Q3 2020: UK Commercial Property Market Survey

Outlook deeply negative for retail and office rents, while industrials set to see a solid recovery

- Occupier and investor demand continues to sink across the retail and office sectors
- Recovery evident across the industrial segment, with capital value and rental projections turning positive
- Overall, 78% of respondents nationally see the market in a downturn phase

The Q3 2020 RICS UK Commercial Property Survey results point to a highly varied near term outlook across different market segments. While offices and retail units continue to struggle against the challenges posed by the ongoing pandemic, the industrial sector is already showing solid signs of recovery.

On the occupier side of the market, a net balance of -33% of respondents reported a decline in tenant demand at the all-property level in Q3. Although still firmly negative, the latest reading is somewhat less downbeat than -55% returned in Q2. The sector breakdown shows a net balance of -73% of contributors saw a continued drop in occupier demand for retail space, while the corresponding net balance for offices came in at -66%. By way of contrast, occupier demand increased across the industrial sector, evidenced by a net balance of +22% of respondents noting a pick-up (improving sharply from a figure of -13% last time).

As a result, feedback continues to signal retail vacancies are rising sharply, with standard shops, shopping centres and department stores all seeing a significant increase since the onset of the pandemic. Likewise, across the office sector, availability is picking up at the strongest pace (in net balance terms) since 2009.

On the back of this, rental growth projections remain entrenched in negative territory for both of these market segments. Over the next twelve months, a net balance of -52% of respondents envisage prime office rents falling, while the latest reading stands at -64% for secondary. On the same basis, prime retail rents are envisaged falling by a net balance of -82% of contributors, with rental expectations across secondary retail locations returning a virtual identical figure of -81%. At the other end of the spectrum, survey participants now anticipate prime industrial rents rising firmly over the year to come (net balance +51%). Meanwhile the outlook is also positive, albeit modestly so, for secondary industrial rents.

Aside from the traditional segments, rental expectations are also highly varied across the more alternative commercial property classes. Unsurprisingly given the disruption caused within the tourism industry, hotels display amongst the weakest twelve-month projections for rents with contributors expecting a -8% fall. Conversely, rents for data centres are expected to post solid growth of 3% over the year ahead.

In terms of the latest investment market trends emerging, the all-sector net balance of -27% points to another quarterly decline in investment enquiries. Again, this is slightly less negative than last quarter's reading of -46%, which can be attributed to an improvement in demand across the industrial segment. At the same time, overseas investment demand continued to fall across all areas of the market, albeit the drop was very marginal for industrials.

Twelve month capital value expectations are now comfortably positive for both prime and secondary industrial assets, returning net balances of +51% and +21% respectively. Similarly, respondents also anticipate values rising for data centres (net balance +46%) and aged care facilities (net balance +11%) over the year to come. Alongside this, projections are more or less flat for multifamily residential values, posting a net balance of +4%. At the weaker end of the scale, capital values are expected to post relatively steep declines during the next twelve months across all remaining categories covered, with net balance readings standing at -58% for offices, -80% for retail, and -83% for hotels.

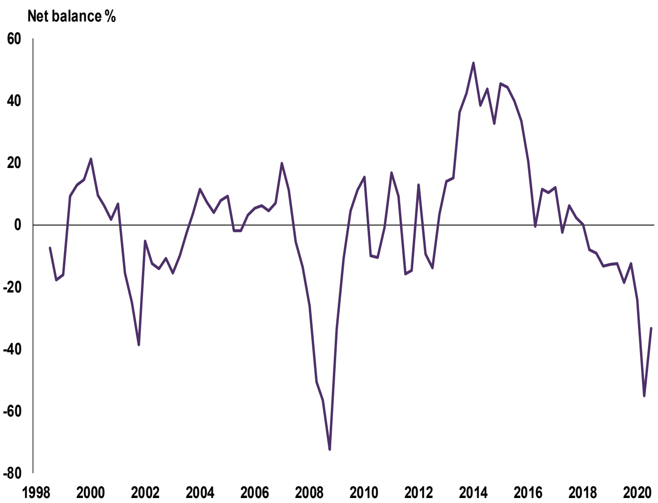
With regards to the regional picture, sentiment on both the occupier and investment sides of the market is altogether more downbeat across London in comparison to the national average. Notwithstanding this, the overarching patterns of negative rental and capital value expectations for offices and retail properties, alongside positivity for industrials, is mirrored throughout all regions.

Across the UK as a whole, 78% of respondents view the market to be in a downturn. This is broadly in-line with the 76% share who were of this opinion back in Q2. As yet, there not been any rise in the proportion of survey participants sensing the market has reached a floor.

A series of extra questions were included in the Q3 survey to gather insights into certain issues around sustainability, Contributors were asked how both occupier and investor demand had changed for buildings with Green Certifications over the past twelve months. Overall, a net balance of +36% of respondents reported that occupier interest in Green Certified buildings had increased. For investors, the rise in demand appeared slightly stronger, with the net balance coming in at +43%. Finally, the largest share of respondents feel that while there is no price or rent premium for Green Certified Buildings currently, those without such certifications are subject to a brown discount. A full breakdown on the sustainability extra questions can be found on page 5.

Commercial property - all sectors

Occupier Demand



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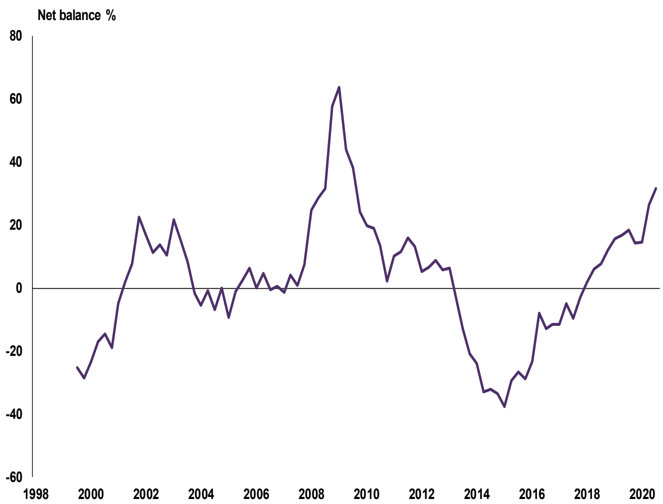
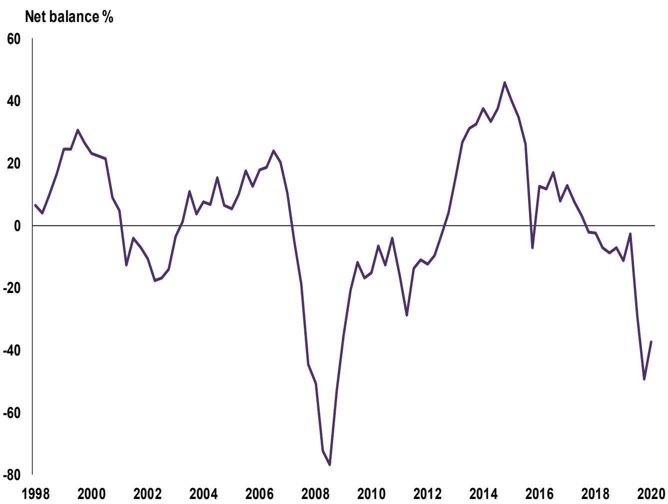
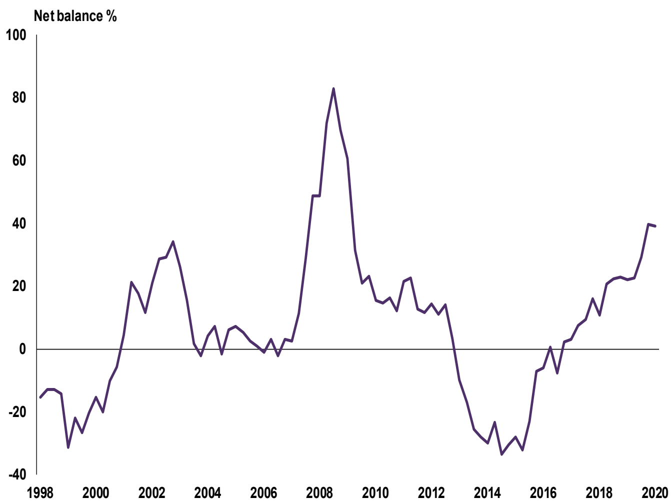


