

Market Monitor

South West of England and
South Wales Property Review

H1 2021

Property intelligence you can build on

alder king

PROPERTY CONSULTANTS

Market Monitor H1 2021 examines the occupational markets in 10 key centres in South West England and South Wales at the mid-year point.

Simon Price
Head of Agency
Alder King



10 Wapping Road, Bristol. Courtesy of Bellborough Ltd.

SUMMARY

- Market sentiment is increasingly positive, which should result in strong H2 activity.
- The industrial/logistics sector dominates the commercial market, with demand outstripping supply. As a consequence, there will be further rental and capital growth across the region in H2.
- Office occupiers continue to develop their requirements to accommodate a more flexible style of hybrid working.
- Some anticipated market corrections are being delayed by ongoing government support. Change already evident in the retail, leisure and hospitality sectors is creating some distress but also plenty of opportunity. The repurposing of large retail premises is now underway, as evidenced by a number of former Debenhams stores being sold for alternative uses including residential and education. There is also strong demand at the smaller end of the retail and leisure markets, led by a new breed of independent operators.
- We are witnessing unprecedented occupier and investor focus on sustainability and carbon neutrality.
- Issues around the supply and cost of materials for construction will slow down delivery of new and refurbished stock. In addition the market for employees/talent is increasingly competitive in many sectors.

H1 2021 Office and Industrial Take-Up and Supply (sq ft) Key South West and South Wales Centres

H1 2021	Office Take-up	Office Supply	Industrial Take-up	Industrial Supply
Bristol	314,700	790,000	1,446,000	1,750,000
Cardiff	91,900	943,600	496,500	958,500
Exeter	46,700	349,500	197,000	254,000
Gloucester	130,000	120,000	440,000	320,000
Bath	35,000	225,000	3,000	5,000
Bridgwater	7,000	80,000	40,000	220,000
Plymouth	71,200	322,000	314,500	363,000
Swindon	28,500	687,000	321,700	2,023,000
Taunton	26,000	225,000	20,000	100,000
Truro	15,000	130,000	160,000	150,000

H1 2021

Key Alder King Transactions

A selection of transactions completed by Alder King during H1 2021.

1. Former Debenhams Store, Kings Square, Gloucester

Freehold acquisition for University of Gloucestershire
Size 215,278 sq ft

2. 450 Longwater Avenue, Green Park, Reading

Leasehold acquisition for Three
Size 119,000 sq ft

3. Land at Bow Street, Aberystwyth

Freehold acquisition for Transport for Wales
Size 3.3 acres

4. 41 Corn Street, Bristol

Leasehold disposal for IV Real Estate
Size 18,882 sq ft

5. 10 Wapping Road, Bristol

Leasehold disposal for Bellborough Ltd
Size 15,190 sq ft

6. Gloucester Business Park

Leasehold disposals for Arlington
Size 83,000 sq ft



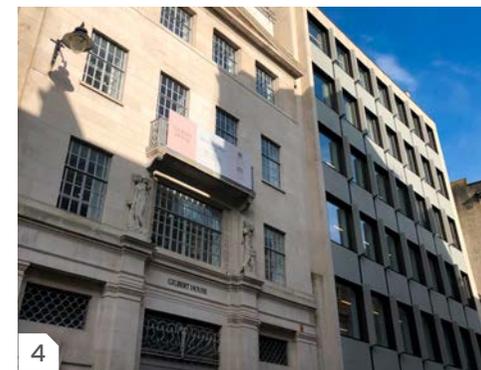
1



2



3



4



5



6

H1 2021

Key Alder King Transactions

- 7. **Unit 4 St. Modwen Park Gloucester**
Pre-let for St. Modwen
Size 116,000 sq ft
- 8. **Centre Severn, Gloucester**
Pre-let for Peveril Securities
Size 125,000 sq ft
- 9. **Unit 17, Access 18, Avonmouth**
Leasehold disposal for St. Modwen
Size 25,000 sq ft
- 10. **Former Park School, Yeovil**
Freehold disposal for PKF Francis Clark
Size 17.65 acres
- 11. **Unit 7, Riverside Business Park, Swansea**
Freehold disposal for Grant Thornton
Size 15,997 sq ft
- 12. **Warmley Business Park, Bristol**
Leasehold disposal for Miserden Investments Ltd
Size 6,790 sq ft



H1 2021

Bristol



St Bartholomew's House, Lewins Mead, Bristol. Courtesy of Bellborough Ltd.



Top floor terrace, Gilbert House, Corn Street. Courtesy of IV Real Estate.

OFFICES

Simon Price T 0117 317 1084 E sprice@alderking.com

- The Bristol office market delivered a strong first half-year performance with take-up, particularly in the city centre, continuing the recovery that began in Q4 of 2020. Key H1 transactions included acquisitions by the BBC of 60,251 sq ft at Bridgewater House, Finzels Reach and by DWP of 22,000 sq ft at 101 Victoria Street. Several sizeable transactions are also in solicitors' hands and should impact positively on H2 take-up.
- Many occupiers continue to develop their short to medium occupation plans, juggling the requirements of a potential reduction in space with a more flexible hybrid approach combining office and remote working.
- New Grade A developments are underway in the city centre at Halo, EQ and One Portwall Square, with new starts also planned later this year at the Welcome Building, Avon Street and Assembly Phase 2. Following the success of recent refurbishments including 41 Corn Street, 10 Wapping Road and Pivot & Mark, further refurb schemes are now underway at St Bartholomew's House and 10 Victoria Street.
- So far the level of surplus occupier 'grey space' coming to the market in the city centre is considered to be at a sustainable level but there are signs of increasing supply building in the out of town market over the second half of the year.
- With overall supply remaining quite tight, the city centre has so far seen no reduction in headline rental levels. However incentives being offered to get deals over the line have increased.
- Enquiry levels are improving across the size ranges and the prospects for H2 look positive.

