

## Contributor



### The 'polo mint' effect

**As the UK emerged from the COVID-19 lockdown, offices began to reopen but many continued to work from home. Regardless of any further lockdown, it looks like the shift into remote-working will remain in place for many, and this could lead to a continued commercial property 'polo mint' effect.**

This means the hollowing out of economic activity in central business locations as office workers, usually in city centres, are now at home online. This is benefitting commercial enterprises in commuter, suburban and rural areas, but harming those in the hubs reliant on trade during core working hours Mondays to Friday.

This is evidenced in the RICS Commercial Market Survey from July which told us that demand from both occupiers and investors had fallen sharply following the shift to home-working and raised questions over the future of the office sector. Indeed, many respondents expected businesses to re-evaluate office space requirements over the next two years.

It is important to note that, in simple terms, footfall keeps shops open. The significant move to online shopping over the last two decades ballooned during lockdown. This is evidenced, again, in the RICS Commercial Market Survey,

where the outlook across industrial sector is already showing signs of recovery and remains set to benefit in the longer-term from an acceleration in the growth of eCommerce.

Industrial units aside, any downturn brings opportunity, and National and Local Governments should look at how to fill the middle of the 'polo mint'. Along with the support offices and shops in city centres need as people stay away from their workplace, there is the notion of 'residentialising' metropolitan centres; more homes means more footfall.

Reduction in demand for office space in some locations could see counter demand for housing – something the UK Government has contemplated through the recent loosening of Permitted Development Rights (PDR). Tamara Hooper at RICS has provided insight in her contribution to this year's Kent Property Market Report.

Enhancing commercial-to-residential conversions could maximise the existing asset base in a sustainable way, providing affordable homes in close proximity to existing facilities while contributing towards community and wellbeing.

Furthermore, new community hubs through repurposing and reusing buildings is greener, supports supply chain management and SME construction activity enhancing economic activity to contribute to a stronger and quicker post COVID-19 recovery.

There are exciting opportunities ahead in an approach to the revival of city centre hubs, and suburban and rural high streets, but no two cities and towns are the same. As such, it's time to think imaginatively and locally how we approach filling the 'polo mint'.

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### Permitted Developments Rights (PDR)

This in theory seems a Shangri-La; an opportunity to convert disused commercial buildings into residential homes without the red tape of gaining planning permission and assist in revitalising high streets and commercial areas. However, it has delivered poor quality housing and has in some areas actually harmed commercial activity.

There are many reasons why Permitted Development (PD) has not delivered. The biggest issue is the current lack of space and building standards. To rectify this, Government announcements stipulated the need for minimum space standards within conversions as well as a right to natural light. This means that the current sub-standard homes, widely publicised within the press, with small rooms and no windows will no longer be built. And when, statistically, a large majority of PD housing ends up within the PRS, a tenure that trails behind on standards in general, this is a step in the right direction.

Where we live is much more than the building in which we reside. Housing, retail and commercial are all intrinsically linked, and the planning system needs to look at the whole neighbourhood, including where we work, live, eat, play, and shop. Housing delivered outside of planning permission does not take into account this intrinsic link. With PD we must look beyond the delivery of housing to the people who will live in them and their needs from their homes including: access to green space, neighbourhood spaces, schools and the fabric of our communities.

There is some debate as to the economic case for PD, whilst article 4 protects those buildings within areas considered to be of particular economic importance, those buildings that lie outside this protection are at risk of being seen as more valuable as housing than commercial. A 2018 RICS Research Trust report concluded that in some areas, where PD has happened, there was a loss of occupiable office space leading to a potential loss of business activity to contribute to local economies and community vitality. However, in areas with genuine vacant office buildings put into productive new use as housing there were positives. Though it is still possible to deliver viable office-to-residential schemes through a more stringent full planning permission.

Through the Planning White Paper, the government have shown their continuing support for PD. RICS does not oppose PD but we do oppose the continuation of conversions without proper standards and the delivery of houses that don't meet the ideals of placemaking. We must not lose sight that the housing we build become homes and everyone deserves a home.

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