

Our dashboards provide a concise synopsis of occupier and investor activity in the UK's regional office markets.



UK Cities

Research, Office Market Review 2019

knightfrank.com/research



OCCUPIER DEMAND

TAKE-UP (SQ FT)*
6,400,300
8% ABOVE 10 YEAR AVERAGE

2019 NUMBER OF DEALS
1,175

HIGHEST TAKE-UP BY SECTOR
25%
TMT



OCCUPIER SUPPLY

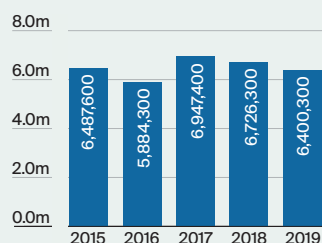
GRADE A AVAILABILITY (SQ FT)
2,000,800
-24% BELOW 10 YEAR AVERAGE

UNDER CONSTRUCTION (SQ FT)
4,595,900
SPECULATIVE

UNDER CONSTRUCTION UK (SQ FT)
7,579,900
TOTAL

Take-up

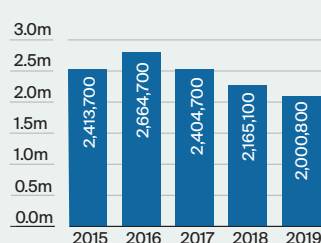
Last five years, sq ft



Source: Knight Frank Research

Grade A Availability

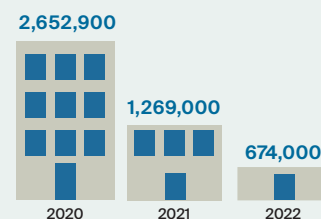
Last five years, sq ft



Source: Knight Frank Research

Development Pipeline**

Schemes under construction, sq ft



Speculative

Source: Knight Frank Research

2019 SUMMARY

Set against a backdrop of political paralysis domestically, office markets across the UK cities demonstrated resilience in 2019. Leasing volumes finished the year 8% above the long-term trend as business change strategy continued to motivate space moves. Growth of fast-growing tech firms proved a defining factor in market performance. The technology sector accounted for 25% of space let, the highest representation on record for the UK regional cities.

Similarly, investor activity defied wavering sentiment, with investment volumes rising to 7% above the 10-year annual average. Notably, despite concern derived from Britain's impending exit from the EU, foreign investment increased by 10% year-on-year to £1bn representing 37% of total investment turnover. UK buyers were again dominant though accounting for 56% of the market. Demand for long

dated secure income was particularly high, with asset management or forward funding opportunities also keenly sought after.

Notwithstanding any extended caution created by EU trade deal negotiations, 2020 will be greeted with improved confidence and optimism. Foremost, digital innovation continues to change every business and generate new organisations. This will mean that requirements, held back by the uncertainty, will resurface as occupiers pursue high quality space and prepare earlier for upcoming lease events. A picture of tightening supply will welcome market movers. Development activity is still below the long-term trend, with 35% of space scheduled for delivery before 2023 already leased. This market positioning is likely to fuel pre-let enquiries and support further upward shifts to asking rents.

*City Centre **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.
UK Cities: Aberdeen, Birmingham, Bristol, Cardiff, Edinburgh, Glasgow, Leeds, Manchester, Newcastle, Sheffield



INVESTMENT VOLUMES

2019 INVESTMENT VOLUMES (£BN)

£2.7BN

7% ABOVE 10 YEAR AVERAGE

2019 NUMBER OF DEALS

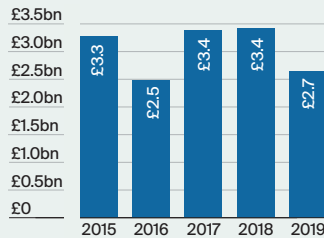
123

MOST ACTIVE BUYER GROUP

37%

OVERSEAS

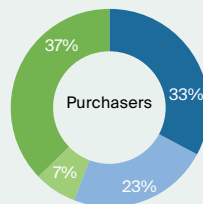
Annual Investment Volumes £bn



Source: Knight Frank Research

Annual Investor Type

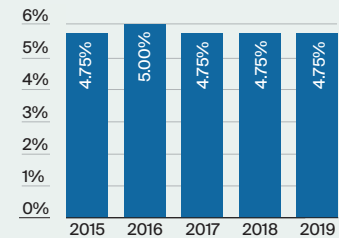
■ UK Institutions
■ UK Property Companies
■ Private ■ Overseas



Source: Knight Frank Research

Prime Annual Yield

Net yield, %



Source: Knight Frank Research

UK CITIES

Click on a city for a local market review



England

Bristol
Birmingham
Leeds
Manchester
Newcastle-upon-Tyne
Sheffield

Scotland

Aberdeen
Edinburgh
Glasgow

Wales

Cardiff

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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Aberdeen Office Market

