



SEPTEMBER 2020

RESEARCH

Summer 2020 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.

The Programme is funded by a cross-section of businesses, representing key market participants. The IPF makes a contribution to the Programme and gratefully acknowledges the support of these sponsoring organisations:



The Investment Property Forum Consensus Forecasts Summer 2020 Survey of Independent Forecasts for UK Commercial Property Investment – September 2020

The current quarter's survey draws on data from 24 regular contributors, 23 of whom also provided sector forecasts. The earliest of these were generated at the end of May, with the majority (14) being produced within three weeks of the survey date of 19 August.

In the words of one contributor, "It is not the easiest time to forecast the property market with many potential scenarios that can play-out very quickly" adding that, notwithstanding the development of a vaccine, occupier behaviour may undergo a rapid change – a view shared by many commentators. It will be interesting to see the proportion of office-based employees returning to their desks in the autumn; the same source suggests numbers may rise "steadily through September and October, alleviating the struggling city centres but allowing more local amenities to continue to enjoy their mini-boom."

With retail also clearly demonstrating a change in consumer behaviour, the proportion of online spending reaching a record high of 33.3% in May, bricks and mortar shopping has borne the brunt of the downturn. One advisor thinks things could not get much worse "than the retail forecasts presented here – so there may be some upside later on in retail when people realise it's cheap and there's income." While on-line's share dropped back in subsequent months (to 28.9% in July), continuing strong demand in the logistics market should offer some protection to investors' portfolios. However, the overall risk to income, through smaller tenants withholding rental payments or larger occupier failures, could impact returns. And previously expressed fears of rising unemployment once the furlough scheme is wound up and post-Brexit under-investment by business have not gone away.

Headline results from this quarter's forecasts include:

Rental value growth

- The **2020 All Property average growth rate** of **-5.0%** represents an improvement of 135 bps over May (at -6.3%), as current forecasts fall between -11.1% and -1.8%. At the sector level, Office now attract the greatest range of projections, at over 14.5%, with individual forecasts lying between -13.6% and 1.0%, whilst Shopping Centres record the lowest individual forecast (-18.6%, and a maximum of -7.7%).
- For **2021**, the **All Property** spread has widened to 960 bps as the overall expectation is weaker than three months ago – the average having declined to -1.9% from -1.3%. Sector ranges increase over the quarter for Offices and Retail Warehouses, the former rising to 12.8% (8.2% in May). The greatest accord remains within Industrial forecasts, at between -2.2% and 3.1%, to average 0.9%.

Capital value growth

- With the exception of Retail Warehouses, **2020** forecast ranges narrowed over the period. Projections at the **All Property** level now lie between -16.0% and -4.0% (from -19.5% and -4.0%), to average **-11.7%** (-12.4%). Views on Retail Warehouse growth appear particularly polarised, with a spread of almost 21.8%, ranging between -27.8% and -6.0%, to average -20.9%. The expected decline in Shopping Centre values remains unabated – the average of -28.3% includes no fewer than seven forecasts of less than -30%, and a maximum of only -20.0%.
- The **All Property** forecast for **2021** of **-1.8%**, represents a fall of almost 200 bps from May's 0.2% and reflects weaker sentiment in all sectors, with retail markets in particular being marked down further. Despite all recording double digit spreads, sector forecasts were more closely aligned than in the previous quarter.

Total returns

- Although narrowing, predictions for **2020 total returns** continue to draw a wide range of views. The **All Property** forecasts currently lie between -12.0% (from -14.7%) and an unchanged maximum of 1.2%, to average **-7.4%** (from -8.1%). The average for Shopping Centres now lies at -23.4% (from -19.7%) with a minimum forecast of -31.3% (-26.7% previously) and maximum of -12.1% (-4.2%).
- The average **2021 All Property total return** forecast has fallen to **3.3%** (from 5.3% in May). Forecast ranges now lie between -0.3% to 9.1% (from -1.0% and 13.9% in May). The spread of Shopping Centre projections reduced substantially over the quarter, to 16.9% from 29.4% to average -1.7% (2.2% previously).

To capture the impact of the pandemic on the All Property forecasts, the following table summarises the changes in the current year and five-year annualised average projections across each of the three performance measures.

	Aug-20	May-20	Feb-20
2020			
Rental Value Growth	-5.0%	-6.3%	-0.1%
Capital Value Growth	-11.7%	-12.4%	-1.4%
Total Return	-7.4%	-8.1%	3.5%
2020-2024 Annualised			
Rental Value Growth	-0.5%	-0.8%	0.7%
Capital Value Growth	-1.8%	-1.3%	0.0%
Total Return	3.1%	3.6%	4.9%

Summary Results

Summary Average by Sector

	Rental value growth (%)				Capital value growth (%)				Total return (%)			
	2020	2021	2022	2020/24	2020	2021	2022	2020/24	2020	2021	2022	2020/24
Office	-3.5	-1.0	2.2	0.4	-8.8	-1.0	3.8	-0.4	-4.9	3.5	8.3	4.0
Industrial	0.4	0.9	1.9	1.6	-3.5	1.5	3.3	1.3	0.8	6.1	7.9	5.8
Standard Retail	-10.8	-4.9	-1.9	-3.7	-20.4	-5.7	-0.1	-5.3	-16.4	-0.6	5.2	-0.4
Shopping Centre	-13.4	-6.2	-3.2	-5.1	-28.3	-8.4	-3.0	-9.2	-23.4	-1.7	4.2	-2.6
Retail Warehouse	-9.6	-4.8	-1.4	-3.2	-20.9	-5.2	0.2	-5.5	-16.0	2.1	7.7	1.3
All Property	-5.0	-1.9	0.7	-0.5	-11.7	-1.8	2.0	-1.8	-7.4	3.3	7.2	3.1
West End office	-4.5	-0.4	2.8	0.9	-7.6	0.1	4.7	0.7	-4.3	3.7	8.4	4.2
City office	-3.8	-0.8	3.0	0.9	-7.2	0.1	4.8	0.6	-3.0	4.5	8.7	4.7
Office (all)	-3.5	-1.0	2.2	0.4	-8.8	-1.0	3.8	-0.4	-4.9	3.5	8.3	4.0

All Property Average by Forecast Month

Month of forecast (no. contributors)	Rental value growth (%)				Capital value growth (%)				Total return (%)			
	2020	2021	2022	2020/24	2020	2021	2022	2020/24	2020	2021	2022	2020/24
June* (3)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
July (6)	-4.9	-1.8	0.6	-0.7	-13.0	-1.4	2.8	-1.9	-8.7	3.7	8.1	3.1
August (14)	-4.7	-2.3	0.5	-0.4	-10.7	-1.9	1.9	-1.5	-6.3	3.1	7.0	3.4
All Forecasters (24†)	-5.0	-1.9	0.7	-0.5	-11.7	-1.8	2.0	-1.8	-7.4	3.3	7.2	3.1

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

† One contributor's forecasts date from 27 May 2020.

Survey contributors

24 organisations contributed to this quarter's forecasts, comprising 12 Property Advisors and Research Consultancies, 10 Fund Managers and two Others‡.

Full All Property forecasts for all periods were received from all contributors. Full sector forecasts for all periods were received from 23 contributors, with 20 providing full West End and City sub-office sector forecasts. All forecasts were generated within 12 weeks of the survey date (19 August 2020). Named contributors appear on the final page of this report.

‡ 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.

Notes

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 the individual forecasts.

