



## Q1 2020: UK Commercial Property Market Survey

# Commercial market outlook hit by coronavirus outbreak

- Near term rental and capital value expectations turn negative
- Sentiment deteriorates across all sectors, albeit industrials more resilient than retail and offices
- Headline twelve-month projections also negative, although medium term expectations less downbeat away from retail

As would be expected given the ongoing Covid-19 outbreak, the Q1 2020 RICS UK Commercial Property Survey results point to a sharp deterioration in market sentiment. Following what appeared to be a promising start to the year through January and February according to anecdotal evidence, social distancing measures and forced business closures have severely restricted activity and will unfortunately continue to weigh heavily on the outlook over the coming months.

In terms of trends in occupier demand over the past quarter, a headline net balance of -24% of respondents saw a decline, down from a reading of -12% in Q4. That said, it is important to point out that social distancing measures were ramped up significantly in the middle of the survey collection window. As such, while indicators capturing changes in tenant demand in Q1 as a whole returned net balances of -67% for retail, -16% for offices and +6% for industrials, these readings fall to -82%, -44% and -7% respectively when only taking into account submissions received from 1st of April onwards (on an unweighted basis).

Alongside this, availability and inducements both continued to trend upwards at the headline level, with the retail sector seeing the sharpest rise in both variables in net balance terms. With regards to near term rental expectations, a net balance of -69% of survey participants envisage retail rents falling, while the figure stands at -24% for offices. Rents across the industrial sector meanwhile are expected to prove more resilient, with a much flatter near term assessment returned by contributors.

For the next twelve-months, rental projections turned negative in virtually all sub-sectors to a greater or lesser degree. Secondary retail rents are now seen falling by close to 12%, while the outlook is not much better for prime retail rents at -8%. At the same time, secondary office rents are now anticipated to decline by around -4% over the coming year. Again, sentiment has proved relatively firmer for the industrial sector with prime rents still expected to rise marginally according to the Q1 results in full. Having said that, focussing solely on the

responses received from the 1st of April points to a flat outlook for prime industrial rents and a negative trend for secondary.

On the investment side of the market, overall enquires continued to slip, as negativity in the retail sector remained particularly prominent (although investor demand for offices also fell in Q1). At the same time, overseas investment demand declined in each area of the market over the quarter. Alongside this, the supply of property available on the sales market was more or less unchanged at the headline level in Q1, albeit there was an increase across the retail sector.

Capital value expectations for the coming three months fell from a headline net balance of -3% in Q4 to -35% in the latest figures. When broken down, expectations are negative across all sectors, with the net balance standing at -32% for offices, -8% for industrials and -71% for retail values.

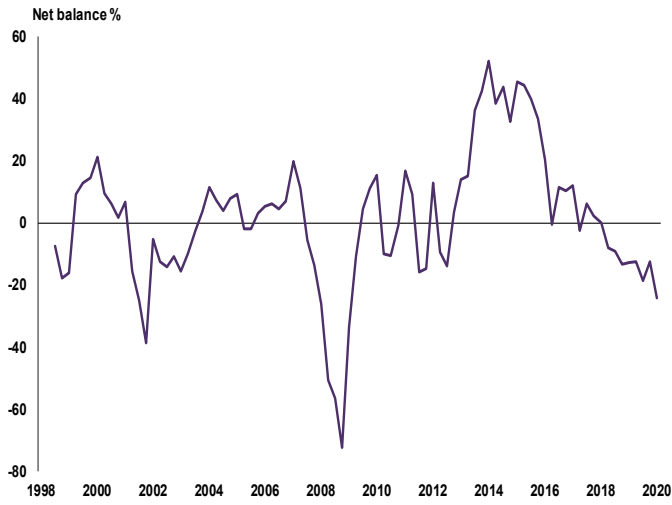
When viewed at the twelve-month horizon however, prime industrial values are still expected to post modest capital value growth (even when survey returns before the start of April are excluded). Meanwhile, the outlook for secondary office values is noticeably weaker than for prime, although expectations for the latter also slipped deeper into negative territory towards the end of the survey collection period. For retail, already steeply negative twelve-month capital value projections deteriorated further, with both prime and secondary retail sub-markets returning the weakest projections since this series was formed in 2014.

On a more positive note, three-year capital value expectations point to an improvement in the office and industrial sectors further ahead, although respondents do not currently envisage any respite across retail.

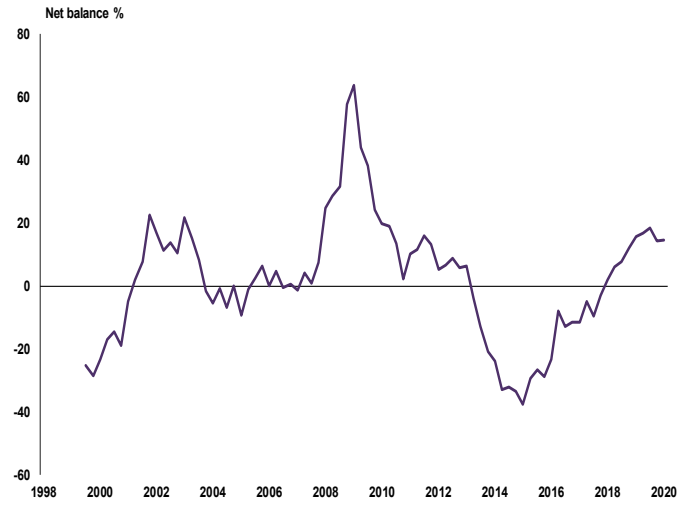
Looking at the full Q1 sample, 64% of respondents nationally now view the market as being in a downturn, with this share rising to 78% when only submissions after 1st April are analysed. Unsurprisingly, all parts of the UK display a strong majority of respondents reporting their local market is now in some stage of a downturn.

