

**Brabners**  
we make the difference

# Bouncing back: North West cities



June 2021

# Foreword



## Cries of ‘the death of the city’ are premature

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**Cities have existed since ancient Athens. They’ve managed to survive the invention of canals, railways, internal combustion engines, telephones, fax machines, the internet. They will survive the pandemic and live long into the future.**

We will see a change in our cities.

The rent landscape is shifting, necessitated by COVID-19, creating more fertile grounds for independents to breathe new life into city centres. Leisure will continue to thrive, creating more vibrant, active cities with culture at their heart.

Offices will operate at lower occupancy but be much more interesting spaces – designed to attract people.

Critically, the renaissance of cities in the North will be supported by the relocation of government departments and international investment that funds the diverse mix of housing, leisure and commercial space we already enjoy.

Cities like Liverpool and Manchester will lead the way. Cities aren’t dead – they’re being reborn.

**Tom Bloxham, MBE**

“There is a fundamental need for people to meet with one another, socialise, share coffees and big ideas.”

# Looking to the future

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**During the last year we have helped our clients through some of the most challenging times they have ever faced. This required careful navigation of difficult and uncharted territory, where rapid decision-making and evolution was the only way to ensure commercial survival.**

As we emerge, we see value in capturing the views of some of our key contacts in this report, to share and help us all recover faster and to make sure our cities bounce back sooner and stronger.

Looking ahead, there is a strong argument that the biggest impact of the pandemic has been to accelerate trends that were already taking place, such as the gradual move towards more flexible working arrangements and the shift away from bricks-and-mortar shopping towards online retail.

With that in mind, there is much to look forward to as the post-Covid recovery progresses and businesses explore new ways of operating – with the freedom to return to the elements that worked well pre-pandemic, combined with the lessons learned during a uniquely challenging year.

For this report, we gathered insight from those in the know – surveying occupiers from across Liverpool and Manchester and hosting conversations with some of the region's key developers, property professionals and tenant businesses.

**Andrew Waugh**  
Real estate sector lead, Brabners

**“There is a strong argument that the biggest impact of the pandemic has been to accelerate trends that were already taking place.”**

# How can the North West's cities build back better?

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**Cities are a living and evolving entity, adapting in sometimes unexpected ways to accommodate the changing needs and habits of the millions that use them every day.**

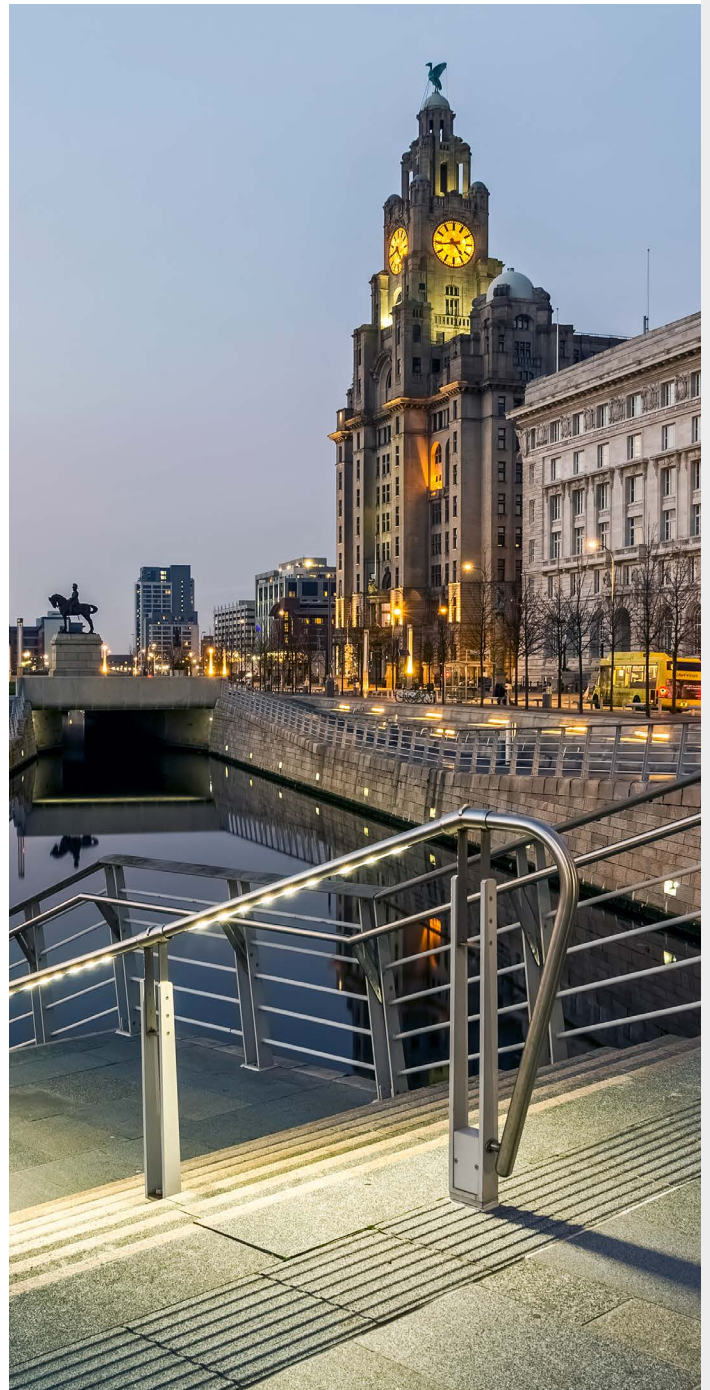
The COVID-19 pandemic has had a profound impact on life in city centres across the UK, and Liverpool and Manchester are no exception.

