



**A mixed reaction to the Budget from Mayfair Capital Investment Management**

Today's Coalition Budget contained tougher provisions than expected on reducing the budget deficit with mixed implications for the UK commercial property market.

Mayfair Capital expects the gilt market to remain firm as a result of the scale of the spending cuts and reduced near term GDP forecasts; coupled also with benign CPI projections.

James Thornton, Fund Director at Mayfair Capital, commented: "Given the 400 basis point differential between gilt yields and property yields, property pricing does not look stretched in the context of the Budget provisions and may even provide scope for yield improvement at the prime end of the market.

"On the other hand, with consumer expenditure being one of the factors stimulating GDP growth, the proposed increase in VAT to 20% from January will dampen demand and retail property will be disproportionately affected. We therefore continue to favour higher yielding office and warehouse properties over retail.

"There was also some relief that there were no announcements on Stamp Duty, which could have been damaging to property in comparison with other asset classes."

—Ends—

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## **Notes to Editors**

### **Mayfair Capital Investment Management**

[www.mayfaircapital.co.uk](http://www.mayfaircapital.co.uk)

Mayfair Capital was founded in June 2002 by James Thornton and Guy Brogden as an independent property fund management business designed to serve charities, private investors and pension funds.

Mayfair Capital's Property Income Trust For Charities (PITCH) was the best performing fund in the Investment Property Databank (IPD) UK Balanced Pooled Property Fund Indices in 2009, returning 9.1% versus the Index at -1.8%. PITCH is the first exempt, unauthorised unit trust open to charities to invest in commercial property.