

RESEARCH



LEEDS

OFFICE MARKET QUARTERLY

Q2 2017



OCCUPIER MARKET

Bolstered by the largest office letting since 2015, take-up totaled 134,796 sq ft, up 27% on Q1.

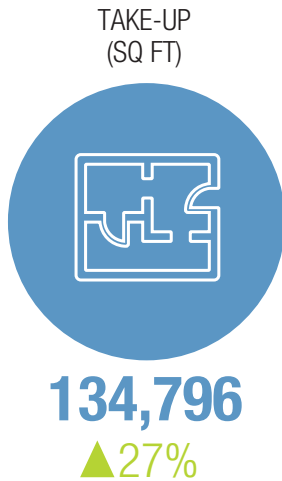
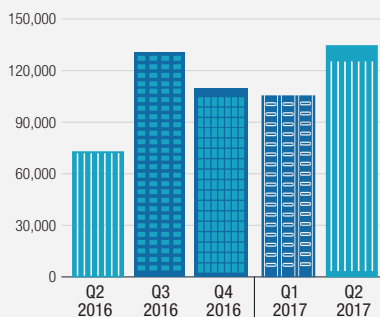
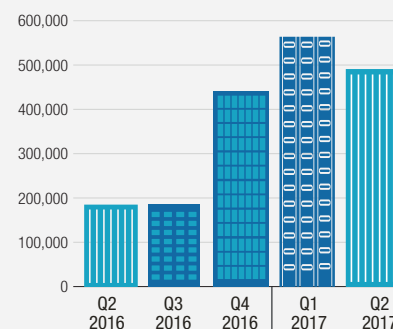


FIGURE 1
Take-up (sq ft)



0.3m
ACTIVE
REQUIREMENTS
SQ FT

FIGURE 2
Supply (sq ft)



90%
ABOVE THE
5-YR AVERAGE



EAMON FOX

With 3,500 TMT businesses already located in the city, the existing concentration of tech firms will serve to attract new entrants to the city and we expect the Technology sector will continue to grow at pace in Leeds Investment.



ELIZABETH RIDLER

Knight Frank advised on a 46,058 sq ft letting to FTSE 100 Company which represents the largest office letting in Leeds since 2015.

Key leasing transactions Q1 2017

ADDRESS	SIZE (SQ FT)	OCCUPIER	RENT (PSF)
6 Queen Street	46,058	FTSE 100 Company	£28.50 - £30.00
No 1 Whitehall Riverside	6,090	Aviva	£26.00
Part 1st Floor, 9 Bond Court	4,258	Carter Jonas	£27.00
5th Floor, 9 Bond Court	5,770	Pharma 4D	£26.00
Part Ground Floor, 10 South Parade	2,718	Singleton Clamp & Partners LLP	£22.50

Source for all charts: Knight Frank Research

Note: Percentage change reflect quarter-on-quarter movement

INVESTMENT MARKET

At 5.25%, prime office yields in Leeds still remain 50bps above the previous peak.

TRANSACTION VOLUME Q2 2017



£24.5m

▼30%

TRANSACTION VOLUME LAST FOUR QUARTERS



£97.3m

▼44%

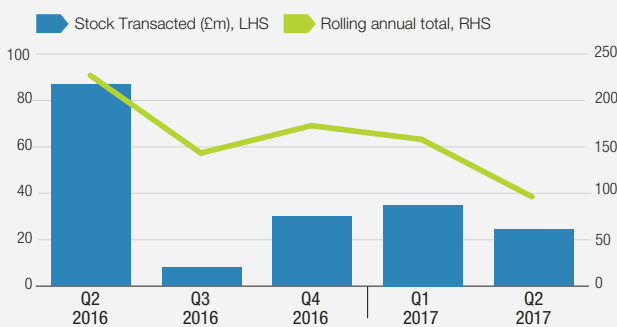
PRIME NET INITIAL YIELD



5.25%



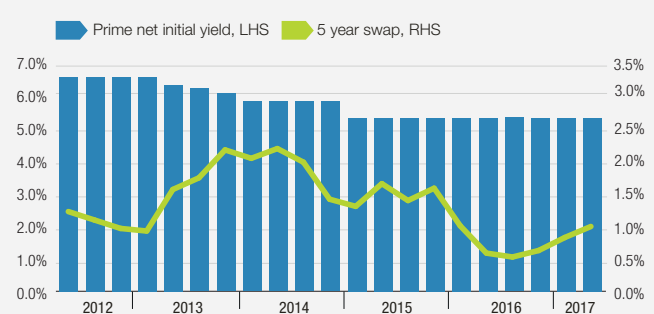
FIGURE 3
Investment volumes



HENRIE WESTLAKE

Investors are circling and key letting transactions are providing some good bait. As a result, we expect to see the return of large prime transactions, which has been absent from the market over the last few years.

FIGURE 4
Prime net initial yield and finance



GRAHAM FOXTON

Sales in Q1 were hangovers from 2016 which took some time to sell. Q2 saw the landmark sale of 9 Bond Court, which by comparison had a very short marketing period, signifying the continued institutional interest and commitment to acquire the right product.

Key investment transactions (last four quarters)

BUILDING	PRICE (£M)	NET INITIAL YIELD	PURCHASER
Sovereign Square, 3	£43.75	Undisclosed	Leeds City Council
No1 Leeds	£34.17	6.60%	Credit Suisse Asset Man
Toronto Square	£22.20	Undisclosed	JP Morgan Asset Man
Park Lane, 1	£19.15	7.43%	Private
9 Bond Court	Confidential	Confidential	Confidential Buyer

Source for all charts: Knight Frank Research

Note: Four quarter investment volume total is compared to the 10-year annual average. All other movements reflect quarter-on-quarter changes.

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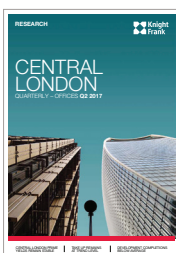
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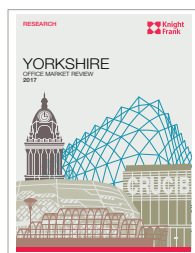
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