

Up? Down? Sideways?

We've all heard this before haven't we?

Are house prices gonna fall? Are house prices gonna rise? Are house prices gonna stay still?

Truth is...nobody can answer the question can they? They may rise next month...then fall the month after...or vice versa...or nothing it all!

It's so confusing!

Given these facts, you could possibly forgive one of the multitudes of potential new investors into our industry for 'chickening out' and sticking to what they already do...which is probably turn up for work each day...and dream about making their fortune...probably in property.

A vicious circle.

And...If you are a *Daily Mail* or *Daily Express* reader, or you watch TV shows such as *Tonight* and *Panorama*...and you are also the type of person who, broadly, believes all that the media tells you (obviously disregarding *The Sun* here), I just know that you will be confused and scared at the notion of property investment as a vehicle for serious wealth creation.

'Exhibit 'A' M'lud'...

In December last year, a story appeared in the *Daily Express*, the headline read, '*House price landslide!*' basically telling us all that the world was falling in on the property market.....fair enough...they had a couple of skewed examples to kind of prove their point (you know, in the same way stats can 'prove' now that Sven was England's greatest ever football manager).

However, fast forward about 3 weeks to Saturday 29th December...the headlines on the very front page of the very same newspaper read '*House prices rising again!*'

If that wasn't crazy enough, then what if I told you that the reporter for both stories was the very same person?

Crazy but true.

Yes, it's possible that prices crashed in early December, then suddenly started rising in late December...but...you know what?

I don't think so.

I'm sure that you must have heard the newspaper industry's mantra of '*Don't let the facts get in the way of a good story*'

Well, I'm guessing that this is what happened here. It was the period in between Christmas and New Year. Nothing political was happening of any note. There is only so much the press can write about the queues at the Harrod's sale, or that Bruce Forsyth missed out on his much deserved Knighthood in the Queen's honours list...again! (I was gutted about that by the way – for me, Bruce is the King of all game show hosts, but, I digress).

So what do the press do when news is quiet? Well it isn't for me to suggest that they actually 'make it up' but I often think that they do just that.

In this case, they needed an emotive angle. Therefore if it isn't going to be about Diana, or poor little Madeleine, or Gas and electricity prices – then it has to be good old house prices every time. The newspapers know what creates sales...emotional prose.

This was a great example of the theory in action.

Trouble is...the same thing happens on the TV programmes mentioned previously too. It also happens in the more respected' and also the less respected publications than The Mail and The Express.

Because property is an obsession in the UK with the chattering classes. Dinner party fodder – not to be taken too seriously though.

To most people it is trivia.

The equivalent of bubble gum for the brain. They read it or see it, turn the page, or switch channels, then forget it. They don't recall that a contrary report was printed, or screened, 3 weeks earlier.

Why?

Because I suggest it's a combination of the attention span of something you aren't really too bothered about naturally being short, and also that we are all bombarded continuously each and every day by message...be they marketing, advertising or media messages...there is only so much we can hold in our crowded brains.

Most people aren't bothered to a worrying extent about this type of bubblegum...apart from the people it could stand to effect mostif it became truth.

Therefore, I conclude that a person with one house who is told the price will drop 10% in one year is left much less jittery than the person with 50 houses who reads the same report.

In my experience, however, experienced investors with a large number of properties nicely 'cooking away', have seen and heard it all before and take it with the liberal dash of salt that it deserves.

It's called the 'value of experience'.

The real casualties of these reports are the people who have ambitions to own 50 houses – the potential new investors – or, the ones who have recently started out on their path in property.

They have every reason to be scared if they believe what they read.

My point?

Follow your instinct... and not some report from a, probable, 23 year old trainee hack living in a rented London studio, being given their chance to shine, and impress their editor, by finding a juicy angle to report on about the property market?

But...It's not just ambitious hacks, and 'Trevor McDonalds' who can ruin your dreams.

Oh no...read on...it gets better...

We all have 'friends' and family who are ready to, literally, demolish your property plans.....

Property, mate? You must be raving bonkers!!

We've all heard people - quite often those with nothing very intelligent to contribute - funnily enough – the types who spend more than they earn each month, then bridge the gap with credit cards, tell us that 'getting into property' is 'mental', 'toooo risky'.

Then, if we ask them later what their best financial decision ever was, they proudly tell you that they made a packet on their house that they now live in.

'Yeah mate, we've made a real killin' on this place I can tell you! Kerching! I wish I'd bought the one next door at the same time too...just imagine now.....all that cash!'

Hypocritical? Bizarre? You decide.

Great isn't it? They paid X thousand for their home, and 5 years later it's worth 40% more in value. These people think they've done well.

They have – to a point. But...the only time they will 'cash in' on this paper wealth is if they ever downsize their home to buy a cheaper one. Even then they will probably 'pay' by reducing the quality of their current lifestyle.

Why?

Because the bigger, posher house they aspire to 'down the road' also went up by 40% in the same period. So 'their house' – the one that cost 200k 5 years previously, and is now worth 280k – sees the aspirational one, 'down the road' worth 300k 5 years ago – and is now worth 420k.

So in effect, house prices have worked against them because they need to find an extra 40k more now, than they would have needed to find 5 years previously, in order to 'move up' and buy exactly the same house...but a house 5 years older.

By the way, I worked that out thanks to me paying attention (once) in Maths in 1975 when we did percentages...because (cheap comment coming up)... it's really hard to work out isn't it?

All I can conclude is that most people took the day off on that day.

Bubble bursting, reality check statement coming up.....

So even when you're a 'winner' in property - you can 'lose' big too!

They just don't get it, do they? - these people who think we are nuts to be building property portfolios - thank goodness they don't do the same though - or they'd all be our competitors!

They don't understand that the real winners are people like us - people who 'collect' properties to sell later, rather than just buy one to live in (I think that sums it up nicely). We 'collect' these properties so that when they go up over time (as well as our residential home too by the way), every penny made is literally 'money in the bank'.

We can sell our rental properties to other people for a juicy profit - because we still will have a 'spare' (probably very nice) roof above our heads - that we don't have to sell.

Oh, and we haven't even told them how we can buy these houses to rent out at a massive discount.....and with none of our own money in the deal.....

Doesn't seem fair does it?

Cake. Eat it. Spring to mind?

I hope this has helped to redress the balance in your mind if Messrs Trevor McDonald and Jonathan Maitland, your mate' down the pub' - and the, no doubt, charming trainee hack from *The Express* have screwed with your mind, regarding property, up to now.....