UK Cities

2025

OFFICE MARKET ANNUAL REVIEW

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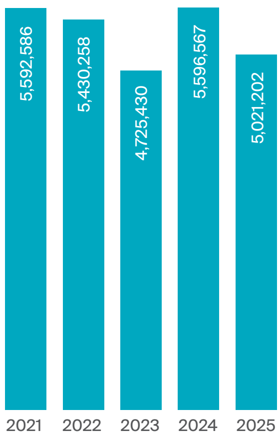
Leasing Overview

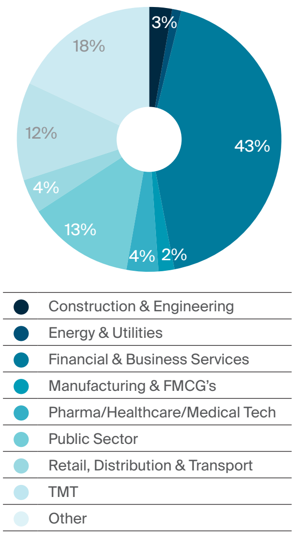
- Office markets across the UK Cities ended the year on a positive note, with 1.4m sq ft leased during Q4, the strongest quarterly performance of 2025. This brought total annual take-up to 5.0m sq ft, only slightly below 2024 levels and broadly in line with the 5-year average.
- Market activity remained robust throughout the year. More than 1,000 deals were completed in 2025, including 45 transactions above 20,000 sq ft, significantly higher than the long-term average of 40 per year.
- The Financial and Professional services led demand, accounting for 52% of total take-up, followed closely by the TMT sector at 17%, highlighting continued appetite from finance, corporate services and technology-led businesses.
- Active demand remained healthy, with 3.9m sq ft of live requirements at year-end. Financial and Professional Services accounted for the largest share at 43%, underscoring their continued influence on future leasing activity. Technology occupiers also remained active, accounting for 12% of current requirements.
- The flight to quality persisted. Grade A space accounted for 61% of all take-up in 2025, reflecting occupiers' preference for high-quality, modern and amenity-rich offices.
- Supply conditions were broadly stable, with new and Grade A availability holding at 4.1m sq ft in Q4. However, vacancy edged up. Overall vacancy reached 14.1% in Q4 2025, compared with 13.6% a year earlier. Grade A vacancy also rose slightly, from 3.0% to 3.4%, reflecting continued competition for premium space.
- The development pipeline remained constrained. At the end of 2025, only 1.7m sq ft was under construction, scheduled for delivery over the next 36 months. Completions during the year were limited, with just 1.2m sq ft of speculative space delivered across 18 schemes.
- Prime rents continued to rise, with eight of the ten tracked cities recording year-on-year growth. The average regional prime rent now stands at £41 per sq ft, up 3% annually. The strongest increases were recorded in Leeds (18%), Glasgow (7%) and Birmingham (7%).

TAKE-UP
(SQ FT)

Year End 2025	**5,021,202**
2025 vs 5 year average	**-5%**

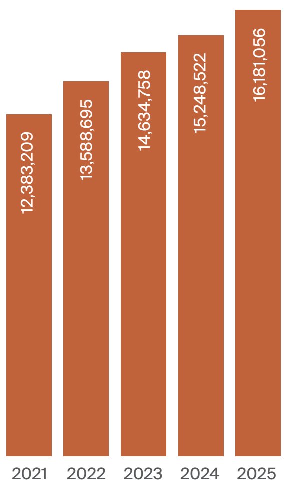


ACTIVE NAMED DEMAND BY SECTOR
Q4 2025



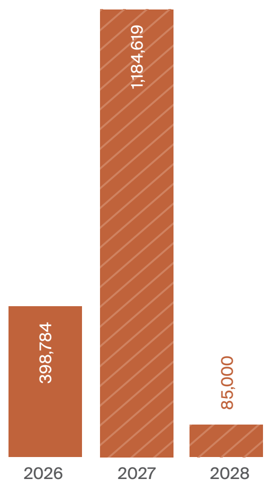
NEW/GRADE A AVAILABILITY
(SQ FT)

Year End 2025	**16,181,056**
2025 vs 5 year average	**12.3%**



UNDER CONSTRUCTION
(SQ FT)

Total Under Construction	**1,668,403**
Number of Schemes	**17**



Knight Frank View

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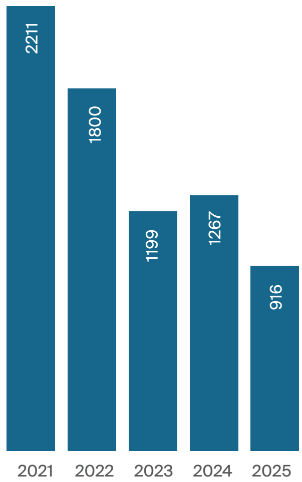
Despite lingering uncertainty in the UK regional office market, year-end data is far more positive. Q4 delivered the strongest leasing activity of 2025, taking annual take-up to 5 million sq ft and highlighting a clear rise in larger, Grade A deals. Occupiers now have clarity on future space needs, with quality firmly at the top of the agenda. This strong demand for best-in-class space is widening the supply divide, with Grade A vacancy still low and the development pipeline limited. With 3.9 million sq ft of active requirements, the market will need to respond to prevent constrained supply from slowing leasing activity.

Investment Overview

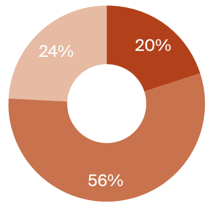
- Office investment volumes across the UK regional cities strengthened further in the final quarter, with £291m transacted, marking the highest quarterly total in the past 12 months. This lifted full-year activity to £916m, around 28% below 2024 levels.
- A total of 86 deals were completed in 2025, slightly above the 2024 total and just short of the five-year annual average. Average deal size fell to £11m, the lowest level since 2012. Only three transactions exceeded £50m during the year, and six traded above £25m, which is six fewer than in 2024.
- Moving forward, momentum is expected to build into 2026, with approximately £740m of assets under offer at year-end and a further £1bn currently being marketed.
- The standout transaction of the final quarter was CBRE IM's sale of 201 Deansgate for £30m to Corum XL. The 81,000 sq ft building serves as the headquarters of online trading platform Interactive Investor, which occupies 31,000 sq ft, alongside tenants including AIG and Exchange Chambers. In the same quarter, Corum XL also acquired Henry Duncan House, the headquarters of TBS Bank, in Edinburgh for £18.9m. Across the year as a whole, Manchester recorded the largest regional office deal, with Melford Capital purchasing 101 Embankment for £74m in Q2.
- The buyer pool in 2025 remained notably narrow. Private equity investors and UK based property companies were the most active participants, together accounting for around 70% of total investment volumes. Over the next 12 months, this base is expected to broaden as overseas capital and UK institutional investors return to the market, attracted by the relative value and long-term, income-secure returns offered by regional office assets.
- Prime office yields across the UK regional cities remained stable in 2025, ranging from 6.50% in Edinburgh to 10.00% in Aberdeen. These levels represent a substantial premium to London benchmarks, where yields stand at around 5.25% in the City and 3.75% in the West End, highlighting the strong relative value available outside the capital. With borrowing costs easing and a wider pool of active capital returning, liquidity is expected to improve through 2026.

