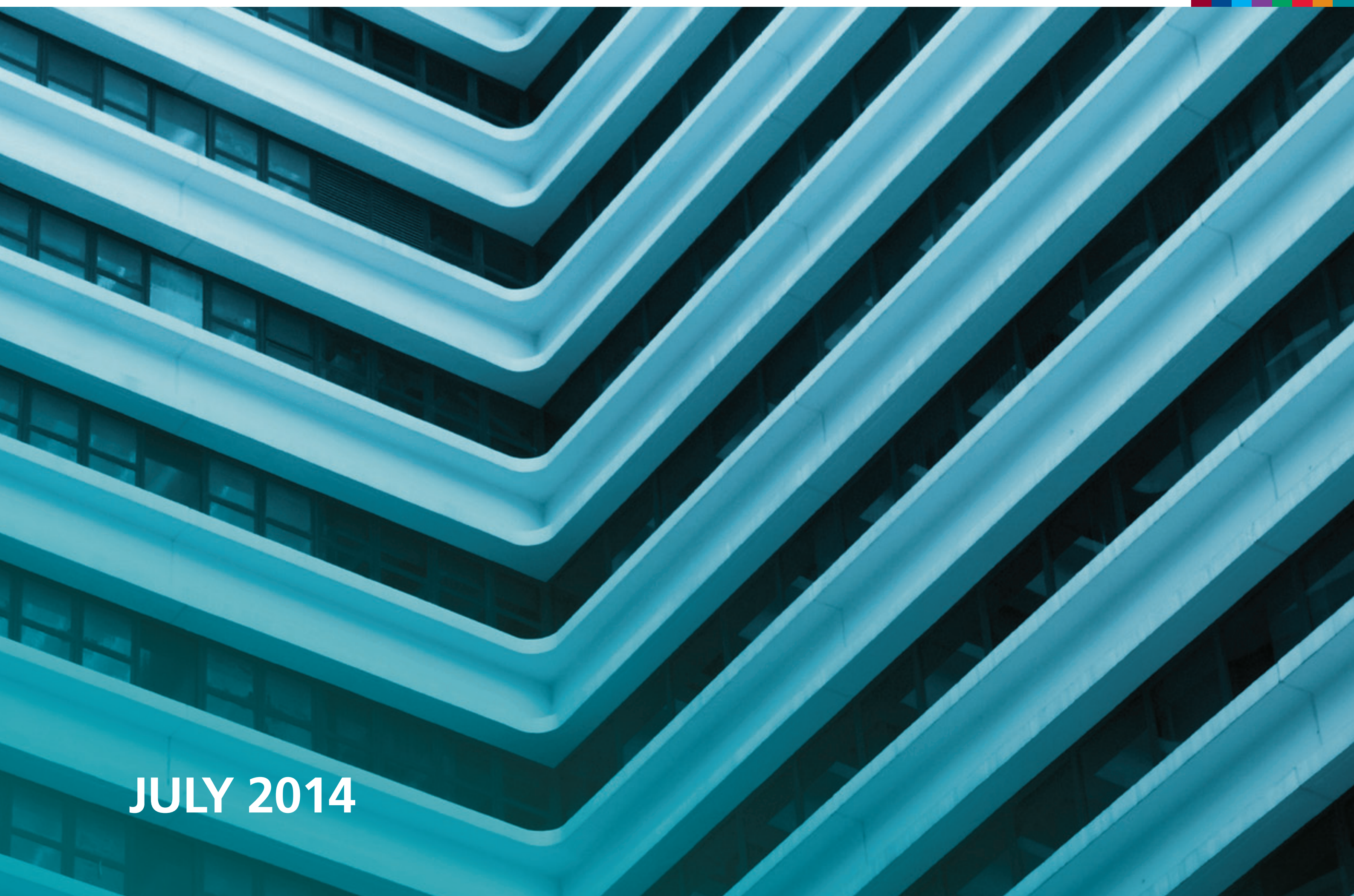
Research Programme 2011–2015

The Size and Structure of the UK Property Market: End-2013 Update

This research was commissioned by the IPF Research Programme 2011–2015



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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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The Size and Structure of the UK Property Market: End-2013 Update

Report

IPF Research Programme 2011–2015

July 2014

The Size and Structure of the UK Property Market:
End-2013 Update

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The Size and Structure of the UK Property Market:
End-2013 Update

