



Q4 2021: UK Commercial Property Market Survey

Twelve-month expectations hit fresh highs for the industrial sector

- Outlook for values remains upbeat for industrials, data centres, multifamily and aged care facilities
- Covid developments stifle the recovery in tenant demand across the office sector during Q4
- But 66% of survey participants still feel office space is essential for a company to operate successfully

The Q4 2021 RICS UK Commercial Property Survey suggest conditions remain polarised across different portions of the real estate market. While already strong twelve-month projections were further upgraded in the industrial sector, offices and retail continue to struggle, with the situation not helped by the surge in Covid cases seen during the latest survey period.

During Q4, the headline net balance for occupier demand came in at +16%, similar to the reading of +18% returned previously. That said, across the three traditional sectors, only industrials posted a positive reading for tenant demand, with the net balance standing at +61%. Meanwhile, the comparable readings were -3% for offices and -21% for retail. With respect to offices, this latest figure marks a slight setback from a modestly positive trend cited in Q3 (+7%), with respondents pointing to the rapid spread of the omicron variant as a negative influence this quarter.

Looking at the longer term, some additional questions were included to further examine structural changes sweeping the office sector as a result of the pandemic. Importantly, when asked if office space is still essential for a company to operate successfully, 66% of respondents replied 'yes', while 29% felt otherwise (the remaining 5% did not have an opinion). Alongside this, 76% of contributors report that they are seeing a relative increase in demand for flexible and more local workspaces compared to only 13% who replied negatively. When asked if space allocation per desk had increased in the wake of the pandemic, 69% reported that more space has been allotted to individual desks. Notwithstanding the general perception that offices are still essential for businesses, 87% of respondents also report seeing re-purposing of office space for other uses, with 15% highlighting that this is occurring in significant volumes.

Turning to the rental outlook, respondents foresee a modest pick-up in prime office rents over the coming twelve months (+1%), while rents for secondary office space are anticipated to fall by around 3% (both similar reading to the Q3 results). Across the other market sectors, industrial rents are projected to rise by around +7% over the year head, the strongest expectations returned since this series was formed in 2014. On the same basis, secondary industrial rents are seen rising by

4%. Expectations remain negative for retail, with prime rents envisaged falling by 3% while secondary rents expected to see a near 6% decline. From a broad regional perspective, the only noticeable differences from the national averages are seen in the office sector. Indeed, prime office rents in London and the south are expected to edge higher over the year to come, while the Midlands and the North exhibit flat projections.

In the investment market, a headline net balance of +19% of respondents cited an increase in buyer enquiries during Q4, albeit this was mainly driven by the industrial sector (net balance +58%). Even so, there was a marginal pick-up reported for offices (net balance +5%) meaning this indicator has been out of negative territory in each of the last two reports. The headline overseas enquiries metric was also in positive territory, albeit only modestly, for the third consecutive quarter.

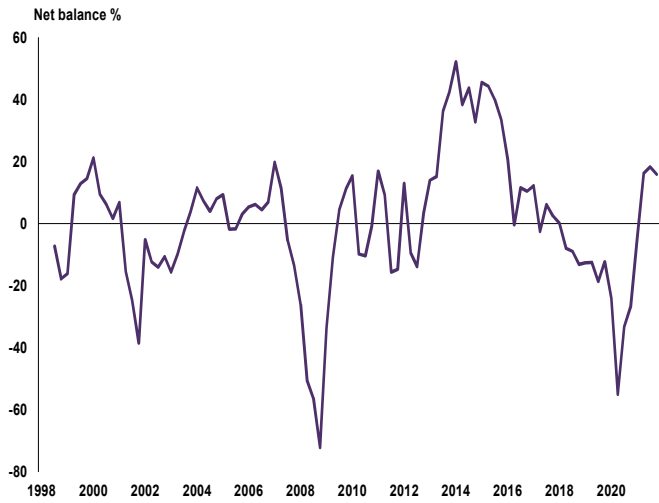
Twelve-month capital value expectations continued to strengthen across both prime and secondary portions of the industrial sector. At the same time, prime office values are expected to see a small uplift although a negative trend is still anticipated for secondary. At the weaker end of the spectrum, retail capital value expectations remain negative across the board.

For the alternative sectors covered by the survey, data centres, multifamily residential and aged care facilities all continue to return firmly positive capital value expectations, with a net balance of more than 50% of respondents projecting an uplift in each instance. For hotels, the reimposition of stricter travel restrictions internationally during the period in question took its toll on sentiment with capital value expectations for the year ahead slipping back from a positive reading of +14% in Q3 to stand at -2% in Q4.

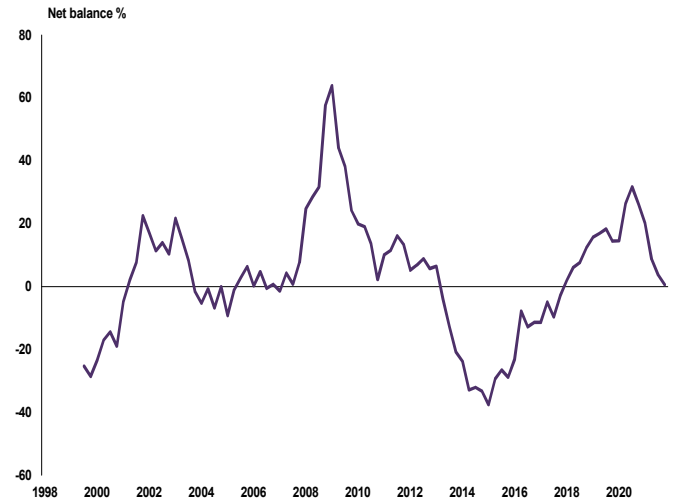
Lastly, views on the current stage of the property cycle were similar to last quarter, albeit there was a marginal deterioration on account of the renewed uncertainty brought on by the pandemic. The largest share of respondents (39%) still sense the market is in the early phase of an upturn, slightly down on 46% taking this stance previously.

