

2021 – The Road to Recovery

PREVIEW OF THE 2021 COMMERCIAL PROPERTY MARKET IN THE M3 CORRIDOR



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2021 will be another year of considerable challenges and contrasts across the Commercial Property Market in the M3 Corridor as the impacts of the COVID-19 Pandemic continue to take centre stage.

Whether the road to recovery will be an express highway or long and winding has yet to be determined, but despite the lockdowns and restrictions there has been sufficient market activity within our region over the last twelve months to suggest that the new ‘norms’ are being embraced and are here to stay.

The industrial/warehouse sector will once more lead the market, building on occupier and investor demand that has been sustained during the exceptional circumstances of the last year and as illustrated by Manning Impex taking a 59,000 sq ft warehouse at Camberley and the Basingstoke Business Centre and Basingstoke Trade Park quickly selling at yields close to 5% towards the end of 2020.

The massive growth in online sales will drive demand from distributors and “last mile” logistics companies. This is positive for speculative schemes such as St. Modwen Park in Basingstoke, (where units of between 37,000 sq ft and 98,000 sq ft are under construction) and also Legal & General’s 37,500 sq ft Horizon 5 development at Basingstoke.

The office market will adapt during 2021 to the changing requirements of occupiers as companies balance the benefits of remote working with the need for workplace collaboration, structure and identity. High quality will be in demand together with flexibility in terms of both space and tenure. Health and wellbeing within office spaces will also be high on the agenda, together with the availability of on-site services. The move to remote working and away from congested city centres should also benefit the M3 towns, given the relatively competitive sub £30 per sq ft rents on offer.

Retail will continue to have mixed fortunes for the first half of 2021 at least, with supermarkets and discounters maintaining their record-breaking performance whilst the High Street and leisure operators take the full brunt of the pandemic restrictions. The underlying movement of retailing to online will continue to encourage the repurposing of town centre units and more marginal retail warehouse schemes.

In summary, 2021 will be a very tough year on many fronts, but as the vaccine roll-out creates more optimism in the economy the commercial property market in the M3 corridor will be ready to build on the already encouraging level of activity across the Region, quickly pushing take-up and values back to and beyond pre-Pandemic levels.

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