The New World of Investment
Post-Coronavirus

It is vital to remember during these unprecedented times of social distancing and strict regulations that things are only temporary.

On March 23, Boris Johnson confirmed that the UK's lockdown measures would remain in place until April 13, and then they would be reviewed to determine what steps should follow. However, over the past three weeks, the number of new deaths has been doubling every three and a half days, suggesting the measures will remain in place for much longer than initially thought.

But being confined to your home isn't a punishment, it's an opportunity. How many times have you promised yourself that you would examine your investment strategy and perfect it, if only you had the time? Well, now you have. Instead of considering this time to be misspent, make it productive.

Utilise this time to prepare for the new world of investment post-coronavirus. Take a look at your current portfolio, carry out some market research and discover profitable assets you might have previously overlooked: such as property development finance.

In today's uncertain and fluctuating climate, many investment assets have already been hammered by the economic downturn caused by coronavirus. The Dow Jones and FTSE 100 index suffered their worst quarters since 1987, oil prices are their lowest in 18 years, the Bank of England has lowered interest rates to their lowest ever at 0.1 per cent, $5trillion has been wiped off the face of global shares and economists have warned the hit to the global economy is likely to be worse than the 2008 financial crisis.

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However, non-profit think tank 2° Investing Initiative (2ii) recently published a discussion paper called Stress-Testing COVID-19, which provides a simulation of potential losses on banks' and insurers' balance sheets under six different scenarios over the next 36 months.

Jakob Thomä, managing director of 2ii and author of the report, explained that the model has shown that "not all negative GDP shocks actually pass through into real estate prices".

"Traditionally, real estate shocks have been relatively limited in the context of health pandemics," he continued, this is because real estate is less sensitive to lower or negative population growth.

This research proves exactly why development finance is an immensely profitable option for astute investors looking to move away from sectors and markets that will only continue to erode funds for the foreseeable future.

Development finance opportunities are different from the outdated investment of buy-to-let - you're not tied in; you don't have to maintain the asset and you don't need to find and service tenants. PLUS, the yields are far better than traditional buy-to-let.

Your funds are protected by a charge against the asset confirmed at HM Land Registry, meaning the property cannot be sold without the charge being removed in the form of redemption. This provides investors with security and confidence as well as market-leading returns, a rarity in today's climate but still highly sought after.

Your meticulous due diligence during this time is sure to gain you advantageous positioning for when the world slowly starts its return to normality.

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