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RESEARCH

Autumn 2021 Survey of Independent Forecasts for UK Commercial Property Investment



COMMISSIONED BY THE IPF RESEARCH PROGRAMME

UK Consensus Forecasts

This research was funded and commissioned through the IPF Research Programme.

This Programme supports the IPF's wider goals of enhancing the understanding and efficiency of property as an investment. The initiative provides the UK property investment market with the ability to deliver substantial, objective and high-quality analysis on a structured basis. It encourages the whole industry to engage with other financial markets, the wider business community and government on a range of complementary issues.

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The Investment Property Forum Consensus Forecasts Autumn 2021 Survey of Independent Forecasts for UK Commercial Property Investment – November 2021

The UK economy continues to recover from Covid, with a strong rebound in employment figures, despite the ending of the Government's furlough scheme, in parallel with the large number of job vacancies. However, a combination of higher energy and goods prices has pushed inflation above the 2% target, which is expected to rise to around 5% by Spring 2022. This is likely to trigger a modest rate rise, according to the latest Bank of England Monetary Policy Report¹.

Against this backdrop, the current survey's results demonstrate a stronger optimism for the performance of commercial UK real estate in the short term than three months ago. The forecasts generated by the 20 organisations that contributed data for the final survey of 2021 were produced between late August and mid-November, with more than half (11) produced within two weeks of the 10 November survey date. As a result, analysis by forecast vintage is confined to the months of October and November.

Overall performance expected to peak in 2021

Reflecting the continued strengthening of the UK economy, the **2021 All Property average rental growth rate** rose more than 120bps, to **0.5%** (-0.7% previously), as the range of forecasts narrowed further, to lie between -1.1% and 1.5% (from -4.0% and 1.3%). Shopping Centre rents showed the greatest recovery in average projections, of 191bps (to -7.2%), followed by Industrials (which recorded an improvement of almost 180bps to 5.7%) and Offices (up 101bps to 0.0%). Standard Retail again attracted the widest spread of forecasts (15.0%) to average -6.4%.

The current year's **capital value growth** average forecast for **All Property** improved by over 400 bps over the quarter, to **6.4%** (previously 2.3%), with all sector projections rising. As with August's result, this rise was driven by substantial gains in the Industrial and Retail Warehouse sector averages, now 19.9% and 8.8% respectively, from 12.0% and 1.6% (8.4% and -2.5% in May). However, the spread of forecaster opinion remains considerable for a number of sectors, at over 20% in the cases of Standard Retail and Industrials.

As a consequence, **2021 total returns** increased across all sectors over the quarter, ranging from 24.5% for Industrials to -6.4% for Shopping Centres (16.4% and -9.5% formerly) and the **All Property** average forecast now lies at 11.0%, from 6.9% (4.4% in May).

2022 outlook also stronger over the quarter

The recovery in occupational demand is expected to continue into next year, with an **All Property rental growth** rate average of 1.6% (43 bps higher than three months ago). Averages improved in most sectors over the quarter, with the exception of Offices, which weakened marginally to 1.0% (from 1.1%). Despite a quarter-on-quarter rise of nearly 100bps, the 2022 Industrial sector average of 4.1% is nonetheless 160bps lower than 2021's projection. Shopping Centres again recorded the greatest improvement over the three months (up 116bps to -2.3%).

¹ Bank of England Monetary Policy Report – November 2021: <https://www.bankofengland.co.uk/monetary-policy-report/2021/november-2021>

The **2022 All Property capital value growth rate** average projection rose by more than 65bps, to **2.9%**, supported by quarterly gains of between 196bps for Retail Warehouses (currently averaging 3.2%) and 88bps for Standard Retail (now -0.6%), although the Office average fell nearly 40bps over the quarter, to 1.6%.

These improvements have resulted in a current estimate for the **2022 All Property total return** of **7.4%**, reflecting a rise of almost 70ps.

Longer-term expectations for returns to moderate

The **All Property rental value growth** outlook is broadly stable for the remaining years of the survey, between **1.8%** in **2023** and **1.7%** in **2025**. The pattern of lower year-on-year capital value growth and total return expectations has been maintained with the **2025 average capital growth** projection falling to **0.9%** (from 1.2%), while the **2024** and **2025 total return** forecasts also declined over the quarter, to **5.5%** and **5.3%** respectively.

The table below shows the evolution of the average All Property forecasts for the current year and 2022 as well as the annualised five-year averages over the eight surveys from February 2020:

	Feb-20	May-20	Aug-20	Nov-20	Feb-21	May-21	Aug-21	Nov-21
2021								
Rental Value Growth	0.4%	-1.3%	-1.9%	-2.8%	-2.7%	-1.7%	-0.7%	0.5%
Capital Value Growth	0.2%	0.2%	-1.8%	-3.2%	-2.5%	0.1%	2.3%	6.4%
Total Return	5.0%	5.3%	3.3%	1.5%	2.1%	4.4%	6.9%	11.0%
2022								
Rental Value Growth	0.9%	0.8%	0.7%	0.8%	0.4%	0.9%	1.2%	1.6%
Capital Value Growth	0.9%	2.9%	2.0%	2.3%	1.8%	2.3%	2.3%	2.9%
Total Return	5.2%	7.9%	7.2%	7.1%	6.6%	6.9%	6.7%	7.4%
5 Year Annualised (% pa)								
Rental Value Growth	0.7%	-0.8%	-0.5%	-0.7%	0.4%	0.8%	1.1%	1.5%
Capital Value Growth	0.0%	-1.3%	-1.8%	-1.5%	0.8%	1.2%	1.7%	2.5%
Total Return	4.9%	3.6%	3.2%	3.3%	5.6%	5.8%	6.3%	7.1%

Summary Results

Summary Average by Sector

	Rental value growth (%)				Capital value growth (%)				Total return (%)			
	2021	2022	2023	2021/25	2021	2022	2023	2021/25	2021	2022	2023	2021/25
Office	0.0	1.0	1.6	1.4	0.4	1.6	1.5	1.2	4.5	5.8	5.7	5.3
Industrial	5.7	4.1	3.2	3.5	19.9	5.9	3.2	5.8	24.5	9.8	6.9	10.0
Standard Retail	-6.4	-1.9	0.2	-1.1	-5.6	-0.6	0.8	-0.7	-0.9	4.3	5.6	4.0
Shopping Centre	-7.2	-2.3	-0.6	-1.9	-11.8	-2.8	-0.2	-3.0	-6.4	3.2	5.7	2.8
Retail Warehouse	-2.4	0.4	0.8	0.1	8.8	3.2	2.1	2.8	15.8	9.5	8.2	9.3
All Property	0.5	1.6	1.8	1.5	6.4	2.9	2.0	2.5	11.0	7.4	6.4	7.1
West End office	-0.2	1.4	2.3	1.8	0.8	2.3	2.5	1.9	4.2	5.8	6.0	5.4
City office	0.2	1.2	1.9	1.5	0.9	1.8	1.8	1.6	4.5	5.4	5.4	5.2
Office (all)	0.0	1.0	1.6	1.4	0.4	1.6	1.5	1.2	4.5	5.8	5.7	5.3

All Property Average by Forecast Month

Month of forecast† (no. contributors)	Rental value growth (%)				Capital value growth (%)				Total return (%)			
	2021	2022	2023	2021/25	2021	2022	2023	2021/25	2021	2022	2023	2021/25
September* (2)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
October (5)	0.6	1.6	1.7	1.5	6.7	3.8	1.9	2.7	11.4	8.1	6.1	7.0
November (11)	0.7	1.5	1.7	1.5	6.9	3.2	2.2	2.7	11.6	7.7	6.6	7.4
All Forecasters (20)	0.5	1.6	1.8	1.5	6.4	2.9	2.0	2.5	11.0	7.4	6.4	7.1

†Two contributors' forecasts dating from late August 2021.

*A minimum of five forecasts are required for each period to be separately analysed.

Survey contributors

20 organisations contributed to this quarter's forecasts, comprising 10 Property Advisors and Research Consultancies, eight Fund Managers and two Others².

Full All Property forecasts for all periods were received from all contributors. Full sector forecasts for all periods were received from 20 contributors, and full West End and City sub-office sector forecasts from 19 contributors. All forecasts were generated within 12 weeks of the survey date (10 November 2021). Named contributors appear on the final page of this report.

Notes

Sector figures are not analysed by contributor type – all figures presented are at the All-Forecaster level.

Consensus forecasts further the objective of the Investment Property Forum (IPF) to enhance the efficiency of the market. The IPF is extremely grateful for the continuing support of the contributors, including those noted on the last page of this publication. This report is only possible thanks to the provision of these individual forecasts.

If your organisation wishes to contribute to future surveys, please contact IPF Research at pcraddock@ipf.org.uk.

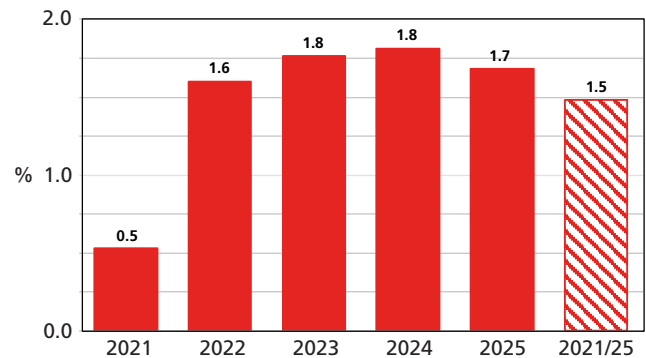
² As a minimum of five forecasts are required for each group of contributors to be separately analysed, data from Other contributors are included at the All-Forecaster level of reportage.

