



Q2 2020: UK Commercial Property Market Survey

Retail and office sectors hit hardest by the pandemic

- Rents and capital values expected to fall sharply across the office and retail sectors in the coming year
- 93% of respondents envisage businesses scaling back their office footprint to some extent over the next two years
- Sentiment more resilient for industrials although some downward pressure still seen over the near-term

The Q2 2020 RICS UK Commercial Property Survey results predictably point to a further deterioration in conditions over the quarter, as the economic fallout from the global pandemic continues to take its toll on demand across both the occupier and investment sides of the market.

In terms of occupier demand, a net balance of -55% of respondents reported a decline during Q2, down from an already negative reading of -22% previously. What's more, each sector covered in the survey saw a fall, albeit the decline in tenant demand was most pronounced for retail and office space, posting net balances of -86% and -79% respectively. Meanwhile, across the industrial sector, a more moderate net balance of -13% of respondents cited a drop in demand (the first time negative reading for this series since 2012).

That said, the availability of leasable space remained more or less unchanged across the industrial segment in Q2. By way of contrast, availability increased sharply in both the office and retail sectors, again prompting landlords to raise the value of incentive packages on offer to tenants.

The near-term outlook for rents is now negative across the board, with expectations deteriorating in each instance relative to the Q1 results. Indeed, a net balance of -85% of survey participants expect retail rents to decline in the coming three months, the poorest reading since 2008. Likewise, rental expectations tumbled across the office sector, with the latest net balance coming in at -62% (down from -24% last time). Weighing on the outlook for offices, 93% of respondents anticipate that businesses will look to scale back their office space requirements to some extent in the coming two years on account of the increase in remote working during the pandemic. Furthermore, the largest share of contributors (30%) expect this scaling back will equate to between 5 and 10% of their current footprint.

In another additional question included in the Q2 survey, respondents were asked if they felt demand for office space in suburban locations may rise in place of urban centres over the next two years. Interestingly, 64% felt this shift would occur, again suggesting there could be some significant changes in store for the office sector moving forward (full details on the extra questions are available on page 2).

Twelve month rental expectations now stand at -4% and -7% for prime and secondary office space respectively. Alongside this, secondary retail rents are seen falling by -14% while prime retail rents are seen posting declines of around -10%. At the other end of the scale, sentiment is much more resilient across the industrial sector. Indeed, although rents in secondary locations are seen falling by around -1% in the year to come, prime industrial rents still display a positive outlook, with respondents pencilling in growth of just under 2%. This relative outperformance for the industrial sector is evident in expectations both at the national level and within each region/ country of the UK.

On the investment side of the market, a headline net balance of -46% of respondents reported a fall in investor enquiries during Q2. This is down from a figure of -14% back in Q1 and represents the weakest return for this indicator since the end of 2008. Again, the sector breakdown shows demand declining in each area of the market, although conditions in the industrial segment are noticeably less downbeat than those across the retail and office sectors. At the same time, overseas investment demand also declined in all sectors for a second successive quarter.

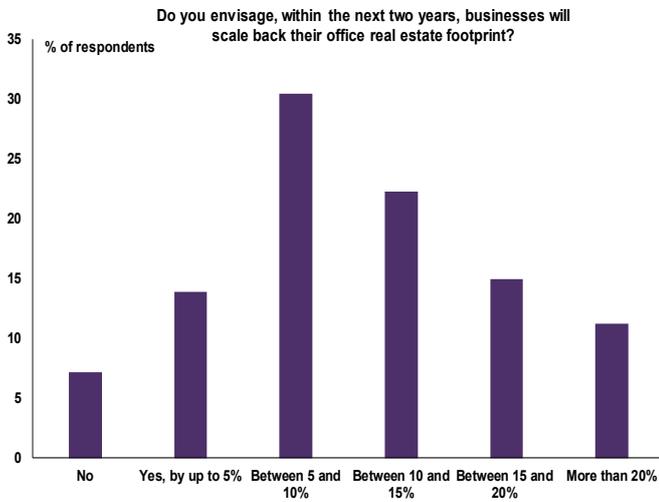
On the back of this, twelve-month capital value expectations are firmly negative for retail units and offices (prime and secondary). Bucking the trend, prime industrial capital values are still seen posting marginal gains in the year ahead, although the outlook is slightly negative for secondary.

Away from the three traditional sectors, capital values are projected to fall across a range of alternative commercial asset classes over the coming twelve months. Unsurprisingly given restrictions on travel due to the pandemic, hotels display particularly weak expectations, with a net balance of -94% of contributors envisaging a decline in capital values across the sector in the year ahead. Student housing is also expected to be hit hard by the recent disruption, returning a net balance of -87% for capital value expectations.

Finally, 76% of survey participants across the UK as a whole now consider the market to be in some stage of a downturn, up from 64% taking this view back in Q1. Only 12% feel conditions have reached the bottom of the cycle, fractionally higher than 8% last time.

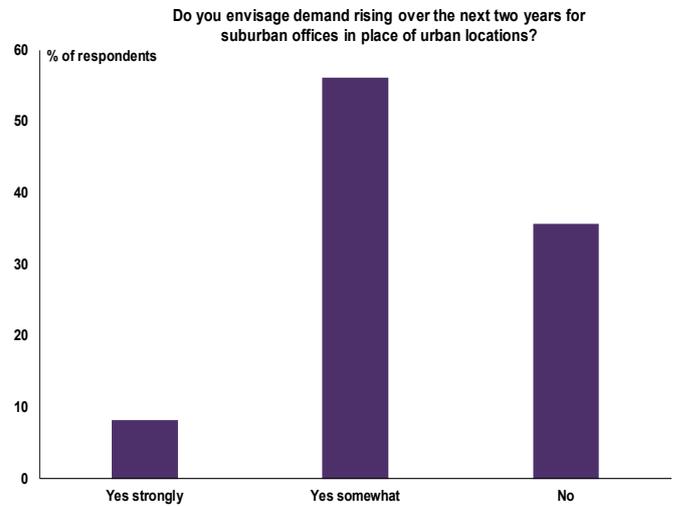
Additional questions in the Q2 2020 survey

Extra question 1



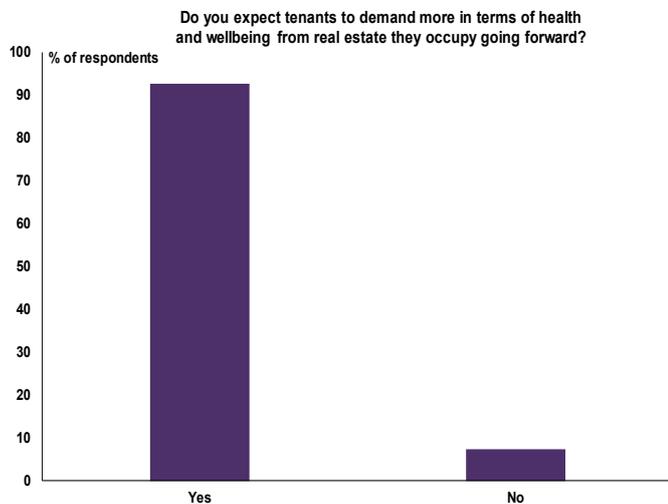
93% of respondents expect businesses to cut back on their office space requirements to some extent in the next two years. The most widely held view (one-third of respondents) was that this reduction could be between 5 and 10%. Meanwhile, nearly one-quarter felt firms may cut back their office footprint by between 10 and 15%.

Extra question 2



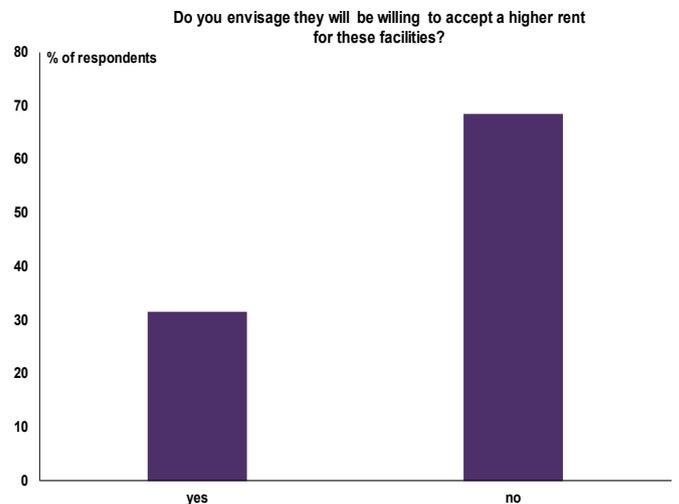
A combined 64% of contributors anticipate demand for office space in suburban locations may displace that across urban centres over the next two years. Breaking this down, 8% felt strongly that this shift would take place, while a much larger share (56%) were somewhat inclined to think this trend would emerge.

