

City Focus

Bristol



Bristol poised to capitalise on a post-pandemic pivot

Fresh thinking spurred by the events of the past year is creating new opportunities

What can a city do to take a year of upheaval and turn it into a permanent change? The city of Bristol has grappled with this question in recent months and its responses to the global pandemic, homelessness, the environment and Black Lives Matter protests last summer are directly contributing to shaping the city's future.

Bristol spent a considerable amount of time in the public eye in 2020 as one of the focal points of the Black Lives Matter movement in the UK. After the statue of slave trader Edward Colston was toppled earlier in the year, the city set up a commission to examine Bristol's historical links with slavery. How would the city address and discuss these issues, and what impact would that examination of the past have on Bristol's future?

The future of our planet has also featured heavily on Bristol's agenda in recent months. The West of England Combined Authority announced its climate emergency strategy in July, which earmarked more than £20m to fund walking

and cycling initiatives, active travel and low-emission vehicles, and Bristol Airport tussled with North Somerset Council over expansion plans, which the council rejected due to environmental concerns.

Meanwhile, Bristol City Council submitted plans to create a clean air zone by October 2021 in the city centre, which would charge the most polluting vehicles £9 a day to enter. The plan reignited calls for better public transport infrastructure – something mayor Marvin Rees is trying to tackle with a £4bn underground rail network.

Positive changes

Covid-19 "fast-tracked" the city's ambitions on homelessness, Rees said in February. Homelessness had fallen by 80% in just over a year, largely thanks to emergency accommodation, but the council warned that numbers would rise again without more government support. The pandemic also led the council to restrict traffic and pedestrianise certain areas to slow the spread of the virus, while also cutting pollution. As with its ambitions on homelessness,

the city is now considering how to make some of the positive changes caused by the pandemic permanent.

Bristol has been the setting for several offbeat stories – including the recent success of Bookbarn International, a company that supplies books for film and TV sets and is now sprucing up people's Zoom backgrounds – but it is also a city looking to benefit from the rise of home-working and the potential for people to move out of London. But grasping those opportunities has been fraught with challenges.

Resi ambitions

In October, the city council said it would spend £20m on buying affordable homes over the next four years because the pandemic had delayed its own building programme. A £50m mixed-use regeneration of St Catherine's Place shopping centre was rejected for the second time in early March over questions of design and affordability, although a 316-home development in Bedminster was approved months earlier despite concerns about space standards.

Regardless of the hurdles, the city and the wider region are pursuing economic growth – increasingly through closer co-operation. The Western Gateway was set up in 2019 to promote economic growth in an area stretching from Salisbury to Swansea. With a second investment from the government announced this month, the partnership is one step closer to delivering the transport, innovation and cross-border trade the region wants to see. ■

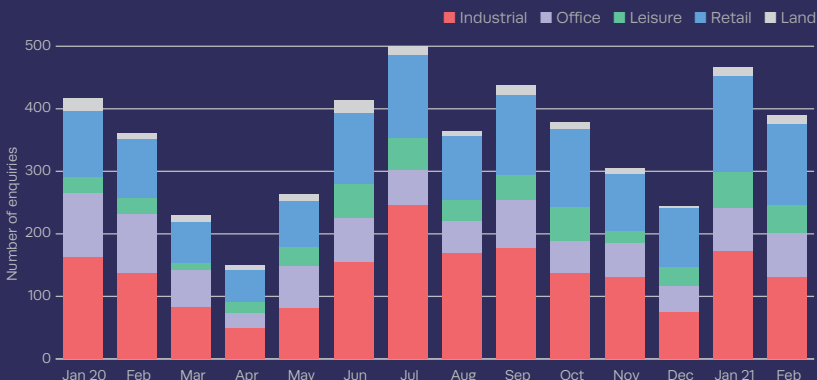
Throughout the last year, Bristol has asked itself how the pandemic will change life more permanently in the city. That question is clearly influencing the property industry just as much. Data from EG Propertylink shows what sectors the industry has been enquiring about, and what we find is a shift in priorities.

While enquiries in January and February were up 10.2% on the same time in 2020, retail was up 41.8% and leisure enquiries had more than doubled. As a result, retail and leisure comprised 45% of Bristol enquiries at the start of the year, compared to just 32.3% in early 2020.

