

RESEARCH



GLASGOW

OFFICE MARKET QUARTERLY
Q2 2017

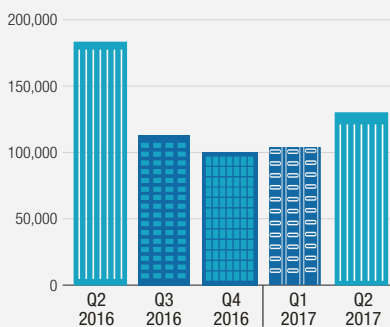


OCCUPIER MARKET

Finance, Banking and Insurance are the most active occupier group, accounting for 40% of the 130,000 sq ft transacted this quarter.

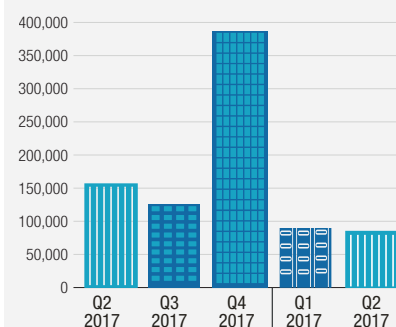


FIGURE 1
Take-up (sq ft)



0.7m
ACTIVE
REQUIREMENTS
SQ FT

FIGURE 2
Supply (sq ft)



73%
BELOW THE
5-YR AVERAGE



COLIN MACKENZIE

Occupier demand is healthy within Glasgow City Centre, with c. 700,000 sq ft of live requirements. However, given a lack of office stock, occupiers requiring larger space could find pre-letting as the only option in the city centre.



SARAH ADDIS

There is now a critical pinch point in Grade A supply and occupiers are having to consider their options carefully. There has been a number of high quality refurbishments launched to the market which we anticipate will absorb much of the current demand.

Key leasing transactions Q2 2017

ADDRESS	SIZE SQ FT	OCCUPIER	RENT
Europa Building, 450 Argyle Street	40,853	Student Loans Company	Undisclosed
Commonwealth House, Albion Street	21,155	OFGEM	£10.00
Ground Floor East, 141 Bothwell Street	8,628	JP Morgan	£25.00
Garment Factory, Ingram Street	8,374	360 Architecture	£17.00
100 Queen Street	7,922	Mazars	Undisclosed

Source for all charts: Knight Frank Research

Note: Percentage change reflect quarter-on-quarter movement

INVESTMENT MARKET

Investment sentiment remains strong despite headwinds, as total transactions for Q2 reaches £34m, the highest quarterly total since Q1 2016.

TRANSACTION VOLUME
Q2 2017



£34m

▲8%

TRANSACTION VOLUME
LAST FOUR QUARTERS



£110.6m

▼-46%

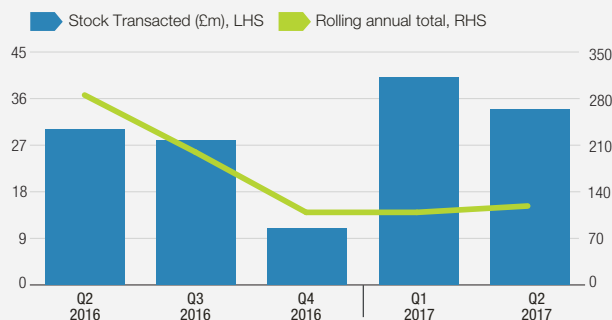
PRIME NET INITIAL YIELD



5.50%



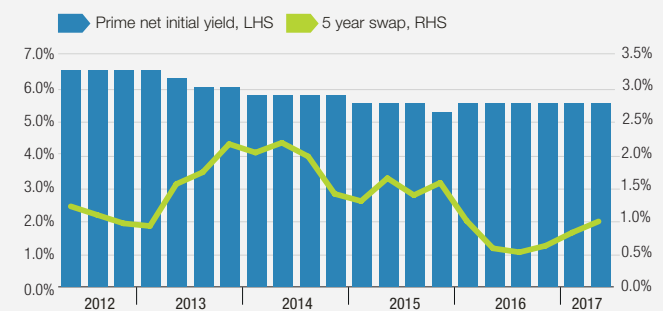
FIGURE 3
Investment volumes



JOHN RAE

With the market pausing during the lead up to the snap election and the likelihood of a second referendum on Scottish Independence now reduced, we expect transaction volumes to rebound during the latter months of 2017.

FIGURE 4
Prime net initial yield and finance



PATRICK FORD

Investor sentiment over the past quarter has been subdued due to a lack of stock, which echoes many other UK regional centres. Propco's have been the most active buyers in the city, capitalising on yield discounts in relation to the UK's other major cities.

Key investment transactions (last four quarters)

BUILDING	PRICE (£M)	NET INITIAL YIELD	PURCHASER
Argyle Street, 480	£28.00	6.80%	Credit Suisse
Bothwell Street, 50	£23.25	N/A	FORE Partnership
Gordon Street, 72	£17.85	6.89%	UBS Asset Management
West Nile Street, 131	£17.50	7.00%	George Capital LLP
Cochrane Street, 7	£9.10	9.25%	Artisan Real Estate

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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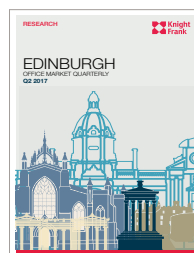
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