ECONOMICS

UK Commercial Property Monitor

Q4 2023

ECONOMICS

Occupier and investor demand still subdued although forward-looking sentiment improves marginally

- Occupier and investor demand metrics remain downbeat away from the industrial sector
- The gap between prime and secondary office rental expectations continues to widen
- The largest share of respondents now feel the market has reached the bottom of the current cycle

The Q4 2023 RICS UK Commercial Property Monitor results continue to portray a market struggling for momentum, even if most of the indicators tracked in the survey have improved slightly (or turned less negative) relative to the previous report. In keeping with this, although views remain mixed, the largest share of respondents (33%) now sense the market has reached the bottom of the current cycle, which represents modest increase on the 24% who were of this opinion last quarter.

Occupier Market

The all-property aggregate measure of occupier demand posted a net balance reading of -7% in Q4. Although slightly less negative than figures of -12% and -10% seen in Q3 and Q2 respectively, the latest feedback remains consistent with a generally subdued trend in headline tenant demand. Looking at the sector breakdown, both the office and retail segments remain relatively weak, returning net balance readings of -12% and -18% (albeit these are a little less downcast than values of -19% and -25% seen beforehand). Meanwhile, industrial demand edged up according to a net balance of +6% of respondents (+3% last time). That said, the Q4 reading is still relatively soft compared to recent years.

Alongside this, space available for occupancy continued to increase with regards to both the office and retail sectors. At the same time, industrial vacancies held broadly steady this quarter. Nevertheless, the value of incentive packages on offer to tenants continued to rise right across the board, albeit this pick-up was more pronounced within the office and retail sectors and only modest for industrials.

Looking ahead, near-term rental growth expectations remain more or less flat at the all-sector level, posting a net balance of -2% in Q4 compared to a reading of -4% in Q3. Likewise, headline rental growth projections for the year ahead are also flat (net balance zero), albeit this aggregate figure masks continued divergence across the various sub-sectors. Indeed, rents for Industrial space are still anticipated moving higher over the course of the next twelve months, with respondents' views largely unchanged from the previous results (net balance +48% for prime industrials and +14% for secondary).

Conversely, secondary retail rental expectations remain entrenched in negative territory, returning a net balance of -41% compared to a reading of -50% last time around. That said, the outlook for prime retail rents appears to have stabilised, with the twelve-month expectations net balance moving to -4% from a value of -13% previously. In fact, this reading marks the least negative view on prime retail rents since Q1 2018. In parallel with this, the office sector appears even more polarised, as rental expectations moved further into positive territory for prime space during Q4 (net balance +30% vs +21% in Q3), but remained firmly negative for secondary office rents (net balance -44%).

When looking at the regional results, the national picture is largely mirrored throughout most parts of the country. For London however, the prime office and retail markets stand out as exhibiting stronger rental expectations than the UK-wide averages (while secondary office space appears to be under even greater pressure across the capital).

Investment market

Overall investment demand remains relatively soft at present, evidenced by the all-property investment enquiries indicator posting a net balance reading of -19%. This is only marginally less negative than the figure of -21% in Q3, with the office and retail sectors continuing to weigh most heavily on the aggregate picture. Similarly, overseas investment enquiries also continue to slip, with all sectors seeing a decline (to a greater of lesser degree) in Q4.

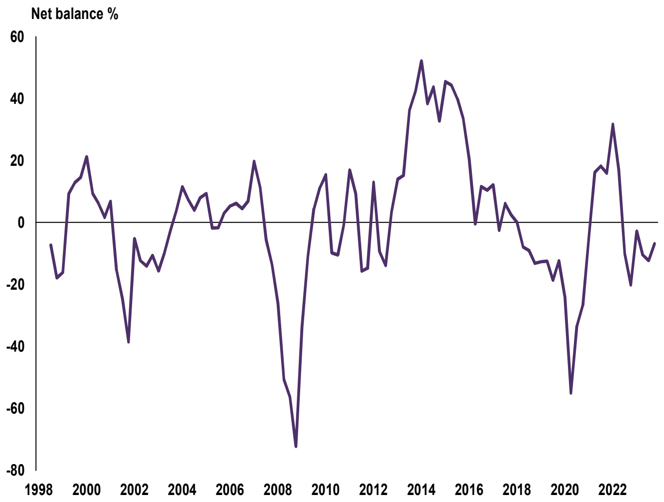
On a slightly more encouraging note, the net balance for the credit conditions measure came in at -5% in Q4, marking a significant easing in negativity relative to readings of -44% and -75% seen in Q3 and Q2 respectively. As such, this represents the least negative reading going back to Q1 2022, while the prospect of a loosening in the lending climate has the potential to stimulate something of a recovery in investment activity as the year progresses.

With respect to capital values, only the prime industrial sector displays clearly positive expectations for the year to come, posting a net balance of +36% compared to last quarter's reading of +24%. On the same basis, respondents do foresee a modest uplift in prime office values (net balance +11%), although the outlook remains firmly negative for their secondary counterparts (net balance -46%). At the same time, secondary industrial and prime retail values are seen holding broadly steady over the next twelve months, while secondary retail units are expected to see further capital value declines.

By way of contrast, several of the more alternative sectors tracked display a positive assessment for capital value growth prospects over 2024. Leading the way, data centres, life sciences, aged care facilities and student housing all returned net balances in excess of +40% for capital value expectations, while multifamily residential expectations were not far behind at +39%. In each instance, twelve-month projections were upgraded from last quarter. At the other end of the spectrum, the outlook is only marginally positive for hotels, while leisure values are seen falling slightly.

Commercial property all-sector average

Occupier demand



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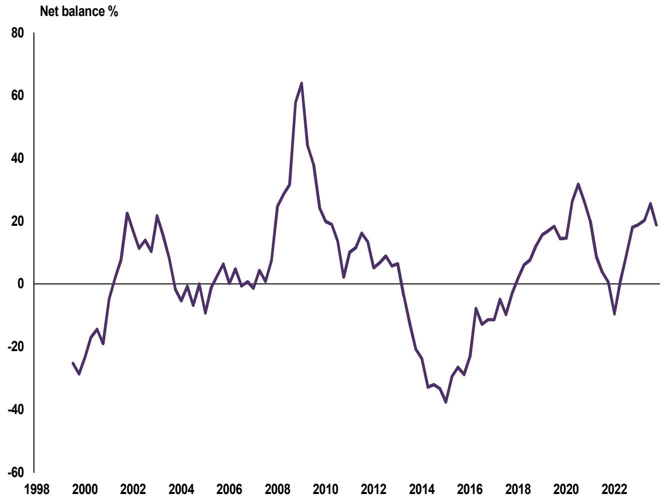
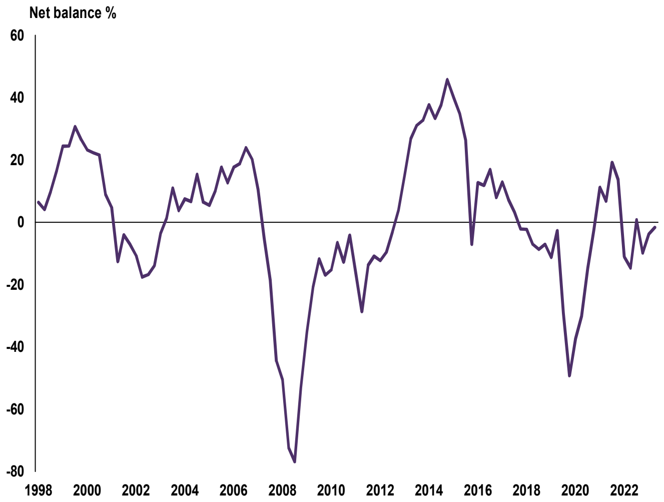
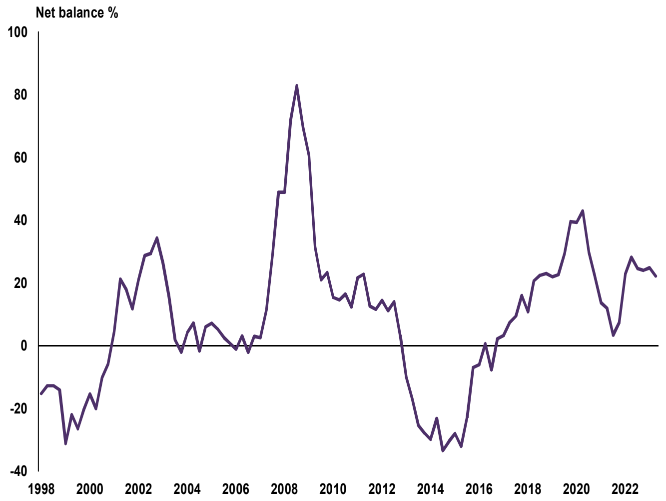


