UK Cities

Q2 2026

QUARTERLY OFFICE MARKET REVIEW

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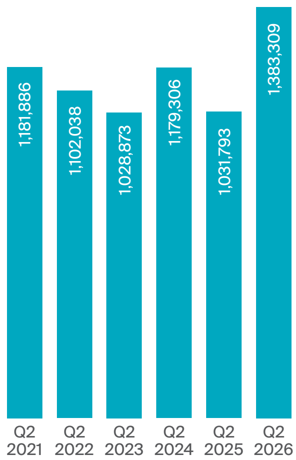
Leasing Overview

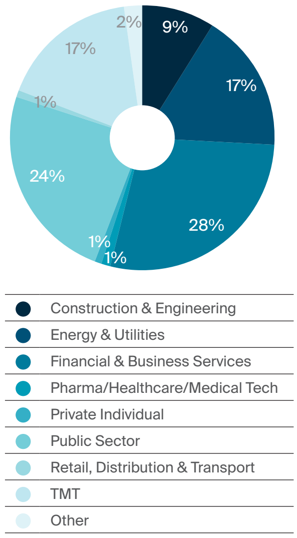
- Take-up strengthened in the second quarter, reaching 1.4 million sq ft across 239 transactions. This brought total take-up for the first half of 2026 to 2.57 million sq ft, the strongest H1 performance since 2019.
- A total of 493 deals were completed during the first six months of the year, including eight transactions exceeding 50,000 sq ft, making H1 2026 the most active start to a year since 2022.
- Financial and Professional Services led occupier demand, accounting for 29% of take-up, followed by the Public Sector at 24%. Public Sector organisations were particularly prominent, completing four of the five largest transactions recorded so far this year.
- Looking ahead, occupier demand remains robust, with 3.9 million sq ft of active requirements in the market. Financial and Professional Services continue to dominate, representing 43% of requirements, while the Technology and Public sectors each account for a further 13%.
- The flight to quality remains a defining theme across the regional office markets. Grade A space accounted for 64% of total take-up, underscoring occupiers' continued preference for high-quality, modern, amenity-rich accommodation.
- Overall vacancy remains elevated at 11%. However, availability of the highest-quality space continues to decline, with new and Grade A supply falling to 3.6 million sq ft in Q2. This is 4% lower than a year ago and the lowest level recorded since the end of 2024. As a result, Grade A vacancy fell to just 3.0% of total stock, highlighting the continued competition for the best space.
- Development activity also remains constrained. At the end of Q2, only 2.3 million sq ft of speculative space was under construction and due for completion before 2029, limiting the volume of new supply likely to enter the market over the next few years.
- Against this backdrop of limited high-quality supply, prime rents continued to rise. The average regional prime rent reached £42.50 per sq ft, representing annual growth of 7%. The strongest year-on-year increases were recorded in Leeds (31%), Birmingham (16%) and Cardiff (12%), reflecting sustained occupier demand for best-in-class accommodation.

TAKE-UP
(SQ FT)

Q2 2026	1,383,309
Q2 vs 5 year average	20%

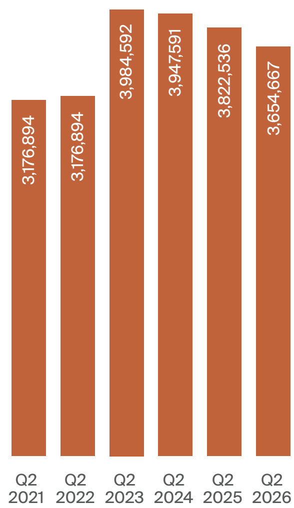


ACTIVE NAMED DEMAND BY SECTOR
Q2 2026



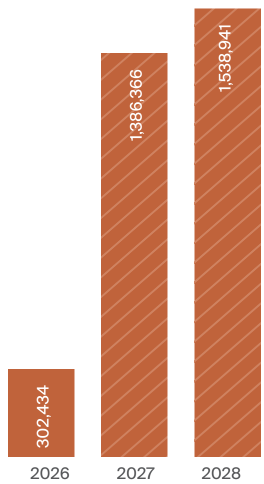
NEW/GRADE A AVAILABILITY
(SQ FT)

Q2 2026	3,654,667
Q2 vs 5 year average	-2%



UNDER CONSTRUCTION
(SQ FT)

Total Under Construction	3,227,741
Number of Schemes	21



Knight Frank View

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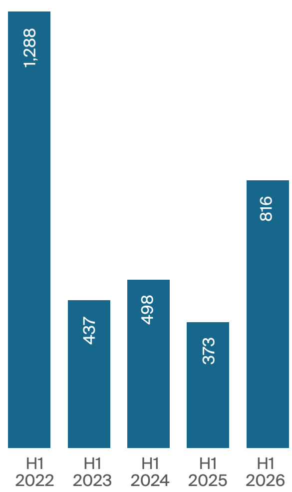
The UK regional office market has experienced an encouraging first half of 2026, with improving occupier confidence despite the challenging macro backdrop. Demand continues to be supported by lease events and a gradual return of larger, more strategic requirements. The flight to quality remains a defining theme, with occupiers prioritising best-in-class space that supports productivity, talent attraction and business performance. This is widening the gap between prime and secondary stock across most regional markets. Looking ahead, limited new development is likely to sustain competition for high-quality space and support rental growth. A future Burnham-led government, with a stronger focus on devolution, infrastructure and regional investment, could provide an additional tailwind to occupier demand and office market activity.

