RESEARCH

NOVEMBER 2020

Autumn 2020 Survey of Independent Forecasts for UK Commercial Property Investment

COMMISSIONED BY THE IPF RESEARCH PROGRAMME

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.

The Programme is funded by a cross-section of businesses, representing key market participants. The IPF makes a contribution to the Programme and gratefully acknowledges the support of these sponsoring organisations:

The Investment Property Forum Consensus Forecasts Autumn 2020 Survey of Independent Forecasts for UK Commercial Property Investment – November 2020

Twenty-three organisations contributed to the final survey of 2020 contributors, with the earliest forecast dating back to 1st September, whilst the majority (16) were generated within two weeks of the 11 November survey date. Accordingly, most forecasts were produced before the announcement of the breakthrough in developing an effective vaccine nor, indeed the second round of lockdowns, possibly reflected in the stronger November averages (see table on p. 3). One survey participant referred to this when returning their forecasts, commenting they were"...not sure what timing of vaccine will mean to our near-med term views..." and felt unable to provide any indicators of confidence in their projections at this time, as "Trying to determine what 2nd lockdown and associated double-dip recession, then news of the vaccine will impact on our previous forecasts…and will impact on yearly U/D/N views…".

While the ranges of contributor views on All Property for the current year are markedly more optimistic than three months ago, next year is "highly uncertain!" in the words of one contributor, and, despite some forecasters anticipating a strong recovery in GDP in 2021, others are basing their models on some very negative economic data. Whilst a model-driven approach may anticipate a reversion to trend in later forecast years and projected averages over that period are relatively unchanged from last quarter, five-year capital value growth and total return averages have declined as a result of the slump in performance expectations for 2021.

Headline results from this quarter's forecasts include:

Rental value growth

- An improvement 74 bps to the **2020 All Property average growth rate** indicates a decline of **-4.2%** over the year (from -5.0% in August and -6.3% in May), with forecasts lying between -10.0% and -2.0%. At the sector level, Shopping Centres record the greatest range of projections, at over 15%, with individual forecasts lying between -25.0% and -9.3%, with only Industrials expected to deliver positive growth, averaging 1.2% for the year.
- For **2021**, the expectation for the **All Property** average is weaker than three months ago – now **-2.8%** from -1.9%. Sector ranges increased over the quarter, with Offices recording a range of 13.7% and Industrial attracting the closest agreement, at between -2.3% and 3.4%.
- Average rental growth forecast for the remaining three years of the survey have remained relatively flat, rising from 0.8% in 2022 to 1.6% by 2024.

Capital value growth

- The **2020 All Property** average forecast rose by over 240 bps over the quarter to **-9.3%** (previously -11.7%) as all sector averages improved or, in the case of Shopping Centres, remained virtually unchanged, at -28.2%, the median forecast for this market being -27.7%.
- A quarter-on-quarter fall in every sector forecast for **2021** has resulted in an **All Property** average of **3.2%** (from -1.8% in August), representing a further weakening of 140 bps, in addition to the almost 200 bps decline over the preceding three months. The most extensive retrenchments have occurred in the 2021 Standard Retail and Shopping Centres values, which were marked down. by 288 and 214 bps respectively over the quarter.
- The **2022 All Property** projection shows a return to positive growth, of **2.3%** (from 2.0% previously), with all sectors attracting some negative forecasts, although this bounce back is likely to be followed by lower averages in the last two years of the survey period – currently expected to average **1.9%** in **2023** and **1.5%** in **2024**.

Total returns

- Average predictions for **2020 total returns** improved over the quarter for all but Shopping Centres, extending from 3.7% for Industrials to -23.5% for Shopping Centres. With all other sectors expected to be sub-zero, the **All Property** forecast now lies at **-4.8%** (from -7.4% in August).
- The average **2021 All Property total return** forecast fell by more than 175 bps to **1.5%** (from 3.3% in August), with sector forecast ranges of between -13.5% (Shopping Centres) to 14.6% (Industrials).
- Mirroring the capital value projections, the **All Property** total return forecasts are likely to peak in **2022**, at 7**.1%**, falling back to **6.4%** by **2024**.

The following table summarises the changes in average forecasts over the last four quarters' surveys for the current year and over five years, recording the responses of forecasters to the pandemic.

	Nov-20	Aug-20	May-20	Feb-20
2020				
Rental Value Growth	-4.2%	-5.0%	-6.3%	-0.1%
Capital Value Growth	-9.3%	-11.7%	-12.4%	-1.4%
Total Return	-4.8%	-7.4%	-8.1%	3.5%
2020-2024 Annualised				
Rental Value Growth	-0.7%	-0.5%	-0.8%	0.7%
Capital Value Growth	-1.5%	-1.8%	-1.3%	0.0%
Total Return	3.3%	3.1%	3.6%	4.9%

Summary Results

Summary Average by Sector

	Rental value growth (%)				Capital value growth (%)				Total return (%)			
	2020	2021	2022	2020/24	2020	2021	2022	2020/24	2020	2021	2022	2020/24
Office	-2.2	-2.5	1.9	0.4	-5.8	-3.0	3.8	-0.1	-1.9	1.2	8.3	4.1
Industrial	1.2	1.0	2.2	1.8	-0.5	1.3	4.3	2.0	3.7	5.8	8.8	6.4
Standard Retail	-10.1	-6.8	-1.7	-3.9	-18.3	-8.5	-0.3	-5.5	-14.4	-3.8	5.0	-0.7
Shopping Centre	-14.4	-8.4	-3.0	-5.8	-28.2	-10.5	-2.7	-9.5	-23.5	-4.2	4.5	-3.1
Retail Warehouse	-8.6	-5.4	-1.3	-3.1	-19.5	-6.4	0.3	-5.4	-14.1	0.5	7.7	1.4
All Property	**-4.2**	**-2.8**	**0.8**	**-0.7**	**-9.3**	**-3.2**	**2.3**	**-1.5**	**-4.8**	**1.5**	**7.1**	**3.3**
West End office	-3.7	-2.5	2.6	0.6	-5.6	-3.0	5.5	0.6	-2.5	0.3	9.1	3.9
City office	-2.8	-2.6	2.6	0.7	-5.2	-3.0	4.7	0.3	-1.4	1.1	8.8	4.4
Office (all)	**-2.2**	**-2.5**	**1.9**	**0.4**	**-5.8**	**-3.0**	**3.8**	**-0.1**	**-1.9**	**1.2**	**8.3**	**4.1**

All Property Average by Forecast Month

	Rental value growth (%)				Capital value growth (%)				Total return (%)			
Month of forecast (no. contributors)	2020	2021	2022	2020/24	2020	2021	2022	2020/24	2020	2021	2022	2020/24
September* (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
October (7)	-4.7	-2.8	0.4	-1.0	-10.1	-3.3	2.4	-1.7	-5.1	1.2	6.4	2.9
November (13)	-4.0	-3.1	1.0	-0.6	-8.7	-3.4	2.5	-1.3	-4.3	1.4	7.6	3.5
All Forecasters (23)	**-4.2**	**-2.8**	**0.8**	**-0.7**	**-9.3**	**-3.2**	**2.3**	**-1.5**	**-4.8**	**1.5**	**7.1**	**3.3**

*A minimum of five forecasts are required for each period to be separately analysed.

Survey contributors

23 organisations contributed to this quarter's forecasts, comprising 11 Property Advisors and Research Consultancies, 10 Fund Managers and two Others .

Full All Property forecasts for all periods were received from all contributors. Full sector forecasts for all periods were received from 22 contributors, with 20 providing full West End and City sub-office sector forecasts. All forecasts were generated within 12 weeks of the survey date (11 November 2020). Named contributors appear on the final page of this report.

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.

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

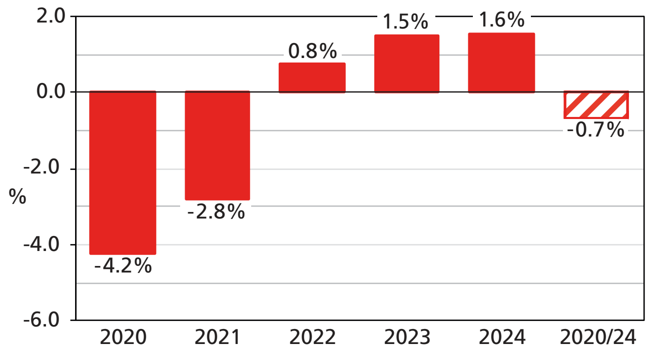
[1] As a minimum of five forecasts are required for each group of contributors to be separately analysed, data from Other contributors are included at the All Forecaster level of reportage.

Rental Value Growth Forecasts

All Property rental value growth forecasts

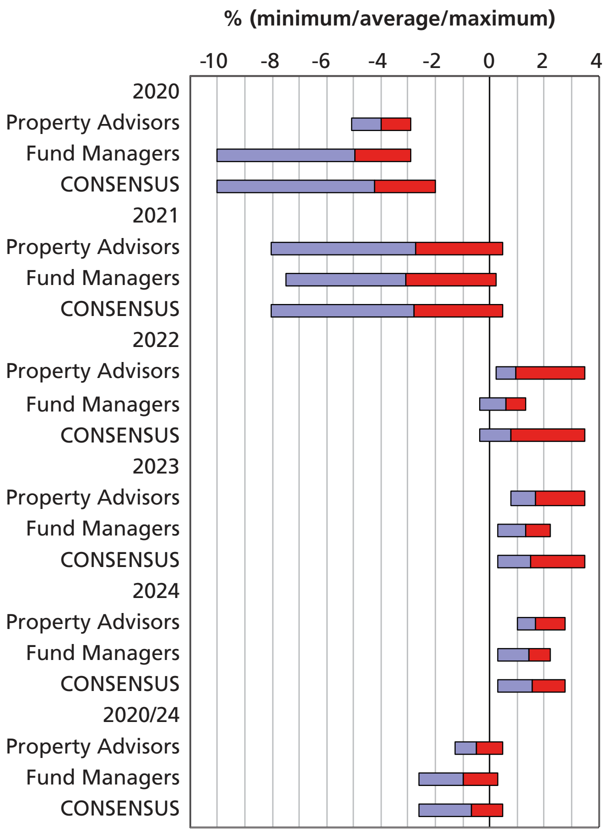
In a repeat of last quarter's movement in views on current and next years' All Property rental growth expectations, the average forecast for 2020 rose over the period (by 74bps, compared to 135 bps in May), whereas the 2021 outlook weakened further (from -1.9% and -1.3% in the Spring).

