



Research Programme 2015–2018

UK RESIDENTIAL INSTITUTIONAL INVESTMENT ATTITUDES & INTENTIONS SURVEY

Invitation to Tender March 2017

The IPF wishes to commission a third party to undertake this annual survey of attitudes and investment intentions of institutional/large-scale investors in the UK residential property market.

Background

The first IPF institutional attitudes and intentions survey of UK residential investment was conducted in 2012, to inform the IPF's response to the Sir Adrian Montague (DCLG) call for evidence of how to encourage greater institutional investment in privately rented properties. Conducted annually thereafter, this survey has evolved to capture trends in demand by institutional/large-scale investors for UK residential property, reasons for investing in the sector and barriers to potential investors. It also provides an opportunity to assess the industry's reaction to more topical issues.

The target audience is primarily the IPF's membership and wider real estate investor community (UK and overseas). The research may also be of interest to asset allocators and the public sector (local and central Government) but it must be noted that the IPF is not a lobbying organisation.

Contributors

Participation is by invitation and includes non-investors in UK residential property. The main focus has been on UK pension funds, life assurance companies, property companies (including real estate investment trusts), fund managers and other financial institutions. Around one-third of participants represent overseas institutions currently investing in the UK and this is a target group the IPF wishes to grow.

The number of contributors has ranged between 41 in 2012 and 48 in 2016; 101 organisations were approached to take part in the most recent survey. The IPF expects a minimum of 48 contributors to complete the survey in 2017 and a key objective is for this number to be increased substantially (see further details below) in order to enhance the standing of the research and its findings.

Methodology

Data collection

An on-line survey has been used to gather responses since 2013, supplemented by follow-up interviews with a smaller number of participants that volunteer to provide detailed answers to certain questions. See Appendix A for the most recent, 2016, questionnaire.

The IPF anticipates data will continue to be collected on-line and will require the successful bidder to use its preferred survey software (SmartSurvey) and an IPF email address to communicate with participants.

Analysis

Analysis of aggregated data to date has included:

- Total quantum of investment in UK residential property;
- Average size of residential holdings per investor and as a proportion of total RE AUM;
- Spread of investment by asset type;
- Reasons for investing (ranked priority);
- Barriers to investment (for current non-investors); and
- Future investment intentions – by sector & amount.

For topical questions, which tend to be qualitative in nature, responses are consolidated and presented in a separate section of the report.

Key performance indicators

KPIs, as set out in the table, are reported under four categories of contributor:

1. All contributors (investors and non-investors);
2. Core contributors (i.e. those that have participated in all surveys conducted to date);
3. All investors in residential; and
4. All non-residential investors.

KPI	Contributor group	All	Core	Residential Investors	Non-investors
Total AUM		x	x	x	x
Real Estate AUM		x	x	x	x
Residential AUM			x	x	
Residential as proportion of RE AUM			x	x	
Value of residential investment by type*			x	x	
Rationale for investing			x	x	
Barriers to investment					x
Future investment intentions		x	x	x	x

* See Q4 of 2016 survey for property types

Expansion/further development of the research

An important consideration in selecting a contractor will be suggestions to improve the quality, timeliness and relevance of the survey outputs. Submissions should include ideas/recommendations on, but not exclusively limited to, the following:

- Opportunities to expand the pool of contributors;
- Incentives to increase participation;
- An evaluation of the survey questions with a view to improving ease/speed of response;
- A review of collection method(s) and analysis of data;
- Changing/additional definitions: evolution of the sector may lead to greater segmentation;
- Extension of analysis to category of investor by type (e.g. pension fund, insurance company, listed/non-listed property company, etc.); and
- Timetable for data collection, analysis and delivery of the final report.

Other proposals to augment the research are welcomed.

Outputs

The survey results are to be presented in a format that is accessible to the target audience. A written report should comprise a concise account of key results, including an executive summary, and clearly convey the practical implications of the research findings and their relevance to the real estate investment industry in particular.

In addition to the published report, the research will be disseminated via a presentation to Research Programme Sponsors and IPF members, which will also be video-recorded and uploaded to the members' area of the IPF website. In addition, if required, the appointee will to present the findings at the IPF's annual investment conference, held in November each year.

Previous years' reports may be viewed via the [Resource Library](#) of the IPF website.

Research monitoring

The contractor will report to the IPF Research Director, Pam Craddock, in the first instance. The research findings will be subject to scrutiny by members of the IPF's [Residential Investment Group](#). This Group will be responsible for approving the final report prior to publication.

Selection process

Proposals must be submitted to the IPF Research Director, Pam Craddock (pcraddock@ipf.org.uk), by close of business, Tuesday **18 April 2017**. Proposal must be submitted electronically in both Word and PDF format and should address the matters raised in this invitation and include additional details under the following headings:

- Approach;
- Programme of work;
- Team;
- Fee basis; and
- Risk analysis.

For further information concerning the above, please refer to the [Research Submission Guidelines](#) on the IPF website.

Submissions should be no more than 2,000 words in length, including any appendices and attachments.

The IPF reserves the right not to proceed with any proposal, as well as to appoint a research contractor without conducting interviews.

It is intended that a contractor will be selected within two to three weeks of the deadline for submissions, contingent upon the number of proposals received.

Fees

At this stage no budget has been set; the research fee will be dependent upon the perceived value for money of proposals received.

