FORUM*view*

MAGAZINE OF THE INVESTMENT PROPERTY FORUM – ISSUE No9 – DECEMBER 2002

CHAIRMAN'S VIEW

I believe that I took on the role of Chairman at a very exciting time for the IPF. The appointment of a Chairman drawn from the legal profession may be regarded by some as eccentric, but it can at least be cited as an act recognising diversity. This goes also for the appointment of Ian Marcus as Deputy Chairman, a banker.

In both the winters of 2001 and 2002, at the IPF/IPD conferences, we debated the notion whether the property industry should make a greater attempt to speak with a single voice. Wouldn't we be more effective advocates on the big campaigning issues - stamp duty, tax transparent vehicles, etc. if we had a single champion for UK real estate? However this debate gets resolved, be sure of one thing: the IPF, and you the members, will play a big and continuing part in the thought leadership of the industry. We are not the advocates for any particular position or any particular constituency. We are, instead, the thinkers, the educators, the researchers, the professionals, and (dare we hope) the intellectuals.

Every year, our membership grows and so does our influence. We plan to expand our membership and services not only in the South, but also in the Midlands and Scotland. This year we have also launched a new regional branch in the North West. In addition, there is also a drive to bring in bright young members.

What I believe is special about us is that we are an organisation made up of individual members not of corporates selling a particular product or service. Our membership is diverse, and so therefore is the composition of all our working groups.

I want to reflect here a little on some of the work that has been undertaken during my first six months as Chairman. Overall, we want to send out the message that the IPF is the place where people can go for reliable and objective opinions and a major ambition of the Forum is to build on our research programme. In so doing, we are taking stock of all our past research. In some cases, it is very likely we will get a group together to update some of our projects. For example, one past project was "Streamlining Commercial Property/Readiness for Sale." Since the report was published, there have been significant changes which we need to consider, especially the development of electronic platforms for exchanging information.

Of our new projects, Paul McNamara, Chair of our risk working group and director and head of research at Prudential Property Investment Managers, has outsourced a research project which aims to provide members with a practical tool kit for understanding and controlling portfolio risk. The results of this research was launched at this year's IPD/IPF Annual Conference.

Another example of a new research project which the IPF is supporting is the work being done with a group of project partners under the leadership of Kingston University. This is designed to encourage social responsibility as a significant criterion within property decision making.

In moving forward with our research programme, we'd like very much to appoint a director of research next year. However, for an organisation like the IPF with limited resources, we need to work hard to fund such initiatives. We get much support from the Educational Trust, but also need the support of the industry to achieve our aims.

I've mentioned our aspirations for research but I would also like to highlight the continuing success of Advanced Educational Programme which reaches its fourth anniversary in 2003. Over 250 people have now participated in one or more modules and soon we will be awarding the 50th IPF Diploma. This flexible postgraduate qualification course is becoming widely recognised within the industry .

We are continuing to look at the IPF's vision for the future, and considerable work that has been undertaken by the Vision Group, chaired by David Hutton of Lend Lease, in conjunction with Amanda Keane, Executive Director. At a recent Focus Group of members, the issues being debated by the Vision Group were reviewed. The group was highly supportive of the outputs of the Forum but the main concern aired was the need to improve the understanding of property as an investment amongst its many audiences. To many outsiders, the property industry remains too insular, too inward looking, pre-occupied with its own concerns and peculiar practices and with a language all of its own. We all know that stopped being true some years ago, and we are now an industry which energetically seeks to use the tools, speak the same language, and match the transparency of competing asset classes. The Forum is working hard to educate those outside the industry about this change.

One of the excellent initiatives of last year's Chairman was to guide the board to strike the right balance between inward and outward focus. While building bridges with other organisations, and helping to facilitate the debate about "a single voice for property", we continue to run joint events to help educate and inform and in December we ran a highly successful event with the Institute of Actuaries, with plans for other joint events next year, the first of which is an event with the UK Society of Investment Professionals in February 2003.

I hope that you continue to support the work of the IPF. As members, your contribution is the lifeblood of the organisation. I look forward to seeing you at one of our future events and if you have not already booked a ticket at the Annual Lunch in January, I would commend you to do so.

Steven Fogel
IPF Chairman

The IPF Executive office has now relocated from Westminster to Chelsea. Our new address is:

3 Cadogan Gate
London
SW1X 0AS

All our other contact details such as fax, phone and email addresses remain the same.

INVESTMENT PROPERTY FORUM

Property Portfolio Allocati

Mark Cooper, consultant journalist

Property is expected to produce a total return of 10% this year, according to the Investment Property Databank.

If the IPD's prediction is correct then property will be the best performing asset class this year.

And this has been the case for some time. IPD figures show property has been the best-performing asset class over one, three, five and 10 years. Why then, is it still the poor relation when it comes to asset allocation, with an average weighting of little over 5% in institutional portfolios?

And while institutional weightings have increased slightly over the past couple of years *(see chart)* this has largely been due to the fall in equity markets.

Confronted by these questions, property professionals tend to mutter darkly about the "cult of the equity" while re-iterating "the case for property" – an argument based entirely on the past ten years' IPD figures.

The recent IPF lecture, Property Portfolio Allocation: From the Big to the Small, attempted to look more deeply at where and how property figures in an institution's investment portfolio.

Speaking were Simon Cooke, of Deutsche Property Asset Management, Adam Seitchik of Deutsche Asset Management and Andrew Tunningley, of actuaries Hewitt, Bacon & Woodrow.

Firstly, it is worth pointing out that over the long term (20 years plus) historically, property has underperformed equities, often substantially. For example, in the 20 years to the end of September equities produced a total return of 18.2% pa, outstripping direct property's 13.6% (according to the Insignia Richard Ellis Monthly Index).

Furthermore, having property in an institutional portfolio causes problems. It is management intensive: the 80:20 rule of thumb suggests a weighting of 20% in property would require 80% of an institution's staff to manage it.

And finally, the high (and getting higher) transaction costs in property, as well as its illiquidity make it less attractive than easily and cheaply traded bonds and shares.

All three speakers stressed the importance of looking at what a pension fund wants from all its assets.

A pension fund's aim is to cover its liabilities and minimise risk. As a consequence, bonds are the starting point for every portfolio. "Trustees love bonds," says Andrew Tunningly. "They are the closest thing you can get to a risk-free asset."

And over the past 20 years, bonds have been the star asset class, says Adam Seitchik. Deutsche Asset Management real return figures show bonds producing a real (inflation-adjusted) return of 7.9% from 1980-2001.

He says: "Why should anyone invest in property when you can get an 8% real return from bonds – a virtually risk free, liquid asset? And despite the bull equity markets that prevailed over that period, bonds outperformed the long term average more than any other asset."

Looking at the situation in these terms, it is easy to see why institutional weightings in property have fallen from over 20% at the beginning of the 1980s to their present level *(see chart)*.

So why should institutions invest in property? "For one thing," says Tunningly, "the cult of the equity has been severely shaken. Property can take advantage of this."

He suggests that property makes most sense as a diversifier in institutional portfolios. It has characteristics of both bonds and equities but has little linkage with movements in the bond and equity markets.

"Property also provides a strong link with the UK economy," he says. "Much more so than equities: 60% of FTSE 100 earnings are in dollars."

Seitchik argues that, in the longer term, real returns are going to be "low but not disastrous". Deutsche Bank is predicting 7.5% pa real returns from equities and 2.5% from bonds.

So he argues "in an environment of low real returns, property looks a lot more interesting".

Tunningley had an interesting suggestion for property fund managers: don't worry about benchmarking against the IPD index. "What property needs to do is beat real bond returns by 3% to account for the added risk," he said.

"What more do you need to do? Why take on extra risk to beat a benchmark that's not allied with the needs of a pension fund?"

A recent IPF/Estates Gazette Investment Intentions survey, however, showed more than two-thirds of the property people polled felt IPD was the right benchmark for portfolio performance.

Nonetheless, a significant minority (who attended the lecture) felt benchmarking real returns against gilts may be a viable alternative.

