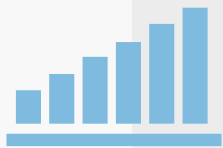## Tech is the city's fastest growing sector [1]

ICT GVA
£1.0 billion

GROWTH TO 2022
+22%

ICT WORKFORCE
15,400

GROWTH TO 2022
+7%

Tech = Information and communications technology
Data relates to the City of Edinburgh local authority area

Core business types [2]

FINTECH

E-COMMERCE & MARKET PLACE

DIGITAL ADVERTISING

CLOUD COMPUTING

ENTERPRISE SOFTWARE

DIGITAL MARKETING

In addition to digital tech, Edinburgh accommodates a growing cluster of microelectronics businesses

Where are tech businesses locating in Edinburgh?

START-UP HUBS
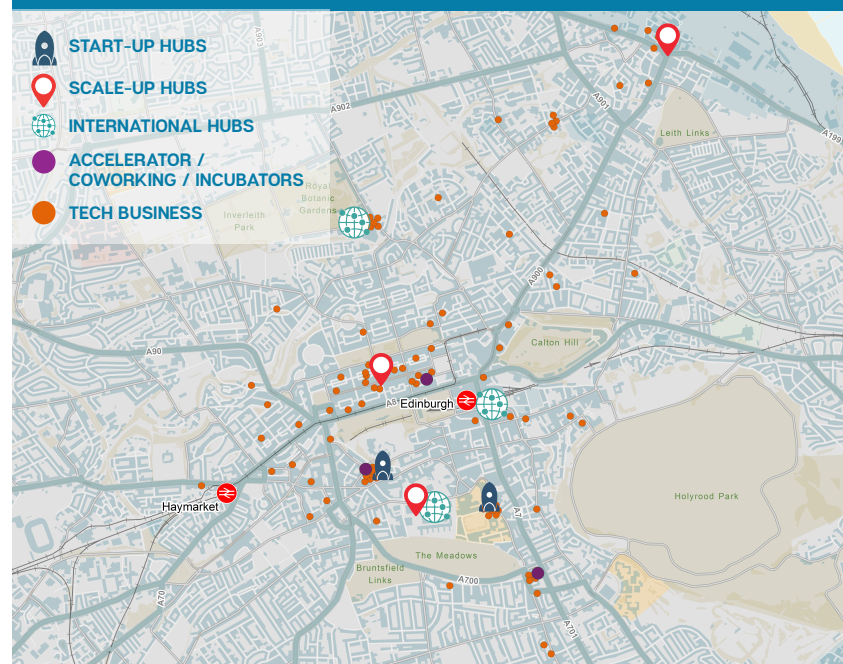- School of Informatics/ Appleton Tower
- CodeBase

SCALE-UP HUBS
- Quartermile
- Golden Rectangle
- Leith

INTERNATIONAL HUBS
- Quartermile
- Waverley Valley
- Tanfield

Distribution of tech businesses [4]

- **START-UP HUBS**
- **SCALE-UP HUBS**
- **INTERNATIONAL HUBS**
- **ACCELERATOR / COWORKING / INCUBATORS**
- **TECH BUSINESS**

85% of tech companies say that access to commercial property is a benefit of the Edinburgh tech cluster [2]

Current property conditions (5)

RED = Conditions favour landlords

AMBER = Conditions are balanced

GREEN = Conditions favour tech firms

Edinburgh's popularity with tech businesses means competition and rising costs. But it remains 48% cheaper than Shoreditch, London's start-up hub, and it still offers more choice. Note that a red traffic light means only that conditions favour landlords. It does not mean that businesses should not look to move, upgrade or expand their offices. It means that more forward-planning and negotiation may be needed to get the best deal.

LIMITED SPACE

OFFICE VACANCY RATE
**4.4%**
= 4 x Codebase's lowest level since 2008

TOP QUALITY OFFICE VACANCY RATE
1.8%
= 2 x Codebase's

12-MONTH OUTLOOK

ESCALATING COST

PRIME OFFICE RENTS
£31
Per square foot per annum

ANNUAL INCREASE +3.2%
Forecast to December 2017

12-MONTH OUTLOOK

COMPETITION FOR SPACE

ANNUAL CHANGE IN VACANT TOP GRADE SPACE
−17%
The amount of vacant floorspace available for tech businesses to lease has decreased since December 2015.

12-MONTH OUTLOOK

NEW PRIME OFFICE SUPPLY APPROACHES
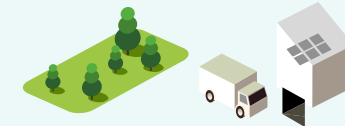
New build and refurbished prime office opportunities in 2018 which will be more readily adaptable to tech businesses.

12-MONTH OUTLOOK

Six tech property trends

COLLABORATION & CO-LOCATION
Taking an office within an existing cluster offers the chance to access a large tech ecosystem but it may cost more

AGILE OFFICES
The city lacks converted warehouse office space but some landlords are creatively catering for tech in new buildings

SMALL BUSINESS DRIVEN
90% of recent property deals have been to small businesses fuelling competition for small offices (4)

FLEXIBILITY
There is a mismatch between business needs for short leases and the willingness of some landlords to provide them

REAL ESTATE COMPETITION
Larger businesses may need to plan their real estate strategy further in advance due to rising costs and lowering choice

CONNECTIVITY
In 2015 Edinburgh became the UK's first capital Gigabit City project as construction of a 150km pure fibre network commenced (5)

What will it cost you? (7)

AVERAGE SALARY COSTS PER EMPLOYEE PER YEAR
£37,658

OFFICE RENT / RATES
£6,242

ALL IN COST
£43,900

Higher costs typically mean a more desirable location and better quality space. Edinburgh is the fifth best place to do business in the UK [8]. Businesses must weigh office cost against locational benefits in attracting and retaining talent, and conducting business.

REFERENCES: (1) Oxford Economics, (2) Tech City UK, (3) The University of Edinburgh Factsheet 2015/2016, (4) TechBritain, (5) JLL, (6) CityFibre, (7) UK Cost Calculator, JLL, (8) The UK Prosperity Index, The Legatum Institute 2016

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