Q1-Q3 2012 NEWCASTLE OFFICE TAKE-UP REACHED 482,610 SQ FT

Total 2012 Newcastle office take-up to the end of Q3 reached 482,610 sq ft, up 10% on the 440,150 sq ft achieved in the equivalent period a year earlier, according to new research by BNP Paribas Real Estate (BNPPRE), the leading property adviser.

Newcastle’s out of town (OOT) office market, with its larger floorplates and wider choice of newer office accommodation, remained the most active market with total take-up of 342,345 sq ft recorded between Q1-Q3 2012 - this was 25% higher than Q1-Q3 2011. However, at 140,265 sq ft, total city centre (CC) take-up for the first nine months of 2012 was down 18% on the equivalent period a year earlier. This is due to smaller deals sustaining the market, although there are signs of some larger enquiries beginning to come through.

Aidan Baker, director of office agency at BNP Paribas Real Estate’s Newcastle office, commented: “The market has so far fared reasonably well during another tough year. Looking ahead, we predict that Q4 may be quieter than last year and the CC will face a challenge to match last year’s level of take-up. One key trend in 2012 is the increased proportion of grade A space acquired within the CC - some 25% higher than last year although this will be partly due to generous incentives making space more affordable.”

BNPPRE’s research also revealed that overall, total grade A availability at the end of Q3 2012 was 1.58m sq ft, which was similar in level to Q3 2011, even though CC grade A availability has recorded a downward trend. Interestingly, the OOT market has seen its level rise following a series of building completions at the former Enterprise Zone scheme, in particular at Cobalt Park.

“In relation to Newcastle’s headline rent, it remained unchanged in Q3 2012, at £20.00 per sq ft. CC incentive levels continue to remain favourable, with tenants currently negotiating three years rent-free on a straight 10 year term. For shorter five year leases, tenants are expecting to receive in the region of 12-18 months rent-free. At £16.95 per sq ft, the Newcastle OOT headline rent also remains unchanged,” added Baker.

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