

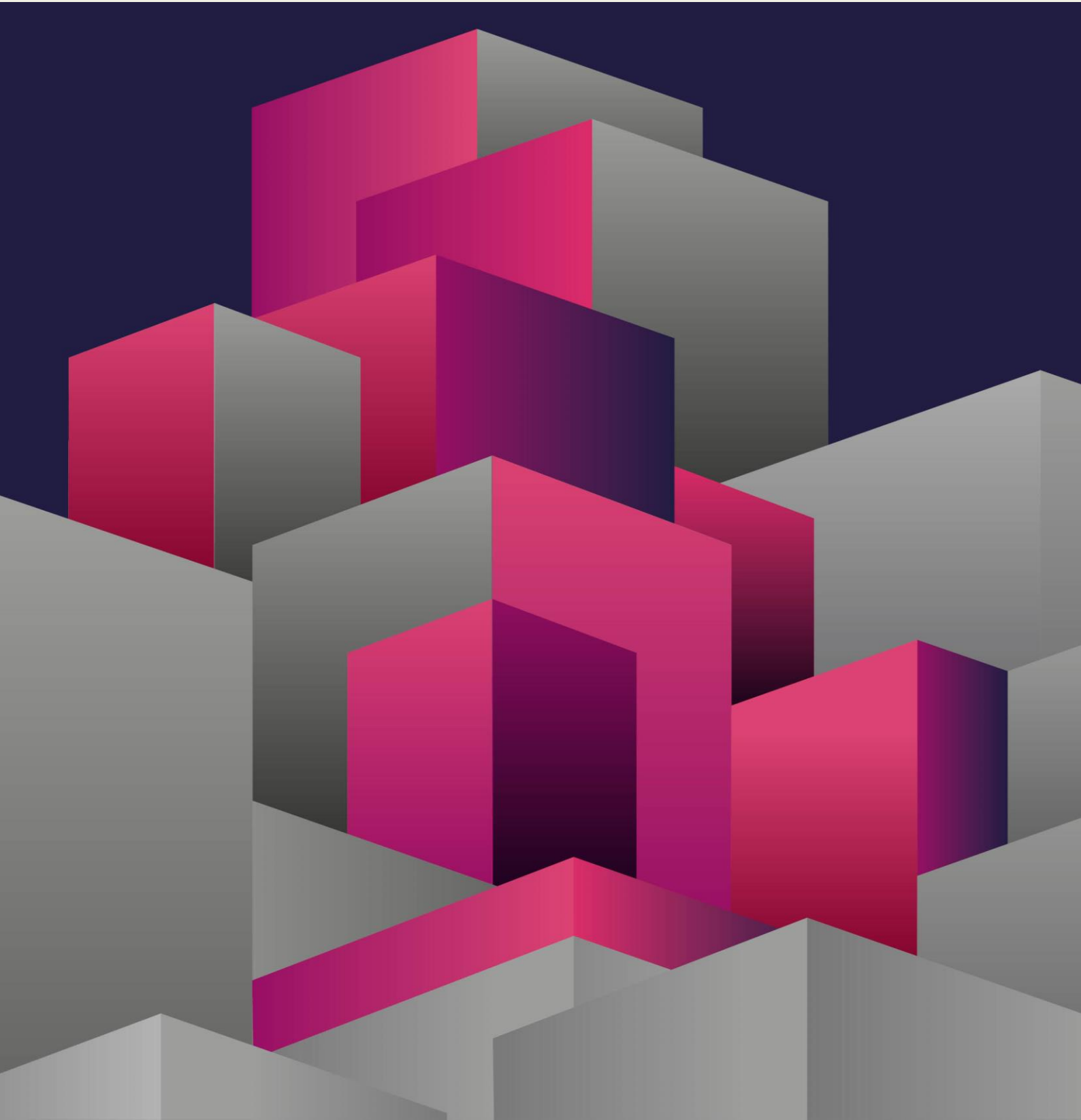
UK Cities



Q1 2025

OFFICE MARKET QUARTERLY REVIEW

knightfrank.com/research



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Key takeaways



1

Occupier activity remained above trend, with take-up reaching 1.4m sq ft in Q1 2025.



2

Three leasing transactions completed above 100,000 sq ft, the highest quarterly total since Q4 2020.



3

Availability of new & grade A space is limited, with a vacancy rate of 3.0%, effecting a 'fight for quality'.



4

Investment activity was muted in Q1, reaching £151.8m across the 10 regional cities.



5

Prime office yields remained stable at 6.50%.

Executive summary

THE LEASING MARKET REMAINS RESILIENT

Despite take-up registering a 14% decline quarter-on-quarter, the occupier market remained robust in the first quarter of 2025 as leasing volumes reached 1.4m sq ft across the ten regional cities. This reflects a 27% increase when compared to the equivalent point in 2024 and is 8% above the 10-year Q1 average. Notably, this is the strongest Q1 period recorded in 3 years.