# Commercial property - all sectors

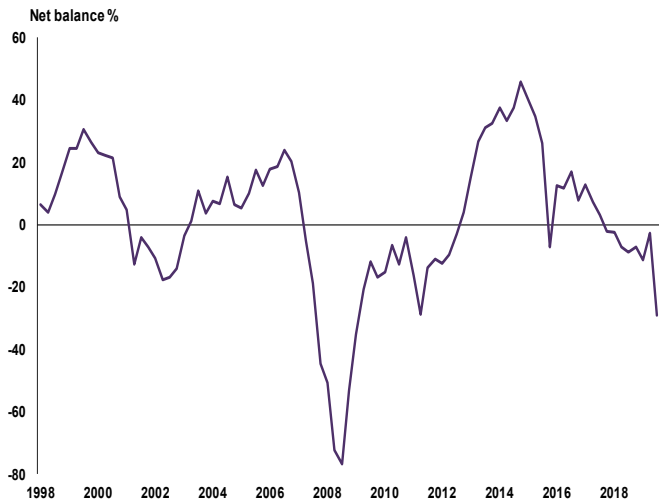
**Occupier Demand**



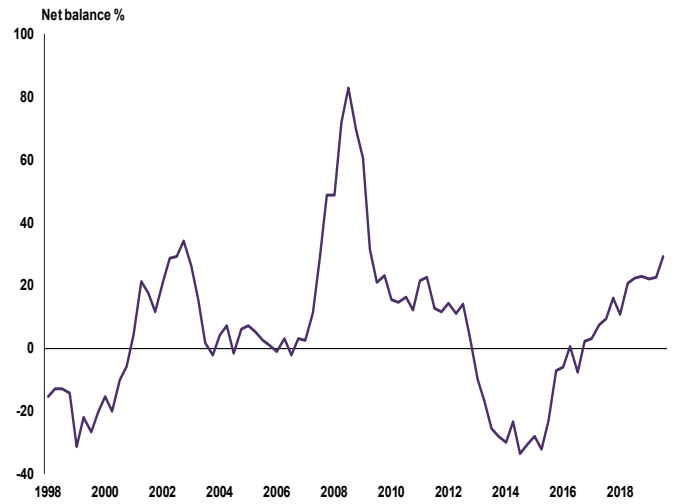
**Availability**



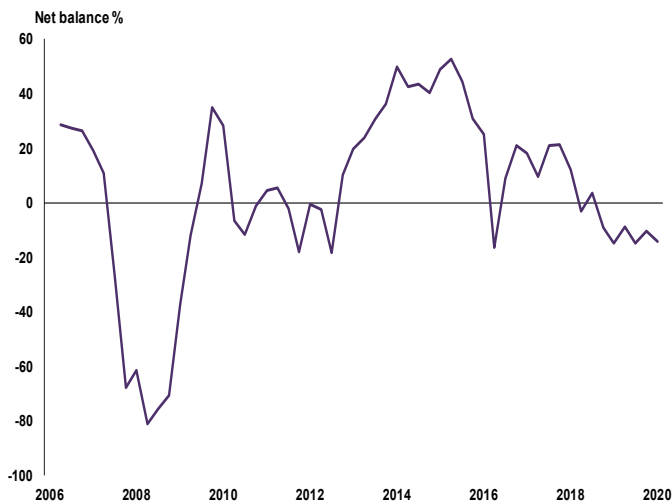
**Rent Expectations**



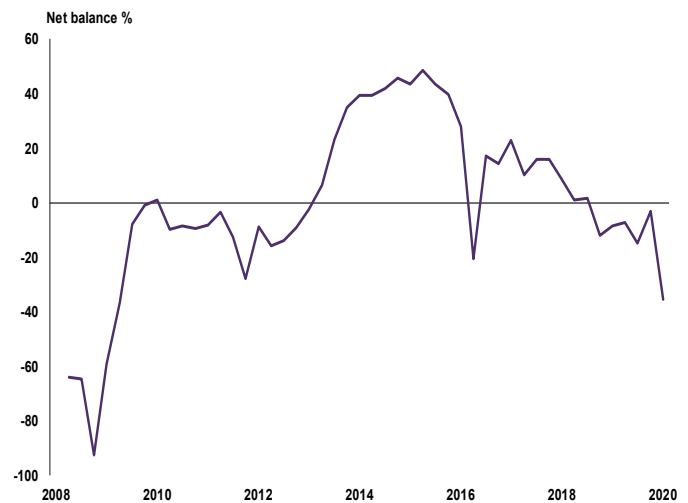
**Inducements**



**Investment Enquiries**

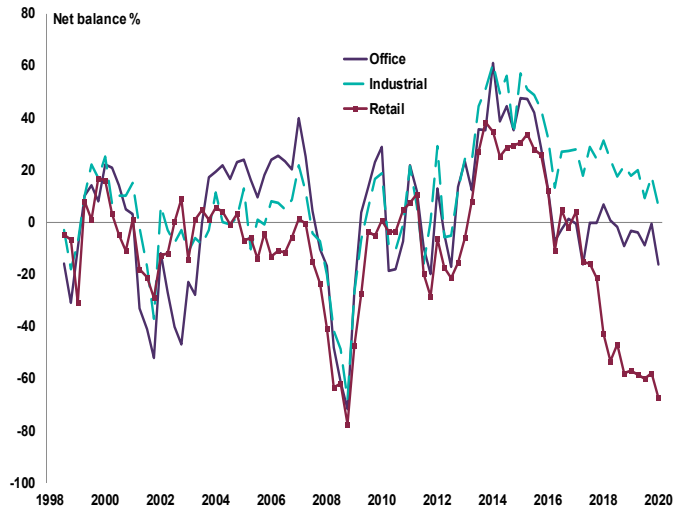


**Capital Value Expectations**

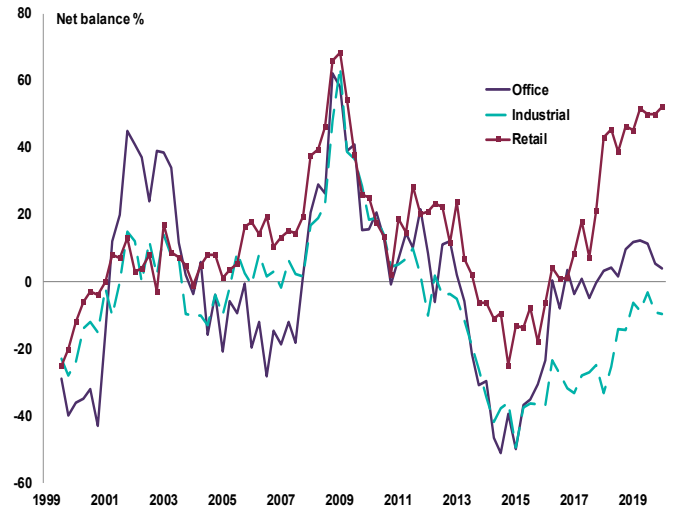


# Commercial property - Sector Breakdown

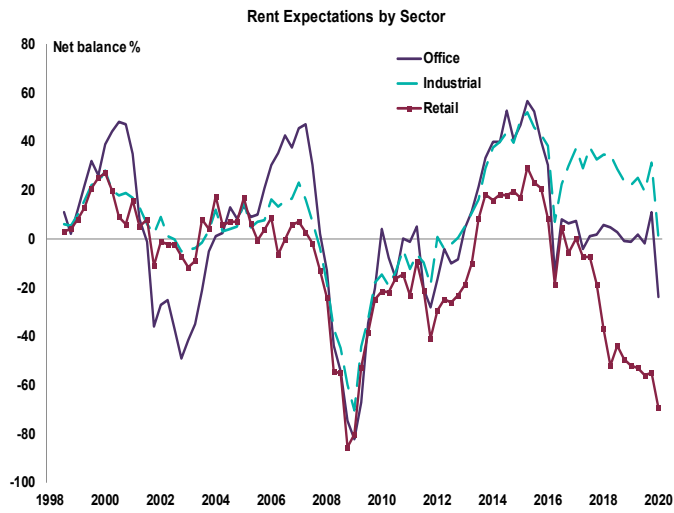
**Occupier Demand**



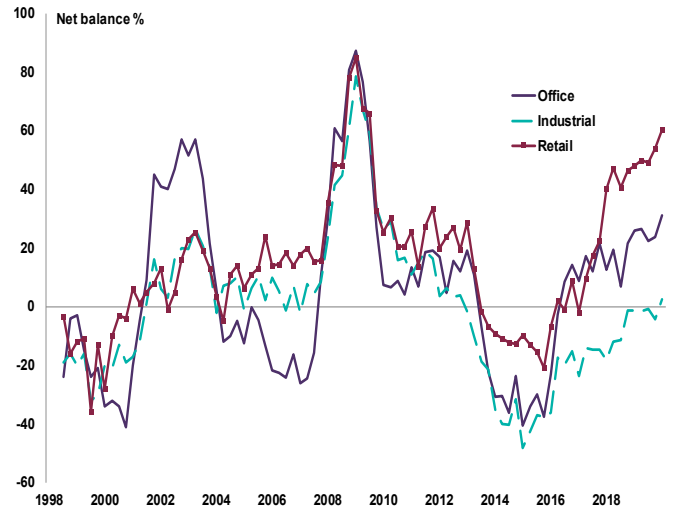
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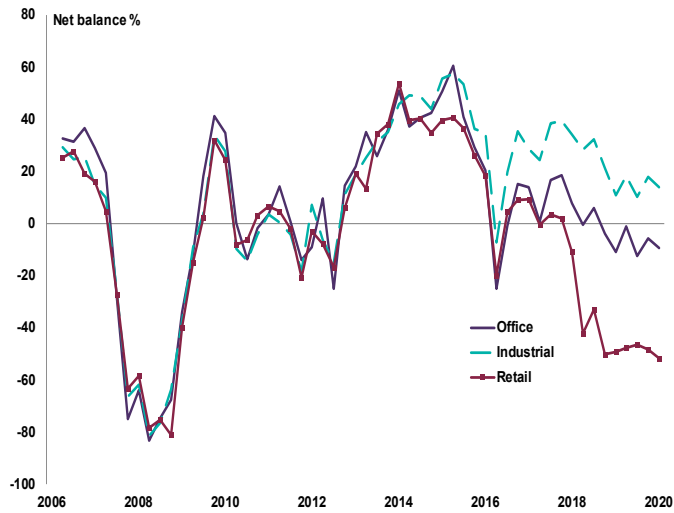
**Rent Expectations**



