2013 HIGHEST TAKE UP OF GRADE A NEWCASTLE CITY CENTRE OFFICES SINCE 2008
-In excess of 130,000 sq ft of grade A Newcastle office space let this year-

2013 is set to be the best year since 2008 for Newcastle city centre grade A office take-up, with in excess of 130,000 sq ft let, according to research by BNP Paribas Real Estate, the leading property adviser. Improved sentiment in the Newcastle office market looks set to continue with overall city centre take-up likely to exceed 250,000 sq ft.

BNP Paribas Real Estate’s head of Newcastle office agency, Aidan Baker, comments: “This year has seen a rise in activity levels in the Newcastle occupational market. Between Q1-Q3 2013 total city centre take-up reached 178,705 sq ft, up 27% on the equivalent period in 2012. This rise reflects the strong occupier demand for city centre grade A space. The out of town market has also performed well; Q1-Q3 2013 take-up was up 6% on Q1-Q3 2012 at 364,585 sq ft. Whilst the upturn in market activity is certainly welcome, it is still lease events driving the rise in take-up. With the flurry of grade A lettings this year, the city centre grade A supply level is reaching a critical level with approximately only one year’s supply remaining.”

Jo Warren of BNP Paribas Real Estate’s research department, comments: “At the end of Q3 2013, there was 225,000 sq ft of grade A space available in the city centre, with only four schemes capable of accommodating requirements of more than 15,000 sq ft. By contrast, the out of town Newcastle market continues to offer a wide array of grade A accommodation, although this is slowly depleting as favourable financial packages attract new occupants. In Q3 2013 OOT grade A availability was 1.09m sq ft, down 9% on Q3 2012.”

Whilst out of town headline rents will remain unchanged in the near term, there is potential for city headline rents to rise next year, as competition for limited grade A space intensifies.

“Looking ahead, next year could see some city centre occupiers forced to consider out of town offices because of the diminishing city centre grade A supply level. If this happens, it could significantly impact out of town grade A supply. As market confidence is steadily restored, investment deal volumes can also be expected to continue to rise. Favourable yields in the region will be a pull for investors looking to secure quality assets,” added Baker.

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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 40 countries with more than 180 offices and 3,300 employees (18 wholly owned and 22 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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