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PROPERTY MARKET REVIEW

SEPTEMBER 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.

Rental values remain static in August

Given the immediate fall-out of the Brexit vote, good news was heard from the latest CBRE Monthly Index of commercial property. Their Head of UK Research, Miles Gibson, was quoted as saying: *"Despite fears that the UK property market would suffer significantly as a consequence of the Brexit, August turned out to be a relatively stable month, with rents holding up and a drop in capital values starting to slow, and more quickly than many expected..."*

He went on to add: *"... this data provides good evidence for a fairly rapid re-pricing and continued resilience in occupier markets across the board."*

HSBC Bank's vote of confidence in Sheffield retail Sector

The UK's largest bank, HSBC, has become the first anchor tenant in the £480 million 'Sheffield Retail Quarter'. The bank has agreed a 15-year lease on 140,000 sq. ft. of office space, together with a rooftop terrace, in the project that is scheduled to start construction in Q1 2017 and top-out in the spring of 2019.

The Chief Operating Officer of HSBC UK, John Hackett, commented: *"Sheffield is a major centre of excellence for our IT operations and we're delighted to be confirmed as the first anchor tenant for the historic Sheffield Retail Quarter."*

"Despite fears that the UK property market would suffer significantly as a consequence of the Brexit, August turned out to be a relatively stable month..."

Slough hits the top spot outside London

The Land Registry has disclosed that Slough has the highest ratio of property owned by foreign businesses outside of London. According to further research from conveyancing services firm Search Acumen, one in 238 commercial and residential properties in Slough are owned by a foreign registered company.

Other popular hot-spots for foreign investment in property are Manchester, Harrow, Kingston upon Thames, and Twickenham, which make up the remainder of the top five postcodes singled out for such investment.

Over the five years to October 2015, 55% of UK property was owned by an offshore company. This compares to just 3% recorded in 2000.

Commercial property still has its merits

It was reported that commercial property funds suffered a large withdrawal of funds and a dearth of new investment immediately after the Brexit vote in June. Much of the reasoning behind this was the risk of liquidity issues in the sector.

However, The Financial Times reports that this appears to have been over emphasised, as short of future corporate defaults, rental income levels are now expected to be resilient in the short term. Given that interest rates and overall yields elsewhere in the investment world have continued to fall, commercial property still has its benefits as a revenue producer.

HOUSE PRICES HEADLINE STATISTICS

HOUSE PRICE INDEX (JUL 2016)*	113.7*
AVERAGE HOUSE PRICE	£216,750
MONTHLY CHANGE	0.4%
ANNUAL CHANGE	8.3%

*(Jan 2015 = 100)

- House price pressure continues to grow in July
- Average UK house price now stands at **£216,750**
- UK home sales fell by **0.9%** in July

Source: The Land Registry / Release date: 13/09/2016
Next data release: 14/10/2016

HOUSE PRICES PRICE CHANGE BY REGION

REGION	MONTHLY CHANGE (%)	ANNUAL CHANGE (%)	AVERAGE PRICE (£)
ENGLAND	0.5	9.1	£232,885
NORTHERN IRELAND (QUARTER 1 - 2016)	3.8	7.8	£123,241
SCOTLAND	1.3	3.4	£143,711
WALES	-1.8	4.0	£144,828
EAST MIDLANDS	0.5	7.8	£173,783
EAST OF ENGLAND	0.6	13.2	£273,806
LONDON	1.0	12.3	£484,716
NORTH EAST	2.3	5.8	£129,750
NORTH WEST	0.8	6.1	£150,082
SOUTH EAST	0.6	11.9	£313,315
SOUTH WEST	-0.3	7.8	£237,291
WEST MIDLANDS REGION	-0.8	6.4	£176,598
YORKSHIRE AND THE HUMBER	0.2	4.7	£151,581

UK UNEMPLOYMENT FIGURES

- Unemployment rate remains at **4.9%**
- There were **31.77** million people in work
- **559,000** more people in work than a year earlier

Jobless total

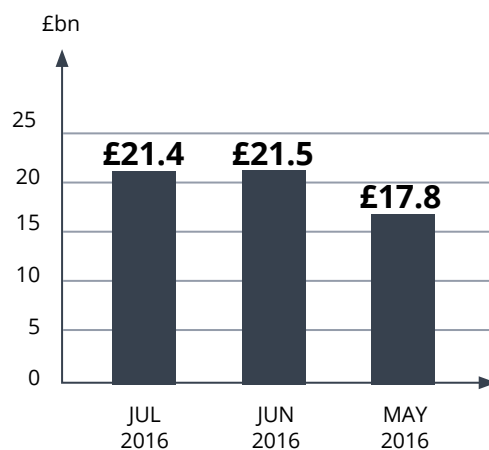
1.63m

Unemployment rate

4.9%

Source: Office for National Statistics
Release Date: 14/09/2016

MORTGAGE ACTIVITY



- Mortgage lending steady at £21.4bn
- Gross Buy-to-let lending down 21% on year
- Average buyers income multiple now 3.55 X

Source: Council of Mortgage Lenders
Release date: 14/09/2016

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. We cannot assume legal liability for any errors or omissions it might contain. Levels and bases of, and reliefs from, taxation are those currently applying or proposed and are subject to change; their value depends on the individual circumstances of the investor. No part of this document may be reproduced in any manner without prior permission.