MPC Property Forecast 2017

Figure 1.

Media reporting on predicted house prices can be confusing and contradictory. Indeed it can be hard to know who or what to believe. So we thought it would be useful to pull together all of the property industry predictions into one place, making it easier for you to draw your own conclusions, and helping you feel better equipped to make an informed decision regarding your investment.

	2017 Forecast	Forecast Average
Outer London		
Rightmove	3%	2%
Savills	1%	
Inner London		
Rightmove	-5%	-2.5%
Savills	0%	
London (as a whole)		
Hometrack UK	2%	-1.5%
Knight Frank	-1%	
Countrywide	-1.25%	
Cebr	-5.6%	

Figure 2.

Ultimately the decision of whether or not to invest in property is yours. We hope that the information contained in the main report, and summarised here, will help address any concerns you may have.

Summary of findings

NATIONAL VIEW

National House Price Growth is expected to increase during 2017 albeit at lower levels than in previous years. Figures vary (see figure 1), but out of 12 forecasts only two believe that house prices will fall. In other words 83% of forecasts predict that house prices will rise or stay the same. The average house price increase across all industry commentators is 0.9%.

LONDON VIEW

The data regarding London's forecast is more ambiguous. Taken as a whole the forecast seems to suggest that house prices will decline in 2017. However if you separate the data a different picture emerges (See figure 2):

OUTER LONDON

Outer London is expected to perform better than the national average, with Rightmove predicting an increase of 3% and Savills a 1 % increase. This is largely because demand continues to outstrip supply.

INNER LONDON

The London Prime market – which consists primarily of property in Central London - is predicted to fall during 2017. Rightmove are predicting a drop of 5% whilst Savills expect it to remain the same, 0%.

Many headlines are focusing on the aggregated amount, painting a negative picture for the whole of London. It's useful to be aware of the difference between aggregated forecasts and detailed inner/outer London forecasts when making your decision.

Short Term vs. Long Term

Where longer forecasts are given it is interesting to note that although the housing market will take a hit in 2017, it is expected to recover relatively quickly (see figure 3). Once the market has recovered, London (as a whole) is predicted to have a higher annual rate of growth than the rest of the UK as per normal (See Cebr data in the main report for further details).

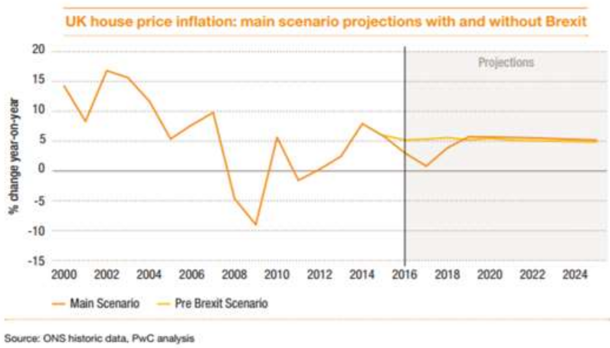

Figure 3. Data Courtesy of PWC

Executive Summary

by **Eyeedul Haque**

The issue of Brexit is, unsurprisingly, making would-be property investors very nervous. The level of uncertainty is breeding fear, but fear can be an investor's friend. As Warren Buffett once said "Be fearful when others are greedy, and greedy when others are fearful", an ethos that has served me well over the years.

Of course all investments have risks, and property is no exception, but there are good reasons why I think the London property market remains a good bet, despite the scare-mongering:

- There's a severe lack of supply, and high demand - a situation that is unlikely to be resolved any time soon.
- Large Infrastructure initiatives such as Crossrail 2 create new up-an-coming areas to invest in.
- Current market uncertainty means sellers are nervous and are more likely to accept below asking price.
- Mortgage rates are very low.
- Large corporations such as Google and Apple placed confidence in London by announcing their intention to build their European HQs here.

I hope you find this summary useful. As always, please do get in touch if you want to chat, or would like to see the main report.