The prospective recovery in 2022 remains around 0.8% (previously 0.7%), while the residual years of the forecast period are unaltered over the quarter.



As a consequence of the fall in the 2021 forecast, despite the improved 2020 average, the five-year annualised average declined just over 20 bps (from -0.5% in August).

Rental value growth forecasts by contributor



N.B. Two 'Other' contributor returned data in addition to those of 11 Property Advisors and 10 Fund Managers.

The 2020 All Property projections have remained sub-zero and only three contributors anticipate positive rental growth by next year (from four last quarter and six in May).

In a repetition of both last quarter's and May's surveys, the two Other contributors provided more optimistic forecasts for the current year. The range of Property Advisor views narrowed significantly over the three months, to 2.1% from 7.9%, whereas Fund Managers appear to be less in agreement, at 7.1% (from 6.7%) due to a significant outlier, without which this span of projections would narrow to 2.7%.

2021 projections are heavily influenced by two highly negative forecasts, although one contributor currently predicts an extremely strong recovery in 2022, the substantial upswing being explained by its use of a model driven approach (fed by some very negative economic data for 2021) whilst a boost in rental growth in 2022 may be due to very low bond yields supporting prices and expected higher inflation.

From 2022 onwards, with the exception of two Managers that year, growth forecasts turn positive and projections are much more closely aligned in both ranges and averages between the two principal groups of forecasters.

Throughout the five years, average Advisor forecasts continue to exceed those of Managers although these divergences reduce from over 1.0% in 2020 to less than 0.25% by 2024.

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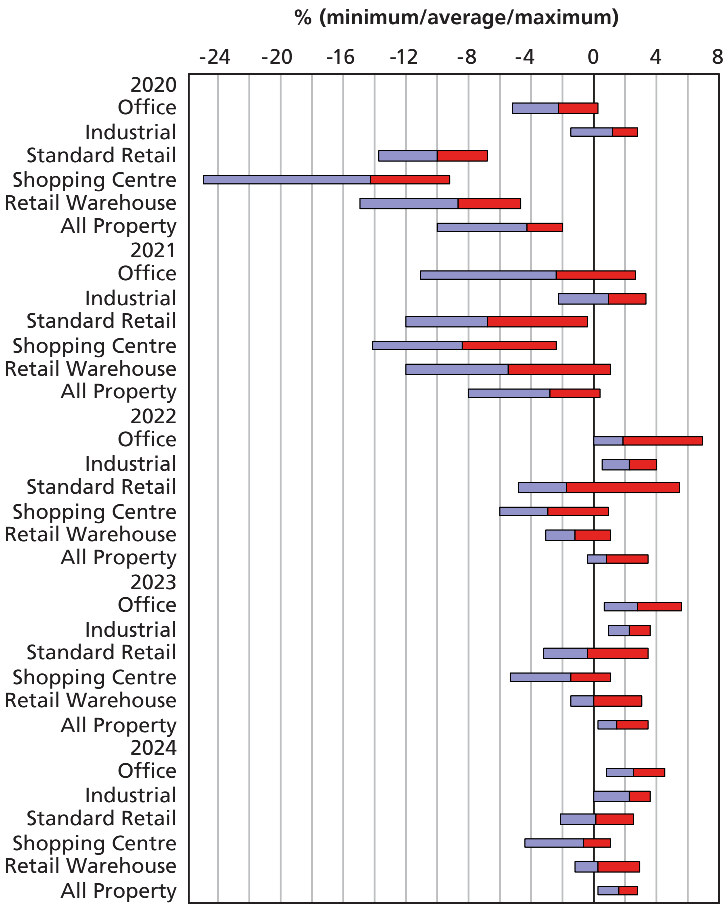
Rental Value Growth Forecasts (2)

Sector rental value growth annual forecasts



With the exception of Shopping Centres, all 2020 sector averages improved over the quarter (by between 126 bps for Offices and 75 bps for Standard Retail). With a minium forecast of-25.0%, and only one of 22 forecasts in single negative figures, the Shopping Centre average fell 95 bps to average -14.4% for the current year.

2021 averages continued to weaken in all but the Industrial sector (up 11 bps to 1.0%). The level of forecast decline in retail rents increased by between almost 230 bps for Shopping Centres (to -8.4%) and 64 bps for Retail Warehouses (now -5.4%), while the Office forecast also fell by over 145 bps to -2.5%.

Attracting one positive growth forecast in 2022 (three in 2023), the majority of contributors expect negative Shopping Centre growth to persist throughout the survey period, this pattern being echoed to a lesser extent in the two other retail markets.

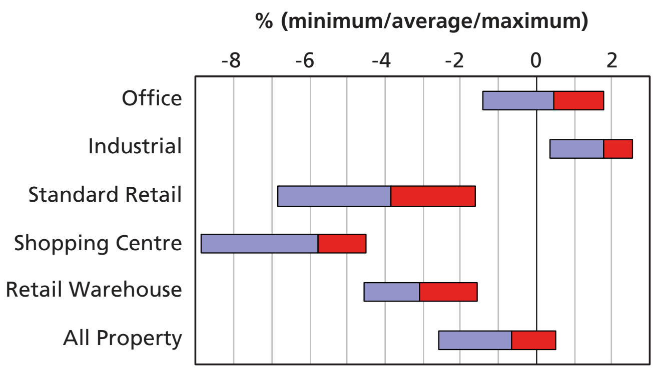
In a reversal of the August average forecasts, the 2022 Office average weakened (to 1.9% from 2.2% in August) and now lags the Industrial average of 2.2% (previously 1.9%). However, improved averages for both 2023 and 2024 indicate a strengthening of demand in the Office sector (to 2.8% in 2023 and 2.5% in 2024), while Industrial growth may stablise at around 2.2% in each of these years.

Sector rental value growth five-year average forecasts

Continued improvement in the near-term Industrial sector forecasts suggest a likely five-year average of 1.8% pa (from 1.6% pa last quarter), with the annualised figure for Offices remaining static over the period, at 0.4% pa.

Despite improvements in most retail forecasts in 2020 and 2022, significant weakening in the outlook for 2021 has led to falls in the five-year averages for Standard Retail and Shopping Centres, to -3.9% and -5.8% (from -3.7% and -5.1% in August). With only a weaker projection in 2021, the Retail Warehouse average has improved by 14 bps to average -3.1% pa currently.

As a consequence of the weaker prospects for retail rental growth, the All Property average fell by more than 20 bps over the quarter to -0.7% pa.

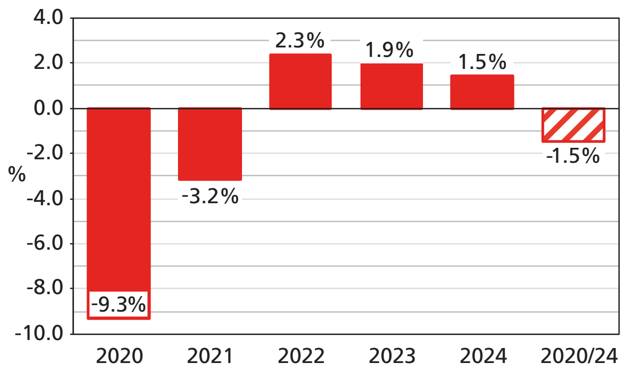


Capital Value Growth Forecasts

All Property average capital value growth forecasts

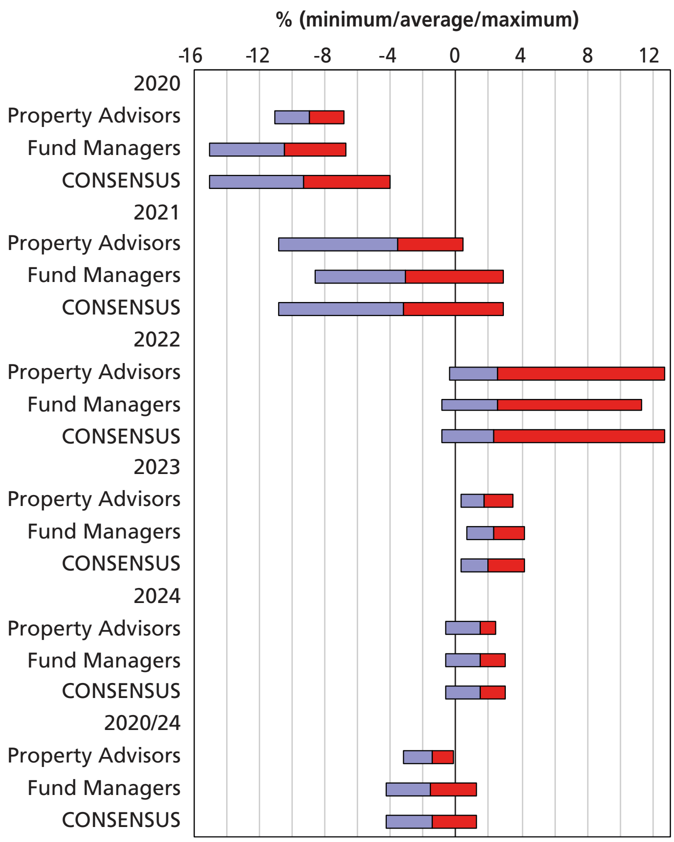
In August all but five contributors predicted double-digit falls in the 2020 All Property capital value growth rate, whereas fewer than a third have returned forecasts of this order for the current quarter, resulting in a 240 bps rise in the average. In contrast, the outlook for 2021 worsened by 140 bps over the period (from -1.8%).

Although the 2022 average rose almost 30 bps, those for 2023 and 2024 were virtually unaltered (down 7 and up 4 bps respectively).



