



Q1 2019: UK Commercial Property Market Survey

Brexit uncertainty continues to hinder the market

- Headline indicators on domestic and overseas investment demand turn slightly negative
- Occupier demand continues to fall sharply across the retail sector
- Split between prime and secondary offices remains evident

The Q1 2019 RICS UK Commercial Property Market Survey results show conditions remain highly varied at the sector level. Indeed, solid fundamentals continue to drive growth in the industrial segment while the struggling retail sector shows little sign of improvement. Alongside this, anecdotal evidence suggests the Brexit impasse is, to a greater or lesser degree, weighing on investor and occupier decisions across the board.

The survey's occupier demand indicator posted a net balance of -13% at the headline level, unchanged from last quarter and consistent with a modest decline in overall tenant enquiries during Q1. That said, when broken down, all of this decline stemmed from the retail sector, where a net balance of -57% of respondents reported a fall. Demand for office space was broadly stable, having weakened slightly in Q4. Meanwhile, the industrial sector continued to see a steady rise in tenant demand.

Alongside this, vacant space across the industrial sector continued to edge down, although (in net balance terms) the decline in Q1 was the most modest since 2013. By way of contrast, availability rose sharply within the retail sector once again, an ongoing trend increasingly evident over the past eighteen months. Respondents also cited a slight rise in office availability during Q1, the second consecutive quarterly increase. Given these dynamics, it is not surprising that feedback to the survey suggests retail and office landlords opted to increase the value of incentive packages on offer to occupiers.

With regards to the outlook for rents, contributors are still anticipating further growth across both prime and secondary areas of the industrial market over the next twelve months. For offices, there remains a clear split between prime and secondary, with the former expected to deliver steady rental growth while projections are marginally negative across the latter. Expectations are pointing to a further fall in both prime and secondary retail rents at the twelve month and three year time horizon.

When viewed at the regional/country level, the pattern of positive rental projections within the industrial sector and negative expectations for retail is replicated across all parts of the UK. The office sector is more nuanced, although prime office rents are seen rising across the majority of regions. For secondary offices, rents are anticipated to decline in London and remain flat in the South of the country as well as in the Midlands. Meanwhile, marginal growth is expected for secondary office rents in the North.

In each quarter since the Brexit vote took place, survey

participants have been asked if they have seen any evidence of firms looking to relocate at least some part of their business as a result. In each of the two previous quarters, the proportion reporting they had seen signs of this type of activity came in at around 24%. Interestingly, however, this picked up to 33% in the latest results. Going forward, a slim majority (53%) of respondents nationally do now expect relocations to occur. Of course, whether or not firms do decide to relocate will still depend on how the negotiations unfold from here on.

In the investment market, enquiries declined at the headline level for a second successive quarter, with the net balance slipping to -15% from -9% previously. Although the retail sector was responsible for much of this decline, buyer enquiries also fell modestly for offices, with the net balance of -11% representing the poorest reading since Q2 2016. Meanwhile, the investment enquiries indicator remained in positive territory across the industrial sector, albeit to a lesser extent than at any other point over the past two years. What's more, overseas investment demand declined slightly across each area of the market during Q1.

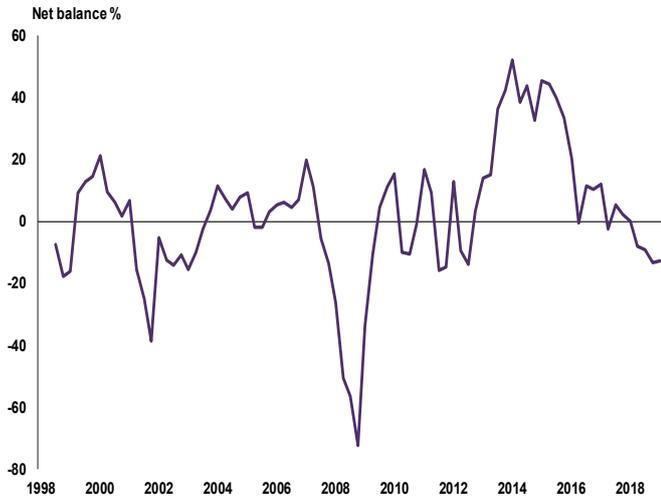
As was the case last quarter, the supply of property available on the sales market remained more or less unchanged at the headline level according to the latest results. Despite supply holding steady and demand deteriorating, respondents left capital value projections relatively unaltered compared to the Q4 figures. As such, prime industrial assets are still envisaged posting the strongest capital value gains on a sectoral comparison over the coming year, while prime offices are also seen chalking up solid growth. The outlook for secondary industrial values is still slightly positive, but expectations for secondary offices point to a marginal decline over the year to come. On the same basis, capital values are projected to fall significantly for both prime and secondary retail units across virtually all parts of the UK.

In London, the divide between prime and secondary offices is slightly wider than at the national level, with expectations for secondary slipping deeper into negative territory in Q1 (from a net balance of -11% to -21%). Elsewhere, the secondary office market displays a flat to marginally positive capital value outlook throughout the rest of the country.

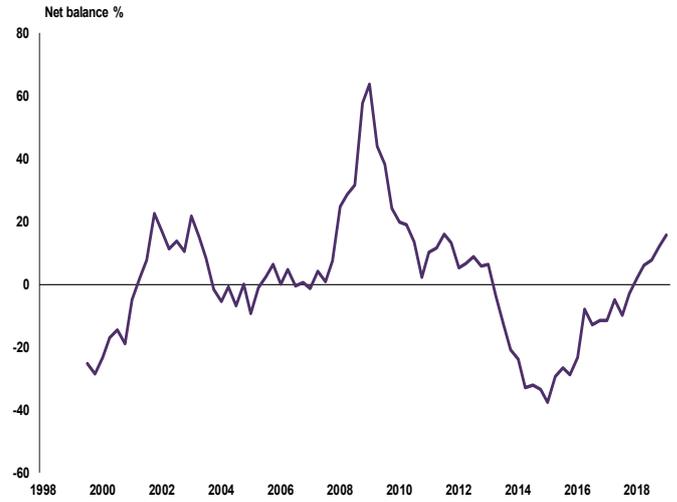
Back at the national level, 52% of respondents continue to sense the market is in the early to middle stages of a downturn, virtually unchanged from Q4. In London, 63% of contributors view the market as in some stage of a downturn, although 14% now feel conditions are now stabilising (up from 6% in the previous quarter).

