

NEWCASTLE OFFICE MARKET Q3 2019

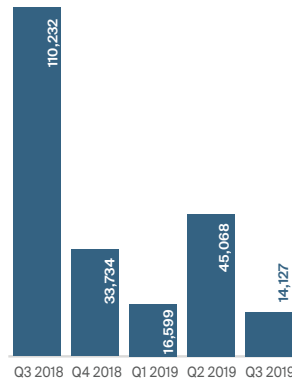


OCCUPIER HEADLINES

- Newcastle city centre recorded 14,127 sq ft of take-up in Q3 2019. Although significantly lower than previous quarters, there are still active requirements. However, businesses are reluctant to commit due to political uncertainty.
- The 3,456 sq ft lease at The Pearl by recruitment agency Randstad was the largest deal to have completed in Newcastle for Q3. As a result this boosted B2B take-up to 24%.
- Another notable deal to mention is the 2,198 sq ft relocation and expansion of Roberts Environmental Ltd at 1 Crofts Stair. The location will provide employees easy access to deliver their services.
- Grade A availability remained at 160,000 sq ft. No new stock was delivered to the market in Q3, adding to the continuing shortage of Grade A accommodation. With The Lumen due for completion by 2020, occupiers seeking new space will have to wait until early 2020. Bank House, East Pilgrim Street is due to commence in Q1 2020.

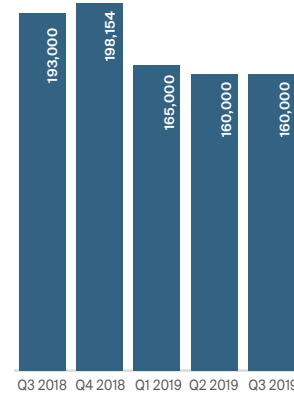
TAKE-UP* (sq ft)

Q3 2019 **14,127**
Q3 2019 vs 10 year quarterly average **-71%**

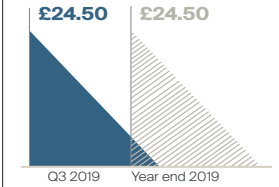


AVAILABILITY (sq ft)

Q3 2019 **160,000**
Q3 2019 vs 10 year quarterly average **-31%**



PRIME RENT (£ per sq ft)



DEVELOPMENT PIPELINE (sq ft)



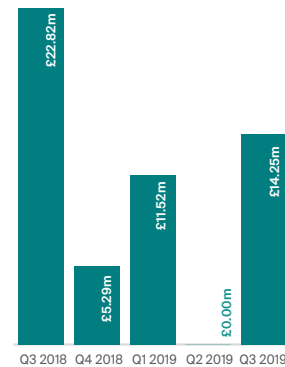
Dates indicate the potential completion date of schemes under construction as at Q3 2019. Development schemes are inclusive of both new and comprehensive refurbishment.

INVESTMENT HEADLINES

- Following limited activity last quarter, volumes increased to £14.25m in Q3 2019. As a result the 2019 YTD total is £25.77m, 54% less than the same period last year, £56.28m. Nonetheless this quarterly total is 59% above the 5 year quarterly average.
- The sale of 52-60 Grey Street to Buccleuch Property for £12.45m was the largest office transaction. This further showcases investors' confidence in Newcastle's office market. Tenants include Northern Electric, Sir John Fitzgerald Limited and Northern Recruitment Group.
- The second largest deal was the £1.8m purchase of Scotswood House by KSM Associates. It is set to undergo refurbishment.
- Newcastle continues to attract domestic investment, accounting for 87% of volumes over the last 12 months.

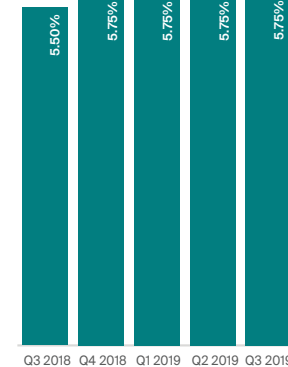
INVESTMENT VOLUMES (£)

Q3 2019 **£14.25m**
Rolling 12 Month Average **£31.06m**

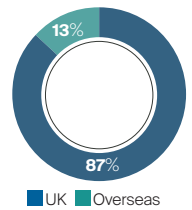


PRIME YIELD (NIY)

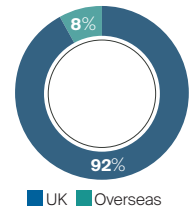
Q3 2019 **5.75%**
Forecast 2019 **5.75%**



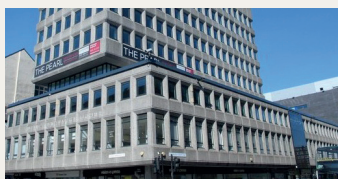
PURCHASERS (last 12 months)



VENDORS (last 12 months)

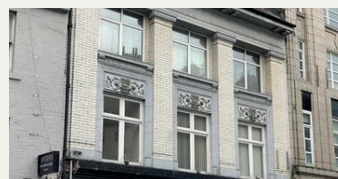


KEY TRANSACTIONS



THE PEARL

TENANT: Randstad
TERM: N/A
SIZE: 3,456 sq ft
RENT: Confidential
DATE: Q3 2019



41-43 GROAT MARKET

TENANT: Capll Ltd
TERM: N/A
SIZE: 2,554 sq ft
RENT: £15.50 per sq ft
DATE: Q3 2019



52-60, GREY STREET

PURCHASER: Buccleuch Property
VENDOR: M&G Real Estate
PURCHASE PRICE: £12.45m
YIELD: 6.40%
DATE: Q3 2019



NEWCASTLE BUSINESS PARK

PURCHASER: KSM Associates
VENDOR: Confidential
PURCHASE PRICE: £1.8m
YIELD: n/a
DATE: Q3 2019

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