

RESEARCH



BIRMINGHAM

OFFICE MARKET QUARTERLY
Q2 2017

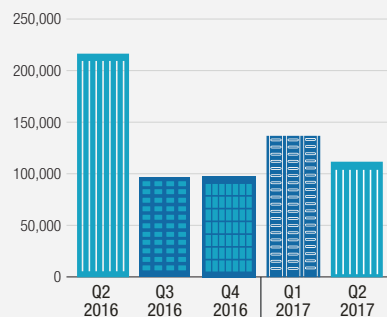


OCCUPIER MARKET

Development completions continued to push up availability in Q2 although levels remain consistent with the long-term average.

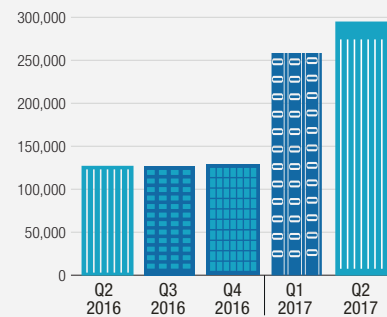


FIGURE 1
Take-up (sq ft)



0.9m
ACTIVE
REQUIREMENTS
SQ FT

FIGURE 2
Supply (sq ft)



2%
ABOVE THE
5-YR AVERAGE



JAMIE PHILLIPS

Birmingham saw positive occupier confidence in Q2. As a number of high profile leasing deals complete in H2, we would expect our previous forecasts of rental growth and take-up to crystallise.



RICHARD WILLIAMS

Due to sustained supply decreases, the completion of new schemes in 2017 has served to restore market balance. Further additions are anticipated for Q3, after which a pause in the development pipeline will again add pressure to availability.

Key leasing transactions Q2 2017

ADDRESS	SIZE (SQ FT)	OCCUPIER
Pt 3rd Floor 1 Colmore Square	14,221	Hays
4th & 5th floors, Alpha Tower, Suffolk Street	14,200	WMCA
8th floor Cornerblock	12,587	Beazley Insurance
Grd,1st,2nd 154 GCS	10,379	SDC Bigwoods
2nd & 6th Floors, Gateway House	7,607	Instant Managed Offices

Source for all charts: Knight Frank Research

Note: Percentage change reflect quarter-on-quarter movement

INVESTMENT MARKET

Prime opportunities remain scarce which is hindering investment volumes. Nonetheless, UK funds, private equity and overseas buyers are all actively vying for stock.

TRANSACTION VOLUME
Q2 2017



£20.7m

TRANSACTION VOLUME
LAST FOUR QUARTERS



£382m

▼ -2%

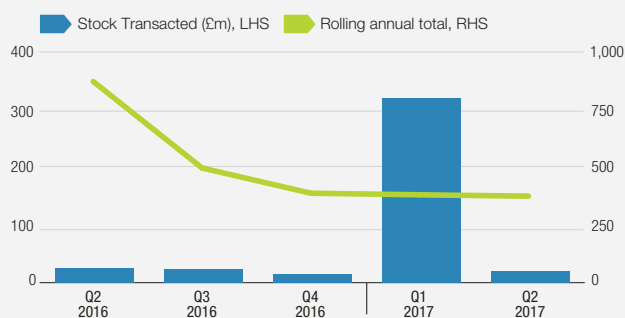
PRIME NET INITIAL YIELD



5.25%



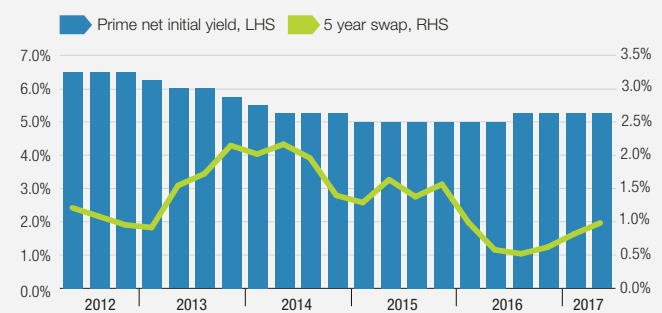
FIGURE 3
Investment volumes



ASHLEY HUDSON

After a busy Q1, Q2 has been slightly quieter in comparison from an investment point of view. The acquisition of Cavendish House and 22 Gas Street were the key transactions with the recently refurbished Lombard House now under offer.

FIGURE 4
Prime net initial yield and finance



JONATHAN DEVANEY

We expect a busy H2 with investor interest remaining strong. Colmore Properties have now exchanged on 6 Bennetts Hill, 102 and 104-106 Colmore Row. Transactions involving Edmund House, 19 Cornwall Street and Livery Place are all expected to complete in Q3.

Key investment transactions (last four quarters)

BUILDING	PRICE (£M)	NET INITIAL YIELD	PURCHASER
Brindleyplace	£265.00	6.00%	HSBC (HAIL)
St Philips Place, 2	£26.25	6.30%	West Midlands Pension
Edmund Street, 111	£22.50	5.10%	Alduwaliya (Qatari)
St Pauls Square, 30	£9.34	7.40%	Private investment group
Church Street, 60	£8.90	Undisclosed	Catalyst Capital

Source for all charts: Knight Frank Research

Note: Four quarter investment volume total is compared to the 10-year annual average. All other movements reflect quarter-on-quarter changes

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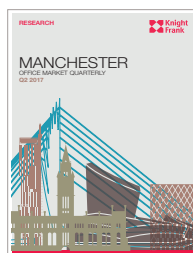
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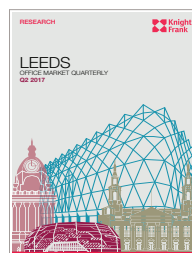
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