

NOTTINGHAM: THE FLEXIBLE WORKSPACE MARKET



WELCOME FROM GKRE DIRECTOR, WILL KINNEAR

Nottingham is at the heart of one of the largest metropolitan areas in the UK and is a thriving city for small businesses, especially in the fintech and life science sectors. Many of these are based in the Creative Quarter and historic Lace Market in the city centre.

The city is currently benefitting from several significant regeneration projects, with more than £1bn invested in the city's transport in recent years, notably on new light rail trams and an improved bus network.

Commercial projects in the pipeline include the £2bn Southside development in the city centre. This comprises the remodelling of the Broadmarsh shopping complex, a new City Hub campus for Nottingham College and the Unity Square development close to Nottingham station.

The latter is due to open in 2021 and, in what represents excellent news for the city, HMRC has agreed to take 276,000 square feet for a new regional centre. This will bring more than 4,000 new jobs to the city.

Supply of office space in the city centre is now at a record low and the expectation is

that prime rents will rise to around £25psf (from their current level of £20psf) in the next couple of years. This offers opportunities for flexible workspace operators.

Most of the operators in Nottingham are independents, with only Regus, Citibase, Pure and BizSpace of the national operators having a presence in the city. Currently, while it is possible to find a variety of types of space (including private offices, co-working and lounge space), options for occupiers in terms of availability is relatively limited.

Lack of stock may be a problem for operators wanting to break into the market. Having said that, the Creative Quarter to the east of the city centre and the regenerated area around the station are likely to offer opportunities for ambitious operators in the months ahead.

As elsewhere across the UK, we expect property owners keen to get a foothold in the flexible space market to enter into joint ventures or management agreements with operators, either local or national.

If you have any queries in relation to flexible workspace, please contact me at will@gkre.co.uk.

THE STATE OF THE FLEXIBLE WORKSPACE MARKET IN NOTTINGHAM

LOCATION OF CENTRES

Nottingham's businesses are spread out across the city but the main central business district is considered to be the area in and around Maid Marian Way to the west of the shopping district. Businesses located here include KPMG, Thomson Reuters, Coutts & Co, Lambert Smith Hampton and a number of law firms.

Operators with workspace in the central business district include Regus, Executive Communication Centres (in Park Row) and Accelerate Places (in Wollaton Street).

Regus has three workplaces in the city centre: one in Toll House Hill in the central business district, one in Wheeler Gate near the Old Market Square Tram Stop, and another in the Hilton Hotel next to the Victoria Shopping Centre. Pure's centre is based in Sherwood Park to the north west of the city. BizSpace has a centre in Park Row in NG1 and another in Roden Street, NG3 to the east.

Some of the city's largest companies are based outside this district with E.On to the east of the shopping area in Hockley, Capital One to the south near the railway station, and Boots in the south west of the city near the University of Nottingham.

Independent operators make up much of the market and there are centres dotted around Nottingham including the Lace Market and the Creative Quarter. The Lace Market was formerly the hub of the British Empire's lace industry and features typical Victorian red brick warehouses. Citibase's centre is housed in one of these imposing buildings. This area, along with adjoining Hockley to the north and the area around Sneinton Market, forms part of Nottingham's Creative Quarter and is home to restaurants, bars, clubs, shops, galleries, theatres, and workspaces.

Notable workspace in this area includes Antenna Media Centre, a business centre owned by Confetti Media Group (the umbrella name for a number of creative enterprises owned by Nottingham Trent University), and BioCity (formerly Boots' R&D centre now flexible lab and office space).

Another independent is Minor Oak, a co-working space in the regenerated Sneinton Market, an area described in the Nottingham Post as "the coolest place to be seen in the city".

