

Interest in UK REITs triples



In the final quarter of 2024, Gravis witnessed a 3-fold increase in interest for UK REITs among financial advisers and wealth managers. Three times as many people as usual registered for the [VT Gravis UK Listed Property \(PAIF\) Fund webinar](#) in November 2024.

“The outlook for 2025 is more positive than it has been for some time. There are exciting times ahead for investors in UK listed property.”

Key take-outs:

- M&A activity to persist in 2025 due to discounted valuations and strong rental growth prospects
- Increased equity issuance expected as companies with development pipelines aim to drive growth
- Fastest rental growth predicted in student accommodation and build-to-rent sectors
- Data centres and primary care facilities generate the most interest

As a result of the renewed interest in the sector, Gravis polled viewers of the webinar for their views on the sector. Nine out of the ten* respondents said they were either

‘likely’ or ‘very likely’ to increase their allocation to property in 2025, citing an improving environment for the asset class (78%*), taking advantage of cheap valuations (67%*) and attractive income (67%*) as their top three reasons for doing so.

A positive outlook for next generation commercial property

“The outlook for 2025 is more positive than it has been for some time,” agrees Matthew Norris, manager of the VT Gravis UK Listed Property (PAIF) Fund. “There are exciting times ahead for investors in UK listed property.

“I expect M&A activity to continue in 2025, because valuations remain at a discount to asset values and rental growth prospects for certain mega trends are very





encouraging,” he continued. “I also expect there to be more equity issuance from those companies that have great development pipelines and want to fuel their future growth.

“When it comes to the income on offer, we expect to see dividend growth in 2025. If you look at analyst consensus forecast, the forward dividend yield on the companies that we invest in is a little over 5%. Analysts are forecasting that the dividends will grow by about 5% in 2025 as well. And if you look at the upside to consensus price target, that's 20% plus, similar to the upside to net asset values.”

REITs the most attractive product for exposure to the property sector

When asked how they might increase their allocation to the sector, 78%* of respondents said they would consider a fund of REITs, while 67%* also favoured investing directly in REITs. Only 22%* said they could consider an open-ended fund investing in direct property.

Data centre and primary care facilities generate most interest

Of the different sub-sectors available in the commercial property sector, data centres

(and primary care facilities were the two most popular amongst respondents, followed by student accommodation, care homes and self-storage*.

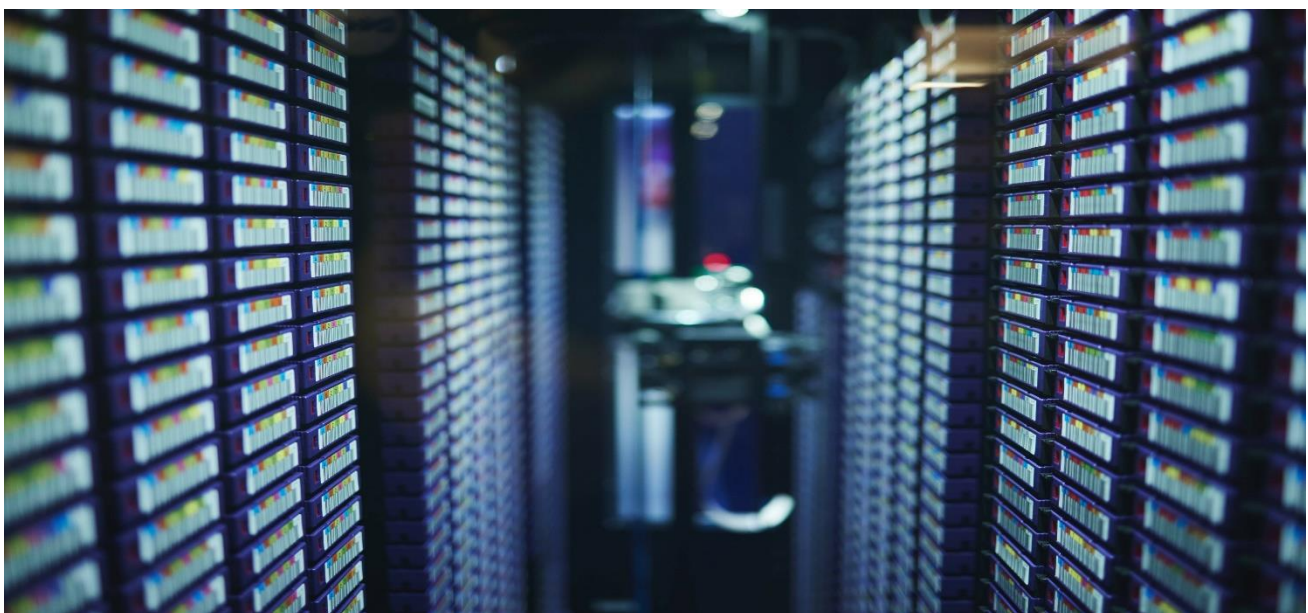
“Both the purpose-built student accommodation sector and the build to rent sector are likely to witness the fastest rental growth across commercial real estate in 2025,” commented Matthew.

Meanwhile, digitalisation was the mega trend respondents were most excited about and likely to increase exposure to (78%*).

Interest rates pose the biggest risk to the property sector

When asked out what could impact the performance of UK REITs in 2025, all respondents agreed that higher for longer interest rates or a slower rate cutting path was the biggest risk*. Stickier inflation (44%*), leverage and balance sheet risk (33%*) and public policy (22%*), were also cited as potential detractors.

*Source: Gravis, survey of 10 respondents in December 2024





Important information

This article is issued by Gravis Advisory Limited ("GAL"), which is authorised and regulated by the Financial Conduct Authority. GAL's registered office address is 24 Savile Row, London, United Kingdom, W1S 2ES. The company is registered in England and Wales under registration number 09910124.

VT Gravis UK Listed Property (PAIF) Fund (the "Fund") is a sub-fund of VT Gravis Real Assets ICVC, which is a non-UCITS retail scheme and an umbrella company for the purposes of the OEIC Regulations. The Fund is a Property Authorised Investment Fund ("PAIF"). Valu-Trac Investment Management Limited is the Authorised Corporate Director of VT Gravis Real Assets ICVC and GAL is the investment manager of the Fund.

Any decision to invest in the Fund must be based solely on the information contained in the Prospectus, the latest Key Investor Information Document and the latest annual or interim report and financial statements.

GAL does not offer investment advice and this article should not be considered a recommendation, invitation or inducement to invest in the Fund. Prospective investors are recommended to seek professional advice before making a decision to invest.

Your capital is at risk and you may not get back the full amount invested. *Past performance is not a reliable indicator of future results. Prospective investors should consider the risks connected to an investment in the Fund, which include (but are not limited to) market risk, counterparty risk, inflation and interest rate risks and the risks of investing in real estate and related industries. Please see the Risk Factors section in the Prospectus for further information.*

This article has been prepared by GAL using all reasonable skill, care and diligence. It contains information and analysis that is believed to be accurate at the time of publication but is subject to change without notice. It is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation. Any recipients outside the UK should inform themselves of and observe any applicable legal or regulatory requirements in their jurisdiction.