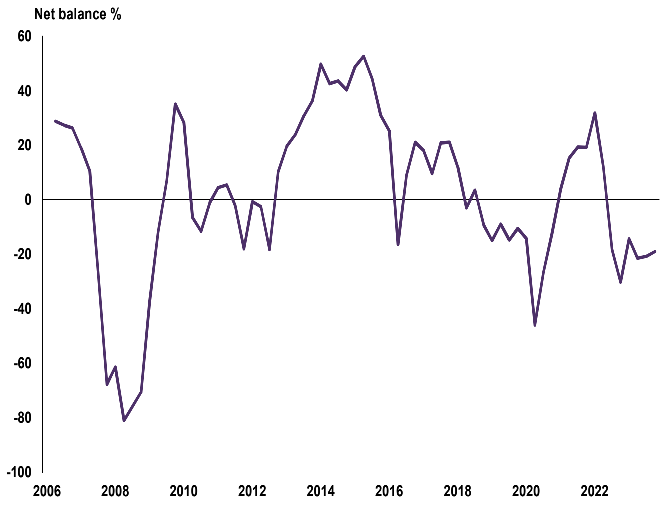
Rent expectations



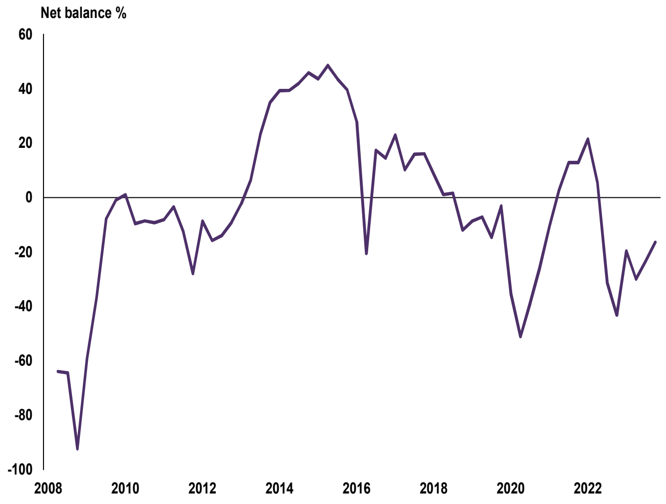
Inducements



Investment enquiries

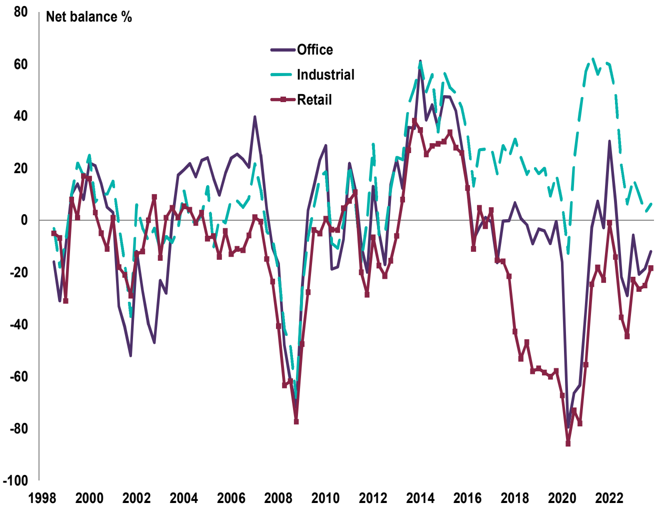


Capital value expectations



Commercial property - sector breakdown

Occupier demand



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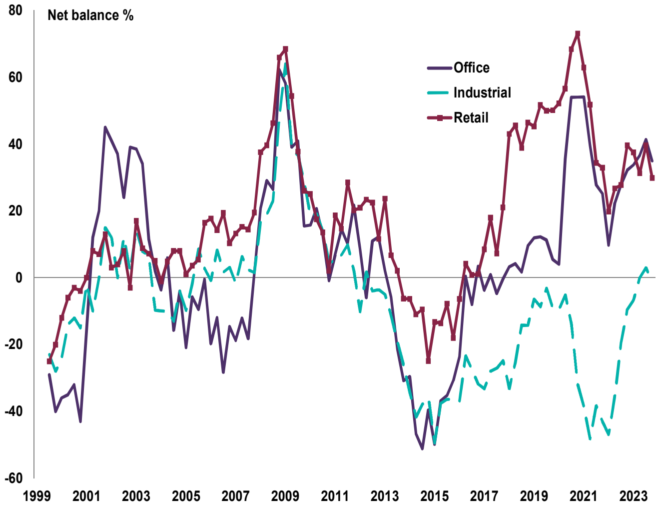
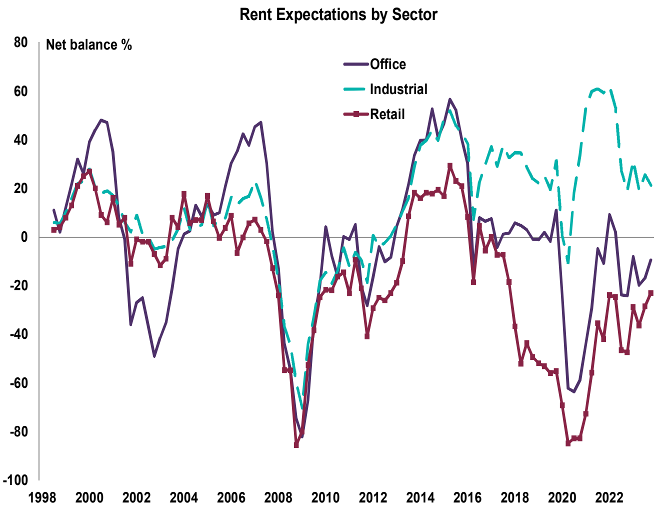


Rent expectations



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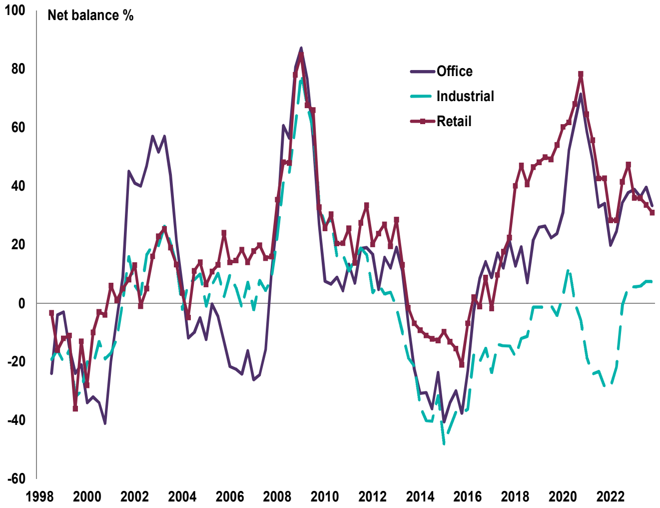
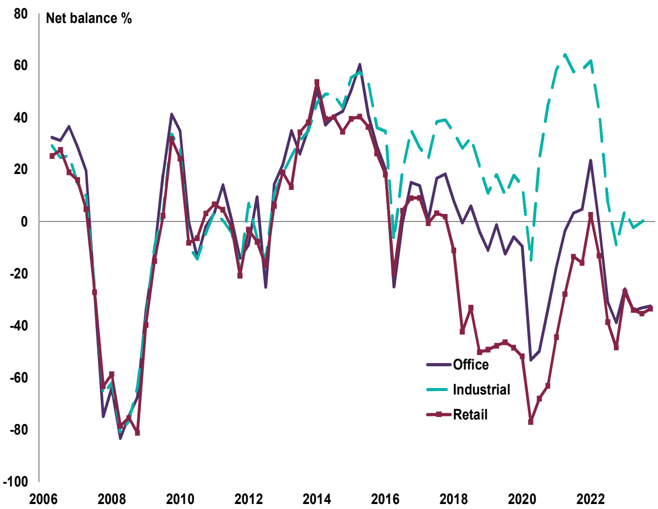
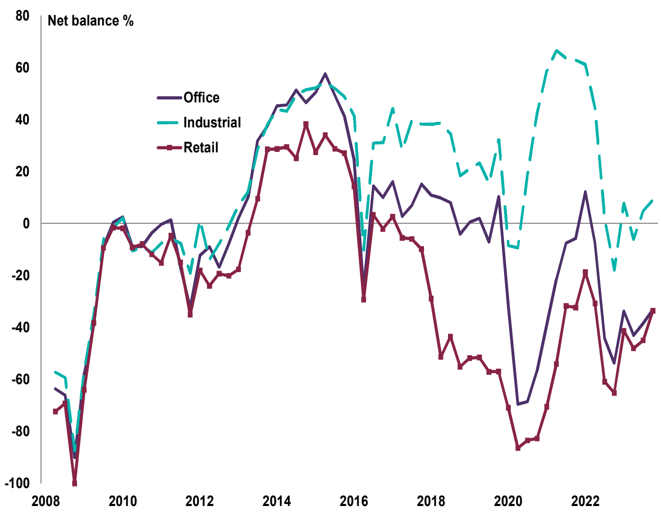


