

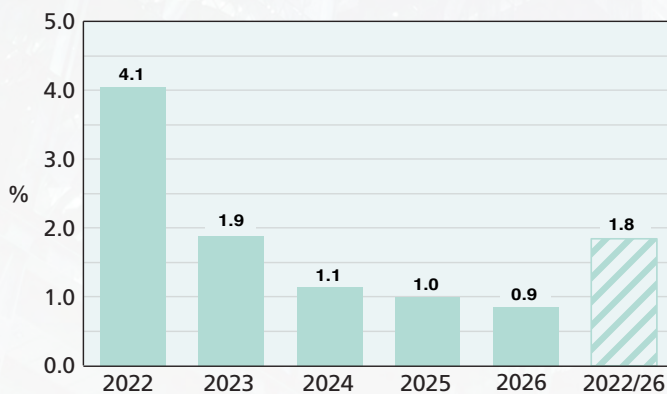
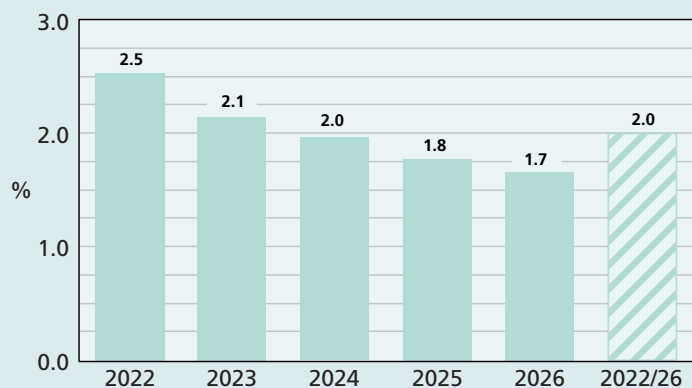
# IPF UK Consensus Forecasts – WINTER 2021-2022

The results of the first quarterly survey of the year are based on data received from 19 organisations, whose forecasts were generated between late November 2021 and mid-February 2022

## Rental Value Growth

Each of the four yearly averages reported in November rose over the quarter. Uplifts ranged from 93 bps for 2022 (previously 1.6%) to 8 bps for 2025 (from 1.7%), demonstrating a greater optimism for near-term growth.

As a consequence of replacing the final 2021 forecast, of 0.5%, with the first forecast for 2026, the five-year annualised figure rose 51bps, from 1.5% per annum previously.



## Capital Value Growth

Over the quarter, the 2022 average forecast improved by more than 110bps (previously 2.9%), with all contributors anticipating a return to positive growth.

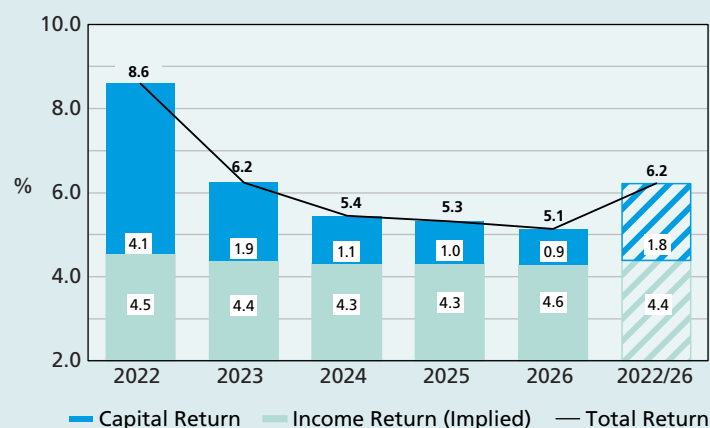
However, both 2023 and 2024 means declined marginally – by 15 and 3bps respectively (from 2.0% and 1.2%).

With the substitution of November's 2021 forecast of 6.4% with the current 2026 projection of 0.9%, the overall impact on the rolling five-year annualised projection has been to reduce this by almost 70bps (from 2.5% pa previously).

## Total Returns

The 2022 All Property average total return rose more than 120bps over the quarter (from 7.4% in November) but projections for the next two years weakened slightly, with falls of 13 and 7bps (previously averaging 6.4% for 2023 and 5.5% for 2024). The 2025 forecast return was virtually unchanged due to rounding.

Despite the anticipated improvement in the current year forecast, the inclusion of 2026 data in place of 2021 has resulted in a 86bps decrease in the five-year average (from 7.1% per annum 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	1.3	1.5	1.9	1.6	1.9	0.9	0.8	1.0	5.9	5.0	4.9	5.1
Industrial	5.5	4.0	2.9	3.4	8.5	3.5	1.6	3.3	12.3	7.2	5.3	7.0
Standard Retail	-2.5	-0.5	0.3	-0.3	-0.9	-0.6	0.0	-0.1	3.8	4.1	4.8	4.6
Shopping Centre	-2.8	-1.2	-0.1	-0.5	-2.7	-1.2	-0.6	-1.0	3.0	4.5	5.2	4.6
Retail Warehouse	0.3	0.8	1.1	0.9	3.5	1.1	0.1	1.0	9.7	7.1	6.2	7.1
<b>All Property</b>	<b>2.5</b>	<b>2.1</b>	<b>2.0</b>	<b>2.0</b>	<b>4.1</b>	<b>1.9</b>	<b>1.1</b>	<b>1.8</b>	<b>8.6</b>	<b>6.2</b>	<b>5.4</b>	<b>6.2</b>
West End office	1.9	1.9	2.4	2.0	3.6	1.7	1.3	1.8	7.0	4.9	4.6	5.2
City office	1.9	1.8	1.9	1.7	2.7	1.2	1.0	1.4	6.2	4.7	4.5	4.9

#### Key points

- While retail sector forecasts fell over the period, an increase of 142bps in the Industrial average rental value growth forecast to 2.5%. This follows a 43bp improvement between August and November, with overall forecasts lying currently between 0.3% and 10.0% for the year.
- The 2022 mean capital growth projection for All Property rose 113bps to 4.1% (November 2.9%). However, the 2023 average decreased slightly, by 15bps, with all but Industrials registering a quarter-on-quarter weakening in outlook.
- Similar movements in predicted average All Property total returns for 2022 and 2023 indicate likely outturns of 8.6% and 6.2%, building further on November's improved figures.
- The year-on-year pattern of average forecasts is one of a levelling out in growth, with near-term performance being mainly driven by a post-Covid opening up in the economy.

#### Rolling five-year averages

The 2022/2026 All Property rolling five-year average forecasts (with November's 2021/2025 figures in brackets) now comprise:

- Rental value growth: 2.0% pa (1.5%);
- Capital value growth: 1.8% pa (2.5%);
- Total return: 6.2% pa (7.1%).

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

#### Acknowledgement

The IPF thanks all those organisations contributing to the Winter 2021-2022 Consensus Forecasts, including:

- abrdn
- Avison Young
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- JLL
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