



Q2 2021: UK Commercial Property Market Survey

Industrial market remains robust while demand appears to be stabilising across the office sector

- Feedback turns broadly neutral regarding office demand but remains negative for retail
- Industrial sector expected to deliver further strong capital value and rental growth
- 56% of survey participants now feel the market is in the upturn stage of the property cycle

The Q2 2021 RICS UK Commercial Property Survey results again point to an improvement in overall market sentiment, with the share of respondents now sensing conditions are consistent with an upturn rising to 56% from 38% in the previous report. Supporting this, demand trends appear much more stable in the office sector relative to recent quarters, while the industrial sector continues to see sharp growth in interest from both occupiers and investors.

At the headline level, a net balance of +16% of respondents reported a pick-up in occupier demand during Q1. This is noticeably more upbeat compared to the reading of -5% posted last time and marks the strongest return for the aggregate tenant demand indicator since 2016. That said, there remains a wide dispersion in demand conditions at the sector level, with the latest net balances standing at +63% for industrials (+57% last time), -3% for offices (-34% in Q1) and -25% across the retail sector (-55% previously).

Alongside this, respondents continue to cite a sharp contraction in the availability of leasable industrial space, with the net balance slipping deeper into negative territory at -48% (-39% in Q1). Conversely, availability remains on a firmly upward trajectory across the office and retail sectors, returning net balances of +40% and +52% respectively in Q2.

With regards to the rental outlook, prime office rents display marginally negative expectations for the year to come, albeit these have turned significantly less downbeat at -1% (which compares with a projection of -3% back in Q1). Nevertheless, secondary office rents are seen falling by -4% over the twelve-month timeframe. On the same basis, retail rents are still envisaged declining sharply, with expectations standing at -5.5% for prime and -8% for secondary. By way of contrast, prime industrial rents are anticipated to climb 5%, while expectations are also firmly positive for secondary industrial rents at +3%.

When viewed at the regional level, industrial rental growth expectations remain robust in all parts of the UK, with retail rents still projected to decline across the

board. Interestingly, the central London prime office market now displays stable rental growth expectations, marking a significant turnaround from the deeply negative assessment returned over recent quarters. Likewise, prime office rents now exhibit a flat twelve-month outlook in Scotland, the West Midlands, East Anglia and the North East. Even so, for the time being, secondary office rents are anticipated to decline further across all parts of the UK over the next twelve months.

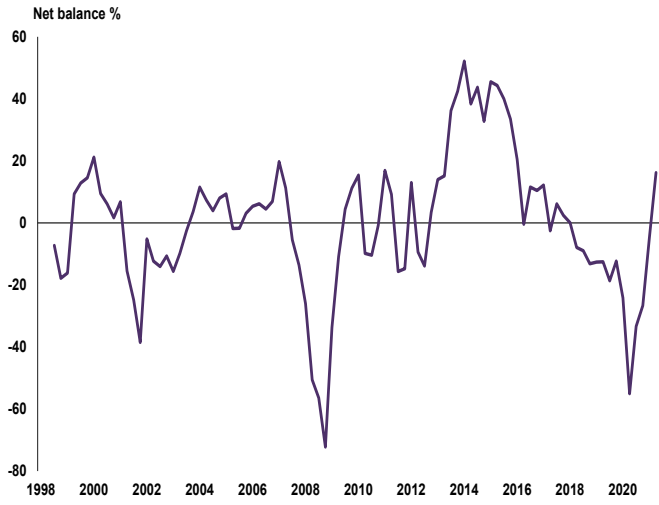
On the investment side of the market, an aggregate net balance of +15% of contributors reported an increase in all-property investment enquiries over the quarter (up from +4% last time out). Unsurprisingly, the industrial sector still leads the way, with the latest net balance of +64% representing the strongest reading on record. For the office sector, the Q2 net balance of -4% (improved from -18% previously) is indicative of a largely stable investment demand picture. Meanwhile, the investment enquiries indicator remains negative for retail at -28%, although the latest net balance is less downbeat than -44% back in Q1.

For the coming twelve months, respondents continue to foresee strong industrial capital value growth being chalked up across all parts of the UK, with expectations more or less unchanged from the previous report. Although both prime and secondary retail values are still anticipated to see widespread declines, projections are at least less negative than in previous quarters. For the office sector, prime values are now seen holding steady in the year to come, even if the outlook remains comfortably negative for secondary offices.

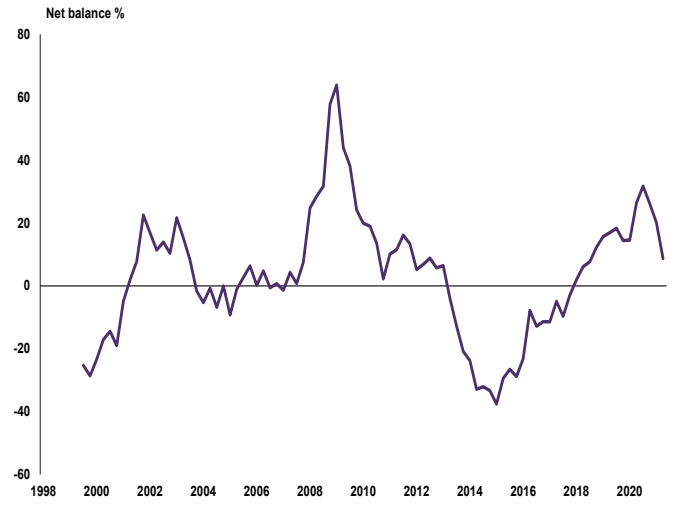
Lastly, turning attention to some sectors away from the mainstream markets, respondents anticipate values rising for multifamily residential properties, data centres and aged care facilities, with expectations broadly aligned with those submitted last quarter. In a noteworthy development, capital value projections are now only marginally negative for hotels, with the latest net balance shifting significantly from -47% in Q1 to -4% in Q2. Similarly, capital value projections for student housing moved into neutral territory, recording a net balance of +4% relative to -19% last time.