Throughout Q1 2025, 256 leasing transactions completed across the UK cities. This total is 4% above the level recorded in Q4 2024 and is 3% above the 5-year quarterly average of 248 deals. As such, the average deal size fell by 1,234 sq ft from 6,864 sq ft last quarter to 5,630 sq ft.

LARGER REQUIREMENTS DRIVE OCCUPIER DEMAND

In Q1 2025, larger footprints underpinned take-up, with three deals above 100,000 sq ft having completed. This is the highest quarterly total since Q4 2020.

The largest occupier deal to complete involved The Department for Work and Pensions (DWP), which took a pre-lease of 173,245 sq ft at the entirety of 1 Pilgrim Place in Newcastle. This marks the largest public sector deal to complete since Q4 2021. This was followed by Autotrader taking 130,000 sq ft on a pre-lease at Bruntwood SciTech's 3 Circle Square, recommitting to Manchester as its home.

TECH FIRMS MOST ACTIVE

The technology, media, and telecommunications (TMT) sector

represented the highest proportion of occupier demand in Q1, accounting for 20% of space leased and 60 out of the 256 deals completed. Notably, firms derived from this occupier grouping accounted for the greatest number of deals done in 7 out of the 10 regional centres tracked.

MARKET DIVERGENCE

Take-up of new & grade A space accounted for 52% of total space leased across the 10 UK cities in Q1, reflecting a clear preference for best-quality space. The 'flight to quality' has become a 'fight for quality', with vacancy at this end of the market representing just 3.0% of office stock.

Looking ahead, there is a total of 2.6m sq ft of brand new and comprehensively refurbished space under construction across the regional cities. With delivery dates up to the end of 2027, more than one third of this space has been pre-let. The limited pipeline offers little relief for tenants looking to secure 'prime' space.

INVESTMENT VOLUMES FALL

Investment activity finished below trend in Q1, reaching £151.8m across the 10 regional centres tracked. This figure reflects a 71% fall quarter-on-quarter and is 38% below the 5-year Q1 average.

Following a lack of activity, the average deal size fell to £8.0m, 56% below the 5-year average of £18.3m. Despite this, the number of deals completed fell by only 13% from the 5-year average of 22 to 19 in the first quarter of 2025.

Geopolitical uncertainty including the implications of Trump's tariffs on the commercial real estate sector is set to challenge the investment market in

2025. However, 'prime' assets will continue to be the drivers of activity, owing to the lower level of risk associated.

LARGE LOT SIZES REMAIN SCARCE

In Q1, no deals completed above £50m, with the largest deal involving the sale of 3 Temple Quay in Bristol to Greenridge for £21.4m. In fact, 95% of transactions were for assets below £20m, the highest proportion recorded since Q3 2008. The absence of high value sales highlights the ongoing changes in market conditions and limited liquidity at the upper end of the market.

PRIME PRICING STABILISED

Although transaction volumes have declined, pricing at the top end of the market remained stable in Q1 at 6.50%. This reflects a 25 bps yield compression year-on-year and is 175 bps above the pre-pandemic level.

This steadiness highlights ongoing demand for high-quality buildings with strong tenant covenants, particularly from investors with a long-term investment horizon. However, sentiment toward secondary and tertiary assets remains subdued, driven by apprehensions regarding future obsolescence and costs.

Consequently, investors are adopting a more discerning and cautious stance, placing greater emphasis on core assets in an increasingly divergent market.

Aberdeen

Leasing activity saw an uptick in Q1, whilst availability of new and grade A stock continued to fall. Comprehensive refurbishment is underway in Aberdeen for the first time since 2021.

Occupational

TAKE UP Q1 2025 (SQ FT)

61,942
Q4 2024: 24,397 sq ft



GRADE A SUPPLY Q1 2025 (SQ FT)

122,134
Q4 2024 Grade A Supply 130,000 sq ft



PRIME RENT Q1 2025 (£ SQ FT)

£32.50
Q4 2024 Prime Rent £32.50 per sq ft



NUMBER OF DEALS Q1 2025

13
Q4 2024: 10 deals



DEVELOPMENT PIPELINE (U/C SPECULATIVE SQ FT)

42,434



PRIME RENT FORECAST 2025 (PER SQ FT)

£32.50



Investment

INVESTMENT VOLUMES Q1 2025

£7.7m
Q4 2024: £64.3m



PRIME YIELD Q1 2025

10.00%
Q4 2024 Prime Yield 10.00%



PRIME YIELD FORECAST

Stable



DEMAND

- ◆ Occupier take-up during Q1 2025 was 61,942 sq ft, reflecting a 94% rise year-on-year. However, this total is 16% below the 5-year quarterly average.
- ◆ Underpinning demand was the construction and engineering sector, which accounted for 42% of space leased. This is the first quarter since Q3 2021 that the energy and utilities sector was not the most active.
- ◆ This was supported by the largest deal to transact in Q1, involving construction firm Chap Holdings Limited, which bought the 24,152 sq ft Pavilion 2, Arnhall Business Park for their own occupation.
- ◆ Despite this, the energy and utilities sector continued to drive occupier demand in terms of deal count, accounting for 31% of leasing transactions.