Commercial property - all sectors

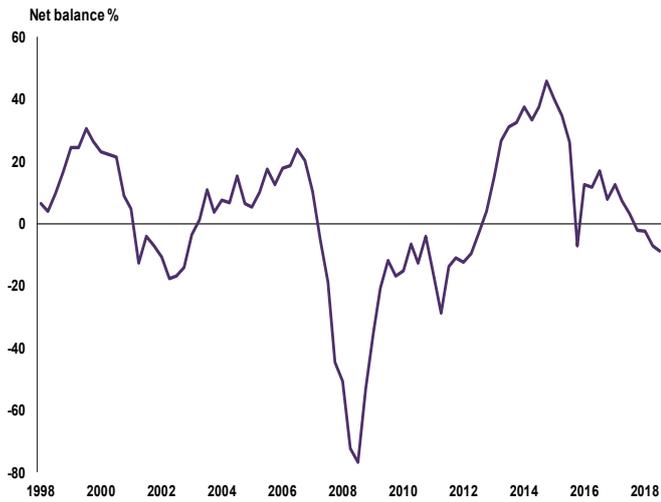
Occupier Demand



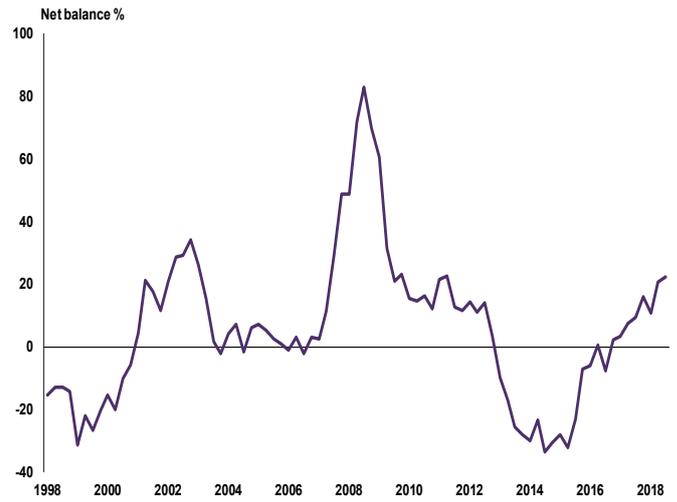
Availability



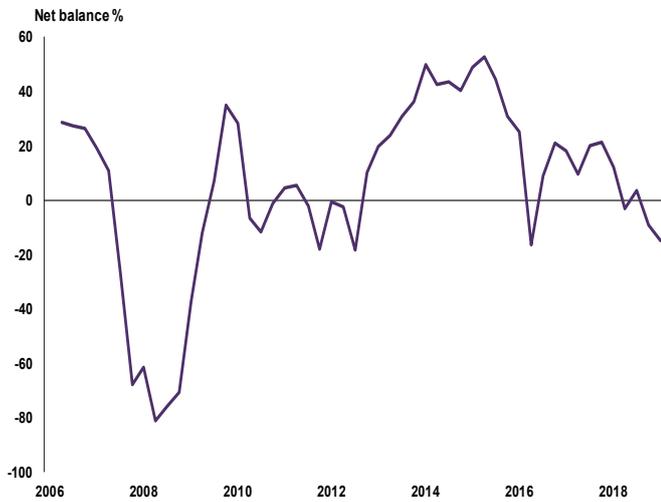
Rent Expectations



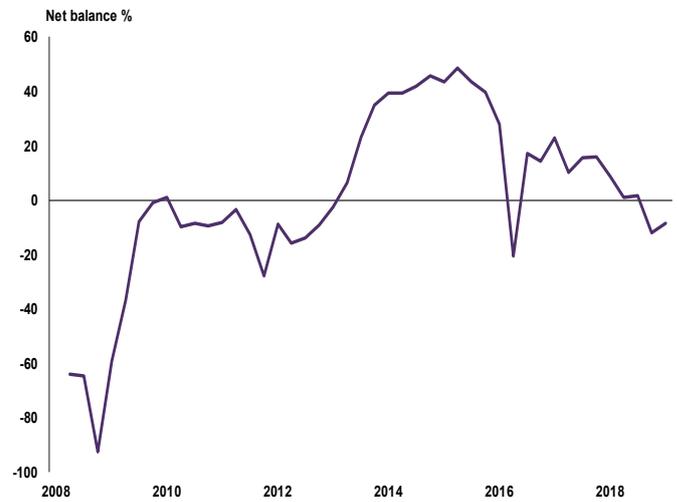
Inducements



Investment Enquiries

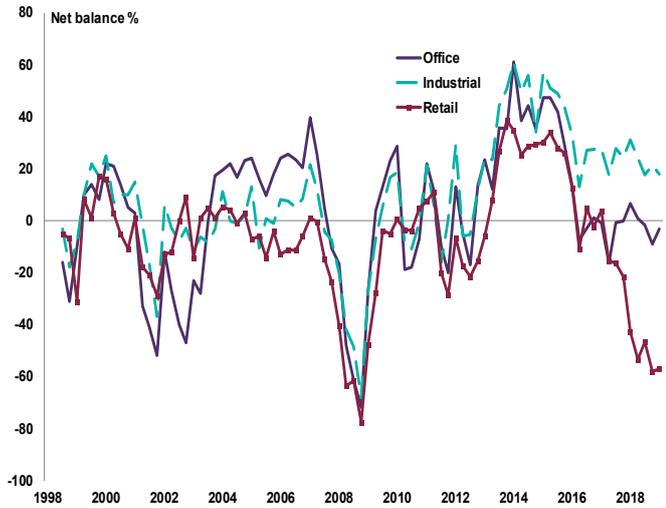


Capital Value Expectations

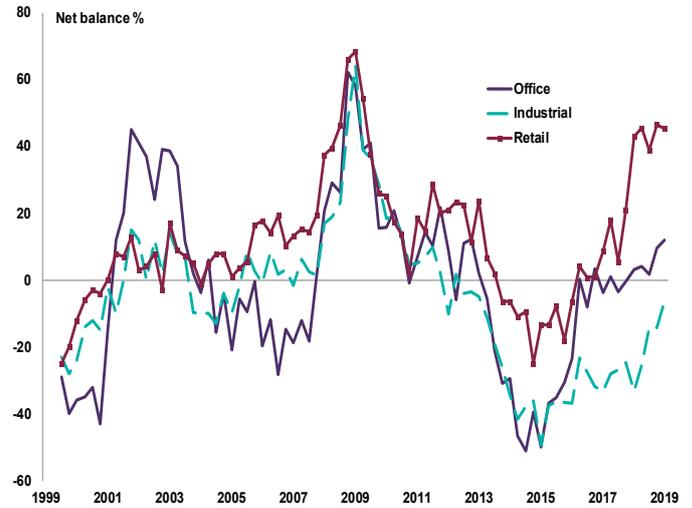


Commercial property - Sector Breakdown

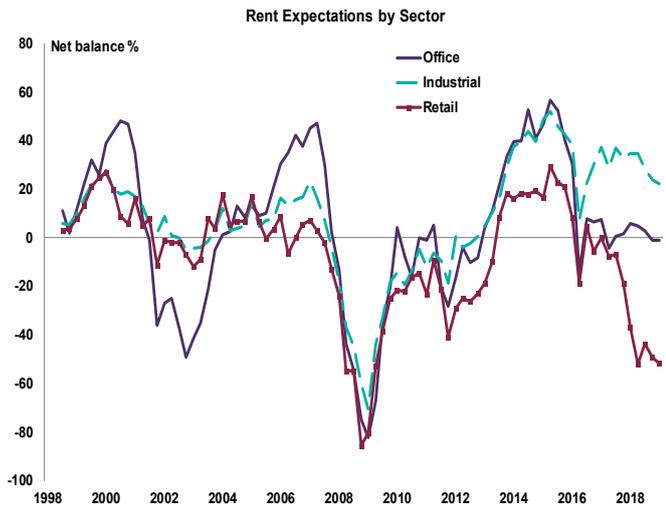
Occupier Demand



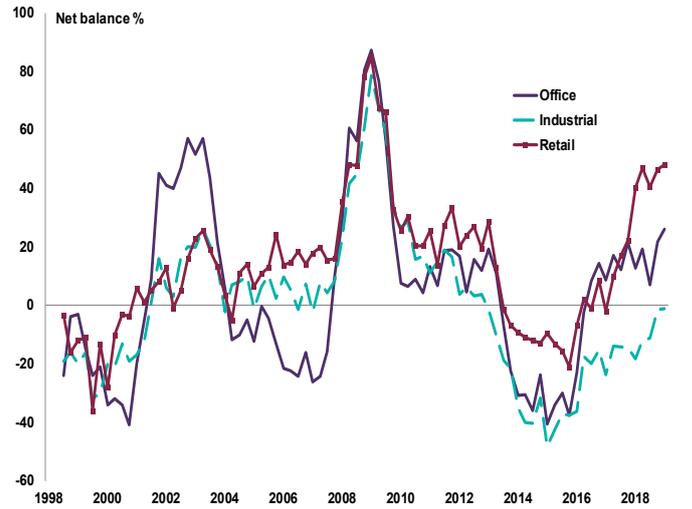
Availability



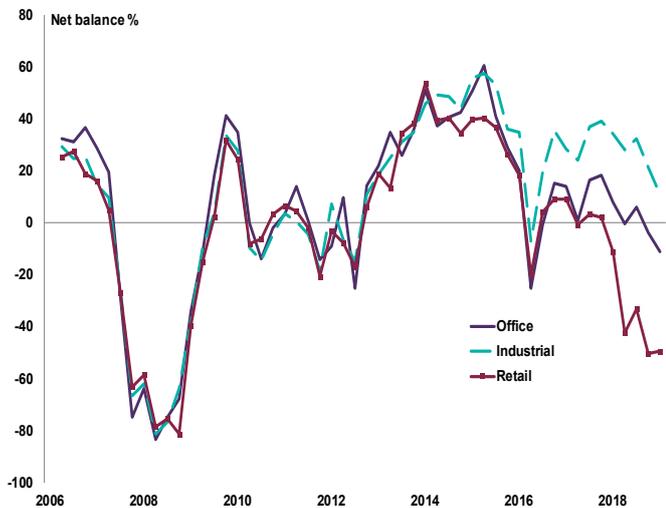
Rent Expectations



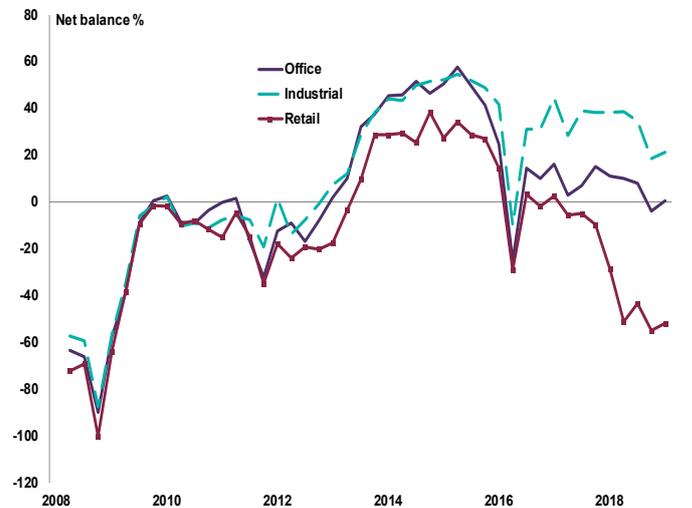
Inducements



Investment Enquiries

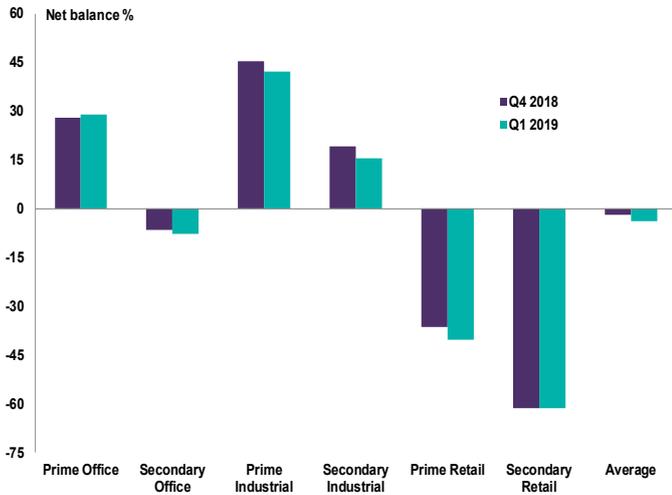


Capital Value Expectations

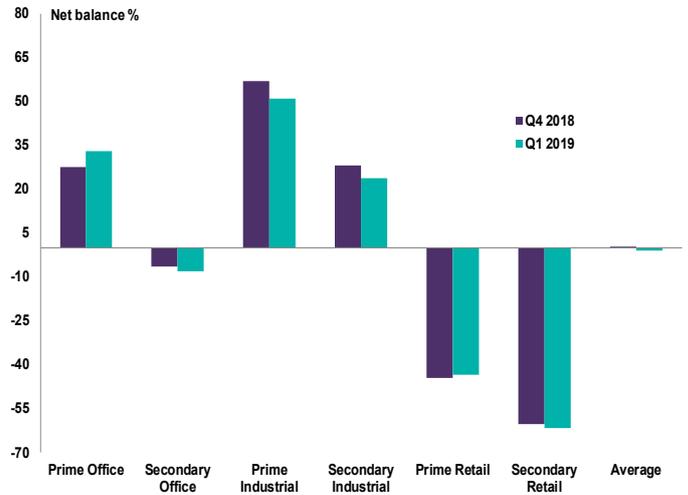


Commercial property - Additional Charts

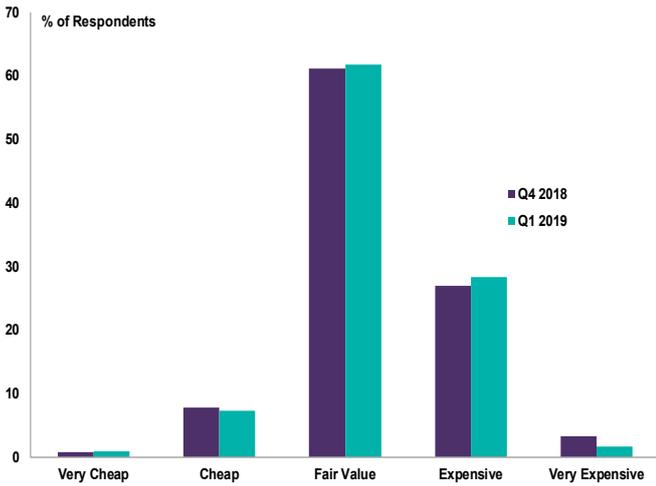
12 Month Capital Value Expectations



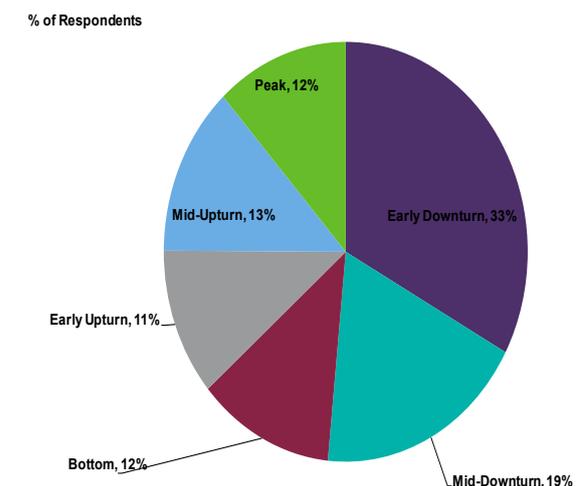
12 Month Rent Expectations



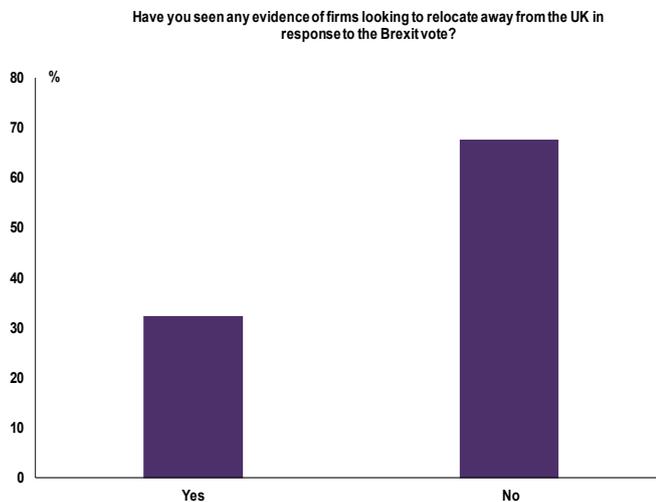
Market Valuations



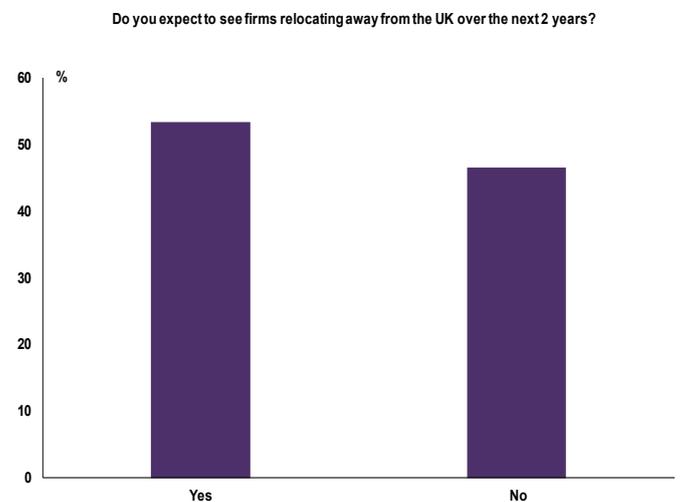
Property Cycle



Extra Question 1



Extra Question 2



Chartered Surveyor market comments

East Midlands

Andrew R Lawson, Nottingham, The Resort Group PLC, al@theresortgroupplc.com - Complex and uncertain.

Ben Coleman BSc FRICS, Northampton, Ben Coleman Associates, ben@bencolemanassociates.co.uk - Brexit.

Brendan Bruder BSc MRICS, Kettering, Abbey Ross Chartered Surveyors, brendan.bruder@virgin.net - Kettering town centre businesses have formed an alliance in the absence of leadership from Kettering Borough Council or a BID. Proposed mixed use schemes along the A14 are effectively on hold, although enquiry levels for industrial property are holding up with smaller freeholds, particularly for owner occupation, also seeing good interest.

Brendan Bruder BSc MRICS, Northampton, Abbey Ross Chartered Surveyors, brendan.bruder@virgin.net - Northampton Borough Council are undergoing consultation for installing a Town Council to cover for the unparished areas post-unitary reorganisation. The only new space being speculatively developed is big box/B8 space, and even then with pre-letting or pre-sale interest. Regeneration very much relies on public and private sector partnerships and that message seems to be gaining traction.

