INSIGHT

EPMR

Economic & property market review

July 2021

AVISON YOUNG

Summary

- The UK is continuing to emerge from the third set of national lockdowns. On 17th May, the second stage of the recovery roadmap was enacted in England, permitting indoor hospitality and leisure to resume operations once again. The postponed third stage of restriction easing in England and Wales – which dissolved the vast majority of social distancing measures – occurred on the 19th and 17th of July respectively, while Scotland has maintained some restrictions including the 12pm curfew for hospitality venues.
- Covid-19 vaccinations continue to be administered across the UK, with 35.3 million people having received full two doses as of 14th July. So far, it appears the vaccination effort is helping to keep hospitalisations and deaths low despite the significant resurgence in case numbers to levels comparable with December 2020.
- In Q1 2021, UK GDP was estimated to have contracted by 1.5% as the third national restrictions reduced activity. This is a significant improvement on the impact of the first Covid lockdown in Q2 2020 which saw GDP decline by 19.5%. Real GDP for Q1 2021 remains 8.7% below its level at the end of 2019.
- The ONS reported that GDP grew by 0.8% in May 2021 month-on-month, considerably slower than the 2.3% observed in April. May's figure incorporates the impact of the second stage of restriction easing on 17th May, which delivered 0.9% growth in the services sector, driven by a 37.1% increase in accommodation and food services output.

Economic trends

The UK is continuing to emerge from the third set of national lockdowns. On 17th May, the second stage of the recovery roadmap was enacted in England, permitting indoor hospitality and leisure to resume operations once again. The postponed third stage of restriction easing in England and Wales – which dissolved the vast majority of social distancing measures – occurred on the 19th and 17th of July respectively, while Scotland has maintained some restrictions including the 12pm curfew for hospitality venues.

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The ONS reported that GDP grew by 0.8% in May 2021 month-on-month, considerably slower than the 2.3% observed in April. May's figure incorporates the impact of the second stage of restriction easing on 17th May, which delivered 0.9% growth in the services sector, driven by a 37.1% increase in accommodation and food services output.

Production output was boosted by inclement weather in May, resulting in 0.8% growth. The construction sector declined by 0.8%, the second consecutive month of decrease. According to these monthly figures, UK GDP overall remains 3.1% below the pre-pandemic February 2020 level.

Government borrowing in FY2020/21 is estimated to be £300 billion. Despite being the greatest deficit since WWII, the debt interest to revenue ratio is the lowest since records began in 1947 meaning that repayments relative to revenue are the most affordable they have ever been.

This is due to the ultra-low interest rate environment, with the BoE maintaining the 0.1% record low level since March 2020. Although this reduces the fiscal impact, the immense scale of public debt – which is now estimated at £2.2 trillion – creates a significant vulnerability to even a slight increase in interest rates.

The Markit / IHS purchasing managers indices (PMI) for June achieved a weighted net balance of 62.8, a slight decrease from the all-time high of 63.3 observed in May. Remaining well in excess of the no-change 50.0 marker, the June figure suggests that activity continued to significantly expand relative to last month, just at a marginally slower pace than in May.

The construction sector PMI achieved 66.3 in June, up from 64.2 in May and the highest figure in 24 years. This continued expansion was driven by further increases in new orders coming in as well as delivery times and prices of materials rising further. In the manufacturing sector, distribution and supply chain disruption lead to a decrease in the PMI to 63.9 in June compared to 65.6 previously, meaning the sector remains well in growth territory. A slower recovery pace, capacity limits and staff shortages weighed on the services sector in June, achieving 62.4 compared to 62.9 in May.

Gfk's consumer confidence index remained steady in June at -9, the same as the previous month adding further weight to the notion that the recovery slowed with the increased duration of restrictions.

The BoE reported that consumers borrowed more than they repaid in May for the first time since August 2020, with net borrowing of £0.3 billion. As interest on household deposits fell to new record low levels, the volume of deposits continued to fall to £7.0 billion in May.

Government announced a further extension to the moratorium on commercial evictions for an additional nine months to now end in March 2022. Commercial tenants are currently facing rental arrears of £6 billion. The extension was welcomed by occupiers at the distain of landlords as tensions between the two heated up ahead of the previous end date of 30th June 2021.

Despite the delay in removing restrictions, the Chancellor has said that the Coronavirus Job Retention Scheme (CRJS) will not be extended. At the end of May there were approximately 2.4 million employments furloughed on the CJRS across an estimate 30% of UK companies still using the scheme. Support from the CJRS begins to taper down from 30th June, with companies required to contribute an increasing amount until the scheme ends in October. Since its inception, the CJRS has a cumulative cost of £66 billion as of 14th June.

Boris Johnson hosted a summit of the G7 leaders in Cornwall in the second week of June where the participating nations agreed to collectively provide enough vaccinations to lower income countries to inoculate 10.3% of the global population. Also on the agenda were net zero goals, global recovery and international taxation.

The UK has also established an 'agreement in principle' with Australia for a post-Brexit trade deal. A 15-year transition period is included to help reduce the impact of the removal of tariffs on goods, although agricultural bodies have raised concerns over the deal in both countries. Worth an estimated 0.01-0.02% of GDP over 15 years, the agreement itself is not a major announcement, but it is a first key step toward the UK joining the 11-country Comprehensive and Progressive Trans-Pacific Partnership trade agreement.

Economic trends

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From a real estate perspective these aspects of the trade deal are most relevant to the retail and industrial sectors and are a far better outcome than a 'no-deal' or a deal with tariffs and quotas would have been.

THE BREXIT DEAL

The UK and EU reached a last-minute Brexit deal at the end of 2020, a milestone in the saga that began in June 2016, although not quite the final chapter. This removed a key downside risk for the economy and much of the uncertainty regarding the UK's future relationship with the EU. There is also a potential economic upside from the ability to deploy domestic regulations and other policy tools in order to support growth.

The deal finally brings the removal (or at least large reduction) of Brexit related uncertainty which has delayed decision making for some investors. The long-term relationship between investment in UK real estate and global investment broke down after the referendum, showing it had a direct impact on investment. Uncertainty was a key aspect of this and has affected some groups more than others – particularly non-domestic institutional investors. The removal of this uncertainty, combined with many UK sectors now looking comparatively attractive in terms of pricing and income security, should help provide a real boost to UK investment volumes.

