BNP Paribas Real Estate reveals mixed fortunes for Leeds and Sheffield in its Yorkshire Office Report Spring 2012

Activity levels in the Leeds office market look set to match those of last year while the Sheffield market struggles, according to a report by BNP Paribas Real Estate looking at the state of the sector in the first quarter of 2012.

The international property adviser’s Yorkshire Office Market Report Spring 2012 reveals that Leeds could soon see the return of very selective speculative office development in the city core but in contrast the market in Sheffield is expected to be a quieter year, particularly in the occupier market, where the city’s annual take-up of office accommodation is expected to fall short of the 2011 figure.

Richard Dunhill, senior office director at BNP Paribas Real Estate’s Leeds office says: “While headline rents in Leeds are expected to remain stable for the remainder of 2012, we could start to see city centre incentive levels reduce towards the mid-point of the year as supply of core city centre grade A space tightens. At this point Leeds could soon realistically see the return of very selective speculative office development, as developers aim to take advantage of the lack of new and good quality second hand space and the raft of forthcoming lease expiries from the professional services sector.

“In contrast this year is expected to be quieter than 2011 for the Sheffield occupier market. Unless a sizeable requirement comes to the market in the next month or so take-up is expected to fall short of last year’s figure,” he added.

The office investment market in both Leeds and Sheffield has been hit by a lack of suitable product, which is having a negative impact on the volume of transactions.
Roger Woolhouse, head of BNP Paribas Real Estate’s Leeds office, says: “The Leeds office investment market had a slow start to the year with less than £10m transacted in the first quarter. The only significant transaction was Medical Protection Society’s purchase at 2/3 Victoria Place where it is rumoured to have paid Yorkshire Forward £8m-£9m for the building. This slowdown follows a strong 2011, which was buoyed by the £130m sale of the White Rose Office Park last autumn.”

The Sheffield office investment market had a better first quarter, particularly when compared to the doldrums of Q1 2011, when no office deals were transacted. British Waterways’ £7.05m purchase of South Quay means that the Q1 2012 transactional level was comparable to Q4 2011 and since the quarter end, there has been a further £30m transacted with Moorfield’s purchase of mixed-use scheme Velocity Village.

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BNP Paribas Real Estate is a leading international real estate provider, and the 2nd player in Europe, in terms of results. It offers to its clients a comprehensive range of services that span the entire real estate lifecycle: property development, transaction, consulting, valuation, property management and investment management.
BNP Paribas Real Estate has local expertise on a global scale through its presence in 30 countries (15 wholly owned subsidiaries) across Europe, India and Middle East with 3,300 employees in about 150 offices. BNP Paribas Real Estate is a subsidiary of BNP Paribas, one of the world’s six strongest banks in the world according to Standard & Poor’s (rated AA- by Standard & Poor’s i.e. 3rd rating level on a scale of 22).
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