Property Data Report 2023

Facts and figures about the UK commercial property industry to year-end 2022

A publication by the
Property Industry Alliance

Contents

This is an update of the 2017 version of the Property Data Report. It should be noted that some historic estimates presented in previous reports have been revised to reflect currently available information or required changes in method given changes in data availability.

The *Sources and Methods* set out how estimates have been made.

Executive Summary

This report sets out key facts about commercial property and the wider property industry. Property, and specifically commercial property, provides the physical base from which most economic and social activity takes place – where people work, shop and enjoy leisure activities. It comprises offices, shops, cafes, restaurants, cinemas, gyms, hotels, warehouses and industrial buildings, petrol stations, car parks and other commercial buildings.

Amongst its detailed statistics, this report shows:

- Over half of commercial property – which represents the business infrastructure of the economy – is rented, allowing firms to focus their capital on their core business rather than their premises.
- Traditional 15-25 year leases with upward only rent reviews that placed repairing and insuring obligations on the tenant no longer dominate the commercial property market. Reflecting a preference amongst many occupiers for flexibility, most leases are for five years or less, and many longer leases contain early break rights.
- Rents account for a relatively low proportion of business costs, particularly for office occupiers.
- Rents have fallen relative to inflation and have increased at a slower rate than business rates.
- Investors own approximately £500bn worth of commercial property, with overseas investors accounting for over 30% of this property exposure. This amounts to around 7% of the total assets of UK insurance companies and pension funds.
- Commercial real estate debt is provided by a much more diverse range of lender types, and at more modest loan to value levels, compared to the years leading up to the Global Financial Crisis. UK banks and building societies accounted for only 36% of total loans outstanding in 2022, half the pre-GFC market share.
- Over the longer term, commercial property tends to deliver investment returns that are higher than UK Government bonds but lower than equities.

Executive Summary *continued*

- Taxes paid by the commercial property industry are over £18bn with a further £26bn in business rates in 2022.
- The commercial property industry contributed approximately £74bn to the UK economy in 2022.
- There are over 1.1m people employed by the commercial property industry.
- While carbon efficiency and broader sustainability considerations are increasingly a focus for institutional owners, managers and occupiers, the wider commercial property market has a lot of work to do if commercial property carbon emissions are to hit net zero milestones (they need to fall by around 5% p.a.).
- The 'living' sector, which includes build-to-rent (BTR) residential as well as specialist segments like purpose-built student accommodation (PBSA), has emerged as an important part of the property investment market in recent years.

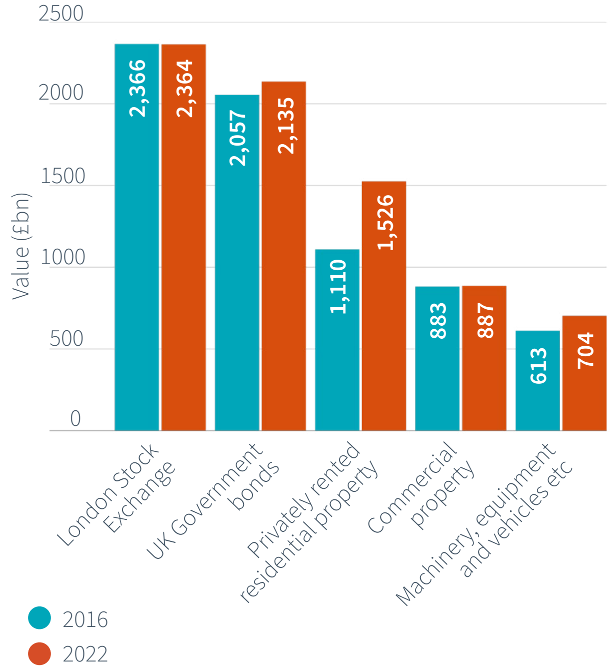
1. Value of commercial property and other assets

The total value of commercial property at the end of 2022 was just under £900bn.

This is lower than at the end of 2021, when it was just over £1trn. Values are back close to 2016 levels. The fall reflects the impact of rising UK government bond yields on property pricing amongst other factors.

Commercial property is around 40% of the value of the UK government bond market and slightly less than 40% of the value of all companies listed on the London Stock Exchange. Commercial property's value is slightly larger than the value of the country's stock of machinery, equipment and vehicles. Overall, commercial property accounts for about 7% of the UK's net wealth. Privately rented residential property accounts for a further 12% of the UK's net wealth.

Figure 1: Value of Commercial Property and Other Assets



2. Value of built environment assets

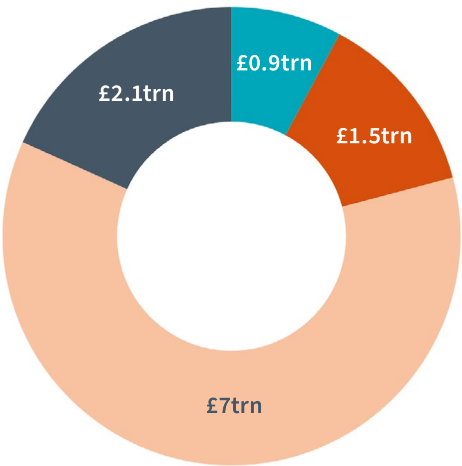
Commercial property accounts for around 7.5% of the value of all land, buildings and structures in the UK.

With a value of £887bn commercial property represents about 7.5% of the value of all land and buildings.

