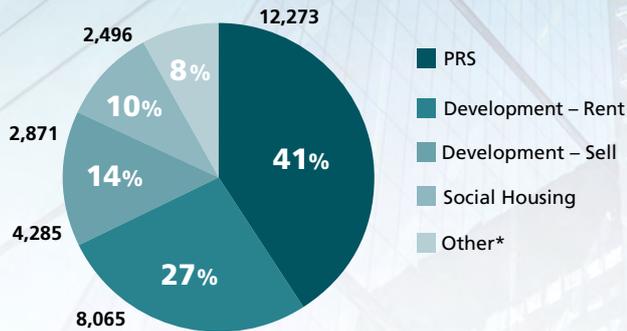


UK Residential Institutional Investment Survey 2020

Current Investment

Investment by Asset Type £m



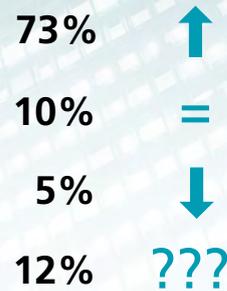
*Other includes ground rents, retirement and care homes

Average Holding per Investor



Future Intentions

Investment Intentions next 12 months
(Proportion of Respondents)

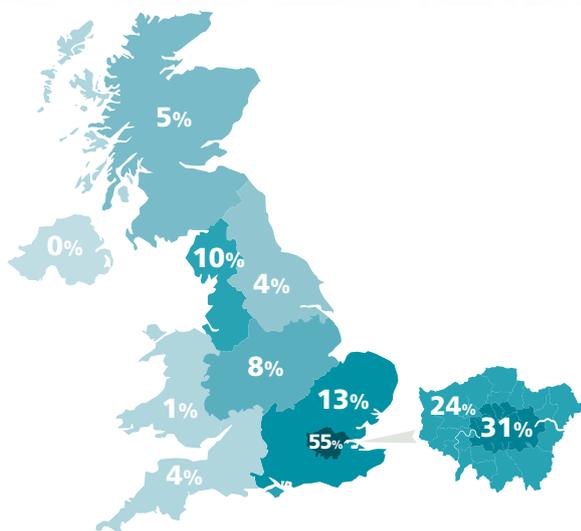


Investment Intentions next 12 Months*

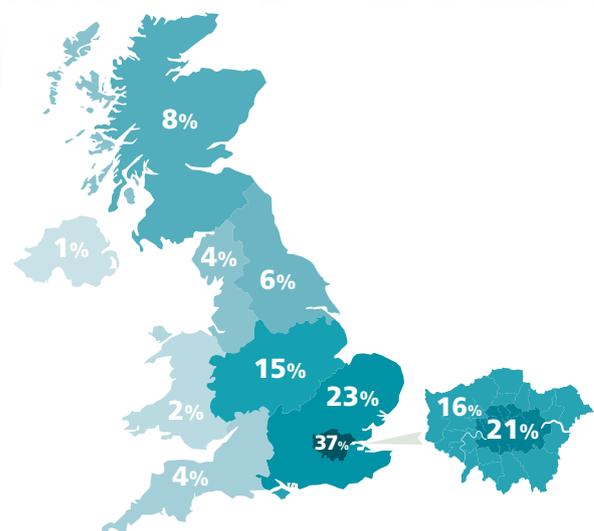


*Net intentions, including current non-investors

Investment by Geography



Investment Intentions by Geography





RESEARCH

UK Residential Institutional Investment Survey DECEMBER 2020

Key Points

- Respondents to the 2020 survey own or manage global investments worth in excess of £13.9tn, of which UK real estate contributes £255bn (c.2% of all assets). Of the 48 contributors, 40 have an exposure to UK residential.
- The overall value of the UK residential exposure of the 39 respondents providing data is £30.0bn, compared to last year's survey total of £27.8bn, which represents 12.9% of UK real estate exposure. The average holding of respondents with residential investments is £769m.
- The majority of investment was divided almost evenly between development, for either investment stock or market sale, and investment in the private rented sector (PRS). Combined, they constitute 82% of the total. Sub-market rental property now accounts for just under 10% of investment.
- For the first time, stability of income was the principal reason for investing in residential, ahead of its return profile, which was the most prevalent choice in all previous years. Defensive qualities, inflation-matching characteristics and development potential were also cited as reasons for investment.
- Eight contributors to the 2020 survey do not invest in UK residential. The primary reasons given were difficulty in achieving scale, lack of liquidity or insufficient market size and low-income yields.
- London accounts for over 50% of current residential exposure, of which more than half (almost 56%) is located in central London (Zones 1-3) and 44% in outer London (Zones 4-6), although South East and East Anglia is the most favoured locality for future investment, accounting for 23% of potential capital flow.
- Three-quarters of those that have invested in UK residential state that they intend to increase their exposure to UK residential over the next 12 months, amounting to a total net figure of £7.9bn. Only two investors plan to reduce their portfolio sizes.
- Investors reported that the short-term impact of Covid-19 on their residential portfolios has been limited. Rent collection and occupancy levels remain robust. There was temporary disruption to development activity, as sites were made safe for workers, but most short-term investment plans have remained on track.
- In the longer-term, for the majority of investors, Covid-19 has made minimal difference to investment plans, although the pandemic has initiated significant discussion around the design and configuration of apartment buildings to incorporate working from home facilities, either within units or in co-working space.

Acknowledgement

The IPF thanks all those participants in the 2020 survey for contributing data and opinions. Organisations that consented to be named appear in the full report. Click [here](#) to download the full report from the IPF website.

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