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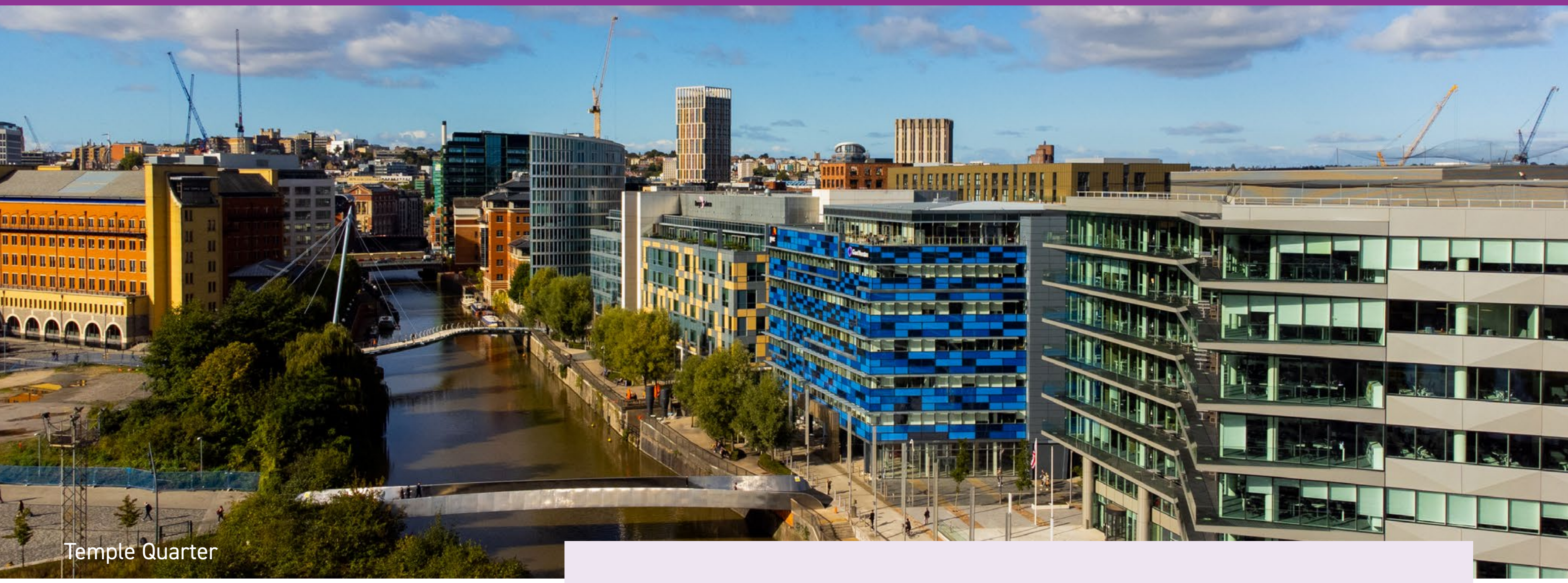
Temple Quarter

A study in development

Barra Mac Ruairí on the impact on Bristol of University's second campus.

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Bristol welcomes sustainability

Toby Pentecost of Candour on the city's next generation workplaces.

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Planning Bristol's future

Matt Griffith, John Smith and the BPAA outline the challenges – and opportunities – that lie ahead.

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Overcoming the barriers to growth

By outgoing BPAA President Simon Price

The last few years have shown what an exceptionally resilient city Bristol is. Despite concerns over Brexit and the challenges of Covid, it continues its upward trajectory: indigenous businesses are thriving; a steady flow of exciting new companies is setting up here; talented people want to locate in Bristol or remain after graduation; developers and institutional investors are keen to share in our success.

The market reports of 2022 show that – while it was distinctly a "year of two halves" due to macro-economic factors – the sector is in robust health locally. The University's ambitious plans for a second campus promise to further our reputation as a global research centre and generate even more spin offs and high value jobs. Equally bold plans for The Galleries promise to show how we can reinvent our outdated shopping offer.

We must take full advantage of the momentum built over recent years and maintain the position we've achieved; but can the city continue to defy gravity as the country slips into recession? Research published this January by Irwin Mitchell predicts that Bristol will have one of the fastest-growing employment rates of any UK city later this year when the country emerges from recession.

The city's economy is expected to achieve annual growth of 0.7% by the fourth quarter, its GVA climbing to 16.7bn.

Maintaining supply

So there's plenty to be positive about looking forward. But there are caveats: not least, the challenge of accommodating competing uses for the restricted amount of available land in the city centre. With industrial space vacancy rates at an all-time low, businesses facing lease events are finding their choices extremely limited, and Severnside is not an option for many.

Residential demand continues to outstrip supply, making Bristol an expensive place to live.

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The failure to bring the Spatial Development Strategy to fruition has been a major blow: we need to think, act and plan as a city region if we are to fulfil our potential in a sustainable way. However, rather than having an overarching strategic vision for the city region, which is what we hoped for, everyone is now rowing their own boat. We need a coordinated approach.

The squeeze on Bristol's planning resources is another challenge that must be addressed if it is not to become a major barrier to growth.

The BPAA wants to work with the Council to come up with positive, constructive ways of finding additional funding.

What nobody can afford to happen is for Bristol to go back to the days when it was perceived by investors and developers as being "too much trouble".

When I began my career in Bristol, development was dominated by local and regional operators. Because the city has become so popular and successful, it has attracted a much wider range of national and international investors keen to be here for the long term. We don't want to see that being eroded ... especially as they have plenty of other options on where to take their money.

Simon Price

"Partnership working between the private and public sectors has to be the way forward and now is the time to prove that."

ESG is now core to new developments in Bristol such as Assembly Bristol

Sustaining the future

One of the feature articles in this edition looks at Welcome Building: the 207,000 sq ft speculative development rapidly taking shape in Temple Quarter. If any building exemplifies where we are going as an economy and a society, it is this one: it will be one of Bristol's most sustainable workplaces to date, appealing to the growing number of quality occupiers anxious to burnish their ESG credentials as well as attract and retain talent.

More and more of today's office occupiers are also looking at the core-and-flex option that new developments like this offer: businesses don't always know their forward requirements, especially those reliant upon contracts. Occupier needs are changing too: office space now has to accommodate other uses, including tech, creative and the non-lab side of life sciences.

Buildings that can bake all of these options into their design represent the next generation of workspaces.

That said, where does this leave the older generation of workplaces? Getting older second-hand buildings up to occupier expectations, as well as the new ESG rules, could prove very expensive: I don't think it was a coincidence that a number of second-hand city centre buildings came up for sale in the middle of 2022.

Some landlords simply haven't got the appetite or the funding capacity to do that.

It will potentially mean some buildings being repurposed, putting pressure on remaining stock. Of course, we've seen this before in Bristol with the arrival of student accommodation in central Bristol and then PDR, and both waves helped the market.

However, we do need a balance. Not every business can afford Grade A space, and we don't want to lose those enterprises – not just because of the vibrant mix of uses they bring, but because some will evolve into Bristol's big occupiers of the future. We need a supply of lower cost, flexible space, and this is something the market needs to resolve, quite possibly in conjunction with the City Council.

And that's the note I would like to end on. Uniquely, we represent commercial and residential members, landlords and occupiers, developers and their backers, so we can look at the market in the round and what the planning priorities should be to strike a good balance between residential supply and future employment land. We can act as "honest brokers".

I'm pleased to say that we're now having very productive conversations – and more of them than we have ever had – with Bristol City Council as well as some adjoining authorities. We recognise the pressures they are under, and they are listening to us and trying to work with us. In difficult times, partnership working between the private and public sectors has to be the way forward and now is the time to prove that.

Bristol offices top regional centres

The Bristol office market enters 2023 in rude health, topping the regional markets in terms of occupancy rates and headline rents as developers strive to meet demand from a mix of sectors for quality workspace.

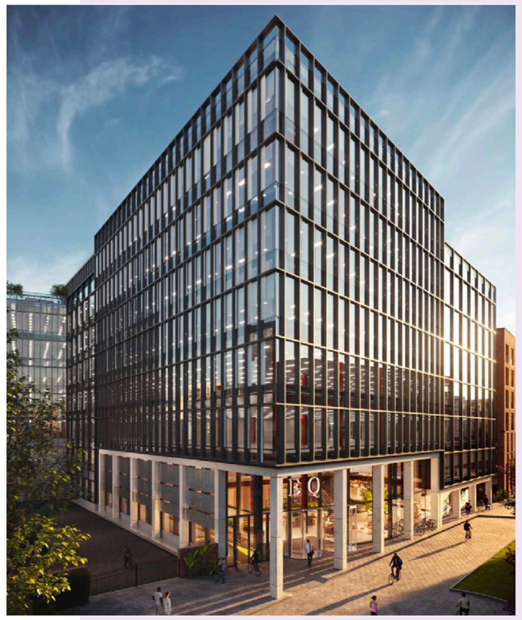
Supply and demand are in balance and, critically, we do not have the oversupply that some other cities are experiencing: this will help the Bristol market withstand any future economic shocks. In stark contrast, in 1992 the city had over one million square feet of completed available Grade A space.

How have we got here? Alongside strong occupier take-up over recent years, there has been a steady pipeline of new schemes – many underpinned by pre-lets. In addition, refurbishments have been of the quality that tenants demand, meeting their requirements for space to attract and retain employees as well as reflect their brand values.

New stock also exemplifies the enhanced emphasis on ESG now characterising the commercial property market since Covid. Prior to that, some enlightened constructors and consultants, along with a number of investors, were keen to take it further in that direction. Now, occupiers are driving the agenda forwards.

Welcome Building is a prime example, the developers quickly adapting the design to the messages coming out of the market. The high level of sustainability, design features including extensive on site amenities, and welcoming approach to the wider community are attractive options for today's occupiers.

The EQ building, now close to completion



Deals

In total, 620,000 sq ft of city centre office space was let during 2022, compared with 541,000 sq ft in 2021, and above the five-year average. The number of deals itself remained buoyant: 118 compared with the previous year's 96. The widely-predicted decline of the office failed to materialise as employers embraced new hybrid workplace models. An attractive environment is increasingly seen as a vital HR tool and organisations are prepared to pay a premium to "rightsize" into space that ticks all the right boxes, recognising that occupational costs are a relatively small part of their outgoings.