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

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

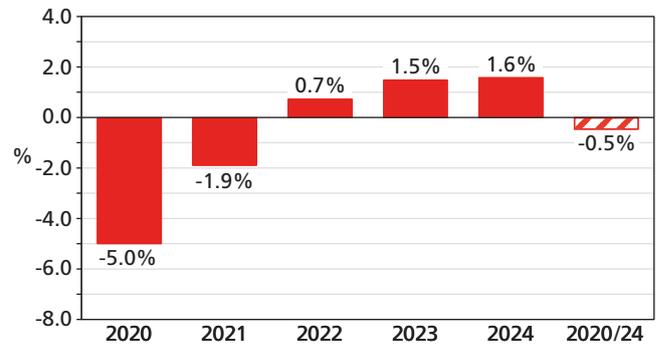
Rental Value Growth Forecasts

All Property rental value growth forecasts

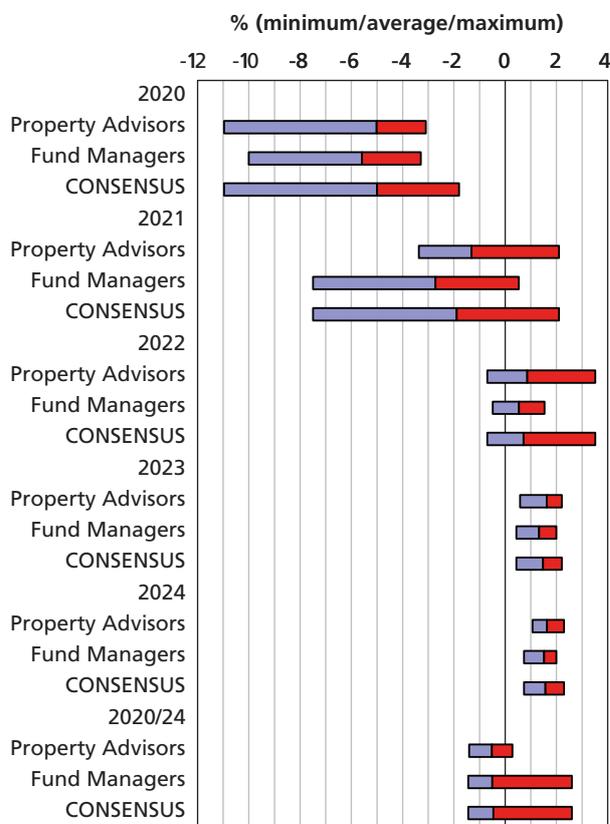
Although the average rental growth projection for 2020 improved by 135 bps (from -6.3%) over the quarter, the 2021 outlook weakened, from -1.3% in May.

Current expectations are for 2022 growth to be marginally weaker (previously 0.8%) but a slightly stronger recovery in 2023 and 2024 (both 1.2% last quarter).

Despite the improved 2020 forecast, the five-year average remains sub-zero (-0.8%).



Rental value growth forecasts by contributor



As in May, the more optimistic sentiment shown by the two Other contributors has resulted in the 2020 consensus to lie at -5.0%. Fund Managers are more closely aligned than Property Advisors – forecasts ranging between 6.7% and 7.9% respectively – although the average for the latter is higher (at -5.0% versus -5.6%). Indeed, throughout the survey period, average Advisor forecasts exceed those of Managers with the divergence being particularly apparent in 2021 (at -1.3% and -2.7%).

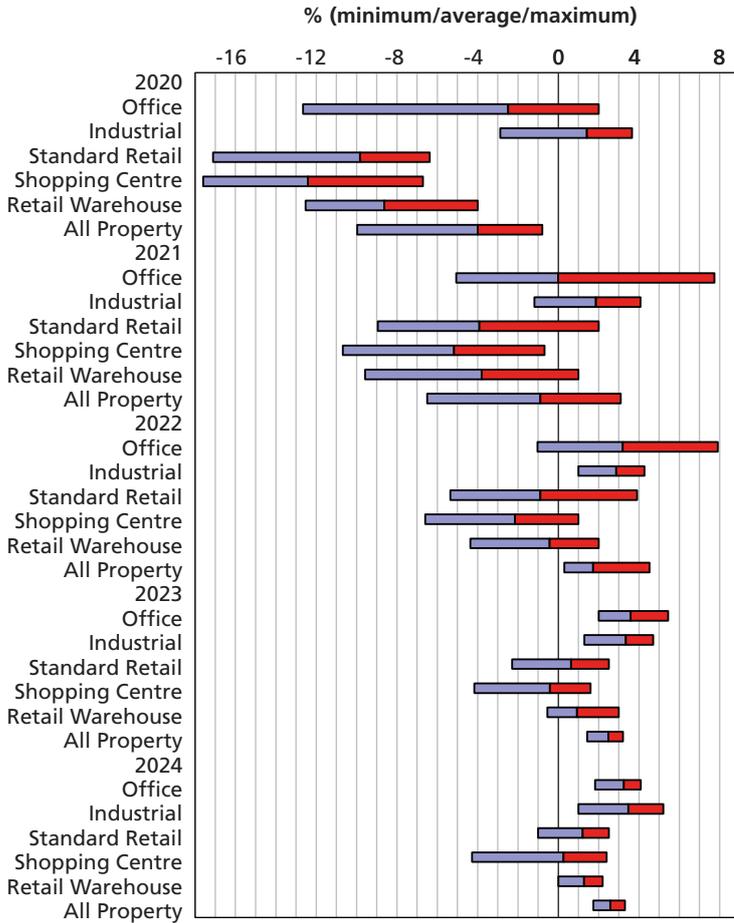
With all 2020 forecasts below zero, the number of contributors anticipating positive growth next year has fallen to four, from six in May, with a much closer agreement between Advisors, lying within a 5.5% range compared to 8.0% for Managers, both having been 6.1% previously.

Forecast spreads for remaining periods narrowed considerably over the quarter, and most markedly in the final two years. 2023 projections now fall within a range of 1.8% overall (from May's 3.8%), with both Managers and Advisors at 1.6%, while 2024 spreads are 1.3% and 1.2% respectively, from 2.2% and 2.6%.

N.B. Two 'Other' contributors returned data in addition to the 12 Property Advisors and 10 Fund Managers.

Rental Value Growth Forecasts (2)

Sector rental value growth annual forecasts



A substantial rise in the Industrial average, to 0.4% (from -2.9%) within a much reduced forecast spread (6.5% from 14.5% in May) combined with an improved Office average (of -3.5%, from -5.4%) and static Retail Warehouse mean (of -9.6%) more than offset further weakening in the 2020 average growth rates for Standard Retail and Shopping Centre (now -10.8% and -13.4%, from -10.7% and -12.0%) to support the reported -5.0% All Property average.

The broad pattern of sector averages continues in 2021 although Office average forecasts currently exceed those of Industrials in 2022 and 2023 (at 2.2% and 2.6%, compared to 1.9% and 2.3% for Industrials), before reversing in 2024 (to 2.2% and 2.5%). Industrials is the only sector expected to provide positive growth throughout the survey period, with all individual forecasts rising above zero by 2022. This contrasts with the three retail markets, which attract some negative forecasts each year. No contributor anticipates a return to positive rental growth for Shopping Centres until 2023.

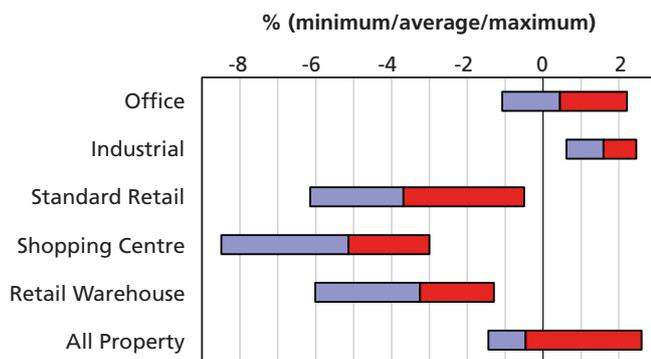
Industrial rental growth forecasts show a far greater uniformity than those for other sectors in all but the final year of the survey period; Offices attract the widest range of projections in 2020 and 2021 (at 14.6% and 12.8%).

Sector rental value growth five-year average forecasts

Improved near-term forecasts indicate a likely Industrial rental growth of 1.6% pa (from 1.1% pa), with the annualised average for Offices virtually static (at 0.4% pa from 0.5%).

Expectations of further contraction in retail rents over the next three years have caused the five-year averages for these markets to fall to -3.7%, -5.1% and -3.2% (from -2.9%, -4.2% and -2.4% for unit shops, Shopping Centres and Retail Warehouses).

Notwithstanding these falls, the All Property average improved by over 30 bps to average -0.5% pa this quarter.



