

# RESEARCH & FORECASTING UK LEEDS SNAPSHOT



## LEEDS

- ABSORPTION ▲
- AVAILABILITY ▼
- TAKE-UP ▲
- RENTS ➔

## CITY CORE

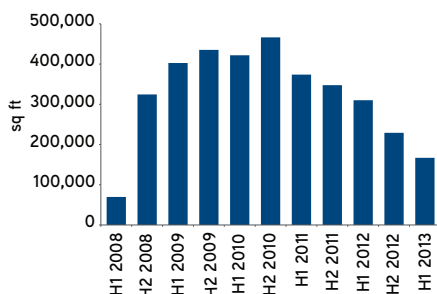
- ABSORPTION ▲
- AVAILABILITY ▼
- TAKE-UP ▲
- RENTS ➔

## SOUTHERN GATEWAY

- ABSORPTION ▲
- AVAILABILITY ▼
- TAKE-UP ▲
- RENTS ➔

“Grade A vacancy across Leeds is now down to 7% the lowest figure for over a decade.”

FIGURE 1: CITY CORE GRADE A AVAILABILITY

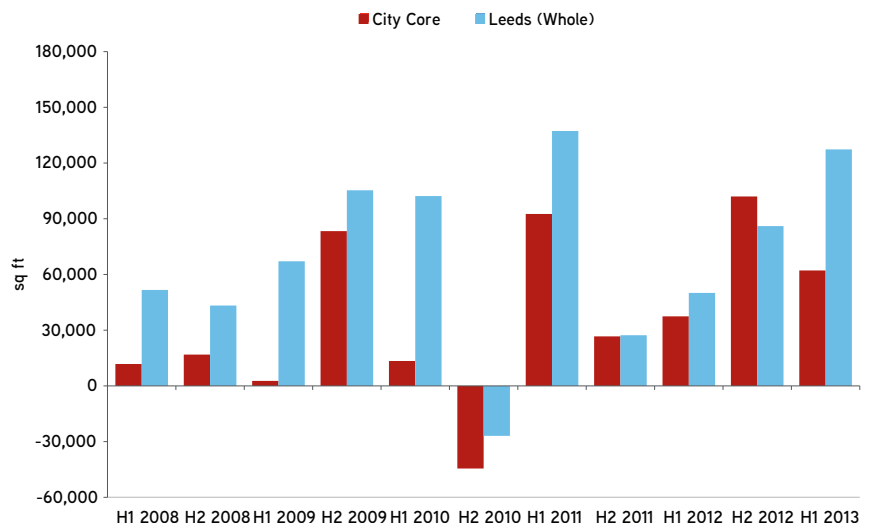


Source: Colliers International

## Overview

- H1 2013 in the Leeds office market has heralded the strongest levels of Grade A take-up and absorption since before the onset of the credit crunch (see **Figure 2**). Grade A absorption reached 127,348 sq ft, the highest figure since June 2007. Total absorption across all Grades in H1 2013, for Leeds as a whole, was lower at 83,661 sq ft caused by release of Grade B space in core locations (see **Figure 4**).
- Leeds take-up reached 436,192 sq ft in H1 2013 which was in excess of the entire 2012 figure and the highest half year total amongst the ‘big six’ UK regional cities. Take-up of offices in Leeds has now risen in each of the last seven half year periods (see **Figure 3**). City core take-up reached 294,408 sq ft in H1 2013, a rise of nearly 100% on the previous six months. Deals in 2013 to date included the largest individual office transaction within central Leeds since 2004. Yorkshire Building Society took 76,413 sq ft at Highcross’s Broad Gate scheme. There were nine deals in excess of 10,000 sq ft which compares to a total of just seven in the whole of 2012.
- Leeds City core availability is down by 16% year on year but, more significantly, Grade A vacancy across Leeds is now down to 7%, the lowest figure for over a decade. For occupiers seeking 20,000 sq ft over not more than two consecutive floors, just four options are available within the City core and a further two units within the Southern Gateway. Outside the City core there is just 59,889 sq ft of Grade A quality office space.
- Despite falling vacancy, prime rents remained unchanged between £25-£26 psf (see **Figure 5**) with the highest figure this year (£25 psf) being achieved at the Leeds City Council/Sovereign Leeds/Muse Developments Sovereign Street scheme. This was pre-let to KPMG with construction having commenced in June.