The impact of these changes is to produce an improvement in the five-year annualised average, now some 30 bps higher than August's -1.8% pa.

Capital value growth forecasts by contributor



N.B. Two 'Other' contributor returned data in addition to the 11 Property Advisors and 10 Fund Managers.

For the current year, Property Advisors show a closer consensus than Fund Managers (ranges being 4.2% and 8.3% respectively), as well as a more positive average projection of -8.9% (versus -10.4%). Compared to August, these reflect rises of almost 250 bps in the case of Advisors (from -11.4%) and of 273 bps for Managers (-13.2% previously). A more positive expectation from one Other contributor, of -4.0%, combined with a very low Manager forecast of -15.0%, extended the overall range of forecasts to 11.0%, although the former raised the 2020 average growth rate to -9.3% (if omitted, the adjusted metrics would be 8.3% and -9.6%).

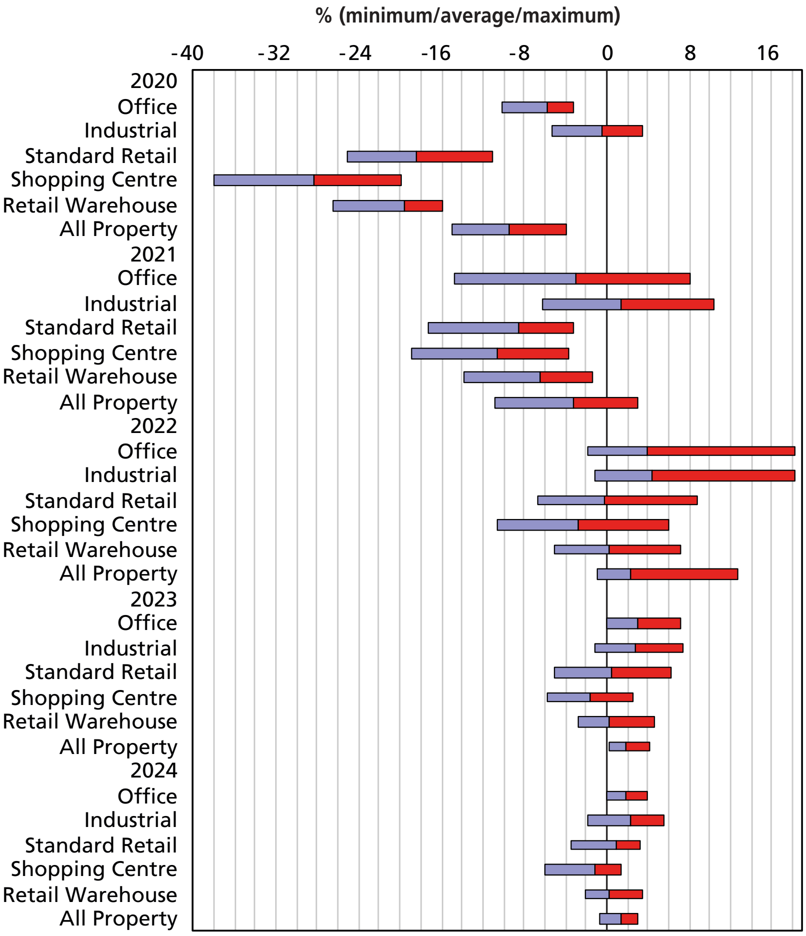
All but four forecasters predict further falls in capital value growth in 2021, with only three contributors expect a return to positive growth that year. Whilst both cohorts average 2.5% growth in 2022, sentiment has diverged over the quarter, with the Advisor average improving by 130 bps against a fall of 84 bps in the Manager average.

2022 gives rise to the greatest ranges of projections, extending between -0.8% and 12.7%, with two forecasters predicting double-digit growth, before a much closer consensus in the last two years of the survey.

Improvements in the annualised five-year averages (now -1.5% and -1.6%, from -1.9%) reflect the stronger prospects for the current year, despite lower 2021 averages.

Capital Value Growth Forecasts (2)

Sector capital value growth annual forecasts



Substantial differences in growth rates between sectors persist, with forecasts ranging from a minimum 2020 Shopping Centre forecast of -38.1% (from -36.4% in August) to a maximum of over 18.2% for Offices in 2022.

All 2020 sector average growth rates rose over the quarter, ranging from an increase of 306 bps for Offices to a mere 7 bps for Shopping Centres. In contrast, forecaster sentiment weakened for all markets over the following three years – most markedly in 2021, when, other than the Industrial mean (down 17 bps), averages fell by between 288 bps for Standard Retail and 118 bps for Retail Warehouses.

Office and Industrial sectors averages are projected to remain positive throughout remaining years, potentially peaking in 2022 (at 3.8% and 4.3% respectively), whereas weakly positive growth only emerges for Standard Retail and Retail Warehouse in 2023 (at 0.6% and 0.1%). Sub-zero growth may persist in all years for Shopping Centres, where only three of 22 forecasters predict positive increases by 2023 and five by 2024.

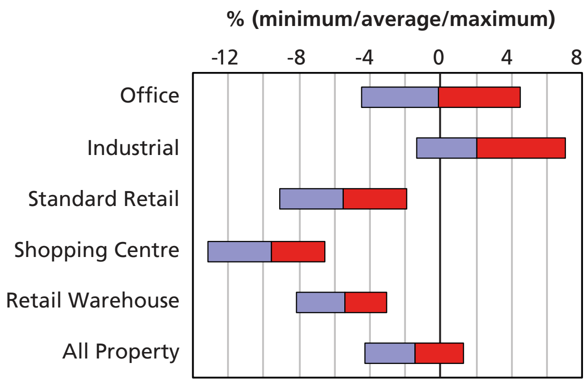
2020 forecast ranges for Retail Warehouses, Offices and Industrials narrowed considerably over the quarter (by almost 11.2%, 6.5% and 3.7% respectively). In contrast, Standard Retail and Shopping Centres attracted wider forecast arrays, of 14.2% and 18.1%, from 9.7% and 16.4% in August.

All sector forecast ranges currently exceed 10% in 2021 and 2022; the maximum divergence of opinion occurring in the 2021 Office growth figure, with a spread of 22.8%.

Sector capital value growth five-year forecasts

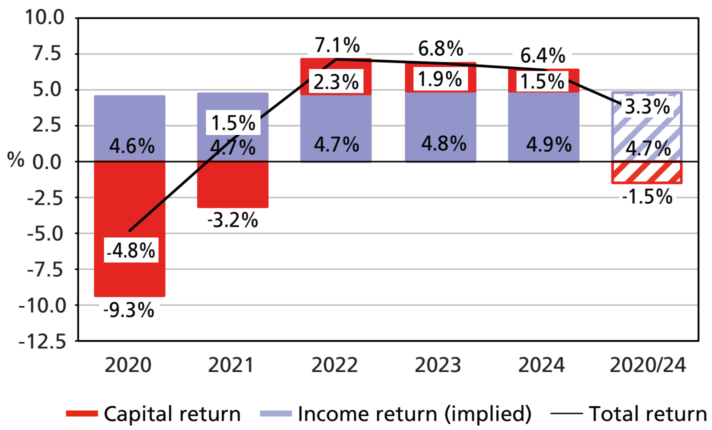
While further rises in 2020 Office and Industrial averages contributed to a reduction in the current year's All Property rate of decline, falling forecasts across all markets in the following year has resulted in lower five-year averages for Standard Retail and Shopping Centres (now -5.5% and -9.5% pa from -5.3% and -9.2% previously).

The current All Property average, of -1.5% pa, from -1.8% pa in August, is a function of the much improved 2020 sector forecasts. Annualised averages for Offices, Industrials and Retail Warehouses now lie at -0.1%, 2.0% and -5.4% (from -0.4%, 1.3% and -5.5% respectively).



Total Return Forecasts

All Property total return forecasts



From the low of -8.1% in May, this year's total return forecast has continued to firm, rising by almost 260 bps, as the rate of capital value decline has moderated further and the 2020 implied income return has also improved.

Despite a worsening outlook for 2021 capital values over the quarter and softer implied income returns throughout the remaining years of the survey, the strength of recovery in the 2020 forecast has been sufficient to cause the five-year average to increase marginally, from last quarter's 3.1%.

Contributors All Property total return forecasts

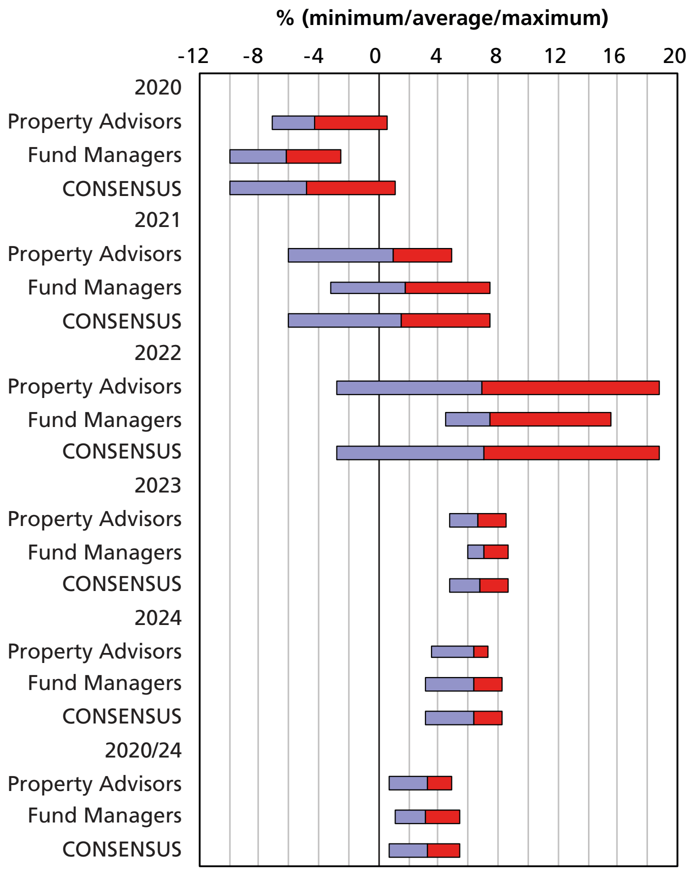
Average forecasts for the current year of -4.3% and -6.1% (from -7.2% and -8.8%) for Property Advisors and Fund Managers respectively contributed to a rise of more than 250 bps in the overall 2020 forecast.