1. EXECUTIVE SUMMARY

- The value of the total (invested and owner-occupied) stock of commercial property in the UK increased by 5.1% to £683bn in 2013. This reflects floorspace of 681m square metres, an average rent of £74 per square metre, and a reversionary yield of 7.4%.
- London – helped by good rental growth in addition to the more widely-spread decline in yields – accounted for most of the uplift and now represents 35% of the UK's commercial stock. Despite sluggish rental growth, the value of the commercial stock outside the capital also increased as yields declined.
- The value of commercial property held as an investment rose relatively quickly (by 6.6%) to £385bn in 2013. Owner-occupiers continue to sell out to investors; investments now represent 56% of the total stock compared to 50% 10 years ago.
- Overseas investors accounted for almost half of the increase in the invested stock; their £94bn now represents 24% of the commercial investment market. Not only were overseas investors significant buyers in 2013, their portfolios also gained because the vast majority (75%) of their holdings are situated in the buoyant London market.
- Funds are the biggest type of overseas investor, accounting for about a third of the total. Sovereign wealth funds' holdings have grown rapidly over the last two years and they now own around £15bn of UK commercial property.
- UK REITs and listed property companies' holdings of commercial property also increased significantly to £55bn, helped both by relatively strong property valuation uplifts and by the completion of developments.
- Most other UK investor types – notably insurance companies (with £43bn of commercial property), pension funds (£31bn) and collective investment schemes (£63bn) – recorded uplifts that were less than the underlying increase in property prices.
- The investment universe remains more orientated towards offices and London than IPD's UK Annual Index; the City office market's 11% weighting is now nearly three times as great as in IPD's UK Annual Index. London's weight increased in all parts of the market in 2013.
- Investment in the "other" commercial property sector (which excludes residential and student accommodation) grew relatively quickly in 2013 such that it now represents 9% of the market.
- The bias in the investment universe towards offices and London mainly reflects the concentration of overseas investors' (who are not represented in IPD's UK Index) holdings in the capital.
- Overseas' investors own 58% of all City offices, a third of all West End and Midtown offices, and 29% of all (both owner-occupied and invested) commercial property in London.
- A concentration in London offices and, also, in large lot sizes bind all types of overseas investor together. Sovereign wealth funds' lot sizes and focus on London are extremely high, even by comparison to other overseas' investors.
- The total residential stock, valued at around £4,670bn in 2013, overshadows the commercial stock. The private rented sector accounts for around £839bn of this figure (i.e. 18%); most of this owned by private landlords, with mainstream commercial property investors only owning about £11bn of housing and £8bn of student accommodation.
- Residential (including student accommodation) now represents around 5% of UK commercial property investors' combined property portfolios.

2. INTRODUCTION

2.1 Objectives and Structure of the Report

This report updates to end-2013 and provides brief commentary on the key estimates of the UK property market, which were presented from year-end 2003 to mid-2013 in the IPF's *The Size and Structure of the UK Property Market 2013: A Decade of Change*.

Section 3 examines the size of the UK's stock of commercial property, comprising both investment and owner-occupied property. The value and ownership of investment property is outlined in Section 4; this includes a supplementary analysis of overseas investors. Greater detail on property sectors is given in Section 5. Section 6 identifies the size of the residential market and the extent to which this is investment property. Appendices provide greater detail of the sources and methodologies used in making these estimates and of the data.

The reader is referred to *The Size and Structure of the UK Property Market 2013: A Decade of Change* for full contextual information on the estimates and the trends between 2003 and mid-2013 and for a detailed description of the sources and methodologies.

2.2 Definition of Commercial Property

Commercial property is defined on the basis that the building type is predominantly enclosed, is typically occupied by businesses, and is mainly privately-owned. Defined this way, any commercial property which is either owned or occupied by the public sector is included. Incomplete developments and undeveloped land are excluded throughout.

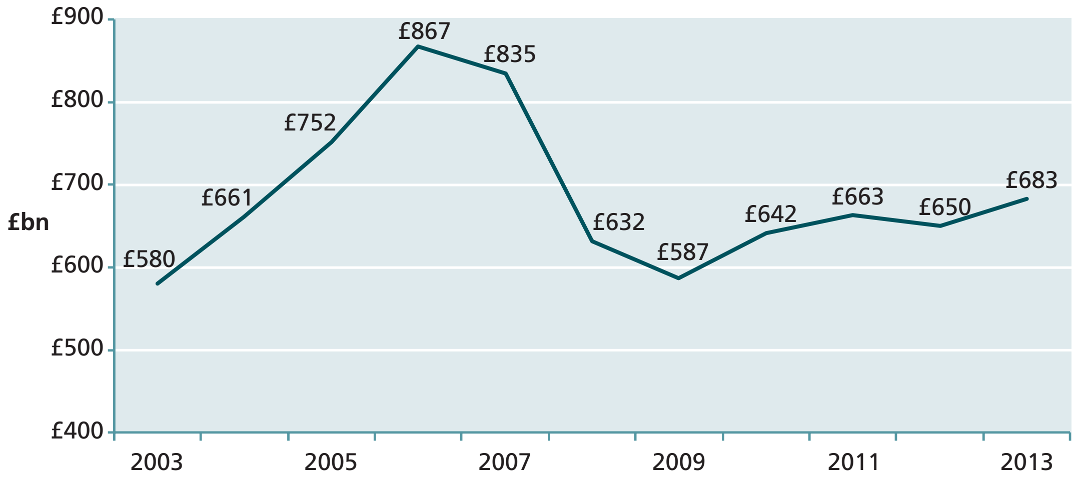
The definition incorporates retail (including restaurants and pubs), offices and industrials, plus miscellaneous "other commercial" property such as hotels, leisure, conference and exhibition centres, purpose built car parks, petrol stations, etc. It excludes health and education,[1] museums and libraries, sports grounds, courts and prisons, heavy industrial plants, infrastructure and open structures such as theme parks. Further details are presented in Appendix A.

