

Elections and Recessions And how to survive them

Kate Faulkner BSc(Econ) MBA CIM DipM

Recessions

Average price by type of property in London

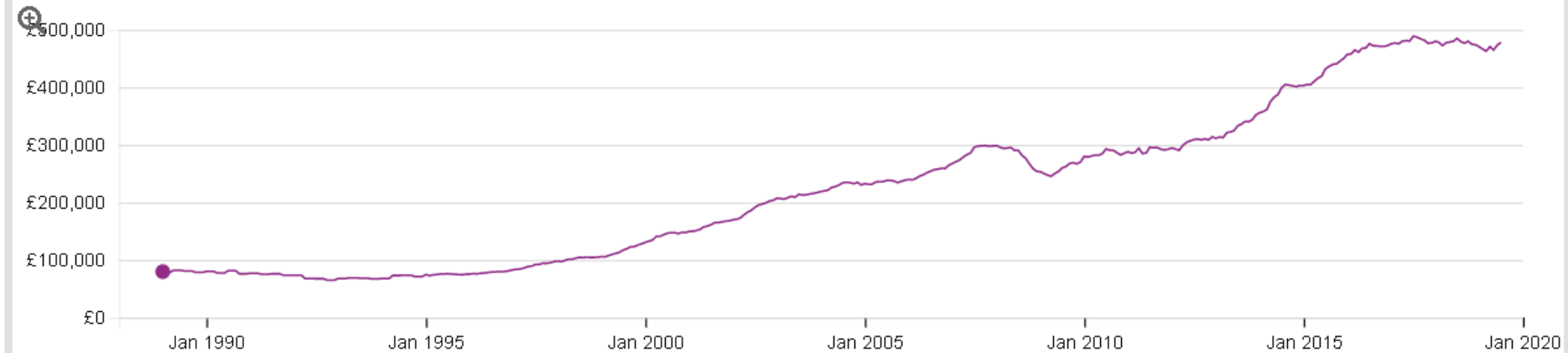
All property types Detached houses Semi-detached houses Terraced houses Flats and maisonettes

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Start to Finish	1989	2007
Average price	£ 82,000	£ 298,600
Fell for	3 years	1 year 3 months
Fell to	£ 64,787	£ 245,351
How much they fell by	21%	18%
Time to recover	5 years	3 years

Recessions: Typically last 5-8 years, price falls 18-21%

Other regions

Property Prices - Regions	Market low +/- versus market height	Latest month's data Jun-19	How much higher/lower are latest prices vs height in 2007/8	Years	Years
North East	-19.65%	£130,342	-6%	5 yrs 7 months	N/A
North West	-18.27%	£164,116	8%	5 yrs 1 months	4 yrs 3 months
Yorkshire & The Humber	-17.57%	£161,997	8%	1 yrs 5 months	7 yrs 3 months
East Midlands	-18.59%	£195,344	22%	1 yrs 5 months	6 yrs 5 months
West Midlands	-17.39%	£198,993	20%	1 yrs 7 months	6 yrs 4 months
South West	-19.42%	£252,122	19%	1 yrs 7 months	5 yrs 5 months
East	-19.73%	£291,370	39%	1 yrs 4 months	5 yrs 1 months
South East	-19.97%	£322,866	35%	1 yrs 5 months	4 yrs 9 months
London	-17.83%	£466,824	56%	1 yrs 3 months	3 yrs 0 months

Recession has had a vast array of different impacts

North East: Has still not recovered

Other regions: Takes mostly 10 years to recover

During the last recession

- Private rented sector grew dramatically
- Proportion of cash sales grew
- Prices dropped by 18-20%
 - Repossessions in 2009 were 49,000 vs 75,500 in 1991
 - Over 50% of people own their home outright
 - Put a 'floor' on how far prices would fall
 - Supply dropped as much as demand
- Transactions fell by 50%
 - Lost half of our FTB for 5 years
- Mortgage rates fell from 6% to sub 2%

Do elections affect
the property market?

