

# The opportunity in the London exodus

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**Migration to the likes of Birmingham, Leeds and Manchester will accelerate**



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Migration out of London to the UK's second cities has been an emerging trend for the last few years. Student cities have a high retention rate which has continued to spread the talent pool and attract employers out of London. Early in 2020 developers were committing to 4.3m sq ft of office projects in Birmingham, Leeds and Manchester.

The prime minister, to demonstrate his commitment to retaining newly won seats in the north east, has announced heavy commitments to 'levelling up' the UK, including super-fast

broadband, transport infrastructure improvements, a northern branch of the treasury and the proposed relocation of 22,000 civil servants by 2030.

Birmingham has one of the fastest growing housing markets in the UK. 40% of its population are aged under 25 owing to the fact that it retains almost half of its graduates every year. It is also the most popular destination for young professionals leaving London and will have HS2 rail infrastructure.



ASK is financing the redevelopment of a serviced office in Birmingham

The city centre's property industry has thrived since the announcement of HS2 and its Curzon Street station. We have seen notable inward investments from major corporate occupiers including HS2's operational HQ and HSBC. The level of construction has been huge, with many major developments including 2 Arena Central and Three Snowhill office sites, the new Grand Central retail centre and ongoing development of Paradise and residential developments such as The Bank.

ASK has recently provided a senior loan secured against a freehold site comprising three adjacent office buildings located in Birmingham's central business district. The site is on the

southern side of Colmore Row which is considered to be Birmingham's premier office address. Directly opposite, Tristan Capital Partners' 103 Colmore Row is being developed into 230,084 sq ft of grade A office space with a top floor restaurant, widely considered set to become the best office building in Birmingham.

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Nearby current occupiers include AXA, Barclays, Eversheds, KPMG and Savills. The site is a five-minute walk from New Street Station and two-minutes from Snow Hill station and will also benefit from significant public realm from the nearby £700m Paradise development. The proposed refurbishment to be carried out by the borrower, Cervidae a London-based investment and development company, will include a gym, roof terrace and courtyard events space. Some of the space will be let on traditional leases but the remainder will be operated as high quality flexible offices.

### **Flexible future**

Flexible office space is likely to be in high demand in a post-Covid world. Many have reflected on the time spent commuting and increased productivity levels at home without distraction. Yet offices will certainly be required as a space for teams to convene and we have realised just how much physical interaction is a key ingredient for the success of both individuals and businesses.

Regional hubs are the obvious choice to fill the gap for companies looking to provide collaborative space in convenient locations that reduce the commute times of employees. Flexible workspace is a great option post-Covid. Companies can rely on social distancing and hygiene measures being set up for them and large office groups will have sites across the country, perfect for those looking for lower capacity in multiple locations. This site in Birmingham will be kitted out to a high-specification and its thriving commercial location will be very attractive to tenants.

Given the migration trend we were seeing before Covid, I think we can expect to see an even greater increase in people choosing to relocate to regional cities for more affordable housing and living costs and an improved quality of life. This will in turn spread the talent pool regionally allowing the second and third tier cities to grow even more and lead to the creation of a network of flourishing, vibrant cities all with their own advantages, culture, exceptional facilities and job opportunities.

Birmingham is already leading the way and the site at Colmore Row is a great example of the accessibility and desirability of regional office locations. ASK has also lent against an office to residential conversion in the Midlands. I firmly believe that as accessibility and lifestyle changes continue, we will see a significant uplift in the decentralisation trend.