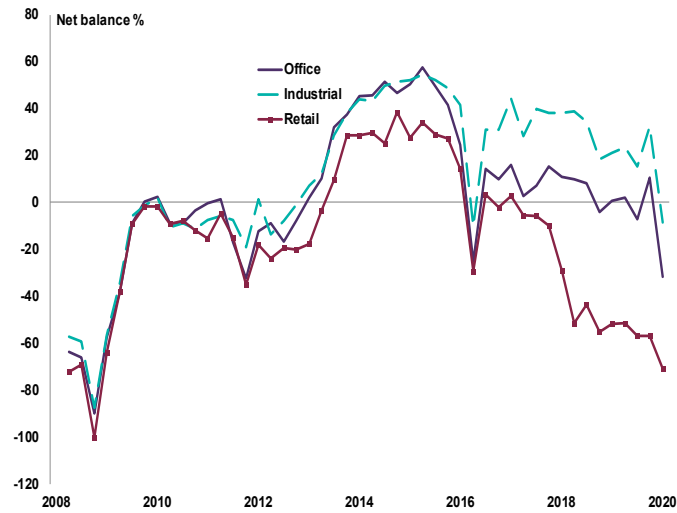
**Inducements**



**Investment Enquiries**

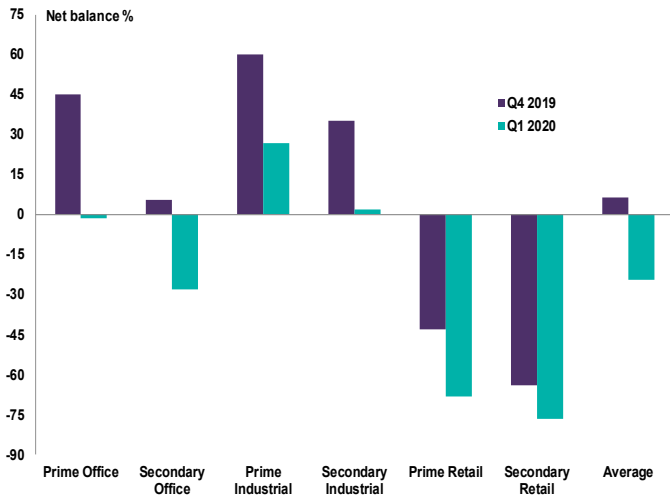


**Capital Value Expectations**

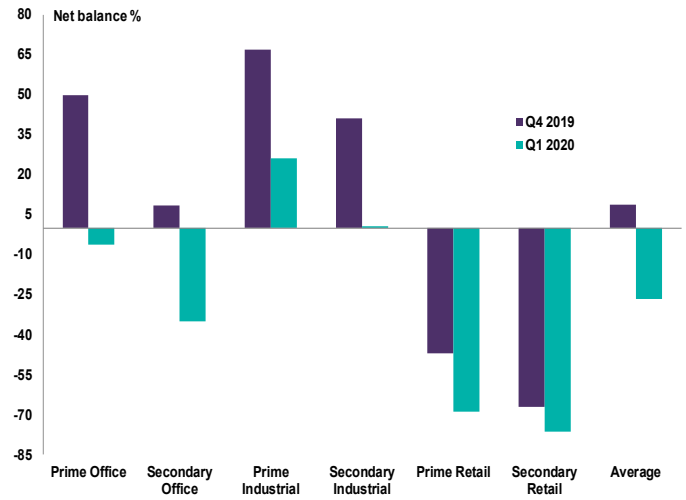


# Commercial property - Additional Charts

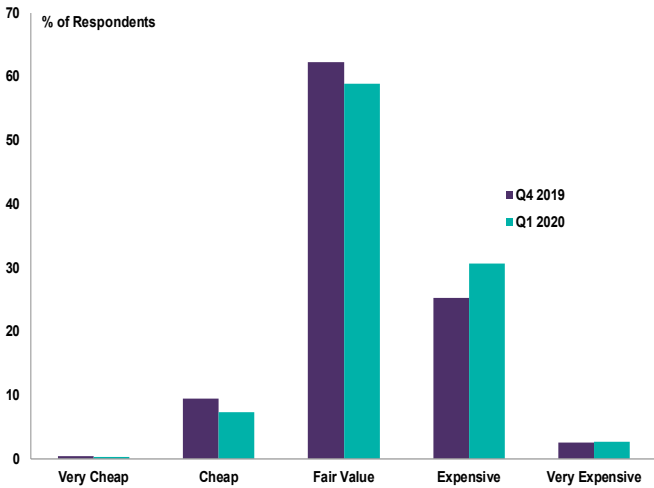
12 Month Capital Value Expectations



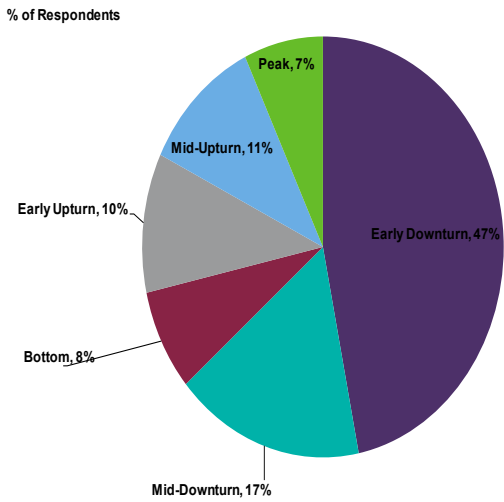
12 Month Rent Expectations



Market Valuations



Property Cycle



# Chartered Surveyor market comments

## East Midlands

Andrew Bock, Derby, Paisley Grove Developments Ltd, andrewbock@btinternet.com - Whilst the market was improving since the election, obviously coronavirus has totally disrupted any "normal service". Until the health situation starts to improve, closures, redundancies, cashflow issues and uncertainty will have devastating effects on the property market.

Dawn Pape, Northamptonshire, Valuation Office Agency, dawn.pape@voa.gsi.gov.uk - Dramatic impact expected from Covid-19.

Douglas Hall, Nottingham, Boots UK, doug.hall@boots.co.uk - The industrial market remains strong but availability of workforce becoming a growing concern. I believe that once trade deals post Brexit are completed that foreign investment into our markets will grow.

Gilbert Harvey, Kettering, Budworth Hardcastle, gharvey@budworthhardcastle.com - The obvious Covid-19 has thrown a huge spanner in the works that will potentially shift shopping patterns in a major way killing the high street. That will need urgent and proactive management by all parties. Planning policies removing the protection of retail frontage, that has stopped many good projects and leaving vast amounts of sq. ft empty already, will be magnified significantly.

Ian Mcrae, Northampton, Chadwick Mcrae, icm@cmcre.co.uk - A shortage of supply in both the industrial and the office sectors will continue to influence market conditions. No development in the smaller unit sector will see prices forced to rise. As with housing, we need an affordable planning consents.

Mark Payne Mrics, Northampton, Valuation Office Agency, markpayne7@gmail.com - In summary, the office market appears stable, the industrial market is on the up and the prime retail market is struggling.

Nigel Clough, Stamford, Bainton Estates Ltd, nigelrclough@aol.com - Given the Covid-19 crisis there is now total uncertainty in the market and it is making it very difficult to price assets.

Oliver Taplin, Derby, Innes England, oli\_23@hotmail.co.uk - Difficult retail conditions, more demand for industrial, office unchanged. Flexible rents and lease terms demand. Focus on green leases.

Rob Haigh, Nottingham, Rh Chartered Surveyors, rob@rhcharteredurveyors.co.uk - Generally the beginning of 2020 has been positive, certainly a lot more so than 2019. With the uncertainty of Brexit trade conditions and the immediate threat of coronavirus, I still expect 2020 to be a relatively cautious year all round, with the continued lack of development and availability of prime office and industrial stock driving secondary rents higher. The focus will be on asset management and asset security for the short term future.

S M Salloway, Derby, Salloway Property Consultants, ssalloway@salloway.com - Stable office sector but short of Grade A supply; continuing decline in the retail sector impacted by online competition; robust industrial and warehouse sector but shortage of development land; residential development strong.

Tim Humphrey, Banbury, Brown & Co, tim.humphrey@brown-co.com - The Banbury market has generally stagnated for all sectors in the first quarter of 2020, other than industrial freeholds, where demand continued to outstrip supply. This may change given the current outlook.