- ◆ There is a further 30,000 sq ft of space under offer and 355,525 sq ft of active demand in Aberdeen.
- ◆ The prime rent remained stable at £32.50 per sq ft in Q1.

SUPPLY

- ◆ Grade A availability in Aberdeen's office market fell by 6% quarter-on-quarter to 122,134 sq ft in Q1 2025. This total reflects a 32% fall over the past 12 months and is 73% below the 5-year average for the city.
- ◆ The total market vacancy rate fell by a percentage point quarter-on-quarter to 17% at the close of Q1 2025. This is down from 22% 12 months ago, owing to multiple offices having been lost to alternative uses.
- ◆ The development pipeline in Aberdeen is limited, with just one scheme under construction. Aurora Aberdeen will

deliver 42,434 sq ft of comprehensively refurbished speculative space and is due to reach practical completion within the next 6 months.

INVESTMENT

- ◆ Investment activity was subdued in the first quarter of 2025, with volumes reaching £7.7m across 2 deals. This total is 37% below the 5-year average in Aberdeen.
- ◆ The largest deal to complete involved the sale of Duncan House for £7m to a South African private investor.
- ◆ Prime office yields held firm at 10.00%. This reflects an outward movement of 350 bps since the onset of the pandemic. This is the greatest shift seen across all 12 markets tracked.

Birmingham

New & grade A space dominated leasing activity in Q1, accounting for 81% of total take-up. The delivery of several new developments later this year is expected to drive rental growth in 2025.

Occupational

TAKE UP Q1 2025 (SQ FT)

-45%
75,522
Q4 2024: 137,188 sq ft



GRADE A SUPPLY Q1 2025 (SQ FT)

39%
477,463
Q4 2024 Grade A Supply 343,020 sq ft



PRIME RENT Q1 2025 (£ PER SQ FT)

£43.50
Q4 2024 Prime Rent £43.50 per sq ft **0%**



NUMBER OF DEALS Q1 2025

19
Q4 2024: 27 deals



DEVELOPMENT PIPELINE (U/C SPECULATIVE SQ FT)

688,993



PRIME RENT FORECAST 2025 (PER SQ FT)

£47.50



Investment

INVESTMENT VOLUMES Q1 2025

-40%
£27.1m
Q4 2024: £45.2m



PRIME YIELD Q1 2025

6.75%
Q4 2024 Prime Yield 6.75% **0 bps**

PRIME YIELD FORECAST



Stable

DEMAND

- ◆ Occupier take-up in Q1 totalled 75,522 sq ft, reflecting a 45% fall quarter-on-quarter and is 60% below the 10-year quarterly average.
- ◆ The professional services and finance, banking, and insurance sectors accounted for nearly two thirds of total take-up in Q1 2025, each representing 38% and 37%, respectively.
- ◆ This was supported by the largest occupier deal this year, involving pension fund Phoenix Life, which took 25,107 sq ft at 10 Brindleyplace.
- ◆ The professional services sector accounted for the greatest number of deals done at 6 out of 19.
- ◆ New & grade A space accounted for 81% of leasing activity in Q1.

- ◆ Following steady rental growth, the prime rent in Birmingham was £43.50 per sq ft at the close of Q1, reflecting a 2% rise year-on-year. Notably, this is 24% above the level recorded at the onset of the pandemic.

SUPPLY

- ◆ New build Grade A availability rose by 39% to 477,463 sq ft in Q1 2025. This total is 10% above the 5-year average for Birmingham.
- ◆ Total market vacancy remained stable in Q1 at 5.8%, reflecting a marginal increase from the 5.0% recorded 12 months previous.
- ◆ As at Q1 2025, there was 688,993 sq ft of speculative office space under construction across 6 buildings.

Comprised of both brand new build and comprehensive refurbishments, the majority of delivery is scheduled by the end of 2025.

INVESTMENT

- ◆ In Q1 2025, £27.1m of office stock was transacted across 4 deals, 40% less than the previous quarter and 52% below the 5-year quarterly average.
- ◆ The largest asset to transact was Quay Place, which was bought by a private investor for £13.5m at a NIY of 10.15%.
- ◆ Prime office yields have stabilised at 6.75%, 175 bps softer than the pre-pandemic level.

Bristol

Availability of best quality space remained above the long-term average, following several completions over the past 12 months. Pricing for the best assets has now stabilised.