The same removal of uncertainty and economic risk will benefit the housing market. A no-deal would have hit households' real incomes and confidence, both of which are key drivers of housing market activity. Would-be overseas (or to a lesser extent domestic) buyers who were delaying decision making now have more clarity. There will, however, be some additional hurdles for non-UK nationals looking to move to the UK. Positively, there are no plans to change the Tier 1 Investment Visa. This means non-UK nationals can still apply to settle after two years for an investment of £10 million or after three years for a £5 million investment, and after five years for a £2 million investment.

Looking at the deal more specifically, the free trade agreement which came into effect on January 1st critically means trade in goods will continue to be tariff and quota free. Although, the movement of goods will now face customs, rules of origin, and some regulatory checks. These will cause short term disruption and delays but should be largely mitigated by the UK government's plans to phase in full border controls over six months.

From a real estate perspective these aspects of the trade deal are most relevant to the retail and industrial sectors and are a far better outcome than a 'no-deal' or a deal with tariffs and quotas would have been. Businesses face less supply chain and operating disruption but will experience delays and some additional costs and bureaucracy.

Our departure from the EU single market also means that the cross-border provision of some services will be affected by new barriers to trade. Significantly, there remains some uncertainty around aspects of financial services where agreements on 'financial equivalence' still need to be 'firmed up'. As negotiations continue on 'equivalence', a degree of uncertainty for firms in affected sub-sectors will remain and it is beginning to seem less likely that ultimately a deal will be reached. In the meantime, the lack of equivalence likely contributed to £5.7 billion worth of share trading being displaced from London to the EU in January. Amsterdam was the primary recipient of this activity, jumping to the pole position of European share trading in Q1 2021 ahead of London, the historic leader, although London has since regained the top spot (CBOE Europe). It's important to remember this actually represents a small piece of the city's revenue but there are concerns we could see a kind of 'creep' where activity and business gradually moves from London. A counter point is that if we do not agree financial equivalence it would give us more scope for deregulation.

The restrictions end of free movement and the right to work in the UK for EU citizens will have an impact with some sectors more exposed than others. The new income thresholds mean that businesses with a high reliance on a low paid migrant workforce will face challenges coming to terms with the new landscape, particularly when compounded with the impacts of Covid-19. For example, 70% of London's hospitality workforce were born outside the UK and 75% of those are from the EU (PwC). 30% of London's construction workforce are from the EU and the NHS has a similarly high exposure. The new points-based system is much more restrictive than EU free movement rights and will disproportionately affect these sectors with obligation-heavy and expensive burdens that present a structural challenge to operating models, particularly in construction. Staff shortages are also being reported in the hospitality sectors, bringing upward pressure on wages.

LABOUR MARKET

In the three months to May 2021, the employment rate increased marginally at 74.8%, below consensus, while the unemployment rate continued to decrease down to 4.8%. These figures, taken with the 356,000 rise in HMRC PAYE employees and the 115,000 fall in those claiming unemployment benefits, indicate a strengthening labour market.

Vacancies increased for the 13-consecutive period between March and May 2021, rising to 862,000. This is the second highest number of job openings on record, behind only October 2018 at 864,000. While this is certainly a positive sign, it comes off the back of a period of heavy redundancies particularly across low-paid workers. These layoffs, despite being fewer in number than anticipated, are inflating wage growth by reducing the number of lower paid workers in the workforce. However, even when taking this and the pay slump in May 2020 into account, wage growth remains strong, with the headline figure of 7.3% in March-May likely to be more around the 4% mark.

Economic trends

While the reopening of retail and other areas of the economy will help employment across the UK, the delay in further restrictions being eased combined with the expiry of the CJRS at the end of September will likely cause an increase in joblessness during the recovery. The redundancy rate continued to decline in the March to May period to 3.8 per 1,000 employees, comparable with the pre-pandemic levels and down from the 14.2 peak between September to November. These figures show that the labour market is beginning to convalesce and regain strength, although challenges remain ahead.

INFLATION

CPI inflation increased by 2.5% in the year to June 2021, up from 2.1% in May. Inflationary pressure was predominantly sourced from rising fuel, clothing, second-hand cars and eating out costs while falling prices for games, toys and hobbies provided partial deflationary off-setting.

Although the considerable weight of quantitative easing over the last year may have been offset in terms of inflation by the massive economic fallout from the pandemic, a rapid recovery presents an inflationary risk. Strong consumer demand combined with a rebounding labour market (including significant wage growth) and the considerable household savings accrued over the past year could drive price growth beyond the BoE's 2.0% target – as observed in May and June.

A surge in inflation represents the largest risk in terms of pushing interest rates up, with the BoE likely to wield a base rate hike against excessive price growth. The scale of the post-pandemic government debt means that public finances would be vulnerable to even a relatively minimal increase in interest rates. However, inflation was allowed to rise to 5.0% in the aftermath of the global financial crisis, and BoE has suggested that levels would need to consistently exceed their target for a lengthy period before they consider tightening fiscal policy.

The longer-term picture sees recovery pressures subside and a stronger pound. This means that high levels of inflation are probably transitionary and are unlikely to persist into 2022, with the 2.0% target not being consistently met until 2023. Hence the 'lower for longer' approach to interest rates adopted by the UK and other central banks internationally are expected to continue for a number of years rather than months, with the BoE Monetary Policy Committee (MPC) voting to maintain the record 0.1% interest rate in May 2021 once again. The MPC also decided to maintain the rate of asset purchases and the total program remains at £895 billion.

OUTLOOK

GDP forecasts for 2021 are cautiously optimistic, with the June Consensus Economics survey expecting 6.6% for the year and 5.3% in 2022.

The critical factor remains the alleviation of Covid-19 impacts, particularly as the Delta variant fuels a surge in case numbers and restrictions are removed across the UK. Efficacy of the vaccines against the known and unknown future variants of Covid pose a downside risk to recovery as well as the possibility of a rise in the infection rate as restrictions are eased. These emphasise the rapid rollout of immunisations across the UK and the globe in order to reduce the chances of further variants mutating.

The impacts of dissolving social distancing in England and Wales on the 19th and 17th July respectively are yet unknown, but the significant surge in cases in the first weeks of July suggests that there are likely to be further rises. Currently, these are not feeding through into a comparable increase in hospitalisations or deaths.

