



Research



The Size and Structure of the UK Property Market: End-2017 Update

DECEMBER 2018



This research was commissioned by the IPF Research Programme **2015 – 2018**

The Size and Structure of the UK Property Market: End-2017 Update

This research was funded and commissioned through the IPF Research Programme 2015–2018.

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 gratefully acknowledges the support of these contributing organisations:



The Size and Structure of the UK Property Market: End-2017 Update

Report

IPF Research Programme 2015–2018

December 2018

Research Team

Tony Key, *Cass Business School*

Alex Moss, *Cass Business School*

Russell Chaplin, *Intrinsic Value Real Estate Advisers*

Vicki Law, *Intrinsic Value Real Estate Advisers*

Project Steering Group

Rob Martin, *Legal & General Investment Management*

Sue Forster, *IPF*

Edward Trevillion, *Heriot-Watt University*

Pam Craddock, *IPF*

The Size and Structure of the UK Property Market: End-2017 Update

CONTENTS

	Executive Summary	1
1	Introduction	2
	1.1 Definitions and classifications	2
	1.2 Report structure	3
2	Property stock	4
	2.1 Real estate and national wealth	4
	2.2 “Investible” commercial real estate	5
3	Commercial real estate investment	8
	3.1 Trends and changes in invested stock	8
	3.2 Invested stock by investor type	10
	3.3 Invested stock and market segments	12
	3.4 Residential investment	13
	APPENDIX	15

Disclaimer

This document is for information purposes only. The information herein is believed to be correct, but cannot be guaranteed, and the opinions expressed in it constitute our judgement as of this date but are subject to change. Reliance should not be placed on the information and opinions set out herein for the purposes of any particular transaction or advice. The IPF cannot accept any liability arising from any use of this document.

EXECUTIVE SUMMARY

- This paper provides an overview of the size and structure of the UK property market as at the end of 2017 and follows a series of reports, first produced in 2005 and updated annually since 2013. It uses various sources, public and private, to arrive at estimates of stock.
- The report concentrates on broad aggregates at three levels of stock:
 - the total stock of property in the UK;
 - the investible stock, that is, the total size of the market that is potentially investible, but may not be; and,
 - the invested stock, that is, that part of the UK property market that is currently owned for investment purposes.
- The total stock of UK property at the end of 2017 is estimated to be £8.8tn.
 - This represents growth of 6.1% p.a. over 30 years, close to double the rate of inflation. Most of that gain, however, is due to a rise in residential values, predominantly land values, which is estimated to have risen at 10% per year since 1995
- The total investible stock was £2.1tn, comprising £0.94tn of commercial property and £1.19tn of residential property.
 - From 2003¹ to 2017, the total value of commercial stock has risen at an annual rate of 3.4% per year, slightly ahead of inflation.
 - This splits into physical growth in floorspace – which has been minimal at 0.1% per year – plus change in capital values, which are the product of the long-term growth in rental value, at 2.4% p.a., (which is below inflation) and changes in valuation yield, which have raised values by 0.9% per year.
- The total invested stock was £560bn, of which £509bn was commercial property and £49bn was residential property.
 - For commercial property, the invested stock has grown at an annual rate of 4.2% since 2003, which is attributable to both a growth in the total stock of space and a rise in the invested share of total stock, which is estimated to be from 49% in 2003 to 54% in 2017. Close to 30% of commercial property is now owned by overseas investors or held in overseas investment structures, a dramatic rise from 17% in 2003.
 - For residential property, the total invested stock at the end of 2017 was £49bn, growing by 32% since 2016. It now forms over 4% of the total private rented residential stock, up from just 2% in mid-2013.

¹ The first report, published in 2005, was based on year-end 2003 figures.

1. INTRODUCTION

1.1 Objectives and structure of the report

For any asset class, market size is an inevitable requirement, for both practical applications in investment markets and broader market or research frameworks. For UK real estate investment, this report takes figures first produced in 2005, with subsequent updates each year from 2013 onward.

The sources and methods used to produce the end-2017 figures, unless otherwise stated, are consistent with those applied in recent years, and fully documented in the 2013 edition of this report, *The Size and Structure of the UK Commercial Property Market: a Decade of Change*.

1.1 Definitions and classifications

The report measures the UK property stock, in terms of current market values, at three primary levels:

- The **total stock** of built assets. This is used to track the general growth in values and indicates the role of property as a store of national wealth;
- The **investible stock**. This is defined as those property use types typically held in the portfolios of large-scale professionally-managed investors and investment vehicles, although may include owner-occupied property; note this does not include additional criteria of building quality or lot size, which also shape the typical targets of such investors, and, therefore, stands as the broadest measure of the potential investment universe; and
- The **invested stock**. This is defined as that part of the stock currently held in large-scale, professionally-managed portfolios.