Elections

Election	Date	Prime Minister(s) (during term)	Winning party	Seat majority	Turnout ^[4]
1987 (MPs)	11 June 1987	Margaret Thatcher	Conservative	102	75.3%
		John Major			
1992 (MPs)	9 April 1992	John Major	Conservative	21	77.7%
1997 (MPs)	1 May 1997	Tony Blair	Labour	179	71.4%
2001 (MPs)	7 June 2001	Tony Blair	Labour	167	59.4%
2005 (MPs)	5 May 2005	Tony Blair	Labour	66	61.4%
		Gordon Brown			
2010 (MPs)	6 May 2010	David Cameron	Conservative (coalition with Liberal Democrats) ^[b]	78 ^[c]	65.1%
<i>At this point, the Fixed-term Parliaments Act 2011 was passed. Elections are now every five years, barring parliamentary vote. Before this, the election could be called at any wished.</i>					
2015 (MPs)	7 May 2015	David Cameron	Conservative	12	66.1%
		Theresa May			
2017 (MPs)	8 June 2017	Theresa May	Conservative (minority government) ^[b]	0 ^[d]	68.7%
		Boris Johnson			

8 Elections: 5 Conservatives 3 Labour

Elections

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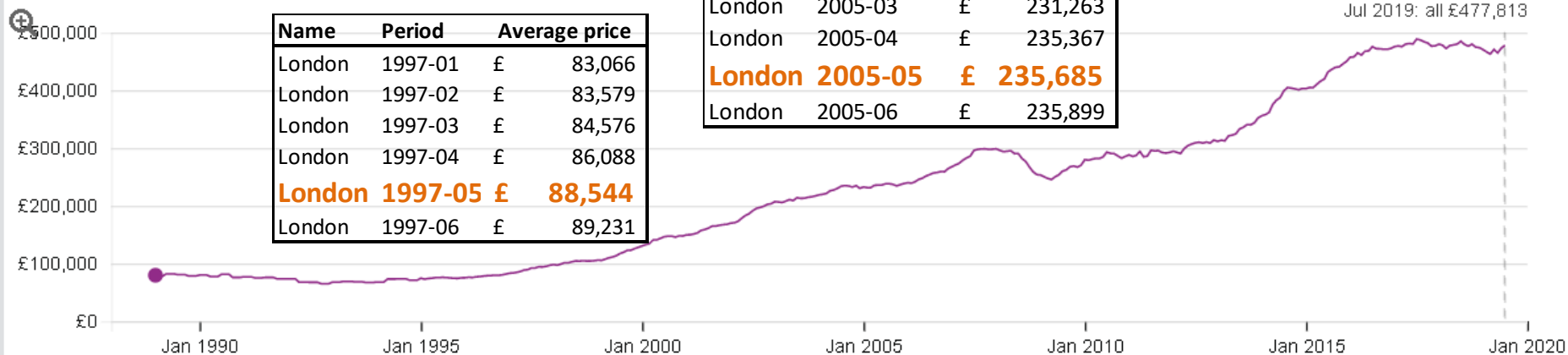
See data graph

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Name	Period	Average price
London	2005-02	£ 231,321
London	2005-03	£ 231,263
London	2005-04	£ 235,367
London	2005-05	£ 235,685
London	2005-06	£ 235,899

Name	Period	Average price
London	1997-01	£ 83,066
London	1997-02	£ 83,579
London	1997-03	£ 84,576
London	1997-04	£ 86,088
London	1997-05	£ 88,544
London	1997-06	£ 89,231



Name	Period	Average price
London	1992-01	£ 73,394
London	1992-02	£ 73,394
London	1992-03	£ 73,394
London	1992-04	£ 67,506
London	1992-05	£ 67,506

Name	Period	Average price
London	2001-04	£ 152,865
London	2001-05	£ 157,156
London	2001-06	£ 158,760
London	2001-07	£ 161,122

Name	Period	Average price
London	2010-02	£ 278,753
London	2010-03	£ 280,472
London	2010-04	£ 281,981
London	2010-05	£ 281,762
London	2010-06	£ 284,541

Latest Elections

Name	Period	Average price	
London	2015-03	£	404,706
London	2015-04	£	410,445
London	2015-05	£	415,817
London	2015-06	£	419,474
London	2015-07	£	431,644

Name	Period	Average price	
London	2017-04	£	479,790
London	2017-05	£	480,902
London	2017-06	£	480,152
London	2017-07	£	488,527

State of the economy impacts
more than elections

But! This election is different

- Housing is likely to be one of the top 3 topics
 - Labour polled highest for people and housing in 2017
- Labour's policies may well 'spook' investors
 - Especially as property prices are stagnating
- Conservatives
 - Aren't reassuring investors or BTL landlords
 - Abolishing Section 21

What does this mean for investors?

Headwinds, but stability?

- Recession
 - Widely expected, even without Brexit
 - Likely to dampen the market
- But
 - If rates stay low
 - Supply remains subdued
 - Prices likely to remain relatively stable
 - Transactions likely to remain poor

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enquiries@designsonproperty.co.uk