Commercial property - all sectors

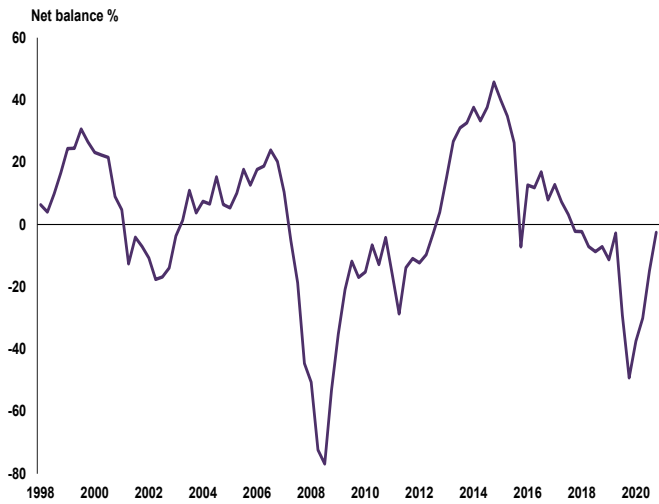
Occupier Demand



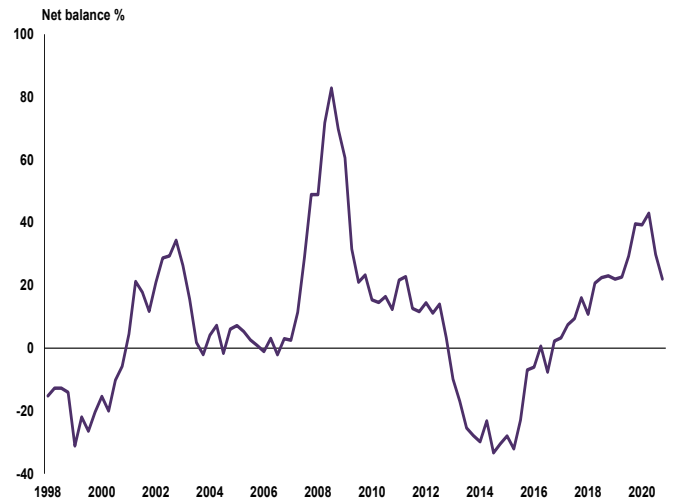
Availability



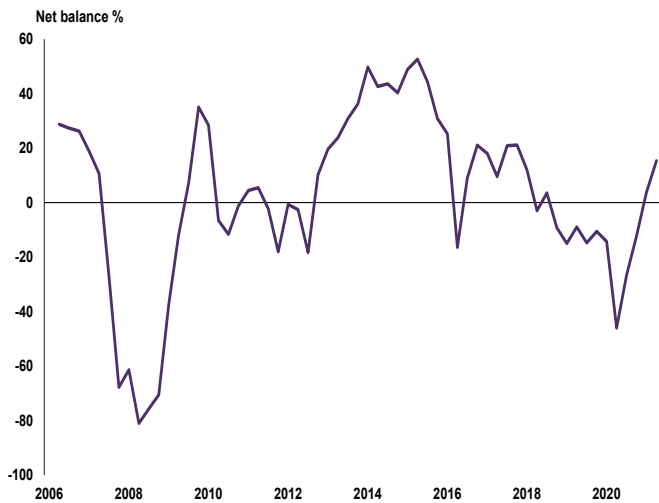
Rent Expectations



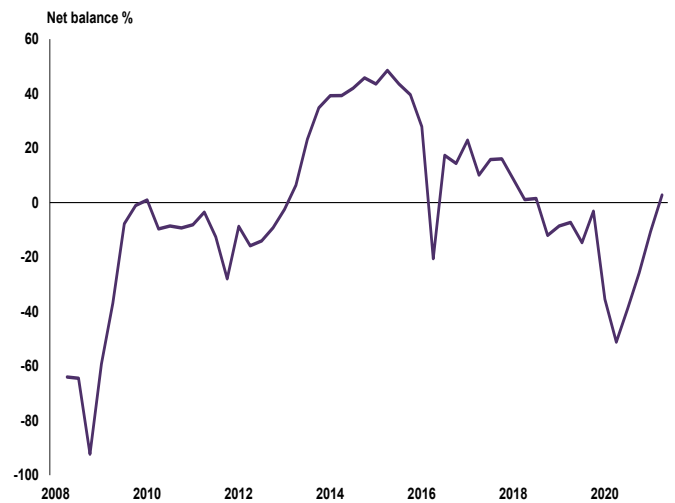
Inducements



Investment Enquiries

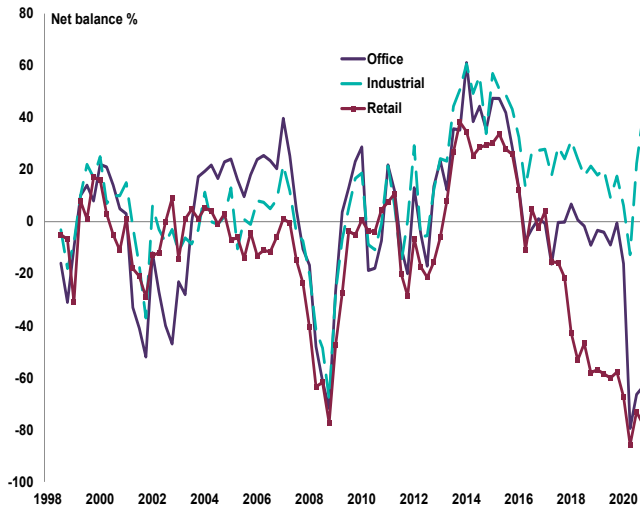


