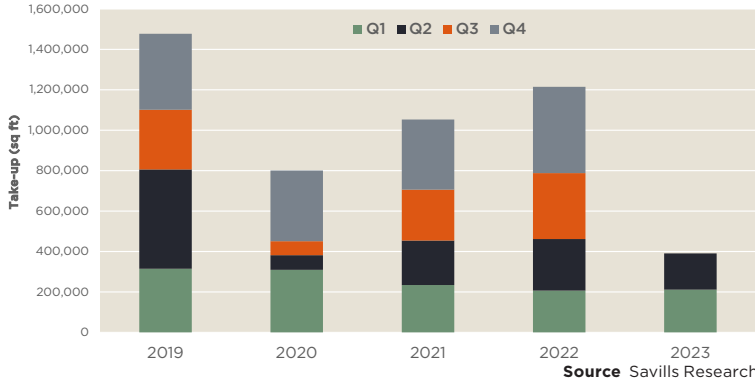


Manchester Occupational Office Data H1 2023



Manchester Office Market Round-Up

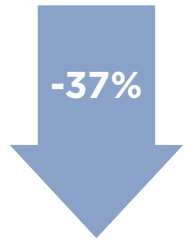
Take-up



Q2 2023 take-up was 179,000 sq ft which took the H1 total to 390,000 sq ft in Manchester city centre. This was 30% below the 10-year H1 average. However, the market performed in line with the 10-year average from a deal count perspective with 110 transactions completed in the first half of 2023.

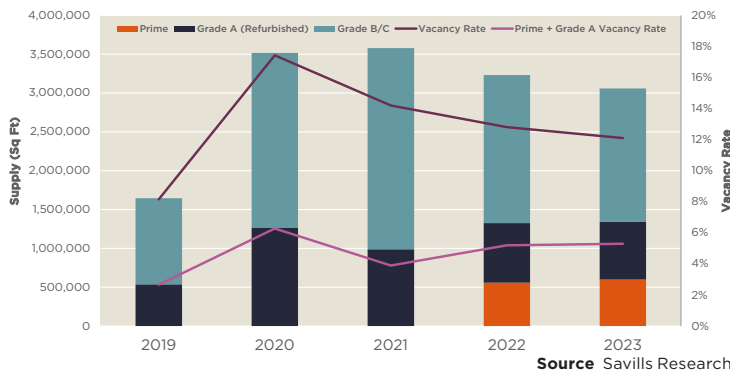
Prime and Grade A take-up of 236,045 sq ft accounted for 60% of H1 take-up. This further enforces the flight-to-quality we are seeing in Manchester and represents an improvement on the 42% Grade A proportion that the market has achieved over the last five years.

Take-up and supply Key data points



Q2 2023 take-up was 37% down on the 10-year Q2 average

Supply

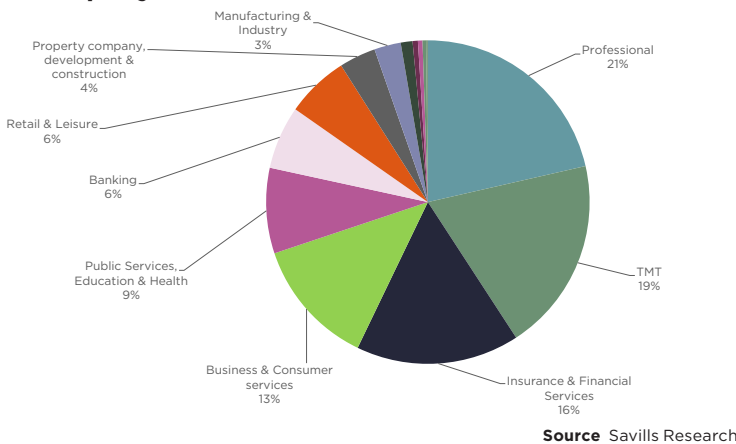


Total availability at the end of H1 stood at 3.1m sq ft. This means that availability decreased by 5% in the first half of 2023. Grade A supply also decreased by 5%. Prime availability increased by 7% due to Eden now being included in our availability figure. However, the Prime market in Manchester is still considered to be undersupplied, with just 1.1 years of supply based on average Grade A demand.