TAKE-UP (SQ FT)

H1 2021 **314,700**

FY 2020 **764,000**

SUPPLY (SQ FT)

H1 2021 **790,000**

FY 2020 **735,000**

HEADLINE RENT (PSF)

H1 2021
£38 City centre **£23.50** Out of town

2020
£38 City centre **£23.50** Out of town



H1 2021

Bristol

Unit B Rockhaven, Cabot Park, Avonmouth.
Courtesy of Rockhaven Developments.



Titan, Great Western Business Park, Yate. Courtesy of Mileway.

INDUSTRIAL & LOGISTICS

Andrew Ridler T 0117 317 1071 E aridler@alderking.com

- Bristol's industrial and logistics market delivered a strong first half year performance, with take-up increasing by an exceptional 125% compared to the same period in 2020.
- Demand continues to be driven by e-commerce and the logistic providers seeking to improve and expand the efficiency of their networks.
- Key transactions include Amazon's acquisition of Logicator's 316,000 sq ft WA 316, Oxford Instruments' pre-letting of 108,000 sq ft, Wayfair's 25,000 sq ft acquisition at Access 18 and Arnold Laver's 25,000 sq ft acquisition at Rockhaven.
- Supply of immediately available space across the city is an increasing concern with shortages of steel/cladding impacting delivery of new space. Competitive interest is commonplace on freehold space and modern well-specified leasehold accommodation capable of occupation in a 2-3 month time frame.
- With restrictions in supply, rentals and capital values continue to increase.
- The location of new build accommodation is primarily focused on Severnside with limited opportunities for companies on the east of the city.
- New development starts are underway on Severnside at Access 18 (St. Modwen), Phase 2 More + (Tristan/Canmoor) and in Yate at Armstrong Business Park (Baylis Estates).
- Further land was acquired on Severnside by Tungsten Developments (38 acres) and Equation Logistics (65 acres), both of whom are targeting large format logistics.
- The proposed Clean Air Zone is being cited by a number of South Bristol occupiers for their need to relocate and it will be interesting to see how this plays out.

TAKE-UP (SQ FT)*

H1 2021 **1,446,000**

FY 2020 2,285,000

SUPPLY (SQ FT)*

H1 2021 **1,750,000**

FY 2020 1,500,000

HEADLINE RENT (PSF)

H1 2021 **£10** **£8-8.50**

New buildings below 10,000 sq ft Mid box buildings

2020 **£10**

* SW IAS

H1 2021

Bristol



BoxHall Bristol. Courtesy of Boxpark/Cordwell Property Group.



Redcliff Quarter, Bristol. Courtesy of Redcliff MCC LLP.

RETAIL & LEISURE

Rebecca Harries T 0117 317 1086 E rharries@alderking.com

- The volume of enquiries and viewings across the city was high in the first half of the year. Activity was driven primarily by independents and start-up businesses. However a number of regional and national operators are also looking to acquire space in Bristol.
- The food and beverage sector is particularly active in the city centre and in busy suburbs, with several new lettings completed in the last few months.
- Restaurant chain Coppa Club will open a new site next month on Regent Street in Clifton Village, replacing Pizza Express which closed last year. This will be its eighth site in the UK.
- There were a number of new lettings on East Street, Bedminster. Three new bars are set to open, which reflect growing confidence in the area following the opening of the very successful artisan bakery The Bristol Loaf.

The proposed residential development in the immediate vicinity will deliver over 2,000 new homes if approved.

- Shipping container concept Boxpark has announced plans to open a large food hall in the historic O&M Sheds on Welsh Back in summer 2022. Focusing on independent and local food and drink traders and suppliers, BoxHall Bristol will be Boxpark's first site outside of London and will deliver a sensitive regeneration of these dockside buildings.
- Flight Club took a large ground floor and basement premises on Corn Street recently and is set to open in July. The social darts and dining operator already has sites in London, Birmingham, Manchester and Leeds.
- Prime headline rents are falling. Secondary rents remain relatively stable and incentive levels are increasing.

ZONE A HEADLINE RENT (PSF)

H1 2021

£150 Broadmead	£150 The Mall	£180 Cabot Circus
--------------------------	-------------------------	-----------------------------

2020

£150 Broadmead	£200 The Mall	£180 Cabot Circus
--------------------------	-------------------------	-----------------------------

OUT OF TOWN HEADLINE RENT (PSF)

H1 2021

£25

2020

£25

LEISURE HEADLINE RENT (PSF)

H1 2021

£15 Cinema	£12 Health & Fitness	£35 A3/A4
----------------------	--------------------------------	---------------------

2020

£15 Cinema	£12 Health & Fitness	£35 A3/A4
----------------------	--------------------------------	---------------------



H1 2021

Cardiff

Construction underway on JR Smart's John Street scheme.



The Interchange in Central Square by Rightacres.

OFFICES

Owen Young T 029 2038 1996 E oyoung@alderking.com

- Even as the capital of Wales, the city has struggled to gain occupier momentum when compared to Bristol.
- The good news is there remains a shortage of Grade A space, stimulating ongoing construction of JR Smart's John Street, due to release 109,000 sq ft in early 2022. Furthermore, Rightacres' 500,000 sq ft development at The Interchange in Central Square is expected to complete at the end of 2022, to include a 14-bay bus station and 12-storey offices alongside 318 buy-to-rent apartments.
- The not so good news is the release of 'grey space' as occupiers seek to downsize or relocate. This has occurred at 1 and 2 Central Square (60,372 sq ft), 2-5 Callaghan Square (81,261 sq ft), and 1 and 2 Capital Quarter (43,683 sq ft), totalling circa 185,000 sq ft and increasing available Grade A space to 373,000 sq ft.
- Second quarter take-up was a little better than Q1, with the half year on a par with the same period in 2020. We don't forecast a quick post-pandemic/Brexit recovery in demand. However initial occupier feedback is positive and evidenced by increasing enquiries and assisted by the positive steps taken by the Council, Government, Transport for Wales and Capital City Region to improve the urban landscape with infrastructure improvements both within and to and from the centre.
- The out of town market has fared better than 2020, a notable transaction being the Department of Work and Pensions taking 13,168 sq ft at Ty Bevan in Llanishen.
- City centre headline rent remains at £25 psf and we expect this level to remain throughout 2021 as the available 'grey space' reduces but with increasing upward pressure on incentives.

