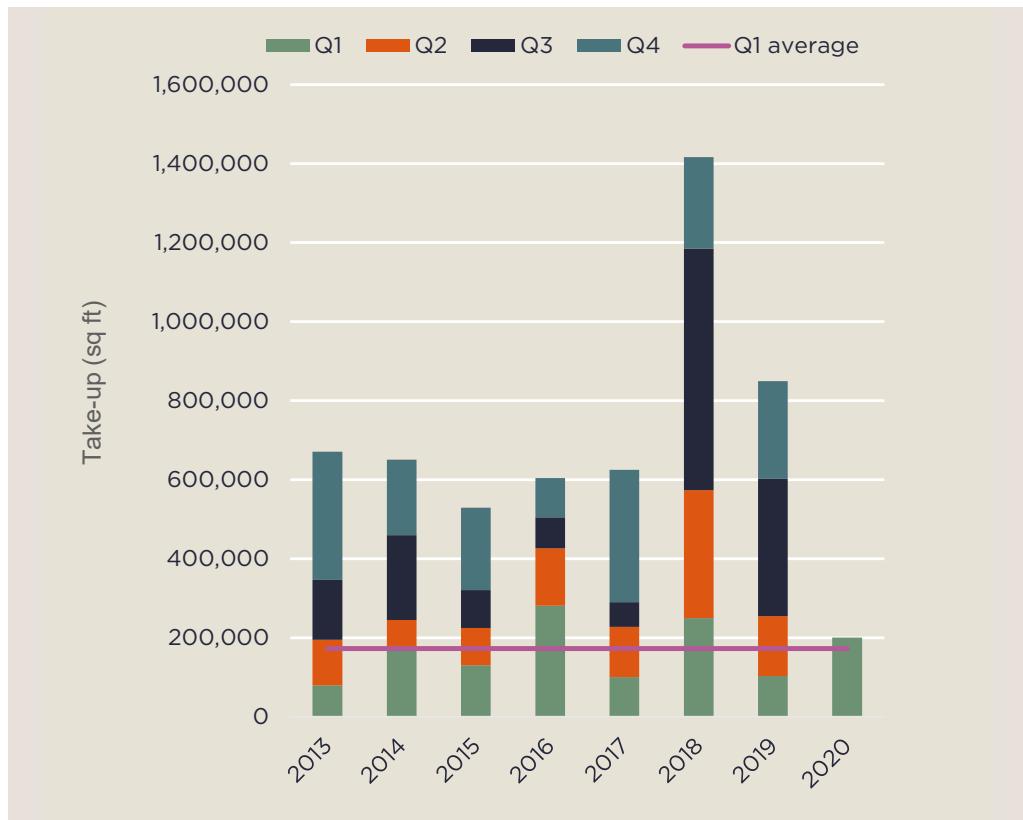


Glasgow Offices



Summary: Momentum in Glasgow's office market continued into the first quarter of the year, with Q1 2020 city centre take-up 94% up on Q1 2019.



Source Savills Research

The public sector was particularly active during the first quarter of 2020

Total take-up in Q1 2020 reached 200,455 sq ft, an impressive 94% increase on the same time last year and 16% up on the Q1 five-year average. The limited availability of Grade A office space in the city centre has seen the majority of Q1 2020 deals for secondary space; with Grade A accounting for just over 10% of take-up.

Two years of exceptionally high demand has seen Grade A availability in Glasgow city centre rapidly fall and now sits at just 194,000 sq ft of which just 6,443 sq ft is new build Grade A. There are currently no Grade A buildings in Glasgow city centre with over 90,000 sq ft of space available. Occupiers looking for Grade A space in the city centre would benefit from looking to the development pipeline, although, 85% of space under construction in Glasgow city centre has already been pre-committed to, meaning occupiers will need to consider pre-let agreements to satisfy large requirements. Total availability in Glasgow city centre sits at 860,000 sq ft reflecting 42% decrease on the five-year average.