Occupational

TAKE UP Q1 2025 (SQ FT)

-8% **92,995**
Q4 2024: 101,370 sq ft



GRADE A SUPPLY Q1 2025 (SQ FT)

0% **304,347**
Q4 2024 Grade A Supply 304,347 sq ft



PRIME RENT Q1 2025 (£ PER SQ FT)

£48.00
Q4 2024 Prime Rent £48.00 per sq ft 0%



NUMBER OF DEALS Q1 2025

19
Q4 2024: 21 deals



DEVELOPMENT PIPELINE (U/C SPECULATIVE SQ FT)

190,108



PRIME RENT FORECAST 2025 (PER SQ FT)

£50.00



Investment

INVESTMENT VOLUMES Q1 2025

-77% **£35.8m**
Q4 2024: £154.2m



PRIME YIELD Q1 2025

6.75%
Q4 2024 Prime Yield 6.75% 0 bps



PRIME YIELD FORECAST

Stable



DEMAND

- ◆ Occupier take-up in Q1 totalled 92,995 sq ft across 19 deals. This reflects an 8% fall from the previous quarter and is 23% below the 5-year quarterly average.
- ◆ There is currently a further 100,000 sq ft of space under offer and 250,000 sq ft of active demand in Bristol's city centre.
- ◆ The largest occupier deal to complete in Q1 involved energy and utilities provider OVO, which took a 22,892 sq ft pre-lease at Crescent.
- ◆ Consequently, the energy and utilities sector was the most active occupier group, accounting for 29% of space leased this quarter. However, it was the finance, banking, and insurance sector that accounted for the greatest number of deals completed at 21%.
- ◆ Grade A space accounted for 57% Q1 take-up.

- ◆ The prime rent remained stable at £48.00 per sq ft in Q1, having risen by 4% year-on-year and 28% since the onset of the covid-19 pandemic.

SUPPLY

- ◆ Grade A availability stood at 304,347 sq ft at the end of Q1 2025, remaining stable quarter-on-quarter and reflecting an increase of 158% over the past 12 months. This figure is 142% above the 5-year average for Bristol, largely owing to the 420,000 sq ft of completions seen in 2024.
- ◆ Overall market vacancy has increased from 8.9% in Q4 2024 to 9.6% in Q1 2025. This falls to 2.3% for new and grade A space.
- ◆ At the close of Q1, there was 190,108 sq ft of speculative space under construction in Bristol's city centre, all

of which is being comprehensively refurbished. With more than two thirds of this expected to complete before the close of H1 2025, there is likely to be a short-term rise in vacancy.

INVESTMENT

- ◆ In Q1, £35.8m of office stock was transacted across 3 deals, 52% below the 10-year quarterly average.
- ◆ The largest deal to complete was the sale of 3 Temple Quay for £21.4m at a NIY of 10.48% to commercial real estate investor Greenridge.
- ◆ Prime yields remained stable at 6.75%, reflecting an increase of 175 bps compared to the pre-pandemic level.

Cardiff

Supply of best-quality office space fell for the fourth consecutive quarter, supporting continued rental growth. Investment activity in Q1 increased to above trend levels.

Occupational

TAKE UP Q1 2025 (SQ FT)

-62% **94,068**
Q4 2024: 247,137 sq ft



GRADE A SUPPLY Q1 2025 (SQ FT)

-7% **291,760**
Q4 2024 Grade A Supply 313,589 sq ft



PRIME RENT Q1 2025 (£ PER SQ FT)

£28.00
Q4 2024 Prime Rent £28.00 per sq ft 0%



NUMBER OF DEALS Q1 2025

18
Q4 2024: 21 deals



DEVELOPMENT PIPELINE (U/C SPECULATIVE SQ FT)

0



PRIME RENT FORECAST 2025 (PER SQ FT)

£32.00



Investment

INVESTMENT VOLUMES Q1 2025

100% **£24.6m**
Q4 2024: £0m



PRIME YIELD Q1 2025

7.25%
Q4 2024 Prime Yield 7.25% 0 bps



PRIME YIELD FORECAST

Stable



DEMAND

- ◆ Following a very strong end to 2024, take up in Q1 2025 reached 94,068 sq ft, 5% ahead of the 5-year Q1 average.
- ◆ The largest occupier transaction in Cardiff was the 49,937 sq ft out-of-town letting of Ty Meridian to fintech firm Creditsafe on a 15-year lease.
- ◆ Owing largely to this, the most active occupier group in Q1 2025 has been the finance, banking, and insurance sector, which accounted for 62% of all space leased.
- ◆ The TMT sector underpinned leasing activity, accounting for 28% of Q1 deals done. Notably, 6 sectors recorded multiple deals, reflecting Cardiff's diverse occupier pool.

