OCCUPIER HEADLINES

- City centre take-up increased by 33% in 2018 to reach 236,928 sq ft. This total is 14% above the 10-year average and the highest total for three years.
- The headline deal during 2018 was the 63,350 sq ft lease to HMCTS at the Civic Centre. This is the first part of a £1bn reform of courts and tribunals. Other deals included Newcastle University firstly acquiring the 14,906 sq ft freehold of Great North House. In Q3, the university agreed a 13,606 sq ft lease at Northumberland House.
- Public Sector occupiers accounted for the highest percentage of take-up in 2018, 29%. However, Professional Services occupiers were the most active accounting for 35% of all deals completed.
- Grade A availability nudged up marginally in 2018 following the completion of works at 71 Grey Street active accounting for 35% of all deals completed.
- Domestic investor interest remained strong in 2018 and the highest total for three years.
- Overseas investment increased in 2018, following the acquisition of Rotterdam House for just over £10m to UKRO. Tenants include Stantec, Ramboll and Regus.
- Investment turnover increased to £62m in 2018, a 10% increase from 2017. Notably, fewer deals were completed, 8 compared to 2017, which saw 11 transacted deals.

INVESTMENT HEADLINES

- Investment turnover increased to £62m in 2018, a 10% increase from 2017. Notably, fewer deals were completed, 8 compared to 2017, which saw 11 transacted deals.
- The purchase of the St Nicholas Building by MC Thematic Growth Fund for £193m was the largest office sale in 2018. Frank Group Recruitment, Sir Robert McAlpine and architect Lichfields are tenants.
- Overseas investment increased in 2018, following the acquisition of Rotterdam House for just over £10m to UKRO. Tenants include Stantec, Ramboll and Regus.
- Domestic investor interest remained strong in 2018 accounting for 58% of volumes. The percentage of overseas money invested in Newcastle offices increased to 27%, up from 11% in 2017.

KINIGHT FRANK VIEW

Despite the overarching uncertainty in the economy there continues to be a healthy level of demand in the Newcastle office market, particularly in the smaller size ranges, and we expect to continue through 2019. The main issue will be the continued lack of Grade A stock available, with only the Lumen at Newcastle Helix due to bring new space into the market this year.

With a new headline rent of £24.50 achieved in 2018, we expect rents to move on further in 2019 creating a stronger case for speculative development moving forward.

Political uncertainty is causing disruption in Capital Markets, although a positive resolution at the end of March could result in a spike in investor appetite. On a positive note the underlying strength in occupational markets is likely to filter through to rental growth going forward.
Connecting people & property, perfectly.

Recent market-leading research publications

- [YOUR SPACE - 2018](#)
- Urban Futures 2019
- The London Report 2019

Important Notice

© Knight Frank LLP 2019 – 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.