Leeds City Centre Take-up
Q1 = 121,908 sq ft
(Q1 2015: 87,689 sq ft)

Leeds Out of Town
Q1 = 141,174 sq ft
(Q1 2015: 59,540 sq ft)

Grade A supply
c.8 months supply

Prime Rents
£27.00 psf

Transaction Size
68% of deals < 5,000 sq ft

Prime Yields:
5.25%
Overview
In the first quarter of 2016 the out of town market out performed the city centre for the first time since Q2 2012, to post strong take up of 141,174 sq ft.

Following a record final quarter of 2015, take up figures in Leeds city centre returned to average with a total of 121,908 sq ft taken across 22 deals. The largest deal of the quarter saw Sky Bet take 39,605 sq ft at No.6 Wellington Place in one of three city centre pre-let deals.

The other notable city centre deal of the quarter saw RSM (Baker Tilly) take 25,539 sq ft in the new Central Square development, and Dentsu Aegis sign for the top two floors at 6 East Parade.

The out of town market continues to perform well with recorded activity 137% up on Q1 2015, with a take up of 141,174 sq ft across 25 deals. The largest transaction saw vehicle solutions company Zenith take a pre-let of 45,079 sq ft across 3 floors at Building 1, in the Kirkstall Forge development in West Leeds.

Rents
Prime rents remain at approx. £27.00 psf, although prime quoting rents typically stand at £28 per sq ft: Confirmed prime rents in the out of town market are £18.00 psf, and although the terms are confidential, the recent letting to Zenith Intelligent Vehicle Solutions is thought to be at a rent in excess of this.

We expect on-going demand for better quality space to drive rents higher both in the city centre and out of town. Tenant incentive packages are steadily moving in with approx 12 months rent free now applying on a 10 year term.

Supply
The low-level of standing Grade A stock in the city centre will be significantly boosted shortly as major city centre developments come on stream during Q2 and Q3. This includes 5 Wellington Place, Central Square, 6 Queen Street and 3 Sovereign Square, all providing excellent options for high quality Grade A space in Leeds.

The breadth of Leeds’ offer will be complemented by the major refurbishment of City House now underway, and with planned starts on site in 2016 at Tower Works and 3 Wellington Place. Out of town at Thorpe Park (J46 M1), Scarborough Group are undertaking the first fully speculative out of town office building for many years at Paradigm and with PC in November.

Demand
We continue to see strong levels of demand for both Grade A and ‘quirky’ office accommodation in the city centre and out of town, especially in the M1 corridor.

Whilst ‘Brexit’ is slowing progress at a corporate occupier level, there is still an underlying healthy number of requirements in the market including BDO, Mazars, Willis Towers Watson and Dart Group/Jet2. Furthermore the proposed new regional hubs for public sector office occupiers will potentially generate significant demand.

Agent’s Outlook
There is a healthy level of indigenous demand across a number of business sectors. Leeds prime rents still compare very favourably with the other key, regional cities. With the previous shortage of Grade A supply now addressed, the city looks well-placed to capitalise on inherent demand fuelled by lease events, M&A activity, and opportunities presented by ‘north-shoring’.

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