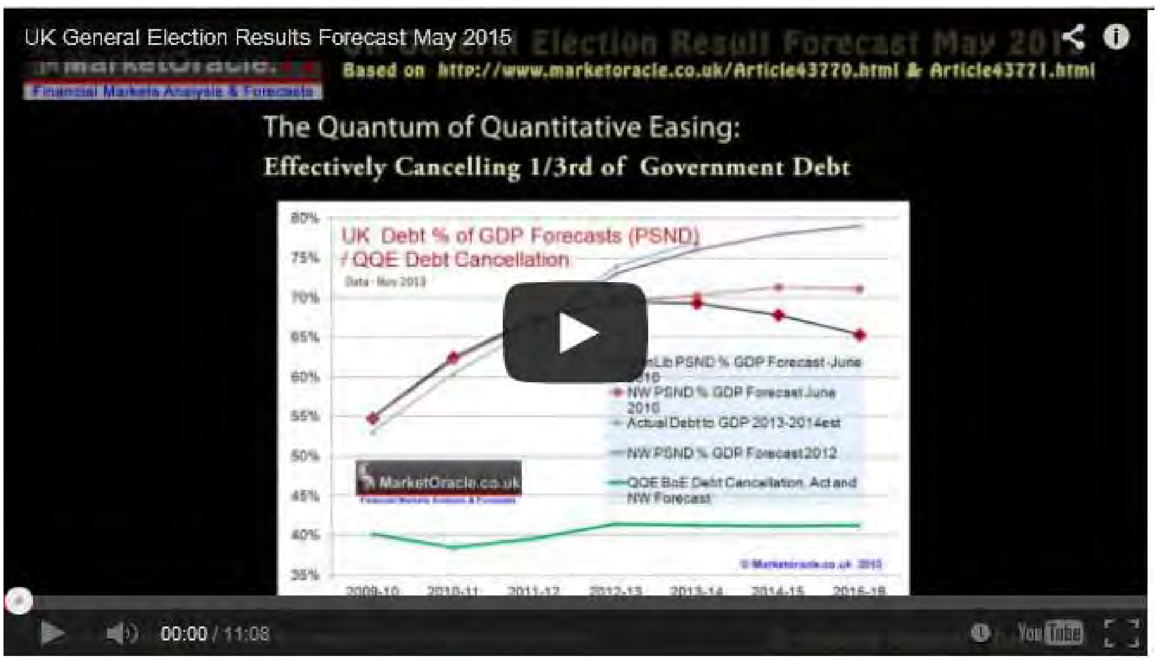
Liberal Democrats

Given the lack of manifestation of an ability for the Liberal Democrats to think strategically it remains to be seen if they will be able to read the writing on the wall for the only way the Liberal democrats can survive is by fracturing the current coalition, which for them it's a case of the sooner the better. A fractured coalition triggering an early general election would mean burning the bridges with the Conservatives and thus a Labour / Lib Dem coalition is the only outcome that would deliver the Lib Dems power again. However, as is more probable, should the Liberal Democrats cling on in coalition with the Conservatives then they will likely find themselves out of power in May 2015.

Conservatives

The tories need to play things stealthily by downplaying their election prospects and attempting to keep their Lib- Dem coalition partners heavily sedated by bending over backwards to appease them for the Coalition has entered its maximum danger zone time window for breaking apart and delivering a Labour / Lib-Dem Coalition government. So expect the Conservatives to continue to overly friendly towards their coalition colleagues despite increasingly desperate attacks from frightened Liberal Democrat MP's. Therefore the Conservatives strategy is clearly to keep the Coalition government ticking along for as long as possible and they hope all the way into May 2015.

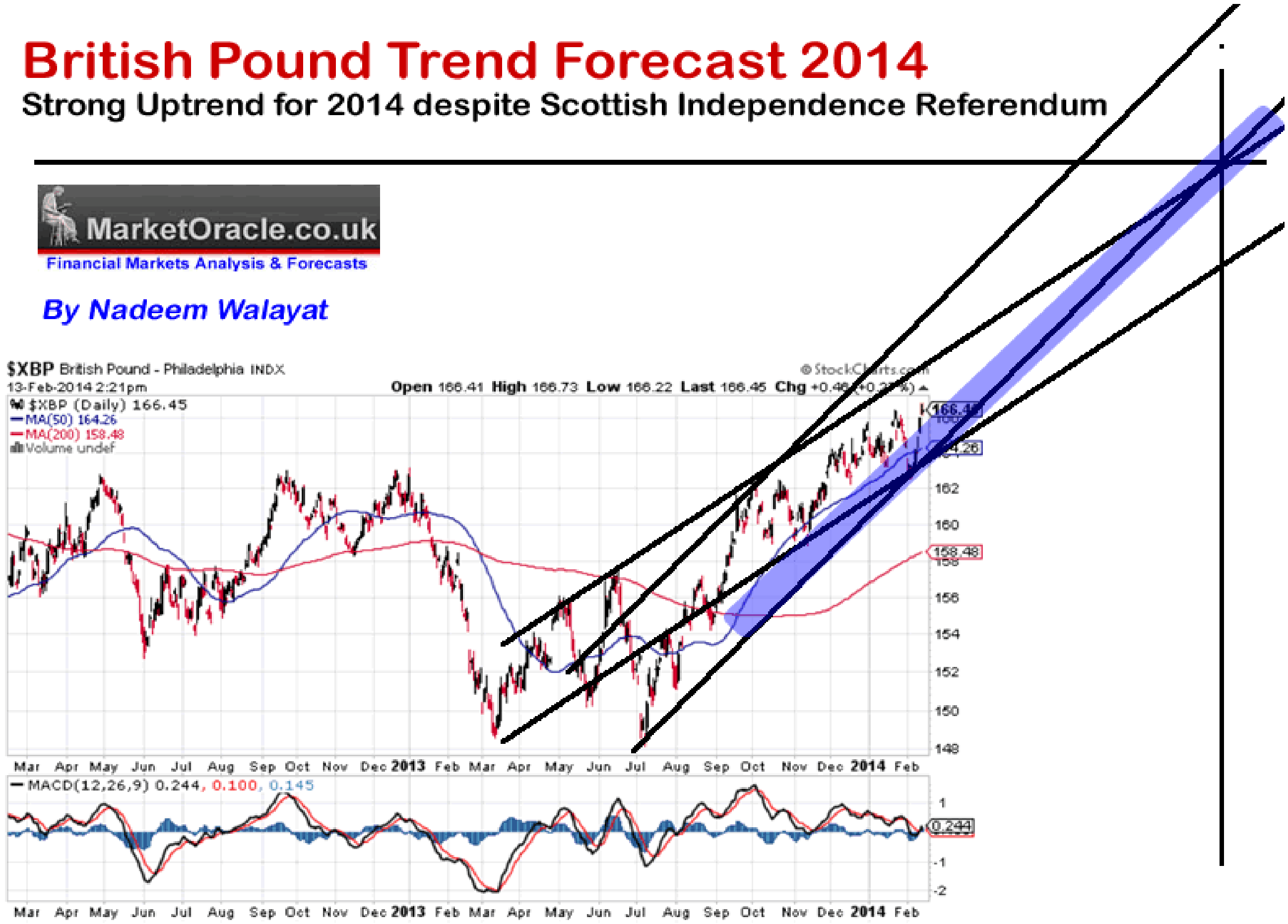
Given the various windows of opportunities, therefore at this point in time the ball is clearly in the Liberal Democrats court for the next few months are crucial because if the Coalition government survives into Mid 2014 then there will be an increasing probability for a Conservative outright victory. It is very difficult at this point in time to determine what increasingly desperate Liberal Democrats will choose to do. However given the trend to date of the Coalition having survived thus far, therefore probability favours the coalition continuing all the way into 2015 and thus the Conservatives look set to win the next general election with a small majority of perhaps 30 seats, despite all of the media spin that surrounds the likes of UKIP having destroyed the Tories chances of winning the next election.



Scottish Independence and the Balkanisation of Britain

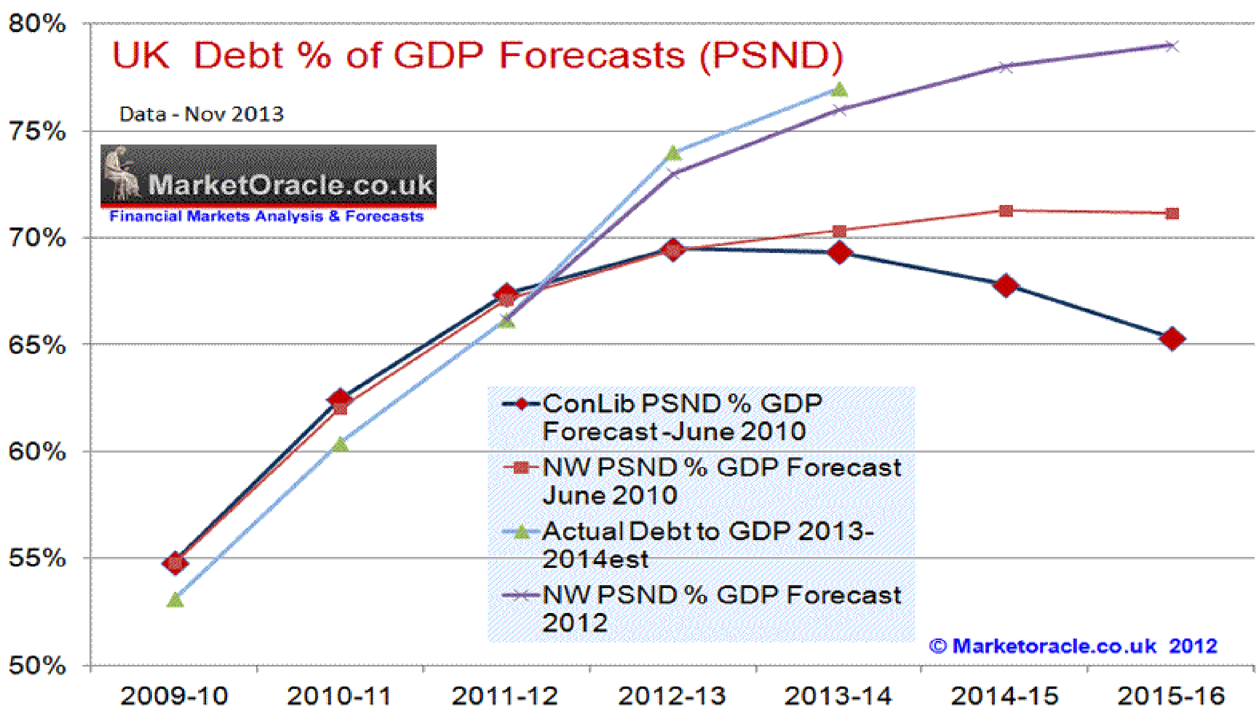
Scotland voting for independence albeit by a small margin on the 18th September 2014 referendum would set in motion the painful process of separation that will have huge economic consequences for Scotland and initially a lesser degree for the remaining UK that would be further dominated by England as comprising well over 90% of the remaining UK population.

Resulting in Britain's currency being strengthened which would translate into lower bond market interest rates, and even greater monetary stability further bolstering the British Pounds safe haven status. As my earlier analysis (14 Feb 2014 - SNP Independent Scotland Sterling Sharing Trojan Horse to Plunder British Pound) concluded in strong up-trend forecast for the British pound towards £/$1.80 that followed the ruling out of currency sharing.

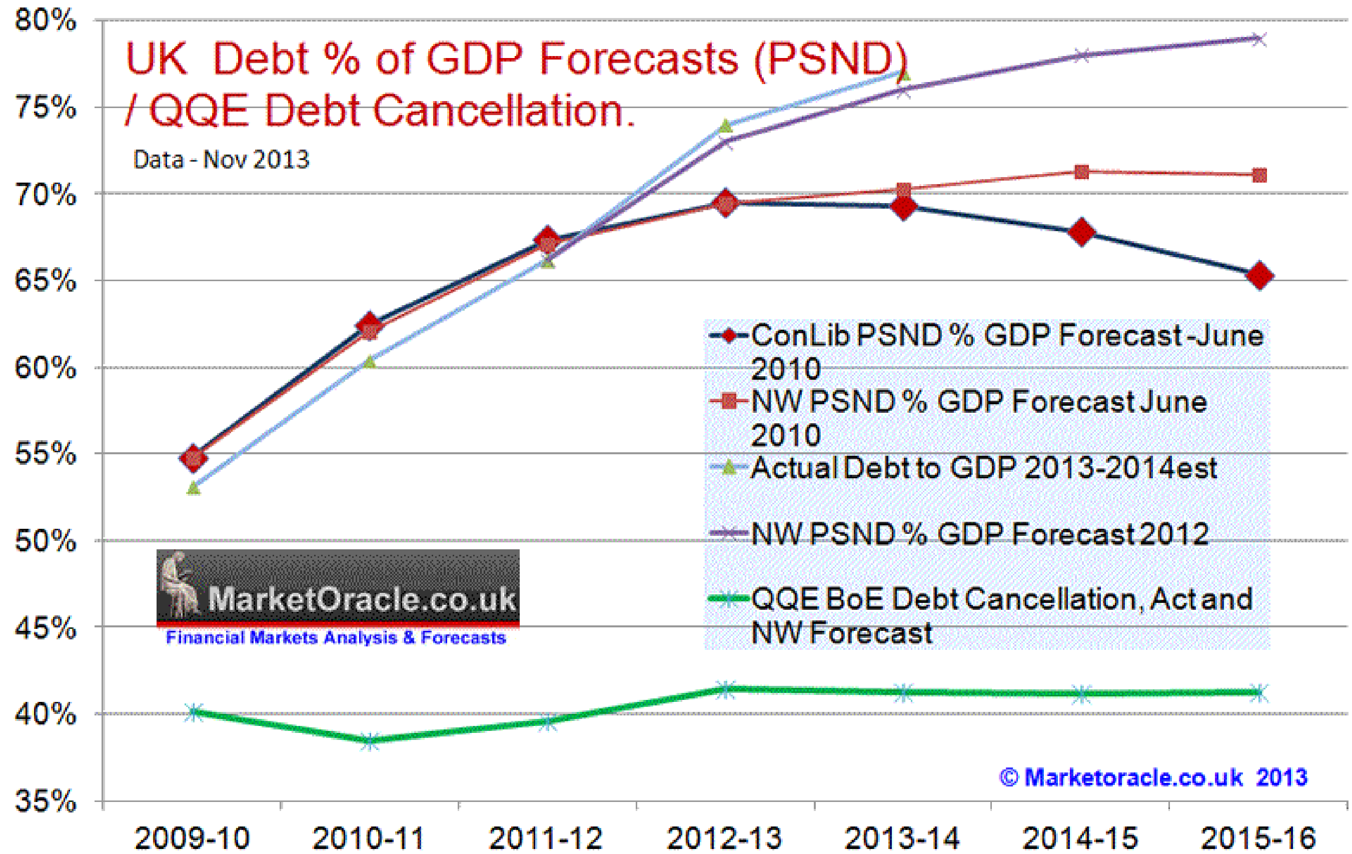


UK DEBT

The SNP's leader, Alex Salmond has made it clear that if an Independent Scotland could not share the British Pound then Scotland would default on its debts of approx £120 billion, which given the fact that Scotland is about 8% of GDP this would have the effect of inflating Britains debt mountain in terms of % of GDP from the current 77% to 85%



However, as I illustrated by my last analysis of UK debt (30 Dec 2013 - UK House Prices Forecast 2014 to 2018, The Debt Fuelled Election Boom) that Britain by virtue of having a safe haven currency can and has been busy monetizing its debts which has effectively reduced the debt burden from 77% to 40%. Which implies that all that the Bank of England would need to do would be to just press the QE 'print money button' to bring Britians effective debt burden back inline with its secret target of the debt burden being at 40% of GDP.



Therefore, the REAL UK Debt to GDP Ratio appears to be have been systematically engineered to stay at a constant 41% of GDP (actual 77%), which I expect to remain constant at 41% into March 2015 as opposed to my forecast of actual of 79% on the official measure as a consequence of the effective cancellation of approx £600 billion or 40% of outstanding government debt by 2015.

This would be set against an Independent Scotland that had just defaulted on its debts and so would only be allowed to borrow against the mortgaging of its assets that the SNP crows so loudly about such as Scotland's £1.5 trillion of North Sea oil reserves whilst conveniently forgetting that it would probably cost near £1 trillion to extract it! So Scotland would forward sell decades of future oil revenues to foreigners in exchange for the financing of current deficits (voter bribes).

Rather than admit to reality, Alex Salmond and the SNP inhabit a fantasy land where post debt default they expect Scottish interest rates to be lower than the UK whilst the example of Ireland which DID take on its fair share of UK debt and which was GUARANTEED by the UK government, nevertheless saw far higher interest rates than the UK right upto the point a decade after Independence Ireland defaulted on its debts owed to to the UK which saw interest rates soar. To which Britain responded by imposing trade tariffs to recoup the monies defaulted upon just as the UK would do today should Scotland default on its debts that resulted in an Irish economic depression, something that Ireland would not fully recover from for over half a century and which contributed towards half its population fleeing the Island. And soon as there was a glimmer of hope for Ireland along came the Euro-zone debt crisis and PIIGS bankruptcy resulting in Ireland effectively being managed from Germany that included a partial bailed from the UK. So Ireland effectively gave up being a significant partner in the UK to become a pin prick in the Euro-zone, all for the sake of religion.

And what of Scottish banks? A financial sector that would be twice the size relative to the Scottish economy than were that of Iceland, Cyprus or Greece! Would anyone keep a single penny in a Scottish bank if they knew that it was impossible for Scotland to ever make good on bank deposit guarantees? That during a financial crisis their bank deposits would be stolen Cyprus style.

Whilst England (UK) economy would be boosted by Britains deficit effectively being cut by at least £8 billion per year (14 Feb 2014 - SNP Independent Scotland Sterling Sharing Trojan Horse to Plunder British Pound) as a consequence of England no longer having to bribe Scotland to stay in the Union with a net subsidy of £8 billion per year which therefore in terms of the deficit forecast would result in an additional reduction of the deficit by £40 billion over the next 5 years.

This translates into the impact of Scotland's £120billion debt default effectively being cleared within 15 years, so there would be no lasting damage to the UK in terms of taking on the extra debt burden. Not only that but the markets would discount the future, they would be discounting the continuing positive impact if a reduced budget deficit and thus better fiscal outlook for the UK for many decades to come which would translate into lower long-term UK interest rates.

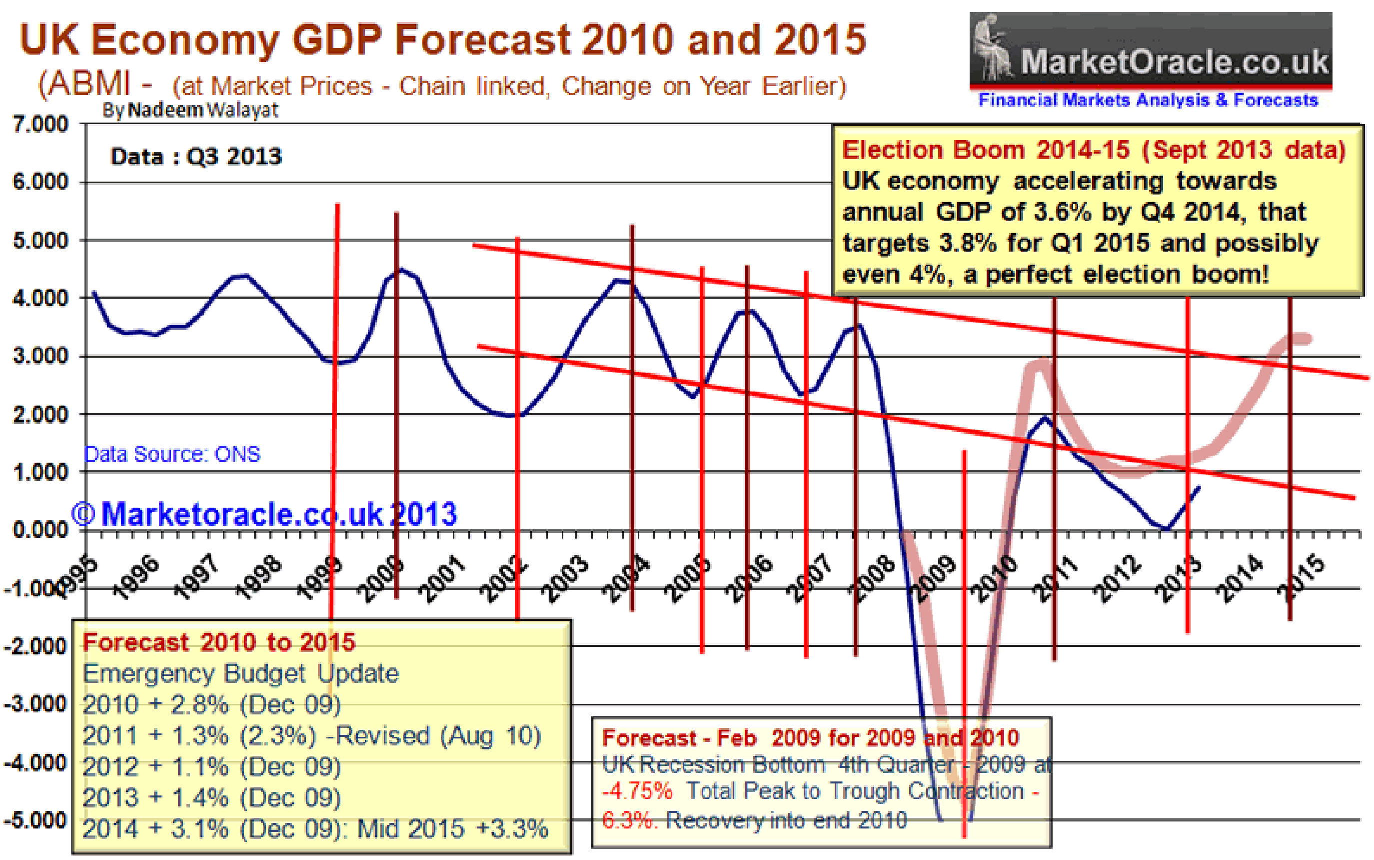
UK ECONOMY

As mentioned earlier the loss of Scotland's 8% of GDP annual economic output would result in the national debt burden rising to 85%. However, as also mentioned that savings of £8 billion of year in subsidy would clear the extra debt within 15 years.

However, actual GDP loss could be recouped far sooner as my forecast is for the UK to grow by over 3% per annum over the coming years., therefore the loss of 8% of GDP could be recouped within 3 years. In economic terms it would be as though Scotland had never been part of the UK.

30 Dec 2013 - UK House Prices Forecast 2014 to 2018, The Debt Fuelled Election Boom

Therefore in terms of my economic growth conclusion, I expect the UK economy to at least attain a growth rate of 3.6% for 2014 and target 3.8% for Q1 2015 with a strong possibility of achieving the holy grail for election victories of announcing during the election campaign of 2015 that the UK economy at that time was growing at 4% per annum. *Furthermore post election I expect that an over heating UK economy to slow as it dips back towards 3% over subsequent quarters of 2015.*

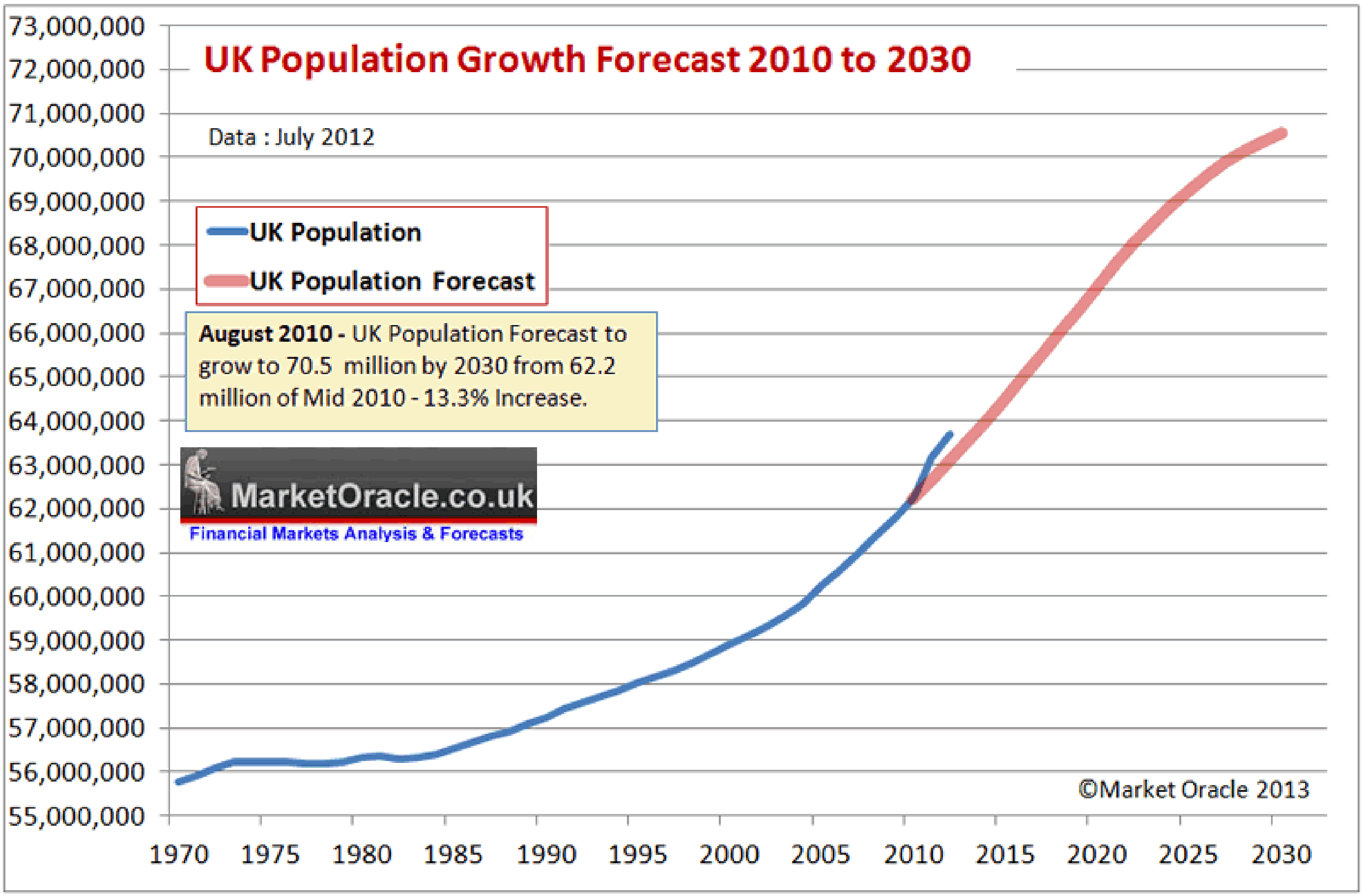


Therefore in terms of economy and financial stability the UK would actually be far BETTER off without Scotland.

UK POPULATION

The SNP tend to be quick to state that many Scots have achieved great things, without mentioning the fact that the great achievements tended to have been made OUTSIDE of Scotland. Many commentators suggest that the loss of population of 5 million would greatly diminish the UK in international terms, with suggestions for instance that the UK could lose its seat on the UN Security Council.

09 Jan 2014 - U.K. House Prices vs Supply, Immigration, Population Growth and Demographics Crisis



However, again as my earlier in depth analysis illustrates that the population growth rate for England is such that the loss of population could be recovered within 10 years, so that the total UK population would at least be where it was before Scottish Independence, and likely much earlier as several hundreds of thousands of British citizens (both Scots and English) north of the border would choose to migrate to a far more economically stable UK. Of course most of the people in England do not want further high immigration so the loss of population is less of a domestic issue than it would be North of the border that would experience an accelerated brain drain as its brightest and best migrate to the South of England that would be following the migration of Scotland's financial services industry, as financial sectors are built on only one thing - confidence, something a newly Independent debt defaulting Scotland would be greatly lacking.

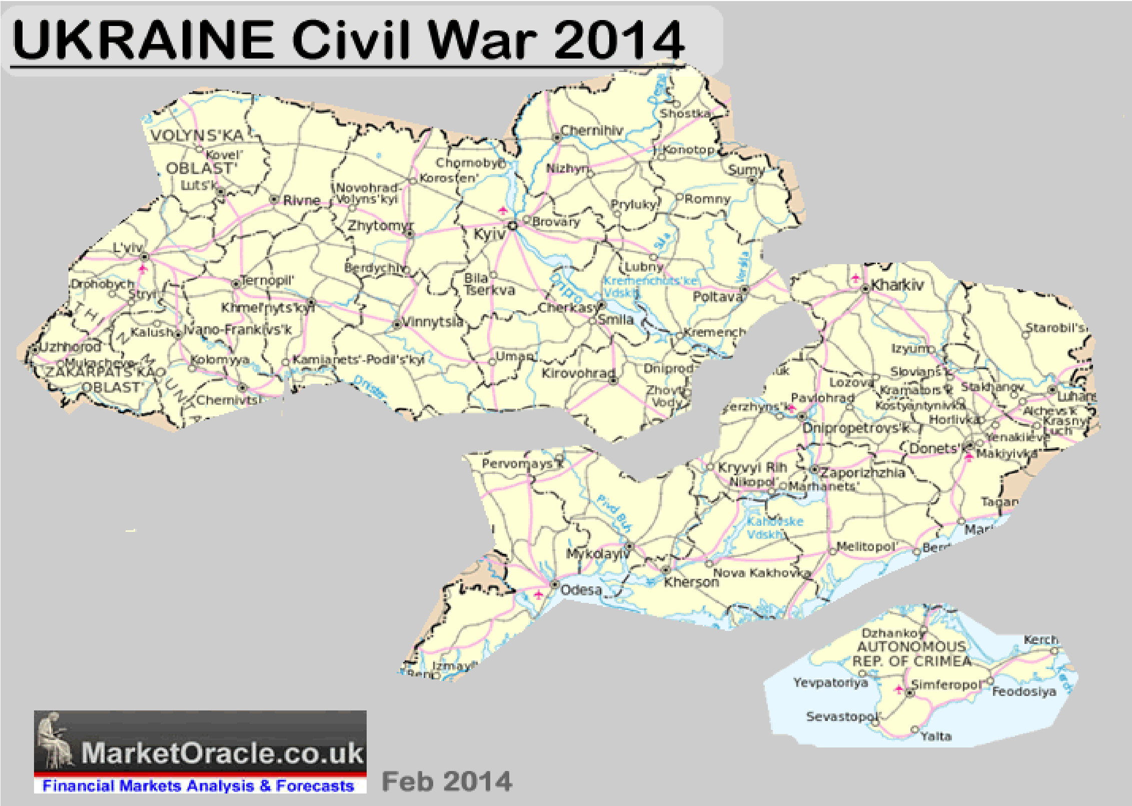
Therefore Scottish independence would have very limited negative effect on the UK's economy and global standing, which is suggestive of it being an overall economic non event for the UK.

UKRAINE 2014, BRITAIN 2016?

The real problem of Scottish Independence is as I have highlighted several times in recent articles is that it would open up a pandora's box that would encourage other parts of the UK to start their own separatist movements which would disrupt economic activity right across the UK, and that is the real danger of Scotland leaving the UK, and not its net economic impact on the UK.

Ukraine illustrates what tends to happen when countries start to tear themselves apart as peaceful demonstrations in Ukraine's capital city Kiev of barely a few weeks ago have fast descended into chaos towards outright civil war as several regions in the north-west such as Lviv declare independence, whilst the south-east stands behind its democratically elected President who fled the capital with loyal security forces barely 24 hours ago.

What was unimaginable a few weeks ago has now become a crisis situation of mounting deaths, where with each death Ukraine takes a further step towards leaping over the edge of and into the abyss of where the likes of Syria stands today, as the consequence of what happens when nations rip themselves apart.



Ukraine tearing itself apart has huge implications for european stability as the conflict risks sparking unrest in bordering states most of which have their own separatist movements, especially Russia which therefore sets the scene for Russian to intervene militarily.

Crimea 1.0

Crimea has already been annexed in all but name, South and East Ukraine are next on Putin's radar as Russian armies totaling more than 150,000 troops and heavy equipment have been building up on the borders for several weeks, ready to enter on an instigated pretext of defending Russian populations and likely will follow soon after today's (Sunday 16th March) Crimea Russia annexation referendum.

The people of Crimea have been given one of two choices in voting to -

a. declare independence from Ukraine

b. join Russia

So given the options available it is not surprising that most who do actually turn out to vote, have no choice but to vote for Russia, especially as the Crimean arm of the FSB, Russian states secret police have been busy distilling fear in the population as to what is likely to happen to anyone that shows dissent and does not back Russian annexation.

As I write there are reports that Russian military helicopters and troops have already started to deploy themselves out of Crimea and several kilometres into Ukraine who are likely preparing the ground for a full scale invasion in the days following the referendum by clearly aiming to seize areas of Ukraine so as to make Crimea a more viable state i.e. water supplies, power plants and the railway network.

My series of articles in the lead up to the Russian invasion of Crimea made it clear that Russian military intervention was inevitable and that Ukraine would be dismembered in three stages, starting with Crimea then soon followed by south east Ukraine.

21 Feb 2014 - Ukraine 2014, Britain 2016, Scottish Independence Could Trigger Balkanisation of UK

What was unimaginable a few weeks ago has now become a crisis situation of mounting deaths, where with each death Ukraine takes a further step towards leaping over the edge of and into the abyss of where the likes of Syria stands today, as the consequence of what happens when nations rip themselves apart.

What Will Happen Next?

Where Russia is concerned if Crimea can breakaway from Ukraine then so should Chechnya be allowed to breakaway from Russia, for Chechnya was independant following the breakup of the Soviet Union in 1991, having successfully beaten the Russian army during the 1994-1996 war until the second Chechen war starting in 1999 that flattened the Capital city Grozny and most of the the rest of Chechnya into submission, killing about 17% of the Chechen population. That is what it means to attempt to gain Independence from Putin's Russia.

Therefore Russia's actions in Chechnya will likely act as a blueprint for what lies in store for much of Ukraine, it's capital will likely come to resemble the Grozny rubble of 10 years ago. For the truth is that Putin and his secret police henchmen could not careless about sanctions for they are immune from their consequences as they could not care less if the Russian people suffer. The Russian people too will have suffered far greater hardships in past decades than which a few billion dollars of sanctions will achieve.

All that sanctions will achieve is for Putin's regime to consider that now it has nothing to lose so will seek to redraw most of Russia's western borders with former Soviet states such as the Baltic nations, any neighbouring states with significant number of ethnic Russian's or Russian speakers will be on the target list. As things stand it does not look as though the West is going to do anything to stop Russia from annexing Crimea which WILL set in motion the annexation of many more bordering regions far beyond that of Ukraine.

Russian Police State

The real goal of Czar Putin is to further enslave the people of Russia after more than a decade of repression that followed a decade of increasing freedoms in the wake of the collapse of the Soviet Union where slowly overtime all of those freedoms gained are being systematically whittled away as Czar Putin looks destined to go even a step further than the totalitarian Soviet state, as today his FSB henchmen have far more invasive technology on their side, all without the scrutiny of a quasi independant free press in the West. Therefore the real losers of the Ukraine war will be the Russian people as they will be increasingly living in FEAR of the state that can erase anyone at any time for any form of perceived dissent.

Russia appears destined to become one giant gulag under Czar Putin.

Russian Tyranny (RT) News Propaganda

The FSB's propaganda arm's such as RT News that infects may western nations airwaves with its relentless flawless english speaking soul selling presenters diatribe that magnifies western social problems whilst remaining blind to the far greater social crisis in the russian federal cesspit have been relentless in painting a propaganda picture in Ukraine of one of Neo Nazis having seized power in Kiev that the Russian people are being brainwashed with near 24 hours a day across all Russian broadcast channels where Russian presenters can literally be seen frothing at the mouth as they try to out do one another in an attempt to placate their FSB media monitors, lest they be perceived as not being patriotic enough.

Meanwhile many westerners enlightened by RT magnifying glass exposure of their own corrupt politicians have apparently let their guard down and have been taken in by RT Newspeak on the Ukrainian crisis by statements such as Crimea was once part of Russia, when the truth is that any nation can make the SAME claim about any neighbouring nations territory!

Just look at how Europe's borders have changed over the past 100 years let alone past 1000 years. Even the UK has seen the border between England and Scotland change numerous times over the past 1000 years, therefore England could a decade after Scottish Independence justify annexation of pro UK parts of Scotland in open revolt demanding their own local referendums to rejoin the UK, justified by referring to historic maps that show that at one time those areas had been a part of England, something that the SNP fanatics need to consider that Scotland rather than gaining independence instead could become a rump state of its present size.

Therefore once you open a Pandora's box of allowing regions to secede either by truly democratic means or Putin style at the barrel of about 10,000 guns, the consequences will be far beyond that which anyone can imagine at the time.

Crimea 2.0

Czar Putin having finished digesting Crimea being a mere entree of the main meal ahead that could ultimately seek to devour as much as 50% of Ukraine's original land mass, whilst the mainstream media's attention remains diverted by the likes of the irrelevant Oscar Pistorius court case, another expenses fiddling MP or the search for Flight MH370. However Putin's dark totalitarian forces have been quietly busy preparing the facts on the ground for a re-run of a Crimea style theft of territory enabling Russia to rip several more pounds of flesh off of Ukraine's body.

For over 2 months now Russian military forces totaling over 200,000 troops with heavy equipment have remained massed on Ukraine's eastern borders under the guise of military exercises that acts to keep a weak Ukrainian state in a perpetual state of fear of the consequences of engaging in any military engagements against the european regional super power that follows Czar Putin's evaluations of the lack of reactions to the annexation of Crimea following the bogus referendum.

The annexation of Crimea worked out far better than even the dictator of Russia expected it could have with virtually no reaction of any significance from the West nor any reaction on the ground in terms of armed resistance or spill over into Russia's own borders as the independence referendum engineered in Crimea has been repeatedly denied at the barrel of several thousand Russian tank turrets within the Russian federation that has seen hundreds of thousands killed in annexed nation states such as Chechnya.

Time-Line for Annexation of South Ukraine

The Donetsk russian rebels announcing an independence referendum to be held on 11th May sets a time-line for the deadline for the next annexation of Ukraine which will be with or without the consent of the local people i.e. the people of eastern Ukraine only have the choice of either a relatively bloodless annexation Crimea style or a bloody annexation following an estimated one hundred thousand Russian troops flooding over the border that will undoubtedly prompt at least limited resistance from Ukrainian military forces.

If anything the time line for invasion and annexation could be greatly accelerated as Russia attempts to repeat the Crimea blue print of a lightening land grab followed by bogus referendums of not just East Ukraine but the whole of the South Ukraine where the military occupation aspects could be completed within a matter of days. This is because in strategic terms to create a viable state from Moldavia Trans-Dniester in the west through Crimea in the middle, and all the way to the eastern border with Russia, then so would all of this area of Ukraine need to be physically connected hence why the land grab would include the whole of South Ukraine and not just the eastern bordering regions as I originally warned of in Mid February.

However, it is inconceivable that the theft of South Ukraine would be bloodless, as the latest news illustrates of attempts by the Ukrainian authorities to seize back buildings from separatists in East Ukraine.

The bottom line is that Czar Putin does not care about how many thousands of civilians or solider's would die, all he cares about is that would he be able to get away with it ? And the answer he got from Crimea 1.0 was YES.

The Great Miscalculation

The great miscalculation that virtually everyone including Obama and Putin are making today is that they are concluding that at worst europe could enter a new cold war, when instead a history of how market trends tend unfold suggests that the law of alternation is more probable than a repeat of what came before.

Therefore rather than a new cold war with Russia, we may be sleep walking towards a sequence of events that results in the shattering of over 60 years of peace in europe. Whilst a nuclear war in europe is completely unimaginable today, however once NATO forces start to engage Russian forces in a hot war then the risk of a nuclear nightmare becomes possible.

Scotland Independence Day Funeral

Similarly, this is what would soon happen to an Independant Scotland following a vote for Independence as Scotland would soon start to fragment as the bordering regions would reassert their separate identity that has far more in common with North England than Scotland, the MIDDLE-LAND! formerly known as Northumbria that stretches from Edinburgh in the north to Sheffield in the south.

Independant Scotland Debt Flash Point

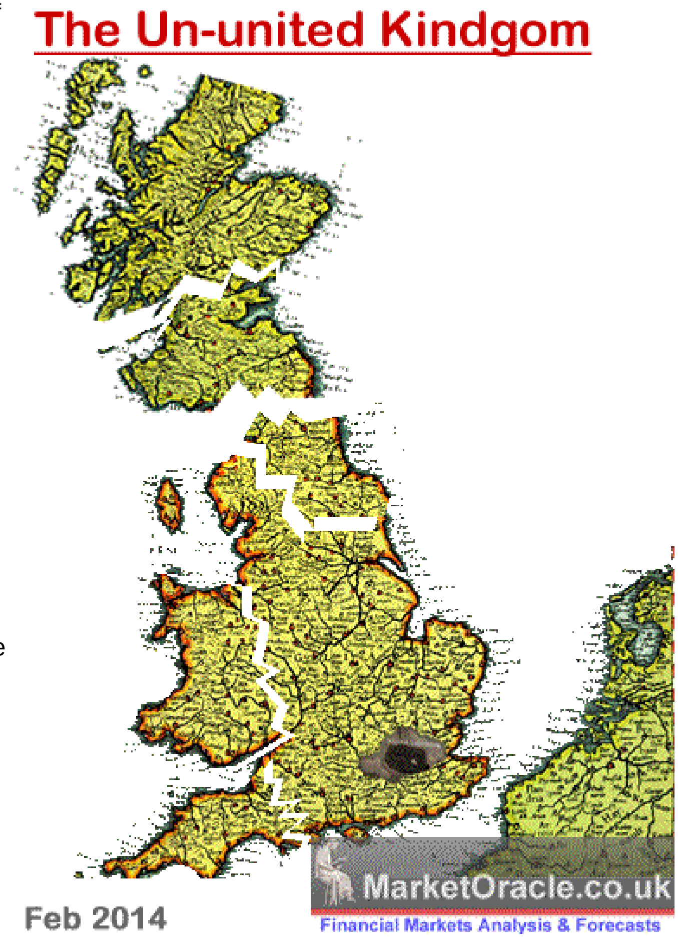
Alex Salmond's debt default threat statements are akin to someone borrowing money from the bank to build a house and then declaring that they did not owe the bank anything, by rights the bank could repossess the property, and similarly the UK could impose tariffs (just as took place following Irish Independence) or seize Scottish assets on paper to the tune of £120 billion, effectively freezing the assets and thus restricting their use and resale.

Of course such an action would be seen as outrageous by the Scottish people and flame the fires of conflict as it would sow much discontent between Scots and the 1/2 million settled English in Scotland, just as does the SNP's statements of not taking on the £120 billion of debt to people south of the border. This is just one example of how the SNP and Independant Scotland would sow the seeds of conflict between North and South Britain.

The Balkanisation of Britain

Alex Salmond and his merry band of scottish nationalists quest for dominance over a small part of the Island of Britain have failed to calculate that they will no longer have Westminister to blame for this, that, or other latest socialist deficit spending induced crisis. Which implies that the first port of call for disintegration will likely be in Scotland itself, as a vote for Independence at best would only marginally carry more than 50% of the votes. Therefore the Scottish nationalist government would within a couple of years start to hear highly vocal demands from parts of Scotland to rejoin the United Kingdom, the refusal of which could trigger the start of civil conflict, which as we have seen in Ukraine and elsewhere that it does not take much for crisis to spiral out of control.

As for the rest of the UK, unfortunately Scotland attempting to tear itself away from the United Kingdom would set in motion a chain of events that would destabilise the whole Island of Britain as many separatist movements would be emboldened to exaggerate their own sense of injustice mostly based on semi-mythical histories and as remedy seek their own autonomous or even independent states, such as Wales, Cornwall, Mercia and off course heavily subsidised Northern Ireland.



Scottish independence would result in increasingly chaos across the Island, as growing civil unrest would spread as a contagion infecting many other regions of Britain.

The first consequences of the start of UK fragmentation would be in the economic arena as regions would seek to exert greater autonomy and thus increasingly implement differing rules and regulations that would disrupt economic activity that would further accelerate the breakup of the Union as regions would continuously become poorer thus blame others for their circumstances and see further separation as the solution.

The European Union fears this which is why senior EU politicians have been lining up one after another to state that contrary to SNP propaganda, an Independant Scotland would not be fast tracked into the EU, for they understand that just as a disintegrating Ukraine would destabilise the whole eastern european region so would a disintegrating UK destabilise many western EU nations such as Spain, France, Belgium and Italy all of whom have their own separatists movements.

It would be difficult, if not impossible, for Scotland to join the European Union - European commission president José Manuel Barroso

The bottom line is that Scottish Independence would open a Pandora's box that would result in a state of Britain that is far removed from the rose tinted glasses picture that the likes of the SNP are painting today, because the UK has always been MORE than the SUM of its parts. Therefore a fragmented UK will be far LESS in EVERY respects than that which the UK is today.

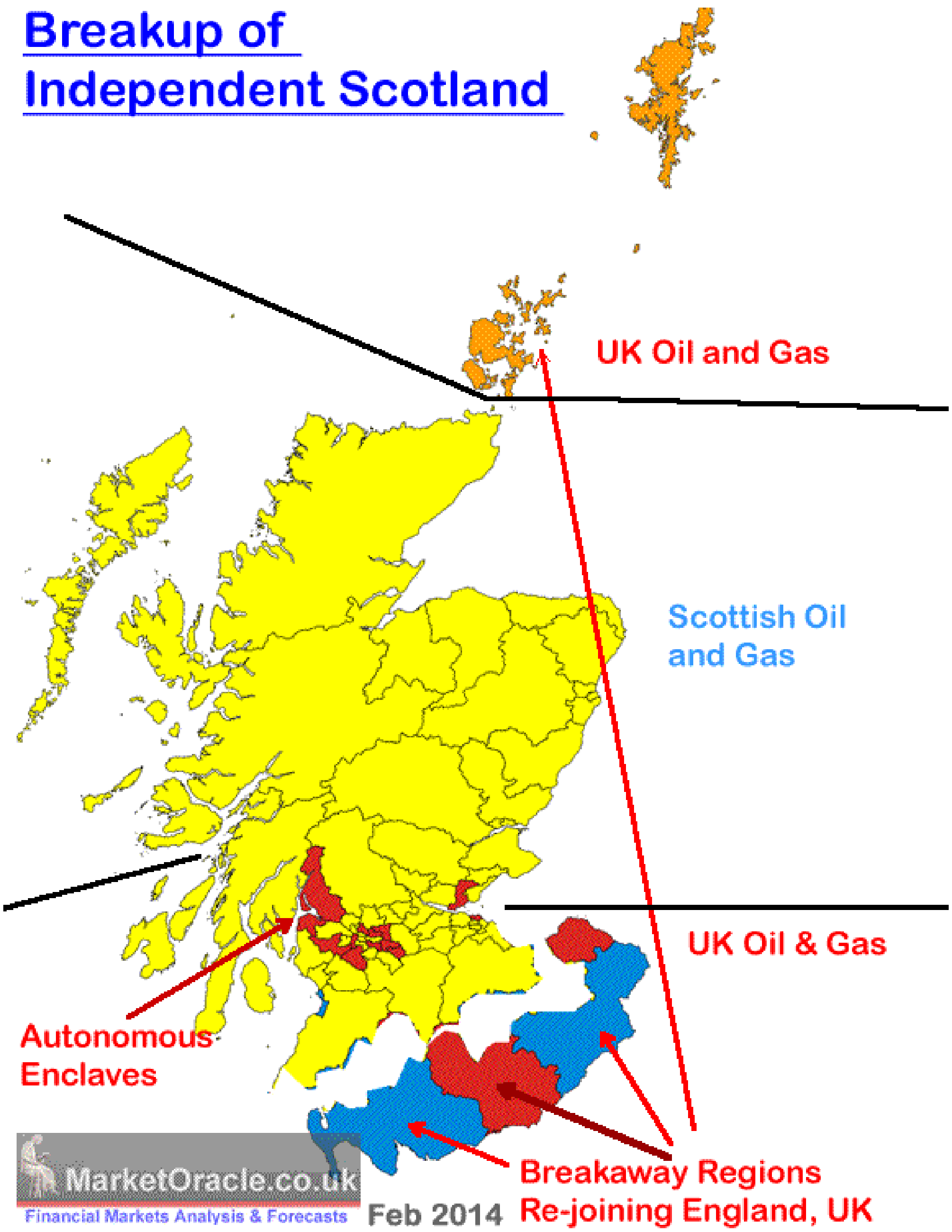
Gangsters and Paramilitaries

Gangsters that would eventually become paramilitaries are waiting in the wings to capitalise upon the many opportunities they will be presented by the breakup of the UK, as separation will result in a boom time for criminal enterprises such as smuggling, gambling, drugs and extortion protection rackets amongst many others at huge cost to civil society in terms of the day to day lives of ordinary citizens becoming subject to the whims of flag flying criminal gangs.

A situation that the people of the Scotland or bordering regions of England could never imagine today much as the peoples of Northern Ireland could not imagine what lay in store for them following the breakup of Ireland. Where today, even over 15 years on from the Good Friday peace agreement the people of Northern Ireland still have to contend with the consequences of more than 180 well organised armed gangs, most of whom use the cloak of republicanism and loyalism to engage in high level of criminal activities that are beyond the experience of the peoples of mainland Britain. To imagine that this would not be replicated in a disintegrating UK and that on a far greater scale is ignoring what has taken place following the breakup of virtually every nation state in history. Weakened states act as magnates for organised crime, just as today Ukrainian, Russian, Polish gangsters are busy capitalizing on the chaos that is taking place in Ukraine.

So whilst it is unimaginable today for the SNP to have a paramilitary wing, however that does not mean it will be so a decade on from Independence as a consequence of the chaos that would follow the break up of the United Kingdom as we could see Scottish Nationalist paramilitaries battling against Loyalist paramilitaries as they attempt to carve up areas between themselves to profit from criminal activities as a consequence of weakened states that apart from terrorising the general population will have a huge impact on legitimate business activities.

The bottom line is should the UK start to breakup starting with Scottish Independence then several decades from now people will look back at today's UK as being a golden era of political, social and economic stability as the borders of the whole of the UK including an Independent Scotland would be in a state of flux, especially as the border between England and Scotland has changed numerous times over the past 1000 years, therefore England could a decade after Scottish Independence justify annexation of pro UK parts of Scotland in open revolt demanding their own local referendums to rejoin the UK, justified by referring to historic maps that show that at one time those areas had been a part of England, something that the SNP fanatics need to consider that Scotland rather than gaining independence instead could become a rump state of its present size.



In terms of investment decisions, if Scotland votes Yes, then it should be taken as a cue to start to disinvest from the UK, and to even seek to formulate an escape plan from the UK before the penny drops, so that would mean putting investment into the UK property market into reverse gear despite the fact that it could take several years for the negative consequences of Scottish independence to start to manifest themselves.

Part 3

Housing Market Guides

Home ownership is Britain's national obsession which is why 64% of households own their own home (about the same in the U.S.), split approx 50/50 between those with mortgages and those who own outright. The remaining in rented accommodation also split approx 50/50 between social and private rental properties most of whom aspire to join the 64% of home owners onto the property ladder.

The extensive guides comprising 1/3rd of this ebook are aimed at all who are thinking of moving or buying their first homes, helping to answer a myriad of questions that will crop up, help to avoid making costly mistakes and illuminate the extensive possibilities for value increasing home improvements.

What Can You Afford to Buy?

Before you even begin looking for your new home you need to work out the maximum price that you can afford by taking account of all of the costs involved as illustrated by the following table that is also available online as calculator along with many more housing market related calculators at http://www.marketoracle.co.uk/calculators.htm (available from Mid 2014).

Total Funds

Deposit		Total value of all savings.
Friends & Family		Many will be able to call on the bank of mum and dad for multi-year loans, and prospective home buyers could look further a field to their extended family and friends to help them get a foot onto the housing ladder.
Govt. Schemes		Take advantage of available government schemes such as the current Help to Buy Scheme (a 5 year interest fee loan of upto 20% of the house value of upto 600k). Thus a 5% deposit converts into a 25% deposit where mortgage lenders are concerned.
Balance Transfers		Short-term revolving credit card loans at 0% that can boost deposits by anywhere from £5,000 to £50,000 depending on how much work you are willing to undertake in managing 0% credit card debt. You should however treat these as short-term loans most of which you expect to repay within 12 months due to the risk of not being able to move most of the debt on to the next series of 0% credit cards.
Maximum Mortgage		If your a non cash buyer then get quotes from several mortgage providers as to how much they are willing to lend based on your earnings and at what rates and fees.
Other funds		Any other funds available i.e. policies that can be cashed in or assets such as Gold that could be sold.
Total Funds		

Total Costs

Mortgage Fees		Mortgage companies typically charge a number of fees that total between £1k to £5k. So work out the total mortgage fee that will be charged to you and not added to your mortgage.
Legal Costs		You will need to hire a conveyancing firm or solicitor to handle the purchase and perform the requisite searches which typically cost between £500 and £1500, likely double if you are both selling to buy.
Survey		Your mortgage company will perform its own limited survey (that will be charged to you). However, it is wise to obtain a more comprehensive structural survey that typically costs £500 to £800.
Moving Costs		Don't ignore the costs of moving that range from hiring a van for a few days right upto contracting a removable company. Therefore factor in a cost of £150 to £1000 for moving.
Insurance		Don't forget that your new home will need insuring from the time of exchange of contracts. Clearly this means arranging buildings insurance that typically costs between £200 to £300.
Stamp Duty SDLT		The stamp duty home buyers tax is payable on all properties over £125k on an increasing scale from 1% to 15%. Which means that for many house buyers this could be several times more than all of the other costs put together. The current bands are 0% upto £125k, 1% £125k to £250k, 3% £250k to £500k, 4% £500k to £1mil, 5% £1-2 mill, 7% on Over £2 mill, with corporate bodies charged 15% on £2mill+. Note the rate applies to the whole amount of the price paid, i.e. stamp duty due on a £550k property would be 4% or £22k Remember to check the HMRC website for the current bands and rates.
Other costs		A list of other minor costs can soon mount up such as bank transfers, and costs for securing / changing locks, having a gas check performed etc.
Total Funds		

Now subtract total costs from total funds for the net amount you have available to buy _________

However before you contemplate taking the leap into buying a property at an real LTV (loan to value) of 95% (including 20% help to buy) read the following sections on debt and mortgages which should make you think twice before contemplating a real LTV any higher than 75%.

Help to Buy Caution

You may not be fully aware that the Help to Buy Scheme is an upto 20% EQUITY BACKED LOAN, which means that the government owns 20% of your property in exchange for the 5 year interest free loan. The loan is repaid when the property is sold or at the end of the mortgage term when you repay 20% of the SALE PRICE. So if house prices rise by 33% then so does the value of the loan at the time of repayment.

So you should think twice before contracting into the help to buy scheme which would be most useful if house prices FELL, as then 20% of a lower priced property would result in LESS amount to be repaid to the government.

Though off course rising house prices also mean that you still end up with a percentage share of a larger amount.

Another point to consider is that the help to buy scheme could be either completely pulled or revised at any time subject to political priorities i.e. who should the government bribe next for votes.

House Buying or Renting Scenarios

The following guide presents five scenarios that prospective home buyers can use to evaluate whether today is a good or bad time for them to buy depending on the scenario's that they deem to be the most probable. The analysis is especially geared towards first time buyers seeking to buy an average priced property of £200,000.

Costs of Buying a £200,000 House

The following represent the baseline costs associated with purchasing an average priced house of £200,000, including mortgage servicing costs likely to be incurred over the next 5 years.

Average House prices	200000
Mortgage	180000
Deposit - 10%	-20000
Stamp Duty - 1%	-2000
Purchase costs	-2500
Repairs and Building Insurance 1% per annum	-2000
Capital Repayment @ £6950 per annum	-34750
Interest paid 5 years @ 5% average	-40719
Total costs over 5 years	-101969
Outstanding Mortgage Balance after 5 years	145250
Average Cost per year	-20394

1. No Change in House Prices Over the Next 5 Years

House price value	200000
Total Costs	-101969
Equity less Mortgage balance	54750
Net Cost	-67219
Rental cost @ 5% of property value	-50000
Loss of interest on 20,000 deposit @ 2.5% (compound)	5256
Interest That would have been earned on annual £6.95k capital repayment	2520
Net cost of renting	-42224
Net Cost of Buying Over Renting	-24995
Average Extra cost per year	-4995

If house prices remained flat over the next 5 years, you will be £25k worse off than renting.

2. House Prices Rise by 10.4% over the next 5 years (2% per annum)

House price value	220816
Total Costs	-101969
Equity less Mortgage balance	75566
Net Cost	-46403
Rental cost @ 5% of property value	-50000
Loss of interest on 20,000 deposit @ 2.5% (compound)	5256
Interest That would have been earned on annual £6.95k capital repayment	2520
Net cost of renting	-42224
Net Cost of Buying Over Renting	-4179
Average Extra cost per year	-836

If house prices increase by a 2% per annum over the next 5 years, you will be £4k worse off than renting.

3. House Prices Fall by 2% per annum over the next 5 years (9.7%)

House price value	180784
Total Costs	-101969
Equity less Mortgage balance	35534
Net Cost	-86435
Rental cost @ 5% of property value	-50000
Loss of interest on 20,000 deposit @ 2.5% (compound)	5256
Interest That would have been earned on annual £6.95k capital repayment	2520
Net cost of renting	-42224

Net Cost of Buying Over Renting	-44211
Average Extra cost per year	-8842

If as a worst case scenario UK house prices decrease 9.7% over the next 5 years (2% per annum), you would be £44k worse off than renting.

4. House Prices rise by 27.6% (5% per annum)

House price value	154756
Total Costs	-101969
Equity less Mortgage balance	110006
Net Cost	-11963
Rental cost @ 5% of property value	-50000
Loss of interest on 20,000 deposit @ 2.5% (compound)	5256
Interest That would have been earned on annual £6.95k capital repayment	2520
Net cost of renting	-42224
Net Profit of Buying Over Renting	30261
Average Paper Profit per year	6052

If house prices rise by approx half the forecast rate of 5% per annum by then over the 5 years you would be £77k worse off as against renting

5. Market Oracle Forecast Scenario - House Prices rise by 55% of over the next 5 years (5% per annum)

House price value	310000
Total Costs	-101969
Equity less Mortgage balance	164750
Net Cost	42781
Rental cost @ 5% of property value	-50000
Loss of interest on 20,000 deposit @ 2.5% (compound)	5256
Interest That would have been earned on annual £6.95k capital repayment	2520
Net cost of renting	-42224
Net Profit of Buying Over Renting	85005
Average Paper Profit per year	17001

If house prices rises as forecast by 55% over the next 5 years then a 200k home owner would be £85k better off over renting, and therein lies the economic feel good factor as house prices will be rising annually at the rate of approx 2/3rds of average home owners salary.

As an very approx guide for your own property, take the current value and divide by 200,000 and then multiply by the Net cost or profit. Though before you take the leap do read the sections on the dangers of debt.

House Buying Profit and Loss Forecast Calculator

A regularly updated online UK house prices forecast calculator will be available at the market oracle website that allows you to input your own individual data in terms of house purchase price, mortgage etc, which then calculates how much profit or loss you can expect to make over the coming years as compared against renting. This calculator will be regularly updated to take account of future trend expectations. http://www.marketoracle.co.uk/calculators.htm (ETA July 2014).

Buy to Let Property Investing / Business

Investing in buy to let properties is nothing new for this is a near 3 decades old trend that began as a consequence of the Thatcher government introducing the policy of selling off council houses that continues to this day despite the emergence of the housing associations sector, today private rental properties out number social housing with some 10 million people in private rental properties more than triple the number 20 years ago as rising property prices and cost of living is pushing home ownership out of the reach of those on average earnings.

It is not surprising that many people continue to be tempted into investing their hard earned cash into the always in demand buy to let sector when one considers the alternatives to long-term income generating bricks and mortar investments when compared to the likes of the pensions industry that time and time again has shown itself to be nothing more than a SCAM where retiree's end up being in receipt of a mere fraction of the pensions that the sales men promised several decades earlier.

Then there are the self invested personal pension schemes are SIPPS which whilst not being a scam are NOT suitable for 90% of investors because stock market investing is HIGH RISK and should never comprise more than 10% of assets for most investors and therefore does into tally with low risk retirement pensions planning.

The other alternatives are cash and government bonds, which over the long-run will not be able to keep pace with inflation let alone generate a real terms return.

Therefore buy to let for several decades has seemed like the obvious destination for ordinary people attempting to invest for their retirement.

However, those contemplating entering the buy to let sector for the first time will need to prepare themselves for a steep learning curve and understand that they will have to invest a lot of their time and effort to make it work. In fact if you are considering for instance having 3 or more properties then really you should be approaching buy to let as a business that will demand input of several hours per day to deal with the multitude of issues that will tend to crop up.

My Top 12 Buy to Let Tips

1. Start small, don't invest all of your capital into one property in case it is not for you and you are forced to exit at a loss. So for your first property look for something that is not too old that may require a lot more work before putting onto the rental market as well as ongoing maintenance.

2. Buy to Let mortgages tend to carry higher interest rates and fees so it may be better to initially utilise equity in your home.

3. Don't over leverage yourself i.e. in terms of mortgage relative to equity, consider what the implications are if your buy to let mortgage interest rate doubles, will the rental income still cover all of the costs? My suggestion is aim for properties that will yield a rental income of 7% of the cost of the property.

4. Buy to let is a taxable business, you need to be aware of all of the taxes that you will be liable for such as income tax, and capital gains. However expenses incurred including mortgage interest are allowable expenses to set against income when calculating taxable profits.

5. Remember you are buying to let and not to live in so think in terms of what is in demand in the area. For instance a 1 bed flat or 2 bed house may prove a much better investment than a 4 bed family house, despite the fact that you may personally prefer the 4 bedroom house which in demand terms comprises only 5% of the rental market against 36% for 2 bed, and 30% for 3 bed.

So do your research and remember that people looking to rent tend to go for smaller properties then those buying so focus on properties that appeal to the most number of potential tenants in established buy to let areas rather than run down slums.

6. When viewing don't fall in love with the property, have a price in mind and make the offer and then be prepared to walk away if the offer is not accepted.

