

All-Property capital value growth of 3.0% in Q2 2022

3 years ago



Capital values increased 0.6% across all UK Commercial property in June 2022, according to the latest CBRE Monthly Index. In Q2 2022, capital growth at the All-Property level rose 3.0%. Over the month, rental value growth was 0.2%. Total returns were 0.9%.

Retail capital values rose 0.4% in June and 2.8% over Q2 2022. Over the month, capital values for Retail Warehouses increased in line with the sector average and 4.3% over Q2 2022. Capital value growth for the Retail sector was predominantly driven by Retail Warehouses during the past 12 months. While Retail Warehouses showed a solid performance over the first two quarters of 2022, in June 2022 the subsector reported the smallest monthly increase in capital values since February 2021. Standard Shops performed slightly better than Retail Warehouses reporting a capital value growth of 0.5%. Shopping Centres posted a capital value growth of 0.2% in June and 0.7% in Q2 2022. Over the month, the Retail sector reported rental value growth of 0.1%. Rental values were flat for all Standard Shops and increased 0.1% for Retail Warehouses and Shopping Centres. Total returns for the sector were 0.9% in June and 4.4% in Q2 2022.

In June, capital values for the Office sector increased 0.2%. Capital value growth was driven by Outer London and M25 Offices (0.5%) and Offices in the Rest of the UK (0.4%). The sector average was pulled down by City Offices reporting a decrease of 0.3%. In Q2 2022, the sector showed stronger capital value growth at 1.5% compared to 0.9% in Q1 2022. Over the quarter, Rest of UK Offices was the strongest subsector with capital values increasing 2.2% compared to 0.9% for Central London and 1.6% for Outer London and M25 Office. Rental values for the Office sector increased 0.1% in June and 0.4% in Q2 2022. Total returns were 0.5% over the month.

In June, capital values increased 0.6% for the Industrial sector, the smallest monthly increase since January

2021. Industrials in the South East performed slightly better than Industrials in the Rest of the UK, reporting a capital value growth of 0.7% and 0.4% respectively. In Q2 2022, capital values for the industrial sector increased 3.8%. Rental values increased 0.5% over the month and 2.2% over the quarter. Industrial total returns were 0.9% in June.

Marlyn Chantre, Research Analyst, CBRE, said: "The first half of 2022 was characterized by the strong performance of Industrials and Retail Warehouses driving All-Property growth. Even though, the results of CBRE's June Monthly Index shows that capital value growth for Industrials and Retail Warehouses has decelerated, it is a promising sign that All-Property growth has remained robust in Q2 2022."