

Savills: Commercial investment volumes reach highest level for 12 months

1 year ago



Commercial investment volumes reached £4.7 billion in March 2024, the highest level since March 2023 and representing a 56% increase month on month, according to [Savills](#). This resulted in Q1 investment volumes for commercial property to reach £10.7 billion, and is the second quarter in a row with rising volumes.

The industrials sector has been highlighted as a sector that is displaying a potential decoupling between the historical link between rents and vacancy, with annualised rental growth at 6.3% in March 2024, only marginally down from March 2023 at 6.6%, despite rising vacancy levels. At the end of 2023 MSCI's vacancy rate was 6.1% and based on Savills analysis, for rental growth to flat-line the vacancy rate would need to reach 10.3%.

Kevin Mofid, Director in the commercial research team at Savills, adds: "Economic data remains volatile but the general consensus is that a path to a soft landing is achievable. With many markets reaching their expected low points in pricing, we can see investor interest harden which is reflected in the increasing investment volumes. While we do expect higher investment volumes in the second half of the year, there will still be further volatility in the short term until there is greater clarity on the timing of the Bank of England base rate cuts later this year."

Richard Merryweather, joint head of UK commercial investment at Savills, comments: "The industrial and logistics sector has seen record amounts of investment in recent years. However, vacancy rates have started to increase but despite this we can see rental growth has remained at levels above what we would have expected in the first three months of the year. We know that occupier demand for high quality buildings is strong with 70% of all new leases for Grade A property and we expect rental growth to be

maintained across many submarkets and sizes in the industrial sector as occupiers continue to place greater emphasis on ESG.”