UK Commercial - July 2023

MARKET IN MINUTES

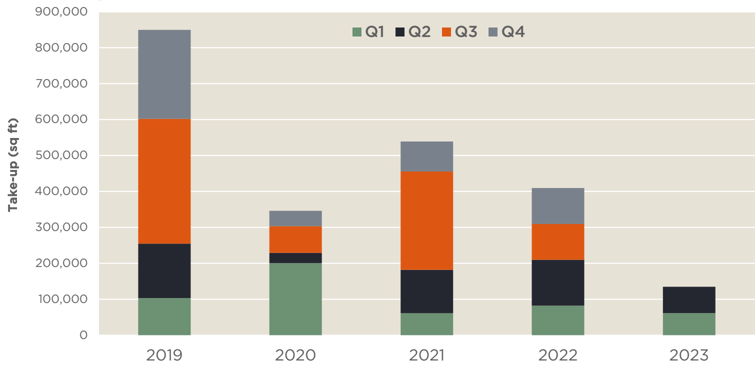
Savills Research

Glasgow Occupational Office Data H1 2023

savills

Glasgow Office Market Round-Up

Take-up

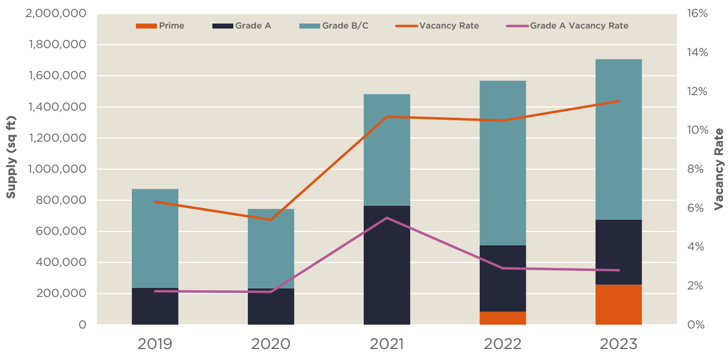


Source Savills Research

H1 2023 take-up totalled 135,000 sq ft which was 51% down on the 10-year H1 average. However, this demand was spread across 55 completed transactions which was 25% above the 10-year average for the number of completed H1 deals in the Glasgow city centre market.

The largest deal in H1 was the 21,000 sq ft letting to Transport for Scotland at George House. This was one of three deals over 10,000 sq ft in the first half of the year as the market saw 65% of its deals for spaces in the sub 2,000 sq ft size band.

Supply

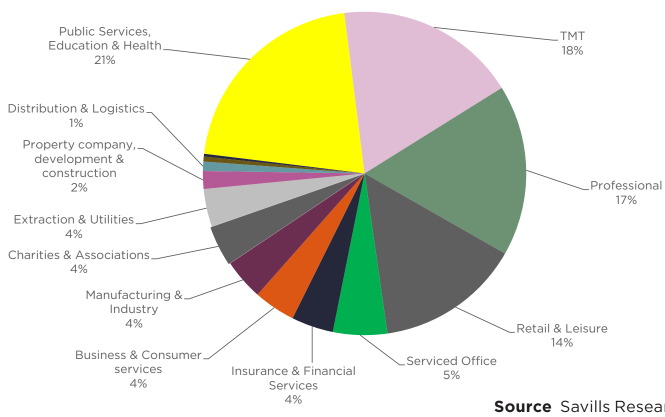


Source Savills Research

Total supply stood at 1.7 million square foot at the end of H1. In terms of how this is broken down, availability continues to be dominated by secondary space, with 61% of the total at the end of H1 being either Grade B or C rated.

With the refurbishment at Aurora now added to the supply total, Prime availability increased to 260,000 sq ft at the end of H1. However, Savills maintains that the top end of the market remains undersupplied in Glasgow, with just 0.6 years of Prime availability based on average Grade A demand.

