



# RESEARCH & FORECASTING UK CENTRAL LEEDS OFFICES

## LEEDS

ALL GRADE ABSORPTION	↓
GRADE A ABSORPTION	↑
AVAILABILITY	↓
TAKE-UP	↑
RENTS	→

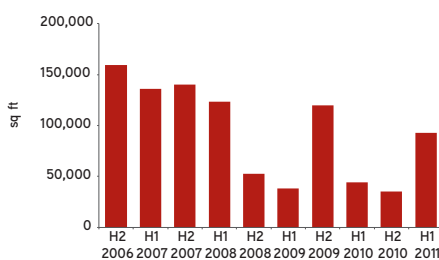
## CITY CORE

ALL GRADE ABSORPTION	↓
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## Overview

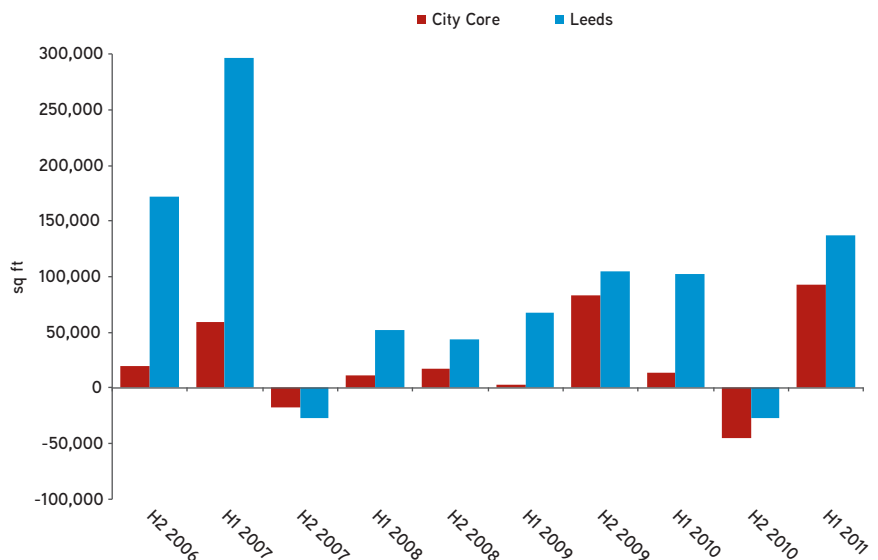
- As predicted in our previous publication, Leeds has seen a strong upswing in absorption in the first half of 2011. Total absorption rose by 141,482 sq ft, the largest increase in office occupancy for four years. The improvement in absorption is being driven primarily by activity within the City Core, where availability fell by over 10% in H1 2011. Vacancy within the City Core had risen steadily since the latter half of 2009 and this downward shift represents the first reduction in availability since then.
- Grade A absorption experienced positive uplift of over 130,000 sq ft in H1 2011 compared to a decline of 26,899 sq ft in H2 2010 (see Figure 1). Grade A absorption in the City Core reached the highest level since Colliers began monitoring absorption levels in Leeds, and overall occupancy of Grade A space rose to 77.6% compared to a cyclical low of 68.7% recorded in June 2009. However, there was notable positive absorption in the Eastbank and Southern Gateway submarkets, where occupancy rose at its fastest rate since 2009.
- Half year take-up levels were the highest for 18 months reaching 187,036 sq ft. Over 65% of transacted space was confined to the City Core which helped lower vacancy in that submarket from 19% in December 2010 to 17% in June 2011.
- Six month City Core Grade A availability fell for the time since H1 2010. 80% of Grade A availability across Leeds is confined to just four new build schemes, although vacancy in those has declined by 17% in 2011 to date. Letting activity is focusing increasingly on the upper end of the market.
- Prime headline rents remain at £26.00 psf, although no recent lettings above 10,000 sq ft have been at this rental level and there are no expectations of upward rental movement over the next six months.

