

OCCUPIER SENTIMENT REPORT

BUCKING THE TREND

How 2020
could predict
behaviour in
2021

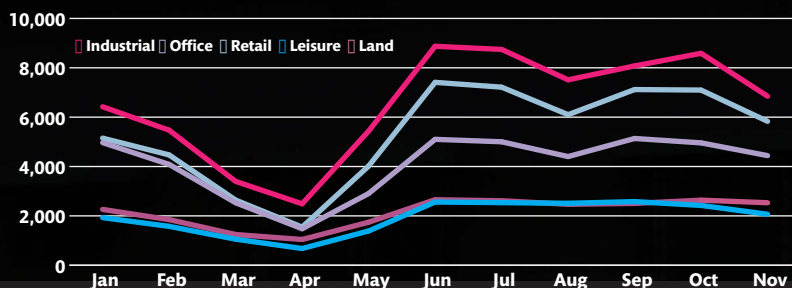
2020 will leave an indelible mark on the property landscape where the use of space was turned on its head. It was the year that homes became workplaces, restaurants and leisure centres.

But it was also a year of the post-Covid 19 lockdown bounce which focused market activity into a shorter window of opportunity – for a time at least.

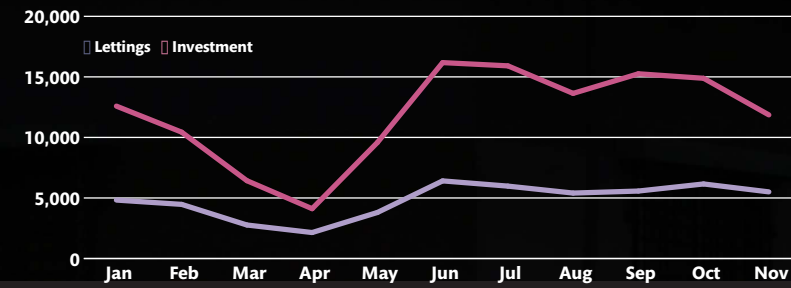
Using data from the UK's leading dedicated commercial marketplace, **EG Propertylink**, has used its search and enquiry data to give you insight into what occupiers and investors are actually thinking and doing.

This second edition of the EG Propertylink Occupier Sentiment Report takes a look at how two lockdowns have impacted occupier and investor searches for property with spotlights on the leisure sector and retail in the Home Counties, giving you a unique glimpse into where the market is heading in 2021.

Total enquiries by sector



Total enquiries by month



Capitals in Covid-19

Lockdown lowdown for property searches

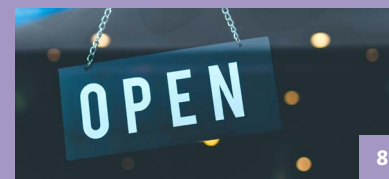
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Oxford and Cambridge

Property search trends diverge

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Leisure

Bucking the demand trends

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Retail

Search is on for shops in London commuter towns.

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Capitals



Capitals in Covid-19 – London, Edinburgh & Cardiff

% change in demand
Lockdown 1 & 2 (Mar-Nov)



London



Edinburgh



Cardiff



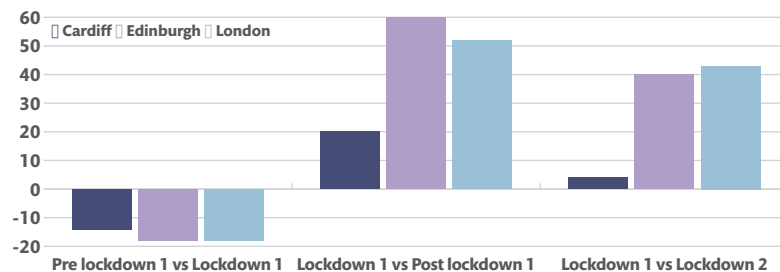
The volume of searches on EG Propertylink mirrored the introduction of lockdown measures in March 2020 with a sharp drop off in demand. As restrictions started to ease in May, viewings resumed and activity bounced back.

