



PRESS RELEASE

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PROPOSED CHANGES TO UK'S REAL ESTATE TAX REGIME DEAL UPPERCUT BLOW TO INVESTOR CONFIDENCE POST BREXIT

Latest research reveals that a predicted return in investor confidence post-Brexit will be knocked off balance, if the UK Government's proposed extension of the UK tax regime to capture gains made by non-residents is adopted, with 61% of commercial real estate investors predicting extra uncertainty to hit the market in 2018 as a result.

Key findings of the survey, carried out by specialist research agency Coleman Parkes, who polled over 40 leading real estate investors worldwide in early January 2018, reveal that:

- The UK leaving the EU in 2019 has already had an impact in investment allocation to UK real estate and this will continue in the next few years. In 2016/17 (72%) and 2018 (58%), Brexit resulted/will result in a lower allocation for over half of investors;
- 65% of real estate investors predict *extra* uncertainty well into 2020 and beyond, caused by the proposed extension of the UK tax regime, coupled with Brexit;
- The proposed extension of the UK tax regime will have an additional impact on investment allocations to UK real estate. In 2018, six in ten investors (62%) expect there will be lower allocations.
- 63% of investors state that the extension of the tax regime will reduce returns on UK real estate in 2019, with a further 52% expecting this reduction to continue into 2020 and beyond.

Ian Parkes, Director, Coleman Parkes Research, said: "This research shows that the proposed tax changes have real potential to derail a recovery in confidence in the UK commercial real estate sector. Investors are telling us that Brexit has already caused a sluggish market but they can see light at the end of the tunnel."

"Our survey reveals just how much of a double blow the extended tax regime could add. Investors are worried as to what is going to happen next. In the long run, extra uncertainty will reduce the returns on UK real estate."

One survey respondent said: "It will now become quite difficult for the UK to attract more capital for developing their real estate." With another stating that: "The proposal has removed one of the most distinguishing features of UK real estate for non-UK investors."

The Coleman Parkes survey also asked investors which aspects of the consultation now underway are of importance to them. 68% cited that timing of regime and resulting re-basing of valuations was top of minds and 70% focused on avoidance of unnecessary restructuring costs for existing holding structures.

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About Coleman Parkes Research

Coleman Parkes Research, based in the UK, is a full service, business-to-business focused, market research company that specialises in designing bespoke programme researching global markets in the financial, technology and professional services sectors. Now in its 18 years, the company continues to design, implement and report on major global research programmes designed for its clients.

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