The sectors driving the market continue to be a mix of professional, creative, media and technical. A number of major occupier lease events are on the horizon.

Out of town

Out of town, some 340,000 sq ft was let, against the 2021 figure of 215,000 sq ft.

Rents here have not kept pace with the city centre for Grade A, significantly reducing the incentive for new build or speculatively refurbishing tired stock. Demand continues because it represents such good value and some occupiers will always prefer a location close to the motorways; but as demand for competing uses grows – notably industrial and life sciences – we are already beginning to see some traditional offices being repurposed.

1190 Aztec West (Cascade I and II) is a prime example: two 1990s offices totalling 40,000 sq ft were purchased by a developer to be taken down and replaced by an industrial building.

Forward supply

The next couple of years promise to deliver supply that matches demand. In the city centre during 2023 new build schemes at EQ, Assembly Phase 2 and Welcome Building are due for practical completion; and, in total, circa half a million square feet of new space is coming through by 2025 and a further 300,000 sq ft of refurbished space. But continuing economic uncertainty, combined with issues around build cost inflation and planning resources, could result in reduced new supply into the following years.

Investors are looking at a number of moveable pieces within an appraisal – borrowing, land and construction costs in particular, together with concerns over the broader economic picture – making it difficult to assess viability. However, having shrugged off concerns in the recent past such as Brexit and Covid, there is reasonable confidence that the situation will clarify during this year.

The bigger challenge is the modernisation of older stock as progressively stringent EPC ratings come into force in 2028 and 2030. Some older buildings will find it expensive to meet those new demands. A number of second-hand city centre buildings came onto the market for sale in the middle of the year, a likely reflection that some landlords haven't the appetite to undertake major refurbishments.

By 2030, when an EPC B rating will be required for a landlord to let a building, it will potentially mean some current offices going for alternative uses. Bristol has seen this before with the arrival of student accommodation and then PDR, and it served to take tired stock out of the system, making the city centre a more vibrant and attractive place in the process.

However, not everyone can afford to occupy Grade A space. Bristol needs affordable grow-on, lower cost, flexible space, and this is something that the market needs to resolve, quite possibly in conjunction with the City Council.

In total millions of square feet will need to be brought up to the new B rating by 2030 or risk being taken out of the market. With these uncertainties looming, a good supply of new stock will be needed within a very short timespan to keep the pipeline going.

Industrial

Lack of stock checks uptake

Over the last couple of years, the industrial and distribution sector has seen buoyant demand, particularly from last-mile logistics operators, in the process driving up rents and land values and reducing stock levels to record lows. And, while take-up for 2022 shows a decline from 2021's 2.627million sq ft* down to 2.370 million sq ft* against a five-year average of 2.187 million sq ft*, underlying market fundamentals remain very strong.

(*Take Up Figures Courtesy of the SW Industrial Agents Society)

There is a recognition that, along with constrained supply, land values and construction costs have risen. So, while there have been fewer transactions, rents have not (yet) dipped – although some flex is emerging around incentives.

Most of the year's transactions were recorded in H1 as the sector was not immune to the nervousness in the markets in the second half; however, looking forward there are some significant positives to note, together with concerns around where the next wave of new stock is going to come from.

Critically, the biggest difference between this and previous economic slowdowns is that there is no significant overhang of space. Approximately 1.2 million sq ft stood empty at the end of 2022, and there is competitive interest for those buildings that do come on the market – to rent and purchase: the owner occupier market especially shows no signs of easing up.

The lack of supply means that occupiers with lease events looming are finding it difficult to find suitable buildings to move into.

Some very large boxes are coming forward, but these are targeted at the larger distribution operators. Alongside this, St Modwen are speculatively building three units at Access 18 of 44,000, 54,000 and 63,000 sq ft, available in Q2 of 2023. The biggest gap is for speculative space in smaller unit sizes to generate churn, particularly in the 1,000 to 5,000 sq ft band and for 10,000 sq ft to 20,000 sq ft units.

Another positive is that some landlords recognise the opportunities in a constrained market and are proactively taking back space around lease events, refurbishing or undertaking repairs, and reletting at a higher rent. While logistics continue to represent the large majority of deals, there is speculation that, nationally, manufacturing and engineering may see a resurgence as supply chain disruptions encourage larger manufacturers to source components closer to home.

Supply issues

A continuing concern, as detailed in the feature on planning and development, is the threat of employment space being lost in the city centre as regeneration plans for a number of historic industrial parks will see them repurposed into mixed use. The sharp rises in rents in recent years mean that even those occupiers looking to cash in on the prevailing high land values will find it problematic to relocate locally.

The available employment land supply is primarily on Severnside, and many businesses seeking to retain staff and/or service local customers will find it unviable to make that transition. The dilemma is that, as more land is made over to residential in the city centre, space for the companies supplying goods and services to the growing population is diminishing.

In the last three years, rents have risen by between 30 and 50%, depending upon location, and companies coming up to rent reviews face large rises together with big increases in utility bills and fuel prices. Industrial has had its best ever couple of years, but what happens over the next year or two as these factors, together with a projected recession, start to impact is unknown.

Construction costs have gone up by between 40 and 50% over the last three years, while land values in Avonmouth have moved from £300,000 an acre to £800,000+ over the same period. A correction in land values is required to reflect the rents available, otherwise development simply doesn't add up. This, together with increased borrowing costs, may deter construction in the immediate future; some schemes with pre-lets have been pulled in the last few months.

Looking further forward, coming down the track for many occupiers is the issue of power, as increasing mechanisation and the switch to electric vehicles require more on-site charging. On-site heat pumps and solar panels, along with distributed power systems, could be part of the answer. But these will need investment and to be in the right place. As the market looks to create employment space that will be sustainable for the next 30 or 50 years, the aphorism of "location, location, location" as the three defining drivers for property choice is likely to be replaced by "labour, power, location".

Deals and new space

"Titan", one of the largest available logistics buildings in Greater Bristol, was let to Graphic Packaging International

Mileway successfully let "Titan", one of the largest available logistics buildings in Greater Bristol, to Graphic Packaging International. The company has relocated from its current site on Filwood Road in Fishponds, which it has occupied for over 100 years, to move into the recently refurbished 255,686 sq ft unit on Armstrong Way in Yate.

Mountpark Logistics has launched "Bristol 360", a 360,926 sq ft cross-docked distribution centre at Central Park, Avonmouth. The largest inventory building on the market in the South West, it includes a 625 KVA Solar PV array and 118 KW Tesla battery storage; the unit is Carbon Net Zero and has achieved BREEAM "Outstanding" certification. Another sign of the times is that it provides facilities to enhance employee wellbeing, such as a rooftop terrace and break-out garden.

Developer Panattoni is planning a £250 million speculative logistics development on a 73-acre site at Central Park, Avonmouth, which Panattoni acquired in an off-market deal, comprising two units of 406,000 sq ft and 882,000 sq ft. The larger of the two buildings will be the UK's largest single speculative logistics building to date.

Completion is expected in the third quarter of 2023 and interest is anticipated from a number of directions, including logistics businesses in the South East, where supply is particularly constrained, looking to Severnside to service customers to the north and east.

Bidding to improve the business environment

The "Bristol Heat Networks Insights for Net Zero Ambitions" presentation and networking event held at Burges Salmon

The BPAA was pleased to partner with Redcliffe & Temple BID to host the "Bristol Heat Networks Insights for Net Zero Ambitions" presentation and networking event in July at Burges Salmon. The event also contributed towards attendees' CPD accreditations, and helped promote to over 60 attendees the efforts being made to improve the rapidly-developing area.

As Steve Bluff, Head of Redcliffe & Temple BID, explains: "Our BID, which began in June 2021 and goes through to 2025, covers some of the city's biggest regeneration projects. The vision is to make the area a vibrant, thriving business community – as well as looking out for wider local community."

This is one of half a dozen BIDs currently operating in Bristol, paid for by businesses across each area through a levy. In Redcliffe and Temple, the money raised (up to £4 million in total) is funding five themes of delivery, one of which is improving the area's environment and sustainability. Another is connecting and representing businesses.

"This is a rapidly changing area," says Steve, "making it a challenge, but also a part of the appeal. How do you make the changes work for businesses and the local community? How can we preserve and celebrate the area's heritage alongside major regeneration? We help fund environmental improvements and also run events for local businesses such as yoga and historic walking tours. One recently led by local historian Andrew Foyle traced back the LGBTQ+ history of the area.

"We're really keen to reach out to the fast-growing local workforce, encouraging them out of the shiny new offices during their breaks to discover the public realm.

And we're working with neighbouring districts – such as Old Market. One big upcoming project is the Temple Way underpass and we're combining forces to improve what has become an eyesore.

"We would really welcome more BPAA member involvement in future events as it enables them to connect with the local business community and build relationships."

Retail resilient as local shopping blossoms

While shop closures nationally rose sharply, 2022 proved a surprisingly positive year for the retail sector locally; although, in common with all the other markets, inflation and economic uncertainty impacted upon confidence in the second half.

Vacancy levels remain generally low, although in some prime locations such as Cabot's Circus they have been higher than on High Streets which continue to benefit from the "shop local" trend that began with Covid. This is being led by independent retailers taking advantage of a downwards rebase in the rents / shorter lease terms over the last few years as landlords recognise the need to be more flexible in order to retain tenants.

Proposals for redeveloping The Galleries: a vibrant mix of uses built around a new pedestrian, landscaped street.

Looking ahead, there is optimism that this will become a permanent feature as more people work from home.

The Mall continues to trade well, buoyed by a turnover of occupiers to revitalise the offer, including Harrods Beauty recently opening a new 25,000 sq ft unit. Out of Town retail in general remains robust, and there has been no indication of pressure on rents, although incentives moved out slightly in the second half.

There were a few big-name casualties during the year – including Joules and Made – but not on the scale we have seen in some previous downturns. Going forward, discounters will retain an advantage, and we are already seeing operators like Aldi and Lidl further increasing market share by opening new stores.