Investment enquiries

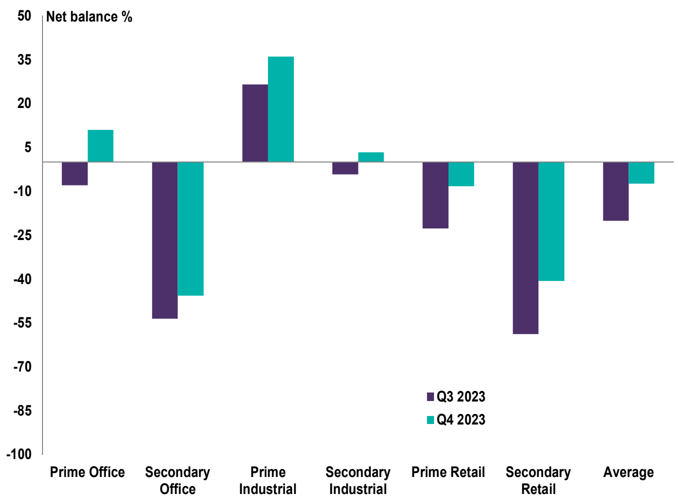


Capital value expectations



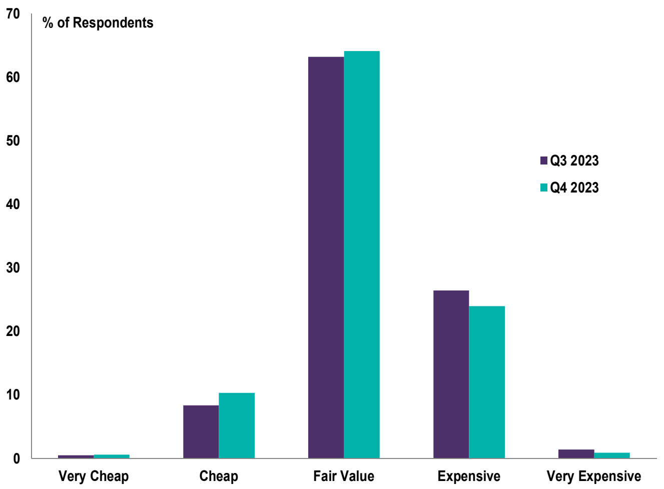
Commercial property - additional charts

12-month capital value expectations

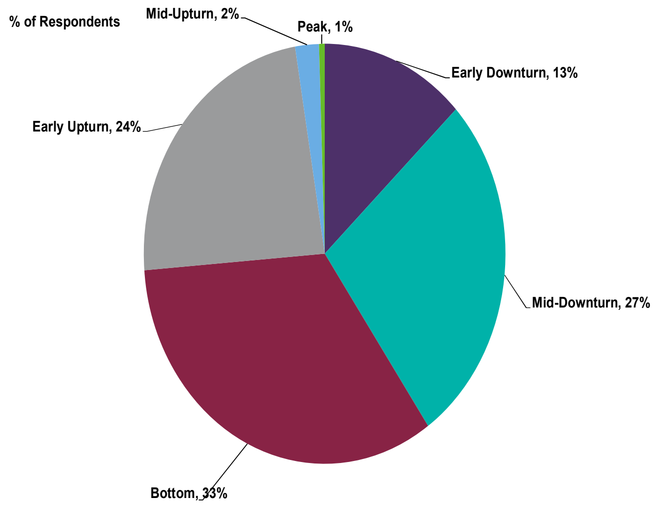


12-month rent expectations

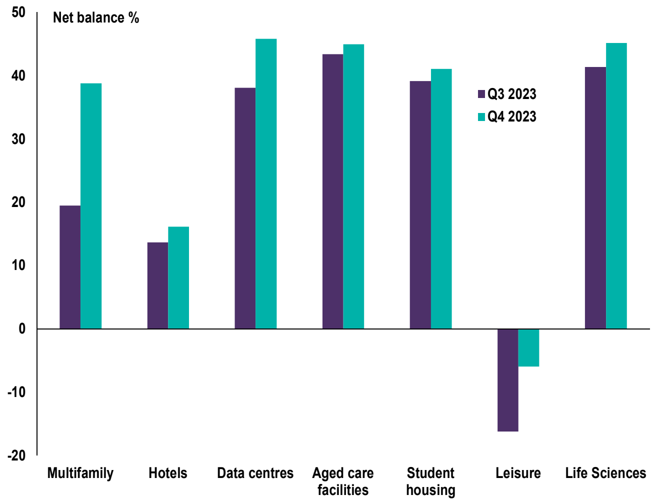
Market valuations



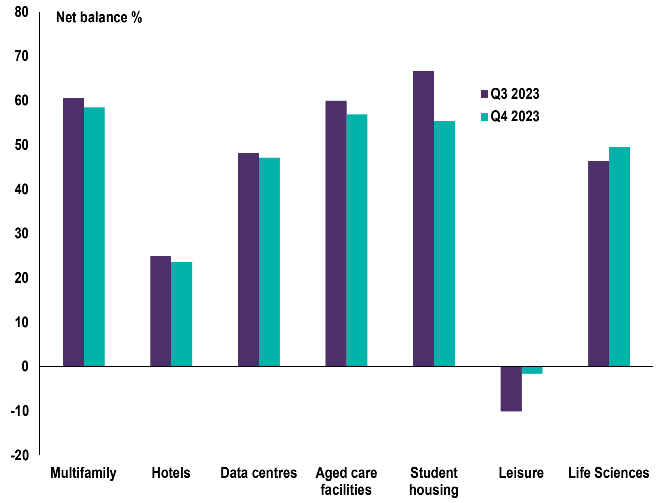
Property cycle



12-month capital value expecations alternatives



12-month Rental expecations alternatives



Chartered surveyor comments

East Midlands

Alastair Fearn, Nottingham, FHP, alastair@fhp.co.uk - Whilst supply remains low, values will continue to rise despite demand being low relative to 2021/22.

Aman Verma, Leicester, Phillips Sutton Associates, averma7.av@googlemail.com - Demand for freehold development opportunities has gone down due to construction costs and cost of borrowing. Industrial demand still high.

Brendan Bruder, Northampton, , brendan.bruder@gmail.com - 2024 will be tough particularly with attention turning to politics, planning reform and debt markets.

David Collett, Nottingham, Altus Group, david.collett@altusgroup.com - Industrial rents continue to increase, but at a much slower pace than the peak of Q1-2 2021. Lack of supply in some areas can hinder true market rents being achieved, but industrial rents appear to have continued to increase through 2023. Incentives are lower to non-existent - depending on the product. The main growth area appears to be life science/R&D office space in the main centres of Oxford, Cambridge and London.

David Smith, Northampton, Drake & Partners, dsmith@drakeandpartners.co.uk - Demand is sticky but values are remaining robust due to a lack of supply which is further restricted by a polarised development sector and a broken planning system.

Ian Mcrae, Northampton, Chadwick McRae, icm@cmcre.co.uk - The credit crisis and turgid planning system will continue to influence the office and industrial property markets.

Nigel Carnall, Sutton In Ashfield, W.A.Barnes LLP, njbc@wabarnes.co.uk - The number of retail units available has increased as traders retire. The demand for offices has reduced in our area.

Peter John Castle, Northampton, Hadlands, pjc@hadlands.co.uk - Slightly improved outlook since inflation has eased.

Roger Smalley, Nottingham, LSH, rsmalley@lsh.co.uk - Working in valuation we have seen a drop off in the number of enquiries over the last 12 months.

S Robson, Nottingham, Leicestershire County Council, steven.robson@leics.gov.uk - Still mixed messages - some tenants struggling others putting a more positive approach on.

Sam Spencer, Nottingham, Bruton Knowles, sam.spencer@brutonknowles.co.uk - East Midlands markets are variable; industrials and logistics continue to experience good occupier and investment demand. Much office slack has gone to alternative use (particularly residential) so there is less stock available, which has driven rents and capital values. Retail is still 'patchy' and moribund areas with limited variety suffer declining demand and values. Hotels and care are performing well generally, with performance and values more influenced by operational cost inflation.

Stephen Musson, Nottingham, Musson Liggins, sam@mussonliggins.co.uk - Property owners are misreading the point in the economic cycle and are expecting values to keep rising. They mistake quoted prices for value and are often attempting to borrow too much against property values. Whilst demand overall is low at present, there is still good demand in this area for Freehold Industrial Property with land.

Tim Bradford, Lincoln, Eddisons, tim.bradford@eddisons.com - Difficult 2023 cross all sectors - forecasting a slow start to 2024 with a gradual improvement from Q3 2024.

Eastern

Giles Ferris, Bedford, Stimpsons Eves, giles.ferris@stimpsonseves.co.uk - We are at an interesting point in the market which will be effected by how retailers trade over the Christmas period and will determine the level of confidence in the market in the New Year.

Jeff Fuller, Norwich, OA Chapman & Son Ltd, jeffdfuller@hotmail.com - Office and retail sectors continue to decline as does leisure mostly due to business rates. I suspect leisure and retail decline will continue until meaningful reform takes place although with general macroeconomic factors it may already be too late.

Joe Darrell, Norwich, Claverhouse Limited, dudleybro@aol.com - Secondary shops offer good value if they have a residential angle and are in the right sort of town. Bigger centres are less attractive.

John Russell Spacey, Maidstone, Cobbs Consultancy, jrspacey@hotmail.co.uk - Slow lacking in confidence.

Jonathan Lloyd, Bury St Edmunds, Hazells Chartered Surveyors, jonathan@hazells.co.uk - It is difficult to enthuse about the general property market with uncertainty still prevailing over demand, the general economy and the appetite for businesses to take on new projects and risk. The office market remains fragile and it, along with a general sense of a drive towards wider economic efficiency, would be helped by a wholesale return of public sector office workers to their offices.

Mark Kohler, Bury Saint Edmunds, Merrifields, mark@merrifields.co.uk - Some resurgence in office requirements. Lack of availability in secondary industrial market. Retail transactions continuing in affluent Suffolk towns.

Michael Lawton, Flitwick, , michael@trinitysolutions.org.uk - Greedy landlords, promoted by greedy surveyors, keep trying to hold rents at unrealistic levels thus driving unrealistic capital values. A reset is needed across all sectors so that, whether it is domestic or commercial, interested tenants and investors can actually realistically consider taking on a lease, loan, or mortgage.

Mike Ayton, Cambridge, DTRE, mike.ayton@dtre.com - Most of the focus on the Cambridge commercial market is on the life sciences sector where increased supply is just starting to appear following the last 2 years of virtual nil supply. As new schemes start, there is still significant occupier demand generating early interest.

Phil Gadd, Norwich, Regional & City Airports Ltd, phil.gadd@rca.aero - New starts limited based on costs of construction outpacing rental growth and return. New builds largely unaffordable.

