

AUCTION MARKET

SURVEY

PRODUCED FOR ALLSOP COMMERCIAL TEAM

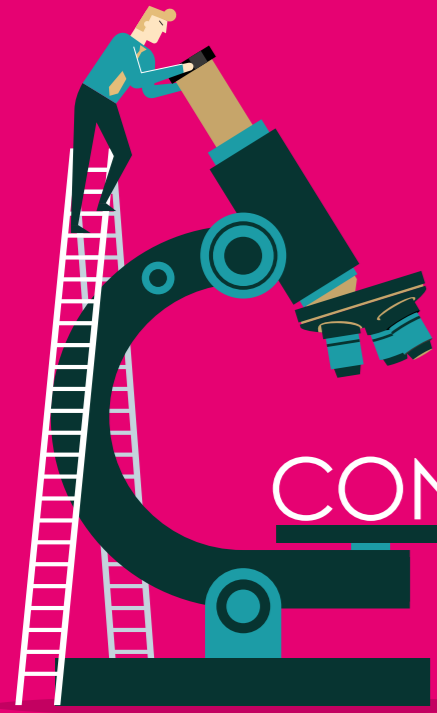
January 2021



allsop

LandAid
THE PROPERTY INDUSTRY CHARITY

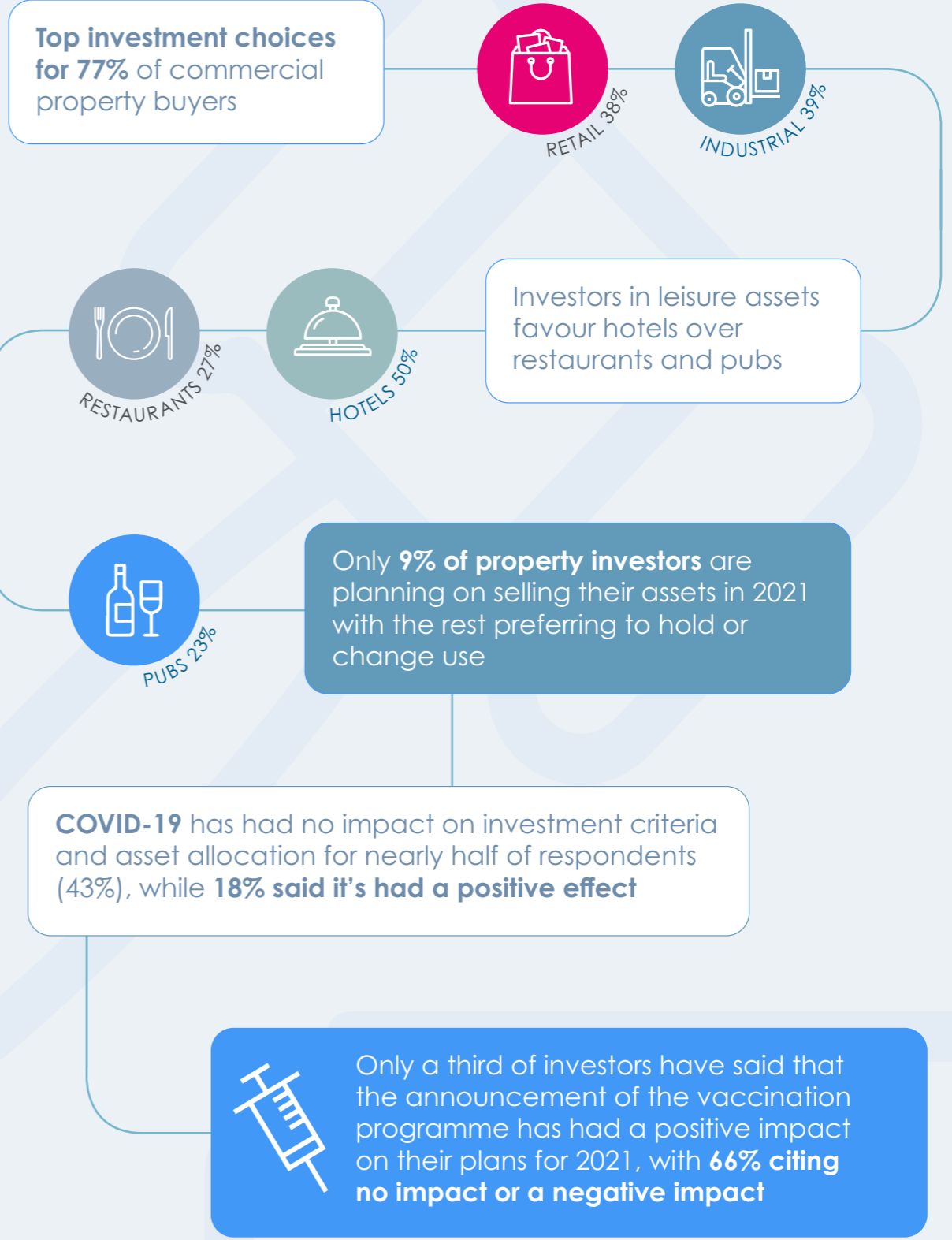
uniting to
end youth
homelessness



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Key findings



Introduction

Background

Allsop is an independent property consultancy with a market leading reputation as the UK's largest and most successful property auction house.

Selling at auction changed during March 2020 where both the commercial and residential team went online, in less than a week. Buyers and sellers alike have adapted well to this change.

From a commercial auction perspective, the market noticed buyers wanting to invest in

properties that gave them tenant longevity, alternative use opportunities or enhanced yield as the market shifted.

Allsop commissioned this research to better understand how its commercial members were reacting to Covid-19 and to seek clarity on their views for the future. These findings will inform Allsop's response to the pandemic and help it position itself within the market in 2021.