Food and beverage retailers are showing an appetite for acquisition: despite announcing they would be closing six stores elsewhere in the country, Brewdog opened their new flagship venue on Harbourside, adding to their existing unit on Baldwin Street.

Food and drink

While pubs in the suburbs continue to close, city centre bars where customers are prepared to pay a premium for the experience are bucking the trend. Dirty Martini on Corn Street, Tonight Josephine in Baldwin Street, Cow and Sow on Whiteladies Road, Flower and Ash (also on Whiteladies Road) all opened new outlets in 2022, adding to the vibrant local scene.

More of us are looking to either eat and drink on the go or order home deliveries, and while a number of operators are opening dark kitchens, others are expanding their drive-through models. Operators are also incorporating larger kitchens in their fit outs to allow for delivery demand.

Resilient independents

Park Street, long a bellwether of local independent trading in the city, continues its resurgence. Previously a springboard to other locations, the large student population and high footfall is proving attractive to occupiers and is sustaining their trade levels.

Bristol continues to outperform other regional centres, and the strength of the independent retailers should not be underestimated as a factor. As well as being more invested in the success of the outlet, there is often a better chance of having constructive conversations with landlords should they encounter problems. Hopefully the rent revaluations due in April will help any retailers that are going through difficult times.

A healthier template for Broadmead

Long the jewel in the city's shopping crown, Broadmead faces the prospect of a major realignment as shopping habits change and unit configurations become increasingly outdated. It has never really recovered from losing Debenhams and Marks & Spencer, while most stores have large underutilised upper floors: a legacy of the days before JiT deliveries.

The centre needs major investment, redesign and some repurposing – and ambitious plans for the Galleries show a way forward.

Dominated by large units paying relatively high rents, it has long suffered from low occupancy rates, and is becoming increasingly outdated as the sector shifts towards experiential shopping, and fit-outs that incorporate other income streams such as food and beverages.

Bristol-based Deeley Freed is working with LaSalle Investment Management (on behalf of Centrica Pension Fund) on plans for a c.£550m GDV redevelopment of the Galleries: an unprecedented opportunity to revitalise this 4.8acre site. Proposals involve replacing the existing shopping centre and multi-storey carpark with a modern mixed-use development including offices, purpose-built student accommodation, residential (open-market, affordable housing and BTR), an "aparthotel" and mixed retail – all built around a new pedestrian, landscaped street.

There is no question that some other parts of Broadmead would also benefit by increasing occupational density through a mix of uses: to change the dynamic of the area, make it a 24-hour location, and generate additional footfall for the businesses that remain.

Summer Boat Trip Bristol harbourside

Building bridges with tomorrow's professionals

2022 saw a significant increase in BPAA's work to connect with next generation property professionals studying at UWE.

The Students Awards have been on hold since Covid, but the BPAA judging panel are now assessing the best students at Bachelors and Masters levels and the winners will be announced at the 2023 Annual Dinner.

A group of Masters students took to the water during the summer on a boat trip around Bristol harbourside, where Simon Price and George Cardale provided an overview of the wider Bristol property market, with a particular focus on waterfront development.

A "Property Bootcamp" was part of a wider careers days at UWE, with Julian Harbottle leading the panel offering advice to 100 students across the property and construction courses.

Each year around 75 students take one of two Bachelors courses at UWE (one for Real Estate, the other for Property Development and Planning); and another 100 students start their MSc in Real Estate Management or Real Estate Finance & Investment. While the intake comes from across the UK as well as Europe, Southeast Asia and Africa, a high percentage comes from SW England. UWE is one of the UK's top Universities for property-related courses, so there's always plenty of competition for UWE graduates – particularly from London.

As Ytzen van der Werf, Programme Leader of UWE's Masters programmes highlights: "Forging links between the BPAA and local agencies can play a big part in retaining this talent pool in the city. Lots of surveyors are very happy to come along and provide lectures, which is brilliant. It's arguable that they don't yet reflect the emerging diversity of the profession– which might help connect with overseas students. Encouraging students to attend BPAA events to socialise and network is also high on our priority list.

"Going forward, we're hoping to forge more mentoring links – between agencies and students but also between alumni a nd current students – and establish an alumni society to help with that. In addition, we want to create links with local schools and run events to promote property as a career... including those living in disadvantaged areas or from minority groups."

"Forging links between the BPAA and local agencies can play a big part in retaining this talent pool in the city."

Ytzen van der Werf

Residential

Residential slowdown follows interest rate hikes

The Bristol residential market got off to yet another brisk first half before concerns over inflation and interest rates took some of the froth off the fairly frenetic activity we have seen in recent years. While the mini-Budget triggered the swift rise in mortgage rates, the cost-of-living crisis was always going to impact on people's ability to afford the prices that Bristol property has now reached.

House prices across the city rose by between 6 and 10% in the first six months before easing back. Nationally, a drop of between eight and 10 per cent is expected in the first part of 2023: a relatively modest adjustment in view of the above-inflation rises of the last few years. Rents in the city continued to surge some 15% over the year, although this rise has now slowed and rents will probably stagnate into 2023 as inflation impacts on affordability.

Most residential agencies in the city will have had a good 2022, but buyers and vendors are now expected to sit on their hands in an uncertain or falling market. A greater degree of realism is entering the market: agents are seeing fewer multiple viewings and bids, and homes are selling closer to the asking price.

The overall situation looks very different to the 2008/09 crash, leading to expectations that the dip in prices and demand will be significantly shallower than then. The reasons are fourfold.

Firstly, the city is still not building enough homes to meet local demand. That imbalance isn't going to change any time soon, as the city continues to attract highly skilled people from the South East, as well as retain a healthy number of its graduates.

Secondly, interest rates are still relatively low by historic standards. Inflation is also expected to slow during 2023: subduing, if not preventing, further rises in mortgage rates.

Thirdly, the builders are in rude financial health, in stark contrast to the large debts many carried last time around.

Finally, while all of the political parties are aligned in wanting more houses to be built, a combination of planning resource issues, the focus on affordable homes and the physical constraints of the city mean that we are unlikely to see an oversupply of homes in the near future.

Affordability and sentiment will always be the overarching factors determining activity: the fundamentals of the market are strong and we're unlikely to see unemployment rise to the levels of previous downturns. Holding everything back at the moment is sentiment; and, in time, sentiment will change and buyers will return to the market.

L&G's new scheme in Bonnington Walk

Developments coming forward

The Build-to-Rent (BTR) market also continues to gather momentum, taking further new homes to buy out of the equation. The scheme at Redcliffe Quarter, which Grainger acquired in 2022, includes 374 homes as well as 94 affordable homes. Practical completion is targeted for early 2025 and it is anticipated that the scheme, including the commercial elements, will generate a gross yield on cost of c.6% once fully let.

Another large scheme underway is in Lockleaze, where L&G are building a total of 185 modular homes across two phases at Bonnington Walk on land supplied by the City Council. The scheme, which will include a 51% affordable element, will incorporate a combination of Air Source Heat Pumps, Photovoltaic Cells, and high-quality build standards to put them in the top 1% for energy performance in the country. Lockleaze itself is doing well as one of the parts of the city attracting cash buyers moving here from Hong Kong.

Buy to Let (BTL) continues to be popular for investors looking for returns on their savings and the expected slowdown following changes in the tax rules has not yet manifested.

Future supply

While the areas around Temple Meads will be next on the housebuilding agenda, the city centre is running out of sites, and more family housing is required anyway. Bristol will need to find new ways of squaring that particular circle, including working with neighbouring authorities to find ways to meet some of that demand.

Another trend which may yet make an impact is the rebalancing of land values as industrial yields have gone out, potentially bringing some sites back into residential use. There is also the prospect of more residential development in Broadmead as ambitious new mixed-use projects such as The Galleries come forward.

Investment

Investment markets stall after bright start

Grainger's £128 million BTR investment, Redcliff Quarter

2022 proved a proverbial year of two halves: a buoyant H1 followed by six months of buyers and sellers sitting on their hands, as the rising cost of borrowing dampened the prices investors were prepared to pay.

A number of properties came to the market in the middle of the year, failed to meet vendors' expectations and were withdrawn. Subsequently, Q4 saw one of the lowest numbers of transactions nationally for many years. Across the year, a total of circa £800 million was transacted in the Bristol market with 10 of those north of £20 million. Almost all were completed or negotiated in H1. While Bristol remains popular with UK institutional investors, overseas buyers also continue to view the city favourably.

After years of low inflation and ultra-low interest rates, investment trading now faces a very different set of conditions. As we enter 2023, with no evidence available, it is hard to predict where yields will settle. The expectation is that interest rates will continue rising in H1 2023 but at a lower trajectory than was initially feared as inflation starts to edge down.

There remains a huge appetite from the institutional market to retain portfolio balance, but buyers are waiting for evidence of price stabilisation before they come back in, and vendors may need to accept that their investments will not be returning to pre-2022 valuations. Consequently, the differential between vendor and buyer price expectations will need to narrow before normal market activity levels return.

Market positives

However, there is still a positive story to be told: the fundamentals of the Bristol commercial property market remain robust across both offices and industrial, with high occupancy rates, strong rents and balanced supply, making us better placed than most regional centres to benefit when the situation improves.

Yate Shopping Centre and Riverside Retail Park was the year's biggest retail investment: Magnetar Capital partnered with Northdale Asset Management to acquire the 31-acre freehold for £58m. Going into 2023, it is widely predicted that out-of-town retail will perform well, the High Street perhaps less so.

The "beds" market remains very strong: the city's biggest deal was struck when residential landlord group Grainger agreed to forward-fund the build-to-rent (BTR) element of Redcliff Quarter for £128m. The plans comprise building 374 private rental homes together with 94 affordable homes and six commercial units. Practical completion is planned for early 2025.

Also in Redcliffe Quarter, UBS Asset Management forward funded £64.7m to create 367-beds of purpose-built student accommodation (PBSA). The scheme is being developed by Madison Cairn alongside contractors Winvic Construction.

