



Mayfair Capital relieved that the Stamp Duty hike does not affect Commercial Property

As expected, today's Budget contained little that directly affects the UK commercial property market, according to Mayfair Capital Investment Management. Given the pricing relationship between benchmark gilt yields and property yields over the short to medium term, the key issue for the property market is investor confidence that the financial deficit is being addressed. The details of this will not be known until after the election.

If gilt yields rise significantly then property may look marginally less attractive.

The other key issue for the property market is GDP growth. The Chancellor's prediction of 1–1.25% growth this year and 3–3.5% in 2011 is more optimistic than most forecasters. It is only when the economy starts to gather strength that occupational demand will increase and start to erode over supply in a number of markets. With the exception of Central London, rental growth will therefore remain elusive in most markets over the next two to three years.

Stamp Duty has been increased to 5% for residential transactions over £1 million; this will come into effect next April.

James Thornton, Fund Director of Mayfair Capital, commented:

“The Chancellor has for the first time differentiated between the residential and commercial property markets and this is to be welcomed. Any increase on commercial property would have hit savers and potentially damaged the sector's recovery prospects.”

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Notes to Editors

Mayfair Capital Investment Management

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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.