Research, 2019 Review



OCCUPIER DEMAND

TAKE-UP (SQ FT)
513,525
7% BELOW 10 YEAR AVERAGE

NUMBER OF DEALS
86

MOST ACTIVE SECTOR
49%
ENERGY & UTILITIES



OCCUPIER SUPPLY

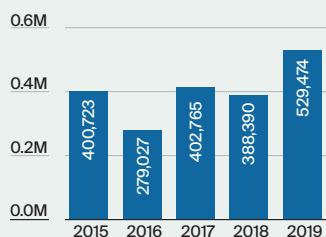
GRADE A AVAILABILITY (SQ FT)
642,115

TOTAL MARKET VACANCY RATE
20%

UNDER CONSTRUCTION (SQ FT)
56,744
PRE-LET AND SPECULATIVE

Take-up

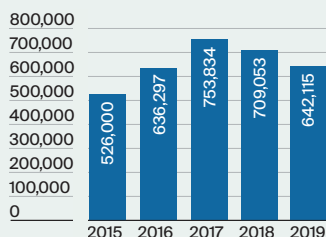
Last five years, sq ft



Source: Knight Frank Research

Grade A Availability

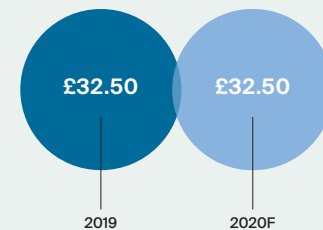
Last five years, sq ft



Source: Knight Frank Research

Prime Rent

£ per sq ft



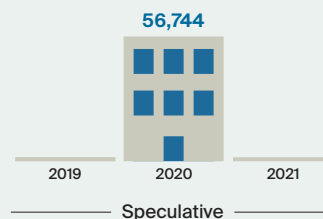
Source: Knight Frank Research

KEY TRANSACTIONS 2019

PROPERTY	OCCUPIER	SIZE (SQ FT)
Deepwater House, Prime Four Business Park	TAQA Baratani Limited	76,620
Aberdeen International Business Park, Building 3	Oceaneering	51,356
Prime View, Prime Four Business Park	Transocean	28,265
Hill of Rubislaw, H1	Citibase	17,159

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)

139

VS 10 YEAR AVERAGE

-16%

NUMBER OF DEALS

8



YIELDS

PRIME CITY CENTRE

6.50%

PRIME OOT

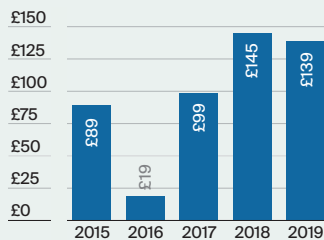
6.75%

FORECAST TOTAL RETURN 2020

3.90%

Investment Volumes

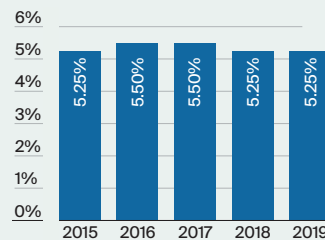
Last five years, £ millions



Source: Knight Frank Research

Prime Yield

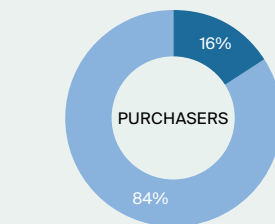
Net yield, %



Source: Knight Frank Research

Investor Type

■ UK ■ Overseas ■ Private



Source: Knight Frank Research

2020 OUTLOOK

With more than 513,000 sq ft of office space transacted in 2019, an increase of 32% on last year and the highest annual take-up since the oil crash of late 2014, confidence is returning to the commercial property market in Aberdeen. This is fuelling a sustained period of recovery for the occupational markets. Together with the strength of covenants offered by many of the oil and gas occupier's positively rebounding, greater levels of investment activity in the early part of the new decade is expected. We are already seeing an increased pool of buyers looking to invest in Aberdeen across asset classes. However, a lack of sellers could temper the volumes transacting.

KEY TRANSACTIONS 2019

PROPERTY	PRICE (£M)	YIELD (%)	PURCHASER	VENDOR
Sir Ian Wood House, Hareness Road	80	6.82	LCN Capital Partners	HFD Property Group Limited
Technip FMC, Enterprise Drive, Westhill	22.40	6.70	Black Sand Real Estate Investment	Blackrock
AB1, Huntly Street	13.50	7.85	UKRO (HONG KONG)	Aberdeen Standard Investments
Atmosphere 1, Prospect Park, Westhill, Aberdeenshire	13.38	8.68	Private Middle Eastern	Aberdeen Standard Investments

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Our dashboards provide a concise synopsis of occupier and investor activity in the UK's regional office markets.



Birmingham Office Market

Research, 2019 Review

knightfrank.com/research



OCCUPIER DEMAND

TAKE-UP (SQ FT)
780,095
6% ABOVE 10 YEAR AVERAGE

NUMBER OF DEALS
116

MOST ACTIVE SECTOR
30%
B2B



OCCUPIER SUPPLY

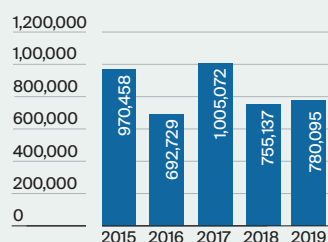
GRADE A AVAILABILITY (SQ FT)
125,000

TOTAL MARKET VACANCY RATE
6.8%

UNDER CONSTRUCTION (SQ FT)
2.1M
PRE-LET AND SPECULATIVE

Take-up

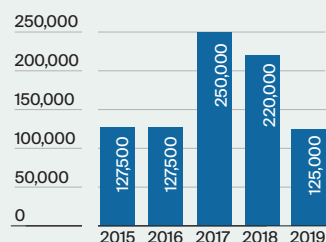
Last five years, sq ft



Source: Knight Frank Research

Grade A Availability

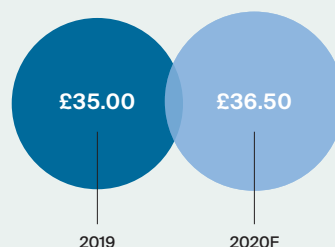
Last five years, sq ft



Source: Knight Frank Research

Prime Rent

£ per sq ft



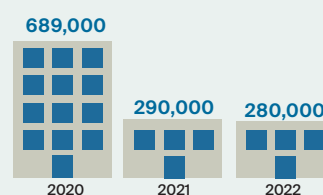
Source: Knight Frank Research

KEY TRANSACTIONS 2019

PROPERTY	OCCUPIER	SIZE (SQ FT)
Platform 21, Stephenson Street	Secretary of State (GPA)	110,780
6 Brindleyplace	WeWork	92,670
Louisa Ryland House, Newhall Street	WeWork	81,280
One Brindleyplace	Commonwealth Games	72,261