## East Anglia

Andrew Noyes, Cambridge, Noyes & Noyes Chartered Surveyors & Commercial Property Consultants, andrew@noyes-noyes.co.uk - The sunny uplands have evaporated in a sea of Covid 19 issues. So sudden. We may survive the virus but business is taking a hammering. Not sure Boris Johnson quite knows what's about to happen to business life. It's awful. 2 months ago I was inundated with work. Its now almost dried up. Everything is on hold.

Guy Gowing, Norwich, Arnolds Keys Llp, guy.gowing@arnoldskkeys.com - The negative effects of the coronavirus pandemic will take a very long time to overcome. It will fundamentally change the way in which we all do business. There will be many very good businesses fail despite the generous government bailouts, which can only result in a significantly harsher tax regime in the future. The era of low taxes has to be over. There will be opportunities in the real estate sector for those businesses with the foresight and funding to navigate through the current turmoil.

J A Hazel, King'S Lynn, Geoffrey Collings & Co, jhazel@geoffreycollings.co.uk - It is impossible to predict the market in the next few months and how many firms will survive.

James Bunn, Norwich, Morston Palatine Limited, jbunn@morstonpalatine.co.uk - Coronavirus is likely to have a significant effect on the property market and values based on what we know at present and the long term nature of the problem. An unprecedented global situation.

Jonathan Lloyd, Bury St Edmunds, Hazells Chartered Surveyors, jonathan@hazells.co.uk - Landlords should have concerns for June quarter rents more than perhaps March. Difficult to speculate on future property trends until country has better understanding of pandemic. Short term it could be uncomfortable but thereafter expect it to perform as solidly as before.

M Jean Howe, Luton, Kirkby Diamond, jean.howe@kirkbydiamond.co.uk - A challenging market place for secondary office and retail, as demand remains weak. The Covid-19 pandemic may stop these markets altogether. Retail values and occupation will be hit very hard over the next 12 months. Industrial will continue to hold up well, due to unmet demand.

Richard Bertram, Ipswich, Beane Wass & Box, rbertram@bw-b.co.uk - We are concerned that there has been an immediate impact of the Coronavirus and transactions are already being cancelled and deferred. Unprecedented times.

Sam Kingston, Norwich, Roche Chartered Surveyors, sam.kingston@rochesurveyors.co.uk - With COVID-19 taking a grip on the market, the state of the real estate economy is difficult to pinpoint. Since the start of March 2020, occupier demand has decreased substantially and the long term effects of this are unknown. Before the spread of the virus, the markets across the office and industrial sector were performing well.

Simon Burton, Bury St Edmunds, Eddisons, simon.burton@eddisons.com - The impact of coronavirus will in my opinion be the largest single factor affecting property values in both the short and medium term. Tenant defaults are potentially likely to increase along with interrupted rental returns and increased incentives required for new lettings.

# Chartered Surveyor market comments

## London

Adrian Macarty, London, Cag Property Management Ltd, admssltd@gmail.com - Current virus pandemic is creating great uncertainty to both potential tenants and investors. There will be considerable voids in all sectors due to companies going under.

Adrian Tutchings, Bromley, Linays Commercial Limited, commercialproperty@linays.co.uk - The current coronavirus affects are yet unknown on both short and medium term commercial property views.

Alexander Fischbaum, London, AFA Reim, af@afadvisory.com - The Coronavirus pandemic and the ensuing societal, political and economic changes risk creating a new normal, which is potentially very different from today and may impact on many areas of life including real estate.

Alistair Voaden, London, Charity Trustee, ahcv@dial.pipex.com - Times of change.

Andrew Guntrip, London, Shb Real Estate, aguntrip@yahoo.co.uk - This is all due to COVID-19. Outlook poor.

Andrew Hardy, London, Andrew Hardy, andyhardy101@hotmail.com - Market in unstable state.

Andrew Reed, London, Space-2, andrew@space-2.com - A significant time of change across all sectors now compounded by recent world events.

Bryan Galan, Beaconsfield, Mellawood Properties Ltd, bryan.galan@outlook.com - In light of the coronavirus, the entire market will have to be rebased according to individual scenarios and circumstances.

Colin Hargreaves, London, Gryphon Property Partners, colin.hargreaves@gryphonpropertypartners.com - The major impact on the market at the moment is the coronavirus lockdown until sufficient testing in the medium term, and availability of vaccine in the medium to long-term becomes available, it is hard to predict the impact on the economy and the consequent demand for offices.

Colin Povey, London, Thompson Yates, cpovey@thompsonyates.co.uk - Although there have been signs of some recovery, the short term current outlook has been affected by the Coronavirus outbreak. It will take some months to determine whether this is temporary or will be a drag or even turn negative for at least the rest of the year.

Daniel Jombla, London, Ark, djombla@googlemail.com - Challenging few months ahead.

David Reilly, London, Reilly Asset Management, davidreillymrics@hotmail.co.uk - Smaller industrial / trade counter units are experiencing rental growth driven by new lettings at high rental levels. Retail continues to be difficult and highly selective in terms of location. Many high streets and centres are under pressure but there are some resilient locations still showing rental growth. Opportunities remain. Local Authority investment appears to be calming following the introduction of a 1% levy by the public works loans board.

Dorrien Thomas, Greater London, Sole Trader (EX. Head Of Asset Management Axa Real Assets, dorrien.t@ntlworld.com - Still a weight of money available for the Central London office market despite coronavirus. Pandemic a massive worry for an already beleaguered retail sector. Industrial, especially good distribution hubs, should get stronger.

Edward Boulton, London, Lsh, eboulton@lsh.co.uk - Coronavirus to play a huge impact. Retail now at very low levels while logistics fills the gap. Employees will get used to working from home, so occupiers will adapt office requirements, likely occupying smaller units for more flexible working in the long term.

Habib Sanni, London, London Borough Of Bexley, habib.sanni@ymail.com - The market is experiencing too many disruptions all at the same time which will have significant negative effect.

James Peck, London, Everest Maud, jamespeck1@hotmail.com - Whilst I believe the world will contain the coronavirus in the short term, business as usual seems unlikely until at least Q1 2021. The impact on real estate is an acceleration of the impact of technology in the way we use real estate. Commuting less, staying local and engaging more in the communities we live. This may seem utopian but the opportunity for occupiers to lower CRE costs in a time of economic uncertainty will force this change upon us all - and we won't look back.

James Scott, London, The Crown Estate, james.scott@thecrownestate.co.uk - The Coronavirus impact will have long lasting effects on every sector and aspect of commercial real estate. In particular, retail occupational markets are likely to be decimated during 2020, with the quickened demise of those occupiers who are already struggling and the accelerated depreciation of secondary sites. The reaction of government and response of landlords in supporting business will be key to the subsequent recovery - if indeed there is one.

Jamie Forrester, London, Transport For London, jamieforrester@tfl.gov.uk - Property sector post COVID-19 will be challenging.

John Burbage, London, Blackfriars Property Consultancy Ltd, johnb@blackfriarspropertygroup.com - Coronavirus, Brexit etc = uncertainty. Property market will suffer in the short to medium term.

Jonathan Daniels, London, Jmd Commercial, jonnydaniels@hotmail.com - Retail occupier demand is at an all time low. Retail property rents will continue to fall considerably.

Jordan, London, Gerald Eve, jnichols@geraldve.com - Post-Brexit (ignoring coronavirus scares) the economy will see an increase in investor appetite and confidence and in the long-term will see steady growth.

Keith Whale, London, Kw Advisory Ltd, keith@kwadvisory.co.uk - The retail market is suffering from the structural changes that have led to an imbalance between supply and demand that has left it in a fragile state.

Mac, London, Macneel, macla166@gmail.com - Far too many uncertainties at the moment making investment very risky.

Maggie Georgieva, London, Jll, maggie.georgieva@eu.jll.com - The market is facing challenging times ahead. The current coronavirus outbreak will significantly impact the property industry especially the retail sector with many tenants already asking for rent free periods to tackle loss of trade and store closures.

Matt Wood, London, Nhs Property Services Ltd., matt.wood@property.nhs.uk - Retail will bounce back, just less of it. occupiers will turn to secondary office and industrial space as demand outstrips supply.

