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## Data shows UK property investment steady, for now

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By William Kemble-Diaz

LONDON, Oct 5 (Reuters) - Commercial property investment in Britain has yet to feel the full effects of a global credit squeeze, year-to-date transaction data showed on Friday, a day after British Land (BLND.L: [Quote](#), [Profile](#), [Research](#)) pulled a major shopping mall sale.

But some of the deals recorded in the last two months will have used finance secured before the summer's bout of financial market turbulence, property market experts say, casting a pall over the key fourth-quarter period, which accounted for almost a third of all transactions last year.

The preliminary benchmark data from Property Data, which is collated from property brokers across Britain, showed 40.9 billion pounds (\$83.25 billion) of commercial real estate changed hands in the year to Oct. 5 -- a figure that is expected to be revised upwards as details of more deals come in.

The volumes recorded compared with less than 40 billion pounds and just over 42 billion pounds in the same periods of 2005 and 2006, Property Data said.

The data also showed British commercial real estate deals running at an average monthly pace of almost 3 billion pounds in August and September, even as financial market turbulence was at its height and even as some high profile deals hit the buffers.

British Land on Thursday confirmed it had dropped plans to sell a significant stake in its 1.7 billion pound Meadowhall shopping centre in northern England.

If the recent pace of activity is maintained, that will probably send the market over the 50 billion pound mark for the full year but leave it well short of the 62.4 billion pounds recorded in all of 2006, the Property Data spokesman said.

He said an end-of-year flurry of business meant 20 billion pounds of deals went through in the final quarter alone.

Peter Damesick, head of UK research at global property services firm CB Richard Ellis (CBRE) (CBG.N: [Quote](#), [Profile](#), [Research](#)), said it was likely that 2006 would be a peak calendar year in the current cycle because the difference between now and 12 months ago was a scarcity of debt finance, especially for larger deals.

NEXT YEAR?

He said he expected next year to be less active while differences existed between vendors and buyers on the true price of UK commercial property and as long as there was no constituency of forced sellers.

"This period of reduced activity will continue into the first half of 2008 until we have greater clarity on pricing," Damesick said.

But he added the market was "coming off a very high level" and that it was important to distinguish between property sectors, singling out the central London office investment market which was on course for a record-breaking year thanks to strong foreign investment.

According to CBRE data, central London office purchases totalled 15.6 billion pounds in the first nine months of 2007 compared with 15.7 billion pounds in all of 2006.

(For more on Property Data go to [www.propertydata.com](http://www.propertydata.com))

(See [www.reutersrealestate.com](http://www.reutersrealestate.com) for the global service for real estate professionals from Reuters).

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