Radius

The South East: the second biggest region for deals

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THE SOUTH EAST THE SECOND BIGGEST REGION FOR DEALS

With its close proximity to London, the South East has long been a powerful economic hub. It's clear to see how, with the likes of Oxford, Brighton and Reading cementing their reputations as commercial hotspots.

The region's outsized impact on the CRE sector is clear. In 2022, the South East accounted for 13% of all office transactions (lettings and sales), 14% of all retail deals, and 15% of industrial deals. The South East also generated more planning applications than any other in the UK.

But what does the data tell us about the region itself? Where is the market at its strongest?

This EG report analyses the data behind the Q1-Q3 2022 deals in the South East to explore what we can expect in 2023.

In this report you can uncover findings such as:

- Occupiers are increasingly paying more for less – **with a 5% rise in the average office space rent**
- **Notable deals in 2022** included Amazon signing for 164,162 sq ft of warehouse space in Hampshire
- **10.2 million sq ft of industrial space** is set to complete this year – helping to ease pent-up demand for high-quality premises.

OFFICE 5% RISE IN AVERAGE RENT

Within the UK office market, the South East remains a top tier region. In 2022, it was one of four areas (alongside Greater London, the North West and Scotland) where the office market accounted for the dominant share of overall CRE deals.

While the region leads its peers, its performance against its own benchmark is more mixed. In terms of square footage alone, office deals in 2022 were still 40% short of their pre-pandemic levels – with 4 million sq ft of lettings and occupational sales.

But while transactions have lagged, their average value has risen, as occupiers increasingly prioritise premium spaces – particularly those which value sustainability.

Significant deals across the South East include Octopus Energy signing an 80,000 sq ft pre-let in Brighton's grade A Edward Street Quarter; aerospace firm Ultra Electronics taking 56,000 sq ft in Maidenhead's Foundation Park; and payroll provider ADP leasing 47,211 sq ft in Staines.

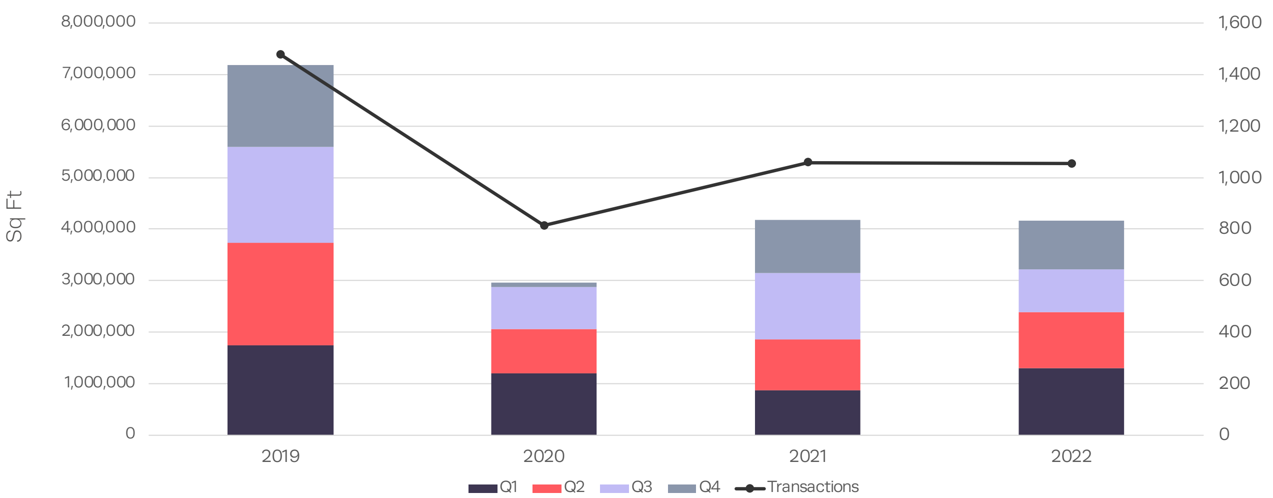
In a major boost for the life sciences sector, Pfizer confirmed a 10-year renewal on its 335,000 sq ft base in Sandwich, Kent. The site was instrumental in the company's research into Covid-19 treatments and sustains some 2,400 jobs within the county.

