

SUMMARY OF
**Transactions and
Market Review**
2023



Retail and Leisure

OCCUPIER MARKET OVERVIEW

We found 2023 to have been a robust and positive year, considering the current economic and political factors. We have seen leasing actively follow consumer spending patterns with occupiers increasing their space needs in response to rising demand, from F&B, health & fitness, experience, convenience, services and discount. Although landlords are still having to be a lot more flexible on the lease terms and rents they are seeking. Occupiers still recognise that having a bricks and mortar presence is vital to driving online sales.

Flude have been successful in generating interest and letting the majority of the units we have been involved in. The team have been extremely active last year completing over 100 deals equating to almost 240,000 sq ft and ranked as the No.1 retail agent in the South East for 2023 on EG Property Link.

BRIGHTON AND HOVE

Prime Rents ZA	£125
Secondary Rents ZA	£45

CHICHESTER

Prime Rents ZA	£110
Secondary Rents ZA	£40

PORTSMOUTH AND SOUTHSEA

Prime Rents ZA	£80
Secondary Rents ZA	£40

WINCHESTER

Prime Rents ZA	£150
Secondary Rents ZA	£80

GUILDFORD

Prime Rents ZA	£175
Secondary Rents ZA	£80

WORTHING

Prime Rents ZA	£70
Secondary Rents ZA	£30

PETERSFIELD

Prime Rents ZA	£70
Secondary Rents ZA	£40

SOUTHAMPTON

Prime Rents ZA	£120
Secondary Rents ZA	£40

HORSHAM

Prime Rents ZA	£70
Secondary Rents ZA	£40



Key points from 2023

- 1 Decline in rents has slowed, and in some areas have started to bounce back.
- 2 Active occupiers are taking this opportunity to secure new locations or improve their position/unit.
- 3 A shift in demand from a range of retail and leisure with an emphasis on social and experience.
- 4 The revaluation of Business Rates and the extension of retail & leisure relief scheme relief until 2025 has given occupiers more confidence and certainty.
- 5 Local/tertiary retail locations continue to perform well when compared to larger centres. In particular independent businesses have continued to flourish.

Outlook for 2024

- 1 Rebased rents will continue to encourage occupiers to take space or relocate within high streets which are performing well.
- 2 The cost of living crisis likely to impact spend, which could result in direct consequences for letting demand.
- 3 High Streets will continue to battle with E-commerce as online sales continue to rise. Creating destinations to attract shoppers will be key.

Deals



72 High Street, Winchester
1,523 sq ft
Let to WJJ
Winchester Ltd



172 Portswood Road, Southampton
3,393 sq ft
Let to a private individual



Cascades Shopping Centre, Portsmouth
1,008 sq ft
Let to Cell Repair Ltd



18-20 Palmerston Road, Southsea
4,072 sq ft
Let to Esquires Coffee



19-20 East Street, Chichester
3,747 sq ft
Let to Mint Velvet



Units 1-8, The Guildbourne Centre, Worthing
29,655 sq ft
Let to B&M



142 Western Road, Brighton
1,900 sq ft
Let to Chaiiwala



Meridian Shopping Centre, Havant
15,000 sq ft
Let to Onebeyond

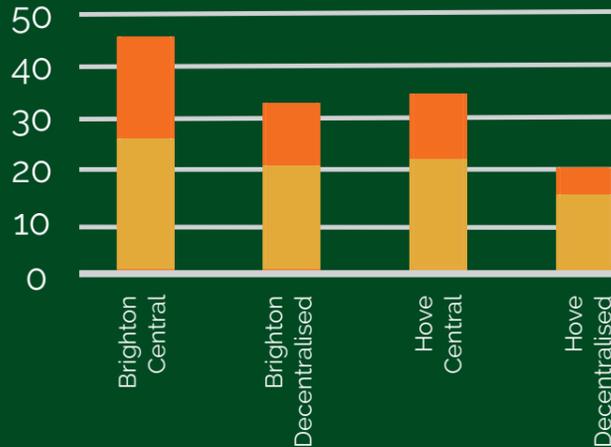
Brighton & Hove Office Market

OCCUPIER MARKET OVERVIEW

The beginning of 2023 saw a more gradual commencement of leasing activities – a shift from the buoyant momentum experienced in 2022. Office leasing in Q1 2023 accounted for approximately 27,000 sq ft, reflecting a 51% decrease from the previous quarter.

