

CoreNet Global & Hochschule Fresenius Heidelberg present:

MaSTERTALK ReAL ESTATE

The new online real estate seminar series from CoreNet Global and Hochschule Fresenius Heidelberg

12/01/2021

MasterTalk #10

BREXIT AND THE UK

PROPERTY MARKET?

What can real estate professionals and investors expect?

Speakers:



Hela Hinrichs
Senior Director
JLL EMEA
Research
Hamburg



Patrick Morrissey
Principal
Avison Young Ltd.
London





CoreNet MasterTalk: Brexit and the UK Property Market

12th January 2021

Hela Hinrichs
EMEA Research & Strategy



What does BREXIT mean?



Some examples:

	EU-UK Trade and Cooperation Agreement	EU Member
Zero tariff & quota for goods	✓	✓
Right to work, study, live in another EU country	?	✓
Financial services passport	✗	✓
Easy recognition of professional qualification	✗	✓
Visa-free travel (beyond 90 days)	✗	✓
Access to Erasmus	✗	✓
Access to Next Generation EU, SURE	✗	✓
Benefit from EU's international agreements	✗	✓
Energy trading platforms	?	✓

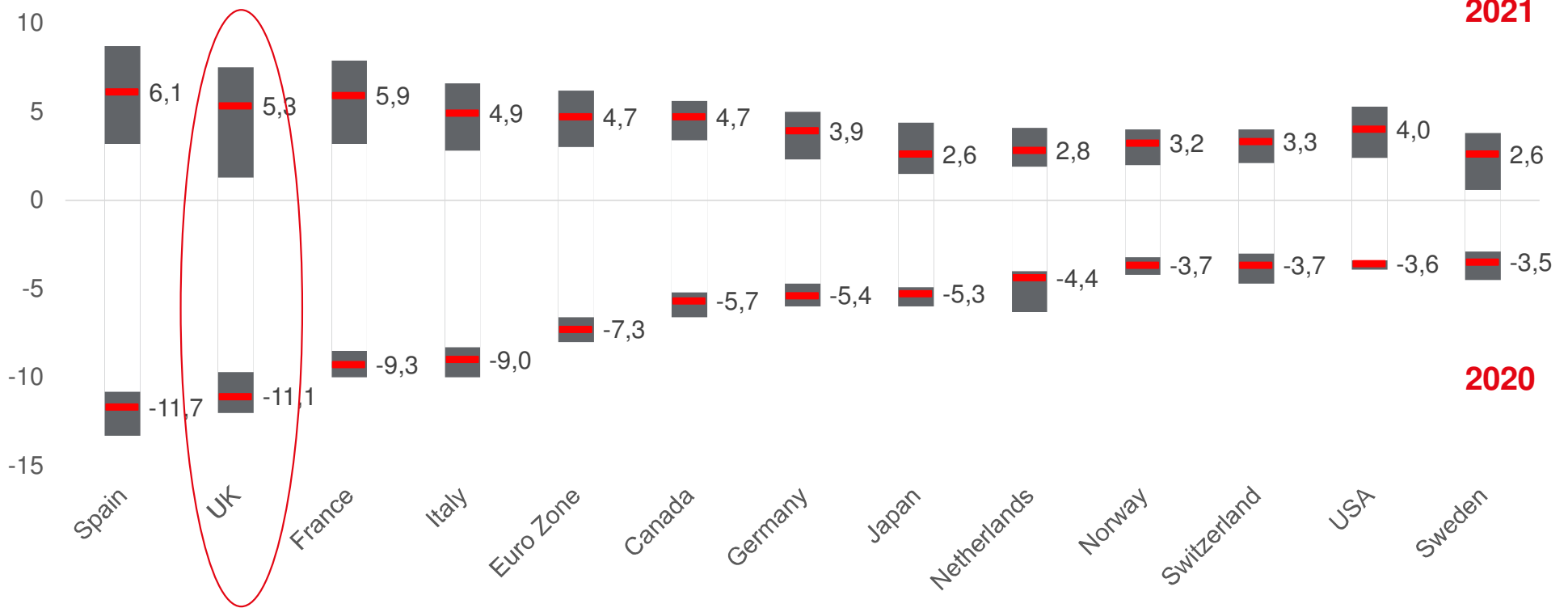
Source: EU Commission, Dec. 2020

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Second COVID-wave will slow economic recovery in 2021



GDP forecasts (range and median; % YoY)



Source: Consensus Forecasts, December 2020.

