



Research

# Autumn 2019 Survey of Independent Forecasts for UK Commercial Property Investment

November 2019



COMMISSIONED BY THE IPF RESEARCH PROGRAMME

## UK Consensus Forecasts

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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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## Autumn 2019 Survey of Independent Forecasts for UK Commercial Property Investment – November 2019

23 organisations contributed data for the final survey of 2019, comprising forecasts dating from early September to mid-November. Of these, nine provided a number of significantly different projections (i.e. more than two standard deviations from the mean of the relevant group) at the All Property or sector level. These forecasts have been re-confirmed, with several participants providing explanations of their house views.

### Key results this quarter include:

#### Forecasts stabilise for 2019 performance prospects

- The **All Property rental growth** forecast for the current year of **-0.2%** was unchanged for a second quarter, notwithstanding a further improvement in Office rental growth expectations (to 1.5% from 0.7% previously), with the Industrial average virtually unchanged. This rise was negated by further falls in retail forecasts, of between 63 and 54 bps for Shopping Centres and Standard Retail (now -5.3% and -3.8%, with the Retail Warehouse forecast standing at -4.3%, from -3.8% in August).
- Similar patterns of movement in capital growth forecasts over the quarter were reflected by falls of between 188 and 125 bps in the three retail sub-markets (with the average Shopping Centres rate now lying at -15.4% for the year), compared to a rise of 115 bps for Offices and under 10 bps for Industrials, resulting in an **All Property capital growth** average forecast of **-3.5%** (from -3.6% previously).
- The **All Property total return** remained unchanged, at **0.9%** (from 1.8% in May).

#### Weakening 2020 outlook

- In a repeat of the previous survey results, further weakening in retail rental growth caused the **All Property rental growth** forecast to fall to **-0.2%**, despite a modest improvement in the Office average (to 1.0%).
- A 132 bps improvement to the Office average **capital value growth** forecast was insufficient to offset further projected falls in the retail markets – of between almost 300 and 200 bps for Shopping Centres and Retail Warehouses, causing a decline in the 2020 **All Property** average to **-2.2%** (-1.8% previously). The **total return** was similarly affected, falling to **2.5%** (from 2.9% in August).

#### Muted recovery in later years of forecast

- Although retail rental growth forecast averages for **2021** weakened further over the quarter, falling by 50 bps or more for Standard Retail and Shopping Centres, improving Office and Industrial predictions contributed to a marginal uplift in the **All Property average rental value growth** forecast to **0.7%** (0.6% previously).
- With all sector averages expected to deliver positive capital growth in **2021**, the All Property **capital growth rate** rose to **0.1%**, driven by a 98 bps increase in the average Office forecast for the year (despite weakening retail projections). The 2021 **average total return** now stands at **4.9%**, from 4.7% in August.
- **2022** and **2023** forecasts deliver mixed messages for retail rental growth rates, whereas capital growth prospects appear more optimistic: only the 2022 average Standard Retail forecast weakened slightly and all three 2023 retail averages improved over the quarter (although both Office and Industrial averages fell in that year). The resultant **All Property rental growth** averages for the two years now stand at **1.2%** and **1.4%** (from 1.0% and 1.2% previously), whilst the **All Property capital value** averages rose to **0.8%** and **1.0%**. (from 0.6% and 0.9% three months ago). The **2022 All Property total return** is marginally higher, at **5.7%** (from 5.6%), whilst the **2023 return** has remained stable at **5.9%**.

#### Overall five-year averages little changed

- Notwithstanding the fall in the 2020 average, rising forecasts in later years have combined to produce a five-year **All Property average rental growth** rate of **0.6% per annum** (from 0.5% in August).
- Similarly, the weaker 2020 forecast has been countered by improving averages from 2021 to leave the **All Property capital value growth** rate unaltered at **-0.8% per annum**.
- The implied income return fell slightly over the quarter, to **4.7%** from 4.8% in August, whilst the average five-year **All Property total return** declined to **3.9% per annum**.

## Summary Results

### Summary Average by Sector

	Rental value growth (%)				Capital value growth (%)				Total return (%)			
	2019	2020	2021	2019/23	2019	2020	2021	2019/23	2019	2020	2021	2019/23
Office	1.5	1.0	1.7	1.7	0.0	0.2	1.5	1.0	4.0	4.4	5.7	5.2
Industrial	3.1	2.3	2.1	2.2	2.1	1.7	1.7	1.6	6.6	6.1	6.2	6.1
Standard Retail	-3.6	-3.1	-1.4	-1.6	-9.4	-6.8	-2.1	-3.5	-5.2	-2.3	2.7	0.5
Shopping Centre	-5.3	-4.5	-2.3	-2.7	-15.4	-10.2	-4.5	-6.6	-10.5	-4.5	1.6	-0.7
Retail Warehouse	-4.3	-3.4	-1.2	-1.7	-12.7	-7.6	-2.0	-4.5	-7.1	-1.4	4.6	1.4
<b>All Property</b>	<b>-0.2</b>	<b>-0.2</b>	<b>0.7</b>	<b>0.6</b>	<b>-3.5</b>	<b>-2.2</b>	<b>0.1</b>	<b>-0.8</b>	<b>0.9</b>	<b>2.5</b>	<b>4.9</b>	<b>3.9</b>
West End office	2.1	1.2	2.2	2.2	0.5	1.1	2.0	1.6	3.9	4.6	5.6	5.0
City office	1.1	0.7	2.0	1.7	-0.6	0.2	2.0	1.1	3.3	4.1	6.0	5.2
Office (all)	1.5	1.0	1.7	1.7	0.0	0.2	1.5	1.0	4.0	4.4	5.7	5.2

### All Property Average by Forecast Month

Month of forecast (no. contributors)	Rental value growth (%)				Capital value growth (%)				Total return (%)			
	2019	2020	2021	2019/23	2019	2020	2021	2019/23	2019	2020	2021	2019/23
September (5)	-0.5	-0.2	0.5	0.4	-4.1	-2.1	-0.2	-1.1	0.3	2.5	4.5	3.5
October (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
November (15)	0.0	-0.3	0.7	0.6	-3.2	-2.4	0.0	-0.7	1.2	2.4	4.9	4.0
<b>All Forecasters (23)</b>	<b>-0.2</b>	<b>-0.2</b>	<b>0.7</b>	<b>0.6</b>	<b>-3.5</b>	<b>-2.2</b>	<b>0.1</b>	<b>-0.8</b>	<b>0.9</b>	<b>2.5</b>	<b>4.9</b>	<b>3.9</b>

## Survey contributors

23 organisations contributed to this quarter's forecasts, comprising 10 Property Advisors and Research Consultancies, 11 Fund Managers and two Others\*. Full All Property forecasts for all periods were received from 22 contributors.

Full sector forecasts were received from 21 contributors, including full West End and City sub-office sector forecasts. All forecasts were generated within 12 weeks of the survey date (13 November 2019). Named contributors appear on the final page of this report.

\*Note: A minimum of five forecasts are required in order to be analysed on a separate basis. Data from Other contributors is 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](mailto:pcraddock@ipf.org.uk).

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

## Economic background

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The latest ONS release<sup>1</sup> reported UK economic growth of 0.3% in Quarter 3 2019 (July to September) although there was a 0.1% fall in the month of September. The main driver of growth was due to a rise of 0.4% in the services sector, alongside a 0.6% increase in the construction sector, whilst output in the production sector was flat. The ONS notes that rolling three-month growth has returned to rates recorded prior to the extraordinary strengthening in GDP in the three months leading up to March 2019.

The latest public sector finance figures<sup>2</sup>, which show how the relationship between UK public sector monthly income and expenditure leads to changes in deficit and debt, recorded net borrowing (i.e. excluding public sector banks – PSNB ex) in October of £11.2 billion (£2.3 billion more than in October 2018 and the highest October borrowing since 2014). Net borrowing in the current financial year-to-date was £43.6 billion (£4.3 billion more than for the same period last year) and the highest April-to-October borrowing since 2017. Public sector debt (i.e. excluding public sector banks – PSND ex), at the end of October 2019 was £1,798.5 billion (80.4% of GDP), representing an increase of £32.1 billion (or a decrease of 1.1% on October 2018).

At its latest meeting, ending 6 November, the Bank of England's Monetary Policy Committee (MPC) voted by a majority of 7-2 to maintain the Bank Rate at 0.75%, as well as unanimously deciding to maintain the stock of sterling non-financial investment-grade corporate bond purchases at £10 billion and stock of UK government bond purchases, at £435 billion, both financed by the issuance of central bank reserves. In its Report<sup>3</sup>, the MPC noted inflationary pressures are projected to lessen in the near term – CPI (Consumer Price Index) inflation remained at 1.7% in September and is expected to decline to around 1.25% by Spring 2020, as a result of falls in regulated energy and water prices (although of only temporary effect).

In its most recent publication<sup>4</sup>, the ONS reported a 12-month CPI rate, which includes owner occupiers' housing costs (CPIH), of 1.5% in October 2019, with the downward movement, mainly due to changes in the energy price cap and its effect on electricity, gas and other fuels.

Turning to the labour market, for the quarter to end-September 2019, the latest<sup>5</sup> ONS estimate of UK unemployment was 3.8%, 0.2% lower than a year ago and 0.1% lower than the previous quarter, being the equivalent of 1.31 million people – 72,000 fewer than 12 months ago. In terms of employment, the estimated employment rate was 76.0%, 0.5% up on the year, but 0.1% lower on the quarter. Economic inactivity for those aged from 16 to 64 years not in work or actively seeking employment was estimated to be 20.8%, down 0.3% on the year.