Rental Value Growth Forecasts

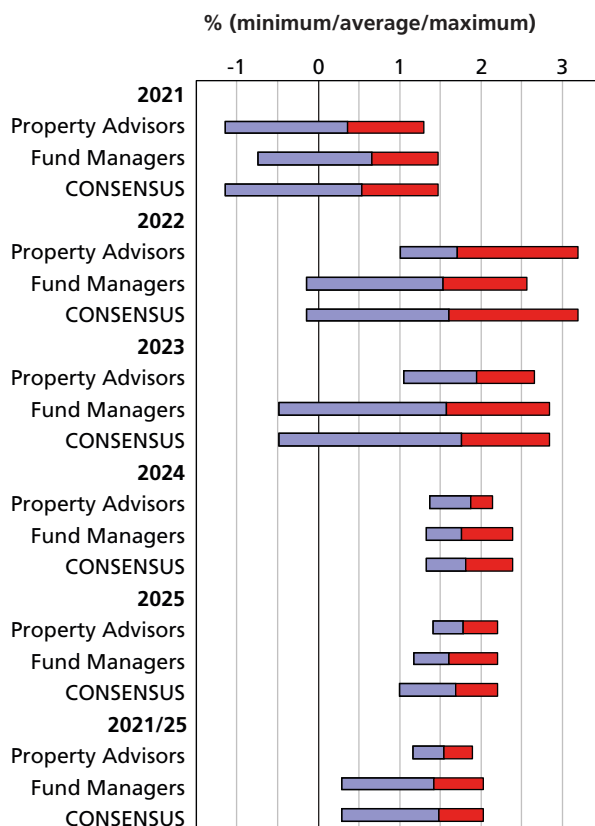
All Property rental value growth forecasts

Only five survey participants expect sub-zero rental growth in the current year (from 11 of 23 contributors in August), resulting in a rise in the 2021 average of more than 120 bps (from -0.7% previously). The 2022 projection is over 40 bps higher than last quarter's 1.2%, although further improvements in remaining years' forecasts are more modest – of between 19 and 9bps.

The increase in the current year outlook has contributed to a 42bps rise in the five-year annualised figure (1.1% previously).



Rental value growth forecasts by contributor



N.B. Two 'Other' contributors returned data in addition to those of 10 Property Advisors and nine Fund Managers.

With the exception of the current year, average Advisor forecasts exceed those of Managers throughout the survey period. A closer consensus for 2021 emerged between contributors over the quarter, as the spread of forecasts narrowed to 2.6% (from 5.3% in August), driven by substantial uplifts in minimum projections – now -0.7% and -1.1%, from -4.0% and -3.3% in August, for Managers and Advisors respectively – while more modest rises in maximum forecasts from both sets of participants further improved the average, with Managers at 1.5% and Advisors at 1.3% (previously 1.3% and 0.8%).

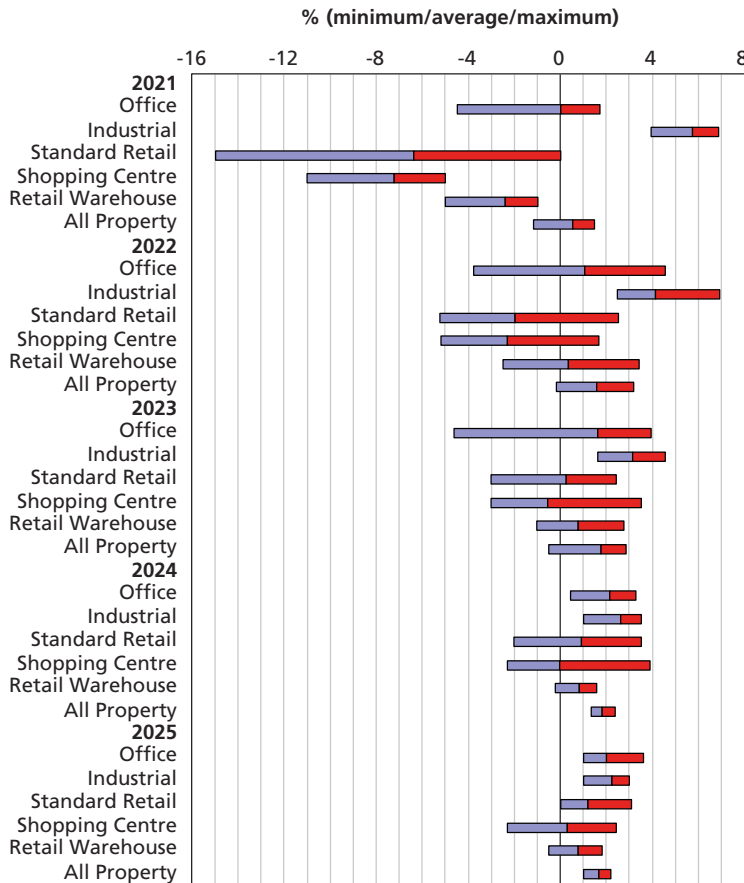
Despite the inclusion of single negative projections in both years contributing to a widening in the forecast ranges, the All Forecaster averages for 2022 and 2023 rose, more than reversing August's 24bps decline in the latter period's outlook.

From 2024, all growth forecasts turn positive and projections are much more closely aligned in both ranges and averages between the two principal groups of forecaster.

As a consequence of improved yearly average forecasts for both groups, the annualised five-year averages rose by 38 and 50bps, to indicate growth expectations of 1.5% and 1.4% pa for Advisors and Managers respectively.

Rental Value Growth Forecasts (2)

Sector rental value growth annual forecasts



Industrials stand out as the only sector to deliver meaningful growth in the current and next two years, with respective forecast averages of 5.7%, 4.1% and 3.2% (reflecting quarterly increases of almost 180bps, 97bps and 46bps respectively), and is likely to outperform other markets throughout the survey period.

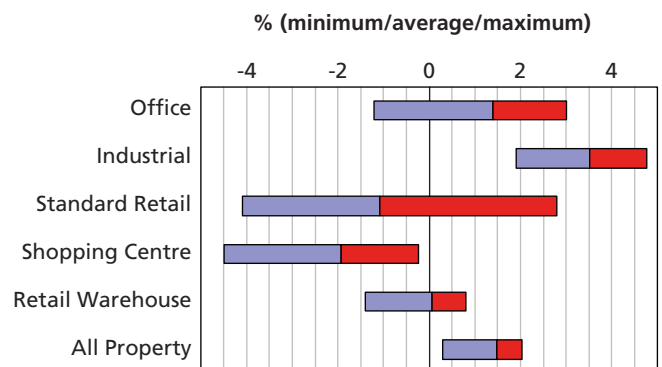
In spite of a slight weakening of 2022 and 2023 average projections, Offices may be the only other sector to deliver positive growth throughout the five years.

While continuing to strengthen, average 2021 growth remains negative for retail, attracting minimum predictions of -15.0% and -11.0% for high street shops and Shopping Centres respectively (from -15.8% and -16.5% in August). Although this pessimism persists among some contributors (five project sub-zero growth in 2025), the average Shopping Centre forecast may turn weakly positive in the final survey year. The outlook for out-of town-retail is the best of the three markets, notwithstanding a current year average of -2.4% and one or two negative forecasts for each of the later years.

Sector rental value growth five-year average forecasts

The All Property average rose to 1.5% pa currently from 1.1% in August, with all sectors showing improved averages.

The greatest advance was recorded by Shopping Centres, registering a rise of just over 100bps, to -1.9% pa, while remaining sector averages strengthened by between 20bps (Offices, to 1.4% pa) and 67bps (Industrials, to 3.5% pa). The Retail Warehouse average forecast is now 51bps higher, at 1.5% pa and Standard Retail lies at -1.1% (a rise of 43bps).



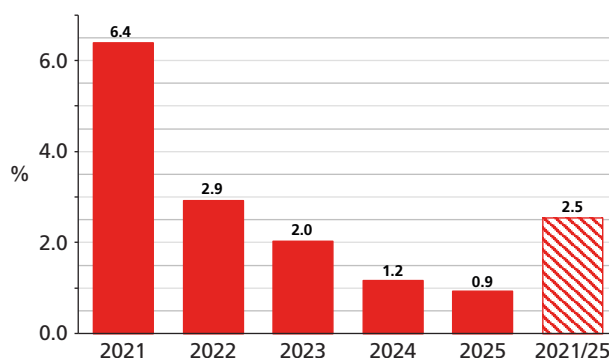
Capital Value Growth Forecasts

All Property average capital value growth forecasts

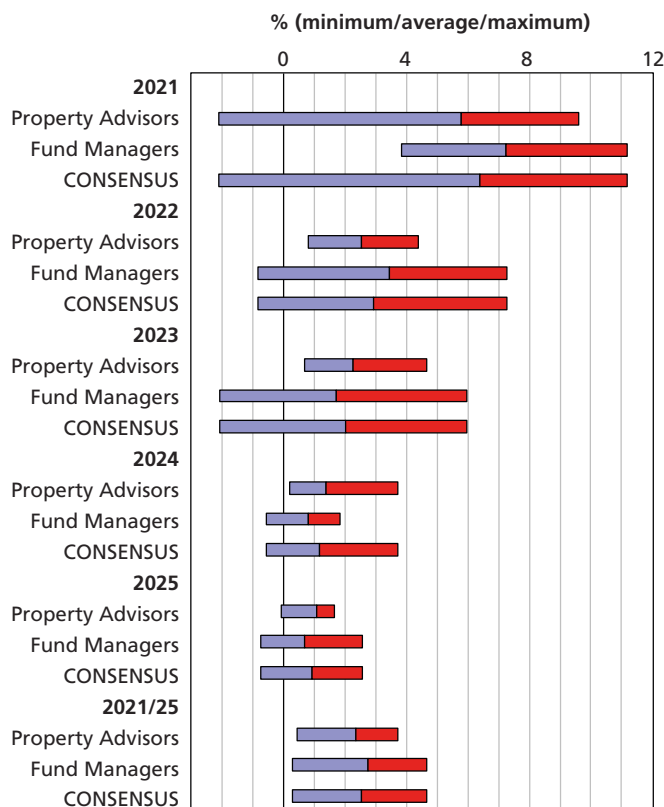
In August, five contributors predicted declines in the 2021 All Property capital value growth rate, compared to a single negative forecast this quarter. Most contributors registered a significant improvement in sentiment for the year, resulting in a rise of more than 400bps.