Extra question 3a



With the pandemic causing sweeping changes in the way people work across the country, 93% of respondents expect tenants to demand more in terms of health and wellbeing from the real estate they occupy going forward.

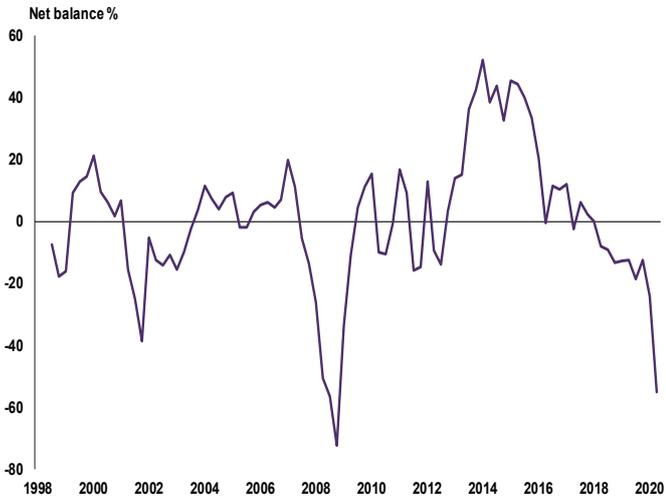
Extra question 3b



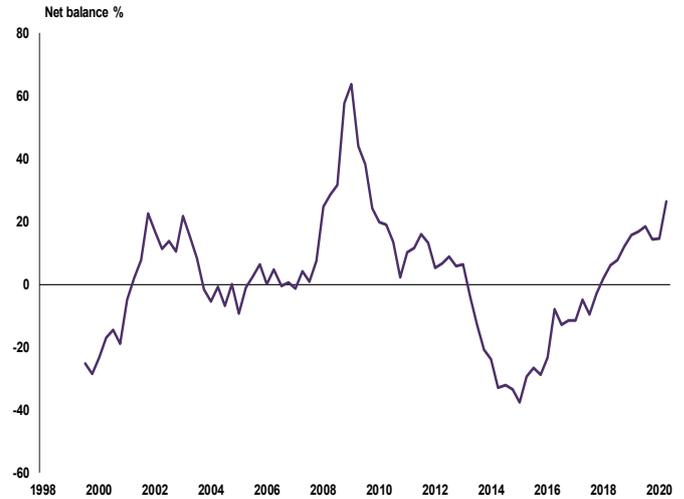
However, nearly 70% of survey participants also feel that tenants will be unwilling to accept a higher rent for these facilities, suggesting the cost any potential improvement is likely to fall onto landlords.

