THE Market Matters

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North East Office Market April 2026

Prime Rent Overview

+ Newcastle City Centre

Prime rents remain strong at **£32.00 per sq ft** which is soon to be improved with a new development quoting **£40.00 per sq ft**

+ Out of Town

Prime rents are currently reaching up to **£18.50 per sq ft**, reflecting ongoing demand for well-located suburban options

Market Prediction

+ Development pipeline in City Centre will remain constrained with a general focus on refurbishments to aid supply issues
+ Demand will remain 'selective' with Business' taking longer to evaluate and commit
+ Flexible and smaller space will continue to dominate the market
+ Secondary stock will face repositioning or conversion

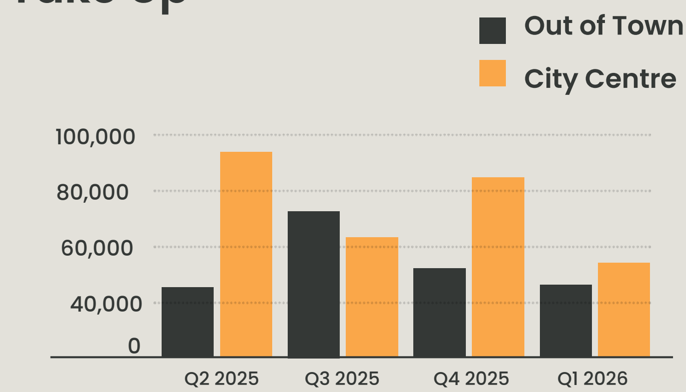
Market Trends

+ 'Flight to quality' dominates occupier demand with many prioritising buildings with strong ESG credentials and high spec finishes
+ Tightened supply in City Centre puts upwards pressures on rental growth
+ Occupiers more strategic, focusing on efficiency, flexibility & employee experience
+ Q1 2026 average deal size:

  Newcastle City Centre – 3,614 sq.ft

  Out of Town - 3,191 sq.ft

North East Office Market Take Up



Development Pipeline

City Centre

+ Speculative pipeline very limited
+ **No. 2 Pilgrim Place 95,000 sq ft Grade A, completion Q1 2027**

Out of Town

+ Only new-build: **Airview Park**
+ **Pre-let, phased delivery**, fully **customisable** for occupiers

Investment Market

+ Core investment case is presently centred on prime assets in defensive city centre locations
+ Prime yields in key regional cities have broadly stabilised after repricing. Lack of sales in Newcastle market to test this.
+ Polarisation growing between prime and secondary assets, especially in defensive climate
+ Outlook positive amid constrained supply and contained rental growth in prime market
+ Out of Town market remains challenging. Poor investor sentiment unless longer secure income on Grade A buildings

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North East Industrial Market April 2026

Prime Rent Overview

+ Big Box

Headline rents remain at **£8.00 per sq ft** for new build stock, a slight increase over 2024. Refurbished good quality space is achieving up to **£7.00 per sq ft**

+ Multi Let

Rents for new build are now in excess of **£10.00 per sq ft**,.

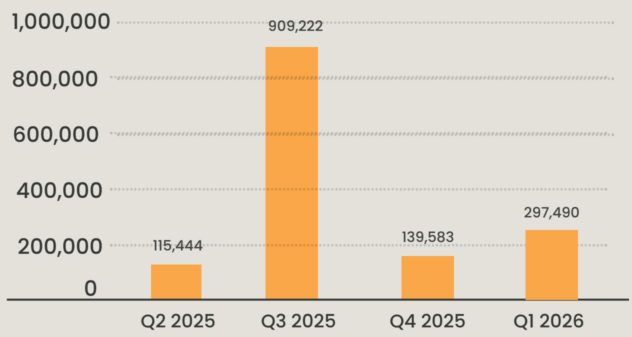
Market Prediction

+ Older energy inefficient stock will become obsolete and in some cases be demolished.
+ Continual movement from occupiers towards buildings which offer the highest energy ratings.
+ Increased take up from manufacturing and engineering occupiers linked to military and government contracts
+ Lower rents in the North East will drive many firms to consider relocation to the region, to benefit from lower costs and a large pool of talented workforce

Market Trends

+ Occupiers are seeking the most energy efficient buildings as occupational costs increase with inflation
+ A strong push from landlords to future proof buildings, particularly regarding energy efficiency
+ Low supply of good new quality build stock is helping to support ongoing demand from occupiers
+ A lack of new development pipeline resulting in many older secondary buildings being refurbished to a high standard
+ Manufacturing, engineering and supply chain occupiers are now accounting for a significant proportion of activity, reflecting a broader shift towards resilience, production capability and operational control
+ The market remains active, but more selective, particularly for scale, quality and well-connected locations.

North East Industrial Take Up - 50,000 sq ft +



Development Pipeline

Big Box

Forrest Park Newton Aycliffe,
Dynamo Park Stockton,
IAMP Sunderland,
Hillthorn Sunderland,
Airlink Newcastle International Airport

Multi Let

Eastgate Point Sunderland,
Hutton Court Consett,
T Block Felling Business Centre,
Team Valley Gateshead

Investment Market

+ Resilient occupier demand underpins income stability
+ Limited existing supply and development pipeline sustaining prime rental growth
+ Structural demand from e-commerce, 3PLs and reshoring supports long-term investment fundamentals
+ Greater occupier focus on efficiency to drive value-add opportunities and investor decisions to refurbish/improve assets in return for higher rent
+ Multi-Let Industrial (MLI) opportunities still in strong demand given diversification of income and rental growth projections

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