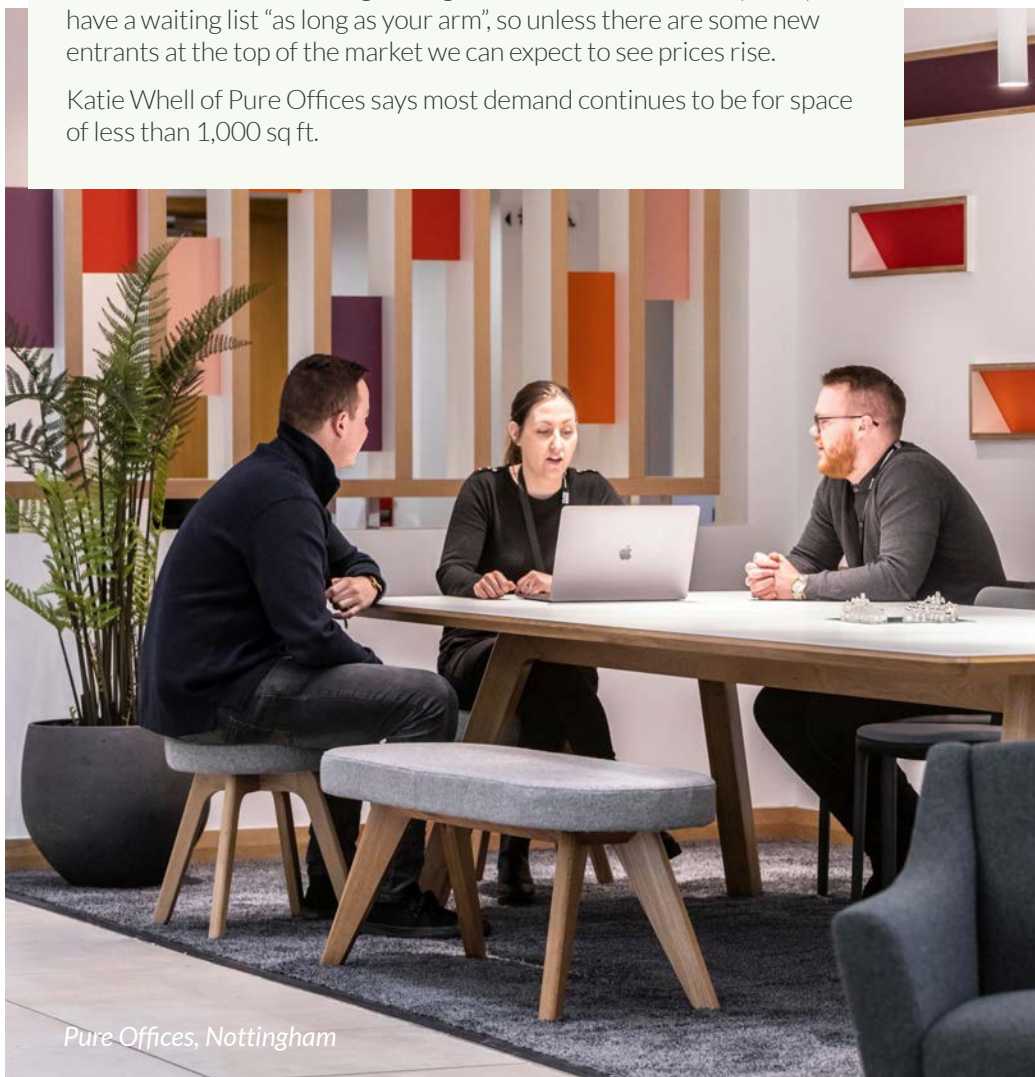


PRICES AND DEMAND

Prices in central Nottingham range from between around £150 to £350 per person per calendar month (pcm) in a private office to between £50 and £150 pcm for co-working space.

Quality space can be hard to come by and Lambert Smith Hampton estimates current flexible workspace occupation is at 90%. Hannah Marsland, Senior Marketing Manager of Accelerate Places, says they have a waiting list “as long as your arm”, so unless there are some new entrants at the top of the market we can expect to see prices rise.

Katie Whell of Pure Offices says most demand continues to be for space of less than 1,000 sq ft.



Pure Offices, Nottingham

TYPES OF SPACE

The flexible workspace market in Nottingham is relatively small compared to some other UK cities but the type and variety of space available is on a par with any other city in the UK. Space on offer includes hot-desking, co-working and private offices as well as specialist space, for example at Bio City and MediCity. BioCity offers lab space as well as offices, and MediCity to the south west of the city centre, offers modular labs and ‘write up’ spaces.

Centres in the Lace Market and Creative Quarter tend to be in converted industrial buildings. Works Social, for example, offers dedicated desks and flexible space for independent freelancers and small businesses across four floors in a converted lace works.

