Research Programme 2011–2015

UK Residential Property: Institutional Attitudes and Investment Survey 2015

This research was commissioned by the IPF Research Programme 2011–2015

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This research was funded and commissioned through the IPF Research Programme 2011–2015.

This Programme supports the IPF's wider goals of enhancing the understanding and efficiency of property as an investment. The initiative provides the UK property investment market with the ability to deliver substantial, objective and high-quality analysis on a structured basis. It encourages the whole industry to engage with other financial markets, the wider business community and government on a range of complementary issues.

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UK Residential Property: Institutional Attitudes and Investment Survey 2015

Report

IPF Research Programme 2011–2015

August 2015

Research

Pam Craddock, *IPF*

Project Steering Group

Charles Fairhurst, *Fairbridge Residential Investment Management*

Robin Goodchild, *LaSalle Investment Management*

Stafford Lancaster, *Delancey Real Estates Asset Management Limited*

Jean-Marc Vandevivere, *The British Land Company*

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1. EXECUTIVE SUMMARY

- The 2015 survey respondents hold or managed in excess of £3 trillion of investments, of which real estate comprises approximately £220 billion (c.7.32% of all assets). Almost four-fifths of contributors (37 out of 48) have an exposure to residential assets in their UK portfolios.
- The cumulative value of UK residential investment from respondents providing data is almost £15.4 billion, or c.7.5% of all UK real estate assets. The average holding per investor is just under £428 million.
- Direct ownership remains the preferred method of holding residential property by around four-fifths of respondents, with the value of those holdings representing around 66% of all residential assets in the sample.
- Just under half (17) of respondents invest via joint ventures and a third use private funds. Gaining exposure via listed property company shares is limited, with only four investors using this route, which represents approximately 1% of total residential investment, although this may be due to a lack of listed residential investment vehicles.
- Whilst investment in the private rented sector (PRS) is the most popular form of property for investment (at 31% of all assets), development currently attracts around approaching one-third (29%) of total investment, followed by student accommodation at 16%.
- Eighteen contributors provided data on their development activities. The gross development value of these projects adds up to almost £10.7 billion. Over 60% of the current pipeline is earmarked for disposal, with eight contributors intending to sell on completion, whilst five are building exclusively to rent.
- The principal rationale for investing in residential remains its returns profile, followed by development potential. Stability of income is also a major attraction. Aside from criteria specified in the survey questionnaire, contributors also identified a potential inflation hedging benefit.
- Nine of the participants in the 2015 survey do not currently invest in residential. Low income yield was cited by all as an important issue. However, only two respondents have no intention of investing in the foreseeable future. From the remaining seven, only one quantified their investment intentions for the next three years, stating a preference for investment in PRS and student accommodation.
- Half of existing investors plan to increase investment in the sector over the next 12 months, with only three expecting to reduce their exposure. The scale of potential new investment is approaching £6.5 billion, subject to the availability of suitable stock across all types of residential assets, although PRS remains the most favoured sector (£2.89 billion or 45%), followed by development (at £1.52 billion, 24%).

2. INTRODUCTION

- This annual review of institutional exposure to the UK residential property is now in its fourth year, thus providing an opportunity to develop an understanding of investment trends and activity.
- Data was collected primarily via an on-line survey questionnaire, directed at major institutional investors, followed by interviews with a number of contributors (18) to provide more detailed responses to several aspects of the research. All information was provided in confidence and is reported in aggregate. Data collection took place over 12 weeks from early March 2015 with interviews overlapping this period and several subsequent weeks to mid July.
- More than 80 organisations were invited to participate in the research, representing a range of real estate investors, including pension funds and life assurance companies, property companies, including real estate investment trusts (REITs), fund and investment managers and other financial institutions. Contributors represented both existing investors in the sector and those without any exposure. Responses were received from 47 organisations[1], although, due to issues of confidentiality, some parties declined to answer certain questions – predominately those seeking to quantify the value of their assets and/or proportionate exposure to the sector.

[1] Responses included data from two former survey contributors now part of other participating organisations.

3. SURVEY RESULTS

The primary focus of the research was to measure the current level of investment and future intentions, whilst also seeking reasons for not investing from non-investor respondents. In order to track investment activity over time, comparative analysis has been undertaken using data from a core of respondents who have participated in all four surveys to date.

3.1 Profile of Respondents and Current Investment

Whilst there is potential for double-counting, through the inclusion of indirect investment (via funds, joint ventures or other means), the headline total value of investments held or managed by the 43 respondents providing such data exceeds £3 trillion, of which UK real estate comprises approximately £220 billion or around 7.3% of all assets.

Thirty-eight of the investors surveyed have an exposure to residential assets in their UK portfolios and, of those quantifying the size of their holdings/assets under management, the cumulative value of their UK residential investment is now approaching £15.4 billion. Although this total may be inflated due to 22 investors being indirectly exposed to the sector[2], over three-quarters (31) hold some or all of their residential investment direct, ranging from 100% in the case of 14 investors to less than 10% in one instance.

