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Market Context

We operate in a rapidly changing environment. By understanding key trends, we can take advantage of opportunities as they arise and act quickly to reduce risks to our business where necessary.



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Market Context continued

UK Macro Analysis

The UK economy saw GDP increase 0.1% for the year, down from 4.3% in 2022. However, there is expected to be an improvement in 2024, with real GDP growth of 0.7% projected¹.

Stubborn inflation, which had reached as high as 10.5% in 2022 ended the final quarter at 4.0%, as price pressures slowly began to ease.

The macro-outlook is set to improve through 2024 despite high interest rates, with the Bank of England policy rate at 5.25% and with the Base Mortgage Rate (BMR) ending the year at 6.75%.

Whilst real estate markets have softened, particularly the commercial office and inner-city retail sectors, the UK residential market has remained resilient, specifically the central London market, where long-term undersupply issues have helped insulate the sector.

This has been further supported by the number of homeowners with historically low mortgage rates, which has helped limit the number of secondary homes coming to market.

With annual deliveries continually falling short of the government's 52,245 per year target rate, the long-term fundamentals appear intact².

This is reflected by the strength of the leasing market which has continued to see rental values grow, reflecting the tight levels of supply and sustained occupier demand.



1. OECD; 2. The Greater London Authority.