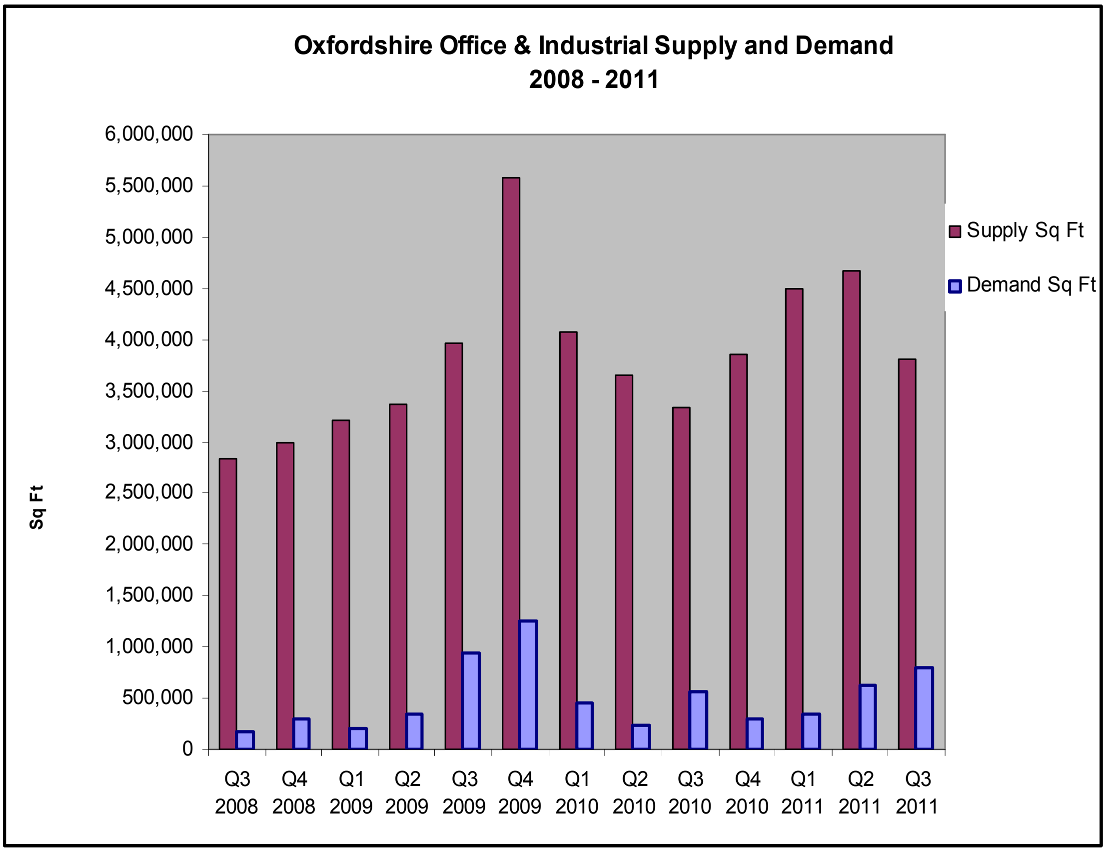
Review of the Oxfordshire commercial property market: Third Quarter - 2011

This Quarter saw a fall in Supply by 18% due to the activity reported in Q2 2011. During Q3 2011, office Demand has been characterised by fewer (and smaller) requirements, whilst the industrial Demand has seen an increase in the average size requirement as well as growth for small nursery units. Whilst there clearly remains activity from businesses growing or relocating, there is a reported slowdown in time taken to undertake a transaction, partly due to the imbalance between supply and demand and lack of new stock entering the market, which could threaten the rate of future economic growth in Oxfordshire.



Sources: Demand - Meeson Williams Limited. Supply – Propertylink. Supply figures for Oxford, Abingdon, Witney, Bicester, Didcot, Banbury.

NB. As there is no central database for demand, we have analysed our own figures.

