



Worcestershire Commercial Property Market Report 2021





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What can I say? A year like no other and one that most people would want to forget!

As a business owner, I can remember the fear and dread of sitting all the staff down in March 2020 telling them to go home and stay safe. The commercial agency world ground to a halt, but, as we came out of the first lockdown, we saw signs of the market recovering with transactions completing across all sectors, including the severely affected office market. While the office and industrial property market in the UK's largest cities was severely impacted, the picture was not as bleak here in Worcestershire during 2020, a theme reflected in this year's Report.

This year we have collaborated with the Worcestershire Local Enterprise Partnership to bring you this report. Their insight into how businesses' mentality and requirements shifted during 2020 has proved invaluable and I would like to thank them for their contribution.

I could not finish without praising my wonderful, dedicated and loyal team here at GJS Dillon. The phrase "you know who your friends are in times of adversity" could not be more relevant.

We have stayed together as a team and like most businesses, we now feel that if we can get through the COVID year together, we can get through anything – thank you Team GJS Dillon!

Top 5 take-aways

- 1 Recovery from COVID-19 pandemic underway
- 2 Office take-up recovering but availability increasing
- 3 Worcestershire's central location leads to resilient industrial market
- 4 Average deal size for offices remains stable with less downsizing than expected
- 5 Lack of freehold opportunities led to capital growth in all sectors and submarkets

Making Worcestershire a Connected, Creative, Dynamic Economy For All



Getting Building Fund to Boost Economic Growth

Worcestershire is a county which has an enticing offer for those looking to get the best of urban and rural life.

The Worcestershire Local Enterprise Partnership (LEP) works closely with various partners across the county to deliver and promote various projects and programmes which are helping to create their vision - "A connected, creative, dynamic economy for all."

A focus on some of the Worcestershire LEP's work has been on supporting businesses with property availability across the county. The Worcestershire LEP have been leading work on the county's Getting Building Fund projects.



These are shovel-ready infrastructure projects designed to boost economic growth and fuel local recovery and jobs as part of the £900m Government's Getting Building Fund, announced in Summer 2020.

The LEP secured a phenomenal £12m allocation for Worcestershire to improve the County's digital & physical infrastructure and connectivity; environmental sustainability and decarbonisation agenda and increase opportunities for business growth. This investment will also attract a further £30m of public sector match funding and is set to deliver a welcome boost to the local economy.

To find out more about the Worcestershire Getting Building Fund, visit the Worcestershire LEP's website www.wlep.co.uk/current-projects/getting-building-fund

3 Examples of Projects Being Supported Across The County

Vale Business Park Expansion

Back in 2020, GJS Dillon's Worcestershire Commercial Property Market Report identified a shortage of commercial property suitable for small to medium enterprises (SME) and the requirement for new development (sub 25,000 sq ft) to support this market.

The Vale Park Expansion project will support the growth potential of between 7-10 small to medium businesses, through the delivery of 10 industrial starter units on land owned by Wychavon District Council and help fill the identified gap in the market for small-medium scale quality commercial space.

Malvern Technology Park

The ambition for Malvern Technology Park is to create a knowledge and innovation based, sustainable business environment, of regional and international reach & merit, to attract inward investment and provide capacity for maturing incumbent companies to expand locally. In turn this will further support the growth potential of Worcestershire's Cyber, IT and Defence target sector and retain high value jobs locally.

Rural Gigabit Connectivity

Alongside the needs of infrastructure, there is a growing need for digital connectivity across the county. This local project through the Getting Building Fund will improve digital connectivity for Worcestershire's rural and hard to reach communities and businesses and help meet the Government's target of 85% Gigabit capable broadband by 2025.



Worcestershire's Commercial Technology Accelerator

With developments to the Malvern Technology Park mentioned earlier, technology and encouraging innovation within business is another ambition of the Worcestershire LEP's. To lead this forward, BetaDen, Worcestershire's Commercial Technology Accelerator, is based at the Malvern Hills Science Park and is successful supporting



cohorts of businesses to develop their technology products and services, accelerating them to being market ready.

The BetaDen team have successfully worked with 3 cohorts of businesses and have supported them to take their products to market with landmark contract wins for these businesses from the likes of HS2, the NHS, Amazon and Royal Mail.

BetaDen is also co-located with Worcestershire's Commercial 5G Test Bed, offering members of their cohorts' access to develop their products on 5G technology.

The 5G testbed service for business offers a variety of potential entry points and customer journeys for small, medium and large businesses to ensure that the technology can be best utilised to enable businesses to grow.

If you'd like to discover more about the 5G testbed and how it could be used with your business, visit the Worcestershire LEP website www.wlep.co.uk/current-projects/worcestershire-5g

To find out more about BetaDen, visit www.beta-den.com

Inspiring Young People's Career Options

Alongside the developments through the Getting Building Fund programme, the Worcestershire LEP continues to deliver projects to ensure Worcestershire is an attractive place for businesses. One aim is to inspire and inform young people about the variety of career options available within the county.

To support this ambition, the Worcestershire LEP and Worcestershire County Council have launched the Worcestershire Jobs website. This new website simplifies the process of searching for jobs, training courses and further educational routes and apprenticeships by listing them all in one easy to use place.

Gone are the days of trawling across multiple job websites, Worcestershire Jobs collates all the local job information and lists it in one place. Users can even filter the results based on their interests or key skills.



Discover more about Worcestershire Jobs and the LEP's Skills programmes by visiting www.wlep.co.uk/current-projects/employment-skills

The County's Business Champions

Worcestershire has plenty to offer businesses and alongside the packages mentioned, businesses in the county are also supported by the county's Growth Hub, Worcestershire Business Central.

The Worcestershire Business Central team are on hand to help businesses of any size with support they may need from

starting a business, to growing, running or even funding a business. The team are your business champion, working extensively to support Worcestershire businesses with delivering support programmes and promoting grant funding as well as much more, all to ensure businesses are given the support they need to help them grow.

Worcestershire Business Central are also able to help businesses with finding a new premise in Worcestershire, working alongside various partners across the county, including GJS Dillon.



Find out more about how your business could be supported by Worcestershire Business Central visit www.business-central.co.uk



How will we work in the future?

We know that 2020 has changed many aspects of working life for ever, at least for many office-based businesses – our own research at Harrison Clark Rickerbys, in our Future Workspaces report, looking at attitudes before and after the first lockdown has confirmed this.

Homeworking and who it works for, the real functions of the office and how we will work in the future are issues many employers are facing. What does an employer need to take into account, now that technology has taken work right to the kitchen table, with all the risks and benefits that brings?

What do home workers need?

The rush to supply IT equipment to remote workers extended in some case to employers making sure that their employees had the kind of equipment they could routinely expect in the office; one employer supplied an orthopaedic chair to a member of staff with a bad back. This is line with the duty of care an employer owes their employees, even if they work from home, and that extends to both physical and mental health.

