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PROPERTY MARKET REVIEW

APRIL 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.

Rise of office hot deskers continues

According to Bloomberg, Debenhams is the latest retailer trying to get rid of excess space as it scales back its high street presence. The retailer is reported to be in early stages of talks with hot-desking firm WeWork, involving their flagship store on London's Oxford Street.

This follows other British retailers including Tesco, Sainsbury's and Next who have been joining forces with cafes, restaurants or other retailers in an attempt to fill oversized stores.

IWG, operator of the Regus brand of serviced offices, is also expanding the number of stores in which it is looking to open facilities. Chief Executive Officer Mark Dixon commented: "We would expect to have quite a few locations in a year or two in more retail-type situations. They are quite convenient for people if they have good parking and good facilities."

Possible use of commercial property as solution to the housing crisis

In a speech to the Royal Town Planning Institute conference, Theresa May has called for a "great national effort" by the government, developers and councils to tackle the housing crisis. When questioned, the prime minister said that fresh approaches were needed, including creating new homes from various types of disused buildings.

When asked whether this should include retail spaces, she said "Retailing is changing, with buying more goods online, and one of the elements of the new planning rules we're setting out is to make it easier for shops to be turned into housing if that's appropriate, but also for development above retail units to take place."

However, the high street would still appear to be a viable commercial option for retailers who have been quick to respond to the change in shopping habits. An example of

this is The Works, which sells cut-price books, toys, crafts and stationery. It has 436 stores and plans to open another 50 per year for the next five years.

Kevin Keaney, chief executive of The Works said: "For us it's a really good time to be opening stores. We're able to open in locations we never would have been able to previously because the property costs would have been so high."

Macroeconomic factors to affect commercial property markets

In March, the UK and EU agreed on a transitional deal on the UK's withdrawal from the EU. Savills UK Commercial report indicates a boost in confidence to both occupiers and investors in commercial markets as a result.

March also saw the US Federal Reserve raise interest rates by a quarter of a point to a range of 1.5% to 1.75%, the sixth increase since 2015.

Attention is now likely to turn to how these factors will impact the commercial markets, in addition to other geopolitical issues such as North Korea, Russia and events in Syria.

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HOUSE PRICES HEADLINE STATISTICS

HOUSE PRICE INDEX (FEB 2018)*	118.0*
AVERAGE HOUSE PRICE	£225,047
MONTHLY CHANGE	-0.1%
ANNUAL CHANGE	4.4%

*(Jan 2015 = 100)

- UK house prices grew by **4.4%** in the year to February 2018, down from **4.7%** in the year to January 2018.
- The largest monthly price was recorded in the North East (**3.1%**).
- The West Midlands Region recorded the highest annual increase in property prices (**7.3%**).

Source: The Land Registry / Release date: 18/04/2018
Next data release: 23/05/2018

HOUSE PRICES PRICE CHANGE BY REGION

REGION	MONTHLY CHANGE (%)	ANNUAL CHANGE (%)	AVERAGE PRICE (£)
ENGLAND	0.2	4.1	£242,176
NORTHERN IRELAND (QUARTER 4 - 2017)	1.0	4.3	£130,482
SCOTLAND	-2.7	6.2	£144,377
WALES	-0.4	4.8	£152,891
EAST MIDLANDS	0.5	6.3	£186,071
EAST OF ENGLAND	-0.4	4.0	£288,468
LONDON	-2.1	-1.0	£471,986
NORTH EAST	3.1	3.3	£128,218
NORTH WEST	1.6	4.8	£158,152
SOUTH EAST	-0.1	4.0	£322,489
SOUTH WEST	-1.1	4.9	£250,816
WEST MIDLANDS REGION	2.2	7.3	£192,648
YORKSHIRE AND THE HUMBER	-0.1	3.1	£155,385

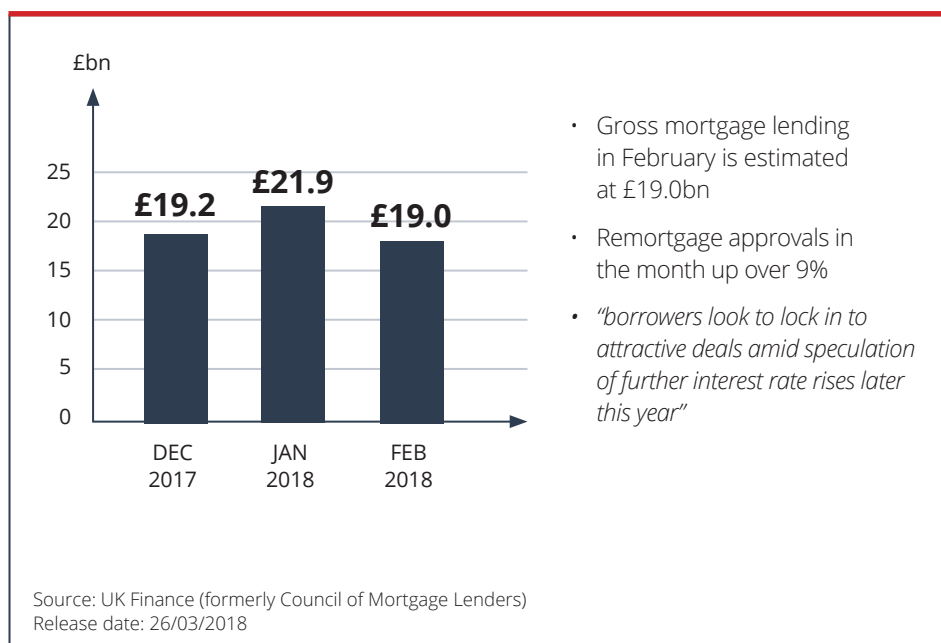
AVERAGE MONTHLY PRICE BY PROPERTY TYPE - FEB 2018

PROPERTY TYPE	ANNUAL INCREASE
DETACHED £342,954	(5.6%)
SEMI-DETACHED £211,079	(5.1%)
TERRACED £181,833	(4.8%)
FLAT / MAISONETTE £201,657	(1.8%)

Source: The Land Registry
Release date: 18/04/2018

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MORTGAGE ACTIVITY



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