The average holding of investors is a little under £428 million, compared with £345m million in 2014 (with median values of £222 million and £200 million respectively). However, these numbers disguise differing scales of exposure between investors – extending from five instances of £1 billion plus to five investors with holdings of less than £50 million each. The headline figure of c. £15.4 billion represents 7.5% of all UK real estate assets under management, compared to 6.3% a year ago.

Table 3.1: Assets under Management 2012-2015 (All Contributors)

	All Respondents				Residential investors		
	No.	AUM (£bn)[3]	No.	RE AUM (£bn)	No.	Residential Assets (£bn)	Proportion UK RE
2012	42	1,299	28	180	33	7.6	4.6%
2013	44	2,904[4]	43	166	37	10.8	7.0%
2014	48	4,845[5]	46	204	37	12.8	6.3%
2015	**47**	**3,040[6]**	**43**	**221**	**38**	**15.4**	**7.5%**

A comparison between responses received over the four years of the survey is summarised in Table 3.1. Together with the increase in investment, the proportion of UK real estate assets represented by residential property has risen to its highest proportion since this survey began.

[2] Approximately £5.1 billion is held in joint ventures, private funds and/or listed vehicles; the value of these investments amounts to 33% of the total disclosed by contributors.

[3] Assets under management (AUM) are imputed; not all respondents provide data; individual returns may include an element of double-counting through the inclusion of indirect investments recorded within other survey respondents' returns.

[4] 41 responses

[5] 46 responses

[6] 43 responses

3. SURVEY RESULTS

Figure 3.1: Residential Assets under Management 2012–2015 (Common Contributors)

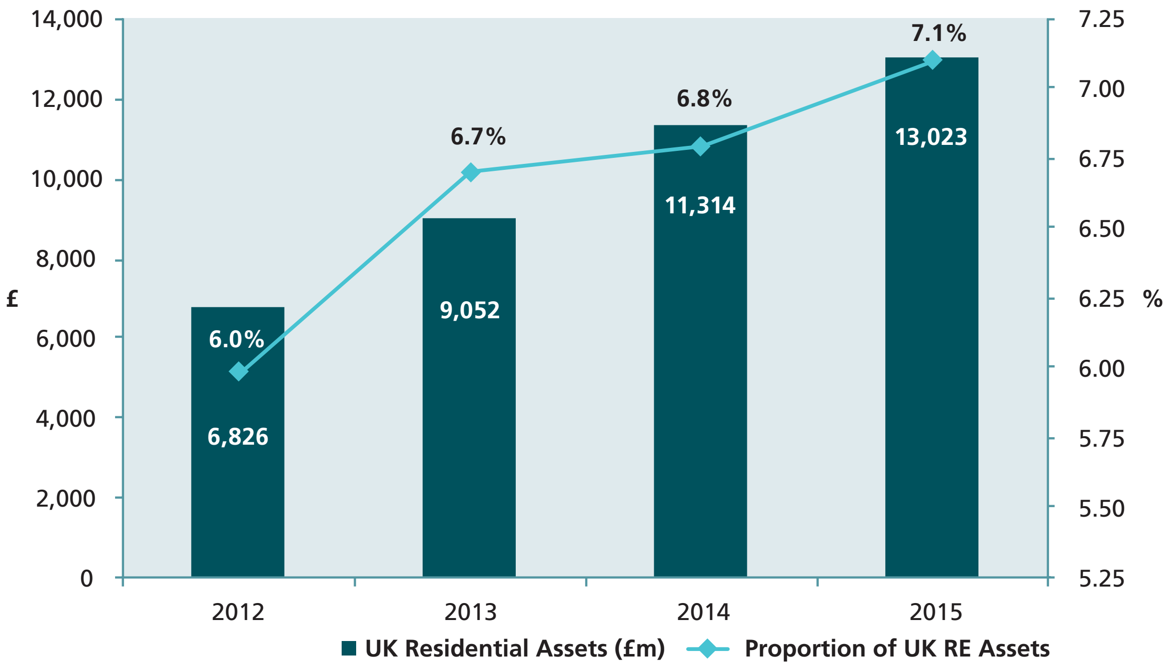


Figure 3.1 summarises the data from the 28 organisations[7] that have contributed to all four surveys conducted since 2012. These values ignore any capital appreciation in stock held throughout the year. Stripping out house price inflation[8] produces a better estimate of net investment in each 12-month period, as well as the level of unfulfilled investment intentions. In 2013, net investment was in the order of £1.5 billion, as against available capital of c. £2.2 billion. In 2014, the net investment figure was £894 million within this group, versus a target of £5.54 billion - a shortfall approaching £4.6 billion.

On an adjusted basis, the net position remains one of increasing investment, albeit at a slowing rate despite strong appetite and intent. As a proportion of all UK real estate under management, however, residential assets have risen in each consecutive year of the survey.