And property remains far less risky than shares. While

on from the Big to the Small

to Forum View, reviews recent lecture

the new lease code remains a threat to the traditional upward-only rent review, base rents are still secured and tenant defaults (the real risk to returns) have been rare, even in the recent rocky economic climate.

So property is useful as a diversifier – but it is still management intensive and illiquid.

Indirect vehicles offer a solution to both of these problems. In the absence of a UK REIT (although a ruling by the French senate to allow a similar structure in France has re-opened this debate) limited partnerships and unit trusts are the options available to investors.

Investing in indirect vehicles saves an institution from having to run a large and expensive direct property team or employ third party property fund managers. There are few such options at the moment. However, in the past month, intense lobbying from the Property Derivatives Users Association, backed by the IPF, has succeeded in persuading the FSA to allow simple property derivatives, based on IPD indices, to be included in the solvency ratio calculations of life companies.

This will allow a whole new range of liquid, property-linked products to be included in insurance companies portfolios. As a result, property could become a much more attractive option for insurance companies.

Until such products are developed only unit trusts provide real liquidity.

Pillar Property and Schroders plan to have a screen-based trading system for their Hercules Unit Trust up and running next year. Without the benefit of the system, £90m of units in HUT have been traded this year and it is hoped the system will eventually be used for all property unit trusts.

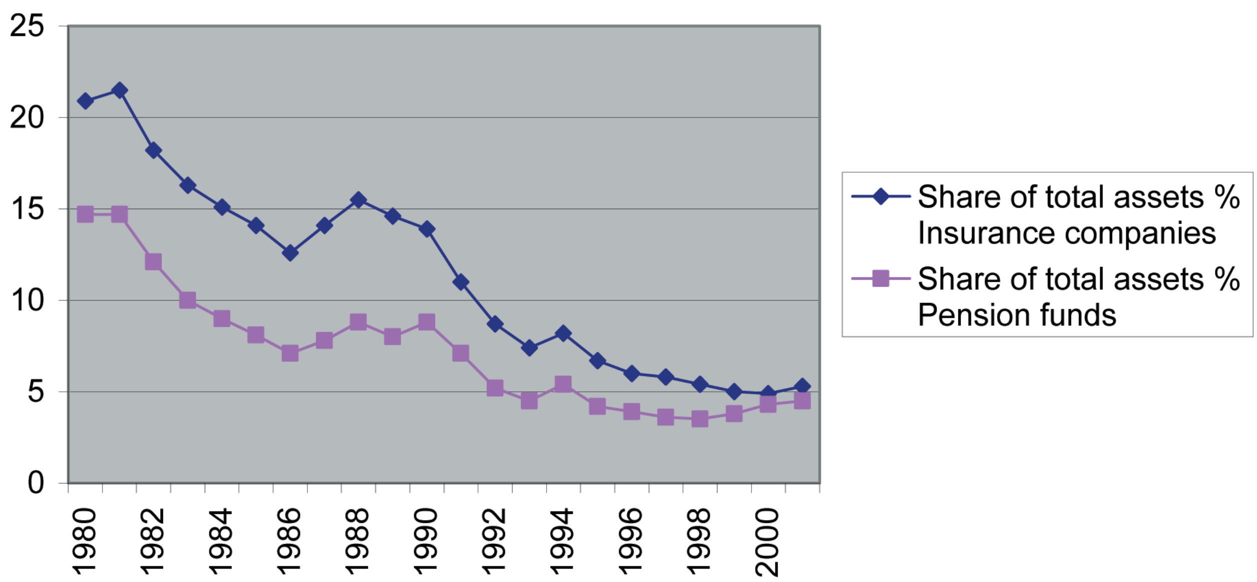
As far as direct property goes, the management cost issue remains, although many expect increased competition amongst third-party fund managers to whittle down costs.

And Tunningly suggested that trustees would just have to live with the illiquidity of property. "It is a long-term asset. And if funds are holding a lot of bonds then they can get liquidity there."

H,B&W can offer some hope for the property sector. Previously, the firm was reluctant to recommend a property allocation of more than 10%, but Tunningley said he felt property allocations from 5-15% were valid at the moment.

It just remains to be seen whether such arguments will prevail in the long term, or whether a recovery in equity markets pushes the arguments aside.

Institutional Property Weightings



education

Property Investment – don't

Maggie

Property investment is experiencing a renaissance. Recent falls in stock markets coupled with the increasing popularity of Self-Invested Personal Pensions (SIPPs) have increased demand for property as an alternative asset class. Property funds are the ideal means of achieving an indirect, pooled exposure to the property market.

While direct property investment remains outside the remit of the UK regulatory system, under the Financial Services & Markets Act 2000 (FSMA), managers and promoters of property funds are likely to fall within the scope of the Act. This will require authorisation.

Managers and promoters will also be required to comply with the FSA's Market Abuse and Money Laundering regimes where appropriate even when undertaking non-authorisable activities.

Background to the Financial Services & Markets Act 2000

From 1 December 2001, the FSMA replaced the Financial Services Act 1986. In the process, the entire UK financial services industry came under the regulation of the FSA. While the definition of designated investment business (ie regulated activities) and designated investments remain largely unchanged, the FSA has been granted widespread powers both to investigate firms and individuals and, where necessary, take action to prevent financial crime and/or protect consumers.

Powers of the FSA

For the first time the FSA has a number of clear objectives:

- Maintain market confidence
- Promote public understanding
- Enhance consumer protection
- Reduce financial crime

The FSA also has eleven key principles that it expects regulated firms to follow. These include acting with integrity, acting with due skill, care and diligence, maintaining effective management and control systems, financial prudence, adhering to acceptable codes of conduct and dealing with customers and regulators in a proper manner.

Under the FSMA it is a criminal offence for an individual or a firm to conduct investment business without FSA authorisation. The means of promoting investments and investment products to the general public is regulated, as are the investment products themselves in certain instances.

Where property firms engage in designated investment business, such as promoting an investment (as defined by FSMA and including all forms of stocks and shares but excluding real property), or running a collective investment scheme (such as a property fund), the firm will require authorisation and FSA will take action against those who are inappropriately authorised or lacking authorisation.

FSA has a responsibility for the new market abuse regime (which is in addition to the insider dealing criminal regime). Under its constitution, the FSA has widespread powers, including compulsory investigation when investigating suspected cases of market abuse. In other words, it is a criminal offence to refuse to respond to or aid an FSA investigation into market abuse. FSA is also responsible for ensuring firms and individuals meet their obligations under the money laundering regime. It is in these areas particularly that property investment firms need to increase their vigilance and, if necessary, step up their systems and controls to ensure compliance, particularly as the new Proceeds of Crime Act 2002 which is shortly to come into force makes lack of training a defence to a person who fails to report suspicious activity, but is silent on the penalties for the firm which fails to train them effectively.

Money Laundering regime

From 1 December 2001 (N2), the FSA became responsible for enforcing the money laundering regime in the UK. It is a criminal offence to assist in money laundering, fail to report suspicions of money laundering and to tip off a suspected money launderer. Successful prosecution may result in a fine and/or a prison sentence.

When a firm accepts or hands over money during a property transaction, even though the property is itself outside the scope of FSMA, the firm must conduct the appropriate money laundering checks. This requires a firm to ensure the proceeds are neither derived from an illegal activity nor will be used for such an activity (in the case of a property disposal).

It is not sufficient to assume that the lawyers will deal with that aspect of the regulations.

Market Abuse regime

Although dealing in property tends to fall outside the scope of the Criminal Justice Act 1993 (the main insider dealing legislation), it may fall within the scope of the FSA's market abuse regime. As with money laundering, the FSA administers the market abuse regime as part of its responsibility to maintain market confidence and prevent financial crime.

Market Abuse is a wider concept than insider dealing but the aim is similar; i.e.: to ensure fair markets and uphold proper standards of market conduct. The FSA has drafted the Code of Market Conduct as a guide to best practice and can enforce this through its principle of proper standards of market conduct.