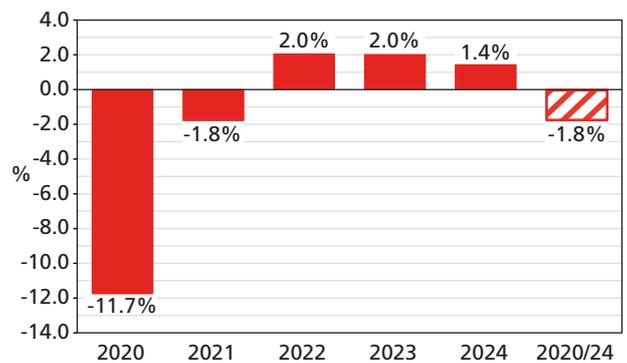
Capital Value Growth Forecasts

All Property average capital value growth forecasts

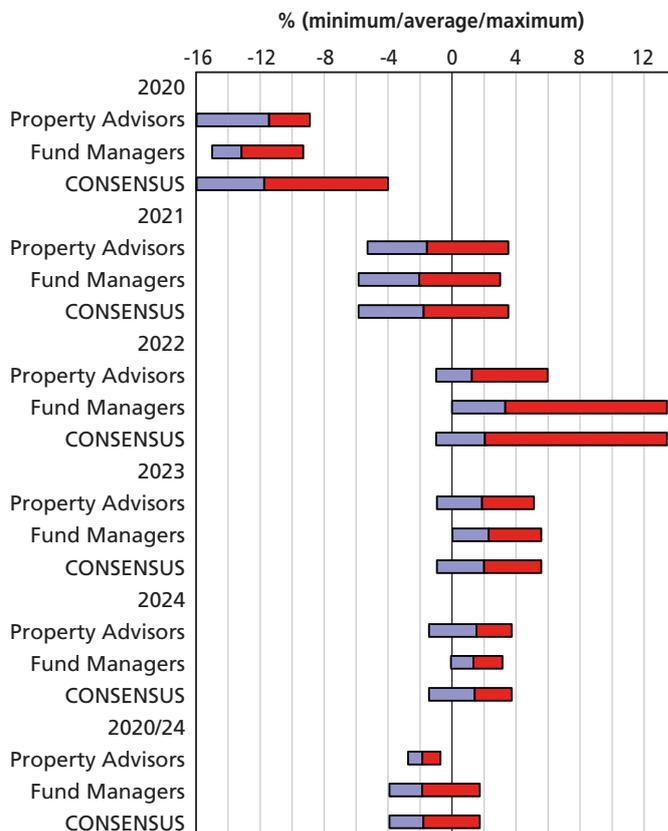
All but five contributors anticipate double-digit falls in the 2020 All Property capital value rate, although the average has improved almost 70 bps from last quarter's -12.4%, driven by a rise of almost 370 bps in the Industrial average (to -3.5%) and a lesser rate of deterioration in Office growth (to -8.8% from -9.5% previously).

Any recovery in 2021 or 2022 is likely to be more muted than predicted three months ago with averages falling almost 200 bps and 80 bps respectively, from 0.2% and 2.9% in May.

Although the 2023 and 2024 averages have risen, by 36 bps and 47 bps (from 1.6% and 1.0%), the adverse impact of a slower pick up in 2021 and 2022 is reflected in a weaker five-year average, down over 50 bps from the previous average of -1.3%.



Capital value growth forecasts by contributor



Fund Managers show a closer consensus than Property Advisors for the current year, although the former's average projection is more than 170 bps lower than the former (-13.2% versus -11.4%). The latter figure reflects a rise over the quarter of more than 210 bps, from -13.5%. A more positive expectation from one Other contributor, of -4.0%, extends the range of forecasts substantially, to 12.0%.

All forecasters anticipate a significant reduction in the rate of decline in 2021 rates, with only three Advisors and two Managers expecting positive growth.

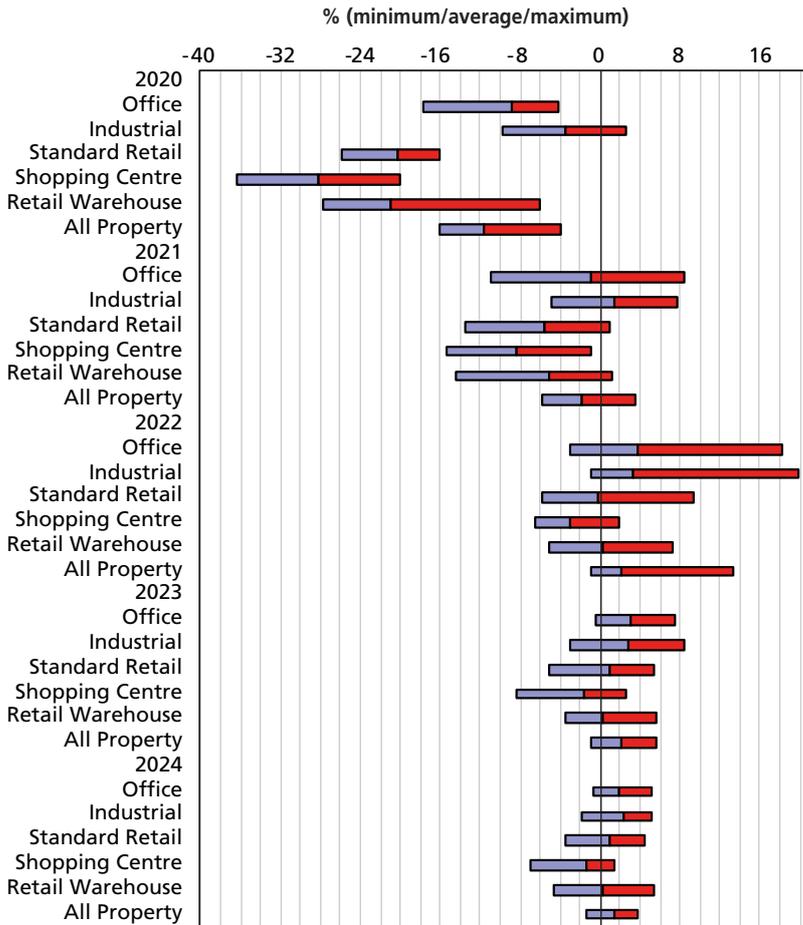
2022 gives rise to the greatest range of Manager projections, extending between -5.8% and 3.0%, before returning to a far closer consensus in the last two years of the survey, when much more closely aligned to Advisors.

Falls in the annualised five-year averages (both now -1.9%, from May's -1.1% and 1.6%) are a reflection of the weaker 2021 averages reported.

N.B. Two 'Other' contributors returned data in addition to the 12 Property Advisors and 10 Fund Managers.

Capital Value Growth Forecasts (2)

Sector capital value growth annual forecasts



As in May, substantial differences have been recorded between sectors over the survey period, ranging from a minimum 2020 Shopping Centre forecast of -36.4% (from -31.8%) to a maximum of 21.2% for Offices in 2022. Unlike the previous survey, at least one negative projection has been recorded for each sector in every year.

Last quarter's markedly negative 2020 capital growth forecasts for retail have been maintained although the year-on-year rate of decline is expected to reduce significantly for these markets next year – to -8.4% from -23.8% for Shopping Centres and to 5.7% from 20.4% for Standard Retail.

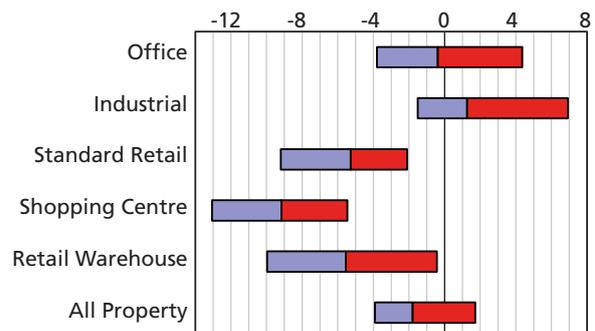
The near-term view for Retail Warehouse values is not dissimilar to that for Standard Retail, at -5.2% and -20.9% in 2020 and 2021, compared to -20.4% and -5.7% for the latter, although average Retail Warehouse values may return to weakly positive growth by 2022 (of 0.2%).

Average growth rates for Shopping Centre remain below zero throughout the forecast period, rising to an average of -1.4% by 2024.

