BE NEWS

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UK DEVELOPMENT OUTLOOK: THE OPPORTUNITIES AND CHALLENGES

Senior figures from across the built environment industry joined Maples Teesdale, Smart Spaces and *BE News* to discuss what the future holds for development across a range of sectors

INDUSTRY GUESTS:

Christian Anderton, managing director, investment asset management, Ringley Group

Tom Bloxham, chair, Urban Splash

Andrew Dickman, chairman, Tritax Big Box

Dan Drogman, chief executive, Smart Spaces

Chenai Gondo, chief executive, RealService

Matt Griffiths-Rimmer, impact director, Hadley Property Group

Louise Ioannou, head of workspace UK, HB Reavis

Raphaël Koifman, chief financial officer, Birchgrove

Félicie Krikler, director and head of residential, Barr Gazetas

Robbie Nightingale, development director, Re:shape Living

Joanna Preece, construction partner, Maples Teesdale

Mark Russell, chief information officer, Federated Hermes

Magdalena Skinner, managing director, Darin Partners

Tom Sleigh, chair, planning and transportation, City of London Corporation

Liz Hamson, founder and editor-in-chief, *BE News* (chair)

The past couple of years have been highly challenging for developers as a result of a variety of factors, including soaring construction costs – up to 20% since 2020 – as well as ongoing issues with the planning system, weakening exit values and the higher cost of finance.

Development in parts of the market, such as London residential and regional offices, virtually ground to a halt as schemes became commercially unviable.

This year also looks set to be taxing, with the impact of the war in the Middle East yet to be determined. However, prior to the conflict, construction cost inflation had levelled off and the cost of money had eased. So there is room for cautious optimism when it comes to certain sectors and subsectors.

Industry experts came together for a debate sponsored by Maples Teesdale and Smart Spaces to evaluate where the key opportunities lie, where challenges remain and how developers can overcome the latter to unlock the former.


Félicie Krikler


Tom Sleigh


Louise Ioannou

QUESTION: What is your take on the current state of play? How active were you in 2025 and how upbeat are you feeling about the next 12 months compared with this time last year?

SLEIGH: This has been our busiest start to a year since 2019, both for applications submitted and decisions made, with January decisions over 80% up on the same month last year. We approved four major schemes in the opening weeks alone. That builds on a record 2025, when we granted permission for over 500,000 sq m of office space, more than 10 Gherkins' worth, with around half already under construction.

We are clearly busier than this time last year, and more confident with it. The shift now is from consent to construction. 1 Undershaft is on site, with 85 and 60 Gracechurch Street starting shortly. For the City, 2026 is a year of building, not just approving.

KRIKLER: Having started as head of residential at new practice Barr Gazetas, I have been upbeat in 2025 despite the low mood that prevails in the residential sector.

Last year was good for our continued growth in the alternative living sector. We used both planning permissions across London and additional acquisitions.

We entered this year with optimism and that has been slightly dampened by the ongoing geopolitical and local politics, but our aim is to match last year's achievements.

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>
> *Tom Sleigh*

QUESTION: Which sectors present the biggest opportunities and why?

SLEIGH: Premium office space is the clearest opportunity, and the numbers say it is real demand, not speculation. Vacancy in the best new space is close to 0%, with prime towers below 1%, and occupiers paying record rents for sustainable, high-quality buildings.

Retrofit is the other big story. Around half the applications we received last year were for retrofit rather than new build, which makes sense on both carbon and viability. ⊳

Chenai Gondo

Magdalena Skinner

Robbie Nightingale

IOANNOU: For HB Reavis it is increasingly around diversification, having spent 30 years' specialist experience in workspace and retail across Europe. We're now looking at how we can apply that experience to the living sector and diversify our portfolio.

Our entry into PBSA [purpose-built student accommodation] with 10 Leake Street, in Waterloo, London, exemplifies this approach, where there is still an undersupply in central London for accommodation close to campus. More broadly, living uses are attractive because they can generate immediate income, rather than relying on longer leasing periods or extended voids.

QUESTION: Where geographically are the biggest opportunities – London or the regions?

KIRKLER: Different locations are demanding different offers based on land values. Although the backlog of gateway 2 applications [a mandatory building control approval process for higher-risk buildings] is clearing, there is still caution around building over 18m. Lower is certainly still easier. Single-family housing is on the up, to provide family homes for rent, often as part of larger housebuilding programmes. In the same vein, it is worth keeping an eye on new towns.

NIGHTINGALE: London remains a focus. And we see both Manchester and Salford as good growth areas. It's a struggle to make schemes work due to the increasing land prices and stagnant rent growth.

QUESTION: Which sectors face the biggest hurdles or issues in the short term?

