



Research
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Research Newsletter



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IPF Research Newsletter Spring 2013

The IPF Research Programme 2011–2015 is funded by a cross-section of 22 businesses, representing key market participants. The IPF gratefully acknowledges the support of these contributing organisations:



The IPF Research Programme is the largest property investment focused research programme in the UK. The Programme is fundamental to the pursuit of the IPF objectives of improving the efficiency of the property investment markets and raising awareness and understanding of property as an asset class. It is one of the most important IPF activities, along with our education and CPD programmes. As one of the benefits of membership, IPF members can download the full findings of all IPF-funded research at no cost from our website. Non-members may download summary reports free of charge.

This newsletter provides an up-date of the IPF Research Programme detailing those reports published since the previous newsletter and advance notification of new projects in the pipeline. In addition, the newsletter records recently produced research from other members of the Property Industry Alliance (PIA), comprising the Association of Real Estate Funds (AREF), British Council for Offices (BCO), British Council of Shopping Centres (BCSC), British Property Federation (BPF), Green Property Alliance (GPA) and Royal Institution of Chartered Surveyors (RICS). The next bulletin will be produced in approximately six months' time.

Dissemination

The IPF is eager to ensure that the outputs of the Research Programme are disseminated to as wide an audience as possible. Research is disseminated as:

- Summary reports, available to download from our website free of charge to members and non-members alike; and
- Full research findings, available to download from our website by members only for the first 12 months following publication. Non-members may purchase full research reports from the IPF in the meantime.

Full research findings are also made available to university libraries in hard copy and pdf format.

The IPF Research Programme has developed as an important provider of high quality independent research, focussing specifically on property investment. We can only continue to fulfil this role through the support of our 22 research sponsors. We are very grateful to this group of companies for their support of the programme.

Major Research Projects

Costing Energy Efficiency Improvements in Commercial Buildings (July 2012 Summary; October 2012 Full Report)

This report up-dates earlier IPF research, published in January 2009. The original study elicited considerable interest from within the IPF membership and across the wider industry due to the limited data available at that time on the costs of upgrading existing commercial stock in order to reduce carbon emissions. This data is important in informing investment decisions and the latest research examines opportunities for reducing carbon emissions from existing buildings, through energy efficient improvements, and the respective cost implications both in terms of initial capital costs and the inferences for payback.

Click to view documents.

Reassessing the Accuracy of UK Commercial Property Forecasts (November 2012)

This research analyses patterns in and the information content of the distribution of the individual forecasts that make up the quarterly IPF Consensus Forecast of rental and capital value growth and total returns for UK commercial property markets. The study goes on to assess variations in the performance of the forecasting organisations contributing to the IPF's quarterly survey. Key findings include that forecasters have a tendency to avoid 'big numbers', a circumstance particularly evident during the market turbulence of 2008. There is also an inclination to overestimate capital growth and total return during periods when the market is performing poorly and vice versa during strong market conditions. Overall, the level of accuracy is highest for rental growth forecasts. For the one-year-ahead forecasts for 2011, all consensus error metrics were at their lowest values for 10 years and 2011 was one of the best years on record for commercial real estate forecasters.

Click to view document.

The Future of Property Forecasting (November 2012)

This research examines the range of techniques currently used by practitioners in forecasting rental growth and yield change and how results are applied in the investment decision process. The report concludes that most property forecasts are generated by combining econometric predictions with a more subjective market overlay process and that errors can enter the forecasting process for a number of reasons, including inaccurate data and that variables incorporated do not cover all key market drivers. Contributors to the IPF quarterly consensus forecast use the market overlay process to capture the influence of mood and sentiment in their predictions but these are difficult to assess and can be inaccurate and there is no systematic basis for quantifying the way in which mood has influenced forecasts in the past. This suggests there might be considerable inconsistency in the way in which qualitative assessments of market conditions may impact on any particular forecast. Potential advances in future forecasts could come from both the qualitative and quantitative elements of the process, with a more systematic method of capturing qualitative influences helping to improve quantitative forecasts.