Commercial property - all sectors

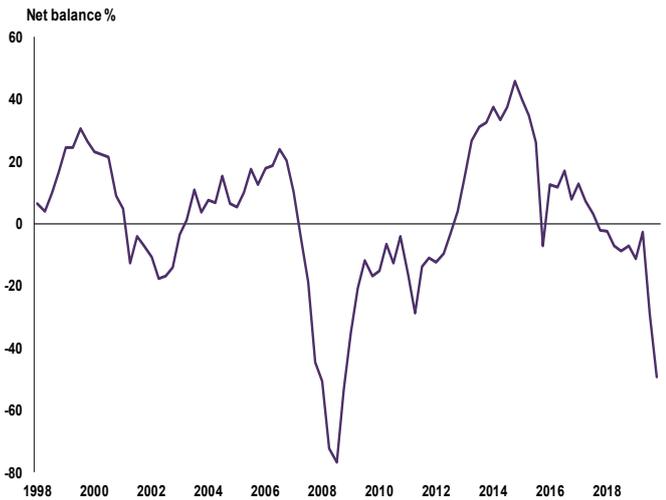
Occupier Demand



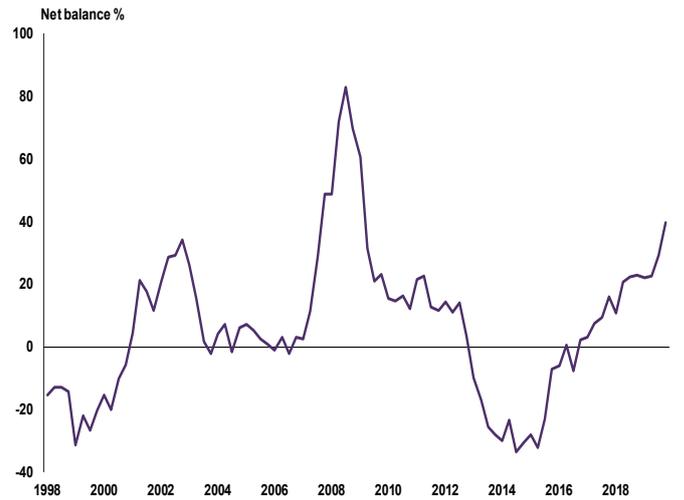
Availability



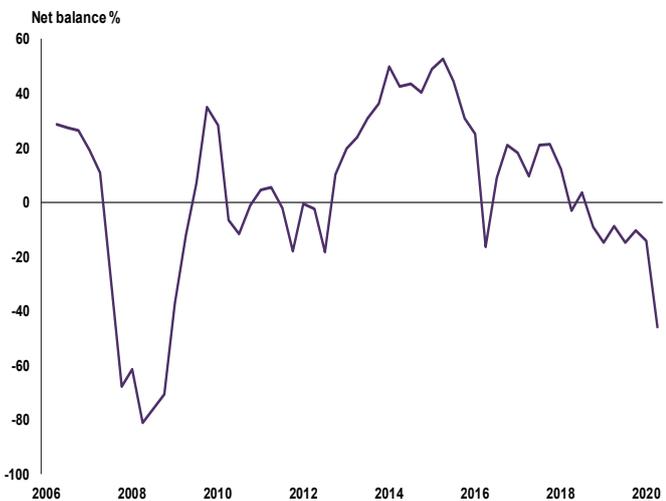
Rent Expectations



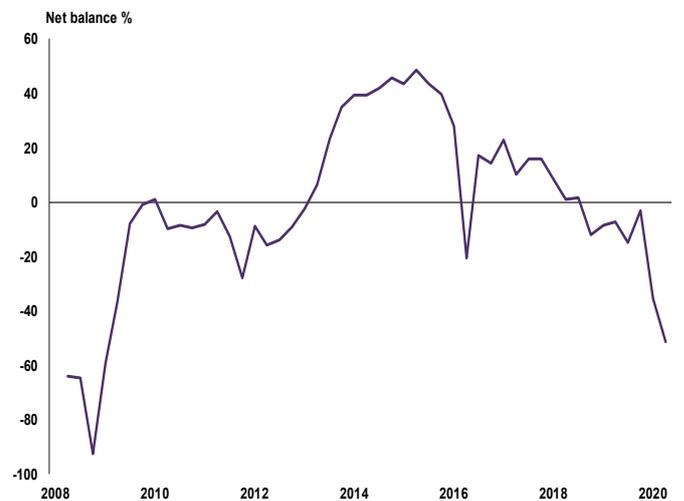
Inducements



Investment Enquiries

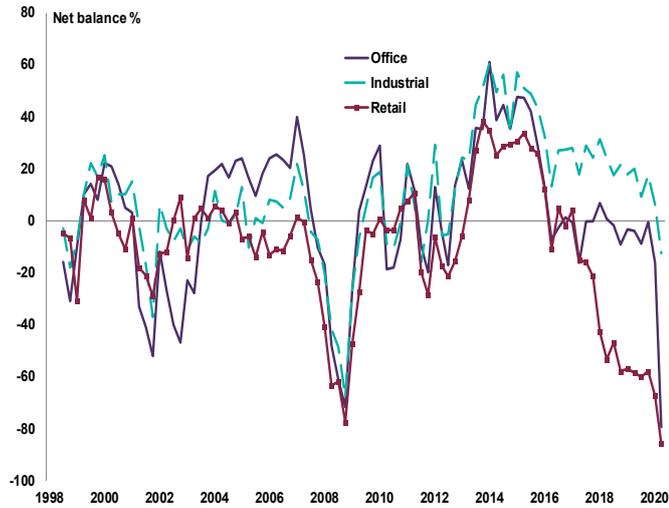


Capital Value Expectations

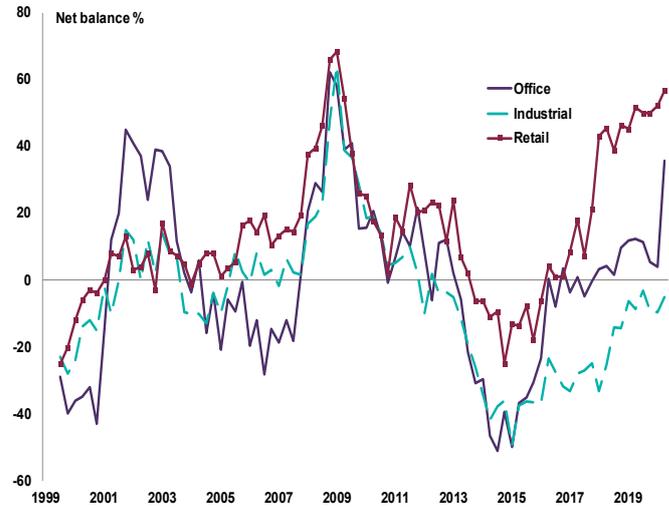


Commercial property - Sector Breakdown

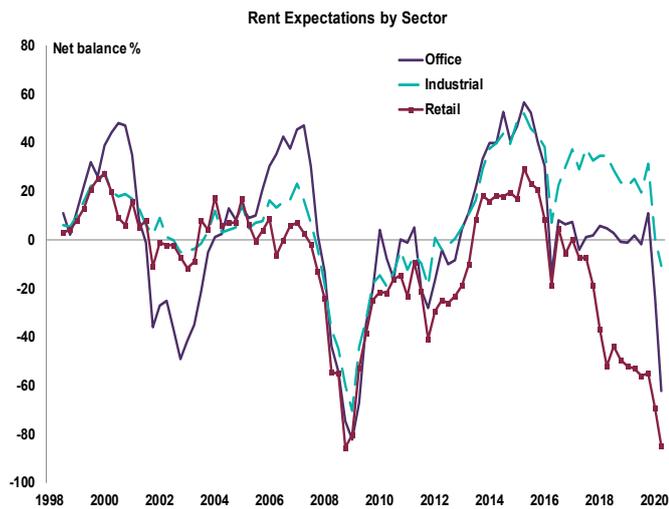
Occupier Demand



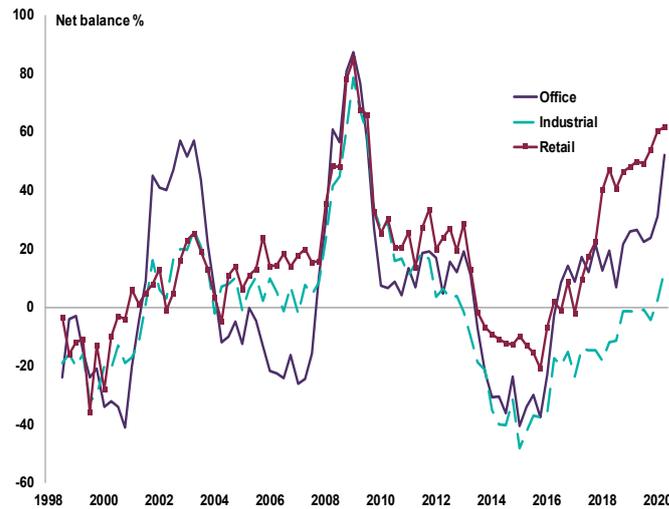
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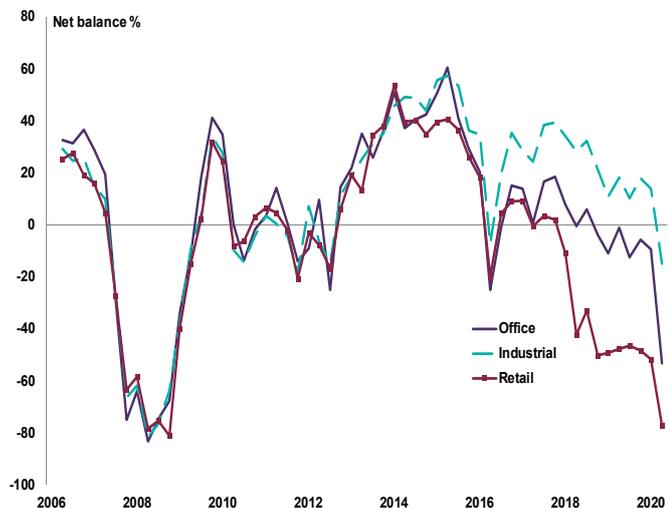
Rent Expectations