Commercial property - all sectors

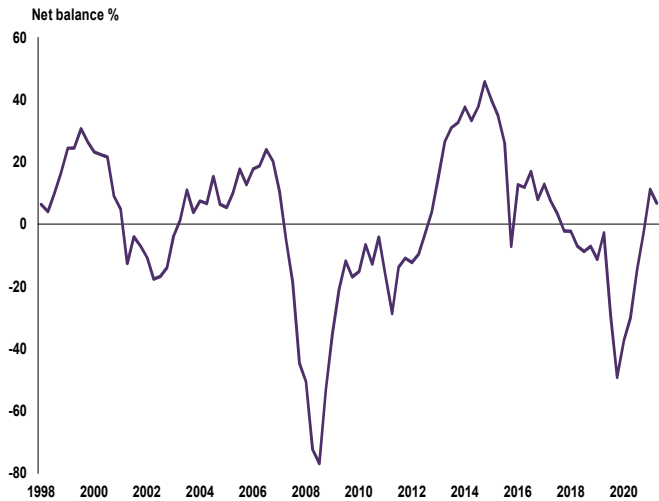
Occupier Demand



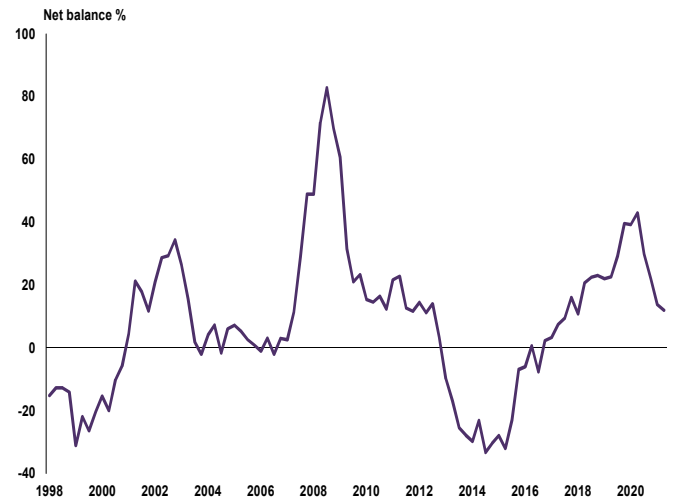
Availability



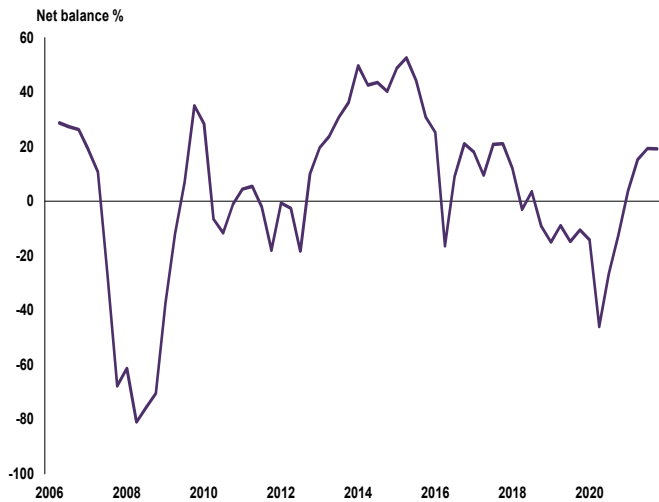
Rent Expectations



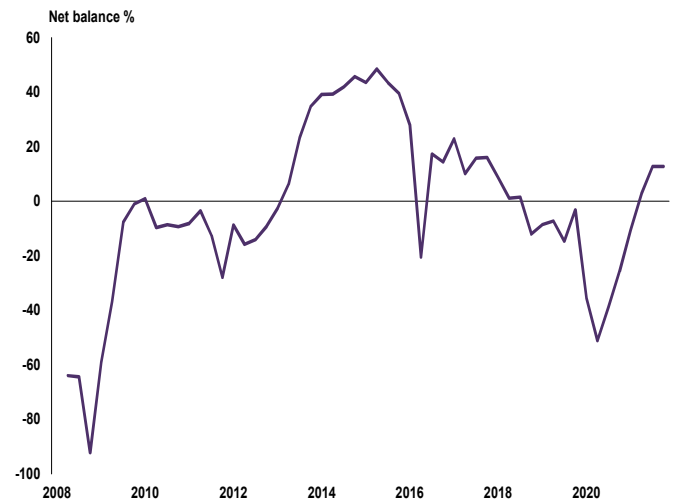
Inducements



Investment Enquiries

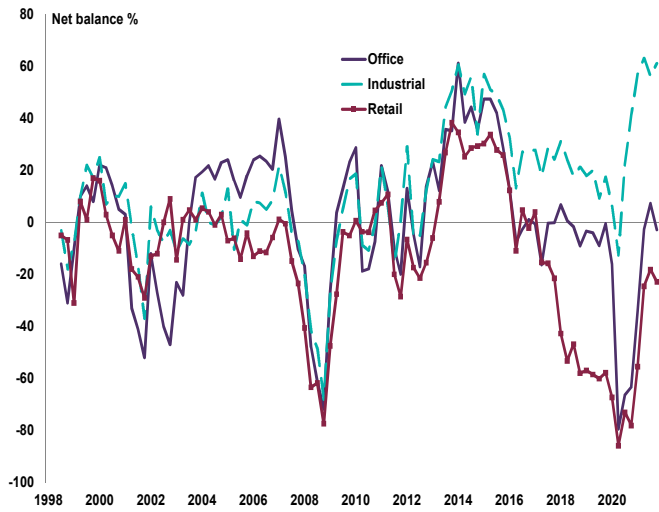


Capital Value Expectations

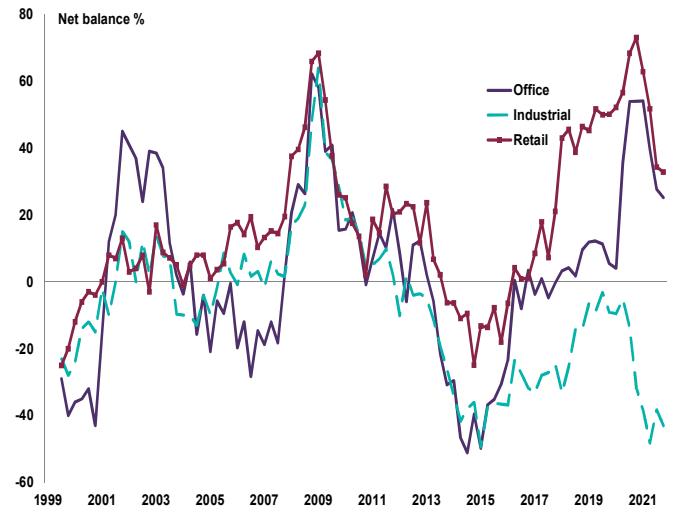


Commercial property - Sector Breakdown

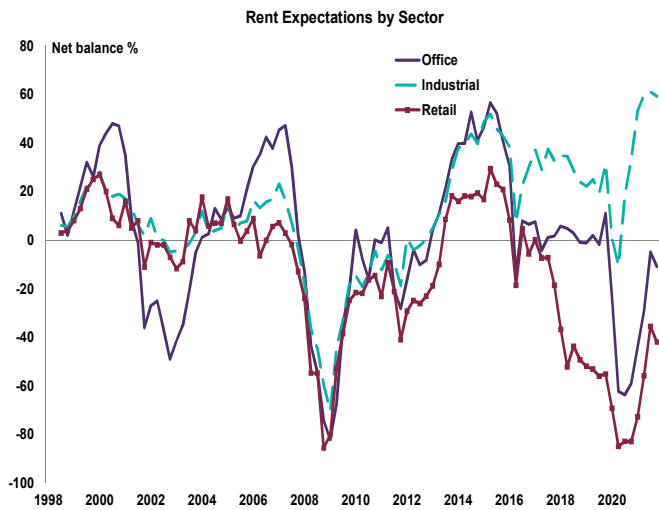
Occupier Demand



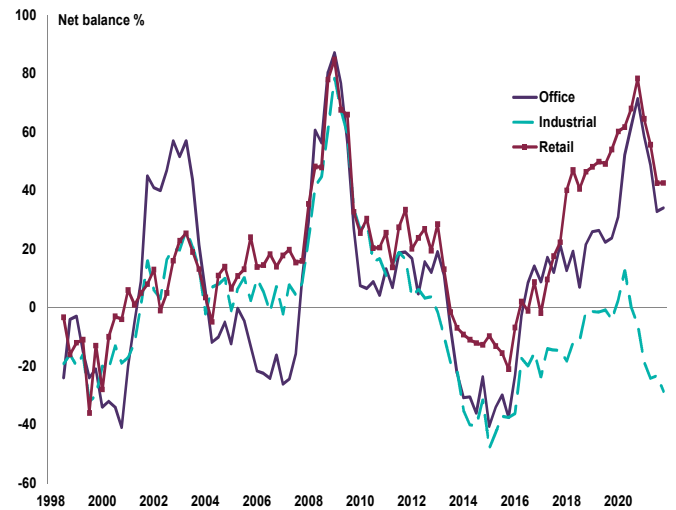
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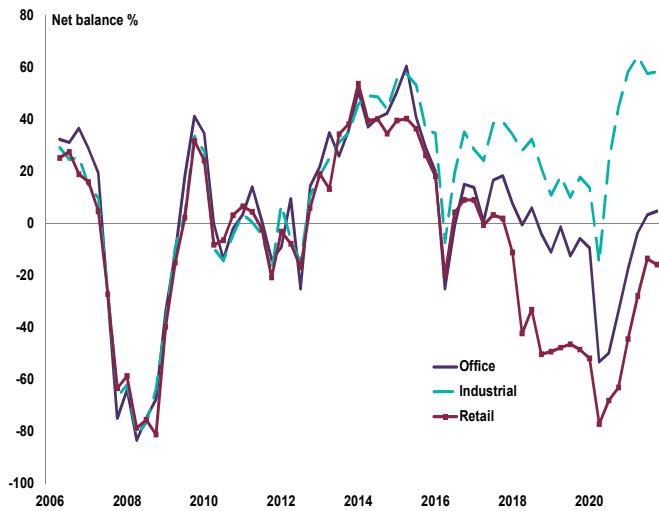
Rent Expectations



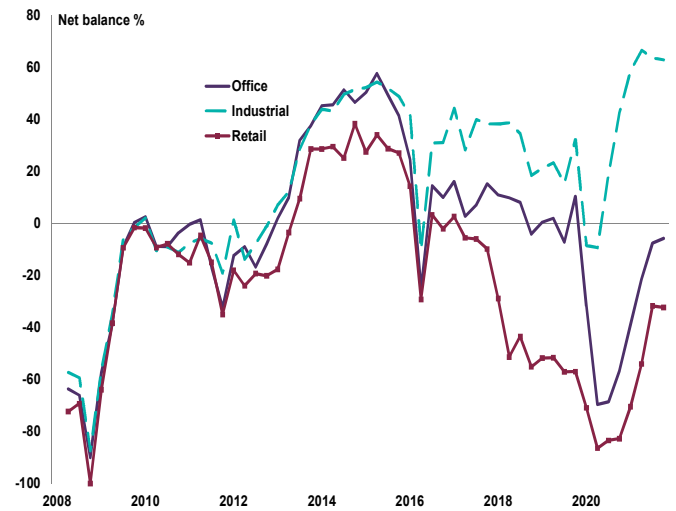
Inducements



Investment Enquiries



Capital Value Expectations



Commercial property - Additional Charts

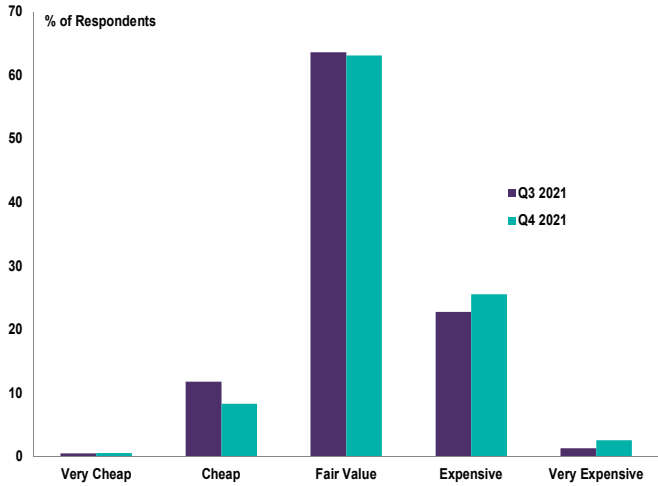