TAKE-UP (SQ FT)

H1 2021	91,900
FY 2020	305,000

SUPPLY (SQ FT)

H1 2021	943,600
FY 2020	692,000

HEADLINE RENT (PSF)

H1 2021	£25	£15
City centre		Out of town
2020	£25	£14.50
City centre		Out of town

H1 2021

Cardiff



14 Waterside Business Park, Rumney, Cardiff.



3 Ipswich Road, Cardiff.

INDUSTRIAL & LOGISTICS

Owen Young T 029 2038 1996 E oyoung@alderking.com

- Following the UK trend, Cardiff's industrial market is buoyant when compared to other property classes. Enquiries are strong across all sizes and, whilst freehold demand remains strong, the first half of 2021 saw an increasing number of leasehold enquiries, especially for higher eaves height buildings as well as those benefiting from above average size yards. The majority of H1 deals were below 5,000 sq ft, tailing off to those above 20,000 sq ft. The largest deal so far this year was the letting of 120,000 sq ft at Fforest Farm at Junction 32 of the M4 motorway to Cytiva.
- An interesting and unexpected trend is the increase in enquiries from e-commerce and delivery businesses, in particular, instant delivery services with extra quick order to doorstep services in the food and technology markets. This has driven demand for units in residential areas, reducing delivery times.
- Demand for good quality units below 3,000 sq ft is exceptionally high and especially for freehold below Land Tax thresholds. We have recently let a number of units in fringe locations where marketing periods are short and rental incentives minimal. These include 14 Waterside Business Park and 3 Ipswich Road.
- There is now an extreme lack of new quality stock with an increasing number of developers and owner occupiers seeking development land around the city fringes and along the M4. This is bolstered by increasing current and predicted rents/prices and an available work force, which is quickly closing the viability gap. Refurbishment of older stock remains attractive for portfolio owners.
- We predict headline rents will rise above £6.00 psf by the end of the year as the squeeze for industrial stock tightens.

TAKE-UP (SQ FT)

H1 2021	496,500
FY 2020	595,000

SUPPLY (SQ FT)

H1 2021	958,500
FY 2020	1,150,000

HEADLINE RENT (PSF)

H1 2021	£6
2020	£6

H1 2021

Cardiff



The Howells building, Cardiff.



CGI of Atlantic Wharf, Cardiff. Courtesy of Rio Architects.

RETAIL & LEISURE

Owen Young T 029 2038 1996 E oyoung@alderking.com

- Needless to say, it's been a difficult period for both the retail and leisure sectors. However, there is light at the end of the tunnel, with retail set to play an important role in Cardiff's built environment.
- Encouragingly, a number of large developments have been unveiled, including a seven year masterplan for Atlantic Wharf in Cardiff Bay. Anchored on the £150m Cardiff Indoor Arena development, the 30 acre site will include 1,150 new homes, 150,000 sq ft of office space, leisure facilities and a 150 bed hotel.
- There remain question marks surrounding the future of the high street, now more than ever, with take-up very much down year on year. However, demand in secondary fringe areas is surprisingly resilient.
- St David's Centre has benefitted from a number of new brand lettings including BoConcept, Miniso, the new flagship Zara store, Wales' first standalone Breitling store, Morphe Cosmetics and Welsh independent Mallows Beauty. Re-letting Debenhams' large space will be a challenge, especially with the pandemic having accelerated the trend to online retail and a mixed-use scheme is the most likely way forward.
- The Howells building is another potential scheme. Located on the Hayes, it extends to 275,000 sq ft and sits on a prime 1.72 acre site. The new owner will almost certainly be looking to redevelop to provide a new mixed use scheme, with space for retail, office, residential, as well as potentially a new hotel.

ZONE A HEADLINE RENT (PSF)

H1 2021	£200
FY 2020	£200

OUT OF TOWN HEADLINE RENT (PSF)

H1 2021	£40
FY 2020	£40

LEISURE HEADLINE RENT (PSF)

H1 2021		
£13 Cinema	£11 Health & Fitness	£40 A3/A4
2020		
£13 Cinema	£11 Health & Fitness	£40 A3/A4



SkyPark, Exeter.

H1 2021

Exeter

OFFICES

Noel Stevens T 01392 353093 E nstevens@alderking.com

- H1 2021 saw very limited activity in the city's office market. Demand remained suppressed while staff continued to work from home.
- Where lettings did take place they were in the sub-5,000 sq ft size range.
- More space is coming to the market as businesses reassess their needs and in some cases downsize, although this is yet to be reflected in the figures.
- However requirements are coming through as businesses put action plans in place to deliver office space that meets the demands of returning staff.
- Businesses in some sectors are expanding and we are in negotiations with a number of parties. This should be reflected in H2 2021 and show evidence of an improving office market.
- Where transactions did take place, headline pricing remained firm with increased incentives offered. This trend should continue for good quality space but rents on the lowest quality space are expected to reduce.
- The flight to quality will continue as companies look to tempt staff back to the workplace with quality accommodation and increased flexibility.
- A two tier market is likely to develop as occupiers will be bound by the terms of their leases when offering surplus space to market. Leasing direct from landlords gives rise to more flexibility for negotiation, making this space more attractive.

