

Two out of three IFAs believe UK residential property would be a valuable investment option for pension investors, housing investment and shared equity mortgage provider Castle Trust claims.

Its nationwide study of financial advisers found 63% believe access to UK residential property investment would help investors with pension planning.

However more than two out of five (42%) are concerned that the minimum investment required to invest in UK residential property, typically through buy-to-let, is a major barrier for most investors.

Around a third (31%) of IFAs themselves currently invest in UK residential property excluding their own homes, Castle Trust's research shows.

Currently investors in Self-Invested Personal Pensions cannot invest directly in UK residential property but can use Castle Trust's HouSAs to invest in UK residential property from as little as £1,000.

HouSAs are income and growth investment products linked to the Halifax House Price Index with returns that beat the Index, whether it rises or falls

Sean Oldfield, chief executive officer at Castle Trust, said: "Financial advisers recognise the value of UK residential property as a valuable diversifier in a portfolio but are concerned about having to invest in bricks and mortar to do so.

"House prices and household incomes are inherently linked over the long term making housing ideal for pension portfolios that need to keep pace with wage inflation.

"A fixed-term investment such as HouSAs can be used when you have a specific goal in mind, which is clearly the case for SIPP investors. They can include housing returns in their pension planning without having to consider downsizing their home when they stop work."

Castle Trust's HouSAs can be taken out for terms of three, five or ten years with investment from £1,000 to £1 million.

The Castle Trust Income HouSA tracks any rise or fall in the Halifax House Price Index and also pays an annual income of between 2% and 3%, depending on the term of the investment. The Castle Trust Growth HouSA offers a gain of between 1.25 times and 1.7 times any increase in the Halifax House Price Index or a loss of between 0.75 times and 0.3 times any decline.