The Brighton & Hove office market continues to experience the stop-start level of activity that many of the regional centres have witnessed since the pandemic. That is not to say it has completely dried up out there, with approximately 250,000 sq ft of office space let in 2023, however rising vacancy rate is a cause for concern, with over 630,000 sq ft of available space at the end of 2023.

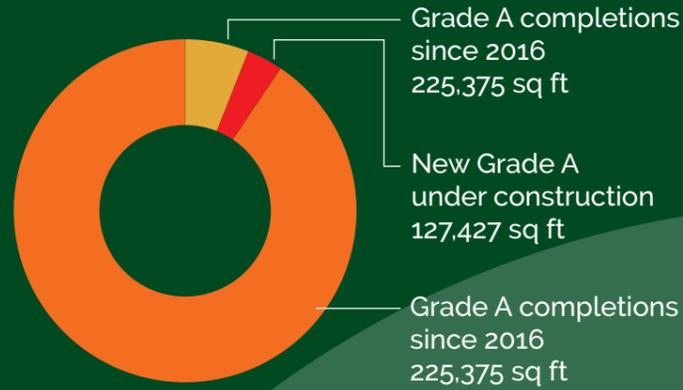
Quoting Rents (£ psf)



■ Highest quoting rent
■ Average quoting rent

VACANCY RATE
17.6%
Up from 11.1% at the end of Q4 2022

Total Stock: Brighton & Hove



Key points from 2023

- Flight to quality continues.**
The demand for high specification offices with strong ESG credentials is top of many occupiers agendas, whereas long void periods for more tired Grade B/C stock is increasingly common.
- Plug and play continues to thrive.**
Flude let 4 offices on a plug and play basis all on rents of £40 psf and above. Most notable plug and play deal was the letting to Hays at £42.80 headline rent.
- Rising vacancy rate.** From 11.1% at the end of 2022 to 17.6% at the end of 2023.

Outlook for 2024

- Completion of long-awaited pipeline projects.** The mixed-use Hove Central scheme will deliver of 36,000 sq ft of Grade A accommodation and will be the first scheme like this for many years.
- In the city centre there is the Portland Building scheme** which will provide 30,000 sq ft of Grade A stock to the market. One floor has already been pre-let at £41 psf headline rent.

Deals



1st Floor South Suite, 1 Jubilee Street
3,360 sq ft at £42.80 psf
Let to Hays



4th Floor, Aspect House, Queens Road
3,958 sq ft at £30 psf
Let to Bailey & French



1st Floor, Aspect House, Queens Road
3,790 sq ft at £28 psf
Let to Near Light



3rd Floor, 26 Stroudley Road
2,118 sq ft at £40 psf
Let to a telecoms company



Ground Floor, 28-30 Robert Street
3,267 sq ft at £27.50 psf
Let to a software company



Norwood House, 9 Dyke Road
5,009 sq ft
Sold to a developer



Ground Floor, 26 Stroudley Road
1,531 sq ft
Let to an online games developer



Ground & First Floor, 27 Richmond Place
2,060 sq ft
Let to a care & education provider

Industrial/Warehouse

OCCUPIER MARKET OVERVIEW

This sector has seen strong demand over recent years which has led to strong rental growth. Across our region where space is at a premium this has been felt more so than ever. During 2023, nationally the sector cooled, but a continued lack of new development across the region has kept the south coast market tight. Rents stabilised during the year.

Much of the local demand for bigger units has declined from the peak of mid 2022. Activity for small and medium sized units remains good. There has been a notable increase in the number tenants looking for more energy efficient premises. Interest in freehold availability continues to be good and now led by the owner occupier market, since activity in the investment market has decreased as a result of increased interest rates.