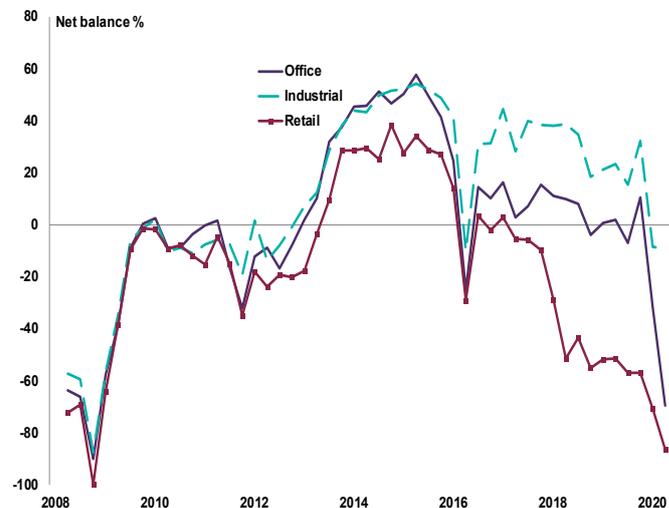
Inducements



Investment Enquiries



Capital Value Expectations

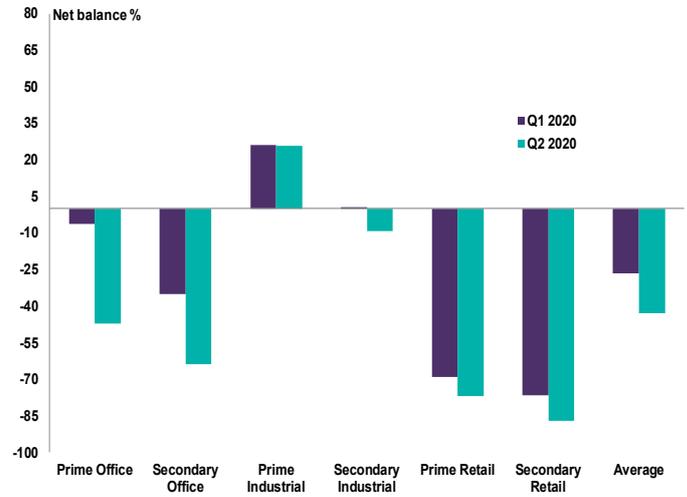


Commercial property - Additional Charts

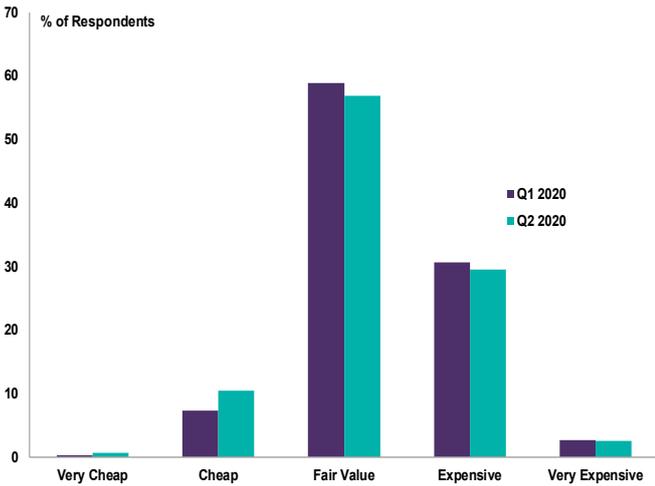
12 Month Capital Value Expectations



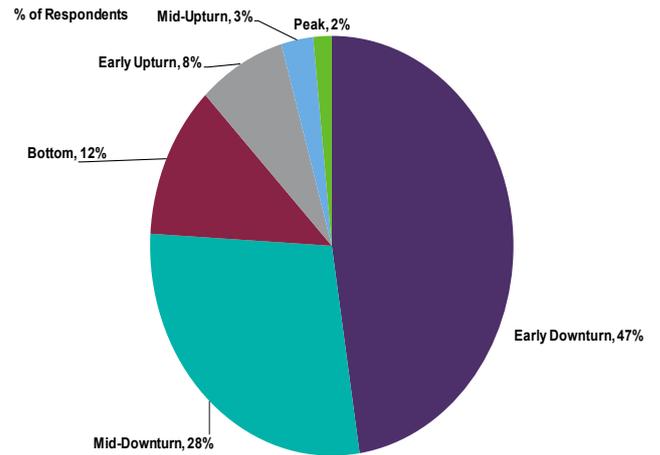
12 Month Rent Expectations



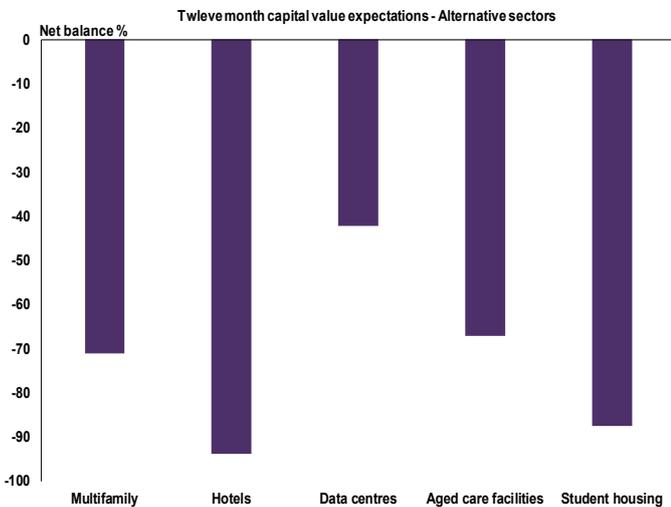
Market Valuations



Property Cycle



12 Month Capital Value Expectations - Alternatives



Chartered Surveyor market comments

East Midlands

Andrew Bock, Derby, Paisley Grove Developments Ltd, andrewbock@btinternet.com - The ability of tenants to pay rent during the lockdown is causing massive issues with investors. Whilst residential rents are generally being paid, the retailers, beauty and leisure industry have problems in paying rents - landlords endeavouring to give support and concessions but this can only last for 3 - 6 months. Many tenants choosing to vacate as they cannot see a future, grim times.

Andrew Sherwood, Lincoln, Courtyard Project Consultants Ltd., andrewjsherwood@outlook.com - Generally poor, but strong signs of recovery.

James Measures, Nottingham, Measures And Company Limited, james@measuresandco.com - The effects of Covid-19 remain very much uncertain and could significantly effect the marketplace.

Neville Rickett, Lincoln, Ward Cole Ltd, neville@wardcole.co.uk - We are entering a very uncertain future.

S Dare, Nottingham, Innes England, sdare@innes-england.com - Very uncertain times with potentially substantial changes likely across various markets.

Will Evans, Northamptonshire, EI Group Plc, will.evans@eigroupplc.com - Working in offices is a thing of the past. Working from home/remotely will be common for most if not all apart from a few. Industrial/manufacture will start to rebuild (must rebuild) to avoid a repeat of failing supply against huge demand. Working hours and patterns will change and both employers and employees will need to be more flexible.

W Scholter, Nottingham, APL, wayne.scholter@btconnect.com - Uncertain.

East Anglia

Daniel Musgrove, Stevenage, Brown & Lee Chartered Surveyors, daniel.musgrove@brownandlee.com - Industrial property still seems to be generally unaffected by Covid-19. Those businesses that know the pandemic doesn't affect them still want to move and take more space. Office transactions were already low, but those that have to move are taking space. Secondary retail seems to be coming back with offers being made for property in the hope restrictions will be lifted in the short term for social distancing. This said, every week seems to be different at the moment with no discernable trends.

Graham Matthews, Cambridge, University Of Cambridge, grahamvmathews@gmail.com - Rapidly deteriorating market. Recession looms.

M Jean Howe, Luton, Kirkby Diamond, jean.howe@kirkbydiamond.co.uk - Surprisingly buoyant, especially in secondary retail.

Nigel Handley, Norwich, Bullen Developments Limited, nigel.handley@bullengroup.co.uk - Market weakening. Impact of redundancies yet to have an effect. Expectation of tax increases. Hold on to your cash. Future opportunities will arise.

Richard Jones, Peterborough, Barker Storey Matthews (Eddisons), richard.jones@eddisons.com - Surge in uptake for smaller industrial units less than 3,000 sq ft. Stock remains an issue with industrial. Some larger design and builds put on hold until larger companies can decide how the current crisis has affected their business.

Robert Flint, Norwich, Brown & Co, robert.flint@brown-co.com - We are living through unprecedented times in modern history and the impact of Covid-19 will undoubtedly be felt across the market. The question is how long will this be for; will we see an elongated mid-cycle dip or a resetting of the property cycle and new downturn? The answer to this will be intrinsically linked to whether there is a second wave of Covid-19 and its severity. Optimistically, if any second wave is minor, I can see a real explosion of values over the next few years.

Samuel Kingston, Norwich, Roche Chartered Surveyors, sam.kingston@rochesurveyors.co.uk - Across Norfolk, the warehousing/industrial market has remained robust with good levels of interest. This is the one sector where there is positive news. Demand for offices and new working conditions are still working their way through the system, but we expect there to be movement as companies seek smaller, better quality offices. Time will tell what the overall effects of the pandemic are.

Simon Lewsley, Huntingdon, Icg Securities Ltd, sl@icgsecurities.co.uk - We are at the beginning of a complete change of priorities as technology enables more remote working, impacting on offices and e-commerce continuing to hit retailing. I believe people will travel less.

London

Adrian Tutchings, London, Linays Commercial Limited, commercialproperty@linays.co.uk - Difficult to predict at the moment.

Alexander Fischbaum, London, Afa Reim, af@afadvisory.com - Aside from Covid19, which is a global issue, the UK currently has additional challenges. Hopefully, there will be clarity re Brexit by the end of 2020. Certainty is important for businesses and investors alike. Improved political leadership would also benefit the UK in future health and social crises. Neither the highest number of Covid-19 deaths in Europe, nor violent demonstrations with defaced and toppled statues are positive signs for the UK and, amongst others, raise concerns with investors.

Ben Symes, London, Symes Retail, ben.symes@symesretail.com - Exactly the wrong timing for the virus to appear, after the delays due to Brexit process uncertainty. I think it has brought forward online shopping behaviour by a good 3-5 years. It is critical that the Business Rates appeals process has a complete overhaul to speed up and rateable values reassessed more regularly, reflecting the much shorter cyclical change in the market now compared with 10 plus years ago.

D.Ballan, London, DJB Construction Management Associates Ltd, djb.cab1@virginmedia.com - Business is slow at present due to the lockdown, it is hoped that things may change. If everyone follows social distancing rules to the letter, this will give everyone a chance to move forward for the future.

Chartered Surveyor market comments

Duncan H. Watt Frics, Sidmouth, Southcombe Consultancy Services Ltd, southcombecsl@aol.com - I am involved with a large pan-European core investment Fund which has a UK exposure of just 10%. The UK has become less attractive to International Investors recently due to Brexit and the economic downturn (Covid-19). There are early indications that some international investors are beginning to assess/bargain-hunt prime assets in the UK's gateway cities. It's still very early and I do not expect much transaction activity before mid 2021 when the full effects of the downturn are known.

Gregory Mcgonigal, London, Ashdown Phillips, greg@ashdownphillips.com - The Covid 19 crisis has quickened and heightened the downturn which was going to happen anyway.

Hannah Grievson, London, Sloane Stanley, hannah.grievson@sloanestanley.com - There are still so many unknowns. Business is picking up and things are definitely improving but who knows what will happen over the next 6 months.

Harry, London, Punch Pubs Ltd, harry.brown@punchpubs.com - Clear market downturn and sector hit by up to 5% by year end. Certain sectors such as supermarkets and convenience stores may be more valuable investments than pubs, restaurants etc.

Ian Mackie, London, Berkeley Research Group, imackie@thinkbrg.com - Difficult times. Investors nervous with investment performance variable across different sectors.

