Commercial property

Commercial real estate – The size and scope of the recovery

This collection of analysis explores the outlook for US, UK and European markets

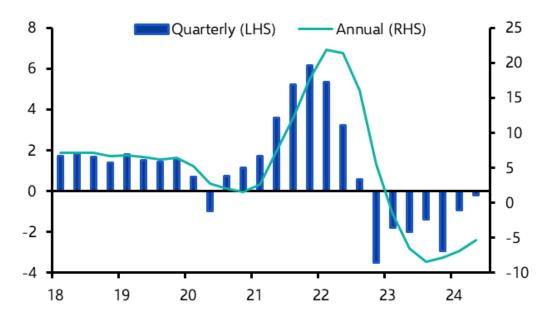
Gauging signs of a turning point



US Commercial Property Update

Shout it from the rooftops, CRE pricing has troughed

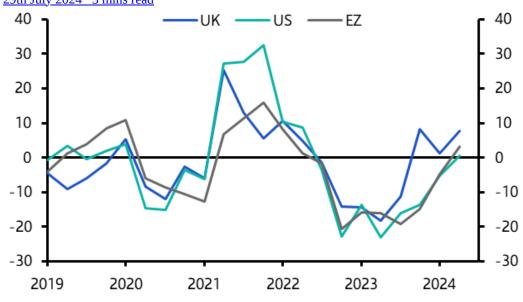
<u>It is increasingly clear to us that pricing in all three regions we forecast has bottomed, even if appraisals are yet to reflect that in mainland Europe and the US. And although we expect recent...</u> <u>14th November 2024 · 4 mins read</u>



US Commercial Property Update

NCREIF Q2 data show appraisers still lagging reality

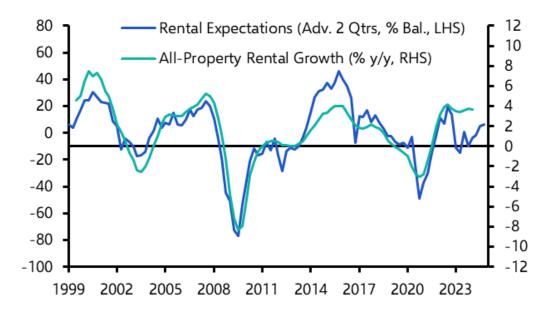
<u>A second consecutive reduction in the size of value falls – just 1.4% q/q – in the Q2 NCREIF NPI appears to point to the price correction being all but over. However, with evidence of distress growing...</u> 29th July 2024 · 3 mins read



US Commercial Property Update

Investment recovering, but not without risks

While the UK led the recovery in investment activity in Q4 last year, the latest data suggest the US and euro-zone are now also turning a corner. But given concerns over economic growth in all three... 6th August 2024 · 4 mins read



UK Commercial Property Update

Commercial property capital values bottom out

The Q2 RICS commercial survey added to the growing body of evidence that capital values at the all-property level have now bottomed out. But, in line with our forecasts, it also implied that the... 25th July 2024 · 3 mins read

What will this recovery look like?



UK Commercial Property Focus

Why this will be the slowest global recovery on record

Relatively high interest rates and structural problems within offices will weigh on the commercial real estate recovery over the next three years. Indeed, we forecast the upturn will be weaker than in... 4th March 2024 · 21 mins read



US Commercial Property Update

Near-term laggard but US to outperform longer term

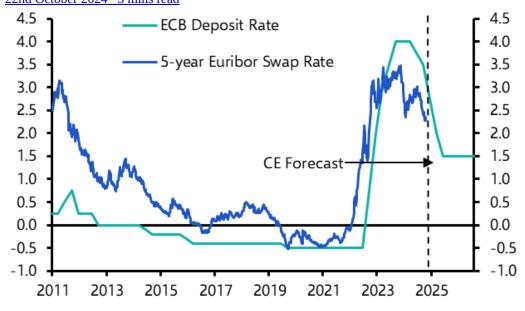
The slower adjustment to past rises in interest rates and sharper hit to office demand mean US property is set to underperform European property over the next five years. But unlike equities, we think... 8th July 2024 · 3 mins read



UK Commercial Property Update

Are we underestimating the capital value recovery?