If your business is going to support home working more regularly now, you need to have a home working policy to set out the arrangements between you and your employees. It can cover the practical issues - will staff use their home telephone or will they have a work mobile? Who will pay for what? If you're dealing with confidential documents, you might want to have more control over a home worker, for instance.

Cyber challenges

The shift to home working proved fruitful for cyber-attackers. Barracuda, which has been monitoring global Covid-19-related phishing activity ranging from phishing attempts, malicious attachments and links to malware or ransomware strains, saw a rise in incidents from 137 in Jan 2020 to 9,116 in March 2020. Use a Virtual Private Network (VPN), update your policy to cover remote access and use of personal devices, check your insurance covers homeworking and regularly remind employees of the correct procedures.

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What will it mean for our homes and offices?

Lockdown has changed what we want from our homes – it's likely to have the same effect on how we feel about our office space.

According to data from property firm Rightmove, nearly half of renters (49%) and over a third of buyers (39%) currently in the market say lockdown has changed what they're looking for in their next home. The top six attributes both buyers and renters want from their new home include more space, a better home workspace, a garden or access to green space, and access to parking or a garage.

For landlords and tenants of commercial properties, the pandemic has hit hard and has illustrated the importance of good communication on both sides. It is hard not to sympathise with businesses who have faced lost revenue, but many landlords will have felt hard done by during the pandemic in being unable to pursue non-payment of rent in the usual way.

If tenants can't pay, they should be transparent and discuss alternative solutions, continue paying service charges and insurance, remember that they remain liable for all obligations, and use any Government support payments to pay arrears.

Landlords should make reasonable concessions, or explain refusals, consider rent-free periods, deferrals, stop interest, change schedules, and use deposits.

With much commercial property likely to be affected by a new hybrid working approach, many businesses will keep a physical office with the majority of employees working flexibly between the office and home. So, the design of offices will need to focus on encouraging creativity, team cohesion, support, drive and inclusion, enabling people to work wherever is most appropriate and productive for the tasks in hand.



Your future plans

Whatever direction your business takes in the future, you are likely to be reassessing your property requirements and the way that your team needs to work. You may need to look at your commercial leases, to raise finance for your innovations or adaptations or to simply ensure that your workforce is ready for the challenges ahead.

We know that you want a real partner to give you the legal advice and support you need to face the changes ahead; we will help you tackle them with confidence.



Philip Parkinson

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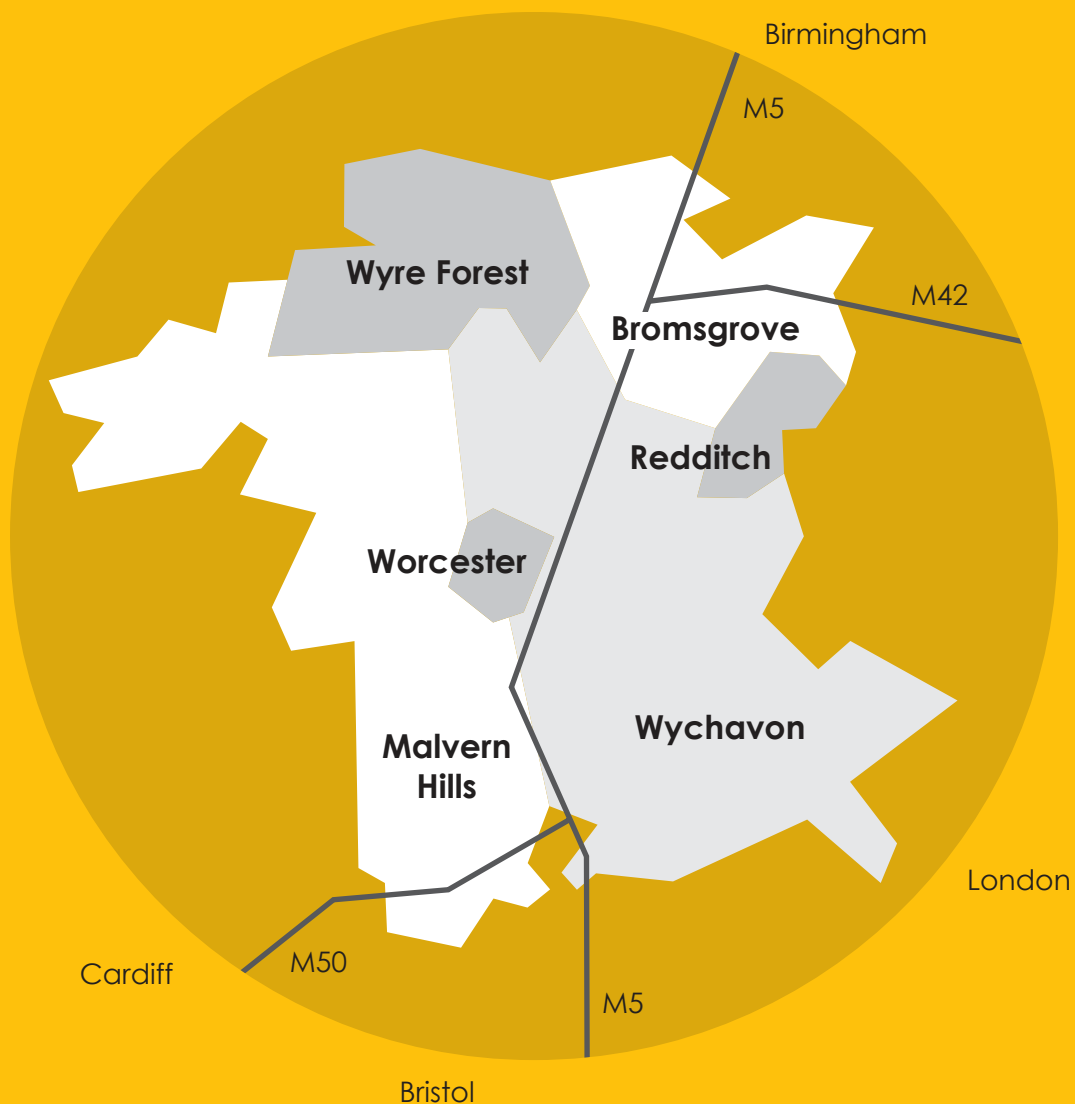
#futureworkspaces

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Office Sub-Markets 2020

	Total Take-Up (ft²)	Vacancy Rate	Avg. Deal Size (ft²)
Bromsgrove	23,110	3.3%	1,216
Malvern Hills	10,940	5.2%	2,188
Redditch	24,255	3.0%	2,695
Worcester	49,507	1.3%	1,904
Wychavon	28,685	3.6%	2,207
Wyre Forest	18,704	1.0%	2,672