Under the insider dealing legislation, it is a criminal offence to use information that is not in the public domain to make a profit or avoid a loss when dealing in securities. Under the market abuse regime, it is an offence to misuse any "relevant" information, or to create a false or misleading impression in order to affect the price of securities that are traded on specified markets, such as the London Stock Exchange, LIFFE, and Coredeal etc. or to manipulate the price on such markets. The Code is drafted so that it effectively covers products traded on most european markets.

Although dealing in property does not give rise to market abuse, the shares of property companies are traded on the UK markets. Thus the FSA has the power to investigate claims of market abuse where the action of an individual has affected the market in a relevant security, perhaps by their activities in the property market.

Individual responsibility (Approved Persons regime)

Under the FSA's regulatory regime, individuals now assume a greater personal responsibility. Under the Approved Persons Regime, it is the responsibility

get caught under the FSA net

Stoker reports

of an individual who performs specified functions within the firm to demonstrate he is competent to perform his tasks. Failure to do so, or breaches of the required standards of behaviour may result in fines or a removal of the person's authority to perform their duties.

Furthermore, senior individuals, performing tasks known as Controlled Functions, are deemed responsible for both their own actions and those of the people who report to them. They are under close scrutiny by the FSA, who will deem them personally accountable for failures by the firm.

In certain cases investment firms appoint third parties to carry out a range of activities on their behalf, such as valuations, producing client reports, settlement and custody, etc. Failures by the third party to perform their duties properly will remain partly the responsibility of the firm, which is supposed to ensure the third party is capable of performing the required function to an adequate standard.

How does this affect property firms?

- **Sale of freehold or leasehold interest**

  This remains largely outside the scope of the Act.

- **Selling shares in a management company**

  This has made recent headlines as a number of high-profile individuals have sought to avoid paying Stamp Duty by purchasing a residence using a management company.

  When the owner sells a property with a share in the management company (eg a lease of a flat with an attached share in the management company or an industrial warehouse unit with a share in the company that owns and manages the common parts of the estate) the owner is exempt from the needs to be authorised because s/he is dealing as principal in relation to the sales.

  However, if the owner is selling several properties this disposal may well require authorisation as a regulated activity where it can be viewed as carrying on the business of selling shares. Thus, individuals on more modest incomes, such as individuals who convert a large property into several flats for personal gain or small-scale developers, may also be caught by the scope of FSMA if there is an "investment" as defined by FSMA involved.

- **Arrange deals/dealing as agent/ administering or advising on investments**

  These activities will primarily be relevant to property professionals (eg surveyors and lawyers) who advise on the merits a property, shares in the management company or insurance contracts.

  Where such activities form the mainstream of the firm's business, there is a clear requirement for the firm to seek FSA authorisation before engaging in these activities. If the provision of the activity is incidental to the provision of the firm's usual professional services, the firm may not require authorisation.

- **Selling a property by disposal of shares in a joint venture company**

  Carrying on the business of dealing in shares of property companies as an agent is a regulated activity and will require authorisation. In some cases, property is owned by a joint venture company, which may or may not be a Special Purpose Vehicle (SPV). In such cases, the requirement for authorisation remains the same certainly, where a share of less than 50% is concerned

- **Pooled investment vehicles**

  Property funds will generally constitute a Collective Investment Scheme (CIS) under FSMA.

  FSMA requires firms that set up, operate or unwind a collective investment scheme to be authorised.

  FSMA also requires firms that are engaged in the promotion of any investment schemes to be authorised or have the marketing material signed off by an authorised person, as they sometimes were under the pre-FSMA regime.

  Under the pre-FSMA regulatory system, firms were not required to comply with the financial promotion rules in certain circumstances, including where the prospective investor made a direct request to the firm for information and where sales were restricted to sophisticated (ie quasi-professional) investors. The FSMA has wider anti-avoidance provisions.

  FSMA requires firms that advise, manage, arrange deals in or deal in shares or units in a collective investment scheme to be authorised.

Conclusion

As it stands, there are large areas of property investment that remain outside the scope of the FSMA. In some instances, the situation remains unclear and will require legal analysis to ensure that FSMA requirements are not breached. This is likely to increase as FSA spreads its regulatory net further, for example, when it begins to regulate mortgages in the next year or so and it is likely that as regulations change in the future, more property transactions may well fall into the FSMA regime.

Disclaimer

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Maggie Stoker uses her investment experience to deliver tailored, in-house training courses to investment institutions.

Maggie is a Fellow of the UK Society of Investment Professionals (UKSIP), member of the US Association Investment Manage-ment & Research (AIMR) and the Securities Institute in the UK.

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forecasts

Survey of Independent Forecasts UK Property Investment

August 2002

**The Forum produces quarterly surveys of property investment market forecasts. The surveys c
approximately 30 companies including fund managers, property advisers and equity brokers. T
mercial property markets performance expectations. The full reports can be downloaded from**

Introduction

The global economic recovery looks less certain than it did a few months ago, but this survey suggests the prospects for property investors remain strongly positive.

Although a modest improvement in the financial services sector was reported in July, with business volumes back to the levels of pre-September 11, the recent falls in the equity markets have had a detrimental impact on business confidence. In the manufacturing sector, output continued to decline in the four months to July and expectations of recovery have been scaled back. Meanwhile, consumer spending appears to have stalled as confidence has been hit by concerns about the impact of financial market volatility and growing uncertainty over house prices.

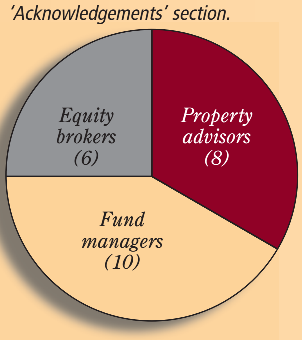
As equity markets have fallen, many multi-asset investors have seen their property weightings rise above permitted ranges. However, with property continuing to offer attractive relative returns, there has been no general move to sell. On the contrary, investors are more positive towards property than they have been for many years, with some funds actively looking to increase their exposure.

Yields are being driven down by the competition for stock between these equity players and leveraged investors, who continue to enjoy low interest rates and favourable debt terms. Return expectations recorded by this survey have risen strongly, despite the low rates of rental growth forecast for 2002.

Looking ahead, property is expected to continue to show strong relative returns, reflecting improvement in market fundamentals – the consensus rental growth forecast is 1.6% for next year – and the forecast for capital growth implies further improvement in yields. However, on cautionary note, the survey shows considerable forecast variation around the consensus.

Survey contributors

The current survey is based on the views of 24 contributors, polled during July 2002. Contributors include property advisors, fund managers and equity analysts specialising in the property sector. A list of contributors can be found under the 'Acknowledgements' section.



Key Points

- The global economic recovery looks less certain than it did a few months ago, but this survey suggests the prospects for property investors remain strongly positive.
- At 0.6%, average rental growth this year is expected to be weak, but yields are being driven down by the competition for stock and capital growth expectations have doubled to 2.2% from last time.
- The consensus total return forecast for 2002 has increased to 9.3%.
- Fund managers are the most bullish with some forecasting total returns this year well in excess of the IPD long-term all property average of 10.3%.
- While there is considerable variation around the consensus, there is no divergence of view that 2002 will mark the low point in the rental growth cycle. Equity brokers predict a fall of 0.5% this year, but property advisors and fund managers expect small rises.
- Looking further ahead, the consensus forecasts for both rental growth and total return in 2003 and 2004 have been revised slightly downwards.
- Nevertheless, property is expected to produce total returns of 9.3% and 9.9% in each of these years respectively.

