



BRISTOL

EXECUTIVE SUMMARY

- 2020 will see construction work commence on the University of Bristol's Temple Quarter Enterprise Campus, which forms part of the wider regeneration of the Temple Quarter area.
- A lack of readily available office stock has led to an increase in schemes under construction, including 201,000 sq ft 1 Assembly, 93,000 sq ft Distillery at Glassfields and 110,000 sq ft Halo at Finzels Reach.
- In light of flexible workspace demand there has been an increase in the number of landlords delivering Cat A+ fitted out space in Bristol and we expect to see more of this in 2020.
- There is currently a lack of 'for sale' residential stock available in the city centre with the majority of residential development opportunities coming forward as BTR.

The strong university presence in Bristol has helped make the city region an innovation hub boasting a large pool of highly skilled employees. The service sector continues to dominate employment, however, the city also has a renowned aerospace / advanced engineering sector that includes the likes of Airbus and Rolls Royce. The city's IT sector is continuing to grow off the back of success in high-performance and quantum computing.

Commercial developments such as Temple Quay have established Bristol as the prime office location for the region, attracting leading businesses such as BT who have recently agreed an 11 storey 201,000 sq ft pre-let on the Assembly scheme that will complete in 2020. This scheme will include upgraded pedestrian links across Cabot Circus, Temple Meads and Castle Park while the developers are focused on achieving high levels of occupier wellness and sustainability.

A lack of readily available office stock has driven rental growth in recent years. Over the summer, there was an increase in office development activity led by the speculative 93,000 sq ft Distillery at Glassfields which is currently under construction. Furthermore, the 110,000 sq ft Halo at Finzels Reach by developers Cubex has received final planning approval and demolition works have begun on site. In addition, in light of flexible workspace demand there has been an increase in the number of landlords delivering Cat A+ fitted out space in Bristol and we expect to see more of this in 2020. Nevertheless, there is unlikely to be a significant increase in overall office supply during the next 12 months.

KEY MARKET METRICS – 2020 EXPECTATIONS

Annual growth rates, estimated for year-end 2020 vs year-end 2019.

	OFFICE	RETAIL	INDUSTRIAL
Rental Growth	↑	↓	↑
Vacant Space	↓	→	↑↑
Construction Levels	↑	→	↑↑
Leasing Volume	↑	↓	↑
Investment Volume (all sectors)		→	

2020 will see construction work commence on the University of Bristol's Temple Quarter Enterprise Campus, which includes 953 bedrooms and business enterprise facilities amongst other university buildings. This forms part of the wider regeneration of the Temple Quarter area that will also redevelop Bristol Temple Meads Station while providing 22,000 jobs and 11,000 new homes over 25 years.

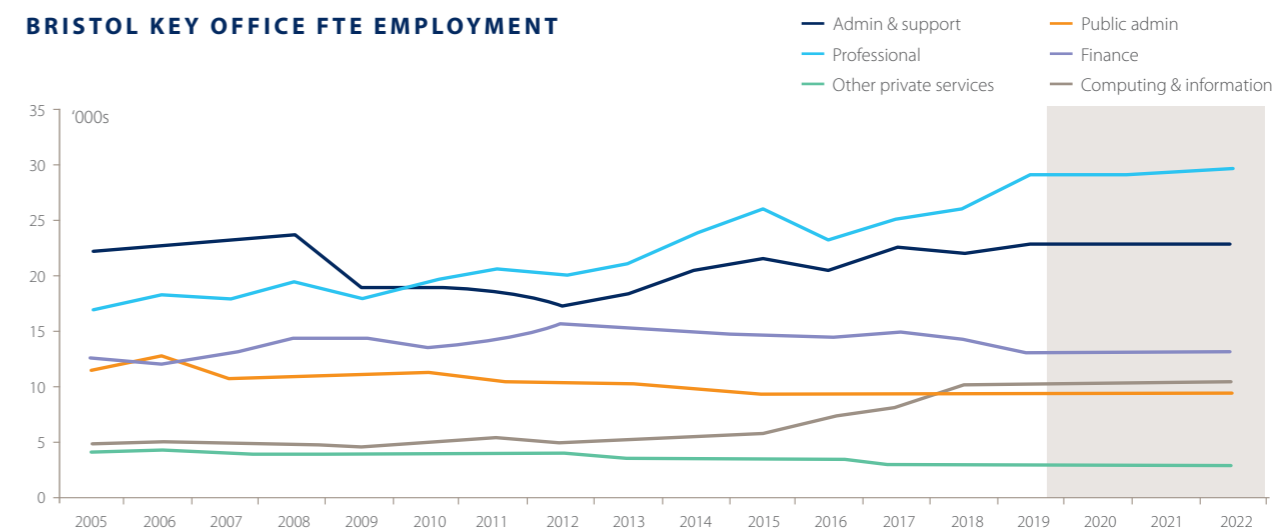
The Bristol retail market continues to be dominated by the city centre and Cribbs Causeway with the latter's offer being strengthened by increased leisure activity including a new ice skating arena being built by Baylis Estates for Planet Ice. After LaSalle Investment Management's purchase of The Galleries shopping centre, it may see a refocusing with a reduction in retail floor space, to make way for other uses such as residential.

The industrial market had a strong final quarter of 2019. There was a notable letting of 150,000 sq ft to Ocado / M&S which was a speculatively built unit by St Modwen and represented one of the largest direct lettings in years. This will be Ocado's first 'mini' robotic warehouse and will be able to deliver over 30,000 orders per week once it goes live in late 2020/early 2021. There are also encouraging signs in the mid box (20,000 – 70,000 sq ft) size ranges with numerous prime deals achieving rents over £7 psf.

The residential market in the city centre has seen significant price growth in the past few years. There is currently a lack of 'for sale' stock available in the city centre with the majority of the residential development opportunities coming forward as BTR. Over 1,700 new units are coming forward in the BTR sector with major funds/operators such as L&G, M&G, Grainger and Fabrica leading the way.

A lack of readily available office stock has driven rental growth in recent years. Over the summer, there was an increase in office development activity led by the speculative 93,000 sq ft Distillery at Glassfields which is currently under construction.

BRISTOL KEY OFFICE FTE EMPLOYMENT



Source: Experian