Sector capital value growth five-year forecasts

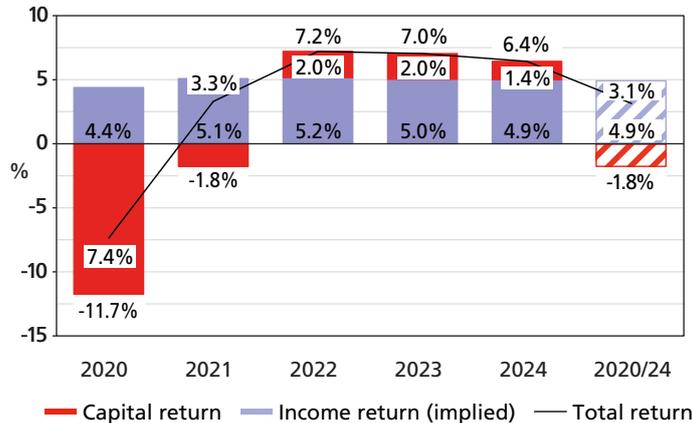
Rises in the 2020 averages for Offices and Industrials supported a reduction in this year's All Property rate of decline. However, falling forecasts across all markets in 2021 and 2022, despite an improved outlook for 2023 and 2024, have contributed to lower five-year averages for all but the Industrial sector (now 1.3% pa from 1.0% in May).

The reduction in the All Property average, to -1.8% pa from 1.3% pa reported previously, has been driven primarily by the worsening of retail capital growth forecasts over the next three years. Annualised averages for these markets now lie at -5.3%, -9.2% and -5.5% for Standard Retail, Shopping Centres and Retail Warehouses respectively (from -3.8%, -6.9% and -4.0%). However, the Office five-year average also fell over the quarter, to -0.4% pa from 0.2% in May, due to poorer expectations in 2021 and 2022.



Total Return Forecasts

All Property total return forecasts



From a low of -8.1% last quarter, the 2020 total return forecast has increased by almost 80 bps as the rate of capital value decline now anticipated in the current year has moderated, while the implied income return has risen slightly.

Over the last quarter, a negative outlook for capital values in 2021 and lower projected growth rate in 2022 have forced the next two years' total return forecasts down – by 200 bps in 2021 and almost 70 bps in 2022 (from 0.2% and 7.9% respectively).

Although predicted returns in the final two years have risen, these improvements are insufficient to sustain the five-year average, which has fallen by over 40 bps (from -1.3% pa).

Contributors All Property total return forecasts

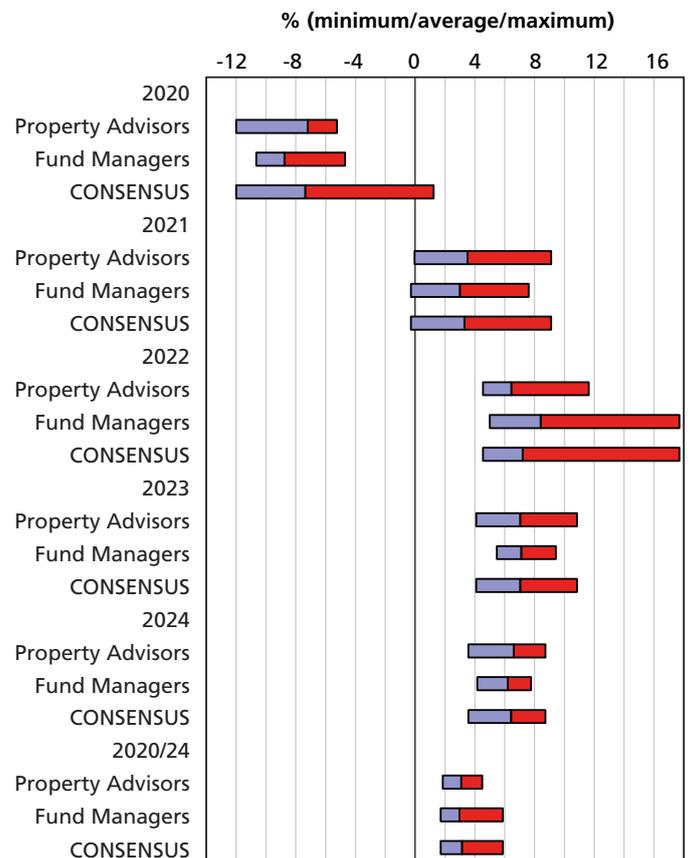
As in May, a single positive forecast for the 2020 total return forecast has caused the Consensus average to rise by almost 40 bps – from -7.7% to -7.4%. This compares with average forecasts for the current year of -7.2% and -8.8% (from -9.5% and -9.0%) for Property Advisors and Fund Managers respectively.

2021 and 2022 total return averages have fallen over the quarter, to 3.5% and 3.0% for next year (from 5.4% and 5.2%) and to 6.4% and 8.4% (from 6.7% and 10.2%) for the two sets of contributors.

While a greater accord has emerged this year and next, Fund Manager 2022 forecasts remain quite divergent, although only three predictions are in excess of 10%.

As in May, the final two survey years show a much closer consensus within each set of contributors and all forecasters as a whole.

Five-year annualised returns continue to reflect the significant downward expectations for the current year (at 3.1% and 3.0% pa respectively, from 3.3% and 3.6% previously).



N.B. Two 'Other' contributors returned data in addition to the 12 Property Advisors and 10 Fund Managers.

Total Return Forecasts (2)

Sector total return annual forecasts



Substantial differences persist in sector level total returns over the survey period. The most extreme forecasts are a minimum forecast of -31.3% for Shopping Centres in 2020 (from -26.7% in May) and a maximum of 23.7% (down from 26.6%) for Industrials in 2022.

Compared to last quarter, there has been some improvement recorded in the 2020 average Industrial projection, to 0.8% from -3.0%, with two-thirds of all forecasts received being positive. Other sector averages remain below zero, however, ranging between -4.6% for Offices to -23.4% for Shopping Centres, the former now only attracting a single positive projection compared to three in May.

Expectations for next year have weakened in all sectors, falling over 440 bps in the case of Standard Retail and 390 bps for Shopping Centres (to -0.6% and -1.7%), these markets being the only two to average sub-zero returns in 2021. From 2022, average sector forecasts are all positive, although 2023 includes a single negative projection for Shopping Centres..

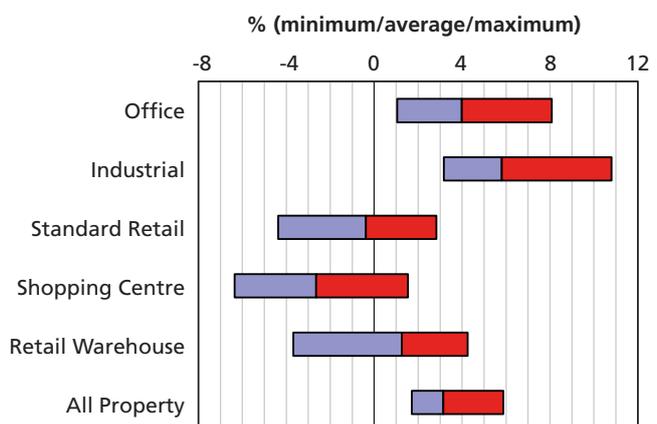
Following two years of double-digit forecast spreads for each sector, 2022 continues to attract a significant range of Office and Industrial projections (each extending to around 20%) but these narrow in subsequent years.

Sector total return five-year forecasts

Poor averages in 2020 and 2021 continue to influence the annualised five-year return for each sector. With the exception of Industrials, where the mean rose almost 30 bps over the quarter (from 5.5% pa previously), remaining sectors recorded weaker figures, causing a decline of over 40 bps in the All Property total return (from 3.6% in May).