For the invested stock, the report provides breakdowns of owner types and property types aligned with those in general use in the industry:

- A primary distinction in owner type is between UK and overseas investors, which are defined by the headquarters domicile of the owner or investment vehicle; for investment vehicles (such as unlisted funds) it is not possible to split capital sources between UK and overseas end-investors so the figures do not reflect the ultimate ownership of assets.
- The classification by owner type follows the usual categorisation of direct and indirect investment formats and, within indirect investments, through private or public market vehicles; the full classification is shown in Appendix Table A.1.
- The classification by property types follows the 11 market segments defined by MSCI and widely used in its market and portfolio analysis reports.

1. INTRODUCTION

For the total stock and investible stock, the figures in the report are based directly on single sources from official statistics – respectively the Office for National Statistics National Accounts and the Valuation Office Agency Non-Domestic Rating Statistics.

For the invested stock, there are few primary data sources that offer a comprehensive coverage of particular types of investor or types of stock and the figures are based on compilations and cross-referencing from multiple sources, including MSCI, Real Capital Analytics, Property Funds Research, company accounts and industry reports.

1.2 Report structure

The remainder of this report takes the following structure:

Section 2 considers the total stock of property in the UK and the investible stock. It highlights broad growth and sector breakdown statistics for the stock of property in the UK.

Section 3 estimates that part of the commercial real estate stock currently held by investors – the invested stock – split into categories showing types of investor and the property type and region segments commonly used in market analysis. It devotes a sub-section to the residential sector in addition to those relating to the main commercial sectors.

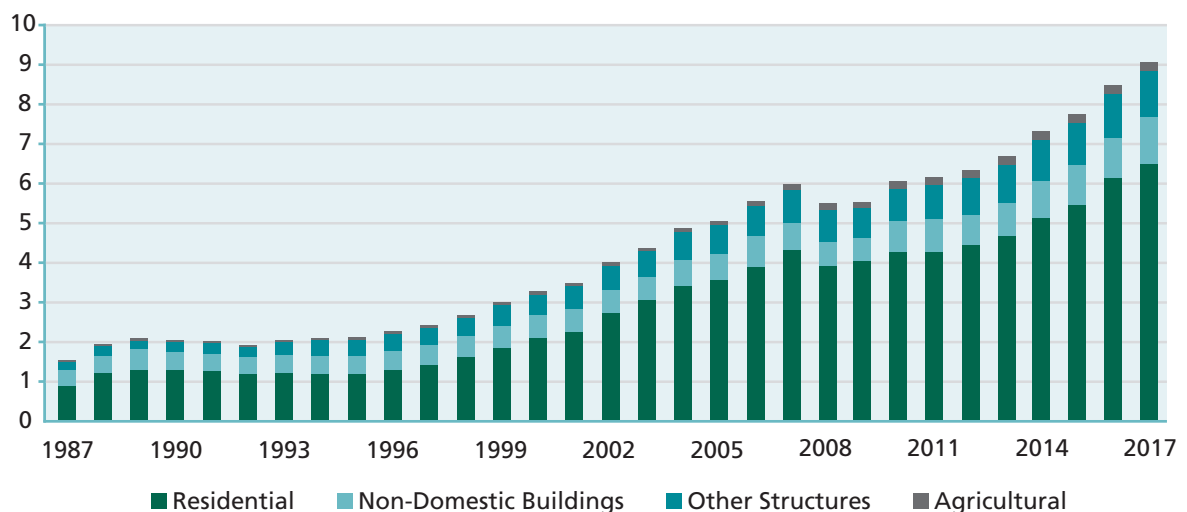
2. THE PROPERTY STOCK

2.1 Real estate and national wealth

The Office for National Statistics (ONS) National Accounts (“Blue Book”) gives the most comprehensive picture of the total stock of property assets and their importance as a store of national wealth. The figures, therefore, provide an overall frame for the detailed analysis of investment stock that follows; they also give a view of growth and change in the stock of property over a longer period of time than can be shown for the more detailed figures.

