CBRE

Commercial property sees values increase slightly in March 2023, after several months of decline

All property	1 month	3 months	Retail		Office		Industrial	
Total Return	1.1%	1.1%	▲ 1.7%	MoM	▲ 0.1%	MoM	▲ 1.7%	MoM
Capital Growth	0.6%	-0.3%	▲ 1.1%	MoM	▼ -0.3%	MoM	▲ 1.3%	MoM
Rental Value Growth	0.5%	1.1%	▲ 0.1%	MoM	▲ 0.1%	MoM	▲ 0.9%	MoM
Equivalent Yield	-1bps	7bps	-5bps	MoM	2bps	MoM	-3bps	MoM

Source: CBRE Research 2023

Note: Arrows indicate change from previous month

Further resources

The CBRE Monthly Index is the fastest available monitor of UK commercial property performance, with a 20 year history.
To find out more, visit cbre.co.uk.
To book a free place on the monthly conference call that explores the market forces behind the data, click here.

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Commentary

Capital values increased 0.6% across all UK Commercial property in March 2023, according to the latest CBRE Monthly Index. This resulted in a capital value decline of 0.3% for Q1 2023 at the All-Property level. Throughout the month, rental value growth was 0.5%. Total returns were 1.1% in March and 1.1% in Q1 2023.

In March, Retail capital values increased by 1.1%, bringing capital value growth to 0.5% for Q1 2023. Standard Shops reported capital value growth of 0.1%, driven by Shops in the South East (0.1%), while Shops in the Rest of the UK recorded a slight decline (-0.1%). Retail Warehouses posted the largest capital value increase (1.8%), while Shopping Centres reported a 0.1% decline. Monthly rental value growth was 0.1% for the Retail sector. Retail Warehouses and Standard Shops recorded rental value increases of 0.2% and 0.1%, respectively. Shopping Centres rental values declined 0.2%. Total returns for the sector were 1.7% in March and 2.3% for Q1 2023.

The Office sector recorded a 0.3% decline in capital values in March and a fall of 1.5% in Q1 2023. Central London capital values decreased 0.4% and Outer London/M25 offices also reported a 0.5% decline over the month. Offices in the Rest of the UK registered a smaller decrease of 0.1%. Rental values for the Office sector increased 0.1% in March. Central London rental values increased 0.1%, while Outer London/M25 and Rest of the UK offices recorded rental growth of 0.8% and 0.3%, respectively. Office sector total returns were 0.1% for March and -0.3% for Q1 2023.

In March, Industrial sector capital values increased 1.3% and capital value growth was flat for Q1 2023. Industrials in the South East (1.6%) recorded a higher capital value increase than Industrials in the Rest of the UK (0.6%). Industrial rental value growth was 0.9% for the month, driven predominately by Industrials in the Rest of the UK (1.3%). Rental growth Industrials in the South East was 0.7%. Industrial total returns were 1.7% for the month and 1.2% for Q1 2023.

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