ECONOMICS

UK Commercial Property Monitor

Q4 2022

ECONOMICS

Near-term capital value expectations move deeper into negative territory across all sectors

- 83% of respondents consider market conditions to be consistent with a downturn
- Near-term capital value expectations are now negative across all sectors
- Three-month rental outlook comparatively more resilient for industrials although office and retail rents are seen falling

The Q4 2022 RICS UK Commercial Property Survey results are symptomatic of a further deterioration in overall market conditions during the quarter. Indeed, at the national level, 83% of respondents are now of the opinion that the market is in the downturn phase of the cycle, up slightly from 81% taking this view last time. The largest share (49%) still consider this downturn to be in the early stages, although there was an increase from 20% to 34% in the share of survey participants sensing we have reached the midpoint of the contractionary phase. That said, only 9% feel the market has bottomed out in this current cycle, up marginally from 4% last time.

Starting with the occupier market, the all-sector net balance for tenant demand slipped to -20% in Q4. This is down from a figure of -10% previously and marks the softest reading since the end of 2020. Looking at the sector breakdown, a noteworthy fall in occupier demand was cited across offices (net balance -29%) and retail premises (-45%), with both metrics falling deeper into negative territory over the quarter. Meanwhile, tenant demand remained marginally positive for the industrial sector (net balance +6%), albeit this represents a significant softening compared to the strong growth being report during H1.

Alongside this, the availability of leasable space continued to increase across the office and retail sectors, but fell slightly for industrials. At the same time, the value of incentive packages on offer to tenants increased in each sector, although the rise was much more modest for industrials. Nevertheless, near-term rental expectations remain modestly positive within the industrial sector, even if the latest net balance of +19% is the least elevated since Q3 2020. By way of contrast, rental expectations remain in negative territory for both the office and retail sectors, returning net balances of -24% and -47% respectively in Q4 (unchanged from the Q3 survey results).

On a twelve-month view, prime office rental expectations remain marginally positive (net balance +10%), although the outlook seemingly worsened for secondary office rents as the net balance fell from -42% to -52%. On the same basis, prime and secondary retail rents are both envisaged to fall, with the latter posting a particularly downbeat Q4 net balance of -62%. Conversely, respondents' still foresee rents rising across prime and secondary industrial sectors over the year ahead, even if the latest net balances of +40% and +6% have been scaled back relative to last quarter.

In terms of the regional results, the feedback across London points to slightly stronger rental growth prospects for prime offices compared to the national average (net balance +19% vs +10%). Meanwhile, for the South of England, prime office rents exhibit flat expectations, posting a net balance of zero. For secondary industrial rents, respondents across the Midlands and the North of the country still anticipate reasonably solid growth over the next twelve months. At the other end of the scale, secondary industrial rental projections are flat to marginally negative within London and the South of England.

Turning to the investment market, buyer enquiries reportedly fell at the headline level, evidenced by a net balance of -30% of respondents citing a decline in investment demand. Moreover, investor enquiries fell across all sectors covered for the first time since the early stages of the pandemic. Likewise, overseas investment demand was also down within each sector compared with the previous quarter.

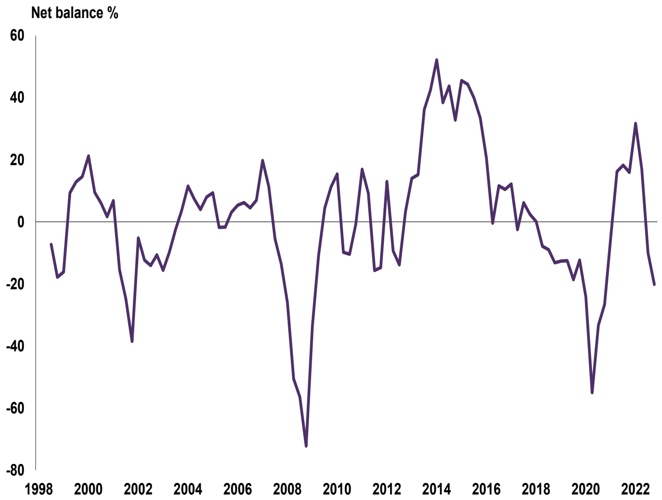
It appears that recent interest rate rises are now having a significant impact on capital values, with near-term expectations falling sharply across all sectors. For the industrial sector, the Q4 net balance reading of -18% marks the weakest figure for this metric going back to 2011. Similarly, capital value expectations fell across the office and retail sectors, posting net balances of -54% and -65% in Q4. Looking out over the next twelve months, capital value projections are now in negative territory (to a greater or lesser degree) across all three mainstream sectors (both prime and secondary markets). What's more, all parts of the UK now display negative all-property average capital value expectations for the year to come.

Bucking the broader trend somewhat, a few alternative sectors such as aged care facilities, student housing and data centres still returned marginally positive capital value expectations, although these have been pared back noticeably in each instance during Q4. For multifamily residential, the net balance of respondents expecting a rise/fall in capital values slipped to zero, from +21% beforehand. Alongside this, the twelve-month outlook for hotel capital values deteriorated further, with the net balance falling to -26% from -18% previously.

Playing a significant part in the pull-back across many investment market indicators during Q4, credit conditions were reported to have worsened by a net balance of -73% of contributors (down from -68% last time). As such, this denotes a fresh record low for the series (first introduced in 2014), with higher interest rates singled out by many contributors as ushering in a period of adjustment in market valuations.

Commercial property all-sector average

Occupier demand



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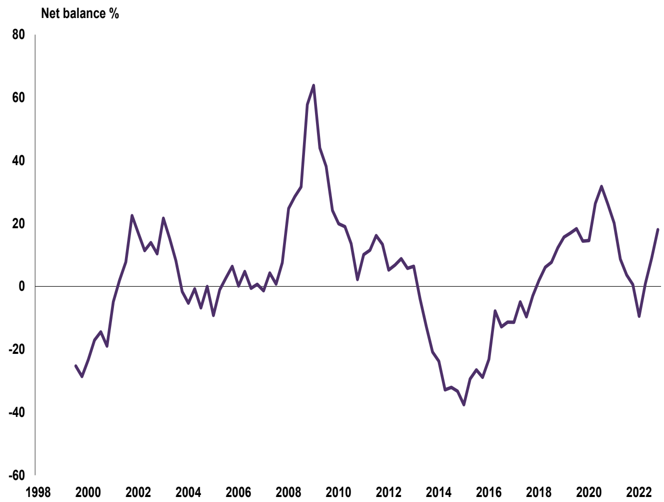
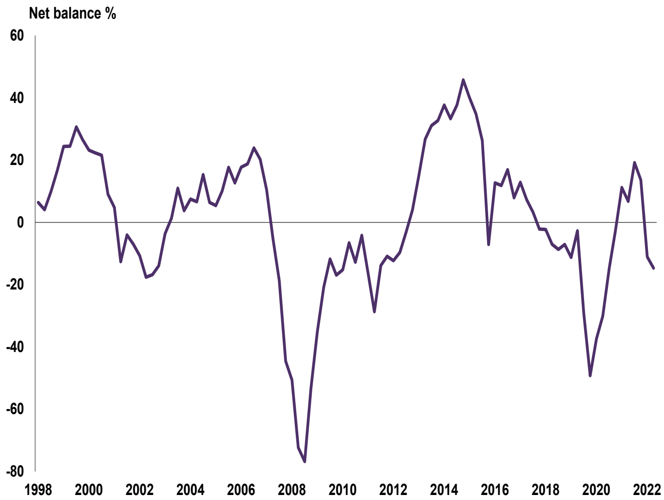
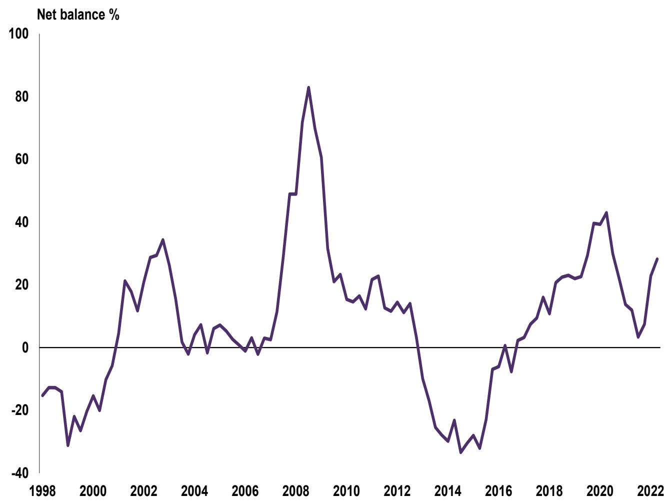