But while the first lockdown may have started at the same time across the UK, the devolved Governments of Scotland and Wales followed a different timeline for easing restrictions. There were different approaches to subsequent lockdowns and different levels of restrictions.

This doesn't seem to have impacted Cardiff, Edinburgh and London which all saw a peak in 2020 enquiries with July the busiest month for all three.

But how did these varying strategies impact sentiment – did it make a difference to market confidence?

% change in demand



Source: EG Propertylink

CARDIFF

Wales entered a firebreak lockdown on 23 October in the hope of stemming the rising tide of Covid-19 cases and came out of lockdown as other parts of the UK were starting the second lockdown.

Tougher restrictions were introduced again at the beginning of December.

Of the three capitals spotlighted, Cardiff didn't experience as big a post lockdown recovery as Edinburgh and London however, it saw a lower drop in deal volumes during August, September and October, according to EG Radius.

Cities outside London don't tend to experience same severe market peaks and troughs as London which might explain the more consistent performance in Cardiff.

EDINBURGH

Scotland took a slower and more gradual approach to easing restrictions after the first lockdown and was quicker to start implementing restrictions in the Autumn as cases started to rise again.

Curfews were placed on licensed venues in September and further restrictions and closures were announced in October. Non-essential retail reopened on 11 December – a week after restrictions were eased in London.

Has this cautious more restrictive approach to the Covid-19 crisis impacted demand for commercial property? When compared with Cardiff and London, Edinburgh seems to have performed the best with the highest bounce after the first lockdown at 60% which hints that tougher restrictions have not necessarily influenced market sentiment in the Scottish capital.



It could be argued that First Minister Nicola Sturgeon’s more decisive and clear communication around the Covid-19 crisis has given Edinburgh’s property market a bit more confidence. And this is despite the increasing volume of calls for a second independence referendum. Historically, uncertainty about a second vote has resulted in some market caution, particularly in property investment. However, given Edinburgh performance comparative to Cardiff and London that doesn’t seem to have had any undue influence on sentiment.

LONDON

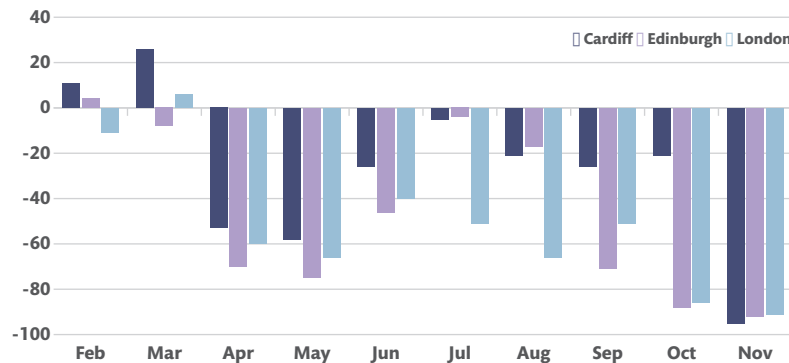
Restrictions after the first lockdown in England eased the quickest but workers mostly remained working at home rather than returning to central London offices which, in turn, had an impact on hospitality and retail in the capital.

During the week it remains quiet while weekends became busier much more quickly as people increasingly sought out a change of scene from their local neighbourhood. Streets were pedestrianised so that restaurants and cafés had space to put tables and there was more room for social distancing.

Despite the quick easing of restrictions the capital’s lockdown bounce wasn’t quite as marked as Edinburgh. However, fewer restrictions during the Autumn months may have helped as London’s saw a marginally higher improvement in sentiment between the first and second lockdown compared to Edinburgh.