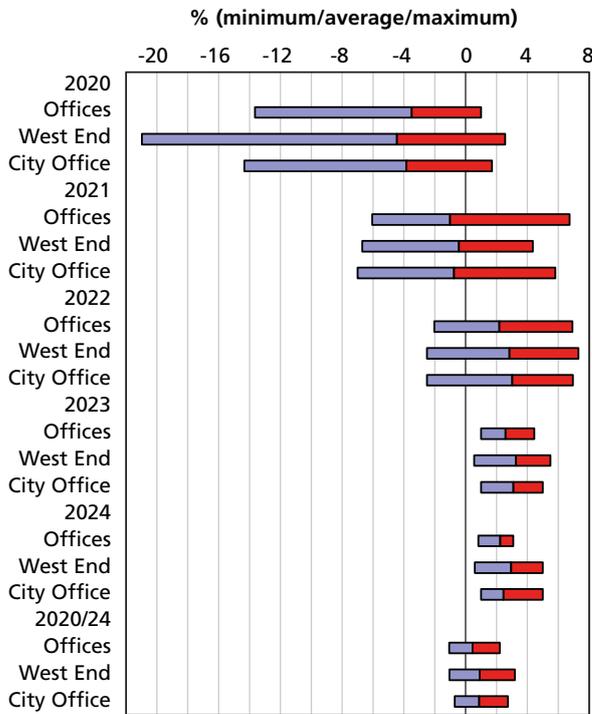
Shopping Centres showed the greatest reduction, of almost 210 bps (following a fall of 220 bps last quarter) to lie at -2.6% pa, while a reduction of over 170 bps for Standard Retail resulted in an average of -0.4% pa (from 1.3%), leaving Retail Warehouses, at 1.3% pa, from 2.7%, the best retail market prospect.

The Office average of 4.0% pa represents a drop of 55 bps over the quarter.



Central London Office Forecasts

Rental value growth



Average growth expectations for 2020 improved by more than 140 bps and 280 bps over the quarter, for West End and City locations, to -3.5% and -4.5% respectively, from -5.9% and -6.6%. The spreads of individual projections remain substantial though, extending between -21.0% and 2.6% for the West End and -14.3% and 1.7% for the City.

Consensus between contributors improves for subsequent years, although 2021 averages are now sub-zero in both market (at -0.4% and -0.8%, from 0.7% and 0.2% previously). Despite one negative forecast for each in 2022, a return to positive average rental growth is expected in remaining years of the survey.

Although quarter-on-quarter average growth rates weakened marginally for 2021 and 2022, sentiment has firmed for the final two years with the prospect of up to 3% growth in West End rents by 2023.

Compared to UK Offices, other than on the current year, both central London locations are expected to deliver better than average growth.

Despite weaker than previously forecast growth in 2021 and 2022, the annualised five-year averages for both the West End and the City rose over the three months, to 0.9% pa in each case, compared to 0.7% and 0.2% in May. The equivalent figures for UK Offices are 0.4% pa, down marginally from last quarter's 0.5%.

Central London Office Forecasts (2)

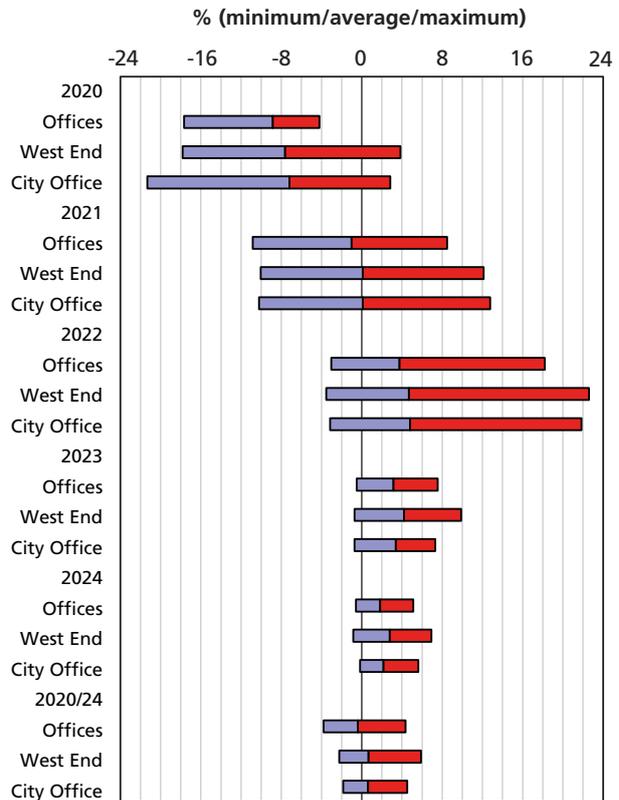
Capital value growth

The depth of anticipated decline in 2020 capital values diminished over the quarter, with previously predicted falls of -10.2% and -9.9% in the West End and City improving to -7.6% and -7.2%. Again, all but one of the 20 forecasts received recorded negative growth.

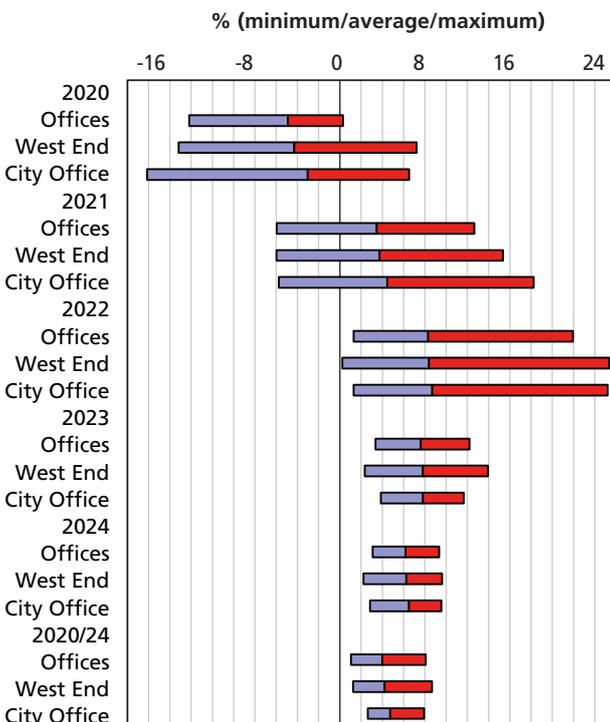
For both markets, forecast ranges exceed 20% in each of the first three years of the survey period before reducing significantly from 2023 onwards.

From a virtually flat 2021, the expectation of a rebound in capital values in 2022 continues to characterise current data, albeit driven by a single contributor's forecasts, which, if excluded, would lower the average forecasts in each market by c. 100 bps.

Weaker capital growth forecasts for 2021 and 2022 than last quarter resulted in a lowering of the West End five-year annualised average growth rate by some 40 bps, to 0.7%, whilst the City average is virtually unchanged, at 0.6% pa from 0.5% in May, comparing favourably with the wider UK Office average of -0.4% pa, from 0.2% pa previously.



Total returns



The improved outlook for 2020 values have caused this year's average total return forecasts to rise by almost 280 bps for the West End and 290 bps for the City (to -4.3% and -3.0%).

However, the quarter-on-quarter projections have fallen for both 2021 and 2022, to average 3.7% and 4.5% (from 5.9% and 6.3%) and 8.4% and 8.7% (from 11.8% and 12.1%) for the West End and City, commensurate with reductions in capital growth predictions in each of those years.

Forecast ranges continue to exceed 20% in each of the first three years, reaching over 25% for the 2022 set of West End forecasts, although this is the first year where all projections return to being positive.

Similar to the pattern of annualised five-year capital value growth rates, the West End return fell more than 30 bps over the quarter, to 4.2% from 4.5% pa, whilst the City average rose slightly to 4.7% pa (from 4.6% in May).

Distribution of Forecasts

The scatter charts record forecasts of **All Property** rental value and capital value growth for the Summer 2020 survey. Contributor projections are included in random order so that individual forecasts cannot be identified. Previous quarter's forecast (May 2020) appear in brackets.