Sam Kingston, Norwich, Roche Chartered Surveyors, samk@rochecs.co.uk - The market has remained resilient. Lack of supply continues to prevail across the industrial sector and accordingly rents are rising. The office market remains subdued, with demand generally for Grade A space. The investment market has seen too little activity to show a pattern on pricing. Freeholds retain their value.

London

Adrian James Peachey, London United Kingdom, Montagu Evans, adrian.peachey@montagu-evans.co.uk - I operate across the UK in the retail and town centre regeneration field. Regional transformation is of great interest.

Adrian Tutchings, London, Linays Commercial Limited, commercialproperty@linays.co.uk - It will be a difficult run-in to the New Year.

Andre James, London, Oakmount Real Estate, office@oakmountrealestate.com - Worst of the down cycle considered to be over. Cost of borrowing easing but LTS still high. Confidence will be muted in 2024 exacerbated by election. 'Try and survive to 2025!'

Andrew Cohen, Central London, Amsprop Estates Limited, andrew.cohen61@btinternet.com - Generally subdued but improving slightly.

Antony Milton, London, Between jobs, tonymiltonplease@gmail.com - Economy looking bad, particularly after today's news that an election is likely sooner than 12 months. Political (and economic - domestic and regional) chaos reigns. Bitcoin flying high, for now, maybe overdue. London residential good, until a Labour government anyway.

Ben Preko, London, Salter Rex LLP, bp@salter-rex.co.uk - Market is unpredictable at the moment but we believe the commercial sector may benefit from movement of investment from the residential sector (with residential landlords struggling to cope with various changes in legislation).

Charles Kerr, London, Abodus, charles.kerr2@btinternet.com - Huge uncertainty in all markets with student housing seeing an outstanding performance due to supply issues.

Chris Adams, London, CBGA Limited, cadams@cbgarobson.com - There is no true reflection of the state of the market. Valuations are based on assumptions and do not reflect mark to market values. There is limited distress as the lenders are not foreclosing. Transactional evidence is scarce and we will not know the totality of the downturn until we see forced sales. Money rates will not fall until 2025 and until they do, the sector looks risky and unattractive.

Chris Vane-Tempest, London, Vane-Tempest Private Office LLP, chris@vane-tempest.com - We face a challenging climate as fixed term financing deals come to an end and landlords look to refinance / reposition their portfolios. I think Q1:Q2 2024 will be an interesting time for opportunities across all sectors.

Christopher Lacey, London, SRSL, christopher@srsl.co.uk - I expect the current difference between sellers and buyers to erode downward towards the buyers reflecting lower long dated gilt yields and to reflect in lower values and hence valuations.

Edwin Luckham-Down, London, Lookout Development Partnership, info@lookoutdevelopment.com - I have been told by real estate solicitors that they are seeing the market dry up and funding becoming ever more difficult.

Gareth Jones, London, Jones Granville, gareth.jones@jonesgranville.com - Interest rate increases yet to have the major impact on values, but this may come in 2024.

Geoffrey Davies, London, Harbert Management Corporation, hdavies@harbert.net - Lack of activity reflects the uncertainty in the market.

Graham Marks, London, graham marks, graham@grahammarks.co.uk - Very quiet locally in South-West London.

Hedley Merriman Frics, London, Pater Johnson merriman, hedley@pjmsurveyors.com - There is still a reasonable demand for new developments of plus 50,000sq ft in the areas of the northern part of the city of London and Clerkenwell . This is for office accommodation. However, secondary offices are very hard to let with rents and incentives reflecting this. Generally in north London industrial rents are still holding reasonably well but the market is slowing and rents for new/modern warehousing is static/falling slightly.

James Andrews, London, Kitchen la Frenais Morgan LLP, jandrews@klm-re.com - Demand strengthening for primest London streets and most affluent London village locations - having a positive knock-on for more secondary locations.

James Smith, London, Service Charge Associates Ltd, james@scalimited.co.uk - Low demand.

Jamie Gordon, London, Lothbury Investment Management, jamie.gordon@lothburyim.com - Feels like there is still further pain to come across all sectors.

Jamie Naughton, London, ESH LLP, jamie@eshp.com - My comments are specifically in relation to retail warehousing, the area we specialise in. Valuations are nowhere near market pricing. Occupationally, the sector is robust. But, investment is seeing lower volumes. This is generally structural and not necessarily sentiment in my opinion. Rates moved 125 bpts from March 23 to today, but the RWH valuations moved around 25 basis points.

Jason Dowding, London, Fleurets, jasonwdowding@gmail.com - Whilst the market remains fragile, there are some positive signs with inflation coming down and BoE rates stabilising. An election in 2025 could have an impact but I do not think either party will want to destabilise the current economic position which remains delicate.

John Graham, London, Douglas Advisory Ltd, j.graham12@icloud.com - Inflation & interest rates have a negative impact. Upcoming UK & USA general election also having a negative impact.

John King, L.B.Merton, Andrew Scott Robertson, jking@as-r.co.uk - There are signs that the office market in South London is waking up, as tenants begin to return to the office in greater numbers. Greater incentives to potential tenants are being offered, offset with headline rents to accommodate capital values. The bounce back has come from the leisure and retail sector. Centre Court in Wimbledon comprising 320,000 sq ft renamed Wimbledon Quarter now providing a mix of leisure and office space with a hint of services offices available in Spring 2024 is a start.

Johnny Huxley, London, Hux-RE, johnny@hux-re.com - Both investor confidence and momentum in the capital markets will improve across the board when the Bank of England base rate decreases, and inflation is reduced.

Jon Andreas Pishiri, London, Jon Christopher Ltd, jon@jonchristopher.com - Currently very tough. In fact, the toughest conditions I can recall since the early 1990's when I was a graduate.

Jonathan Knight, London Edinburgh, Corona Real Estate Partners Limited, jonathanknight@coronarep.com - Equity for investments remains readily available for the right assets but the lack of debt funding is restricting the market.

Kamil Chowdhury, London, Petrichor Property Consulting, kamil@petrichorproperty.co.uk - Landlords expectations on price still too high.

Mac, London, macneel, lal - Uncertainly and more of the same.

Mark Belsham, London, Eddisons, mark.belsham@eddisons.com - More interest from smaller office occupiers leaving serviced offices and taking lease for own space, albeit on flexible terms. Secondary retail strong demand up to £50,000 pa. Secondary industrial strong with demand from traditional occupiers. Last minute delivery much quieter.

Martin Kidd, Bracknell, Vokins, martin.kidd1@btinternet.com - Landlords not appreciating the impact of rental increases to tenants post the pandemic.

Mike Greensmith, London And South England, Sidican, mike@sidican.com - Reaching an agreement on sales or leases is taking longer to finish. There is a lot of nervousness to commit, and cases of developers seeking to chip prices once agreed are far more common. Obtaining planning decisions for the simplest of applications is taking too long, and being able to discuss planning matters with an officer is now rare.

Mr Mathew Jackson, London, EiA Real Estate, mathew.jackson@eia-re.co.uk - The gap will continue to widen between prime and secondary propoerty.

Nick Christoforou, London, NC Real Estate, nick@ncre.co.uk - Q2 onward next year all London real estate to go up.

Nick Pemberton, London, Allsop LLP, nick.pemberton@allsop.co.uk - Central London commercial investment volumes are likely to finish the year at £6.0Bn – with long term average annual volumes around £15Bn. This is even slightly lower than the 2009 GFC Central london volumes - this time around we have buyers and we have sellers, but the bid ask spread is still too wide, causing the historic low in market volumes. Sellers are not yet reflecting the rapid change in the cost of debt into their pricing and buyers are extremely cautious, particularly £50M+ lot size.

Nigel Biggs, London, CBRE, nb@nigelbiggs.co.uk - Conditions are now right for some well priced purchasing.

Nigel Harrison, London, harrison leggett, nh@harrisonleggett.co.uk - Prime offices remain in short supply and are generating ever increasing levels of rent. Secondary offices continue to experience lack of demand across Central London. The flexi office market is reaching saturation point in my opinion.

Omur Payne, London, Day and Bell Surveyors Ltd, omur.payne@dayandbell.co.uk - We have mix portfolio in/around London, and in Devon. We have a large portfolio of secondary retail parades/neighbourhood centres. We focus on tenant mix being right. We have hardly any vacant units, and rents increased approx 20% over the last 3 years. Industrial similar. Offices attractive for resi developers, all our offices occupied. We are buying more sites through development funding agreements. We work bridging the gap between the landlords and tenants. Hope to see more of that happening.

Phil Weller, London, Gerald Eve LLP, pweller@geraldeve.com - I advise occupier clients across the UK with a recent focus in central London offices. The most recent transaction I have advised on was a 90,000 sqft office subletting in Stratford. I think there are diverging rent and incentive packages between prime/secondary stock which is being accentuated by significant capex requirements required to reach sustainability targets on secondary stock.

Professor Graham F Chase, London, Chase Sinclair Clark LLP, gfc@chasesinclairclark.co.uk - Global events creating uncertainty with flight to security and few good quality properties becoming available but an increase in secondary and non compliant with environmental criteria space. Much of the development market is struggling with significant increases in cost of materials with viability often difficult to secure. Even though headline inflation is falling, the increases in the pricing of raw materials over the last 2 years has outstripped property returns and CVs.

Robert Bath, London, QUadrin Valuations Ltd, rbath@ipva.com.au - Overall a reduction in asset values in the lower end of the price spectrum due to increasing interest rates erroding real income values and a continuation of the decline in confidence for UK assets due to the removal of the UK from the EU.

Rod Bowers, London, Wimbledon Exclusive, realapps2016@gmail.com - Stubborn supply side constraints obstructing fair price discovery.

