

**Classification:** Public

**Key Decision:** No

## Gravesham Borough Council

**Report to:** Special Cabinet Advisory Committee

**Date:** 7 November 2023

**Reporting officer:** Head of Property and Regulatory

**Subject:** Economic and Property Market Update

### **Purpose and summary of report:**

To share the RICS publication 'Economy and Property Update' August edition with Members.

### **Recommendations:**

1. That the report is noted

<b>Key Implications:</b>	
<b>Item</b>	<b>Implications</b>
<b>Legal</b>	None
<b>Finance and Value for Money</b>	None
<b>Corporate Plan</b>	<b>One Council:</b> a well-run and innovative authority, defined by its skilled and valued workforce, committed to developing its local social impact.  <b>Financial responsibility:</b> a financially sustainable authority, driven by a strong Medium Term Financial Strategy, enforced by a suite of effective financial monitoring controls.
<b>Climate Change</b>	The vast majority of commercial leased property must have an Energy Performance Certificate banding of C by 1 <sup>st</sup> April 2027 and be a band B by 1 <sup>st</sup> April 2030.

## **1. Background**

- 1.1 The RICS published their most recent Economic and Property Market Update in May 2023 and is attached to this report. The next report is due in November. A brief summary of the document is set out below.

## **2. RICS – August 2023 Update**

### **The Economy**

- 2.1 The interest base rate reached a new high of 5.25% however it has since stabilised. Market commentary suggests interest rates are unlikely to fall until the second half of 2024.
- 2.2 The inflation rate has slipped back to under 8% but core inflation (excluding energy, food, alcohol and tobacco) remains high due in part to the upward trend in wage increases.
- 2.3 The unemployment rate has fallen by 300,000 to just over a million and the rate of unemployed people per vacancy has increased.

### **Commercial Property**

- 2.4 The retail and office sectors remain challenging with only the industrial market showing signs of resilience though downward pressures on prices is forecast.
- 2.5 Despite better new mortgage products coming on to the market high interest rates remain a concern. New buyer enquires are down and a fall in mortgage activity is forecast. Demand for rental properties is still very strong with supply constrained.
- 2.6 The latest construction forecasts a flat picture going forward with private housing around 15% down on last year being offset by infrastructure projects. The outlook for the next 12 months is showing housing remaining flat and infrastructure projects being more buoyant. Labour and skill shortages as well as the cost of materials will impact development plans.

## **3. Appendices**

- 3.1 The following documents are to be published with the report: Economic and Property Market Update – August 2023

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<b>Secondary Implications</b>	
<b>Risk Assessment</b>	N/A
<b>Data Protection Impact Assessment</b>	<i>A data protection impact assessment (DPIA) should be carried out at the start of any major project involving the use of personal data or if you are making a significant change to an existing process.</i>
	<p>a. Does the project/change being recommended through this paper involve the processing of <a href="#">personal data</a> or <a href="#">special category data</a> or <a href="#">criminal offence data</a>? A definition of each type of data can be found on the Information Commissioner's Office website via the above links.</p> <p>No</p>
	<p>b. If yes to question a, have you completed and attached a DPIA including Data Protection Officer advice?</p> <p>N/A</p>
	<p>c. If no to question b, please seek advice from your nominated DPIA assessor or the Information Governance Team at <a href="mailto:gdpr@medway.gov.uk">gdpr@medway.gov.uk</a>.</p> <p>N/A</p>
<b>Equality Impact Assessment</b>	<p>a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community? If yes, please explain answer.</p> <p>N/A</p>
	<p>b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality? If yes, please explain answer.</p> <p>N/A</p>
	<i>In submitting this report, the Chief Officer doing so is confirming that they have given due regard to the equality impacts of the decision being considered, as noted in the table above</i>
<b>Crime and Disorder</b>	N/A
<b>Digital and website implications</b>	N/A
<b>Safeguarding children and vulnerable adults</b>	N/A