Investment Overview

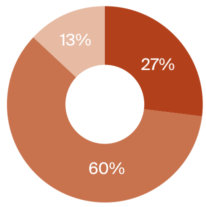
- Office investment volumes across the UK regional cities totalled £282m of office stock transacted, 35% ahead of the equivalent quarter in 2025. This meant that, at mid-year, Investment volumes for the first six months of 2026 had reached £816m, representing the highest H1 total in four years.
- A total of 28 deals were completed during Q2. This meant that deal numbers rose to 62 for the first half of the year. This is the highest level of activity since 2018.
- Significantly, three deals over £50m have been completed in 2026. These were Bank of New York Mellon's acquisition of 4 Angel Square for £114m, Melford Capital's purchase of Waverley Gate in Edinburgh for £77m, and, most recently, Lloyds' acquisition of 10 Canon Way for £66m.
- Moving forward, momentum is expected to build into 2026, with approximately £310m of assets under offer at quarter-end and a further £1.1bn being marketed.
- The buyer pool remains narrow but expanding. Private equity investors and UK-based property companies are the most active participants, together accounting for around 60% of total investment volumes in H1 2026. Over the coming year, this base is expected to broaden as overseas capital and UK institutional investors return.
- Prime office yields across the UK regional cities have remained broadly stable in 2026, ranging from around 6.50% in Edinburgh to 10.00% in Aberdeen. While pricing has largely settled following the sharp repricing cycle of recent years, regional office assets continue to offer an attractive income premium relative to risk-free benchmarks and many competing real estate sectors.
- The value proposition is particularly evident when compared with Central London, where prime yields remain significantly lower at around 5.25% in the City and 3.75% in the West End. Combined with continued occupier demand for high-quality, well-located space, the strength of leasing fundamentals is expected to support improving liquidity and higher transaction volumes across the regional office investment market over the next 12 to 18 months.

INVESTMENT VOLUMES (£m)

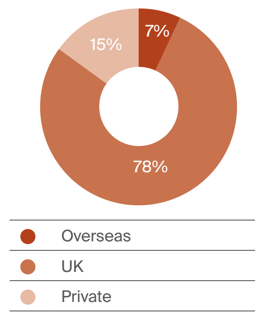
H1 2026	**816**
H1 vs 5 year average	**20%**



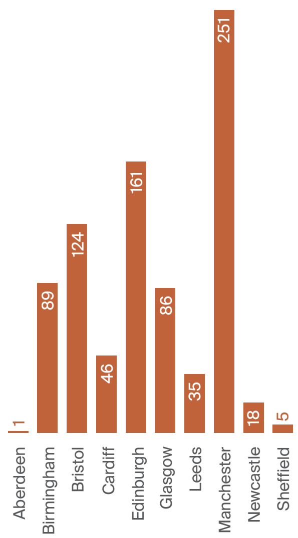
PURCHASERS (LAST 12 MONTHS)



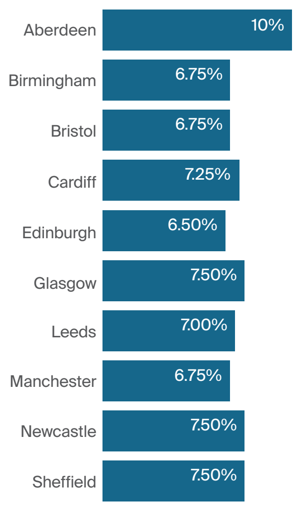
VENDORS (LAST 12 MONTHS)



INVESTMENT VOLUMES BY CITY (H1, £M)



PRIME YIELD



Knight Frank View

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Regional office investment has demonstrated clear signs of recovery in the first half of 2026, with improving market sentiment translating into transactional activity. Investors are increasingly recognising a value proposition, particularly when assets present management opportunities. Encouragingly, larger transactions have returned to the market, demonstrating renewed buyer confidence and helping establish pricing benchmarks. While activity remains selective, the depth of capital targeting the market continues to improve. Looking ahead, a healthy pipeline of assets under offer and coming to market should support further momentum through the remainder of the year.

Leading Markets

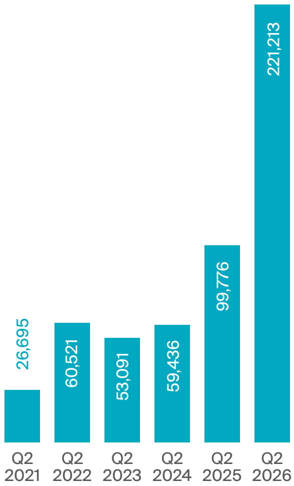
Aberdeen

Overview

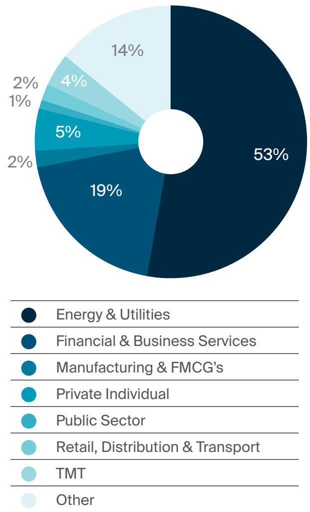
- The second quarter saw a sharp upturn in take-up, with leasing volumes reaching 221,213 sq ft, the highest quarterly total since 2019. As a result, take-up at mid-year rose to 289,698 sq ft, marking the strongest first half of the year since 2015.
- Fourteen deals completed during the quarter, including three transactions exceeding 20,000 sq ft. The largest was CB&I Asset Solutions commitment for 103,536 sq ft at Caledonia House.
- Looking ahead, the market remains well supported by occupier demand. Active requirements total 407,400 sq ft, indicating sustained appetite and positive momentum heading into the second half of 2026.
- Supply conditions remain constrained. New and Grade A availability increased to 208,470 sq ft in Q2 but remained 13% below the five-year average, highlighting the slow replenishment of high-quality stock.
- The development pipeline remains stalled, with no space under construction at the end of 2025. This lack of future supply is expected to limit options for occupiers seeking new Grade A accommodation and place further upward pressure on prime rents.
- Overall vacancy remains relatively high at around 18%. However, the Grade A vacancy rate is just 2.1%, underlining the continued shortage of prime space and the growing competition for the best-quality accommodation.