Capital Value Expectations

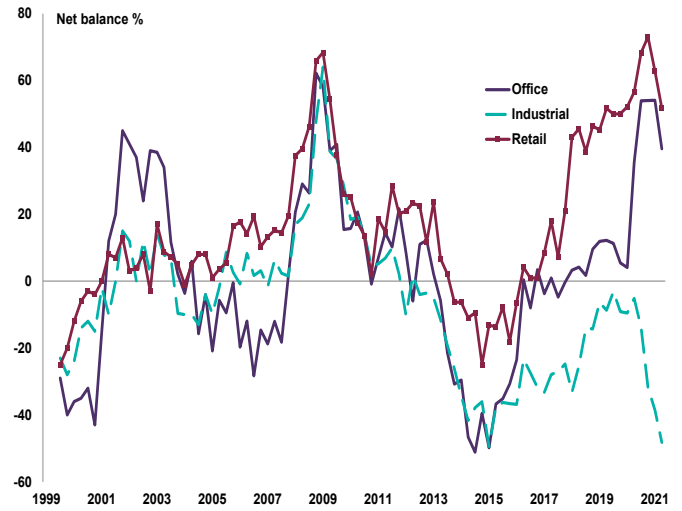


Commercial property - Sector Breakdown

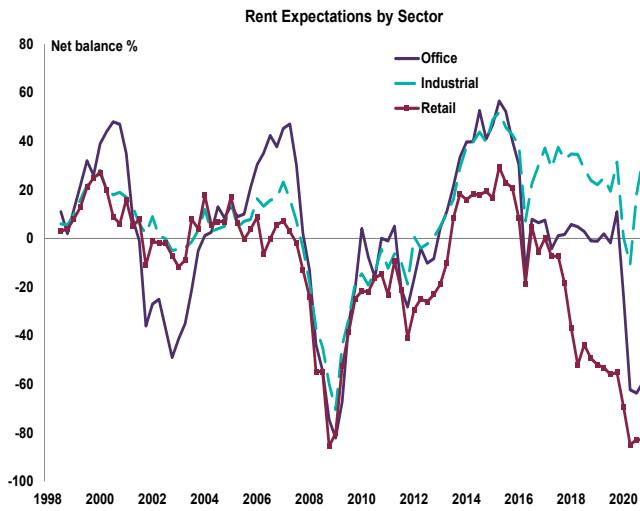
Occupier Demand



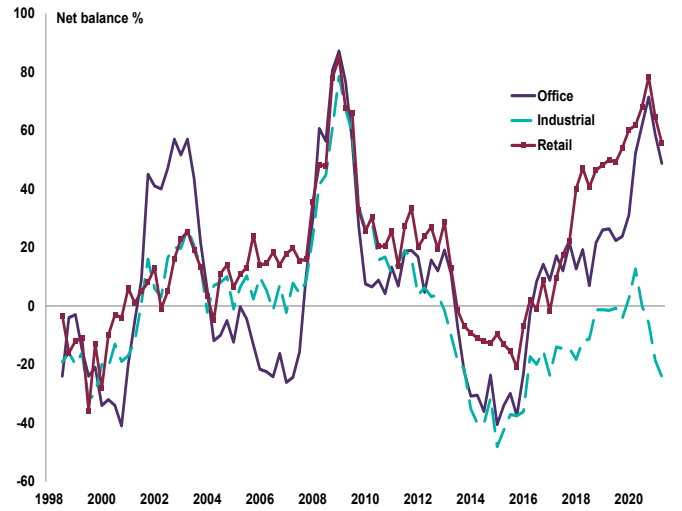
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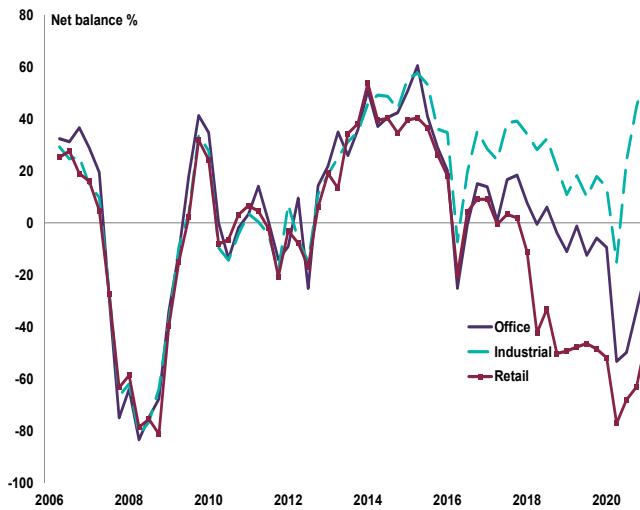
Rent Expectations