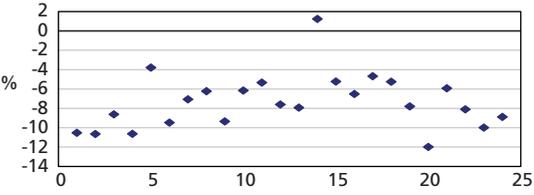
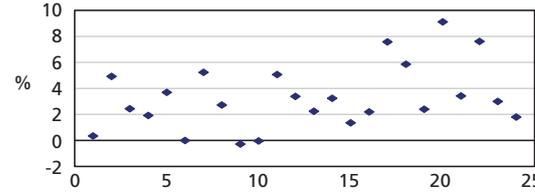
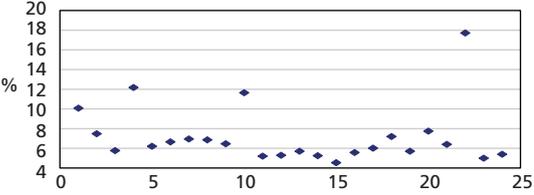
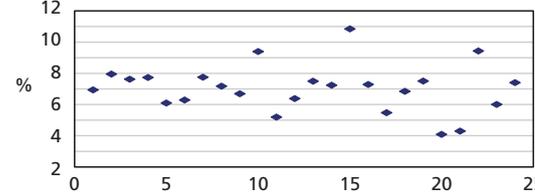
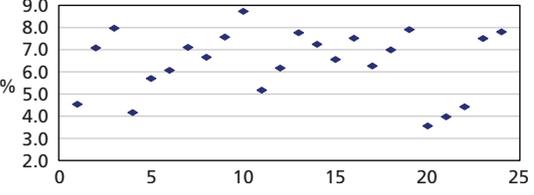
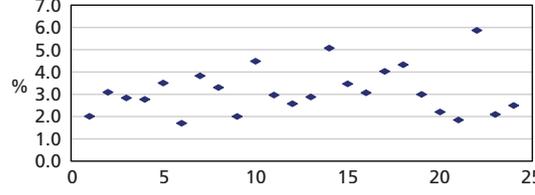
Rental value growth (% pa)		Capital value growth (% pa)	
2020	Mean forecast: -5.0% (-6.3%)	2020	Mean forecast: -11.7% (-12.4%)
2021	Mean forecast: -1.9% (-1.3%)	2021	Mean forecast: -1.8% (0.2%)
2022	Mean forecast: 0.7% (0.8%)	2022	Mean forecast: 2.0% (2.9%)

Distribution of Forecasts (2)

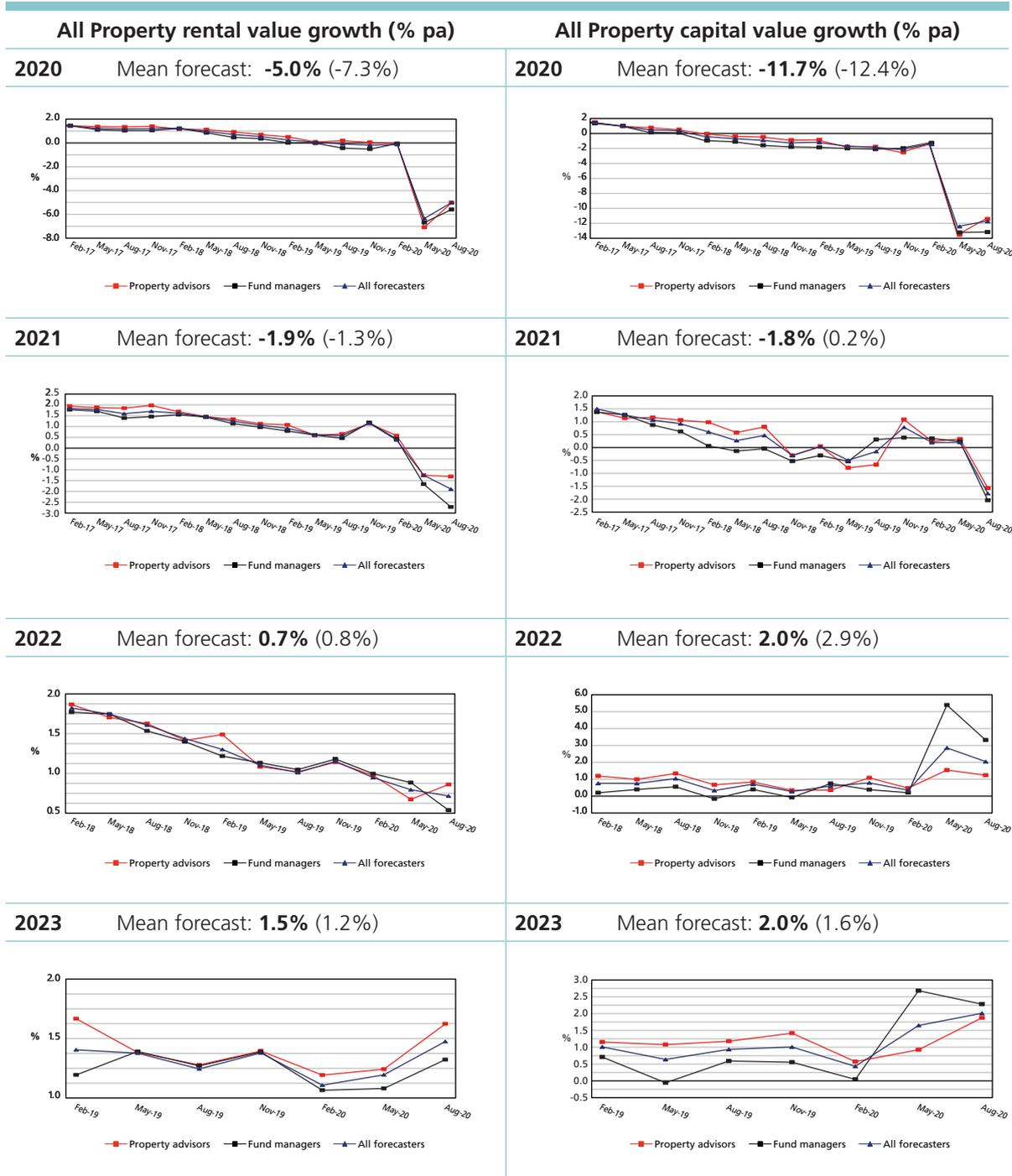
Rental value growth (% pa)		Capital value growth (% pa)	
2023	Mean forecast: 1.5% (1.2%)	2023	Mean forecast: 2.0% (1.6%)
2024	Mean forecast: 1.6% (1.2%)	2024	Mean forecast: 1.4% (1.0%)
2020/2024	Mean forecast: -0.5% (-0.8%)	2020/2024	Mean forecast: -1.8% (-1.3%)

Distribution of Forecasts (3)

All Property total returns (% pa)

<p>2020 Mean forecast: -7.4% (-8.1%)</p> 	<p>2021 Mean forecast: 3.3% (5.3%)</p> 
<p>2022 Mean forecast: 7.2% (7.9%)</p> 	<p>2023 Mean forecast: 7.0% (6.6%)</p> 
<p>2024 Mean forecast: 6.4% (5.9%)</p> 	<p>2020/2024 Mean forecast: 3.1% (3.6%)</p> 

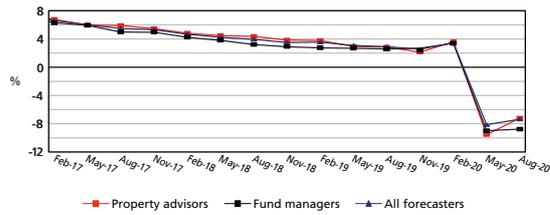
Evolution of the All Property Consensus



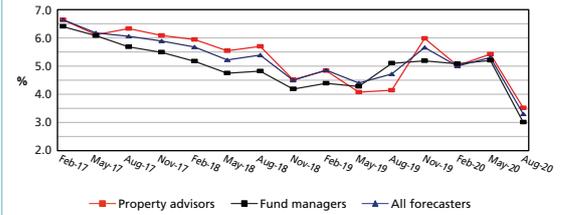
Evolution of the consensus (2)

All Property total returns (% pa)

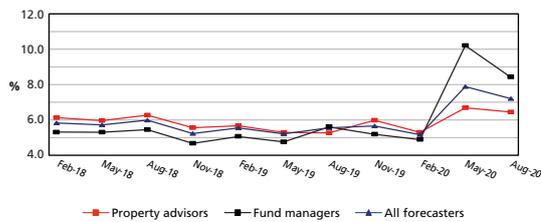
2020 Mean forecast: **-7.4%** (-8.1%)



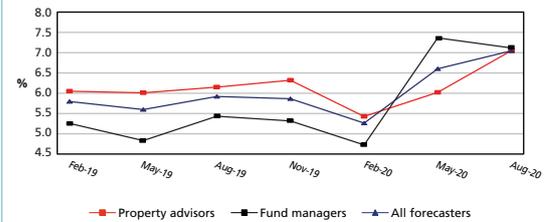
2021 Mean forecast: **3.3%** (5.3%)