7. Consider using a letting agent to manage your property as they can take most of the work load off your back allowing you time to learn and concentrate on expanding your property portfolio rather than on finding and chasing tenants for payments and on maintenance. Understand that the agent will typically charge a fee of between 7%-15% of the rent. Make sure you are clear on what is or is not included in the fee as bad letting agents can have a whole host of add on fees such as for arranging maintenance.

Also be aware that the letting agent will be less picky than you about the quality of tenant that they put into your property, so you are more likely to end up with a bad tenant with the associated consequences.

8. The worst times are when properties are empty which means that you have to pay all of the bills as well as any mortgage repayments without an covering income. So when you get a good tenant hold onto them by ensuring that you act quickly on any maintenance requests.

9. Your property will need to meet a constantly expanding list of legal requirements which will cost money, as well as landlords insurance on top. The risk here is of an accident attributable to a failure to meet a requirement that can result in severe penalties and prosecution. This can only get worse over time as more and more people are forced to rent so the politicians will be more likely to bribe them with private renter friendly policies.

10. Don't renovate properties to a poor / average standard, it is better to go a little extra so that the property appeals to a better class of

hard working tenant who is likely to be a more reliable tenant.

11. Avoid housing benefit tenants, whilst most may be fine, however it is just not worth the risk with a small portfolio of properties to be lumbered with a tenant from hell which in my experience are three times more likely to be housing benefit claimants than private, and should they wreck your property then they are unlikely to have assets / income to pursue them through the courts to recover the costs of damages.

Again it is just not worth the risk of ending up with a bad tenant who you have to go through the costly and lengthy process of evicting, though insurance can be purchased to cover the legal costs. The universal credit housing benefit changes have made things even worse as now housing benefit is paid direct to the tenant rather than the landlord which increases the probability of arrears.

12. Open a separate bank account for your buy to let business so that you can more easily account for income and expenditure. If your buy to let empire starts to expand then look at turning it into a more tax efficient limited company.

The bottom line is to approach buy to let investing with your eyes open and understand that at the very least it should be treated as part-time job that demands several hours of work per week. And understand that the more successful you become then the more you will become hated by your renting friends and family who will come to see you as the reason why they cannot buy a house, a situation that can only get worse as the private rental sector continues to grow.

Home Ownership and Debt & Mortgages

Britain has a debt based economy where expanding total debt is the primary enabler for the economy to expand and that is the primary purpose of the Bank of England to enable governments to expand total debt be it public or private. However, following the credit crisis collapse of 2007-2009, individuals and banks become reluctant to borrow despite record low interest rates and hence why despite successive Governments (Labour and Coalition) having gone on a relentless spending binge to the tune of £750 billion of new debt the economy stagnated due to the failure to ignite a borrowing frenzy amongst Britain's working population.

However, as house price rises continue to accelerate, many people sat on the sidelines waiting for prices to fall or even crash will realise that it is just not going to happen, and in their despair at the relentless accelerating trend of rising prices, in increasing numbers will feel no choice but to jump onboard the property ladder as a they see the houses they have been viewing for many months being sold and asking prices trending ever higher.

In this respect the government has been bending over backwards to encourage people to take on debt the most notable of which during 2013 was the extension of the Help to Buy Scheme to all home buyers which was brought forward to the 1st of October 2013, and thus enabling the purchase of properties upto the value of £600,000 with just 5% deposits, i.e. an home buyer today only needs a £30k cash deposit to buy a £600k property, whereas before the scheme banks would have required a £125k deposit.

As you read this more and more home owners are being successfully conditioned to ignore the significance of the debt they are taking on as they become more and more fixated on house prices rising every month by £x thousands of pounds in value, far in excess of their monthly mortgage payments and in many cases approaching their monthly salaries, this acts as huge encouragement to not only to borrow to buy properties but also to save less and borrow for consumption which will meet the governments primary objective for inflating the economy by means of the housing market. Everyone will soon be playing the game of how much has the value of my home increased by, many if not most will be regular visitors to websites such as Zoopla to see how much their properties have increased by.

Mortgage Debt and the Risk of Ruin

The encouragement to load up on debt by various means such as Equity Release is once more being programmed into the psyche of home owners as they perceive this as a means of capitalising on the nominal increase in the value of their homes.

In life I meet many people who have no concept of their risk of ruin, but instead are fully aware of for instance the equity in their property. For example one person I met wanted my advice as they were contemplating releasing £100k of equity in their property on top of a £200k existing mortgage so that they could extend their property against a perceived existing property value of approx £350k.

What I attempted to point out to the person was their failure to comprehend that the more debt one accumulates then their risk of ruin becomes exponentially greater, because the debt becomes exponentially harder to service out of marginal income, i.e. a graph of debt to income would be logarithmic in terms of the risk of ruin. In this example the first £10k of mortgage debt would have a far smaller risk of ruin then adding an extra £10k to the total i.e. £200k +£10k. Where the extra £10k could be the tipping point that results in the loss of their property, never mind if they went ahead and borrowed an extra £100k! The whole debt crisis in terms of impact on home owners has it's basis in the failure of individuals to be conscious of their risk of ruin as they fell for the equity release sales pitches form the mortgage banks. This is precisely how the big banks blew-up, because they ignored their risk of ruin because they were too interested in hiding losses (mark to market) to bank bonuses on the basis of fictitious profits.

Again do not fall for the trap of perceiving the rise in house prices as means of realising capital or equity for consumption because you are just being deluded into SPENDING BORROWED money. Where the delusion is that the borrowers do not perceive it as an INCREASE in debt but instead a release of equity!

The TRUTH is that rising house prices in reality do not MAKE people richer, but instead more susceptible to BORROWING MORE Money for CONSUMPTION as people delude themselves that they can somehow spend money against a rise in house prices, but the reality is that they will service the NEW debt through FUTURE WAGES and nothing that is linked to the actual rise in the value of their homes because to benefit from a rise in house prices they would need to realise it by either selling or generating an INCOME from the rise in house prices! i.e. by renting out their home or rooms so that it wholly covers the interest payable on the NEW debt and thus the income would need to be at a constant yield to rising house prices. That is how an home owner benefits from rising house prices and NOT by means of equity release for consumption.

If you want to have near zero risk of ruin then you really have to have no debt. However that is just not possible for 1/2 of home owners / buyers which means that you need exert strict discipline in regard to how much debt you are willing to take on that in my opinion should never exceed more than 75% LTV (loan to value).

Debt is Slavery

Debt IS from cradle to grave slavery. Not just for individuals but whole nations are turned into debt slaves by corrupt politicians whose ONLY objective is to bribe voters with borrowed money to get elected and then line their pockets. The consequences of bribing voters with borrowed money is INFLATION. After all there is no free lunch, the price paid for printing debt is loss of purchasing power for ALL fiat currencies.

As an example today's pound in your pocket on the basis of RPI is worth less than 40% of its value of 25 years ago.

Which means that on average the same types of goods and services cost 2.5X more today then they did in 1988.

The people of all western nations, even those that personally do not have any debt are still debt slaves because they pay for the consequences of government money and debt printing fraud that buy votes through government deficit spending to finance public sector jobs, services and benefits that the country has no money to pay for and as a consequence of the election cycle these deficits are in perpetuity i.e. the politicians ALWAYS need to bribe the electorate which means that contrary to the PROPAGANDA that silver tongued politicians are so expert in stating, the DEBT IS NEVER REPAID, instead it will expand EXPONENTIALLY IN PERPETUITY

Today we hear a lot of discussion in the mainstream propaganda media of a currency war. Know this that there IS NO CURRENCY WAR, as I have voiced for well over 5 years now and as illustrated by the Inflation Mega-trend ebook of Jan 2010. If there is a war than it is one of INFLATION and its consequences of stealth theft of purchasing power because ALL CURRENCIES are in a state of perpetual free fall against one another.

To limit ones exposure to debt slavery one needs to immunise one self form the Debt based system which is by NOT BORROWING MONEY! This is easier said then done because we are literally bombarded with propaganda from an early age that seeks to brainwash us into becoming debt slaves.

- Do not use credit cards if you are unable to pay off the whole balance each month.
- Do no buy anything with debt money, especially junk chinese consumer goods which amount to nothing more than the transfer of Jobs from the West to the East.
- If you have any assets purchased with debt money then liquidate / sell them and pay down the debt because these assets will likely quickly lose their value over time i.e. such as car.

Yes, I fully understand it is difficult to counter cradle to grave brainwashing to become debt slaves, but do the sums and you will see that you will end up spending approx 1/3rd of your working life servicing your debts. You have effectively given away 1/3rd of your working life to the bankster elite. And this is not a casual relationship with your debt master but one of constantly finding yourself anxious if you are unable to meet the strict deadlines for servicing debt repayments that your debt master imposes on you, including making you homeless so to effectively have lost EVERYTHING you have worked hard for your whole life.

You only have a limited amount of time, i.e. say 45 years max of productive working life, do you want to give up 15 years of your most productive years in exchange for a garage full of chinese junk?

The bottom line is that if you cannot afford to buy it from earnings or savings then don't buy it!

The Circle of Slavery - Past, Present and Future

The reason why debt slavery is so seductive is because if offers instant gratification, flat screen tv, car, house in a near instance, because we all have at the back of our minds that our Time on Earth is LIMITED, we only have a short lease on life and so our natural state is highly conducive towards becoming debt slaves.

Debt slavery is another manifestation of the theft of our future, it is nothing new just the latest device to steal ones life because for eons humans have been successfully conditioned to give up control over their lives on the basis of ancient myths being utilised to make promises of how you will only really beginning to live AFTER they die in exchange for your PRESENT LIFE.

Debt slavery - Sell your future for an instant gratification in the present.

Religious slavery - Sell your future because you will only really begin to live after you die.

Instead, as I have written in countless articles (see archive) the answer is to focus on the PRESENT. For it is ones actions in the present that determine the future.

Debt Free Freedom?

The solution is not to BORROW MONEY!

I fully understand that is is very, very difficult for people who have been brainwashed to be able to consider this, but I assure you, not handing over approx 1/3rd of your earnings towards the elite's debt servicing will result in a far more prosperous and stress free life and all you need to do to overcome your programming is exert some self confidence in respect of the tendency towards instant gratification because usually working towards a goal is far more rewarding than actually achieving the goal and the worst thing people can do is to achieve goals without work, which is a recipe for personal disaster which is what debt slavery entails.

Labour, Liberal, Conservative, or SNP it does not matter they are ALL party to the debt slavery system that they operate from local councils right through to national governments. So the likes of the SNP propagandising the Scottish Referendum as a freedom movement is a red herring, as there is no freedom for the Scottish people but a means for the Scottish Bankster's and Elite to be able to implement more locally targeted mechanism to enslave the Scottish people by means of debt.

What the people of Britain need is an alternative system to the debt and tax slavery system that funnels wealth to the bankster elite, the starting point for such a system would have ZERO taxation and NO debt industry, which means that the unproductive bloated public sectors would not exist and the governments would not have the means to bribe voters with nor would the banking elite have the means of conjuring money out of thin air which they lend to debt slaves to work to service their whole lives, otherwise your children and grand children will continue to born into a debt and tax based slavery system.

In our society the worst place for ordinary people to be is in debt, for you risk ruining the rest of your lives as being in debt either by design or chance (parking fines etc) can soon spiral out of control. Therefore people need mechanisms to first avoid getting into debt and then the consequences of official charges, penalties and fees from spiraling out of control.

The bottom line is that one needs to work hard to achieve and maintain ones freedom in today's western debt based societies where the young adults are exposed to intense propaganda aimed at turning them into life-long debt slaves such as via the Universities which for approx 75% of students are in my opinion a SCAM because they will still end up flipping burgers or stacking shelves, only after the scamming universities have fleeced them out of approaching £50,000.

House Price Inflation is the Ultimate Mechanism for Slavery

In my opinion virtually all of us have been successfully brainwashed / conditioned to become slaves of the elite by means debt slavery, the primary mechanism for control preys on our natural instinct for a secure shelter / home that we can only achieve by means of saddling ourselves up with a mountain of debt.

Our current system of housing market debt slavery is by design for if successive governments had favoured independence and freedom then they would not have sold off 60% of the social housing stock.

As mentioned earlier governments inflate house prices to give the illusion of an increase in wealth which encourages more debt funded consumption against the rise in house prices and perceived increase in wealth.

All of this despite the simple fact that house price inflation ONLY benefits the wealthy.

For instance ordinary people buy a house for say £150k, it inflates in price by say 25%, thus ordinary people feel £37.5k richer which encourages debt fuelled consumption against this rise in house prices. But are people really £37.5k richer ?

Do the maths, now what is the value of your next target home ? What was it £250k, But that will also have gone by about 25% (probably more) so it will now be priced at £312.5k or have increased by £62.5k against your property which will have increased by £37.5k this leaving you £25k WORSE OFF than if house prices had NOT risen and there in lies the beauty of the house price inflation scam, for the masses have been successfully conditioned by the media / system to see house price inflation as being great ! But in reality it only really benefits the elite who's £1 million+ mansions are LEVERAGED to average house prices, for instance a £2million home would have increased by say 50% in price to now stand at £4 million, so whilst you have gained £25k the elite has gained £2 million ! Proportionately the elite has made 80X what you have made and thus putting you exponentially further away from where the elite was before i.e. your £150k property was 7.5% of the elites mansion but now your £187.5k mansion is only 4.7% of what the elites property is worth therefore in effect house price inflation acts as one of the primary mechanisms for the transfer of wealth from the workers to the elite.

Off course it is extremely hard for conditioned slaves to break their masters bonds especially given such an ingenious system of house price inflation wealth transfer mechanism. So I am not expect 99% of the people reading this to be able to break these systemic bonds as you will all still desire to partake in the house price inflation debt slavery system no matter what facts are presented to illustrate that at the end of the day only the wealthy win and the more wealthy the person then the greater will be the increase in wealth as the curve is exponential. So I am just letting you know the primary reason for why we have perpetual house prices inflation is so as to enable the elite to own virtually everything in the long run until either there is a revolution or a the government steals from the rich to bribe the poor to vote for them, but even then the elite are a bunch of crafty buggers as they always know a way out so the theft is usually from the middle classes rather than those with real wealth.

Today the only people who are free are those who do not work in service of their debt masters because most of us remain convinced that we must borrow money to the maximum extent to be able to buy a house, for that is how we are controlled for the duration of our adult lives, from student debts, to consumption debts to housing debts, to retirement residency debts, for that is how the elite increases its wealth, where not even an economic depression halts the accumulation of wealth amongst the elite, instead the percentage of wages siphoned off by a myriad of methods such as inflation increases, hence the cost of living crisis.

The Real Secret to Financial Success

In my experience the real secret of financial success is the exact opposite to most peoples perceptions of how to succeed, for most people perceive financial success in terms of what they own, i.e. new car, big house, expensive clothes and jewellery, even bars of precious metals all of which is mostly attained by means of saddling themselves with debt that they will then have to work hard to service their whole lives.

Thus, it appears that humans are programmed to be entranced by sparkly, shiny objectives which perhaps is a result of evolutionary consequences for our species did spend most of our 200k+ years existence on the african savanna where humans would spend much of their time seeking out that glittering, sparkly thirst quenching image on the horizon, that of sunlight reflecting off of rippling fresh pools of water, so adaptation by means of natural selection has resulted in humans becoming most focused on such glittery shiny images that our brains remain fixated on obtaining even to this very day.

So what is the real secret of financial success in today's world ?

Well a start would be to think the opposite to that which most people are conditioned to think i.e. it is NOT to bury ourselves under a mountain of debt, it is not by filling garage's full of chinese junk that perhaps most of which we may never even use once! It is not by paying homage at today's shrines of consumerism - the shopping malls with shiny plastic cards in hand to buy bags full of shiny objects.

No, the real secret for success is to understand that which is most important is NOT what we OWN but rather what we EARN. MULTIPLE REVENUE STREAMS! Successful businesses understand this as they do not tend to put all of their eggs into one basket for if they did then they know that they would soon go bust, but are instead constantly on the look out for new revenue streams even if many of their acquisitions turn out to junk, i.e. such as Facebook recently buying Oculus Rift for $2 billion for technology that is probably not worth $2 million, Facebook understands that they have no choice to but to sow the seeds for future revenue streams or they will die. All large corporations do it, we constantly marvel at the billion dollar price tags that large corporations pay for tiny app's developers. They do this because that is how they survive by either innovating a new revenue stream or by buying an emerging revenue stream and that is what ordinary people should seek to emulate to maximise financial success.

App's are not complicated, they are usually relatively short (code) simple programs that are within the capacity of anyone to produce! So learn to make App's and you too could also sucker the likes of Facebook into throwing millions in your direction, let alone if you hit the nail on the head and start to reap tens of thousands in revenues per month. It is important for every adult to learn how to make basic app's for then they will know how to guide their children into a life time of programming that in my opinion is probably the ultimate multiple revenue streaming skill to have.

I hear you say what about a career, university education, that surely will deliver a good income. We'll, that is what most have been brainwashed to believe but all I see most of the time are graduates leaving university with approx £40,000 of debt and then going on too flip burgers or some other low paid job, or even worse become unemployable as they remain fixated on the perceived value of their scrap of paper that deludes them into thinking that nothing else will do other than that which they were promised when they started their degree. Worse still there heads or so full of academic theories of what should happen that they are unable recognise and capitalise upon the many opportunities that come their way.

I often state that I consider Universities for most students (80%) to be a scam because they saddle graduates with a mountain of debt so that they are already crippled as soon as they start at the bottom of the jobs ladder.

Instead the answer is to be focused on recognising and developing multiple revenue streams and it is this which underlies Britain's strong economic recovery that academic economists completely miss for they look at the traditional data of employment and earnings such as the bad slave labour zero hours contracts, whilst virtually completely missing the big picture of the explosion in the number of self employed small businesses of over 1/2 million since 2008 which by their very nature are in a constant state of seeking out multiple new revenue streams and are not fixated on pieces of scrap paper stuck in frames on the wall that reinforce the idea that the person should only be working in an particular type of 9-5 office job.

To become successful in businesses then every act of consumption must be viewed as a potential revenue stream. It is a matter of changing ones way of perception of consumption, everything is seen in terms of what opportunity it presents to generate revenue.

An example of how your child could be easily taught to think in an entrepreneurial manner is for instance by buying a small exotic plant such as fruiting edible banana plant, which say 6 months or so later will have grown to the point where it can be split into multiple plants, a task which literally even a child can do.

Thus 1 plant becomes 4, 3 of which could be easily sold on ebay and so the child has learned a valuable lesson that they are unlikely to ever be taught in state schools of how easy it can be to create multiple income streams that will continue to annually generate profits that are many times the initial cost, and that in this example the original plant can continue to both be enjoyed and eventually also be sold off for a huge profit given its large size.

Another example, whilst shopping at discount stores, we all have those moments when we think wow that is really, really cheap. But how many of us check to see how much it typically sells for on ebay? Smartphone's make it easy these days to find out stuff that you can quickly yield a 100% profit on.

The same should go for virtually all consumption decisions.

i.e. when buying a car factor in what potential revenue streams could it generate i.e. can all of the seats be folded down so that it can also be used as a van for transporting goods? Or if you do not use it every day then would there be a market for renting it out.

Similarly the computer age is a great leveler in terms of marketing ones skills so continue to acquire IT skills that you can eventually market. For instance learn to use the application packages that are actually in demand and not just make use of the easiest to use open source equivalents .

And most importantly when buying a house it is wise to factor in areas of the property that could be used for future revenue streams such as office space, workshop, green house, driveway with plenty of parking spaces (that could be rented out), transport links, storage, rent a room etc. Perhaps the properties layout could allow it to function as a B&B for at least the summer months (check local council rules and regs). Another option is that if you have a large room(s) or a nice garden that you could hire them out for social events.

Off course the next step down the property income generating route is to buy properties to let, which generates at least 2 income streams, 1) rental income, and 2) capital gains when the property is sold. Though this really should be treated as a business that requires investment of quality time with many lessons to be learned along the way.

Mortgages - Debt Till Death literally!

How can I buy a house without borrowing money?

Mortgages are one of the few forms of debt that most people can consider taking on due to the utility involved

i.e. borrowing money to a buy a home to live in can have a greater utility than renting a similar property. Adding that inflation over time acts to push the price of the house higher whilst eroding the value of debt set against it then this is one of the few instances where debt can be used towards a beneficial outcome as along as self discipline is exercised in ensuring that the debt burden is well within ones means to service i.e. the interest charged and repayment schedule.

Additionally at the end of the mortgage term you will be left with an asset that should have increased at a rate greater than that of inflation because it is far easier to print money then it is to build houses. Whilst renting for say 25 years will result in NO assets. Whilst home buyers in the United States have a major advantage because they can literally fix their mortgage for 30 years with recent rates having been as low as 3%! Whereas in rip off bankster controlled Britain the best sub 3% fixed rates are unlikely to be able to be fixed for much more than a couple of years and as soon as one searches for a more practical term of say 10 years then the rates start to jump to beyond 5%.

However, as illustrated earlier many people make the mistake of viewing their properties in terms of equity when they should be viewing them in terms of utility cost.

Another mistake many people make is to re-mortgage and increase the size of their debt, they convince themselves that they are doing the right thing because they are transferring their high interest credit card debt to their lower interest rate mortgages. But what this actually means is that they have fallen into the debt trap which means that they will never repay their mortgage instead the mortgage will keep growing and growing until they are eventually unable to service it.

Another point to consider is that there is a risk to buying a property, which is that whilst house prices over the long-run will outpace inflation. However in the short-term it is far more risky due to house prices volatility. Of course the best time to buy property is after a bust and conversely the worst time is towards the end of a boom when everyone is gripped by house prices mania.

Also understand this that mortgage debt is still debt slavery. Unless you are careful the banks can still take everything away from you because you don't actually own the property until the debt has been fully repaid. So your primary focus should be to PAY DOWN THE DEBT and not view you property in terms of an ATM.

Business Debt - Borrowing money to invest in assets that generate income that is more than able to service the debt is one of the few ways to actually beat the bankster's at their own game. Because the debt will be repaid out of revenues generated and the interest set against taxable profits.

Stoozing - Another way to profit from the bankster's is via stoozing, which is to borrow money at or near 0% on balance transfer credit cards and then deposit these these funds into savings accounts. Admittedly since the financial crisis this has not been possible since the savings rates have cratered and many cards charge fees of 3-4%. But 5 years ago, many people including myself were earning as much as £5,000 per annum at the expense of the bankster's by borrowing at 0% (no fees) and depositing in 5%+ paying savings accounts. At the present time the best offers are from 0% spending cards, where one can set aside an amount equivalent to the spending accumulated on the card into savings accounts earning between 2% and 3%.

Debt Conclusion

So the debt picture is not black and white because clearly some debt bad debt is worse than others such as credit cards and there is what many people term as "good" debt such as mortgages.

However, in my honest opinion, all debt is bad debt. Because through the mechanism of debt slavery you do still give up part of your working life to the bankster's which is coupled with the increased RISK OF RUIN. Because of the failure to realise the danger of debt it is relatively easy for the dream of owning ones home to turn into a nightmare.

So the primary focus for all those in debt should be to eliminate ALL debt. So forget what the media talking heads state because in reality there is NO GOOD DEBT.

Where mortgages are concerned, borrowers should aim for as low as possible LTV (loan to value) and certainly not contemplate borrowing at an real LTV of more than 75% which is against the debt slavery that the governments Help to Buy scheme is currently encouraging by allowing real 95% LTV's which in my opinion is a recipe for disaster for such mortgage holders when interest rates rise, which they surely will do and probably far sooner than most can imagine today.

Home Buyers Guide

Prospective home buyers before beginning their search for their dream home need to remain firmly in reality grounded by having an extensive check list so as to prevent their emotions from running away from themselves and making a house purchase that they will later regret or failing to recognise the suitability of other properties.

This house buying guide attempts to list the key points that a home buyer should consider when drawing up their short list of possible properties to put in offers for after they have worked out the maximum amount they are able to pay for a property and before they begin their actual search.

The first point is to ensure you allow yourself plenty of time to find a property and realistically should start looking for a property a good year before you intend on moving as this will allow you time to get a true picture of valuations in a particular area and what you finally decide is it that you want, as likely you will find yourself changing your mind on locations and property specifications over time time as you become more certain of what you do want and what you do not want in a property.

Location, Location, Location

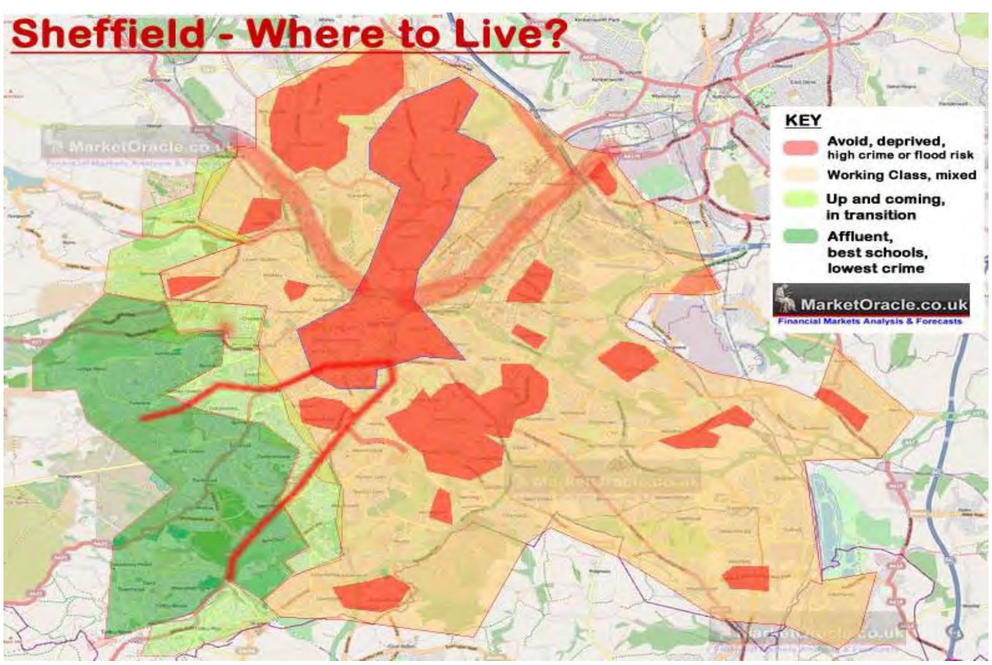
If one needs any reminder of the most important consideration when buying a property (especially one that will be your home as opposed to a buy to let investment) is its location, which is why it is better to buy a smaller house in a good location than a larger house in a not so good location.

Many things determine what makes a good location such as -

- the state of the neighbourhood i.e. private owner occupiers, rentals, student or social housing.
- good school catchment areas (beware of school application deadlines).
- distance from the city centre,
- distance from ones place of work, or job opportunities if one is relocating from elsewhere,
- the local crime rate,
- flooding and other environmental risks.

Another point to keep in mind is not to become fixated on one small area of the city but to keep an open mind and be willing to look at the whole city as there could be suitable pockets of the city that you may be totally unaware of despite having lived in the city your whole life, especially as area's tend to change over time where the greatest potential is in up and coming areas that usually border the most affluent areas of the city.

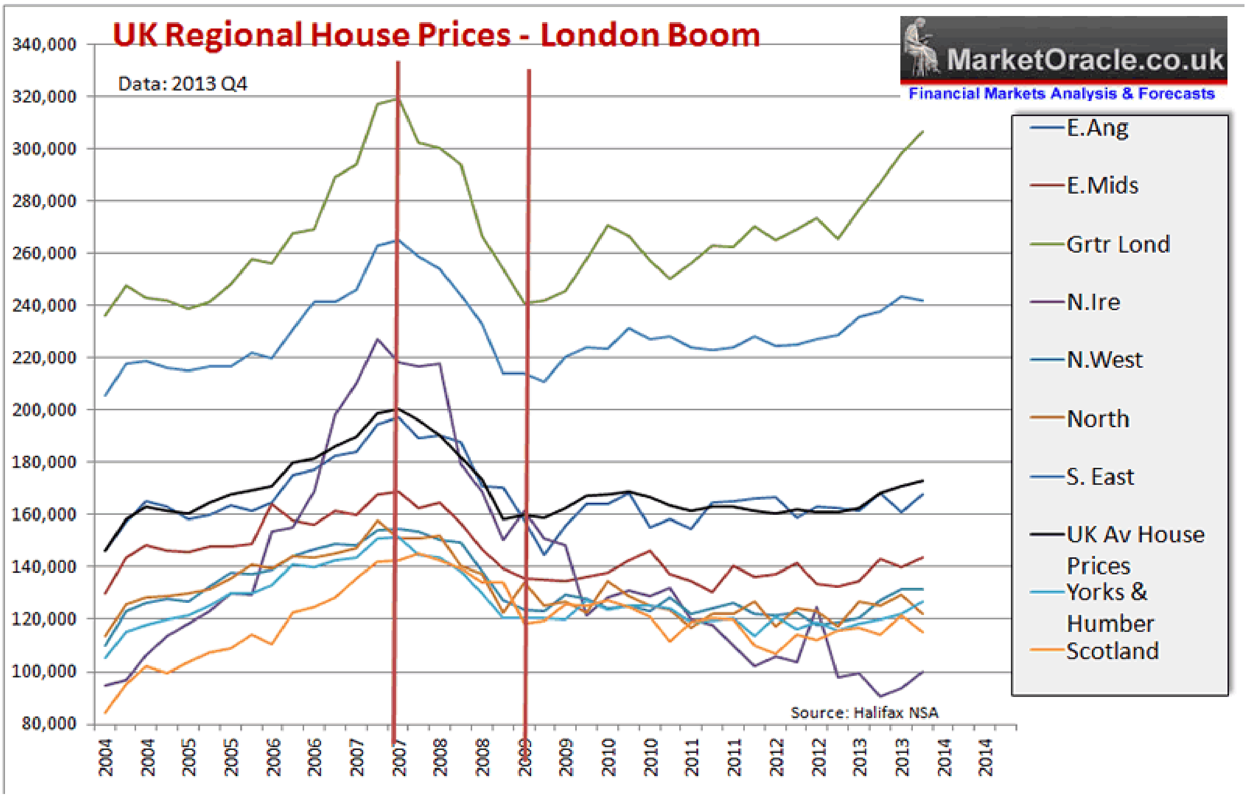
The best starting point is to obtain a map of the city and then start to mark out the various areas in terms of whether they could be suitable or not and over time your city-wide research will reveal a clearer picture of all of the possible areas as illustrated by this "Where to Live" map for the city of Sheffield.



Competition for Properties - The affluent areas attract greater buyer competition for properties than the more deprived areas, especially as they are the prime locations for those migrating from more affluent areas of the UK such as London, i.e. someone moving to Sheffield from London is approximately 10X more likely to buy a property in S10 or S11 than S5.

UK Regional House Prices - London Boom

The regional UK house prices graph illustrates that the UK is not one housing market but several markets that tend to differ in synchronicity to London depending on the distance from Britain's housing market and economic epicentre.



The graph clearly illustrates that London looks set to be the first region to surpass its previous average price high, probably by the middle of 2014 (Halifax NSA). A strong London housing market tends to ripple out in waves across Britain that tends to overcome negative local economic factors that suggest that regional house prices should stagnate. This is precisely what took place during the last housing bull market where after several years of London galloping ahead the ripples eventually ignited strong regional housing bull markets that also saw London-esk annual percentage house price gains and in some cases such as Northern Ireland far surpassed the pace of annual % gains.

The following table illustrates the current state of the regions (2013 Q4) In terms of the economic effect of momentum driven rising house prices (£'s rise over 1 year).

Region	£ Gain
E.Ang	£4,917
E.Mids	£10,912
Grtr Lond	£40,856
N.Ire	£2,488
N.West	£12,664
North	£4,330
Wales	£18,248
S West	£5,848
S. East	£12,943
Yorks & Humber	£11,302
Scotland	£-408
UK	£12,055

The key point is that house prices momentum is already igniting strong economic sentiment across many UK regions that won't be apparent in the economic statistics for some time, so whilst the regions are unlikely to reach the level of the £40k average annual price rise of London, nevertheless in many respects are already exceeding 50% of the level of local average earnings and thus likely to result in an acceleration of these housing bull markets during 2014 that by the end of the year are likely to be exceeding London's annual percentage rate by that time.

Of notable exception are Scotland and Northern Ireland which is as consequence of the uncertainty that surrounds the outcome of the Scottish Independence referendum which is already witnessing a flight of workers and capital out of Scotland as a Yes vote would open a pandora's box that would destabilise bordering regions hence why the North appears to be lagging. The only anomaly appears to be Wales that is significantly outperforming the UK average when it should be near half the UK average which at this point I am putting down to erroneous halifax house prices data that may correct itself on release of 2014 Q1 data or in some way benefiting from Scottish uncertainty as Wales remaining a part of the UK appears certain hence capital out flow from Scotland may be relocating in part to Wales.

Therefore given that regional housing markets look set to replicate the London boom in terms of annual percentage increases then the greatest opportunities presented are in regions such as East Anglia, East Midlands and Yorkshire & Humber where average prices are less than HALF that of London. Whilst Scotland, Wales, Northern Ireland, North and the South West are pending the outcome of the Scottish Independence referendum, as a Yes vote will likely result in significant migration of skilled workers and businesses out of these areas and therefore act to depress local housing markets.

Why London House Prices are Rising

You want to know the real truth why London is galloping ahead of Britains other regions?

The truth in two words - MASS DELUSION!

Not just from the residents of London who are saddling themselves with unserviceable debt mountains on the assumption that house price inflation will in the long run solve their debt burden problems, just as long as they are able to cling onto their properties by their finger nails and meet the monthly interest payments. But the buy London properties mass hysteria is literally GLOBAL, and especially concentrated amongst the totalitarian states, such as Russia, China, the Gulf states and several others. Where it is not just the elites who see London through rose tinted glasses but the mania has gripped many more ordinary citizens for the fundamental fact that they FEAR their own criminal governments STEALING their hard earned / stolen wealth.

Yes, what Chinese with capital fear more than anything else is their 'COMMUNIST' government in the face of the next economic / financial crisis deciding to flip a switch and say now we really are communists and so all private property now belongs to the State - financial crisis solved as yesterdays bankrupt state is now flush with cash once more. Cannot happen ? It has already happened in China several times!

The same holds true for the Russian elite and citizens who fear Czar Putin doing to them what he has already done to several oligarchs and not forgetting the revolutions of past when all private property was stolen by the state.

Same holds true for the Arab states for there they have god on their side, all it would take is for the local Emir to reinterpret the holy book and declare private property is haram and thus for the good of his people to ensure that they will enter paradise he and his thousands of royal in-bred's must take custody of all private assets and property, so sorry but you will have to vacate your 6 bedroom villa and wait for the version in paradise that you are now virtually guaranteed!

That is what is driving London house prices beyond levels that academic economic theories and thesis or faeces can ever hope to comprehend and for which there is NO END IN SIGHT!

They will keep shoveling money into London and displacing British citizens as an ever greater percentage of the London property is lapped up by the in FEAR 1/2 billion plus new middle class's of totalitarian states and pseudo democracies such as India.

London property market equals wolf in sheep's clothing which is backed by a government that only continues to function by means of a £120 billion annual black hole full of election bribes that is effectively in large part being financed and supported by the new middle class of the world shoveling their wealth into London.

Those that have been mistakenly looking for the London property bubble to burst for several years refer to lack of affordability, however they also appear blind to the continuous ramping up of productivity in London as even the poorer areas of the city such as Brent are actively ejecting their benefits for life, cradle to grave, can work won't work scroungers by means of the benefits cap, out to surrounding areas and further afield to to places such as Birmingham and Luton which are increasingly becoming Benefits cities all to the continuing advantage of London that frees up space for more hard working productive people.

The future ?

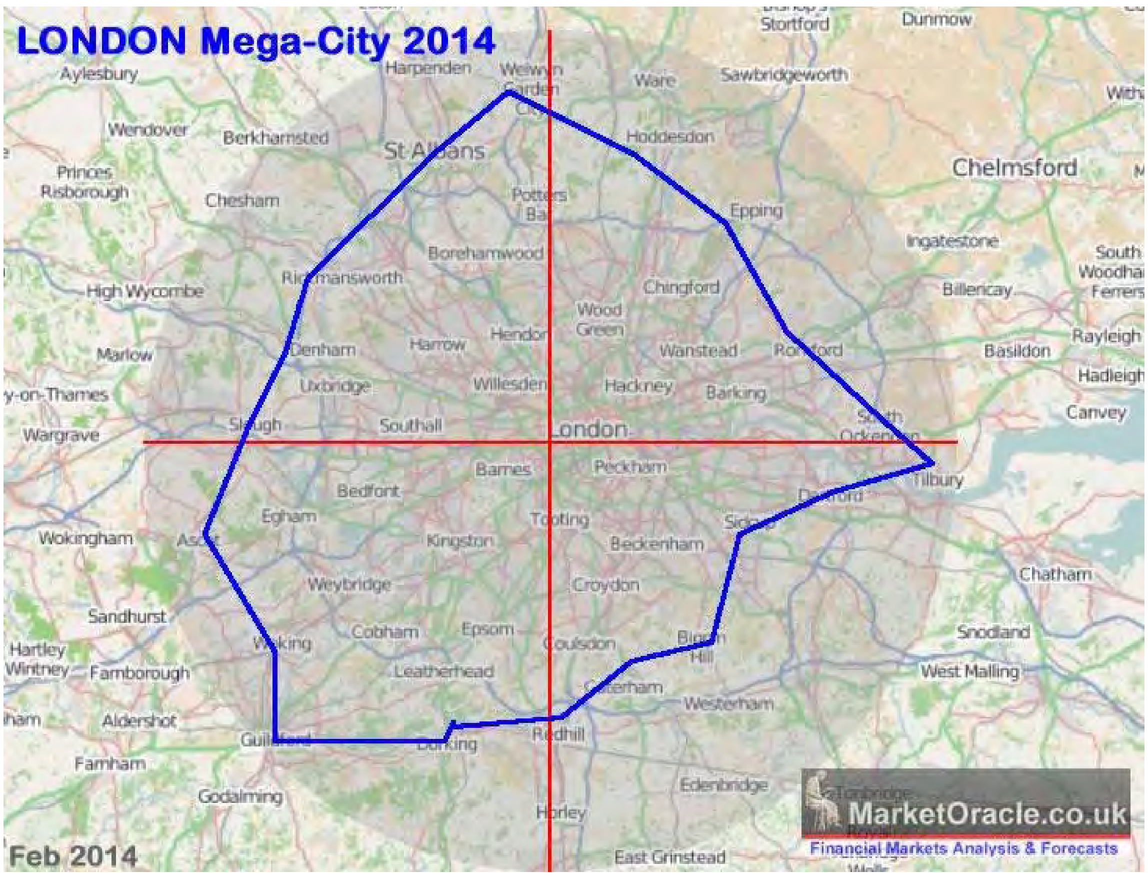
Somehow, someway the bulk of the London foreign investors will lose much of their money. My consistent view is that it will be by means of INFLATION i.e. through manifestation of fiat currencies in perpetual free fall against one another where the exchange rates only demonstrate volatility in the differing rates of free fall. However, the effect on London itself in terms of productivity will be minimal because the money will have been sucked in from abroad, therefore the losses will be felt far more in places such as Shanghai, Beijing, and Dubai than in London, because as long as the population of London continues to increase then so will there exist demand pressures.

So the London mega boom / minor bust cycle's will continue until we evolve beyond capitalism, and NO I don't mean to SOCIALISM!

Investing in Future New Mega-Cities

Whilst most house hunters will be viewing properties in terms of what would be a good investment over the next 10 years or so, I tend to gaze much further into the mists of time to try to ascertain what the mega-trends are and then attempt to leverage my wealth towards profiting from them, even if most of the payoff may come beyond my life-time and thus for future generations to profit from.

Whilst today it is obvious to all that London is Britain's only mega-city both both in terms of area and population that is nudging past 10 million which far out paces any other UK city with Birmingham a far distant 2nd at near 1/10th the population of just a 1.1 million. Therefore London benefits hugely by continuing to attract not only Britain's brightest and best but also Europe's, as well as capital investment that is at least ten times that of other cities PER CAPITA, which puts ALL of Britain's other cities at a huge permanent disadvantage with a literally unbridgeable gap.



As my earlier population analysis illustrates that Britain's population looks set to continue grow strongly over the coming decades that at least extrapolates towards a 50% increase over the next hundred years to nudge past 100 million by 2114. However, it is inconceivable that most of this population increase will be concentrated in London which whilst probably doubling once more will still leave near 30 million extra people that are unlikely to be evenly spread across Britain but rather concentrated in 2 or 3 new mega-cities.

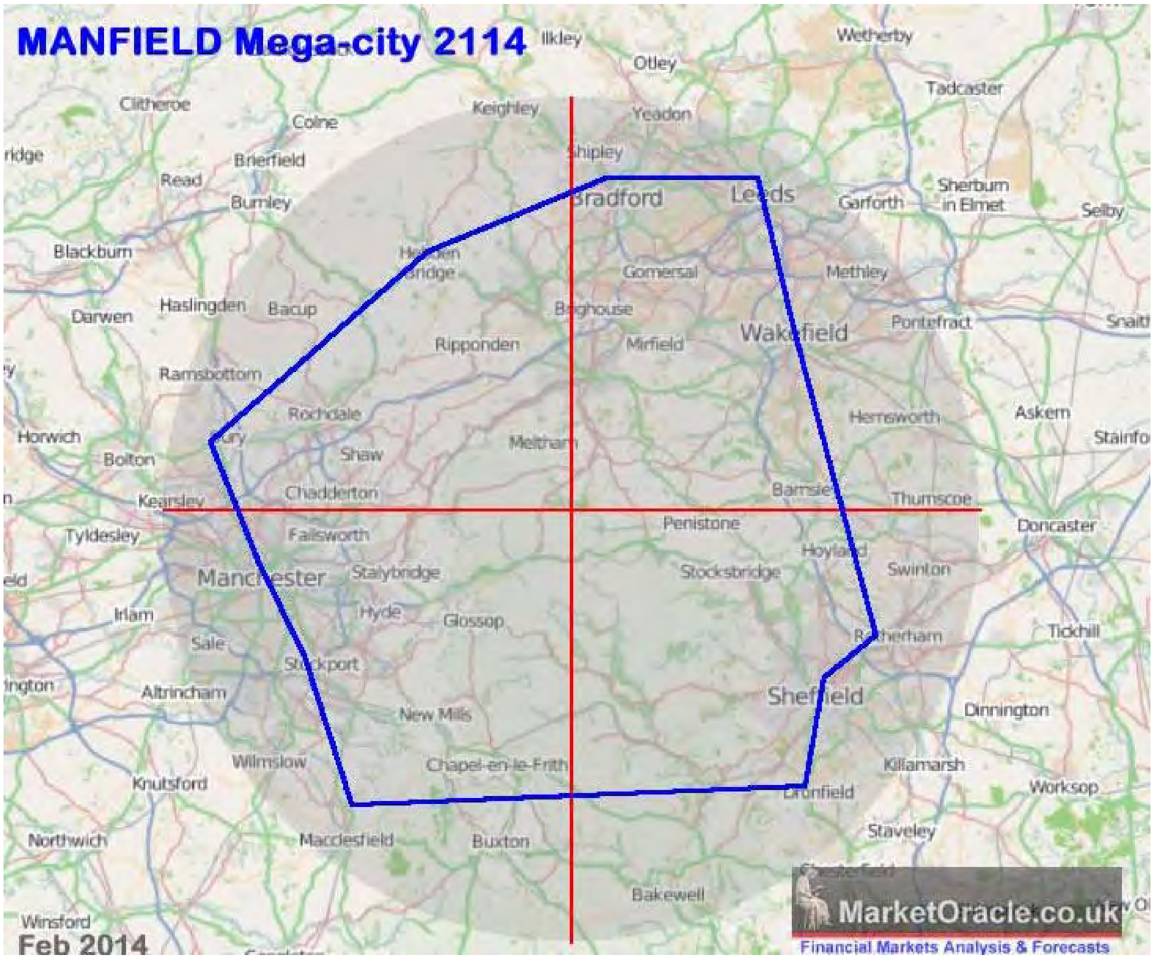
If one searches Google for expert opinions on which city is most likely to become Britain's next mega-city to rival London then you won't be surprised to find that the tendency is to suggest that Britain's second and third largest cities namely centred around Birmingham and Manchester to take up the new mega-cities mantle.

However, perhaps because I live in Britain's fifth largest city (Sheffield 1/2mil), I don't see things playing out that way because the gap between London and either Birmingham and Manchester is so large that even if these cities doubled or even tripled in the size then the gap would still persist that would perpetuate the permanent disadvantage as for these cities to have any chance of rivaling London then they would need to experience a more than ten fold increase outwards from their city centre hubs, which in my opinion is just not going to happen.

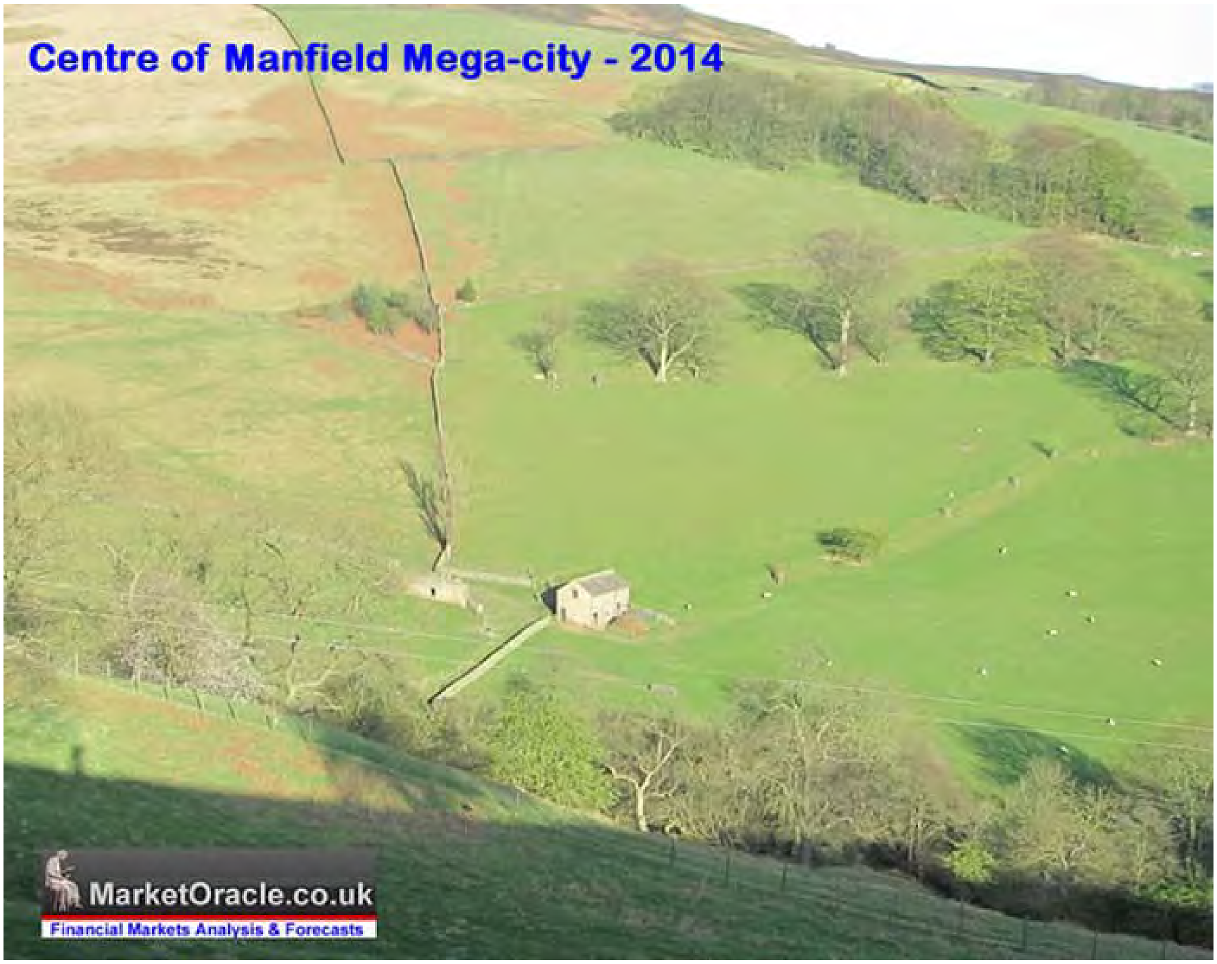
Instead, I see Birmingham and Manchester along with 20 or so of Britain's largest cities acting as spokes around NEW central hubs. The key word being NEW, that completely deflects the long-term mega city investing trends away from existing city centres and towards ultra cheaply priced literally in the wilderness central hubs (as far as Britain can have what could be termed as a wilderness).

MANFIELD - Welcome to North's New Mega-city of 2114

Whilst it is beyond the scope of this ebook to analyse all of the potential new central hubs around which mega cities could form, however my analysis of the new yet to be named mega-city of the north, MANFIED illustrates what is likely to occur in at least 2 other such areas of Britain over the next 100 years or so.



The area of Manfield of equivalent size to present day London already has a population of over 3 million which gives it a real possibility of reaching an inter connected critical mass that will start to coalesce around its new central hub, so that instead of new mega cities expanding London-esk from out of existing city hubs over hundreds of years, instead they are more likely to start to emerge around these NEW central hubs as that will represent the shortest and quickest route of travel between the merging spokes and hence drive concentration of people and infrastructure towards their centres that would have ample space to accommodate soaring demand.



Whilst many today may argue that this just cannot possible happen due to the mass of green belt land comprising much of its area, but that is also to its great advantage for all it would take is a bill in Parliament that would illicit far less local opposition than such a move would elsewhere given the long standing desire for a Northern mega city to rival that of London.

Furthermore, using the latest technologies and design techniques to mesh together transport, telecommunications, energy, and water links of all of the cities around the new central hub would ignite a decade long national construction led economic boom creating hundreds of thousands of new jobs. The resulting boost to the British economy would be such that many would wonder why it had not been done several decades earlier and thus spark several more similar projects elsewhere, where perhaps 100 years from now Britain may well be on the path towards having built as many as 4 new technologically advanced mega cities of which some could even rival London in terms of economic output.

The bottom line is that land and properties in the central hubs of the new mega cities such as Manfield are up for grabs at bargain basement prices, which whilst personally one may be unlikely to profit from their emergence during ones life time (barring a nano-tech solution to telomere shortening), however future generations will erect statues towards ones investment insight in future land and property investment planning.

School Catchment Areas

Many local authorities have online tools to easily check addresses against school catchment areas before making viewing decisions. Area house prices can be effected in both directions if the local schools improve or decline in performance over time, which in some instances may fail to register with home sellers as their children may have grown up many years ago. However, whilst the teachers of 'GOOD' schools can boast of their hard work, the truth is that it is the PARENTS who determine whether a school is good or bad and NOT the quality of teaching, which by and large tend to be consistent across most schools. The facts are that middle class parents go out of their way to educate their children including much extra curricular activity. Whilst parents of deprived area's tend to wholly leave it to the FREE state to educate and pay little regard to costly extracurricular activity or other factors such as behavioural conditioning.

Next to identifying the school catchment areas is being fully aware of the schools admissions policy and the deadlines for school applications and for providing supporting documentation i.e. for confirming change of address. Therefore home buyers should have these deadlines in mind for having their offer accepted on a property well before the deadline for making school applications, and then meet the deadline for exchanging contracts before the deadline for providing proof in support of your change of address i.e. a solicitors letter stating that exchange of contracts has taken place.

Summary

1. Identify the target schools

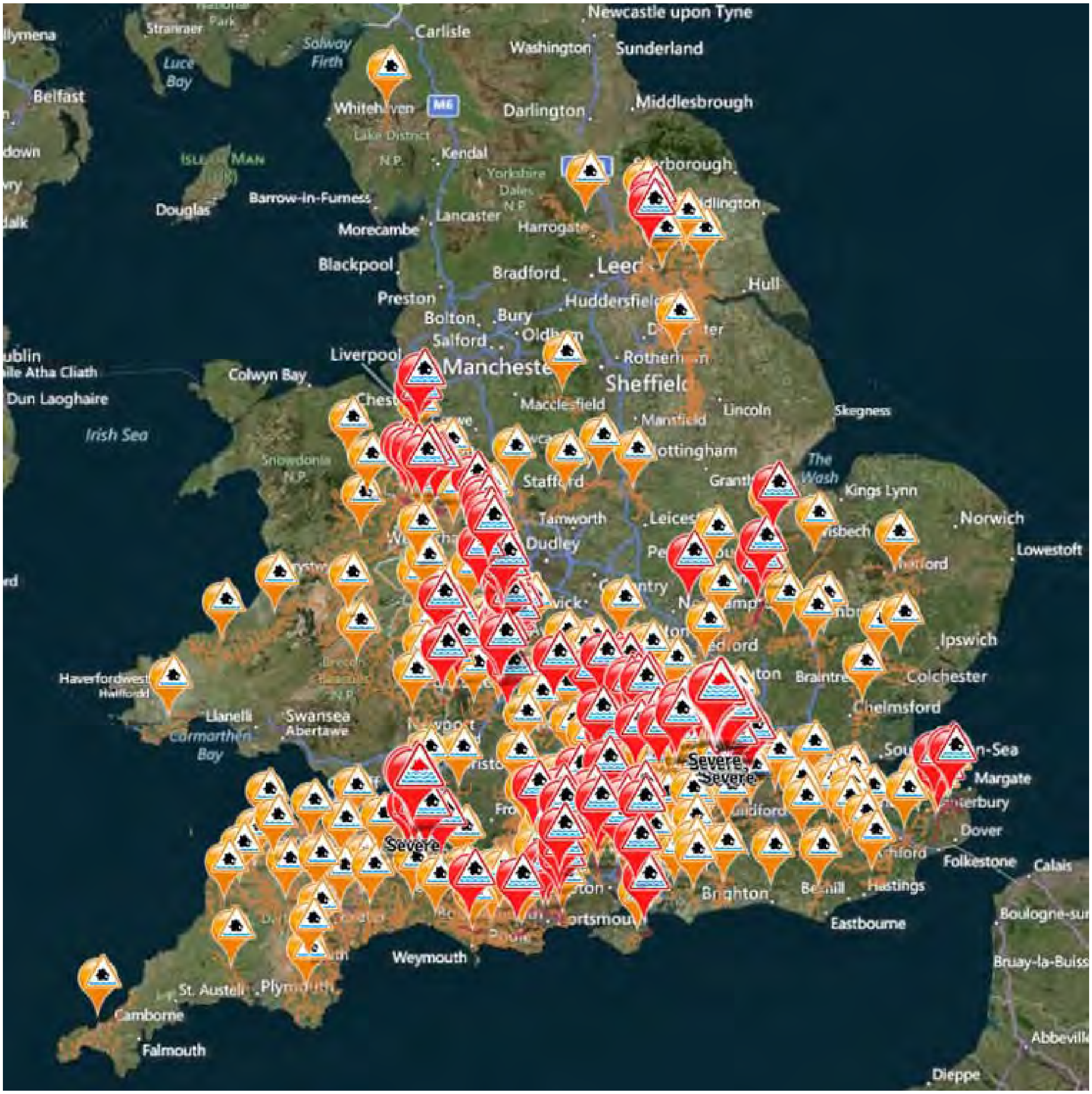
2. Check that the properties that you intend on viewing fall into the catchment areas by using local authority website tools.

3. Ensure you are aware of procedures and deadlines for making school applications and for providing written proof of change of address.

Flooding Risk - Climate Change, Floodplain's and Rivers

The people of Britain during January and February 2014 received a wake up call that climate change is real and will increasingly impact on their lives over the coming years, busting the myth that climate change consequences were decades away as home owners not only have to contend with rising sea levels impacting on low lying coastal regions but also with what were once deemed to be extreme weather storm events that are increasingly becoming a regular occurrence.

2014 has seen a series of Jet stream driven storms dumping large amounts of water over most of Southern England every 2 to 3 days, far beyond the capacity of the river systems to cope that have been continuously overflowing onto already saturated land resulting in ever escalating flood alert warnings as illustrated by the below map.



Many scientists use the term Global Weirding to describe what is taking place with our climate as melting of the sea ice at the north and south poles effects atmospheric air current circulations such as the diversion of the Jet Stream resulting in the ongoing series of extreme weather events, where this year it is heavy rainfall whilst last year it was extreme cold and snowfall.

Whilst prospective home buyers can change many aspects of their properties after purchase, however one thing they cannot change is the geography of the location so it is of utmost importance the home buyers seek to mitigate the flood risk as a consequence of climate change by following a few simple rules in their property selection process so as to prevent making a disastrous decision resulting in a property that they may be unable to re-sell at a later date.

The problem of homes being flooded can only worsen not only as a consequence of climate change but also due to the madness of over 10,000 houses continuing to be built on flood plains each year with desperate buyers enticed to purchase at discounts of 10% to 20% against similar properties higher up, with the Environment Agency estimating 17% of homes now being at risk of flooding.

The key points to consider in terms of the evaluating the risk of flooding is not just whether the property is near the coast and thus subject to sea level rise but also how far is the property in terms of its distance in height from the valley floor / river basin. This can be worked out by comparing the difference in elevation by subtracting the properties ground floor height above sea level against the height above sea level of the nearest valley / river basin i.e. a property 50 metres above sea level against the nearest river that is 30 metres above sea level would put the property at +20metres above the river basin.

In my opinion, home buyers should as a minimum not buy properties of less than 30 metres above sea level AND 10 metres in elevation from the valley floor / height of the normal river, even though this would remove many properties out of potential target areas and tend to extend to far beyond the environment agency's own flood maps that tend to only cover 2 to 4 metres above the normal height of nearby rivers as recognised flood plains.

The reason for the extra minimum height is to not only guard against the uncertain future as a consequence if climate change induced sea level rise and heavy rain fall flooding, but also to allow for failure of the drainage system which means that properties tend to flood to several metres above the height of overflowing rivers.

More reasons to only consider properties well out of range of a flood plain is that even if a property has never flooded, just by being near a flood risk area is enough to increase insurance premiums or worse make properties uninsurable that would put off many prospective home buyers and thus result deep under valuation at time of selling of anywhere between 10% to 30% as compared to similar properties situated on just 10 metres higher ground.

So as a general rule prospective home buyers should not contemplate buying properties that are less than 10 metres above the height of any nearby river, water way or valley floor which puts virtually all riverside and flood plain properties out of contention so as to mitigate both the risks of actual flooding and negative effects on house prices.

Furthermore as the global warming climate change mega-trend continues to play out properties that are far beyond the flood plains and valley floors are increasingly look set to secure a price premium over lower lying properties of even on the same street.

The starting point in understanding the flood risks of one's target location is to visit the Environment Agency's website and enter the post code for the area, this will give an over view of the local flood map. Then use this as a guide to compare against elevation maps of the target area, finally fine tuning down to individual properties and aiming to ensure that they are well beyond the minimum 10 metre height from the normal river levels.

Flood Plain Properties

For those already stuck with properties within few metres height of rivers or situated on flood plains then the only solution apart from attempting to move when the dust dies down is to have effective plans in place to cope with inevitable flooding such as having temporary barriers and a pump on standby, and ensuring drains are fitted with non return valves.

For those who remain determined to buy properties despite being on a flood plain then they need to ensure that the property has been built with flood defences in mind i.e. built on stilts that put the property at least 1.5 metres above the highest preceding recorded flood. Unfortunately rather than being the norm most new build properties on flood plains do not tend to incorporate such structural defences such as having the the residency area built over a ground floor garage which effectively adds 3 metres to the ground floor height of the properties.

Crime Rates

Even a few bad crime stories of shootings and killings can have a significant and lasting effect on buyer sentiment for an area as well as the longer-term trends for crimes such as burglaries.

There are several websites that give an area's crime rate statistics for a given area or post code such as http://www.police.uk/

Social Housing

Areas with more social housing will tend to see less appreciation in house prices due to the difference in presentation of properties between social housing tenants and owner occupiers.

No or Negative Equity

Home owners in the less affluent areas tend to be trapped into little or negative equity properties and thus will find it difficult to price their properties at a level that the market will bear. Whilst there is a greater propensity for demand from cash buyers for more affluent properties.

Immigration

Continuing high immigration, increasingly results in the indigenous population migrating out of these areas towards the more ethnically similar areas of the city i.e. which mainly means the more recently built suburbs. This tends to result in demand for middle end properties in in the suburbs as well as for the high immigrant areas, where particularly for rental investment purposes rather than larger residencies for own occupation.

Public Sector Recession

Just as the Olympics boosted many areas of London, so is the public sector recession as a consequence of 500,000 public sector job losses depressing areas where public sector works tend to reside and that impacts harder on Northern UK cities such as Sheffield, Liverpool, Newcastle than Southern cities. Therefore resulting in weaker prices for those areas of Sheffield where public sector workers tend to reside i.e. inner city middle income bracket property areas, hence higher supply resulting in a very wide margin of difference between seller expectations and what the market is actually prepared to pay for such properties.

Private Sector Boom

Conversely whilst areas heavily reliant on public sector employment suffer, areas of the city populated by professionals and business people are benefiting in terms of the coalition governments policies of zero interest rates easy money, as business are able to profit from emerging opportunities as a consequence of a shrinking public sector against which they were previously unable to compete.

Distance from City Centre

Affluent areas that are within 3 miles of the city centre tend to be far more in demand than those further away that would demand greater traveling time i.e. in Sheffield's example S11 is far more favoured than S17 for this reason.

