



## **MARKET OVERVIEW – SPRING 2010**

### **JAYNE RIXON, PARTNER, BURSTON COOK**

After the extremely tough conditions of 2009, which show the annual take up of office space being 49% below the 10 year average, 2010 has certainly started off with more optimism!

Although city centre vacancy rates are at 1.6 million sq ft, by the end of the first quarter of this year it was recorded that the take up in the city centre was 17,000 sq ft and 130,000 sq ft out of town. One of the largest city centre transactions was handled by Burston Cook at North Quay House, Temple Back, an acquisition of approx 26,000 sq ft on behalf of DAS Group from NFU.

With about £1.2 million sq ft of second hand space available and take up of 300,000 sq ft last year, it is no surprise that there are some very competitive deals being agreed in the market. In some instances, headline rentals have dropped from as much as £16.00 per sq ft to £10.00 per sq ft in order to achieve lettings on quality, refurbished accommodation.

Frequent break clauses and long rent free periods are still being granted in order to secure lettings. Dropping headline rentals on good quality second hand accommodation appears to have worked and as a result, buildings such as Bridge House on Queen Charlotte Street, where Burston Cook acted jointly on behalf of La Salle Investment Managers, saw rentals drop to £10.00 per sq ft, resulting in 17,000 sq ft of vacant space being let.

Only six deals over 10,000 sq ft were completed in 2009, which is half of 2008's take up and 60% of the lettings within the city centre during 2009 were for below 2,000 sq ft. Just under 80% of all take up was on deals of less than £17.50 per sq ft.

Since January 2010 there has definitely been a feeling of optimism and confidence in the marketplace with some momentum back in the number of deals being agreed. Tenants appear to be recognising the fact that there are very attractive opportunities on offer to secure very competitive deals. The out of town market has seen less activity, although there is certainly rumbles in the out of town market, albeit at a slower rate than in the city centre and there are still certain businesses who have a requirement for good on-site car parking allocations and a need to be close to the motorway network, which of course can not be made available in the city centre. As a result, locations such as Portishead and Clevedon appear to have seen some increase in the level of activity.

Although the first quarter of 2010 has seen a flurry of deals and shows the highest level of take up in the city centre for the last two years, the prediction for the rest of the year is that the market will remain stable.

With the first quarter of 2010 showing positive signs of recovery, we hope that this will encourage further activity during the course of the year and that businesses will use this opportunity to acquire accommodation whilst such competitive deals are being offered. Such deals may not be available in 2011!

Bristol will hopefully continue to ride the credit crunch, bearing in mind we are able to offer a unique business environment in what is perceived as being one of the most desirable parts of the country to both work and live.

**SUBJECT TO CONTRACT**