For the period July to September 2019, the ONS estimate of annual growth in average weekly earnings<sup>6</sup> was 3.6% for both total and regular pay (including/excluding bonuses), representing an increase of 1.7% in real terms.

In the period August to October 2019, the ONS estimate<sup>7</sup> of retail sales growth was an increase of 0.2% over the quarter, the lowest rate since April 2018, with food stores the only main sector to record growth (0.8%) compared to the previous three-month period. Online sales as a proportion of total retailing rose to 19.2% from 19.0% in September.

<sup>1</sup> ONS: GDP monthly estimate, UK: September 2019. Release date: 11 November 2019

<sup>2</sup> ONS: Public sector finances, UK: October 2019. Released: 21 November 2019

<sup>3</sup> Bank of England Monetary Policy Report, published 7 November 2019

<sup>4</sup> ONS Consumer price inflation, UK: October 2019. Release date: 13 November 2019

<sup>5</sup> ONS: Labour market overview, UK: October 2019. Release date: 12 November 2019

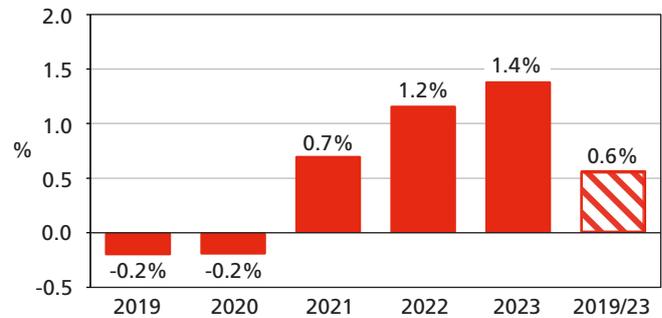
<sup>6</sup> ONS: Average weekly earnings in Great Britain: November 2019. Release date: 12 November 2019

<sup>7</sup> ONS: Retail sales, Great Britain: October 2019. Release date: 14 November 2019

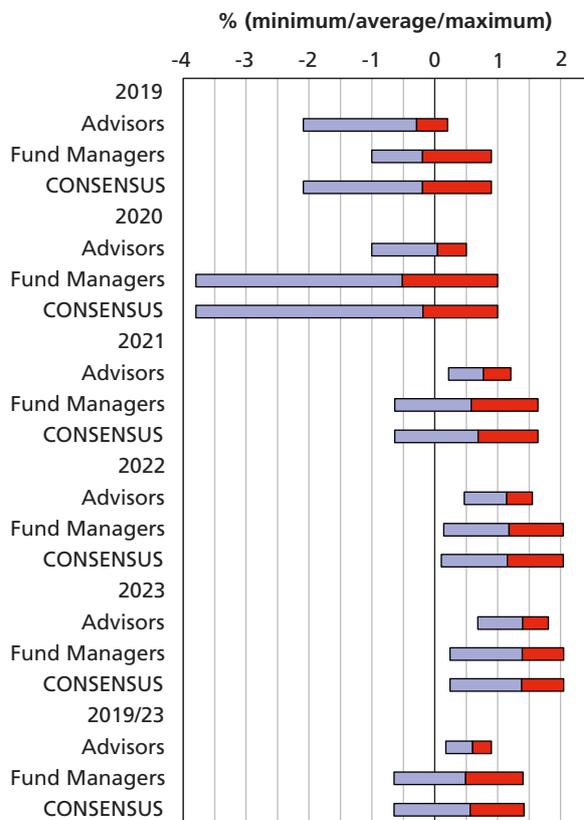
## All Property rental value growth forecasts

Although the 2019 forecast was static, next year's average outlook fell 10 bps over the quarter, whereas projections for remaining years improved by between 11 and 15 bps, resulting in a marginal uplift in the five-year annualised average (previously 0.5%).

Zero or sub-zero growth in the current year was recorded in 19 forecasts, compared to 13 in 2020 and three in 2021. By 2022, all contributors expect a return to positive rental growth. With the exception of 2019, median forecast values are marginally higher than the arithmetic mean.



## Rental value growth forecasts by contributor



Since the last survey, Fund Manager sentiment for 2019 strengthened and the range of their forecasts narrowed. Across all three measures (i.e. minimum, average and maximum forecasts) this group is now more optimistic than Property Advisors, with the difference exacerbated by a weakening and widening over the quarter of the latter's projections.

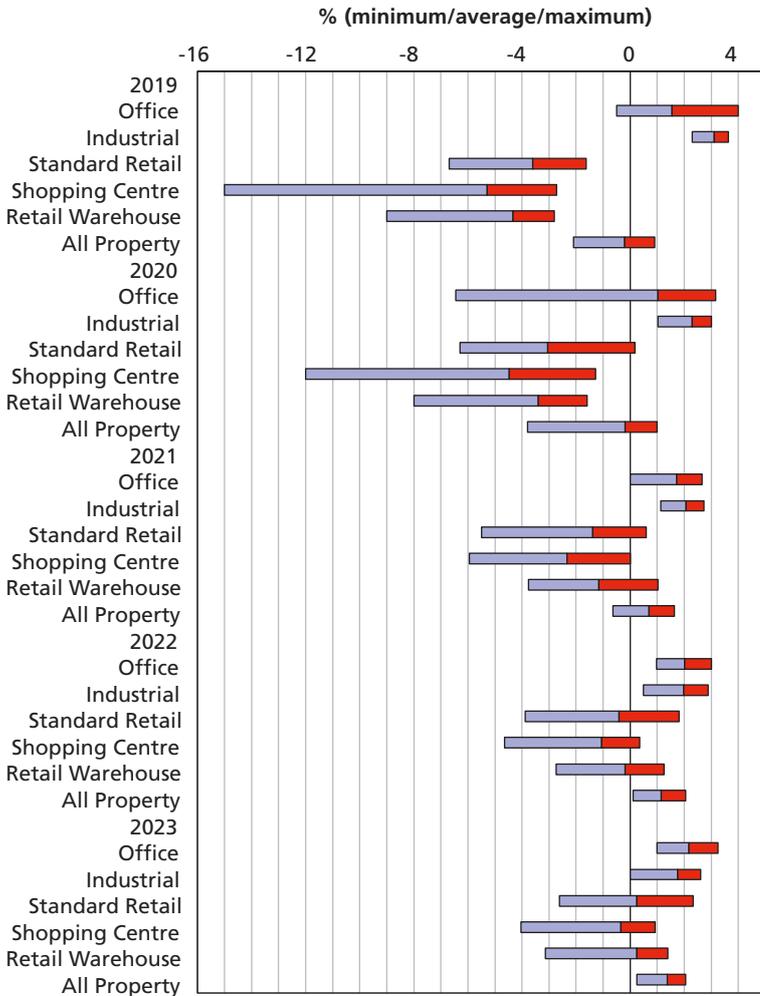
An outlier forecast for 2020 (-3.8%) resulted in a reduced Fund Manager average, of -0.5% (otherwise -0.2% if omitted), compared to 0.0% for Property Advisors.

Throughout, uppermost Fund Manager forecasts exceed those of Property Advisors (by margins of between 70 bps in 2019 and 24 bps in 2023), although this is not reflected in the majority of annual mean figures. A closer accord emerges in both groups' averages in 2022 and 2023, however.

Annualised five-year average projections are now 0.6% for Advisors and 0.5% for Managers, from 0.7% and 0.4% respectively in August.

N.B. Two 'Other' contributor returned data in addition to those of 21 Property Advisors and Fund Managers.

## Sector rental value growth annual forecasts



The chart of sector growth forecasts shows a remarkable contrast in the close consensus between contributors in relation to Industrial prospects in each year surveyed as compared to other property types – most particularly the three retail sub-sectors. Average forecasts for Industrial and Office sectors are positive throughout all five years, in contrast with those for Standard Retail, Shopping Centres and Retail Warehouses, with Industrials the only market that registers positive minimum forecasts each year.

Over the quarter, 2019 and 2020 minimum and average Offices and Industrial forecasts rose – substantially in the case of Offices (by over 160 bps and 80 bps respectively in the current year and the mean by over 45 bps in 2020). Conversely, retail sub-sector forecasts for the next three years fell substantially over the three months – down by almost 120 bps on average for Shopping Centres in 2020, to -4.5%. This market also attracted the biggest forecast ranges (12.3% in the current year and 10.6% in 2020). The source of a significant outlying forecast is of the view that there appears to be a discrepancy between what the market is currently seeing and what MSCI data is showing.

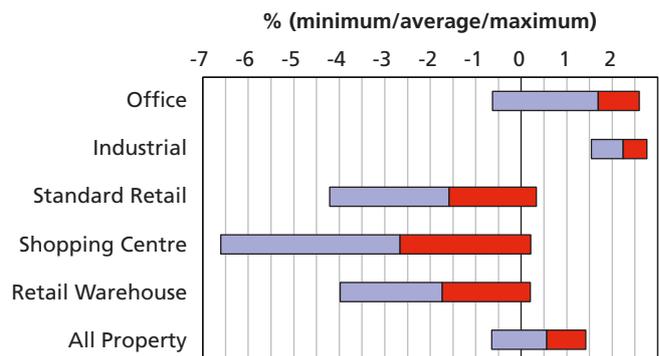
Projections from 2021 onwards show a marked uplift in forecaster sentiment, as well as a narrowing of ranges across all sectors. Persistent weakness in retail growth rates, however, means All Property averages remain below those for Offices and Industrials in all years, only returning to positive growth in 2021.

