

The future of commercial property in Guernsey in a virulent world

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When contemplating the future, unpredictability comes to mind and it is fair to say that in a COVID-19 world the ability to forecast the future has severely diminished. And that is also true in respect of what lies ahead for commercial property in Guernsey.

As a commercial property lawyer, I can imagine three possible scenarios, the most extreme being a doomsday preppers' paradise, in which everyone works from home. But having recently come out of a second lockdown, this scenario seems unlikely in Guernsey and, in practical terms, not everything can be done from home. Property transactions, for example, need wet ink signatures, transactions need to go before the Royal Court and, in the long term, permanent home-working would need changes in legislation.

It is also proven that a lack of social support and interaction leads to increased rates of depression and adversely impacts creativity. The truth is, we do not thrive in isolation.

Another scenario would be denial - we are being vaccinated so let's carry on as usual. This wishful thinking may work in the short term, but I doubt it will age well. We need to adapt our behaviour to our new reality, and make sure the lessons from COVID don't pass us by.

The final scenario is evolution - businesses will have to prepare for similar scenarios in the future if they are to survive.

Guernsey is in quite a unique situation for several factors and the benefits of working from home in the UK are less of an incentive in Guernsey, where commute times are short. That said, home working may still suit some people and employers who want to attract the best talent will have to cater for both home and office workers and be pandemic-ready.

Offices can be used as a means to attract talent and encourage collaboration but businesses might be thinking "will we now need all this space? What if there's a third wave, or a new virus?"

If you are a start-up company, are about to renew your lease, or are purchasing or planning your new fit out, you need to make decisions quickly. So, what to do?

Workspaces will have to become smarter, more flexible and be able to change with little time and cost depending on the circumstances. In a virulent planet this could mean the end of the open plan layout and back to individual offices.

Until the waters settle, retail tenants will require more flexible terms than before (in the form of break options, shorter terms and/or rent concessions), and landlords will be keen to keep tenants in but at the same time retain some certainty. From a landlord's perspective, a drop in the income stream could mean a renegotiation of any loan terms. So, if there are plans to reinvent the high street, let's not waste more time.

Shops and offices will have to adapt to the changes. To thrive, we need to capitalise on the benefits of Guernsey's specific circumstances, accommodate greater demands for flexibility in how and where we work and make sure we don't let the hard-learned lessons of the pandemic pass us by. Evolution is the name of the game in every area of our lives at the moment - the commercial property world is no different.

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