



## **MARKET OVERVIEW – AUTUMN 2011**

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We are now into our fourth year of very tough conditions in the commercial property market.

There are very few new Grade A schemes under development, except on a pre-let or pre-sale basis, however, with the lack of Grade A stock coming through the pipeline, the hope is that developers will start to embark on speculative construction as the availability of the Grade A stock in the city centre declines. The office market is increasingly relying on second hand properties because of developer's caution at starting any new projects during 2010 or 2011 and although it is evident that there is a lack of Grade A supply in Bristol city centre, it has been offset somewhat by the availability of second hand space coming to the market.

One Grade A building which will come to the market this year is Bridgewater House, which is being developed by HDG Manser, which comprises approximately 110,000 sq ft and where the quoting rental is £27.50 per sq ft.

There has been a noticeable increase in the take up of good quality Grade B space of circa £16.00 - £19.50 per sq ft, particularly during 2010/2011 and those lower Grade B buildings offering space at £10.00 – £12.00 per sq ft do need to ensure that the quality of the refurbished accommodation is good enough to compete with all of the other buildings which would be in direct competition.

The overall take up in Bristol for the first half of 2011 was 240,000 sq ft in the city centre and 150,000 sq ft out of town.

Landlords are having to offer good quality accommodation on flexible terms at competitive rentals with the appropriate rent free period. Incentives in the city centre remain generous with up to 18 months rent free on a five year term and up to 36 months rent free on a 10 year term being offered, which is the equivalent of three months rent free per year term certain.

Interestingly, 64% of the deals currently being concluded in central Bristol are for under 5,000 sq ft and Burston Cook have been involved with 20% of the transactions carried out in Bristol.

We are also waiting to see what impact the Enterprise Zones will have on the market. The 173 acre Bristol Enterprise Zone, north and east of Bristol Temple Meads railway station could mean up to 2,600,000 sq ft of new or refurbished office space. The incentive, however, is on creative industries and behind it is the hope that the BBC could be tempted to base its long standing requirement in the area.

The creation of the Enterprise Zone could now make Temple Quarter an even more desirable location and could create some much needed activity within the city centre.

**SUBJECT TO CONTRACT**