Methodology

The research results presented in this report are based on a 5-minute online survey. Participants were sourced from the Allsop commercial database between November and December, with the sample comprising long-term investors and occasional buyers.

Results are presented as percentages; these may not total 100% due to rounding, if the question

allowed for multiple choices, or where the chart/table displays the main responses rather than all response categories.

As standard we achieved a 95% confidence level and a 3% margin of error that aligns to industry standards.

The final sample size achieved was 347 fully completed responses.

Objectives

Specific research objectives for this project were to understand:

1

What sectors investors will look to invest in the most over the next 12 months?

2

How Covid-19 may or may not have changed how commercial members invest in the future?

3

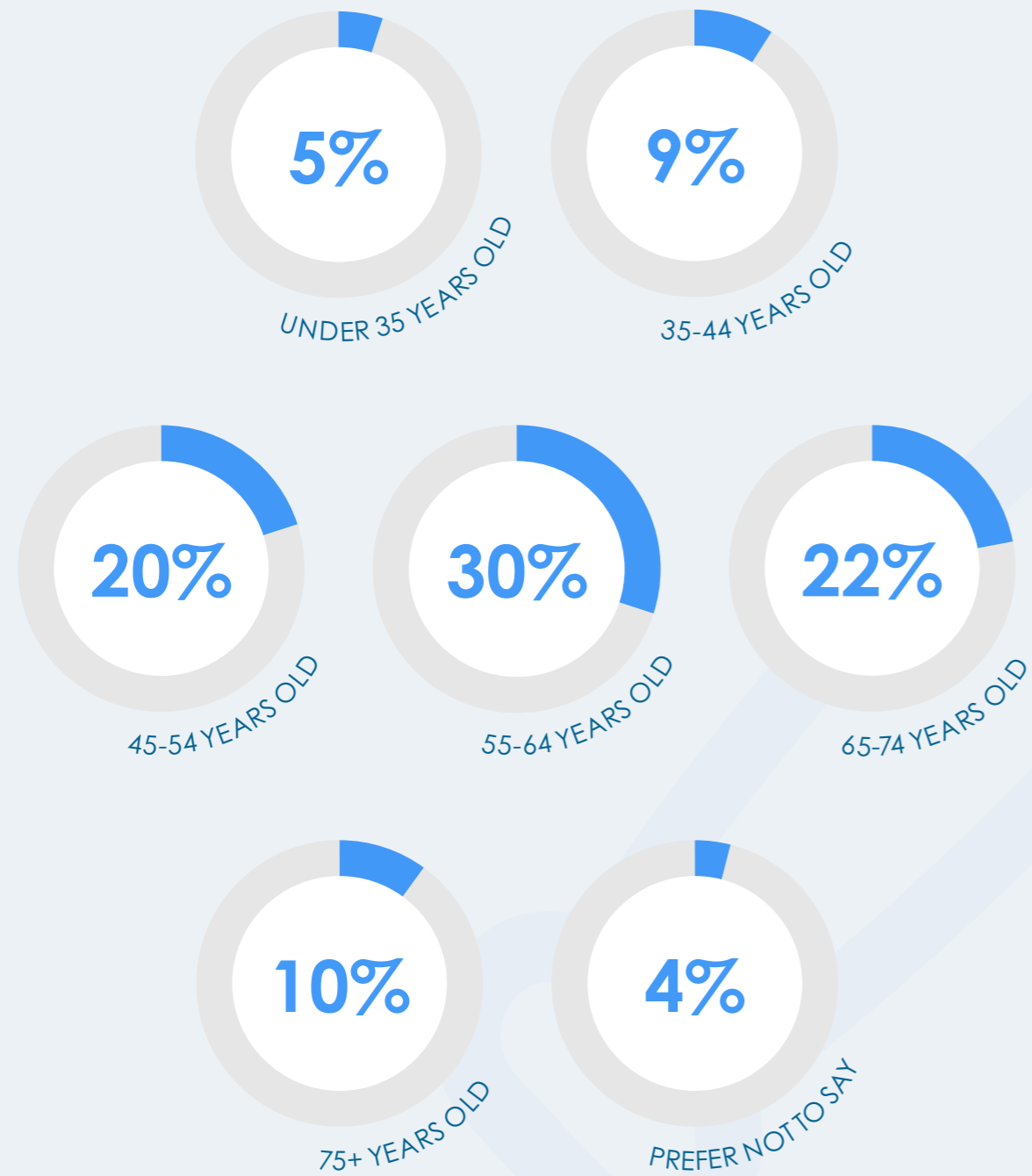
The influence of particular government initiatives on investment behaviour