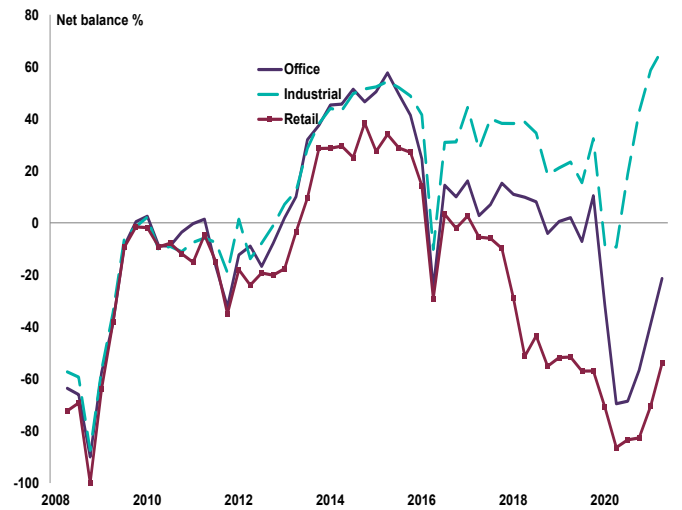
Inducements



Investment Enquiries

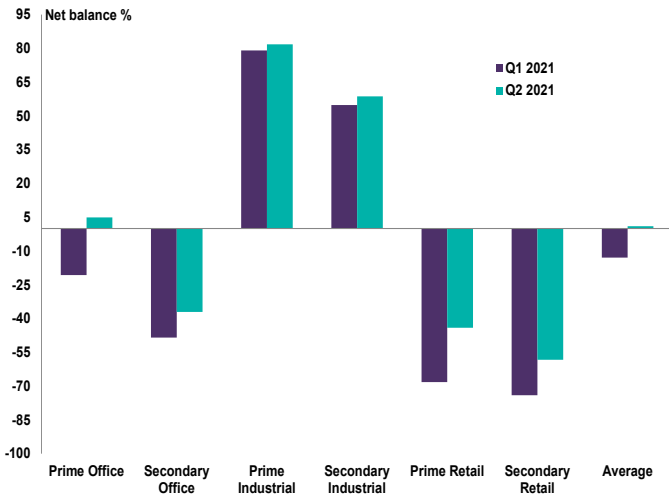


Capital Value Expectations

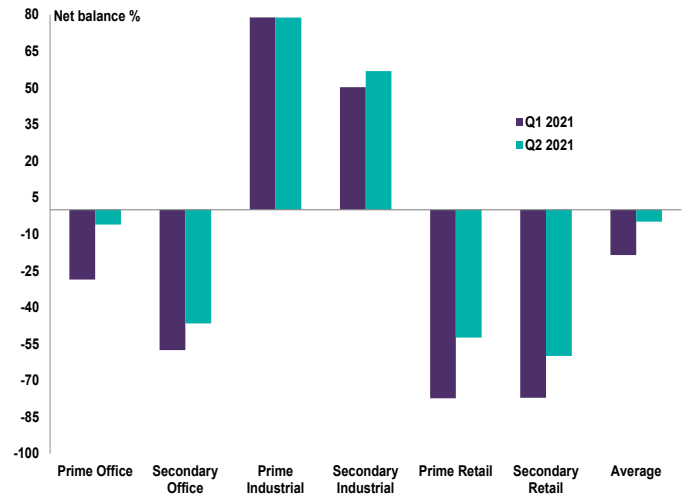


Commercial property - Additional Charts

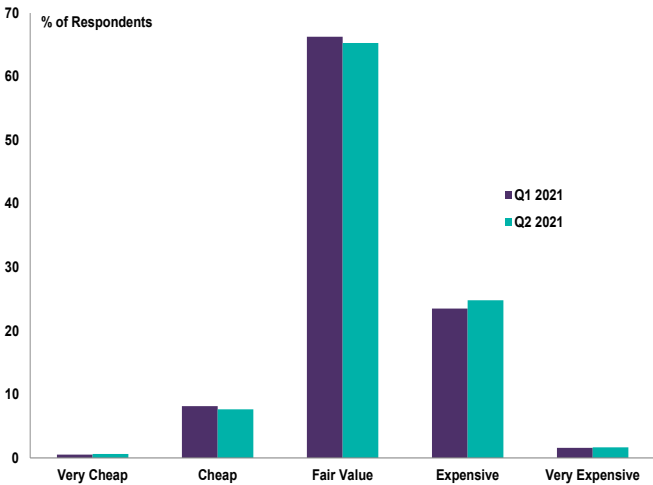
12 Month Capital Value Expectations



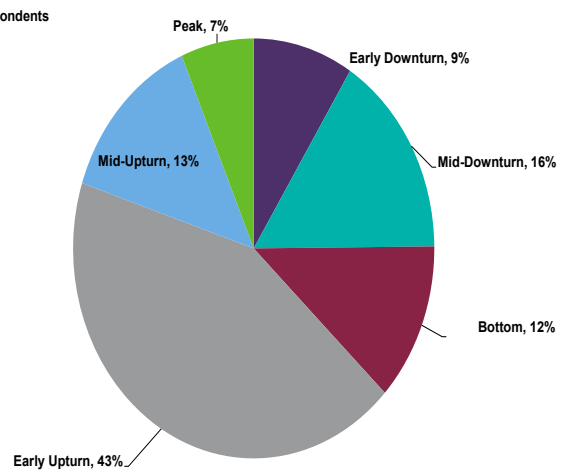
12 Month Rent Expectations



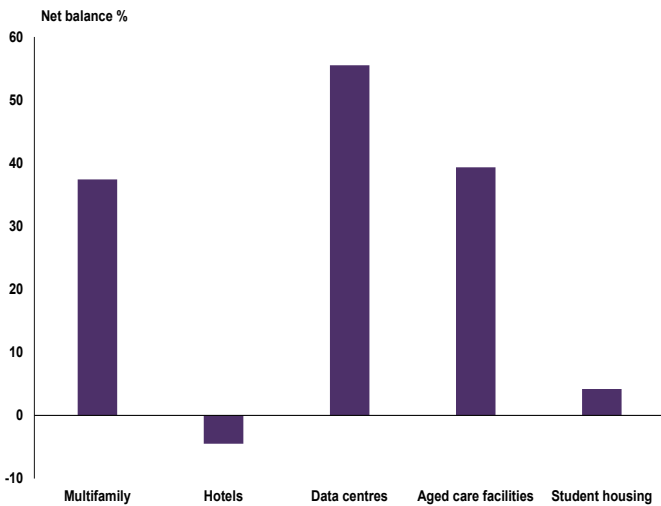
Market Valuations



Property Cycle



12 Month Capital Value Expectations - Alternatives



Chartered Surveyor market comments

East Midlands

Andrew Lawson, Nottingham, Henry Boot Construction Ltd, alawson@henryboot.co.uk - Still a lot of unease and concern due to Covid and Brexit. There is a feeling that there will be a wave of redundancies once the government stops making the furlough payments. This may lead to a further downturn in expenditure.

Gilbert Harvey, Kettering, Budworth Hardcastle, gharvey@budworthhardcastle.com - The investment market for industrial and warehousing stock across the size ranges has been extremely hot with investors searching for any return.

Ian Mcrae, Northampton, Chadwick McRae, icm@cmcre.co.uk - The lack of supply is driving industrial rents higher and lease lengths longer.

M D James, Leicester, Loughborough Developments Ltd, mattj850@live.co.uk - Uncertain but investment demand remains strong.

Mark Twelves, Bakewell, Litton Property Group, mark.twelves@littonproperties.co.uk - Strong recovery. Shortage of stock in residential and industrial / distribution. Over supply and uncertainty in offices and retail.

Richard Sutton, Nottingham, NG Chartered Surveyors, Richards2011@virginmedia.com - Demand is still opportunity driven, industrial remains the default position with limited supply and maximum demand. We are thankfully seeing office confidence returning but only for the better product and locations. The return to work call needs to happen.

Robert Field, Leicester, Merlin Properties Limited, rff@merlinproperties.co.uk - Still good demand for property in the local market.

S Salloway, Derby, Salloway Property Consultants, ssalloway@salloway.com - The difference in market performance between different sectors is quite marked.

East Anglia

Daniel Musgrove, Stevenage, Brown and Lee, daniel.musgrove@brownandlee.com - Industrial rents and capital values remain strong. Lack of development land is adding to this problem. Office lettings, although small in size, are numerous but there does not seem to be any pattern to the take-up.