Unsurprisingly, the South East continues to generate interest from investors, with significant acquisitions by Citibank, Regional REIT and Forma Real Estate during the past year. Data from EG Radius suggests an average net yield of 7.04%, with deals totalling more than £900 million in 2022.

In terms of space alone, occupiers are increasingly paying more for less – with a 5% rise in the average rent.

As with other high-value regions, deal volumes also remain suppressed by a shortage of supply – in particular for Grade A space. The problem is even more pronounced in certain sectors for example, the life sciences cluster in Oxford the lack of quality lab space is described as "critical".

Office take-up year-on-year



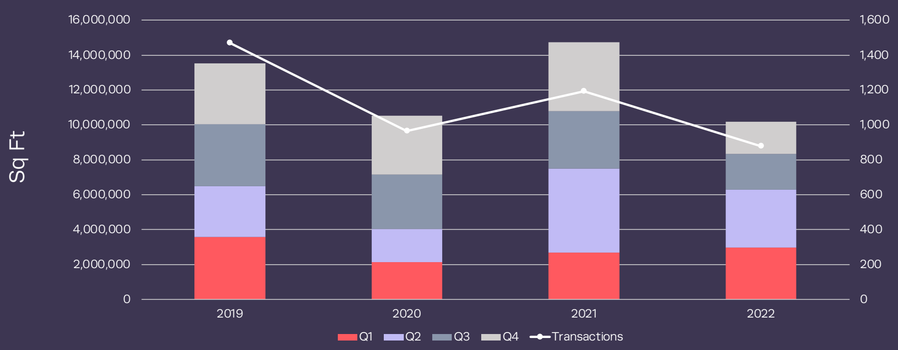
INDUSTRIAL RENT EXCEEDED 5-YEAR AVERAGE

Compared with the previous year, industrial take-up declined in 2022, with a 37% year-on-year drop in transactions. Although this fall may appear dramatic, a longer-term view provides vital context: with 2021 representing a sizeable surge (9%) on pre-pandemic levels.

By that measure, last year's performance can be seen as a reversion to the norm rather than a slump in its own right. Indeed EG Radius data confirms the strong fundamentals of the industrial market.

For example, demand for higher quality premises remains very strong, driving up rental values. As with the office market, rents are 11% higher than their five-year average.

Industrial take-up year-on-year



Notable deals in 2022 included ICP Logistics taking 220,800 sq ft in Milton Keynes; Amazon signing for 164,162 sq ft of warehouse space in Hampshire; and office supplier Rexel agreeing a 15-year pre-let for 184,000 sq ft in Buckingham.

The last of these is particularly significant as it is the second major deal at Tritax's Symmetry Park: a speculative logistics development with a major emphasis on sustainability.

"To have let two of our three speculatively developed buildings on phase two prior to practical completion shows the strength of the occupational market in the South East," commented Tritax Symmetry director Christian Matthews on this deal.