The strong recovery in property equities prices across the UK, euro-zone and US implies larger rises in commercial property capital values by the end of the year than we are currently forecasting... 22nd October 2024 · 3 mins read

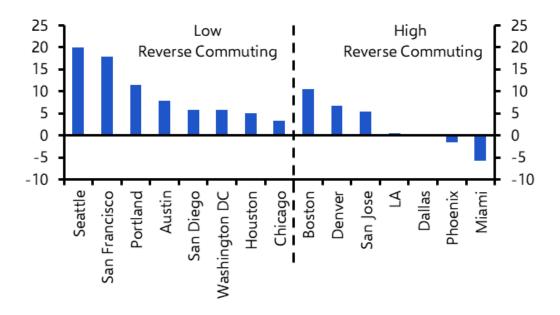


Europe Commercial Property Update

Investment to pick up but remain sluggish in 2025

The recovery in euro-zone real estate investment has been weak in 2024, with total activity in the first three quarters little changed on 2023's near-record-lows. However, prospects for 2025 are... 20th November 2024 · 5 mins read

Which sectors and markets could get left behind?



US Commercial Property Update

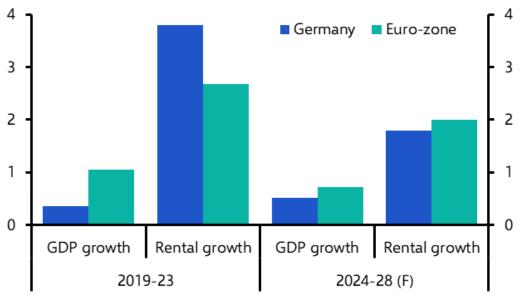
Downtowns will recover, but not any time soon

<u>The gap between downtown and suburban office vacancy rates has widened alarmingly since 2020. This reflects pandemic-driven changes to working patterns, exacerbated by the cyclical slowdown. In our...</u> <u>18th June 2024 · 3 mins read</u>



US Commercial Property Update

Office values unlikely to regain their peaks even by 2040

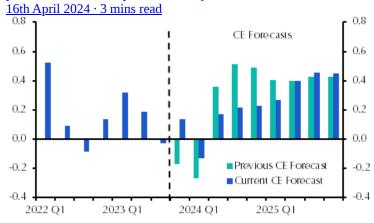


The reduction in office demand due to remote work will cause a hit to net operating incomes on a par with, or worse than, that experienced by malls over the last six years. And in line with the... 22nd June 2023 · 4 mins read

Europe Commercial Property Update

Expect subpar rental performance in Germany

While rental performance in German commercial property markets has been relatively solid given the country's poor economic performance over the past five or so years, we think this is set to end.

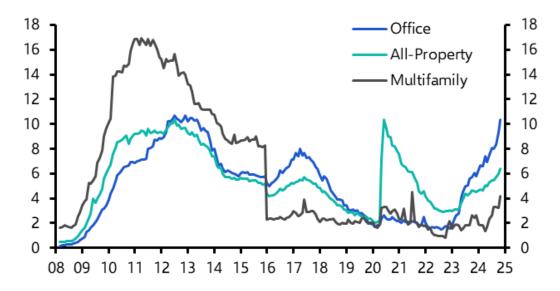


UK Commercial Property Update

Slower economic recovery is a risk for retail rents

High interest rates have taken longer to percolate through the economy than we expected, but we now think consumer spending will contract over the next six months. That poses a risk to our retail rent... 20th December 2023 · 3 mins read

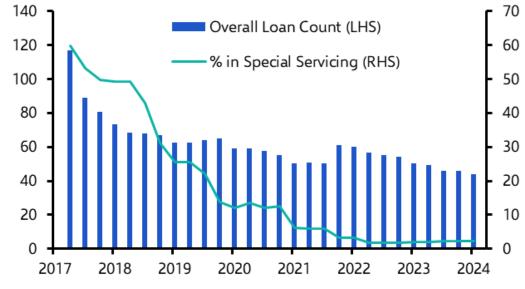
Are distressed assets still a threat?