Offices

2022's largest office deal was for The Paragon, Victoria Street, purchased on the cusp of the slowdown by Property Income Trust for Charities for £40m: a net initial yield of 4.89%. Grosvenor purchased 1 Victoria Street, for £18.5m in April 2022 on terms that represented a net initial yield 5.45%, and the same investor acquired Prudential Buildings for £22.5m (7.03%) the following month.

February saw one of the year's most interesting deals – for a mixed-use refurbishment in the city centre. IV Real Estate sold the redeveloped Gilbert House and 41 Corn St office buildings to La Francaise Real Estate Managers, acting on behalf of a collective real estate investment vehicle for a total of £20.65m, reflecting a net initial yield of 5.75%.

IV Real Estate acquired the 37,000 sq ft vacant derelict buildings in 2019 and repositioned the upper floors as Grade A offices. The 28,000 sq ft of office space is now let to e-commerce firm Huboo, with Flight Club and The Bristol Cocktail Club on the ground floors.

Industrial

After several deals which saw exceptionally low yields, there have been few industrial transactions in H2 to show where they now are. The Tesco Distribution Centre in Lansons Roberts Road, Avonmouth was sold off-market to an unnamed buyer by Roebuck Asset Management for over £102m having acquired the site in 2017 for £71.5m.

Another standout deal was Fortress acquiring "Hercules", a prime multi-let urban distribution hub located in Cribbs Causeway, for £53m. The 244,591 sq ft property is subdivided into two distribution units fully let to DFS and Gregory Distribution.

Buyers in the early part of the year were taking on secondary industrial properties for 5,6 or 7%, but that has probably since moved out by 200 basis points. Prime yields of 3.75% for single-let sheds have probably now moved out to 5.25%.

2023

2023 is difficult to predict, but there is already more confidence, albeit from a very low bar. Market fundamentals are strong and it's likely that Bristol will continue to outperform most, if not all, of its regional counterparts, and bed-related investments will see the most activity. The importance of ESG continues to grow for investors as well as occupiers – raising the prospect of some older buildings needing to be revalued or repurposed.

Toby Pentecost, co-founder of Candour

Welcome to a new level of sustainability

When complete in Q1 of 2024, the 207,000 sq ft Welcome Building will tick all the boxes on the current sustainability agenda. We talk to developer Toby Pentecost of Candour on why they are so committed to ESG, and why they and funders Tristan Capital Partners think Bristol was the right place to invest.

Has that emphasis on ESG been a commercial decision or an ethical one?

It's not an either/or. It's been well documented, both before and post COVID, that "healthier" buildings are more appealing to occupiers because that's where their values lie; with new regulations fast approaching, occupiers and developers need to be more attuned to the ESG merits and performance of their buildings. This also happens to coincide with our values at Candour.

We believe it will create a greater depth of demand from occupiers, which in turn means the asset – essentially an income-producing financial product – is of higher value to a greater number of people. This inherently makes it more robust.

"Environmental" and "commercial" have become so inextricably intertwined that they're hard to separate. ESG is no longer an option but a commercial imperative, which is why it's such a core part of our business brand.

The market has evolved since we acquired the site and started construction. We used this time to tweak the specification, making the building less energy consuming and considering new innovations to bake into our contract.

We now have a building that wouldn't have been possible had we started two or three years earlier.

For example, we're connecting to the Bristol Heat Network (BHN), making us the first office to take all our heat load from the BHN. We're all-electric save for the heat from BHN, which itself is en-route to net zero carbon.

Exterior of the new Welcome Building

You're developing at what might be the start of a recession. No regrets?

Absolutely not. We bought the site in 2019 and we felt then that we were delivering into a supply constrained or (at worst) supply balanced scenario. That's still the case. The University, the strength and diversity of the local economy and the mix of uses competing for the main sites continue to make Bristol a compelling proposition.

A key strategy for any development is to react to how the market is moving, and at present the big driver is ESG. Since acquiring the site, the emphasis has been on how we respond to that by delivering a sustainable development which is supported by ESG certifications.

Who will your occupiers be?

The floors can be configured to match the business taking space there, so meeting the needs of the broad church of Bristol occupiers. That said, we're keen to educate professionals, creatives, lawyers and the public sector on what Welcome Building can offer. To give credit to our investor, when we first came upon this opportunity they were interested very quickly. And one of their first observations was to make the building as flexible as possible.

Our approach was: how can we make this multi-let? And how multi-let can we make it? The floors are interconnecting, and we have divisible facilities on each floor. We've added another staircase, allowing us to split each floor into four pieces across the seven floors, which could provide a multitude of combinations for different businesses throughout the building from 10,000 sq ft upwards. Next, we lifted the building up and inserted a mezzanine, capable of being fitted out with a gym and a flex office, plus café and canteen, and an auditorium – a town hall/creative meeting place capable of seating 120 people.

Do you see yourself doing more business in Bristol?

We're currently working on three other potential investments in the city, and are hopeful we'll secure at least one of those in 2023. Bristol is in the top tier of UK office markets outside of central London, so within that tier we consider a number of factors. Further education and talent rate very highly and Bristol has two fantastic universities. It also has regional dominance.

Bristol has a burgeoning tech sector to complement longer-established industries like legal, professional and media: our analysis concluded that there wasn't an over-reliance on one sector, which is fantastic for risk mitigation and riding out economic cycles. Another advantage is that it has a distinct cultural identity, aligned with creativity, arts, and environmental issues – consistent with having a highly educated local population.

In the three years we've got to know Bristol, we've had a pandemic when you would have expected office take up to have bombed, but it proved resilient compared with other regional centres. The stock has improved, and occupiers have shown a reciprocal commitment to developers by choosing the best buildings – despite the price differential.

We are 100% buying into the city.

We've seen the University make a once-in-a-generation commitment with a new campus, £95 million of levelling-up money going into the regeneration of Temple Quarter and improvements around Temple Meads.

Having made the decision to commit to Bristol, and coming here every week and building contacts – talking to investors, and occupiers and banks and builders – why wouldn't we look to do more of that? Our investors are happy, occupiers are interested in what we're doing, there are fantastic teams of engineers and consultants here, project managers and so on: it's perfect for deepening our ties.

How have you addressed the changing ways in which people travel to work?

We're three minutes' walk from Temple Meads station and we'd expect many people to access the building by rail. In the basement, as well as car parking, we have cycle facilities that will be the first in the UK to achieve a "Platinum" Five At Heart rating. You can ride down the ramp into a heated space, securely lock your bike and charge it if required, and clean or make any repairs necessary using the stations provided. The shower rooms have underfloor heating, hairdryers and towels will be provided, and vented lockers so your kit will dry, with USB chargers for your bike lights – all powered by the BHN.

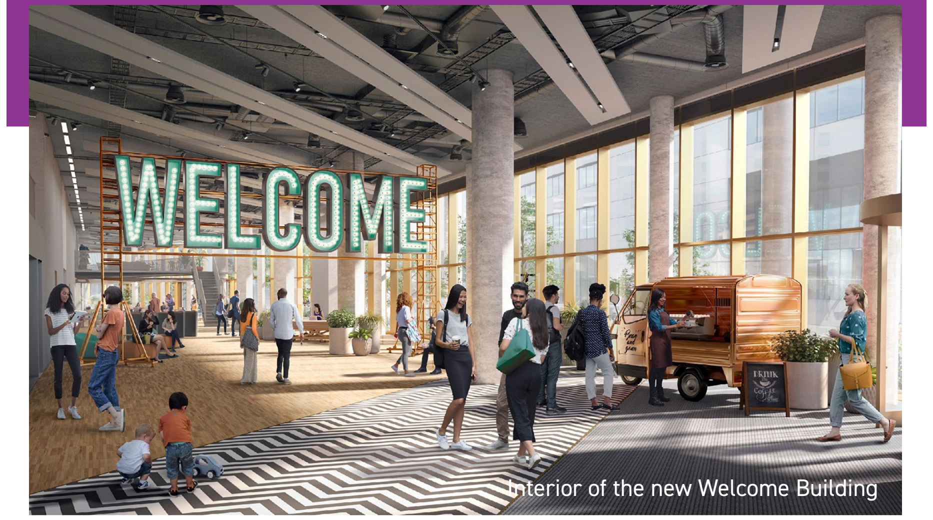
Whether you walk, run or cycle to work, or in the future have your own e-scooter, the facilities when you get there will be comparable with a high-end gym. We have 300 bike spaces; but, as bike usage expands, we have the capacity to expand and accommodate up to 800 people cycling or running to work with commensurate numbers of lockers and showers.

We want the people working here to see the building as another amenity in their lives, not just the place where they happen to work x-number of days per week.

Is there a strong appetite for offices of this size and calibre amongst investors?

In the past, offices have been quite commoditised, but what we're finding now is that the amenity offer and alignment with an occupier's environmental values are more meaningful than the negotiation around price.

And that's great for developers. Because it means, theoretically, that if you get it right you might have more than your share of occupier demand. So, the reward is greater.



Interior of the new Welcome Building

Does "flexibility" extend to lease lengths?

I think the market has polarised now. Any occupier is going to be spending a lot on fitting out and furnishing their space: many of the conversations have been prospective occupiers saying they'd like a 10-year lease as they want to amortise their outlay and put down roots. However, we have considered the need for accommodating project teams at short notice, so we'll be incorporating the opportunity for core and flex – either leasing that space within the building to an operator or managing it ourselves.

To keep pace with the market, owners of real estate have had to get closer to the occupier – doing more for them, understanding and accommodating their needs, being more flexible. Occupiers accept that all of this comes at a cost, and that will be a relatively small proportion of their overall costs.

We want occupiers asking: How good is the building? Will my employees like it? What will it do for my environmental credentials and my brand? Will it attract and retain staff? At the heart of the "flight to quality", we've seen the occupier choosing a specific office space that provides an attractive alternative for their staff or is complementary to working from home.

Planning & Development

The funding dilemma

Just how detrimental to future development is the current squeeze on planning resources at Bristol City Council? And what might shift the logjam?

The spending cuts now affecting all public services are also making themselves felt in Bristol's planning department. Even at the all-important pre-app stage, it is proving difficult for developers to have discussions about what their priorities are going to be, and what might be viable.

