

Glasgow Office Market

Research, 2019 Review



OCCUPIER DEMAND

TAKE-UP (SQ FT)
841,357
37% ABOVE 10 YEAR AVERAGE

NUMBER OF DEALS
115

MOST ACTIVE SECTOR
49%
FINANCE & BANKING



OCCUPIER SUPPLY

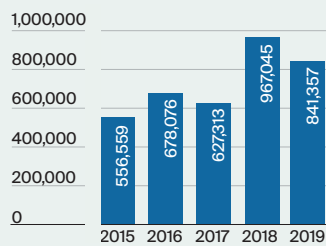
GRADE A AVAILABILITY (SQ FT)
6,443
NEW GRADE A

TOTAL MARKET VACANCY RATE
7.9%

UNDER CONSTRUCTION (SQ FT)
1.2M
PRE-LET AND SPECULATIVE

Take-up

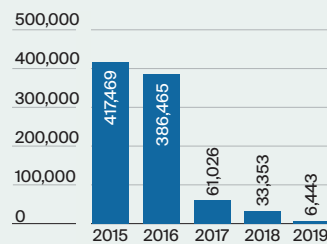
Last five years, sq ft



Source: Knight Frank Research

Grade A Availability*

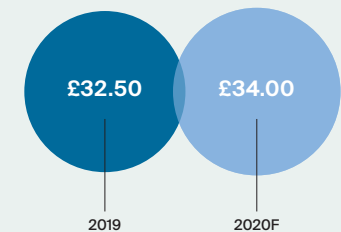
Last five years, sq ft



Source: Knight Frank Research
*New Grade A only

Prime Rent

£ per sq ft



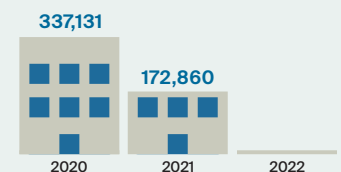
Source: Knight Frank Research

KEY TRANSACTIONS 2019

PROPERTY	OCCUPIER	SIZE (SQ FT)
One Central, Argyle Street	JPMC	272,858
177 Bothwell Street	Opus	64,586
177 Bothwell Street	CYBG (Virgin Money)	48,704
191 West George Street	Hilton	41,665

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)

199

VS 10 YEAR AVERAGE

-20%

NUMBER OF DEALS

15



YIELDS

PRIME CITY CENTRE

5.25%

PRIME OOT

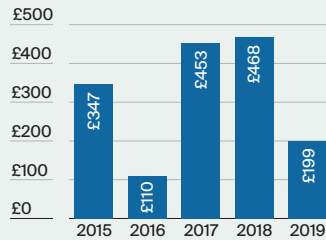
6.50%

FORECAST TOTAL RETURN 2020

3.90%

Investment Volumes

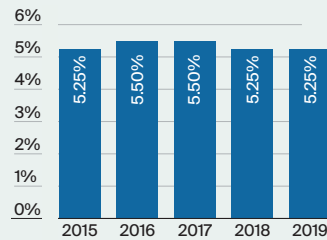
Last five years, £ millions



Source: Knight Frank Research

Prime Yield

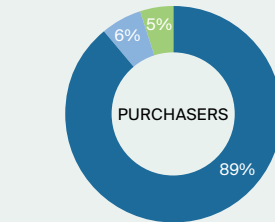
Net yield, %



Source: Knight Frank Research

Investor Type

UK Overseas Private



Source: Knight Frank Research

2020 OUTLOOK

Occupational take-up was boosted by a few considerably large transactions, two of which were in 177 Bothwell Street, a speculative scheme currently under construction. As well as this deal, others such as Hilton at 191 West George Street have potentially added to the pressure larger occupiers with lease events in 2021/ 2022 will face in finding the right space. Investor activity paused in 2019 due to political uncertainty. Transactional levels suffered as a result finishing the year 56% less than recorded in 2018. Nonetheless, the sales of 123 St Vincent Street and 110 St Vincent Street highlighted continued investor interest in Glasgow. For 2020, clarity stemming from the UK general election result will lead to investors re-engaging with the market and an improvement to trading numbers.

KEY TRANSACTIONS 2019

PROPERTY	PRICE (£M)	YIELD (%)	PURCHASER	VENDOR
St Vincent Street, 110	48.40	5.40	South Korean investors	Savills IM
St Vincent Street, 123	37.75	7.57	Longmead Capital LLP	Aviva Investors
Atlantic Quay, 2	22.25	6.25	Corum Asset Management	Moorfield REF III LP
200 Broomielaw	15.60	10.59	AM Alpha (German)	Aviva

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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