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Caution grips UK property investors as demand for low risk strategies climbs

- *Demand for core and core plus strategies has increased by 24% over the last year*
- *Appetite for opportunistic and development deals drops by 29%*
- *Average allocations to real estate rise*
- *More investors seeking liquidity from their property exposure*

Demand for high-risk real estate strategies amongst professional UK investors is at its lowest level since the beginning of 2017 while sentiment towards low risk strategies has gathered pace over the last 12 months, according to BrickVest's latest commercial property investment barometer ('the Barometer')¹.

According to BrickVest, almost a third (31%) of UK professional real estate investors favour core or core-plus schemes, a 24% year-on-year increase since Q3 2018. Conversely, appetite for higher risk opportunistic and development deals has plummeted by 29% to just 15% with investors spooked by fears of recession, shifting trade dynamics, Brexit and geopolitical tensions.

Underlining increased concerns of an imminent turn in the cycle, the Barometer reveals a 37% year-on-year rise in liquidity as a key investment objective amongst UK investors from 5% to 7%. International investors are also seeking greater liquidity from their property investments with demand rising by 23% in the past 12 months to 9%.

Despite increased caution, the Barometer underlines the growing popularity amongst UK investors of real estate as an asset class; average allocations to property as a percentage of total assets under management have risen from 2.8% to 3.5% in the last year, a 25% increase.

Geographically, the UK market has lost of its lustre among international investors, suffering a 14% drop in the past 12 months to 28%. However, appetite for the US market has overtaken Germany for the first time since the Barometer started in 2017 rising to 22% compared to 21% for Germany.

Emmanuel Lumineau, CEO at BrickVest, commented: "With so much uncertainty facing UK investors, it's little surprise that more are now favouring lower risk strategies and a higher degree of liquidity than a year ago. Despite extra caution, property has grown in popularity as an asset class

¹ Sample of 6500 international BrickVest professional real estate investors polled online on a quarterly basis. Risk is calculated on a scale from 0 (low risk - income) to 100 (high risk – capital).



amongst institutional investors as it continues to produce attractive risk-adjusted returns compared to equities and bonds. We can expect these trends to continue over the last quarter and the October Brexit deadline at the very least. In the meantime, investors are likely to continue to prioritise liquidity and low-risk investment strategies as they seek to minimise downside potential.”

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About BrickVest

BrickVest operates the leading online commercial real estate investment platform, and brings together real estate developers, investors and lenders within a digital real estate marketplace. Since launching, BrickVest has attracted more than 6,500 investors and 1000 real estate firms.

BrickVest’s platforms include BrickVest Access (access to regulated and institutional grade real estate funds), BrickVest Select (the world’s largest real estate club deals platform for institutional investors and family offices) and BrickVest Debt (the platform for commercial real estate debt financing).

BrickVest also offers interested partners the development and management of dedicated real estate funds.

The company addresses the whole value chain, from offering to closing and the secondary market for commercial real estate.

BrickVest was founded by Emmanuel Lumineau and currently employs 25 people in London, Berlin, and since May 2019, Nice.

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About the BrickVest commercial property investment Barometer

The BrickVest commercial property investment Barometer is carried out by BrickVest with its various investors every quarter. The Barometer reveals and tracks investor sentiment regarding the commercial property investment market, including risk appetite, their preferred locations for investment, investment objectives and more.



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