3.2 Methods of Investment and Preferred Asset Types

Direct ownership is the preferred method of holding residential property for more than 80% of respondents (31 of all 2015 investors against 29 in 2014), with the value of those holdings representing around 66% of all residential assets. However, as reported in 2014, almost half (45%) of all investors participate via joint ventures (two of whom invest exclusively via this route). Nearly 30% of respondents use private funds, including two solely gaining exposure through this means. In value terms, these methods of investment represent 17% and 14% respectively. From only one organisation in 2013 identifying listed vehicles as a means of holding assets within the sector, this rose to five in 2014 but has fallen to two of the 2015 respondents. The lack of investment by this route may be due to the very limited choice of listed residential vehicles currently available. These results are summarised in Table 3.2.

[7] Formerly 30 respondents, two of whom now form parts of other contributing organisations.
[8] Nationwide House Price Inflation Index.

3. SURVEY RESULTS

Table 3.2: Investment Vehicles used to Obtain Exposure

	Direct		Joint Venture		Private Fund		Listed Property Company Shares		Other*	
	No.	£m	No.	£m	No.	£m	No.	£m	No.	£m
100%	14	4,167	2	500[9]	2	775	0	0	0	0
50% - 99%	12	5,542	3	1,427	1	1,104	1	123	1	87
25% - 49%	1	13	2	188	3	179	1	8	1	20
10% - 24%	2	375	4	492	1	39	0	0	1	43
Under 10%	1	2	5	52	3	265	0	0	0	0
Not disclosed	1	-	1	-	1	-	0	0	0	0
Total	**31**	**10,099**	**17**	**2,658**	**11**	**2,162**	**2**	**130**	**3**	**150**

* Other types of holding structure cannot be detailed to maintain the anonymity of the contributors.

The pattern of residential property investment remains primarily within the three categories of private rented sector (PRS, formerly described as market rents/assured shorthold tenancies), student accommodation and development land, although development has overtaken student accommodation as the second most popular form of exposure.

Examples of 'Other' types of residential asset include: registered (statutory) tenancies; serviced apartments; senior living/retirement housing, shared ownership, residential care homes; debt: on student/student development and residential development, ground leases and houses in multiple occupation.

Table 3.3: Investment by Asset Type 2012–2015

Year	No.	PRS	Devt. Land	Student Accomm.	Other	Social Housing	Ground Rents
2012	28	21	15	11	6	5	10
2013	37	23	19	20	8	3	10
2014	36	23	22	17	8	6	8
2015	38	20	21	20	5	5	8
Total £m	15,399[10]	4,547	4,148	2,293	962	606	1,903

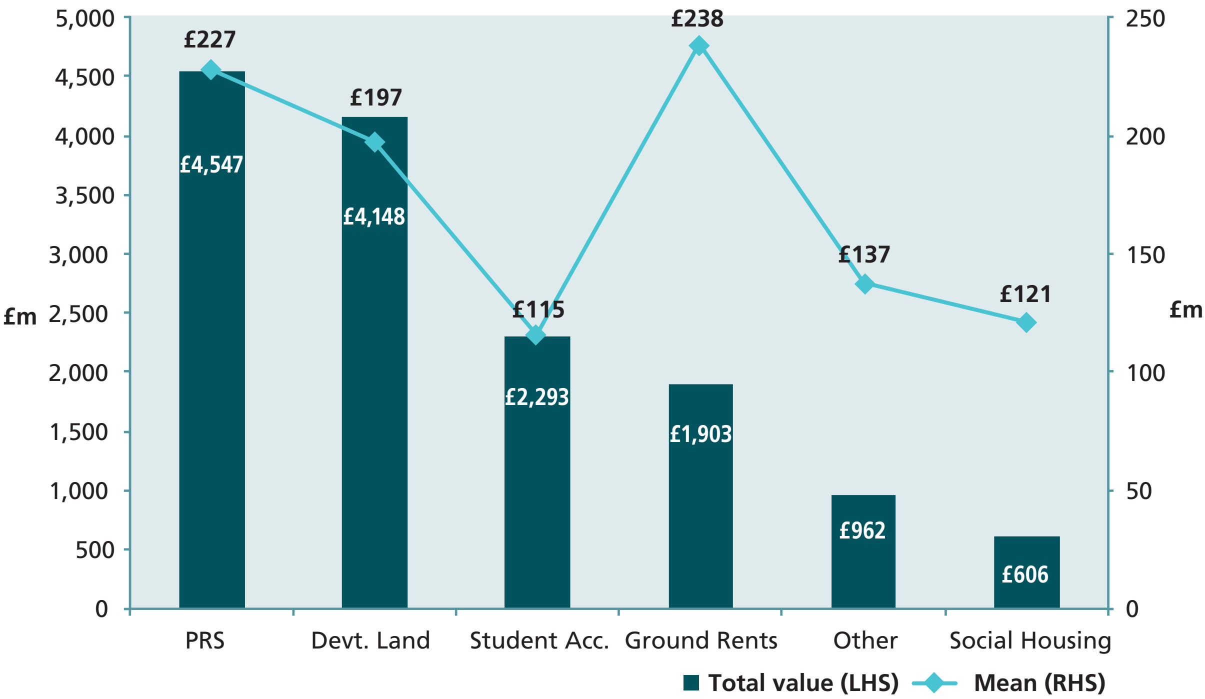
The majority of investors hold a range of property types; around one third (11 of the 34 contributors providing detailed responses) are exposed to only one form of residential investment. Of these, six invest exclusively in student accommodation and a further four are wholly invested in development. The highest average holding is within the category of PRS, followed by ground rents, although individual exposures vary considerably as can be seen from Figure 3.2.