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Multi-speed recovery led by COVID-19

There will be no one-size-fits-all rebound across EMEA



- Weaker pandemic management
- Earlier end to fiscal support programmes
- Greater scarring (unemployment)

- Better pandemic management
- Longer running fiscal support programmes
- Less scarring



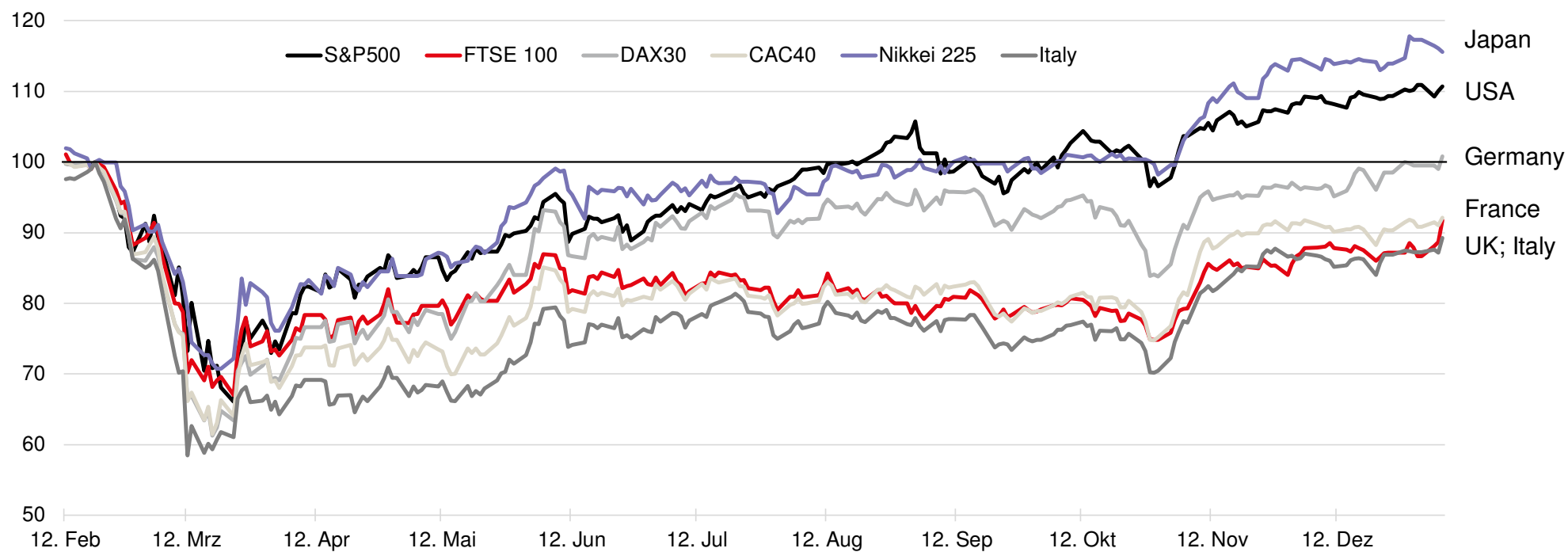
Source: JLL

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Not only UK stock indices lag recovery



Global Equity Indices
(19/02/2020 = 100)



