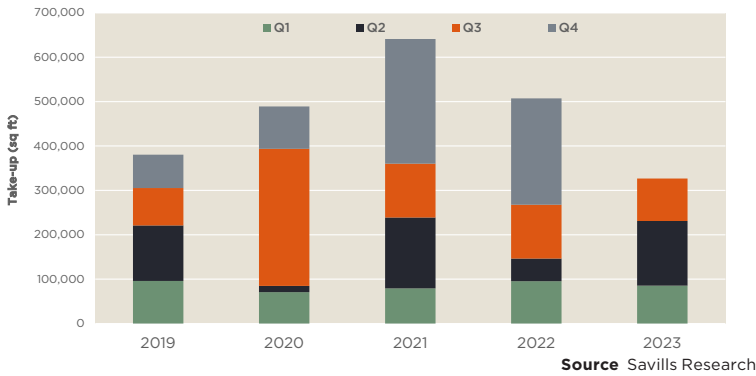


Edinburgh Occupational Office Data Q3 2023



Edinburgh Office Market Round-Up

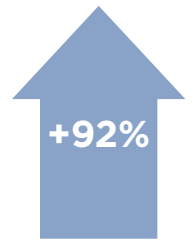
Take-up



Take-up reached over 95,000 sq ft in the third quarter of 2023, based on 30 deals done. This is 26% higher than the ten-year average number of deals completed for Q3. The largest deal was Enoda leasing 15,000 sq ft at Quartermile 3.

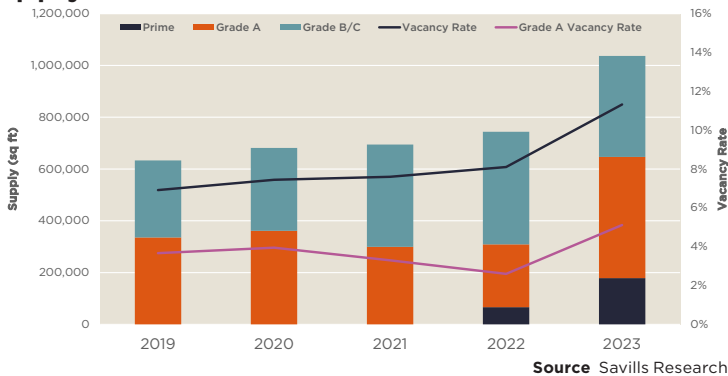
Grade A take-up in Q3 was 64,000 sq ft which accounted for 67% of the total. This was a 92% increase on pre-pandemic figures for Q3, demonstrating there is more demand in the market for higher quality space, following the flight to quality being perpetuated by many occupiers.

Take-up and supply Key data points



Q3 2023 Grade A take-up was 92% up on Q3 2019

Supply



Q3 2023 availability is sitting at 1,000,000 sq ft which is 34% above the five-year average for the market. This increase in availability is due to 116,000 sq ft of tenant space at 6 St Andrews Square which was launched into the market last quarter, with strong interest being seen. Moreover, this now means that Q3 availability is on par with the ten-year average.

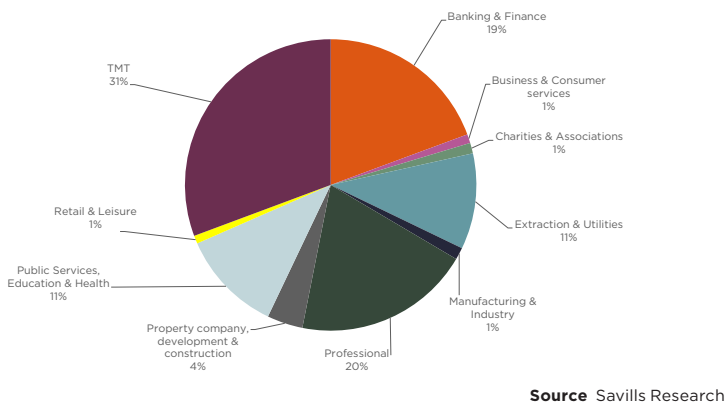
Prime availability stood at only 178,000 sq ft which constituted 17% of the overall total, however this did represent a 50% increase on the same period in 2022. Subsequently, this shows that there is only 0.7 years of Prime supply in the market.