In a reversal of the last quarter's survey, average Manager sentiment exceeds that of Advisors next year and this greater optimism persists in 2022 and 2023.

While the greater accord for the current year that emerged in August has continued, the spreads of later years' forecasts have broadened, particularly between Advisors for 2022, having increased from 7.1% last quarter to 21.5% due to one significant outlier, the omission of which would reduce this range to 14.4% and the mean to 5.8%.

As in August and May, 2023 and 2024 each show a much closer consensus within the two sets of contributors and all forecasters as a whole, with a maximum range of 5.0% between Managers in 2024.

Despite the marked improvement in the current year outlook, the quarterly movement in the All Property average has been held back by lower expectations in future years, to 3.3% pa, from 3.1% in August.



N.B. Two 'Other' contributor returned data in addition to the 11 Property Advisors and 10 Fund Managers.

Total Return Forecasts (2)

Sector total return annual forecasts

With the exception of Shopping Centres (which recorded a 17 bps fall), 2020 sector averages improved over the quarter, by between 296 bps for Offices and 192 bps for Retail Warehouses. The Industrial sector is still expected to deliver the highest average return this year, at 3.7%, having attracted only one negative forecast. Other sector averages continue below zero, ranging between -1.9% for Offices (previously -4.9%) and a virtually unchanged -23.5% for Shopping Centres, as all but three contributors predict lower returns than -20%.

In line with projected weaker capital value growth, averages for 2021 have fallen across all sectors, down a further 318 bps for Standard Retail, following August's fall of over 440 bps. Save for some improvements in Industrial and Shopping Centre averages in 2022, expectations in the following two years weakened further over the quarter. From 2022, average sector forecasts are above zero, with only a single negative Shopping Centres projection in 2024.

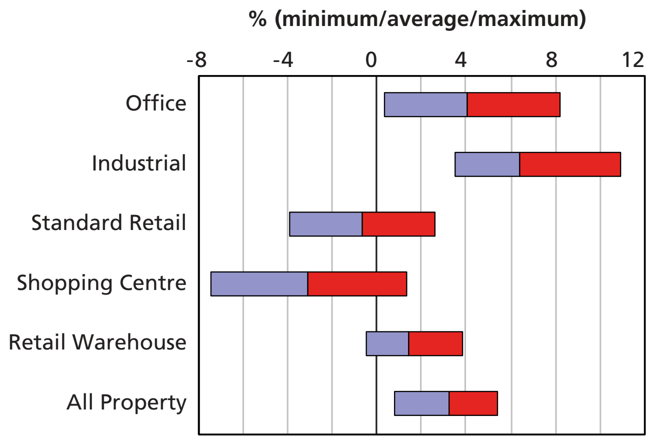
Substantial differences between sector level total returns continue over the current and next two years, with the most extreme predictions ranging between a 2020 forecast of -32.5% for Shopping Centres (previously -31.3%) and a 2022 projection of 24.4% for Offices (from 21.9% in August).

Double-digit forecast spreads persist in 2021 and 2022 with Offices attracting the greatest ranges, of over 20%, in both years, with a similar magnitude of disagreement in 2022 Shopping Centre projections.

Sector total return five-year forecasts

Despite falls in 2021 forecasts, stronger 2020 averages exerted a positive influence on the five-year outlook for Offices, Industrials and Retail Warehouses, reinforced by improved 2022 forecast for the latter two sectors to produce respective averages of 4.1%, 6.4% and 1.4% pa. 2021 and 2023 projections resulted in a worsening of the annualised averages for Standard Retail and Shopping Centres, now -0.7% and -3.1% pa (reflecting declines of 29 and 48 bps).

The effect on the All Property five-year average has been one of modest improvement, precipitating a rise of 12 bps to 3.3% pa.



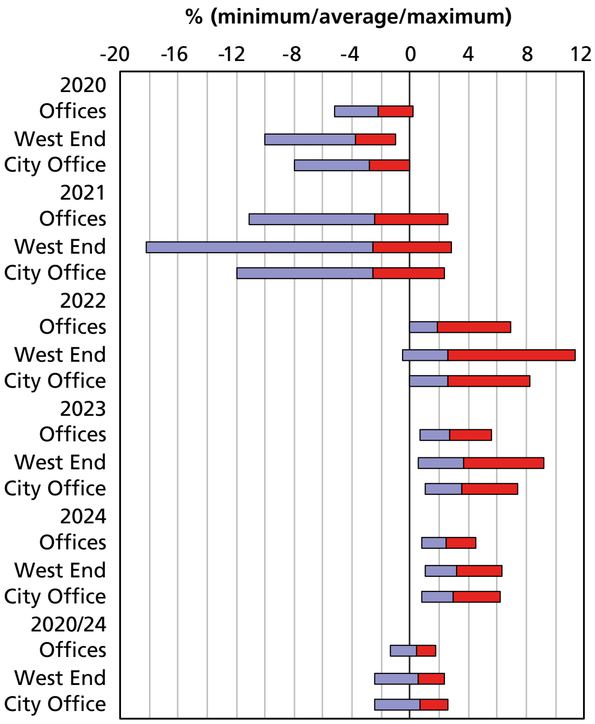
Central London Office Forecasts

Central London offices

Against a background of the coronavirus pandemic and Brexit continuing to pose threats to the economy, total London take-up for the first three quarters of 2020 is reported to have been a little over 40% of the equivalent period for 2019[2] , with an expectation that leasing activity will continue to be subdued for the remainder of the year and below trend for the first half of 2021, as the impact of the pandemic continues to influence occupiers' decision making[3].

Central London investment market activity rose in Q3, albeit the preceding quarter was at a record low, taking the volume traded for the year to date to around 55% of that transacted in the same period last year. However, a flow of deals in Q4 may help to lift the 2020 total, with volumes primarily driven by overseas investors (at c. 70% in the year to date)3. Yields are reportedly holding firm but may shorten in the first half of 2021 as investors target prime assets and long-term income, with overseas investors continuing to see value in the London market[4].

Rental value growth



The improved growth expectations for 2020 reported in August were maintained in the current survey, with the two sub-markets projected to increase on average by between 73 bps and 100 bps in the West End and City respectively (to -3.7% and -2.8% from -4.5% and -3.8% last quarter). Individual forecast spreads reduced substantially, to 9.0% and 8.0% for the West End and the City (previously 23.5% and 16.0%).

Average growth prospects over the next two years worsened in both locations, however, to -2.5% and -2.6% (from -0.4% and -0.8%) in 2021 and to 2.6% in both locations in 2022 (from 2.8% and 3.0%).

With only one negative forecast for the West End in 2022, rental growth is expected to remain positive throughout the remaining years of the survey. Although quarter-on-quarter average growth rates continued to weaken for 2021 and 2022 (the latter despite a strong outlying forecast of almost 11.4%), sentiment hardened over the final two years, peaking in 2023 at averages of 3.6% and 3.5%.

When compared to the wider UK market, both central London locations are expected to deliver better average growth from 2022 onwards.

Despite the stronger growth outlook in 2020, weaker 2021 and 2022 forecasts caused the annualised five-year averages for both the West End and the City to fall marginally over the three months, to 0.6% and 0.7% pa, compared to 0.9% in both markets. The equivalent figure for UK Offices is 0.4% pa, unchanged over the quarter.

[2] Colliers International UK Property Snapshot November 2020
[3] JLL Central London office market report, Q3 2020
[4] Colliers International London Offices Snapshot, Q3 2020

Central London Office Forecasts (2)

Capital value growth

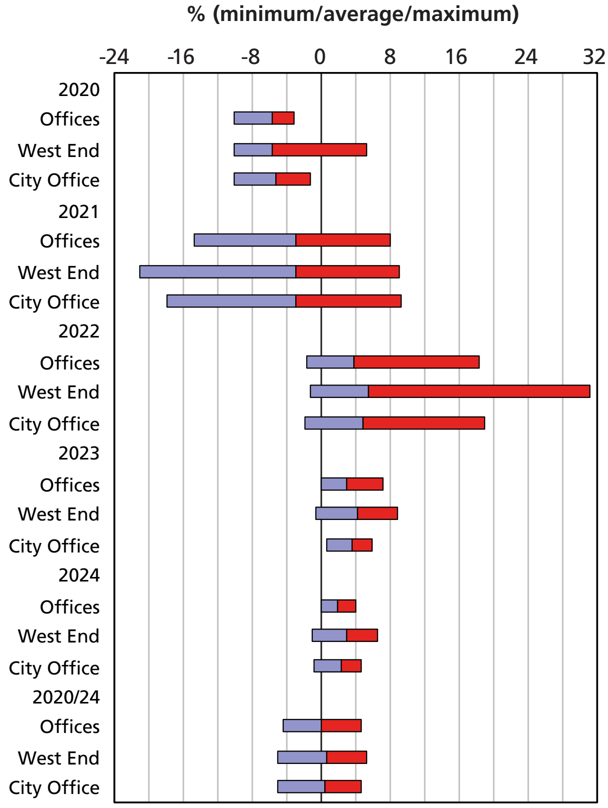
A projected decline in 2020 central London values reduced by almost 2% in both sub-markets, to -5.6% and -5.2% in the West End and City respectively. As in August, all but one of the 20 West End forecasts received predicted negative growth; omitting this positive outlier, the average would lie at -6.2%.

Consistent with the wider market, capital value growth forecasts for 2021 weakened over the quarter, despite a wide divergence of opinion between contributors, with five positive forecasts for each location. Averages fell by 313 and 308 bps respectively, to -3.0% for both markets.