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)
628

VS 10 YEAR AVERAGE
38%

NUMBER OF DEALS
16



YIELDS

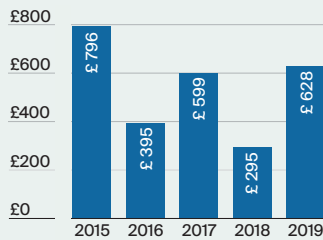
PRIME CITY CENTRE
5.00%

PRIME OOT
6.25%

FORECAST TOTAL RETURN 2020
5.00%

Investment Volumes

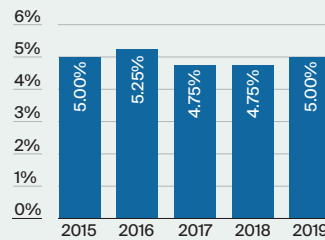
Last five years, £ millions



Source: Knight Frank Research

Prime Yield

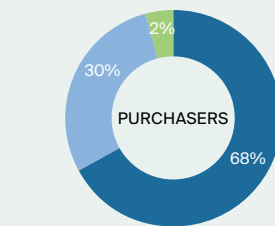
Net yield, %



Source: Knight Frank Research

Investor Type

UK Overseas Private



Source: Knight Frank Research

2020 OUTLOOK

Activity in 2019 was heavily blighted by political uncertainty, the continuing stagnation caused by the discussion on Brexit and a looming election. What we have seen since is a sense of relief and optimism in the market. The sentiment looks set to resonate into Birmingham. Appetite for the city was already healthy on the back of much publicised infrastructure projects. However lack of stock has meant that the pent up demand wasn't being satisfied quickly enough. We anticipate some sales coming on the back of major lettings as and when they occur as well as there being some funding opportunities to unlock sites.

KEY TRANSACTIONS 2019

PROPERTY	PRICE (£M)	YIELD (%)	PURCHASER	VENDOR
Mailbox, Commercial St	189	6.50	M7 Real Estate	Brockton Capital LLP
Priory Court/ Lewis Building	149	5.60	Gulf Islamic Investments	Legal & General Property
Church Street, 45	61	5.32	Royal London Asset Man	Aberdeen Standard Invest
Edmund Street, 120	48.75	6.10	Credit Suisse	M&G

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Bristol Office Market

Research, 2019 Review



OCCUPIER DEMAND

TAKE-UP (SQ FT)
693,909
26% ABOVE 10 YEAR AVERAGE

NUMBER OF DEALS
107

MOST ACTIVE SECTOR
47%
TMT



OCCUPIER SUPPLY

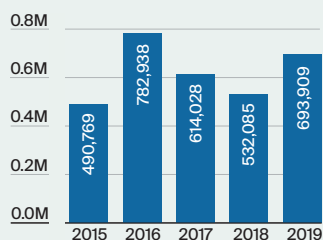
GRADE A AVAILABILITY (SQ FT)
15,621
NEW GRADE A

TOTAL MARKET VACANCY RATE
4.6%

UNDER CONSTRUCTION (SQ FT)
294,663
PRE-LET AND SPECULATIVE

Take-up

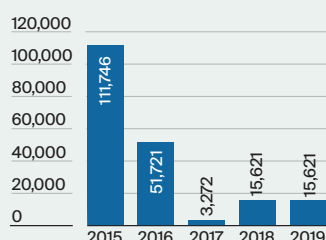
Last five years, sq ft



Source: Knight Frank Research

Grade A Availability*

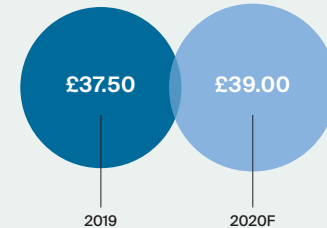
Last five years, sq ft



Source: Knight Frank Research
*New Grade A only

Prime Rent

£ per sq ft



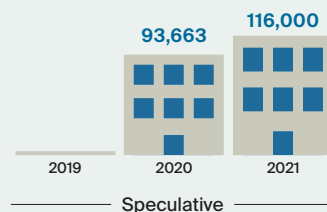
Source: Knight Frank Research

KEY TRANSACTIONS 2019

PROPERTY	OCCUPIER	SIZE (SQ FT)
Assembly	BT	200,742
The Generator Building, Finzels Reach	Clockwise Serviced Offices	30,611
Programme	Spaces	26,500
Temple Point	Instant Group	23,237

Development Pipeline

Schemes under construction sq ft



Speculative
Dates indicate the potential completion date of schemes under construction as at the current reporting period.

Source: Knight Frank Research



INVESTMENT VOLUMES

INVESTMENT VOLUMES (£M)