Click to view document.

Short Papers Series

A Decade of Pooled Fund Returns - Short Paper 8 (July 2012)

This short paper considers how much this route to market alters investors' delivered returns, particularly the impact of fund costs, cash, debt and fees. Deductions made for fund costs, funds fees and performance fees are not transparent and the real estate industry would be well served by clearer reporting of these to allow more robust measurement of their impact on investor returns.

[Click to view document.](#)

Institutional Attitudes to Investment in UK Residential Property - Short Paper 16 (June 2012)

In order to inform its response to the Sir Adrian Montague consultation in early 2012, the IPF undertook a survey of institutional investors in residential real estate. This report documents the findings of that survey, which gathered the views of more than 40 institutional investors, including fund managers and REITs, in order to identify the current level of investment in UK residential property and what changes may encourage more investors into the sector. This research will be repeated in 2013.

[Click to view document.](#)

Implications of the Eurozone Crisis for the UK Real Estate Market and UK Investors - Short Paper 17 (June 2012)

This paper documents a discussion organised by the IPF, involving a cross section of key industry professionals, including investors, advisers, financiers and researchers, to consider how the continued volatility in the eurozone was impacting the recovery of the commercial property markets in the UK and Europe following the global financial crisis. The working group was also asked to consider what impact either a wholesale or partial break-up of the eurozone might have. In assimilating the responses of this working group to the issues that property professionals in the region now face, this report is a distillation of those views expressed in the debate.

[Click to view document.](#)

Constructing an Effective Rental Value Index - Short Paper 18 (January 2013)

The aim of this short paper is to identify an objective approach to the provision and analysis of rental value data for performance measurement purposes in order to create time series for effective rental values. The report sets out the arguments leading to four recommendations that would achieve the objective of more transparent and accurate measures of rental value change.

With its publication, the IPF launched a real estate industry consultation to elicit views from a full range of stakeholders - valuers, valuation software providers, investors and performance measurement organisations – all of whose practices will be affected should a consensus be reached on how to resolve this important issue.

[Click to view document.](#)

IPF Work in Progress

Major Reports

Depreciation in Commercial Investment Property in the UK - Phase 2

Using different analytical methodologies, this research builds on earlier studies to increase the understanding of the drivers of depreciation and how depreciation rates might change in different market states. Preliminary analysis shows depreciation tends to rise in strong and fall in weaker lettings markets. Older properties do not depreciate as quickly as newer properties and it is relative value, not age, which has the largest impact on the explanatory power of the models being applied across both office and industrial markets.

Additional work, applying further variables at the individual property or location level, as well as general economic drivers, are being used to determine the behaviour of rental value change in a location and how different types of individual buildings behave in different market states.

Due for publication Q2 2013.

The Role of Property in the UK Economy

The commercial property sector plays a significant role in the UK economy, both as a direct (and indirect) employer and generator of output. Commercial property also influences other parts of the economy indirectly, for example businesses using their real estate assets as collateral to raise debt. This research seeks to quantify the involvement of property and proffers a new approach to the measurement of its contribution to the economy.

Due for publication Q2 2013.

The Size & Structure of the UK Property Investment Market

The size of the investment market is a useful measure, widely used to consider the allocation of portfolios across asset classes, construct international real estate portfolios, assess the penetration of investors in the total stock of property and estimate overall leverage of the real estate sector. It is also an indicator which, in the UK, is difficult to construct.

This project updates and expands The Size and Structure of the UK Commercial Property Market report published in 2005, which captured data to the end of 2003, and adds a new section on changes in the investor composition of the market over the past decade, as measured by capital flows, in particular the creation of new investment vehicles and the entry of new investors into the market.

Scheduled for publication in Q2 2013.

