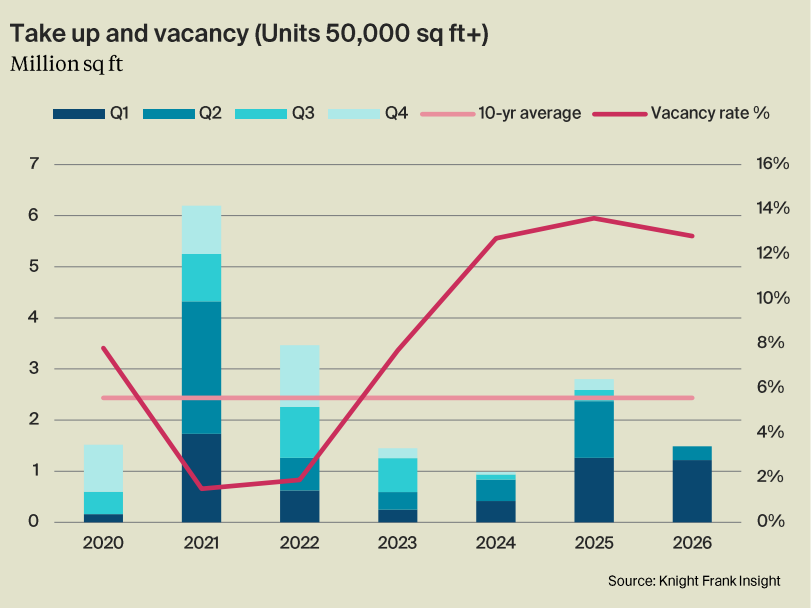
South Yorkshire and North East Derbyshire

266k sq ft
Occupier take up Q2 2026

12.8%
Vacancy rate Q2 2026

£9.00 psf
Prime rents Q2 2026

-%
Prime annual rental growth



SOUTH YORKSHIRE'S MOMENTUM CONTINUES AS DEMAND NORMALISES

Following a strong first quarter, which recorded 1.2 million sq ft of take-up, the second quarter saw activity moderate, with occupiers taking 265,571 sq ft of space. However, taken together, H1 2026 represented the strongest first-half performance since 2021, excluding 2025.

In contrast to Q1, all space transacted during the second quarter comprised second-hand Grade B and C stock. Activity was concentrated in the 50,000-100,000 sq ft size band.

Despite limited activity in larger size bands this quarter, the larger units are attracting interest from various occupier groups. Occupiers, particularly distribution firms, are looking at South Yorkshire as an increasingly attractive and cost-effective alternative to the Midlands, given the availability of larger buildings and strong connectivity.

Distribution firms have been the most active occupiers in the region over the past 12 months, while manufacturers drove leasing activity in Q2.

OCCUPIER CHOICE NARROWS AS FUNDAMENTALS IMPROVE

The overall vacancy rate in South Yorkshire stood at 12.8% at the end of Q2 2026, down from 13.6% at the end of 2025.

All size bands below 400,000 sq ft recorded declines in available space, while the 400,000 sq ft+ band remained broadly stable. Combined with robust occupier demand, this points to strengthening market fundamentals.

While high compared with historic levels, the headline vacancy figures overstate occupier choice. Once location, size and specification requirements are considered, options become far more limited. Occupiers seeking Grade A accommodation in Sheffield currently have only three options across all size bands. Across South Yorkshire, occupiers requiring a Grade A building between 100,000 sq ft and 200,000 sq ft have just four available options, one of which is already under offer.

LIMITED HIGH-QUALITY SUPPLY SUPPORTS RENTAL GROWTH

Prime rents for units above 50,000 sq ft in Sheffield have remained resilient over the past 24 months, holding firm at £9.00 psf in Sheffield. However, there are expectations of a significant uplift in prime headline rents as new schemes come forward.

Knight Frank Insight project average rental growth of 3.0% in Sheffield during 2026, ahead of the wider Yorkshire & the Humber region. While this represents a modest easing in the pace of growth seen in recent years, the outlook remains positive, supported by improving demand and a gradual tightening in availability.