304

VS 10 YEAR AVERAGE

-9%

NUMBER OF DEALS

22



YIELDS

PRIME CITY CENTRE

5.00%

PRIME OOT

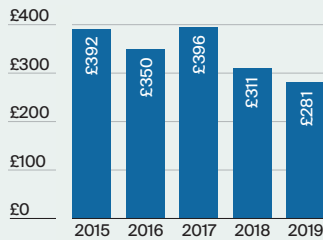
6.00%

FORECAST TOTAL RETURN 2020

8.90%

Investment Volumes

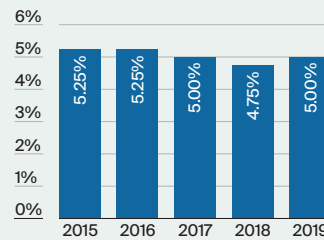
Last five years, £ millions



Source: Knight Frank Research

Prime Yield

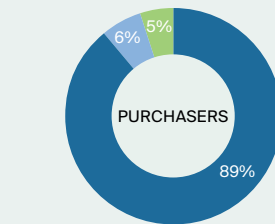
Net yield, %



Source: Knight Frank Research

Investor Type

■ UK ■ Overseas ■ Private



Source: Knight Frank Research

2020 OUTLOOK

Considering how volatile 2019 was, the Bristol occupational and investment markets did remarkably well. Offices saw over 330,000 sq ft leased up in the last quarter helped greatly by the BT deal at AXA / Bellhammer's The Assembly. Vacancy rate is close to a record low at 4.6% within only 92,000 sq ft currently under construction at Royal London's Distillery scheme at Glassfields. Prime office rents ended the year at £37.50 psf and we forecast further growth during 2020. Investment volumes were up against the average and overall the market is in good shape with more buyers than sellers. Regardless of your political leanings, the market has reacted positively to greater certainty around the UK's relationship with Europe and some much needed political stability.

KEY TRANSACTIONS 2019

PROPERTY	PRICE (£M)	YIELD (%)	PURCHASER	VENDOR
Temple Quay House	73.40	4.00	Alpha Real Capital LLP	M&G Real Estate
Kings Orchard, 1 Queen St	35	5.15	CCLA	Aviva Investors
Hartwell House, 55-61 Victoria St	28.15	5.18	Aberdeen Standard	Longwell Properties
Quayside, Temple Back	27.75	6.19	Legal & General UK PF	ERGO

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Cardiff Office Market

Research, 2019 Review

knightfrank.com/research



OCCUPIER DEMAND

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

NUMBER OF DEALS
100

MOST ACTIVE SECTOR
40%
TMT



OCCUPIER SUPPLY

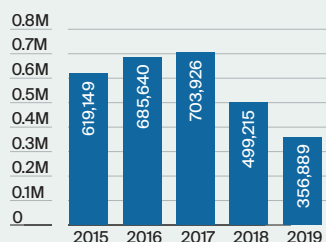
GRADE A AVAILABILITY (SQ FT)
103,036

TOTAL MARKET VACANCY RATE
9.2%

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

Take-up

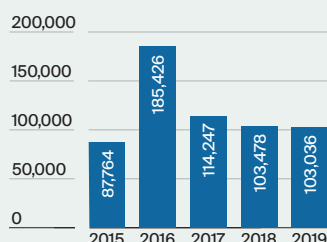
Last five years, sq ft



Source: Knight Frank Research

Grade A Availability

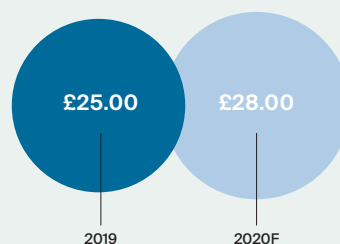
Last five years, sq ft



Source: Knight Frank Research

Prime Rent

£ per sq ft



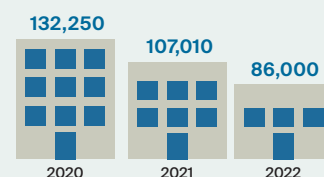
Source: Knight Frank Research

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



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

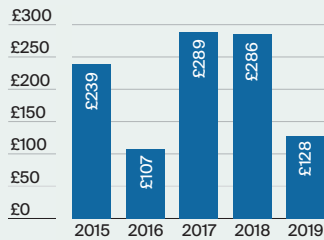
7.00%

FORECAST TOTAL RETURN 2020

8.00%

Investment Volumes

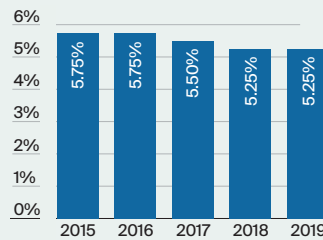
Last five years, £ millions



Source: Knight Frank Research

Prime Yield

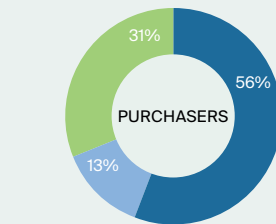
Net yield, %



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

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Our dashboards provide a concise synopsis of occupier and investor activity in the UK's regional office markets.



Edinburgh Office Market

Research, 2019 Review

knightfrank.com/research



OCCUPIER DEMAND

TAKE-UP (SQ FT)*
348,819
38% BELOW 10 YEAR AVERAGE

NUMBER OF DEALS
105

MOST ACTIVE SECTOR
37%
TMT



OCCUPIER SUPPLY

GRADE A AVAILABILITY (SQ FT)*
354,431

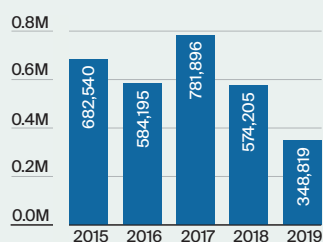
TOTAL MARKET VACANCY RATE
5.7%

UNDER CONSTRUCTION (SQ FT)
281,000
PRE-LET AND SPECULATIVE

* Denotes city centre

Take-up

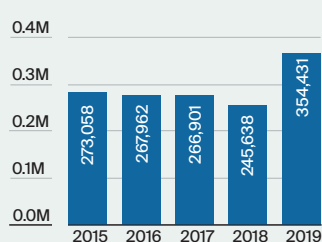
Last five years, sq ft



Source: Knight Frank Research

Grade A Availability

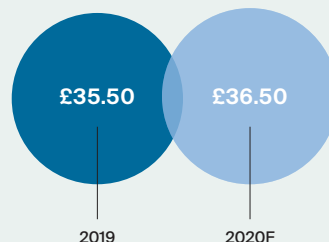
Last five years, sq ft



Source: Knight Frank Research

Prime Rent

£ per sq ft



Source: Knight Frank Research

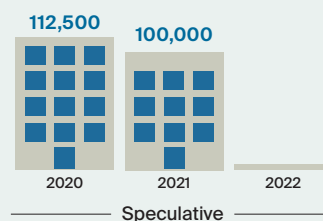
KEY TRANSACTIONS 2019

PROPERTY	OCCUPIER	SIZE (SQ FT)
George Street*	We Work	40,585
Exchange Crescent	Amazon	31,364
Apex 2,3, Haymarket Terrace	Illuminate Technologies	11,713
40 Princes Street	Multrees	10,978

