

IPF UK Consensus Forecasts – SPRING 2022

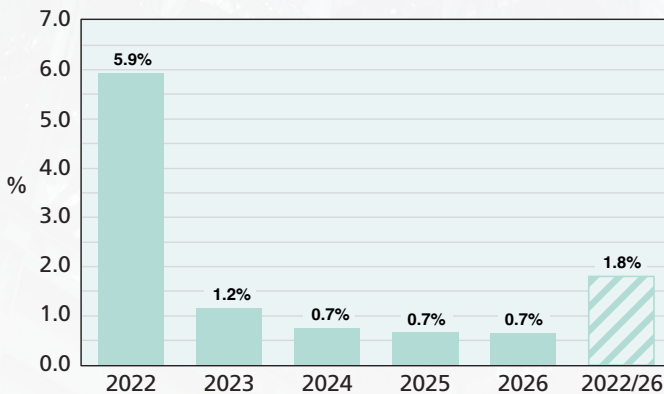
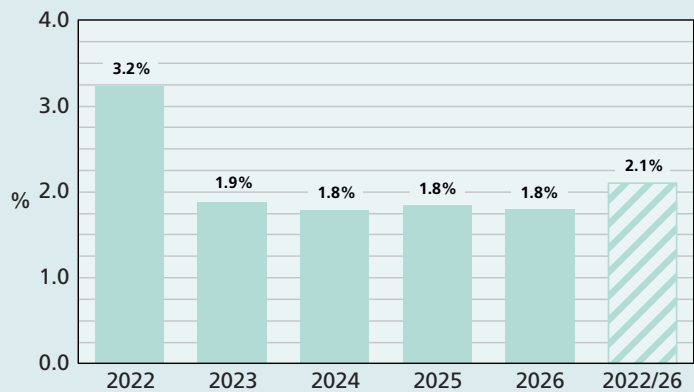
The results of the second quarterly survey of the year are based on data received from 21 organisations, whose forecasts were generated between late March 2022 and mid-May 2022.

Rental Value Growth

The 2022 rental growth forecast has had a significant uplift from February, with an increase of 70bps to 3.2%. However, the forecasts for the subsequent two years have been downgraded, albeit more modestly, to 1.9% (previously 2.1%) and 1.8% (from 2.0%).

The 2025 and 2026 figures are in line with those from the preceding survey.

There is a very marginal upgrade in the five-year annualised figure to 2.1% pa, from 2.0% pa previously.



Capital Value Growth

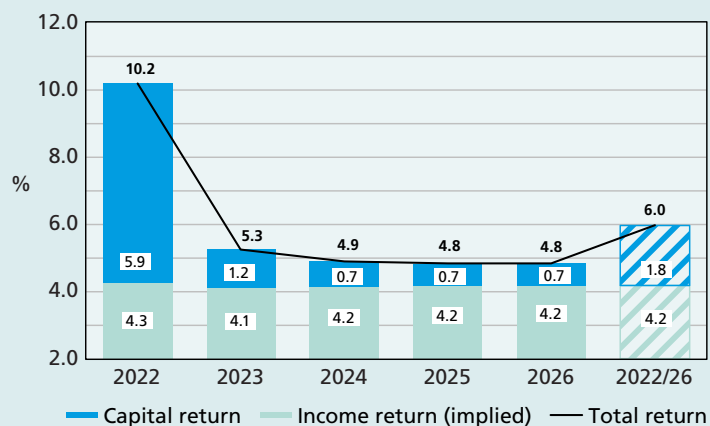
Over the quarter, the 2022 average forecast has improved by a significant 188bps, to 5.9% (previously 4.1%). However, across ensuing years, projections are weaker than February, albeit to a more modest extent. The most substantial downgrade is in 2023, with a 70bp fall resulting in a forecast of 1.2%

The five-year annualised forecast of 1.8% pa is in line with the previous survey.

Total Returns

The 2022 All Property average total return has risen more than 160bps over the quarter (from 8.6% in February), although projections for the next four years have weakened, with the greatest downgrade, of nearly 100bps, in 2023.

Despite the anticipated improvement in the current year's forecast, the weaker forecasts over the subsequent period have resulted in a modest 24bps decline in the five-year average to 6.0% pa (6.2% pa previously).



RESEARCH

Summary results

	Rental value growth (%)				Capital Value Growth (%)				Total Return (%)			
	2022	2023	2024	2022/26	2022	2023	2024	2022/26	2022	2023	2024	2022/26
Office	1.1	0.7	1.3	1.3	1.0	-0.5	0.1	0.4	5.0	3.5	4.2	4.5
Industrial	7.8	4.3	3.0	4.0	12.0	3.5	1.6	3.7	15.8	7.0	5.1	7.2
Standard Retail	-2.2	-0.7	0.4	-0.1	-0.3	-0.9	0.1	0.0	4.1	3.3	4.6	4.5
Shopping Centre	-2.1	-1.0	0.0	-0.4	-2.5	-1.7	-0.7	-1.1	3.6	4.4	5.7	5.2
Retail Warehouse	1.1	0.7	1.1	1.0	7.0	0.5	0.0	1.5	13.2	6.3	5.9	7.5
All Property	3.2	1.9	1.8	2.1	5.9	1.2	0.7	1.8	10.2	5.3	4.9	6.0
West End office	1.4	1.3	1.9	1.8	2.4	0.2	0.7	1.3	5.7	3.4	4.0	4.6
City office	1.2	0.8	1.5	1.4	2.5	-0.1	0.6	1.0	6.0	3.5	4.2	4.6

Key points

- The Industrial sector has the highest return forecasts in 2022 and 2023, with this year's figure upgraded significantly from last quarter, by 347bps, to 15.8%. However, in the subsequent three years, returns trail the corresponding All Property figures.
- Office forecasts have been downgraded across all five years, most substantially in 2022 and 2023. The five-year forecast of 4.5% is significantly lower than the All Property average.
- The Retail Warehouse return forecast has been upgraded by 44bps to 7.5% over the next five years, the strongest of all sectors. Shopping Centre projections have also strengthened, to 5.2%, while Standard Retail forecasts have fallen marginally to 4.5%.
- Both the West End and City 2022 return forecasts have been downgraded over the quarter, to 5.7% and 6.0% respectively, while the outlook for 2023 and 2024 has also weakened.

Rolling five-year averages

All Property annualised five-year forecasts (2022-2026) are in line with those of last quarter (February's results in brackets):

- Rental value growth: 2.1% pa (2.0%);
- Capital value growth: 1.8% pa (1.8%);
- Total return: 6.0% pa (6.2%).

The full report may be downloaded from the [IPF website](#).

Acknowledgement

The IPF thanks all those organisations contributing to the Spring 2022 Consensus Forecasts, including:

- abrdn
- Avison Young
- Aviva Investors
- BNP Paribas Real Estate
- Capital Economics
- Carter Jonas
- CBRE
- CBRE Investment Management
- DWS
- Alexander Property Research for Fletcher King
- JLL
- Knight Frank
- Legal & General Investment Management
- M&G Real Estate
- Nuveen Real Estate
- Real Estate Forecasting Limited
- Real Estate Strategies Global Limited
- Savills Investment Management
- Stifel
- UBS Asset Management

The Research Programme is sponsored by:

