

UK Office Occupier Enquiries Analysis

Overview Q3 2009

The calm after the storm?

With the UK economy now emerging from recession, the level of enquiries for new office space appears to be improving, but there is still a long way to go.

During 2009Q3, an 11% quarter-on-quarter increase in the number of significant* enquiries was recorded across the King Sturge UK network. The total number of individual enquiries was the highest recorded in a year at 286, while the volume of space required rose by 34%.

This result points to an upturn in occupier demand, but in the current market there may be other factors at play. Perceiving that there are bargains to be had during a recession, some firms may simply be 'testing the water' without specific plans to re-locate. In addition, enquiries circulating the market are likely to be more closely watched by local agents during a period of very low deal volumes.

The regional results reveal that the overall increase in enquiries was driven by the City of London, which has experienced a resurgence in interest from occupiers as market rents have bottomed out. In 2009Q3, floorspace requirement volumes in the City were up 32%, the third successive quarterly improvement, to give the highest total in over two years. Rising floorspace requirements were also recorded in Manchester and the Thames Valley, while falls were seen in Bristol, Cardiff and the West End of London.

Despite the increase in 2009Q3, the current level of enquiries remains far below that of mid 2007 when the credit crunch first started. A swift return to pre-credit crunch levels of requirements for office space is unlikely with the UK economy facing a slow recovery.

* City, West End & South East: new enquiries over 1,858m² (20,000 ft²), Regional centres: new enquiries over 929m² (10,000 ft²)

New Enquiries Logged* (All Offices 2004 – 2009)

