

Commercial Property Sees Slight Value Decline in February

2 years ago



Capital values reduced 0.5 per cent across all UK Commercial property in February, according to the latest [CBRE](#) Monthly Index.

Throughout the month, rental value growth was 0.2 per cent. Total returns were flat.

The report showed retail capital values declined 0.3 per cent. The reduction in values for the sector was predominately driven by Standard Shops reporting a 0.8 per cent decrease. Retail Warehouses recorded a marginal capital value decline of 0.3 per cent, Shopping Centre capital values remained flat. Rental values for the Retail sector fell by 0.1 per cent, as a result of both Standard Shops and Shopping Centre rents falling 0.2 per cent. Retail Warehouse rents remained flat. Despite this, retail was again the only sector to post positive total returns for the month with a 0.2 per cent increase.

Office sector capital values declined 0.6 per cent in the month – the movement was driven outside the capital as Central London office capital values declined 0.1 per cent. Rest of UK offices and Outer London/M25 declined 1.2 per cent and 1.4 per cent respectively. Rental value growth for the Office sector was 0.1 per cent in February. Both Central London and Rest of UK offices posted rental growth of 0.1 per cent, while Outer London/M25 rents reported an increase of 0.4 per cent. Office sector total returns were -0.2 per cent.

Across the month, Industrial capital values declined 0.6 per cent. Industrials in the South East reported a greater decline than Industrials in the Rest of the UK (-0.8 per cent and -0.3 per cent respectively). However, Industrials in the South East posted higher rental value growth, with 0.7 per cent, compared with 0.4 per cent for Industrials in the Rest of UK. This meant rental value growth for the sector was 0.6 per

cent for February. Over the month, Industrial total returns were -0.2 per cent.

Jennet Siebrits, CBRE's Head of UK Research, said: "The February Monthly Index results represent a second consecutive month of mild downward movement in commercial real estate values, following sharp falls in the latter half of 2022, which could indicate the worst is over. It will take more transaction activity over the coming months to provide greater insight into the true condition of the market – however, it should be noted there are already encouraging signs as some segments are again posting positive total returns."