

PROPERTY MARKET REVIEW

OCTOBER 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.

Majority of commercial mortgage brokers optimistic about year ahead

The recently released 'Broker Barometer' from Shawbrook Bank has revealed that 67% of commercial mortgage brokers are feeling confident about the lending environment in 2020. Just over half of respondents (53%) stating they feel confident about business growth in the year ahead.

Despite the political environment and ongoing Brexit uncertainty, a quarter of respondents to the survey have reported no change in business volumes this year. In fact, 25% of the commercial mortgage brokers surveyed cited a 10% increase in business volumes this year.

The top challenges that brokers expect their businesses to face next year were the impact of Brexit (58%), valuation issues (53%) and lending restrictions (36%).

Sales Director for Commercial Mortgages at Shawbrook Bank, Emma Cox commented on the results: *"Despite the broker community showing some concern around the impact of Brexit as the deadline draws near, their confidence in business and the commercial property market for 2020 is still high...there is still opportunity for experienced investors to grow and diversify their portfolios, providing they do their homework and seek appropriate advice. The barometer results have further highlighted this trend with a number of commercial mortgage brokers citing a large increase in the number of investors diversifying into the market."*

Increased requirements for regional shopping centres as consumer spend shifts towards experiences

Research from Savills has identified that the number of active requirements for UK shopping centres has risen in four key regional submarkets; Scotland, Wales, the Midlands and the North West. Despite the challenges facing the retail industry, leisure operators and retailers are continuing to see value in opening sites in shopping centres and are actively pursuing regional premises.

The research highlights that with consumer spend shifting towards experiences, requirements for leisure operators has increased 100% on 2018, with every UK region experiencing growth. Continued growth has been seen in the health and fitness and leisure market, which now accounts for 18% of all active requirements, rising from 12.4% in 2018. Demand is particularly pronounced in London, with 26 active leisure requirements in the capital, up 117% year-on-year.

Savills Commercial Research Director, Marie Hickey, commented: *"As we see a shift in how consumers are spending their time and money, we are witnessing the change that this is having on active requirements and space demands. Both leisure and health and fitness operators are continuing to take a bigger share of requirements in the market, and this is only expected to rise further as the sector continues to grow."*

In addition, requirements for food and beverage operators are now at their highest level, accounting for the largest share of active requirements at 45%. Despite London dominating previous growth, demand has spread to the regions, particularly within the North West and Scotland.

HOUSE PRICES HEADLINE STATISTICS

HOUSE PRICE INDEX (AUG 2019)*	123.2*
AVERAGE HOUSE PRICE	£234,853
MONTHLY CHANGE	0.8%
ANNUAL CHANGE	1.3%

*(Jan 2015 = 100)

- UK house prices grew by **1.3%** in the year to August 2019, up from 0.8% in July 2019
- Average house prices in the UK increased by **0.8%** between July 2019 and August 2019, compared with a rise of **0.3%** during the same period a year earlier
- House price growth was strongest in Wales where prices increased by **4.5%** in the year to August 2019

Source: The Land Registry
Release date: 16/10/2019
Next data release: 13/11/2019

AVERAGE MONTHLY PRICE BY PROPERTY TYPE – AUG 2019

PROPERTY TYPE	ANNUAL INCREASE
DETACHED £360,661	2.80%
SEMI-DETACHED £223,275	2.00%
TERRACED £190,614	1.50%
FLAT / MAISONETTE £203,452	-1.80%

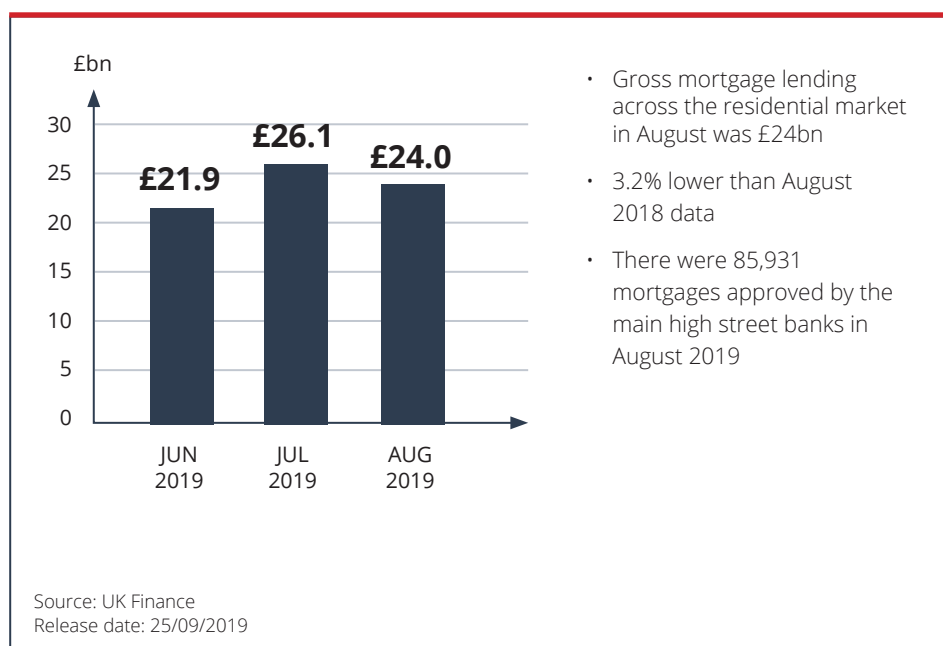
Source: The Land Registry
Release date: 16/10/2019

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HOUSE PRICES PRICE CHANGE BY REGION

REGION	MONTHLY CHANGE (%)	ANNUAL CHANGE (%)	AVERAGE PRICE (£)
ENGLAND	0.8	1.1	£251,233
NORTHERN IRELAND (QUARTER 2 - 2019)	0.8	3.5	£136,767
SCOTLAND	0.3	1.6	£154,549
WALES	2.3	4.5	£168,318
EAST MIDLANDS	1.8	2.6	£197,682
EAST OF ENGLAND	0.3	0.1	£294,192
LONDON	-1.3	-1.4	£472,753
NORTH EAST	3.1	3.3	£134,736
NORTH WEST	1.3	3.1	£168,221
SOUTH EAST	0.8	-0.6	£326,232
SOUTH WEST	0.7	0.9	£260,901
WEST MIDLANDS	1.5	2.4	£201,510
YORKSHIRE AND THE HUMBER	0.2	1.0	£165,767

MORTGAGE ACTIVITY



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