It's no secret the future of offices has very quickly changed: home-working, simply put, works – though not for everybody – and major occupiers, including some with offices in Bristol such as Aviva, have announced plans to allow staff to work remotely even after the pandemic. Cities like Bristol hope to capitalise on that and attract people away from London

If that does happen, and if people do stay in Bristol but work in London some of the time, what they will need is more retail and leisure

Propertylink enquiries in Bristol by sector, 2020-2021



Source: EG Propertylink



“ The industry is looking at Bristol as a place to live; a place that needs more amenities and more homes

around their communities and more places to live. The government's expansion of permitted development rights allowing for more easy conversion from commercial to residential mean enquiries for retail and leisure won't necessarily result in only shops or cafés. They could also become homes down the line.

Offices will play a smaller role

The flipside of the rise of retail and leisure is the decline in office enquiries – down 29.3% at the start of this year compared to 2020. As a proportion of total enquiries in Bristol, offices fell 9.1 percentage points from 25.4% to 16.3%.

What's striking is that this is a more dramatic shift than in the UK as a whole. Nationwide, office enquiries have risen, but at a lower rate than any other sector in the same period (up 26.8%, compared to a 47.7% total rise in enquiries). As a proportion of all searches, offices have fallen, as they have in Bristol, but not as much: down 3.4 percentage points from 23.7% to 20.4%.

This suggests that the industry is looking at Bristol as a place to live: a place that needs more amenities and more homes but not necessarily an influx in office space. If it can deliver those things, some of the positive changes from 2020 can become a reality in Bristol. ■



How well did the Bristol market withstand a year like no other?

The city's resilience was on display with several pandemic-defying deals



City centre offices

Office take-up was always going to suffer amid a pandemic, but year-end totals in Bristol city centre held up more than in some parts of the country.

Total city centre take-up in 2020 was 514,858 sq ft – down 23.6% on 2019 (a year that benefited from the largest deal of the decade: BT's 201,000 sq ft pre-let at Assembly Bristol) and down 10.5% on the five-year average. By comparison, as EG News recently reported, office take-up in the Big Six regional cities was down by about 38% on the five-year average.

Bristol city centre held up relatively well due to Q1 2020 being the second most active quarter for the market since at least 2013 – 201,214 sq ft let across the BS1, BS2 and BS8 postcodes. With the country shut down, however, this was immediately followed by the least active quarter in the same period, with take-up totalling just 45,431 sq ft in Q2.

A pandemic-defying Q4, buoyed by DAS taking 37,828 sq ft at 2

Trinity Quay and Jacobs signing on to 35,291 sq ft One Glass Wharf, brought the year to a better than expected close.

Industrial

Like offices, industrial lettings in Bristol had a strong start to the year. More than 170,000 sq ft in take-up in Q1 made it the most active first quarter since 2016. By the end of the year, however, industrial leases in the Bristol area came to just 595,382 sq ft – down 18.6% on 2019 and nearly a third lower than the five-year average.

Activity did return to the market by the end of the year, led by British Car Auctions agreeing a 20-year 56,948 sq ft lease at Rockingham Point in what was the largest letting of 2020.

That deal pushed the total for the fourth quarter to just over 250,000 sq ft, which would not have been unusual in a normal year in Bristol.

Investment was hit hard by the pandemic with just 11 deals completed throughout the year for

a total of £15.2m. More than a third of that came from a single deal near the end of the year with Copley Point Capital's £5.2m investment in Stratton House in Bishopsword.

Bristol industrial market in 2020:

Take-up: 595,382 sq ft

-18.6%, year-on-year

Largest letting: British Car Auctions – 56,948 sq ft at Rockingham Point, BS11 0YW

