

UK planning: Finding the road to recovery

2020

How do we prepare for potential in the future when we hit hurdles along the way? How do we use disheartening trends to find possibilities for tomorrow?

As we unpick planning activity in the depths of lockdown this summer, the picture we find is undoubtedly grim. The pandemic is the latest in a series of events that have shaken the confidence of many industries in the UK. But every story has its highs and lows, and this one does not have to end with a lull.

In this planning report, we pick up the story in the four months between May and August 2020. There is no way to sugar-coat the numbers that we find there. Applications are down across the board, from sector to sector and region to region. Of course, there are always pockets of activity: the local authorities that buck nationwide trends and process more decisions than they did a year or two ago, or a sector that has found potential in otherwise muted circumstances.

Whether or not the numbers are positive, they remain essential for those who make the industry tick: from the investors and developers to the agents and valuers. Using detailed planning records from the EG contributory database Radius Data Exchange, the report explores some of the trends that help decision-makers understand the state of planning in the UK and plan accordingly. Radius gives access to the most accurate, timely and comprehensive data available in the UK commercial real estate market.

The report opens a window to five specific themes and offers a glimpse of the data Radius makes available to an industry looking at the future of planning. After all, understanding today's circumstances is the first step towards a successful future.

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The data excludes the following types of applications: civil utilities and infrastructure; self-build; home improvement; listed buildings and cases where planning is not required. Some use-types have also been excluded, such as synthetic sports pitches and athletics tracks.

01

Overview

Planning activity had been slowing since the second half of 2019 – before Covid-19 and the UK lockdown hit nearly every sector of the economy. Indeed, uncertainty surrounding Brexit and UK politics last year was quickly followed by a global pandemic and a recession, giving little respite to the risk-averse in the industry. With many macro issues still unresolved, the four months from May to August marked another period of few planning applications or decisions across the country. However, with local authorities picking up steam in June and July, there are hints of a more dynamic second half.



“With many macro issues still unresolved, May to August marked another period of few applications or decisions”

Continuing decline for new applications despite a temporary summer rebound

Overview

New applications from May to August were down by 27% on the same period last year, marking a 12% fall from the preceding four months, which had been on the cusp of a lockdown slump. There was a noticeable rebound from the lows in May, but there were no signs of further growth in August (however, it is worth noting that application numbers for recent months will increase as more data filters through, and August's figures will likely rise to at least above May's totals).



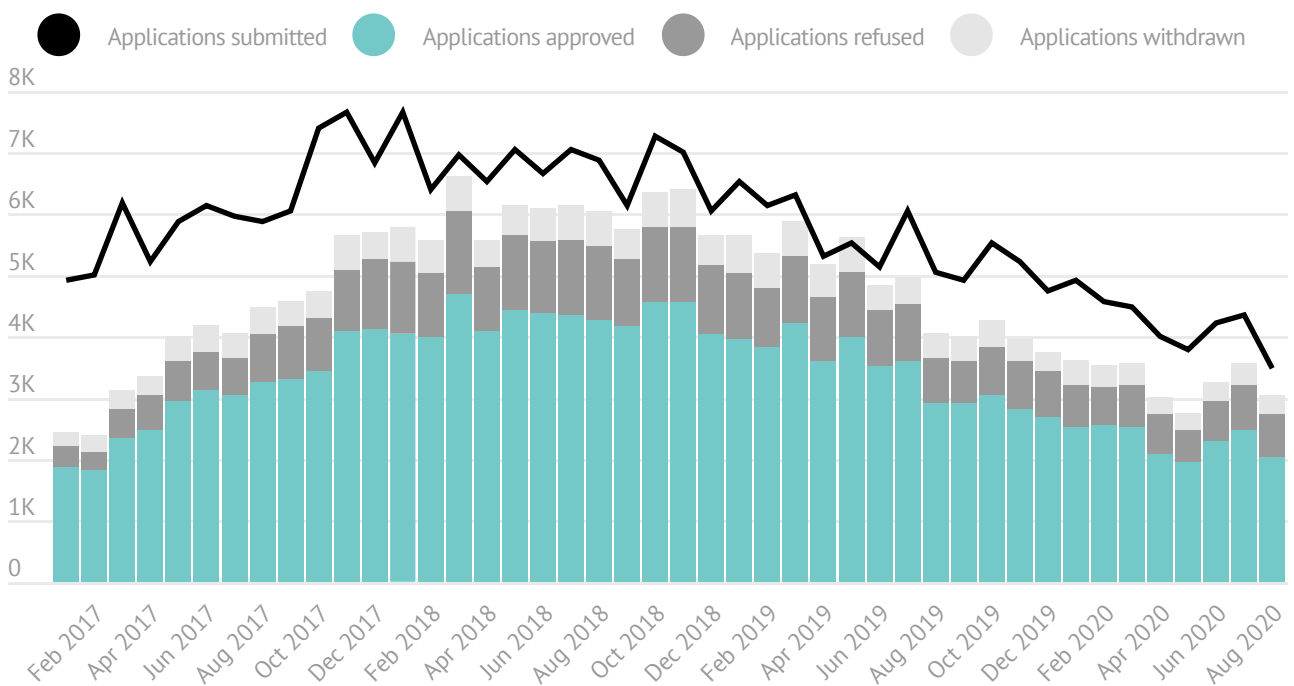
This is the second year in a row that applications in the four months between May and August have declined. The total this year is 43% down from the same period in 2018


27%


year-on-year fall in new applications, May-August 2020


Decisions were similarly down 35% on 2019, but they fell by a more moderate 8% on the first four months of the year. Interestingly, refusals were level with the previous four months, a fact this report will explore in more detail later. Total decisions were bolstered by rebounds in June and July, which took monthly activity to levels comparable with 2019. However, they dipped by 14% in August, reversing those gains.


