

2017

Liverpool
Housing Market Study

Executive Summary

Liverpool is home to one of the strongest performing housing markets in North West England due to huge student population, low property prices and a competitive rental market

The housing market of Liverpool has witnessed capital appreciation of 5.8% in the last 12 months and 1.74% in Q3'17. Median property prices are quite low at \$157 per sq. ft. It is the best rental market in North West England with rental yields at around 8%, followed by Manchester at 6.3%. Prices continue to rise steadily in Q3'17 with demand outstripping supply, especially for student accommodations along with massive residential developments in the city. Compared to London, which is the biggest market in England and currently witnessing a slowdown, Liverpool is a fast-growing housing market due to the huge student population, unaffordability in London and the general undersupply of housing stock. The continuing infrastructure development in the city along with expanding economy of North West England has augured well for the housing market of Liverpool.

Price and Transactions Timeline (Annual & Monthly)



Annual Capital Appreciation

↑ **5.8%**

Median Property Price

\$157
per sq. ft

Quarterly Capital Appreciation

↑ **1.74%**

Housing Demand & Supply

Demand for housing has steadily increased supported by rising population and rising white collar income

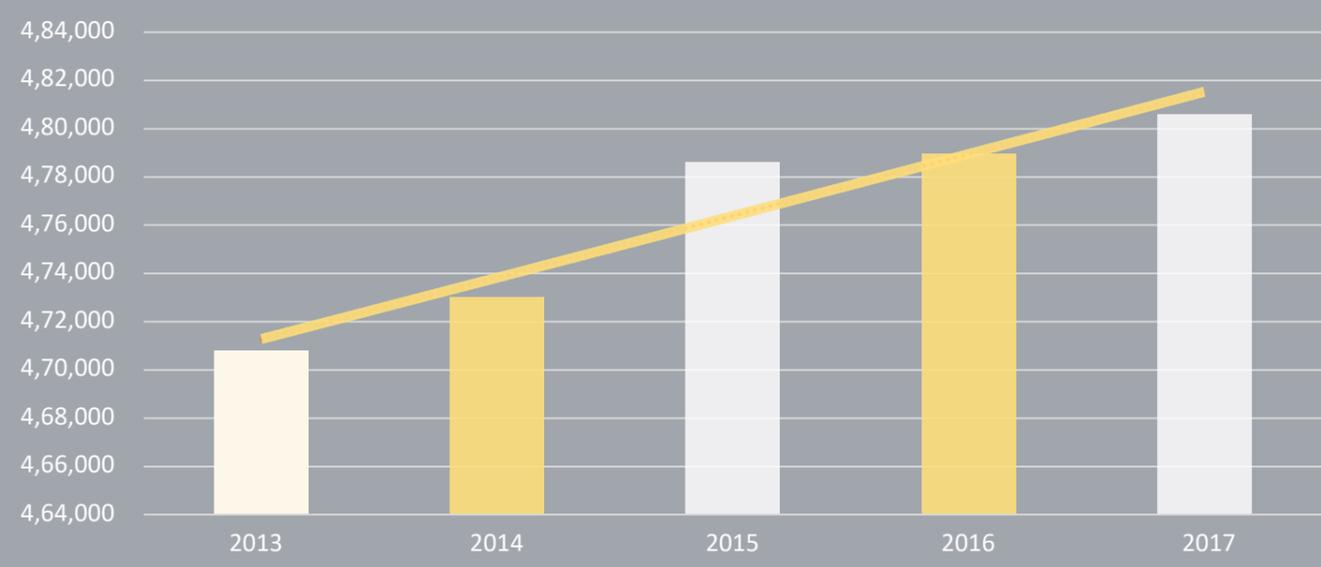
Liverpool is home to nearly half a million people and its population continues to grow. Nowadays entrepreneurs are drawn to Liverpool by market opportunities, business benefits and outstanding quality of life. 45% of North American trade enters via Liverpool. The City has the skills, the infrastructure, the connections, and almost 800 years of trading experience.

With one of the largest universities in the UK, combined with rising graduate job opportunities, Liverpool is experiencing a booming buy-to-let market, with demand for high-end, quality rental accommodation outpacing supply. There is a general shortage of student accommodation across the UK and especially in university cities such as Liverpool and Plymouth. In Liverpool, there are now 21,700 PBSA units, meaning 2.1 students for each unit. This has led to high rents and yields.

The areas around Kensington and Liverpool City Centre is seeing most of the demand. Two thirds of homes in Liverpool city centre are privately rented and demand for rental property is maximum here with 60k students living in the area. This means yields are maximum around this area.

Abolition of 15% stamp duty for first time homebuyers up-to a maximum property value of £300,000 in November'17 further strengthens the buying power of investors.