With the Brexit deal signed, a considerable downside risk to the UK economy has been significantly reduced. There remain, however, gaps and questions around the specifics of the agreement and impacts of the deal (positive or negative) are likely to take time to materialise, along with the UK's post-Brexit trade relationships.

LATEST CONSENSUS FORECASTS – MAY 2021

	2021	2022
Economic growth (GDP)	6.6%	5.3%
Household consumption	4.9%	6.6%
Unemployment Rate	5.4%	5.4%
Bank base rate	0.1%	0.3%
CPI - Inflation	1.7%	2.3%
RPI - Inflation	2.9%	3.6%

Source: Consensus Economics

2021 ECONOMIC GROWTH FORECASTS

EUROZONE
4.4%

WORLD
6.0%

UK
5.3%

Source: IMF

KEY STATS

GDP GROWTH

1.3%
Q4 2020

1.5%
Q1 2021

PMI WEIGHTED AVERAGE

63.0%
March

62.8%
April

UNEMPLOYMENT RATE

4.8%
March

REAL EARNINGS GROWTH

5.6%
(including bonuses)

4.9%
(excluding bonuses)

CPI INFLATION

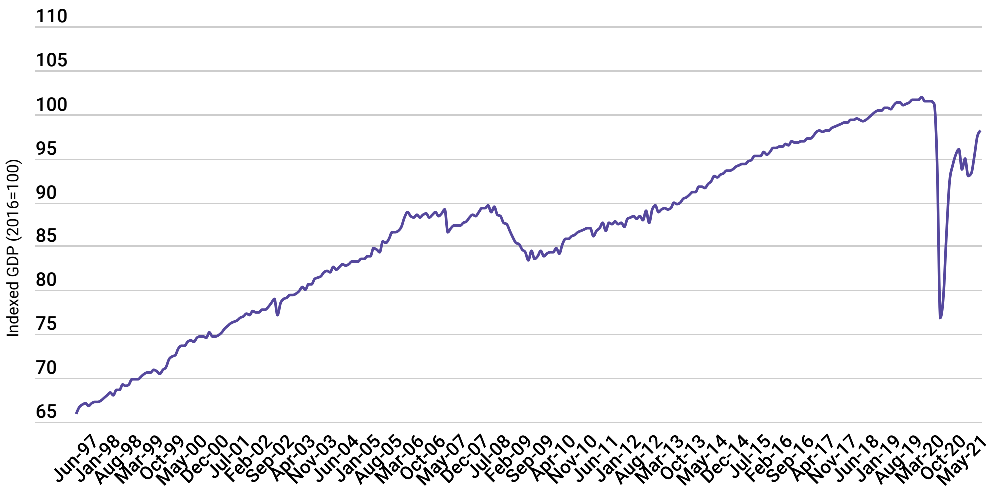
2.5%

BANK RATE

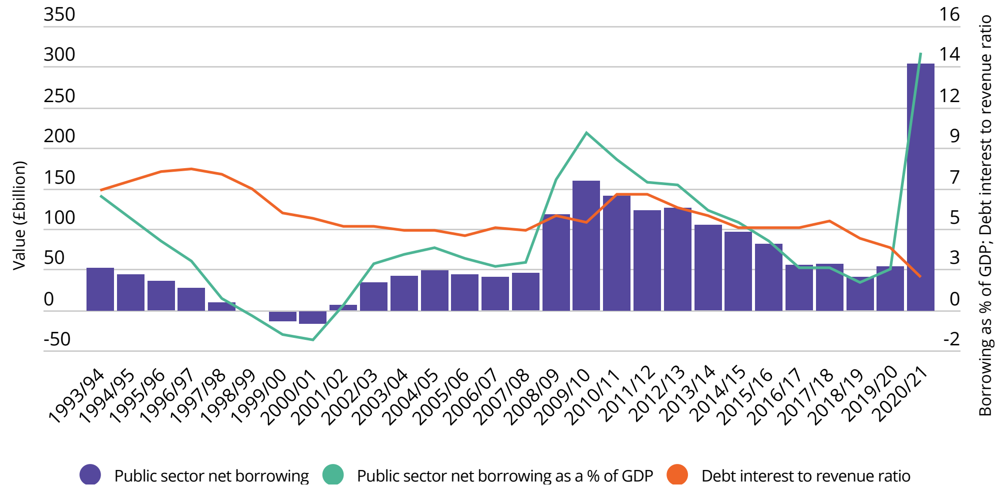
0.1%

Economic data

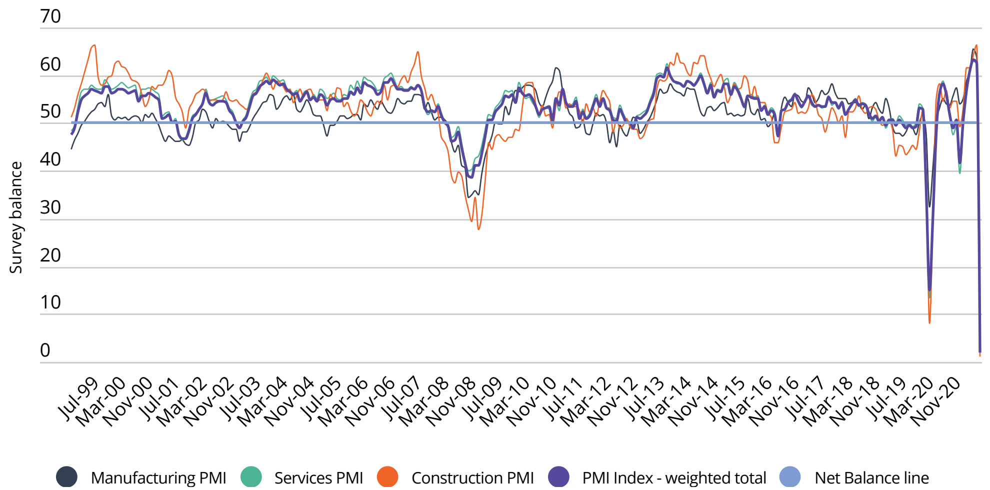
MONTHLY GDP Source: ONS



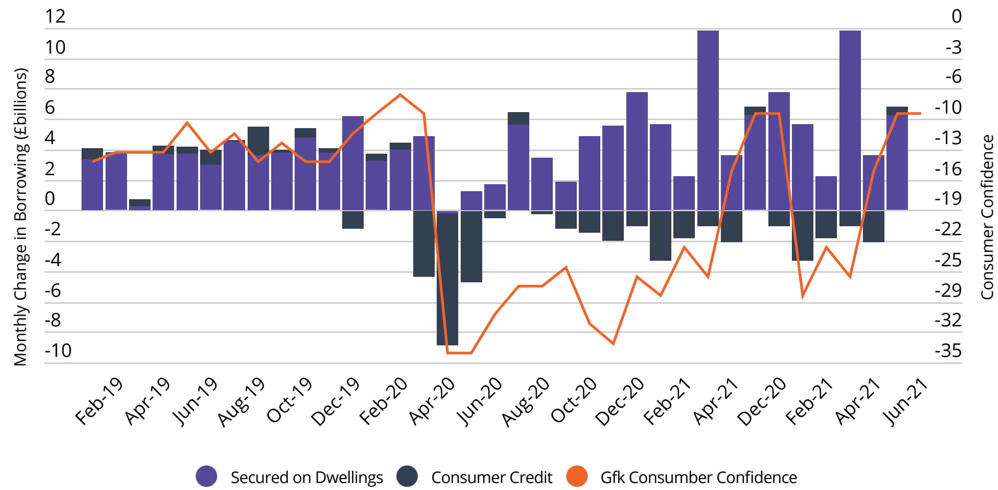
PUBLIC SECTOR NET BORROWING EXCL. PUBLIC SECTOR BANKS Source: ONS



PURCHASING MANAGERS' SURVEY Source: Markit & CIPS



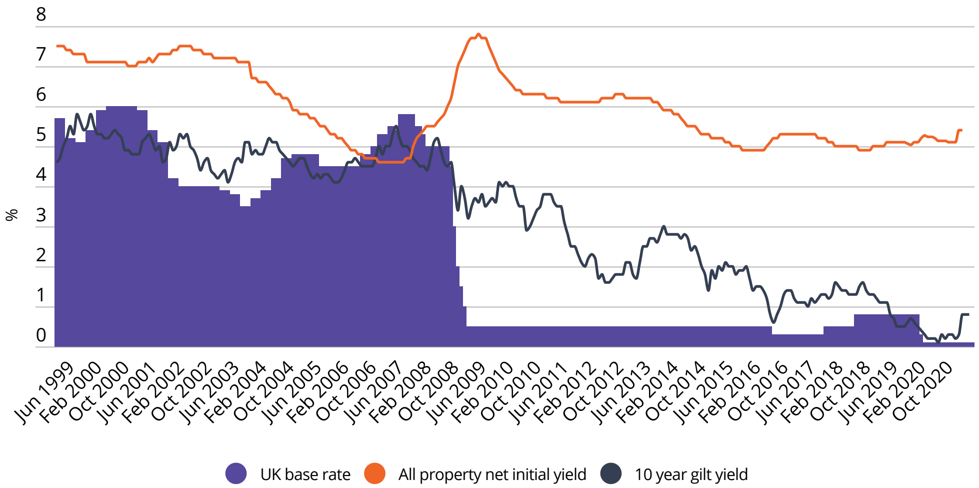
CONSUMER CREDIT AND CONFIDENCE Source: Bank of England



Economic data

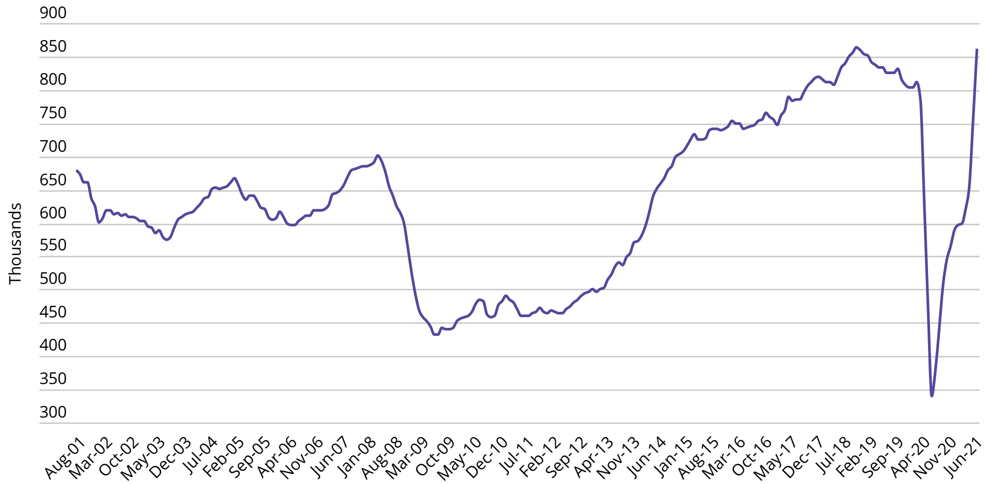
UK NET INITIAL YIELD VS GILTS VS BASE RATE

