



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

T 01494 442700
T 01628 566234
E info@bpinvestment.com
www.bpinvestment.com

Registered in England at the above address, no: 3852280
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PROPERTY MARKET REVIEW

DECEMBER 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.

Take-up of warehouse space surges towards end of 2019

According to Savills, a wide range of occupiers are causing a surge in demand for industrial warehouse space (units of 100,000 sq. ft. plus), with take-up due to hit a total of 33 million sq. ft. by the end of this year. In particular, take-up by third-party logistics (3PL) providers has hit a record high, climbing to 8.3 million sq. ft. by Q3.

This has led to speculation that 3PLs are taking advantage of ongoing political uncertainty and capitalising on retailers' desire to stockpile goods within the UK prior to Brexit.

Savills' data also notes a significant upswing (400% over the last decade) in take-up from food production and grocery suppliers, mainly caused by the huge growth of the online grocery sector with the likes of Ocado and Amazon Fresh.

Q3 bounce back for Scottish commercial property

Commercial property in Scotland enjoyed a strong Q3, with a total of £1.2 billion transacted between July and September 2019, according to the Scottish Property Federation. This was nearly double the total sales value transacted in Q2 and was mostly driven by significant growth in Edinburgh. In fact, the total value of commercial property sales in the capital more than tripled to £462 million.

Other cities, including Glasgow, also saw significantly increased sales, with interest from foreign investors remaining high – most likely because the sterling slump is making Scotland, and the UK as a whole, a less expensive location for overseas buyers.

Crown Estate adds to portfolio in central London

The Crown Estate, which manages the Queen's extensive land and property holdings, has purchased the lease interest of 130 Jermyn Street in the St James's district of central London for £70 million.

Although it already owned the freehold, the purchase of the lease means that the Crown Estate now has full control of the building, which measures 56,800 sq. ft.

It now plans to find retailers to occupy the space, which, it says, will *"enhance the retail and dining mix, benefiting the immediate community as well as attracting visitors to the area."*

Weaker pound leads to London hotel boom

Investors took advantage of the weaker pound, a result of the political turmoil caused by Brexit, to make moves in the UK hotels market. Over 200 hotels have either received planning permission or are in construction across the capital, with nearly a quarter (48) of these located in Westminster.

While most areas of the British economy are struggling under the weight of political uncertainty, this boom makes the hotel industry one of the few to be benefiting from the longstanding instability brought about by the UK's imminent exit from the EU.

The weaker pound also boosted international tourist numbers, as well as encouraging more Britons to take 'staycations' to avoid punitive exchange rates.

HOUSE PRICES HEADLINE STATISTICS

HOUSE PRICE INDEX (OCT 2019)*	122.2*
AVERAGE HOUSE PRICE	£232,944
MONTHLY CHANGE	-0.7%
ANNUAL CHANGE	0.7%

*(Jan 2015 = 100)

- UK house prices grew by **0.7%** in the year to October 2019, down from **1.3%** in September 2019
- House price growth was strongest in Northern Ireland where prices increased by **4.0%** over the year to Quarter 3 (July to September) 2019
- The lowest annual growth was in London, where prices fell by **1.6%** over the year to October 2019

Source: The Land Registry
Release date: 18/12/2019
Next data release: 15/01/2020

AVERAGE MONTHLY PRICE BY PROPERTY TYPE – OCT 2019

PROPERTY TYPE	ANNUAL INCREASE
DETACHED £356,046	1.20%
SEMI-DETACHED £223,873	2.40%
TERRACED £188,983	1.30%
FLAT / MAISONETTE £200,007	-2.90%

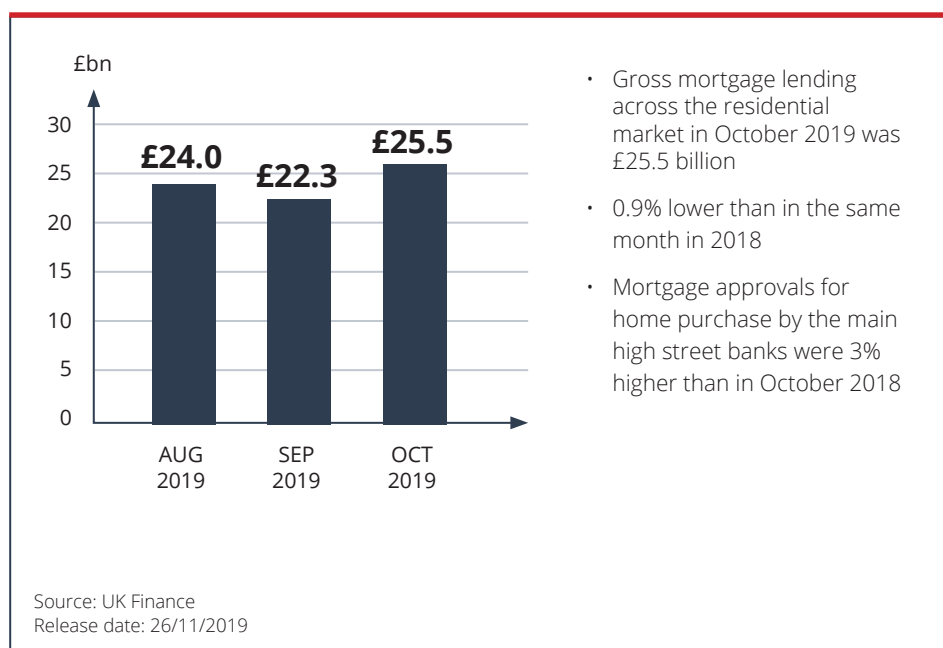
Source: The Land Registry
Release date: 18/12/2019

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HOUSE PRICES PRICE CHANGE BY REGION

REGION	MONTHLY CHANGE (%)	ANNUAL CHANGE (%)	AVERAGE PRICE (£)
ENGLAND	-0.7	0.5	£248,939
NORTHERN IRELAND (QUARTER 3 - 2019)	2.3	4.0	£139,951
SCOTLAND	-0.9	1.4	£153,692
WALES	0.7	3.3	£166,245
EAST MIDLANDS	-0.7	1.3	£194,134
EAST OF ENGLAND	-0.1	0.3	£293,928
LONDON	-1.7	-1.6	£472,232
NORTH EAST	-2.3	-1.1	£129,360
NORTH WEST	-0.6	1.4	£166,134
SOUTH EAST	-0.8	-0.3	£323,438
SOUTH WEST	-0.8	0.6	£258,372
WEST MIDLANDS REGION	-1.6	0.2	£198,345
YORKSHIRE AND THE HUMBER	0.9	3.2	£166,904

MORTGAGE ACTIVITY



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