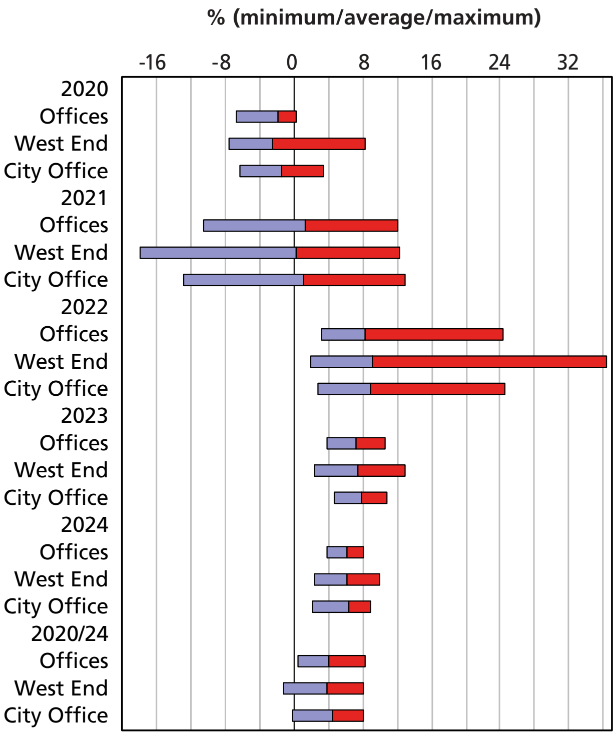
For 2022, however, a majority of forecasters (16 for the West End and 17 for the City), expect capital values to recover with one analyst projecting a bounce back of over 30% in the West End (albeit following declines averaging almost 20% in each of its preceding years' projections). If excluded, the mean value would fall from 5.5% to 4.2%.

Following a narrowing of views for the current year, forecast ranges for both markets exceed 20% in each of the next two years before reducing significantly from 2023 onwards.

Annualised five-year average growth rates are adversely affected by the weaker 2021 projections, to average 0.6% and 0.3% pa in the West End and City, although still likely to exceed the UK Office average of -0.1% pa.



Total returns



Further improvement in the outlook for 2020 values has caused the current year's average total return forecasts to rise by over 175 bps for the West End and almost 160 bps for the City, to -2.5% and -1.4% (from -4.3% and -3.0% last quarter).

However, quarter-on-quarter projections fell substantially in respect of 2021, to average 0.3% and 1.1% for the West End and City, (from 3.7% and 4.5%), commensurate with declines in capital growth predictions for that year.

An expected recovery in 2022 in both markets is distorted by two major outlying forecasts, leading to an average of 9.1% for the West End and 8.8% for the City (6.9% and 7.2% respectively if these are omitted).

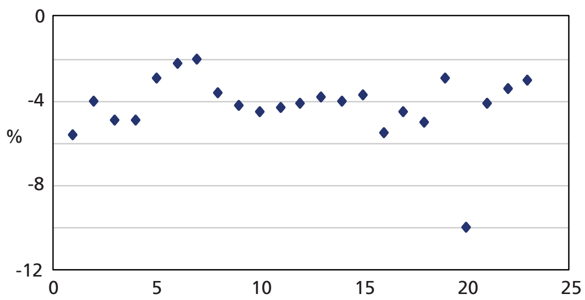
Double digit forecast ranges persist in each market in both 2021 and 2022, extending to over 34% for the West End in the latter year.

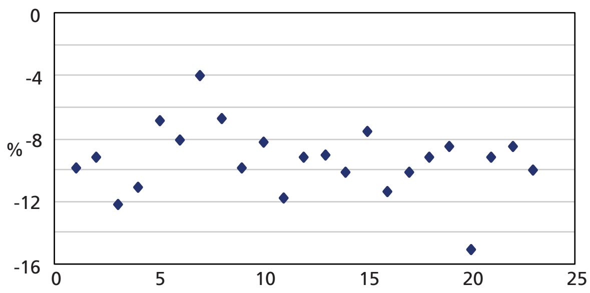
Driven by weaker capital growth rates, five-year total return forecasts fell over 30 bps in each location, to 3.9% from 4.2% pa for the West End and to 4.4% pa from 4.7% pa in the City.

Distribution of Forecasts

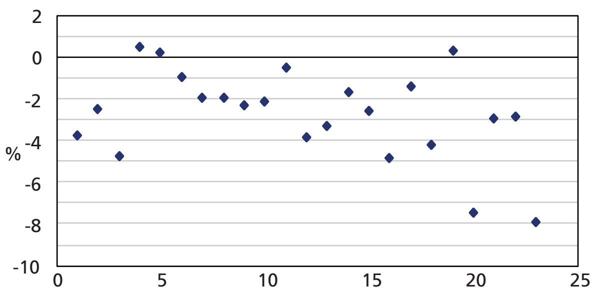
The scatter charts record forecasts of **All Property** rental value and capital value growth for the **Summer 2020** survey. Contributor projections are included in random order so that individual forecasts cannot be identified. Previous quarter's forecasts (August 2020) appear in brackets.

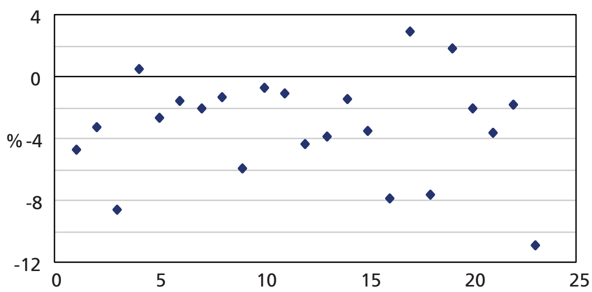
Rental value growth (% pa)	Capital value growth (% pa)
2020 Mean Forecast: **-4.2%** (-5.0%)	**2020** Mean Forecast: **-9.3%** (-11.7%)



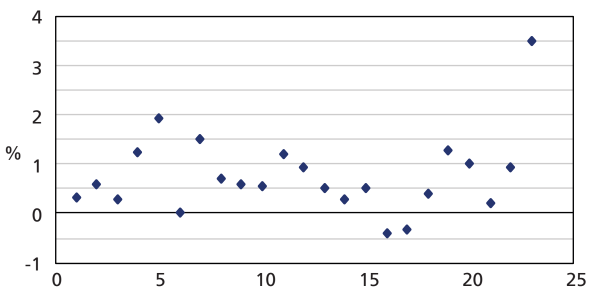


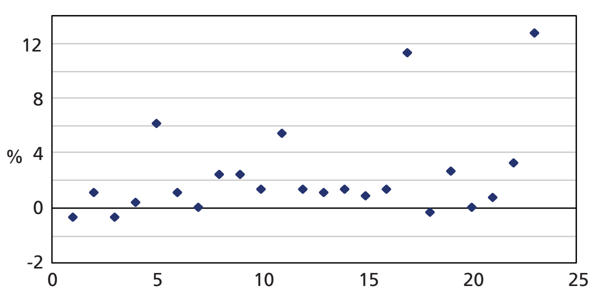
Rental value growth (% pa)	Capital value growth (% pa)
2021 Mean Forecast: **-2.8%** (-1.9%)	**2021** Mean Forecast: **-3.2%** (-1.8%)





Rental value growth (% pa)	Capital value growth (% pa)
2022 Mean Forecast: **0.8%** (0.7%)	**2022** Mean Forecast: **2.3%** (2.0%)

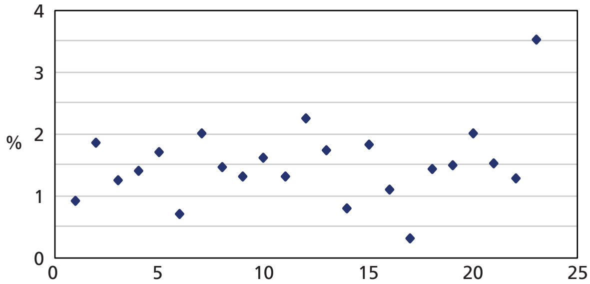




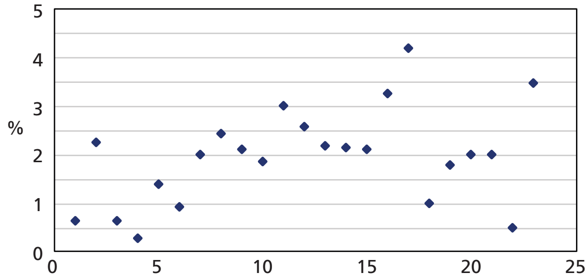
Distribution of Forecasts (2)

Rental value growth (% pa)	Capital value growth (% pa)

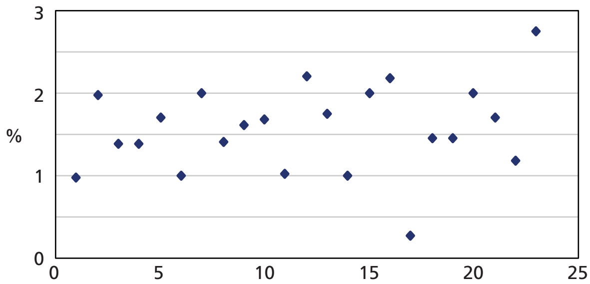
2023 Mean Forecast: **1.5%** (1.5%)



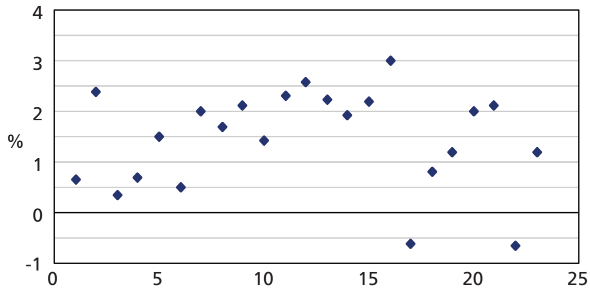
2023 Mean Forecast: **1.9%** (2.0%)



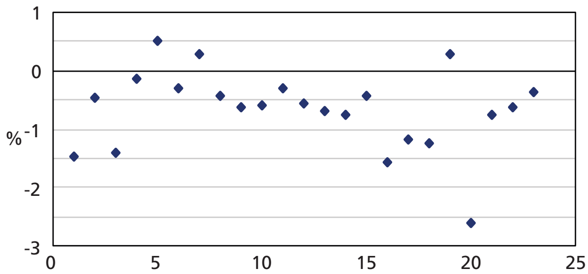
2024 Mean Forecast: **1.6%** (1.6%)



