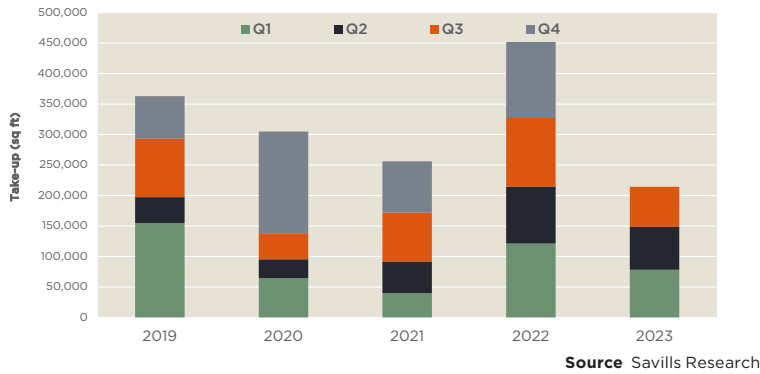


Cardiff Occupational Office Data Q3 2023



Cardiff Office Market Round-Up

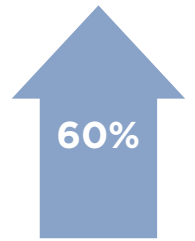
Take-up



Combined Q3 2023 Cardiff take-up was 66,000 sq ft across 17 transactions in the quarter, which is only 6% below the Q2 2023 take-up total. Additionally, the smaller size bands continue to dominate in Q3, with 60% of take-up under 10,000 sq ft, spread across 15 deals done. Combined, Q1-Q3 take-up amounted to 214,000 sq ft.

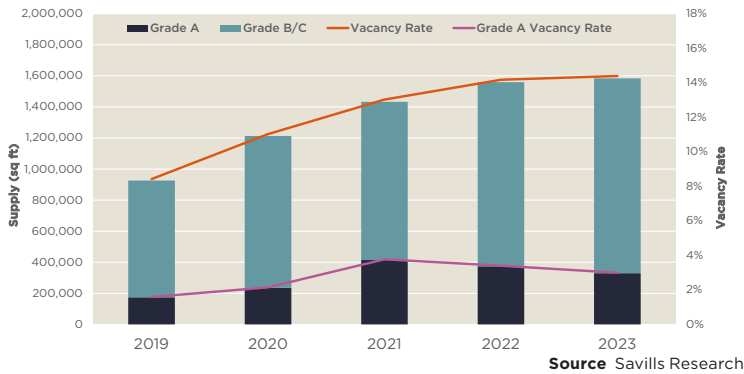
Grade A take-up equalled 10,000 sq ft which consisted of 3 deals done, with the largest letting totalling 7,000 sq ft. This was acquired by Arcadis Consulting at Hodge House.

Take-up and supply Key data points



60% of Q3 2023 take-up below 10,000 sq ft

Supply



At the end of Q3 2023, total availability for the market equalled 1.5 million, a 1% decrease on the same period in 2022. Grade A supply totalled 330,000 sq ft which was 3% above Q2 2023. However, this only accounted for 21% of the total supply for Cardiff in Q3, therefore falling by 7% since H1 2023. This shows that there is a lack of Grade A supply in Cardiff.

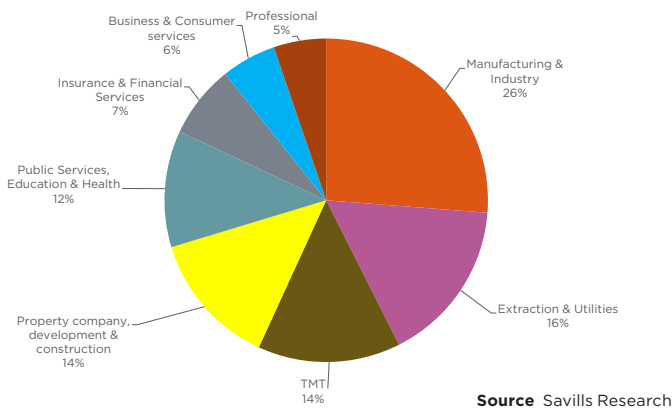
The total vacancy rate for Cardiff still stands at 14%, although the Grade A vacancy rate has decreased to 3% in Q3 from 3.9%. This indicates that occupiers are continuing to look for best in class space in Cardiff.



