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Jeremy Grey gives his thoughts to Property Week

Dear Clients, Colleagues and Friends,

Last week I wrote an [opinion piece for Property Week](#) on the current state of the UK property sector.

You may have seen it already, but if you haven't you can see it below.

Do you agree with me? We would like to hear your thoughts on this and, when the restrictions allow, hopefully in June, we hope to see you.

In the meantime if there is anything James Andrew can help you with, please drop us a line.

We look forward to hearing from you.

Keep safe.

Jeremy Grey MRICS

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Have you heard the good news?



Market monitor Jeremy Grey

The cover headline to the 19 March issue of *Property Week* was 'Industry has new Spring in its step'. I don't disagree, although in some sectors it never left, and now, with the speed and efficiency of the vaccination programme, we are likely to see our markets return faster than Europe and much of the Western world.

As we can see from the press, in Europe there is political jealousy at our vaccine delivery and they are threatening export embargoes to garner votes in forthcoming elections.

The positive impact on the property sector is already evident. Since Boris Johnson published his roadmap, I think all agents have seen an uptick in offices and retail enquiries. This is reflected in the number of viewings that have taken place over the past two weeks. While we have to convert these viewings to deals, the mere fact that agents are out again has raised spirits.

As managing director at James Andrew International, I have held bi-weekly Zoom meetings with our fee earners through the initial lockdown and over the past year.

Since we returned to the office, we have tried a mixture of staff gathering in a socially distanced way on site, with others joining electronically. The fee earners' mood has been bullish and was stronger than ever last week.

I don't think James Andrew International is unique. We were

back in the office as quickly as possible after the initial lockdown and, while there have been setbacks, we eagerly await 21 June when the rest of our industry will return, assuming the roadmap is not disrupted.

So, what is the good news?

In the office sector there is light at the end of the tunnel. I cannot see how businesses can shed 50% of their office space and rely on home working without damaging their culture and philosophy.

“
Retail is not dead, even if much of it resembles the parrot in the Monty Python sketch”

Goldman Sachs has made the bold statement that it expects staff to return and one of our larger clients has suggested that if the job can be done at home it can be done from somewhere else in the world, which suggests we will see staff returning over the next six months.

To underline the uptick in interest, we are close to signing a deal on 70,000 sq ft in West London, have terms issued on 50,000 sq ft in the City, and have interest in space in St James's and the West End. This is good space, but not new-build glass towers. The key is to make terms match the quality of the space.



In the retail sector, there isn't much good news for owners or occupiers. The New West End Company regularly updates us on footfall numbers and these have not been close to 70% of 2019 numbers in the last 12 months.

Against this backdrop, we had a queue of applicants for a small retail unit in Primrose Hill, proving that there remain pockets where retail will recover. We have a fantastic offer on a neighbourhood unit in Mill Hill, which will transform the location if our client's expectations on rental values can be managed.

Even in Oxford Street, we have terms agreed subject to board approval on a 20,000 sq ft retail unit, not on a turnover rent.

So, retail is not dead, even if much of it resembles that parrot in the Monty Python sketch.

Capital markets and resi

In the capital markets, it's all about logistics and build to rent. New office buildings with long income still attract investors at low yields, but there is some nervousness over the shape of offices in the coming years for other investment stock. We will have to see what the lenders appetite is for the capital markets over the next six months.

We sold a logistics portfolio before Christmas and have

a portfolio of student accommodation and BTR properties for sale at present that is generating a lot of interest.

In the residential sector, houses with gardens have become sought after, while flats with cladding issues have become unsaleable. Our residential team received one of the first government grants towards cladding a City fringe residential tower and has had further success in North London.

I don't think there is much good news in this area but James Andrew Residential, working with a client, has suggested a Pool Re Type scheme to the government for cladding issues to overcome the 100% plus increases in insurance premiums. It doesn't solve the problem, but anything that cuts residents' bills is surely good news.

In summary, the green shoots are there. We must work harder as an industry to make them develop into a market resurgence. I am confident this will happen with the right political messages and support.

At present it is Chris Whitty and the NHS, the government. But with Rishi Sunak plucking money out of thin air, I foresee an equaliser and winner before the final whistle.
Jeremy Grey is managing director of James Andrew International

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Millbrook Park – Flagship Retail Unit to Let

4,736 sq ft - Flagship retail unit available in Millbrook Park, Plaza Collection. Designed around the new Millbrook Plaza, it is set to become the vibrant new heart of Mill Hill.

James Andrew Residential are managing the residential units at Millbrook Park, Plaza Collection.



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Distributed over Lower Ground, Ground and 5 Upper floors

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