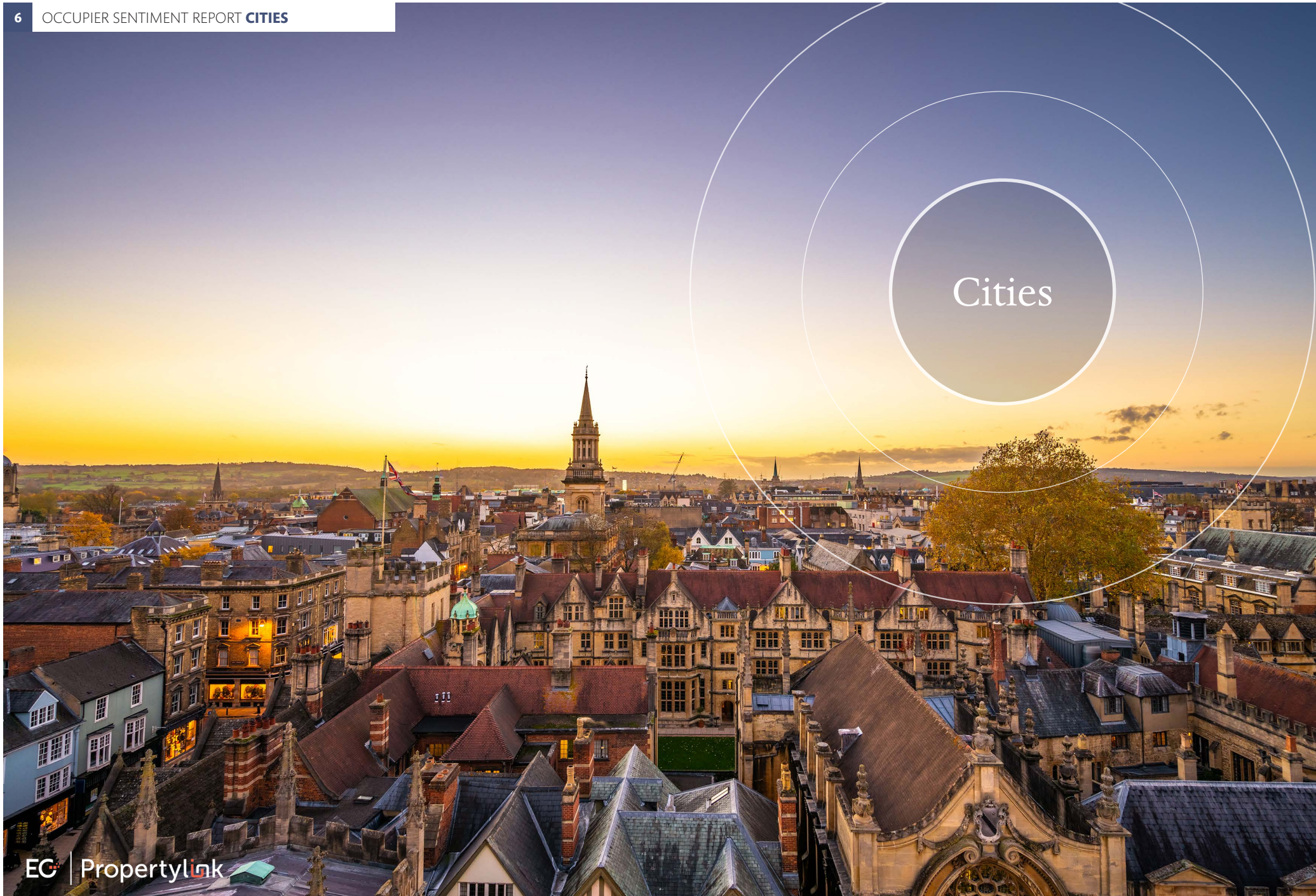
Despite concerns about the lack of workers and tourists in London, its credentials as a business location still seemed to be attracting interest from occupiers and investors searching on EG Propertylink.

