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*Bridging the gap between companies and  
untapped capital*

# UK Real Estate

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## Investor Monitor

January 2017

# Key conclusions



- The dominant, post Brexit theme has been UK selling and Overseas buying, putting paid to the fear of capital flight
- UK institutional investors were net sellers of UK quoted Real Estate through the Autumn, only returning to Mid Cap names in the last two months
- North American investors were heavy buyers post Brexit although activity in larger names tailed off in Q4; buying interest in sub £1bn names has remained constant
- European investors have been consistent net buyers of sub £1bn names and heavy buyers of larger names during Sep/Oct
- Although at lower levels; Rest of the World investors have also been net buyers, driven in part by South African interest
- Unsurprisingly, AiM real estate dominated by UK investors with smaller institutions and private client wealth making all the running

## **Initial fears of overseas capital flight unfounded**

# UK Real Estate:

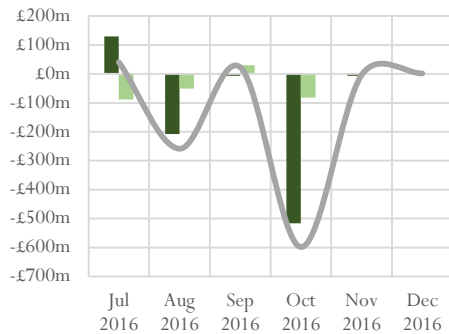
# £5bn to £1bn market cap



## Geographic Investors - Last Six Month Net Trading Flows

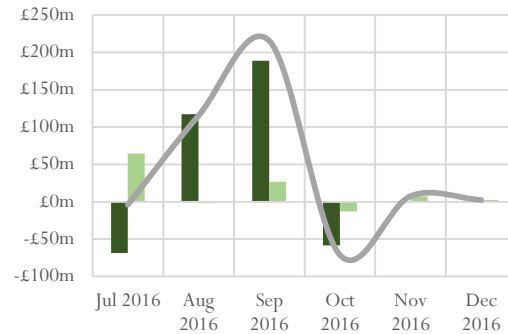
### United Kingdom

■ Top 20 ■ The Rest — UK Net



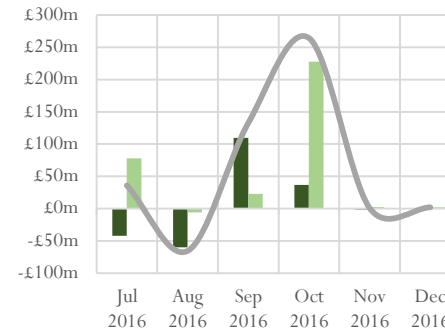
### North America

■ Top 20 ■ The Rest — North America Net



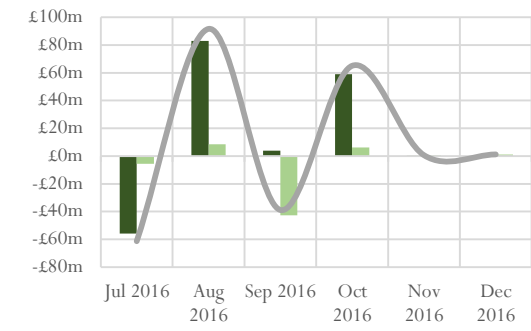
### Europe

■ Top 20 ■ The Rest — Europe Net



### Rest of the World

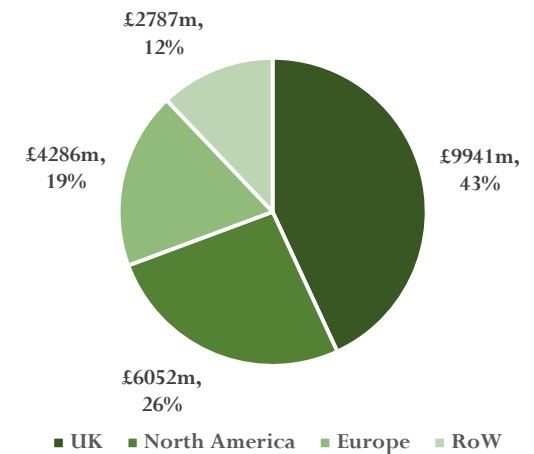
■ Top 20 ■ The Rest — Rest of the World Net



