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Total investment for H1 2023 declines by 53% year on year

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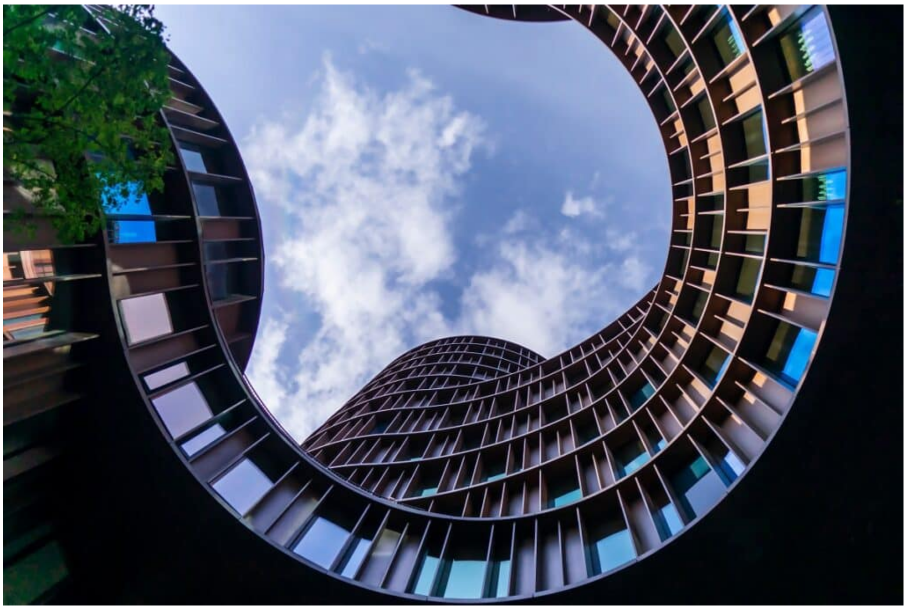

JLL's research has revealed subdued investment across the UK of £14.2bn in H1 2023, a 53% reduction from H1 2022 volumes of £30.6bn and 37% below the 10-year average. The first half of 2023 is the weakest H1 since 2020 when volumes fell as low as £13.3bn as a result of the initial Covid-19 lockdown period.

The current low activity is expected to continue for much of the remainder of 2023, with expected investment volumes of £30-35bn by the year-end. Despite this, longer-term expectations are more optimistic, and the results of JLL's latest Investor Survey has revealed that 85% of investors anticipate an increase in UK real estate investment volumes by the second half of 2024.

As the first half of the year progressed, the UK benefitted from a resurgence in student accommodation investment, totalling £1bn in Q2 after just £134.5m was invested in Q1. Increased home and international student accommodation numbers, a shortfall in supply and strong rental growth has created room for this sector to expand. This boost is supported by our survey results, with 41% of investors choosing the student housing sector as the most resilient over the next 12 months and 27% identifying that this sector would continue to provide the greatest opportunities over the next five years, alongside the life science and multi-let industrial sectors.

International investors remain a key driving force in the UK market, comprising 53% of investment volumes in the first half of the year. In terms of regional buyers, the Americas led the way, contributing 23% of total investment, with the USA being the largest individual source of capital, investing £2.7 billion. Survey results indicate that this is likely to continue, with 47% of investors selecting the USA as most active source of international capital over the next 12 months, behind only the Middle East, chosen by 48%

of respondents.

The movement towards more sustainable building practices has become firmly established in the global market, and the UK is leading the way in this transition. Despite current economic challenges, JLL's survey showed that the focus on environmental and social impact has either remained the same or increased for 100% of respondents. The approach to sustainability is evolving in terms of decision-making drivers, with real energy use and emissions data becoming increasingly important. 32% of respondents in the survey chose this as the biggest driver, surpassing EPC rating (28%) and certification score (22%).

Cameron Ramsey, EMEA & UK Capital Markets Research & Strategy Director said, "While the economic environment still feels very challenging, recent data suggests the worst is behind us and conditions are likely to improve over the coming months. We expect transaction volumes to stay low in the short term but pricing will stabilise and confidence will improve as we move towards next year. Capital is available for the right opportunities, and these will increasingly emerge across the risk spectrum."