BIRMINGHAM OFFICE MARKET

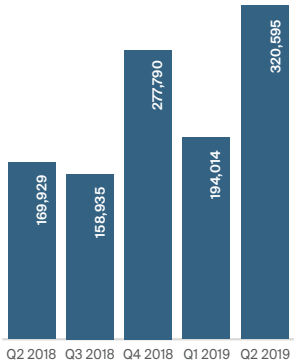
Knight Frank

OCCUPIER HEADLINES

- Leasing activity improved in Q2 2019 with take-up reaching 320,595 sq ft, a 65% increase compared to last quarter. This is 74% above the 10 year quarterly average and is the highest level of take-up for Birmingham since Q4 2017.
- The occupational market has been dominated by the arrival of WeWork who has leased 229,042 sq ft at three different office locations located in 55 Colmore Row, Louisa Ryland House and 6 Brindleyplace. With the serviced office sector growing, B2B accounted for 72% of take-up in Q2.
- Grade A supply continues to fall with 125,000 sq ft being marketed across three buildings (No 1. Colmore Square, Baskerville House and 1 Newhall Street) at the end of Q2. This is 68% below the 10 year quarterly average. Taking into consideration requirements, the market has only four months of Grade A accommodation remaining. It is expected that by the end of 2019, Two Chamberlain Square, 3 Snowhill and Platform 21 would have completed.

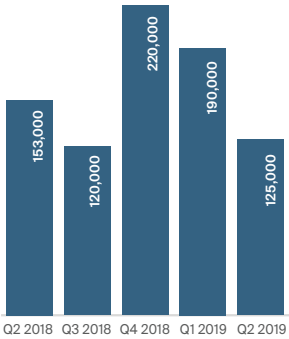
TAKE-UP*
(sq ft)

Q2 2019	**320,469**
Q2 2019 vs 10 year quarterly average	**81%**

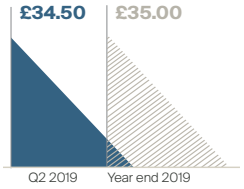


AVAILABILITY
(sq ft)

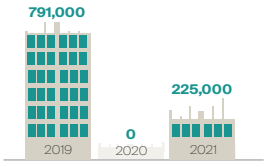
Q2 2019	**125,000**
Q2 2019 vs 10 year quarterly average	**-68%**



PRIME RENT
(£ per sq ft)



DEVELOPMENT PIPELINE
(sq ft)



Dates indicate the potential completion date of schemes under construction as at Q2 2019.

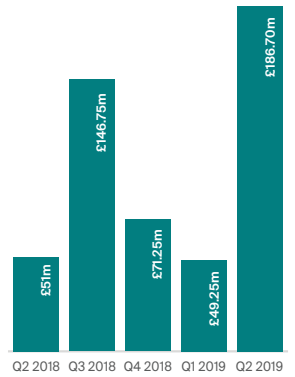
Development schemes are inclusive of both new and comprehensive refurbishment.

INVESTMENT HEADLINES

- Office investment volumes significantly increased in Q2 2019, totalling £186.70m, the highest total for a quarter since Q1 2017. This is 87% above the 10 year quarterly average.
- This was supported by the standout deal of Q2 for Birmingham which saw Gulf Islamic Investments acquire Priory Court and The Lewis Building for £149m. This marks the largest UK office acquisition outside London for the UAE investor, this year. The multi-let office is strategically located in Birmingham's business district. Tenants include Spaces and the Ministry of Justice.
- The sale of 11, Brindleyplace to Blue Nobel for £37.7m provides further evidence of overseas investors benefitting from market uncertainty in acquiring stock ahead of their UK competitors.
- Overseas investment accounted for 41% of total investment volumes over the past 12 months.

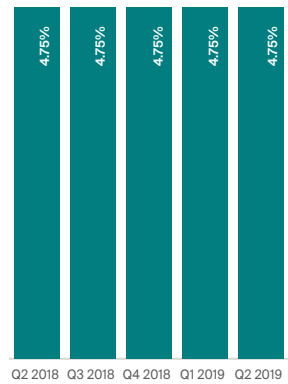
INVESTMENT VOLUMES (£)

Q2 2019	**£186.70m**
Rolling 12 month average	**£453.95m**

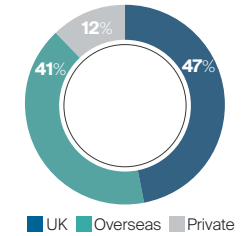


PRIME YIELD
(NIY)

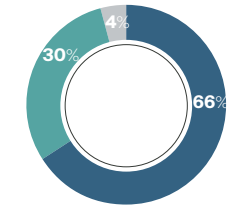
Q2 2019	**4.75%**
Forecast 2019	**4.75%**



PURCHASERS
(last 12 months)



VENDORS
(last 12 months)



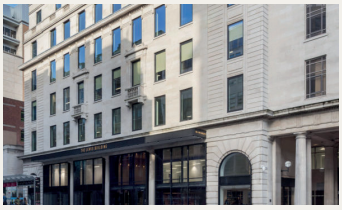
KEY TRANSACTIONS

6, BRINDLEYPLACE

TENANT: WeWork
TERM: Confidential
SIZE: 92,670 sq ft
RENT: Confidential
DATE: Q2 2019

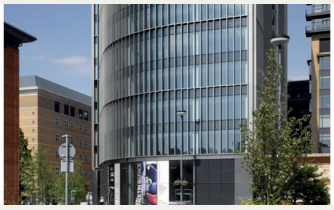
LOUISA RYLAND HOUSE, NEWHALL STREET

TENANT: WeWork
TERM: Confidential
SIZE: 81,280 sq ft
RENT: Confidential
DATE: Q2 2019



PRIORY COURT & THE LEWIS BUILDING

PURCHASER: Gulf Islamic Investments
VENDOR: Legal & General Property
PURCHASE PRICE: £149m
YIELD: N/A
DATE: Q2 2019



11, BRINDLEYPLACE

PURCHASER: Blue Noble LLP
VENDOR: Benson Elliot Capital
PURCHASE PRICE: £37.7m
YIELD: N/A
DATE: Q2 2019

Knight Frank

KEY CONTACTS

Office Head
Ashley Hudson
Partner
+44 121 233 6443
ashley.hudson@knightfrank.com

Investment Markets
Ben Wisher
Associate
+44 121 233 6456
ben.wisher@knightfrank.com

Occupier Markets
Jamie Phillips
Partner
+44 121 233 6403
jamie.phillips@knightfrank.com

Research
Darren Mansfield
Associate
+44 20 7861 1246
darren.mansfield@knightfrank.com

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