

Decline in capital values continues for all UK Commercial Property in August

3 years ago



Capital values decreased -1.6% across all UK Commercial property in August 2022, according to the latest CBRE Monthly Index. Over the month, rental value growth was 0.5%. Total returns were -1.2%.

In August, Retail capital values decreased -1.2%, the sector has not reported negative capital growth since May 2021. Standard Shops reported a capital value growth of -1.7%. Shops in the South East reported a greater fall in values than Shops in the rest of the UK at -1.9% and -1.1% respectively. Retail Warehouses reported a capital value growth of -1.4%. Capital values were flat for Shopping Centres, resulting in the only Retail subsector that did not report negative capital value growth. In August, rental value growth was 0.1% for the Retail sector. Standard Shops and Retail Warehouses reported a rental value growth in line with the sector average. Rental values for Shopping Centres were flat over the month. Total returns for the sector were -0.7% in August.

The Office sector posted a capital value growth of -0.3% in August. Central London Offices performed significantly better than Outer London and M25 Offices reporting a capital value growth of -0.1% and

-1.3% respectively. Offices in the rest of the UK reported a smaller decrease in capital values at -0.4%.

Rental values for the Office sector increased 0.1% in August. Rental growth was driven by Rest of UK Offices (0.3%) and Outer London and M25 Offices (0.1%). Rental growth was flat for the remaining subsectors. Over the month, total returns were 0.0% for the Office sector as income return was balanced out by negative capital value growth.

In August, the Industrial sector posted a capital value growth of -3.2%, the largest monthly decrease for the sector recorded by the CBRE Monthly Index. Industrials in the South East showed weaker capital value

growth at -3.9% compared to -2.1% for Industrials in the rest of the UK. At the same time, strong rental value growth continues for the sector at 1.1%. Rental value growth was driven by Industrials in the rest of the UK (1.6%) and pulled down by Industrials in the South East (0.8%). In August, total returns were -3.2%.

Jennet Siebrits, Head of UK Research, CBRE, said: "Continued outward yield movement has resulted in a second consecutive month of All-Property capital value decline, according to the CBRE's August Monthly Index results. However, rental value growth at the All-Property level saw an uplift, due to sustained rental growth across the Industrial sector."