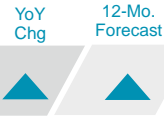


13.5%
Vacancy Rate



69,168 sq ft
Take-Up

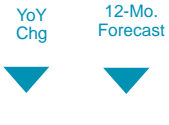


£37.50 psf
Prime rent



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: Take-up weak, but pipeline shrinking

Third quarter take-up totalled 69,168 sq ft, an 8% fall on the previous quarter and well below the five-year quarterly average of 321,000 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 the Spanish Consulate's acquisition of 11,001 sq ft at The Chancery, Spring Gardens.

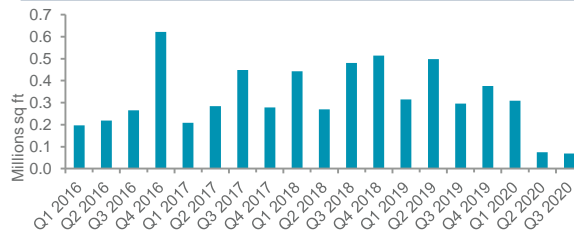
Availability rose by 5% from last quarter to 2.8 m sq ft, reflecting a vacancy rate of 13.5%. The prime rent maintained its record level of £37.50 per sq ft as the market anticipated falling levels of available new and refurbished space. At the quarter-end there was just 228,000 sq ft of untenanted space under construction, the lowest level since 2014. We expect the vacancy rate for new and refurbished rates to fall accordingly, which will support prime rents.

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

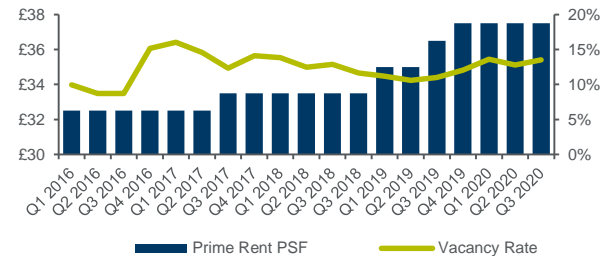
Investment turnover totalled £56.3 m in the third quarter. There were three transactions, the largest of which was Catella APAM's acquisition of Corner Block, Quay Street for £24.8 m. General investment activity has been subdued with little new stock launched to the market since the beginning of lockdown. Investor demand remained strong although turnover will continue to be a reflection of stock availability.

The prime net initial yield remained stable at 5.00% reflecting the continued lack of supply.

TAKE-UP



OVERALL VACANCY & PRIME RENT



MARKET STATISTICS

MANCHESTER	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	% CHANGE Q-O-Q	% CHANGE Y-O-Y
Stock (Sq ft)	20,544,089	20,544,089	20,544,089	20,544,089	20,544,089	0.0%	0.0%
Take-up (Sq ft)	295,379	375,405	309,212	75,375	69,168	-8.2%	-76.6%
Supply (Sq ft)	2,259,925	2,475,366	2,791,466	2,634,655	2,768,641	5.1%	22.5%
Vacancy Rate	11.0%	12.0%	13.6%	12.8%	13.5%	-	-
Spec Construction (Sq ft)	655,202	576,714	573,171	573,171	573,171	0.0%	-12.5%
Prime Rent (per sq ft)	£36.50	£36.50	£37.50	£37.50	£37.50	0.0%	2.7%
Investment Turnover (Millions)	£31.40	£75.58	-	-	£56.30	-	79.3%
Prime Net Initial Yield	5.00%	5.00%	4.75%	5.00%	5.00%	-	-

KEY LEASE TRANSACTIONS Q3 2020

PROPERTY	MARKET	TENANT	Size (Sq ft)	TYPE
The Chancery Spring Gardens	Manchester	Spanish Consulate	11,001	Lease
3 Hardman Square	Manchester	Isio	9,063	Lease
13,14,15 Deva Centre	Manchester	Davis Blank Furness	4,709	Lease

KEY DEVELOPMENTS Q3 2020

PROPERTY	MARKET	DEVELOPER/TENANT	SF	COMPLETION
100 Barbirolli	Manchester	AEW	135,202	Q4 2020
The Lincoln	Manchester	CDP & M&G	92,969	Q2 2021
Three New Bailey Square	Manchester	English Cities Fund	157,000	Q1 2021

KEY SALES TRANSACTIONS Q3 2020

PROPERTY	MARKET	SELLER/BUYER	SF	PRICE
Corner Block, Quay Street	Manchester	Credit Suisse/Catella APAM	61,958	£24.8 m
Core, 30 Brown Street	Manchester	BBRE/CBRE Global Investors	48,050	£21.5 m
St John's Centre, Quay Street	Manchester	LTE Group/Henry Boot Developments	39,000	£10.0 m

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