## Sector rental value growth five-year average forecasts

Each of the retail five-year annualised averages fell over the quarter (by c.40 bps for both Standard Retail and Shopping Centres), contrasting with rising averages for Offices and Industrials, of c.130 and 200 bps.

Averages now lie between 2.2% pa for Industrials and -2.7% pa for Shopping Centres.

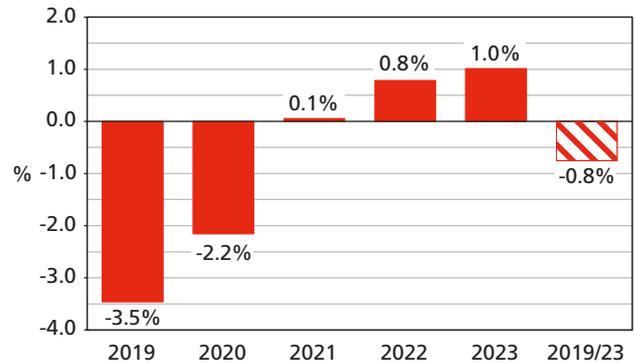
Again, Industrials and Offices (at 1.7% per annum) are expected to outperform the All Property average of 0.6%. Forecasts for Standard Retail and Retail Warehouses are now -1.6% and -1.7% (from -1.1% and 1.5% in August).



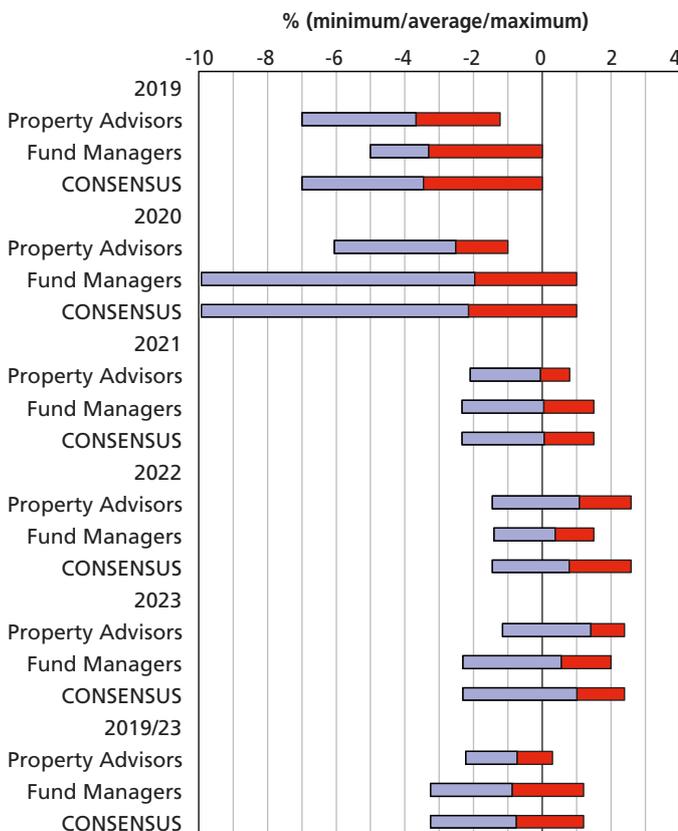
## All Property average capital value growth forecasts

Following the substantial fall recorded by the August survey, the average for 2019 firmed slightly over the quarter, from -3.6% previously, with all but one contributor forecasting negative capital value growth (this exception predicting zero growth). The 2020 forecast mean weakened again, however, from -2.0% three months ago. In contrast, averages in remaining years improved, from -0.2%, 0.6% and 0.9% previously.

Notwithstanding improved averages in four of the five years, the five-year annualised projection has remained stable, at -0.8% pa.



## Capital value growth forecasts by contributor



N.B. Two 'Other' contributor returned data in addition to the 21 Property Advisors and Fund Managers.

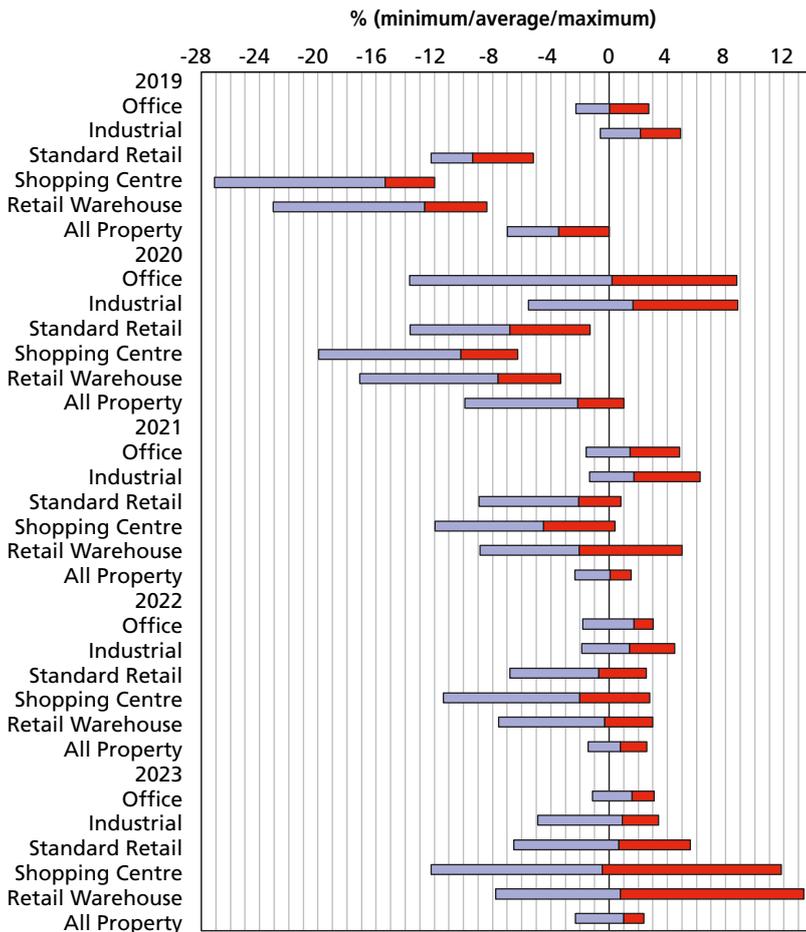
For the current year, the average Property Advisor forecast fell more than 25 bps over the quarter, to -3.7%, whereas the Fund Manager average rose 80 bps to -3.3%. This pattern of weakening/strengthening of the two group's averages is repeated for 2020, with a drop of over 70 bps in the Property Advisor average (to -2.5%).

Fund Managers' greater optimism, on average, is maintained in the first three years of the survey, although Property Advisor expectations for 2022 and 2023 exceed those of Managers by 70 and 86 bps respectively (to 1.1% and 1.4%). This is despite two Advisor contributors forecasting negative growth for each of these years (compared to three Managers).

Forecast spreads remain greatest for 2019 and 2020, widening to almost 11% for Fund Managers in 2020, presumably due to delays in Brexit negotiations to January. The degree of Property Advisor consensus in 2022 has closed – from a span of 5.3% to 2.9%, whilst the gap increased for Fund Managers, to 3.8% (from 3.3% in August).

Five-year averages are little changed over the quarter, with Property Advisors recording a marginal improvement of 15 bps to -0.7% pa, although the All forecaster figure remains -0.8% pa.

## Sector capital value growth annual forecasts



Other than the minimum Standard Retail forecast, all three sets of 2019 retail sub-sector projections fell over the quarter, with a remarkable drop of 640 bps, to -27.1%, in the minimum Shopping Centre forecast, (being from the same contributor that predicted a highly negative rental growth rate for this market in the current year). Averages now lie at -9.4%, -15.4% and -12.7% for Standard Retail, Shopping Centres and Retail Warehouses.

Both Office and Industrial growth forecasts for 2019 are characterised by a high degree of consensus between contributors, with projections lying within ranges of 500 to 550 bps respectively, from almost 1200 and 980 bps in August, to average 0.0% and 2.1%.

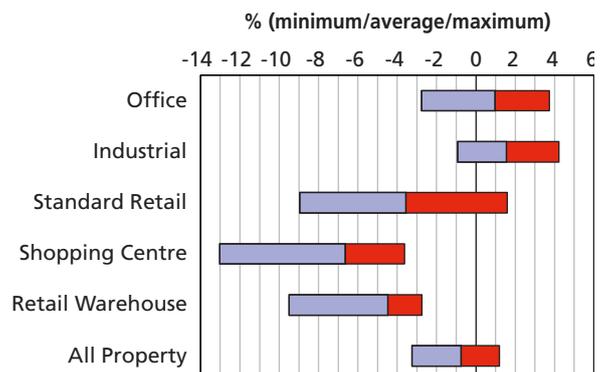
The overall pattern of average capital growth projections is similar to those recorded for rents, with only the Office and Industrial sectors expected to deliver positive growth across the survey period, despite attracting a small number of negative forecasts each year.

The Office sector attracts a substantial range of forecasts in 2020 (of almost 22.5%, against an average of 0.2%), exceeded only by a 24.0% span of Shopping Centre forecasts in 2023, whilst averaging -0.5%.