Overview: New applications and decisions from 2017 onwards




 Use **Radius planning data** to monitor applications and decisions across any sector or location across the UK from 2015

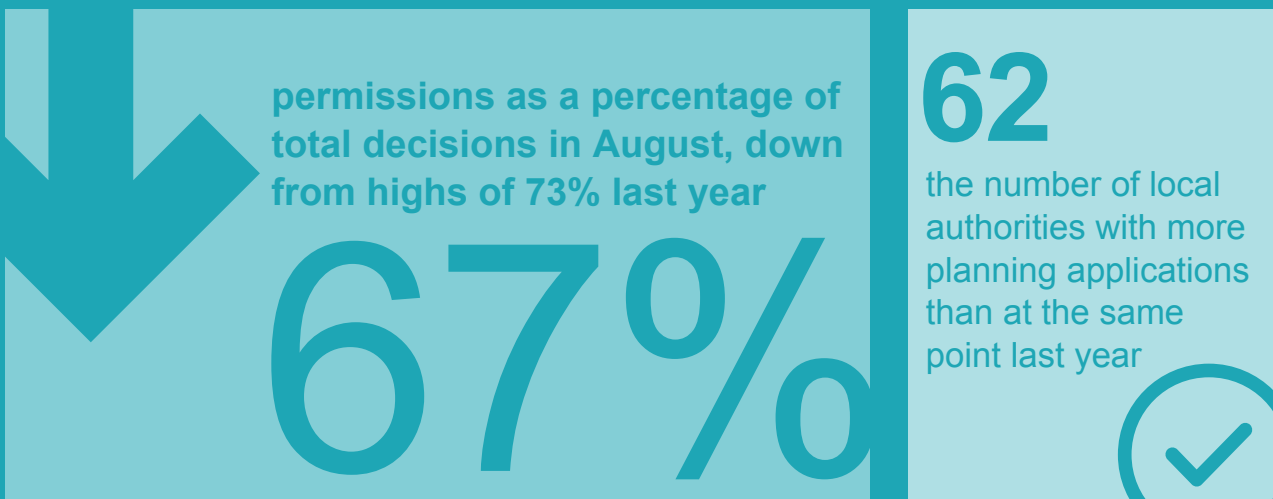
 New applications in the past 12 months are **down 25%** on the year before, suggesting that although the past few months have been quieter than normal, this has been a longer-term trend



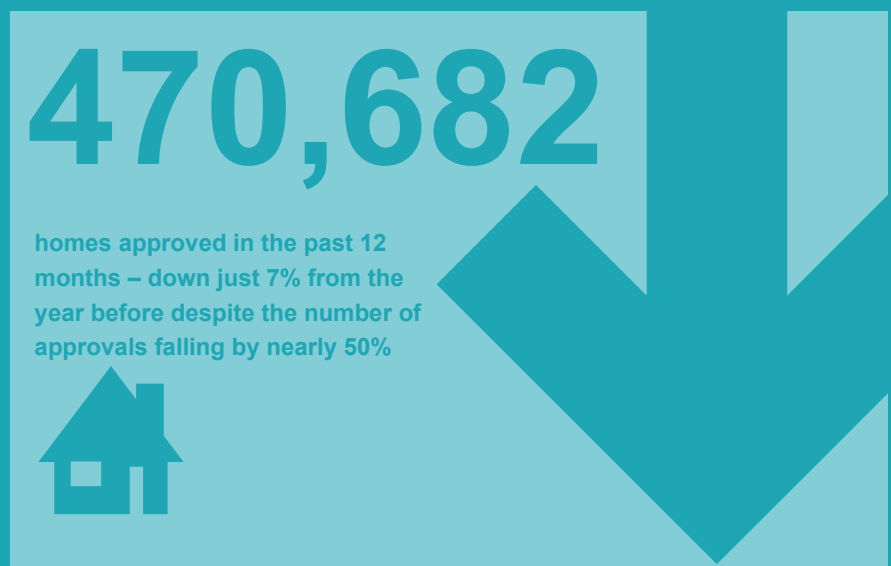
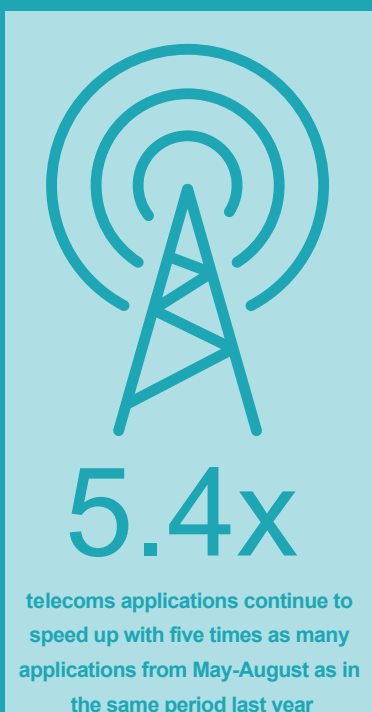
 Although decisions are still below where they were in 2018 and 2019, there was a strong rebound in activity, with July's total up **23.9%** on May. However, this resurgence proved to be short-lived.



In numbers: A period of change for local authority decisions, sector activity and outlook in planning



236 Number of planning applications in Croydon in May-August, overtaking Cornwall Council as the most active local authority



+28%

increase in the number of withdrawals among business applications compared to the four months from May-August 2019

02

Sectors

As we have seen since the start of 2020, the overwhelming success story in planning has been telecoms. The roll-out of 5G has bolstered the one sector that is reaching new heights at a time when most other industries seem to hold back on committing to development. But how long will that last? A fall in applications in August suggests that the sector's dominance is coming to an end.

Although it is easy to blame the slump in activity across most sectors on the recent economic downturn, it should be noted that, given the time needed to put together planning applications, overall figures point to longer-term trends within these sectors. Lower numbers now will be a reflection of recent events, but they also have been influenced by developers' outlooks stretching back to 2019.

