

Commercial Property - UK - July 2019

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“With the current outlook, both politically and economically, uncertain, risk aversion among commercial property investors is expected to remain a major trend over the foreseeable future. Property assets with long lease structures and strong rental covenants are therefore attracting attention as investors seize on opportunities to create long-term, secure, income-producing assets.”

– Claudia Preedy, B2B Analyst

This report looks at the following areas:

- While investors are retrenching from struggling retail sector pockets of the sector offer opportunities
- Rapid growth in flexible workspace sector drives demand for offices

While growth in the UK commercial property market slowed in 2018, the overall performance remained solid given the prolonged political uncertainty around Brexit and global economic headwinds. This partly reflects favourable exchange rate conditions for overseas investors and robust occupier demand in a number of sectors, including logistics and prime offices.

Looking ahead, many industry experts have adopted a more cautious outlook. The extension of Brexit to 31 October 2019 is likely to lead to investors and occupiers taking a wait-and-see approach, with activity expected to be more measured during the current year.

Nonetheless, investor appetite for prime assets in London is anticipated to remain solid due to the capital's long-term strong market fundamentals. Logistics and alternatives are also expected to perform comparatively well in 2019. This reflects continued strong occupier demand in the logistics sector, while UK and foreign investors remain attracted to the secure, long-term income streams offered by alternative asset classes.

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This report is part of a series of reports, produced to provide you with a more holistic view of this market

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