* Knight Frank involvement

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)

484

ABOVE 10 YEAR AVERAGE

74%

NUMBER OF DEALS

15



YIELDS

PRIME CITY CENTRE

4.75%

PRIME OOT

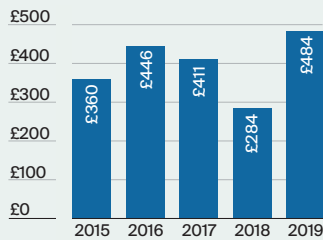
6.00%

FORECAST TOTAL RETURN 2020

7.8%

Investment Volumes

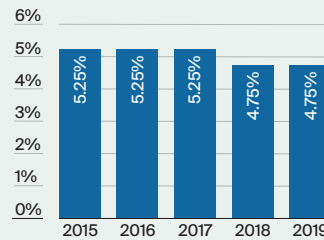
Last five years, £ millions



Source: Knight Frank Research

Prime Yield

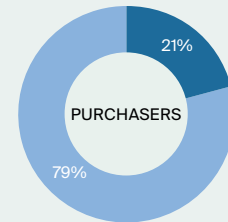
Net yield, %



Source: Knight Frank Research

Investor Type

■ UK ■ Overseas ■ Private



Source: Knight Frank Research

2020 OUTLOOK

The office investment market should continue to improve off the back of a strong 2019. A stabilising political outlook should encourage both foreign and domestic investors that Edinburgh offices offer attractive and consistent returns.

In the occupational market, tenants will have slightly more choice of Grade A space in the city centre with 2 major developments due to complete as well as further stock returning to the market however, we still anticipate that prime rents will increase by the end of the year. We expect the tech sector within the city to continue to perform strongly throughout 2020.

KEY TRANSACTIONS 2019

PROPERTY	PRICE (£M)	YIELD (%)	PURCHASER	VENDOR
St Andrew Square, 4-8	120	4.45	KanAm Grundinvest Fonds	Standard Life Pooled PPF
Leonardo Innovation Hub*	100	5.91	South Korean Investors	Brockton Capital LLP
Gyle Square	55.17	5.00	Hyundai Asset Management	Greenridge Regional UK
Exchange Plaza	54	5.30	Client of M&G Real Estate	Murray Estates

* Knight Frank involvement

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Glasgow Office Market

Research, 2019 Review

knightfrank.com/research



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

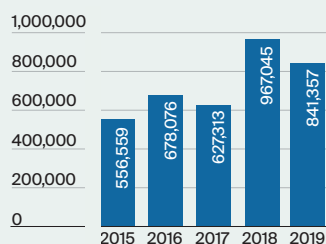
GRADE A AVAILABILITY (SQ FT)
6,443
NEW GRADE A