James Cameron Lakin Thompson, London, BNP Paribas Real Estate, cameron.thompson@realestate.bnpparibas - The major issue not being considered is the decline in credit worthiness of many occupiers, the security of their leases and therefore the debt upon which buildings are secured. If economic stability cannot be ensured in the short term, secondary effects on the UK property market could have long lasting impacts on investments, development and growth.

James Moorhouse, London, Jm Commercial Ltd, james.moorhouse@jmcommercial.co.uk - Very little demand and signs of plenty of A1/B1 leases for sale. The volume of tenants in financial difficulty increasing. Tenants making requests for rent reductions and rent free holiday. Rents looking likely to go down at lease renewal. Industrial rents to go up as distribution space more in demand following lockdown. If PDR are relaxed to allow for the conversion of modern offices to residential the sales market for office redevelopment opportunities will increase.

John Burton, London, Urban Space Management, john.burton@urban-space.co.uk - We run a site of 120,000 sq.ft of 100 workspaces for SME's all single office or industrial (no shared workspace). Several of our tenants are having to leave as their income has gone completely. We are helping most with rent reductions but the come back after lockdown is the issue for us. Several firms say they will not return until late 2020 or early 2021. And working from home must be working for them. We worry that more vacant space will come up and our rates bills will spiral.

Jonathan Daniels, London, Jmd Commercial, jonathan@jmdcommercial.co.uk - Covid-19 has obviously had a significant impact on rental and capital values across all sectors.

Jonathan Vanstone-Walker, London, TSP, jvw@tspuk.com - In the office sector, most requirements have been paused during the quarter. With those that are going ahead, the floorspace requirements have been scaled-back by 10-20%. There are early signs of more stock entering the market as tenants seek to offload surplus space, and landlords receive space back following breaks and lease expiries. Although this suggests headline rents will fall later once lettings complete, there are no clear signs of reduced capital values yet.

Mac Lal, London, Macneel And Partners Ltd, maclal66@gmail.com - Office and retail continue to deteriorate and the rest of 2020 looks like worse is yet to come.

Marcus Perkins, London, Crossland Otter Hunt, marcus@coh.eu - Testing.

Mark Owen, London, Ashridge Property Consulting, mark.owen@ashridgepropertyconsulting.com - Expect prime South East offices to be strong and secondary to suffer, great demand for new build product with eco friendly specification.

Matthew Secker, London, British Land Plc, matthew.secker@britishland.com - Uncertain due to Covid-19. Retail is the worst performing sector and will continue to be.

Nigel Paul Graham, London, DTRE, paul.graham@dtre.com - The future is bright for the logistics industry and logistics real estate throughout Europe. The boom in online shopping resulting from the pandemic will create additional demand for warehouse space, both fulfilment centres and urban locations. The logistics sector is resilient and will continue to strengthen compared with other real estate sectors.

Perry Stock, London, Perry Stock Frics, perry@perrystock.co.uk - Whilst I see a number of residential transactions occurring, I see little in the way of commercial except for warehousing.

Phillip John Lascelles, London, AIS Services, ashleyhouseoni@hotmail.com - The market in central London remains cautiously resilient although more & more businesses are choosing to leave central London where occupation is unnecessary.

R B Calver, London, Robin Calver, robin@robincalver.com - Very difficult to assess the state of the market in Covent Garden due to the lack of transactions and lack of people returning to work.

Richard A. Blythe, London, Oakhurst Real Estate Ltd, richard@oakhurstproperty.co.uk - I can't see A1 retail getting back to normal for at least a year after we hopefully get Covid-19 vaccinations.

Richard Golding, London, Gleeds, richard.a.golding@gleeds.co.uk - Demand for both residential and commercial space outside of high density urban areas is likely to surge over the next 12 months, encouraging a (slightly) better balance in national cost parity for property.

Richard John Hughes, London, Portman Pm Limited, john@portmanpmlimited.com - Challenging times in the next 3-9 months, quality property will still be in demand, landlords of secondary properties will need to show great flexibility.

Richard Taylor, London, London'S Surveyors & Valuers, richard.taylor@spitfireuk.net - The commercial market faces significant uncertainties, Brexit was a factor that is here for a while, now supported by the pandemic, combined they could significantly weaken the commercial market. The question is 'how brave do investors feel'.

Rob Pettty, London, City Of London, rob.petty@cityoflondon.gov.uk - Unchartered market following Covid-19.

Chartered Surveyor market comments

Rod Pearson, London, Evans Pearson Llp, rod@evanspearson.co.uk - Flat as a pancake in this part of SW London. More 'To Let' boards on Clapham High Street than I can ever remember with no real interest from any users to take the space.

Roy Eden, London, Bravo Investment House, roy@bravo-investment.com - Catastrophe. It is going to be tough for everyone. It will rain and everyone will get wet.

Sam Mcdonagh, London, Cushman & Wakefield, sam.j.p.mcdonagh@hotmail.co.uk - General state of price discovery (uncertainty) continues across most sectors. Impact of economic decline due to Covid-19 yet to be fully realised by occupiers and by extension the occupier market. Suspect further declines in rental values in short term and accelerating decline in capital values to follow. Large fixation in the short term on rent collection at the June quarter date.

Simon Jenner, London, Rees Ltd, sjenner3@outlook.com - The commercial property market and in particular offices have yet to show relevant price corrections. Next quarter I expect this will become clear. If pricing is attractive then opportunities will out there.

Steve Peggs, London, Network Rail, steve.peggs@networkrail.co.uk - Developers remain positive though more cautious. Values haven't yet seen many transactions to evidence change but we expect values to fall 5-10% only. A longer recession would impact on that.

Stuart Paterson, London, Savills, stuart.paterson@savills.com - It will be interesting to see the effect on well-being and sustainability on rents going forwards- whether it commands a premium or whether space that doesn't meet these criteria stays vacant instead. Lots of capital chasing very few available opportunities in London.

Tim Sketchley, London, Old Park Lane Management Limited, tsketchley@oplml.co.uk - I think there will be a greater polarisation between those new office buildings (which offer all of the necessary technical facilities and infrastructure to be able to deal with good ventilation, safe vertical transport, touchless key parts of the building in say toilets reception area etc) and older buildings without these benefit. However, in order to maintain some form of aspect of social distancing, the trend for completely open plan offices and workbench type of layouts could change.

North East

Barry Nelson, Durham City, Whittle Jones North East, bnelson@whittlejones.co.uk - Within the small unit industrial market, enquiry levels and new letting levels are higher than anticipated given the current lockdown situation. Whilst April saw a marked reduction in enquiry levels, May and June have recovered back to pre-pandemic levels. The number of tenants terminating their tenancies is below average but thoughts are that the Government grant interventions have stalled a number of business decisions.

David Downing, Newcastle upon Tyne, Sanderson Weatherall Llp, david.downing@sw.co.uk - Very difficult to complete the survey with any degree of accuracy for this quarter due to the substantial fall in transaction volumes following lockdown. Some signs that transaction activity is starting again. Banks are getting back to looking at normal lending, after the glut of CBIL and Bounce Back loan applications. Those who have assets to sell appear to be actively seeking out cash rich buyers, to enable transactions to happen swiftly, not risking delays in funding approvals.

David Jackson, Middlesbrough, Jackson & Partners, david@jackson-partners.co.uk - We are in unprecedented times and its difficult to predict how the market will react but as restrictions ease its clear that Covid-19 has been devastating for some businesses. However, many have done very well and are progressing with some confidence.

Gavin Black, Newcastle upon Tyne, Naylorsgavinblack Llp, gavinb@naylorsgavinblack.co.uk - Long commutes by public transport will affect confidence in office locations. Parking facilities will be important, particularly for offices. Distribution units will be in demand.

John Purcell, Newcastle, Galecroft Solutions, john@galecroftsolutions.co.uk - Too early to tell, but office occupational densities will drop, so take up will be better than feared.

Kevan Carrick, Newcastle upon Tyne, Jk Property Consultants Llp, kevan@jkpropertyconsultants.com - Occupiers will require greater flexibility and be more discerning in wellbeing, sustainability and quality requirements. Distribution space demand remains. Other sectors have fallen away, no change is likely until confidence returns.

Mr Thomas Roger Arnold, Wetherby, Montwhelan Limited, tr.arnold@icloud.com - Very difficult to comment on trends whilst we are in this pandemic.

Robert Huitson, Durham, DB Associates, bob@dbassociatesurveyors.co.uk - There has not been the dramatic fall yet in values as predicted due to Covid-19.

