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PROPERTY MARKET REVIEW

MARCH 2020



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.

2020 Budget prioritises relief for struggling businesses

As the COVID-19 pandemic continues to rage, many businesses are struggling to cope financially – but small businesses (those with a rateable value of less than £51,000 per year) are deemed to have been the worst hit.

In his Budget speech, the new Chancellor of the Exchequer, Rishi Sunak, announced a raft of emergency measures to mitigate COVID-19's impact on the economy, including the abolition of business rates for small retail, leisure and hospitality businesses this year (a tax break worth £1bn). No further business rate reform was announced, although Mr Sunak said that a fundamental review of business rates was to take place in the coming months, with results to be presented in the autumn.

The Chancellor also announced a £10,000 cash grant for small businesses eligible for small business rates relief.

Shopping centre giant could go bust after huge losses

Intu Properties, which owns Lakeside in Essex and the Trafford Centre in Manchester, among many others, has issued a warning that it may go under if it is unable to raise the funds to keep afloat. As the UK's retail sector continues to suffer, Intu proved to be no exception and posted losses of £2bn in 2019.

With more retailers going into administration and closing stores, the value of Intu's property portfolio dropped by 22% to £6.6bn and the firm racked up huge debts of £4.5bn.

The firm said that '*extreme market conditions*' were making investors unwilling to inject cash into the business. In this, Intu is not alone. Investment in the retail sector plummeted by 80% year-on-year in the first half of 2019, with prohibitively high rents leaving many businesses fearing they will have no option but to vacate their premises when their lease comes up for renewal.

London property boost cut short by COVID-19 outbreak

Prior to the outbreak, the outlook for the London property market was promising, following the Conservatives' election win in December and renewed certainty on Brexit.

Unfortunately, COVID-19, which appears to have hit London particularly hard, has called a halt to the upward trend, according to USB Asset Management. Travel restrictions are set to result in a drop in overseas investment, while previously interested investors and developers are more likely to hold fire to see how the situation develops.

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HOUSE PRICES HEADLINE STATISTICS

HOUSE PRICE INDEX (JAN 2020)*	121.3*
AVERAGE HOUSE PRICE	£231,185
MONTHLY CHANGE	-1.2%
ANNUAL CHANGE	1.3%

*(Jan 2015 = 100)

- UK house prices increased by **1.3%** in the year to January 2020, down from **1.7%** in December 2019
- On a non-seasonally adjusted basis, average house prices in the UK decreased by **1.1%** between December 2019 and January 2020
- This is compared with a fall of **0.6%** during the same period a year earlier

Source: The Land Registry
Release date: 25/03/2020
Next data release: 22/04/2020

AVERAGE MONTHLY PRICE BY PROPERTY TYPE – JAN 2020

PROPERTY TYPE	ANNUAL INCREASE
DETACHED £347,990	-0.30%
SEMI-DETACHED £222,604	2.90%
TERRACED £188,303	2.70%
FLAT / MAISONETTE £200,721	-1.10%

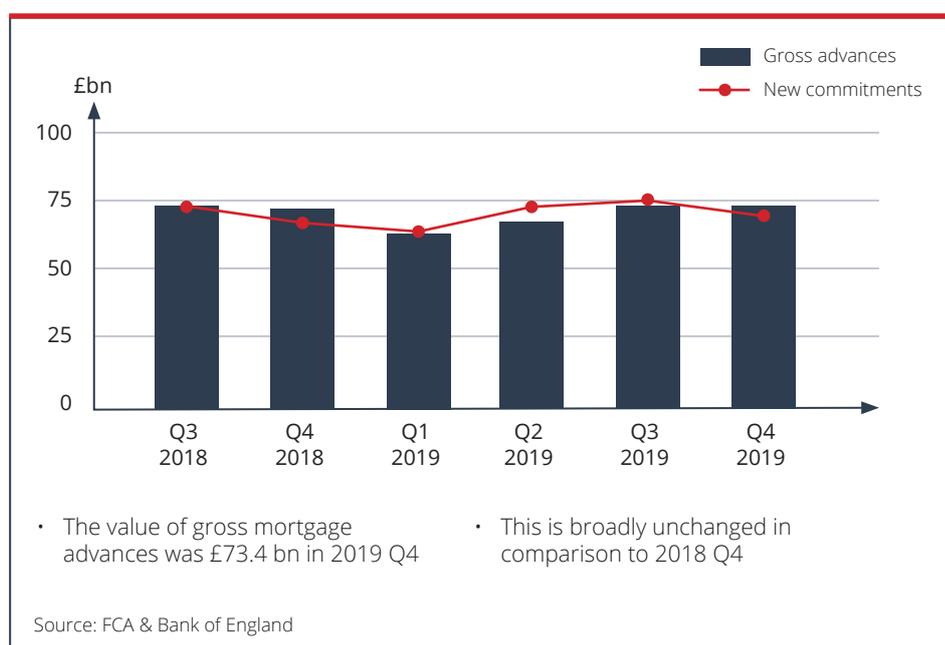
Source: The Land Registry
Release date: 25/03/2020

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HOUSE PRICES PRICE CHANGE BY REGION

REGION	MONTHLY CHANGE (%)	ANNUAL CHANGE (%)	AVERAGE PRICE (£)
ENGLAND	-1.2	1.1	£247,355
NORTHERN IRELAND (QUARTER 4 - 2019)	0.2	2.5	£140,190
SCOTLAND	0.6	1.6	£152,121
WALES	-2.9	2.0	£161,719
EAST MIDLANDS	-0.4	2.3	£195,707
EAST OF ENGLAND	-2.2	-0.6	£286,999
LONDON	-1.1	1.4	£476,588
NORTH EAST	-2.6	0.9	£126,592
NORTH WEST	-1.5	2.1	£164,769
SOUTH EAST	-1.2	-0.5	£320,700
SOUTH WEST	-1.8	-0.1	£254,320
WEST MIDLANDS REGION	0.4	2.6	£200,628
YORKSHIRE AND THE HUMBER	-0.9	3.1	£165,383

MORTGAGE ACTIVITY



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