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## PROPERTY MARKET REVIEW

APRIL 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.

### Investment in London's West End reaches record high

The West End of London has seen a record level of £1.93 billion in commercial property investment in Q1 2017, according to commercial property and real estate consultants Cushman & Wakefield. A large proportion of those investment funds have emanated from Hong Kong.

This figure equates to a 22% increase from the Q1 five year average, beating the previous record of £1.8 billion invested back in 2013.

Much of this can be attributed to large deals such as the sales of the Facebook campus on Rathbone Square and Candy Crush's Ampersand Building in Soho.

### Strong European commercial real estate activity last year

Eri Mitsostergiou, the Director of European Research at Savills, was reported to have said that European investment in commercial property in 2016 reached its third highest level ever at €207 billion. Although down 15% year-on-year for some markets, other European countries saw an increased appetite, with Italian investors increasing their exposure by 25.5%, the Netherlands by 24.4% and Sweden by 32.2%. She went on to say: *"We have now reached the stage of the investment cycle, where a shortage of large scale quality assets in key locations, such as Germany and Spain, has caused activity to slow in these markets, with investors looking to deploy capital elsewhere."*

### Worries over level of Local Authority investment

Local authorities in the UK reportedly spent approximately £1.3 billion on commercial property in the 2016 calendar year, according to data from commercial property and real estate services adviser CBRE. However, they raise concerns that a large proportion of the funds invested were borrowed from a central government scheme whose principal purpose was not commercial property investment. Some local authorities have been looking to generate additional income from commercial property in advance of the termination in 2020 of certain grants that they currently receive.

### EPC certificates an important investment criteria

The Energy Performance Certificate (EPC) for properties, was introduced back in August 2007, as part of the new Home Information Pack (HIP). The grading system within the EPC, within which a commercial property falls, can directly influence both the rental and resale value of the property. Although the HIP itself was abandoned by the Government, the EPC remains necessary for both residential and commercial properties. All commercial properties of more than 50 square meters of floor space must comply.

A good EPC rating, indicating a property with high energy efficiency, therefore lower running costs, is likely to be more attractive to investors and potential purchasers and is regarded as an important investment criteria.

## HOUSE PRICES HEADLINE STATISTICS

HOUSE PRICE INDEX (FEB 2017)*	114.1*
AVERAGE HOUSE PRICE	£217,502
MONTHLY CHANGE	0.6%
ANNUAL CHANGE	5.8%

\*(Jan 2015 = 100)

- Average house price in England stands at **£234,466**
- East of England houses saw a **10.3%** annual price rise
- Flats and maisonettes showed a **7.2%** annual price rise

Source: The Land Registry / Release date: 11/04/2017  
Next data release: 16/05/2017

## HOUSE PRICES PRICE CHANGE BY REGION

REGION	MONTHLY CHANGE (%)	ANNUAL CHANGE (%)	AVERAGE PRICE (£)
ENGLAND	0.8	6.3	£234,466
NORTHERN IRELAND (QUARTER 4 - 2016)	0.6	5.7	£125,480
SCOTLAND	-0.6	3.1	£138,821
WALES	-0.9	1.8	£145,293
EAST MIDLANDS	2.0	7.5	£176,784
EAST OF ENGLAND	2.1	10.3	£281,665
LONDON	-0.9	3.7	£474,704
NORTH EAST	-0.1	2.2	£123,749
NORTH WEST	1.8	6.7	£152,618
SOUTH EAST	-1.0	5.4	£311,539
SOUTH WEST	0.4	6.2	£241,582
WEST MIDLANDS REGION	1.1	7.0	£180,516
YORKSHIRE AND THE HUMBER	2.5	5.2	£152,591

## UK UNEMPLOYMENT FIGURES

- Unemployment rate at **4.7%** down from **5.1%** a year earlier
- Lowest unemployment level since August 1975
- There were **31.84** million people in work; up **312,000** from a year earlier

Jobless total

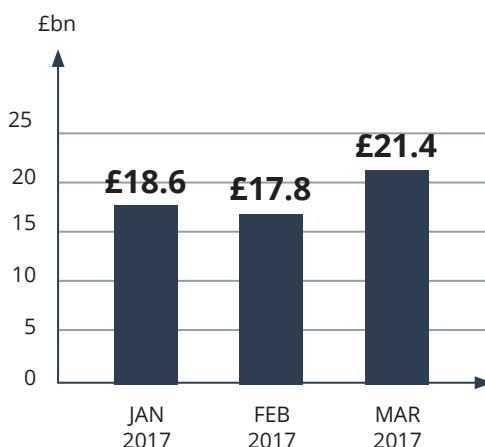
**1.56m**

Unemployment rate

**4.7%**

Source: Office for National Statistics  
Release Date: 12/04/2017

## MORTGAGE ACTIVITY



- Gross mortgage lending 19% lower than March 2016
- "Mortgage lending appears to be in neutral gear" says CML
- "We do not expect any marked effect from the General Election"

Source: Council of Mortgage Lenders  
Release date: 20/04/2017

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