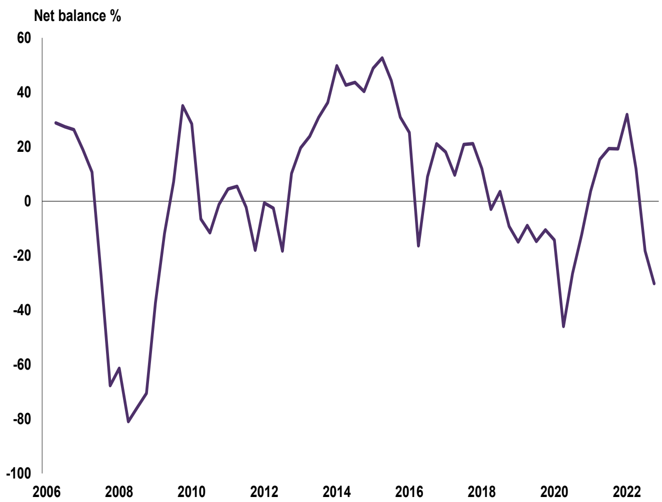
Rent expectations



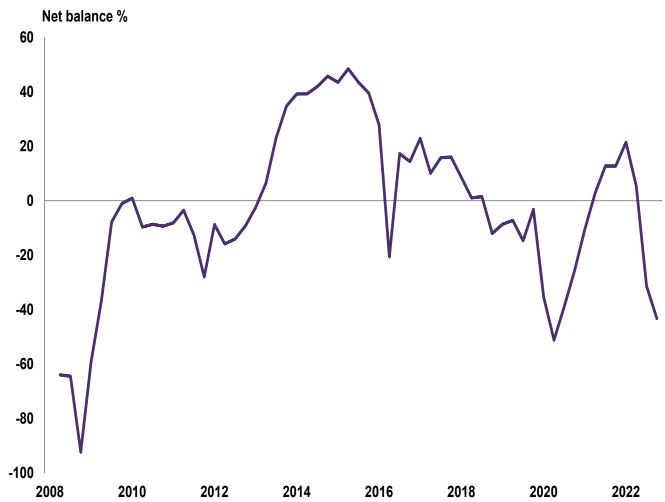
Inducements



Investment enquiries

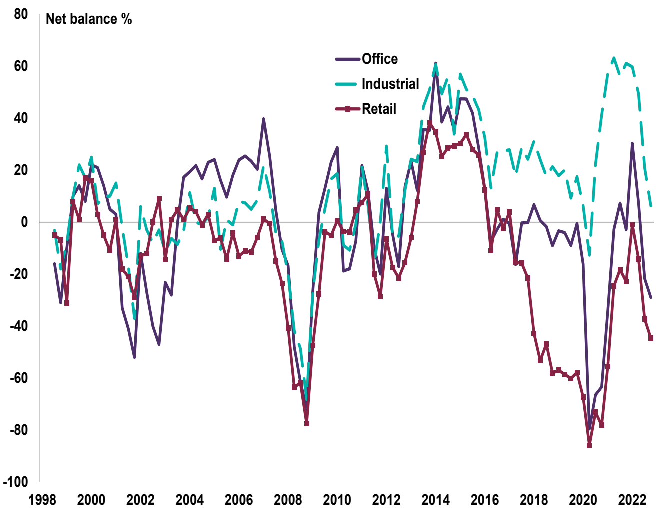


Capital value expectations



Commercial property - sector breakdown

Occupier demand



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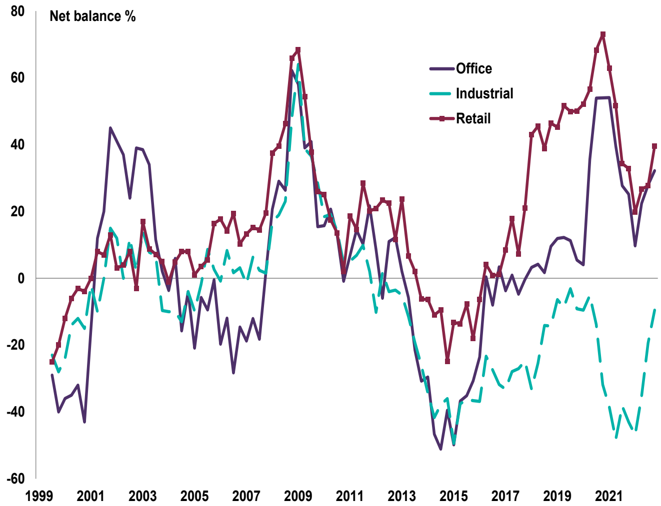
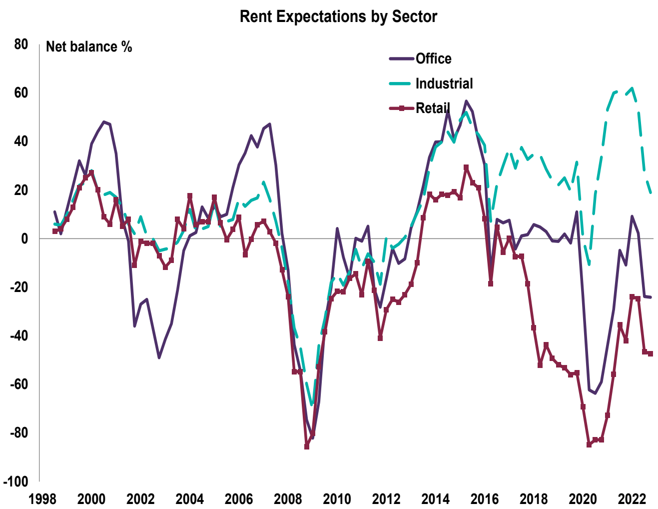


Rent expectations



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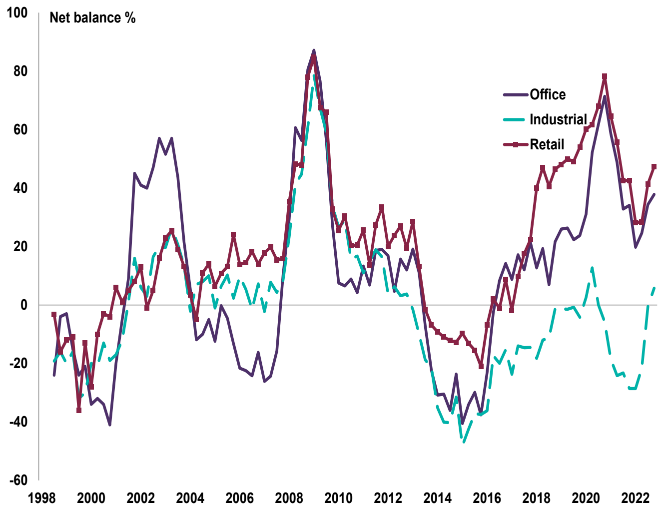
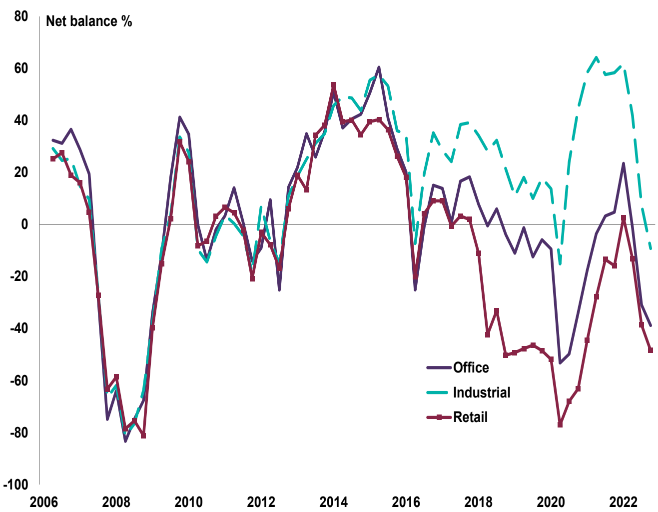
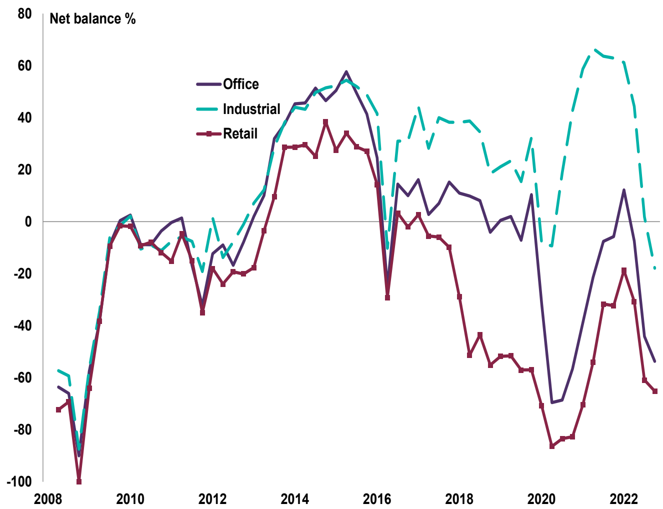


