



# EDINBURGH OFFICE MARKET Q3 2019

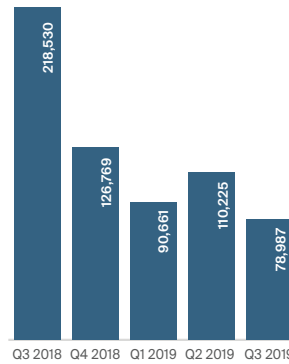


## OCCUPIER HEADLINES

- Following a strong first half in 2019, take-up decreased by 28% from the previous quarter totalling 78,987 sq ft. The city centre recorded 21 deals conclude in Q3, considerably less when compared to the last two quarters, despite the same level of requirements being circulated (72).
- The largest deal of Q3 for Edinburgh was the 11,713 sq ft lease to Illuminate Technologies at Apex 2/3, which was previously based in Edinburgh Park. The second largest deal was at Princes Street where Multrees Investment Services Ltd took 10,978 sq ft. As a result TMT occupiers accounted for 48% of take-up in Q3.
- Grade A supply continue to fall within the city centre, totalling 219,048 sq ft in Q3 2019, a 6% decrease compared to Q2. Construction has started on 2 Freer Street which will provide 59,000 sq ft of grade A office accommodation in the Fountainbridge area of Edinburgh.

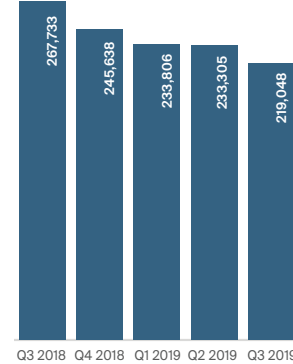
### TAKE-UP (sq ft)

Q3 2019 **78,987**  
Q3 2019 vs 10 year quarterly average **-44%**

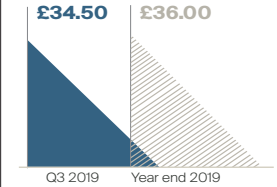


### AVAILABILITY (sq ft)

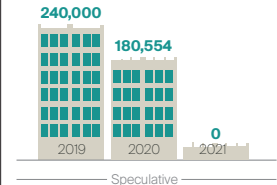
Q3 2019 **219,048**  
Q3 2019 vs 10 year quarterly average **-33%**



### PRIME RENT (£ per sq ft)



### DEVELOPMENT PIPELINE (sq ft)



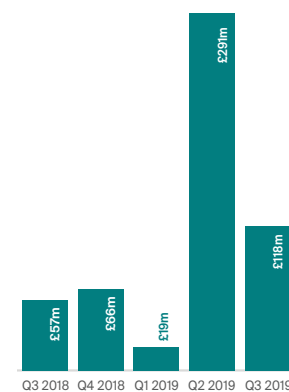
Dates indicate the potential completion date of schemes under construction as at Q3 2019. Development schemes are inclusive of both new and comprehensive refurbishment.

## INVESTMENT HEADLINES

- Office investment decreased by 60% in Q3 2019 totalling £117.6m, compared with Q2 2019. However, 2019 YTD increased to £427.35m. This is 90% more when compared to the same period in 2018.
- The largest deal was the sale of Exchange Plaza for £54m to a client on behalf of M&G Real Estate. The building is fully occupied with a variety of companies, including law firm Burness Paull, Cairn Energy and Artemis Fund Managers to name a few.
- The strength in demand for the city's office assets is further highlighted by the sale of Broadway Park for £28m to Ambassador Group. Currently let to Heineken International's UK HQ and Aberdeen Standard, the building is a part of the South Gyle Business District.
- Edinburgh city centre continues to attract foreign investment, accounting for 69% of investment volumes in the past 12 months.

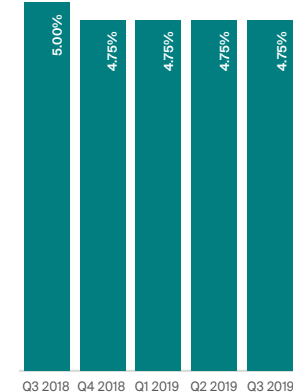
### INVESTMENT VOLUMES (£)

Q3 2019 **£118m**  
Rolling 12 Month Average **£493m**

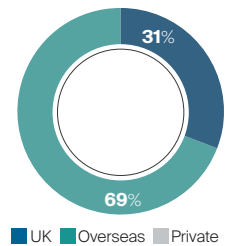


### PRIME YIELD (NIY)

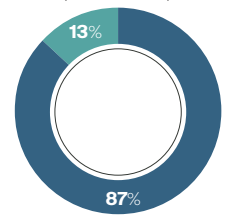
Q3 2019 **4.75%**  
Forecast 2019 **4.75%**



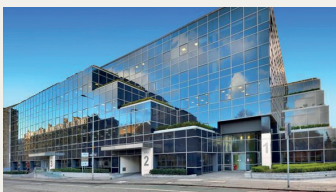
### PURCHASERS (last 12 months)



### VENDORS (last 12 months)



## KEY TRANSACTIONS



### APEX 2/3, HAYMARKET TERRACE

**TENANT:** Illuminate Technologies  
**TERM:** 10 Years (break at 5)  
**SIZE:** 11,713 sq ft  
**RENT:** £25.00 per sq ft  
**DATE:** Q3 2019



### 40 PRINCES STREET

**TENANT:** Multrees  
**SIZE:** 10,978 sq ft  
**DATE:** Q3 2019



### EXCHANGE PLAZA

**PURCHASER:** Client of M&G Real Estate  
**VENDOR:** Murray Estates  
**PURCHASE PRICE:** £54m  
**YIELD:** 5.30%  
**DATE:** Q3 2019



### BROADWAY PARK, SOUTH GYLE

**PURCHASER:** Ambassador Group  
**VENDOR:** Oval Real Estate  
**PURCHASE PRICE:** £28m  
**YIELD:** 8.00%  
**DATE:** Q3 2019

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