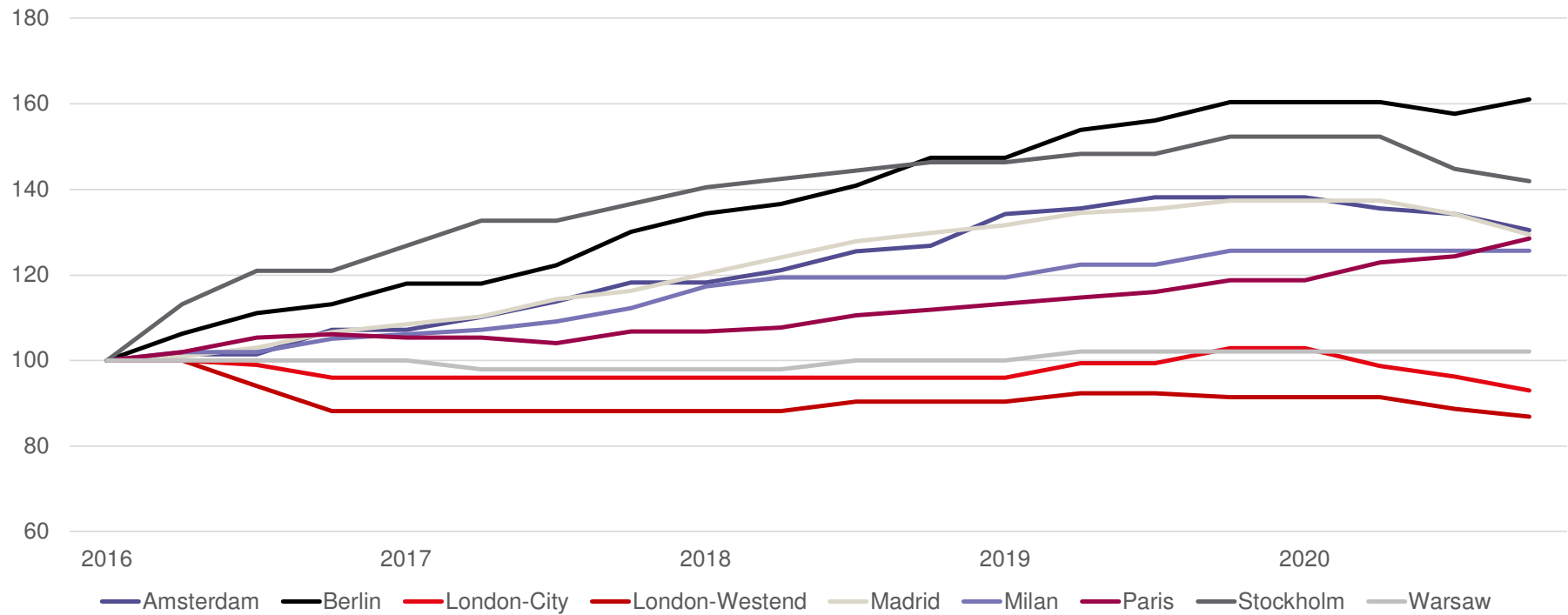
Source: Refinitiv. Data to 06/01/2021

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Other European cities show stronger office rental growth

