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## PROPERTY MARKET REVIEW

JULY 2018



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.

### Olympia London to get major revamp

Olympia London Exhibition Centre is to benefit from a £700 million development plan to extend the area by over two acres, adding green space and including restaurants, a performing arts centre, and a theatre. The architects will be SPPARC, working together with renowned designer Thomas Heatherwick.

The domed window, together with the supporting ironwork roof in the 130-year-old listed building, will all be retained in situ.

The site has been purchased for £296 million by Yoo Capital and Deutsche Finance, in anticipation that it will eventually be able to compete effectively with other exhibition locations such as ExCEL in East London and the Frankfurt Exhibition Centre in Germany.

### UK investors lead the way in London's West End

52% of all commercial property transactions in London's West End were by UK-based buyers during the first and second quarters of this year. That compares to 42% of such investment seen in the same period last year.

Not only that, but the data suggests that it was the strongest investment activity by UK-based investors seen since 2007, when they represented 51% of the market by value.

The Head of the West End investment team at Savills, Paul Cockburn, commented on this data: *"Overseas buyers were very active in the first six months of 2017, but more recently, as the pound has reached a more consistent level, the overseas money has dipped a bit."*

### The Granite City - Aberdeen has 'Silver' lining

Aberdeen's 132,000sq ft speculative 'The Silver Fin Building', winner of the Best Commercial Workplace in Scotland category at the annual British Council for Offices' regional awards, has secured its latest tenant, CATS Management (CML) who will be leasing part of level 7.

A director of developers Titan Investors, commented on the deal: *"It is excellent news that we can confirm this letting to CML and we are delighted they have made the decision to commit to The Silver Fin Building."*

Derren McRae, the Managing Director of CBRE, agents for the letting deal, was reported as saying that The Silver Fin is just the latest in a growing trend in the city for companies to move from older, inefficient, and inflexible granite buildings.

### Variations seen between prime and secondary retail locations

In a recent report, estate agents Savills have reported that they perceive *"structural and operational challenges facing the sector"* (referring to the whole of the retail sector). However, some locations are performing better than others.

This research shows that prime locations, with strong convenience-focused retail, continue to report rental growth and demand, while the weaker and secondary locations have been most exposed to vacancies. The secondary sector reported a vacancy rate of 14.4% in the first quarter of this year, against a rate of 11.6% seen in the first quarter of last year.

The contrast between prime and secondary retail locations highlights the current polarisation between both ends of the market.

## HOUSE PRICES HEADLINE STATISTICS

HOUSE PRICE INDEX (MAY 2018)*	118.7*
AVERAGE HOUSE PRICE	£226,351
MONTHLY CHANGE	0.1%
ANNUAL CHANGE	3.0%

\*(Jan 2015 = 100)

- UK house prices rose by **3.0%** in the year to May 2018
- This is the lowest UK annual rate since August 2013 when it was also **3.0%**
- The East Midlands was the fastest growing region with an annual house price growth rate of **6.3%**

Source: The Land Registry / Release date: 18/07/2018  
Next data release: 15/08/2018

## HOUSE PRICES PRICE CHANGE BY REGION

REGION	MONTHLY CHANGE (%)	ANNUAL CHANGE (%)	AVERAGE PRICE (£)
ENGLAND	0.3	2.9	£243,583
NORTHERN IRELAND (QUARTER 1 - 2018)	0.3	4.2	£130,026
SCOTLAND	0.1	4.9	£149,004
WALES	-3.0	1.0	£148,894
EAST MIDLANDS	1.7	6.3	£190,216
EAST OF ENGLAND	0.2	2.4	£288,808
LONDON	0.1	-0.4	£478,853
NORTH EAST	-0.5	1.3	£128,680
NORTH WEST	0.1	2.9	£157,531
SOUTH EAST	0.0	2.2	£322,096
SOUTH WEST	0.1	3.9	£251,877
WEST MIDLANDS REGION	0.2	5.0	£192,322
YORKSHIRE AND THE HUMBER	1.0	2.9	£158,966

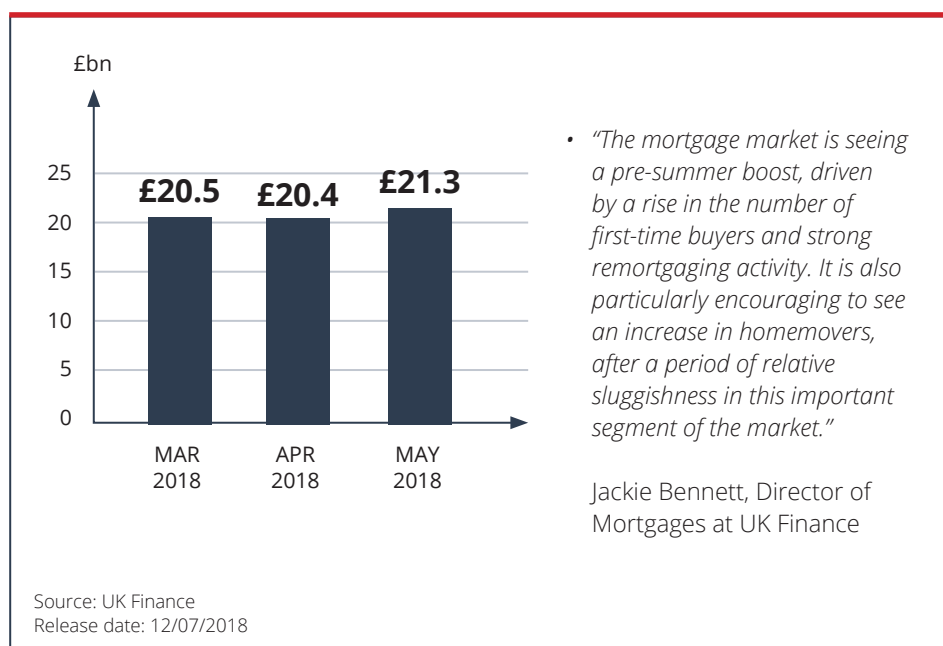
## AVERAGE MONTHLY PRICE BY PROPERTY TYPE – MAY 2018

PROPERTY TYPE	ANNUAL INCREASE
DETACHED £343,823	(4.6%)
SEMI-DETACHED £213,606	(3.7%)
TERRACED £182,373	(3.1%)
FLAT / MAISONETTE £202,696	(0.0%)

Source: The Land Registry  
Release date: 18/07/2018

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## MORTGAGE ACTIVITY



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