

PROPERTY MARKET REVIEW

NOVEMBER 2019



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

GROWTH CONFINED TO THE INDUSTRIAL SECTOR

The latest UK Commercial Property Market Survey from the Royal Institution of Chartered Surveyors (RICS), reports 62% of respondents believe the commercial property market as a whole is in the downturn phase of the property cycle.

Projections for the retail sector remain in negative territory, whilst office rents are expected to see little change over the next three months. In contrast, the industrial sector, particularly in prime locations, continues to return solid rental growth projections for the coming twelve months in all parts of the UK.

NORTHERN ENGLAND AND MIDLANDS SEEN AS BEST FOR COMMERCIAL LANDLORDS

According to new research by specialist finance company, Together, the North of England is set to become the hotspot of UK commercial property development.

The survey of developers found that almost two-thirds (65%) plan to increase their investment activity in the North substantially over the next two years. The research also found that the best performing sectors in the Midlands and North are likely to be office developments and flats.

Government backed initiatives are seen to be a major factor in increasing confidence. Andrew Charnley, Head of Corporate Relationships at Together said: *"The Northern Powerhouse and Midlands Engine initiative are playing a part in helping to boost both areas, but landlords are very focused on where they see the opportunities with differences in which sectors are seen as offering the best chances for developments"*.

INVESTMENT IN CITY OF LONDON COMMERCIAL MARKET INCREASES

Savills has reported transactions totalling 1.24bn over 10 deals in the City in October, which is up 73% on September and the second largest month by volume in 2019.

At the end of October, the year-to-date transactional volume for the City totalled £6.17bn, which compares to £9.77bn at the same point last year and is only 2.3% below the long-term average of £6.31bn.

The largest transaction of the month was the acquisition of 40 Leadenhall Street, EC3 by M&G for a reported £400m, representing a capital value of £444 per sq. ft.

It is reported by Savills that current investors are long-established and appear to have long-term belief in the UK and London, ignoring any current political uncertainty.

CAFES AND RESTAURANTS TOP THE UK COMMERCIAL PROPERTY MARKET

Analysis from Harness Property Intelligence, comparing price growth in the UK's commercial market, shows that cafes and restaurants have outperformed offices and retail spaces.

The research took place between 2010 and 2017 and looked at key regional cities, including Liverpool, Leeds, Birmingham, Manchester, Bristol and Cardiff.

The figures show an average uplift in the price per sq. ft. for cafes and restaurants of 8.5% over the seven years, with Birmingham seeing the fastest growth at 15.8% and Cardiff coming in second at 10.8%. Liverpool and Manchester saw rises of 9% and 9.9% respectively and Leeds was the only city recording a small fall of 0.52%.

In contrast, retail space and offices declined in all the analysed cities, with the exception of Birmingham, where the average value increased by 11.2%.

HOUSE PRICES HEADLINE STATISTICS

HOUSE PRICE INDEX (SEP 2019)*	123.0*
AVERAGE HOUSE PRICE	£234,370
MONTHLY CHANGE	-0.2%
ANNUAL CHANGE	1.3%

* (Jan 2015 = 100)

- UK house prices grew by **1.3%** in the year to September 2019, unchanged from August 2019
- House price growth was strongest in Northern Ireland where prices increased by **4.0%** over the year to Quarter 3 (July to September) 2019
- The lowest annual growth was in London, where prices fell by **0.4%** over the year to September 2019

Source: The Land Registry
Release date: 13/11/2019
Next data release: 18/12/2019

AVERAGE MONTHLY PRICE BY PROPERTY TYPE – SEP 2019

PROPERTY TYPE	ANNUAL INCREASE
DETACHED £354,453	0.80%
SEMI-DETACHED £222,228	1.50%
TERRACED £189,427	1.30%
FLAT / MAISONETTE £209,148	1.50%

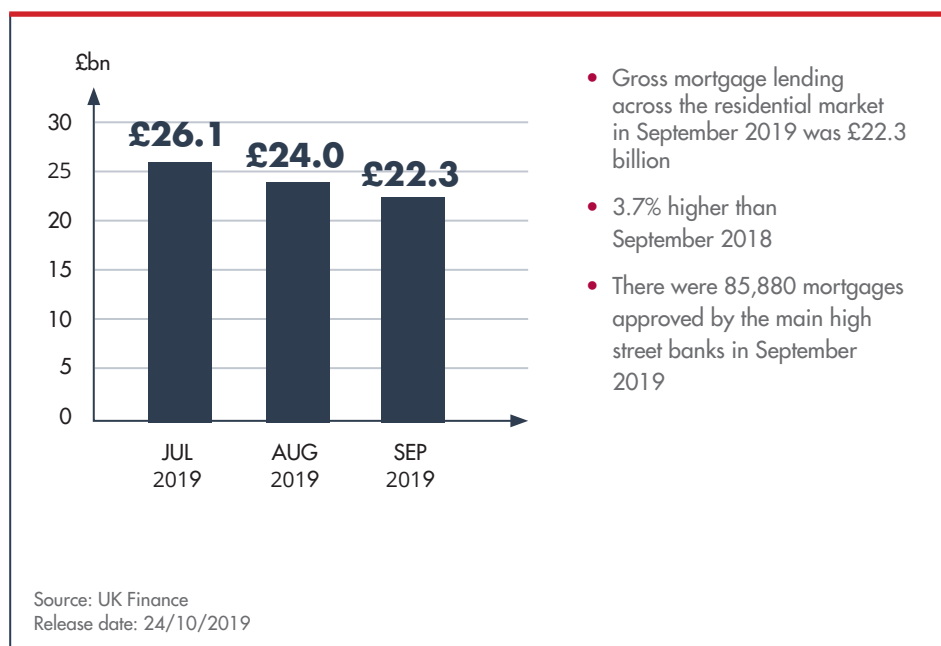
Source: The Land Registry
Release date: 13/11/2019

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HOUSE PRICES PRICE CHANGE BY REGION

REGION	MONTHLY CHANGE (%)	ANNUAL CHANGE (%)	AVERAGE PRICE (£)
ENGLAND	-0.1	1.0	£250,677
NORTHERN IRELAND (QUARTER 3 - 2019)	2.3	4.0	£139,951
SCOTLAND	0.3	2.4	£155,029
WALES	-2.8	2.6	£164,433
EAST MIDLANDS	-1.2	0.1	£194,219
EAST OF ENGLAND	-0.4	-0.2	£291,993
LONDON	-0.1	-0.4	£474,601
NORTH EAST	0.0	2.0	£132,769
NORTH WEST	-0.3	2.8	£167,683
SOUTH EAST	1.0	0.7	£329,197
SOUTH WEST	0.0	0.5	£260,158
WEST MIDLANDS REGION	-0.4	1.6	£201,273
YORKSHIRE AND THE HUMBER	-0.1	2.2	£165,745

MORTGAGE ACTIVITY



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