Bromsgrove

Bromsgrove

23,110

Total Take-up (ft²)
Freehold and leasehold

3.3

Vacancy Rate (%)

1,216

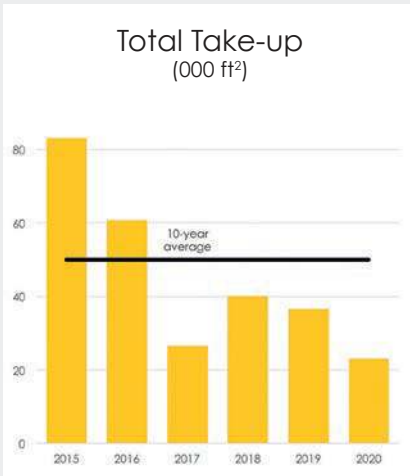
Average Deal Size (ft²)

-35

Avg. Deal Size vs.
10 Year Average

18.24

2020 Headline Rent
(£ per ft²)



As office occupiers migrate out of Birmingham city centre as a result of the COVID pandemic, Bromsgrove's popularity as an office location has increased.

Demand

Demand for offices in Bromsgrove has remained resilient as the route out of the pandemic has been made clear. With the lowest average deal size in the county, the small floor plates that can be found on the business parks have attracted companies looking to downsize or retain a skeleton of office-based staff whilst others work remotely.

Occupiers moving out of Birmingham have also appreciated Bromsgrove's connectivity, which is within easy commuting distance for staff, whilst also being cost effective for the business owner.

Supply

Businesses which may have occupied a whole building prior to the start of the pandemic are now changing the way they use their office space, with a lot of single floors within office buildings becoming readily available. This type of accommodation is normally of a good standard having been well maintained by the previous occupier, who is more often than not the building owner themselves simply reducing down the office space that they require for their own business.

Rental and Capital Values

Headline rents in Bromsgrove have unsurprisingly plateaued following the previous three year upwards trajectory, however the stats should be reviewed with caution as there have been so few deals that have been undertaken within the district's Grade A market. They still remain the highest within the county, reflective of the district's geographical location, its proximity to the M5 & M42 motorway junctions and the high number of small office suites in the area.

Outlook

Transaction volumes have remained the most resilient within the county over the past 12 months, reflective of Bromsgrove's proximity to Birmingham conurbation and the desire for some office occupiers to move out of the city centre. In line with the trend of downsizing and the area's strong SME business base, we think that small office suites will remain popular for some time to come.

Malvern Hills

10,940

Total Take-up (ft²)
Freehold and leasehold

5.2

Vacancy Rate (%)

2,188

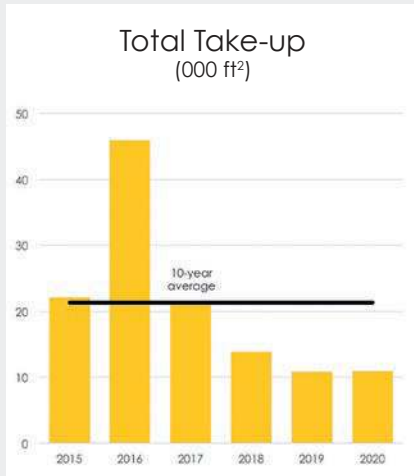
Average Deal Size (ft²)

-7

Avg. Deal Size vs.
10 Year Average

14.89

2020 Headline Rent
(£ per ft²)



The Malvern Hills district remained the most consistent market in comparison to previous years' performance as its position as a tech hub remains unique within Worcestershire and the wider West Midlands.

Demand

With the second smallest amount of total stock in Worcestershire, Malvern Hills district's performance on lettings has been limited, with one being over 5,000 sq ft to a healthcare operator in Martley. This led to the average deal size being 20% higher than the 10 year average. This is set to change as the next phase of the Malvern Hills Science Park is developed, along with the final building at Enigma Science Park, which will increase the overall stock level of office accommodation in the area.

Supply

Vacancy rates have remained the most stable out of all the districts, however this figure remains inflated by the Bernard Lovell Building – 64,312 sq ft of office space on Malvern Technology Park that is available to lease.

The supply pipeline (current availability vs. take-up) has increased, which is reflective of the new planned developments mentioned above. This high quality space remains much needed to attract tech occupiers.

Rental and Capital Values

Average market rents have followed the trend of 2019 by decreasing, which is a result of a handful of large lettings of dated office accommodation. Headline rents have increased slightly which shows the requirement in the area for quality space.

The average sales rate improved slightly on the previous year, as the year prior was dominated by the sale of two large existing office buildings around Spring Lane and Grovewood Road.

Outlook

Whilst the Malvern Hills district may not benefit from the connectivity of other districts, it does benefit from being situated in an attractive location adjacent to Herefordshire and the Malvern Hills. As companies' requirements shift towards creating employment spaces their staff enjoy working in, we think the area will start to attract companies outside of those in the tech centre.

Redditch

Redditch

24,255

Total Take-up (ft²)
Freehold and leasehold

3

Vacancy Rate (%)

2,695

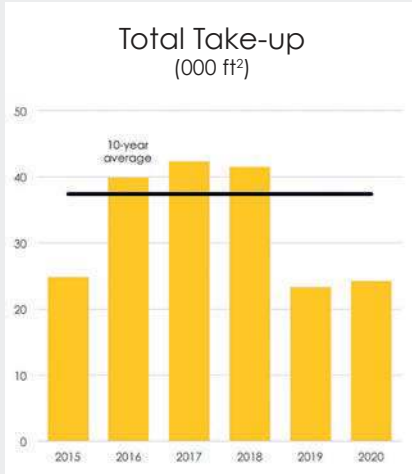
Average Deal Size (ft²)

+31

Avg. Deal Size vs.
10 Year Average

11.68

2020 Headline Rent
(£ per ft²)



Quality open floor plates remain popular with occupiers relocating from Birmingham and the M42 corridor, leading to the largest average deal size in the county.

Demand

Boasting high levels of quality open plan space led to the largest average deal size in the county at 2,695 sq ft, an increase of 31% on the previous year. The district also has much larger floor plates which will be in demand from national occupiers as they look to downsize yet remain in well-connected space.

Supply

There remains a critically low amount of freehold space available within the Redditch submarket, something which has changed during the pandemic. This has created a further struggle for owner occupiers who face competition from the investment market, which is still particularly active within Redditch.

A shortage of supply of modern office accommodation has caused the disparity between headline and average rents to decrease to almost nothing.

Rental and Capital Values

Headline rental levels increased on the year prior, perhaps owing to the increased competition for good quality, low maintenance and therefore long-term cost-effective space.

The average sales rate is amongst the highest in the county as owner occupiers compete against the investment market. As the investment market recovers from the pandemic this may lead to a positive shift in favour of owner occupiers.