[9] One respondent declined to provide data.

[10] Two contributors did not provide a breakdown of their sector holdings, representing £942 million worth of assets

3. SURVEY RESULTS

Figure 3.2: Investor Exposure by Property Type, 2015 (£ million)



3.3 Development Activity

To provide an idea of how much construction is being carried out to create rental stock or whether the attraction of development is its capital return profile, contributors were requested to estimate the gross development value (GDV) of their schemes and end intention for these projects. Of the 23 providing a response, the GDV of their investment activities totalled over £10.6 billion. Approaching two-thirds of this current pipeline is earmarked for sale, with 11 contributors intend to dispose on completion, whilst only five are building exclusively to rent. Of the remainder, one intends to sell more than 50% of the developed stock on completion, whilst around 17% of projects by GDV may be held for rental and a further 8% (£900 million) was not categorised.

Further details of development activity were difficult to elicit from survey participants, although one volunteered that, whilst seeking to build to rent, they were unwilling to take on development or construction risk but would accept leasing risk as a means of getting scale and opportunities at sensible prices. A reluctance to take on either planning or development was repeated by a number of respondents. However, some are willing to hold sites for a number of years until the time is right to develop, one citing a long-standing project where the initial investment had been made at the start of the last decade (10 plus years ago).

3. SURVEY RESULTS

Table 3.4: Development Activity 2015 (2014 in brackets)

Asset type	No.		GDV (£m)		Proportion (%)	
Build-to-sell only	8	(12)	6,742	(3,406)	63	(35)
Build-to-rent only	5	(4)	372	(539)	3	(6)
Part sell	3	(4)	838	(2,750)	8	(28)
Part rent	3	(4)	1,813	(2,100)	17	(21)
Not disclosed	2	(2)	900	(1,000)	8	(10)
Total	**23**	**(22)**	**10,663**	**(9,795)**		

There was insufficient response to the question of whether investors had been directly involved with central or local government to report any findings. This approach is seen as a means of unlocking potential development sites, particularly in locations where residual land values are very low and local authorities can struggle to get developers to build.