At the end of 2017, the Blue Book records a total of £8.8tn in property assets, representing 87% of the total stock of fixed assets and 21% of total national wealth, including equities and bonds. The total is split into the four main categories (which do not distinguish between owner-occupied and investment properties) shown in Figure 2.1. Non-Domestic Buildings include the commercial property assets that are a main focus of this report, as well as dedicated facilities, such as steel and chemicals works, which fall outside the definition of commercial property for the purpose of this report. Later estimates (see Section 2.2) suggest that commercial assets account for 85% of the ONS 2017 total £1.1tn value for Non-Domestic.

Figure 2.1: ONS National Accounts value of property assets, 1987 - 2017 (£tn)



Source: ONS National Accounts, 2018

- Overall, the total stock of property assets (including the addition of newly-built stock) has grown at an average rate of 6.1% over 30 years, close to double the rate of inflation.
- Most of that gain, however, is due to rises in residential values, where more detailed figures show underlying land accounts for 72% of residential stock value, with land values having risen at a rate of 10% per year since 1995.
- Non-Domestic Buildings make up 12% of total property wealth and have shown the lowest growth rate of the property types over 30 years, at 3.8% per year only a little ahead of inflation, but 1.6% per year above the rate of capital growth in commercial property investments (shown by MSCI’s IPD Annual Index).
- More detailed figures from the ONS show that underlying land makes up only 22% of the value of non-residential stock, appreciating at just one-third the rate of residential land.

2. THE PROPERTY STOCK

2.2 “Investible” commercial real estate

This section measures the total stock of commercial real estate assets, excluding residential property, which is dealt with in Section 3.4. Two primary sources are used to derive for the figures:

- Rateable value – taken as a close proxy for market rental value - and floorspace data from the Valuation Office Agency (VOA) and Scottish Assessors Association, for selected property use types reflecting the bulk of the invested stock; and
- Estimates of total capital value generated by capitalising rateable values at a yield based on MSCI data, with an upward adjustment to reflect the more secondary nature of the total stock against that held in the investment portfolios covered by MSCI.

The classification of VOA use types into retail, office and industrial is in line with the familiar types found in investment portfolios: the Other Commercial category covers a wide range of accommodation, automotive, sports and leisure types, but is dominated by hotels (43% of total rental value) and petrol stations and car showrooms (16%).

Through 2017, the total value of commercial stock rose marginally, to £935bn (Table 2.1), more than recovering the drop caused by rising yields in 2016, and reached a new high, of 9% above the peak in the mid-2000s.

Table 2.1: Total commercial stock, end-2017 (£bn)

	Retail	Offices	Industrial	Other	Total
Capital value (£bn)	£351	£277	£226	£81	£935
Rental value (£bn)	£24	£19	£16	£5	£63
Floorspace (m sqm)	146	106	378	47	677
Rental value per sqm	£164	£175	£43	£100	£93
Reversionary yield	6.8%	6.7%	7.1%	5.8%	6.8%

Source: Own estimates from Valuation Office Agency, Scottish Assessors Association, MSCI

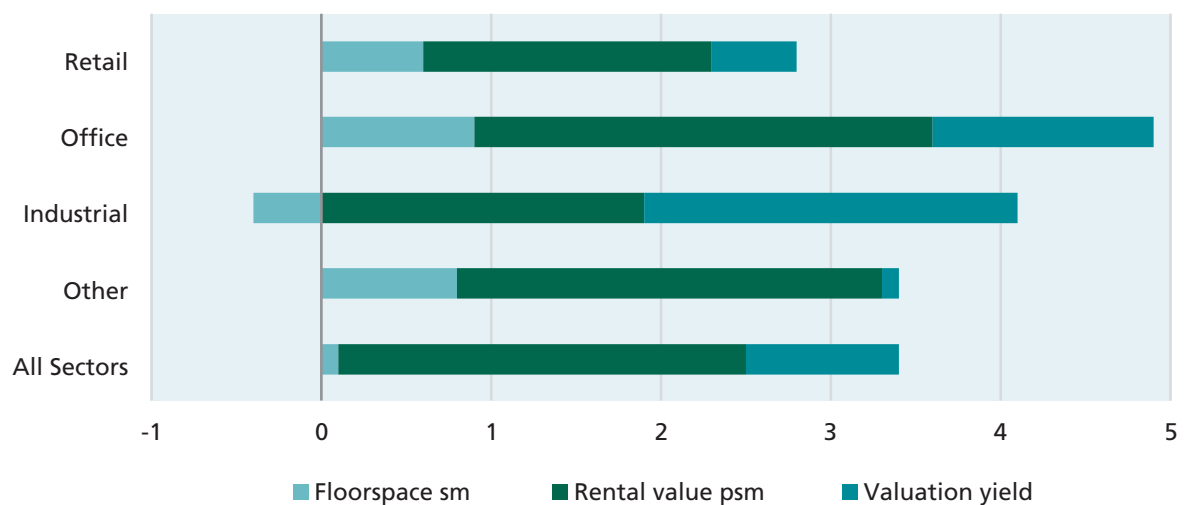
- In terms of floor area, industrial dominates with 56% of the total but, with rental values less than half the average for all commercial property and marginally higher yields, the sector accounts for only 24% of total value, as against 38% for retail and 30% for offices.
- The industrial share of total value rose by 2% over end-2016, at the expense of marginal shrinkage in both the retail and office shares, attributable to both stronger rental value growth and a larger fall in valuation yield than the other sectors.

