

UK All Commercial Property Capital Values Rise for a Second Consecutive Month in June 2024

2 years ago



Commercial property values increased for the second consecutive month in June 2024, according to the latest [CBRE](#) UK Monthly Index. Capital values rose by 0.2% over the month. Rental values also increased by 0.2%, and total returns were 0.7% in June. For Q2 2024, all property capital values increased by 0.5%, and rental values also rose by 0.7%. Total returns for Q2 were 1.9%.

The Retail sector was the strongest performer across the month, as capital values increased by 0.7%. This was predominantly driven by Retail Warehouse capital values rising by 1.2%, while Shopping Centres also posted capital value growth of 0.3%. Standard Shop values recorded a slight fall, however. Rental values increased by 0.2% over the month. This was driven by Standard Shops (0.3%) and Retail Warehouses (0.1%), as Shopping Centre rental values remained flat. Month-on-month total returns for the sector were 1.3% in June, and total returns for Q2 2024 were 3.1%.

Office capital values continued to fall, declining by 0.4% in June. Central London and Outer London/M25 office capital values only fell by 0.1%, however Rest of UK office capital values posted a decrease of 0.9%. Rental values for the sector also declined by 0.1% over the month. Central London rental values increased by 0.4%, however Outer London/M25 offices and Rest of UK office rental values declined. Office total returns were 0.1% for the month and 0.2% for the quarter.

Industrial capital values increased by 0.4% in June. Industrials in the South East (0.4%) posted marginally higher growth compared with Rest of UK Industrials (0.3%). Rental values increased by 0.4% over the month, and Industrials in the South East posted stronger growth in rental values compared with Industrials

in the Rest of the UK. The Industrial sector posted a month-on-month total return of 0.8% across June and Industrial total returns were 2.3% in Q2 2024.

Jennet Siebrits, Head of UK Research, CBRE, said: "Strong monthly performance from the Retail and Industrial sector meant that UK all property posted a second consecutive month of capital value increases. Interestingly the Retail sector has seen a small resurgence throughout the year, as capital values increased by 1.5% throughout H1 2024, bringing total returns to 5.1% in the first half of the year, the highest of all sectors.

"The office sector continues to be challenged, and the decline in capital values throughout June marks two years of monthly falls in values for the sector. However, West End offices saw capital values rise for the second consecutive month, and Central London office rental and capital performance continues to be more resilient than regional offices."