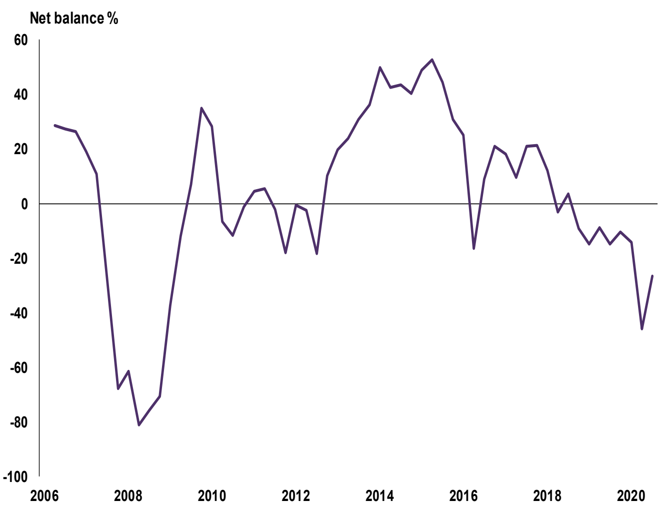
Rent Expectations



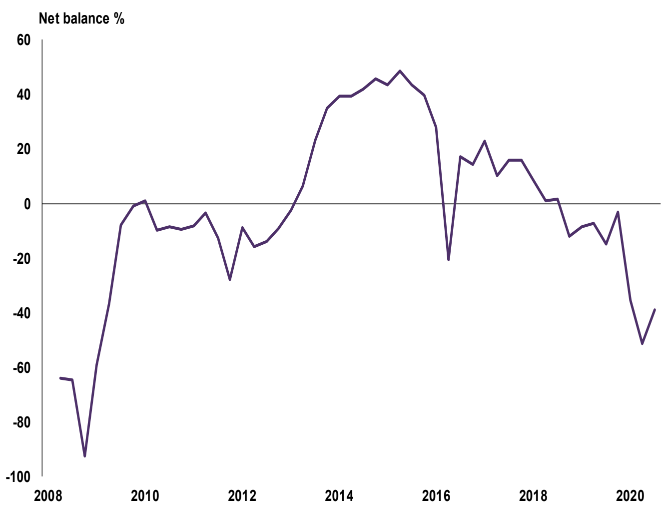
Inducements



Investment Enquiries

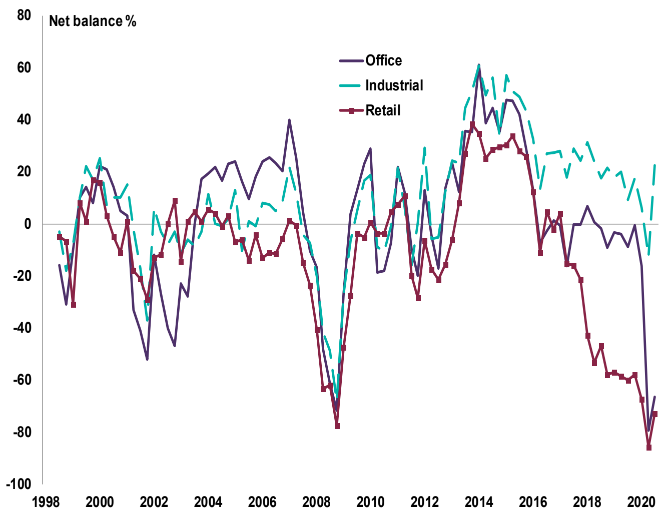


Capital Value Expectations



Commercial property - Sector Breakdown

Occupier Demand



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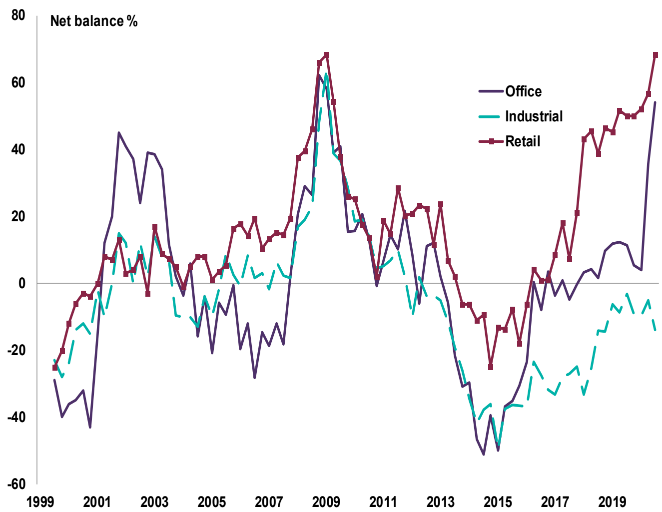
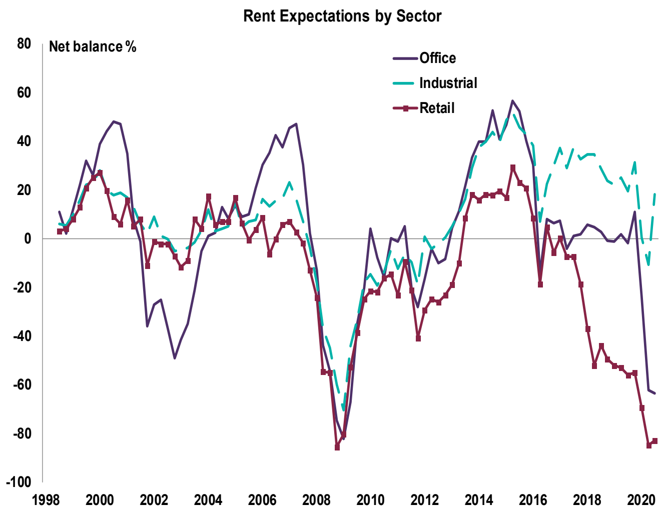
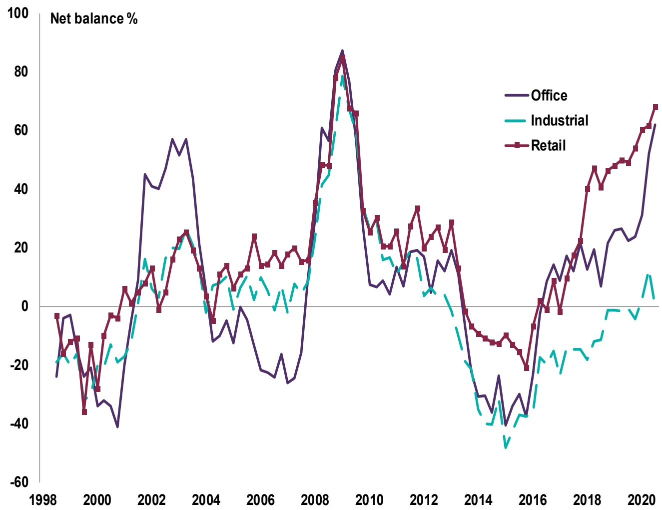


