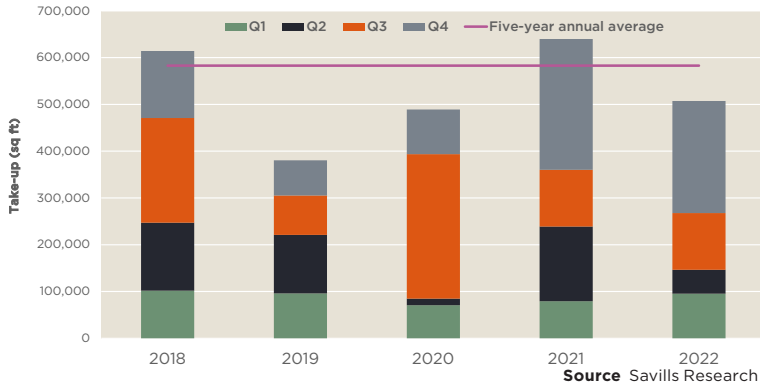


# Edinburgh Occupational Office Data Q4 2022



## Edinburgh City Centre Office Market Round-Up

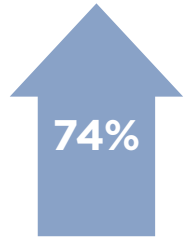
### Take-up



Q4 2022 take-up totalled 240,000 sq ft for the Edinburgh city centre market. This took the annual city centre take-up total for 2022 to 507,000 sq ft. The largest transaction in Q4 was the 139,000 sq ft acquisition by BlackRock at 20 Brandon Street. This was comfortably the largest transaction of the year in the Edinburgh city centre market.

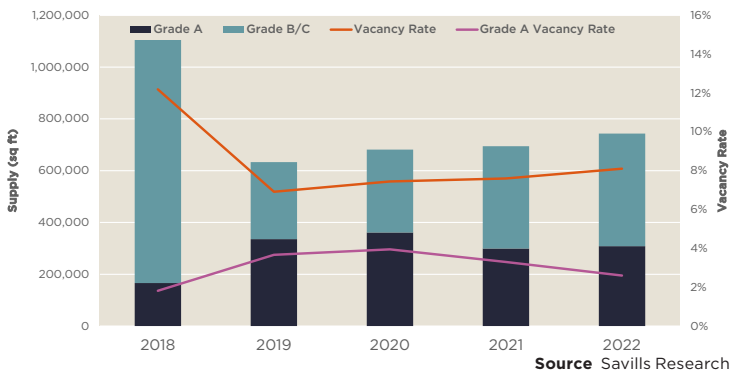
2022 Grade A lettings, totalling 166,000 sq ft, accounted for 33% of overall take-up for the year. This take-up was spread across 23 lettings which represented an increase of 53% on the number of completed.

### Take-up and supply Key data points



Increase in Q4 take-up compared to the five-year Q4 average

### Supply



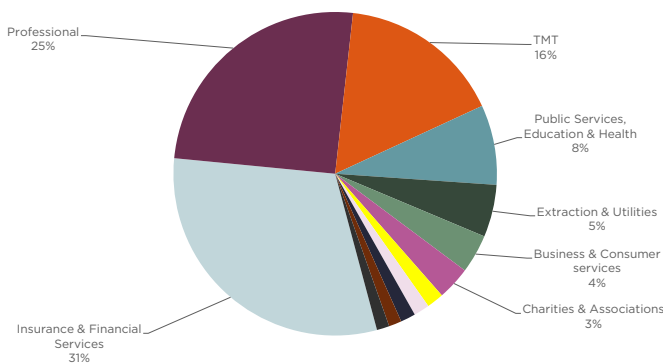
Total city centre supply stood at 744,000 sq ft at the end of 2022. This meant that total supply increased by 7% in 2022, but much of this total is made up of second hand Grade B stock that Savills deems unlikely to let without refurbishment.

