

Retail woes extending beyond the property sector and into financial markets

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The suspension of the M&G property fund on Wednesday provided the clearest sign since 2016 of property market concerns affecting the wider financial markets. The £2.5 billion fund has already shrunk approximately £1 billion this year and the suspension comes following difficulties in selling properties quickly enough to meet investors' demands to access their money. The fund blames Brexit uncertainty and refers to decreasing performance in the retail sector, stating that *"the value of certain retail properties has declined as retailers continue to adjust their business models in response to changing shopping habits and rising costs."*

This has prompted questions from Gina Miller regarding the FCA's role in protecting investors following the recent collapse of Woodford Investment Management; this is a topic in itself. Commentators and fund managers are also quick to emphasise that most investors will understand that property is more illiquid than most investments, and numerous funds are more varied; the M&G fund is particularly exposed with retail property comprising up to 36.4% of its assets.

This development does, however, provide a useful reminder of the factors which affect the bottom line of each party to a property negotiation. It's not just about landlords and tenants, but also investors and consumers.

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