

Commercial Property - UK - 2021

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This report looks at the following areas:

- The impact of COVID-19 on the UK commercial property market and key sub-sectors
- Opportunities and threats across the key sectors of the commercial property market
- How the market is expected to develop over the next five years
- Trends in investment activity across the key sub-sectors of the commercial property market

The embattled retail sector was hardest hit by the COVID-19 fallout, with the capital value of retail property falling by a significant 18% in 2020. Nonetheless, some sub-sectors of the retail market showed resilience during 2020, most notably supermarkets and retail parks.

The commercial property market had already begun to enter a phase of structural change well before the onset of the pandemic. The impact of COVID-19 has accelerated many existing trends including the demise of the traditional high street, the rapid rise of ecommerce and urban logistics and a shift towards more agile and flexible work practices.

The adoption of WFH practices during the pandemic is set to have a lasting impact on the office market, with many companies planning to adopt hybrid working models post-COVID-19, where employees will continue to work remotely for some of the time. This is expected to lead to a decline in office space requirements by tenants and greater demand for more flexible office leases. However, the actual impact of new work practices is likely to be sector dependent.

While the pandemic suppressed demand in other parts of the property market, it stimulated logistics sector activity. The accelerated shift to online retail will further boost demand for high-quality, well-located warehouse space. The pandemic has also highlighted the importance of modern, efficient, resilient



“The commercial property market had already begun to enter a phase of structural change well before the onset of the pandemic. The impact of COVID-19 has accelerated many existing trends including the demise of the traditional high street, the rapid rise of ecommerce and urban logistics, and a shift towards more agile and flexible work practices.”

- Claudia Preedy, Senior B2B Analyst

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logistics supply chains, resulting in increased occupier demand. Furthermore, demand from data centre operators is expected to increase as COVID-19 has accelerated the digital transformation of business.



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