TAKE-UP (SQ FT)

H1 2021 **46,700**

FY 2020 **114,000**

SUPPLY (SQ FT)

H1 2021 **349,500**

FY 2020 **404,000**

HEADLINE RENT (PSF)

H1 2021
£17.50 City centre **£20** Out of town

2020
£17.50 City centre **£20** Out of town



Mercury Business Park, Cullompton.

H1 2021

Exeter

INDUSTRIAL & LOGISTICS

Noel Stevens T 01392 353093 E nstevens@alderking.com

- The first half of 2021 saw very high levels of demand and a drop in supply.
- Small unit industrial freeholds traded very well with schemes such as Mercury Business Park seeing strong levels of demand, with all units let or sold within days of completion. With the next phase under construction and due to complete in Q1 2022, we expect equally strong demand. Prices increased due to construction cost inflation but the appetite for the units remains.
- Interest in larger buildings has also been very strong. At Exeter Trade Park terms were agreed on all the trade counter units off a quoting rent of £12.50 psf. Demand for the remaining space is also very encouraging and the scheme is expected to be fully committed prior to completion.
- Of the 254,000 sq ft supply, 128,000 sq ft is under offer and 116,400 sq ft is under construction. This illustrates the demand at the top end of the market for new stock.
- Another 24,000 sq ft speculative industrial unit will be delivered at Matford Green Trade Park in the next nine months. Construction is yet to start but the levels of interest are strong and it is expected terms will be agreed with a tenant well ahead of completion.
- The lack of supply and the increasing cost of construction has led to rental and capital value growth with the top prices paid for small industrial units now at circa £200 psf and warehouses up to 30,000 sq ft at circa £9.00 psf.

TAKE-UP (SQ FT)

H1 2021	197,000
FY 2020	170,000

SUPPLY (SQ FT)

H1 2021	254,000
FY 2020	225,000

HEADLINE RENT (PSF)

H1 2021	£8.90
2020	£8.90

H1 2021

Exeter



St Sidwells Point, Exeter. Courtesy of Kier/Exeter City Council.

RETAIL & LEISURE

Noel Stevens T 01392 353093 E nstevens@alderking.com

- Demand in the retail sector has been polarised. The convenience store sector continues to perform very well. This can be partly explained by the local shopping habits established during the pandemic. However underlying demand to expand has remained strong for some time. The main players Tesco and Co-Op are competing to open more stores alongside new housing and are pushing up rents across the region, but only for the best locations.
- There is strong demand from fast food operators for high profile roadside sites.
- Exeter city centre will benefit hugely from the opening of St. Sidwells Point, the £44 million leisure centre and bus station development due to be completed this summer. The redevelopment of the former bus and coach station will create a huge impact as a gateway to the city centre.
- The Ivy restaurant opened in Exeter in June. Bringing the brand to Exeter will pave the way for other equally high quality occupiers looking to take new premises.
- Following the closure of the Debenhams store in May, plans have been submitted to break up the space and offer smaller retail outlets with a cinema on the upper floors.
- Out of town, Hobby Craft announced the opening of a new store this summer at Rydon Lane - proof that for the right brands, expansion into Exeter remains relevant.

ZONE A HEADLINE RENT (PSF)

H1 2021	£210
FY 2020	£210

OUT OF TOWN HEADLINE RENT (PSF)

H1 2021	£38
FY 2020	£38

LEISURE HEADLINE RENT (PSF)

H1 2021		
£17	£12	£42
Cinema	Health & Fitness	A3/A4
2020		
£17	£12	£42
Cinema	Health & Fitness	A3/A4



H1 2021

Gloucester

Javelin House Gloucester Business Park. Courtesy of Arlington.



Charlton Court, Gloucester Business Park. Courtesy of Arlington.

OFFICES

Adrian Rowley T 01452 627133 E arowley@alderking.com

- The sector is still adjusting to changes brought about by the pandemic. How space is used now and in the future is still to play out. There has not been a significant volume of space coming to the market and, in a number of instances, change has brought about opportunity, resulting in market activity.
- Activity in the first half of 2021 was encouragingly high. As is traditional for Gloucester, demand for out of town space was good but of real note was the significant increase in demand for city centre office space, a factor that has been absent for some time. Total take-up for the half year was 130,000 sq ft.
- The most significant letting was EDF's decision to relocate its operation from Barnwood to Arlington's Gloucester Business Park, both out of town locations. It agreed to take a total of 83,000 sq ft comprising the former Horizon Energy's Javelin House together with space in an additional four buildings on the business park, some of which were taken on a CAT B fit out basis.
- There is still strong interest in office to residential conversion schemes in central and out of centre locations. Occupational demand and in many instances pre-commitment from housing associations have fuelled this activity.
- Supply remains very low, currently only 120,000 sq ft. It is anticipated that this will continue to be the case in the medium term.
- Headline rents and lease terms remain in line with pre-Covid levels with rents of £21.50 psf out of town and £11.75 psf in town.

TAKE-UP (SQ FT)

H1 2021	130,000
FY 2020	140,000

SUPPLY (SQ FT)

H1 2021	120,000
FY 2020	200,000

HEADLINE RENT (PSF)

H1 2021	£11.75	£21.50
	City centre	Out of town
2020	£11.75	£21.50
	City centre	Out of town

H1 2021

Gloucester



Unit 3 St. Modwen Park Gloucester, let to Swantex. Courtesy of St. Modwen.



CGI of new Amazon Logistics delivery station, Centre Severn, Barnwood. Courtesy of Peveril Securities.

