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Meet McGuireWoods LONDON

What Lies Ahead?

As we embark on a phased return to normality, the McGuireWoods London real estate team offers thoughts on what this means for the commercial real estate market...

Is the future of the office bleak?

Not necessarily, but it's fair to say occupiers are likely to be more demanding, and building owners therefore must be willing to adapt. Callum Hassall notes the importance of collaboration between owners and occupiers: "Office space will need to be more flexible with an increased emphasis on well-being and a focus on end-users, many of whom will have settled into working from home. Existing tenants will be keen to 'shop around' prior to a lease event (e.g., break right, lease expiry) to ensure that the office remains relevant and fit for purpose."

Will COVID-19 continue to impact commercial lease obligations?

Landlords and tenants will feel the financial impact of the pandemic for some time. So far, the UK government's response has favoured tenants who benefit from measures that prevent landlords from exercising usual remedies for nonpayment of rent. However, these measures are temporary and what remains to be seen is whether tenants will be held to account for rental arrears once the measures are lifted. In the interim, landlords and tenants should act in good faith and work together to devise a commercial arrangement that reflects present pressures.

What sectors and locations will benefit from the pandemic?

We expect real estate investors, particularly those who previously invested heavily in the retail sector, will seek to repurpose existing assets over the coming years. Other investors may be keen to expand into alternative sectors — living (whether that's build-to-rent or retirement communities), life sciences and logistics and distribution — each of which is expected to fare remarkably well. The government's investment in infrastructure likely will result in regional diversification, with investments in Northern Powerhouse cities considered as lucrative investments, in addition to those in London and the South.

Meet the Team



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Our real estate team is accustomed to providing legal assistance across the real estate spectrum and recognises the importance to our clients of understanding new developments in the industry and how these may affect them, their businesses and their transactions. The team is dedicated to providing continuity of service with an emphasis on quality and, above all, devising bespoke solutions to meet clients' business objectives at excellent value.

For more information, please contact **Martin Barrett** and **Callum Hassall**.