Real Estate Allocations in Retirement Saving Schemes (with AREF, EPRA and Institute & Faculty of Actuaries)

Over the last decade, defined contribution (DC) schemes' share of UK pension funds has risen to 40%, largely at the expense of defined benefit (DB) schemes. This study will deliver original research that will help to shape the role of real estate in the UK's private sector DC pensions market. Available data on the DC market as a whole are widely recognised as poor, inconsistent and misleading, while historical and current information on the use of property in DC schemes is even more limited. The research aims to produce a clear data set to establish the shape of the DC market and, from this, the researchers expect to identify where the true interest in real estate lies in future and to understand the case for different forms of real estate exposure.

Scheduled for publication in Q4 2013.

Annual Surveys

Real Estate Lending Forum - Lending Intentions Survey 2013

In association with the Association of Property Lenders, this annual investigation of lending intentions is now in its third year. Based on a survey of over 30 senior debt lenders active in the UK market, this report will quantify the amount of senior debt likely to be available for UK lending and new sources of real estate finance as well as the broad terms that lenders will consider and the types of real estate that form their security.

Due for publication March/April 2013

Institutional Attitudes to Investment in Residential Property 2013

Following the interest generated by the original study, conducted in 2012 in support of the IPF's response to Sir Adrian Montague's consultation on the private rented sector, this research is to be repeated and may become a regular survey.

Fieldwork is to be conducted in spring and the results are due to be published in May/June 2103.

IPF Pipeline

Property Liquidity

Proposals have been invited to undertake research into a number of issues relating to property liquidity. These include the identification of new indicators of property liquidity, as well comparing liquidity across European markets, the cost of providing investors with liquidity on a daily basis and estimating an illiquidity premium for different types of property and for UK property relative to other assets.

If you are in a position to provide data, contacts or any other type of support for new research projects, please contact Pam Craddock, IPF Research Director at pcraddock@ipf.org.uk

Regular Publications

The following regular reports and surveys are all available on the IPF website:

UK Consensus Forecast

Published on a quarterly basis, the IPF UK Consensus Forecast provides a consensus view of the likely annual performance of the UK commercial property markets in each of the next five years. Contributors to the consensus are drawn from the fund management, agency, research and equity brokerage communities. The latest version is posted on the IPF website, with a summary report available to non-members. Historic reports (published more than 12 months ago) are also available, free of charge, to non-members.

The most recent survey results were published in February 2013: **[Click to view document.](#)**

European Consensus Forecast of Prime Office Rents

Published on a six-monthly basis, the European Consensus forecast provides a consensus view of prime office rents and anticipated growth in 28 European cities for the next one, two and three years. The contributors to the European Consensus Forecast are drawn from the investor, agent and research communities across Europe.

The results of this survey are published in May and November each year. **[Click to view latest survey report.](#)**

IFA Census

A survey of Independent Financial Advisors is run three times a year to record IFA attitudes to commercial property investment. The outputs include data on the recommendations IFAs make regarding property allocations within portfolios, the returns expected by their clients and how their views of property as an asset class have changed over the preceding months. The repetition of the survey every four months has enabled us to develop longitudinal data, tracking IFA attitudes to commercial property as an asset class.

The most recent results of this survey are now available. **[Click to view document.](#)**

Lloyds Commercial Property Market Confidence Monitor

This twice-yearly survey provides a representative view of confidence amongst financial decision-makers in the UK commercial property market. The review takes into account the opinions of principals (house builders, developers and investors) and advisors (agents, surveyors and consultants), in small, medium to large and major property businesses across the country. Courtesy of the IPF, the sample also includes the views of up to 50 property fund managers.

The latest report was published in October 2012 and is available via the Lloyds website: **www.lloydsbankwholesale.com/Commercial-property-confidence-monitor-October-2012/**

[lloydsbankwholesale.com/Commercial-property-confidence-monitor-October-2012/](http://www.lloydsbankwholesale.com/Commercial-property-confidence-monitor-October-2012/)

IPF Back Catalogue

Major Reports

The following projects have been funded and published through the IPF Research Programme 2011-2015. Full reports are available for download from the IPF website for IPF members only in the first 12 months following publication.