With businesses and hospitality venues forced to close, or to operate in restricted ways, normally vibrant city centres fell quiet.

Offices largely emptied too. According to new research commissioned by Brabners to inform this report, three in five city centre workers in the North West have worked exclusively from home during the pandemic.

But now, as we progress towards a post-pandemic landscape, we can look ahead to life returning to cities over the course of the next 12 months.

And that leads us to the big question: What will the long-term impact of the pandemic be on the cities of the North West, and how will these economic hubs need to adapt to the new normal? >>



# The hybrid future

There is a growing consensus among businesses that preferences regarding how and where their employees work have changed since the start of the pandemic, and that the role played by city centre offices will ultimately change.

As a result, there is a good chance that the standard model for desk work will shift away from an assumption of full-time office-based teams towards a hybrid model that allows people to work where they can be most effective. This is something that Brabners has already embraced as part of our planned relocation to a new, more collaborative office space at Barbirolli Square in central Manchester while continuing to support flexible homeworking.

Offices will still play a crucial role in the way organisations operate. In fact, while it's clear that an impressive level of productivity has been maintained by employees working from home, it's also clear that being banished from the workplace entirely has been a significant loss for many.

This was borne out in our research, as more businesses based in both Liverpool and Manchester city centres felt that not being able to use their office had more of a negative effect (39%) on their business than positive (30%).

Office buildings offer purpose-built spaces and the right technology to allow teams to collaborate seamlessly; something that can make a huge difference to productivity and performance. They are a shop window for company culture for employees and clients alike.

They allow employees to separate their home and work lives and to form strong social bonds with those they work with, bringing significant mental health and wellbeing benefits.

Taken together, this means that we are likely to see the role of the office change, with fewer desks for full-time workers and more spaces for collaboration, creativity and socialising. >>

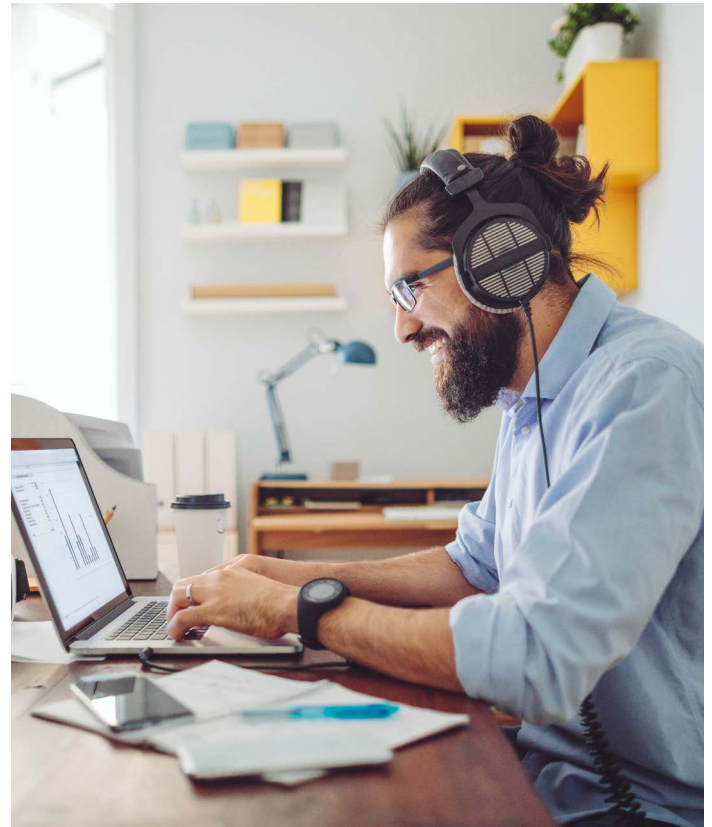


## A rush to the suburbs and beyond?

Hybrid working, if it becomes the norm, could have a profound effect on living choices, with people opting to live further from workplaces because they are required to be there less often.

Were the average number of days spent in the office to decrease from five to three – but people were prepared to spend the same portion of their week commuting – the catchment areas of cities would grow considerably. For example, research by data analytics company Travel Time found that the number of people that could work in Manchester three days a week based on a weekly commute of 10 hours or less would grow from 5.4 million to 12 million. The area spans from North Wales, up to Cumbria, into Yorkshire and down across the Peak District.

Alongside this, there is also evidence that city centre housing markets have remained buoyant despite the downturn, indicating that, for non-commuters, there is no substitute for living at the heart of the action.



## Time to adapt

In the face of predictions that more people will spend less time in cities for work, it is not just offices that will change, but the wider urban environment as a whole.

We are likely to see greater emphasis on the city as a centre of culture, leisure and hospitality and less on transactional retail and office work. Cities will become more a place where people choose to go to have fun and connect with people, and less a place of convenience or day-to-day necessity.