Dominic Williams, London, Hewdon Consulting, dw@hewdon.com - Perhaps surprisingly, demand from local and small occupiers has held up better than demand for bigger units.

Johnny Markham, Norwich, Diabdia Ltd, johnny@diabdia.com - There are sectors of notable outperformance: industrial, residential & life sciences. But the market as a whole is still vulnerable to health related uncertainties and short term government intervention. The market is consequently prone to volatility which renders trend analysis difficult. Hospitality, leisure, live entertainment remain hugely vulnerable.

Julian Haywood Smith, Ipswich, Beane Wass & Box, jhsmith@bw-b.co.uk - Return to more normal working practices will impact demand for and release of working space as employers come to terms with hybrid working. Shortage of industrial/warehousing space continues to drive up rents.

Sam Kingston, Norwich, Roche Chartered Surveyors, kingston@rochesurveyors.co.uk - As with the majority of the country, there is a general lack of stock across the industrial sector. Demand remains high, with a limited supply. The office market has seen an increase in activity, albeit from a very low base. Companies are starting to seek better quality accommodation.

London

Adrian Tutchings, Bromley, Linays commercial Limited, commercialproperty@linays.co.uk - The market is relatively steady with the exception of prime retail where there is very little interest.

Alexander Anrude, London, Royal Borough of Kensington & Chelsea Council, anrude@rbkc.gov.uk - For my current work, the retail market is clearly in early recovery still. Tenants are achieving more favourable rents for themselves and landlords are providing greater incentives in order for their portfolio to be operational rather than void.

Alistair Oates, London, Curzon Advisers Limited, aoates@curzonadvisers.com - Brown discount or green premium are two sides of the same coin. Lots of ESG buzz without lots of people really understanding the real impacts and lots of green washing.

Andrew Curran, National, Network Rail Commercial Estate, andrew.curran@networkrail.co.uk - We've seen a surge in demand following the end of the lockdown. With our estates largely comprising small industrial and workshop space, this hasn't been affected by the working from home trends and these spaces are still in demand.

Christopher Jago, London, Houston Lawrence, chris.jago@houstonlawrence.co.uk - Continual fluctuation in levels of demand for offices - a modest improvement in enquiries but set against an increasing supply of second hand stock. Secondary retail and industrial sectors both active. Alternative occupiers (medical/educational) active.

Christopher McCormick, London, McCormick + Cowen Capital, chris@mccormickcowen.com - Slowly improving after lockdown with industrial/ logistics leading the sectors. Expect more activity in the alternative sectors.

Gregor Wallace, London, Crossland Otter Hunt, gregor@coh.eu - Challenging market. Overseas investors nervous but lack of stock keeping pricing up and inflation now likely to put pressure on returns so might drive pricing up for the wrong reasons.

Henry Lang, London, Gerald Eve, hgw1500@gmail.com - The increased productivity of working from home or neighbourhood co-working space cannot be ignored, this coupled with genuine demand for greener properties is changing the property world for the better.

Jonathan Daniels, London, JMD Commercial, jonathan@jmdcommercial.co.uk - Covid-19 has had an extremely negative impact on retail property rents and capital values.

Justin Clack, London, Frost Meadowcroft, jclack@frostmeadowcroft.com - In general, we have found most West London businesses to be collaborative and following an enforced experiment in 'working from home' or in some cases 'living at work,' the majority of businesses now want to be back in an office space but with employees being offered more flexibility in terms of hours and working from home.

Martin Acton, London, HH Retail, martin.acton@hhretail.uk - Still very tricky in the retail sector - very thin demand, though more from the value sector than premium. Leisure - demand picking up. Nick Boyle, London, JLL, Nicholas.Boyle@eu.jll.com - Uncertainty prevails.

Nigel Miles, London, Into University partnerships, nigel.miles@intoglobal.com - There are some great opportunities around for those who do their homework and can act quickly.

Sam Reed, London, Reedspace, samreed95@gmail.com - The market will split into prime buildings people want, and bog-standard buildings that people don't want.

Chartered Surveyor market comments

Will Osman, London, Daniel Watney LLP, wosman@danielwatney.co.uk - From an office perspective, it will be an interesting few months ahead as individuals mull permanent or flexible returns to the office. It may be that a greater degree of long-term flexibility will benefit investors and occupiers alike as firms respond to their employees' changing needs in the face of a changing working environment.

William Holmes, London, KFH Commercial, wholmes@kfh.co.uk - Secondary retail has seen strong demand, particularly if the buildings can be used for food and beverage usage. Prime retail rents appear to be softening.

William Nicol-Gent, Putney & Chelsea, Killochan & Co, louanna@blueyonder.co.uk - Worsening travel restrictions will hold growth back.

North East

Barry Nelson, Durham City, Whittle Jones North East, bnelson@whittlejones.co.uk - Demand for small industrial units on multi-let estates remains stable at higher than average levels. Vacant space has been driven down to very low levels across County Durham and Teesside. Waiting lists have become a regular feature of the industrial market. Office space continues to prove hard to let with few enquiries emerging.

David Downing, Newcastle Upon Tyne, Sanderson Weatherall LLP, david.downing@sw.co.uk - The speed of recovery in occupier activity seems to be limited by businesses awaiting the government guidance. Should all restrictions be lifted, we can foresee an acceleration of the return to the office environment by many businesses, which has already begun at a slow rate. The industrial and logistics market continues to power on, with little sign of any slow down in the increase in capital values. Stock levels remain low and demand high.

Gavin Black, Newcastle Upon Tyne, Naylors Gavin Black LLP, gavinb@naylorsgavinblack.co.uk - A higher level of interest as lockdown draws to a close but it will take time for the market to settle down and reflect changes in demand and mode of working. The levelling up agenda will also be a factor affecting demand for property in this region. Darlington is already reflecting changes in demand in the office market arising from the relocation of the Treasury. The proposed battery factories at Nissan Sunderland and Blyth will also impact the industrial sector.

Julie Wallin, Darlington, Carver Commercial Chartered Surveyors, juliew@carvergroup.co.uk - Since March this year market activity has increased significantly. The investor market has remained strong particularly for industrial multi let opportunities, demand continues to outstrip supply for industrial premises particularly in the SME sectors. We are also seeing encouraging demand for small retail premises for independents. The office market is still sporadic although enquiries mostly for smaller sizes from 500 -3000 sq ft. Development/conversions for residential remain positive.

