

Leeds Office Market

Research, 2019 Review



OCCUPIER DEMAND

TAKE-UP (SQ FT)
744,625
29% ABOVE 10 YEAR AVERAGE

NUMBER OF DEALS
132

MOST ACTIVE SECTOR
50%
TMT



OCCUPIER SUPPLY

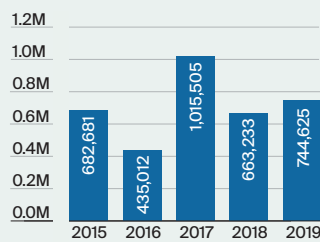
GRADE A AVAILABILITY (SQ FT)
85,000

TOTAL MARKET VACANCY RATE
3.7%

UNDER CONSTRUCTION (SQ FT)
1,144,500
PRE-LET AND SPECULATIVE

Take-up

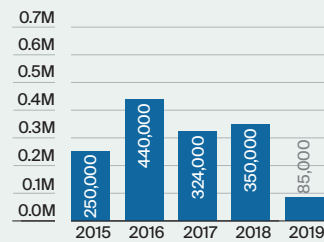
Last five years, sq ft



Source: Knight Frank Research

Grade A Availability

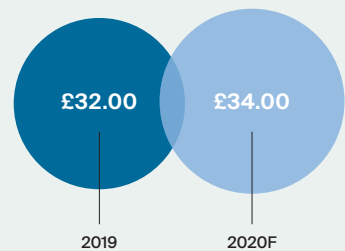
Last five years, sq ft



Source: Knight Frank Research

Prime Rent

£ per sq ft



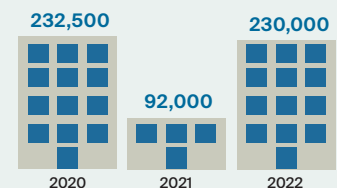
Source: Knight Frank Research

KEY TRANSACTIONS 2019

PROPERTY	OCCUPIER	SIZE (SQ FT)
4 Wellington Place	Hestview Limited	135,915
Central Square	Link Asset Services	71,288
26 Whitehall Road	Sky	31,175
1 Whitehall Quay	BJSS	30,492

Development Pipeline

Schemes under construction sq ft



Speculative

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

Source: Knight Frank Research



INVESTMENT VOLUMES

INVESTMENT VOLUMES (£M)

561

VS 10 YEAR AVERAGE

144%

NUMBER OF DEALS

17



YIELDS

PRIME CITY CENTRE

5.00%

PRIME OOT

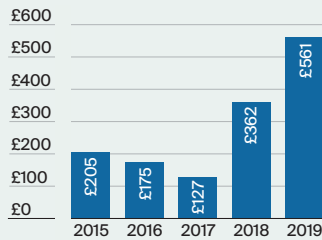
6.25%

FORECAST TOTAL RETURN 2020

7.10%

Investment Volumes

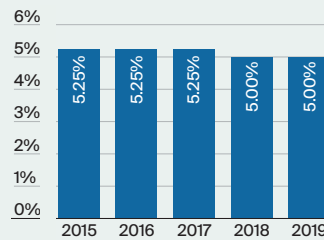
Last five years, £ millions



Source: Knight Frank Research

Prime Yield

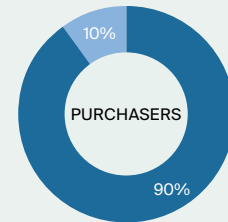
Net yield, %



Source: Knight Frank Research

Investor Type

UK Overseas Private



Source: Knight Frank Research

2020 OUTLOOK

The outlook for 2020 can only be positive as we hopefully see the back of a lengthy period of political uncertainty and a confidence to transact which would be welcomed by a frustrated buyer pool. Occupationally, Leeds has an unrivalled low level of Grade A availability for a provincial city and the market dynamics should make it as appealing, if not more, than its counterparts. 2020 will see the end of some value add business plans. Quality refurbished assets with good secure income will come to market and will require a low maintenance investor, possibly from overseas capital. Foreign investment is not likely to slow down this year and we hope will be underpinned by good demand from the UK Institutional market.

KEY TRANSACTIONS 2019

PROPERTY	PRICE (£M)	YIELD (%)	PURCHASER	VENDOR
Quarry House, Quarry Hill	243	Confidential	Legal & General Retire	R20 Ltd
Wellington Place, 7-8	211	Confidential	Legal & General Pensions	MEPC
The Mint, Sweet Street	41	6.50	Gatehouse Bank PLC	Patron Capital Partners
City Walk, 1	19.25	6.90	Undisclosed	Aviva Life & Pensions UK

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.



Henrie Westlake

Partner, Office Head
+44 113 297 2413
henrie.westlake@knightfrank.com



Graham Foxton

Partner, Capital Markets
+44 113 297 1950
graham.foxton@knightfrank.com



Eamon Fox

Partner, Occupier
+44 113 297 2433
eamon.fox@knightfrank.com



Darren Mansfield

Partner, Commercial Research
+44 20 7861 1246
darren.mansfield@knightfrank.com

Knight Frank Research Reports are available at knightfrank.com/research



Knight Frank Research provides strategic advice, consultancy services and forecasting to a wide range of clients worldwide including developers, investors, funding organisations, corporate institutions and the public sector. All our clients recognise the need for expert independent advice customised to their specific needs. Important Notice: © Knight Frank LLP 2020 This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank LLP for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank LLP in relation to particular properties or projects. Reproduction of this report in whole or in part is not allowed without prior written approval of Knight Frank LLP to the form and content within which it appears. Knight Frank LLP is a limited liability partnership registered in England with registered number OC305934. Our registered office is 55 Baker Street, London, W1U 8AN, where you may look at a list of members' names.