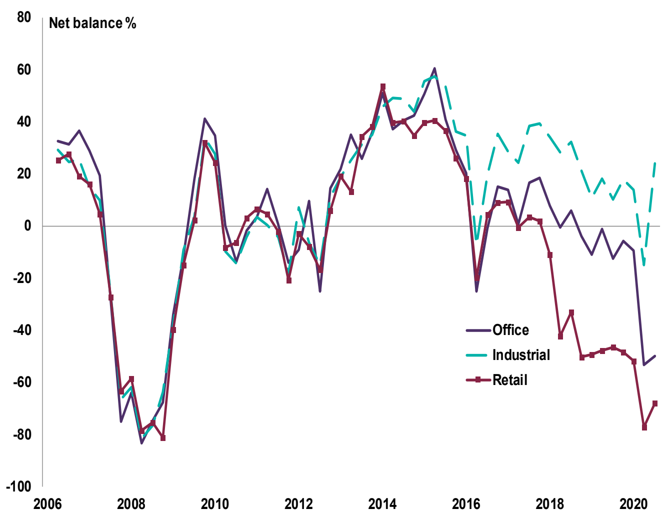
Rent Expectations



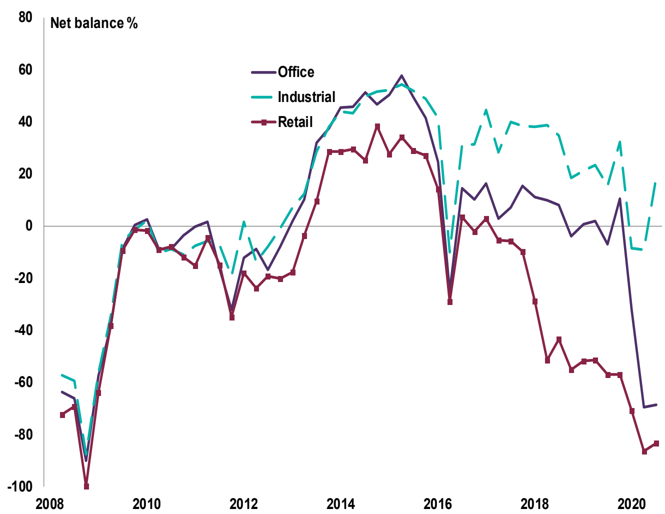
Inducements



Investment Enquiries

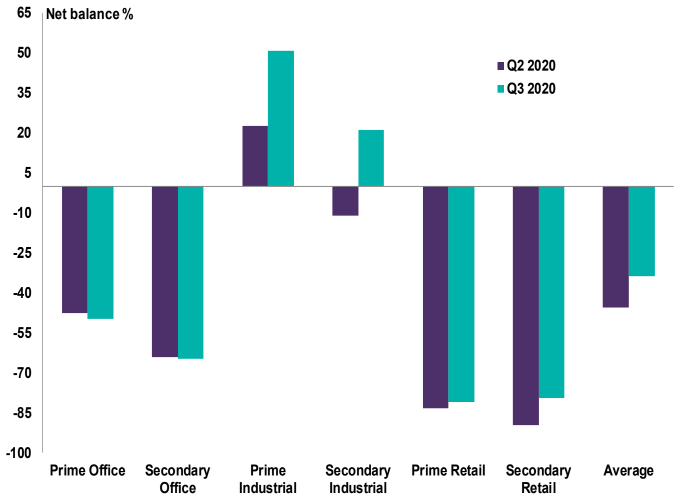


Capital Value Expectations



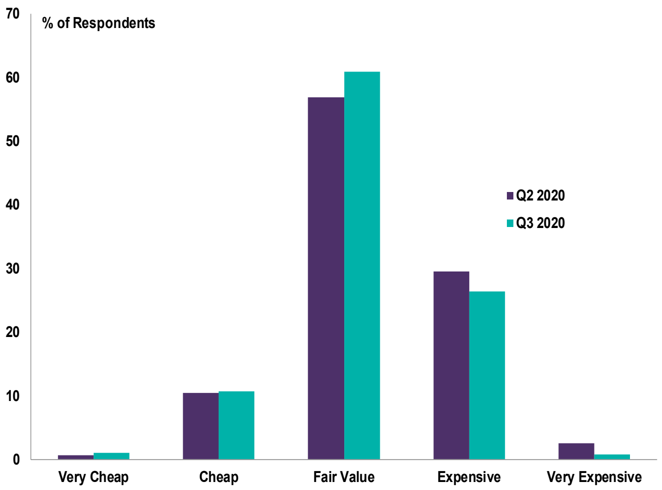
Commercial property - Additional Charts

12 Month Capital Value Expectations

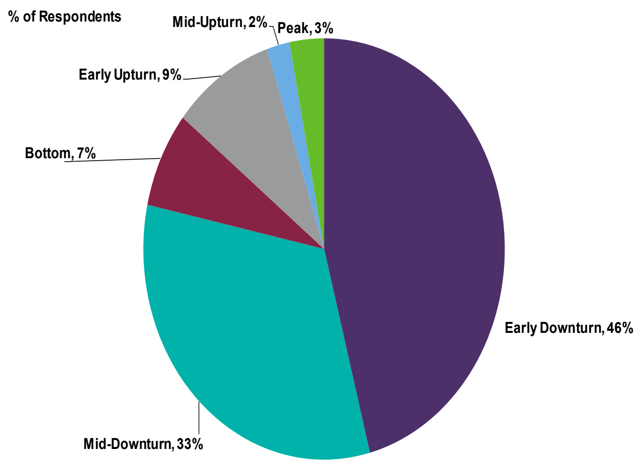


12 Month Rent Expectations

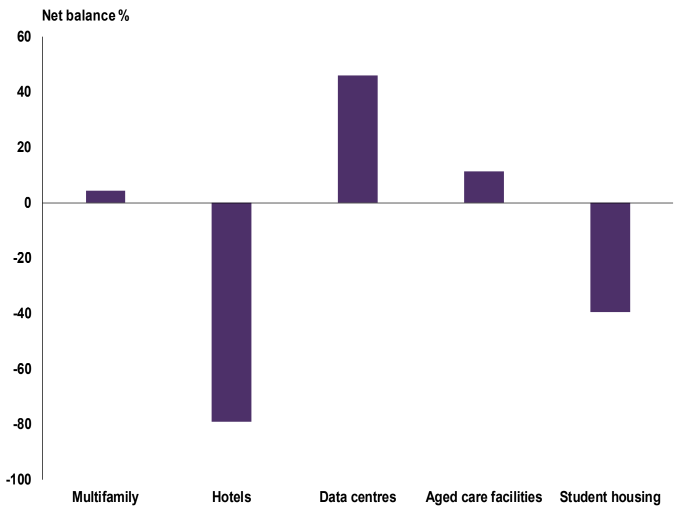
Market Valuations



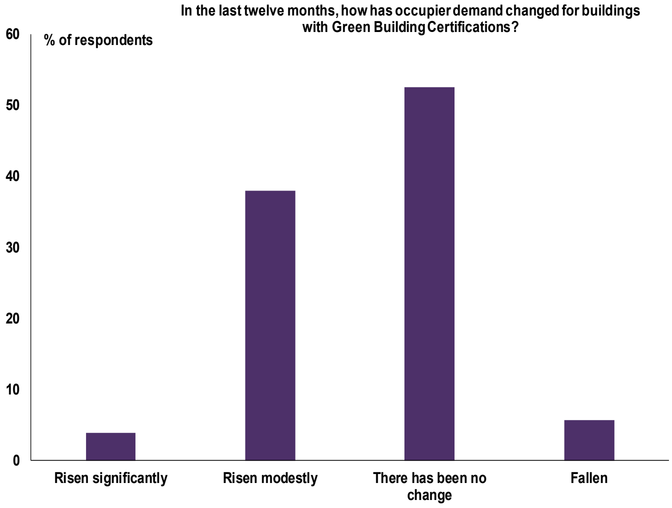
Property Cycle



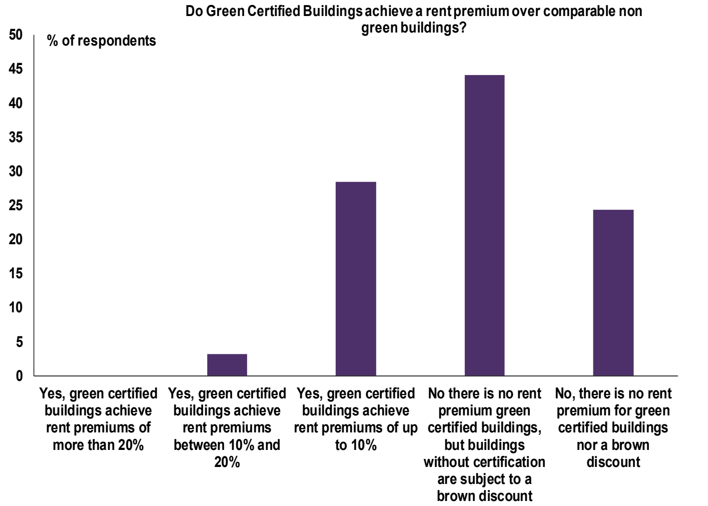
12 Month Capital Value Expectations - Alternatives



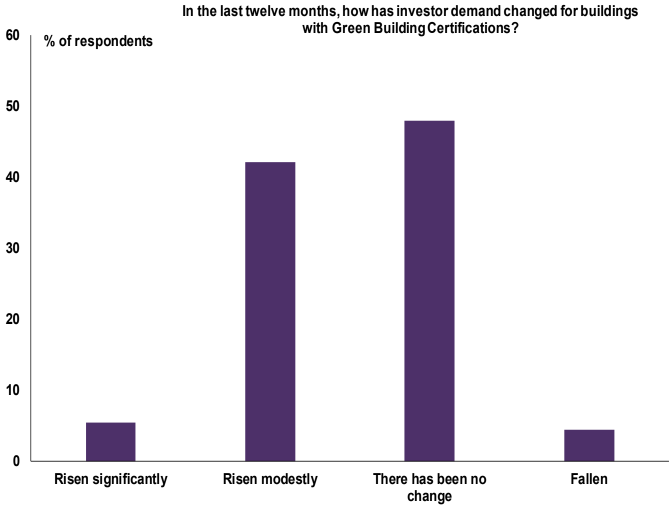
Sustainability extra questions



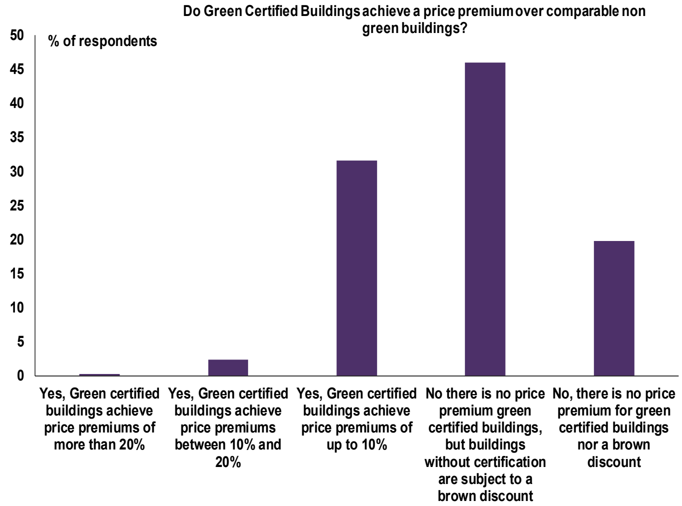
On balance, 36% more respondents reported seeing an increase in occupier demand for properties with Green Building Certifications over the past twelve months (compared to those seeing a fall). That said, it should also be noted that just over 50% of contributors saw no change.



The largest share of respondents (44%) feel that there is no rent premium for Green Certified Buildings at present, but there is a brown discount for those without. At the same time, around one third report that Green Certified buildings achieve a rent premium of up to 10%, although 25% state there is no premium nor a brown discount.



A net balance of +43% of contributors saw investor demand increase to some degree for properties with Green Building Certifications in the twelve months just gone. Even so, there was still a slight majority of respondents that did not see any change in investor demand for such buildings.



46% of survey participants noted that there is no price premium for Green Certified Buildings currently, but buildings without certifications are subject to a brown discount. Nevertheless, a significant share of 32% feel that there is in fact a price premium of up to 10%. Meanwhile, 20% report that there is no price premium or brown discount in their area.

Chartered Surveyor market comments

East Midlands

Andy Hey, AM Hey FRICS, Lincoln, property@amhey.co.uk - Small industrial seems popular, but not much else is.

David Mcneill-Richardson, Stamford House Securities, Bedford, dmnr@stamford-house.co.uk - Strong demand for sheds. Moderate to good demand for office space due to many older town centre offices being redeveloped as residential. Very low demand for retail. Investment demand steady, mainly for offices and sheds.

Gilbert Harvey, Budworth Hardcastle, Kettering, gharvey@budworthhardcastle.com - There is a two speed economy and a very unusual recession at present most unlike previous ones. The retail and hospitality sectors in particular very badly hit and some parts of manufacturing such as those linked to automotive and aerospace sectors but other parts of manufacturing such as garden office buildings or those in say medical wipes are working at full capacity and doing very well. The large warehouse distribution sector (where not affected by High Street retail supply chains) is very busy.

