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PROPERTY MARKET REVIEW APRIL 2016

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.

HOUSE PRICES HEADLINE STATISTICS

NATIONAL INDEX (FEB 2016)*	309.5*
AVERAGE HOUSE PRICE	£190,275
MONTHLY CHANGE	-0.2%
ANNUAL CHANGE	6.1%

* (1995 = 100)

- Annual price change now at 6.1%
- From September - December '15 there was an average of 78,778 sales per month
- London saw the highest price rise of 13.5% annually

HOUSE PRICES PRICE CHANGE BY REGION

REGION	MONTHLY CHANGE (%)	ANNUAL CHANGE (%)	AVERAGE PRICE (£)
NORTH WEST	1.8	4.9	£117,081
EAST MIDLANDS	1.5	6.2	£140,977
YORKSHIRE & THE HUMBER	0.9	4.1	£125,532
EAST	0.7	9.8	£220,188
SOUTH EAST	0.7	10.9	£267,235
SOUTH WEST	0.7	6.7	£199,214
LONDON	0.6	13.5	£530,368
WALES	-0.1	1.2	£122,573
WEST MIDLANDS	-0.3	4.5	£142,734
NORTH EAST	-1.2	-3.2	£97,582
SCOTLAND	N/A	1.6	£167,734**
NORTHERN IRELAND	N/A	7.0	£130,185***

Source: The Land Registry / Land Registry-Scotland** / Land Registry-N Ireland*** / Release date: 30/03/2016 / Next data release: 28/04/2016 / ** Latest Quarterly figures, next release date 26/04/2016 / *** Latest Quarterly figures, next release date April 2016

UK UNEMPLOYMENT FIGURES

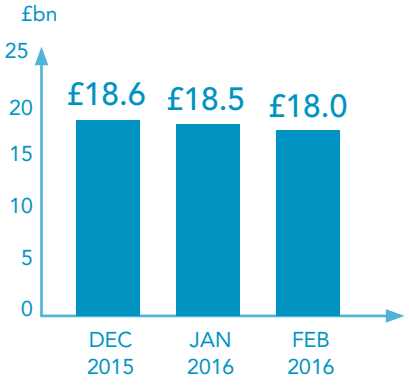
- There are 22.98 million people working full-time and 8.43 million working part-time
- At 5.1% the unemployment rate is lower than for a year earlier (5.6%)

Jobless total
1.7m

Unemployment rate
5.1%

Source: Office for National Statistics
Release Date: 20/04/2016

MORTGAGE ACTIVITY



- Buy-to-let has seen substantial year-on-year increases, boosted by landlords seeking to complete purchases before the April tax changes
- Remortgage activity totalled £4.8bn, up 37% compared to a year ago
- First-time buyers borrowed £3.4bn on 22,000 loans, up 11% year-on-year

Source: Council of Mortgage Lenders
Release date: 13/04/2016

COMMERCIAL PROPERTY UPDATE

Commercial property spending down on Brexit fears and global worries

Research from Real Capital Analytics for the Evening Standard shows that British and overseas buyers reduced their spending on UK commercial property in the first three months of 2016, triggering an £8bn slump in buying activity. Minutes from the Bank of England attributed the 46% fall in spending to a mixture of factors – the uncertainty created by the impending EU referendum, worries over China's continuing economic woes and the general slowdown in commercial investment volumes across Europe, fuelled in part by issues such as the immigration crisis. However, the data also shows that where deals have completed prices have held up well. With interest rates likely to remain low, analysts are not predicting any collapse in pricing for the foreseeable future.

London office space demand remains strong

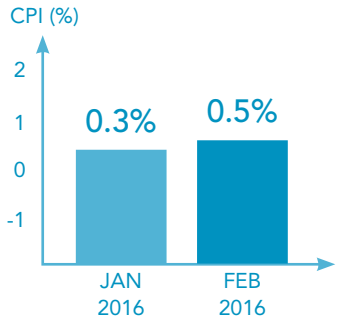
London office space is one sector of the commercial property market that seems largely unaffected by current concerns over the likely outcome of the EU referendum. A surge in acquisition of office space in the capital means that London remains a top location for UK and international businesses looking for new premises. The largest deal reported in the first quarter of 2016 was in Docklands where international news and intelligence providers Thomson Reuters acquired 315,400 sq. ft. at 5 Canada Square, E14.

Uptake in the first quarter of 2016 remained only slightly below the 10-year average, new figures from real estate agents CBRE indicate. First quarter results show that 3.1m sq. ft. of office space was acquired, only 100,000 sq. ft. less than the current 10-year average of £3.2m. These results underline the capital's continuing attractiveness as a world class city. Both sides in the Brexit debate are currently predicting that London will continue to remain an important international hub whichever way the vote goes.

Tax relief for UK Commercial Property owners

Department of Communities and Local Government (DCLG) data shows that between April 2014 and June 2015 almost 4,000 office-to-home conversions were sanctioned. What commercial property owners could be missing out on, however, is capital allowances tax relief available to them. This relief can be claimed on structural elements of the building, such as lighting and heating systems, electric cabling and lift shafts, the 'intrinsic fabrication' of a building, essentially those items a business could not operate without. It is estimated that 90% of commercial property owners are unaware of the process and eligibility, resulting in the loss of tens of millions of pounds of tax concessions. Anyone considering converting an old office block to residential units, or selling it to a residential developer should make a claim for capital allowances before starting work or completing the sale. If the claim isn't made, they could stand to lose thousands in valuable tax relief.

UK INFLATION FIGURES



Source: Office for National Statistics
Release date: 12/04/2016

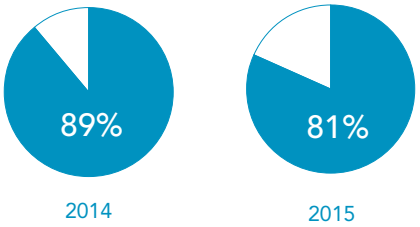
- Rises in air fares and clothing prices were the main contributors to the increase in the rate between February and March 2016
- These upward pressures were partially offset by a fall in food prices and a smaller rise in petrol prices than a year ago.

UK GOVERNMENT DEBT

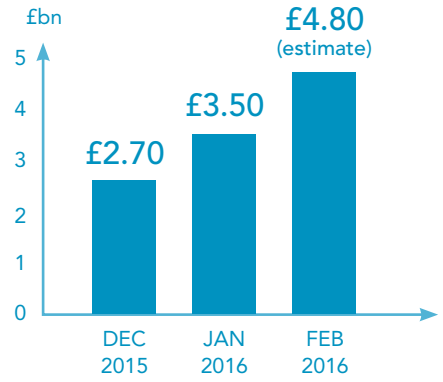
= £1,594.1bn

(As at March 16)

UK DEBT AS % OF GDP



UK BALANCE OF TRADE (DEFICIT)



Source: Office for National Statistics
Release date: 08/04/2016

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