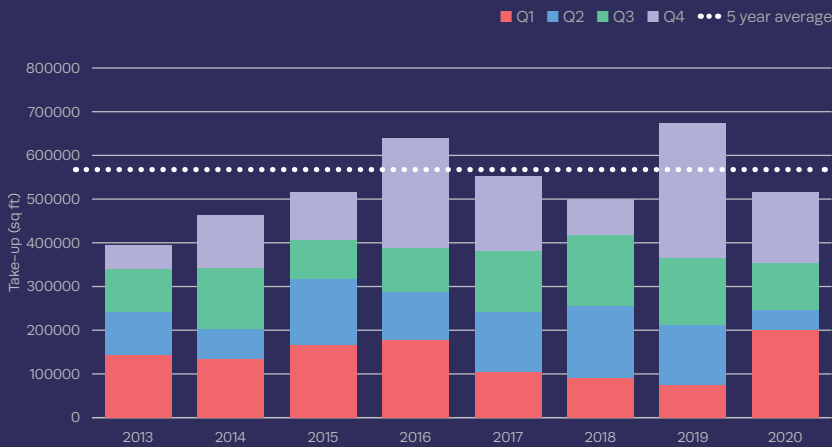
Retail and leisure

No sector faced a tougher year than retail: even before the pandemic, take-up had been low in Bristol, coming to just 16,826 sq ft across 19 deals in Q1 2020. Activity fell further throughout the second and third quarters and not even a last minute uptick near the end of the year could take lettings past 94,292 sq ft – a fall of 72.3%, year-on-year.

Comparatively, hotel and leisure take-up was robust in 2020, largely due to Jurys Inn's pre-let for 73,000 sq ft at 1 Temple Way falling into Q1. That, by itself, was larger than total annual take-up in the sector in any recent year.



Bristol city centre office take-up (2013–2020)



Source: EG Radius

With a handful of other deals throughout 2020, it was a marked improvement on 2019.

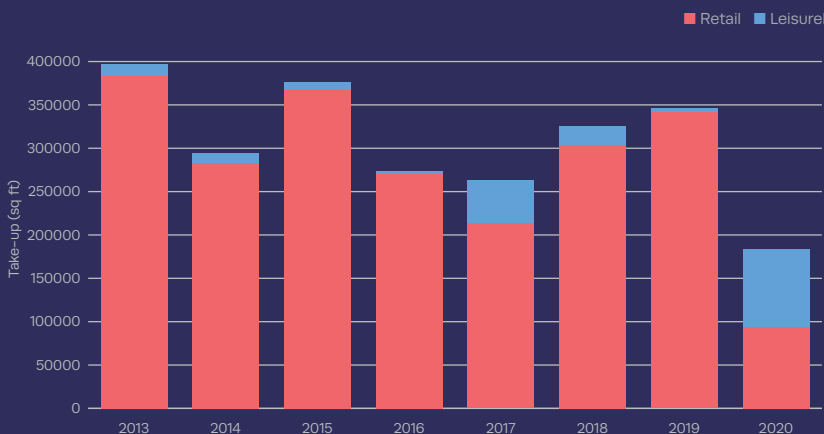
Retail investment, which varies considerably from year to year, was down by a third to £47.5m (down 23.2% on the five-year average). The largest deal was Sovereign Housing Association’s £27.2m acquisition of Clifton Shopping Centre, which singlehandedly accounted for 57% of the year’s investment volume.

Residential

There were fewer deals but the deals did happen were significant in Bristol’s residential market last year. Radius tracked 5 investments with a combined value of £159m in 2020 – more than five times the amount invested in 2019.

Three of the largest deals in recent years happened in the second half of 2020: GSA and Harrison Street’s £58m purchase of Print Hall; the £57m sale of 21 St Thomas Street to DWS; and the £39.3m sale of King Square Studios to an overseas client of Irwin Mitchell. All three sites were student accommodation schemes with a combined 1,142 beds. ■

Bristol retail and leisure take-up (2013–2020)



Source: EG Radius



Alder King takes top spot for South West

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PROPERTY CONSULTANTS

Alder King has recently won EG Deals Competition for the South West for the 20th year in a row. We sat down (virtually) with Simon Price, Partner at Alder King, to hear his views on the current trends in Bristol, how lockdown is affecting the market and what they are most looking forward to in 2021.

Congratulations on winning the EG Deals Comp for South West for the 20th year in a row— have you found contributing your data has helped in raising brand awareness of Alder King? Or has it enabled you to open doors to new clients?

Thank you! We're delighted to have won the competition for 20 years in a row. Throughout that time, it has certainly helped us to raise brand awareness and garnered a lot of very positive client feedback. Actually the first I heard about winning this year was receiving an email from a developer client saying congratulations and that it was great to know they've got the right agent on the job!

It also gives a strong message about the consistency of our team.

We do promote the award quite strongly and it's interesting how many influencers and potential new clients pick up on it. There's no doubt, it's great to be recognised.

When working with your clients in such challenging times, what would you say are the top three things that your agents are



Simon Price

focused on and imperative to do to support your clients?

The Alder King team is very stable and highly experienced which does give us a huge advantage, especially in challenging times like this, when it's about giving your clients confidence that you know what you are talking about.

