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EXECUTIVE SUMMARY

This Special Bulletin assesses the risks and opportunities within key segments of Sheffield’s property sector in the wake of the Covid-19 outbreak. It discusses the global, national, and local picture and considers S-PA member perceptions as society adjusts to the ‘Corona Age’. What exactly has happened in the last few months? How are S-PA members adjusting? And what should the property offer for Sheffield and the Sheffield City Region (SCR) look like in the future?

KEY HEADLINES

LOCKDOWN IMPACTS AND CHALLENGES

- The Sheffield economy is less exposed to Covid-19 than most English ‘Core Cities’.
- During lockdown, the professional sector including planners, project managers and architects set up to work from home. The transition to online, remote working was straightforward for most S-PA members, deploying collaborative software solutions.
- Between March and May, Sheffield’s claimant count rose from 3.1% (11,800) to 6% (23,000), but it had the lowest rate of the core cities and was below the UK’s 6.4%. However, the UK is to experience the worst recession in many decades and world trade is expected to fall by 13%.
- Covid-19 is shaking up the make-up, demand, marketing, and configuration of property.

BACK TO WORK

- By the end of June, construction firms in the city were back on site but working under capacity while introducing safer working practices. Residential developments for students will add 3,700 bed spaces to Sheffield city centre and 250,000 ft² of commercial development.
- For many, a shift towards remote working and flexible hours will become a permanent feature.

WHERE DO WE WANT TO BE? WHAT OPPORTUNITIES CAN WE EXPLOIT?

Sheffield should be ambitious and has a one-off opportunity to change how we build, live and work.

- S-PA members are understandably passionate about their city and would like Sheffield to publicise its strengths more. High-quality, targeted destination marketing is important to ensure that we promote much more of what the city does well.
- S-PA members want a distinctive narrative for Sheffield, building on its heritage as a city of makers, from advanced manufacturing and specialist steels, to award-winning culture and design, ground-breaking research, and world class talent.
- Sheffield can offer a competitive location for ‘relocators’ from larger cities and ‘north shoring’.
- S-PA members want the SCR’s assets to be better promoted, focusing on quality of life, businesses and talents, and target markets with the opportunity and potential.
- Restoring confidence is a key issue for S-PA members. Government can assist here with clearer guidance and well-directed public sector investment on infrastructure to boost construction.
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- Sheffield should be ambitious and, in light of recent circumstances, has a one-off opportunity to change the fabric of how we build, live and work. S-PA members have articulated four strategic areas in which they would like to see change.
  
  I. Strong civic leadership and a business voice to drive forward a plan for the city to guide stakeholders and develop investor and visitor confidence and stimulate demand.
  II. A green and low carbon renaissance, making the Green City Strategy a reality.
  III. Celebrating the outdoor and well-being city and quality of place with a focus on lifestyle, developing an offer that attracts and retains talent and resonates with citizens and supports and publicises our distinctive cultural infrastructure more boldly.
  IV. Rethinking place and levelling-up. Building a better city for residents, workers, and visitors with improved well-being and placemaking, with a vibrant city centre, open space and retail and leisure opportunities, and offices meeting future demands. There should be less division between affluent and deprived areas and a shift away from town cramming.

INTRODUCTION – A CHALLENGE AND AN OPPORTUNITY

The Bulletin draws on official statistics and other intelligence and looks at how the property sector is responding to and mitigating the impacts of Covid-19. It was hard to get a picture of what was happening on the ground so a crane and property survey of construction sites in Sheffield’s city centre was undertaken at the start and end of the study. S-PA board members were very keen for the study to record detailed observations from S-PA members to understand their experiences, lessons, and future plans. Three workshops with S-PA members and interviews with five S-PA members/ stakeholders were undertaken. A list of consultees appears in Annex 1.

On the 23rd March 2020, the UK went into lockdown and people were told to stay at home to limit the spread of Covid-19. Property, related sectors, and S-PA members experienced significant upheaval and are only now in the process of easing out of lockdown through a staggered approach. There have been some very pessimistic predictions. The Bank of England forecasts that the UK will experience the deepest recession in 300 years, followed by a quick v-shaped recovery in 2020. Covid-19 is shaking up the make-up, demand, marketing, and configuration of property. Digitisation is resulting in disruptive change across all sectors. This S-PA Bulletin examines how each main property market has been affected and highlights the experience of S-PA members who have had to rethink their offers. S-PA members want to ‘build back better’, exploit Sheffield’s strengths and do not want to lose the benefits because of this new way of working. This report considered the effect of these unprecedented circumstances, taking into account the evidence and members’ views.

LOCKDOWN IMPACTS AND CHALLENGES

The Covid-19 pandemic is having a significant impact on global health, the economy, technology, society, and politics. Chapter Two of the report summarises headline indicators on the economy, unemployment, trade, the health impacts (cases and deaths), and Sheffield’s vulnerability and exposure compared to other cities. The Purchasing Manager Index (PMI) for construction activity in April reported an index score of 8.2, the lowest figure since records began in 1997, and recent ONS monthly figures showed the full economy plummeted by 20.4% in April, the biggest drop in a single month recorded. Sheffield is less
exposed than other core cities in terms of number of construction jobs and businesses. Between March and May, Sheffield’s claimant count rose from 3.1% (11,800) to 6% (23,000). That said, it currently has the lowest rate of all the core cities and is below the 6.4% of the UK overall. The protection offered by furloughing has defended many jobs in large conurbations, including Sheffield.

Industrial property has remained resilient during the crisis, which bodes well for the SCR, with investments in urban logistics and ‘last-mile’ developments popular. UK consumer spending reduced by 36.5% in April - despite a strong performance in e-commerce this has raised questions about the future of the UK’s high streets. Many believe the pandemic has accelerated existing retail trends. With less retail than many core cities, Sheffield has less to lose, but like the rest of the UK, hospitality businesses have had to make major adaptations as the lockdown eases. With the UK told to work from home where possible, many offices still remain closed and will have to make short-term changes to allow employees to return to work. Experts predict there will be a new type of office, sharing similar elements to hospitals such as hygiene stations, signage indicating direct routes, separate seats, and more automation. Universities are conducting teaching and examinations digitally. With a falling number of international students, Universities are expecting a 24% drop in enrolment. This can only influence the pace of new developments. In Sheffield there are over 7,000 international students from over 150 countries at the University of Sheffield (UoS).

For the most part, the transition to online, remote working was quite straightforward for S-PA members. Many were able to maintain their work commitments with some furloughing of staff in certain sub-sectors such as conveyancing and planning. By the end of June, many construction companies working in Sheffield were back on site and S-PA members were looking to catch up on projects. Some construction activity such as the design of new projects is continuing, but members were worried about the future and felt project delays were inevitable. Commercial agents indicate that they have been kept busy during lockdown with diverse projects and have continued promoting opportunities to new occupiers. An efficiently functioning planning system is important for many S-PA members, and this is variable across the UK. Commercial planners noted a willingness from the Council to progress priority applications and higher profile projects. Smaller projects have been subject to delay. Another challenge faced was recruitment and training. Members talked about how isolation has highlighted the importance of personal space and home working environments, fast reliable broadband, and access to green space.

The vulnerabilities of the UK construction supply chain became evident during lockdown given we import material like wood and steel from all over the world. The sector was hampered by supply chain problems, with closures at merchants and manufacturing production plants leading to increased lead-in times for products and materials. Shortages of bricks, mortar, chipboard, wood, steel, and plasterboard were reported. S-PA members managed to work around some of these challenges, for instance by ordering some materials locally. The effects of a further Covid-19 peak or a return to lockdown would be quite far-reaching. Members were worried the fallout of Covid-19 could follow the pattern of previous recessions, with a reduction in investment and new development.

AFTER EFFECTS AND SECTOR’S RESPONSE

A Sheffield city centre crane and construction survey completed on 17th June 2020 shows that three quarters of development sites identified were reopened or back on site (a handful remained open
There were 31 major construction schemes identified within Sheffield city centre. Of these, 23 sites (74%) were open and 8 (26%) were closed. Student residential schemes were the most common schemes (ten sites), followed by residential (seven sites) and commercial (six office, retail and hotel build sites), public realm (four), and lastly, research and education, and utilities and infrastructure (two each). Not all sites are working to full capacity partly as a consequence, it is presumed, of social distancing, safety measures and supply chains issues.

Larger construction sites have implemented robust safety measures and are monitoring the situation carefully. There was some anxiety over compliance and the effects of restrictions on site capacity. The costs of implementing Government guidance are significant for members. There were mixed views on the precision of the guidance and the potential legal risks of opening sites. S-PA members are worried about the effects of social distancing and its operation within the city centre. The confidence of customers and the viability for some businesses in light of restricted and reduced footfall is a concern. Restoring confidence was a key issue for S-PA members.

Like other areas, S-PA members are responding to the crisis by changing the way they work including adopting digital solutions from remote project management, to virtual measuring and modelling. There is an opportunity for the industry, which has typically lagged behind in new technology adoption, to catch up. There was thought to be no shortage of analysis about the impacts of Covid-19 on the property sector. The S-PA could perhaps invite some leaders in to host webinars for its members. It was important to demonstrate and implement good practice, and ‘keep building confidence’.

In terms of what the Government can do to restore confidence, there was a clamour for clearer guidance and well-directed public sector investment. New infrastructure will bolster the construction sector and complement private sector investment. Local government can play a role in helping restore confidence, offering strong civic leadership to deliver neighbourhood renewal. Planning flexibilities could be introduced to tackle key issues, active lifestyles, and commuting. Housing the homeless was welcomed. Sheffield has long been struggling with a commercial viability gap, exception for student accommodation, it was claimed by S-PA members. It is important that office demand is understood to ensure the right product is offered. Members wondered how neighbourhood renewal might be undertaken with better incentives for climate change mitigation measures.

S-PA members were keen to hear about relevant good practice from other cities and members. Areas of interest included creating a distinctive narrative for Sheffield. S-PA members have been thinking about the future of the office. Examples of reducing isolation and promoting well-being would be well received. Attracting and maintaining inward investment, undertaking transformative placemaking, and exchanging ideas with others regarding investment were also highlighted by S-PA members.

WHERE DO WE WANT TO BE?