Investment enquiries

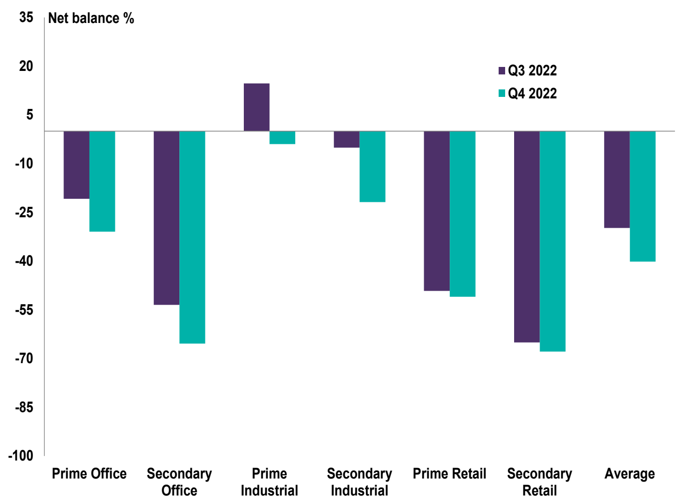


Capital value expectations



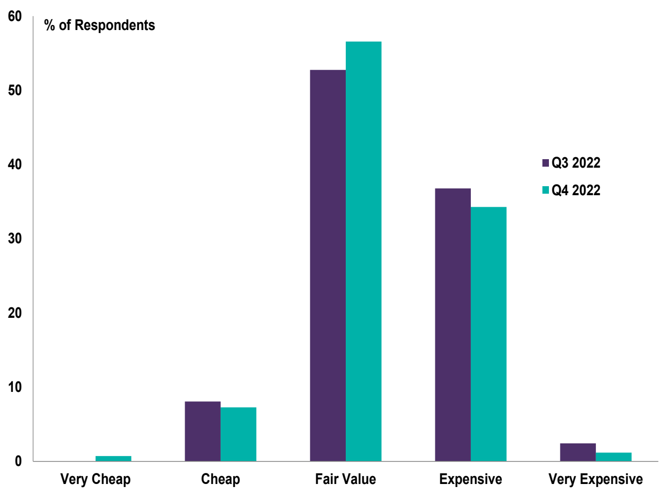
Commercial property - additional charts

12-month capital value expectations

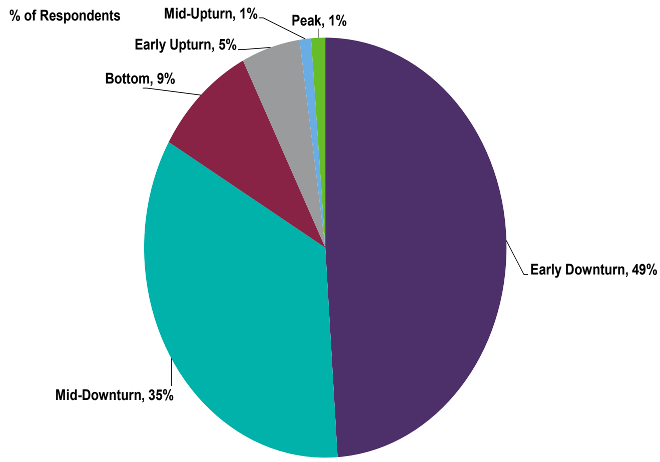


12-month rent expectations

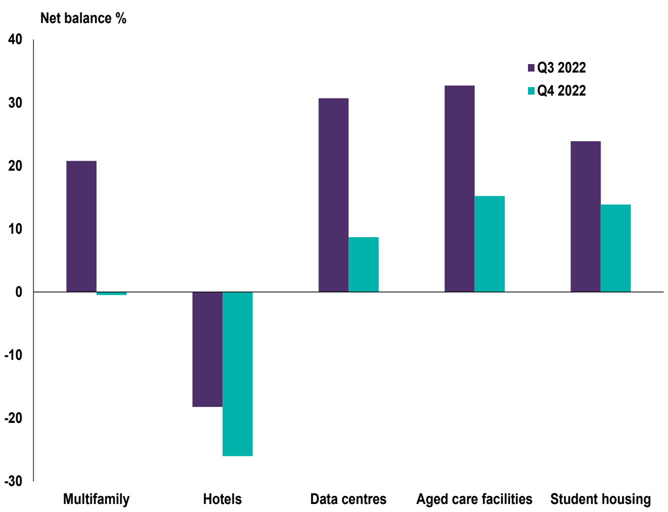
Market valuations



Property cycle



12-month capital value expecations alternatives



Chartered surveyor comments

East Midlands

Alex Reid, Loughborough, Mather Jamie, alex.reid@matherjamie.co.uk - Local occupier / smaller industrial still limited supply will continue. Larger and mid box may slow if supply chain expands. Investors more cautious.

Andrew Silcock, Retford, Silcock And Partners, silcockandrew69@googlemail.com - Retail demand still poor in market towns. Smaller industrial companies still looking to buy premises, supply still limited.

Ben Coleman, Northampton, Ben Coleman Associates, ben@bencolemanassociates.co.uk - The 'Liz Truss' effect will be with us for some time. Markets are in correction phase and it may be a few months before things settle down.

Brendan Bruder, Northampton, Abbeyross Chartered Surveyors, brendan.bruder@gmail.com - Private sector will look to the public sector and continuity signs in the levelling up agenda for a guide. Independents and social enterprises will see some value as they are insulated slightly by the rates uptick from April 23. Exactly how any RV can be increased post Brexit, Covid and inflation crisis is subject to debate.

David Hayton, Northampton, Eddisons, david.hayton@eddisons.com - At the present time the general economic outlook is being affected by a range of predominantly negative factors and the implications for property rents and capital values are bound to be affected in a negative way.

Helen Pearson, Northampton, Gxo, helen.pearson@gxo.com - Industrial rents have increased so much that it's pricing customers out of the market. Hoping for at least a plateau in rents next year.

Jamie Cameron, Lincoln, Brown & Co Llp, james.cameron@brown-co.com - Still robust.

Peter Hotchin, Loughborough, Mather Jamie, peter.hotchin@matherjamie.co.uk - I think there is a great deal of uncertainty in the freehold markets generally as a result of bank lending rates and general economic concerns. This not just UK based and international issues may continue to have an impact.

Richard Jenkins, Nottingham, Wilham Properties Ltd, richardjenkins57@gmail.com - People don't know how much pain there is to come.

Sam Kingston, Norwich, Roche Chartered Surveyors., samk@rochecs.co.uk - The market has slowed over the past 2 months, driven by economic uncertainty. Lack of supply means that the warehousing market remains buoyant, but rents are likely to have reached a plateau with business costs increasing. The office market has polarized with prime Grade A space being preferred to secondary and dated accommodation.

Tom Drake, Northampton, Drake & Partners, tdrake@drakeandpartners.co.uk - The investment market has slipped due to the economic uncertainty caused by government incompetence, which has led to increased borrowing and reduced confidence. In the occupational market however, businesses renting and looking to buy their own property so far hasn't changed. Their remains steady demand and a lack of stock.

Eastern

Alex Brown, King's Lynn, Borough Council Of King'S Lynn And West Norfolk, alex-brown@west-norfolk.gov.uk - New quality industrial development retains strong demand, trade counter leading the field in terms of rent. Retail rents have significantly re-based helping increase security; yields are lower than expected. High quality serviced office has remained strong in terms of demand. Affordability concerns in industrial sector due to energy crisis, business rates and rising rents.

Daniel Musgrove, Stevenage, Brown And Lee, daniel.musgrove@brownandlee.com - Smaller offices are letting well, larger office occupiers are still making decisions about how they want to occupy space moving forward. The industrial market has slowed but still good demand for stock and lack of supply of quality units.

David Ousby, Cambridge, Borough Council Of King'S Lynn & West Norfolk, david.ousby@gmail.com - Still interest from both investors and occupiers but economic headwinds are weighing on sentiment, delaying decisions to move / invest.

Giles Ferris, Bedford, Stimpsons Eves, giles.ferris@stimpsonseves.co.uk - We have had a very buoyant market which has resulted in a shortage of commercial stock that has forced up rents and capital values. The current economic climate of high inflation has resulted in interest rate increases meaning it is harder to raise capital to finance the purchase of commercial property. There is still a lot of cash available to buy buildings but this is at a reduced level whereby purchasers require better value for money. This will re-level the market.

Jeff Fuller, Norwich, Oa Chapman & Son Ltd, jeffdfuller@hotmail.com - Industrial yields and rents holding out well particularly in areas with good road links. Retail and office very difficult at present. Residential rents generally rising fast due to decreasing supply as a consequence of government policy.

John Casson, Bury St Edmunds, John Casson Survey Services Ltd, john@jcsurveyservices.com - At present the market appears relatively unaffected by deteriorating economic conditions but it is considered that it will slow as the effects of the downturn are felt.

Michael Lawton, Flitwick, Trinity Solutions Consultancy Ltd, michael@trinitysolutions.org.uk - Greedy landlord and over optimistic agents are undermining the ability of the market to achieve a sensible and stable equilibrium.

Nigel Morgan, North Walsham, Managed Property Supply Ltd, nigeldmorgan13@gmail.com - Very little confidence. Mainly privately funded investors here and these have seen secondary property as a way of achieving income in a period where interest rates have been low. Absent that driver, the jury is out on the small property investment market. Weakness there will open the door to owner-occupier purchases, so lessening alreday weak tenant demand, especially for retail.

Scott Benson, Cambridge, Benson Property Consultants Ltd, benson1970s@outlook.com - Uncertain times, downturn is coming, how severe is the only question.

Stuart King Bsc Mrics, Letchworth Garden City, Davies King Chartered Surveyors, daviesking@talk21.com - Slowing as we are in December.

Tom Nichols, Cambridge, Everard Cole, tom@everardcole.co.uk - The leasehold market has deteriorated faster and deeper than freehold market- pockets of demand have held firm in leisure sector, with urban areas bouncing back quicker and rural areas now falling behind in terms of demand and value. Early signs are that there are new entrants preparing to enter the leisure sector in the new year, some foreign investment, but mostly VC or PE backed- this will boost capital values although we expect rents and premiums to remain under pressure for the first half of 23.

London

Abraham Landy, London, Cedar Harp Ltd, dlandy@cedarharp.com - We are still finding the market variable by area. As a firm dealing with property over England and Wales, the biggest driver is the local economy, making overall comments very subjective. We do see continuing deemand from small businesses looking to grow and expand into small chains. Demand is strongest from service operators whose offer cannot be provided online.

Alan Scott, London, Ian Scott International, alanscott@ianscott.com - Pessimistic.

Andy Martin, London, Andy Martin Consukting, andy@ajwmconsukting.com - Listed market has pre-empted fall in values. MSCI index catching up. 2023 will be a difficult year.

Barry O'Donnell, London, Cbd Urban, barry@cbd-urban.com - Worst type of market. Few buyers and few sellers.

Bryn Williams, London, Bw Real Estate Ltd, bryn@bw-re.com - Huge uncertainty holding back everyone at present.

Charles Hicks, London, Strandbrook Limited, charleshicks@strandbrook.co.uk - Rating revaluation has already shown signs of improving affordability of retail premises.

Chris Jago, London, Houston Lawrence, chris.jago@houstonlawrence.co.uk - Despite general economic pressures, the leasing occupier market remains active with the exception (in general) of the office sector which is still largely inactive save as to enforced relocations. Some limited evidence of office occupier's businesses starting to show signs of expansion.