Survey results *(forecasts in brackets are April 2002 comparisons)*

Property Advisors *(8 participants)*

	Rental value growth			Capital growth (%)			Total return (%)		
	2002	2003	2004	2002	2003	2004	2002	2003	2004
Maximum	2.6 (2.2)	3.1 (3.1)	3.5 (3.4)	4.1 (2.7)	3.3 (2.8)	3.9 (4.0)	10.7 (9.4)	10.0 (9.8)	11.0 (11.0)
Minimum	-1.0 (-1.0)	0.5 (0.0)	1.8 (2.0)	1.0 (-1.0)	0.0 (1.0)	2.0 (2.8)	8.0 (6.0)	7.4 (9.0)	9.5 (9.7)
Range	3.6 (3.2)	2.6 (3.1)	1.7 (1.4)	3.1 (3.7)	3.3 (1.8)	1.9 (1.2)	2.7 (3.4)	2.6 (0.8)	1.5 (1.3)
Median	0.5 (0.6)	1.9 (1.7)	2.0 (2.7)	2.2 (0.5)	2.0 (2.3)	2.8 (4.0)	9.1 (7.2)	9.2 (9.0)	10.0 (10.7)
Average	**0.6 (0.5)**	**1.8 (1.7)**	**2.5 (2.7)**	**2.3 (0.8)**	**1.9 (1.9)**	**2.9 (3.7)**	**9.2 (7.6)**	**9.0 (9.2)**	**10.1 (10.5)**

Fund Managers *(10 participants)*

	Rental value growth			Capital growth (%)			Total return (%)		
	2002	2003	2004	2002	2003	2004	2002	2003	2004
Maximum	1.5 (1.7)	3.3 (3.2)	3.6 (3.5)	5.6 (3.0)	5.0 (5.0)	3.8 (4.1)	14.4 (10.0)	13.8 (12.5)	11.3 (11.9)
Minimum	0.0 (-0.1)	-1.0 (1.3)	0.0 (2.1)	0.2 (-0.9)	0.0 (0.3)	0.0 (0.0)	7.9 (7.4)	7.4 (7.4)	6.8 (7.8)
Range	1.5 (1.8)	4.3 (1.9)	3.6 (1.4)	5.4 (3.9)	5.0 (4.7)	3.8 (4.1)	6.5 (2.6)	6.4 (5.1)	4.5 (4.1)
Median	0.5 (1.0)	1.5 (2.0)	2.2 (2.9)	2.4 (1.4)	1.8 (2.0)	1.9 (2.6)	9.6 (8.4)	8.9 (9.5)	9.0 (10.0)
Average	**0.5 (0.7)**	**1.4 (2.2)**	**2.2 (2.8)**	**2.5 (1.3)**	**2.2 (2.2)**	**1.8 (2.6)**	**10.0 (8.5)**	**9.7 (9.6)**	**9.2 (10.1)**

Equity Brokers *(6 participants)*

	Rental value growth			Capital growth (%)			Total return (%)		
	2002	2003	2004	2002	2003	2004	2002	2003	2004
Maximum	1.3 (1.3)	2.5 (2.5)	4.0 (4.0)	2.9 (2.7)	2.9 (4.0)	5.0 (5.0)	9.9 (9.0)	10.0 (11.0)	12.0 (12.0)
Minimum	-4.0 (-4.0)	0.0 (0.0)	2.0 (2.0)	-1.0 (-1.0)	1.0 (2.0)	0.0 (2.0)	6.0 (6.0)	9.0 (9.0)	9.7 (9.0)
Range	5.3 (5.3)	2.5 (2.5)	2.0 (2.0)	3.9 (3.7)	1.9 (2.0)	5.0 (3.0)	3.9 (3.0)	1.0 (2.0)	2.3 (2.0)
Median	0.0 (0.0)	2.0 (2.0)	2.8 (2.8)	2.0 (1.9)	2.0 (2.6)	3.5 (3.5)	8.9 (8.9)	9.2 (9.9)	10.6 (10.5)
Average	**-0.5 (-0.6)**	**1.4 (1.5)**	**2.9 (2.8)**	**1.6 (1.1)**	**2.1 (2.7)**	**3.2 (3.6)**	**8.5 (8.0)**	**9.4 (9.8)**	**10.8 (10.6)**

All Forecasters *(24 participants)*

	Rental value growth			Capital growth (%)			Total return (%)		
	2002	2003	2004	2002	2003	2004	2002	2003	2004
Maximum	2.6 (2.2)	3.3 (3.2)	4.0 (4.0)	5.0 (3.0)	5.0 (5.0)	5.0 (5.0)	14.4 (10.0)	13.8 (12.5)	12.0 (12.0)
Minimum	-4.0 (-4.0)	-1.0 (0.0)	0.0 (2.0)	-1.0 (-1.0)	0.0 (0.3)	0.0 (0.0)	6.0 (6.0)	7.4 (7.4)	6.8 (7.8)
Range	6.6 (6.2)	4.3 (3.2)	4.0 (2.0)	6.6 (4.0)	5.0 (4.7)	5.0 (5.0)	8.4 (4.0)	6.4 (5.1)	5.2 (4.2)
Std deviation	1.2 (1.3)	1.0 (0.9)	0.8 (0.6)	1.4 (1.3)	1.2 (1.0)	1.4 (1.2)	1.6 (1.1)	1.4 (1.0)	1.2 (1.2)
Median	0.4 (0.7)	1.6 (2.0)	2.4 (2.8)	2.1 (1.4)	2.0 (2.2)	2.6 (3.0)	9.0 (8.3)	9.0 (9.4)	10.0 (10.3)
Average	**0.3 (0.4)**	**1.6 (1.9)**	**2.5 (2.8)**	**2.2 (1.1)**	**2.1 (2.2)**	**2.5 (3.1)**	**9.3 (8.1)**	**9.3 (9.5)**	**9.9 (10.3)**

Notes

1. Figures are subject to rounding, and are forecasts of 'all property' Annual Index measures published by the Investment Property Databank. 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, all forecasts were produced no more than three months prior to the survey.
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. Average – 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 forecasters' level only.

Acknowledgements

The Investment Property Forum wishes to thank the following organisations for contributing to the survey:

Property advisors *(includes research consultancies):* Cluttons; Colliers Conrad Ritblat Erdman; GVA Grimley; Cushman & Wakefield Healey & Baker; Insignia Richard Ellis; Knight Frank; Monyagu Evans; Real Estate Forecasting Limited

Fund managers: Aberdeen Property Investors; Baring Houston & Saunders; Deutsche Asset Management; Henderson Global Investors; LaSalle Investment Management; Legal & General; Prudential Property Investment Managers; Savills Fund Management; Schroder Property Investment Management; Standard Life Investments

Equity brokers: Credit Lyonnais Laing; Deutsche Bank; HSBC; Merrill Lynch; UBS Warburg; Credit Suisse First Boston

INVESTMENT PROPERTY FORUM

Survey of Independent Forecasts UK Property Investment

November 2002

ys offer an insight into the range of forecasts of future property performance gathered from rs. The surveys, which were first produced in 1998, have become key indicators of the UK com- om the IPF website.

Introduction

The latest GDP figures suggest that the UK economy has recovered from the uncertainties of last year and growth is forecast to continue rising into next year. However, the level of investment by businesses in all sectors is well down, reflecting, at least in part, continuing concerns about the impact of falling equity markets, high levels of corporate debt and more subdued global economic prospects. In this context, it is understandable that occupational demand is generally weak.

In contrast, the UK property investment market continues to perform strongly. According to the IPD Monthly Index, the total return for the first three quarters of 2002 stands at 7.9%, which is already above the figure for the full year 2001. Sharp rises in capital values have been fuelled by fierce competition for suitable investment opportunities between property companies, institutional investors and debt-financed purchasers.

Paradoxically, capital values have risen, despite neutral or even negative short-term rental growth prospects. Indeed, this survey shows that average rental values are expected to be flat next year. However, this unusual situation is not evident across all sectors of the market. While it is currently most pronounced in the Central London office market, retail warehousing continues to enjoy relatively strong occupier demand and rising rents.

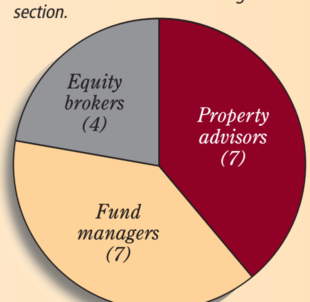
The growing perception that asset price rises are unlikely to continue at current rates has prompted some investors to sell and take profits in a still buoyant market. Also, the further falls in the equity markets have resulted in some institutions finding themselves overweight in property, and despite high levels of net investment earlier this year, there are signs that this situation may be reversed in the final quarter.

