



BPI House  
Bourne End Business Park  
Cores End Road  
Bourne End  
Bucks  
SL8 5AS

T 01494 442700  
T 01628 566234  
E [info@bpinvestment.com](mailto:info@bpinvestment.com)  
[www.bpinvestment.com](http://www.bpinvestment.com)

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## PROPERTY MARKET REVIEW

MAY 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.

### Brexit has little impact on property lending

Although lower than the previous year, 2016 saw lending into the commercial property sector remain steady, according to the Commercial Property Lending Report from De Montford.

It reported that whilst new lending was down 17% on 2015, the UK's decision to vote for Brexit had a minimal effect on new lending activity, as £21.4bn (€25.3bn) was generated in the first half of the year and £23.1bn in the second half (i.e. after the June 2016 UK referendum).

61% of 2016 new lending was refinancing of existing loans, a shift from the previous year where 55.6% of debt issued was for new acquisitions. The year-end saw the value of loan books growing by 0.5% to £191.5bn.

### Middle Eastern investors bullish on UK commercial property

Following the recent announcement from Qatar, on their £5bn investment plans in the UK over the next five years, Sidra Capital a Saudi Arabian family office, have announced they too will be investing £1bn in UK commercial real estate.

To put this in perspective, 2016 saw £1.4bn invested by Middle Eastern investors in this market, as they increased their property weighting to 15% of the overall investment portfolios of general investors and large family offices. This is an increase from the 13% weighting seen in 2015, according to the Global Family Office report from the Swiss bank UBS.

### London's second airport attracts interest

Gatwick, located south of the capital and the home of London's second major international airport, has seen strong investor interest as the Gatwick Gate site, is now fully occupied. The site is a 140,000 sq. ft. industrial estate owned by UK Commercial Property Trust, adjacent to the airport.

Four deals completed the closures, providing a rental income of £776,000 per annum. The new lettings included plane interior specialists Airbus Interiors, together with International Logistics, who have both taken on two ten-year leases. This confirms the ongoing demand for logistics space in the UK.

### Strong demand for UK property

The Royal Institute of Chartered Surveyors (RICS), have just released their UK Commercial Property Market Survey, which shows that investor demand for UK commercial property has strengthened across all sectors. Industrial space was in favour in Q1 2017, outperforming both retail and office space.

The Chief Economist of the RICS, Simon Rubinsohn, was reported to have said: *"The forward-looking indicators are also proving relatively resilient, although it would not be a surprise if activity slows somewhat ahead of the forthcoming general election."*

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## HOUSE PRICES HEADLINE STATISTICS

HOUSE PRICE INDEX (MAR 2017)*	113.2*
AVERAGE HOUSE PRICE	£215,848
MONTHLY CHANGE	- 0.6%
ANNUAL CHANGE	4.1%

\*(Jan 2015 = 100)

- Average house price stands at **£215,848**
- Semi-detached houses saw highest annual property price rise at **5.3%** (Mar 16 – Mar 17)
- Estate agent stock levels fell to a new low in March

Source: The Land Registry / Release date: 16/05/2017  
Next data release: 13/06/2017

## HOUSE PRICES PRICE CHANGE BY REGION

REGION	MONTHLY CHANGE (%)	ANNUAL CHANGE (%)	AVERAGE PRICE (£)
ENGLAND	-0.6	4.4	£232,530
NORTHERN IRELAND (QUARTER 4 - 2016)	-0.8	4.3	£124,007
SCOTLAND	-1.0	0.7	£137,139
WALES	1.4	4.3	£147,746
EAST MIDLANDS	-0.2	6.7	£176,213
EAST OF ENGLAND	-0.8	6.7	£277,127
LONDON	-1.5	1.5	£471,742
NORTH EAST	-1.3	-0.4	£122,298
NORTH WEST	-0.6	6.2	£150,250
SOUTH EAST	-0.5	3.8	£311,514
SOUTH WEST	-0.7	2.8	£240,222
WEST MIDLANDS REGION	0.3	6.5	£180,293
YORKSHIRE AND THE HUMBER	-0.6	4.0	£149,606

## UK UNEMPLOYMENT FIGURES

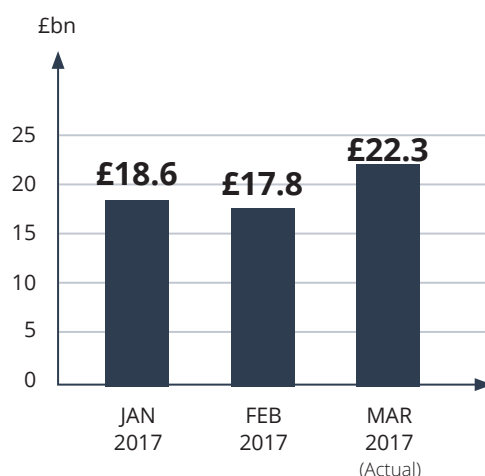
- Unemployment rate at **4.6%** down from **5.1%** last year
- There were **8.83** million people aged from 16 to 64 economically inactive

Jobless total  
**1.54m**

Unemployment rate  
**4.6%**

Source: Office for National Statistics  
Release Date: 17/05/2017

## MORTGAGE ACTIVITY



- First-time buyers borrowed £4.9bn in the period, up 29% on Feb and 9% on March
- Lending growth continues to be driven by remortgage activity and first-time buyers
- First-time buyer numbers reached 342,000 in the last 12 months, higher than for any period over the last 9 years

Source: Council of Mortgage Lenders  
Release date: 20/04/2017  
April 2017 figures not available at time of publishing

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