Matthew Bodley, London, Matthew Bodley Consulting Limited, matthew@matthewbodleyconsulting.com - The whole economy has been thrown into unprecedented uncertainty by the Coronavirus.

# Chartered Surveyor market comments

Mike Pope, London, Gryphon Property Partners, mike.pope@gryphonpropertypartners.com - It's a bit up in the air with coronavirus situation worsening.

Paul Wolfenden, London, John D Wood, paulwolfenden@johnwood.com - We are in uncertain times never seen before both economically given all health risks.

Peter O'Brien, London, Avison Young, peter.obrien@avisonyoung.com - The biggest threat at the moment is the impact of COVID-19. This is likely to impact trading properties first (hotels, care homes etc). Central London large lot sizes will also be impacted as the Asian buyers cannot get to the UK to make offers. Retail will also be impacted as more traffic will be driven online. These are just a few areas which will feel the impact first but the implications will be more far reaching in the long-term.

Phil Hughes, London, Freshwater, phil.hughes@highdorn.co.uk - The most significant factor in market demand and supply going forward is the effect of Coronavirus.

Phillip Bennison, London, Briardwater Capital Limited, phillip@brwcap.com - There will be a short term cash crunch until business obtains state refunds and the government introduces some additional taxation to pay for the Coronavirus pandemic.

Philip Henderson, London, Philip Henderson, pdhenderson@gmail.com - Very slow industrial rental market.

Robert Bath, London, Quadrin Valuations Ltd, rob.bath@quadringroup.com - Adding to general comments concerning the impact on the markets by the Virus. A major shift in work practices are expected. Inelasticity of supply will lead to a reduction in prime central London rentals and reduced appetite for investment by foreign funds will lead to a softening of yields. Important to remember that the full Brexit impact is yet to be seen in central London where the full extent of damage will be experienced in the year 2021 following the impost of tariffs and trade barriers.

Sean Dempsey, London, Boulbee Ldn Capital Limited, sean@boulbeeldn.co.uk - Whilst there were early signs of an improvement in both the office and industrial sectors, coronavirus has halted that. The retail market was already fragile and a recovery period may now be seen in terms of years.

Selwyn Midgen, London, Achilles Investments Ltd, s.midgen@doningtoninvestments.com - The property profession generally is slow to adapt to changing circumstances.

Shaun Alexander, London, Marlbrooks Surveyors, shaunalexander@hotmail.co.uk - Due to the coronavirus pandemic, all major business has been affected. This will have a knock-on effect on all sectors and this should be taken into consideration.

Simon Wainwright, London, Jpw Real Estate, sw@jpwrealestate.co.uk - The amount of rent default as a result of the COVID-19 Act has been unprecedented and the impact on the investment and finance markets is too early to assess. We have today received a rental offer for 12,000 sf prime offices in the City of London and other instructions to renegotiate lease surrenders and renewals. The lockdown will undoubtedly lead to changes in occupational demand, with a continued move to online retailing, logistics, last mile delivery, and agile working.

Stephen English, London, Hbc Real Estate, stephen@hbcrealestate.co.uk - 2020 started well and there was a perceptible change in market sentiment. Coronavirus and the doubt this injects into the market is unquantifiable at present. Hopefully this will be a short term blip but it is impossible to predict how the property market will react over the coming months at this time.

Steven Ossack, London, Steven Ossack Associates, steven@ossack.co.uk - The country will have an immense struggle to overcome the terrible effects of the Coronavirus. It will change our lives forevermore.

Stuart Paterson, London, Savills, stuart.paterson@savills.com - Restricted investment stock, coupled with strong leasing fundamentals, are putting downwards pressure onto yields whilst fueling strong rental growth in Central London.

Stephen Powell, London, Smith Price Rrg, stephenpowell@sprrg.co.uk - Coronavirus will bring significant changes. Nothing can be accurately valued at the moment.

Tim Haden-Scott, London, Delancey, tim.haden-scott@delancey.com - Coronavirus will paralyse the market until Autumn 2020.

Victoria Gould, London, Victoria Gould Consulting, victoria.gould@victoriagouldconsulting.com - The political uncertainty and the impact of the coronavirus will affect the UK leasing and investment market for the foreseeable future. The structural changes in the UK consumer market will continue to further impact on the retail and leisure real estate market and landlords will need to continue to creatively adapt to the changing market conditions.

William Nicol-Gent, Richmond, Killochan & Co, louanna@blueyonder.co.uk - Available evidence in most areas is (still) weak, local authority leadership re Panning & Tpt non-existent.

William O'Mahony, London, Imtech, omahonyliamk@gmail.com - Slowing down.

## North East

Barry Nelson, Durham City, Whittle Jones North East, bnelson@whittlejones.co.uk - Following a period of strengthening demand in the industrial sector across County Durham, the current pandemic is likely to have far reaching negative market consequences.

David Downing, Newcastle Upon Tyne, Sanderson Weatherall Llp, david.downing@sw.co.uk - The NE commercial property market has definitely felt the 'Boris Bounce'. Optimism increased after the general election and activity levels across all sectors increased significantly after the New Year break. With the concerns about coronavirus affecting the global economy, what is uncertain is how long this activity level will continue. Brexit, although far less frequently mentioned, still remains lurking in the background as the negotiation of a UK/EU trade deal rumbles slowly on.

David Downing, Newcastle Upon Tyne, Sanderson Weatherall Llp, david.downing@sw.co.uk - The restrictions arising from the Coronavirus/COVID-19 pandemic have yet to show any impact on property values. Although undoubtedly there will be some effect, how great that effect will be cannot be known until we start to come out of the far side. It will certainly be a tough few months for the industry.

David Jackson, Middlesbrough, Jackson & Partners, david@jackson-partners.co.uk - There are so many destabilising market influences at present I fear its going to undermine all the great work that has been done in this area in recent years.

# Chartered Surveyor market comments

Ian Angus, Newcastle Upon Tyne, @Retail, iana@atretail.co.uk - The market had been showing good signs of strengthening from 1st Jan to end Feb and this is now a very frustrating situation we all find ourselves in. The Govt support finance will hopefully sustain the economy assuming this is a 6 month blip and given Govt stimulus with rates relief etc there will hopefully be a bounce back to recovery for the long suffering North East region.

Ian Miller, Newcastle Upon Tyne, Luxury Leisure, ian.miller@luxury-leisure.co.uk - It is going to be a tough few months, but overall a positive outlook moving forward.

John Wilson, Stockton, Appletons Surveyors Ltd, appletonsstockton@gmail.com - Stockton has not recovered from the financial crash (July 2007, here). The internet revolution, Brexit uncertainty and general elections together with a lack of co-ordinated investment has left the High Street in tatters (bottom 3 nationally), and the general lack of well paid employment and depressed level of aspiration amongst the population has had a knock on effect on private investment. There are some bright spots and with a new political outlook perhaps the town will start on the road back.

Kevan Carrick, Newcastle Upon Tyne, Jk Property Consultants Llp, kevan@jkpropertyconsultants.com - Today's Budget announcement is very encouraging for the NE region and should have a positive impact on the commercial and residential property markets.

Malcolm Holmes, Sunderland, ABP Property Consultants, malcolm@abppco.com - Badly compromised as a result of current events.

Simon Haggie, Newcastle Upon Tyne, Knight Frank Llp, simon.haggie@knightfrank.com - Doom and gloom.

## North West

Brendan O'Herlihy, Manchester, Preston O'Herlihy, brendan@prestonoherlihy.com - Very strong, until coronavirus.

Brent Forbes, Burnley, Petty Chartered Surveyors, b.forbes@petty.co.uk - Recent uncertainty due to virus consequences.

Edward Lucas, Preston, Sdl Surveying, edward.lucas@sdsurveying.co.uk - Retail market poor.

Edward Standring, Warrington, Glhearn, standringe@aol.com - The continual increase in online retailing will push demand for industrial/warehouse space. Coronavirus will add to the demand. More home working could reduce the office market. Retail will worsen.

Gary Taylor, Blackburn, Taylor Procter, gary.tp@outlook.com - The main market activity in the region is secondary industrial with good rental take up.