- The Future of Property Forecasting (November 2012)*
- Reassessing the Accuracy of UK Commercial Property Forecasts (November 2012)*
- Costing Energy Efficiency Improvements in Existing Commercial Buildings (October 2012)*

The following projects have been funded and published through the IPF Research Programme 2006-2009. Full reports are available for download from the IPF website.

- Real Estate's Role in the Mixed Asset Portfolio: A Re-examination – Real Estate Returns and Financial Assets in Extreme Markets (May 2012)*
- Real Estate's Role in the Mixed Asset Portfolio: A Re-examination – Time Varying Influences on Real Estate Returns (April 2012)*
- Real Estate's Role in the Mixed Asset Portfolio: A Re-examination – Private Commercial Real Estate Returns and the Valuation Process (April 2012)*
- Real Estate's Role in the Mixed Asset Portfolio: A Re-examination – Real Estate Returns and Other Asset Classes: A Review of Literature (April 2012)*
- Real Estate's Role in the Mixed Asset Portfolio: A Re-examination Summary Report (March 2012)
- Depreciation of Commercial Investment Property in the UK (November 2011)
- Property and Inflation (April 2011)
- Risk Web 2.0 An Investigation into the Causes of Portfolio Risk (March 2011)
- UK Institutional Investors: Property Allocations, Influences and Strategies (July 2010)
- Depreciation of Office Investment Property in Europe (March 2010)
- ISPI (UK): Creating a Sustainable Property Investment Index (October 2009)
- The Treatment of Covenant Strength by the UK Property Industry (August 2009)
- Urban Regeneration: Opportunities for Property Investment (August 2009)
- Greening Leases – The Landlord and Tenant Relationship as a Driver for Sustainability (August 2009)
- Demand for Sustainable Office Buildings in the UK (May 2009)
- Real Estate Investment Trusts: The US Experience and Lessons for the UK (May 2009)
- Costing Energy Efficiency Improvements in Existing Commercial Buildings (January 2009)
- Retail Investor Attitudes to Commercial Property Investment (May 2008)
- Implication for the Strategic Development of UK REITs from the Experience of LPTs in Australia (April 2008)
- Alpha and Persistence in UK Property Fund Management (April 2008)
- Risk Management in UK Property Portfolios: A Survey of Current Practice (December 2007)
- Large-scale Investor Opportunities in Residential Property: An Overview (November 2007)
- The Energy Performance of Buildings Directive and Commercial Property Investment: A Situation Review (September 2007)
- The Use of Periodic Valuations in Indirect Property Investment (June 2007)

* Currently available to IPF members only

IPF Back Catalogue

Short Paper Series

- Constructing an Effective Rental Value Index (January 2013)
- A Decade of Fund Returns (July 2012)
- Implications of the Eurozone Crisis for the UK Real Estate Market and UK Investors (June 2012)
- Institutional Attitudes to Investment in UK Residential Property (June 2012)
- Property Banking Forum: Outlook for Development Finance (November 2011)
- The Outlook for UK CMBS (November 2011)
- Property Banking Forum: Lending Intentions Survey 2011 (March 2011)
- A review of the Current State of the UK CMBS Market (February 2011)
- Prepack Administrations and Company Voluntary Arrangements (February 2011)
- Rent Reviews – Revolution or Evolution? (November 2010)
- Break Clauses – Who Holds the Risk in your Rental Income? (November 2010)
- The Evolution of the Market for Indirect Investments in Commercial Property (Feb. 2010)
- Real Estate Debt - an update (January 2010)
- The Robustness of Property Income (November 2009)
- Repricing Property Risk (November 2009)
- Issues in Property Investment Valuation (October 2009)
- The IPF UK Consensus Forecast and the Returns Implied by Property Derivative Pricing: Evolution, Record & Influence (August 2009)
- UK Real Estate Debt: Problem for the Borrowers and the Banks (July 2009)

PDF copies of all these reports are available to download free of charge from the IPF website: https://www.ipf.org.uk/home/research/research_archive/default.aspx

IPF Back Catalogue

Other Reports

In addition to the projects listed above, the following research projects have been funded through the IPF and IPF Educational Trust Joint Research Programme, some with additional partnership funding.