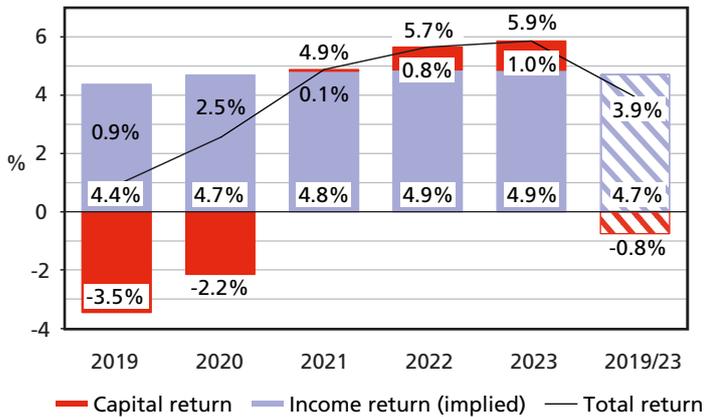
## Sector capital value growth five-year average forecasts

Consistent with the Summer 2019 report, Offices and Industrials, at annualised averages of 1.0% and 1.6% (being 78bps and 11 bps higher than August respectively) continue to exceed the expected All Property average of -0.8% pa. Growth rates for the three retail sub-markets deteriorated over the quarter to lie between -3.5% for Standard Retail (from -2.7%) and -6.6% for Shopping Centres (-5.7%), whilst Retail Warehouses fell to -4.5% (from -3.9%).

Over the three months, five-year forecast ranges increased by more than 160 bps for Offices and over 140 bps for Standard Retail, with Industrials widening only around 35 bps. Shopping Centre and Retail Warehouse forecast ranges reduced by 73 and 66 bps, whilst the unchanged All Property average attracted the narrowest array of individual projections, of less than 450 bps.



## All Property total return forecasts



The 2019 total return average improved marginally over the quarter but weakened for 2020 (falling by over 35 bps, from -1.8%) due to poorer capital growth expectations next year. Average forecasts in 2021 and 2022 rose over the three months, from 4.7% and 5.6% in August, whilst the 2023 projection was static.

Implied income returns for 2019 and 2022 softened slightly (falling 14 and 13 bps from 4.5% and 5.0% in August) with more modest falls in other years.

The five-year average fell marginally over the quarter to stand at 3.9% currently.

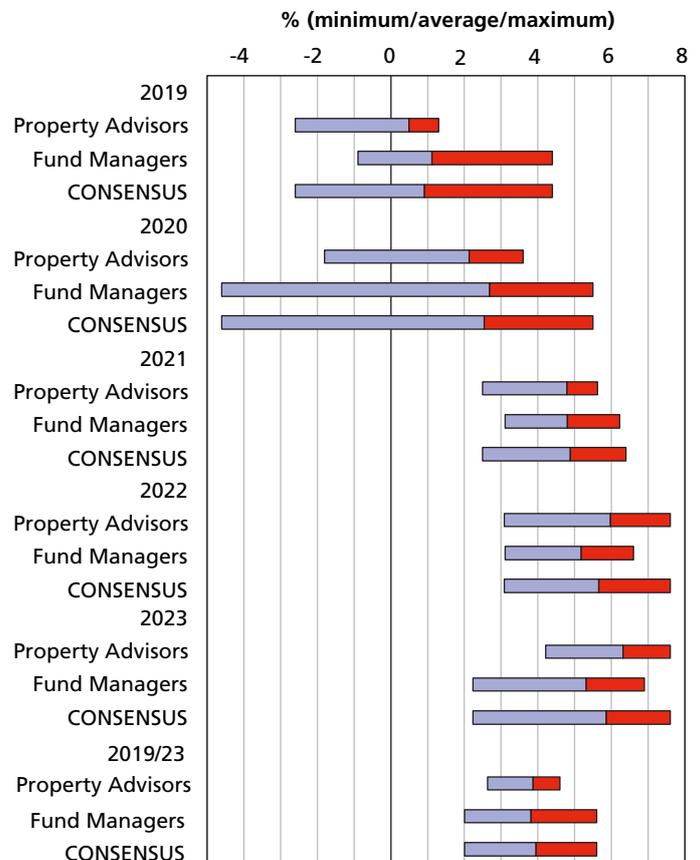
## Contributors All Property total return forecasts

Only two contributors provided sub-zero total return forecasts for 2019 and only one for 2020. In a reversal of the August survey, for both years Fund Manager averages are now higher than those for Property Advisors (currently 1.1% and 2.7% against 0.5% and 2.1% respectively).

Strengthening Property Advisor sentiment from 2021, compared to August averages, has resulted in virtually identical means that year, of 4.8%. This rising optimism on the part of Property Advisors exceeds that of Fund Managers in the two remaining years, with averages of 6.0% and 6.3% compared to 5.2% and 5.3% for the latter group.

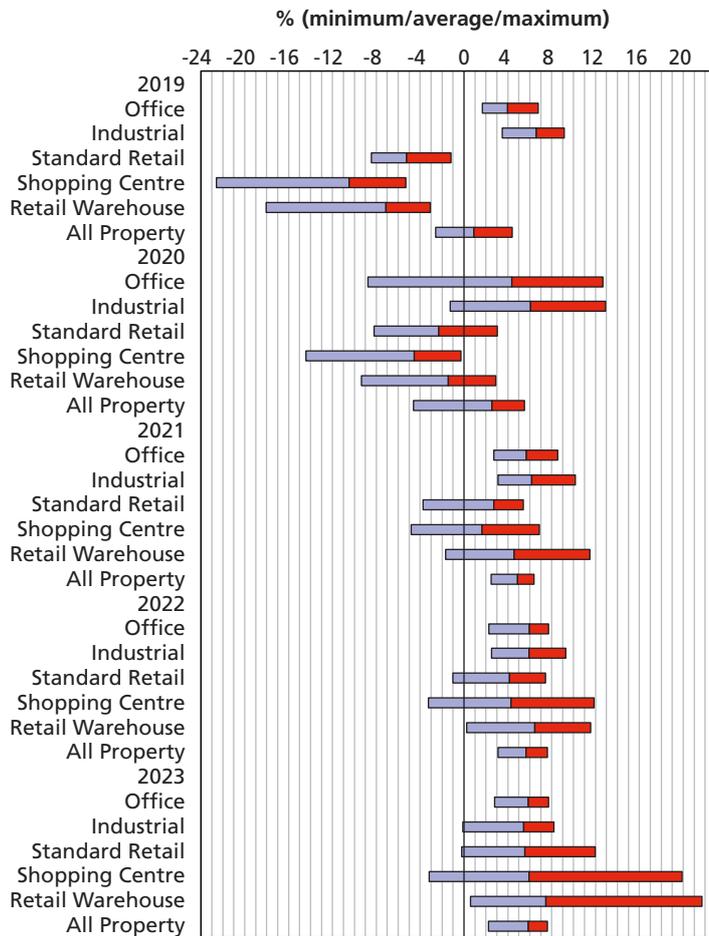
Whilst the range of Fund Manager forecasts narrowed in 2019 by 550 bps, it expanded by 128 bps in 2020. Property Advisor ranges fell by over 90 bps in each of these years. For the remaining period, a much closer consensus emerges between the two sets of contributors, as well as within each group.

The five-year annualised returns are unaltered over the quarter, with minimal movements in the two sets of averages. The slight fall in the overall average, from 4.0% in August, is due to the inclusion of remaining (Other) contributor forecasts.



N.B. Two 'Other' contributor returned data in addition to the 21 Property Advisors and Fund Managers.

### Sector total return annual forecasts



With the exception of Offices, the average forecast for which rose 110 bps over three months, and Industrials which was flat, all 2019 sector return forecasts weakened over the quarter – from a 136 bps fall in the Standard Retail average to over 195 bps for Retail Warehouses. All retail sub-sector forecasts for 2019 were negative (ranging from minima of -22.6% for Shopping Centres to -8.5% for Standard Retail), whilst all 2020 Shopping Centre forecasts received were also below zero.

All sectors are expected to deliver positive returns on average by 2021, ranging between 2.7% for Standard Retail to 6.2% for Industrials. Over the quarter, only Office average forecasts improved for each year surveyed.

Expectations are for Industrials to outperform other sectors until 2022, when Offices are predicted to exceed the former (6.0% versus 5.9% in that year). A recovery in retail markets in 2023 may deliver a Retail Warehouse average of 7.5% (6.4% in August) and over 5.9% for Shopping Centres (compared to 4.6% three months ago).

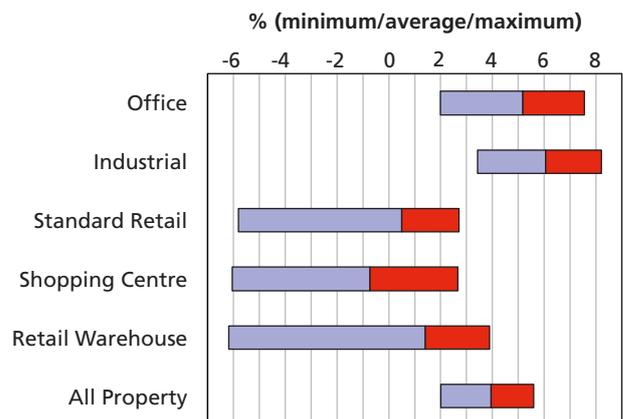
Survey contributors demonstrate considerable differences in their views for the different sectors, with a far greater consensus of opinion for Office and Industrial prospects over retail markets, other than in 2020, when Office forecasts span over 21.4% (although Shopping Centre forecasts extend to a range of almost 23.1% in 2023).

### Sector total return five-year forecasts

The Office and Industrial sector five-year average forecasts continue to outperform the All Property average of 3.9%, at 5.2% and 6.1% respectively.