Understandably, there are concerns that an uncertain and often expensive process will deter developers and investors… just when the city really needs new development to create jobs and wealth. The problems are also coinciding with a raft of city centre regeneration schemes coming forward; ensuring that these schemes retain the right mix of employment as well as residential uses is seen as vital by Bristol's business community as well as its property sector.

As the interview with John Smith illustrates, the issue for the Council is purely one of resources: they recognise the importance of making Bristol a welcoming place for investment and are seeking ways to prioritise their spending allocations to make that happen. But what else might help to improve the situation?

The message agents are getting from landowners and developers is that, if they felt their money was going to result in an improved service, they would be prepared to pay more for it. How, though, might that work?

There is a consensus that to pool efforts and fund a resource such as additional manpower is the best way forward, with the money not being seen to come from a specific source. One possibility might be to fund a post, for instance, to bring all of the aspects of an application together and smooth the process: an overarching co-ordination role to look at potential logjams within the planning process and free them up.

Agents are keenly aware of the political sensitivities that need to be considered, but other councils have allowed similar funding towards large scale schemes; we believe that Bristol could do the same. Certainly, a solution is required if Bristol is not to reach the point where footloose investors spend their money elsewhere.

Making land work for Bristol

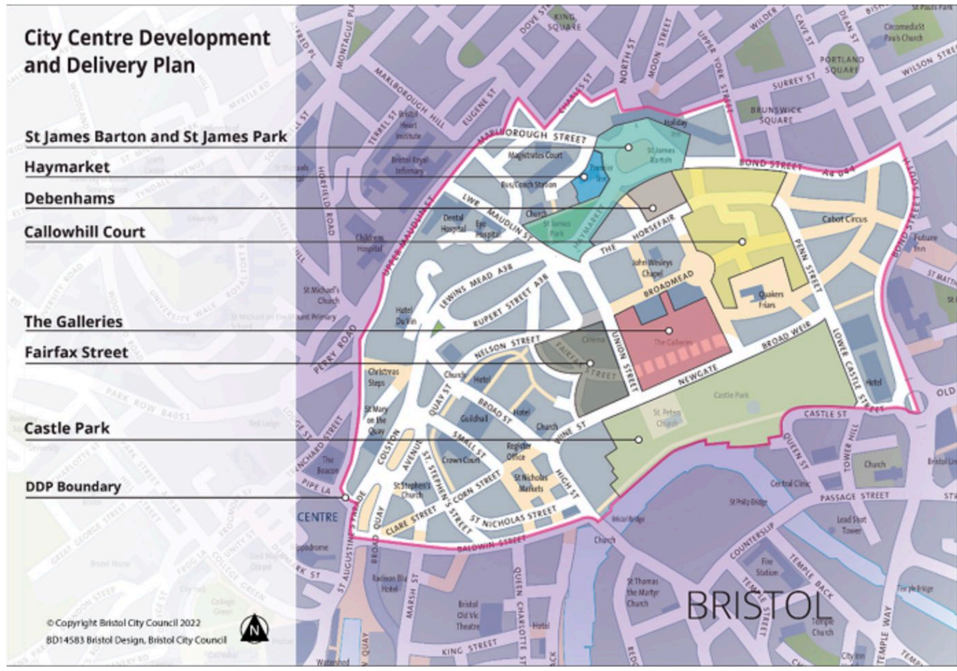
For some years now, the BPAA (along with other stakeholders) has been flagging up its concerns about the allocation of employment land within the city.

Industrial occupiers in particular have been directed towards Severnside; and, while this can work for some employers, it runs the risk for others of losing staff and distancing themselves from their customer base.

The situation is now coming to a head as Bristol looks to the next swathe of regeneration schemes, such as Frome Gateway, Whitehouse Street, Mead Street and St Phillips: all currently home to a welter of largely smaller businesses. While all of the schemes will be designated mixed use, their focus is on housing, not employment.

The Council recognise the need for employment land in the central area, their desired outcome is no net loss employment and they want to offer opportunities for current occupiers to relocate, where appropriate, within the scheme. The dilemma is that regeneration does not come cheap, and many occupiers are there because it is (currently) affordable.

A classic example is Whitehouse Street, where the housing number target and the permissible height have both been published as part of the local plan – with a high percentage allocated to housing. Critically, what is left for employment is "stacked development" predicated upon a different mix of work uses than is currently represented. As well as questions of viability, the current occupiers would be looking at rents well above their current level – and few if any other nearby alternative locations.



Bristol: Can the city accommodate all of its competing needs?

Area covered by The City Centre Development and Delivery Plan

Reshaping through regeneration

Bristol is on the cusp of a series of major regeneration schemes that will breathe new life and opportunity into some of its tired central areas and make it fit for a sustainable future… but getting the mix of uses right will be key to its viability.

The post-war period of architecture arguably did Bristol few favours, as derelict sites (along with some architectural gems spared by the bombs) were replaced largely with what was then seen as the futuristic use of concrete. Over the last few decades, some major regeneration schemes have replaced and revitalised parts of the city centre, beginning the process of change from largely zoned areas into a vibrant, mixed-use environment far closer to how cities traditionally functioned.

But there is still work to do, and the BPAA and its members are playing a key role as those changes move from concept to reality. We are, for example, working closely with the City Council, along with other stakeholders including developers and landowners, on the City Centre Development and Delivery Plan.

"This," as the Plan's dedicated website sets out, "will involve thinking big about the potential long-term changes to buildings, spaces and streets and the way these are used in order to support a thriving city centre in the context of the current climate and ecological emergency, economic and social pressures."

The Plan will cover a large area of central Bristol, extending from Marlborough Street and Bond Street in the north, to Castle Park in the south and includes The Galleries, Fairfax Street, Callowhill Court, Haymarket and the former Debenhams store, as well as the area around St James Barton roundabout.

There's a big shopping list of things that the City would like to see being brought forward here, where they are the landowner in particular (they have freehold ownership of more than 50% of the designated area) and they have leverage. The list, though, will need to prioritise. Is it affordable housing above everything else? Blue infrastructure? Green infrastructure? More public space?

These will need prioritising because the market cannot afford to deliver them all – even where the City is the freeholder. Not prioritising runs the risk of development stagnating.

What, though, might that development look like?

There is a huge opportunity here to shed surplus retail space, making this a bustling community with a much higher density of uses – leisure, work and residential as well as a new generation of retail space – and helping to solve some of Bristol's housing shortage in the process. However, there will need to be a "viability conversation". Development on this scale requires massive investment and a huge amount of collaboration.

Is there a compromise?

There is a consensus that the area has to change, and the most obvious way to provide more workspace is through increasing densities: smaller units with higher proportions of site coverage, with more land-hungry uses displaced outside the city.

That's a compromise that many people could live with: it's where discussions with the City have reached on Frome Gateway and would be stacked development: residential above businesses.

While this is a product that has worked in London, (which has a policy of affordable workspace, with rents pegged at a percentage of the prevailing market rents) there's no evidence yet that it would work here… and the question remains: who would take it on?

Planning & development: the business perspective

The business community depends upon a sustainable transport infrastructure and the right sort of employment land in the right places coming forward to encourage and enable them to invest in the future. Matt Griffith is Director of Policy at Business West and has worked closely with the BPAA in the last few years to inform local planning strategy.

Matt Griffith

How much have things moved on the planning and development front in the last year, and in which direction?

The direction of travel has been backwards rather than forwards, unfortunately, not least because the Spatial Development Strategy, which was meant to be the blueprint for the region's future, has fallen by the wayside because of political differences.

The key word for 2022 is disruption. Having survived Covid rather better than people anticipated, probably because of the scale of intervention.

2022 has seen disruption – across supply chains; the labour market; the cost of construction; and, of course, political disruptions unnerving the financial markets.

That's derailed some deals in progress and put a number of projects on hold. But the planning community has had its own political uncertainties to contend with as well.

In particular, we have moved from Boris Johnson's agenda, which was very strong on housing, then into several months of uncertainty, and now we have a Government which appears nervous about taking an ambitious approach on housing and planning. There is a fragile coalition in Government, who between them are trying to deliver different messages to their constituencies.

And, underlying that, is an underperforming economy. If you're looking for ways to drive growth without spending too much money, promoting more development is a no-brainer, as is making more employment land available for investors and joining that up with infrastructure investment.

The anxiety at national level about promoting new housing and pushing planning from the centre has influenced local authorities. Many of them (arguably including several of our own) are holding off their local plans until the situation clarifies.

All added up, it made 2022 something of a year of treading water on the local planning front.

How has that affected the delivery of housing and employment land?

We know that Bristol is totally committed to more housing to address the issues of supply and affordability. But Bristol's housing market has never just been about Bristol. Any medium-term strategy has to include the sub-region, which is the functional economic area.

The SDS was to be the vehicle through which all of the strategic issues – housing numbers, employment land, transport infrastructure, sustainable growth – were to be resolved at the sub-regional level. The hope was that, after the JSP experience, where some of the difficult issues simply weren't grasped, that the SDS would take that up and run with it. That sadly hasn't happened.

Who is to blame for that failure?

Apportioning blame is not a particularly constructive response at this stage. On one level, it is hard to agree and implement a plan where individual authorities have a veto. Which is what the governance for the SDS was. England has a serious problem with its strategic planning frameworks.

But it wasn't handled well and that was exacerbated by political relationships, making a difficult situation harder.

The broader business community was disappointed by that. I think we all realise that our challenges are at a city region level. The Metro Mayor has an elected mandate to deliver growth and would, ideally, have had a framework from central government to make it happen. So, it's been a big lost opportunity. It's also been sad to see the fall-out from that: a lot of good officers within WECA handling key strategic planning issues for the region have been lost along with the SDS.

How does the need for employment land fit into this?

Bristol is keen and ambitious in what they're planning for and doing some fairly major things in their local plan – there's a large amount of regeneration in there. However, over 40% of primary industrial warehousing areas on current proposals are going to be lost to mixed use, with a strong emphasis on residential. We haven't seen a clear-enough articulation from Bristol about where this lost employment land goes and how existing and future business needs will be accommodated.

We also have many local authorities struggling to resource getting applications through the planning system. As we are in a recession, it's frustrating for the business community to see a series of live proposals which could pump hundreds of millions of pounds into the local economy being stalled.