2022 Mean forecast: **7.2%** (7.9%)



2023 Mean forecast: **7.0%** (6.6%)



All Property Survey Results by Contributor Type

(Forecasts in brackets are May 2020 comparisons)

Property Advisors and Research Consultancies

12 (8) contributors	Rental value growth (%)						Capital value growth (%)						Total return (%)					
	2020		2021		2020/24		2020		2021		2020/24		2020		2021		2020/24	
Maximum	-3.1	(-3.5)	2.1	(2.2)	0.3	(1.1)	-8.9	(-9.7)	3.5	(8.0)	-0.7	(1.1)	-5.2	(-5.5)	9.1	(13.9)	4.5	(6.3)
Minimum	-11.0	(-11.1)	-3.4	(-3.9)	-1.4	(-2.4)	-16.0	(-17.5)	-5.3	(-4.5)	-2.8	(-3.6)	-12.0	(-13.6)	0.0	(0.4)	1.9	(1.3)
Range	7.9	(7.6)	5.5	(6.1)	1.7	(3.5)	7.1	(7.8)	8.8	(12.5)	2.0	(4.7)	6.8	(8.1)	9.2	(13.5)	2.6	(5.0)
Median	-4.0	(-8.0)	-2.3	(-0.9)	-0.6	(-0.9)	-11.3	(-14.3)	-2.2	(-1.1)	-2.0	(-1.6)	-6.8	(-10.2)	2.9	(4.0)	3.0	(3.0)
Mean	-5.0	(-7.1)	-1.3	(-1.3)	-0.5	(-0.7)	-11.4	(-13.5)	-1.6	(0.3)	-1.9	(-1.6)	-7.2	(-9.5)	3.5	(5.4)	3.1	(3.3)

Fund Managers

10 (6) contributors	Rental value growth (%)						Capital value growth (%)						Total return (%)					
	2020		2021		2020/24		2020		2021		2020/24		2020		2021		2020/24	
Maximum	-3.3	(-4.0)	0.5	(0.1)	2.6	(-0.2)	-9.3	(-6.0)	3.0	(7.2)	1.7	(2.4)	-4.7	(-2.5)	7.6	(12.3)	5.9	(6.8)
Minimum	-10.0	(-9.4)	-7.5	(-6.0)	-1.4	(-3.5)	-15.0	(-19.5)	-5.8	(-5.0)	-3.9	(-2.6)	-10.7	(-14.7)	-0.3	(-1.0)	1.7	(1.8)
Range	6.7	(5.3)	8.0	(6.1)	4.0	(3.3)	5.7	(13.5)	8.9	(12.2)	5.6	(5.0)	6.0	(12.2)	7.9	(13.3)	4.2	(5.0)
Median	-5.2	(-7.1)	-2.5	(-1.0)	-0.9	(-0.7)	-14.3	(-13.6)	-2.3	(-0.9)	-2.2	(-1.5)	-9.4	(-9.8)	2.5	(4.1)	2.8	(3.3)
Mean	-5.6	(-6.7)	-2.7	(-1.7)	-0.5	(-1.2)	-13.2	(-13.2)	-2.0	(0.2)	-1.9	(-1.1)	-8.8	(-9.0)	3.0	(5.2)	3.0	(3.6)

All Property forecasters

24 (17) contributors	Rental value growth (%)						Capital value growth (%)						Total return (%)					
	2020		2021		2020/24		2020		2021		2020/24		2020		2021		2020/24	
Maximum	-1.8	(-1.0)	2.1	(2.2)	2.6	(1.1)	-4.0	(-4.0)	3.5	(8.0)	1.7	(2.4)	1.2	(1.2)	9.1	(13.9)	5.9	(6.8)
Minimum	-11.0	(-11.1)	-7.5	(-6.0)	-1.4	(-3.5)	-16.0	(-19.5)	-5.8	(-5.0)	-3.9	(-3.6)	-12.0	(-14.7)	-0.3	(-1.0)	1.7	(1.3)
Range	9.2	(10.1)	9.6	(8.2)	4.0	(4.6)	12.0	(15.5)	9.4	(13.0)	5.6	(6.0)	13.2	(15.9)	9.4	(14.9)	4.2	(5.6)
Std. Dev.	2.1	(2.7)	1.9	(2.0)	0.8	(1.2)	2.7	(3.9)	2.4	(4.2)	1.1	(1.6)	2.8	(4.1)	2.4	(4.3)	1.0	(1.6)
Median	-4.8	(-7.3)	-2.2	(-0.7)	-0.6	(-0.7)	-11.8	(-12.6)	-2.0	(-1.0)	-2.0	(-1.4)	-7.7	(-9.8)	2.9	(4.2)	3.0	(3.3)
Mean	-5.0	(-6.3)	-1.9	(-1.3)	-0.5	(-0.8)	-11.7	(-12.4)	-1.8	(0.2)	-1.8	(-1.3)	-7.4	(-8.1)	3.3	(5.3)	3.1	(3.6)

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 (19 August 2020).
- 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 24 forecasts for each performance measure over all periods. Full sector forecasts were received from 23 organisations (21 for full central London office forecasts).

Survey Results by Sector

Office

23 forecasts	Rental value growth (%)				Capital value growth (%)				Total return (%)			
	2020	2021	2022	2020/24	2020	2021	2022	2020/24	2020	2021	2022	2020/24
Maximum	1.0	6.7	6.9	2.2	-4.2	8.5	18.2	4.4	0.3	12.7	21.9	8.1
Minimum	-13.6	-6.1	-2.0	-1.1	-17.7	-10.8	-3.0	-3.8	-14.2	-5.9	1.3	1.0
Range	14.6	12.8	8.9	3.3	13.4	19.3	21.2	8.2	14.5	18.6	20.6	7.0
Median	-2.9	-1.5	2.0	0.5	-8.3	-1.2	2.5	-0.3	-4.3	3.2	7.0	4.0
Mean	-3.5	-1.0	2.2	0.4	-8.8	-1.0	3.8	-0.4	-4.9	3.5	8.3	4.0

Industrial

23 forecasts	Rental value growth (%)				Capital value growth (%)				Total return (%)			
	2020	2021	2022	2020/24	2020	2021	2022	2020/24	2020	2021	2022	2020/24
Maximum	2.6	3.1	3.3	2.5	2.6	7.8	19.8	6.9	7.1	12.2	23.7	10.8
Minimum	-3.9	-2.2	0.0	0.6	-9.9	-4.9	-0.9	-1.5	-5.9	0.0	4.1	3.2
Range	6.5	5.3	3.3	1.8	12.4	12.7	20.7	8.4	13.0	12.2	19.6	7.6
Median	0.8	1.3	2.0	1.4	-3.6	1.3	2.0	1.1	0.9	6.0	6.6	5.8
Mean	0.4	0.9	1.9	1.6	-3.5	1.5	3.3	1.3	0.8	6.1	7.9	5.8

Standard Retail

23 forecasts	Rental value growth (%)				Capital value growth (%)				Total return (%)			
	2020	2021	2022	2020/24	2020	2021	2022	2020/24	2020	2021	2022	2020/24
Maximum	-7.4	1.0	2.9	-0.5	-16.0	1.0	9.3	-2.1	-11.1	5.9	13.0	2.8
Minimum	-18.1	-9.9	-6.4	-6.1	-25.8	-13.6	-5.9	-9.2	-21.6	-8.9	0.5	-4.4
Range	10.7	10.9	9.3	5.6	9.7	14.6	15.1	7.1	10.5	14.8	12.5	7.2
Median	-10.1	-5.0	-1.7	-3.7	-20.0	-4.9	-0.2	-5.0	-15.9	0.0	5.0	-0.1
Mean	-10.8	-4.9	-1.9	-3.7	-20.4	-5.7	-0.1	-5.3	-16.4	-0.6	5.2	-0.4