Sheffield Best and Worst Areas to Live Example - House Buying Analysis Map

Oct 31, 2013 - http://www.marketoracle.co.uk/Article42910.html

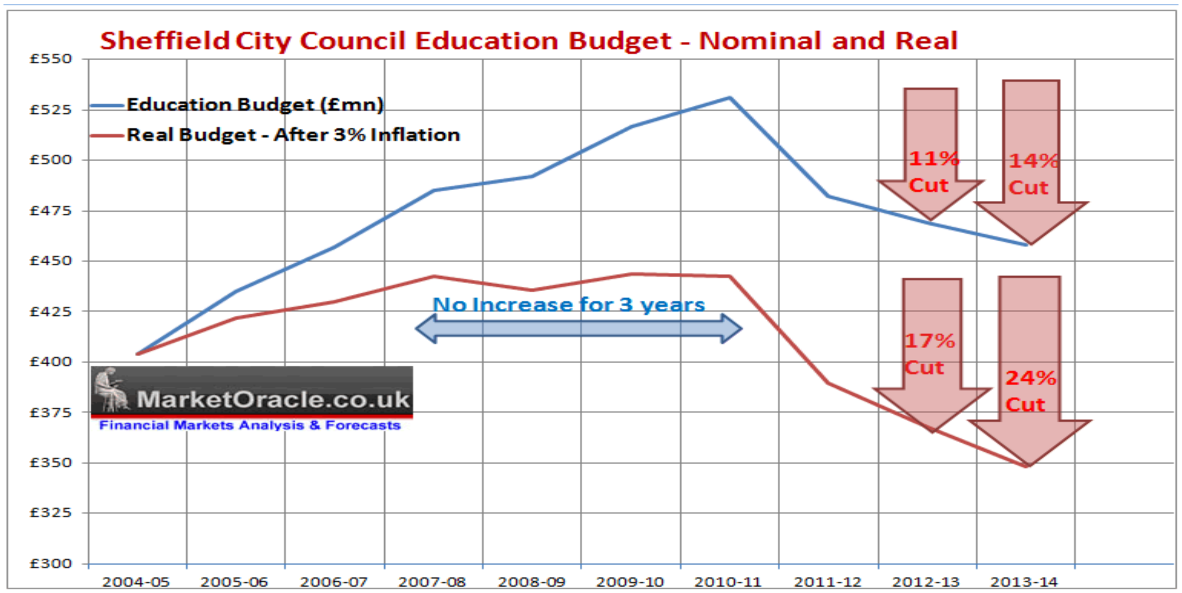
Sheffield is Britain's fifth largest city with a population of 552,000 people that occupy's the south west quadrant of the county of South Yorkshire, which given its central UK position, prominent rail and motorway links is a favourable destination for national and international migrants from nearby towns and further afield given its relatively low favourable house prices.

Unlike London, many people contemplating moving to Sheffield will not find much information on the internet as to which are the best area's to live in especially as Sheffield is a large and diverse city offering a myriad of potential areas that can be very confusing to new comers, so whilst my recent article was focused on Sheffield's area based house price trend forecasts, however this analysis only skimmed the surface of which are the best places to live in Sheffield. Key determinants of which the are best areas to live in Sheffield are just as valid for many other 'unknown' UK cities :

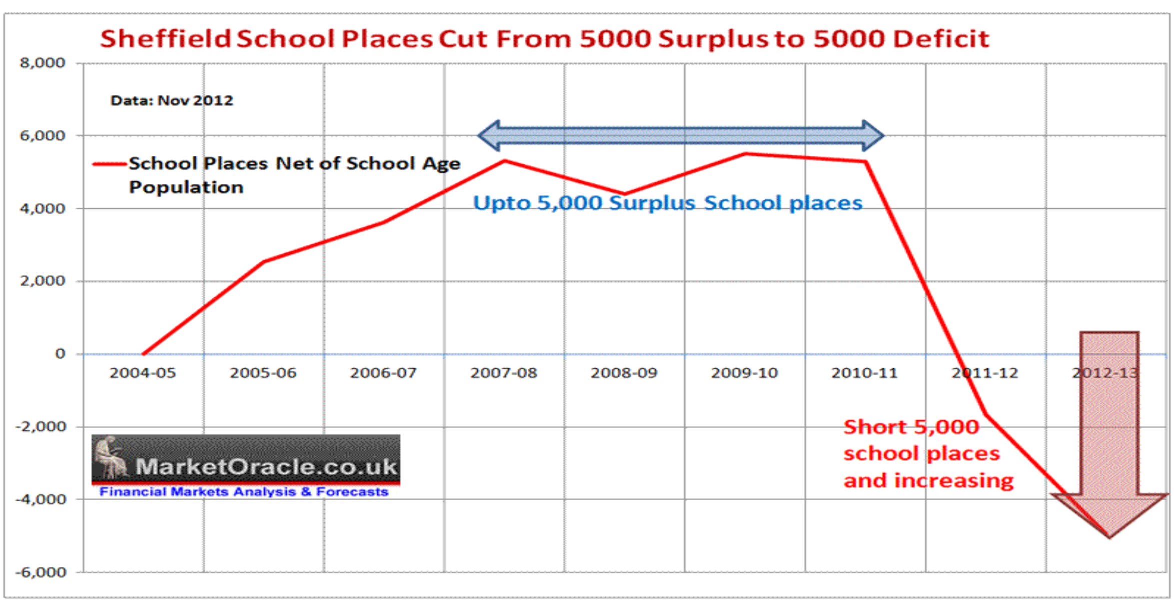
Local Schools Performance

It is important to consider school league tables both in terms of rankings and the trend in performance over several years. However, whilst the teachers of 'GOOD' schools can boast of their hard work, the truth is that it is the PARENTS who determine whether a school is good or bad and NOT the quality of teaching. The facts are that middle class parents go out of their way to educate their children including engaging in much extra curricular activity. Whilst parents of deprived area's tend to wholly leave it to the FREE state schools to educate, and pay little attention to extracurricular activities or other factors such as teaching behaviour and instilling discipline. So school league table trends are one of the best indicators for the best locations to live near such schools, under the umbrella of their catchment areas.

Another point to consider is that the best schools are increasingly heavily over subscribed, this is as a consequence of the Labour run Sheffield City Council continuing the Liberal Democrats programme for deep cuts in Sheffield's education budget as the below graph illustrates that in nominal terms has seen the education budget already cut by 11% since 2010 and 17% in real terms for the year 2012-13 and with the budget for 2013-14 announced continuing the the deep cuts to 14% and 24%, (after inflation of 3% per annum).



The impact of these cuts in child places in effect reverses the picture of more than a decade earlier when most of Sheffield's children could have expected to receive a place at their school of their choice at the application stage, with even more accepted on appeal, this was as the below graph illustrates by virtue of the fact that for many years Sheffield had a surplus of 5,000 school places (about 5%). However, over the past 2 years deep cuts in the budget in real terms has reversed the situation from an estimated 5,000 surplus places to a deficit of 5,000 places as of 2012-13, i.e. a cut of 10,000 school places through school closures and reductions in the number of classes running at exiting schools, against that which were available during 2010-11, the consequences of which is that schools are being effectively stuffed full to the rafters with the number of children per class now far exceeding the recommended guidelines for maximum class sizes which is resulting in the lack of school places at even catchment area schools.



What this means that prospective home buyers must not assume that they will be given a place at a nearby BEST school but need to ensure that they -

a. Buy a house well within the catchment area of their target school and that the new home is significantly closer to the target school than any other school.

b. That the deadlines for school applications are met, so must time the house purchase inline with the application process else they will be sent to alternative more distant schools because of the huge shortage in school places that the city council in its wisdom is seeking to solve by super-sizing some existing schools such as Greystones Primary School, which actually increases the probability of NOT getting a place at the nearest school for instance at the higher ranking Dobcroft Junior School as in effect the catchment area for Dobcroft shrinks whilst that for the extended Greystones expands to soak up demand, which is NOT what the prospective home buyer had in mind!

Sheffield Top 15 Primary Schools out of 116

Coit Primary School
Bradfield Dungworth Primary School
Birley Spa Community Primary School
St Wilfrid's Catholic Primary School
St Joseph's Catholic Primary School
Lydgate Junior School
Stocksbridge Junior School
Nether Green Junior School
Dobcroft Junior School
St Thomas of Canterbury Catholic Primary School
Dore Primary School
Grenoside Community Primary School
Carfield Primary School
Mundella Primary School
Totley All Saints Church of England Voluntary Aided Primary School

Sheffield's Top 5 State Secondary Schools out of 29

Silverdale School
High Storrs School
Notre Dame Catholic High School
Tapton School
King Edward VII School

Crime Rates

No one wants to live in fear in a high crime rate area, unfortunately for Sheffield it has plenty of high crime areas dispersed throughout the city and it is relatively easy for someone moving into Sheffield to fall into the trap of buying what on the surface looks like a great property at a great price but only to later discover that they have bought into a high crime rate area as focusing on the traditional indicators of avoiding deprived council housing estates and high turnover high immigration populated predominantly rental areas are not enough to avoid the fragmented high crime rate areas, as the most recent news of the murder of a 25 year old Pizza delivery man in the Southey Green area of Sheffield illustrates an extreme case of but what is no longer an isolated incidence as knife attacks are taking place at multiples times the rate of that which took place in years past.

A pizza delivery man found stabbed to death at the wheel of his car was making his final delivery before starting a new job. Thavisha Lakindu Peiris, 25, was found dead by colleagues in his car in Southey Crescent, Sheffield, at 22:30 GMT on Sunday.

Det Supt Lisa Ray said he had lost his life in the "most brutal of fashions" in an apparently motiveless crime.

Therefore an analysis of area crime rates and trends is one of the critical indicators for determining a good area to live in.

The Risk of Flooding

Up until June 2007 when Sheffield was hit with the Great Flood, many Sheffielders had never taken the issue of flooding seriously, however that no longer applies where the path of Sheffield's many rivers has negatively impacted on house prices that are deemed to be at risk of flooding and therefore likely to incur difficulty in insuring which effects both affluent and the poorer areas equally, where a distance of just 50 metres can effect similar houses to the extent of as much as 25% in price, which could entice some buyers to purchase at what seems like a bargain price in a good area without fully appreciating the greater risk of flooding and the problem that they encounter in insuring and when trying to sell. The same holds true for all of the UK's major cities that are built on canals and river water ways.

Therefore an analysis of flood risk area's is very important in determining the best areas to live.

House Price Crash Aftermath

House prices tend to crash hardest in the deprived areas, as they are last to join the boom and first to feel the bust. Whilst affluent 'good' areas are nearly always in demand and thus price falls are cushioned. This also means that poorer areas are likely to see a greater percentage gain in prices as they are starting from a lower base so the headline changes in house prices is not a good indicator, rather the average price of houses sold i.e. you get what you pay for and therefore a flatter trend in house prices suggests a better area than one of a steep trough.

Competition for Properties

The affluent areas attract greater competition for properties than the less affluent areas, especially as they are the prime locations for those migrating from the more affluent areas of the UK such as London, i.e. someone moving to Sheffield from London is approximately 20X more likely to buy a property in S10 or S11 than S5. Thus these considerations need to be taken into account when gauging whether a house is over priced or not, than comparing like for like within the city.

Social Housing

Areas with more social housing (council estate and housing associations) will tend to see more social problems as owner occupiers are more likely be working and take more pride in their property and area and behave better towards neighbours than tends to be the case with tenants.

Immigration

Continuing high immigration increasingly results in the previously settled population migrating out of these areas towards more settled areas of the city i.e. which mainly means the more recently built suburbs. This tends to result in demand for middle market properties in the suburbs as well as for the high immigrant areas, where particularly for rental investment purposes rather than residencies for own occupation. In terms of best areas to live, more settled and predominately high privately owner occupier areas of the city are the most favourable in terms of best areas to live destinations.

Student Areas

Areas of the city populated by students may not be particularly high crime rate areas, but may prove unsuitable for families as the resulting consequences are similar to that of any other high rental areas of the city such as the high migrant areas.

Up and Coming Areas

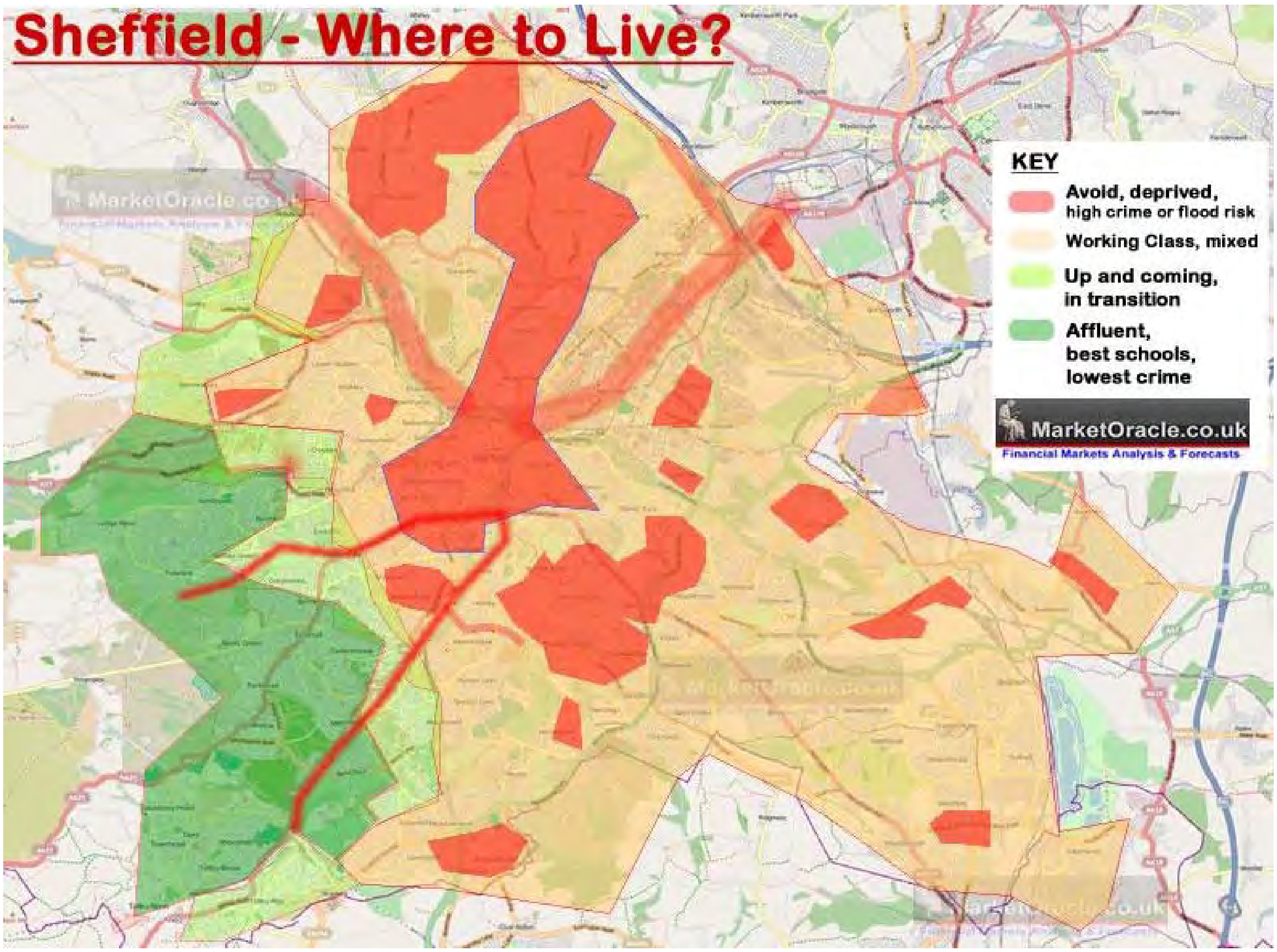
Have an eye on the future, whilst you may not be able to afford properties in the most affluent areas you could benefit by buying in the neighbouring area's that will likely become part of the affluent area's as they expand. All of the key influences such as good school catchment area's come into play for the up and coming areas as well.

Sheffield's Best Places to Live

The below map details which areas of Sheffield should be avoided and which areas should be favoured in terms of the best places to live. Obviously the amount of financing available will play an important factor in determining the choice of area's, but at a minimum the RED areas should be avoided as people moving to Sheffield, purchasing a property for their own residency in a Red area will soon come to regret their decision.

The large expanse of orange area's are as a consequence of the size of Sheffield's public sector and the private sector that directly relies on it, that continues to see deep cuts in local government spending, this also means that there is a continuing large supply of properties in these areas of Sheffield which acts to depress average house prices that masks booms taking places in pockets of the city and thus offers many opportunities towards the middle end of the property market.

Meanwhile prospective home buyers can expect a huge jump in financing requirements to purchase a property in the affluent areas of the city (Dark Green) which are situated in the the South West of the city as these areas will have experienced little in terms of the impact of the economic depression with the consequences and in terms of expected house prices is that just like many areas of London, these areas are already trading near their pre-crash levels as these are the areas that will be those that are in greatest NATIONAL demand, just as many parts of London are in great INTERNATIONAL demand (as high as 50% of properties in many areas of London are bought by foreign investors).

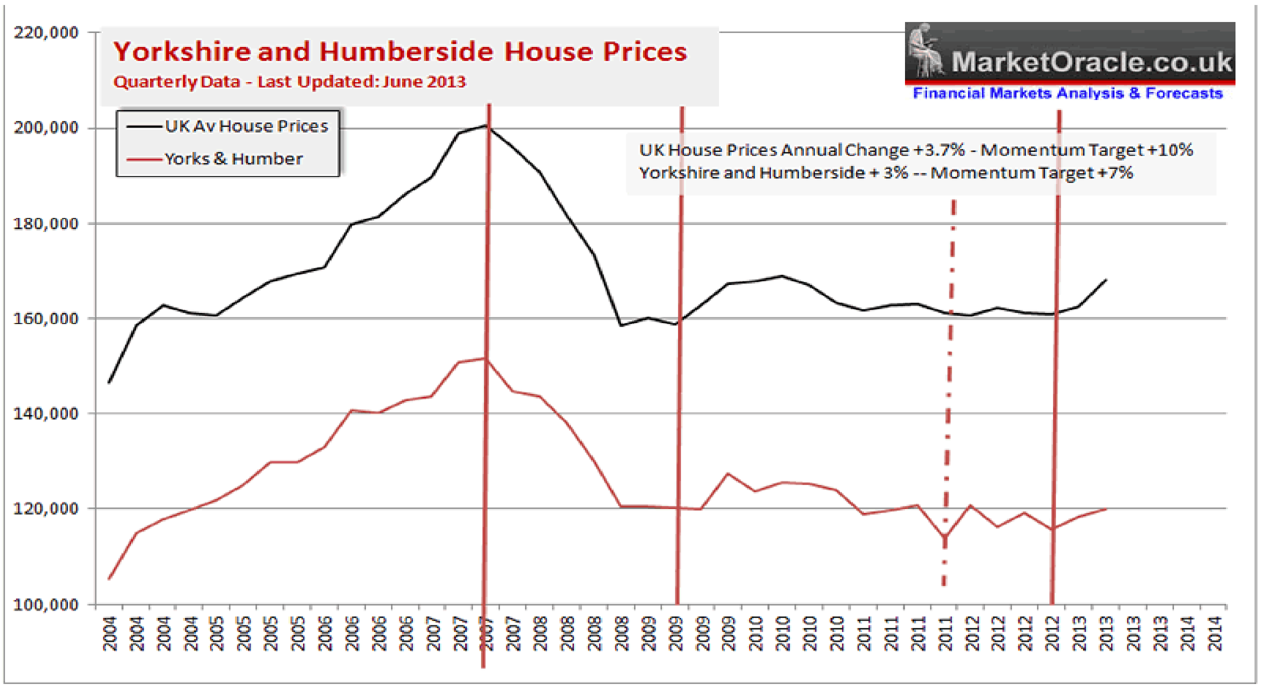


Click here for a Large version of the Where to Live Map

In summary, prospective home buyers should take notice of the fragmented nature of the city which can make a huge differences both in terms of the quality of life, school catchment etc. However, the best areas of the city can be found to be concentrated in the South West of the city as the affluent residents continue to price most local house hunters out of these areas, just as is the case for many areas of the UK. Furthermore, the most affluent area's of the city tend to have a buffer zone of up and coming areas that acts to further the gap in house prices between relatively short distances.

What this means is that whilst the pseudo-economists (journalists) that populate the mainstream media focus on average house price trends, instead the reality is of a highly fragmented and buffered market that results in areas of Sheffield that rival anything that can be seen in the South East of England in terms of house prices, which I am sure will come as a shock to many house hunters who tend to look at the academic statistics, the averages that will FAIL to give a true picture of Sheffield's housing market for instance a 4 bedroom detached house in S11 typically starts at £400k, whereas 2 or 3 miles distance a similar sized 4 bed would typically cost less than £200k.

In terms of the national picture, the trend towards 10% per annum house price inflation is now imminently materialising In terms of forecast price momentum for Yorkshire and Humberside, this region clearly lags the national average as a consequence of deeply rooted socialist economic tendencies that results in a much larger public sector, and conversely smaller private sector, the consequences of which has meant a deeper impact of government spending cuts and less developed private sector to fill the gap than for instance the South East region. Therefore I continue to expect Y&H to lag the UK average by about 3%, thus the region continues to target an annual price gain momentum of 7% per annum by the end of this year.



Ready to Move in or Work to do Properties?

Once the target areas have been identified the next decision to make is how much building / renovation works are you willing to undertake before moving in. For instance if you have no DIY, home improvements experience then your focus should be on properties that require the least amount of work to them so that you can effectively move straight in for which you will be paying a premium but against this you need to take into account all of the time and problems that crop up that you will have saved on, which is especially important for families with young children that want to avoid moving into building sites.

Properties that require much work can save you plenty of money, perhaps as much as 1/4 off the price of other similar ready to move in properties. The amount of work you are willing to undertake depends on how much experience you have in developing properties. For big jobs you should already have some property development experience in the management of the different trades that will need to be contracted in such as architects, builders, electricians and plumbers.

New Builds

New housing stock usually from the low to middle price range areas of a city are unlikely to appreciate much in price during the first 10 years when compared to older properties. Which can result in over valuations by sellers as they price their houses in terms of how average properties in their area have appreciated.

New stock tends to be created in far greater numbers towards the lower end of the property market where land is more readily available.

Attempting to Buy Repossessed Properties

Repossessed properties can prove a true bargain that can be priced as low as at a 30% discount of the properties actual market value. However, in most cases bidding for repossessed properties is only really suitable for those who can act fast and preferably have the cash already available as most mortgage companies selling repossessed properties expect the sale to be completed and contracts exchanged within 28 days.

The Dangers of Buying a Repossessed Properties.

Even if you manage to get in to view the property before an offer has been accepted, you need to beware of the many dangers that the property represents as it will both likely have been stripped bare of fixtures and fittings such as the kitchen, boiler and probably even the central heating copper piping, but also that malicious damage may have been done that may not be visible to the plumbing and electrical's that may result in a great deal of damage if not danger once the utilities are turned on.

However, I have to point out that despite several attempts at trying to buy a repossessed property all with cash in the bank, that following viewing's and on making an offer shortly afterwards, I would be told that the property has had an offer accepted and has been taken off the market which reeks of to be blunt estate agent fraud as the mortgage company has been defrauded out of an higher offer.

Clearly deeply discounted repossession properties tend to be funneled to those housing market insiders by the estate agents so don't get your hopes up too high of ever being successfully able to actually buy a repossessed property other than at an auction as the marketing of such properties including overseeing viewing's is purely for the estate agency to dot i's and cross the t's.

What You need to know About Estate Agents

There will be greater competition in affluent areas between estate agents for business due to higher potential commissions, therefore there is a tendency to more aggressively value these properties so as to secure business and shut out other agents which means houses at least when first going on the market will tend to be over priced by typically 10%.

What house hunters are looking for from estate agents is an efficient, helpful, polite and above all honest service. However estate agents repeatedly get a bad press because many if not most tend to fail on virtually all of these points. Whilst it is true that the estate agents work in the interests of house sellers, however leaving a bitter taste in the mouths of house buyers is not going to help sell anyone's home!

Then there are the outright dubious activities that estate agents can engage in that literally warrants an formal investigation. For instance in a real life personal example, I placed an ALL CASH offer down on a property (non repossession) which was according to the estate agent not accepted by the vendor only to later discover that the property had sold for a near 7% LOWER price than my offer. I am sure this was not an isolated incident and goes a long way to explain why people tend to hold estate agents in such low esteem, as clearly the lack of regulation and large sums involved can prove very tempting to the huge determinant of both sellers and buyers.

I suspect that this property sale and many more are funneled towards favoured buyers, those who have arranged a mortgage through the estate agents mortgage broker! Which means that being a cash buyer does not necessarily put you at the top of the list, but rather those buyers who would generate the most income for the estate agency i.e. fall victim to buying a string of housing market related services at inflated prices such as conveyancing.

Another example of why estate agents cannot be trusted are the property floor area maps that tend to accompany most home listings. Frankly in many if not most cases these floor maps tend to INFLATE the size of the rooms, and especially so for small sized rooms which would put off prospective viewers. For example one house I viewed whilst having a good sized ground floor that was more or less in line with the floor plan, however the first floor bedrooms were ALL inflated in size by approx 1/3rd each as clearly the bed rooms were far too small and had the floor plan been accurate I would never have viewed the property deeming the bedrooms to be of unsuitable size, therefore the estate agent inflated the size of the second floor to get viewers through the door.

So if in doubt measure the size of the rooms yourself, you don't need to get a tape measure out instead a simple method I use is to know the length of my stride and then count the number of strides across the rooms multiplied by x' cm stride length to get an estimate of the actual dimensions of the rooms to compare against the floor plans.

The bottom line is you really cannot trust estate agents, so disregard every promise or statement that they make and instead verify independently, even down to the size of the rooms, which I have noticed tend to be manipulated to make bedrooms significantly larger than they actually are.

Remember that the estate agent does not work for either the buyer OR the seller! The estate agent works for the estate agency to maximise their revenue and profits and if it means ripping off buyers and sellers then that is what they will do! Both buyers and sellers need to remember this when dealing with estate agents.

Buying a House with Solar Panels Installed

One of the primary considerations when contemplating buying a house with solar panels installed other than the loss of curb appeal is who actually owns the solar panels? As many of the earlier installations were for free in exchange for leasing the roof out to the solar installation company to receive the FiT payments for typically 25 years. If so then you should avoid such properties as there will be a whole host of problems to deal with.

Even if the panels are owned by the home owner then they may be planning on taking them with them which will result in damage to the roof.

The next question to ask is what is the Feed in Tariff, as the government has repeatedly cut the FiT over the years from the original 43.3p per kwh to just 14.9p kwh as of writing which would make a huge difference to how much income the solar installation could yield. The FiT stays with the property so 'should' be signed over to the buyer, although you need to ensure that this is explicitly included in the sale and not end up becoming a bargaining chip during negotiations.

On a positive note those who did install solar panels when the Feed in Tariff was high (43.9p kwh) can profit from the subsidy for the energy generated that could amount to over £1k per annum that could eventually pay for the installation costs and any routine maintenance costs.

For more reasons why home buyers should probably avoid homes with solar panels see the section on home improvements to avoid.

Home Buyers Check List

Whilst it is useful to compile a list of what similar properties in the area recently sold for, however unless the particulars of the sale are still online you will be lucky to find enough data for more than 2 or 3 properties in the area to determine key elements in formulating a value which can only be gleaned from photos and floor plans such as internal floor area and any upgrades such as conservatory or deficiencies such as lack of parking.

Therefore the best way to value properties, in addition to the few sold properties with sufficient information available is to compile a list of all similar properties to your target requirement i.e. 4 bed detached, and then work out key elements for each property taking into account the number of bedrooms, reception rooms, additions and the internal floor space.

An excel spreadsheet checklist is available that I personally use to determine house valuations for a particular area that you can use / amend to your own requirements which can be downloaded directly from the Market Oracle website - http://www.marketoracle.co.uk/pdf/housing2014/house-buying-checklist.xlsx

Whilst most of the headings such as Address are self explanatory, the following key briefly explains those headings that require clarification.

HP Inf-Value	Estimate the value of the property based on 5% per annum inflation since the last sale.
1st Price	The initial asking price for when the property was first put on the market.
% of 1st	Change in asking price since initial / first price.
Own Value	Your estimated value of the property, based on your research of similar properties.
Act Sold	Whenever a property sells then put the sold price into this column so that you can better gauge whether you are over or under estimating values.
Diff to my value	Shows the percentage difference between your valuation against the sold price.
7% off 1stP	An arbitrary target to offer x% less than the first asking price that I have set to 7% but which you can amend to for instance 5% or 10%.
Front Look	1-10 Rating of how you personally rate the front look of the property
Inside Layout	1-10 Rating of how well the inside layout of the rooms fit with your own requirements, i.e. you may want an home office room in addition to 2 reception rooms, or a kitchen / diner instead of a separate dining room.
Garden / Land	1-30 Rating - Include noise levels, how secluded is the property, area of land which is very important if you are contemplating extending, car parking, any large trees too close to the property that may need to be dealt with etc.

Inside Space	1-30 Rating - How spacious is the inside of the house in terms of your requirements, does the property meet all of your space requirements is it lacking in some aspects for instance the kitchen is too small, or small bedrooms, or lacks a separate utility room etc.
Least Work Needed	1-10 Rating - How much work do you perceive the property will need before moving in, where the least work required the higher the rating.
Price / Value	1-10 Rating - What is your perception of the asking price relative to your valuation of the property.
Area/School	1-20 Rating - How close is the property to your target location, and to school catchment area.
Comfort level	1-10 Rating - How much at ease will you feel living in this property / area. How calming or stressful will it potentially be?
Extending	1-10 Rating - Value adding extending possibilities - Add up potentials for: 4-loft, 2-garage, 2-conservatory, 2-further extension.
Future HP Growth	1-10 Rating - Based primarily on valuation and the quality of the area to determine strength of future house price increases for the area.
Move in Costs	£ Cost of having all the works you think will need to be done to meet your requirements i.e. conservatory, renovate bathrooms / kitchen, furnishings and stamp duty
Potential	Is this a potential contender ? Yes / No or Maybe
Overall Rating	Takes into account internal area in square meters to provide an overall rating against which to easily compare a long list of target properties.

Making an Offer

Having done your home work you will have an estimate of how much you think the property is worth as well as an opening offer in mind which will be based on the state of the local market i.e. whether it is cold or red hot. Usually it is best to put in an lower below asking but not ridiculously low, so as to show that you are serious about the property.

Always state that the offer is subject to contract and survey even though that is taken for granted.

The estate agent will likely call you back and tell you that the offer has been rejected and that the vendor is looking for a higher offer. At this point it again depends on the state of the local market and depending on how low your initial offer was.

What I would suggest is to leave the offer on the table as you spend the next week or 2 viewing other suitable properties by which time you will have a clearer idea of whether you want to go further with the property by raising your offer towards the asking price.

Where bidding wars are concerned, unless that is the norm for the local market then I would avoid such properties as the price can soon be bid up by a ridiculous amount as estate agents are experts at pumping up the price with tactics such as best and final offers, knowing that it is likely that they will still afterwards come back to you on whether you want to make an even higher offer.

The key point to remember is that to prevent being emotionally caught up and end up over offering or showing yourself to the estate agent as being too eager on the property is to have at least one alternative property that you are near equally interested in so that you do not over commit yourself emotionally.

Fixture and Fittings

Offer negotiations will also include what fixture and fittings are to be included in the sale and feature in the fixtures and fittings list. To ensure that these preliminary agreements are honoured it would be wise to have everything confirmed by email so that later on they are included in the contract list.

What you should be seek to be included in the sale are usually fitted furniture, carpets, blinds, fitted lights etc, as it can be quite time consuming and costly to have your own fitted at a later date.

The seller will likely want to include other items such as cooker and fridge. However, in my experience it is best not to agree to include such appliances because they are second hand and may not last long before they need replacing, so any value given to them by the vendor will likely be highly inflated.

Also make it a condition that once your offer has been accepted that the property is taken off the market. This will probably happen once you have proved your ability to complete to the estate agent i.e. firm mortgage offer, exchanged contracts on your existing home, or if your a cash buyer a copy of bank statements.

Offer Accepted

Here is a brief summary of what you can expect to do and happen after your offer has been accepted -

Make Sure the property has been taken off the market

Once you have provided the requested documentation then the property should no longer be actively marketed and be taken off the market. Double check the various housing websites to ensure that this has happened. Do not proceed any further until you have confirmed that the property has been taken off the market as this can prove to be another estate agent deception to lie to you that the property has come off the market whilst he estate agent continues to market the property, take viewing's AND offers.

If the property remains on the market then withdraw your offer and let the estate agent know that your not happy about being lied to and thus will not have any further dealings with them and if possible let the vendors know why you withdrew your offer.

Of course the flip side of the coin is that to expect the property to be taken off the market then you really must be in a position to complete i.e. the estate agent is probably NOT going to take a property off the market if you plan on funding the purchase by means of the sale if your existing property as it is just not a firm enough enough offer for the seller to give you exclusivity.

So despite accepting your offer an estate agent is unlikely to take a property off the market if the source of your financing is from the sale of your current property, therefore to improve your own offer status it is best to have completed your own house sale before putting offers on other properties, the further you are away from exchanging contracts on your existing property then the less seriously your offer will be taken.

Always remember that estate agents act for the seller and not the buyers.

Mortgage - Inform your mortgage company that you are going ahead with the purchase so that they can arrange for a mortgage valuation.

House Surveys

Don't just rely on the mortgage valuation that may be termed as a survey but in reality is just cursory report to only ascertain the house value in terms of the approved mortgage. Therefore these should not be seen as a substitute for a proper survey.

Type of survey

For most people a home buyers report will be sufficient to highlight the main potential problems. However, it is probably better to go with a buildings / structural survey that should cover the main structural aspects of the building.

Surveyors - Small firm or large firm?

In my opinion the worst thing a home buyer can do is to get sucked in by marketing, especially on the internet where small local surveyors are able to inflate the quality of their work by focusing on a single city. Therefore you should go with experience over locality and seek to contract with reputable larger firms rather than a one man band outfit as the small guy will tend to be cheaper than the more established firms.

Always be clear to ask exactly what the surveyor will cover so as you are not surprised for instance that checking the electrics was not part of the survey and remember that it could take several weeks for the surveyor to view the property and then write the report.

Negotiating Survey Results

Make a list of the main issues raised by the survey along with an estimate of the costs of repair / rectifying, however don't expect the vendor to budge much from the price unless a structural issue is revealed.

Example survey email -

Hi xxx

I have had a meeting with the surveyor, in total the surveyor estimated that the property was in need of some £12k-£15k of works.

However leaving aside all of the minor issues, such as drainage, brickwork pointing, poor cladding, minor cracks, condensation, roof insulation, waste pipe supports, cracked bedroom mirror etc.

The key items that I have now been made aware of and that should be addressed are -

Retaining Wall - The back garden retaining wall is leaning over - LHS boundary fences are unsuitable for use as retaining walls, these should be taken down and suitable structures built.

Conservatory - The wall between the two large windows is too narrow to cope with the wind load and is cracking (horizontal crack), recommends steel frame reinforcement.

ROOFS
Back flat roof porch is bubbling and has come to the end of its life and needs replacing before it starts to leak.
Roof Ridge Tiles - "It is recommended that the roof is overhauled with ridge tiles and pointed verges repointed prior to winter"
Roof needs to be overhauled as "there are no ceiling joints and hence no lateral support of the rafters. It is recommended that restraint is introduced into the roof construction to prevent the rafters thrusting on the top of the external wall causing distortion and cracking"
Side Shed - The rafters to the timber shed to the RHS have minimal support on the wall plate and should be afforded lateral restraints by ceiling joints, with increased support to the rafter ends.

Please forward this onto the vendors and get back to me with their feedback asap.

Yours Sincerely

xxx

It would also be helpful to get the surveyor to provide an estimate of cost of works.

Expect the negotiations to go backwards and forwards for several weeks as the vendor will obtain builders quotes to address some of your queries. At best understand that you will be lucky to see a reduction in price of 25% of the cost of works listed, i.e. a list of survey issues totaling £15k will likely yield a return of £4k in terms of price reduction, which would still result in a profit compared to the £500 or so of survey costs.

Again I cannot emphasis this enough to go for a large recognised firm that has a good track record rather than a smaller outfit or even a one man band. As a mistake here could end up costing you tens of thousands of pounds!

The last thing you want to hear from your surveyor AFTER you have bought the house and discovered a fault such as subsidence is on pointing out the fault to the surveyor for him to turn around and say "That should not be there" and then quickly move onto something else.

Again do not fall foul of online recommendations as especially the small guy's testimonials are probably self posted BS.

The bottom line is never ever buy a property without having a proper survey done, as likely you WILL regret making such a mistake.

Conveyancing

Apart from securing a mortgage and contracting a surveyor you will also need to hire the services of a conveyancing firm to undertake the legal aspects of house buying process, and as was the case for your mortgage you should also NOT go with the estate agents conveyancing services but rather to independently seek out a local long standing reputable experienced firm.

Again, I cannot emphasis strong enough to contract with a REPUTABLE long standing firm and not a one man band or an online conveyancer due to the risks of being scammed, as you may not even become aware that you have been scammed for several years. For instance the solicitor may fail to pay over the stamp duty due which HMRC may not pick up on for several months or even years depending on how the fraud was orchestrated.

If you do fall victim to a scam conveyancer and receive a tax bill several years later for non or under payment of stamp duty then even if the firm has gone out of business you should be able to receive the compensation via the Legal Ombudsman from the Solicitors Regulatory Authorities compensation fund.

On appointment the conveyancer will issue you with statement detailing the breakdown of total costs as illustrated below for a £450k home purchase.

[redacted]

Quotation for Nadeem Walayat
Matter type: Proposed Purchase

Local search authority:- **not a London Borough**

Fees	£	£
Our fees for a purchase at	450,000.00	650.00
Land Registry Services		20.00
Searches		245.00
Bank Transfer Charges		35.00
Fees sub-total		950.00
VAT		190.00
Sub-total (fees and VAT)		1,140.00
Disbursements		
Land Registry Fee		280.00
Stamp Duty Land Tax		13,500.00
Grand Total		£14,920.00

On receipt of full contact details from your conveyancer you would be expected to pass them onto the estate agent who will then email you a notice of sale that contains the contact details for all parties including brief listings of fixtures and fittings.

Your conveyancer will now request the draft contract from the sellers solicitor and begin the pre-contract enquiries. Following which where you are concerned it becomes a 3 way process with you in the middle between your conveyancer and the vendors estate agent and in this day and age expect virtually all of the communications to take place via email, though you can also call either up to pursue enquiries.

The core of the task that the conveyancer will undertake is to review the sellers draft contract and raise questions form the sellers conveyancer. Additionally the conveyancer will undertake a number of searches that you will have to pay for in advance such as local authority, mining, water and flood risk being the main ones.

Exchange of Contracts

This when all of the enquires have been answered and following signing of the contract on an agreed date the sale becomes binding and the deposit (usually 10%) that you will have lodged with your conveyancer will be transferred to the buyers conveyancer.

Note you will probably be asked to sign the contract and lodge the deposit several days before the actual date of exchange of contracts takes place.

Forms to sign

- Contract copies signed which are exchanged between the solicitors.
- TR1 - Property Transfer form - Requires 2 non family witnesses.
- SDLT - Stamp duty land tax form.

The conveyancer will guide you through the schedule of tasks that will need to be completed as of exchange of contracts such has having buildings insurance in place and to have your mortgage funds transferred to your conveyancing firm usually at least a week before the completion date which is typically 4 weeks after exchange of contracts.

However, do not let yourself be rushed into exchanging contracts, make sure all of the main points you have raised have been satisfactorily addressed. For instance do not rely on promises that the vendor will provide x paper work AFTER exchange of contracts as most likely they won't such as a guarantee for the conservatory.

The only thing that counts is paper in hand do not rely on promises even from their solicitor and especially from the estate agent that requested paperwork would be forthcoming after exchange of contracts.

On exchange of contracts you can also request a letter from your conveyancer to confirm that exchange of contracts has taken place which you can then use for instance as supporting documentation required towards a catchment area school application.

How long does it take from accepted offer to exchange of contracts ?

It is highly variable as it depends on numerous factors so can be as short as 4 weeks or as long as 6 months, especially for large chains. In my own experience you should typically expect the process to take between 6-12 weeks. Remember to keep prodding your conveyancer for where things stand and what needs to be done, else there is s tendency for things to drag on and keep the estate agent in the loop for they can speed up the process of queries being answered between buyer and sellers rather than between conveyancer's.

Buildings Insurance

You can request that the vendor continues to maintain buildings insurance until completion. However, it is best practice to have your own buildings insurance cover in place on exchange of contracts.

Note there will be a long list of questions about the property that will need answering for the insurer that you will need to get the answers to from the vendor via the estate agent so don't leave insurance to the last minute but prepare several weeks before hand.

When searching for quotes you will be typically asked for the rebuild costs, note this is NOT the price but the cost of rebuild which is usually less than the price, typically around 2/3rds the price. For a more accurate rebuild cost see the various online calculators such as at http://abi.bcis.co.uk

The following is a typical list of what you will need to find out to have insurance cover commence from exchange of contracts, and even if you go with the vendor continuing insurance until completion date, still the answer to many of these questions will not be obvious on first moving in.

- Is the property typically occupied during the day, day and night, night ?
- Is the property left unoccupied consecutively for more than 30 days ?
- How many adults live in the property ?
- How many children ?
- Do the occupants smoke ?
- Any person living in the property been refused insurance ?
- Any unspent convictions for those living in the property ?
- Are there any trees taller than 10m within 5 metres of the property?
- Has the property ever suffered tree damage ?
- What types of locks fitted on the main entrance ?
- Types of locks on patio doors
- Types of locks on other entrances
- Are there locks on accessible windows, if so with or without keys ?
- Neighbourhood watch ?
- What type of alarm does the property have ?
- Is the alarm professional maintained
- Does it alert the police
- Are there smoke detectors fitted?
- Any claim for building in 5 years
- Any claim for contents in 5 years

Obtaining insurance details can be a good idea to know exactly who the utility suppliers are to enable a smooth transfer of services on completion day.

Completion Day

This is when the balance of funds have been transferred from your conveyancer to the sellers conveyancer and you can pick up the keys from the estate agent.

Following Completion

Your conveyancer will complete the task of transferring ownership with the land registry, pay any stamp duty due, which illustrates the importance of contracting a reputable firm as conveyancer's have been known to hold onto the stamp duty tax that you are liable for! Also note that failure of the conveyancer / solicitor to pay the stamp duty bill may not become apparent until months or even years after the property purchase. And off course the conveyancer will present you with their final bill.

As a tip you should collate ALL of the mass of documentation you will have at this point including the estate agents brochure to file away for when you next move some years down the road when the material will come in useful.

Also to ensure that everything is in order, after a couple of weeks go to the Land Registry website and purchase a copy of the title register of the property (£3) which should list you as the new owner and the price paid, any discrepancy here should be immediately acted upon i.e. a lower price may indicate that the Conveyancer has pocketed part of the stamp duty!

Moving into Your New Home - What to do first?

You have the keys in hand and the removal truck is on its way, what should you do next ?

1. Take Photos / Videos

Whilst your new home is empty take photos inside and out, back to front, top to bottom, every nook and cranny. Start with the utility meters so that you know exactly what the readings were at the time of moving in.

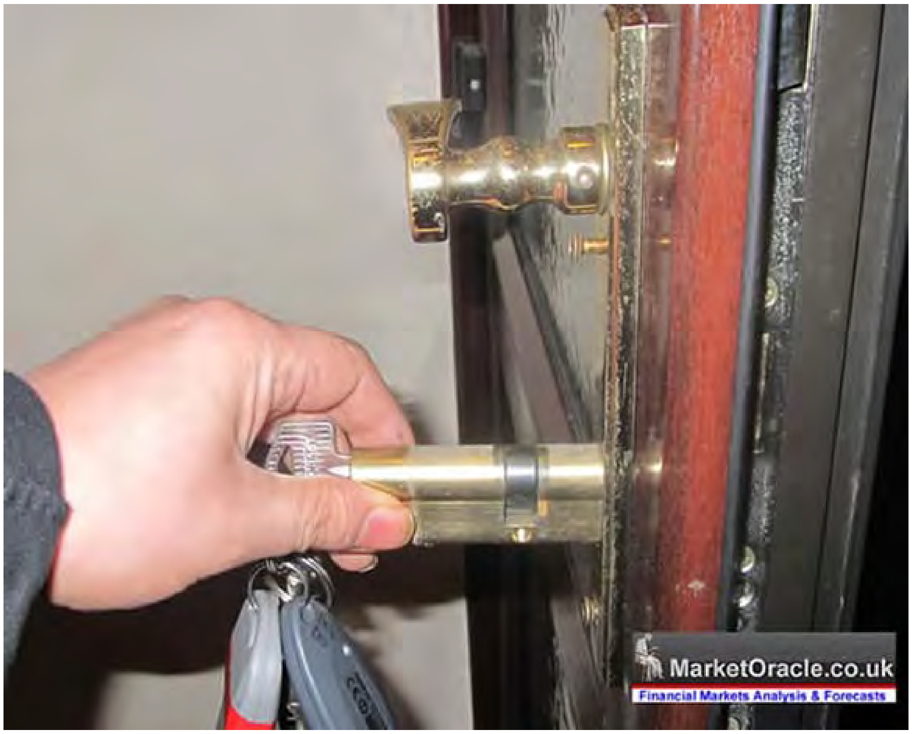
Better still make a video so that your footage covers even more area. This will prove useful in the future when you wonder if anything is different to when you first moved in i.e. was that crack there before, or is the fence leaning a little more than it was before, was that brick already chipped, was that ceiling crack always there, has the drive sunk a little, was that algae always growing there, have some spare slates / paving slabs / decking been removed form the side of your property, or was that plant always dead? etc.... the list will be endless, so take plenty of the photos of the whole property on your very first day.

2. Secure the Property - Change Your Locks

The previous owners will have left you a big bunch of keys with numerous copies to the various doors, and probably hoping that you won't change your keys straight away so that they can continue to have access to the property especially if you have not taken immediate possession i.e. for post, deliveries or bulky furniture that they may have left behind.

Whilst it may seem like a daunting task to change so many locks, however you cannot trust the previous owners even if they may personally be honest because they will have handed keys out during their tenure to friends, family and neighbours, and who knows who else has happened on a copy over the years.

Therefore it is very important to change the locks of ALL external access routes, else you might come home one day to find your garage door open and its contents and probably your home contents also looted.



Change ALL locks at the first opportunity before you begin moving any of your contents into the property. This should be a relatively straight forward DIY exercise, make a list of the locks by type that you need to replace starting with the front door (take photos) and then head off to your local DIY store.

3. ALARM

If your property has an alarm fitted then arrange for the security firm to change the key fobs, else your alarm can be treated as pretty much useless as there will always be someone out there waiting for an opportunity courtesy of the previous owners.

In the first instance if you don't have the manual at hand then go online and see if you can immediately change the alarm PIN number.

4. Secure the Garage

Understand that even locked garage doors can be relatively easily opened, especially as the previous owners or their acquaintances will know exactly how to do to gain entry, so you need to properly secure your manual / electric garage door on day one, which is especially important if it is an integral garage and there may be a delay in moving in. Most garage doors have an inside and / or outside latch for a padlock so that it can be permanently locked.

Obviously for integral garages the inside latches are more secure, and where you don't need a padlock at hand to secure the garage but a simple metal rod or even wire would be sufficient to prevent unauthorised access.

5. Check Smoke Alarms Work

Check that all of your smoke alarms are working properly, which is especially important for battery operated smoke alarms where it may be wise to change all of the batteries on moving in.

I would also suggest buying a can of compressed air and blasting the smoke alarms to clear them of dust to ensure that they are in good working order as you will not know when they were last cleaned, if ever.

Have at least 1 dry powder fire extinguisher used for dealing with oil and electrical fires and a fire blanket in the kitchen.

Also family's should undertake regular fire drills so as to ensure everyone understands what they need to do in case of a fire alarm i.e. get out of the property form the nearest exit.

6. Meter Readings

Try to give meter readings to the properties existing gas, electricity and water suppliers on completion / move in day, and as mentioned earlier take photos of the meter readings so as their is no confusion later on.

7. What to do About Items left Behind and Mail?

Legally, any items left behind in the property once you take possession are now yours to do with as you please. The seller cannot come back to you days, weeks, months or even years later and claim them as their own.

What do to with any mail you receive for the previous owners?

It may seem convenient to just bin it, but that won't stop the mail from coming, instead collate it and when you get time mark as "return to sender, not known at this address" and pop them in the post box.

8. Leaving the Property Unoccupied

If you intend on leaving the property unoccupied for instance if the property needs some refurbishment work, then do not advertise to the neighbourhood that it is unoccupied by sticking a label on the front saying call this number for deliveries etc.

People take notice and act and plan accordingly, the last thing you want to find is that thieves have raided and stripped your property of for instance it's copper piping at huge financial cost to you.

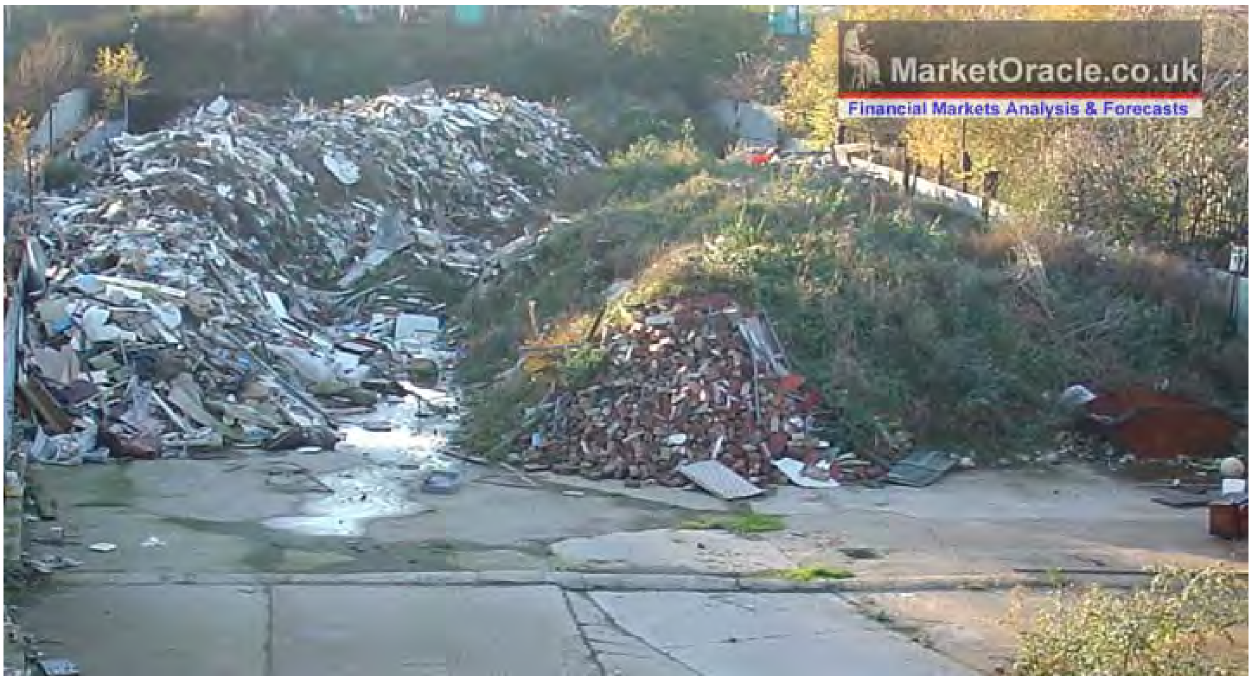
Curtains - If your front windows lack curtains then get those in place as soon as possible so that the property appears occupied.

Car - If you have a spare car then park it in the driveway.

Light Timer - A relatively cheap plug in night light can be bought that comes on at dusk to further give the property the pretence of being occupied.

Attend the property on a Daily basis - You or your representative must attend empty properties on a daily basis so that you become immediately aware of any issues before they escalate. Your property is most at risk during the night, so try to visit it at night and worst during winter when a burst pipe can cause a huge amount of damage.

Secure the property - Apart house locks, ensure gates and other access routes are secure against trespass. Which is especially important if you intend on leaving your property vacant for several months as not only is your property at risk of being stripped bare but your yard / garden could even become a fly tipping site that would cost thousands to remove.



9. Gas Check

Put safety first and do not rely on any paperwork from the previous owner of the last maintenance. Have your gas boiler and cooker (if part of the sale) checked by a Gas Safe engineer before use, make sure they show you their Gas Safe card and that it is still valid.

10. Post Redirection

Redirect your mail from your old address to your new address, this is relatively easy to do online and gives you upto 2 years to change your address. Though do note that you still need to change your address ASAP as in my experience mail redirection is NOT 100% reliable i.e. approx 15% of your mail will still be delivered to your old address.

Also note that at the same time the previous owners will be redirecting their mail to their new address, and note that you will not be able to prevent them from doing so.

11. Phone Line

Have your old homes phone land line disconnected and a new contract started at your new address, note in most cases it will not be possible to transfer over your existing phone number to your new address, but there is a call redirection service so that any calls made to your old number will either be redirected or a message played informing them of your new number.

12. Address Change / Register on the Electoral Roll

Make sure you update the electoral register for your address, this is very important because it will remove the previous owners from being able to use your address for many services reliant on electoral roll checks.
Normally electoral roll documents are sent out once a year (September), so depending on when you made your move the previous owners may remain registered and able to continue use your address for upto another year. Your city council will provide a downloadable form that will allow you to register.

Other address changes that should be at the top of your list are -

- Inland Revenue
- Child Benefit
- National Insurance agency
- Banks & Credit Cards
- DVLC for every car.
- Car Insurance company
- Car Recovery
- TV Licence
- Dentist
- Online retailers such as Amazon, Ebay and Pay Pal.
- Opticians

13. Transfer Services

Ensure that the transfer of services has been acted upon such as broadband, satellite tv, which will probably require an installation visit to be arranged.

14. GP Surgery

Register your family with your local GP. This should be a straight forward single form filling exercise for each person.

15. Change Utility Suppliers

Once the meter readings have been accepted i.e. there is no dispute then search online to see if there are more favourable deals than your properties existing supplier and then action the switch.

16. Faults & Missing Items

There is nothing much you can do against the vendor if you discover a fault that was not picked up your surveyor, depending on the issue and the type of survey you could try and gain recompense from the surveyor though be prepared for a lengthy legal battle.

Where damaged fixture and fittings are concerned such as the boiler does not work or a fitted wardrobes mirror is cracked, banister railing loose, there is nothing much that can be done as the seller can state that they were fine at the time and no warranty was given.

However if listed items are missing then your conveyancer can raise an issue with sellers solicitors and they will either return the item or pay an equivalent sum of money.

Being Good Neighbours

One of the keys to a successful long-term home move is to is to be focused on getting on with your new neighbours, as you will be living next door to them for many, many years, so you must go the extra mile to get along with your new neighbours regardless of whether the previous owners had any disagreements with them.

The fundamental principle is one of reciprocity, if you are good to your neighbour then your neighbour will be good in return, thus you will BENEFIT, reap a positive return on your investment. Whereas if you are bad with your neighbours then you will pay a price, suffer a loss. Therefore it is in your own interests to ALWAYS be a good neighbour. It is akin to an insurance policy where the pay off is one of a better quality of life.

One of the worst things a new home owner can do is to start making demands of their new neighbours for instance that a tall tree may be blocking sun light, or any number of other issues that can prompt arguments. The key point is that you should NEVER make any demands of your neighbours as it is far better to put up with a few minor annoyances than to embark on a path towards bad neighbourly relations that can soon escalate and lose all sense of proportion.

Furthermore as a new neighbour you should be open to any reasonable suggestions your neighbours may make, especially as you may be totally unaware of any burning issues such as over hanging tree branches etc.

My top 15 Good Neighbour Check List

1. Following moving into your new home introduce yourself to your neighbours when convenient.

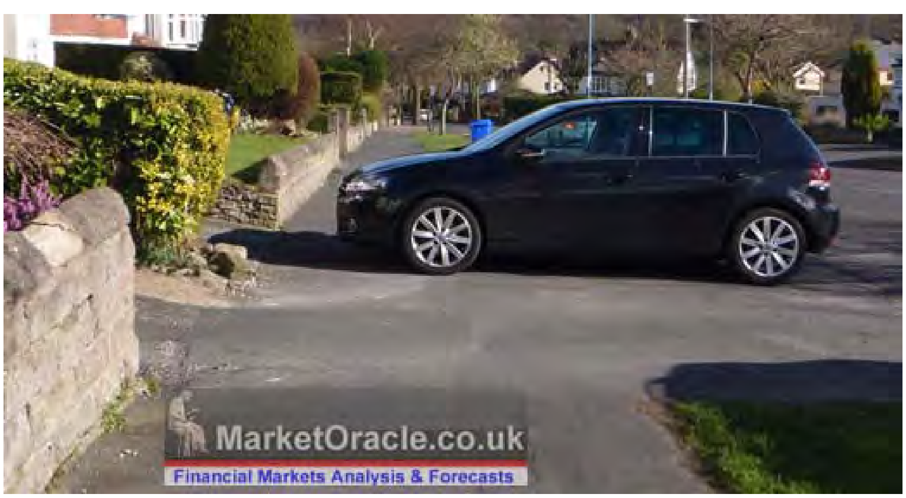
2. Always seek to be helpful, i.e. accept postal deliveries when they are out, put their bins back following collection days.

3. Keep your animals under control, especially dogs so that they do not bark at your neighbours or during the night and should NEVER go onto your neighbours property.

4. Never enter into any arguments with your neighbours, even where your neighbour is clearly in the wrong, though everyone tends to think they are right and the other person is wrong.

5. Don't be a nosey neighbour. Respect your neighbours privacy, don't expect your neighbour to have the same tastes in flora and forna as you so don't offer such 'advice' because they will likely not be interested in their garden or frontage coming to resemble a copy of yours. Remember your property stops at the boundary fence or wall and what goes on beyond is none of your business.

6. Ensure you never block drive ways, or footpaths and always try to park outside your own home rather than outside a neighbours property, though in built up areas / terraced streets this may be harder to achieve.



7. Never make demands of your neighbour for x,y,z to be done. Or complain about their visitors who may have parked out side your property, remember that you don't own the road outside your home, where anyone can park as long as they do not block access to your drive.

8. Ensure that you notify your neighbour in advance of anything that could impact on them i.e. if you intend on having a section of the fence replaced then as a matter of courtesy notify your neighbour of what you intend on doing and when and off course this is a must if you intend on undertaking any major building works.

9. Ensure you take account of the impact on neighbours of any fires you light, for instance barbeques or garden incinerators, take account that differing materials produce more or less smoke i.e. green material produces a lot more smoke than wood logs, and ensure that neighbours do not have any washing out when fires are lit, also check the weather forecast to pick a suitable day noting that fires are more convenient if lit late in the evening.

10. Make sure that your garden equipment and furniture is adequately secured and unlikely to blow into a neighbours garden.

11. Avoid noise at night, have a cut off point of for instance of 10pm beyond which the volume should be turned down. If you are going to be having a loud party then ensure you let your neighbours know in advance.

12. Keep your property and garden in order i.e. when your neighbour mows their lawn then soon afterwards so should you. If your neighbour paints their fence then soon so should you etc.

13. Keep driveways clear of rubbish and lawns kept short, there is nothing worse than for a neighbouring driveway to have a broken down old car sat rusting away for years - scrap it!

14. Don't dump rubbish onto your neighbours property, this may seem rather obvious but for instance throwing a pile of leaves over the fence at the time may seem like an convenient way to get rid of garden waste but don't expect that your neighbour will be too dumb to figure out where the new mound of leaves came from. Similarly if you find paper / plastic bags blown into your garden don't throw it over the fence as more than likely it will have come from elsewhere and if seen you risk your neighbour misinterpreting your action.

15. Cold Calling Door Step Services

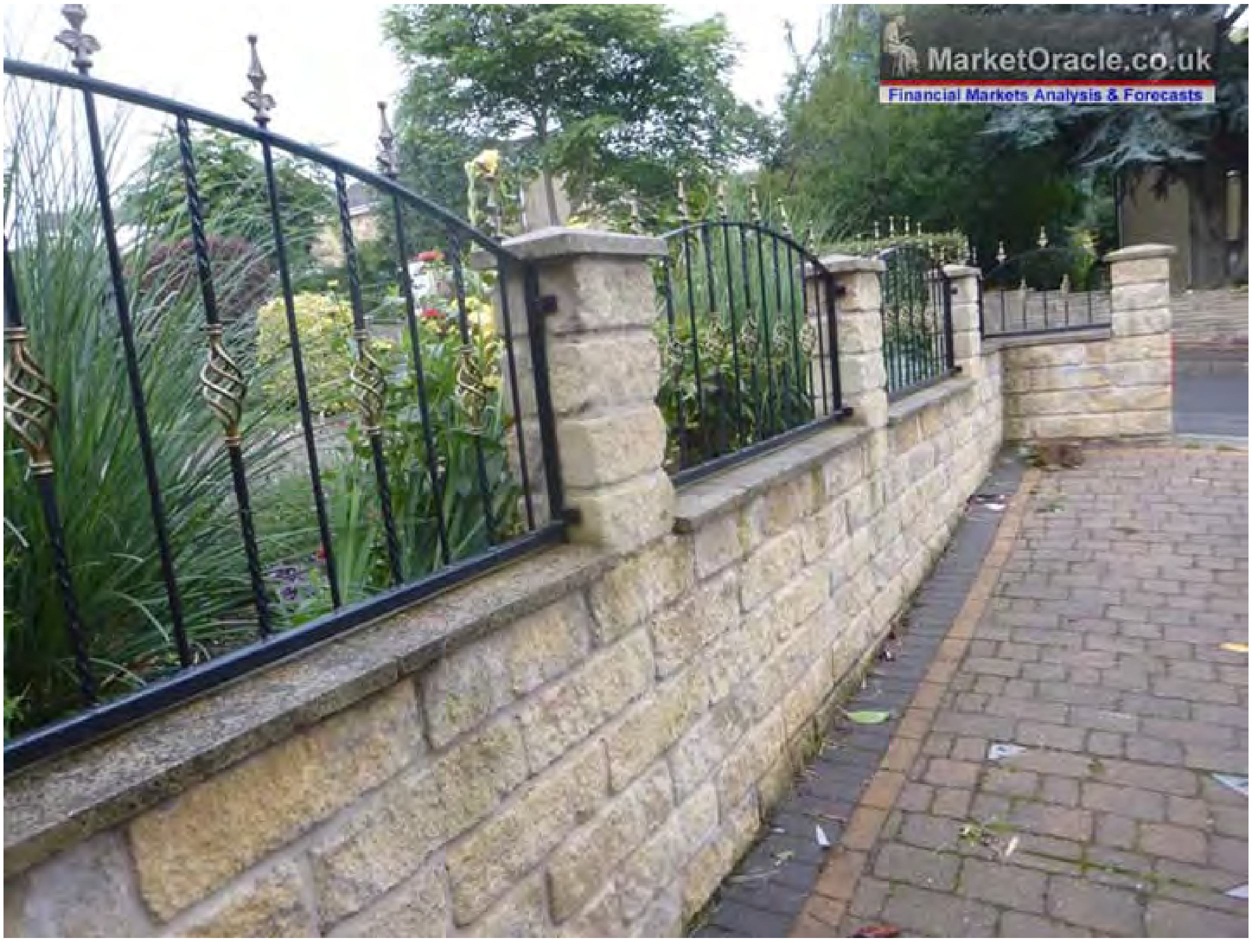
As a new arrival in the area you will be more prone to falling foul of cold calling that tend to offer over priced door stop services such as driveway cleaning, so be on your guard for such services as having your driveway or roof pressure washed, which even if they job proved competent if not expensive could still result in the caking of your neighbours property in sludge, even if you clearly stipulate that no dirt should spread to neighbouring properties. Therefore either contract a recommended service provider or better still learn to do the such jobs yourself as it is not rocket science rather than take a risk of falling out with your new neighbours due to someone else's lack of competence.