TOTAL MARKET VACANCY RATE
7.9%

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

Take-up

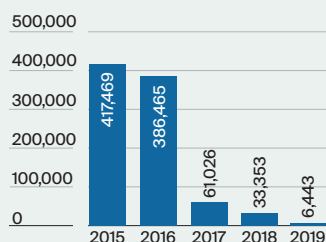
Last five years, sq ft



Source: Knight Frank Research

Grade A Availability*

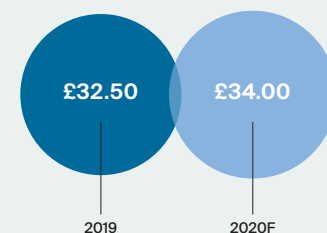
Last five years, sq ft



Source: Knight Frank Research
*New Grade A only

Prime Rent

£ per sq ft



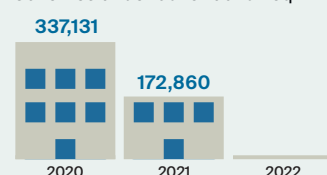
Source: Knight Frank Research

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

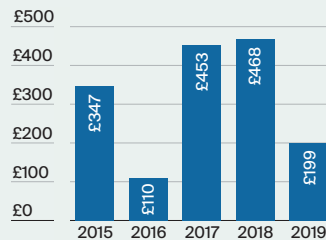
6.50%

FORECAST TOTAL RETURN 2020

3.90%

Investment Volumes

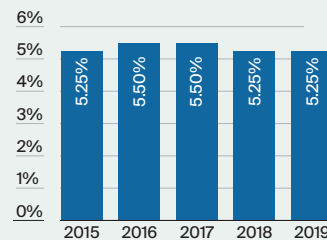
Last five years, £ millions



Source: Knight Frank Research

Prime Yield

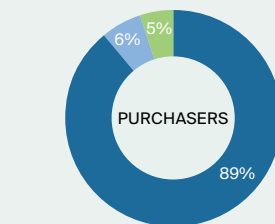
Net yield, %



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

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Leeds Office Market

Research, 2019 Review

knightfrank.com/research



OCCUPIER DEMAND

TAKE-UP (SQ FT)
744,625
29% ABOVE 10 YEAR AVERAGE

NUMBER OF DEALS
132

MOST ACTIVE SECTOR
50%
TMT



OCCUPIER SUPPLY

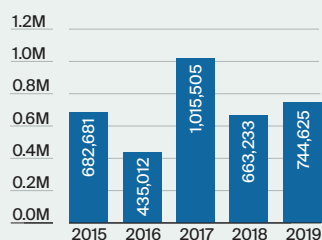
GRADE A AVAILABILITY (SQ FT)
85,000

TOTAL MARKET VACANCY RATE
3.7%

UNDER CONSTRUCTION (SQ FT)
1,144,500
PRE-LET AND SPECULATIVE

Take-up

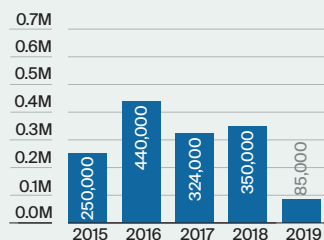
Last five years, sq ft



Source: Knight Frank Research

Grade A Availability

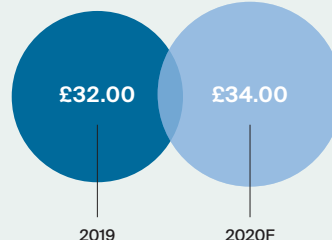
Last five years, sq ft



Source: Knight Frank Research

Prime Rent

£ per sq ft



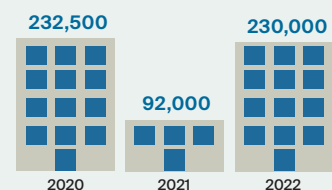
Source: Knight Frank Research

KEY TRANSACTIONS 2019

PROPERTY	OCCUPIER	SIZE (SQ FT)
4 Wellington Place	Hestview Limited	135,915
Central Square	Link Asset Services	71,288
26 Whitehall Road	Sky	31,175
1 Whitehall Quay	BJSS	30,492

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)
561

VS 10 YEAR AVERAGE
144%

NUMBER OF DEALS
17



YIELDS

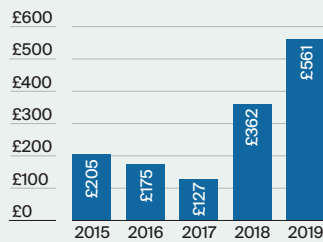
PRIME CITY CENTRE
5.00%

PRIME OOT
6.25%

FORECAST TOTAL RETURN 2020
7.10%

Investment Volumes

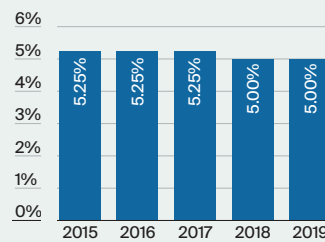
Last five years, £ millions



Source: Knight Frank Research

Prime Yield

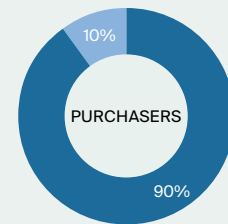
Net yield, %



Source: Knight Frank Research

Investor Type

■ UK ■ Overseas ■ Private



Source: Knight Frank Research

2020 OUTLOOK

The outlook for 2020 can only be positive as we hopefully see the back of a lengthy period of political uncertainty and a confidence to transact which would be welcomed by a frustrated buyer pool. Occupationally, Leeds has an unrivalled low level of Grade A availability for a provincial city and the market dynamics should make it as appealing, if not more, than its counterparts. 2020 will see the end of some value add business plans. Quality refurbished assets with good secure income will come to market and will require a low maintenance investor, possibly from overseas capital. Foreign investment is not likely to slow down this year and we hope will be underpinned by good demand from the UK Institutional market.

KEY TRANSACTIONS 2019

PROPERTY	PRICE (£M)	YIELD (%)	PURCHASER	VENDOR
Quarry House, Quarry Hill	243	Confidential	Legal & General Retire	R20 Ltd
Wellington Place, 7-8	211	Confidential	Legal & General Pensions	MEPC
The Mint, Sweet Street	41	6.50	Gatehouse Bank PLC	Patron Capital Partners
City Walk, 1	19.25	6.90	Undisclosed	Aviva Life & Pensions UK

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Manchester Office Market

Research, 2019 Review



OCCUPIER DEMAND

TAKE-UP (SQ FT)*
1,473,222
25% ABOVE 10 YEAR AVERAGE

NUMBER OF DEALS
263

MOST ACTIVE SECTOR
23%
B2B



OCCUPIER SUPPLY

GRADE A AVAILABILITY (SQ FT)
480,135

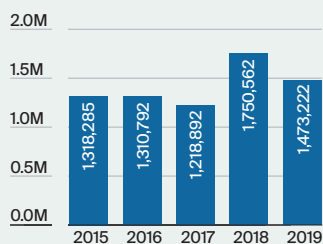
TOTAL MARKET VACANCY RATE
11.3%

UNDER CONSTRUCTION (SQ FT)
1,405,165
PRE-LET AND SPECULATIVE

*City Centre

Take-up

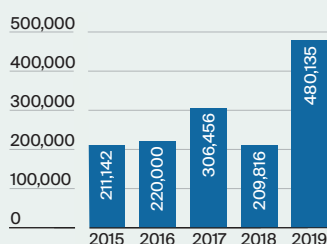
Last five years, sq ft



Source: Knight Frank Research

Grade A Availability

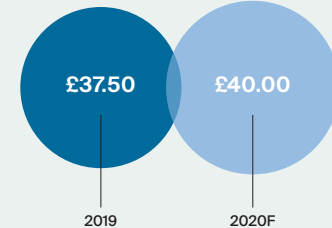
Last five years, sq ft



Source: Knight Frank Research

Prime Rent

£ per sq ft



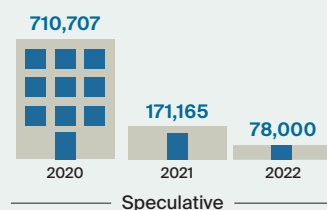
Source: Knight Frank Research

KEY TRANSACTIONS 2019

PROPERTY	OCCUPIER	SIZE (SQ FT)
125 Deansgate	Spaces	121,892
Enterprise City , St John's	WPP	82,000
2 New Bailey Square	BLM	70,782
Hyphen	WeWork	51,000

