**TBP 270 2025 Predictions Edited\_Transcription**

[Daniel Hill] (0:00 - 17:13)

Happy New Year is 2025. And as per usual, these are my 2025 property market predictions. In this podcast, I'm going to take you through start to finish what I think is going to happen in the economy, what's going to happen in the property market, and where I think you can find the best deals in the 12 months ahead.

This model is unique, it's proven it's the fifth year running that I've done it. And the last four years have been pretty much spot on. And in this episode, I'm going to take you through it start to finish to understand where you can build wealth in the 12 months ahead and the things that you really need to avoid.

So let's jump straight in. Welcome to the blueprint podcast. In these episodes, I'm going to share with you my life's work boiled down into simple blueprints that I use to build a 10 million pound portfolio and retire with financial independence at the age of 35.

You can listen to these podcasts in any order. And I guarantee you that when you execute them in practice, you will see that success and failure are both very predictable. Let's get into the next blueprint.

Happy New Year and welcome to 2025. As I have done over the last four years, I'm going to do our 2025 property predictions and take you through the key levers, mechanisms, areas of the market that you need to be aware of and considering to enable you to build your strategy for the year ahead. A lot of this I'll be talking about at the annual wealth blueprint summit, which I'm actually speaking at that will be taking place on the 18th and 19th of January.

The details are in the show notes. So two day event, it's got 100% money back guarantee. I'll be taking you through some of the advanced wealth strategies at that event.

And much of that is built around the things I'm talking about in this podcast. So what I'm going to look at is I'm going to take you through what I think is going to happen in interest rates, mortgage rates, property market, rent, private rented sector, inflation, GDP, and then the top three strategies that I'm doing and considering in the year ahead. So to kick things off, interest rates, we saw our first two drops come in last year in 2024.

What is going to happen now? Well, I don't think there's going to be any aggressive drop unless we see a significant decrease in employment at the minute. We've got low unemployment.

The market is very active. Plus we've got bottom line pressures post-budget of national wage increasing. You also see national insurance being increased.

So national minimum wage being increased means people are going to have more money to spend, which sort of encourages them to spend rather than save, which means interest rates may not come down. Equally, you've got national insurance going up significantly, which means quite quickly you're going to see that push through the system and actually be reflected at the bottom end of the market in price increases, be that restaurants, food, shopping, retail, hotels, hospitality, entertainment, leisure, anywhere where you've got a significant workforce of people that are on minimum wage, the cost of that is going to go up. And any businesses that have got significant workforces, big national chains, big PLC organizations, in many cases, the big sort of retailers, hospitality, the stuff that you see all day, every day on the high street in entertainment and leisure, all of that is potentially going to increase in price because they've got a big bed, base rock, fixed cost of employees. So national insurance and minimum wage going up is going to create some inflationary pressure, which is quite likely to feed through to price increases.

And what you're going to see with this is if unemployment is low, which means everyone's got a job and prices are going up, which is inflationary, interest rates are more likely to stay steady than they are to drop. That said, so on that basis, if there is going to be any drops, it's probably going to be quite modest in interest rates. That said, there's also a lot of post-budget shocks where you've got, for example, the things I've just talked about, a huge increase in fixed prices.

And for some organizations, we've seen this is in the millions of pounds or tens of millions of pounds of overheads going up in big national organizations. Now, if they decide to stop expanding or even slow down recruitment or worse, actually start to lay people off to try and claw back that margin from what they've lost in increases, you might actually start seeing some recessionary impact in the economy where unemployment starts to increase. And actually the economy doesn't grow because the big businesses that employ lots of people are actually struggling to service that increase in cost base from national insurance and increasing minimum wage.

So it's quite possible, in fact, it's quite likely that interest rates are not going to get tanked unless you see a huge recession. If we do see any increase in prices, inflationary, then interest rates again would likely stay quite high to try and slow down that speed. And on that basis, I think the interest rate drop, unless we see a huge recession, which would need to be because of a black swan event, some big financial crisis or international conflict, unless we see that, which isn't completely off the cards, I think any drops in interest rate next year will be modest.

