Vickery Holman
Property Consultants

The Market Review
2019-20

Mark Pellow
MRICS
Managing Director

> "Vickery Holman have had a busy year in 2019. I would highlight our Bristol Office, which has seen continued expansion of our services."

Market Review 2019-20

What an interesting 2019 proved to be for the UK, although the various ill-winds around Brexit uncertainty have to some degree at least been brought to a head with the result of the General Election. While difficult to be certain about the prospects for 2020 and beyond, the consensus seems to be that the property market can expect some positive bounce over the next few months.

I would direct you to the various sectors within this booklet that may be of interest to you and highlight a few of our headline views.

RETAIL

The retail market continues to struggle as reported across all our offices, with in particular the increase in the use of CVA's to obtain rent decreases particularly amongst the national operators, often successfully given the threat of vacant property to investors. Retail rents are considered at best stable, although where headline rents have been kept at previous levels, reports are that incentives have increased once more and greater flexibility on length of lease term. We continue to highlight the need for our city and town centres to heighten their offers as active places to visit and live, if we are to be able to support them going forward.

OFFICE

We talked previously of this sector's stability and this appears to be largely still the case, although interestingly in our location, reports are that there is some contrast in the preferences of out-of-town as against in-town options. Generally, rents have seen small increases and the market still predominately requires pre-lets and pre-sales, to enable new development to take place.

INDUSTRIAL

Once more the most consistent performing sector across all our western region with rents generally increasing on the back of strong demand, with small freehold B1 units particularly strong and we have seen price increases.

INVESTMENT

In terms of the investment market, overall there has been a marginal softening of yields. The number of transactions has reduced as owner investors decided what to do in the future, partly on the back of Brexit concerns and this sector may see a quick return in 2020.

LEISURE

Staycation continues to play a large part in the performance of hotels and holiday parks, with strong levels of occupation given what was generally considered a good 2019. The weakness of the pound and climate change concerns have contributed, plus a general improvement in the offer being made.

LAND AND DEVELOPMENT

This sector has undoubtedly been faltering, the residential market showing little growth and cost increases outstripping price rises, so that land values have either flattened or have seen some decline over the past 12 months. Commercial development of employment units however remains a strong area.

VH

Vickery Holman have had a busy year in 2019. I would highlight our Bristol Office, which has seen continued expansion of our services, plus the Leisure Team. We are also pleased to have just acquired the business of long-established professional Exeter firm King Wilkinson & Co. adding to our expertise particularly in the Landlord & Tenant and Rating areas. We are confident the South West will continue to be a strong and active market in 2020, so please do read this booklet as a brief summary capturing some of our thoughts and opinions and remember we are here to help with your property matters in 2020.

How will the last 12 months look in the history books?

Everyone involved in business in 2019 needs to be congratulated! Despite the best efforts of many of those in political power to derail things with so much uncertainty in the past 12 months the property markets that we operate in carried on in relatively good shape – all things considered.

When we looked ahead last year to 2019 we did beg the question whether we would even leave the EU on March 29th and this then turned into the long run up to a second departure date, 31st October which was also missed and of course in between those dates we had a PM resign and a new one take up the post.

Just to add to the workload for the media (what will they do if things ever calm down?) a general election was also squeezed in for good measure just when we'd normally be thinking of getting set for Christmas. This election of course delivered a majority in Westminster which should make the Brexit process clearer now – by the time this booklet is released we should have left the EU on 31st January 2020, three and half years since the referendum.

In our property markets, things like elections, significant sporting events and any other activities that capture a good proportion of the population usually mean that property activity slows down and things "go a bit quiet". During the past 12 months however we've seen people become so used to the turmoil that wherever possible they got on with business as best they could – and for this congratulations are deserved.

Mark Pellow hints at a Brexit bounce in his introduction and we all hope that is what we can reflect on in 12 months' time and maybe even something more sustained. I guess we'll just have to wait and see. Certainly there is good reason to expect some aspects of a nation after Brexit to benefit the property scene, particularly in a location like ours which is ever popular as a place to work, live and holiday.

RICS
Regulated by RICS

Alan B Treloar
BSc (Hons) MRICS
Head of Commercial Agency & Director

PAI Update

Once again 2019 was another year in which Vickery Holman saw growth and this included extending the firm's representation within the PAI network (Property Agents Independent). This informal network of like-minded independent regional commercial firms has 29 member firms giving high quality expertise across the UK and Vickery Holman is the key member for the South West and this extended in 2019 to include Bristol.

2019 saw a year of activities including regional visits and main events in London and in 2020 we look forward to hosting a PAI member's visit to Plymouth in September and no doubt there will be a visit to the Mayflower Steps in what is Mayflower 400 year.

Vickery Holman staff continue to take leadership roles in PAI and Jo High has now become a main board member. The connection with the rest of the UK that PAI gives has proven to be a significant advantage for VH and one that will continue throughout 2020.

PAI Commercial Property Network

Truro and surrounds
Retail

Will Oldrieve
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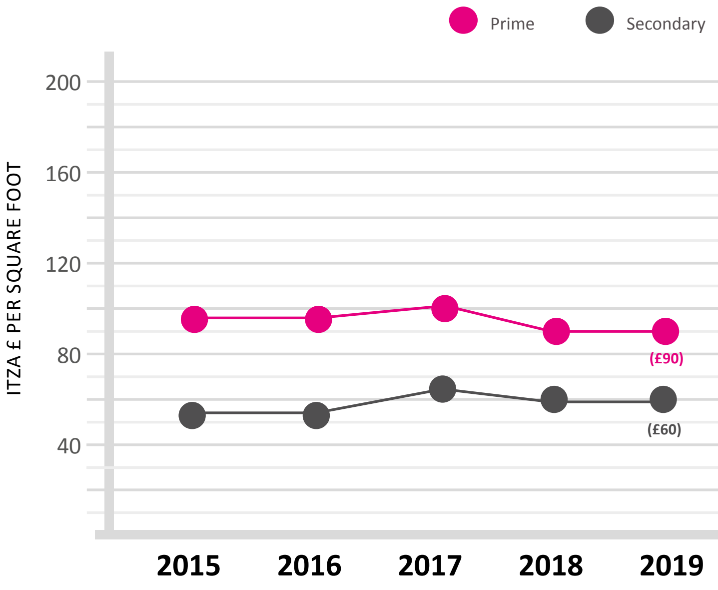
Commercial Agent

DEMAND

Compared to the continued decline of 2018, this year we have seen demand stabilise somewhat albeit still at low levels. There have still been a number of CVA's within the sector including Clintons Cards and Warrens to name a few but this does feel down on 2018 and arguably less high profile failures. Local retailers are still actively looking for deals on smaller units particularly those under the small business rates relief threshold. Truro is the focus of most of the demand remaining the principal shopping location within the County. Out of town demand has stayed the same with some large lettings completing in 2019 such as the retail park at Fraddon however these deals will have been agreed some time before with a delayed completion due to the construction period. It is also reported that Next, Boots, Go Outdoors, Smyths Toys, Shoezone, KFC and Wren Kitchens are all signed up to go into the new retail park at Hendra Park in Threemilestone.



SUPPLY

In town supply levels have remained fairly restricted particularly in Truro with the high street looking fairly healthy compared to others in the country. This can be masked in the run up to Christmas due to the short term pop ups taking advantage of the additional trade over this period. There are still various out of town parks in the pipeline however the likelihood of the delivery of theses schemes within the foreseeable future is debatable.

RENTS

Due to the flat demand and limited supply, headline rents on new lettings have remained fairly similar throughout the year although still lower than previous years when the retail market was stronger. There are still cases of companies using CVA's to significantly reduce existing rents using the threat of a vacant store for leverage.

KEY TRENDS

- Independent food and beverage and hairdressing performing well.
- Slowdown in the number of CVA's and administrations.
- Continued desire to be prime position with secondary / tertiary becoming even more undesirable.
- New large scale budget operators entering the market.

Notable events

- **The introduction of the business rates incentives seems to have had little impact on the market, this initiative was probably more slowing the tide rather than drastically changing the issues dictating market forces.**
- **Ongoing closure of Hall for Cornwall (scheduled to reopen Autumn 2020).**
- **Completed lettings at Kingsley Village Fraddon including M&S, Mountain Warehouse, Boots.**
- **Pirates closing in on purchase of land in Threemilestone – one step closer to delivering the stadium.**

Predictions 2020

- **Continued shrinking of the high street but opportunities as they continue to become more of a destination and leisure experience rather than "simply" convenience shopping.**
- **Key tourist destinations such as St Ives, Padstow etc performing well in wake of a likely booming domestic UK tourism boost post Brexit.**

Truro and surrounds
Office

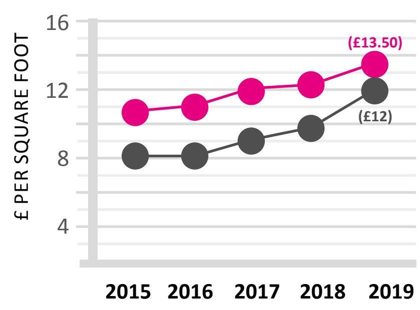
1,000 sq ft 5,000 sq ft

DEMAND

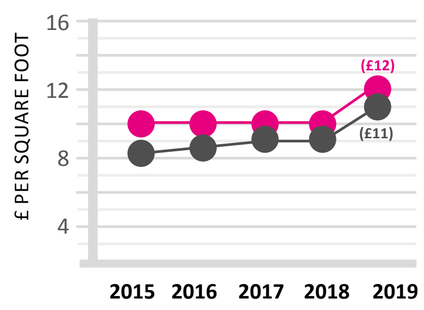
Office demand has increased this year with a good number of active requirements in the market and occasional competition for good quality offices from a few occupiers. This demand is largely focused on Truro town or near outskirts i.e. Newham but also for any good quality new buildings around the County, examples of this are the excellent take up at ESAM in St Austell and the office accommodation at Aerohub in Newquay.