US Commercial Property Update

No holiday cheer for CRE debt

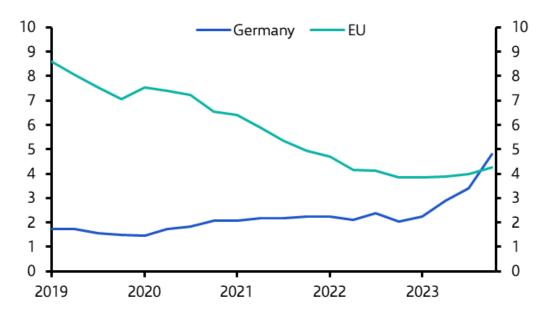




US Commercial Property Update

CMBS losses not a sign of widespread debt crisis

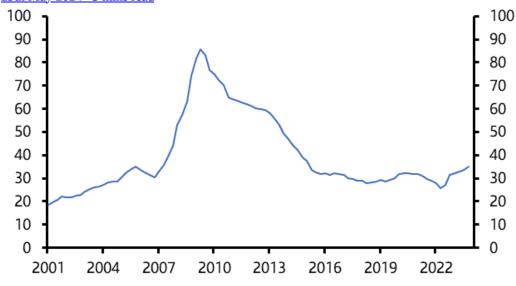
<u>News that some top-rated CMBS in both the US and Europe are set to make losses is in line with our previous view that distress will ramp up in 2024. But, to date, the troubled securities have all been...</u> <u>27th June 2024 · 3 mins read</u>



Europe Commercial Property Update

<u>Rising distress points to further value falls in Germany</u>



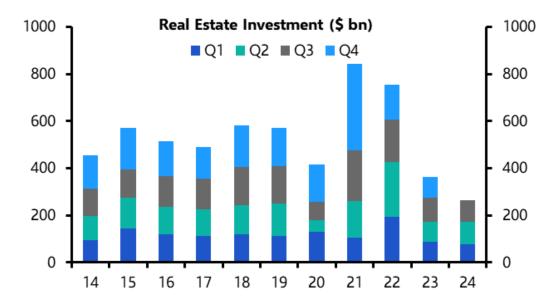


UK Commercial Property Update

Will commercial property distress spread to the UK?

Distress in the US commercial property market is once again in the news, but the risk of that spreading to the UK is low. The rise in aggregate loan-to-value ratios to date looks manageable and with... 6th February 2024 · 4 mins read

Latest quarterly Outlooks



US Commercial Property Outlook

Total returns to turn positive in 2025, but offices still weigh

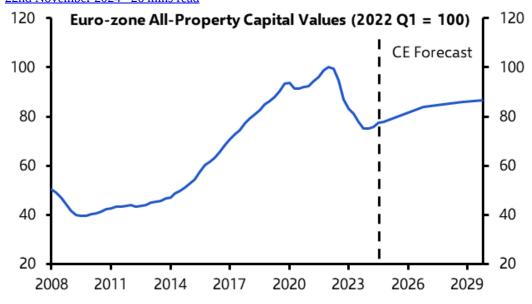
The backdrop to our new real estate forecasts is a small reduction in our GDP forecasts and higher level of interest rates than previously. This weighs on the outlook, and we have trimmed our total... 12th December 2024 · 20 mins read



UK Commercial Property Outlook

Budget measures to weaken property recovery

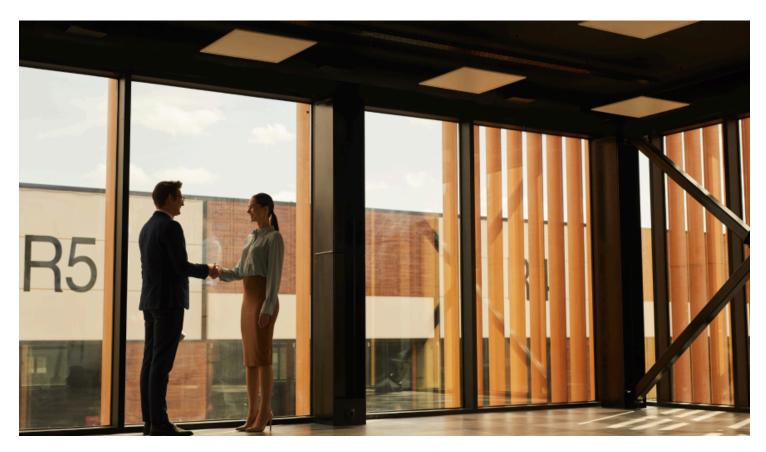
The fiscal loosening announced in October's Budget means inflation and gilt yields are now set to be higher than previously expected over the next few years. And with the spread of gilt yields over... 22nd November 2024 · 26 mins read



Europe Commercial Property Outlook

Rental growth the key driver of the property recovery

The recovery in property values is underway. But we think it will be a weak one, even though several European central banks, including the ECB, are forecast to cut interest rates to a lower level than... 12th December 2024 · 27 mins read



Global Commercial Property Chart Pack

Global Commercial Property Chartpack (Q3 2024)

All-property values have stabilised in the UK but we expect further falls elsewhere, especially in the US. Combined with a weaker office outlook, the US is set to underperform over the next couple of... 2nd October 2024 · 0 mins read

| 20th April 2023

