

Cardiff Office Market

Research, 2019 Review



OCCUPIER DEMAND

TAKE-UP (SQ FT)
356,889
29% BELOW 10 YEAR AVERAGE

NUMBER OF DEALS
100

MOST ACTIVE SECTOR
40%
TMT



OCCUPIER SUPPLY

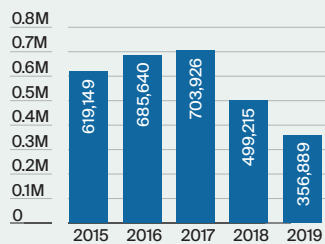
GRADE A AVAILABILITY (SQ FT)
103,036

TOTAL MARKET VACANCY RATE
9.2%

UNDER CONSTRUCTION (SQ FT)
325,260
PRE-LET AND SPECULATIVE

Take-up

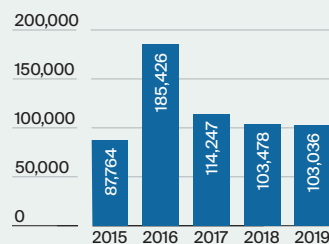
Last five years, sq ft



Source: Knight Frank Research

Grade A Availability

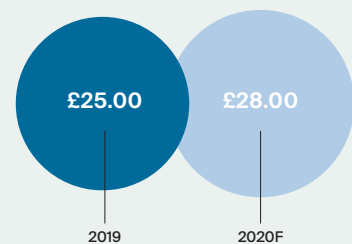
Last five years, sq ft



Source: Knight Frank Research

Prime Rent

£ per sq ft



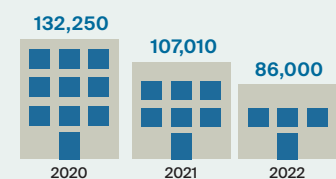
Source: Knight Frank Research

KEY TRANSACTIONS 2019

PROPERTY	OCCUPIER	SIZE (SQ FT)
4 Capital Quarter	Sky	39,714
4 Capital Quarter	Optimum Credit	18,915
Lambourne House	New Directions	17,130
Brunel House	Starling Bank	14,130

Development Pipeline

Schemes under construction sq ft



Speculative

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)

91

VS 10 YEAR AVERAGE

-32%

NUMBER OF DEALS

7



YIELDS

PRIME CITY CENTRE

5.25%

PRIME OOT

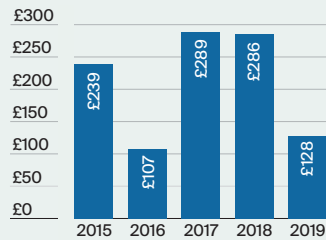
7.00%

FORECAST TOTAL RETURN 2020

8.00%

Investment Volumes

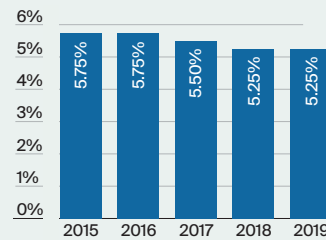
Last five years, £ millions



Source: Knight Frank Research

Prime Yield

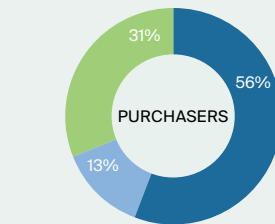
Net yield, %



Source: Knight Frank Research

Investor Type

UK Overseas Private



Source: Knight Frank Research

2020 OUTLOOK

City centre supply remains restricted particularly for prime stock. This combined with political uncertainty hindered leasing volumes in 2019. Grade A supply remains tight with major refurbishments well timed to capitalise on larger requirements. The delivery of this new stock could inflate prime rents. Additionally, we expect Grade B rents to increase and incentives to harden in 2020.

Political paralysis led to a cautionary stance from investors in 2019. However with the uncertainty subsiding, sentiment is improving unsatisfied demand from both domestic and international investors which should lead to investment volumes in 2020 comfortably exceeding 2019.

KEY TRANSACTIONS 2019

PROPERTY	PRICE (£M)	YIELD (%)	PURCHASER	VENDOR
Crickhowell House	47	4.50	Equitix	Private Investor
Capital Quarter, 3	27	5.95	PITCH	JR Smart Building Ltd
Park Street	10	N/A	Undisclosed	Undisclosed
Edward House Business Centre	2.45	N/A	Undisclosed	Undisclosed

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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