Outlook

As the draw of city centre offices lessens, Redditch is well positioned to take advantage of capturing medium to large sized businesses looking to relocate to a cost-effective business centre. Consideration must still be given to the freehold market which has struggled against the investment market in recent years.

Worcester

Worcester

49,507

Total Take-up (ft²)
Freehold and leasehold

1.3

Vacancy Rate (%)

1,904

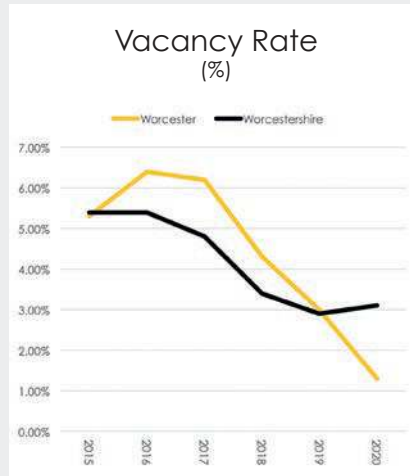
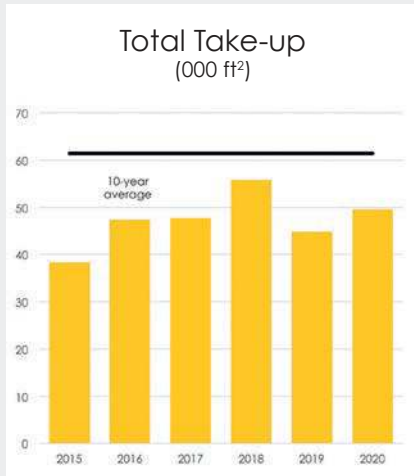
Average Deal Size (ft²)

-14

Avg. Deal Size vs.
10 Year Average

15.61

2020 Headline Rent
(£ per ft²)



Worcester remains an attractive business location as the City's business community works together in the face of the pandemic and exposure to footfall becomes a priority.

Demand

Take-up and the average deal size outperformed 2019 and vacancy rates fell to a record low, showing a surprisingly healthy demand for office space in Worcester, despite the pandemic. One company we spoke to said that they relocated to Worcester city centre to maintain a "high street" presence at a time when it has been difficult to get in front of people.

Supply

Availability is at an all time low with few developments likely to be brought to market over the coming years. Where new products have been brought to the market, such as at the Porcelain Works, these have proved popular, demonstrating the demand for quality space in Worcester.

Modern office space may be coming available around Junction 6, however this needs to have consideration to the average deal size of 1,904 sq ft.

Rental and Capital Values

The increasing disparity between headline and average rents reflects the demand for modern office space close to the motorway junctions and business parks. When such space does become available, such as at Wildwood Triangle in 2020, the rents being paid are justifying the quality of the space.

Average sales rates have remained consistent at £145 per sq ft, perhaps owing to the lack of brand new high quality space that can justify an increase from this.

Outlook

Unlike other cities with a population in excess of 100,000, Worcester has retained a strong community atmosphere, something which the pandemic has brought out further. By investing in the ageing office stock, Worcester has an opportunity to attract businesses which want to be part of that community into the city.

28,685

Total Take-up (ft²)
Freehold and leasehold

3.6

Vacancy Rate (%)

2,207

Average Deal Size (ft²)

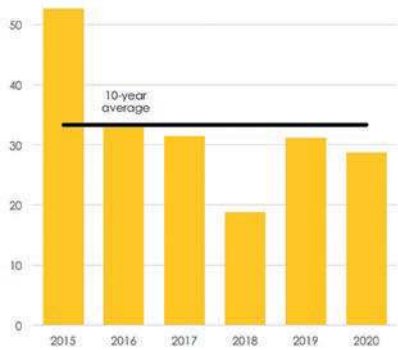
+51

Avg. Deal Size vs.
10 Year Average

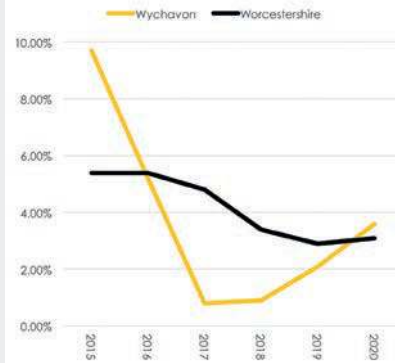
16.43

2020 Headline Rent
(£ per ft²)

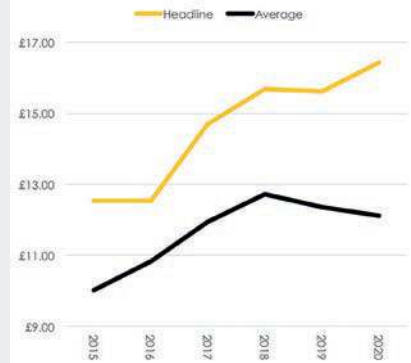
Total Take-up
(000 ft²)



Vacancy Rate
(%)



Headline Rent
(£ per ft²)



Wychavon's potential is huge, having first class infrastructure and a connected rural community, however it remains in stiff competition to the home office.

Demand

Wychavon has attributes that have moved up occupiers' list of requirements, such as space, connectivity and the rural ambiance. However, it is in competition with the work from home mindset which still offers all of the above at no additional cost.

Although this has led to a rise in vacancy rates, we think that the continued promotion of the benefits of being in the area will mean that occupiers will return to the district in 2021.

Supply

Wychavon has a good balance between office space within its principal towns and rural business centres. These have been impacted by the pandemic and a lot of the small centres will benefit once businesses return to the workplace.

Consideration still needs to be given towards offering quality office space around the district's road network and new Worcestershire Parkway railway station.

Rental and Capital Values

Rental growth in Wychavon has increased year-on-year since 2015 with headline rents now at £16.43 per sq ft. This is reflective of the unique well-presented rural space the area offers.

The average sales rate remains amongst the highest in the county with appetite being particularly strong for existing courtyard schemes such as De Salis Court in Droitwich.

Outlook

The district has retained its identity as a well-connected market with major infrastructure points such as its motorway junctions, the A46 and Worcestershire Parkway Station. An additional draw is its rural position as occupiers look for space and green working environments following the shift in people's perception of where they want to work following the pandemic.