INVESTMENT VOLUMES (£)

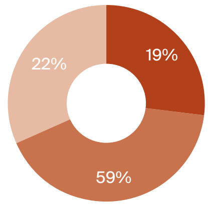
Year End 2025	**916**
2025 vs 10 year average	**-38%**



PURCHASERS
(LAST 12 MONTHS)

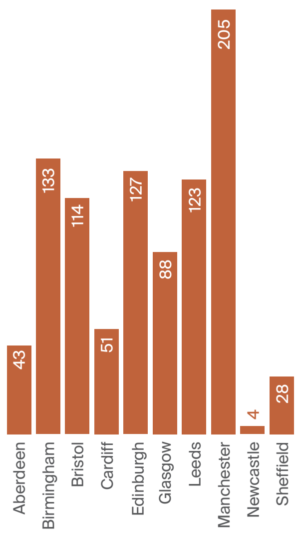


VENDORS
(LAST 12 MONTHS)

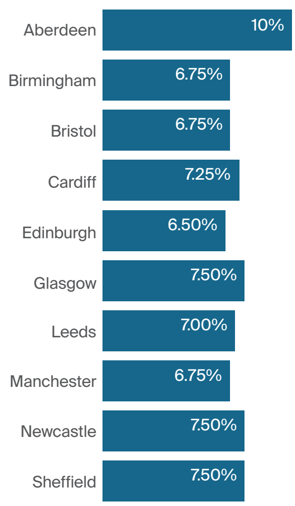


- Overseas
- UK
- Private

INVESTMENT VOLUMES BY CITY (£M)



PRIME YIELD



Knight Frank View

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2025 closed on a positive note, with Q4 investment volumes reaching the highest level of the year. While this wasn't enough to lift full-year totals to align with historical norms, the detail behind the year-end figures is encouraging. The second half of the year accounted for 60% of all investment activity and three-quarters of the largest transactions, signalling two clear shifts: buyer and seller pricing expectations are becoming more aligned, and good-quality, higher-value stock is returning to the market. Crucially, the buyer pool is expanding and willing to commit to larger lot sizes. With £740m under offer at year-end and a further £1bn on the market, combined with easing debt costs and competitive prime pricing, the outlook for 2026 appears more active.

Leading Markets

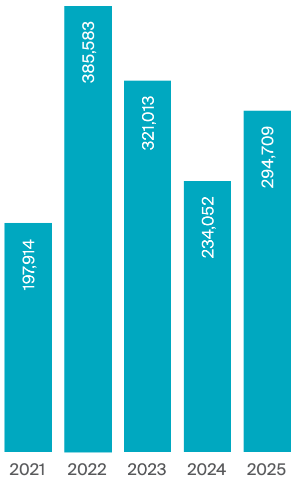
Aberdeen

Demand

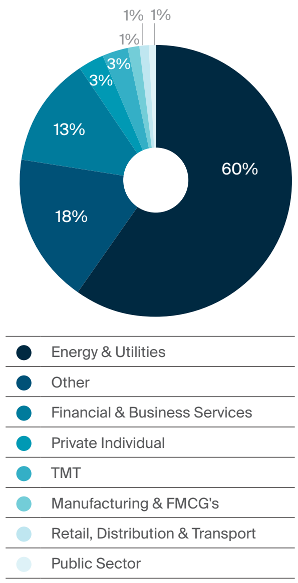
- Leasing activity slowed Q4, with take-up reaching 56,539 sq ft, 21% below the 5-year average. Even so, take-up in 2025 finalised at 294,709 sq ft, 26% above the 2024.
- Across 2025, 68 deals completed, compared with 72 in 2024. Notably, four transactions exceeded 10,000 sq ft, including the largest of the year: Altrad Integrity Services' 70,415 sq ft letting at The Apex.
- Looking ahead, the market is supported by a healthy level of enquiries. There are 307,000 sq ft of named requirements currently active, indicating continued occupier appetite and positive momentum moving into 2026.

TAKE-UP
(SQ FT)

Year End 2025	**294,709**
2025 vs 5 year average	**3%**



ACTIVE NAMED DEMAND BY SECTOR
Q4 2025



PRIME RENT
(£ PER SQ FT)

LEASE EVENTS

1.5m sq ft

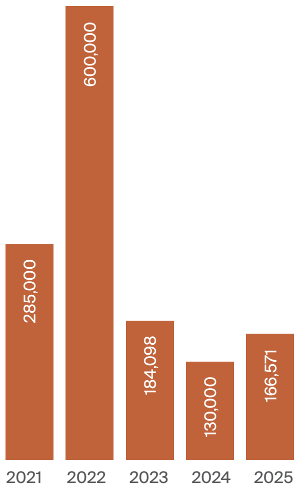
2026-2029

Supply

- Supply dynamics continued to evolve. New and Grade A availability reached 166,571 sq ft in Q4, up 28% year-on-year but still 33% below the 5-year average, reflecting the slow replenishment of quality stock.
- The development pipeline remains at a standstill, with no space under construction at the end of 2025. This lack of future supply is likely to constrain options for occupiers seeking new Grade A space will place upward pressure on prime rents.
- Grade A vacancy tightened marginally to 1.7%, down from 1.8% in Q3, keeping the market extremely tight by historical standards and supporting rental stability.