Ian Mcrae, Chadwick Mcrae, Northampton, icm@cmcre.co.uk - After a quiet market during lockdown, things have picked up considerably and UK as well as overseas demand for industrial property has been a highlight of the last quarter.

Mark Robinson, Market Harborough Building Society, Leicester, mrobinson@mhbs.co.uk - Office space in central locations has lost its purpose.

Nikolas Moore, Underwoods, Northampton, nm@underwoods.co.uk - Market remarkably buoyant at this moment in time but definite sense that this is the calm before the storm.

Simon Parsons, Berrys, East & Central Midlands Region + South Yorkshire, simon.parsons@berrys.uk.com - Market continues to be supported by good demand for industrial / warehouse accommodation. Some signs of speculative investors assessing high street opportunities for conversion and redevelopment. Increased supply in office accommodation, albeit we expect activity in the sector as occupiers realign their needs.

Eastern

Jeffrey Hazel, Geoffrey Collings & Co, King'S Lynn, jhazel@geoffreycollings.co.uk - Limited demand to rent or buy all types of commercial property at present.

M Jean Howe, Kirkby Diamond, Luton, jean.howe@kirkbydiamond.co.uk - The market for secondary retail is amazingly busy. Small offices are difficult to let because of a long term change in working practices. Lettings of industrial, warehousing and commercial buildings is still very strong.

Nigel Handley-Howorth, Bullen Developments Limited, Norwich, nigel.handley@bullengroup.co.uk - Expectation of large market adjustment in 2021.

Samuel Kingston, Roche Chartetred Surveyors, Norwich, sam.kingston@rochesurveyors.co.uk - The warehousing and industrial market remain strong across Norfolk, mainly due to limited supply. The office market is subdued but this is mainly down to business uncertainty and how office occupancy will look going forward. Occupiers' strategies are evolving. However, with limited need for public transport, Norwich could benefit from businesses seeking satellite space.

Yusuf Dawood, Westcott Surveyors Ltd, Cambridge, ydawood@consultant.com - Expecting a steep decline and a rapid recovery albeit without a vaccine the outlook could be far worse.

London

Adrian Macarty, Buckland Estates Lp, London, admssltd@gmail.com - There will be long term ramifications on both retail and office accommodation. The government's understanding of both sectors is woefully short.

Adrian Tutchings, Linays Commercial Limited, London, commercialproperty@linays.co.uk - Very difficult, generally down.