This change will require adaptation. For example, making streets more pedestrian-friendly in order to promote the city as a destination for everyone. Incorporating more green space and increasing the emphasis on clean air and healthy living will be another important part of this.

Investing in transport links will also be vital in maximising accessibility for those living outside the city but who still want full use of the unique amenities it offers. >>

# Supply and demand: A regional mismatch

**The commercial property market has experienced a seismic shock due to the impact of COVID-19. Brabners conducted a poll of office occupiers in both Liverpool and Manchester city centres to gain insight on how their needs have changed as a result.**

Almost half of businesses (49%) operating in Liverpool and Manchester city centres feel that landlords and serviced office providers aren't currently providing enough appropriate city centre space to meet their needs.

When thinking about a potential office move, digital infrastructure (named by 35%) notably topped the wishlist of firms ahead of flexible payment terms (33%) and more space (32%). Provisions relating to COVID-19 or other diseases were low down the list, being a priority for just 24% of respondents.

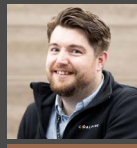
Interestingly, the feeling that cities lack suitable space is not only a symptom of the pandemic, and opinions regarding whether business' offices are fit for purpose haven't changed drastically in the past 12 months.

However, almost one in three (31%) did say that the space they had been occupying is no longer suitable as a result of the pandemic. The chief reason for this – cited by 27% of those assessing their options – is a reduced need for space due to increased home working or a reduction in their headcount.

Encouragingly, almost nine in 10 (87%) of businesses say they are committed to the city in which they are currently based, indicating that relocation to out-of-town premises is low on the agenda for those companies that have made a home in the region's urban centres.

However, half (50%) of companies also said they would consider relocating at their next lease renewal date, hinting at a potential forthcoming wave of downsizing or portfolio adjustments.

The survey strongly supports the much-discussed hybrid working future, with almost a third (31%) of firms envisioning the office of the future predominantly providing flexible space to supplement working from home. Only a very small proportion (2%) felt they wouldn't need an office in five years. >>



**Andy Barratt**

Regional MD for global cybersecurity consultancy – Coalfire

“We see our office as a destination. It's the place to be. That's a big part of how we attract the best talent – being in the middle of the city is crucial.

“That's the case for our hubs in the US, and we're taking the same approach in the UK with our EMEA head office in central Manchester.

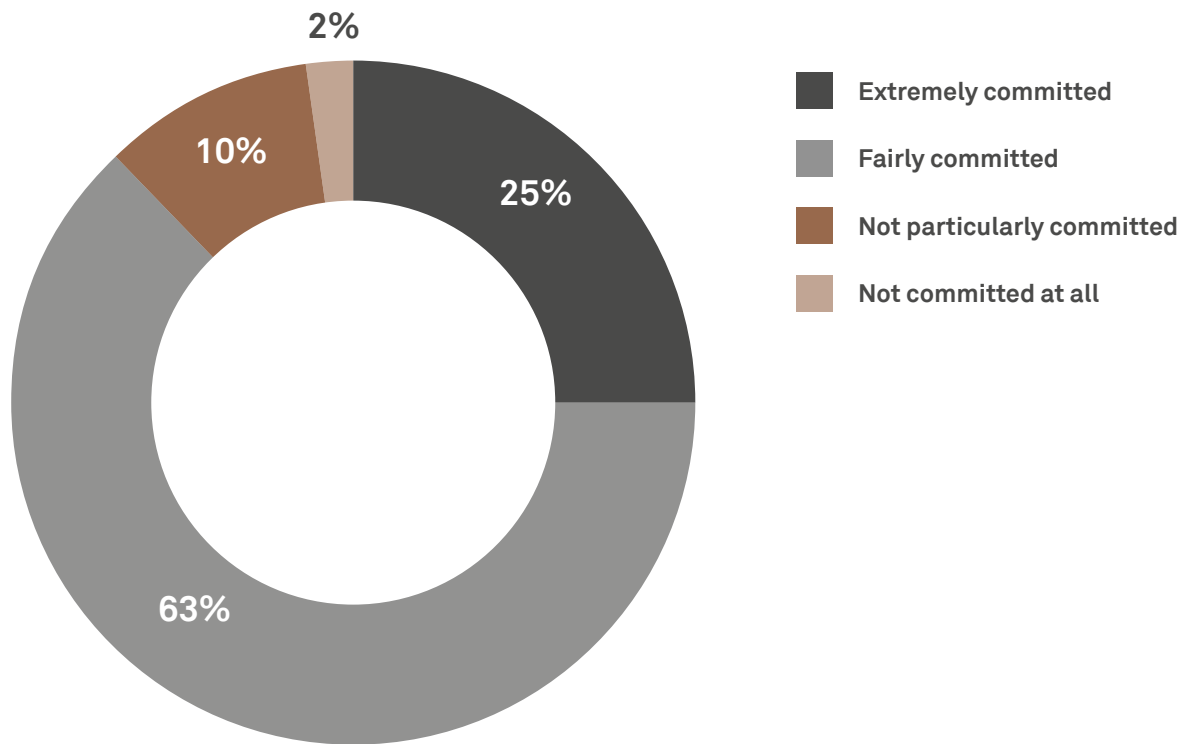
“We recently moved to a new office on the 28th floor of City Tower, right at the heart of things, and from up there you can see the whole city laid out in front of you.