RETAIL VOLUME OF TRANSACTIONS 25% DOWN

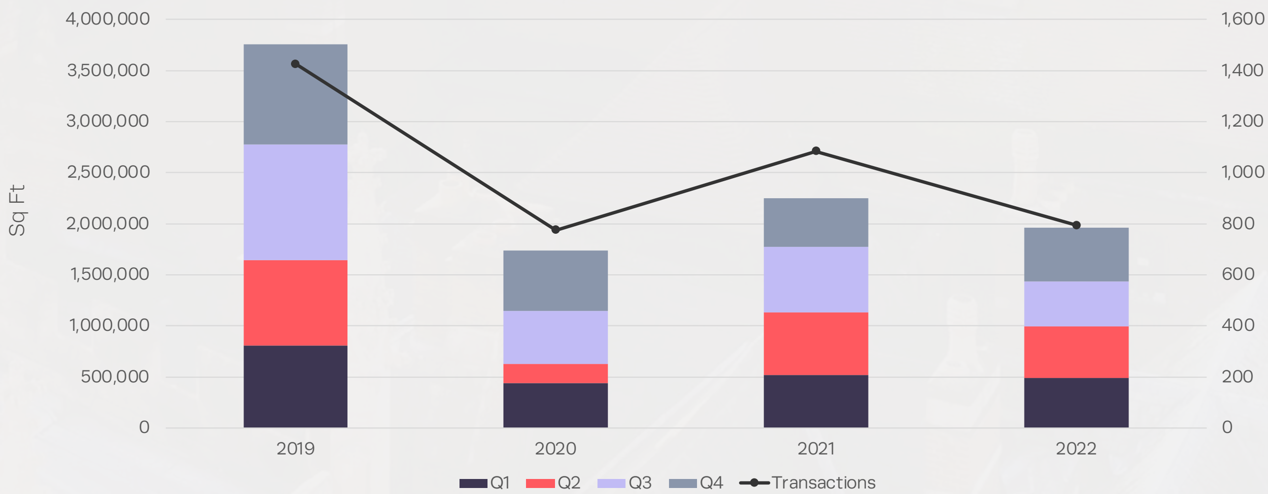
Across the UK, the retail sector has endured a difficult three years, as economic headwinds have dampened hopes of a speedy recovery. Yet within the market there are signs of resilience.

As inflationary pressures weigh on consumer spending, sellers of inflation-proofed essentials such as supermarkets and discount retailers remain a driving force of deals. In the past year Marks and Spencer, Primark and Morrisons all confirmed new leases in the South East (in Woking, Epsom and Ebbsfleet respectively).

In the three years since the initial COVID-19 shock, retail transactions have remained steady, with square footage at around 50% of 2019 levels. The volume of transactions, however, is down only 25%, suggesting that smaller moves are less affected.

Unlike other sectors, there has been no rental rise, with achieved rents remaining in lock-step with their five year average (at £24.43 per sq ft in 2022).

Retail take-up year-on-year



PLANNING 3.3 MILLION SQ FT MORE OFFICE SPACE IN 2023

When it comes to future performance, few factors provide a more reliable indicator of market confidence than a robust planning pipeline. So how does the South East fare?

In 2022, the region delivered the largest share of all planning applications with more than 13,000 applications – pushing London into second place. Furthermore, the pipeline remains evenly distributed across each of the three major sectors in terms of both overall applications and those granted permission.

Applications for retail and industrial remain at 83% and 89% of their 2019 levels respectively, with offices trailing slightly at 69%. Given the consistent demand for premium office space, that last number will be keenly watched in 2023.

When it comes to planning permission, retail has the highest success rate, with 86% of applications getting the greenlight. For both office and industrial, the consent rate was 77% – a small drop on pre-pandemic levels.

The strength of the pipeline in recent years means that construction levels remain buoyant. More than 3.3 million sq ft of office space is set to be completed in 2023, for example, followed by 4.95 million sq ft in 2024.

A total of 10.2 million sq ft of industrial space is set to complete this year, helping to ease pent-up demand for high-quality premises.

LOOKING FORWARD
WHAT WILL THIS YEAR BRING?

EG Radius data suggests cause for optimism for the South East in 2023. But how do expert agents see the market progressing?

> *"I forecast further rental growth driven by the lack of good quality supply for both the industrial and office sectors – particularly on the south coast."*
>
> Adrian Whitfield,
> Director, Realest

"Rising interest rates and inflation remain a concern, as they impact on business confidence,'" he adds. Yet the South East has demonstrated its ability to outperform in previous years – and remains well placed to do so once again.