3.4 Rationale for Investing in Residential Property

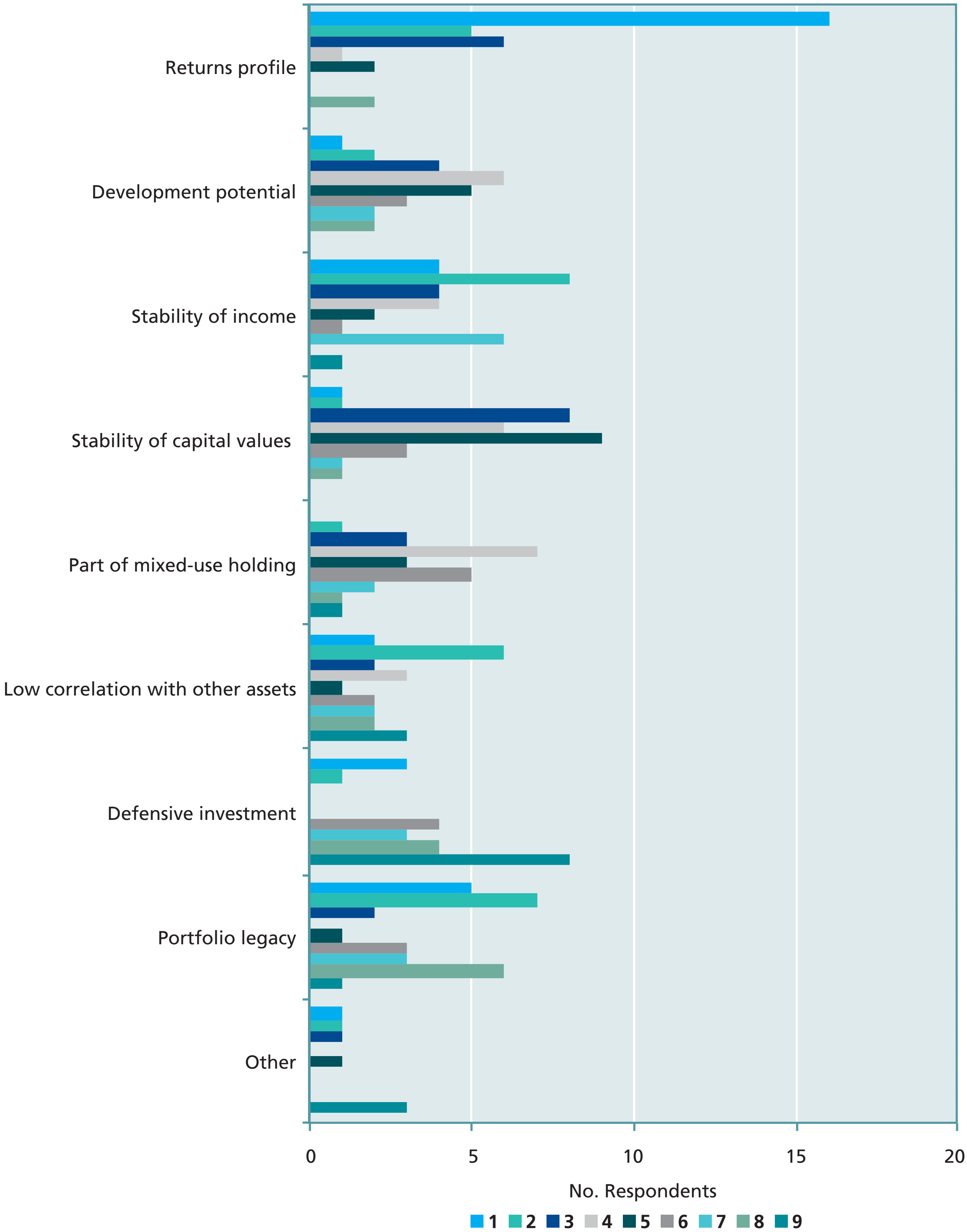
As with previous surveys, contributors were invited to select from eight specified criteria for investment and to rank these in order of priority, as well as to provide additional reasons for holding UK residential property. Thirty seven respondents selected some or all of the criteria identified in this question.

Once again, a significant majority (32) identified the returns profile as being a key consideration, with half of all respondents ranking it as their principal consideration. Slightly fewer respondents (28 in total) cited development potential to be an important factor, five ranking it above all others, but on a scored basis, the importance of development declined to fourth in the 2015 survey. Stability of income was the second most important factor, with four of the 30 who ranked this also selecting it as their number one priority. A low correlation of performance with other asset classes, capital value stability and forming part of a mixed use portfolio were also considered to be significant considerations. Amongst 'Other' reasons given was as a potential inflation hedge, with house price inflation broadly tracking wage inflation, by one contributor.

Figure 3.3 illustrates the range of responses and relative importance to contributors. A full table of responses appears in Appendix A.

3. SURVEY RESULTS

Figure 3.3: Ranking of Investment Criteria 2015



3. SURVEY RESULTS

A comparison of the drivers to invest between the four years of the survey is summarised in Table 3.5, which reinforces the pre-eminence of returns as the most important criterion for investment. However, the stability of income has overtaken development potential as the second ranked priority, followed by low correlation with other asset classes, which was ranked sixth in 2014.

Table 3.5: Investment Drivers (Existing Investors) 2012–2015

Year (no. respondents)	2012[11] (28)	2013 (34)		2014 (36)		2015 (37)	
	No. Rank 1	No. Rank 1	Score	No. Rank 1	Score	No. Rank 1	Score
Returns profile	13	11	195	17	240	16	246
Stability of income	3	4	175	6	187	4	185
Low correlation with other asset classes	2	2	154	1	139	1	171
Development potential	n/a	8	179	6	196	5	154
Stability of capital values	2	1	159	1	163	1	136
Part of mixed-use portfolio	n/a	8	128	3	148	2	124

A further fall in the weighting of holdings forming part of mixed-use assets suggests fewer investors with an incidental exposure to the sector.

3.5 Investment Intentions

Investors were asked whether they intended to change their residential investment exposure over the next 12 months to three years. Of the 37 existing investor s providing a response, over the next 12 months 12 indicated that they expected their investment to remain stable. A further 22 plan to increase their investment in the sector, whilst three may reduce their exposure over this period. Looking to the three year picture, the respective figures are eight (remain stable), 25 (expect to increase) and four (expect to decrease).

The extent of new investment aspirations disclosed by all 2015 survey contributors (including current non-investors) is in excess of £7 billion, compared to £5.7 billion in 2014. The main area of interest continues to be in PRS properties (with anticipated net investment in the order of £2.9 billion) although investors are looking at the full range of residential asset types. A constraint to these ambitions, however, will be the difficulty of accessing deals.

Prospective disinvestment is primarily from the development pipeline although the net position is clearly positive as further monies are earmarked for this sector. One dis-investor in PRS is driven by income returns being too low, as well as strategic considerations: the sector is considered a specialist area and their exposure is primarily a portfolio legacy position.

