

# UK Property Investors set to Prefer Opportunistic Strategies for 2023, but Preserve ESG Principles

2 years ago



UK property investors are making a significant shift towards adopting opportunistic strategy for 2023, according to a new report.

The Investors Intentions Survey, conducted by global real estate advisor CBRE, showed that, against the backdrop of economic instability, UK Investors were gearing up for a new strategic approach.

Results showed a marked increase in uptake of opportunistic strategy, from 11 per cent in 2022 to 35 per cent in 2023, with value-add being the second most popular strategy at 25 per cent – a fall from 42 per cent the previous year.

Residential was the preferred sector, closely followed by logistics at 30 per cent and 29 per cent respectively.

Despite tougher economic conditions, ESG continues to be at the forefront of investors' minds, according to the report, with 88 per cent of UK investors affirming that ESG criteria would continue to be adopted in all investment decisions this year.

## Key findings:

– Preferred real estate strategy for 2023 – Opportunistic 35%, value add 25%, core 12%, core plus 12%, debt strategies 9%, distressed assets and non-performing loans 7%

– Preferred real estate sectors for 2023 – Residential 30%, Industrial and logistics 29%, Office 18%, Retail, 8%, Hotels/Resorts 4%, Other 12%.

– Investors continuing to adopt ESG criteria in all investment decisions 88%; actively discuss ESG adoption, but as of yet have not fully adopted criteria in all decisions 10%; investors have no plans to adopt ESG criteria at the present time 2%.

– Investors' purchasing expectations for 2023 – buy more real estate 33%, buy the same 26%, buy less 39%, no intent to buy 2%.

Jennet Siebrits, Head of UK Research, CBRE, said: "The greatest current challenges facing real estate investment are perceived to be fear of recession, higher and/or more persistent inflation, and shifts in credit availability & loan terms.

"In this environment it might be expected that investors would prefer core assets – yet our survey results indicate opportunistic and value-add strategies are the preferred approach, whilst core and core plus were preferred by just 12 per cent of respondents each.

"Economic Social and Governance criteria continue to be at the forefront of investors' minds, despite macroeconomic headwinds and a challenging geopolitical landscape. We found the preferred method for implementing ESG strategies to be upgrading existing assets. Whilst some stated they would also sell properties that do not meet their ESG criteria, there was more emphasis on upgrading than on divesting real estate."