With the exception of the 2025 average (down some 30bps), projections for other years also rose, even if reducing year-on-year, by 67bps for 2022 to 8bps for 2024.

The impact of these changes has produced an 85bps improvement in the five-year annualised average, from August's 1.7% pa.



Capital value growth forecasts by contributor



N.B. Two 'Other' contributors returned data in addition to those of 10 Property Advisors and eight Fund Managers.

Expectations for 2021 have risen considerably over the quarter, as substantial rises in both minimum and maximum forecasts have generated increases of over 500 and 330bps to average Fund Manager and Property Advisor forecasts respectively. These now lie at 7.3% and 5.8% (from 2.1% and 2.5% previously), driven most markedly by a 640bps improvement in the minimum Manager forecast (from -2.6% to 3.9% over the period). However, the range of opinion among Advisors is particularly marked (at 11.7% from 9.0% in August).

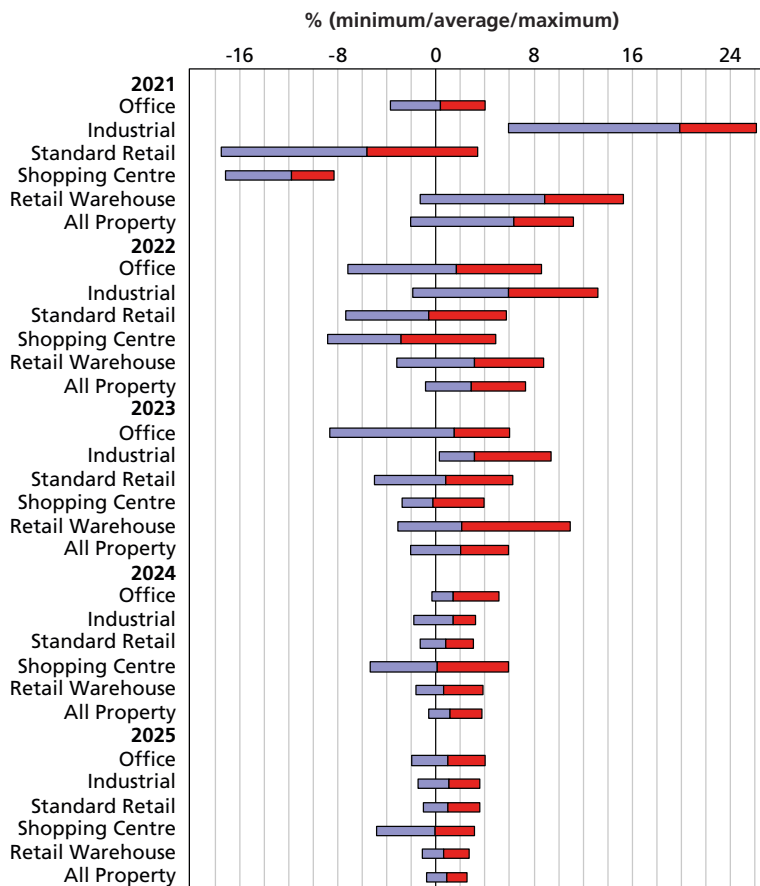
While capital value growth is expected to peak in the current year, the outlook for 2022 also strengthened. The distribution of Manager forecasts is wider than that of Advisors, having narrowed by 8.0% (from 16.1% previously), although the omission of the one negative forecast would reduce this measure to 6.4% (with a rise in the group's average to 4.1%).

In a reversal of August's results, the 2023 average Fund Manager forecast is lower than the Property Advisors' (1.7% versus 2.3%) due to a 17bps decline, compared to a 79bps uplift in the latter figure.

Driven primarily by improved current year expectations, the five-year averages recorded increases of 93 and 73 bps to 2.7% and 2.4% pa for Managers and Advisors respectively.

Capital Value Growth Forecasts (2)

Sector capital value growth annual forecasts



All 2021 sector averages rose over the quarter, including significant movements of more than 780bps in the case of Industrials and 720bps for Retail Warehouses, to 19.9% and 8.8% respectively. Despite all contributors returning sub-zero forecasts for Shopping Centre, and all but one for Standard Retail, their 2021 average projections climbed 343 and 149bps, to -11.8% and -5.6% respectively. Compared to last quarter, 12 of the 20 Office projections were positive, in contrast with 7 (from 22) in August, resulting in a 230bps improvement in the average to 0.4%.

Forecasters signalled further improvement in the Shopping Centre average in 2022 (to -2.8% on average), with Standard Retail the only other negative growth sector (averaging -0.6%).

As predicted in August, 2023 marks a likely return to positive growth for Standard Retail of 0.8% (0.3% previously). Although the Shopping Centre outlook remains negative that year, the destruction in that sector's value may have abated by 2024.

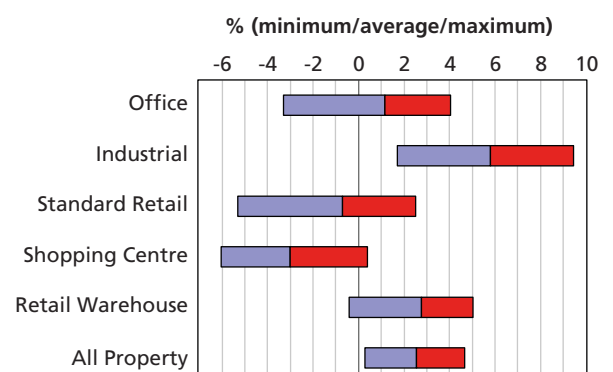
Averages for Offices in 2022 and 2023 fell back over the quarter and suggest next year may prove to be the peak with a growth rate of 1.6%, followed by a decline to 1.0%

by 2025. While the Industrial average is predicted to weaken year-on-year, culminating in a low of 1.0% by 2025, this remains the one sector expected to outperform the All Property average throughout the survey period.

Sector capital value growth five-year forecasts

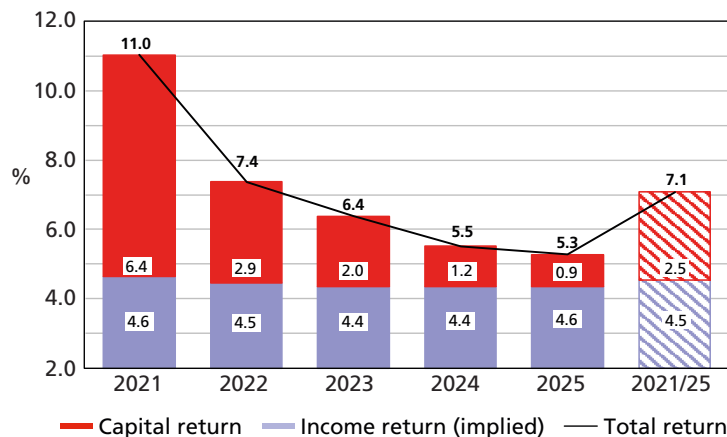
Again, much-improved near-term Industrial and Retail Warehouse forecasts supported considerable uplifts in annualised averages for these sectors, to 5.8% and 2.8% pa currently (from 4.2% and 0.8% in August), compared to an increased All Property average of 2.5% pa (1.7% previously).

Annualised average growth rates for Offices and Standard Retail rose to a lesser extent over the quarter to 1.2% and -0.7% pa, from 1.0% and -1.4% respectively, while the Shopping Centres average improved to -3.0% from -4.6% pa.



Total Return Forecasts

All Property total return forecasts



From November 2020's low of 1.5%, this year's total return forecast has continued its quarterly improvement, rising more than 410bps since August to a current 11.0%. As a result of further yield improvement, the capital value component exceeds the implied income return for the first time since November 2017.

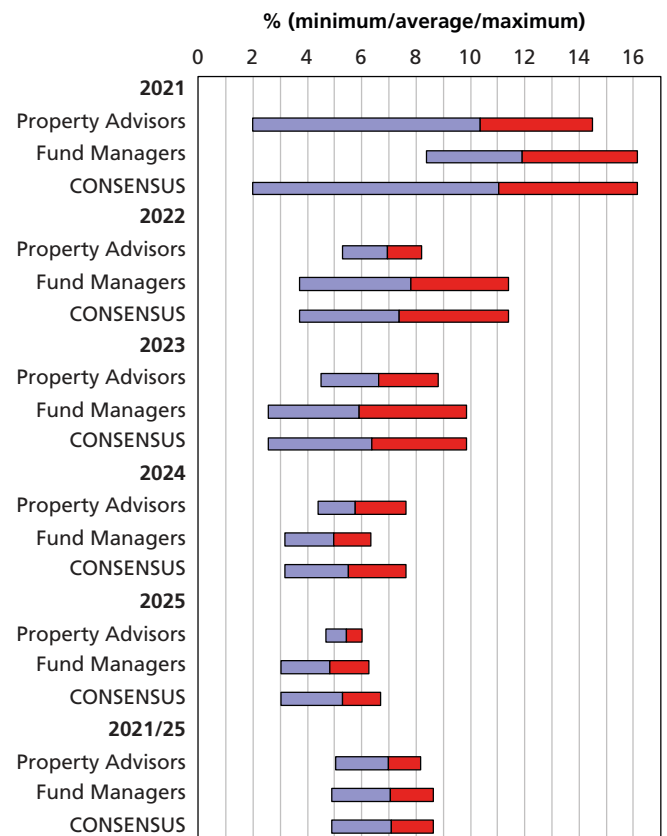
This greatly improved outlook for 2021 capital values and, to a lesser extent for 2022, has caused the five-year average to increase over 80bps, from last quarter's 6.3% pa, despite weakening expectations for 2024 and 2025 averages.