Kevan Carrick, Newcastle Upon Tyne, JK Property Consultants LLP, kevan@jkpropertyconsultants.com - Industrial, distribution and port and North Sea wind farm services are increasing market demand. Tees Valley public sector investment is securing occupier demand and awakening private sector investment.

Mark Peel, Newcastle, Lambert Smith Hampton, mpeel@lsh.co.uk - My specialist sector is licence and leisure and from a north east perspective those properties which received investment/traded well before Covid continued to do so after the restrictions were lifted and are attracting interest from investors, regional operators and private individuals.

Richard Wilson, Stockton, Appletons surveyors, Richard.wilson@appletons-surveyors.co.uk - At present the market in the Teesside region is generally stagnant with some notable exceptions such as industrial and housing. The market is waiting to see what the full impact of the pandemic will be once the government schemes are removed.

Simon Haggie, Newcastle Upon Tyne, Knight Frank LLP, simon.haggie@knightfrank.com - Warehouse sector overheated with limited stock to satisfy demand.

North West

Anthony Brown, Burnley, Lancashire, Liberata UK Ltd., anthony.brown@liberata.com - My operating area already was showing signs of decline across office and retail markets caused by a number of factors which the Local Authority are trying to address. This has possibly worsened as a result of the pandemic.

Charles Fifield, Cheshire, Fifield Glyn Limited, charles.fifield@fifieldglyn.com - There seems to be a recovery in demand for offices and to a lesser extent retail. Industrial demand is still strong with limited supply.

Ian Braithwaite, Manchester, Central Manchester Holdings Ltd, ian@cmhlimited.com - Our premises are mainly in the Northern quarter which is mainly SME area and companies react quickly to change. This area of the city is seeing good demand but occupiers are careful with their decisions. There's a good level of offices open again as has been the case since April but it appears other areas of the City are still struggling to get people back into offices. This factor is hitting retail and hospitality premises hard.

James Leech, Preston, Lea Hough & Co, james.leech@leahough.co.uk - Continuation of the same theme - industrial going strong, retail stagnant and office market uncertain due to threat of lessened occupier demand going forwards.

James Moore-Martin, Manchester, Christie & Co, James.Moore-Martin@christie.com - Buoyant in the roadside & convenience retail sectors that I'm most active in. High Street retail across the region seems to be more stagnant however.

Jonathan Thompson, Manchester, Lyons Thompson Letts, jt@ltlproperty.com - Reasonable conditions. Lots of the shops and restaurants that came to the market in last 12 months have been let in central Manchester and still lots of demand.

Michael Fisher, Lancaster, Fisher Wrathall Commercial, mike@fwcommercial.co.uk - Demand for industrial continues. There is a worrying lack of availability which will impact on economic growth. There is a surprisingly strong demand for small secondary retail. Continuing strong investor demand for quality student accommodation.

Paul Molley, Sandbach, Paul Molley Associates, paul@pmaassoc.co.uk - Easing of restrictions has seen increased market activity.

Simon Adams, Kendal, Peill & Company, simon@peill.com - Generally continued improvement in occupier demand across all sectors, but particularly industrial/trade counter. High St retail is remarkably resilient, predominantly from independent traders in strong market towns or tourist locations.

Chartered Surveyor market comments

Northern Ireland

Kurt Lee Cheyne Eastwood, Belfast, CBRE NI, keastwood94@gmail.com - Housing sector is increasing and rising - commercial is slow.

Scotland

Al Kay, Dundee, Dundee City Council, alastair.kay@dundeecity.gov.uk - Challenging market conditions, expected to settle post lockdown.

Alex Robb, Aberdeen, A B Robb Ltd, alex@abrobb.com - Potential vacant rates liability is the most limiting factor on investment in a depressed market.

John Brown, Edinburgh, John Brown and Company, John.brown@jb-uk.com - More closures of shops from multiples, e-trade is the catalyst. St James quarter opening in Edinburgh shows competitive brands still active but want mix adjacent and destination experience. City centre existing units now empty as brands move to new development, add car restrictions and less parking available, retail has much to contend with. Can you put shopping on a bicycle? Cycle lanes badly effect local retail as well. Office demand will be led by deal orientation and lease structures.

Leigh Nisbet, Dunfermline, Allied Surveyors Scotland, leigh.nisbet@alliesurveyorsscotland.com - Fairing much better than had been anticipated. Yet to see full effects of Covid but no real signs of any issues coming through.

Michael Gibson, Edinburgh, Avison Young, michael.gibson@avisonyoung.com - More positive.

Paul Letley, Dundee, Pavillion Properties, Paul.letley@gmail.com - There is general nervousness about the effects on the market of the end of the Furlough Scheme and on whether tenants will be able to maintain rental payments until they are able to build open their business again without restrictions.

William Mcvicar Chartered Surveyor, Glasgow, McVicar Chartered Surveyors, mcvicarsurveyors@hotmail.com - Of all markets, industrial continues to improve, both in rental terms and investment.

South East

Bernard Smith, Uckfield, Oldfield Smith & Co, bernie@oldfield-smith.co.uk - Demand remains strong. Supply diminishing through PD conversion. Very little new build commercial taking place. Quality of stock deteriorating through age and obsolescence. Flexibility of lease terms is key to securing deals; tenants will pay a premium for short term agreements or the option to break.

Chris White, Banbury, White Commercial Surveyors, chris@whitecommercial.co.uk - The industrial market continues to see substantial occupier demand and constrained availability, with even the larger scale developments seeing successful lettings. The retail market continues to see a good level of regional/local demand in market towns. Demand for offices is likely to return in the 3rd/4th quarter subject to lockdown restrictions but will be determined by occupiers' views on changing working patterns.

Colin Brades, Brighton & Hove, Avison Young, colin.brades@avisonyoung.com - The retail sector in the city centre is showing reasonable signs of recovery as we lift out of lockdown. Footfall and visitor numbers have increased dramatically in May / June.

