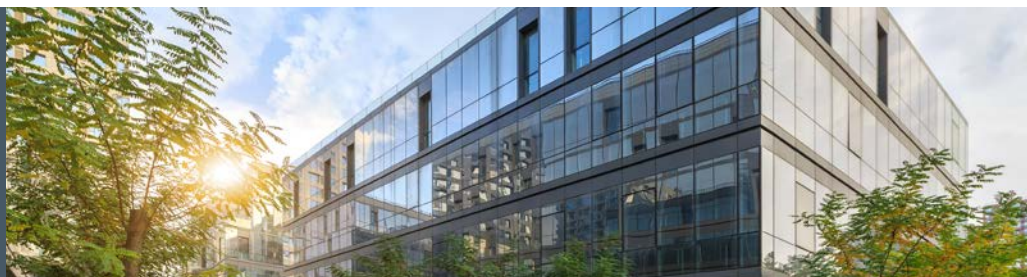




PROPERTY MARKET REVIEW

AUGUST 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.

We are not responsible or authorised to provide advice on investment decisions concerning property, only for the provision of mortgage advice. We hope you will find this review to be of interest.

MARKET BEHAVIOUR "LITTLE CHANGED" AS BREXIT HEADWINDS REMAIN

The UK Commercial Property Market Survey for Q2, conducted by the Royal Institution of Chartered Surveyors, reports that demand is still solid across the industrial sector and that further growth in capital values is expected across both the prime industrial and office sectors over the coming year.

The availability of vacant industrial space continued to decline in Q2, while availability of office space edged higher for a third consecutive report. Unsurprisingly, the most significant rise in availability was attributed to the retail sector. In response, both retail and office landlords have raised the value of incentive packages offered to potential tenants.

Tarrant Parsons, RICS Economist, commented on the survey results: *"The overall picture remains little changed across the UK Commercial Property Market in Q2, with the disparity between a strong backdrop for the industrial sector and weakness in retail still very evident. While expectations continue to point to solid rental and capital value growth in the former, further declines are expected in the latter. Brexit uncertainty also remains a notable headwind, causing caution across both occupiers and investors while they await clarity on the UK's future trading relationship with the EU."*

INVESTORS PURSUING CORE ASSETS IN THE CITY OF LONDON

The recently released Savills City Investment Watch, reported that £1.017bn was transacted across nine deals in the Square Mile during July. This represents the second highest monthly turnover this

year, taking overall investment for 2019 to just over £4bn. Despite this increase in transactions, volumes are lower, with the total number of deals this year so far totalling 59, over a third (35%) down on the five-year average of 91 deals. Investment volumes have been impacted by a lack of core £100m+ transactions.

So far this year, investors from the US have accounted for the largest share of commercial property investment in the City, representing 37% of total investment. American investors have purchased five buildings for £1.5bn. UK investors have acquired 34 buildings, totalling £1.27bn (31% of total volume). In July, Asian investors spent around £480m, this represents more than double their spend for the rest of 2019 combined. It is expected that this trend will continue whilst sterling weakness persists.

EDINBURGH OFFICE INVESTMENT SURGES

According to Knight Frank, investment in Edinburgh offices during the first half of 2019 has outstripped 2018's annual total, driven by some key deals in Q2. Nearly £310m was invested in the city's offices in H1, beating 2018's total of £284m.

Head of Scotland Commercial at Knight Frank, Alasdair Steele, commented: *"It's been a great start to the year in Edinburgh, with a number of large transactions for major assets. That we had two nine-figure deals conclude against an uncertain political and macro-economic backdrop is testament to the strength and diversity of demand for prime commercial property in the city. There is an almost insatiable appetite among investors for secure long-dated income and prime offices. Despite Brexit, Scotland is seen as providing stability at a competitive price."*

HOUSE PRICES HEADLINE STATISTICS

HOUSE PRICE INDEX (JUNE 2019)*	120.8*
AVERAGE HOUSE PRICE	£230,292
MONTHLY CHANGE	0.7%
ANNUAL CHANGE	0.9%

* (Jan 2015 = 100)