From 2003 to 2017, the total value of commercial stock (including net additions to stock) has risen at an annual rate of 3.4%, slightly ahead of inflation, at 2.9% – although a fitted trend over the period indicates a lower underlying growth rate in value, at 2.1% per year.

2. THE PROPERTY STOCK

As Figure 2.2 indicates, the overall value growth of 3.4% per year is made up of physical growth in floorspace – which has been minimal, at 0.1% per year – and change in capital values being the product of the long-term growth in rental value (at 2.4%) and changes in valuation yield (which have raised values by 0.9% per year).

Figure 2.2: Total commercial stock, components of change in value 2003 – 2017 (% pa)

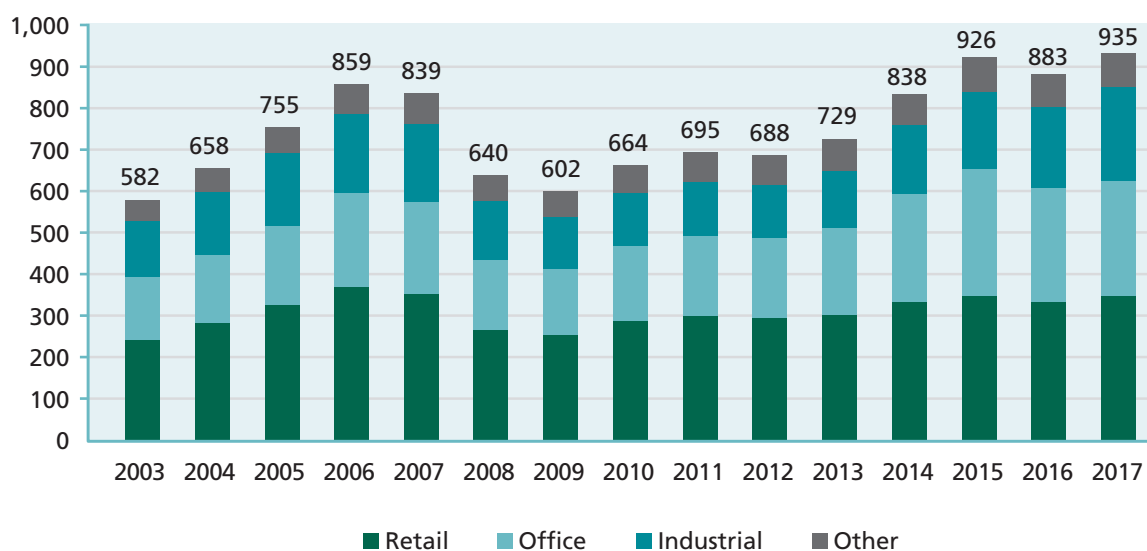


Source: Own estimates from Valuation Office Agency, Scottish Assessors Association, MSCI

- There have been modest gains in floorspace for retail, office and industrial property, at 0.5% to 1% per year, against a marginal shrinkage in the industrial stock: over 14 years, retail stock has grown by 9% and office stock by 13%, whereas industrial stock has fallen by 5%.
- There has been little differentiation in long-run rental value growth across sectors, ranging from 1.9% per year for industrial to 2.7% per year for office – all below the rate of inflation.
- Relative shifts in yields have favoured industrial, adding 2.2% per year to stock value, compared to only 0.5% per year for retail; the difference is wholly due the fall in the industrial yield in the period since 2012, of 327 bps, compared to only 22 bps for retail.

