

# Newcastle Office Market

## Research, 2019 Review



### OCCUPIER DEMAND

TAKE-UP (SQ FT)\*  
**116,243**  
42% BELOW 10 YEAR AVERAGE

NUMBER OF DEALS  
**50**

MOST ACTIVE SECTOR  
**25%**  
PROFESSIONAL SERVICES



### OCCUPIER SUPPLY

GRADE A AVAILABILITY (SQ FT)  
**124,978**

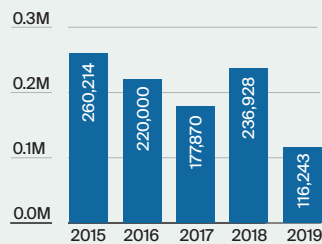
TOTAL MARKET VACANCY RATE  
**9.7%**

UNDER CONSTRUCTION (SQ FT)  
**206,000**  
PRE-LET AND SPECULATIVE

\*City Centre

#### Take-up

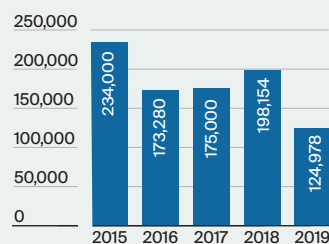
Last five years, sq ft



Source: Knight Frank Research

#### Grade A Availability

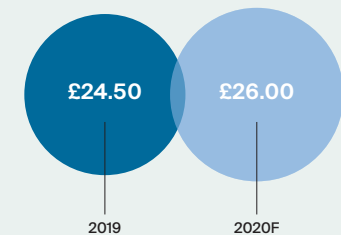
Last five years, sq ft



Source: Knight Frank Research

#### Prime Rent

£ per sq ft



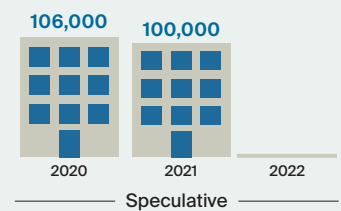
Source: Knight Frank Research

#### KEY TRANSACTIONS 2019

PROPERTY	OCCUPIER	SIZE (SQ FT)
Broadacre House	Step Change	14,638
Mosley Street	26 Mosley Street Ltd	8,683
17 Queens Lane	Haines Watts	5,426
Gainsborough House	Penspen	5,152

#### Development Pipeline

Schemes under construction sq ft



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)

**58**

VS 10 YEAR AVERAGE

**-34%**

NUMBER OF DEALS

**9**



## YIELDS

PRIME CITY CENTRE

**5.75%**

PRIME OOT

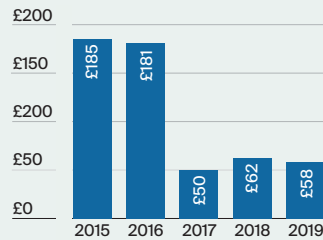
**6.75%**

FORECAST TOTAL RETURN 2020

**6.90%**

### Investment Volumes

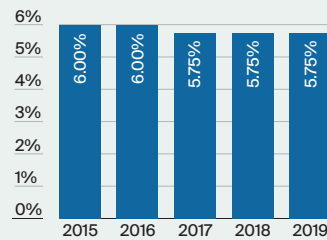
Last five years, £ millions



Source: Knight Frank Research

### Prime Yield

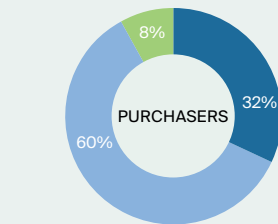
Net yield, %



Source: Knight Frank Research

### Investor Type

UK Overseas Private



Source: Knight Frank Research

## 2020 OUTLOOK

A lack of Grade A availability combined with political wrangling restricted leasing activity in the city core. Demand has built up and could be realised in 2020 as occupier confidence solidifies and new stock comes to market. Examples of this are already present with several occupiers committing to space in the Lumen, the first new build Grade A office to enter the market since 2016, as it reaches practical completion in February.

Although stable in 2019, headline rents should rise in 2020 to circa £26.00 per sq ft as the new stock comes to market. This in turn, will generate greater interest in the investment markets. Stock availability may however, temper activity.

### KEY TRANSACTIONS 2019

PROPERTY	PRICE (£M)	YIELD (%)	PURCHASER	VENDOR
Quorum Business Park	32	7.70	Shelborn Asset Management	Cerberus Capital Management
Grey Street, 52-60	12.45	6.40	Buccleuch Property	M&G Real Estate
Quorum Business Park, Q4	4.6	8.08	Hurstwood Group	Sisu Properties Ltd
Hadrian House, Higham Pl	4.5	11.67	Undisclosed	UK Land Estates Ltd

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



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