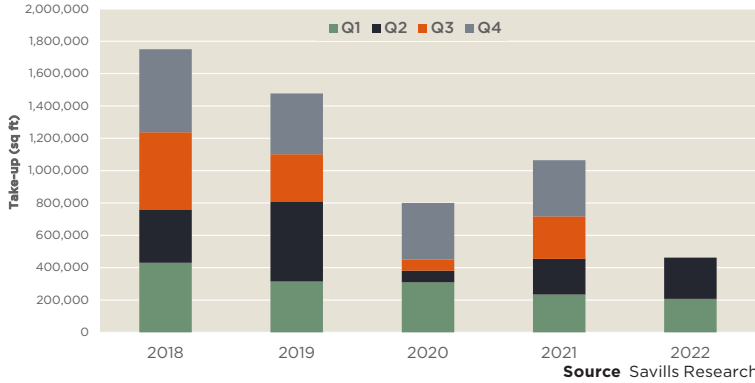


Manchester Occupational Office Data H1 2022



Manchester Office Market Round-Up

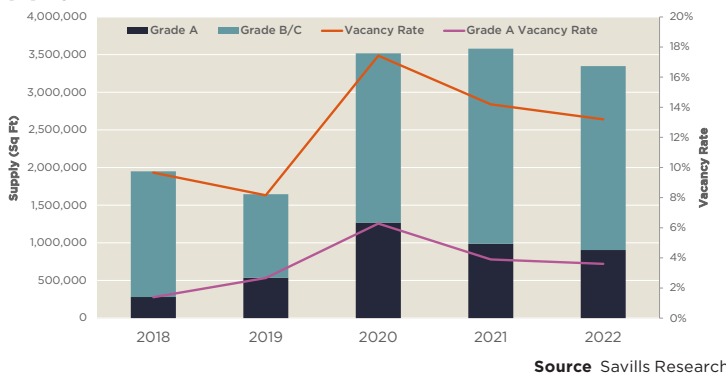
Take-up



Manchester city centre take-up reached a total of 462,000 sq ft in H1 2022 which was 2% above the H1 2021 total. Take-up was spread across 124 completed transactions, the joint highest total of completed H1 lettings in the last 16 years. The Demand for fully fitted offices remains popular with 20% of transactions in H1 being for plug & play space.

Grade A take-up totalled 140,000 sq ft in H1 2022 which equated to 30% of total take-up. This represented a significant improvement on H1 2021 where Grade A take-up accounted for just 16% of the market total.

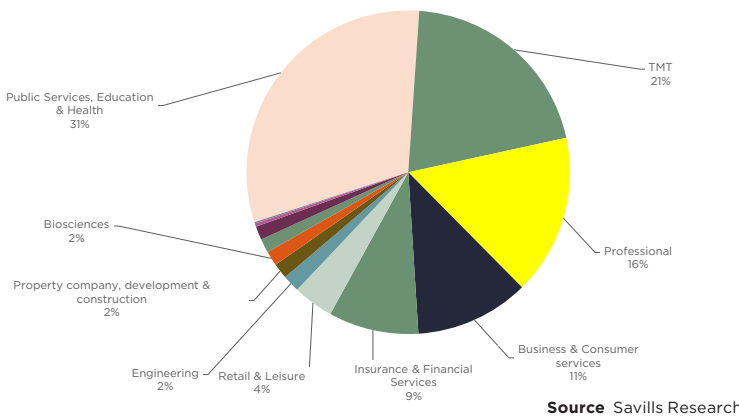
Supply



Total supply decreased by 6% in the first two quarters of 2022 to 3.3 million sq ft. Furthermore, Grade A availability fell by 9% during the same period to 900,000 sq ft at the end of Q2. This decrease is indicative of the continuation of the flight to quality in the market as demand remains resilient for best in class space.

As a result of these changes, the total vacancy rate for the market fell by 100 basis points in H1 to 13.2%. Similarly, the Grade A vacancy rate decreased by 30 basis points to 3.6% at quarter end.

Take-up by business sector



The 'Public Services, Education & Health Sector' recorded a strong Q2 performance making it the most active sector at the end of H1, accounting for 31% of overall take-up. This included the 130,000 sq ft acquisition by the UK Government to relocate the Government Property Authority to a new Grade A space at First Street.

Elsewhere, the 'TMT' sector continues to be active in the market, recording 21% of H1 take-up which made it the second most active sector in Manchester City Centre in the first six months of 2022.

Take-up and supply Key data points



Q2 2022 take-up was 16% above Q2 2021



Increase in share of 'Professional' take-up compared to H1 2021

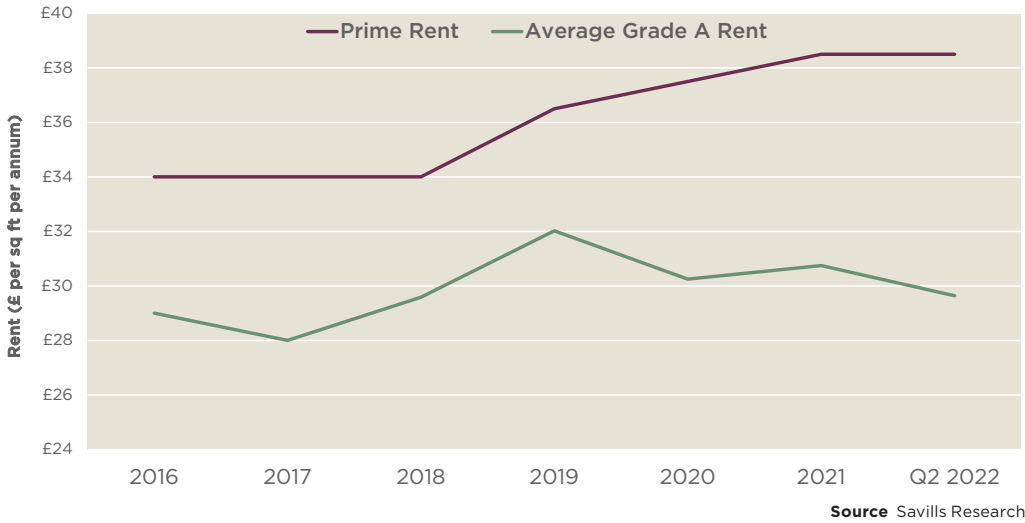


130,000 sq ft
Largest letting in H1 2022



41%
Increase in the number of transactions compared to H1 2021

Rents



There was no change in the prime rent in H1 2022 which currently stands at £38.50 per sq ft. That being said, there is still optimism for growth over the remaining two quarters of the year in a market which has seen 13.2% growth since 2016. With a number of prime Grade A requirements currently considering their options, Savills remain confident that the prime rent will break the £40 per square foot level in 2022.

Drivers For Growth



9%

Expected GVA growth over the next five years



6%

Expected office based employment increase over the next five years



11,960

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

Source: Oxford Economics

Key Market Data

	Data	Comparison to H1 2021
Take-up H1 2022 (sq ft)	461,960	+2%
Grade A Take-up H1 2022 (sq ft)	139,694	+95%
Average Deal Size (median) (sq ft)	1,969	-24%
10-Year Average H1 Take-Up (sq ft)	542,230	-
5-Year Average H1 Take-Up (sq ft)	574,284	-
H1 2022 Supply (sq ft)	3,346,337	-4%
H1 2022 Grade A Supply (sq ft)	903,678	-27%
Years of Supply*	2.7	-
Prime Rent	£38.50	No change

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

Source: Savills Research

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