Rodney Eborn, Romford, Retired, rodneyeborn654@gmail.com - The market is making downward adjustments to reflect current cost of interest rates/borrowing and inflation.

Russell Francis, London, Colliers International, russell.francis@btinternet.com - The probable peak in interest rates and the medium hope for economic recovery and hence rental increases is starting to have a positive impact but it is tentative at the moment.

S P Dempsey, London, Boultbee LDN Capital Ltd, sean@boultbeeldn.co.uk - Expectations of the beginning of a recovery in both the occupational and investment markets, across most sectors and at some point in late 2024 or early 2025, are now more openly discussed. A continued return to office occupation, reducing energy costs, stabilised interest rates, an end to the conflict in the Middle East, and an improvement in funding availability could do it.

Simon Tuddenham, London, Lipton Rogers Developments, tuddenham@liptonrogers.com - Market is near the bottom and rents we expect to continue to grow as schemes will simply not be deliverable, while capital values we expect to pick up by the end of next year as interest rates start to drop.

Simon Wainwright, London, JPW Real Estate, sw@jpwrealestate.co.uk - Market polarisation is clearly apparent with demand focused on best assets, whilst for others there is little or no demand. Construction cost increases have moderated but development finance has become harder with several lenders withdrawing from the market. Central London office demand holding up well with plenty of activity.

Stuart Beevor, London, Beevor Consulting Ltd, stuart.beevor@yahoo.co.uk - Interest rates are falling in response to lower inflation, but the economy remains sluggish. Occupiers will demand best quality space and the bifurcation of property between demand for best and worst quality will continue. Investors will follow accordlingly.

Tim Butler, London, South Kensington Estates, tbutler@ske.org - Market is warming up - optimistic.

Tim Edghill, London, Space Asset Services Limited, tedghill@spacedevelopments.org.uk - Q4 has felt relatively flat and paused as investors wait to see better value in the market. Recent economic data will add confidence that we are at the bottom, but recessionary markers will quell this turning into any form of significant uptick in Q1 activity next year. There is a market sentiment that more distress is on the way and capital will in the main remain cautious.

Tony Parrack, London, TP Consult, tonyparrack@tpconsult.co.uk - There is still a noticeable shortage of larger floors (say 10-20k plus) in core West End locations which were typically Mayfair and St James's. As a result, adjacent areas such as Soho and Marylebone which were already popular are seeing great levels of demand and rental increase. At the top end, requirements for 'green' buildings is a given, at the bottom end the cost is paramount. We need, as an Industry, to differentiate between ESG and green - they are far apart and quite different issues.

Tristram Frost, London And Western Europe, Atlas Property Advisors Limited, twtfrost@googlemail.com - Probably nearing the bottom of the current cycle thought not quite there yet...unless there are more Black Swan events. Different countries across Europe seem to be in slightly different phases. Many leading investors are out of the markets untill possibly Q2 2024.

William Spencer, London, Vectis Property Group, william_spencer@live.com - Distressed buyers looking to reduce overall debt is starting to flood the market in all sectors.

Wlliam Nicol-Gent, South West London, Killochan & Co, louanna@blueyonder.co.uk - Uncertainty prevails, the "excess" of "Health outlets" is probably unsustainable. The effect (& complexity) of Net Zero demands has yet to impact on Residential assessed below B and D but will - severely - damage (undermine) occupancy compliance.

North East

Alison Wright, Leeds, EY, alison.wright@uk.ey.com - Challenging due to cost of debt finance but early shoots evident.

Barry Nelson, Newcastle Upon Tyne, Northern Trust Company Limited, barrynelson@northerntrust.co.uk - The rental market for smaller secondary offices remains challenging with enquiries sporadic and take up of space slow. The smaller unit industrial rental market within the north east is still achieving a good level of enquiries and conversion rates to lettings are holding up, despite the continuing economic backdrop of higher interest rates, high power costs and supply chain price increases.

David Downing, Newcastle Upon Tyne, Sanderson Weatherall LLP, david.downing@sw.co.uk - The shortage of supply of Grade A offices is beginning to persuade landlords to refurbish their Grade B/C stock to better standards to obtain improved rental values. Despite the prevailing economic conditions and the uncertainty around who will be governing the UK that comes with a forthcoming general election, the NE real estate market still feels relatively optimistic.

Duncan Grant, Barnsley, Grant Fieldhouse, duncan@grantfieldhouse.co.uk - While demand has reduced, overall stock levels remain very low so values have not been significantly affected.

Graham Hall, Durham, Graham S Hall Chartered Surveyors, ghall@grahamshall.com - Many changes in Durham City centre with redevelopment proposed for Prince Bishops shopping centre as such retailers looking to relocate. Prime Silver street changing from fashion and tech retailing to food and beverage with many food tech and fashion retailers moving out of town. City is dominated by students with the University having expanded in last few years.

Helen Wall, Sunderland, Bradley Hall Sunderland, linsleyhelen@yahoo.co.uk - Opportunistic, out of town cash investors are seeking bargains on high yielding properties and development opportunities. Commercial properties are still transacting but must be priced appropriately. Residential buyer demand remains strong in the North East but sensitive to pricing.

Kevan Carrick, Newcastle Upon Tyne, JK Property Consultants LLP, kevan@jkpropertyconsultants.com - A quiet market. Too early to see impact of benefits offered to businesses through the Autumn Statement. Good news of inward investors from automotive, energy and digital sectors for the NE region.

Simon Haggie, Newcastle Upon Tyne, Knight Frank LLP, simon.haggie@knightfrank.com - Feels like nothing is happening of any significance and people are sitting on their hands waiting for an upturn which may or may not happen in the next 6 - 12 months.

Stephen Bennett, Durham, N S Bennett and Associates, stephen@nsbennett.co.uk - Flat with realistic prices essential to achieve sales or lets.

North West

Andrew Taylorson, Preston, Eckersley Property Limited, at@eckersleyproperty.co.uk - The shortage of available stock and land for development has meant that there has been limited market reaction to higher levels of interest rate but it is apparent that many businesses and investors are cautious in their approach to purchasing new assets unless needs must. There is limited speculative development at the present time but owner occupiers are still actively looking. Residential development and the delivery of stock has, however, slowed but the appetite for land remains.

Charles Maunsell, Liverpool, Blackpool Council, charliemaunsell@aim.com - General upturn in areas like Liverpool...less so in Blackpool.

Graham Cooke, Manchester, GEECEE property consultancy, gj.cooke@outlook.com - Generally the market across most sectors except retail is holding steady. Residential will depend on an optimistic spring activity level and a hold on interest rates. Industrial has pegged back a little and office working is still uncertain although workers prefer to interact with co workers. City centres suffer due to uncertain public transport efficiency and high car park charges.

Henry Prescott, Liverpool, Prescott & Partners, henry@pandpartners.co.uk - The ability to borrow money and the cost of money is fundamental. The elders are few and the cost is extortionate.

Henry Simon Miller, Bolton, Millers Commercial, simon@millerspropertyservices.co.uk - Market remains very difficult.

Ian Birtwistle, Manchester, The Childrens Society, ian.birtwistle@childrenssociety.org.uk - Slow upturn.

James Carter, Preston, Eric Wright Group, jimc@ericwright.co.uk - A very nervous backdrop with many holding back for the time being.

James Munnery, Manchester, Footprint, jamesmunnery@footprintpropertyservices.co.uk - Tentative signs of recovery particularly in city centre offices.

Martin Acton, London, Howard Harrison Ltd, martin.acton@hhretail.uk - Demand for the better centres is improving - the real issue is still an oversupply in the smaller and weaker towns.

Michael Nuttall, Clitheroe, Brookhouse Group, mike.nuttall@brookhousegroup.co.uk - Continuing economic uncertainty, driven in the main by external factors to the UK. These have increased cost and continue to threaten demand, growth and values. Adding in political uncertainty, this is also having a negative effect on sentiment.

Michael Walton, Carlisle, Walton Goodland Ltd, michael@waltongoodland.com - The market outside major cities in the North of England and Southern Scotland is at best static and hardly keeps pace with inflation. A lack of banking and credit facilities for SMEs, an uncertain political future and fiscal uncertainty are underlying reasons for lack of demand, coupled with changing work patterns and poor economic growth.

Mike Fisher, Lancaster, Fisher Wrathall Commercial, mike@fwcommercial.co.uk - Lack of readily available land for industrial development is holding back the local economy.

Neil Lovell-Kennedy, Manchester, Proxmity, neil@weareproximity.co.uk - Generally flat market especially for secondary properties.

Peter Green, Stockport, Railway Paths Ltd, pgreen1098@gmail.com - The mainstream market remains unsettled by the impacts of Covid and creeping digitalisation of work and retail environments. Post covid patterns of working seem to be driving moves to higher quality but smaller units reflecting lower levels of staff attendance. This is impacting on associated retail activity at both prime and secondary levels.

Richard Fee, Manchester, Nikal, rjf@nikal.uk.com - A general election will see 2 years of inertia. Risk in USA election. War in Ukraine and Palestine set to continue. Care costs crisis in UK. Taxes too high but need to go higher. North of England continues to decline versus South. Local authority finance in distress. Pay crisis in NHS. Banks in denial about bad loan books. Three year depression is likely - akin to 1929.

Rick Gordon, Manchester, Stewart Montrose, rgordon@stewartmontrose.com - Market conditions remain uncertain. Many businesses lack confidence in the economic conditions and most at best remain neutral in terms of investing capital back into the business. Construction and supply chain costs (including labour) remain high meaning development appraisals often throw up negative values. A general feeling that values have not yet reached the bottom and that “deals” may start to come through during 2nd half of 2024. A general election to get through etc.