Yes, I understand that these suggestions amount to a programme for social conditioning but that is human nature, our pre-programming by the means of natural selection towards social conditioning so as to enable society to function, else there would be no towns and cities let alone nation states.

Dealing with Issues with Neighbours

Most must have seen the early 1980's movie 'War Games', well the outcome of going to war with your neighbour will always be the same - YOU BOTH LOSE! So the the key to dealing with issues with your new neighbours is not to escalate what may start out as minor issues into disputes but instead to seek out ways of deflating the issues.

An example of an issue that often crops up is that following moving into your new home is that you may not be aware that your neighbour may have come to perceive a bordering part of your property as falling under their dominion and thus may see anything that encroaches on this space of your property as an infringement of their perception of the presentation of their own property.



Therefore home buyers should be aware of the potential for such issues by understanding this as being one of the potential consequences of moving house which requires a gradual step by step process to be adopted of weaning your new neighbour away from their perception dependence through a programme of social conditioning.

For instance it is always good practice to let your neighbour know before hand what you are contemplating doing in / near bordering areas of your property and ask their opinion for instance if you are going to plant a bush, tree, paint the fence or erect some other temporary structure as it is highly probable that their response will be compliant rather than confrontational.

Another strategy to tweak your neighbours behaviour is by doing good deeds for them i.e. by watching over their property when they are away, texting them updates / photos. Or by putting their bins back on refuse collection day. That way you both gradually tweak your neighbour towards reciprocating your actions as well as instilling a feeling of embarrassment in respect of any preceding behaviour.

An additional long-term measure to prevent issues from flaring up is one of deterrence i.e. by installing a cctv camera where today many relatively easy to install and manage all in one HD wireless solutions are available. Though don't go overboard and spark issues by installing multiple camera's some of which may clearly more overlook your neighbours property than your own.

Even then in most cases it would probably be wise not to act on recordings of nocturnal activities.

The bottom line is that you have to get on with your neighbours through a long-term strategy of reciprocity, as the alternative is for what initially started as minor irritations to fester and escalate over time and spiral out of control.

So remember that the only way to get good neighbours is to first be a good neighbour.

Dangers of Very Good Neighbours

Whilst the primary objective is to get on well with your neighbours and mitigate any issues that may crop up from time to time. However conversely you can be encouraged to become too friendly with your neighbours which can result in just as bad an outcome as would falling out with your neighbours. So here are more golden rules for preventing things from going wrong.

1. Never lend or borrow money to or from your neighbour.

Whilst it can be tempting to help your neighbour in their hour of need by lending a small amount of money where the consequences of late or non repayment are minimal but the behaviour pattern it reinforces will ultimately result in ever larger amounts being loaned.

Meanwhile whilst short of cash it can be tempting to ask for a favour, however this will sow the seeds of resentment whenever excuses are made as to why repayment is late and will send out a sign of at least financial weakness.

2. Never Invest in a Business with your Neighbour

A step up from lending money for day to day living costs is to be enticed into loaning or investing into a business with your neighbour as this is a clear sign of at least an inability to secure risk capital / bank loan or if the request is to invest into an existing business then the rose tinted picture being painted of potential profits may not reflect the actual reality of a business that is probably on the edge of collapse and that your neighbour sees this as their last ditch desperate attempt to keep the business chugging along with YOUR money.

You don't have to be a genius to figure out what is going to happen some months down the road. Your neighbour is going to be back with a request for even more money which you will be highly pressurised to provide lest the business goes bust because you failed to comply thus losing both you and your neighbours investment and so it goes on as like a black hole all of your liquid wealth will be swallowed up.

So, whilst we often hear about it being okay to pop around to your neighbours for some sugar, milk or tea, but the problem is that this is how things start when neighbours become too familiar and the trends escalate. So yes whilst it is good to do your neighbour a favour once in a while, however do not let it become an escalating trend.

Again

- NEVER LEND or BORROW MONEY FROM / TO YOUR NEIGHBOUR
- NEVER ENTER INTO ANY BUSINESS DEALINGS WITH YOUR NEIGHBOUR

As the likely outcome is not only that good neighbours turn into neighbours from hell but also you will lose a significant amount of your money!

The simple solution is to always state that as a rule you never lend or borrow money.

Home Sellers Guide

Why Do You Want to Sell?

Is it for a job, change of location, to downsize or more space?

If its for more space than have you considered extending your property?

Extending might appear very daunting in arrange planning permission and builders, though many extensions fall under permitted developments. However, in my experience extending ones home tends to prove to be a far smoother exercise than moving home. So it may be better to stay put and extend rather than move, especially as your financial circumstances such as lack of equity may make this financially a better option.

The Secret to Successful House Sales

The key to achieving successful sale of your home is for it to be beyond just being in a general good state of repair but to have several wow factors such as extra parking spaces (paved over front lawn), garden decking, and ample storage space that fully utilises the interior area without becoming an eye sore amongst many ideas presented in this ebook so that house hunters will pleasantly remember your home above others and thus be more likely to put in a higher offer.

Forget about appealing to the minority of people who seek out houses that need a lot of work doing to them, instead you want house hunters to perceive your home as needing as little work doing to it as possible so rather than be faced with a house in a state of disrepair with many obvious issues, instead you want to ensure that your home has every potential problem dealt with before putting it on the market. A house in a good state of repair will be far more welcoming of higher offers than a home that is in a state of disrepair that house hunters will soon forget as they walk out of your door.

Again, you want to pleasantly surprise house hunters so that they REMEMBER your property, do not think that you will leave x,y,z for the buyer to sort out. If it needs sorting out such as green algae growing all over the conservatory roof then have it dealt with!

Another important factor is to make your home appeal to the most number of potential buyers, which means taking the time to present it in neutral colours and ensuring that it is completely clean and tidy, which at the very least will deter some from making ridiculously low offers as well as making you more proud in showing your house to viewers.

The first thing to understand is that home buyers are looking for rooms to be as intended i.e. if your home is listed as having 4 bedrooms, 2 reception rooms and home office then that is what they will expect to see and that is how the rooms should be presented, not for instance using 1 of the 4 bedrooms for storage or worse still presenting home buyers with empty rooms!

The best starting point it to see things from a buyers perspective, therefore rather than repeat what has already been written a home seller's starting point should be to thoroughly study the preceding home buyers guide as that will show you what you need to get done to make your home more appealing to home buyers and boost your homes valuation and invite high offers that result in quicker sales.

The subsequent section on home improvements contains 15 in-depth guides on how to increase the value of your home, more than enough to keep even the most enthusiastic of home owners busy for several years! However, if you are thinking of putting your home on the market in the near future then pay particular attention to those sections that entail less work such as on painting, decorating, maintenance, and presentation.

The bottom line is that you want the prospective home buyers to imagine themselves wanting to live in your home as that will gloss over any negative issues your property has as every home has its good and bad points, it's just that you want to exaggerate the good points whilst negating the bad points.

Summary of actions to take prior to putting your home on the market.

- Painting and decorating in neutral colours, ensure the smell of paint has well dissipated before inviting viewing's for there is nothing off putting than a strong odour of paint that sends alarm bells ringing i.e. one home I viewed literally reeked of paint that completely put me off any of its good points.
- Front and back garden trees and plants pruning, including considering removing all trees within 10 metres of your property.
- Make sure gutters and drains are clear of debris and functioning properly i.e. not clogged.
- Have good neighbourly relations.
- Mortar any exterior holes and repair renders.
- Minor internal repairs such as replacing cracked tiles, plaster over holes in the walls, ceiling cracks and clean stains.
- Clear away all clutter, hide materials used to decorate such as paint cans.
- Thoroughly clean the inside and outside of your home i.e. doors, windows, carpets, floors, ceiling fixtures, patio and driveway power washing.
- Make sure your home can be easily found - replaced your old house number.
- Present each of your rooms in their proper function i.e. all bedrooms should have beds in them!

De-clutter Your rooms

Sell what you no longer need as a cluttered room will look smaller and less appealing. Put personal effects such as arrays of ornaments into storage so that they do not distract home buyers from the property.

The goal is to maximise the feeling of space which means minimising furniture and personal effects.

Painting and Decorating.

Make sure to give time for any smells associated with DIY jobs to dissipate before having viewers around.

Also remove all signs of the materials used such as cans of paint as you want to give the impression that the property has been in its present state for some time, rather than imply that recent painting and decorating may be masking issues.

Neighbours

Ensure that you are on friendly terms with your neighbours, so this is not the time to get into petty arguments, instead you should seek out active ways to foster good neighbourly relations for instance to cut overhanging tree branches, or even put their bins back after collection, accept packages when they are out etc.

Are You Ready to Sell?

Fully evaluate your situation before putting your house in the market, i.e. what have you done in terms of your mortgage and next property as it is no good putting your house on the market if you have not even taken the first steps towards where you will move to as this would put off prospective buyers.

The last thing you want to happen is that having left things late that you are forced into buying a less suitable property, so at least have a list of possible properties that you have viewed that you would be happy buying before putting your own house on the property.

Also have a plan B in that if worst came to the worst that rather than be forced into buying that you are able to move into rented accommodation.

Another option is to buy your next home before selling your existing home as you will not be in a chain and be a more attractive buyer and of course you will not be rushed into selling to meet a strict selling / buying time table. However the clear downside is that now you will have two mortgages to service for a period of time.

In summary right at the start you need to seriously consider what you will do following accepting an offer on your home and by time of exchange of contracts, i.e. where will you move to?

What if Your Home is Empty?

Empty homes will attract much less attention / higher bids then furnished homes. This is because it is more difficult for viewers to imagine themselves living in your home than if all of the rooms are furnished. Therefore if you have already moved out and your home is empty then you would be well advised to move some of your best furniture and fittings back into the empty house so that each of the rooms is presented properly.

Self Sell Your Home?

Should you sell your own home ? After all there are a number online sites offering packages as cheap as £100 that can seem very enticing when compared against to estate agent costs that could run to several thousand pounds. In my opinion will be a huge waste of time.

a. Even if you do manage to sell your property yourself , it is highly probable that you will have achieved a far lower sale price than could have been attained, thus having saved pennies to lose literally thousands of pounds.

b. It will probably amount to a time wasting exercise where after probably a year you will give up and go to your local estate agents.

Buy Your House For Cash Services

The broadcast media and internet is littered with adverts for *"We will pay cash for your home"* services. Such services can seem like a godsend for many home owners facing a relatively lengthy and stressful process of trying to sell their homes via estate agents. The property buying companies tend to give great sales pitches with many testimonials of how easy and simple the whole process is as they take care of literally everything and make great house valuation promises and all the home owner needs to do is sign on the dotted line, so it is no wonder that many thousands of home owners get tempted into take this route.

So, yes the "buy your property for cash" services appear to be a relatively painless, easy way of selling ones homes for a great price.

However there is a fly in the ointment .

In my opinion 100%, Yes, 100% of these company services are a RIP-OFF!

They are RIPPING off Home sellers up and down the country and the faceless, clueless, toothless regulator is doing NOTHING!

Understand this you will be LUCKY to realise even 50% of the value of your home! and worse still there are those literal Sell and Rent services that are out and out SCAMS!

* SCAM * SCAM * SCAM

I.e. services that say we will buy your house from you and then you can rent it back from us. There are literally thousands of horror stories of home owners who have been duped by such SCAM services.

As a home seller, if you only take away 1 piece of information from this home sellers guide then it would be to STEAR CLEAR of ALL such services!

Estate Agents

In my opinion home sellers have no choice but to sell their homes through an estate agent as they will tell you exactly how much your property is actually currently worth. Search online reviews for who are ranked as the best estate agents in your area and always obtain at least 3 valuations and go with ability to sell over valuation.

The estate agent will tell you that he works for the seller and not the buyer and that they have your best interests at heart as they seek to obtain the highest offer for your property. However, whilst buyers understand that the estate agent does not work for them, unfortunately sellers only find out after the fact that the estate agent does not work for them either, as the truth is that the estate agent works for the estate agency to maximise their revenues and profits, so basically their perfect scenario is to rip off both buyers and sellers!

See the section on estate agents in the house buying guide for the tricks they pull on both sellers and buyers.

Unfortunately home sellers have no choice but to use a local estate agent, despite the risk of getting ripped off. In which respect every home seller needs to research the experience of other home sellers in the use of the local estate agents and select an estate agent that is experienced in selling your type of property i.e. some estate agents tend to be experienced in selling properties at the lower end of the market whilst others at the higher end of the market.

The key point when entering into a myriad of differing contracts with local estate agents is to understand that you cannot just sit back and leave it upto the estate agent to do all of the work, instead you have to be proactive and constantly chase the estate agent for actionable viewing's.

Becareful of what you tell your estate agent of your financial circumstances as they will likely seek to take advantage of it. Remember an estate agent is not just there to sell your property but also sell you a multitude of commission generating services such as home insurance, mortgages, conveyancing etc...

A good estate agent (there are a few) will only really start to do their job AFTER the offer has been accepted as they attempt to guide the sale through to completion at which point they tend to get paid so the last thing they want is for the sale to fall through.

And ironically you will find the best estate agents in dead markets whilst the worst estate agents will be in hot markets.

Virtually all estate agents will tie you into an exclusivity contract, typically for a minimum of 3 months.

Price the Property to Sell

The mistake many sellers tend to make is to over price their properties which then means that the property sits gathering dust for several months with few or even no viewing's before the seller is forced to cut the price / accept a far lower offer. Therefore price the property to sell by researching what other similar properties in the area actually sold for and what other properties in the area are asking. Understand that the buyers will have undertaken far more extensive research of how much properties are worth in your area so even 1 or 2 percent change in price relative to that of others can make a huge difference to buyer interest.

Conveyancing

You should instruct a solicitor at the same time as you instruct an estate agent so that they can start preparing the draft contract and similarly you should collate all of the necessarily paper work that will probably be requested such as guarantees and permissions to extend. Your estate agent may recommend their own conveyancer, understand that it is nearly always better to go with another company.

Avoid online conveyancing services, instead go with a local experienced firm that you can easily get hold of on the phone or if need be visit their offices and if you are buying at the same time as selling you may be able to get a small discount.

Your House Website

Prepare a simple website that presents your property in its very best light that will far surpass the handful of photos that estate agents tend to use and this will go a long way towards making your property stand out and guide prospective home buyer decisions in coming to view themselves as living in your property.

Remember, as soon as buyers are interested then they will be searching for anything that they can find online about your property as the tendency for all buyers is to google the addresses of properties. Also when people view, tell them that you have made a website of photos of the property, hand them a small card with the web address on it.

So plan a good 6 months ahead of putting your home on the market so that the website is complete and indexed by google and fill it up with images that show the property at the best times of the year i.e. when your garden is in full bloom.

However do not see this as an alternative to using estate agents, but rather as valuable additional promotion.

When to Put your Home on the Market

Your home will be best presented in mid Summer, especially if you want to attempt to distract for instance from neighbouring buildings or trees that may block sun light at other times of the day or year. Therefore you should aim to have your home on the market by early May of each year ready for the busy summer house hunting season when housing markets tend to see 1/3rd more viewing's than during the dark winter months. So plan ahead to get your house ship shape for early Summer so that you have a good 5 months of bright sunny weather to get your property sold.

If you have left things late and contemplating putting your home on the market in for instance October onwards then it may be better to delay marketing your property until the following May which will give you ample time to deal with your long to do list as well as encourage more interest amongst buyers focused on homes more recently put onto the market than those that have already been on the market for some time.

Viewing's

Having done all of the hard work to have all of your rooms clean and presented in their intended manor. Some quick finishing touches would be to further accentuate the rooms on the day by ensuring that they are all bright and appealing. Highlight all of the positive elements that they might find pleasantly surprising such as hidden storage spaces, quiet street, good schools etc.

Flexible Timings

As a seller you need to be very flexible and be prepared to fit in with viewers time tables. Also remember that the viewer may be coming from a distance and so for their first time they may come late so do not make it an issue as it will put off the buyer.

Pets

Make sure your pets are not at home and have their equipment such as food, bowls, toys and baskets put away. The last thing you want to do is put off a prospective home buyer who hates dogs or worse has an allergy to animal hairs.

Sell Your Area

You have to realise that you are not only selling your home but the area that surrounds it so make a list of all of the positive reasons for living in your home and not just the usual of good schools such as -

- Friendly neighbours that fit in with the prospective buyers, i.e. where they have small children refer to nearby neighbours with small children. If retired refer to quiet retired neighbours etc.
- Point out green open spaces, such as nearby fields, parks, walks, country side.
- Local amenities such as GP, chemist, shops, super markets within walking distance

Reason Your Selling

Have a good reason for why you are moving such as relocating because of employment i.e. make the point that you are sorry to be leaving such a great area but have to relocate due to employment.

PRACTICE - Have a friend or partner play out the role of a prospective buyer, asking questions as you lead them around the property.

SMELL

Ensure that all of your rooms smell nice, use plug in air fresheners plugged in around the house. Don't take a dump minutes before the door bell is due to ring!

Buy some freshly baked bread for the kitchen to entice home buyers with.

Again all spaces should be clean and tidy

Light and Bright

Make sure all of the curtains and blinds are open and all of the lights are switched on.

Viewing's Feedback

Even if most viewing's do not result in offers they will still result in valuable information. All competent estate agents should call the viewers for feed back on the property which you should then seek to act on any negative comments for future viewing's.

Accepting an Offer and working towards Exchange of Contracts

The highest offer is not necessarily the best offer for as a seller what you are looking for is the ability for the buyer to complete. Therefore the closest they are to being a all cash buyer then the better the offer, here your estate agent will be experienced in ascertaining the quality of offer (if they are not playing a game in their own interests).

Offer rankings

1. All cash offer

2. Cash plus firm mortgage offer.

3. Other arrangement that does not rely on selling their existing property.

4. They have exchanged contracts on their property and are working towards completion.

5. Have accepted an offer on their existing property and are working towards exchange of contracts.

6. Their property is still on the market and have yet to accept an offer.

Another point to take into account is that it is usually better to buy from a buyer with prior experience of buying and selling over a first time buyer who is more likely to get cold feet and be put off buying during the process of conveyancing.

Following the acceptance of an offer then the buyer will expect you to take the property off the market. However you will need to weigh up the buyers ability to complete the purchase before taking your property off the market. For instance if they have yet to sell their own property then it would be unwise to take your property off the market whilst if they are an cash buyer then it would be foolish to put the buyer off by not taking your property off the market. Your estate agent will advise you on what is the best course of action.

Understand that accepting an offer is NON binding, so you can change your mind at anytime, even accept a higher offer (gazumping) though this is frowned on as the buyer will have spent money on legal fees and there is no certainty that the new buyer will not gazunder (drop the offer price) at a later date.

The key towards a successfully outcome is SPEED, do not waste time in delaying responding to queries, understand that the longer the time between accepting an offer and exchange of contracts then the greater the chance of the sale not going through. So keep in regular touch with your solicitor and act on all queries promptly.

Where Are You Going to Move to?

Have you arranged to move to your new home in line with the completion date or will you rent for a short period of time, these question need to be asked long before you accept an offer on your property as the last thing you want to do is to be forced to delay the house sale because you are not in a position to move which increases the risk of the buyer pulling out.

What if the Sale Falls Through?

In the UK approx 1/3rd of property sales fall through, however you can mitigate the risks by ensuring that all queries are answered promptly by ensuring that your solicitor is kept under pressure to act promptly. So again where selling properties is concerned SPEED is the key.

Another problem sellers face is gazundering where the buyer decides to drop the price. To mitigate the risk of this time your sale at a higher demand time of the year such as Summer when even if the Buyer is still looking at properties he/she will see many of the ones they may have been interested in being listed as sold so thus making them more likely to go ahead with the purchase.

And finally one of the primary reasons for a collapse in the sale can be completely out of either your or the buyers control as the weakest link in the housing chain breaks, though good estate agents will be in contact with one another trying to keep the chain together.

Note: Neither party can pull out after exchange of contracts. Well they can but it will be breach of contract which means suing to force completion which means lots of legal fees that the guilty party will have to pay for and compensation. Luckily it is very, very rare for sales not to complete following exchange of contracts. So if as a seller you have exchanged contracts but now are thinking of putting your home back on the market because you may get a lot more then DON'T even think about it because you will be FORCED to complete PLUS costs or probably settle out of court for several tens of thousands of pounds.

What if My Property Won't Sell

If your property fails to get any serious actionable offers for over 6 months then your estate agent will best able to advise you on the primary reasons why which will usually come down to one of PRICE, as in all likelihood you have priced your property out of the area. So the simple response could be to cut the price, how much to cut depends on how eager you are to sell but usually the more sizable the cut the better i.e. 5% or even 10%. Also it maybe wise to remarket the property with a new estate agent as you may have made a mistake in the selection of estate agent.

If the state of the property is the primary reason why the property is not selling then its is probably best to take the property off the market and deal with any issues concerning its appearance and state of repair before putting it back on the market ready for following summer's buying season.

At a minimum you should seek to commit at least 2% of the value of the property on home improvements rather than seek to spend a couple of hundred pounds on just a quick paint job, for spending 2% will prove far more effective than cutting the price by 2%. Take a look at the extensive home improvement guides and do not become focused wholly on internal renovations by ignoring the importance of curb appeal.

Moving Out

See the home buyers guide on what to do when you move, such as change of address, meter readings etc.

Top 15 Home Improvements to Increase the Value of Your Home

Moving home can be one of the most stressful times in ones life, therefore before one considers moving it may be better to fully evaluate the potential that your existing home presents in terms of a myriad of possible home improvements that not only make your home more livable but also add significantly more to your homes value than the amount spent.

In today's age it is taken as granted that your home has both double glazing and central heating installed, if for some reason you have been putting off installing either of these than that will be a huge red mark against your home when you put it on the market as it will ring the warning bells amongst viewers that there could be much more wrong with your property. Similarly this guide assumes that if there are any serious structural issues such as subsidence then these will already have been dealt with before hand.

Therefore for the few homes still lacking central heating and double glazing then that should be the starting point for your home improvement plans, especially as both will result in ongoing saving money on energy bills.

What follows are what I consider to be top 15 key areas for home improvements that are likely to result in both a better living space and an increase in the value of your home to a greater extent than the costs incurred.

As a guide the estimated increase in value in terms of the percentage of costs incurred are also listed i.e. 100% add to the value of your home means 100% of the costs incurred will likely be be recovered so break even, whereas 50% would mean only half the costs are likely to be recovered thus a loss.

Also note that the more extensive works such as extensions and loft conversions factor in the use pf reputable builders which incur an additional VAT charge of 20%, therefore the pricing will be higher than many home owners originally expect as they will probably have failed to take VAT into account.

Another point to make is that building works usually do end up costing far more than the original estimates due to unforeseen circumstances and changes to requirements, therefore you should also add an contingency for all works of at least 15% which I have NOT included in these calculations. And finally these calculations are for the outside of London, whilst in London, you should typically add 1/3rd to the estimated cost.

The bottom line is where home improvements costs are concerned add 20% for Vat and a 15% contingency as the costs will likely significantly exceed your initial estimated budget.

1. Home Extensions

Percentage added to home value of 150% to 200% of typical costs incurred. Typically £35k spent can convert into as much as a £70k increase in value.

The best way to gain extra living space for most home owners is by extending ones home. Home extensions whilst tending to cost the most can by far yield one of the greatest percentage increase in a homes value that depending on the quality of works can yield 2 to 3 times the cost in terms of increase in value and therefore is at the top of the home improvements list.

Home extension plans can take one of two routes of either a full planning application or the usually the easier option of extending under permitted developments that allows home owners to improve their properties without the need for planning permission. Though despite this it is still wise to run home extensions by your local planning department first.

What to Consider

Plans to extend your property depends on your living space needs, finances and the area you live in, for a higher priced and more in demand location will result in a far greater increase in value than a run down inner city location that may not even result in covering ones costs. So when contemplating extending properties keep in mind the ceiling price for similar properties in your area and not spend to price your property more than about 10% above the highest sale price for similar properties in your area.

Key Points:

- Finances and estimated costs, professional fees and 25% contingency because there will be a number of unforeseen costs such as replacement of your existing boiler to cope with extra load on the central heating system following extensions.
- Will the local market bare the increase in price.
- Extend under permitted developments or seek planning permission.
- Duration and amount of disruption involved.
- Impact on neighbours.

Permitted Developments

Whilst a full planning application can be daunting, costly and time consuming, still extensive works can be undertaken what fall under permitted developments such as double and single storey back and side extensions.

The limits for singly story extensions have been doubled for a 3 year period from May 2013 to May 2016.

Single story extensions

- Terraced - 6 metres
- Semi-Detached - 6 metres
- Detached - 8 metres

Double Story extensions

- Terraced - 3 metres
- Semi-Detached - 3 metres
- Detached - 3 metres

Key Rules

- Not covering more than 50% of the area around the original house.
- Not extending forward of the original house.
- Single story extensions under the new permitted development of 3-6m or 4-8m are subject to neighbour consultations.
- Two storey extensions at least 7 metres from the rear boundary.

This amounts to a doubling of previous permitted developments. And depending on how well the extension fits in with your existing property can typically add at least double the cost to your homes value as long as you do follow the recommendations of professionals and not for instance attach a dark flat roofed box to the back of your house.

However some pointers you need to consider before undertaking permitted developments -

1. Taking the impact on your neighbours into account.
2. Use of professional services such as an architect to get it right first time.
3. Has your home already been extended? Possibly by the previous owners.

4. Discuss your plans with your local council to ensure that you would not fall fowl of planning rules.
5. Check your deeds for any covenants or any restrictions which could cause an issue.

If in doubt put in an application for planning permission.

Planning Applications

If your finances allow it then extensive works can be undertaken following the successful application for full planning permission that includes consultation with your neighbours.

Though be warned that budgeted costs can easily mushroom and in many cases for really extensive multi-sided works on existing properties can end up costing more than to demolish and rebuild from scratch.

Basically anything considered as being outside the scope of permitted developments will require planning permission.

Unless intended works are straight forward i.e. relatively minor adjustments to your property then my best advice for most without experience in making planning applications is to contract the process out to an all in one firm to design, prepare the architectural plans, survey, seek building regulations approval plans, and make and manage the actual planning application for you. At a minimum the whole package will cost at least £1000 and could easily rise towards £5,000 for extensive works.

Even if you intend on making the planning application yourself it can still be useful to consult with architects on what you can and cannot do.

The next stage will be to contract a builder to undertake the works for you, in which respect you really will get what you pay for so do not fall for cold callers who will have seen your planning application on the local council's website and may start bombarding you for business by making too good to be true promises. The best place to start is the Federation of Master Builders (FMB).

The key to successful homes extensions is for the new addition to blend in as seamlessly as possible with the existing structure, where the more obvious the new works are then the less value they are likely to add to your home.


Which means careful attention to detail needs to be made at the planning stage on for instance whether to go with the extra cost of replacing the entire roof rather attempt to save money by just adding a new roof over the extended area, the result of which can stick out like a sore thumb.


The bottom line is that when contemplating extending ones home is to fully appreciate the ceiling price for similar properties in the area, so not to price your property out of the area by incurring costs beyond what prospective home buyers would be willing to pay.

Planning Permission Adds Value

You don't need to go ahead and commence building works to benefit from an increase in your homes value for the fact that you have planning permission granted will make it easier to sell your home as prospective buyers will have a better idea of the extending possibilities.

2. Kitchens Sell Houses

Percentage added to home value of 125% to 200% of typical costs incurred. Typically £10k spent can convert into as much as a £20k increase in value.

One of the best value for money home improvements is to replace tired old small kitchens with new enlarged kitchen / diner spaces that can typically add double the cost of the amount spent to the value of your home.

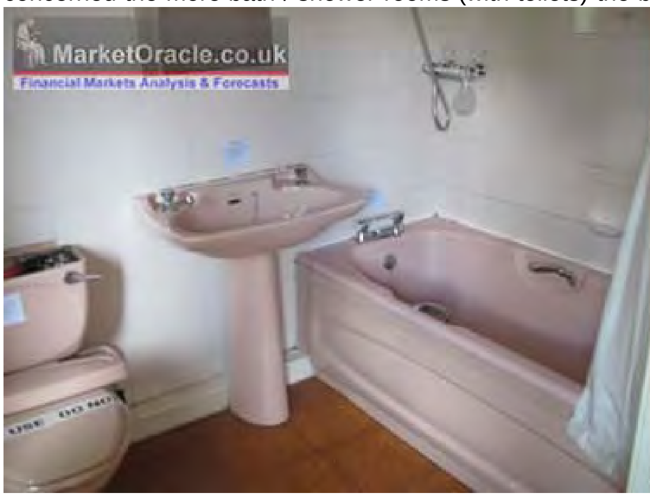
The most cost effective way to achieve this is to knock down any existing wall that separates kitchen's from dining rooms, typical costs for a new kitchen / diner is £10k to £15k, and where kitchens are concerned it is always better to spend a little more to attain a better finish.

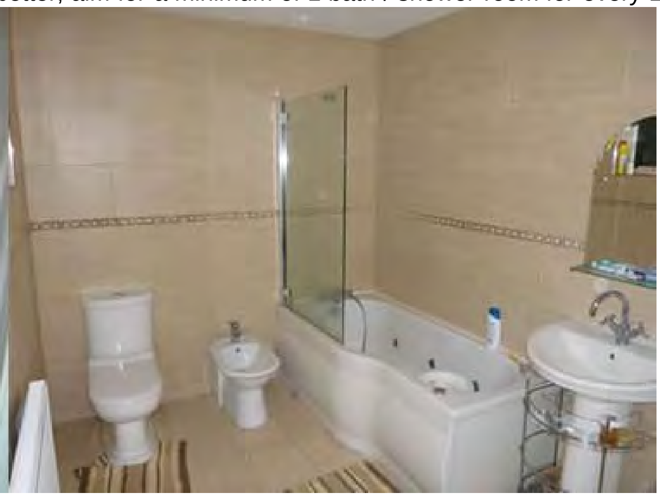
A more extensive kitchen improvement could take place by having the kitchen / diner extended into the garden whilst at the same time another bedroom could be added overhead as part of a two storey back extension.

3. Renovate Bathrooms, Add En suites and Toilets

Percentage added to home value of 150% to 250% of typical costs incurred. Typically £10k spent can convert into as much as a £25k increase in value.

Breath new life into old bathrooms that can typically add triple the amount spent to the value of your home. Where family homes are concerned the more bath / shower rooms (with toilets) the better, aim for a minimum of 1 bath / shower room for every 2 bedrooms.





Not only will new bathrooms add more than the amount spent but old bathrooms will devalue your home by far more than the costs of renovating, and also put many potential buyers off bidding. En suite's can add a great deal of value for relatively little cost and disruption by for instance converting fitted wardrobes or partitioning a part of the bedroom.

4. Loft Conversions

Percentage added to the value of ones home is typically 125% to 200% of costs incurred. Typically £35k spent can convert into as much as a £70k increase in value.

If your loft is of at least 2.3 metres in height (centrally) then a loft conversion is one of the easiest ways to add both space and value to your home that can typically yield twice the amount spent. The cost to convert a loft into a layout of 2 bedrooms and 1 bathroom would typically cost £30,000 to £40,000 for a standard dormer window conversion, therefore adding approx £60k to £80k to the value of ones home.

Usually planning permission is not required if -

- The dormers do not extend beyond the plain of the existing roof.
- Add less than 40 cubic metres space to terraced and 50 cubic metres to semi and detached properties.

Before loft dormer conversion:

After loft dormer conversion:

Note front dormer windows will require planning permission, which should be straight forward if other properties in the street have dormer windows.

Loft conversion extreme:

5. Convert Front Lawns into Driveways

Percentage added to home value of 300%+ of typical costs incurred. Typically £4k spent can convert into at least a £12k increase in value, and far more depending on the location.

According to the AA parking causes 1/3rd of disputes between neighbours. Therefore off street parking is at the top of the list of virtually every home buyer which means that front front lawns tend to occupy valuable space that would be far better utilised as additional parking spaces, especially in built up city areas as today most households own several cars and city councils have been busy introducing and expanding resident parking permit schemes that start at about £100 per car and can range to as high as £1000 per annum.

The costs of conversion of a front lawn into a new driveway should range between £50-£70 per square metre which could be more than recouped by the resulting increase in house value, for instance a house with 4 car parking spaces can be worth as much as 10% more than a house with just 1 parking space, a huge difference.

Ensure that the planned building works on the driveway actually results in a useable driveway by taking into account any slope that may represent a problem for high end executive and sports cars that tend to have a low chassis that could result in damage that costs more to repair than the whole driveway cost to install!

And if selling, never have a viewer see your car parked in such a precarious position that sends alarm bells ringing.

As always do your research on the covering materials. In my experience traditional tried and tested block paving is a good choice as it tends to be non slippery and allows for minor DIY repairs such as raising sunken blocks.

6. Extend Leases and / or Buy Freeholds

Percentage added to home value of 200% to 500% of typical costs incurred. Typically £2,000 spent can convert into as much as a £10k increase in value.

Freehold means you own the land AND the property built upon it, conversely a leaseholder does not own the land but just has a LEASE to occupy the space for a fixed number of years which incurs a an annual ground rent payment to the freeholder.

If you live in a leasehold property then the one sure way to increase the value of your home is by buying the freehold as many potential buyers are put off even viewing leasehold properties that will tend to be under bid on similar freehold properties even if the lease runs for many hundreds of years, and where flats are concerned valuations will suffer greatly where the lease is less than 100 years and where flats have leases of less than 80 years will be near impossible to sell unless they are in prime locations such as central London.

The estimated cost for buying the freehold on a 100 year lease is 2.5% of the homes value that increases or decreases based on the length of lease remaining. For instance buying the freehold on a 150+ year lease would likely only cost around 1% of the properties value whilst buying the freehold on a 50 year lease could cost as much as 20%!

Flats

Buying freeholds on flats is more complex than for houses as you will be sharing the freehold with other flat owners, so all of flat owners will have to get together to buy the shared freehold.

Buying the shared freehold can be especially important for flat owners as you will no longer be subject to potential extortion from freeholders that charge many multiples of the actual costs incurred for service charges such as maintenance and insurance.

7. Conservatories

Percentage added to home value of 50% to 133% of typical costs incurred. Typically £16k spent can convert into as much as a £22k increase in value, though this is very variable and can result in a loss of 50% if the costs incurred.

Whether a conservatory will add value to your home is not a clear cut decision as it depends on a number of factors such as the intended quality of build as the price for conservatories ranges from £5k at the low end for a wholly UPVC build bolted onto the back of houses to one built onto a dwarf wall of upto 30square metres in area that can cost upto £30k.

Conservatories fall under permitted developments, so should be built in line with the rules and regulations governing single story extensions without planning permission, with added advantage that they are exempt from building regulations if the floor area is not more than 30square metres, and that it is separated from the house by external doors and isolated from the central heating system.

Who should consider having a conservatory built ?

- If you have a south facing garden and the area that the conservatory will occupy is not shaded.
- If it will have limited impact on the size of your garden.
- If your existing kitchen / dining area lacks space.
- If you don't have a green house and intend on growing indoor plants.
- If you have the budget for a professional build i.e. at least £12,500, avoid the cheap £5k sales pitches or DIY jobs as you will regret it.
- If you could do with a space that could double as a children's play area for at least 6 months of the year.

Who should avoid Conservatories?

- If the intended area for the conservatory is not south facing or is shaded by neighbouring trees / properties.
- If you already have adequate kitchen / dining area space.
- If you intend on occupying the space all year round i.e. as a home office.
- If your building will require significant alterations i.e. to widen the doorway.
- If you have a small garden.

Regular Maintenance

Conservatories require regular maintenance to prevent leaks, build up of algae growth on the roof panels and general disrepair which means that neglected conservatories instead of adding value will subtract value from your home.

Conservatories - Other Considerations

- It will tend to get very hot in the summer and very cold in the winter.
- A conservatory cannot be converted into a single story extension at a later date because the foundations are too shallow.
- The roof is unlikely to be able to be converted to a wholly covered roof such as slate at a later date due lack of strength. Steer clear of roof replacement companies as they are a waste of money. The
- The building will lack insulation, and the roof will leak heat in winter so will likely be very costly to heat during the winter months.
- Many people that have had conservatories built will several years later tend to decide to demolish and rebuild with all year round use single story extensions.
- It is highly probable that you will only recoup 50% of the cost when selling, so conservatories should be viewed more in terms of increasing quality of life rather than your homes value.

Cooling Conservatories in Summer

If you want to cool an existing conservatory in summer that has clear polycarbonate or glass roof panels then these are several cheap options -

- First clean and then paint the polycarbonate or glass roof panels either inside with water based paints or preferably outside with weather proof gloss paint or more expensive reflective paint. Note that the paint will eventually flake off given the smooth surface, therefore you will probably need to repaint every year.
- Attach solar reflective film to the panels and / or the windows.

Warming Conservatories in Winter

Various options are available from re-roofing and installing a layer of insulation to DIY jobs involving radiator reflector sheets glued to the underside of the polycarbonate panels. However none of these are cost effective and likely to make as much a difference (if any) as people expect, therefore it would be wiser to save the money spent on especially the more costly options to replace the conservatory with proper purpose built extensions.

Suggestions:

If you do decide to go with a conservatory then it is better to select the dwarf wall option which will likely cost at least £15k and probably over £20k depending on its area rather than the cheaper alternatives which are unlikely to add any value to your property due to short life span.

In the long-run it will probably be far better to go with a single story extension that would likely cost only an additional £5-10k on top of a £15-£20k spend as an extension will have a far longer life-span / hence value than even the best conservatories.

Ultra Cheap Conservatories

Want to know where you can pick up a cheap conservatory for typically under £1000 ?

Answer - Ebay. There is always a stream of home owners looking to get rid of their existing conservatories ahead of having an proper extension built. The auction sold prices range from as little as £1 for an old pile of rubble to as high as £1000 for a proper dwarf wall built conservatory, with the average sold price around £500, a fraction of the original cost.

The major drawback is that you will likely be expected to dismantle, transport and then erect the conservatory yourself, so it is only a job for someone very competent at DIY and with a lot of time on their hands.

8. Front and Back Garden Landscaping

Percentage added to home value of 200% to 500% of typical costs incurred. Typically £2-£4k spent can convert into as much as a £10-20k increase in value.

Front Landscaping

Make a good first impression for visitors and potential buyers by adding curb appeal. Having gotten rid of the lawn for a driveway does not mean you cannot utilise a small portion of the remaining front space for attractive landscaping. Here variety is the key, by planting a selection of small trees, shrubs and flowers.

Though do realise that you need to do more than just plant a few flowers as plant maturity is the key so take your time to plan several years ahead on how to present the space with trees, shrubs and flowers.

Think twice about planting or retaining existing vigorous growing vines and climbers onto your home as most require constant pruning several times a year else they will soon get out of control covering windows, woodwork, clogging drain pipes and even making it to the roof. This will signal danger to buyers as it will imply hidden damage to the structure of the property under the vine.

Front Cladding or Render

Whilst old render and cladding may result in some loss of value for your home, however it will typically cost several thousand pounds to replace, so should be something to only seek to under take if you are going to be living in the house for some years as you are unlikely to see any return on the money spent.

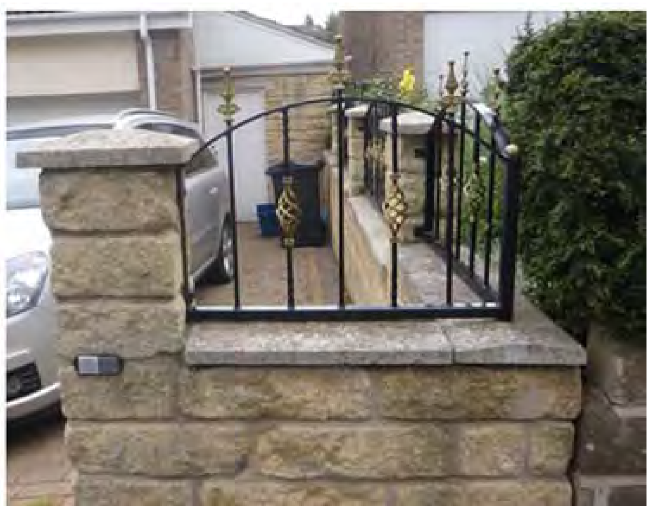
If you intend on selling any time soon then you should leave this to the new owners as an the opportunity to replace with a solution of their own choice. So on a net basis, unless the render and cladding are not in a complete state of disrepair that hugely diminishes the curb appeal of your house then the most cost effective solution is probably to just complete minor repairs on the render / cladding.

Front Dwarf Walls and Metal Railings

The starting point for making a good first impression is the front dwarf wall that may surround the front of your property, for there is nothing worse than prospective buyers seeing a damaged front dwarf wall that will be guaranteed to immediately trigger alarm bells of what else could be wrong with the property even though it may just prove to be a straight forward brick relaying 1/2 day job.

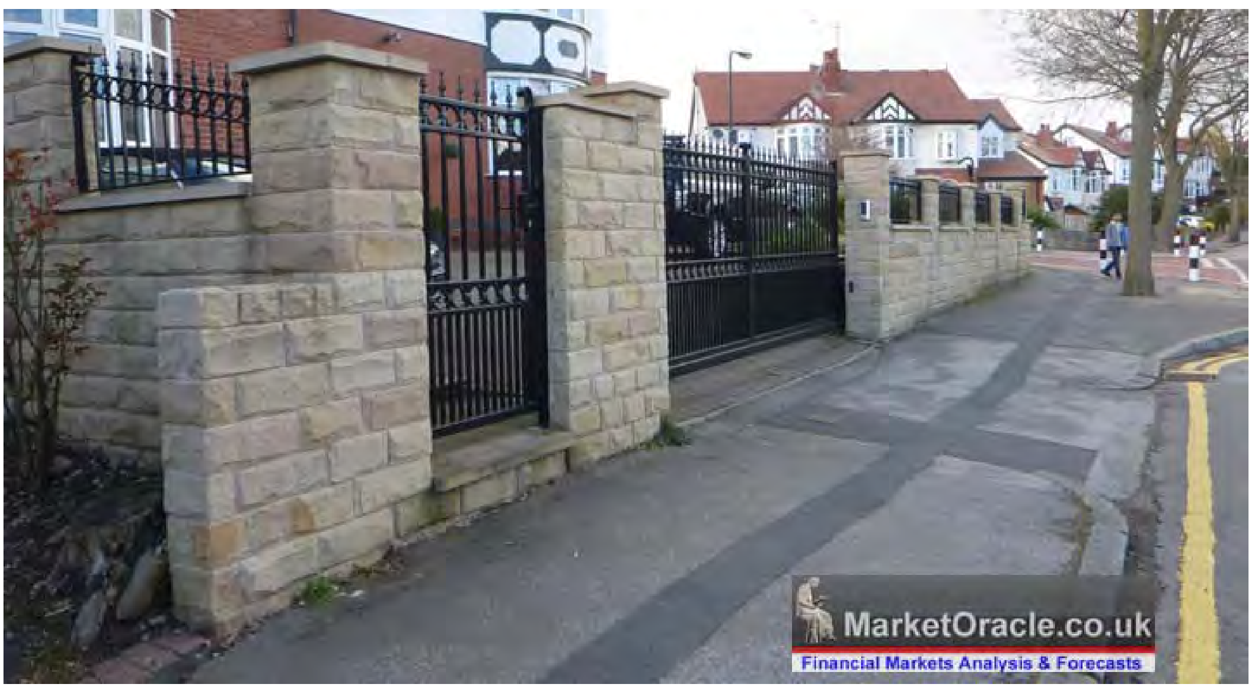
All that may be required to bring the dwarf wall back into shape is a simple through cleansing by first pulling out any weeds that will have taken root and then a good pressure wash.

Front and side dwarf walls with metal railings can literally transform an ageing old property by adding a huge amount of curb appeal, especially if they make ones property stand out against neighbouring properties and thus elicit good first impressions of what people can expect on inside. However do ensure that especially the metal railings are painted annually so as to avoid rust else they will soon lose much of their hard earned curb appeal.

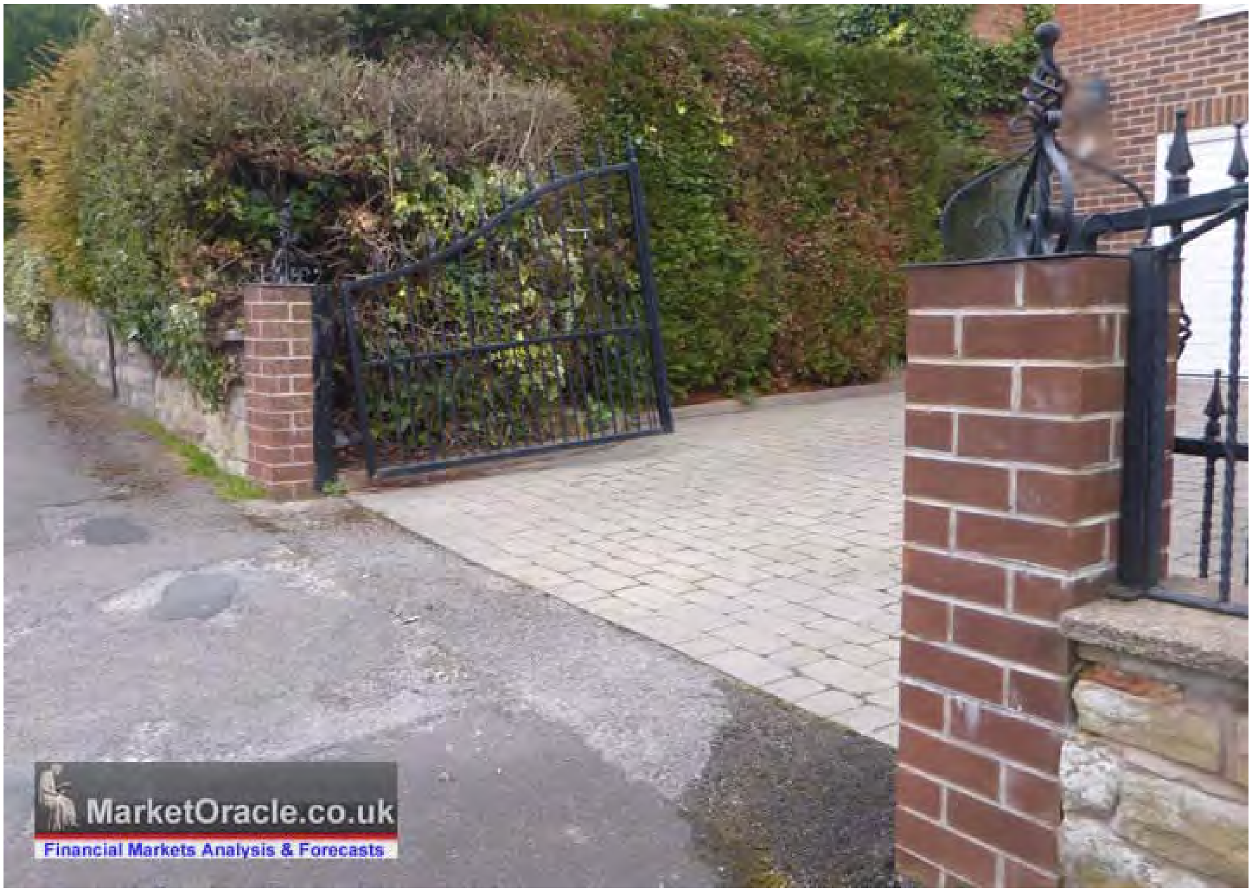


Though don't go overboard and spoil things by having an electric gate / telecom entry system installed, not unless you actually have a long driveway to your front door (at least 12 metres).

As the extra cost incurred is unlikely to be recouped by an increase in house value and could even result in a loss of value due to the inconvenience factor and also imply that your properties location may be in a high crime hot spot that warrants such extra security.



Furthermore the lack of convenience of having gates for short driveways will eventually result in damage to the gate / car or just left permanently open thus defeating the whole purpose of the extra expense incurred.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Back Gardens

Clear the whole area of vegetation in the immediate vicinity of the house, there should be nothing growing within a 2 metre zone of the main building which means removing over grown bushes and even trees that should never have been planted so close in the first place.

Variety is the key here, have your garden space broken up into several distinct areas such as decking that leads to a patio that leads to a lawned garden area bordered with flower beds and screening.


The continuing theme is one of attempting to wow prospective home buyers by showing a high level of design and planning having gone into the utilisation of the available space.

9. Replace Tired Old Garden Fences

Percentage added to home value of 200% to 300% of typical costs incurred. Typically £1000 spent can convert into as much as a £3k increase in value.

One of the most neglected areas of homes tends to be the garden fences that can relatively quickly deteriorate into a poor state of repair if not regularly maintained (wood stain treatments).

A garden with broken fencing and lack of privacy can act as a significant negative factor for potential buyers, and especially if they have young children which can not only reduce the value of your home by several thousand pounds but even put off many potential buyers who may not be able to see through to the various options that could rectify the situation.

Therefore even if a particular neglected fence may be your neighbours responsibility it can still be wise to add your own additional 2nd fence to greatly improve the appearance of your garden.

Other options include to add some fast growing pine trees to screen for greater privacy and give the impression of greater depth to your garden which will also hide the old garden back fence, though off course this would require at least one year to achieve and probably two.

Just remember to prune back trees each year once they reach the desired height else they could soon grow to become 100 foot monsters.

10. Tree's Danger, Inspection, Pruning and Removal

Percentage added to home value of 200% to 500% of typical costs incurred. Typically £500 spent can convert into as much as a £2.5k increase in value.

It is the responsibility of every home owner to ensure that their trees are in keeping with the size of their garden and neighbouring properties. Not only do very tall unpruned trees result in a lot of maintenance issues such as from falling leaves branches and wide spreading roots, as well as the legal responsibility of the tree owner should during a storm the tree topple over and damage property or even cause injury.

Unmaintained trees can also seriously reduce the value of your home due to a number of factors that will impact on the decision making process of potential home buyers. For instance large trees will block sun light into South facing gardens as during the summer months they can effectively act as a 100 foot high, 20 foot wide brick wall, so potential home buyers will factor in the cost of having the tree removed, whilst many more prospective home buyers will instantly reject such properties due to the potential for liability. Another important deciding factor is the impact on home insurance costs as many insurers terms stipulate that trees at a minimum should be located at least 5 metres away from properties.

(Silver Maple)

Therefore all home owners should prune their trees every winter when the trees are dormant to ensure that the trees are not allowed to grow out of control.

Are Your Trees Too Close to Property?

As a rough guide all trees should be at least 5 metres distance from any property and then add 1 metre for every 1 metre in height above 5 metres i.e. a 10 metre high tree should be about 10 metres distance from any property, 20 metres high, 20 metres distance etc, this is to ensure that should they fall then they will not damage any property.

Solar Panels

Another reason not to plant trees too close to your property is that at the time of installing solar panels your tree may have been several metres shorter, however it won't take many seasons for your tree to start blocking much of the suns energy from reaching the solar panels which will especially be a problem when the tree is in full leaf during the energy generating important summer months.

So if you have solar panels, regularly check whether or not any trees are blocking sunlight from reaching them and then take appropriate action.

Tree Dangers

Badly planted trees will eventually grow to a dangerous situation that is prime for a catastrophic event as it is not only bad weather that can result in the tree reaching a dangerous state for instance any branches over hanging a road could be hit by tall vehicles causing costly damage or worse personal injury.

Tree Preservation Orders

Before you decide to take an axe to your tree, do check with your local council register to make sure it does not have a tree preservation order (TPO), in which case you will need to gain permission from the council, which is best done by obtaining a professional arborist's report warning of any potential danger that the tree poses.

Tree Inspection

All tree owners should inspect their trees at least twice per year, once when the tree has shed all of its leaves by winter (deciduous) and then again during summer when the canopy is full for any warnings signs of potential danger or disease.

A brief list of what to look for:

1. Is the tree leaning - If you have a tree that is leaning to one side then then keep a close eye on it by checking for any movement i.e. has it always leaned or is the angle of lean gradually increasing which can be a sign that it may be getting ready to topple over during a strong gust of wind. And most importantly in which direction is the tree leaning i.e. what is it likely to hit if it topples over.

2. Look for dead branches - Identify areas of the tree canopy that tend to lack leaf coverage, as dead or dying branches are primed to breakaway on strong gusts of wind or during heavy snowfall. Again look at where the dead branches are likely to fall as a guide to the degree of urgency.

4. Inspect the Tree Trunk to see if it is has cracks or missing bark which are signs of decay, what to do next will depend on the degree of cracking and how much of the bark is missing. Also look for any other anomalies for instance you may find that 'someone' who apparently has taken a dislike to your tree has hammered several nails into the trunk in an attempt to kill it off.

Over time as the tree grows new bark will slowly absorbs nails into the trunk so that not all of the nails will be visible, if any, which means that apart from continuing to damage the tree, there is also the danger that invisible 6 inch nails could seriously hurt someone tasked with removing the tree at a later date.

3. Check for root decay by seeing if the there has been any movement in the ground around the base of the tree i.e. raised or broken soil or mushroom / fungus growth are warning signs for rotting roots.

5. Multi-stemmed trunks - Weakened V shaped tree trunks are at the risk of splitting down the middle during strong winds, therefore it would be wise to limit the growth of the trunk that has the greatest lean via a programme of heavy annual pruning over a number of years, and / or to use a a cable around both of the trunks (higher up the tree) so that the tree can better cope with high winds. Probably the best long-term solution would be to prune away the trunk that leans the most with the aim for the remaining trunk to survive.

(Copper Beech)

Hedges, Trees and Neighbours

After parking and noise, hedges and trees tend to be the next greatest cause of disputes between neighbours. Where hedges are concerned the general rule is that hedges that block light (southerly) should be limited to 2 metres in height which in the final instance is backed up by legislation. Elsewhere there is no limit to hedge height but should nevertheless be pruned annually at an appropriate height for their location and impact on neighbouring properties.

Trees originally planted many years ago near the boundary between properties can stealthily grow to overhang neighbouring properties by several metres. So whilst the owner of the tree may be completely oblivious to the impact of the overhanging branches across a neighbouring property such as blocking light and leaf fall, which is especially so if they bought the property long after the tree was planted. However 9 out of 10 times people do not like a neighbours tree branches over hanging their property which could result in a festering issue for many years that the owner of the tree may be totally oblivious to until things come to a head.

Therefore all trees near boundaries should be inspected annually for overhanging branches even if to date no issue has been raised by a neighbour, both for preventative action and good neighbourly relations.

Take the time to formulate a plan to cut the overhanging branches to as close as possible to the boundary line, which may mean that the tree will have to be greatly reduced in size over a number of seasons or removed in totality, though most trees are able to recover from even the most severe of pruning's.

The bottom line is that it is the responsibility of the owner of the tree to ensure that their trees do not negatively impact on neighbouring properties. The obvious long-term solution is not to plant trees on or near boundaries or to allow out of control growth of trees to reach such heights that they significantly block sun light into neighbouring gardens.

Cutting Your Neighbours Overhanging Branches

If your neighbour has neglected pruning branches overhanging your property then all homeowners have the right to cut overhanging branches to the boundary line as long as this does not permanently damage the tree i.e. the branches should be cut when the tree is dormant (usually in winter). All cut branches remain the property of the tree owner so should be offered to the tree owner before disposal, though do not just cut and dump the branches over the fence!

However, rather than just going ahead and cutting tree branches without any warning, it would be in the best interests of good neighbourly relations to inform your neighbour well in advance of your intentions to cut over hanging branches so as to also allow sufficient time (several weeks) for your neighbour to have the option to take action themselves before hand.

Trees to Avoid Planting

Some trees are worse than others, usually because they grow too fast, have a short life span and the wide spread of their aggressive roots system and potential damage which that can cause to drains etc.

Weeping Willow - Fast growing, wood that is prone to cracking and breaking during storms can reach a height of upto 100 feet and live for upto 40 years. Aggressive roots that invade drainage and sewage pipes,

Silver Maple - Fast growing, wood prone to breaking in storms, can grow upto 100 feet in height with 2/3rd the spread of the height so take up a lot of space and live for well over 100 years. Aggressive shallow roots that break up pathways and invade drainage and sewage pipes

Leylandi - Very fast growing can reach 70 feet in height, shallow roots, when tall prone to falling over in storms, have a life of approx 25 years.

Bradford Pear - Very fast growing with weak branch structure that is prone to breaking and very short life span of just 15 years.

Dealing with Medium Height Trees (Under 10 metres)

For trees under 10 metres (33 feet) height you don't have to hire the costly services of a tree surgeon / arborist to cut out of reach branches, as relativity cheap tools such as rope saw kits can be bought for under £20 that will enable you to cut even the highest of branches without the dangers associated with using a ladder to climb the tree.

Though note attempting to cut branches at an angle (as illustrated above) rather than from directly underneath the branch will be considerably more difficult as the rope saw will tend to become stuck, in which respect the best method would be to cut the branch by climbing a ladder with the rope saw or other cutting tools.

The rope saw is also a better tool than hand saws for cutting up branches on the ground .

Another tip is to hook a rope around the overhanging branch to be cut and keep it taught so as to prevent the branch from tumbling outside of the target drop zone.

The easiest way to dispose of a lot of cut wood is by burning it, though check the weather for wind direction and ensure neighbours do not have any washing out by burning the wood in the evening.

Dealing with Tall Trees (Over 10 Metres)

All trees over 10 metres height should be inspected and pruned by professionals at least once every 2 years who will be able to spot any issues such as disease and dangerous branches that need to be cut.

The professionals will also confirm if any tall trees on your land that are situated near yours or neighbouring properties which could cause damage and should be dealt with sooner rather than later and especially if the tree is already leaning to one side.

(Weeping Willow - Leaning to one side)

Unfortunately you will have to hire an arborist to completely remove the tree given its size as it will have grown far beyond the prune back stage. An arborist will typically charge between £200 to £500 to remove a 20-30 metre tree.


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The key point where trees are concerned is regular inspection and preventative actions as an unchecked tree can stealthily grow to a dangerous state unbeknown to the tree owner that can become he cause of many arguments between neighbours.

Container Trees

One solution to avoiding planting trees in the wrong place is to plant them in big container pots as this both limits tree size and adds flexibility in their location. It also allows you to plant a greater variety of trees for instance tropical trees that can be stored in a shed, green house or garage over winter.

Though you may need to plant exposed container's a foot or so deep in the soil to prevent the containers from toppling over during strong winds, especially for tall tree's when with a full / heavy leaves canopy.

The bottom line is to prune trees annually to prevent them from become a problem.

11. Going Green - Insulation, Green houses and Water Butts

Percentage added to home value of 200% to 300% of typical costs incurred. Typically £700 spent can convert into as much as a £2k increase in value.

At relatively little cost home owners can boost their green credentials to not only increase the value of their homes by making their homes more appealing to increasingly environmentally conscious prospective home buyers but also save money on an ongoing basis.

Whilst a near infinite number of measures can be adopted, however I highlight three DIY projects that most home owners can undertake with relative ease.

INSULATION

Even novice home buyers viewing properties can spot poorly insulated roof voids and therefore have an unnecessarily negative impression that could prevent a offer long before of what would be mentioned in a surveyors report. However, this can easily be dealt with by home owners inspecting the quality of ones insulation of key areas such as loft spaces and central heating pipes that once dealt with will not only increase the value of your home but also save you money on energy costs.

See the section on winter weatherproofing for more on insulating your property.

WATER BUTTS

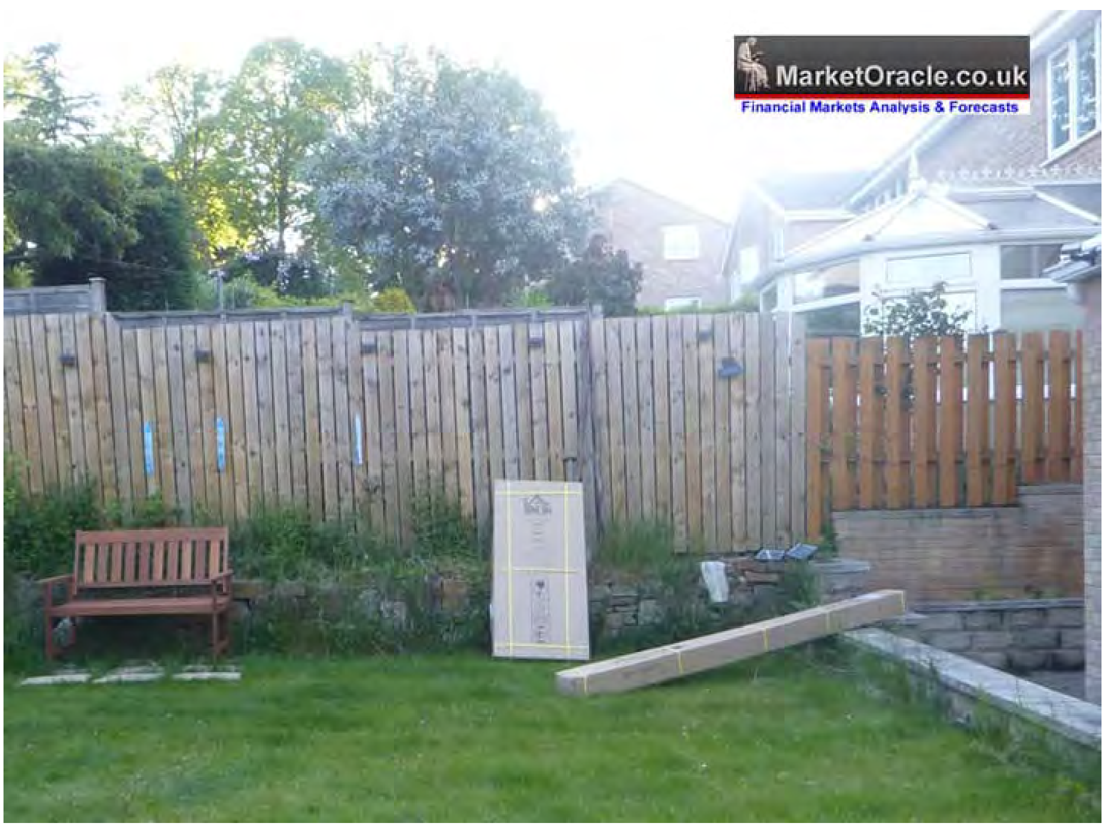
Water butts are relatively cheap and easy to install that both save money and add green appeal to your property.