Downward revisions in the consensus forecasts for 2003 and 2004 suggest that contributors to this survey are taking a more cautious view. That said, all property total return forecasts of 7.6% and 9.4% respectively continue to look attractive.

Survey contributors

The current survey is based on the views of 18 contributors, polled during October 2002. Contributors include property advisors, fund managers and equity analysts specialising in the property sector.

A full list of these contributors can be found under the 'Acknowledgements' section.



Key Points

- The latest GDP figures suggest that the UK economy has recovered from the uncertainties of last year and growth is forecast to continue rising into next year.
- However, occupier demand is weak and recovery is not expected until next year. This situation is reflected in downward revisions in average rental growth forecasts for the period 2002-4.
- Although 2002 is expected to mark the bottom of the cycle, with average rents falling marginally, only slight improvement is forecast next year, and recovery is postponed until 2004.
- Paradoxically, expectations of capital value growth this year have risen further pushing the consensus total return forecast for 2002 to 9.4%. However, there is a divergence of views, with fund managers and property advisors expecting circa 10% and equity brokers more bearish at 7.4%.
- Looking further ahead, return forecasts for 2003 have been reduced sharply to reflect much weakened capital growth expectations. These revisions point to a consensus all property return of 7.6%.
- The consensus forecast for returns in 2004 has fallen for the third consecutive survey. Downward revisions by equity brokers and property advisers have out-weighed more positive numbers from the fund managers. Interestingly, the forecasts of all three contributor groups seem to be converging on the consensus of 9.4%.

Survey results *(forecasts in brackets are July 2002 comparisons)*

Property Advisors *(7 participants)*

	Rental value growth			Capital growth (%)			Total return (%)		
	2002	2003	2004	2002	2003	2004	2002	2003	2004
Maximum	1.0 *(2.6)*	1.4 *(3.1)*	3.3 *(3.5)*	4.1 *(4.1)*	3.2 *(3.3)*	3.0 *(4.0)*	10.6 *(10.7)*	9.6 *(10.0)*	10.0 *(11.0)*
Minimum	-1.0 *(-1.0)*	-0.7 *(0.5)*	1.0 *(1.8)*	2.5 *(1.0)*	-1.7 *(0.0)*	0.1 *(2.0)*	9.4 *(8.0)*	5.6 *(7.4)*	7.1 *(9.5)*
Range	2.0 *(3.6)*	2.1 *(2.6)*	2.3 *(1.7)*	1.6 *(3.1)*	4.9 *(3.3)*	2.9 *(1.9)*	1.2 *(2.7)*	4.0 *(2.6)*	2.9 *(1.5)*
Median	0.0 *(0.5)*	0.8 *(1.9)*	2.0 *(2.0)*	3.0 *(2.2)*	1.2 *(2.0)*	2.7 *(2.8)*	10.0 *(9.1)*	8.2 *(9.2)*	9.3 *(10.0)*
Average	**-0.1 *(0.6)***	**0.7 *(1.8)***	**2.1 *(2.5)***	**3.1 *(2.3)***	**0.9 *(1.9)***	**2.1 *(2.9)***	**10.0 *(9.2)***	**7.8 *(9.0)***	**9.1 *(10.1)***

Fund Managers *(7 participants)*

	Rental value growth			Capital growth (%)			Total return (%)		
	2002	2003	2004	2002	2003	2004	2002	2003	2004
Maximum	0.5 *(1.5)*	2.2 *(3.3)*	2.2 *(3.6)*	3.0 *(5.6)*	1.2 *(5.0)*	4.0 *(3.8)*	11.0 *(14.4)*	8.6 *(13.8)*	12.6 *(11.3)*
Minimum	0.0 *(0.0)*	-1.0 *(-1.0)*	0.0 *(0.0)*	2.1 *(0.2)*	-1.0 *(0.0)*	0.0 *(0.0)*	9.4 *(7.9)*	5.0 *(7.4)*	7.5 *(6.8)*
Range	0.5 *(1.5)*	3.2 *(4.3)*	2.2 *(3.6)*	0.9 *(5.4)*	2.2 *(5.0)*	4.0 *(3.8)*	1.6 *(6.5)*	3.6 *(6.4)*	5.1 *(4.5)*
Median	0.2 *(0.5)*	0.5 *(1.5)*	1.7 *(2.2)*	2.8 *(2.4)*	-0.7 *(1.8)*	2.3 *(1.9)*	10.0 *(9.6)*	7.8 *(8.9)*	9.5 *(9.0)*
Average	**0.2 *(0.5)***	**0.2 *(1.4)***	**1.3 *(2.2)***	**2.7 *(2.5)***	**-0.1 *(2.2)***	**1.9 *(1.8)***	**10.1 *(10.0)***	**7.2 *(9.7)***	**9.5 *(9.2)***

Equity Brokers *(4 participants)*

	Rental value growth			Capital growth (%)			Total return (%)		
	2002	2003	2004	2002	2003	2004	2002	2003	2004
Maximum	-0.2 *(1.3)*	0.9 *(2.5)*	4.0 *(4.0)*	2.5 *(2.9)*	3.5 *(2.9)*	5.0 *(5.0)*	9.2 *(9.9)*	10.5 *(10.0)*	12.0 *(12.0)*
Minimum	-4.0 *(-4.0)*	-2.0 *(0.0)*	1.0 *(2.0)*	-1.0 *(-1.0)*	-2.0 *(1.0)*	1.0 *(0.0)*	6.0 *(6.0)*	5.0 *(9.0)*	8.0 *(9.7)*
Range	3.8 *(5.3)*	2.9 *(2.5)*	3.0 *(2.0)*	3.5 *(3.9)*	5.5 *(1.9)*	4.0 *(5.0)*	3.2 *(3.9)*	5.5 *(1.0)*	4.0 *(2.3)*
Median	-1.4 *(0.0)*	-1.0 *(2.0)*	2.0 *(2.8)*	0.3 *(2.0)*	1.0 *(2.0)*	2.5 *(3.5)*	7.3 *(8.9)*	7.9 *(9.2)*	9.2 *(10.6)*
Average	**-1.8 *(-0.5)***	**-0.8 *(1.4)***	**2.2 *(2.9)***	**0.5 *(1.6)***	**0.9 *(2.1)***	**2.8 *(3.2)***	**7.4 *(8.5)***	**7.8 *(9.4)***	**9.6 *(10.8)***

All Forecasters *(18 participants)*

	Rental value growth			Capital growth (%)			Total return (%)		
	2002	2003	2004	2002	2003	2004	2002	2003	2004
Maximum	1.0 *(2.6)*	2.2 *(3.3)*	4.0 *(4.0)*	4.1 *(5.0)*	3.5 *(5.0)*	5.0 *(5.0)*	11.0 *(14.4)*	10.5 *(13.8)*	12.6 *(12.0)*
Minimum	-4.0 *(-4.0)*	-2.0 *(-1.0)*	0.0 *(0.0)*	-1.0 *(-1.0)*	-2.0 *(0.0)*	0.0 *(0.0)*	6.0 *(6.0)*	5.0 *(7.4)*	7.1 (6.8)
Range	5.0 *(6.6)*	4.2 *(4.3)*	4.0 *(4.0)*	5.1 *(6.6)*	5.5 *(5.0)*	5.0 *(5.0)*	5.0 *(8.4)*	5.5 *(6.4)*	5.5 *(4.2)*
Std deviation	1.2 *(1.2)*	1.2 *(1.0)*	1.1 *(0.8)*	1.4 *(1.4)*	1.6 *(1.2)*	1.3 *(1.4)*	1.4 *(1.6)*	1.6 *(1.4)*	1.5 *(1.2)*
Median	0.0 *(0.4)*	0.7 *(1.6)*	2.0 *(2.4)*	2.7 *(2.1)*	0.6 *(2.0)*	2.5 *(2.6)*	9.9 *(9.0)*	7.9 *(9.0)*	9.3 *(10.0)*
Average	**-0.4 *(0.3)***	**0.2 *(1.6)***	**1.8 *(2.5)***	**2.3 *(2.2)***	**0.5 *(2.1)***	**2.2 *(2.5)***	**9.4 *(9.3)***	**7.6 *(9.3)***	**9.4 *(9.9)***

Notes

1 Figures are subject to rounding, and are forecasts of 'all property' Annual Index measures published by the Investment Property Databank. 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, all forecasts were produced no more than three months prior to the survey.
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 Average – The arithmetic mean of all forecasts in the survey under each heading. All views carry equal weight.
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Equity brokers: HSBC; Merrill Lynch; UBS Warburg; Credit Suisse First Boston

INVESTMENT PROPERTY FORUM

Reflections of the Investment Property Forum's Advanced Education Programme

As the IPF's Advanced Education Programme reaches its 4th anniversary, we ask two recent 'graduates' to reflect on their experiences of the course.