12 Month Capital Value Expectations



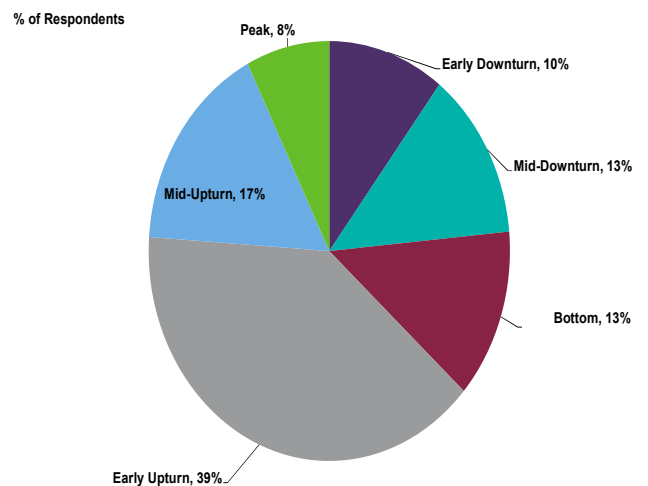
12 Month Rent Expectations



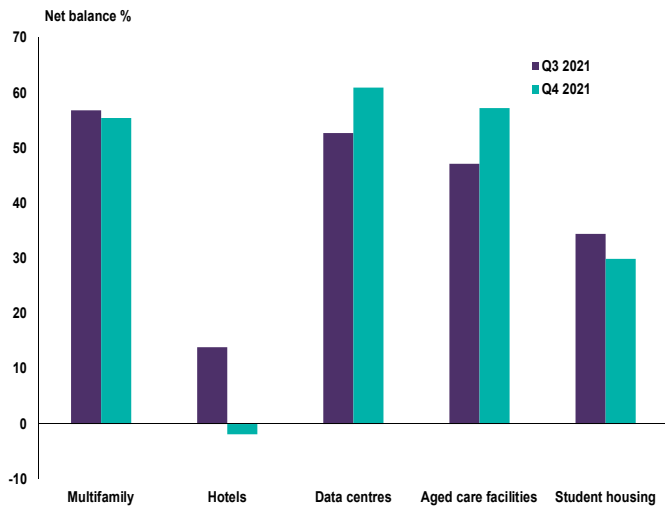
Market Valuations



Property Cycle



12 Month Capital Value Expectations - Alternatives



Chartered Surveyor market comments

East Midlands

Brad, East Midlands, VOA, bradcauser@live.co.uk - I have seen dramatic reductions in cities and town retail parades. Typically, 1 year rent free as an incentive to take a 5 year lease. Stepped rents are becoming more popular. Similarly, values are reducing by up to 50% in some towns. I have seen an increase in the out of town values or secondary shopping parades. I think this results from shoppers staying more local.

Ian Mcrae, Northampton, Chadwick Mcrae, icm@cmcre.co.uk - Industrial occupier demand continues to increase with more European and Chinese operators in the market.