With most sectors taking a step back, telecoms steams ahead – for now

Sectors

310%

rise in the number of telecoms applications, year-on-year



Applications in nearly every sector outside of telecoms fell by more than 35% in the four-month period in a repeat of trends we saw earlier this year

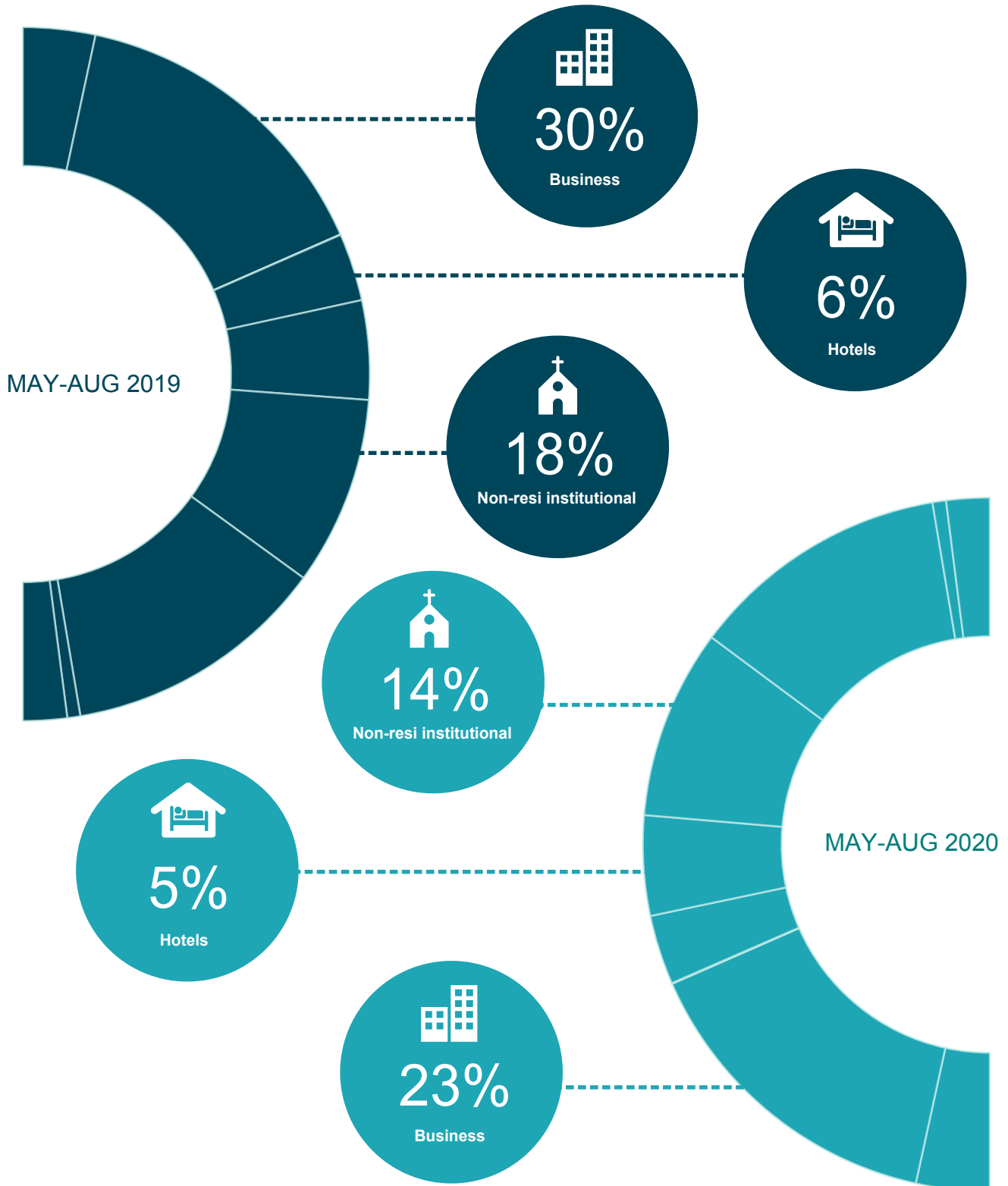
The number of telecoms applications surpassed business applications – which encompass everything from offices to training centres, labs and showrooms – in June, accounting for a quarter of all non-residential applications (business applications accounted for 23%, compared to 30% last year). Unsurprisingly, this came as a result of both a rise in telecoms activity and a steady fall in business activity. But this might be a temporary trend, with telecoms falling to 16% of commercial applications in August.

Residential applications were down 28%, year-on-year, in the period from May to August, while commercial sectors fared even worse. Business (-43%), industrial (-36%) and retail (-36%), were all down by more than a third. In each of these cases, the fall has been especially pronounced in recent months, given that the decrease in the last 12-month period, compared to the previous one, was less than 30%.