## Key conclusions

- Larger UK investors have been the heaviest net Sellers, smaller UK investors also negative
- North American ownership Overweight compared to other market sectors
- Larger US investors were the largest overall net Buyers in Q3, although US activity has reduced in Q4
- European investors outside the Top 20 have been more active
- Although European activity dominated by a small number of companies and investors
- South African investors dominate the RoW segment; focusing on a small number of companies

## Free Float Ownership



# UK Real Estate:

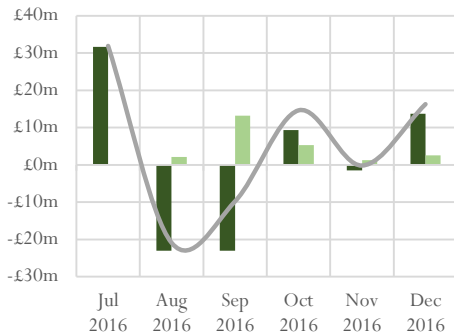
# £1bn to £100m market cap



## Geographic Investors - Last Six Month Net Trading Flows

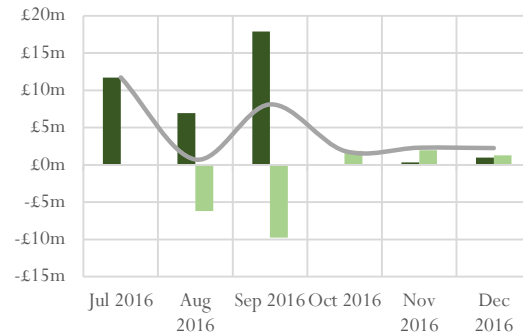
### United Kingdom

■ Top 20 ■ The Rest — UK Net



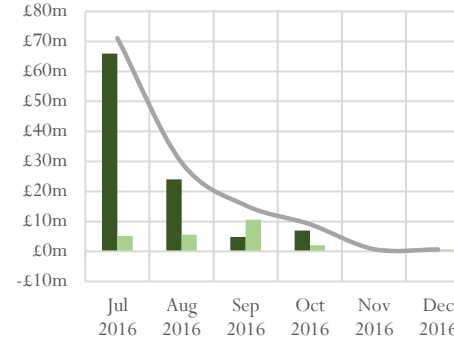
### North America

■ Top 20 ■ The Rest — North America Net



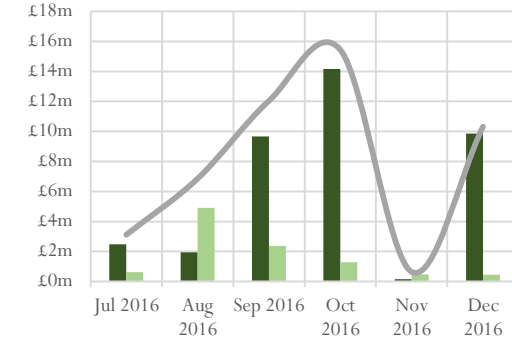
### Europe

■ Top 20 ■ The Rest — Europe Net



### Rest of the World

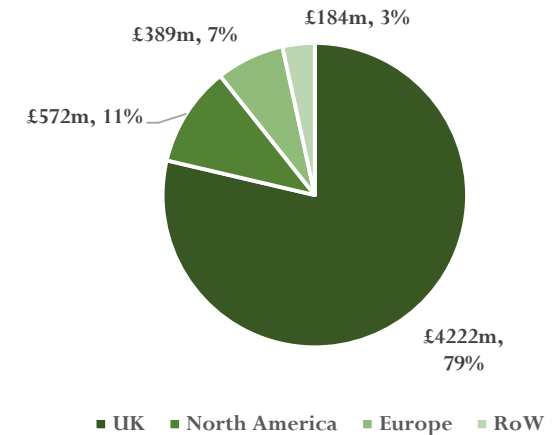
■ Top 20 ■ The Rest — R o W Net



## Key conclusions

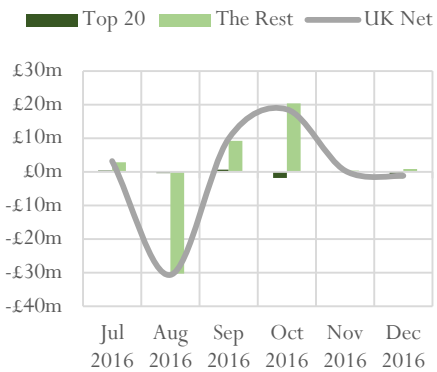
- UK investors, notably the larger names, were net sellers during Q3, although have since turned buyers
