



PROPERTY MARKET REVIEW

MARCH 2017

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.

45% OF INVESTMENT IN UK FROM OVERSEAS BUYERS

The independent property agent Knight Frank has reported that 2016 saw 45% of commercial property investment in the UK coming from overseas investors. This amounted to £1.1bn.

The rapid devaluation of sterling, following the Brexit vote back in June 2016, is cited as one of the major factors in this over 10% year-on-year growth in investment in the sector, including offices and commercial buildings across 10 major regional cities.

The Head of Regions at Knight Frank, Alastair Graham-Campbell, was quoted as saying: *"Regional UK offices remain an attractive property investment offer for overseas investors attracted by the weak pound, the sophisticated property market and relative political stability."*

EUROPE STILL AN ATTRACTIVE PROSPECT FOR INVESTMENT

At Le Marché International des Professionnels de l'Immobilier (MIPM), held in Cannes, France in early March, it was declared that 2017 promised to be an "entertaining" year, particularly on the political front.

The major annual property conference heard that global investors were still optimistic regarding European commercial property investment, despite the backdrop of ongoing political and economic uncertainty. In a survey conducted by INREV* it was estimated that around €20bn of investment funds from the areas including the Middle East, North America and Asia have been earmarked for the European market during this year, with the main targets being core/core+ opportunities within the UK, German and French property sectors.

*The European Association for Investors in Non-Listed Real Estate Vehicles

LAND SECURITIES FIRST PROPERTY COMPANY TO JOIN CLIMATE GROUP EP100

Land Securities, the UK's largest listed commercial real estate company, has agreed to become a market leader in the sector by joining The Climate Group's EP100 campaign. This group, in collaboration with the Alliance to Save Energy, aims to bring together a consortium of major companies to subscribe to clean energy transition.

By so doing, they have pledged that they will double their energy productivity over the next 20 years from the level attained back in 2014. The company has already committed itself to 100% renewable power and aims to reduce its greenhouse gas emissions by 80% by 2050.

THE TWO 'DONALDS' MAY RULE THE ROOST

Interesting data emerged from a recent report from Colliers International, who believe that headwinds facing the UK's commercial property market lie not with the triggering of Article 50 to start the Brexit process from the European Union (EU), but rather the policy stances of both Donald Trump, the newly inaugurated President of the United States of America and the other 'Donald', Donald Tusk, the President of the European Council.

Colliers 'In the Balance: United Kingdom 2017' report deduces that despite entering a normal cyclical slowdown, EU fragmentation and US economic policy pose the biggest risks to the future of the UK commercial property sector. 2016 total global investment in the commercial property markets amounted to €1.1 trillion (£960bn), with the UK seeing €57.3bn (£50bn) of that, down 30% on 2015, but £5 billion above the ten year average.

HOUSE PRICES HEADLINE STATISTICS

HOUSE PRICE INDEX (JAN 2017)*	114.5*
AVERAGE HOUSE PRICE	£218,255
MONTHLY CHANGE	0.8%
ANNUAL CHANGE	6.2%

*Jan 2015 = 100)

- Average UK house price stands at **£218,255**
- Housing market indicators for January suggest moderate demand continues to outmatch supply
- London experienced the highest monthly increase (3.0%) to average **£490,718**

Source: The Land Registry / Release date: 21/03/2017
Next data release: 11/04/2017

HOUSE PRICES PRICE CHANGE BY REGION

REGION	MONTHLY CHANGE (%)	ANNUAL CHANGE (%)	AVERAGE PRICE (£)
ENGLAND	0.7	6.5	£234,794
NORTHERN IRELAND (QUARTER 4 - 2016)	0.6	5.7	£125,480
SCOTLAND	2.1	4.0	£142,233
WALES	-0.6	4.2	£145,933
EAST MIDLANDS	-0.4	5.6	£174,222
EAST OF ENGLAND	0.2	9.4	£279,231
LONDON	3.0	7.3	£490,718
NORTH EAST	-1.5	2.2	£123,781
NORTH WEST	-0.4	4.6	£149,767
SOUTH EAST	2.4	8.7	£319,368
SOUTH WEST	1.9	7.4	£243,203
WEST MIDLANDS REGION	0.4	5.8	£179,633
YORKSHIRE AND THE HUMBER	-2.6	2.7	£148,458

UK UNEMPLOYMENT FIGURES

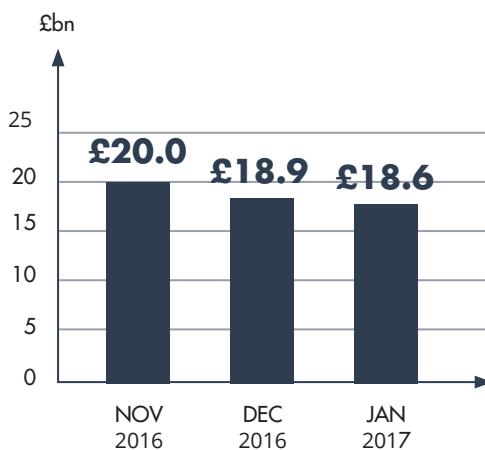
- For the 3 months to January 2017, **74.6%** of people aged from 16 to 64 were in work
- Average weekly earnings increased by **2.2%** including bonuses, and by **2.3%** excluding bonuses, compared with a year earlier

Jobless total
1.58m

Unemployment rate
4.7%

Source: Office for National Statistics
Release Date: 15/03/2017

MORTGAGE ACTIVITY



- Home buyers borrowed £8.4bn in January, down 28% on December and unchanged on January 2016
- Gross buy-to-let saw month-on-month increases, up 11% by value and 12% by volume
- Affordability metrics for first-time buyers saw the typical loan size decrease from £136,000 in December to £132,400 in January

Source: Council of Mortgage Lenders
Release date: 14/03/2017

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