Contributors All Property total return forecasts

Both contributor groups are substantially more optimistic in their 2021 forecasts than three months ago, producing averages of 10.4% and 11.9% (representing increases of 340 and 510 bps) for Property Advisors and Fund Managers respectively. This is notwithstanding a substantial outlier forecast of 2.0% from one Advisor, without which the average would be 11.3% (or 434bps higher than August). Minimum and maximum 2021 forecasts also rose considerably over the quarter although the Advisor forecast range expanded, to 12.5% from 9.5%, against a narrowing of opinion between Managers (now 7.8% from 10.3% three months ago).

Average forecasts for 2022 also strengthened, to 7.8% for Managers and 7.0% for Advisors – although the maximum Manager projection fell back to 11.1% (18.6% previously), whereas the Advisor spread was virtually unchanged at 2.8% (2.9% in August).

Forecasts for remaining survey years revert to greater optimism on average among Advisors than Managers, combined with a generally greater consensus among the former. The latter's 2023 to 2025 averages weakened by between 44bps (2023 and 2024) and 92bps, with only the 2025 Advisor average lower than three months ago.



N.B. Two 'Other' contributors returned data in addition to those of 10 Property Advisors and eight Fund Managers..

Total Return Forecasts (2)

Sector total return annual forecasts



Echoing current capital growth expectations for 2021, all sector return forecast averages rose over the quarter. Again, the Industrial average recorded the greatest uplift (of more than 800bps) to produce a stunning 24.5% average; omitting the lowest projection, of 10.1%, from the 20 forecasts received (with only one other below 20%) would have resulted in an average of 25.3%. The Retail Warehouse average also rose significantly – to 15.8% from 8.4% in August (a rise of 747bps over the quarter), with only four projections below 10%.

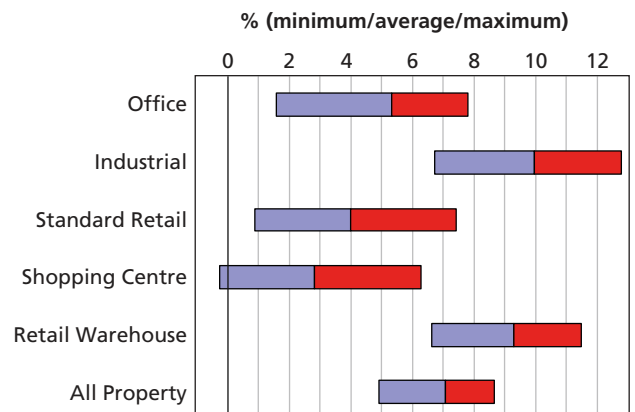
For Offices, the 2021 return improved 227bps, to 4.5%, while 11 negative forecasts continued to restrict recovery in the Standard Retail average – now 0.9% from -2.2% in August. Every 2021 Shopping Centre forecast remains below zero, ranging from -11.5% to -3.1%, albeit a relatively tight cluster compared to other markets, producing an average of -6.4%.

Against 2021 projections, remaining forecast years' expectations are relatively pedestrian, with the best being the 2022 Industrial average of 9.8%, followed by Retail Warehouses at 9.5% for that year also. Year-on-year, with the exception of 2023, when the Standard Retail average strengthens marginally, only Shopping Centres record modest improvements on average through the remaining survey period.

Sector total return five-year forecasts

Strong 2021 projections are reflected in most five-year annualised averages. The Retail Warehouse average rose over 190bps, to 9.3% pa, while the Industrial forecast increased by almost 170bps, to 10.0% pa. Both are predicted to outperform the All Property average of 7.1% pa (6.3% previously).

The Shopping Centre annualised average improved 93bps over the quarter, to 2.8% pa, followed by Standard Retail, rising 52bps to 4.0%. The mean forecast for Offices remained unaltered, however, at 5.3% pa.



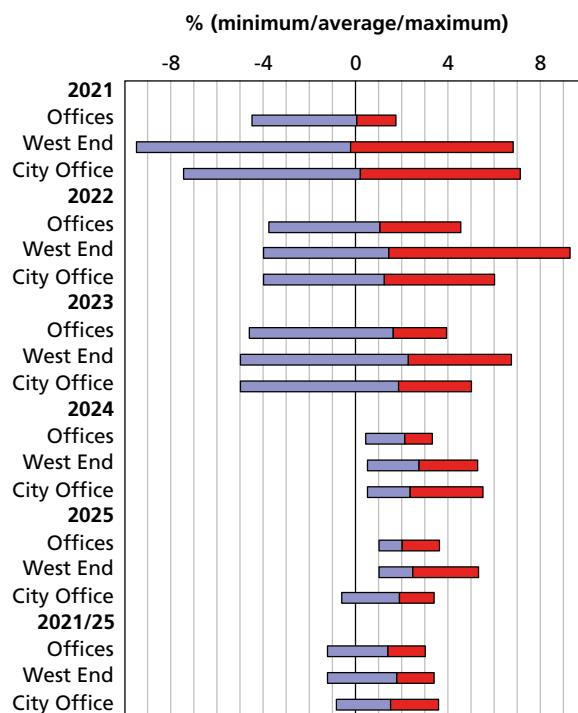
Central London Office Forecasts

Central London offices

According to BNP Paribas Real Estate³, take-up was over 2.5m sq. ft. in the third quarter of 2021– the highest total since the beginning of Covid but more than 10% lower than the pre-pandemic 10-year quarterly average, indicating ongoing uncertainty over a return to the office. However, prime rents are rising due to intense competition for the best space and BNP reports a West End vacancy rate of below 4% for Grade A accommodation.

Demand continues to recover, with investment transaction volumes reaching £3.2bn over the quarter, driven by the requirement for new, sustainable offices to support ESG strategies. For the year to date, volumes now stand at £8.6bn, over 100% up on the same period last year. Overseas investors have accounted for 65% of Central London office volume so far this year – almost 10% above the same period in 2020.

Rental value growth



In contrast with the last survey, of the 19 central rental forecasts received, only five 2021 West End growth projection were below zero. While the minimum forecast of -9.5% dates from the end of August (a 46bps rise), the -0.2% average reflects a 155bps improvement over last quarter's -1.8%. The City average forecast rose 172bps to 0.2% (from -1.5%), with only three sub-zero returns (the lowest also dating from end-August). However, forecast spreads increased over the period, to 16.3% and 14.6% for the West End and City respectively, compared to 6.2% for the wider UK Office market.

Both markets continued to attract one or more negative forecast in each of the first three years of the survey, but the overall expectation is for positive growth from next year (of 1.4% and 1.2% respectively), although the City forecast average fell 25bps over the quarter.

As in August, 2023 average forecasts weakened for both West End and City (by 33 and 71bps, to 2.3% and 1.9%), while average growth rates are anticipated to fall back from peaks of 2.7% and 2.4% in 2024.

The West End five-year annualised average rose more than 30bps over the quarter, to 1.8% pa (1.4% in August), and by 25bps for the City average, to 1.5% pa.

Central London Office Forecasts (2)

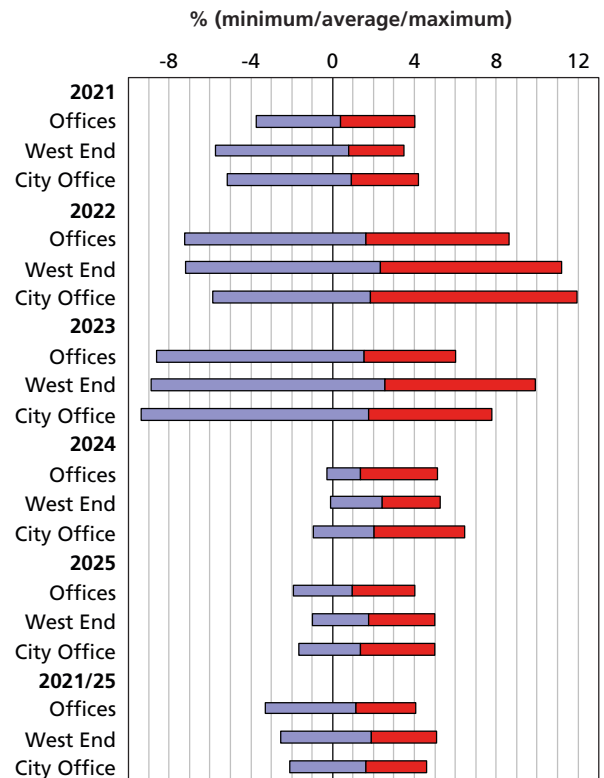
Capital value growth

The 2021 West End and City average forecasts improved substantially (by 234 and 225bps), signalling a return to positive growth (of 0.8% and 0.9%), and coincided with considerable reductions in forecast spreads, down almost 14% for the West End and 9.4% for the City. These movements were mainly driven by rises in minimum forecasts, although the West End still attracted three negative projections (five for the City) from 18 data returns.