Source: MSCI monthly index, Bank of England



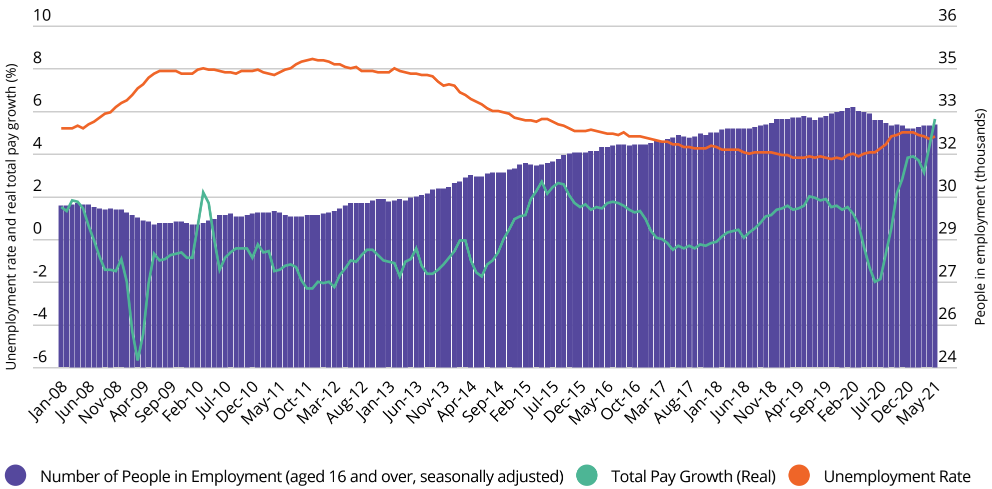
VACANCIES

Source: ONS



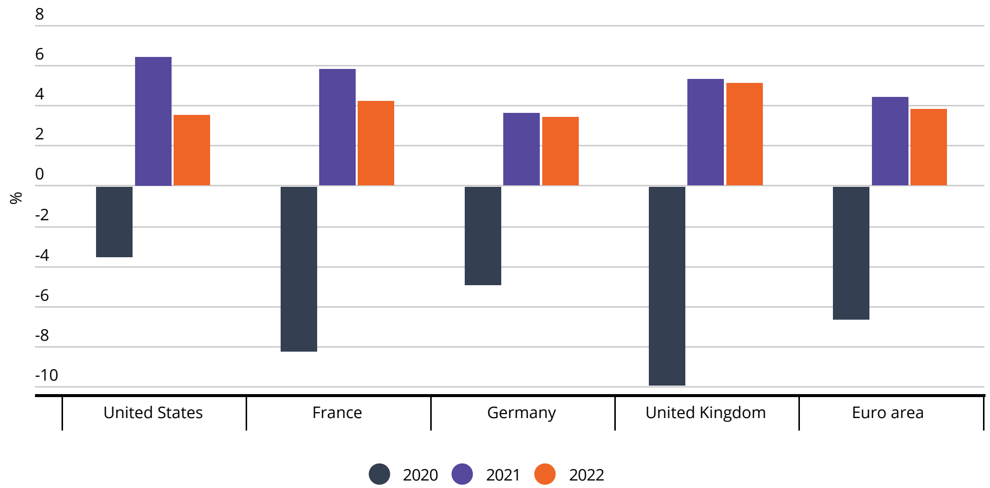
EMPLOYMENT AND AVERAGE WEEKLY EARNINGS

Source: ONS



GLOBAL ECONOMIC GROWTH

Source: IMF



Summary

- Central London office take-up totalled 2.0 million sq ft in Q2 2021, the highest figure since Q1 2020, but still 17% below the 10-year quarterly average
- Total take-up during Q2 across the Big Nine cities amounted to 1.57 million sq ft during Q2, 25% down on the ten-year average. Activity was strongest in the city centres, which accounted for the highest level since Q1 2020 and 66% of all activity at 1.02 million sq ft, with 542,000 sq ft out-of-town.

Occupier market

Central London office take-up totalled 2.0 million sq ft in Q2 2021, the highest figure since Q1 2020, but still 17% below the 10-year quarterly average. IBM's acquisition 157,120 sq ft of sub-let space at Southbank Place was the largest dealt. There were two other deals in excess of 100,000 sq ft during the quarter – JLL taking 134,000 sq ft 1-2 Broadgate, EC2, and ITV committing to 120,000 sq ft at BBC Broadcasting Centre in Wood Lane, W12.

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The reopening of non-essential retail in England on 12th April and the subsequent further relaxations on 17th May have led to noticeable increases in mobility and spending around the UK. High frequency CHAPS payment data has remained at 99% of its pre-pandemic February 2020 level in the two weeks to 29th April, while overall footfall reached 77% of the equivalent week in 2019.

While reopening will undoubtedly help to ease some of the pain currently being felt in the retail sector in particular, the significant structural adjustment occurring across the sector is still ongoing as consumers spend more online and less in store. So far in 2021, there have been an estimated 24,199 retail job losses from 10 major retailers collapsing, affecting circa 1,668 stores. These figures do not include smaller businesses, which have also been hit hard.

Lockdown-induced physical store closures and the need for vulnerable groups to shelter accelerated the uptake of online retailing, even in previously hard to reach demographics and markets, such as grocery shopping. Internet sales achieved a new peak in January, accounting for 36.4% of all retailing during the third national lockdown before steadily subsiding down to 27.3% in May – still well in excess of the 19.1% in pre-pandemic February 2020. The considerable progress made in advancing the supporting infrastructure and in improving public attitude toward online retailing will persist even once physical stores can reopen; hence the outlook is positive for the e-commerce market.

The recent expansion of online retailing has been largely at the expense of physical stores. This trend is demonstrated by the recent spending spree of several pure-play online retailers purchasing insolvent high street brands without purchasing their physical sites. The failed Arcadia Group's Topshop, Topman, HIIT and Miss Selfridge have been purchased by online retailer Asos for £330 million, while Burton, Dorothy Perkins and Wallis have been acquired by Boohoo who also recently bought the Debenhams chain. All of these deals have been for the brands and websites only, excluding the 408 physical stores and cutting approximately 24,000 jobs.

Increasing demand for warehousing and logistical space in light of the e-commerce boom has provided considerable momentum in the industrial market across 2020 and into 2021. There has been a record level of occupational activity for big box warehousing during the first half of the year, continuing the momentum gathered in the second half of 2020. Take-up of large grade A warehouses (> 100,000 sq ft) amounted to 25.4 million sq ft during H1, 71% up on the five-year, six-monthly average and a staggering 46.1 million sq ft of take-up over the past 12 months.

In the year to June 2021, MSCI data reflects a similar story with the industrial sector delivering 4.3% rental value growth compared to -0.2% and -6.2% for office and retail respectively. Industrial was also the only sector to record positive annualised capital value growth at 17.9%, the strongest figure since January 1990, compared to -3.4% and -5.4% for office and retail. Subsequently, industrial yields hardened to 4.9% in June, while office and retail remained flat at 6.5% and 7.2% respectively.

OUTLOOK

We are hopeful consumer spending will help drive economic recovery in the short term. The government are also hoping to increase corporate expenditure to fuel growth through the 130% tax super-deduction on business investments.

Client feedback tells us that several notable office occupiers have set provisional return to office dates in Q3 2021, some of which may now be pushed back in line with the latest government guidance. Broadly, we expect to see a serious return of activity

Occupier market

in the office leasing market in H2 2021. Although the return to office is anticipated to be strong once public health concerns are sufficiently reduced, there will be a sustained increase in the level of home working relative to before the pandemic. This trend, as well as companies looking to cut costs, will likely result in further grey sub-let space coming to market as occupiers look to reduce their footprints.

