

Aberdeen Office Market

Research, 2019 Review



OCCUPIER DEMAND

TAKE-UP (SQ FT)
513,525
7% BELOW 10 YEAR AVERAGE

NUMBER OF DEALS
86

MOST ACTIVE SECTOR
49%
ENERGY & UTILITIES



OCCUPIER SUPPLY

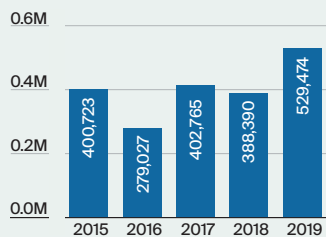
GRADE A AVAILABILITY (SQ FT)
642,115

TOTAL MARKET VACANCY RATE
20%

UNDER CONSTRUCTION (SQ FT)
56,744
PRE-LET AND SPECULATIVE

Take-up

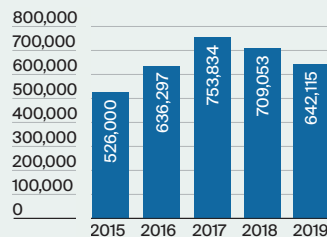
Last five years, sq ft



Source: Knight Frank Research

Grade A Availability

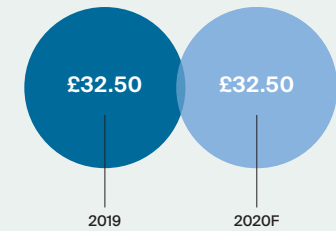
Last five years, sq ft



Source: Knight Frank Research

Prime Rent

£ per sq ft



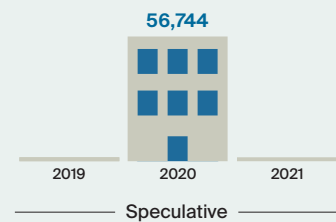
Source: Knight Frank Research

KEY TRANSACTIONS 2019

PROPERTY	OCCUPIER	SIZE (SQ FT)
Deepwater House, Prime Four Business Park	TAQA Baratani Limited	76,620
Aberdeen International Business Park, Building 3	Oceaneering	51,356
Prime View, Prime Four Business Park	Transocean	28,265
Hill of Rubislaw, H1	Citibase	17,159

Development Pipeline

Schemes under construction sq ft



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

Source: Knight Frank Research



INVESTMENT VOLUMES

INVESTMENT VOLUMES (£M)

139

VS 10 YEAR AVERAGE

-16%

NUMBER OF DEALS

8



YIELDS

PRIME CITY CENTRE

6.50%

PRIME OOT

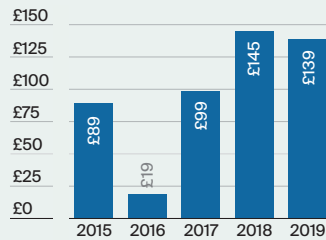
6.75%

FORECAST TOTAL RETURN 2020

3.90%

Investment Volumes

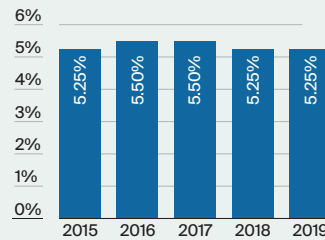
Last five years, £ millions



Source: Knight Frank Research

Prime Yield

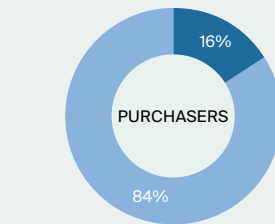
Net yield, %



Source: Knight Frank Research

Investor Type

UK Overseas Private



Source: Knight Frank Research

2020 OUTLOOK

With more than 513,000 sq ft of office space transacted in 2019, an increase of 32% on last year and the highest annual take-up since the oil crash of late 2014, confidence is returning to the commercial property market in Aberdeen. This is fuelling a sustained period of recovery for the occupational markets. Together with the strength of covenants offered by many of the oil and gas occupier's positively rebounding, greater levels of investment activity in the early part of the new decade is expected. We are already seeing an increased pool of buyers looking to invest in Aberdeen across asset classes. However, a lack of sellers could temper the volumes transacting.

KEY TRANSACTIONS 2019

PROPERTY	PRICE (£M)	YIELD (%)	PURCHASER	VENDOR
Sir Ian Wood House, Hareness Road	80	6.82	LCN Capital Partners	HFD Property Group Limited
Technip FMC, Enterprise Drive, Westhill	22.40	6.70	Black Sand Real Estate Investment	Blackrock
AB1, Huntly Street	13.50	7.85	UKRO (HONG KONG)	Aberdeen Standard Investments
Atmosphere 1, Prospect Park, Westhill, Aberdeenshire	13.38	8.68	Private Middle Eastern	Aberdeen Standard Investments

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.



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