- ◆ Prime rents remained stable quarter-on-quarter at £28.00 per sq ft, a 12% year-on-year increase. With quoting terms increasing and deals under offer at £30.00 per sq ft, rents are set to continue to rise throughout 2025.

SUPPLY

- ◆ Grade A availability dipped to 291,760 sq ft, a 7% fall from the previous quarter and 9% below the 5-year average.
- ◆ The total market vacancy rate fell from 11.1% at 2024 year-end to 10.7% at the close of Q1 2025. This follows a steady downward trend over the past 18 months.
- ◆ The Grade A vacancy rate currently stands at 2.5% and continues to fall.

- ◆ Following the pre-let of 1 John Street, there are no speculative office developments currently under construction in Cardiff.

INVESTMENT

- ◆ In Q1, £24.6m of office stock was transacted, comprised of 3 deals. This total is 77% above the equivalent period in 2024 and is 87% above the 5-year quarterly average.
- ◆ Prime office yields remained stable at 7.25%, 25 bps softer than recorded at Q1 2024.

Edinburgh

Availability of brand-new stock remains extremely limited, with the future pipeline offering no relief. Competition for best-quality space is expected to fuel rental growth in 2025.

Occupational

TAKE UP Q1 2025 (SQ FT)

-79%
99,373
Q4 2024: 473,460 sq ft



GRADE A SUPPLY Q1 2025 (SQ FT)

7%
700,435
Q4 2024 Grade A Supply 656,030 sq ft



PRIME RENT Q1 2025 (£ PER SQ FT)

£46.00
Q4 2024 Prime Rent £45.00 per sq ft 2%



NUMBER OF DEALS Q1 2025

37
Q4 2024: 32 deals



DEVELOPMENT PIPELINE (U/C SPECULATIVE SQ FT)

0



PRIME RENT FORECAST 2025 (PER SQ FT)

£47.50



Investment

INVESTMENT VOLUMES Q1 2025

-83%
£3.3m
Q4 2024: £19.4m



PRIME YIELD Q1 2025

6.50%
Q4 2024 Prime Yield 6.50% 0 bps



PRIME YIELD FORECAST

Stable



DEMAND

- ◆ Following the strongest quarter on record, leasing volumes in Edinburgh reached 99,373 sq ft in Q1 2025, 79% below the total recorded in Q4 2024 but 12% above the 5-year Q1 average.
- ◆ Underpinning activity in Edinburgh's city centre was the TMT sector, which accounted for 26% of space leased and 30% of deals done in the first quarter of 2025.
- ◆ However, the largest leasing transaction in Q1 involved civil engineering firm Tetra Tech, which took 9,472 sq ft at Edinburgh Quay 2.
- ◆ New and grade A space accounted for nearly half of take-up in Q1.

- ◆ Prime office rents rose by 2% quarter-on-quarter to reach £46.00 per sq ft, reflecting an increase of 30% when compared to the pre-pandemic level.

SUPPLY

- ◆ Grade A availability increased to 700,435 sq ft in Q1 2025, a figure 19% above the equivalent point in 2024 and 37% above the 5-year average for Edinburgh.
- ◆ Total market vacancy rose marginally to 11.5% from 10.7% the previous quarter.
- ◆ When considered for brand new stock, this falls to just 0.37%.
- ◆ Following the completion of 30 Sample

Street, Quatermile 2, and the Gemini Building in Q1 2025, there are no significant office developments currently under construction in Edinburgh.

INVESTMENT

- ◆ In Q1, £3.3m of office stock was transacted, following the sale of 48-50 Melville Street to Square and Crescent
- ◆ Prime office yields held firm at 6.50%, reflecting an inward shift of 25 bps year-on-year. This is 175 bps softer than the pre-pandemic level.

Glasgow

Occupier demand remained strong in Q1, underpinned by sustained activity from the professional services sector. Market dynamics supported prime rental growth as supply tightened.

Occupational

TAKE UP Q1 2025 (SQ FT)

158,567
Q4 2024: 154,797 sq ft



GRADE A SUPPLY Q1 2025 (SQ FT)

537,891
Q4 2024 Grade A Supply 551,994 sq ft



PRIME RENT Q1 2025 (£ PER SQ FT)

£41.50
Q4 2024 Prime Rent £39.50 per sq ft



NUMBER OF DEALS Q1 2025

Q4 2024: 30 deals



DEVELOPMENT PIPELINE (U/C SPECULATIVE SQ FT)

161,356



PRIME RENT FORECAST 2025 (PER SQ FT)

£42.50



Investment

INVESTMENT VOLUMES Q1 2025

£0m
Q4 2024: £58.2m



PRIME YIELD Q1 2025

7.50%
Q4 2024 Prime Yield 7.50%



PRIME YIELD FORECAST

Stable



DEMAND

- ◆ Occupier take-up in Q1 totalled 158,567 sq ft, 79% above the equivalent period in 2024 and 9% above the 10-year quarterly average. Notably, leasing volumes rose by 2% quarter-on-quarter, with Q4 2024 leasing volumes the highest recorded since Q3 2021.
- ◆ The professional services sector accounted for the greatest proportion of space leased in Q1 2025 at 31% of total take-up.
- ◆ As such, the largest letting of Q1 involved legal firm Pinsent Masons taking 31,724 sq ft at Aurora, 120 Bothwell Street.
- ◆ However, firms derived from the technology, media, and telecommunications sector accounted for the greatest number of deals

completed at 11 out of 40 (28%).