4

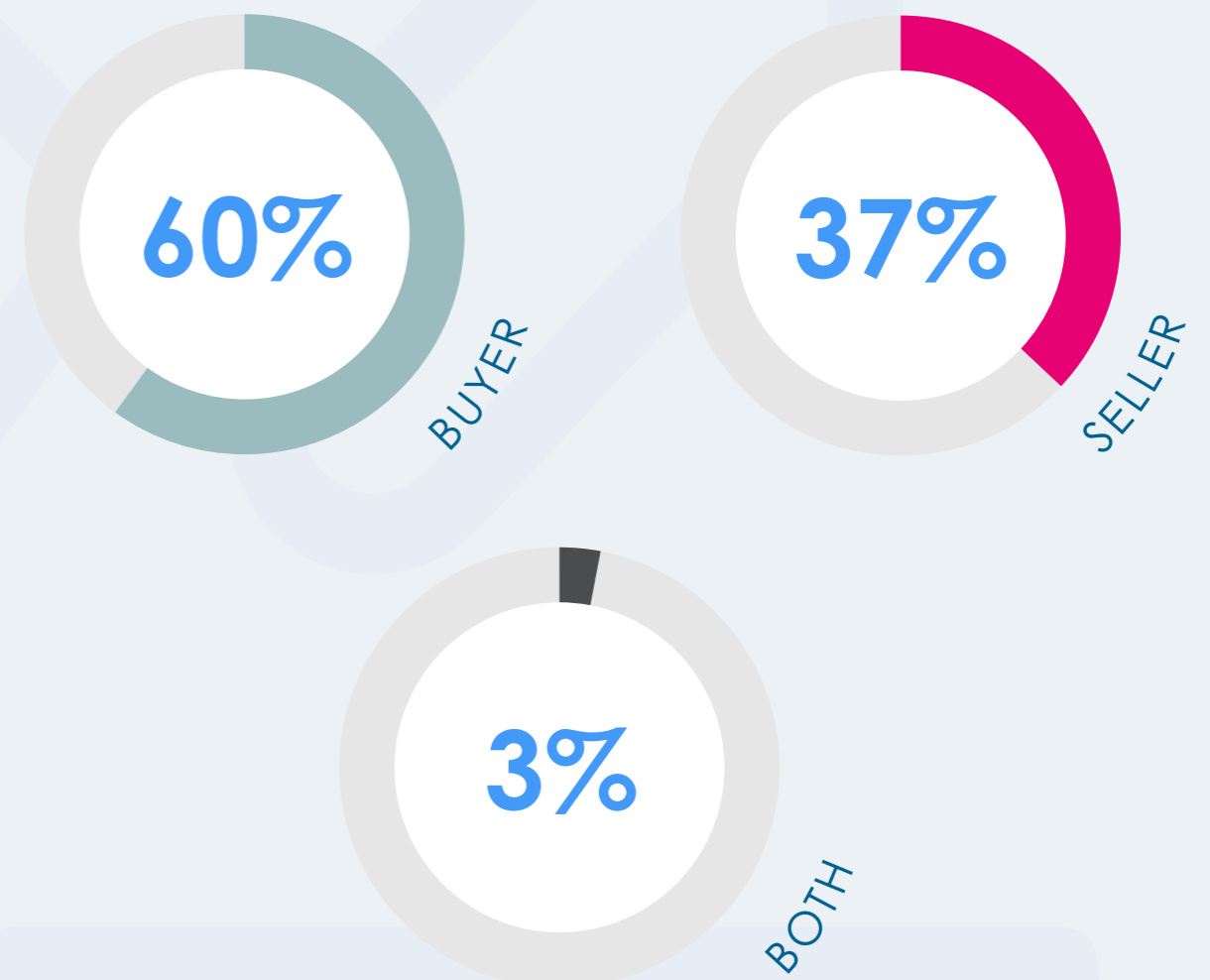
The potential nuances to think about in 2021 in relation to the auction sector and investors

Introduction

Age groups



Type of investor

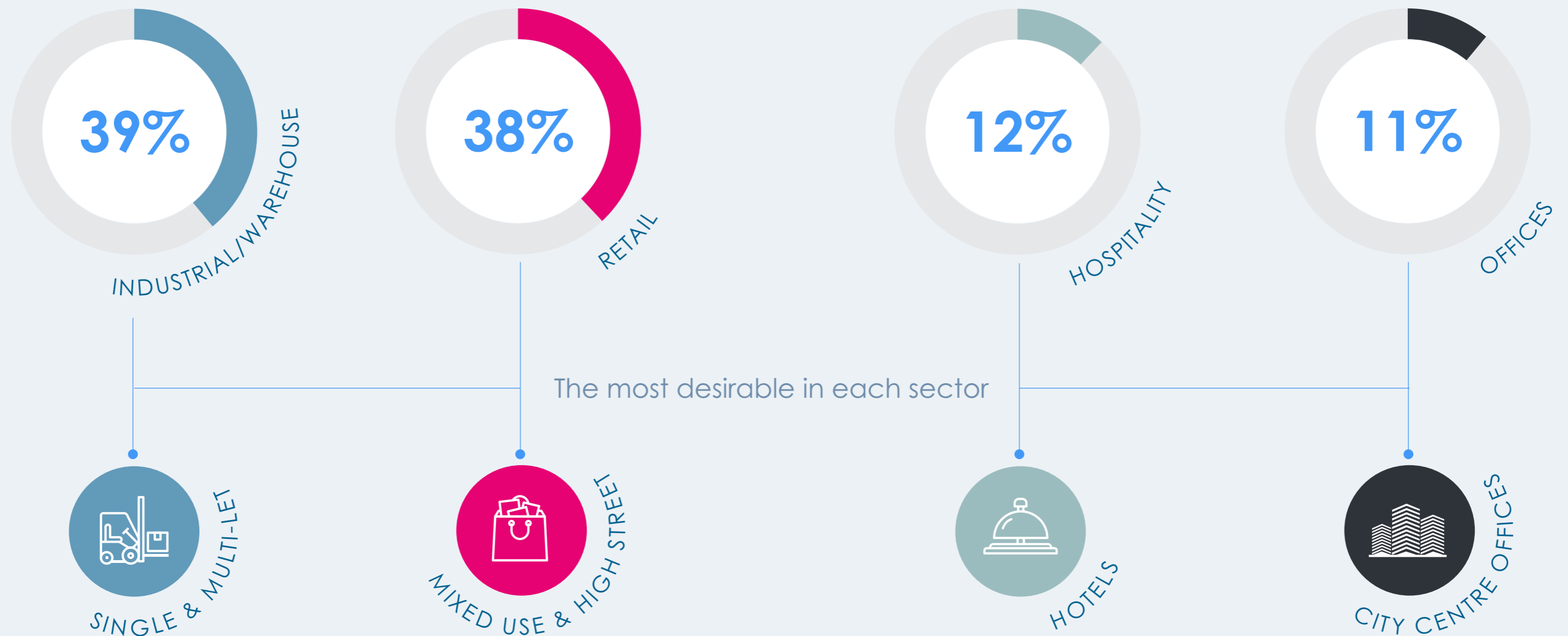


Future investment choices

Industrial & retail units were seen as the most desirable assets to invest in

Industrial/logistics assets emerged as the most desirable, with respondents demonstrating similar levels of interest in single and multi-let assets (52% and 48%, respectively). Aided by the increasing popularity of online shopping as a result of the pandemic, the demand for warehouse and industrial investments is unlikely to diminish any time soon.