- Planning Policy and Retail Property Market Performance in English Towns and Cities (October 2008)
- Asset Allocation in the Modern World (July 2007)
- Index Smoothing and the Volatility of UK Commercial Property (March 2007)
- Risk Reduction and Diversification in Property Portfolios (February 2007)
- Property Stock Selection: Organisation, Incentives and Information (November 2006)
- The Sustainable Property Appraisal Project* (November 2006)
- Pricing Property Derivatives: An Initial Review (September 2006)
- The Investment Performance of Listed Office Buildings* (May 2006)
- Institutional Investment in Regeneration: Necessary Conditions for Effective Funding* (May 2006)
- Disagreement and Uncertainty in UK Property Market Forecasts (January 2006)
- Depreciation in Commercial Property Markets (July 2005)
- Investment Performance and Lease Structure Change in the UK (July 2005)
- The Size and Structure of the UK Property Market (July 2005)
- Opening the Door to Property: Assessing the Needs of Small Investors in Property (September 2004)
- Liquidity in Commercial Property Markets (April 2004)

PDF copies of all these reports are available to download free of charge from the IPF website: https://www.ipf.org.uk/home/research/research_archive/default.aspx

If you have any questions about the IPF Research Programme or about any of the reports listed above, please contact Pam Craddock (pcraddock@ipf.org.uk).

* Additional joint funding

Recent BCO Research

Capacity of Central London's energy infrastructure (January 2013)

This report addresses concerns expressed by real estate professionals on the capacity of London's energy infrastructure to support new office developments.

The concerns were that there was a lack of capacity which was increasing the complexity, expense and risk to new office developments. The research found the key issues were: high connection charges, a lack of security of supply delivered risk to developments through uncertain timeframes, increased upfront costs, investment in the network was limited by Ofgem and issues around district heating networks.

Key questions in the report are:

- the level of risk to developments
- the role of planning policy
- governance of the energy industry
- recovery of costs and
- renewables.

It also includes two case studies:

- the Zig Zag Building and
- 20 Fenchurch Street.

This paper is part of a series of papers by students at Cass Business School, which have been sponsored by the BCO as part of the Sir Nigel Mobbs Memorial Project.

On site renewables (September 2012)

This report from the BCO on on-site renewables is a follow up to our 2007 report on the Greater London Assembly's (GLA's) target for achieving emissions reductions through on-site renewables from 10% to 20% of a building's regulated energy demand.

The BCO was concerned that the policy would not be effective in achieving its objectives. This report offers an insight into the implications of using on-site renewables, identifying the factors driving performance and the potential to cut costs and increase environmental benefits from reduced emissions in the future.

It includes five case studies which look at the cost and benefits of this policy to developers. It compares costs with forgone environmental damage and makes a set of recommendations based on the research findings.

Making art work in the workplace (September 2012)

The BCO and International Art Consultants worked together to look at the role of art in offices and produced this report and its accompanying survey document. We conducted a survey, primarily of BCO members, to explore the use and benefits of art in the office environment.

This report looks at the reasons that art is important in business, its different uses which range from being a financial investment through to its use for wayfinding. It gives details of what to consider when developing an art strategy and the different types of art that are being used in workplaces. The aim of the survey was to find out more on the use of art in offices. It covered the cost of art, the reasons for having it in offices, the selection and location of art in offices.

Recent BCO Research

Cycling and the modern workplace (August 2012)

The BCO conducted an online survey of its members and others to look at the importance of cycling to the modern worker. Are cycling facilities becoming more important in the modern workplace as additional people take up the sport?

The survey found that the demand for workplace cycling facilities was increasing and for some people they were a deciding factor in where to work. The most important facilities were showers and facilities for drying wet cycle wear. The benefits of cycling ranged from increased fitness to a dislike of crowded public transport.