Globally, despite the challenges for many businesses certain sectors are expected to grow in the wake of Covid-19 including life sciences and medical technologies, advanced manufacturing, and digital technologies. This will change the way cities operate, with new smart city technologies increasing adoption of Industry 4.0 capabilities and innovations in property required.
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For S-PA members, the pandemic has highlighted the importance of placemaking, neighbourhood regeneration and open space as well environmental measures. For many professional services, remote working, flexible hours, and locations will become a permanent feature. There is a desire for larger dwellings, more outside space, and an increased focus on well-being. There is an opportunity to embrace more modern construction methods, online construction, and property related applications.

S-PA members are understandably passionate about their city. High quality targeted destination marketing is important, and ensuring we promote much more of what the city does well. The city has improved and offers an attractive residential location. Its topography is distinctive, with rolling hills, rivers, deep valleys, reservoirs, and world-famous gritstone rock.

It is a city of makers, from advanced manufacturing and specialist steels, to award-winning culture and design, ground-breaking research, and world class talent. The Advanced Manufacturing Innovation District is an attractive proposition for investors, offering a nucleus of innovation, research, and technology designed for collaboration and rapid commercialisation. New specialist facilities have the capacity to promote knowledge creation and innovation. The Universities have an opportunity to work collaboratively with local business on societal and SCR challenges such as well-being and a lower carbon society, building on our industrial and advanced manufacturing heritage and intellectual property.

S-PA members would like the city to publicise its strengths more. Networking opportunities should be offered, and events and attractions promoted - culture, housing, architecture, quality of life etc. The SCR cultural offer could be enhanced with more ‘anchor points’, as there are many ‘hidden gems’ and events with very low exposure. Sheffield could promote its football heritage better.

Sheffield can offer a competitive location for those looking to relocate from larger cities and ‘north shoring’. This is thought to be a real opportunity and S-PA members would like to exploit the Government’s desire for more balanced growth. S-PA members want the city to promote the fact it is a warm, welcoming, tolerant, and outward facing city that attracts global investment and international collaboration and exploits new trade opportunities. Members would like to see new high-quality housing developed and showcased, with a focus on the quality and use of the space and wider environmental benefits, rather than a narrow focus on units. New housing in the city should not be dominated by small flats with little space aimed largely at students. Members want much better-quality housing for the SCR.

The S-PA needs to support the transition of the property sector and promote positive change and avoid ‘people reverting back to type very quickly.’ It should play a lobbying role and work closely with the Council to ensure city plans are sufficiently bold. Key decisions about policies need to be made. It was recognised that the property sector was part of the solution. Sheffield should be ambitious and, in light of recent circumstances, has a one-off opportunity to change the fabric of how we build, live and work. S-PA members have articulated four strategic areas in which they would like to see change.

**STRONG LEADERSHIP WITH A CLEAR AND DYNAMIC ECONOMIC VISION TO STIMULATE DEMAND**

- A dynamic economic and social ten-year masterplan, and industrial strategy with a compelling vision to increase UK and international investment, viability, value, and demand.
- Working with Sheffield Covid-19 Business Response Group to articulate members’ priorities.
Strong civic leadership and a business voice to drive forward a new economic plan for the city to guide stakeholders and develop investor and visitor confidence. This includes a limited number of high-quality strategic property developments that will attract inward investors.

Investing in the potential of people; residents, students, and businesses. Upskilling residents and local businesses more explicitly and promoting and generating employment opportunities. Increasing the capacity of businesses to grow to stimulate demand for property.

Flexible planning, rental and development obligations to unlock development opportunities.

Nurturing start-ups and independents and creating sufficient entry level jobs for graduates.

A GREEN AND LOW CARBON RENAISSANCE – MAKING THE GREEN CITY STRATEGY A REALITY

A major refocus on sustainability with better quality, affordable, spacious housing; open space; and local retailing and services. Decarbonising existing stock would create green jobs.

Urban infrastructure planning renaissance, including blue and green infrastructure that incorporates urban nature, landscape design and planning and is climate resilient.

A cleaner, greener city that never returns to the pre-coronavirus traffic jams and vehicle pollution, with new cycle and pedestrian route improvements and a concerted effort to improve air quality, cycling and safe public transport.

CELEBRATING THE OUTDOOR AND WELL-BEING CITY AND QUALITY OF PLACE

Studies consistently find that the more beautiful a city is the more successful it is at attracting jobs and residents, including highly educated and affluent ones. S-PA members believe the SCR should:

Focus on lifestyle: an outdoor and well-being city that is environmentally and family friendly. Developing an offer that attracts and retains talent and resonates with citizens.

Invest in research and development in health and well-being.

Support and publicise our distinctive cultural infrastructure and festivals much more boldly and help them to re-emerge in a safe, sustainable way.

RETHINKING PLACE AND LEVELLING-UP

Promoting the city, its residents and businesses and showcasing good practice and alternative ways of working, including employee well-being. Consider the property and wider implications of a decline in international students and stronger retention of existing students.

Maintaining a vibrant and attractive city centre that develops its visitor experience and promotes citizen and employee well-being. Developing an appropriate scale and mix of high street uses, with a limited number of high-quality developments, coupled with reimagining redundant space. Consider open space, new retail and leisure opportunities, such as new continental outdoor dining areas and retail conversions to last mile logistics facilities, office, and residential uses.

Future offices will need to reflect changes in demand, including more collaborative space.

There is more levelling up to do to reduce inequality and the divisions between affluent and deprived areas. This requires education and training opportunities, sufficient housing for young people with families and comprehensive support for homeless people.

Shifting the emphasis from town cramming to liveable garden neighbourhoods and sub-urban and district revival where people want to live and work. Celebrating the city’s unique style, architecture, and leading design rather than just traditional solutions and ‘safe bets’.
1 INTRODUCTION AND OVERVIEW

This S-PA Covid-19 Special Bulletin assesses the risks and opportunities within key segments of the Sheffield’s property sector in the wake of the Covid-19 outbreak. It discusses the global, national, and local picture and considers S-PA member perceptions as society adjusts to the ‘Corona Age’. What should the property offer for Sheffield look like in the future?

1.1 OVERVIEW

THE CHALLENGE

On the 23rd March 2020, the UK went into lockdown and people were told to stay at home to limit the spread of Covid-19. Many sectors halted their activity or, where possible, worked remotely. Some property sectors in parts of the construction sector remained open, as well as many essential services including food retailers, hotels housing key workers etc. With a 5.8% fall in UK GDP in March 2020, the property sector and related sectors have experienced significant upheaval. At the time of writing the UK is in the process of easing out of lockdown through a staggered approach.

Some economists paint gloomy scenarios as many restrictions remain in place, reduced investment, supply chain disruption, lower productivity and unemployment will shape recovery. The Bank of England forecasts that the UK will experience the deepest recession in 300 years, followed by a quick v-shaped recovery in 2020. The risk of a second wave and further lockdown poses some uncertainty.

FUTURE OPPORTUNITIES

Covid-19 is shaking up the make-up, demand, marketing, and configuration of property with social distancing limiting customers and impacting the use of buildings. That said, office landlords entered the crisis in a relatively strong place, including Sheffield. Some S-PA members believe that that working from home plus the reduced density will mean demand for offices could remain broadly the same. What will office space look like as more people work from home? There may be less space required but the quality is likely to improve with more social space and direct links to sustainability and well-being.

Retailing has suffering considerably but Sheffield is slightly less exposed than most other core cities and some of these changes have simply accelerated existing trends. There is certainly an opportunity to diversify retail premises. Those parts of the city based on visitor experience are in a state of limbo. Industrial property has remained particularly resilient, which places the SCR well in this part of the market. Planning consents generally have continued in this sector with retail and online demand taking up vacant units. Digitisation is resulting in disruptive change across all sectors.

S-PA members have been involved in the reconfiguration of learning facilities, considered what a new type of office and meeting space might look like, and are more explicitly thinking about employee well-

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1 The Telegraph (May 2020), Economy on track for rapid V-shaped recovery, says Bank of England chief economist. Available here
being in the workplace. Those at the sharp end of the effects of the restrictions are having to rethink their offers including activities in the city centre and hospitality. S-PA members wanted to ‘build back better’, exploit Sheffield’s strengths in the Corona Age and have a greater emphasis on low carbon solutions, sustainable travel, and attractive neighbourhoods. Members told us they really did not want to lose some of the benefits of this new way of working. They want to use the experience of Covid-19 to build a better city for residents, workers, and visitors.

This report considered the effect of these unprecedented circumstances, considering emerging evidence and members views. How does the Sheffield offer fit with the changing narrative? Considering these changes, this Special Bulletin assesses the impact and opportunities of the ‘Corona age’ on property in Sheffield, addressing the following:

I. What we know about the lockdown impacts including the global and national Covid-19 trends impacting on property and the challenges faced.

II. The lockdown and its aftereffects and how the sector is responding. How is Covid-19 affecting different property sectors in Sheffield and new projects and investment? Are construction sites managing to get back on-site and work safely?

III. What do we propose and where do we want to be? What opportunities are there for different Sheffield property sectors and what is our proposition to attract investors and stimulate demand?
2 LOCKDOWN IMPACTS AND CHALLENGES

Covid-19 is having a significant impact on global health, the economy, technology, society, and politics. This chapter looks at the impacts of the lockdown on health, the economy, and the property industry. It compares Sheffield’s situation to national trends and English ‘core cities’. It explores the effects on S-PA members and their activities, and the challenges faced including construction supply chain constraints.

1.2 COVID-19 HEALTH AND ECONOMIC IMPACTS

The IMF forecast a 3% contraction of the world economy in 2020\(^2\). The G4 composite output index of the most advanced economies, covering the USA, Eurozone, Japan, and the UK, fell to a record low of 21.9 in April (50+ is the level where an economy is growing). Eurozone GDP fell by 3.8% in 2020 Q1, and France, Germany and Spain are officially in recession\(^3\). The World Trade Organisation predicts trade will shrink by 13% in the most optimistic scenario, worse than the 2008/09 recession. There is rising unemployment. In America 20 million jobs were lost in April (with 1 in 5 American workers being unemployed).\(^4\)

UK Covid-19 cases were first recorded on the 30\(^{th}\) of January 2020 and the first death was on the 5\(^{th}\) of March. The highest one-day death total was 980 on the 9\(^{th}\) of April. The seven-day rolling average rate has since descended to 69 by the middle of July and is expected to fall below 50 by the start of August, depending on how removal of restrictions affects recovery. UK cases reached 290,000 on 13\(^{th}\) July. Worldwide, the death toll reached 600,000 by 18\(^{th}\) July and was still growing. The number of global cases was also still growing with concerns surrounding India, Brazil, and Mexico where it is believed there is under-recording.