Aj Shazad, Londonr, London, aj.shazad@gmail.com - Stock market isn't reflecting the macro issues coming up from end of furlough, potential hard Brexit and the end to Government support such as SDLT breaks on residential properties of up to £500k. A savvy investor would hedge their real estate exposure to UK market in light of the risk items.

"Alexander Fischbaum, Afa Reim, London, af@afadvisory.com - Non-real estate factors determining real estate values! E.g. availability and effectiveness of a Covid-19 vaccine/virus mutations/population immunity could significantly impact on the value of office towers, as access to buildings/floors and occupation levels will be dictated by those factors. This will determine whether occupiers can/wish to occupy floors and to what extent. No point having an office which is impossible/too time consuming etc. to get to safely & efficiently.

Andrew Holmes, Scanlans Consultant Surveyors Llp, London, andrew.holmes@scanlans.com - Volatile markets with worldwide uncertainty due to Covid-19 pandemic.

Andrew Jenkins, Ace Surveying Ltd, London, andrew jenkins - Office demand will remain uncertain as WFH will continue to be the norm albeit 2-3 days per week. Retail will be more nuanced with city centre department store and city centre commuter reliant traffic most affected negatively. Out of town destination centres both specialist and retail parks competing on price with online shops will take up the city centre slack. Secondary close to residential will recover post COVID. Industrial has been strong before COVID and will get stronger to support online spending.

Anthony Fine, Warrant Investments Plc, London, tonyfine@warrantgroup.net - Empty rate charges, car parking charges and the ability for retailers to surrender leases without obligation are ruining the market.

Ben Symes, Symes Retail Property Limited, London, ben.symes@symesretail.com - Business rates must be reassessed as a whole, to make sure payable is never more than 30-35% of the rent, but more immediately an announcement made about what is to happen when the current free rates period to 1 April 2021 ends. I would hope an extension of the rates free period or to have, say, 25% payable for Apr 21 to at least Sep 21, to enable more survival and forward planning by retailers.

Chris Jago, Houston Lawrence, London, chris.jago@houstonlawrence.co.uk - Overall levels of enquiries are still down but we are starting to see a slight improvement in non-office enquiries.

David Apperly, Apperly Estates Ltd., London, davidapperly@btinternet.com - The biggest impact of Coronavirus will probably be long-term for office demand; rental growth is likely to be subdued for 10+ years.

David Wise, Active Value Capital, London, davidw@activevaluecapital.co.uk - We are in the early stages of a major downturn in the real estate cycle.

Chartered Surveyor market comments

Gregory Mcgonigal, Ashdown Phillips, London, greg@ashdownphillips.com - We are highly unlikely to return to anything like we were all experiencing in 2019 for at least 5 years and certain sectors will be changed permanently. The pandemic has caused, and will continue to create, a seismic shift in the UK property sector.

Howard Fertleman, WCC, London, howard-1965@hotmail.co.uk - I believe that the only property market that will be stable over the next 18 months will be industrial. I believe that all other property sectors will take a negative hit in rents and capital values, with retail being hit the hardest.

James, Everest ^ Maud, London, james@everestandmaud.com - Commercial property needs to re-adjust and reset to a world that is now laser focused on health and wellbeing, and an increasingly digitised economy.

James Thompson, Bnp Paribas Real Estate, London, cameron.thompson@realestate.bnpparibas - Coronavirus work and travel restrictions keep infection rates artifically low, but the negative economic impacts of this strategy far outweigh the benefits of maintaining restrictions which have little to no benefit in the long run. The changes to working habits will vary from sector to sector, with office and smaller convenience retail most likely to continue to be worse hit.

Jonathan Carter, U+I Group Plc, London And South East, joncarter@uandiplc.com - Population will move to a more flexible method of working, with a core amount of time spent in an office/ hub and people then working to suit their own needs.

Jonathan Vanstone-Walker, TSP, London, jvw@tspuk.com - Office occupiers remain reluctant to make decisions while future working patterns remain uncertain, although there are some lettings occuring at the smaller end of the market. There are very few post-lockdown transactions, meaning valuations are difficult, and little availability for investors.

Julian Lewis, Julian Lewis & Co, London, jrl@julianlewisandco.com - There is minimal demand from established retailers but good demand from independents and start ups. Increasing numbers are leaving office accomodation. Overall retail rents are done, this predates the current crises. What would be regarded as the prime suburbs/ parts of the street are falling with lower rents attracting interest.

Martin Burke, Martin Burke And Associates, London, mb@martinburkeassociates.com - We need to get back to work and push the Covid risk to the back of our minds where it belongs.

Matthew Dichler, Knight Frank, London, matthew.dichler@knightfrank.com - Hot money for prime logistics, but anything quirky is at a discount. Prime offices will be okay but secondary offices will be rebased and will be more capital intensive. Hot money in retail is for supermarkets. Shopping Centres will all move to turnover rents, retail park rents will be rebased but prime yields have been rebased already.

Matthew Secker, British Land, London, matthew.secker@britishland.com - Property will remain as an attractive long term investment, with low interest rates and foreign exchange rates favouring overseas investors, but only the best quality income or those sites with underpinning alternative use values will continue to attract premium prices. Investment values in less income secure sectors will fall.

Mohammad Khazen, National Bank Of Kuwait Plc, London, bassam.khazen@gmail.com - This is the beginning of the downturn. The economy is yet to feel the full effects of the pandemic. Secondary real estate will suffer over the next 5 years. The government should provide incentives and tax breaks to investors but mainly to occupiers.

Nick Sullivan, Dobbin And Sullivan, London, nick.sullivan@dobbinandsullivan.com - Demand still reasonably strong for freeholds and secondary retail, somewhat surprisingly. Perceived benefit of having a national multiple tenant being diluted through their insistence on short terms, regular break clauses and onerous “Covid” clauses.

Richard Golding, Gleeds, London, richard.a.golding@gleeds.co.uk - The commercial development pipeline seems somewhat strong in the capital, with pre-let figures sitting upwards of 60% for 2020 completions in the West-end. Over the next 12 months, expect to see a push for shorter lease lengths, more frequent break clauses, as well as turnover-based rent models becoming more popular. There will be greater pressure on landlords for adaptability and flexibility, with added social and environmental incentives as a given.

Rod Pearson, Evans Pearson Llp, S W London, rod@evanspearson.co.uk - During the lockdown, and more noticeably since, the area has benefitted from the number of central London workers operating from home. Restaurants have been busy especially at lunch times and neighbourhood independent shops have experienced improved footfall and sales. Offices have been becalmed but there is now a noticeable uptick in demand.

Rosie Weller, Royal Borough of Kensington and Chelsea, London, rosiewellersmith@tiscali.co.uk - Still good demand for secondary shops in residential areas.

Sean Dempsey, Boultbee Ldn Capital Limited, London, sean@boultbeeldn.co.uk - Occupiers increasingly accept that their employees will return to their offices; though increased workplace flexibility may be part of a long-term business culture change. But, the capacity for office buildings, hub locations and public transport that contribute towards minimising cross-infection risk will be important. Many buildings, even relatively new ones, may be viewed as obsolete. Space standards, A/C design, etc will inevitably be subject to a great deal of review.

Simon Heilpern, Salamanca Group, London, s.heilpern@salamanca-group.com - New world - tech, data centres, industrials, essential housing. Old world - offices, retail. The new world is the only prudent way to go.

Simon Wood, Downing Intervention Ltd, London, simonwood5124@gmail.com - Winter is coming.

Tony Chalkley, Grant Mills Wood, London, tonyc@grantmillswood.com - We have found that the industrial market in London and the South East has held up well and due to lack of supply. Development sites for residential are also selling well with a number of substantial bidders in the market. Whilst traditional retail uses have suffered the distribution and residential development markets are still strong.

