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The UK Property Market

After Brexit


LIVERPOOL ECO APARTMENTS
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The Quarter
Liverpool
Prices from £92,950
8% Assured NET Rental Return for 1 Year
City Centre Location
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Property Prices After Brexit

The issue of house prices after Brexit is one that's been dominating the UK press for many years now. Ever since the Brexit vote in June 2016, there's been a lot of uncertainty over how the UK economy and property market would be affected by the country's exit from the EU. In 2019, the UK was set to leave the EU in March, and then again in October. Now into 2020, the country has entered a transition period following the UK's formal leave from the EU on 31st January, which is expected to last until the end of the year.

For those eager to find out the impact that Brexit will have on their finances and investments, we've put together this in-depth guide containing key information, expert predictions, and advice on property prices after Brexit.

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The Brexit Timeline

What's Happened so Far?

22 February 2016

Date for EU Referendum Vote Announced

23 June 2016

UK Votes to Leave the EU

13 July 2016

Theresa May Announced as Prime Minister

29 March 2017

May Triggered Article 50 of the Lisbon Treaty

18 April 2017

Theresa May Announced Plans to Hold a Snap General Election

8 June 2017

General Election Saw May Lose Majority and Make a Deal With the DUP

15 January 2019

May's Withdrawal Deal Draft Rejected

13 March 2019

MPs say No to a No-Deal Brexit

10 April 2019

Deadline Pushed Back to 31st October

24 May 2019

Theresa May Resigns as PM

24 July 2019

Boris Johnson New PM

29 October 2019

UK Parliament Approve General Election

12 December 2019

Boris Wins Majority

9 January 2020

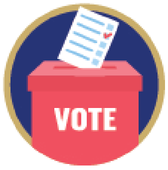
MPs Back Withdrawal Agreement Bill

31 January 2020

Departure Day

What Happened After the Brexit Vote in 2016?

One way that we can try and find out about the overall effect Brexit will have on house prices is to look at past property price changes. So what actually happened in the months following the Brexit vote? Despite high levels of uncertainty, the UK economy and property market didn't suffer as badly as first expected.



The GBP Fluctuated

The GBP had one of the biggest drops that the UK economy has experienced after the Brexit vote, with the pound sinking to a 31-year low against the dollar on Wednesday 6th July 2016. By 24th August, however, the pound rose to £1.32 against the US dollar – the highest rate it had been at in three weeks.

The Property Market Stayed Resilient

Findings from a Bank of England regional agents survey revealed that while there was a dip in UK property market activity following 23rd June, the market had proved to be far more resilient than first expected.

By October 2016, house prices had risen by £2,623 in just one month, boosting the average UK house price to £309,122. In the year from October 2016 to October 2017, property prices in the UK as a whole grew by 4.5%, revealing an optimistic outlook for the UK's housing market. Average rental yields in Northern UK areas also increased by up to 4.3% by the end of 2016.


