



LEEDS OFFICES

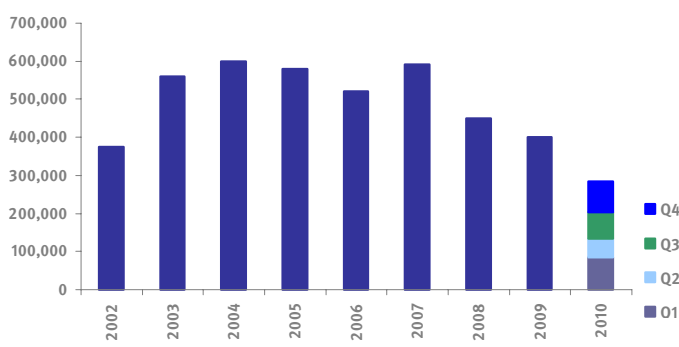
Market update Q4 2010

Knight Frank

Key highlights

- Take-up in Q4 was 81,000 sq ft, an increase of 17% on the Q3 total. However, total take-up for 2010 as a whole was 283,000 sq ft, down nearly 45% on the ten-year historical average of 510,000 sq ft.
- New and Grade A city centre availability at the end of Q4 was circa 550,000 sq ft, with an overall vacancy rate of 11.6%, unchanged on the previous quarter.
- Q4 saw only one transaction of over 10,000 sq ft, which brought the total number of deals over 10,000 sq ft to just four in 2010 as a whole. 75% of take-up in 2010 was sub 7,000 sq ft.

City centre take-up (sq ft)

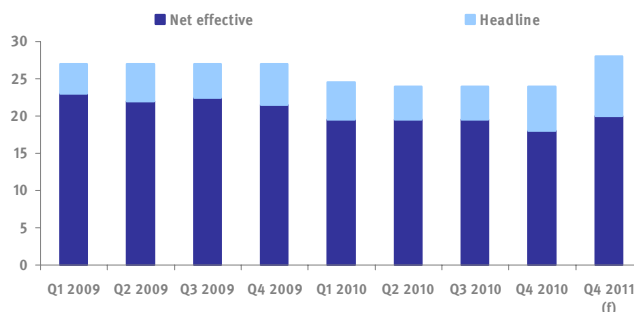


Source: Knight Frank Research

Office gossip

- The development pipeline remains limited, with 21 Queens Street (37,500 sq ft) the only speculative development due to start in 2011, having recently gained planning permission.
- Prime rents in Leeds remained unchanged since Q2 2010 at £24.00 per sq ft at the end of Q4. Incentives are currently at around 30 months on a ten-year term certain.
- However, in Q1 2011, a pre-let was signed to Lockton Insurance at 10 South Parade at £28.00 sq ft, setting a new headline market rent for the city. The new 36,620 sq ft development is now 50% pre-let and is set to complete imminently.
- Active named requirements for city centre accommodation totalled a healthy 420,000 sq ft at the end of Q4 2010.

Prime headline & net effective rents (£ sq ft)

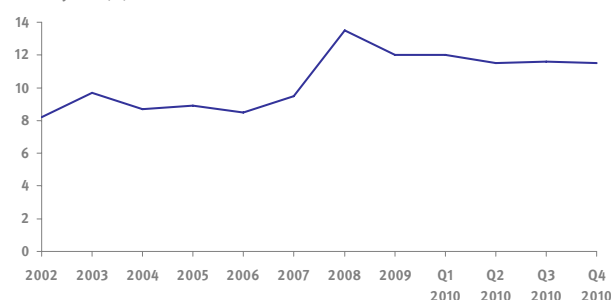


Source: Knight Frank Research

Looking ahead

- The outlook for early 2011 is more positive, with two deals totalling 50,000 sq ft due to complete in the first quarter.
- Availability is forecast to increase further, however, due to public sector consolidation. Professional services are expected to provide the backbone of 2011's take-up.
- Demand is likely to be concentrated among SME's, with transactions focused in the sub-10,000 sq ft bracket, much as it was in 2010.

Vacancy rate (%)



Source: Knight Frank Research

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