FIGURE 2: LEEDS GRADE A NET STOCK ABSORPTION BY LOCATION



Source: Colliers International

# Occupier Markets

- The level of activity within central Leeds in 2013 to date has had a major impact upon Grade A availability (see **Figure 1**). Based on 10 year average annual Grade A take-up levels, Leeds is already at a tipping point where demand for Grade A product is outstripping supply. Such is the current market balance that MEPC has begun part speculative construction at its 10 Wellington Place scheme. A pre-let of 15,157 sq ft to law firm Shulmans has already been agreed and just less than 20,000 sq ft of speculative space remains available.
- Healthy demand for space looks set to continue throughout 2013. DAC Beachcroft is searching for 30,000-40,000 sq ft and may be considering centralising multiple offices. Other law firms, Squire Sanders, (45,000 sq ft) Walker Morris (90,000 sq ft) and Addleshaw Goddard (40-50,000 sq ft) together, with PwC (50-70,000 sq ft) are considering pre-let options. Barclays Bank is currently under offer on 10,000 sq ft but may seek an additional 35,000 sq ft within the next year. Other active searches include a combined requirement for up to 75,000 sq ft for Sky Bet and Sky Sports; NHS Leadership Academy which is believed to be under offer on 35,000 sq ft.

FIGURE 6: LEEDS KEY GRADE A TRANSACTIONS

Date	Company	Size	Building	Rent £psf	Terms
Q2 2013	Yorkshire Building Society	76,413	Broad Gate The Headrow	Confidential	10 year term certain
Q2 2013	Eddisons Limited	9,621	Toronto Square Toronto Street	£20.00	Rent steps to £22 years 4 & 5. Lease on part 4th floor on a 10 year unbroken term.
Q2 2013	CapGemini Financial Services Ltd	25,389	Broad Gate The Headrow	Confidential	Part 5th floor + lobby area of 526 sq ft will also be demised.
Q1 2013	Dart Group (Jet2)	73,100	The Mint	Confidential	Conf. terms.
Q1 2013	Shulmans LLP	15,157	No10 Wellington Place	Confidential	PRE-LET signed. Conf. terms.
Q1 2013	KPMG LLP	61,250	1 Sovereign Square (Plot A)	£25.00	PRE-LET signed. 3,500 sq ft basement space at £10 psf, 39 CPS @ £2,500. 15 year lease. Conf. incentives.
Q1 2013	DWF	8,378	Part 3rd Floor Suites, Bridgewater Place	£24.00	Confidential terms

Source: Colliers International

FIGURE 7: LEEDS OFFICE MARKET SUMMARY

Submarket	Availability (sq ft)	Grade A NSA (sq ft)	Take-up (sq ft)	Take-up (sq ft)
	H1 2013	H1 2013	H2 2012	H1 2013
City Core	819,351	62,155	149,107	294,408
Southern Gateway	181,292	65,193	18,095	95,787
Outer Core	236,042	0	31,682	27,807
Eastbank Quarter	90,512	0	0	18,190
<b>City Total</b>	<b>1,327,197</b>	<b>127,348</b>	<b>198,884</b>	<b>436,192</b>

Source: Colliers International

## For further information, please contact:

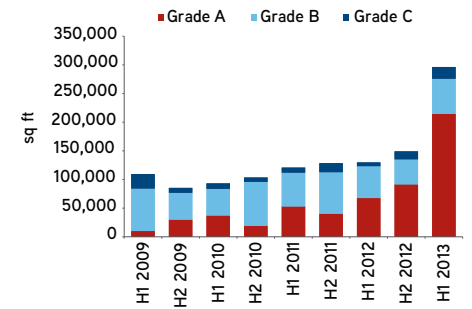
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### RESEARCH AND FORECASTING

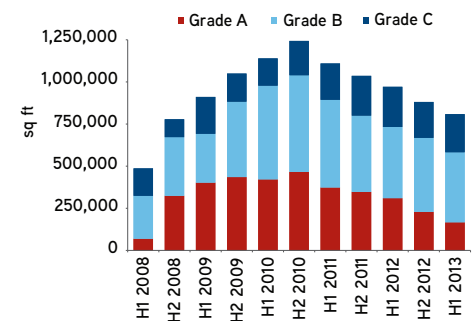
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FIGURE 3: CITY CORE TAKE-UP BY GRADE



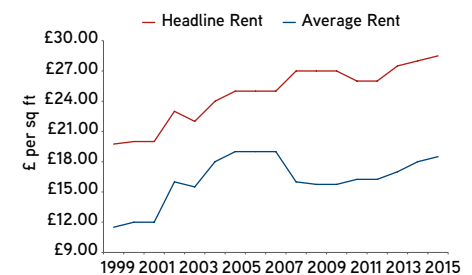
Source: Colliers International

FIGURE 4: CITY CORE AVAILABILITY BY GRADE



Source: Colliers International

FIGURE 5: LEEDS RENTS & FORECASTS



Source: Colliers International

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