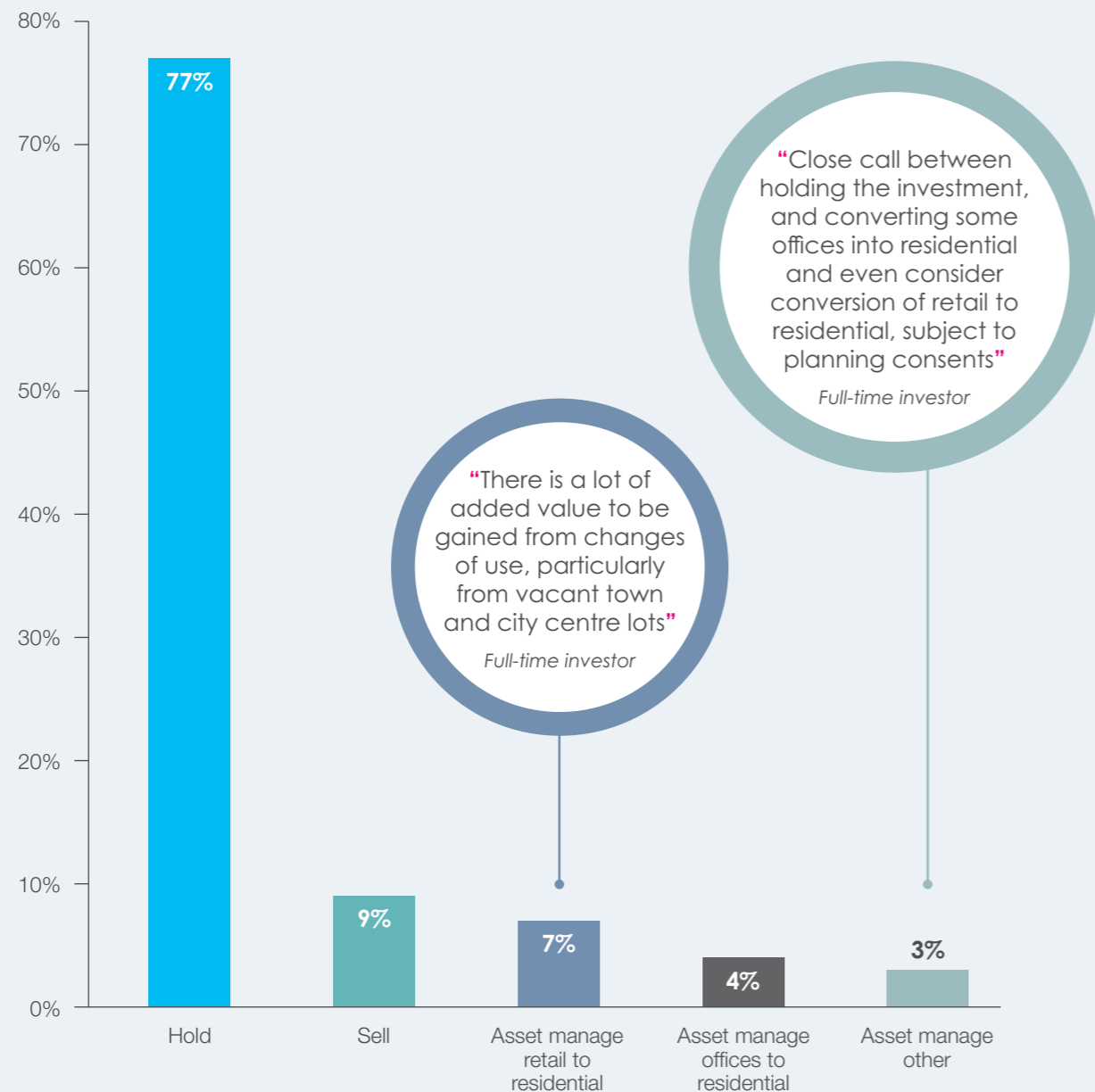
Mixed-use (35%) and high-street (25%) assets currently hold most appeal amongst those interested in buying retail in 2021, with shopping centre investment on the agenda for only 2% of respondents.



