

The new world of politics and economics

What a difference a day makes! (Traditional UK adage).

It is funny how quickly things change. If international readers will forgive me being UK centric for a while, the last week has been cataclysmic in UK politics. As I write this, it is just four days after the conservative majority government under Teresa May's leadership changed into a majority government in the gift of the Northern Irish DUP. As someone who has predicted the last seven elections and referenda correctly, that was an outcome that was way beyond my powers as an oracle.

Why do I mention this? Well, to hark back to the theme of many of my editorials of the last year, we are now in a world of more and more uncertainty. Everything that we thought that we knew has been turned on its head and the only certainty is that everything is changing.

And for the property world, that is the worse outcome. It is often thought, in the UK, that labour governments are bad for property but history suggests differently. There may be a move from private sector activity to local and national government activities, but there is still activity. The worse outcome is one of uncertainty. The irony is that May's mantra was "strong and stable" and she has delivered the opposite. Brexit is not the issue; it is the continuing political uncertainty that leads to economic uncertainty that leads to less activity. That is what will hurt the UK economy and the UK property market.

But, in fairness, it is the same the world over. Last year, everything was uncertain in Europe and it was possible that Brexit would be the first of many other exits. In fact, it is my contention that this would have happened if not for the "trump" effect. Both the Dutch and French elections would have had even more of an anti-Europe turnout had it not been for the electorate looking across the Atlantic at the turmoil and uncertainty with the American presidency and voting for normality, even if the French has disguised this as a new party. Again, this is not a political statement for or against Trump; it is the reality of world politics and economics. Everything is uncertain and the electorate in continental Europe may finally be seeing substance in the status quo, regardless of the "warts and all". But, give it a day and that will change again. Looking at this journal, we have been publishing papers on forecasting and econometrics for decades. But, it would be a brave forecaster who has unerring confidence in their forecasts. There is no certainty.

And so world property markets are crying out for certainty. Uncertainty delays decisions, uncertainty impacts on prices, uncertainty affects funding and development. Uncertainty is uncertain. We are in a new world of politics and economics and that has ramifications for the property world. But, having said that, maybe that new world is actually a return to what has gone before. To paraphrase Herakleitos from 500 BC, "Everything changes and nothing stands still".

Nick French