The residential market (nearly £9trn including all types of residential property) is nearly 10 times as large as the commercial property market. The private rented residential market alone is substantially larger than the commercial property market, reflecting the much stronger growth in residential prices than commercial property values over the past two decades.

Other non-residential buildings – mainly healthcare, hospitals, schools, colleges and universities – are a relatively small component of the overall value of other buildings and structures including infrastructure.

Figure 2: Value of built environment assets (£trn)



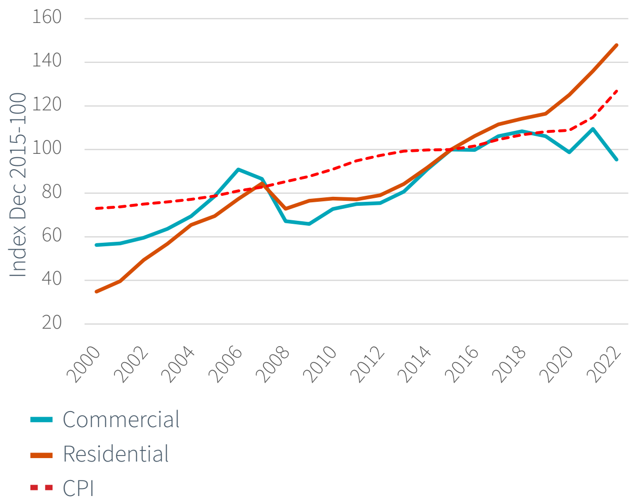
3. Values over time

Over the last 20 years the value of the commercial property stock has grown slightly below the growth in consumer prices

Following a fall in value in 2022, the value of the commercial property stock at the end of 2022 is less than it was in 2016. This represents a significant fall in real terms since 2016.

By contrast, the value of the residential property stock has increased strongly both in nominal and real terms both over the last twenty years and since 2016.

Figure 3: Index of the value of property and consumer prices



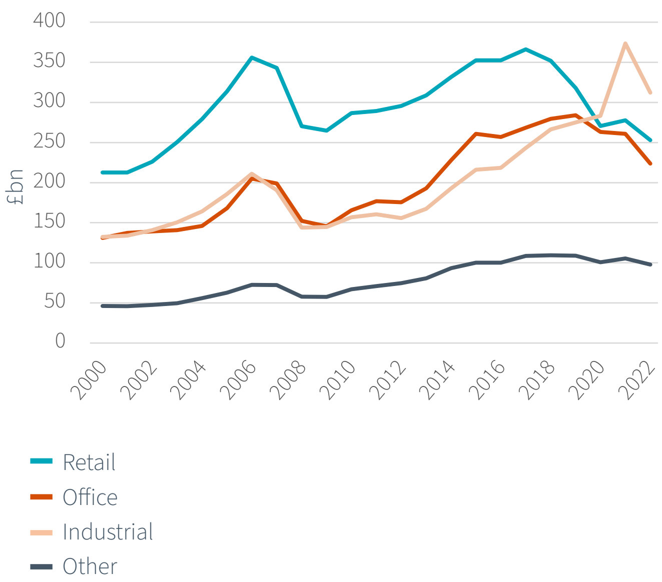
4. Sectors over time

All sectors saw value falls in 2022 as higher yields impacted commercial property prices.

Since 2016 the value of the industrial property stock has increased significantly, whilst retail property and office property have both fallen in value. The value of other commercial properties is similar to 2016.

Over the longer term, since 2000, both the industrial sector and other commercial property have more than doubled in value (growth of 136% and 111% respectively), whilst the office sector has seen more subdued growth (70%) and the retail property has barely grown in value (19%). Over this period consumer prices increased by 74%, meaning that only industrial and other property stock grew in value in real terms and retail property has fallen sharply in value in real terms.

Figure 4: Sector values over time



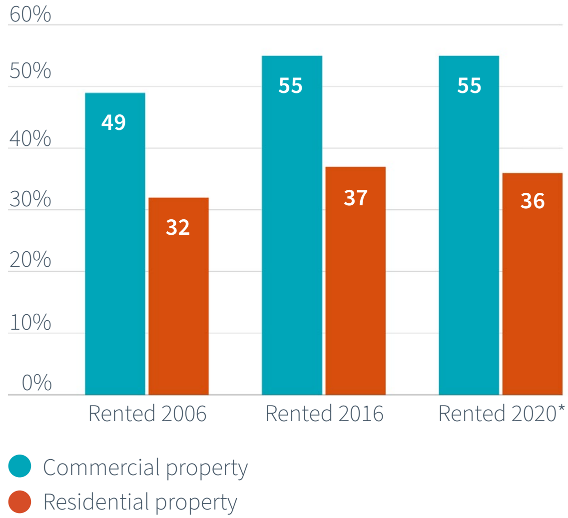
5. Renting versus owning

55% of the UK's commercial property is rented rather than owner occupied by occupiers. (This compares to residential property where 36% is rented.)

The proportion of commercial property that is rented is estimated to have been broadly stable over recent years.

The 36% of dwellings that are rented is split 19% privately rented and 17% rented from local authorities or registered providers. The institutional build-to-rent (BTR)sector remains small (0.3% of the dwelling stock but with a pipeline expected to triple the number of BTR units over the next few years). In addition, there is significant institutional investment in other stock for private rental.

Figure 5: Rented as % of all commercial and residential property



*2020 is the last year for which an estimate is available

6. Leases

Half of all new commercial leases have a length of five years or less, with most longer leases containing break clauses. The average new lease length is now around nine years (excluding breaks).

