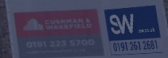




Sanderson
Weatherall

GRADE A
OFFICE SPACE
TO LET

4,400 SQ FT
TO
50,000 SQ FT



Q3 2021

Newcastle office market update

Central Square South

Three lettings totalling 23,000 sq ft transacted in Central Square South in Q3

Q3 2021 Snap Shot

41,193 sq ft

Newcastle City Centre take-up
(Q3 2020: 48,015 sq ft)

319,099 sq ft

Newcastle Out of Town take-up
(Q3 2020: 184,011 sq ft)

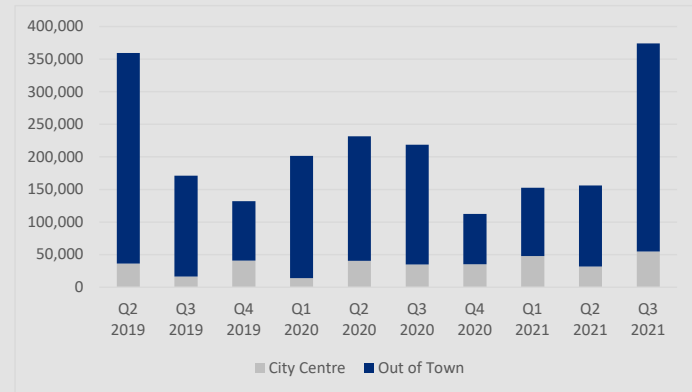
12

Newcastle City Centre deals
(Q3 2020: 6)

Key Transactions

Occupier	Size (sq ft)	Property
Xplor Technologies	13,334	Central Square South
Lumo	5,457	Central Square South
Clyde & Co	4,474	Central Square South
Reed in Partnership	8,085	1st Floor, Tyne House

Total Take-up



Key Data Q3 2021

158,373 sq ft

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

£26.00 - £27.00 psf

Prime City Centre Rents

128,000 sq ft

Grade A supply

742,394 sq ft

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

£16.50

Prime Out of Town Rents

5.75%

Prime Yields

Q3 2021



Portland House

Demand

Q3 North East office market take-up totalled 360,292 sq ft across 47 deals in the three months from July to September.

In the city centre, 12 deals totalling 41,193 sq ft were concluded in Q3 including one transaction which saw Xplor Technologies acquire the last remaining full floor at Central Square South. The take up figures were slightly down on the same time last year but there was a notable increase in the number of transactions, with the majority being of Grade A quality, reflecting the appetite from occupiers in the city at present.

The out-of-town market saw 35 deals with a total take-up of 319,099 sq ft, which was nearly double the five yearly quarterly average. Although, a large proportion of the take up was as a result of Just Eat acquiring 217,339 sq ft at Rainton House, Rainton Bridge, Durham. Out of town Grade A lettings remained restricted with just one letting north of 10,000 sq ft, as National Utility Hub acquired space at Q15 Quorum Business Park. Out of Town Grade B market remained buoyant as there were a number of lettings transacted in the sub 5,000 sq ft market with a particular interest in self-contained office buildings on popular business parks.

Supply

Grade A city centre supply currently stands at circa 130,000 sq ft of space currently available with the expectation that this will grow through the completion of The Spark and Bank House.

Out of town supply has contracted following the 217,339 sq ft letting to Just Eat at Rainton Bridge, Durham.

Q3 2021

Rents

City centre prime rents are £26.00 per sq ft. Albeit, with new schemes quoting £27.00 per sq ft there is an opportunity this will be achieved by the end of 2021.

Out of town prime rents stand at £16.50 per sq ft.

Projection for the end of 2021

In the final quarter we anticipate Grade A demand for the city centre will continue in the same manner, with the hope that a new headline rent will be achieved before the end of the year.

City centre Grade B demand has started to return to pre-pandemic levels, albeit with a different mindset as occupiers demand more from office buildings. The new wave of appetite will be soaked up by landlords willing to invest the necessary capital into refurbishment programmes, with the expectation that the buildings with the highest level of amenities will flourish.

The out of town market is expected to conclude the year in a similar manner to the first three previous quarters, with restricted demand for larger Grade A floor plates and strong appetite for the sub 5,000 sq ft 'own front door' market.

North Shoring requirements are expected to continue in a similar trend as we approach the start 2022. Xplor Technologies and Just East are two inward investment case studies from Q3 and we hope other requirements like this will follow suit.



Rainton Bridge

Michael Downey, Partner
michael.downey@sw.co.uk
07894 411871

sw.co.uk

Central Square South, Orchard
Street,
Newcastle upon Tyne,
NE1 3AZ

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