The findings of the report will be of particular interest to developers, occupiers, facilities managers and design professionals.

All research can be downloaded via the BCO website, www.bcsc.org.uk

Recent BCSC Research

Creating outstanding customer experience in shopping centres (September 2012)

As an update to the customer care guide first published in 2005, this new edition brings to life through a series of current, best practice case studies and revised checklists, how the highest standards in customer care in shopping centres and retail destinations look and feel. The case studies show what steps can and are being taken by the best in the industry to ensure that they deliver a fantastic customer experience. Ultimately this is about giving the public safe, secure and enjoyable places to work, shop and take their leisure.

This guide also challenges us to think ahead about the way service will evolve as our industry responds to the fast-moving economic, social and technological changes taking place. It is a crucial read for everyone working in our field.

Supported with a series of scorecards, the best practice guide enables you to rate your customer service in the following areas:

- service culture
- understanding customers
- people and management
- communication
- journey
- facilities
- experience
- stakeholder relationships; retailers, suppliers and the community, and
- performance measurement.

Download report at: www.bcsc.org.uk

Protecting Shopping Centres: Human Factors Guidance (December 2012)

'Human factors' and how it can affect the day to day security in a shopping centre, is probably a completely new concept to most readers. The air traffic control and maritime industries recognised it as a weak area some time ago and have taken great strides in addressing the problem. The problem is essentially 'how do we ensure our security teams remain alert and effective in maintaining optimum security in our centres?'

This publication not only highlights the pitfalls of failing to address human factors but also looks at the management, equipment and building aspects to increase effectiveness and provide a more credible security team. A large number of the recommendations in this publication are at zero cost, or nearly so, as the wins can be made by good leadership and management.

Download report at: www.bcsc.org.uk

Recent BCSC Research

Shopping Centres: At the Heart of the Community (December 2013)

Shopping centres are the hubs of local communities. They provide safe, secure clean environments for people to shop, dine, relax and be entertained. What is less well known or discussed is the fact that many shopping centres also provide significant levels of support to the communities in which they operate; often developing skills of the local workforce; sometimes rehabilitating and nurturing those that might have stumbled along the way such as disaffected youths or recently released prisoners; frequently raising funds for local charities; investing time and energy into improving the local landscape; brokering partnerships between local organisations, and very often providing the local leadership needed to push great community projects forward.

This good practice guide highlights the plethora of community based initiatives our members are delivering within the communities they are located. The guide aims to encourage and aid those centres who do not currently deliver any initiatives. We have provided a range of case studies from across the UK and findings from the working group's research to help all centres, whatever their size, to think creatively and engage in their local community.

Download report at: www.bcsc.org.uk

The Rise and Rise of Multi-Channel Retailing (December 2012)

The retail environment is constantly evolving; partly as a result of the pace of technological advancement we are observing but more importantly, due to consistently changing consumer aspirations as they search for the ultimate shopping experience. What we are observing however, is not a cyclical shift but a radical structural change; a change which our industry needs to understand and get to grips with. Retailers have been quicker to react but how well is retail real estate responding to these various modes of retailing?

This report, from research conducted by Jones Lang LaSalle, investigates the implications multi-channel retailing will have on the future development of floorspace. It essentially explores:

- consumers and technology
- the retailer response
- implications for retail space and planning
- strategic asset management
- challenges for retail leasing
- rethinking retail real estate operations
- marketing innovation
- financial implications

Download report at: www.bcsc.org.uk

Recent BCSC Research

Cutting Carbon: Cutting Costs: Achieving Performance in Retail Fit Outs (January 2013)

There is no shortage of advice on low carbon buildings but there is a great deal of confusion about what actually works and what it means for retailers. Industry and Government have yet to make a convincing case for how to build and operate low carbon properties, and the financial implications that follow.