[1] While excluded from the commercial property universe (i.e. the total of invested and owner-occupied property), a small amount of heathcare, educational and other non-commercial property is held in investors' portfolios and, hence, will be included in the commercial investment universe. Residential property, including student accommodation, is covered separately and excluded from both the commercial property and investment universes.

3. HOW BIG IS THE UK'S COMMERCIAL PROPERTY STOCK?

- The value of the UK's commercial property universe rose to £683bn in 2013, an increase of 5.1% on 2012, which is roughly inline with IPD capital growth. The uplift was largely driven by a decline in yields, with a 0.7% increase in rents per square metre largely offset by a decline in the stock of floorspace.

Figure 3.1: Capital Value of the Commercial Property Universe, 2003 to 2013



Source: PMRECON estimates using VOA, Scottish Government, and IPD data.

- Retail, as Table 3.1 indicates, remains the largest property sector in spite of stronger uplifts in value in the office and industrial sectors.
- The value of commercial property in London increased at a faster rate than average to £241bn; as a result, its share of the UK total increased by a percentage point to 35%, which remains high relative to its 23% share of GDP. Relative to the UK, large uplifts occurred in all four broad property sectors in London.
- Having declined during the preceding 18 months, the value of the commercial property stock in the rest of the UK increased in 2013, with all parts of the country other than Wales benefitting. In the same way as London, these uplifts were largely attributable to a decline in yields.
- Greater detail and a longer time series for all four commercial property sectors are presented in Appendix B.

3. HOW BIG IS THE UK'S COMMERCIAL PROPERTY STOCK?

Table 3.1: Capital and Rental Values, and the Stock of Floorspace of the Commercial Property Universe, end-2013

	Retail	Offices	Industrial	Other	Total
Capital value (£bn)	£305	£195	£126	£58	£683
Change since 2012	3%	7%	7%	4%	5%
Rental value (£bn)	£21	£14	£12	£4	£51
Rental value per sq m	£133	£130	£32	£101	£74
Floorspace (million sq m)	154	108	381	38	681
Reversionary yield	6.7%	7.2%	9.7%	6.7%	7.4%
Capital value London (£bn)	£84	£123	£17	£16	£241
London as % of UK	27%	63%	14%	29%	35%
Capital value Rest of UK (£bn)	£221	£71	£109	£41	£442

Source: PMRECON estimates derived from VOA and Scottish Government rateable values updated to current prices, capitalised by IPD yields adjusted to reflect the more secondary nature of average property.

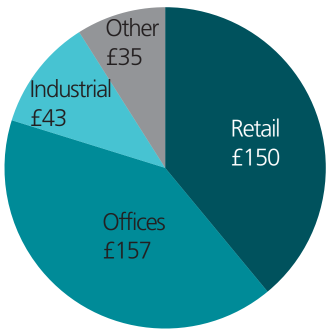
4. HOW MUCH STOCK IS OWNED BY INVESTORS?

- The amount of commercial property owned by investors rose to £385bn in 2013. The uplift of 6.6% that this represents was greater than the growth in value of the overall stock of (invested and owner-occupied) commercial property, reflecting both net selling by owner-occupiers and the skew in investment portfolios towards the relatively fast growing London market.
- Offices, as Figure 4.2 shows, overtook retail in 2013 to become the largest sector in investors' portfolios. This shift largely reflects the skew in investment portfolios towards the buoyant London office market, and also a greater shift in the office sector away from owner-occupation. Offices' 39% share of the investment universe compares with their 29% share of the overall commercial stock.
- The proportion of the commercial investment universe accounted for by "other" commercial property continued to rise in 2013; the sector, which excludes residential and student accommodation, now represents 9.0% of the investment universe.