Robert Keith Dalrymple, Isle Of Man, Keith Dalrymple Chartered Surveyor, keith.dalrymple@outlook.com - Political and economic uncertainty exacerbated by negative media coverage is undermining confidence.

William Madada, Manchester, Jacobs, william.madada@jacobs.com - There seems to be perceived upturn and return for the office sector in the north west by 2025.

Northern Ireland

Arthur Connell Hugh Nugent, Newry, Young -Nugent, achn488@outlook.com - Industrial property or agricultural land have been steady in both rental and capital value in recent times. Retail and office has been shaky.

Scotland

Chris Paterson, Edinburgh, Burns & Partners, cp@bap.co.uk - We have seen a significant drop in enquiries to purchase premises from investors and occupiers alike. Increasing interest rates and tightening lending criteria have been major factors.

Craig Thomson, Glasgow, City Property Glasgow (Investments) LLP, craig.thomson@citypropertyglasgow.co.uk - Slow and unchanged in recent times.

David Rooney, Glasgow, Whitelaw Baikie Figes, david@wbf.co.uk - For buyers with access to funds, there are plenty of opportunities to cherry pick from.

Douglas Wilson, Glasgow, Kintyre LLP, douglas@kintyre.uk.com - Expecting a relatively slow start to the year but an outlook/ expectation of improving market conditions towards the back half of the year, although this will be determined in large part by inflation/ interest rates and the outcome of the General Election, both of which could have a material impact on the performance of the commercial property market in 2024.

Gavin Anderson, Glasgow, whitelaw baikie figes, gavin@wbf.co.uk - General lack of investment stock , complicated and understaffed planning systems makes new development pipeline slow and unreliable. If you need to take debt then realistically you need to be an existing borrower, very hard for new entrants.

Graham Mitchell, Glasgow, George Davie, grahamm@georgedavie.co.uk - There are signs of recovery in the market place and there are increases in enquiries and demand. There are sectors that are definitely seeing improvements in enquiries and business activity over a number of sectors.

Guy Strachan, Edinburgh, Smolka Strachan LLP, guy@smolkastrachan.com - A difficult market with build costs & debt pricing still high.

John Brown, Edinburgh, EDINBURGH AND LONDON LTD, john.brown@jb-uk.com - Despite the concern of many as to the financial management of Scotland by the SNP/Green Coalition and impact of tax rises announced and clear financial burden faced through imprudence, there is still confidence in doing business in the major cities and professional service provision is focusing on less space but better buildings and more efficiency. Older office stock continues to revert to residential use. Industrial units still at a premium. Retail is selective, locations change to Hubs.

John White, Glasgow, Hunting Real Estate, john@huntingrealestate.co.uk - Offices are probably nearing the bottom of the cycle, as is retail. However the lack of supply of development land for Industrials will continue to drive rents forward.

Len Kidd, Edinburgh, Retired, len.kidd57@btinternet.com - I notice a general shrinking of traditional "High Street" prime areas in part to contrived communication/ transport difficulties - Low emission zones/ reductions in public transport. Some increase in minor, small industrial unit development on secondary location or close to residential. No noticeable increase in any office sector other than via public authority need - though even there a desire to move away from the large office building to free up site for new development.

Malcolm Donald, Dundee, Valuation, malcolm.donald@g-s.co.uk - Limited due to being a residential surveyor and limited commercial work.

Paul Kettrick, Falkirk, Falkirk Council, pkettrick@gmail.com - Industrial demand buoyant locally due to infrastructure investment programmes.

Robert Harkness, South Lanarkshire, South Lanarkshire Council, robert.harkness@southlanarkshire.gov.uk - Industrial market is strongest.

Shaun Crosby, Fife, Fife Council, shaun.crosby@fife.gov.uk - Challenging times, with borrowing rates high and uncertainty in office occupation levels.

South East

Adrian Howse, Tunbridge Wells, Howse Associates Ltd, adrian@howseassociates.co.uk - The commercial property market looks to be on a downward trajectory although I think that it will bottom out by the Spring of 2024. The industrial warehousing market has been remarkably resilient until recently when ocupier demand has noticably declined. I expect market rents in this sector to come down. The retail and office markets have possibly already hit the bottom and may begin to pick up ahead of the industrial warehouse market.

Alex Hirst, Winchester, Gentian Development, hirstalex@hotmail.com - Market conditions surrounding development will largely be determined by inflation and interest rates over the next 12 months. Almost all appraisals are skinnier due to high cost of borrowing, high build costs and pressures on values from interest rate hikes.

Alex Medhurst, Chichester, Medhursts Commercial Surveyors, alex@medhursts.com - I am sensing a fairly flat market across most sectors with increased borrowing costs and the prospect of a general election in the next 12 months likely to hold up decision making and confidence.

Aroon Rana, London/ South East, , aroonrana@gmail.com - The secondary market overall, although down from this time last year, appears to be holding up better than the prime market across most key sectors.

Ben O'Connor, London & Se, Benocpc, benoc72@gmail.com - Developer nervousness, investor caution, commercial occupier down, BTR up.

Charles Palmer, London/ South East, Charles Palmer Property Ltd, cp@charlespalmerproperty.com - Green shoots of recovery. Retail still hampered by punitive business rates. Office occupiers returning and the service industries in town and city centres are recovering slowly too.

Christopher Sims, Tunbridge Wells, CHRISTOPHER SIMS LTD, cjsims@cjsimsllp.com - The market is in the doldrums waiting for political change, tax cuts & lower debt costs.

Colin Brades, Brighton & Hove, Avison Young, colin.brades@avisonyoung.com - Brighton prime retail: Generally a slight upturn in the number of requirements received and open market lettings successfully completing. Secondary retail market demand remains static.

Conrad Bacon, Carshalton, Town Centre Regeneration Ltd, cb@conradbacon.co.uk - Signs of rents having stabilised in retail, but at a level that remains suppressed by rates. Increases possible, but rating system is the primary blocker of, and cap on, growth and investment - far higher barrier than in France, for example. This leaves physical centres of communities too expensive to run, they lack the stock and online retail becomes dominant.

Courage Ikonagbon, London/ South East, Royal Borough of Greenwich, courage.ikonagbon@royalgreenwich.gov.uk - The industrial market in the South East has been resilient in the face of high interest rates albeit now showing signs of stabilisation with the Bank of England possibly cutting rates in the coming years. Occupancy rate and rent levels generally have been encouraging . However, the retail sector has not improved post the pandemic with landlords having to offer substantial incentives to secure lettings.

David Hooper, Redhill, HCP Ltd, david@hoopercommercialproperty.com - Have seen an uptick in enquiries and activity since October. Retail led by independent, franchised and market town operators. Leisure we are seeing some F&B, but much more competitive socialising and sport/lifestyle related concepts. Bowling, Axe Throwing, Darts, Ping Pong and Yoga/Pilates.

David Martin, Brighton, SHW, dmartin@shw.co.uk - Activity in all commercial sectors remains positive but transactions are taking too long to complete and the outlook for the economy remains uncertain. The direction of travel of interest rates is very important now, in terms of providing confidence back to the economy and for companies decision making process.

Dermot P Main, Woking, Main Allen, dermot@mainallen.com - Very difficult to engage clients in acquisitions and they are taking far too long to be documented and completed.

Desmond Ely, Southampton, Ely Langley Grieg, dr.ely@btinternet.com - The retail market has been rather slow as have offices whilst industrial has been more positive.

Edward Iliffe, Southampton, Yattendon Group, edward.iliffe@yattendon.co.uk - I believe there will be some interesting buying opportunities as yields increase.

Henry Richard Howard-Vyse, London/ South East, , henry.howardvyse@gmail.com - Regional and location variations on top of those of sector and building characteristics make valuation more of an art than a science at the moment.

Iain Steele, Farnham, Park Steele, iain@parksteele.com - Freeholds in all sectors continue to be of interest with multiple potential buyers bidding, although no real price increases. Leasehold shops at the lower end of market remain of interest to independents but up to certain rental level, only varying from area to area. Leasehold offices remain subdued although some takers and alternative users taking up some of the space. The market in general was quiet in the summer then picked up during October to November then has settled down again in December.

Jeremy Clayden, Crawley, Sanguine Surveyors, jeremy@sanguinesureyorsl.com - I believe the market is awaiting an indication of the change in political climate and the announcement of a general election.

John Mitchell, London/ South East, Avison Young, john.mitchell@avisonyoung.com - General evidence in the market that with stabilised interest rates and borrowing costs reducing, there is a bit more certainty which is helping to increase leisure spend in the market.

Jon Chapman, Central Milton Keynes, Pinders Professional & Consultancy Services Ltd, jon.chapman@pinders.co.uk - The rapid rise in interest rates has had a greater impact on market activity and values than the Covid pandemic but some stability may return as interest rates find their new level.

Mark Howard, London/ South East, Doherty Baines Limited, mhoward@dohertybaines.com - Older secondary offices and lower grade industrial to have capital values and rental growth curtailed by MEES and EPC requirements. For offices, a prerequisite for a successful leasing campaign is strong ESG credentials and for larger companies it is also for a building to assist them in the reduction of operational carbon.

Mark Minchell, Chichester, Flude Property Consultants, m.minchell@flude.com - We are looking at optimism for 2024 with shoots of recovery, all things being equal, showing by spring and a stronger end to 2024 than 2023.

Matthew Diamond, Basingstoke, Diamond Land, matthew.diamond@diamond-land.co.uk - I expect the yield on 10 yr gilts to rise over the next few years under a new Labour administration. This will increase the cost of finance and decrease capital values.

