

# Market Watch Manchester Office

November 2016

Occupational and investment market remain strong during third quarter.

## Market Snapshot

■ Take-up in Q3 2016 reached 266,644 sq ft, the best quarter so far this year. The total for the first three quarters of the year reached 686,172 sq ft, which is in line with the long term average for this stage in the year.

■ The key deal during Q3 2016 was to Freshfields, who took 81,000 sq ft at One New Bailey.

■ The professional sector was the most active business sector during the first three quarters of the year, accounting for 25% of take up, followed closely by the TMT sector (21%).

■ 2016 has been driven by a high proportion of smaller deals. Deals under 5,000 sq ft have accounted for 43% of total take up, above the five year average of 36%.

■ Availability of Grade A space in the city centre rose by 3% in the third quarter and we expect this to continue to tick up as new developments come on stream.

■ Looking forward, Savills expect top rents to remain around the £34 per sq ft mark, with a rise in average rents as refurbished space is delivered.

■ Office investment in Manchester reached £551m at the end of the third quarter of 2016, a 6% increase over the same period during 2015 and 16% above the five year average for this stage.

■ Overseas investors accounted for the highest proportion of office investment during 2016, reaching £377m and the highest level of investment for this stage in the year since the record £442m in 2007.

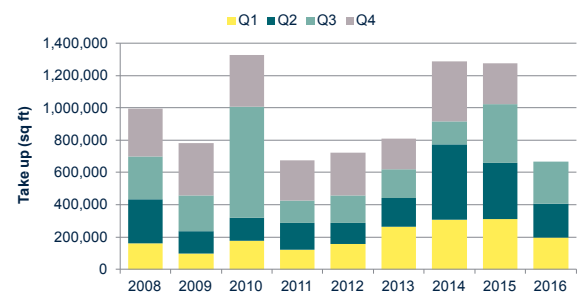
■ An example of this was Deka Immobilien's acquisition of One St Peter's Square (pictured overleaf) via the owning joint venture vehicle from Argent and The Greater Manchester Property Venture Fund, for £164,000,000.

■ The highly specified development was completed in September 2014 and totals circa 288,000 sq ft of Grade A space. The property is currently multi-let and current tenants include KPMG, DLA Piper, Addleshaw Goddard and Mazars, along with Drake & Morgan and Fumo in the retail units.

■ Prime yields currently stand at 5%. This marks a 25 basis points outward movement since the end of 2015.

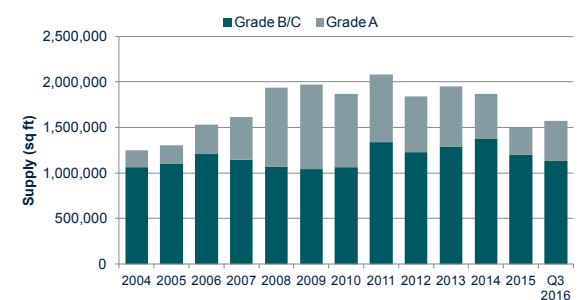
■ Aside from the prime end of the market, there remains strong investment demand for lot sizes from £5m to £50m with asset management potential. ■

GRAPH 1  
Take-up by quarter



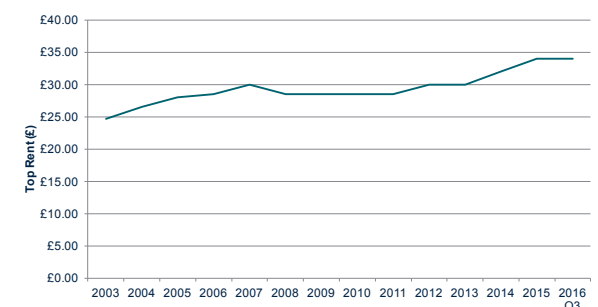
Source: Savills Research

GRAPH 2  
Availability



Source: Savills Research

GRAPH 3  
Top rents

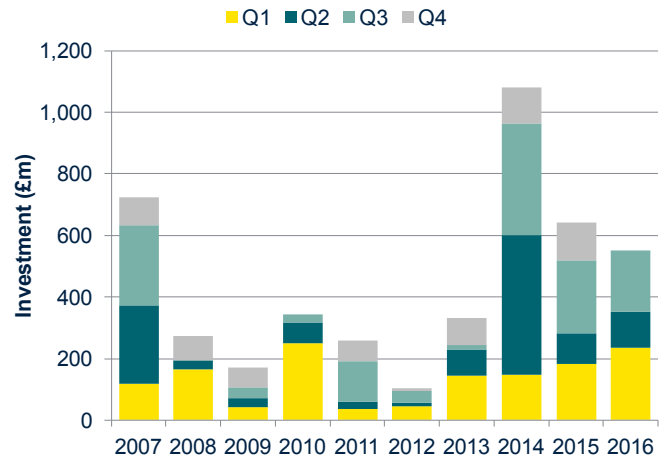


Source: Savills Research



One St Peter's Square, Manchester

GRAPH 4  
**Office Investment**



Source: Savills Research, Property Data

TABLE 1  
**Significant Deals in Q3 2016**

Address	Sq ft	Grade	Business Sector	Tenant
One New Bailey	81,293	A	Professional	Freshfields
Federation	16,183	B	TMT	Coop Digital
77 Newton Street	13,698	B	TMT	Hobs Reprographics
The Peninsula	11,748	B	Business & consumer services	Directors Online
Churchgate	11,098	B	Professional	Kennedys Law

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