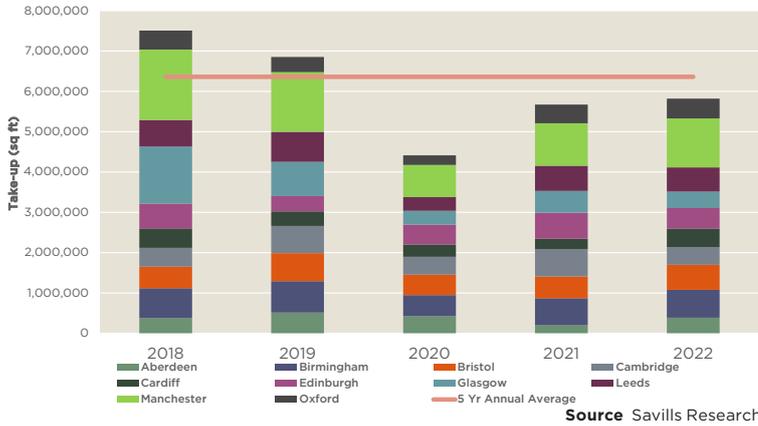


UK Regional Occupational Office Data Q4 2022



UK Office Market Round Up

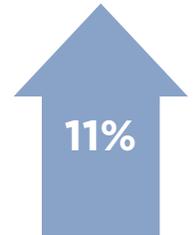
Take-up



2022 regional office take-up totalled 5.8 million sq ft. Whilst this represented a marginal increase of 2% on the 2021 total, it was also the second consecutive year of improvement as the market looks to recover from the effects of the pandemic.

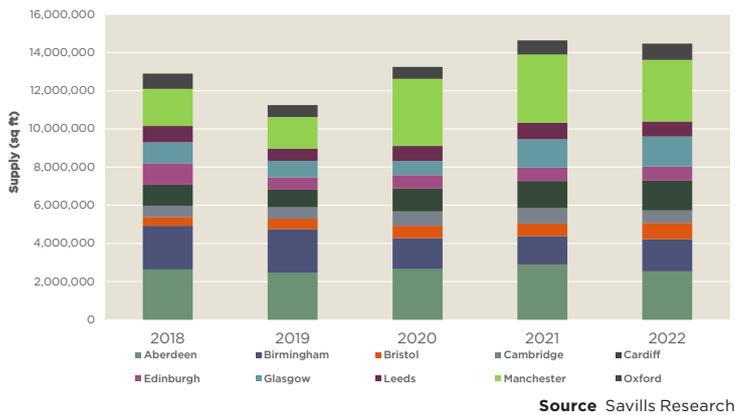
2022 Grade A take-up totalled 2.7 million sq ft which is broadly in line with the quantum of Grade A take-up recorded in 2021. 2022 Grade A take-up was spread across 296 transactions, the largest number of deals that Savills has on record since 2000.

Take-up and supply Key data points



H2 2022 represented an 11% increase on H1 2022

Supply



Total supply stood at 14.4 million at the end of 2022. This was broadly in line with the supply total at the end of 2021. Grade A supply decreased in 2022 to 4.4m sq ft. This was an 11% decrease on the 2021 figure.

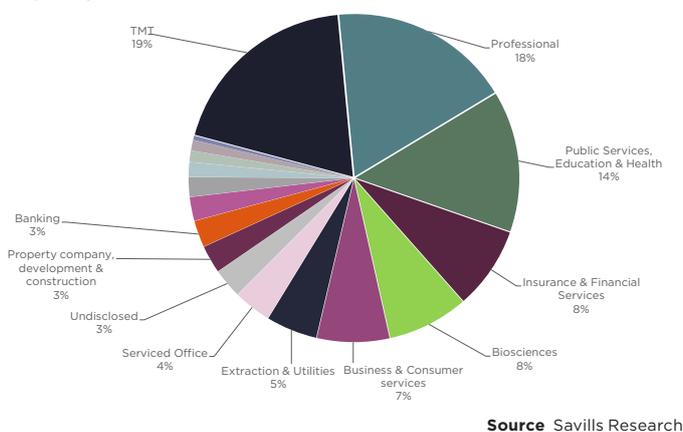
There is currently less than two years of Grade A supply in eight of the 10 regional markets based on average demand. Furthermore, in Birmingham, Leeds, Edinburgh and Oxford there is less than one year of Grade A availability, demonstrating the lack of supply for best in class space.



296

Grade A transactions. This is the largest total that Savills has on record since 2000

Take-up by business sector



'TMT' was the most active sector in 2022, recording 19% of overall take-up. 'TMT' has been the most active sector in terms of both take-up and total deal count in four of the last five years. The largest deal in the sector in 2022 was the 65,000 sq ft Grade A letting to BT at 3 Capital Quarter in Cardiff.