The Government has learned its lesson and should not be slashing infrastructure spending, but there will be very stiff competition from other parts of the country for where that investment goes. The business community's long-term concern is that the lack of strategic coordination and the lack of a strategic plan mean that we will miss out and this will impact big development opportunities a few years down the line, and put us at a disadvantage for the next five to ten years.

Where do we go from here?

Those needs for strategic coordination haven't gone away. It requires a re-set and a conversation as to how we can deal with those issues.

Bristol can't meet the full extent of its housing need so it has to go somewhere. And, if we are serious about net zero, we have to do it in a coordinated way alongside transport and infrastructure. Putting some of that housing into neighbouring areas in the most environmentally sustainable way requires balancing political sensitivities.

We need to face up to those things, and we need to be having mature conversations. In fairness, some of that is happening. My one caveat is that the latest news from central Government does not appear to be supportive on encouraging regional growth – which could make it harder for local leaders to show the leadership we know they can.

Gove's latest statement seems to indicate that housing numbers will no longer be mandatory but voluntary. And there are some reasons for which LAs can say they are unable to meet their full housing requirements: green belt, character of an area, capacity, heritage, other environmental issues and so on. In addition, and unexpectedly, he laid out plans to consult on changes that would weaken the Planning Inspectorate and require less robust evidence within local plans.

All of which amounts to a weakening of strategic planning, and of guidance from the centre, together with the strengthening of the ability of local authorities to avoid cross-border requirements and needs. Which, given the state of play within the West of England, may mean we go through a period when local plans are pursued individually.

Everyone – members and officers – recognise that this is a big issue affecting their electorate and their economy. But it has to be handled sensitively and openly. Some recent communications in local plans – for example from North Somerset – were admirably honest about the trade-offs, and that not delivering new homes would hurt local people and their families. Sadly, I don't foresee much happening until after the local elections in May. Then there may be space to sit down and have more long term and pragmatic conversations.

Are there any positives in the current situation?

Putting aside all of those concerns, I am constantly impressed with the resilience of the West of England market.

Plenty of investment is coming in. It's not just one sector either: there's a logistics boom, a healthy office market, strong demand for student housing, Temple Meads coming forward.

Plus a series of smaller but still substantial regeneration projects – including a number in South Bristol.

Bristol has amazing attractions to draw people to the city – to live, work and set up business as well as invest.

Despite everything, there is a powerful economic engine behind this city region and it looks set to continue. The strong fundamentals remain. It's attractive to London-based businesses, especially now that Covid has loosened the reins of where people can work.

And, of course, we have deep graduate labour pools, which enables high growth sectors to expand, such as tech and creative. We've seen speculative life science space being created. The high value sectors are growing and people are investing in them. Nationally, retail centres are really struggling, but here in Bristol we have proposals for major mixed-use schemes which would help reinvent and rebalance city centre retail to make it a broader and more attractive offer.

If you look at the scale and depth of growth over a 20-year period, Bristol has performed very, very well. I speak to counterparts across the country, and most would love to have the same dynamics at work as us. The danger is that it's easy to get complacent.

But all of that potential will be retarded without proper coordination of the important long-term stuff... and that starts with a meaningful planning strategy that all the stakeholders locally can sign up to.

Interview: John Smith, Director for Economy of Place at Bristol City Council

John Smith has a wide remit on the key issues affecting planning and development within Bristol, including: strategic transport; regeneration; economic development; planning; and environment & sustainability.

How would he characterise the planning process currently?

From the Council's point of view, the big challenge at the moment is funding. It was a difficult financial environment anyway. Since the start of the summer, it's worsened quite significantly and quite quickly.

The medium to long-term view also looks challenging. Our budget consultation launched at the end of last year flagged up the need to reduce costs and generate further income – total cost pressures could exceed £80million. We know there have been challenges with development in the city. In this context, we know that management of the planning function has been resource constrained and dealing with applications has been challenging.

The message from me is that we are trying to ringfence areas like regeneration and planning; and, as far as possible, explore alternative resources to try and improve performance while acknowledging that a lot of other areas of the Council are going to have to get significantly smaller.

Our priority is inclusive, sustainable economic growth; and I would say that regeneration development... affordable housing in particular, creating employment as far as possible... are all key elements of that. And I am getting encouragement that, whilst a lot of painful cuts are being made within the Council, those areas will continue to be prioritised.

Is there more that the property sector can do to help you?

We're very keen to explore whether we can do more to introduce planning performance-type agreements to bring in funding for particular schemes. We're very open to that. We don't do as much of that as in some other areas, so there's a win-win to be had there.

Also, if developers bring forward schemes which meet the planning policy requirements, particularly around priorities like affordable housing and sustainability, the smoother and swifter it's likely to progress through the planning process. With the political changes coming up in Bristol, delivering policy compliant proposals in key areas such as affordable housing and sustainability, along with working with communities to deliver social value, will be helpful.

Clean air is also under your aegis. In the past, there have been concerns expressed that the new restrictions will act as a brake on local businesses. Is that now resolved, or does it remain an ongoing issue?

We're currently not compliant with the law, and that has significant public health implications. The main focus of the clean air zone is to get people to upgrade their vehicles. Some 70-odd percent of the vehicles currently using the zone are compliant anyway. There might be a few bumps as it comes into effect, but people will adjust their travel patterns, or their vehicles, over time. And there is a lot of support.

We managed to attract £42 million to help upgrade vehicles and provide alternative transport plans.

People don't like change and that's understandable, but I think they will adapt quite quickly. In Birmingham, within six months local transport fleets were 90% compliant.

In terms of challenges/ambitions going forward, what are your key concerns, especially relating to property?

Flooding has been a challenge within the city centre, but we have made some good progress on that working with the Environment Agency. We took a very important paper to Cabinet in October which set out a funding strategy and a planning position statement to guide developers, and a collaboration agreement with the EA.

While there's still work to do, I'd say we're moving towards a more collaborative working arrangement between ourselves, developers and the EA.

Employment land is quite constrained at the moment in the city. A lot of the big regeneration schemes coming forward are in areas of existing employment land use. We want to bring forward residential-led mixed use development, and we need to find innovative approaches and investment so we don't make the situation worse. We've got experience at that and some good ideas but we also need to work with people to find the right balance between what can be seen as competing uses.

The planning framework itself has been particularly challenging. We desperately need an updated local planning framework for Bristol and the region, and it isn't good enough to sit on our hands and wait for one. But while we're now working on our own local plan we need to do it in a way that is not a challenge for the wider region. We're working hard to try and de-risk that.

How would you characterise your relationship with adjoining authorities?

We get on well with our neighbours and work closely with them. The big challenge is housing numbers, of course. Interestingly, talking to the Whitehall civil servants, relatively few combined authorities have taken up the regional planning powers. And where they have, as in Manchester, they have similar problems. Fundamentally it is difficult to find a solution to an urban housing problem working across suburban local authorities. It's a real challenge everywhere, so perhaps it's not a huge surprise that we've struggled.

We've got a duty to cooperate and we'll continue to work on that basis. We simply have to come forward with the best plan we can.

Can we satisfy the housing numbers in the city in the coming years, or will we continue to have a housing crisis?

We have definitely improved things in the last few years. We delivered over 2,500 homes in the last year: a new high for recent years. It has certainly been a commitment from the Mayor: bringing in Goram Homes has proved successful.

Looking at opportunities coming through like Temple Quarter and St Phillips Marsh area, we've secured £95 million of funding from Homes England. That's 2,500 homes in the first phase and 13,000 in total. We recognise the concern over the loss of employment land and we are committed to bringing forward an employment land strategy to address that.

How well do you feel the Council is doing on addressing city transport issues?

There is significant investment coming in to sustainable transport routes: the city regional sustainable transport settlement (CRSTS) will be worth £540million over the next five years. That has the potential to make a big difference. Increasingly the solutions will be regional, and we are very supportive of that.

Bristol has natural physical barriers to overcome, but getting more people out of their cars coming into the centre is a priority. More regular and frequent dedicated bus routes would be an enabler. That, together with the planned closures of Bristol Bridge and Cumberland Road to incoming vehicles, will hopefully mean the incentives will be there for people.

That said, the big problem at the moment is the lack of bus drivers! Also, how significant and long term will working from home be? Not just on transport but on workspace requirements, retail and so on? There's a lot of uncertainty around that.

What final messages would you like to give to the property sector?

My key message is that it's a very difficult environment. But we do understand that enabling development and sustainable and inclusive economic growth is very much in the long-term interests of the city and of the Council... because that's the way we secure additional revenues to spend on other services. As far as possible we are trying to ring fence that and improve performance in areas such as planning. The Council will be a very different place a year from now with all of the savings that need to be made.

I'd say our relationship with the BPAA is very good.

We have regular meetings with them as well as holding developer forums. There's frustration from agents and developers around planning at the moment, and other areas such as transport. I hear that and we are trying to do something about it... as far as we can in the current climate.

University of Bristol: A study in economic development

As plans for the new Temple Quarter Enterprise Campus move forward, we ask the University's Chief Property Officer, Barra Mac Ruairí, about their current and future impact upon the city's economy.

Not everyone appears to understand the economic role of the University, and some are not overly keen on seeing it continue to expand. How do you counter that?

The University takes its role as an anchor institution in Bristol very, very seriously and we heavily contribute to the ambition of the city. It's not just about the number of people we employ but how that levers the wider economy. The study by Oxford Economics showed that our total contribution to the WECA's GDP in 2020/21 was £920 million and we supported 13,970 jobs.

The new Quarter will itself bring an estimated £626 million worth of employment and financial benefit to the regional economy over the next decade.

There are elements of what we do that are unknown. If I look at our property portfolio, within it there are a thousand listed laboratories. Engineering, life sciences... all sorts, just half a mile from College Green. Right next to my office we have world-leading science going on. Some 94% of our research is world leading: that's not insignificant.

And what does that do? It feeds new knowledge into the world. Knowledge that can support new businesses as well as existing ones. Moving into a new industrial age, that's absolutely core in terms of what the future economy can be.