- UK house prices grew by **0.9%** in the year to June 2019
- House price growth was strongest in Wales where prices increased by **4.4%** in the year to June
- The lowest annual growth was in London, where prices fell by **2.7%** over the year to June

Source: The Land Registry
Release date: 14/08/2019
Next data release: 18/09/2019

AVERAGE MONTHLY PRICE BY PROPERTY TYPE – JUNE 2019

PROPERTY TYPE	ANNUAL INCREASE
DETACHED £349,879	1.70%
SEMI-DETACHED £219,752	1.90%
TERRACED £187,082	1.30%
FLAT / MAISONETTE £200,699	-2.00%

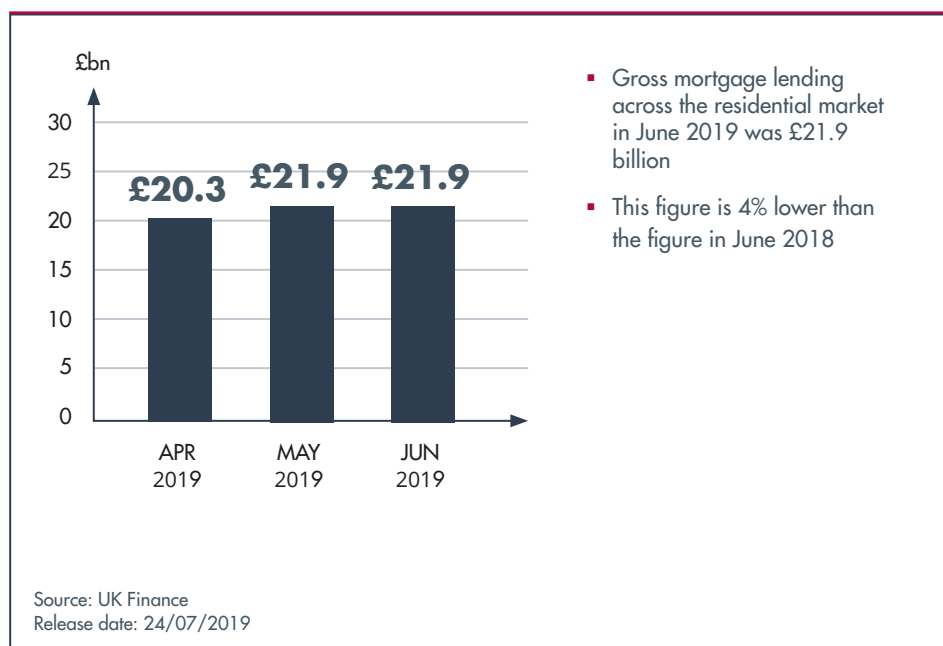
Source: The Land Registry
Release date: 14/08/2019

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HOUSE PRICES PRICE CHANGE BY REGION

REGION	MONTHLY CHANGE (%)	ANNUAL CHANGE (%)	AVERAGE PRICE (£)
ENGLAND	0.7	0.7	£246,728
NORTHERN IRELAND (QUARTER 2 - 2019)	0.8	3.5	£136,767
SCOTLAND	0.7	1.3	£151,891
WALES	1.2	4.4	£163,768
EAST MIDLANDS	1.6	3.2	£195,344
EAST OF ENGLAND	0.5	0.7	£291,370
LONDON	0.7	-2.7	£466,824
NORTH EAST	1.7	1.8	£130,342
NORTH WEST	0.2	2.4	£164,116
SOUTH EAST	1.1	-0.6	£322,866
SOUTH WEST	-0.4	-0.2	£252,122
WEST MIDLANDS REGION	0.9	2.6	£198,993
YORKSHIRE AND THE HUMBER	0.6	0.9	£161,997

MORTGAGE ACTIVITY



It is important to take professional advice before making any decision relating to your personal finances. Information within this document is based on our current understanding and can be subject to change without notice and the accuracy and completeness of the information cannot be guaranteed. It does not provide individual tailored investment advice and is for guidance only. Some rules may vary in different parts of the UK.