

Press Release 2023



THE DERBY OFFICE MARKET - PRIDE PARK OR DERBY CITY CENTRE?

The Derby office market is somewhat split between its premier office park being Pride Park and the city centre. Over the last 15 to 20 years much of the office take up in Derby has been on Pride Park but the city is beginning to fight back. We are currently seeing substantial investment in both self-contained and multi let buildings within the city centre in a hope to attract businesses back to these areas.

Pride Park is still the primary choice for the majority of businesses we speak with and accommodation on Pride Park typically comprises standalone office buildings, ranging in size from 1,000ft² to those well over 20,000ft². Some of these buildings are now close to 25 years in age and range in appearance and specification, some being refurbished to a modern day standard with raised floors, air conditioning and LED lighting, with others being somewhat dated.

There remains very little available stock on Pride Park and as a result we are ongoingly speaking with a number of established businesses that require offices in this location, some of which have been looking for 12 – 18 months plus. There is clearly good demand at present due to this shortage in supply. This was evident when we recently placed 4 Riverside Court on the market, which is a 4,208ft² detached office building. We were able to secure a tenant within two weeks of marketing and unfortunately there were two additional businesses who missed out. Rents remain at existing levels, typically between £12.50 per ft² and £16.50 per ft², but I see no reason why these shouldn't start to increase. In terms of capital values, we have seen stiff competition from owner occupiers and as a result we have seen some properties on Pride Park transact above £170 per ft².

Within the city centre there are a number of multi-let office buildings such as Cardinal Square and Pentagon House that have historically not been compared to accommodation on Pride Park. Pleasingly both these buildings have seen significant investment over the past 12 – 18 months and offer excellent accommodation with parking. These buildings also benefit from being within a short walk of Derby city centre which hosts excellent shopping facilities and a mix of national and local eateries. We've seen extensive refurbishments at both buildings, not only internally but also we have seen glazing replaced, EV points installed and secret gardens created. Fully refurbished suites are available from £13.00 per ft² to £15.50 per ft².

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In addition to the large multi-let buildings, the city centre also hosts a number of smaller self-contained options albeit the majority of these are let or are occupier owned. There are opportunities in this market, for example St Michael's Court on St Michael's Lane, which is now vacant, could be converted back into 5 smaller self-contained office units which I believe would be well received in today's market on either a leasehold or freehold basis.

Over the past four to six weeks we have seen higher enquiry levels compared with the first quarter of the year, which is extremely positive. This has led to proposals recently being issued on around 65,000ft² of office accommodation across Derbyshire. Whilst not all these will result in transactions it is a very promising outlook. The general sentiment continues that office occupiers are seeking better quality accommodation with collaborative zones and break out areas. In turn this increases wellbeing and productivity whilst driving some homeworkers back to the office.

For further information or to discuss your office requirement, then please do not hesitate to contact Darran Severn of FHP Property Consultants on 07917 460 031 / darran@fhp.co.uk.

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