

Celebrating  
**20 Years**  
in Practice



**Innovative Consulting Engineers**  
**Maximising Property Performance**

**Our view on UK property**  
**in the coming year – 2018**

# Our view on UK property in the coming year

January 2018



**As the UK property industry enters its nineteenth month post BREXIT, at Maleon, we look forward to increased confidence in our sector and an improvement in both the UK and London economy.**

Those waiting on the golden ticket boost to the economy will be disappointed. However, we do believe that 2018, whilst having few transactions in the year ahead, will see a thriving growth in prime high-quality assets in central London. Sales with similar values to those of the Walkie Talkie building in 2017 are highly likely to be achieved again in 2018; keeping the central London capital market elements of our sector buoyant.

## Minimum standards of leadership are not being met

Unfortunately, the current UK Government is still failing to meet the minimum standards of leadership expected to give the appropriate level of confidence to local and international investors right across our sector. There is still a much-needed requirement for the UK to be perceived as the triple A rated investment arena for property.

## Regional property goes from strength to strength

The UK property market will continue to be regionalised, not in a simple north-south divide, but more with regional hotspots, that have local areas of excellence in skillsets, government support and logistics, making them attractive to different markets. Cambridge will continue to see

its phenomenal growth due to its ongoing appeal to the research and pharmaceutical sector.

The M11 Corridor enters a new wave of growth around Harlow, being closer to London and more affordable than its Cambridge neighbour and having attractive Government support, it has seen the arrival of the likes of BMO Real Estate, Penguin and Public Health England.

Forming part of the Golden Triangle, Oxford and its wider business parks continue to see growth from a number of large investors and real estate investment trusts, with Milton Business Park being part of this.

Manchester, at the centre of the Northern Powerhouse, will continue to see growth and regeneration on both the basis of its industrial heritage and its rapidly growing City brand as a centre of excellence for multiple sports.

## Mixed use schemes on the up

With the changes that we are all aware of in our turbulent retail sector, we will see an increase in growth of mixed-use schemes in areas that fail to keep up with previous retail growth. This requires a greater investment in innovative design at the early stages.



*"Sales with similar values to those of the Walkie Talkie building in 2017 are highly likely to be achieved again in 2018"*



The proposed new HQ Site for Public Health England at Harlow



NOMA building in Manchester



The International Quarter in London's Stratford. Leading innovation in work-life balance in property design.



Interior of the new Bloomberg HQ in London; pioneering in BREEAM status.



Investment in on-premise data centres will grow. Maleon now support four out of the worlds top 10 investment banks data centre environments in London.



CGI Image of the new Tottenham Hotspur stadium due to open in 2018.

We believe that the rise in prop-tech and more specifically tech-hubs will continue to grow at double digit rates as the current uncertainty fuels a continued growth for convenience in commercial property; a sector now increasingly known as 'office as a service'. Over the last three years Maleon embraced this technology investment in property and has made key hires to its senior team from the FTSE technology leaders Vodafone and Colt Technology.

This is a clear representation of Maleon's commitment to an investment in technology in property skills, and is matched by our rapid growth in our client needs in this area.

### **New working environments cross design boundaries**

Legacy providers of commercial office space will have to update their offering in order to remain competitive in this sector. This is a time when the design of new working environments crosses all boundaries, from traditional working, to working-to-live, and will encompass a multitude of leisure and public realm strategies. We are likely to see more of these work-to-live developments such as the International Quarter in Stratford in 2018 and beyond.

### **Sustainability is key**

We believe that sustainability will become one of the most important factors in 2018 property decisions. From return on investment to investors, to attracting the very best tenants. We will continue to support our clients to help them formulate leading edge strategies for sustainability in their commercial building projects.

2017 saw the opening of the new £1 billion pound Bloomberg HQ building in the City of London

which joins the Co-Ops HQ at NOMA in Manchester and PWC's HQ at One Embankment Place in London as the UK's most ground-breaking sustainable buildings that continue to pioneer all BREEAM ratings.

### **Cloud services are booming**

2017 quite rightly saw a boom in the provision of cloud services. However, we believe 2018 will bring significant investment in on-premise data centre solutions for the sectors who continue to be risk averse to the public cloud and wish to retain full control of their hosted environments.

### **Sports revenue turns to construction**

The exponential revenues coming from some of the UK most iconic sports including the beautiful game, motor racing, rugby and horse racing, will continue to drive investment in the construction of new sporting venues and Stadia. 2018 will see the opening of the new Tottenham Hotspur Stadium, which will be the second most expensive sports stadium in the UK after the London 2012 Olympic Stadium. Our research suggests that almost £2 billion will be spent on construction for new football stadia in the UK in 2018.

### **One size does not fit all**

Commercial property success in 2018 will not come from following a big wave in the wider industry but taking a detailed look at satisfying all the stakeholder requirements for long-term and secure growth; whilst carefully recognising the interplay between both property and non-property factors.

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