However ensure that they are positioned in a suitable out of the way area and are a proper fit for the space and do not for instance interfere with the view out of windows or block a passageway, in which respect always measure the area and look for several alternative options before buying, for instance connect several slim-line water butts in series rather than having one large awkward fitting water butt in place.

GREEN HOUSE

If you are upto the task then installing a green house can also boost your house value a little whilst also making you partially self reliant in vegetables for at least the summer months.

Whilst many prospective home buyers with children may be put off by glass green houses, however a modern alternative solution which is actually cheaper than glass structures are the aluminium polycarbonate greenhouses which are completely child friendly.



Aluminum poly carbonate greenhouse kits can be bought for as little as £150 for the minimum size of 6 foot by 4 foot green houses. Though if you are going to take the time to erect a green house then it is best to go for the largest size that would fit a given space, rather than to later regret buying a too small greenhouse, therefore it is best to aim for a 6by6 or 8by6 foot green house rather than the minimum 6by4 foot.

One thing to note that most of the competitively priced aluminum green houses on the market tend to be just under 5 feet at the eaves, rising to 6 foot at the apex, which is at least 6 inches short for most peoples use, therefore after the floor area has been dug out it would be wise to raise the height of the base by either using wooden beams, breeze blocks or better still to build a dwarf brick wall of 3 or 4 courses high to attach the green house base can be attached.

Laying a DIY a dwarf wall will not necessarily add much to the cost to the green house i.e. bricks, mortar, concrete and some brick laying tools should not cost more than about £100 - £150.

After the base is in place then the green house should be erected all in one go on a non windy day by following the instructions and slotting the polycarbonate panels as your go.

The next steps are to firmly attach the base to the dwarf wall by mortaring and concreting it in, and then to lay the inside flooring be it concrete or mortared in paving slabs.

The final step is literally to add a step.

Whilst a well built and maintained green house will add value to your home , however do not expect much more than about twice the total cost of the build i.e. a £400 total build will likely add no more than about £800. However a green house in a state of disrepair will likely result in loss of value in which case it is probably best it is removed.

12. Storage Space Ideas

Percentage added to home value of 200% to 500% of typical costs incurred .Typically £750 spent can convert into as much as a £4k increase in value.

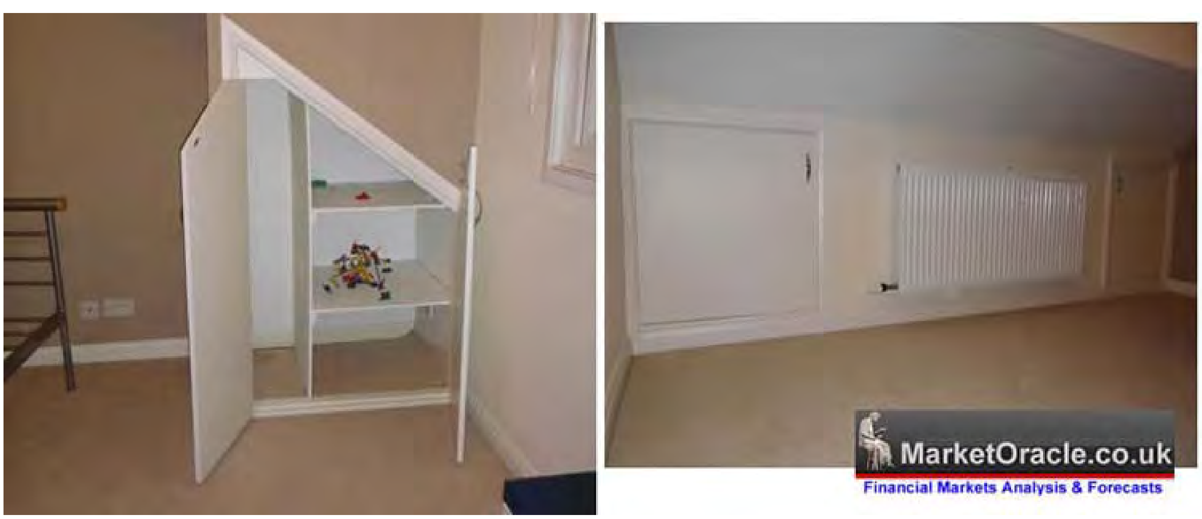
Forget expensive self storage units as a top to bottom survey of your home should reveal a wealth of small nooks and crannies that most with some DIY skills could be cheaply utilised as valuable fitted storage spaces that at the very least will encourage home buyer interest and likely higher bids, as well as making your home a much less cluttered place to live in.

Staircase

The space under staircases can be utilised to function as storage areas for coats and shoes.

Converted Lofts

Utilise the dead space into the eaves as boarded storage areas and cupboard spaces.



Board unconverted loft spaces.

Use seats that double as storage containers.

Fitted wardrobes and cupboards can make good use of awkward spaces.

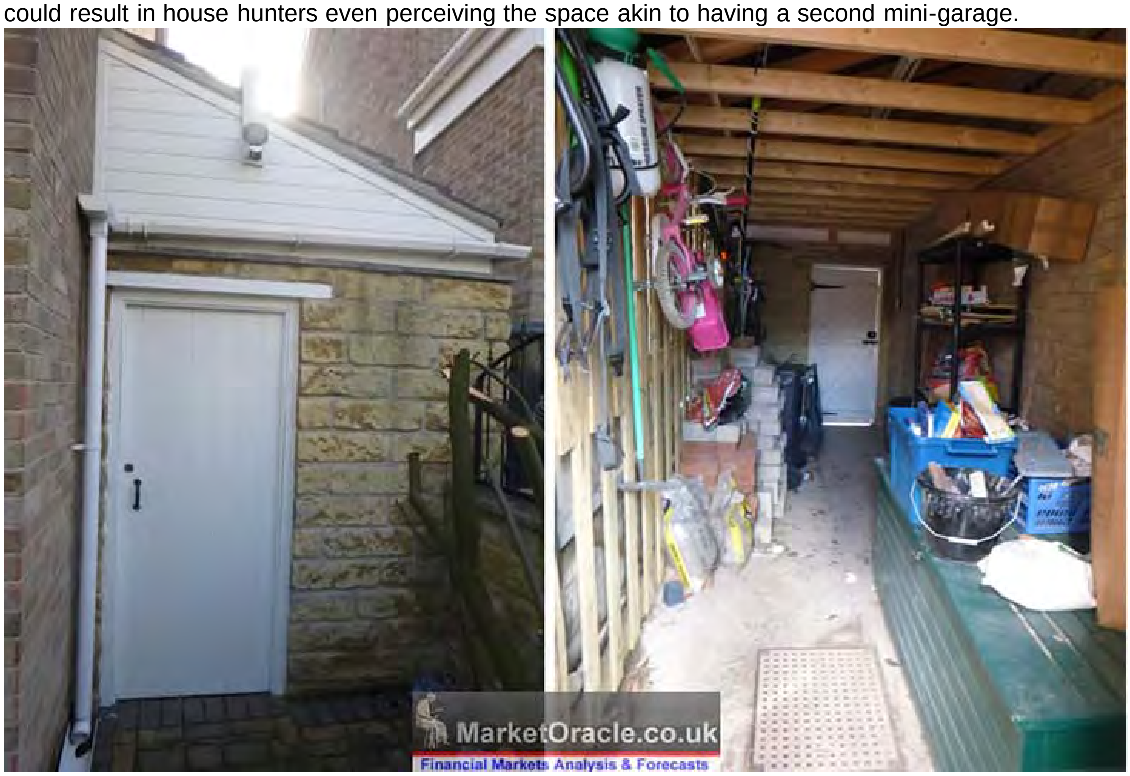
Garages

An array of low cost metal shelves along the walls can be easily erected. Also if you are replacing your kitchen then instead of disposing of the old kitchen units they could be re-set in the garage as a free storage space.

Sheds

Well constructed and maintained sheds can both add significant storage space and value beyond the costs incurred. The key is to have the shed properly erected on a firm raised concrete base.

Other more costly options include going for an integrated Shed that is attached to one side of your property where a job done properly could result in house hunters even perceiving the space akin to having a second mini-garage.



Under House Storage

Many homes have under ground floor crawl spaces, which even if not providing much more than 1 to 1.5 metres of head height, can still provide useful long term out of the way storage space all for the cost of installing a light switch and a couple of light fittings, which is especially useful if your loft space has been converted.

If the crawl space allows it in terms of head height and general quality of the environment then you can go a step further by plastering, painting and putting shelves in place.

13. Replace Flat Roofs with Pitched Roofs

Percentage added to home value of 75% to 133% of typical costs incurred. Typically £1.5k spent on replacing an old flat roof converts into upto a £2k increase in value. Note that planning permission will be required for front flat roofs.

Whilst the vast majority of UK houses main roof structure comprises of pitched roofs, however the same cannot be said for single storey extensions of decades past and dormer windows that can quickly fall into a state of disrepair unless maintained.

Flat roofs tend to have a much shorter life span and require far greater regular maintenance than pitched roofs due to the consequences of the pooling water, and thus tend to have a far greater effect on house valuations and home buyer survey issues.

Therefore replacing flat roofs with pitched roofs will save on on extra maintenance costs and higher risk of structural and internal damage are also reflected in higher insurance premiums charged for properties comprising significant areas of flat roof structures, as well as making the house more appealing to prospective home buyers.

14. Quick Cheap DIY Ideas to Help Sell Your Home

Percentage added to home value of 300% to 500% of typical costs incurred.

The best way to pick up cheap ideas of relatively easy to implement home improvements is by visiting your local DIY store and taking the time to walk around, contemplating how the myriad of products on show could fit in with your individual property beyond the usual painting, decorating and maintenance tasks.

Here follows a short selection of cheap, easy DIY improvements that could help sell your home :

Replace Bland Old White Switches and Sockets

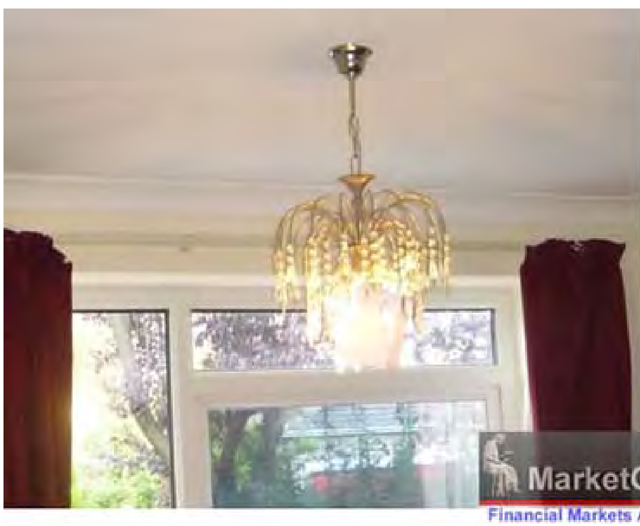
A relatively cheap way to boost your homes wow factor is to replace the usually bland white discoloured switches and sockets with something a little more fancy.

You don't have to to replace all of the switches and sockets across the house, just in key areas such as the Hallway, Lounge and Kitchen should do.

Whilst the procedure should be straightforward i.e. turn the power off at the mains and follow the wiring instructions which usually means replacing like for like wiring. But if you are in any doubt then get some one competent to replace and wire the replacement switches and sockets for you.

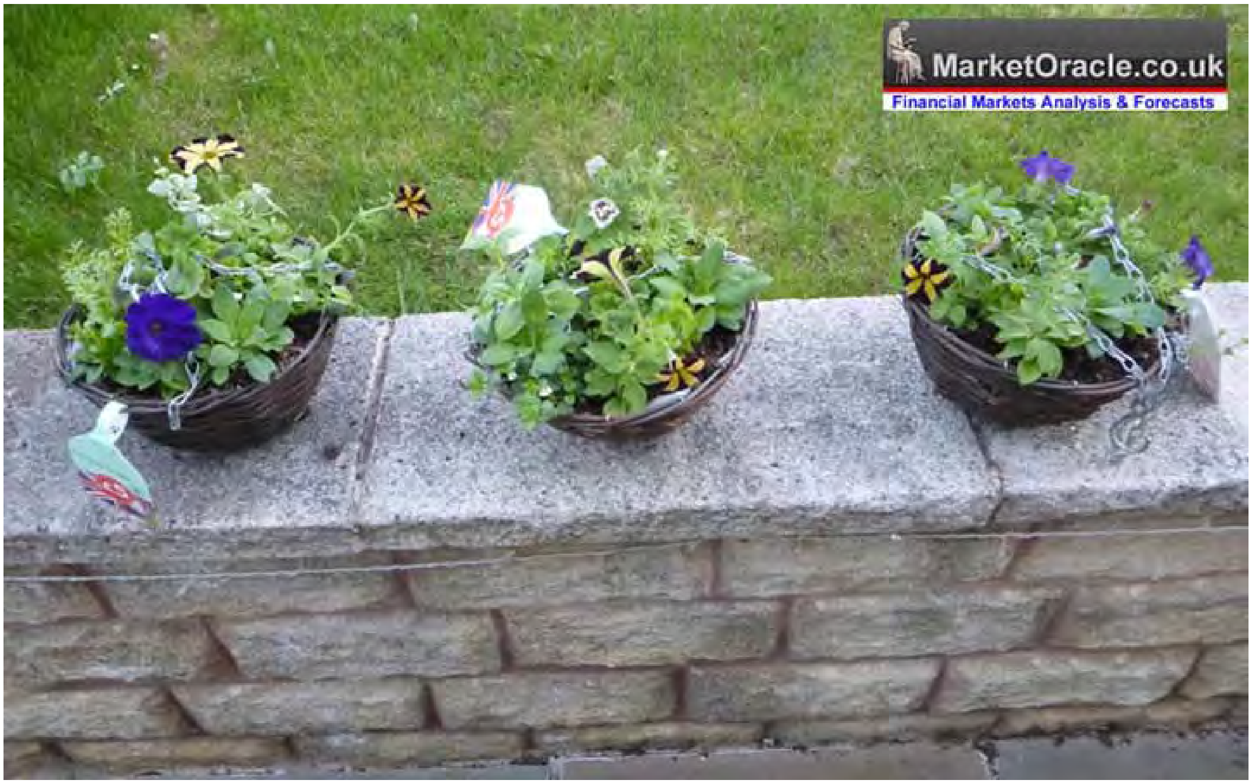
Light Fittings

Wall and ceiling light fittings tend to be ignored and overtime become dated, stained or damaged. However, replacing these is a relatively low cost way to literally brighten up your rooms.

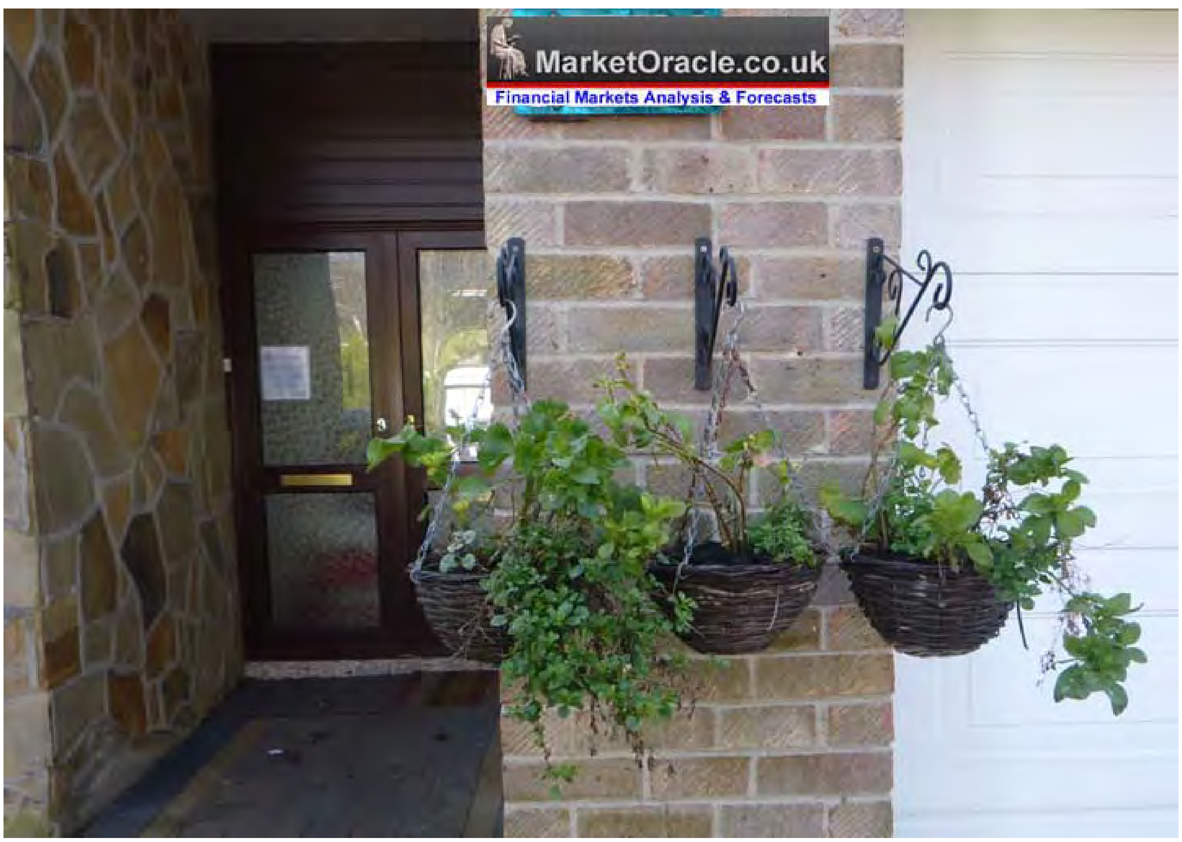


Add or Renovate Neglected Flower Baskets

Depending on the time of year (March to October), relatively cheap flower baskets with hanging wall brackets typically costing less than £10 each can be bought to quickly boost curb appeal to your property.



If you already have flower baskets that have been neglected then all you need to do to spruce them up is to buy a packet of assorted flower seeds that can cost as little as £1.

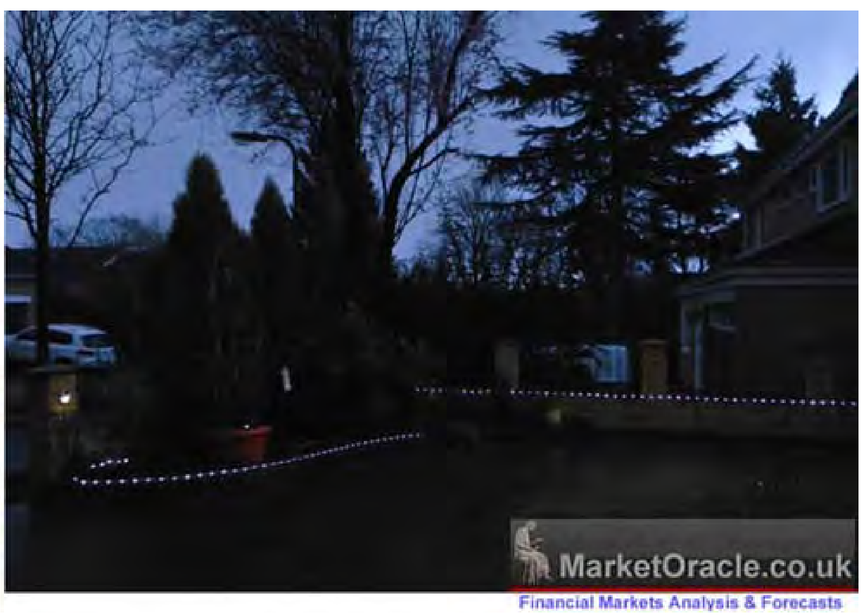


Then allow time for mother nature to do its work and you should soon see your old flower baskets transformed and start to bloom within a couple of months of sowing (March-Sept).

Solar Lights

You don't need to splash out on £5,000+ on solar installations to benefit from solar power, for even as little as £50 could go some way towards transforming your driveway and / or back gardens at night, which will especially attract night-time drive by viewing's.

The great advantage of solar lighting in terms of costs is that firstly you don't need to incur the expense of having outside wiring and power points installed and then not to incur electricity running costs, leaving just the costs for replacing the rechargeable batteries every 3 years or so.



However, before you dash out to the local discount super market you need to realise that most of the solar lights being sold are basically junk, for they lack the solar cell wattage and battery capacity, nor is the build robust enough to withstand the UK variable weather so unlikely to last more than a few months. In terms of what is a good solar product one needs to take into account the solar panels wattage, number of LED's, and the battery capacity. The basic formula that I use to identify good multi-led solar lighting products is to divide the wattage of the solar panel by the number of LED's and then X100.

Therefore if a solar rope light has a 100 LED bulbs, and a 1 watt panel, then its rating is 1/100*100 = 1. Based on my experience of using more than a dozen different solar lighting products over the years, the minimum solar watt rating per led I would consider buying is 0.75, anything less than this is unlikely to be able to generate enough charge to make it of much use. Unfortunately most of the solar lights on the market rarely mention the wattage of the panels so it is a case of attempting to guess the wattage by counting the number of individual rectangular solar strips in the panel where 10 strips would approximate 1 watt.

Count the solar strips as a rough guide, as it is more likely to be accurate for larger better build solar panels. The next consideration is the battery capacity which should approximate 600 mAh per 50 LED's. However this is of secondary importance as the batteries for most solar lights can be easily replaced with higher capacity rechargeable batteries.

Solar Lighting tips

1. Purchase rope lights instead of string lights as these allow for a far neater installation as the lights are spread evenly within the rope. Where pathways are concerned fix the rope light to the edging with galvanised metal pegs, packs of which can be bought for as little as £1 from the pound shops.

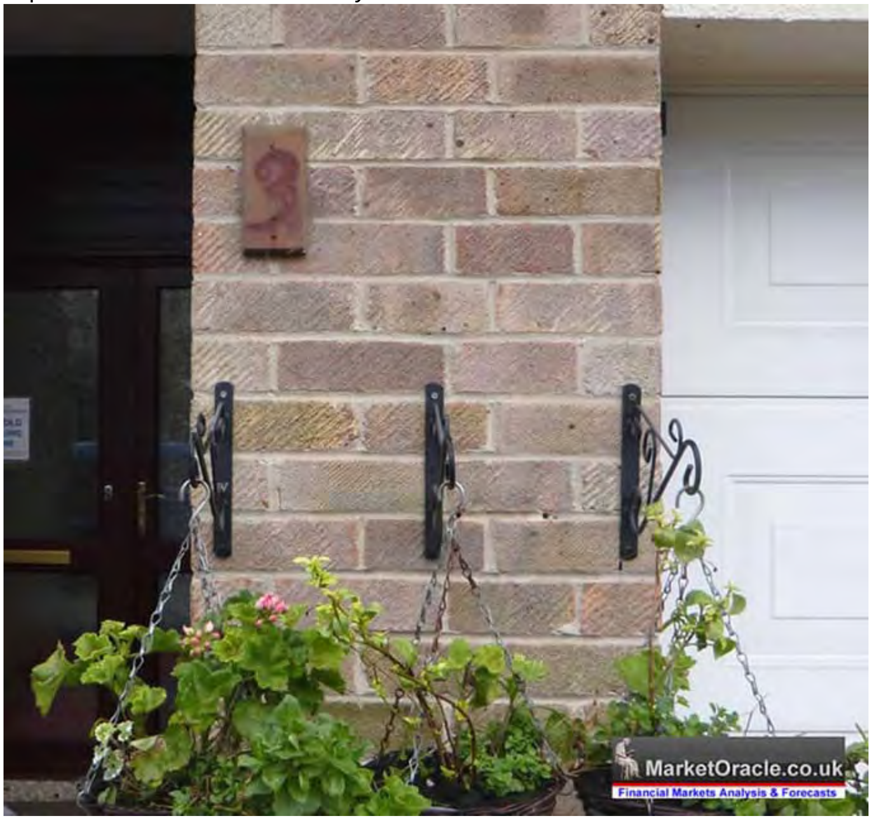
2. Test the lights before installing to ensure that they sufficiently charge to allow a minimum number of hours of light output per day. As a rough guide, I don't tend to install lights that light up for less than 4 hours per day in the low sun light months of October, November, February and March.

3. Use sealant to properly seal all parts of the solar lights against water ingress which will greatly prolong the solar lights life.

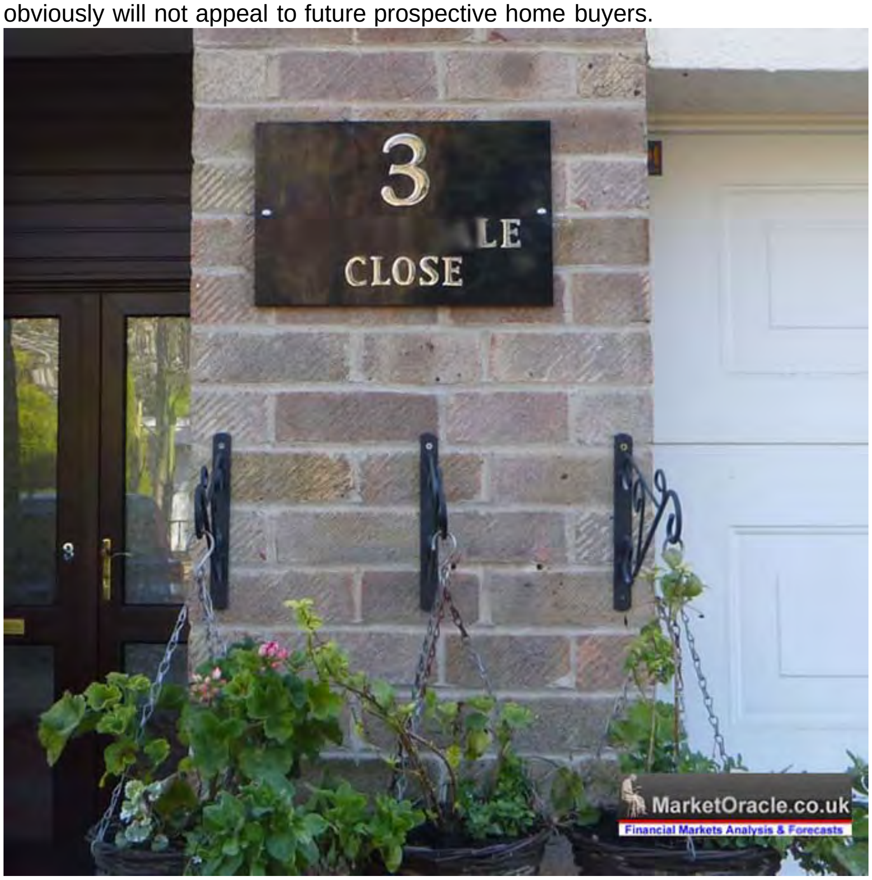
4. Once you have identified a reliable product then buy several spare lights so as to easily replace existing lights as they come towards the end of their lives as even the best quality solar lights are unlikely to last more than about 3 years, so keep a stock of replacement lights as as they may no longer be available when it comes time for a replacement.

House Signs and Numbers

Replace tired old or confusing house signs / numbers with a new one that can cost less than £10 which will not only make a better first impression but could also make your home much easier to find for first time visitors.



You can go further than the usual house number, especially if you intend on living in the property for some time by adding a more prominent house number / street name plaque, but do not go over board by personalising it by for instance adding a family name which obviously will not appeal to future prospective home buyers.



Another useful low cost improvement is for a reflective house number at or near the frontage of your property which would not only prove useful for prospective home buyers but also helpful for any new visitors or deliveries at either day or night that will make your property instantly stand out from the rest.

Air Fresheners

Pick up a couple of plug in air fresheners to make your home smell nice, they can be set to run for 3 months before needing a refill.

Though ensure you follow the instructions and don't let them run dry due to risk of over heating that could cause a fire! Probably better to get a couple of battery powered air fresheners instead.

15. Painting, Decorating, Cleaning and Maintenance

Percentage added to home value of 400% to 1000% of typical costs incurred.

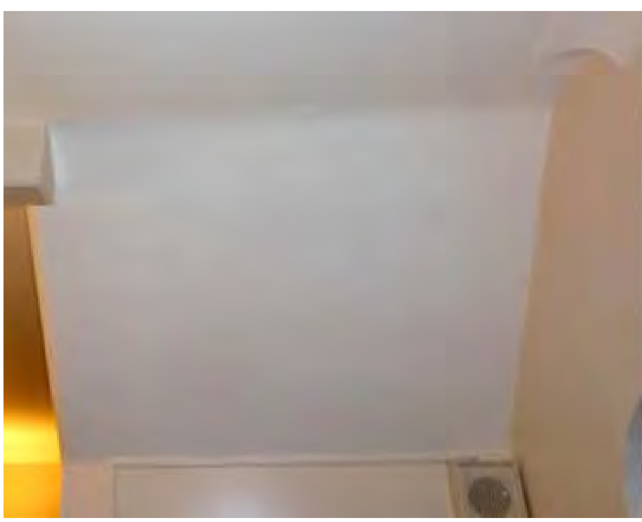
And last but not least is painting, decorating and ensuring your home is well maintained. This section is especially important for home owners about to put their homes on the market as it can yield as much as X10 the costs incurred i.e. typically £500 of cost can convert into as much as a £5k increase in value as it will leave your home looking as good as new!

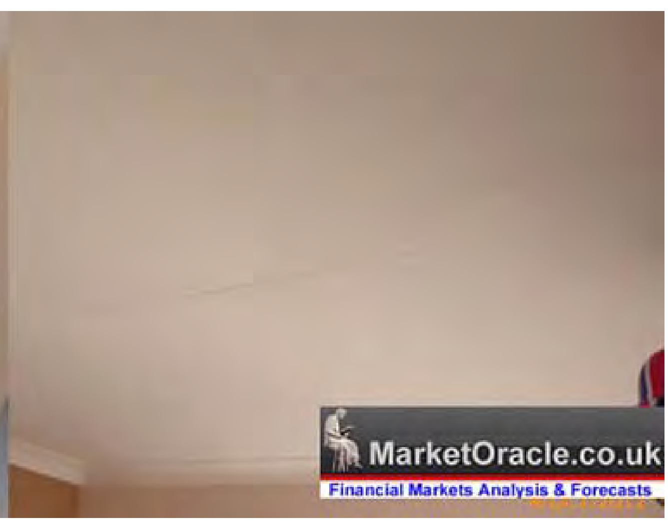
Prepare a checklist

Go from room to room and make a list of every minor repair that would improve the rooms appearance such as regrouting tiles, sealing window frames, sinks and around baths and showers, fixing dripping taps, straightening cupboard doors so that they close properly, replacing old door handles etc. And then get used to doing at least an hours work per day on each of the tasks.

Ceiling and Wall Plaster Cracks

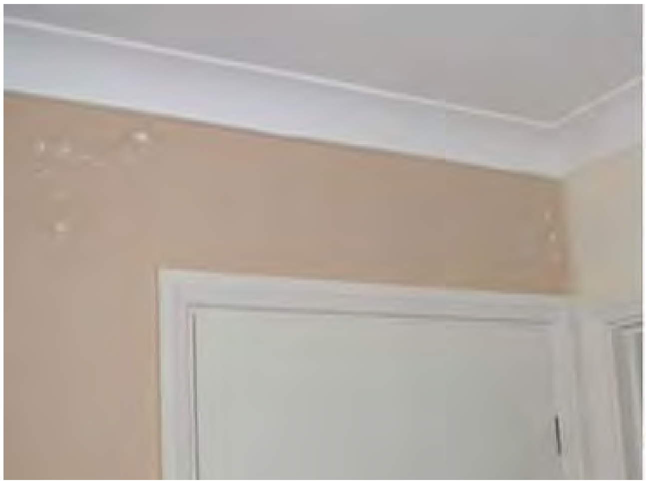
Cracks in walls and ceilings even if nothing of any real significance can act as warning signs to prospective home buyers that can be easily addressed by plastering and then painting over. Whilst holes and cracks in walls are easily dealt, plastering ceilings may require the hiring of a plasterer.

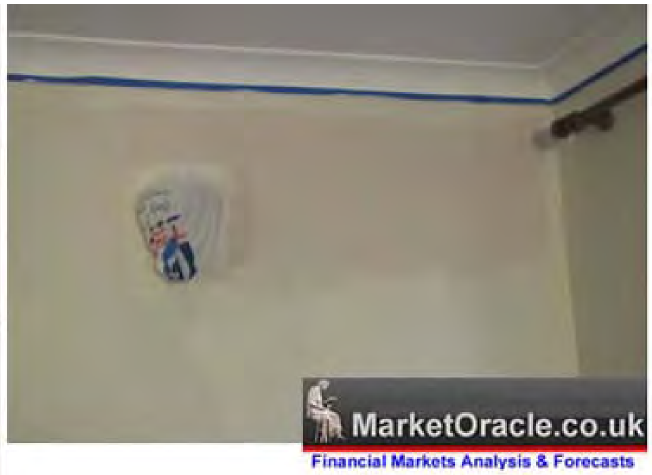




Painting & Decorating

Painting and decorating is a must do task before you put your home on the market, though remember to allow enough time for any smell of paint to dissipate which is more important when using gloss paint for woodwork that can take several weeks for the smell to completely dissipate than water based paints for the walls.





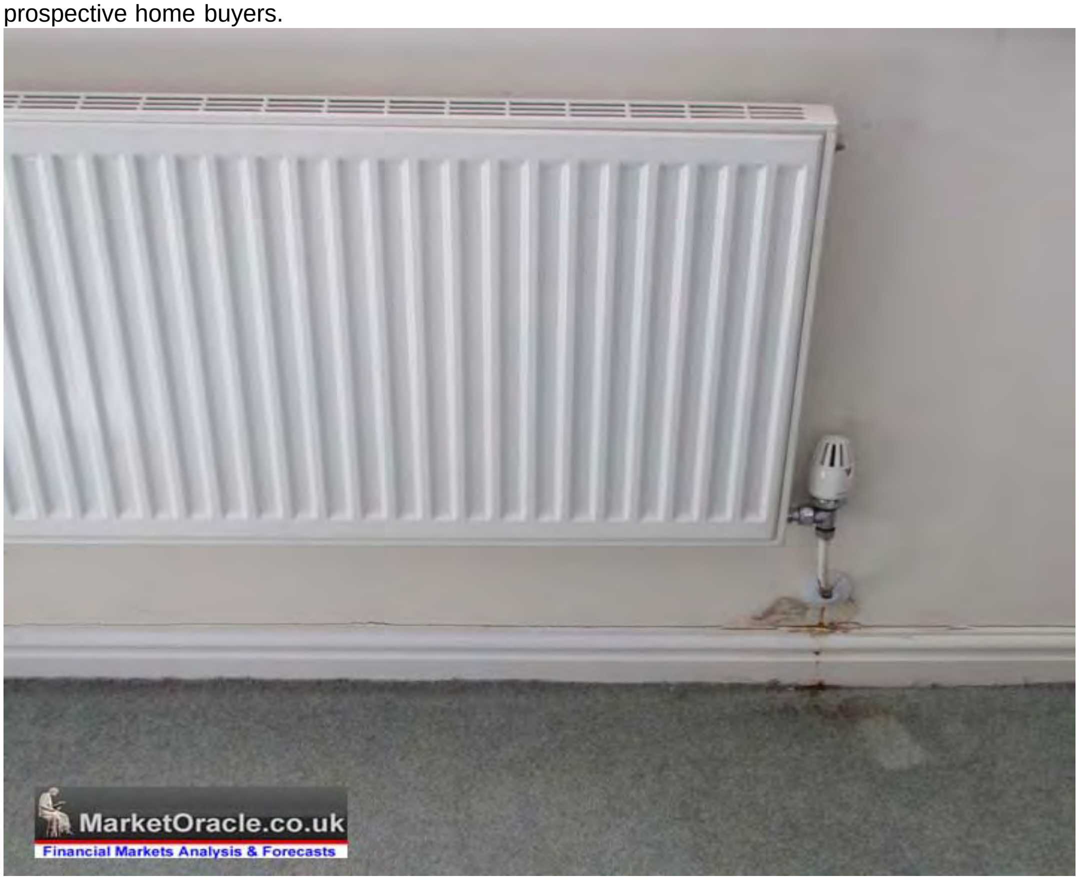
Painting Tips

- Fill in any holes with plaster and sand down walls and wood for a smooth finish before attempting to paint over them
- Use plastic bags to cover light fittings
- Use masking tape around the painted area, switches and sockets etc.
- Use canvas or thick cotton sheets to protect the floor and fixed equipment such as radiators, the newest sheets have a plastic backing that further prevents paint from seeping through. Don't use bed sheets as these are too thin and won't stop the paint from seeping through.
- Paint the walls edges with a brush first before using a roller to paint the bulk of the wall, complete each wall before moving onto the next one.

Carpet Stains

Carpet stains can be off putting suggesting extra expense of having to replace the carpet, but can be relatively easily dealt with by deep cleaning equipment with heavier duty machines available for rent from several super markets.

Ensure water stains are removed from walls, ceilings and carpets, especially around radiators as they will be drawn to the attention of prospective home buyers.



Water Leaks and Maintenance

Any signs or issues regarding leaks and water damage need to be dealt with and not just before putting your home on the market but as and when they occur because water can do a lot of damage, check for issues around gutters and drain pipes and flat roofs.

For extensive maintenance tasks list see the winter weatherproofing section and youtube videos.

Exterior Brick Walls Holes and Mortar Repair

Over the years mortar will become loose an exposed brickwork allowing greater amounts of water to get in expand the size of the holes, which are in addition to holes made by yourself or workmen such as following installation and maintenance of satellite dishes that whilst invisible to home owners will tend to be noticed by home buyers.

Luckily this is a another relatively easy job to take care of with ready to use tubes of sealant / filler available to seal minor holes and so are ready mix bags of mortar and cement to deal with larger areas of mortar repair such as on renders or cracks in concrete slabs.

The mortar mix can also be used for minor repairs to render or cladding.

Exterior Painting

Use the appropriate paint for masonry and exterior wooden doors and window frames that can soon start to rot if not maintained resulting in a far costlier repair job.

Make anything that sticks out like a sore thumb blend in by painting over such as wood / concrete lintels / black security light casing's against white backgrounds.

The same goes for black cables against white backgrounds.

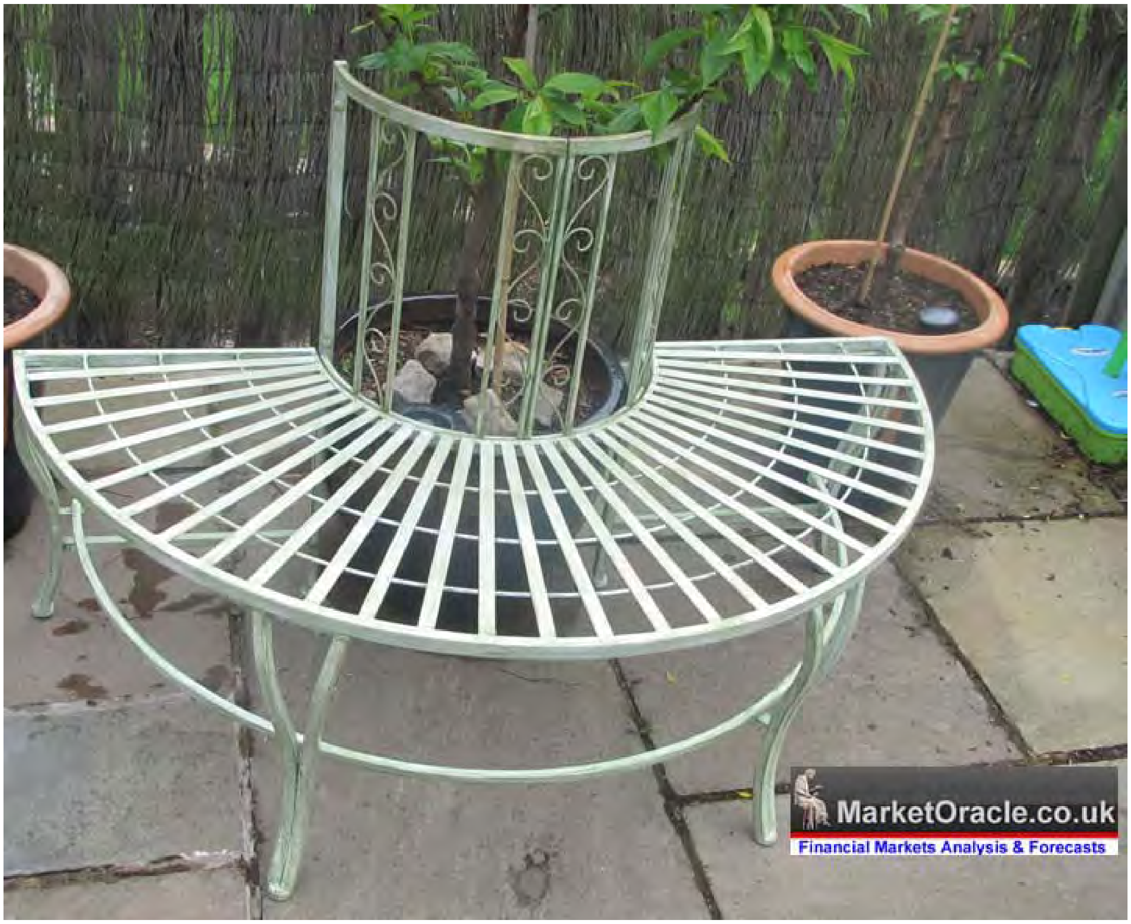
Decking, Fencing, Garden Furniture and Railings

Cleaning and staining your decking before you put your home on the market can transform what appears like a potential problem area to another positive in support of a higher valuation.

Remember to give an extra coat to high footfall areas of the decking.

And even if you are not selling any time soon you should clean and stain your deck every spring to prevent the deck boards from rotting.

Also don't neglect your fencing and garden wood / metal furniture by applying the appropriate coat of wood care treatment or paint.



Metal railings tend to rust if they are not re-painted annually. So give them a coat once a year to both prevent rust and add curb appeal.

Lawns

For most the only tool required is a lawn mower that will make a huge difference in the appearance where even a weed infested lawn can soon be transformed into looking good just by cutting the lawn short.

Driveway Pressure Washing and Sharp Sanding

Another annual late spring / summer task is to blast the weeds, seeds that could germinate, oil and grim off of and from between your driveways paving blocks which is best done when sun and no rain is expected for a couple of days.

And when the driveway has dried, brush sharp sand over it to fill the gaps between paving blocks.

Roofs

Another part of the property that home owners tend to become invisible to is the state of the roof, where unsightly moss can flag warning signs to prospective buyers that the roof may need replacing.

Therefore inspect and clear the roof of unsightly moss to make the roof appear newer than the state neighbouring properties maybe in. Though don't risk injury by climbing onto the roof, instead tools are available that allow you to scrape the moss off from ground level or from dormer windows.

Roof Moss Cleaning Steps

1. Scrape off the bulky moss, don't jet wash as it will spray the debris all over the place including onto your neighbours house and could damage your roof.

2. Clear the gutters of the moss that will have fallen into them, so you would need to be able to reach the gutter level.

3. Spray the roof with a fungicide on a dry day when rain is not forecast for a couple of days, preferably 6 months before you put your house on the market so that you can allow time for it to do its work.

Once done, you will not need to touch the roof again for another 5 years! If you cannot access the roof at all then hire a competent handy man to do the above tasks.

Similarly green algae growth on UPVCV fascia and Conservatory roofs will stand out and thus should be killed off by spraying annually.

Note:

- the fungicide will kill plants so be careful of the area sprayed does not run off onto plants
- to disconnect any water butts connected to the down pipes

Home Improvements to Avoid

Home owners are constantly exposed to mass media advertising that attempts to convince us of a myriad of reasons why x,y,z improvement will save us money, create extra space AND boost the value of our homes such as solar panels and garage conversions etc.

However, what on face value may have seemed like a sure fire bet that could not possible lose could turn into a potential nightmare when it comes time to sell our homes. Therefore this section details what I deem to be the top home 'improvements' that are likely to result in LOSS of value when you attempt to sell your home.

1. Swimming Pools & Garden Ponds

Having an outdoor swimming pool installed may have seemed like a good idea at the time but the hard truth is that this is the worst decision to make in terms of increasing ones home value as ALL of the money spent and more will have probably been poured down the drain. The UK weather is just not suitable for outdoor swimming pools, therefore you will put off virtually all prospective home buyers who will perceive the swimming pool as extra expensive and time in having to get rid of which means you probably will not get many offers until it has been filled in and lawned over.

If you really want a summer swimming pool for the kids then go with a temporary plastic one.

Garden Ponds

Whilst at the time adding a garden pond water feature may have seemed like a good idea. However, again for similar safety reasons prospective home buyers, especially with young children will perceive garden ponds as potential danger area and so will factor in the costs of filling in, therefore adding no value to ones home.

Worse still are gardens with streams running through them, the risk here is of flooding and erosion. Streams will not only not add any value but can prove costly to deal with which depending on lucky circumstances can at best allow for the stream to be enclosed and buried in an underground pipe across the property. Though for most cases it will be a a case of putting up with offers of 10% or lower than similar nearby properties without the stream water feature.

2. Solar Panel Installations

The solar installation industry has been busy for many years convincing home owners with well rehearsed sales pitches and graphs of how much they could earn each year by profiting from FREE energy from the sun to generate their own electricity by installing large arrays of solar panels onto their south-ish facing roofs, that like a contagion soon tend to spread to neighbouring roofs despite the fact that the southern most tip of the Island of Britain lies a good 500 miles north of the start of the optimum zone for generating solar energy.

Whilst prior to 2012 the Feed in Tariff of 43.3p per kwh generated was highly lucrative for home owners who did not intend on moving for at least 15 years, however as of writing the feed in tariff of 14.9p makes UK solar home installations a very bad decision for a number of reasons that I will touch upon below.

Reasons Why You Should Not Install Solar Panels onto Your Roof:

New Technology - Remember Betamax video recorders? All of today's solar panel installations will soon become obsolete over the next 5 years with the advent of nano-tech SOLAR PAINTS, and flexible transparent SOLAR SHEETS covering windows which will be able to generate far more electricity at far cheaper installation cost whilst seamlessly blending in with the environment so that most people would be unaware that any solar technology has been installed. UK home owners already have the choice to install the next generation of thinner light weight, all black solar panels.

- SUN - Most of the UK just does not get enough sun during the year to truly justify the outlay for installing solar panels due to the UK's long 6 month winter months of October to March. So you are only really going to get a good number of sunny days for 6 months of the year. Solar panels are best suited to countries that hug the equator. Therefore in my opinion the only areas of the UK where Solar Power should considered are along the South Coast of England, and perhaps no more deep than 50 miles inland, and even that is no where near the amount of solar energy that the likes of the Meditarian countries receive. So understand this that the amount of solar energy your UK solar installation generates per year will be lucky to be 1/4 that of the same installation in countries such as Spain.
- FREE SOLAR - Home owners should NEVER EVER sign up to FREE solar panel installs that effectively lease their homes roofs to a third party for as long as 25 years. Luckily the cut in the FiT has reduced the FREE Solar installs that were all the rage several years ago, which will prove a nightmare for those home sellers.
- Quality of Solar Panels and Inverter - Not all home install solar panels are the same, efficiency ranges from 4% to 20%! Most home owners will be no experts at discerning whether what is being installed will be of much use, especially for the cheaper quotes as without top of the range panels AND an inverter to convert the DC electricity generated into AC current then not only will you be greatly disappointed at the amount of electricity generated but the whole system will likely have a far shorter life-span than expected and that the inverter's may fail several times over the expected 25 year period requiring expensive replacements.
- Worthless Guarantees - Whilst the sales pitch may have been for 25 years of electricity generation, however the guarantees tend to be for just 10 years. Furthermore it is highly likely that your local installer will have long since gone out of businesses before the 10 years are up thus making the guarantees worthless and you liable for any repair costs.
- Increased Risk of Roof Damage - If the solar installation has not already damaged your roof and left it open to water damage, then your roof will permanently have to handle the extra weight of the panels along with strong wind-shear forces during storms that could rip parts of your roof off and panels along with it.
- MAINTENANCE - Most solar calculators factor in 25 year installs, however all roofs need maintenance, and it maybe that those panels will need to be ripped off in 10 years time or so to repair or replace the roof.
- INSURANCE - Most insurance companies charge a higher premium for solar roof installations.
- Unrealistic Home Sale Valuations - Unless your a nutcase you won't intend on taking the solar panels with you when you sell your home which means you may have an unrealistic expectation of their value to prospective home buyers.

And the most important reason why you should not install solar panels is that you could put off many prospective home buyers from even setting foot through your door due to the lack of curb appeal as well as the extra costs that will be factored in such as roof maintenance and ultimately removable of ageing panels. So effectively you will put off as much as 50% of the market from buying your house! Especially if you have been fantasising that the solar installation should result in an substantial increase in the value of your home.

The bottom line is that the solar PV industry has a destiny with extinction, so don't make the mistake of getting sucked into the PV solar panel sales pitches that will likely cause you problems when coming to sell your home, instead WAIT for solar paint.

Winter is Coming

Where saving the environment argument by using renewable energy is concerned, it does not appear to be so clever for the nation to plough billions into generating the most electricity when demand is at its lowest (summer months), then along comes winter!

So yes, whilst the early solar installations will profit those home owners for a decade or so, however this is as a consequence of another example of the Labour catastrophe that befell Britain, where the government chose to pay home owners FIVE times more for the solar energy generated than the home owners paid for electricity bought from the grid, the cost of which contributes to Britains annual £120 billion black hole (budget deficit). Or to put it another way, why wait for the sun to shine ? Just buy power from the grid and then use it to shine super bright lights onto the solar panels 24/7/365! Where the subsidy will out weigh the lighting costs. That is Labour government logic!

A Reason for Installing Solar Power

Forget the solar industry sales pitches, in my opinion, at this point in time there is only really one real reason for a UK home owner to install the current tech solar panels and that is as insurance against power cuts that many 'experts' claim are more likely in the future. Unfortunately the standard installs will NOT continue to power homes when there is a power cut because they DISCONNECT for safety reasons.

Another problem is that the solar panels only work when the sun is shining, so a power cut orientated installation will require a significant upgrade to the standard installs adding equipment such as an outdoor battery bank, which basically comprises a dozen or so heavy duty car batteries and a device for automatically switching to backup batteries that continue to both power ones home during power cuts as well as be charged by the solar panels. This would add approx £4k to installation costs and the batteries would last approx 5 years on average and of course result in LESS electricity generated for home use or exported back to the grid. So it may be better just to get a home petrol / diesel backup generator costing approx £1k for a 5kwh generator for power cuts.

3. Garage Conversions

It can be very tempting for home owners in need of living space to contemplate the conversion of their integral or attached garages. However this can turn out to be a huge mistake in terms of it being highly unlikely that you would ever recoup the costs in terms of an increase in your homes value, not unless you live in places such as central London where space carry's a heavy premium.

Instead, it is more likely that a garage conversion will result in a loss of value as it would put off potential buyers, especially if virtually every other house in the street has a garage, but now yours does not.

Therefore you should consider the £5k to £15k of costs as being incurred for your sole benefit, as it won't benefit you at time of resale and instead will likely even result in a loss of value of a few percent, which would especially be true if it were an obvious DIY job done on the cheap.

Instead, If you are in need of extra living space for instance for a home office or a home theatre then look at alternative options available such as having a wooden garden office erected which would usually not need any planning permission and would cost roughly the same as a garage conversion (starting from £10k), which would add some value to your home, possible 2/3rds of the amount spent.

Another option is to look at utilising your garage space other than for storage that does not require any building works such as using part of the garage as a money saving home gym, an investment of £1000 would not only retain most of its value but within a year pay for itself in terms of money saved on expensive monthly gym memberships.

But if you really need the space than look at a temporary option, i.e. use screws to erect a stud wall with so that it can be dismantled, and leave the garage door in place remembering to hang rolls of insulation between the garage door and the new wall. However you will still face a problem when it comes to heating the space.

Off course you could go ahead and fully convert your integral garage if you have the space to build replacement garage, in which case it would probably be cheaper to retain the garage and extend the back of your property.

4. Children's Play Equipment and Areas

Children's home garden fixed play area equipment sector that despite the great recession has been in a boom time for the past decade. On face value this would seem like a sure fire way to boost ones home value by appealing to families with young children.

The extensive options available range from straightforward DIY wooden swings and slides to literally spending several thousands pounds to have a purpose built play area built.

However, any monies spent are unlikely to see a return, furthermore extensive fixed play areas may even result in a loss of value if for instance they occupying a large area of the available garden space as they will exclude all house hunters without children who will factor in the inconvenience of having the play area's dismantled and the lawn restored.

Additionally poorly maintained children's play area's and equipment such as trampolines will result in loss of value even from families with children for they would be perceived as a potential dangers.

Which means it may be best to remove garden structures and equipment that have not been maintained and fallen into a bad state of disrepair before putting ones home onto the market.

The bottom line is that you are unlikely to see any return on monies spent on fixed garden play areas, structures and equipment that may need to be removed prior to selling your home, therefore opt for low maintenance easier to disassemble equipment that could for instance be resold on ebay to at least recover some of the costs incurred.

5. Basement Conversions

Whilst this might not seem like an obvious no, no when it comes to home improvements when contemplating the potential for a huge amount of additional space that could be yielded by for instance by excavating under house crawl space into a full fledged basement conversion but the truth is that for most home owners (80%) this will prove to be an unwise move to make.

The key issue here is COST, for usually whatever one originally estimates the cost of conversion to be can literally be doubled, or worse if your excavations result in structural consequences that would prompt further expensive works to rectify. In terms of cost, as a rough guide, take how much it would cost to have a similar sized loft extension and then double to triple that. So if a loft conversion would cost £30k then the basement would cost £60-90k where the value added would be measured in square footage percentage of the area of the house. Which means if the area increased is 25% then the house would need to be worth at least £280k before the conversion just to break even, and the only place you are likely to get terraced houses priced at £280k+ are places such as London.

Rough Costing's

- Existing Basement - Making an existing basement / cellar water tight and plastering - £1k per square metre, 30sq metre conversion would cost £30k, suggested minimum property starting value of £150k.
- Lower Existing Basement Floor - Lowering the floor of an existing basement / cellar, making water tight and plastering - £2k per square metre, 30sq metre conversion would cost £60k, suggested minimum property starting value of £280k.
- Excavate a New Basement - Dig down several metres to create a new basement - £4k per square metre, 30sq metre basement would cost £120k, suggested minimum property starting value of £550k.

So basement conversions should only be considered if -

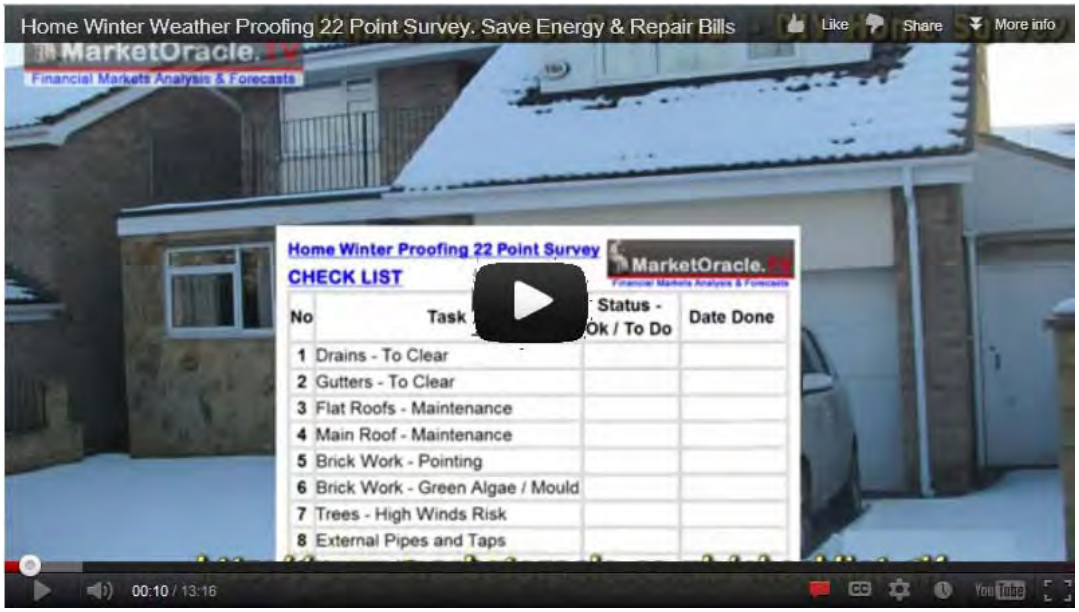
- it is a terraced property where there is no space to extend up or back situated in an area that demands a premium price for square footage such as central London where the value increase would still outweigh substantial cost over runs
- or if your property already has an existing cellar / basement, therefore no expensive structurally risky excavation works would be needed, instead it would be more a case of making the basement water tight and plastering.

So just because home owners are busy building ice bergs in central London, that does not mean the same is advisable else where in the UK.

Home Winter Weather Proofing 22 Point Survey

The time to take preventative measures is before the temperatures drop by conducting a relatively quick home winter weather proofing survey that than can save on costly repair bills such as damage form blocked drains, gutters, leaking roofs, and burst pipes that can result in soaring insurance premiums following claims, as well as save on costly excessive energy usage due to drafts, poor insulation and boiler problems.

This comprehensive 22 point video DIY home survey will show you all of the main areas that should be covered that has the potential of saving £ thousands each year.



Home Winter Weather Proofing 22 Point Survey Check List

No	Task	Status - Ok / To Do	Date Done
1	Drains - To Clear		
2	Gutters - To Clear		
3	Flat Roofs - Maintenance		
4	Main Roof - Maintenance		
5	Brick Work - Pointing		
6	Brick Work - Green Algae / Mould		
7	Trees - High Winds Risk		
8	External Pipes and Taps		
9	Hoses and Garden Equipment		
10	Garden Decking, Fencing Water Proofing Condition		
11	Boiler - Pressure / Operation		
12	Carbon Monoxide Alarm		
13	Fire Alarms - Working		
14	Loft Insulation Status		
15	Under House Insulation		
16	Garage Door Seal Condition		
17	Doors - Drafts and Seals		
18	Windows - Drafts and Gaps		
19	Radiators - Air, Reflectors		
20	Ducts - Sealing Gaps		
21	Track Energy and Water Usage		
22	Preparing for Snow Fall		

Print Checklist

The following are a selection of the 22 survey points covered in the video

1. Check for Blocked Drains

Drains blocked by leaves and detritus can cause extensive property damage but is relatively easily preventable, by clearing debris and utilising cheap materials such as plastic mesh that cost less than £1.

6. Check for Algae and Mould

Algae and mould are sign of poor drainage, so such areas should be identified for water proofing solutions, such as cheap plastic guttering costing less than £10.

10. Garden Decking and Wooden Structures

Extend the life of your decking and garden structures such as fences and benches by regular cleaning and annual water proofing treatments that typically should cost less than £30.

14. Loft Insulation Status

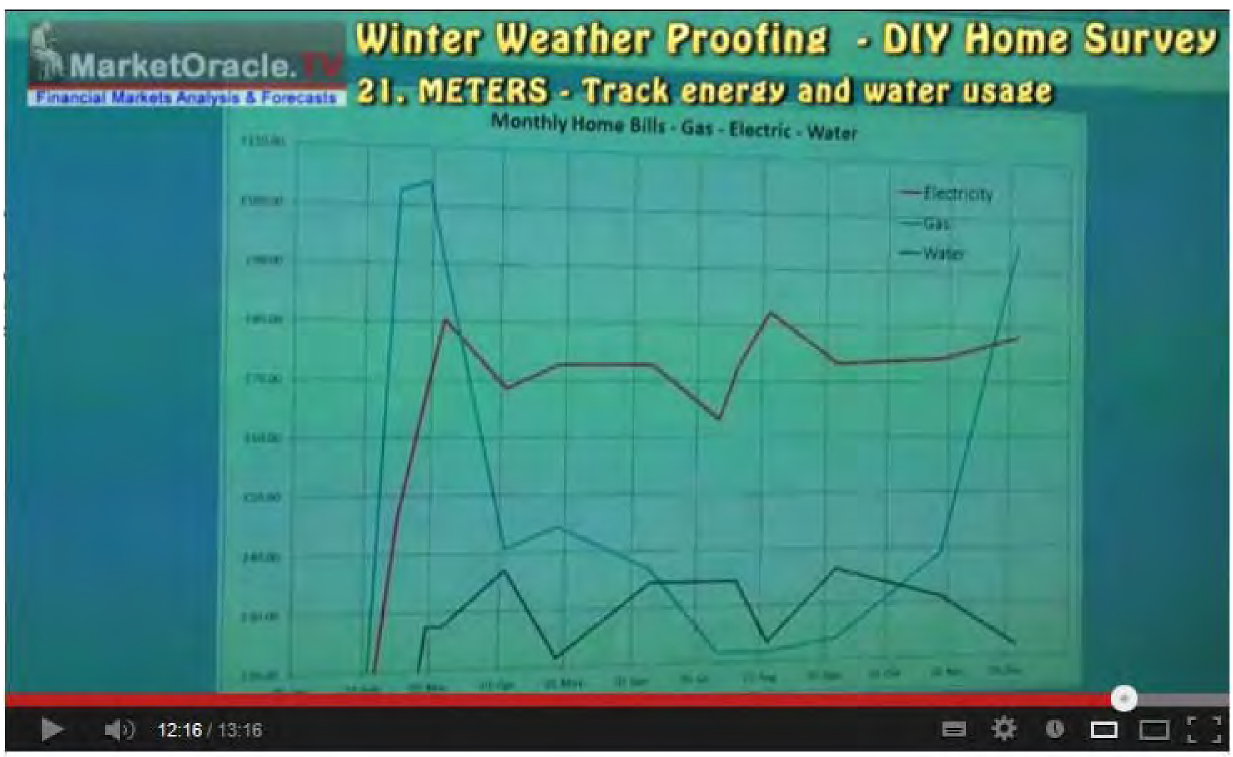
Check for quality of loft insulation and lagging around central heating pipes (if any) that needs to be addressed to save on energy costs and prevent highly damaging burst pipes that can cost on average £2000 to repair.