Peter Hotchin, Loughborough, Mather Jamie, photchin@outlook.com - We are experiencing strong demand across the industrial sector for both freehold and rental opportunities but office and retail are both lacking demand.

Stephen Salloway, Derby, Salloway Property Consultants, ssalloway@salloway.com - Investor demand remains strong; occupier demand is strong but only in certain sectors. Supply levels reducing in high demand sectors.

East

D Plaskow, Rayleigh, Hair And Son Llp, dplaskow@gmail.com - Very mixed situation.

George Walker, Norwich, Ward Hill Walker, gwalker@wh-w.co.uk - Difficult times but still interest in office and industrial.

Guy Gowing, Norwich, Arnolds Keys, guy.gowing@arnoldkeys.com - The industrial and warehousing markets are limited by very low availability, forcing an increase in rents, and capital values. We are noticing an uplift in serious enquiries for offices.

Matthew Henry, King's Lynn, Borough Council Of King's Lynn & West Norfolk, matthew.henry@west-norfolk.gov.uk - Light industrial sector strong with yield rates on recent investment acquisitions extremely low. High quality, flexible, managed offices (with all inclusive rents and easy in/easy out arrangements) - strong demand. Investors seem to be looking at vacant retail premises in main market town - potentially "opportunistic" acquisitions.

Richard Bertram, Ipswich, Beane Wass & Box, rbertram@bw-b.co.uk - Strange market with limited freehold and investment properties but a large number of new/unknown buyers seeking yields/redevelopment opportunities. Very few applicants for retail and limited warehouse stock but strong demand.

Sam Kingston, Norwich, Roche Chartered Surveyors, sam.kingston@rochesurveyors.co.uk - The year finished how it started with warehousing and manufacturing space being in short supply with high levels of demand. The office market in a state of uncertainty as Covid continues to concern businesses about the correct work model - with hybrid working appearing to be the market norm in Norwich.

William Knight, Norwich, Knight Benjamin, ws.knight@kb-group.co.uk - Strong demand for certain leisure investments, but generally a cautious time, with Covid having a bearing on many transactions.

London

A D Landy, London, Cedar Harp, dlandy@cedarharp.com - There is still good appetite for property and office to residential schemes are still in demand. Office demand in the secondary market remains weak, though the current Covid changes may increase demand for small offices for working around the issue of no space at home and not going to a major office.

Alex Maher, London, Gerald Eve, amaher@geraldve.com - The bounce-back has been stronger than anticipated, but there could be issues of increased unemployment and businesses in fragile financial states that have yet to be revealed.

Andrew Miles, London, Castlebrook Properties Limited, andymiles58@btinternet.com - Remains an area of risk with volatility, particularly retail.

Anthony Callery, London, Workman Llp, anthonycallery@hotmail.com - As a property management specialist the market and trading conditions remain challenging with continued pressure on rent and service collections and managing service charge expenditure levels.

Anthony Silver, London, DMA, asilver@dmproperty.com - The market is very uncertain due to the unknown effects of the new Covid variant.

Barry Judd, London, Simmons & Hawker Limited, woodlark@ntlworld.com - Things are looking up.

Carol Haigh, London, Diocese Of Westminster, carolhaigh@rcdow.org.uk - A number of deals are taking longer and often do not complete so, with the backlog and delay due to a lack of planning department staff, it is still difficult to progress change of use or sales.

Courage Ikonagbon, London, Royal Borough Of Greenwich, courage.ikonagbon@royalgreenwich.gov.uk - As a Council, we are seeing good appetite relating to demand for industrial premises with potential tenants seeking flexible lease terms due to uncertainty surrounding Covid-19 - lockdown. On the retail front, demands are generally low. Existing tenants currently not sure whether to renew their leases or not.

David Hooper, London, Hcp - Hooper Commercial Property Ltd, david@hoopercommercialproperty.com - Markets very polarised, regional market towns enjoying a renaissance, some retail concepts have struggled more than others and some have succeeded more than others. However, for every void in sought after towns, there is someone waiting to take over in both retail and leisure sectors, now made easier with the new Class E planning category. City centres such as London have struggled in the CBD's, retail and tourism areas have recovered sooner, but West End and City have struggled.

David Shapiro, London, Ashurst Real Estate, ds@ashurstre.london - Patchy but demand continues and deals are being done, albeit with a lot of effort.

Edmond Leahy, London, Hermes Parcelnet Limited, edmond.leahy@hermes-europe.co.uk - Warehousing and industrial continues to reach new heights nationally - including in demand and, with lack of supply, in rents and capital values. Greater investment to blue chip occupier focus and alignment is a key theme in expansion and development of the right product to suit including on sustainability.

Howard Fertleman, Watford, Watford Borough Council, howard-1965@hotmail.co.uk - We have yet to see the full impact of the Covid Pandemic and Brexit on the overall economy and the property market.

J.J.King, London South, Andrew Scott Robertson, jking@as-r.co.uk - Activity levels from potential occupiers across the industrial/warehouse market has increased throughout the year, brought about by a growing home market. Admission charges has reduced traffic flow into London. Office transactions remain thin on the ground apart from small suites up to 1,000 sq ft. Office tenants caught in long leases remain resolute. Retail enquires for the most part during the early months of 2021 came from restaurant and coffee houses, this is no longer the case.

Chartered Surveyor market comments

John Burbage, London, Blackfriars Property Group, blackfriarspropertygroup.com - Still a great deal of uncertainty.

John Stevens, London, English Heritage, johnnyjb79@hotmail.com - Interesting phenomenon is the growth of suburban markets e.g High Street chain retail will struggle, but artisan local is an area of growth.

John Vokins, West London, Vokins, j.vokins@vokins.co.uk - Demand for distribution and warehousing space is very strong, in terms of both occupier demand, as well as that from investors. In the case of some B8 properties, we have seen rental growth in excess of 50% in the last 12 months alone. The offices market has been much quieter. Headline rents have generally held up, but incentives and flexibility has increased.

Jonathan Manley, London, LSH, jmanley@lsh.co.uk - Very volatile and highly dependent on availability of capital.

Kieran Cooke, Greater London, Cooke Rowell Limited, kieran@cooke-rowell.co.uk - Very complicated times.

Laurence Maykels, London, Maykels Chartered Surveyors, laurence@maykels.com - Since planning changes, higher demand for secondary shops, especially from caterers, although Covid fears have dampened this.

Malcolm Martin, London, Malcolm Martin, malcolm.martin@malcolmmartin.net - I am finding the 'market' very patchy - greater demand from people wanting small office (fed up of working from home), a significant drop off in demand/rents in secondary retail pitches; with various national retail operators using 'bully boy' tactics (and squandering years of good landlord/tenant relationships) in better retail areas to secure short-term tenant friendly terms, especially with smaller landlords, which will come to backfire on them.

Mark Belsham, London, Eddisons, mark.belsham@eddisons.com - Uncertainty in the office market with tenants expecting greater LL involvement in relocation costs and works. Retail and restaurant demand good for small/medium units especially in residential neighbourhoods. Good demand from investors/developers with buildings for change of use or extension.

Mark Merritt, London, Paragon Building Consultancy, markmerritt@paragonbc.co.uk - We have seen a demand for full CAT A+ office space in lieu of shell and core previously. Tenants now expect more to be offered for their pound.