TAKE-UP
(SQ FT)

Q2 2026	**221,213**
Q2 vs 5 year average	**155%**



ACTIVE NAMED DEMAND BY SECTOR
Q2 2026



PRIME RENT
(£ PER SQ FT)

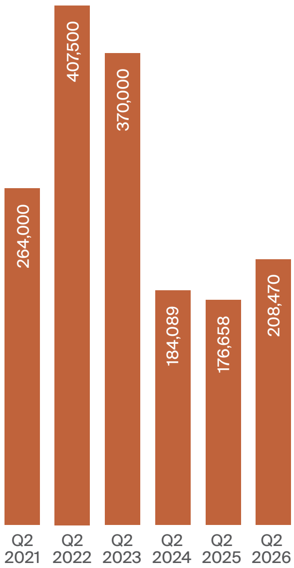
LEASE EVENTS

1.5m sq ft

2026-2029

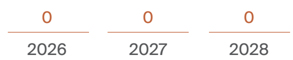
NEW/GRADE A AVAILABILITY
(SQ FT)

Q2 2026	**208,470**
2 vs 5 year average	**-23%**



UNDER CONSTRUCTION
(SQ FT)

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



SUPPLY LANDSCAPE

Overall Vacancy Rate

18.4%

Grade A Vacancy Rate

2.1%

Years of Supply

0.58

Proposed Pipeline

–

Knight Frank View

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Activity in Aberdeen's office market has shown momentum in 2026, with take-up reaching almost 290,000 sq ft at mid-year, supported by the largest occupier deal since 2017. The potential for onward demand remains encouraging, with more than 400,000 sq ft of active requirements currently in the market, giving confidence that activity will remain strong through the second half of the year. As demonstrated by the CB&I Asset Solutions deal at Caledonia House, businesses continue to prioritise high-quality, amenity-rich space. While overall market vacancy remains relatively high, there is a growing shortage of prime accommodation, with Grade A vacancy at just 2.1%. As a result, competition for the best space is intensifying, supporting further rental growth.

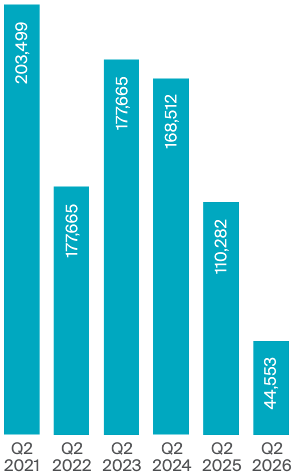
Birmingham

Overview

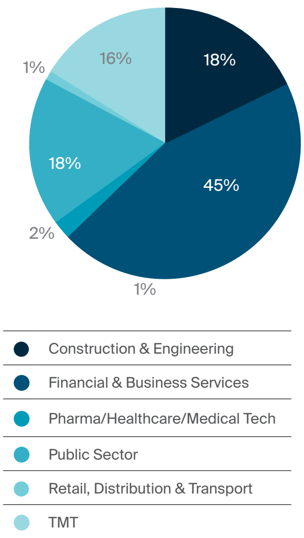
- The second quarter saw take-up reach 44,553 sq ft across eight deals, down from 110,282 sq ft across 20 deals during the same period last year. As a result, H1 2026 take-up totalled 151,277 sq ft, compared with 182,794 sq ft in H1 2025. Despite softer activity, the average deal size increased to 5,567 sq ft, up from 4,446 sq ft in the previous quarter.
- Demand remained firmly focused on high-quality accommodation, with Grade A space accounting for 92% of take-up. In contrast, fitted and Grade B space represented around a quarter of all transactions but just 8% of leasing volumes. Notable deals included Block's 22,057 sq ft commitment at 1 Colmore Square and Merica Asset Management's 5,200 sq ft letting at The Colmore Building.
- Looking ahead, occupier demand remains encouraging, with active requirements totalling 665,000 sq ft, providing a solid platform for activity through the second half of 2026.
- Supply conditions continue to support rental growth. While Grade A availability increased marginally during the quarter, prime vacancy remains tightly constrained at just over 2%, underlining the ongoing shortage of best-in-class space. The development pipeline remains active, with 413,000 sq ft of speculative space currently under construction, although this is unlikely to ease near-term supply pressures materially.

TAKE-UP
(SQ FT)

Q2 2026	**44,553**
Q2 vs 5 year average	**-67%**



ACTIVE NAMED DEMAND BY SECTOR
Q2 2026

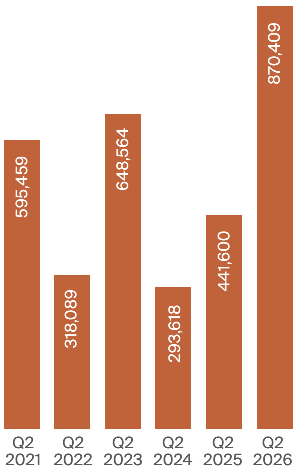


PRIME RENT
(£ PER SQ FT)

LEASE EVENTS
3.2m sq ft
2026-2029

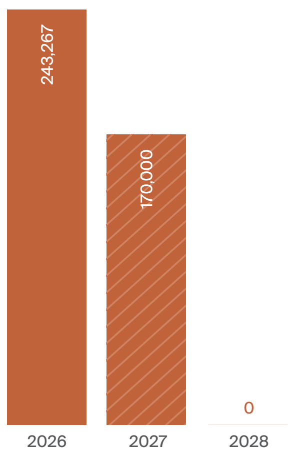
NEW/GRADE A AVAILABILITY
(SQ FT)