In contrast, Accelerate Places, one of Nottingham’s most forward-thinking workspaces, is located in a modern office building in the central business district. It has 300 desks as well as meeting space and a café over four floors. It offers co-working space, private offices and meeting rooms for start-ups and growing businesses, particularly in the fintech and digital sectors. It also hosts networking events for its members and encourages interaction between its larger, more established occupiers and fledgling businesses.

Hannah Marsland believes that Nottingham is “probably immature in terms of the evolution of flexible workspace for the size of the city”. As a result, and bearing in mind the shortage of Grade A office space in the city, there would appear to be opportunities for new entrants into the market if appropriate property can be found.

FLEXIBLE WORKSPACE OCCUPIERS

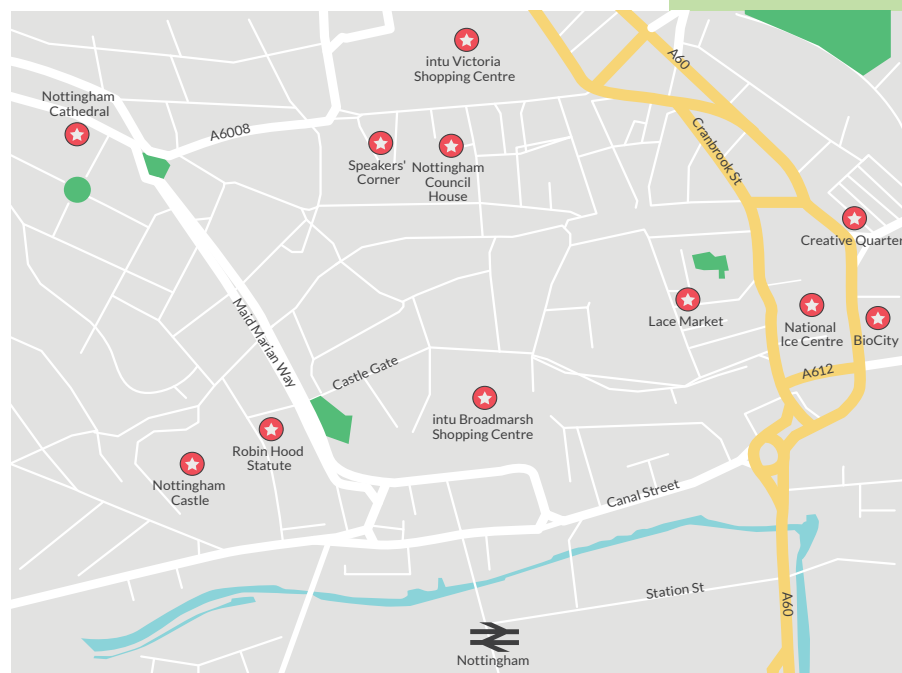
Nottingham has a strong background in the health sector and is one of the UK’s six science cities. Boots’ head office is based in the city and Nottingham University Hospitals NHS Trust is one of the country’s largest teaching trusts. It is also home to BioCity, the UK’s largest bioscience innovation and incubation centre and MediCity, a collaboration between BioCity and Boots. Fintech is another strong sector in Nottingham and draws heavily on the talent pool from the city’s two universities. Many of the city’s flexible workspace occupiers are from these sectors. Occupiers in the Creative Quarter are more on the creative side and include designers, marketing and graphic design agencies, as well as artists and makers.

Katie Whell says that a sizeable proportion of the occupiers in its centre in Sherwood Park (which is made up exclusively of serviced offices) are in the tech, financial services and construction industries.