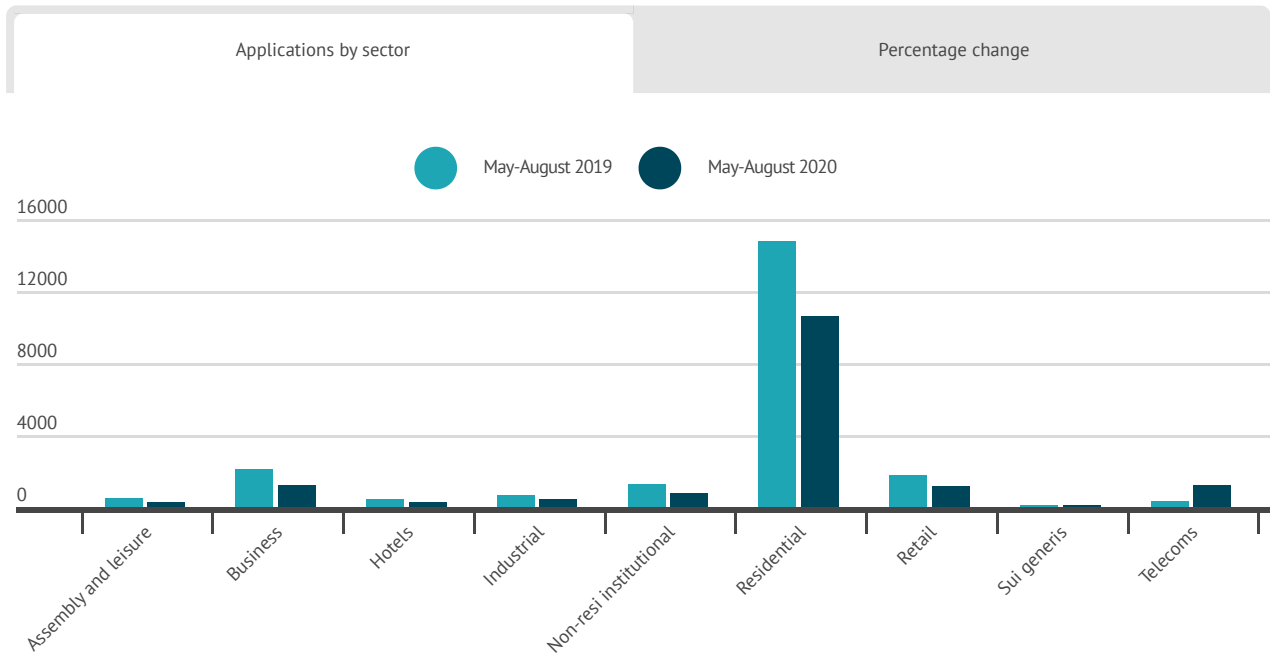


Uncover the **latest opportunities** by tracking planning applications in real time across a range of sectors

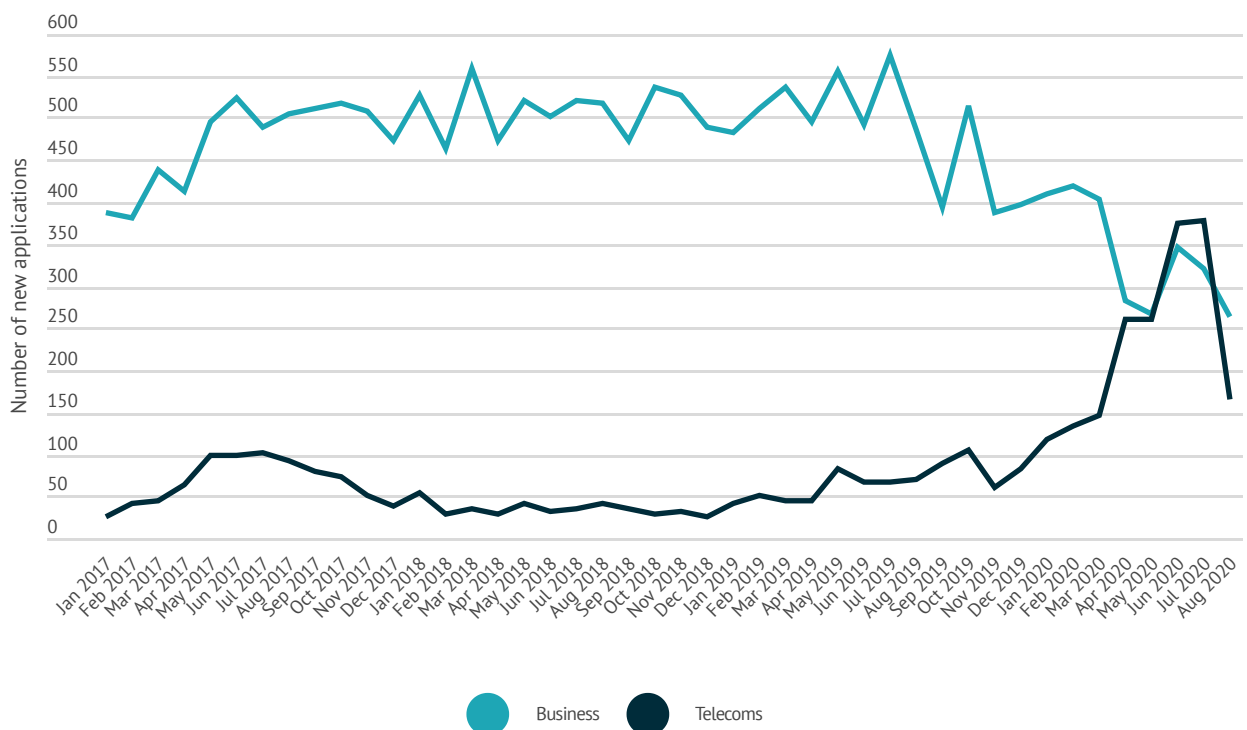
Change in commercial applications between 2019 and 2020



The recent shifts in sector activity



The rise and fall of business and telecoms



03

Decisions

The number of local authority decisions rose in June and July, but there were no signs that councils have become any more relaxed about the applications that receive planning approval. In fact, overall this year, permissions have fallen at a noticeably sharper rate than refusals. Meanwhile, some sectors are also seeing an uptick in withdrawn applications. Whether from continued jitters from macro uncertainties or in preparation for new planning regulations, there seems to be both an element of "wait and see" and a flight to safety among certain developers.

A surge in applications leads to a surge in refusals

Applications

355

number of telecoms applications refused between May and August



A third of telecoms applications were refused from May to August, compared to 8% of all other commercial applications

Although total decisions rose 20% between May and June – and continued to rise in July – numbers for May-August were still 8% down on January-April. Refusals, on the other hand, were unchanged, and by August made up 23% of all decisions - more than in any other month in the last three years. Part of this was due to the surge in telecoms applications. In August, for example, telecoms accounted for 12% of commercial decisions but 19% of refusals. While permissions for these applications more than tripled (310%), year-on-year, the increase in refusals was significantly higher – a rise of 1,045%.

Among business planning applications, decisions were down 31% and new applications were down 43%, year-on-year, over the four-month period, but the number of withdrawn applications was up 28%. In July, 10% of business applications that either reached a decision or were withdrawn were withdrawn. By comparison, between the start of 2017 and 2020, the monthly average was 6% – and it never reached 9% until this year.