Elsewhere, it was also a strong year for 'Professional' sector take-up. There were 239 completed 'Professional' deals in 2022 which is the largest number of transactions that Savills has on record since 2000. The largest deal in the sector was the 63,000 sq ft Grade A acquisition by Deloitte at 100 Embankment in Manchester.

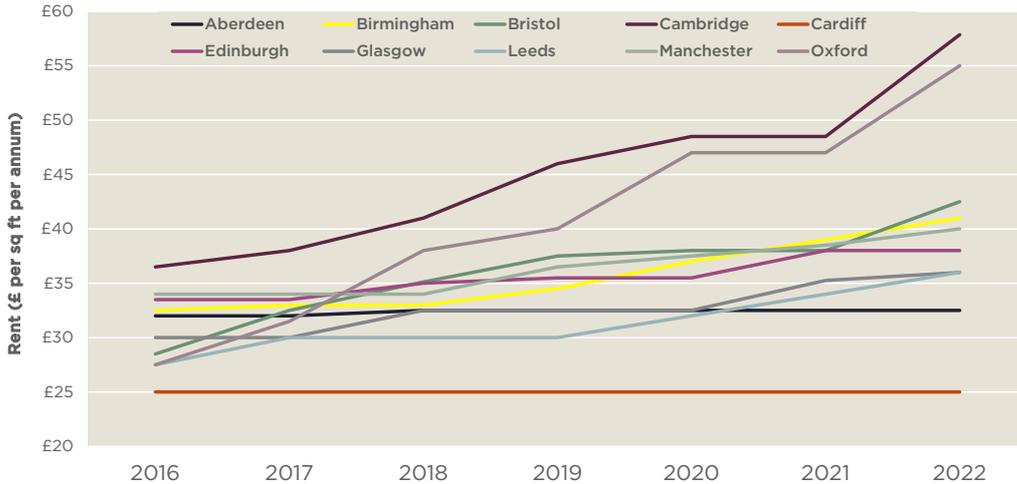


139,000 sq ft in Edinburgh was the largest letting in 2022



'TMT' sector has been the most active sector in every year since 2018

Prime Rents



Source Savills Research

Cambridge continues to hold its position of the highest prime rental value outside Greater London and the South East at £57.85 per sq ft. In terms of rental growth, the Bristol market saw growth of 12% in 2022 reaching £42.50 per square foot. This establishes Bristol as the highest prime rent in the UK Big Six markets. That being said, at the end of 2022 three of the Big 6 markets (Bristol, Birmingham, Manchester) had been able to establish prime rents at or above £40 per sq ft. Savills expects further growth across the Big 6 markets in 2023.

Drivers For Growth



8%

Expected GVA growth across the regional markets over the next 5 years



5%

Expected office-based employment increase in the regional markets over the next 5 years



1.3m

New jobs in the Professional, Tech and Scientific sector in the UK regional cities in the next 10 years

Source Oxford Economics

Key Market Data

	Data	Comparison to 2021	Comparison to 2019
Take-up 2022 (sq ft)	5,817,891	+2%	-15%
Grade A Take-up 2022 (sq ft)	2,694,776	-2%	-30%
Proportion of Grade A take-up (%)	46%	-	-
Average Deal Size (median) (sq ft)	2,506	+6%	+5%
10-Year Average Take-Up (sq ft)	5,677,081	-	-
5-Year Average Take-Up (sq ft)	6,225,658	-	-
H1 2022 Supply (sq ft)	14,464,994	-1%	+29%
H1 2022 Grade A Supply (sq ft)	4,437,562	-11%	+42%

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

Source Savills Research

Savills team

Please contact us for further information

James Evans

Director
Office Agency
0161 277 7238
jevans@savills.com

Clare Bailey

Director
Commercial Research
020 7409 8863
cbailey@savills.com

George Roberts

UK Office Analyst
Commercial Research
020 7016 3790
george.roberts@savills.com

Savills plc: Savills plc is a global real estate services provider listed on the London Stock Exchange. We have an international network of more than 600 offices and associates throughout the Americas, the UK, continental Europe, Asia Pacific, Africa and the Middle East, offering a broad range of specialist advisory, management and transactional services to clients all over the world. This report is for general informative purposes only. It may not be published, reproduced or quoted in part or in whole, nor may it be used as a basis for any contract, prospectus, agreement or other document without prior consent. While every effort has been made to ensure its accuracy, Savills accepts no liability whatsoever for any direct or consequential loss arising from its use. The content is strictly copyright and reproduction of the whole or part of it in any form is prohibited without written permission from Savills Research.

