

**7.7%**  
Vacancy Rate

YoY Chg  
12-Mo. Forecast

**63,852 sq ft**  
Take-Up

**£34.50 psf**  
Prime rent

**KEY INDICATORS**  
Q3 2020

**32.6 M**  
UK Employment

**4.5%**  
UK Unemployment Rate

**0.10%**  
Interest rate

Source: ONS

**ECONOMY: Recovery underway but rate of growth uncertain**

UK GDP rose by 2.1% month-on-month in August, which represented the fourth consecutive monthly increase. The economy is now well out of recession territory but the recovery has been slowing down, and expectations are for even flatter growth once September's data is released. However, the economy is slowly regaining the initial losses caused by lockdown; GDP for August was estimated to be 9% below its February level compared to 25% below in April.

It would now seem that the recovery will not be as sharp as had previously been thought, particularly given the likelihood of increasing local lockdowns as we move into the fourth quarter. However, the growth forecast for office-based jobs remains stronger than that for total jobs, with some sectors such as technology proving their counter-cyclical credentials.

**OCCUPIER FOCUS: Supply at 12-year low but take-up impacted by lockdown measures**

Take-up in the third quarter rose to 63,852 sq ft, more than double the previous quarter but still well below the five-year quarterly average of 202,000 sq ft. Restrictions related to the ongoing Covid-19 pandemic have continued to limit physical viewings, which we expect to continue until at least the end of the year. The largest transaction of the quarter was Chubb SE's acquisition of 18,252 sq ft at 103 Waterloo Street.

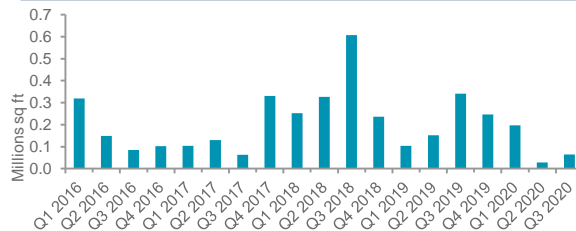
Availability remained stable at 1.0 m sq ft, one of its lowest levels since the global financial crisis and well below the five-year quarterly average of 1.5 m sq ft. The availability of new and refurbished office stock is particularly low. At the end of the third quarter there was just 141,000 sq ft of new and refurbished space available to lease, reflecting a vacancy rate of just 1.0%. This is especially low considering that the vacancy rate for this grade of space reached in excess of 5.0% during the GFC.

**INVESTMENT FOCUS: Healthy demand but continued lack of supply constrains turnover**

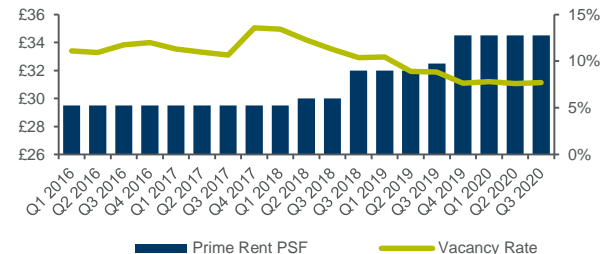
Investment turnover totalled £70 m in the third quarter. There were two sales: Elite Partners Capital purchased 150 Broomielaw for £40 m, and Maya Capital purchased the Guildhall on Queen Street for c.£30 m. General investment activity has been subdued since the beginning of lockdown with little new stock released to the market, with Central Exchange being one of the buildings recently launched for £44 m. We expect turnover to be heavily influenced by stock availability in the short term.

The prime net initial yield remained stable at 5.25%.

**TAKE-UP**



**OVERALL VACANCY & PRIME RENT**



## MARKET STATISTICS

GLASGOW	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	% CHANGE Q-O-Q	% CHANGE Y-O-Y
Stock (Sq ft)	13,648,746	13,611,486	13,503,429	13,503,429	13,503,429	0.0%	0.0%
Take-up (Sq ft)	341,499	246,306	197,122	28,727	63,852	122.3%	-81.3%
Supply (Sq ft)	1,207,600	1,036,945	1,054,868	1,025,520	1,040,459	1.5%	-13.8%
Vacancy Rate	8.8%	7.6%	7.8%	7.6%	7.7%	-	-
Spec Construction (Sq ft)	660,753	769,028	267,885	267,885	267,885	0.0%	-59.5%
Prime Rent (per sq ft)	£32.50	£34.50	£34.50	£34.50	£34.50	0.0%	7.8%
Investment Turnover (Millions)	£56.21	£19.65	£10.00	-	£70.0	-	24.4%
Prime Net Initial Yield	5.00%	5.00%	5.00%	5.25%	5.25%	-	-

## KEY LEASE TRANSACTIONS Q3 2020

PROPERTY	MARKET	TENANT	Size (Sq ft)	TYPE
103 Waterloo Street	Glasgow	Chubb SE	18,252	Lease
141 Bothwell Street	Glasgow	Genpact	12,743	Lease
8 Nelson Mandela Place	Glasgow	Frazer Nash	8,800	Lease

## KEY DEVELOPMENTS Q3 2020

PROPERTY	MARKET	DEVELOPER/TENANT	SF	COMPLETION
Atlantic Square 1&2, York Street	Glasgow	BAM & Taylor Clark / GPU	284,000	Q1 2021
177 Bothwell Street	Glasgow	HFD Group / Opus & CYBG	305,000	Q2 2021
Cadworks	Glasgow	FORE Partnership	94,431	Q1 2022

## KEY SALES TRANSACTIONS Q3 2020

PROPERTY	MARKET	SELLER / BUYER	SF	PRICE
150 Broomielaw	Glasgow	Cla Insurance/Elite Partners Capital	96,000	£40.0 m
Guildhall Building, 57 Queen Street	Glasgow	Patrizia/Maya Capital	145,392	£30.0 m

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