Over the quarter, annualised averages weakened for each retail sub-sector – by 137, 76 and 100 bps for Standard Retail, Shopping Centres and Retail Warehouse, to 0.5%, -0.7% and 1.4% respectively (from 1.9%, 0.0% and 2.4% in August). Overall forecast ranges also shifted downwards in each of these markets.

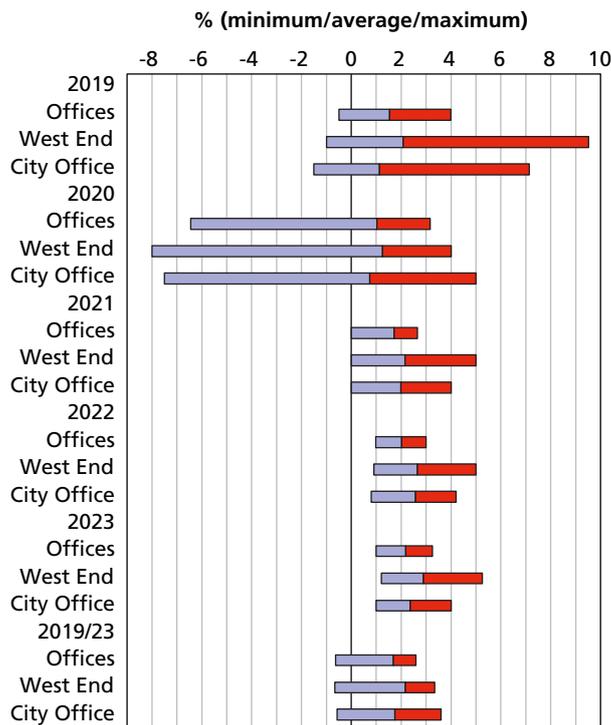
The All Property annualised average shows the greatest consensus of forecasts, extending to just less than 360 bps.



## Central London offices

Confidence in both the leasing and capital markets for central London offices appear to have shrugged off the expected early adverse impact of Brexit on UK financial services, with only 2023 mean rental and capital value growth forecasts weakening over the quarter – similarly reflected in total return forecasts.

### Rental value growth



Only one of the 21 forecasts received for 2019 West End rental growth was below zero, the average for which improved by over 130 bps over three months to 2.1%. To a lesser extent, this pattern of improvement was duplicated in City office forecasts – the average of 1.1% being 66 bps higher, with two negative forecasts. These compare to a rise in the wider Office sector average, of 82 bps to 1.5%.

Lower average forecasts next year (currently 1.2% and 0.7%) are consistent with earlier surveys, although these improved over the quarter (having been 0.5% and 0.1% in August).

Both 2019 and 2020 attract the widest range of forecaster opinion; 2019 West End projections expanding over the quarter from 5.4% to 10.5%, compared to a span of 8.6% for City forecasts (8.3% previously). In 2020, forecaster opinion widens to 12.0% for the West End and 12.5% for the City.

The medium-term outlook for both markets is one of further strengthening, with the West End average forecast rising to 2.9% by 2023, although the average City forecast may peak in 2022 at 2.6%, then fall to 2.4% in 2023.

Both central London rents are projected to exceed UK Offices as a whole by 2021 and for the remainder of the forecast period, reflected in five-year averages of 2.2% pa and just over 1.7% pa for the West End and City respectively, compared to 1.7% pa for Offices.

## Central London offices (2)

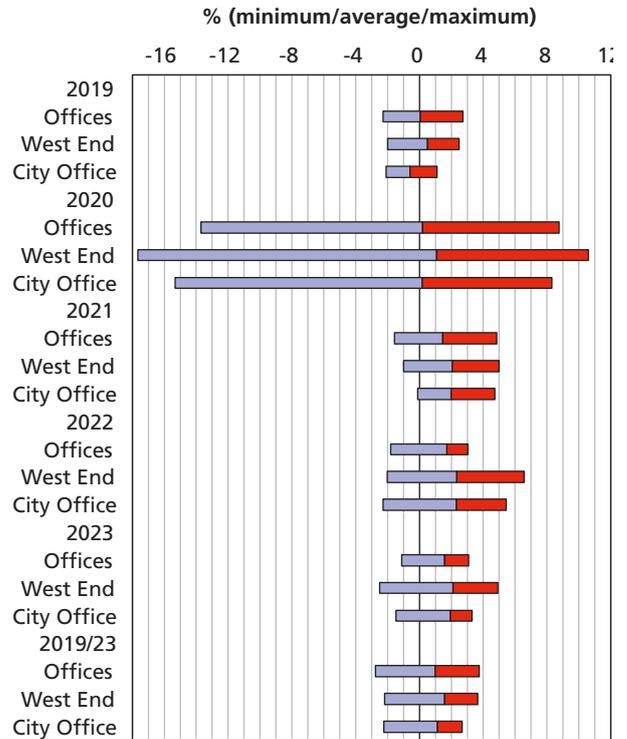
### Capital value growth

2019 forecast ranges narrowed substantially over the quarter. The span of forecasts fell by over 11.7% in the case of City offices, to 3.2%, and by 7.5% to 4.5% for West End offices. With 14 City and 17 West End projections of the 21 received for each location falling below zero, average forecasts for the current year are now -0.6% and 0.5% for the City and West End respectively (from -2.0% and -1.2% in August), reflecting increases of almost 1.4% and 1.7%.

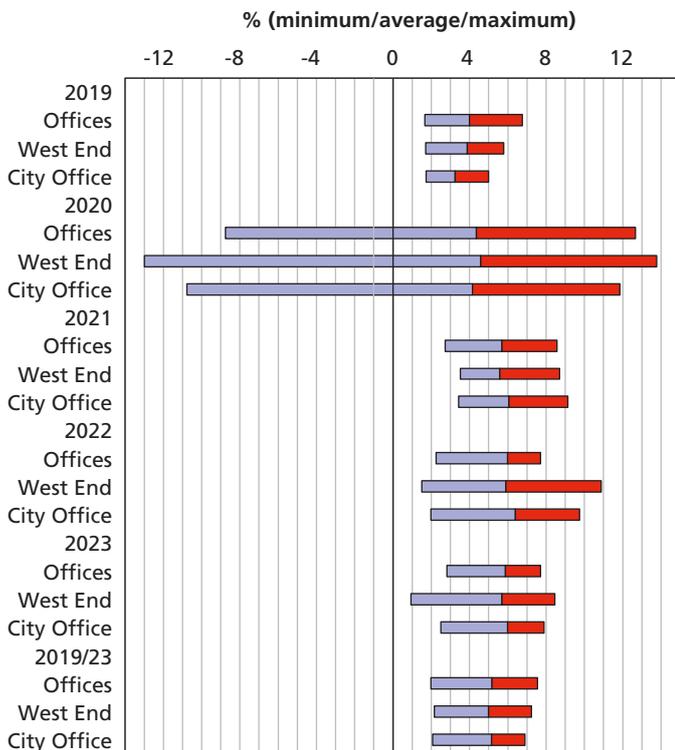
2020 projections include one extremely negative view of each market, resulting in significant forecast ranges (of 28.2% and 23.6% for the West End and City respectively). Despite this, both 2020 averages rose over the quarter, to 1.1% and 0.2% (previously -0.9% and -1.3%).

In remaining years, expectations for each market are considerably closer, with average growth rates in 2021 and 2022 of 2.0% and 2.3% for both locations, reflecting rises of 114 and 82 bps to the 2021 averages and more modest increases of 26 and 33 bps in 2022 for the West End and City respectively.

Five-year annualised growth rates improved over the quarter, with the West End forecast rising 95 bps, to 1.6% pa, whilst the City average rose 75 bps, to 1.1% pa.



### Total returns



The average West End total return expectation for 2019 rose over the quarter by over 170 bps, to 3.9%, compared to 3.3% for the City (which recorded a rise of almost 150 bps over the August average).

Both market average forecasts also improved over the quarter for each of the next three years, increasing by 199 bps for the West End in 2020 and 93 bps in 2022, to 4.6% and 5.9%, whilst, in comparison, more moderate gains were recorded for City returns, the averages for these years being 4.1% and 6.4% (reflecting increases of 145 and 19 bps).

