

	YoY Chg	12-Mo. Forecast
<b>5.5%</b> Vacancy Rate	▲	▼
<b>249,944 sq ft</b> Take-Up	▲	■
<b>£38.00 psf</b> Prime rent	■	▲

**KEY INDICATORS Q4 2021**

	YoY Chg	12-Mo. Forecast
<b>32.5 M</b> UK Employment	▲	▲
<b>4.1%</b> UK Unemployment Rate	▼	▼
<b>0.25%</b> Interest rate	▲	▲

Source: ONS

**ECONOMY: Continued positive growth but interest rates on the rise**

The UK economy surpassed its pre-pandemic level for the first time in November. GDP rose by 0.9% during the month, taking the economy to 0.7% above the February 2020 level. This is clearly a positive for the UK real estate market and demonstrates a clear direction of travel, but we should expect weaker data for December once the effects of Omicron are felt. The biggest gain was in the construction sector, which expanded by 3.5%, largely reflecting an easing of the supply issues that have restricted growth for the last two years. The base rate rose for the first time since 2018 in response to rising inflation rates driven by the price of fuel and energy.

The recovery in the labour market continued in the three months to November 2021. The UK employment rate was 75.5%, 0.2% higher than the previous quarter, but still 1.1% below the pre-pandemic level. Forecasts suggest jobs growth in office-using industries will continue through the next 12 months and beyond.

**OCCUPIER FOCUS: Sentiment continues to improve while new supply remains tight**

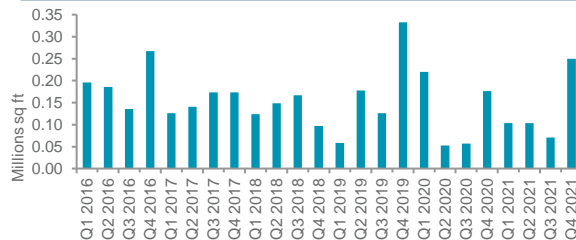
Take-up rose to 249,944 sq ft in the final quarter, its highest level since 2019 and 73% above the five-year average. Despite the strong finish to the year, take-up for 2021 totalled 528,054 sq ft, 8% below the five-year average. Despite the lower figures, requirement levels and viewing activity is promising, with a focus on quality options in the market. The largest transaction of the quarter was the University of Bristol's acquisition of 74,373 sq ft at 1 Trinity Quay.

Availability remained relatively stable in the final quarter at 752,253 sq ft, reflecting a vacancy rate of 5.5%. While this represents a significant year-on-year increase, it remains significantly lower than after the global financial crisis when the vacancy rate exceeded 12%. The vacancy rate for new and refurbished was just 1.6%, amongst the lowest across the UK regional cities. The development pipeline remains limited in the short term, with just 32,000 sq ft of speculative space due to complete in 2022. This will support strong prime headline rental growth over the next 12 months. The prime rent remained at £38.00 per sq ft for the eighth consecutive quarter, and remains the highest ever recorded in this market.

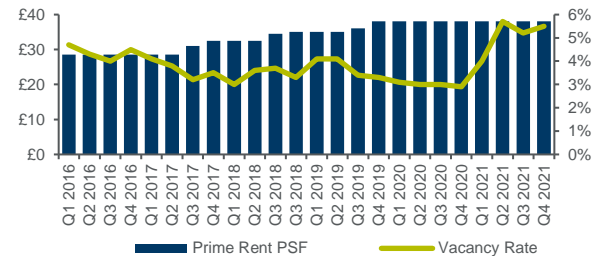
**INVESTMENT FOCUS: Lack of supply continues to suppress sales volumes**

There was one investment transaction in the Bristol market in the final quarter of the year; Boulton LDN acquired One Castle Park from Circle Property for £20.0 m. The ongoing lack of stock continued to weigh on activity. Although investor demand remains strong, driven in part by the particularly tight occupier market, lack of speculative development and turnover will continue to reflect stock availability. Reflecting the growing imbalance between demand and supply, pricing remained stable at 4.75%.

**TAKE-UP**



**OVERALL VACANCY & PRIMER RENT**



## MARKET STATISTICS

BRISTOL	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	% CHANGE Q-O-Q	% CHANGE Y-O-Y
Stock (Sq ft)	13,700,000	13,800,000	13,800,000	13,800,000	13,800,000	0.0%	0.7%
Take-up (Sq ft)	176,968	103,601	103,498	71,011	249,944	252.0%	41.2%
Supply (Sq ft)	403,714	552,474	782,423	723,907	752,253	7.5%	86.3%
Vacancy Rate	2.9%	4.0%	5.7%	5.2%	5.5%	-	-
Spec Construction (Sq ft)	551,679	359,000	330,623	305,623	451,834	47.8%	-18.1%
Prime Rent (per sq ft)	£38.00	£38.00	£38.00	£38.00	£38.00	0.0%	0.0%
Investment Turnover (Millions)	£25.00	£102.40	£140.20	£20.44	£20.00	-24.4%	-20.0%
Prime Net Initial Yield	5.00%	5.00%	4.75%	4.75%	4.75%	-	-

## KEY LEASE TRANSACTIONS Q4 2021

PROPERTY	MARKET	TENANT	Size (Sq ft)	TYPE
1 Trinity Quay	Bristol	University of Bristol	74,373	Lease
EQ	Bristol	Arup	27,377	Pre-let
Bridgewater House	Bristol	RPC	20,951	Lease

## KEY DEVELOPMENTS Q4 2021

PROPERTY	MARKET	DEVELOPER/TENANT	SF	COMPLETION
One Portwall Square	Bristol	Nord / AHMM	33,175	Q1 2022
Halo	Bristol	Cubex Land / Osborne Clarke (73,991 sq ft)	116,000	Q2 2022
EQ	Bristol	CEG	184,482	Q1 2023

## KEY SALES TRANSACTIONS LAST SIX MONTHS

PROPERTY	MARKET	SELLER / BUYER	SF	PRICE
Augustines Courtyard, Orchard Lane	Bristol	University of Bristol / Waypoint AM	31,785	£20.44 m
One Castle Park	Bristol	Circle Property / Boulton LDN	79,359	£20.00 m

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