Brendan Bruder BSc MRICS, Deentry, Abbey Ross Chartered Surveyors, brendan.bruder@virgin.net - The road network improvements south of Daventry linking to Junction 16 have certainly helped with the logistics sector. Canmoor are on site at Mustang Park, whilst Prologis and Barberry are also looking at commencing developments primarily focused on B8 and big box schemes. Indeed, agents are reporting a shortage of industrial space particularly for smaller or mid-sized units, with enquiry levels holding up well for freehold offices (mainly owner occupiers).

David J Tate, Chesterfield, Copelands, djt@copelands-uk.co.uk - Steady growth, need for more housing stock and release of land for commercial developments.

Doug Hall, Nottingham, Boots UK Limited, doug.hall@boots.co.uk - General upward pressure on rents due to increasing demand and supply failing to keep pace. Investors struggling to find assets at a reasonable price to allow for redevelopment where buildings are coming to the end of their economic life.

Jacob Lawrence Tosh, Oxford, Oxfordshire county council, jacoblawrencetosh@gmail.com - Turbulent times are upon us. Brexit will continue to undermine confidence and politicians have failed us all (remainers and Brexiteers) availability of funding has tightened. The only growth in rentals will emanate from warehousing.

Jonathan English, Nottingham, JEACS, info@jeacs.co.uk - Brexit is of course the uncertain factor with everything these days. The markets are in flux and many firms/individuals are cautious in taking the jump.

Lee Fairclough, Peterborough, Two Gems Ltd, lee.fairclough70@gmail.com - Huge uncertainty due to European situation.

Michael Roffe., Stamford, Lincolnshire, Michael Roffe Associates, michael@roffe.co.uk - I am very concerned with current market trends and the present attitude and activities concerning Brexit.

Nigel J Carnall FRICS, Nottingham, W A Barnes LLP, njbc@wabarnes.co.uk - The market for prime and secondary industrial is good with limited supply. Office and retail demand is poor.

Phil Stevens, Louth, Turner Evans Stevens, phil@tes-property.co.uk - The local market and economy is performing well generally due to lack of supply, particularly in the industrial sector.

Richard Jenkins, Nottingham, Wilham Properties Ltd, richardjenkins57@gmail.com - With the change in shopping and working patterns, and a desire/ need to improve urban environment, there will be plenty of exciting opportunities for property professionals.

Richard Sutton MRICS, Nottingham, NG Chartered Surveyors, raichards@ng-cs.com - Market conditions remain positive for office and industrial, pre-lets on new build office space now secured. Bored to death by Brexit, more concerned that it may cause another unwelcomed General Election - what we don't need.

Eastern

Alan Matthews, Huntingdon, Barker Storey Matthews, arm@bsm.uk.com - There is no doubt that the uncertainty of Brexit is being felt across the board. I believe the outlook for our region in the medium to longer term is positive but expect to see considerable volatility over the next 12 months and possibly longer.

Andrew Bastin FRICS, Norwich, Bastin Commercial Ltd., andrew@bastincommercial.co.uk - Same old, really ... Brexit is boring, and stultifying for most of our property investment decision-makers, whilst any outcome at all seems to be predicated on what causes least damage to the political party structures rather than the best economic outcomes for the country. Thank goodness, locally, for a vibrant industrial occupier sector pushing secondary rents (in particular) and increasing investor enquiries.

Guy Gowring MRICS Dip VEM, Norwich, Arnolds Keys, guy.gowring@arnoldkeys.com - The markets are crying out for stability as the general underlying economy is good but the cloud from Westminster is very unhelpful.

James Bunn, Norwich, Morston Palatine Limited, jrbunn@morstonpalatine.co.uk - Considerable ongoing uncertainty due to Brexit is inevitably having an effect on many sectors of the property market.

James Hill MRICS, Kettering, Lambert Smith Hampton, jhill@lsh.co.uk - Positive trends in the industrial and logistics market continue. Yield compression, rental growth, increased speculative development activity (12 m sq ft predicted for 2019) and strong occupier and investor appetite. Investment volumes are below 2018 levels due to impacts of political uncertainty, however, underlying investor appetite remains strong for when Brexit outcomes are clearer.

LJ Long, Colchester, Eyesurvey Chartered Surveyors, ljl@eyesurvey.co.uk - General and international concerns are the greatest risks to commerce.

Norman Raven, Chigwell Essex, Ravens, normieraven@gmail.com - Still shortage of secondary office industry and retail.

Richard Bertram, Ipswich, Beane Wass & Box, rbertram@bw-b.co.uk - Market activity subdued by Brexit fiasco.

Sam Kingston, Norwich, Roche Chartered Surveyors., sam.kingston@rochesurveyors.co.uk - The market has seen a reduction in general enquires, caused mainly by Brexit uncertainty. The long term underlying trends remain positive for landlords and developers with limited stock and a steady demand for industrial and office accommodation in Norwich and Norfolk. Owner occupiers have limited opportunities helping to improve freehold values.

Stuart T King BSc MRICS, Letchworth, Davies King Chartered Surveyors, davesking@talk21.com - Brexit uncertainty is causing problems.

Stuart T King BSc MRICS, North Hertfordshire, Davies King Chartered Surveyors, davesking@talk21.com - Brexit is causing problems.

Chartered Surveyor market comments

London

Aaron Grainger, London, Monsoon Accessorize, agrainger@monsoon.co.uk - I believe secondary/tertiary retail has/will become almost valueless in some instances. I believe offices are lagging behind in terms of re-dressing the balance, equally demand for industrial appears to go from strength to strength due to consumers continued switch to digital and ever more demanding requirements for quick delivery.

Alex Alban-Moore, London, B.S. Pension Fund, albanmooreac@hotmail.com - Uncertainty.

Andrew Christie, London, ACA Surveyors, andrew.christie@aca-surveyors.co.uk - Uncertainty caused mainly by the political climate being so unstable and unsure. Brexit has been a factor in this but the Government's handling of the Brexit situation, together with inflated taxes on property including stamp duty, is a far bigger factor in the decline of commercial and retail property.

Anthony Mickleburgh, London, Canary Wharf Contractors Limited, tonymick2004@yahoo.co.uk - Stable.

Anthony Venn, London, Gardiner & Theobald LLP, t.venn@gardiner.com - Hold fast...steady ahead.

Barry Judd, London, Simmons & Hawker Limited, barry@simmonsandhawker.co.uk - Demand for industrial premises around Heathrow airport is very strong.

Charles McClean BSc MRICS, Westminster - C, C J McClean Associates Ltd., charlie@eshp.com - Market continues to weaken and even more tenants are looking for flexibility on lease length, highlighting their nervousness.

Charles Ostroumoff, London, Arca PRM, costroumoff@arcaprm.com - Markets seem to be holding up but political disruption will start to be evidenced in next quarter's numbers. Whether this becomes an inflection point or a breather remains to be seen.

Gregory McGonigal, London, Ashdown Phillips, greg@ashdownphillips.com - An almost impossible set of criteria with which to make any accurate assessments as to the way in which the market is moving.

Ian Harding, North London/ North M25, Bowyer Bryce, ian.harding@bowyerbryce.co.uk - Difficult to predict cycle as no-one yet knows what the future 'rule book' is with regard to Brexit and its impact.

James Pearson, London, GCW, james.pearson@gcw.co.uk - Tough, especially in the retail sector. Retailers facing challenges from Brexit uncertainty is affecting the investor market. Also, the structural changes in shopper habits (not just internet) are completely changing the high street and shopping centres. UK Government must address rates imbalance and online tax avoidance to even the playing field.

Jeremy Taylor, Croydon, Stuart Edwards Fullmoon, jerryt@stuart-edwards.com - Obviously Brexit presents one of the major (hopefully short term) factors in the marketplace.

Jonathan Hunnibal, London & South East, Glenny LLP, j.hunnibal@glenny.co.uk - Demand for industrial stock across the region remains good, with secondary industrial unit rents still rising, particularly in South East London and some Kent areas, where we are still seeing growth. Ongoing political uncertainty not helping markets overall though.

Kerry Northfold, London, Arcadia Group, kerry.northfold@arcadiagroup.co.uk - Rates are killing the retail market.

Lewis Diamant MRICS, London, Land Commercial Surveyors Ltd, lewis@landcommercial.co.uk - The current market is unsure, even locally, with an effect of Brexit and general uncertainty of the political situation.

Mac Ial, London, Macneel, maclal66@gmail.com - Continuing weakening demand from retail tenants. However, there are many investors still looking for these assets.

Malcolm Trice, London, Ingleby Trice, m.trice@inglebytrice.co.uk - Most occupiers and investors have baked in Brexit uncertainty but instead have their eye on bigger global economic influences.

Mark Demetriades, London, King's College London, markdemetriades1@googlemail.com - Slowdown in economy with demand decreasing.

