

Commercial property records positive total return to kickstart 2024

1 year ago



Capital values for commercial real estate fell by 0.2 per cent in January 2024, according to the latest CBRE UK Monthly Index. Rental values increased by 0.1 per cent, and total returns were 0.3 per cent throughout the month.

Retail capital values fell by 0.1 per cent throughout the month. Shopping Centres posted the largest fall of 0.4 per cent, and Retail Warehouse capital values declined by 0.1 per cent. Standard Shop capital values remained unchanged. Retail rental values rose by 0.1 per cent in January. Rental values for Standard Shops were also flat over the month, while Retail Warehouse rental values increased by 0.2 per cent. Shopping Centre rental values declined by 0.1 per cent. Total returns for the Retail sector were 0.5 per cent for the month.

Office sector capital values declined by 0.6 per cent in January. Both Central London and Rest of UK Offices saw capital values fall by 0.5 per cent, while Outer London/M25 offices capital values decreased by 0.7 per cent. Office rental values declined by 0.1 per cent over the month. Rest of UK Office rental values remained flat throughout the month, but Central London and Outer London/M25 Office posted rental value decreases (0.2 per cent and 0.1 per cent respectively.) Total returns for the Office sector were -0.1 per cent for January.

Industrial capital values remained flat throughout January. Industrials in the South East recorded a capital value increase of 0.1 per cent, however Rest of UK Industrial capital values were unchanged. Rental values rose by 0.2 per cent. Both Industrial segments reported in line with this increase of 0.2 per cent. Total returns for the Industrial sector were 0.5 per cent throughout January.

Jennet Siebrits, Head of UK Research, CBRE, said: “Following negative total returns throughout each month of Q4 2023, January provided an optimistic start to the year as all-property total returns were 0.3 per cent. Capital values either remained stable or posted a smaller decline than we have seen in recent months, resulting in all sectors but office recording positive total returns.”