Q2 2026	**870,409**
Q2 vs 5 year average	**69%**



UNDER CONSTRUCTION
(SQ FT)

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



SUPPLY LANDSCAPE

Overall Vacancy Rate
12.9%

Grade A Vacancy Rate
5.4%

Years of Supply
1.10

Proposed Pipeline
590,000

Knight Frank View

While Birmingham's Q2 take-up figures appear modest, the underlying market remains resilient. Occupier demand is being constrained more by a shortage of high-quality space than a lack of interest, with businesses continuing to focus on growth, return-to-office strategies and productivity. The city's record of setting three headline rents in nine months highlights the strength of demand for best-in-class accommodation. Transaction times have lengthened significantly, meaning current take-up reflects decisions made many months ago, but the leasing pipeline remains encouraging, with around 250,000 sq ft under offer. With supply continuing to tighten and development costs rising, we expect further rental growth and increasing pressure on incentives over the coming quarters.

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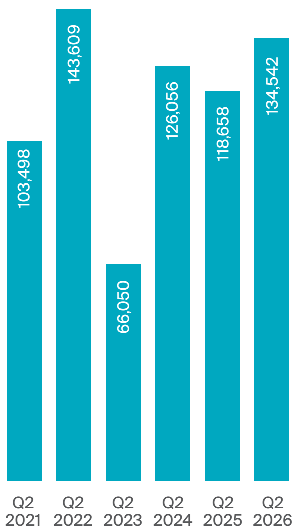
Bristol

Overview

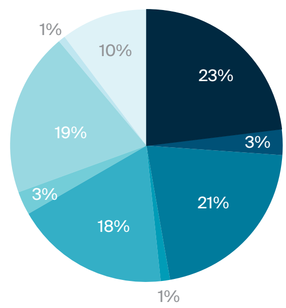
- Leasing activity remained steady in Q2 2026, with take-up reaching 134,542 sq ft. Although this was 16% below the previous quarter, it remained in line with the five-year quarterly average. As a result, first-half take-up totalled 294,906 sq ft, marking the strongest H1 performance since 2022.
- Activity was led by the 23,461 sq ft letting to Gilbanks at Assembly C. A total of 26 deals were completed during the quarter, up from 22 in Q1, highlighting the continued depth of occupier activity.
- Demand remains robust, with active requirements totalling 721,200 sq ft. This healthy pipeline provides confidence that leasing momentum can be sustained through the remainder of the year.
- The strength of demand has contributed to a reduction in high-quality supply. New and Grade A availability fell to 120,725 sq ft in Q2, representing a 68% decline over the past 12 months and the lowest level recorded in two years.
- While development activity has picked up, with 245,070 sq ft of speculative office space currently under construction, completion timelines mean occupiers seeking prime accommodation face limited choice in the near term.
- At mid-year, the city centre vacancy rate stood at 8.2%. In comparison, Grade A availability accounted for just 1.5% of total office stock, underlining the scarcity of best-in-class space and the ongoing tightening of market conditions.

TAKE-UP
(SQ FT)

Q2 2026	**134,542**
Q2 vs 5 year average	**17%**



ACTIVE NAMED DEMAND BY SECTOR
Q2 2026



- Construction & Engineering
- Energy & Utilities
- Financial & Business Services
- Manufacturing & FMCG's
- Undisclosed
- Pharma/Healthcare/Medical Tech
- Public Sector
- Retail, Distribution & Transport
- TMT

PRIME RENT
(£ PER SQ FT)

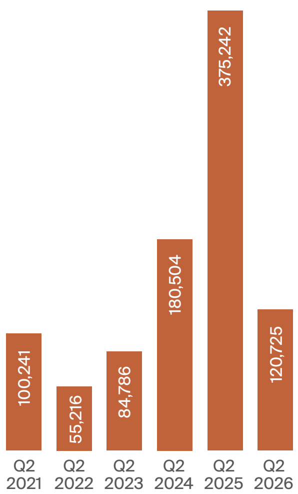
LEASE EVENTS

2.0m sq ft

2026-2029

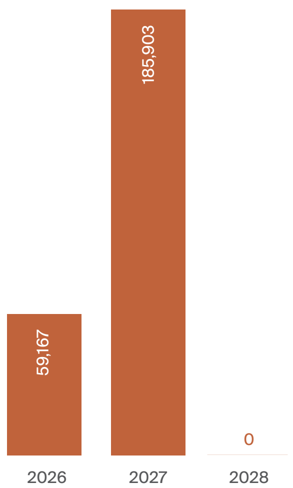
NEW/GRADE A AVAILABILITY
(SQ FT)

Q2 2026	**120,725**
Q2 vs 5 year average	**-26%**



UNDER CONSTRUCTION
(SQ FT)

Total Under Construction	**245,070**
Number of Schemes	**5**



SUPPLY LANDSCAPE

Overall Vacancy Rate

7.9%

Grade A Vacancy Rate

0.9%

Years of Supply

0.58

Proposed Pipeline

2.49m

Knight Frank View

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Following a strong second half of 2025, Bristol's office market has maintained its momentum into 2026, with H1 take-up reaching almost 295,000 sq ft and putting the market on track to match or exceed long-term averages. Professional services occupiers remain a key source of demand, while appetite for fully fitted space continues to strengthen as businesses prioritise high-quality, ready-to-occupy accommodation. Several significant transactions remain under offer, supporting confidence for the remainder of the year. Prime rents are forecast to rise from £52.00 per sq ft to £55.00 per sq ft by year end, underpinned by a severe shortage of Grade A space and a constrained future development pipeline. With major refurbishments nearing completion and occupiers increasingly looking ahead to secure best-in-class space, Bristol is well-positioned for a strong second half of 2026.

