MARKET IN MINUTES
Savills Research

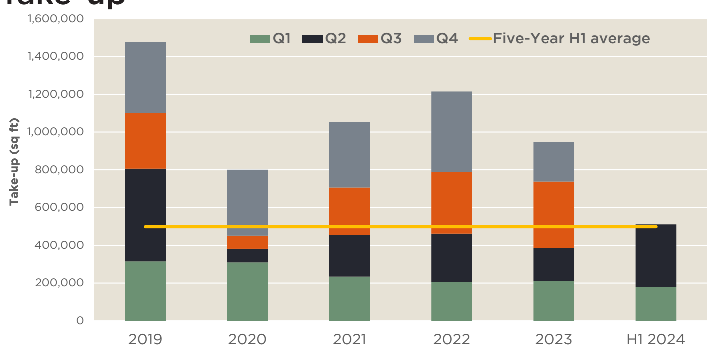
UK Commercial - August 2024

Manchester Occupational Office Data H1 2024

savills

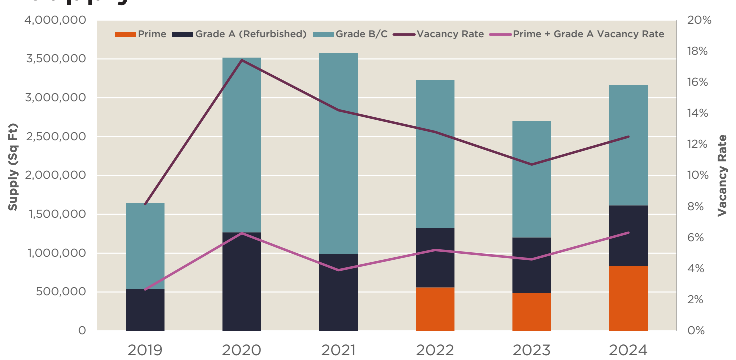
Manchester Office Market Round-Up

Take-up



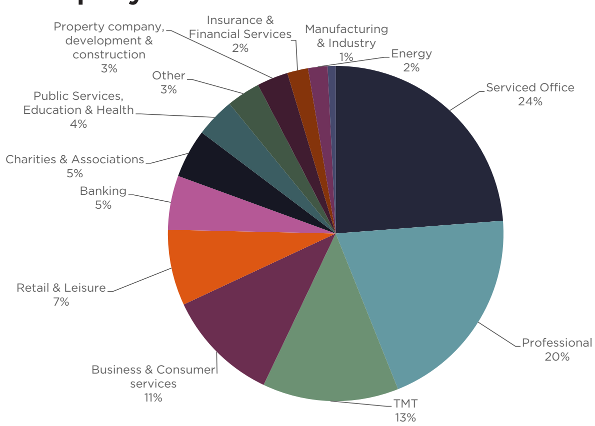
Source Savills Research

Supply



Source Savills Research

Take-up by business sector



Source Savills Research

Manchester office take-up in Q2 2024 totalled 332,103 sq ft across 52 transactions. Q2 take-up was 90% higher than the same period in 2023, and also up by 37% and 17% on the five- and ten-year Q2 averages, respectively. The strong Q2 performance resulted in H1 2024 take-up reaching 511,000 sq ft, which was 3% higher than the five-year average. This was across 102 transactions.

Grade A and Prime take-up accounted for 70% of the total in H1, with 351,000 sq ft leased, 51% higher than H1 2023 and the largest Grade A and Prime H1 take-up since 2019. In total, 29 transactions completed across H1, which is in line with H1 2023.

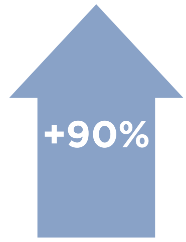
Total market availability at the end of H1 2024 stands at a total of 3.1 million sq ft, equating to an overall vacancy rate of 12.5%.

Grade A and Prime availability totalled 762,000 sq ft and 837,000 sq ft, respectively. Therefore combined, they total 1.6 million sq ft, which consequently equates to a Grade A and Prime vacancy rate of 6.32%. This increase is due to the addition of high-quality Grade A and Prime stock being added to supply (and those within six months of completion), such as Havelock, Aviary and Island. However, as at the end of Q2, there is c. 500,000 sq ft under offer at buildings such as 4 Angel Square, which should complete by the end of this year.