Neville Forrest, London, Ovington Property, surveyor.1@hotmail.co.uk - The outlook remains uncertain with some sectors - interior design for example - doing very well. Charities are struggling in particular. TV and Media are thriving.

Nigel Wilson, London, Clarke Hillyer, n.wilson@clarkehillyer.co.uk - I think the Government assistance initiatives have helped delay the economic impact of Covid by about 18-20 months and that from Jan 2022 there is likely to be an increase in financial distress for the SME sector.

Phillip Bennison, London, Broadwater Capital Limited, phillip@brwcap.com - Converging headwinds of inflation, credit squeeze and weakening demand will make 2022 a very challenging year for those holding secondary commercial real estate without a robust business plan.

Ralph Pearson, London, Cluttons, ralph.pearson@cluttons.com - Demand for very best in class offices in prime London locations is strong with rents increasing. The rest of the market is suffering weak demand with the prospect of significant rental reductions and lengthy voids.

Sean Dempsey, London, Boulton Ldn Capital Limited, sean@boultonlondon.co.uk - Modest, controlled inflation and wage growth will help sustain a return to normalised occupation of property and a stabilisation of physical retail.

Simon Kibble, London, Frost Meadowcroft, skibble@frostmeadowcroft.com - Smaller more agile office occupiers are in the market but larger occupiers are still uncertain of their requirements.

Simon Levene, Ripley, Levene Chartered Surveyors, simon@levene-surveyors.com - Increased demand for HMO investment and high supply of tenants likely to drive down yields although increasing supply restrictions through related Article 4 Directions will maintain rental levels and relatively strong investment yields.

Stephen English, London, Hbc Real Estate, stephen@hbcrealestate.co.uk - Remaining fragile and likely to change with sentiment associated with any changes to Covid restrictions. The possibility of new and more aggressive variants to the virus prevents too much forward planning.

Terence Firrell, London, Terence Firrell Ltd, terence@terencefirrell.co.uk - Uncertainty continues in all sectors. Increasing interest rates and health issues will in my view increase national and private debt levels.

Toby Powell, London, Abrdn, toby.powell@abrdn.com - Market is very bipolar.

Tony Kulp, London, Valuation Office Agency, anthonykulp@outlook.com - Risky.

Victor Aptaker, London, Aptaker & Partners Limited, victor@victoraptaker.com - Retail investment market is still very weak generally - except for properties let to undoubted covenants secured on medium to long term leases.

William Nicol-Gent, Putney & Chelsea, Killochan & Co, louanna@blueyonder.co.uk - Market still adversely affected by increasing restrictions on private travel (except out of town retail).

North East

Barry Nelson, Durham City, Whittle Jones, bnelson@whittlejones.co.uk - Demand for smaller industrial workshops continues to be strong with occupancy levels across County Durham and Teeside industrials at an all time high. Smaller office requirements have picked up slightly although commitment still remains at a low level.

David Downing, Newcastle Upon Tyne, Sanderson Weatherall Llp, david.downing@sw.co.uk - Just as the market seemed to be getting back onto an even keel, a new Covid variant appears and could set the whole thing back. Covid did seem to be a good cover for the effects of Brexit, which now seem to be coming home to roost, as increases in raw material and labour costs are washing through into development costs (especially steel), which is putting increased pressure on developers' margins and means values need to rise to maintain profitability and viability.

Gavin Black, Newcastle Upon Tyne, Naylors Gavin Black Llp, gavinblack@gmail.com - The market remains positive for offices and industrial, less so for retail. The Care Sector has been badly affected by Covid and low Local Authority payments for residents which are uneconomic. Planning approvals are taking far too long to determine and are overly complex.

Graham Hall, Durham, Graham S Hall Chartered Surveyors, ghall@grahamshall.com - Once again green shoots of recovery but variable across different markets.

Chartered Surveyor market comments

Kevan Carrick, Newcastle Upon Tyne, JK Property Consultants Llp, kevan@jkpropertyconsultants.com - Grade A office demand reawakened in the city centre. Distribution and industrial demand improving, especially in areas of influence for offshore to service Dogger Bank Wind Farm. Acquisition instruction post Cop(26) for properties capable of achieving net zero carbon by 2030. Corporates aligning delivery to values in ESG.

Simon Haggie, Newcastle Upon Tyne, Knight Frank Llp, simon.haggie@knightfrank.com - Supply of modern warehousing largely exhausted with only older secondary accommodation available. New development is underway but buildings are going under offer at steelwork stage, such is the shortage.

North West

Andrew Taylorson, Preston, Eckersley, at@eckersleyproperty.co.uk - There is still a shortage of good quality industrial space in Central Lancashire for sale and to let. A number of high street voids have been filled recently which is encouraging but aimed largely at licensed leisure. More a case of Landlords filling voids and rents rebasing significantly in the retail sector. Residential housing market remains consistent and the demand for sites very competitive.

D Law, Manchester, Gerald Eve, dlaw@geraldev.com - The property market is not a definable entity and trends relate to sectors and locations. eg. there is good demand for industrial but not for retail, convenience retail is strong but high street fashion is weak.

Damien Gibbs, Preston, Garside Waddingham Surveyors, damien.gibbs@gwsurveyors.co.uk - Industrial is the strongest performing sector in the region, but continues to be characterised by a shortage in supply. Winckley Square Prime Offices Preston made a recovery pre pandemic. Some buildings repurposed for resi. Secondary offices mainly offer flexible terms. Prime retail has been negatively impacted both pre and post pandemic. Secondary retail however flourishes due to affordability and occupational shifts, plus retail with resi element above make for sound investments.

David Boddington, Manchester, David Boddington And Co, david@davidboddington.com - Market in the North West generally has remained strong despite the impact of the pandemic.

Emily Speak, Manchester, Peloton Re, emilyjhilton80@aol.com - Industrial market rents are moving at a rapid pace as there is no supply and a lot of demand Also impacting renewals as tenants aren't moving so seeing a reduction in incentives.

Ian Dunning, Manchester, LML, ian.dunning@live.com - Early warning signs of overheating and rising inflation giving warning signs of a future crash.

Jonathan Mills, Manchester, Metis Real Estate Advisors, jmills@metisrealestate.com - The market is becoming increasingly granular in terms of its sectors.

Lesley Watmough, Manchester, Fleurets, lesley.watmough@fleurets.com - I work in the leisure sector which is very mixed. Some operators are trading well and have enjoyed strong sales from staycation whilst others have suffered. Not all property values will have the same impact.

M.S. Litherland, Liverpool, Sefton Council, mark.litherland@sefton.gov.uk - Secondary and tertiary retail appears stable at a local level.

Michael Fisher, Lancaster, Fisher Wrathall Commercial, mike@fwcommercial.co.uk - Demand for small city centre retail is surprisingly strong. Demand for industrial is completely outstripping supply and is holding back economic recovery.

Michael Forster, Chorley, Lancashire, Chorley Borough Council, michael.forster@chorley.gov.uk - Industrial sector buoyant and still strong interest in prime retail and leisure sectors. Office sector and secondary retail quiet.

Timothy Kenney, Chester, Kenneymoore, tim@kenneymoore.co.uk - Retail demand and values depressed, industrial and roadside strong. Office sector uncertain. Leisure and hospitality strong demand and values.

