

RESEARCH & FORECASTING UK BRISTOL SNAPSHOT



BRISTOL

- ALL GRADE ABSORPTION ▲
- GRADE A ABSORPTION ▲
- AVAILABILITY ▼
- TAKE-UP ▲
- RENTS ➡

CITY CORE

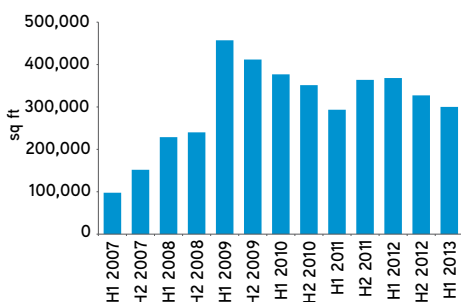
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Market Highlights

- Bristol net stock absorption continued to show a positive trend going into 2013. Absorption rose by 136,624 sq ft in H1 2013 across the whole Bristol market which is the highest half-yearly total for over five years. City Core occupation levels are now just 1% below the last peak recorded in December 2010. Grade A absorption remained positive for the third consecutive half year period. (see **Figure 2**).
- There has been a noticeable improvement in take up of offices in the first half of 2013, with an overall City centre total of 289,486 sq ft transacted. This is 55% up on the same period of 2012, largely due to two large city centre deals. The majority of leasehold transactions remain in the smaller size ranges, but the number of requirements in excess of 10,000 sq ft has increased over the second quarter.
- Overall vacancy in the City core is at its lowest level for two years, with availability in Clifton at a similar low. Grade A availability continues to see modest reductions (see **Figure 1**) but there remains over 300,000 sq ft of Grade A product in the City core and this equates to a vacancy rate of 14.7% which is the lowest since June 2007. Speculative development looks set to increase in the core to add to Prupim/Cubex's One Victoria Street (47,000 sq ft) due to complete in Q4 2013. Salmon Harvester is set to commence construction at its 98,522 sq ft Two Glass Wharf scheme and Skanska is already on site at 66 Queen Square (61,000 sq ft) due to complete in Q1 2015. The delivery of these schemes is set to provide product that will justify headline rental uplift.
- Grade A rents remain stable at £27-£28 per sq ft, which is good news for the speculative pipeline schemes. Incentives are still the main negotiating point in most transactions with an average of three months per year of the term certain being granted.

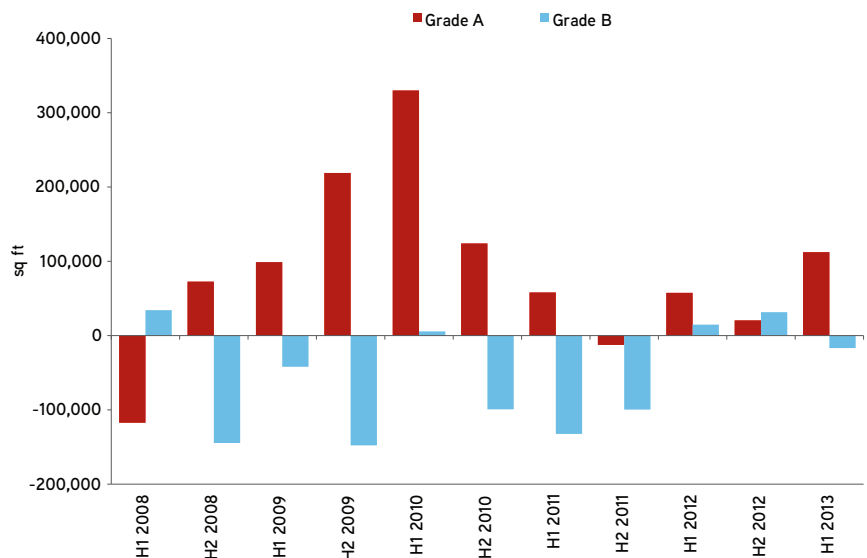
“Absorption rose by 136,624 sq ft in H1 2013 across the whole Bristol market which is the highest half-yearly total for over five years”