NEW LAUNCH
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MW
MERCHANT'S WHARF
ORDSALL LANE, MANCHESTER
Manchester
Prices from £149,950
UP to 6.5% Projected Rental Return
55% Below Market Value
GALAXY COFFEE
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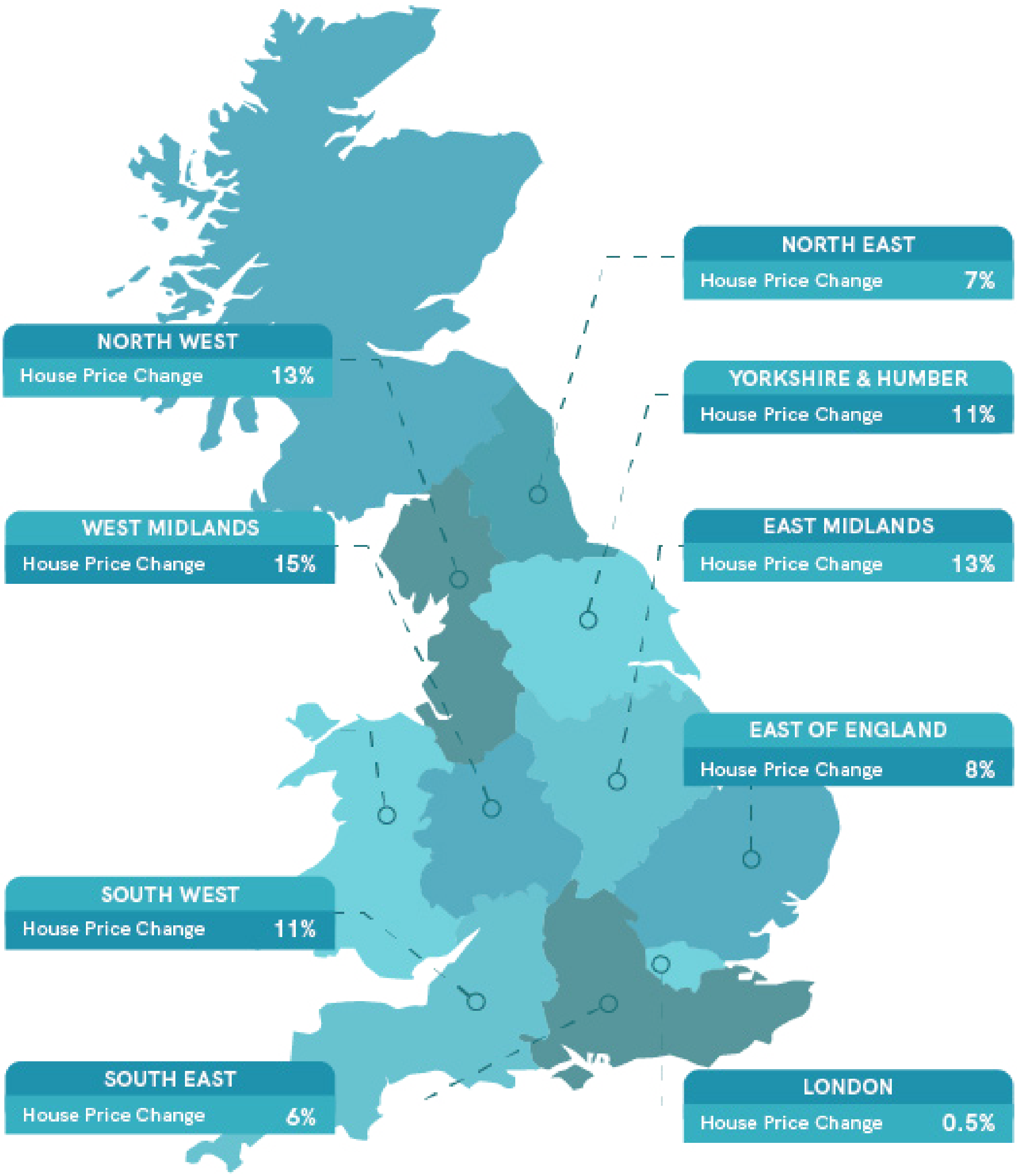
Further Growth From 2016 - 2019

According to data from the Land Registry House Price Index, UK house prices increased by 11% in the 40 months following the EU Referendum. The highest level of growth was seen in England, followed by Wales, Scotland, and Northern Ireland. Specific regions in the UK also saw higher growth in house prices after the Brexit vote in 2016, with the highest increases coming from the West Midlands, East Midlands, and the North West.




NEW BLOCK JUST LAUNCHED
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PARLIAMENT SQUARE
Liverpool
Prices from £104,950
7% NET Rental Return
Cherry Pick New Units
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The Boris Bounce

In December 2019's General Election, Boris Johnson was elected as Prime Minister with a large Tory majority. Ever since, both the UK economy and the UK property market have seen some major improvements.

GBP

As soon as the result of the General Election was announced in December 2019, the GBP reached a rate of 1.35 USD – the highest level it's been at since May 2018. This massively increased confidence in the UK economy, especially since the GBP reached lows of 1.22 USD after Boris Johnson first became Prime Minister back in July 2019.

Share Price Growth

At the same time following the 2019 general election, investment sectors witnessed significant growth in share prices. The International Monetary Fund, an international financial organisation, has even predicted that thanks to the 'Boris bounce', the UK will see stronger growth than Germany, Japan, and France in 2020/21.