NEW/GRADE A AVAILABILITY
(SQ FT)

Year End 2025	**166,571**
2025 vs 5 year average	**-39%**



UNDER CONSTRUCTION
(SQ FT)

Total Under Construction	**0**
Number of Schemes	**0**

SUPPLY LANDSCAPE

Overall Vacancy Rate

16.5%

Grade A Vacancy Rate

1.7%

Years of Supply

0.58

Proposed Pipeline

–

Knight Frank View

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Aberdeen enters 2026 with a cautious tone, closely linked to sentiment within the oil and gas sector. The government's current anti-drill policy is creating uncertainty and slowing decision-making among several major occupiers. Concurrently, the pace of job creation in the renewables sector is not yet replacing roles lost, which is tempering overall demand. A two-tiered market is increasingly evident, with requirements splitting between cost-focused occupiers concentrating on functional, budget-aligned space and those seeking best-in-class, energy-efficient accommodation. With no office developments under construction or planned at the start of 2026, supply is tightening. While activity persists across energy transition, technology and professional services, businesses continue to adopt a measured approach to long-term commitments.

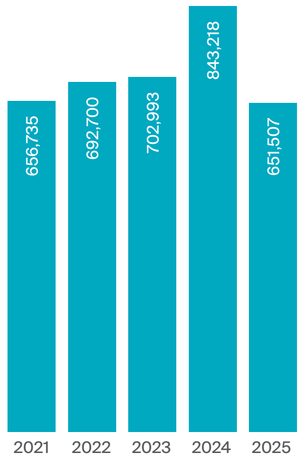
Birmingham

Demand

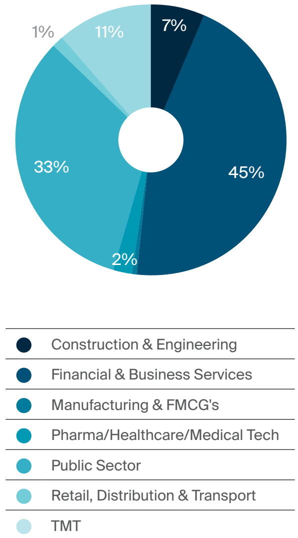
- Birmingham's office market ended 2025 on a strong note, with 290,059 sq ft leased in Q4, 64% above the 5-year quarterly average. This lifted annual take-up to 651,507 sq ft, 8% short of the 5-year average.
- A total of 98 deals completed in 2025, on par with the 5-year annual average. Notably, 9 transactions exceeded 20,000 sq ft, with the largest deal of the year Ernst and Young's 93,780 sq ft letting at 3 Chamberlain Square.
- Looking ahead, demand indicators remain exceptionally strong. Named requirements total 665,000 sq ft, demonstrating significant depth in the occupier market.

TAKE-UP
(SQ FT)

Year End 2025	**651,507**
2025 vs 5 year average	**-8%**



ACTIVE NAMED DEMAND BY SECTOR
Q4 2025



PRIME RENT
(£ PER SQ FT)

LEASE EVENTS

3.2m sq ft

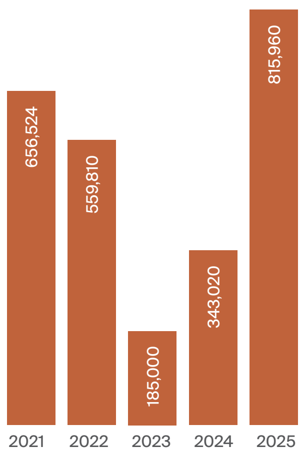
2026-2029

Supply

- New and Grade A availability rose to 729,094 sq ft, positioning current supply 75% above the five-year average.
- The supply landscape remains polarised. Grade A vacancy closed the year at 5.1%, with overall vacancy reaching 13.1%, reflecting elevated availability in secondary stock.
- The development pipeline consists of four schemes totalling 413,267 sq ft of available space at year-end. Importantly, the delivery profile is heavily weighted toward 2026, with 60% of the total pipeline volume scheduled for completion that year.

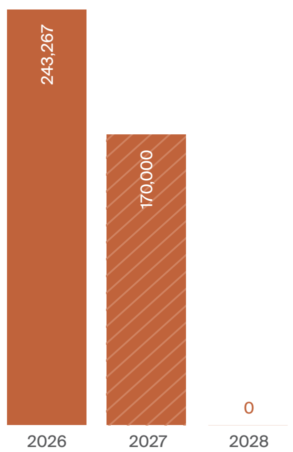
NEW/GRADE A AVAILABILITY
(SQ FT)

Year End 2025	**815,960**
2025 vs 5 year average	**75%**



UNDER CONSTRUCTION
(SQ FT)

Total Under Construction	**413,267**
Number of Schemes	**4**



SUPPLY LANDSCAPE

Overall Vacancy Rate
13.1%

Grade A Vacancy Rate
5.1%

Years of Supply
1.03

Proposed Pipeline
590,000

Knight Frank View

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Birmingham's office market delivered a resilient performance in 2025, following the post Covid high of 2024. While overall activity normalised in line with the five year average, the second half of the year was notably stronger, with take up rising 152 percent against the first half amid improving economic stability. Professional and financial services occupiers including Phoenix Life, Deloitte, EY, Mills & Reeve, Forvis Mazars, TLT and Fieldfisher made significant long term commitments, highlighting sustained confidence in the city. Demand for Grade A and high quality CAT B space continues to exceed supply, prompting earlier search activity and more landlord delivered solutions. With availability tightening and offices becoming busier, we expect further rental growth, more regears and an increase in pre lets heading into 2026.

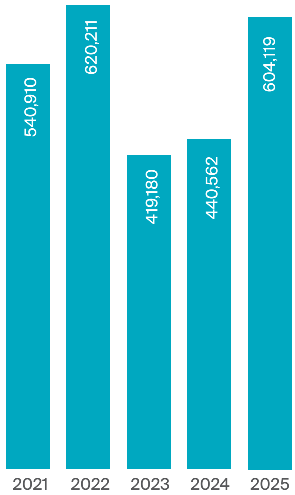
Bristol

Demand

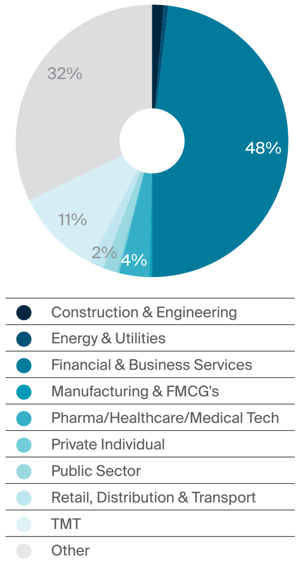
- Bristol's office market ended 2025 on a strong note, with 164,669 sq ft leased in Q4, 25% above the 5-year quarterly average. This lifted annual take-up to 604,119 sq ft, 37% higher than in 2024 and 15% ahead of the 5-year average.
- A total of 110 deals completed in 2025, 10% above the 5-year annual average. Notably, 6 transactions exceeded 20,000 sq ft, with the largest deal of the year Hargreaves Lansdown's 90,632 sq ft letting at the Welcome Building.
- Looking ahead, demand indicators remain exceptionally strong. Named requirements total 721,000 sq ft, demonstrating significant depth in the occupier market.

