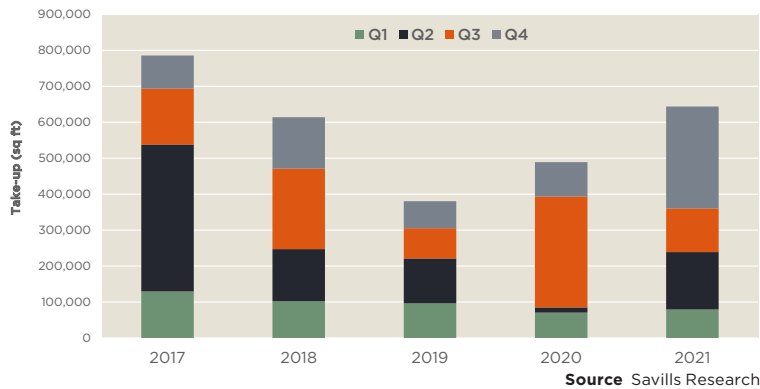


Edinburgh Occupational Office Data Q4 2021

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Edinburgh City Centre Office Market Round-Up

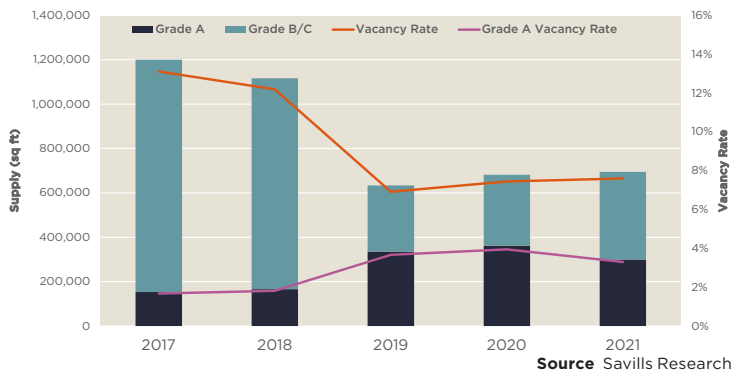
Take-up



Q4 2021 take-up, totalling 283,619 sq ft, was the highest quarterly total in 2021 and the third highest quarterly take-up recorded in the last 5 years. This was driven by 8 lettings over 10,000 sq ft with significant deals including Cairn Energy 33,000 sq ft, Shepherd & Wedderburn 30,000 sq ft, Deloitte 16,300 sq ft and Flutter 59,000 sq ft. Savills was involved in three of these four deals.

Grade A lettings, totalling 277,313 sq ft, accounted for 43% of overall take-up in 2021, which was 2% higher than the pre-Covid 2019 Grade A take-up proportion of 41%.

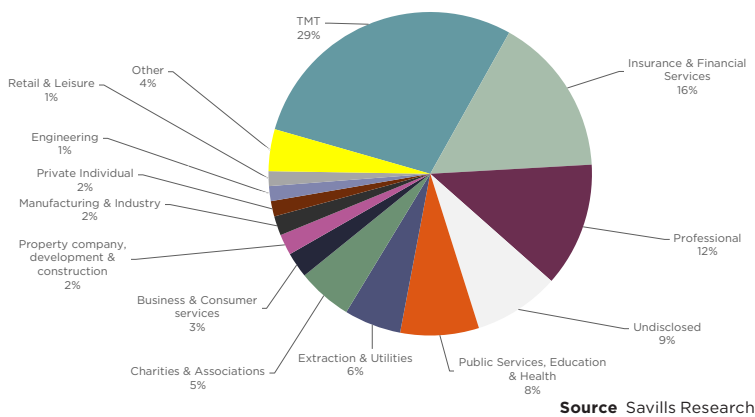
Supply



Total supply at the end of Q4 stood at 694,331 sq ft. This represented a marginal increase of just 2% on the 2020 figure. Conversely, Grade A supply notably decreased by 17% to 299,331 sq ft at year end.

