



UK CITIES

Despite political uncertainty dominating the headlines in 2018, activity levels in the UK Cities office markets proved resilient. The number of occupier deals completed was up 8% year-on-year, meaning overall take-up was almost a fifth above the long-term trend. Allied with sustained growth of the technology sector and latterly flexible office providers, occupier migration into cities from outside served to underpin demand for office space. This inward shift accounted for circa 20% of take-up in 2018.

Similarly, investor activity defied wavering sentiment. Investment volumes rose to 43% above the 10-year annual average in 2018, this being the second highest total recorded since the global financial crisis. UK buyers accounted for 64% of capital deployed in 2018, with demand for long dated secure income particularly high. The continued strength of investor demand supported further yield compression in 2018. Of the ten cities considered, seven registered yield compression during the year.

Notwithstanding confidence challenges from the political arena in 2019, the outlook is positive. New occupier requirements will derive from structural shifts meaning continued competition for the best quality office space across the major UK cities. Although improved, development activity is still below the long-term trend. Tight supply will therefore remain a market feature in the coming year, a situation that will fuel the potential for an upswing in prime rents.

OCCUPIER TAKE-UP



6.7m
sq ft

▲ +17%
10 year average

GRADE A AVAILABILITY



2.2m
sq ft

▼ -29%
10 year average

INVESTMENT VOLUMES



3.3bn
£

▲ +43%
10 year average

% OF INTERNATIONAL INVESTMENT



900m
£

▲ +13%
10 year average

2018 MARKET IN NUMBERS

Please click on city name for more detail

TAKE-UP (SQ FT) INVESTMENT VOLUMES (£M)

