



Sanderson
Weatherall

Pilgrim's Quarter, New Bridge Street

Let in the entirety to HMRC

*Image credit: Ryder Architecture

Q4 2021

Newcastle office market

— A look back at 2021

660,856 sq ft

Newcastle City Centre take-up

30

City Centre deals

647,536 sq ft

North East Out of Town take-up

Key Transactions

HMRC: 462,847 sq ft at Pilgrim's Quarter, Newcastle

Womble Bond Dickinson: 47,500 sq ft at The Spark, Newcastle

Homes England: 19,310 sq ft at The Lumen, Newcastle

Aspire: 30,000 sq ft at Pipewell Quays, Gateshead

Just Eat: 217,339 sq ft at Rainton House, Sunderland

— Q4 2021 Snap Shot

516,107 sq ft

Newcastle City Centre take-up
(Q4 2020: 31,912sq ft)

100,333 sq ft

Newcastle Out of Town take-up
(Q4 2020: 77,261 sq ft)

10

Newcastle City Centre deals
(Q4 2020: 8)

Key Transactions

Property	Size (sq ft)	Occupier
Pilgrim's Quarter, Newcastle	462,847	HMRC
6th Floor, The Lumen, Newcastle	14,549	Scott Logic
Part 3rd, One Trinity Gardens	11,151	Deloitte
Ground & First, Spire	18,809	Managed Offices Ltd

Total Take-up



Key Data Q4 2021

660,856 sq ft

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

£26.00 psf

Prime City Centre Rents

130,000 sq ft

Grade A supply

647,546 sq ft

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

£16.50 psf

Prime Out of Town Rents

5.75%

Prime Yields

Demand

Q4 North East office market take-up totalled 616,440 across 50 deals in the three months from October to December.

In the city centre, 10 deals totalling 516,107 sq ft were concluded in Q4 including one transaction totalling 462,847 sq ft in size, the largest ever letting recorded in the North East. Take this deal out and the figures still reflect a positive story for the city centre with 53,260 sq ft of take up, only marginally down on the quarterly average.

The out-of-town market saw 40 deals with a total take-up of 100,333 sq ft, which fell short of the five yearly quarterly average. The key out-of-town transactions were DWP taking 18,000 sq ft at Sunderland Software Centre and Axa taking 23,860 sq ft at 6 Centre Square Middlesbrough.

Supply

Grade A city centre supply has tightened to 130,000 sq ft of space currently available. This is expected to increase further through the delivery of Bank House which totals 120,000 sq ft.

Out of town supply remains stable. Nonetheless, new supply is on the horizon in Sunderland through the delivery of a further two buildings totalling 150,000 sq ft, built speculatively by L&G, on Sunderland Riverside.



The Lumen, Newcastle

Q4 2021



CGI of Bank House

Rents

City centre prime rents are £26.00 per sq ft.

This figure is expected to increase to £27.00 per sq ft when Q1 2022 figures are released.

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

Outlook

2021 take up figures for the North East totalled 1.3m sq ft, some 40% higher than the previous year and 50% more than the five-year average. Two key deals bolstered these figures; 217,339 sq ft to Just Eat at Rainton Bridge and 462,847 sq ft to HMRC at Pilgrim Quarter. Albeit, on a positive note, it would have still been a respectable year if both deals were removed from the figures.

The outlook for 2022 looks positive with strong levels of interest in the new build schemes such as The Spark and Bank House. The demand for better quality space remains potent, with very few 'rent sensitive' requirements in the marketplace. ESG and Sustainability continue to be hot topics, high on the agenda for tenants and landlords; a subject which is mentioned frequently and will develop further throughout 2022.

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