For an investor a long lease, subject to upward-only rent reviews every five years, provides a relatively secure income. For the occupier, a long lease gives certainty which is particularly useful where the occupier makes a substantial investment in fitting out premises to meet its own requirements. Short leases provide greater flexibility. The market reflects these different preferences.

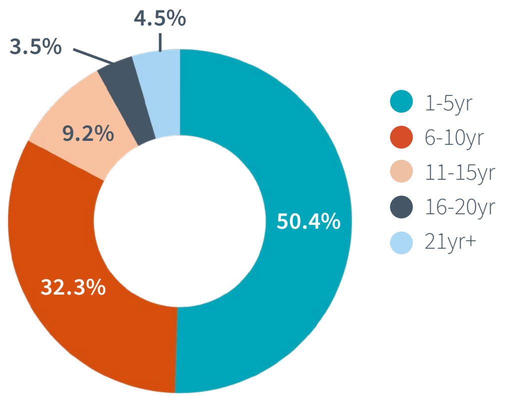
In 2022, 50.4% of leases were for 5 years or less, 32.3% for 6-10 years, 12.7% for 11-20 years and only 4.5% leases for 21 years or more. The average is about nine years. Longer leases tend to be for larger or more expensive properties.

In addition, many occupiers have break clauses in their leases. 30% of new institutional leases in 2022 contained break clauses.

For small businesses and individuals, the growth in the provision of shared and/or serviced offices and workspace has also brought more flexibility and choice to the market which is in addition to the figures above.

Tenants also benefit from rent-free periods with an average rent free on new leases of just under seven months.

Figure 6: New commercial leases by length of lease (Ignoring any breaks)



7. Property as a business cost

Rents account for a low proportion of business costs, particularly for office occupiers.

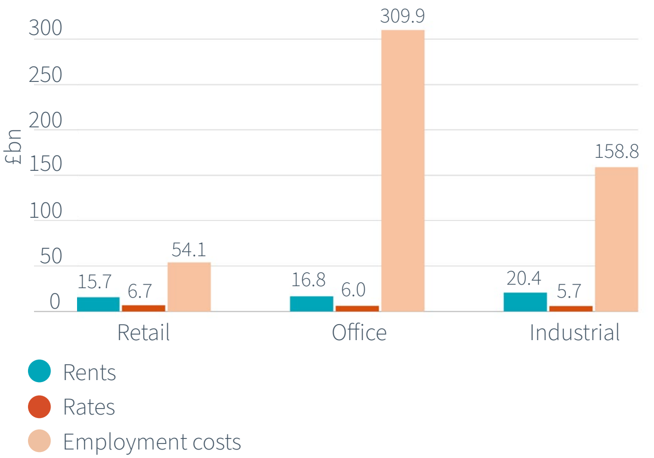
At £17bn the cost of renting offices in 2022 was around 5.4% of office occupiers' employment costs. For retailers the rental cost of £16bn was 27% of employment costs, well down on the 2016 estimate of 37%. Industrial space covers a disparate range of uses but on the basis of a manufacturing, warehousing and storage definition the equivalent figure is 13%.

Business rates receipts overall in 2022 were £26.4bn. Offices account for 23.0% and shops 25.0% of all properties' rateable value. Warehouses account for 13.9% and factories, mills, and workshops 8.4%. The revaluation in 2023 is expected to lead to higher share of rates from industrial properties (including warehouses) and a lower proportion from shops.

Business rates on average add 43% to the cost of occupying physical retail space. They add 36% to the cost of renting office property. This is slightly lower for the industrial sector at 28%.

Taken together, rents and business rates are 7% of the level of staff costs in the office sector but 41% in retail. This makes the viability of retailing much more sensitive to property costs (rates and rents) than the office sector.

Figure 7: Rents, business costs and employment costs



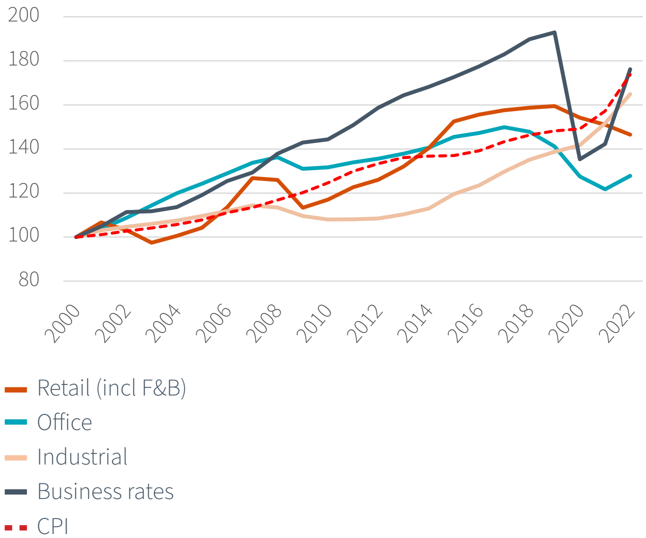
8. Property costs compared to inflation

Rents have fallen relative to inflation whilst business rates have grown relative to inflation.

Commercial property rents (as opposed to property values) have grown much more slowly than other business costs over the last 20 years and below the rate of inflation. Rental value growth of the industrial property stock has nearly matched inflation but offices and, particularly, retail property have experienced much weaker growth.

Business rates have generally grown faster than inflation and rents. The Covid period has distorted the growth of business rates in recent years. Whilst rents have fallen in real terms, and business rates have grown slightly, employment costs have grown far more rapidly, up by c200% compared to the less than 50% growth of office and retail rents over the 2000-22 period.

