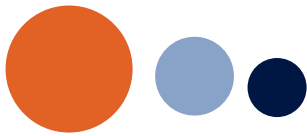


Leeds Offices



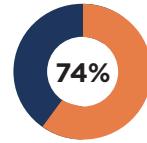


Top sectors

TMT (38%), Insurance & Financial (22%),
Business & Consumer services (13%)

£32

Top rent forecast by the end of 2019



Grade A Take-up

Grade A take-up reached 323,918 q ft during H1 2019 - accounting for 74% of total office take-up.

THE LEEDS INVESTMENT MARKET OVERVIEW - H1 2019

So far this year the Yorkshire and Humberside region has seen total commercial investment volumes of £602 million, £123m of that was for office space.

In Leeds commercial investment volumes totalled £297 million with office space accounting for 25%. After a slow first half Leeds office investment volumes sit at £74 million, although we expect the second half of the year to pick up pace.

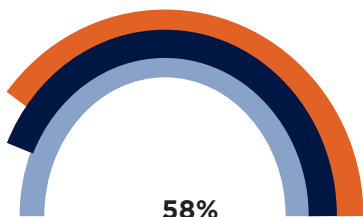
Middle Eastern investors accounted for 58% of Leeds office investment volumes. This has resulted in overseas investors being the most active investor type during the first half of the year - albeit in one transaction.



Office space accounted for 25% of commercial investment volumes during H1 2019.

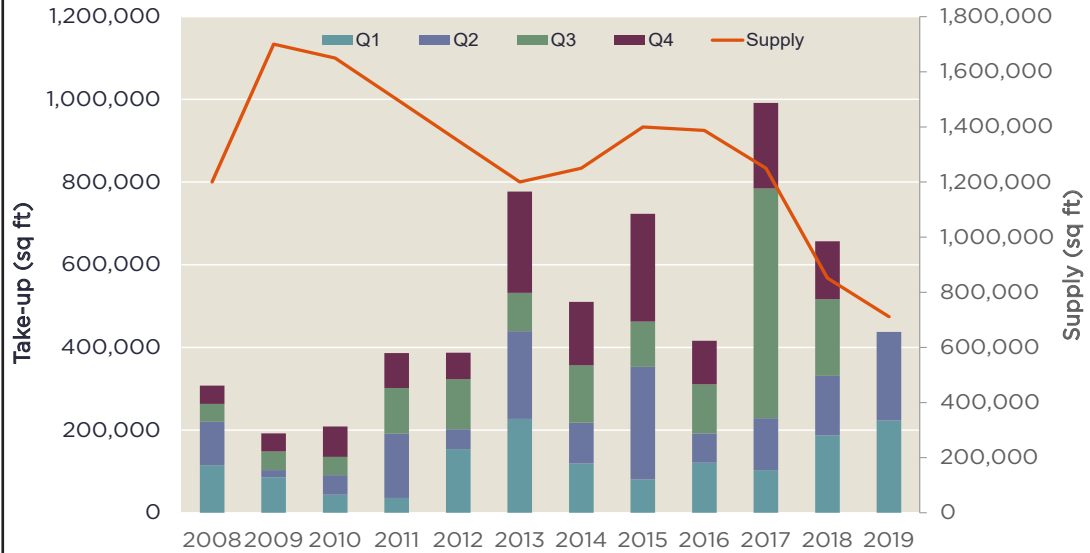
4.75%

Current Prime Office Yield



58% of office investment came from Overseas Investors in H1 2019.

Leeds has seen the best first half take-up since 2013, however, there is less than a years worth of Grade A supply in the market.



Source Savills Research

Occupational overview

The outlook for the Leeds' office market - 2019 and beyond

1 Leeds has seen the best first half take-up figures since 2013, with take-up reaching 436,312 sq ft. This was 41% above the same period in 2018 and 62% above the long-term half-year average. Occupiers have shown a strong bias towards Grade A space with 74% being Grade A.

2 Key deals in the first half of 2019 include: 71,000 sq ft to Link Asset Services at Central Square and Sky Betting and Gaming taking 135,000 sq ft at 4 Wellington Place.

3 However, Leeds's office market is one constricted by tight supply. Total supply currently stands at 700,000 sq ft, the lowest on record. However, what really stands out is the severe shortage of Grade A supply.

4 There has been a 49% decrease in Grade A supply over the last 12-months with only eight months' worth of Grade A supply currently available. Buildings such as 7 Park Row and Platform are now largely let, which leaves very limited Grade A

space. Going forward, enquiries over 50,000 sq ft will require occupiers to commit to pre-let agreements.

5 Although the next two years will see 250,000 sq ft come into the supply figures, 63% of this space is already pre-let, demonstrating the demand for premium space in the market.