INDUSTRIAL & LOGISTICS

Adrian Rowley T 01452 627133 E arowley@alderking.com

- The industrial warehouse market was extremely active throughout the first half of 2021. As with other locations, demand came primarily from the logistics and distribution sectors with the surge in online retail activity and the stresses created in off-shore supply chains being contributing factors.
- St. Modwen is pressing ahead with the continued development of St. Modwen Park Gloucester, adjacent to Junction 12 of the M5. Here its speculative Phase 2 scheme - which is delivering four new buildings of 36,500 sq ft, 43,000 sq ft, 54,000 sq ft and 55,000 sq ft - is due for completion in August. Of the two larger buildings, one is let and the other is under offer.
- On the same site, pre-let terms have been agreed with Gardiners to deliver a 116,000 sq ft warehouse and this is due to hit practical completion in November.
- At Centre Severn, Barnwood, Amazon has entered into pre-let terms with Peveril Securities and a new 125,000 sq ft delivery station is now under construction. The scheme includes a 270,000 sq ft decked van park on a site of approximately 14 acres.
- Elsewhere construction is underway on a new 184,000 sq ft manufacturing facility for Moog at Ashchurch, Tewkesbury.
- H1 take-up in Gloucester totalled 440,000 sq ft representing a very strong performance. Supply levels remain very low at 320,000 sq ft.
- There has been upward pressure on rents as a result of the disparity between supply and demand. Headline rents increased to £7.25 psf. More recently construction cost inflation has added an extra dimension to new build delivery and further growth in rents is anticipated.

TAKE-UP (SQ FT)

H1 2021	440,000
FY 2020	550,000

SUPPLY (SQ FT)

H1 2021	320,000
FY 2020	350,000

HEADLINE RENT (PSF)

H1 2021	£7.25
2020	£7



H1 2021

Gloucester

Former Debenhams store, Gloucester.



The Forum, Kings Quarter, Gloucester. Courtesy of Gloucester City Council/Reef Estates.

RETAIL & LEISURE

Adrian Rowley T 01452 627133 E arowley@alderking.com

- The retail and leisure sector is still in recovery mode. However Gloucester city centre was given a huge boost by the University of Gloucestershire's acquisition of the iconic former Debenhams department store. The landmark building extends to some 215,000 sq ft over basement and four upper floors and sits at the heart of the city centre with frontages to Northgate Street, The Oxbode and to Kings Square. The University intends to convert the building to an educational facility specialising in the medical and health sectors together with some smaller scale commercial elements and student accommodation. As well as representing a significant investment by the University, this is clearly excellent news for Gloucester. The building sits alongside the City Council's major Kings Quarter regeneration scheme and the benefits to that and the wider central area have the potential to be enormous.
- Elsewhere, there was a reasonable level of demand for high street opportunities. Food and beverage operators were the most active. Whilst the retail and leisure sector faces many challenges ahead, traditionally it is resilient and despite the inevitable value shift in the high street, there are signs of recovery.
- There was very little change in the out of town market over the last six months. Food retail and food and beverage providers remain the main drivers for new space and there was particular interest in drive-thru restaurant opportunities from both established players and new entrants.

HEADLINE RENT (PSF)

H1 2021

£80

Eastgate St

£80

Kings Walk

2020

£80

Eastgate St

£80

Kings Walk

OUT OF TOWN HEADLINE RENT (PSF)

H1 2021

£35

FY 2020

£16

LEISURE HEADLINE RENT (PSF)

H1 2021

£12

Cinema

£9

Health & Fitness

£32

A3/A4

2020

£12

Cinema

£9

Health & Fitness

£32

A3/A4

H1 2021

Bath



CGI of Number 1 Bath Quays.

OFFICES

Tom Dugay T 0117 317 1094 E tdugay@alderking.com

- The ongoing lockdown meant that take-up in the Bath office market remained subdued in the first half of 2021, with supply increasing across most size ranges.
- The majority of transactions were sub-5,000 sq ft. However a new headline rent was set as a result of the letting of circa 4,000 sq ft at the New Church, Henry Street.
- Supply of new modern, open plan accommodation was boosted following the completion of No. 1 Bath Quays. This scheme offers 45,000 sq ft of brand new Grade A offices. Further schemes are on site, adding to the supply pipeline and should push on headline rents. These include Newark Works and the refurbishment on Royal Mead, both of which are due to complete early in 2022.

TAKE-UP (SQ FT)

H1 2021	35,000
FY 2020	78,000

SUPPLY (SQ FT)

H1 2021	225,000
FY 2020	94,000

HEADLINE RENT (PSF)

H1 2021	£32.50
2020	£31

INDUSTRIAL & LOGISTICS

Andrew Ridler T 0117 317 1071 E aridler@alderking.com

- Demand for good quality space, particularly freehold, remains strong with a number of active requirements.
- However supply is extremely tight and remains restricted to second hand stock. With no speculative development expected, occupiers are forced to look outside the city, towards east Bristol or around Chippenham.
- The imbalance in demand and supply has maintained rents at £10 psf.

TAKE-UP (SQ FT)

H1 2021	3,000
FY 2020	7,500

SUPPLY

H1 2021	5,000
FY 2020	5,000

HEADLINE RENT (PSF)

H1 2021 Units below 10,000 sq ft	£11
2020	£10

RETAIL & LEISURE

Rebecca Harries T 0117 317 1086 E rharries@alderking.com

- Bath was adversely affected by a lack of visitors during the pandemic. However most food and beverage outlets showed resilience through the various lockdowns.
- Well-placed retail units are attracting strong interest from the independent sector.
- Portofino, an Italian seafood restaurant, opened on the High Street. Other new lettings include Nata & Co, a Portuguese bakery on Bridge Street, and Peloton and Lululemon in SouthGate shopping centre.

ZONE A HEADLINE RENT (PSF)

H1 2021	£180
2020	£180

OUT OF TOWN HEADLINE RENT (PSF)

H1 2021	£25
2020	£25

LEISURE HEADLINE RENT (PSF)

H1 2021	£15 Cinema	£15 Health & Fitness	£35 A3/A4
2020	£15 Cinema	£15 Health & Fitness	£35 A3/A4



CGI of Monmouth Scientific building at Peninsula 23.