<table>
<thead>
<tr>
<th>England Core Cities</th>
<th>Population</th>
<th>Confirmed Cases</th>
<th>Deaths</th>
<th>COVID-19 % all Deaths</th>
<th>Deaths rate/100,000</th>
<th>Population/Death</th>
</tr>
</thead>
<tbody>
<tr>
<td>Birmingham</td>
<td>1,141,374</td>
<td>3,339</td>
<td>1144</td>
<td>29</td>
<td>100</td>
<td>998</td>
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<tr>
<td>Bristol</td>
<td>463,405</td>
<td>722</td>
<td>236</td>
<td>19</td>
<td>51</td>
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<tr>
<td>Leeds</td>
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<td>1,901</td>
<td>668</td>
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<td>1,181</td>
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<tr>
<td>Liverpool</td>
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<td>544</td>
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<td>910</td>
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<tr>
<td>Manchester</td>
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<tr>
<td>Newcastle</td>
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<td>240</td>
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<tr>
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<td>Sheffield</td>
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<td>547</td>
<td>26</td>
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<td>292,950</td>
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<td>1,618</td>
<td></td>
</tr>
</tbody>
</table>

Source: UK Public Health Bodies, ONS, BBC, (Updated 24 June)

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\(^2\) IMF World Economic Outlook, April 2020: The Great Lockdown. Available [here](#).

\(^3\) Thames Valley Berkshire LEP Economy Briefing impacts of Covid-19

\(^4\) Cambridge City & South Cambridgeshire, monitoring the economic & business impacts of covid-19 (ed. 6), May 2020
Sheffield appeared to have a high number of cases, but local trusts have reported that the testing rate has been higher than elsewhere. By the 12th of June there were 547 deaths due to the virus and 26% of all deaths are attributed to Covid-19. Sheffield has the third highest rate of deaths per 100,000 in the English Core Cities, behind Liverpool and Birmingham. Cities tend to have a higher rate of infection due to population density with the UK (12 June) at 62 deaths per 100,000, which is therefore below all core cities except Bristol.

### COVID-19 EXPOSURE

<table>
<thead>
<tr>
<th>Economic Indicators</th>
<th>Societal</th>
<th>Health</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business</td>
<td>Employment</td>
<td>Self-Employed</td>
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<tr>
<td>Birmingham</td>
<td>Exposed</td>
<td>Exposed</td>
</tr>
<tr>
<td>Bristol</td>
<td>Exposed</td>
<td>Most Exposed</td>
</tr>
<tr>
<td>Leeds</td>
<td>Exposed</td>
<td>Exposed</td>
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<td>Liverpool</td>
<td>Most Exposed</td>
<td>Exposed</td>
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<tr>
<td>Manchester</td>
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<tr>
<td>Nottingham</td>
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</tr>
<tr>
<td>Sheffield</td>
<td>Most Exposed</td>
<td>Exposed</td>
</tr>
</tbody>
</table>

Source: Hatch *‘Most Exposed’ = top 25% of districts, ‘Exposed’ = middle 50%, and ‘Least Exposed’ = bottom 25%.*

Hatch analysed 10 indicators from official statistics to estimate district exposure to Covid-19 based on city characteristics. Three economic indicators and two vulnerability were selected.

- Those companies that were mandated to close have reported Sheffield as being Most Exposed for businesses but are better positioned for the economic indicators as a whole.
- Manchester, Newcastle, and Nottingham appear most vulnerable under the economic indicators.
- Six of the eight cities are Least Exposed for income deprivation due to higher earnings in larger cities.
- As these are all cities and have high levels of density, they are all in the Most Exposed health category.
CONSTRUCTION PURCHASING

The purchasing Manager Index (PMI) for construction activity in April reported an index score of 8.2 (PMI 50+ equals growth), the lowest figure since records began in 1997. The three construction groups of house building (7.3), commercial (7.7) and civil engineering (14.6) were all record lows. By May construction PMI rose to 28.9, the second-sharpest contraction in the sector since February 2009 (27.8) amidst the financial crisis. These figures are from a 14-month high of 52.6 in February 2020. The June PMI for services was 47, up from 29 in May and 13 in April. Manufacturing rose to 50.1 in June from 40.7 in May and 32.6 in April. The PMI bottomed out in April as the economy begins to recover after lockdown. Trending Economics predictions for construction suggest the PMI will rise to 47 by May next year, 50 in 2021, and 51 in 2022.

GDP

UK gross domestic product (GDP) in Quarter 1 (Jan to Mar 2020) fell by 2.2%. Despite the lockdown only covering the last nine days in March, this was the largest fall since Q3 1979. Revised construction output figures for GDP fell by 1.7% in Q1 2020, which follows monthly declines for both February (down 2.2% due to poor weather) and March (down 5.8% due to lockdown). Recent ONS monthly figures showed the full economy plummeted by 20.4% in April, the biggest drop in a single month since records began. As recession is defined as two consecutive drops in GDP, the lack of economic activity during Q2 will inevitably show the UK economy is in recession. The Prime Minister has set out plans to accelerate infrastructure spending by £5bn.

CONSTRUCTION BUSINESSES AND JOBS

In Sheffield there are 8,000 jobs (3.0% of employment) and 2,000 companies (12.5% of all businesses) in construction. As a proportion of the total economy, where a location quotient (LQ) of 1.00 equates to the national average, all the core cities are below the national figure for jobs and businesses. Sheffield is two-thirds the national average for jobs (LQ 0.62) in the construction industry although representation is just below GB for number of businesses (LQ,0.99).
Between 2015 and 2018, Sheffield employment grew faster than the national figure (4.3% and 3.3% respectively) for all industries. Sheffield is underrepresented in employment for the fastest growing sectors nationally, but it has been catching up (information and communication was up 35%, while GB was up by 6%). However, construction jobs fell by 11% compared to a growth in jobs in GB of 7%. Growth of GB construction businesses has been faster than the growth of the total business sector. This is the same for Sheffield but the growth in Sheffield has been the slowest of the English core cities. CIPS said that “for a sector still not fully recovered from the skills shortages created by the financial crisis in 2008, the vacuum of output created by the pandemic has knocked the sector back another decade”.

Source: ONS, May 2020
UNEMPLOYMENT

March to May UK unemployment rose by 1.4m, more than doubling (111%) the March figure. Between March and April, it rose by 0.85m, the biggest rise in a single month in ‘modern times’ since 1971, although the increase had been off-set by furloughing. Between March and May Sheffield's claimant count unemployment rose from 3.1% (11,800) to 6% (23,000). It currently has the lowest rate of the core cities and is below the UK's 6.4%. Apart from Bristol, the growth in the core cities has been slower than the national rate, as the protection of furloughing has defended more jobs in large conurbations.

1.3 PROPERTY IMPACTS

CONSTRUCTION

Whilst many sites closed initially, the Government permitted the construction sector to work during lockdown, providing that sites follow social distancing practices. The closures had obvious consequences for the sector’s output. Knight Frank estimates that of the 3.6 million ft² of development completions in UK cities that was expected in 2020, only 2.1 million ft² (58%) will be completed due to an assumed project delay of six months.5

As lockdown restrictions begin to relax, the Government introduced measures such as the Working Safely During Coronavirus Guidance to help sites to open and operate safely. The question of how to safely commute to these sites has also been raised and there has been a series of announcements and calls to action. The Minister of State for Building Safety and Communities (13th of May) called for local planning authorities to take a quick and positive approach to developer and site operator requests for flexibility around working hours to help ease commuter travel peaks. The CEO of national construction firm, Berkeley, said if the sector is to have a leading role in the UK’s economic recovery, it requires more

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5 Knight Frank and Statista estimates (April 2020). [Available here](#)
Government support. The Minister for Business, and Industry, Nadhim Zahawi, revealed that he wanted to identify construction projects that could be accelerated in order to incentivise growth.

On the 30th June Boris Johnson, announced new regulations to ease planning permission requirements and give greater freedom for commercial properties to be converted into residential housing. It is anticipated these changes (to come into effect by September) will reduce demand for greenfield land by making brownfield development easier. The Architect’s Climate Action Network and the London Energy Transformation Initiative sent a letter to the Prime Minister, asking for flexibility to adapt existing buildings and design new buildings beneficial to human health and the environment.

**INDUSTRIAL AND MANUFACTURING**

Whilst manufacturing was an exempt sector, output fell to below 60% in April and over a third of UK manufacturers expect the industry’s recovery to take over a year, resembling a slow recovery rather than a quick bounce-back. Manufacturing has been affected by reduced demand and supply chain disruption. However, demand in industrial property has remained resilient during the crisis and industrial vacancies have been on a steep downward trend in recent years and healthy demand from supermarkets and on-line retailers should help to offset any vacated industrial space. This will keep absorption positive and vacancy rates low with some rent growth, though the pace of growth will slow. Industrial property should continue to outperform other sectors. The RTPI note developers are pressing ahead with industrial schemes with over 250 planning consents granted in the UK since March 23rd, 2020 with investments in urban logistics and ‘last-mile’ developments popular.

**COMMERCIAL/ RETAIL**

Within retail, many food suppliers and essential shops including corner shops, pharmacies, and petrol stations remained open during the lockdown. Some commercial property owners offered space to the NHS, to ameliorate pressure on medical facilities and storage capacity. The British Property Federation (BPF) published a Licence to Occupy template for the NHS and commercial property owners, making the process quicker and easier for both parties.

