

Capital values down -0.5% for all UK Commercial Property

3 years ago



Capital values decreased 0.5% across all UK Commercial property in July 2022, according to the latest CBRE Monthly Index. Over the month, rental value growth was 0.3%. Total returns were -0.1%.

Retail capital values were flat in July 2022. Over the month, capital values for Retail Warehouses increased 0.1%, resulting in the only Retail subsector that did not report negative capital value growth. Standard Shops reported a capital value growth of -0.1%. After four months of positive capital value growth, Shopping Centres posted a decrease in capital values of 0.2%. Over the month, rental value growth was flat for the Retail sector. Standard Shops in the South East reported a rental value growth of 0.1% while rental values for Standard Shops in the rest of the UK decreased 0.2%. Rental values for Shopping Centres and Retail Warehouses were flat over the month. Total returns for the sector were 0.5% in July.

In July, capital values for the Office sector decreased 0.1%. Capital value growth was pulled down by Outer London and M25 Offices and Offices in the Rest of the UK both reporting a decline of 0.3%. Central London Offices posted a capital value growth of 0.1%. Rental values for the Office sector increased 0.1% in July. Rental growth was driven by Outer London and M25 Offices (0.4%) and Rest of UK Offices (0.3%). In July, total returns for the Office sector were 0.4%.

The Industrial sector posted a capital value growth of -1.4% in July. Industrials in the South East and Industrials in the Rest of the UK reported a capital value growth of -1.3% and -1.7% respectively. The Industrial sector has not reported negative capital value growth reported since June 2020. At the same time, rental values increased 0.7% over the month. Industrials in the South East (0.9%) posted stronger rental value growth than Industrials in the rest of the UK (0.7%). In July, total returns were -1.1%.

Jen Siebrits, Head of UK research, CBRE, said: “After sixteen months of consecutive All-Property capital value growth, the results of CBRE’s July Monthly Index shows that outward yield movement has put pressure on capital value growth. While Industrial has shown the greatest fall in capital values, the sector continues to drive rental growth at the All-Property level.”