“As a business, we have a symbiotic relationship with the city, so we're committed to helping to bring it back to life as quickly as possible. That's why we've launched a 'fun-fund' for those that do decide to come and work in the office, which they can spend on entertainment and hospitality around the city.”

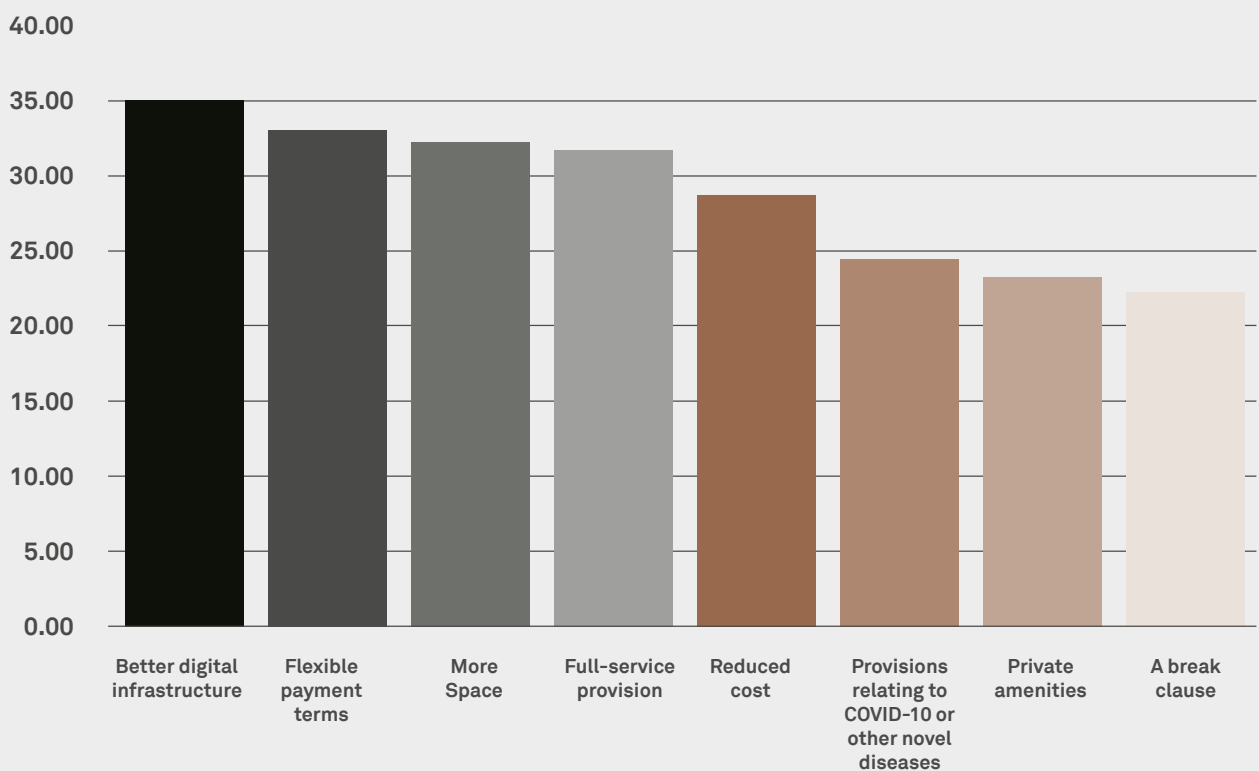


# Survey results

How committed, if at all, is your business to remaining in the city centre in the future?