17. Doors draft and seals

Seals around doors deteriorate over time so should be checked at least once a year for replacement. You can either check by hand for draughts or use temperature measuring tools. Draft proofing can cost as less than £5 per external door.

21. Track energy and water usage

Log your meter usage for electricity, gas and water, so as to identify problem areas early, today many app's are available as well as the traditional spreadsheet solution.



Click here for the full 22 step home winter weather proofing video survey.

Part 4

Historic Analysis 2007 to 2012

A selection of 10 articles that illustrate the process of analysis of the UK housing market in its transformation to bear from the bull market top of 2007, to depression and the embryonic bull market of 2012 that gave birth to the bull market proper of 2013.

1. UK Housing Market Crash of 2007 - 2008 and Steps to Protect Your Wealth

Aug 21, 2007 - http://www.marketoracle.co.uk/Article1893.html

The Credit Crunch has been hitting the UK Mortgage Sector hard as many easy credit mortgage deals have been removed from the high street shelves in recent weeks. Despite central bank actions to ease financing terms and increase liquidity, this does not address the real issues of illiquid mortgage related bonds and expectations that the UK Housing Market will slump on the back of a surge in foreclosures.

UK Mortgage Banking Sector - Northern Rock Example

For an example of the credit crunches impact on the UK mortgage banking sector , we need look no further than at Northern Rock. The mortgage banks stock price has fallen from recent highs of £12.58 to recent lows of just £6.20, a drop of more than 50%. Trading on a PE of just 7.5 and a yield of 4% may now make the stock seem enticing, but the mark down is in anticipation of the much higher risk of mortgage defaults and repossessions in the UK as the housing market starts to nose dive. These repossessions (foreclosures) are already hitting the likes of northern rock with expectations of a tripling in the rate over the next 6 months as compared with the same period last year. This surge in repossessions will impact the earnings of the UK Mortgage banks as they make every larger bad debt provisions and issue profit warnings.

This is in addition to any toxic US Sub prime related exposure. Therefore in Northern Rock's case a PE of 7.5 could jump many fold in a worse case scenario.

UK Adjustable Rate Mortgages (Arms) & Liquidity

If the Adjustable Rate Mortgage Resets are termed as Arm-ageddon in the US, then here in the UK they should be termed as Doomsday, as the more than 90% of ALL mortgages are adjustable rate or floating rate mortgages in the UK. The short-term fixed deals taken out over recent years are now resetting with a vengeance. With UK interest rates at 5.75%, and a chance (albeit diminishing one) of a further rise to 6% in October 2007 (UK Inflation CPI Falls But Interest Rates Set to Rise to 6% By October 2007 18th July 07). The UK Arm resets will have a significant impact on the UK consumer and send the UK Housing market into a downward spiral. To make matters worse the credit crunch ensures that lending criteria will be much stricter with much higher interest rates charged than the base rate would imply, i.e. a greater spread between the Bank of England's rate and the mortgage interest rates.

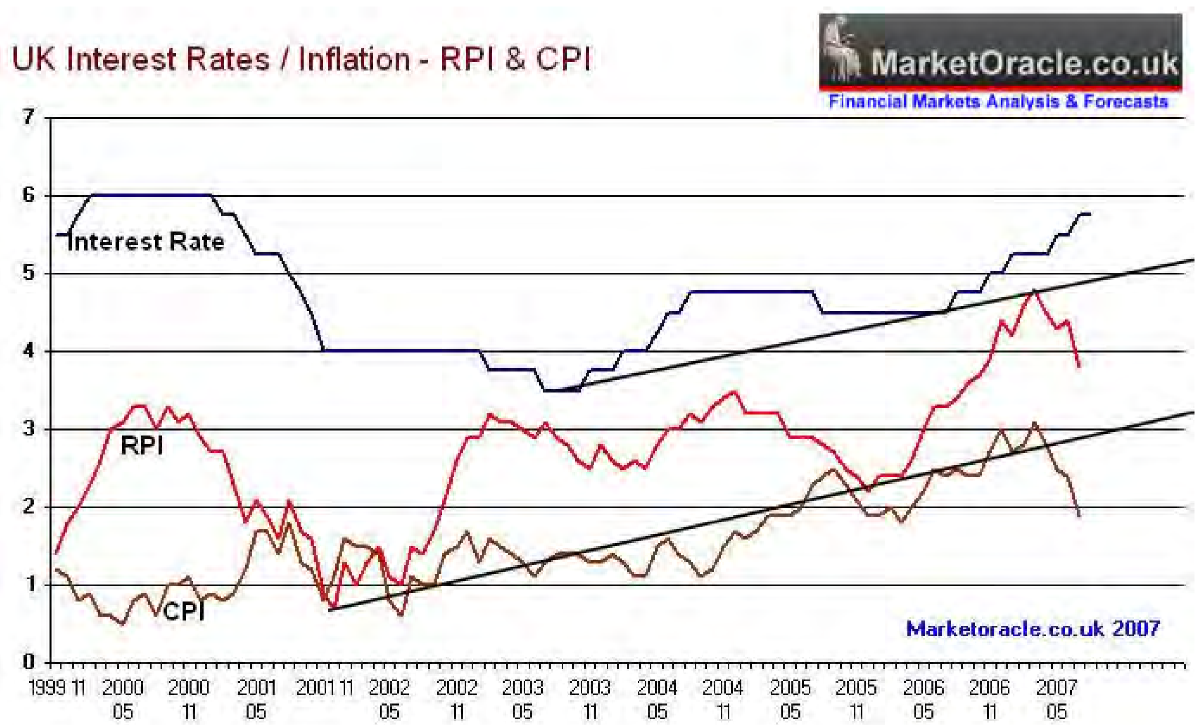
Already the latest figures for new mortgage approvals for July show a 27% fall over the same period a year ago as liquidity continues to tighten with borrowers facing much tougher refinancing conditions.

The third impact of the credit crunch on the UK Housing market is the loss of 'city bonuses'. If as expected the financial markets remain depressed for at least the next quarter then the year end bonuses may virtually dry up. In the City of London many of the house purchases are reliant on bonuses to pay off capital as mortgages tend to be many, many times salaries. If the bonuses fail to materialize then that will depress London House prices which will send another negative ripple through the whole UK housing market.

Uk Repossessions (Foreclosures)

UK home repossessions continue to soar this year and are forecast to total as much as 34,000 by year end, which is double the number of 2006 of 17,000. Going into 2008 we could be seeing repossession not seen since the last housing bust of the early 1990's. The mortgage banks such as Northern Rock are being hit hard, which reported a doubling in the rate of repossessions. The impact of this will mean even tighter borrowing requirements and a similar squeeze on house prices led by sub primers as has occurred in the US. Where expectations are extremely tight credit for those with poor credit histories.

Uk Inflation RPI / CPI / Interest Rates



The Rate rises from 4.5% to 5.75% in a year are having the effect of dissipating the bullish sentiment that has carried UK house prices to such extremes.

The latest Inflation figures fell strongly in July, with the CPI dropping from 2.4% to 1.9% and the RPI falling to 3.8% to 4.4%. However given the extent of the rise in the money supply, further declines are likely to be more muted. The chart trend suggests RPI could decline towards support at 3%.

This is enough to keep UK interest rates on hold for the time being, which increases the probability that interest rates may now peaked, as by the time the UK Housing market nose dives and the economy slows to borderline recession, a further rise in interest rates will no longer be on the cards and in fact the expectations will be for cuts in UK interest rates.

Interest Rate Conclusion - The Market Oracle expectations are for UK interest rates to target 5% during the second half of 2008.

Buy to Let Sector

The Buy to let sector continues to expand strongly with a record number of buy to let mortgages taken out during the first 6 months of the year despite the rising interest rates and falling rental yields. The result is an increasing number of buy to let investors unable to cover their mortgage repayments from rents and therefore are relying on capital gains to provide profits. Should, as expected house prices take a tumble then a mad rush by weak buy to let investors to cut losses could hasten the decline in UK house prices during 2008.

UK M4 Money supply

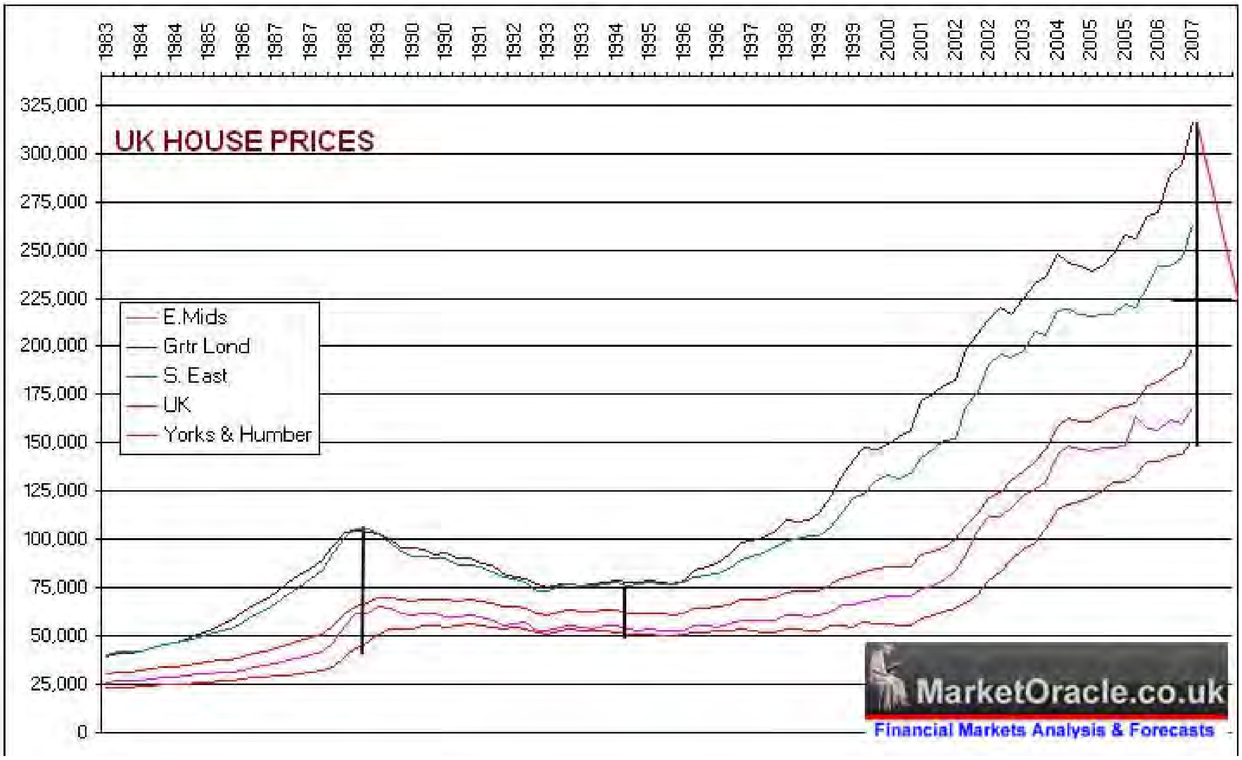
UK Money supply growth shows signs of having peaked at 14%, however, whilst the money supply remains at the elevated rate of 12.9%, this still suggests higher inflation in the future. And would require a much more significant reduction to below 10% before inflationary pressures are expected to ease.

The Market Oracle UK House Price Ratio

The above chart clearly shows that despite the strong rise in house prices from 1996 to 2006, house prices remained affordable in terms of earnings and historically low interest rates which enabled house buyers to meet mortgage repayments.

However this year the ratio clearly broke above the upper range and has led to an increase in relative costs of servicing mortgages to an extent not seen since 1992. This will become more evident as the impact of mortgage fixes taken out when interest rates were at or below 4.5% expire as the increased risks in the mortgage sector result in ever higher floating rate mortgages, especially for those deemed to be if higher risk with poor credit histories, who may see their mortgage interest rates double i.e. from say 4% to more than 8% !

UK House Prices



London and the South East led the way during the 1980's Boom, rising much further than the rest of the country, with the rest of the country continuing to rise as London peaked.

Similarly today, the South of England has risen to a much greater extent than the rest of the country, and thus is expected to fall especially hard given the credit crunch in the city of london.

The resulting bear market will undoubtedly seek to contract the spread between London and the rest of the country by at least 50%. Which implies a decline of 30% in the Greater London Area, and an overall UK decline of some 14%. however the decline in real terms when inflation is taken into account will be much greater.

UK Housing Market Conclusion:

The UK Housing market is expected to decline by at least 15% during the next 2 years. Despite the 2012 Olympics, London is expected to fall as much as 25%. UK Interest rates are either at or very near a peak, as there is an increasingly diminishing chance of a further rise in October 2007. After which UK interest rates should be cut as the UK housing market declines targeting a rate of 5% during the second half of 2008. The implications for this are that the UK economy is heading for sharply lower growth for 2008.

What to Do ?

1. Home Owners - If you are thinking of selling your home then the time to act is now ! Waiting whilst the credit crunch continues to tighten is a big mistake, especially given the fact that further sharp falls are in the financial markets are just around the corner.

2. Cash - Invest in Fixed Interest Bonds issued by large strong banks , avoid issues from mortgage banks such as Northern Rock. Keep in mind that In the UK savers have protection at 90% of holdings of the first 35k of investments in fixed bonds and savings accounts so bare that limit in mind. Also ensure you have used up your Tax Free ISA allowances.

3. Government Bonds - Invest in Government Bonds, be prepared to hold to maturity so as to reduce risk of market volatility.

4. Government Certificates - Invest in national Savings Certificates such as the and Index Linked Tax Free Certificates, which are an excellent vehicle for higher rate tax payers.

5. A Stock Market Crash or Slump Would be A Buying Opportunity. The stock market is expected to be volatile since we are moving into a new risk climate. Despite a high probability of further sharp falls, and even a crash, there are plenty of long-term plays out there especially in the big cap oil sector. I would also look at bargain hunting metals and mining on further sharp falls or a crash. Similarly for the utilities sectors such as Water. The best plays are probably via investment trusts, of which there are many. I favor investment trusts over unit trusts as they are traded on the stock exchanges exactly as any stock is. Whereas, as I recall in previous financial crisis you may find the phone off the hook on the other end of the line when you try to call to buy or sell unit trust positions.

6. Emerging Markets - I would avoid china, the market is not pricing in risk and is primed for a crash. India and Russia look enticing especially on any sharp falls in sympathy to global market sell offs.

Whatever you do, remember that today's Idyllic pleasant picture in the UK is very shortly in for a rude awakening, much as the US home owners are experiencing in increasing numbers. The bull market in housing is over for now, better to realize this now whilst you have the opportunity to do something about it rather than be forced into a decision later on.

Related Articles

- Hedge Fund Sub prime Credit Crunch to Impact Interest Rates - 31st July07
- UK Housing Market Heading for a Property Crash - 1st May 07
- UK House Prices continue to Rise whilst the US Housing Market Slumps - 25th Feb 07
- UK Housing market forecast for 2007 - 31st Dec 06
- Why UK House prices continue to rise ! - 14th Oct 06

2. UK House Prices - Primary Reasons For a Sharp Fall

Oct 28, 2007 - http://www.marketoracle.co.uk/Article2588.html

The Market Oracle expectations are for the UK housing market to fall by 15% over the next two years. However this decline is not expected to be a gradual trend but rather periods of stagnation punctuated by sharp falls which could be of more than 5% in a single quarter! Therefore this article looks at the primary driving forces that could lead to sharp falls in the UK housing market.

1. Buy to Lets Mass Selling

Its a numbers game - The fundamental approach to buy to let is for the rental income to cover the mortgage and all other costs associated with managing a property. Whilst 10 years ago, buy to let investments were a no brainier, i.e. a virtually cannot lose investment producing yields in many cases in excess of 10%, today's yields have by and large fallen below the costs of servicing buy to let loans. This is especially true for the most recent entrants that banks such as Northern Rock were more than happy to sign up right up to the first major blow out from the credit crunch in June 2007.

An estimated 1,000,000 buy to let mortgages have been taken out, up from barely 20,000 10 years ago. This illustrates the size of today's the buy to let market.

There are two main reasons why this million strong army of speculators could trigger a sharp drop in the UK housing market:

a. The Yields - As I have already mentioned the yield available today from rentals ranges anywhere from 3% to 5% of the value of the property. Add in costs of insurance and management / maintenance and the yield reduces by a further 1% to a range of 2% to 4%. Therefore whilst portfolios built up during the early years of the housing boom are more than manageable in payment terms, i.e. when houses prices where half their current price. The fact is that buy to letters can earn far more yield from high street high interest savings accounts of upwards of 6% without any of the associated time spent on managing properties. The only incentive to retain property portfolios is the expectation of capital gains. If this expectation evaporates then there would be no point to buy to let investments.

	Buy to let costs 2000	Buy to let costs 2007
Average property Cost	£84,000	£200,000
Average rental income	£6,000	£10,000
Yield	7%	5%
Net Yield Less Management Costs @ 1%	6%	4%
Buy to let mortgage (100%)	6%	6%
Net Profit / Loss	0%	-2%
Value of Net cost (Annual)	£0	£4000

Off course recent buy to letters over the last 12 months that number more than an estimated 100,000, risk falling into negative equity. This associated with a rental income that does not covers costs, could trigger a wave of selling hitting the market so as to cut losses .A recent BBC report featured on "All About Money" demonstrated that many buy to let investors in the Flats market are already being hit by negative equity with associated rental yields not covering loans and therefore investors being forced to sell at losses of over £50,000 on properties originally valued at £200,000.

b. Government Tax Changes on Capital Gains - Gordon Browns Darling in all his wisdom has probably done more to set a date for a crash in UK house prices then any one could have imagined. Basically Alistair Darling has cut the capital gains tax on property investments from 40% to 18%, effective from 1st of April 2008. The effect of this would be that those sitting on fat profits built up over over recent years now have an incentive to sell to lock in profits whilst they can. Whereas in the past the incentive would have been to hold onto properties for many more years to benefit from taper relief which would reduce tax liability from 40% to 24% over 10 years.

Whilst many market commentators view this tax change as a boost for the Buy to Let market. What it effectively means is that there will be NO tax incentive to hold onto properties. This will to some degree support the market in the lead-up to April 08, with the expectation for a large number of buy to let properties coming to the market in April 08. More so if the housing market continues to weaken.

2. Foreclosures (Repossessions)

UK repossessions rose to 17,000 by the end of 2006, and are on target to to more than double this year to over 40,000. The expectations are that 2008 will see the rate of repossessions double again to 80,000 as declining housing market impacts on the economy. Eighty thousand repossessions in 2008, would be more than the peak number of 75,000 repossessions during the last housing bust in 1991. As a sign of how shocking these figures we only need to turn back to the Council of Mortgage Lenders own forecasts of January 2007, which forecast 19,000 repossessions for 2007 and 20,000 repossessions for 2008.

3. Home Owners Downsizing.

Many Home owners, especially the over 50's are looking to capitalize on the huge gains in the property market by selling up their large houses and down sizing to smaller UK properties or to retirement homes abroad. These are so far the only real winners of the UK housing boom, i.e. those that actually capitalize on their gains, with cash in the bank. A declining housing market is expected to hasten the decision to act and add to the momentum of falling prices, especially in London.

4. Credit Crunch

The credit crunch increasingly impacts all types of property buyers, and has already seen mortgage approvals hitting a 7 year low, as the US subprime contagion continues to spread. There is little sign that the worst is behind is, with US Adjustable rate mortgage resets unlikely to peak until March 2008 and stay at high levels of resets until September 2008.

The impact of the credit crunch is directly felt in the surge in mortgage interest rates which are in large part based on the LIBOR rate (the rate which banks are prepared to lend one other), that have surged in the wake of the credit crunch as a consequence of increased risks which was evident during September when Northern Rock Bank teetered on the brink of collapse. For more on the credit crunch see -Hedge Fund Subprime Credit Crunch to Impact Interest Rates

Added to this we have yet to experience the impact of the UK subprime mortgage credit crunch. As more UK banks will be faced with mortgage defaults and bad debts, so credit requirements will be raised thus both increasing the price of credit and decreasing the supply of loans. Which will put a break on the housing market for the duration of 2008.

5. Affordability

The Market Oracle affordability index accurately explained why house prices were historically cheap in affordability terms during 2001, which was contrary to widespread bearish market commentary at the time as illustrated by the BBC News headline "House prices: Is the crash coming?"

House prices remained affordable right into 2006. However, as house prices approached the upper end of the decade long range, having failed to slow and moderate as they had during 2005, instead surged higher beyond the comfort zone range, despite rising interest rates which has led to the current state of unaffordability not seen since 1992.

During 2008, a slowing housing market is expected to hit households hard as taxes rise to meet the gap between government spending and government revenues. As an example of the size of the deficit, the government's budget should be in balance at this time as per Gordon Browns original Golden Rule, instead of which the government is estimated to end 2007 with a deficit of £34 billions. The forecast for 2008-09 is for £30 billions, but this is based on much higher growth target of 2.5%, whereas the Market Oracle forecast is for economic growth that could be as low as 1.4%, which would result in a much larger deficit, and further tax rises that will squeeze household incomes and thus ability to service large mortgages, that have in large part been built up as a consequence of equity release for consumption.

The expected trend of the affordably index between an anticipated market peak to a trough confirms the expectations for at least a 15% price drop. The expectations are that the affordability index will decline to below the 2005 trough, and possibly even extending to the bottom of the range which would imply a house price decline of more than 20%, as markets have a tendency to overshoot both at market peaks and bottoms.

6. Lack of First Time Buyers

UK House prices at an average of more than £200,000 have never been more out of the reach of first time buyers. This is reflected in the fact that there are less first time buyers than 25 years ago, i.e. you would have to go back to 1982 prior to the dawn of Margaret Thatcher's right to buy Council houses scheme boom.

This is not surprising given that the average first time buyer now needs to borrow more than X6 earnings to get on the housing ladder. In areas such as London, even with the higher salaries, multiples of X10 earnings are not uncommon, many of which have been taken out with self certification mortgages, which are primed for major difficulties given the rise in interest rates and housing costs.

First time buyers are taking on huge risks of going into negative equity and rising mortgage rates leading to increased risk of mortgage defaults and thus likely to add to repossessions.

Conclusion

The UK housing market is trending towards at least 1 quarter of price action that could be termed as a crash. The most probable quarter is April to June 2008, i.e. inline with the change in capital gains tax rules. However I would not be surprised if this 'crashette' will be followed by several months of rising prices, which the estate agents / banks and media will jump upon as a signal for the end of the UK's housing slump. This is as much as was experienced during the last housing market bust of 1989 to 1992. After the corrective rally, the third and more protracted series of house price declines will begin.

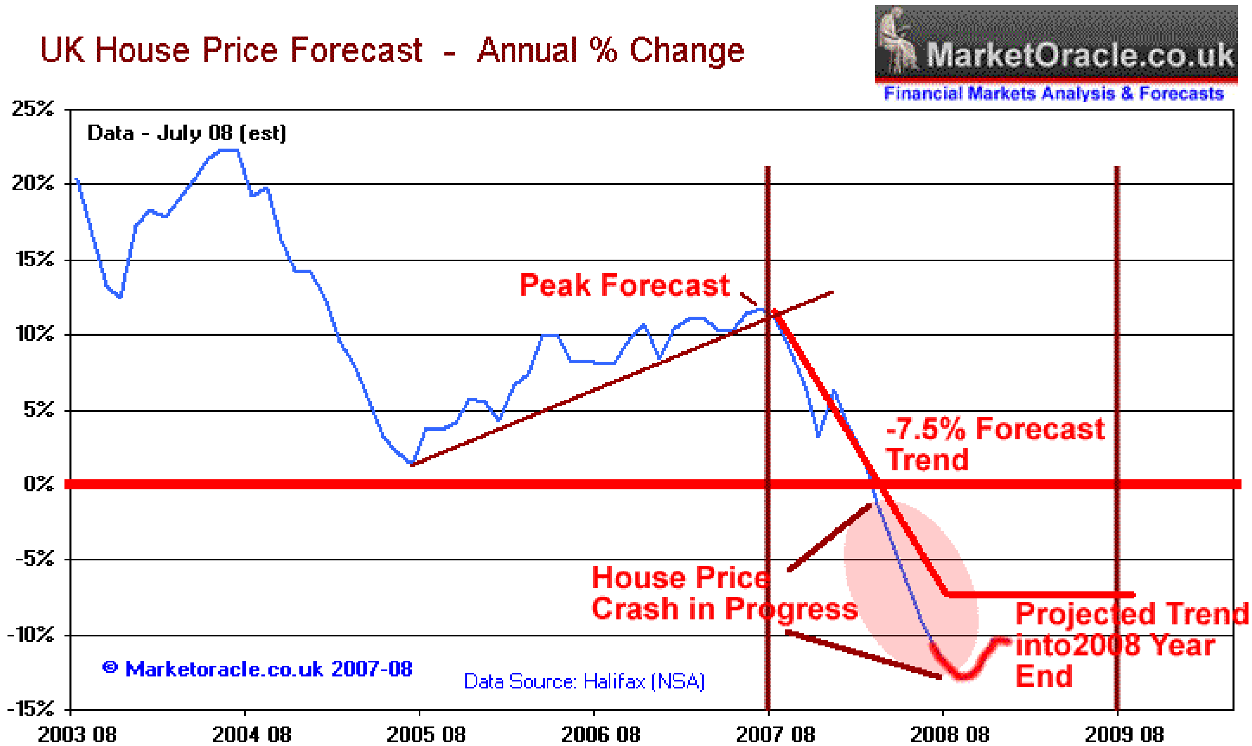
3. UK House Price Crash of Summer 2008

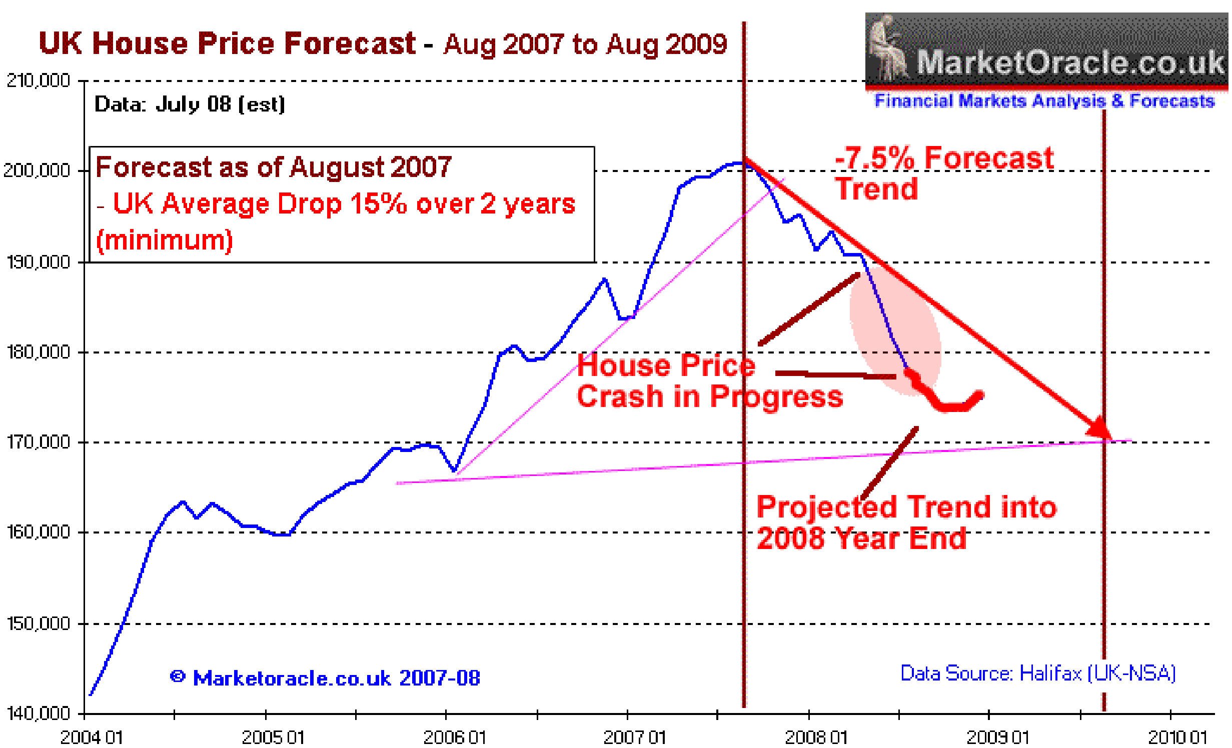
Jul 22, 2008 - http://www.marketoracle.co.uk/Article5563.html

The latest UK house price data as released by Rightmove shows that the UK housing market crash continues to accelerate by registering a fall of 1.8% for July 08. The rate of descent on an annualised basis now extends to -11% and on a quarterly basis to -6.7%, far above the originally forecast crash rate of 5% per quarter as per analysis of November 2007 for the quarter April to June 08, which came in at -5.8%. The housing market is in full panic selling mode, as property owners slashing prices are met with silence from potential home buyers.

On a slightly positive side, the quarterly rate of descent of -6.7% is unsustainable as that would imply a 12 month fall of 26.8%, far beyond anything that Britain has experienced in recorded house price history. Therefore this implies that the rate of descent will start to moderate by the release of September 2008 house price data in October, following which the current period will be come to be known as the House Price Crash of Summer 2008, still there is potential for UK house prices to end the year down by more than 11% far more than the original forecast for an annualised rate of descent of 7.5%, which was made before house prices started to fall following the August 07 peak. However, this suggests that house price falls will be skewed towards the period ending September 08, with the pace of decline moderating during 2009, probably declining at an annualized rate of less than 5% by September 2009 due to the impact of high inflation, as inflation erodes real terms housing market values whilst supporting nominal house prices.

A complete update and extensive analysis of the UK housing market will follow on the 12 month anniversary of the original forecast in August 2008, that aims to construct a trend forecast for UK house prices well into 2011. In the meantime the following graphs illustrate the degree to which the UK housing market is in crash mode regardless of misleading mainstream headlines during late 2007 and early 2008. The graphs also illustrate the anticipated trend into the end of 2008 which at this time is suggesting a pause in the bear market.





Buy to Let Investors in Panic Mode

The selling that began on the Capital Gains tax changes in April 08 has turned into a full fledged panic, as buy to let investors generating yields on property investments of between 4% and 5% are witnessing their capital evaporating at a rate of more than five times the return, under such circumstances the logical thing to do is to cut ones losses and run, and which is precisely what is happening and driving the UK housing market crash. The slump in commercial property also continues to contribute towards the housing bear market, as bad news amongst retailers is undoubtedly going to lead to a glut of vacant retail properties in the near future.

Buyers on Strike

The buyers have steadily gone from a position of wait and see to a position of no way hosey, as literally fear is starting to grip housing market participants in ever increasing numbers as potential buyers are being hit by multiple events all at the same time that are breaking the legs from under them both in terms of wanting to buy and being able to finance purchases. Briefly this includes the credit crunch which has resulted in a mortgage famine amongst risk averse distressed mortgage lenders. The UK economy is fast tipping towards recession which is being felt in many industries linked to consumer spending. Loss of confidence in the Bank of England and the Government as the buyers see the country lurch from one crisis to another. And last but not least the surge in energy and food prices which act as a tax on the consumer whereby consumers experience a real-terms loss of purchasing power that is not reflected in official inflation measures, many people have experienced inflation of as much as 10% during the past 12 months against the current CPI rate of 3,8%, this results in a real-terms loss of purchasing power of 6% against average earnings.

Media Warning 2008

Whilst I was penning articles warning of the impending house price crash, much of the media was again following the line as pumped out by press release after press release by vested interests in a stable housing market as I warned would occur in September 2007, and as illustrated by the following headlines -

UK house prices will escape America's crash - Liam Halligan , I agree the economy is weak. And a sharp drop in house prices isn't impossible. But, in my view, the evidence strongly suggests it won't happen. - Telegraph , (March 27, 2008) - I wonder how much the Telegraph pays for such 'accurate' commentary barely a week before the UK's House Price Crash Began !

UK house prices rebound strongly in February - Telegraph.co.uk - Miles Shipside, commercial director of Rightmove, said: "It's not the start of another price boom, but the interest rate cuts have no doubt given some sellers headier hopes." (Feb 19, 2008) - A single month corrective bounce within an established downtrend as the graphs clearly illustrate, was taken completely out of context.

UK house prices may defy the doomsayers - House prices across the nation will defy the doomsayers this year and settle to an average growth of 3pc, according to latest research from CB Richard Ellis. CB Richard Ellis says homeowners are in for a slowdown, not a crash. The group has even predicted that London will outperform the market at 6pc. - Telegraph (Jan 18, 2008) - Really a 3% growth for 2008 ? House prices are already down 9% on the start of the year with 5 months to go!

RICS sees unchanged UK house prices in 2008 despite initial weakness - The UK housing market could experience some near term weakness, but house prices should remain broadly unchanged next year, according to the Royal Institution of Chartered Surveyors. - Forbes - Dec 19, 2007 - House Prices are forecast to fall by 11% in 2008, RICS best stick to surveying rather than forecasting housing market trends.

UK house price inflation to drop to zero by Nov 2008 - Nationwide... - UK house price growth will slow to a halt next year, even if the Bank of England cuts interest rates, the Nationwide building ... (Nov 16, 2007) - Forecast UK House Prices inflation will be - 11% By November 08, the Nationwide is consistently WRONG!

UK house prices to rise 40% by 2012 - UK house prices will increase 40% over the next five years because of a shortage of properties, a report by the National Housing Federation said. The average value of a home will rise to £302,400 ($618,000) by 2012, the London-based organisation, which represents 1,300 housing associations, said. Prices in London will jump 48% to £478,300. - (Aug 7, 2007) - The Icing on the Cake - 40% rise forecast at the precise peak of the UK housing market, I bet it seemed like a safe call at the time to forecast a gain of approx 8% per annum by a vested interest in a housing bull market.

and the list goes on and on..................

The above should illustrate the problem with the mainstream media in that they fail to perform their own in depth analysis to determine trend in an unbiased manner, instead of which there is a mad quick dash to quickly re-publish press releases produced by those who have a vested interest in rising house prices. Thus the readers have been continually misled into a house price crash situation by which time it is too late to do anything about it once the mainstream media finally wakes up to the fact that house prices HAVE CRASHED !

Against this avalanche of mindlessly repeating the same BS, which manages to drown out important warnings based on the actual analysis of key drivers of house prices and as I warned of on 22nd of August 2007 -

Whatever you do, remember that today's Idyllic pleasant picture in the UK is very shortly in for a rude awakening, much as the US home owners are experiencing in increasing numbers. The bull market in housing is over for now, better to realize this now whilst you have the opportunity to do something about it rather than be forced into a decision later on.

Which has long since been lost just as a snow flake would amongst an avalanche of bad press reporting, as transpired during the housing bear market of 1988 to 1994.

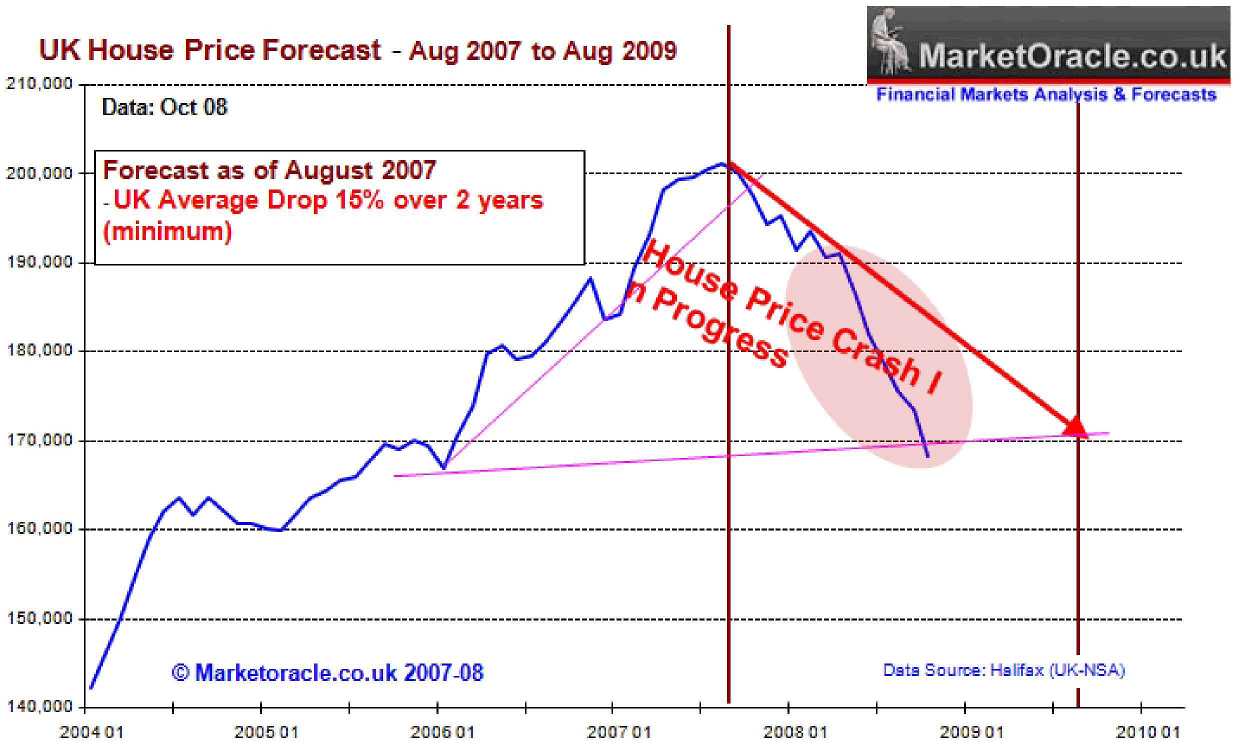
This problem is not just limited to house prices but occurs across the full spectrum of economic data from interest rates to economic growth. Growth rates for 2008 of between 2% and 2.5% were swallowed hook line and sinker, instead now there is total surprise at the alarming rate of slowdown of the UK economy which is heading for sharply lower growth for 2008, inline with the market oracle forecast of between 1% and 1.3% as of December 2007.

4. UK Housing Market 15% Crash Forecast Fulfilled

Nov 07, 2008 - http://www.marketoracle.co.uk/Article7182.html

The latest house price data by the Halifax shows that UK house prices have fallen by more than 16% from the peak of August 2007 and October 2008. The crash in both US and UK housing markets over the last 12 months was increasingly followed in September by the bankrupt banks collapsing one by one like a chain of dominos with governments rushing to their rescue during September and early october to the tune of unheard of amounts of tax payers money that now runs to collectively over $3 trillion. This first triggered near panic interest rate cuts in October of 0.5% which was yesterday followed by true panic cut of 1.5% which takes UK interests rates down to 50 year lows.

The whole trend for the house price crash has been forecast well in advance of events, right from the very peak to the initial down-trend path amidst prevailing mainstream denial that house prices were actually falling as recent as of March of this year, and right up to the most recent data that fulfills the original forecast of a 15% fall in average UK house prices as projected in August 2007.



The current house price forecast is now complete, therefore I now intend on working exclusively towards completing in-depth analysis geared towards generating the next accurate forecast for UK house prices to cover the next 2 to 3 years, which despite the now pervading bearishness may still have a surprise or two in store in the same way as the vast majority of analysts that have a vested interest in rising housing markets and the mainstream commentators that 15 months ago could not countenance that house prices could fall on an annualised basis, lost in the consensus of the soft landing let alone any contemplation of a house price crash as we are experiencing. Nor was my analysis a function of the perma-bears such as Capital Economics that have been forecasting a 20% crash since at least 2003, which missed a large part of the greatest housing bull market in history, that perma UK housing market bear status has now been quietly forgotten with much media praise and publicity for a worthless perma bear forecast that has been routinely repeated for some 4 years before UK house prices actually peaked !

In the mean time I leave you with the following selection quotes from articles that illustrate the monthly progress of the UK housing market crash that has subsequently come to pass.

August 2007 - UK Housing Market Crash of 2007 - 2008 and Steps to Protect Your Wealth

UK Housing Market Conclusion: The UK Housing market is expected to decline by at least 15% during the next 2 years. Despite the 2012 Olympics, London is expected to fall as much as 25%. UK Interest rates are either at or very near a peak, as there is an increasingly diminishing chance of a further rise in October 2007. After which UK interest rates should be cut as the UK housing market declines targeting a rate of 5% during the second half of 2008. The implications for this are that the UK economy is heading for sharply lower growth for 2008.

September 2007 - UK Housing Market on Brink of Price Crash - Media Lessons from 1989!

The UK Housing market is teetering on the brink of a crash led by the buy to let sector investors jumping ship. But the messages coming from the major banks and UK central bank are still benign. In many ways the situation is reminiscent of the initial stages of the the early 1990's property bust, which was also accompanied by soothing statements that ignored the facts on the ground as this article will illustrate.

Of particular note is the March 89 report that The channel tunnel will lead to a 20% rise in prices, 4 months later that the tunnel will force prices down by 20% ! A 40% variation in 4 months !

By the end of 1989, despite house prices having started to fall during 1989 the banks and related institutions were still issuing bullish announcements on housing market expectations for 1990.

October 2007 - UK House Prices - Primary Reasons For a Sharp Fall

The UK housing market is trending towards at least 1 quarter of price action that could be termed as a crash. The most probable quarter is April to June 2008, i.e. inline with the change in capital gains tax rules. However I would not be surprised if this 'crashette' will be followed by several months of rising prices, which the estate agents / banks and media will jump upon as a signal for the end of the UK's housing slump. This is as much as was experienced during the last housing market bust of 1989 to 1992. After the corrective rally, the third and more protracted series of house price declines will begin.

November 2007 - Crash in UK House Prices Forecast for April 2008 As Buy to Let Investors Sell on Capital Gains Tax Change

The timing for the sharp drop is likely to coincide with Labour's change on capital gains tax which effectively cuts the tax payable on gains accumulated over the last few years to 18% from 40%. This tax change comes into force on 1st of April 2008 and thus the expectation is for an avalanche of selling amongst buy to let investors to lock in profits.

This also means that the market will to some degree be artificially supported going into April 08, but still will not be enough to prevent a wider decline in UK house prices but rather could register a drop of as much as 5% in the quarter April 08 to June 08 , which would represent a crash in UK house prices.

December 2007 - UK Commercial Properties Crash Looms as Property Investment Fund Frozen

Investors should not delude themselves into thinking that just commercial property unit trusts will be hit, the contagion could spread across the whole unit trust sector if investors realise that when the times come to sell, the won't be able to. The last time we witnessed such panic was just 3 months ago when savers queued outside Northern Rock Bank to withdraw savings.

Unlike savings accounts, I cannot imagine how the FSA and Bank of England could step in to guarantee investors ability to liquidate assets. It is just not possible.

Your 'renting' analyst watching the unfolding UK housing crash from the sidelines.

January 2008 - UK Housing Bear Market Confirmed

Conclusion - The UK Housing market has confirmed its downtrend and is on track towards an average decline of 15% by August 2009 . The impact of declining house prices has yet to bite the economy with a crashette scheduled in the quarter April to June 08 during which time we may see a plethora of headlines 'UK House Prices Crash'.

February 2008 - UK House Prices Fall for 5 Months in a Row- Housing Market Will Go Negative April 08

However, UK Interest rate cuts won't be of much help to home owners due to the impact of the wealth effect going into reverse as house prices continue their month on month declines. For example on an average mortgage of £100k, a 0.25% cut in interest rates would result in a cut in monthly repayments of just £21. Whereas a decline in house prices of 0.5% per month results in a monthly loss of equity of £950 on an average £190,000 property. Therefore many market commentators and economists expecting a series of rate cuts to turn the UK housing market around may be surprised that the rate cuts will have very little impact on the weakening housing market.

The impact of the interest rate cut on the UK housing market is further diminished due to the fact that mortgage lenders raised interest rates in the weeks preceding Februarys interest rate decision with a view to declaring a cut of 0.25% following the decision. However this means that the real cut compared to a few weeks earlier is negligible, if any at all. (31st Jan 2008).

March 2008 - UK House Prices Fall in February- Home Owners have Lost £7,600 in 6 months!

Home owners who bought early into the boom and are now sitting on gains of 200% or more may think that in the light of a 15% drop there is nothing much to worry about need to reconsider how they calculate the impact of a 15% fall - A 15% nominal fall in house prices on a 200% gain is an effective loss of 22.5% of the gain (£200k examples) i.e. £200,000 X 15% = £30,000 house price fall; £30,000 / £133,333 Gain = 22.5% loss of gain. Add RPI inflation of 8.5% (over 2 years) and that's a real terms loss of 35% of the gain, on a £200k house that's equivalent to £47,000 (133,000 X 35%), ignoring inflation that is still a £30,000 nominal loss.

I have received several emails asking if I expect the UK housing market to bottom in August 2009. My response is that we are still at the beginning of the UK housing bear market that I expect to run to August 2009. There is no sign at this point in time to suggest that August 2009 will be a bottom as the UK economy by that time will be either in or close to being in recession. However, towards the end of this year (2008), I will be able to update the housing market forecast to beyond 2009.

April 2008 - UK House Prices Plunge Over the Cliff

The UK Housing market is on track for a significant drop in house prices going into 2010 of as much as 33%. March's 2.5% price drop will be followed by a further sharp fall in April 08, following which time many house price indices will have gone negative on an annualised basis. This will be the trigger for house price crash headlines across much of the UK media.

May 2008 - US and UK Housing Bear Market Trends

As the US market is discovering, government attempts to inflate their way out of a nominal house price falls will not work during a time of an emerging markets demand led secular commodities bull market, throw in the consequences of peak oil and you have all of the hall marks of nominal housing market price falls despite rising inflation, as consumers have even less cash available after paying for the rising costs of necessities then to service increasingly expensive mortgages that have reset to higher interest rates by banks with decimated balance sheets as a consequence of the ongoing credit contraction. Thus an economic environment of building stagflation with deflationary forces equals a cycle of continuing house price falls triggering even further deflationary credit contraction amongst risk averse lenders.

June 2008 - UK Housing Bear Market Threatening Economic Deflation

Yes, the recent rise in the oil prices is inflationary, however they are a one off shock at the time they occur, meaning that in 12 months time they as if by magic disappear from the year on year inflation indices, however what permanently remains is the deflationary impact as they act as a permanent tax on the consumer unless the consumer demands higher pay which risks a domestic wage price spiral. 2009 is definitely going to be a tough jekyll and hyde year where the first half will be the fight against inflation followed by the second half fight against deflation, where the forces of deflation as witnessed by the Great Depression are far more destructive.

July 2008 - UK House Price Crash In Progress!

The housing bear market is approaching its first anniversary in August 2008, and in preparation of which I am seeking to extend the existing housing market forecast for a 15% fall from August 2007 to August 2009, by way of extensive analysis that will carry the trend well into 2011. In the meantime the following housing market graphs give a flavour of the ongoing crash and how far house prices have the potential to fall before any talk of a bottom can be taken seriously.

August 2008 - UK Housing Market Freezes as Chancellor Dithers Over Stamp Duty

The crashing UK housing market is heading for a further deep freeze following speculation that the Chancellor, Alistair Darling is about to suspend the Stamp Duty tax charged on house purchases in an attempt to stabilise the housing market. The few buyers that are in a position to proceed with home purchases are now delaying completing contracts or pulling out altogether and thereby likely to make the collapse in the level of market transactions even worse, thus contributing to the squeeze on sellers, estate agents and other housing market transaction beneficiaries.

September 2008 - Bradford & Bingley Nationalised Another UK Bank Wiped Out by Tulip Backed Securities

The implications for the UK housing market both as a consequence of the HBOS takeover and Bradford and Bingley bust are going to hit the mortgage market hard with both a reduction in supply of mortgages and an eagerness of the two banks to seek to reduce their mortgage books by trying to induce their customers to remortgage to other banks via higher mortgage interest rates and therefore reduce their risks of default in the wake of the ongoing housing bear market.

October 2008 - UK Economic Crash Follows Housing, Stocks and Sterling Over the Cliff

The Halifax's house price data shows that the housing market crash continued to accelerate into August, by plunging by 1.7% that saw another £3000 wiped off house prices following the £3,300 write off for July to stand at down 12.8% on the year to August (on a non seasonally adjusted basis). UK house prices have now fallen by more than 9% since April (taking sept into account).

November 2008 - Credit Quake Persists Ahead of UK Interest Rate Cut of 1%?

The credit quake in the wake of Lehman's Bankruptcy continues to persist as observed by the Sterling LIBOR spread to the base interest rate. Despite all of the government actions to date of increasing tax payers liability by £500 billion to get the money markets to unfreeze and the banks lending again, the rate spread suggests that there has been little movement in the money markets. On the contrary it increasingly seems that the part nationalised banks are using tax payers money for mergers and acquisition purposes rather than lending.

What this effectively means is that the impact of interest rate cuts on the economy is subdued which implies that whilst UK interest rates stand at 4.5%, the impact on the economy is if interest rates were at 5.5%. Therefore a 0.5% cut to 4% would imply an economic rate of 5%, this reinforces the possibility of a rate cut of 1% to 3.5% would have the impact of bringing the rate to the economy down to 4.6%. This suggests that interest rates should be cut far more deeply than 'economic theory' that the academics in the ivory towers work with suggests i.e. to reach an economic rate of 3.5% we would need to see a UK interest rate of as low as 2%.

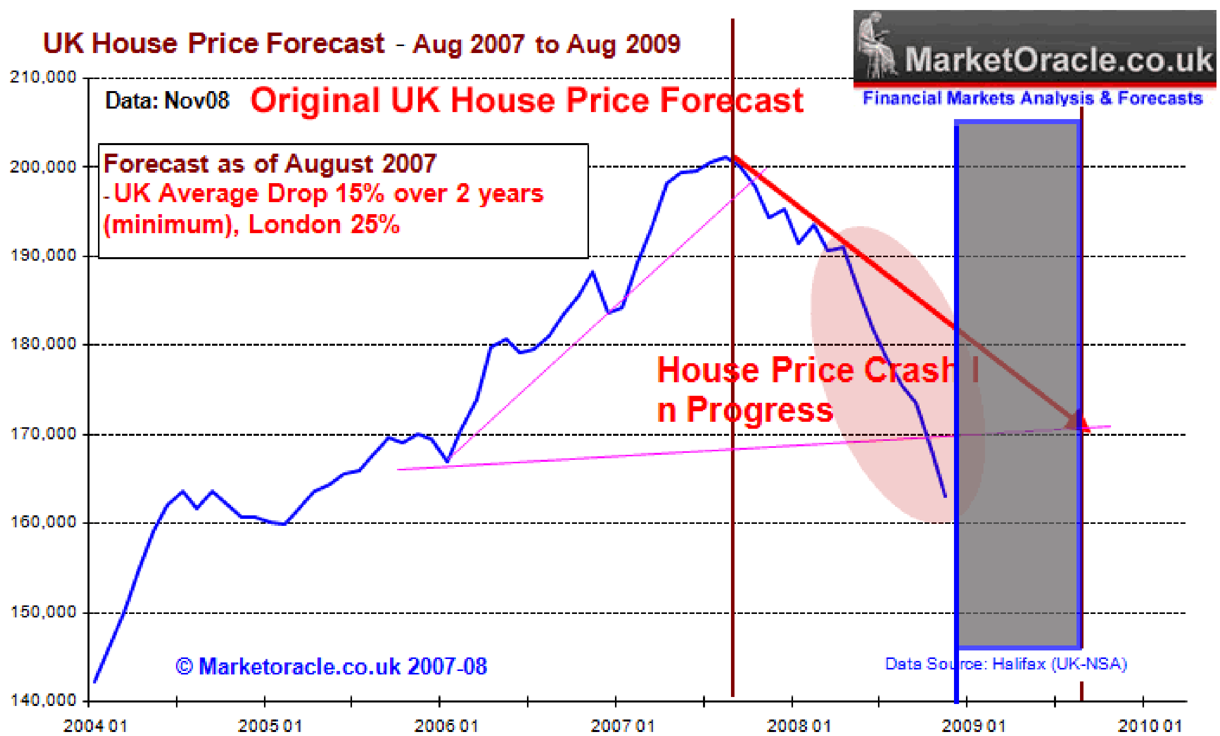
5. UK Housing Market Crash and Depression Forecast 2007 to 2012

Jan 04, 2009 - http://www.marketoracle.co.uk/Article8080.html

Recent house price data as released by the Halifax showed that UK house prices have plunged by more than 20% from the peak of August 2007, which has fulfilled much of the original forecast made in August 2007 for a minimum fall of 15% for the UK housing market and 25% for London, therefore this analysis seeks to project the forecast trend for UK house prices for the next 3 years into 2012.

UK Housing Market Background and Re-cap.

August 2007 Forecast Conclusion - *The UK Housing market is expected to decline by at least 15% during the next 2 years. Despite the 2012 Olympics, London is expected to fall as much as 25%. UK Interest rates are either at or very near a peak, as there is an increasingly diminishing chance of a further rise in October 2007. After which UK interest rates should be cut as the UK housing market declines targeting a rate of 5% during the second half of 2008. The implications for this are that the UK economy is heading for sharply lower growth for 2008.*



The Credit Crunch Trigger - The first signs of the housing market moving towards an imminent peak occurred in February 2007 following clear evidence that the subprime mortgages were defaulting in ever greater numbers in the United States, the assumption here was that this could lead to a unraveling of the carry trade which would lead to deleveraging of the credit boom. However the initial financial markets wobble of February 2007 failed to show outward evidence of a credit crunch, thus the UK housing market continued to rise despite rising interest rates that had been forecast in November 2006 to rise to a peak of 5.75% by September 2007 as the Bank of England would battle with inflation during 2007.

The housing market took off into what would be its final spike higher with many commentators declaring at the time a new paradigm, with many reasons put forward as to why house prices could be supported indefinitely.

Reasons Given as to Why the Housing Market would not Fall:

Immigration - There had been a large influx of over 800,000 migrants from the Accession states who contributed towards the buy to let market bubble.

Lack of Home Building - Up until early 2007 there had not been a building boom in the UK housing market in the form of traditional terrace and semi-detached properties. However this hid the speculative boom going on in the construction of the off the plan flats and apartments that proceeded to transform many city centre developments that were due to be completed during 2007 and 2008, this would bring online a huge supply of over priced properties that would require ridiculously high rentals to prove profitable as frenetic property speculators grossly over paid for the flats.

Strong UK Economy - The UK economy at the centre of the worlds credit bubble continued to outperform mainland Europe, which looked on with envy from the less flexible and more regulated European countries of France and Germany, though as we find out during 2009, not participating in the credit boom did not help them as many of the European banks become belatedly suckered into buying U.S. subprime mortgage backed toxic securitized debt as one the last to fling themselves onto the debt derivatives pyramid.

Already dark clouds had starting forming over the UK housing market during the summer of 2007, as I voiced on 1st of May 2007 (UK Housing Market Heading for a Property Crash)

The credit market conditions continued to deteriorate at an increasing rate during the summer months as the spread between the base rate and sterling LIBOR widened from. The situation came to a head during July 2007 with the blow of the Bear Stearns hedge funds at a cost of $5 billion and later led to the credit crunch occurring in August 2007 which to derivatives market participants implied that the housing market could not rise any further under these conditions and had in fact peaked in the month of August, which is what actually transpired on release of subsequent house price data.

UK Housing Market 2008 Crash Trigger - Following the peak in UK house prices, the initial trend was inline with the original forecast, however it was recognised following Northern Rocks bust that the pace of deterioration of credit markets as well as the capital gains tax changes as implying that the UK housing market's rate of decent would start to accelerate from April 2008 and could be termed as a housing market crash - November 2007 - Crash in UK House Prices Forecast for April 2008 As Buy to Let Investors Sell. - *The timing for the sharp drop is likely to coincide with Labour's change on capital gains tax which effectively cuts the tax payable on gains accumulated over the last few years to 18% from 40%. This tax change comes into force on 1st of April 2008 and thus the expectation is for an avalanche of selling amongst buy to let investors to lock in profits.*

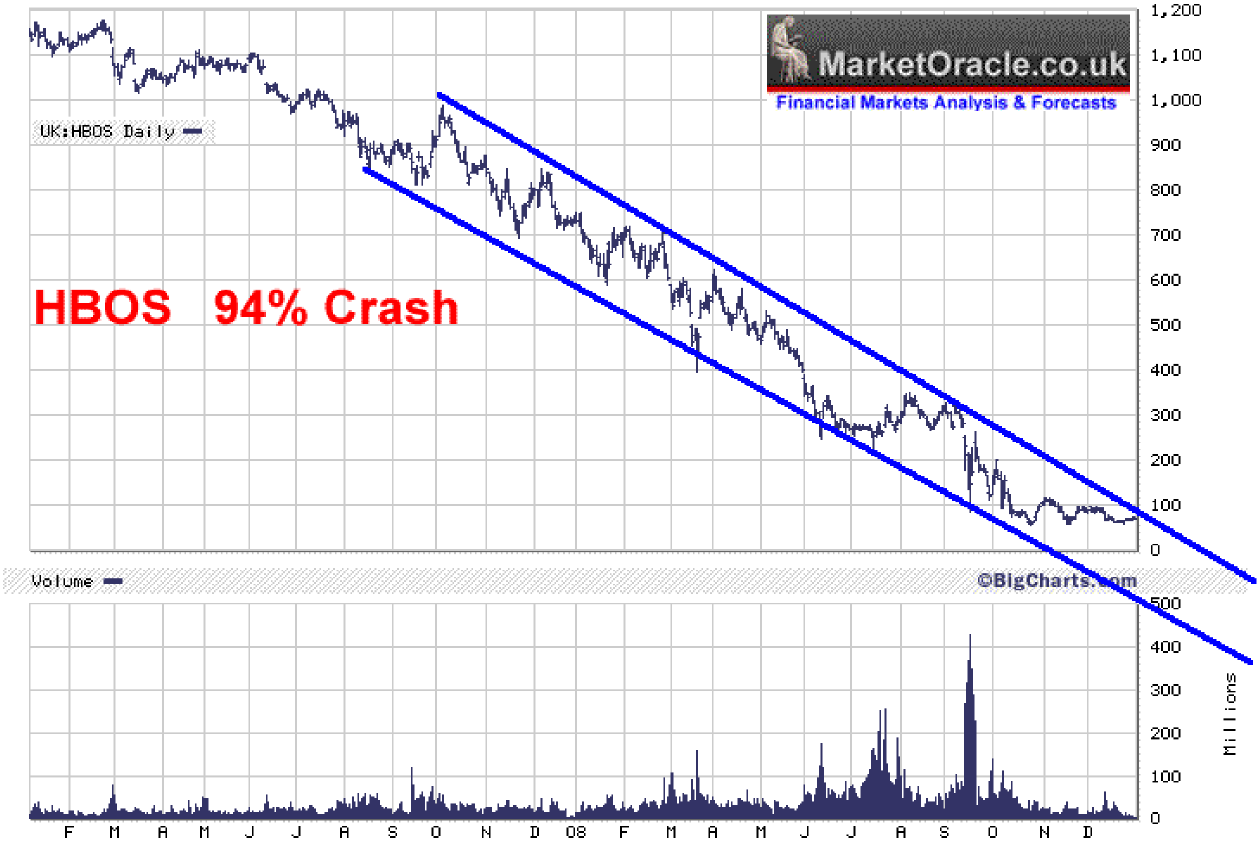
This also means that the market will to some degree be artificially supported going into April 08, but still will not be enough to prevent a wider decline in UK house prices but rather ***could register a drop of as much as 5% in the quarter April 08 to June 08*** *, which would represent a crash in UK house prices.*

July 2008 - UK House Price Crash In Progress! - The summer months subsequently witnessed the crash in UK house prices come to pass as house prices look set to fulfill the original forecast for a 15% fall well ahead of the original time line with the risks that despite soaring inflation data, the housing bear market threatened imminent deflation, which has now increasingly become the mainstream story which was originally highlighted in the analysis of March 2008.

The Government Starts to Panic - House prices continued to fall into September 2008 as increasingly bankrupt banks started to topple over one after another as governments scrambled with ever more panicking measures to prevent a collapse of the global financial system. First came the ban on short selling of financial stocks, then nationalisation of Bradford and Bingley, followed by the panic interest rate cut of October 2008, and the unprecedented £500 billion bank bailout package. As the financial markets continued to experience extreme volatility by registering daily movements of as much as 10% that have not been seen since the days of the 1987 Crash, the Government effectively took control of interest rates in all but name away from the Bank of England which announced the panic interest rate cut of 1.5% at the November MPC meeting that truly brought home how quickly the economy was falling off the edge of the cliff and the subsequent emergency VAT cutting budget in an attempt to get consumers to spend immediately which brings us up to the present.

HBOS - Britain's Biggest Mortgage Bank

In August 2007, I warned about the precarious state of Northern Rock Bank and how the prospects for its survival during the the imminent housing bear market were not looking good. Fast forward 12 months and we found Britain's biggest mortgage Bank the Halifax, a financial institution that lies at the very heart of the British housing market that teetered on the brink of collapse in mid September under fierce hedge fund short selling assault that smelled blood for the third time this year, the first time was way back in March 2008, with analysis of the latest assault published a good 24 hours before the mainstream press began reporting on the HBOS crisis. It was the short selling of HBOS towards financial oblivion that forced the FSA to ban short selling of financial stocks some 3 days later.



The HBOS Share price has crashed by over 94%, and is indicative of the severe nature of the current housing bear market, trading at just 73p the once mighty HBOS has now become another penny stock with the value of shareholdings further diluted via state capital injections to keep the zombie bank from flat-lining.