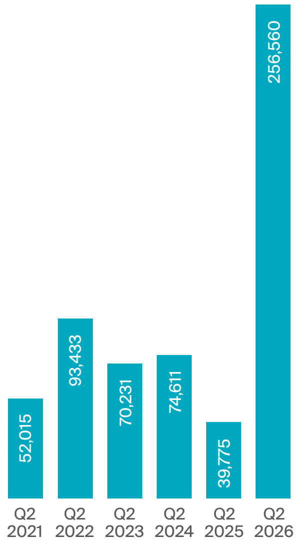
Cardiff

Overview

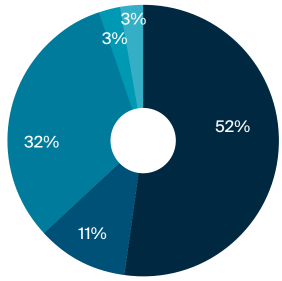
- The second quarter saw a significant rebound in occupier activity, with take-up reaching 256,560 sq ft. As a result, first-half take-up totalled 306,207 sq ft, almost three times the level recorded in H1 2025 and already exceeding the full-year total achieved in 2025.
- A total of 30 deals were completed during Q2, up from 24 in the previous quarter. Activity was underpinned by Cardiff and Vale College's acquisition of 145,000 sq ft at St William House, which accounted for a substantial share of quarterly take-up.
- Looking ahead, occupier demand remains healthy, with active requirements totalling 350,000 sq ft. This should provide support for transactional activity as the year progresses.
- Supply conditions tightened further during the quarter. New and Grade A availability fell to 184,508 sq ft, representing a 32% decline over the past 12 months and the lowest level recorded in five years.
- With no office space currently under construction, occupiers seeking high-quality accommodation face increasingly limited choice. As a result, the vacancy rate declined to 1.6% in Q2, down from 2.3% a year earlier.
- This growing imbalance between supply and demand continues to support rental growth, with prime rents increasing to £33.50 per sq ft, up 11.7% year on year.

TAKE-UP
(SQ FT)

Q2 2026	**256,560**
Q2 vs 5 year average	**162%**



ACTIVE NAMED DEMAND BY SECTOR
Q2 2026



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

PRIME RENT
(£ PER SQ FT)

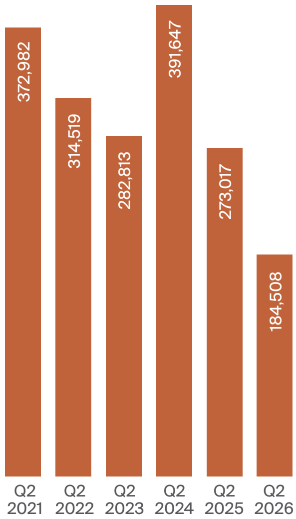
LEASE EVENTS

1.2m sq ft

2026-2029

NEW/GRADE A AVAILABILITY
(SQ FT)

Q2 2026	**184,508**
Q2 vs 5 year average	**-36%**



UNDER CONSTRUCTION
(SQ FT)

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

SUPPLY LANDSCAPE

Overall Vacancy Rate
12.1%

Grade A Vacancy Rate
1.6%

Years of Supply
0.48

Proposed Pipeline
281,066

Knight Frank View

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Cardiff's office market continued to tighten through Q2, with take-up reaching 256,560 sq ft across 30 deals, driven largely by public sector activity and the landmark 145,000 sq ft acquisition of St William House by Cardiff & Vale College. Demand remains particularly for prime space, with a further 350,000 sq ft of active requirements in the market. The ongoing shortage of Grade A space has intensified, with availability falling to just 184,508 sq ft, the lowest level in five years. This supply imbalance continues to support rental growth, with prime rents forecast to rise from £33.50 per sq ft to £35.00 per sq ft by year end, underpinning a positive rental movement for the remainder of 2026 and into 2027.

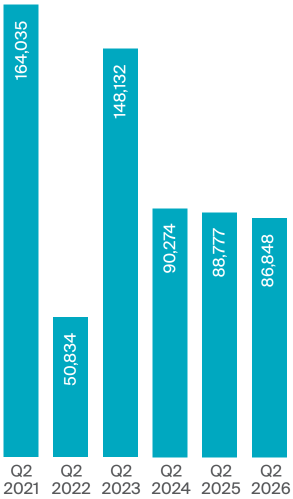
Edinburgh

Overview

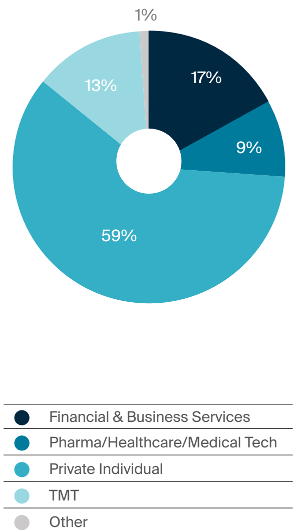
- Edinburgh recorded a steady second quarter, with take-up reaching 86,848 sq ft. Although this was 24% lower than Q1, leasing volumes were broadly in line with the equivalent period in 2025, reflecting continued occupier activity.
- The quarter was led by IWG's 21,945 sq ft letting at Saltaire Court, which was the only transaction to exceed 10,000 sq ft among the 26 deals completed during the period.
- Occupier demand remains resilient, with active requirements totalling 615,000 sq ft, providing a solid platform for leasing activity through the remainder of the year.
- Supply conditions remain relatively balanced. New and Grade A availability increased to 802,787 sq ft in Q2 2026, representing a 19% rise over the past 12 months.
- While availability has improved, there is currently no office space under construction in Edinburgh. As a result, longer-term supply constraints remain a consideration, particularly for occupiers seeking high-quality accommodation.
- The Grade A vacancy rate remained unchanged at 7.7% in Q2, indicating a healthier supply position than in many regional markets, though it remains sensitive to future shifts in occupier demand.