Set up **email alerts** to be immediately notified of any new applications or changes to planning status

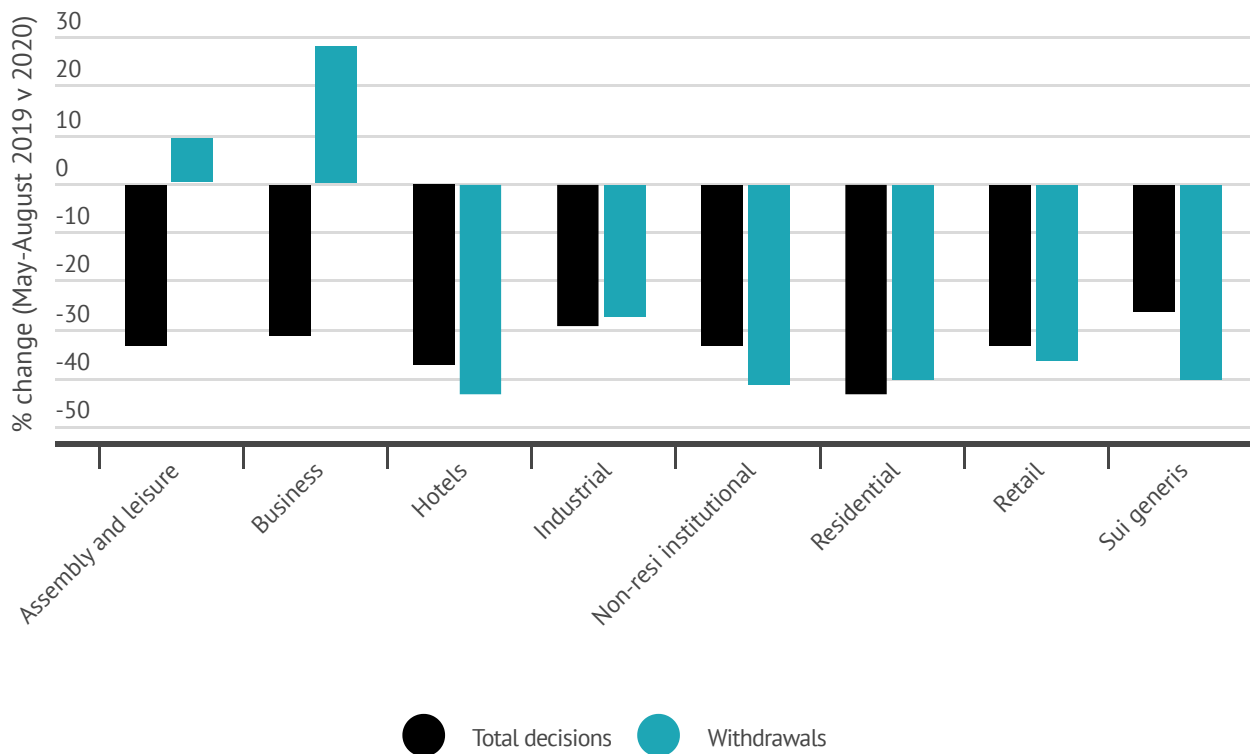
Telecoms and residential applications are most likely to be refused

< Assembly and leisure >



● % applications approved, May-August 2020

Withdrawals have risen disproportionately among business applications*



*Note: Telecoms not included because the scale of its growth (>300% for both decisions and withdrawals) would skew the axes and make comparisons between the other sectors difficult.

04

Regional spotlight

Falls in activity were apparent across the whole of the UK: no region bucked the trends that afflicted the country as a whole. Nevertheless, there was a divide between London and the rest of the country. Whereas in places like Northern Ireland and the North East the fall in new applications was monumental, in London it was comparatively mild (though still significant). The capital's local authorities led a strong resurgence in decisions, with those numbers barely registering a decrease from 2019. But whether or not activity stopped in a given area, most parts of the UK saw a resurgence in July.

The lockdown slump hit regions at different rates

Regional

21%

year-on-year fall in decisions in London, May-August 2020



Although decisions were down by more than a fifth in London, the capital was the least affected region in the country

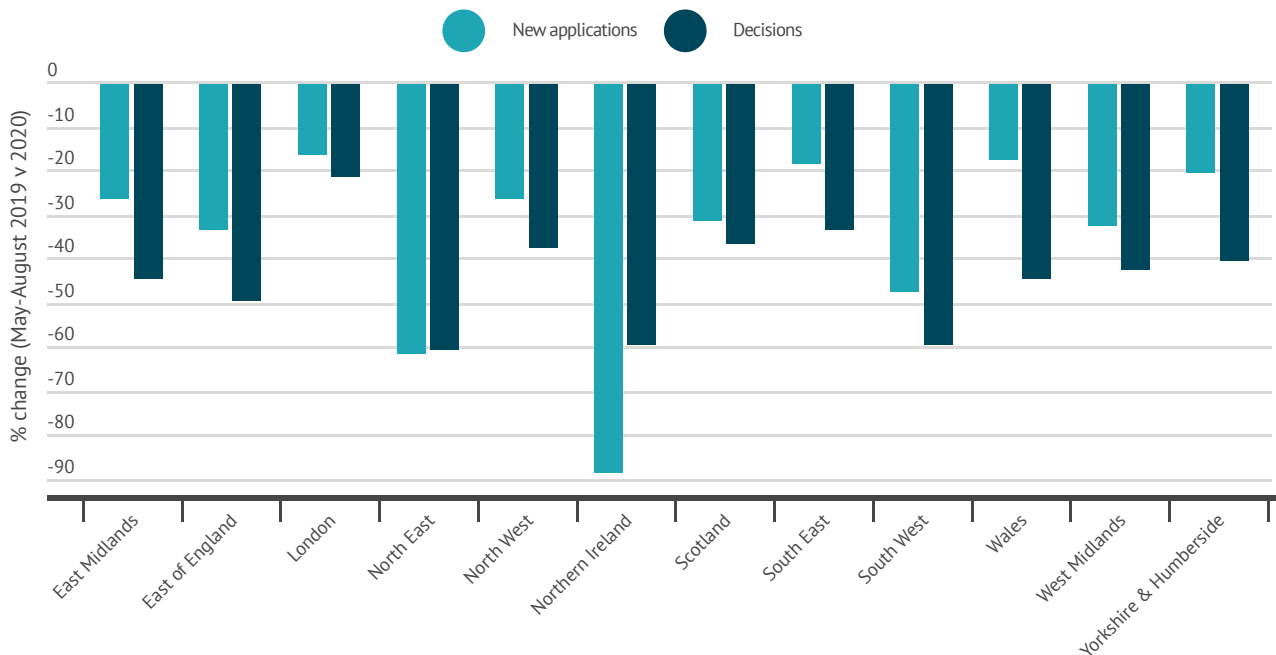
Applications were down by 16% in London, year-on-year, but that was a relatively moderate fall. If you travelled a few hours north and west, the story would be far bleaker. Down 61% in the North East and 88% in Northern Ireland, applications (and decisions) have slumped across the UK. The overall falls hide a temporary rebound in June and July when most regions saw an uptick in activity. In London, for example, there were 36% more decisions in July than in May.

