



Office snapshot

Bristol city centre Q2 2020

Key takeaways

- Despite Covid-19 restrictions, H1 take-up totals 272,400 sq ft and is ahead of the same period last year.
- As lockdown restrictions are eased market activity is resuming, albeit occupiers are taking longer to consider their options.
- The market remains undersupplied, especially for good quality space.

Top five leasing deals


Tenant/ Purchaser	Transaction type	Area (sq ft)	Address
Sec of State for Housing, Comms & Local Govt	Lease	21,506	123 Winterstoke Road
Chiaro Technology Ltd	Lease	14,198	One Brunswick Square
Instant Offices / Highways England	Lease	4,898	One Castlepark
C2FO Ltd	Lease	4,022	The Quorum
Vendigital Ltd	Lease	2,134	Vintry Building

Demand

 **53,000 sq ft**
Q2 take-up

 Average deal size
5,882 sq ft

 **0 sq ft**
Grade A take-up


 Dominant sector
50%
Public Administration


34%
TMT

 **Largest city centre deal**

Sec of State for Housing, Communities & Local Govt
21,506 sq ft
123 Winterstoke Road


 Total number of deals


 Number of deals above 5,000 sq ft

 Number of deals above 10,000 sq ft


Supply

 **13.7m sq ft**
Total stock

 **519,500 sq ft**
Currently available

 **136,000 sq ft**
Total Grade A supply

 **3.8%**
Vacancy rate

 **157,000 sq ft**
Speculative under construction

Prime rents

 **£36.50 per sq ft**

Year-on-year rental growth

 **4.30%**

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Market overview

Demand

Summary statistics	Q2 2020	Change Y-o-Y	12-month outlook
Take-up	53,000	↓	→
Prime rent (£ psf)	£36.50	↑	↑

Historic take-up (sq ft)

Year	2017	2018	2019	2020 H1
Total	614,000	536,000	693,900	272,400
No. of deals	106	105	107	39

Source: JLL, 2020

While the office market slowed down due to the Covid-19 lockdown restrictions in place, Bristol's Q2 take-up reached 53,000 sq ft. Following a strong Q1 the H1 take-up total stands at 272,400 sq ft, ahead of the same period last year. As lockdown restrictions started to ease in the latter part of Q2 market activity resumed; smaller enquiries in particular are more active while larger, longer term requirements are typically progressing more slowly as tenants consider how they will utilise office space.

Headline prime rents were held at £36.50 per sq ft during Q2 with typical rent free periods remaining at 18-months' rent free on a 10-year term*.

Supply

Summary statistics	Q2 2020	Change Y-o-Y	12-month outlook
Vacancy rate (%)	3.8%	→	↑
U/C spec	157,000	↓	↑

Source: JLL, 2020

The Bristol market is still undersupplied, especially for good quality space, with Grade A vacancy largely unchanged over the quarter at 1.0%. Overall vacancy edged up to 3.8% in Q2 and the level of supply is expected to increase during the second half of the year as tenant-released grey space comes back to the market.

As at end-Q2 there was 157,000 sq ft under construction on a speculative basis and due to deliver space between 2020 and 2022. With some construction activity pausing or undergoing delays due to Covid-19 restrictions, some completion dates for schemes already underway may be impacted by three to six months.

Investment

Investment market	Q2 2020	Change Y-o-Y	12-month outlook
Investment vol (£m)	£70m	↑	→
Prime yield	4.75%	→	→

Source: JLL, 2020



2020 total
£70m



Prime yield
Q2

Activity in the Bristol office investment market slowed during H1, in line with the wider UK market, due to a combination of Brexit, Covid-19 and a general lack of stock. However during Q2 Halo (pre-let in Q1 2020 to Osborne Clarke) was sold by Cubex to Tesco Pension Fund for £70m. There are signs of activity returning to the UK regional investment market and a stronger H2 is expected.

Prime yields were held at 4.75%*.

*The Covid-19 pandemic has created a material uncertainty in real estate investment market performance. Across Europe, there is considerable variation in the extent of the human tragedy implications unfolding and its impact on economic activity, including the trajectory, duration and extent of these impacts on all real estate sectors. Varying recent and ongoing policy responses across the region and mitigating implications will differ by market and sector.

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