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Your Property: Boom or Bust?

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Market conditions are good with healthy demand.

Prices are increasing in a number of desirable locations, but that cannot be said for the whole of the UK.

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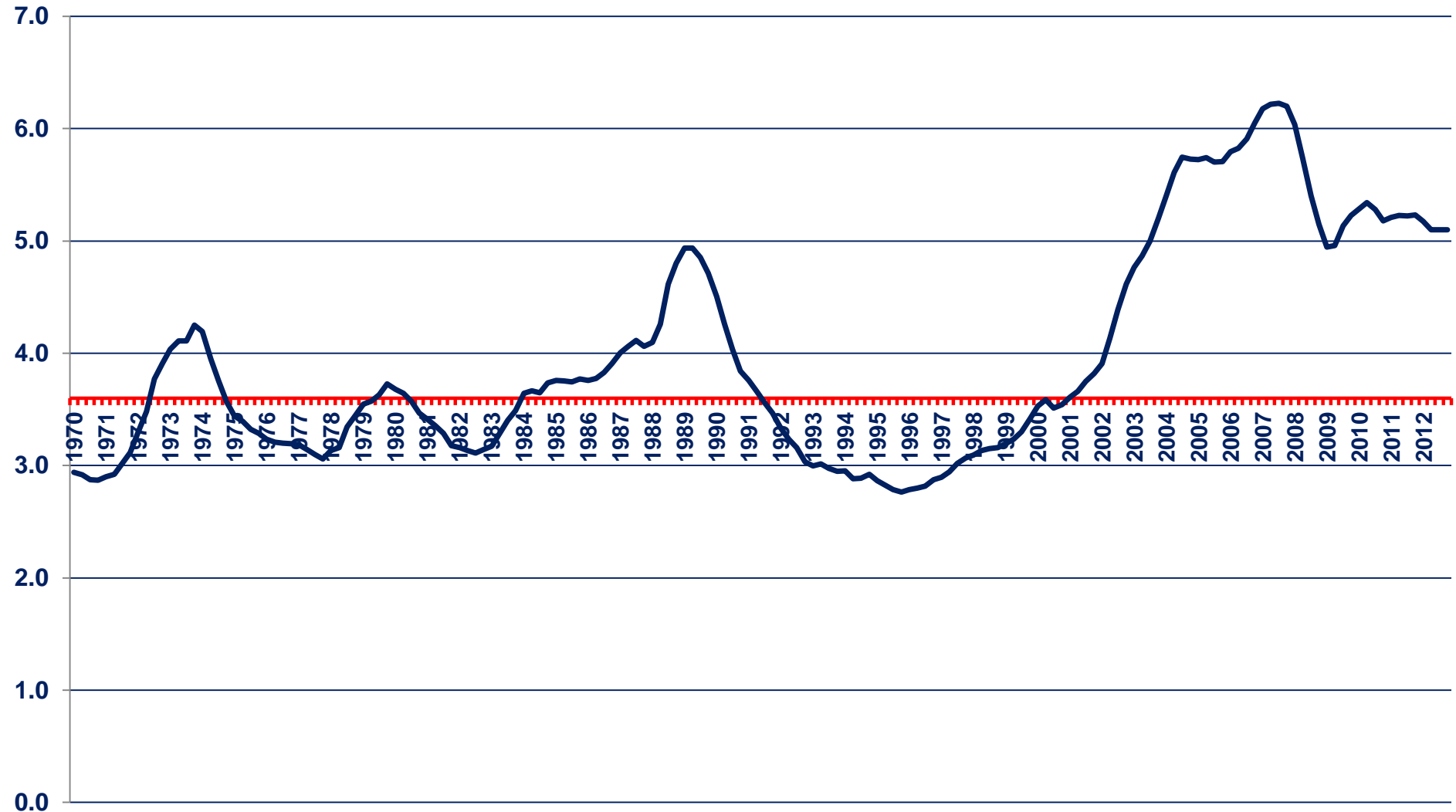
The Views and Opinions expressed are strictly my own and must not be attributed to either John D Wood & Co. or Countrywide.