Mellawood Properties Ltd, Beaconsfield, Mellawood Properties Ltd, bryan.galan@outlook.com - Market fragile and little demand with rents continuing to drop. Investment demand but only for good quality assets/covenants.

Michael Rowlands, Haslemere, Lambert Smith Hampton, mrowlands828@gmail.com - Difficult conditions across most of the markets. No upturn yet.

Nathan Wareing, London, Wareing & Partners, nathan@wareingpartners.com - Capital values may be building in more risk in the commercial leisure market than actually exists. Occupational demand remains selective but fundamentally strong.

Nick Ekins, London/ South East, Gentian, nick@gentian.co.uk - Prime retail still looks very cheap - too cheap. But more competition from investors has entered the market.

Paolo Antonio Iacobucci, Ipswich, countywide properties, paul@countywideproperties.co.uk - Market for industrial still showing resilience, retail and office sector weak.

Paul Russell, Winchester, Carter Jonas, paul.russell@carterjonas.co.uk - Still significant caution in the markets.

Philip Marsh, Beaconsfield, Philip Marsh Collins Deung, philip@pmcd.co.uk - It has been a tough 9 months and 2024 has the potential to continue to be difficult.

Phillip Fry, Bournemouth, Phillip Fry FRICS, phillipfry28@btinternet.com - Fundamental demand likely to rise from bottom of cycle.

Richard Harding, London/ South East, Bray Fox Smith, richardharding@brayfoxsmith.com - Prime headline rents for best in class offices will continue to increase whilst secondary rents will come under downward pressure. Capital values will fall as a result of yield shift brought on by rising interest rates.

Sharon Roskilly, St Albans, Hertfordshire County Council, sharon.roskilly@hertfordshire.gov.uk - St Albans remains static, low availability continues due to lack of new development. Broxbourne seeing higher level of upcoming development proposals in Hertfordshire.

Simon Browne, Brighton, Crickmay Chartered Surveyors, scb@crickmay.co.uk - Noticeably less bank lending on new purchases.

Simon Lawson, Brighton, Jason & Lawson, lawson6102@gmail.com - Confidence is not strong generally with so many economic uncertainties, with most predicting a mid to late 2024 slow recovery.

Stephen Ray, Redhill And Reigate, SHW, sray@shw.co.uk - If interest rates do fall we are likely to see a general property market strengthening in the South East.

Steve Masters, London/ South East, Chase Realty, steve.masters@chaserealty.co.uk - Whilst the economic backdrop and markets remain challenging, retail pricing, particularly top retail parks, looks attractive compared to other sectors. Occupier demand in hospitality/leisure appears to be picking up slightly too in better markets.

Stewart Gray, Brighton, Austin Gray, stewartgray@austingray.co.uk - Market difficult - funding very difficult -many buyers turning to private funding and ignoring major Banks with their restrictive policies. Yields have rocketed.

Terence Firrell, London/ South East, Terence Firrell Ltd, terence@terencefirrell.co.uk - All market sectors in my view are affected by uncertainty, which will impact upon future growth in respect of rental and capital values.

Tim Davis, Sussex, Hargreaves, timjadavis@gmail.com - Treading water and waiting to see a clearer picture on interest rate rise impacts, political change and geopolitical stability and direction in the Middle East. Also waiting for the rain to stop.

Victor Forson, Tunbridge Wells, Tunbridge Wells Borough Council, victor.forson@tunbridgewells.gov.uk - Early recovery of the markets.

Will Staniland, London/ South East, Rumsey and Partners, will@rumseyandpartners.co.uk - Sense we have spent the last 3 months reaching the bottom of the market zone, but still significant vendor reluctance to accept realities. As such, this bottom period will continue for another 3-9 months as refinancing, in particular, becomes an uncomfortable reality forcing vendors to reconsider where the values are and opportunity buyers start cautiously moving into the market at pricing which is discounted to current levels.

South West

Alastair Andrews, Swindon, Loveday, alastair@loveday.uk.com - Although occupier demand has generally reduced in the Swindon industrial market, supply of good quality space across all size ranges remains constrained which is continuing to put upwards pressure on rents and capital values. A lack of land supply is holding back new development and unless we see a significant increase in business failures, these trends may well continue.

Andrew Hardwick, Bristol, Carter Jonas, andrew.hardwick@carterjonas.co.uk - Market conditions are challenging with economic and political conditions subduing sentiment. High quality new offices with strong sustainability credentials are still able to command high rentals and capital values for owner occupier offices in Bristol have held up well, in the latter case due to acute scarcity and the availability of cash.

Andrew Kilpatrick, Swindon, Kilpatrick & Co Commercial Property Consultants Limited, a.kilpatrick@kilpatrick-cpc.co.uk - Market relatively subdued in Swindon & surrounds, reflecting flat economy and lack of confidence in the face of global uncertainties from the wars in Ukraine & Gaza, inflation worries from prospect of rising energy costs and UK political uncertainties for 2024.

Chris Wilson, Poole, Goadsby, chris.wilson@goadsby.com - Business confidence has improved since interest rates stopped rising and following headlines reporting that inflation has continued to fall.

Damian Cook, Exeter, Stratton Creber Commercial, damian@sccexter.co.uk - Reasonably healthy demand for correctly priced property with caution shown by prospective buyers.

Daniel Smethurst, Swindon, Smethurt Property Consultants Ltd, daniel@smethprop.co.uk - General enquiry levels are down but we are seeing the return of larger office requirements with a primary focus on ESG and a quality built environment.

David Monk, Plymouth, Monk & Partners, david@monkandpartners.co.uk - Unsettled with delays at legal stage leaving a number of deals not proceeding to completion. Worry with interest rate levels and debt the main factor holding back sales.

Huw Thomas, Chippenham, Huw Thomas Commercial., huw@huwthomascommercial.com - Slight resurgence in the office market as companies strive to entice staff back to an office environment. Reduced demand in the industrial and warehouse sector, particularly for mid size units; good demand for secondary retail with a particular increase in demand by independent convenience store operators.

Ifan Rhys-Jones, Plymouth, Listers, irj@listers.uk.com - Supply still fairly thin. Development remains marginal. Occupier demand has eased but is still out of balance with supply.

John Corben, Swanage, Corbens, john@corbens.co.uk - The commercial market for the retail sector has remained encouragingly constant with many new business start ups. Landlords have had to to negotiate with opening incentives and fair rents.

Jon Stone, Exeter, Jon Stone Surveyors, jon@jonstone.co.uk - Small space occupier and investment market holding up. Others faltering.

Luke Sparkes, Cirencester, Marriotts Property, luke.sparkes@marriotts.co.uk - There has been the expected downturn in demand for commercial property to let due to the impending Christmas holidays. The New Year still appears to bring uncertainty but one hopes we will begin to turn the corner by Spring.

Michael Oldrieve, Exeter, , m.oldrieve@btinternet.com - Steady as she goes.

Mike Nightingale, Truro, Miller Commercial LLP, msn@miller-commercial.co.uk - Transaction volumes have reduced in H2 2023 and transaction times have become protracted due to a lack of urgency and competition amongst buyers. There are early signs that this status quo is shifting as interest rates appear to have stabilised.

Oliver Workman, Cheltenham, THP Chartered Surveyors, oliver@thponline.co.uk - General market conditions remain flat. Survive until 25 is being said a lot and there is some truth in that phrase. There are some sectors remaining more resilient including secondary retail and industrial.

Patrick Dempsey, Circencester, Royal Agricultural University, fosseproperty@gmail.com - Market remains nervous.

Peter Woodley, Cheltenham, Cheltenham Borough Council, peter.j.woodley@btinternet.com - Interesting times, especially for ground rents and residential development.

Roger Ewart Smith, Swindon, Wilts. Sn4 8Dt, Smith and Foyle, Chartered Surveyors., smithandfoyle@btconnect.com - Swindon Wilts, is suffering very badly with regard to town centre retail trading and retail outlets doing well are those out of town centres with easy access, no parking charges, with no drunken louts and beggars to annoy and upset shoppers. Some demand for smaller industrial units and the larger occupiers of multiples seem to be holding their own. Very few new occupiers of small industrial units but some specialist outlets are thriving.

Rupert Stephens, London, Hobden Group, rupert.stephens@hobden-group.co.uk - Negative outlook for all sectors across investment, occupational and development. Expect a period of low activity ahead of a larger downturn.

Simon Walsham, Bournemouth Poole And Christchurch, James and Sons, simonwalsham@jamesandsons.co.uk - Industrial market growth has slowed but demand still exceeding supply. Retail market remains poor with the exception of pockets of growth in select locations. Office market flat.

Stephen Matcham, Plymouth, stratton breber commercial, stevem@sccplymouth.co.uk - Market shows signs of returning confidence.

Tim Smith, Cullompton, Hitchcocks Business Park Limited, tim@hitchcocksbusinesspark.co.uk - Lack of new build stock holding up capital and rental values.

Tim Wright, Dorchester, Greenslade Taylor Hunt, tim.wright@gth.net - The commercial property market remains fairly quiet with generally low enquiry levels. The industrial sector continues to outperform the retail and office sectors. We will get a better idea of where the market is heading in the New Year.

Wales

Chris Sutton, Cardiff, Sutton Consulting Ltd, chris.sutton@suttonconsulting.co.uk - The commercial property market in Wales experienced an increase in supply, however, Grade A accommodation remains in demand with rising rents in both industrial and office sectors for the very best floorspace. Industrial rents at St Modwen Park, Newport now exceed £9.00 per sq ft for new-build accommodation with healthy take-up in 2023. The central Cardiff office market continues to see churn as occupiers use lease events to readjust to new ways of working with Veezu relocating to Hodge House.