The most active sector in H1 was the 'Serviced Office' sector, accounting for 24% of total take-up. Across three deals, the sector acquired a total of 121,000 sq ft. The largest deal was Cubo leasing 59,000 sq ft at No.1 Spinningfields, which was the largest transaction across all sectors in H1 2024.

Another active sector in H1 was the 'Professional' sector, which accounted for 20% of the total take-up across 19 transactions. The sector leased a total of 103,000 sq ft, with the largest deal being Atkins acquiring 38,000 sq ft at 3 Piccadilly in Q1.

Take-up and supply
Key data points



Q2 2024 take-up was 90% higher than Q2 2023

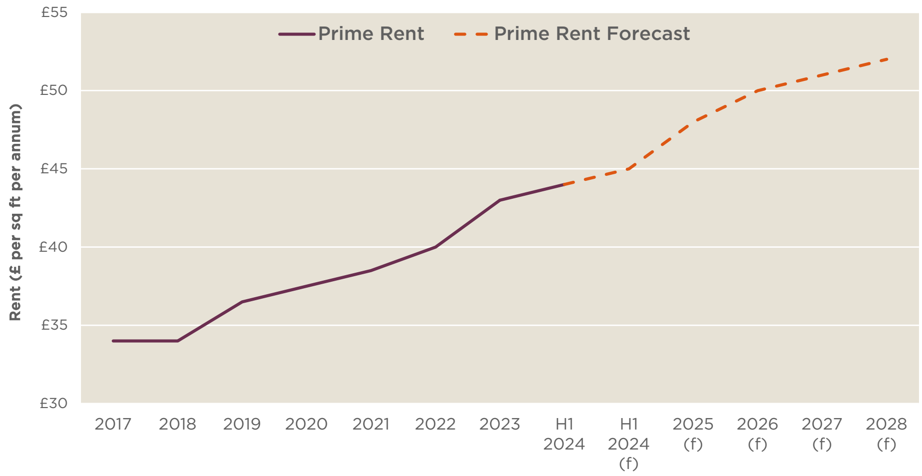
102
Transactions in H1 2024

59,000 sq ft
Largest letting in H1 2024 to Cubo at No. 1 Spinningfields

£

A new headline rent of £44 per sq ft has been achieved at No.1 St Michael's

Prime Headline Rent



Source Savills Research

The Prime headline rent in Manchester increased in Q2 2024 to £44 per sq ft, up from £43 in Q1 2024, which was achieved by S&P Global taking 20,000 sq ft at No. 1 St Michael's. This is a significant success for the market which has experienced 18% rental growth over the last five years. Looking further ahead, due to the increase in Prime rents and forecasted limited supply of Prime and Grade A stock, Savills has adjusted its latest five year forecast and predicts that the headline rent will continue to grow by at least another 18% to £52 per sq ft by the end of 2028.

Drivers For Growth

21%
Expected GVA growth over the next ten years

13%
Expected office-based employment increase over the next ten years

12,350
New jobs in the professional, tech and scientific sector in the next 10 years

Source Oxford Economics

Key Market Data

	H1 2024	Comparison to H1 2023	Comparison to H1 five-year average
Take-up H1 2024 (sq ft)	510,885	+32% (386,572)	+3% (498,113)
Grade A Take-up H1 2024 (sq ft)	351,231	+51% (236,045)	+88% (186,418)
Deal Count H1 2024	102	-6% (108)	-2% (104)
Average Deal Size (median) (sq ft)	1,976	-81% (3,579)	-
Five-Year Average H1 Take-Up	498,113	-	-
H1 Supply (sq ft)	3,145,617	+2% (3,084,229)	-
H1 Grade A Supply (sq ft)	762,069	-2% (779,983)	N/A*
H1 Prime Supply (sq ft)	836,549	+43% (586,230)	N/A*
Prime Headline Rent (£ per sq ft per annum)	£44	7.50%	N/A*

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

Source Savills Research

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