Affordability

- Who can afford property?
- Lower prices help three times as many people
- Two tier market with record prices in London

House Price to Earnings Ratio

(ASHE and Nationwide from Capital Economics)

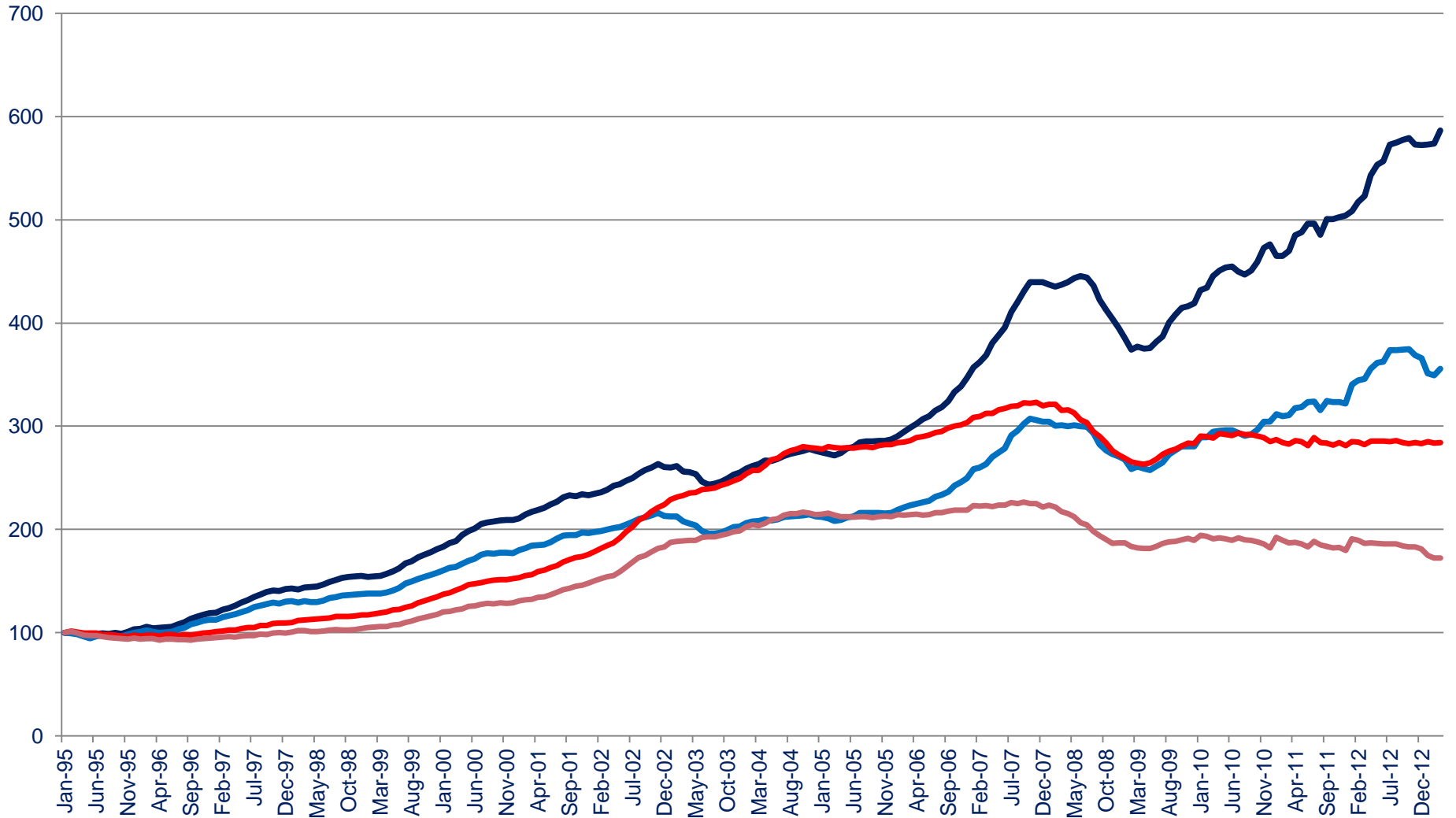


Intervention

- Government cannot allow 'correction'
- Must do something ...
- Print money and support house prices
- Why? Circa 70% of loans against property
- What next?
- A tale of London and the REST...