2. THE PROPERTY STOCK

Figure 2.3: Total commercial stock, capital value by sector, 2003 – 2017 (£bn)



Source: Own estimates from Valuation Office Agency, Scottish Assessors Association, MSCI

- The net result of these underlying shifts since 2013 is that the office stock grew the fastest in value, at 4.5% p.a., followed by industrial, at 3.7% p.a., with retail lagging at 2.6% p.a.
- Changes in the sector shares of total value have been modest since 2003 – a fall in retail share of 4.4% against a gain for office of 3.6% and 1.2% for industrial.

3. COMMERCIAL REAL ESTATE INVESTMENT

This section estimates that part of the commercial real estate stock currently held by investors – the invested stock – split into categories, showing types of investor and the property type and region segments commonly used in market analysis. The results are based on three primary sources:

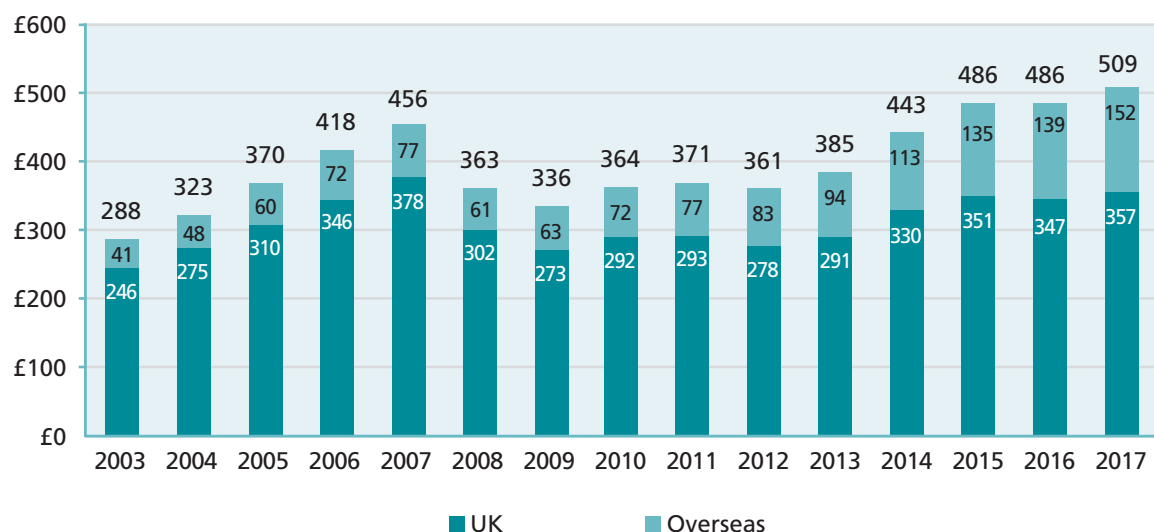
- Specially commissioned analysis from MSCI's databank of investment properties that provides a full matrix of investor types and market segments, which covered £217bn in assets at end-2017, amounting to 43% of the estimate of total invested stock: MSCI covers a large proportion of portfolios for investors, such as insurance and pension schemes, but lower proportions of other categories, such as unlisted property companies and overseas owners;
- Real Capital Analytics (RCA) data, which track investment transactions (£51bn in 2017), that can be accumulated over time, to estimate current holdings for investor types that are lightly represented in the MSCI figures, and to show net capital flows in the market year by year; and
- Property Funds Research (PFR) register of unlisted investment funds extends beyond MSCI's coverage for some fund types and provides additional information on fund styles.

The above, base data are extended by many supplementary sources from industry reports and individual company accounts.

Given the availability of data, the intention is to classify ownership by the form of investment vehicle in which stock is held, not by final end-investor. Thus, the figures shown for insurance and pension funds are directly-held assets only and not their additional exposure to property through indirect holdings in unlisted funds or listed companies. The figures cover the gross asset value of equity investments and exclude the rising amount of direct and indirect investment in real estate debt.

3.1 Trends and change in the invested stock

Figure 3.1: Invested commercial stock, capital value by investor origin, 2003 – 2017 (£bn)



Source: Own estimates from MSCI, RCA and other sources

3. COMMERCIAL REAL ESTATE INVESTMENT

Reflecting the modest rise in rental values and fall in yields through 2017, the value of the invested stock rose to £509bn, a 5% gain over 2016 and 12% above the previous peak in 2007 (Figure 3.1). The figure also shows the most marked shift in the investment market – the rise in the share of overseas owners – highlighted in Section 3.2.