> *"The most buoyant market remained the industrial sector with capital and rental growth continuing through Q1–Q3 of 2022 before it began to level off in Q4."*
>
> Phil Hubbard
> Partner, Sibley Pares

"As we go into 2023 we are expecting a slow first six months of the year until we have a better understanding of where interest rates are heading," he adds. "As this settles down we hope that the investment side of the market will start to pick up pace once more and it will be a stronger second half of the year."

EG Radius On-Demand Rankings reveal the latest deals and which contributors are acting on them every week, but who shifted the most space and landed the most deals in the final quarter of 2022?

Radius rankings reveal busiest agents in Q4

Big names dominate EG's latest agent leaderboards in terms of total space transacted, but many regional specialists are way out in front on the number of deals done in their area.

Among the notable winners in Q4, Miller Commercial landed more than double the deals of its nearest rival in Cornwall, while B8 Real Estate shifted more than 1m sq ft of sheds in the North West.

Based on transactional data shared by members of the EG Radius community, the tables reveal which agents were most successful during the period. They cover all occupier sales and lettings but exclude lease renewals and deals under NDAs at the time of publishing. Investment sales are reported separately in the table on p33.

Full leaderboards, sector and city tables, plus top individual dealmakers and all the latest deals, can be found at:

EGI.CO.UK/RADIUSDX/CONTRIBUTOR-RANKINGS

LONDON OFFICE MARKETS*

	Agent	Total space (sq ft)
West End	**Knight Frank**	**350,989**
	CBRE	200,590
	Cushman & Wakefield	189,187
	JLL	162,760
	RX London	123,801
City core	**JLL**	**578,645**
	Cushman & Wakefield	521,950
	CBRE	170,048
	Newton Perkins	123,591
	Knight Frank	122,211
City fringe	**JLL**	**176,477**
	Compton	68,222
	Knight Frank	53,878
	Anton Page	39,609
	CBRE	35,315
Midtown	**JLL**	**182,705**
	CBRE	179,692
	Cushman & Wakefield	122,061
	Farebrother	56,076
	Edward Charles & Partners	45,503
Docklands	**JLL**	**74,541**
	CBRE	68,927
	Cushman & Wakefield	52,419
	Avison Young	21,056
	Knight Frank	14,109
Southern fringe	**Cushman & Wakefield**	**108,405**
	JLL	48,594
	BH2	38,983
	USP London	31,474
	Knight Frank	28,826

Q4 REGIONAL LEADERBOARD Deals transacted on Radius between 01/10/22 and 31/12/22*