William Madada, Manchester, Jacobs Uk Ltd, william.madada@jacobs.com - There is a steady growth in the industrial sector, and slow growth within the retail sector. Office space seems to see a restructure/improvement of work spaces and still shows good demand.

Northern Ireland

Michael Wright, Belfast, Wirefox, michael@wirefox.com - NI is an interesting market with a lack of available institutional product. We are heavily reliant on corporate back office functions. The protocol is slightly hampering progress whilst it is in the limelight. Overall a stable investment market, rental market stable in all sectors except retail which is still finding its feet.

Scotland

Alan Kay, Motherwell, Bellshill, Airdrie, Coatbridge, Wishaw, Cumbernauld, North Lanarkshire Properties Llp, a171.kay@gmail.com - Can't get enough small industrial units up to 2000 sq. ft.

Alex Robb, Aberdeen, A B Robb Ltd, alex@abrobb.com - Uncertainty and negativity re oil and gas industry creating a static market.

Chris Paterson, Edinburgh, Burns & Partners, cp@bap.co.uk - Improved demand for retail in the sub £15,000 RV bracket. Similarly increased demand for SIPP type purchases of arterial route retail.

Gordon Scott, Greenock, Argyll And Clyde Chartered Surveyors, gordon.scott@homeandenergyreport.com - There is still a great deal of uncertainty/confidence in the market generally. Locally there have been a number of attempted start-ups, most of which have stuttered and eventually failed through no fault of the product on offer. There just does not appear to be enough cash or fluidity in the market at present.

Graeme Todd, Glasgow, Dm Hall Llp, graeme.todd@dmhall.co.uk - I believe 2022 will see a spate of sales as a result of re-possession and insolvency.

John Brown, Edinburgh, John Brown And Company, john.brown@jb-uk.com - Industrial units have limited supply. Logistics and local delivery needs have led to increased demand. Offices market is transforming to meet changed requirements. Quality space is in demand, however, reduced occupation levels seem inevitable as staff home work. Retail such as St James Quarter has revitalised east end of Princes Street as has the Johnnie Walker Centre for the west end. The loss has been mid Princes Street and George street, retail vacancy has increased to levels of concern.

Richard Smith, Inverness L, Allied Surveyors Scotland, richard.smith@alliedsurveyorsscotland.com - Unstable.

South East

Adrian Tutchings, Orpington Kent, Linays Commercial Ltd, commercialproperty@linays.co.uk - Difficult and varied.

Askaroff, Eastbourne, Estatewise, estatewiselimited@gmail.com - Improving.

Chartered Surveyor market comments

Bernard Smith, Uckfield, Oldfield Smith & Company Limited, bernie@oldfield-smith.co.uk - Generally buoyant in suburban towns as businesses look for cheaper alternatives to city centres. Demand is strong for freeholds given the low cost of finance and rising rents; it is often cheaper to buy than to rent.

Charles Chatterji, Guildford, Gascoignes, charles@gascoignes.com - We may see a downturn in 2022 or 23.

Colin Brades, Brighton & Hove, Avison Young, colin.brades@avisonyoung.com - Generally prime retail demand is marking time, whilst secondary requirements for shops have increased during Q4.

D Rhodes, Isle Of Wight, Hose Rhodes Dickson, dtmr@hrdiw.co.uk - Slightly better enquiry level, shortage of good stock, virtually no sound investments for sale.

Dan Onion, Oxford, Thomas Merrifield, danonion@thomasmerrifield.co.uk - Prime out of town and secondary markets are strong, everything inbetween struggling, especially city centre prime retail and city centre offices without parking.

Derick Zabban., Walton On Thames, Melville & Co., derick@melvilleestates.co.uk - Current escalating cases of Covid could have a significant effect.

Douglas Parker, Newbury, Montbart Limited, d.parker398@yahoo.com - Capital values for retail and industrial secondary (and tertiary) properties have increased substantially over the last 3-6 months. Yields have subsequently dropped. For example, in observing the Birmingham market for sub-prime retail, the values were climbing noticeably on a week by week basis.

Henry Keith Wise, Reading, Campbell Gordon, keith@campbellgordon.co.uk - Office take up in Greater Reading in 2021 (deals over 5000 sq ft) was over 80% of the long term average. Occupiers want quality.

Ian Power Mrics, Fareham, Cyan Power Limited, imp@cyanpower.com - Rent review settlements on industrial property are now being squeezed above open market settlements. A resultant backward adjustment is therefore likely at some stage.

James Groves, Lewes/Brighton, Clifford Dann Llp, jgroves@clifforddann.co.uk - People adapt and see opportunities.

Jeremy Braybrooke, Southampton, Trinity Rose, j.braybrooke@trinity-rose.co.uk - Still a strong demand for retail in market towns and secondary trading areas of the cities. Prime City retailing still a concern although some good demand for larger restaurant or leisure units. Severe under supply of freehold retail units both vacant and investment, with a lot of cash buyers ready to buy at the right prices.

Jim London, Basingstoke, London Clancy, jimlondon@londonclancy.co.uk - It will be interesting to see the effect of inflation, shortage of materials and increased construction costs.

Jon Varney, Newbury, Deal Varney (Newbury) Ltd, jon@dealvarney.co.uk - The local industrial / warehouse market is strong but supply, especially for sub 5,000 sqft, is very poor. Rents and freehold prices are rising. The office market remains very quiet but there have recently been a few enquiries which is encouraging.

Jordan White, Norwich, Ward Hill Walker, jwhite@wh-w.co.uk - The overall effects of Covid-19 are still yet to hit the market. Mainly for office and retail space.

Leslie Warren, Bristol, Arriva, warrenl@arriva.co.uk - Cautiously optimistic.

Mark Coxon, Maidstone, Caxtons, mcoxon@caxtons.com - Kent similar to the South East has gone from strength to strength with rental levels increasing in some locations by 15% - similar to the UK average.

Mark Harris, Maidenhead, Page Hardy Harris, mark@pagehardyharris.co.uk - The office market has stalled because of Covid. It will return with business demanding staff back to the office. Business will need to provide better larger space to attract staff. Culture, calibration, training, mental health, promotion, workstation ergonomics, staff productivity will see the office being more appropriate than ever. No one likes to commute. It will soon become a fact of life again. Yes there will be some of flexibility but those in the office will advance more than those not.

Martin Burke, London, Martin Burke And Associates, mb@martinburkeassociates.com - The Government's panic stricken Covid policy is unduly influencing the markets.

Matthew Pellereau, Camberley, Matthew Pellereau Ltd, mpellereau@aol.com - The investment market for industrial/warehouse property is still very strong. Office investment is becoming more attractive. Letting commercial space is still difficult across most uses. Retail investment demand is limited to prime only.

Nicholas Moss, Chesham, Sbm Corporate Real Estate, nickmoss111@gmail.com - Promising signs of recovery, potentially at risk from the spread of the omicron virus.

Nick Davis, London, Brown And Lee Chartered Surveyors, nick.davis@brownandlee.com - We are likely to see an increase in bank lending for commercial property over next 12 months.

Paul Bird, Braintree, Joscelyne Chase, paul@joscelynechase.co.uk - Continued strong demand for industry and warehouse premise's of all sizes.