BRIGHTON AND HOVE

Rent	£16.50 psf
(highest quoting £23.50 psf)	
Take up	60,000 sq ft
Vacancy	76,500 sq ft
Logged demand	770,000 sq ft
Number of enquiries	127

NEWHAVEN/LEWES

Rent	£12.50 psf
(highest quoting £14 psf)	
Take up	29,000 sq ft
Vacancy	50,000 sq ft
Logged demand	260,000 sq ft
Number of enquiries	58

EASTBOURNE

Rent	£12.50 psf
(highest quoting £14 psf)	
Take up	134,000 sq ft
Vacancy	33,000 sq ft
Logged demand	300,000 sq ft
Number of enquiries	55

LITTLEHAMPTON/WORTHING

Rent	£12.50 psf
(highest quoting £13.50 psf)	
Take up	36,000 sq ft
Vacancy	300,000 sq ft
Logged demand	760,000 sq ft
Number of enquiries	105

CHICHESTER/BOGNOR REGIS

Rent	£12.50 psf
(highest quoting £13.50 psf)	
Take up	56,000 sq ft
Vacancy rate	160,000 sq ft
Logged demand	800,000 sq ft
Number of enquiries	125

PORTSMOUTH

Rent	£13.00 psf
(highest quoting £13.50 psf)	
Take up	128,000 sq ft
Vacancy rate	165,000 sq ft
Logged demand	475,000 sq ft
Number of enquiries	87

MID SUSSEX

Rent	£15 psf
(highest quoting £18 psf)	
Take up	350,000 sq ft
Vacancy rate	450,000 sq ft
Logged demand	600,000 sq ft
Number of enquiries	150

SHOREHAM/LANCING

Rent	£14 psf
(highest quoting £15 psf)	
Take up	200,000 sq ft
Vacancy rate	150,000 sq ft
Logged demand	250,000 sq ft
Number of enquiries	60



Key points from 2023

- 1 This sector continues to display resilience and attractiveness to investors and businesses alike.
- 2 The demand for industrial properties on the South Coast remain robust, driven by a combination of factors including e-commerce growth, logistics, manufacturing, and technological advancements.
- 3 The region continues to be a hub for innovation and technological advancement, particularly in sectors such as aerospace, marine, defence, and advanced engineering.

Outlook for 2024

- 1 While the industrial property market on the coast presents numerous opportunities, it also faces challenges, including land scarcity, planning constraints, and the need for infrastructure upgrades.
- 2 Looking ahead, the local industrial property market is poised for continued growth and evolution, but at a slower rate than previously thought.
- 3 Build to rent forecast for a strong growth sector, particularly due to acute housing shortages in the South East.
- 4 The main obstacles to the sector will be site availability and planning.

Deals



7 Cecil Pashley Way, Shoreham-By-Sea
18,649 sq ft
Sold to Temco



Dakota Business Park, Havant
12,193 sq ft
Let to various tenants



Unit 35, Lineside Industrial Estate, Littlehampton
2,674 sq ft
Let to Arundel Electrical Ltd



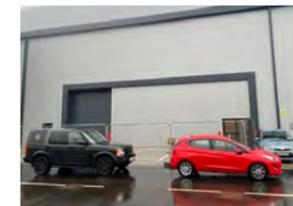
The Skill Centre, Portsmouth
20,912 sq ft
Various units let



Unit 3, Old Kiln Works, Ditchling
4,542 sq ft
Let to Union Bespoke



Consort House, Burgess Hill
9,666 sq ft
Let to NH Limited



Unit 3 Brighton Trade Park, Brighton
4,370 sq ft
Let to Screwfix



Plot 41, Terminus Road, Chichester
0.67 Acre site
Sold to a private company

Investment & Development

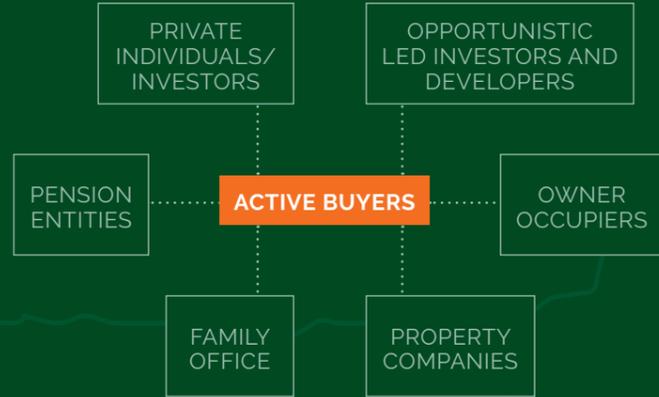
OCCUPIER MARKET OVERVIEW

This was the year of the hike in interest rates that had a profound effect on the investment market with yields in general moving out reflecting the cost of borrowing. As a result, there was a quieter investment market with the volume of sales reducing. In terms of sectors, the industrial market was still setting the benchmark for activity for traditional investors.