Tim Aisbitt, Newcastle upon Tyne, Devais Property Ltd, timaisbitt@hotmail.co.uk - Fundamentals of the market are good apart from the seismic shift expected in some retail property.

North West

Andrew Mason, Liverpool, Mason Partners Llp, andrewmason@masonpartners.com - At present the market is nearly closed. Decisions amongst occupiers and investors, landlords and tenants are not being made so nothing is really happening. Government intervention in the L&T and finance sectors mean that distress is currently being suspended but once this intervention and support is withdrawn there will be large amounts of business failures, downsizing, closures and other manifestations of distress from both investors and occupiers.

Andrew Taylorson, Preston, Eckersley, at@eckersleyproperty.co.uk - Just as there seemed to be some obvious signs of confidence coming back to the market after the Brexit and government hiatus, Covid-19 called an abrupt halt. There is no clear evidence as yet on what will transpire despite media speculation, but the outlook does not look positive for the retail or office markets and almost certainly licence leisure may see some fundamental changes too. The industrial sector seems likely to remain unchanged with demand still exceeding supply in sort after areas.

Barry Winterbottom, Manchester, Barry Drawn, bawinterbottom@aol.com - In recession.

Christopher Learmont-Hughes, Liverpool, Burland Limited, chris@burlandlimited.co.uk - Unprecedented times.

David Brewell, Blackpool, Kays Surveyors, dave.brewell@gmail.com - Market conditions within our locality have been substantially reduced over the 3 month period due to the Covid-19 outbreak. However, positive interest is still apparent in lower numbers and at consistent market values and rentals.

Edward Lucas, Manchester, Sdl Surveying, edward.lucas@sdsurveying.co.uk - The market will drop over the next few years.

Chartered Surveyor market comments

J Morrison, Manchester, Morrison Property Services, morrisonproperty@aol.com - Retail will struggle without leisure use to help town centres. Industrial will perform well as the UK encourages manufacturing again. Office requirements will continue to fall as more staff work from home. If Covid is eradicated, leisure will come back strongly. If no vaccine is available for all, it will continue to suffer.

James Leech Mrics, Preston, Lea Hough Chartered Surveyors, james.leech@leahough.co.uk - Industrial is still proving to be resilient with sustained levels of demand. Offices could be adversely affected in the long term due to changing working arrangements. We are seeing investors looking to offload their retail investments and retail values are likely to suffer further.

John Broadbent, Manchester, John Brooadbent Consulting Ltd, john@jbroadbentconsulting.co.uk - Generally I think it is too early in the current lockdown to accurately predict changes that may occur until later part 2020. Companies have now realised that in certain sectors, office based employees can work effectively from home, cutting down on commuting and expenditure.

John G Fifield, Manchester, Fifield Glyn, john.fifield@fifieldglyn.com - Enquiries are good but difficult to progress because of lockdown.

Martin Rodd, Liverpool, Mason Partners Llp, martinrodd@masonpartners.com - The retail sector will continue to experience a decline accelerated by the Covid-19 lockdown and continuing social distancing measures. This will be exacerbated by mass unemployment when the government furlough scheme ends in Q4 2020. Demand for offices will also fall as a consequence of home working experience, but industrial/storage space demand is likely to increase in line with e-commerce. Student accommodation will also suffer because of the lockdown in the short term.

Mike Fisher, Lancaster, Fisher Wrathall Commercial, mike@fwcommercial.co.uk - Demand for smaller industrial units remains strong. Demand for rural offices remains poor. Retail very challenging.

Neil Coe, Manchester, Rider Levett Bucknall, neil.coe@uk.rlb.com - Companies are looking to rationalise their existing office space. Mainly based on working from home going well.

Neil Ravenscroft, Buxton, High Peak Borough Council, neil.ravenscroft@highpeak.gov.uk - Strong demand for small industrial units.

Rchel Kneale, Ormskirk, West Lancashire Borough Council, rachel.kneale@westlancs.gov.uk - Unprecedented demand for secondary industrial units below 6,000 sq ft. over the past 3 months.

Will Sadler, Cheshire, Legat Owen, willsadler@legatowen.co.uk - Significant and sustained improvement in volume of enquires across all sectors since early May, particularly out of town office parks. Demand for city centre offices also improving with landlords generally accepting the need for "flexibility". Demand for small /mid sized industrial / distribution units has remained high throughout Q1 / Q2 across Cheshire and North Wales. In short term, there will be lack of supply but development pipeline is healthy.

William Briggs, Northwich, Briggs And Partners Llp, wb@seclp.co.uk - Covid-19 has quickly dampened market activity, but some investors are taking a longer term view. Different occupancy levels and the increase of satellite working are likely to extend the gestation period for investment decisions in the medium term.

Northern Ireland

Noel Rooney, Belfast, Ortus Property Services, noel@ortus.org - Spike in demand for small industrial space. office conditions difficult and retail generally unaffected.

Ruairi O'Donnell, Belfast, Belfast City Council, odonnellr@belfastcity.gov.uk - I expect the market to decline as lockdown eases across the UK. The current pandemic has completely changed how people are working with technology taking the lead in most sectors.

Scotland

Alan Kay, Motherwell, North Lanarkshire Properties LLP, a171.kay@gmail.com - Never been as busy with small / medium sized industrial units in our area.

Alex Robb, Aberdeen, A B Robb Ltd, alex@abrobb.com - The Scottish government are blinkered on Covid-19 and are not taking into account the far worse impact to mental health and wellbeing from prolonged lockdown leading to short to medium term redundancies.

Andrew Reilly, Edinburgh, Andrew Reilly Associates Ltd, a.reilly@andreurreillyassociates.co.uk - Very difficult to predict outcome of Covid- 19 impact, retail main sector affected, no indication how office sector will be affected in terms of size requirements, industrial still performing well.

Bob Stevenson, Edinburgh, Hawksworth Retail Asset Management, bob.stevenson@hram.co.uk - Anticipate serious negative impact on the market until 2021. Thereafter depends on overall economy and impact of coronavirus.

David Castles, Glasgow, Ian Philp Glasgow Ltd, david@philpholdings.co.uk - It is impossible to predict the full effects of Covid-19 on real estate apart from the fact that the retail landscape will have changed forever, while landlords and investors must be flexible and innovative in their approach going forward.

Gavin Anderson, Glasgow, Dm Hall Llp, gavin.anderson@dmhall.co.uk - Over the past 3 months, there has generally been a hiatus in the commercial property market in Scotland. Transactional activity should hopefully pick-up once lockdown restrictions are lifted, but transactional volumes are likely to be down on last year. Recovery profiles will vary from sector to sector and inevitably there will be a repricing of some assets, particularly in the retail & hospitality sectors.

Jack Mc Kinney, Glasgow, Galbraith & Lawson, j.mckinney2006@tiscali.co.uk - Depressed in most sectors. Working from home will become more prevalent thereby reducing need for office space and reduced costs. Downside would include retail and food outlets being effected and rates income to Local Authorities reduced. Developers would take a more cautious approach and planning would need to be available much faster and at less cost to catch market trends and needs.

John Brown, Edinburgh, John Brown And Company, john.brown@jb-uk.com - Markets now need to see what will happen as some normality returns. Several organisations have already looked to rationalise accommodation. Home working has been successful. 85% could work successfully from home in administration based business. It's going to be a drama for a good few months ahead.

Robert Evans, Edinburgh, Ryden, robert.evans@ryden.co.uk - Short-term trends are pretty clear in most sectors but the medium term might last longer than expected as the recovery bounces to different degrees in different sectors. Consumer confidence and demand will be significantly affected which will be a huge factor in longer term macro economic recovery over the next 2-3 years based on forecasts of Q2/Q3 reductions in GDP at 15%.

Chartered Surveyor market comments

South East

Angus Wade, Towcester, Sharow Capital, angus.wade@sharowcapital.com - General market sentiment is down due to Covid-19. However, this should be short-lived due to previous market occupier and investor demand.

Anthony Fine, Watford, Warrant Investments Plc, tonyfine@warrantgroup.net - Expect retail and office markets to be difficult.

Anthony Tremellen, Southampton, Chris Tremellen, chris.tremellen@outlook.com - Retail high street to recover to 60% of capacity. Landlord and rental market very nervous. Capital values to shrink and then recover over next three years.

Chris Tremellen, Southampton, Chris Tremellen Property Consultant, chris.tremellen@outlook.com - It will be at least a further three months before we know how Covid-19 will effect all aspects of our domestic and business lives.

