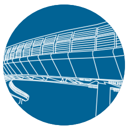


BRISTOL
OFFICE MARKET Q3 2019

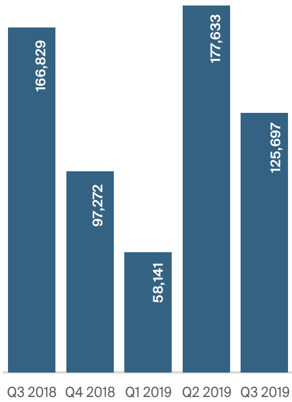
Knight Frank

OCCUPIER HEADLINES

- Occupier activity slowed in Q3 2019 reaching 125,697 sq ft. This is 4% below the 10 year quarterly average. With the acute shortage of new space, take-up of high quality refurbished space increased.
- The occupational market was dominated by financial firms, two of which were the largest deals in Q3. Rowan Dartington leased 19,440 sq ft at Temple Point and Hargreaves Lansdown's 12,686 sq ft expansion at 2, College Square. Thus, Finance & Banking accounted for 35% of take-up, followed by TMTs who increased to 28%.
- New Grade A supply remains limited with 15,621 sq ft. The focus remains on BT's imminent acquisition of 201,000 sq ft at Assembly. Having completed a pre-let so early on in the construction phase will certainly motivate developers contemplating the speculative development of their schemes.
- There remains a supply/ demand imbalance and as a consequence we anticipate rents to reach £37.50 per sq ft by Q4.

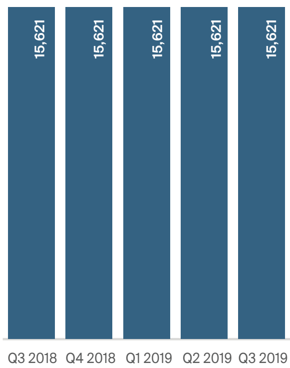
TAKE-UP
(sq ft)

Q3 2019	**125,697**
Q2 2019 vs 10 year quarterly average	**-4%**



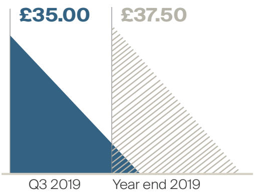
AVAILABILITY*
(sq ft)

Q3 2019	**15,621**
Q2 2019 vs 10 year quarterly average	**-91%**

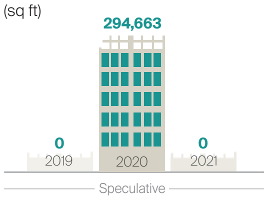


*New & Grade A speculative space only

PRIME RENT
(£ per sq ft)



DEVELOPMENT PIPELINE
(sq ft)



Dates indicate the potential completion date of schemes under construction as at Q3 2019

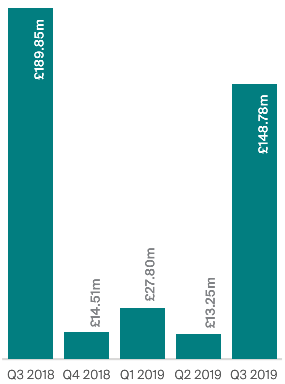
Development schemes are inclusive of both new and comprehensive refurbishment.

INVESTMENT HEADLINES

- Following a subdued last 9 months, investment volumes significantly increased in Q3 2019 totalling £148.78m. Consisting of five transacted deals, this is the highest total for Bristol since Q3 2018 when volumes reached £189.85m as a result of seven deals.
- The acquisition of Temple Quay House by Alpha Real Capital LLP for £73.4m, was the largest deal of Q3 for Bristol. The office space is currently housing the Secretary of State, Communities and Local Government up until 2037.
- The second largest deal was the sale of Kings Orchard to CCLA for £35m. Currently let to Bevan Brittan LLP with an unexpired term of eight years.
- Bristol city centre continues to attract domestic investors, accounting for 93% of volumes over the last 12 months.

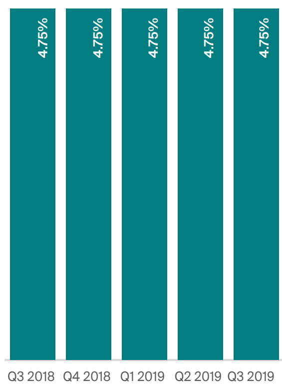
INVESTMENT VOLUMES (£)

Q3 2019	**£148.78m**
Rolling 12 Month Average	**£192.42m**

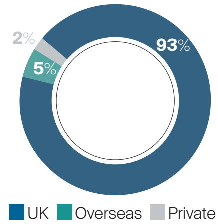


PRIME YIELD
(NIY)

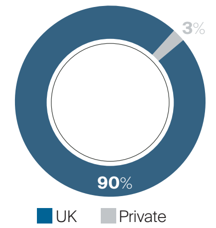
Q3 2019	**4.75%**
Forecast 2019	**5.00%**



PURCHASERS
(last 12 months)



VENDORS
(last 12 months)



KEY TRANSACTIONS

TEMPLE POINT

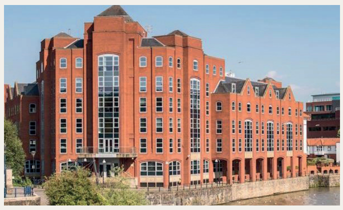
TENANT: Rowan Dartington
TERM: Confidential
SIZE: 19,440 sq ft
RENT: Confidential
DATE: Q3 2019

2, COLLEGE SQUARE

TENANT: Hargreaves Lansdown
TERM: Confidential
SIZE: 12,686 sq ft
RENT: Confidential
DATE: Q3 2019

TEMPLE QUAY HOUSE

PURCHASER: Alpha Real Capital LLP
VENDOR: M&G Real Estate
PURCHASE PRICE: £73.4m
YIELD: 4.00%
DATE: Q3 2019



KINGS ORCHARD, 1 QUEEN ST

PURCHASER: CCLA
VENDOR: Aviva Investors
PURCHASE PRICE: £35m
YIELD: 5.15%
DATE: Q3 2019

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