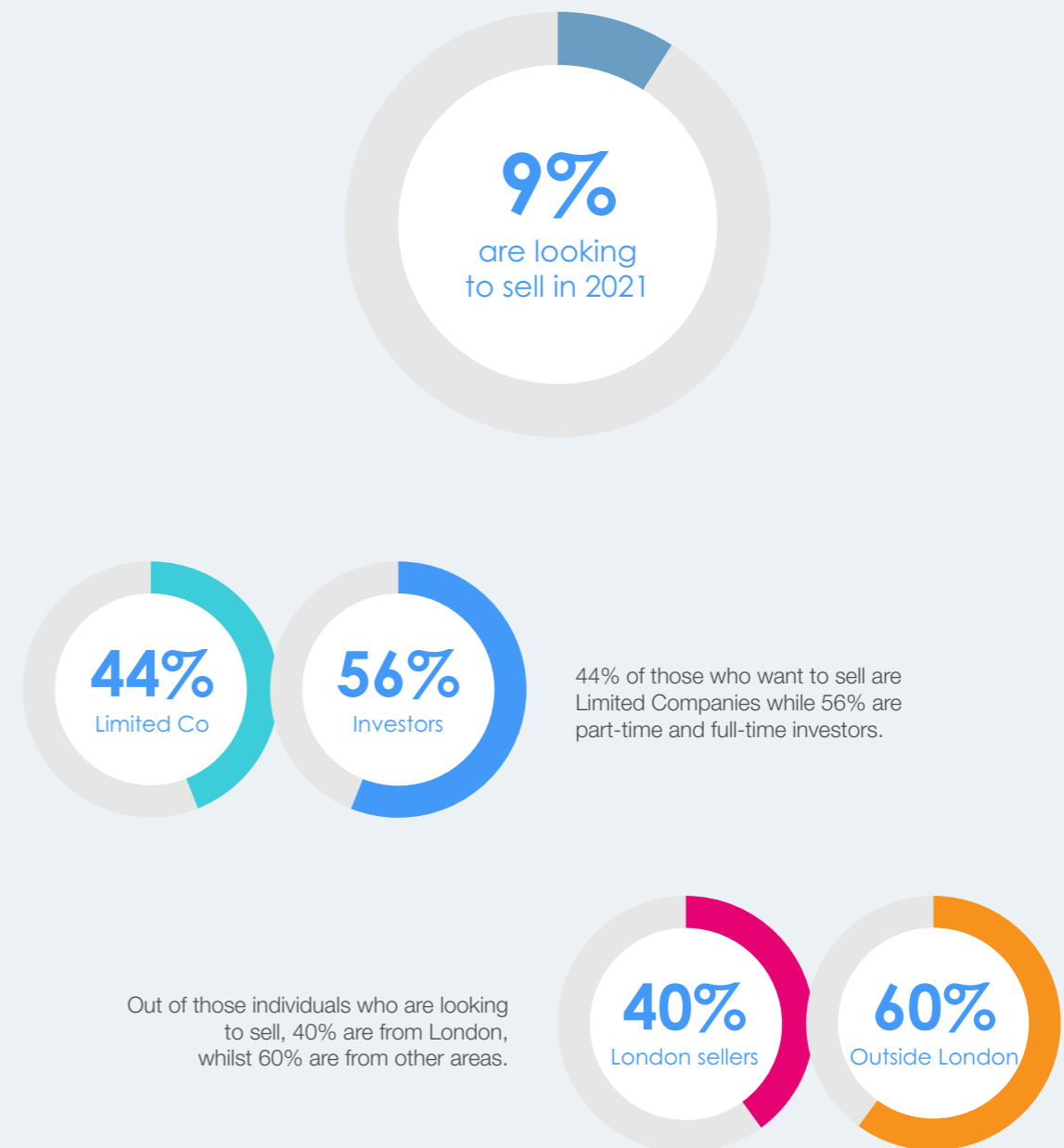
Future investment choices

Individuals will HOLD the majority of commercial property they own

Buyers intend to invest in retail with a view to either holding the assets until economic pressure eases or converting them for alternative uses (37% of investors said the changes to the Use Classes Order had impacted their buying decisions).



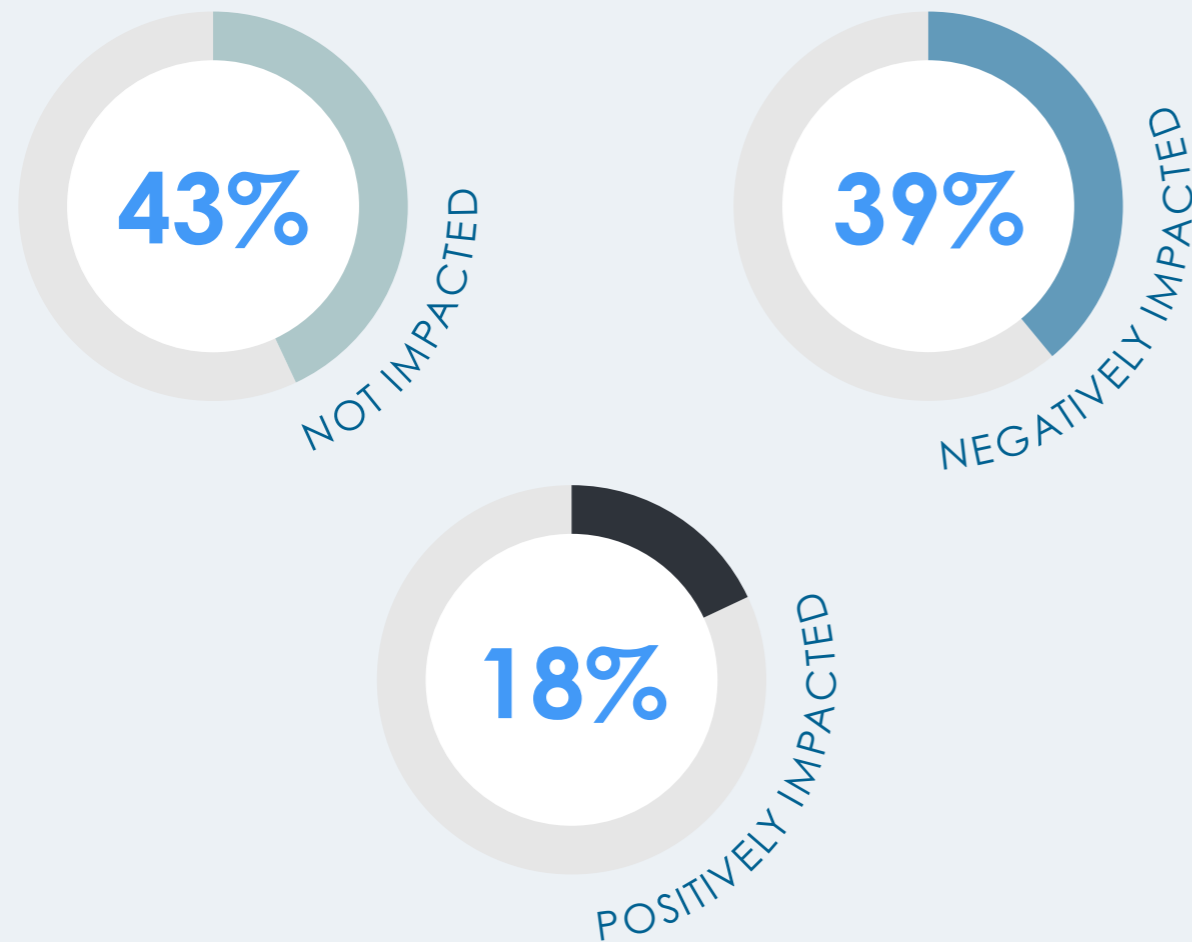
Who is looking to sell in 2021?