When it came to the temporary recovery in July, London's was actually more muted than in some other parts of the country. The number of approvals fell month-on-month only in the capital (-3%) and Northern Ireland (-7%), while rising by as much as 54% in the North East. Applications fell in the East Midlands, West Midlands and the South West, but rose everywhere else. Numbers then took a dip in August, but, as previously noted, the figures for that month are likely to rise by a few percentage points in the near future. We will likely see a stagnation, rather than a sharp downturn, in applications.

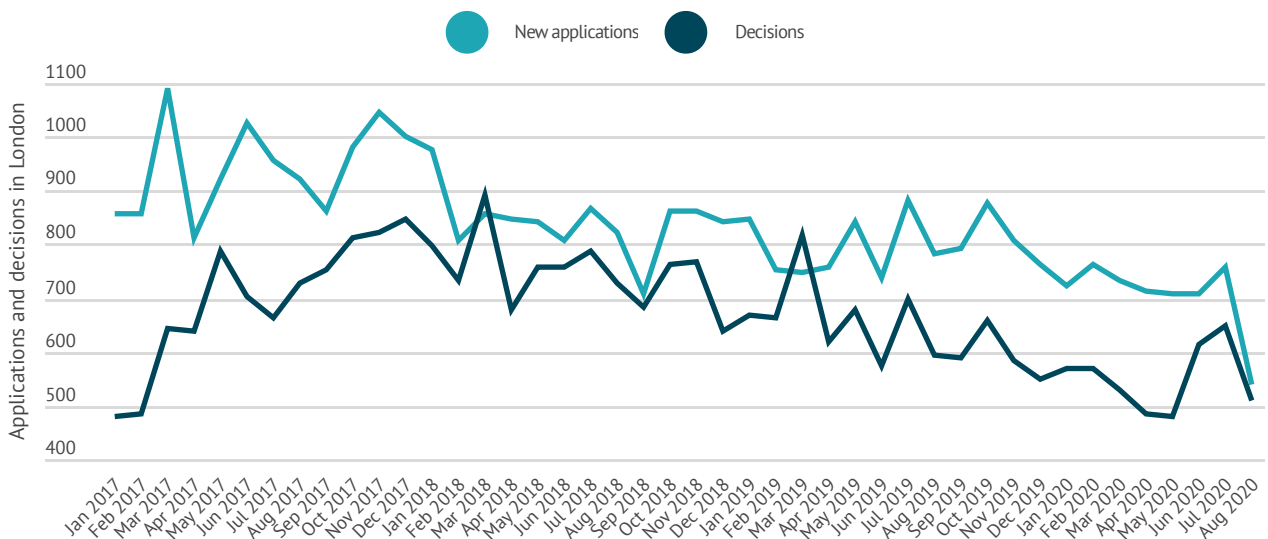


Create a **map-based search** to instantly track applications and decisions within your chosen area

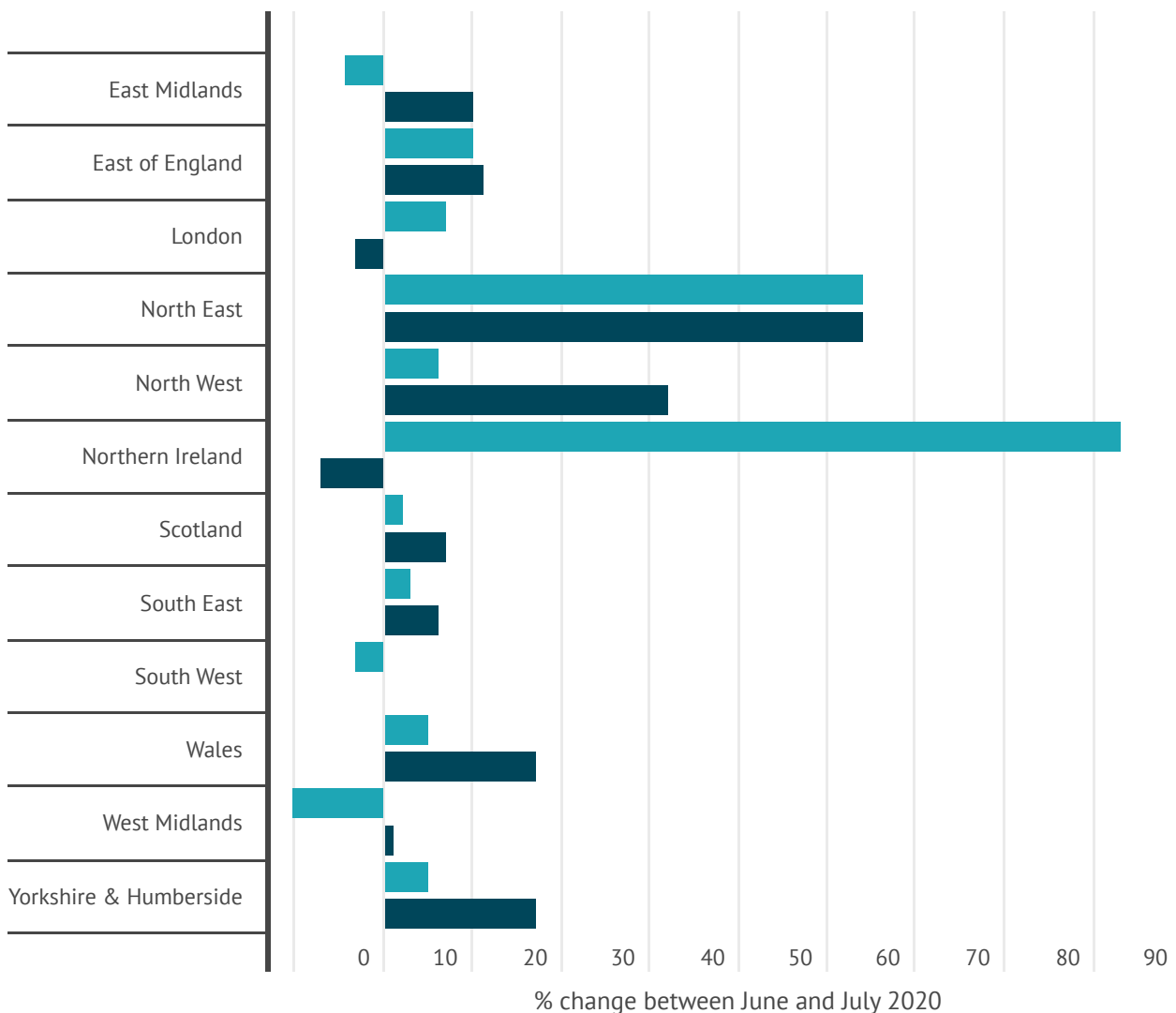
Regional divides: London escapes the worst of the slump, while the regions suffer



