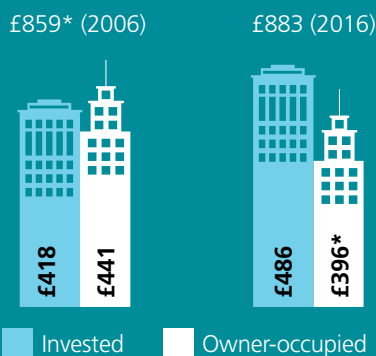


# THE SIZE AND STRUCTURE OF THE UK PROPERTY MARKET: END 2016 UPDATE

AT A GLANCE

JULY 2017

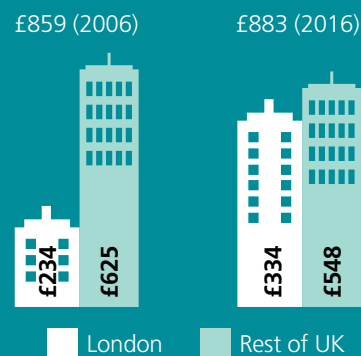
## Value of commercial property (£bn)



In 2016, the total value of commercial property fell slightly although that owned by investors remained stable.

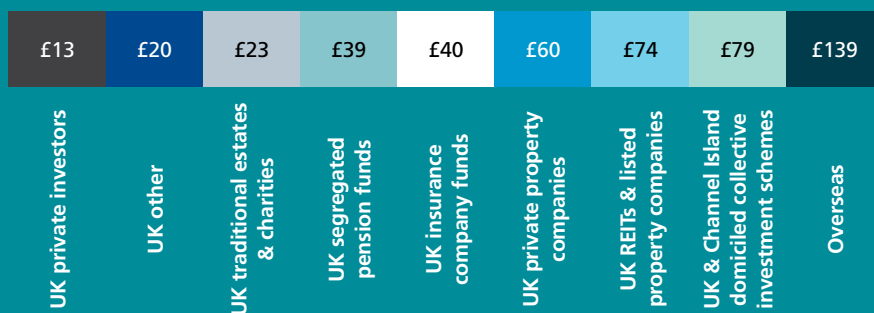
\* Historic estimates of total property have been revised since last year's report.

## London versus rest of UK (£bn)



Compared to 2006, the total value of commercial property in London is now 43% higher, but 12% lower in the rest of the UK. London now accounts for 38% of the commercial property stock (versus 23% of GDP).

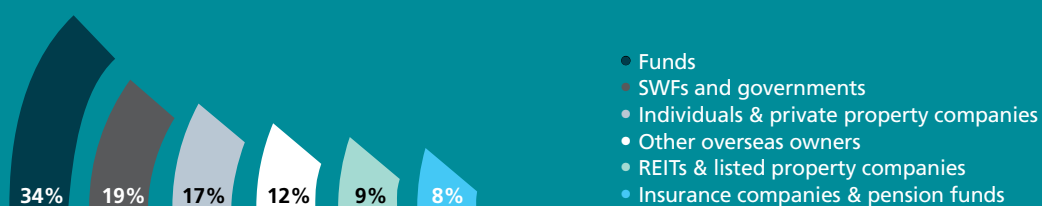
## Ownership of UK commercial investment property (£bn)



**Total: £486**

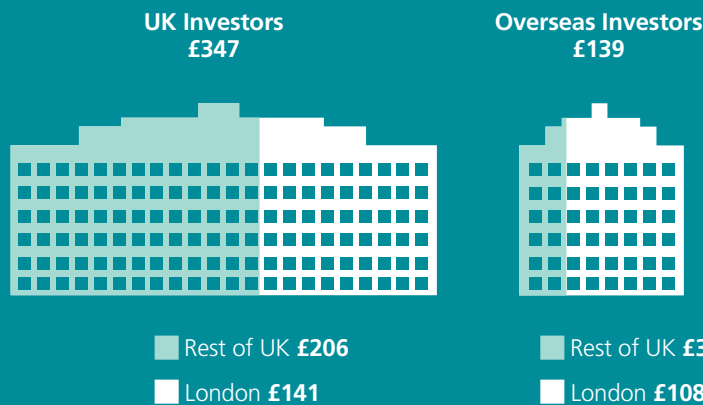
Overseas owners account for 29% of UK commercial investment property; nearly double the amount in 2006. Funds and listed property companies are the largest domestic owners of UK investment property. UK insurance companies now control only 8% of the investment market, compared to a fifth in the early 2000s.

## Distribution of overseas ownership by investor type



Collective investment schemes (i.e. funds) remain the largest type of overseas owner. The amount owned by sovereign wealth funds has doubled over the last 3 years.

### London versus rest of UK (£bn)



### Residential property ownership (£bn)



\* Includes £38bn of mainstream investment in PRS.

78% of overseas holdings are in London, compared to 41% for UK investors.

UK residential property is 7 x the value of the commercial sector. The value of the private rented sector (PRS) exceeds £1tn but mainstream property investors own only a tiny fraction of this, although their holdings increased by almost a third in 2016.

### Other Key Points

- The value commercial property in the UK (owner-occupied as well as invested) fell 5% from a revised £926bn in 2015 to £883bn in 2016<sup>1</sup>.
- The size of the overall stock declined for the first time since 2012 and reflected uncertainty immediately before and after the EU referendum.
- The rental value of UK commercial property, however, rose to a record £62bn, helped by increasing rents and, to a lesser extent, modest growth in the stock of floorspace.
- The industrial property sector showed an increase in its total value in 2016, helped by increased demand for distribution premises in support of internet retailing. London & the South East benefited most from this.
- Retail remains the largest commercial property sector, accounting for 38% of the total.

<sup>1</sup> See full report for further details.

The full report may be downloaded from the IPF website: [www.ipf.org.uk](http://www.ipf.org.uk).

### The 2015-2018 Research Programme is sponsored by:



### Disclaimer

This document is for information purposes only. The information herein is believed to be correct, but cannot be guaranteed, and the opinions expressed in it constitute our judgement as of this date but are subject to change. Reliance should not be placed on the information and opinions set out herein for the purposes of any particular transaction or advice. The IPF cannot accept any liability arising from any use of this document.