George Perrin, Manchester, Acute Properties, george@acuteproperties.co.uk - Terrible.

Greg Lacey, Leeds, Tilstone, glacey@tilstone.net - Logistics and industrial will weather the storm, thanks to e-commerce, food retail and a remaining lack of supply. Office demand will fundamentally change now that people have embraced working from home, retail will be very slow to recover and many casualties. Let's hope we are back on track by Q3.

Harry Bowers, Bury, Nolan Redshaw, harry@nolanredshaw.co.uk - The industrial market remained strong, especially for smaller stock as there continues to be a shortage of supply. Retail continues to stagnate and the office sector is mixed. We expect industrial to be slightly more subdued, certainly through the first half of 2020, until a period of stabilisation has taken place following what has been a time of political and economic instability.

Michael Fisher, Lancaster, Fisher Wrathall Commercial, mike@fwcommercial.co.uk - Industrial demand continues to grow, but increasing construction costs is a real concern, resulting in would-be landlords being unable to obtain the return level required. Banks will not lend against speculative new build, only when there is an agreed pre-let.

Neil Ravenscroft, Buxton, High Peak Borough Council, neil@highpeak.gov.uk - It will take a year for the market to recover from Coronavirus.

Peter Kevins, Hebden Bridge, Vine Property Management Llp, peter.kevins@vinepropertymanagement.com - Due to Brexit, global economic predictions and the Coronavirus Pandemic I believe there'll be a slight decrease in the uptake of vacant industrial space for the next 6-12 months. This will probably continue until economic and political stabilisation is achieved.

Rachel Kneale, Ormskirk/Skelmersdale, West Lancashire Borough Council, rachel.kneale@westlancs.gov.uk - There is a danger if investors combine all secondary retail as one asset class. As town centres become less of a destination of choice, residents are turning to local centres to meet the needs which cannot be satisfied by online shopping thus increasing the value that should be attached to these centres provided they are well maintained and managed actively.

Richard Peters, Wirral, Platform, richi@weareplatform.co.uk - Transitional time - huge problems & massive opportunity.

Robert Diggle, Liverpool, Eddisons, robert.diggle@eddisons.com - Enquiry levels remain relatively buoyant despite external factors such as Brexit and the Coronavirus. Ongoing strong demand for sites and buildings with a residential development end use.

Simon Adams, Kendal, Peill & Company, simon@peill.com - Currently a full stop on more or less all transactional activity due to Covid-19 in the last part of the quarter. Investment enquiries have dried up other than cash purchasers seeking value. Signs of some occupational enquiries for a period after lockdown starting to pick up in early April.

## Nothern Ireland

Ruairi O'Donnell, Belfast, Belfast City Council, odonnellr@belfastcity.gov.uk - The effects of Covid-19 on the commercial property market in the UK (and globally) will be massive and will be felt for years to come. All sectors will be hit hard but retail will suffer most with increased online spending due to stores being closed at this time. Let's hope we can get back to normal life soon.

Ryan Molloy, Armagh, Cps Property, r-molloy@live.co.uk - During this time of uncertainty there is a lot of fear in the commercial market due to the coronavirus and the downturn in the stock markets. The next 2-3 months will explain a lot of what will happen in our economy, jobs are hopefully only temporarily under threat. When this Virus is under control things will hopefully go back to normal in 4-6 months.

Shane McBride, Belfast, McAleer & Rushe, smcbride194@gmail.com - Political uncertainty over Brexit and lack of direction from local government is preventing NI from progressing.

## Scotland

Alan Creevy, Glasgow, Cdlh, alan.creevy@cdlh.co.uk - COVID 19 will make the market grind to a halt until it is behind us.

Colin Steele, Edinburgh, Rapleys Llp/Steele Re, crsteele@sky.com - Covid-19 presents the biggest economic and social threat being faced.



# Chartered Surveyor market comments

David Castles, Glasgow, Ian Philp Glasgow Ltd, david@philpholdings.co.uk - Very difficult to predict market in the next calendar year due to the current COVID 19 crisis. Markets may experience some kind of a bounce back once trading restrictions are lifted but may take some time for companies to remobilise and in short term liquidity of businesses is a concern even with government assistance.

David Manson, Aberdeen, Valuation Office Agency, d.m.manson@icloud.com - Grade A properties are in high demand but with limited supply. Lower rents have encouraged companies to relocate to better spec properties, which has led to Grade C space being left vacant or demolished for redevelopment.

Gavin Anderson, Glasgow, Dm Hall, gavin.anderson@dmhall.co.uk - After a strong start to the year, we are now entering a period of abnormal uncertainty due to the Coronavirus pandemic. The impact of the pandemic on commercial property market and property values will depend on the extent of the economic damage caused, which in turn will depend on how long it lasts and how long the UK is in lockdown.

Gillian Giles, Glasgow, Ryden, gillian.giles@ryden.co.uk - Being affected by virus.

Ian H Murning, Edinburgh, Murning Associates, ianmurning@murningassociates.com - Covid-19 has introduced major uncertainty into the market, which could adversely affect commercial real estate over many years.

Jack Mc Kinney, Glasgow, Galbraith & Lawson, j.mckinney2006@tiscali.co.uk - Continuing uncertainty increasing risk with Brexit still hanging around and potential for referendum in Scotland against the backdrop of poor economic position and outlook at a time when structured consolidation and easily accessed support would be the option to adopt.

John Brown, Edinburgh, John Brown And Company, john.brown@jb-uk.com - The changes in working methods imposed by the Covid 19 pandemic will mean re-assessment of work space and how we work. Retail will be a longer term loser. Capital values of all property assets will be under consideration in the shorter term. However, realism is needed and prudent behaviour.

Matthew Edgar, Edinburgh, 1910 Investments Limited, e1910.office@gmail.com - Uncertain market demand conditions where weight of capital and base interest rate reduction to 0.25% impact still unknown.

Nikol Papastefanou, Edinburgh, Edinburgh Airport, npapastefanou@hotmail.com - COVID-19 is the new huge risk that the Real Estate industry needs to face - lower rents, no demand, more vacant space.

Robert Evans, Edinburgh, Ryden, robert.evans@ryden.co.uk - Different sectors/asset classes will be affected and will respond very differently post Covid-19. Some sectors will see significant falls in baseline values reflecting macro economic demand trends - some sectors previously under stress will require complete recalibration and re-concepting.

## South East

Alexander Hugh St Pier, Guildford, St Pier Ltd, ahsp@stpier.co.uk - Shell shocked given the effects of lockdown following Covid 19.

Colin Brades, Brighton & Hove, Avison Young, colin.brades@avisonyoung.com - Feedback from local retail operators indicate a difficult but not disastrous festive trading season, albeit the continued unknowns of Brexit and the impact of Covid-19 remain a concern going forward. Landlord's report relatively few rent payment defaulters in Q1.

Harry Bevins, Reading, Haslams Chartered Surveyor, harrybevins@hotmail.co.uk - 2019 was heavily impacted by uncertainty caused by Brexit. Now 2020 is on hold thanks to the COVID-19 crisis.

Iain Steele, Farnham, Park Steele, iain@parksteele.com - Having survived the extended period of uncertainty due to Brexit there was a lift following the decisive general election leading to strong activity. The sudden quiet is presumably due to a disappointing response to the coronavirus, which may be due to it capturing the imagination of a different demographic allowing the media to get their teeth into something else to use to hit the economy, while the finance markets take an initiative. A robust response to the situation will see us through.

James Birkett, South East, Mendip Capital, james@mendipcapital.co.uk - Coronavirus will bring a short term shock to sector. Unlikely to have much effect on CVs in the medium term.

James Langrish-Smith, Loughton, Essex, Clarke Hillyer, james.ls@clarkehillyer.co.uk - At the start of 2020 the general market was looking stronger than it had been for some time due to the outcome of the last General Election. However, the COVID-19 pandemic has completely decimated the market from March onwards. The market will continue to deteriorate whilst current restrictions are in place. Provided that the economic damage caused by the pandemic is kept to a minimum, we would expect the market to recover strongly next year.