Most of the demand in Truro is from existing occupiers coming to a lease renewal or break wishing to upgrade the quality of accommodation or increase / decrease the size of office they have depending on business performance and strategy.

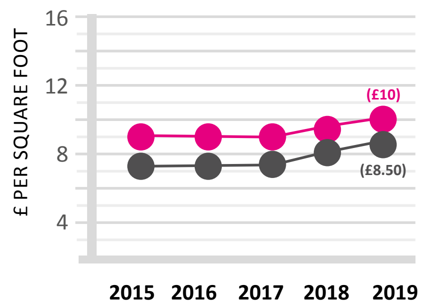
Prime – In Town



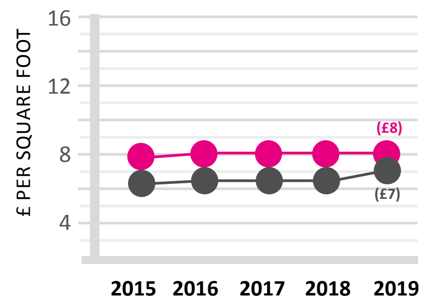
Prime – Out of Town



Secondary – In Town



Secondary – Out of Town



SUPPLY

Very limited good quality options available in Truro most of the supply of previous years has been taken up by this increase in demand and few options coming to the market. When anything good quality does come to the market it is normally snapped up pretty quickly. Outside of Truro supply of good quality new office accommodation is very limited with most of the new build being let now, however, there are options in the pipeline which will be coming forward in the next few years.

KEY TRENDS

- Increase in demand particularly for good quality stock.
- Continued geographic diversification; Truro is no longer the centre of the business world in Cornwall for all occupiers.
- In town options more sought after than out of town.
- Some rental increases being seen.

Notable events

- **Single letting of 4,000 sq ft at the new ESAM development in St Austell.**
- **Significant letting of 6,000 sq ft on the 2nd floor at CMA house, Newham.**
- **Spaceport Cornwall obtaining necessary funding to deliver the project by 2021.**
- **80% of office accommodation at Sector 2, Aerohub, Newquay let or under offer 6 months after construction finished on the scheme.**

Predictions 2020

- **Continued demand throughout 2020 particularly at the start of the year as it appears there will be more certainty on Brexit position.**
- **Increased activity around Newquay and Aerohub with the Spaceport being delivered (albeit unsure about the future of the Newquay Heathrow flight).**
- **Lack of good quality options available and lack of development pipeline with potential reduced grant funding opportunities.**

Truro and surrounds
Industrial

DEMAND

The demand for industrial property has cooled slightly in 2019. There is a certain level of demand but not as strong as 2017 / 2018 as such properties tend to stay on the market for longer when they become vacant. This could be caused by the uncertainty we have seen in the market in 2019 and turn out to be a temporary blip rather than a longer term trend. In certain areas that have been starved of supply such as Newquay, properties are being let fairly quickly which was evidenced by the uptake at Sector 2, Aerohub where nearly 90% of the accommodation was pre let. The focus of the demand is around the A30 corridor with connectivity being so important. Still urgency from national trade counter operators to fill any gaps they have across the County.

SUPPLY

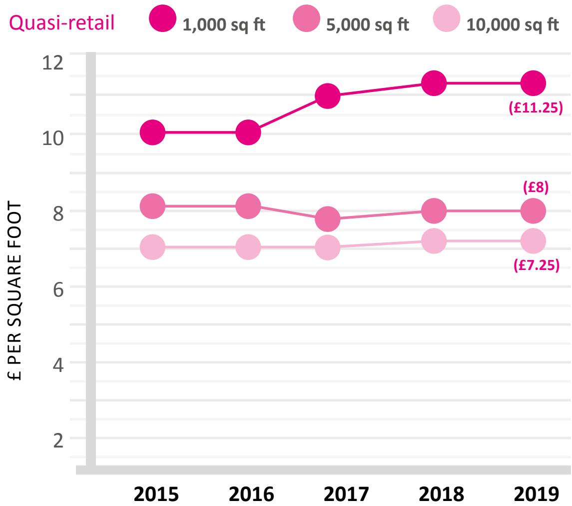
Supply has increased since 2018 and in certain towns there have been fairly significant amounts of industrial property becoming vacant such as Launceston where Kensey Foods have pulled out of circa 200,000 sq ft. Bodmin has seen a few larger units coming available such as the former Fitzgerald lighting unit at 36 Normandy Way as well as 30,000 sq ft on Lucknow Road. New stock to the market has been filtering through such as Sector 2, Hawkins development at Indian Queens and Helston Business Park but all this new stock is snapped up fairly quickly.

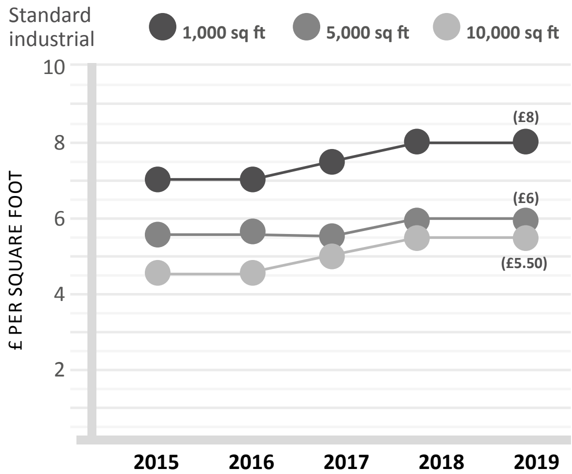
RENTS

In 2017 / 2018 we saw notable rental increases to unprecedented high levels in some areas, however, in the last year this growth has plateaued as a result of this cooling of demand and steady supply, landlords are choosing to reduce void periods rather than really push for higher rents.

KEY TRENDS

- Demand has cooled in 2019 causing rents to plateau.
- Trade counters still filling gaps in coverage.
- Food production units having a difficult time.





Notable events

- **Several large food production businesses closing factories such as Crantock Bakery at Indian Queens, Kensey Foods in Launceston, Warrens Bakery in St Just and potentially Tulip in Bodmin.**
- **Sector 2, Aerohub, Newquay terms were agreed on 90% before the works completed towards the end of the summer.**
- **Successful first phases of construction at Helston Business Park proving development is possible without grant funding.**

Predictions 2020

- **Increase in demand in 2020 as there will be more certainty in the market.**
- **Fewer spec build developments coming through due to lack of grant funding.**

Plymouth and surrounds
Retail

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Commercial Agent & Associate

DEMAND

It has been another tough year for the retail sector, with further CVAs and administrations taking place. According to the Centre for Retail Research store closures are down from 43 in 2018 to 38 in 2019 (as at the end of November). With the number of stores affected decreasing to 1,663 compared to 2,594 in 2018.

The most high profile failures this year have been Thomas Cook and Debenhams. Thomas Cook was 178 years old, but is proof that if you do not move with the times you will be tragically left behind.

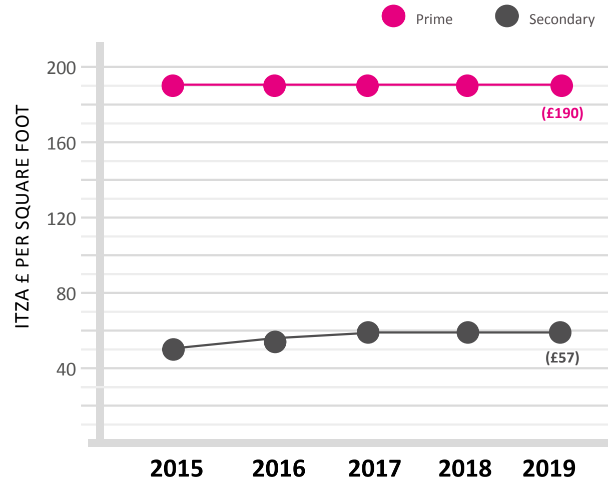
Focusing on Plymouth it is a much cheerier story, and although the retail sector is difficult Plymouth has fared much better than a lot of other cities. There is demand for retail / leisure units, with a number of lettings having taken place in the city centre, mostly in the new Barcode to Five Guys, Zizzi, Nando's, Cosy Club and Adventure Leisure, but there are a number of vacant units left.

The local centres, such as Tavistock are still performing well with rents maintaining or increasing in some areas. The general trend for secondary and tertiary space in neighbourhood parades is for demand to be forthcoming as long as the rent is below £20,000 per annum as this is generally considered manageable for a local / regional company.

SUPPLY

In the city centre there is an increased supply this year with the completion of The Barcode bringing with it a number of vacant units. If you look at Drake Circus and the rest of the city centre, then vacancy rates are similar to last year.