[11] Only four factors were proposed in the 2012 survey.

3. SURVEY RESULTS

Results are summarised in Table 3.6.

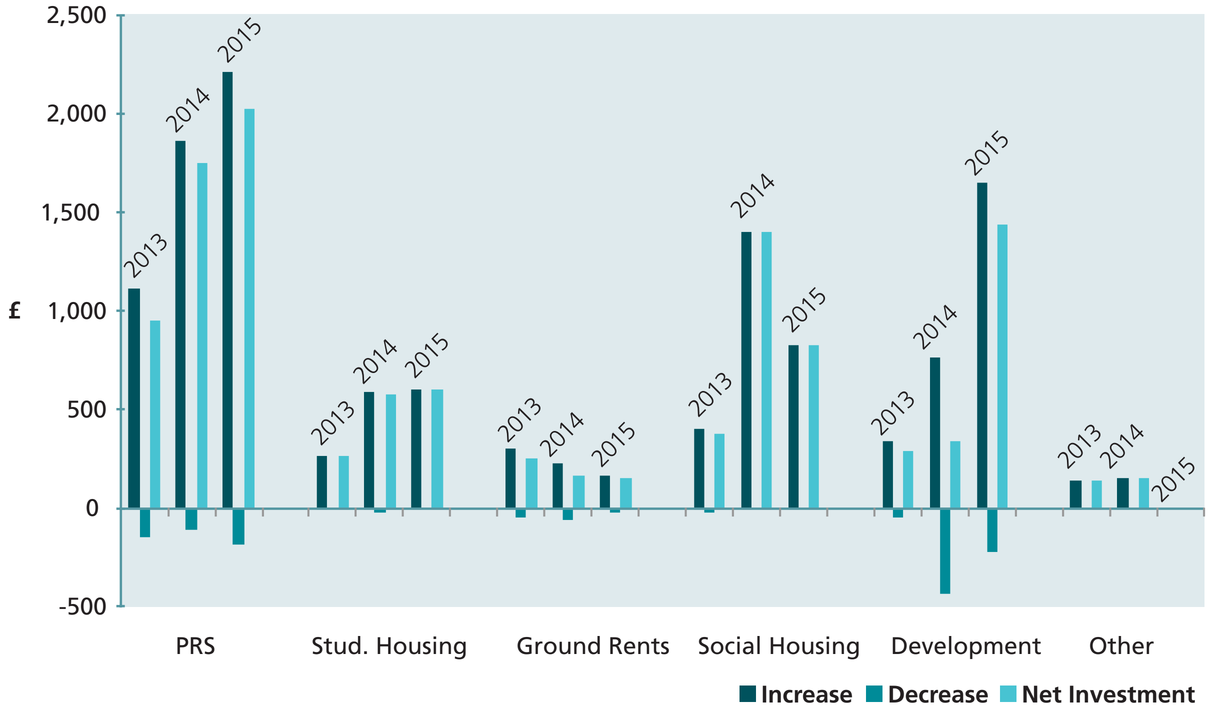
Table 3.6: Existing Investor Intentions over next 12 months (2014 in brackets)

Year	PRS		Student Accomm.		Ground Rents		Social Housing		Devt. Land		Other		Total	
Invest (£m)	3,190	(2,055)	1,010	(880)	270	(225)	825	(1,450)	1,835	(1,015)	0	(150)	**7,160**	(5,775)
No.	14	(17)	9	(11)	3	(3)	5	(9)	12	(14)	0	(1)	**22**	(28)
Disinvest (£m)	300	(225)	15	(20)	20	(60)	0	(0)	310	(433)	0	(0)	**645**	(738)
No.	6	(6)	1	(1)	1	(1)	0	(0)	4	(4)	0	(1)	**9**	(9)
Net Invest (£m)	**2,890**	(1,830)	**995**	(860)	**250**	(165)	**825**	(1,450)	**1,525**	(582)	**0**	(150)	**6,485**	(5,037)
No. Net Investors	**14**	(12)	**9**	(10)	**3**	(2)	**5**	(9)	**12**	(10)	**0**	(1)	**18**	(22)

Note: A number of investors expressed intentions to invest and/or disinvest in more than one type of residential asset.

Figure 3.4 illustrates the change in investment intentions over three years (the 2012 survey did not ask contributors to quantify their proposed investment).

Figure 3.4: Change in Investment Intentions 2013–2015



3. SURVEY RESULTS

The potential volume of outflows from development activities in 2015 (at around £1 billion) reflects the intention to sell rather than retain schemes for rental on completion. PRS and social housing, as in previous years, are the two principal targets for increased in but is outweighed by the appetite to invest in this segment of the market.