7% Increase in Prime supply in H1 2023

Take-up by business sector



The total vacancy rate for the market stood at 12.1% at the end of H1. The Prime and Grade A vacancy rate was 5.3% as a proportion of total market stock.

The 'Professional' sector was the most active sector in H1 2023 for both total take-up and deal count. There were 23 'Professional' deals which totalled 84,000 sq ft of demand. This equated to 21% of both the total deal count and overall square footage transacted in the market.

Elsewhere, it was a strong half year for 'Insurance & Financial Services'. H1 2023 take-up of 64,000 sq ft accounted for 16% of the market total and was only 11% below the annual total achieved by the sector in 2022. With several active requirements in the market, Savills expects 'Insurance & Financial Services' to improve on its 2022 performance in the remaining quarters of 2023.

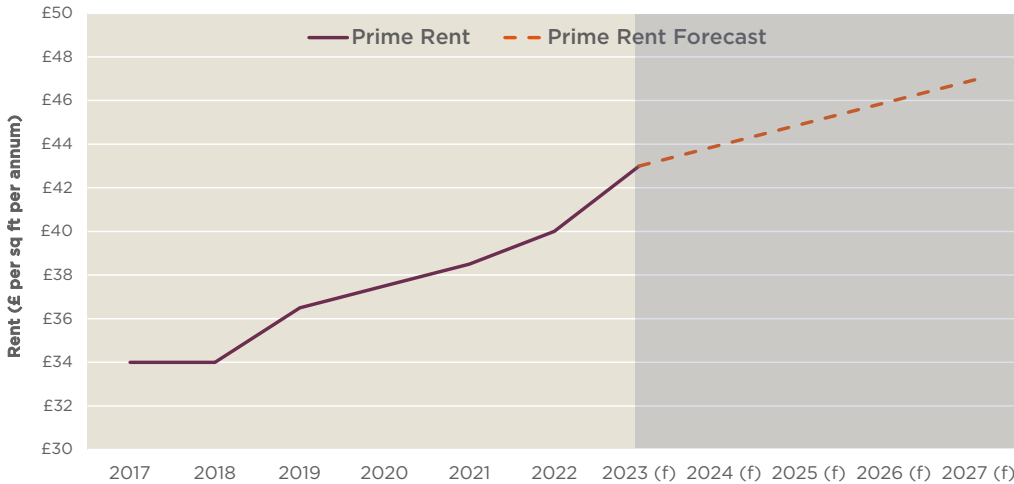


16,218 sq ft Largest letting in Q2 2023 to Arup at 3 Piccadilly Place



23 Professional sector transactions in H1 2023 which was 77% up on the 10-year H1 average

Rents



Source Savills Research

There was no change in the Prime rent in Q2 2023, which currently stands at £40 per sq ft. However, Savills is aware of a deal that has exchanged at £43 per sq ft which will increase the Prime rent to this level during the second half of 2023. In terms of the longer term growth prospects, the latest five-year forecast predicts that the top rent will grow by at least 18% to £47 per sq ft by the end of 2027.

Drivers For Growth



9%

Expected GVA growth over the next five years



6%

Expected office-based employment increase over the next five years



12,800

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

Source Oxford Economics

Key Market Data

	Data	Comparison to Q2 2022	Comparison to five-year average
Take-up Q2 2023 (sq ft)	179,073	-30%	-37%
Prime + Grade A Take-up Q2 2023 (sq ft)	87,481	-37%	-8%
Deal Count Q2 2023	51	-6%	No change
Average Deal Size (median) (sq ft)	2,311	+24%	+10%
5-Year Average Q2 Take-Up (sq ft)	273,070	-	-
Q2 Supply (sq ft)	3,057,834	-9%	+10%
Q2 Grade A Supply (sq ft)	740,728	N/A*	N/A*
Q2 Prime Supply (sq ft)	599,020	N/A*	N/A*
Prime rent (£ per sq ft per annum)	£40	+4%	-

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

Source Savills Research

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