Future investment choices

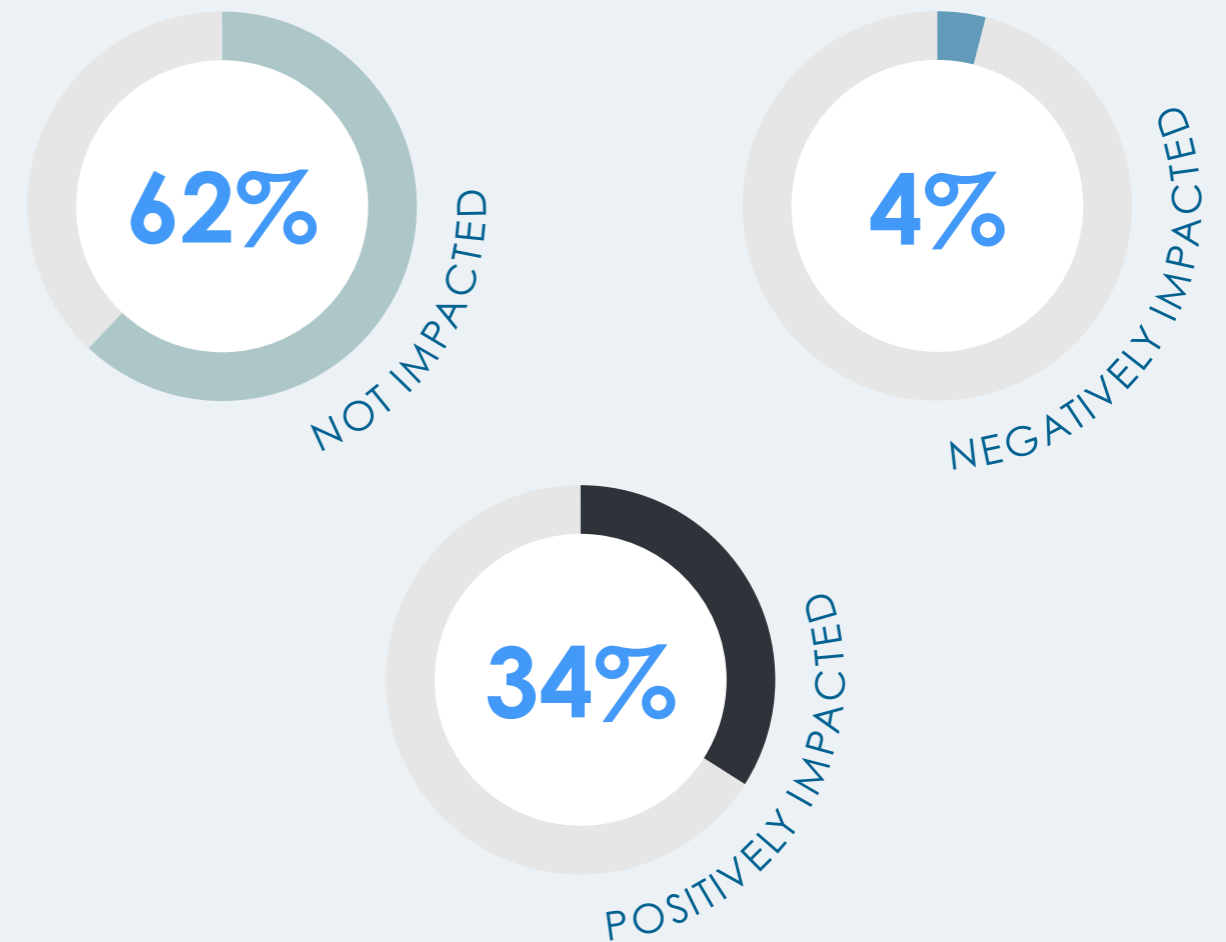
The impact of Covid-19 on investment criteria and allocations

Property sector investors are bullish and take a long-term approach to their investments – only 39% said that Covid-19 had impacted their property investment allocations.



The impact of a potentially effective vaccine on investment plans for 2021

In the meantime, the announcement of the Covid-19 vaccination programme was shown to have only a minor impact on property investors' plans for the coming year – only a third said that it had had a positive impact on their buying decisions, with 66% citing no impact or a negative impact.

