



AT A GLANCE

Current Investment

UK Total Private Rented Sector
vs. Institutional Investment in PRS

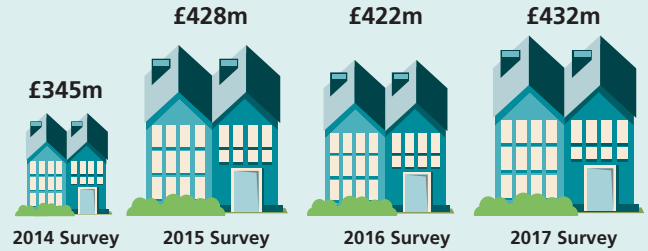


2.1%

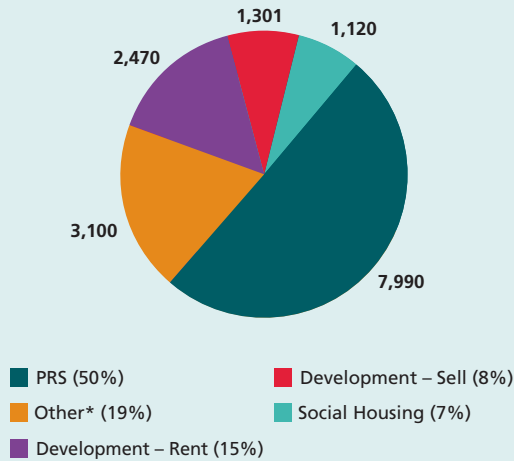
Excludes student accommodation

Source: The Size and Structure of the UK Property Market: End-2016 Update, IPF, July 2017

Average Holding per Investor

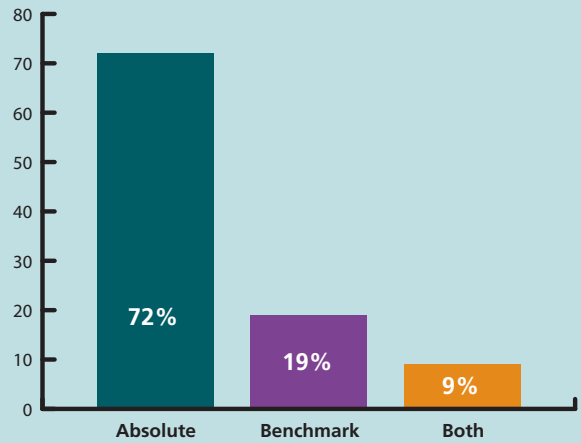


Investment by Asset Type (£m)



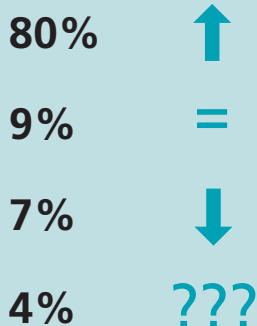
*Other includes student accommodation, ground rents, retirement and care homes.

Performance Measurement

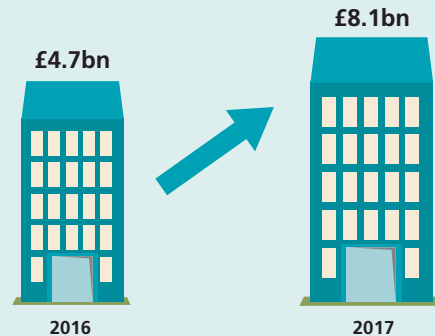


Future Intentions

Investment Intentions next 12 months
(Proportion of Respondents)



Investment Intentions next 12 Months*



*Net intentions, including current non-investors

UK RESIDENTIAL INSTITUTIONAL INVESTMENT SURVEY 2017

KEY POINTS

- Respondents to the 2017 survey own or manage investments worth in excess of £3.5tn¹, of which UK real estate comprises c.£240bn (c.7% of all assets).
- The number of contributors to the survey has grown to 56 (from 48 in 2016), of which 46 have exposure to the UK residential sector.
- The overall value of UK residential investments from the 42 respondents providing data is £18.1bn, or 8.6 % of all UK real estate assets, the highest percentage since the survey began. The average holding of respondents with residential exposure is £432m.
- Investment into the private rental sector (PRS) continues to grow in popularity and now accounts for half of the total residential investment. Development for either investment stock or for market sales accounts for just under a quarter.
- Returns profile remains the principal reason for investing in residential, with stability of income the second. Other important criteria are residential's low correlation with other asset classes and its inflation-matching ability.
- Ten of the contributors to the 2017 survey do not invest in UK residential. Their primary reasons for not investing are unattractive pricing, low income yields and a difficulty in achieving scale of investment.
- Respondents were questioned about how they measure the performance of their residential investments. Over 70% report that they use an absolute return target. Only two investors mention using a residential benchmark and, only then, as a comparison, not as a formal benchmark.
- Eighty percent of residential investors state that they intend to increase their exposure to UK residential over the next 12 months, compared to 60% in the 2016 survey. In addition, three non-residential investors are considering entering the sector in the next 12 months.
- A total net figure of just over £8bn is earmarked for residential investment, the majority of which is expected to be channelled through development land for investment stock (£4.4bn) and the purchase of existing (and newly completed) residential for private (market) rent (£3.2bn).
- Three-quarters of investors intend to work with the UK public sector in the next three years to develop housing. Most are looking to create partnerships with the public body supplying the land and the investor building the stock.

¹ This excludes two very large investors who did not disclose the relevant data.

Acknowledgement

The IPF thanks all those participants in the 2017 survey for contributing data and opinions. Organisations that consented to be named appear in the full report, which can be downloaded by clicking [here](#).

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