

Contributor



Brexit continues to be the dominant topic of politics and the news

This year has also seen concerns over the retail sector and business rates as increasingly dominating issues. RICS has put the rejuvenation of our towns and high streets as one of our three policy priorities, alongside housing supply and climate change.

There has been a fundamental change in our high streets, most recently with the increasing, some say unfair, competition faced from online shopping. In fact, the malaise has been evident for a lot longer as high streets and town centres have had to compete against mega supermarkets, out of town retail parks, changing consumer tastes and under investment. If our high streets are to survive then we need urgent action – but what more can be done? There are a number of ways that RICS is responding.

In April, RICS responded to the Treasury Select Committee Call for Evidence into the impact of business rates. We put forward a strong opinion that the current business rates system no longer represents the four pillars of fair taxation. Examination of the last Budget shows that Government is anticipating revenues from business rates will reach £34.5bn by 2023/4. This will require either a significant increase in the base (unlikely) or an uplift in the Uniform Business Rate,



SME units, Waterbrook,

or both. In the context of a post-Brexit England, such an approach will be untenable. Another fundamental element to high street, town and city centre growth is infrastructure, most notably transport and broadband, infrastructure is intrinsically linked to investment and in the current political climate there is already a lot of uncertainty around growth and attracting investors.

An important factor which companies consider when they are making investment decisions is the transport links and connectivity. Given the longevity of service provision, such infrastructure assets are intrinsically linked to the causes of climate change. While mitigating considerations can be factored into planning and design of projects, the processes of construction, maintenance, and operation can significantly contribute to the problem. Therefore, decisions made at the front end of design which may seek to address climate change impacts, on which the client has to agree, must be supported by cost data. RICS has been working closely with the International Construction Measurement Standards Coalition (ICMSC) and a powerful new standard ICMS 2nd Ed. (ICMS2), is to be published in autumn 2019. This extends the current global standard into life cycle costs and enables decision-makers to assess the cost impacts of design trade-offs; critical in achieving sustainable design. RICS's priority is helping to deliver better standards and regulations within the built environment and works to persuade the UK Government to embed these into industry.

Another specific area where RICS has called for Government action is in strengthening our local authority planning departments. They have suffered under 10 years of financial cuts but they need to be at full strength to tackle the challenges town centres and high streets face. On the specific point of Permitted Development Rights (PDRs) which allow changes from commercial to residential use unchecked by planning experts, RICS has questioned the quality and suitability of some conversions and the government has agreed to review their practice.

More generally, in a recent RICS Q2 Commercial Market Survey, respondents stated that Brexit was still a major drag on market behaviour, with top lines emerging out of the survey at a national level predicting rents and capital values to fall further across prime and secondary retail markets and demand continuing to outstrip supply. In addition, for the third quarter in a row, demand from overseas investors fell across all areas of the market.

Outlook for the South East mirrored the national results, including respondents reporting over the next twelve months that further solid growth in capital values is expected across the prime industrial and office sectors. However, retail capital value projections remain deeply negative. Looking across the market, 53% of respondents feel the South East market is in some stage of a downturn (with this proportion virtually unchanged over the past three quarters).

RICS welcomes the opportunity to once again contribute to and support the Kent Property Market Report. This is the 28th edition showcasing the continuing importance and value of this report to highlight major initiatives, projects, growth and outlook of the region in the coming year.

At the time of writing there is still no clarity on when the UK will leave the EU and under what circumstance and deal, but RICS looks forward to seeing the continuing resilience, investment and growth within Kent.

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