	OFFICE		INDUSTRIAL		RETAIL	
	Agent	Total space (sq ft)	Agent	Total space (sq ft)	Agent	Total space (sq ft)
Greater London	**JLL**	**1,277,503**	**Gerald Eve**	**114,588**	**Cushman & Wakefield**	**191,538**
	Cushman & Wakefield	1,102,537	Colliers	63,673	JLL	40,626
	CBRE	707,092	JLL	48,251	Kemsley	28,898
	Knight Frank	643,027	Savills	43,560		
	BH2	194,101	BNP Paribas Real Estate	35,684		
East Midlands	**FHP Property Consultants**	**99,805**	**Colliers**	**686,358**	**Cushman & Wakefield**	**359,012**
	Lambert Smith Hampton	70,381	FHP Property Consultants	404,448	Savills	100,681
	JLL	25,507	Innes England	212,411	FHP Property Consultants	39,457
	Innes England	25,280	CBRE	150,000		
	Savills	21,578	Knight Frank	139,989		
East of England	**Bidwells**	**150,143**	**Bidwells**	**580,851**	**FHP Property Consultants**	**22,393**
	Carter Jonas	76,164	Knight Frank	240,830	Eddisons	8,743
	CBRE	52,978	Eddisons	151,296	Christie & Co	6,300
	Fenn Wright	39,964	JLL	39,214		
	Cheffins	23,041	Gerald Eve	37,500		
North East	**Knight Frank**	**65,807**	**Knight Frank**	**59,657**	**Bradley Hall Chartered Surveyors**	**13,242**
	Bradley Hall Chartered Surveyors	28,398	Naylors Gavin Black	45,712	Savills	12,982
	BNP Paribas Real Estate	27,427	Parker Barras Estates	8,297	Johnson Tucker	4,486
	Dodds Brown	18,690	Youngs RPS	4,264		
	Avison Young	7,177	Johnson Tucker	2,848		
North West	**CBRE**	**380,365**	**B8 Real Estate**	**1,126,292**	**Savills**	**40,575**
	JLL	199,185	JLL	127,054	Avison Young	38,596
	Avison Young	106,023	Knight Frank	45,737	Hitchcock Wright & Partners	27,809
	Knight Frank	60,297	CBRE	44,995		
	Cushman & Wakefield	41,421	Colliers	24,630		
Scotland	**JLL**	**343,072**	**Avison Young**	**204,887**	**Savills**	**214,482**
	CBRE	219,287	Colliers	192,954	GM Brown Property Consultants	9,349
	Savills	150,087	JLL	186,689	Falconer Property Consultants	7,511
	Avison Young	126,709	Savills	54,256		
	Knight Frank	30,860	GM Brown Property Consultants	40,214		
South East (inc Home Counties)	**CBRE**	**288,158**	**CBRE**	**294,065**	**Cushman & Wakefield**	**188,103**
	Fenn Wright	111,536	Bidwells	284,165	Flude Property Consultants	64,262
	Lambert Smith Hampton	95,620	Colliers	272,976	Savills	58,741
	Brasier Freeth	57,117	JLL	258,191		
	Flude Property Consultants	50,154	Lambert Smith Hampton	254,459		
South West	**JLL**	**65,894**	**JLL**	**269,400**	**Cushman & Wakefield**	**83,837**
	CBRE	50,438	Knight Frank	117,306	Savills	69,217
	Burston Cook Associates	38,492	Carter Jonas	76,900	Vickery Holman	11,804
	Savills	27,139	Vickery Holman	48,691		
	Knight Frank	17,546	Sibbett Gregory	39,431		
Wales	**Savills**	**79,874**	**Knight Frank**	**204,067**	**Savills**	**80,000**
	Knight Frank	52,710	Colliers	165,829	Cushman & Wakefield	20,000
	Fletcher Morgan	7,992	JLL	105,464	Christie & Co	5,178
	Cooke & Arkwright	5,004	Jenkins Best	99,741		
	JLL	4,699	Cooke & Arkwright	33,882		
West Midlands	**Savills**	**98,760**	**Colliers**	**408,281**	**Creative Retail Property**	**108,777**
	CBRE	87,512	Cushman & Wakefield	348,901	FHP Property Consultants	72,721
	Avison Young	57,721	Darby Keye	284,327	Avison Young	71,535
	JLL	46,690	Siddall Jones	243,920		
	John Truslove	23,693	JLL	160,257		
Yorkshire & Humberside	**Knight Frank**	**119,169**	**Knight Frank**	**889,176**	**Savills**	**90,459**
	CBRE	38,185	Carter Towler	89,700	Carter Towler	12,687
	Carter Towler	22,286	JLL	61,465	Cushman & Wakefield	10,000
	JLL	16,174	Avison Young	36,836		
	Colloco	13,742	Colliers	13,338		

* These figures reflect deals entered on to the Radius platform by contributing agents and passing EG QA as of 13 January 2023 and exclude confidential deals. Disposals and acquisitions are included.