Christian Maduekwe, London, Three Rivers District Council, christianmaduekwe893@hotmail.com - Latest data available does show that Greater London property market may have hit the bottom. However, it may be too soon to tell that the worst time is over as the bottoming period may be extending or it can be a double dip situation coming up.

Colin Bird, London, Griffen Capital, colin@griffen.co.uk - Very sensitive to interest rates.

Darren Bradley, London, Cromwell Holdings, dcb@park-place.co.uk - Investment market has deteriorated very significantly with asking prices for industrial investments 25% to 30% lower than 3 to 6 months ago.

David Israel, London, Princeton Investments, davidisrael@princetonplc.com - There will be a move to ESG modern office space with outdoor space and rents, demand and capital values rising as a result. The opposite will happen to secondary offices.

Duncan Locke, London, Mcwhirter Locke Ltd, duncan@mcwhirterlocke.com - I suspect that the threat of further interest rate rises will have negative impact on the investment market until interest rates have peaked. However, rents should remain stable or rise slightly with the exception of the badly hit food and beverage market.

Edie Pratt, London, Ferrier Tomlin, ferriertomlin@aol.com - Cautious.

Emma Robinson, London, Era, emma@eraconsultancy.co.uk - Toughest market conditions I've known in 30 years.

Frank Gillespie, London, Ridgemount Properties Limited, fgg@ridgemount.co.uk - Challenging times, confidence low, interest rates set to rise again, construction costs slow to fall and new construction starts lower that 12/24 months ago. Affordability in residential market still under strain. I expect new build residential to fall in 2023.

George Brooke, London, Stephen Kane & Company, georgebrooke@stephenkane.co.uk - The market is cyclical; with consumer spending and purse strings being tightened together with rising costs and smaller operating margins, some brands are inevitably suffering, however, this brings about change and new opportunities allowing new entrants into the market, positivity and excitement.

Giles Worrall, London, Aurum Real Estate, giles@aurumrealestate.co.uk - Deteriorating.

Graham F Chase, London, Chase Sinclair Clark, gfc@chasesinclairclark.co.uk - Volatility is the key caution but a sense of the bottom of the cycle is in the air in the commercial sector but the downturn in residential has only just begun.

Harveer, London, Lbr, chahal_h@hotmail.co.uk - Very expensive rates, until that or house prices drop, there will be a stagnant supply and demand state of play. Something needs to give i.e. stamp duty and business rates.

Ian Mason, London, Aew, ian.mason10@hotmail.com - Rising interest rates have been slowing markets down since before summer and values have started to adjust accordingly. The mini budget of 23/9 destabilised all markets Inc RE and spooked the lending market so many lenders withdrew due to uncertainty of long term rates. This has now stabilised but the LDI chaos has forced many to sell RE so purchasers anticipate a wave of "forced sellers" so there is a large gap between pricing expectations. We expect more stability into H1 23 once values adjust.

James Reeves, London, Andrew Reeves Property Services, james.reeves@andrewreeves.co.uk - London remains a low risk location by comparison to the rest of the world. However, the impact of 2022 notably domestic mortgage rate increases and the costs for commercial occupiers are yet to be seen.

Jenny Mulligan, London, Rbc, jenny.mulligan@runnymede.gov.uk - Demand is still there for retail but the rents have softened. Lots of demand from small independents.

Jeremy Day, London, Whitman & Co Commercial Ltd, jd@whitmanandco.com - In West London, the investment climate has been relatively positive post-pandemic, driven by the credit environment and strong occupier demand in all sectors. In recent months, we have seen completion of investment and leasing transactions conceived soon after the Omicron lockdown of early 2022, and therefore the climate has been quite positive. Quality and volume of enquiries has undoubtedly reduced, particularly following the mini budget of September 2022. Supply constraints continue though.

Joe Darrell, London, Dudley Bros, dudleybro@aol.com - Encouraging.

John Burbage, London, Blackfriars Property Consultancy, johnb@blackfriarspropertygroup.com - Difficult times ahead.

John Fairhall, London, Burleigh Estates, j.fairhall@burl.co.uk - The investment market is a lot worse than people think, there is just not the evidence to prove it yet.

John Macdonald, London, William Nash Properties Ltd, j_macdonald01@btinternet.com - A real shortage of industrial/warehouse space in Greater London.

Jon Baines, London, London International Investment Office, jonbaines@aol.com - Loan to value percentages are likely to fall making equity more important and valuable than at any time in the past 5 years.

Jon Pishiri, London, Jon Christopher Ltd, jon@jonchristopher.com - Challenging is probably the best way to describe general market conditions.

Kamil Chowdhury, London, Petrichor Property Consulting Limited, kamil@petrichorproperty.co.uk - Cost of capital, inflation and flat sales market is now weakening all market sectors, with the exception of residential rents.

Mark Hillier, London, Dmr, mhillier@dmrproperty.co.uk - Occupier demand in the retail and restaurant market has reduced over the past 3 months because of the numerous headwinds including Inflation (cost of raw materials and rising utility costs), increases in staff costs and staff retention, declining customer demand, rising Interest rates and higher borrowing costs. It is inevitable that these economic factors will reduce rents and capital values. Cash reserves for these operators were seriously deplenished during Covid and now the perfect storm.

Mark Lomax, London, Get Living, thelomi@outlook.com - The retail sector has been re-basing itself since pre-covid times and values are falling so there may not be much further for values to fall. Transactions now are likely to be forced so not representative of true worth. I anticipate that retail occupiers and investors will see opportunities to secure cheap space and investments (respectively) as the year progresses and the market will then pick up.

Matthew, London, Knight Frank, matthew.dichler@knightfrank.com - Market is repricing in every sector on basis of stabilised gilt rates. Some rebasing of values seem over the top and could come back in 2023 but recession might cause further value reductions.

Michael Petty, London, Smith Price Rrg, mikepetty90@htmail.com - I work in the retail sector and the general sentiment is that there has been strong demand for small High Street shops but that it is far more difficult to let larger stores and shops located in Shopping Centres, where often high service charges apply. However, there are a handful of operators who are selectively acquiring larger High Street stores such as The Range, B&Q, Pound Stretcher and Poundland and the oversupply is gradually starting to reduce, in part through repurposing.

Mike Greensmith, London, Sidican Limited, mike@sidican.com - I now act nearly 100% in the "not for profit" sector, schools, noncorporate charities, religious, etc., in an area covering south of Liverpool. Trustees are very nervous about carrying overheads, and if they have surplus space, it is the first time I have seen a genuine interest in sharing space, although they are very slow to follow through, mostly due to politics. The current market is that quality sells, re location and physical attributes such as design and facilities, then price.

Mike Hurley, London, Recently Retired And Now Non Practicing, mike.hurley@live.com - Uncertainty seems prevalent at present, albeit the evolution of new remote and hybrid working practices is taking effect from the soundings of people I am in contact. I have noted too that there are 2 styles of Management those that expect all employees to be present in their offices and those who embrace and promote hybrid/remote working as they see the efficiencies from a happier workforce. However, those that are in need of training and work experience are struggling.

Mr David England, London, Ashwell Rogers, david@ashwellrogers.com - Uncertain times.

Nick Doyle, London, Coplan Estates, nickdoyle@coplanestates.com - Political uncertainty recently and rising interest rates have placed many investors in to a period of stasis.

Nick Pemberton, London, Allsop Llp, nick.pemberton@allsop.co.uk - Allsop Track London West End transaction volumes. With two weeks to go to calendar year end we have seen in Q4 so far £570m of deal volume, and the year is running at £4.91Bn to date (2021 was £6.4Bn and the 5 yr average is £5.5Bn). Despite a number of buildings under offer we anticipate the Q4 total will be under £1Bn for London West End - roughly 20% below the 5 year average in terms of 2022 volumes.

Nigel Harrison, London, Harrison Leggett, nh@harrisonleggett.co.uk - Central London office activity has led to a rush for quality against limited stock driving up rents on Grade A space to highly inflated levels. Taking a step down to Grade B space there is a glut of space and with the impending EPC requirements we will need a big increase in good quality refurbished accommodation at more affordable rents.

Patrick Harnan, London, Harnan Real Estate, patrick@harnanrealestate.co.uk - Negative sentiment affecting business and consumer confidence quite dramatically. This is transitioning into investor concern about value, occupier strength and as a result rents.

Peter Friend, London, Hnf Property, psf@hnfproperty.com - Uncertainty remains the primary sentiment with investors and developers. It is easier and less risky to do nothing than to make a decision and make a mistake. Most genuine buyers are employing a watching brief in the belief that values are set to fall and that is a disincentive to buying now. I expect transactional activity to be subdued until the market perceives values have bottomed out.

Phil Richards, London, Brecker Grossmith, phil@breckergrossmith.co.uk - Prime office rents remain high and the lack of supply is still a key issue for the market in central London. Secondary office locations continue to be problematic with low demand.

Richard Goldstein, London, Michael Elliott, richardgoldstein@michaelelliott.co.uk - I consider that currently the market is re-basing. There will be opportunities in the H1 2023 after which time we are likely to see an uptick in transaction volumes as investors adjust to a new norm for borrowing costs.

Richard Mills, London, Jamieson Mills, rjm@jamiesonmills.com - Market still fragile, cost of living crisis coupled with increased utility costs and service charges will mean that, despite savings in some areas on business rates, occupiers will at best will be cost neutral. Lack of quality staff also an issue for many retailers.

Richard Nice, London, Gerald Eve Llp, rnice@geraldeve.com - Uncertainty, developers and investors sitting on hands for time being.

Richard Wood, London, Beacon Wood R.E.S. Limited, rwood@beaconwood.co.uk - Sentiment is weak, and the market seems to be following. Debt is more difficult to obtain on reasonable terms.