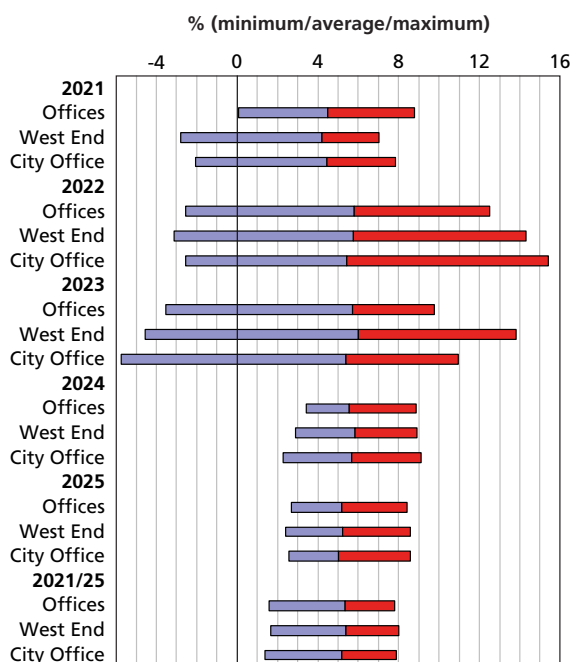
While the year-on-year forecasts are higher in 2022, average estimates deteriorated over the quarter – the West End projection by 52bps, to 2.3%, and by over 130bps for the City, to 1.8%. Forecast spreads for next year narrowed considerably however, to 18.4% and 17.8%, from 28.4% and 28.8% respectively.

This diversity of views continues into 2023, with similar forecasts ranges; sentiment for West End growth was also weaker, down 91bps to an average of 2.5%, while the City mean fell 118bps to 1.8%.

Despite falling averages in three of the five years surveyed, both markets' five-year averages remained virtually unaltered over the quarter, at 1.9% and 1.6% pa and continued to better the UK average of 1.2% pa.



Total returns



Mirroring the pattern of change in capital value growth forecasts, both 2021 averages improved markedly over the quarter, by 231bps for the West End (to 4.2%) and 207bps in the City (to 4.5%). However, 2022 and 2023 averages fell, with a single forecaster's negative sentiment a major contributor to these movements. Expectations for next year declined to 5.8% and 5.4% (from 6.4% and 7.0% respectively), and to 6.0% and 5.4% for 2023.

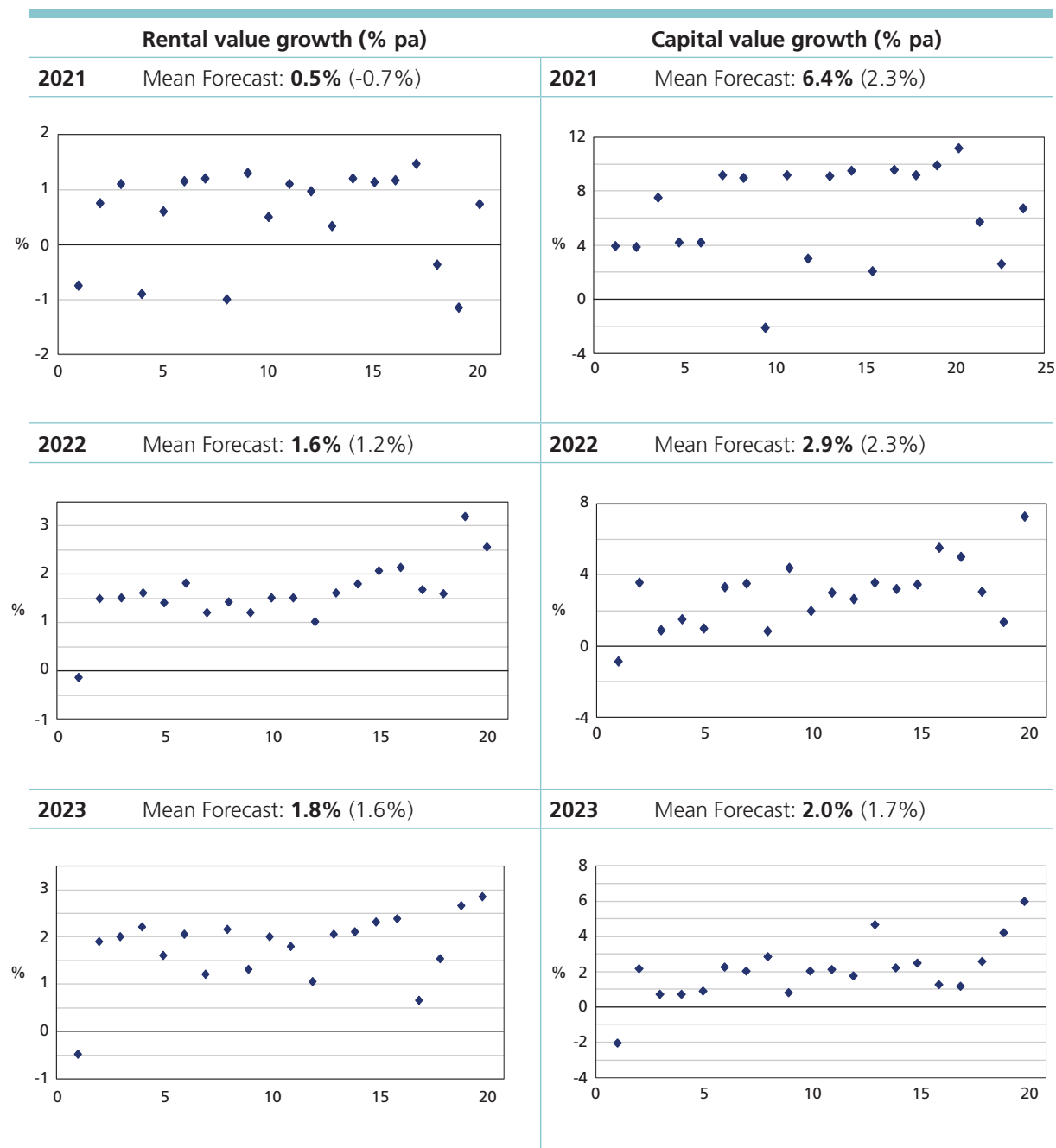
The yearly declines in average forecast extends into 2024 for the West End, down 25bps to 5.8%, compared to a 10bp rise in the City average, to 5.7%, while both market averages for 2025 weakened from August's results, to 5.2% and 5.0% (from 6.0% and 5.4%).

Current year forecast spreads narrowed considerably from the last survey (by over 12% for the West End). However, both 2023 and 2024 attracted a wide array of opinion, reinforced by outlying negative forecasts from one contributor.

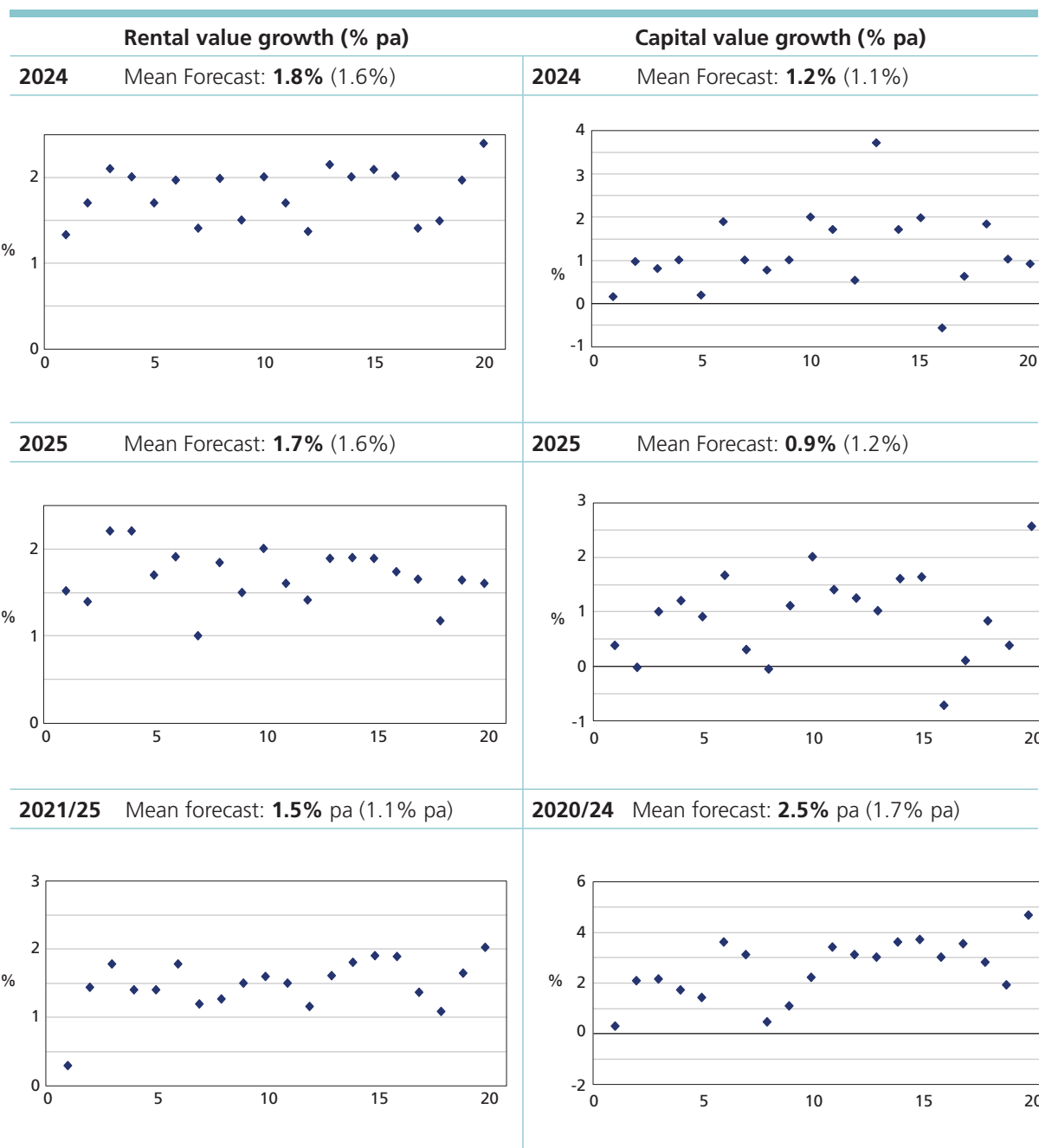
While the City five-year annualised average deteriorated over the quarter, to 5.2% pa, the West End and wider UK Office market forecasts were virtually unchanged, at 5.4% and 5.3% pa respectively.