Paul Loveridge, Frics, Reading And Thames Valley, Staines Beaconsfield, The Frost Partnership, paul.loveridge@frostsurveyors.co.uk - Generally flat. Still some way to go to recover from the past two years.

Peter Benfield, Sevenoaks, Sense, pbenfield01@gmail.com - Rent reductions in retail proving hard to achieve but lower rents are possible on acquisition on medium sized (Top Shop size) units as the demand for those is modest.

Peter Ridsdale Smith, Tunbridge Wells, Bracketts, peter.ridsdalesmith@bracketts.co.uk - The market remains mixed. Offices still weak. Industrial fairly strong. Retail poor for prime and ok at a level for secondary. Investment demand generally strong. We need Covid pressures to ease and confidence to return in certain sectors.

Phillip Mawby, High Wycombe, Duncan Bailey Kennedy Llp, philm@dbk.co.uk - The industrial market is very strong at present with limited stock and unprecedented demand. Consequently, capital and rental values are at record highs. Companies are relocating outside of the M25 seeking cheaper rents which has increased demand for industrial space.

PJ Thibault, High Wycombe, Hnb Real Estate Ltd, pjthibault@hnbrealestate.com - I would describe market conditions as tricky, unpredictable, polarised.

Russell Mogridge, Portsmouth, Vail Williams Llp, rmogridge@vailwilliams.com - A gold rush for industrial land for speculative development - land values are rising over £1M per acre - industrial rental growth and strong yields being achieved on industrial investment sales. Still activity for high quality offices and rents holding, despite general reduction in company footprint.

S Metcalfe, Chelmsford, Kemsley Llp, steve.metcalfe@kemsley.com - Remains strong for industrial, secondary retail generally positive, offices some positive feeling although Omicron has pushed that back a little.

Chartered Surveyor market comments

Simon Browne, Brighton, Crickmay, scb@crickmay.co.uk - Good demand for low/mid value mixed use investments. Good owner occupier demand for industrial and small freehold offices.

Stephen Ray, Redhill And Reigate, SHW, sray@shw.co.uk - Stagnant due to uncertainty with the exception of industrial which is very strong.

William Hinckley, Canterbury, Btf Partnership, william.hinckley@btfpartnership.co.uk - Within our local market, there remains a relatively limited supply of office and industrial spaces and a constant level of demand, meaning that values in these sectors remain relatively robust. Whilst the retail and hospitality sectors have suffered, there is still evidence of some activity, especially in the secondary, lower cost locations.

South West

Alastair Andrews, Swindon, Loveday, alastair@loveday.uk.com - Some positivity developing around the office market with pandemic related changes driving innovation and demand from occupiers. Investor interest in offices also increasing as they seek better returns away from industrial sector. Large increase in warehouse supply in Swindon due to Honda closure.

Alastair Coke, Blandford, Dt11 7Du, Chartered Surveyor, ajc@ajestyncoke.co.uk - The lack of demand for office space is a worrying trend and may lead to the space being turned into alternative uses. This will also apply to retail use.

Andrew Hardwick, Bristol, Carter Jonas, andrew.hardwick@carterjonas.co.uk - Office rentals have now breached £40 per sq ft headline in central Bristol. There is strong investor demand in the city centre. Business parks are cheap at £23.50 per sq ft in comparison but at present there is low supply and subdued demand.

Andrew Hosking, Exeter, Stratton Creber Commercial, andrew@sccexeter.co.uk - A healthy level of demand for commercial space across all sectors is being seen in Exeter and within Devon generally, provided properties are properly priced and, if leasehold, available on flexible terms with regular tenant breaks. There is still a desperate shortage of industrial and warehouse stock with demand continuing to far outstrip supply in this sector of the market.

Andrew Kilpatrick, Swindon, Kilpatrick & Co, a.kilpatrick@kilpatrick-cpc.co.uk - The new omicron Covid uncertainty is affecting the Swindon market, as elsewhere, with some deals going on hold whilst we wait to hear if we are going into another lockdown. This uncertainty is particularly affecting the food & drink operators, many of whom rely on a good Christmas/New Year trade to set them up for the following year. December quarter's rental flow seems likely to be under pressure, particularly in the retail & leisure sectors.

Anne Brennan, Bournemouth, Sibbett Gregory, anne@sibbettgregory.com - Uncertainty still a factor, with transactions delayed due to Covid continuing to impact upon the work place.

Charlie Lickiss, Bournemouth, Anglotown, charlie@anglotown.co.uk - With many more firms using the internet to run their businesses, we have seen an increase in demand for industrial space with a decrease in demand for office space and high street retail.

Christopher Cluff, Taunton, Cluff Commercial Ltd, chris@cluff.co.uk - We are seeing a very strong demand for industrial and storage space, and for secondary retail, but a significant number of office buildings being converted to residential use, although this is being hampered by planning delays such as phosphates.

Daniel Smethurst, Swindon, Smethurst Property Consultants, daniel@smethprop.co.uk - Industrial - still good activity levels. Office - wait and see approach with corporates choosing to put requirements on hold in regional towns and cities. COVID concerns definitely impacting on DM. Retail - decent level of demand from independent's. Development - demand outstripping supply - lack of commercial land. Residential development - still demand for PDR schemes and good demand for residential sites. Investment - lack of opportunities in the open market.

James Durie, Bristol, Businesswest, james.durie@businesswest.co.uk - Bristol is a strong market which continues to attract demand and has a growth story.

Jan Merriott, Dorchester, Symonds And Sampson, jmerriott@symondsandsampson.co.uk - "Hard work".

Jonathan S Gould, Bath, 26 Property Consultancy, nathan@26propertyconsultancy.com - Moderate to flat conditions. The commercial property market is holding its collective breath.

Kirsty De Wet, Christchurch, Plazaward Limited, fallsviewfarm@hotmail.com - I am seeing my tenants start to struggle now more than they have during the previous two years due to ending of grants and general lack of trade.

Luke Sparkes, Cirencester, Marriotts Property Llp, luke.sparkes@marriotts.co.uk - The market remains uncertain with offices lettings still suffering. Dare I say the green shoots of recovery might be beginning to show with 80% of retail offering let on our portfolio and investor interest returning.

M Mcelhinney, Bath, Carter Jonas, mike.mcelhinney@carterjonas.co.uk - There is a shift among institutional retail owners towards acceptance of independent businesses as tenants of well located retail where previously they would have been shunned. This appears to be driven by experience of often aggressive non-payment tactics by major multiples in the pandemic lockdowns and beyond - whilst smaller retailers honoured their obligations.

Mark Sturman, Poole, Intelligent Land, ms@intel-land.com - Residential market is buoyant, house prices bolstered by help to buy and low supply. Second hand housing shows high prices due to low supply and high demand, fuelling higher new build prices due to higher supply when compared to second hand stock. Residential development land market follows this with high prices being paid, particularly for 'oven ready' sites with planning permission.

Ryan Holmes Assocrics, Dorchester, Symonds And Sampson, rholmes@symondsandsampson.co.uk - Industrial is still outperforming most other commercial sectors in the region. Secondary retail is holding its own, but primary retail and offices are still finding their level.