The neighbourhood parades and local centres generally have a lack of supply as there is a greater demand and thus less vacancies. Once the Derry's Cross development is completed this will bring further supply to the city centre.



RENTS

Headline rents have remained static for prime city centre space, although the incentive packages given are unclear. Rents for secondary city centre space has generally remained static, with rents for some towns such as Tavistock increasing slightly for some properties.

KEY TRENDS

- Once again leisure operators are continuing to look at retail units, with the indoor crazy golf experience now being provided at The Barcode.
- Gym operators are still looking in Plymouth, with two new ones highlighted for Pure Gym and The Gym Group, both of which are on the outskirts of the city at Marsh Mills and Faraday Mill respectively.

Notable events

- **The Barcode with it's IMAX cinema opened in the autumn.**
- **The Next superstore at Marsh Mills opened.**
- **Urban Splash submitted their application for the Civic Centre which has now been approved.**

Predictions 2020

- **The mix of retail and leisure operations will continue to increase as High Streets try to drive footfall.**
- **Buying local and independent continues to be popular, and perhaps more so once Brexit is concluded.**

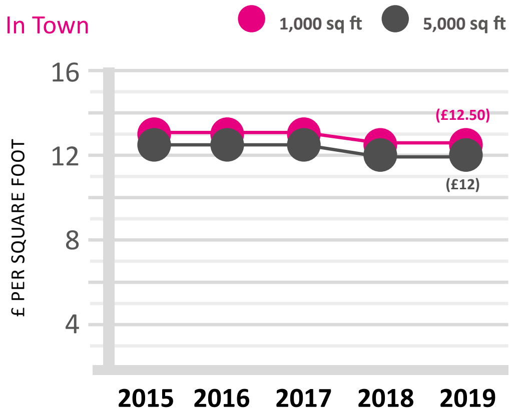
Plymouth and surrounds
Office

DEMAND

Demand has remained steady throughout 2019, albeit this demand is low. The demand is generally from companies in the area looking to relocate, although there have been new entrants to Plymouth as well. Those looking to move are generally increasing the amount of space that they take, which shows that business is improving for these companies.

As working practices modernise with remote working becoming much more popular, as well as flexible working in terms of moving away from the rigid working day this will decrease demand further.

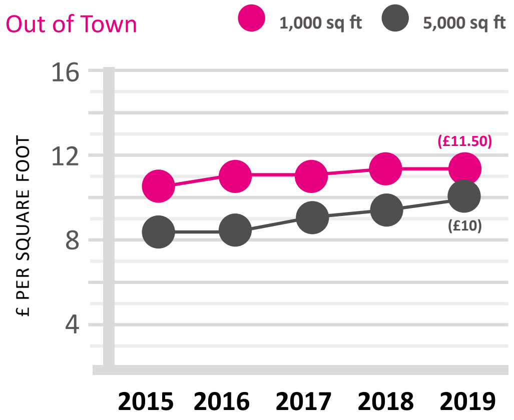
Companies are still preferring out of town locations as they are easier to get to for employees and they have parking.



SUPPLY

Once again supply has remained relatively static in line with demand, at a low level. So whilst there is not a great deal of demand, there is also not a great deal of supply. So, when a company is looking they don't have many options to choose from. There have been no new office developments this year, but the refurbishment of The Merchant is nearing completion, with the first tenant's taking occupation, but a number of suites remain vacant.

The rest of the office stock is generally buildings constructed in the 80's or 90's which do provide good quality space, but are now starting to require some major upgrades to remain popular.



RENTS

Rents have remained static for in town offices after they decreased last year. Rents for out of town offices have remained static for 1,000 sq ft suites, but have increased slightly for the larger suites.

KEY TRENDS

- As electric vehicles increase in popularity we will see office buildings starting to provide EV charging on site as part of the offering.

Notable events

- **Construction started on Mayflower House which will provide a mix of student accommodation and office space.**

Predictions 2020

- **Electric vehicle charging points will become more popular and a requirement from tenants.**
- **Once stability returns to the market in the new year, there will be pent up demand realised.**

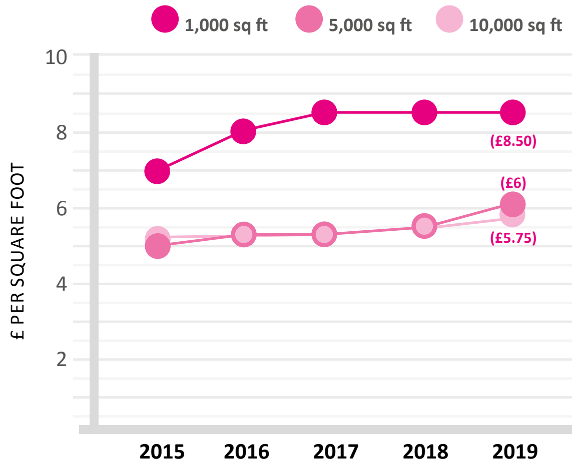
Plymouth and surrounds
Industrial

DEMAND

Demand for industrial has continued to increase in 2019. It is the most robust of all of the sectors. There is demand for all size ranges, but there has been an increase in the demand for 10,000 sq ft plus units. Most occupiers still need to be occupying a property within 12 months, and thus design and build options generally aren't feasible.

Demand has been for a wide range of business types from manufacturing, leisure and storage and distribution. The companies are local and regional with those relocating from elsewhere in the city or entering Plymouth from somewhere else in the UK. In terms of tenure types, it's a mixture of leasehold and freehold.

There have also been a number of lease renewals as companies cannot find alternative accommodation they are forced to flex in their current space and potentially pay higher rents as rents have increased since their last lease event.



SUPPLY

Supply continues to be at a very low level, with even less space built in 2019 compared to 2018, which has furthered the supply demand deficit. 2020 will see more construction, with Unit Build due on site at their new development south of Langage. In addition Langage Energy Park plan to start on site with the first phase seeing the delivery of a bespoke building for an occupier, which will be followed by the second phase which hopes to see the construction of 120,000 sq ft across various size ranges (subject to planning).

RENTS

Rents have remained static for smaller units, but there have been a limited number of lettings due to the lack of supply, so this may well increase in 2020. Rents for larger units have increased as there have been a number of lease renewals with the limited supply driving rents up.

KEY TRENDS

- The continued lack of development has pushed demand up, which should start to see some notable construction in this sector next year.

Notable events

- **Construction will finally start on Langage Energy Park.**
- **Unit Build's development at Joshua Park was fully let / sold.**

Predictions 2020

- **Rents and prices will continue to increase in 2020 as occupiers battle for the new space being built.**
- **Larger units coming to the market will continue to be broken up, but we may start seeing larger occupiers pay more for these in order to secure space in a limited market.**

Exeter and surrounds Retail

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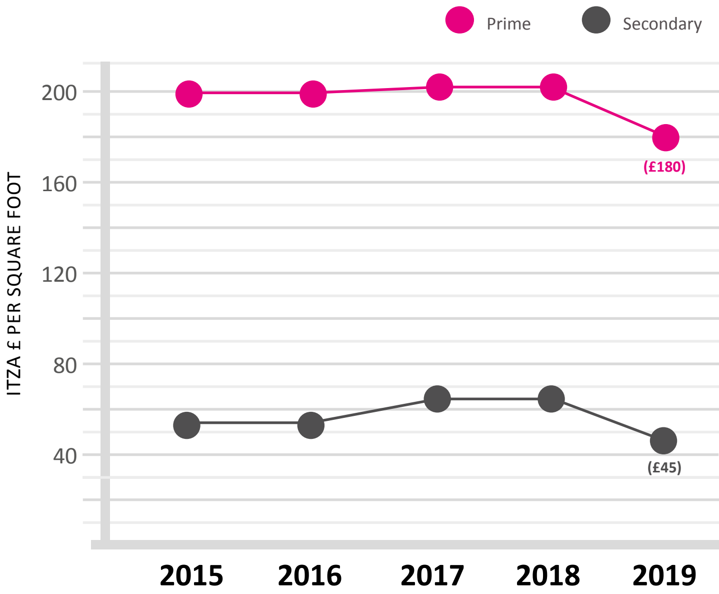
Commercial Agent & Associate

DEMAND

2019 has seen a continued intensification of the challenges faced in 2018. Political and economic uncertainty, in addition to business rate pressures and a shift to online retail sales, has resulted in reduced demand. Invariably as a result, there have been several store closures. Fone Customize, House of Fraser, This Is It, Burtons and Thorntons are just a few of the high street retailers to leave Exeter this year. However, it has not been all doom and gloom on the high street, and exciting plans to revitalize the high street are currently taking place. The House of Fraser building and Harlequins redevelopment, in addition to student developments at the bottom of Fore Street, should encourage footfall and support demand into the future. We remain optimistic that once the market has adapted and realigned Exeter will continue to grow as the premium shopping destination within the South West.

While shifting dynamics have been evident throughout 2019, out of town demand has remained more resilient. Pure Gym took on the vacant former Toys R Us, with Salvation Army taking on the former Maplin store. In town, Exeter also welcomed a few new occupiers in the form of Franco Manca, Quiz, Chicks, and Christies Furniture. There also appears to be resilient demand in destination towns, with low vacancy rates in the towns of Totnes and Salcombe just two of the locations bucking recent trends.