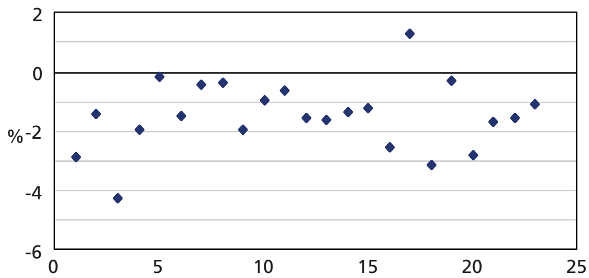
2024 Mean Forecast: **1.5%** (1.4%)



2020/2024 Mean forecast: **-0.7%** (-0.5%)



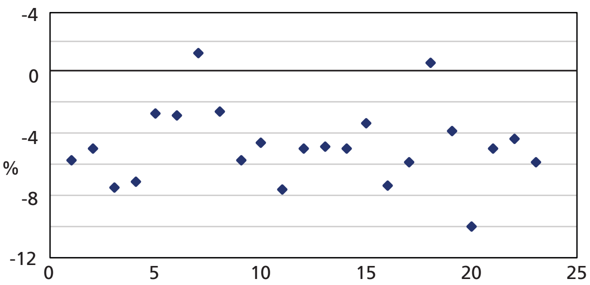
2020/2024 Mean forecast: **-1.5%** (-1.8%)



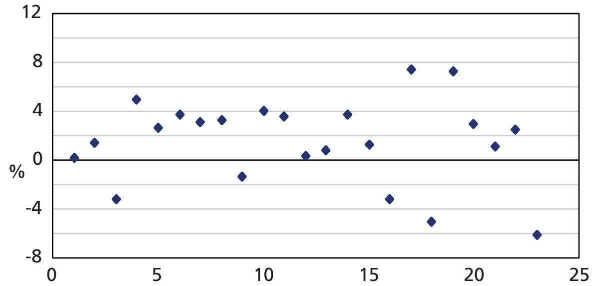
Distribution of Forecasts (3)

All Property total returns (% pa)

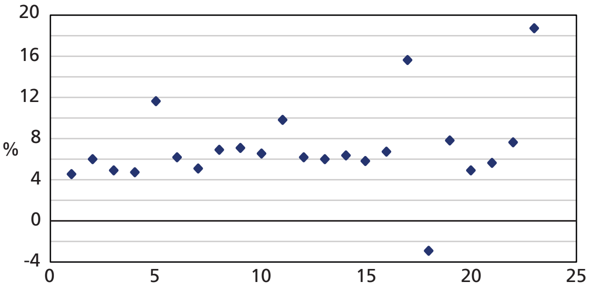
2020 Mean forecast: **-4.8%** (-7.4%)



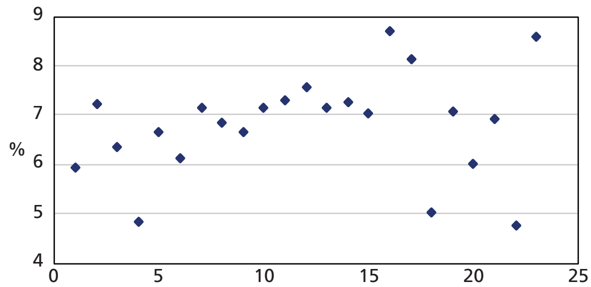
2021 Mean forecast: **1.5%** (3.3%)



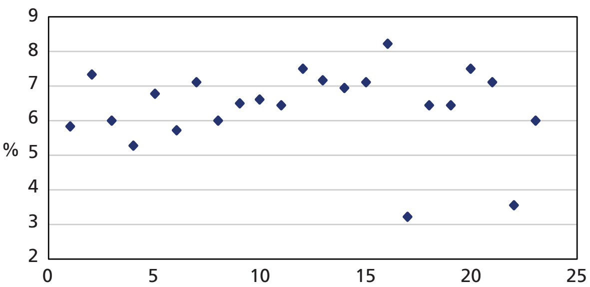
2022 Mean forecast: **7.1%** (7.2%)



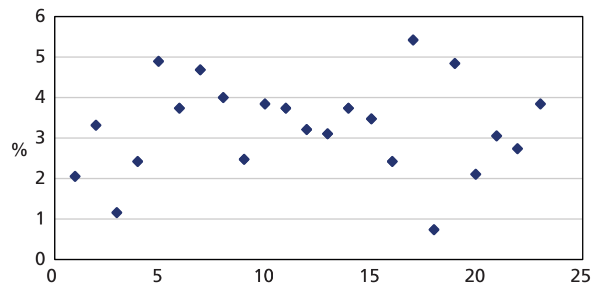
2023 Mean forecast: **6.8%** (7.0%)



2024 Mean forecast: **6.4%** (6.4%)



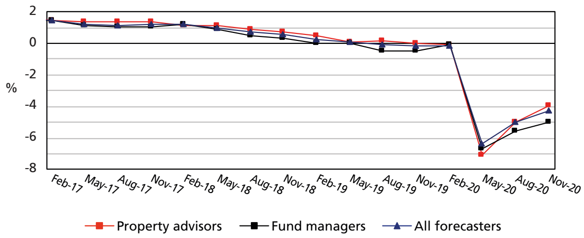
2020/2024 Mean forecast: **3.3%** (3.1%)



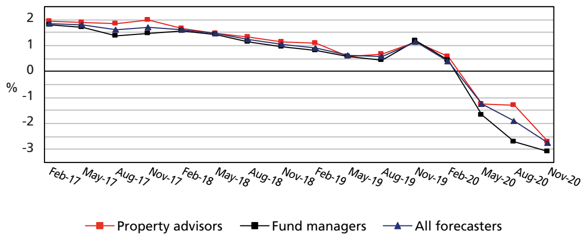
Evolution of the All Property Consensus

All Property rental value growth (% pa)

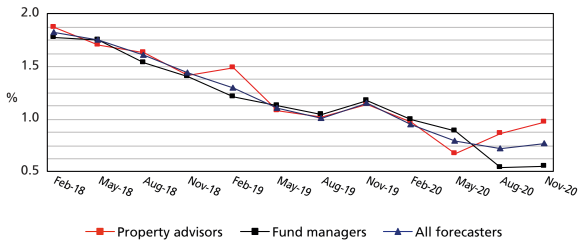
2020 Mean Forecast: **-4.2%** (-5.0%)



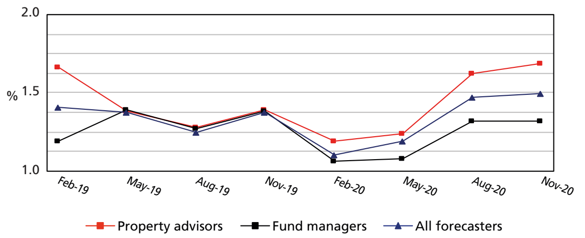
2021 Mean Forecast: **-2.8%** (-1.9%)



2022 Mean Forecast: **0.8%** (0.7%)

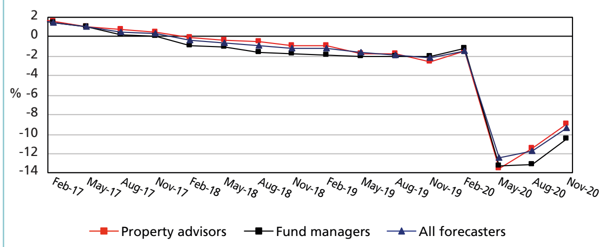


2023 Mean Forecast: **1.5%** (1.5%)

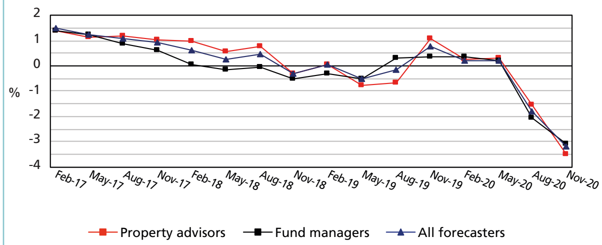


All Property capital value growth (% pa)

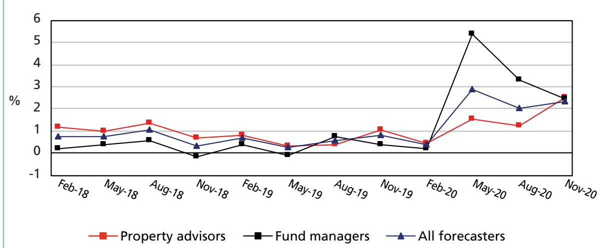
2020 Mean Forecast: **-9.3%** (-11.7%)



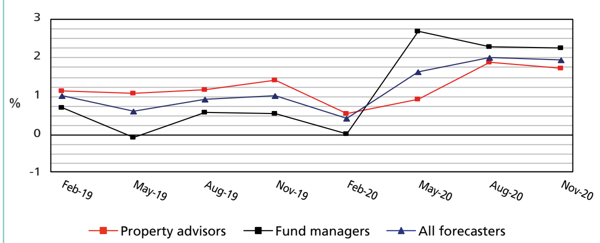
2021 Mean Forecast: **-3.2%** (-1.8%)



2022 Mean Forecast: **2.3%** (2.0%)



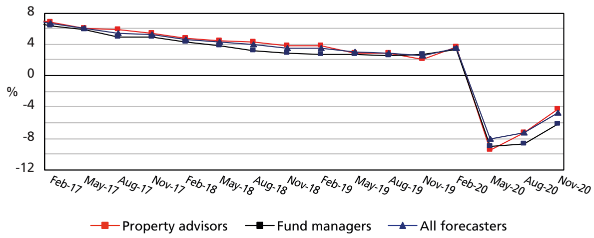
2023 Mean Forecast: **1.9%** (2.0%)