NOTTINGHAM FLEXIBLE SPACE CENTRES

Name	LOCATION	OPERATOR
Regus Nottingham City Centre	6th Floor, City Gate East, Toll House Hill, NG1 5FS	Regus
NTM Nottingham	The Poynt, 45 Wollaton Street, NG1 5FW	Accelerate Places
Huntingdon House	278-290, Huntingdon Street, NG1 3LY	Huntingdon House Business Centre
Citibase Nottingham Broadway	32a Stoney Street, The Lace Market, NG1 1LL	Citibase
Foxhall Business Centre	2 King Street, NG1	Foxhall Business Centres
Regus Wheeler Gate	15 Wheeler Gate, NG1 2NA	Regus
Regus Hilton Hotel	Hilton Hotel, Milton Street, NG1 3PZ	Regus
Atomic Studios	11 Brightmoor Street, NG1 1FD	Atomic Office Space
Atomic Studios	50 High Pavement, NG1 1HW	Atomic Office Space
Cumberland House	35 Park Row, NG1 6EE	Executive Communication Centres
NG1 - The Office	Gothic House, Barker Gate, Lace Market, NG1 1JU	Nottingham Offices
NG1 - High Pavement	No.12 High Pavement Unit 1, NG1 1HN	Nottingham Offices
Cobden Place	5 Cobden Place, Pelham Street, NG1 2ED	Cobden Place
NG1 - Professional Quarter	Derby Rd/The Ropewalk, NG1	Nottingham Offices
Nottingham Coworking	4 Gedling Street, Unit Six, Sneinton Market, NG1 1DS	MinorOak Coworking
Nottingham Park Row	Cumberland House, 35 Park Row, NG1 6EE	BizSpace
Antenna Media Centre	Beck Street, NG1 1EQ	Antenna
Nottingham BioCity	Pennyfoot Street, NG1 1GF	BioCity
Works Social	16 Commerce Square, Nottingham, NG1 1HS	Works Social
NG1 Plus	Arkwright House Business Centre, 20 Meadows Way, NG2 3DZ	Nottingham Offices
Bridgford Business Centre	29 Bridgford Road, West Bridgford, NG2 6AU	Bridgford Business Centre
Bridgford Business Hub	4 Albert Road, West Bridgford, NG2 5GQ	Charterspace
Landmark Business Centre	Tudor Square, West Bridgford, NG2	Charterspace
Pavillion House	Pavillion Road, West Bridgford, NG2	Toad's Caravan
Nottingham Roden	Roden House Business Centre Roden Street, NG3 1JH	BizSpace
Hawksworth Street	Hawksworth Street, NG3	The Renewal Trust Business Centre
The John Folman Business Centre	31 Hungerhill Road, NG3	The John Folman Business Centre
Roden House Business Centre	Roden Street, NG3 1JH	BizSpace

Name	LOCATION	OPERATOR
Carlton Business Hub	Lowater Street, NG4 1JJ	Charterspace
Carlton Business Centre	Station Road, Carlton, NG4	Carlton Business Centre
Bizspace Nottingham Arnold	Brookfield Road, Arnold NG5	BizSpace
Business HQ	Oak Street, NG5	Business HQ
Hamilton House	Hamilton Road, NG5	Foxhall Business Centres
Anderson House	Clinton Avenue, NG5	Foxhall Business Centres
Concord Business Centre	Nottingham Road, NG5 1EG	Charterspace
NBV Enterprise Centre	David Lane, NG6	NVB
Aspect Business Park	Bennerley Road, Bulwell NG6	Squarestone Growth
Saint Peter Street	Saint Peter Street, NG7	Castle Cavendish
Foxhall Lodge	Foxhall Road, NG7	Foxhall Business Centres
Lancaster House	Sherwood Rise, NG7	Obaya
Strelley Hall Business Centre	Strelley Hall, Main Street, Strelley, NG8	Strelley Hall
Quadrant Business Centre	Nuart Road, Beeston, NG9 2NH	Charterspace
Pure Offices	Lake View Drive, Sherwood Park, NG15 ODT	Pure Offices
Nottingham MediCity	D6 Building, Thane Road, NG90 6BH	BioCity



LOCAL PROPERTY MARKET


The University of Stirling
Innovation Park
The Sir Colin Campbell
Building
East Entrance
University
Enterprise Zone

OFFICES

Offices take up in 2018 was a record 733,600 square feet. This was largely due to HMRC taking 276,000 square feet at Sladen Estate’s Unity Square scheme for a new regional centre. Apart from this, levels were in line with previous years with occupiers showing a preference for city centre space. As a result, there is a shortage of Grade A stock. Prime rents are £20psf and secondary rents are £14.50psf. Lambert Smith Hampton expects strong rental growth in the next two years and predicts prime rents will rise to £25psf by the end of 2020.

Earlier this year, the College of Law took 28,814 square feet at 1 Royal Standard Place and out of town E.On has taken a further 11,600 square feet at Wyvern House, Phoenix Business Park.

Supply is now at a record low of 897,000 square feet and is especially short in the city centre.