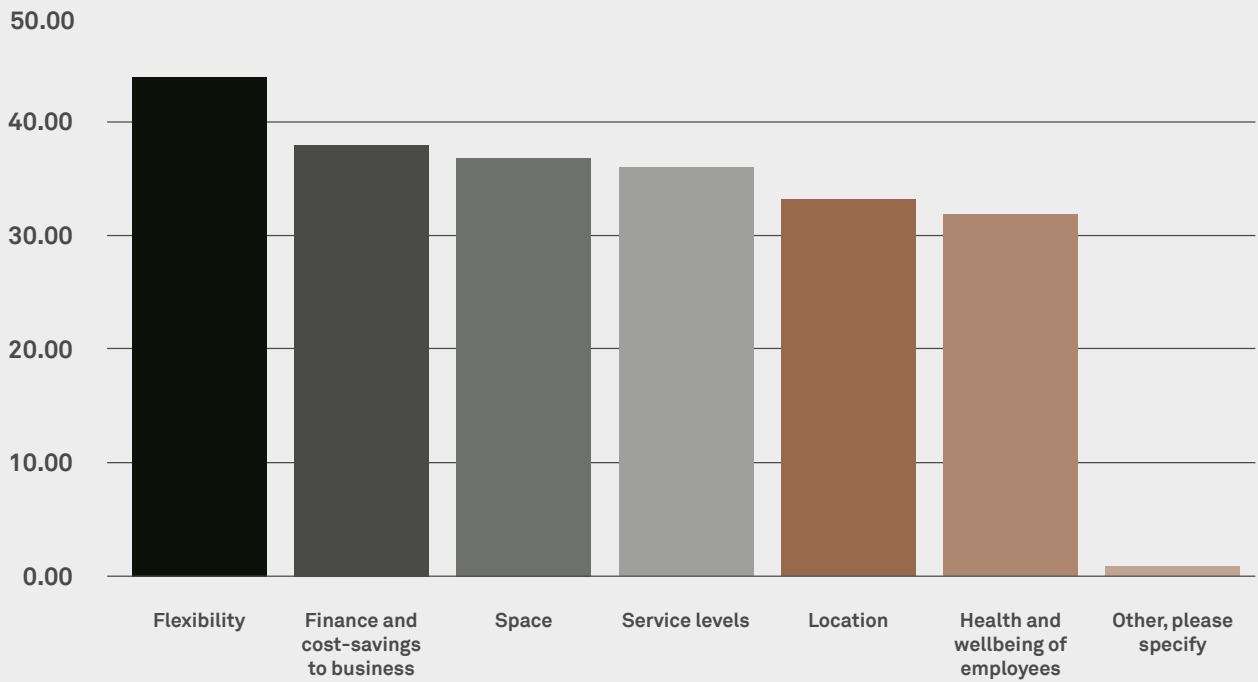


What are you likely to want most from your next office lease negotiation event?

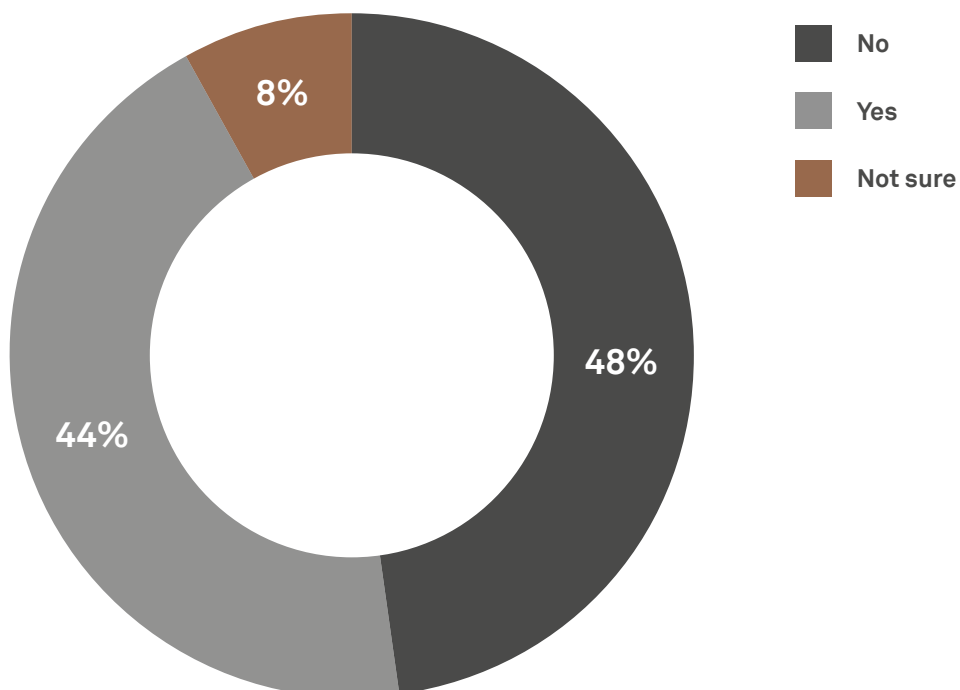




If you were to move offices, what factor would most likely drive the decision?



Overall, do you think landlords and serviced office providers are currently providing enough appropriate spaces in your city to meet these needs?



# Making space for the new normal

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Uncertainty surrounds the short and longer-term future of the city post-Covid. We convened a panel of developers and designers of the built environment to discuss what the next 12 months will look like, and what the lasting impact on the North West's cities will be.



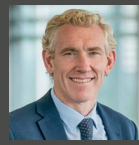
## Panel:



**Jon Matthews**  
Director, Jon Matthews Architects



**Ian Sherry**  
Owner and co-founder, Glenbrook



**James Whittaker**  
Director of development, Peel L&P

The question of how quickly (and if) footfall in the region's city centres will return to pre-pandemic levels is one being closely considered by business leaders across the North West. What impact will it have on their recovery, growth plans and business model in the future?

For James Whittaker, director of development at Peel L&P, which has been responsible for some of the region's most significant regeneration projects in the last decade – including MediaCityUK and Liverpool and Wirral Waters – there remains a strong appetite for all that the city offers. However, hybrid working might mean office occupancy levels return more slowly than some would hope.

He says: "There is huge pent-up demand for people to go out and socialise again, so I think that theatres, football stadiums, concerts and restaurants will come back with a vengeance.

"However, as far as offices are concerned, we're likely to see a return by way of a steadier trickle. There are those who can't wait to get back to the workplace, but others that have enjoyed and benefited from flexible working – and who have proved that they can be productive from home."

For developer and Glenbrook co-founder Ian Sherry, though, the pace could be quicker. "We're seeing a lot of firms talking about 'Zoom fatigue,'" he says. "My experience is that there is no substitute for getting around the table – that's going to be a big driver for people to get back into the office. >>



“The high demand for existing grade A office space will only be amplified.”