Andrew Blackshaw –
Manager
PricewaterhouseCoopers

When I decided that as part of my continuing development I wanted to find a course that would give me a fresh contextual look at real estate, I was surprised to find that you are actually quite spoilt for choice. Being a Chartered Surveyor working in a professional services firm I wanted a course that offered high academic rigor, but above all a practical insight into how property fitted in with the vast array of other investment vehicles.

Setting out and trying to identify the course that suited my needs was therefore not easy. Sure, I wanted something that was rigorous and led to something tangible, but I really wanted this in a framework that recognised the commercial pressures in every day working life.

I discovered the Investment Property Forum's Advanced Education Programme "IPF AEP" through personal recommendation and following a little research felt that it would probably address my needs. The programme which if successful leads to the Investment Property Forum's Diploma, offers bite size chunks that can be spread over 12 months or up to 3 years. Each chunk or module, explores a discrete area of property investment principals or finance, and often the two. These ranged from property as an asset class, to advanced property finance and funding. Usefully, the Forum, recognise that with a broad range of professional backgrounds, some people will have expertise and practical experience in certain areas, for this reason they helpfully offer discretionary exemptions – although these aren't easy to obtain. This allows you to continue on the diploma without being taught to "suck eggs", something none of us have time for!

Each module is well structured and students are supplied with a detailed course handbook well in advance of the formal taught element – it's not only advisable to read this beforehand but also to keep it near your desk as they usually become ideal reference manuals. The formal taught element is really the only fixed time commitment you need to make. It's in this environment that the examined assessment is undertaken. The take home assignments usually need to be submitted within a certain timescale, but subject to the test of reasonableness if those diary meetings or family holidays are going to cause problems, then alternative arrangements can usually be made with the course administrator.

The lectures usually take place over three or four days. In addition to academic module leaders such as Neil Crosby and Philip Booth, leading practitioners participate including George Matysiak of CB Hiller Parker, Phil Clark of Morley and Paul McNamara of PruPIM. Of course there are others, all of which, without exception lead to interesting discussions and view points being raised by the numerous professional practitioners in the room be they lawyers, accountants, fund managers, investment agents, tax depreciation specialists, bankers or actuaries. This really animated the course, and underscored that part of its value is in the networking, war stories and shared experiences.

Andrew Blackshaw

So after successful completion of the diploma when people ask me to sum up why the "IPF AEP" I would say "Whatever your real estate or financial expertise you will find the course a well managed, flexible, practical and above all an informative experience".

Melville Rodrigues

Melville Rodrigues –
Partner
Mayer, Brown, Rowe & Maw

In working with clients and their other consultants in formalising property transactions, one is increasingly aware of questions which identify underlying business drivers. For instance, why do institutions invest in property, and are sensitive to the extent of their asset allocations? How does the investment market value a tenanted property, in view of different gearing arrangements? What are the reasons for investor popularity with diversifying risk, and investing through indirect investment vehicles? What are the dynamics between property yields and the returns from other asset classes?

The Programme gave me the opportunity to explore these and many other similar questions. It has assisted in identifying the drivers which are relevant to achieving strategic goals of my clients: property investors, developers and occupiers.

In the process of completing various Modules, I valued working with a range of other professionals on the Programme, including fund managers, investment surveyors, property researchers, financiers and other lawyers. We were able to share a diversity of experiences and skill-sets, in tackling issues related to property investment and development.

The work associated with the Programme was a mixture of being enjoyable, interesting, and challenging. Overall, the Programme was a tremendous learning experience. It has already – and no doubt will continue – to assist me in offering an 'added value' client-focused legal service.

IPF Advanced Education Programme

The Advanced Education Programme is the Forum's formal modular course aimed at busy professionals who want flexible education covering property investment and finance. Since its launch in 1999 over 230 individuals have participated from a wide variety of organisations.

Advanced education is crucial if property professionals are to compete in the wider investment arena and keep up to date in a fast moving business environment. The Advanced Education Programme provides:

- A series of short modules, held in Central London, which can be taken individually or as a complete programme.
- Assessed or unassessed routes – the assessed route leads to the IPF Diploma.
- Combined distance and group study supported by on-line resources
- In-house options if required.

The course is provided by Cambridge International Land Institute on behalf of the IPF.

For further information, contact the IPF AEP Programme Office at Cambridge International Land Institute on 01223 477150 or visit: http://www.ipf.org.uk/advanced_education.html.

The timetable for 2003 is as follows:

'An introduction to Investment Valuation and Portfolio Theory'
23, 24, 27 January 2003

'Financial Instruments & Investment Markets'
24-26 February 2003

'Advanced Property Investment Appraisal'
28-30 April 2003

'Advanced Property Finance & Funding'
16-18 June 2003

'Advanced Portfolio Management'
18, 19, 25, 26 September 2003

'Property as an Asset Class'
13-15 October 2003

'Accounting and Taxation for Property Investors'
19-21 November 2003

Educating investors: a more outward approach

Amanda Keane

Becoming more 'outward' facing has been, and continues to be, a central theme for the IPF. Rob Bould, in his year as chairman, created links with a number of property organisations from the Association of Property Bankers through to the Society of Property Researchers – the aim being to communicate and collaborate more effectively (see table below for an outline of the IPF Management Board links with other organisations).

The initiative continues under the chairmanship of Steven Fogel – but this year the emphasis is on building relationships outside the property industry. In December we held our first joint event with the Institute of Actuaries, 'Rediscovering Real Estate'. The IoA wanted a session for its members to explore the changing face of property as an asset class. On their behalf, the IPF put together a special meeting which assessed the strategic case for a greater allocation to the asset class. The growing sophistication of the property fund management industry, in terms of risk management, and the ways in which the long term problems of indivisibility and illiquidity are being addressed, were examined by three eminent speakers – Dr Guy Morrell of Henderson Global Investors, Paul Omerod of Eigen Risk and Dr Paul McNamara, Prudential Property Investment Managers, all under the chairmanship of our President Alastair Ross Goobey (also an Honorary Fellow of the Institute).

Following the success of a joint lecture last year with the UK Society of Investment Professionals, there are plans for a further collaboration in February 2003. UKSIP is the UK member society of the Association for Investment Management and Research, an international, non-profit organisation of investment practitioners and academics. The main purpose of UKSIP is to foster and maintain high standards of professional ability and practice in investment analysis, portfolio management and related disciplines. The IPF is running an evening lecture for UKSIP members which will look at two key issues testing the minds of investors when it comes to property – value and liquidity. Martin Moore of Prudential Property Investment Managers will chair this event – speakers include Paul Clark of PMA and Nick Mansley of Morley.

And it doesn't stop there – we have a number of other collaborations planned, including seminars targeted at Independent Financial Advisors.

The Forum is also developing links with organisations outside the UK, the aim being to provide IPF members with access to overseas markets, particularly in the USA and Europe. We will be starting modestly, with reciprocal links on websites with bodies such as the Urban Land Institute, The Pensions Real Estate Association and the National Association of Real Estate Investment Managers in the US. We hope these relationships will develop further providing members with access to a range of benefits including access to events and data.