H1 2021

Bridgwater

OFFICES

Andrew Maynard T 01823 444879 E amaynard@alderking.com

- Demand slowed slightly in the first half of 2021 with most occupiers focusing on out of town locations.
- The Phase 2 Enterprise Hub building and Phase 3 building at the Somerset Innovation Centre on Woodlands Business Park, Bridgwater are both in operation and busy with occupiers linked to the energy sector and the Hinkley Point C project.

TAKE-UP (SQ FT)

H1 2021	7,000
FY 2020	15,000

SUPPLY (SQ FT)

H1 2021	80,000
FY 2020	70,000

HEADLINE RENT (PSF)

H1 2021	£8	£14.50
Town Centre		Out of Town
2020	£8	£14.50
Town Centre		Out of Town

INDUSTRIAL & LOGISTICS

Andrew Maynard T 01823 444879 E amaynard@alderking.com

- Work on the first unit for Monmouth Scientific on Peninsula 23 commenced earlier in the year with the steel frame now reaching completion.
- Enquiries rose in the first half of the year, especially in the mid box market.
- Land values and freehold building prices have undoubtedly risen and will continue to do so for the remainder of the year as lockdown relaxes further.
- There is continuing demand for small units within the town but no new build schemes are available at present.

TAKE-UP (SQ FT)

H1 2021	40,000
FY 2020	105,000

SUPPLY (SQ FT)

H1 2021	220,000
FY 2020	240,000

HEADLINE RENT (PSF)

H1 2021	£8.75
2020	£8.75

RETAIL & LEISURE

Andrew Maynard T 01823 444879 E amaynard@alderking.com

- Demand within the traditional 'High Street' has been relatively good from local/independent traders and the café/takeaway sector.
- However, supply has also increased with over 40 units reported as vacant in the latest retail premises survey published by Sedgemoor District Council. This is around 16% up on the previous survey figures.

ZONE A HEADLINE RENT (PSF)

H1 2021	£35
2020	£35

OUT OF TOWN HEADLINE RENT (PSF)

H1 2021	£16
2020	£15.50

LEISURE HEADLINE RENT (PSF)

H1 2021	£10	£11.50	£15
Cinema		Health & Fitness	A3/A4
2020	£10	£11.50	£15
Cinema		Health & Fitness	A3/A4

H1 2021

Plymouth



Royal William Yard, Plymouth. Courtesy of Urban Splash.

OFFICES

Noel Stevens T 01392 353093 E nstevens@alderking.com

- There was very limited demand for offices. Occupiers are considering downsizing and are looking for better quality accommodation where possible. Fit-out of new space is less dense to allow for new hybrid working models.
- Supply increased as a number of larger buildings have come to market including The Range HQ where 24,000 sq ft of space is available. Take-up was boosted by the 17,000 sq ft letting at Royal William Yard to a serviced office provider.
- Because the office market has been a relatively poor performer for a number of years, rents have fallen as local landlords are keen to secure any interest in the market. Rents as low as £7.00 psf for secondary stock have now been reported.

TAKE-UP (SQ FT)

H1 2021 **71,200**FY 2020 **35,000**

SUPPLY (SQ FT)

H1 2021 **322,000**FY 2020 **235,000**

HEADLINE RENT (PSF)

H1 2021	£17	£15
City Centre		Out of Town

2020	£17	£15
City Centre		Out of Town

INDUSTRIAL & LOGISTICS

Noel Stevens T 01392 353093 E nstevens@alderking.com

- Industrial demand is strong but Plymouth, with its strong industrial heritage, benefits from a larger amount of existing space. This space continues to satisfy demand.
- H1 take-up was boosted by the 85,000 sq ft letting of the former Bestway Cash and Carry as well as a handful of disposals of buildings over 20,000 sq ft.
- Rents have increased on existing space with deals being done at £7.00 psf on 10,000 sq ft, up from sub £6.00 psf a few years ago.
- Small unit industrial development on a leasehold and freehold basis is also very popular with capital values up to circa £120 psf.

TAKE-UP (SQ FT)

H1 2021 **314,500**FY 2020 **418,000**

SUPPLY (SQ FT)

H1 2021 **363,000**FY 2020 **391,000**

HEADLINE RENT (PSF)

H1 2021 **£8**2020 **£8**

RETAIL & LEISURE

Noel Stevens T 01392 353093 E nstevens@alderking.com

- Watches of Switzerland announced a new store in Drake Circus which will open in the summer.
- There is good demand for secondary retail where rents are sub-£20,000 per annum as small local businesses retain an appetite to trade. Demand for larger space remains limited with several closures recently including Debenhams and Edinburgh Woollen Mill.

ZONE A HEADLINE RENT (PSF)

H1 2021 **£165**2020 **£165**

OUT OF TOWN HEADLINE RENT (PSF)

H1 2021 **£25**2020 **£25**

LEISURE HEADLINE RENT (PSF)

H1 2021	£13	£10	£35
Cinema		Health & Fitness	A3/A4

2020	£13	£10	£35
Cinema		Health & Fitness	A3/A4



H1 2021

Swindon

Trinity Park, Hillmead, Swindon. Courtesy of Trebor Developments.

INDUSTRIAL & LOGISTICS

James Gregory T 01793 428106 E jgregory@alderking.com

- The 371 acre Honda site on the eastern fringe of the town has been sold to Panattoni which is planning a comprehensive large scale warehouse-led redevelopment and is now in discussion with a number of potential occupiers.

TAKE-UP (SQ FT)

H1 2021	321,700
FY 2020	2,709,000

- Strong demand from the logistics sector has resulted in the 78,750 sq ft letting of Trinity Park at Hillmead to Bleckmann and two further lettings at Ignition, Dorcan to BD (65,341 sq ft) and DHL (40,070 sq ft).

SUPPLY (SQ FT)

H1 2021	2,023,000
FY 2020	1,570,000

- Despite an increase in overall supply as a result of several large buildings formerly occupied by Honda suppliers, there continues to be positive demand for buildings of all size ranges.