In terms of the top three capabilities; we are very much focussed on being flexible in our approach to changing market conditions - with regular news updates and opportunities to review trends in the market, enabling us to provide up-to-the-minute advice to our clients.

Another key focus, particularly throughout the various lockdowns, has been to communicate even more frequently with our teams and our clients.

And thirdly, keeping on top of evolving markets. Being able to monitor and access real time data gives our team the ability to move quickly and be well placed to take advantage of the trends and developments that are now unfolding.

We would love to hear your thoughts on what is currently trending with commercial property within Bristol? What changes have you specifically noticed over the past 12 months with the change to lockdown/ non-lockdown activity?

In Greater Bristol, the industrial and logistics sector has been leading the way, with take up last year up 55% on 2019, which given the background, was an extraordinary performance, and it's continued to go from strength to strength in the first quarter of 2021. The city's headline rent went up last year to £10 psf on the back of this. We're working with a number of developers to deliver more stock as that is the greatest challenge in the Greater Bristol market.

The Bristol office market rebounded very strongly in Q4 2020, partly due to a strong level of activity after the first lockdown in the summer which then progressed into take up in Q4. We are getting strong indications of pent-up demand and increasing market activity as we come out of this third lockdown.

Bristol, compared with other regional cities, has so far seen very little grey space coming back to the market which is encouraging. Unlike previous recessions which I've worked through, Bristol has a very limited supply of space which puts it in a strong position and has helped protect the headline rental figure. In fact during lockdown two, Bristol set a new city centre office rent of £38.00 psf. We're hearing very positive sentiment from clients and occupiers which leads us to believe there will be a real upturn in Q2 and Q3 2021.

Obviously the most challenging sector is retail and Bristol has its fair share of vacant space now available in the market. However we're seeing a wider range of uses looking at that empty space. Recent changes in the Use Classes Order have resulted

in increased interest from office occupiers, co-working spaces, gyms, healthcare uses and other active sectors of the market. Uses like these which bring more variation, personality and footfall back into our town centres and high streets have got to be a positive thing.

How has marketing and advertising space changed over the past 12 months?

Our website is working harder for us than it's ever worked, and the traffic to our website is consistently strong. A number of clients have produced some smart virtual tours, which occupiers do find of benefit, however there are still others who understandably require to see the real thing. It is absolutely the case though, that marketing initiatives like this are a welcome addition to the marketing mix and anything that we can do to spread the awareness of the available space is welcome.

What would you say is the biggest value or particular benefit that Alder King gets from using EG Propertylink & EG Radius?

There are a number of benefits of using EG products. We've worked with EG Propertylink for a long time and currently have over 400 properties listed on the site. It's a very useful tool for consistently delivering a high level of good quality

leads. Alder King as a business is not just focussed on the South West, and we undertake a large amount of work for clients across the UK. Access to high quality data from EG Radius and EG Propertylink helps support those activities.

EG News and insight is also very useful in keeping us abreast of developing market trends. Having access to the latest news stories and timely data is really important. Whilst we are in touch with occupiers all the time, it is vital to keep up to date with what is happening in the wider market so that we can give best advice to our clients.

Thank you so much for your time, is there anything that Alder King is focussing on in 2021 that you can share with our readers?

Over the next few months, like everyone, we're very much looking forward to engaging more fully and freely with our colleagues and clients as we come out of lockdown. We are already seeing an upturn in enquiries and bookings for viewings already made for post-lockdown so we'll be busy!

We are working with clients on some very exciting new developments, which given the strength of the Bristol market, should progress as planned. These schemes have a real focus on factors including energy and sustainability design and efficiency together with occupier health and wellness.

As a business we are also progressing some exciting new recruitment opportunities. ■

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Snapshot of contributed data from 01/01/2021 – 05/03/2021 via EG Radius

South West: Top Contributors – Office

Contributor	Space transacted (sq ft)
Lambert Smith Hampton	32,177
Knight Frank	5,541
Burston Cook Associates	4,898

South West: Top Contributors – Industrial

Contributor	Space transacted (sq ft)
JLL	59,126
Alder King	32,555
Stratton Creber Commercial	23,219

South West: Top Contributors – Retail

Contributor	Space transacted (sq ft)
Stratton Creber Commercial	12,371
Burston Cook Associates	10,314
Sibbett Gregory	7,209

For more information and to find out how to contribute your data, get in touch at deals@egi.co.uk