Michael Zucker, London, Jeremy Leaf 7 Co., michael@jeremyleaf.co.uk - Uncertainty with regard to the economy, Brexit and possibility of a Labour government is reducing confidence.

Naeem, London, Abraham Adam and Co, naeem@abrahamadam.co.uk - General retail is declining quickly. Biggest issue is business rates, decline of high street, increase in online spending and reduced parking.

Nick Colvin, London, Astranta Asset Management, nick.colvin@95jermynstreet.com - There are deals still occurring in the market but Brexit is holding back decisions and leaving the market patchy.

Patrick Reid, London, London Borough of Lambeth, preid24@gmail.com ... preid1@lambeth.gov.uk - Flatlining.

Paul Store, London, EI Group PLC, paul.store@eigroupplc.com - Licensed leisure remains improving where the offer is current.

Peter Tomkins, London, GIA BC LLP, peterjtomkins1@gmail.com - There is a bottleneck caused by the Brexit vote. Whilst there is a desire to start on redevelopment projects there is also more consideration of the risks.

Phillip Lascelles, London, Hackney Council, ashleyhouseonl@hotmail.com - Inner East London areas show opportunities for further growth as other parts of London have priced many businesses out of the area.

Richard Sayer, Wimbledon, Kinleigh Folkard and Hayward, sayer.richard@gmail.com - We are seeing more properties in terms of offices coming onto the market with less demand, resulting in weakening rental levels and landlords incentives now emerging. Industrial supply is weak and correspondingly rents are strong with good demand especially the closer to London. Clearly all the confusion over Brexit has caused a lot of companies to be cautious and in the office sector put moves on hold. I think until Brexit is resolved the market will remain unstable.

Richard Stanley, London, Stanley Capital Advisers, richard.stanley@stanleycapitaladvisers.com - Political risk and uncertainty simply exacerbates the very challenging economic issues facing the market.

Robert Smyth, London, RSQS Limited, robert.smyth63@gmail.com - Currently buoyant in my work sectors.

Robin Calver, London, Robin Calver, robin@robincalver.com - General feeling of uncertainty. Brexit is a factor but hard to quantify the impact.

Ron Coll, London, Coll Associates Ltd, r.coll@collassociates.co.uk - Need to get Brexit out of the way and get on with life.

Chartered Surveyor market comments

Sean Dempsey, London, Boulton LDN Capital Limited, sean@boultonldn.co.uk - Political uncertainty both at home and internationally, especially concerning the trading environment, continues to delay business decisions. Property remains highly affected by that status.

Simon Green, London, Adepto Real Estate Advisors, simon@adeptorealestate.co.uk - The lack of funding in local authority planning departments is at odds with the political soundbites regarding the delivery of housing. Planning delays are often the biggest single cause in preventing schemes coming forward. Even after consent is granted, approval of conditions is given zero priority by the LA and often development cannot commence until these are approved.

Steven Cox, London, Advanced Interior Solutions Ltd, scox104357@aol.com - Activity in the Office fit out and refurbishment market remains buoyant both within the city and across the country.

Terence Firrell, London, Terence Firrell Ltd, terence@terencefirrell.co.uk - I believe the market at present is holding up but I would expect to see a weakening bearing in mind the political climate both in the UK and globally.

Teresa Pugsley, London, City of London Corporation, teresa.pugsley@cityoflondon.gov.uk - Placemakers roles seem to be on the rise in respect of retail locations.

Thomas Dixon, London, Phillips Roth, tdixon@phillipsroth.co.uk - Very difficult. No one wants to make the wrong decision so the easy solution is not to make a decision.

W Nicol-Gent, Richmond On Thames, Killochan & Co, louanna@blueyonder.co.uk - Over-rigid planning & frankly poor quality inputs by Local Authorities over reliant on pressure groups for political support.

Will Jarman, London, Montagu Evans, will.jarman@montagu-evans.co.uk - Until clarity is reached over Brexit, some sectors in the UK are stalling. Industrial continues to perform in line with changing spending habits and, as a result, retail operators with a heavy store footprint are suffering the consequences. Offices seem to be stable with growth seen in PRS and student.

North East

Colin Vance, Sunderland, Sunderland Council, colin.vance@sunderland.gov.uk - Beginning to feel there is uncertainty in the market reflecting Brexit troubles.

David Downing, Newcastle upon Tyne, Sanderson Weatherall LLP, david.downing@sw.co.uk - The occupier market in the NE of England remains troubled by the uncertainty generated by Brexit and until there is some resolution, we see little reason why it will change. The investment market remains fairly resilient, with a continued demand from buyers across all levels of value, but every time there is another 'meaningful vote' the market wobbles.

David Watson, Leeds Based, Yorkshire and North East Area, Fawley Watson Booth, david@fawleywatsonbooth.com - There seems to have been a generally negative reaction to the Brexit uncertainty. As in any market, a concern about what is ahead is very damaging and delays investment. The sooner the situation is decided, in whatever direction, then the more likely is the money market and property market to learn to accommodate that change. Certainty provides a basis for growth.

Duncan McGregor, Newcastle upon Tyne, Melbury Property, duncan@melburyproperty.co.uk - Brexit is undoubtedly affecting the amount of freehold property & land available in the market - there is real shortage of stock.

Gavin Black, Newcastle upon Tyne, Gavin Black and Partners, gavin@gavinblack.co.uk - Brexit uncertainty casts a long shadow over the region with Nissan and the fact that the area is a major exporter. Early resolution - if that is possible - is essential for some stability to return to the property market and the confidence to start new developments.

Graham, Durham, Graham S Hall Chartered Surveyors, ghall@grahamshall.com - Very uncertain market because of political turmoil. Members of Parliament need to consider what's good for the nation not party politics.

Julie Wallin, Darlington, Carver Commercial Chartered Surveyors, juliew@carvergroup.co.uk - Industrial investments multi-lets strong, retail weak, office investment steady for multi-let buildings.

Kevan Carrick, Newcastle upon Tyne, JK Property Consultants LLP, kevan@jkpropertyconsultants.com - Office and industrial markets are stable with reasonably good take up. This is resulting in rent rises and capital value gains thus encouraging new build. Private Rented Sector is beginning to occur in the city centre.

Rob Sanderson, Newcastle upon Tyne, Northumbria Healthcare Facilities Management, rob.sanderson2@nhct.nhs.uk - The current political situation is not helping the UK and we need strong leadership at this time.

Robert T Young, Darlington, Darlington Borough Council, robert.young@darlington.gov.uk - General activity / enquiries are down, but deals are still being done out there.

Simon Brierley, Alnwick Northumberland, George F White, simonbrierley@georgefwhite.co.uk - Uncertainty is having an effect on market activity.

Simon Haggie, Newcastle upon Tyne, Knight Frank LLP, simon.haggie@knightfrank.com - The political and economic turmoil on top of the slump in car sales, particularly diesel, is affecting Nissan (one of our region's largest employers and exporters). This is going to have an increasing impact on their suppliers and their presence or investment in the area, which for a long time has generated many of the new build projects.

North West

Andrew Croft, Liverpool, Cingleys, croft.andrew1@gmail.com - Stability is the key to getting the markets on track, we need stability for every level.

Brent Forbes BSc MRICS, Burnley, Petty Chartered Surveyors, b.forbes@petty.co.uk - Reduced stock, still reasonable demand, some low offers being received but no indication of falls, especially in values.

Ian Braithwaite, Manchester, Central Manchester Holdings, ianbraithwaite@hotmail.co.uk - The change in retailing has not been taken on as quickly as it perhaps should have by larger retailers but SME's have understood and reacted which is good. The continuing problem of Brexit is causing concerns and a conclusion would help solidify the markets.

James Carter, Preston, Eric Wright Group Ltd, jimc@ericwright.co.uk - The greatest market enemy at the moment is the lack of certainty. There will be an adjustment to whatever regime applies after Brexit, be it significant or minor, but at the moment there is inertia. This may resolve itself quite quickly if certainty is delivered but a lengthy extended period will be damaging.

John Ashall, Manchestyer, Spring PCC Ltd, john.ashall@springandco.co.uk - Brexit is the biggest unknown and could have significant bearing depending on the outcome.

Keith Skelton, Oswestry, Keith Skelton, skeltonkg@gmail.com - Next 12 months are a transitional period.

Chartered Surveyor market comments

Mark Clarkson, Preston, Eckersley, mac@eckersleyproperty.co.uk - The market remains challenging with a severe lack of stock based on funding challenges relating to property, increasing costs with values not following at the same pace and some confidence issues due to political uncertainty.

Mark Cullen, Liverpool, Ei Group PLC, mark.cullen@eigroupplc.com - Retail is slow with little appetite for investment - Brexit uncertainty is the reason.