Figure 8: Rents for the main sectors, business rates and CPI



9. Investor ownership

Investors own approximately £500bn of commercial property.

Professional investors own the majority of the commercial property market and have become increasingly important in the supply and ownership of privately rented residential property, student accommodation etc. In total, the invested commercial property market is estimated to be just under £500bn and approximately 55% of the total commercial property market.

UK institutional investors were historically the largest direct owners of commercial property but over time that share has fallen as their investment portfolios have reduced risk and they have invested indirectly. Their share has fallen from 23% in 2016 to around 16% in 2022. Overseas investors have grown in importance in the UK property market over the last two decades, with their investment more than doubling since 2006. They now account for over 30% of the investment market.

Figure 9: Commercial property ownership by type of investor (£bn)

	2006	2016	2022	% Change since 2006	% share of total
Overseas investors	72	139	161	122	31
UK collective investment schemes	62	79	84	35	16
UK institutional (insurance companies & pension funds)	95	79	84	-12	16
UK REITS & listed prop companies	59	74	76	30	15
UK unlisted prop companies & UK private individuals	87	72	57	-35	11
UK traditional estates / charities	19	23	21	14	4
UK Other	24	20	31	30	6
Total	**418**	**486**	**515**	**23**	**100**

10. UK institutional investor exposure

Property exposure through insurance company and pension fund investments is estimated to be c7% of their total assets.

Insurance companies and pension funds own property directly and indirectly (through private collective investment vehicles (funds) and REITs). In addition, institutional investors have exposure to loans backed by commercial and residential property (both private debt and bonds). Over time, exposure to property has changed from direct ownership of buildings to greater exposure through loans and through indirect investment in collective investment vehicles and REITs, reflecting the changing composition of insurance and pensions business.

Association of British Insurers' data shows that for insurers property loans are substantially larger than direct exposure to property. This is reflected in Bank of England data which shows that there were £44bn of mortgages, accounting for 6% of the assets, backing Life business (compared to 2% in direct property) with other forms of property exposure taking the total property exposure backing life business to 11%. Funded occupational schemes had direct exposure to UK property of £36bn at Q4 2022 but Pension Protection Fund (PPF) data shows that exposure through collective investment vehicles takes this figure to around 5% of assets, a similar share to 2016 and since consistent records began in 2006.

The total exposure to property excluding property debt invested in by pension funds and property backed bonds is around 7% of assets, equivalent to over £240bn.

Figure 10: Insurance Company and Pension Fund investment in commercial property as share of the total (£bn).

	2016	2022	2022 (% of total)
Total Assets	3,300	3,625	100
Direct Property	79	80	2.2
Indirect Property	57	71	2.0
Lending by insurers	24*	45	1.2
Property equities/REITs	47	45	1.3
Total property exposure (excluding bonds)	na	243	6.7

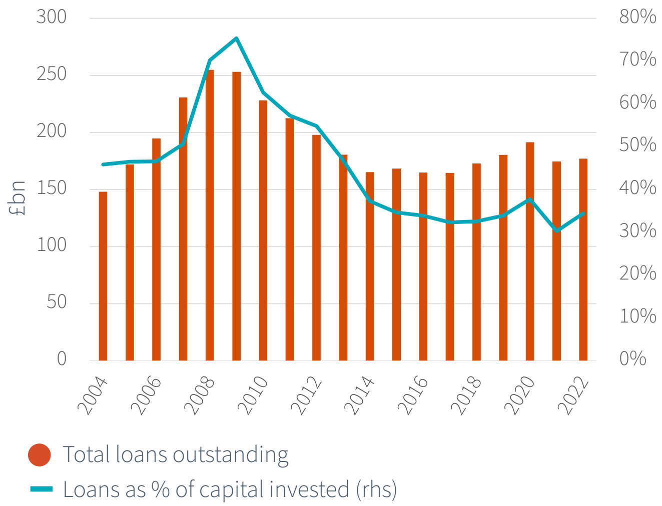
*Based on Bayes (DMU) lending survey, Bank of England data suggests this is a significant under-estimate of actual exposure

11. Lending

Lending to property can accommodate and amplify the commercial property cycle. The Global Financial Crisis (GFC) was a good example of this, however, since then, the level of commercial property debt has remained relatively low and stable.

Based on the Bayes lending survey data, the stock of commercial property loans at £177bn is over 30% lower than in 2008, with no sign of the kind of cyclical surge in new lending that can foreshadow a crash. The stock of property debt amounts to just over a third of the value of invested property, implying a modest market-level loan-to-value: this ratio reached 75% in 2009, in the depths of the financial crisis.

Figure 11: Stock of commercial property debt



12. Lenders

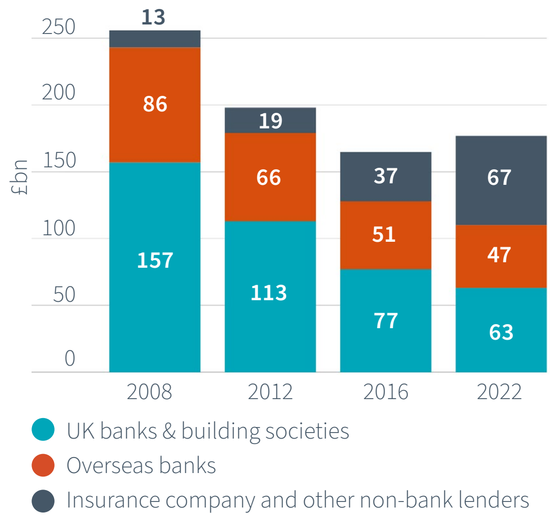
The lending market has become much more diversified as UK bank lending has reduced and non-bank lending has increased.

