

# POLITICS AND THE ECONOMY

**Boris Johnson is in New York this week for the UN General Assembly, meeting EU leaders and continuing Brexit negotiations in the hope that, unlike the Scottish rugby team, he can achieve something positive before the end of October...**



**Perhaps the best barometer of a deal being achieved is the rise in Sterling, which rallied to a Johnson-era high of \$1.25 last week. Could the UK still achieve a deal with the EU by 31st October?**

The latest chatter around a 'deal' involves Northern Ireland operating under an alternative arrangement to the rest of the UK.

This will require the Tories throwing the DUP, their confidence and supply partner, under a bus, to which the DUP and several Tory MPs are unlikely to agree to. Betfair has the UK to leave the EU by the Halloween deadline currently priced at 9/4, which is a 30% probability.

The DTRE House View remains that the October deadline will be pushed back and that an election will take place pre-Christmas, but whether a new Parliament will break the deadlock remains to be seen.

Whilst Brexit continues to dominate the agenda, the UK economy continues to chug along, with a swathe of data points released last week.

CPI inflation dropped to a 32-month low of 1.7% in August and with real wages growing at 4% then the purchasing power of the UK consumer is increasing. Year-on-year growth in retail sales reached 2.7% and the UK consumer continues to put Brexit worries to one side.

Whilst in the commercial property world we continue to see deal activity. Urban logistics assets continue to see a depth of buyers, without any sign of pricing softening, as does long and strong income.

Should a deal be achieved by end January 2020, then we see another positive year for commercial property, particularly logistics and regional offices.

In the meantime, like a Manu Tuilagi try, the private equity heavyweights are waiting in the wings and ready to pounce should an opportunity arise.

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