Figure 4.1: UK Commercial Investment Property Universe, 2003-2013

Source: PMRECON estimates using data from company accounts, IPD, ONS, PFR and RCA/PD.

Figure 4.2: UK Commercial Investment Property Universe by Sector, End-2013



Source: PMRECON estimates using data from company accounts, IPD, ONS, PFR and RCA/PD.

4. HOW MUCH STOCK IS OWNED BY INVESTORS?

- Table 4.1 details holdings by investor type. Most of the UK investor types, with the notable exception of REITs and listed property companies, saw relatively modest increases in their portfolios in 2013, with uplifts roughly in line with price growth. The holdings of insurance companies, pension funds, and collective investment schemes were sluggish, growing at a slower rate than underlying prices.
- The portfolios of UK REITs and listed property companies increased by a comparatively strong 12% helped mainly by superior property valuation uplifts and development completions.
- Overseas owners' holdings continued to increase relatively quickly in 2013, reflecting both the concentration of their assets in the buoyant London market and significant net purchasing. These now account for 24% of investment property; Figure 4.3 illustrates overseas investors' growing share of the UK's commercial investment universe.

Table 4.1: UK Commercial Property Investment Universe by Investor Type, end-2013

Investor Type	End-2013 £bn	End-2013 share	% change since 2012
UK insurance company funds	£43	11%	2%
UK segregated pension funds	£31	8%	3%
UK & Channel Island domiciled collective investment schemes	£63	16%	2%
UK REITs & listed property companies	£55	14%	12%
UK private property companies	£53	14%	6%
UK traditional estates & charities	£17	4%	5%
UK private investors	£10	3%	-7%
UK other	£18	5%	0%
UK SUB-TOTAL	***£291***	***76%***	***4%***
OVERSEAS	**£94**	**24%**	**14%**
TOTAL	**£385**	**100%**	**7%**

Source: PMRECON estimates using data from company accounts, IPD, ONS, PFR and RCA/PD.

4. HOW MUCH STOCK IS OWNED BY INVESTORS?

Figure 4.3: Overseas' Share of the UK Commercial Property Investment Universe

Source: PMRECON estimates using data from company accounts, IPD, ONS, PFR and RCA/PD.

4. HOW MUCH STOCK IS OWNED BY INVESTORS?

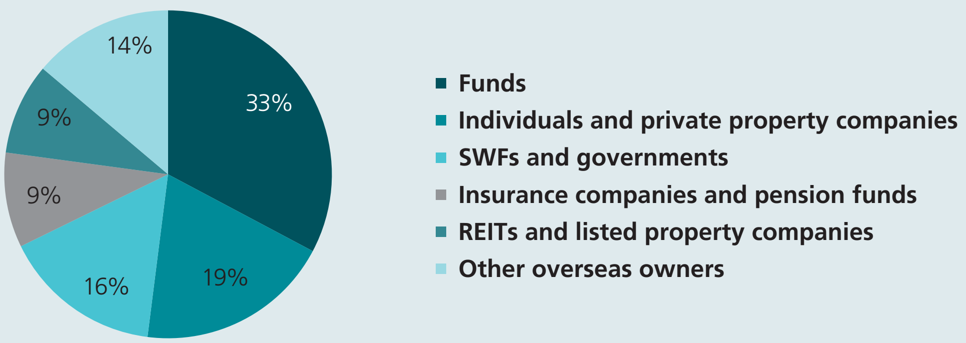
Box 4.1: Special Analysis: Overseas Investor Types and their Strategies

Table 4.1 indicated how the UK commercial property holdings of overseas owners rose to £94bn at the end of 2013. This special analysis provides further detail on the various types of overseas owners and how the structures of their portfolios vary. It extends and revises the earlier analysis presented in Section 4.3.8 of *The Size and Structure of the UK Property Market 2013: A Decade of Change* (full report).

The analysis draws on the detailed transactions data, generously supplied by RCA, and uses a different approach to that used elsewhere in this report. For each property in the database since RCA's records began at the start of 2001, the price and owner of the last transaction for that property have been logged. Using IPD capital growth, that price has been updated to end-2013 values. This set of data therefore represents the current value of the stock of those assets which have been transacted (at any point) since the beginning of 2001 and which have been covered by RCA; it excludes any assets that were held prior to 2001 but not transacted since then.

Using this analysis, Figure 4.4 illustrates the distribution of overseas owners by investor type. Funds are the largest single owner type. Private owners (companies and individuals) also account for a sizeable share. Sovereign wealth funds have only invested substantially in UK property since 2005 but have bought heavily since then (particularly in 2013, when they were the biggest net investors) and have become significant owners with holdings of around £15bn as at end-2013.