The restart grants, limited rates relief and most significantly the extension of the CJRS, alongside potential consumer expenditure increases from savings accrued during the past year, mean that retail may finally experience some positivity having reopened on 12th April with strong retail sales reported. However, it is anticipated that e-commerce will retain a sizeable share of activity post-Covid and it seems likely that physical store retailing will continue to bear the brunt of the structural shift in the economy and consumer behaviour over the medium-term.

Retail's loss is industrial's gain, however, with Capital Economics estimating that the e-commerce boom could increase industrial demand by around 15% over the next decade. Combined with restricted supply across the UK, this means that both capital values and rents are likely to continue to rise in the industrial market.

An important outcome from the Brexit deal will be the ongoing negotiations around the equivalency of financial service operations. If the UK does not achieve a favourable outcome – i.e. UK firms do not gain EU equivalency – then UK locations will be less appealing for companies looking to do business with the EU.

HOUSING MARKET

The first half of 2021 has seen the strongest year-on-year house price growth since 2004, with June's 0.7% growth (Nationwide) bringing the total so far this year to 13.4%.

Transactional activity has also been remarkably high in the first half of the year. The provisional (non-seasonally adjusted) estimate of 449,030 UK residential transactions during Q1 was the highest since statistics started being recorded in their current format in 2005.

Since peaking in March at 183,670, transactions levels have been falling back with 119,540 provisionally reported for April and 114,940 for May. However, despite the slowing, these levels are still well ahead of the 2013-19 average.

According to the RICS Residential Market Survey, buyer demand has cooled over the last few months which is reflected in the slowing transaction levels. New buyer enquiries remains still firmly positive though, which will help to underpin continued strength in the market in the coming months.

Another factor which will help support price growth is declining supply. The RICS survey in June reported that the majority of surveyors saw a decline in the level of new instructions.

With the unwinding of the SDLT holiday, we expect wider macro-economic factors to return as the key drivers of the housing market. Our near-term economic outlook is broadly positive, and our view is that the inflation we are seeing is transitory and will not impact interest rates.

The economic backdrop combined with a continuation of demand resulting from reassessment of housing needs will support continued house price growth and transaction levels through the year. Although this will be at much more moderate levels than we have seen so far.

