

LONDON'S RESIDENTIAL PROPERTY MARKET: Crash or soft landing?

Property owners in London can breathe easy, says **Christophe Chambon**, director at **French Touch Properties**. The market has not crashed

Although it is still a little early to say for sure, it seems that the Brexit result has had a limited impact on London residential properties. So far, we have recorded just a moderate, short-term reduction in asking and agreed prices – in the region of 5 per cent on average – part of which was already expected during the summer months.

As a result of this strong demand and of the weak offer, despite the uncertainty of Brexit, the short-term impact seems to be relatively minor. Even more surprisingly, rental prices have gone up, demonstrating that foreigners have not left the capital and are still coming, as shown by the increased volume of activity we have experienced this summer.

not going to help the already massive shortage of housing, which has one sole consequence: the rise of the property market.

Our feeling is that the post-referendum fear is already fading away, with a new strong prime minister and a strong economic situation. The UK and the EU member states still need each other and it is likely that the UK exit, if it happens, will be smooth. London is a very attractive city for many reasons, not all of which are economic. The city's language, culture, diversity, education and legal frameworks will remain attractive to foreigners.

There will continue to be many other parameters that will affect the market in the longer term, however. Aspects such as tax, interest rates and the currency rate among others will be affected by the new government's policies, and the UK Government will have even more latitude to do what it would like if and when it is freed from Brussels.

One can assume, however, that everything possible will be done to support the UK property market as it is key to the country's economic prosperity and the British people have a high level of property ownership.

Even if it is not good news for everybody, especially for first-time buyers, the only rationale behind this market is that there is a massive lack in accommodation, and that is not expected to change anytime soon. ■



The reduction is primarily due to buyers using Brexit as an excuse to negotiate down prices. There are, however, fewer properties for sale, as vendors can afford to wait and see due to the interest rates set to remain historically low.

In addition, foreigners – led by the Chinese, who account for 5 per cent of the acquisitions in London – are buying massively as they enjoy a beneficial exchange rate (the sterling is at its lowest level in 30 years against the dollar, the euro and the yuan).

However, if demand remains strong at the bottom end of the market (that is, one or two bedroom flats), it has reduced at the top end, with wealthy families and investors opting for other options because of the economical uncertainty. This, in addition to the recently increased stamp duty for expensive houses, has led to strong price reductions.

Mid-to-long term

What should we expect on the medium to long term? There is already a serious cut in foreign investment, but this is

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