Russell Francis, London, Colliers Internatiopnal, russell.francis@btinternet.com - Occupier demand is under pressure due to the real economy. Interest rate rises, with more to come, combined with a very tight debt market are forcing capital values down. That said, the market may well turn positive after Summer 2023.

Selwyn Midgen, London, Achilles Investments Ltd, s.midgen@doningtoninvestments.com - As long as inflation (and therefore interest rates) remain at elevated levels then Gilt Yields will rise and property yields will go up leading to falls in capital values. With a General Election in 2024, investors are likely to remain cautious.

Simon Kelly, London, Bma, simonkelly54@googlemail.com - Impending recession was not helped by kamikaze chancellor mini budget. Effects yet to be seen.

Simon O'Brien, London, O'Brien Real Estate, simon@obre.co.uk - Demand for class E units in secondary parades is at the highest I have known in 26 years of dealing with the West London market. In my opinion this is predominantly due to people working from home several days a week and still wanting to stretch their legs at lunchtime leading to them using local retailers, eateries and coffees shops. But, also there is the availability of units that have not been available on the open market for decades. For example, properties where banks or bookmakers have not renewed.

Steve Rodell, London, Christie & Co, steve.rodell@christie.com - Occupational demand and appetite for trade related transactions in the convenience retail and Petrol Station sectors remains robust as these are non discretion spending sectors. Garden centre income is heavily influenced by baby boomers and low mortgage households and so selectively may fair well. Any heavily reliant on new housing development where mortgages are likely may struggle more. There is no let up in demand for all these assets.

Steve Wingrave, Croydon, Lbcroydon, stephen.wingrave@croydon.gov.uk - Industrial demand remains good but retail poor.

Stuart, London, F. Hinds Ltd, stu.yates@outlook.com - As the industrial market continues to climb, offices and retail are seeing what appears to be signs of recovery. Offices will continue to climb. Retail I am sure will struggle for the next few years as it continues to develop and redefine itself to appeal to modern demands.

Tony Parrack, London West End, Tp Consult, tonyparrack@tpconsult.co.uk - West End offices: prime will increase, - especially for large, single floors; fringes will continue to be slow; secondary / grey market (particularly those with outdated spec and lack of current need for zoom rooms, collaboration spaces and general tech spec) will struggle.

Will Staniland, London, Rumsey And Partners, will@rumseyandpartners.co.uk - Early stage of a recession where the full impact on property values is probably not going to be clear until quarters 2 and 3 when full impact of cost of living crisis is apparent, but opportunities are starting to come through now. A sense that this recession will be shorter than the last the 2 due to different dynamics but as always in times like this cash will be King in 2023 .

William Spencer, London, Vectis Property Group, wspencer@vectispropertygroup.co.uk - The cost of borrowing will push a lot of refinance deals over the edge of being too expensive while cap values will push LTV into the red.

North East

Alan Rooney, Durham, Jw Wood, a.rooney@jww.co.uk - Uncertain conditions likely to continue for the foreseeable future.

Damian John Kearns, Ilkley, Kearns And Partners, damian@kearnsandpartners.co.uk - Fingers crossed for next year as cost of living starts to hit consumers.

Doug Ellison, Newcastle On Tyne, Ellison And Co, office@dougellison.co.uk - Tough time for everyone.

Kevan Carrick, Newcsastle Upontyne, Jkproperty Consultants Llp, kevan@jkpropertyconsultants.com - Despite the general quieter market there are still hot spots, such as industrial occupiers wishing to purchase, and demand for vacant storage land.

Mark Peel, Newcastle Upon Tyne, Lambert Smith Hampton, mpeel@lsh.co.uk - Within my specialist sector the good quality operations are still performing well albeit their profit margins are down due to the increases in costs being experienced. Those operations not performing to their potential are struggling and as such I feel as we move through to next year there maybe be closures.

Middlesbrough, Middlesbrough, Python Properties, peter.broome@pythonproperties.co.uk - Q1 and Q2 of this year were extremely bouyant on the letting side - we are primarily secondary offices. Q3 was quiet but things have been picking up again with increased enquiries in Q4 with smaller deals being pushed through ahead of the Christmas break. In West Yorkshire Bradford, we filled our office building earlier this year and it remains full, turning away enquiries - approx 35,000 sq ft. Investment demand was buoyant Q1/ Q2 but fell signicantly 2nd half following the Truss/Kwarteng debacle.

Nikolaj Dockree, Harrogate, Dockree Associates, najdockree@yahoo.co.uk - Very challenging times ahead with energy inflation hitting occupiers and interest rates the investors, all with a recession in the wings.

Simon Cavey, Hartlepool, 03303532, simon.cavey@greigcavey.com - Transactions numbers are down but that is inevitable given take up has exceeded new supply coming to market over the last 18-24 months, resulting in a lack of stock. The transaction numbers may also be down due to a weakening economy.

Simon Haggie, Newcastle Upon Tyne, Knight Frank Llp, simon.haggie@knightfrank.com - Phones are definitely quieter and there are fewer enquiries in the market, but stock levels of logistics/industrial and grade A office are still relatively low, so the market is still holding up.

North West

Brian Ricketts, Liverpool, Hitchcock Wright & Partners, brianricketts@hwandp.co.uk - Certainly a sense of uncertainty in anticipation of further increases in interest rates which will likely inhibit all sectors of the market for the first 2 quarters of 2023.

Bryan Gaskill, Liverpool, Bryan Gaskill Properties Ltd, bryan@gaskill.co.uk - Slowing down.

Craig Hudson, Manchester, Curson Sowerby Partners Ltd, crai@cspretail.com - Retail Warehousing is proving resilient but demand is slowing generally which will impact on terms and achievable rentals going forward.

Danny Pinkus, Preston, Robert Pinkus & Company, danny@pinkus.co.uk - Generally resilient but slight downturn in some occupational sectors. Investment confidence has disappeared, investors are waiting to see where values go early next year.

David Gwynn, Liverpool, Wem, david@wem.co.uk - Tough climate for lease renewals to retain office tenants on competitive terms. Retail is already showing tension to keep tenants, vacant units increasing .

Debbie Reynolds, Wirral, Debbie Reynolds Property Ltd, debbie@debbiereynoldsproperty.co.uk - Market for drive-through sites is still very buoyant.

James Richard Munnery, Manchester, Footprint, jamesmunnery@footprinpropertyservices.co.uk - Office occupancy levels returning. Retail continuing to struggle particularly secondary. Prime industrial breaks records in terms of new rents and land values.

Jason Rawson, Blackburn, Trevor Dawson Limited, jason@tdawson.co.uk - Finding investors are more cautious.

Jonathan Brownlow, Manchester, Wignall Brownlow, jdb@wignallbrownlow.co.uk - Shortage of stock is helping to maintain values.

Matthew Mears, Manchester, Roger Hannah, mattmears66@gmail.com - Generally, the demand from the lettings market has weakened and yields have slipped a point, but the view is this will be a shallow recession and there is investment interest from overseas and opportunist buyers who see the chance to acquire assets that show value and that were unavailable to them in a strong market.

Melissa Rhodes, Lancashire, Blackburn With Darwen Borough Council, melissa.rhodes@blackburn.gov.uk - Retail sector is being hit hard, with small businesses struggling to survive. Starting to see a decline in demand for retail especially within the Town Centre. Office sector declined through the pandemic and has seen slow but steady recovery. General enquiries received are mainly for Industrial (small start up units).

Nicholas Swift, Bolton, Lamb & Swift Commercial, nswift@lambandswift.com - There has been a significant impact on the ability to borrow money over the last 3 months and investment sales across all sectors have been hit. Occupier demand has held up reasonably well so far.

Paul Molley, Sandbach, Paul Molley Associates Ltd, paul@pmaassoc.co.uk - Remains difficult.

Richard Parkinson, Manchester, The Landwood Group, richard.parkinson@landwoodgroup.com - Prime property still in demand, but definitely a cooling of the market with some investors hoping for better yields and returns next year. Cost of money increases are impacting on expected returns.

Simon Peters, Manchester, Network Space Developments, speters670@gmail.com - Continuing occupier demand and short supply of industrial stock.

Northern Ireland

Arthur Connell Hugh Nugent, Newry, Young -Nugent, achn488@outlook.com - Agricultural land is the only real estate which has been totally resilient to the downturn in all other sectors of the market and has increased in value substantially.

Brian Nixon, Belfast, Whelan Commercial, brian.nixon@whelan.co.uk - Challenging period ahead for most commercial sectors.

Brigid O'Donnell, Belfast, Mrp Investment & Development, brigid.odonnell@mrp.co.uk - I believe we are currently in a downturn which could deteriorate into the first and second quarter of next year but I am optimistic that the market will improve by the end of 2023.

Henry Taggart, Coleraine, Okt, henry.taggart@okt.co.uk - Whilst commercial property in the Industrial sector remains buoyant, other commercial property types seem to be experiencing a degree of decline in terms of buyer / tenant demand and capital / rental value achievable for all the well known reasons. Hopefully the effects of recession will not be long lasting or severe this time around and selfishly not impact Northern Ireland to the same degree as other regions.

Scotland

Alexander Brodie Robb, Aberdeen, A B Robb Ltd, alex@abrobb.com - Uncertainty and inflation holding the market back.

Eric Thomson, Glasgow, Thomson Property Consultants, eric@thomsonproperty.co.uk - Significant instability across all sectors, caused by high inflation, currency fluctuations and uncertainty regarding utilities, the latter of which is becoming a major consideration at the lower end of the occupational market.

Giles Edgar, Edinburgh, 1910 Investments Limited, e1910.office@gmail.com - Tightening credit market slowing construction and property activity in Central Scotland.