Figure 4.4: Distribution of Overseas Owners' Holdings by Type of Investor, End-2013



Source: PMRECON analysis of transactions data supplied by RCA/PD.

A high exposure to central London offices is a common characteristic of all overseas investors. Sovereign wealth funds have an unusually high proportion (about three-quarters) of their UK portfolios in London offices. Also reflected by the total size of their UK portfolios, overseas funds are by far the biggest single category of owner (whether overseas- or UK-based) of City offices.

Other than the heavy exposures to London offices, strategies vary across owner types. Private investors (companies and individuals) have large weightings in hotels; REITs and listed property companies, likewise, are heavily exposed to shopping centres and industrials. Insurance companies and pension funds also have a relatively large weighting in shopping centres.

4. HOW MUCH STOCK IS OWNED BY INVESTORS?

Box 4.1 Special Analysis: Overseas Investor Types and their Strategies (cont'd.)

A further characteristic binding overseas investors together is a tendency to purchase large lot sizes. Of the assets recorded in RCA's transactions database, overseas investors' properties tend to be twice as valuable as those of UK investors. The concentration of overseas owners' assets in the London office market naturally leads to relatively large lot sizes; however, like-for-like, overseas investors buy substantially larger assets than their UK counterparts, as Figure 4.5 illustrates. This tendency to buy large lot sizes applies most acutely to the sovereign wealth funds, whose assets, in turn, tend to be two to three times the size of those held by the average overseas investor.

Figure 4.5: Average Lot Sizes by Type of Investor, end-2013 Values

Source: PMRECON analysis of transactions data supplied by RCA/PD.

In conclusion, overseas investors are uniquely different to domestic investors. Regardless of type, their portfolios are structured very differently to UK investors, focusing on markets where lot sizes are large and buying the biggest assets within these markets. Their closest domestic comparators are the large REITs.

5. WHAT IS THE STRUCTURE OF THE INVESTMENT UNIVERSE?

- The main shifts over the year reflect the buoyancy of all segments in London. London's share of the investment universe rose from 45% to 47%.
- Compared to IPD's UK Annual Index, the overall investment universe is more orientated towards offices, away from retail and industrials. This reflects central and suburban London and, especially, City offices where the overall investment universe's 11% weight is now nearly three times as great as in IPD's UK Annual Index.
- Differences between the structures of UK investors and IPD's Annual Index are relatively small. The bias in the investment universe towards London offices is mainly associated with overseas owners, who are not represented in IPD's UK Index; three-quarters of their holdings are in London, compared to 38% for UK investors.
- Overseas investors own 61% of the invested stock in the City (58% including the owner-occupied stock), and while their share of the West End & Midtown office investment market, at 35%, is much lower, Figure 5.1 shows it has risen relatively quickly over the last year.

Table 5.1: Investment Universe by Segment, End-2013

		£bn			%	
IPD segment	**Total**	**UK investors**	**Overseas**	**Total**	**UK investors**	**Overseas**
Standard Retail South Eastern (including London)	£33	£29	£4	9%	10%	5%
Standard Retail Rest UK	£24	£24	£1	6%	8%	1%
Shopping Centres	£51	£44	£8	13%	15%	8%
Retail Warehouses	£41	£38	£4	11%	13%	4%
City Offices	£42	£16	£26	11%	6%	27%
West End & Mid Town Offices	£57	£37	£20	15%	13%	21%
Rest of South Eastern Offices (including rest of London)	£42	£27	£15	11%	9%	16%
Rest of UK Offices	£16	£13	£4	4%	4%	4%
South Eastern Industrials	£25	£24	£2	7%	8%	2%
Rest of UK Industrials	£18	£17	£1	5%	6%	1%
Other Commercial	£35	£24	£11	9%	8%	12%
TOTAL	**£385**	**£291**	**£94**	**100%**	**100%**	**100%**
Retail	£150	£134	£16	39%	46%	17%
Offices	£157	£93	£64	41%	32%	68%
Industrial	£43	£40	£3	11%	14%	3%
Other Commercial	£35	£24	£11	9%	8%	12%
London	£180	£111	£70	47%	38%	74%

Source: PMRECON estimates using data from company accounts, IPD, ONS, PFR and RCA/PD.

