

# Chelmsford Offices Market Watch

January 2016

Take-up for 2015 is the highest since 2007.

## Snapshot of deals, supply and rents

■ Take-up for 2015 was 61,269 sq ft which is the highest figure since 2007. This exceeds the 5 year average of 34,000 sq ft and is a 15% increase on 2014's take-up figure of 52,000 sq ft. The tightening of supply and the loss of office space to other land uses, most predominantly residential because of permitted development rights, is resulting in a lack of available high quality office space.

■ The only grade A deal above 5,000 sq ft this year was Benefit Cosmetics leasing 12,500 sq ft at the 1912 Building on New Street. The building is located on the former Marconi factory site which is being transformed into a new mixed use development by Bellway.

■ There are currently only two city centre sites where development is actively being brought forward, the previously mentioned Marconi site and City Park West which is the former Anglia Ruskin central campus site. Both these developments are residential led. CM2 is a 45,000 sq ft new office development on the Colchester Road which is being brought forward by the Anderson Group, pre-lets are currently being sought at the moment. Savills are joint leasing agents.

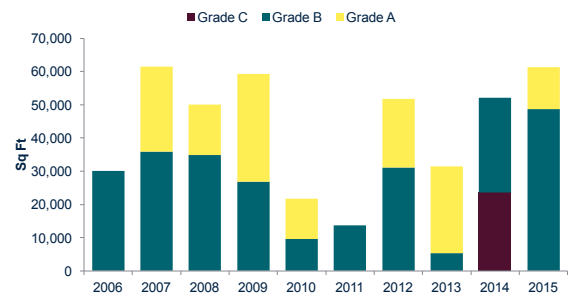
■ Chelmsford has historically attracted back office functions from central London occupiers, primarily because of the fast train links (35 minutes to Liverpool Street) into central London and the highly

skilled local workforce. Notable back office occupiers include Aon and M&G Investments. Savills expect this trend to continue into 2016 as there is currently a 40,000 sq ft requirement from a City of London occupier who is seeking to relocate their back office. If this requirement was fulfilled it would be realistic to expect total Chelmsford take-up in 2016 to exceed 2015.

■ Total supply currently stands at 190,000 sq ft however only 14,745 sq ft is of grade A quality. This underlines the shortage of grade A space available in the Chelmsford market. However in 2016 there will be an additional 60,000 sq ft of available grade A stock added to the market, this will be in the form of comprehensive refurbishments of existing buildings. This newly added grade A space will be located in the city centre. It is estimated that 125,000 sq ft of office stock has been converted to residential uses since 2014.

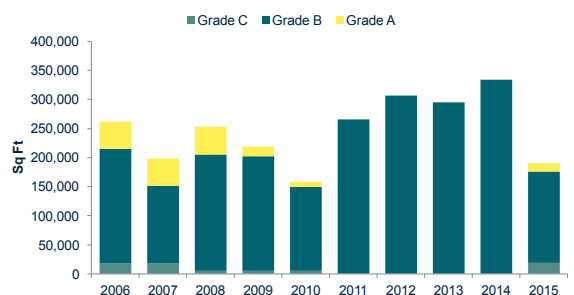
■ Dwindling supply which has been accelerated by the extension of the permitted development rights and continued demand for office space which is evident from the 100,000 sq ft of office requirements currently circulating the market is causing prime rents to increase. Savills expects prime city centre rents to reach £25 per sq ft in 2016. We expect increased activity from the professional services sector in 2016 with demand focusing on city centre office space.

GRAPH 1  
Take-up by grade



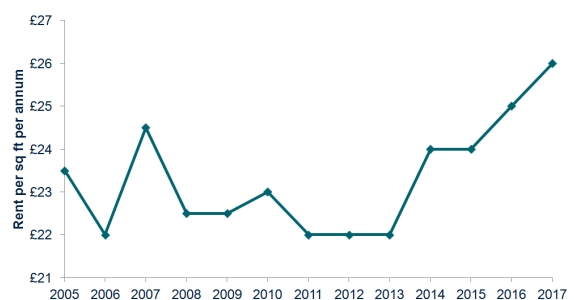
Source: Savills Research

GRAPH 2  
Availability by grade



Source: Savills Research

GRAPH 3  
Prime rental forecasts



Source: Savills Research

## Key Occupier Data

**Current supply (over 5,000 sq ft):**  
190,000 sq ft

**Grade A supply (over 5,000 sq ft):**  
14,745 sq ft

**2015 Take-Up (over 5,000 sq ft):**  
61,269 sq ft

**Five year average annual take-up:**  
34,138 sq ft

## Key Investment Data

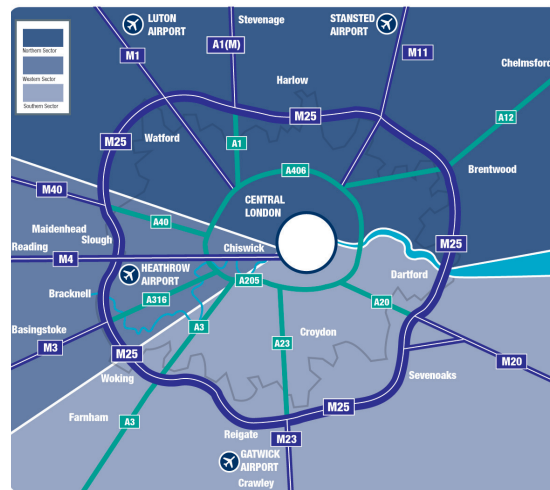
**Chelmsford yields:**  
5.5% prime; 8% secondary

## Definitions & statistical notes

<b>Property criteria</b>	Transactions and supply recorded for units in excess of 5,000 sq ft
<b>Grade A</b>	All new development (including speculative schemes reaching practical completion within six months, plus major refurbishments)
<b>Grade B</b>	Space previously occupied, completed or refurbished in the last 10 years
<b>Grade C</b>	Space previously occupied, completed or refurbishment more than 10 years ago

MAP 1

## Savills M25 market area



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