BNP Paribas Real Estate report:

“Newcastle office market shows encouraging signs of activity”

The annual take-up in the Newcastle office market is expected to match 2011, with promising take-up and encouraging levels of demand during the first quarter of 2012 according to a report from international property adviser BNP Paribas Real Estate.

The report reveals that while the availability of Grade A space will fall in the city centre, in the out of town market there is the potential for the level to rise, as speculative construction continues in the former Enterprise Zones. BNP Paribas Real Estate expects that, for the remainder of the year, headline rents will continue to hold firm at £20.00 per sq ft in the city centre and £16.95 per sq ft in the out of town market.

Aidan Baker, office agency director at BNPPRE’s Newcastle office, says: “During the first quarter of the year the market has seen a number of occupiers searching for space of between 10,000 and 30,000 sq ft which is encouraging. These current requirements are largely cost driven, as occupiers look to reduce their cost base and maximise value from their office space.

“Over the last six months market activity has mainly switched to the out of town areas, with notable lettings completed at Cobalt Park, where management consultants Accenture has taken 30,515 sq ft. In addition Fabricom Offshore, the engineering and project management company, has taken 32,800 sq ft at Quorum Business Park,” he added.
In contrast to the occupational market the city’s office investment market got off to a slow start in 2012, with only one small owner-occupier deal completing during the first quarter.

BNP Paribas Real Estate’s report highlights that this situation will remain challenging and unless there is an increase in the number of high quality property investments coming onto the market the level of investment transactions in the city are also likely to remain down during 2012.

“Newcastle typifies many UK regional office markets, with very limited investor opportunities to acquire modern offices with good quality tenants,” concludes Baker.

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About BNP Paribas Real Estate
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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