Q4 COUNTIES LEADERBOARD Lettings and occupational sales transacted on Radius between 01/10/22 and 31/12/22*

County	Agent	Deal count**
Bedfordshire	**Kirkby Diamond**	**28**
	Adroit Real Estate Advisors	6
	Bidwells	2
	Knight Frank	2
	JLL	2
Berkshire	**Haslams Surveyors**	**24**
	Page Hardy Harris	23
	JLL	7
	Savills	7
	Cushman & Wakefield	5
Bristol	**Burston Cook Associates**	**16**
	Knight Frank	12
	JLL	11
	Savills	11
	Cushman & Wakefield	3
Buckinghamshire	**Duncan Bailey Kennedy**	**18**
	Chandler Garvey	18
	Bidwells	6
	Philip Marsh Collins Deung	5
	JLL	4
Cambridgeshire	**Eddisons**	**66**
	Bidwells	18
	Carter Jonas	10
	Cheffins	6
	Everard Cole	4
Cheshire	**B8 Real Estate**	**9**
	Butters John Bee	7
	BE Group	7
	JLL	5
	Avison Young	3
Cornwall	**Miller Commercial Valuers**	**23**
	Vickery Holman	10
	Christie & Co	2
	JLL	1
	Colliers	1
County Durham	**Bradley Hall Chartered Surveyors**	**5**
	Knight Frank	5
	Christie & Co	5
	Parker Barras Estates	4
	Dodds Brown	2
Derbyshire	**FHP Property Consultants**	**28**
	Omeeto	16
	BB&J Commercial	12
	Innes England	8
	Rushton Hickman	3
Devon	**Stratton Creber Commercial**	**20**
	Cushman & Wakefield	8
	JLL	7
	Vickery Holman	7
	Christie & Co	5
Dorset	**Sibbett Gregory**	**18**
	Ellis And Partners	14
	Lambert Smith Hampton	6
	Realest	4
	CBRE	1
East Scotland	**Savills**	**29**
	CBRE	11
	Falconer Property Consultants	11
	Christie & Co	11
	JLL	10

* These figures reflect deals entered directly on to the Radius platform by contributing agents and passing EG quality assurance as of 13 January 2023 and exclude confidential deals. Disposals and acquisitions are included.

** Ties in number of deals were broken by agents with the largest total square footage transacted.

County	Agent	Deal count**
East Sussex	**Flude Property Consultants**	**35**
	Eightfold Commercial	11
	Cushman & Wakefield	4
	Stiles Harold Williams Partnership	3
	CBRE	1
Essex	**Fenn Wright**	**47**
	Kemsley	24
	Cushman & Wakefield	7
	Everard Cole	3
	Whybrow Chartered Surveyors	3
Gloucestershire	**Cushman & Wakefield**	**9**
	Burston Cook Associates	9
	CBRE	4
	Christie & Co	2
	JLL	1
Greater Manchester	**JLL**	**19**
	B8 Real Estate	16
	Cushman & Wakefield	14
	CBRE	13
	Savills	12
Hampshire	**Lambert Smith Hampton**	**35**
	Flude Property Consultants	25
	Hellier Langston	13
	CBRE	10
	Realest	9
Hertfordshire	**Brasier Freeth**	**21**
	JLL	5
	Stimpsons	5
	Coke Consulting	4
	Knight Frank	2
Kent	**Sibley Pares**	**29**
	Watson Day	18
	Caxtons Commercial	8
	Stafford Perkins	7
	CBRE	5
Lancashire	**Christie & Co**	**5**
	Hitchcock Wright & Partners	2
	Bradley Hall Chartered Surveyors	1
	JLL	1
	Avison Young	1
Leicestershire	**Innes England**	**15**
	FHP Property Consultants	6
	JLL	3
	Cushman & Wakefield	1
	CBRE	1
Lincolnshire	**Banks Long & Co**	**18**
	Christie & Co	6
	Eddisons	5
	Lambert Smith Hampton	4
	Pygott & Crone Commercial	4
Merseyside	**Hitchcock Wright & Partners**	**12**
	CBRE	9
	B8 Real Estate	9
	Avison Young	8
	JLL	4
Norfolk	**Bidwells**	**11**
	Christie & Co	6
	JLL	4
	CBRE	1
	Penn Commercial	1

See the most up-to-date rankings of all EG Radius community agents by sector, region, county and city at: www.egi.co.uk/radiusdx/contributor-rankings

Q4 COUNTIES LEADERBOARD Lettings and occupational sales transacted on Radius between 01/10/22 and 31/12/22*