Wyre Forest

18,704

Total Take-up (ft²)
Freehold and leasehold

1%

Vacancy Rate (%)

2,672

Average Deal Size (ft²)

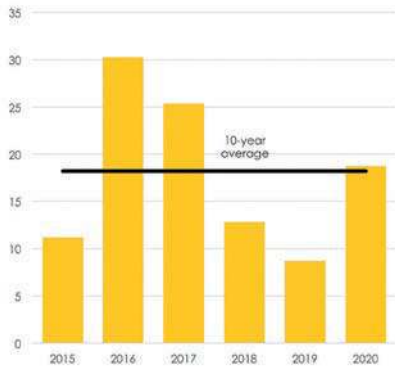
+34

Avg. Deal Size vs.
10 Year Average

11.28

2020 Headline Rent
(£ per ft²)

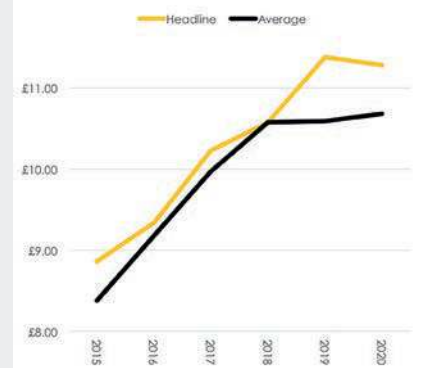
Total Take-up
(000 ft²)



Vacancy Rate
(%)



Headline Rent
(£ per ft²)



The availability and sale of freehold opportunities demonstrate demand from this market with the Wyre Forest's vacancy rate being pushed to an all-time low.

Demand

As the only submarket to outperform its 10 year average take-up figures, demand in the Wyre Forest has led to vacancy rates falling to their lowest level for over a decade, to 1.0% (compared to 3.3% in 2019).

The average deal size was amongst the highest in the county as companies looked to relocate from the Black Country.

Supply

The Wyre Forest area has the lowest amount of office stock in the county, which is primarily attributed to its small geographical size. However with vacancy rates hitting a record low, this presents a huge opportunity for developers to capitalise on the increasing demand.

The development of the Stourport Road in Kidderminster remains popular with a letting over 5,000 sq ft being agreed at Gemini House.

Rental and Capital Values

As the most affordable submarket within the county, this has been a benefit in attracting occupiers during the pandemic as businesses become conscious of their costs base. With the subsequent low vacancy rate, this might be good news for Landlords as net income increases.

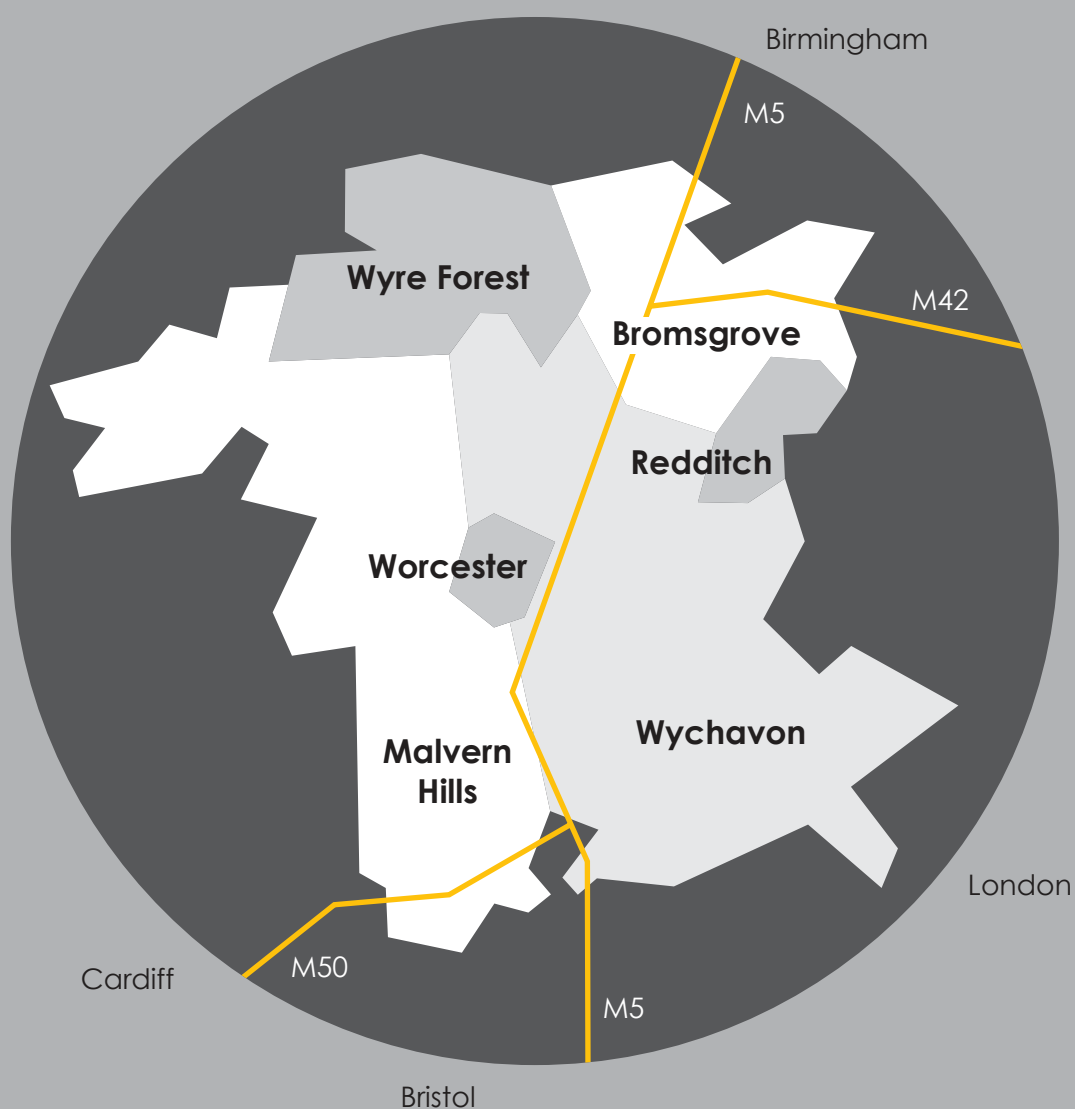
Average sales rates remain low in comparison to the rest of the county. This reflects the dated stock of the Wyre Forest's manufacturing past and presents an opportunity for developers to introduce purpose built stock to the market.

Outlook

The Wyre Forest office market has performed well in the face of the pandemic and the increasing pressure from occupiers looking to move or grow within the district presents an opportunity for developers or Landlords to capitalise on this demand.