Non-essential retail businesses opened on the 15th June and outdoor markets and car showrooms opened on the 1st of June. Even with a gradual return to businesses, the impacts for commercial property in the short and long term are significant. UK consumer spending reduced by 36.5% in April, despite a strong performance in e-commerce. Internet sales as a percentage of retail sales grew to an all-time high of 33.4% in May (CoStar, 2020). Although there has been some high street bounce-back as premises have opened for business, this has raised questions about its future. The UK’s largest retail chains and landlords wrote to the Chancellor, claiming that the survival of the high street will be decided ‘in weeks

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6 The Guardian (June 2020), ‘UK Housebuilders will need Government support, says Berkley’. Available here
7 Construction News (April 2020), Minister reveals plan to speed up construction projects. Available here
8 Architects Journal (18th June), ‘Architects Declare lobbies Boris Johnson on post-Covid recovery’. Available here
9 Financial Times (2020), UK manufacturing down to lowest capacity utilisation rate on record. Available here
10 Financial Times (2020), UK manufacturers warn of slow recovery from coronavirus. Available here
11 The Telegraph (June 2020), ‘Which shops are now open, and what are the new Covid-19 guidelines?’. Available here
12 Financial Times (2020) Coronavirus hit household spending much harder than BoE assumed. Available here
rather than years" if there is no further support regarding rent. Some household names such as Debenhams, Laura Ashley and Cath Kidston went into administration. Many believe the pandemic has accelerated retail existing trends. Those with a strong digital presence and brand are likely to survive or thrive, leaving behind high street retail brands that have failed to evolve sufficiently quickly.\(^{13}\)

**LEISURE AND HOSPITALITY**

A large proportion of the leisure sector, including the arts and cultural sector, re-opened on the 4th of July. Cinemas, theatres, concert halls, theme parks and museums were allowed to open as well as outdoor gyms, playgrounds, and outdoor skating rinks. Other businesses such as nightclubs, casinos, S-PAs, swimming pools and exhibitions centres remain closed at the time of writing.\(^{14}\) UKHospitality praised the decision and welcomed the opportunity to reopen.\(^{15}\) All indoor and outdoor food and drink businesses such as restaurants, café’s bars, pubs and workplace canteens were permitted to open. Hotels, hostels, B&B’s, and holiday sites were also allowed to open, with further guidance to follow.

Some hospitality businesses have tried to adapt during lockdown. Select hotels remained open for essential workers and homeless people and many hospitality businesses adapted to a takeaway service to trade whilst respecting social distancing measures. A CGA business survey of hospitality leaders found that challenges for recovery are centred around operational changes (85%) and additional Government regulations (77%). Some businesses have found it easier to operate than others, fast food restaurants can work with the new restrictions easier than many independent and smaller businesses due to their efficient food production, drive through facilities and behind-screen operations.

**OFFICE SPACE**

With the UK told to work from home where possible, many offices still remain closed. Online video conferencing platforms have created virtual spaces for engagement in a time when physical meetings are impossible. Whilst remote working is likely to be the norm currently, short-term adaptations to allow employees to return to office spaces will include distributed offices, rotating employee days, increased hygiene measures, physical barriers such as sneeze guards, spaced out desks, and a staggered workforce. There are estimates that staff numbers may be capped at 30% in offices to allow social distancing.\(^{16}\) Experts predict there will be a new type of office, one that shares similar elements to hospitals such as hygiene stations, signage indicating direct routes, separate seats and more automation. There may be a revival of the sub-urban office market where buildings have not already been converted.

**UNIVERSITY PROPERTY AND STUDENT ACCOMMODATION**

Currently, UK universities are following social distancing measures by conducting teaching and examinations virtually. The University and College Union (UCU) forecasts that the sector could lose an estimated £2.5bn next year as a result of a loss in tuition fees, along with the loss of 30,000 university

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\(^{13}\) Financial Times (2020) The cull of retail businesses spells the end for mediocre malls. [Available here](#)

\(^{14}\) GOV.UK (June 2020), ‘Opening certain businesses and venues in England from 4 July 2020’. [Available here](#)

\(^{15}\) UKHospitality (23rd June 2020), ‘UKHospitality reaction to reopening announcement’. [Available here](#)

\(^{16}\) BBC (2020) How offices will change after coronavirus. [Available here](#)
Universities are expecting a 24% drop in enrolments, with a falling number of international students. This will have significant impacts, especially as the number of international students has been rising. In 2018/19, there was a 10% increase in international students to 343,00 compared to the previous year. In Sheffield specifically, there are over 7,000 international students from over 150 countries at the University of Sheffield, and Sheffield Hallam University also attracts a significant number from overseas.

The purpose-built student accommodation (PBSA) sector has been significantly impacted by the virus. The BPF has requested the Government legislate to ensure all student accommodation providers cannot be charged council tax as a result of vacant rooms. As international students are a key market for PBSA, there may be a severe short-term impact for providers. Also, many construction schemes are likely to be affected due to the pandemic, meaning that some sites set to open in September might not be ready.

1.4 THE EFFECTS OF LOCKDOWN RESTRICTIONS ON MEMBERS’ ACTIVITIES

After the lockdown measures the initial priority for the professional sector including planners, lawyers, project managers and architects was to ensure everybody was set up to work from home. For most part, the transition to online, remote working was quite straightforward for S-PA members. IT systems coped well, and team-based, and collaborative software solutions were deployed. One member felt this has been slicker in the private sector, and recognises it was more challenging in the public sector who have typically larger workforces and competing priorities.

“It’s taken a lot of management, but we’ve got everyone working successfully at home. We have almost become a stronger team with more collegiate working.” (S-PA Member, Planner)

“We are well equipped to deal with this change and have technology available to work from home. The nature of what we do allows that much more freely. We can do due diligence and finance work remotely. The internet has held up.” (S-PA Member, Professional Services)

“In terms of business continuity and keeping things moving, it’s actually gone surprisingly well.” (S-PA Member, Project Manager)

“We quickly adapted to home working. It is a testament to our IT how well it has worked. We do complex 3D modelling and architecture and have been able to do it from home.” (S-PA Member, Architects)

Many were able to maintain their work commitments. There was some furloughing of staff, for example, in planning, estate management and law, where the number of transactions were down. Companies with furloughed staff are taking a cautious approach to their reintroduction to the workplace.

“Over 90% of our projects have carried on. If you look at our figures, you could not discern an impact. It is a testament to the effort of the team. I suspect productivity per hour is lower, but the overall output has been maintained through hard graft. It hasn't been easy.” (S-PA Member, Project Manager)

17 The Guardian (2020) Coronavirus UK: Universities face £2.5bn tuition fee loss next year. Available here
18 The University of Sheffield, International Students. Available here
"We will sit tight. From a business point of view, we have had to furlough some staff. Some projects have slowed." (S-PA Member, Project Manager)

"Private developers are putting things on hold. Public sector activity has slightly increased, particularly the NHS. With sites closing down and the pipeline slowing down it left us in limbo really." (S-PA Member, Property Services)

"We managed to get enough laptops before they ran out and have a skeleton staff getting post (litigations require hard copies). Operationally, it has worked well. It felt like it could be the end of the world, but it has not turned out that way. We have a reasonably sizeable team, so have furloughed a good number. Those left had pressure to complete transactions, our clients still expect a quick turnaround. We have had a good level of re-instruction, but credit control is a challenge and year end bills are not coming in quickly enough." (S-PA Member, Legal Services)

Many consultees were back on site and members were looking to catch up on projects. Once on-site and materials had been purchased, for most members, there was no option ‘other than to continue’.

"It is noticeable that people are now wanting to progress projects that went on an immediate backburner. We are seeing growth in urban redevelopment schemes. The need is still there, we are just trying to find ways to make sure planning actions are progressed/determined." (S-PA Member, Planner)

"All construction work was shut-down, we are in the process of recommencing and we were back on site two weeks ago. Some projects were delayed but now due to start." (S-PA Member, HEI)

"Workers are back on site and contractors un-furloughed." (S-PA Member, Social Landlord)

"We are seeing new opportunities, looking at site opportunities and had a similar number of projects coming through the books. A lot of contractors with an investment arm are seeing whether they can grow their business, so we are seeing more interest from there." (S-PA Member, Architects)

"We locked down 12 days before the official restrictions taking a pessimistic view, expecting 50% of sites to close. It has been a much healthier picture than anticipated. We saw at the peak 30-40% of sites shut down or go down to skeleton staff. All or most sites are back open now. But working under social distance rules, this is impacting by a 25-20% drop in utilisation." (S-PA Member, Professional Services)

Adapting to Covid-19 – South Yorkshire Housing Association

For over 50 years SYHA’s has provided homes and support for people who need them. Over 600 people are employed to provide nearly 6,000 homes, supporting 10,000 individuals. It implemented several changes in response to Covid-19. SYHA closed some buildings with activities such as reporting repairs and anti-social behaviour, and rent accounting moved to remote working. Housing maintenance teams and external contractors only completed emergency repairs during lockdown, meaning they had a subsequent backlog. This is now working well, and teams have “got stocks of PPE and a great H&S manager.” The Neighbourhood Environmental Action Team (NEAT) continued to clean, work on voids and garden with some minor disruption to gardening as resources were focused on high-priority tasks,
such as cleaning. Some of their LiveWell services, and other services based in the community, moved to telephone support only to keep people safe and well during this crisis.

### CURRENT CHALLENGES AND OBSERVATIONS

Some construction activity on new projects such as design is continuing, but members were worried about the future and felt project delays were inevitable. One developer had to delay an opening celebration. Another was worried about anti-Chinese sentiment that was being reported early on during the pandemic outbreak (their investors were Chinese).

“There is a question mark around timing as cash flow next year will be reduced.” (S-PA Member, Higher Educational Institution)

“There were no catastrophic issues overall, but we had minor issues with cashflow, and we had to get an extension from the bank, as our initial completion date was the end of May.” (S-PA Member, Developer)

“Occupier decision making is slower...Confidence has taken a knock and there’s worries about the market going forward.” (S-PA Member, Property Developer)

A key concern was new and replacement work and how much of an economic slowdown there will be.