W Nicol-Gent, Killochan & Co, Richmond, louanna@blueyonder.co.k - Badly affected by uninformed Planning & Highway alterations - no indication of any interaction with users (retailers/ customers /potential occupiers) or anyone with practical business experience or knowledge.

Chartered Surveyor market comments

North East

Barry Nelson, Whittle Jones North East, Durham City, bnelson@whittlejones.co.uk - The multi-let industrial sector in the County Durham and Teesside region has seen a significant surge in demand since May, following the understandable lull in March & April. Above average lettings and below average vacations in the sector has resulted in extremely low void levels across the region. We await to see the effect of the ending of the government furlough scheme has on occupancy levels.

David Collins, North East Commercial, Gateshead, david.collins@northeastcommercial.co.uk - Mid-lockdown there was some level of panic evident within the secondary high street sector, particuarly cafe's, small restaurants, bars and some shops. Many tenants/occupiers exploring sale, assignments. Some have came to fruition and ended up on the market, however, the majority seemed to take stock as lockdown was eased and made the decision to continue trading. Some sectors performed well, convenience stores and hot food takeways, some existing instructions removed from market.

David Downing, Sanderson Weatherall Llp, Newcastle Upon Tyne, david.downing@sw.co.uk - Unsurprisingly, a very strange market at present. Some sectors are performing very strongly (eg industrial), but others unexpectedly well (eg neighbourhood and small retail). Transaction activity has increased recently, after August, which was perhaps the most 'summer break' like for many years. The Banks seem to be beginning to return to more normal lending activity, after a summer of dealing with CBILS and Bounce Back loan applications.

Kevan Carrick, Jk Property Consultants Llp, Newcastle Upon Tyne, kevan@jkpropertyconsultants.com - As we come to terms with a changing market, there are nuances emerging such as demand for out of town offices with car parking, thus reducing staff need to use public transport. Other changes are more speculative but more permanent home working can be reasonably anticipated. Demand for industrial land servicing the recently announced Dogger Bank, North Sea Wind Farm is apparent on Tyneside, with an anticipation of growing demand from the supply chain.

Simon Haggie, Knight Frank Llp, Newcastle Upon Tyne, simon.haggie@knightfrank.com - The logistics sector has been extremely busy since lockdown as a result of the massive increase in online sales. Most of the major parcel distribution companies have taken on extra space as has a well known online retailer. Also, the volume of small unit enquiries under 300 sq.m has surpassed expectations and the current stock on Tyneside is negligible.

T R Arnold, Montwhelan, Wetherby, tr.arnold@icloud.com - Very depressed.

North West

Andrew Croft, Privateproperty Investment Company, Liverpool, croft.andrew1@gmail.com - Quite bleak.

Chris Nisbet, Jd Sports Fashion Plc, Manchester, chris.nisbet@jdplc.com - In terms of retail and Covid, we have found footfall has been negatively impacted the most in shopping centres and the high street, while out of town has been the most resilient.

Christopher Learmont-Hughes, Burland Limited, Liverpool, chris@burlandlimited.co.uk - Volatile.

Ian Braithwaite, Central Manchester Holdings Ltd, Manchester, ian@cmhlimited.com - I think the changes to office working will become permanent and cause a 20% to 30% drop. Far more flexibility and companies considering less dense areas outside city centres. The issue we will have is how to make up this gap in cities as there is also a move outwards by residential as well.

J M Morrison, Morrison Property Services, Manchester, morrisonproperty@aol.com - Retail demand badly affected by Covid 19, likely to remain subdued for time being until effective vaccine is found. Office demand will remain affected by Covid 19 and a realisation that some firms don't need the space with many working from home. For industrials, no change but expect more investment in this sector. Leisure operators ignoring social distances, could be locked down by government. Should be more prosecutions against operators. Some potential for improvement.

Jim Gallagher, Self Employed, Manchester, allgallaghers@sky.com - Uncertainty coupled with a general downturn are features that will dominate the sector until the crisis abates.

John Fifield, Fifield Glyn, Manchester, john.fifield@fifieldglyn.com - Steady demand from both occupiers and investors for reasonably priced property in the suburbs and smaller towns.

Jonathan Bryson, Mason Owen, Preston, brysonjc@outlook.com - Investor interest in lower risk market areas remains active including for example, health sector and prime industrial.

Jonathan Pickles, Nolan Redshaw, Greater Manchester, jonathan@nolanredshaw.co.uk - Increased activity in the industrial sector. Huge uncertainty with Brexit/Covid-19 making for a challenging market place. Although this presents opportunities for some businesses, it is largely negative for inflexible occupiers particularly in the retail/office sectors.

Mike Fisher, Fisher Wrathall Commercial, Lancaster, mike@fwcommercial.co.uk - We have been pleasantly surprised at the current demand for both small and medium sized retail units. Also, there is continuing (though limited) demand for offices on the basis of local relocation. Industrial requirements continue to significantly outpace supply, which is a concern for the ongoing local economy. This is particularly concerning in the context of increased new build costs, which is holding back speculative development.

Richi Peters, Platform, Wirral, richi@weareplatform.co.uk - Tough times ahead for the foreseeable.

Simon Adams, Peill & Company, Kendal, simon@peill.com - Despite the pandemic, occupier demand has remained remarkably resilient. Whilst demand from retail occupiers in generic high streets has fallen away, demand from independents has, to a certain extent, filled the gap, particularly in tourist hotspots. The visitor economy has been strong after the easing of lockdown, which has had a positive knock-on effect for associated retail and other businesses.

William Briggs, Briggs And Partners (Cheshire) Llp, Northwich, wb@secllp.co.uk - The delayed return to work, particularly in large town and city centre offices is having a negative impact upon investment and development decisions. This in turn is slowing the economies of larger urban conurbations. We anticipate that this position will continue to apply in the medium (12 - 18 months) term.

William Madada, Jacobs, Manchester, william.madada@jacobs.com - There is evidence of a recovery, but also very validated warnings about the unknown economic impact of the pandemic remain. If/when the pandemic is under control there is a positive outlook.

Chartered Surveyor market comments

William Sadler, Legat Owen, Chester, willsadler@legatowen.co.uk - Industrial - historically high levels of demand in all areas and no sign of slowdown. Lack of supply in short term but development pipeline is healthy. Crewe is particularly sought after. Office - July and August saw high levels of demand particularly within SME sector. This has tailed off somewhat in September. Incentive packages have increased and landlords now agreeing to more terms. Most local business now back in office with exception of the large corporate occupiers.

Northern Ireland

Ruairi O'Donnell, Belfast City Council, Belfast, odonnellr@belfastcity.gov.uk - Some indications that the market has stabilised, however, the full effects of the Covid 19 pandemic will not be felt until Q1/Q2 2021. Rising unemployment figures are also a worrying trend.

Scotland

Alan Colquhoun, Apropos, Edinburgh, colquhounalan@outlook.com - As elsewhere, challenging, plus renewed uncertainty around Scottish independence.

Alex Robb, A B Robb Ltd, Aberdeen, alex@abrobb.com - Too much focus on Covid to the detriment of the wider health/mental health and economy concerns.

Ciaran Feeney, Fife Council Property Services, Dunfermline, ciaran.feeney@fife.gov.uk - Retail is poor and will remain so, office is struggling and will not recover due to home working. However, industrial will survive as a result of government initiatives to make the UK more self sufficient taking account of Brexit and Covid-19.

Gavin Anderson, Dm Hall Llp, Glasgow, gavin.anderson@dmhall.co.uk - In general, the short term outlook remains uncertain for the commercial property market, as the full economic impact of Covid-19 on businesses is unknown. Much depends on government policy and assistance in the coming months. Leisure, licensed trade and hospitality are severely struggling and won't survive without more targeted support.

