MEDIA TECH SECTOR DRIVES
BRISTOL OFFICE TAKE-UP IN 2015

- BNPPRE forecasts total returns of 6% for Bristol offices in 2016

Demand for office space in Bristol was driven by Media Tech occupiers in 2015, with the sector accounting for 25% of total take-up during the year, according to new research published by BNP Paribas Real Estate.

Some of the city’s key deals included Funky Pigeon and Endemol, with demand from both small start-ups and large enterprises helping to consolidate Bristol's place as one of the top cities outside of London for both property investors and the media tech sector. The BBC, IMBD (owned by Amazon) and Hewlett Packard are already present in the city.

Richard Ford, Head of Bristol Office Agency at BNP Paribas Real Estate said: “It’s exciting to be part of the growing tech sector in Bristol. The city boasts established support networks such as Bristol & Bath Science Park, and leading business incubator SETsquared, based at Bristol’s Engine Shed as well as access to skilled workers, with four universities in the region. It makes Bristol an ideal place to start and grow a media tech business.

“The challenge for the property industry and particularly developers is to deliver Grade A offices into a supply-starved market to satisfy demand in the next 36 months.”

The city’s office market has seen a contraction in supply in recent years, with permitted development rights enabling much of Bristol's secondary and tertiary office stock to undergo a change to higher value uses such as residential and student housing. This supply shortage led to rental value growth of 7.1% in 2015, the strongest performance of the ‘Big Six’ regional cities.

The dearth of office space and strong rental growth has had an impact on take-up, which reached 783,199 sq ft in 2015, a decrease of 38% on 2014, and down 7% on the five-year average.
Office investment reached a record £385m in 2015, an increase of 131% on 2014 and up 74% on the five-year average. Fifteen deals of more than £10m were transacted, second only to Manchester outside of London, with Aviva grabbing headlines for its purchase of 66 Queen Square for £32.78m (a net initial yield of 4.94%). Bristol saw total returns reach 16.8%, largely driven by capital growth of 10%, and again demonstrating the strongest performance of the ‘Big Six’ regional cities.

**Jeremy Hughes, Head of Bristol office at BNP Paribas Real Estate said:** “We are forecasting Bristol to perform strongly once again this year, although the stellar returns that have been reached over the last couple of years are unlikely to be breached again in 2016. We believe Bristol offices will see 6% total returns for 2016, with the income component making up for a slowdown in capital growth.”

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