UK banks traditionally dominated lending to commercial property, accounting for over 70% of loans in the early 2000s. Since the GFC, their lending on commercial property has fallen in absolute terms and relative to other lenders. The UK bank share of total loans outstanding in 2022 was only 36%, half the pre-GFC market share. Tighter regulation of the major UK banks in the aftermath of the GFC was probably a significant factor behind their reduced appetite for commercial property risk, and the resulting space for different lenders to enter the market.

The combined share of non-bank lenders has grown substantially in the Bayes data, accounting for a larger share of the stock of loans outstanding than UK banks and building societies in 2022.

The mix of asset type in loan books has changed with a sharp decline in the retail proportion from around 30% in the early 2000s to only 13% in 2022. By contrast, the "beds and sheds" element has increased to over 50% of the asset mix.

Figure 12: Lending by lender type



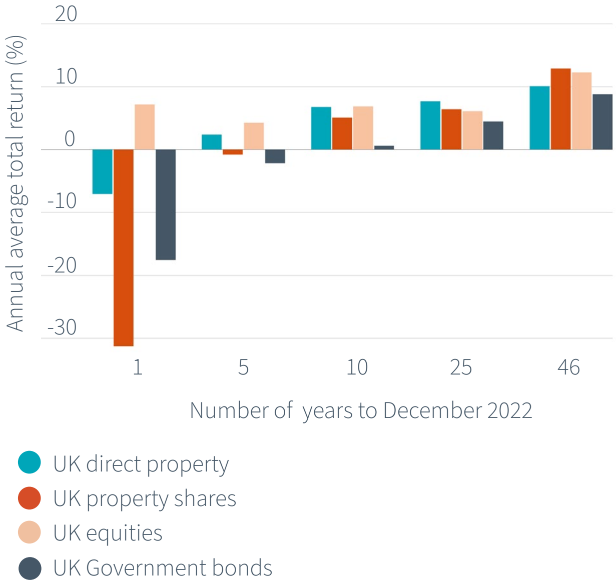
13. Long-term investment performance

Over the longer term, commercial property tends to deliver investment returns that are higher than UK government bonds but lower than equities.

2022 saw a fall in the value of UK government bonds and the change in the interest rate environment affected property and property company shares. However, direct property returns were stronger than government bonds. This is consistent with the very long run performance of property between government bonds and equities.

Like all financial markets, commercial property's investment performance is volatile, and whilst it is not strongly correlated with other asset classes, the interest rate environment has a significant influence, particularly on property shares (REITs).

Figure 13: Total returns for UK asset classes



14. Taxes paid to the national Exchequer

Taxes paid by the commercial property industry are over £18bn with a further £26bn in business rates in 2022.

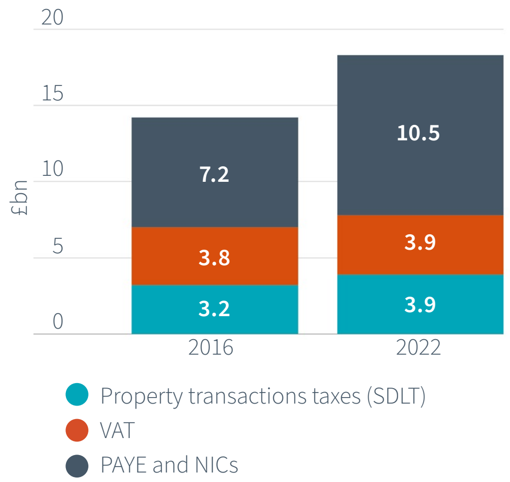
The commercial property industry is taxed in many ways, including taxes on property transactions (Stamp Duty Land Tax (SDLT) in England and Northern Ireland, Land and Buildings Transaction Tax in Scotland, Land Transaction Tax in Wales), business rates, VAT, corporation tax, PAYE and National Insurance contributions.

In 2022 total receipts from property transaction taxes were around £17bn with commercial property accounting for nearly a quarter of this at £3.9bn. The total VAT paid by property activities, architectural services, and construction excluding civil engineering is around £12bn with commercial property accounting for about a third of this, £3.9bn. The PAYE and NIC contributions are estimated to be around £10.5bn. These taxes together amount to over £18bn.

Other taxes directly paid by the industry, such as Corporation Tax, business rates on empty property are much harder to attribute. A rough estimate is that corporation tax paid by the industry is around £2bn.

The commercial property business rates burden of £26.4bn is predominantly borne directly by occupiers but a component of it is effectively passed on to property investors through lower rents.

Figure 14: Some of the taxes paid by commercial property



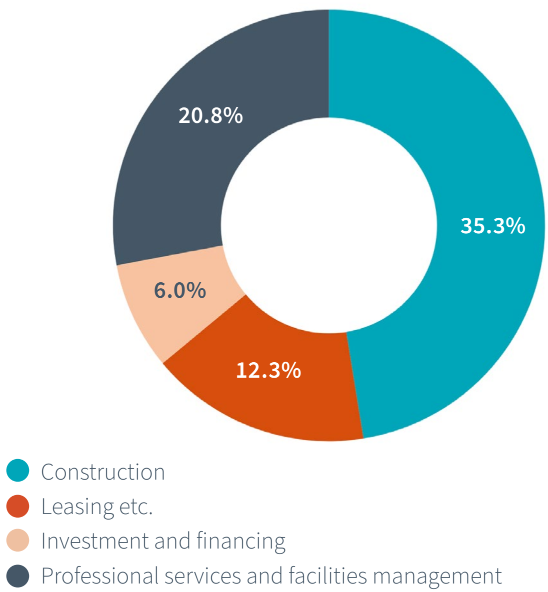
15. Economic contribution

The commercial property industry directly contributed approximately £74bn to the UK economy in 2022.