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)

145

VS 10 YEAR AVERAGE

-74%

NUMBER OF DEALS

10



YIELDS

PRIME CITY CENTRE

5.00%

PRIME OOT

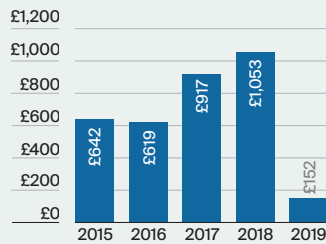
5.75%

FORECAST TOTAL RETURN 2020

8.10%

Investment Volumes

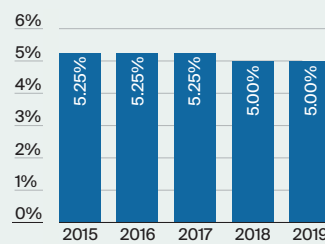
Last five years, £ millions



Source: Knight Frank Research

Prime Yield

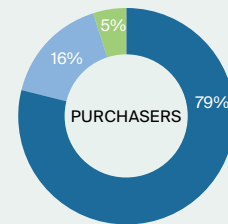
Net yield, %



Source: Knight Frank Research

Investor Type

■ UK ■ Overseas ■ Private



Source: Knight Frank Research

2020 OUTLOOK

2020 will see 850,000 sq ft of new and refurbished grade A space being delivered across five buildings. Over 40% of this space has been pre-let or under offer at the likes of Circle Square and 2 New Bailey, with an excess of 400,000 sq ft of named active requirements looking at this space. With limited pipeline in 2021 onwards and further strong occupier demand we expect to see a continued growth of headline rents. This positive occupational outlook combined with greater market and political certainty will lead to growing investment demand and a busier 2020. The weight of capital will be driven by institutional demand creating the possibility of prime yield compression.

KEY TRANSACTIONS 2019

PROPERTY	PRICE (£M)	YIELD (%)	PURCHASER	VENDOR
Spring Gardens, 40	52	5.61	Aviva Investors	Impax Asset Management
Great Bridgewater St, 70	21.8	6.93	Credit Suisse Asset Man	State Street Capital
The Chancery	19.4	6.30	Topland Group Plc	PATRIZIA Immobilien AG
Riverside House	6.3	4.71	L&G	Muse

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Our dashboards provide a concise synopsis of occupier and investor activity in the UK's regional office markets.



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Newcastle Office Market

Research, 2019 Review



OCCUPIER DEMAND

TAKE-UP (SQ FT)*
116,243
42% BELOW 10 YEAR AVERAGE

NUMBER OF DEALS
50

MOST ACTIVE SECTOR
25%
PROFESSIONAL SERVICES



OCCUPIER SUPPLY

GRADE A AVAILABILITY (SQ FT)
124,978

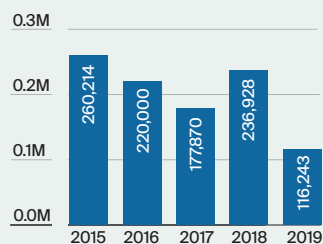
TOTAL MARKET VACANCY RATE
9.7%

UNDER CONSTRUCTION (SQ FT)
206,000
PRE-LET AND SPECULATIVE

*City Centre

Take-up

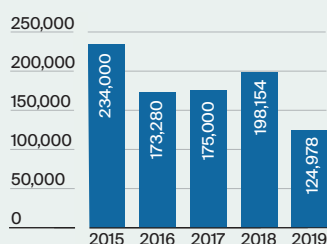
Last five years, sq ft



Source: Knight Frank Research

Grade A Availability

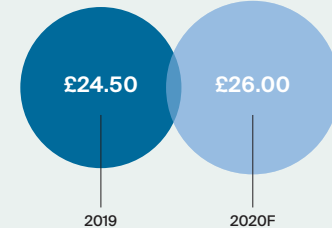
Last five years, sq ft



Source: Knight Frank Research

Prime Rent

£ per sq ft



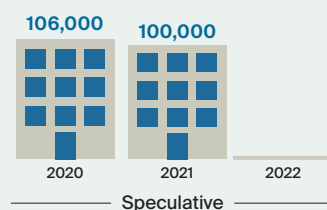
Source: Knight Frank Research

KEY TRANSACTIONS 2019

PROPERTY	OCCUPIER	SIZE (SQ FT)
Broadacre House	Step Change	14,638
Mosley Street	26 Mosley Street Ltd	8,683
17 Queens Lane	Haines Watts	5,426
Gainsborough House	Penspen	5,152

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)

58

VS 10 YEAR AVERAGE

-34%

NUMBER OF DEALS

9



YIELDS

PRIME CITY CENTRE

5.75%

PRIME OUT

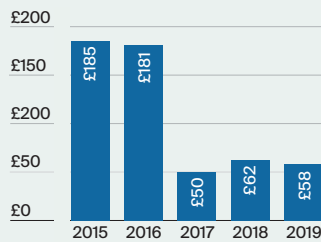
6.75%

FORECAST TOTAL RETURN 2020

6.90%

Investment Volumes

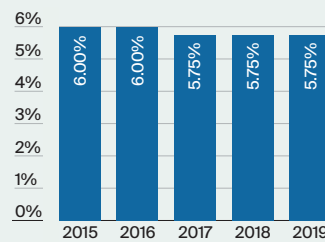
Last five years, £ millions



Source: Knight Frank Research

Prime Yield

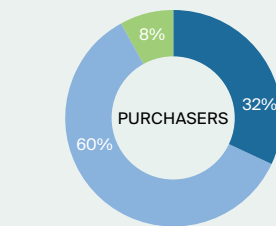
Net yield, %



Source: Knight Frank Research

Investor Type

UK Overseas Private



Source: Knight Frank Research

2020 OUTLOOK

A lack of Grade A availability combined with political wrangling restricted leasing activity in the city core. Demand has built up and could be realised in 2020 as occupier confidence solidifies and new stock comes to market. Examples of this are already present with several occupiers committing to space in the Lumen, the first new build Grade A office to enter the market since 2016, as it reaches practical completion in February.

