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PROPERTY MARKET REVIEW NOVEMBER 2016



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.

We are not responsible or authorised to provide advice on investment decisions concerning property, only for the provision of mortgage advice. We hope you will find this review to be of interest.

Q3 SENTIMENT IMPROVES

The recently released UK Commercial Property Survey for Q3 2016, from the Royal Institution of Chartered Surveyors (RICS), has revealed a gradual recovery in sentiment in the sector following the sharp deterioration experienced at the end of Q2, a direct result of the Brexit vote.

RICS reports that projections for rental and capital values returned to positive territory in Q3, although remain subdued. Looking ahead, a net balance of 24% more respondents expect capital values to increase rather than decline over the next 12 months. Most optimism surrounds the prospects for capital value growth in the prime industrial and office markets, retail expectations are significantly weaker.

Central London experienced the highest increase in foreign investment enquiries in the third quarter of the year, when compared with all other UK regions. Foreign purchasers are seizing the opportunity to acquire prime assets across the capital, benefitting from the discount provided by sterling weakness.

In an additional question added to the Q3 survey, members were asked if they had seen any evidence of firms looking to relocate away from the UK following the referendum - 14% reported that they had seen firms considering relocation.

APPLE BOOSTS OFFICE TAKE-UP

According to the Savills West End Market Watch, 75% of September's office take-up can be attributed to one transaction. Representing 37% of Q3 total take-up, Apple's landmark acquisition of 500,000 sq. ft. at the Grade II listed Battersea Power station in SW8 has brought 2016 take-up in line with 2015.

The £9 billion development will see Apple create a new London headquarters. A consolidation of its current eight office locations around the capital, Apple will be the largest single tenant in the 42-acre complex, scheduled for completion in 2021.

The new 'Apple campus' was one of 31 transactions in September, contributing to 666,844 sq. ft. of take-up. This brings uptake for the first full quarter since the referendum to 1.35m sq. ft.

September's activity brought the year-to-date take-up to 3.20m sq. ft., level with the same point in 2015 and 15% above the long-term average.

MOST PROPERTY FUNDS NOW REOPENED

Most of the UK's commercial Open Ended property funds have now reopened and removed the 'fair value' pricing imposed following the Brexit vote. The dealing suspensions facilitated an orderly sale of properties to raise cash levels to cover potential client redemptions. As of 18/11/16 the only fund still suspended is the Aviva Investors Property Trust. Aviva have warned investors they may not be able to withdraw their money until 2017.

CENTRAL LONDON EXPERIENCED THE HIGHEST INCREASE IN FOREIGN INVESTMENT ENQUIRIES IN THE THIRD QUARTER OF THE YEAR, WHEN COMPARED WITH ALL OTHER UK REGIONS. FOREIGN PURCHASERS ARE SEIZING THE OPPORTUNITY TO ACQUIRE PRIME ASSETS ACROSS THE CAPITAL, BENEFITTING FROM THE DISCOUNT PROVIDED BY STERLING WEAKNESS.

HOUSE PRICES
HEADLINE STATISTICS

HOUSE PRICE INDEX (SEP 2016)*	114.3*
AVERAGE HOUSE PRICE	£217,888
MONTHLY CHANGE	0.2%
ANNUAL CHANGE	7.7%

*(Jan 2015 = 100)

- Housing market indicators for September suggest a period of relative stability
- Average UK house price now stands at **£217,888**
- RICS reports modest increase in new buyer enquiries

Source: The Land Registry / Release date: 15/11/2016
Next data release: 13/12/2016

HOUSE PRICES
PRICE CHANGE BY REGION

REGION	MONTHLY CHANGE (%)	ANNUAL CHANGE (%)	AVERAGE PRICE (£)
ENGLAND	0.2	8.3	£234,250
NORTHERN IRELAND (QUARTER 3 - 2016)	0.8	5.4	£124,093
SCOTLAND	0.2	3.4	£143,006
WALES	0.2	4.4	£146,388
EAST MIDLANDS	0.7	8.2	£175,441
EAST OF ENGLAND	0.7	12.1	£277,248
LONDON	1.4	10.9	£487,649
NORTH EAST	-1.9	1.5	£125,213
NORTH WEST	0.2	5.7	£150,845
SOUTH EAST	-0.9	9.9	£312,609
SOUTH WEST	0.6	7.5	£241,262
WEST MIDLANDS REGION	0.3	7.7	£180,551
YORKSHIRE AND THE HUMBER	-0.4	4.7	£151,399

UK UNEMPLOYMENT FIGURES

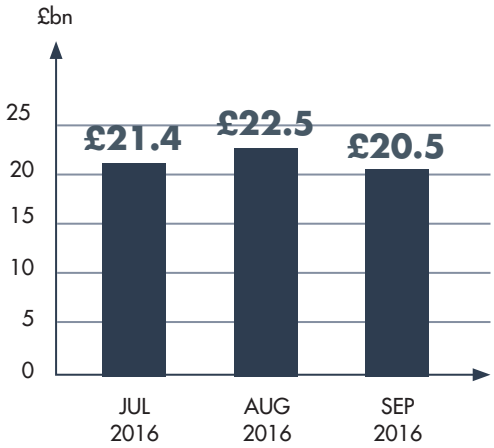
- Unemployment rate at **4.8%**, lowest since July / September 2005
- There were **31.8** million people in work
- **23.24** million people working full-time and **8.56** million part-time

Jobless total
1.6m

Unemployment rate
4.8%

Source: Office for National Statistics
Release Date: 16/11/2016

MORTGAGE ACTIVITY



- Gross mortgage lending reached £20.5 billion in September
- Highest September gross mortgage lending figure since 2007
- Q3 2016 lending 11% higher than Q2

Source: Council of Mortgage Lenders
Release date: 20/10/2016

It is important to take professional advice before making any decision relating to your personal finances. Information within this document is based on our current understanding and can be subject to change without notice and the accuracy and completeness of the information cannot be guaranteed. It does not provide individual tailored investment advice and is for guidance only. Some rules may vary in different parts of the UK.