- ◆ New and grade A space represented nearly half of total take-up in Q1 2025.
- ◆ There is a further 800,000 sq ft of named demand and 170,000 sq ft of space currently under offer in Glasgow's city centre.
- ◆ The prime office rent increased by 5% quarter-on-quarter to reach £41.50 per sq ft in Q1. This is the highest quarterly increase seen across all 10 regional cities tracked.

SUPPLY

- ◆ New and grade A availability fell by 3% quarter-on-quarter to reach 537,891 sq ft at the close of Q1. This level is 4% below that recorded at the equivalent point in 2024.
- ◆ The total market vacancy rate stood at

9.3% at the close of Q1 2025, having fallen from the 10.3% measured 12 months earlier.

- ◆ At the close of Q1, 161,356 sq ft of speculative office stock was under construction across 2 buildings in Glasgow's city centre, all of which is comprehensive refurbishment. With delivery dates later this year, there is likely to be a near-term rise in vacancy.

INVESTMENT

- ◆ There were no office investment transactions in Glasgow in Q1 2025.
- ◆ Prime yields remained stable at 7.50%, 225 bps softer than recorded at the onset of the covid-19 pandemic.

Leeds

Take-up surged in Q1, having risen for the fourth consecutive quarter to sit comfortably above trend level. Tightening supply of best quality space is expected to fuel prime rental growth in 2025.

Occupational

TAKE UP Q1 2025 (SQ FT)

241,282
Q4 2024: 157,706 sq ft



GRADE A SUPPLY Q1 2025 (SQ FT)

140,362
Q4 2024 Grade A Supply 171,785 sq ft



PRIME RENT Q1 2025 (£ PER SQ FT)

£39.00
Q4 2024 Prime Rent £39.00 per sq ft



NUMBER OF DEALS Q1 2025

25
Q4 2024: 27 deals



DEVELOPMENT PIPELINE (U/C SPECULATIVE SQ FT)

79,500



PRIME RENT FORECAST 2025 (PER SQ FT)

£45.00



Investment

INVESTMENT VOLUMES Q1 2025

£16m
Q4 2024: £114.8m



PRIME YIELD Q1 2025

7.00%
Q4 2024 Prime Yield 7.00%



PRIME YIELD FORECAST

Stable



DEMAND

- ◆ Take-up in Q1 reached 241,282 sq ft, reflecting an increase of 53% quarter-on-quarter and is 47% above the 10-year quarterly average in Leeds.
- ◆ The uptick in occupier activity was underpinned by Network Rail taking 108,576 sq ft at Princes Exchange, the second largest leasing deal to complete in Leeds since Q1 2023.
- ◆ As such, the retail, distribution, and transport sector dominated activity during the first quarter of 2024, accounting for 45% of occupier demand.
- ◆ However, the TMT sector accounted for the greatest number of deals done at 9 out of 25.

- ◆ New and grade A space accounted for half of total take-up in Q1 2025.
- ◆ Prime office rents remained at £39.00 per sq ft, reflecting a 3% increase compared to the equivalent point in 2024.

SUPPLY

- ◆ Grade A availability fell to 140,362 sq ft at the end of Q1 2025. This reflects a decrease of 18% from the previous quarter and is 48% below the 5-year average in the city.
- ◆ Overall market vacancy was 6.6% at the close of Q1, down from 6.8% measured at the close of 2024. This falls to 1.2% when considered for grade A space.
- ◆ As of Q1 2025, 79,500 sq ft of brand new

and comprehensively refurbished speculative stock was under construction in Leeds's city centre, all of which is expected to complete by the end of H1 2026.

INVESTMENT

- ◆ In Q1, £16m of office stock was transacted, comprised solely of the sale of the Mint Building for £16m to DS Properties.
- ◆ Prime office yields have stabilised at 7.00%. This is 200 bps softer than the pre-pandemic level.

Manchester

Occupier activity increased quarter-on-quarter, led by a major TMT sector pre-let. New and grade A supply tightened, remaining below the long-term average.