Not everyone is able to avail themselves of that knowledge

Agreed, and there are disparities; but that is true of all British cities. We're very conscious of that and want to widen participation with those from harder-to-reach backgrounds and who haven't previously engaged with us. Our whole Temple Quarter programme is developed around that. In terms of trying to create buildings that are more open, more porous, new civic rather than past civic, we've moved from a very elegant building on top of a hill to one right next to a railway station... one with a public square and which serves the city as a whole.

Our role as a civic institution is really important to us.

How is the creation of the second campus going?

Temple Quarter is going well. We're now in a position where we will decide to go into full contract with Sir Robert McAlpine in about mid-March. Then we have a three-year build. But ahead of that we already have the Dental School on site in Avon Street: a really fantastic use of the old Nat West building.

We have also opened the Bristol Digital Futures Institute, which is addressing some of the greatest digital challenges that we face. On site now is "MyWorld", the flagship for the UK's creative sector and part of a UK-wide exploration into devolved research and development funding.

Phase II for Temple Quarter has now been submitted, and that's really important to us. Having purchased the 16 or so acres there, if we don't get to deliver on the second phase then it doesn't richly underpin the first phase. We need all of these phases to come to fruition. It's not just about growth but about making the most of the estate we have.

Many of our buildings are old and now outdated. We look after them, but they don't meet our modern needs. Our biomedical sciences building, for instance, one of our most substantial footprints, is doing phenomenal work but it's a difficult building to change and adapt. I would like to see a lot of that moved to Temple Quarter.

There is a really significant renewal by partnering and new ventures on the next phase of land: we have some big challenges ahead, but we're trying to turn them into major opportunities.

University of Bristol Temple Quarter campus

University of Bristol Temple Quarter campus

How are you coping with moving towards net zero carbon?

It's a vast challenge as so many buildings go back a long way. The Wills Memorial Building was built to be heated by coal. It's inevitable that some buildings will have to go to the lowest possible carbon use that they can, while others shift to electric or hydrogen.

For me, moving to net zero carbon is a really positive thing. We can look at the utilisation of our footprint... create a more digital and smart estate which will deliver higher levels of efficiency and address the maintenance backlog at the same time. It's an opportunity to upgrade our network system. We should end up with a better purposed, more efficient building stock.

It's a huge investment, one where you don't necessarily see the return straight away, but it's for the long term.

Student housing: are you looking to continue expanding?

I've always said we will use our presence as positively as we can. Whether that's helping to regenerate areas where uses have contracted or changed – for instance Temple Quarter, where we'll have accommodation for 953 students. Looking ahead, we have expressed our interest in being involved in the plans for Broadmead and Bedminster. We think there's a symbiotic relationship there too.

Housing students in purpose-built accommodation is high density – far more so than the HMO model. Additionally, they are well-run, well cared-for properties because an investor is putting time and money behind them.

In a city with a dire housing shortage, do you get the sense that you are seen as a competitor for the available housing?

Just 13% of all housing delivery since 2006 in the city has been student residential, and PDR released a lot of that stock: repurposing low-grade offices and helping to bring vibrancy into those areas. The people who study here also tend to remain here, supplying the skills that local businesses need.

There is, though, a planning challenge overall. The JPS failed. Do did the SDS. It's very important to me that the local plan coming forward does really support the economy. Having a strategic footprint across the whole of the region was a really strong idea: as an architect and a planner by profession, being plan-led and looking at how the whole place works together is the way in which you have successful outcomes.

How important is it for the University to grow in order to compete and fulfil its potential?

Knowledge moves around the world quite rapidly. It is no longer fixed to a natural resource, but to a network of other knowledge. The University is now both a physical place of knowledge and a virtual one – and we collaborate globally. We have been really successful in terms of world-leading researchers sharing knowledge with their students; and in terms of the knowledge that we then spin out into other industries that allows them to grow.

The opportunity is not to lose that knowledge back to the London – Oxford – Cambridge triangle; and to ensure as we grow and develop it here, that we can actually produce more of it.

That's why the University anchoring Temple Quarter is so fundamental.

Is there a "right size" for you?

Yes, there is. We do need to grow and also change the type of space we have, but there is a sweet spot on both: we have to balance the support for our existing estate and our future one. We don't have a continual growth plan in perpetuity: it depends upon what the competition is, new markets, resources and government policy.

If you underinvest, you will contract. And that's a downward slope.

If some of the current buildings really aren't fit for the future, will they be repurposed or come onto the market?

Some will definitely come onto the market, and I see myself doing more partnering moving forward.

Have you a final message for the property sector in Bristol?

We are a property investor, occupier, owner and developer, and I would hope that the University's endeavour is well recognised and supported by the rest of the planning and development community. The University of Bristol: the name is on the tin. We are here to be successful and to contribute as a thriving civic institution for the long term.

Levelling the playing field

How far does the property sector still have to go to be more representative of society? We ask two Bristol agents about their experiences, and their perspectives on the benefits of making agencies truly diverse and inclusive workplaces.


Mel Fernandes

In the words of US diversity strategist Verna Myers: "Diversity is being invited to the party; inclusion is being asked to dance." According to a July 2022 RICS report, "Qualified female professionals make up only 18% of the built and natural environment workforce, up from a mere 5% in 1990." And while the numbers of women entering the profession is steadily increasing, the proportion reaching the most senior levels will take some time to catch up.

Then there is the question of intersectionality: how, for instance, are women of colour faring? Or LGBTQ+ women?

Mel Fernandes, an associate director at Savills in Bristol, is one of the very few women of colour in a senior position in the sector nationally.

At school I was one of the only kids of colour, although I never thought anything of it. As I've got older, it's definitely something I've thought about more and more.

I went to UWE, which was so diverse. Different cultures, different ethnicities: you don't really notice anything. But in my first job, I really was the only female or person of colour in the entire team. I moved into estate agency which was slightly more diverse. I joined Savills nearly two years ago and it's nice to work for a company looking to break the mould and push boundaries to encourage more diversity and inclusivity.

Is there a recognition that you are bringing in diversity of thinking as well as representing broader society?

I think so. I get clients who specifically want my opinion because of who I am and what I can tell them. Five years ago, many assumed I was just there to take notes. Now, with plenty of experience in marketing new-build developments under my belt, I have the opportunity to make sure we don't make mistakes that might have been made in the past, such as CGIs showing no people of colour.

Developers and agents really need to think about their target markets and ensure what they do is culturally appropriate, such as making local people feel included in consultations. This is something I can bring to the table.

Are there still barriers to promotion?

I've been in property for about 10 years now and everything has changed. It's still changing and there's still a way to go. I'm relaxed about that because it takes time to learn new things as well as implementing what you already know.

My current employer is working on becoming truly inclusive and representative and recently launched a new D&I strategy for 2023-2025. For example, its engagement with schools and communities to help open the industry up and encourage people to think about it as a career. This is something I want to be more involved with, and we already partner with charities such as Career Ready to provide work experience to youngsters from disadvantaged backgrounds.

There are development opportunities within Savills and training courses to help get you there, including specific support: for example, to help women through the promotion process when they're applying for a director position. It's important that any barrier (real and perceived) to progressing is tackled and removed.

So yes, everyone is stepping up. I've reached associate director by 32, and got the odd bit of negativity: "How the hell did she get there by that age?" But I actually did do some work in the last decade!

I see the young people with talent working their way up in my team and I want to build them up. We all have a responsibility to support new talent, ensuring that the new generation, regardless of background, gender or ethnicity, is supported – to everyone's benefit.

What could or should be done to address this?

Seeing someone that looks like them – and here, BPAA could play a key role. We cover so many different companies and types of work that we could run events and invite local schools to show children what a career in property would be like... encourage them to follow something they're passionate about and attract the best and the brightest into the profession.

What would your advice be to someone coming into the industry?

One of the things I'd say to my former self is: "When there's an opportunity in front of you, take it. Don't say no. Try everything." Women don't socialise and network or go out on site as much as men for instance. We end up staying in the office.

I vividly remember being pressed to go to an event by my boss. I was tired and really didn't want to go. But he insisted... and that led to me developing an important business relationship with someone who is now one of my best clients. I tell all my younger colleagues to go to every social and networking event because you don't know who you're going to meet.

Get a LinkedIn profile, connect with everyone. Follow them, like them, drop them a note, get yourself out there. Because if you don't, no-one else will do it for you.

Finola Ingham is a Director at Burston Cook.

How has being a woman and openly gay affected her career?

When I was at school, property was never mentioned as a career option. My parents were both chartered surveyors, but never pushed me into it either: what they did, in my eyes, at the time seemed a little bit dull! I did a psychology degree, followed by a stint in hospitality, and literally woke up one day and thought: "I'm going to sell houses." I have no idea why... and soon I was selling some very lovely houses in Devon.

After a year, my parents suggested I might like to do a property degree to progress my career. I went to UWE, worked for a Bath agency then started the process of getting chartered. After five years, I came to work at Burston Cook: I had done a summer internship / work experience during my degree and kept in contact. I loved the work experience I did with Jayne Rixon at Burston Cook: not only was she a strong role model; but she was, and still is, a mentor to me and 15 years later is a close colleague and a friend.

In Bath I was the only female agent in the city but I saw no barriers. I just got on with it. Occasionally I encountered the odd bit of stuffiness. Not clients, colleagues or other agents, but some other professionals who talked down to you. It was probably a combination of age and gender.

I think that I have had quite a good, perhaps lucky, experience in property and not come across many prejudices.

One of the best things about property is that there are so many different sides you can go into, suiting people's individual skills set. It's the agency side which suits my personality: my wife gave me a card once that said: "Be a flamingo in a flock of pigeons"... and that's my modus operandi for work!

How do you see the sector from an LGBTQ+ perspective?

There was no LGBTQ+ visibility in the industry when I began. Having been out at Uni, I almost reverted back into the closet, in terms of clients and people outside of the company. I didn't want to engage in "that conversation". But this was 15 years ago and it was a different place.

I am very open about it now... because I feel we have progressed to a point where it is not an issue. When I speak to younger people coming into the industry, they are so confident and it's so impressive. It is a very different world they are entering, and I'm really pleased for them. It's not something they should have to worry about.

How can property encourage more minority groups into the industry?