Kensington and Chelsea versus South West

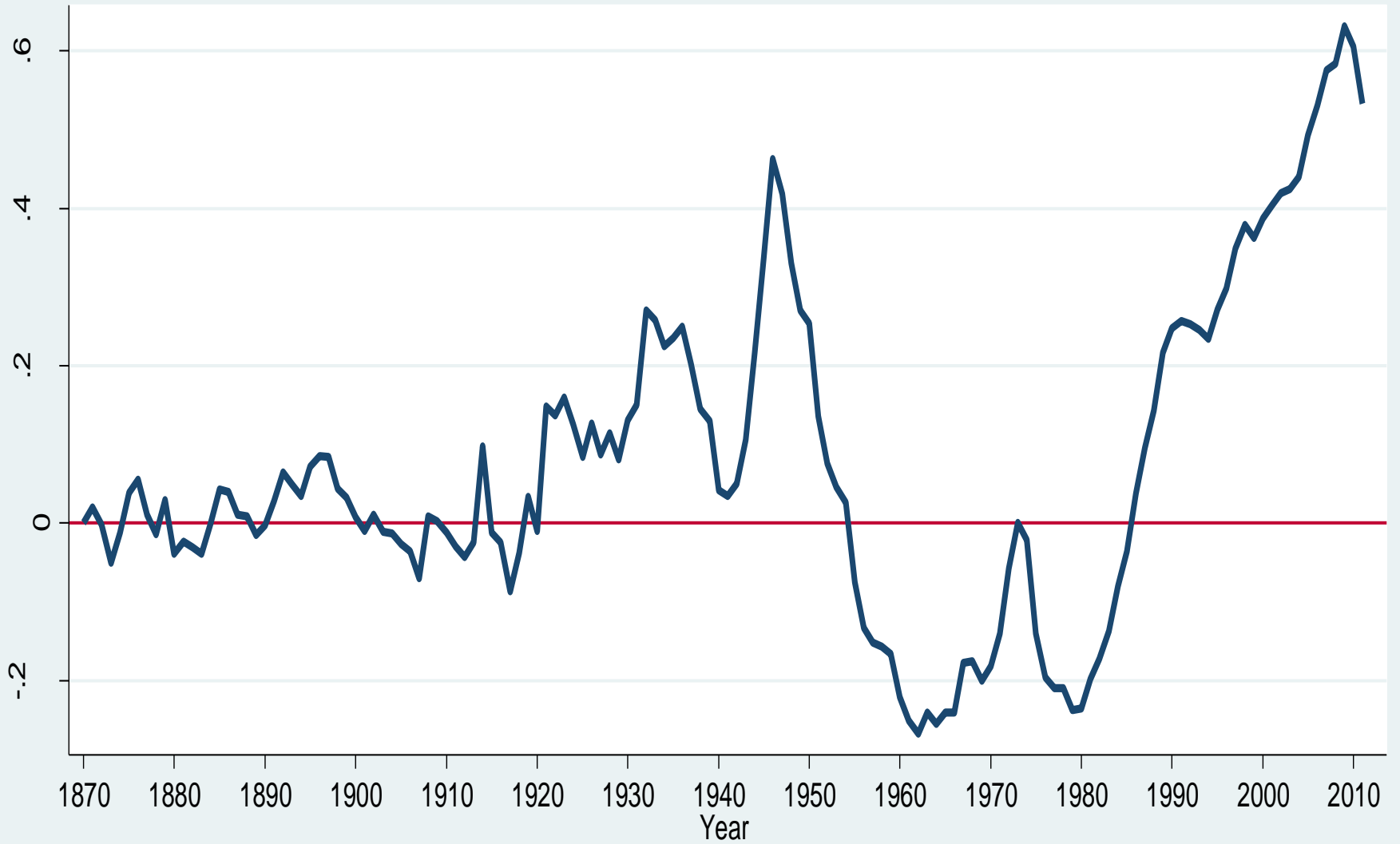
— K & C — K & C deflated — SW — SW deflated