% change in Covid-19 Capitals – deals data

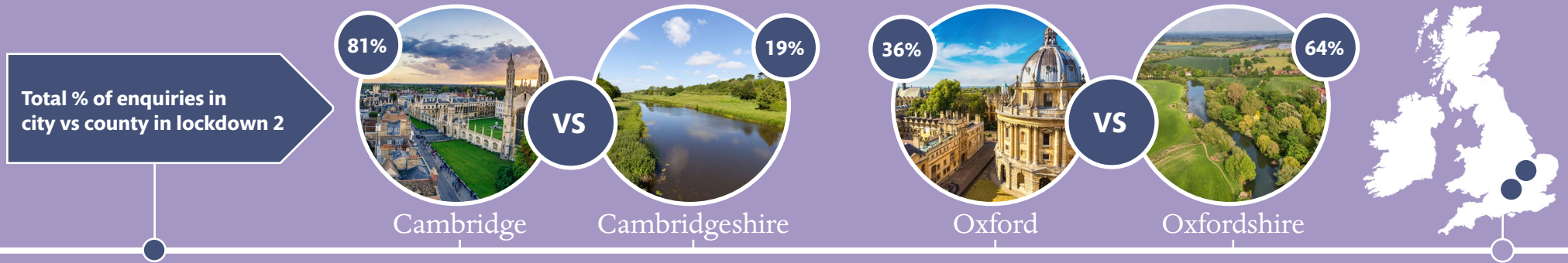


Source: EG Propertylink

As restrictions started to ease in May, viewings were allowed and activity bounced back.



A tale of two university cities



There are a lot of similarities between Oxfordshire and Cambridgeshire.

Both have world-renowned universities in historic cities where it isn't the easiest to develop. They also have a strong business and science park market – in part due to the lack of space in their city centres.

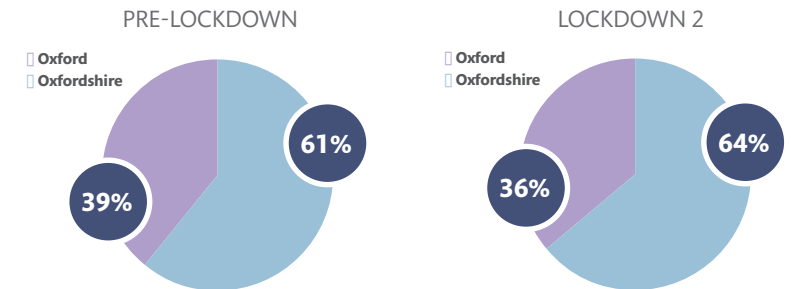
And both have a huge shortage of affordable housing with the average house price in Oxford and Cambridge more than double the national average.

But in 2020, similarities in market sentiment diverged and it was a case of town vs county. Cambridge city centre saw a bigger surge in searches for space on **EG Propertylink** after the first lockdown compared to searches for space in the county.

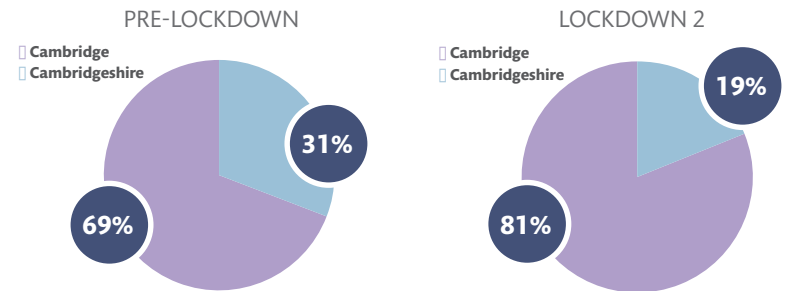
Meanwhile, to the west, it was enquiries for space outside of the city of Oxford which surged the highest after the first lockdown.

There is no obvious explanation for this difference in search trends. Oxford University was in the headlines more as it developed a Covid-19 vaccine faster than scientists at Cambridge University but whether this 'marketing' boost filtered down into property market sentiment is more difficult to say. In the coming year, deals data should reveal more about what is behind the trend.

