



**CURCHOD & CO**

Incorporating London Clancy Limited

# 2023 Office market review



What were the key trends for offices in 2023? The *good*, the bad & the ugly



- ◆ The tripple whammy – Covid (WFH), MEES, build costs
- ◆ Limited appetite for development leading to stock shortage
- ◆ Flight to quality by occupiers, ½ space but best in class
- ◆ Prime rents break £40 per sq ft in Surrey with Hampshire set to achieve rents in the mid £30's in Basingstoke in 2024







- ◆ “Hotelisation” of offices Cat A+ (Landlord fitted space)
- ◆ Cat A+ space has accounted for 47% of transaction either completed or under offer since 2022 under 10,000 sq ft in Woking and Guildford
- ◆ Cat A+ rents up to 30% higher than conventional rents

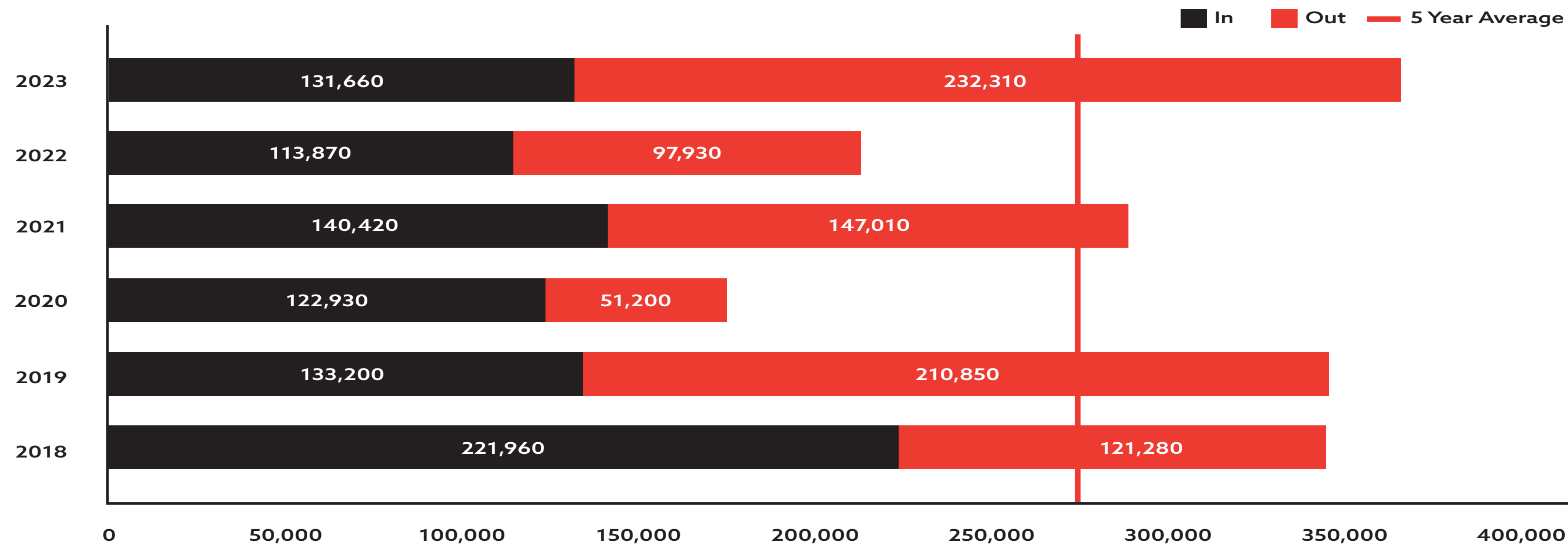


# Take up - *key* markets

# Guildford, Woking & Weybridge



## Take up for 2023



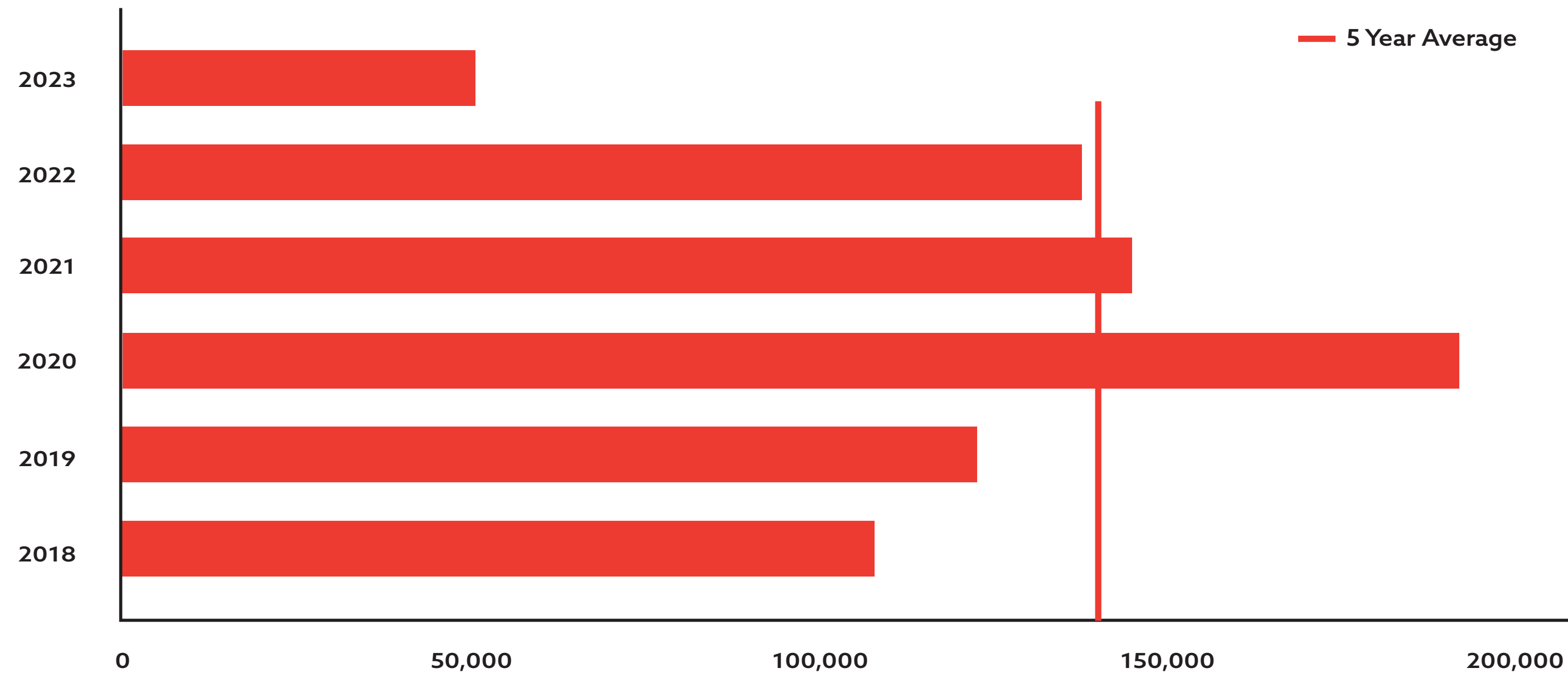
- Take up bounces back to pre-pandemic levels to end up 33% above the 5 year average
- Grade A take up accounted for 84% of total take up
- Fewer transactions but larger individual deals resulted in better than expected take up given enquiry volumes were down on 2022
- Woking and Guildford both benefited from attracting new occupiers from outside the town, however both go into 2024 with limited Grade A space available
- Availability 777,000 sq ft vacancy rate of 11.42% and a Grade A vacancy rate of 5.9%

*Headline Deal*

LGC Group, 48,750 sq ft, The Priestley Centre, Guildford, Rent £43.00 per sq ft

# Blackwater Valley

## Take up



- Take up 24% down on the 5 year average of 141,200 sq ft
- Majority of take up, 84%, was Grade A space with the highest rent achieved on Grade A space being £28.50 per sq ft
- Cat A+ attracting 36% premium on net effective rents compared to traditional Grade A space
- Availability 831,400 sq ft vacancy rate of 12.60% and a Grade A vacancy rate of 6.1%



