



Office Q1 2021

7.0%

Vacancy Rate

YoY  
Chg12-Mo.  
Forecast

2.0 m sq ft

Take-Up



£102.50 psf

Prime rent, London WE

KEY INDICATORS  
Q1 2021

32.4 M

UK  
EmploymentYoY  
Chg12-Mo.  
Forecast

4.9%

UK  
Unemployment Rate

0.10%

Interest rate



Source: ONS

## ECONOMY: Return to growth in first quarter

The UK economy expanded by 0.4% in February after contracting by 2.2% in the first month of the year. The return to growth came after retailers reported increased sales and construction output increased. The recovery is expected to gather pace as lockdown restrictions are eased and the vaccine programme progresses, driven by an overall increase in business activity and consumer spending.

The UK unemployment rate fell for the second consecutive month to 4.9%, a level supported largely by the government's job retention scheme and an increase in hiring as employers look forward to the reopening of the economy. While unemployment is currently relatively stable, the planned end of the job retention scheme in September 2021 still represents a risk for an estimated 4.7 m employees who remained furloughed in March.

## OCCUPIER FOCUS: Demand remained subdued while supply continued to rise in some locations

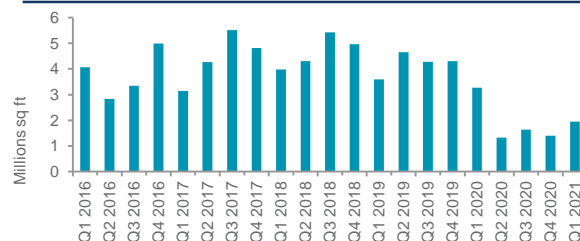
Take-up totalled 2.0 m sq ft in the first quarter, a rise of 42% on the previous quarter's level. Leasing activity remains well below the five-year quarterly average of 3.6 m sq ft. There is strengthening demand, particularly from large tenants looking at pre-let deals. Activity in London increased significantly, with take-up more than doubling from the previous quarter's level. In the UK Regions take-up fell to 670,000 sq ft, the lowest since Q2 2020.

Availability continued to rise due to reduced levels of take-up and speculative schemes entering the figures. However, the rate of increase has slowed further; in the UK Regions the vacancy rate fell to 7.6%, well below the five-year quarterly average of 8.3%. In London the vacancy rate rose to 6.8%, the highest for more than 10 years although still relatively low in comparison to some other global cities.

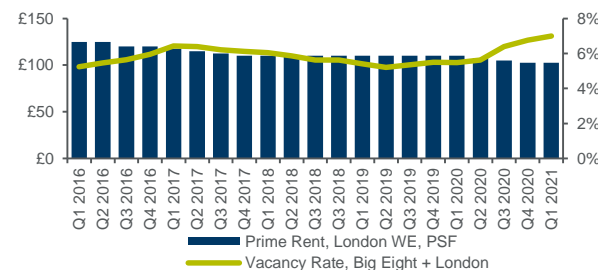
## INVESTMENT FOCUS: Turnover fell despite healthy sentiment

UK office investment turnover fell to £2.3 bn in the first quarter of the year, after rebounding in Q4 2020. Turnover for the first quarter was 57% below the previous quarter and 49% lower than the same quarter last year. Sentiment remains strong, although turnover remains constrained by a lack of stock, which has been an ongoing theme in the market. The largest transaction of the quarter was the purchase of Athene Place, London for £255 m by a Hong Kong consortium. Prime yields remained stable in the UK's main office markets.

## TAKE-UP, BIG SEVEN + LONDON



## OVERALL VACANCY &amp; PRIME RENT





## MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	AVAILABILITY (SF)	OVERALL VACANCY RATE	CURRENT QTR TAKE-UP (SF)	12-MONTH ROLLING TAKE-UP(SF)	SPECULATIVE UNDER CONSTRUCTION (SF)	PRIME RENT (per sq ft)	PRIME YIELD
Birmingham	18,270,869	939,730	5.3%	35,238	221,791	616,268	£37.00	4.75%
Bristol	16,500,000	552,474	3.6%	116,457	403,181	359,000	£38.00	5.00%
Edinburgh	11,622,039	723,666	6.2%	68,956	440,656	493,083	£36.00	4.50%
Glasgow	13,503,429	1,038,735	7.7%	58,866	192,201	234,279	£34.50	5.25%
Leeds	12,535,195	930,135	7.3%	142,779	342,207	289,577	£34.00	5.25%
Manchester	20,544,089	2,699,056	13.1%	194,221	713,414	308,171	£38.50	5.00%
Newcastle	6,972,231	624,000	8.9%	53,553	168,752	198,500	£26.00	5.75%
<b>BIG SEVEN TOTALS</b>		<b>7,507,496</b>	<b>7.6%</b>	<b>670,070</b>	<b>2,482,202</b>	<b>2,498,878</b>	-	-
West End	115,668,129	5,858,198	5.1%	423,498	1,236,430	2,252,629	£102.50	3.75%
City	141,548,214	10,662,843	7.5%	776,983	2,146,802	6,312,402	£65.00	4.00%
East London	23,411,422	2,575,177	11.0%	81,337	401,003	741,131	£40.00	4.50%
<b>CENTRAL LONDON TOTALS</b>	<b>280,627,764</b>	<b>19,096,218</b>	<b>6.8%</b>	<b>1,281,818</b>	<b>3,784,235</b>	<b>9,306,162</b>	-	-
<b>UK TOTALS</b>	<b>379,103,220</b>	<b>26,603,714</b>	<b>7.0%</b>	<b>1,951,888</b>	<b>6,266,437</b>	<b>11,805,040</b>	-	-

## KEY LEASE TRANSACTIONS Q1 2021

PROPERTY	MARKET	TENANT	Size (Sq ft)	TYPE
1 Leadenhall Street	London	Latham & Watkins	246,000	Pre-let
Kaleidoscope, 4 Lindsey Street	London	Tik Tok / Bytedance	86,163	Lease
2 Cadogan Square	Glasgow	Multiplex	34,052	Lease

## KEY SALES TRANSACTIONS Q1 2021

PROPERTY	MARKET	SELLER / BUYER	SF	PRICE
Athene Place	London	Henderson Park & Endurance Land / Consortium led by Wing Tai	156,997	£255.0 m
Assembly Bristol	Bristol	Axa / LCN	201,201	£134.2 m
No 8, 1 <sup>st</sup> Street	Manchester	Patrizia & Greater Manchester Pension Fund / Ashtrom Properties	170,000	£82.0 m

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