GLASGOW*



ABERDEEN



EDINBURGH*



NEWCASTLE*



MANCHESTER*



LEEDS*



BIRMINGHAM*



BRISTOL*



SHEFFIELD

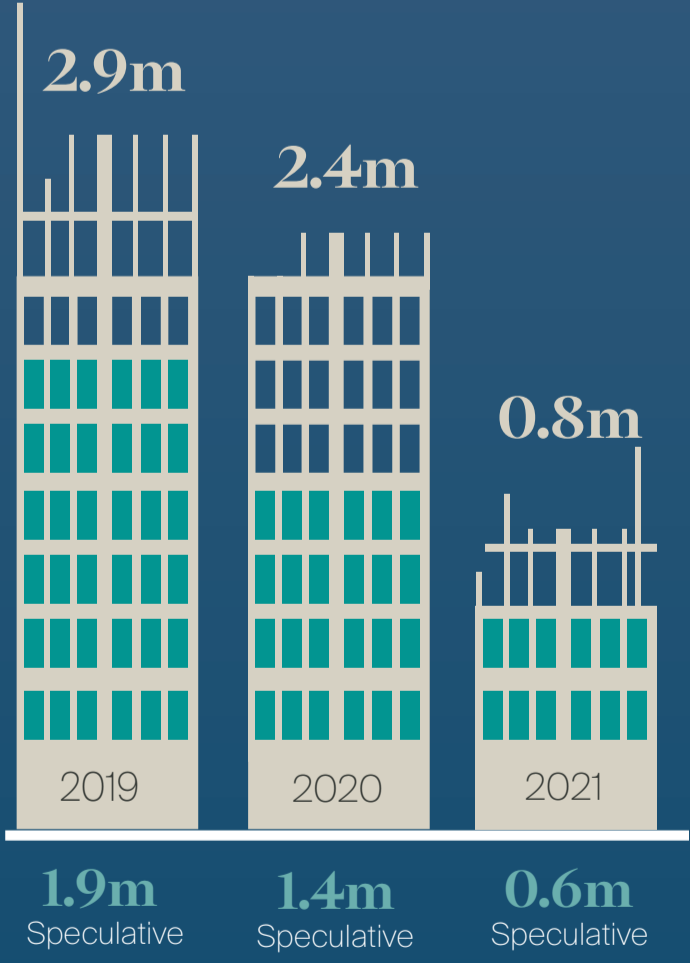


CARDIFF



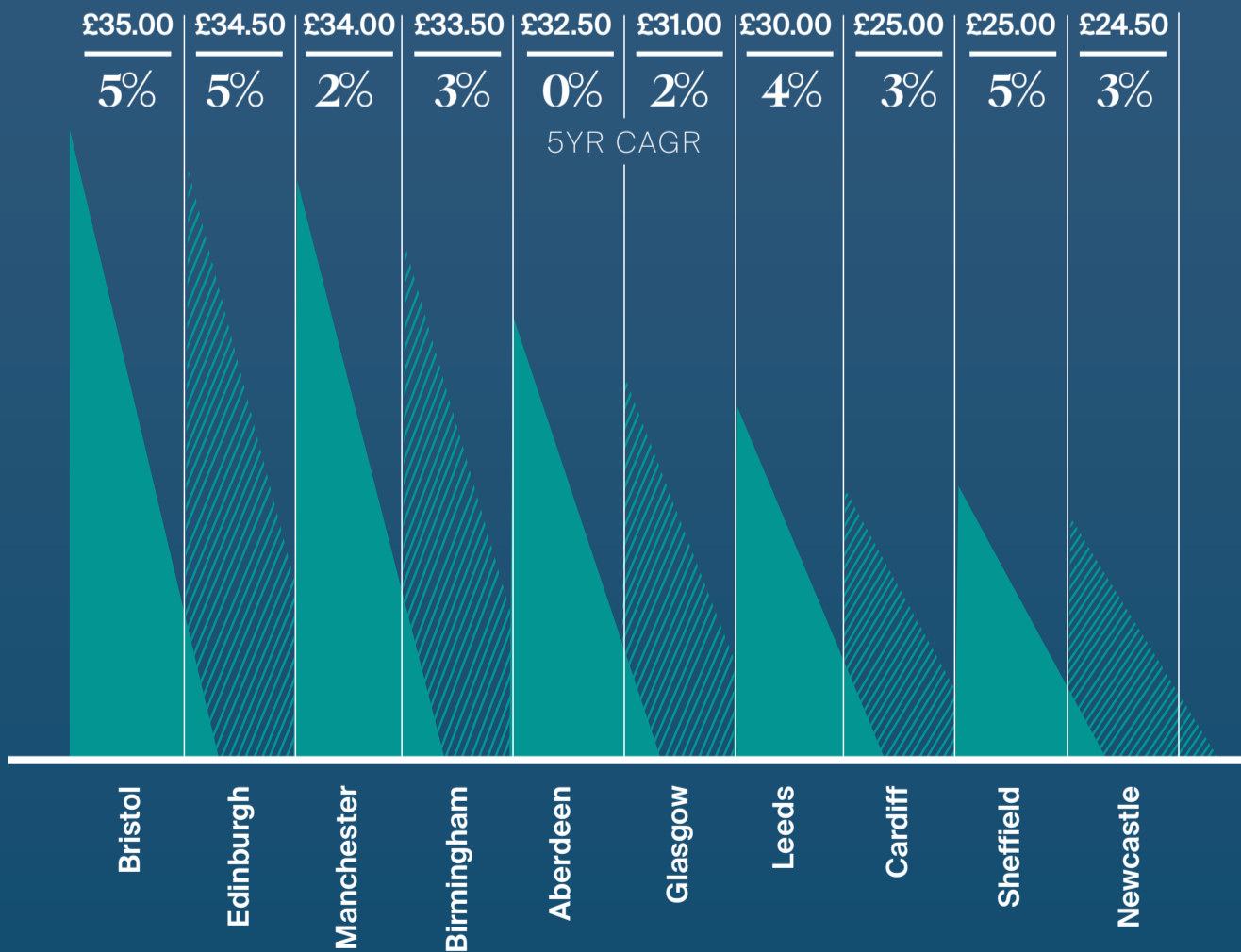
* CITY CENTRE TAKE-UP

UNDER CONSTRUCTION (SQ FT)



PRIME OFFICE RENTS

AS AT Q4 2018 (£ PER SQ FT)



CAGR: COMPOUND ANNUAL GROWTH RATE

THEMES FOR 2019

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