

ESTATES GAZETTE

THE WEEK

NEWS

Newcastle office take-up boom is talk of the Toon

The Newcastle office market saw its highest take-up since the financial crisis in 2013 as office lettings nearly doubled their average rate.

More than 1m sq ft of deals were signed last year, compared with an average take-up of 645,000 sq ft and 750,000 sq ft in the year before, according to the Offices Group.

The take-up was given a boost by a 35,000 sq ft deal at East Quay 5 to Barclays, and Newcastle NHS Trust's occupation of the 100,000 sq ft Regent Point in Gosforth.

The third quarter saw the highest level of city centre letting activity with 75,000 sq ft signing out of an annual total of 259,000 sq ft.

The first quarter was the busiest for the out-of-town market, which saw 263,000 sq ft of deals from an annual total of 756,000 sq ft.

The Offices Group, which pools office statistics, is made up of BNP Paribas Real Estate, Bradley Hall, DTZ, Gavin Black & Partners, GVA, Knight Frank, Lambert Smith Hampton, Naylor's Chartered Surveyors, Sanderson Weatherall, and Storeys Edward Symmons.

Chris Pearson, partner at Gavin Black & Partners, said: "To break through this milestone is very significant. It shows that Newcastle and the wider region are both very attractive locations for occupiers."

"Given the improvement in the national economy, we are seeing gradually improving sentiment in the North East."

Gulf money looks past West End for £200m South East splash

JOANNA BOURKE

Middle Eastern appetite for prime central London property is spreading to the South East as investors chase higher yields.

Gulf investors that have focused on the West End in recent years are broadening their strategies to include the South East, according to Colliers International.

Middle Eastern investors completed eight deals in the South East in 2013 totalling £137m, nearly double the £67m invested in 2012. The agent forecasts it will rise to more than £200m in 2014.

JR Capital, which acts for Middle Eastern private families and institutions, said for the first time it had increasing demand from its clients to look

MIDDLE EAST SPEND IN THE SOUTH EAST

| | |
|------|------------------|
| 2012 | £67m |
| 2013 | £137m |
| 2014 | £200m (forecast) |

SOURCE: COLLIER'S INTERNATIONAL

at purchases outside of prime central London, in areas including the Thames Valley.

The company said it invested in excess of £100m in the past 18 months, £15m of which was outside central London.

With a forecast of £100m planned expenditure this year, JR Capital expects at least £30m will be outside central London, with a focus on the South East.

Advised by GVA, it has just bought a 22,000 sq ft data

centre in Park Royal, let to telcoms company EE, for £4.4m – a 6% yield, from a private UK family represented by Buchanan Bond.

John Collier-Wright, founder and managing director of JR Capital, said: "The investment market outside central London will continue to strengthen in the coming 24 months for good-quality assets, as confidence grows and more overseas investors are prepared to look for better value."

He added that his Middle Eastern clients were looking for higher-yielding income of 6%-plus, which he said was difficult to come by in central London.

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BRIGHTON TO ROCK WITH FAIRER VUE

Alaska Development Consultants, on behalf of an institutional client of Helix Property Advisors, has submitted plans to revamp the Grade II-listed Brighton Hippodrome. The £35m proposals will see the 92,000 sq ft Hippodrome and adjacent 15,000 sq ft Dukes Lane shopping arcade transformed into a cinema and restaurant scheme. An eight-screen Vue cinema will occupy the basement. Work on site is expected to begin next summer, subject to consent. Fawcett Mead is letting agent.