Decisions in London rose more sharply than applications in June and July, but both quickly dipped again



London was not alone: other parts of the country saw even more growth in activity in July



● New applications ● Approvals

05

Bright spots

In recent years, planning activity has not been entirely London-centric: large regional councils such as Cornwall and Leeds are often among the most active in the country. But in lockdown, the make-up of the most active councils has shifted. Where once the councils receiving the most planning applications were dotted across the country, they have now conglomerated into a few distinct pockets. Given the wider regional picture, it comes as little surprise that these pockets are dominated by London. The regions, however, do account for a couple of the fastest growing local authorities for new planning applications in an otherwise quiet year, with Glasgow, in particular, showing levels of activity it did not reach in 2018 or 2019.

A Scottish city shines while activity heads to the capital

Bright spots

12

number of councils that received more applications in May-August 2020 than in the same period in 2019 and 2018



Among the handful of local authorities that were more active this year than in the past two years, Glasgow was by far the largest

Glasgow stands out for how it has managed to maintain – and attract – interest from developers this year, with a 55% year-on-year increase in applications between May and August. It is one of only 12 local authorities that recorded a greater number of new applications in those four months than in the same period last year and in 2018. As a result, Glasgow recorded the fourth highest number of new applications from May to July; two years ago, it stood at 36th despite being a major city.

Although Glasgow has become one of the most active parts of the country, many of the other centres of activity are in and around Greater London. Croydon overtook Cornwall Council (which dropped off the list all together) as the most active local authority, while Ealing, Barnet, Epping Forest, Brent, Hillingdon and Wandsworth all wound up in the top 10. The most active areas outside London are some of the major city centres, including Bristol and Leeds. Although this might seem unsurprising, there was less concentration in cities in previous years.