In the absence of knowing what is required, what it costs, what works, and what it means, businesses are naturally reluctant to act. What retailers need is less advice and more proof: evidence that shows in practice how to construct and operate a desirable low carbon retail environment. This advice needs to be embedded in the capital and operating costs of low carbon fit out versus a standard fit out.

BCSC commissioned Gardiner & Theobald and Wright Energy and Environment, to provide answers to the above issues based on actual case studies and building data. Evidence-based, real life examples of low carbon fit out outcomes will help organisations to understand and frame their approach to the low carbon agenda.

Download report at: www.bsc.org.uk

Recent BPF Research

Unlocking Growth Through Partnership (October 2012)

A report by the British Property Federation and Local Government Association that examines how new development and economic growth can be promoted through partnership working between the public and private sectors, what barriers to growth exist at a local level, and how these can be resolved.

Click to view document.

Energy Efficiency and the Private Rented Sector (January 2012)

This guide provides a starting point for landlords when developing energy efficiency improvement plans for their properties. It does this by explaining the direction of policy on energy efficiency standards in the private rented sector, how energy efficiency is calculated through the Energy Performance Certificate (EPC) methodology, and how landlords can plan and fund improvements that increase EPC ratings.

Click to view document.

Heritage Works (February 2013)

A partnership between English Heritage, the British Property Federation, the Royal Institution of Chartered Surveyors and Deloitte has created a detailed guide to using heritage assets in regeneration projects.

Click to view document.

Property Industry Alliance Research

Property Data Report 2012

Drawing together key facts about the commercial property sector, this annual publication provides statistics demonstrating the link between UK commercial property markets and the wider economy and aims to raise awareness of the contribution of the commercial property sector to UK GDP, employment, pensions and savings.

Larger than the banking leisure, communications and transport sectors, commercial property is also a significant investment asset for the pensions industry, hence contributing to the financing of the population's retirement. This latest up-date also includes information on property debt and about the sustainability of the commercial property sector.

Green Property Alliance Pipeline

Energy & carbon incentives & penalties affecting the built environment: how effective are they?

This project will analyse the range of legislative and fiscal levers and penalties that apply to building energy and carbon performance, comparing their objectives and examining a series of questions, including what they seek to achieve, to what extent they have been successful in their objective and whether any of the fiscal incentives or legislative measures have led to unintended consequences or behaviours.

Recent RICS Research

Land Leverage Dynamics in Property Markets (June 2012)

Changes in overall property value can depend on how much of total value is contained in the land component, described as land leverage. An understanding of the importance of decomposing property assets in this way is relevant to a number of property issues and policies.

[Click to view document.](#)

Capturing Planning Gain - The Transition from Section 106 to the Community Infrastructure Levy (CIL) (June 2012)

Section 106 agreements are made when local authorities seek cash or contributions from developers to mitigate the impact of development. Identifies S106 in different market conditions and whether it can still work to deliver sufficient affordable housing.

[Click to view document.](#)

Impacts of flooding on SMEs and their relevance to Chartered Surveyors (September 2012)

This report looks at chartered surveyors' knowledge and understanding of both direct and indirect impacts of flooding on SMEs. Using Cockermouth in Cumbria as its case study site, the research revealed that flooded SMEs have experienced increases in their property insurance premiums and excesses. It highlighted the need of addressing the risk by other means and not relying solely on insurance, which is where chartered surveyors come into play.

[Click to view document.](#)

Do responsible real estate companies outperform their peers? (September 2012)

This research looks at the corporate Environmental, Social and Governance (ESG) influence on corporate financial performance (CFP). With growing interest in sustainability issues, the real estate sector has been engaging increasingly with concepts such as Environmental, Social and Governance (ESG), Corporate Social Responsibility (CSR) and Responsible Property Investment (RPI). Using the US real estate companies database which incorporates seven ESG dimensions over the period 2003-2010, the findings show that a relatively high overall ESG rating affects a company's market value.

[Click to view document.](#)

Variability between contract sum and final account (September 2012)

This report looks at the prediction of construction costs, and the difference that varies between the contract sum and final account. The developed model is potentially a practical useful tool to the professional quantity surveyor in providing a more accurate cost advice based on the notion of risk. It is also of practical relevance to the construction client who is interested in cost certainty and no surprises.