Pure Offices, Nottingham

INVESTMENTS

Investment in the office sector increased by 170% in 2018 due to the forward funding of Sladen Estate’s development of 276,000 sq ft for HMRC. This is the largest deal in the Midlands for more than a decade and accounts for almost one third of region-wide take up in Q4 2018. Prime office yields are currently 6%.*

DEVELOPMENT

In September 2018, Nottingham City Council approved the new Grade A office scheme at 11 Station Street referred to previously, which will deliver 50,000 square feet of Grade A offices.

*Lambert Smith Hampton data



SOUTHERN GATEWAY

The development of Nottingham’s south side has been described by Paul Seddon, the city council’s Director of Planning and Regeneration, as a “once in a generation opportunity”.

Nottingham’s Southern Gateway Project is a £2bn regeneration scheme comprising dozens of new projects that will transform the south side of the city. Several of these schemes are already underway including the £30m refurbishment of Nottingham Castle, new offices at Unity Square, new student flats on Station Street and the £250m Broadmarsh regeneration project. This will include a new bus station car park and library, and major upgrades to the intu Broadmarsh shopping centre.

Other projects in the pipeline include a new office block next to the tram bridge on Arkwright Street (to the south of the train station) and new apartments across the road on Crocus Street. Planning permission has also been granted for the Island Site, which will include 900 flats and homes, a five-star hotel, and 666 student flats.

As Paul Seddon says: “It’s a really exciting time for Nottingham.”



NOTTINGHAM'S ECONOMY AND ECONOMIC PROSPECTS



Accelerate Places, Nottingham

NOTTINGHAM'S ECONOMY AND ECONOMIC PROSPECTS

Nottingham's population is only 331,000 but the wider Nottingham/Derby region has a population of more than 1.5m and is the ninth largest metropolitan area in the UK. It is also the seventh largest by GDP (£50bn). The city has one of the youngest demographics in the UK, with more than 50% of its population under 30.

Nottingham is one of the UK's top cities for small business growth and has vibrant fintech and life science sectors. Many businesses in these sectors are based in the Creative Quarter in the city centre.

More than 50 of the UK's leading businesses have their headquarters in the city including Boots, E.On, Experian, Capital One, Speedo and Paul Smith.

The city is undergoing a period of intensive regeneration, part of which is the £2bn redevelopment of the city centre's Southside. This will include remodelling The Broadmarsh shopping complex, the construction of Nottingham College's new City Hub campus and the erection of new Grade A offices at 11 Station Street. Among these will be the 628,000 square

feet Unity Square development, which will be home to an HMRC regional centre. HMRC has committed to take 276,000 square feet, bringing more than 4,000 jobs to the city when it completes in 2021.

Alongside this, the city has undergone significant improvement to its infrastructure. This includes £1bn invested into its growing network of light rail trams and an award-winning bus network.

Nottingham will benefit greatly from the high-speed HS2 network, with the East Midlands hub intended to be based in Toton on the outskirts of the city. The Toton Innovation Campus is planned to create 10,000 new jobs in a new commercial and residential area.

The city has two world-class universities, the University of Nottingham and Nottingham Trent University. Their 60,000 plus students offer local businesses an ongoing supply of new talent.

KEY STATISTICS

- The Nottingham/Derby region is the seventh largest by GDP in the UK
- It is one of the youngest cities in the UK with more than 50% of the population under 30
- Nottingham has 43,000 students at its two universities, the University of Nottingham and Nottingham Trent University
- Nottingham is England's official Home of English Sport
- More than 50 of the UK's leading businesses have their headquarters in the city, including Boots, E.On, Experian, Capital One, Speedo and Paul Smith

ABOUT GKRE

GKRE is the UK's leading specialist flexible workspace agency. Founded in 2013, the directors bring to GKRE more than 30 years' experience in the flexible workspace industry between them.

Our clients include operators and landlords across the UK, from major PLCs to independent companies.

We have completed more than 35 joint venture/management agreements throughout the UK, totalling more than 500,000 square feet.

We have recently been involved in the merger and acquisition of businesses worth over £40m, comprising more than 450,000 square feet in some 50+ buildings. On the agency side, we have acquired in excess of 500,000 square feet for the UK's leading operators.

GKRE advises landlords and building owners throughout the UK on their flexible workspace options and opportunities to partner with flexible workspace providers.

Please visit gkre.co.uk for more information on how we assist property owners, tenants and flexible workspace operators, and for details of our latest transactions.

We have been nominated as both specialist and niche agent of the year by Estates Gazette and Property Week



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