MIXED OUTLOOK FOR LEEDS’ COMMERCIAL PROPERTY MARKET
-Positive outlook for occupational market, whilst investment remains subdued-

The outlook for the remainder of the year is upbeat for Leeds’ occupational market, with total take-up looking set to easily outperform 2011, according to BNP Paribas Real Estate, the leading property adviser.

However, like many other regional UK office markets, the Leeds investment market will not fare as well, with total 2012 transaction volume expected to be well down on last year’s level. Between Q1-Q3 2012, Leeds office investment totalled £57.6m, which was markedly down on the £241m transacted between Q1-Q3 2011.

Roger Woolhouse, head of BNP Paribas Real Estate’s Leeds office, commented: “The return to very selective speculative development looks increasingly likely, if not this year, then in 2013. The anticipated fall in grade A space may even lead to the resumption of pre-letting activity next year. With regards to rent, headline rent is expected to remain stable for the rest of the year, but as the city’s grade A availability tightens, there is potential for the rental level to rise in 2013.”

In relation to take-up of space, total 2012 Leeds city centre take-up to the end of Q3 reached 335,590 sq ft, up 11% on Q1-Q3 2011. Whilst 2012 total deal numbers have fallen, total space transacted has risen due to a handful of sizeable deals. Between Q1-Q3 2012, take-up in out of town Leeds reached 274,000 sq ft, which was a 62% rise on Q1-Q3 2011. This improved performance can be attributed to a 14% rise in the number of deals done and an increase in average deal size to 3,700 sq ft. At the end of Q3, Leeds availability level was 1.7m sq ft, down 9% on the Q3 2011 level.

“At the end of Q3 2012, Leeds’ headline rent remained unchanged for the seventh consecutive quarter at £25.00 per sq ft. Tenant incentives remain common place in the market, with tenants typically receiving 36 months rent-free on a 10-year term,” concluded Woolhouse.

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About BNP Paribas Real Estate

BNP Paribas Real Estate, one of the leading international real estate providers, offers 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 36 countries with more than 150 offices and 3,400 employees (16 wholly owned subsidiaries and 20 by its Alliance network, that represents today more than 3,000 people). BNP Paribas Real Estate is a subsidiary of BNP Paribas.

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