Distribution of Forecasts

The scatter charts record forecasts of **All Property** rental value and capital value growth and total return forecasts for the **Autumn 2021** survey. Contributor projections are included in random order so that individual forecasts cannot be identified. Previous quarter's mean forecasts (August 2021) appear in brackets.



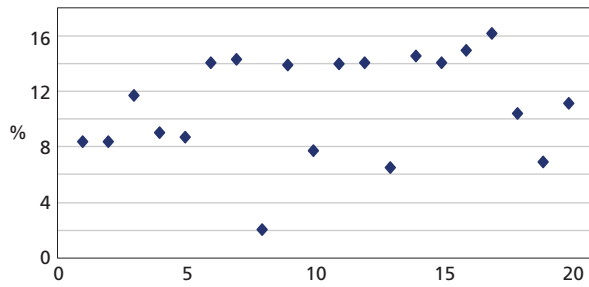
Distribution of Forecasts (2)



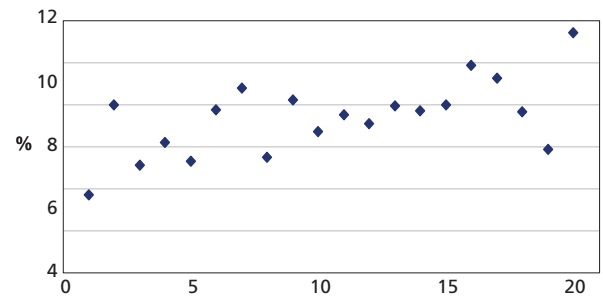
Distribution of Forecasts (3)

All Property total returns (% pa)

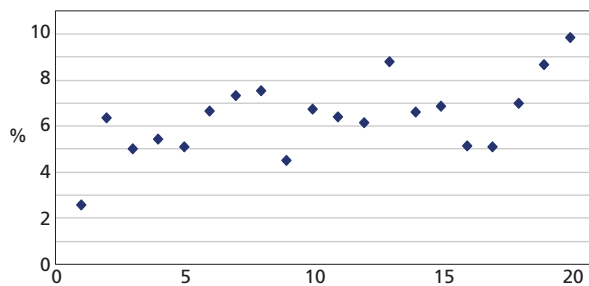
2021 Mean forecast: **11.0%** (6.9%)



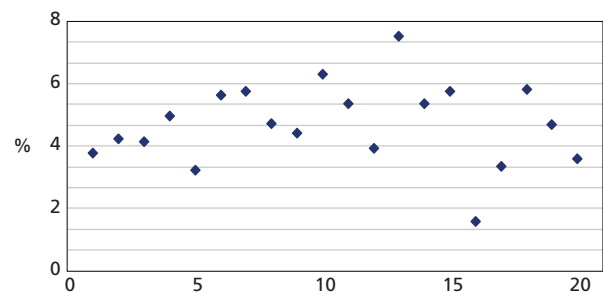
2022 Mean forecast: **7.4%** (6.7%)



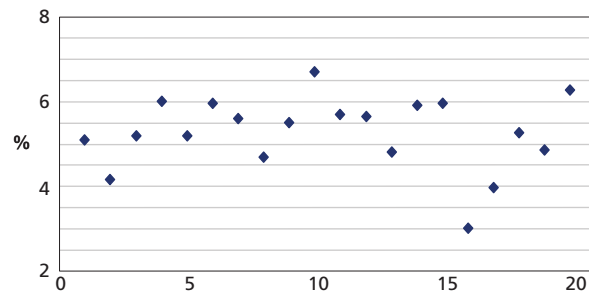
2023 Mean forecast: **6.4%** (6.2%)



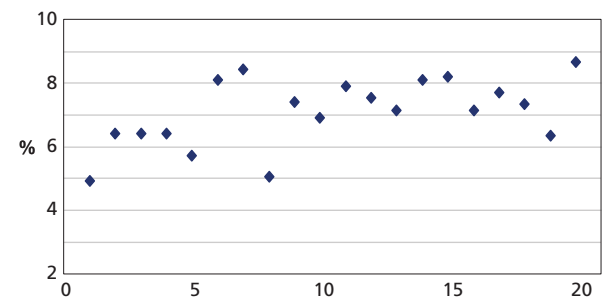
2024 Mean forecast: **5.5%** (5.7%)



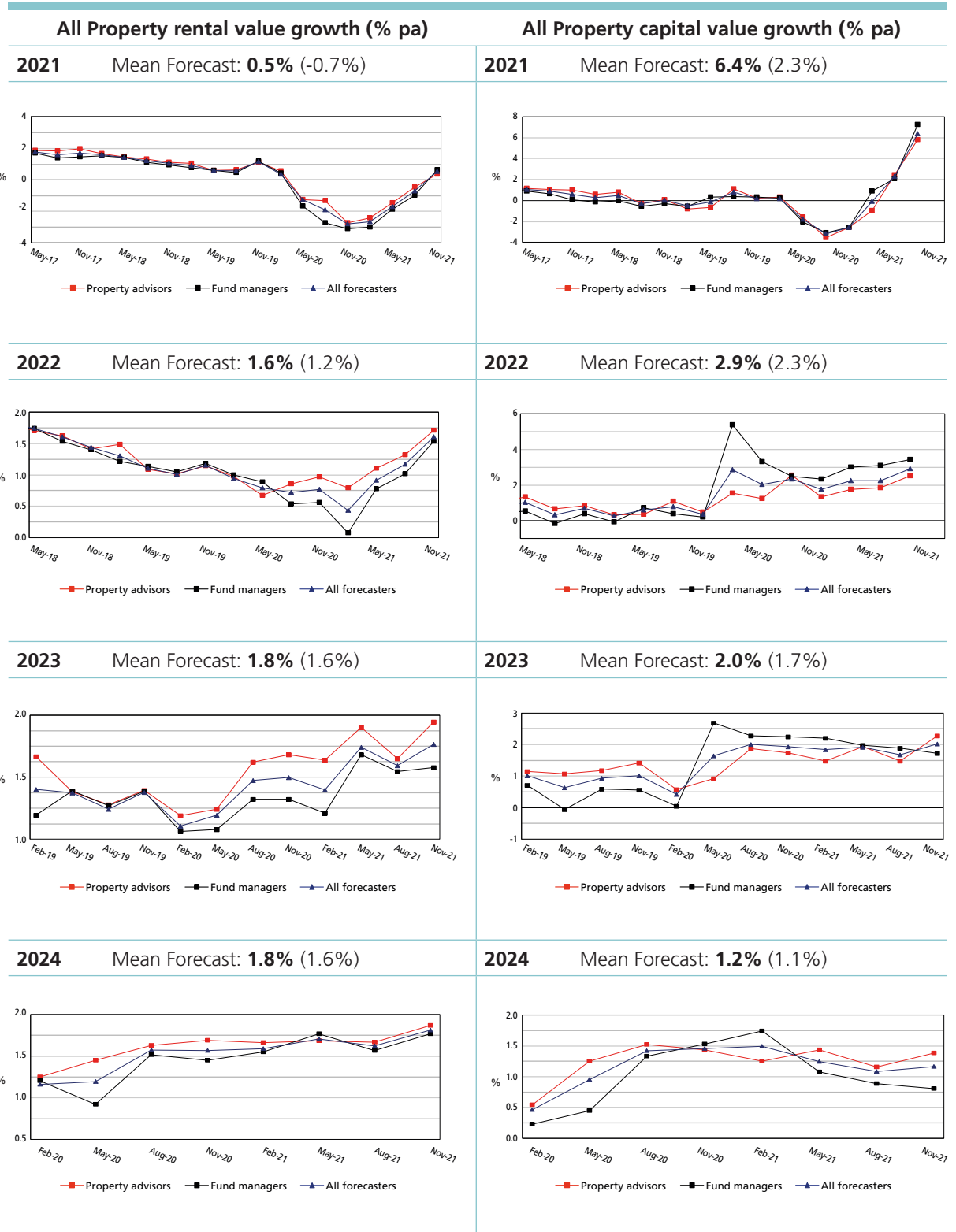
2025 Mean forecast: **5.3%** (5.6%)



2021/2025 Mean forecast: **7.1% pa** (5.8% pa)