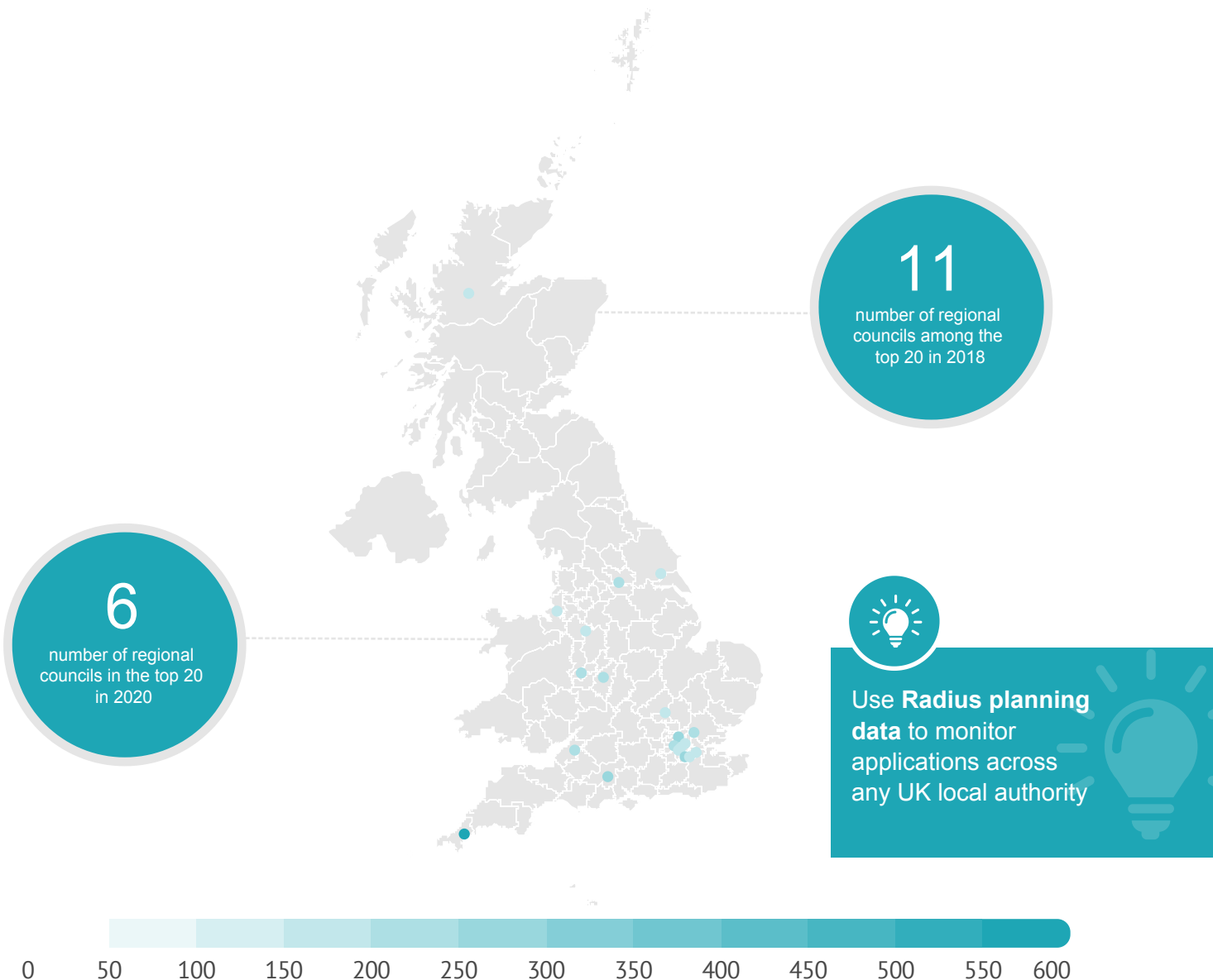


Export planning data to conduct your own pipeline analysis and **identify your own 'bright spots'**

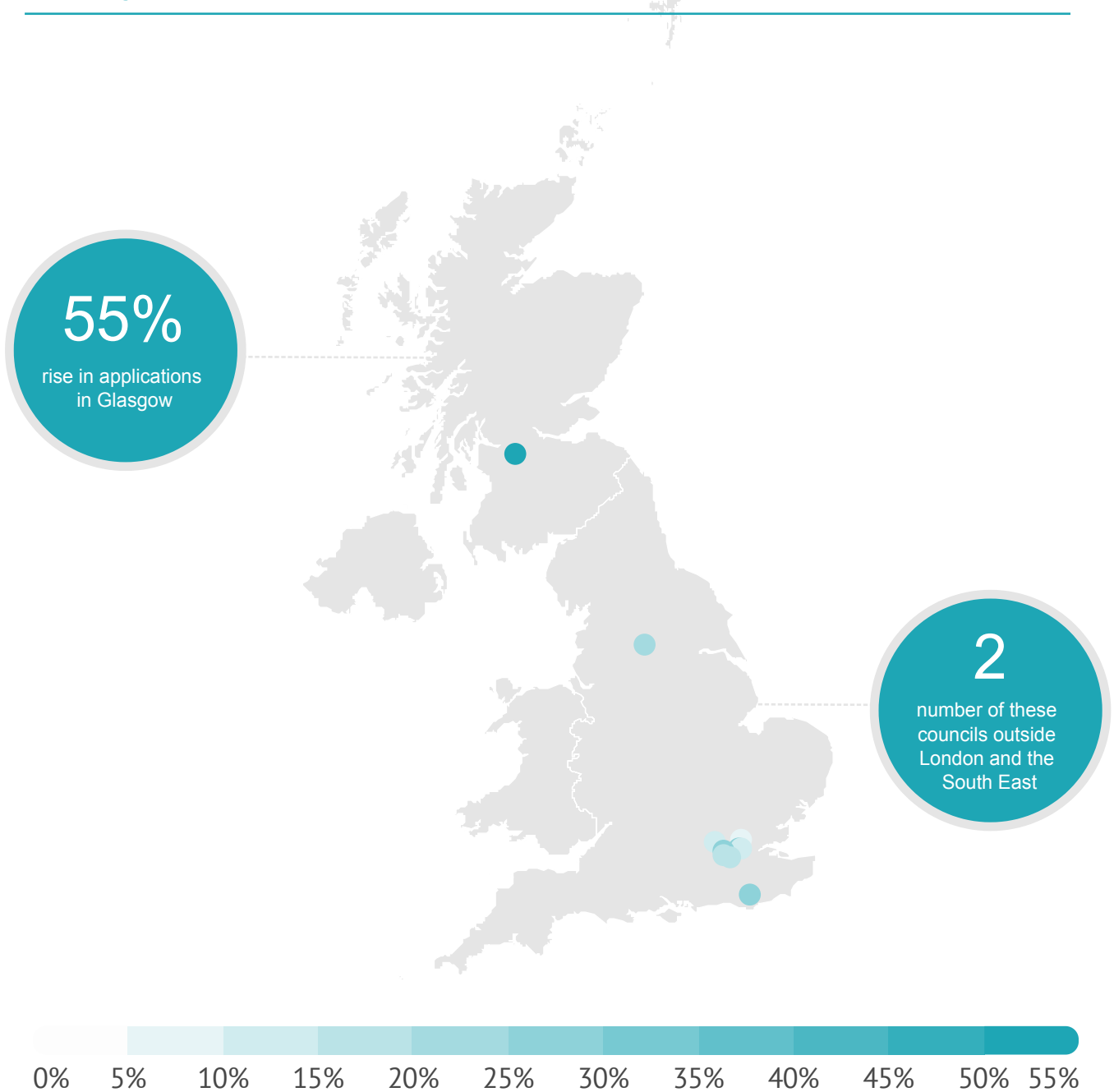
Top 20 most applications by local authority from May to August

May-August 2018

May-August 2020



Local authorities with the largest year-on-year increase in applications*



*Note: These are the largest increases among the 50 local authorities that received the most applications in the period from May to August 2020.

Looking ahead: The next chapter in UK planning will be about structural change

Outlook

Major changes are coming in the UK planning system. The government's plans for Project Speed – what prime minister Boris Johnson has called the most radical reform of the planning system since the Second World War – will shape how developers and local authorities design and create the spaces around all of us.

What will this mean for understanding planning activity? We will have to factor in these changes and their impact on numbers. For example, the introduction of zoning gives local authorities responsibility for designating areas for growth, renewal and protection. Developments in areas of growth will be eligible for automatic outline approval. Meanwhile, permitted development rights will be extended, further streamlining the process. Will that increase activity, or will developers wait and see how these reforms pan out?

Given that local authorities have 30 months to produce local plans, the effects might not be immediate. We will have to understand where structural changes affect planning activity and where sentiment and outlook play a role. As we navigate these changes in planning, the EG Radius Data Exchange will be at the forefront of keeping you informed, helping you make the right decisions in this next chapter of UK planning.



Click here to see the data in action, get in touch with the team and take a **free trial**