Gordon Macdonald, Aberdeen, Allied Surveyors Scotland Plc, gordon.macdonald@alliedsurveyorsscotland.com - Market locally is improving as recovery in the energy sector gains ground, with renewable, environmental and decomissioning sectors getting a hold in this area, which should underwrite the increased levels of market demand and investor confidence. Local government initiatives relating to the centre of the city may have short term benefits for retail but a more fundamental change in policy, locally and nationally is necessary before real progress can be made, unlikely given political ineptness.

Grant Scrimgeour, Glasgow, Denwolf, grant@denwolf.co.uk - A lot of uncertainty and rent payment issues are increasing.

John Brown, Edinburgh, John Brown And Company, john.brown@jb-uk.com - Interest rate rises have caused market value changes, capital values have slightly declined. Tenant demand is patchy and incentives required for surplus empty units in retail market. St James Quarter has taken better covenants from Princes Street and George Street. Demand for hotel opportunities still exists. Offices are open but staff return still limited. Rebalanced accommodation required by many businesses. Rents of Grade A space still strong older space less demand.

Kaila Mcculloch, Shetland Isles, O&Svjb, kaila.mcculloch@shetland.gov.uk - Shetland has been party to a rise in Property prices over the past 12/18 months.

Mike Dillon, Glasgow, Kames, mike.dillon@ kamesproperty.co.uk - Depressing and made worse by Scottish Govt.

Paddy Scoley, Dumfries, Dumfries And Galloway Council Assessor'S Office, paddy.scoley@dumgal.gov.uk - Prime retail rents have fallen 40% since 2015 and I believe this is the bottom of that cycle. Office rents, despite wfh, remain robust. Industrial units of small to medium size remain in steady demand with rental increases reflecting the demand and lack of new supply. Larger units and factories are remaining empty.

Paula Mcmanus, Edinburgh, Jll Limited, paula.mcmanus@jll.com - Due to the economic uncertainties, the commercial property market has stagnated. However, there may be some improvements in Q1 of 2023 when investors will be closely monitoring the market.

Stuart Hall, Glasgow, Kingsmead Developments Ltd, stuart@kingsmeaddevelopments.co.uk - We operate in c-store, trade counter and social housing markets which is occupier driven and investments are largely cash purchases. These markets are resilient.

South East

Adrian Howse, Tunbridge Wells, Howse Associates Ltd, info@howseassociates.co.uk - Very uncertain and likely to remain so for the next 12 months.

Andrew Frisby, Chelmsford, Fleurets, andy.frisby@fleurets.com - I'm finding the market polarised. If it's good there is strong demand, however, if it is not there is very limited interest, both for freehold and leasehold. Many buyers are waiting to see what happens in the next 8 weeks or so.

Bradley Sheridan, Home Counties, Countryside Properties Uk Ltd, bradley.sheridan@cpplc.com - Personally seen greater demand for incentives and landlord contributions, particuarly towards fit out. Retail investor demand still there so long as good covenant strength. Investors becoming aware of index linked review pattern that have low caps i.e 3% and minimal collars i.e 1%.

Chris Smart, Oxshott, Boyce Thornton Chartered Surveyors, chris.smart@bt-cs.co.uk - Excessive prices being paid by owner occupiers.

Chris Spratt, Worthing, C G Spratt And Son, cts@sprattandson.co.uk - Uncertain.

Christopher Marriott, Chipping Norton, Marriott Brown Ltd.,, christopher@marriottbrown.co.uk - There is not a great deal of new development in my area and MEES is having a significant impact on values for older properties.

Colin Brades, Brighton & Hove, Avison Young, colin.brades@avisonyoung.com - Brighton retail: The sector is marking time until the festive season results are in albeit the general perception is early 2023 will prove a tough market, with customers having to save to meet essential priority needs.

Colin Thacker, Maidstone, Location 3 Properties Ltd, colin.thacker@l3p.co.uk - Still seeing very good demand for trade and light industrial users, plus increased demand for good quality out-of-town retail. Biggest single problem, by far, is the planning regime and the delays across the country in determining applications.

D Gwynnr, Milton Keynes, Abbeygate Developments, dgwynne@abbeygate-dev.co.uk - Asking prices not yet adjusting for full impact of higher interest rates or prospects for continuing high inflation levels and recession in 2023, institutional investors appear to be holding back on positions and waiting for more clarity on the economic fundamentals before confirming their pricing levels in the regions.

David Clifton, Biggleswade, Cliftons, david@cliftonsproperty.com - Our area remains quite resilient at present although the period prior to Christmas has seen increased caution possibly with a view to wait on decisions until after Christmas.

David Martin, Brighton And Hove, Shw, dmartin@shw.co.uk - Occupational market is still strong in office and industrial sectors. Retail holding it's own whilst in the investment sector owners and purchasers are struggling to find the right level of prices.

Diane Brady, Maidstone, Kent Police, deltaindia@hotmail.co.uk - The market is slowing. New development is more hesitant and auction prices paid are less optimistic.

Fiona Brownfoot, Reading, Hicks Baker, f.brownfoot@hicksbaker.co.uk - Majority of the activity in retail demand is from new entrants to the market, with majority of established operators being cautious. Many professionals are not taking enough account of where yields need to be.

Gregory Park, Chichester, Parksteele, gregory@parksteele.com - Recent interest rate increases combined with uncertainty as the country enters what is being stated as a protracted recession has stalled the market with the exception of transactions which are in hand and are driven by business operations.

Iain Harris, Reading, Cornerstone, iain.harris1026@gmail.com - We are in my view only in the early stages of a downturn. My sense after 40 plus years in this industry we are facing a substantial "reset" of values.

Iain Steele, Farnham, Park Steele, iain@parksteele.com - Market has been active in all sectors although tentative for offices. Anticipate smaller end of industrial to ease off after massive growth, which has led to new higher rateable values to come in. Whilst this was anticipated and predicted, not sure everyone shared the view and really appreciated the impact it may have.

Ian Mcgill, Chearsley, Stimpsons, iwm@stimpsons.co.uk - Average.

Ian Power, Fareham, Cyan Power Cpm Limited, imp@cyanpower.com - Industrial market has overheated and will see a small reverse, based on reduced demand and significant increase liability for Rates. Office markets are reasonably stable. The whole performance of the market is underpinned by a lack of available stock.

Jim London, Basingstoke, London Clancy, jimlondon@londonclancy.co.uk - Capital values falling.

John Grimes, Canterbury, Jb Grimes Associates Ltd, jbgrimes@uwclub.net - Seller and landlord mindset still firmly fixed in the belief that supply issues will secure the price / rent sought. It is likely to take a prolonged period of limited interest at the asking price/rent coupled with the impact of holding costs before this mindset will start to weaken and prices / values start to fall. It is probable the impact of high costs (labour, materials, debt) have not yet crystallised meaning the demand / supply scenario is likely to reverse.

John Grimes, Dover, Jb Grimes Associates Ltd, jbgrimes@uwclub.net - The prospect of a long year ahead with significant increases in operating and holding costs, poor consumer confidence, being managed by a poorly regarded incumbent government suggest business and property owners are in for a very difficult year.

John Spacey, Maidstone, Cobbs Consultants, jrspacey@hotmail.co.uk - Bleak in hospitality.

Keith Nelson, Sevenaoks, Salisbury & Co, keith@salisburyand.co - Great uncertainty and inability to predict the market.

Kevin Alan Eastwell, Milton Keynes, Self Employed, eastwell.k@gmail.com - Slowing.

Mark Minchell, Chichester, Flude Property Consultants, m.minchell@flude.com - Weakening in general across the board.

Matthew Pellereau, Camberley, Matthew Pellereau Ltd, mpellereau@aol.com - As inflation declines over the next 12 months, potential tenants and purchasers for commercial property will grow.

Nick Hanson, Farnham, Vospers Friend & Falcke, nick.hanson@vospers.net - Core demand remains stable although all operators are looking for value for money - very much the sign a buyers market.

Nigel J.B Carnall, Sutton In Ashfield Ng17 1Da, W.A.Barnes Llp, njbc@wabarnes.co.uk - There is a limited demand for retail shops and offices in the area at the present.

Peter Bridgman, Aylesbury, Brown & Lee, Aylesbury, peter.bridgman@brownandlee.com - Market slowing down due to subdued level of demand and virtually no new development.

Philip Marsh, Beaconsfield, Philip Marsh Collins Deung, philip@pmcd.co.uk - The business rates revaluation, despite the valuation date being at the start of the Covid pandemic, is showing increases across the board in our area. When added to to the already sky-high energy costs, I believe we will see a significant effect in occupation demand and on rent levels.

Redhill And Reigate, Redhill And Reigate, Shw, sray@shw.co.uk - More optimism than of late in the office market. Still good demand in the industrial market. Shops still letting.

Robert Lee, Portsmouth, Hants Realty Ltd, robert.lee@hantsrealty.co.uk - Although there are still some cash rich investors/developers buying in general it is a very negative time for the market.

Rupert Farrant, Tunbridge Wells, Durlings, rupert@durlings.co.uk - Regional office could recover sooner due to lack of supply. Industrial to settle at current levels. Retail to continue to be difficult, especially shopping centres.

Simon Lawson, Brighton, Bruton Knowles, lawson6102@gmail.com - Uncertain with rents generally stable due to low supply but yields may well soften.

South West

Andrew Kilpatrick, Swindon, Kilpatrick & Co, a.kilpatrick@kilpatrick-cpc.co.uk - Swindon's commercial property market has been somewhat subdued over the past 3 months due to gloomy economic conditions, political uncertainty and rising interest rates and cost of living crisis. Deals are still happening, albeit slowly and sometimes with hiccups along the way. Outlook for 2023 depends on whether the recession will be deep or shallow, long or short.