TAKE-UP
(SQ FT)

Year End 2025	**604,119**
2025 vs 5 year average	**15%**



ACTIVE NAMED DEMAND BY SECTOR
Q4 2025



PRIME RENT
(£ PER SQ FT)

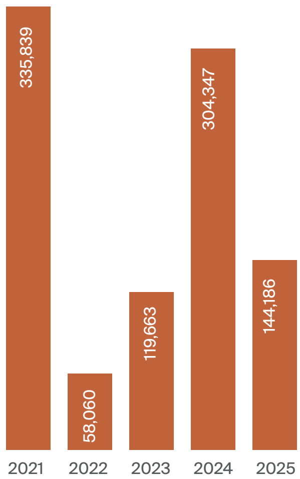
LEASE EVENTS
2.0m sq ft
2026-2029

Supply

- Supply continued to tighten. New and Grade A availability fell to 144,186 sq ft in Q4, a 52.6% y-on-y decrease.
- Vacancy also tightened further. Grade A vacancy fell to 1.1% in Q4, down from 1.2% in Q3, illustrating the scarcity of best-in-class accommodation.
- The development pipeline remains active, albeit limited to refurbishment/ repositioning schemes with 165,845 sq ft of speculative space across three schemes under construction at year end. Portwall Place and Cannons Wharf have had funding approved which will bring forward c340,000 sq ft towards the end of 2027/2028.

NEW/GRADE A AVAILABILITY
(SQ FT)

Year End 2025	**144,186**
2025 vs 5 year average	**-25%**



UNDER CONSTRUCTION
(SQ FT)

Total Under Construction	**165,845**
Number of Schemes	**3**

SUPPLY LANDSCAPE

Overall Vacancy Rate
7.5%

Grade A Vacancy Rate
1.1%

Years of Supply
0.27

Proposed Pipeline
2.64m

Knight Frank View

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The flight to quality remains a major driver as occupiers prioritise new, amenity rich, ESG led buildings. After a quiet spell, the TMT sector re emerged in Q3–Q4 and is set to feature strongly in 2026 activity. Despite political headwinds, Bristol's market proved resilient through 2025, with 2026 starting positively as previously cautious occupiers re engage and viewings surge. Prime rents are expected to rise to at least £52.00 per sq ft by year end, supported by strong demand for fully fitted space and limited Grade A supply. With notable deals due to complete and major refurbishments underway, we anticipate a strong start to 2026.

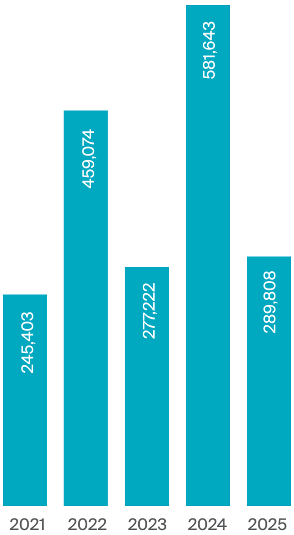
Cardiff

Demand

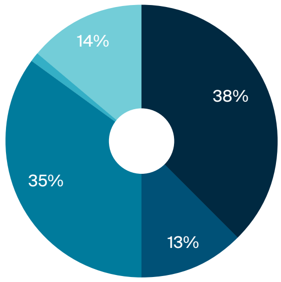
- Leasing activity improved in Q4 2025, with take-up rising to 102,576 sq ft, double the Q3 total. Despite the strong finish, annual take-up was 289,808 sq ft, 22% below the 5-year average.
- Across 2025, 74 deals completed, compared with 92 in 2024. The largest deals were CreditSafe's 49,900 sq ft letting at Cardiff Gate Business Park, and in the city centre 36,770 sq ft let to a major utilities provider at One Callaghan Square.
- Looking ahead, demand indicators remain positive. Named requirements stand at 380,000 sq ft, demonstrating a sizeable pool of active searches that could convert into improved leasing volumes in 2026.

TAKE-UP
(SQ FT)

Year End 2025	**289,808**
2025 vs 5 year average	**-22%**



ACTIVE NAMED DEMAND BY SECTOR
Q4 2025



- Financial & Business Services
- Pharma/Healthcare/Medical Tech
- Public Sector
- Pharma/Healthcare/Medical Tech
- Retail, Distribution & Transport
- TMT

PRIME RENT
(£ PER SQ FT)

LEASE EVENTS

1.2m sq ft

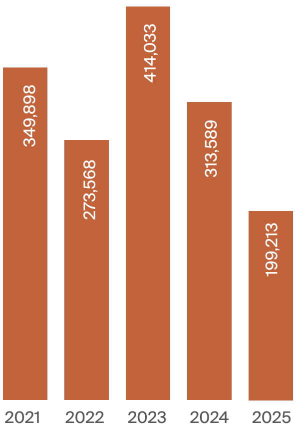
2026-2029

Supply

- New and Grade A availability fell to 199,213 sq ft, a 36.5% reduction over the year.
- Vacancy levels for prime space have tightened with Grade A vacancy falling to 2.2%, illustrating the shrinking pool of premium space.
- No new speculative space is under construction at year end with JR Smart's John Street scheme already fully pre-let, meaning any additional supply in 2026 will only come from refurbishment projects. This lack of future supply will place upward pressure on rents and limit choice for occupiers in 2026.

NEW/GRADE A AVAILABILITY
(SQ FT)

Year End 2025	**199,213**
2025 vs 5 year average	**-36%**



UNDER CONSTRUCTION
(SQ FT)

Total Under Construction	**0**
Number of Schemes	**0**

SUPPLY LANDSCAPE

Overall Vacancy Rate
13.3%

Grade A Vacancy Rate
2.2%

Years of Supply
0.54

Proposed Pipeline
371,066

Knight Frank View

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The Cardiff market ended 2025 on a stronger note, with key lettings at One Callaghan Square and 1 Central Square underscoring continued demand for prime locations and the best quality office space. Appetite for fitted and managed solutions is rising, particularly for sub 5,000 sq ft requirements where supply of prime space remains constrained. 5 Callaghan Square exemplifies this trend, achieving success through delivering high quality fitted space. Grade A supply has fallen to a five year low, and the lack of new developments is maintaining upward pressure on rents. Prime rents increased in 2025 and are expected to continue growing throughout 2026.

