

## EU REFERENDUM: ONE YEAR ON

In the year that followed the 2016 EU referendum result, the potential impact of Brexit has been a key question for the UK's community of property investors. Owing to property's historic strength and desirability as an asset class, the UK residential real estate market has proven resilient following the referendum result, with average property prices reaching a record high of £220,094.

In order to provide UK property investors with timely insights to inform their investment decisions, MFS has released a series of research reports charting investor sentiment towards property as an asset class and analysing the most significant political and economic developments to impact the market.

The timeline below profiles the key political and economic events that have shaped the UK's investment landscape in the momentous 12 months since the historic EU referendum



**June 2016**

### EU referendum result: David Cameron resigns as Prime Minister after the UK opts for Brexit

Following the historic decision to leave the European Union, David Cameron announced that he would be stepping down as Prime Minister after six years in 10 Downing Street. While the EU referendum result resulted in initial market volatility, the economy quickly recovered, with GDP rising by 0.7% in Q4 2016.



**July 2016**

### Theresa May becomes Prime Minister

Theresa May was officially appointed as the new Prime Minister on 13 July after a swift victory in the Conservative leadership contest. Thereafter, Prime Minister May appointed Philip Hammond as the new Chancellor of the Exchequer and Gavin Barwell as the country's new Housing Minister.



**August 2016**

### Record low interest rates set by the Bank of England

In response to an initial period of uncertainty and adjustment following the referendum result, the Bank of England's Monetary Policy Committee voted to cut interest rates from 0.5% to a record low of 0.25%.



**November 2016**

### The 2016 Autumn Statement

In his first fiscal statement as Chancellor of the Exchequer, Philip Hammond delivered a budget that committed the Government to a series of housing initiatives:

- £2.3 billion fund to deliver infrastructure for up to 100,000 new homes in areas of high demand
- A new ban on letting agent fees
- A series of new measures enabling greater housebuilding on public sector land



**January 2017**

### Lancaster House Speech

After much scrutiny, the Prime Minister set out her priorities for Brexit negotiations in a speech at Lancaster House, declaring that Britain would leave the single market, and pursue a unique free trade agreement with the EU.



**February 2017**

### Housing White Paper

On Tuesday 7 February, Secretary of State for Communities and Local Government, Sajid Javid, presented the Government's highly anticipated Housing White Paper – a strategic framework aimed at ensuring the nation's housing supply is able to meet future market demand. Its key proposals included:

- Measures enabling developers to start building within two years of securing planning permission
- A new £3 billion fund to help small builders deliver more homes
- A series of new incentives for the build-to-let sector
- Protections for the green belt



**March 2017**

### The 2017 Spring Budget

Preceding the scheduled triggering of Article 50 by the Prime Minister, Philip Hammond delivered a rather cautious budget, keen to stress the need for the Government to pursue an agenda that delivered stability and clarity for UK investors and businesses. Despite this, a number of key issues were overlooked in the Chancellor's speech, including reform to the additional Stamp Duty levy charged on second property purchases



**March 2017**

### Article 50 triggered

On 28 March, Prime Minister May signed a letter formally informing the European Council of the United Kingdom's intention to leave the European Union.

The following day, this letter was handed to European Commission President Donald Tusk by the UK's EU ambassador, Sir Tim Barrow, thereby beginning the two-year Brexit negotiation period.



**April 2017**

### Theresa May calls snap General Election

Hoping to expand the Conservative Party's majority in the House of Commons, Prime Minister Theresa May announced a snap General Election.



**June 2017**

### 2017 General Election result

After a six-week campaign, the 2017 General Election resulted in a surprise hung parliament. As opposition party, Labour increased the overall number of seats it held in Westminster, resulting in the Conservative Party forming an arrangement with North Ireland's Democratic Unionist Party to rule as a minority government.



**June 2017**

### Official Beginning of Brexit Negotiations

Official negotiations between UK Brexit Secretary David Davis and EU Chief Negotiator Michel Barnier commenced on 19 June, with a timetable for Brexit negotiations agreed upon.



In the 12 months that followed the EU referendum, the UK's property market has remained resilient, buoyed by robust demand for residential and commercial real estate. Now that official Brexit negotiations are underway, the onus is on the Government to take a progressive approach, further strengthening the nation's property market at this critical juncture. With rental prices forecast to rise by 20% over the next five years, MFS research recently revealed that almost two fifths (37%) of investors currently view buy-to-let as an attractive investment option.

Through the course of the Brexit negotiations, MFS will continue to release a series of timely research reports to support property investors with insights into the latest political and economic events set to impact investment decisions in the period that lies ahead.