3.6 Reasons for not currently Investing

Nine of the 47 participants in the current year's survey do not currently invest in residential property. At just under 20% of total contributors, these non-investors are not insubstantial institutions – the seven organisations providing data have over £16 billion of real estate assets under management, representing over 9% of their total holdings.

Reasons for not having an exposure to UK residential property included: low income yield, a focus on traditional commercial, lack of necessary expertise and management costs, residential, whilst it can be held, is not the principal investment objective of any existing funds, specialisation in other sectors, currently focused on market opportunity in UK secondary commercial property and lack of product.

Eight contributors identified a number of potential reasons, summarised in Table 3.7 and compared with earlier survey responses.

Table 3.7: Reasons for not Investing 2012–2015

Factor (no. respondents)	2012 (14)	2013 (7)	2014 (11)	2015 (9)
Income yield too low	9	5	5	4
Lack of liquidity/insufficient market size	9	3	5	1
Reputational risk	5	3	5	2
Just too difficult/management issues	12	2	4	2
Difficulty of achieving sufficient scale	9	2	4	4
Political risk	4	0	4	2
Pricing not right	6	3	1	1

A further factor mentioned was a general focus on income returns before capital, whereas, historically, residential returns have been primarily capital driven.

3.7 Non-Investor Future Investing Intentions

Asked if they would commence investing in the residential sector within the next 12 months or over the next three years, only two of the nine have no intention of doing so. Of the remainder, one contributor intends to invest, and two may invest, within the next year, six over the next three years.

Asked to identify the type of residential property they might invest in in the next 12 months, the preferred option was PRS, followed by student accommodation.

4. POLITICAL INITIATIVES

One contributor volunteered, as a general observation, that investors in the sector need to be aware that residential investment/ownership is likely to attract far more political intervention than commercial real estate and, accordingly, investors need to be prepared to tolerate this kind of interference. Another, non-investor, commented that government should make a clear statement in support of either rental or owner-occupation with the current Help to Buy scheme not an encouragement for investment in the rental sector.

A distinction was also drawn by one participant between legislation being targeted at smaller individual landlords rather than professional/institutional investors.

The survey asked for responses to questions on two specific topics: reform of the private rented sector and the implications of a mansion tax. Subsequent interviews picked up on the inclusion in the Conservative general election manifesto an intention to extend the right-to-buy to social housing tenants.

4.1 Reform of the Private Rented Sector

First mooted in the lead up to the local council elections of spring 2014, further detailed measures were announced by Labour as part of their general election housing market policies. Participants were invited to comment on these proposals for reform, in particular the suggested default to a minimum three-year lease and the introduction of a cap so that rents cannot rise by more than consumer price inflation, reverting to open market value at the end of the three years.

The enquiry whether the implementation of such proposals would vary investor appetite, drew responses from most existing investors, with a clear majority indifferent to a proposed three-year term (26 out of 35 would invest the same, five would invest less, three would cease to invest and one would invest more).

One investor, looking to the long term, took the view that in developing and holding for 10 to 20 years, they would be very comfortable with the idea of three-year leases, as they want tenants to stay. Voids are "a pain", due to the costs of reletting and refurbishment, a sentiment echoed by others. Comments were also made about greater certainty of building occupancy and the attractions of stable longer-term income, comparing the latter with the established nature of five year leases on commercial property.

Another view expressed was that a three-year term would be good for families and those who are happy to settle in one place but inappropriate to accommodate people (particularly younger renters) who require flexibility for employment purposes or for those undergoing life changes, for example, sentiments echoed by others.

The threat of a rent cap elicited a greater variety of opinion, with around half (18 of 34 replies) not appearing concerned. One respondent commented that, whilst cash flows may not achieve uplifts to open market rents so quickly at the end of the three years, this would be no different to a commercial lease. The impact would no doubt be reflected in pricing. Some long-term investors looked positively on the prospect of rental increases being tied in with indexation, i.e. more akin to RPI uplifts, Inevitably, though, there will be churn as tenants vacate sooner than at expiry. Another investor expressed nervousness about how such a scenario might play out, however, taking the view that the imposition of rent caps across the entire PRS sector could "kill off" institutional investment as evidence for open market rents would disappear in a system of index-linked uplifts.

4. POLITICAL INITIATIVES

Another commented on the danger of "mission creep" - the potential attraction of imposing controlled rents after incorporating non-market uplifts within a three-year period of tenure.

4.3 Mansion Tax

A further question on the potential imposition of a mansion tax on property worth more than £2m was broadly disregarded by survey respondents on the basis that no individual assets they hold are likely to be affected, other than, potentially, a very small number in prime central London locations.

4.3 Extension of Right-to-Buy Entitlement

However, the inclusion in the Conservative Party manifesto for the May 2015 General Election of a proposal to extend the right to buy to social housing in addition to local authority tenants, generated more reaction that the threat of a mansion tax. The timing of this pronouncement coincided with the period during which telephone interviews with survey participants were being conducted as a follow up to online responses and, thus, was included as a supplementary topic in these discussions.

