

Office snapshot Western Corridor Q3 2021



Key takeaways

- The Western Corridor saw a strong Q3, with take-up reaching 545,000 sq ft which has helped to push take-up across the region to 1.64m sq ft.
- Supply levels for the best quality space should remain under pressure for the remainder of the year, as occupiers will remain focussed on securing good quality space with excellent wellbeing and sustainability credentials.

Top five leasing deals

Tenant/Purchaser	Transaction type	Area (sq ft)	Address
Canon (UK) Ltd	Lease	151,074	4 Roundwood Avenue, Stockley Park
Lonza	Lease	45,346	234 Bath Road, Slough
Intersystems	Lease	44,833	One Victoria Street, Windsor
Cinch Cars Limited	Lease	25,106	Form 1 Bartley Wood Business Park, Hook
Tti, Inc.	Lease	21,321	22 Market Street, Maidenhead

Demand

545,000 sq ft
Q3 take-up

Average deal size
18,167 sq ft

467,200 sq ft
Grade A take-up

Dominant sectors
36%
Manufacturing

21%
TMT

Largest city centre deal
Canon (UK) Ltd
151,074 sq ft
The Bower,
4 Roundwood Avenue
Stockley Park

30 Total number of deals

17 Number of deals above 10,000 sq ft

Supply

82.3m sq ft
Total stock

9.5m sq ft
Currently available

538,400 sq ft
Total Grade A supply

11.6%
Vacancy rate

1.1m sq ft
Speculative space under construction

Prime rents

£36.93 per sq ft

Year-on-year rental growth

0.9%

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Market overview

Demand

Summary statistics	Q3 2021	Change Y-o-Y	12-month outlook
Take-up	545,000	↑	↑
Prime rent (£ psf)	£36.93	↑	→

Historic take-up (sq ft)

Year	2018	2019	2020	2021 Q1 - Q3
Total	2.7m	2.0m	1.2m	1.6m
No. of deals	130	104	65	80

Source: JLL, 2021

The Western Corridor saw a strong Q3, with take-up reaching 545,000 sq ft which has helped to push take-up across the region to 1.64m sq ft. This is already ahead of the 2020 full year total of 1.23m sq ft. Furthermore, with the 10-year average annual take-up for the Western Corridor standing at 2.1m sq ft, it is anticipated that 2021 could exceed the 10-year average, driven by major, strategic transactions. Volumes in Q3 were boosted by the 151,074 sq ft transaction by Canon (UK) at 4 Roundwood Avenue, Stockley Park, which was the largest deal in Q3, but also the largest deal across the Western Corridor in 2021 thus far. The Western Corridor average prime rent moved up by 0.4% in Q3 to £36.93. However, incentive packages remain competitive - this is reducing net effective rents in many locations

Supply

Summary statistics	Q3 2021	Change Y-o-Y	12-month outlook
Vacancy rate (%)	11.6%	↑	↑
U/C spec	1.1m	↑	→

Source: JLL, 2021

Supply levels were largely unchanged over the quarter, with Western Corridor overall vacancy edging up to 11.6% in Q3 from 11.5% in Q2. Although from a year-on-year perspective, total availability has risen by almost 10% across the Western Corridor driven by increasing levels of occupier released Grey Space. Furthermore, supply levels for the best quality space should remain under pressure for the remainder of the year, as occupiers will remain focussed on securing good quality space with excellent wellbeing and sustainability credentials.

The amount of space under construction has increased to 1.15m sq ft across the Western Corridor. This was boosted by the commencement of the One Station Hill scheme in Reading in Q3, a new build development of 275,000 sq ft and one of the largest recent developments in the Western Corridor.

Investment

Investment market	Q3 2021	Change Y-o-Y	12-month outlook
Investment vol (£m)	£76m	→	↑
Prime yield	4.75%	→	→

Source: JLL, 2021

 **£862m**
2021 total

4.75%
Prime yield Q3

The Western Corridor investment market saw a slightly subdued Q3 when compared to Q2, with £76m transacted. Although, this helped to push the 2021 Q1-Q3 volumes to £862m. However, the buyer pool in the Western Corridor remains varied, with a mix of domestic and overseas investors currently active. As a result, the remainder of 2021 is anticipated to see steady deal volumes as market conditions stabilise. Prime yields were unchanged at 4.75%.

*The COVID-19 pandemic has created a material uncertainty in real estate investment market performance. Across Europe, there is considerable variation in the extent of the human tragedy implications unfolding and its impact on economic activity, including the trajectory, duration and extent of these impacts on all real estate sectors. Varying recent and ongoing policy responses across the region and mitigating implications will differ by market and sector.

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