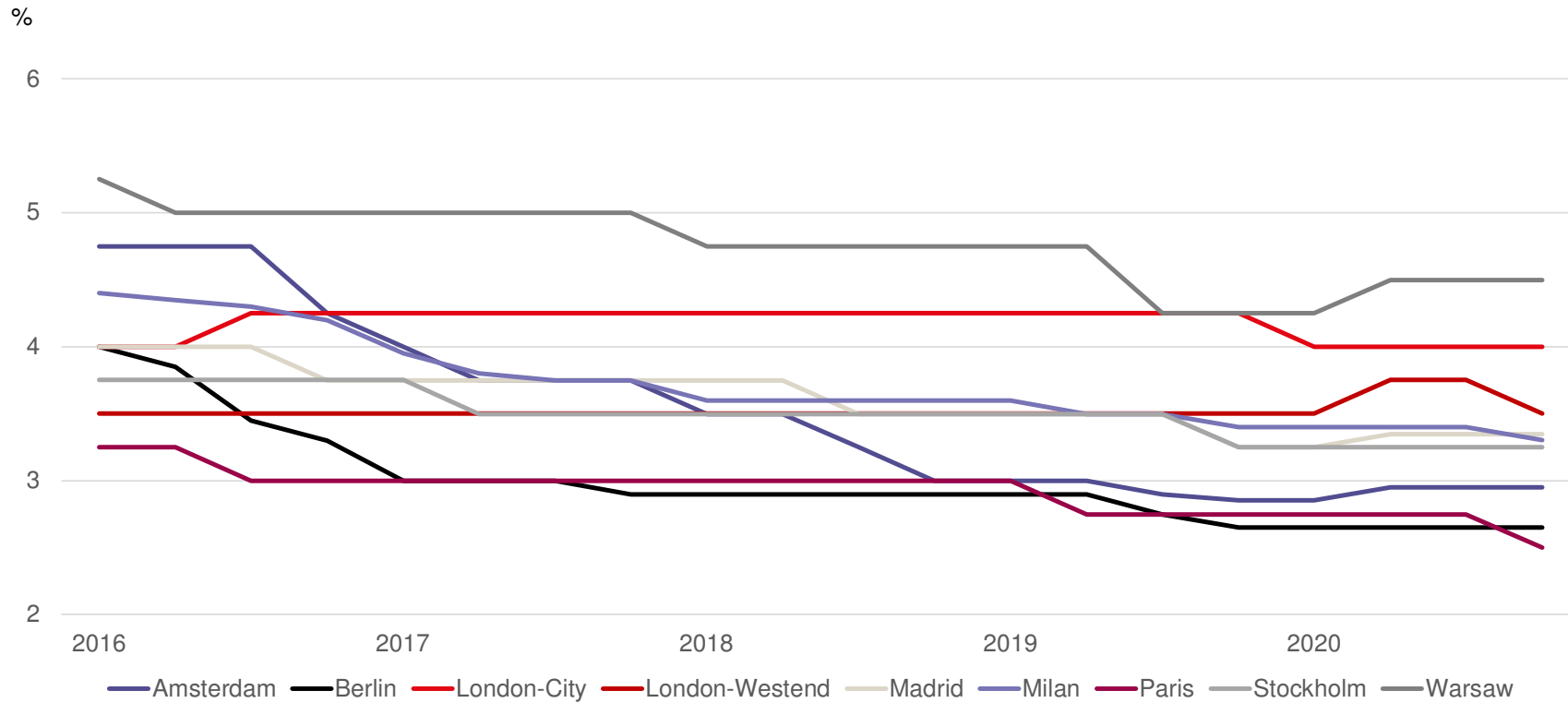


Net-effective office rental index Q1 2016=100



Source: JLL
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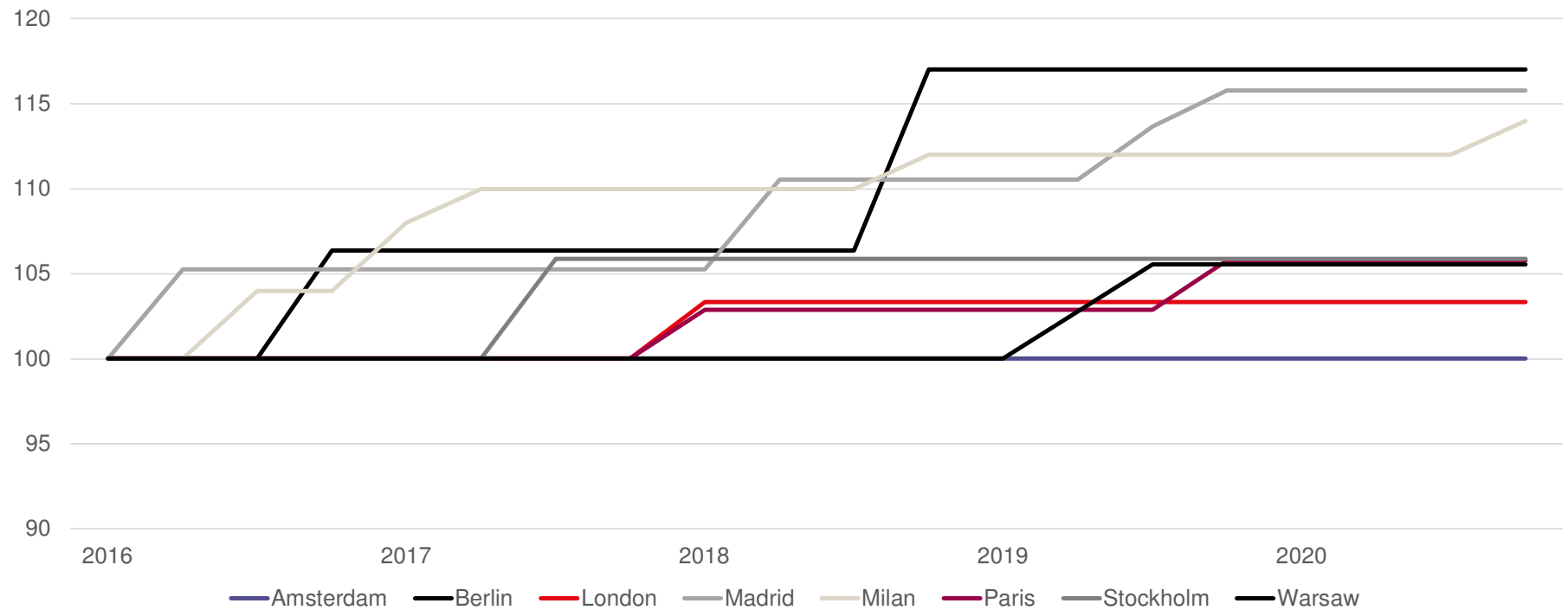
London offers more attractive office market pricing



