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PROPERTY MARKET REVIEW

NOVEMBER 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.

Record year for London commercial property market

This year the commercial property market in central London is set to exceed £20 billion of transactions and may well surpass the record set in 2014 of £21.6 billion, according to the property adviser Savills. Their data reveals that the first nine months of the year saw £14.2 billion of completed transactions with buyers coming from no less than 27 different countries.

Commenting on their findings, Stephen Down from Savills was quoted as saying: *"UK real estate, particularly prime assets with strong income streams in the capital, continues to appeal to a broad spectrum of international investors, while outside this sphere of interest there is also demand from a broad professional investor base . . ."*

Given that over the last five years, Q4 transactions have averaged £6.6 billion, the prospect of this region surpassing the record has led Savills to predict that 2017 volumes could *"easily exceed"* the previous record.

Further endorsement for post-Brexit UK property market

'WeWork' the \$20bn (£15.2bn) USA-headquartered space provider, has committed to £2bn of leases in the UK to be taken up over the next 25 years, adding to their 25 offices in London and two buildings in Manchester.

Their business model does not entail owning property, rather they lease building space, either whole buildings or floors within existing properties. They then fit out their space as co-working communes where just single, or multiple desk space or individual offices are then rented out.

Their existing UK lease commitments equate to £1bn up to the year 2042, with an additional £1bn of deals extending out to 2038. All of these leases have been initiated since 2016.

This reflects a tremendous endorsement of their commitment to the UK economy stretching well beyond Brexit.

A spokesperson for WeWork commented: *"We're committed to London — it has been a centre for commerce for centuries and always will be, and that's why we're investing here. Like all big changes, Brexit will create challenges and opportunities, and we think our members recognise that."*

In addition, the renowned financial advisory firm Lazard, have initiated a search for a new London office, as the lease on their Mayfair office draws to a close. Another indication of a large firm's commitment to the capital.

Office demand from TMT sector continues to grow

A research paper issued by Knight Frank, focussing on M25 office investment, development and occupier markets in Q3, outlines growing demand from the Telecoms, Media and Technology (TMT) sector. Over a quarter (28%) of office take-up across the South East can be attributed to the TMT sector. The principal focus of activity has been the M4 corridor, which has a long association with technological company presence.

In the year to date, TMT firms represent 37% of total take-up in the M4 corridor, a vast area stretching from London to South Wales. This is the highest percentage increase in take-up since 2000. The rise in tech demand means that take-up in the M4 is consistent with the long-term market trend.

"We're committed to London — it has been a centre for commerce for centuries and always will be, and that's why we're investing here."

HOUSE PRICES HEADLINE STATISTICS

HOUSE PRICE INDEX (SEP 2017)*	118.7*
AVERAGE HOUSE PRICE	£226,367
MONTHLY CHANGE	0.4%
ANNUAL CHANGE	5.4%

*(Jan 2015 = 100)

- An annual price increase of **5.4%** which takes the average property value in the UK to **£226,367**
- London saw the lowest annual price growth with an increase of **2.5%**
- London and Scotland saw monthly price falls in September

Source: The Land Registry / Release date: 14/11/2017
Next data release: 12/12/2017

HOUSE PRICES PRICE CHANGE BY REGION

REGION	MONTHLY CHANGE (%)	ANNUAL CHANGE (%)	AVERAGE PRICE (£)
ENGLAND	0.6	5.7	£243,945
NORTHERN IRELAND (QUARTER 3 - 2017)	3.0	6.0	£132,169
SCOTLAND	-1.3	3.1	£144,924
WALES	0.6	5.3	£152,661
EAST MIDLANDS	0.7	6.4	£184,399
EAST OF ENGLAND	0.3	5.9	£289,301
LONDON	-0.2	2.5	£483,568
NORTH EAST	0.5	4.4	£130,271
NORTH WEST	2.1	7.3	£160,951
SOUTH EAST	0.3	5.5	£324,465
SOUTH WEST	0.5	6.6	£252,737
WEST MIDLANDS	0.4	5.7	£189,038
YORKSHIRE AND THE HUMBER	1.0	5.6	£158,884

UK UNEMPLOYMENT FIGURES

- There were **32.06** million people in work, **14,000** fewer than for April to June 2017 but **279,000** more than for a year earlier
- There were 8.88 million people aged from 16 to 64 who were economically inactive

Jobless total

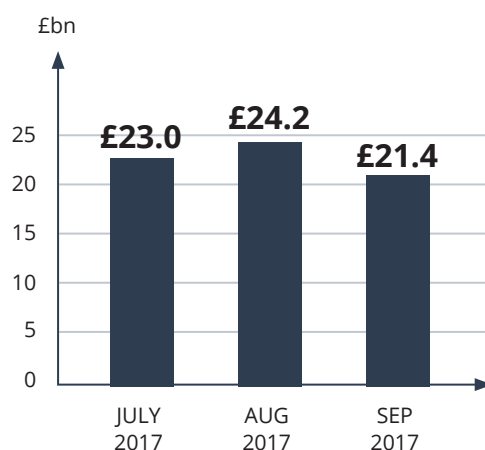
1.42m

Unemployment rate

4.3%

Source: Office for National Statistics
Release Date: 15/11/2017

MORTGAGE ACTIVITY



- Housing market activity has built up modest momentum since the start of the year, helped by an increase in first-time buyer numbers
- Nearly two-thirds of September mortgage activity was carried out by High Street Banks

Source: Council of Mortgage Lenders (now integrated into UK Finance)
Release date: 25/10/2017

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