Andrew Theobold, Ringwood, Ihca Ltd, andrew@ihcaltd.co.uk - It's fragile in all sectors and the strength of all sectors is very much dependant upon the movement and direction of inflation and interest rates over the first 3 qtrs of 23.

Anne Teresa Brennan, Bournemouth, Sibbett Gregory, anne@sibbettgregory.com - Demand poor in run up to Christmas. Inflation & hikes in interest rates now impacting locally with caution being exercised. Limited supply of freeholds & investment opportunities as vendors cautious.

Brian Botting, Truro, Miller Commercial, bjb@miller-commercial.co.uk - Early days but signs of a slowdown in the market place. As usual there are some with cash ready to purchase prime stock be it vacant or investments but purchasers are canny and not rushing into risky ventures.

Bryan Galan, Poole, Mellawood Properties Ltd, bryan.galan@outlook.com - Weak occupier demand and falling rents and values.

Christopher Breach, Bristol, Principality Holdings Limited, kit.breach@hawksworthplc.com - I cannot say much about industrial, but office occupation is up, driven by staff attendance in-office. The secondary retail sector appears to be strengthening with more occupier confidence, particularly amongst independents. Student rents are flying up as the market price adjusts to increasing demand, fewer developments, and increasing costs/losses from increasingly burdensome regulation. Non-student residential rents must similarly go up, but capital values fall due to fears of sitting tenants.

Christopher Selway, Bristol, Sole Practitioner, chris.selway@icloud.com - Rising build costs & supply chain problems are prevailing trends.

Daniel Smethurst, Swindon, Smethurst Property Consultants Limited, daniel@smethprop.co.uk - Demand for land and freehold property remains positive although we have entered an opportunistic market with many investors adopting a wait and see approach. Prime Office and Industrial rents holding firm providing accommodation is of a good standard and ticks occupier expectations. No evidence that incentives have moved out on prime stock.

David Hart, Plymouth, Hart Consult, dihart@hartconsult.net - We are witnessing a relatively quiet end to the year, and market conditions are expected to continue to be slow and difficult depending on the world situation and how it develops in 2023.

David Morgan, Yetminster, Sherborne, Morgan & Clarke Chartered Surveyors, david@whyet.co.uk - Nervous as to how the next six months pan out.

Huw Thomas, Chippenham, Huw Thomas Commercial, huw@huwthomascommercial.com - Industrial remains the strongest sector by some distance. Good demand for secondary retail premises and improving demand for prime retails but mainly food and drink related. Office rental market very poor but good demand for owner occupier purchases possibly in the belief we've hit the bottom of the office market.

Ifan Rhys-Jones, Plymouth, Listers, irj@listers.uk.com - Yield shift is less marked in our region as prime product and institutional investment activity is not as high as other regions.

J Merriott, Dorchester, Symonds And Sampson, jmerriott@symondsandsampson.co.uk - Sluggish but recovering after "assault" by first Putin and then Truss/Kwarteng.

James Durie, Bristol, Duries & Co, james.durie@duries.co.uk - Strong fundamentals and shortage in residential office and industrial stock will enable overall modest growth against a tough macro economic outlook with joint headwinds from inflation, interest rates and energy price hikes.

John Jeffery Hempton, Bournemouth, Hempton Franks, jjh@hemptonfranks.co.uk - Economic and world political situation together with cost of living rises and energy costs continue to dampen confidence and demand. Uncertain future and predicted recession early 2023 continues to be a cause of concern.

Martin George Slade, Christchurch, Wren Lettings, martin@wrenlettings.co.uk - The general market uncertainty will likely be less noticeable on the south coast.

Michele Sansom, Bristol, Sansom Commercial, ms@sansomcommercial.com - Market still ok but slowing slightly due to costs and drop off in investment market.

Oliver Workman, Cheltenham, Thp Chartered Surveyors, oliver@thponline.co.uk - Enquiry levels dropped significantly during the post Truss budget period. There has been a slight uptick in activity at the start of December as some sort of stability has returned.

Richard Douglas, Bristol, Chadwick Holdings Limited, richard.douglas@chadwickholdings.co.uk - Demand for office property in the South West & Wales defies the negative economic news dominating our media, and suggests the health of the economy may be better than we're being led to believe.

Roger Ewart Smith T/A Smith And Foyle, Royal Wootton Bassett, Nr. Swindon, Wilts., Smith And Foyle, Chartered Surveyors., smithandfoyle@btconnect.com - A very gloomy outlook with well recognised organisations on strike for more money in times of high inflation which the Government can't afford without further unfunded borrowing. The cost of energy, materials and food is causing extreme hardship and affecting the lives of everyone. With regard to movement in the residential housing market, the only real movement is with purchasers in the older bracket who are trading up and down. Very little movement in the first time buyers market.

Scott Rossitet, Exeter, Rossiter Property, scott@rossiterproperty.com - Market adjustment post Truss. A steep value dip and nearing bottom before things start improving.

Simon Walsham, Bournemouth Poole And Christchurch, James And Sons, simonwalsham@jamesandsons.co.uk - Industrial market remains fair but with a greater degree of uncertainty over all sectors.

Simon West, Bournemouth, Vail Williams, swest@vailwilliams.com - The economic /political issues of the early Autumn have had a particularly negative impact on yields in the investment sector. It is too early to judge the full impact on the occupier market.

Steve Matthews, Bristol, Bristol City Council, steve.matthews@bristol.gov.uk - Surprisingly good capital disposal results especially at auction.

Tim Bacon, Plymouth, Swpropco, bacon@swpropco.co.uk - Retail and office markets worsening. Industrial holding up. Residential declining.

Tim Smart, Helston, Smart Commercial Property, timsmart@scp.uk.com - Cornwall is seeing population increase. Businesses no longer need to be near or in a city. Cornwall's population has increased and so has inward investment over the last 17 years.

Tim Smith, Exeter, Hitchcocks Group, tim@hitchcocksbusinesspark.co.uk - Industrial occupiers with retail bias showing signs of weakening. HMRC recovery of COVID related loans and unpaid tax starting to be actively pursued with occupiers being affected. Material input costs were settling down but now sentiment suggests further rises due in the New Year as higher energy prices wash through the system.

Timothy Smith, Cheltenham, John Ryde Commercial, timsmith@johnryde.co.uk - There is little doubt that market sentiment has changed in the last three months with a more nervous outlook in a number of sectors. It is too early to form a clear opinion on the effect on values but with interest rates rising, demand from investors is likely to be more cautious in the next few months. Independent retail operators remain positive and demand in that sector in our region is good.

Wales

Andrew Morgan Frics, West Wales, Morgan And Davies, andrew@morgananddavies.co.uk - Cautious across all sectors. Leisure little to nil demand presently.

Chris Sutton, Cardiff, Sutton Consulting Ltd, chris.sutton@suttonconsulting.co.uk - The increased cost of money and hit to occupational demand from the political and economic disruption over the autumn hit all property sectors. The industrial sector remains the strongest performer with little vacant stock and Grade A rents still rising, as evidenced by St Modwen quoting £8+ psf on their Phase 4 scheme in Newport. The office sector continues it's period of readjustment post-Covid with a clear focus from occupiers on Grade A floorspace, digital connectivity and fit out.

Dylan Williams, Swansea, Rees Richards, dylan@reesrichards.co.uk - We are almost certainly seeing the end of high street retail in Swansea city centre.

Michael Bruce Mrics, Cardiff, Dlp Surveyors, michael@dlpsurveyors.co.uk - The level of new enquiries over the last quarter were not at the level to be expected. Many occupiers appear to be taking a far more cautious approach and are delaying any possible expansion plans until at least Q1/Q2 2023 once the worst excesses of winter are hopefully behind us. However, with rising fuel bills, increased supply costs, inflationary pressures, staffing issues, and increases in Rateable Values, Q2 2023 may still be seen as optimistic to see any real improvements in the economy.

Owen Morgan, Swansea, Precedent Surveyors, owen171@btinternet.com - General slowdown - interest rate changes will impact mortgage market.

Richard Harris, Cardiff, Harris & Birt, richard.harris@harrisbirt.co.uk - Demand dropped immediately following mini-budget and lost deals / renegotiations occurred. Stability has resumed during the latter part of November but demand remains lower than previously. Expectation is that December, January & February will remain subdued in terms of demand and supply and the real test will be March & April when demand and supply could normally be expected to increase.

Robert Carew-Chaston, Cardiff, Carew Estates Limited, robert@carew-estates.co.uk - The market is bracing itself for a recession as most sectors are starting to cool off and expectation is that more property will be exposed to the market as the recession hits.

West Midlands

Alan Knight, Black Country, Walton & Hipkiss Commercial, ak@waltonandhipkiss.co.uk - Outlook slightly improved over last quarter - early downturn so what's ahead is hard to decipher. Office demand is up - land requirements up but land values on the turn due to construction costs and borrowing rates.

Andrew Benson, Birmingham, Wright Silverwood, andrew.benson@wrightsilverwood.co.uk - Challenging.

Anthony Rowland, Evesham, Sheldon Bosley Knight, trowland@sheldonbosleyknight.co.uk - We are in interesting times, interest rates are steadily rising, affordability is changing, and people seem to be uncertain as to how to proceed. I think the new year will be creating tough trading conditions, but as ever good quality property always sells.

Bill Wareing, Leamington Spa, Wareing And Company, bill.wareing@wareingandcompany.co.uk - Liz Truss has done more damage to the commercial and industrial funding market that any prime minister in living memory.

Chris Keye, Birmingham, Darby Keye Property, chris.keye@darbykeye.co.uk - Yields have moved out in the I&L sector due to inflation and the rising cost of debt / interest rates. Captial markets negatively impacted and occupier demand a little more cautious, but still strong.