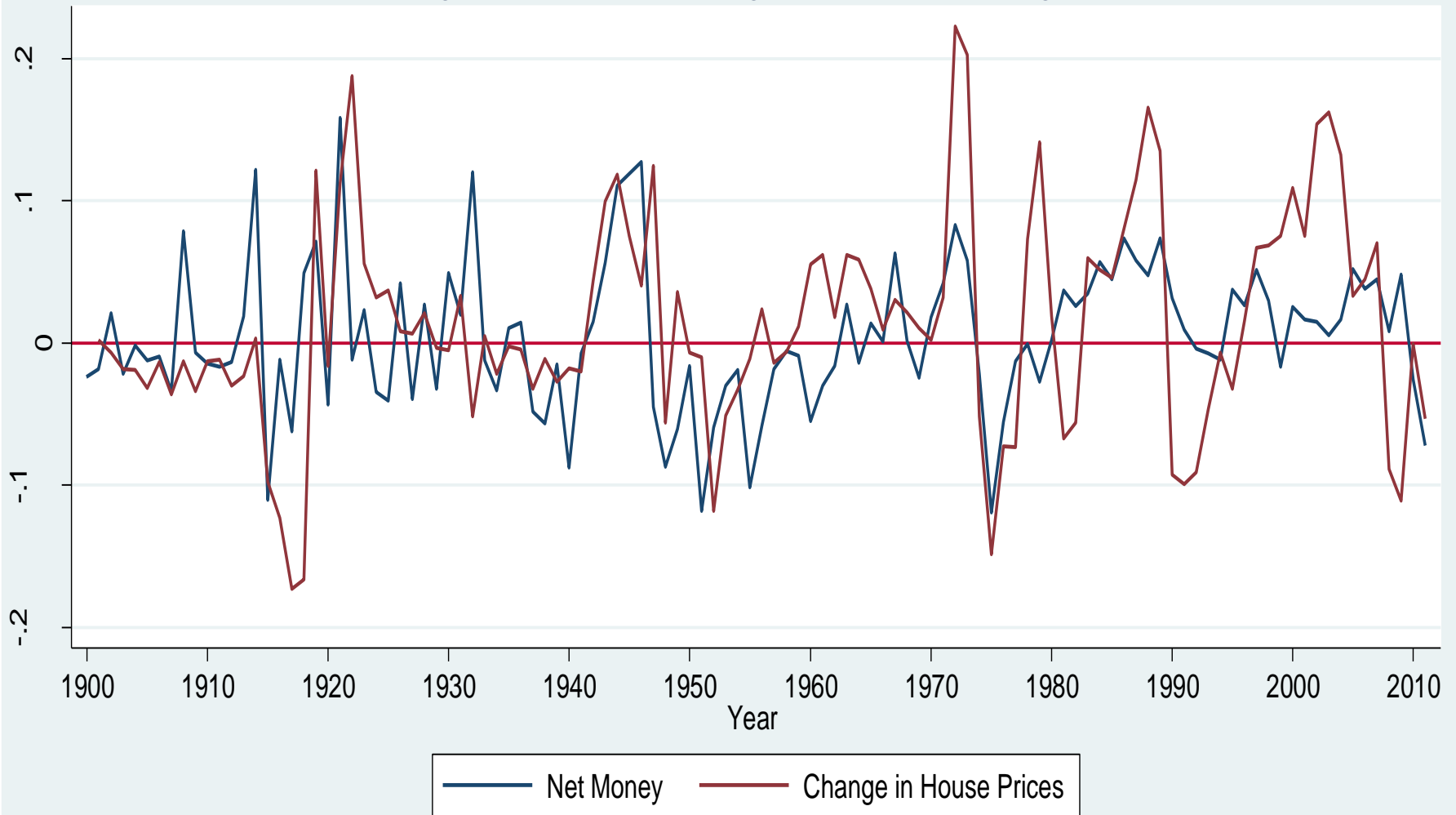
The Future

- Nominal house prices to increase
- Real prices will eventually revert

Cumulative Net Money in the UK Economy from 1871 to 2011



Annual Change in House Prices against Annual Change in Net Money



Deleveraging

- Rise in Wealth Taxes
- If rents continue to rise
 - rent controls?
- Further QE
 - Sterling will weaken
 - effect upon London?

Conclusion

- BOOM in nominal
 - However, think in 'real' terms...
 - Never underestimate the Government, they control the printing press
- “Printing money is the last resort of bankrupt governments”, George Osborne*

Personal View

	2013			2014
Average House Price in:	Q2	Q3	Q4	Q1
UK	£166k	£167k	£163k	£161k
South West	£189k	£190k	£186k	£184k
London	£319k	£322k	£315k	£312k
Westminster	£785k	£810k	£790k	£760k

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Thank you