“It just doesn’t seem like there is the same level of opportunity for future work to replace the work that we’re doing at the moment.” (S-PA Member, Project Manager)

“We are fine at the moment, but we’re worried about the future.” (S-PA Member, Planner)

“Those projects already in the system have continued. New projects were under review but have started coming through again. We see it like the last recession, with an immediate review of private sector work which slowed down, whilst the public sector continued. Then as time goes on, public sector funding slows and private sector picks back up. That is our view in the short to medium term.” (S-PA Member, Planner)

“At the beginning of lockdown everything ground to a halt with only a few transitions continuing. Now the restrictions on moving house have lifted, we have now seen an uplift. It is very hard to know whether this will be sustained. We are in a ‘wait-and-see’ situation.” (S-PA Member, Conveyancing Solicitors)

Several commercial projects were close to completion when lockdown was announced and have since witnessed a gradual return to work. Larger contractors were still keen to work to schedule where feasible to avoid penalties. There has been productive work on the Heart of the City II project and small social-housing new-build construction sites are open again. Commercial agents indicate that they have been kept busy during lockdown with diverse projects and continued promoting opportunities to new occupiers. One agent cited a diverse project portfolio in Sheffield, with investment values of £150m, including 100,000 ft² of offices, a multi-story car park, and 350 apartments (phase 1) at West Bar Square.

An efficiently functioning planning system is important for S-PA members. There were mixed views on the ability of planning authorities to innovate, adapt, resolve decisions, and maintain ‘business as usual’. Planners were inevitably being redeployed to more critical Council services and it was hard to contact...
some senior officers. With thousands of staff it was hard to source equipment quickly for people to work from home. Commercial planners noted a willingness from Sheffield City Council to progress priority applications and higher profile projects such as Whirlow Hall Farm which is planning a new educational building and an extension to their cafe and shop. Smaller projects have been subject to delay. There have been some teething problems with virtual planning committees. There was a willingness to work with the Council to progress developments. It was reported that around the country, the ability of councils to address planning applications was variable.

Another challenge faced was recruitment and training. Some managers found they were productive at home without distractions, but younger staff were not receiving adequate on-the-job training.

“\textit{I am quite new to planning and training this has been a difficult. On the job training has suffered. Trainees like me have lost interactions.}” (S-PA Member, Legal Services)

“We haven’t recruited since March and have postponed our graduate and apprentice intake for August, which will not happen until early 2021. We need to think about the growth and development of business when we are back and can make plans for face to face learning.” (S-PA Member Professional Services)

“We expect enthusiasm for working-from-home and some businesses may question the need for offices after doing so well in lockdown. Another challenge for the junior team is that informal training has suffered. They pick up learning at work. They can phone us and have online sessions, but it is not the same. Flexibility is great but so is personal contact.” (S-PA Member, Legal Services)

Members talked about how self-isolation has highlighted the value of personal space and home working environments, fast reliable broadband, and direct access to green spaces. Several respondents talked about the importance of high-quality living environments in urban, suburban, and rural areas. Members are taking measures to support staff well-being and maintain morale during isolation.

“We need to support staff with environments that enable better working conditions?” (S-PA Member, Professional Services)

“We are now focused on support for staff on a social and personal level.” (S-PA Member, Architects)

“We’re trying to deal with isolation. It is important we encourage more of this, more interactions. It can be a lonely place stuck at home.” (S-PA Member, Quantity Surveyors and Project Managers)

“It is very easy to close an office, but they are difficult to re-open. We will not be back until next year. We need to define what are the key jobs that you can’t do at home.” (S-PA Member, Professional Services)

\textbf{THE EFFECTS OF SUPPLY CHAIN CONSTRAINTS}

The construction industry is a driver of growth in other sectors due to its heavy reliance on an extended and varied supply chain. It uses a wide range of inputs from many industries to produce its goods and services. The following sectors benefit most from construction activity: aggregates, renting of machinery, real estate; architectural and technical consultancy; plastic, wood, and metal products. In the first few months of lockdown, the sector was hampered by supply chain problems with closures at merchants
and manufacturing production plants leading to increased lead-in times for products and materials. Other concerns reported by construction firms included cash flow, rising costs, and severely reduced productivity combined with reopening sites.

The vulnerabilities of the UK construction supply chain became evident during lockdown. During this period, the construction supply chain was affected with shortages of bricks, mortar, chipboard and wood, and plasterboard reported. There were delays on imported materials and there were some labour shortages as firms could not easily recall staff due to their personal circumstances. We import steel from China, wood from the EU and Russia and many other places. This slowed some developments that were operating. There were delays in builders' merchants as they closed or operated restricted opening hours and set purchase limits and had to operate social distancing measures. “They've only recently re-opened, that's caused a delay in buying things that are needed” noted one S-PA Member.

Some sub-contractors were furloughed. Development sites vary in the amount of space on site for storage and the degree to which they are able to stockpile supplies. City centre sites have constrained footprint, unsuitable for on-site storage. Shortages of personal protective equipment meant routine tasks such as surveying, or site investigation were affected. Some developers are unable to afford to stockpile materials given their other commitments.

"Cladding is manufactured in France and Spain; glazing comes from Germany. We cannot ship this stuff. When we do, it takes a long time to come." (S-PA Member, Professional Services)

"Steel is a problem at the moment because you can't buy from China and their steel is cheap in comparison to British Steel, even with shipment costs. It is creating budget issues for UK construction firms as they are having to move to British steel. All the cement factories, pretty much closed down for two months. They are starting to re-open but are only pushing supply around incrementally and trying to keep everyone happy until they're fully mobilised." (S-PA Member, Professional Services)

A higher education institution reported long lead-in time of 8-12 weeks on Perspex for temporary screens. One developer expecting tiles from Italy decided to source locally instead. The supply chain issues were faced nationally and not specific to Sheffield, though some solutions were identified. Westminster Property Association were concerned about project delays. One respondent noted that it was possible to invest in materials at the manufacturers and store them there (see below).

"I think we forget that a lot of materials we use, such as staircases and windows, come from factories and manufacturing operations which have all furloughed staff. At one major site in central Rotherham, we cannot access 72 staircases which are locked up." (S-PA Member, Professional Services)

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20. France-based Saint-Gobain subsidiary British Gypsum which operate Gypsum mines announced the suspension of non-essential operations until 22 April 2020.
“There is a mechanism within construction contracts to deal with that and official paperwork. That is being done where possible. You can’t get too far ahead because there’s a risk of the places being broken into and stock being stolen or degrading if it’s left too long.” (S-PA Member, Professional Services)

One S-PA board member was concerned that major London projects (Crossrail and HS2) might absorb or attract SCR construction workers over the next year or so in a repeat of previous recessions.

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**THE IMPACT OF A FURTHER PEAK AND A RETURN TO LOCKDOWN**

S-PA members who could work from home felt better prepared if a second wave or lockdown were to occur now that they had their systems set up. That said, the effects could be quite far reaching. If it occurred in the Autumn, the Universities would have to close again. Many building sites would be forced to close again, and the consequences could include missing practical completion dates. “I am not sure if we could cope” noted one developer and others were worried about the long-term effects. Some feared that customers or investors would not want to plan ahead in the event of a second peak.

“We would probably be better prepared if a second peak occurred, but the bigger worry is the long-term impact if this were to happen just as we are trying to rebuild consumer confidence.” (S-PA, Peer)

“We would also worry about new projects as we have lots of partners and the potential loss of grant income would be a challenge.” (S-PA Member, Social Housing)

“One of the larger risks to us is sites closing down because we make money from monitoring sites and administrating construction contracts. So that would affect us.” (S-PA Member, Professional Services)

“There’d be disruption, uncertainty, and a fall in investor confidence. It would make projects less capable of being delivered and financed.” (S-PA Member, Property Developer)

“We have not seen the end of this yet’ claimed some. “It’s the sites that have not started yet that could be most affected that potentially might not come forward” (S-PA member Planner). There could also be local or regional lockdowns. Members were worried the fallout of Covid-19 could follow the pattern of previous recessions, with a reduction in investment, commercial development, and dwellings and units.

“Confidence is still a long way off from where it was 12 months ago.” (S-PA Member, Planning)

“When furlough ends, we have to ask how many people will be facing redundancy as companies review their books.” (S-PA Member, Professional Services)

“The history of pandemics tends to show that in six months we could find ourselves in a stricter lockdown, so we won’t be out of woods till next year.” (S-PA Member, Higher Education Institution)
3 AFTER EFFECTS AND SECTOR’S RESPONSE

This chapter explores how the property sector is responding to Covid-19 including the re-opening of sites and buildings. It summarises the results of a Sheffield city centre crane and construction survey completed on the 17th June 2020. It summarises what more members think can be done by the Government to restore confidence.

1.5 UK ECONOMIC FORECASTS

June forecasts published by the Treasury based on independent projections suggest the economy this year will fall significantly before recovery in 2021. Getting back to pre-Covid-19 levels will take several years. The Chancellor reported that Britain was facing a “severe recession, the likes of which we haven’t seen”. He said it was “not obvious there will be an immediate bounce back”. CPI inflation will remain flat for the rest of this year before rising next year. As redundancies hit the economy unemployment was predicted to climb to close to 8% by the end of the year and remain high in 2021. There will be an obvious contraction in jobs till 2021. House prices will fall by 3.8% this year and will be back to pre-Covid-19 levels in 2022 and May Public Sector Net Borrowing is nine times higher than it was the same time last year. The FTSE 100 is expected to fall for at least two years.

| 25 Independent Forecasters for 2020 and 2021 (Median) |
|-----------------|-------------|---------|---------|
|                  | Latest/Actual | 2020   | 2021   |
| GDP (%)          | -2.2% (Q1)    | -9.00% | 6.20%   |
| CPI (%)          | 0.70%         | 0.60%  | 1.60%   |
| UK Claimant Count (m) | 2.7m        | 2.9m   | 2.2m   |
| Labour Force Survey (%) | 4.00%         | 7.50%  | 6.00%   |
| Employment Growth (%) | 0.80%         | -3.10% | 1.20%   |
| House Prices (%)  | 2.10%         | -3.80% | 3.00%   |
| Current Account (£bn) | -5.6         | -81    | -82.6   |
| PSNB (£bn)        | 104           | 284 (20/21)  | 140 (21/22) |
| Stock Market (FTSE 100)* | 6112        | 5940   | 5809    |

Source: HM Treasury, June 2020, Trading Economics*

Recently, the relaxation of restrictions has seen extended working hours on sites, a reduction of the two-metre rule and the extension of the furlough scheme to the 31st of October 2020. However, from 1st July employees could go back to work part-time and from August to end of October employers will contribute to the cost of 80% furloughing while the state reduces its share each month.