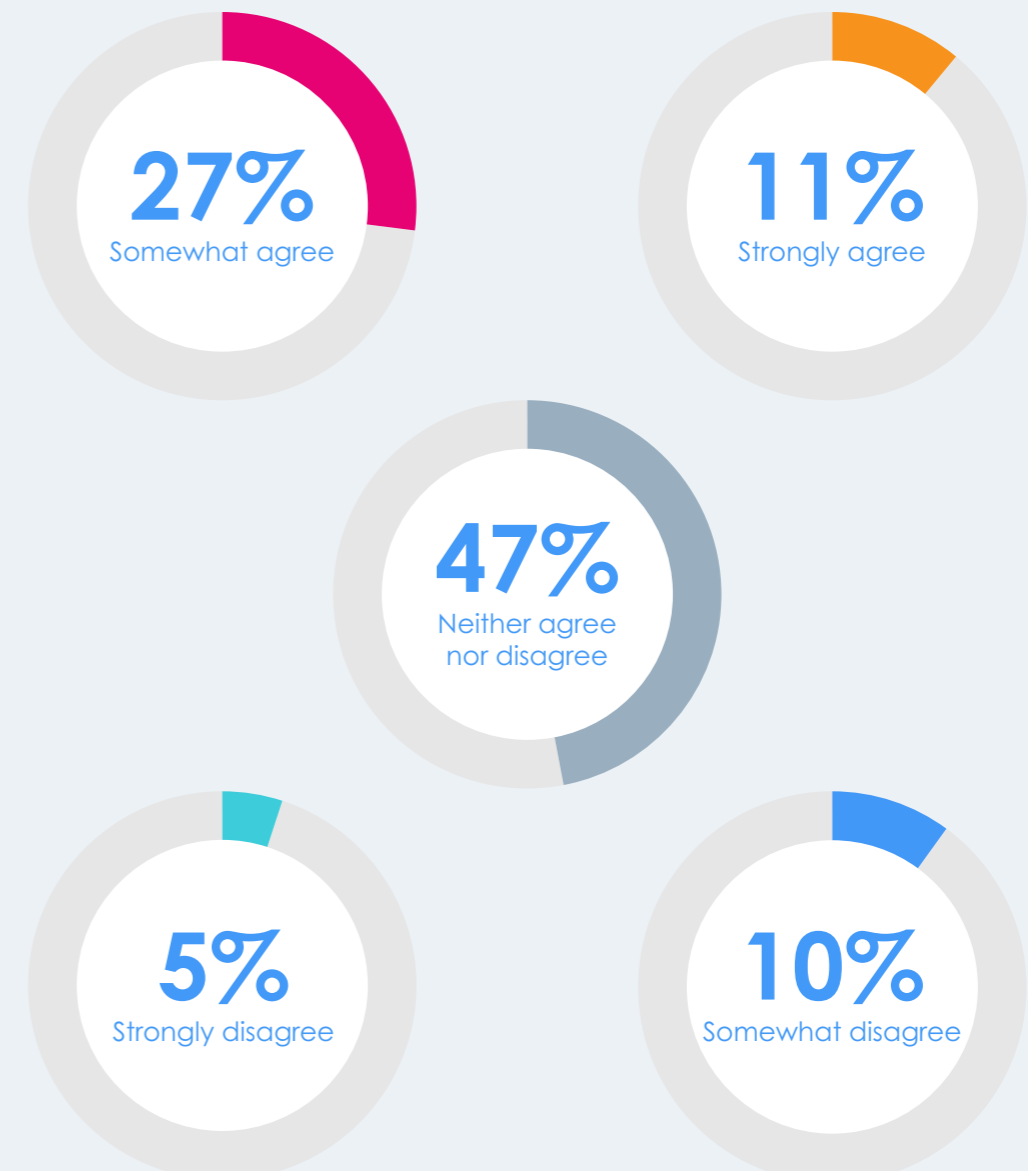
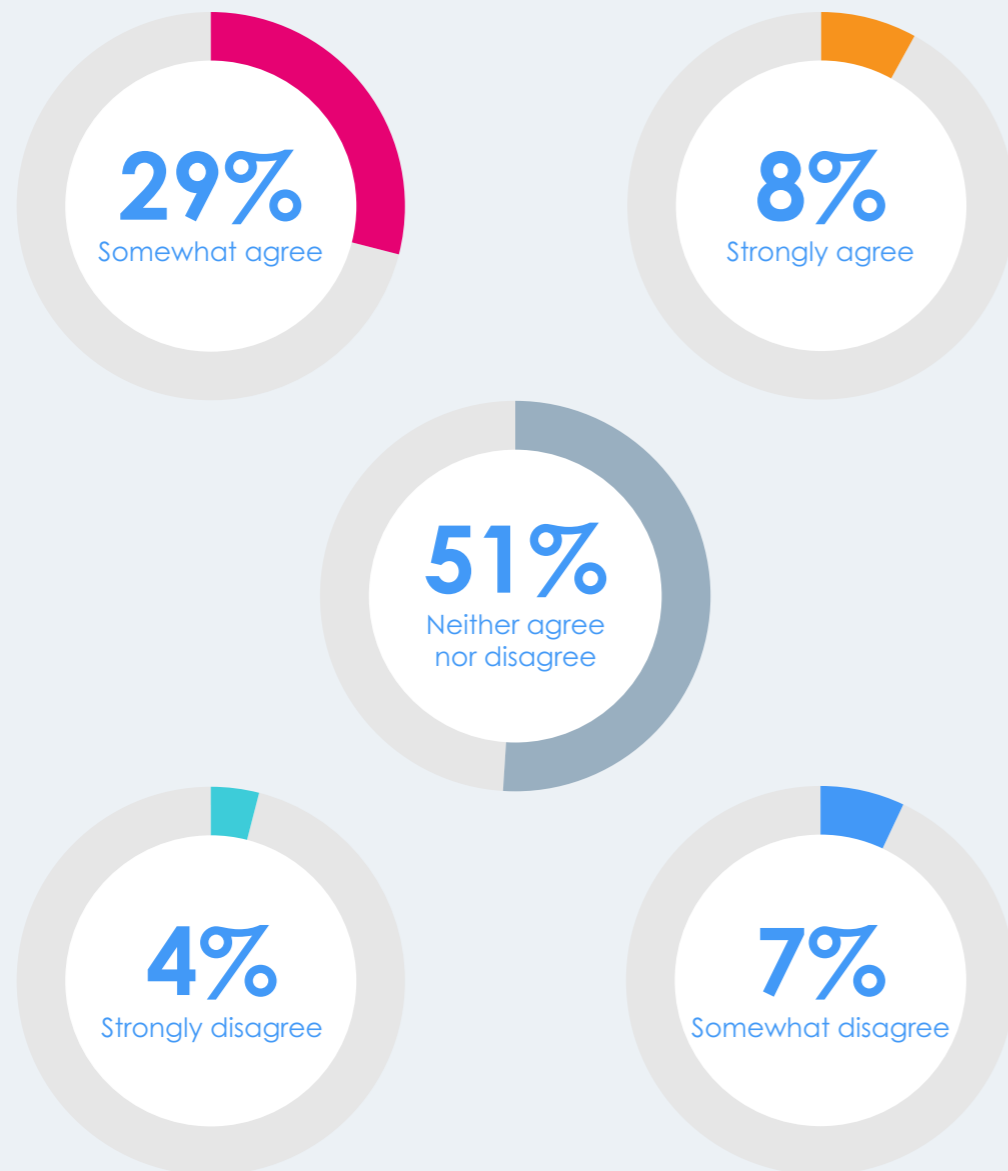