The overall direct gross value added of commercial property activities is estimated at around £74bn or 3.3% of the economy. The share has fallen slightly since 2016, reflecting relatively subdued construction activity in commercial property.

This economic contribution comes from the development, construction and funding of new buildings and the management, refurbishment, renovation, retrofit, repurposing and maintenance of existing buildings, for retailers, wholesalers/distributors, business and financial services firms, hoteliers, industrial firms and for the public sector.

Figure 15: Gross value added by commercial property activity



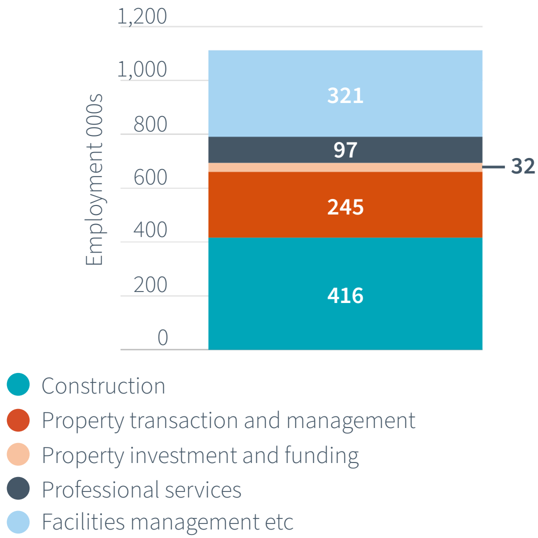
16. Employment

There are over 1.1m people employed by the commercial property industry.

The commercial property industry employs over 1.1m people, with the majority of these jobs related to the construction, development, repair, refurbishment, renovation, retrofit, repurposing, care and management of buildings.

Employment involved in the construction of commercial property is the largest component but it has fallen since 2016, reflecting relatively subdued levels of new construction. At the same time, structural changes in the economy affecting what property society and businesses need, and how it is used, as well as the overriding challenge of Net Zero and the need to decarbonise the built environment, imply an enormous need for refurbishment, renovation, retrofit and repurposing over the coming years.

Figure 16: Employment in 2022 (000s people)



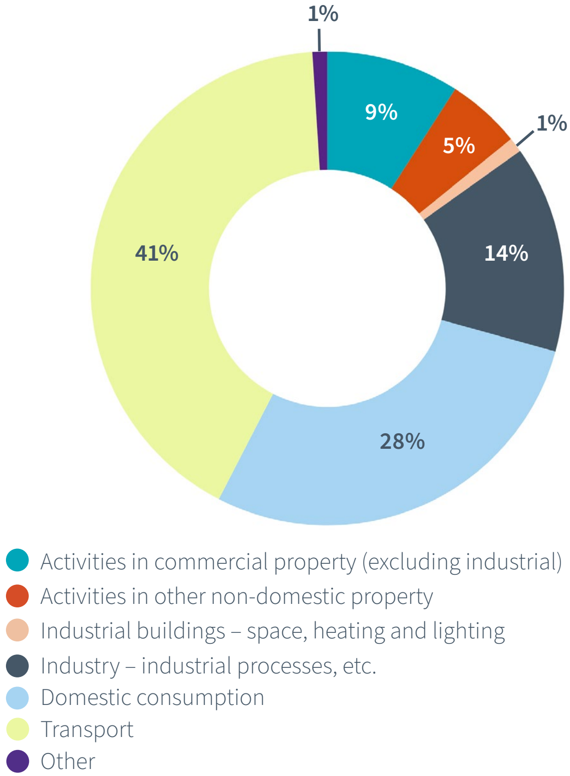
17. Energy consumption

Commercial buildings account for just under 10% of UK energy consumption.

Commercial property accounted for 9% of the UK's energy consumption in 2022, with the heating and lighting needs of factories bringing the total to 10%. Other non-domestic property, mainly public sector buildings including schools, colleges and hospitals, accounts for 5%. 28% of energy consumption is domestic and transport accounts for over 40%.

Energy consumption in commercial and industrial buildings has fallen by 9% since 2016, slightly behind the overall fall in energy consumption of 10% over the last six years.

Figure 17: Share of total energy consumption by end-user (%)



18. Net Zero and Carbon Emissions

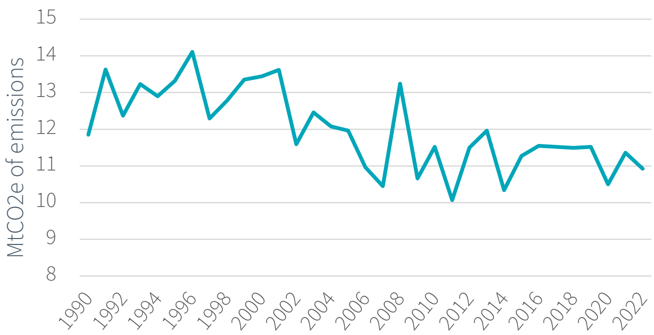
Progress in reducing emissions from commercial buildings is slow.

