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'It's not just about buying flats and houses anymore, there are a lot more places for investors to put their money'

After a tough 12 months in the residential land and investment markets, there genuinely feels like there is light at the end of the tunnel. People are slowly getting back to work, we are having face-to-face meetings, the shops are open and we are back inside restaurants and pubs.

In some ways it feels like the market has almost been on hold for nearly two years. But, after several bursts of activity last year, now the shackles are truly off.

There is more cold, hard cash in circulation than ever before and buyers are looking for a home for it. With a combination of low interest rates and the current troubles of offices, retail, hotels, pubs and restaurants as a medium/long-term investment, residential is very much flavour of the month. There's no question about it, the residential development and investment market is booming. It's not just about buying flats and houses anymore, there are a lot more places for investors to put their money.

New buyers seek income

We are registering more new buyers than ever; inspections have doubled, as have offers. There are a large number of high-net-worth individuals and private funds formed for long-term residential investment, either purchasing finished product or sites to be developed and held – this excludes the dozens of specialist PRS/BTR funds.

A number of these new buyers are contractors which have built up huge amounts of cash over the past few years. They have the added bonus of being able to control build costs. That ability to merge their 20% profit on cost and 10% contracting margin allows them to outbid most private developers.

There are also a large number of local authorities which, due to the catastrophe that is now our planning system, are seeking leases for short-term accommodation, expecting a surge of demand for temporary and affordable homes post-pandemic. They have become reliant on the private sector – because they aren't able to build and housing associations are slowing delivery.

Sellers can now be very selective with who they sell to and, in most cases, if you do not show proof of cash funds for the entire purchase price and offer a very quick exchange of contracts you are unlikely to be in the running.

Developers lose control

We are also actively involved in the receivership sector. Although there hasn't been as much activity as we were all expecting, I have no doubt it's coming. I suspect that sadly, once the government's assistance in terms of furlough and CBILS loans are removed, there are likely to be a number of developers losing control of their schemes.

One reason for this is build costs, with Travis Perkins recently announcing cost increases in cement, chipboard and plaster. There are also the implications of import controls with Brexit. We are hearing of weekly fluctuations in the prices of some products.

Valuation, which has always been an imprecise science at the best of times, has become more difficult. We speak on a quarterly basis to a number of contractors and lenders so we are acutely aware of build and borrowing costs. However, for vendors that have been holding sites longer than they anticipated, the numbers simply don't work.

London heats up

Zone 1 is red hot as there have been very few opportunities available and demand is high. We recently exchanged contracts on behalf of receivers on a building in South Kensington, SW7. A part-built house comprising 6,000 sq ft of accommodation with no warranties and a complex section 106. While we knew there would be strong interest, what we didn't anticipate was the staggering 108 inspections and 29 bids with equity totalling £392m.

In Hyde Park we sold six flats in a white stucco building to a Chinese-backed fund, proving international capital is as keen as ever to buy property in London. We also have a scheme in Camden Town where we are now up to 90 inspections.

Personally, I am very positive and full of confidence. This week we are launching new sites in Alexandra Palace and Hayes and I have 18 meetings arranged with clients where I will be frequenting Marylebone's coffee shops and pubs – it's almost like the old days.