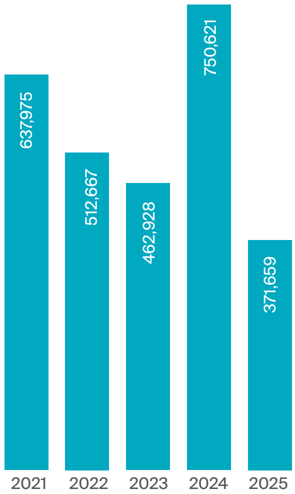
Edinburgh

Demand

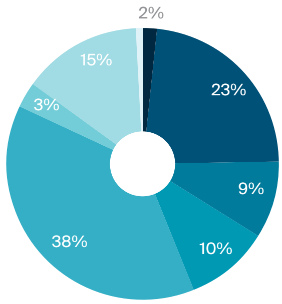
- Leasing activity improved in Q4 2025, with take-up rising to 115,973 sq ft, a 71% increase on Q3. Despite this, annual take-up was 371,659 sq ft, 32% lower than the 5-year average.
- Across 2025, 100 deals completed, compared with 130 in 2024. Larger requirements were limited, with only three transactions above 20,000 sq ft, with Royal London's 70,000 sq ft commitment at 1 Thistle St the largest.
- Demand fundamentals remain encouraging. There are 645,000 sq ft of named requirements currently active in the market, indicating strong occupier interest and suggesting the potential for improved leasing volumes as the market moves into 2026.

TAKE-UP
(SQ FT)

Year End 2025	**371,659**
2025 vs 5 year average	**-32%**



ACTIVE NAMED DEMAND BY SECTOR
Q4 2025



- Energy & Utilities
- Financial & Business Services
- Manufacturing & FMCG's
- Pharma/Healthcare/Medical Tech
- Private Individual
- Public Sector
- TMT
- Other

PRIME RENT
(£ PER SQ FT)

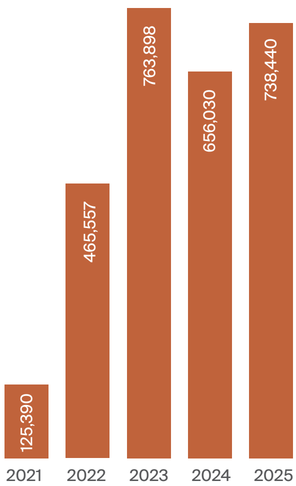
LEASE EVENTS
1.3m sq ft
2026-2029

Supply

- Supply conditions shifted noticeably in Q4. New and Grade A availability increased to 738,440 sq ft, a 12.6% rise over the past 12 months. This uplift contributed to the Grade A vacancy rate increasing to 7.0%, up from 6.5% in Q3, as additional prime space returned to the market.
- Following the delivery of 95,000 sq ft of speculative space in 2025, the development pipeline is now inactive, with no schemes under construction at year end. The absence of future supply is likely to constrain Grade A availability during 2026 and may help support rental resilience as demand strengthens.

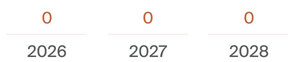
NEW/GRADE A AVAILABILITY
(SQ FT)

Year End 2025	**738,440**
2025 vs 5 year average	**34%**



UNDER CONSTRUCTION
(SQ FT)

Total Under Construction	**0**
Number of Schemes	**0**



SUPPLY LANDSCAPE

Overall Vacancy Rate
8.9%

Grade A Vacancy Rate
7.0%

Years of Supply
1.35

Proposed Pipeline
922,000

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Edinburgh saw modest occupier activity in 2025, with cost pressures and political uncertainty dampening confidence and encouraging tenants to opt for renewals over relocations. Sustainability remains a priority, though some schemes are now viewed as over specified. Even so, EPC A ratings and fully electric buildings are increasingly viewed favourably. Demand for fitted space continues to rise, but supply is largely limited to sub 5,000 sq ft suites and supported by grey space. While headline supply appears adequate, much of it is compromised, and a muted development pipeline – requiring rents above £55 per sq ft to be viable, keeps pressure on the best space. Looking ahead, the May elections add caution, but a high volume of lease events, strong office based employment forecasts, and renewed corporate focus on office attendance point to strengthening activity.

Glasgow

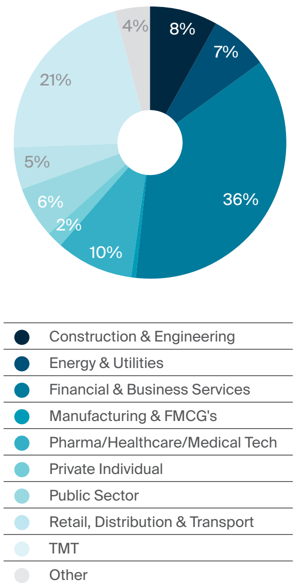
Demand

- Leasing activity increased by 48% in Q4, with take-up rising to 121,958 sq ft. This strong end-of-year performance lifted annual take-up to 471,753 sq ft, 2% above the 5-year average.
- Across 2025, 142 deals completed, up slightly from 139 in 2024. Notably, 12 transactions exceeded 10,000 sq ft, highlighting sustained demand for larger floorplates. The largest deal of the year was Pinsent Masons' 31,724 sq ft letting at Aurora, underlining continued appetite for high-quality, well-located space.
- Future demand indicators remain encouraging. Named requirements total 645,000 sq ft, demonstrating a solid pipeline of active enquiries and signalling the potential for further transactional growth in 2026.

TAKE-UP
(SQ FT)

Year End 2025	**471,753**
2025 vs 5 year average	**2%**

ACTIVE NAMED DEMAND BY SECTOR
Q4 2025



PRIME RENT
(£ PER SQ FT)

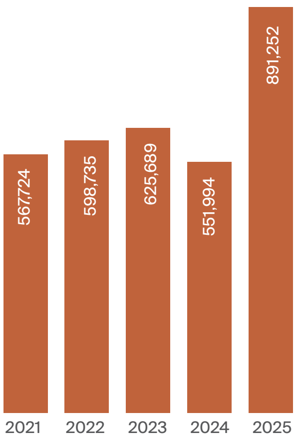
LEASE EVENTS
1.7m sq ft
2026-2029

Supply

- New and Grade A availability rose to 891,252 sq ft, a 61.5% increase as newly delivered and refurbished prime space entered the market. As a result, the Grade A vacancy rate increased to 6.4%, up from 5.9% in Q3, reflecting the impact of additional high-quality supply. Even so, vacancy remains low by historical standards and continues to support rental resilience.
- The development pipeline remains active, with 95,000 sq ft under construction at year end. This space will help replenish Grade A supply and aligns with occupier preferences for modern, sustainable and amenity-rich buildings.