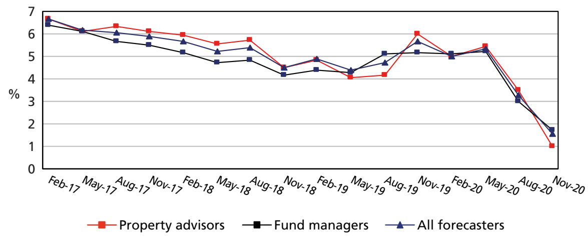
Evolution of the consensus (2)

All Property total returns (% pa)

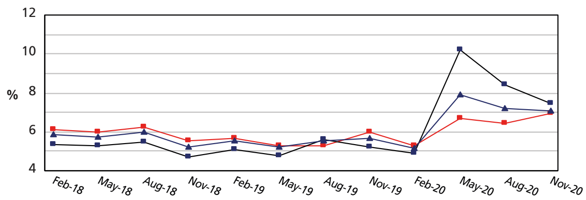
2020 Mean Forecast: **-4.8%** (-7.4%)



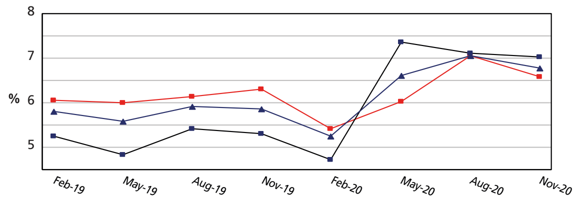
2021 Mean Forecast: **1.5%** (3.3%)



2022 Mean Forecast: **7.1%** (7.2%)



2023 Mean Forecast: **6.8%** (7.0%)



All Property Survey Results by Contributor Type

(Forecasts in brackets are August 2020 comparisons)

Property Advisors and Research Consultancies

11 (12)	Rental value growth (%)						Capital value growth (%)						Total return (%)					
contributors	2020		2021		2020/24		2020		2021		2020/24		2020		2021		2020/24	
Maximum	-2.9	(-3.1)	0.4	(2.1)	0.5	(0.3)	-6.8	(-8.9)	0.5	(3.5)	-0.2	(-0.7)	0.6	(-5.2)	4.9	(9.1)	4.9	(4.5)
Minimum	-5.1	(-11.0)	-8.0	(-3.4)	-1.3	(-1.4)	-11.0	(-16.0)	-10.8	(-5.3)	-3.2	(-2.8)	-7.1	(-12.0)	-6.0	(-0.0)	0.8	(1.9)
Range	2.1	(7.9)	8.4	(5.5)	1.7	(1.7)	4.2	(7.1)	11.3	(8.8)	3.0	(2.0)	7.7	(6.8)	11.0	(9.2)	4.1	(2.6)
Median	-4.0	(-4.0)	-2.6	(-2.3)	-0.6	(-0.6)	-9.1	(-11.3)	-3.3	(-2.2)	-1.4	(-2.0)	-4.8	(-6.8)	1.5	(2.9)	3.3	(3.0)
Mean	**-4.0**	**(-5.0)**	**-2.7**	**(-1.3)**	**-0.5**	**(-0.5)**	**-8.9**	**(-11.4)**	**-3.5**	**(-1.6)**	**-1.5**	**(-1.8)**	**-4.3**	**(-7.2)**	**1.0**	**(3.5)**	**3.2**	**(3.1)**

Fund Managers

10 (10)	Rental value growth (%)						Capital value growth (%)						Total return (%)					
contributors	2020		2021		2020/24		2020		2021		2020/24		2020		2021		2020/24	
Maximum	-2.9	(-3.3)	0.2	(0.5)	0.3	(2.6)	-6.7	(-9.3)	2.9	(3.0)	1.3	(1.7)	-2.6	(-4.7)	7.5	(7.6)	5.4	(5.9)
Minimum	-10.0	(-10.0)	-7.5	(-7.5)	-2.6	(-1.4)	-15.0	(-15.0)	-8.6	(-5.8)	-4.3	(-3.9)	-10.0	(-10.7)	-3.2	(-0.3)	1.2	(1.7)
Range	7.1	(6.7)	7.7	(8.0)	2.9	(4.0)	8.3	(5.7)	11.5	(8.9)	5.6	(5.6)	7.4	(6.0)	10.7	(7.9)	4.3	(4.2)
Median	-4.4	(-5.2)	-3.1	(-2.5)	-0.9	(-0.9)	-10.0	(-14.3)	-3.2	(-2.3)	-1.7	(-2.2)	-5.8	(-9.4)	1.7	(2.5)	2.9	(2.8)
Mean	**-5.0**	**(-5.6)**	**-3.1**	**(-2.7)**	**-1.0**	**(-0.5)**	**-10.4**	**(-13.2)**	**-3.1**	**(-2.0)**	**-1.6**	**(-1.8)**	**-6.1**	**(-8.8)**	**1.7**	**(3.0)**	**3.1**	**(3.0)**

All Property forecasters

23 (24)	Rental value growth (%)						Capital value growth (%)						Total return (%)					
contributors	2020		2021		2020/24		2020		2021		2020/24		2020		2021		2020/24	
Maximum	-2.0	(-1.8)	0.4	(2.1)	0.5	(2.6)	-4.0	(-4.0)	2.9	(3.5)	1.3	(1.7)	1.1	(1.2)	7.5	(9.1)	5.4	(5.9)
Minimum	-10.0	(-11.0)	-8.0	(-7.5)	-2.6	(-1.4)	-15.0	(-16.0)	-10.8	(-5.8)	-4.3	(-3.9)	-10.0	(-12.0)	-6.0	(-0.3)	0.8	(1.7)
Range	8.0	(9.2)	8.4	(9.6)	3.1	(4.0)	11.0	(12.0)	13.7	(9.4)	5.6	(5.6)	11.1	(13.2)	13.5	(9.4)	4.7	(4.2)
Std. Dev.	1.5	(2.1)	2.1	(1.9)	0.7	(0.8)	2.1	(2.7)	3.2	(2.4)	1.1	(1.1)	2.5	(2.8)	3.4	(2.4)	1.1	(1.0)
Median	-4.1	(-4.8)	-2.6	(-2.2)	-0.6	(-0.6)	-9.1	(-11.8)	-2.6	(-2.0)	-1.5	(-2.0)	-5.0	(-7.7)	2.5	(2.9)	3.3	(3.0)
Mean	**-4.2**	**(-5.0)**	**-2.8**	**(-1.9)**	**-0.7**	**(-0.5)**	**-9.3**	**(-11.7)**	**-3.2**	**(-1.8)**	**-1.5**	**(-1.8)**	**-4.8**	**(-7.4)**	**1.5**	**(3.3)**	**3.3**	**(3.2)**

Notes:

1. 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.
2. To qualify, forecasts must be generated within 12 weeks of the survey date (11 November 2020).
3. Maximum: The strongest growth or return forecast in the survey under each heading.
4. Minimum: The weakest growth or return forecast in the survey under each heading.
5. Range: The difference between the maximum and minimum figures in the survey.
6. 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.
7. Mean: The arithmetic mean of all forecasts in the survey under each heading. All views carry equal weight.
8. Standard deviation: A statistical measure of the spread of forecasts around the mean. Calculated at the 'All forecaster' level only.
9. The sector figures are not analysed by contributor type; all figures are shown at the 'All forecaster' level.
10. 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 (20 for full central London office forecasts).

Survey Results by Sector

Office

22 forecasts	Rental value growth (%)				Capital value growth (%)				Total return (%)			
	2020	2021	2022	2020/24	2020	2021	2022	2020/24	2020	2021	2022	2020/24
Maximum	0.2	2.6	7.0	1.8	-3.2	8.0	18.2	4.5	0.3	12.0	24.4	8.2
Minimum	-5.2	-11.1	0.0	-1.4	-10.2	-14.8	-1.8	-4.5	-6.7	-10.5	3.1	0.4
Range	5.4	13.8	7.0	3.2	7.0	22.8	20.0	9.0	7.0	22.5	21.3	7.8
Median	-1.2	-2.2	1.8	0.7	-5.1	-2.6	2.1	0.1	-1.4	1.5	6.3	4.1
Mean	**-2.2**	**-2.5**	**1.9**	**0.4**	**-5.8**	**-3.0**	**3.8**	**-0.1**	**-1.9**	**1.2**	**8.3**	**4.1**

Industrial

22 forecasts	Rental value growth (%)				Capital value growth (%)				Total return (%)			
	2020	2021	2022	2020/24	2020	2021	2022	2020/24	2020	2021	2022	2020/24
Maximum	2.8	3.4	3.9	2.6	3.5	10.3	18.2	7.1	7.8	14.6	21.9	10.9
Minimum	-1.5	-2.3	0.5	0.4	-5.2	-6.1	-1.2	-1.4	-1.2	-1.6	3.7	3.5
Range	4.3	5.7	3.5	2.2	8.7	16.4	19.3	8.4	9.0	16.2	18.3	7.4
Median	1.2	1.3	2.2	1.8	-0.5	0.9	2.8	1.8	4.0	5.5	7.3	6.3
Mean	**1.2**	**1.0**	**2.2**	**1.8**	**-0.5**	**1.3**	**4.3**	**2.0**	**3.7**	**5.8**	**8.8**	**6.4**

Standard Retail

22 forecasts	Rental value growth (%)				Capital value growth (%)				Total return (%)			
	2020	2021	2022	2020/24	2020	2021	2022	2020/24	2020	2021	2022	2020/24
Maximum	-6.9	-0.4	5.5	-1.6	-11.0	-3.3	8.7	-1.9	-7.0	1.7	14.5	2.6
Minimum	-13.8	-12.1	-4.9	-6.8	-25.2	-17.2	-6.7	-9.1	-21.4	-12.8	-1.0	-3.9
Range	6.9	11.7	10.4	5.2	14.2	13.9	15.4	7.2	14.4	14.5	15.5	6.5
Median	-10.0	-6.7	-1.9	-4.0	-19.1	-6.8	-0.4	-5.8	-14.4	-1.9	4.7	-0.5
Mean	**-10.1**	**-6.8**	**-1.7**	**-3.9**	**-18.3**	**-8.5**	**-0.3**	**-5.5**	**-14.4**	**-3.8**	**5.0**	**-0.7**