And I forecast between the beginning and the end of the year, a maximum drop of about 1%. We're currently at 4.75%. I suspect it will slowly taper down to about 4% because in order to get the economy going, we do need lower rates. But that said, you've got huge public sector spending, you've got inflationary price pressure from national insurance and minimum wage, plus you've got low unemployment, plus you've got increase in average national minimum living wage or minimum salary.

So interest rates, I don't think there's going to be anything drastic unless we have a black swan event, but I do think it will taper down. Mortgage rates, I think we'll start to follow that or continue to follow that. Mortgage rates have actually increased a little bit over recent months because they priced in a big drop, but now post-budget, et cetera, et cetera, we don't seem to be that confident of a big base rate drop.

So mortgage rates have sort of stabilized and got a little bit closer to base rate where they were previously pricing in a big drop. However, as soon as we see the market turn, which depends on all the things I've just said, once we get confidence that interest rate will start to taper down, which is usually two consecutive, either a big announcement from Bank of England. So if we start to see GDP drop off because the economy starts to shrink or some other big announcement that would encourage a more significant investment, private sector investment, bringing those rates down, I don't think you're going to see a big drop in mortgage rates.

Two consecutive base rate drops would be a big indication for what's going to happen there. So we'll see what happens. Until then, I think mortgage rates will sit just loosely below the interest rate line.

And as soon as it starts to drop significantly, the lenders will then price in a bigger drop. And then you might see it come even lower than even lower than base rate because they're pricing in over a five or 10 year term, a bigger drop. If you want to learn more about property investment and what strategies to do in 2025, join me at the virtual property exhibition live online on the 11th of January.

This is a free event. There are guest speakers covering all strategies on property investment and what's happening in the market. And hear me share my most up-to-date strategies on where the deals to be done and the monies to be made in 2025.

The virtual property exhibition, 11th of January. Click the link in the show notes and register for free now. Back to the podcast.

What impact is that going to have on property prices? Well, this is contrary to other predictions, but I don't mind that because over the last two years, a lot of the things that I've shared have actually been different to what the newspapers say. And last year in 2024, at the end of the summer, I made a prediction that average national house price would exceed the previous record before Christmas.

And nobody else was saying that. Other people were saying property prices would be reducing, the market would slow down, et cetera, et cetera. And then actually towards the end of the year, Halifax actually published that the average national house price had actually exceeded previous records, which was pretty much in line with my forecast.

I actually feel quite bullish. Although base rate is staying steady and mortgage rates have tapered up. I actually still think there's a lot of pent up demand.

I think there's a lot of affordability. There's still quite a low level of stock being supplied, and there's still a good amount of demand. I actually think through April, May, June, July, that there's going to be a bit of a boom in the property market.

Granted, some of that will happen pre beginning of the new financial year because you've got stamp duty kicking in from April this year. So there might be some activity before that in the actual winter driven by that, but I don't think it's going to fall off a cliff face for stamp duty. I actually think the spring market, because we've had the American election, because we've had the first UK labor government budget, there's clarity, there's confidence.

And then when the days start to get longer, the seasons come back, I think the market's actually going to move. And I think I wouldn't be surprised if we see property price increases year on year between two and a half and 5%. And actually the spring, April, May, June, July, being the peak season, I wouldn't be surprised if we see a spring ping during that period that really drives those prices up.

What's going to happen with rents? Well, or inflation. So inflation, I've talked about that.

I think it's going to, either through government spending or increasing base rate costs, pushing prices through, I think that it's quite likely we're going to see a degree of inflation. And if we do, interest rates will just hold. If we don't, interest rates will probably then start to drop quicker.

What's going to happen with rents? So one of the things the labor government announced in the budget was that they were going to increase stamp duty by the surcharge significantly for second homes, which is basically buy-to-let buyers. Their rationale for that was they wanted to reduce buy-to-let purchases per annum from this year, or this year being the first year, by 130,000 units a year because they want more stock available for first-time buyers.

Now, let's say in theory or in practice, that is viable. And yes, they do stop buy-to-let buyers and instead move stock into the first-time market. What is going to happen there with rents is rents are already going up and up and up.