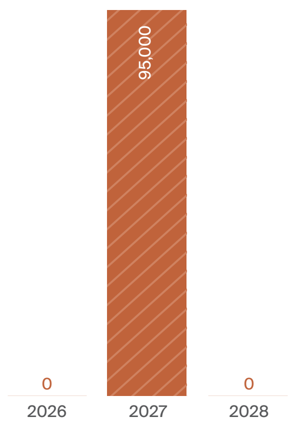
NEW/GRADE A AVAILABILITY
(SQ FT)

Year End 2025	**891,252**
2025 vs 5 year average	**38%**



UNDER CONSTRUCTION
(SQ FT)

Total Under Construction	**95,000**
Number of Schemes	**1**



SUPPLY LANDSCAPE

Overall Vacancy Rate
17.4%

Grade A Vacancy Rate
6.4%

Years of Supply
1.91

Proposed Pipeline
2.0m

Knight Frank View

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Glasgow's office market ended 2025 buoyed by rising occupier activity and a pronounced flight to quality. Take-up for the year reached 471,753 sq ft, outperforming the long-term trend. The high deal rate was a defining feature of the year, with headline transactions such as Pinsent Masons' 31,724 sq ft commitment at Aurora reinforcing sustained demand for prime, sustainable offices. Supply continues to polarise, with Grade A vacancy remaining low by historical standards. A development response is emerging, although this will take time to filter through to the market, meaning continued upward pressure on rents for the best space. Overall, Glasgow enters 2026 with solid fundamentals.

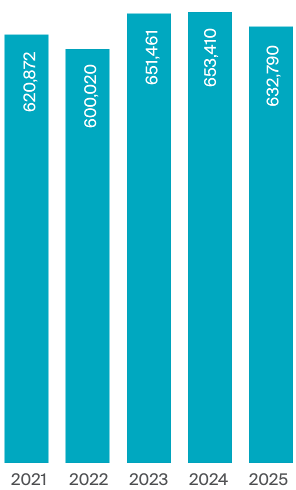
Leeds

Demand

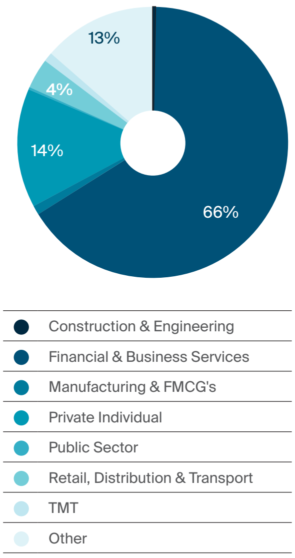
- Leasing activity dipped slightly in Q4 2025, with take-up totalling 143,630 sq ft, 12% less than Q3. Despite the quarterly fall, annual take-up reached 632,790 sq ft, 10.5% above the 5-year average.
- Across 2025, 107 deals completed, marginally below the 112 recorded in 2024. Five transactions exceeded 20,000 sq ft.
- Pipeline demand remains robust, with 577,500 sq ft of named requirements currently active. This strong base provides a solid foundation that leasing momentum will carry forward into 2026.

TAKE-UP
(SQ FT)

Year End 2025	**632,790**
2025 vs 5 year average	**0%**



ACTIVE NAMED DEMAND BY SECTOR
Q4 2025



PRIME RENT
(£ PER SQ FT)

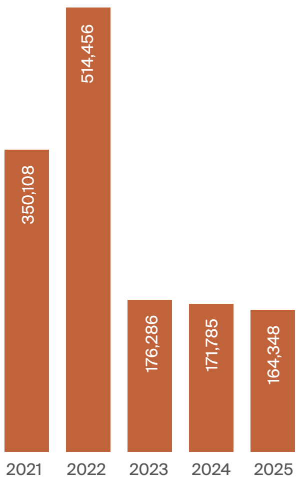
LEASE EVENTS
2.1m sq ft
2026-2029

Supply

- Supply conditions remained relatively tight. New and Grade A availability stood at 164,348 sq ft, a 4% reduction over the past 12 months. As a result, vacancy levels remain low. The Q4 Grade A vacancy rate held steady at 1.4%, unchanged from Q3, highlighting the scarcity of premium space and the competitive environment facing occupiers.
- Development activity continues, with 274,000 sq ft currently under construction. This upcoming supply will help ease pressure on Grade A availability and aligns with occupier expectations for modern, sustainable and amenity-rich workplaces.

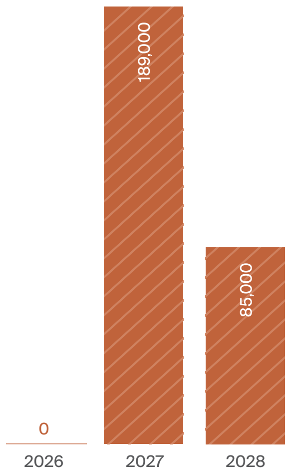
NEW/GRADE A AVAILABILITY
(SQ FT)

Year End 2025	**164,348**
2025 vs 5 year average	**-40%**



UNDER CONSTRUCTION
(SQ FT)

Total Under Construction	**274,000**
Number of Schemes	**3**



SUPPLY LANDSCAPE

Overall Vacancy Rate
10.3%

Grade A Vacancy Rate
1.4%

Years of Supply
0.26

Proposed Pipeline
2.3m

Knight Frank View

2025 delivered another strong year for Leeds, with 633,000 sq ft of office space transacted. While average deal sizes have reduced, demand for high-quality, amenity-led workspace has remained robust. This is reflected in prime rents, which are now firmly established at £46 psf, with several schemes setting new headline benchmarks over the year. As occupier confidence continues to improve, focus is increasingly shifting to the development pipeline. Leeds remains structurally under-supplied, with only a small number of schemes capable of delivering Grade A space. Beyond a limited number of committed projects, supply remains thin. Princes Exchange, 31 Wellington Street and Bank House will provide much-needed new stock in 2027–28, helping to support further rental growth, with prime rents expected to push towards £55 psf during 2026.