Source: JLL
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Moderate logistics rental increase outside the UK

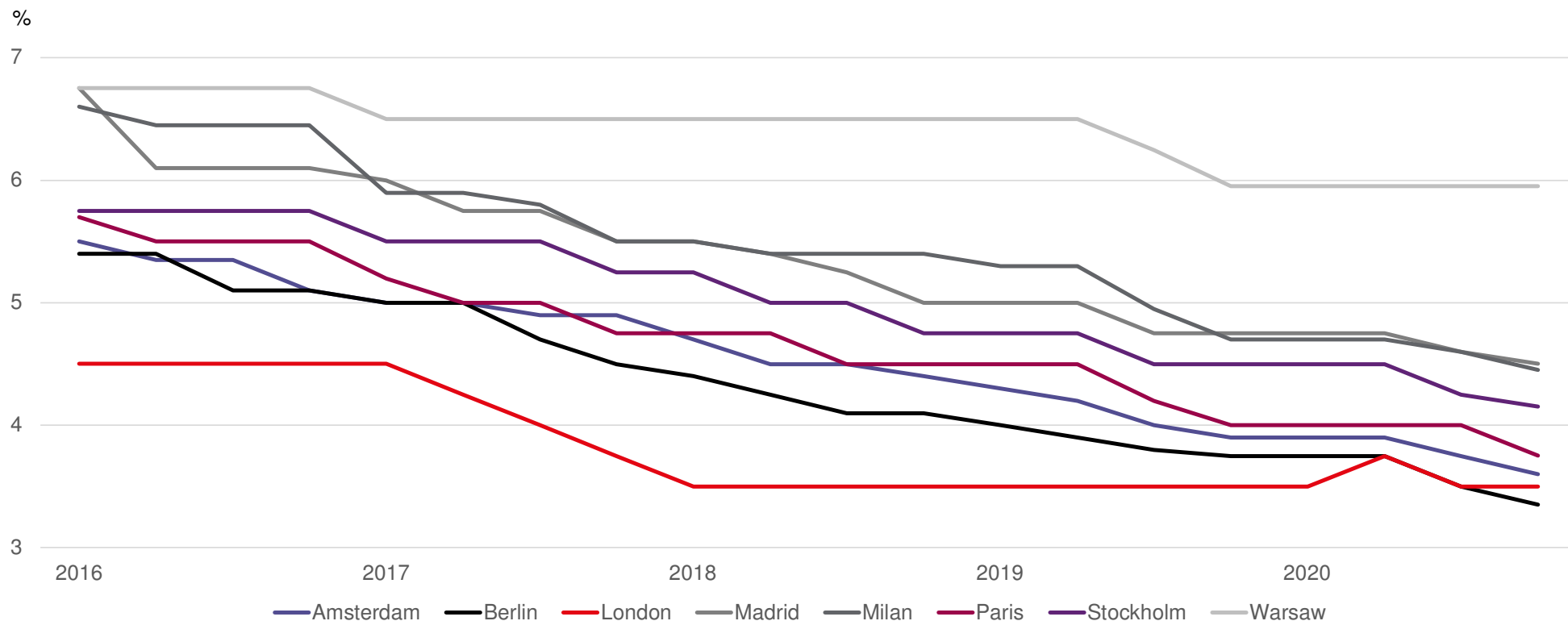
Prime industrial/logistics rents indexed Q1 2016=100