And the average, in some reports, is 5% to 8%. We're seeing £25, £50, £100 between tenancies, depending on the stock profile. You remove 130,000 units per year from the buy-to-let sector.

Also, existing landlords are continuing to leave the market because of the renter's rights bill that's coming in and all these additional restrictions and challenges. Also, you've got rates at 6%, but you've only got yields at 6%. So a lot of traditional buy-to-let stock, if you're using the margin and you're not doing an advanced cashflow or asset management strategy, doesn't actually even work.

What's going to happen to rents? Well, they were already going up. They are just going to go through the roof, up and up and up to crazy levels, absolutely ridiculous levels.

The only way I can see rents going is to the moon, basically, is absolutely rocket through the ceiling, which, based on Labour's intention or objective being to support the mass market and the working population and the renters, I can't understand whose logic didn't consider that as a byproduct. And then finally, what's going to happen to GDP? Well, it will go one of two ways.

Either the UK, because if we can survive a pandemic without really having a recession or losing unemployment or the economy shrinking, can we survive a spike in government borrowing and spending? Can we survive an increase in national living wage and an increase in national insurance? What's that actually going to do?

Is the public sector spending going to draw away from the private sector spending? Is the national insurance costs and minimum wage going to actually stop businesses from expanding and potentially even cause them to contract? I think the honest answer is we don't know, but I don't think it's going to be significant.

I think unless there's a black swan event, like a big financial issue or international global conflict, I don't see there being a huge cliff edge on the horizon. And I think GDP, depends how quick this public sector spending starts to filter through, because the reality is it tends to take years rather than weeks. But I would suspect, all things considered, GDP to stay steady.

If it does drop, I think it will be short lived. And actually, I think that I wouldn't be surprised if we see get back into a growth by the end of the year, and end the year probably on a growth of 1% or maybe even in excess of 1% on GDP. It could be we have a dip.

If there is a mass exodus and big companies stop employing and big employers start laying people off, you could see a short dip. But my confidence in the UK economy is that it's just so resilient and robust to pandemic, recession. I don't know how we haven't caught a cold yet.

I feel like all the changes that have happened will probably just be balanced out, not in an economic reduction and a shrinkage of the economy, but actually just in inflationary pressures, pushing that additional cost base through to the other end. That's just my gut instincts at the minute, but we'll know as the months play out. That is my 2025 prediction, sharing this with you at the beginning of the year.

As with everything, timing is a moving target. Make sure you stay tuned and listen to these podcast episodes for regular updates as and when things change. And if you haven't already secured your place at, we've got a free event that I'm speaking at, the Virtual Property Exhibition on the 11th of January.

You can come and hear me speak online, virtual at that event. And if you want to take it to the next level, I'm actually speaking on a two-day Wealth Summit event on the 18th and 19th of January. The link and details for both are in the show notes.

Check those out, put this into practice, take your education and execution to the next level in 2025. And just remember that success and failure are very predictable. I've been through three recessions.

The last downturn, I made over 5 million pounds through lockdown while everyone else was chasing their tail and running for the hills, but only because I understood how to play the market. Like when the rules move, how do you play the game? How do you make sure a downturn works in your favor rather than against you?

And this is the things that I'll be sharing at these events and on these podcasts in the months ahead. So happy new year. Welcome to 2025.

These have been my predictions. And remember, success and failure are both very predictable, and I look forward to seeing you on the next podcast. I hope you enjoyed this Blueprint podcast episode.

If you're not already subscribed, sharing these, this is my lifetime's work. And every Tuesday, I'm giving you one Blueprint away for free. These things are unique.

They're proven. They've enabled me to build over a 10 million pound portfolio in a few short years, and over the last 20 years, start, systemize, scale, and sell over 40 different companies. If you like them, share them, subscribe, make sure you don't miss a single episode, and tune in every Tuesday for a brand new episode.

And then follow me daily on Instagram for free content, post twice a day, completely free of charge. Success and failure are both very predictable. I'll see you on the next episode.

Transcribed by https://otter.ai