Dylan Williams, Swansea, Rees Richards and Partners, dylan@reesrichards.co.uk - The tide is certainly turning in Swansea, with the local authority and local developers taking the initiative in redeveloping city centre property, in turn, leading to an upturn in prime office rents and capital values. It is hoped that with a vastly improved city centre offering and footfall, the decimated retail sector will recover. In addition, well serviced industrial property along the M4 corridor is also seeing an upturn in demand; long may it continue.

Haydn Thomas, Newport, Hutchings & Thomas, ht@hutchings-thomas.co.uk - Industrial market remains buoyant with good tenant and purchaser demand. Supply still low with reduced development. Office market showing some improvement at the lower size market ie. 1500 - 3000 sq ft both leasehold and freehold. Increase in demand for owner occupier market in the same size bracket. Lack of supply of freeholds in this area. Larger offices with 5000sq ft + floor plates may struggle and alternative uses may be considered. Retail high street demand low, secondary demand increasing.

James Perry, Cardiff, Property Consultants, jperry@middletonperry.co.uk - Predominantly deal with industrial property and whilst demand has reduced slightly over last 6 months, it is still strong and outstripping supply for all but the largest properties.

Michael Bruce, Cardiff, DLP SURVEYORS, michael@dlpsurveyors.co.uk - Still plenty of market activity although a noticeable slowing down over the last 3 months or so. Development start ups in South Wales continue to be few and far between - particularly noticeable when comparing with other bordering areas such as the South West, West Midlands, and North West. A particularly worrying tone is the apparent reluctance of developers to consider South Wales, many apparently being put off by the perceived 'anti-business' sentiment being expressed by Welsh Govt.

Richard Baddeley, Glan Conwy. Colwyn Bay, Richard Baddeley & Company, richardbaddeleyco@gmail.com - There is considerable uncertainty and caution in the commercial market generally and particularly in North Wales. The market is awaiting a decision on the Wylfa Nuclear Proposal and development within Holyhead to cater for the growing Irish freight traffic.

Robert James Harrison, Welshpool, Triang Developments Ltd, j.harrison@triang.co.uk - Remains shortage of industrial buildings for business growth in parts of Wales due to lack of availability of development land and high construction costs.

Stuart R J Phillips, Oswestry, Celt Rowlands & Co, oswestry@celtrowlands.com - Industrial remains strong and appears to have seen a surge upwards in rents in last 6 months.

West Midlands

Chris Keye, Birmingham, Darby Keye Property, chris.keye@darbykeye.co.uk - Occupational demand in Q4 2023 appears to have improved slightly but capital market transactions remain challenging.

Christian Smith, Birmingham, Savills, christian.smith@savills.com - The industrial market remains ok, close to pre-covid average, incentives are pushing out but rents are still slowly rising. In my view available units on the market have about peaked as little new development is currently coming through. Expect market to be slightly stronger as next year unfolds.

David Macmullen, Sambourne Redditch, MacMullen Associates Ltd, dmacmullen@macmullenassociates.com - More optimism apparent in the market than possibly is justified. There is no great overhang of new stock but secondary and second hand office and retail properties are burdensome to landlords when vacant because of void rates and service charge. The level of potential insolvency in the construction sector is concerning.

David Willmer, Birmingham, Avison Young, david.willmer@avisonyoung.com - The Industrial/logistics market has softened over the past 12 months but is still active and in line with the 5yr average.

John Andrews, Kidderminster, Doolittle & Dalleuy Holdings Ltd, johnandrews@doolittle-dalley.co.uk - Industrial rental and capital values increasing due to demand outstripping supply. Retail and offices poor.

John Emms, Dudley, John Emms Commercial, john@johnemmscommercial.co.uk - High St retailers seem to be experiencing a difficult trading time evidenced by the number of discounted offers available pre-Christmas. The impact of Wilkinsons stores closures around the country is having a marked effect in many town centres across the region. Demand for freehold industrials is still good but lack of stock is helping to keep prices at current levels.

Michael D Jones Frics, Malvern Worcestershire, Michael d jones ltd, mjones5400@yahoo.com - I believe an increasing downturn in demand to rent both retail and office premises and in particular secondary premises will accelerate over the year ahead . However, I anticipate capital vales for warehouse/industrial premises will hold firm as in my previous long experience of such market conditions eg the early 1990s and between 2008/12.

Mr Simon Horan, Hereford, Fairfield Land & Development Ltd, simon.horan@fairfieldland.co.uk - Speculative is on the decline as the market tries to reduce its risk profile to short term market fluctuations. Until there is a noticeable trend that inflation is under control and the economy is on the up, low risk assets will be the order of the day where demand remains strong and the supply chain is weak.

Neil G Harris, Birmingham, Lane Cove, neil@lanecoveproperties.com - The market is in 'slack water' meaning the tide is neither outgoing nor incoming, it is really waiting for the market to choose a direction of travel, most likely dictated by politics and (planning) policies.

Nick Yates, Birmingham, Colliers, nick.yates@colliers.com - Seeing a lot of interest in the independent retail sector, and equally some consolidation from the larger retailers. Demand for prime industrial space still appears at a premium. Lots of new construction is making prime space the new norm so secondary and tertiary space is being devalued and landords having to consider refurbishment or development options to ensure compliance with modern legislation and to avoid obsolescence. Lifecyle of properties is shorter now to meet modern tenant needs.

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

Paul James, Stoke-On-Trent, , pjames.huntersview@gmail.com - Flat.

Peter Holt, Coventry, Holt Commercial Ltd, peter@holtcommercial.co.uk - Industrial still sees a good demand across the whole sector. Demand for offices having been very poor is just beginning to improve particularly for mid size units from 3,000 to 8,000sq ft. A shift towards sustainable space. Retail will be interesting with the redevelopment of Coventry City Centre South. This is creating a demand from some retailers needing to relocate to accommodate the development.

Philip Moran, Redditch, Philip Moran Chartered Surveyors, philipjmoran@yahoo.com - The market reflects the present financial position.

Richard Topps, Stratford Upon Avon, NFU Mutual, richard_topps@nfumutual.co.uk - Markets remain fragile. Expectations are for growth into 2024 and beyond but few consistent signs of that materialising yet.

Simon Smith, Atherstone, Smith Brothers (Tamworth) Developments Limited, chris@bat-survey.co.uk - The market appears to be mid downturn in some sectors with values higher than bids in some sectors.

Tony Broad, Alvechurch, Birmingham, Tony Broad Associates, timbroad1103@gmail.com - Challenging.

Tony Rowland, Evesham, Sheldon Bosley Knight, trowland@sheldonbosleyknight.co.uk - Its a tough trading market suffering from occupier uncertainty. When interest rates stabilise, I am sure we will see increased business activity.

Yorkshire & the Humber

Andrew Mcbeath, York, McBeath Property Consultancy Limited, andrew@mcbeathproperty.co.uk - Flat market but due partly to seasonal lethargy.

Brian Reynolds, Wakefield, NorthCountry Homes, brian@northcountryhomes.co.uk - As a low cost house builder the buying market is looking good, providing opportunities if not hamstrung for cash. Sales are low cost, so will stand up, demand is high and will remain so now the interest rate change has been 'accepted'.

David Broschomb, Leeds, Dabro & Associates, dabroandco@gmail.com - The Leisure Market in which I specilise is going through changes and struggling due to the after affects of the Pandemic, Business Rates, Cost of Food, Utilities and Staffing. This will affect investment, property availability and values.

David Melvyn Woodhead, Wakefield, Woodhead Investment & Development Services Ltd, dwoodhead@woodheadinvestments.co.uk - High cost of borrowing is revealing a two tier market. Debt laden buyers are inactive / generally selling whilst cash purchasers are still active. Not seeing any significant "forced sale" events (yet).

Jason Barnsdale, South Yorkshire, Barnsdales, jason@barnsdales.co.uk - Lack of supply of stock is probably artificially holding values steady.

Jonathan Duck, York, Bramall Properties Limited, jonathan.duck@bramallproperties.co.uk - Quiet.

Michael Hughes, York, MJD HUGHES Ltd, info@mjdhughes.com - The commercial property market cannot be said to be improving but there is a sense that is not going backwards. There is a general positive attitude amongst landlords and freehold buyers who want to make their business move forward. The extended period of stagnation or poor returns is helping investors to focus on how this can be improved. There is no specific trend at the moment but there is certainly a will for improvement.

Mr Richard J Heslop, Leeds, DE Commercial, richard@de-commercial.co.uk - We are clearly at the bottom of the cycle or very close to it. Developers, investors and occupiers are clearly waiting to see what will happen in the wider economy vis-a-vis interest rates and the ability to access finance from the banks.

Richard Corby, Leeds, Lambert Smith Hampton, rcorby@lsh.co.uk - Deals across all sectors continue to be slow to complete or frequently fail to transact, but occupier enquiries are still being received and those parties that can proceed have a better choice and stronger negotiating position than has been the case over the last couple of years. The office market is becoming fragmented between prime space and the remainder, with few takers for the latter.

Robin Beagley, Leeds, WSB Property Consultants LLP, rbeagley@wsbproperty.co.uk - Demand from occupiers across all sectors is subdued, caution remains but limited supply should help maintain rental and capital values.

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 6 December 2023 with responses received until 12 January 2024. 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 850 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.

Contact details

This publication has been produced by RICS. For all economic enquiries, including participation in the monitor please contact: economics@rics.org

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