N.B. The IPF will be responsible for production costs, including typesetting and printing of reports, as well as all expenditure associated with any event arranged to disseminate the research findings.

Appointment

Whilst this tender invitation relates to the execution of the 2017 survey, this research is conducted annually and it is anticipated, therefore, that the appointment will be renewed from year to year but without commitment on either party to so do.

Confidentiality and copyright

All data received and the identity of contributors are to be treated as confidential, although organisations will be asked if they can be acknowledged in the report. Data collected by the survey may only be used in the course of analysis and for reporting purposes. The aggregated data and research findings, howsoever disseminated, will remain the copyright of the IPF.

APPENDIX 1 2016 SURVEY QUESTIONS

1. ABOUT YOU AND YOUR ORGANISATION

Please provide your contact details. All information provided will be treated in absolute confidence by the IPF and we confirm that all data analysed and published will be presented in aggregate form only.*

First Name*

Last Name*

Organisation*

Position*

Email
address*

Are you willing for your organisation to be acknowledged in the published report of the 2016 survey findings?

☐

Yes

☐

No

2. ABOUT YOUR REAL ESTATE INTERESTS

What is the approximate value of your organisation's total UK property holdings and what proportion do they make up of your total assets/investment portfolio(s)?*

Value (£m)

Proportion (%)

Do you invest in residential property currently? *

☐

Yes

☐

No

3. ABOUT YOUR RESIDENTIAL HOLDINGS

Focussing only on those assets where the residential element makes up the largest proportion by capital value, what is the approximate value of all your UK residential holdings and what proportion do they make up of your UK property investment portfolio(s)?*

	Value (£m)	Proportion (%)
Residential property assets	<input type="text"/>	<input type="text"/>

4. DETAILS OF YOUR RESIDENTIAL INVESTMENTS

What types of residential property are you invested in?

(Please select as many options as relevant, entering the percentage by value each represents of your total residential investment holding. Note: these should add up to 100%.) *

	%
Standing investment (market rent)	<input type="text"/>
Standing investment (sub-market rent/affordable)	<input type="text"/>
Development land for investment stock	<input type="text"/>
Development land for market sales	<input type="text"/>
Other (please specify below)	<input type="text"/>
Other:	

5. INVOLVEMENT WITH CENTRAL AND LOCAL GOVERNMENT

Central and local governments are looking to exploit their land holdings to develop more housing in the context of a structural supply shortage.

Have you bought land from, or entered into partnership/JV with, central or local governments (e.g., local authorities) to develop housing over the last 3 years?

☐ Yes ☐ No

What is the estimated total GDV (£m) of those developments (100% of project)?

Is your objective to:

- ☐ Access land, develop housing and sell the units on the private market?
- ☐ Access land, develop housing and manage the units to generate a PRS cash flow?
- ☐ A mix of both
- ☐ Other (e.g. forward funding)

Other (please specify):

6. INVOLVEMENT WITH CENTRAL AND LOCAL GOVERNMENT (2)

Do you intend to work in tandem with central or local government to develop housing in the next 3 years?

☐ Yes ☐ No

If no, why not?

7. REASONS FOR HOLDING RESIDENTIAL PROPERTY

Why does your organisation have investments in residential property?

(Please tick all that apply and rank in order of importance, 1 being the most important, 9 being the least.)

	1	2	3	4	5	6	7	8	9
Returns profile	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Stability of capital values (relative to commercial)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Stability of income	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Low correlation with other assets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Defensive investment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Part of a mixed-use holding	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Portfolio legacy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Development potential	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other (please specify below):	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other:									

8. REASONS FOR NOT INVESTING IN RESIDENTIAL PROPERTY

If you do not yet own any residential investments, what factors are discouraging you from investing in the sector?

Please tick all that apply.

- ☐ Political risks, e.g. legislation too uncertain
- ☐ Reputational risk
- ☐ Pricing is not right
- ☐ Just too difficult to deal with/management issues
- ☐ Income yield is too low
- ☐ Difficulty of achieving sufficient scale
- ☐ Lack of liquidity/insufficient market size
- ☐ Development risk
- ☐ Other, please specify: _____

9. FUTURE INTENTIONS RE YOUR RESIDENTIAL HOLDINGS

How do you expect your residential investment exposure to change over the next 12 months?

Please select one option.

- Remain stable ☐
- Intend to increase exposure ☐
- Intend to decrease exposure ☐

Please provide details of your investment intentions by type of property and approximate amount you expect you may invest/disinvest over the next 12 months (as applicable).

	Invest (£m)	Disinvest (£m)
Standing investment (market rent)		
Standing investment (sub-market/affordable)		
Development land for investment stock		
Development land for market sales		
Other (please specify below):		
Other (type(s) and approximate amounts if more than one):		

10. FURTHER COMMENTS/FOLLOW-UP INTERVIEW (OPTIONAL)

Should you have any queries regarding any aspect of this survey or wish to provide additional comments, please note these in the box below.

Alternatively, please contact Pam Craddock, IPF Research Director (tel. no. 020 7194 7925; email: pcraddock@ipf.org.uk).

It would be greatly appreciated if you would be willing to participate in a follow-up interview, to discuss in detail your responses to some of the survey questions. This will provide you with an opportunity to identify any other issues not currently covered and to share your views on these, as well as to feed back directly on the survey itself.

☐ Yes ☐ No

If you are willing to be contacted, please provide your details below (tel. no. and email address):