- In 2017, the 5% rise in value of invested stock aligns with a 2% rise in overall rental values plus 4% gain in values from a fall in yields, as illustrated by the MSCI's IPD Annual Index.
- Over the period since the original study, in 2003, the invested stock has grown at an annual rate of 4.2% against the 2.8% per year capital growth recorded by MSCI's IPD Annual Index. The difference is attributable to both a growth in the total stock of space and a rise in the invested share of total stock, which has risen from 49% in 2003 to 54% in 2017, according to current estimates (see Section 3.1).
- Within the total, the stock held by UK investors has fluctuated over the cycle with no marked trend since 2007. At the end of 2017, stock held by UK investors was 3% higher in value than the previous year, but still 6% below its peak value in 2007.
- Consequently, all the growth in invested stock over the last decade has derived from a more than doubling of the stock held by overseas investors, whose share of the total rose from 14% in 2003 to 30% in 2017 – a proportion that has increased in all years of this research series, other than 2007 and 2008, and by 1% to 2% in each of the last nine years.

3. COMMERCIAL REAL ESTATE INVESTMENT

3.2 Invested stock by investor type

Table 3.1 shows the split of the stock by investor type, with changes in market share over the last year and over the full period of the analysis since 2003.

Table 3.1 : Commercial investment stock by owner type

UK Investors	2017 £bn	2017 % share	Change in market share (%)	
			From 2016	From 2003
Insurance Direct & Funds	42	8	0.0	-12
Pension Funds	42	8	0.2	-2
Unlisted & Collective Schemes	83	16	0.0	7
Listed Companies & REITs	73	14	-0.8	0
Private Companies	58	11	-0.9	-6
Estates & Charities	23	5	-0.2	0
Private Investors	14	3	0.0	0
Other Owners	22	4	0.3	-1
Sub-total	357	70	-1.4	-14
Overseas Investors				
Unlisted & Collective Schemes	52	10	0.4	..
SWF & Government	29	6	0.2	..
Private Companies, Individuals	26	5	0.2	..
Listed Companies & REITs	14	3	0.1	..
Insurance & Pension Funds	12	2	0.1	..
Other Owners	18	4	0.1	..
Sub-total	152	30	1.2	15
Total	509	100		

Source: Own estimates from MSCI, RCA, PFR and other source

Note: Due to rounding, totals may not add up/be consistent with figures reproduced in other tables.

Clearly, the investment stock is widely spread across types of owner and forms of vehicle, with no single category exceeding 15% of the total stock. The four largest categories together – namely UK unlisted funds, listed and private property companies and overseas unlisted funds – make up just over 50% of the total market. Looking across both UK and overseas investors, the stock is split almost evenly between direct investors, with 48% of total assets, and indirect vehicles with 44%:

- The largest broad owner category might be termed “direct private investors”, covering private property companies, estates and charities, individual investors and sovereign wealth funds, together holding £150bn or 29% of the total market;
- Indirect investment vehicles in their unlisted form represent £135bn of asset value (26% of the total market), whilst listed companies hold £88bn (17%) and
- A balance of £84bn, held in the direct portfolios of UK insurance and pension funds – once regarded as the bedrock of the market – representing 16% of the market, coupled with a further 2% of overseas institutional funds.

3. COMMERCIAL REAL ESTATE INVESTMENT

Over the course of a year, changes in values by owner and in market shares arise predominantly through general movements in market value, modulated across owner types by their differences in portfolio structure, plus net capital flows between market participants. The impact of changing market values will shift market shares significantly in those years when there are strong differences in capital growth for market segments where there are also large differences in portfolio weights – most obviously exposure to the large and volatile central London office market. During 2017:

- The relatively small range in capital growth rates across markets – with the exception of large gains in value for the industrial sector – meant that differential weighting effects were small;
- While the RCA transactions data show a large – £7bn – net capital inflow by overseas owners balanced by £7bn in net sales by UK property companies, of which £4.5bn originated from private companies and £2.8bn from listed companies; and
- Together with another small shift from UK to overseas investors, the only notable changes in ownership through 2017 were small drops in the share of listed and private property companies – although the former still experienced a marginal increase in the absolute value of their holdings whereas, for private companies, value fell by £1.6bn, or 3%, from the 2016 figure.