5. WHAT IS THE STRUCTURE OF THE INVESTMENT UNIVERSE?

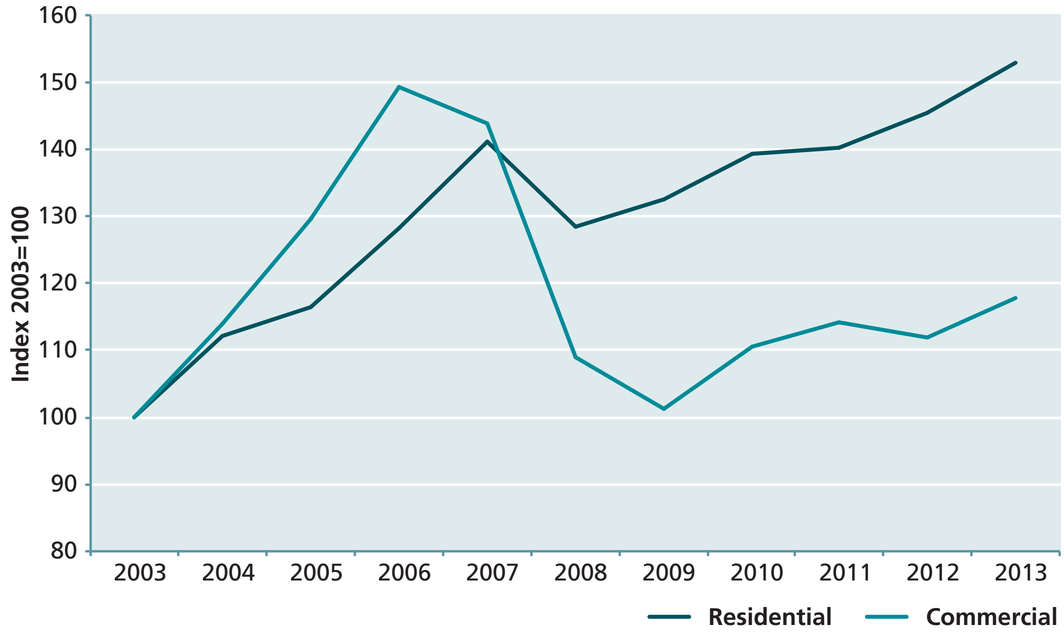
Figure 5.1: Overseas Investors' Shares of the City and West End & Midtown Office Investment Markets

Source: PMRECON estimates using data from company accounts, IPD, ONS, PFR and RCA/PD.

6. HOW BIG IS THE RESIDENTIAL STOCK AND WHO OWNS IT?

- The value of the UK's residential property stock in 2013 is estimated to have risen to around £4,670bn. The increase of 5% matches that of the commercial property stock.
- The private rented stock rose in value to about £839bn, a much greater increase (of 8%) than in the overall residential stock. Even so, the private rented sector only represents 18% of the total value of the residential stock.
- Mainstream commercial property investors account for only a small fraction (around 2%) of the residential private rented sector, most of which is owned by private landlords.
- Mainstream investors' exposures to housing and, even more so, student accommodation increased significantly last year, in aggregate by 20%, which is greater than both the rise in their exposure to commercial property and the increase in the size of the total private rented sector stock.

Figure 6.1: Value of the Residential Stock versus the Commercial Property Universe, 2003-2013



Sources: Commercial: PMRECON estimates using VOA, Scottish Government, and IPD data; Residential: ONS Blue Book to 2012, 2013 is a PMRECON estimate based on stock and price growth.

Table 6.1: Residential Stock: Total, Invested and Student Accommodation, 2012 and 2013

	2012 £bn	2013 £bn
Total residential stock: capital value	£4,447	£4,670
Private rented residential stock value	£776	£839
Residential investment: mainstream investors only	£10	£11
Student accommodation investment: mainstream investors only	£6	£8

Source: Residential stock from ONS's Blue Book, updated to 2013 by PMRECON; private rented stock is the product of multiplying the number of private rented dwellings from the DCLG by the average value of a private rented dwelling (estimated, in turn, from average rents and yields).

APPENDIX A: ESTIMATING THE PROPERTY AND INVESTMENT UNIVERSES

Detailed descriptions of the data, sources and methodologies used were presented in *The Size and Structure of the UK Property Market 2013: A Decade of Change*. An outline is given below.

A.1 Estimating the Total Stock of Commercial Property

Rateable values – collated by the Valuation Office Agency (VOA) in England and Wales (and its Scottish counterpart) for the purposes of business rates – are used as a proxy for rental value. As these are reviewed only periodically, IPD rental growth is used to update the base year data (currently April 2008) to current prices.

These "rental values" are then capitalised by reversionary yields to derive the corresponding capital value. The yields used are IPD average reversionary yields adjusted to reflect the more secondary nature of the overall property universe[2].

All the analysis is undertaken at the IPD sector:region level and aggregated up to derive UK estimates.

The composition of the four property sectors – and of the types of non-residential property excluded from the definition of commercial – according to VOA categories is outlined in Table A.1.