On the 1st of June, the Construction Leadership Council (CLC) Covid-19 Task Force published proposals to secure the recovery of the construction industry in consultation with BEIS and the Infrastructure and Projects Authority (IPA). It wants to activate a stimulus on demand and publicly funded infrastructure projects. The first three months will aim to restart all projects, maximise employment in the industry and minimise disruption due to contractual disputes. From nine to 12 months, the industry is to concentrate
on resetting a pipeline of work and generate demand for infrastructure, commercial and housing projects. From 12 months onwards the industry will look at transformation by concentrating on digital and manufacturing technologies delivered through low carbon and sustainable practices. It will adopt procurement models that deliver better value and whole life performance; as well as securing stronger partnerships between industry, its clients, its supply chain and upskilling the workforce.

1.6 SHEFFIELD CITY CENTRE CONSTRUCTION SURVEY

During the week commencing 15th June 2020, there were 31 major construction schemes identified within Sheffield city centre. 23 sites (74%) were open and 8 (26%) were closed. Developers building new schemes or undertaking significant refurbishments were surveyed. 12 cranes were observed, all on open sites. Student residential schemes were the most common schemes (ten sites), followed by residential (seven sites) and commercial (office, retail, and hotel builds, six sites), public realm (four) and lastly research and education and utilities and infrastructure (two each).

Sites operate at different paces, capacity levels or intensities. This can be affected by a number of factors. Operational capacity levels were scored from low to medium and full, and stages of development were assessed using a scale from demolition and early stage work to fit out and landscaping. Open sites were mostly observed to be in the latter stages. The operational capacity of open sites was slightly closer to full for sites in earlier stages of development. Closed sites showed less variance in terms of development stages, with one or two sites at each stage22.

For student residential developments, seven sites were open, all operating between mid to full capacity. Some of these builds were the largest individual projects in the city, where eight of the 12 cranes were observed. Of the closed sites, two were at very early stages and one was near to completion. Once finished, all these sites will provide an additional estimated 3,700 student bed spaces.

Seven residential sites were observed, four open and three closed. On average, open sites were operating at a mid-capacity and were in between development stages two – three. Closed sites were all in very early stages. Once completed, these sites will provide approximately 750 new residential units (predominately apartments).

Of the six commercial projects observed, four were open and two were closed. The open sites were typically around development stage four. Operational capacity was typically high, with Heart of the City 2 hosting two cranes. The closed sites were at the pre-construction stage. All six sites will provide approximately 250,000 ft² of commercial property space. Four public realm construction sites nearing completion were identified, including road, cycle lane and pavement replacement schemes. The sites were operating at what appeared to be medium capacity and were mostly very close to completion.

Two research and education projects were open, both at the University of Sheffield. Operational capacity was between mid to high in both, and development was either early structural or close to completion. One site hosted three cranes and was the largest non-residential project observed (the Social Sciences

Building on Northumberland Road. Two major utilities and infrastructure projects were also open. An engineering project on the River Sheaf appeared to be mid-level capacity, and an energy generation unit at the University of Sheffield was in its final stage and operating at low capacity.

An earlier survey of the same sites was also conducted in May (13th and 14th) after almost two months of restrictions due to the Covid-19 outbreak. Between the two surveys, there was a 15% increase in open construction sites as restrictions eased. Several sites made significant progress, notably within the Student Residential category (i.e. UoS Winter Street Accommodation, the Bailey Lane project being built by Watkin Jones) as well as the Grand Central residential development (Knight Knox) and the public realm roadworks and pedestrian spaces on Trippet Lane and West Street. Over 50% of open sites made a noticeable progression. On the other hand, the UoS Social Science building on Northumberland Road had been significantly delayed since our first survey due to structural complications. BAM, the developers of the site, expect the project completion date to be extended by 15 months to 2022.

1.7 RE-OPENING CONSTRUCTION SITES AND BUILDINGS– MEMBER PERSPECTIVES

Larger construction sites have implemented robust safety measures and are monitoring the situation carefully. This was recognised to be harder for smaller firms. Some workers and sub-contractors would
refuse to work if sites were not implementing safe and secure site operating procedures. There was some anxiety over compliance and the effects of restrictions on site capacity.

“We have a good construction risk manager and are not overly worried about health and safety. Covid-19 is a risk that we understand and manage.” (S-PA Member, Higher Education Institution)

“The question for me is - are people following the rules?” (S-PA Member, Higher Education Institution)

“Social distancing has affected how much labour we have on site.” (S-PA Member, Professional Services)

One member instructed their clerk of works to check their contractors had appropriate procedures in place and have shifted to virtual contractor meetings (this was hard when some were furloughed). The re-opening of buildings and social distancing measures is having a significant impact. One higher education institution thought it could take two-to-three years to get back to normal. The costs of implementing Government guidance are significant.

“We are looking at a reduction of about 80% of staff and students on site as a consequence of social distancing. It has been a profound challenge in terms of building site capacity too which is at 15-30% of normal levels. It is also affecting contractor areas and circulation, which have become much more difficult to manage. Implementing 90 buildings with social distance measures is extremely complicated.” (S-PA Member, Higher Education Institution)

“Everything has an opportunity cost. We have ten people working on social distancing and the return to campus plan is costing hundreds of thousands of pounds in salaries. It requires materials procurement (tape, Perspex), sub-contractors, sanitation equipment etc. Energy bills have reduced but we are purchasing equipment to allow remote working – chairs, desks, PCs, costing millions of pounds.” (S-PA Member, Higher Education Institution)

There were mixed views on the precision of the guidance and the potential legal risks of opening buildings. Some members supplemented official guidance with advice from trade bodies including the Construction Leadership Council or the private sector.

“I think there are legal risks because if you’ve got a site open and someone’s transmitting Covid-19 then you are putting yourself at risk of a claim. There are risks, but you follow the guidance and do your best. A lot of law firms are putting out good advice about health and safety.” (S-PA Member, Legal Services)

The guidance is open to interpretation and contractors have taken appropriate measures, such as safely providing welfare and PPE. S-PA members are involved in monitoring compliance. The way in which safety measures are implemented is a statutory obligation on behalf of the contractor to fulfil because HSE have declared that Covid-19 is a reportable incident.

“We oversee sites from a contractual perspective. We have seen some really good practice where people have the space. We have seen less great practice, but people are trying their hardest. We have requested risk assessments and evidence that contractors have operating procedures to comply with Government standards. All contractors have done.” (S-PA Member, Professional Services)
S-PA members are worried about the effects of social distancing on the use of the city centre. The confidence of customers and the viability for some businesses in light of restricted and reduced footfall is a concern. Some S-PA members are encouraging their employees to come back to work, some of whom are reluctant. "Not surprisingly we are encountering a reluctance to return, after sustained home working" noted one Legal Services member. Staff generally trust their employers to take appropriate safety in the workplace measures but were worried about commuting and trips out of the office. Restoring confidence was a key issue for S-PA members.

"The concern is in the town centre, things outside our control such as buying lunch, visiting coffee shops etc. It will be difficult to win hearts and minds." (S-PA Member, Design Consulting)

"I think people will be reluctant to use public transport, and if they are reliant on it to come into the city centre, it will be a struggle." (S-PA Member, Legal Services)

"As a society, we can put in solutions and processes that encourage regrowth of economy. But confidence is difficult to build. We need to give people confidence to go back to normality, this will be more challenging than practical measures." (S-PA Member, Professional Services)

1.8 HOW CAN THE PROPERTY SECTOR RESPOND?

Throughout lockdown, many real estate businesses adapted by using ‘virtual tours’ to present spaces to customers digitally. As of the 13th May, real estate businesses in England were permitted to conduct physical viewings and people are now permitted to move to a new house following social distancing measures.

The economic impacts on real estate are emerging, with property website Zoopla estimating that 373,000 property sales were put on hold, equating to a total value of £82 billion23. The total number of sales in 2020 is also predicted to be half the expected amount. The extent to which these market conditions will improve long-term is unclear. Savills estimates that house prices will fall by 5 to 10% in the short term, as buyer confidence is weakened24. It is thought that first-time buyers will be the hardest hit, as furloughing and job insecurity is anticipated to delay many from purchasing property. On the 17th June, Nationwide capped lending from 95% to 85% in response to the pandemic.25 To make it easier for first-time buyers, the Government’s proposed First Homes scheme will enable first-time buyers and key workers to purchase new-build homes at a 30% discount (saving an average of nearly £100,000)26. There has been some early recovery due to pent up demand from buyers who have been forced to pause, as sales in early June have rebounded quicker than expected.27

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24 Savills (2020) UK housing market update. Available here
26 Zoopla (June 2020), ‘First-time buyers and key workers to get 30% discount on new homes in proposed housing scheme’. Available here
27 The Guardian (10th June 2020), ‘Property sales recover to pre-lockdown levels across England, says Zoopla’. Available here
There is evidence that client priorities may be shifting, which can be partly attributed to Covid-19. A survey conducted by Savills found that 71% of respondents under the age of 40 said that having a garden or outside space has become increasingly important to them since their experience of lockdown. Additionally, the demand for residential property near green spaces is predicted to grow by 76% following the reopening of the housing market. This has led some estate agents to predict that buyers may look to leave crowded cities, anticipating a ‘rise in the rural’ development. Agents reported a recent spike in residential sales matching claims elsewhere that residential property asking prices soared in July as coronavirus lockdown restrictions were lifted.

Like other areas, S-PA members are responding to the crisis by adapting its practices including adopting digital solutions, from remote project management to virtual measuring and modelling. There is an opportunity for the industry, which has typically lagged behind in new technology adoption, to catch up.

“The construction and property industry are decades behind in terms of the way we work. It is very traditional. Procurement is awful. There is an opportunity for this to be a game changer in terms of the use of technology for collaboration and getting projects brought to site in a much more effective way. You can do it virtually using models. This is a positive change.” (S-PA Member, Professional Services)

There was thought to be no shortage of analysis about the impacts of Covid-19 on the property sector. The S-PA could perhaps invite some thought leaders in to host webinars for its members.