Liverpool Population Growth



Housing Market Size

↑ \$1.37 Bn

Annual Growth

↑ 18%

Transactions Q1 – Q3' 17

↑ 7939

Micro-Markets Price Performance and Industry Outlook

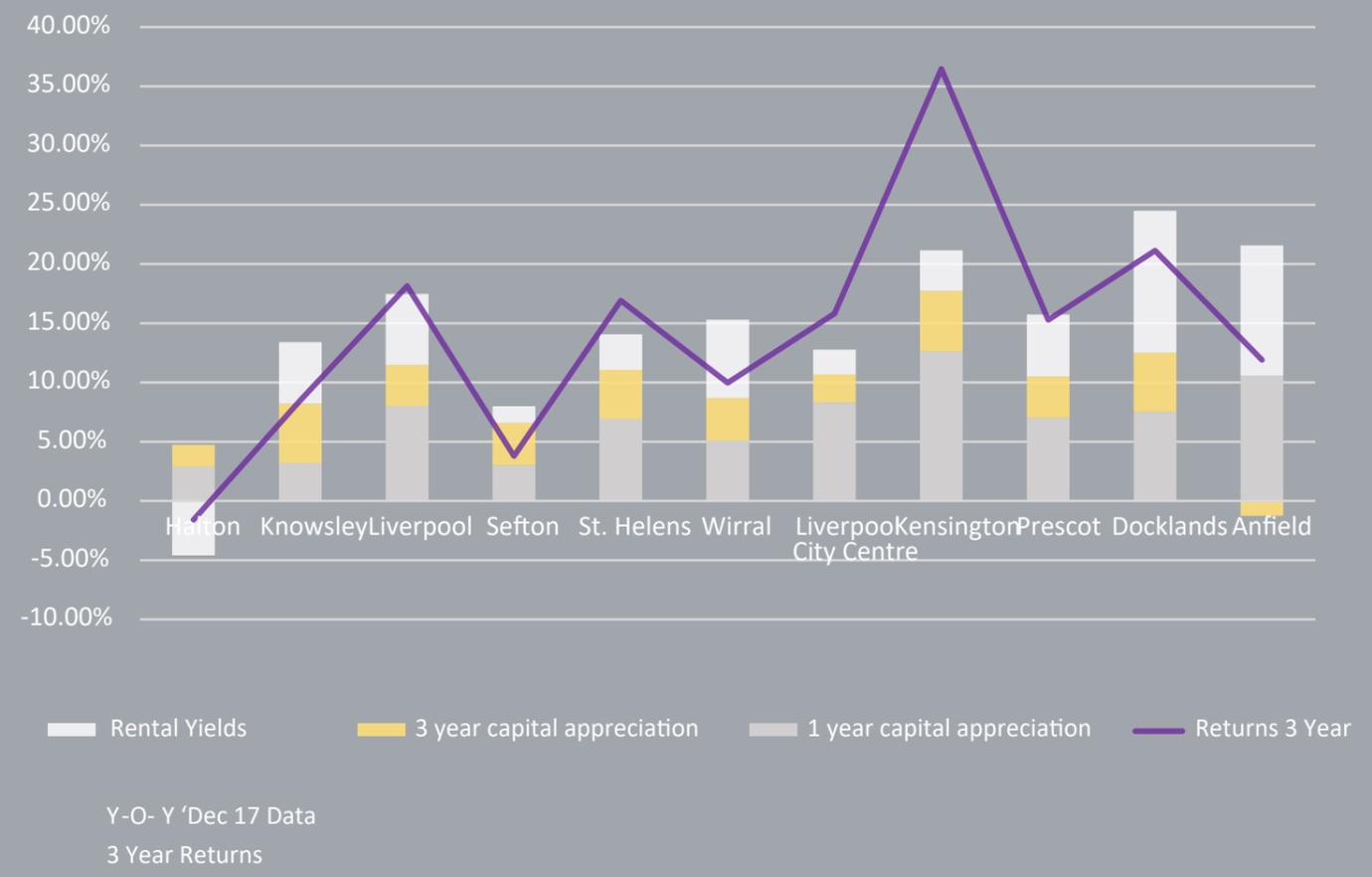
The housing market is expected to boom and prices could rise by 10-12% over the next 2-3 years as Liverpool expands economically and supply levels remain low. Liverpool City Centre and Kensington regions will witness maximum returns

Apart from Halton region, where home prices have declined, all other regions have had capital appreciation in the range of 4-6% with Sefton slightly underperforming with a 1.4% price rise.

Market is thriving in the current conditions with prices continuing to rise. Government funded massive developments planned for the city means the market would attract investors and prices might spiral upwards.