Occupational

TAKE UP Q1 2025 (SQ FT)

319,995
Q4 2024: 280,598 sq ft



GRADE A SUPPLY Q1 2025 (SQ FT)

549,245
Q4 2024 Grade A Supply 601,000 sq ft



PRIME RENT Q1 2025 (£ PER SQ FT)

£45.00
Q4 2024 Prime Rent £45.00 per sq ft



NUMBER OF DEALS Q1 2025

53
Q4 2024: 48 deals



DEVELOPMENT PIPELINE (U/C SPECULATIVE SQ FT)

432,253



PRIME RENT FORECAST 2025 (PER SQ FT)

£45.00



Investment

INVESTMENT VOLUMES Q1 2025

£13.6m
Q4 2024: £61.3m



PRIME YIELD Q1 2025

6.75%
Q4 2024 Prime Yield 6.75%



PRIME YIELD FORECAST

Stable



DEMAND

- ◆ Leasing activity picked up during Q1 2025, with take-up totalling 319,995 sq ft across 53 deals. This reflects an increase of 14% when compared to the previous quarter and is 22% above the 5-year quarterly average.
- ◆ The largest occupier deal to complete in Q1 was the 130,000 sq ft pre-let at Bruntwood SciTech's 3 Circle Square to Autotrader, reaffirming its commitment to the city.
- ◆ Owing largely to this, the TMT sector underpinned occupier activity, accounting for nearly half (48%) of space leased.
- ◆ Despite this, the professional services sector continued to underpin occupier demand in terms of deal number,

accounting for 21% of leasing transactions this quarter.

- ◆ Prime office rents remained stable in Manchester at £45.00 per sq ft, reflecting an annual rise of 2% and a 20% increase when compared to the pre-pandemic level.

SUPPLY

- ◆ Grade A availability in Manchester fell by 9% quarter-on-quarter to 549,245 sq ft of office stock, a figure 20% below the 5-year average for the city.
- ◆ The new and grade A vacancy rate fell marginally from 3.3% in Q4 2024 to 3.1% in Q1 2025.
- ◆ As of Q1, 432,253 sq ft of brand new and comprehensively refurbished speculative stock was under

construction across Manchester's city centre. Comprised of two buildings, delivery is expected during 2025 and 2027.

INVESTMENT

- ◆ Investment activity was muted during the first quarter of 2025, finishing at £13.6m across 3 deals. This total reflects a 66% year-on-year fall.
- ◆ The largest deal of the quarter was the sale of 29-35 Peter Street for £7.1m to Peter Street Partnership, a joint venture between the Flood family office and BWS Developments.
- ◆ Prime office yields remained stable at 6.75% in Q1 2025, reflecting an outward shift of 175 bps since the onset of the pandemic.

Newcastle

Occupier activity markedly surpassed the long-term average, supported by a significant public sector pre-let. Grade A availability has continued to fall over the past 12 months, with little future supply currently under construction.

Occupational

TAKE UP Q1 2025 (SQ FT)

257,476
Q4 2024: 22,536 sq ft



GRADE A SUPPLY Q1 2025 (SQ FT)

221,528
Q4 2024 Grade A Supply 267,528 sq ft



PRIME RENT Q1 2025 (£ PER SQ FT)

£32.00
Q4 2024 Prime Rent £32.00 per sq ft



NUMBER OF DEALS Q1 2025

19
Q4 2024: 9 deals



DEVELOPMENT PIPELINE (U/C SPECULATIVE SQ FT)

90,000



PRIME RENT FORECAST 2025 (PER SQ FT)

£32.00



Investment

INVESTMENT VOLUMES Q1 2025

£0m
Q4 2024: £0m



PRIME YIELD Q1 2025

7.50%
Q4 2024 Prime Yield 7.50%



PRIME YIELD FORECAST

Stable



DEMAND

- Office take-up rose more than tenfold quarter-on-quarter, reaching 257,476 sq ft across 19 deals in Q1 2025. This total is 292% above the 10-year quarterly average for the city and is the strongest quarterly performance recorded since Q4 2021.
- This was supported by the largest occupier deal to complete across all cities this quarter, involving the Department for Work and Pensions (DWP), which took the entirety of 1 Pilgrim Place (173,245 sq ft) on a pre-lease. The space is set to become DWP's service and support centre.
- Owing to this, occupier activity was dominated by the public sector, which accounted for 73% of space leased.
- However, in terms of deals done, it was

the TMT sector that accounted for the greatest proportion of activity at 4 out of 19 deals.

- New and grade A space accounted for 88% of take-up in Q1.
- There is a further 192,700 sq ft of active demand in the market.
- Prime rents remained stable at £32.00 per sq ft, having risen by 31% since the onset of the pandemic. This remains the highest rental uplift recorded across all of the UK cities tracked.

SUPPLY

- Grade A availability stood at 221,528 sq ft at the end of Q1, reflecting a 17% fall compared to the previous quarter and is 34% less than the equivalent point in 2024. This total is 3% below the 10-year average in Newcastle.

