

Will Brexit impact the UK property market?

Following the vote of the electorate to leave the EU, the UK faces a period of uncertainty but is also presented with an opportunity to shape the future of the country independent from EU rules and regulations.

The UK property market is tied closely to the overall performance of the UK economy. A fall in the stock markets and devaluation of the Pound effect the stability of the property market. Following the decision to leave the EU investors will, understandably, continue to be cautious or even cease investing altogether whilst uncertainty prevails. Reduced liquidity in the financial markets may affect business operations and, in the case of retailers, may lead to difficulties to meet rental payments.

Nobody can predict the future with certainty but it may be worth reminding ourselves why the UK property market is, and will remain, a safe haven for investments for UK and overseas investors:

- the UK has a democratically elected Government and has not been subject to a successful foreign invasion since 1066;
- historically, property prices, both commercial and residential, have risen over the long term and have outperformed most other asset classes in terms of investment returns;
- there are no restrictions on overseas investors owning property in the UK;
- the UK tax system which applies to properties is fair and transparent;
- title to property, once registered at the Land Registry, is guaranteed by the UK Government;
- English contract law and property law is reliable and enforceable by UK entities and overseas investors alike without restrictions; and
- the Pound is not tied to the Euro and therefore will escape currency fluctuations arising from economic forces in the Eurozone.

All these considerations will continue to apply however the UK's relationship to the EU develops.

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