

Market Report 2024

UK REAL ESTATE INVESTMENT

A SURVEY OF HIGH NET WORTH INVESTORS

During May and June 2024, ASK surveyed a group from its total of over 300 high net worth investors regarding their sentiment and strategy for real estate investment and their opinion on the effects and priorities of an incoming UK government. 56 professionals in the real estate sector, developing and investing in UK real estate responded to the survey.

This report summarises the findings.



“As the UK braces for potential political and economic changes, this report highlights the robust commitment of HNW investors to real estate and underscores the sector’s enduring appeal and resilience. Their focus on high-growth areas such as life sciences, logistics, and co-living spaces, coupled with a demand for strategic government interventions, demonstrates a proactive approach to navigating and capitalising on the evolving market landscape.”

Daniel Austin, CEO and Co-founder, ASK Partners



58%

PLAN TO BOOST
THEIR REAL ESTATE
INVESTMENT
ALLOCATION

INVESTOR CONFIDENCE

In the midst of economic uncertainty and political transition, high-net-worth (HNW) investors are poised to significantly increase their stakes in the real estate market. Nearly three in five (58%) of those surveyed plan to boost their real estate investments over the next 12 months, signalling strong confidence in the sector despite looming challenges. In addition, the vast majority, 66%, do not plan to change their risk tolerance, with 18% planning to increase their risk tolerance somewhat or significantly.

The research identified life sciences, warehouses and logistics, and co-living spaces as the real estate sectors expected to deliver the best returns in the coming year. This shift in focus comes as traditional retail sector investments see waning interest.

Daniel Austin, CEO and Co-founder of ASK commented: "This is a really positive sign for capital investing in the sector and shows the strength of real estate debt as an asset class. The positive sentiment towards the life sciences, warehouses & logistics, and co-living sectors, is certainly a reflection on the investment prospects we are anticipating due to market demand."

How would you describe your current real estate investment risk tolerance?



Which real estate sector do you see generating the best returns over the next 12 months?



Life sciences holds strong appeal



13%

HOUSING SHOULD BE TOP PRIORITY

MACRO-ECONOMIC CHALLENGES

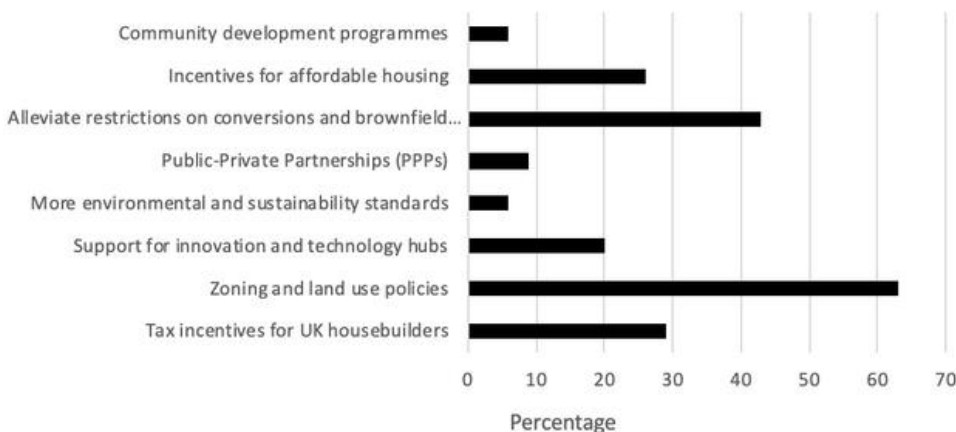
Despite this optimism, HNW investors are acutely aware of significant challenges. The research highlighted that the biggest challenges facing the real estate market in the next 12 months include higher interest rates, changes in political leadership, increased regulation and changes to the tax system. 13% felt housing should be the number one top priority for an incoming government.

Investors suggested that the top three property priority areas for the upcoming government to enhance investment in real estate in the UK should be alleviating restrictions on conversions

and brownfield sites; zoning and land use policies and incentivisation for affordable housing. The current government has failed to deal with planning restrictions, the impact of affordability and the lack of a UK construction workforce according to respondents.

The research highlights a growing dissatisfaction with the current government's handling of planning restrictions, affordability issues, and the construction workforce shortage. It also highlights the crucial role of government action in addressing these issues, and that doing so will enhance investment in UK real estate.

Primary focus of the upcoming government to enhance investment in real estate in the UK



Higher interest rates, political changes, increased regulation, and tax adjustments are seen as key challenges. To enhance investment, investors want to see the government focus on alleviating restrictions on conversions and brownfield sites, revising zoning and land use policies, and incentivising affordable housing. Addressing these issues could help overcome planning restrictions, affordability challenges, and the shortage of a construction workforce, thus strengthening the UK's real estate market.



KEY FINDINGS

HNW INVESTORS REMAIN COMMITTED TO REAL ESTATE INVESTMENT

THE MAJORITY HAVE NOT ADJUSTED THEIR RISK PROFILE

GOVERNMENT HAS CRUCIAL ROLE TO PLAY

PREFERENCE FOR LIFE SCIENCES AND LOGISTICS

CONCLUSION

The results show an interesting change from last year's survey which highlighted a preference to increase cash holdings and lowering risk appetite. This year investors are clearly more confident in the market improving and are planning to increase their overall allocation and in some cases their risk profile too. This highlights a long-term approach to investing in real estate and the flexible approach of our investors as they adapt to changes in the market.

The macro-economic environment will continue to present ongoing challenges. With housing a pivotal election issue, it is hoped that reviving SME housebuilders, boosting skilled labour, and reforming planning will be positive outcomes from the new government that will boost the UK real estate market.

Based on the key takeaways from this survey we will continue to look for high quality investment opportunities, backed by strong sponsors, across a variety of asset classes, and further invest in our technology to improve the flexibility for investors to manage their portfolios in accordance with their risk profile.

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