Industrial Sub-Markets 2020

	Total Take-Up (ft ²)	Vacancy Rate	Avg. Deal Size (ft ²)
Bromsgrove	76,632	2.8%	6,967
Malvern Hills	20,294	3.4%	4,059
Redditch	639,010	6.3%	21,300
Worcester	139,776	3.5%	6,656
Wychavon	131,299	3.9%	5,252
Wyre Forest	124,508	3.1%	6,225



Bromsgrove

Bromsgrove

76,632

Total Take-up (ft²)
Freehold and leasehold

2.8

Vacancy Rate (%)

6,967

Average Deal Size (ft²)

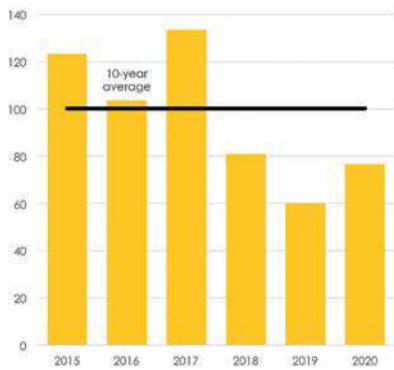
9:91

Freehold : Leasehold

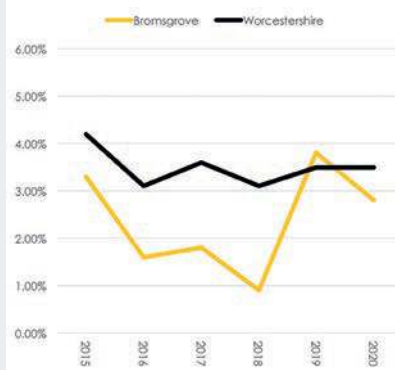
8.13

2020 Headline Rent
(£ per ft²)

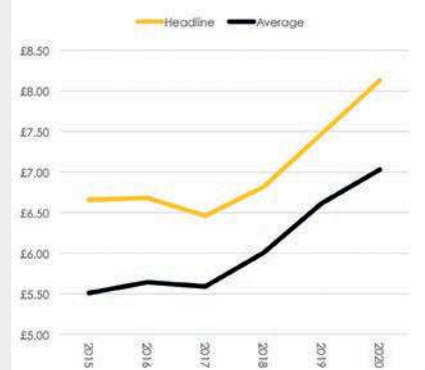
Total Take-up
(000 ft²)



Vacancy Rate
(%)



Headline Rent
(£ per ft²)



The supply of freehold industrial space has become critical as vacancy rates start to fall and freehold prices reach record highs.

Demand

Bromsgrove remains the most in demand industrial location for SME businesses with only one of the 11 transactions in 2020 being above the 10,000 sq ft mark; the letting of over 40,000 sq ft at Corbett Business Park.

The split between freehold and leasehold opportunities shifted from 30:70 in 2019 to 9:91 in 2020, showing both a continued demand and stock shortage.

Supply

Availability levels are the lowest in the county at 8 months, with there being no freehold industrial opportunities on the market at the beginning of 2021. This pent-up demand means that any freehold industrial unit that comes on the market is snapped up quickly. The average period that a new unit on Saxon Business Park is on the market is now just under two weeks.

Rental and Capital Values

Bromsgrove marginally increased its disparity between headline and average rents in 2020, with headline rents pushing over £8 per sq ft for the first time. This is a consequence of a number of transactions at Sapphire Court, a good quality modern industrial scheme on Bromsgrove Enterprise Park.

Capital values remained high as SME businesses look to acquire property and take advantage of preferential buying conditions, with prices being achieved in excess of £135 per sq ft last year.

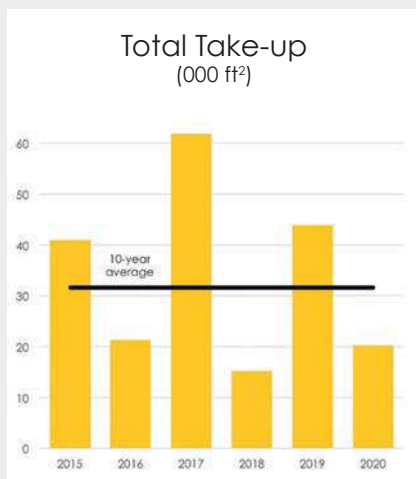
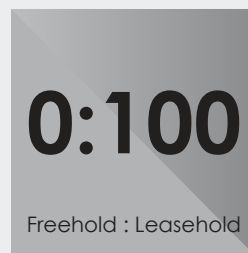
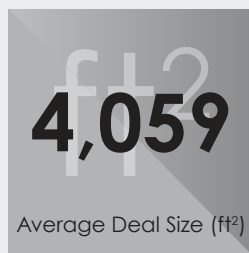
Outlook

There is no better time than now for property owners in Bromsgrove to sell their industrial unit. As the long-term impacts of the Coronavirus pandemic remain uncertain, it is not clear how long this high performing sales market will last.

There is still a strong rental market from the established SME business base and quality stock needs to also be made available to this market, who may not be in the position to buy.

Malvern Hills

Malvern Hills



As the improvements to the Southern Link Road enters its final stages, the Malvern Hills does not yet have the commercial space to cater for this opportunity – the area needs to address this issue over the next 12 months and beyond.

Demand

The Malvern Hills district traditionally has the lowest take-up levels owing to its smaller commercial market, with the total amount of industrial stock being 1,924,338 sq ft, compared to the second lowest (Bromsgrove) at 3,979,645 sq ft.

Take-up fell back below the 10 year average as no landmark deals were completed last year, showing the volatility of a small market.

Supply

Supply within the Malvern Hills district actually remains high owing to the St. Modwen development at Broomhall Business Park, which falls within the district. If we disregard this scheme, availability falls from just under 50 months to just over 12 months.

The supply of small units remains low, as shown by the short letting times of two units of Malvern Business Centre on Enigma Business Park in 2020.

Rental and Capital Values

Headline and average rental levels have remained on a consistent upwards trajectory since 2017, with headline rents jumping to over £7.50 per sq ft.

Capital values have recovered following a dip the previous year, this is due to the sale of two quality units, also on Malvern Business Centre, showing that quality sells and goes quickly.

Outlook

With the Malvern Hills having the lowest average deal size, new developments need to come forward that cater for the SME market as they are running out of places to go and we are aware that some have chosen to leave the district.

This demand, along with the improved infrastructure to the area presents the biggest opportunity of any area in the county.

Redditch

Redditch

639,010

Total Take-up (ft²)
Freehold and leasehold

6.3

Vacancy Rate (%)

21,300

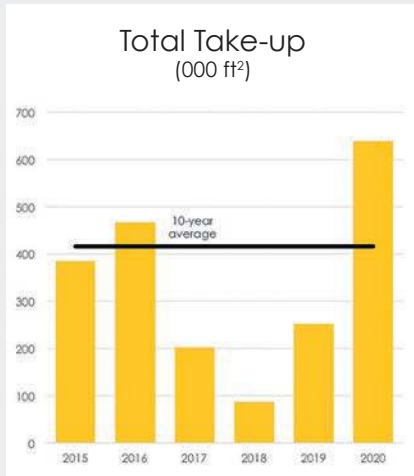
Average Deal Size (ft²)

7:93

Freehold : Leasehold

8.51

2020 Headline Rent
(£ per ft²)



Redditch welcomes Amazon this year, adding to the town's profile as a leading warehouse & manufacturing centre for national and multi-national occupiers.