Also, similar to Manchester, it is anticipated that interest rate could rise four times by the end of 2018 to curb inflation due to expanding economy. This would mean variable rate mortgage payers will incur increased mortgage payments thereby reducing purchasing power and further causing a price decline. Also, it will impact the fixed rate mortgage payers as 80% of the fixed rate mortgages are expiring within a year or maybe even less.

The rental yields would still be on the higher side as rents are forecasted to increase at a greater rate than prices and although capital would appreciate, property prices still would remain quite low.



Top Locations for Investment

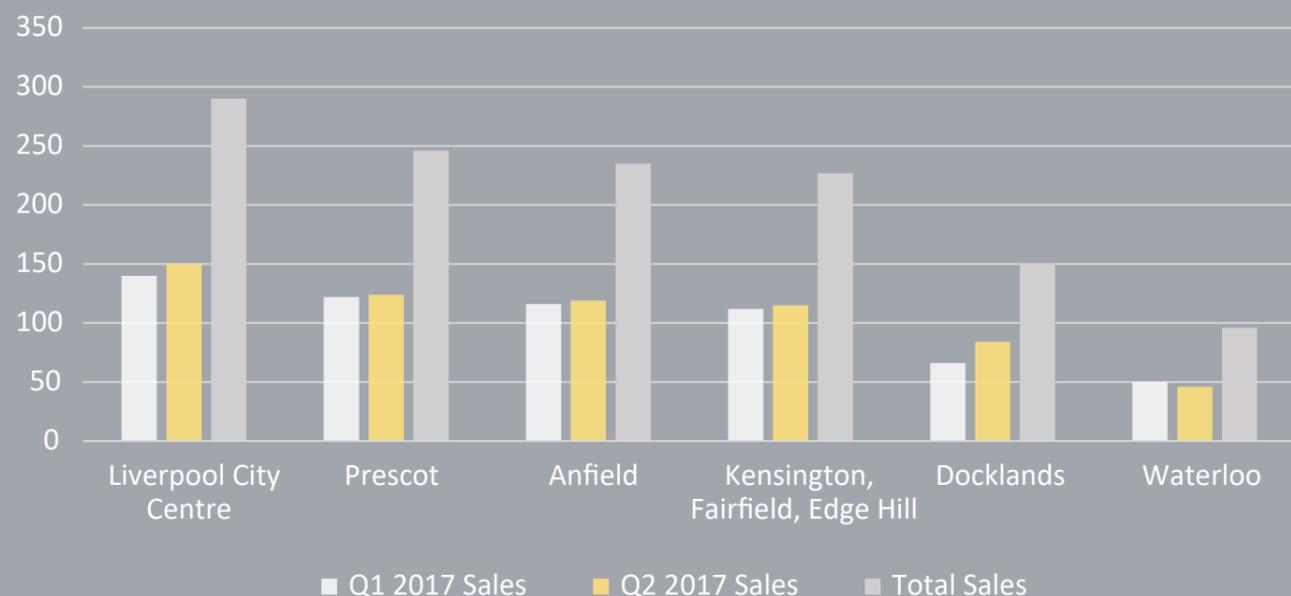
The Liverpool City Centre is the best place to invest in currently followed closely by Kensington, Edge Hill, Fairfield and the Dockland Areas. These locations are witnessing massive developments and the we foresee huge returns on investment from these areas.

The 'Liverpool City Centre' is the best place to invest in currently followed closely by 'Kensington'. These locations are witnessing massive developments and the we foresee huge returns on investment from these areas. Liverpool's city centre population has almost doubled in the last decade. The total population of the city centre rose to 29,060 last year - a massive surge compared with 2006, when the figure stood at 15,271

To summarize, the best locations in the Liverpool Housing Market Area to invest in would be the following: -

- **Liverpool City Centre - Edge Hill, Kensington and Fairfield areas**
- **Dockland Area - Prescott (Knowsley) - Waterloo - Anfield**

Top 5 locations for residential transactions (Q1 - Q3' 2017)