Mathew Chetwynd, Manchester, Tameside & Glossop Clinical Commissioning Group, mathew.chetwynd@nhs.net - Prime retail is scarce within East Manchester, retail sheds are becoming difficult to fill. East Manchester has much prime and secondary industrial units and, with the political climate, business plans and desires to increase productivity within these units appears to have been put on hold until Brexit takes its course (given a lot of the industrial output, namely components, are within the export supply chain).

Oliver Jones-Orrells, Manchester, TFGM, orrells@gmail.com - Feels a little topy.

Peter McLachlan, Liverpool, McLachlan Associates, info@mcclachlanassociates.net - There is considerable investment locally and the redevelopment of the Wirral Docklands will have a positive impact.

Ray Goodier, Manchester, Westminster Consultancy Group, raygoodier@aol.com - Northwest staying vibrant.

Northern Ireland

Ciaran Donnelly, Belfast, Campbell Cairns Belfast, ciaran@campbellcairns.com - The market is about to go one of two ways depending on politics.

Kieran Doyle, Belfast, Farrans Construction, kierandoyle@live.co.uk - There is a lot of uncertainty with Brexit.

Ruairi O'Donnell, Belfast, O'Donnell Real Estate, rprodonnell@gmail.com - Brexit will have a huge impact on market conditions in the next 12 - 24 months.

Scotland

Alasdair Humphery, Edinburgh, JLL Ltd, alasdair.humphery@eu.jll.com - Fundamentals remain strong in offices and industrials. Structural changes to retail causing price volatility but demand exists where value /risks are better balanced.

Alex Robb, Aberdeen, A B Robb Ltd, alex@abrobb.com - The north-East of Scotland has been badly affected by the downturn in the oil and gas sector but is slowly turning the corner. However, due to the tone date, rates payable are excessive and so far the request to the Scottish Government to simply follow the sympathetic lead of the UK Government to pull the next revaluation forward by 1 year to 2021 has fallen on deaf ears. This quite clearly demonstrates the difference in attitudes when dealing with business.

Andrew Cartmail BSc FRICS FCI Arb, Edinburgh, Cartmail Property Consultants, andrew@cartmailpc.com - A shortage of supply of Grade A offices and good quality light industrial in Edinburgh will provide opportunities for comprehensive office refurbishments and speculative industrial development.

David Conroy, Edinburgh, Castle Crown Properties Ltd, davidconroy@castlecrownpropertiesltd.co.uk - Quietening across all sectors in recent weeks - desperately hoping to avoid another 'perfect storm'.

Duncan Ogilvie, Stirling, Ogilvie Group Ltd, duncan.ogilvie@ogilvie.co.uk - All could/will change with the outcome of Brexit.

Graham McPhail, Edinburgh, Avison Young, graham.mcphail@avisonyoung.com - In Scotland, in the aftermath of Brexit uncertainty, there will inevitably be a period of further instability with the prospect of another independence referendum. This will constrain growth in the Scottish property market.

John Brown, Edinburgh, John Brown and Company, john.brown@jb-uk.com - Edinburgh is centre stage in the UK financial sector, a key contributor to the real economy. The city needs to retain its position after Brexit. The continued uncertainty is the independence Question, the Scottish economy and growth is being held back. Higher rate tax, higher costs to purchase property, cause top job applicants to pause regarding moving to the city. Edinburgh Park, once the flagship of office development, now seeing residential uses. Housing values rising, limited stock.

Stephen Rudge, Edinburgh, CBA, stephen.rudge@cba-qs.co.uk - The market seems cautious due to Brexit uncertainty.

South East

Alison Owen, Maidstone, Martine Waghorn, ako@martinewaghorn.com - The market seems to be holding up, with activity continuing in the office and industrial sectors. Whether there is some time lag before the Brexit uncertainties adversely affect the local market, is yet to be seen.

Ben Greatbatch, Reading, Ridge and Partner LLP, bgreatbatch@ridge.co.uk - Period of volatility makes the market place (all sectors) very difficult to predict. Whilst we have experienced an increase in demand for industrial property, all other sectors appear to be suffering from political uncertainty.

Christopher J White BSc MRICS, Bicester, White Commercial Ltd., chris@whitecommercial.co.uk - Brexit outcome a concern. Good industrial market with new development taking place and about to start.

Colin Brades, Brighton & Hove, Avison Young, colin.brades@avisonyoung.com - Brighton: Despite retailers expressing Brexit pessimism and slightly increased supply in the secondary shopping market, demand remains good with small rises in both prime and secondary rental levels. Weakening premium values for leases have been experienced in secondary retail locations.

David Martin BSc FRICS, Brighton, Stiles Harold Williams, dmartin@shw.co.uk - The Brexit indecision is impacting businesses, particularly small businesses with requirements being put on hold. Stock levels in all sectors starting to increase.

David Plaskow FRICS, Rayleigh Essex, Hair and Son LLP, dplaskow@gmail.com - Hard work.

Doug Rowe, Hertfordshire, DFR Commercial Services Ltd, doug@dfrccommercial.co.uk - We are in "unknown" territory so there is a lot of hesitancy and people unwilling to consider any perceived risks at this moment in time.

Edward R M Martin, Southampton, Vail Williams, emartin@vailwilliams.com - Improving office market. Potential for lack of office supply as there is no development. Industrial remains in short supply. Retail suffering.

Graham Mitchell, Kent, Caxtons Commercial Limited, gmitchell@caxtons.com - We are currently going through the usual property and economic cycle where the property market is slowing after a period of buoyancy. This is exacerbated, but not caused by, the considerable uncertainties and paralysis caused by Brexit.

Ian Sloan FRICS, Banbury, Bankier Sloan, reception@centre-p.co.uk - Secondary industrial remains strong, small units particularly. There remains no prospect of any new small unit developments.

Chartered Surveyor market comments

James Birkett, South Easr, Mendip Capital, james@mendipcapital.co.uk - South East office market definitely feels at a peak. Few capital transactions with investors nervous of political environment, sellers not prepared to reduce pricing to achieve a sale, and an eerie quiet like 1981 1991 and 2009. Occupational transactions remain consistent and positive.

Jeremy Braybrooke, Southampton, Osmond Brookes, jeremy.braybrooke@osmondbrookes.co.uk - We have a retail market hit by many factors, online shopping, less money in shoppers pockets, uncertain economic outlook etc.

John Burden, Gravesham, Kuflink PLC, j.burden@virgin.net - The market is stable in parts of London and South East but otherwise vulnerable to interest changes and market confidence.

John L McGuffog, Horsham, John L McGuffog FRICS MCI Arb, jlmcguffog@btinternet.com - Brexit is creating much uncertainty across the board.

Keith Nelson, Sevenoaks, Salisbury & Co, keith@salisburyand.co - Brexit uncertainty continues to impact on the commercial market with decisions being delayed/put on hold and therefore reducing market activity.

Michael Garvey, High Wycombe, Chandler Garvey Ltd, mg@chandlergarvey.com - Having worked in the commercial property sector for 30 year this is the hardest market to read. It is full of anomalies and contradictions. Offices are weak and industrial is strong, but the picture isn't universally the same with certain hot and cold spots. There is a precarious balance between demand and supply in many locations and a small shift in either could have a disproportionate affect on the local market. Forecasting is very challenging.

Nevin Hutchinson, Surbiton, Spring Building Consultancy Ltd, nevin.hutchinson@springbc.co.uk - From a construction perspective, regardless of Brexit, the reducing labour supply is my risk-concern with the number of European workers returning back to the continent, feeling the UK no longer offers the right long-term future. That's tragic.

Olunmi Odeleye, St Albans, WSP UK, olunmi6@aol.co.uk - My perception is that investors are cautious due to lack of concession on Brexit. It's still unclear how the market will react.

Pauline Perkins, St Albans, Aurora Properties, pauline@auroraproperties.com - Subdued, uncertain.

Peter Ridsdale Smith, Tunbridge Wells, Bracketts, peter@bracketts.co.uk - The local office and industrial/ warehousing markets are still strong but the retail market has softened substantially. The latter due to Brexit and structural changes in the high street. There are massive empty units in our prime area and demand for secondary is waining by the day.

Phil Eggerdon MRICS, Weybridge, Eggerdon & Holland Ltd., phil@eggerdon-holland.co.uk - Market conditions remain tricky with an increasing lack of confidence which is leading to indecision. Industrial is the sector with most activity.

Philip Marsh, Beaconsfield, Philip Marsh Collins Deung, philip@pmcd.co.uk - Activity levels are high but the cracks are showing if you look for them.