Elizabeth Abraham, South East, Hall & Woodhouse Ltd, elizabeth.abraham@hall-woodhouse.co.uk - The pandemic accelerated change which was already happening. Given the pressure from central government on banks to not place borrowers under pressure to repay loans yet, I do not think we have started to feel the real impact of the pandemic on property. Some businesses were not viable before the pandemic and have been propped up so when the funding 'plug' is pulled I think it will be felt acutely.

George Wilson, Reading, Arlington, george.wilson@arlington.com - Market is remaining stable.

Iain Steele, Farnham, Park Steele, iain@parksteele.com - There continues to be a real shortage of industrial/warehouse property with unsatisfied demand. Offices are steady with some demand leading to deals. Independent retailers are very active in our area with many transactions taking place, although the multiples remain quiet which is closing the gap of rents in retail and secondary pitches. Investors are active for the right product but a little price sensitive. Generally, an active commercial market with greatest limitation being lack of stock.

Ian Power, Fareham, Cyan Power Limited, imp@cyanpower.com - Industrial availability at an all time low, approx 2% of the total built stock. Secondary office availability severely impacted by permitted development change of use to residential. Use Class E assisting with alternative uses for vacant retail space.

Jeremy Braybrooke, Southampton, Trinity Rose, j.braybrooke@trinity-rose.co.uk - Prime retail still slow, values have dropped except in the quality market towns. But, secondary retail is still much sought after and rents are holding up. What is significant is the amount of money, mainly cash, that is chasing any freeholds that come up, and looking for opportunities to buy that are so difficult to find. Improving confidence all the time.

John Burbage, South East, Blackfriars Property Consultancy Ltd, johnb@blackfriarspropertygroup.com - Inactivity whilst uncertainties on Covid and economy remain.

Paul Loveridge, Reading, The Frost Partnership, paul.loveridge@frostsurveyors.co.uk - Uncertainty.

Perry Stock, Guildford, Capitello Estates Ltd, perry@perrystock.co.uk - Confident in the technology base employment of the area.

Peter Ridsdale Smith, Tunbridge Wells, Bracketts, peter.ridsdalesmith@bracketts.co.uk - Although confidence is beginning to return in certain sectors, the market is on the quiet side with limited enquiries particularly for prime shops and offices. Industrial good, secondary retail and offices ok and investors are beginning to return at a level.

Philip Marsh, Beaconsfield, Philip Marsh Collins Deung, philip@pmcd.co.uk - The trends remain unclear in what should feel like a recovery stage in the market. Freehold demand remains strong, despite pretty weak occupier interest.

Robert Steward, South East, Steward and Partners, rs@stewardandpartners.com - We have sectors that are winners and losers in the market, along with prime and secondary issues. It is the most complex I can remember in 30 years.

Sau-Wan Lai, Portsmouth, Wheeler & Lai Chartered Surveyors, slai@wlsurveyors.co.uk - We have seen a sustained interest in industrial assets and continued interest in freehold properties both from investors as well as owner-occupiers, showing a positive view of the commercial market. The retail landscape is slowly recovering, with active enquiries received for small units on the increase.

Simon Browne, Brighton, Crickmay, scb@crickmay.co.uk - Investor and occupier demand for industrial is strong. Continued increase in residential. High retail yields on good secondary potentially offer good value.

T D Chalkley, South East, Grant Mills Wood, tonyc@grantmillswood.com - The industrial market is very active at the moment both in buildings of 25,000 sq.ft plus and the smaller 2-5,000 sq.ft range. The smaller units are being pursued by a number of private equity backed last minute food delivery companies who have sprung up during the pandemic. It is likely that these operators will reduce in number once the race for space and market domination has taken place.

Chartered Surveyor market comments

Tom Holloway, Portsmouth, Holloway Iliffe & Mitchell, tom@hi-m.co.uk - Still a real shortage of industrial stock across the South Coast. There is also a distinct lack of properties for sale across all sectors.

South West

Alastair Andrews, Swindon, Loveday, alastair@loveday.uk.com - Strong occupational industrial demand - FH and LH. Unprecedented demand for industrial investments with further yield compression. Prime office demand showing signs of life as tenants begin to re-assess their post Covid requirements. Further re-purposing of redundant buildings, particularly for residential use. Acute lack of industrial / logistics development land that is likely to hold back growth in our market in the short to medium term.

Alex Roads, Wadebridge, John Bray and Partners, Alex.roads@johnbrayllp.co.uk - Hard to call.

Andrew Hosking, Exeter, Stratton Creber Commercial, andrew@sccexeter.co.uk - Demand for warehouse space is at its highest that I can recall in the 37 years I have been practicing.

Andrew Kilpatrick, Swindon, Kilpatrick & Co, a.kilpatrick@kilpatrick-cpc.co.uk - Swindon's commercial market is gradually showing signs of more activity as lockdown is eased, even in the secondary retail sector. Demand for offices continues to be slack, but as yet there is no big increase in supply of vacant properties. The industrial/distribution sector continues to be buoyant.

Anne Brennan, Bournemouth, Sibbett Gregory, anne@sibbettgregory.com - Lack of supply continues to impact upon rents and capital values, particularly industrial and development land. More enquiries for office space - positive signs though limited opportunities available.

Bryan Galan, Bournemouth, Mellawood Properties Ltd, bryan.galan@outlook.com - A poor outlook across the retail sector.

David Hart, Plymouth, Hart Consult, Dihart@hartconsult.net - Early signs of recovery fuelled by tentative new start ups and more confidence in the economy.

John Hempton, Bournemouth, Hempton Franks, jjh@hemptonfranks.co.uk - I think that the commercial market is in a fragile condition and we are still unsure of the impact of the continuing pandemic and variants now being identified.

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

Oliver Workman, Cheltenham, THP Chartered Surveyors, oliver@thponline.co.uk - The office occupier market is starting to return, with more enquiries and lettings agreed - particularly out of town. Industrial remains strong. Positive sentiment starting to return.

Patrick Dempsey, Radstock, Kingdom Brunel Properties, fosseproperty@gmail.com - Patchy recovery. A great deal of hype abounds.

Simon Walsham, Bournemouth, Poole And Christchurch, James and Sons, simonwalsham@jamesandsons.co.uk - Upturn in market activity driven by industrial and secondary office sectors. Retail sector still difficult but an increase in occupier interest for specialist retail and leisure uses has been seen.

