

Welcome to 2014!

Here is a brief snapshot of what the year ahead may hold for owners, investors, landlords and tenants/assignees across the London, UK and Manhattan markets....

"2014 Forecast Edition"



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Strong Start To 2014

Residential Real Estate Growth Set to Continue

There are many pundits and soothsayers in the world of property. These range from the conventionally dull (albeit solid) UK government (ONS), to the centrally focused agents (the Knight Frank/Savills crowd) to the unlikely racy Nationwide! You takes your choice!

Averaging it all out, net-net, London house prices were up 13.5% and UK house prices across the board, up 6.25% by year end 2013.

This trend is set to continue through 2014.

Headline Numbers Forecast for 2014:

- London House Prices: Up +5.25% (5 Year to 2018: Up +22%)
- UK House Prices: Up +7.75% (5 Year to 2018: Up +24.5%)

- London & UK Residential Rents 2014: Up +2%

UK house prices are set to start catching-up with the London led growth seen in 2013, as expected. The pace of growth across London as a whole is set to slow as a general observation.

Notwithstanding, there will be strong pockets of growth in specific London and Greater London neighborhoods, in Curzon's view. We also expect to see continuing strong growth in a number of prime South East locations.

We anticipate enhanced growth in a number of specific residential sectors including the "Private Rental Sector" (PRS) as a whole, student housing and in the serviced and short-term housing markets throughout 2014. Cherry-picking will be the key!

Rents will gradually pick-up in 2014 but will remain patchy. Importantly rents are set to keep pace with inflation for the first time in many years at around 2%.

Source: Curzon, KF, Savills, Nationwide, ONS

Commercial Property Market Recovery in 2014

Prime Offices, Logistics, Warehousing and Shopping Centers Lead; "Death of the High Street" Sadly Set To Continue

One size does not fit all so not too surprisingly there are precious few forecasts around (in fact we haven't seen any!) What there are though are trends.

We have selected a few lead ones here and commented on their likely trend for 2014:

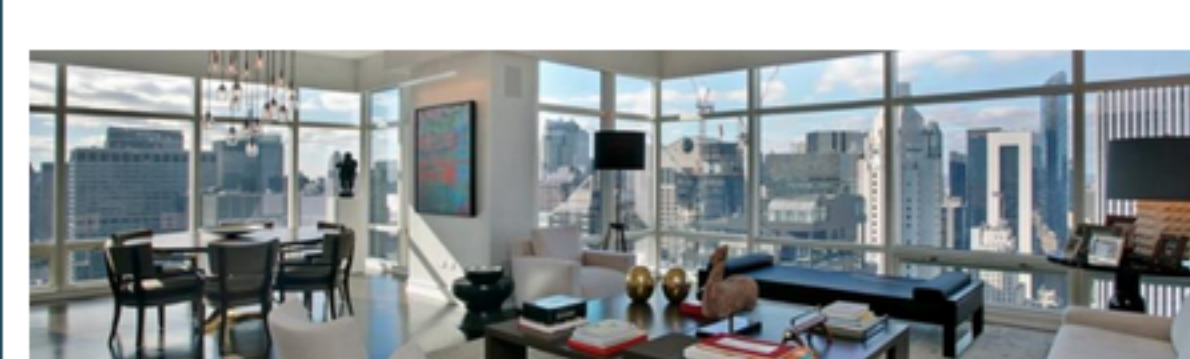
- West End Prime Offices: Rent £85+psf / Yield 3.5% STRONG
- City Offices: Rent £50+psf / Yield 4.75% STRONG & IMPROVING
- High Street Retail: Yield 4.75% WEAK (excludes Prime London)
- Shopping Centers: Yield 5.00% STRONG & IMPROVING
- Retail Warehouses: Yield 5.00% STRONG & IMPROVING
- Industrial Distribution: 6% STRONG & IMPROVING
- Regional Hotels: Yield 6.75% IMPROVING

There are over 13 different commercial property sub-sections, depending on which data-source you select. There are also huge regional differences. As a general statement London and the South East are the performance hubs in most sectors.

Between 2007 - 2012, UK economic growth rose by 8.5% adding £1,383bn in 2012. Of this London grew by 15.4% (+£309bn) and the South East by +11.3% (+£203bn).

Combined London and the South East accounted for 37% of UK economic growth in 2012.

Source: Curzon, GVA, Savills, FT



Manhattan Market: Prices Rise Further in 2014

Inventory Shortage and Strong Stock Market Dives Market

Manhattan house prices are up +7% on a year ago and will continue to rise in to 2014.

The Manhattan residential market is driven by two sources - the New York financial sector and the US economy. The US Stock Market had a record year in 2013, up 30% and broke the 16,000 barrier. The US economy is in strong recovery mode up 2% on a year ago and up 4.1% last quarter.

However there is also a huge shortage of "inventory." There is 54% less stock now than at the peak in Q1:2009 and this is also driving prices up.

New developments are performing particularly well with a 19% increase in prices in 2013, almost double the rate for Manhattan as a whole. Further strong growth can be expected in 2014.

Source: Curzon, FT, NYC Housing Data

Curzon Investment Property: *london : new york : sydney*

Curzon Relocation: *london : uk : europe : global*

Please contact us directly for further information.

Sincerely,

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In This Issue

[Strong Start To 2014](#)

[Commercial Property Market Recovery in 2014](#)

[Manhattan Market Prices Rise Further in 2014](#)

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