17

Completed lettings in Q3

Take-up by business sector



'Manufacturing & Industry' was the most active sector during Q3 2023, comprising 25% of take-up total. This was based on one transaction that amounted to 16,000 sq ft, which saw Kocaer acquire 3 Alexandra Gate. Furthermore, this represented the only deal that has been recorded for this sector in Cardiff since Q4 2021.

The third quarter of 2023 also saw 'Extraction & Utilities' as the second most active sector, with one deal that totalled 10,000 sq ft, accounting for 15% of the total take-up. This was the first deal over 10,000 sq ft for this sector in Cardiff since Q1 2016, where 13,000 sq ft of space was leased at Greenmeadow Springs.



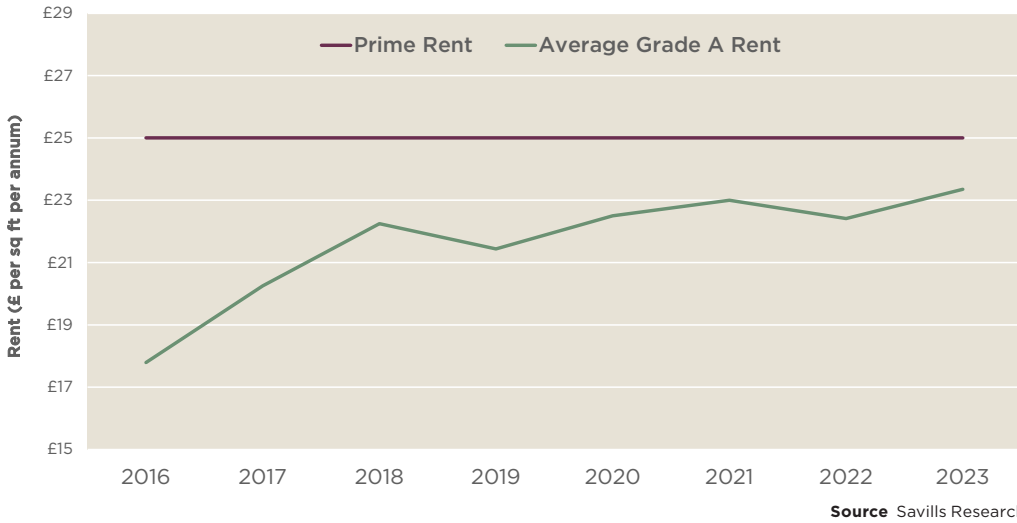
-1%

Total Q3 supply decrease on Q3 2022



16,000 sq ft
Largest deal in Q3 2023 to Kocaer at 3 Alexandra Gate

Rents



There was no change in the prime rent in Cardiff during Q3 2023, with the prime rent remaining at £25 per sq ft. There has however been an increase in 2023 overall, with rates rising for Grade A space to £23.35. This represents an increase of 4% on 2022 average Grade A rents, therefore closing the gap against Prime rents in the market. Looking at growth forecasts, it is expected that Prime rents in Cardiff will reach £35 per sq ft by the end of 2027, a rental growth increase of 28%.

Drivers For Growth



7%

Expected GVA growth over the next five years



6%

Expected office-based employment increase over the next 10 years



2,200

New jobs in the professional, tech and scientific sector in the next 10 years

Source: Oxford Economics

Key Market Data

| | Data | Comparison to Q3 2022 | Comparison to Q3 2019 |
|------------------------------------|-----------|-----------------------|-----------------------|
| Take-up Q3 2023 (sq ft) | 65,937 | -41% | -31% |
| Grade A Take-up Q3 2023 (sq ft) | 10,089 | -57% | -63% |
| Deal Count Q3 2023 | 17 | -45% | -39% |
| Average Deal Size (median) (sq ft) | 3,261 | +67% | +76% |
| 10-Year Average Q3 Take-Up (sq ft) | 134,991 | - | - |
| Q3 Supply (sq ft) | 1,583,728 | -1% | +39% |
| Q3 Grade A Supply (sq ft) | 329,518 | 0% | +80% |
| Prime rent (£ per sq ft per annum) | £25 | - | - |

Source: Savills Research

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