

RESEARCH



# CARDIFF

OFFICE MARKET QUARTERLY  
Q2 2017

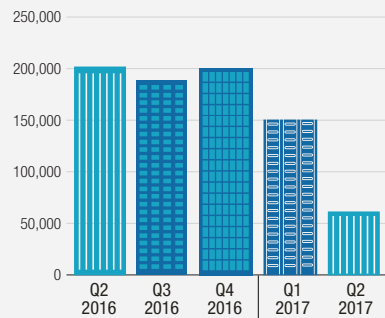


# OCCUPIER MARKET

With a significant amount of space under offer, a shortage of available prime space remains a feature of the market despite low take-up in Q2.

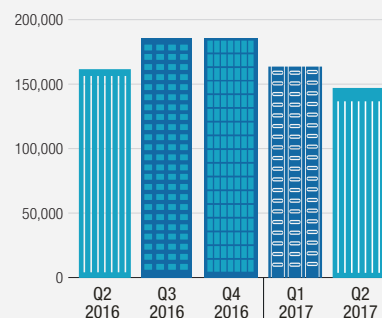


FIGURE 1  
Take-up (sq ft)



**0.4m**  
ACTIVE  
REQUIREMENTS  
SQ FT

FIGURE 2  
Supply (sq ft)



**5%**  
BELOW THE  
5-YR AVERAGE



**MATT PHILLIPS**

Although Q2 represented a reduction in quarterly take up, the level of space under offer at quarter end was significant. TMT continues to feature strongly while demand from financial, professional services, education and the public sector is increasing.



**MARK SUTTON**

Grade A supply decreased with lettings in Q2 further reducing new office stock in the market. We expect further pressure on supply in H2 2017 with the next new speculative scheme not due until mid 2018.

## Key leasing transactions Q2 2017

ADDRESS	SIZE (SQ FT)	OCCUPIER	RENT (PSF)
<b>2 Callaghan Square</b>	10,773	Church in Wales	Confidential
<b>Global Reach</b>	7,769	Willmott Dixon	£12.50
<b>Capital Tower</b>	5,558	DevOpsGuys	£16.00

Source for all charts: Knight Frank Research

Note: Percentage change reflect quarter-on-quarter movement

# INVESTMENT MARKET

Office investment volumes dipped in Q2. Interest remains strong however, with domestics buyers the most active investor group.

TRANSACTION VOLUME  
Q2 2017



£12.8m

▼ -31%

TRANSACTION VOLUME  
LAST FOUR QUARTERS



£54.2m

▼ 43%

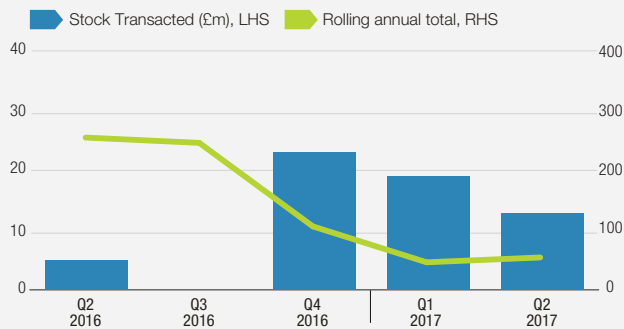
PRIME NET INITIAL YIELD



5.75%



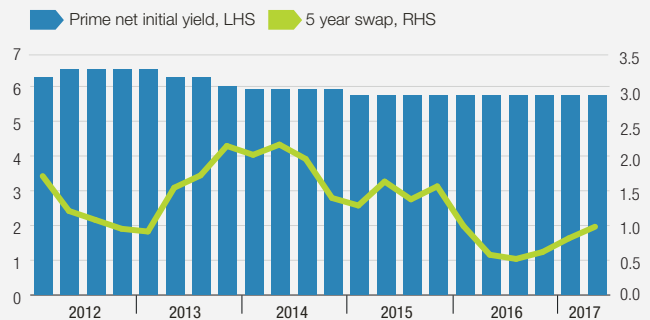
FIGURE 3  
Investment volumes



**ROB JONES**

Cardiff is now considered as one of the UK regional powerhouses, with improved tenant demand driving rental growth which in turn has enhanced investment return. As a result, we expect more global investors to enter the market.

FIGURE 4  
Prime net initial yield and finance



**GARETH LLOYD**

Cardiff's investment profile continues to grow as the city becomes both the driver as well as the barometer of the Welsh economy. The city and its waterfront are satisfying occupier requirements, with good quality accommodation, amenity and good connectivity.

## Key investment transactions (last four quarters)

BUILDING	PRICE (£M)	NET INITIAL YIELD	PURCHASER	VENDOR
Capital Quarter, 1	£21.00	6.65%	Global Gate Capital	Welsh Government
1 Fusion Point	£8.90	N/a	Fidelity UK REF	Undisclosed
6 Park Street	£8.25	N/a	Mayfair Capital PUT	Undisclosed
Pacific Business Park	£1.80	8.70%	Undisclosed	Charnwood Group
Riverside Court, 2	£1.52	8.40%	Private client	PHG Capital Ltd

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

## COMMERCIAL RESEARCH

### Lee Elliott

Partner, Head of Commercial Research  
+44(0) 207 861 5008  
lee.elliott@knightfrank.com

### Darren Mansfield

Associate  
+44(0) 207 861 1246  
darren.mansfield@knightfrank.com

## LEASING

### Matt Phillips

Managing Partner  
+44 29 2044 0122  
matt.phillips@knightfrank.com

### Mark Sutton

Partner  
+44 29 2044 0135  
mark.sutton@knightfrank.com

## CAPITAL MARKETS

### Rob Jones

Partner  
+44 29 2044 0128  
rob.jones@knightfrank.com

### Gareth Lloyd

Partner  
+44 29 2044 0141  
gareth.lloyd@knightfrank.com



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