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PROPERTY MARKET REVIEW

SEPTEMBER 2019

Our monthly property market review is intended to provide background to recent developments in property markets, as well as to give an indication of how some key issues could impact in the future.

Transaction volume rebound unlikely

In their recent 'Market in Minutes' report, covering the UK commercial property market, Savills has outlined that while investment volumes have been lower in comparison with recent averages, Q3 is expected to surpass the Q2 figure of £8.9bn.

At this point in the year, Savills would usually expect a bounce in transaction activity, however, as clarity surrounding Brexit remains sketchy, they think it's difficult to see that happening at present. The lack of price movement in August means that the Savills prime yield is static at an average of 4.9%.

From a transactional perspective, 287 deals have been recorded so far in Q3. This compares with a quarterly average of 574 transactions and a September average of 208 transactions. It is expected that as Brexit clarity emerges, investor demand will improve.

Opportunistic investors are still keen to access the market, where rental growth looks set to drive total returns. Forecasts indicate London industrial rents will grow by 1.1% in 2020, followed by rest of UK offices at 1%.

High Street Fund expanded

Last month, the government announced that the Future High Streets Fund will benefit a second phase of towns across the UK. More high streets could be redeveloped as 50 more towns have been selected to bid for a share of the £1bn government fund. The towns, including Dover, Plymouth, Bolton, Southampton and Carlisle, join 50 successful areas already shortlisted to develop plans to rejuvenate and redevelop their ailing high streets.

The funding may be utilised to improve transport links and access into town centres, convert retail units and invest in infrastructure. Successful candidates progress to the next phase and receive up to £150,000 to support the development of project proposals which can be submitted for capital funding.

The Prime Minister commented: "Our high streets are right at the heart of our communities and I will do everything I can to make sure they remain vibrant places where people want to go, meet and spend their money. This scheme is going to reenergise and transform even more of our high streets – helping them to attract new businesses, boost local growth, and create new infrastructure and jobs."

Communities Secretary Rt Hon Robert Jenrick MP added: "High streets have a crucial role to play as we work to grow the economy of all parts of the country. Our £1bn Future High Streets Fund is key to delivering this, empowering local leaders to help transform their high streets and town centres as consumer habits change, by investing in housing, workplaces, infrastructure and culture. Interest in the Fund has been huge, and with so many strong applications, I am extending the number of towns moving forward to the next phase and getting a chance to develop their proposals."

Hong Kong investors look to London

It has been reported that investors in Hong Kong have recently been making enquiries about properties in London, following the political unrest in the region. Apparently, several West End and City agents have reported a surge in enquiries from Hong Kong buyers, looking for property in the capital.

Luxury real estate agent group, Quintessentially Estates reported a doubling in demand for both residential and office buildings since August 2018. Head of their Asia Pacific division commented: "People are beginning to become concerned that the climate now represents a glimpse of what Hong Kong is going to look like in the future. At the same time, sterling is still hitting record lows, making London an attractive prospect."

Penny Mosgrove, CEO of Quintessentially Estates reportedly commented: "This just goes to show that despite Brexit uncertainty and a changing premiership, London's status as a place of social, financial and political security remains intact."

HOUSE PRICES HEADLINE STATISTICS

HOUSE PRICE INDEX (JULY 2019)*	122.1*
AVERAGE HOUSE PRICE	£232,710
MONTHLY CHANGE	0.5%
ANNUAL CHANGE	0.7%

*(Jan 2015 = 100)

- UK house prices grew by **0.7%** in the year to July 2019
- This is the lowest annual growth rate for the UK since September 2012
- House price growth was strongest in Wales where prices increased by **4.2%** in the year to July 2019

Source: The Land Registry
Release date: 18/09/2019
Next data release: 16/10/2019

AVERAGE MONTHLY PRICE BY PROPERTY TYPE – JULY 2019

PROPERTY TYPE	ANNUAL INCREASE
DETACHED £351,678	0.40%
SEMI-DETACHED £220,387	1.10%
TERRACED £189,638	1.10%
FLAT / MAISONETTE £205,537	-0.30%

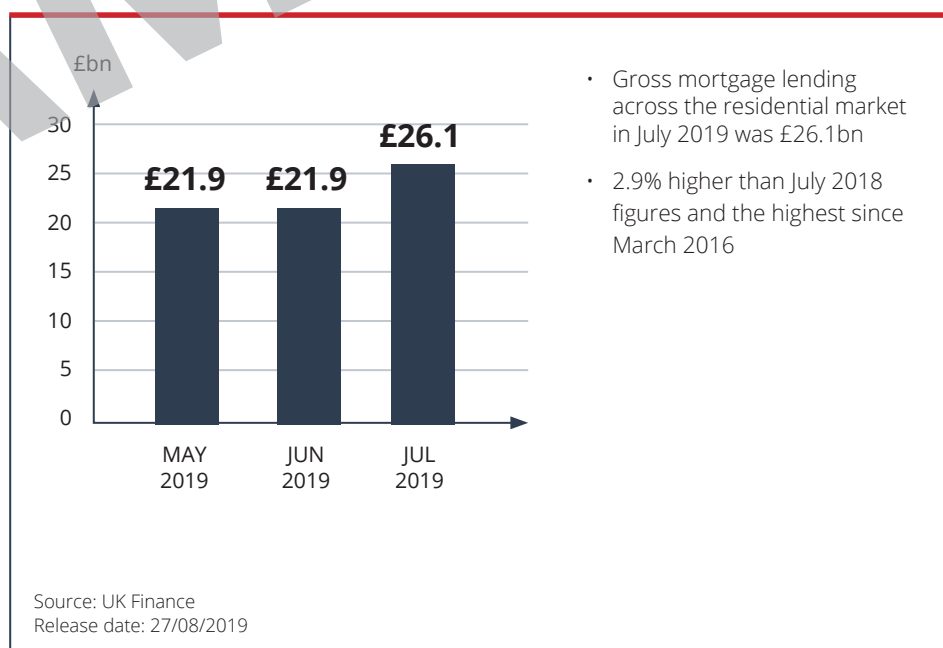
Source: The Land Registry
Release date: 18/09/2019

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HOUSE PRICES PRICE CHANGE BY REGION

REGION	MONTHLY CHANGE (%)	ANNUAL CHANGE (%)	AVERAGE PRICE (£)
ENGLAND	0.5	0.3	£248,837
NORTHERN IRELAND (QUARTER 2 - 2019)	0.8	3.5	£136,767
SCOTLAND	0.7	1.4	£153,968
WALES	1.0	4.2	£165,303
EAST MIDLANDS	0.3	1.9	£194,798
EAST OF ENGLAND	0.1	-0.5	£292,444
LONDON	1.0	-1.4	£477,813
NORTH EAST	-2.1	-2.9	£127,466
NORTH WEST	1.0	2.3	£166,022
SOUTH EAST	-0.7	-2.0	£320,454
SOUTH WEST	1.2	0.7	£258,602
WEST MIDLANDS	1.2	1.8	£199,802
YORKSHIRE AND THE HUMBER	1.9	3.2	£167,181

MORTGAGE ACTIVITY



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