Towards the end of 2023 we saw marked improvement in the high street with good occupational letting activity attracting investor interest. There is now opportunity to buy value in a sector hit hard by online retailing and the re-structuring of rents over the last few years. The office market was still quiet in terms of investment sales albeit with decent product and attractive yields there was activity.

AVERAGE SECTOR YIELD RANGE

Office investments	7-10%
Industrial investments	4.5-8%
Retail investments	5-15%



Key points from 2023

- 1 Increase in billed and finance costs impact significantly on residual site values.
- 2 Growing differential of values between investment let to good quality covenants on long leases and the rest of the investment market.
- 3 Stabilisation of yields of the retail investment market after a long period of decline, down to rebased rents and investors looking for better returns.

Outlook for 2024

- 1 The prospects for 2024 are good with interest rate rises stalling and with the anticipation that rates could come down.
- 2 Global economic climate still affects sentiment and the investment market look fragile.
- 3 Government proposals to widen permitted development rights is encouraging, time will tell how affective they are.

Deals



Cathedral Business Park, Chichester
11,500 sq ft on a 1 acre site Built on a pre-let basis to MKM



Chichester Fields, Chichester
14,244 sq ft Multi-let Office building Sold for £2m/10%



Sage House, Chichester
10,014 sq ft Office building Sold to a Sussex based family pension fund



Units 1-3 Western Way, Bristol
Multi-let Retail investment Acquired for private client for £1.46m



New Brighton Road, Emsworth
2 acre commercial development site Acquired for PNH Properties



Alva Laval, Eastbourne
83,000 sq ft of Industrial space Sold for £5.56m to Lock'nStore for redevelopment



28-29 Richmond Place, Brighton
3,181 sq ft Office building with PD rights to convert to residential. Sold for £750k



42 London Road, Hailsham
12,409 sq ft training centre Sold to Hatley Investments for redevelopment

Agency Team



Andrew Halfacree
Director
T: 01273 740385
E: a.halfacree@flude.com



Mark Minchell
Director
T: 01243 929136
E: m.minchell@flude.com



Sebastian Martin
Director
T: 023 9262 9007
E: s.martin@flude.com



Ed Deslandes
Director
T: 01273 740396
E: e.deslandes@flude.com



Will Thomas
Director
T: 01273 740398
E: w.thomas@flude.com



Brandon White
Surveyor
T: 01243 929141
E: b.white@flude.com



Alice Masterman
Surveyor
T: 023 9262 9006
E: a.masterman@flude.com



Lizzie Cottrell
Surveying Executive
T: 01243 929135
E: l.cottrell@flude.com



Aaron Lees
Surveying Executive
T: 01273 740387
E: a.lees@flude.com



Nick Martin
Trainee Surveyor
T: 01273 740381
E: n.martin@flude.com



Noah Minchell
Trainee Surveyor
T: 01243 929144
E: n.minchell@flude.com



Alex Halfacree
Trainee Surveyor
T: 023 9262 9012
E: alex.halfacree@flude.com

Professional Services Department



Edward Flude
Director
T: 01273 740382
E: e.flude@flude.com



Matthew Le Seelleur
Director
T: 01243 929137
E: mls@flude.com



Callum Woodgate
Director
T: 023 9262 9004
E: c.woodgate@flude.com



Alex Minchell
Surveyor
T: 01273 740380
E: a.minchell@flude.com

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Brighton Office
01273 727070
brighton@flude.com

Chichester Office
01243 819000
chichester@flude.com

Portsmouth Office
023 9262 9000
portsmouthproperties@flude.com

www.flude.com