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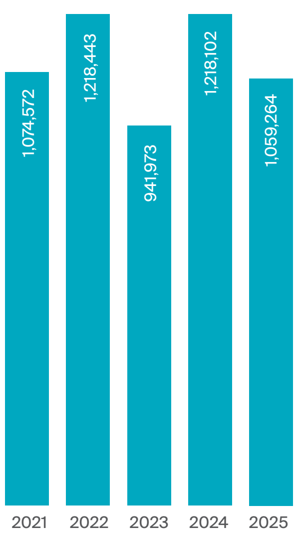
Manchester

Demand

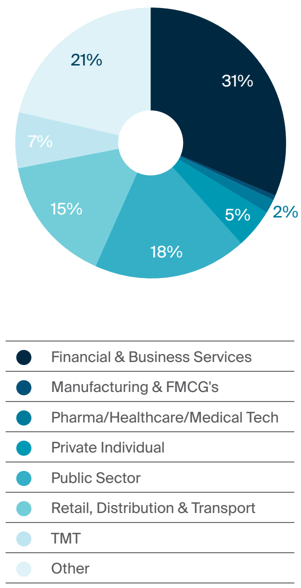
- Leasing activity picked up in Q4 2025, with take-up rising to 289,632 sq ft, a 52.5% increase on Q3. Despite this strong finish, annual take-up across Manchester ended at 1,059,264, largely consistent with the 5-year average.
- 2025 saw 197 deals, slightly down on 2024's 201. 10 transactions topped 20,000 sq ft, the most of any UK city, with the biggest being Trader Media's 130,000 sq ft letting at 3 Circle Square.
- Looking ahead, demand indicators remain encouraging. At year end, 1,096,450 sq ft of named requirements were active across the market, reflecting a deep pool of occupiers engaged in live searches.

TAKE-UP
(SQ FT)

Year End 2025	**1,059,264**
2025 vs 5 year average	**-4%**



ACTIVE NAMED DEMAND BY SECTOR
Q4 2025



PRIME RENT
(£ PER SQ FT)

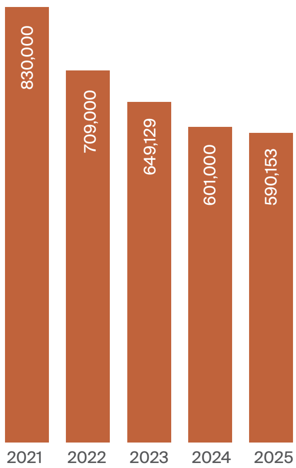
LEASE EVENTS
4.6m sq ft
2026-2029

Supply

- Supply conditions remained broadly steady. New and Grade A availability totalled 590,153 sq ft in Q4, representing a modest 2% reduction over the past 12 months. As a result, Grade A vacancy remained unchanged at 3.3%, underscoring the tightly supplied market and ongoing competition for well-specified accommodation.
- The development pipeline remains active, with 623,941 sq ft under construction, including major schemes such as Rylands and Mayfield. This incoming space will be vital in meeting future Grade A demand, particularly as occupiers continue to prioritise ESG-aligned, amenity-rich workplaces.

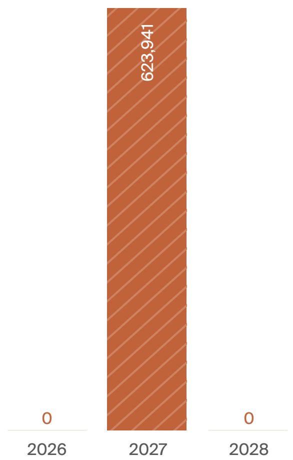
NEW/GRADE A AVAILABILITY
(SQ FT)

Year End 2025	**590,153**
2025 vs 5 year average	**-13%**



UNDER CONSTRUCTION
(SQ FT)

Total Under Construction	**623,941**
Number of Schemes	**3**



SUPPLY LANDSCAPE

Overall Vacancy Rate
14.3%

Grade A Vacancy Rate
3.3%

Years of Supply
0.54

Proposed Pipeline
4.2m

Knight Frank View

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Manchester once again outperformed the UK's regional office markets in 2025, recording more than 1m sq ft of take-up and remaining broadly aligned with its five-year average. Occupiers continued a pronounced flight to quality, with almost two-thirds of leasing activity focused on Grade A space. Yet as demand for best-in-class offices grows, supply is tightening rapidly. Only a small proportion of total stock now meets Grade A or prime specification, and limited new development is heightening concerns around future availability. This imbalance is driving further rental inflation, with headline rents expected to surpass £50 per sq ft in early 2026. Market conditions are challenging, but they point to an undeniably exciting period ahead for Manchester.

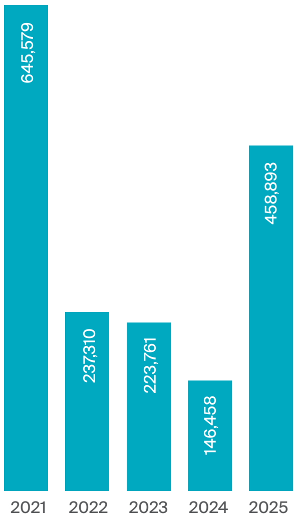
Newcastle

Demand

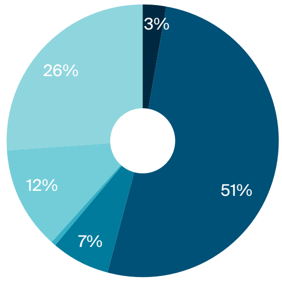
- Leasing activity in Q4 2025 was broadly in line with the five-year quarterly average, with take-up of 57,876 sq ft. 2025 marked the strongest year since 2021, with total take-up of 458,893 sq ft, three times the 2024 total and 34% above the five-year annual average.
- Across the year, 55 deals completed, above the 42 of 2024. Larger requirements returned, with five transactions exceeding 20,000 sq ft, with the largest being DWP's 173,000 sq ft letting at Number 1 Pilgrims Place.
- Demand indicators remain supportive. Named requirements total 386,000 sq ft, signalling ongoing occupier interest and providing a positive outlook for leasing volumes as the market moves into 2026.