Longer-term shifts in ownership (as described in Table 3.1) are dominated by a doubling in the share of the market held by overseas investors since 2003. Unfortunately, it is not possible to measure the weights of investor types within that total. Across other types:

- Insurance funds have contributed most (12%) to the shrinkage in the share of UK investors: moreover, they have been the only category of ownership to show a fall in the absolute value of assets held over the period, with a 27% fall, from £58bn to £42bn, attributable to the closure of many with-profits life funds to new investment;
- The other substantial loss in market share has been from private companies although, in this case, the 6% fall in market share has been coupled with a gain of 17% in the value of assets held; and
- Among UK investors, therefore, the major changes over 14 years have been a drop in the share of institutional owners, from 37% in 2003 to 23% in 2017, and a fall from 30% to 26% for private companies, balanced by a tripling in assets held in unlisted funds, which has taken their market share from 11% to 23%, and a relatively modest gain in the share of the listed sector from 17% to 21% – despite the introduction of REITs.

Overall, the broad mix within the UK investor total has moved from 66% direct (institutional and private) portfolios in 2003 to 50% today, while indirect holdings have risen from 28% to 44%.

3. COMMERCIAL REAL ESTATE INVESTMENT

3.3 The invested stock and market segments

Table 3.2 splits the investment market into major market segments, defined by a combination of location and property type. By far the most marked differentiation in portfolio structures across investor types is between UK and overseas-based investors, which are shown separately.

Table 3.2: Invested stock by market segment, end-2017

	£bn by investor origin			% of total by investor origin		
	Total	UK	Overseas	Total	UK	Overseas
Retail	175	151	24	34	42	16
Standard Retail South East	51	41	10	10	11	6
Standard Retail Rest UK	21	20	1	4	6	1
Shopping Centre	57	49	8	11	14	5
Retail Warehouse	46	41	6	9	11	4
Office	215	109	106	42	30	71
City	63	20	43	12	6	28
West End, Mid Town	79	45	34	15	13	22
Rest South East	53	28	25	10	8	17
Rest UK	20	15	5	4	4	3
Industrial	69	65	4	14	18	3
South East	44	41	3	9	11	2
Rest UK	25	24	1	5	7	1
Other Commercial	50	35	16	10	10	10
Total	509	360	151	100	100	100

Source: Own estimates from multiple sources

Note: Due to rounding, totals may not add up/be consistent with figures reproduced in other tables.

Offices remain, at 42% of the total, the largest element of investor portfolios, although that proportion fell marginally from an end-2016 figure of 43%. Changes through 2017 were dominated by:

- The relatively strong performance of the industrial sector, which, based on MSCI's IPD Annual Index figures, was the result of a rental value growth rate running at 5%, against 1% to 2% for retail and office, coupled with a fall in yields that added a further 10% to industrial values compared to only 1% for retail and 3% for offices;
- While measured in net capital flows from RCA data, the switch in assets from UK to overseas investors was dominated by London and South East offices, where there were £7bn in net sales by UK owners, and £6bn in net purchases by overseas owners;
- Overall, UK investors were net sellers in all retail market segments and all office segments, except Rest of UK, but net buyers of £800m in industrials and £700m in Other Commercial property; and
- Conversely, overseas investors were net buyers in all retail and office segments, other than Rest of UK offices, and net sellers of £700m in industrial and £350m in Other Commercial assets.

3. COMMERCIAL REAL ESTATE INVESTMENT

Compared to 2016, therefore, the main shifts through the last year were:

- A 2% overall rise in the industrial weighting, driven by strong performance, balanced by a 1 ppt drop in both the office and retail weighting;
- For UK investors, trading reinforced the direction of travel in the market, raising their industrial weightings from 16% to 18%;
- For overseas investors, trading marginally increased their differentiation, raising their Central London office weighting to 50% against 19% for UK investors, while leaving retail (at 16%) less than half that of UK owners and a negligible industrial exposure of 3%; and
- Wide variation in the share of overseas owners in market segments around their 30% share in the total stock, from a minimal 6% in the industrial sector, through 14% for retails to 50% for offices, within which they hold 68% of City investments, 43% of West End and Mid-Town, 47% in the Rest of the South East, and 25% in the Rest of UK.

Compared to 2013 (the first year for which consistent figures are available):

- Overall retail weightings have fallen by approximately 7%, balanced by 3% gains for both the office and industrial sectors;
- UK owners have markedly reduced their exposure to provincial shops, shopping centres and retail warehouses (altogether by 7%), switching toward industrials and Other Commercial, with rises in weights of 5% and 2%; and
- For overseas owners, the proportion of their holdings in London and South East offices have risen by 3% and in South East retail by 2%, balanced by 2% to 3% falls for shopping centres and Other Commercial property with no change in their minimal industrial exposure.