Table A.1: Commercial Property Sector Definitions and Correspondence with VOA Categories

Sector	VOA category
Retail	Shops, shopping centres, supermarkets, retail warehouses, post offices, bank branches, hairdressers and beauty salons, cafes, take-aways, restaurants and pubs, car showrooms, garden centres.
Offices	Offices, business units, data and computer centres.
Industrial	Warehouses and stores, factories and workshops, newspaper printing works etc.
Other Commercial	Bingo halls, bowling alleys, casinos, cinemas and theatres, arenas, concert halls and exhibition centres, night clubs, hotels, health farms, gyms, sports centres and swimming pools, caravan parks and holiday sites, purpose built car parks, petrol stations, film, TV and recording studios.
Excluded – other non-residential buildings	Health and education*, museums, galleries and libraries, community centres, public and village halls, guest houses, holiday homes and hostels, emergency service buildings, courts and prisons, heavy industry, steel plants, chemical processing and oil refining etc.
Excluded – infrastructure and other structures	Predominantly infrastructure – ports, airports, railway and bus stations, power generation, water and sewage stations, recycling plants, etc. – plus ship yards, Ministry of Defence facilities, sports grounds and stadia, amusement and theme parks, surface car parks, zoos, mineral processing.

* The small amount of healthcare (including care homes) and education property held in investors' portfolios is included in the estimate of the commercial property investment universe.

[2] As IPD bottom quartile ERVs per sq m roughly correspond to the average rateable values per sq m in the VOA data, the IPD yields relating to these bottom quartile ERVs were used as the basis for the adjustments. For both 2012 and 2013, the yields were 1.1 and 1.15 times the IPD average reversionary yield for London and rest UK retail respectively, 1.15 times the IPD average for rest UK offices (London offices were the same as the IPD average), 1.24 times higher for industrials, and 1.21 higher for "other" commercial.

APPENDIX A: ESTIMATING THE PROPERTY AND INVESTMENT UNIVERSES

A.2 Estimating the Investment Universe

In contrast to the "top-down" approach used for the total property universe, the investment universe is estimated "bottom-up" for each investor type.

Full details of the methodologies and sources were presented in *The Size and Structure of the UK Property Market 2013: A Decade of Change*. The specific approaches adopted in this update are briefly outlined in Table A.2. It should be noted that some of the estimates presented in this report use the comprehensively calculated mid-2013 information as a base for a relatively simple updating to end-2013, using the following approach:

Equation A.1

$$Stock^{j}_{end-2013} = (Stock^{j}_{mid-2013} * Capital\ Growth_{H2\ 2013}) + Purchases^{j}_{H2\ 2013} - Sales^{j}_{H2\ 2012}$$

Where:

$Stock^{j}_{end-2013}$ is the investment universe (for the property segment) for investor type *j* at the end of 2013, etc;

$Capital\ Growth_{H2\ 2013}$ is IPD capital growth for the property segment in the 2nd half of 2013;

and

$Purchases^{j}_{H2\ 2013}$ is the value of purchases (in the property segment) by investor type *j* recorded in the RCA data during the second half of 2013, etc.

Segment structures were either based, primarily, on IPD data relating to the investor type (insurance companies, pension funds, collective investment schemes), annual reports (REITs and listed property companies), or from accumulated RCA transactions (overseas, private individuals, private property companies). The residential exposures of mainstream commercial investors were built-up using a similar approach.

APPENDIX A: ESTIMATING THE PROPERTY AND INVESTMENT UNIVERSES

Table A.2: The investment Universe: Sources and Approach for Each Investor Type

Investor type	Description of type	Sources and approach
UK insurance company funds	Insurance company long term funds, unit-linked life & pension funds, managed property funds.	ONS's *MQ5: Investment by Insurance Companies, Pension Funds and Trusts*. 2013 data not available at time of writing, so updated to end-2013 by report author on basis of IPD capital growth since end 2012 and MQ5 2013 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 Property Funds Research; excludes funds not directly investing in completed UK buildings, and funds' indirect holdings. Commercial and residential funds and holdings within diversified funds treated separately. AIC companies holdings derived from the AIC website. Supplemented with long term transactions data from RCA/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-2013 on the basis of IPD 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 classfied 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-2013 on the basis of IPD capital growth and H2 net transactions from RCA/PD.
UK traditional estates & charities	Charities & traditional landed estates.	Based on mid-2013 estimate updated to end-2013 on the basis of IPD capital growth and H2 net transactions from RCA/PD.
UK private investors	Individuals, familiy trusts, HNW syndicates.	Based on mid-2013 estimate updated to end-2013 on the basis of IPD capital growth and H2 net transactions from RCA/PD.
UK other	Mainly local authorities and pub owners.	Pub owners from their balance sheet accounts (excluding managed properties), local authorities from CIPFA and DCLG local authority balance sheets.
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-2013 on the basis of IPD capital growth and H2 net transactions from RCA/PD.