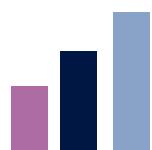
The public sector was particularly active during Q1,

accounting for 60% of take-up across three deals. The Scottish Government signed for 90,500 sq ft of Grade B space at 220 High Street and Skills Development Scotland signed for 27,000 sq ft at Monteith House. The Technology, Media & Telecoms sector was also active, accounting for 21% of take-up. A key deal to this sector includes Sedgwick International, who took 18,000 sq ft of Grade A office space at the newly refurbished Sentinel building.

Covid-19 had limited impact on the Glasgow office market during Q1 2020 as social distancing measures were only enforced in the second half of March. The majority of requirements that were in the market at the beginning of the year remain, although many are currently on hold. Deals that were in stages of maturity in the second half of March continue to complete, meaning there has been some activity during the first month of Q2. Consequently, it is expected that there will be weaker take-up in the next quarter; however, we expect to see a bottleneck of deals later on in the year as lockdown measures relax. In the interim, we may see landlords offer higher incentives in an attempt to encourage activity in the market.

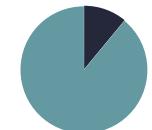
Key data points

from the first quarter of 2020



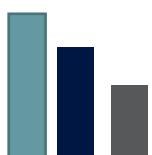
+94%

Q1 2020 take-up was 94% up on Q1 2019.



11%

Grade A space accounted for 11% of take-up in Q1 2020.



6,443 sq ft

There is just 6,443 sq ft of new build Grade A supply available.



£34

Prime rents in Glasgow city centre are currently at £34 per sq ft.

• The majority of requirements that were in the market at the beginning of the year remain, although many are currently on hold

Investment overview

During the first quarter of the year, Scotland witnessed total commercial investment volumes of £255 million. With a relatively even split, offices and retail warehousing accounted for £220 million of this figure.

While Glasgow offices only witnessed three office transactions in Q1, all under £5 million in lot size, around £150 million is under offer at the time of going to print.

Prime office yields remain at 5.00%.

What makes Glasgow?

Over recent years, Glasgow has seen record take-up levels and more high-profile firms have announced plans to set up hubs in the city, spurring further office investment and development. Banking giants Barclays and J.P. Morgan Chase have both committed to large sites in the city, resulting in Glasgow delivering the largest regional office deal for the past two consecutive years.



Glasgow was one of the first cities to be granted a City Deal fund, and it is one of the largest at £1.13bn.

This has the potential to create 29,000 jobs and leverage a further £3bn in private sector investment.



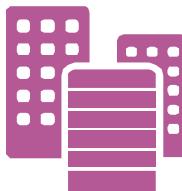
It has a population of over 615,000 people and is one of Europe's fastest-growing cities.



The city is attractive to many businesses because it has the second-largest suburban rail network in the UK, after London, meaning the city centre is accessible to 1.8m people in under a 30-minute commute.



The city offers the second-highest productive workforce in the UK's 10 Core Cities.



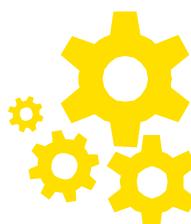
Glasgow is the largest city in Scotland – and Scotland's only Metropolitan Region.



70% of the city's population is of working age, and 44.3% are educated to degree level or above (UK average is 38%).



The upgrade of the Glasgow to Edinburgh rail link – reducing journey times to 42 minutes – will also open up access to the Central Belt Region. With a population of 3.3m people, one of the top 20 largest regions in Europe.



Glasgow's initiative ecosystem is growing, producing a real edge in hi-tech sectors such as Advanced Manufacturing, Life Sciences and Low Carbon.



The city is the chosen location for the International Technology and Renewable Energy Zone (ITREZ) and the UK & Offshore Renewable Energy Catapult.

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“Glasgow was one of the first cities to be granted a City Deal fund and it is one of the largest at £1.13bn.”