Shaun Walters BSc MRICS, Reading, Parkinson Holt, swalters@parkinsonholt.com - Quality enquiries for offices and industrial are down.

Steve Griffin BSc FRICS, Wokingham, Pennicott Chartered Surveyors, surveys@pennicott.com - Peach Place - PC next month progressing well. Elmsfield -PC 24 likewise progressing well.

Tim Green, South Oxfordshire, Green & Co (Oxford) Ltd., tim.green@greenand.co.uk - The hiatus continues with no light at the end of the tunnel to see where we are heading.

Tom Holloway, Portsmouth, Holloway Iliffe & Mitchell, tom@hi-m.co.uk - Enquiry levels are slowing but interest in freeholds still remains high.

South West

Alan Wood, Bristol, Andrew Forbes Ltd, aw@andrew-forbes.co.uk - My speciality is licensed and leisure property in the South West which has seen continued demand for quality properties, but a lack of supply, helping to maintain values.

Andrew Hosking BSc MRICS, Exeter, Stratton Creber Commercial, andrew@sccexeter.co.uk - Exeter is likely to remain the "Jewel in the Crown" within Devon and Cornwall due to its strategic position. The logistics sector is particularly active.

Andrew Hosking BSc MRICS, Barnstaple, Stratton Creber Commercial, andrew@sccexeter.co.uk - Industrial/warehouse demand leads the way with the other sectors showing less activity but with continuing high demand for freeholds.

Andrew Hosking BSc MRICS, Torbay, Stratton Creber Commercial, andrew@sccexeter.co.uk - Torbay continues to have a very tight industrial market with little availability and strong demand. Retail poses more challenges.

Andrew Kilpatrick, Swindon, Kilpatrick 7 Co, a.kilpatrick@kilpatrick-cpc.co.uk - Swindon's commercial market is generally somewhat subdued as the political turmoil around Brexit depresses consumer and business confidence. Despite the Honda shadow over the town, there has been some good news with an 85,000 sq ft warehouse at Dorcan pre-let to DHL. Also, Good Energy have been given planning consent to build a new headquarters in Chippenham in the summer.

Ben Trickey, Taunton, Summerfield, btrickey@summerfield.co.uk - A challenging time with Brexit casting a shadow over the market, but there are still some strong fundamentals underlying that.

Brian Hasell, Plymouth, Huntley & Partners, enquiries@huntleyandpartners.com - Poor - so much uncertainty and incredulity with political affairs.

Christopher A Cluff, Taunton, Cluff Commercial Ltd, chris@cluff.co.uk - There is a general undersupply of industrial property owing to lower profits and increased build cost. The office sector is weak, and many buildings will be converted to residential over time. The prime retail sector is very weak, undergoing great change, and has been hit by on-line shopping and excessive and poorly administered business rates system.

Dominic Hill, Lydney, Kevin j toombs chartered surveyors, dominic.surveyors247@gmail.com - The biggest factor that affects commercial property is that the landlords want too much rent. This factor alone is killing commercial property and as a respectable organisation we must advise and get this message across. With costs going up for Business (wages, general running costs) it's easier to close your office/ retail unit and trade from home and put your business on the internet.

I McNaught Davis, Gloucester, Avon Construction Services Ltd, office@avonconstruction.co.uk - Maintain a professional approach and do not be phased by political influences.

John Hempton, Bournemouth, Hempton Franks, jjh@hemptonfranks.co.uk - Considerable caution by occupiers and lack of available investment property for sale.

Chartered Surveyor market comments

Marcus Arundell, Bath, HomeLets, marcus@homeletsbath.co.uk - A relatively modest outlook considering current pressures, namely Brexit. Other local factors at play in Bath and surrounding area.

Michael Oldrieve, Exeter, Vickery Holman, moldrieve@vickeryholman.com - Definite slowdown from the second quarter of 2018 but still have good transaction levels.

Neil Atkinson, Taunton, Neil Atkinson & Co, neil@neil-atkinson.co.uk - Deals to be done but it has become hard work.

Russell Power, Bristol, Rowley Hughes Thompson, russp@rhtretail.co.uk - Our work is mainly in the retail market. This sector is facing its own peculiar headwinds, which separate it from other property sectors, but there is no doubt that Brexit and all that implies has stifled significant board room decisions from occupiers in all property classes.

Simon J Pontifex FRICS, Cheltenham, SPA Chartered Surveyors, simonpontifex@spacharteredsurveyors.com - Market activity has been generally resilient to the Brexit mess. Retail secondaries have seen an increase in unoccupied space. The Borough and County Council's trial removal of car traffic from the Cheltenham town centre has been poorly actioned, planned and monitored.

Simon McKeag BSc MRICS, Gloucester, ASH Chartered Surveyors, sjm@ashproperty.co.uk - Industrial demand remains strong and there is a lack of supply in both that sector and offices. Retail market has weakened which reflects the wider economy and change in consumer buying habits.

Stephen Matcham, Plymouth, Stratton Creber Commercial, stevem@sccplymouth.co.uk - At this moment, I couldn't say that there is a Brexit effect in our area. Problem is structural change in retail, strong industrial demand but poor supply, weak office market but supply and demand in balance. Some new development interest in South West cities. Residential housebuilder land demands remain strong.

Timothy Smart, Truro, Smart Commercial Property, timsmart@scp.uk.com - The market is volatile except for business space.

Wales

Andy Sturrock, Cardiff, Calan Retail, andy.sturrock@calanretail.co.uk - Worst retail market in my experience. Have been in retail since 1998.

Huw Thomas, Cardiff, Commercial Property Consultancy, huw@huwthomascpc.com - Nervousness about uncertainty causing delays in occupier decisions but investment sentiment still strong due to low interest rates. Concern over large FM & construction companies involved in public sector infrastructure contracts like Interserve & Capita following demise of Carrillion & Dawnus. Retail market still undergoing major structural change with middle market suffering most. Residential market remains strong albeit slightly weaker demand but continued shortage of ready sites.

Martin Griffiths, Cardiff, Graham Griffiths & Company, mart.griffiths@hotmail.co.uk - The market is very quiet due to the uncertainty within the current political climate.

Michael Bruce, Cardiff, DLP Surveyors, michael@dlpsurveyors.co.uk - UK's (delayed) withdrawal from the EU created continued uncertainty preventing business from making informed decisions about planning for the future. In meantime, the EU's free trade agreement with Japan has created a situation where Honda (Swindon) no longer feel a need to manufacture vehicles in the UK & Toyota (Deeside) are scaling back production. UK/EU policy of promoting electric vehicles has created situation where Ford (Bridgend) will cease production of diesel engines for Jaguar.

Peter Graham BSc FRICS, Cardiff, Gerald Eve, pgraham@geraldve.com - Peak of cycle except retail (mid downturn).

Richard Ryan BSc (Hons) FRICS, Cardiff, Fletcher Morgan, richard.ryan@fletchermorgan.co.uk - There has been a noticeable decline in the number of new enquiries in the first quarter of 2019 as well as a pause by businesses on committing to new investment as a result of the delay of Brexit. Business also awaits the decision on the new M4 relief road by Welsh Government which will stimulate further growth in the region in addition to creating significant jobs in the construction industry.

Rowland Jones, Swansea, Rowland Jones Chartered Surveyors, rowland@rowlandjones.co.uk - Active market but lack of supply and challenging with uncertainty.

West Midlands

Andrew Clough, Shrewsbury, Shropshire Council, cluffy225@live.co.uk - Typically in my local area, house prices have steadily risen as demand has continued. Shop rents have remained as is or reduced, business rates have risen which has forced closure of some small businesses. Industrial units appear to be in slightly less demand than previous years as small import businesses hold off expansion until the uncertainty of Brexit passes.

Andrew Venables MRICS, Dudley, GVA, andrew.venables@gva.co.uk - A slowdown in active requirements in Q1 2019.

Andy Husband, Hereford, Herefordshire Council, andy.husband@hotmail.co.uk - Strong local demand for industrial premises has enabled a number of owner occupied developments to commence.

Anthony Rowland FRICS, Evesham, Timothy Lea & Griffiths, tony.rowland@tlgea.com - You would make more sense of Brexit if you watch an episode of Yes Prime Minister. Uncertainty abounds and business is very uncertain.

Cameron Thomson, Birmingham, Cushman & Wakefield, cameron.thomson@cushwake.com - Still seeing a resilience in many markets despite political uncertainty, including in office occupiers' business plans meaning that operationally the likes of Brexit has seen relatively little impact compared to anecdotal speculation.