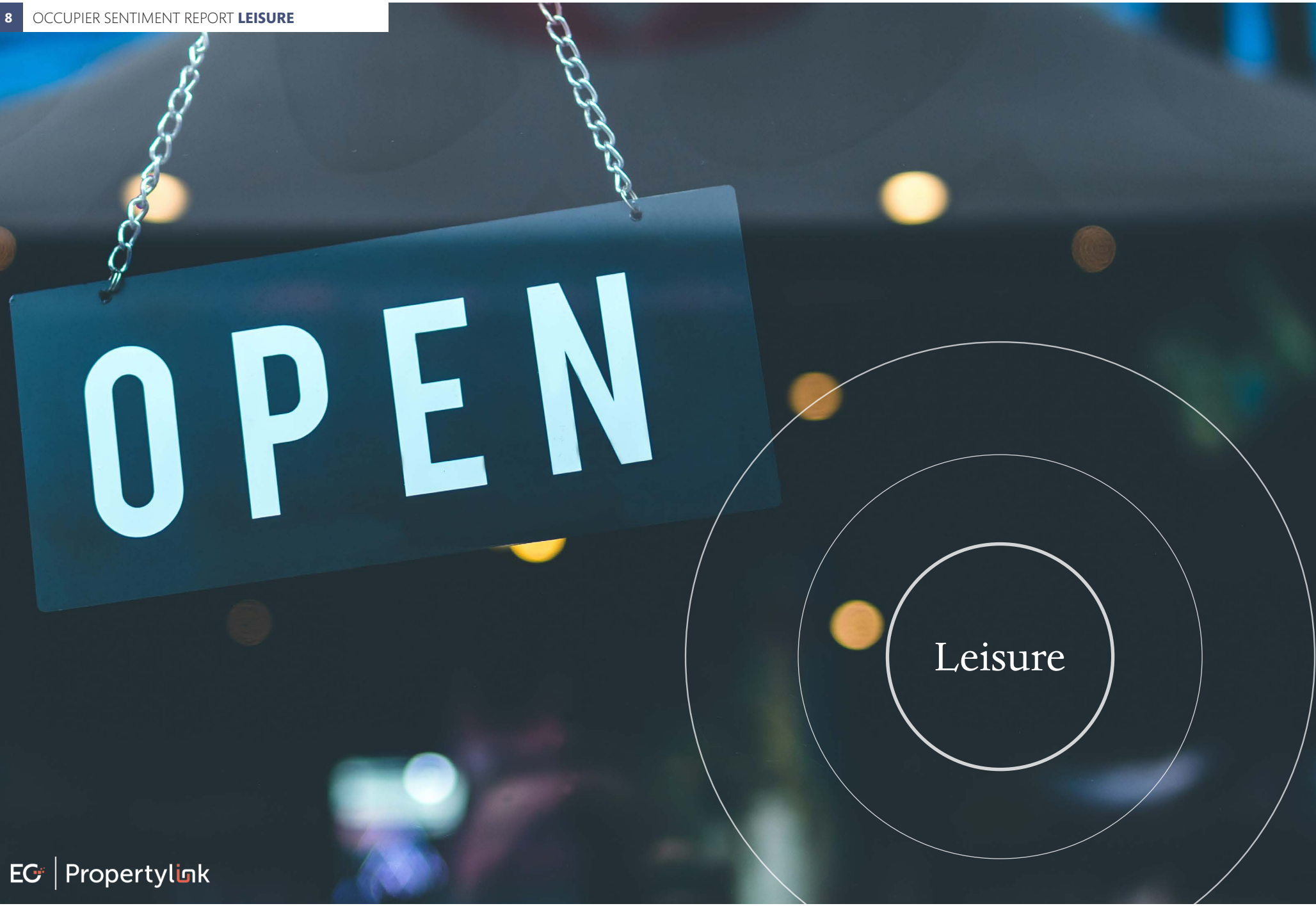
% of searches for space between Oxford & Oxfordshire



% of searches for space between Cambridge & Cambridgeshire



Source: EG Propertylink



Leisure property search trends v other sectors
Lockdown 1 & 2 (Mar-Nov)



To say that it has been a tough year for the UK’s leisure industry is putting it mildly.

From hotels and restaurants to cafés and pubs, closures during lockdown and restrictions on capacity and service when allowed to reopen, has been very damaging to business.