Jeremy Braybrooke, Southampton, Osmond Brookes, jeremy.braybrooke@osmondbrookes.co.uk - Everything was looking very good, late January and February, the Boris Bounce that I and many others predicted was coming into effect, and then the world caught a virus. Now not expecting to complete a retail deal for the foreseeable future, values are out the window, but many landlords seem to be struggling to catch up with the facts. Impossible to predict where this is going until we know how long the current shut down position is going to last (written 17 March!).

John Hempton, South Coast Of England, Hempton Franks, jjh@hemptonfranks.co.uk - Uncertainty and global threat from virus and resulting possible disruption to stability does not assist in the assessment or forecasting of demand and market conditions. It may be that matters will prove to have less of an impact than is being speculated upon at this time in mid March 2020 but not possible to assist in any facts or evidence to assist the uncertainty.

Mark Minchell, Chichester, Flude Commercial, m.minchell@flude.com - We had hoped Q1 2020 would see a return to normality but the market gets hit by COVID 19 which will affect activity in terms of availability of professionals to undertake the work, clients or applicants unable or unwilling to view premises. Having said that, with the drop in the FTSE etc will property be seen as a safer bet dependent on covenant robustness of the tenant? Who would want a business exposed to the travel industry in their portfolio of tenants.

Mark Rymell, Woking, Citicentric, mark.rymell@citicentric.co.uk - Due to the impact of Covid-19, a real picture of markets will not be known until the Autumn.

# Chartered Surveyor market comments

Nick Hanson, Farnham, Vospers, nick.hanson@vospers.net - Underlying conditions in the market generally improved in the early months of this quarter as a degree of political certainty began to surface. However, this has since become tempered, initially by issues regarding the ultimate negotiated settlement still to be agreed with the EU and, more immediately, the now stark ramifications attached to the COVID-19 outbreak. A change of mood to one of concern is becoming apparent in the market together with uncertainty.

Nigel Riley, Woking, Citicentric, nigel.riley@citicentric.co.uk - Short term disruption to all markets as a result of Covid 19.

Paul Matton, Winchester, Bestway Retail, paulmatton@yahoo.co.uk - One of the biggest risks to commercial real estate is the over valuation of assets by shopping centre owners who for too long have presented a façade that they were immune from the issues that the high Street faced. The inevitable revaluation of their assets will put many at risk of breaching their banking covenants and whilst their lenders may not enforce terms at this time, investors will no doubt, consider their position.

Peter Ridsdale Smith, Tunbridge Wells, Bracketts, peter@bracketts.co.uk - After some general increased activity in the New Year following the general election, the Covid-19 situation has decimated the market which is now totally on hold through all sectors other than online auctions. There is massive uncertainty as to when the market will return and there could be a big transformation on working practices, occupier demand and so on. All a big worry.

Philip Marsh, Beaconsfield, Philip Marsh Collins Deung, philip@pmcd.co.uk - The day after Boris Johnson has announced wide restrictions on public movement and on the visiting of all non-essential shops, restaurants etc, it is very hard to be positive about the rest of 2020. It is March quarter day tomorrow and we expect very few rents to be paid on time.

Stuart Clark, Worthing, Marshall Clark, s-clark@marshallclark.co.uk - The market as at the time of responding to the survey in mid March 2020 is getting badly negatively affected by the coronavirus issues. The market is spooked by everyone's reaction to it and frankly no one knows what's going to happen – uncertainty. is almost the worst enemy. Potentially could be concerning times ahead. We've already seen clients withdraw from acquisitions

Tom Holloway, Portsmouth, Holloway Iliffe & Mitchell, tom@hi-m.co.uk - The COVID-19 crisis is set to change the way businesses work and interact, time will tell how this will affect the built environment.

## South West

Adam Parsons, Exeter, Pepper Commercial, ap@peppercommercial.co.uk - Early downswing.

Alistair Colston, Bath, Colston & Colston Chartered Surveyors, aic@colstonandcolston.com - At the date of writing the immediate outlook is unclear given the uncertainty over the impact of Covid-19 on the local, national and global economies.

Andrew Hardwick, Bristol, Carter Jonas, andrew.hardwick@carterjonas.co.uk - The virus has changed the outlook completely.

Andrew Kilpatrick, Swindon, Kilpatrick & Co, a.kilpatrick@kilpatrick-cpc.co.uk - The early part of Q1 saw improving confidence in Swindon's commercial sectors with increased enquiries as the improved political certainty trickled through to improve business confidence. This ceased in March as the Coronavirus & lockdown came in and deals collapsed along with property enquiries. With the lockdown seemingly likely to continue for 3 months, all predictions for 2020 can be shelved. Many businesses will not survive this, despite the Government help.

David Morgan, Bristol, Morgan And Clarke, Chartered Surveyors, david@morganandclarke.co.uk - Market being hammered by coronavirus.

John Woolley, Salisbury, John Woolley Ltd, john@johnwoolleyltd.co.uk - Covid 19 is the greatest likely impact on all of this in the next three months.

Jonathan Stone Frics, Exeter, Jon Stone Surveyors Ltd, jon@jonstone.co.uk - Still active business space market but slow in offices and weak in retail.

Luke Sparkes, Cirencester, Thomson & Partners LLP, ls@thomsonandpartners.co.uk - After moving past the hurdle of Brexit and a enjoying a reasonable start to the year we now find ourselves stalling against Coronavirus, with events further exasperated by the media. Confidence is something that must be nurtured, and not constantly dampened by the media, it must grow before things can move forward.

Mark Stupples, Bristol, Jmark Consultants, mark@jmarkconsultants.co.uk - Really difficult to give any sensible answers given the backdrop of COVID-19. As valuers cannot get in to inspect properties, transactions will be very limited, so rental and capital values are impossible to assess. The damage to the economy will be high and potentially long-lasting. Prime warehouses will be the only winners.

Martin Smalley, Bristol, Gleeds, martin.smalley@gleeds.co.uk - Particularly strong in the office and residential markets. Light industrial grade A space busy, retail dormant!

Matthew Blaken, Bristol, DJ&P Newland Rennie, matthew@djandp.co.uk - A positive start to the New Year buoyed by development activity in and around Bristol.

Michael Kelly, Poole, Goadsby Est Agents, michael@evelly.co.uk - Slow, unreliable buyers due to stock market changes and general economic position being uncertain due to COVID - 19.

Oliver Workman, Cheltenham, Thp Chartered Surveyors, oliver@thponline.co.uk - Early 2020 has witnessed a small bounce driven by more political clarity and market confidence. However we are yet to see the full impact of the Coronavirus and that could change everything.

Paul Whitmarsh, Swindon, Whitmarsh Lockhart Llp, paul@whitmarshlockhart.com - Since the start of the COVID crisis the commercial property market has largely ceased to trade. It is difficult at this moment of time to assess the long term implications of this, other than it is likely to severely impact the market.

Peter Jones, Southampton, Gavaghan Jones Associates, p.jones@gavaghanjones.com - Now in a period of material uncertainty.

Richard Douglas, Bristol, Chadwick Holdings, richard.douglas@chadwickholdings.co.uk - Forecasting is difficult at the best of times - and these are unprecedented. However, provided government permits the economy to re-start quickly on the basis of a 'managed' pandemic strategy, then there is no reason to think the economy shouldn't bounce back strongly from Q3.

# Chartered Surveyor market comments

Sau-Wan Lai, Watelooville, Wheeler & Lai Chartered Surveyors, slai@wlsurveyors.co.uk - At the moment, this survey was completed in the 3rd week of lock down, and there will most definitely have been a change in perspectives and views had this survey been completed pre-Covid 19 lock down. All sectors are suffering, and there will be unprecedented issues regarding business continuity and property values. We are seeing a major drop in activity in our agency role, but we anticipate once we get "to the other side", there will be a more than enough activity of all kinds to keep busy.

Simon Walsham, Bournemouth Poole And Christchurch, James And Sons, simonwalsham@jamesandsons.co.uk - Positive signs immediately following election diluted by uncertainty of the effect on the economy of global health issues.

Tim Wright, Yeovil, Rmw Knight, t.wright16@ntlworld.com - We are in uncertain times with Covid-19 virus. The effects on the commercial property market are difficult to predict at this stage. Fortunately our industry is one which can effectively work from home and to a certain degree it is business as usual.

