

All-Property capital value growth of 3.9% in Q1 2022

3 years ago



Capital values increased 2.0% across all UK Commercial property in March 2022, according to the latest CBRE Monthly Index.

This growth was driven by Industrials and the exceptionally strong performance of Retail Warehouses. In Q1 2022, capital growth at the All-Property level rose 3.9%. Over the month, rental value growth was 0.9%. Total returns were 2.4%.

In March, Retail capital values rose 2.9%. This is the highest capital value growth recorded for the Retail sector in the history of the index, bringing Q1 2022 capital value growth to 4.5%. The increase in capital values is predominantly driven by Retail Warehouses, which reported a record capital value growth of 4.7% in March, and 7.5% in Q1 2022. Shops in the rest of the UK outperformed South East shops with 1.0% and 0.6% increases in capital values respectively. Shopping Centres posted a capital value growth of 0.3% while rental values decreased -0.3%. Rental value growth for the Retail sector was 0.3% over the month and 0.4% over the quarter. Total returns for the sector were 3.4% in March and 6.2% in Q1 2022.

The Office sector posted capital value growth of 0.5% over the month and 0.9% over the quarter. Central London reported a capital value growth in line with the sector average. In Q1 2022, Outer London and M25 Offices was the strongest subsector with capital values increasing 1.7% compared to 0.8% for Central London and 0.9% for Rest of UK. Over Q1 2022, rental values increased 0.4% and total returns were 1.9%.

In March, capital values continued to rise for the Industrial sector which reported a growth of 3.0%. Capital growth for the Industrial sector was 6.6% over the quarter. In March, Industrials in the South East outperformed Industrials in the rest of UK, reporting a capital value growth of 3.2% and 2.5% respectively.

Rental values increased 1.9% over the month and 3.4% over the quarter. Industrial total returns were 3.3% in March.

Jen Siebrits, Head of UK research, CBRE, said: “March has shown a continued increase in capital values at the All-Property level with an overall solid performance for Q1. So far, Industrials has been the main driver of growth at the All-Property level. This month’s strong performance of the subsector Retail Warehouses shows a promising sign of boosting All-Property capital value growth during the upcoming quarter.”

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