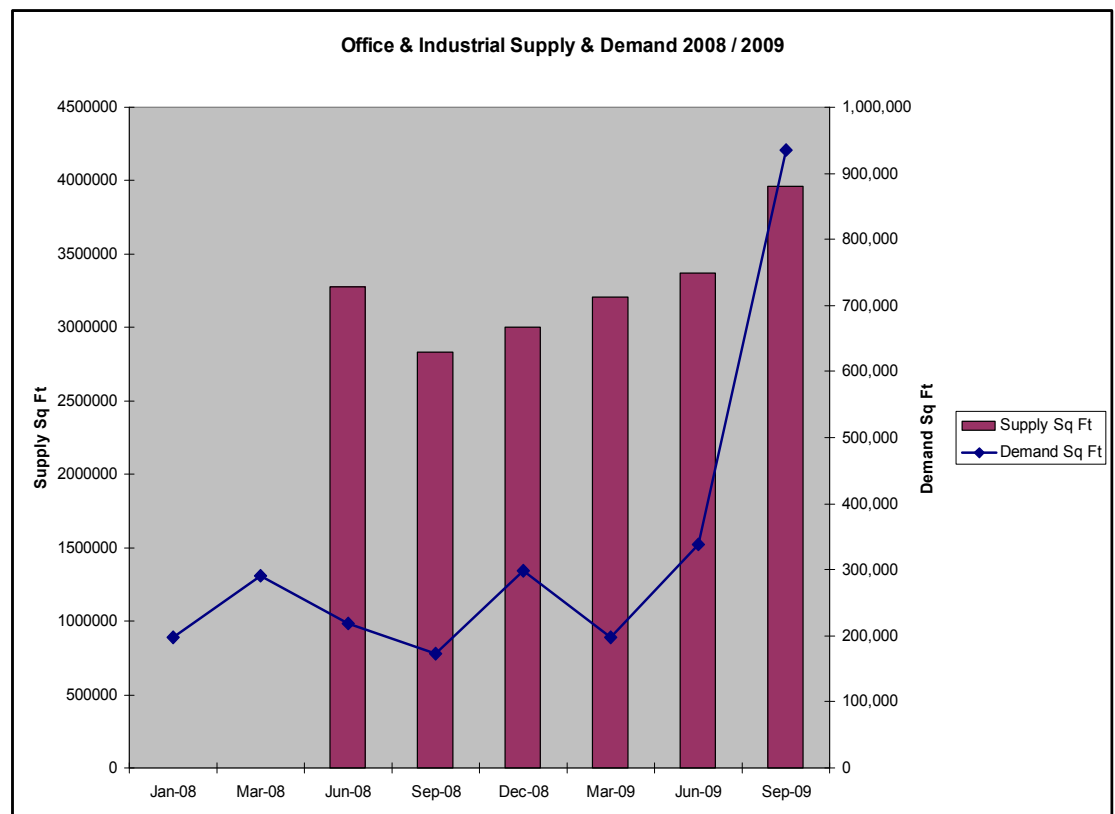


How has the Oxfordshire commercial property market been affected by the recession, and what does the future hold?

Not surprisingly, the local business, banking, investment and property groups have all been monitoring trends in the Oxfordshire market, and regularly ask for our views. For this reason, we have decided to circulate this paper which provides our analysis of **market trends during 2008-09**. The information is based on primary data; there is no central comprehensive database of demand (as opposed to 'take up') and so we have analysed our own enquiry database, and used EGPropertylink for supply.



Sources: Demand - Meeson Williams Limited. Supply – EGPropertylink. Supply figures for Oxford, Abingdon, Witney, Bicester, Didcot, Banbury.

Demand:

- Enquiry levels fell gradually during 2008, to a low point in September.
- Between 09/08 – 03/09, enquiry levels fluctuated reflecting confidence levels. An increased proportion of 'enquiries' were simply monitoring the market, or using available terms to renegotiate their own lease.
- Up to 03/09, most active enquiries were <3,000 sq ft. After 03/09 both the size and number of enquiries have increased, and we are now regularly receiving 20,000 sq ft enquiries or greater.
- The fortunes of businesses has not been categorized by their sector; within different sectors, individual companies have been seen expanding or contracting.

Supply:

- Because of the time delay in transactions completing, supply continued to fall to September 2008.
- From September 2008, supply quickly rose as new stock came into the market and existing buildings remained available.
- The availability of large warehouses in Didcot (3 buildings available in 09/09 greater than 100,000 sq ft) have inflated the industrial supply figures. Most markets have seen an overall increase in supply.

The Future:

- There is a definite continuing trend for rising demand, which is gradually converting to take up of both leasehold and freehold properties.
- Over-supply is likely to continue well into 2010, constraining growth in rental and capital values.
- The wide diversity in freehold and leasehold terms is expected to continue determined by the financial pressures to undertake a transaction.
- The development pipeline is expected to be slow to return, limiting the supply of new buildings onto the market.
- Although investment yields are expected to improve slightly over the next 12 months, any improvement is likely to be slow and gradual. Whilst supply remains limited, competition could be strong for investments with active management opportunities, potentially pushing some prices up.
- Opportunities will exist for investors with capital reserves to buy distressed assets over the next 12 months.

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