Graham Jones, Lichfield, Kingston CPC, graham.jones@kingstoncpc.co.uk - There continues to be a relative shortage of modern business space available for sale or to let, particularly within the industrial /warehouse sector. However, it has become more difficult to complete transactions with many occupiers procrastinating on decisions, presumably because of the current political uncertainty.

Jason Coombes, Birmingham, Cottons Chartered Surveyors, jcoombes@cottons.co.uk - We are finding ourselves in a period of uncertainty forced upon us by dithering political debate which, whilst I do not believe is driving business away, is certainly having an impact on decisions relating to expansion, more so than the environmental improvements and restrictions placed upon investors by legislation.

Kenneth Allan, Birmingham, KWB, k Allan@kwboffice.com - Brexit is causing a lull in the market place. The sooner it is over, in whatever form, the better.

Chartered Surveyor market comments

Michael Jones FRICS, Herefordshire, Michael D Jones Ltd, mdjones.charteredurveyor@virgin.net - The ongoing shambles in political circles re Brexit is certainly having an effect on property sales in my professional opinion.

Richard Calder BSc FRICS, Lichfield, Calders, richard@calderssurveyors.com - Brexit has subdued demand but not as much as we anticipated.

Seth Amartey, Birmingham, Amartey S A Design Build, sethamartey65@yahoo.com - The general market is likely to slow down in the next few months with the uncertainty of Brexit. Investors are a bit weary at the moment but there is still growth in the economy as most foreign investors see the UK as a safe place to invest their money. A no deal Brexit will certainly destabilise the economy but things will be fine after a period of years.

Yorkshire & the Humber

A G Dickinson FRICS, Hull, Dukes Sutton & Dickinson, dickinsonqs@dickinsonqs.karoo.co.uk - The uncertainty of Brexit hanging over the country.

Andrew Clark BSc FRICS, Kingston upon Hull, Clark Weightman, andrewclark@clarkweightman.co.uk - Without doubt the uncertainty regarding Brexit has impacted on confidence.

David Stimpson, Doncaster, Doncaster Borough Council, david.stimpson@doncaster.gov.uk - Rising market in office and logistics. Continuing demand for small to medium size industrial. Weakening retail market.

Greg Lacey, Leeds, CEG, greg.lacey@ceg.co.uk - Impact of Brexit will be short to medium term and confident that offices and industrial will continue to perform strongly.

John Haymes, Hull, Hull City Council, johnhaymes@aol.com - Retail led area based regeneration now defunct; conversion of offices to residential leading to inadequate supply of secondary office space to support city centre regeneration; leisure market strengthening ; industrial supply weak.

Jonathan Isles, Leeds, Dacres Commercial, jji@dacres.co.uk - The property market is no different from other markets - it does not like uncertainty.

Jonathan Phillips, Leeds, Dove Haigh Phillips LLP, jonathan.phillips@dhp.org.uk - The market in West Yorkshire has been relatively robust but it is anticipated that values have reached a plateau. It is impossible to predict what may happen over coming months, but it is likely opportunities in the market will remain for well funded buyers and developers.

Matthew Jennings, Bradford, Eddisons, matthew.jennings@eddisons.com - Especially in the industrial market a lot of occupiers are at a "wait and see" stage in regards to any investment or business decision until more clarity is given on Brexit.

Mike Darwin, Northallerton, M W Darwin & Sons, info@darwin-homes.co.uk - A combination of factors and uncertainty affecting all businesses.

Richard Corby, Leeds, Lambert Smith Hampton, rcorby@lsh.co.uk - Occupational markets are holding up well, with lettings proceeding and just a few sales falling over due to purchaser uncertainty. However, capital markets are stuck in "wait and see", with a downward impact on pricing likely although there is no sign of distressed sellers in the market yet.

Richard Ellison, Leeds, Babcock, richard.ellison@babcockinternational.com - The current market is very slow.

Richard Flanagan, York, Flanagan James Property Consultants, richard@flanaganjames.com - The "B" word continues to dominate decision making and is the main reason cited by medium to large businesses when explaining why plans to relocate are on hold/ not being considered. Occupier demand from small businesses continues to hold up, against a backdrop of limited supply in the office and industrial sectors. This has been the reason why rental and capital values in those sectors have increased considerably over recent years. Lack of land allocation for development exacerbates the problem.

Sheraz Shah, Leeds, Yorkshire Property Surveyors, sheraz.shah@live.co.uk - The market in my region is steady. Investors are waiting on Brexit.

Stephen Hoyle, Halifax, CMBC, hoyle.stevo1969@gmail.com - Holding steady.

Steven Goode, Leeds, Steven Goode & Co, stevenagoode@gmail.com - Challenging retail market due to political and economic uncertainty and very slow decision making processes.

Information

RICS Commercial Property Market Survey Management

Tarrant Parsons

Economist

t: +44 (0)20 7695 1585

e: tparsons@rics.org

Simon Rubinsohn

Chief Economist

t: +44 (0)20 7334 3774

e: srubinsohn@rics.org

Contributors

Survey questionnaires were sent out on the 13 March with responses received until 8 April.

Number of contributors to this survey : 888

Survey responses were gathered in conjunction with Rightmove

[For contributor database enquiries please contact:](#)

Janet Guilfoyle

t: +44 (0)20 7334 3890

e: jguilfoyle@rics.org

[For data subscription enquiries please contact:](#)

Tarrant Parsons

Economist

t: +44 (0)20 7695 1585

e: tparsons@rics.org



Confidence through professional standards

RICS promotes and enforces the highest professional qualifications and standards in the development and management of land, real estate, construction and infrastructure. Our name promises the consistent delivery of standards – bringing confidence to the markets we serve.

We accredit 118,000 professionals and any individual or firm registered with RICS is subject to our quality assurance. Their expertise covers property, asset valuation and real estate management; the costing and leadership of construction projects; the development of infrastructure; and the management of natural resources, such as mining, farms and woodland. From environmental assessments and building controls to negotiating land rights in an emerging economy; if our members are involved the same professional standards and ethics apply.

We believe that standards underpin effective markets. With up to seventy per cent of the world's wealth bound up in land and real estate, our sector is vital to economic development, helping to support stable, sustainable investment and growth around the globe.

With offices covering the major political and financial centres of the world, our market presence means we are ideally placed to influence policy and embed professional standards. We work at a cross-governmental level, delivering international standards that will support a safe and vibrant marketplace in land, real estate, construction and infrastructure, for the benefit of all.

We are proud of our reputation and we guard it fiercely, so clients who work with an RICS professional can have confidence in the quality and ethics of the services they receive.

United Kingdom RICS HQ

Parliament Square, London
SW1P 3AD United Kingdom

t +44 (0)24 7686 8555

f +44 (0)20 7334 3811

contactrics@rics.org

Media enquiries

pressoffice@rics.org

Ireland

38 Merrion Square, Dublin 2,
Ireland

t +353 1 644 5500

f +353 1 661 1797

ricsireland@rics.org

Europe

[excluding UK and Ireland]

Rue Ducale 67,
1000 Brussels,
Belgium

t +32 2 733 10 19

f +32 2 742 97 48

ricseurope@rics.org

Middle East

Office G14, Block 3,
Knowledge Village,
Dubai, United Arab Emirates

t +971 4 446 2808

f +971 4 427 2498

ricsmenea@rics.org

Africa

PO Box 3400,
Witkoppen 2068,
South Africa

t +27 11 467 2857

f +27 86 514 0655

ricsafrica@rics.org

Americas

One Grand Central Place,
60 East 42nd Street, Suite 2810,
New York 10165 – 2811, USA

t +1 212 847 7400

f +1 212 847 7401

ricsamericas@rics.org

South America

Rua Maranhão, 584 – cj 104,
São Paulo – SP, Brasil

t +55 11 2925 0068

ricsbrasil@rics.org

Oceania

Suite 1, Level 9,
1 Castlereagh Street,
Sydney NSW 2000. Australia

t +61 2 9216 2333

f +61 2 9232 5591

info@rics.org

North Asia

3707 Hopewell Centre,
183 Queen's Road East
Wanchai, Hong Kong

t +852 2537 7117

f +852 2537 2756

ricsasia@rics.org

ASEAN

10 Anson Road,
#06-22 International Plaza,
Singapore 079903

t +65 6635 4242

f +65 6635 4244

ricssingapore@rics.org

Japan

Level 14 Hibiya Central Building,
1-2-9 Nishi Shimbashi Minato-Ku,
Tokyo 105-0003, Japan

t +81 3 5532 8813

f +81 3 5532 8814

ricsjapan@rics.org

South Asia

48 & 49 Centrum Plaza,
Sector Road, Sector 53,
Gurgaon – 122002, India

t +91 124 459 5400

f +91 124 459 5402

ricsindia@rics.org