3.4 Residential investment

As shown in Section 2, residential dominates the national stock of property : its end-2017 value of £6.5tn – split £4.7tn in underlying land and £1.8tn in structures – accounts for 63% of all fixed assets, and makes up 62% of total household net worth. Residential values have also risen – at 8% per year since 1995, a rate far outstripping annual inflation (2.9%) and Non-Domestic property (4.4%), with that gap primarily due to a 9.3% per annum rise in underlying land values.

The bulk of the residential stock is in forms – either owner-occupied or small-scale private rented, i.e. buy to let – that fall outside the scope of this report, which considers professionally-managed mainstream investment portfolios. From the £6.5tn total of the residential sector, this section focuses on the relatively small, although rapidly growing, element of residential stock currently held by investors.

3. COMMERCIAL REAL ESTATE INVESTMENT

Table 3.3: Residential stock and invested stock value (£bn)

	2013*	2016	2017	% Change 2013*-2017	% Change 2016-2017
Total residential stock	4,410	6,149	6,498	47	6
Total private rented stock	837	1,110	1,152	38	4
Invested private rented	12	23	32	169	39
Invested student accommodation	6	14	17	178	21

Source: Prior IPF estimates; ONS; own estimates.

Note: Due to rounding, some percentage calculations may vary if derived from figures recorded in table.

* Relates to "mid-year" 2013

It is estimated that the size of the invested residential sector, including student accommodation, was £49bn at the end of 2017, which represents only 0.75% of the total stock of residential property and 4.3% of the total private rented stock. In mid-2013, when the value of invested residential stock was measured at £18bn, the sector accounted for just 0.4% of total stock and 2.2% of total private rented stock.

There has been rapid growth in the volume of invested residential stock since 2013, from £18bn to £49bn, an increase of 172%. This reflects a renewed interest in the sector from institutional investors and companies set up solely to develop, own and professionally manage these properties.

APPENDIX

Table A.1: Summary of definitions and sources for owner types

Investor type	Description of type	Sources and approach
UK insurance funds	Insurance company long term funds, unit-linked life & pension company funds, managed property funds.	ONS's MQ5: Investment by Insurance Companies, Pension Funds and Trusts. 2017 data not available at time of writing, so updated to end-2017 by MSCI capital growth since end 2015 and MQ5 2016 net investment.
UK segregated pension funds	Own-account property portfolios of funded pension schemes managed either internally or by 3rd parties.	
UK & Channel Island domiciled collective investment schemes	Authorised and unauthorised property unit trusts and similar, limited partnerships etc domiciled in the UK and Channel Islands. Includes the Channel Islands property investment companies but excludes the insurance company managed property funds.	Primarily based on individual fund estimates generously supplied by PFR; excludes funds not directly investing in completed UK buildings, and funds' indirect holdings. Supplemented with long term transactions data from RCA/Property Data (PD).
UK REITs & listed property companies	Companies listed on the main market of the London Stock Exchange and incorporated in the UK under the REIT and "Real Estate Holding & Development" categories.	Derived company-by-company from their latest balance sheet accounts, adjusted to end-2017 on the basis of MSCI capital growth. Excludes non-UK investments and any fund or JV exposures counted as a collective investment scheme; also excludes land and developments.
UK private property companies	Other companies undertaking activities classified under the 2007 SIC either as "the development of building projects", "the buying and selling of own real estate", or "the renting and operating of own real estate".	Large investors derived from their accounts (where available), otherwise based on mid-2013 estimate updated to end-2016 on the basis of MSCI capital growth and net transactions from RCA.
UK traditional estates & charities	Charities & traditional landed estates.	Based on mid-2013 estimate updated to end-2016 on the basis of MSCI capital growth and net transactions from RCA/PD.
UK private investors	Individuals, family trusts, HNW syndicates.	Based on mid-2013 estimate updated to end-2016 on the basis of MSCI capital growth and net transactions from RCA.
UK other	Mainly local authorities and pub owners.	End-2016 estimated updated with MSCI capital growth and RCA net transactions data.
Overseas	All those domiciled outside the UK and Channel Islands, excluding those foreign owned fund managers, insurance companies and pension funds investing UK sourced capital.	Based on mid-2013 estimate updated to end-2016 on the basis of MSCI capital growth and net transactions from RCA.

Full details of the methodologies and sources were presented in The Size and Structure of the UK Property Market 2013: A Decade of Change.



Research

Investment Property Forum

New Broad Street House

35 New Broad Street

London EC2M 1NH

Telephone: 020 7194 7920

Fax: 020 7194 7921

Email: ipfoffice@ipf.org.uk

Web: www.ipf.org.uk



Printed on recycled paper