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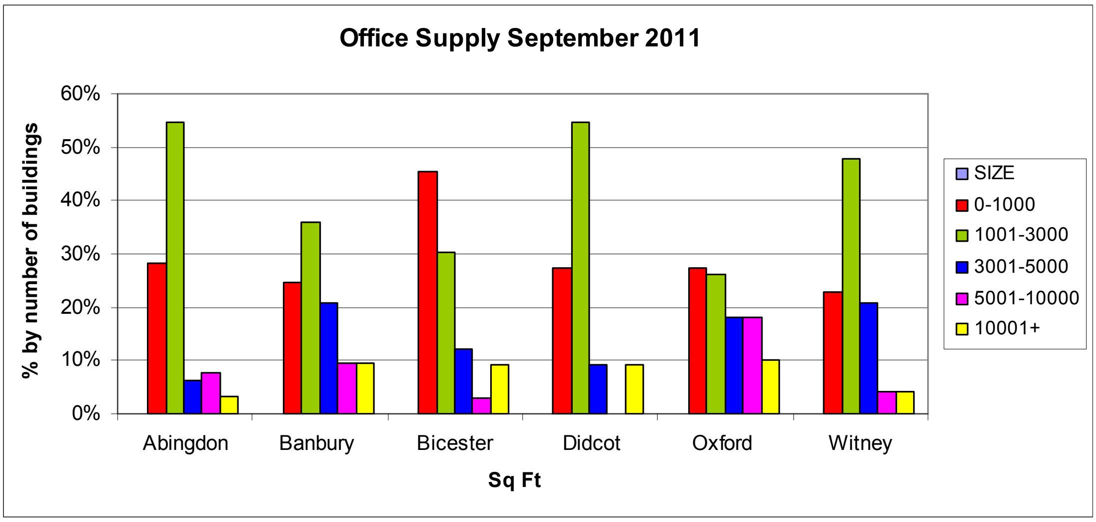
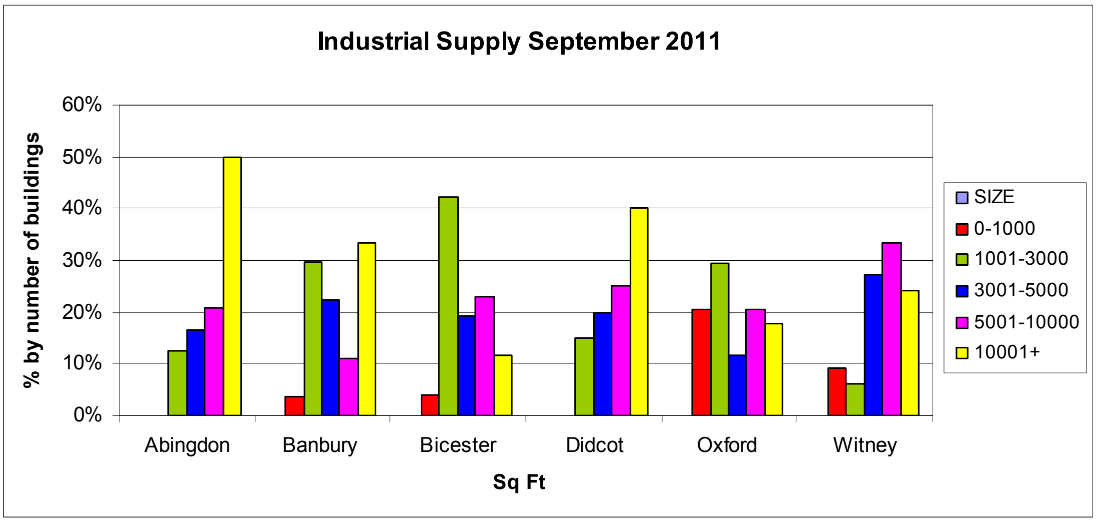
2011 (Q3):

- We recorded a significant increase in demand in Q2 2011 which converted to the take-up of property and consequently a fall in supply by the end of Q3 2011 from 4.66m sq ft to 3.80m sq ft, representing the lowest level of supply during 2011.
- In Q2 2011 we also recorded an increase in the average size requirement for both offices and industrial to 12,500 sq ft and 44,000 sq ft respectively, and the charts below reflect the fall in supply during Q3 in these larger size bands. During Q3 we recorded a significant fall in the average office requirement to 5,000 sq ft (almost identical to Q3 2010) whereas the industrial average has increased slightly to 49,000 sq ft.
- The charts still demonstrate the imbalance of supply by town and sector, especially nursery industrial units, and with the shortage of new stock entering the market we do not foresee that this will adjust in the short term, resulting in continuing unsatisfied demand. We have seen this in practise, having to resort to off-market transactions for clients on a number of occasions.
- The increase in overall demand recorded during Q3 is primarily due to the larger industrial requirements, whereas office demand has fallen. The local property market is reporting a slowdown in the conversion of enquiries to transactions due to economic uncertainty, and this is likely to result in supply remaining unchanged or even edging up slightly during Q4 2011.





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