

Q2 2023



Sanderson
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LEEDS OFFICE MARKET UPDATE

PHOTO: WEST GATE, LS1
LETTING TO HM COURTS SERVICE

Q2 2023 SNAPSHOT

135,560 SQ FT

Leeds City Centre Take Up
(Q2 2022: 147,047 sq ft)

52,605 SQ FT

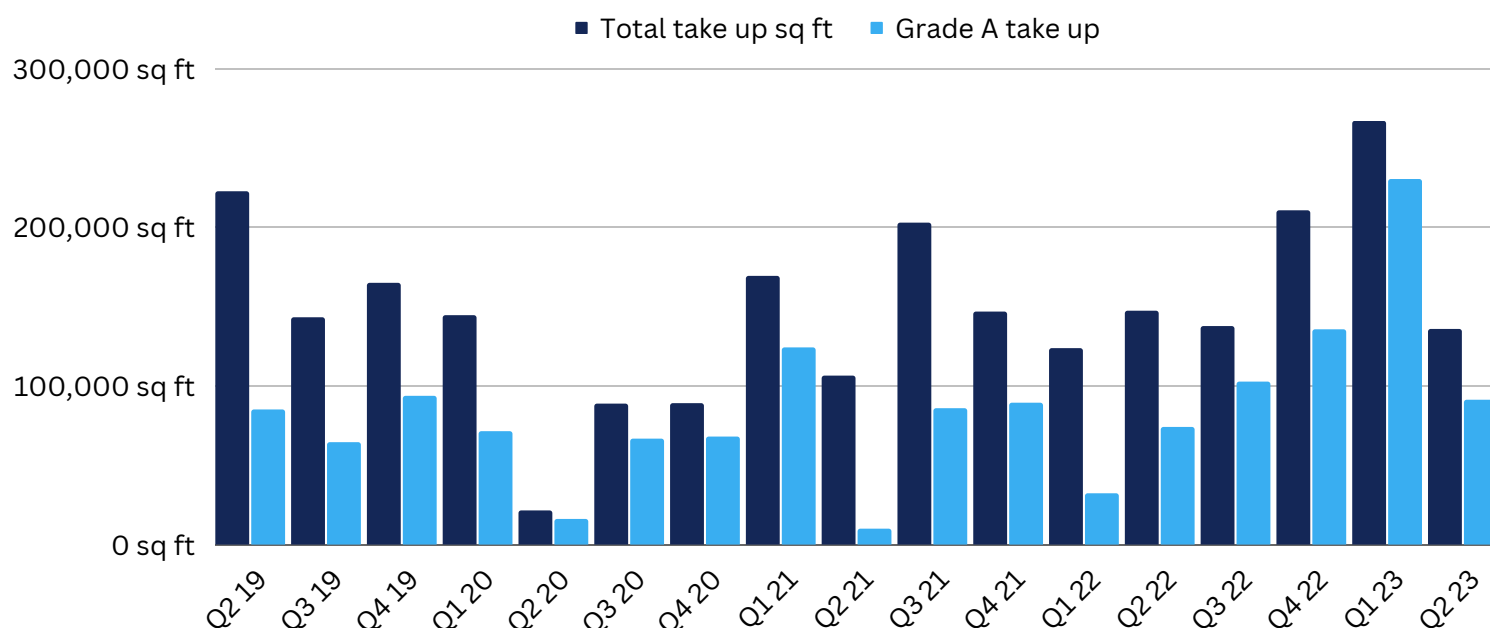
Leeds Out of Town Take Up
(Q2 2022: 54,331 sq ft)

29 DEALS

(Q2 2022: 23 deals)

KEY TRANSACTIONS

HM Courts Service	26,328 sq ft	West Gate, LS1
NHS	18,836 sq ft	3 White Rose Park, LS11
Mott MacDonald	15,591 sq ft	26 Whitehall Road, LS1
BAM	11,076 sq ft	The Gateway, LS9





Q2 2023

Take Up

686,613 SQ FT

Leeds City Centre
Rolling 12 months

224,707 SQ FT

Leeds Out of Town
Rolling 12 months

£37.00 PSF

Prime Rents
Leeds City Centre

£24.75 PSF

Prime Rents
Leeds Out of Town

71%

Deals <5,000 sq ft

578,000 SQ FT

Grade A Supply

DEMAND

Total office take up for the second quarter of 2023 reached 188,165 sq ft with robust activity in the city centre market which posted 135,560 sq ft of transacted space across 23 deals.

At the half year mark, city centre take up stood at 402,274 sq ft which is a 52% increase compared to the same six month period in 2022.

The largest city centre letting in the second quarter was to HM Courts & Tribunal Service (HMCTS) who took 26,378 sq ft in Bruntwood's West Gate scheme and will relocate from East Parade later this year.

Other notable deals included the lettings at CEG's Globe Point with Reed Smith & SCC each taking individual floors of 6,479 sq ft and 4,290 sq ft. MEPC's Wellington Place scheme also attracted two new occupiers in Hill Dickinson and Begbies Traynor.

The 15,000 sq ft letting on a fully-fitted basis to Mott MacDonald added to the letting on similarly fitted space to First Bus at Victoria Place last quarter and we envisage the prevalence and size of such lettings increasing as Corporate occupiers place "grey space" on the market.

The Out of Town market saw less activity with a total of 52,605 sq ft transacted in 15 deals. The largest letting was at White Rose Park where Leeds Community Healthcare NHS took 18,836 sq ft and the other deal of note was nearby as Inseego signed for 5,005 sq ft at South Central.

SUPPLY

City centre Grade A supply currently stands in the region of 578,000 sq ft with approx. 300,000 sq ft of this total still under construction and due to PC at the end of this calendar year.

Occupiers are focussed, in the main, on the best quality and most sustainable space and we expect a reasonable chunk of the current Grade A supply to be let &/or under offer by the end of the year.

RENTS

Prime rents are now £37.00psf with the increase driven by occupier demand for the best quality space and corporate policies in ESG and towards Carbon Zero.

With Grade A availability/ choice in the city centre being relatively limited, especially for larger occupiers and most demand being for Grade A space we anticipate that prime rents will increase to £38psf by the end of the year.

Outlook

Grade A rents will increase as demand for the best space continues and from a national perspective, there does appear to be further headroom for growth as Leeds remains at a discount to other major cities.

We also expect a greater number & also larger transactions for Cat A + and “plug-and-play” office space as occupiers opt for speed of occupation, lease flexibility and minimal capex to address their office accommodation needs.



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