In 2022, 11MtCO2e of emissions came from commercial buildings.

Overall building emissions fell 12% between 2016 and 2022 to 76 MtCO2e. Within this emissions from residential buildings fell by 14%, but emissions from commercial buildings only fell by 5%. Adjusting for temperature effects (mild winter months in 2022) suggests that there has been little or no reduction in carbon emissions from commercial buildings over this period.

To meet the Government's Carbon Budget Delivery Pathway requires a reduction in carbon emissions from buildings of over nearly 50% by 2035 or 4.7% p.a. The 2023 Climate Change Committee (CCC) Report to Parliament on the UK's progress in reducing UK emissions 2023 noted limited progress in recent years and a "large and increasingly concerning policy gap relating to non-residential buildings" and that "there are no convincing plans to decarbonise commercial buildings".

Figure 18: Emissions from commercial buildings (1990-2022)



Definitions of commercial property and activity

Commercial property includes primarily made up of four sectors, namely retail, office, industrial and other commercial. The other commercial sector includes a broad range of other types of property – notably hotels and other more "operational" assets – and has grown as a share of the market and as a share of investor portfolios.

Commercial property activity covers:

- the construction, development, refurbishment, renovation, retrofit, repurposing, design, and care and management of buildings;
- the funding of, investment in and asset management of investment property; and,
- relevant transactional services, such as investment and letting agency.

The contributions made to commercial property by the financial and professional services are also included.

All forms of residential property and activity are excluded where possible from measures of commercial property. However, what was once a clear separation has become more blurred as buildings include a mix of commercial and residential uses.

Definitions of other terms

Bonds A promise by a borrowing entity to a lender to make periodic interest payments and to repay the face value of the debt on the maturity date.

Break clause A provision in a lease which enables either the landlord or the tenant, or both, to end the lease early.

Collective investment vehicle An investment vehicle – such as a closed-ended partnership or an open-ended unit trust or investment company – in which investors pool their capital to invest in properties (or other physical or financial assets) and share the income and profits, but where they do not have any day-to-day control over the management of the assets in the vehicle. The fund and its assets are instead managed by specialist third parties on behalf of the investors.

Industrial property Warehouses, logistics centres, and most types of factory other than structures such as steel works, chemical plants etc.

Institutions Insurance companies and pension funds.

Lease length The period of time for which a commercial lease is granted.

Office property Office blocks, out-of-town business parks and data centres.

Other commercial property A wide range of miscellaneous building types primarily used by profit-making businesses and predominantly comprising hotels, leisure premises (e.g. cinemas, night clubs, bowling alleys, bingo halls, etc.), gyms, petrol stations, car parks and the like.

Private rented residential Flats and houses owned by investors such as private individuals, companies, insurance companies and pension funds, collective investment schemes, etc. It excludes social-rented properties owned and rented out by local authorities and housing associations. It includes private specialist living sectors like senior living and PBSA.

Rent-free period A period, typically at the beginning of a lease, during which no rent is payable by the tenant.

Definitions of other terms *continued*

Retail property Shop units and similar (e.g. restaurants & coffee shops, bank branches & estate agents, salons, betting shops, etc.), in-town & out-of-town shopping centres, retail warehouses & retail parks (typically occupied by DIY stores, carpet & electronics retailers, etc., as well as some “high street” retailers).

Total return The sum of the income received (e.g. rents, dividends, interest, etc.) and the capital appreciation of an asset, portfolio or market over a period, expressed as a proportion of the value at the start of the period.

Sources and methods

1 The estimate of commercial property value is based on the estimates from the Investment Property Forum's (IPF) The Size and Structure of the UK Property Market End-2022 Update. The IPF estimate is updated using estimates of the change in floorspace for each property sector between 2020 and 2022. MSCI data is used to estimate the change in value per square metre for each property sector between 2020 and 2022. Government bonds from the Debt Management Office. £2,135.83bn is based on gross market value (includes gilts held by the DMO). The figure excluding DMO holdings is £1,977.70bn. The London Stock Exchange estimate is for all equities listed on the London Stock Exchange. The 2016 figures for equities, Government bonds and property are from the 2017 Property Data report. Plant & machinery is from ONS's national balance sheet *nbs2023referencetables,* table 9.2. The estimate for 2022 for private market rented residential is derived by applying the change in house prices from the ONS/ Land Registry UK House Price Index and an allowance for the gradual increase in the dwelling stock (c0.8% p.a. based on the last two decades). Total UK net worth is from ONS's national balance sheet *nbs2023referencetables*, *table 9.2*.

2 Commercial property and private rented residential sector estimates are explained above. The total residential market is estimated using the same approach as for the private rented sector above, updating the Size and Structure of the UK Property Market 2020 estimate to take account of changes in house prices and the housing stock. The infrastructure and other is estimated taking the total value of land and buildings from the ONS National Balance Sheet of £12.0trn and then deducting the residential and commercial property elements. A slight adjustment is then made to ensure consistency with the national balance sheet estimates. No direct estimate is available in the national balance sheet of commercial property and it is possible that this approach might lead to a slight over-statement of the other types of property. Other residential is then derived as the difference between the total residential and the private rented sector.