Daniel Smith, Birmingham, Claire'S, dan.smith@claires.com - Retail market conditions are extremely tough, especially as the costs associated with running the business increase. Retail sales will continue to be challenging, which will have a negative impact on profitability thereby reducing the demand for retail property.

David Macmullen, Redditch, Macmullen Associates Ltd, dmacmullen@macmullenassociates.com - Having experienced several 'booms' and 'busts' in the industry I believe we are at some risk of a downturn based on higher interest rates and lower demand from consumers. However, there has not been a 'free for all' in bank lending and I suspect a period of downturn coupled with stagnation in many sectors will occur.

Graham Hulse, Hanley Stoke-On-Trent, Louis Taylor Limited, g.hulse@louis-taylor.co.uk - We are seeing a significant change already in market confidence. Buyers are especially far more cautious and are undertaking far more due diliegence before purchase. There has also been a significant slowdown in the legal process which is also compounding the problem. Searches in our area are taking longer than ever etc. Many solicitor's are still home working which makes the whole process more difficult as communication is often delayed.

Ian Willicombe, Birmingham, Angloceltic Ltd, ian@angloceltic.com - Additional costs of finance weighing on investment pricing. Impacts of inflation and likelihood of recession negatively impacting occupier demand, further undermining investment pricing.

James Brookes, Leamington Spa, Badger Brook Estates Limited, badgerbrookestates@outlook.com - Prime yields in all sectors have moved out because of increased interest rates, consequentially affecting secondary and tertiary. However, rents in industrial and office sectors are not moving much. The knock on effect is mostly in land values, build costs are still high although starting to look like stabilising due to gaps in contractor books, developers not reducing margins so the only movement will be in land prices, but will landowners take the hit to deliver projects at a time of uncertainty?

John Alexander Major, Shrewsbury, Retailing, hi.john@btinternet.com - Principal market towns are suffering from closing of some brands, such as M&Co, Joules and still suffering from House of Fraser closure, with large units not filling and remaining empty for some time. Smaller units are being filled by service companies not true retails, so there is lack of window shopping to bring customers in and dark areas at night in the high street.

John Andrews, Kidderminster, Doolittle & Dalley Holdings Ltd, johnandrews@doolittle-dalley.co.uk - Industrial property for sale and to let a very buoyant market.

John Graham, Birmingham, Douglas Advisory Ltd, j.graham12@icloud.com - Economic uncertainties in all UK in 2023. But, there is a huge short fall in affordable housing & high demand.

John Graham, Birmingham, Douglas Advisory Ltd, j.graham12@icloud.com - Inflation & BOE base rises creating headwinds for positive growth.

John Shepherd, Birmingham, Shepherd Vine, john@shepcom.com - The economic climate is beginning to have a negative effect on the Commercial Market.

Mark Atkins, Worcester, Mark Atkins Associates, mark@markatkinsassociates.com - The investment market has yet to fully respond to the economic (and other) pressures to my mind with little movement in some quoting prices (certainly in the sector we concentrate on - drive to / thru, trade counter, roadside restuarants etc) particularly bearing in mind debt rates and bond yields.

Mark Treadwell, Stratford Upon Avon, Sheldon Bosley Knight, mtreadwell@sheldonbosleyknight.co.uk - The market is extremely polarised in terms of the different asset classes and their respective quality. Occupier demand is relatively stable in our patch. A greater percentage of sale instructions coming through in recent weeks. Is this the start of a mid-cycle trend?

Neil G Harris, Birmingham, Lane Cove Properties Ltd, neil@lanecoveproperties.com - Rapid pricing has taken place due to money market changes, consequently yields have had to reflect money market re-pricing.

Paul Beardmore, Stoke-On-Trent, Butters John Bee, paulbeardmore@bjbmail.com - Slow but steady.

Raman Thakur, Birmingham, Birmingham Property Services, Birmingham City Council, raman.thakur@birmingham.gov.uk - All in all, market is steady at present due to the festive season. Whilst city centre retail market rental has dropped significantly, industrial has risen very sharply due to Covid and post Covid as majority of businesses conduct their operations online, requiring units for storage/distribution purposes. Secondary retail is still good and maintaining their market rent but again on supply and demand.

Riaz Khan, Coventry, Godfrey- Payton, riaz.khan@godfrey-payton.co.uk - The issue appears to be with an uncertain Government strategy coupled with world events, this is causing a rippling effect on the commercial property market.

Richard Calder Bsc Frics, Birmingham, Calders Chartered Surveyors, richard@calderssurveyors.com - There is still an underlying will to invest in “bricks and mortar” but at the moment there is a “watch and wait” pause among many given recent negative political and economic events leading to a generally uncertain outlook.

Roger Stanway, Coventry & Warwickshire, Holt Commercial, roger@holtcommercial.co.uk - It’s too early to make predictions particularly as the current economic inflationary measures which may affect lending may only be temporary.

Sean Wordley, Wolverhampton And London, Four Ashes Property Holdings, sean.wordley@btinternet.com - I think it will be difficult 12 months ahead. I suspect values will be hit at December year end but probably not by enough to get market moving next year.

Stephen. Erg, Wolverhampton, Stephen Berg Associates, stephen@stephenberg.co.uk - General uncertainty is the key characteristic.

Tim Reed, Hereford, Sunderlands Llp, t.reed@sunderlands.co.uk - It always takes longer for Hereford to experience the highs or lows in the market, compared with larger centres. Things do seem to be getting tougher.

Yorkshire & the Humber

Andrew Crewther, Leeds, Mcdonald’S Restaurants, andrew.crewther@uk.mcd.com - QSR market strong and remains competitive, but planning becoming progressively negative to use.

Andrew Mills, Leeds, Andrew Mills Property Consultancy, millsco@btconnect.com - The market is drifting.

Andrew Wilby, Wakefield, Clifford Lax, andrew.wilby@clifford-lax.co.uk - Market is still there. Biggest issue is too many people working from home and not working effectively thus deals are falling off. The UK needs to get back to normal and start thinking of getting back to creating wealth.

Barry Crux, York, Barry Crux & Company Limited, barry@barrycrux.co.uk - The second half of the year has been disappointing after a very encouraging first five months. This is entirely due to the impact of Russia’s invasion of Ukraine. The worldwide effect of this has been significant. Confidence in most sectors has been affected, leading to uncertainty and caution. If the recession which we seem to be in lasts into the middle of 2023 it is unlikely that there will be much improvement in the second half. All round a very unfortunate set of circumstances.

David Aspin, Leeds, Munroe K, daspin@munroek.co.uk - Occupiers are looking for the right answer for their future office and employee needs.

David Garness, Hull, Garness Group Limited, david.garness@garnessgroup.co.uk - General media and commentary on the economy does not seem to translate into the property transaction activity which in contrast remains upbeat.

David Woodhead, Wakefield, Woodhead Investments & Development Services Ltd, dwoodhead@woodheadinvestments.co.uk - Rising interest rates will put a lot of firms out of business. It is very unlikely to impact upon gas and electricity prices as these are not luxury goods, they are necessities. Too much Government intervention / regulation is upsetting the markets and bank lending e.g. Government proposals to “auction” vacant property to the highest bidder; unrealistic EPC targets etc. Local councils gaining too much power eg wanting to be developers, when they should stick to good housekeeping.

Jonathan Duck, York, Bramall Properties Limited, jonathan.duck@bramallproperties.co.uk - Very dependent upon which sector and whether new or second hand.

Peter Thomson, Kingston Upon Hull, Nt3 Commercial Agency, peter@nt3.co.uk - Its still too early to gauge any reaction in property demand and values even though the mini budget and Government futility had an instant reaction from other markets. The Yorkshire area is quite resilient in property markets.

Richard Corby, Leeds, Lambert Smith Hampton, rcorby@lsh.co.uk - A general lack of stock will prevent a fall in values in the industrial sector but potential increases in office stock is a risk to that market, with a flight to quality making secondary space less attractive and harder to let. Increased take up of such space by alternative uses such as educational and clinical uses is therefore very welcome. The larger the occupier organisation is, the deeper the cuts to their budget tend to be, so the SME market has the chance to compete for the space.

Richard James Heslop, Ilkley, De Commercial, richard@de-commercial.co.uk - Lenders have tightened lending criteria and raised minimum level of borrowing significantly. We expect to see market conditions deteriorate further in the first quarter before stabilising in quarter 2.

Ryan Dunphy, Doncaster, Bruton Knowles, ryandunphy1995@gmail.com - Cautious given interest rate situation and the energy crisis.

S J Worrall, Leeds, Lawson Hubbard Lowe Ltd, jeffw@l-h-l.com - Volatile.

William Cummock, Leeds, Colliers International, william.cummock@colliers.com - A tricky few months to come, but should be fine in the medium term.

UK Commercial Property Monitor

RICS UK Commercial Property Monitor is a quarterly guide to the trends in the commercial property investment and occupier markets. The report is available from the RICS website www.rics.org/economics along with other surveys covering the housing market, residential lettings, commercial property, construction activity and the facilities management market.

Methodology

Survey questionnaires were sent out on 7 December 2022 with responses received until 13 January 2023. Respondents were asked to compare conditions over the latest three months with the previous three months as well as their views as to the outlook. A total of 940 company responses were received.

Responses have been amalgamated across the three real estate sub-sectors (offices, retail and industrial) at a country level, to form a net balance reading for the market as a whole.

Net balance = proportion of respondents reporting a rise in a variable (e.g. occupier demand) minus those reporting a fall (if 30% reported a rise and 5% reported a fall, the net balance will be 25%). Net balance data can range from -100 to +100.

A positive net balance reading indicates an overall increase while a negative reading indicates an overall decline.

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Disclaimer

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