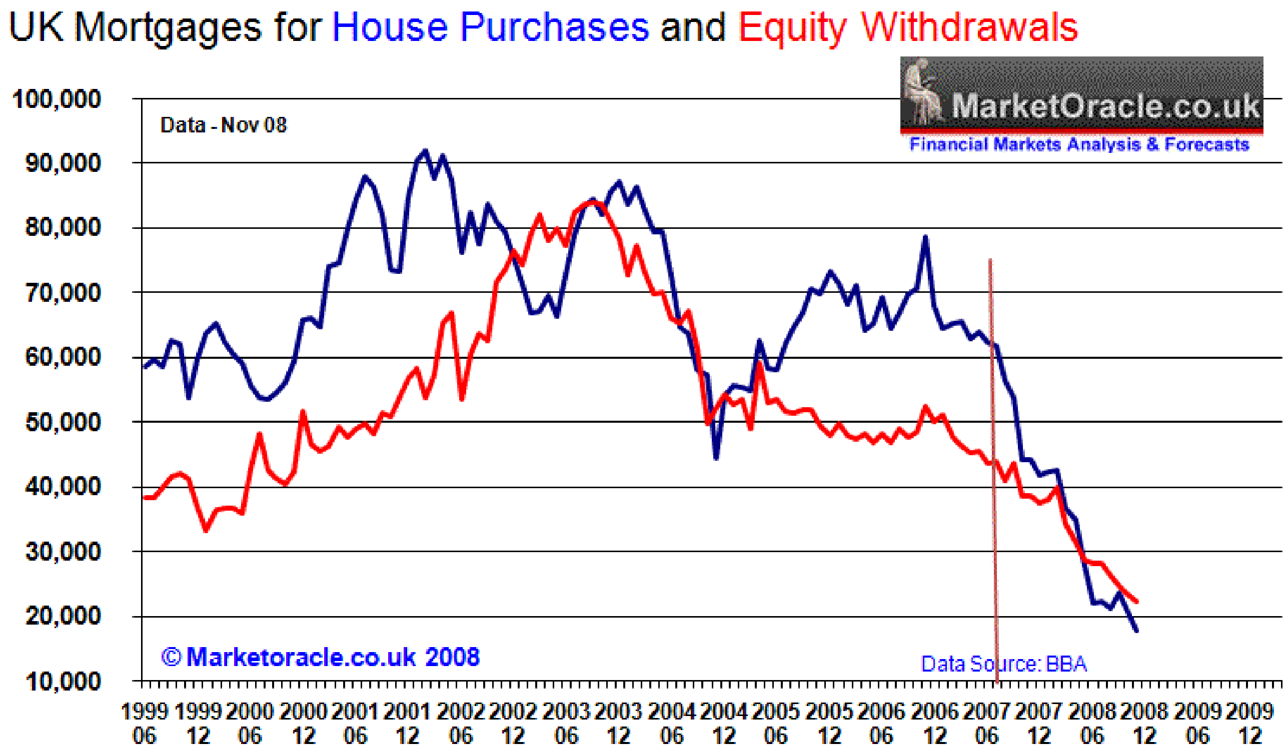
Vested Interests Try to Talk the Market Higher

To date the Nationwide and Halifax have not made a forecast for 2009, which is not surprising given the failure to date to accurately track the housing market decline as all mortgage banks have a vested interest in talking up the market just as transpired in the early stages of the 1990's housing bear market as I highlighted in the September 2007 article - UK Housing Market on Brink of Price Crash - Media Lessons from 1989! The whole of the decline for 2007 was associated with the phrase 'Soft Landing' which continued into early 2008 after which the phrase disappeared from the mortgage bank press releases. Still in early 2008 the Halifax continued to imply that UK house prices would not turn negative during 2008. On the other side of the equation there were the perma bears such as Capital Economics which had been repeatedly calling for a 20% to 30% drop in UK house prices since 2002.

CURRENT UK HOUSING MARKET ANALYSIS AND FORECAST TRENDS

UK Mortgage Supply Crash

The panic interest rate cuts from 5% straight to 2% in 2 months and the £600 billion bank bailout package are aimed at unfreezing the UK banking system so as to enable the banks to resume near 'normal' lending operations and support the economy and housing market as the number of mortgage approvals collapses. The most recent data from the British Bankers Association (BBA) shows a sharp fall in the number of mortgages approved for house purchases to 17,773 against 64,014 in July 2007, a fall of 72%. Similarly loans for equity withdrawals which has been pivotal to Britain's consumer boom as home owners borrowed against equity to spend has fallen by 49%. The net effect of this is that the total amount of mortgage loans outstanding has shrunk by some £35 billion, against a stable mortgage market which would have required an increase of at least £25 billion over the same period.



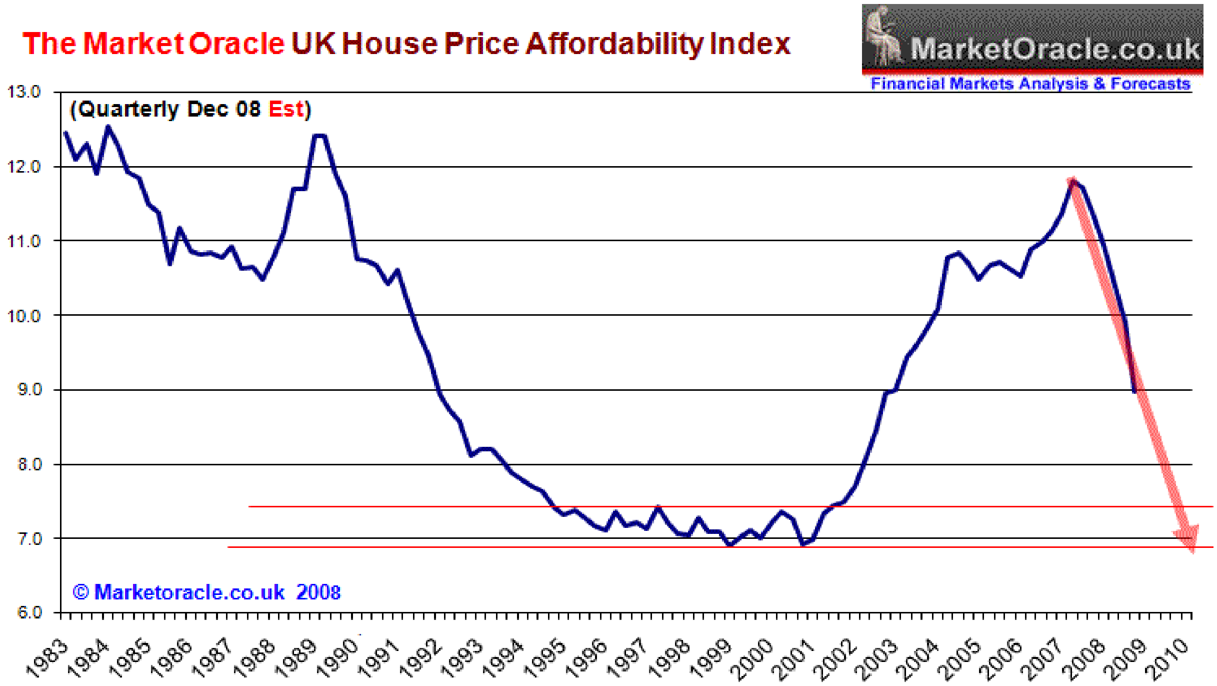
At the same time as supply has fallen so has the average value of loan offered for house purchases which peaked at £159,600 in June 2007, and now averages at just £116,700. This is highly deflationary for UK house prices and implies a reduction in house prices of £42,900 against an actual price fall of £38,000 (Nov08) and therefore acts as a leading indicator for the continuing downtrend in house prices as the amounts made available for mortgages contracts inline with the tightening lending criteria both in terms of salaries and Loan to Value ratios of 75% or less.

The deep interest rate cuts on face value seem like a great time for home owners to seek to remortgage, however there is a hidden price to pay if home owners are not careful, and that is firstly in the clauses of penalties for early remortgaging, and secondly in that distressed mortgage banks are reluctant to take on new mortgage customers, which means that home owners need a sizeable level of equity in the order of 25% or more. Now here is the crunch point, the equity percentage is based on the valuation that the mortgage bank puts on your house and NOT at the peak price or imagined current valuation that the homeowner may have had in mind, and in that respect expect the mortgage banks surveyor will tend to discount your home valuation against further price falls so as to arrive at a worse case scenario for the bank. What this means is that home owners imagining that they are sitting on equity of 25% despite the fall in house prices to date may in fact on attempting to remortgage find that the mortgage bank under values to the degree where they are in actual negative equity for mortgage purposes and hence not offered any loan at a favourable interest rates.

This therefore negates much of the recent deep rate cuts whether passed on or not as the best the mortgage borrowers can obtain are the standard variable rates that do not better the existing expiring fixed deals. This is highly bearish for the housing market as a self feeding mechanism has an inbuilt freeze for the remortgage market which is reflected in the crash the number of mortgages.

The mortgage market clearly remains frozen as extreme measures are taken to prevent the collapse of Britain's biggest mortgage banks. The situation remains dire with little appetite amongst the banks to open their doors and invite in borrowers to take on debt into the second year of a literally crashing UK housing market. Today's mortgage market is not going to support the current salary to house price ratios of between X4.5 and X6, lending criteria's have become increasingly tight with demands of 25% deposits becoming the norm and loans maxing out at X3.5 salaries so as to reduce the risk and volume of new business. The banks do not want to take on risky borrowers in the middle of a house price crash, the days of easy mortgages of 100% at X6 salary or higher are gone. Therefore as the banks credit market positions are deleveraging so is the housing mortgage market deleveraging towards trend, and in that trend is measured by X3.5 earnings which suggests house prices have some 20% further to drop.

UK Housing Market Affordability Index



The 19% fall in UK house prices coupled with continuing rise in average earnings has led to a sharp fall in the Market Oracle affordability index which attempts to more accurately track affordability than the traditional salary to mortgage ratio. The trend over the last 18 months continues to target a rapid decline towards a low of between 7.0 and 7.5 by late 2010. However given the rapid pace of decline there exists a serious risk of overshoot to the downside i.e. for the UK housing market affordability index to bottom at a rate that would make housing cheaper than that of the mid 1990's in relative terms. This implies that the UK housing market is approximately half way towards its lows and therefore equates to a 38% fall from the August 2007 high.

Buy to Let Investors Rush for the Exit

According RICS rents are falling for the first time since 2003 which turns the tables on landlords as tenants can force landlords to not only freeze rents but ask for deflationary cuts in rents which therefore puts further pressure on the buy to let business models that relied heavily on capital gains which has now been replaced by severe capital losses. Therefore buy to let investors are losing thousands on each property every month that they continue to hold onto loss making investments. This coupled with evidence that the flood of eastern european workers demand for rental properties is diminishing as european migrants are increasingly deciding to return home in the face of the increasingly severe UK recession that ensures that the prospects for buy to let investors is dire for several years and it is this which has contributed towards the severe nature of the UK housing market crash which has all the hallmarks resulting in an unprecedented rate of decline.

Middle Eastern Investors Dumping London Properties ?

To make matters worse for London which is already reeling from the depression in the financial sector, what support the London housing market had from the flood of petro dollars has evaporated following the great Oil Price crash of 2008, that has seen the inflation hedging of the first half of 2008 turn into the Deleveraging deflation of the second half following the peak at $147. Inexperienced Middle eastern and asian sovereign wealth funds that have plowed billions into the bankrupt banks starting late 2007 are now in no mood to lose even more on plunging london properties, therefore Londoners should not delude themselves into thinking cheaper prices will entice foreign investors to return any time soon, therefore expect much deeper falls for London house prices than the rest of the country as my original analysis and forecast concluded.

Corporate Housing Market Goes Bust

Having warned in August 2007 to avoid property and related investment funds due to the risk that in a crisis they could literally freeze, this actually came to pass in December 2007 as Britain's fourth biggest insurer, Friends Provident froze its Property Fund. The reason for the freeze was that once the cash reserves had been consumed the funds would be forced to liquidate assets, which means sell properties, which applies to all commercial property funds that saw the smart money attempting leave the scene before the avalanche of redemptions began. This was later followed during September 2008 by the great deleveraging crash that threatened to consume across the board funds as financial markets teetered on the brink of a collapse.

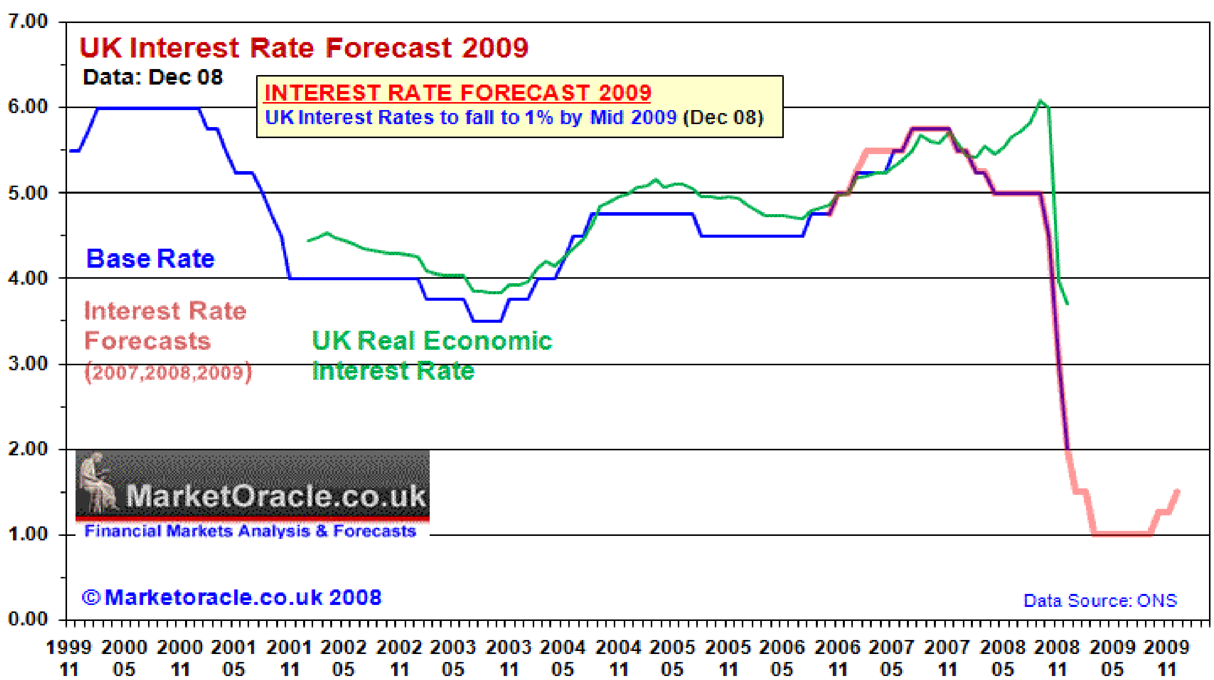
Repossessions - Extreme Government Pressure

In an attempt to limit the number of repossessions during 2009, the government is putting extreme pressure on the mortgage banks to ensure repossessions are a last resort. Up until September 2008 this amounted mostly to hot air from the politicians, however after having taken major stakes in most of Britain's biggest banks there are strong signs that the banks are starting to comply with their new majority shareholder's wishes (the government), that look set to increasingly introduce initiatives to reduce the number of repossessions. The most recent action on this front was by RBS which stated that it would give a 6 month reprieve to its mortgage customers that are in arrears before initiating court repossession orders.

Whilst the measures will undoubtedly mean that less homes will now be repossessed than would have otherwise been the case, however it does act as a two edged sword in that whilst supply of repossessed homes onto the market will be less, at the same time the mortgage banks are being forced to carry loss making loans that prove costly to administer and without bringing in much needed revenue i.e. tieing up resources that could have gone to more profitable mortgage customers.

The Governments initiatives to reduce repossessions will have no discernable impact on the housing market price trends either positive or negative due to the points about tieing up capital in loss making costly to administer loan accounts. The number of homes expected to be repossessed during 2008 is now revised lower to 55,000 with the expectations of 65,000 homes for 2009 in advance of further government interventions in the housing market to prevent repossessions on an larger scale.

UK Interest Rates - House Price Deflation Vs Mortgage Interest Rate Relief



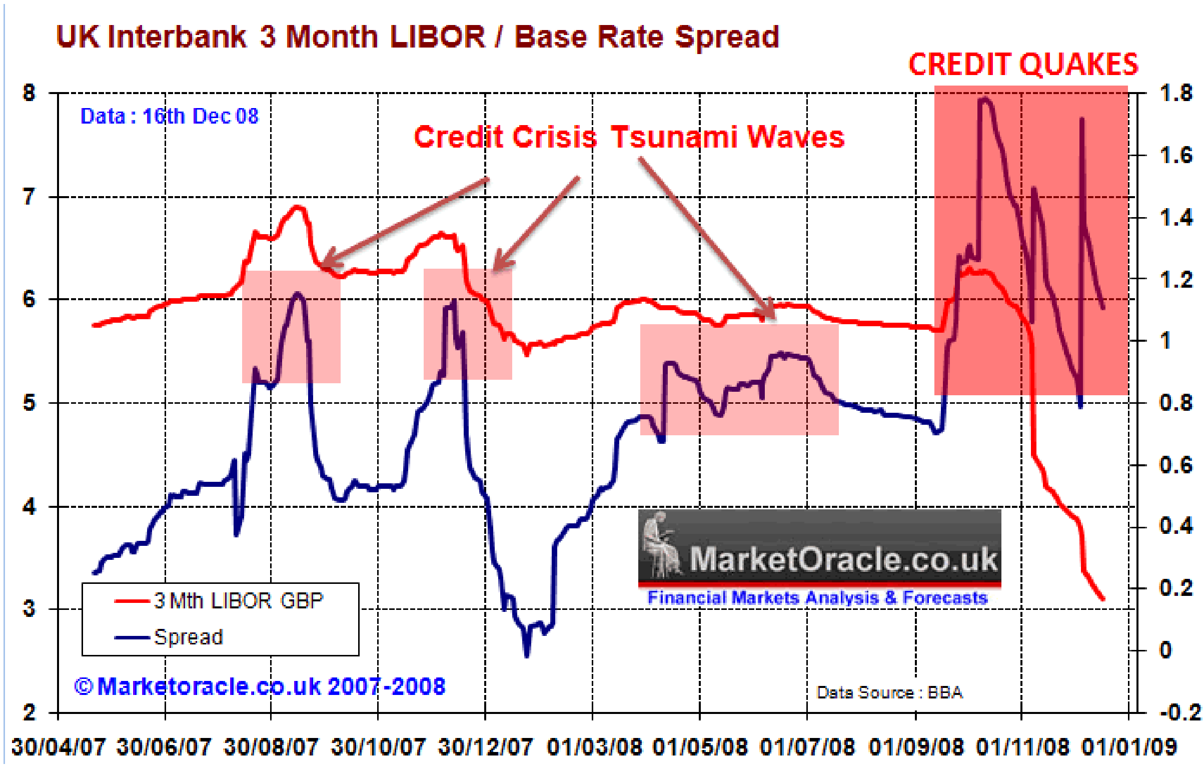
The government is engaged on a programme of forcing down mortgage interest rates by a series of deep unprecedented cuts in [UK interest rates towards the target of 1%](), and possibly even lower to make up the shortfall in the lack of responsiveness by mortgage lenders in cutting their rates, who at the same time have tightened lending criteria due to the increased risk of defaults.

The mortgage interest rates have fallen significantly from the credit crisis extremes and are heading to below 4% which implies a strong pointer for support for house prices as the cost of servicing mortgages falls and therefore 'should' support a recovery in housing prices. However the housing market has always been that of being driven by sentiment, in that it is the trend in house prices that is most significant and NOT the cost of servicing the mortgages, it is this which pushed house prices to above X7 earnings, where people were prepared to take on large mortgages at high interest rates for the prime reason that house price gains in the order of 15% per annum or more were far above that of the mortgage interest payments of typically 6%.

However now that the housing bubble has burst has resulted in the trend and sentiment reversing as house prices have already fallen by nearly 20%, which equates to a loss of £40,000 on an average £200,000 house that is now worth £160,000, which averages to a fall in value of £2500 per month. Against which a typical mortgage of say £160k on a £200k property at 6% would result in monthly interest charge of £800 per month. Now with mortgage rates having typically fallen to 4% which is resulting in an reduced interest payment of £533 per month or a significant fall of £277 per month that many commentators are taking as a cue for imminent price stability. Unfortunately the £277 saving is just above 10% of the amount that home owners are typically losing in value per month! Therefore the interest rate cuts are having little if no effect on the housing market, I first warned of this likely outcome back in February 2008 that interest rate cuts will not stop house prices from falling.

This therefore implies that low interest rates are not an important factor at this point in determining house price trend during 2009, as housing market sentiment is decidedly bearish and will take time to first stabilise and then start to recover.

LIBOR



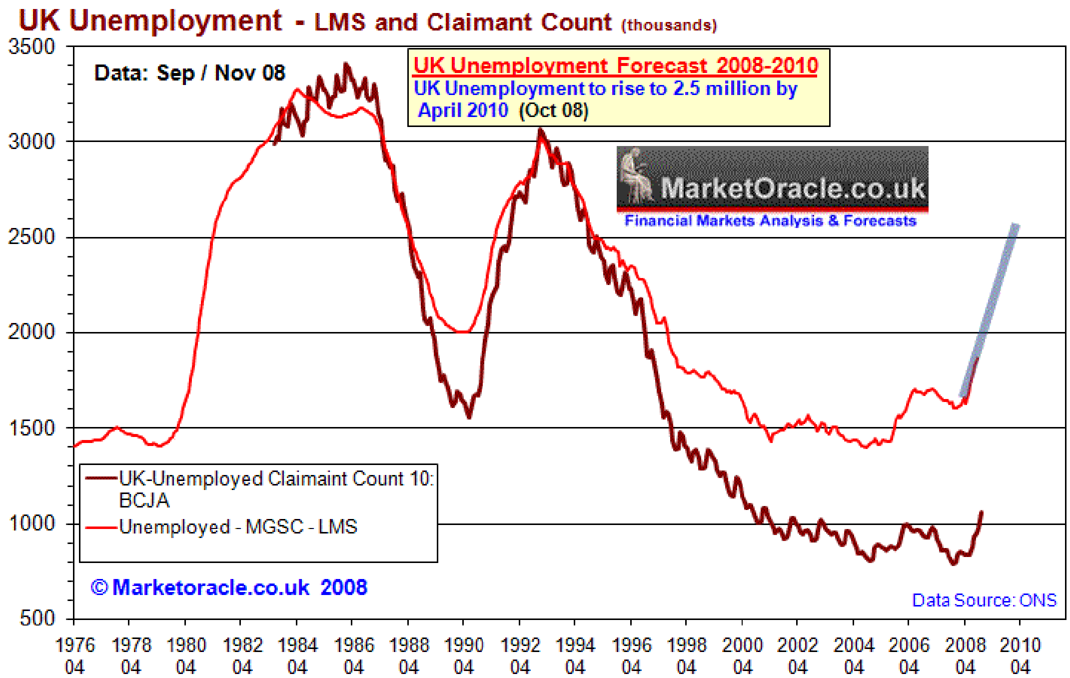
The credit markets as measured by the headline London Interbank Offered rate (LIBOR) has fallen inline with the deep interest rate cuts. However the true measure of the credit crisis and the reluctance of the banks to lend to one another as measured by the spread between the LIBOR rate and the base interest rate remains at credit crisis extremes as the above graph illustrates, which suggests the banks are still not prepared to lend to one another, and if they are still reluctant to lend to one another that means that the mortgage freeze is expected to deepen further as the economy moves into a deep recession.

Many banks led by the nationalised banks are eagerly seeking to reduce their exposure to the UK housing market by forcing borrowers to either stay and pay the premium of a high standard variable rate or to remortgage elsewhere, as their fixed rate deals expire.

The implications are extremely severe for the UK housing market as there is nothing to suggest that a turnaround in mortgage credit markets is around the corner regardless of what happens to the LIBOR rate, therefore this supports the view that falling house prices will be eventually followed by a housing market depression i.e. a resurgent bull market is many years away, perhaps as long as 5 years.

UK Economic Recession - Unemployment

UK unemployment has probably already risen above 2 million by the time Decembers data is released in March, with the original UK unemployment forecast for a rise to 2.6 million by April 2010 now destined to be breached as the UK economy targets a severe recession on par with that of the early 1980's rather than the more milder one of the 1990's. Increasing expectations are that the UK economy will contract by 3% GDP during 2009 which implies that the UK is heading for an unemployment rate that could pass above 3,000,000 by early 2010.

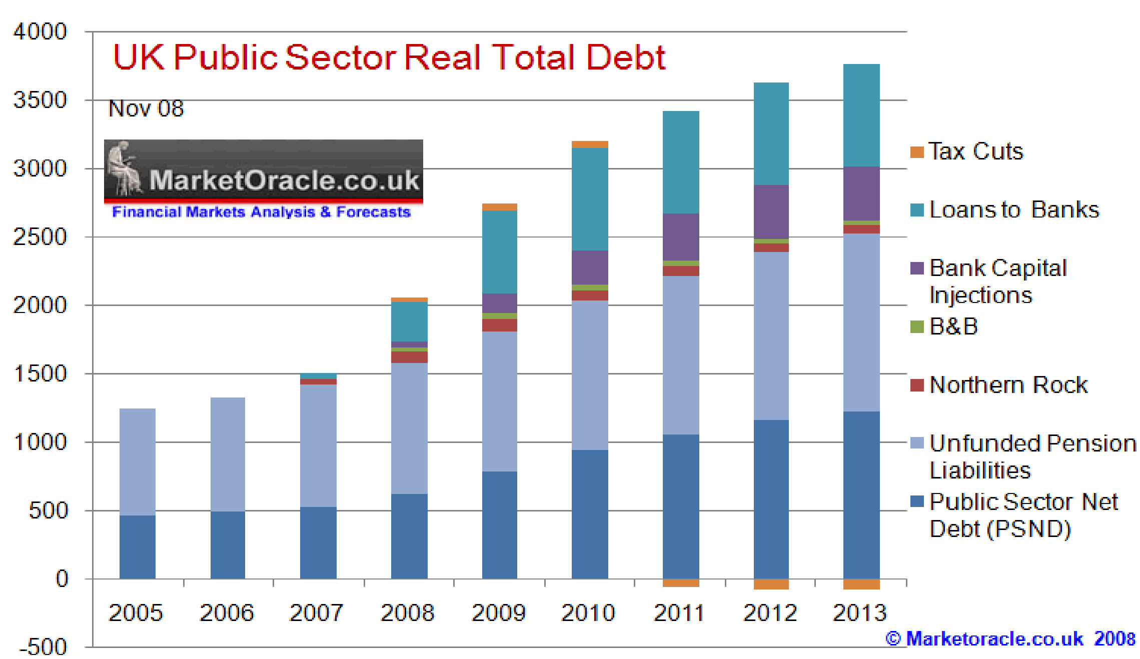


Therefore this confirms that the UK housing market is at least 15 months away from a period of stabilising in nominal terms i.e. where house prices stop falling. The actual trigger for a resumption of the housing bull market would be a sustained period of falling unemployment with the trigger level of 2,000,000 expected to act as a strong marker for year on year housing market recovery as occurred following the last housing bear market. This suggests that the housing market may not embark on an sustainable up trend for as longs as another 4 years and thus points to a period of house price stagnation that will following the current crash in UK house prices.

UK Government Debt Levels Explode Higher

Gordon Brown for 10 years banged the drum of the 40% public sector debt rule as a sign of fiscal responsibility. However following Northern Rocks collapse, the government has increasingly employed creative accounting to hide the fact that the rule has long since been broken. The nationalisation of Northern Rock and then Bradford and Bingley put paid to that. This was followed by the budget busting bank bailouts of September totaling £600 billion. Having thrown in the towel, the Labour government is going for broke with ever larger spending announcements that look set to take UK debt towards £1 trillion by the end of 2009, lifting public debt to more than 80% of GDP.

However the consequences of the borrowing binge is the crash in sterling, as investors adjust to the new climate of growing budget deficits.



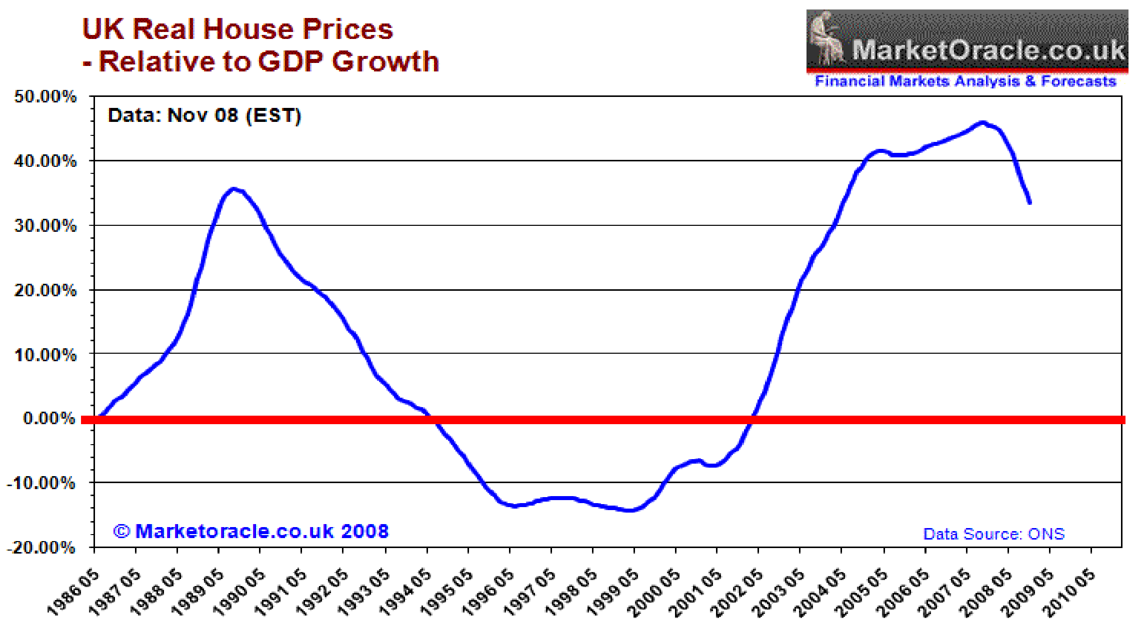
The government's [deficit spending will continue into 2010](#) and right upto the general election deadline as the government is expected to announce even more tax cuts and spending programme's in an attempt to win votes. Therefore the first 5 months of 2010 could also witness another £100 billion additional debt, which would push government borrowing beyond 90% of GDP onwards and upwards towards 100% of GDP that will leave a huge inflationary hangover for many years following the 2010 election deadline. However the true level of liabilities as the above graph highlights are significantly above £1 trillion that may prove to be officially recorded public debt level, instead of the actual levels of above £3 trillion by 2010.

The consequences of government borrowing and ever expanding liabilities is below trend economic growth and high inflation. This supports the view that the UK housing market will enter a real terms depression following the ongoing crash, with little on the horizon that could ignite a new bull market for at least the next 4 years.

There also exists the doomsday scenario that the government may yet be forced to nationalise the entire banking sector that would involve liabilities expanding by an additional £5 trillions. Under those circumstances Britain would be heading for hyper-inflation which whilst supporting house prices in nominal terms, would greatly erode their value an real terms as Britain's real GDP would contract by significantly more than the 4% that the current recession is expected to shave of the economy.

UK GDP House Prices Trend

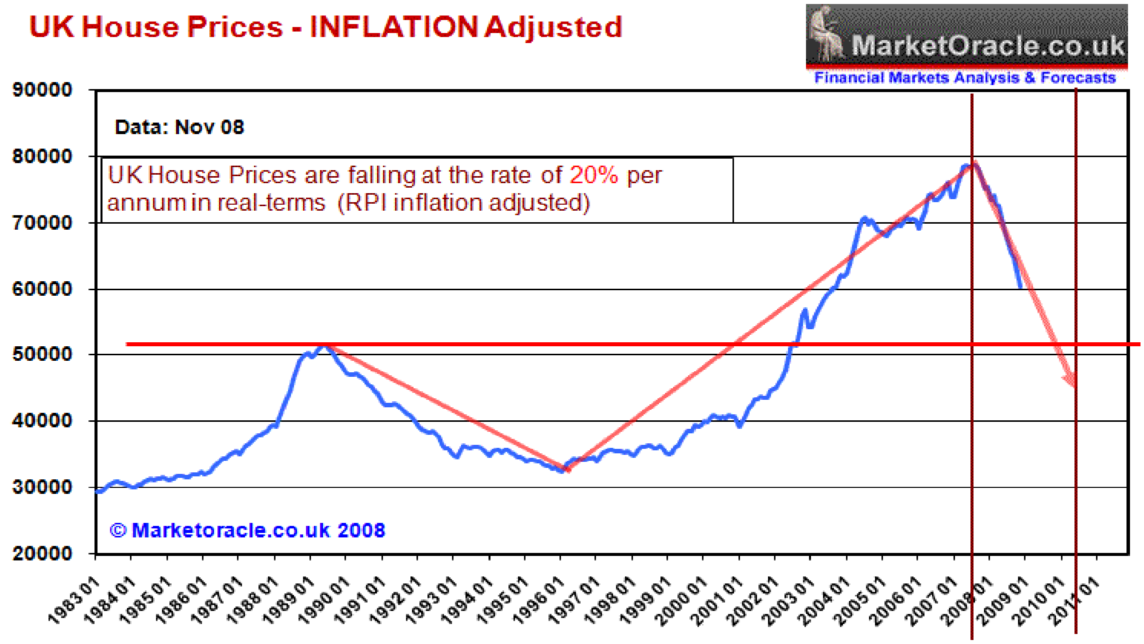
Whilst many methods have been utilised in determining future housing market trend such as on the basis of average earnings, mortgage interest rates, currency valuation, inflation adjusted, comparison against other housing markets and real disposable earnings, this item brings to the table housing market analysis against UK GDP growth. The assumption here is that the value of assets after stripping out inflation should increase in inline with the countries actual growth rate as measured by gross domestic product.



The above graph illustrates that the UK housing market is very sentiment driven, and in many ways exhibits the same sort of behaviour as that of stock market by moving between extremes of over valuation and under valuation against the UK 's GDP growth trend.

Despite house prices having fallen by about 19% to date, the trend from an extreme reading of more than 45% above the GDP valuation has barely begun its decline, this is as a consequence of contracting GDP and the crash in inflation, both factors will put a continuing severe strain on the UK housing market as an economy in recession is unlikely to halt the pace of house price declines let alone suggest a bottom any time soon. At worst this is suggesting a further 50% fall in house prices. However the government has at its disposable the ability to ignite inflation possibly towards the end of 2009, therefore this more probably suggests a further fall in nominal house prices of 30%, i.e. implying a total fall approaching 50%. Similarly should the economy start to recover starting 2010, then this will contribute towards the equalisation of house price values without anywhere near as severe a fall as the above graph suggests at this time.

UK Real House Prices - Inflation Adjusted

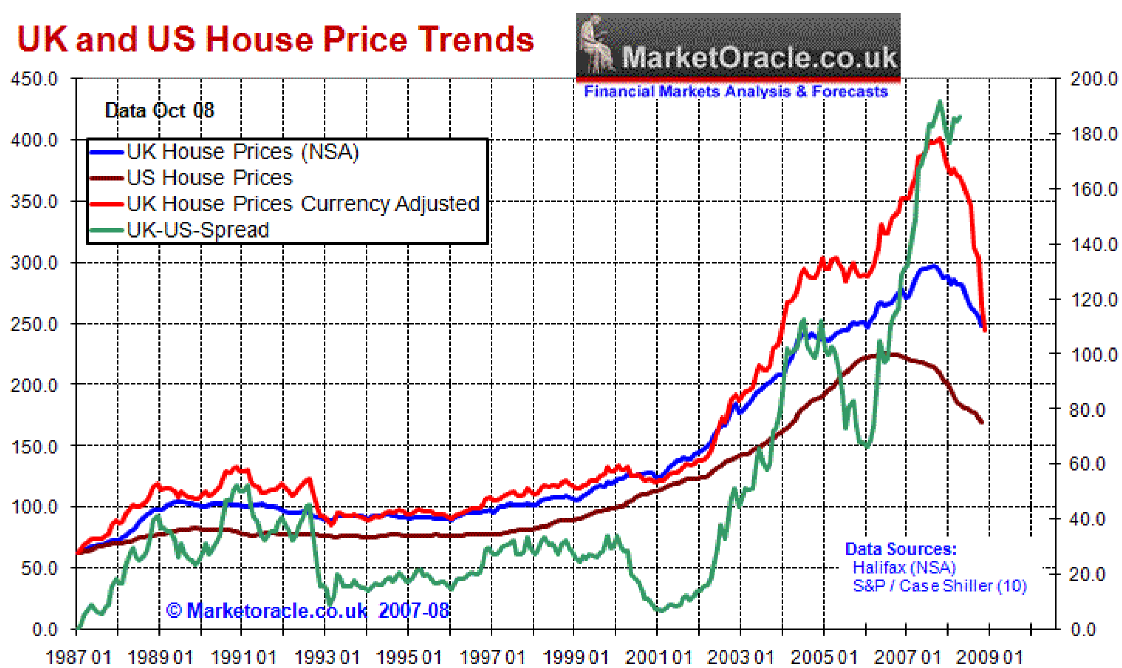


The real house prices graph illustrates why the housing bust of the early 1990's contributed to the UK heading for recession and a loss of confidence in the housing market that persisted for over 5 years.

The question as to why people were reluctant to buy houses in the period 1993 to 1997 when nominal house prices had stabilised and started to rise. The answer is that in real terms house prices were still falling and in fact did not bottom until 1996 with the up trend only being confirmed during the beginning of 1998. Therefore it is only when house prices stopped falling in real terms that the house price up trend started to gain momentum and trigger the following bull market. It took a further 4-5 years before house prices crossed the previous peak of 1989 some 13 years later.

The subsequent up trend fed by low inflation and low interest rates proved to be remarkably strong. The above implies that UK house prices in real terms are expected to fall by 45% with the downtrend projecting into mid 2010.

USA / UK Housing Market Trends and Sterling Currency Crash

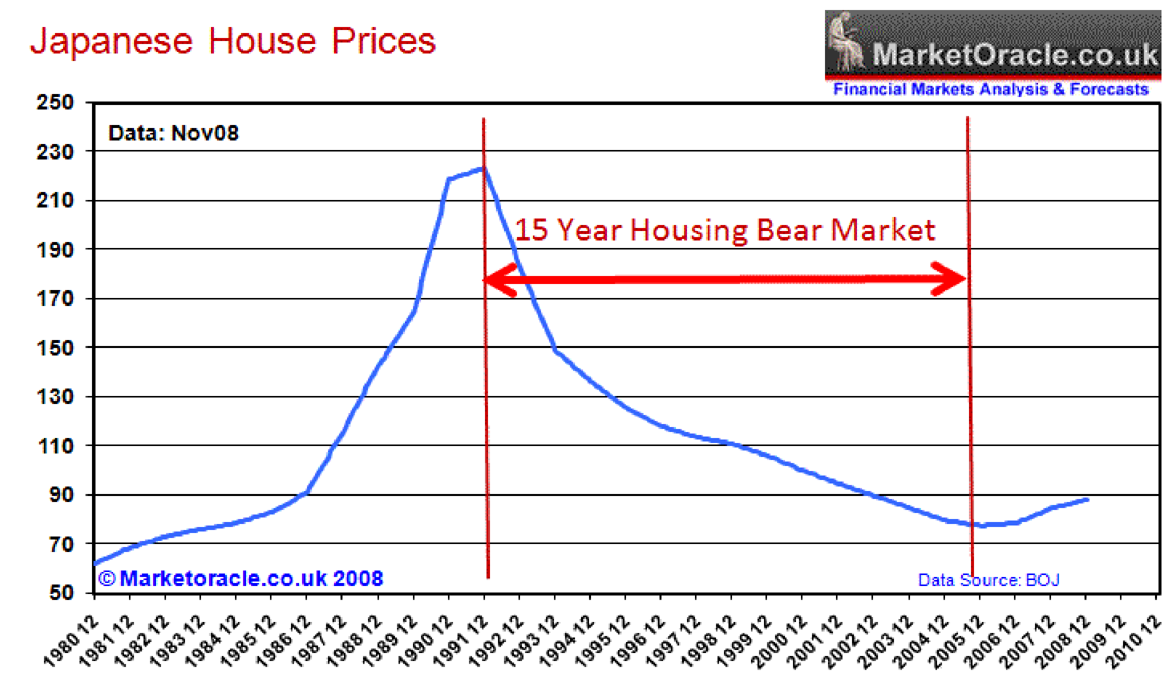


UK house prices had risen by 177% from January 1999, against US house prices that rose by 150% to their peak. However taking into account the currency trend, UK house prices rose by 238% with most of the gain occurring in the last 2 years of the bull market exaggerated by the U.S. Dollar Bear market. Whilst the rate of decline for both housing markets is similar allowing for the lag between each markets respective peak, what does stand out is the impact of sterling's crash over the past few months which has wiped out a further 30% of the value of UK house prices in terms of other major currencies including the U.S. Dollar and Euro, which therefore translates into a crash in UK house prices to date of 49%.

What this means is that the Labour government whether by design or circumstances is embarked on a programme of severe currency devaluation the effect of which is to inflate UK assets in nominal terms including the housing market. The immediate effect of the currency crash is to mask the crash in UK house prices from the public, however going forward this will result in much higher inflation and therefore a stagnating housing market for many years. Therefore the implications are for UK house prices to fall at a much lower rate than during the previous year.

Japan's House Price Depression

Many of the reasons put forward during the UK housing boom as to why house prices would not fall in the UK as elaborated earlier could equally apply to the Island of Japan. However, whilst we in the UK enjoyed a booming housing market the Japanese endured a severe bear market as the below graph illustrates.



Japan's house prices peaked in 1991 and 18 years later still stand an average 60% below their peak. Whilst I am not saying that Britain's house prices could replicate Japans housing crisis some 18 years from now, however the Japanese experience does illustrate that house prices are NOT a one way bet, even on a long-term basis.

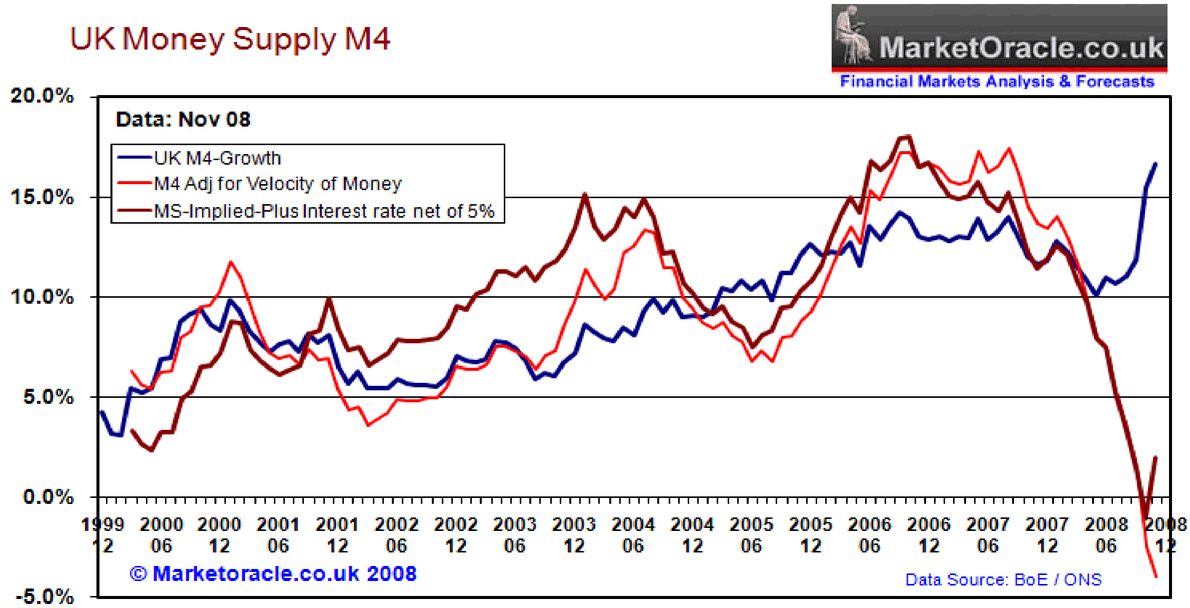
Credit Crisis Warning from Japan

The big warning from Japans credit crisis that resulted in what has come to be called the "lost decade" was that the bankrupt banks and corporations were NOT allowed to go bust, instead Japan cut and kept interest rates near 0% which ignited the overseas carry trade that fueled the asset price booms around the world as financial institutions borrowed at 1% from Japan and invested / loaned it out elsewhere, which was further magnified by the use of leverage. This coupled with America's own experience with ultra low interest rates of just 1% laid the ground for investor cash ever seeking riskier returns at increasingly leveraged levels that helped magnify U.S. subprime mortgage exposure by several orders of magnitude than the originating loan values.

Clearly the lessons from Japan have not been learned, instead of UK interest rates trending towards 3.5%, they are now at 2% and destined to hit 1% in January. This coupled with the money printing presses in full swing pumping out record amounts of debt is repeating the same mistakes as Japan, however with some major differences, both of which are negatives for the UK i.e. we do not have a trade surplus with the rest of the world, and nor are we sitting on foreign currency reserves north of $1 trillion. Therefore unlike Japan, economic deflation is likely to be followed by stagflation for the UK. It is far too early to say how high inflation will go as we have yet to feel the fill force of deflation. However this suggests that we won't experience prolonged asset price deflation Japanese style on nominal terms basis at least.

For more on the credit crisis see the Free Credit Crisis Survival toolkit.

UK Money Supply

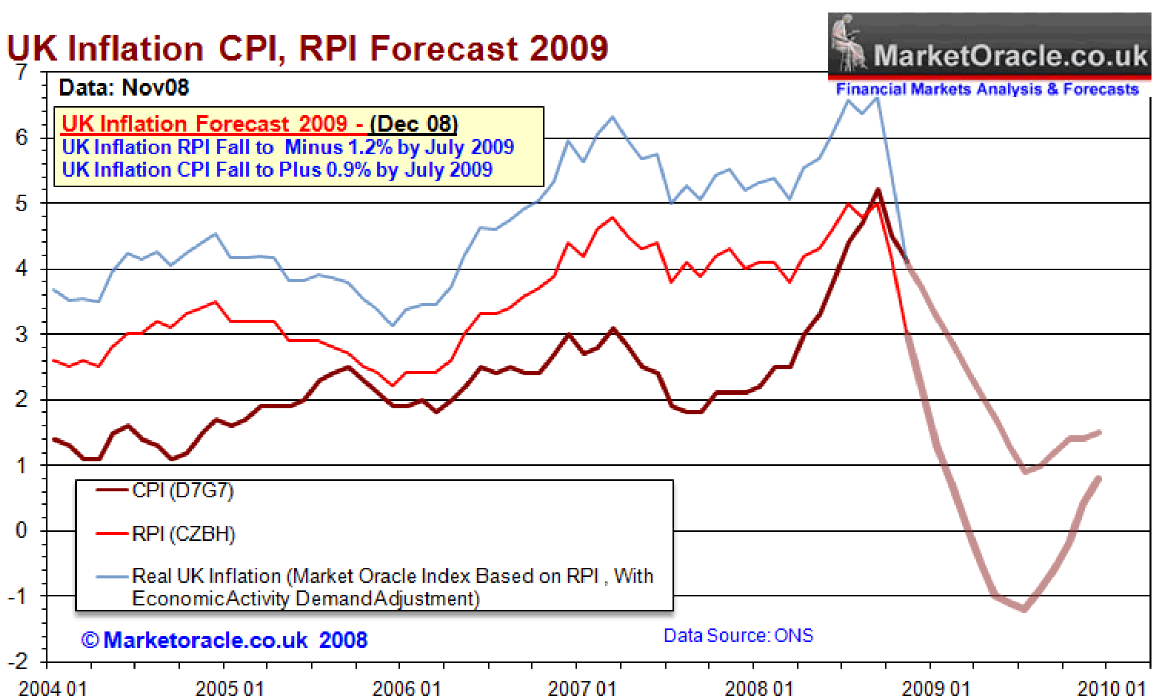


UK Money supply M4 (blue) has risen sharply from the 10% targeted low of mid 2008 to the current level of 16.6%, on face value this is highly inflationary and has been taken by many economists and market commentators to suggest much higher forward inflation. However the money supply adjusted for the velocity of money which takes into account the state of the economy as a consequence of the credit freeze tells a completely different story. The UK economy is now in extreme real monetary deflation of approaching -5%. The leading indicator of the implied money supply, is suggesting recent deep interest rate cuts of Novembers 1.5% and Decembers further 1% cut will lift future money supply growth out of extreme deflation, however it will still be far from supporting the levels north of 15% which accurately forecast forward inflation during 2008.

This therefore implies that that the whole of 2009 will be a deflationary period and thus supports a continued sharp downtrend in house prices on par with that of the last 12months at the rate of 16% per annum.

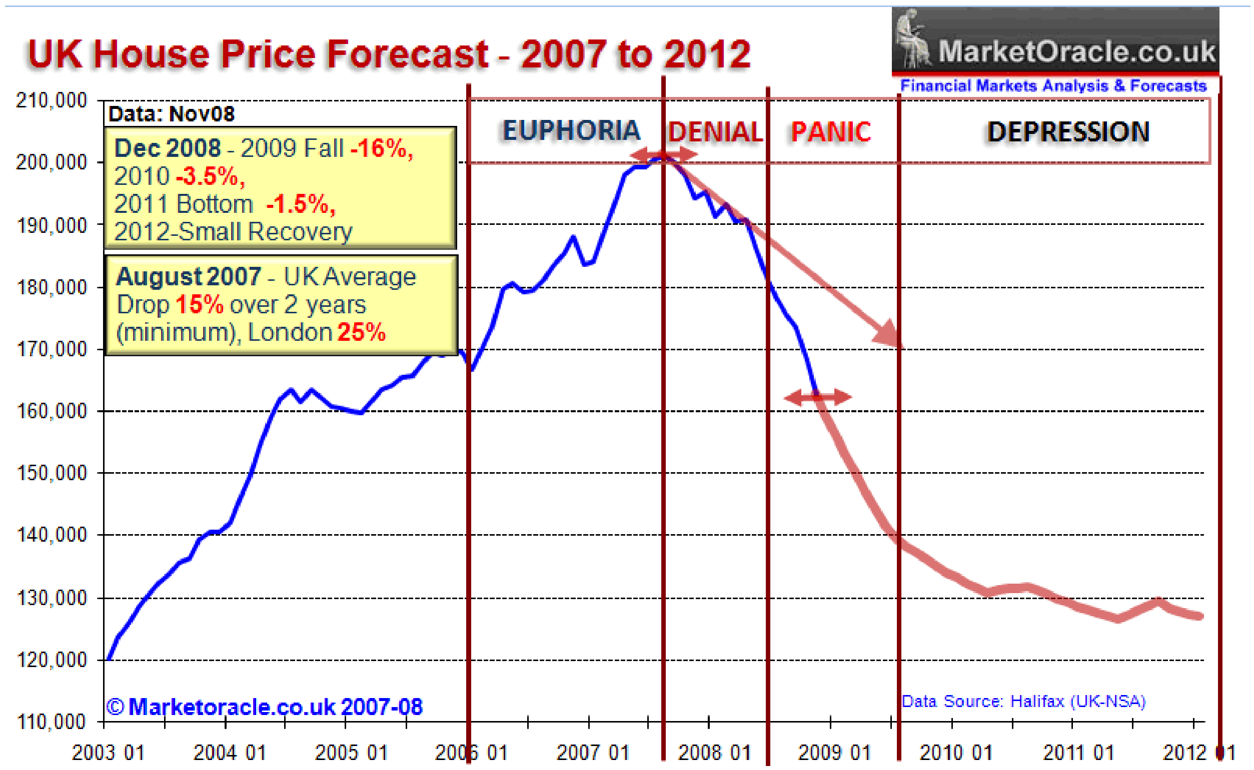
UK Inflation / Deflation

Recent analysis concluded that UK is heading for real deflation during 2009 as the below graph illustrates in that the RPI inflation measure is expected to go negative and spike lower around July 2009 as the RPI is sensitive to falling mortgage interest rates. The CPI will also continue to fall sharply into July 2009, which is targeting a rate of just below 1%. This therefore supports the view of a much weaker housing market during the first half of the year than the second half of 2009.



UK House Price Crash and Depression Forecast 2007 to 2012

In conclusion, the sum of the above analysis suggests that house prices having fallen by 19% are about half way to the lows, and therefore suggest that house prices will decline by 38% from the August 2007 peak. The housing market trend is clearly currently in the panic stage as we are witnessing near unprecedented house price falls at the rate of more than 16% per annum, far beyond that of the 1990's bear market. This rate of decline is not sustainable, and I am expecting this phase of the housing bear market to come to an end during the second half of 2009. However my expectation is that following the crash the market will enter a period of depression spanning several years after the market puts in a nominal price low and then embarks upon a weak up trend as the below graph illustrates.



Risks to the Forecast

The prime risk to the nominal house price forecast is the currency crash induced inflation, as earlier analysis suggested that house price falls can be brought to a halt by a significant currency devaluation, which has already taken place to the tune of 30%. This will mask the real terms house price falls that will make itself evident in the protracted housing market depression where house prices are not able to keep pace with inflation and therefore continue to erode in real-terms.

My next newsletter will aim to forecast the major trends for financial markets during 2009. To receive this on the date of publication subscribe to my always free newsletter.

6. UK House Prices Continue 2010 Debt Fuelled Election Bounce

Dec 26, 2009 - http://www.marketoracle.co.uk/Article16078.html

This UK house price trend analysis represents the next in a series of analysis as part of my unfolding inflationary mega-trend scenario towards the formulation of 2010 forecasts for inflation, interest rates and economy. I aim to complete the whole scenario and implications of before the end of December which will be published as an ebook that I will make available for FREE. Ensure you are subscribed to my always free newsletter to get the latest analysis in your email box and check my most recent analysis on the probable inflation mega-trend at http://www.walayatstreet.com

The UK housing market bottomed in March / April 2008 which was recognised in the May analysis and has since continued the debt fuelled bounce as a consequence of money printing and zero interest rates as the Labour government has succeeded in inflation the UK economy out of recession in time for an early 2010 General Election.

As is the case with virtually all market junctures, back in March if this year the Telegraph and other mainstream media ran with a scare story that UK house prices could crash by a FURTHER 55%, this was after UK house prices had already fallen by 22% and whilst house prices had yet to bottom the Telegraph story at the time seemed to be a completely ridiculous scare mongering purely for the purpose of sensational headline grabbing rather than presenting something that their readership could utilise to their advantage.

12th March 2009 - Telegraph Runs with Improbable UK House Price Crash Forecast of Another 55%

> The mainstream press as illustrated by The Telegraph has run with a house price forecast by Numis Securities (NS) that states that UK house prices could fall by a further whopping 55%, that is a rather incredible forecast to make in light of the of 22% fall to date. NS states that a buy to let investor panic will trigger an avalanche of further selling. I am not aware of Numis Securities past forecasts, however analysis of the perma-bear Capital Economics that has consistently been cropping up with bearish house price forecasts since at least 2002 in the mainstream media illustrated the propensity to reprint press releases with-out checking the facts as to whether the forecast is actually probable or not.

The Telegraph wrote: House prices 'could fall by further 55 per cent

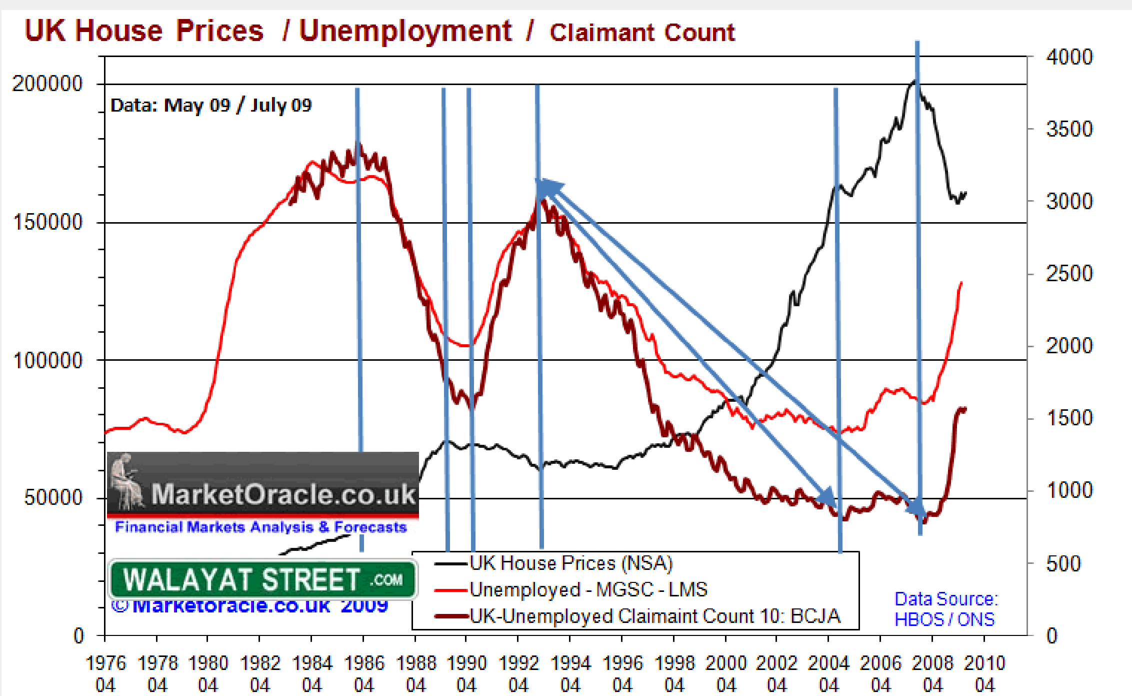
> "People who bought buy-to-let flats are expected to "begin panic selling" and the average home value could drop below £100,000."

> "Despite UK house prices already having fallen 21% from the peak, we do not believe that the correction is anywhere near over.

> "Our core headline forecast is that UK property prices remain between 17% and 39% overvalued based on fair valuation. Moreover, history has shown us that when property…which has experienced a price bubble corrects, the price tends to fall below fair value for a period of time, as confidence in that market remains low. Prices could fall a further 40-55% if the over-correction was as bad as the early 1990s in our view."

Subsequently, UK house prices bottomed in April / May 2009 and have embarked upon a debt fuelled bounce into a May 2010 General Election that has already seen UK house prices RISE by more than 5% from the April / May low rather than to CRASH toward another 55% drop.

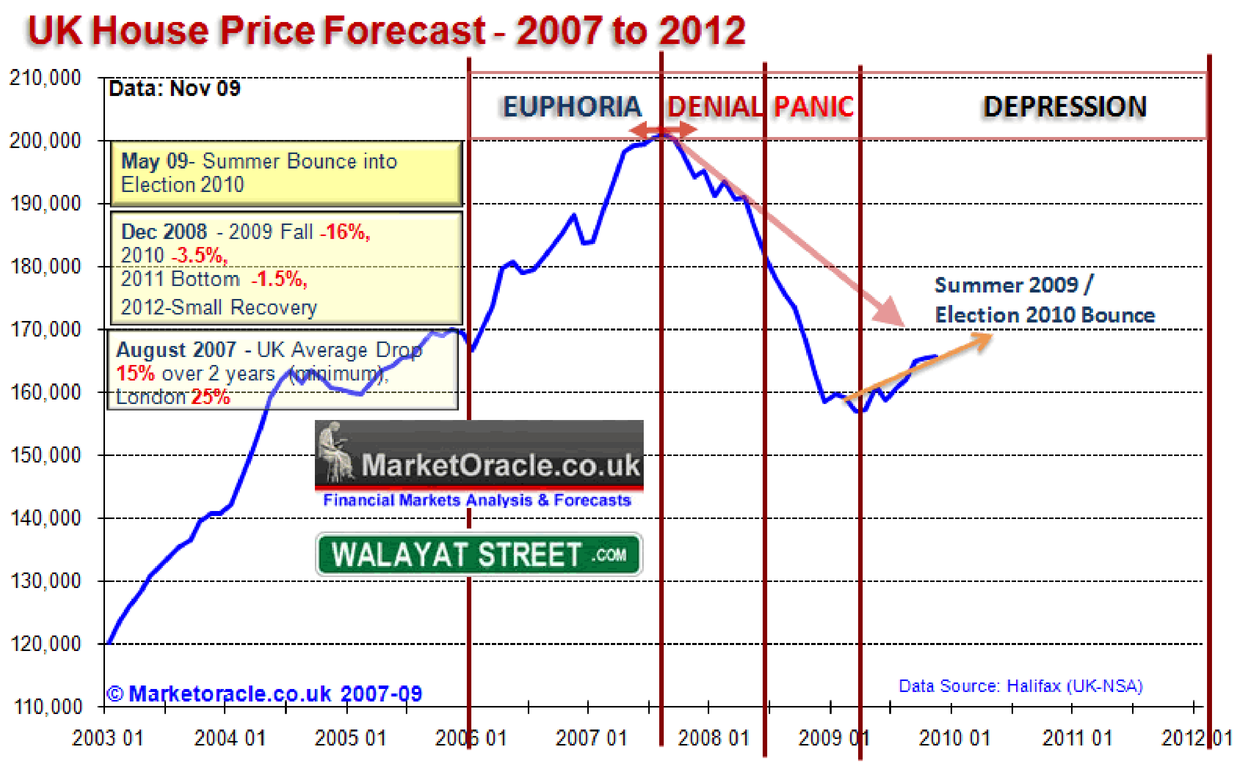
Whilst many are focused on the headline unemployment data, however back in August 2009 in the analysis (UK House Prices Tracking Claimant Count Rather than Unemployment Numbers), the conclusion was that the focus should remain on claimant count rather then the headline unemployment rate, in this regard the claimant count is turning positive in the most recent data and is therefore supportive of a continuation of the trend higher in UK house prices.



The above chart indicates that there does exist a strong relationship between house price trends and the unemployment benefit claimant count, more so than the unemployment data. The possible reason for this is that those made unemployed that do not claim benefits are not in as financially distressed state than those that have no choice but to claim benefits, therefore house prices can and have risen in the past whilst the official rate of unemployment rose, if at the same time the claimant count did not rise.

*The recent bounce in house prices is tracking quite closely with the stabilisation of the unemployment claimant count numbers, which therefore suggests that as long as those claiming unemployment benefits continues to stabilise at the current level of 1.6 million then the outlook remains positive for UK house prices to continu*e drifting higher, this is despite official unemployment data that looks set to continue to rise towards 3 million from 2.43 million.