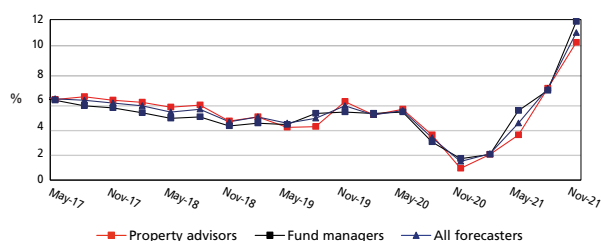
Evolution of the All Property Consensus



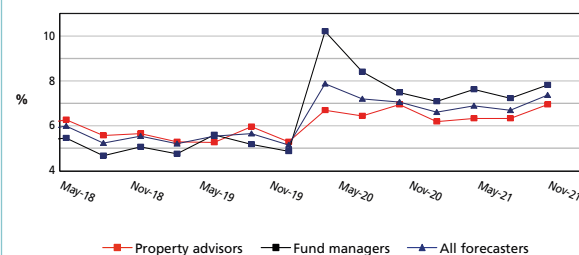
Evolution of the consensus (2)

All Property total returns (% pa)

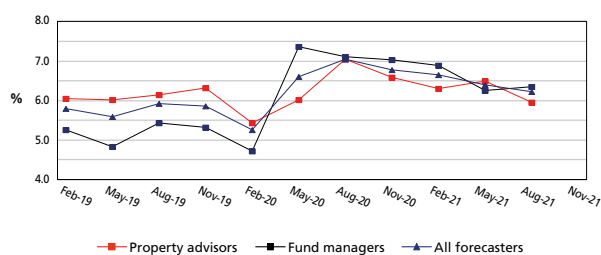
2021 Mean Forecast: **11.0%** (6.9%)



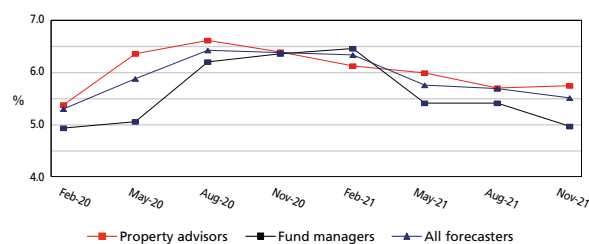
2022 Mean Forecast: **7.4%** (6.7%)



2023 Mean Forecast: **6.4%** (6.2%)



2024 Mean Forecast: **5.5%** (5.7%)



All Property Survey Results by Contributor Type

(Forecasts in brackets are May 2021 comparisons)

Property Advisors

10 (11) contributors	Rental value growth (%)			Capital value growth (%)			Total return (%)		
	2021	2022	2021/25	2021	2022	2021/25	2021	2022	2021/25
Maximum	1.3 (0.8)	3.2 (2.1)	1.9 (1.8)	9.6 (6.0)	4.4 (3.9)	3.7 (2.7)	14.5 (10.7)	8.2 (8.0)	8.2 (7.3)
Minimum	-1.1 (-3.3)	1.0 (0.4)	1.2 (0.5)	-2.1 (-3.0)	0.8 (0.8)	0.4 (0.5)	2.0 (1.2)	5.3 (5.3)	5.0 (4.7)
Range	2.4 (4.1)	2.2 (1.8)	0.7 (1.3)	11.7 (9.0)	3.6 (3.1)	3.3 (2.2)	12.5 (9.5)	2.9 (2.8)	3.1 (2.6)
Median	0.8 (0.1)	1.6 (1.3)	1.6 (1.2)	6.7 (3.6)	2.9 (2.1)	2.5 (1.6)	11.5 (8.1)	7.4 (6.6)	7.3 (6.2)
Mean	0.4 (-0.5)	1.7 (1.3)	1.5 (1.2)	5.8 (2.5)	2.5 (1.8)	2.4 (1.6)	10.4 (7.0)	7.0 (6.3)	7.0 (6.1)

Fund Managers

8 (9) contributors	Rental value growth (%)			Capital value growth (%)			Total return (%)		
	2021	2022	2021/25	2021	2022	2021/25	2021	2022	2021/25
Maximum	1.5 (1.3)	2.6 (2.0)	2.0 (1.5)	11.2 (7.7)	7.3 (14.5)	4.7 (6.6)	16.2 (12.5)	11.4 (18.6)	8.6 (10.5)
Minimum	-0.7 (-4.0)	-0.1 (-0.9)	0.3 (-0.2)	3.9 (-2.6)	-0.8 (-1.5)	0.3 (-0.6)	8.4 (2.2)	3.7 (3.4)	4.9 (4.2)
Range	2.2 (5.3)	2.7 (2.9)	1.7 (1.7)	7.3 (10.3)	8.1 (16.1)	4.4 (7.3)	7.8 (10.3)	7.7 (15.2)	3.7 (6.2)
Median	0.9 (-0.5)	1.5 (1.1)	1.5 (1.1)	7.1 (1.1)	3.3 (2.3)	2.9 (1.7)	11.4 (6.0)	7.8 (6.6)	7.2 (6.4)
Mean	0.7 (-1.0)	1.5 (1.0)	1.4 (0.9)	7.3 (2.1)	3.4 (3.1)	2.7 (1.8)	11.9 (6.8)	7.8 (7.2)	7.0 (6.3)

All Property forecasters

20 (23) contributors	Rental value growth (%)			Capital value growth (%)			Total return (%)		
	2021	2022	2021/25	2021	2022	2021/25	2021	2022	2021/25
Maximum	1.5 (1.3)	3.2 (2.1)	2.0 (1.8)	11.2 (7.7)	7.3 (14.5)	4.7 (6.6)	16.2 (12.5)	11.4 (18.6)	8.6 (10.5)
Minimum	-1.1 (-4.0)	-0.1 (-0.9)	0.3 (-0.2)	-2.1 (-3.0)	-0.8 (-1.5)	0.3 (-0.6)	2.0 (1.2)	3.7 (3.4)	4.9 (4.2)
Range	2.6 (5.3)	3.3 (3.0)	1.7 (2.0)	13.3 (10.7)	8.1 (16.1)	4.4 (7.3)	14.2 (11.3)	7.7 (15.2)	3.7 (6.2)
Std. Dev.	0.8 (1.5)	0.6 (0.6)	0.4 (0.4)	3.4 (3.0)	1.8 (2.9)	1.1 (1.3)	3.6 (3.1)	1.7 (2.8)	1.0 (1.2)
Median	0.9 (0.0)	1.5 (1.2)	1.5 (1.1)	7.1 (2.5)	3.1 (2.1)	2.9 (1.7)	11.4 (7.5)	7.7 (6.6)	7.2 (6.4)
Mean	0.5 (-0.7)	1.6 (1.2)	1.5 (1.1)	6.4 (2.3)	2.9 (2.3)	2.5 (1.7)	11.0 (6.9)	7.4 (6.7)	7.1 (6.3)

Notes:

- Figures are subject to rounding and are forecasts of All Property or relevant segment Annual Index measures published by MSCI. These measures relate to standing investments only, meaning that the effects of transaction activity, developments and certain active management initiatives are specifically excluded.
- To qualify, forecasts must be generated within 12 weeks of the survey date (10 November 2021).
- Maximum: The strongest growth or return forecast in the survey under each heading.
- Minimum: The weakest growth or return forecast in the survey under each heading.
- Range: The difference between the maximum and minimum figures in the survey.
- Median: The middle forecast when all observations are ranked in order. The average of the middle two forecasts is taken where there is an even number of observations.
- Mean: The arithmetic mean of all forecasts in the survey under each heading. All views carry equal weight.
- Standard deviation: A statistical measure of the spread of forecasts around the mean. Calculated at the 'All forecaster' level only.
- The sector figures are not analysed by contributor type; all figures are shown at the 'All forecaster' level.
- In the charts and tables, 'All Property' figures were derived from 20 forecasts for each performance measure over all periods. Full sector forecasts were received from 20 organisations (18 for full central London office forecasts).

Survey Results by Sector

Office

20 forecasts	Rental value growth (%)				Capital value growth (%)				Total return (%)			
	2021	2022	2023	2021/25	2021	2022	2023	2021/25	2021	2022	2023	2021/25
Maximum	1.7	4.6	3.9	3.0	4.0	8.6	6.0	4.0	8.8	12.5	9.8	7.8
Minimum	-4.5	-3.8	-4.6	-1.2	-3.7	-7.2	-8.6	-3.3	0.1	-2.6	-3.5	1.6
Range	6.2	8.3	8.6	4.2	7.7	15.8	14.6	7.3	8.7	15.0	13.3	6.2
Median	0.5	0.9	1.9	1.4	0.4	1.6	1.6	1.2	4.4	5.6	5.9	5.3
Mean	0.0	1.0	1.6	1.4	0.4	1.6	1.5	1.2	4.5	5.8	5.7	5.3

Industrial

20 forecasts	Rental value growth (%)				Capital value growth (%)				Total return (%)			
	2021	2022	2023	2021/25	2021	2022	2023	2021/25	2021	2022	2023	2021/25
Maximum	6.9	6.9	4.5	4.8	26.1	13.2	9.4	9.5	31.0	16.7	12.6	12.8
Minimum	4.0	2.5	1.6	1.9	5.9	-1.9	0.3	1.7	10.1	1.9	4.3	6.7
Range	2.9	4.4	2.9	2.9	20.2	15.1	9.1	7.8	20.9	14.8	8.3	6.1
Median	6.1	4.1	3.4	3.5	20.7	6.5	3.0	6.3	25.9	10.5	6.6	10.3
Mean	5.7	4.1	3.2	3.5	19.9	5.9	3.2	5.8	24.5	9.8	6.9	10.0

