



# CARDIFF OFFICES

Market update Q4 2010

**Knight Frank**

## Key highlights

- 2010 ended strongly with take-up of 149,923 sq ft in Q4. This took the annual total to 437,932 sq ft, the highest since 2007 although circa 10% below the annual average level.
- The largest transaction in Q4 was Admiral Insurance's 41,589 sq ft lease at Brunel House in the city centre. The move is an interim arrangement until they consolidate into a purpose built HQ building. Elsewhere in the city centre, Capital Law took a lease of 18,500 sq ft at Atlantic House.
- Throughout 2010, take-up has been focused on Grade B quality accommodation, accounting for 56% of spaced leased. In Q4, Grade B accounted for an even greater 70% of take-up, and included both deals referred to above.

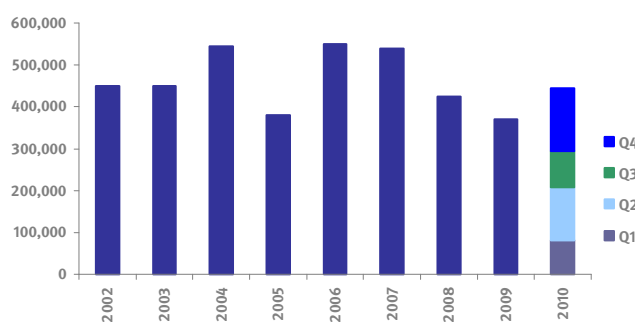
## Office gossip

- The amount of available Grade A supply fell by c.10% during Q4 to stand at 230,000 sq ft. This figure includes the one single development currently underway in the city, JR Smart's Driscoll Buildings, totalling 36,864 sq ft. Completion is expected in the first half of 2011.
- Prime headline rents held steady at £21.00 per sq ft in the final quarter, while the rental tone for Grade B space ranges from c.£10.00 per sq ft to £15.00 per sq ft, depending on quality and location.
- Greater activity has been seen for Grade B space as occupiers have been able to exploit market conditions and upgrade their accommodation, often at more preferable terms.

## Looking ahead

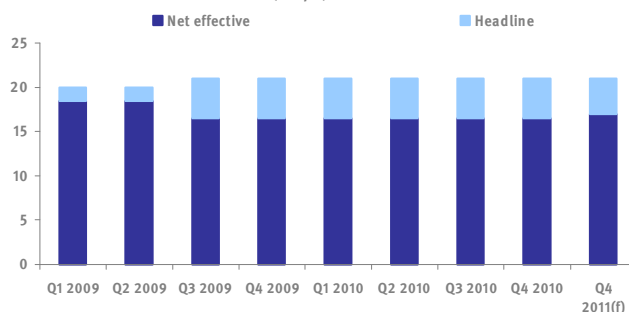
- Prime rents are likely to remain at this level throughout 2011. However, if demand for Grade A accommodation improves, incentive packages may start to be reined in.
- Admiral Insurance has provisionally agreed to take a pre-let of c.200,000 sq ft at David Street in the city centre. This major deal is subject to planning approval, which is expected in Q3. Knight Frank are advising Admiral on what looks set to be Cardiff's largest ever office letting.
- Admiral's decision to commit will provide a substantial boost to Cardiff's 2011 take-up figure, with the deal likely to push take-up beyond 500,000 sq ft for the year.

City centre take-up (sq ft)



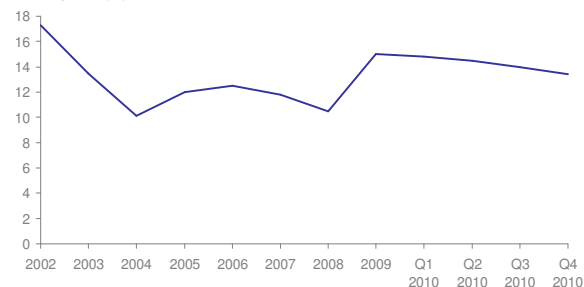
Source: Knight Frank Research

Prime headline & net effective rents (£ sq ft)



Source: Knight Frank Research

Vacancy rate (%)



Source: Knight Frank Research

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