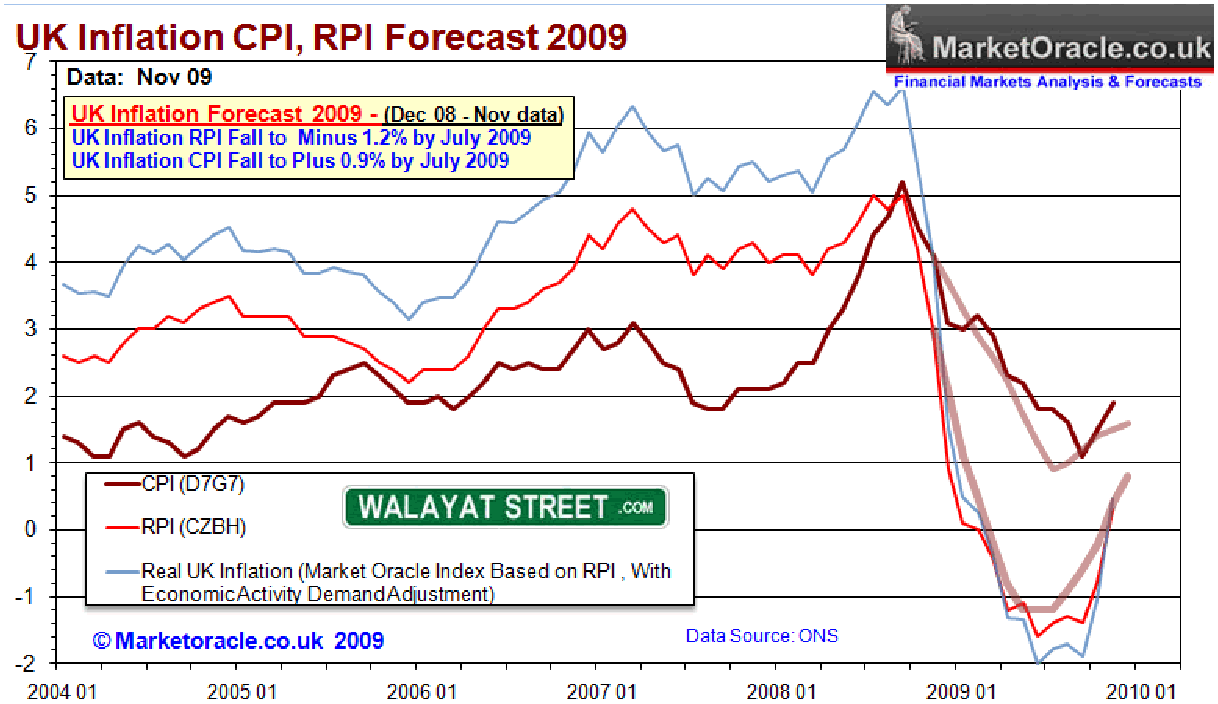
My on going research suggests that the debt fuelled economic recovery is expected to continue into mid 2010 that could see house prices up by as much as 10% year on year and therefore contrary to the widespread view of flat house prices during 2010, however this warrants in depth analysis to formulate a higher probability forecast which I aim to complete during January 2010.



In conclusion the trend of inflating UK house prices into mid 2010 is supportive of the trend of inflating general prices that will play catch up during early 2010 and continue upward into the second half of 2010 due to increased consumer spending as a consequence of some of the return of the feel good factor amongst consumers.

UK Inflation Forecast 2009

Deflationary forces as a consequence of the the bursting of the asset bubbles has fulfilled the deflation forecast for 2009 as per the original analysis of December 2008 - UK CPI Inflation, RPI Deflation Forecast 2009 that forecast Deflation into Mid 2009 targeting RPI of -1.2% and CPI of +0.9% to be followed by an uptrend into year end back into RPI inflation of +0.9% and CPI of +1.6% as illustrated by the below graph.



To ensure you get the in-depth analysis and precise forecasts for 2010 and beyond in your email in-box ensure you are subscribed to my always free newsletter.

7. UK House Prices Inflation Adjusted Long-term Trend Analysis

Jun 17, 2010 - http://www.marketoracle.co.uk/Article20377.html

Inflation has huge a impact on the trend for nominal house prices over the long term and therefore forms an important factor in determining a multi-year house price trend forecast.

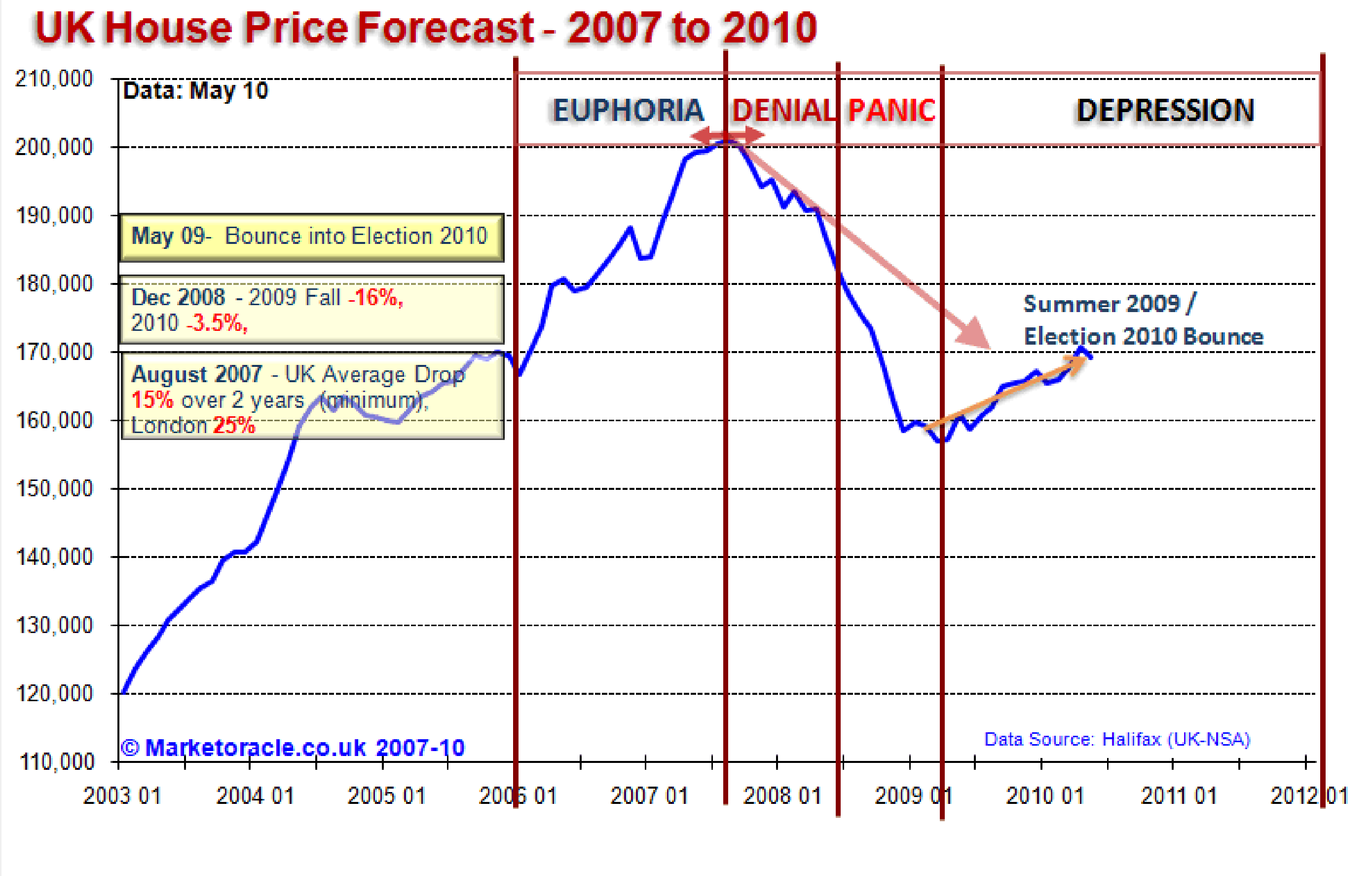
This analysis is part of a series that will culminate in a multi-year UK house prices trend forecast that will seek to more than replicate the original 2 year bear market forecast of August 2007 made right at the very peak of the UK housing market (22 Aug 2007 - UK Housing Market Crash of 2007 - 2008 and Steps to Protect Your Wealth), which also builds up on the 100 page Inflation Mega-Trend Ebook of Jan 2010 (Free Download Now), which contained the following UK housing market analysis (updated graph):

UK Housing Bear Market Election Bounce

The UK housing market peaked in August 2007 and entered into a 2 year bear market exactly as forecast at the time (22 Aug 2007 - UK Housing Market Crash of 2007 - 2008 and Steps to Protect Your Wealth), analysis which projected towards a fall in UK house prices from August 2007 to August 2009 of between 15% and 25% that has subsequently came to pass as UK house prices bottomed in March 2009 after having fallen by 23% from the 2007 peak.

The UK housing bear market has experienced a strong bounce off of the March 2009 lows and now stands up approx 10% off of the low as a consequence of unprecedented measures as mentioned in this ebook, the Labour government has succeeded in temporarily bringing UK house price falls to a halt and triggering an Election Bounce.

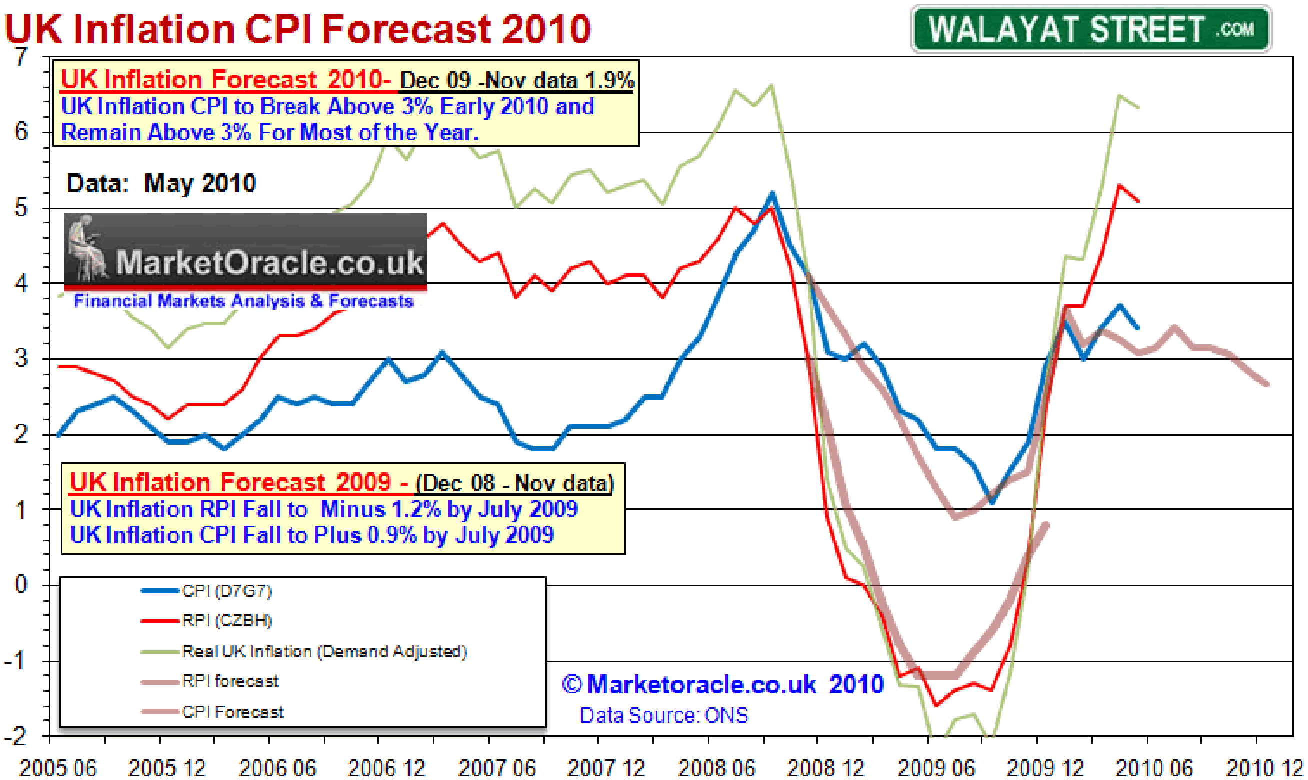
The impact of the inflation mega-trend on the UK housing market will be for UK house price to be supported in nominal terms, however this it does NOT ignite the feel good factor that triggers housing market booms which only follow when house prices begin to significantly rise in REAL terms i.e. after inflation.



Whilst the current corrective bounce looks set continue into the middle of 2010 (allowing for a potential one month blip as a consequence of the bad January weather), this rally is still seen as a correction within a housing bear market that is expected to remain in a depression for many years, before house prices succumb to the effect of the inflation mega-trend and start to rise.

UK Inflation Trend Upward Pressure on Nominal House Prices

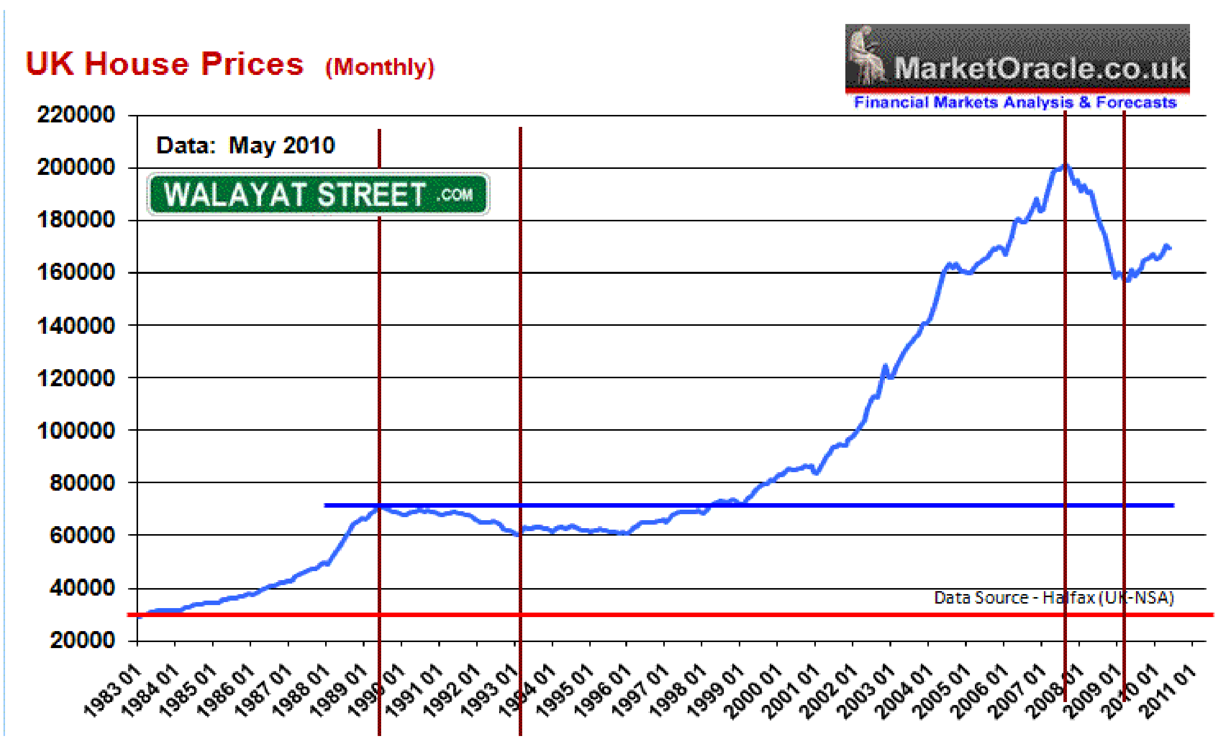
UK CPI Inflation at 3.4% for May 2010 is inline with to my trend forecast for 2010 as of December 2009 that projected May data of 3.1%. My analysis since November has been warning of a spike in UK inflation as part of an anticipated inflation mega-trend (18 Nov 2009 - [Deflationists Are WRONG, Prepare for the INFLATION Mega-Trend]) that culminated in the forecast of 27th December 2009 ([UK CPI Inflation Forecast 2010, Imminent and Sustained Spike Above 3%]) and the Inflation Mega-trend Ebook of January 2010 ([FREE DOWNLOAD]) as illustrated by the below graph.



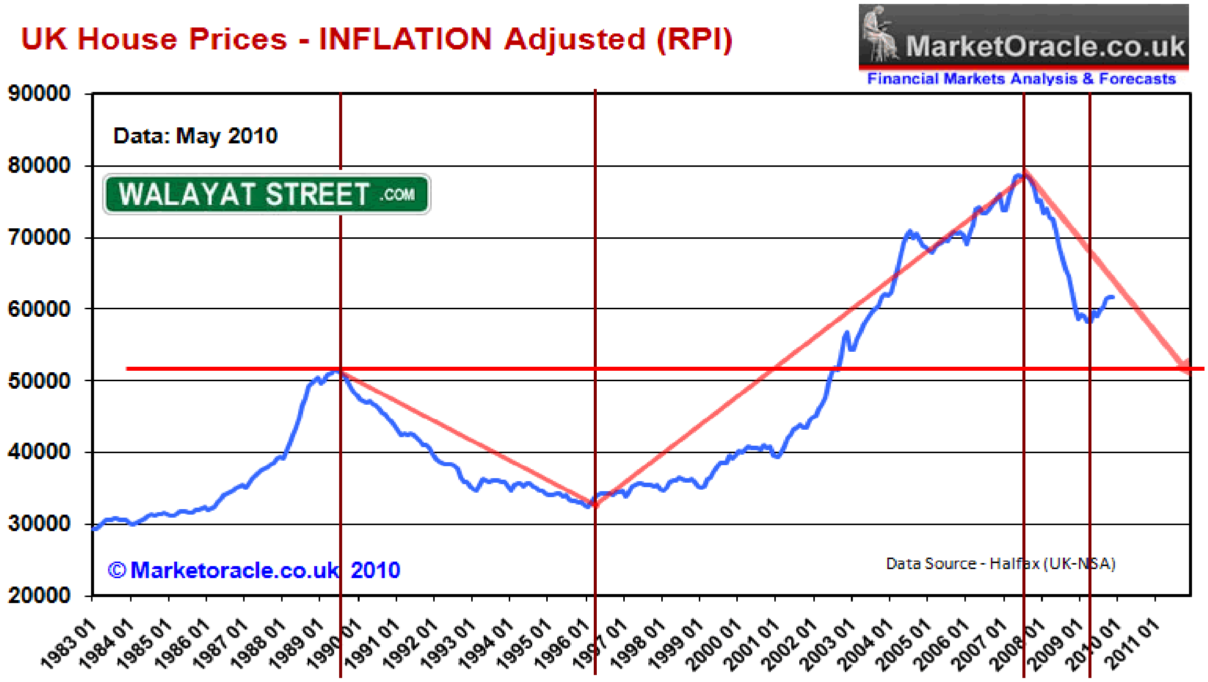
Whilst the current CPI inflation forecast is for 2010, I do expect the above inflation trend to continue in a range of between 2% and 4% for the next 3 years. However the economy and UK housing market is actually more sensitive to the RPI inflation measure that plays an important role in determining annual pay and benefit increases. In this regard the tendency for RPI is to over shoot to the upside to CPI which therefore implies upward inflationary pressure on nominal House Prices of between 10% to 14% over the next 3 years.

UK House Prices Inflation Adjusted Trend Implications

The UK having enjoyed the benefits of the wealth effect right upto the UK housing market peak of August 2007 when average UK house prices peaked at 201,081, following which house prices entered a severe housing bear market that bottomed in March 2009 as indicated by the below long-term house prices graph :



The subsequent debt fuelled Labour election recovery has seen average house prices rally by 10%. However the nominal house prices trend graph masks the actual impact on the consumer economy of the trend in real house prices after RPI inflation as illustrated below :



The real house price graph more significantly illustrates why the housing bust of the early 1990's contributed to the UK heading for recession and a loss of confidence in the housing market that subsequently persisted for over 5 years. This answers the question as to why people were reluctant to buy houses in the period 1993 to 1997 despite nominal house prices having stabilised and having started to rise, whilst in real terms house prices were still falling and in fact did not bottom until 1996 with the uptrend only being confirmed during the beginning of 1998. Therefore it is only when house prices stopped falling in real terms that the house price uptrend started to gain momentum and trigger the bull market. It took a further 4-5 years before house prices crossed the previous peak of 1989 some 13 years later when the UK housing market boom began.

The severe bear market from August 2007 and into March 2009 has bottomed in real terms. However with RPI inflation at 5.1% (May 2010), the actual uptrend in house prices has barely kept pace with inflation and still stands a long way from the last peak of August 2007.

The implications of the real trend in UK house prices are:

a. The housing market is nowhere near reaching another boom phase which only coincides when house prices pass their previous peak in REAL terms i.e. after inflation, this suggests that any upward trend in house prices is going to be shallow where the next boom could be as long as a decade away.

b. That the housing market in real terms has barely lifted off of its March low and is thus highly susceptible to a prolonged period of stagnation in real terms, i.e. the housing market basically goes nowhere for several years in real terms.

c. That it is highly likely that we have yet to see the low in UK house prices in real terms, which either means a sustained period of inflation or that the UK house prices revisit there 2009 March Bear market lows.

Conclusion

This analysis suggests that the value of UK house prices will continue to be eroded in real terms as a consequences of high inflation and weak nominal house prices trends which implies several years of stagnation to be followed by several more years of weak house prices growth in real terms. Thus those looking for a return to the boom times over the next few years are likely to be disappointed, especially the buy to let brigade that rely on capital appreciation in real terms to generate investment returns after costs.

8. Britains Population Growth and Ageing Demographics Impact on UK House Prices

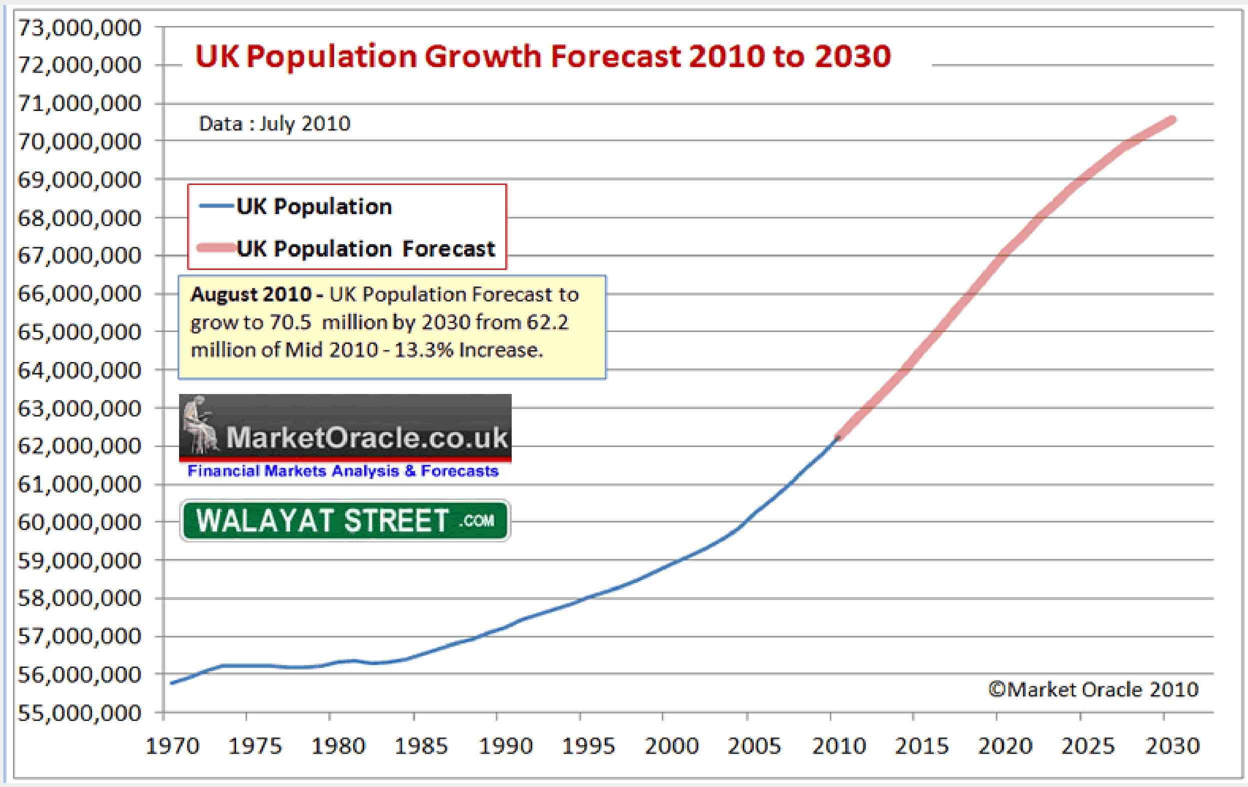
Sep 12, 2010 - http://www.marketoracle.co.uk/Article22616.html

The long-term battle being played in the UK housing market is that of new build supply always trying to play catchup with ever increasing demand as a consequence of the UK's growing population and changing demographics which is set against many other developed countries that are either experiencing falling populations such as Germany or have ample space to build far beyond that demanded as a consequence of population growth such as the United States. Therefore this analysis as part of a series on the UK housing market seeks to gauge the likely impact of population growth and demographics on UK house prices over the next 10 years.

UK Population Growth Forecast Conclusion

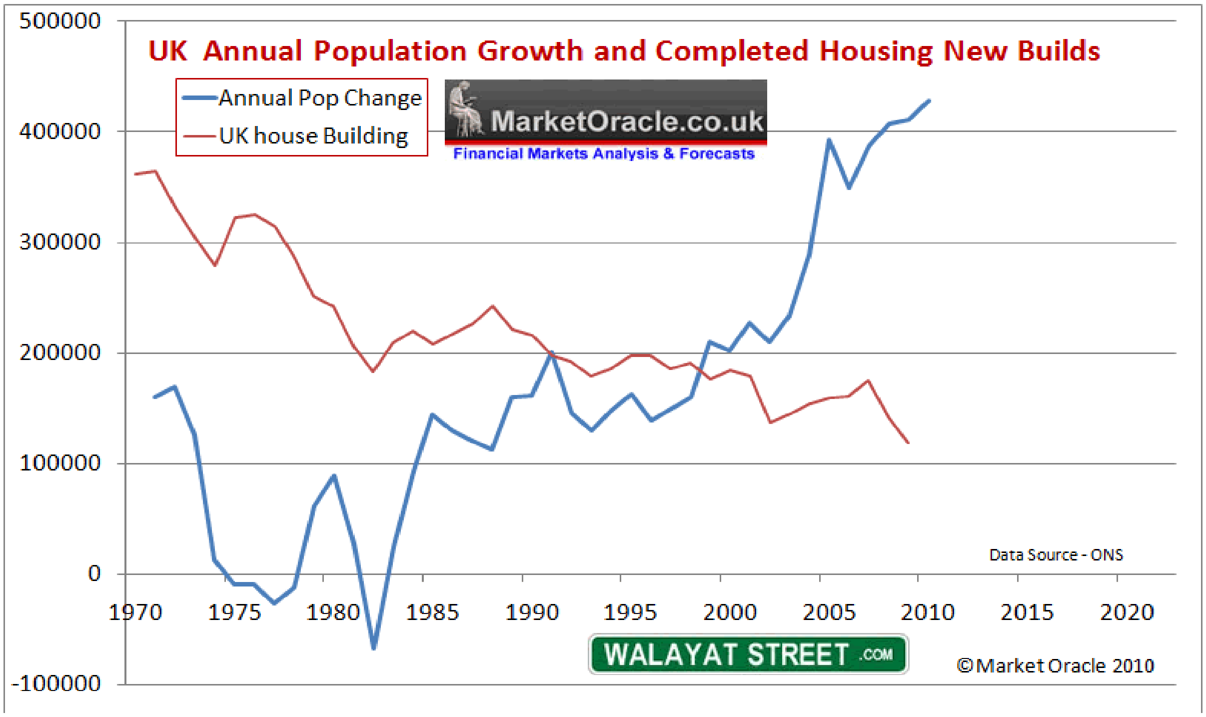
The recent analysis (02 Aug 2010 - [UK Population Growth and Immigration Trend Forecast 2010 to 2030]) concluded in the following UK population growth forecast -

> *The assumptions being factored into the UK population growth forecast are for a natural UK population growth rate of births exceeding deaths of 0.33% per year (current 200k), coupled with net average current immigration trend of 240k per year, supplemented with climate change refugees averaging 50k per year from 2015 onwards extrapolates into the following trend forecast over the next 10 years that targets a rise from 62.2 million as of mid 2010 to 67 million by mid 2020, and should the same trend be maintained beyond 2020 then the UK population could rise to above 72 million by mid 2030. However in all probability the country will not experience the post 2020 trend due to several converging factors including political pressures, capacity constraints and the UK's relegation in the economic prosperity leagues. Which implies a tapering off of net immigration in favour of natural growth which implies a lower total of nearer 70.5 million by 2030 as illustrated by the below graph.*



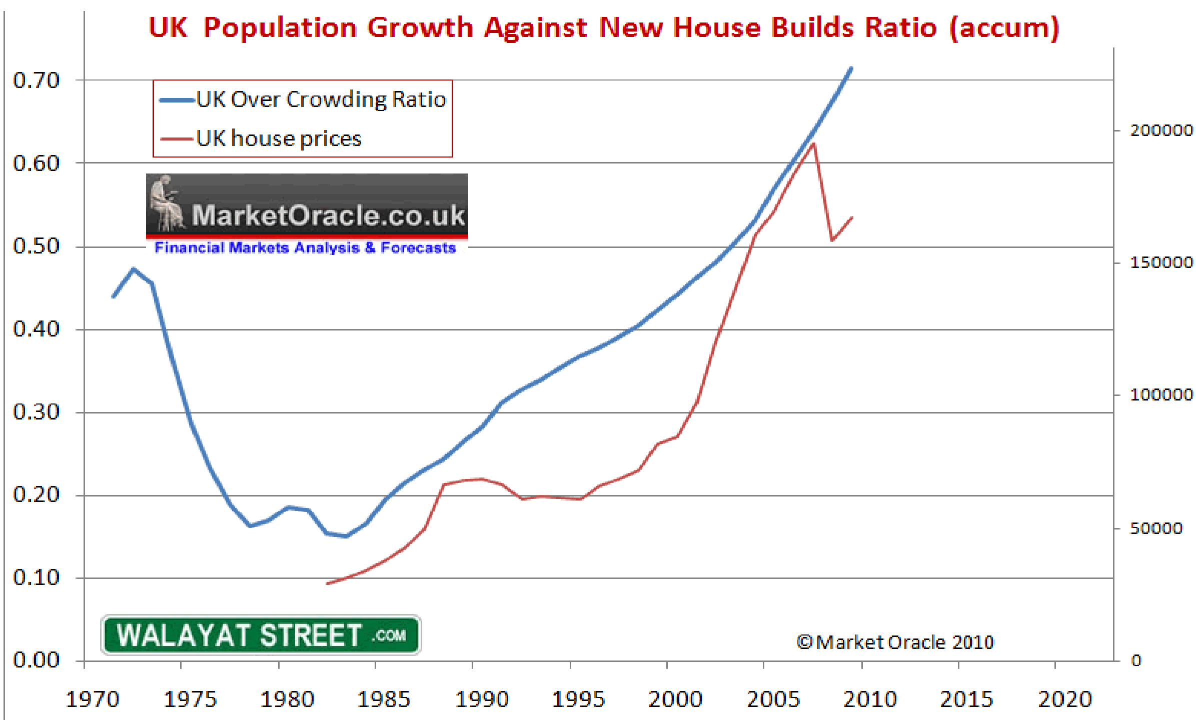
UK House Building and Population Growth

The below graph shows the UK annual population change against annual new housing build completions.



The graph illustrates a major long-term shift took place in the UK housing market dynamics by 2000 when the annual increase in population far exceeded the number of new builds that ended the preceding trend for construction to exceed population growth in terms of addressing the UK's chronic long standing housing shortage, especially considering that the average size of households has continued to shrink falling from 3.1 in 1960 to just 2.4 in 2010 (one of the smallest in the world) as a consequence of the increase in single person households and single parent families.

The below graph shows the ratio between the accumulative change in population since 1970 against the accumulative number of new housing builds also since 1970 as a UK Over Crowding Ratio.



The above graph better illustrates the change in trend that took place starting in the mid 1980's that coincided with the Thatcher governments reversal of the policy for the construction of social housing and implementation of the right to buy programme for the sale of millions of socially owned local council housing that ignited the property boom of the nineties AND noughties, the trend that was set in motion was for the inability of supply to keep pace with population growth, which ensured persistent upward pressure on house prices that despite the recession still shows an accelerating trend as new build supply that currently stands at an estimated 120k to 140k per year is set against government estimates for a requirement of 240k per year which thus ensures that the UK's over crowding situation is expected to continue to deteriorate year on year going forward, especially if the size of average households continues to shrink which requires ever more housing even if the population stopped increasing.

Implications for House Prices

New build supply plays an important part in the housing market as it tends to average at approx 10% of the total number of annual transactions, which is more than enough to have a significant effect on the UK housing market especially as supply over recent decades has been consistently below that which is deemed necessary to meet he demands of a growing population which means that the UK housing market is destined NOT to replicate the housing busts of countries such as the United States or even closer to home of countries such as Spain, where that housing bust has prompted many hundreds of thousands of British ex-pats to cut their losses and return to the UK, closely followed by unemployed Spanish and other PIIGS citizens seeking employment in a more liberal and robust UK jobs market and thus introduce new demand into the UK housing market.

This suggests that the often put forward industry affordability ratios such as X3.5 salary as the likely outcome path for the UK housing market does not accurately take into account the new demand against new supply trend that implies affordability ratios look set to be pushed ever higher to new trend extremes, therefore supporting long-term price trends for UK house prices in real terms, i.e. expensive UK house prices look set to be here to stay for as long as the lack of new supply exists, especially as the UK population is expected to grow by 5 million over the next 10 years against an realistic estimated construction of just 1.2 million new homes.

Population Growth Feeding the Inflation Mega-trend

The impact of an increase in UK population over the next 10 years by 7.7% is expected to continue to feed Britain's INFLATIONARY MEGA-TREND for the next decade as rising population puts extra pressure on Britains capacity constrained infrastructure, pressure on consumer and asset prices, especially house prices and associated costs as well as contributing economically to an increase in nominal GDP growth. Whilst maintaining the expected trend that UK unemployment will remain high for the duration of the next 10 years, no matter what job creation initiatives the government attempts to implement to reduce stubbornly high unemployment levels as between 70% and 80% of new jobs created are likely to go to migrant workers as was the experience under the last Labour government.

Britain's Demographic Time Bomb Has Gone Off!

Britain's demographic time bomb is illustrated by an ever growing ageing population that despite an increasing number of workers cannot maintain ratios of the past, where 20 years ago there were 8.9 million pensioners against 28 million workers or a ratio of 3.15 workers to every retiree (15.5% of the total population), today there are over 11.5 million pensioners to 30 million workers, a ratio of 2.6 to 1 (18.5% of the total population). Britain's retiring population demands an ever greater share of the economic pie that will increasingly impact hard on the economy as each retiree turns from a tax payer to a retirement benefits claimer.

The impact of this on the UK Housing market is for increasing supply from the lower middle to upper middle range of properties as a significant number of the elderly downsize or move into retirement homes, this is coupled with less real disposable income for the wage slaves to pay for house purchases which on face value implies a persistent real terms deflationary outcome for UK house prices over the next 20 years.

However against an ageing population that looks set to see the number of retirees increase from approx 11.5 million today to 13.5 million by 2020 the impact of this will be partially offset by Britains rising population from 62 million to 67 million (20% of the population), which whilst putting Britain in a far better state than many other countries who's total population and worker base is shrinking as well as experiencing an increasing ageing populations such as Japan, however an 8% increase in the total population against a 17% increase in retirees is not going to offset the impact on the increasing number of retirees as the ratio of workers to retirees continues to fall, especially as this trend is likely to continue for at least the next 25 years with the number of retirees expected to hit 17 million by 2035 which suggests a ratio of 1.9 to 1 (workers per retiree), which implies a gradual loss of real purchasing power of every workers earnings over the next 25 years.

Thankfully it is not all gloom and doom as the new government as well as future governments will fully recognise the exploding demographic time bomb and thus will actively engage (belatedly) in an attempt to alleviate the disastrous long-term consequences by both gradually raising the retirement age, which will probably extend all the way to 70 by 2025, as well as cutting the burden of costs that are presently dumped onto the tax payers. Whilst both ends of the spectrum i.e. those retiring in the near future and those just entering the workforce will feel outrage at their own increasing costs, however there is no way out of the demographics crisis other than for unpopular policies to be implemented as the alternative would be an hyperinflationary depression, as weak successive governments kept putting off the difficult decisions by taking the easy option of just printing money and monetizing government debt (as was the policy of the last Labour Government) which would wipe out the purchasing power of both earnings and savings and give the illusion of growth.

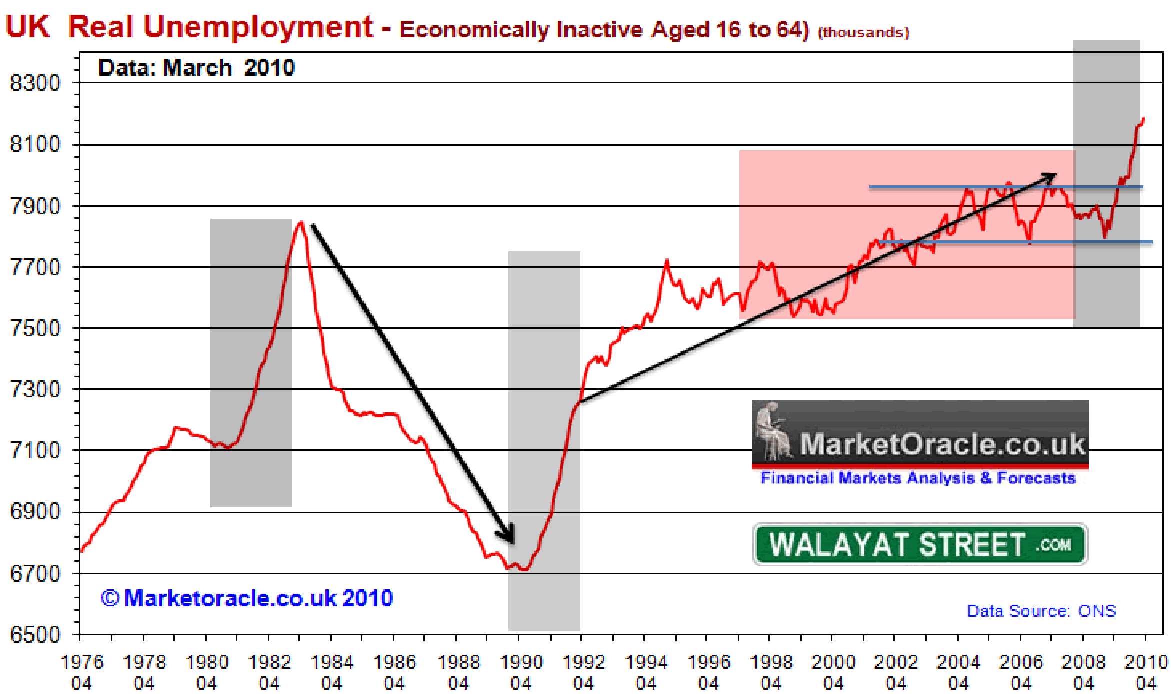
Other positive developments in recent years has been to address the problem of ageism so that people above a certain age are no longer seen as unemployable, the UK in this regard has come a long way over the past 10 years which coupled with extension of the retirement age should be seen as a positive trend until ultimately retirement would be resigned to the history books much as communism has been. After all retirement was never a sustainable policy as it was built upon the assumption that the ratio of workers to retirees would be sustainable at above X3, instead of now trend towards below X2.

Whilst more elderly in the workplace over recent years has resulted in an improvement in the overall economy in terms of productivity in utilising what would have been an idle workforce, however as mentioned earlier, it does not resolve the tax and debt burden being placed onto future generations, which does confirm my view that at some point the retirement age will be scrapped altogether and along with it the state retirement pension to be replaced with a form of income support for low paid elderly workers, along the same lines as the current tax credits system.

The objection put forward against an effective end to retirement is that it takes jobs away from the young, however this is a false premise as those starting out at the beginning of their careers are at a different stage of development than those that are in the last few years of their career, just as those in their 40's usually do not compete against those in their 20's therefore even less so will those in their 60's and 70's, if anything it will allow for more efficient transfer of knowledge and experience between old and young workers rather than having an artificial cut off date.

UK Real Unemployment Rate is 5.5 million - Britains Benefits Culture

Whilst the focus of this analysis so far has been the ratio of workers to retirees, however Britain also carries the burden of its benefits culture which has more than 8.2 million people of working age who are sat idle, this is set against the official unemployment rate of just 2.5 million which results in an unrecorded economically inactive gap of an enormous 5.5 million which illustrates the true extent of the failure of the last Labour government to manage the potential of the work force during the boom years as illustrated by the fact that 80% of the 2.1 million jobs created under Labour went to foreign workers and therefore did nothing to address the true level of UK unemployment that contained a hidden ticking social security financing time bomb that has exploded as a £40 billion extra annual budget deficit.



Off course not all of those that are economically inactive can work such as through disablement or long-term illness, nevertheless the real level of unemployment if including those that can work but choose not to work then the real level of unemployment is nearer to 5.5 million than the official level of 2.5 million.

Therefore the current government is correct in recognising this huge and unsustainable burden on the state by intending to implement serious measures to force those of working age to actively seek employment rather than remain a burden on the state for their entire working lives and then again during retirement, which would have the dual effect of turning many millions of today's benefit claimers into tomorrows tax payers.

Population Growth and Demographics, Housing Supply Conclusions for UK House Prices

This analysis concludes towards three competing forces driving UK house price trends - an increasing population that generates ever increasing demand for housing that supply has never been able to keep pace with, several millions who have permanently sat on benefits being forced into the workforce and thus increase demand for housing, against an ageing population that looks set to put downward pressure on the housing market for several decades as many elderly seek to downsize into retirement homes and probably soon to be built retirement villages, the overall implications are for long-term real terms price stagnation as ever more resources will continue to be expended on servicing the demands of an ageing population, whilst high inflation acts to drive up prices in nominal terms. This does not mean there will not be future booms in house prices, just that it is highly likely that they will be more subdued in real terms than that which has occurred during the past 10 years as there will be increasing supply overhanging the market ready to sell at higher prices.

In terms of the trend for the next 10 years, the implications are for a real terms stagnating market for the next 2-3 years, followed by weak real-terms growth, with nominal house prices supported by the governments inflationary policies in an attempt to mask the true economic impact of an ageing population through the illusion of increasing wages whilst real purchasing power falls, which again reaffirms the importance of inflation forecasts being accurate as that will be the primary driver for nominal house prices for the next 25 years as covered at length in the Inflation Mega-Trend Ebook (FREE DOWNLOAD).

UK House Price Forecast

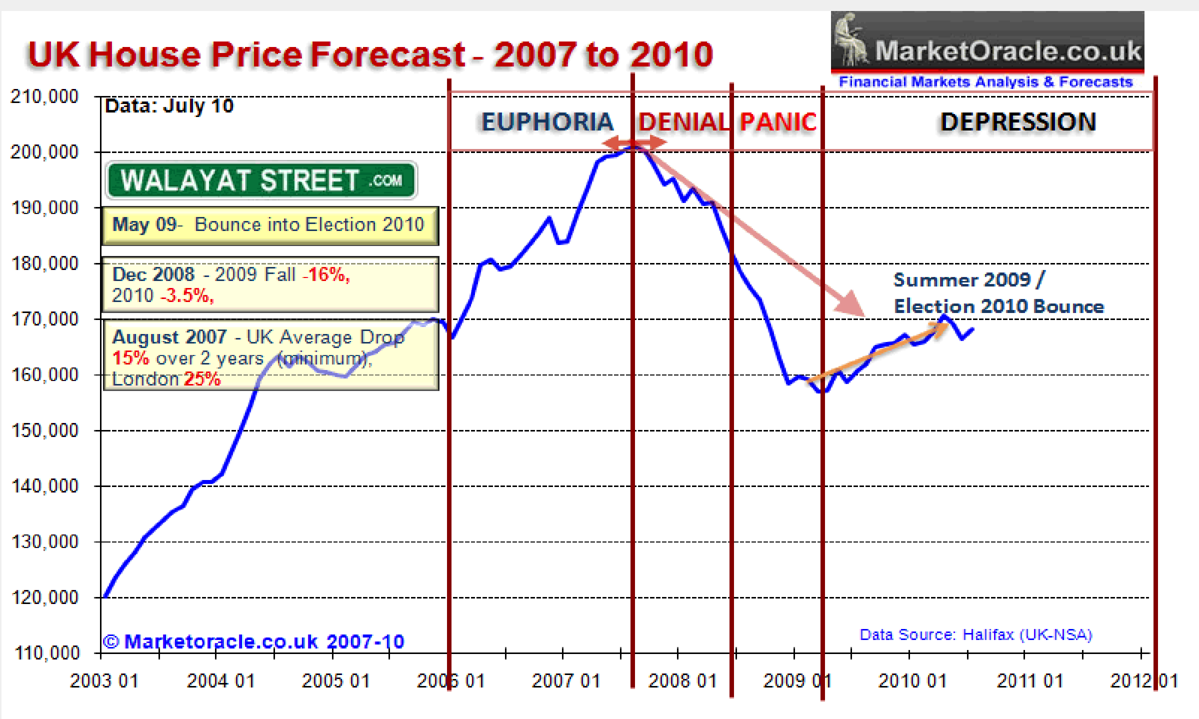
This analysis is part of an on going series that will culminate in a multi-year UK house prices trend forecast (Free Ebook) that will seek to more than replicate the original 2 year bear market forecast of August 2007 made right at the very peak of the UK housing market (22 Aug 2007 - UK Housing Market Crash of 2007 - 2008 and Steps to Protect Your Wealth), which also builds up on the 100 page Inflation Mega-Trend Ebook of Jan 2010 (Free Download Now), which contained the following UK housing market analysis (updated graph):

UK Housing Bear Market Election Bounce

The UK housing market peaked in August 2007 and entered into a 2 year bear market exactly as forecast at the time (22 Aug 2007 - UK Housing Market Crash of 2007 - 2008 and Steps to Protect Your Wealth), analysis which projected towards a fall in UK house prices from August 2007 to August 2009 of between 15% and 25% that has subsequently came to pass as UK house prices bottomed in March 2009 after having fallen by 23% from the 2007 peak.

The UK housing bear market has experienced a strong bounce off of the March 2009 lows and now stands up approx 10% off of the low as a consequence of unprecedented measures as mentioned in this ebook, the Labour government has succeeded in temporarily bringing UK house price falls to a halt and triggering an Election Bounce.

The impact of the inflation mega-trend on the UK housing market will be for UK house price to be supported in nominal terms, however this it does NOT ignite the feel good factor that triggers housing market booms which only follow when house prices begin to significantly rise in REAL terms i.e. after inflation.



Whilst the current corrective bounce looks set continue into the middle of 2010 (allowing for a potential one month blip as a consequence of the bad January weather), this rally is still seen as a correction within a housing bear market that is expected to remain in a depression for many years, before house prices succumb to the effect of the inflation mega-trend and start to rise.

9. Bank of England Losing Control of Mortgage Interest Rates, Perversely Bullish for UK Housing Market?

Mar 12, 2012 - http://www.marketoracle.co.uk/Article33567.html

The Bank of England last week kept the UK Base interest rate on hold for a third year at 0.5%. The tax payer bailed out and supported banks answered by again announcing a series of mortgage interest rate hikes to take place over the coming months towards 5%, or ten times the official base interest rate.

The Bank of England over the past 4 years has effectively stuffed every bankster orifice with tax payer cash through a multitude of measures that include insuring toxic assets, direct capital injections, loans, transference of bad assets off bank balance sheets (such as Northern Rock) and QE money printing to buy assets owned by banks all as a consequence of the Fear of Financial Armageddon as I touched upon in depth in the Interest Rate Mega-trend ebook of March 2011 (FREE DOWNLOAD).

In total the value of tax payer supported banker bailout liabilities extend to approx £4 trillion, which is about four times total UK public debt that the mainstream press and academics continuously obsess over.

The banks continue to hold the country to ransom in a system that is in many ways just as corrupt as that which delivered Czar Putin another term in office in Russia or the Chinese revolving Communist Party Emperors. The banks dictate that they will continue to generate fraudulent tax payer funded profits so that they can continue to pay out bonuses. In fact as the recent announcements out of the likes of RBS have illustrated that even where losses are made after tax payer support the banks are still going to pay out bonuses any way, whilst the Bank of England watches on in silence as it stuffs the bankster's with ever more cash at every opportunity whilst continually pumping out deflation threat propaganda whilst all the while its real objective is for continuing high real inflation so as to achieve its objective of transferring wealth from workers, savers and bond holders onto bank balance sheets so as to prevent a chain reaction collapse of the financial system as well as financing of the government deficit and eroding the value of all debt (private and public).

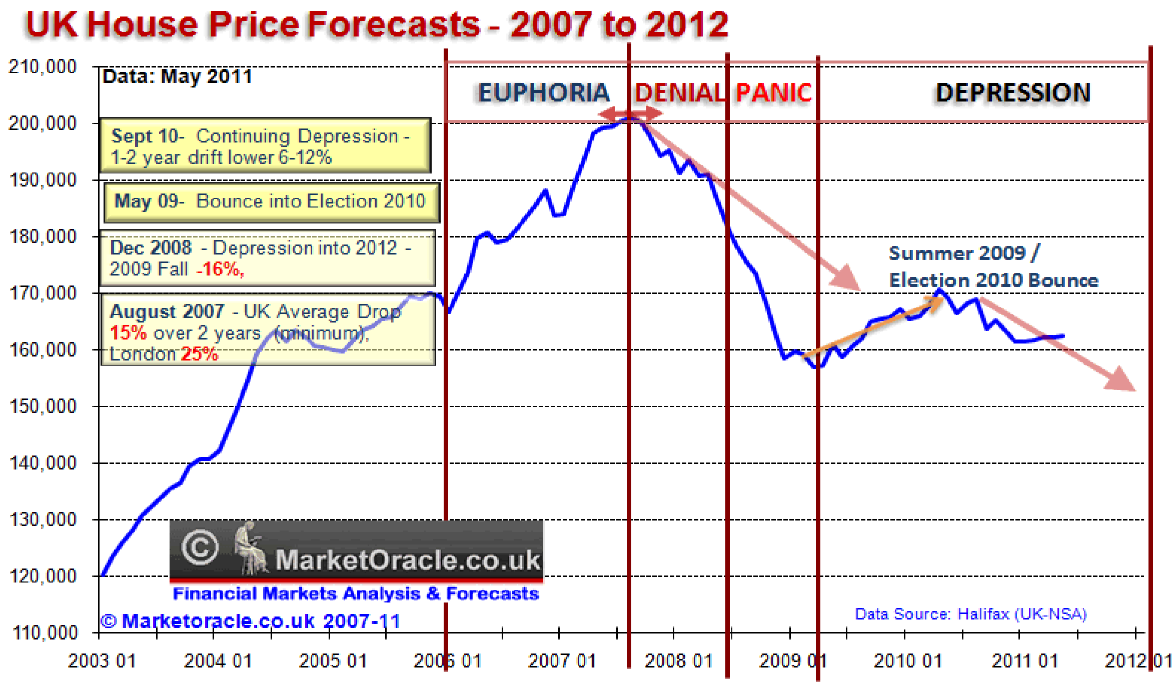
This is why the banks today are getting away with charging interest rates that are many multiples of the base interest rate and set to rise even further. The UK base rate is at 0.5% and the short interbank rates are around 1%. Instead credit worthy borrowers are being offered rates of 4%+ with savers typically less than 2% unless they opt to fix for multiple years.

On face value the recent surge in UK interest rates could be taken as being disastrous for an already weak UK economy and housing market, which is the line that academic economists and the mainstream financial press have been following. Instead my analysis of the past 6 months has increasingly been acknowledging a slow drift towards normalisation of the financial system, despite having to endure stress as a consequence of the risk of financial armageddon emanating out of the euro-zone that still persists, and which in fact has intensified over the past 12months. So the picture is very complex and cannot be easily broken down into its component parts that would literally take a 100 page ebook to explain the tug of war processes's at work.

However, as I mentioned earlier, rising interest rates are a NET positive for the UK economy which is despite a high probability of a recession this year for the UK (2 consecutive quarters of GDP contraction), which illustrates a messy big picture where it is very easy to push and paint a heavily doom laden scenario that I just don't see as being the most probable outcome.

It has been a while since I last performed an in-depth analysis of the UK housing market which I last deemed to be in a continuing depression that would extend into to early 2012 following the crash of 2007-2009.

Last forecast (03 Sep 2010 - UK House Prices and GDP Growth Trends Analysis) *concluded in a continuing depression in the UK housing market for the next 3-4 years, with the most probable outcome being for a gradual shallow drift lower in prices over the next 1-2 years (6-12%), followed by a further 1-2 years of base building.*



Therefore both my original analysis and emerging positive signs of the past 6 months are suggesting that I should now start to focus my attentions towards in-depth analysis of the UK housing market, which could perhaps converge towards a title such as " Stealth UK Housing Bull Market of 2012 to...", much as I wrote of the start of a Stealth bull market in Stocks in March 2009. This will require detailed and lengthy analysis so as to enable me to generate high probability trend trajectories, but again I am continuing to see increasingly positive signs which the mortgage rate hikes are just another step on the path towards a multi-year bull market, so I am giving you a head start on an emerging probable multi-year bull market in UK housing.

10. UK Home Extension Planning Rules Relaxed to Boost Economy, Trigger Housing Bull Market

Sep 08, 2012 - http://www.marketoracle.co.uk/Article36414.html

The Coalition government in panic has realised that it is destined to lose the next general election unless it kick starts the UK economy so has announced proposals for a whole host of initiatives that will seek to provide billions in funding and cut through red tape that is hindering infrastructure and new homes construction with the aim of triggering a mini building boom and thus help the economy to recovery in the run up to the next general election.

Permitted Developments

The current system requires planning permission to be sought for significant improvements to properties which can result in delays of as much as 12 months and with no guarantee that planning permission will be granted. Which leaves most home owners only with the options of under taking permitted developments that significantly restrict what can be done to mainly building -

- Conservatories
- Loft Conversions
- Garage conversions
- Basement conversion
- Extensions - under strict rules that limit the length of a one storey extension usually at the back of properties to no more than 4 metres for detached properties and 3 metres for semi-detached / terraced houses. With 2 story extensions capped at a 3m length.

The key proposals that most home owners will be interested in is in the expansion of what home owners are allowed to construct under permitted developments without the need for formal planning permission. Once finalised the planning changes are expected to double these limits to 8/6 metres for detached and 6 metres for semi/terraced houses for works under taken during the next three years to make extending ones properties without planning permission a far more viable option.

The complete details of all the rule changes will follow by the end of this year and therefore are expected to cover into the end of 2015.

Impact on the Economy

The proposals once implemented will have strong positive impact on the construction industry and that money will trickle down to the rest of the economy, so in my opinion these measures will significantly boost the economy going into the next general election of May 2015.

My own personal view is that my own property as is the case for most home owners has already had the usual extensions of loft conversion and a conservatory added which does not leave much scope for further developments without formal time consuming planning permission applications.

However the possibility of extending by 8 / 6 metres without planning permission does make this now a very interesting proposal especially as moving house involves large additional costs amounting to tens of thousands of pounds such as stamp duty.

So I am sure that there are many other home owners who will now been surveying the back of their houses with a view to extending by taking advantage of this 3 year opportunity.

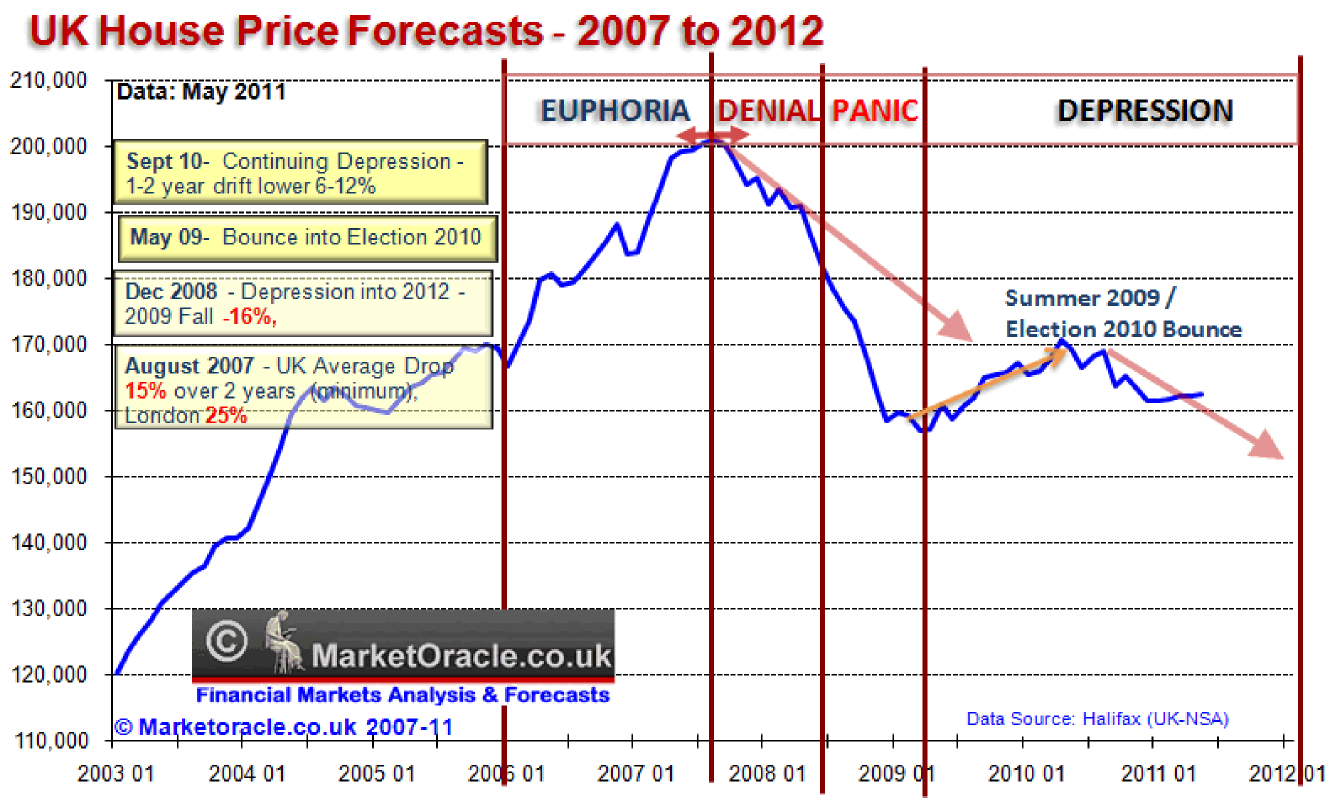
However home owners will still need to abide by building regulations and other factors that will need to be taken into consideration such as the Right of Light, and off course double the extension size means double the cost to finance during a debt crisis.

Impact on the Housing Market

Initially for the first 2 years these proposals will make home moves less likely as those home owners who were considering moving will now instead look at extending options, therefore this will put a dampener on the housing market in terms of transactions over the next 2 years, unless there is a huge surge in new home building which is a possibility as the government is desperate to boost the economy so may also relax green belt rules. However as the proposals stand it should still result in mild upward pressure on house prices due to the increase in value of the property stock following home improvements. This will also increasingly spark interest in the housing market especially during 2014-2015 as buyers increasingly view purchases with the aim of immediately starting works on extensions ahead of the end of end 2015 deadline.

Therefore this confirms my existing view of the birth of a embryonic UK housing bull market taking place this year which follows on from the crash of 2007 to 2009 (22 Aug 2007 - UK Housing Market Crash of 2007 - 2008 and Steps to Protect Your Wealth) and the subsequent depression into early 2012 as correctly forecast several years ago.

Last forecast (03 Sep 2010 - UK House Prices and GDP Growth Trends Analysis) *concluded in a continuing depression in the UK housing market for the next 3-4 years, with the most probable outcome being for a gradual shallow drift lower in prices over the next 1-2 years (6-12%), followed by a further 1-2 years of base building.*



Detailed and lengthy analysis will be required to enable me to generate high probability trend trajectories for the housing market over the next few years, but I am continuing to see positive signs towards a multi-year bull market, so I am giving you another head start on an emerging probable multi-year bull market in UK housing.

About the Author

Born in 1968 in the city of Rotherham, UK. Nadeem Walayat became one of the original computer geek's of the late 1970's before the term was applied to computer enthusiasts, owning his first computer a ZX80 in 1980 and soon thereafter set up his first software company in 1983 at the age of 15, writing machine code utilities for the Dragon 32 computer under the company name of Pegasus Software Services which he later changed to Walayat Software and Network Systems (Walsoft).

Nadeem went on to discover the financial markets during 1985 and began trading the stock market in 1986, having discovered the means to trade commodity futures and more importantly stock indices such as the Dow Jones via spread bet trading in late 1986 thus triggering a 25+ year trading career which has seen many highs and lows including having beaten the 1987 Stock Market Crash.

Apart from being an active trader, Nadeem continued his professional development and worked as a corporate accountant for 15 years until 2008, as well as remaining an active programmer for more than 30 years, hopping from programming language to programming language as information technologies have evolved.

By 2005, Nadeem's 20 year trading experience and 30 year programming experience afforded him the opportunity to develop the long planned for Market Oracle website with the primary objective of freely sharing his analysis, trading ideas and methodologies, which has gone on to become one Britain's most popular totally free quality online resource for economic & financial markets analysis and debate that continues to constantly evolve towards becoming one of the worlds key quality free financial market analysis hubs that has grown to feature more than 1000 expert contributors.

He currently continues to reside in Sheffield, England with his wife and three children, and remains fully focused on trading and sharing of his analysis as a firmly private person who shuns the media spot light. His most recent analysis can be viewed at walayatstreet.com.

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