Prices of FTSE 100 and FTSE 250 companies

Grew by 1.1% and 3.4%

• • •

Barclays, RBS and Lloyds saw share prices

Grow by 6%, 8% and 5%

• • •

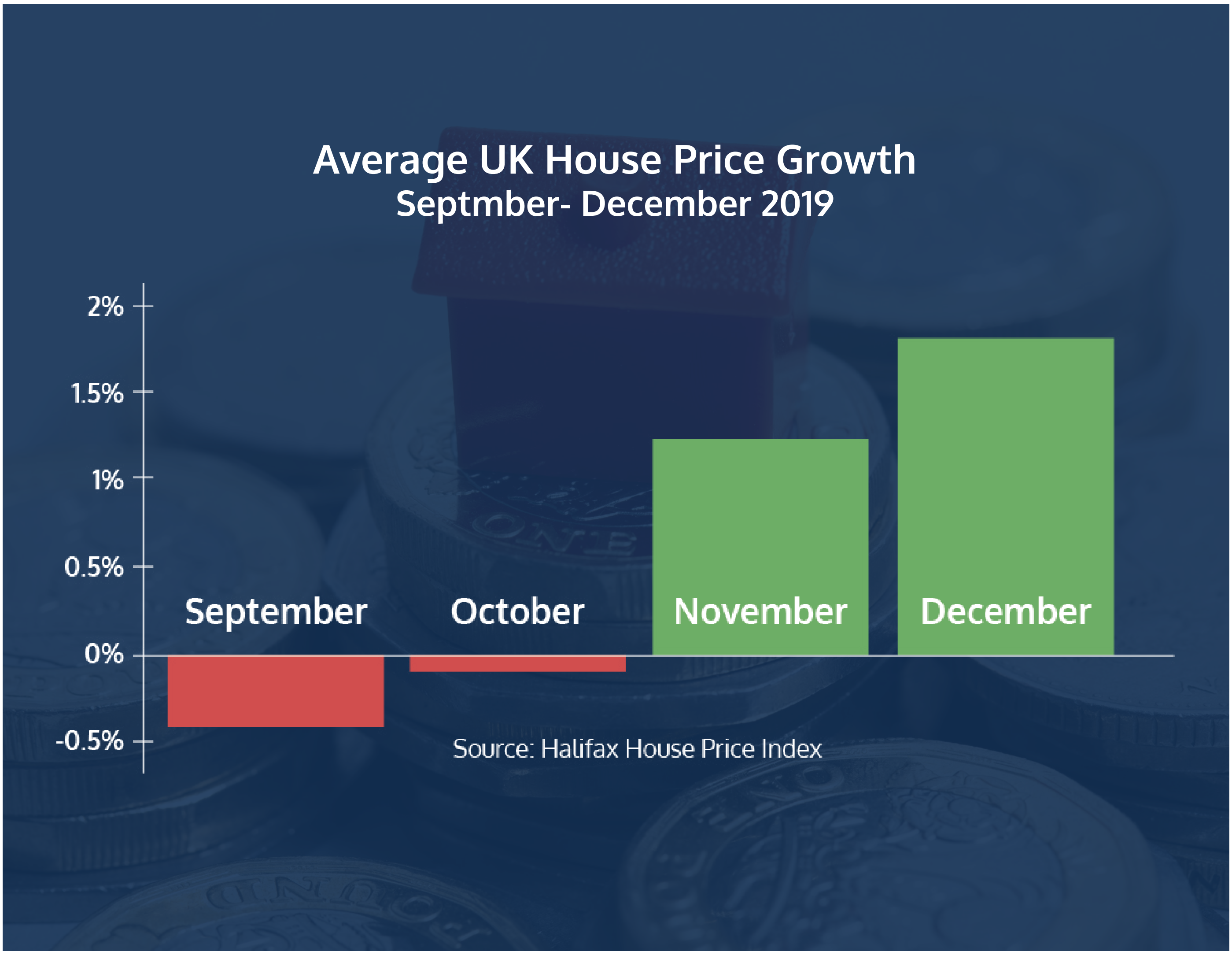
Barrett and Permission reported share price

Growth of 14% and 12%

House Price Growth

According to Halifax data, UK house prices in December reportedly leapt by 1.8% compared to the previous month, boosting the annual increase to 4%. Additional research also shows that as of January 2020, average asking prices for properties in the UK had risen by 2.3% since 12th December.

According to Rightmove, this increase has added around £6,785 to the value of the average UK property, boosting the average property price to £306,810. This increase is the **largest monthly rise for this time of year recorded by *Rightmove* since 2002.**



