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An end in sight

Economic uncertainty will always be accurately reflected in the commercial property market so it is little surprise that the scheduled delivery of office space in the City of London will be the lowest in more than 10 years at 443,000 sq ft next year

The findings, from a Drivers Jones Deloitte (DJD) survey, are not really what any of us want to hear as we nervously approach Christmas and New Year and as we digest the Office for Budget Responsibility's and chancellor George Osborne's depressing economic forecasts.

The DJD findings show central London overall is managing to tick over. Here, 7.2m sq foot of office space is under construction and commercial development has risen 12 percent in terms of space.

That said, the number of new starts this summer dropped from 25 to 22 and 64 percent of all new starts were significant refurbishments rather than new builds. The problem is that with the stuttering economic environment, exacerbated by the European Union's apparent inability to get its act together, question marks will still loom ominously over space supply and demand.

Glass half-full people will say economic misery will not last forever and, before long, demand for space will bounce back as London attracts investment from all over the world, including that increasing force to be reckoned with – China.

By that stage we will hopefully operate in an environment in which "yes" is the default answer to "sustainable" planning applications – some may say whatever that is – if the National Trust, the Campaign for Rural England and their ilk do not win the day in the ongoing battle against the draft National Planning Policy Framework.

Osborne's Autumn Statement included a fair amount of infrastructure and planning announcements which, even if much was left out, at least demonstrates the government seeing development as one of the crucial building blocks for economic recovery. Osborne did miss a trick with Enterprise Zones and could have done far, far more here to encourage new growth.

Empty promises

The ongoing refusal to budge on taxing empty property is, frankly, a complete counter to the chancellor's stated objective to stimulate a prolonged recovery after a testing few years for the property industry.

Michael Marx, chief executive of Development Securities (DevSec), notes the City's office stock has experienced its "fair share of pain" as capital values plummeted by half between 2007 and 2009. Despite a subsequent recovery, such properties remain 37 percent below their pre-crisis values.

DevSec's latest 'Who Owns the City' report says foreign ownership of City of London offices now stands at 52 percent compared with just 10 percent in 1980. And an encouraging dynamic is that London attracts more office inward investment than any other city and overseas buyers remain focused on prime City assets, despite the lower capital values.

Estates Review is convinced that when the good times start rolling – and they will – the City of London's status as Europe's pre-eminent financial centre will continue to attract huge investment both from overseas and at home. Looking through a long lens, there is plenty to be hopeful for in the City when it comes to office development and investment.

Street fight
Were only that the case for high streets where we say, again, draconian parking regulations and exorbitant parking charges are killing retailers. Ryman's owner, Theo Paphitis, concurred in The Independent on the day of the Autumn Statement when he said the expansion of parking restrictions, "not just in Westminster, but in many towns" was "ludicrous".

Mary Portas's review of town centres is thought to have been delayed yet again at a time when change is needed sooner, not later otherwise more and more of our high streets will be boarded up and the erosion of capital values will be felt for miles around. However, commercial property will continue to shine for the long term. You only need to read through Estate's Gazette's Rich List 2011 for proof of this.

The top 250 are worth £87bn – up £15bn on last year with the likes of the Rebuens, Barclays, John Whittaker and new entrant, Enesto Bertarelli more than cutting the mustard. So in these straitened times, let us not loose sight of the pot of gold at the end of a very long rainbow. We just have to hold our nerve.