Steve Matcham, Plymouth, Stratton Creber commercial, Stevem@sccplymouth.co.uk - Definite signs of increasing occupier and investor confidence.

Stuart Smith, Barnstaple, Underwood Wright Ltd, stuart@underwoodwright.co.uk - In South West towns like Barnstaple, retail rents and capital values have been hit hard by Covid 19 and changes to traditional shopping habits.

Thomas Duncan, Truro, Alder King, tduncan@alderking.com - Continued uncertainty in the office and retail markets but with increasing enquiry levels and return of some national requirements. Deals highly sensitive to price/rent and lease terms with increasing incentives and break clauses. Industrial supply is short, pushing up prices/rents.

Wales

Chris Sutton, Cardiff, Sutton Consulting Limited, chris.sutton@suttonconsulting.co.uk - The industrial market has outperformed other sectors with low levels of industrial availability and rising rents and capital values. The growth in logistics along the M4 corridor is a factor, however, the general strength of enquiries from local & regional businesses underpins this. The office market is awaiting a 'return to work' and there may be some consolidation as occupiers review precise floorspace requirements. Retail centres continue to readjust following multiple closures.

David Rogers-Davies, Haverfordwest, Pembrokeshire County Council, david.rogersdavies@pembrokeshire.gov.uk - Industrial unit investment remains strong - all other sectors seeing a decline - retail very much in decline.

Matthew Thomas, Cardiff, Blaenau Gwent CBC, matthew.thomas@blaenau-gwent.gov.uk - Great demand for small 'starter' industrial space. Lack of supply at the bottom end of the market is driving rents. There is little development activity in this size bracket so I cant see this changing anytime soon.

Michael Bruce, Cardiff, DLP Surveyors, michael@dlpsurveyors.co.uk - General industrial demand remains strong and rental levels continue to increase. However the general lack of new builds is severely hindering industrial property supply. Potential for new builds is further being affected by the increasing costs of building materials and lack of availability of contractors, creating longer lead-in times for project starts.

West Midlands

Anthony Rowland, Evesham, West Midlands, Sheldon Bosley Knight Ltd., trowland@sheldonbosleyknight.co.uk - There is a complete dearth of small start up industrial units, and it is very difficult to find land on which to build them. The office market in the town centre is dead. The sooner the conversion to residential use takes place the better. We really are living in a changed world these days, and Team and Zoom meetings are really the downfall of the office market as employers look to drive costs out of their business. Persuading employees to work at home is a cheap option for the employer.

Charles Warrack, Birmingham, Johnson Fellows, charles.warrack@johnsonfellows.co.uk - In general, market activity seems to be picking up.

Hugh Picton-Jones, Birmingham, PictonJones [Asset Management]Ltd., hpj@pjassetman.co.uk - Surprising increase in enquiries for secondary shops. Strong demand for small industrial/warehouse units.

James Craine, Stoke-On-Trent, Mounsey Chartered Surveyors, james@mounseysurveyors.co.uk - Demand for industrial accommodation is significantly outstripping supply with all new-build units being taken on pre-lets in the last 12 months. There has been very little change in office supply but demand is lower.

Mark Alexander, Birmingham, AlexRE, ma@alexre.co.uk - Stretched in places.

Mark Treadwell, Stratford-Upon-Avon, Sheldon Bosley Knight, mtreadwell@sheldonbosleyknight.co.uk - Industrial supply is like hen's teeth. I am encouraged by demand for smaller, high street, Class E use business premises.

Chartered Surveyor market comments

Michael David Jones Frics, Herefordshire—Hr Post Codes, Michael D Jones Ltd, Mdjones.charteredurveyor@virgin.net - A twin market is now very much in evidence in HR post codes - burgeoning rural residential sales and lettings market whilst all commercial use classes in the doldrums with notable exception of industrial/warehouse units.

Nick Twigg, Banbury, JMD Investments, nicktwigg@hotmail.com - Shift from residential investment to commercial opportunities in the £150k - £500k sector. Yields and passive nature of private and SIPP investors make commercial property very attractive in comparison.

Rob George, Birmingham, Bruntwood Works, robert.george1994@gmail.com - The market continues to be in a lull, and until businesses have more awareness around the return to the office, plenty of businesses are waiting. However, prime buildings with good amenity continue to perform well with some businesses trying to take advantage of an increased incentive package which may/may not be there in a few months time when everyone has more visibility on what the future of the office looks like.

Yorkshire & the Humber

Dale Gooderham, Kingston Upon Hull, Allenby Commercial, gooderhamd@gmail.com - Demand currently outstripping supply in the small to medium industrial market in which we operate. Demand for small offices good, larger offices poor. Small independent retail good in prime pitches, elsewhere poor.

Johannes Van Nieuwkerk, Hull, Garness Jones Ltd, hans@garnessjoneshu14.karoo.co.uk - Market remains positive.

John Hornsby, York, John R Hornsby Chartered Surveyors, info@johnrhornsby.co.uk - Demand for secondary retail and suburban retail is particularly high with deals being concluded in under one month usually.

Louise Larking, Leeds, Fox Lloyd Jones, louise.larking@fljtd.co.uk - Strength in the independent F&B market locally currently which is positive.

Paul Durrant, Hull, Associated British Ports, pdurrant@abports.co.uk - Demand in the port industry remains strong with land finite and occupier interest buoyant.

Richard Corby, Leeds, Lambert Smith Hampton, rcorby@lsh.co.uk - Purchasers are certainly making sure of their due diligence but confidence remains in place for most property sectors, as returns from property (even with the risk of covid-related interruptions to the payment of rents) remains attractive in comparison to other asset classes. Tenants are becoming bolder and lease lengths are extending again, with still a relatively limited level of stock available in most sectors other than small office suites and retail.

Richard Heslop, Leeds, DE Commercial, richard@de-commercial.co.uk - Overall there has been a levelling off of enquiries and market is suffering from a lack of stock.

Robin Beagley, Leeds, WSB Property Consultants LLP, rbeagley@wsbproperty.co.uk - Strong office demand driven by agile owner managed businesses/SME's with slower pick up from corporate occupiers. Strong demand in the out of town market with a slower recovery of demand within city centres.

Information

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