Demand

Take-up in the Redditch industrial market hit an all time high in 2020, owing to the letting of over 350,000 sq ft to Amazon at Redditch Gateway. There was also activity in the sub 10,000 sq ft category with over two thirds of transactions being in this market last year.

Critically, some freehold opportunities did come to the market last year, although the supply of these was still well below demand.

Supply

As new schemes such as Redditch Gateway and Velocity 42 are reaching completion, Redditch has good supply levels within the mid to large unit market. There are also examples of schemes which have supplied the SME market, such as Crescent Trade Park, which has proved popular.

Overall supply has fallen, however this is a result of the large transactions highlighted above.

Rental and Capital Values

Headline rental levels have increased to record levels, showing the positive effect that new schemes within the SME market have. Average rents are relatively stable, however they may start to decline if the deteriorating stock is not brought up to standard.

Capital values remain strong with an average sales rate for 2020 just passing £80 per sq ft. These values are driven by the sale of a number of business units, which offer occupiers a hybrid warehouse / office property, a product which has become popular over the past 12 months throughout the county.

Outlook

Redditch is doing everything right by bringing forward developments across the entire size spectrum, they simply cannot keep up with the demand from businesses to be in the area. As well as building new stock, there is the opportunity to improve the obsolete accommodation which will yield good results for Landlord and property owners.

139,776

Total Take-up (ft²)
Freehold and leasehold

3.5

Vacancy Rate (%)

6,656

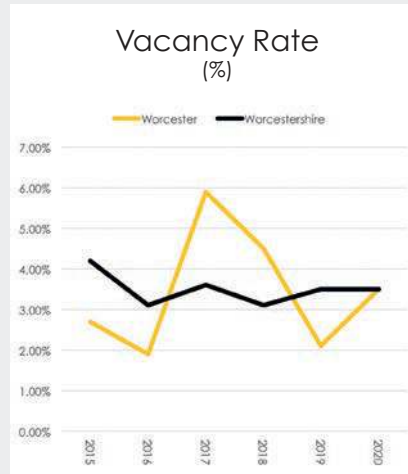
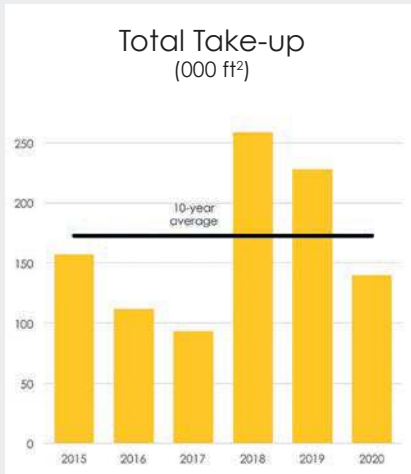
Average Deal Size (ft²)

13:87

Freehold : Leasehold

7.87

2020 Headline Rent
(£ per ft²)



Worcester's industrial market shifted to offer the most diverse unit and tenure mix in the county, with a shift in average deal size and freehold to leasehold split.

Demand

For the first time since 2017 take-up slipped below the 10 year average, however the number of transactions were exactly the same as in 2019. This is a consequence of a greater number of transactions in the sub 10,000 sq ft category. This is not a negative statistic as it shows support for SME businesses which are vital to Worcester's economy.

Supply

Worcester had the highest ratio of freehold to leasehold transactions in 2020 out of any district. Of these freehold deals, two notable transactions were in the city centre at Carden Street and Orchard Street; showing that supply should not just be limited to the business parks around the motorway.

This is an encouraging statistic given the high institutional estate ownership in Worcester.

Rental and Capital Values

The creation of a popular enterprise centre on Blackpole Trading Estate led to an increase in headline rents, demonstrating the demand for quality accommodation. More schemes like this need to be encouraged.

Capital values have improved marginally owing to an increase in transactions. There is still a lack of quality freehold transactions which could push that sales rate further.

Outlook

Whilst Worcester does the mid box market well, particularly around Shire Business Park, it was good to see a greater number of sub 10,000 sq ft transactions, particularly close to the city centre. As pressure increases on the city's motorway junctions, existing central sites need to be looked at, for example those to the east of the river, around Shrub Hill Station and the Diglis Basin.

131,299

Total Take-up (ft²)
Freehold and leasehold

3.9

Vacancy Rate (%)

5,252

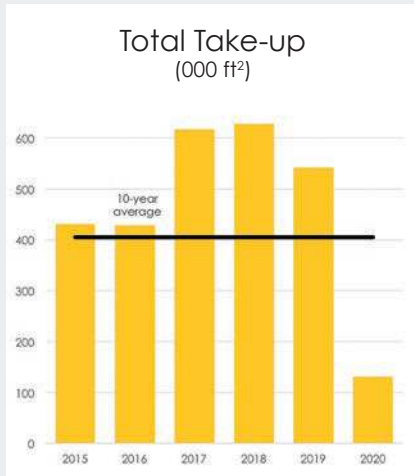
Average Deal Size (ft²)

5:95

Freehold : Leasehold

9.94

2020 Headline Rent
(£ per ft²)



New developments can't keep up with demand as Wychavon remains popular, 2020's fall in take-up is a minor blip as more space is due to be delivered at Worcester Six, Hartlebury Trading Estate and Vale Park.

Demand

Take-up in 2020 fell back/was limited as there were fewer transactions at landmark schemes such as Worcester Six. There was however a consistent stream of demand with there being an identical number of transactions in the sub 10,000 sq ft market compared to last year.

Wychavon has the development either completed or coming forward to cater for this demand in 2021, such as Withy Wells Business Park near Junction 6 of the M5 motorway. There is also much needed freehold space being made available at the Salwarpe Business Park in Droitwich.

Supply

Wychavon has a good supply pipeline across the entire district. Whilst the previously mentioned Worcester Six lies adjacent to the M5, developments across the district such as Vale Park in Evesham and the latter development phases at Hartlebury Trading Estate, offer premises in all locations.

With the institutional developments listed above catering well for the leasehold market, freehold opportunities need to be made available, with Wychavon having the second lowest freehold

Rental and Capital Values

Wychavon has achieved the highest headline rents in the county yet again owing to successful small unit schemes across the district. Aside from distorting the figures, this shows that county-wide more of these types of units are required as demand is still high.

Average rental values have pushed past £6.00 per sq ft for the first time, again demonstrating the popularity of the district.