In terms of vacancy rate, total vacancy rate increased by 0.2% to 7.6%, whereas Grade A vacancy rate decreased by 0.6%, standing at 3.3% at the end of 2021. This decline in Grade A vacancy rate is indicative of the diminishing availability of prime space within the market.

Take-up by business sector

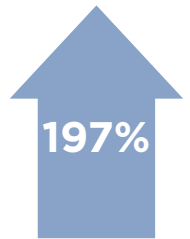


The 'TMT' sector was the most active in 2021, achieving 190,309 sq ft of lettings which accounted for 29% of overall take-up.

It was also a strong year for the 'Insurance & Financial Services' sector which recorded 16% of overall take-up. This included the 61,000 sq ft letting at 20 West Register Street by FNZ.

Elsewhere, the 'Professional' sector increased its overall share of take-up to 9% in 2021 after recording just 2% in 2020.

Take-up and supply Key data points



Increase in Q4 2021 take-up compared to Q4 2020



70% Increase in H2 2021 take-up compared to H1.

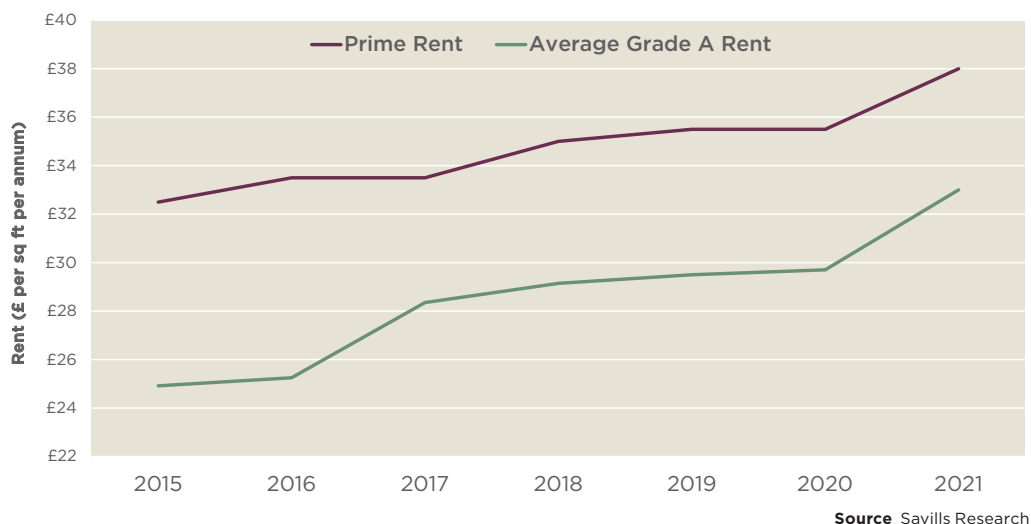


61,000 sq ft Largest letting this year to FNZ at 20 West Register Street which was concluded by Savills



2021 was the highest quantum of 'TMT' sector take-up since 2014

Rents



Prime rent increased by 7% in 2021, which currently stands in excess of £38 per square foot. This follows the growth trend for Edinburgh prime rental values which have increased by 17% since 2015. Equally, average Grade A rents have increased significantly over the past six years. The average Grade A rent in 2021 was £33 per square foot, representing an 11% increase on 2020 and 12% on 2019.

Drivers For Growth



13%

Expected GVA growth over the next 5 years



6%

Expected office-based employment increase over the next 5 years



6,700

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

Source: Oxford Economics

Key Market Data

	Data	Year-on-Year Change
Take-up 2021 (sq ft)	643,918	+32%
Grade A take-up 2021 (sq ft)	277,313	-22%
Average deal size (sq ft)	4,805	+56%
10-year average annual take-up (sq ft)	563,902	-
5-year average annual take-up (sq ft)	554,086	-
Q4 supply (sq ft)	694,331	+2%
Q4 Grade A supply (sq ft)	299,331	-17%
Years of supply*	1.5	+21%
Prime rent	£38+	+7%

*calculated by dividing total supply by 5-year average annual take up

Source: Savills Research

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