Key Developments

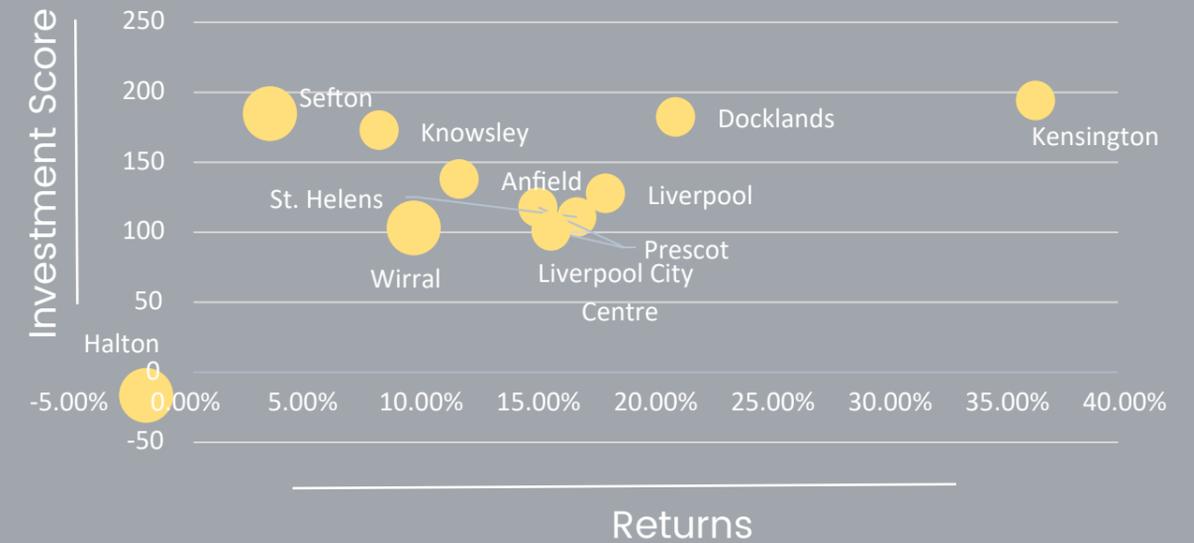
“The £200m transformation of the city’s business district, which will be undertaken by Kier Construction and CTP Limited, to the £260m regeneration of Anfield on the outskirts, helping to make it a far more affluent place to live, there is a lot going on in the city.”

“The £5bn Liverpool Waters scheme in the Central Docks area, which will see 150 acres transformed, as part of the biggest regeneration project in the history of Liverpool, which is attracting the greatest attention from investors and developers, with several groups having already visited the city to see the opportunities on offer first hand.”

Investment Scores and Returns

The areas within Liverpool City Council offering most sought after investment destinations are Kensington, Docklands, Prescot and Liverpool City Centre.

From an investor point of view, assuming the pricing, rental yield and vacancy rate fluctuations remain at their last 3 years average value, rate of returns from investing in Liverpool’s key micro-markets would be **36% for Kensington, 15.8% for Liverpool City Centre, 16.9% for St. Helens, -1.68% for Halton and 18% for Liverpool.**



Market	Rental Yields	3 year capital appreciation	1 year capital appreciation	Vacancy	GDP Per Capita (factored)	Transaction Cost	LTV Factored	Cost of Capital	Capital Gain Tax	Rental Income Tax	PSF (USD)	PSF Factored	Returns 3 Year	Investment Score
Halton	2.89%	1.85%	-4.60%	2.89%	3.90%	5%	7.50%	3.50%	2.80%	2.00%	168	1.68%	-1.61%	-11
Knowsley	3.20%	5%	5.20%	2.89%	3.90%	5%	7.50%	3.50%	2.80%	2.00%	151	1.51%	8.49%	173
Liverpool	8.00%	3.47%	6%	2.89%	3.90%	5%	7.50%	3.50%	2.80%	2.00%	157	1.57%	18.14%	128
Sefton	3.00%	3.59%	1.40%	2.89%	3.90%	5%	7.50%	3.50%	2.80%	2.00%	188	1.88%	3.79%	185
St. Helens	6.90%	4.16%	3.00%	2.89%	3.90%	5%	7.50%	3.50%	2.80%	2.00%	159	1.59%	16.92%	111
Wirral	5.10%	3.59%	6.60%	2.89%	3.90%	5%	7.50%	3.50%	2.80%	2.00%	186	1.86%	9.96%	101
Liverpool City Centre	8.30%	2.37%	2.10%	2.89%	3.90%	5%	7.50%	3.50%	2.80%	2.00%	157	1.57%	15.81%	101
Kensington	12.63%	5.09%	3.43%	2.89%	3.90%	5%	7.50%	3.50%	2.80%	2.00%	157	1.57%	36.47%	194
Prescot	7.00%	3.50%	5.23%	2.89%	3.90%	5%	7.50%	3.50%	2.80%	2.00%	157	1.57%	15.29%	118
Docklands	7.50%	5.00%	12.00%	2.89%	3.90%	5%	7.50%	3.50%	2.80%	2.00%	157	1.57%	21.13%	182
Anfield	10.57%	-1.26%	11.00%	2.89%	3.90%	5%	7.50%	3.50%	2.80%	2.00%	157	1.57%	11.90%	138

Liverpool Micro-Markets



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