

REAL ESTATE

Real estate expected to weather the Brexit storm comfortably

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While many are concerned over Brexit's implications, real estate is expected to do just fine; Image: Park Crescent overlooking Regent's Park, London

By DANNY PARISI

While Brexit has sent large segments of the business world into frantic speculation over what the future will bring, real estate is one area where things are not necessarily looking so grim.

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Demand for housing in the United Kingdom is still high, and while the initial shakeup of the industry may make a dent, some experts believe that real estate should fare just fine in the future. Nevertheless, these predictions hinge on the exact terms of Brexit once it is in place.

"I believe that the U.K. property market will cope well in the short term (over the coming six months or so) with Article 50 being triggered," said Jean Liggett, founder and managing director of real estate investment agency, [Properties of the World](#), London.

"Many experts predicted that the housing market would crash after the European Union referendum in 2016 and their fears proved unsubstantiated," she said. "Although we've seen a cooling off of the prime London market, the U.K. overall has continued to enjoy property price rises.

"While the outcome of the referendum came as a shock to many, the triggering of Article 50 has been planned for months, so the shock factor should be eliminated in terms of the housing market's reaction."

Tempering expectation

The U.K.'s decision to leave the European Union sent shockwaves throughout the world. Politically, it was a contentious move, and many businesses and industries immediately began working through and predicting the potential consequences.

For many industries, this has led to some consternation, as the lack of free trade between other European countries and Britain could weaken the country's competitive power.

But not every prediction has been so apocalyptic. For the real estate industry, this move is not something to tear hair out over.



Demand for real estate in the U.K. is still high

"U.K. investors will continue to invest in the domestic property market. We've seen huge amounts of activity from investors over the last 12 months and we expect this to continue," said Russell Midgely, director of [Aspen Woolf](#), London.

"We still have a huge housing crisis across the country and I believe the next two years will be very strong indeed. Investors in the U.K. will choose to invest in their own country instead of buying overseas largely because of the weak pound, which would leave them out of pocket," he said.

"I think we'll see a slight slowdown in foreign activity, especially over the coming weeks whilst there is uncertainty again. However, we think the current environment is perfect for foreign investors looking to cash in on the weak pound."

As demand for housing in the U.K. remains high, British businesses and investors are likely to continue pouring resources into real estate, especially among high-end properties.

Supply and demand

Despite the confidence emanating from the real estate industry, other luxury sectors are still rightly concerned about the potential impact of Brexit.

Many of these sectors are the ones that rely most on international commerce, such as the British automotive industry.

The Society of Motor Manufacturers and Traders has issued a statement calling for the U.K. government to come up with a plan to safeguard the country's auto competitiveness. With Brexit now fully underway, U.K. luxury automotive brands will face fiercer competition from European counterparts ([see story](#)).

All of these predictions are now coming to the fore since Prime Minister Theresa May enacted Article 50.



British luxury real estate will likely not be affected heavily by Brexit

Nearly a year after a U.K. referendum came out in favor of a break up with the E.U., the country is officially in negotiations to end its four-decade relationship with the union. While Brexit has been invoked, the U.K.'s parting of ways will be a two-year process, with the nation leaving the alliance in 2019 ([see story](#)).

"The U.K.'s significant shortage of housing stock is unlikely to disappear anytime soon," Properties of the World's Ms. Liggett said. "That shortage in supply will continue to push up both purchase and rental prices.

"The U.K. is the 5th or 6th largest economy in the world, depending on which data is cited,

and is a key nation for foreign inward investment," she said. "It is also a safe, stable business environment where institutions operate within a rule of law.

"When the U.K. exits the E.U. in 2019, this is unlikely to change."

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