FIGURE 1: BRISTOL GRADE A AVAILABILITY



Source: Colliers International

FIGURE 2: BRISTOL NET GRADE A VS GRADE B NET STOCK ABSORPTION



Source: Colliers International

Occupier Markets

- While take-up has shown encouraging upward movement in 2013 to date, transaction timescales are continuing to prove protracted. The largest deal in Q2 was the freehold purchase by Imperial Tobacco (85,000 sq ft) of their new HQ on Winterstoke Road which contributed significantly to overall positive absorption, but the next largest leasehold transaction was of only 7,950 sq ft, which was Ovo Energy, taking the part-third floor of The Core. It was a similar situation in Q1 with Bristol City Council's 70,793 sq ft deal at 100 Temple Street accounting for close to 50% of take-up. There were no Grade A deals in Q1 and just two in Q2 2013. We anticipate the incidence of activity in the Grade A market improving in H2 2013.
- Despite the overall take-up figures showing a far more positive picture than a year ago, it must be noted that the two City centre transactions outlined above contributed 53% of the take-up. The remaining 47% has been predominantly made up of a large number of sub 5,000 sq ft deals. There has been a recent increase in the volume of requirements in excess of 10,000 sq ft. This should result in a better level of leasehold completions towards the end of this year.

FIGURE 6: BRISTOL KEY TRANSACTIONS H1 2013

Date	Company	Size	Building
Imperial Tobacco	Imperial Tobacco, Winterstoke Road	85,000	Confidential
Bristol City Council	100, Temple Street	70,973	£18m FH
JISC	3rd North + Pt 2nd Flr, One Castlepark	9,302	Confidential
OVO Energy	Pt 3rd floor, The Core	7,950	£18.00
Specialist Publications	4th Flr, Embassy House	7,700	£14.50 quoting
Santander	1 Glass Wharf	6,350	£27.50
University of Bristol	3rd Flr, Howard House	6,300	£16.00

Source: Colliers International

FIGURE 7: BRISTOL OFFICE MARKET SUMMARY

Submarket	Availability (sq ft) H1 2013	All Grades NSA (sq ft) H1 2013	Grade A NSA (sq ft) H1 2013	Take-up (sq ft) H1 2013
City Core	1,934,810	110,840	112,249	256,190
Clifton	118,677	25,784	0	33,296
City Total	2,053,487	136,624	112,249	289,486

Source: Colliers International

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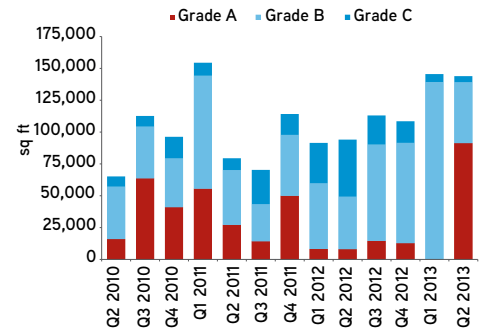
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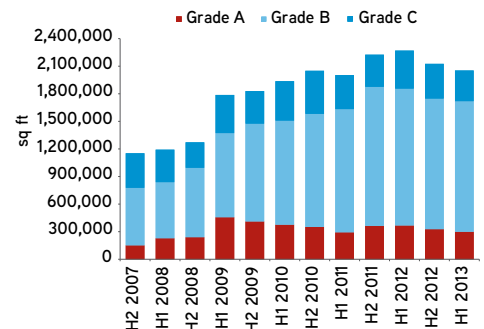
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FIGURE 3: BRISTOL TAKE-UP BY GRADE



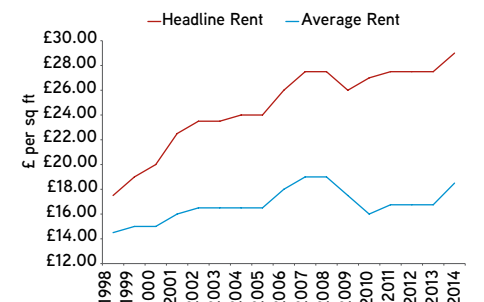
Source: Colliers International

FIGURE 4: BRISTOL AVAILABILITY BY GRADE



Source: Colliers International

FIGURE 5: BRISTOL RENTS AND FORECASTS



Source: Colliers International

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