SUPPLY

2019 has seen an increase in vacant shops. Exeter has typically had a relatively low level of stock of both primary and secondary space, however, further store closures at both ends of the market have seen levels of stock rise above historic norms. In town the redevelopment of House of Fraser in combination with the completion of The Depot will see approximately a further 28,000 sq ft of available retail space enter the market. 2019 also saw the second phase of the Guildhall development approved, which will aim to provide further leisure space for Exeter. The escalating supply experienced in 2019, has started to lead to a scenario whereby retailers who wish to remain in Exeter are starting to consider their options. JD Sports, and Claire's Accessories are an example of two occupiers who have or will be relocating onto Exeter High Street, presumably due to more agreeable terms being available.

While supply in town has ballooned somewhat, available out of town retail stock has remained relatively limited in comparison.

RENTS

Prime headline rents have reduced from in excess of £200 per sq ft to around £180 per sq ft ITZA. There are early indications that headline rents on the high street are being overtaken by rents commanded within the Princesshay development. Possible signals of a contracting high street are growing too as rents appear to be dropping off ever more quickly as you move from the prime pitch. Void periods and incentives have been a continuing theme through 2019 too. Out of town interest has remained reasonable with headline rents around £35 per sq ft ITZA in the more desirable locations.

Notable events

- **In town: Closure and new proposed redevelopment of House of Fraser on the high street. A hotel with rooftop bar and retail units below.**
- **In town: Completion of the depot on Bampfylde Street will see a further 20,000 sq ft of retail space.**
- **Out of town: Two major out of town retail schemes turned down again at Avocet Road and Honiton Road, with the scheme at Moor Lane being approved at the end of 2019.**

Predictions 2020

- **Further pressures on rents as increasing supply give more power to occupiers.**
- **Two tier market between prime and secondary to become more evident.**
- **Less desirable towns to continue to see difficulties.**
- **Occupiers continued focus on destination towns, where demand will ultimately remain.**
- **Further contraction of high streets.**
- **Further disruption and innovation in bricks and mortar retailing presenting possible opportunities for investors.**

Exeter and surrounds Office

DEMAND

A year of persistent political uncertainty has been reflected by a stifled office market throughout 2019, where delays to corporate decision making have become the norm. As such, 2019 has seen limited market activity, with existing occupiers largely staying put and developers continuing to remain reluctant to build speculatively. Many office lettings have been small and split between city centre and business parks.

Larger occupational transactions, such as the letting of 10,000 sq ft to SWAHSN at Vantage Point, remained a relative rarity throughout 2019. The new build development of high quality BREEAM excellent office space at Skypark on the outskirts of the city has been the first high quality development of office space in Exeter for a significant period and has seen 6,000 sq ft taken by Troy UK with headline rents hitting £20 per sq ft. This highlights the latent demand that is present in Exeter for very high-quality office space which continues to be suppressed by a lack of pipeline stock.

In addition to an obvious demand for higher quality space at the top end of the market, significant demand for smaller footprints has come from the TMT sector, serviced office providers and co-working spaces. Transactional evidence, however, has been limited by a lack of high-quality supply once again.

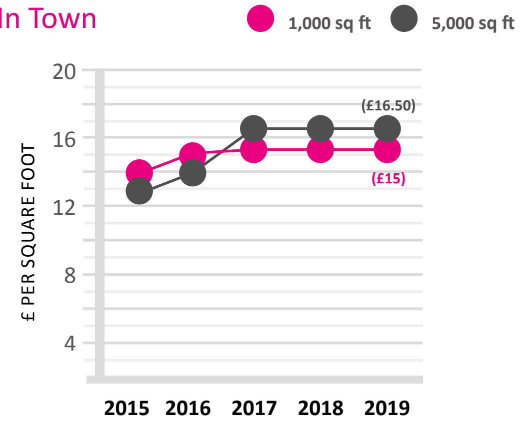
As we saw in 2018, there was a continued willingness from SME's in particular to consider relocations to alternative office provisions such as rural office parks and lifestyle driven moves, with take-up of floorspaces of 1,000 sq ft or less in developments at Stoke Canon and Dunchideock on the outskirts of Exeter proving popular.

There has, however, been robust demand in regional office investments in Exeter this year. The investment sales of Senate Court in the city centre for £9,500,000 (5.83% NIY) and Malvern House at Matford which sold off 7.2% NIY.

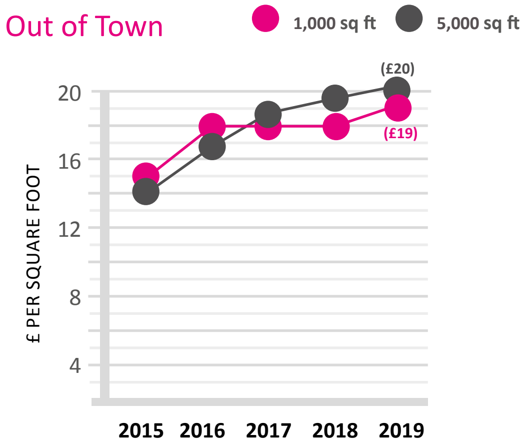
SUPPLY

There is a chronic shortage of Grade A office space in Exeter, particularly in the centre of the city with the only supply of high-quality new space in 2019 being the office spaces at Skypark adjacent to the airport. In addition, supply of good quality second-hand space between 3,000 and 10,000 sq ft remains scarce with the only real availabilities being smaller second-hand suites of below 3,000 sq ft. There is a light on the horizon however, with supply looking to be improved by the introduction of office developments at Winslade Park on the outskirts of the city, with further speculative developments being considered at Hill Pond near Clyst St Mary and Eagle One's Exeter Gateway.

Prime – In Town



Prime – Out of Town



RENTS

Rents for the best second-hand offices are holding strong at £16.50 per sq ft due to the lack of supply in the city and surrounding areas. Rents for the very best near-new stock have pushed as high as £18.95 this year, however, this was a one-off letting of near new premises and is certainly not to be relied upon as a market level. Rents in smaller office suites in secondary locations continue to range from £12-14 per sq ft depending on specification.

Parking remains a big issue for occupiers with premises with ample and accessible parking being hard to find and as such able to command a rent premium in some instances.

Notable events

- **Sale of Senate Court offices in Southernhay for £9,500,000 (5.83% NIY).**
- **Development of 180,000 sq ft of campus office space at Winslade Park currently under offer.**

Predictions 2020

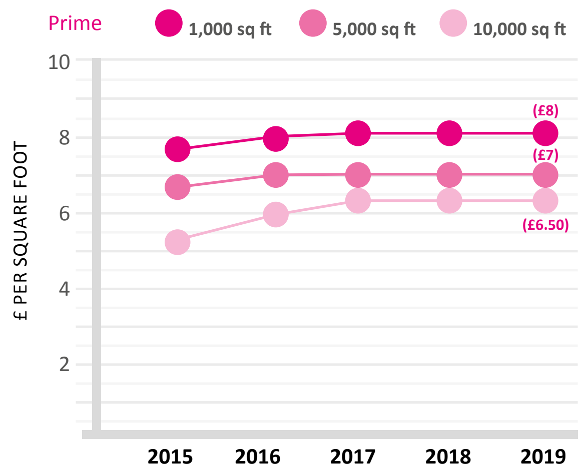
- **Focus will continue to be out of town to the East of the City.**
- **Completion of high-quality speculative development sites could see out of town rents continue to rise.**
- **Continued growth of co-working and serviced office provision.**

Exeter and surrounds
Industrial

DEMAND

Industrial continues to be the strongest performing sector, with robust occupier demand in Exeter and its outlying areas, especially in well located hubs in close proximity to the M5 and other key transport routes.

In the main Exeter industrial hubs of Marsh Barton and Sowton, 2019 has seen a continued strong demand for starter units of up to c. 1750 sq ft and we would expect this to continue into 2020 given the change in political circumstances. Demand for larger units of 10,000 sq ft or more seems to have become more subdued, perhaps due to wider market uncertainty in the first half of 2019 stalling decisions. Total volume take-up for the year has been partially masked by the 92,000 sq ft letting to Amazon, which if removed, would have seen a relatively low take up of larger spaces.



SUPPLY

Supply constraints within the South West market have begun to show signs of alleviating recently with development pipeline up 27% year on year in the region.

In the Exeter area, the main reasons for this are twofold. Firstly, there has been a marked increase in speculative development off the back of growing confidence in the sector. New units at Matford Green Business Park will be delivering 30,000 sq ft of high-quality space in 2020 along with the development at Bridgwater Gateway at junction 24 of the M5 delivering a further 25,000 sq ft. Both of these sites are seeing strong demand. In addition, there is a further 81,000 sq ft of speculative development land at West Exe Park adjacent to the A379 which came to market in mid-2019.

Secondly, 2019 has seen the redevelopment of several existing sites to provide improved quality space that Exeter has seen a lack of in recent years. In the city itself, both the former Wheatons Printworks site and former Vospers Ford site are both earmarked for redevelopment. The significant refurbishment of the old Bishops Move site in Sowton sees a further 130,000 sq ft of improved logistical space become available. A further 400,000 of industrial space will be coming to the market in due course following the sale of the former British Ceramic site at Heathfield in Newton Abbot in late 2019.

