

RESEARCH



BRISTOL

OFFICE MARKET QUARTERLY
Q2 2017

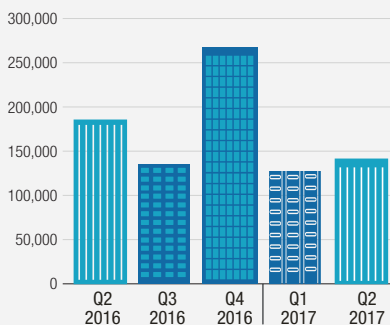


OCCUPIER MARKET

Take-up levels remained on par with the 10-year quarterly average in Q2. Available supply is now at 4% of total stock, a 15-year low.

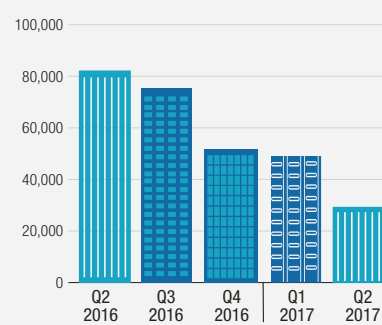


FIGURE 1
Take-up (sq ft)



0.6m
ACTIVE
REQUIREMENTS
SQ FT

FIGURE 2
Grade A Supply (sq ft)



88%
BELOW THE
LONG-TERM
AVERAGE



MARTIN BOOTH

As a consequence of continued strong demand, the availability of space has fallen to its lowest level in 15 years. This market imbalance is perpetuating the upward pressure on rents with further uplifts in prime rents to be evidenced before year end.



ANDY SMITH

With only 'Aurora' under construction further Grade A supply continues to come via refurbishments. In Q2, Legal & General commenced work at Temple Point with 'Cathedral Square' and 'Programme' expected to be delivered early in Q3.

Key leasing transactions Q2 2017

ADDRESS	SIZE (SQ FT)	OCCUPIER
Templeback	13,671	Jordans
1 - 5 Whiteladies Road	10,047	University of Bristol
3 Rivergate	9,190	WECA
3rd floor Prudential Buildings	8,883	Alterian
Broad Quay House	7,939	Just Eat

Source for all charts: Knight Frank Research

Note: Percentage change reflect quarter-on-quarter movement

*Indicates space available for immediate occupation

INVESTMENT MARKET

Investment interest remains strong albeit transaction levels continue to be hindered by a lack of product.

TRANSACTION VOLUME
Q2 2017



£11.4m

▼-62%

TRANSACTION VOLUME
LAST FOUR QUARTERS



£175.5m

▼-15%

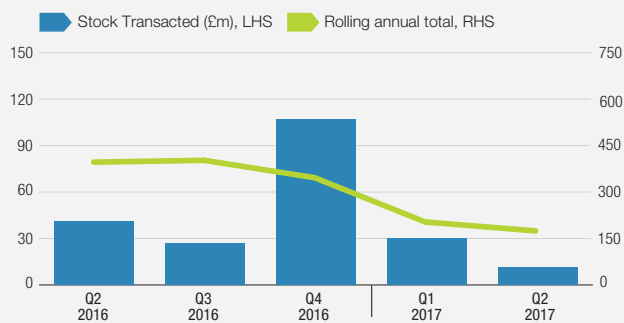
PRIME NET INITIAL YIELD



5.25%



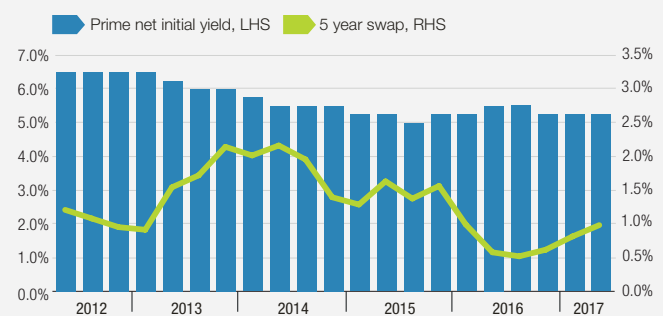
FIGURE 3
Investment volumes



STEVE OADES

We anticipate that investor demand to continue to outstrip supply for the rest of this year. The occupational market is strong with a dwindling supply across all quality fueling the prospect of rental growth.

FIGURE 4
Prime net initial yield and finance



NICK THURSTON

Whilst investor demands remains strong due to the robust occupational market, there have been few sellers in the market. We anticipate H2 will be a busier trading period with landlords drawn to the market to capture the pent up investor demand.

Key investment transactions (last four quarters)

BUILDING	PRICE (£M)	NET INITIAL YIELD	PURCHASER
Glass Wharf, 3	£75.00	4.00%	Legal & General Property
Aztec West, 2000	£19.90	6.19%	Surrey County Council PF
Colston Tower, Colston St	£17.50	6.65%	AEW Europe
1 The Square, Temple Quay	£15.40	6.30%	Canal and River Trust

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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