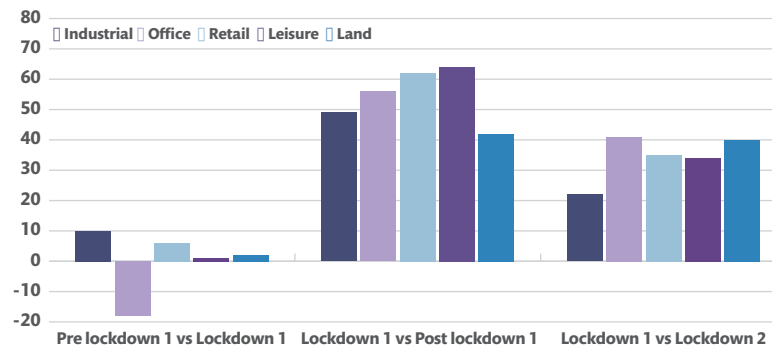
Data from Statista shows that the number of people eating out at restaurants was down 52.06% at the beginning of December compared to the same time last year. In some parts of the country, restrictions were still in place which meant restaurants couldn’t open in the run-up to Christmas.

Food shopping won where restaurants lost as home cooking flourished, but that didn’t stop the enquiries for leisure space. **EG Propertylink** found a surge in searches after the first lockdown, recording a bigger increase than any other sector.

Taking the top 10 locations for total searches for leisure space, not surprisingly London dominates. It is also easy to see the initial impact of Covid-19 as all 10 cities track a similar trajectory, starting the year well before lockdown kicked in and dampened demand

May saw the start of the post lockdown bounce – a trend seen in all property sectors – as in-person viewings were once again allowed and minds turned to space requirements and business opportunities.

% change in leisure property search trends vs other sectors



Source: EG Propertylink

Birmingham and Glasgow saw the biggest bounce with leisure search enquiries increasing 236% and 267% in the period between the first and second lockdown.

What fuelled the interest? The Government made it easier to obtain a change of use into residential development but when you break down searches into properties to buy and to let then it is the latter which dominates suggesting it is businesses which are searching for space from which to operate.

If leisure operators are in a position to secure new premises, they are perhaps taking advantage of more space becoming available as some businesses struggle.

Top 3 cities for leisure space demand **Lockdown 1 & 2 (Mar-Nov)**



London



Glasgow



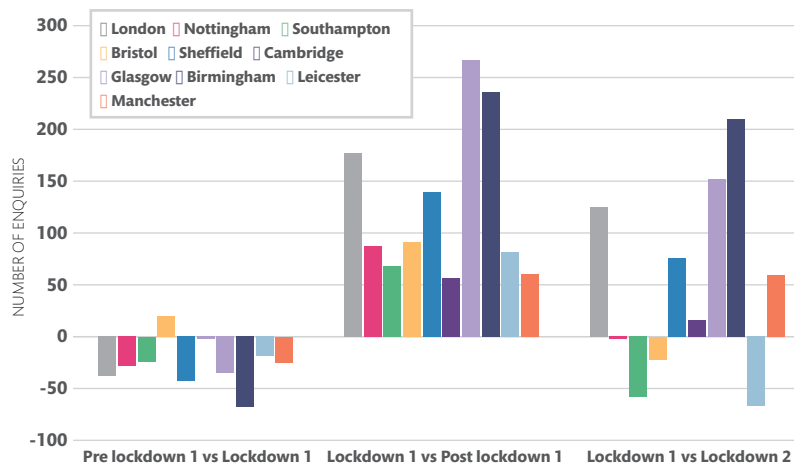
Birmingham



How does 2021 look for the leisure sector? Now that vaccines have been found for Covid-19 there is some light at the end of the tunnel with the prospect of relatively normal service for the leisure industry returning. But it will be a slow journey and the 'normal' will be against a backdrop of a severely dented economy.

There is unlikely to be the same level of spend available as job cuts bite. Where there may be winners could be in localism. If work from home trends linger – which is likely in some shape or form – then having more customers in the neighbourhood during the week could benefit suburban and smaller centres with leisure offer.