- The total market vacancy rate remained stable at 9% across the city.
- Newcastle's pipeline is limited, with one speculative office building currently under construction. 2 Pilgrim Place will deliver 90,000 sq ft of brand-new space and is expected to reach practical completion in Q1 2027.

INVESTMENT

- There were no office transactions in Q1 2025.
- Prime office yields remained stable at 7.50% in Q1 2025, reflecting an outward shift of 175 bps since the onset of the pandemic.

Sheffield

Investment volumes rose above the long-term average, with prime pricing having stabilised. The flight to quality fuelled rental growth in Q1, as occupiers compete for a narrow portion of the market.

Occupational

TAKE UP Q1 2025 (SQ FT)

-51%
39,992
Q4 2024: 82,422 sq ft



GRADE A SUPPLY Q1 2025 (SQ FT)

52%
307,300
Q4 2024 Grade A Supply 202,300 sq ft



PRIME RENT Q1 2025 (£ PER SQ FT)

£31.00
Q4 2024 Prime Rent £30.00 per sq ft **3%**



NUMBER OF DEALS Q1 2025

13
Q4 2024: 20 deals



DEVELOPMENT PIPELINE (U/C SPECULATIVE SQ FT)

0



PRIME RENT FORECAST 2025 (PER SQ FT)

£32.00



Investment

INVESTMENT VOLUMES Q1 2025

100%
£23.8m
Q4 2024: £0m



PRIME YIELD Q1 2025

7.50%
Q4 2024 Prime Yield 7.50% **0 bps**



PRIME YIELD FORECAST

Stable



DEMAND

- ◆ Take-up across the city reached 39,992 sq ft in Q1 2025, 51% below the previous quarter and 46% below the 5-year quarterly average.
- ◆ The construction and engineering sector underpinned occupier demand in the first quarter of 2025, accounting for 39% of all space leased.
- ◆ In line with this, the largest letting to complete in Q1 involved electrical safety service provider Guardian Electrical Compliance Limited, which took 10,369 sq ft of space at 2 Park Square.
- ◆ However, the TMT sector accounted for the greatest number of deals done at 31%.

- ◆ Following recent lettings, prime office rents rose by 3% quarter-on-quarter to reach £31.00 per sq ft, 24% above the pre-pandemic level.

SUPPLY

- ◆ Following the completion of Plot 4a, West Bar at the close of 2024, grade A availability rose to 307,300 sq ft in Q1 2025. This reflects a 52% increase quarter-on-quarter and is 121% above the 5-year average for the city.
- ◆ The new & grade A market vacancy rate remained stable at 2.2%.
- ◆ There are no significant office developments currently under construction in Sheffield.

INVESTMENT

- ◆ Investment activity saw an uptick in Q1, reaching £23.8m. This total is 76% above the 10-year quarterly average.
- ◆ The largest deal involved the sale of 3 St Paul's Place, which was bought by Ekistics Property Advisors for £16.8m at a NIY of 10.63%.
- ◆ Prime office yields remained stable at 7.50%, reflecting an outward movement of 125 bps since the onset of the pandemic in 2020.

Head of UK Cities

**Henrie Westlake**

Partner, Office Head
+44 113 297 2413
henrie.westlake@knightfrank.com

Leeds

**Eamon Fox**

Partner, Leeds Commercial
+44 113 297 2433
eamon.fox@knightfrank.com

Aberdeen

**Eric Shearer**

Partner, Office Head
+44 122 441 5948
eric.shearer@knightfrank.com

Manchester

**David Porter**

Partner, Office Head
+44 1618 337725
david.porter@knightfrank.com

Birmingham

**Jamie Phillips**

Partner, Birmingham Commercial
+44 121 233 6403
jamie.phillips@knightfrank.com

Newcastle

**Ian Tew**

Partner, Office Head
+44 191 594 5012
ian.tew@knightfrank.com

Bristol

**Steve Oades**

Partner, Office Head
+44 117 917 4548
steve.oades@knightfrank.com

Sheffield

**Peter Whiteley**

Partner, Sheffield Commercial
+44 114 241 3903
peter.whiteley@knightfrank.com

Cardiff

**Matt Phillips**

Partner, Office Head
+44 292 044 0122
matt.phillips@knightfrank.com

Research

**Darren Mansfield**

Partner, Commercial Research
+44 20 7861 1246
darren.mansfield@knightfrank.com

Edinburgh

**Alasdair Steele**

Partner, Office Head
+44 131 222 9622
alasdair.steele@knightfrank.com

**Jodie Gibson**

Analyst, Commercial Research
+44 207 861 1024
jodie.gibson@knightfrank.com

Glasgow

**John Rae**

Partner, Office Head
+44 1415 666029
john.rae@knightfrank.com