



# BRISTOL OFFICES

Market update Q4 2010

**Knight Frank**

## Key highlights

- Sentiment has been buoyed by a significant increase in activity in 2010 compared with 2009. Take up in Bristol City centre was up by 40% to 459,000 sq ft - an increase which was also mirrored in Bristol's out-of-town markets.
- Prime rents remained steady at £27.50 per sq ft. Net effective rents were also unchanged at £20.00 per sq ft, demonstrating landlords are still offering substantial incentive packages.
- The vacancy rate increased marginally to 10.7% on a quarter-on-quarter basis. Grade A availability was slightly down at 324,000 sq ft, a fall of 3.3% on the preceding quarter.

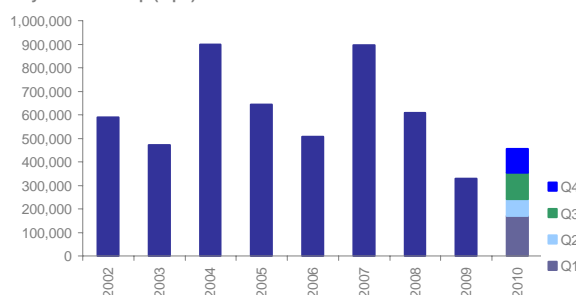
## Office gossip

- The largest deal of the quarter was the Institute of Physics taking 28,000 sq ft within Temple Circus, with BBS Consultants and Actuaries acquiring 9,300 sq ft at Canard House, St Georges Road, further eroding the supply of new Grade A space.
- Named active requirements total 424,000 sq ft, which is broadly the same as three months ago. Examples of firms with active requirements include CMS Cameron McKenna, Marsh, Triodos Bank and Winterthur Life.

## Looking ahead

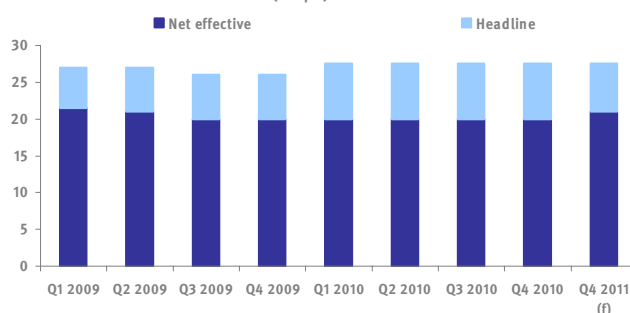
- With the single exception of Bridgewater House – where 110,000 sq ft is available – the speculative development tap has been turned off.
- Given current levels of identified demand, take up in 2011 is expected to bounce back to around the 5 year average level (559,000 sq ft). Demand is polarised between prime accommodation and budget space, and we believe this will remain the case in 2011.
- We expect prime rents to remain steady in the City Centre in 2011, with landlords preferring to edge back incentives. This we are forecasting will result in a 5.0% increase in net effective rents to £21.00 per sq ft.

City centre take-up (sq ft)



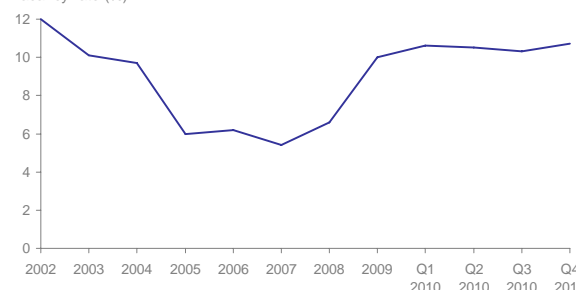
Source: Knight Frank Research

Prime headline & net effective rents (£ sq ft)



Source: Knight Frank Research

Vacancy rate (%)



Source: Knight Frank Research

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