RENTS

2019 again saw a lack of supply in the Exeter area, although we would expect this to be partially alleviated by the pipeline supply of stock in early 2020 which may affect rents. Existing stock rents remain between £4-£8 with new build leaseholds coming to the market at between £8-£10 per sq ft depending on size, specification, location and terms agreed.

Notable events

- **Sale of Centurion Mill, a 72,000 sq ft industrial premises on Marsh Barton for £4,200,000 to South Somerset District Council. Equated to a NIY 7%.**
- **Sale and planned development of 400,000 sq ft British Ceramics site on Heathfield Industrial Park in Newton Abbot for an undisclosed price.**
- **18 acres of employment development land at Exeter airport under offer as of December 2019.**
- **Letting of 92,000 sq ft of custom-built logistical space next to the Lidl distribution centre at Exeter gateway to Amazon.**

Predictions 2020

- **Industrial likely to continue as the top performing sector in the Exeter area.**
- **Continued strong demand for starter size industrial units as occupiers have reason to be optimistic.**
- **Delivery of some of the current development pipeline to market in early 2020 will help towards satisfying demand for quality units.**

Bristol and surrounds
Retail

Robert Beale
BSC (HONS) MRICS IRRV
Head of Office & Director
RICS Registered Valuer

DEMAND

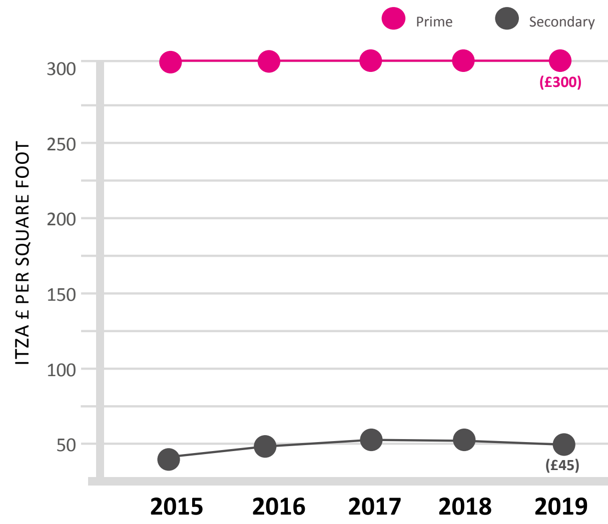
In its current UK wide crisis state retail saw less of an impact in Bristol where demand remains better than expected for city centre locations and at the Mall. Whilst the city retail offering remains strong no doubt the national tenant's eagerness to use CVA's has had an impact on actual achieved rental income compared to often quoted headline levels.

In secondary retail locations the number of voids is at a "reasonable" level potentially reflecting Landlords acceptance of the structural change in the retail market and their preference for a tenant paying a rent at some level, as opposed to sticking out for historic headline rents and seeing growing void holding costs, particularly the impact of business rates.

Food occupiers continue to be higher than typical for a city of Bristol's size at both the smaller independent operators end of the scale through and up to the national chains. The city was shortlisted by The World Food Travel Association in September 2019 in its Food Trekking Awards, the only place in the UK included.

SUPPLY

There is retail space coming to the market but in the main it is within larger mixed-use developments. For example, Redcliff Quarter is a major development currently under construction which will bring 22,077 sq ft of retail/ restaurant space and 23,670 sq ft food hall. St Catherines Place is another mixed-use development taking place in South Bristol which is looking to regenerate a neighbourhood and provide approximately 13,800 sq ft of retail and leisure space, alongside over 200 new homes and a Scott Cinema. Although Bristol has a strong local market it is clear that if stores close at the rate that they have been oversupply of premises could quite quickly become an issue.



RENTS

Zone A headline rents have reached £300 per sq ft at The Mall reducing down to £200 per sq ft for Cabot Circus and then a further reduction to £170 per sq ft for Broadmead. It is highly likey that the level of incentive on offer from Landlords has increased in recent times due to the uncertainty in the market and growing competition of premises available in the marketplace.

KEY TRENDS

- 2019 potentially saw a stop to the large scale retail closures and empty premises as the market finally accepted the change in the retail landscape that was taking place.
- Continued growth of independent food based start-ups often seeing a quick growth in outlet numbers across the local region.

Notable events

- **New openings in the City throughout 2019 included Left Handed Giant, Bocabar and Le Vingoble within Finzels Reach as well as D and D restaurants committing to 13,000 sq ft on Quakers Friars. In Cabot Circus there has been notable openings this year of Bershka (Zara Group), Tortilla, Slim Chickens and Typo. The Bristol and Bath Rum Distillery occupying the former Jamie's Italian at the top of Park Street was a notable opening in 2019.**
- **The ever-growing leisure market saw some large openings this year with the most significant being the opening of Whistle Punks, an urban axe throwing venue.**

Predictions 2020

- **The continued shrink of the mainstream high street with more multiple occupiers using CVA's to shrink their property portfolios.**
- **Occupiers are needing to be more experience led than before as the customer is demanding more when shopping and going out. Over the last few years we have seen an expansion in the experiential leisure market which we believe will continue to grow. Alongside this Gym openings have continued to grow and with rental growth in this area also, this is likely to become a more attractive investment.**
- **The strive towards sustainability has meant that shoppers are thinking more environmentally when shopping and are buying more ethically. We believe this will lead to a rise in people buying from local shops and we therefore may see a rise in independent and boutique operators.**

Bristol and surrounds
Office

DEMAND

Demand for office accommodation in Bristol has continued to increase during 2019 through general growth of the market itself but especially through technology and media firms which see existing firms growing whilst new companies join the city. As the gateway for the South West region there is a clear increase in demand from professional firms looking to move in with a continued migration of firms from London where rents significantly exceed prime in Bristol.

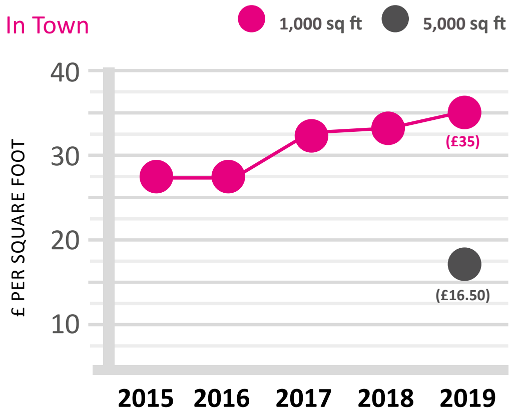
The type of demand continues to broaden with a significant growth in co working requirements and large scale offerings now coming forward from established more traditional office providers.

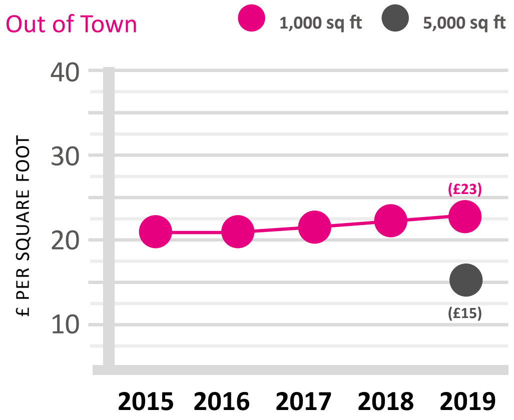
SUPPLY

Supply remains the main issue of concern for Bristol with Grade A space in particular becoming almost as rare as hen's teeth, reportedly 20% less than the 5 year average. BT taking Building A at Assembly, Temple Way (200,000 sq ft) has created ripples across the office market as a number of other firms had been looking at this as a potential relocation opportunity for them, these requirements will now have to be met elsewhere. Whilst there are a handful of other schemes coming forward (Finzels Reach, Portwall Gate and The Distillery to name but three, totalling 242,967 sq ft) the issue for many occupiers will be delivery date for the space with existing lease expiry dates already in play. Bristol has seen a growth in high quality refurbishment of existing office stock which is having to be considered by some firms who would have preferred Grade A. Speculative development has also returned to the city in force.

RENTS

With demand outstripping supply it is no surprise that 2019 has seen office rents continue to rise throughout the city. Grade A space has reached £35 per sq ft, Grade B £30 per sq ft and Grade C £28 per sq ft. At the same time that rents have risen, again, the lack of supply has also seen Landlords able to reduce the level of incentives offered for ingoing Tenants. Grade B+ space has seen a closing of the gap to that achieved for Grade A space with some deals now showing £32.50 per sq ft.





KEY TRENDS

- Lack of supply will continue for the foreseeable future until some of the larger schemes are available.
- Rents will continue to increase.
- Tenants will have to be more open minded on location and offering to secure space.