Standard Retail

20 forecasts	Rental value growth (%)				Capital value growth (%)				Total return (%)			
	2021	2022	2023	2021/25	2021	2022	2023	2021/25	2021	2022	2023	2021/25
Maximum	0.0	2.5	2.4	2.8	3.4	5.7	6.3	2.5	9.4	10.2	10.5	7.4
Minimum	-15.0	-5.2	-3.0	-4.1	-17.5	-7.4	-5.0	-5.3	-10.2	0.2	1.0	0.9
Range	15.0	7.7	5.4	6.9	20.9	13.1	11.3	7.8	19.6	10.1	9.6	6.5
Median	-6.4	-2.0	0.3	-1.3	-5.2	-0.5	1.1	-0.6	-0.5	4.7	5.4	4.5
Mean	-6.4	-1.9	0.2	-1.1	-5.6	-0.6	0.8	-0.7	-0.9	4.3	5.6	4.0

Shopping Centre

20 forecasts	Rental value growth (%)				Capital value growth (%)				Total return (%)			
	2021	2022	2023	2021/25	2021	2022	2023	2021/25	2021	2022	2023	2021/25
Maximum	-5.0	1.7	3.5	-0.2	-8.3	4.9	3.9	0.4	-3.1	9.7	10.9	6.3
Minimum	-11.0	-5.2	-3.0	-4.5	-17.2	-8.9	-2.8	-6.0	-11.5	-3.5	2.8	-0.3
Range	6.0	6.9	6.5	4.3	8.9	13.8	6.7	6.4	8.4	13.2	8.2	6.6
Median	-6.4	-2.0	-0.3	-1.7	-11.7	-2.5	-0.9	-3.0	-5.6	2.9	6.2	2.2
Mean	-7.2	-2.3	-0.6	-1.9	-11.8	-2.8	-0.2	-3.0	-6.4	3.2	5.7	2.8

Retail Warehouse

20 forecasts	Rental value growth (%)				Capital value growth (%)				Total return (%)			
	2021	2022	2023	2021/25	2021	2022	2023	2021/25	2021	2022	2023	2021/25
Maximum	-1.0	3.4	2.8	0.8	15.3	8.8	11.0	5.0	23.1	12.2	17.9	11.5
Minimum	-5.0	-2.5	-1.0	-1.4	-1.3	-3.2	-3.1	-0.4	5.3	3.0	2.8	6.6
Range	4.0	5.9	3.8	2.2	16.6	12.0	14.1	5.4	17.8	9.2	15.1	4.9
Median	-2.1	0.5	1.1	0.2	10.3	4.1	1.8	2.9	16.8	11.0	8.2	9.4
Mean	-2.4	0.4	0.8	0.1	8.8	3.2	2.1	2.8	15.8	9.5	8.2	9.3

All Property

20 forecasts	Rental value growth (%)				Capital value growth (%)				Total return (%)			
	2021	2022	2023	2021/25	2021	2022	2023	2021/25	2021	2022	2023	2021/25
Maximum	1.5	3.2	2.8	2.0	11.2	7.3	6.0	4.7	16.2	11.4	9.8	8.6
Minimum	-1.1	-0.1	-0.5	0.3	-2.1	-0.8	-2.1	0.3	2.0	3.7	2.6	4.9
Range	2.6	3.3	3.3	1.7	13.3	8.1	8.0	4.4	14.2	7.7	7.3	3.7
Std. Dev.	0.8	0.6	0.7	0.4	3.4	1.8	1.6	1.1	3.6	1.7	1.6	1.0
Median	0.9	1.5	2.0	1.5	7.1	3.1	2.1	2.9	11.4	7.7	6.5	7.2
Mean	0.5	1.6	1.8	1.5	6.4	2.9	2.0	2.5	11.0	7.4	6.4	7.1

Sector Summary: Means

Sector summary: Means

(no. forecasts)	Rental value growth (%)				Capital value growth (%)				Total return (%)			
	2021	2022	2023	2021/25	2021	2022	2023	2021/25	2021	2022	2023	2021/25
Office (20)	0.0	1.0	1.6	1.4	0.4	1.6	1.5	1.2	4.5	5.8	5.7	5.3
Industrial (20)	5.7	4.1	3.2	3.5	19.9	5.9	3.2	5.8	24.5	9.8	6.9	10.0
Standard Retail (20)	-6.4	-1.9	0.2	-1.1	-5.6	-0.6	0.8	-0.7	-0.9	4.3	5.6	4.0
Shopping Centre (20)	-7.2	-2.3	-0.6	-1.9	-11.8	-2.8	-0.2	-3.0	-6.4	3.2	5.7	2.8
Retail Warehouse (20)	-2.4	0.4	0.8	0.1	8.8	3.2	2.1	2.8	15.8	9.5	8.2	9.3
All Property (20)	0.5	1.6	1.8	1.5	6.4	2.9	2.0	2.5	11.0	7.4	6.4	7.1

West End office

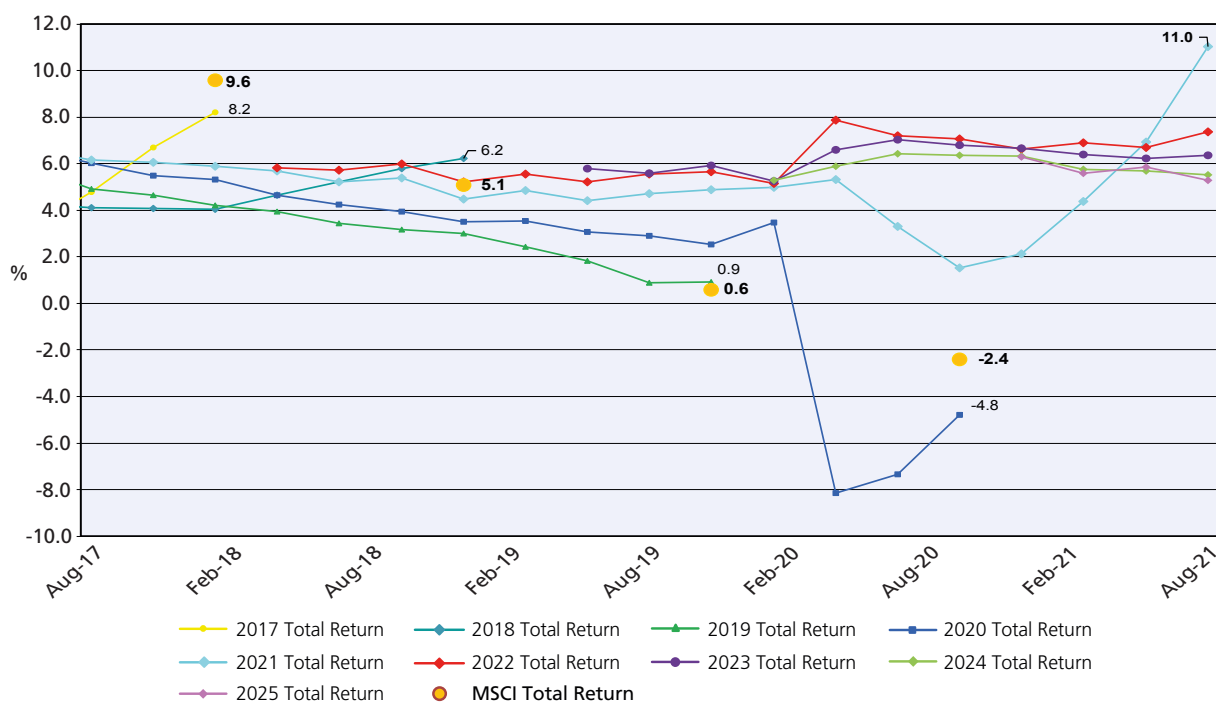
18 forecasts*	Rental value growth (%)				Capital value growth (%)				Total return (%)			
	2021	2022	2023	2021/25	2021	2022	2023	2021/25	2021	2022	2023	2021/25
Maximum	6.8	9.3	6.7	3.4	3.5	11.2	9.9	5.1	7.0	14.3	13.8	8.0
Minimum	-9.5	-4.0	-5.0	-1.2	-5.7	-7.2	-8.9	-2.5	-2.8	-3.1	-4.5	1.7
Range	16.3	13.3	11.7	4.6	9.2	18.4	18.8	7.6	9.8	17.5	18.3	6.3
Median	0.2	1.0	2.3	1.8	1.3	2.0	2.9	2.4	4.8	5.5	6.5	5.7
Mean	-0.2	1.4	2.3	1.8	0.8	2.3	2.5	1.9	4.2	5.8	6.0	5.4

City office

18 forecasts*	Rental value growth (%)				Capital value growth (%)				Total return (%)			
	2021	2022	2023	2021/25	2021	2022	2023	2021/25	2021	2022	2023	2021/25
Maximum	7.1	6.0	5.0	3.6	4.2	12.0	7.8	4.6	7.9	15.4	10.9	7.9
Minimum	-7.5	-4.0	-5.0	-0.8	-5.1	-5.9	-9.4	-2.1	-2.1	-2.5	-5.8	1.4
Range	14.6	10.0	10.0	4.4	9.3	17.8	17.2	6.7	9.9	17.9	16.7	6.5
Median	0.4	0.9	2.0	1.4	1.5	1.8	1.9	1.8	5.1	5.5	5.7	5.5
Mean	0.2	1.2	1.9	1.5	0.9	1.8	1.8	1.6	4.5	5.4	5.4	5.2

* In addition, one other contributor provided rental growth forecasts.

Consensus Forecast All Property Total Return Forecasts versus MSCI (IPD) Annual Outturns



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Note

Consensus forecasts further the objective of the IPF to enhance the efficiency of the real estate investment market. The IPF is extremely grateful for the continuing support of contributors, some of whom are noted above. This publication is only possible thanks to the provision of these individual forecasts.

If your organisation wishes to contribute to future surveys, please contact the IPF Research Director at pcraddock@ipf.org.uk.

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