

UK Commercial property capital values increase 1.1% in May

3 years ago



Capital values increased 1.1% across all UK Commercial property in May 2022, according to the latest CBRE Monthly Index.

Over the month, rental values rose 0.5%. Total returns were 1.5%.

Capital values for the Retail sector increased 0.8% over the month. Capital value growth continues to be driven by Retail Warehouses with capital values increasing 1.2%. Shops in the South East performed slightly better than Shops in the rest of the UK reporting a capital value growth of 0.4% and 0.1% respectively. Rental values for the Retail sector increased 0.1% over the month. Rental value growth was pulled down by Shops in the rest of the UK which reported a decline of -0.3% in May. Shopping Centres reported a rental value growth of 0.1%, this represents the first positive increase in values since March 2018. Rental growth for Retail Warehouses remained flat over the month. Total returns for the Retail sector were 1.3%.

The Office sector posted capital value growth of 0.7% over the month. Capital value growth was driven by Outer London and M25 Offices (0.8%) and Offices in the rest of the UK (1.0%). Capital values for Central London Offices increased 0.4%, although this figure was impacted by negative capital growth for City Offices (-0.2%). In May, rental values increased 0.2% for the Office sector. Rental growth was predominantly driven by Rest of UK Offices which reported growth of 0.5%. Total returns for the sector were 1.0%.

In May, capital value growth continued for the Industrial sector, albeit at a reduced rate of 1.3%, down from 1.9% in April and 3.0% in March. Industrials in the South East performed marginally better than

Industrials in the rest of the UK with values increasing 1.4% and 1.3% respectively. Rental values increased 0.8% over the month. Industrial total returns were 1.6% in May.

Marlyn Chantre, Research Analyst, CBRE, said: "The results of CBRE's May Monthly Index shows that All-Property capital growth continues to be driven by Industrials and Retail Warehouses. While the rate of capital growth slowed down over the last three months, Industrials remained the strongest sector in terms of rental value growth."

Image credit: Shutterstock