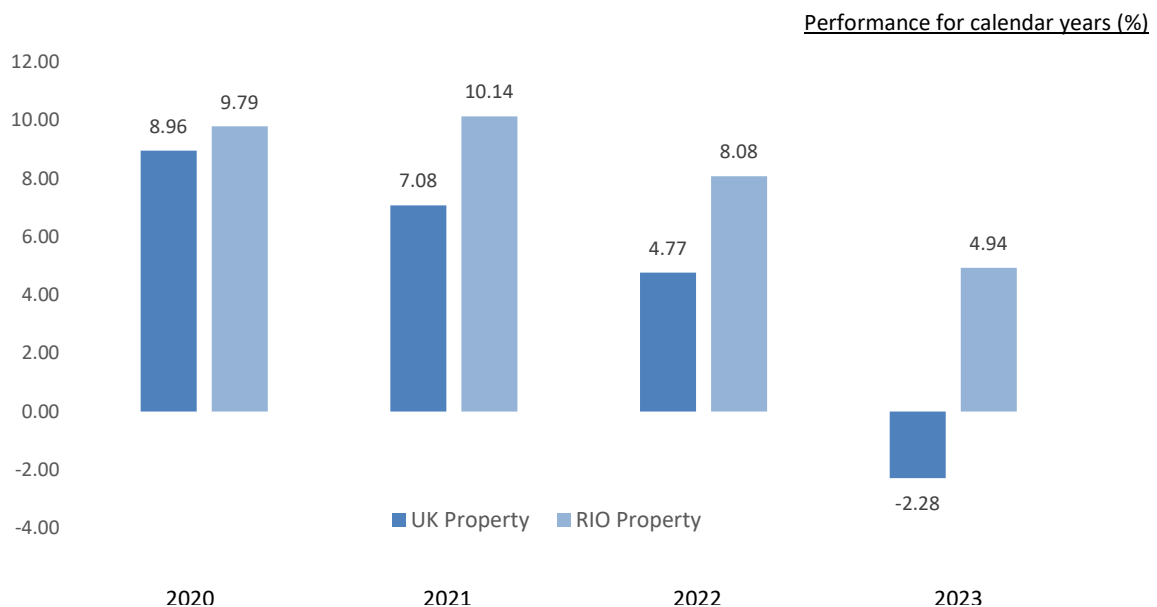




RIO Property closed the last quarter of 2023 in profit, up 0.96%. During 2023, this investment filed a net gain of 4.94% compared to the accounts benchmark (the average House Price Index), which fell -2.28%. The outperformance of 7.22% reflects RIO's three decades of experience in this market.

Looking further back, during 2022, this investment filed a net gain of 8.08% and had outperformed its benchmark return of just 4.77% in that year; more importantly, that year, RIO Property had served as a welcome shelter from the stock market mayhem of 2022, which had resulted in the FSTE 100 falling over 14%.

Since launch RIO Property has filed sixteen consecutive gaining quarters, producing a net gain of 34.68%. The track record is bolstered by its risk-reward ratio of 11.54:1. The investment industry ranks such a risk reward ratio as excellent. I fully expect to see the first quarter of 2024 add to the gains banked to date.



The Market

Mortgage affordability dictated the pace of transactions across Scotland's housing market last year. A spike in lending rates following the September 2022 mini-budget impacted the mortgage-dependent mainstream market by up to £300,000. According to data, there were -4% fewer second-hand net agreed sales here during 2023 compared to 2022. Valuations for properties in the discretionary markets above £1 million fell by -0.9% annually.

Meanwhile, the market, from £750,000 to £1 million, had outperformed in terms of transactions. Prime prices in the market hub of Edinburgh City fell by -2.3% in the three months to December 2023, leaving them -4.9% lower than a year ago; this is mainly due to increased stock availability, which has reduced competition amongst buyers. With a broader range of properties becoming available in some areas and more stock expected to come to the market during the first quarter of 2024, pricing pressure

will continue in 2024. Consequently, property prices are likely to fall across the prime Scotland market over 2024, with the market stabilizing in 2025.

Building contractors Barrett Developments, Taylor Wimpey, Persimmon, Bellway, Berkeley, and all warned last summer of reduced profits. Each, in turn, had stated that they were planning to cut construction. That said, inflation has slowed despite a shock rise from 3.9% to 4% last month, while interest rate rises appear to have peaked at 5.25%, and there are hopes of cuts in the coming months.

Previous RIO Property investments

As those invested will know, this is the third edition of RIO Property. Like this, the two previous property investments were also fixed-term products, and each delivered net gains of over 60% at the end of their term. More importantly, both versions had beaten their benchmark return (average House Price Index) in each and every year of the 10-year period. Had a member invested in the previous two RIO Property fixed-term products, they would have seen a net return of 126.43%. This is why RIO Property has been, and still is, very popular with our membership.

William Gray
The RIO Club