Ian Sherry



“Yes we’re going to see a lot more flexible working, and we as a business are investing in ensuring our premises are well set up with the latest tech to make hybrid working as easy as possible, but the desire to work together face-to-face has not gone away. That’s especially true for young people, where the office is vital extension of their social life.”

Architect Jon Matthews, whose practice is working on several developments around Manchester’s fast-growing First Street complex, agrees. He says: “The experience of lockdown has varied wildly from person to person, and different demographics have been impacted differently. For those with long commutes or childcare commitments, working from home makes sense. But people in shared high-rise apartments – who will tend to be a younger group – they can’t wait to get back in. To accommodate both sides, there will be hybrid solution, and I think it will come back quicker than many anticipate.”

So how will hybrid working affect demand for office space in the city?

“You would be a brave person to put money into speculatively building an office building anywhere right now,” says Ian Sherry. “However, we’re likely to see a ‘flight to quality’ in that a lot of grade B stock is no longer fit for purpose when it comes to businesses wanting to attract

the brightest and best talent. That means that the high demand for existing grade A space will only be amplified.”

Despite the opportunities to evolve office developments on the back of the pandemic, our panel recorded frustration at the lack of adaptation that is being shown in many of the schemes that are currently going ahead in Liverpool and Manchester. Jon Matthews picks up the baton: “For all the talk around creating working spaces that promote health and wellbeing, there is not a lot of action when it comes to going for naturally ventilated offices, having higher space standards to spread people around, looking at healthier building materials and putting in green infrastructure.

“The developments we are seeing in the pipeline are still very safe and ‘pension fund-friendly’. Nobody seems to want to be the one that does it first, which is perhaps understandable given the current situation financially, but the lack of innovative ideas is surprising given we’re in such a time of change.”

By contrast, change in the residential market has been swifter, says Ian Sherry. “The build-to-rent market has really evolved quickly,” he says, “not necessarily in the design of the apartments themselves but in terms of the expectations when it comes to the amenities that wrap around them. >>

“The necessity for private outdoor space attached to individual apartments is much more important now as people attach greater value to what they have in their immediate surroundings. It’s a trend we were already seeing, but that appetite has been increased by the pandemic.

“Ultimately, young people still want to live in the city centre because it’s where the action is, and investors are therefore still very keen on BTR – COVID-19 hasn’t changed that at all.”

This need for social or relaxation space – in particular green space – has prompted people to also prioritise proximity to public realm when looking for a place to live, according to James Whittaker. He says: “The pandemic has really driven home the need for more public realm, better placemaking, better quality environments and amenities at the heart of residential developments.

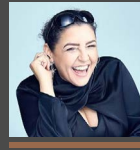
“I think that puts the onus on developers that have space at their disposal – particularly at the edge of city centres – to create those spaces that are pedestrianised and optimised for cycling and public transport.”

When it comes to ways in which the city centres must adapt more broadly, there was agreement among the panel that making them more pedestrian-friendly should be a priority.

James Whittaker continues: “We need to think more radically about the public realm in our city centres. Promoting walking and cycling is key, and while plans like the Manchester 2040 Transport Strategy are heading in that direction, it could go further, faster.

“Pedestrianisation of Deansgate is a no-brainer, for example, but there are two-lane roads all over Manchester city centre that could be reduced to single lanes by one-way systems, making space for cycling infrastructure and more public realm. That is the kind of thinking that’s needed if we’re going to attract more people to choose to live and work in the city centres.”

Jon Matthews agrees that innovative thinking is needed. He concludes: “If ever there was a time to be radical, it’s now. We need those front-running innovators to take a leap of faith and do something different from the traditional approach to prove the concept. I believe we’ll see many others follow because the demand for fresh thinking is there.” >>

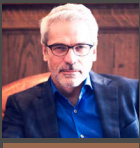


**Elaine Clarke**  
CEO, Baa Bar

“It’s so refreshing to see competitive businesses coming together for the common good. I’d like to see much more of this – businesses across all sectors joining together to promote Liverpool and Manchester as a destination. It’s almost certain we’re going to see a big fall in overseas visitors for some time, so attracting people from other parts of the UK is going to be vital.

“For every sad story of a national multiple closing during the past year, there have also been tales of smaller, independent commercial enterprises thriving. I am sure that this ground-level entrepreneurialism and the spirit of Liverpool and Manchester to work together and overcome adversity will see both cities succeed.”





**Jeremy Roberts**  
Chairman, Living Ventures

“The office market has seen five to 10 years of change squeezed into just 12 months. Part of what has driven that change is the need to keep pace with people’s expectations based on what they have at home – something the hospitality sector has been familiar with for a long time.

“In the eighties, hotels had to invest in colour televisions because that’s what everyone had gotten used to at home. Today, many office workers have become used to quiet spaces with clean air, natural light and greenery at home, so city centre workspaces must now adapt to make sure they are offering those things too.”

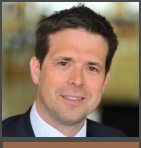


# Green shoots

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Following a difficult year for commercial occupiers and their landlords, there are signs of a swifter-than-envisaged recovery in the offing, according to our panel of experts. But which locations and businesses will lead the charge, and what are operators doing to reinvigorate their offering post-Covid?