HEADLINE RENT (PSF)

H1 2021	£8
2020	£7.75

- There is strong demand in Chippenham with tight supply. St. Modwen Park has pre-let 88,827 sq ft to Furniture Box. Ashville Properties has commenced construction of 20 units at Methuen Park.

RETAIL & LEISURE

James Gregory T 01793 428106 E jgregory@alderking.com

- There is strong demand from leisure operators seeking vacant retail space.

ZONE A HEADLINE RENT (PSF)

H1 2021	£70	£40
Regent Street		Brunel Centre
2020	£70	£40
Regent Street		Brunel Centre

- Two new Lidl stores are to open in Swindon within the next three months.

- The Institute of Technology is opening in September at North Star. It is partnered with the University of Gloucestershire and Oxford Brookes University.

OUT OF TOWN HEADLINE RENT (PSF)

H1 2021	£20
2020	£20

LEISURE HEADLINE RENT (PSF)

H1 2021	£15	£10	£20
Cinema		Health & Fitness	A3/A4
2020	£15	£10	£20
Cinema		Health & Fitness	A3/A4

OFFICES

James Gregory T 01793 428106 E jgregory@alderking.com

- Take-up in H1 2021 was substantially lower than in previous years as a consequence of the pandemic.

TAKE-UP (SQ FT)

H1 2021	28,500
FY 2020	182,000

- The legal sector was active, with Royds Withy King taking 4,000 sq ft at 3 Newbridge Square and Wood Awdry Douglas taking additional space to now occupy the whole ground floor at 2 Gateway North.

SUPPLY (SQ FT)

H1 2021	687,000
FY 2020	597,000

- Demand for small offices of sub 2,000 sq ft is the most buoyant with particular interest in self-contained buildings.

HEADLINE RENT (PSF)

H1 2021	£17.50	£19
Town Centre		Out of Town
2020	£17.50	£19
Town Centre		Out of Town

- Good quality accommodation is proving to be the most popular as employers recognise the need to provide better specified accommodation for their staff.

- Supply of 'grey space' has increased as companies begin offloading surplus accommodation.

H1 2021

Taunton



Creech Castle Business Centre.

OFFICES

Andrew Maynard T 01823 444879 E amaynard@alderking.com

- Due to activity picking up in the second half of 2020, the first quarter of 2021 saw the completion of several lettings, providing a good start to 2021. Further progress was made in Q2. Overall the first half of 2021 outperformed expectation.
- Work on a new business centre at Creech Castle Business Centre by Chadwick Holdings is almost complete, with excellent early take-up of workstations proving the long held view that there is good latent demand for flexible workspace within the town.

TAKE-UP (SQ FT)

H1 2021	26,000
FY 2020	45,000

SUPPLY (SQ FT)

H1 2021	225,000
FY 2020	210,000

HEADLINE RENT (PSF)

H1 2021	£12.50	£15
Town Centre		Out of Town
2020	£12.50	£15
Town Centre		Out of Town

INDUSTRIAL & LOGISTICS

Andrew Maynard T 01823 444879 E amaynard@alderking.com

- The ongoing success of Westpark 26 in neighbouring Wellington acts as a barometer for the potential new build market in Taunton itself, where there have been few opportunities for a number of years.
- This has resulted in very strong demand for existing buildings, with prices increasing over the past 12 months, mirroring the general M5 corridor market from Bristol south.

TAKE-UP (SQ FT)

H1 2021	20,000
FY 2020	50,000

SUPPLY (SQ FT)

H1 2021	100,000
FY 2020	110,000

HEADLINE RENT (PSF)

H1 2021	£9.50
2020	£9.50

RETAIL & LEISURE

Andrew Maynard T 01823 444879 E amaynard@alderking.com

- The available stock is primarily secondary or tertiary in nature, although the recently vacated former Debenhams store in North Street significantly increases the overall amount of vacant space in the town centre.
- The Coal Orchard development scheme, which is currently under construction, is set to complete in August and will comprise eight retail units including Class E, A3 and D2 proposed uses providing 18,566 sq ft of accommodation along the River Tone.

ZONE A HEADLINE RENT (PSF)

H1 2021	£65
2020	£70

OUT OF TOWN HEADLINE RENT (PSF)

H1 2021	£19
2020	£19

LEISURE HEADLINE RENT (PSF)

H1 2021	£10	£9	£18
Cinema		Health & Fitness	A3/A4
2020	£10	£9	£18
Cinema		Health & Fitness	A3/A4



H1 2021

Truro

Ground floor, High Water House, Truro.
On the market to let through Alder King.

INDUSTRIAL & LOGISTICS

Ian Simpson T 01872 227004 E isimpson@alderking.com

- The strengthening industrial market has resulted in a significant increase in demand as well as a significant drop in available supply over the last six months. This is also demonstrated by the fact that almost 50% of available floor area is currently under offer.
- With limited new development underway, we anticipate a further reduction in supply and continued upward pressure on rents.

TAKE-UP (SQ FT)

H1 2021	160,000
FY 2020	100,000

SUPPLY (SQ FT)

H1 2021	150,000
FY 2020	380,000

HEADLINE RENT (PSF)

H1 2021	£9
2020	£9

RETAIL & LEISURE

Ian Simpson T 01872 227004 E isimpson@alderking.com

- The first half of 2021 saw further vacancies in Truro's prime retail pitch. Notable new vacancies include the former Debenhams store adjacent to Marks & Spencer at Lemon Quay and Argos at Victoria Square.
- The most significant recent transaction was the letting of 25 King Street to Regatta which is relocating from Town Quay. The headline rent is believed to be within the £75 - £80 psf Zone A range.