IPF Management Board Liaison Responsibility

Organisation	Management Board Member
RICS	Martin Moore
British Property Federation	Ian Womack
UK Society Investment Professionals	Paul McNamara/Hâpri Sehmi
Corporate Occupier Group	Rob Bould/Hâpri Sehmi
Confederation of British Industry	Edward Luker
Institute of Directors	Ian Marcus
ULI	Rupert Clarke/Andy Martin
Society of Property Researchers	Paul McNamara
Association of British Insurers	Ian Womack
Financial Services Authority	Edward Luker/Ian Marcus/Andy Martin
UK Social Investment Forum	Paul McNamara
WCCS Livery	Rob Bould

ANNUAL DINNER 2002

Over 1400 guests attended the 2002 Annual Dinner at Le Meridien Grosvenor House on 26 June.

At the Chairman's drinks reception, John Carleton of Barclays Bank was presented with his Advanced Education Programme Diploma. Recognition was also given to Alan Mitchell of Kilmartin and Pamela Matthesius of Eurohypo who were unable to attend the event but who have also completed the Advanced Education Programme and have received their diplomas.

Excellent food was served and the wine flowed, following which new Chairman, Steven Fogel, spoke briefly about his aspirations for the IPF and thanked the executive team for their hard work.

The evening's after dinner speaker was media personality and accomplished political interviewer, John Humphrys. John was keen to interact with the audience which was certainly a challenge given the size of the Great Room. Some highly amusing anecdotes were recounted and John was keen to ensure that the audience learned much of his experiences confronting some leading political characters.

The evening was rounded of by some less than cautious investment at the charity casino. All profits raised at the casino have been donated to two charities: the IPF Educational Trust and this year's Chairman's Charity, Motivation.

John Carleton receiving his diploma from IPF Chairman, Steven Fogel

MIDLANDS ANNUAL DINNER 2002

The Midlands IPF Dinner held on 17th October at the ICC in Birmingham was once again a huge success where Alastair Ross Goobey CBE, IPF President, was the guest speaker. Over 600 guests joined the IPF Chairman and President, and the Midlands IPF Board for the evening's entertainment, which culminated in a thought provoking speech by Alastair.

L to R: Mark Alexander, David Smith, Tim Hurdiss, Andrew Yates, Nick Harris, Andrew Brazier. Front: Hapri Sehmi.

Sponsorship Opportunities

The IPF run several high profile events where a number of sponsorship opportunities exist. At both the Annual Lunch and Dinner in London and the Annual Dinner in the Midlands there are a number of items for which we are actively seeking sponsors. In addition, other smaller social events exist where sponsorship is also an option. At such events, all sponsoring companies will enjoy high profile exposure to a unique gathering of property investment specialists

Sponsorship benefits include:

- Association with a highly successful event.
- Unique opportunity to target property investment professionals who are decision makers in the property investment industry.
- Increase of your company's profile among a captive audience.

For further information, contact Vivienne Wootten, Assistant Director, on **020 7695 1520.**

Visit to Chelsea Bridge Wharf

This summer's lunch-time member Forum visit saw over 50 members attend a talk given by Tony Pidgely, Managing Director of The Berkeley Group on the residential investment market and the particular approach adopted by Berkeley Homes. A small sigh of relief was heard as Tony outlined the future market. Although expecting interest rates to rise, he did not envisage a return to the boom bust market of past years. Members also had the opportunity to view the show flat and marketing suite.

Many thanks to The Berkeley Group who provided the hospitality and also to Matthew Allen of DTZ Corporate Finance and Peter Braithwaite of DTZ Residential for their input and ensuring that the visit was a resounding success.

MANAGEMENT BOARD

The IPF welcomes two new members to its Management Board: Andrew Pettit of Lehman Brothers and Mark Titcomb of Eurohypo Bank.

Mark Titcomb

New Chairman for IPF in the MIdlands

Andrew Brazier of Knight Frank will be taking on the role of Chairman of the Midlands region for 2003. He will be ably assisted by Andrew Yates of Pinsent Curtis Biddle as Vice Chairman. Tim Hurdiss of St Modwen Properties plc has been Regional Chairman for the past year and has helped to develop the region into a much respected player the Midlands Property community.

Members of the Midlands Regional Board:

Andrew Brazier, Knight Frank (*Chair*)
Andrew Yates, Pinsent Curtis Biddle (*Vice Chair*)
Tim Hurdiss, St Modwen Properties plc
Hapri Sehmi, FPD Savills
David Smith, Anglo Irish Bank Corporation
Nick Harris, Miller
Mark Alexander, AMEC

IPF in the North West

2002 saw the establishment of a new IPF region in the North West. This new region is hoping to emulate the successes of both the IPF in Scotland and the IPF in the Midlands and the newly formed Regional Board is looking to build on the existing membership and develop a programme of events for 2003. There is now a section on the IPF website for regional news and updates with contact information on forthcoming events for the North West as well as the Midlands and Scotland.

Members of the North West Regional Board:

Andrew Hawkins, Jones Lang LaSalle (Chair)
Geoff Hill, Co-op Insurance Services
John Carleton, Barclays Bank
Peter Kershaw, Addleshaw Booth
Charles Hubbard, Edmund Kirby
Andrew Darke, Barlows plc
Robert Howe, Green Property

New Members 2002

Over 100 new members have joined the IPF in 2002. We will be building on the level of exclusive benefits for IPF members during 2003 and so joining the IPF and maintaining your membership will be of increasing importance. If you have a colleague who you feel may benefit from joining the IPF, a membership application can either be downloaded from the IPF website (www.ipf.org.uk) or a pack can be sent coataining full information on the activities of the IPF. For further information, please contact Vivienne Wootten, Assistant Director, on: 020 7695 1520.

