

Retail and Industrial Sectors Drive Positive Total Returns for Commercial Property in April

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Commercial property capital values remained flat throughout April 2024, according to the latest [CBRE UK Monthly Index](#). Rental values increased steadily by 0.2%, and total returns rose to 0.5% in April.

Retail capital values rose by 0.1% in April, driven predominantly by Standard Shops which recorded 0.2% capital growth. Following strong capital value performance in March (0.6%), Retail Warehouse capital values increased by 0.1% in April. Shopping Centre values remained flat, marking the first month since April 2023 where capital values did not decline. Rental value growth for the retail sector was stable at 0.1%, while the total return rate was 0.7%.

Office total returns were -0.1% in April 2024. Capital values fell by 0.6% month-on-month, mainly resulting from Outer London/M25 Offices capital values declining by 1.2%. Central London and Rest of UK office capital values were slightly more resilient, but still registered decreases at -0.4% and -0.2% respectively. Overall, office rental values increased by 0.1%. Outer London/M25 Office rents remained flat, while rental values increased by 0.2% elsewhere, contributing to less severe capital value declines in those segments.

Industrial capital values rose by 0.3% in April, with the Industrials in the South East continuing to exhibit stronger capital value performance (0.4%) compared with Industrials in the Rest of the UK, which recorded 0.1% growth. Rental values increased by 0.5% over the month, driven largely by South East rental values rising by 0.7%. For the Rest of UK Industrials, rental values also increased by 0.2%. Industrial total returns stood at 0.7%.

Jennet Siebrits, Head of UK Research, CBRE, said: “The April results mark the first month since May 2023 where all-property capital values haven’t fallen, indicating an improved outlook for UK commercial real estate. While the office sector continues to face challenges, capital performance varies across the office segments and markets with stronger rental growth have proved more resilient. However, industrial and retail performance is a source of optimism for UK real estate investors. Both sectors exhibit steady rental growth, particularly industrial, and have reported positive total returns in every month so far in 2024.”