14%

Q3 2023 deal count was 14% up on the five-year Q3 average

Take-up by business sector



The 'TMT' sector leased the most space in Q3, accounting for 31% of the overall total for the market. This included 7 deals with a combined take-up of 29,000 sq ft.

Furthermore, the second most active sectors were 'Professional' and 'Banking & Finance', consisting of 49% of the overall total. This is based on 10 deals totalling 37,000 sq ft, with 55% of this total being Prime space. The largest deal in these sectors was in 'Banking & Finance' with Rathbones acquiring 8,000 sq ft at 10 George Street.

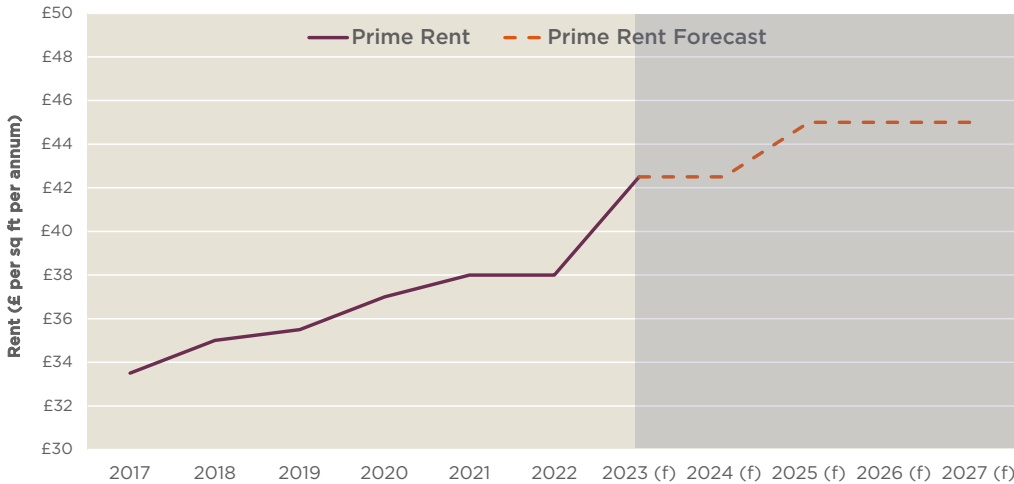


15,000 sq ft
Largest transaction in Q3 2023



30
Completed transactions in Q3 2023

Rents



Source Savills Research

Although there was no increase in the Prime rent in Q3 2023, which currently stands at £42.50 per sq ft, the rent is 5% above the Q3 2022 Prime rent on record. This established Edinburgh as having the joint highest rent in the UK Big 6 markets alongside Bristol. Looking at the further growth prospects, the five-year outlook for the market is optimistic with latest forecasts predicting that the prime rent will be at or above £45 per sq ft by the end of 2027.

Drivers For Growth



6%

Expected GVA growth over the next five years



3%

Expected office-based employment increase over the next five years



4,750

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)	95,640	-21%	+13%
Grade A Take-up Q3 2023 (sq ft)	64,318	-20%	+92%
Deal Count Q3 2023	30	-9%	+15%
Average Deal Size (median) (sq ft)	1,453	-32%	-43%
10-Year Average Q3 Take-Up (sq ft)	145,360	-	-
Q3 Supply (sq ft)	1,036,629	+37%	+50%
Q3 Prime Supply (sq ft)	178,469	+50%	N/A*
Prime rent (£ per sq ft per annum)	£42.50	+5%	+20%

* historic comparison not possible with new 'Prime' category introduced in Q4 2022

Source Savills Research

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