Sam Kipling, Bristol, Kipling Contracts Uk Ltd, samuel-kipling@hotmail.com - Prices of material are increasing and, due to shortage of foreign labour, jobs are being over priced and not completed on time.

Simon, Southampton, Dancer Consulting Ltd, simon@dancerconsulting.co.uk - It will be challenging for the next 18 months.

Stephen Matcham, Plymouth, Stratton Creber Commercial, stevem@sccplymouth.co.uk - Market uncertainty but still cautious optimism for the New Year.

Chartered Surveyor market comments

Wales

Meilir Hughes, Bangor, Grwp Cynefin, meilirhun@gmail.com - The public sector is the biggest occupier of office space and WFH is impacting, office estates haven't been reduced significantly yet but I expect that to happen as work patterns become permanent WFH and hybrid. Retail continues to struggle, particularly with independents. Housing is booming.

Nicholas Founds, Swansea, Rj Chartered Surveyors, nick@rj-cs.co.uk - Limited stock with high levels of demand.

Phillip Roger Poolman, Swansea, Bp2 Land And Property Consultants, roger@bp2property.com - Generally positive market sentiment with the industrial sector particularly performing well but lack of stock is a major concern.

West Midlands

Anthony Rowland, Evesham, West Midlands, Sheldon Bosley Knight Ltd., trowland@sheldonbosleyknight.co.uk - I think we are going through a period of substantial change, similar to that experienced in 1973. Energy prices, building materials and general prices are increasing rapidly, the rises are in the order of 20%, yet inflation is recorded as being 4.2%. It is likely these price pressures will lead to a rise in property prices, particularly in the residential sector. These price rises have yet to feed through, and if unchecked, could result in stagflation, we are in uncertain times.

Chris Keye, Birmingham, Darby Keye Property, chris.keye@darbykeye.co.uk - The industrial and logistics market continues to surge with huge demand and little supply. The office market remains delicate but confidence is slowly returning.

Christopher Hulme, Stoke On Trent, Chris Hulme Property Consultancy Ltd, clearsky5000@yahoo.com - Office space is being relinquished in favour of flexible working.

Christopher Marriott, Chipping Norton, Marriott Brown Ltd., christopher@marriottbrown.co.uk - Very fragile and will depend greatly upon inflation and interest rates.

Danny Mcaree, Coventry, Thompson Heaney, danny@thompsonheaney.co.uk - The Out of Town and Roadside sector continues to trade strongly with increased footfall and occupier demand Post Covid.

Edward Jones, Birmingham, Jones Valerio Ltd, edward@jones-valerio.com - Unabated growth is expected in 2022 for industrial capital and rental values, both prime and secondary. Long income roadside retail and food retail investments will see further capital value growth. Assisted living capital values will increase. Retail warehouse values will increase. Prime office will remain flat across capital and rental values. Traditional High Street retail will remain challenging.

Graham Hulse, Stoke-On-Trent, Louis Taylor Limited, g.hulse@louis-taylor.co.uk - The market is now at a point of change. This is due to a combination of: Inflation, a new covid variant and of course the elephant in the room - interest rates. Increasing the base rate today was a foolish step at best and was best left until Q1 when the fallout from the new variant could be better assessed.

James Robinson, Birmingham, Veolia Es (UK) Limited, james.robinson@veolia.com - The industrial sector remains strong with supply not being able to sustain the level of demand for freehold sites.

John Dunstall, Redditch, Redditch Borough Council, john.dunstall@bromsgroveandredditch.gov.uk - Retail has been hit locally by the closure of two anchor tenants in the shopping centre, Marks and Spencer and Debenhams both having left.

John Goodman, Warwick, John Goodman Chartered Surveyors, details@jgcs.info - Continuing uncertain times with no clear horizon.

Lloyd Lewis, Warwick, Lewis And Lewis, lloyd.lewis@lewisandlewisproperty.co.uk - Very varied and difficult to identify trends.

Malcolm Robertson, Birmingham, Rowley Hughes Thompson, malcolmr@rhtretail.co.uk - The marginal improvement in market sentiment seen in the last quarter will come under severe stress in light of reintroduction of homeworking etc.

Michael Eagleton, Birmingham, Eagleton And Co, mje@eagletonandco.com - Lack of land availability will be the driver of industrial rents in the West Midlands as there is healthy demand which cannot be satisfied.

Molly Cook, Birmingham, UK, Colliers International, molly.cook@colliers.com - Demand for office space has picked up towards the end of 2021, particularly in the City Centre.

Ned Jones, Birmingham, Cushman & Wakefield, ned.jones@cushwake.com - Strong Industrial market and lots of investors looking for value add office opportunities. Retail investor demand is weak and opportunistic.

Philip Moran, Birmingham, Philip Moran Chartered Surveyor, philipjmoran@yahoo.com - A strange atmosphere which has not yet settled.

Richard John Meering, Birmingham, Lsh, richard.meering@gmail.com - Very strong market conditions for occupiers, developers & funds.

Robert Atkins, Worcester, Mark Atkins Associates, mark@markatkinsassociates.com - With interest rates on the rise and a gloomy picture on COVID, a static at best outlook for the next 3 months.

Stephen Berg, Wolverhampton, Stephen Berg Asscites, stephen@stephenberg.co.uk - Distribution remains strong but no significant change noted in other sectors.

Steven Haddock, Birmingham, Prologis UK Limited, shaddock@prologis.com - We have seen demand for prime industrial space increase significantly during the last 18 months which in turn has led to incentives decreasing and net effective rental levels increasing. A combination of increased online sales and increased inventory stockholding has been a major driver for demand.

Yorkshire & the Humber

Colin Garvin, Hull, Garness Jones Commercial Limited, colin.garvin@garnessjones.co.uk - Strong local industrial market for rental, sales and investments likely to continue due to high demand and limited supply. The renewables sector is driving demand in the area. Other sectors are trading water in terms of value awaiting trends to emerge following Covid pandemic in office and retail demand.

James France, Leeds, Frasers Group Plc, jamesfrance1990@hotmail.co.uk - Early market optimism when the worst is NOT behind us. Retail in particular, all retailers now in a space race yet inflation is going to go through the roof. This won't be sustainable next year and will quickly unravel.

Jane Hunt, Wakefield, Wakefield Council, jhunt@wakefield.gov.uk - The market is still unstable due to the changing reaction to the pandemic. Leisure and retail continue to suffer whilst distribution in this area is starting to recover and flourish.

Chartered Surveyor market comments

Jonathan Wade, Leeds, Brackenridge Hanson Tate, jonathan@bht.uk.com - Demand for industrial investments remains high and yields have continued to harden. We are seeing more demand for prime retail investments but they need to be rebased rents and well configured. Demand from occupiers has increased during 2020/2021 on out of town offices with limited supply.

Peter H Swift, Sheffield, Swift & Co Chartered Surveyors, peter@phswift.free-online.co.uk - Overall, I believe there is a cautious improvement in the demand for commercial property, both to purchase and to let. That improvement I think is greater for industrial, than for retail or offices.

Richard Heslop, Leeds, De Commercial, richard@de-commercial.co.uk - Industrial market is very strong.

Sarah Friskney, Leeds, Grovehall Estates Ltd, friskney@hotmail.co.uk - Suburban towns doing well. Deals are taking longer though. Still nervousness.

Information

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