Notable events

- **Supply of accommodation became a critical issue for the city.**
- **Office development schemes returned with a flourish including speculative offerings.**

Predictions 2020

- **Continued lack of supply will see rents increase further.**
- **Smart city offering will continue to develop and find more traction.**
- **Ban/restrictions on diesel vehicles in the city to take place and see unexpected impact on market.**
- **Large scale and sudden increase in electric charging points throughout the city.**

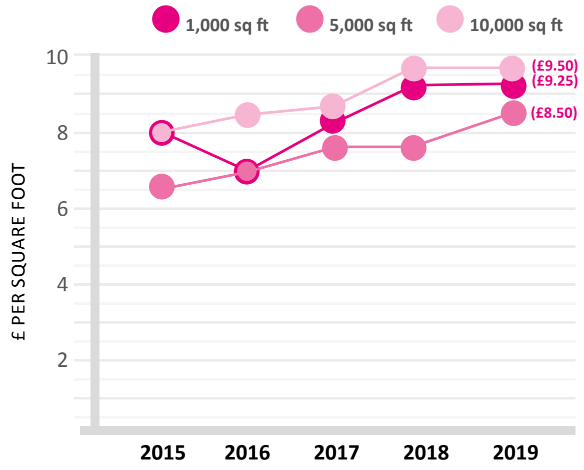
Bristol and surrounds
Industrial

DEMAND

The reduced take up seen in 2018 has not continued with taken space in 2019 increasing. Demand continues to be seen across the range of floor areas from start-ups at only a few thousand square feet to ongoing, unsourced, big box requirements of over 100,000 sq ft. The poor infrastructure of Bristol leads many occupiers to desire premises in close proximity to key roads through and around the city as customer demand continues to increase and every minute of a delivery delay being felt by the business. A lack of supply/too much demand for certain key areas sees some spillage of interest to historically less desirable parts of the city whilst locations further afield, particularly north and south along the M5 but with direct access to the motorway network and often at a considerably cheaper price, see continued increase in interest levels.

SUPPLY

Supply levels of industrial accommodation are improving with levels reported to be at the highest point for five years. A lack of speculative development has caused pinch points where available accommodation hasn't met demand, however, there is a good pipeline of future space known in the marketplace. As a further effect of this lack of speculative development, second-hand stock has remained popular and rents have held up probably higher than expected. Horizon 38, Vertex Park, Warmley Business Park and Axis 18 all reached practical completion and saw excellent uptake in sales and lettings. Due to market demands there are now a good number of large unit schemes coming forward which were previously lacking in the area, meaning some requirements could not be met.



RENTS

Headline rents now sit at £9.50 per sq ft for Grade A space, whilst secondary space still commands a range from £5.00 - £7.50 per sq ft, depending on specification, due to the continued demand and limited supply. As such Tenants are prepared to consider properties which do not necessarily exactly meet their aspirations.

KEY TRENDS

- Growth in demand now appears stable from a wide ranging occupier base.

Notable events

- **Brexit continues to impact the marketplace outlook with the industrial occupier market likely to be one of the sectors impacted the most by changes in movement and transactions with Europe.**
- **The continued growth in e-commerce will see larger increases in demand for property that can be used for logistical purposes, access to the Nations transport infrastructure being key.**
- **The growth of the food industry within the SW shows an increase in demand for modern, good quality cold store units. Demand for these also grows due to climate change with the desire to reduce food waste. There is opportunity here for developers as this style of property is not common, partly due to the previously limited demand but also the expensive bespoke building specification. However, with supply not meeting a growing demand there could be inflated rents or sale prices for the early adopters.**

Predictions 2020

- **Supply of stock should start to reach more of a balance with demand.**
- **The impact of the diesel vehicle ban/restriction will focus demand outside of affected areas.**
- **Investment values should stabilise and potentially reduce.**

Investment

Mike Oldrieve
MRICS
Investment Specialist

The grey clouds of Brexit hung over the investment property market in 2019 producing a slowdown but expect the election result to ignite the market in 2020.

ECONOMY

The Bank of England's quarterly inflation report prior to the election was dominated by the prospect of Brexit outlining an economy which has slipped during 2019 with inflation falling back to within the Bank's 2% target. Manufacturing including exports and financial services saw some progress, but retail sales and construction industry both fell. The biggest concern was the continued lack of investment as business awaited the outcome of Brexit. They did however expect a lift if a negotiated exit could be delivered. The election has given the Government a far stronger negotiating position but will they use it to good effect?

PROPERTY MARKET

Nationally, the Royal Institution of Chartered Surveyors (RICS) indicate, in their latest UK Commercial Property Market Survey, the continued decline in the retail sector with further falls in rental and capital values throughout 2019. On a more positive note demand for industrial property continues to outstrip supply but there was a hint from their contributors across the UK of a slight downturn.

SOUTH WEST

There was an easing of the market throughout 2019 with a distinct lack of deals. For industrial this was due to lack of supply and for retail a lack of demand. The result a softening of asking prices as property began to stick and vendors looked to rationalise portfolios. This is reflected in our estimate of prime investment yields shown below: -

YIELDS TABLE

	Retail	Office	Industrial	Residential
October 2007	5.0	5.75	6.25	3.0
October 2012	7.0	8.0	8.5	7.0
October 2017	5.5	6.25	6.2	4.5
October 2018	5.75	6.25	5.75	3.75
October 2019	6.25	6.00	5.8	4.0
December 2019	6.5	6.00	5.8	4.0

INDUSTRIAL

Having maintained its popularity in recent years the sector has shown signs of being overheated with net initial yields as low as 5.83% e.g. the new Amazon warehouse in Exeter which sold for £14.87m reflecting a yield of 5.83%. Smaller and more secondary was the Majestic warehouse on Marsh Barton Exeter which achieved 6.43%.

The increase in values has brought more stock on to the market but there is still a shortage which is driving the values up. Development might be the answer, with low yields and rents at £7.50 per sq ft a development appraisal starts to look healthier.

OFFICES

No change is the best that can be said for offices in the South West, with the continued uncertainty around methods of occupation and flexible working. Reduced stock due to residential conversions has helped the market maintain, if not slightly increase, rents which are still of a low base compared with the rest of the UK. Investors still see offices as a "safe haven" for their money.

Prime yields are similar to industrial e.g. Senate Court Exeter 5.83% with slightly more secondary buildings in the seven percent area such as Malvern House Exeter 7.2% net initial with an expiry in 2023.

RETAIL

The South West is not immune to the storm clouds which have appeared over the retail market with significant gaps appearing in the High Street. Are 'gaps' actually 'opportunities' is the question and the latter is where Vickery Holman's attention is focused. The high street is still the heart of communities and will have a strong future, but location and character have never been more important.

We saw a rash of prime sales in early 2018 achieving 5.25-5.5% net initial which the purchasers must now be regretting when you can buy five-year income in good locations at 7.5-10% net initial e.g. Greggs Plc Taunton 7.45% and Card Factory Newton Abbot 10%. Leisure has been virtually the only source of long-term income with budget hotels such as Travelodge with 20-year income achieving sub 5% net initial with built in rental growth. Roadside retail such as M&S and BP garages have also been very popular.

Predictions 2020

- **We will leave Europe with a trade deal by the end of 2020.**
- **The Economy to improve with the prospect of a negotiated Brexit.**
- **A far more buoyant Investment market in 2020 as investors return.**
- **Plenty of opportunities in the retail sector as it continues to evolve.**
- **Lifestyle continuing to be a major factor in shaping the office market.**
- **Industrial maintaining its number one status.**
- **Growth of the private rented sector as an investment opportunity.**

Healthcare

John Tyas
BSC (HONS), MRICS
Head of Healthcare
General Practice Surveyor & Associate

The UK's ageing population will be one of the key structural shifts of the next 30 years, with life expectancy continuing to climb.

2019 has been an eventful year for the healthcare sector. Investment interest in the sector has increased with a range of stakeholders seeking exposure to UK healthcare assets. Domestic investors have been dominant buyers of healthcare property over the last five years. Activity in the West Country has remained strong, with agents reporting an increase in viewing numbers and offers on their clients' healthcare businesses. The increasing quality of care home stock in the region is attracting a wide variety of purchasers from corporate operators through to first time buyers. Corporate operators are generally looking more at the larger, 20 bed plus, homes.

Income for healthcare property is long dated, typically comprising 30-year lease terms (RPI-linked) compared to average lease lengths of seven years or less within other commercial sectors. The sector provides a diverse mix of low-yielding property types, including elderly care homes, adult and supported living accommodation, and primary healthcare facilities.

The elderly care market is the largest healthcare market by spending on care services. Even after excluding spending on home care services, £17 billion is still spent in residential settings. Private operators dominate the elderly, adult and childcare sectors as well as supported living. In contrast, acute care and primary care services are state controlled and fall within the boundaries of the NHS. The independent market for acute care is still large at over £6 billion. The majority of funding for healthcare sectors comes from the public purse.

DEVELOPER DEMAND

Reports are suggesting that developers are responding to the demand with the supply pipeline showing that nationally there are around 23,000 beds in development or planned for completion in the next two to three years with around 2,250 beds within the South West.

Predictions 2020

- **Increase in demand in properties for elderly care.**
- **Yields in children's nursery and day care market are set to increase.**
- **Less publicly owned Supported living accommodation, Elderly care, Adult care and children's nurseries.**
- **An increase in average weekly fees across the care home sector as well as higher staffing costs across the sector.**
- **Levelling out of occupancy rates in elderly care sector.**
- **Further improvements in reporting on care standards resulting in closure of smaller homes and development of larger purpose built homes.**

KEY TRENDS

- From an operational perspective, staffing remains the number one challenge, with staff costs increasing 44% over the last decade and now represent on average 58% of income. These salary increases are impacting the bottom line for many operators but are arguably a necessary step if the sector is to attract more workers and address the concerning shortage of carers and nurses. Operators will also be looking for clarity on Brexit, and how this will impact the migrant workforce that many homes depend on. The staffing shortages are becoming ever more acute in the more rural areas, which limits buyer demand, and values are softening in these more remote locations. Some nursing home operators are considering de-registering their nursing care given the challenges they face in the recruitment of qualified staff.