Colin Brades, Brighton & Hove, Avison Young, colin.brades@avisonyoung.com - After nearly a full quarter in lockdown, the retail sector and others have taken the first tentative steps to reopening. The initial response from the High Street buying public has been encouraging albeit reflecting anticipated lower footfalls and turnover than Pre-pandemic. It remains to be seen how quickly sales recover and to what extent, but it is clear the majority of traders are actively supporting a return to the "new norm".

Douglas Lawson, Maidstone, DJ Lawson & Partners Llp, dougie@lawson.net - The problem in the office letting market is that tenants do not know what their space requirement will be going forward. Many are surprised that their business has operated well with staff working from home and we have the ongoing uncertainty of the legal requirements for social distancing & the obligation of the employer to provide a safe working environment.

Gregory Park, Chichester, Parksteele, gregory@parksteele.com - Actual activity incorporates significant incentives between parties who wish to complete matters. Discussions are difficult with those who appear to be denying current circumstances.

Iain Steele, Farnham, Park Steele, iain@parksteele.com - We have experienced very strong demand for industrial, particularly freeholds, during the last three months. Since the beginning of June, we have also received active enquiries from independent retailers looking to acquire. Investors are also looking to put their money somewhere other than banks and stock market.

Irene Dymond, Milton Keynes, Milton Keynes Parks Trust Limited, id11537@gmail.com - Unchanged for now but expect a downturn due to the changes that companies will need to operate.

J Creek, Kent, Harrisons, jcreek@harrisons.property - There has been a strong bounce back in demand for commercial property however it is probably too early to make any real conclusions at this stage as to where the market and demand will go.

Jeremy Braybrooke, Southampton, Osmond Brookes, jeremy.braybrooke@osmondbrookes.co.uk - Rumours of the demise of the retail market would appear to be exaggerated. True it has to recover from a point of nil activity for the past 2 months but it has returned with a vengeance in the last two weeks with viewings, offers and deals agreed, even the odd completion. Let's be more exact, this relates to the secondary market, mainly takeaways, and I doubt there will be many, if any, prime lettings agreed until next year. But green shoots are there, let's hope there isn't a sudden frost.

John Sadler, West Sussex, Claud Waterer Commercial, jsadler@claudwaterercommercial.com - Industrial and Warehouse sectors remain good but could deteriorate with company closure knock-on effect. Offices will be hit with home working as employees who worked five days in office will now likely do three from home and two in office. Retail rents will have to fall, Councils need to be proactive to allow change of retail space to other uses.

Nick Hanson, Farnham, Vospers Friend & Falcke, nick.hanson@vospers.net - The local market is in a period of stasis at present. As the pandemic becomes more controlled we can all look forward to the impact of "Brexit".

Nigel Riley, Woking, Citicentric, nigel.riley@citicentric.co.uk - As of June 2020 no one has any real idea of what is going to happen in the real estate world. It is just a guesstimate.

Peter Gildersleve, Oxted, Gildersleve & Payne (Consultant), peterg@gpcommercial.co.uk - I expect leases to become a lot shorter and more flexible with more RPI rent reviews replacing OMV. I expect to see more food and drink orientated retail (not A3) and more applications for change of use with secondary retail changing to residential use where appropriate. I expect the office market to shrink in size but with better quality on offer.

Peter Ridsdale Smith, Tunbridge Wells, Bracketts, peter@bracketts.co.uk - With the easing of lockdown, we're beginning to receive a few enquiries for retail and industrial and some viewings, but actual deals are thin. The office market is still very quiet with few if any enquiries. Hopefully once the economy gets going again, some business confidence will return and the market will improve but I fear this may be a slow process.

Philip Marsh, Beaconsfield, Philip Marsh Collins Deung, philip@pmcd.co.uk - Still hard to read the market due to reduced enquiry levels. It remains to be seen what the "New Normal" turns out to be.

Phillip Mawby, High Wycombe, Duncan Bailey Kennedy Llp, philm@dbk.co.uk - Noticeable increase in enquiries post lockdown, mainly in the industrial sector. The change in Stamp Duty will have a positive impact. It is too early to tell how rents and capital values will be affected by the crisis.

Robert Lee, Portsmouth, Hants Realty Ltd, robert.lee@hantsrealty.co.uk - Very poor due to Covid - we are in a bit of a lull due to government grants and loans propping things up temporarily - the worse is still to come.

S Metcalfe, Chelmsford, Kemsley Llp, steve.metcalfe@kemsley.com - We are in a state of anticipation, the real changes are yet to come.

Stephen Ray, South East, SHW, sray@shw.co.uk - The only market holding its own during Covid-19 is the industrial market.

Tim Norris-Jones, Oxford and The Thames Valley, Nj Commercial Ltd, tim@njcommercial.co.uk - Oxford and Oxfordshire enjoy a dynamic local economy thanks to the presence of the university and many growth sectors including the life sciences, biotech and research and development. This has, to a certain extent, shielded the local economy from the worst effects of the Brexit situation and the pandemic.

Tom Holloway, Portsmouth, Holloway Liffie & Mitchell, tom@hi-m.co.uk - The current pandemic is having a profound impact on commercial real estate and is likely to evolve over the rest of the year in terms of values but also how buildings are used and occupied. Still high demand for freehold industrial and offices. The retail sector is struggling, but independent operators are still active, particularly in local shopping parades.

Chartered Surveyor market comments

South West

Andrew Kilpatrick, Swindon, Kilpatrick & Co, a.kilpatrick@kilpatrick-cpc.co.uk - Swindon's commercial market has been becalmed during the lockdown like the rest of the country. Whilst we have managed to rescue most of the deals we had agreed pre-lockdown and have agreed new deals since lockdown, the severity of the impact of Covid-19 on the market remains to be fully seen, but will vary from sector to sector.

D Peter Anderson, Redruth, Cornwall Consultants Ltd, peteranderson123@outlook.com - Some changes to come.

David Cowling, Bournemouth & Poole, Cowling & West, davidc@cowlingandwest.co.uk - Since lockdown, we have received a surprising number of enquiries for industrial property. Unsurprisingly, office and retail (other than takeaways) enquiries have been few and far between.

John, National and Central Southern England, Hempton Franks, jjh@hemptonfranks.co.uk - Confusion, uncertainty and concern as to what will happen and the implications of the national and global pandemic.

John Woolley, Salisbury, John Woolley Ltd, john@johnwoolleyltd.co.uk - Covid-19, lockdown and the anticipated economic fall out is expected to significantly impact on the commercial sector. However, it may be over 12 months or more, so at this point it is not possible to forecast the definite impact or trend except to anticipate a downward movement even if initially there is no immediate change.

Karl Lyons, Bournemouth, Foxes Commercial Limited, karl.lyons@foxes.co.uk - Unknown factor is whether inflation from QE or deflation from unemployment will result from the pandemic.

Leslie Warren, Bristol, Arriva, lesriegwarren@gmail.com - Cautiously optimistic.

Luke Sparkes, Cirencester, Thomson & Partners LLP, ls@thomsonandpartners.co.uk - It's such a shame after coming through the turmoil of Brexit and confidence and green shoots returning to the commercial market that we are now hit with the brick wall of Covid-19. It appears tough times are ahead.

Nathaniel Lane Mrics, Bristol, Sanderson Weatherall LLP, nathan.lane@sw.co.uk - It's a time of real uncertainty given the existing issues surrounding Brexit. Covid-19 has only exacerbated things further. We are seeing that banks are keen to lend, but whether consumer confidence will be high once lockdown is lifted is yet to be seen. I would imagine the investor market will remain fairly stagnant with many investors adopting the 'wait and see attitude'. I would expect foreign investment in the South West to continue to fall, with Local Authorities picking up the slack.

Neil Atkinson, Taunton, Neil Atkinson & Co, neil@neil-atkinson.co.uk - Glass half full - the market was better in June than April.

Oliver Workman, Cheltenham, Thp Chartered Surveyors, oliver@thponline.co.uk - As expected, Covid-19 hit the commercial property market hard. During the main lockdown period, enquiries and transactions plummeted, however, as the lockdown has eased certain parts of the market (industrial and office) have come back strongly. We believe that we are not quite at the bottom of the market, how long it takes to reach that point will impact the speed of the recovery.

Paul, Bristol, SG, pnrmillfield@icloud.com - Looks gloomy.

Richard Farrow, Bristol, Land & Buildings Ltd, richard@farrow.co.uk - Fragile.