Giles Edgar, 1910 Investments Limited, Edinburgh, e1910.office@gmail.com - Market liquidity and risk continue to dominate investment decisions in all but prime industrial property. Many sectors have low activity levels due to the uncertain Covid lockdown outlook for Q4 2020 and Q1 2021.

Gillian Giles, Ryden, Glasgow, gillian.giles@ryden.co.uk - Offices are in a very bad place however city centres as a whole are struggling and facilities closing as people are not in town.

Gordon Macdonald, Allied Surveyors Scotland, Aberdeen, gordon.macdonald@alliedsurveyorsscotland.com - Market very difficult to predict presently but industrial owner occupiers looking to take advantage of present uncertainty while retail gets ever worse. Still a two stage market for office with tenants and buyers prepared to pay for quality whilst ignoring only slightly less good space which is substantially less costly.

Jack Mc Kinney, Galbraith & Lawson, Glasgoq, j.mckinney2006@tiscali.co.uk - Impact of Covid 19 could change the face of the demand for office space, due to home working becoming more widespread, with the knock on impact on certain sectors of shops. Brexit back on the horizon and failure of the government to tackle the timescale and cost for planning permissions does not allow market forces to address the future. The planning system appears to have largely ground to a halt with Covid 19, lack of Staff given as causes for not dealing with applications made and paid.

Michael Smart, Crucible Developments, Glasgow, msmart@cruciblealba.com - Covid 19 has accelerated general market trends; high street issues; logistics sector's importance, however if and when we get to a post-Covid time it will be interesting to see how markets react. As always in a changing market there will be losers and winners.

Richard Higgins, Galbraith, Edinburgh, richard.higgins@galbraithgroup.com - The continued measures and reluctance from the Scottish Government to relax those measures is impacting on Scotland more than the rest of the UK.

Richard Smith, Allied Surveyors Scotland, Inverness, richard.smith@alliedsurveyorsscotland.com - Local general stores appear to have improved. City centre clothes retailers on the edge.

South East

Christopher Marriott, Marriott Brown Ltd, Chipping Norton, christopher@marriottbrown.co.uk - Market town retail values, especially those properties liable for business rates, are significantly depressed.

Colin Brades, Avison Young, Brighton & Hove, colin.brades@avisonyoung.com - Brighton retail: It remains to be seen the full impact of CV-19 going forward. To date, vacancies have been limited but appear to be increasing. The Christmas trading period both on the High Street and online is likely to have a serious influence on the sector in 2021.

David Butcher, Upham Pub Company Limited, Winchester, david@uphampub.co.uk - Tough for retailers.

Iain Steele, Park Steele, Farnham, iain@parksteele.com - Industrial, particularly freehold remains the darling of the market with overwhelming demand from buyers and tenants at the smaller end of the market. Independents are back on the street for small affordable shops, which will help create a more interesting high street. Office enquiries are more tentative but they are out there. The erstwhile growth sector ie leisure needs better government guidance and commitment. A fit and healthy society is needed for recovery as we move forward and upward.

James Birkett, Mendip Capital Ltd, South East, james@mendipcapital.co.uk - There is much sitting on the side lines. Government stop go policy is creating a nervous environment for any office expenditure unless absolutely necessary. While rents may fall and incentives rise, there is an ever increasing rates bill and even leasehold SDLT is restricting longer commitments.

Jeremy Braybrooke, Osmond Brookes, Southampton, jeremy.braybrooke@osmondbrookes.co.uk - As my list of retail deals with solicitors is at its highest value since 2009, how can I honestly say the market is deflated? The enquiries may come from junior level tenants, without a great variety in the proposed uses, but they are soaking up the cheaper vacant units, and incentives are relatively unchanged on early 2020. Prime retail is another matter but there are limited signs that one or two brave tenants will start to take good units soon, but incentives will have to increase greatly.

John Hempton, Hempton Franks., Lymington, jjh@hemptonfranks.co.uk - Enormous amount of uncertainty in office and retail generally and concern of a further increase in virus infections.

Keith Fox, Keith Fox Surveyors, Brighton, keithfox10@gmail.com - Sluggish.

Chartered Surveyor market comments

M N Stretton, Apprise Property Ltd, St Albans, markstretton@appriseproperty.co.uk - I think in the short and medium term office use will significantly decline as more companies adapt to home working. Surplus office space can be absorbed for housing use. Retail on the other hand is a different proposition as it will be much more difficult to amend the use particularly for ground floor properties. In my opinion there needs to be an overhaul of the rating system to provide a level playing field for retail companies operating from the high street and those that are on line.

Matthew Pellereau, Matthew Pellereau Ltd, Camberley, mpellereau@aol.com - The occupier market for retail and office space is very weak whilst industrial is steady. Investment and freehold occupation market is strong for industrial and food retail but weak for other commercial uses.

Nevin, Spring Bc Ltd, Surbiton, nevin.hutchinson@springbc.co.uk - We see the pandemic as having caused genuine alarm to the population - but spending so much time at home this year, we believe the majority of the UK workforce will want to be back in their workplaces by 2021 - particularly for the social interaction as well as the economic needs.

Nick Hanson, Vospers Friend & Falcke, Farnham, nick.hanson@vospers.net - Certainly a spark of activity now, essentially EU occupiers seeking to establish foothold in SE as Brexit approaches.

Nigel Turner, Advisor, Uk Wide, nigelturner219@gmail.com - In most non core locations, retail space is significantly overprovided. Captial value trends are unlikely to reverse. Logistic and residential space (especially affordable) are in high demand. Industry, planners and developers need to work together to drive a fundamental change in urban living and repurpose town centres.

Paul Russell, Carter Jonas, Southampton, paul.russell@carterjonas.co.uk - Changing demand due to Covid with certain towns and retail areas benefiting from being perceived as more ‘safe’ to visit.

Peter Ridsdale Smith, Bracketts, Tunbridge Wells, peter.ridsdalesmith@bracketts.co.uk - Obviously the market is tough due to Covid. Offices are the worst with very few enquiries. Funnily enough demand for secondary retail is stronger than pre Covid but at reduced rental levels and greater incentives. Business rates are the killer. Industrial market remains fair. Few freehold or investments becoming available. Owners are holding back unless needs be.

Philip Marsh, Philip Marsh Collins Deung, Beaconsfield, philip@pmcd.co.uk - We are busy, but it is hard to be upbeat about the short term future.

Richard Grassly, Rh & Rw Clutton, Guildford, richardg@rhrwclutton.co.uk - Smaller centres perhaps performing better. Differences in demand for small office space as staff want to work close to home as opposed to city centres. Retail can be viable if cost base is low.

Sau-Wan Lai, Wheeler & Lai Charterer Surveyors, Waterlooville, slai@wlsurveyors.co.uk - The September quarter appears to be a little more positive for landlord and tenants, but it is certainly going to be challenging for business owners.

Stephen Ray, Shw, South East, sray@shw.co.uk - Clients finding it harder to make property related decisions quickly.

Thomas Bridson, Royal Mail, Petersfield, tprbridson@sky.com - The current pandemic has created a permanent change to the way we work and live. Online retailing has seen 5 years growth in only a few months.

Tim Race, Dover Harbour Board, Dover, tim.race@doverport.co.uk - Whilst Covid-19 is adversely affecting both tenants and investors, the underlying issue is business rates.

South West

Alastair Andrews, Loveday, Swindon, alastair@loveday.uk.com - Industrial demand is relatively strong with limited stock, no new development and very limited land supply. We have some optimism that in the medium term office occupiers will re-evaluate their requirements and this may actually generate activity in the sector as they relocate to more suitable property, even if that’s smaller in size. They may even be prepared to pay more for better quality. The outlook for traditional retail is very pessimistic.

Andrew Hardwick, Carter Jonas, Bristol, andrew.hardwick@carterjonas.co.uk: - The outlook from here is very uncertain. Some market segments are active whilst others are very quiet.