ZONE A HEADLINE RENT (PSF)

H1 2021	£80
2020	£90

OUT OF TOWN HEADLINE RENT (PSF)

H1 2021	£20
2020	£20

LEISURE HEADLINE RENT (PSF)

H1 2021	£25
2020	£25

OFFICES

Ian Simpson T 01872 227004 E isimpson@alderking.com

- The office market in Truro and surrounding area saw a drop in demand but also a slight drop in supply. Contributing factors include the market's slow recovery from lockdowns and the increased trend in home working.
- However, there is a significant increase in currently available offices going under offer, particularly in the 1,000 - 2,500 sq ft range, suggesting that end of year take-up figures may be stronger.

TAKE-UP (SQ FT)

H1 2021	15,000
FY 2020	20,000

SUPPLY (SQ FT)

H1 2021	130,000
FY 2020	150,000

HEADLINE RENT (PSF)

H1 2021	£12	£10
City centre		Out of Town
2020	£12	£10
City centre		Out of Town

H1 2021

Investment



Portside Park, Avonmouth.



Oxford Instruments, Central Approach, Avonmouth.

ECONOMIC RECOVERY

- The UK's economic recovery gathered pace in Q2 as government restrictions affecting economic activity continued to ease. GDP is estimated to have grown by 2.3% in April, driven largely by the re-opening of consumer-facing services and more pupils returning to onsite lessons, albeit April's GDP remains 3.7% below pre pandemic levels.
- The latest figures suggest that the jobs market is showing signs of recovery with the number of payrolled employees increasing for the 6th consecutive month to 28.5m, but still 553,000 down on pre-pandemic levels.
- Inflation rose from 0.7% in January to 2.1% in May. The Bank of England is expected to tolerate a temporary breach of its 2% target on the basis it does not envisage this being sustained in the long run. The current base rate remains at 0.1% with low expectations of a rate rise in the near term.

UK INVESTMENT SUMMARY

- Around £22.18bn was transacted in the UK in the first 6 months of the year with an average net initial yield of 5.16% according to Property Data, compared with £21.15bn in the corresponding period for 2020.
- Sector bias was towards the industrial, office and alternative sectors which accounted for 28%, 27% and 24% respectively of total transactions.
- During the period, institutions and property companies were significant net sellers whereas overseas investors were significant net investors.
- Given the strong economic fundamentals there is a clear rationale for UK real estate investment, particularly considering the current yield spread over gilts which is extremely wide. Investor demand will continue to polarise in favour of those sectors and locations that will benefit from the structural changes which were accelerated by the pandemic.

SIGNIFICANT H1 TRANSACTIONS

INDUSTRIAL

Portside Park, Avonmouth. A part-let speculative development by Barwood/Trebor totalling 155,000 sq ft in six units sold to NFU Mutual for £21.7m / £140psf.

Oxford Instruments, Central Approach, Avonmouth. 107,660 sq ft distribution unit offering 20 years indexed income. AXA IM has agreed a forward funding at £20.6m, 3.6% NIY.

Rockingham Gate, Avonmouth. 104,000 sq ft multi let industrial estate with a WAULT of 4.7 years/3.7 years to breaks, sold by Orchard Street to PITCH for £15.9m, 4.12% NIY.

OFFICE

Lupin Way, Yeovil. 51,700 sq ft building let to BAE Systems for 6 years, sold to Hardington Capital for £7.87m, 8.5% NIY.

Campden Hill & Charles Bayer Buildings, Bath. 33,000 sq ft waterfront office building, single let to Hoare Lea, sold to TCN for £9.5m, 4.5% NIY.

St James House, Cheltenham. Sold by KAMES to Schroders Regional Office PUT for £21.8m, 7.5% NIY.

St James House, Bristol. 36,415 sq ft multi-let office building sold off market to the NHS Trust for £12.35m, 6.25% NIY.

RETAIL/LEISURE

Flowerdown Retail Park, Weston-Super-Mare. Sold to Columbia Threadneedle for £22m, 9% NIY. Tenants include B&Q, Aldi & Sports Direct.

Travelodge Hotel, Harlequin Park, Bristol. BMO Real Estate Partners acquired this 97-bed hotel let on a 25 year lease for £11.62m, 4.95% NIY by way of forward funding.

15-33 Union Street, Bristol. 63,125 sq ft of multi-let retail/leisure acquired by AEW REIT for £10.19m, 8% NIY.

231 High Street, Exeter. Prime retail, single let to JD Sports on a 10 year lease with 5 year break, sold to a private trust for £2.57m, 9.5% NIY.



Ecclesiastical Insurance Company, Gloucester.

Bristol 0117 317 1000	Swindon 01793 615477
Cardiff 029 2022 0000	Taunton 01823 444879
Exeter 01392 353080	Truro 01872 222174
Gloucester 01452 623290	Stay connected   www.alderking.com



Alder King is a top 25 UK property consultancy providing a market-leading package of services on all aspects of commercial property and land. Expertise that will give you the property intelligence you need to succeed.

- Asset Recovery
- Building Consultancy
- Business Rates
- Commercial Development
- Development Funding
- Energy
- Expert Witness
- Facilities Management
- Industrial & Logistics Agency
- Investment & Asset Management
- Lease Advisory
- Office Agency
- Planning
- Property Management
- Retail & Leisure Agency
- Residential Development
- Valuation
- Viability in Planning

Front cover image: Javelin House, Gloucester.

Research and press contact
Simon Price - sprice@alderking.com
Sarah King - sking@alderking.com
0117 317 1000

July 2021. The figures and forecasts in this report are intended as a general guide and although Alder King has made every effort to ensure accuracy, it cannot accept liability for any errors in fact or opinion. All rights reserved. This report is strictly copyrighted and reproduction in any form is prohibited unless permission is first obtained. The stated figures should not be used for valuation purposes.

Alder King LLP is a Limited Liability Partnership registered in England and Wales no. OC306796. Registered Office: Pembroke House, 15 Pembroke Road, Bristol, BS8 3BA.

A list of members is available at the registered office.