6 The new development, 4 Wellington Place (135,000 sq ft), which is due to complete in October 2020, has fully let pre-completion. With only 38,000 sq ft left at Majestic (completion Q1 2020), 34 Boar Lane (56,000 sq ft) is the only building currently available in its entirety.

7 Although Leeds has the potential to attract large scale relocations, the city will need the right product, in the form of new large Grade A buildings, if it is to compete with other regional cities.

8 During the first half of 2019 top rents remained at £30 per sq ft,

which was reflected in the 135,000 sq ft letting at 4 Wellington place.

However, we expect to see a growth of 7%, as top rents hit £32.00 per sq ft by the end of the year and £32.50 per sq ft on new space in the development pipeline.

9 The out-of-town market follows a similar story with extremely limited Grade A supply. The market has had a subdued first half to 2019, ending the half year at 105,000 sq ft, down 60% on the same time in 2018.

10 However, this is very much a supply rather than demand issue. The only development is Lumina, a 35,000 sq ft building at Thorpe Park, which is already half let pre-completion. With this lack of Grade A space, there is very strong interest in pre-lets on the next phase of the scheme.

11 Due to lack of supply, rents continue to increase on prime space in the out-of-town market, with 19% growth over the last 2-3 years from £19.50-£23.25 per sq ft.

7% growth is expected on top rents by the end of the year.

How the tech-sector is driving the growth of co-working in Leeds

Co-working spaces have become a crucial component of the Leeds office market. They're not just a place to work, but their relaxed and sociable environment also enhances the creativity and productivity that helps start-ups succeed.

Not only do they ease the sense of isolation felt by many people who work remotely, but they offer easy opportunities for the kind of collaboration and innovation required by burgeoning tech businesses.

From Duke Studios to ODI and Hackspaces, these community-led co-working spaces are nurturing the tech companies of the future, enabling them to develop a positive relationship with the city.

A sense of community is a vital part of the tech scene. As Tom Almas, Managing Director of co-working space Wizu said "No business survives in solitude, and being in a community-centric workspace is key to collaboration and innovation."

The city is seeing this trend grow and grow. Bruntwood, a major developer in the city, has introduced its new co-working concept at the recently completed Platform scheme, directly above Leeds train station, with Spaces recently acquiring over 24,000 sq ft of space at 7 Park Row.

This trend looks certain to continue - cementing Leeds as a leading location for young, creative talents who are working 'alone-together,' with the express purpose of being part of a community.

FRONT COVER
 4 Wellington Place, Leeds.
 135,000 sq ft of Grade A office space, due for completion October 2020

“ Leeds unicorn company, Sky Betting and Gaming, has continued to invest in Leeds, creating 230 more jobs over the last 24 months ”



Tech transformation

Leeds City Region is fast emerging as a digital powerhouse

Leeds has one of the fastest growing tech scenes in the UK. The city's reputation as a leading digital hub is growing. In the past 12 months, the number of tech jobs in Leeds has risen by almost half - up from 23,734 to 34,742.

The city has three well respected universities and thousands of talented graduates, which has bred a thriving digital tech scene. Leeds has many success stories including RockStar Games and Cooperative Innovations.

There's a reason why companies like, Channel 4, Sky, NHS Digital and many others are establishing a significant presence here, with even more big tech businesses expected to move to Leeds in the next few years. Leeds is now seen as a digital-hub and is also home to a great mix of tech start-ups.

The stats speak for themselves. Yorkshire Forward, Leeds

development agency, estimated the city's total GVA at £1.5 billion in 2011. Fast forward, and in the last year, the digital sector alone has a GVA of over £1.3 billion.

In 2017, Leeds City Council awarded its Tech Hub Fund to a number of local businesses. Property company Bruntwood received £2 million to establish a tech hub in its Platform building. Other awards were given to ODI Leeds, Duke Studios and East Street Arts, who are developing a digital space for artists called BEETA.

The UK's regional cities are competing head-to-head with Europe's biggest capitals. Following the IPOs of Farfetch and Funding Circle, the UK is now home to 15 unicorns.

Sky Betting and Gaming is one of two Yorkshire-based tech unicorns, (companies worth in excess of \$1 billion). The second unicorn is TransUnion, (formerly

Callcredit) the second-largest and fastest-growing consumer credit bureau in the UK worth in excess of \$1 billion).

The city is also home to 19 of the North's fastest growing tech businesses, according to Tech Nation.

Tech has become part of the culture of the city. The Leeds Digital Festival has become the largest digital festival in the North. During the second week of this year's festival there were more tech events in Leeds than in San Francisco. It expanded in 2018 to include 170 events, 650 speakers, 75 venues and 20,000 attendees.

Groups such as Glug Leeds, She Does Digital and Hey! are also growing fast, and run events all year to bring together the local tech community.

“ Tech jobs in Leeds have increased by 46% over the last 12 months ”



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