Oliver Steer-Fowler
MA (HONS), MSc
Head of Leisure
General Practice Surveyor

Leisure

Predictions 2020

- **Hotels – Hotel development in tourist hotspots will continue, taking advantage of rising visitor numbers to the South West - location will be key.**
- **Holiday Parks – A continued lack of supply at the top end of the market, but a continuation of high EBITDA multiples being paid for well located parks.**
- **Pubs – Smallest operators will continue to struggle against ongoing operational cost pressures. There will be a continued premiumisation, particularly in well located urban pubs and larger properties.**

VICKERY HOLMAN LEISURE TEAM

Vickery Holman have continued with their activity growth in the leisure market this past year, assisting on the sale and providing strategic advice on a holiday park development project in mid-Somerset, and are marketing a high-quality cottage letting complex in North Cornwall on behalf of a national client. We are also involved with off market disposals of two parks in North Devon and Cornwall which are on-going. In addition to growing our agency presence in this sector, we have been very active in the leisure market in our valuation and business rates consultancy teams in 2019 undertaking Red Book valuations of holiday parks, pubs, guesthouses and other leisure assets. In June, Vickery Holman successfully acted on a landmark business rates tribunal case for 32 self-catering premises on the Isles of Scilly, securing £133,000 of savings for our client.

Cornwall Tourism Awards 2019/20 SPONSOR

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TOURISM AWARDS

It was always going to be difficult to replicate the summer weather that we all enjoyed in 2018, but despite the lack of a month long heatwave to assist the performance of leisure businesses this year, consensus is that it has generally been another good season for the South West region.

Despite the general election delivering a majority government, Brexit negotiations are set to dominate the agenda once more in 2020. The weakened pound and the emergence of climate change at the forefront of the global agenda have seen a continuation of the staycation trend that has emerged in the UK in the past decade. More people choosing to stay in the UK has resulted in the fall of long-term high-street travel giants Thomas Cook. The South West region continues to see the benefits of increased visitor numbers from the UK and abroad, with the latter up 2.6% when compared to 2018 levels.

HOTELS

The South West shows hotel market resilience

Hotel occupancy rates in the South West region continue to be the highest in the UK at 85% and have remained level this year when many regions have seen their occupancy rates fall. Average daily rates (ADR) and RevPAR levels have fallen slightly by 3% which is in line with our prediction from last year's annual review that hotel operators would see a squeeze on margins through increased operating costs. It is important to note that these figures stack up favourably when compared to the other regional markets of the UK in general, signifying the resilience of the South West as a market and its continued attractiveness as a destination.

Increasing hotel development in Devon hotspots

Despite ongoing uncertainty, there is a good level of hotel development in the South West, especially in locations where there is a thriving short stay and leisure market. This year Torbay has seen itself at the forefront of overseas investment into regional hotels, with the Singapore based Fragrance group committing to large scale new build projects in Paignton and at two sites in Torquay, the latter of which will be run under management by the Mercure brand. Devon alone has a pipeline development of 2,264 new bed spaces currently under construction. In addition, there have been significant hotel development projects in Cornwall at Carbis Bay, Pendower and Bodmin, again in areas which have a significant leisure offering in place.

The market for the sale of hotels remains dependent on geography, segment and business model. High quality, well located assets have generally attracted plenty of interest due to a lack of stock on the market throughout the year and as such, have been attracting robust prices which may be a surprise in a period of low consumer confidence. There has been a lack of the large landmark transactions in the region that we saw in 2018 with market activity seemingly restricted to development sites in good locations. Having said this, we did see the sale of the historic Duke of Cornwall Hotel in Plymouth for £4,100,000 representing a sale price of almost £60,000 per room.

HOLIDAY PARKS

A report published by the UK Caravan and Camping Alliance (UKCCA) in early 2019 showed that holiday parks and campsites around the UK generate £9.3bn in visitor expenditure and support 171,448 full-time employees and highlights the sectors significant contribution to the tourism industry.

This year has seen a reasonable season for park operators across Cornwall, Devon and Somerset, with owners we have spoken to reporting holiday lettings figures roughly in line with the 2018 season if not slightly below those levels. The sale of holiday homes on short term licence agreements has been difficult at the top end of the market where consumers who are considering a lodge or apartment purchase may be put off by the macro economic uncertainty. The more traditional caravan sales market at lower price points, usually supported by finance arrangements, has seen better results with parks which rely heavily on a sales model reporting a good trading year in general in 2019.

Looking forward to 2020, holiday spending patterns are heavily reliant on consumer confidence and of course the outcome of Brexit will have an influence on next season. Having said this, the factors which are contributing to the continued popularity of the staycation in the UK look set to stay for a while yet and barring a dramatic shift in economic forecasts for 2020 we look set to enjoy another strong year.

Continued investment interest in the parks market

Although the large corporate fund transactions of the last two or three years haven't taken place this season, investment in the parks sector continues to be an attractive place for both overseas and UK based firms to play their money. At the top end of the market, closed-door deals tend to be the norm, with very few large park transactions of 300 pitches or more being openly marketed. This has continued a trend which has been the norm for several years now. In addition, with fewer large assets changing hands, investors are looking to consolidate individual parks into groups to make them more saleable.

The result of this continued investment is a dramatic improvement of product quality, with huge investments in leisure facilities on sites and standards of accommodation on the rise every year. This is now filtering down to smaller individually operated parks which are being forced to improve their product in order to remain competitive.

Glamping is still on the rise

Especially since the 2016 Brexit referendum, glamping (luxury camping) is more popular than ever. With the increased investment into UK holidays that is following the staycation trend, landowners and park operators are seeking ever more innovative types of accommodation to let. Demand for luxury tents, yurts, treehouses and other types of accommodation is still increasing as consumer preferences change towards a more experiential model. New glamping sites are appearing all over the South West region and this trend looks set to continue into the new decade as operators find new ways of offering unique accommodation experiences to meet the demands of UK holiday makers.

More parks coming to market than 2018

- 2019 has seen a higher number of parks come onto the market for sale.
- Large parks of 250 units or more are still transacting across the SW region as operators know what they are looking for once they become available. There is a split in the market however, with smaller parks tending to be harder to get over the line than in 2018.
- Fewer landmark deals when compared to the 2018 season.
- Golf courses and other leisure facilities with singular income streams are diversifying by adding letting accommodation to their businesses.

PUB NUMBERS INCREASE BUT SMALLEST OPERATORS STILL SUFFERING

Figures from the Office for National Statistics revealed that the number of bars and pubs in the UK rose by 320 in 2019, the first rise in almost a decade. This could signify a watershed moment in the future fortunes of the British pub market and is encouraging news. The positive figures have been mainly driven by openings (or re-openings) of larger pub properties which have been growing significantly since 2001. Unfortunately, we are still seeing smaller pubs with a turnover of £100,000 or less in decline, and this year has seen a reduction in these smaller properties by 55% with cost pressures again increasing in the last calendar year.

There has been a significant increase in investment transactional activity in the pub sector throughout 2019. Consolidation at the top end of the market seems to be the trend. As recently as December, we saw Hawthorn leisure acquire Bravo Inns entire portfolio of 43 community pubs, affirming their confidence in the leisure pub owner operator model. Additionally, Slug and Lettuce owner Stonegate and pub chain EI Group are also set to merge in a £1.3bn deal and J.D. Wetherspoons have announced a £200m spending plan to improve their pub offering over the next 4 years. The South West pub market faces the same cost pressures as the rest of the United Kingdom, however the increase in pubs offering quality accommodation and food options means they are able to take advantage of the rising overseas and UK visitor numbers to the area in recent times.

British Holiday & Home Parks Association ASSOCIATE MEMBER

Stephen Maycock
BA (HONS) MRICS
Head of Development Consultancy
RICS Registered Valuer

Land and Development

Predictions 2020

- Increased supply of new housing.
- Flat house price growth as supply increases.
- Increased build costs.
- Greater prevalence of new forms of affordable housing.
- Greater intervention by Local Authorities including direct development and enabling projects.

Case Study

Realising the value of strategic land

Large areas of land for urban expansion are valuable assets that are not easy to realise.

Our recent sale of 30 acres of land in north Cornwall demonstrated the range of skills required, including;

- **Planning** – knowing policies and the development process are essential to accurately identifying the potential of land and monitoring the realisation of that potential through the application process.
- **Negotiations** – landowners' agreements, promotional agreements, sales agreements including conditional and phased are complicated.
- **Law** – being able to assist lawyers in legislating agreements and interpreting this into agreement between parties.
- **Tax** – understanding reliefs and liabilities which can often affect negotiations.
- **Communications** – keeping dozens of interested parties informed and engaged.
- **Patience** – 8 years in the making.

National statistics indicate that new build completions totalled 173,660 in the year to June 2019, an increase of 8% compared with the previous year, but still well below the Government's target of 300,000 annually. Private developers and registered providers/local authorities both performed better, up 7% and 12% respectively.