TAKE-UP
(SQ FT)

Year End 2025	**458,893**
2025 vs 5 year average	**34%**



ACTIVE NAMED DEMAND BY SECTOR
Q4 2025



- Construction & Engineering
- Financial & Business Services
- Manufacturing & FMCG's
- Private Individual
- TMT
- Other

PRIME RENT
(£ PER SQ FT)

YEAR END 2025 FORECAST 2026

LEASE EVENTS

0.7m sq ft

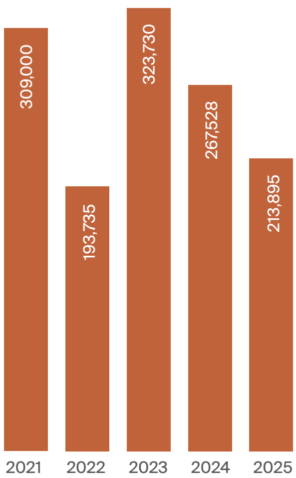
2026-2029

Supply

- New and Grade A availability decreased to 213,895 sq ft, a 20% reduction over the year.
- Consequently, the Grade A vacancy rate fell to 3.1% in Q4, down from 3.5% in Q3, reflecting the diminishing stock of high-quality space and occupiers' ongoing preference for well-specified accommodation.
- Development activity remains modest, with 96,350 sq ft currently under construction. Given the strong appetite for modern, amenity-rich workspace, the timely completion of this pipeline will play an important role in supporting the market throughout 2026.

NEW/GRADE A AVAILABILITY
(SQ FT)

Year End 2025	**213,895**
2025 vs 5 year average	**-18%**



UNDER CONSTRUCTION
(SQ FT)

Total Under Construction	**96,350**
Number of Schemes	**1**

SUPPLY LANDSCAPE

Overall Vacancy Rate
10.5%

Grade A Vacancy Rate
3.1%

Years of Supply
0.62

Proposed Pipeline
100,000

Knight Frank View

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The Newcastle city centre office market remains defined by tight supply and resilient occupier demand. Just 7,000 sq ft of new Grade A space is currently available across the entire core, driving strong momentum in the refurbishment sector throughout 2025 – particularly in buildings where landlords have invested meaningfully to meet rising occupier expectations. Demand has been fuelled by organisations seeking sustainability led, amenity rich workplaces, with refurbished schemes offering modern ESG credentials performing especially well. These dynamics continue to place upward pressure on rents. Looking ahead, the pipeline for 2026/27 is extremely limited; only 2 Pilgrim Place will deliver new space, completing in Q1 2027, and it is already attracting strong tenant interest.

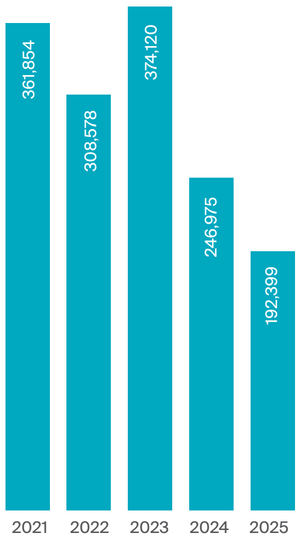
Sheffield

Demand

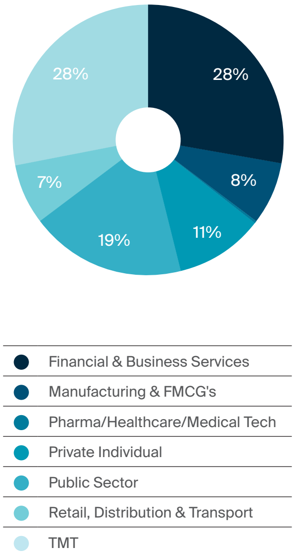
- Leasing activity remained subdued in Q4 2025, with take-up reaching 27,845 sq ft, 44% less than Q3. This brought annual take-up to 192,399 sq ft, 35% below the 5-year average of 296,785 sq ft.
- Across 2025, 65 deals completed, slightly below the 70 recorded in 2024. Activity was concentrated in smaller transactions, with no deals exceeding 20,000 sq ft.
- Looking ahead, demand signals appear more encouraging. There are 459,000 sq ft of named requirements currently active, forming a strong pipeline of potential activity. This depth of enquiry suggests leasing volumes could strengthen in 2026, particularly if occupier confidence improves and decision-making accelerates.

TAKE-UP
(SQ FT)

Year End 2025	**192,399**
2025 vs 5 year average	**-35%**



ACTIVE NAMED DEMAND BY SECTOR
Q4 2025



PRIME RENT
(£ PER SQ FT)

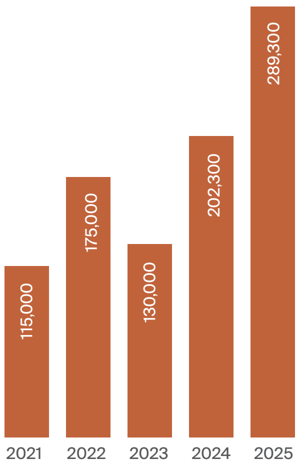
LEASE EVENTS
0.7m sq ft
2026-2029

Supply

- New and Grade A availability increased by 43% year-on-year to 289,300 sq ft. This rise reflects the return of refurbished and higher-quality stock to the market, although demand in 2025 did not keep pace with this uplift. Overall vacancy remains low at 6.4%, while the Grade A vacancy rate rose to 3.2%, up from 2.2% a year earlier.
- Development activity remains paused, with no space under construction at year end. The absence of a development pipeline may constrain future Grade A supply if demand improves in 2026, potentially creating pressure points for occupiers seeking high-quality space.

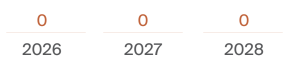
NEW/GRADE A AVAILABILITY
(SQ FT)

Year End 2025	**289,300**
2025 vs 5 year average	**59%**



UNDER CONSTRUCTION
(SQ FT)

Total Under Construction	**0**
Number of Schemes	**0**



SUPPLY LANDSCAPE

Overall Vacancy Rate
8.7%

Grade A Vacancy Rate
3.2%

Years of Supply
0.97

Proposed Pipeline
100,000

Knight Frank View

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Timing is everything when looking back at 2025. Office take-up was lower than usual at approximately 200,000 sq ft. However, there is currently over 200,000 sq ft of deals currently under offer, so 2026 should see a return to form. Focus from larger occupiers in the City core is for prime grade A space, close to retail and hospitality to give people that perfect work life balance. Should all the current deals land there will be limited new space available to meet future market demand. Prime headline office rent is currently £30.00 per sq ft pa excl, and the next wave of development opportunities will need to command an uplift on this. We envisage the market headline quoting rental tone moving to £35.00 per sq ft pa excl – plus, to secure new space.

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