TAKE-UP
(SQ FT)

Q2 2026	**86,848**
Q2 vs 5 year average	**-17%**



ACTIVE NAMED DEMAND BY SECTOR
Q2 2026



PRIME RENT
(£ PER SQ FT)

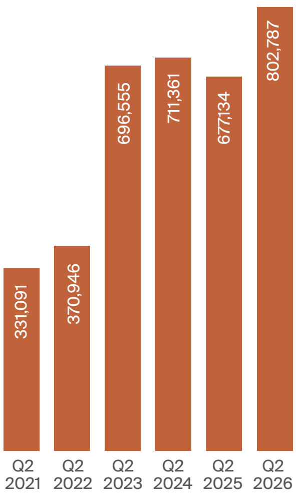
LEASE EVENTS

1.3m sq ft

2026-2029

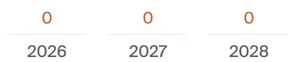
NEW/GRADE A AVAILABILITY
(SQ FT)

Q2 2026	**806,752**
Q2 vs 5 year average	**23%**



UNDER CONSTRUCTION
(SQ FT)

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



SUPPLY LANDSCAPE

Overall Vacancy Rate
13.0%

Grade A Vacancy Rate
7.6%

Years of Supply
0.57

Proposed Pipeline
820,000

Knight Frank View

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Edinburgh's office market delivered a steady performance in Q2, with take-up reaching 86,848 sq ft across 26 deals and active demand remaining resilient at 615,000 sq ft. While supply has increased over the past 12 months, the development pipeline remains limited at just 159,000 sq ft under construction, which is likely to constrain future availability of high-quality space. The 21,945 sq ft letting to IWG at Saltaire Court highlights continued occupier appetite for best-in-class accommodation, while a stable Grade A vacancy rate of 7.7% reflects balanced market conditions. With healthy demand and longer-term supply pressures still evident, Edinburgh remains well-positioned for continued leasing activity through the remainder of 2026.

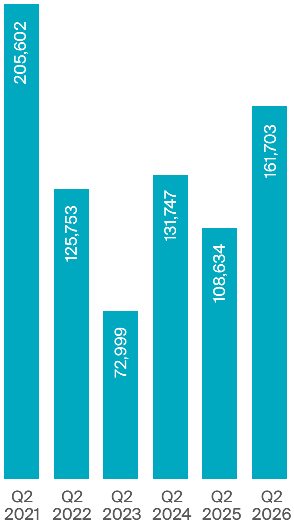
Glasgow

Overview

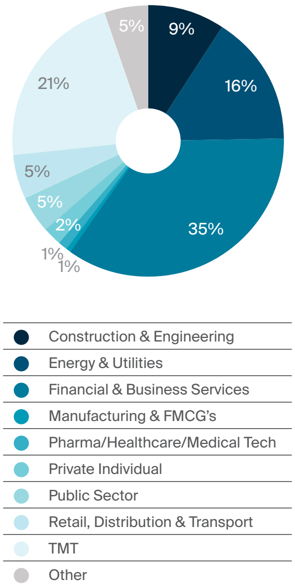
- Leasing activity gained further momentum in Q2, with take-up reaching 161,703 sq ft. This was 23% higher than the previous quarter and 39% above the five-year quarterly average, highlighting a marked improvement in occupier activity.
- The quarter was boosted by the Home Office's 80,639 sq ft commitment at 200 Broomielaw. Overall, 37 deals were completed during the period, five more than the five-year quarterly average, demonstrating continued market depth.
- Occupier demand remains supportive, with active requirements totalling 412,500 sq ft at quarter end, providing a positive backdrop for leasing activity through the remainder of the year.
- The continued absorption of high-quality space has led to tighter supply conditions. New and Grade A availability fell by 13% during the quarter to 559,981 sq ft. Although this remains 4% above the level recorded a year earlier, the recent decline reflects improving market fundamentals.
- Development activity remains limited, with only the 95,000 sq ft refurbishment of Alhambra House currently under construction. While occupiers retain some short-term choice, the longer-term supply outlook remains constrained.
- Overall vacancy stood at 12.7% in Q2. However, the Grade A vacancy rate remains significantly lower at just 4.0%, reinforcing occupiers' continued preference for best-in-class accommodation and highlighting the relative scarcity of prime space.

TAKE-UP
(SQ FT)

Q2 2026	**161,703**
Q2 vs 5 year average	**20%**



ACTIVE NAMED DEMAND BY SECTOR
Q2 2026



PRIME RENT
(£ PER SQ FT)

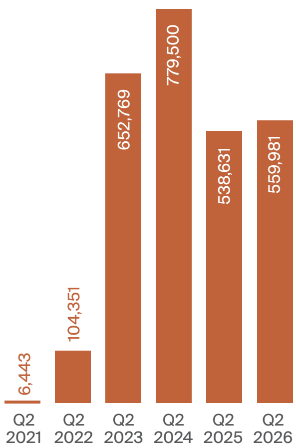
LEASE EVENTS

1.7m sq ft

2026-2029

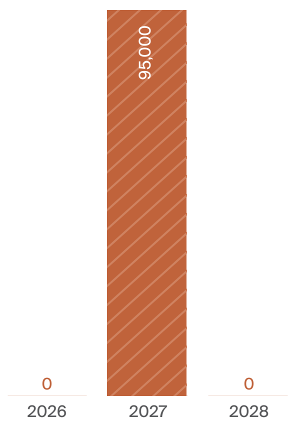
NEW/GRADE A AVAILABILITY
(SQ FT)