House price growth at a national level remains relatively flat. The South West has seen only a modest price inflation of 0.5% in the year to September 2019 with an average house price £260,158.

The average build cost for a two storey estate dwelling is around £1,250 per sq m, GIA, excluding external works. Build costs are generally are up 2.3% (provisionally) on the year to November 2019.

Housing land values have stalled against a backdrop of Brexit-fuelled political and economic uncertainty and lack of clarity over future housing policy, including the announced restrictions and eventual 'potential' withdrawal of Help to Buy in 2023 which for 6 years has been propping up the market. Smaller (<10 units) 'oven ready' sites in popular locations are still achieving historically high prices.

A continued review of community contributions including CIL is also helping keep a lid on land price inflation.

We have seen a busy year with over £10m of land either already transacted or subject to contract. Prices have ranged between £150,000 and £600,000 per acre with an average of £400,000 per acre, including abnormal development costs for sites of more than 2 acres.

Housing associations and local authorities are increasingly becoming significant players in the land market, delivering on their own and through joint ventures and partnerships. The growth in these sectors is likely to be key if the governments delivery targets are to be realised.

A key constraint to delivery continues to be the availability of deliverable land, of which there is a shortage. Cheap and more accessible borrowing has seen the emergence of new developers to the sector. On smaller sites those developers who can blend their sale and contractors profits are able to bid much more competitively. These developers become hindered on larger scale projects with the level of pre-construction consultancy now required to navigate the planning process. Demand among larger house builders for sub 100 unit schemes is increasing.

A lack of labour resource and a shortage of staff in the planning regime are further constraining delivery.

The student housing market continues to demonstrate its resilience to wider economic disturbances with a significant number of major schemes underway in Bristol, Plymouth and Exeter and several proposals emerging in Falmouth. UCAS data shows that overall applications are going up, some 1.6% in 2019. It is generally acknowledged that the Plymouth market has reached saturation point forcing some developers to consider alternative plans.

New commercial property developments were few in 2019 but where underway demand is generally strong.

Here's some of the properties Vickery Holman sold and let in 2019 – we have been busy!

5 SEATON PARK, DERRIFORD, PLYMOUTH

New industrial unit sold to an investor and let on their behalf

186 sq m (2,000 sq ft)

FOLIOT HOUSE, BUDSHEAD ROAD, PLYMOUTH

Prominent office building sold for residential conversion

1,161 sq m (12,492 sq ft)

48-50 MUTLEY PLAIN, PLYMOUTH

Former bank premises with upper floors for conversion

557 sq m (5,996 sq ft)

GOSCHEN CENTRE, SALTASH ROAD, PLYMOUTH

Major development opportunity on site of 3.2 acres

11,397 sq m (122,682 sq ft)

UNIT 3 & 4 MILLFIELD INDUSTRIAL ESTATE, CHARD

Industrial units with self-enclosed yard

1,289.4 sq m (13,879 sq ft)

UNIT B, STATION YARD INDUSTRIAL ESTATE, KINGSBRIDGE

Detached industrial unit with yard

506 sq m (5,452 sq ft)

3 LOWER STREET, DARTMOUTH

Ground, 1st and 2nd floor retail unit in popular coastal town

93 sq m (1,001 sq ft)

UNIT 43, FINNIMORE INDUSTRIAL ESTATE, OTTERY ST MARY

Industrial unit just off A30

288 sq m (3,105 sq ft)

THE QUAY, PLYMOUTH ROAD, TAVISTOCK

Best offices in Tavistock, ground and first floors let

140 sq m (1,500 sq ft) per floor

FORMER RADIO STATION, LANIVET, BODMIN, CORNWALL

Former radio station buildings on site of 2.53 acres

1,765 sq m (19,000 sq ft)

PLOT 15 AEROHUB BUSINESS PARK, NEWQUAY, CORNWALL

Sold to be developed into a brand new office building

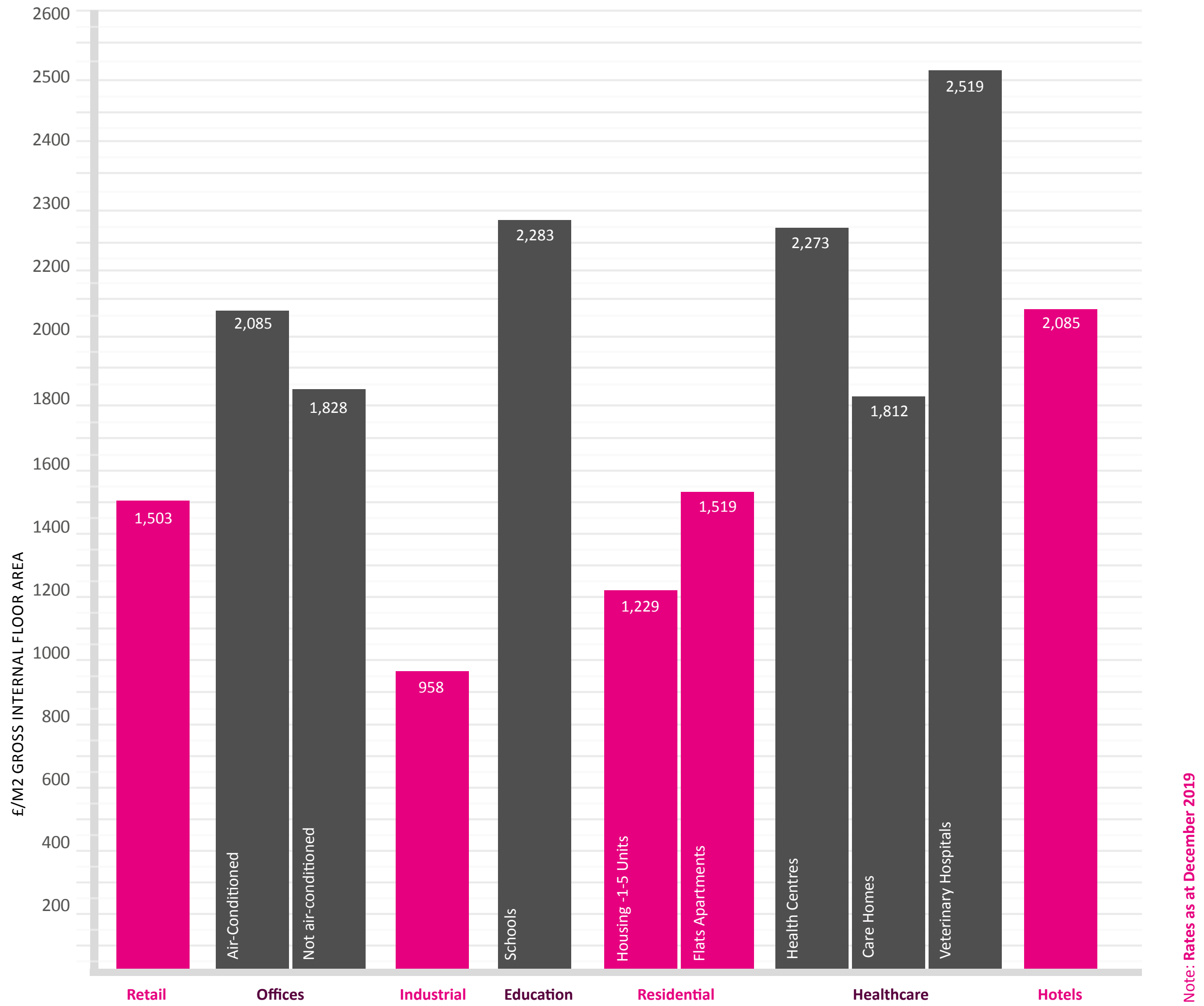
0.89 acres

3 LUCKNOW ROAD, WALKER LINES INDUSTRIAL ESTATE, BODMIN, CORNWALL

Sale and lease back of Proper Cornish processing facility and bakery

5,402 sq m (58,143 sq ft)

Build costs



Note: Rates as at December 2019

Property jargon buster

The world of property has many acronyms and below are a list of some you might encounter day to day.

AST	Assured Shorthold Tenancy
BCIS	Building Cost Information Service
CIL	Community Infrastructure Levy
DCF	Discounted Cash Flow
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation
EPC	Energy Performance Certificate
EIA	Environmental Impact Assessment
ERA	Environmental Risk Analysis/ Assessment
GDV	Gross Development Value
GEA	Gross External Area
GIA	Gross Internal Area
HMO	House in Multiple Occupation
ITZA	In Terms of Zone A
IRR	Internal Rate of Return
IPMS	International Property Measurement Standards
JV	Joint Venture
LLP	Limited Liability Partnership
LTV	Loan To Value
LP	Local Partnership
MEES	Minimum Energy Efficiency Standards
MR	Market Rent
MV	Market Value
NIA	Net Internal Area
NOI	Net Operating Income
NPV	Net Present Value
PFS	Petrol Filling Station
PSF	Per Square Foot
PSM	Per Square Metre
PD	Permitted Development
PPP	Public Private Partnership
PRS	Private Rented Sector
RPI	Retail Price Index
ROI	Return On Investment
RICS	Royal Institution of Chartered Surveyors
SIPP	Self Invested Personal Pension
TMT	Technology, Media and Telecoms
TOGC	Transfer of a business as a Going Concern
VP	Vacant Possession
VOA	Valuation Office Agency

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