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Q3 2021

Leeds office market update

— Q3 2021 Snap Shot

203,543 sq ft

Leeds City Centre take-up
(Q3 2020: 88,507 sq ft)

110,602 sq ft

Leeds Out of Town take-up
(Q3 2020: 62,117 sq ft)

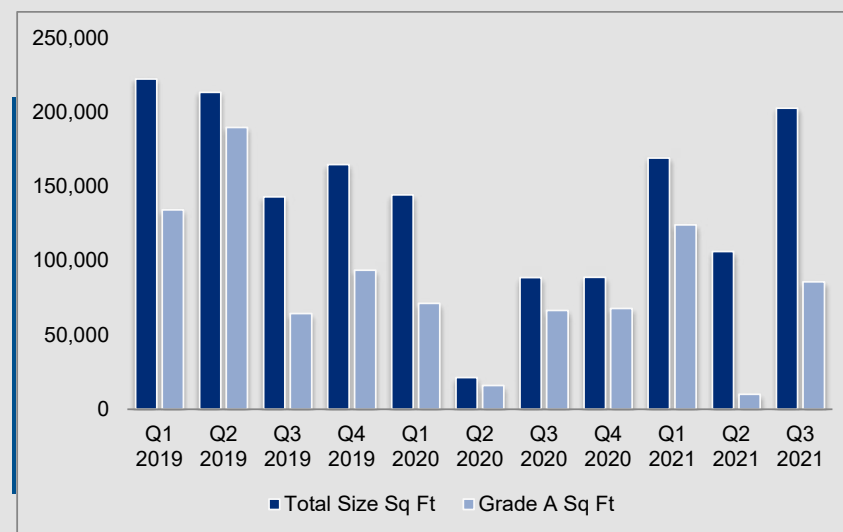
34

Leeds City Centre deals
(Q3 2020: 18)

Key Transactions

Occupier	Size (sq ft)	Property (Landlord)
Labcorp	68,345	Drapers Yard, Holbeck, LS11
International Personal Finance	15,884	26 Whitehall Road, LS12
Highways England	15,861	2 City Walk, LS11 *
Wizu	14,037	Richmond House, Lawnswood Bus. Park, LS16.
The Mosaic Tile Company	10,653	Lumina, Thorpe Park, LS15.

* deal involving SW



Key Data Q3 2021

566,482 sq ft

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

£34.00 psf

Prime City Centre Rents

£24.75 psf

Prime Out of Town Rents

904,000 sq ft

Grade A supply
(677,000 of this total is under
construction)

478,073 sq ft

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

70%

of all deals < 5,000 sq ft

5.25%

Prime Yields

Demand

Figures compiled by the Leeds Office Agents Forum (LOAF) reveal that a total of 313,145 sq ft of office space was transacted in Q3.

City centre deals totalled 202,543 sq ft across 34 deals and reflected a 130% increase compared to the same period last year. As at the end of Q3, YTD city centre activity has reached 477,688 sq ft setting the city up for a strong year-end total.

Notable city centre deals included a pre-let of 68,345 sq ft to global life sciences group Labcorp at CEG's Drapers Yard building and lettings in excess of 15,000 sq ft to Highways England and IPF at 2 City Walk and 26 Whitehall Road respectively.

Out of town, 110,602 sq ft was transacted in Q3 2021 across 27 deals including Grade A lettings at Thorpe Park where both the Mosaic Tile company and Galliford Try committed to new space. Elsewhere, serviced office operator Wizu acquired 14,037 sq ft at Lawnswood Business Park.

There was a broad church of sectors accounting for the take up in Q3 with the principal ones being Financial services accounting for approx. 20%, Legal services circa 15% and Sciences circa 10%.



Letting to Highways England
2 City Walk, Leeds

Q3 2021



New Office Acquired for Leonard Curtis
7 Park Row

Supply

There is currently around 227,000 sq ft of standing Grade A stock in the city centre supplemented by a further 677,000 sq ft of unlet space which is under construction. This space is a mixture of new-build and high quality refurbishments and the additional supply will hit the market in a phased manner with the various schemes due to practically complete between the end of 2021 and early 2024.

Rents

City centre prime rents are now at or around £34.00 per sq ft, with small suites commanding higher.

Out of town rents have reached £24.75 per sq ft.

Outlook

We expect the final quarter of 2021 to be positive as businesses decant from older accommodation into better quality space that meets their future needs.

There has been a transition towards a more hybrid form of office working in many businesses where some time is spent away from the office by the average employee. Whilst this will continue, the office will remain the focal point for business culture, collaboration, learning and social interaction. This will place an emphasis on quality, sustainability and office design.

As occupiers re-size and upgrade their property holdings to take account of new working patterns and as a tool to attract and retain talent they are also seeking increased lease flexibility to help future-proof their real estate strategy. We expect that this will lead to more Landlords offering Cat A+ / plug & play fitted space. Whilst this sector of the market is still in its relative infancy locally it is likely to become more prevalent. The attraction for occupiers is the speed to opening and minimal capex and for Landlords it can reduce leasing voids and attract a premium rent.

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