- Smaller UK investors more positive through the period, although at reduced levels
- Q3 saw a divergence between large and smaller North American investors; Q4 saw a marked drop in trading activity
- European investors consistently positive, especially in the immediate post Brexit valuation opportunity
- Rest of the World investors (primarily South African) have been an active source of marginal buying throughout Q3 and Q4, despite coming from a small, initial ownership base
- Overall, overseas investors look to have been opportunistic buyers post Brexit

## Free Float Ownership

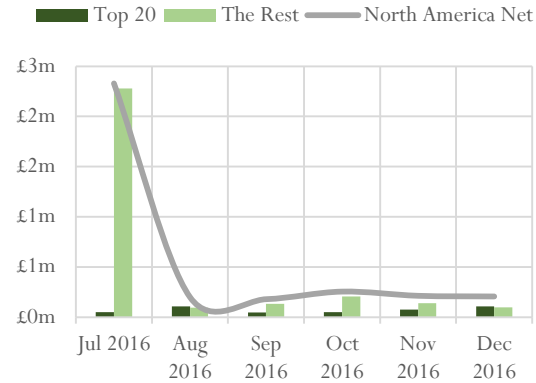


## Geographic Investors - Last Six Month Net Trading Flows

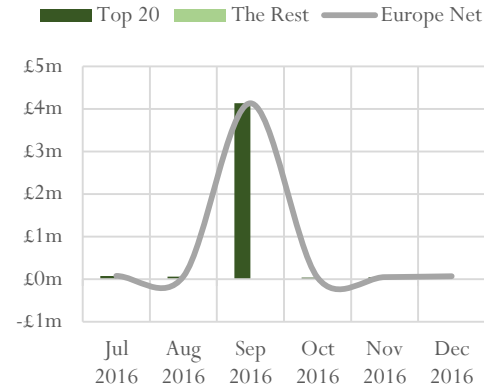
### United Kingdom



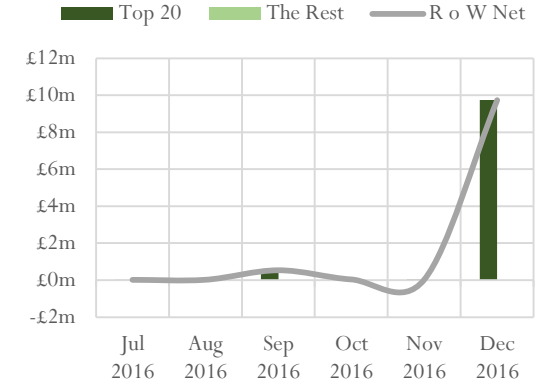
### North America



### Europe



### Rest of the World



## Key conclusions

- Unsurprisingly, UK investors dominant in terms of ownership and trading flows
- However, smaller UK investors (both institutional and private wealth) were the key buyers / sellers
- Larger institutional ownership is high (c.75% of UK ownership) but these positions have remained largely unchanged
- Overseas ownership is single stock / single investor focused

## Free Float Ownership