Source: JLL

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London's prime industrial/logistics yields lowest in Europe

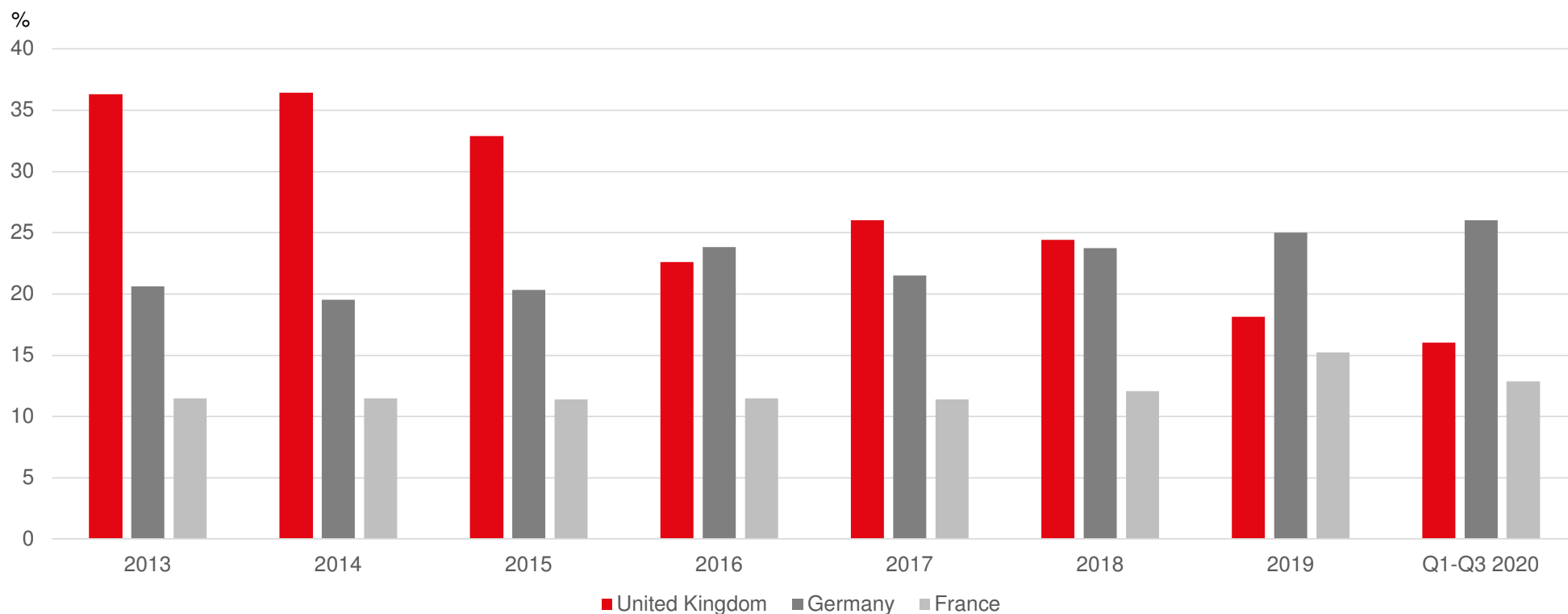


Source: JLL
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UK's investment share declined over recent years



Direct commercial real estate investment volumes in % of total EMEA



Source: JLL

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Brexit: UK Real Estate sector impact



Sector	Brexit-Impact
Offices	Limited direct impact, financial services impact already priced in
Logistics	May change port requirements and supply chains
Retail	Mostly neutral, some supply chain impacts possible
Living	Mostly neutral
Hotels	Mostly neutral



Access to talent could be a challenge for corporates across all sectors, however previous concerns about Brexit and it's implications is now dwarfed by COVID related challenges

Source: JLL

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Danke für Ihre Aufmerksamkeit

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