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KEY STATS

ANNUAL ROLLING VALUE OF NEW CONSTRUCTION ORDERS

£9.7 billion

Q1 TAKE-UP LEVELS

CENTRAL LONDON OFFICES

1.3m sq ft

'BIG NINE' REGIONAL OFFICES

1.6m sq ft

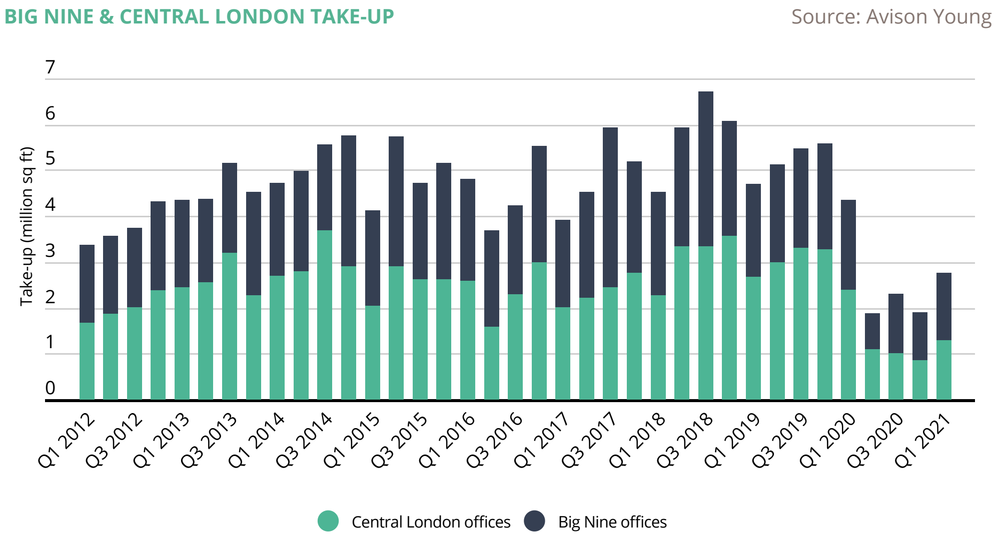
ANNUALISED AVERAGE RENTAL GROWTH

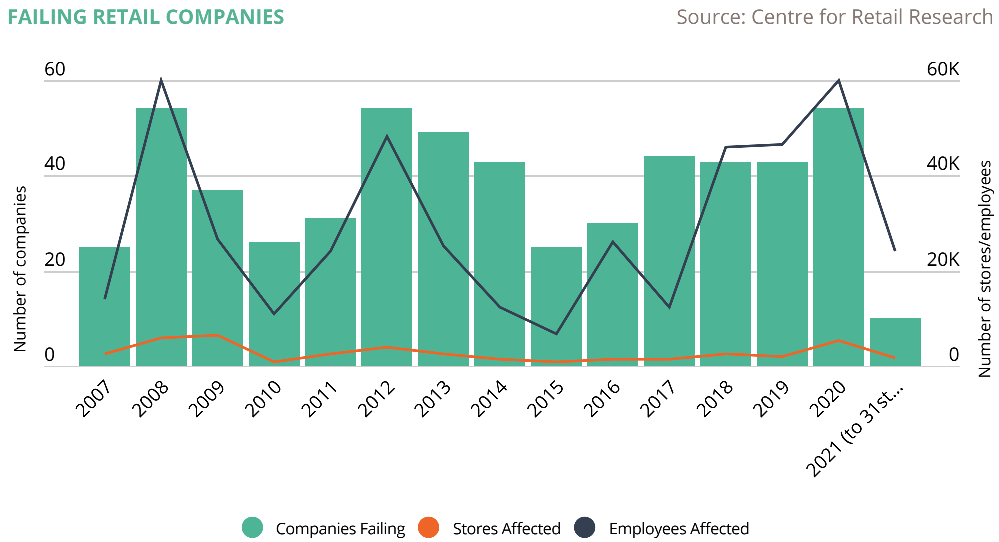
ALL PROPERTY

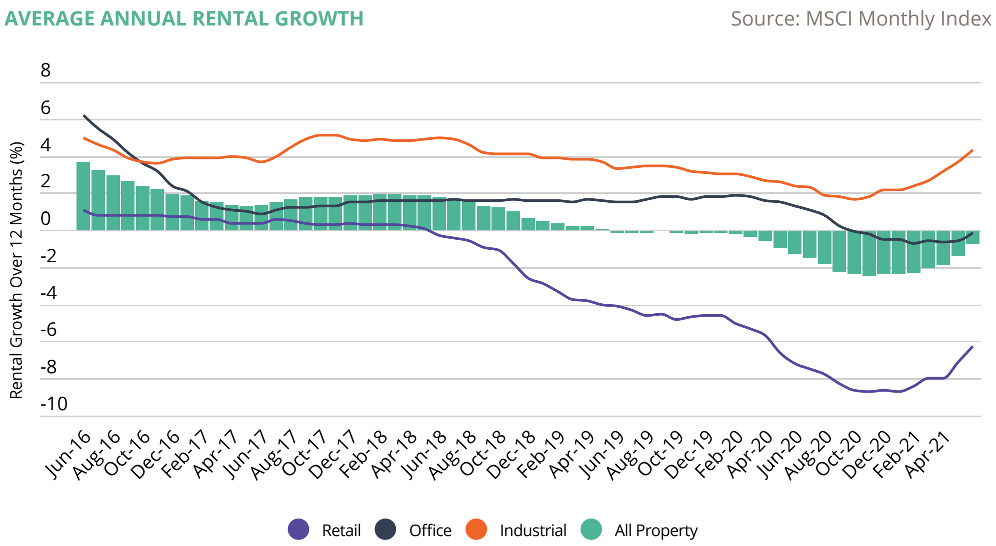
-1.3%

OFFICES	RETAIL	INDUSTRIAL
-0.5%	-7.1%	3.7%

Occupier market data







Summary

- In the investment market, provisional transaction volumes for Q2 2021 were £13.7 billion, 1% below the 5-year quarterly average (Property Data). This is a considerable improve on the Q1 figure which was the lowest volume reported for the period since 2012 at £11.4 million.
- Government announced a further extension to the moratorium on commercial evictions for an additional nine months to now end in March 2022. Commercial tenants are currently facing rental arrears of £6 billion. The extension was welcomed by occupiers at the distain of landlords as tensions between the two heated up ahead of the previous end date of 30th June 2021.
- Effective vaccine rollout across the UK and will be the key driver of economic performance in the near term. Our progress so far, and the boost in consumer activity seen in our Cities Recovery Index following the 12th April and 17th May lockdown easing, gives hope for further economic recovery in Q3.

Investment market

In the investment market, provisional transaction volumes for Q2 2021 were £13.7 billion, 1% below the 5-year quarterly average (Property Data). This is a considerable improve on the Q1 figure which was the lowest volume reported for the period since 2012 at £11.4 million.

All three of the industrial, office and retail sectors saw an increase in investment volumes in Q2 2021 compared to Q1. Against the 5 year quarterly average, Q2 volumes for industrial were up 54%, while office and retail both down by 1%.

Central London investment volumes in Q2 2021 totalled £1.7 billion, 58% below the 10-year quarterly average and a decline from the strong end to 2020. The largest transactions of the quarter were One Braham, purchased by Union Investment for £468 million and Suntec's acquisition of The Minster Building for £353 million.

Investment volumes are holding up well across the Big Nine cities. Total investment volumes during Q2 2021 amounted to £669 million, 14% up on the ten-year average of £585 million. This brings volumes for the past 12 months to £2.29 billion, which is level with the ten-year average.

Annual all property capital value growth achieved 3.4% in the year to June 2021, driven by the continued surge in industrial capital value growth. All property equivalent yields declined marginally in June to 6.0%, primarily due to the industrial sector again.

Investment market

OUTLOOK

The continuation of fiscal support measures announced in the Budget, policy support for investment, the progressing vaccine rollout and the roadmap for easing restrictions suggest that economic recovery will continue to gather momentum across Q2 2021 – so long as the recent surge in case numbers does not translate into increased hospitalisations, prompting another lockdown.

However, the looming deadlines of government-sourced economic defences provided to individuals and businesses provide a degree of downside risk for the recovery. The end of the moratorium on domestic evictions, the tapering-off of the CJRS and the delay in the relaxation of restrictions are likely to cause some who are already struggling to boil over. The hope is the wider economy has already reached some stability – or possibly even growth – by this point so as to be able to absorb this turbulence.

The majority of respondents of the annual INREV investor survey suggested they had not significantly changed their investment plans for 2021 as a result of Covid-19. Capital Economics also forecast positive total returns for UK commercial property in 2021, albeit at a modest level.

In the near-term, there could be considerable scope for investments for those with the capital and appetite for the increased risk. There may be further opportunities in from structural shifts that have occurred or been accelerated in the last year.

Effective vaccine rollout across the UK and will be the key driver of economic performance in the near term. Our progress so far, and the boost in consumer activity seen in our Cities Recovery Index following the 12th April and 17th May lockdown easing, gives hope for further economic recovery over Q3.

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Q2 2021 VOLUMES BY REGIONS

- London **£4.7 billion**
- South East **£1 billion**
- North West **£597 million**
- South West **£475 million**
- Yorks & Humber **£433 million**
- West Midlands **£1.1 billion**
- East Midlands **£1.2 billion**
- East of England **£506 million**
- Scotland **£317 million**
- Northern Ireland **£9 million**
- Wales **£87 million**
- North East **£109 million**