Q2 2026	**559,981**
Q2 vs 5 year average	**6%**



UNDER CONSTRUCTION
(SQ FT)

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



SUPPLY LANDSCAPE

Overall Vacancy Rate
12.7%

Grade A Vacancy Rate
4.0%

Years of Supply
1.39

Proposed Pipeline
2.0m

Knight Frank View

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Glasgow's office market continued to gather pace in Q2, with take-up rising well ahead of the long-term average. The standout deal was the Home Office's 80,639 sq ft commitment at 200 Broomielaw, but activity was broad-based. The potential of future demand remains healthy, with active requirements totalling more than 400,000 sq ft. At the same time, the best space is becoming harder to find, with Grade A vacancy tightening to just 4.0%. With only one refurbishment scheme currently under construction, the medium-term supply outlook remains constrained, supporting occupier competition for prime space and continued rental growth.

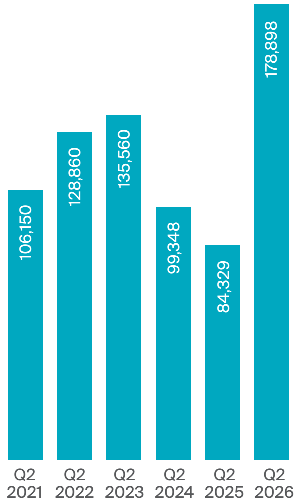
Leeds

Overview

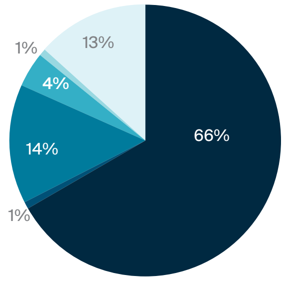
- The second quarter saw a strong rebound in leasing activity, with take-up reaching 178,878 sq ft, 15% above the five-year quarterly average. A total of 23 deals were completed during the period, six below the long-term average, although activity was boosted by two lettings exceeding 30,000 sq ft.
- Occupier demand remains supportive, with active requirements totalling 452,000 sq ft at quarter end, providing a healthy pipeline and underpinning prospects for further leasing activity through the remainder of the year.
- Supply conditions remained relatively tight. New and Grade A availability stood at 172,234 sq ft in Q2, higher than a year earlier but still 31% below the five-year average, reflecting the ongoing shortage of best-in-class accommodation.
- The development pipeline also remains constrained. Of the 775,689 sq ft currently under construction, only 496,068 sq ft remains available, the balance already pre-let. This is likely to limit the amount of new supply entering the market in the near term.
- Overall vacancy was slightly increased to 7.6% in Q2. However, Grade Availability remains particularly limited, accounting for just 1.7% of total office stock, underlining the continued scarcity of high-quality space and supporting occupier competition for prime offices.

TAKE-UP
(SQ FT)

Q2 2026	**178,898**
Q2 vs 5 year average	**46%**



ACTIVE NAMED DEMAND BY SECTOR
Q2 2026



- Financial & Business Services
- Manufacturing & FMCG's
- Private Individual
- Retail, Distribution & Transport
- TMT
- Other

PRIME RENT
(£ PER SQ FT)

YEAR END 2025 FORECAST 2026

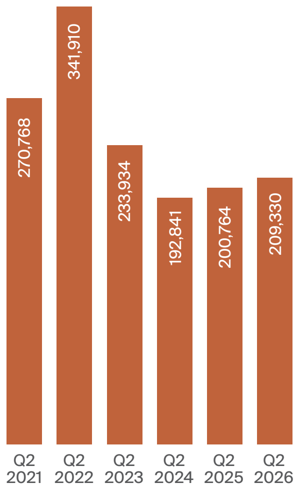
LEASE EVENTS

2.1m sq ft

2026-2029

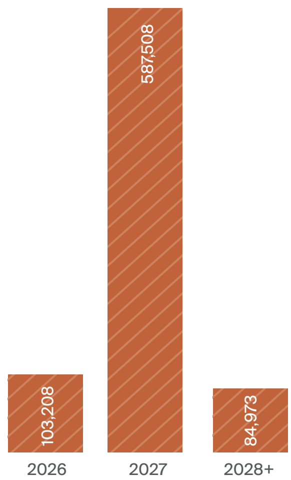
NEW/GRADE A AVAILABILITY
(SQ FT)

Q2 2026	**209,330**
Q2 vs 5 year average	**-31%**



UNDER CONSTRUCTION
(SQ FT)

Total Under Construction	**775,689**
Number of Schemes	**11**



SUPPLY LANDSCAPE

Overall Vacancy Rate
12.3%

Grade A Vacancy Rate
1.7%

Years of Supply
0.27

Proposed Pipeline
2.3m

Knight Frank View

Leeds continues to generate strong occupier interest, with Q2 marking a return to more robust leasing activity. Take-up reached 178,878 sq ft, comfortably ahead of the long-term average, while active requirements of 452,000 sq ft underline the depth of demand still targeting the city.

