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## UK commercial property falls further out of favour as sentiment swings towards France and Germany

- *Demand for UK property slips further as Brexit uncertainty intensifies*
- *France and Germany biggest beneficiaries among international and domestic investors*
- *Projected investment volumes into real estate fall by 33%*

Enthusiasm among international investors for the UK commercial property market has continued to wane over the past quarter, according to BrickVest's latest commercial property investment barometer ('the Barometer')<sup>1</sup>.

According to BrickVest's data capturing the views of over 6000 international professional real estate investors, only 27% view the UK as their preferred market, a 4% fall in the past 12 months.

Appetite for the UK property market among German investors fell to 14%, down from 19% year-on-year while in France it slipped to 10%, almost half the portion (19%) from a year ago.

France is the biggest beneficiary of the UK's decline with a 20% year-on-year increase in international investment sentiment while support for Germany rose by 7%.

Underlining increased concerns of an imminent turn in the cycle, the Barometer reveals a sharp fall in the projected volume of assets under management (AUM) investors are planning to deploy into real estate over the next 12 months. Overall, investors expect to commit just 2.5% of their total AUM, a 33% fall on their planned allocation of 3.7% in Q2 2018.

Increased caution is also seen in the increased appetite for lower risk strategies, which rose 4% during the second quarter to 27% while high risk sentiment fell over the same period by 3% to 22%.

**Emmanuel Lumineau, CEO at BrickVest, commented:** "The latest figures of our Barometer reveal the continued negative effect of Brexit uncertainty on the UK commercial property market among international investors and particularly those based in France and Germany. We can expect this to continue over the third quarter and the October deadline at the very least. In the meantime, France and Germany are becoming more attractive destinations for international real estate capital. However,

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<sup>1</sup> Sample of 6000 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).



we're likely to see a sharp drop in capital allocations to real estate over the next 12 months as nervousness about the end-cycle conditions will see many investors taking a circumspect approach."

The full report is available at: <http://brickvest.com/barometers>

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### **About BrickVest**

Founded in 2015 by CEO Emmanuel Lumineau, BrickVest develops digital platforms and solutions for the commercial real estate industry.

- BrickVest Access (B2C), its European real estate investment platform, fully regulated with a "Full Scope" AIFM licence. BrickVest Access allows individual investors to participate in institutional class opportunities under the same conditions as institutional investors.
- BrickVest Select (B2B), its deal sourcing platform reserved for institutional investors, offering access to all commercial real estate deals worldwide.
- BrickVest Solutions (B2B), a suite of RegTech modules and services (finance, regulation, and technology) focused on solving liquidity issues for real estate sponsors.

Since launch, BrickVest has attracted more than 6,000 investors and 800 real estate firms. Based in London and Berlin, BrickVest's strategic shareholders include BerlinHyp, the first real estate lender of the Sparkasse, Germany's largest banking group and German bank Aareal.

BrickVest is a member of the Association of Real Estate Funds (AREF) and of the European Association for Investors in Non-Listed Real Estate Vehicles (INREV).

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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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