



Sanderson
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6 Queen Street, Leeds

Q3 2022

Leeds office market update

— Q3 2022 Snap Shot

137,376 sq ft

Leeds City Centre take-up
(Q3 2021: 203,543 sq ft)

51,233 sq ft

Leeds Out of Town take-up
(Q3 2021: 110,602 sq ft)

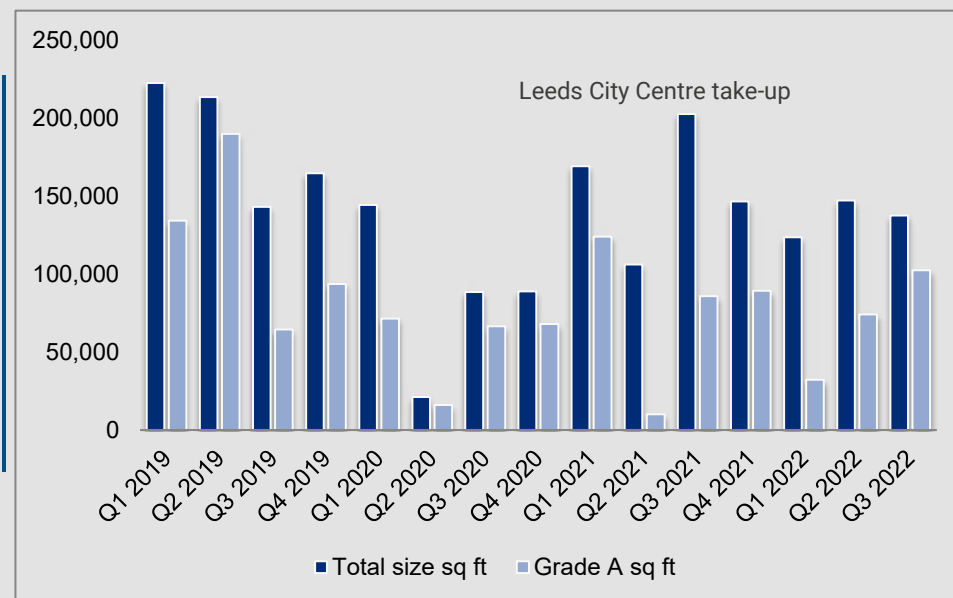
34

Leeds City Centre deals
(Q3 2021: 34)

Key Transactions

Occupier	Size (sq ft)	Property (Landlord)
Financial Conduct Authority (FCA)	14,207	6 Queen Street, LS1
McKenzie Stewart	11,784	6 Wellington Place, LS1
XR Games*	10,968	Half Roundhouse, LS12
Jemella Ltd (GHD)	10,345	11 Wellington Place, LS1

*deal involving SW



Key Data Q3 2022

554,393 sq ft

Leeds City Centre Take-Up
(rolling 12 months basis)

£36.00 psf

Prime City Centre Rents

£24.75 psf

Prime Out of Town Rents

806,000 sq ft

Grade A supply
465,000 sq ft of this total is under construction

267,334 sq ft

Leeds Out of Town Office Take-Up
(rolling 12 months basis)

71%

of all deals < 5,000 sq ft

5.75%

Prime Yields

Demand

Figures collated by the Leeds Office Agents Forum (LOAF) show that total office take-up for the third quarter of 2022 was 188,609 sq ft.

In Leeds City centre there were 34 transactions totalling 137,376 sq ft and as a result YTD office take up stands at 407,886 sq ft.

Grade A accommodation once again dominated the market with 102,458 sq ft (c. 75%) of total take up being for the best space as occupiers trade-up the quality of their offices.

Four city centre deals in Q3 were in excess of 10,000 sq ft with the largest being the FCA taking 14,207 sq ft at 6 Queen Street. The quarter also saw the first two lettings at the recently refurbished and extended 12 King Street.

The most active sector of the market was the "Business & Consumer services" sector followed by the "TMT" sector which accounted for approx. 28% and 23% of total market activity respectively.

In the Leeds Out of Town market, activity was a little subdued where in Q3 a total of 51,233 sq ft was transacted across 20 office deals. The largest letting was the only one above 10,000 sq ft and was recorded at Plateworks House.

Supply

Grade A supply in Leeds City centre stands at approx. 806,000 sq ft with roughly 60% of this available total currently under construction. The Grade A vacancy rate for built product is approx. 2.50%.

New developments due to reach PC in 2023 include 11/12 Wellington Place, City Square House and Aire Park. Occupier interest is increasingly focussed on Grade A space, ESG and the drive towards Net Zero especially for larger businesses. This is reflected in the letting activity in the market and these new developments are attracting significant occupier interest.

Out of Town, there is a lack of new stock being built which remains a key issue in attracting businesses and the absence of new, Grade A stock is reflected in the slightly subdued take-up figures in the last two quarters.

Rents

A new letting of the top floor at 12 King Street to a Banking/Financial Services occupier in Q3 saw a new prime rent of £36 psf reached in Leeds and which reflects the continued "flight to quality" by occupiers at lease event.



The Half Roundhouse

Q3 2022



12 King Street

Outlook

The sustainability agenda, and especially the need to curb carbon emissions is increasingly influencing workplace decisions. There are a number of active requirements in the market considering pre-lets and these are almost exclusively considering Grade A space.

New developments and high-quality refurbishments that are well-located will continue to be well received by the market. These buildings are aligned with corporate strategies for ESG and Net zero and for high quality, flexible space to attract and retain the best staff.

We anticipate that take-up will increase over the course of the next two quarters as notwithstanding the economic headwinds some notable transactions complete on the new developments coming forward.

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