
UK ELECTION: TRANSACTIONS ON HOLD UNTIL RESULT IS CLEAR

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Uncertainty created by the UK election has forced real estate transactions to be placed on hold pending the outcome.

With voters taking to the polls throughout Thursday, those engaged in negotiations on UK property deals have been reporting the suspension of talks in recent days until the result becomes clear.

London transactions as well as those outside the capital have been affected.

Alexander Fischbaum, founder of London-based AF Advisory, is among those with direct experience of delays.

Papers on a purchase transaction his company has been working on were pulled by the vendor.

'Many vendors and buyers have stayed on the sidelines until the election result is clear,' he said.

Real estate professionals suggested a majority win by the Conservatives would be the most popular outcome, although Brexit doubts would again creep in during 2020.

Zachary Gauge, real estate analyst at UBS-AM Real Estate and Private Markets said ahead of the result: 'As far the election goes, if the Conservatives are able to win a majority we would generally see that as a positive for the UK property market in the short-term and we may see a bounce back in investment activity in 1H20, particularly in Central London.

'But the clock will start ticking very quickly towards end-2020 when the transition period comes to an end, and based on the experience of the previous three and a half years it's very difficult to see how all the details of the future trading arrangements can be tied up within 11 months. So it may not be long until uncertainty comes back to dampen the market, whilst economic growth is also expected to be subdued as business investment will still lack the clarity which is required to make long term investment decisions in the UK until all those finer details are tied up.'

By Thursday afternoon, there was still a possibility of a hung parliament – an outcome unpopular with many. UBS' Gauge said, 'Unfortunately this is only likely to bring about further uncertainty on both the domestic politics side and the arrangements which will dampen investment activity well into 2020.'

Some such as Fischbaum believe a Labour government would be a particularly damaging outcome. 'The majority of investors, lenders and asset managers I spoke to in every sector, not only property, want the predictable rule of law and continued and unfettered ownership of assets in line with current rules and regulations. Labour's nationalisation proposals are in complete contradiction to these basic principles.'

A broker from one of the prominent agents who preferred not to be named, said, 'I should have a couple of deals going through depending on how tonight goes. They will have been done by the end of next week - or not, if we've been "Corbyned"'.

Will Scoular, co-head of origination at Investec Structured Property Finance, provided the real estate lender's view on the exit poll: 'Brexit uncertainty has been an impediment to UK economic momentum since the referendum. A Conservative majority will likely relieve some of this as the UK Parliament then passes Mr Johnson's Brexit deal, allowing Brexit by 31 January 2020.'

'Uncertainty will not, though, be eliminated as questions over the UK's permanent trading relationship persist. Still, the removal of some of the Brexit fog should help lift business investment, UK growth and with it housing activity too.'

By 10.30pm exit polls predicted the Conservatives could be on track for a big majority.