FIGURE 2: LEEDS GRADE A TAKE-UP



Source: Colliers International

FIGURE 1: LEEDS GRADE A NET STOCK ABSORPTION

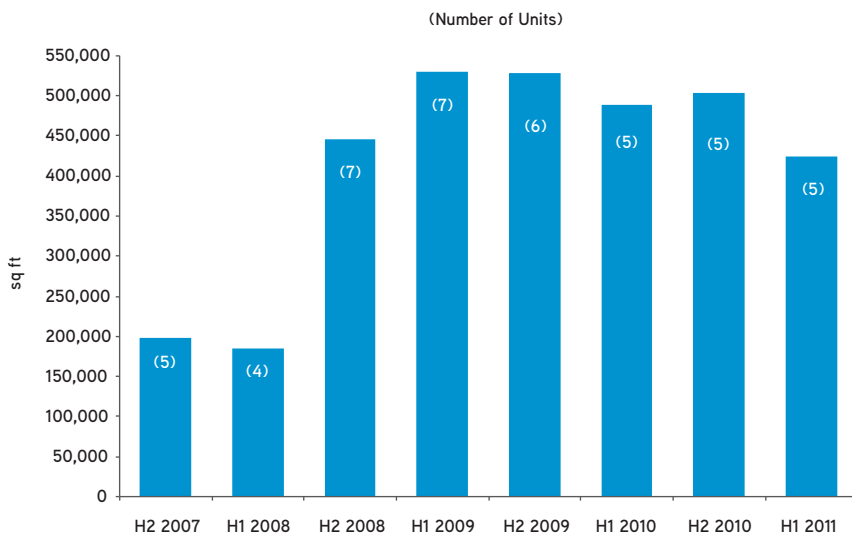


Source: Colliers International

## Occupier markets

Increased transactional activity, coupled with healthy rises in absorption, suggest that an improvement in demand is beginning to be felt in the offices occupational market. Grade A take-up reached close to 100,000 sq ft. Figures for H1 2011 alone were 16% up on the total for 2010 as a whole. There was even evidence of pre-letting activity as law firm, Clarion, signed unconditionally for 15,000 sq ft at JF Finnegan's Elizabeth House refurbishment, due to complete in Q1 2012. The largest deal of the quarter was Asda's decision to take 38,039 sq ft at The Mint where the rent achieved was £21.00 psf. Occupiers looking to satisfy requirements in H2 2011 include Lupton Fawcett, Yorkshire Housing, Dickinson Dees and Towry. There are a number of significant requirements, with KPMG (70,000 sq ft), Walker Morris (90,000 sq ft), Squire Sanders Hammonds (50-60,000 sq ft) and the Medical Protection Society (55-60,000 sq ft) all currently assessing a mixture of existing and pre-letting opportunities.

FIGURE 6: LEEDS GRADE A AVAILABILITY – UNITS OVER 20,000 SQ FT



Source: Colliers International

Figure 6 shows the fall in Grade A availability in H1 2011 for units over 20,000 sq ft. While overall current Grade A vacancy stands at 22.1%, this is substantially down from a peak of 31.3% in June 2009 and a further marked reduction from 28.2% in December 2010. There are currently only five units of 20,000 sq ft plus over not more than two contiguous floors.

FIGURE 7: LEEDS OFFICE MARKET SUMMARY

	Availability (sq ft)	NSA (sq ft)	Take-up (sq ft)	Take-up (sq ft)
Submarket	H1 2011	H1 2011	H2 2010	H1 2011
City Core	1,116,453	84,159	104,969	120,809
Southern Gateway	154,908	55,873	2,955	52,509
Outer Core	328,630	-30,925	25,969	12,105
Eastbank Quarter	89,845	10,400	16,312	1,613
<b>City Total</b>	<b>1,689,836</b>	<b>119,507</b>	<b>150,205</b>	<b>187,036</b>

Source: Colliers International

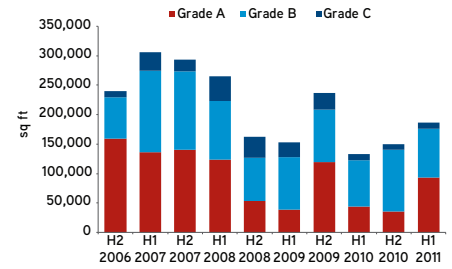
### OFFICES – LEEDS

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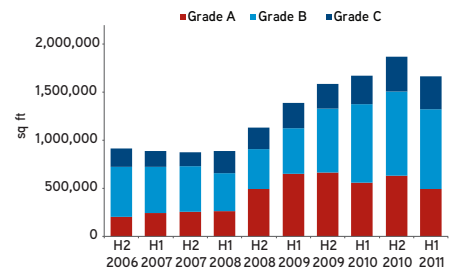
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FIGURE 3: LEEDS TAKE-UP BY GRADE



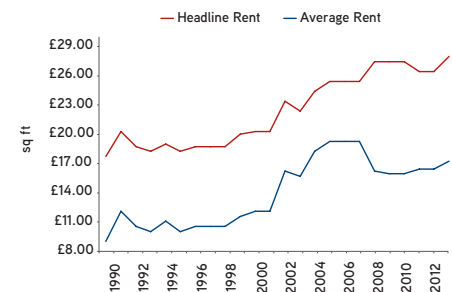
Source: Colliers International

FIGURE 4: LEEDS AVAILABILITY BY GRADE



Source: Colliers International

FIGURE 5: LEEDS RENTS AND FORECASTS



Source: Colliers International

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