

## **APPENDIX 12**

### **Central Birmingham Office Sector Summary Assessment**

The total current office stock in Birmingham City Centre is roughly 924,000 sq m (9,950,000 sq ft). Recent surveys of development projects suggest that within the next decade Birmingham office supply could provide up to about 464,500 sq m (5,000,000 sq ft), an increase of almost 50%. Some of the projects underway are Masshouse, Paradise Circus, Eastside Technology Park, The Learning and Entertainment Quarter and Curzon Park.

Two major schemes, which totalled over 26,000 sq m (279,870 sq ft), were completed in 2004. The sites were at One Colmore Square and 134 Edmund Street. Legal and public sector occupiers accounted for the majority of last year's larger deals.

There are a large number of requirements, many for space over 2,787 sq m (30,000 sq ft). The city centre office rents are at a steady £27.50 per sq ft. Over the last five years, there has been a 2.8% pa increase. The forecasted growth over the next four years is 2.7% pa. In the near future rents will certainly rise over £30 per sq ft; however, quality office accommodation is available in the city for as low as £12.50 per sq ft. These economic forecasts suggest a fairly strong level of demand in the office sector. Presently, construction activity is limited, and the city has seen very little new grade A stock. There will be no significant new building office accommodation in Birmingham before 2008. Despite this, older buildings are being refurbished, improving the quality of office stock overall, but primarily because of the lack of new stock and does not provide the best quality grade space, which is a concern.

This year should see a considerable amount of prime space enter the market in three buildings. These include Temple Point (6,700 sq m), Cannon House (6,500 sq m), and Baskerville House (18,500 sq m) (GVA Grimley). Recently the Baskerville House underwent a successful refurbishment and extension.

The overall prime yields for prime offices as of Autumn 2005 are 5.5%.

In conclusion the amount of office stock available in central Birmingham of grade A quality is limited and with little new space being promoted for completion in the

near future consequently does show space is being refurbished but this is not keeping pace with demand and does not always provide the best quality required by leading edge companies.