Top 10 UK cities for leisure space demand: lockdown search trends



Total number of leisure searches within UK cities in 2020

Location	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
London	539	403	232	144	343	640	710	723	733	563	547
Nottingham	40	45	25	22	31	46	38	78	43	43	26
Southampton	49	33	23	18	35	48	43	50	40	42	11
Bristol	25	25	11	19	30	54	51	34	41	54	19
Sheffield	43	31	16	15	19	53	39	40	33	38	30
Cambridge	35	24	10	15	30	45	54	5	39	33	26
Glasgow	25	18	10	5	18	30	43	35	58	45	29
Birmingham	32	24	38	7	13	50	20	21	51	26	31
Leicester	38	15	14	12	24	44	35	29	24	32	6
Manchester	21	20	27	7	27	37	30	10	28	31	27



Retail

Top 4 areas for retail property search
Lockdown 1 & 2 (Mar-Nov)



Brighton



Reading



Chelmsford



St Albans

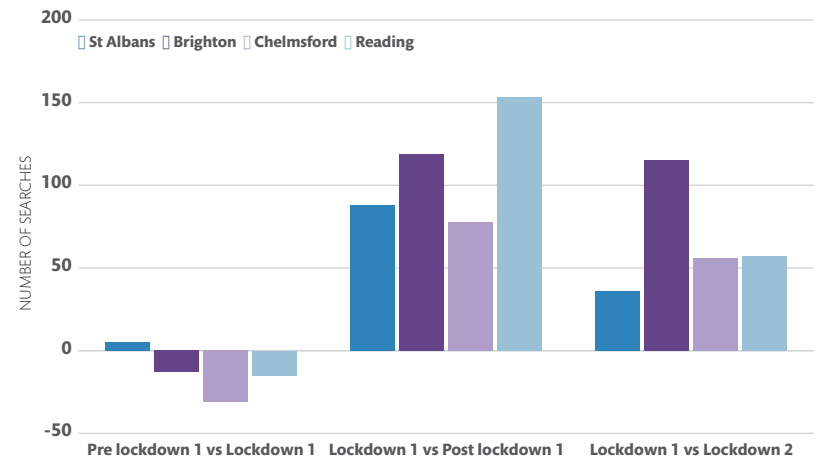
On the one hand, 2020 has been a year of retail struggles as the lockdown accelerated the trends for online shopping. But on the other local high streets have benefitted from having more customers on their doorsteps during the week as commuters stayed at home.

Does this explain a rise in demand for retail property in four London commuter locations between the first and second lockdown?

While the focus on local retail may be fuelling searches for new or bigger premises from occupiers, planning changes may also be playing a part. The Government has made it easier to convert retail to residential and demand for homes outside of London has risen since the first lockdown as people look for more space.

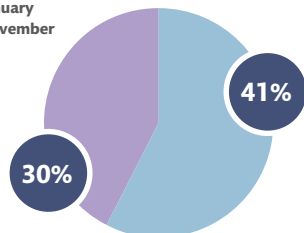
Is the search on for retail space which can be converted into residential? When comparing the breakdown of searches for property to lease vs buy for St Albans, Brighton, Reading and Chelmsford lettings outweigh sales indicating that the space is still serving leasing needs – at least for the short term.

2020 Retail property search - home counties spotlight

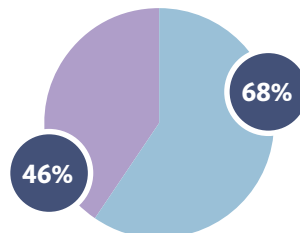


Retail enquiries as a % of total enquiries in Jan vs Nov 2020

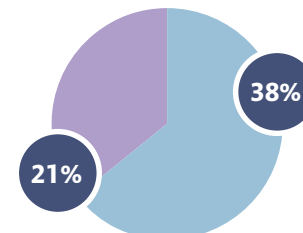
January (light blue)
November (purple)



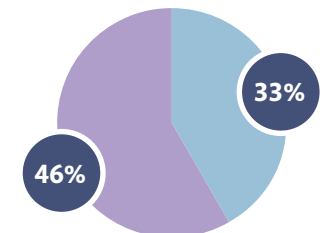
ST ALBANS



BRIGHTON



READING



CHELMSFORD



Speak to a member of our team to find out more about our **bespoke data reports**, which deliver more focused insight into a specific location or sector.

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