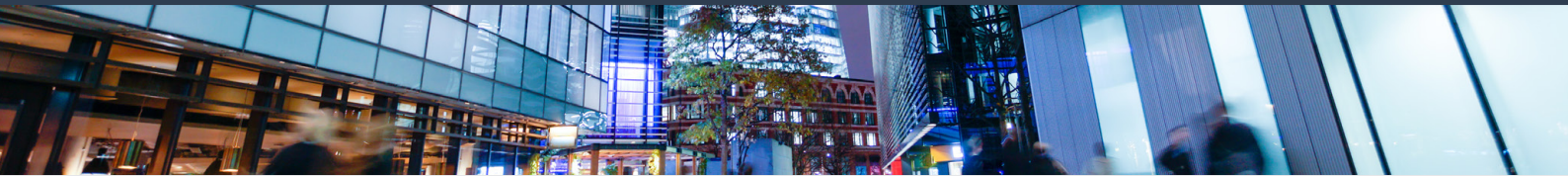




PROPERTY MARKET REVIEW

DECEMBER 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.

Anecdotal 'London Office Crane Survey' barometer released

Established some twenty years ago, the 'London Office Crane Survey' is a closely watched indicator of current and future construction activity in central London. Not only does it reflect the amount of new construction activity in the capital, but it is a key indicator as to the state of London's overall economic health.

Whilst the latest edition reports a 9% fall in office construction over the last six months, and the lowest amount of new space being started since 2014, demolition levels of approximately eight million square feet indicate that new development is still very much underway.

Therefore, 2017 will result in a 13-year high in completions and, more importantly, 44% of space currently under construction is pre-let.

Savills 'Global Luxury Retail 2018 Outlook' released

The closely followed Savills 'Global Luxury Retail Outlook' shows that Chinese consumers have maintained their spending habits, adding a resurgence in luxury store requirements not only in their homeland regions, but also in areas such as Hong Kong and the other outlying island of Macau.

Away from their home spending territory, across Europe, retail property interest has also been seen to cater for this Cathay spending trend, with cities such as London, Munich, Paris, and Frankfurt being targeted for expansion.

Globally, other centres such as New York, Los Angeles and Miami have also been identified as areas of increased luxury retail property requirements.

Over £1bn invested in commercial property by English and Welsh councils

English and Welsh councils are on target to invest more than £1bn in commercial property in 2017. This includes investment in a mixture of assets such as country clubs, offices, hotels and retail shopping centres.

In the first eight months of 2017, £758 million was spent on purchasing commercial property, whilst only 1,730 council houses were built, according to property market data from Savills.

This estimated spend of £1bn for the full year would equate to over 8,000 new council houses. At present 1.2 million households are on the council house waiting list.

Activity bullish in commercial property sector

Recent trading postings from both retail and office developers, Derwent London and Hammerson, indicate growth in sales, property values and leasing activity, so far in the calendar year 2017.

On the retail front, Hammerson report footfall among their retailer tenants was higher than they had expected across both their UK and French properties.

David Atkins, CEO of the company, reported in the firm's recent earnings press release that: *"In the third quarter we have maintained good leasing activity across our portfolio of leading retail assets, demonstrating that brands are continuing to prioritise space as well-invested, prime locations . . ."*

HOUSE PRICES HEADLINE STATISTICS

HOUSE PRICE INDEX (OCT 2017)*	117.4*
AVERAGE HOUSE PRICE	£223,807
MONTHLY CHANGE	- 0.5%
ANNUAL CHANGE	4.5%

*(Jan 2015 = 100)

- An annual price increase of **4.5%**, which takes the average property value in the UK to **£223,807**
- The North West saw the largest monthly fall in value of **-2.0%**
- Northern Ireland saw price growth of **3.0%** over Q3 2017

Source: The Land Registry / Release date: 12/12/2017
Next data release: 16/01/2018

HOUSE PRICES PRICE CHANGE BY REGION

REGION	MONTHLY CHANGE (%)	ANNUAL CHANGE (%)	AVERAGE PRICE (£)
ENGLAND	-0.6	4.7	£240,860
NORTHERN IRELAND (QUARTER 3 - 2017)	3.0	6.0	£132,169
SCOTLAND	-0.7	2.8	£143,544
WALES	0.8	4.5	£153,316
EAST MIDLANDS	0.2	7.0	£184,544
EAST OF ENGLAND	0.1	6.1	£289,168
LONDON	-0.9	2.1	£481,102
NORTH EAST	-0.1	2.4	£127,224
NORTH WEST	-2.0	3.9	£154,056
SOUTH EAST	-0.5	4.6	£322,311
SOUTH WEST	0.2	6.7	£251,376
WEST MIDLANDS REGION	-1.1	5.2	£186,351
YORKSHIRE AND THE HUMBER	-1.1	3.3	£155,281

UK UNEMPLOYMENT FIGURES

- There were **32.08** million people in work, **56,000** fewer than for May to July 2017 but **325,000** more than a year earlier
- **8.86** million people aged 16 to 64 were economically inactive

Jobless total

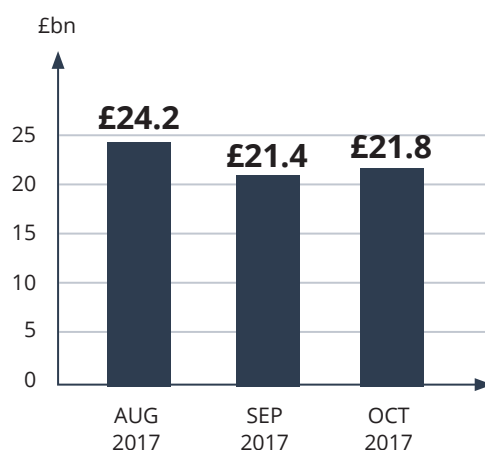
1.43m

Unemployment rate

4.3%

Source: Office for National Statistics
Release Date: 13/12/2017

MORTGAGE ACTIVITY



- The number and value of loans for remortgaging and for house purchases rose in October
- First-time buyers borrowed £5.1 billion, up two per cent on the previous month
- Home movers borrowed £7 billion, up 2.9 per cent on September

Source: Council of Mortgage Lenders (now integrated into UK Finance)
Release date: 12/12/2017

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