County	Agent	Deal count**
North Wales	**Christie & Co**	**9**
	BA Commercial	7
	Bradley Hall Chartered Surveyors	2
	B8 Real Estate	2
	Savills	2
North Yorkshire	**Parker Barras Estates**	**8**
	Savills	5
	Carter Towler	5
	Christie & Co	5
	JLL	3
Northamptonshire	**Prop-Search**	**30**
	Savills	6
	JLL	2
	Colliers	2
	Cushman & Wakefield	1
Northumberland	**Knight Frank**	**3**
	Youngs RPS	2
	Bradley Hall Chartered Surveyors	2
	Johnson Tucker	2
	Fleurets	1
Nottinghamshire	**FHP Property Consultants**	**59**
	Innes England	9
	Omeeto	7
	Savills	4
	Banks Long & Co	4
Oxfordshire	**CBRE**	**18**
	Carter Jonas	5
	Avison Young	2
	Haslams Surveyors	2
	Fleurets	2
Shropshire	**Towler Shaw Roberts**	**20**
	Colliers	1
	Cushman & Wakefield	1
	Lambert Smith Hampton	1
	Cooper Green Pooks	1
Somerset	**Greenslade Taylor Hunt**	**16**
	Carter Jonas	8
	Christie & Co	6
	Cushman & Wakefield	4
	JLL	3
South Wales	**Knight Frank**	**29**
	Jenkins Best	28
	Cushman & Wakefield	14
	Savills	13
	Cooke & Arkwright	13
South Yorkshire	**Knight Frank**	**23**
	Colloco	11
	Savills	4
	Carter Towler	4
	Fleurets	3
Staffordshire	**Butters John Bee**	**19**
	Rushton Hickman	8
	FHP Property Consultants	6
	Rory Mack Associates	5
	Andrew Dixon & Co	5
Suffolk	**Fenn Wright**	**21**
	Penn Commercial	10
	FHP Property Consultants	6
	Everard Cole	4
	Bidwells	2
Surrey	**Curchod & Co**	**19**
	Hurst Warne	9
	Lambert Smith Hampton	6
	JLL	5
	CBRE	4
Tyne & Wear	**Knight Frank**	**21**
	Bradley Hall Chartered Surveyors	11
	Naylors Gavin Black	5
	Johnson Tucker	4
	Youngs RPS	3
Warwickshire	**Bromwich Hardy**	**16**
	Darby Keye	7
	Savills	7
	CBRE	2
	John Truslove	2
West Midlands	**Siddall Jones**	**47**
	Creative Retail Property	30
	Cushman & Wakefield	19
	Savills	19
	Avison Young	17
West Scotland	**Savills**	**32**
	GM Brown Property Consultants	28
	JLL	22
	Colliers	13
	CBRE	13
West Sussex	**Flude Property Consultants**	**17**
	Knight Frank	3
	Cushman & Wakefield	2
	JLL	2
	Christie & Co	2
West Yorkshire	**Carter Towler**	**40**
	Knight Frank	24
	Savills	15
	CBRE	7
	JLL	6
Wiltshire	**Myddelton & Major**	**13**
	JLL	3
	Carter Jonas	2
	Fleurets	2
	Avison Young	1
Worcestershire	**John Truslove**	**14**
	GJS Dillon	2
	Creative Retail Property	2
	Bromwich Hardy	2
	Colliers	1

Q4 INVESTMENT SALES LEADERBOARD
Investment sales transacted on Radius between 01/10/22 and 31/12/22

Agent	Sale price total
JLL	**£858,637,000**
Knight Frank	£274,408,880
CBRE	£140,335,827
Savills	£133,700,000
Cushman & Wakefield	£85,390,000
RX London	£83,000,000
Avison Young	£50,807,000
Anton Page	£13,200,000
FHP Property Consultants	£12,499,500
Compton	£10,400,000

Access the data in this report and more with EG Radius. Visit **eg.co.uk/eg-radius** today.

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