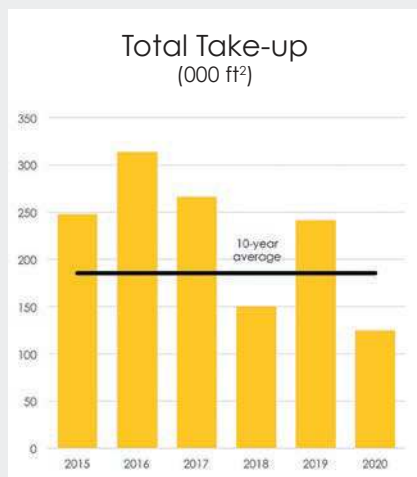
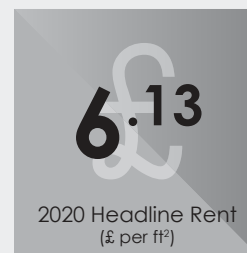
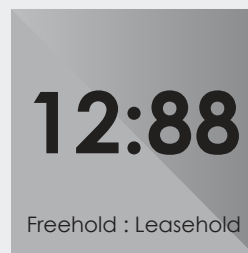
Capital values have improved slightly as the availability of freehold stock remains limited.

Outlook

Wychavon is trailblazing the way by offering new accommodation for the logistics market as well as smaller units for SME market. The data does not paint the full picture as Wychavon's pipeline looks strong for the years to come across all corners of the district.

Wyre Forest

Wyre Forest



The highest number of transactions since 2017, record hitting rents and falling vacancy rates show the buoyancy of the Wyre Forest industrial market.

Demand

Take-up in 2020 was the lowest since 2014, however transaction volumes remain high at 20, higher than the 10 year average of 19. This is due to a lack of large lettings, however there were a good amount of quality sub 10,000 sq ft lettings.

This shows healthy demand from the district's most populous business size bracket and is reflective of the low vacancy rate, the second lowest in the county after nearby Bromsgrove.

Supply

The supply of quality freehold accommodation was evident at Bewdley Business Park and similar industrial estates, leading to a good split between freehold and leasehold transactions. Of the stock that is available, there is still over 25% available to the freehold market, which is high in comparison to other districts.

Despite being a small geographical area, supply is spread across the business parks, Kidderminster's commercial areas and rural industrial estates.

Rental and Capital Values

Headline rents have passed £6 per sq ft with average rents passing £5 per sq ft for the first time. This is reflective of the demand for small to medium units and the modern developments that are being made available in the Wyre Forest.

Average sale rates are still low in comparison to the remainder of the county, which relates to the large units that remain from Kidderminster's manufacturing past.

Outlook

The Wyre Forest industrial market was one of the star performers of 2020, despite having a lower take-up than 2019, although this was distorted by the sale of 130,000 sq ft on Zortech Avenue. This progress will continue in to 2021 as the area evolves, for example at Haynes Point where a former carpet warehouse facility is being transformed to offer modern accommodation.

Why Choose GJS Dillon?



Asset Management



Under the direction of Adam Jones, a Chartered Surveyor and RICS Registered Valuer with over 15 years of experience, the Asset Management Team works closely with Landlords and Tenants to ensure all parties are being provided with a proactive and tailored management service whilst also maximising investment returns.

Working with a range of property owners across Worcestershire and the West Midlands, the Asset Management Team strives to bring a professional and forward-thinking approach to their clients.

Asset Management

We will maximise the value of your assets using an innovative and bespoke management approach. Whether office, industrial, retail/retail parks or leisure premises, we will seek to improve occupational efficiencies and reduce operating costs.

Tenant Management

We will advise on your responsibilities as an effective Landlord by managing lease negotiations, rent reviews and sourcing new tenants. We also manage your typical accounts' functions.

Accounting and Audit

We have a bespoke web-based software package to manage the collection of rent, insurance and service charge payments. This is administered in accordance with RICS best practice, providing detailed reporting and audit facilities.

Fully Regulated

The firm is fully regulated by the Royal Institution of Chartered Surveyors and our Directors are fully qualified RICS members, undergoing regular training in line with RICS Regulations.

Commercial Property Specialists

Our Asset Management Team, combined with our Agency Team, Professional Services Team and Building Surveying Team are able to offer a complete range of services to Landlords, Investment Managers, Pension Funds and Property Companies.

Across the Region

We have three strategically placed offices – a Head Office in Droitwich with satellite offices in Worcester and Bromsgrove.

Why choose us

- ▶ Maximising asset values
- ▶ Tailored and innovative approach
- ▶ Best practice accounting
- ▶ Full range of professional services in-house
- ▶ Local expertise
- ▶ Fully regulated by RICS
- ▶ Customer service

Ethos

The underlying ethos at GJS Dillon is to provide invaluable local knowledge and property expertise. Our outstanding professional and personal service is based on our extensive knowledge of the regional property market.



Types of work undertaken



Day to Day Property Management

We have a dedicated, professional and fast acting team ready to deal with any issues. Regular and detailed property inspections are undertaken to ensure these are kept to a minimum.



Financial

Our range of services include: rent and service charge invoicing, arrears collection and management, supplier payments, service charge budgeting and reconciliation.



Landlord and Tenant

A full range of advice is provided on rent reviews, surrenders and lease renewals, lease term obligations, letting strategies, tenant vetting, and dispute resolution.



Compliance

Statutory regulation compliance, health and safety and insurance is paramount for any owner or occupier. We are able to bring together our specialist network to provide comprehensive advice.



Project and Maintenance Works

We are able to budget, tender, benchmark and supervise all aspects of project or maintenance works. Whether it be ongoing, planned, preventive, ad-hoc or emergency works, we work with our in-house building surveying team and a number of approved contractors to provide the best value solution for our clients.



Strategy

A short, medium and long term asset management strategy is developed with the Client from the outset. This strategy is constantly evolving as economic, property and client influences are forever changing.

What our clients say

"The private property market within the Worcestershire area offers extensive opportunities for investors like myself. GJS Dillon's Property Asset Management services have helped me to ensure that I gain maximum value from my investments and I would not hesitate to recommend them."

Frankie Tsang, Lyppard Grange Properties Ltd

"An invaluable resource when it comes to property investment."

"With their outstanding local knowledge and unrivalled research data of the property market, GJS Dillon and their Asset Management team have proved an invaluable resource when it comes to property investment."

Gary Taylor, Altitude Real Estate Ltd

"An exceptional service both to us as landlords but also to the numerous tenants on our sites"

"The team at GJS Dillon has managed Wildwood Triangle Business Park on behalf of Maximus for several years. They coordinate not only the management of the buildings themselves but also the tenants' service charge management and they have done an exceptional job."

"GJS Dillon took over from a well known national surveying practice which really wasn't interested in managing an asset within Worcestershire. GJS Dillon have provided an exceptional service both to us as Landlords but also to the numerous tenants who are situated on our sites."

Jon Hickton, Maximus

Get in touch with our teams, call us **01905 676169**

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