I used to sit on the Women in Property committee, and one of the many things they do is to get into schools at an early stage and raise the profile of property as a career. By promoting all of the positives early on, you can start having that younger generation coming through.

I am also Company Secretary for the BPAA and recently had the opportunity to interview UWE students for the BPAA Student awards: we want to keep that talent in the city. The industry, market and submarkets we work in are rapidly changing, and Covid has accelerated that. We can't get stuck in a rut doing business as usual. We need innovative thinking, and the more diverse the pool of people that we have, the more innovative the thinking will be... making us better able to deal with change. We need to reflect our changing client base too.

If you want a diverse workplace you need an inclusive environment to allow people to be their true, authentic selves and feel comfortable.

How far has the industry got to go to say it is a truly diverse and inclusive sector?

A little way yet I think. The more visible we can be as an industry around LGBTQ+, and having role models to showcase that property is a great industry to come into, and we can then start bringing people up through the ranks.

We also need to talk about the issues more openly. When I came to Burston Cook for my interview, we naturally started chatting about my life beyond work, and they asked me if I had a partner. Immediately I said, "Yes, I live with my girlfriend." That was that. It just happened naturally. And that question can be the starting point for an open conversation.

If you are comfortable enough to talk about it openly, which I am, I'm hoping it will help other people feel able to talk about it as well. Knowing how to frame the conversation can be tricky for some people, but we just have to start talking about it.


Finola Ingham

The James Durie interview


James Durie

After 21 years, James has stepped down as Chief Executive of the Bristol Chamber of Commerce and Initiative and Executive Director of Business West to take on new ventures locally. Here he looks at some key challenges facing business and property... and where the city needs to go from here.

How did your background in property affect your role?

A lot I'd say. I'm still a chartered surveyor so I understand how much property professionals contribute to the business landscape, and their critical role in fostering growth. Collectively they have a highly influential voice through the BPAA, and that voice has certainly become more powerful in recent years.

I also believe property professionals – who regularly advise clients on their investments and developments as well as the workspaces for their employees – have a really important part to play within the continuing evolution of responsible capitalism, particularly at a time when governance in some quarters is being denuded and discredited, and trust in some of our most important institutions seems at an all-time low.

It's important to look at how younger people view all of this, and the values they espouse: equality, inclusion, diversity, the environment. These are important issues for where they work and the roles they take. The property and built environment sector and, therefore BPAA members, have a need and responsibility to ensure they actively embody and support those values too... or risk becoming dinosaurs.

How has the way Bristol is perceived changed in your time?

The shift at the top level, particularly over the last 10 years, has been enormous. The fundamentals here remain so strong and there's more to come. All the changes we've seen or had forced upon us mean you no longer have to be based in London and the South East. Covid has helped recalibrate what people want from their work/life balance and you can have a high quality of life and work here. With skills shortages at so many levels, businesses need to compete even harder to attract and retain talent. This has put even more emphasis on making workplaces attractive environments: to create chemistry as well as recruit and retain great talent.

However, there's still a lot of unfulfilled potential within our city and wider region. The fragmentation we're seeing, the squabbling between local and city region authorities, means there's no single long-term spatial development use plan for the area, or a single clear strategic transport and mobility plan. These are critical, and again and again opportunities have been wasted. As a consequence, I'm afraid this city, this region and its communities, will be held back.

What are Bristol's current planning challenges and opportunities?

Bristol City Council in particular has a serious resource problem, making it a tortuous and uncertain journey for anyone trying to develop here. It's very important to see a deal brokered between the property sector and the Council... one where developers make a fair contribution towards what is a strategically important process, whilst not being seen to try and influence individual planning decisions.

It doesn't help that there's a very vocal element within the country's ruling party with strongly-held views on planning that effectively hold back building the necessary homes and infrastructure that Bristol, the rest of the region and indeed the country, need right now.

Planning has become a hurdle that's simply getting higher for anyone looking to drive the city forwards. I think BPAA has a major role to play because property specialists understand the sensitivities of responsible land use, and what's right for the area, and can balance that with the needs and long-term ambitions of wealth creators. They can speak with a strong collective voice and negotiate a sensible compromise – given the opportunity.

On a positive note, we have some very enlightened developers committed long-term to the city –

people like Umberslade, Socius, YTL and L&G – prepared to get involved locally, focus on sustainable regeneration and invest in the community. We need more investors like that.

Alongside this, and at a time of shrinking Council budgets, we see the continued success of the Business Improvement Districts: giving businesses a strong hand and resource in improving our city as a place in which to live, work, study and invest.

Despite the many challenges, there's a palpable sense of energy here: it's been fascinating to see so many businesses drawn into the centre while our out-of-town business parks are starting to repurpose themselves. Compared to when I was growing up here, it's a really cool place to be.

How do you view the relationship between the BPAA and Business West?

In my role I've seen a strong lineage of BPAA presidents who have put a lot of time, effort and knowledge into helping to steer the economic future of the city in the right direction. We've built strong working relationships and mutual respect. Even if we haven't agreed on everything, we realise that by working together we can cut more ice. Business West has been a strong voice of business, but the BPAA can explain the perspective of the people who invest in the city.

Bristol operates as a regional economy. And I'm optimistic that common sense will prevail in resolving the strategic planning and other issues. But we're not there yet, and it will take some talented people and real determination to make it happen. As responsible capitalists, that's a real opportunity for BPAA members.

Sport and social round up

Meade King Solicitors LLP, victors in The BPAA Quiz


The Iesis Group, winners of this year's Boules competition

After lockdown, members have been keen to attend the events this year; and, with one being held almost every month, it was the busiest year ever socially for the Association – helping to raise vital funds along the way for charity of the year Feeding Bristol, assisted by generous sponsorship at many events.

May saw the BPAA Golf Day driving back with a bang as 80 competitors teed off at Bristol and Clifton Golf Club. Kindly sponsored by Iesis Group as well as a number of others, the event was won by Jerry King from Hydrock.

The Boules competition in July was a sell-out, with 64 teams and 192 attendees pitching up to Goldney Hall to take part. Congratulations to Iesis Group for lifting the trophy and to Paragon for taking home the plate – plus a big thankyou to Beach Baker for their continued sponsorship.

September marked the return of the wine tasting event in the fantastic setting of Averys Wine Merchants in the heart of the city centre. Kindly sponsored by Curo, it was a great evening of networking and learning about wines from across the globe, more than vindicating it being the association's fastest ever selling event, selling out within 48 hours of tickets of being released.

The BPAA/Women in Property Autumn Cocktail Party, held in October at The Harbour Hotel was another sell-out – and arguably this year's most sartorial event, with guests attired to the theme of "Through The Decades". Our thanks to the generous sponsors Paramount, Hartnell Taylor Cook, Stride Treglown and Fulkers Bailey Russell.

The BPAA Quiz returned in November: another full house of teams pitting their wits against each other at the BGS Theatre. Congratulations to Meade King Solicitors LLP on their triumph, and a big thank you to sponsors HBD.

So popular was the first Roulette Supper Club held in July at Harbour House by the BPAA and Forum for the Built Environment, that another was organised in November–this time at The Cow & Sow. Both events attracted some 60 attendees.

Also during the Autumn, the BPAA was delighted to support North Somerset Council at their investment showcase event in Weston-Super-Mare to see the astounding SEE Monster: the retired North Sea rig transformed into one of the UK's largest public art installations to inspire global conversations about sustainability and the great British weather.


Revellers at the BPAA/Women in Property Autumn Cocktail Party


The Industrial Agents cricket team, who conquered the Office Agents in the inaugural Cricket Day

Congratulations to the Industrial Agents cricket team who emerged victorious over the Office Agents by 14 runs in the inaugural Cricket Day in August at Coombe Dingle. Mercifully, the rain held off (just!) until the end. Huge thanks go to Kubiak Creative Ltd for sponsoring the event, which will surely go from strength to strength in future years.

BPAA Council 2022 – 2023

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Total BPAA membership is approximately 300. Of these, almost two thirds are Full Members and the remainder are Affiliate, Student or Honorary Members.

Application for Membership should be made via the portal on our website **www.bpaa.net**

Follow us on Twitter **@The_BPAA**

BPAA's charity of the year: Feeding Bristol

Each year, the BPAA President nominates a good cause or causes to benefit from events run during their term of office. This year we have been supporting Feeding Bristol.

As their Director Ped Asgarian explains, "Our roots go back some eight years when the 'Feeding Britain' white paper highlighted the issue of food security for a significant swathe of the UK population. Bristol was one of eight cities to run a pilot scheme."

In 2017, Feeding Bristol was launched, with Mayor Marvin Rees announcing that "no child should go to school hungry." It gained charitable status in 2018, and has since widened its remit as other groups needing help have been identified.

"Originally," says Ped, "we focused on holiday hunger, where families weren't getting support to feed their children. The pandemic brought to light others needing help, including minority ethnic groups where the support and food available were not always suitable.

"There was a big response in the city and our role evolved to support groups set up to help – co-ordinating the efforts. We looked in particular at areas experiencing most deprivation: Bristol, despite its overall prosperity, has some of the most deprived wards in the country."


Empowering children to eat healthily

Central funds have now been made available, including the Government's holiday and activity fund: 20,000 Bristol households now rely upon those vouchers. "The situation has steadily got worse over last decade as the gap between the poorest fifth and the rest of the population has grown," says Ped. "Bristol has particular problems because of the high cost of living here.

"People living on their own often don't get the support they need. One in six of those living with a disability also experience food insecurity. The homeless, the elderly... once you start to look, there's a lot of hidden food insecurity."

Feeding Bristol has now evolved into a strategic, overarching organisation and co-created the Food Equality Strategy now adopted by the city. "We work with all of the local groups," adds Ped, "to nurture and support them, identify gaps, share best practice, raise the profile of what is happening in Bristol, try to attract funding into the city and move towards a food system that works for everyone.

"More people than ever are facing food insecurity for the first time. So how do you reach a wider group of people in a non-stigmatising and patronising way? It's difficult, but key to what we try to do."

FEEDING BRISTOL
Working Together for Food Justice

Bristol Property Agents
ASSOCIATION

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