APPENDIX B: ADDITIONAL DATA

Table B.1: Property Universe and Components, by Sector, 2003 to 2013

	Rental value £ per sq m	Floorspace (million sq m)	Rental value £bn	Yield*	Capital value £bn	Memo: IPD reversionary yield*
All property						
2003	£67.4	677	£45.6	7.9%	£580	6.8%
2004	£69.7	679	£47.3	7.2%	£661	6.3%
2005	£71.9	675	£48.5	6.5%	£752	5.7%
2006	£75.5	678	£51.1	5.9%	£867	5.2%
2007	£79.1	678	£53.6	6.4%	£835	5.9%
2008	£78.8	682	£53.7	8.5%	£632	7.8%
2009	£73.5	681	£50.1	8.5%	£587	7.5%
2010	£73.5	680	£50.0	7.8%	£642	6.7%
2011	£74.1	681	£50.5	7.6%	£663	6.5%
2012	£73.9	684	£50.5	7.8%	£650	6.7%
2013	£74.5	681	£50.7	7.4%	£683	6.4%
Retail						
2003	£124.9	149	£18.6	7.2%	£260	6.4%
2004	£130.3	151	£19.6	6.5%	£302	5.8%
2005	£135.4	148	£20.0	5.9%	£341	5.3%
2006	£140.7	149	£21.0	5.4%	£390	4.9%
2007	£144.3	150	£21.7	5.9%	£370	5.5%
2008	£144.1	151	£21.8	7.9%	£276	7.5%
2009	£135.3	152	£20.6	7.9%	£261	7.2%
2010	£133.6	153	£20.5	7.0%	£292	6.3%
2011	£134.0	154	£20.6	6.9%	£300	6.1%
2012	£133.5	155	£20.7	7.0%	£295	6.2%
2013	£133.4	154	£20.5	6.7%	£305	5.9%
Offices						
2003	£115.4	99	£11.4	7.9%	£145	7.0%
2004	£117.2	100	£11.8	7.3%	£161	6.6%
2005	£121.9	100	£12.2	6.6%	£186	6.0%
2006	£130.5	102	£13.4	5.8%	£230	5.3%
2007	£140.9	104	£14.6	6.6%	£220	6.1%
2008	£138.9	104	£14.5	8.7%	£167	7.9%
2009	£122.4	105	£12.9	8.3%	£155	7.5%
2010	£123.7	106	£13.2	7.6%	£174	6.9%
2011	£126.8	108	£13.7	7.4%	£184	6.6%

APPENDIX B: ADDITIONAL DATA

Table B.1: Property Universe and Components, by Sector, 2003 to 2013 (cont'd.)

	Rental value £ per sq m	Floorspace (million sq m)	Rental value £bn	Yield*	Capital value £bn	Memo: IPD reversionary yield*
Offices cont'd.						
2012	£127.2	109	£13.8	7.6%	£182	6.9%
2013	£130.4	108	£14.1	7.2%	£195	6.5%
Industrial						
2003	£31.6	396	£12.5	9.5%	£131	7.9%
2004	£32.3	395	£12.8	8.6%	£148	7.3%
2005	£33.0	394	£13.0	7.6%	£170	6.6%
2006	£34.1	394	£13.4	7.2%	£187	6.0%
2007	£35.3	392	£13.8	7.6%	£183	6.7%
2008	£35.0	392	£13.7	9.9%	£139	8.9%
2009	£33.3	387	£12.9	10.7%	£121	8.7%
2010	£32.8	382	£12.5	10.3%	£122	8.1%
2011	£32.4	382	£12.4	10.1%	£123	7.9%
2012	£32.0	382	£12.2	10.3%	£118	8.0%
2013	£32.1	381	£12.2	9.7%	£126	7.4%
Other						
2003	£93.7	32	£3.0	6.8%	£44	na
2004	£97.7	32	£3.2	6.3%	£50	
2005	£101.5	33	£3.3	6.0%	£55	
2006	£105.5	32	£3.4	5.6%	£60	
2007	£108.3	32	£3.5	5.7%	£61	
2008	£108.1	35	£3.8	7.5%	£51	
2009	£101.5	37	£3.7	7.3%	£51	
2010	£100.2	38	£3.8	7.0%	£54	
2011	£100.5	38	£3.8	6.8%	£56	
2012	£100.1	38	£3.8	6.9%	£55	
2013	£101.2	38	£3.8	6.7%	£58	

* Yields are sector:region weighted. These sector:region weights differ between the property universe and IPD; also, IPD is the three main sectors only. Hence, the two sets of yields are not strictly comparable.

IPF Research Programme 2011–2015

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