“I have seen some good advice from Cushman and Wakefield. They have thought through the concept of the six-foot office and how to return to work.” (S-PA Member, Higher Education Institution)

“There will be an enormous amount of innovation to overcome issues and blockages, some of which will be permanent. Some of these innovations will counter many of the constraints posed by Covid-19, but it will take some time for them to be adopted and implemented.” (S-PA Member, Property Developer)

It was important to demonstrate and implement good practice, and ‘keep building confidence’.

“A return to normality needs to be supported. It is a human pandemic, not a construction led one. It will take time for people to rebuild their confidence.” (S-PA Member, Professional Services)

1.9 WHAT MORE CAN NATIONAL AND LOCAL GOVERNMENT DO TO RESTORE CONFIDENCE?

To help keep businesses afloat during lockdown, the UK Government introduced a coronavirus loan scheme for SMEs, a coronavirus Job Retention Scheme and has temporarily suspended wrongful trading provisions without the threat of personal liability for company directors. In addition, the Government

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31 Residential property asking prices soared in July as coronavirus lockdown restrictions were lifted, sparking a “mini-boom” in the UK housing market.
has temporarily banned the statutory demands and will prohibit winding up petitions from being presented or orders made. This is primarily aimed at landlords to prevent aggressive rent collection.

On the 11th May 2020, the UK Government published a roadmap outlining the national Covid-19 recovery strategy. The roadmap establishes the UK’s priorities, with the second consideration being economic recovery. A cautious approach has been devised to reopen certain sectors gradually. The new roadmap outlines Government ‘Covid-19 Secure’ guidelines that industries and businesses should follow. Different aspects of property, from its construction, and buying and to its multiple uses will all be impacted differently in the wake of Covid-19. Recognising public resources were stretched, members highlighted several areas where the Government could assist restore confidence.

First, there was a clamour for clearer guidance. For instance, the education sector faces a complex scenario with workspaces, teaching areas and public space. They need clarity on what they can and cannot do to inform their decision making.

“From lockdown to reopening, it has happened quite quickly, and it is not clear what the underlying risk is. We spend a lot of time debating the issues.” (S-PA Member, Higher Education Institution)

Second, well-directed public sector investment and new infrastructure is required to bolster the construction sector and complement private sector investment. Maintaining the competitiveness of the sector is important, as it is a big exporter and wealth creator.

“Infrastructure is where they [the Government] have a direct means of retaining jobs. I think we’ll see large infrastructure projects coming forward quite quickly as soon as everything’s settled down.” (S-PA Member, Professional Services)

“From our perspective Sheffield City Council has been proactive with pre-application discussions happening.” (S-PA Member, Property Developer)

Third, local Government should help restore confidence. It can implement appropriate travel to work measures, manage pedestrian areas and, when it is safe to do so, promote outdoor events that draw in people and families. The S-PA should engage with Government and highlight new opportunities.

“A PR exercise is needed to ensure appropriate steps are being taken.” (S-PA Member, Legal Services)

“There should be a focus on getting people into Sheffield city centre, making them aware of what is going on.” (S-PA Member, Property Developer)

“They [the S-PA] should influence the Council to make policies that give opportunities for the business, commercial and investment sectors to make life easier.” (S-PA Member, Planner).

Fourth, strong civic leadership is required to deliver neighbourhood renewal through collaborative strategic partnerships and effective planning. Commercial planners want densification policies to be reviewed and greening to be incorporated into developments more explicitly. The early measures such as easing and reducing the restrictions on takeaways and pubs, and temporary use of office space, were welcomed. Planning flexibilities would help tackle key issues, such as the release and viability of
brownfield sites, or the re-use of vacant city centre offices and retail space, or innovative options such as bookable open spaces.

The council should promote active lifestyles and commuting to build on the unexpected benefit of people taking up a new form of exercise during lockdown. S-PA members are supporting their staff to adopt active travel measures. The housing of homeless residents was welcomed.

“Making active travel safe and environmentally friendly is important. People were scared of the roads and traffic for cycling. Let us take the opportunity to improve this.” (S-PA Member, Professional Services)

“Neighbourhoods are more important. Where they are better planned, people have a better experience. We need some reflection on place. Quality and space standards and good transport and access to green and open space needs reviewing. Public Transport is a fear for many. How to get from A to B in rush hour? More thought is needed about how people move about. There needs to be effective planning. Do not focus too much on economic aspects at the expense of people and neighbourhoods. We have seen some good things happen, such as homeless people finding accommodation, which need to be retained.” (S-PA Member, Social Housing Landlord)

Fifth, outside the large core cities a viability gap prevents certain developments. It was claimed that Sheffield has struggled from a viability gap on developments other than student residential accommodation.

“Any intervention that the Government can make in terms of viability is normally done by local authorities or people like Homes England providing grants or loans on a more equative basis than what private developers can access in the free market. So, I think they could find a way of making money cheaper for development projects.” (S-PA Member, Property Developer).

Members were unclear about future office demand now business have shown they can at least partially operate without them. Finally, respondents wondered how neighbourhood renewal might incentivise climate change mitigation measures, for instance through the deep retrofitting of properties to improve housing performance.

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**The London Property Alliance**

London Property Alliance (WPA & CPA) is lobbying local and national Government on member needs and concerns and sharing intelligence through webinars and commissioned research. Its membership represents commercial, residential, and retail sectors. It has shifted its events programme into a virtual format to enable members to stay informed. "We are busy growing the virtual programme to include more interviews with industry leaders, more webinars and interactive sessions." It has podcasts, including an update on the £250m plan to transform Oxford Street and ensure the district is ready for Crossrail and able to adapt to a changing retail landscape, hit hard by movement restrictions.

LPA has published a manifesto for good growth through the prism of Covid-19, looking at planning policy, business rates and property investment trends/scenarios. The LPA has written to Government

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calling for financial flexibility to ensure property owners can help tenants and planning changes to ensure the sector can continue investing and building. Its Covid-19 asks of policymakers included a two-year extension to existing permissions to protect ‘oven ready’ schemes and an ability to renew and alterations to Class A use classes to improve high street flexibility. It asked for flexibility from the lending sector to enhance the capacity of owners to reduce, waive or defer rents e.g. changing funding agreements and covenant requirements. Note the Bank of England has now issued guidance on debt and debt covenants. It requested rates relief based on the size of the business rather than its rates bill and an extension of the one-year business rates holiday for a defined period to unoccupied space, given the prospect of lettings will be reduced until confidence returns.

1.10 WHAT GOOD PRACTICE INSIGHTS ARE OF MOST INTEREST?

S-PA members were keen to hear about relevant good practice from other cities and members, and debate issues of interest including the creation of a distinctive new narrative for Sheffield. One S-PA member has written a blog about how we can create places that have meaning for the people who live and work there. S-PA members have been thinking about the future of the office as a place for collaboration and active partnerships, well-being, productivity, and communicating their brand and purpose. Examples of reducing isolation and promoting well-being would be well received as well as relevant digital innovations and smart cities advice and insights on the future of cities. One member felt it was easy to get overwhelmed with advice and felt the time was right to rethink the role of cities.

“This could include high street design, return of green spaces and more biodiverse spaces. New transport solutions to reduce car dependency.” (S-PA Member, Higher Education Institution)

Attracting and maintaining inward investment, undertaking transformative placemaking, and exchanging ideas with others regarding investment were topics also highlighted by S-PA members.

“Ensuring Sheffield can attract and retain employment, jobs, GVA and expand to accommodate a growing population and provide opportunities that ranks well against the opportunities and lifestyles available elsewhere in the UK.” (S-PA Member, Property Developer)

“We should be listening to other places about how appropriate development is pushed through the statutory process efficiently. We are quite heavy-handed planning wise in Sheffield. We have talked to people from Edmonton (Canada), who’ve got a phenomenal marketing department for attracting inward investment.” (S-PA Member, Property Services)

34 https://www.mirandaplowden.com/about
35 See Miranda Plowden 5 Reasons why well designed officer matter more than ever Available Here
4 WHERE DO WE WANT TO BE?

This final chapter considers global opportunities and how Sheffield’s property offer might change and be promoted to investors.

1.11 GLOBAL OPPORTUNITIES

Despite the challenges for many businesses that have emerged, certain sectors are expected to grow in the wake of Covid-19. The life sciences sector received $2.5 trillion of investment between 2014 to 2019 and is set to continue to grow. Innovation related property assets such as incubators, R&D facilities and high tech office buildings could emerge in countries that have experienced growth in 2019 such as India (up 180% year on year), Spain, (up 83%), Australia (up 79%) and Austria (up 453%).

New smart city technologies innovations have been deployed during the pandemic including surveillance to monitor traffic and pedestrian movement, and air quality. Seoul used a virtual, real time dashboard to update its citizens on Covid-19 news and developments. Helsinki uses ‘digital twins’ technology to create a virtual city replica, providing real time intelligence on urban landscapes and infrastructure and launched Virtual Helsinki to allow landmarks to be visited. Its annual Vappu Eve event in May 2020 was held virtually, attracting over half a million online visitors, Finland’s biggest ever online event. The use of digital technology is part of the city’s bid to become the virtual capital of the world.

The adoption of new technologies has also accelerated in manufacturing and construction in response to supply chain challenges and labour shortages. Drones, communication tools, augmented and virtual reality and building information modelling (BIM) could grow as industries actively try to work safely and within social distancing measures. Increasing the adoption of Industry 4.0 capabilities can enhance operations, increase resilience, and strengthen manufacturing outputs. The worldwide market for pharmaceuticals logistics is expected to grow at a CAGR of 9.2% over the next five years. 75% of UK adults believe more strongly in the importance of UK manufacturing as a result of Covid-19, and 74% believe a long-term plan for increasing industrial productivity will help to insulate the UK from future economic shocks.

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38 Smart Cities World, Covid-19 accelerates the adoption of smart city tech to build resilience. Available here.
40 Virtual Helsinki, the virtual capital. Available here.
1.12 DOES SHEFFIELD PROPERTY PROVISION NEED TO CHANGE IN THE CORONA AGE?

As discussed, S-PA members have initiated temporary measures in reaction to social distancing and working safety. One member with an extensive property portfolio was reducing their estate and supporting new ways of working, for instance, by making offices more suited to drop-in meetings.