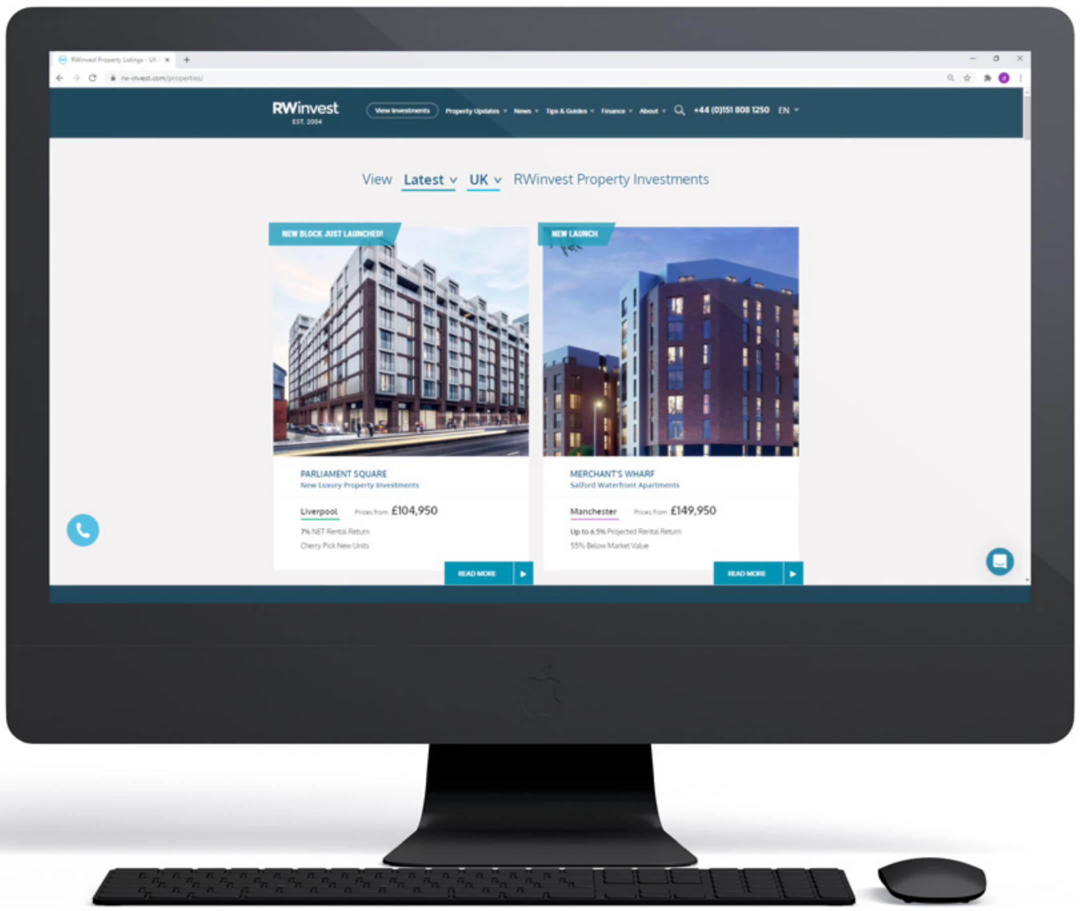
What Do the Experts Think Will Happen to Property Prices After Brexit

To offer some further insight on the possible effect that Brexit will have on property prices, we've compiled a selection of thoughts and predictions from some of the top industry experts.

What will Brexit do to the property market if there is no Brexit deal?

In July 2019, The Office for Budget Responsibility predicted that a no-deal Brexit could cause property prices in the UK to drop by almost 10% by mid-2021. However, investors shouldn't be put off by this prediction. We're now within a transition period of twelve months, which is plenty of time for a deal to be agreed. These predictions of a 10% drop in house prices also fail to specify the exact locations which could be impacted. The North West region, for instance, has remained strong over recent years in the face of stagnant or declining property markets in other UK areas.

Start your search today.



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What will happen to property prices after Brexit?

Property experts Rightmove have predicted that house prices in the UK will grow by 2% on average in 2020 due to an increase in market and consumer confidence. Much like in previous years, the North West region is expected to dominate the housing market post Brexit, while the South is likely to see less growth.

How will Brexit affect Property Investment?

Predictions from The Royal Institution of Chartered Surveyors suggest that rents in the UK will increase by 2.5% due to an ongoing gap between supply and demand in the UK property market, paired with average house price growth of around 2%. If true, this suggests that 2020 is a great year to go ahead with your buy to let investment, allowing you to purchase your investment property before it rises in value while also benefiting from attractive returns.

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Property Prices After Brexit - Key Things to Consider

There's definitely a lot to think about when it comes to property prices after Brexit. If you're considering investing in property, here are some key points to take away:

- The UK economy and property market is now in a much more stable state after the 2019 general election. If the UK and EU can agree on a Brexit deal prior to the end of 2020, confidence in the housing market will surely continue for many years to come.

- The majority of experts have confidence in the market moving forward. There was an increase in property sale prices in December 2019 compared to the previous month, and experts have predicted that property prices will continue to rise throughout the coming years.

- According to past property market patterns and expert predictions, cities in the North West region are expected to have the strongest housing market after Brexit. Both before and after Brexit, property prices in Liverpool offer the most attractive UK investment opportunities.

- Not only are house prices set to see an increase, but predictions on the housing market after Brexit also reveal rental price growth. Research by JLL suggests that along with a rise in the average property value, rental yields in Liverpool and Manchester are expected to grow by 3%, boosting the appeal of buy to let investments.

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If you still have questions on the UK property market after Brexit and you're unsure whether to make an investment, get in touch. We have experience and expertise in all things property investment and are able to talk you through our most promising investment options for 2020 and beyond.

www.rw-invest.com