Birmingham city centre is forecast to see take-up in excess of a million sq ft. A record year for the city

Birmingham city centre office market round-up

2019 is set to be a record year for Birmingham, and with new developments reaching completion and significant rental growth forecast, prospects for 2020 are strong.

1 End of year take-up in Birmingham city centre is forecast to exceed 1 million sq ft, resulting in Birmingham’s strongest year ever.

2 During the first three quarters of 2019 take-up in Birmingham city centre reached 675,202 sq ft, 81% of this was considered to meet Grade A standards and of that 22% (122,420 sq ft) was Prime Grade A – the highest standard office space in Birmingham city centre.

3 Take up has increased 44% from Q1-Q3 2018. A variety of business sectors have taken space so far this year with significant activity from Serviced Offices (34%), Public Services, Education & Health (20%) and Business & Consumer Services (13%).

4 Total availability in Birmingham city centre currently sits at 2.5 million sq ft, an 8% increase since the end of 2018.

5 Prime Grade A availability totals 645,000 sq ft. The addition of Three Snowhill and 2 Chamberlain Square, which are both due to reach practical completion this quarter, has seen Prime Grade A supply in Birmingham city centre increase by 602,000 sq ft.

6 Savills expects Birmingham will achieve rents of £34.50 per sq ft in the city centre by the end of 2019 moving up to £35 per sq ft during 2020 and £36 per sq ft in 2021.

7 Investment volumes for Birmingham city centre offices in 2019 are expected to be marginally in excess of the 10 year average of £400m. This level of activity is representative of the continued attractiveness of Birmingham to investors due to its strong underlying fundamentals. 2019 has seen a broad range of investors acquire strategic holdings within the city including UK institutions, overseas capital and property companies.

8 Transactional volumes currently stand at £367m which includes a flurry of deals that have already been completed in Q4; 60 Church Street (£16.84m), 120 Edmund Street (£48.75m) and 45 Church Street (£61m). Q4 deals will make up approximately 40% of 2019 total transactional volume.

Birmingham is the most entrepreneurial regional city: 18,590 new businesses were created in Birmingham during 2018 – more than any other city outside the capital.
What makes Birmingham?

Over recent years, there has been an incredible change to Birmingham – including the opening of Europe’s largest library and the £600 million redevelopment of New Street station.

With an economy worth £28.1bn, Birmingham has had a growth rate of 28% in the last five years and has the largest economy of any city outside London.

Birmingham ranked as having the highest quality of life of any English city outside the capital, by global Mercer Quality of Living Report 2018.

The city remains in the top three most visited places to shop in the UK with a £3.74 billion expenditure. The Bullring shopping centre alone is the size of 26 football pitches.

Birmingham has been ranked the most popular destination outside London for association meetings, conferences and events, ahead of Manchester, Edinburgh and Leeds.

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Greater Birmingham’s reputation as a tech hub is growing. The city is already home to 7,500 tech firms employing over 40,000 people, with tech firms boosting the economy by £2.3 billion every year.

The region’s medical companies support 9,532 jobs, generating annual turnover of £1.2bn.

Innovation Birmingham is home to over 170 digital tech companies. A community of over 10000 innovators and investors looking to develop or fund digital tech businesses with high growth potential across sectors such as health, transport, finance, sport and property.

An additional 3,145 households are expected each year over the next decade, and the West Midlands has received £350m of funding to meet this demand, to be used to fund a pipeline of 215,000 new homes to 2031.

“Birmingham’s reputation as a tech hub is growing with tech firms boosting the economy by £2.3 billion every year.”