Shopping Centre

23 forecasts	Rental value growth (%)				Capital value growth (%)				Total return (%)			
	2020	2021	2022	2020/24	2020	2021	2022	2020/24	2020	2021	2022	2020/24
Maximum	-7.7	-1.7	0.0	-3.0	-20.0	-1.0	1.8	-5.5	-12.1	6.6	9.2	1.5
Minimum	-18.6	-11.7	-7.6	-8.5	-36.4	-15.5	-6.6	-13.1	-31.3	-10.4	0.2	-6.3
Range	10.9	10.0	7.6	5.5	16.4	14.5	8.4	7.6	19.1	16.9	9.0	7.9
Median	-13.9	-5.3	-3.0	-4.6	-28.5	-8.3	-2.7	-8.8	-23.6	-2.3	3.6	-3.2
Mean	-13.4	-6.2	-3.2	-5.1	-28.3	-8.4	-3.0	-9.2	-23.4	-1.7	4.2	-2.6

Retail Warehouse

23 forecasts	Rental value growth (%)				Capital value growth (%)				Total return (%)			
	2020	2021	2022	2020/24	2020	2021	2022	2020/24	2020	2021	2022	2020/24
Maximum	-5.0	0.0	1.0	-1.3	-6.0	1.3	7.3	-0.4	-8.7	10.4	13.7	4.3
Minimum	-13.5	-10.6	-5.4	-6.0	-27.8	-14.4	-5.0	-10.0	-22.3	-8.3	2.2	-3.7
Range	8.5	10.6	6.4	4.7	21.8	15.7	12.3	9.5	13.6	18.6	11.5	7.9
Median	-9.5	-4.0	-1.7	-3.0	-20.1	-5.0	0.1	-5.3	-15.3	2.1	8.1	1.6
Mean	-9.6	-4.8	-1.4	-3.2	-20.9	-5.2	0.2	-5.5	-16.0	2.1	7.7	1.3

All Property

24 forecasts	Rental value growth (%)				Capital value growth (%)				Total return (%)			
	2020	2021	2022	2020/24	2020	2021	2022	2020/24	2020	2021	2022	2020/24
Maximum	-1.8	2.1	3.5	2.6	-4.0	3.5	13.4	1.7	1.2	9.1	17.7	5.9
Minimum	-11.0	-7.5	-0.7	-1.4	-16.0	-5.8	-1.0	-3.9	-12.0	-0.3	4.5	1.7
Range	9.2	9.6	4.2	4.0	12.0	9.4	14.4	5.6	13.2	9.4	13.2	4.2
Std. Dev.	2.1	1.9	0.9	0.8	2.7	2.4	3.1	1.1	2.8	2.4	2.9	1.0
Median	-4.8	-2.2	0.6	-0.6	-11.8	-2.0	0.9	-2.0	-7.7	2.9	6.3	3.0
Mean	-5.0	-1.9	0.7	-0.5	-11.7	-1.8	2.0	-1.8	-7.4	3.3	7.2	3.1

Notes

One contributor provided an All Property only set of forecasts over all periods.

Sector Summary: Means

Sector summary: Means

(no. forecasts)	Rental value growth (%)				Capital value growth (%)				Total return (%)			
	2020	2021	2022	2020/24	2020	2021	2022	2020/24	2020	2021	2022	2020/24
Office (23)	-3.5	-1.0	2.2	0.4	-8.8	-1.0	3.8	-0.4	-4.9	3.5	8.3	4.0
Industrial (23)	0.4	0.9	1.9	1.6	-3.5	1.5	3.3	1.3	0.8	6.1	7.9	5.8
Standard Retail (23)	-10.8	-4.9	-1.9	-3.7	-20.4	-5.7	-0.1	-5.3	-16.4	-0.6	5.2	-0.4
Shopping Centre (23)	-13.4	-6.2	-3.2	-5.1	-28.3	-8.4	-3.0	-9.2	-23.4	-1.7	4.2	-2.6
Retail Warehouse (23)	-9.6	-4.8	-1.4	-3.2	-20.9	-5.2	0.2	-5.5	-16.0	2.1	7.7	1.3
All Property (24)	-5.0	-1.9	0.7	-0.5	-11.7	-1.8	2.0	-1.8	-7.4	3.3	7.2	3.1

West End office

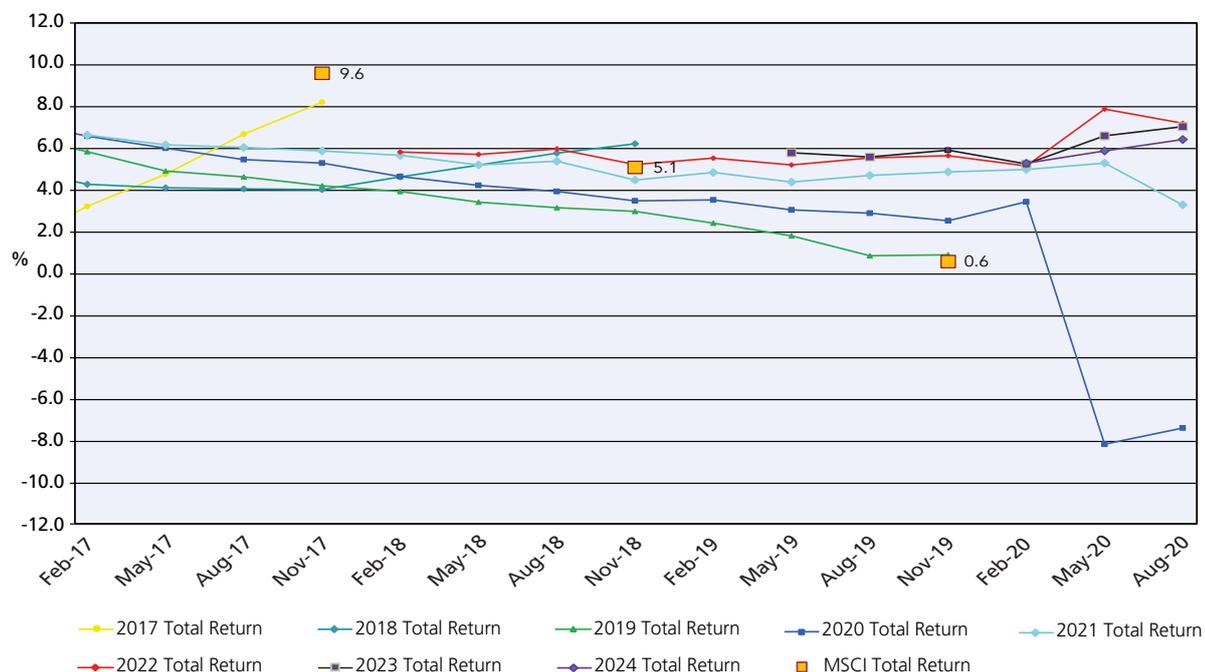
20 forecasts [†]	Rental value growth* (%)				Capital value growth (%)				Total return (%)			
	2020	2021	2022	2020/24	2020	2021	2022	2020/24	2020	2021	2022	2020/24
Maximum	2.6	4.4	7.3	3.2	3.8	12.1	22.6	5.9	7.2	15.3	25.3	8.7
Minimum	-21.0	-6.7	-2.5	-1.1	-17.8	-10.1	-3.5	-2.2	-15.2	-6.0	0.2	1.3
Range	23.5	11.1	9.8	4.2	21.7	22.2	26.1	8.1	22.4	21.3	25.1	7.4
Median	-4.0	0.2	3.0	1.0	-7.9	-0.3	3.9	0.6	-5.0	3.1	7.7	4.2
Mean	-4.5	-0.4	2.8	0.9	-7.6	0.1	4.7	0.7	-4.3	3.7	8.4	4.2

City office

20 forecasts [†]	Rental value growth (%)				Capital value growth (%)				Total return (%)			
	2020	2021	2022	2020/24	2020	2021	2022	2020/24	2020	2021	2022	2020/24
Maximum	1.7	5.8	6.9	2.7	2.8	12.8	21.9	4.5	6.5	18.3	25.2	7.9
Minimum	-14.3	-7.0	-2.5	-0.7	-21.3	-10.2	-3.1	-1.8	-18.1	-5.7	1.3	2.6
Range	16.0	12.8	9.4	3.5	24.1	23.0	25.0	6.4	24.7	24.0	23.9	5.3
Median	-2.0	-0.3	2.8	0.9	-6.0	0.1	3.3	0.4	-2.0	4.3	7.6	4.6
Mean	-3.8	-0.8	3.0	0.9	-7.2	0.1	4.8	0.6	-3.0	4.5	8.7	4.7

[†] One further contributor provided rental growth forecasts for the two London office markets.

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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