

## PROPERTY MARKET REVIEW

JANUARY 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.

### What's on the horizon for commercial property?

After a turbulent 2019 (particularly for retail), Savills has made some predictions for what 2020 could hold for the commercial property market. They fall into three main categories: overseas investment, office development and the future of retail.

As a result of renewed clarity on Brexit, Savills suggests that overseas industrial investors will make a cautious return to the UK market, with considerable amounts of money to invest in property. Their focus is likely to be on secure-income London-based assets, logistics and prime regional office space.

With office development at a historic low, with very little stock available to invest in, Savills predict that 2020 could see an upswing in office development to ease the shortage and ensure supply meets demand.

Finally, according to Savills, despite the woes of the retail industry over the past few years, all is not lost, despite the increasing dominance of online shopping, with shoppers still interested in the high street experience.

### Edinburgh hotel market loses its crown, but all is not lost

While the London hotel market continues to experience stable trading, the same cannot be said for other regional centres – including the Scottish capital.

Edinburgh may have lost its crown as the UK city boasting the highest hotel occupancy, seeing it slide from first to fourth place in BDO's Hotel Britain report, but its hotels still remain the fullest in Scotland, with an occupancy rate of 83.1%.

Elsewhere in Scotland, Glasgow was close behind, with an occupancy rate of 82.8 %. Liverpool scooped first place with 84.3 %, followed by Heathrow (83.9%) and London (83.6%).

### 2020 – the year property firms go green?

Over the past few years, awareness of climate change and the need to reduce carbon emissions has shot up. However, according to a new YouGov survey commissioned by the Royal Institution of Chartered Surveyors (RICS), property firms aren't doing their bit to contribute to positive change.

A majority (62%) of survey respondents in the real estate and construction sectors said they didn't believe that environmental concerns were at the centre of their employers' decision-making. In addition, 34% of respondents in these industries felt their employer definitely wasn't doing enough to reduce their environmental impact and 22% were unsure whether or not their employer was putting in the effort.

Dr Patrice Cairns, RICS Policy Manager commented: *"The government cannot address climate change on its own. We need a collaborative effort, especially from the built environment industry as it is a major contributor to the climate change problem, with 40% of national energy consumption coming from the sector"*.

## HOUSE PRICES HEADLINE STATISTICS

HOUSE PRICE INDEX (NOV 2019)*	123.0*
AVERAGE HOUSE PRICE	£235,298
MONTHLY CHANGE	0.4%
ANNUAL CHANGE	2.2%

\*(Jan 2015 = 100)

- Average house prices in the UK increased by **2.2%** in the year to November 2019, up from **1.3%** in October 2019
- The largest annual price growth was in Wales, increasing by **7.8%** in the year to November 2019
- The lowest annual growth was in the East of England, where prices fell by **0.7%** over the year to November 2019

Source: The Land Registry  
Release date: 15/01/2020  
Next data release: 19/02/2020

## AVERAGE MONTHLY PRICE BY PROPERTY TYPE – NOV 2019

PROPERTY TYPE	ANNUAL INCREASE
DETACHED £359,296	2.6%
SEMI-DETACHED £224,550	3.0%
TERRACED £189,614	1.9%
FLAT / MAISONETTE £206,357	1.0%

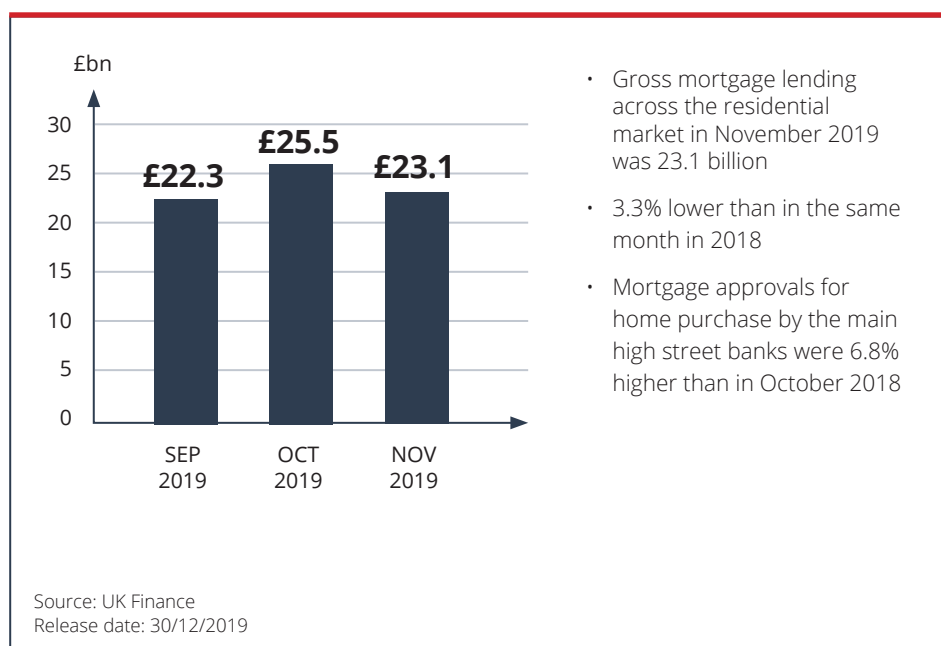
Source: The Land Registry  
Release date: 15/01/2020

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## HOUSE PRICES PRICE CHANGE BY REGION

REGION	MONTHLY CHANGE (%)	ANNUAL CHANGE (%)	AVERAGE PRICE (£)
ENGLAND	0.3	1.7	£251,222
NORTHERN IRELAND (QUARTER 3 - 2019)	2.3	4.0	£139,951
SCOTLAND	0.4	3.5	£154,798
WALES	3.5	7.8	£172,574
EAST MIDLANDS	1.1	2.5	£197,792
EAST OF ENGLAND	-0.7	-0.7	£291,281
LONDON	-0.5	0.2	£475,458
NORTH EAST	0.7	1.4	£130,712
NORTH WEST	1.1	3.8	£169,362
SOUTH EAST	0.4	1.0	£326,636
SOUTH WEST	-0.3	1.1	£259,758
WEST MIDLANDS REGION	1.7	4.0	£204,238
YORKSHIRE AND THE HUMBER	-1.0	2.6	£165,642

## MORTGAGE ACTIVITY



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