KEY STATS

ANNUAL ROLLING INVESTMENT TRANSACTIONS VALUE

£50.5 billion

Q2 VOLUMES BY INVESTOR TYPE

OVERSEAS INVESTORS

56%

UK PROPERTY COMPANY

21%

UK INSTITUTIONS

12%

ALL PROPERTY EQUIVALENT YIELDS

6.0%

ANNUAL ALL PROP TOTAL RETURN

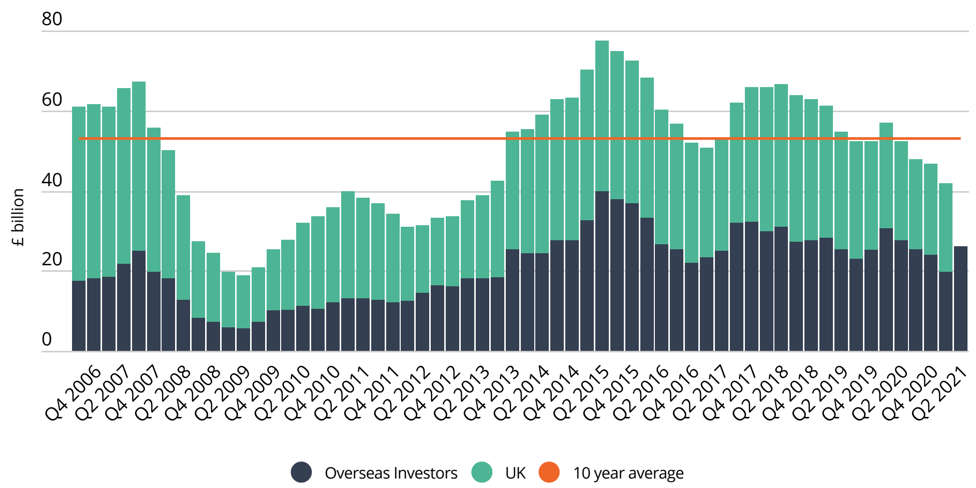
9.1%

ANNUAL ALL PROP CAPITAL GROWTH

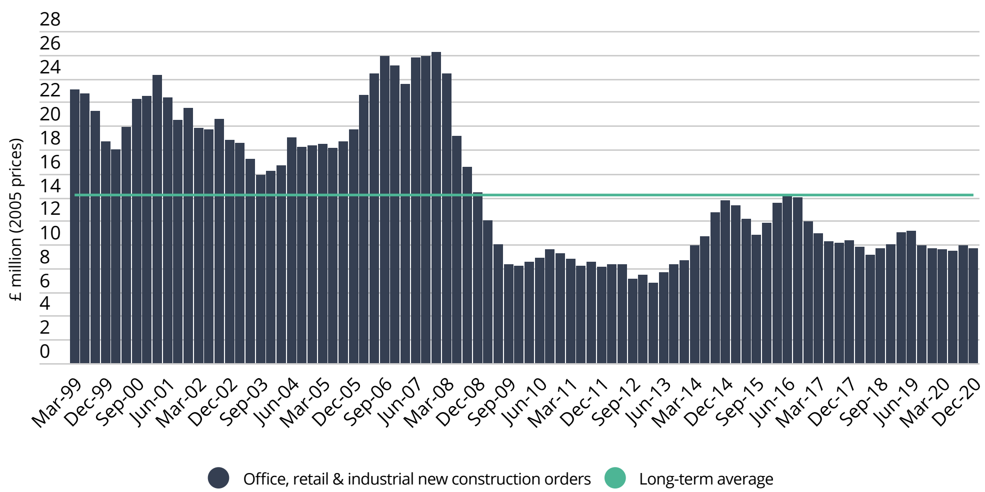
3.4%

Investment market data

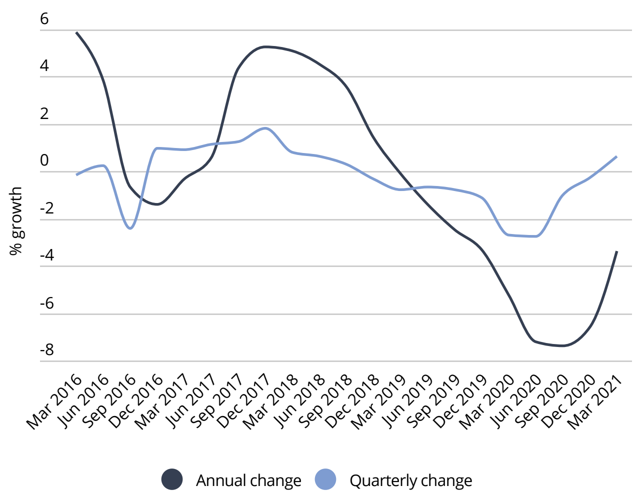
ROLLING ANNUAL INVESTMENT TRANSACTION VOLUMES Source: Property Data



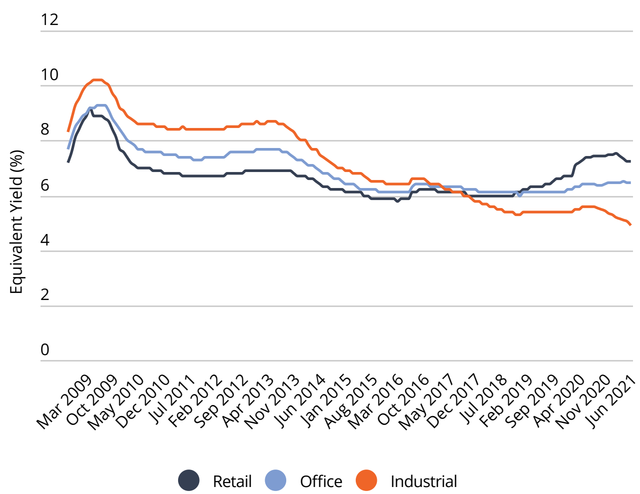
NEW CONSTRUCTION ORDERS RETAIL, OFFICE AND INDUSTRIAL Source: ONS



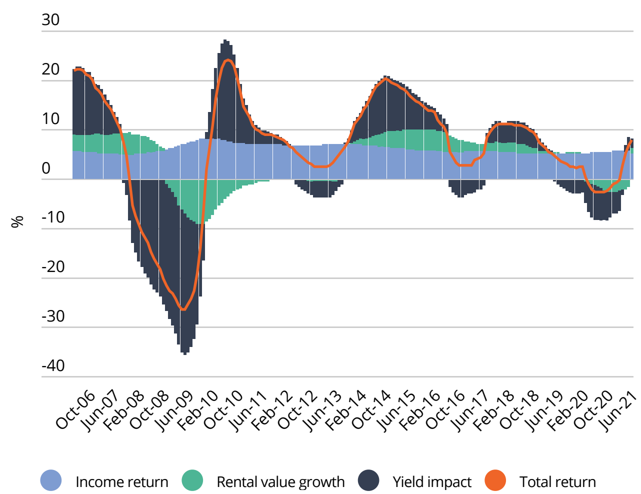
ALL PROP AVERAGE CAPITAL VALUE GROWTH Source: MSCI



AVERAGE EQUIVALENT YIELDS Source: MSCI Monthly



ALL PROPERTY ANNUAL TOTAL RETURN Source: MSCI Monthly



Should you wish to discuss any details within this update please get in touch

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