

POLITICS AND THE ECONOMY - BORIS WINS

So there we have it, after all the interviews, tv debates and door knocking, Boris won and returns to Downing Street with a majority of 80. A truly historic result that not many predicted, particularly in the scale of the Conservative majority.



The result was the perfect tonic for business and Sterling surged to over \$1.35 at one point in the early hours of last Friday, as well as a three-and-a-half-year high against the Euro, but that's where the optimism has stopped, for now.

Johnson is playing to the voters who've elected him and has turned his back on bankers and big business. To reinforce his vision of the "people's government" Boris is signalling a commitment to severing the UK's relationship with the EU, with or without a trade deal, by the end of 2020.

The immediate result? Sterling gave back all of the gains it made in the days following the election victory. It's hoped that by enshrining the December 2020 deadline into law will focus European minds, but it feels an unnecessary risk and Johnson's government now needs to switch from campaigning mode to governing, and they are different.

But with an 80-seat majority this Conservative government is going to be able to change its mind, miss targets and go back on its word, without there being an immediate cost that puts their position in jeopardy.

Nevertheless, Brexit will happen, we will leave the EU on 31st January and with the next Brexit cliff-edge now 12 months away, fears of a sudden weakening of the economy will subside replaced instead by a brightening near-term outlook for the economy, with a pick-up in both business and consumer confidence.

What does it mean for commercial property? I expect to see a rebound in Q1, traditionally the slowest quarter of the year. Sales that had been postponed will be pushed through, and investors both domestic and overseas, who spent 2019 on the sidelines, will re-emerge.

The industrial and logistics sector will continue to offer the best returns, with the macro demographics dictating that sector not disappearing anytime soon, whilst South East offices continue to offer strong returns in many of its key towns. As ever, stock selection will remain critical.

Finally, just to say thank you to all of our valued clients and from all of us here at DTRE, we'd like to wish you all a very merry Christmas. Enjoy the break, as hopefully 2020 will be a busy one.

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