Future investment choices

37% of investors said the changes to the Use Classes Order has impacted their buying decision making

38% of investors said the extension of the eviction moratorium for non-payments has impacted their buying decision making

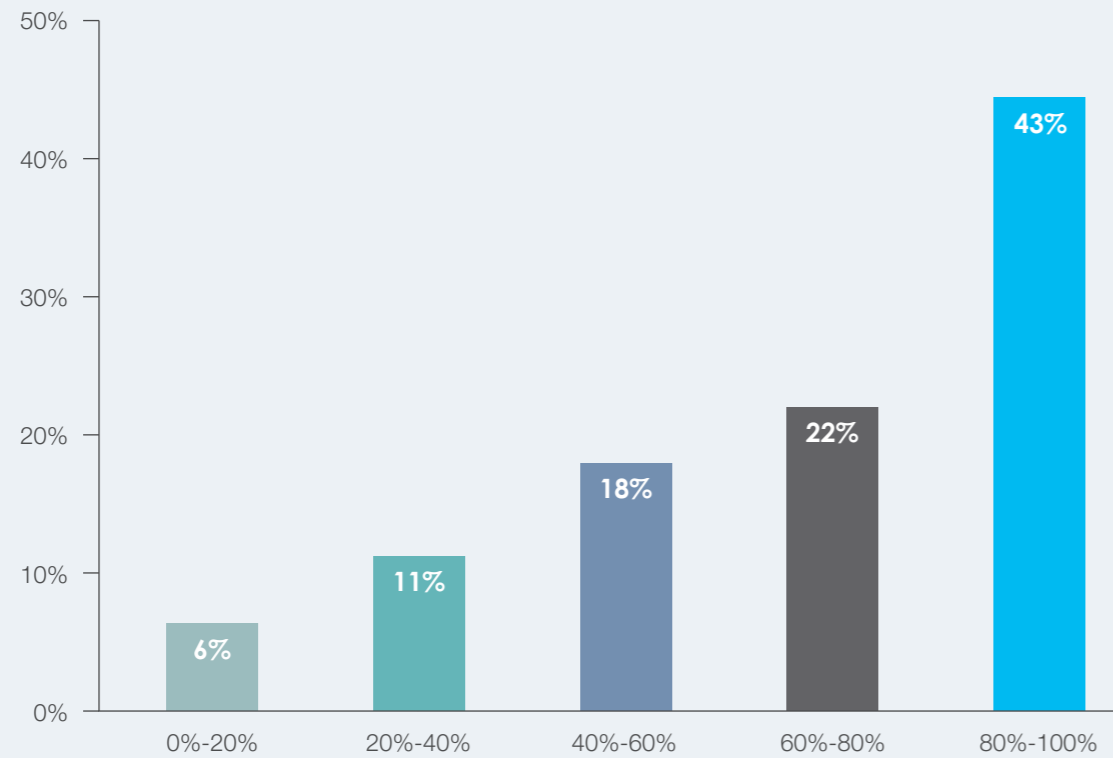
38% of respondents said that the extension of the eviction moratorium for rent non-payments had impacted their buying decisions, showing a cautious approach informed by the ongoing trend of delayed or withheld rent, which has affected landlords across the country.



Future investment choices

The majority of participants have between 60 and 100% of their investment portfolio in property assets

- The vast majority of participants' investment portfolio is an accumulation of property assets. There were no significant differences between demographics.
- Whilst 27% thought their investment portfolio comprising property assets would increase next year, the vast majority thought it will stay the same.



Conclusions

The bigger picture and opportunities ahead



With the majority of our survey respondents saying that COVID-19 hasn't impacted their investment criteria, it is safe to assume that in 2021 investors will continue to focus on the bigger picture and long-term value generation.

Despite 2020 being a turbulent year for UK high streets, retail assets, both within and outside of London, have retained their appeal. Thanks to the new flexibility permitted by the Use Classes Order since September 2020, investors are currently well positioned to secure vacant shops at attractive prices with the view to redeveloping them further down the line.

Assets within the logistics sector, such as warehouses, have remained robust from an investment perspective thanks to our ever-increasing reliance on online shopping and fast delivery times, forcing online retailers to look for strategically positioned storage facilities near major hubs, with both single and multi-let assets in high demand.

Last year presented a unique opportunity to roll out a global homeworking experiment for the first time in modern history, and the results have been mixed, with a few companies decisively scaling their offices back to the bare minimum, while the majority of firms has opted for a cautious wait-and-see tactic.

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This year will no doubt be an interesting one, with commercial auctions offering buyers a plethora of investment opportunities depending on their risk appetite. As multiple vaccines are being deployed across the country, we look forward to finally being able to gather in the ballroom to experience the shared excitement of a live auction once again and witness fierce competition for coveted lots first-hand.

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