Wendy, Bristol, Npower Ltd, wendy\_spr@hotmail.com - The main concern now is Coronavirus and the fact that everything is shutting down. Hopefully when the new world dawns there will be a genuine wish to get the world back on track again and get markets thriving and operating in a more sustainable way.

## Wales

Jonathan Williams, Wrexham, Jon Williams Mrics, jon@jwcommercial.biz - Your survey has been taken at a most extraordinary time for the world and its economy and the answers given are somewhat pessimistic in light of the uncertainties surrounding the Covid 19 epidemic and the uncertainty surrounding its longevity.

Michael Bruce MRICS, Cardiff, Dlp Surveyors, michael@dlpsurveyors.co.uk - The 6 months to Decembers election proved challenging with many deals being put on hold due to political uncertainty. There had been a definite increase in general occupier demand at the start of the year. However this is said before the full impact of the coronavirus is known, and whether (or what type of) impact it will have on the property market. Also following the Chancellors budget we in Wales await any positive reaction from Cardiff Bay on business rates.

Nick Founds, Swansea, Rj Chartered Surveyors, nick@rj-cs.co.uk - The market has performed well at the start of 2020. However, the coronavirus is causing us concerns.

Ross Jenkins, Pontypridd, Jbr Commercial Property Group, ross@jenkinsbest.com - Market has been significantly affected by the Covid-19 pandemic. New enquiries have halted, current requirements are now on hold and many of the parties that had agreed terms on a property have since withdrawn.

## West Midlands

Anthony Hargreave, Warwick, AC Lloyd (Asset Management) Ltd, anthony.hargreave@sky.com - Pandemic issue clouds everything.

Cameron Thomson, Birmingham, Mcr Property Group, cameron.thomson@mcrproperty.com - Markets thrown into immediate, but hopefully relatively short term, uncertainty surrounding Covid-19 impact, recovery and business support from the government.

Charles Warrack, Birmingham, Johnson Fellows, charles.warrack@johnsonfellows.co.uk - The effects of COVID 19 are now starting to bite and the next 6 months are therefore going to be crucial for the property sector. The sooner it can see an economic recovery, the better.

Christian Smith, Birmingham, Savills, christian.smith@savills.com - It is too soon to pick up on falls in rents and values as its only been two weeks, pretty sure we will see some over the next 2-3 months.

Christopher Maydew, Stoke On Trent, Rory Mack Associates Ltd, chris@rorymack.co.uk - I believe that we are at a truly important commercial period, especially with falling rents, unrealistic business rates and a difficult market.

Daniel Donaghy, Coventry, Coventry City Council, daniel.donaghy@coventry.gov.uk - Pre-Covid-19 there was little demand for office and dampening demand for retail with increase in voids for prime retail. Suburban retail continues to do well. Industrial across Coventry is growing significantly with a number of lease renewals being at market rents quite above the original lease. Covid-19 has thrown everything into disarray, particularly across retail in the city.

Graham Taylor, Birmingham, Jll, graham.taylor@eu.jll.com - With the coronavirus we are in troubled times for the immediate but hope it is sorted out as soon so then the market will recover.

James, Stoke On Trent, Sandyford Properties, j.lewis@sandyfordproperties.co.uk - Uncertainty around the global economy due to coronavirus have/will upset an otherwise confident market.

James Owen, Birmingham, Bnp Paribas Real Estate, james.owen@realestate.bnpparibas.com - With the current Covid crisis it is unclear what this is going to do to the economy and property.

Jamie Simpson, Birmingham, Carter Jonas, jamie\_s\_simpson@hotmail.com - The outlook is very positive for the West Midlands, providing the wider markets do not catch a virus. We are approaching the upper part of a cycle.

Michael D. Jones Frics, Bromyard Herefordshire, Michael D Jones Ltd, mdjones.chartereddsurveyor@virgin.net - We are only a few weeks into the coronavirus situation in this country and the effects on restaurants/shopping and even supermarket visits are already marked.

Richard Goodall, Birmingham, Vail Williams, rgoodall@vailwilliams.com - Slowing down as the impact of the virus and the deterioration in the global economy increases. The recent fall in the equities market should lead to a surge in buying requirements for commercial property investments however this is not as yet apparent in the pricing and yields currently prevailing in the market.

Steve Hawthorne, Stourbridge, Slh Property Consultants Ltd, stevehawthorne@slh-uk.com - We are entering uncharted territory in which anything can happen.

## Yorkshire & the Humber

Andrew Idle, Bradford, Andrew Idle Commercial Property Ltd, andrew@andrewidle.co.uk - Concern about unknown impact of coronavirus but acceptance that the show must go on.

C Garvin, Hull, Garness Jones Limited, colin.garvin@garnessjones.co.uk - The Humber region is fortunate in that it is benefitting from the renewables sector combined with excellent connectivity, but we suffer from historic low values and so speculative building is not feasible but it is a great place to locate to.

Chris Noble, Hull, Allied Hull, chris@nt3.co.uk - The market in Hull is quite stable, especially for industrial uses, as the wind turbine industry has caused a fillip in demand. Offices are weaker, and remote working may accelerate a decline. Residential values are stable, investor demand is stable where supported by lenders.

# Chartered Surveyor market comments

David Martindale, Wakefield, Fsl, david.martindale@fslea.com - The last 3 months have been fairly steady in the commercial market but, now Covid 19 is having a greater effect on everyone, it is expected there will be a general slowdown.

Harry Elliot, Leeds, Carter Jonas, helliotuk@gmail.com - Struggling.

John Trenor, Skipton In Craven, Brotherton Trenor Land Ltd, johncbtrenor@live.com - Retail continues to suffer and I can see little amelioration in the short or medium term. Industrials continue to be relatively healthy and in demand.

Michael Darwin, Northallerton, M W Darwin & Sons, info@darwin-homes.co.uk - The current Corona health crisis is having a sharp and unexpected affect on all commercial markets, the longer it goes on with no end in sight the worse it will become.

Nicholas Coultish, Kingston-Upon-Hull, Scotts Property Llp, nick@scotts-property.co.uk - The Impact of Covid-19 upon the commercial property market in the medium to long term remains unclear. In the short term, the impact is potentially devastating to some markets, specifically retail and some elements of the office market. We hope that there is a quick rebound once this is all over. Owing to the lack of vacant Industrial Property in the Hull/East Yorkshire area prior to Covid-19, coupled with a strong B8 use base, values and occupation rates may be resilient locally.

Richard Corby, Leeds, Lambert Smith Hampton, rcorby@lsh.co.uk - At the time of writing, we have no certainty over the markets whatsoever. Rent is not being paid and the weaker or highly geared landlords will suffer; however, the banks may give them more space than ever has been seen before, if the government promises to support the banks. We must wait and see.

Richard Flanagan, York, Flanagan James, richard@flanaganjames.com - Undoubtedly the events around COVID 19 are now having a significant effect on occupier markets. A number of transactions are in jeopardy as businesses put a hold on acquisitions due to economic uncertainty.

Rob Darrington, Sheffield, Commercial Property Partners, rob@cpartners.co.uk - Was good up to Covid-19.

Ryan Dunphy, Doncaster, Barnsdales, ryan.dunphy@barnsdales.co.uk - Trends have been over run by the coronavirus.

Stephen Newland, Leeds, Gerald Eve, snewland@geraldeve.com - The virus is obviously swamping every decision currently and I see this as the major market influence in the next twelve months as we hopefully overcome the short term crisis. The impact may last several years depending on how soon we can get some control.

Thomas Lavin, Sheffield, Rotherham Council, thomas.lavin@rotherham.gov.uk - Other than the likes of amazon and other large online retailers, business rates are impacting on retail. Some of the large stores are vacant for long periods of time as potential tenants are put off with the business rates.

V Stockill, York, Nycc, ginny.stockill@hotmail.co.uk - We are in uncertain times due to the coronavirus so very difficult to predict changes and values.

# Information

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Survey questionnaires were sent out on the 12 March with responses received until 13 April.

Number of contributors to this survey : 586

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## Confidence through professional standards

RICS promotes and enforces the highest professional qualifications and standards in the valuation, development and management of land, real estate, construction and infrastructure. Our name promises the consistent delivery of standards – bringing confidence to markets and effecting positive change in the built and natural environments.

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