“We will have a blended model that would require a different space. It is much more about collaboration using white boards and having meetings with colleagues and encouraging teamwork, as well as workstations at home. It is the same with teaching, students will still need to collaborate and work in teams and have meetings with tutors. Work-space will change.” (S-PA Member, HEI)

The pandemic has highlighted the importance of placemaking, neighbourhood regeneration and open space as well environmental measures. This will require long term strategic partnerships. For many professional services, remote working, flexibility hours and locations will become a permanent feature.

“I think there will be less demand in traditional sectors for people to be in an office nine to five. I think there will be a huge improvement in personal well-being initiatives and flexibility around hours and location. Offices may start to shrink.” (S-PA Member, Professional Services)

There is a desire for larger dwellings, more outside space, and an increased focus on well-being. There is an opportunity for more modern construction with leaner, more efficient methods and better adoption of online construction and property related applications.

“Homes England have said that they’re doing a long-term research project into modern methods of construction and the uptake of it. You can have a much more controlled environment in a factory, so it is much easier to have social distancing than across every site. Then, you can ship out ready made parts and there’s a smaller workforce needed on site.” (S-PA Member, Legal Services).

Others would like to see more investment in a number of areas.

“An expansion of the cultural offer in the city is needed, as well as the business base, the visitor economy and the educational offer. There’s much to in each area.” (S-PA Member, Property Developer)

The Westminster Property Association are cautiously optimistic about demand once the pandemic subsides and highlighted the importance of the agglomeration of skills and talent within the capital. They felt other centres like Sheffield could offer clusters of innovation. They accept however that there will be changes in demand. Retailing will suffer. Tenants may not want to sign a five- or ten-year lease.

“We hope the impact will be short term. The decrease in headcount will be offset by desire for well-being and space. We suspect you will see the end of banks of desks and more demand for private and smaller meeting space. We need office workers to support retailers. Smaller outlets may struggle.” (S-PA Peer)

The average price of apartments in the city has remained fairly static in the last decade, but properties with private space have grown, which is a good indicator of latent demand.
1.13 HOW SHOULD SHEFFIELD’S PROPERTY OFFER BE PROMOTED TO INVESTORS?

"It’s a great city, with a fabulous heritage and great people. It has such potential, and the ability to be whatever it wants to be if it has the mind to decide what that is and articulate it to the people and business of Sheffield." (S-PA Member, Property Developer)

S-PA members are understandably passionate about their city. High-quality targeted destination marketing is important - promoting what the city does well more explicitly. Members think the city has improved its quality and offers an attractive residential location. Its topography is distinctive, with rolling hills, rivers, deep valleys, reservoirs, and world-famous gritstone rock.

"We are known for our trees, proximity to the Peaks and access to open space. We have some fantastic city region assets that could be promoted better." (S-PA Member, Registered Social Landlord)

It is a city of makers, from advanced manufacturing and specialist steels, to award winning culture and design, ground-breaking research, and world class talent. The Advanced Manufacturing Innovation District is an attractive proposition for investors offering a nucleus of innovation, research, and technology, designed for collaboration and rapid commercialisation.

New specialist facilities have the capacity to promote knowledge creation and innovation. On the one hand, one member wanted to drastically boost professional and financial services jobs, and on the other, another would like an economy less reliant on the service sector employment. The Universities have a new opportunity to work collaboratively with local business on societal challenges, such as well-being and a lower carbon society, building on our industrial and advanced manufacturing heritage and IP.

"We are well placed to build on our industrial innovation." (S-PA Member, Legal services)

"People working in our industries and cutting-edge technologies are some of the brightest people in their fields. In a totally Sheffield way, we never shout about it." (S-PA Member, Professional Services)

S-PA members would like the city to publicise its strengths more. Networking opportunities should be offered, and events and attractions promoted - culture, housing, architecture, quality of life etc. The cultural offer could be enhanced with more ‘anchor points’ but there are many ‘hidden gems’ and events with very low exposure. Sheffield could better promote (a) its football heritage given Sheffield FC is recognised by the FA as the oldest club in the world, and (b) the success of Bramall Lane which would boost tourism in the city.

"I have always been amazed that Sheffield is the home of football. It has never really been sold. It could be a really unique selling point, as a global thing." (S-PA Member, Higher Education Institution)

"What Sheffield needs to do is be the best it can be. We need to make Sheffield big itself up, for example the music scene and cultural impacts, forget about other cities. Our issue is convincing people what the reality is and that will drive the demand." (S-PA Member, Professional Services)
Sheffield can offer a competitive location for those looking to relocate from larger cities and for ‘north shoring’. The S-PA members would like to exploit the Government desire for more balanced growth. Members claimed visitors had commented on the quality of some of Sheffield’s buildings.

“Sheffield is an untapped gem with some really nice places to live. Within 20 minutes by bus or bike you are into the city centre. It is lower cost than London, has good schools and a good higher level skills pipeline. We are working with business to address skills.” (S-PA Member, Higher Education Institution)

S-PA members want the city to promote the fact it is a warm, welcoming, tolerant, and outward facing city that attracts global investment and international collaboration and exploits new trade opportunities. Members would like to see new high-quality housing developed and showcased, with a focus on the quality and use of the space and wider environmental benefits, rather than a narrow focus on units. New housing in the city should not be dominated by small flats with little space aimed largely at students. Members want much better-quality housing for the SCR.

The S-PA needs to support transition of the sector and promote positive change and avoid ‘people reverting back to type very quickly.’ It should play a lobbying role and work in partnership with the Council to ensure city plans are sufficiently ambitious. Key decisions about policies need to be made. It was recognised that the property sector was part of the solution. ‘I am hoping that garden spaces and well-being of people will translate to developers and how they build’ noted one S-PA member (Legal Services).

“As architects, planners, politicians, industrialists, we will shape the future and learn these recent lessons. This will change the office environment completely; people have enjoyed not commuting and the environmental gains.” (S-PA Member, Professional Services)

“There might be a slight change in terms of footprints people want. There will be more of a well-being focus, with more breakout space etc. Size of space will roughly be the same, but more diverse activity.” (S-PA Member, Property Development)

Sheffield should promote the fact it can accommodate the new desire for flexibility about the workplace and new working practices. Its proximity to the Peak District is a major appeal. S-PA planners were concerned about the lifecycle of the many high-rise flats being encouraged in the city centre.

“The office will not be the place you go to work unless essential. It will involve more social interaction. Five days in the office are probably a thing of the past. We will see more varied locational working, coffee shops, open space, co-working locations, and home working.” (S-PA Member, Professional Services)

“The desire for more personal private space tends to always win out in long run. So, we need to also offer that and need to focus and decide on that before other cities win?” (S-PA Member Planning)

One member expressed a desire for city and its ecosystem to be “more dynamic, culturally diverse, and a recognised centre for business, advanced manufacturing and innovation.” (S-PA Member, Property Developer)
1.14 WHAT SHOULD OUR 10-YEAR VISION FOR PROPERTY IN SHEFFIELD BE?

Sheffield should be ambitious and, in light of recent circumstances, has a one-off opportunity to change the fabric of how we build, live and work.

STRONG LEADERSHIP WITH A CLEAR AND DYNAMIC ECONOMIC VISION TO STIMULATE DEMAND

- A dynamic economic and social ten-year plan, masterplan, and industrial strategy with a compelling vision to increase UK and international investment, viability, value, and demand.
- Working with Sheffield COVID-19 Business Response Group to articulate member’s priorities.
- Strong civic leadership and a business voice to drive forward a new economic plan for the city to guide stakeholders and develop investor and visitor confidence. This includes a limited number of high-quality strategic property developments that will attract inward investors.
- Investing in the potential of people; residents, students, and businesses. Upskilling residents and local businesses more explicitly and promoting and generating employment opportunities. Increasing the capacity of businesses to grow to stimulate demand for property.
- Flexible planning, rental and development obligations to unlock development opportunities.
- Nurturing start-ups and independents and creating sufficient entry level jobs for graduates.

A GREEN AND LOW CARBON RENAISSANCE – MAKING THE GREEN CITY STRATEGY A REALITY

- A major refocus on sustainability with better quality, affordable, spacious housing; open space; and local retailing and services. Decarbonising existing stock would create green jobs.
- Urban infrastructure planning renaissance, including blue and green infrastructure that incorporates urban nature, landscape design and planning and is climate resilient.
- A cleaner, greener city that never returns to the pre-coronavirus traffic jams and vehicle pollution, with new cycle and pedestrian route improvements and a concerted effort to improve air quality, cycling and safe public transport.

CELEBRATING THE OUTDOOR AND WELL-BEING CITY AND QUALITY OF PLACE

A recent study found that the more beautiful a city is, the more successful it is at attracting jobs and residents including highly educated and affluent ones. S-PA members believe the SCR should:

- Focus on lifestyle: an outdoor and well-being city that is environmentally and family friendly. Developing an offer that attracts and retains talent and resonates with citizens.
- Invest in research and development in health and well-being.
- Support and publicise our distinctive cultural infrastructure and festivals much more boldly and help them to re-emerge in a safe, sustainable way.

RETHINKING PLACE AND LEVELLING-UP

- Promoting the city, its residents, and businesses and showcasing good practice and alternative ways of working, including employee well-being. Consider the property and wider implications of a decline in international students and stronger retention of existing students.
- Maintaining a vibrant and attractive city centre that develops its visitor experience and promotes well-being amongst citizens and employees. Developing an appropriate scale and mix of high street uses, with a limited number of high-quality developments, coupled with reimagining redundant

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space. Consider open space and new retail and leisure opportunities, such as new continental outdoor dining areas and retail conversions to last mile, office, and residential uses.

- Future offices will need to reflect changes in demand including more collaborative space.
- There is more levelling up to do to reduce inequality and the divisions between affluent and deprived areas. This requires education and training opportunities, sufficient housing for young people with families and comprehensive support for homeless people.
- Shifting the emphasis from town cramming to liveable garden neighbourhoods and sub-urban and district revival where people want to live and work. Celebrating the city’s unique style, architecture, and leading design rather than just traditional solutions and ‘safe bets’.
## APPENDIX 1: CONSULTEES

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