Take-up by business sector



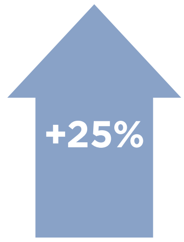
Source Savills Research

The 'Public Services, Education & Health' sector was the most active sector in H1 accounting for 21% of overall take-up. This was spread across 4 deals and was largely driven by Transport for Scotland's 21,000 sq ft letting at George House.

Elsewhere, 'TMT' was the second most active sector, accounting for 18% of overall take-up across 11 lettings. The largest deal from 'TMT' in H1 was the Q2 Grade A acquisition by Iomart at 6 Atlantic Quay.

Take-up and supply

Key data points



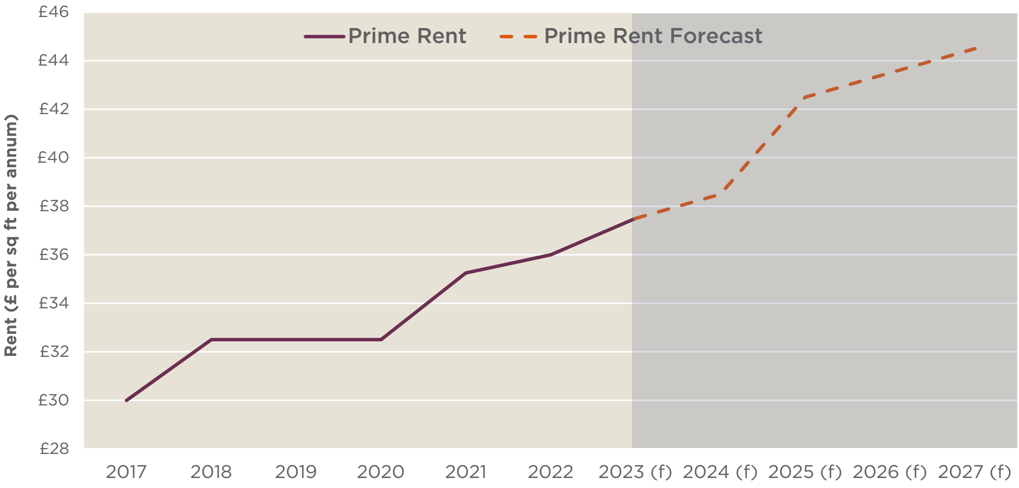
Increase in H1 2023 deal count compared to the 10-year H1 average

61%
Grade B/C supply proportion

21,000 sq ft
Largest letting in H1 2023

21%
'Public Services, Education & Health' take-up making it the most active sector in H1 2023

Rents



Source Savills Research

There was no change in the Prime rent in H1 2023 which currently stands at £36 per sq ft. This means that the prime rent has grown by 11% over the last five years. Further rental growth is forecast for the second half of 2023, with latest projections expecting growth to £37.50 per sq ft in 2023 with rents reaching at least £42 per sq ft by the end of 2027.

Drivers For Growth

7%
Expected GVA growth over the next five years

28%
Increase in proportion of working age population with NVQ Level 4 qualification or above in the last 10 years

5th
In the UK for lowest number of poor air quality days per year

Source Centre for Cities/Oxford Economics

Key Market Data

	Data	Comparison to H1 2022	Comparison to H1 2019
Take-up H1 2023 (sq ft)	134,650	-36%	-47%
Grade A Take-up H1 2023 (sq ft)	36,758	-57%	-66%
Deal Count H1 2023	55	+4%	-5%
Average Deal Size (median) (sq ft)	1,345	-15%	-42%
5-Year Average H1 Take-Up (sq ft)	289,804	-	-
H1 Supply (sq ft)	1,707,228	+6%	+68%
H1 Grade A Supply (sq ft)	416,564	+18%	N/A*
H1 Prime Supply (sq ft)	257,775	+96%	N/A*
Prime rent (£ per sq ft per annum)	£36	+2%	+11%

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

Source Savills Research

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