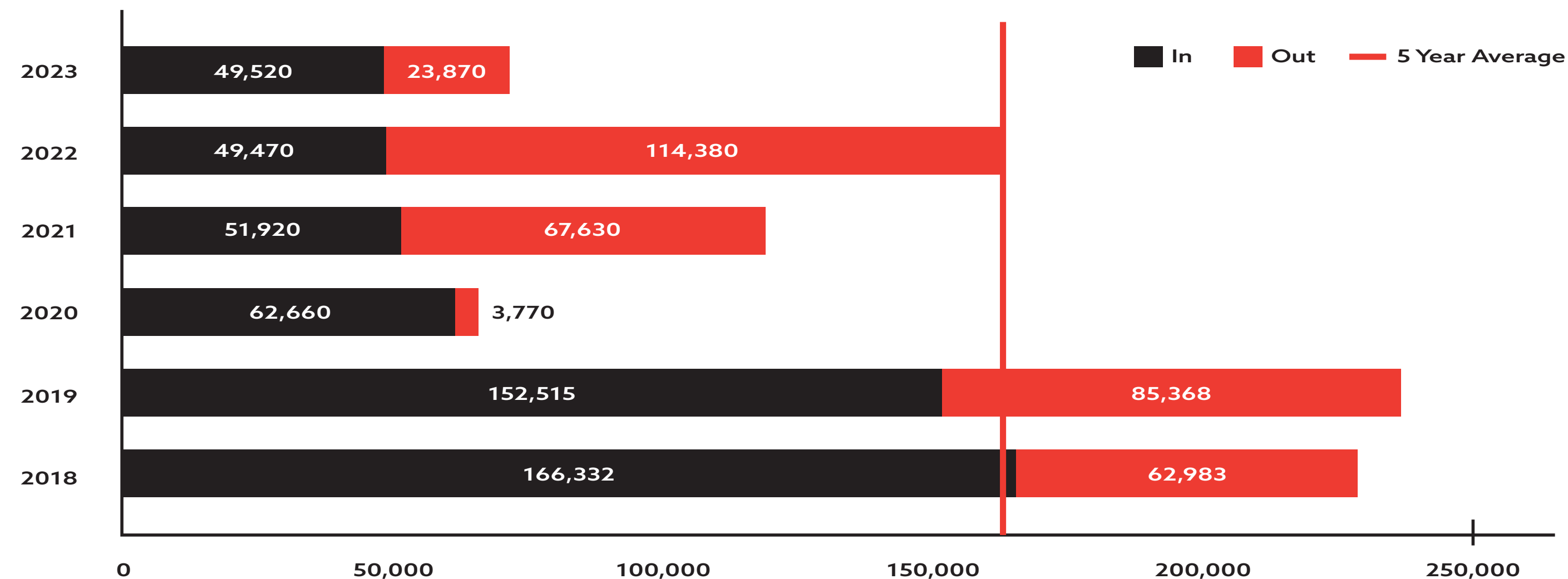
## Headline Deal

Herrington Carmicheal's, 30,755 sq ft,  
Brennan House, Farnborough Aerospace  
Centre, Rent £25.50 per sq ft



# Basingstoke

## Take up



- Take up significantly down at 73,390 sq ft in 2023 compared to 5 year average of 163,000 sq ft
- Grade A space was only 29% of take up reflecting the very low Grade A vacancy rate
- New Grade A supply of 140,000 sq ft coming at Plant in 2024 with 40,000 sq ft rumoured to be under offer to the AA
- Prime rents set to break £30.00 per sq ft level for the first time in 2024 with prime rents talked about in the mid £30's range per sq ft
- Availability 360,500 sq ft vacancy rate of 6.11% and a Grade A vacancy rate of 3.32%



## Headline Deal

BNP Paribas Leasing Solutions,  
21,000 sq ft Midpoint, Basingstoke, Rent  
£21.00 per sq ft





# Prime office rents in Thames Valley, Surrey and North Hampshire

*Q4 2023*



# Predictions for office sector in the next *12 months*

- ◆ Cat A+ to hit £55 per sq ft and to continue to increase market share
- ◆ Grade A rents to break £40 per sq ft in Surrey
- ◆ Sale of office stock for alternative uses as LTV comes under pressure
- ◆ Lack of quality buildings to continue to be a problem for both large and medium sized office occupiers
- ◆ Take up levels to bounce back in areas of good supply in 2024
- ◆ Confidence in the office investment market to return in the second half of the year on the back of improved take up stats and reducing interest rates





# Curchod & Co agency team



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