Mr Keith Aitken	CB Hillier Parker
Mr Andrew Allen	Henderson Global Investors
Mr Morgan Angus	Aberdeen Property Asset Managers Ltd
Mr Jonathan Barnes	Lewis Silkin
Mr Adam Bassi	Hatfield Philips
Mr Jeremy Beckett	DTZ Debenham Tie Leung
Mr Andrew Blackshaw	PriceWaterhouseCoopers
Mr John Boissier	Jackson Criss
Mrs Joanna Bond	Atlantic Fund Management
Ms. Pauline Bradley	Bank of Scotland
Mr James Bretten	GVA Grimley
Mr Michael Brierley	Insignia Richard Ellis
Mr Anthony Butler	Deutsche Property Asset Management Ltd
Mr Steven Byrne	Midlands City Developments
Mr Ewen Cameron	Maples Teesdale
Mr John Carleton	Barclays Corporate
Mr James Carter	Plymouth & South West Co-operative Society Ltd
Mr Andrew Causer	JP Morgan
Mr Robin Christie	Primepitch
Mr Nicholas Collins	Nabarro Nathanson
Mr Richard Cundall	Glynbrochan Ltd
Mr Andrew S Darke	Barlows Plc
Mr Dominic David	The Longford Group Ltd
Miss Sarah David	CB Hillier Parker
Mr Peter Day	Wedlake Bell
Mr John Dennehy	The Property Merchant Group
Mr Paul Dudman	Healey & Baker Investment Managers
Mr John Duxbury	Prudential Property Investment Managers
Ms Christine Famish	National Association of Pension Funds
Mr Richard Fisk	Insignia Richard Ellis
Mr William Flatau	Harvey Spack Field
Mr John Flathers	Irwin Mitchell
Mr Richard Gardner	Maybrook Properties Plc
Mr Colin Garlick	Structures Risk Products Ltd
Mr Denis Garrity	Brodies
Mr Stephen Gilbert	Gilbert Commercial Properties Ltd
Mr Derek Gilby	Legal & General Property Ltd
Mr Paul Goswell	Delancey Estates Ltd
Mr David Griffin	Jones Lang LaSalle
Mr Richard Grillo	HDG Mansur Investment Services Ltd
Mr Robert Gunn	Livingston Gunn
Mr William Hackney	Deutsche Property Asset Management Ltd
Mr Roy Halliday	F&C (Property Investment) Management Ltd
Mr John Hamilton	Cushman & Wakefield Healey & Baker
Mr Ali Hassan-Abbas	NFU Mutual Insurance Society Ltd
Mr Andrew Hawkins	Jones Lang LaSalle
Mr Derek Heathwood	Ashtenne
Mr Robert Heskett	Land Securities Plc
Mr Simon Hodge	Fisher Hodge
Mr Robert Howe	Green Property PLC
Mr Christopher Hubbard	Edmund Kirby
Mr Darren Hutchinson	Liverpool Victoria Asset Management
Mr Andrew Hutchinson	Royal Bank of Scotland
Ms Nisha Jassal	Wragge & Co
Mrs Elizabeth Jegedge	Ponder
Mr Rupert Johnson	Knight Frank
Mr Digby Jones	CBI
Mr Sloan Kelly	Manches
Mr Giles King	CB Hillier Parker Investors
Miss Vivienne King	The Crown Estate
Mr Andrew Kubski	Drivers Jonas
Mr Chnstopher Lees	Calvis Ltd
Mr Damian Lloyd	GVA Grimley
Mr Dennis Macharaga	Mills & Reeve Solicitors
Mr Jeremy Marchant	Moorfield Group
Mr Graham McGuinness	Yorkshire Bank Ltd
Ms Karen McNicholls	Deloitte & Touche
Mr Alan Mitchell	Kilmartin Property Group
Mr Richard Moore	Warner Estate Holdings Plc
Mr Stuart Morley	GVA Grimley
Mr Martin Muirhead	Kingston Smith
Mr Duncan Murphy	Wragge & Co
Dr Derek Nicholls	Cambridge International Land Institute
Mrs Anne O'Meara	Hammond Suddards Edge
Mr Andrew Osborne	Canada Life
Mr Neville Paterson	Chainbow
Ms Liz Peace	British Property Federation
Ms Heather Pearson	Henderson Boyd Jackson
Mr Mark Pickering	Property Data Ltd
Mr Jack Pitman	Helical Bar Plc
Mr Jonathan Price	Close Business Centre Capital
Mr Darren Rawcliffe	Grosvenor Ltd.
Mr Simon Redman	Aberdeen Property Investors
Mr Philip Reid	CB Hillier Parker
Mr Huw Roberts	Wragge & Co
Mr Graham Roberts	British Land Company Plc
Mr Brett Robinson	Seven Dials Consulting
Mr John Rogers	UKSIP
Mr Peter Roscrow	Close Brothers Investment Limited
Mr Charles Sandy	Charter Land & Estates Ltd
Mr Andrew Schofield	Insignia Richard Ellis
Mr Douglas Smith	Cromwell Properties Plc
Mr Alexander Smith	Kilmartin Property Group
Mr Justin Snoxall	British Land Company Plc
Mr Michael Soames	Regus Plc
Mr Wilfred Stephenson	Grosvenor Groups Holdings Ltd
Mr Andrew Taylor	Business Strategies
Mr David Taylor	Herbert Smith
Mr James Thornton	Mayfair Capital Partners
Mr Timothy Turnbull	Aberdeen Property Investors
Mr Joe Valente	DTZ Research
Mr Peter White	Charter Land and Estates Limited
Miss Catherine Whitehead	Simmons & Simmons
Mr William Wright	Ashville Properties Ltd
Mr Richard Yorke	Business Strategies

PISCES holds the key to e-conveyancing

The start of 2002 coincided with the restructuring of PISCES with the endorsement of the IPF. Since then membership has increased to 55 members, including 18 Executive members who form the management committee that operates the company. The Executive members now include five of the largest investors (Aberdeen Property Investors, British Land, Legal & General, Morley and Prudential), six of the largest lawyers (Addleshaw Booth, Berwin Leighton Paisner, Clifford Chance, OMS Cameron McKenna, Linklaters and Nabarro Nathanson), two of the largest firms of chartered surveyors (Jones Lang LaSalle and CB Hillier Parker), and IPD. The Direct Conveyancing Association, the Council for Mortgage Lenders and HM Land Registry have also indicated that they hope to be able to join shortly

The PISCES electronic data exchange standard has recently taken two major steps towards its goal to cover all real estate data transfer requirements. The Legal Working Group, has almost completed its task of defining the data needed to create and record a new lease or to transfer title on commercial investment properties, and a new Working Group has been formed to tackle the task of defining the data needed for residential transactions.

The brief of the Residential Working Group will encompass the data necessary to either mortgage or re-mortgage the property, together with the whole transaction cycle from marketing to completion. The group will focus first on owner occupied property and then address the buy-to-let market. HM Land Registry has agreed to work with PISCES on the definition of the data standard for residential conveyancing, and a large and influential Working Group has been formed, including representatives of the principal mortgage lenders, bulk conveyancing organisations, estate agents and insurance sector.

The Residential Working Group, representing 16 separate organisations, met for the first time last month and elected Richard Dinning of Enact as chairman. It has agreed a demanding timetable and plans to deliver an early draft of the Standard for discussion in 6-9 months. The group included representatives from HM Land Registry, Council for Mortgage Lenders, Direct Conveyancing Association, Direct Lending Association, Legal Software Suppliers Association, RICS Residential Faculty, and independent software suppliers.

Prospects for 2003

During 2003 PISCES hopes to continue to expand its membership to include all major investors, chartered surveyors and the principal players in the residential market. The release of Version 1.6 of the Standard, incorporating the Financial Transactions and Legal extensions and any necessary modifications to the current elements, is planned for the middle of the year

Beyond that, a Working Group has already been formed to start to plan for the release of Version 2.0 in 2004. This will include any structural changes that may be needed to ensure that the Standard can support the growing range of business areas and geographies. These changes will also make the standard more flexible and easier to use, and will align it directly with the approach adopted by the Data Consortium who have been working on a similar project in the US. PISCES representatives visited the US at the end of October to meet a number of investors and software suppliers, and representatives of the Data Consortium. At that meeting it was informally agreed that both parties would be pleased to work together to merge the two initiatives. Subsequently formal discussions have begun to merge both the standards themselves and the organisations that manage the standards.

The year ahead is likely to see closer collaboration with HM Land Registry and the DETR. The PISCES board will be seeking Cabinet Office support to prevent the possibility of fragmentation in an exercise that essentially requires a joined-up approach.

For more information or details of how to join a PISCES Working Group contact PISCES business manager, Vida Godson vida.godson@ipdindex.co.uk.

IPD/IPF Conference 2002

The Grand Hotel, Brighton

This two-day conference held at The Grand Hotel in Brighton has been run successfully with audiences of over 300 for the last 10 years. This year, the conference was held on 28th and 29th November 2002. Chaired by noted journalist and broadcaster Peter Hobday, the 2002 IPD/IPF Conference featured top quality sessions from practitioners and analysts, discussion over dinner and drinks and lively debate in the hall. The key topics for the IPD/IPF Property Investment Conference 2002 were:

Property and the flow of Capital

This session looked at two strands: Property and the city and Property and our savings. During the panel session which followed two eloquent presentations, Amanda Davidson who is an Independent Financial Advisor was able to give the man in the street's take on investing in commercial property.

Presenting the Property Industry

Last year's conference keynote on 'A Voice for Property' with Peter Mandelson raised such intense interest that a session on Day 1 this year was devoted to developing that theme. We reviewed what steps the industry has taken in the wake of that debate, and then dug into how we can demonstrate the real contribution of property to the life of the nation.

The Packaging of Property Investment

Day 2 of the conference was devoted to the structure of the investment business, and the key technical issues of the day. A session on the 'Property Offer' presented IPD original research on the strategies and methods of portfolio construction actually used by fund managers, and how they have paid off. We looked at the US experience of slicing property up into more specific risk-return offers (core, value added, opportunity) and ask whether that model can also become standard in Europe.

Can Property Companies become fund managers?

The conference saw the first presentation of results from the IPF's major strand of research into the measurement and management of risk.

The IPD/IPF Property Investment Conference 2003 will be held on 27th and 28th November 2003 (tbc). For further information, please contact the conference team at the IPD on: **020 7482 5149**.

RICS

The RICS Valuation and Commercial Property Faculties support the activities of the Investment Property Forum in recognition of the important and autonomous role it plays serving specialist operating in the investment market.

INVESTMENT PROPERTY FORUM