Although stable in 2019, headline rents should rise in 2020 to circa £26.00 per sq ft as the new stock comes to market. This in turn, will generate greater interest in the investment markets. Stock availability may however, temper activity.

KEY TRANSACTIONS 2019

PROPERTY	PRICE (£M)	YIELD (%)	PURCHASER	VENDOR
Quorum Business Park	32	7.70	Shelborn Asset Management	Cereberus Capital Management
Grey Street, 52-60	12.45	6.40	Buccleuch Property	M&G Real Estate
Quorum Business Park, Q4	4.6	8.08	Hurstwood Group	Sisu Properties Ltd
Hadrian House, Higham Pl	4.5	11.67	Undisclosed	UK Land Estates Ltd

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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Sheffield Office Market

Research, 2019 Review

knightfrank.com/research



OCCUPIER DEMAND

TAKE-UP (SQ FT)
531,614
58% ABOVE 10 YEAR AVERAGE

NUMBER OF DEALS
100

MOST ACTIVE SECTOR
31%
FINANCE & BANKING



OCCUPIER SUPPLY

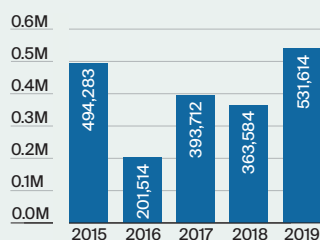
GRADE A AVAILABILITY (SQ FT)
64,000

TOTAL MARKET VACANCY RATE
7.32%

UNDER CONSTRUCTION (SQ FT)
388,000
PRE-LET AND SPECULATIVE

Take-up

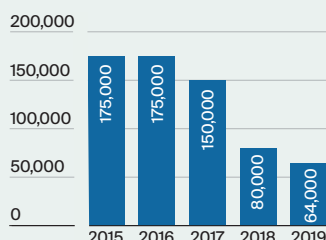
Last five years, sq ft



Source: Knight Frank Research

Grade A Availability

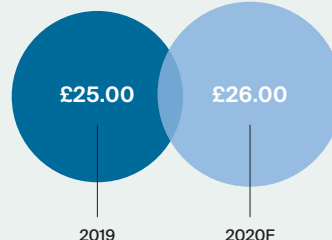
Last five years, sq ft



Source: Knight Frank Research

Prime Rent

£ per sq ft



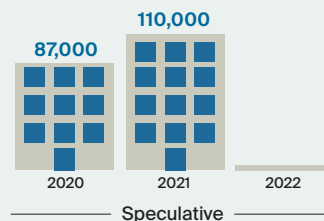
Source: Knight Frank Research

KEY TRANSACTIONS 2019

PROPERTY	OCCUPIER	SIZE (SQ FT)
Grosvenor House	HSBC	140,000
1 Charter Square	CMS	47,500
38 Carver Street	Cubo / Staton Young	30,000
Hallamshire Business Park	Twinkl	20,000

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)

37

VS 10 YEAR AVERAGE

74%

NUMBER OF DEALS

3



YIELDS

PRIME CITY CENTRE

6.25%

PRIME OOT

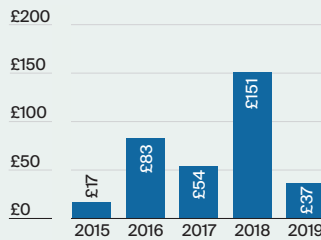
8.00%

FORECAST TOTAL RETURN 2020

6.1%

Investment Volumes

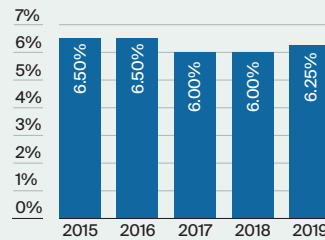
Last five years, £ millions



Source: Knight Frank Research

Prime Yield

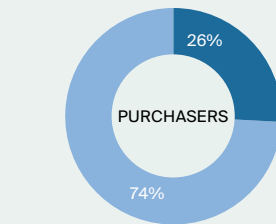
Net yield, %



Source: Knight Frank Research

Investor Type

■ UK ■ Overseas ■ Private



Source: Knight Frank Research

2020 OUTLOOK

Despite political headwinds, office take-up in 2019 was almost twice the 5 year average. The market for 2020 is looking equally promising. The biggest challenge will be placement of demand. Grade A supply remains at an all-time low with just over 60,000 sq ft spread over a number of buildings. As such, any new large occupier may need to consider D&B although developers are active in the city. The Heart of the City II offers some availability, with work on the Pepperpot Building (37,000 sq ft) underway and the final building at the Digital Campus, Vidrio (60,000 sq ft) yet to start. The opportunity of existing office space at Pennine Five delivers up to 235,000 sq ft over 5 buildings and will be an exciting prospect for the market.

KEY TRANSACTIONS 2019

PROPERTY	PRICE (£M)	YIELD (%)	PURCHASER	VENDOR
Riverside East, Millsands	24.65	6.32	Corum Asset Management	Sidra Capital (Saudi)
Aspect Court, Pond Hill	8.80	6.60	Sheffield Hallam	Regional REIT Ltd
Navigation House	3.75	10.36	Undisclosed	Downham Properties

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