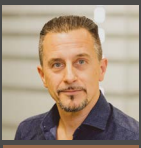
## Panel:



**Dan Crossley**  
Principal, Avison Young



**Andrew Butterworth**  
Commercial director, Bruntwood Works



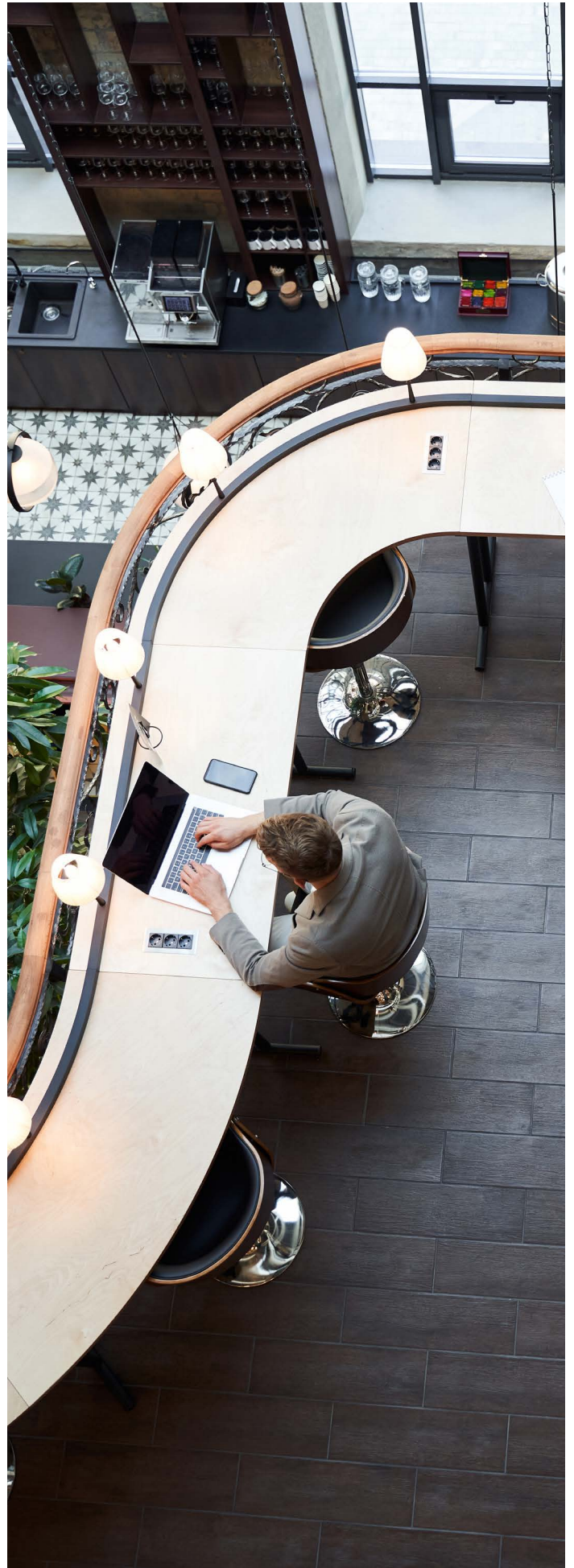
**Zach Douglas**  
Co-founder, Orega



**Lynn Haime**  
Head of Liverpool, Matthews & Goodman



**David Porter**  
Head of the Manchester commercial office, Knight Frank



If 'resilience' was the theme of 2020, then 2021 will be defined by 'resurgence'. At least that is the view of agents, office providers and those close to investors in the North West.

"Demand for office space is beginning to return after a challenging 2020," says Avison Young principal Dan Crossley. "Last year was all about industrial property as a sector because it was selling quickly, whereas office space was proving much more challenging."

Indeed, with e-commerce booming through lockdowns, it's perhaps unsurprising that retailers and logistics firms were quick to increase their footprint to meet the accelerated shift to online shopping. However, this shouldn't spell the end for city centre investment. Dan continues: "Fast-forward to 2021, we've seen institutional investors buying properties at close to pre-Covid values, which is obviously hugely encouraging for the future."

It's a view echoed by Knight Frank's Manchester lead David Porter, who believes the future is still bright for the office market, despite the changes brought about by Covid: "In terms of office uptake, 2020 was bookended by two good quarters, with two rotten ones in the middle. We've since seen a steady increase which accelerated noticeably following the publication of the government's roadmap out of lockdown."



For Orega's Zach Douglas, and the service provider's new 30,000 sq ft city centre offering at Manchester's Arkwright House, it's crucial that firms maintain their confidence to encourage their employees back into the city centre. He adds: "At the start of the year, we were very 'pipeline heavy', with a lot of interest but few people able to commit to signing until they had greater certainty. However, the enquiries poured in from the start of the roadmap period, and people are clearly more confident about acting on their plans for the future."

If Manchester and the wider North West is to keep securing high-profile tenants though, particularly as more businesses are encouraged to develop their regional footprints, developers and providers like Orega will need to continue bringing forward high-quality office space in the cities.

Liverpool, in particular, still lacks an anchor tenant to rival the scale of the BBC in Salford and now Channel 4 in Leeds. The city has also been overlooked in recent relocations involving parts of the Treasury and the civil service.

