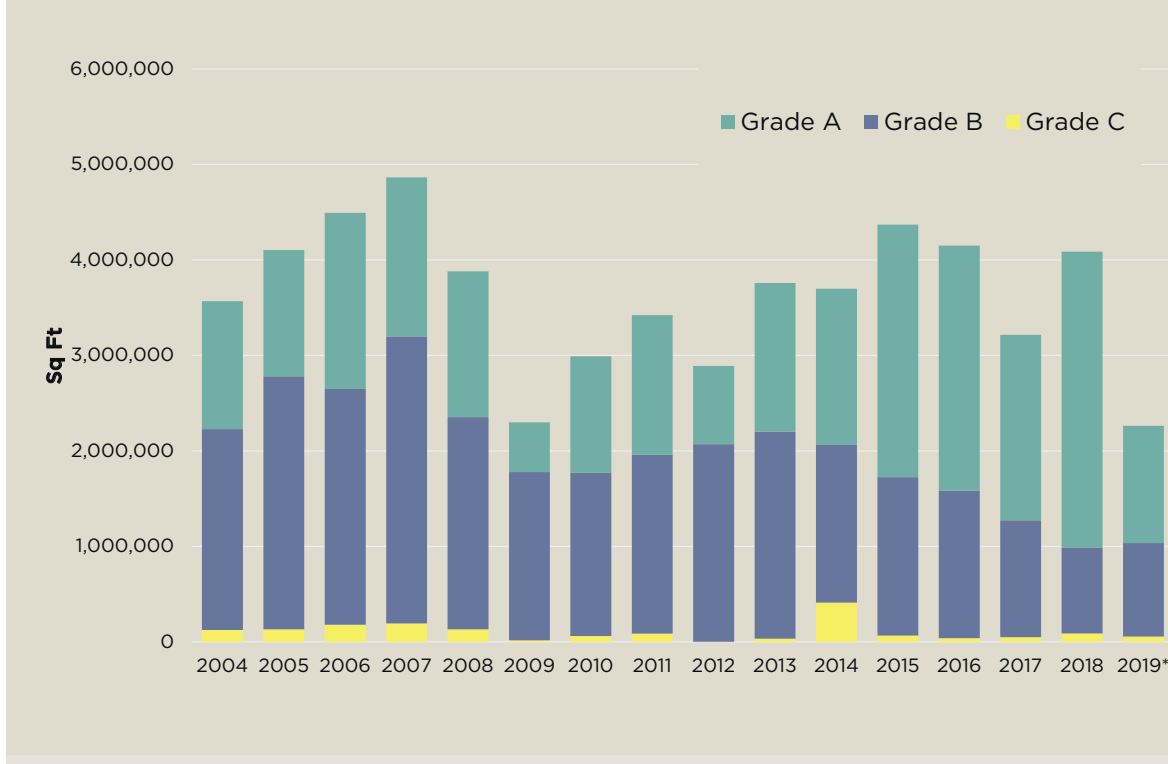


# Greater London & South East Offices



**Summary** The Thames Valley dominates take-up across the South East as demand from corporate occupiers returns

## Take-Up



Source Savills Research \*As at end September 2019

## Occupational demand remains strong in the Thames Valley

There have been good levels of occupier demand in the Thames Valley, take-up to the end of Q3 2019 was 6% and 11% above the five and ten year averages respectively. Take-up across the wider South East market for the same period reached 2.26 million sq ft which represented a 14% fall for the same time period in 2018 and 8% below the ten year average. This can be in part attributed to a lack of activity in the Northern and Southern Sectors driven by a lack of grade A supply. There has though been good levels of corporate demand in 2019, notably in the Thames Valley where there have been 16 deals above 30,000 sq ft whereas for the same time period in 2018 there were only 12.

Notable deals in Q3 were Samsung leasing 100,000 sq ft at 2000 Hillswood Drive, Hillswood Business Park, Chertsey, which is the largest letting to date in the South East office market in 2019. The previous occupant of the building,

Astellas Pharma have relocated elsewhere, taking space totalling 67,000 sq ft at LIM's Bourne Business Park and Royal London's newly launched Space development in Woking.

The technology sector has been the most active business sector in 2019 so far accounting for 34% of take-up. Reading continues to reinforce its position as the most dominant market as it was revealed as the UK's third largest digital technology city in a new census by The Data City and there are over 11,000 technology companies based in the town. Professional, scientific and tech based jobs in the South East are forecast to grow by 11% in the next five years according to Oxford Economics which equates to 1,400 additional jobs.

Requirements in the market over 20,000 sq ft include EY, InterContinental Hotels, Three and The Home Office.

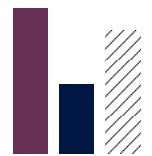
**Jon Gardiner- Head of National Office Agency**

“ There has been good levels of corporate demand in 2019 and there are currently 28 requirements in the market over 20,000 sq ft which bodes well for 2020 take-up. ”

### Take-Up, Supply and Rental Performance Key Data Points



**54%**  
Grade A space accounted for 54% of take-up in Q1-Q3 19.



**3%**  
Supply fell by 3% from end 2018.



**8%**  
Average grade A rents have increased by 8% from end 2018

**SUPPLY AT ITS LOWEST LEVEL SINCE 2001**

There is a chronic lack of supply in the market, supply is at its lowest level since 2001. Supply has fallen every year since 2012, which has resulted in the vacancy rate totaling 5.6%, which is the lowest for 18 years.

The development pipeline is limited which will result in supply constraints persisting in the short term. The amount of new stock delivered to the Northern and Southern sector has been limited which has resulted in falling take-up in those regions.

**NEW DEVELOPMENT DRIVING RENTAL GROWTH**

The falling levels of supply has resulted in steep rental growth in the South East with record headline rents achieved. The new development which has taken place has set new rental tones. Space, Woking which comprises 86,000 sq ft was speculatively developed by Royal London & Lamron Estates has achieved a rent of £35 per sq ft. This represents a 17% increase in top rents since 2016 in Woking, highlighting the ability of a new development to drive rents in the market.

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**Key Statistics**

The tables below detail key statistics relating to the Greater London & South East office market. Savills Research tracks take-up and supply over 5,000 sq ft.

**Take-Up**

Sq ft	Data	Yr/Yr Change
Q3 2019 Take-up	762,000 sq ft	↓34%
Q3 2019 Grade A Take-Up	354,000 sq ft	↓61%
Q1-Q3 2019 Take-Up	2.26 million sq ft	↓14%
Q1-Q3 2019 Grade A Take-Up	1.23 million sq ft	↓32%
Average Deal Size (Q1-Q3 2019)	15,948 sq ft	↓3%
10-Year Average Q1-Q3 Take-Up	2.46 million sq ft	
5-Year Average Q1-Q3 Take-Up	2.69 million sq ft	

**Supply**

	Data	End 2018 Change
Q3 2019 Supply	11.99 m sq ft	↓3%
Grade A Supply	5.88 m sq ft	↓5%
Vacancy Rate	5.6%	↓20 bps
In-Town Supply Proportion	45%	No Change
Out-of-Town Supply Proportion	55%	No Change
2020 Development Pipeline	828,000 sq ft	

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