IOANNOU: It all depends on context. Across every sector, success is increasingly about understanding the user/customer, the product mix and the location.

NIGHTINGALE: BTR [build to rent], PBSA,

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>
> *Robbie Nightingale*


Dan Drogman


Raphaël Koifman


Tom Bloxham

market sale. Cost of capital is high. Numbers for PBSA units are dwindling, while there are newly opened schemes that aren't expected to have full occupancy for the first two to three years. JLP [John Lewis Partnership] changing course has given uncertainty to the sector but should be viewed as a business going back to its core trade.

QUESTION: Where can we unlock more development?

BLOXHAM: For me, the story of Manchester is about confidence, about a very left Labour council, a very business-friendly one, and realising the last 30 years of jobs, jobs, jobs, and that's what really matters. Then being prepared to work with anybody from anywhere who believed in the city.

As you are developing, you will get support from the city, and having a very pro-growth agenda and stability is crucial.

DICKMAN: Our development sites are located outside the M25 in key strategic locations close to transport networks and labour pools and centres of large population. We particularly see an opportunity in the north of the UK, which is why, unlike most of our competitors, we have an office in Manchester.

KOIFMAN: Senior living is an easy answer. The demographics are amazing. The supply-demand imbalance is ridiculous. It's even stronger than shares, which is saying something. The difficulties are delivering enough spaces to meet the needs of the nuclear population. Can we, collectively as a sector, deliver what needs to be delivered? That's the biggest challenge – accelerating delivery.

QUESTION: What about the development outlook? Is ESG completely pulled off the agenda with fewer people talking about it?

DROGMAN: Not at all. In the UK grade-A office market, it is paramount for sustainable building. Yes, it does have to have a commercial upside – obviously it means more investments. They need to get bigger rent for the property. But our clients are almost pushing that downstream to their service providers.

Take the £800m NOMA Manchester. That building was chosen because it's net zero carbon sustainable. On the edge of the city, it's in a fantastic location and is now fully let to BNY Mellon.

A key aspect is sustainability. The requirement from the office demand is still sustainability. ESG is incredibly important, so no, I don't think it has damaged the office market at all.

RUSSELL: 'Viability' and 'gap' are the two words I'm hearing in every conversation ⊳


Mark Russell


Matt Griffiths-Rimmer

> ***Place is shaped around how people will live and work in it rather than the other way around***
>
> *Matt Griffiths-Rimmer*


Joanna Preece

this year, and it's hard. Cap rates are where they are. We can't control that. Bill costs are also where they are.

We just completed an office development in Birmingham, in May, finished by November, amazing tenants – smashed the occupation. But the cap rates are nowhere near where we thought they were ever going to be. Viability joins there.

But we all need real estate. We can't go without it. I'm really encouraged now, however. I've seen conversations where people are trying to make it happen public sector, private sector. How can we be innovative in trying to close that viability gap?

QUESTION: How is the development sector going to adapt and evolve to deliver the building of the future and meet the different demands of the future workforce, consumers and generations?

GRIFFITHS-RIMMER: That's an enormous question. What we're finding is that early boots on the ground, and engagement from that point in the process, not just with communities but with potential operators and partners, is the only way to future-proof in the face of such strong headwinds.

Designing neighbourhoods and districts rather than single blocks give you more scope to collaborate with partners across a range of sectors, and at points in the process that can really have an impact on what you're going to deliver.

The real job for us is to pull things


Andrew Dickman


Christian Anderton

together from the earliest point possible. Place is shaped around how people will live and work in it rather than the other way around.

PREECE: The main way is to rebuild the workforce pipeline through modern training and early career access to attract younger generations. This will involve working closely in collaboration between government, investors and industry.

We must prioritise sustainability and user-centric design in every project to build that workforce of the future.

ANDERTON: There is an idea that a smaller workforce means smaller office space. But I do not think fewer people necessarily means smaller space application.

To me, there's an obsession with that. It is a requirement issue, which will be a different type, a continued structural change in what the need of the sector is, and it's a product issue.

QUESTION: What is the single most important change that you think would boost development activity, what is the single greatest threat and how optimistic are you about the medium- to long-term development outlook?

GRIFFITHS-RIMMER: I'm optimistic. The commitment from government is clear and tangible, albeit there is much still to do. We're seeing real opportunities to work with new funding streams. London is tough, but we've been here before and we know how to build through it.

PREECE: We are cautiously optimistic if the sector embraces transformation. The single greatest threat is workforce decline. We will always need buildings, however, and those we need now are more complex, sustainable, and technologically advanced than ever. This creates long-term demand for innovation, talent and investment.

DICKMAN: Genuine reform of the UK planning system would undoubtedly be the single greatest change to help boost the development system. Failure to do this will certainly affect how optimistic the market can be in the medium to long term. □

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