Shopping Centre

22 forecasts	Rental value growth (%)				Capital value growth (%)				Total return (%)			
	2020	2021	2022	2020/24	2020	2021	2022	2020/24	2020	2021	2022	2020/24
Maximum	-9.3	-2.4	0.9	-4.5	-20.0	-3.7	6.0	-6.5	-12.0	3.7	16.1	1.3
Minimum	-25.0	-14.2	-6.1	-8.9	-38.1	-18.9	-10.6	-13.2	-32.5	-13.5	-4.0	-7.4
Range	15.7	11.8	7.0	4.4	18.1	15.2	16.6	6.7	20.5	17.2	20.0	8.7
Median	-13.3	-8.4	-2.6	-5.2	-27.7	-10.5	-2.8	-9.2	-23.3	-4.6	3.5	-3.2
Mean	**-14.4**	**-8.4**	**-3.0**	**-5.8**	**-28.2**	**-10.5**	**-2.7**	**-9.5**	**-23.5**	**-4.2**	**4.5**	**-3.1**

Retail Warehouse

22 forecasts	Rental value growth (%)				Capital value growth (%)				Total return (%)			
	2020	2021	2022	2020/24	2020	2021	2022	2020/24	2020	2021	2022	2020/24
Maximum	-4.7	1.0	1.0	-1.6	-15.9	-1.4	7.1	-3.1	-10.7	5.1	16.7	3.9
Minimum	-15.0	-12.0	-3.1	-4.6	-26.5	-13.7	-5.0	-8.2	-20.8	-7.7	1.9	-0.5
Range	10.3	13.0	4.1	3.0	10.6	12.4	12.1	5.1	10.1	12.9	14.8	4.4
Median	-8.3	-5.0	-1.4	-3.0	-18.3	-6.0	-0.3	-5.1	-12.7	0.4	7.0	1.4
Mean	**-8.6**	**-5.4**	**-1.3**	**-3.1**	**-19.5**	**-6.4**	**0.3**	**-5.4**	**-14.1**	**0.5**	**7.7**	**1.4**

All Property

22 forecasts	Rental value growth (%)				Capital value growth (%)				Total return (%)			
	2020	2021	2022	2020/24	2020	2021	2022	2020/24	2020	2021	2022	2020/24
Maximum	-2.0	0.4	3.5	0.5	-4.0	2.9	12.7	1.3	1.1	7.5	18.7	5.4
Minimum	-10.0	-8.0	-0.4	-2.6	-15.0	-10.8	-0.8	-4.3	-10.0	-6.0	-2.8	0.8
Range	8.0	8.4	3.9	3.1	11.0	13.7	13.5	5.6	11.1	13.5	21.5	4.7
Std. Dev.	1.5	2.2	0.8	0.7	2.1	3.2	3.4	1.1	2.5	3.4	4.0	1.1
Median	-4.1	-2.6	0.6	-0.6	-9.1	-2.6	1.3	-1.5	-5.0	2.5	6.3	3.3
Mean	**-4.2**	**-2.8**	**0.8**	**-0.7**	**-9.3**	**-3.2**	**2.3**	**-1.5**	**-4.8**	**1.5**	**7.1**	**3.3**

Notes
One contributor provided an All Property only set of forecasts over all periods.

Sector Summary: Means

Sector summary: Means

(no. forecasts)	Rental value growth (%)				Capital value growth (%)				Total return (%)			
	2020	2021	2022	2020/24	2020	2021	2022	2020/24	2020	2021	2022	2020/24
Office (22)	-2.2	-2.5	1.9	0.4	-5.8	-3.0	3.8	-0.1	-1.9	1.2	8.3	4.1
Industrial (22)	1.2	1.0	2.2	1.8	-0.5	1.3	4.3	2.0	3.7	5.8	8.8	6.4
Standard Retail (22)	-10.1	-6.8	-1.7	-3.9	-18.3	-8.5	-0.3	-5.5	-14.4	-3.8	5.0	-0.7
Shopping Centre (22)	-14.4	-8.4	-3.0	-5.8	-28.2	-10.5	-2.7	-9.5	-23.5	-4.2	4.5	-3.1
Retail Warehouse (22)	-8.6	-5.4	-1.3	-3.1	-19.5	-6.4	0.3	-5.4	-14.1	0.5	7.7	1.4
All Property (23)	**-4.2**	**-2.8**	**0.8**	**-0.7**	**-9.3**	**-3.2**	**2.3**	**-1.5**	**-4.8**	**1.5**	**7.1**	**3.3**

West End office

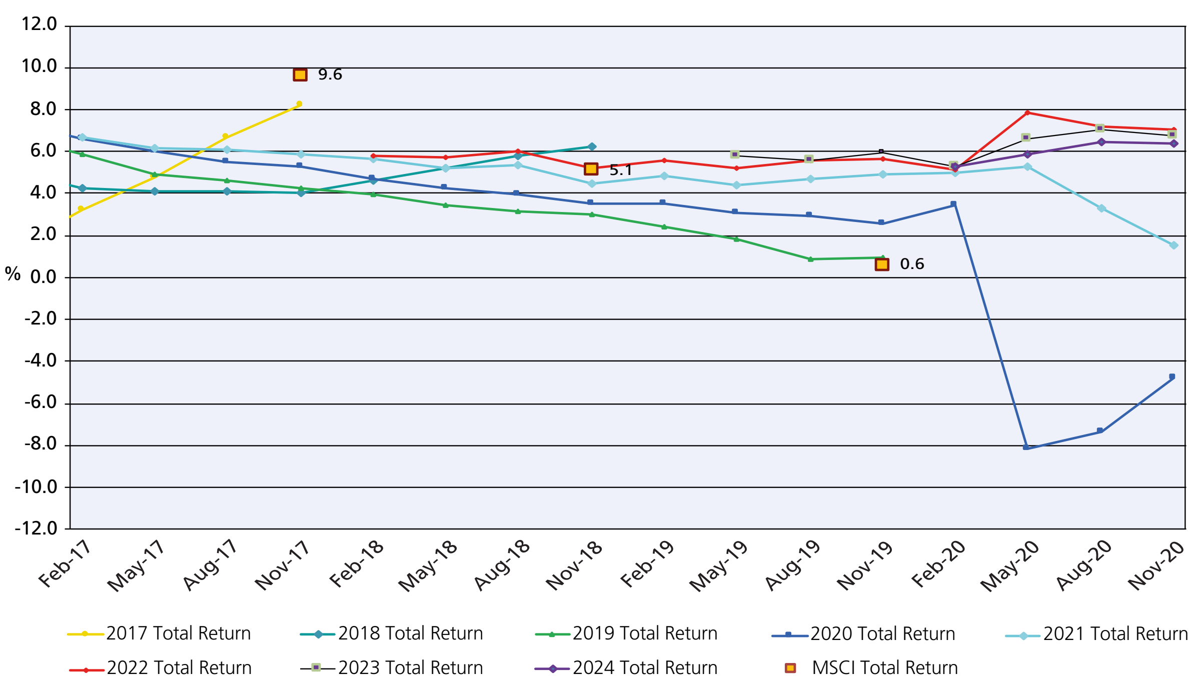
20 forecasts†	Rental value growth* (%)				Capital value growth (%)				Total return (%)			
	2020	2021	2022	2020/24	2020	2021	2022	2020/24	2020	2021	2022	2020/24
Maximum	-1.0	2.9	11.4	2.4	5.2	9.0	31.1	5.2	8.3	12.2	36.4	8.0
Minimum	-10.0	-18.1	-0.5	-2.4	-10.2	-21.1	-1.4	-5.0	-7.5	-17.9	2.0	-1.2
Range	9.0	21.0	11.9	4.8	15.4	30.2	32.5	10.2	15.7	30.1	34.4	9.2
Median	-3.3	-1.7	2.2	0.8	-5.5	-1.9	3.6	0.5	-2.5	1.3	7.1	3.9
Mean	**-3.7**	**-2.5**	**2.6**	**0.6**	**-5.6**	**-3.0**	**5.5**	**0.6**	**-2.5**	**0.3**	**9.1**	**3.9**

City office

20 forecasts†	Rental value growth (%)				Capital value growth (%)				Total return (%)			
	2020	2021	2022	2020/24	2020	2021	2022	2020/24	2020	2021	2022	2020/24
Maximum	0.0	2.4	8.3	2.6	-1.4	9.3	18.9	4.6	3.5	13.0	24.5	8.0
Minimum	-8.0	-12.0	0.0	-2.4	-10.1	-18.0	-2.0	-5.0	-6.3	-12.9	2.8	-0.2
Range	8.0	14.4	8.3	5.0	8.7	27.3	20.9	9.6	9.8	25.9	21.7	8.1
Median	-1.0	-2.0	2.0	0.9	-5.1	-2.3	2.8	0.5	-1.2	1.7	6.7	4.4
Mean	**-2.8**	**-2.6**	**2.6**	**0.7**	**-5.2**	**-3.0**	**4.7**	**0.3**	**-1.4**	**1.1**	**8.8**	**4.4**

† One further contributor provided rental growth forecasts for the two London office markets.

Consensus Forecast All Property Total Return Forecasts versus MSCI (IPD) Annual Outturns



Acknowledgements

The Investment Property Forum (IPF) thanks all those organisations that contributed to the **IPF Autumn 2020** UK Consensus Forecasts, including:

Aberdeen Standard Investments, Avison Young, Aviva Investors, BMO Real Estate Partners, BNP Paribas Real Estate, Capital Economics, Carter Jonas, CBRE, Colliers International, DWS, Fletcher King, JLL, Keills, Knight Frank, Knight Frank Investment Management, Legal & General Investment Management, Nuveen Real Estate, Real Estate Forecasting Limited, Real Estate Strategies, Savills Investment Management and UBS Asset Management.

Note

Consensus forecasts further the objective of the IPF to enhance the efficiency of the real estate investment market. The IPF is extremely grateful for the continuing support of contributors, some of whom are noted above. This publication is only possible thanks to the provision of these individual forecasts.

If your organisation wishes to contribute to future surveys, please contact the IPF Research Director at pcraddock@ipf.org.uk.

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