[Click to view document.](#)

Recent RICS Research

The value of rural amenities (October 2012)

This research investigates the complexity of rural housing markets and the impact of rural amenities on rural house prices. The growth in price within rural markets is on average higher than for urban markets and particularly during the recent downturn, rural house prices have held their values better than urban house prices. The differences in the price of rural and urban property can largely be explained by the balance of availability of different types of property.

[Click to view document.](#)

Fiscal Arrangements and Planning Decisions in Italy, the UK and the Netherlands (November 2012)

The report looks at the three different local fiscal arrangements with regard to the raising of revenues through urban development in European countries (the UK, the Netherlands and Italy).

[Click to view document.](#)

Construction Clients and Mediation (November 2012)

This research provides empirical data on the views and experiences of construction participants relative to mediation in Scotland. The principal aim of this study was to explore construction participants' awareness, attitudes and experiences relative to mediation, drawing upon quantitative and qualitative analyses of small and medium-sized contracting firms in Scotland.

[Click to view document.](#)

Raising the bar: Enhancing the strategic role of facilities management (November 2012)

This report considers how FM can be seen as a strategic management discipline. It considers what "being strategic" really means; and it also takes a hard look at the current "state of the practice" of FM. The research behind the report draws on a survey completed by almost 400 FM professionals across six continents.

Insights and understanding were enriched by direct personal conversations with almost three dozen senior FM and Corporate Real Estate (CRE) executives, as well as a small number of thought leaders from academia and several of the major international professional associations focused on CRE and FM. This study was designed to review the state of the practice of the facilities profession in 2012, to identify critical FM challenges, and to focus in particular on the relationships between FM and other key functional areas such as corporate strategy, business unit leadership, CRE, Finance, HR, and IT.

[Click to view document.](#)

Recent RICS Research

Property in the Economy (January 2013)

The Property in the Economy report provides a digest and review of key data and statistics. It draws together key information on the importance and place of property in business, the public sector and the economy as a whole.

[Click to view document.](#)

Towards a Better Understanding of Urban Green Infrastructure (January 2013)

Using Kuala Lumpur as a case-study, this research looks at mapping urban green space that paves the way for mapping green infrastructure in other cities in the developing world. The research explores how suitable methods developed in Europe and North America for recognising, classifying and mapping urban green spaces might be applied to a city in the developing world. It examines the situation of Kuala Lumpur in Malaysia, which appears to have experienced a significant loss of urban green space due to rapid, intense and expansive urban development over the past 30 years.

[Click to view document.](#)

Evaluation of investment in solar energy (February 2013)

The research presents a novel model for the valuation of investments in PV systems for buildings based on studies in the USA. The model helps commercial and residential real estate owners and investors, designers and builders, and policy makers make better decisions about the adoption of PV systems in buildings. It provides a better tool for life cycle cost analysis of PV systems for buildings.

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RICS IPD Valuation and Sale Price Report UK 2012 (February 2013)

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RICS IPD Valuation and Sale Price Report Europe 2012 (February 2013)

Annual reports from RICS and IPD looking at variation between valuation and sales price in the UK and France, Germany and the Netherlands.

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Sustainable Urban Retrofit Evaluation (February 2013)

Using Melbourne as a case-study, the report evaluates sustainable urban retrofits to provide a critical review of how one city is transitioning to low carbon to address climate change. This research updates a previous study, with part one examining whether there has been a shift in the Melbourne market by assessing the importance of environmental attributes in commercial office retrofits from January 2009 to July 2011. The second part of the study had two aims; firstly, to gain a deeper understanding of the improvements made to existing office buildings in the 1200 Buildings Program in Melbourne, Australia. The second aim was to undertake a comparison of current practice to identify similarities and differences in approach to retrofit in the 1200 Buildings Program.

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Research
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2011-2015

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