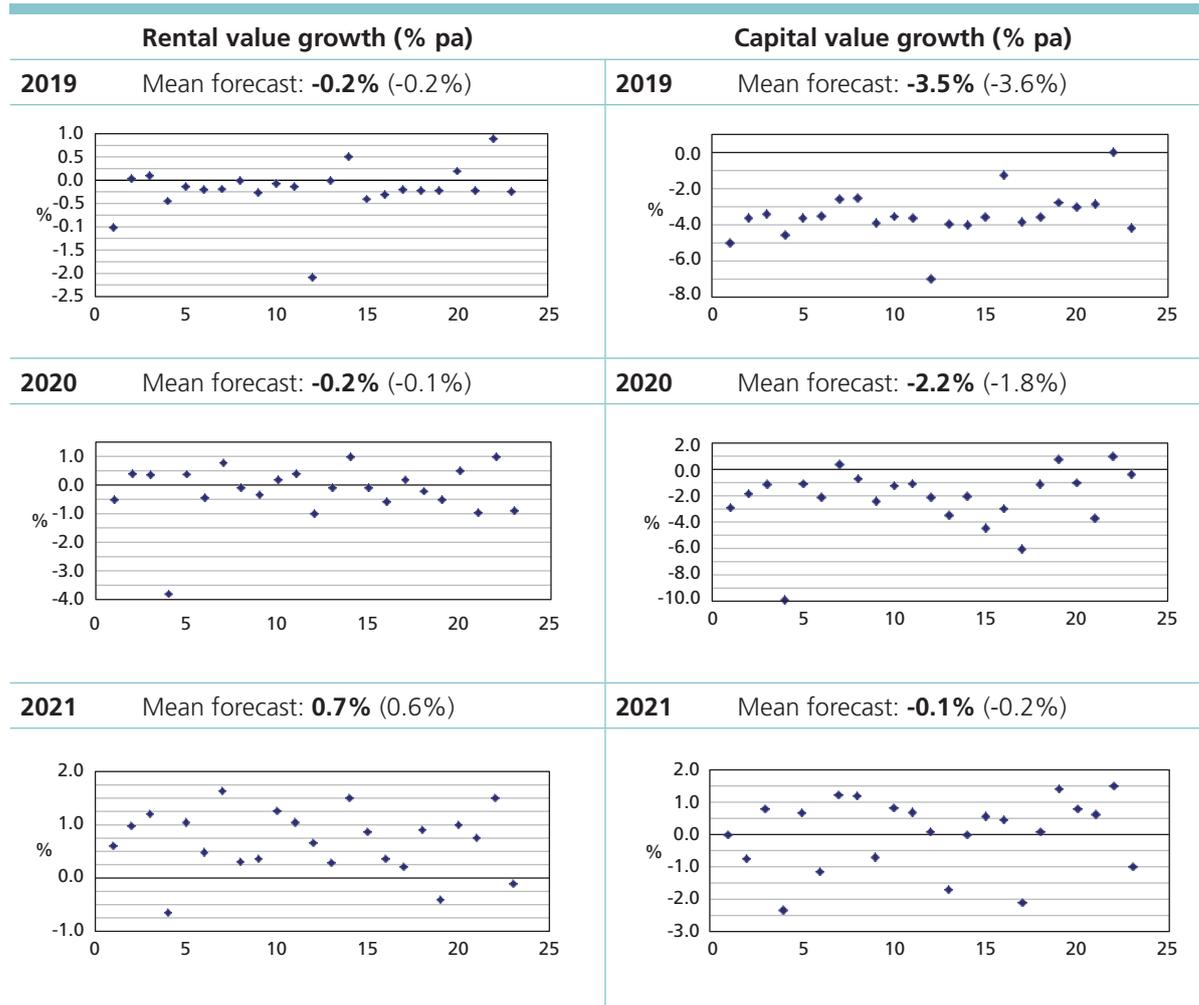
The quarterly movement in forecast averages weakened only for 2023, falling by 32 and 42 bps respectively, to 5.7% and 6.0% over the period.

Again, more extreme individual forecasts for 2020 have expanded the range of projections to 26.8% and 22.6% (from 14.7% and 15.0% in August), whereas there is much greater consensus in contributor views for all remaining periods.

The annualised five-year City return rose to 5.2% from 4.5% in August, to match the projection for the overall Office market (an improvement of 59 bps over the quarter), whereas the West End average rose 73 bps to 5.0% pa.

## Distribution of forecasts

The scatter plots are the individual forecasts for All Property rental value and capital value growth. The contributors are listed in random order so that individual contributions cannot be identified. Previous quarter's forecast (August 2019) in brackets.



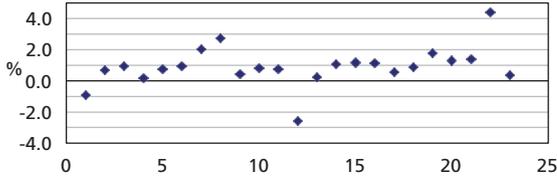
## Distribution of forecasts (2)

Rental value growth (% pa)		Capital value growth (% pa)	
<b>2022</b>	Mean forecast: <b>1.2%</b> (1.0%)	<b>2022</b>	Mean forecast: <b>0.8%</b> (0.6%)
<b>2023</b>	Mean forecast: <b>1.4%</b> (1.2%)	<b>2023</b>	Mean forecast: <b>1.0%</b> (0.9%)
<b>2019/23</b>	Mean forecast: <b>0.6%</b> (0.5%)	<b>2019/23</b>	Mean forecast: <b>-0.8%</b> (-0.8%)

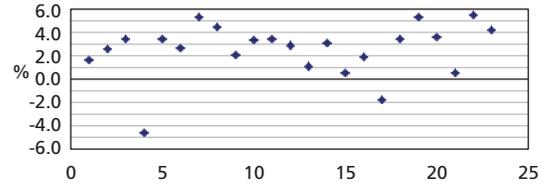
### Distribution of forecasts (3)

#### All Property total returns (% pa)

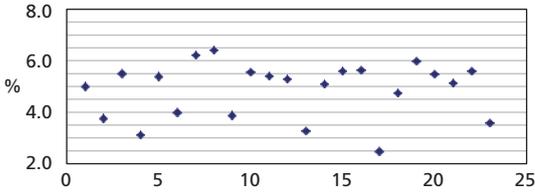
**2019** Mean forecast: **0.9%** (0.9%)



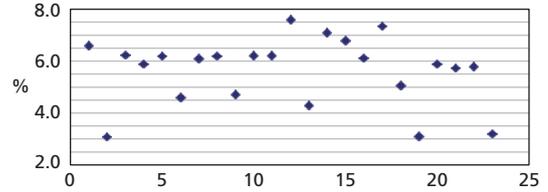
**2020** Mean forecast: **2.5%** (2.9%)



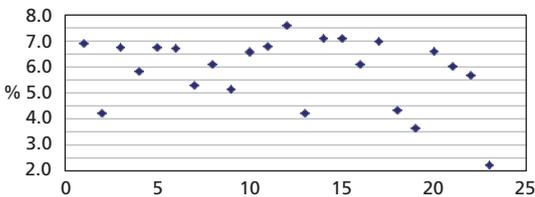
**2021** Mean forecast: **4.9%** (4.7%)



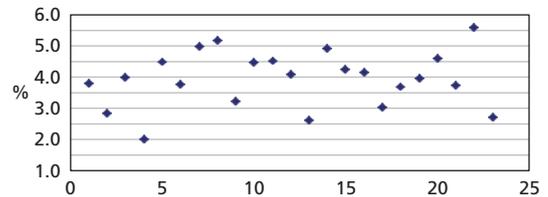
**2022** Mean forecast: **5.7%** (5.6%)



**2023** Mean forecast: **5.9%** (5.9%)



**2019/2023** Mean forecast: **3.9%** (4.0%)



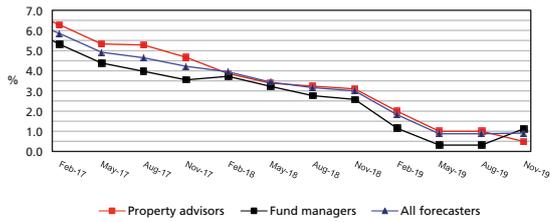
## Evolution of the consensus (Previous quarter's forecast (May 2019))

All Property rental value growth (% pa)		All Property capital value growth (% pa)	
<b>2019</b>	Mean forecast: <b>-0.2%</b> (-0.2%)	<b>2019</b>	Mean forecast: <b>-3.5%</b> (-3.6%)
<b>2020</b>	Mean forecast: <b>-0.2%</b> (-0.1%)	<b>2020</b>	Mean forecast: <b>-2.2%</b> (-1.8%)
<b>2021</b>	Mean forecast: <b>0.7%</b> (0.6%)	<b>2021</b>	Mean forecast: <b>0.1%</b> (-0.2%)
<b>2022</b>	Mean forecast: <b>1.2%</b> (1.0%)	<b>2022</b>	Mean forecast: <b>0.8%</b> (-0.8%)

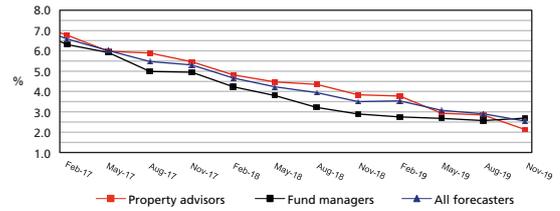
## Evolution of the consensus (2)

### All Property total returns (% pa)

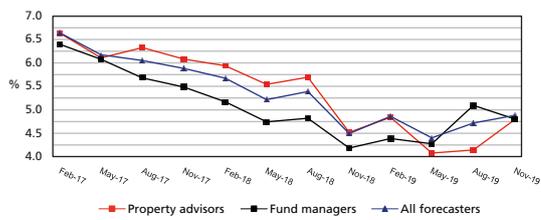
**2019** Mean forecast: **0.9%** (0.9%)



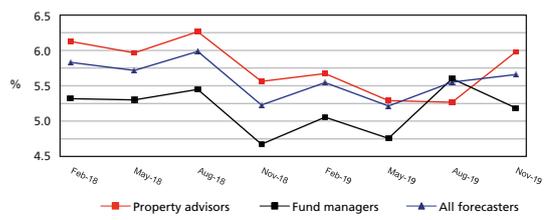
**2020** Mean forecast: **2.5%** (2.9%)



**2021** Mean forecast: **4.9%** (4.7%)



**2022** Mean forecast: **5.7%** (5.6%)



## All Property survey results by contributor type

(Forecasts in brackets are May 2019 comparisons)