Robert McGuffie, Truro, RJM Property And Development Consultants Ltd, robert@rjmproperty.co.uk - This is clearly a very challenging and uncertain time. The impact of Covid-19 on the commercial property market is likely to be varied and time will be required to understand the true implications on demand, supply rent and capital values. Initially the industrial market appears to be stronger than other sectors.

Simon Walsham, Bournemouth, Poole and Christchurch, James And Sons, simonwalsham@jamesandsons.co.uk - Too early to predict or foresee the effect of the pandemic on the market generally. We do predict a change in working practices across the board. The Industrial sector is showing signs of resilience.

Stephen Matcham, Plymouth, Stratton Creber Commercial, stevem@scplymouth.co.uk - The market will reflect any overall contraction in the economy. Structural change to working practice, especially home working and shopping online, will be reflected quickly in commercial demand. Reliance on students and office functions in city centres will need to change as these will not be sustainable with these structural changes.

Tim Smart, Truro, Smart Commercial Property, timsmart@scp.uk.com - The commercial market is seeing a high demand for industrial space, trade counters and employment land.

Wales

Gary Carver, Cardiff, Savills, gcarver@savills.com - We expect office demand to be limited this year and companies in the legal and accountancy sectors in particular looking to reduce their footprint.

Glen Maggs Mrics, Swansea, Scp Construction Cost Consultants Ltd, glen@scpqcs.co.uk - Very poor, and will deteriorate further.

Huw Thomas, Cardiff, CPC, huw@huwthomascpc.com - Inertia due to Covid-19 crisis.

Michael Bruce Mrics, Cardiff, Dlp Surveyors, michael@dlpsurveyors.co.uk - Industrial property has shown extraordinary resilience throughout the 'lockdown'. Whilst overall demand has fallen over the past 3 months (as expected) those enquiries that are active are resulting in deals being done. One successful outcome of the lockdown is that more and more people are now seeing the value of their local traders. Maybe this recent change in our shopping habits may result in the revitalisation of our high streets, and away from the city centres/out of town retail parks.

Nicholas Jones, Wrexham, Wrexham County Borough Council, jonestyacanol@yahoo.co.uk - Uncertainty to continue post-pandemic due to Brexit.

Rowland Jones, Swansea, Rj Chartered Surveyors, rowland@rj-cs.co.uk - The market is very uncertain as in Wales we are still in effective lockdown. It may ease over the next month.

Sian Mathias, Swansea, Carmarthenshire County Council, semathias@carmarthenshire.gov.uk - Very difficult market to judge at the moment - little/no transactional evidence, and in the secondary/tertiary sector no real idea what tenants will still be there once current range of incentives ends.

West Midlands

Andy Husband, Hereford, Herefordshire Council, andy.husband@hotmail.co.uk - Whilst a relatively small rural city, the industrial market is supported by local demand rather than incoming businesses which make it largely unaffected by national events - this has been the case historically. The office and retail markets are very small but much more vulnerable to changes in demand.

Chartered Surveyor market comments

Charles Warrack, Birmingham, Johnson Fellows, charles.warrack@johnsonfellows.co.uk - It's too early to say how the Covid-19 situation will impact the property market / general economy. What is clear though is that the property market is much busier now after the general shock / paralysis caused by the lockdown some 10 weeks or so ago.

Christopher Ironmonger, Stratford upon Avon, Stratford Development Co Ltd, ci@bigwoodauctioneers.co.uk - Uncertain times.

D Holt, Coventry, Holt Property Ltd, david@holtproperty.com - The investment market is very quiet as investors wait to see how the Covid-19 Pandemic is effectively controlled and a second spike avoided. It is a similar situation for residential land sales and strategic land initiatives.

Gareth Edwards, Birmingham, EdG Build Ltd, gareth@edgproperty.co.uk - The next 12 months will see extremely difficult times for many businesses, but may also provide a number of opportunities for developers.

Mark Pickersgill, Birmingham, Collingwood Rigby, mark.pickersgill@collingwoodrigby.co.uk - Homeworking only works to a certain extent, creativity flows from relaxed conversation (not over the internet). Thus, the office market will hold up over time, although there will be reluctance to revert back to "hot desking".

Michael Jones, Herefordshire, Michael D Jones Ltd, mdjones.charteredsurveyor@virgin.net - I anticipate that the only sector of the UK property market that will escape a big cull in coming months (when furloughing is withdrawn and large rates of unemployment ensue) is the local small---medium sized industrial/warehouse premises.

Michael Reeves, Birmingham, Mcr Property Group, michaelreeves@sky.com - Logistics & Industrial will gain, although online will have some challenges. Retail will have to reinvent itself and offices will not be in such demand as working from home grows.

Neil Harris, Worcester, Harris Lamb, neil.harris@harrislamb.com - Market has been 'very thin' but is now emerging and beginning to explore what the new levels will be in terms of space requirements and what is most in demand, plus the inevitable value adjustments.

Niall Glendon, Birmingham, Johnson Fellows, niall.glendon@johnsonfellows.co.uk - Will be interesting to see how the retail sector can recover somewhat with the gradual unlocking of the economy. Expecting to see a few more larger names struggling and appointing administrators.

Olateju Tok, Birmingham, Sdl Surviving, tokolateju1@gmail.com - Initial activity followed by a slump that will slowly recover.

Peter Burnett, Stafford, Chivers Commercial, pburnett@chiverscommercial.co.uk - Still great uncertainty but the more lockdown eases and the longer we go without major setbacks, activity should pick-up. This will then impact on rents/capital values.

Rodney Ashford, Birmingham, Rodney Ashford Associates Limited, rodneyashfordqs@aol.com - Most worrying and unstable conditions since the War. Who knows what will happen in the next 6 months.

Yorkshire & the Humber

David Martindale, Wakefield, FSL, david.martindale@fslea.com - Clearly the last 3 months have been very difficult in the commercial market and going forward it is hard to predict what will happen.

Harry Elliot, Leeds, Carter Jones, helliottuk@gmail.com - Uncertainty.

John Carlon, Wakefield, Fennell Green & Bates, johncarlon@tinyworld.co.uk - The commercial and industrial building sector is in a state of flux at present. The normal for the foreseeable future will be continued home working or workers will be located in small offices that can provide social distance work spaces. The location should not be too far to commute to and flexibility of working at home and the office. Staggered work patterns and sustainable lone forms of transport will be preferred.

Jonathan Wade, Leeds, Wade Property Consultants, jonathan@wade - The market for business park investments and smaller city centre office investments has remained. Industrial remains the main focus but at the moment there is a shortage of opportunities.

Mike Darwin, Northallerton, M W Darwin & Sons, info@darwin-homes.co.uk - Very difficult and uncertain.

Murray Keith, Leeds, Ashkirk Estates, murray.keith@ashkirk.net - It is too early to get a feel for how the markets are going to react both from a tenant and investor point of view but I anticipate caution will be the general approach as employers and employees re-adjust to whatever the new norm becomes.

Paul Lamb, Sheffield, LPS, pkl23@me.com - Demand for projects but at discounts. Good private demand for residential.

Peter H Swift Frics, Sheffield, Swift & Co, peter@swiftandco.com - Industrial property fairing better than others.

Peter Rhodes, Leeds, Valuation Office Agency, peter.c.rhodes@voa.gsi.gov.uk - All uncertain and impact on values difficult to predict with lack of transactions and limited activity.

Richard Corby, Leeds, Lambert Smith Hampton, rcorby@lsh.co.uk - The early part of the lockdown saw a stalling of deals in the office and industrial sectors but most of these are now proceeding again. There has been significant activity at the smaller end of the market since May, as SMEs look for opportunities for betterment rather than cost cutting or reductions in space.

Richard Flanagan, York, Flanagan James, richard@flanaganjames.com - Industrial/Warehouse sector has bounced back in terms of enquiries and deals being done. Office and retail sectors remain dormant.

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 12 June with responses received until 13 July.

Number of contributors to this survey : 496

[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



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Americas

Latin America

ricsamericalatina@rics.org

North America

ricsamericas@rics.org

Asia Pacific

ASEAN

ricsasean@rics.org

Greater China (Hong Kong)

ricshk@rics.org

Greater China (Shanghai)

ricschina@rics.org

Japan

ricsjapan@rics.org

Oceania

oceania@rics.org

South Asia

ricsindia@rics.org

EMEA

Africa

ricsafrica@rics.org

Europe

ricseurope@rics.org

Ireland

ricsireland@rics.org

Middle East

ricsmiddleeast@rics.org

United Kingdom RICS HQ

contactrics@rics.org