INVESTMENT IN BRISTOL OFFICES DURING H1 2015 EXCEEDS TOTAL FIGURE FOR 2014

The volume of offices in Bristol purchased by investors reached £194m, up 283% on the first six months of 2014 and already 16.5% higher than the total for last year which reached £164.25m, according to research from BNP Paribas Real Estate.

Richard Ford, Director of Letting and Sales at BNP Paribas Real Estate, said: “With occupiers currently looking for 600,000 sq ft of office space in Bristol, it is clear that the business community is optimistic regarding future prospects. The investor community is clearly confident too and the levels of activity have been spectacular. The largest transaction so far this year was Orchard Street Investment Management purchase of Benson Elliot’s 10 Temple Back for £58.5m and in June Aviva Investors Property Trust acquired Skanska's impressive 66 Queen Square for £32.78m.

“Both of these deals reflect the city's increasing attractiveness to investors – particularly for UK institutions who have been far more comfortable at looking at the higher returns in key regional markets. International buyers have, however, been less confident in venturing out of the core market of Central London.”

BNP Paribas Real Estate’s report confirmed that during H1 2015 the take-up of city centre offices by occupiers totalled 266,003 sq ft. This was marginally up on the five year average but 10% down from the same period in 2014. Out-of-town leasing activity also contracted and, at 133,081 sq ft, was down 38% on H1 2014.

“The supply of offices in the Bristol market continues to diminish and the availability of vacant properties in the city centre stands at just above 1.3m sq ft, a figure around 25% lower than H1 2014, equating to a vacancy rate of 10.6%. Take-up for H1 2015 was 399,084 sq ft down around 22% on the same period last year. With around 600,000 sq ft of requirements currently in the market we remain optimistic about demand going forward.

Significant city centre transactions include the 12,764 sq ft deal with serviced office provider Deskloidge at 1 Temple Way and the 12,418 sq ft letting at Brew House with digital agency Zone. Out-of-town transactions include the 22,509 sq ft deal by Apak Group at Nibley Court, Westerleigh Business Park and Leidos' 22,000 sq ft transaction at Monarch Court, Emersons Green.
Richard Ford said “In terms of demand by business sector, Media Tech (technology and creative industries) and the professional sectors accounted for 40% of the total for the first half of the year. Prime rents remain at £28.50 per sq ft set by KPMG at 66 Queen Square.

“While Salmon Harvester has received detailed planning permission to develop its 3 Glass Wharf, and with preparation works at the site underway, completion is scheduled for 2017. With the supply of new and Grade A offices diminishing further upward pressure on rents have to be anticipated.”

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About BNP Paribas Real Estate
BNP Paribas Real Estate, one of the leading international real estate providers, offers its clients a comprehensive range of services that span the entire real estate lifecycle: property development, transaction, consulting, valuation, property management and investment management. BNP Paribas Real Estate has local expertise on a global scale through its presence in 37 countries with approximately 180 offices and 3,800 employees (16 wholly owned and 21 by its Alliance network that represents today more than 3,200 people). BNP Paribas Real Estate is a subsidiary of BNP Paribas. For more information: www.realestate.bnpparibas.com

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