### Property Advisors and Research Consultancies

10 (13) forecasts	Rental value growth (%)						Capital value growth (%)						Total return (%)					
	2019		2020		2019/23		2019		2020		2019/23		2019		2020		2019/23	
Maximum	0.2	(0.7)	0.5	(1.0)	0.9	(1.0)	-1.2	(-0.9)	-1.0	(0.9)	0.3	(0.0)	1.3	(3.6)	3.6	(5.4)	4.6	(5.1)
Minimum	-2.1	(-1.3)	-1.0	(-0.5)	0.2	(0.1)	-7.0	(-5.8)	-6.1	(-5.3)	-2.2	(-3.3)	-2.6	(-1.2)	-1.8	(-0.9)	2.6	(1.7)
Range	2.3	(2.0)	1.5	(1.5)	0.7	(0.9)	5.8	(4.9)	5.1	(6.1)	2.5	(3.3)	3.9	(4.8)	5.4	(6.3)	2.0	(3.4)
Median	-0.1	(0.1)	0.3	(0.2)	0.7	(0.7)	-3.6	(-2.8)	-2.0	(-1.0)	-0.6	(-0.5)	0.8	(1.4)	2.7	(3.5)	4.1	(4.3)
Mean	<b>-0.3</b>	<b>(-0.1)</b>	<b>0.0</b>	<b>(0.2)</b>	<b>0.6</b>	<b>(0.6)</b>	<b>-3.7</b>	<b>(-3.4)</b>	<b>-2.5</b>	<b>(-1.8)</b>	<b>-0.7</b>	<b>(-0.9)</b>	<b>0.5</b>	<b>(1.0)</b>	<b>2.1</b>	<b>(2.8)</b>	<b>3.9</b>	<b>(3.9)</b>

### Fund Managers

11 (11) forecasts	Rental value growth (%)						Capital value growth (%)						Total return (%)					
	2019		2020		2019/23		2019		2020		2019/23		2019		2020		2019/23	
Maximum	0.9	(1.0)	1.0	(1.0)	1.4	(1.4)	0.0	(0.0)	1.0	(2.0)	1.2	(1.2)	4.4	(4.5)	5.5	(6.5)	5.6	(5.6)
Minimum	-1.0	(-1.9)	-3.8	(-3.8)	-0.7	(-0.9)	-5.0	(-10.2)	-9.9	(-7.0)	-3.3	(-2.5)	-0.9	(-6.3)	-4.6	(-2.3)	2.0	(2.5)
Range	1.9	(2.9)	4.8	(4.8)	2.1	(2.3)	5.0	(10.2)	10.9	(9.0)	4.5	(3.7)	5.3	(10.8)	10.1	(8.8)	3.6	(3.1)
Median	-0.2	(-0.4)	-0.4	(-0.1)	0.5	(0.4)	-3.5	(-2.9)	-1.2	(-1.8)	-1.0	(-0.6)	0.9	(1.4)	3.3	(2.6)	3.8	(4.0)
Mean	<b>-0.2</b>	<b>(-0.4)</b>	<b>-0.5</b>	<b>(-0.4)</b>	<b>0.5</b>	<b>(0.4)</b>	<b>-3.3</b>	<b>(-4.1)</b>	<b>-2.0</b>	<b>(-2.1)</b>	<b>-0.9</b>	<b>(-0.9)</b>	<b>1.1</b>	<b>(0.3)</b>	<b>2.7</b>	<b>(2.6)</b>	<b>3.8</b>	<b>(3.8)</b>

### All Property forecasters

23 (27) forecasts	Rental value growth (%)						Capital value growth (%)						Total return (%)					
	2019		2020		2019/23		2019		2020		2019/23		2019		2020		2019/23	
Maximum	0.9	(1.0)	1.0	(1.0)	1.4	(1.4)	0.0	(0.0)	1.0	(2.0)	1.2	(1.2)	4.4	(4.5)	5.5	(6.5)	5.6	(5.7)
Minimum	-2.1	(-1.9)	-3.8	(-3.8)	-0.7	(-0.9)	-7.0	(-10.2)	-9.9	(-7.0)	-3.3	(-3.3)	-2.6	(-6.3)	-4.6	(-2.3)	2.0	(1.7)
Range	3.0	(2.9)	4.8	(4.8)	2.1	(2.3)	7.0	(10.2)	10.9	(9.0)	4.5	(4.5)	7.0	(10.8)	10.1	(8.8)	3.6	(4.0)
Std. Dev.	0.5	(0.6)	1.0	(1.0)	0.5	(0.5)	1.3	(2.0)	2.3	(2.2)	0.9	(1.0)	1.2	(2.1)	2.3	(2.2)	0.9	(1.0)
Median	-0.2	(-0.1)	-0.1	(0.1)	0.5	(0.5)	-3.6	(-2.9)	-1.8	(-1.0)	-0.6	(-0.5)	0.9	(1.6)	3.1	(3.5)	4.0	(4.3)
Mean	<b>-0.2</b>	<b>(-0.2)</b>	<b>-0.2</b>	<b>(-0.1)</b>	<b>0.6</b>	<b>(0.5)</b>	<b>-3.5</b>	<b>(-3.6)</b>	<b>-2.2</b>	<b>(-1.8)</b>	<b>-0.8</b>	<b>(-0.8)</b>	<b>0.9</b>	<b>(0.9)</b>	<b>2.5</b>	<b>(2.9)</b>	<b>3.9</b>	<b>(4.0)</b>

#### 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 (13 November 2019).
- 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 23 forecasts for each performance measure over all periods. Full sector forecasts were received from 22 organisations (21 for full central London office forecasts).

## Survey results by sector

### Office

22 forecasts	Rental value growth (%)				Capital value growth (%)				Total return (%)			
	2019	2020	2021	2019/23	2019	2020	2021	2019/23	2019	2020	2021	2019/23
Maximum	4.0	3.2	2.7	2.6	2.7	8.8	4.8	3.7	6.8	12.7	8.6	7.6
Minimum	-0.5	-6.5	0.0	-0.6	-2.3	-13.7	-1.6	-2.8	1.7	-8.8	2.7	2.0
Range	4.5	9.6	2.7	3.2	5.0	22.5	6.4	6.5	5.1	21.4	5.8	5.6
Median	1.6	1.6	2.0	1.9	0.2	0.6	1.8	1.3	4.1	4.6	6.0	5.5
<b>Mean</b>	<b>1.5</b>	<b>1.0</b>	<b>1.7</b>	<b>1.7</b>	<b>0.0</b>	<b>0.2</b>	<b>1.5</b>	<b>1.0</b>	<b>4.0</b>	<b>4.4</b>	<b>5.7</b>	<b>5.2</b>

### Industrial

22 forecasts	Rental value growth (%)				Capital value growth (%)				Total return (%)			
	2019	2020	2021	2019/23	2019	2020	2021	2019/23	2019	2020	2021	2019/23
Maximum	3.6	3.0	2.7	2.8	4.9	8.8	6.2	4.2	9.1	12.9	10.1	8.2
Minimum	2.3	1.0	1.1	1.5	-0.6	-5.5	-1.3	-0.9	3.5	-1.3	3.1	3.4
Range	1.3	2.0	1.6	1.2	5.5	14.4	7.6	5.2	5.6	14.2	7.0	4.8
Median	3.2	2.4	2.1	2.2	2.2	1.7	2.0	1.8	6.6	6.1	6.4	6.4
<b>Mean</b>	<b>3.1</b>	<b>2.3</b>	<b>2.1</b>	<b>2.2</b>	<b>2.1</b>	<b>1.7</b>	<b>1.7</b>	<b>1.6</b>	<b>6.6</b>	<b>6.1</b>	<b>6.2</b>	<b>6.1</b>

### Standard Retail

21 forecasts	Rental value growth (%)				Capital value growth (%)				Total return (%)			
	2019	2020	2021	2019/23	2019	2020	2021	2019/23	2019	2020	2021	2019/23
Maximum	-1.6	0.2	0.6	0.3	-5.2	-1.3	0.8	1.6	-1.2	3.0	5.4	2.7
Minimum	-6.7	-6.3	-5.5	-4.2	-12.2	-13.7	-8.9	-9.0	-8.5	-8.2	-3.7	-5.8
Range	5.1	6.5	6.1	4.5	7.0	12.4	9.7	10.6	7.3	11.2	9.1	8.5
Median	-3.4	-2.5	-1.0	-1.3	-9.4	-5.9	-1.1	-3.5	-5.5	-1.5	3.5	0.8
<b>Mean</b>	<b>-3.6</b>	<b>-3.1</b>	<b>-1.4</b>	<b>-1.6</b>	<b>-9.4</b>	<b>-6.8</b>	<b>-2.1</b>	<b>-3.5</b>	<b>-5.2</b>	<b>-2.3</b>	<b>2.7</b>	<b>0.5</b>

### Shopping Centre

22 forecasts	Rental value growth (%)				Capital value growth (%)				Total return (%)			
	2019	2020	2021	2019/23	2019	2020	2021	2019/23	2019	2020	2021	2019/23
Maximum	-2.7	-1.3	0.0	0.2	-12.0	-6.3	0.4	-3.6	-5.3	-0.3	6.9	2.7
Minimum	-15.0	-12.0	-6.0	-6.6	-27.1	-19.9	-11.9	-13.0	-22.6	-14.4	-4.8	-6.1
Range	12.3	10.7	6.0	6.8	15.1	13.7	12.3	9.4	17.3	14.1	11.7	8.7
Median	-5.0	-3.0	-2.0	-2.3	-15.2	-9.2	-4.3	-6.0	-10.1	-3.7	2.5	-0.3
<b>Mean</b>	<b>-5.3</b>	<b>-4.5</b>	<b>-2.3</b>	<b>-2.7</b>	<b>-15.4</b>	<b>-10.2</b>	<b>-4.5</b>	<b>-6.6</b>	<b>-10.5</b>	<b>-4.5</b>	<b>1.6</b>	<b>-0.7</b>