Andrew Kilpatrick, Kilpatrick & Co, Swindon, a.kilpatrick@kilpatrick-cpc.co.uk - The post holiday season bounceback is fading with the threat of local lockdowns, restaurant & pub curfews and cinema closures. The economic uncertainty is holding back deals in most sectors of Swindon’s market and continuing EU trade deal uncertainties are not helping confidence.

Ben Trickey, Summerfield, Taunton, btrickey@summerfield.co.uk - A challenging time for all, but we are working with the “new normal” and have readjusted to it.

G C Thorne, Thornes Chartered Surveyors, Poole, graham@thornes.org.uk - The market remains very cautious generally with planning offices working very slowly.

John Woolley, John Woolley Ltd, Salisbury, john@johnwoolleyltd.co.uk - Generally down. Landlords and owners have to reappraise the whole situation and accept lower values (rent and capital) and not seek ongoing government support.

Jon Stone, Jon Stone Surveyors Ltd, Exmouth, jon@jonstone.co.uk - Busy market but expect it to quieten towards year end.

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

Oliver Workman, Thp Chartered Surveyors, Cheltenham, oliver@thponline.co.uk - The commercial property market started to show signs of recovery over the summer, however the re-introduction of Covid rules has significantly reduced enquiries and market activity at the start of autumn.

Paul Reed, Sgc, Bristol, pnrmillfield@icloud.com - Uncertainty prevails.

Richard Berry, Richard Berry, Hook, richard.berry@richardberry.uk - I have a micro view of the global property market, working in the UK with a handful of clients who let converted agricultural buildings. Interest in converting redundant buildings remains firm, but offered rents have softened, making it more speculative. Despite the pandemic we will shortly achieve 100% occupancy for the first time in three years, mainly due to the provision of full fibre broadband. 10 years ago it was car parking, now broadband speed is prospective tenants first question.

Simon Bennett, Jll, Bristol, simon.j.bennett@eu.jll.com - Investment market is becoming more aligned with the occupational markets.

Steve Matcham, Stratton Creber Commercial, Plymouth, stevem@sccplymouth.co.uk - Market seems to show resilience and industrial demand, rental and capital purchase, in particular stronger than underlying national and international events would suggest.

Chartered Surveyor market comments

Tim Wright, Greenslade Taylor Hunt, Yeovil, tim.wright@gth.net - The industrial and commercial investment sectors have been remarkably resilient to the Covid-19 crisis. However, the office and retail sectors have been hard hit with homeworking and online retailing accelerating a trend which was evident before the pandemic.

Wales

Michael Bruce, Dlp Surveyors, Cardiff, michael@dlpsurveyors.co.uk - Demand for industrial properties has so far been fairly robust throughout the pandemic era. A number of lettings/sales have taken place, particularly at the smaller end of the industrial market, and whilst there is continued demand for larger sheds, many potential occupiers seem so far reluctant to commit. There is generally a shortage of good quality industrial property at present although developers are now looking to build mid-box industrial properties in Newport and Bridgend.

West Midlands

Alessio Dyfnallt, Cooper Green Pooks, Shrewsbury, ad@cgpooks.co.uk - Demand for small retail units is very high especially from services sector such as hair and beauty and medical.

Andrew Venables, Avison Young, Birmingham, andrew.venables@avisonyoung.com - The office market is going through an accelerated re-purposing caused by the pandemic. Requirements for office space are progressing but a significant proportion of occupiers are now seeking less space than they would have done pre-Covid. The value of the office is becoming more self-evident as people realise that a balance between agile / home working and working from an office is likely to offer the best scenario over time.

Charles Warrack, Johnson Fellows, Birmingham, charles.warrack@johnsonfellows.co.uk - Most of the commercial markets are still finding their feet in the COVID-19 era, but should return to more normality once the situation is under control.

Chris Morton, Elliam Cps Ltd, Rugby, chris@elliam.org - Industrial market is dangerously hot still. Developers are deluded and greedy.

John Bryce, Kwb, Birmingham, jbryce@kwboffice.com - Market place very quiet over summer for office space and reasonable for industrial.

Jon Hodgkins, Christie & Co, West Midlands, jon.hodgkins@christie.com - Between 27 April and 22 June 2020, Christie & Co experienced a 58% increase in new buyer registrations seeking care home opportunities.

Keri Dobson, Dobson-Grey Ltd, Stratford Upon Avon, kdobson@dobson-grey.co.uk - Class C2 extra care and care within town centre locations within repurposed retail presents a significant opportunity for town centre regeneration. Great flexibility for the education sector is needed for private specialist school providers eg SEN schools. Decision making in Local Authorities continues to frustrate recovery by private sector - government departments such as planning and estates disposal teams in particular.

Lee Jones, Quantem Consulting Llp, Birmingham, lee.jones@quantem.co.uk - The Midlands market is in position for a positive return of demand across various property sectors. This is underpinned by HS2, the city of culture and the Commonwealth games. There is demand for new build grade A offices and refurbished office space. Also, the residential sales sector remains strong across the city and suburban markets and city led BtR schemes. Residential and office markets are underpinned by overseas investment, UK relocation's and retention of post grad university students.

Neil G Harris, Harris Lamb, Worcester, neil.harris@harrislamb.com - The market is finding its own respective levels again. It remains to be seen what those levels of value are with clarity.

Paul Turner, Jd Wetherspoon Plc, Stafford, pturner@jdwetherspoon.co.uk - In the present climate, things are very tough especially in the hospitality / retail sector.

Richard Cundall, Acasrter Llp, Ludlow, richard@cundallsy8.co.uk - Weaker sentiment, but there is interest at the right price. Some markets are in free fall.

Richard Lingen, Berrys, Shrewsbury, richard.lingen@berrys.uk.com - Overall, a lack of supply in the market for industrial property. Demand for industrial appears to remain high. Offices at a local level in Shrewsbury appear to remain unaffected due to the size of office suites being in the range of 2,000 - 3,500 sq ft. Therefore, it is possible that the smaller size office could be more appealing due to Covid 19. Retail continues to struggle particularly larger shopping centres. However, destination locations such as Shrewsbury may be better placed.

Tom Blakely, Dhl, Solihull, tom.blakely@dhl.com - Logistics remains a strong sector however, not all elements of our wide sector are performing as well as others. The general feeling is that there will be more general pain to come in Q4 2020 and early 2021.

Yorkshire & the Humber

John Carlon, Cromwell Wood Estate Co Ltd, Wakefield, johncarlon@tinyworld.co.uk - The general market is going through fundamental changes for both retail and office space due to online shopping and now working from home. This is making employers realise that productivity can be better. In retail, people will shop locally if they have a destination to go to for things they can touch. Unfortunately at present, that is difficult so people will shop online. To reverse the trend city centres have to be safe to go to and percieved that way by the public. Cities and towns have to attract people.

John Hornsby, John R Hornsby Chartered Surveyors, York, info@johnrhornsby.co.uk - Demand for suburban shops remains at pre-Covid levels but enquiries for office and industrial premises have fallen.

P C G Rhodes, Valuation Office Agency, Leeds, peter.c.rhodes@voa.gov.uk - Still uncertainty and future potentially looks bleak for some time. Recovery will be slow and patchy.

Richard Corby, Lambert Smith Hampton, Leeds, rcorby@lsh.co.uk - Whilst the corporate occupier market is somewhat frozen by the uncertainty of occupier demand, the SME market is voting with its feet and moving to more suitable office or industrial premises.The industrial sector remains relatively untouched, but an increase in manufacturer insolvency has yet to be seen and may be on its way. Developer appetite remains strong as they take a medium-term view, with only a few showing short term nervousness.

Richard Flanagan, Flanagan James, York, richard@flanaganjames.com - Industrial/warehouse sector still active against backdrop of limited supply. Office and retail demand all but non-existent!

Information

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