Grade A supply stood at 242,000 sq ft at year end which is line with the Grade A availability at the end of 2021. That being said, there is now just 66,000 sq ft of Prime Grade A supply in the market, and with a Prime Grade A vacancy of just 0.7% the supply for best in class product remains constrained in the Edinburgh city centre market.



53% Increase in completed Grade A transactions compared to 2021

### Take-up by business sector



The 'Insurance and Financial Services' sector was the most active in 2022, accounting for 31% of total take-up. This was spread across 12 completed lettings and was largely driven by the 139,000 sq ft acquisition by BlackRock in Q4.

Elsewhere, the 'Professional' sector was the second most active, accounting for 25% of take-up. The largest deal of the year was the 21,000 sq ft Grade A letting to Anderson Strathern at Capital Square. 'Professional' was the most active in terms of deal count with its 24 completed lettings coming at an average deal size of 5,333 sq ft.

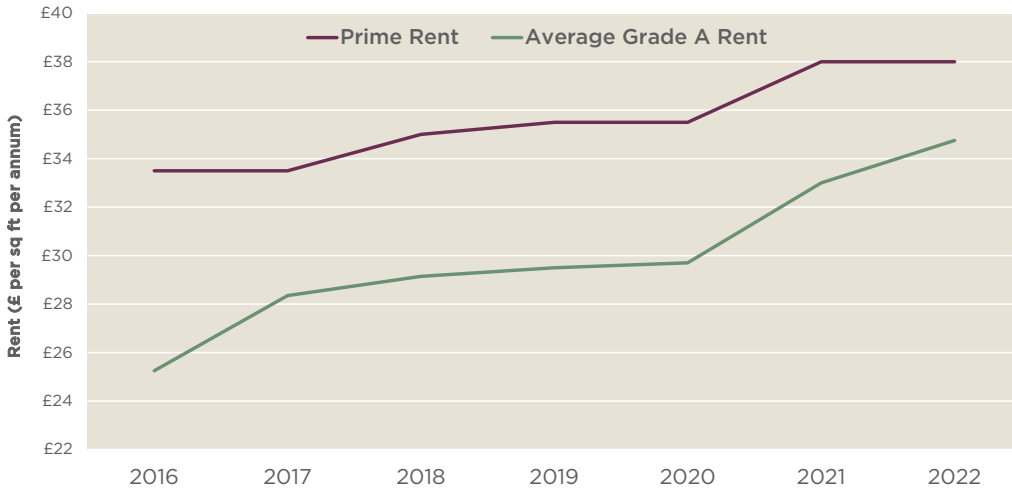


139,000 sq ft Largest transaction in 2022



115 Completed transactions in 2022

## Rents



Source Savills Research

There was no change in the prime rent during 2022 which currently stands in excess of £38 per sq ft, although this is in part due to stock issues. The prime rent has increased by 13% since 2016, and Savills anticipates significant growth in rents for Prime Grade A offices moving forward. There are a number of deals currently under offer at £42.50 per sq ft as well as indicative quoting rents on Prime refurbishments due to complete in 2024 at £44 per sq ft. Average Grade A rents have also grown significantly since 2016. In 2022 the average Grade A rent of £34.75 per sq ft was 18% above the pre-pandemic 2019 Grade A average of £29.50 per square foot.

## Drivers For Growth



8%

Expected GVA growth over the next five years



5%

Expected office-based employment increase over the next five years



5,210

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

Source Oxford Economics

## Key Market Data

	Data	2021 comparison	2019 comparison
Take-up 2022 (sq ft)	507,329	-21%	+33%
Grade A Take-up 2022 (sq ft)	166,179	-40%	+7%
Average deal size (median) (sq ft)	1,720	-24%	-4%
10-Year Average Take-Up (sq ft)	584,242	-	-
5-Year Average Take-Up (sq ft)	582,739	-	-
Q4 Supply (sq ft)	743,503	+7%	+17%
Q4 Grade A Supply (sq ft)	242,367	-19%	-28%
Years of supply*	1.3	-	-
Prime rent	£38+	No change	+7%

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

Source Savills Research

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