### Retail Warehouse

21 forecasts	Rental value growth (%)				Capital value growth (%)				Total return (%)			
	2019	2020	2021	2019/23	2019	2020	2021	2019/23	2019	2020	2021	2019/23
Maximum	-2.8	-1.6	1.0	0.2	-8.4	-3.3	5.0	-2.7	-3.1	2.9	11.5	3.9
Minimum	-9.0	-8.0	-3.8	-4.0	-23.1	-17.1	-8.9	-9.5	-18.0	-9.4	-1.7	-6.2
Range	6.2	6.4	4.8	4.2	14.7	13.8	13.9	6.8	15.0	12.3	13.2	10.1
Median	-4.5	-2.5	-0.5	-1.5	-12.0	-7.3	-1.2	-3.5	-6.5	-0.7	4.9	2.1
<b>Mean</b>	<b>-4.3</b>	<b>-3.4</b>	<b>-1.2</b>	<b>-1.7</b>	<b>-12.7</b>	<b>-7.6</b>	<b>-2.0</b>	<b>-4.5</b>	<b>-7.1</b>	<b>-1.4</b>	<b>4.6</b>	<b>1.4</b>

### All Property

23 forecasts	Rental value growth (%)				Capital value growth (%)				Total return (%)			
	2019	2020	2021	2019/23	2019	2020	2021	2019/23	2019	2020	2021	2019/23
Maximum	0.9	1.0	1.6	1.4	0.0	1.0	1.5	1.2	4.4	5.5	6.4	5.6
Minimum	-2.1	-3.8	-0.6	-0.7	-7.0	-9.9	-2.3	-3.3	-2.6	-4.6	2.5	2.0
Range	3.0	4.8	2.3	2.1	7.0	10.9	3.8	4.5	7.0	10.1	3.9	3.6
Std. Dev.	0.5	1.0	0.6	0.5	1.3	2.3	1.1	0.9	1.2	2.3	1.0	0.9
Median	-0.2	-0.1	0.8	0.5	-3.6	-1.8	0.5	-0.6	0.9	3.1	5.3	4.0
<b>Mean</b>	<b>-0.2</b>	<b>-0.2</b>	<b>0.7</b>	<b>0.6</b>	<b>-3.5</b>	<b>-2.2</b>	<b>0.1</b>	<b>-0.8</b>	<b>0.9</b>	<b>2.5</b>	<b>4.9</b>	<b>3.9</b>

## Sector summary: Means

### Sector summary: Means

(no. forecasts)*	Rental value growth (%)				Capital value growth (%)				Total return (%)			
	2019	2020	2021	2019/23	2019	2020	2021	2019/23	2019	2020	2021	2019/23
Office (22)	1.5	1.0	1.7	1.7	0.0	0.2	1.5	1.0	4.0	4.4	5.7	5.2
Industrial (22)	3.1	2.3	2.1	2.2	2.1	1.7	1.7	1.6	6.6	6.1	6.2	6.1
Standard Retail (21)	-3.6	-3.1	-1.4	-1.6	-9.4	-6.8	-2.1	-3.5	-5.2	-2.3	2.7	0.5
Shopping Centre (22)	-5.3	-4.5	-2.3	-2.7	-15.4	-10.2	-4.5	-6.6	-10.5	-4.5	1.6	-0.7
Retail Warehouse (21)	-4.3	-3.4	-1.2	-1.7	-12.7	-7.6	-2.0	-4.5	-7.1	-1.4	4.6	1.4
<b>All Property (23)</b>	<b>-0.2</b>	<b>-0.2</b>	<b>0.7</b>	<b>0.6</b>	<b>-3.5</b>	<b>-2.2</b>	<b>0.1</b>	<b>-0.8</b>	<b>0.9</b>	<b>2.5</b>	<b>4.9</b>	<b>3.9</b>

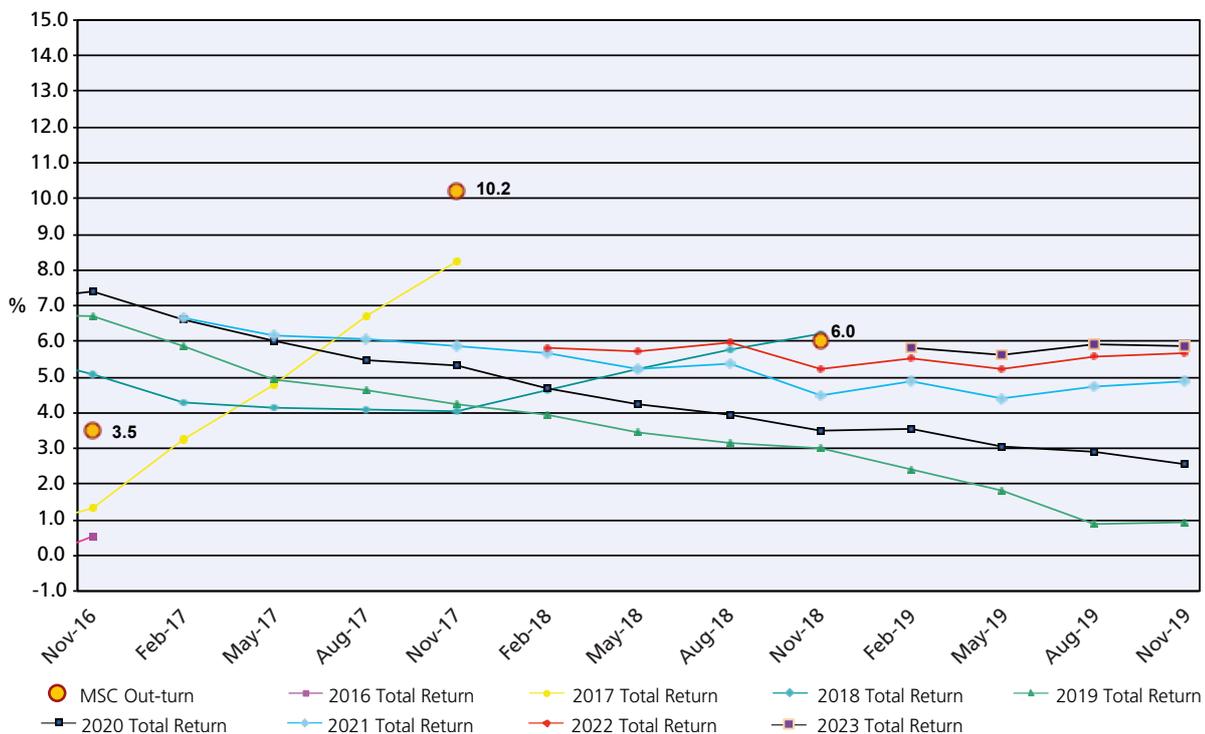
### West End office

21 forecasts	Rental value growth (%)				*Capital value growth (%)				*Total return (%)			
	2019	2020	2021	2019/23	2019	2020	2021	2019/23	2019	2020	2021	2019/23
Maximum	9.5	4.0	5.0	3.3	2.5	10.6	5.0	3.7	5.8	13.8	8.7	7.2
Minimum	-1.0	-8.0	0.0	-0.7	-2.0	-17.7	-1.0	-2.2	1.7	-13.0	3.5	2.2
Range	10.5	12.0	5.0	4.0	4.5	28.2	6.0	5.9	4.1	26.8	5.2	5.1
Median	9.5	4.0	5.0	3.3	2.5	10.6	5.0	3.7	5.8	13.8	8.7	7.2
<b>Mean</b>	<b>2.1</b>	<b>1.2</b>	<b>2.2</b>	<b>2.2</b>	<b>0.5</b>	<b>1.1</b>	<b>2.0</b>	<b>1.6</b>	<b>3.9</b>	<b>4.6</b>	<b>5.6</b>	<b>5.0</b>

### City office

21 forecasts	Rental value growth (%)				Capital value growth (%)				*Total return (%)			
	2019	2020	2021	2019/23	2019	2020	2021	2019/23	2019	2020	2021	2019/23
Maximum	7.1	5.0	4.0	3.6	1.1	8.3	4.7	2.7	5.0	11.8	9.1	6.9
Minimum	-1.5	-7.5	0.0	-0.6	-2.1	-15.3	-0.1	-2.2	1.7	-10.8	3.4	2.1
Range	8.6	12.5	4.0	4.2	3.2	23.6	4.8	4.9	3.3	22.6	5.7	4.8
Median	1.0	0.9	2.0	2.0	-0.5	0.8	2.1	1.2	3.2	4.5	6.3	5.6
<b>Mean</b>	<b>1.1</b>	<b>0.7</b>	<b>2.0</b>	<b>1.7</b>	<b>-0.6</b>	<b>0.2</b>	<b>2.0</b>	<b>1.1</b>	<b>3.3</b>	<b>4.1</b>	<b>6.0</b>	<b>5.2</b>

### Consensus Forecast All Property Total Return Forecasts versus (IPD) Annual Outturn



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### Note

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If your organisation wishes to contribute to future surveys, please contact the IPF Research Director at [pcraddock@ipf.org.uk](mailto:pcraddock@ipf.org.uk).

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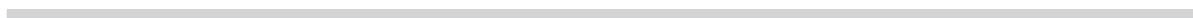
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