Details of the manifesto policy were relatively limited but it was generally perceived that the right to purchase would be extended to around 1.3 million housing association tenants, offering discounts of over £100,000 to tenants in London and c. £77,000 to those outside the capital. Sale proceeds would be used to build further public/affordable housing stock.

Reactions were limited, insofar as social housing market of interest to a minority of respondents. However, the general feedback was characterised by caution: "One of the rationales in owning large-scale blocks is the ability to manage on a large scale. Once [you] start selling off units, this reduces the ability to manage/operate as a single investment." This sentiment on a loss of control was echoed by others.

Queries were also raised as to whether this would work in practice, not least because Housing Association current funding models are based on either bond or traditional bank finance with terms attaching to these sources that would militate against such disposals, as well as reducing their ability to leverage remaining assets. One interviewee made the comment that registered providers are not quasi-governmental vehicles but, rather, private companies required to get the best returns from their assets.

One respondent thought this initiative would make development a lot less viable, whilst another suggested that a price floor would need to be introduced, whereby landlords could not be forced to sell at lower than cost price (potentially including an element of profit).

A further comment was that introducing such an entitlement would contradict everything the HAs had done in the last few years. An additional significant barrier would be the level of discount required to make it feasible for tenants to exercise the option – one contributor queried whether most tenants would actually have the ability – whilst one interviewee suggested controls should be in place to avoid creating windfalls for those that could afford to buy or to prevent others being financed to sell on immediately after.

5. SUMMARY AND CONCLUSIONS

Now in its fourth year, this annual survey collates the details of residential assets worth almost £15.4 billion, compared to £7.6 billion in 2012. Whilst continuing to expand the base of contributors, the increase in exposure of those parties common to all four surveys is an endorsement of the suitability of the sector as an alternative to traditional commercial real estate.

Potential investment within the next 12 months, presuming there is sufficient stock to this demand, could exceed £6.5 billion, which includes new investor activity.

In the opinion of one survey participant, who drew parallels with the position 20 or 25 years ago of retail warehouses (now 15% of the IPD's UK All Property index), residential will become at least 10% of the investible universe within the next 10 years, through a combination of benchmark tracking by certain funds to a need to source investment stock as the supply of commercial property is relatively limited.

To put this in perspective, the value of the UK's residential stock is approaching £5 trillion, of which some 19% (£929 billion) is privately rented. This compares with the £787 billion total stock of commercial property in the UK at the end of 2014. Of this, £449 billion (or 57%) is currently held as investments, the remainder being in owner-occupation[12].

Residential covers a vast swathe of property, being described by one contributor as "anything with a bed in it". Demographic shifts, both from the perspective of an ageing population, needing more purpose-built accommodation and in relation to long-term pension liability-matching requirements, will be a further catalyst for an expansion of investment in the sector.

However, reflecting comments made in previous years, one participant voiced the opinion that the principal problem with the sector at present is that properties are worth more vacant than when let, whilst promoting the introduction of a different user class will be necessary to create the critical mass required to make residential a more mainstream investment.

[12] *The Size and Structure of the UK Commercial Property Market: End 2014 Update*, IPF, 2015

6. ACKNOWLEDGEMENTS

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Deutsche Asset & Wealth Management
Delancey
Dorrington
DTZ Investors
Eastdil Secured
Europa Capital LLP
Fidelity
Grosvenor
Hearthstone Investment Plc
Invesco Real Estate
L&G Property
LaSalle Investment Management
Lend Lease
M&G Real Estate
Mayfair Capital Investment Management
PATRIZIA Immobilien AG
Realstar Capital LLP
Rockspring
Schroders
TIAA Henderson Real Estate
The British Land Company
The Crown Estate
UBS Global Asset Management
Zurich Insurance Company

APPENDIX A: REASONS FOR INVESTING – EXISTING INVESTORS 2015

Table A1:

Rank Reason to Invest	1	2	3	4	5	6	7	8	9	Cum. Score[13]
Returns profile	16	1	4	1	0	2	3	5	1	246
Stability of income	5	2	8	1	1	6	1	7	1	185
Low correlation	6	4	4	8	3	2	0	2	1	171
Development potential	1	6	4	6	7	3	0	0	0	154
Stability of capital values	2	5	2	9	3	1	0	1	1	136
Part of mixed-use holding	0	3	1	3	5	2	4	3	0	124
Defensive investment	0	2	6	1	2	2	3	3	0	115
Portfolio legacy	2	2	0	1	1	2	4	6	0	76
Other	0	0	1	0	1	3	8	1	3	32

[13] Scoring: Rank 1 = 9, rank 2 = 8, etc.

IPF Research Programme 2011–2015

Investment Property Forum
New Broad Street House
35 New Broad Street
London EC2M 1NH

Telephone: 020 7194 7920
Fax: 020 7194 7921
Email: ipfoffice@ipf.org.uk
Web: www.ipf.org.uk