Sources and methods *continued*

3 Estimates are from the IPF's Size and Structure of the UK Property Market 2020 update combined with the estimates derived using the approach outlined in 1 and 2 above. CPI is from the ONS.
https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/d7bt/mm23

4 As 3.

5 The renting figure for commercial property is based on the IPF Size and Structure of the UK Property Market End-2020 Update, with the commercial owner-occupied stock estimated as the residual of the total stock and the investment stock. Residential renting estimates are Nick Mansley estimates based on the ONS UK dwelling dataset using the updates for Great Britain and England and Wales to estimate more recent data for the UK. The comments on the institutional Build to Rent sector are based on the estimates in the British Property Federation/Savills/Molior Build to Rent hub (https://buildtorent.info/data/).

6 MSCI's UK Lease Events Review 2022 © MSCI provides the data on new leases. Reproduced with permission. Definition includes "short leases" (those less than 4 years) and licences and also does not take account of any break clauses. It does not take into account sub-letting by tenants (including by service office providers). Data are on an unweighted basis.

7 Rental payments are based on the rental value estimates in the IPF's The Size and Structure of the UK Property Market End-2020 Update (note that retail is adjusted to exclude pubs and restaurants). Business rates, downloaded from the ONS (CUKY) are pro-rated according to retail, office and industrial sector shares of total rateable value derived from Valuation Office Agency data (estimated at 26%, 23% and 22% respectively – note that it is assumed that any reliefs are distributed proportionately across sectors). The latest data for this last element is from 2021. Employment costs are estimated using data from the ONS's Blue Book dataset and the ONS's Annual Business Survey (retail relates to SIC(2007) 47 less non-store trade (47.91, 47.99), offices to SIC(2007) sections K, L, M & N). Industrial includes manufacturing D, wholesale distribution 46 and storage 52.1.

Sources and methods *continued*

8 See 7.

9 Investor ownership estimates are based on the IPF's The Size and Structure of the UK Property Market End-2020 Update, this have been extrapolated to 2022 by appying the change in overall commercial property values to the total invested stock. In the absence of information on changes in the investor mix the shares of each investor have been kept largely constant except for a slight increase in the overseas investor share and a slight decrease in the UK institutional share reflecting historic trends.

10 Insurance company and pension funds' direct property are as estimated in 9 above. A range of estimates are available from different sources on pension and insurance company exposures. Sources used and/or referred to include The Bank of England, the Investment Association Investment Management in the UK 2022-23 report, the PPF Purple Book, the funded occupational scheme data from the ONS and IPF's The Size and Structure of the UK Property Market End-2020 Update.
https://www.bankofengland.co.uk/statistics/insurance-aggregate-data-report https://www.ons.gov.uk/economy/investmentspensionsandtrusts/datasets/fundedoccupationalpensionschemesintheuk

The PPF Purple Book shows that for DB schemes with assets of £1.7trn at 31st March 2022 the property exposure accounted for 4.6% of assets (excluding property equities, property bonds and other property loans) implying £77bn of exposure to property.

11 Debt secured on commercial property is from the Bayes® Commercial Property Lending Report 2022. Bank of England reports suggest that in addition to commercial property loans SME's often use their commercial property as collateral for business loans. The share of invested property uses interpolation of estimates from various editions of the IPF Size and Structure of the UK property market report.

12 See 11.

Sources and methods *continued*

13 Commercial property from MSCI's IPD® UK Annual Index © 2023. MSCI UK stock data equity and, and FTSE; gilts relate to 5-15 years. UK property share data is from datastream.

14 Tax data comes from HMRC Tax Statistics, Stats Wales and Revenue Scotland. The property transaction tax estimate is based on the non-residential stamp duty (or equivalent) tax with a slight reduction for the non-commercial element in line with PIA 2017 Property Data Report. VAT estimates are based on the VAT figures for property, construction and related property professional services pro-rated using estimates of the commercial property related element of these industries. The PAYE and NIC estimate is based on the HMRC data on these and commercial property's share of the total using a share derived from the PIA 2017 Property Data Report. No allowance has been made for self-assessment tax which is likely to contribute a further £1-2bn. Corporation tax data is from the HMRC Tax Statistics.

15 Nick Mansley estimates based on Gross Value Added and Employment data from the ONS/NOMIS Employment by 5-digit code is used to estimate employment in Great Britain using estimates of commercial property's share of each sub-industry and this is grossed up to the United Kingdom using GB and UK workforce jobs. Gross Value Added for construction is pro-rated using the estimated share of construction activity. The imputed rent of owner-occupied housing is deducted from the gross value added of property activities before pro-rating based on the estimated split between commercial and other property. The professional and other services.
https://www.nomisweb.co.uk/query/construct/submit.asp?forward=yes&menuopt=201&subcomp=
https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/employmentbyindustryemp13

16 See 15.

17 Nick Mansley estimates based on UK Government figures on Energy Consumption in the UK (ECUK): End Use Tables. (Tables U1, U2 and U5).

Sources and methods *continued*

18 Carbon emissions data is from the 2023 Climate Change Committee Report to Parliament on the UK's progress in reducing UK emissions.
https://www.theccc.org.uk/publication/2023-progress-report-to-parliament/#downloads

Acknowledgements

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The Property Data Report 2023 has been produced on behalf of the Property Industry Alliance. This consists of the following organisations:

- Association of Real Estate Funds (AREF);
- British Council for Offices (BCO);
- British Property Federation (BPF);
- Commercial Real Estate Finance Council Europe (CREFCE);
- Investment Property Forum (IPF);
- Royal Institution of Chartered Surveyors (RICS);
- Urban Land Institute (ULI).

The Property Industry Alliance seeks to achieve a more co-ordinated and effective approach from leading property bodies on policy, research and best practice issues.

https://propertyindustryalliance.org

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