Despite some of the governance issues expected to play out in the coming year, Lynn Haime, Matthews & Goodman's lead in the city, believes Liverpool has plenty to offer – a view echoed across the board. "As someone >>

**"We've seen institutional investors buying properties at close to pre-Covid values, which is hugely encouraging."**

Dan Crossley

**“For those that have been able to innovate in this way, COVID-19 has effectively meant they have discovered new revenue streams.”**

Zach Douglas

who works in the Liverpool market,” she says, “it’s bitterly disappointing that the city has been overlooked when some of these big moves have gone into a bid process. But there is a huge amount to be positive about – we have a community of businesses in Liverpool that are as ambitious, vibrant and exciting as those in any other city and it’s clear that the city will be extremely attractive for future investment.”

“The region’s recovery will ultimately boil down to whether people want to come back into the cities once the crisis is over,” adds David Porter, “and nowhere can you be surer of that being the case than in Liverpool, where residents have huge pride in their city.”

But if the market is to boom again, old issues must be addressed, according to our panel. Office providers have had a year to reimagine their offerings and crucial time to reflect on the investment that will secure tenants at the top end of the market where competition is fierce.

“Prior to the pandemic, we were working in an undersupplied market when it comes to quality office space, and that hasn’t changed,” continues David Porter. “Arguably, the supply has worsened. Some predicted that occupiers would be releasing a lot of space, leaving an abundance of great tenant-ready space to market. That hasn’t happened, and there is still a major shortage of grade A space in both Liverpool and Manchester. >>





“There is little choice, and a lack of quality, so the quality space that is available in the market is seeing a lot more interest than anything else.”

Bruntwood Works commercial director Andrew Butterworth agrees, which is why the workspace provider is investing more than £50million in existing stock through its Pioneer initiative. He says: “A big part of what we’re doing to evolve our offering is to increase standards aesthetically, while investing in the technology and amenities available.

“Pioneer is taking old shells and applying the latest thinking in terms of creating communities and promoting wellbeing – and that means not just the campus inside the building itself, but the city as a whole, so the amenities are open to all. We essentially want to create spaces that are flexible and inclusive so that they enable people to connect and innovate together.”

Innovation shouldn’t be reserved solely for the office market either, says Zach Douglas. The physical footprints of big box retailers had been shrinking long before the pandemic but the past 12 months have given reason to be optimistic about the evolution that is taking place within retail and hospitality.

“We all know the nature of retail is changing fast, and traditional high-street retailers are struggling in many cases,” he says. “But there is also a lot of exciting innovation happening which has been accelerated by the pandemic.

“For example, on a number of schemes we’ve seen dark kitchens open up for well-known restaurant brands to allow them to continue to serve customers who have been prevented from dining out. Others have diversified into offering home-kits so that people can make the food themselves.

“For those that have been able to innovate in this way, COVID-19 has effectively meant they have discovered new revenue streams they might never otherwise have gone looking for. When the restaurant side of their business opens back up, they’ll actually be stronger for it.”

David Porter agrees: “We’re going through an accelerated evolution, with online clearly now dominating bricks and mortar to a greater extent than ever. The exciting question is how to repurpose the buildings that have supported retail and I think we’re going to see some interesting mixed-use concepts. That’s surely the next big opportunity in terms of refurbishing stock in prime locations and reimagining the North West’s city centres.”



## Jo Holden

Sustainability director, Peel L&P

“Business leaders have learned a lot about the lives of their employees that they might never have thought to ask were it not for the pandemic. The question now, as the recovery progresses, is ‘how do we take the positive things we’ve learned because of lockdown and bring them in to make life better in the post-Covid world?’

“For us, part of that is placing an even bigger emphasis on employee health and wellbeing than we already did. A major change we’ve made is that we’re now going to run our new office at TraffordCity at only 60% occupancy, so our people have more space.

“We’re acutely aware of the need to make sure the space we provide is at least as inviting if not more so than what people have at home. That means our workplace now has a very green and calming feel to it, and that every aspect of employee comfort has really been well considered.”

# Conclusion

## A brighter future beckons

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**Reflecting on the data, views and initiatives set out in this report, it is clear that there has seldom been a more important time to maintain a stake in our city centres – whether that is as a business, a stakeholder in the property sector or as a resident.**

What stands before us is a once in a generation opportunity to reshape our cities across the UK, for the benefit of those who use and inhabit them. From Brabners' perspective, how our city centres evolve in the next five to ten years will have a huge bearing on how we operate as a business; on the talent we can attract; and on how we engage with our clients and our colleagues.

It is true to say that the recent pandemic has accelerated many trends that will apply to all businesses – whether they are long-established or new-to-the-scene entrepreneurs spurred into action.

If we are to embrace the opportunities that arise from those trends, it is important that businesses, local decision makers and the property sector continue to engage and collaborate with one another, as key stakeholders in the success of our city centres and as the custodians of their future.

I'm pleased to see this sense of a willingness to engage, collaborate and embrace the opportunities that change brings throughout the conversations that have informed this report. As we emerge from what has been a hugely challenging period for our city centres, we mustn't let those opportunities pass us by.

**Robert White – CEO, Brabners**

**“What stands before us is a once in a generation opportunity to reshape cities.”**