The challenge remains a lack of high-quality supply. Grade A availability accounts for just 1.4% of total stock, with much of the space currently under construction already spoken for. As a result, businesses seeking best-in-class accommodation are facing increasingly limited choice. Looking ahead, the combination of healthy demand, a constrained development pipeline and Leeds' growing appeal to both regional and national occupiers should keep competition for prime space high and support continued rental growth

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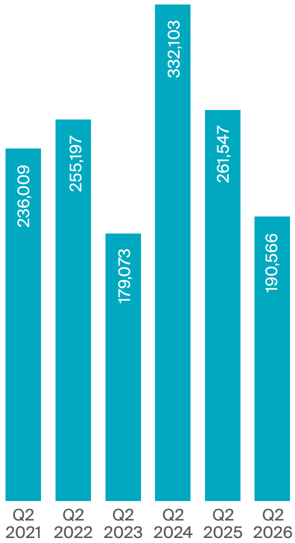
Manchester

Overview

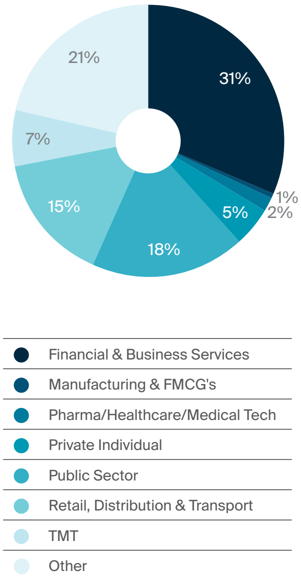
- Leasing activity remained broadly in line with long-term trends in Q2, with 48 deals completing during the quarter, only marginally below the five-year average of 51 transactions. However, take-up totalled 190,566 sq ft, 31% below the five-year quarterly average, reflecting a continued lack of larger occupier commitments.
- Looking ahead, the demand pipeline remains highly supportive. Active requirements stood at 1.1 million sq ft at quarter end, providing a strong foundation for leasing activity to accelerate through the remainder of 2026.
- Supply conditions continued to tighten, with New and Grade A availability falling to 391,407 sq ft. This is 40% below the five-year average and highlights the ongoing shortage of high-quality accommodation.
- The development pipeline remains relatively healthy, with 1.0 million sq ft under construction. This should help meet future occupier requirements, although immediate market dynamics remain shaped by the limited availability of best-in-class space.
- Overall vacancy remained stable at 11.7% during Q2. However, the Grade A vacancy rate is considerably lower, at just 2.2%, underscoring the growing polarisation of the market and occupiers' continued preference for premium office accommodation.

TAKE-UP
(SQ FT)

Q2 2026	**190,566**
Q2 vs 5 year average	**-21%**



ACTIVE NAMED DEMAND BY SECTOR
Q2 2026



PRIME RENT
(£ PER SQ FT)

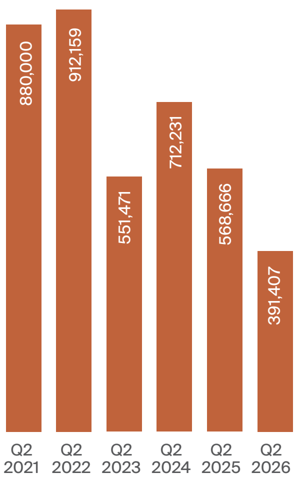
LEASE EVENTS

4.6m sq ft

2026-2029

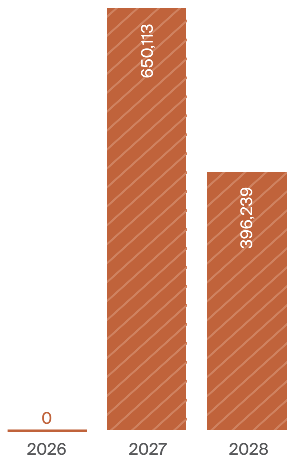
NEW/GRADE A AVAILABILITY
(SQ FT)

Q2 2026	**391,407**
Q2 vs 5 year average	**-38%**



UNDER CONSTRUCTION
(SQ FT)

Total Under Construction	**1,046,352**
Number of Schemes	**5**



SUPPLY LANDSCAPE

Overall Vacancy Rate

11.7%

Grade A Vacancy Rate

2.2%

Years of Supply

0.54

Proposed Pipeline

4.6m

Knight Frank View

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Manchester's office market remains active, with deal volumes broadly in line with long-term trends. While examples of larger transactions remain limited, the underlying pipeline is encouraging, with active requirements reaching 1.1 million sq ft at quarter end, providing confidence that activity could accelerate through the second half of the year. The standout theme remains the flight to quality. Businesses are concentrating on the very best space, but supply is becoming increasingly constrained. New and Grade A availability fell to 391,407 sq ft, 40% below the five-year average at mid-year, although 1.0 million sq ft is currently under construction. Nonetheless, occupiers continue to compete for a limited pool of immediately available best-in-class accommodation, supporting rental growth and reinforcing the strength of Manchester's prime office market.

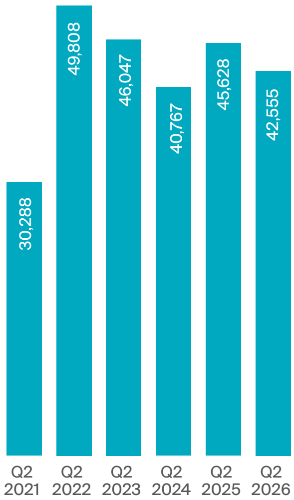
Newcastle

Overview

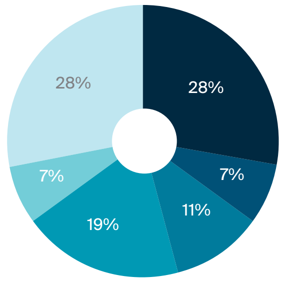
- Leasing activity remained subdued in Q2 2026, with take-up totalling 42,555 sq ft, down 2% on Q1 and 49% below the five-year quarterly average. Despite weaker volumes, market activity was consistent with the previous quarter, with 12 deals completing, broadly in line with the long-term average. Notably, no transactions exceeded 10,000 sq ft, highlighting the continued absence of larger occupier commitments.
- Occupier demand nevertheless remains evident, with active requirements totalling 386,000 sq ft, providing a foundation for future leasing activity.
- Supply conditions tightened further during the quarter. New and Grade A availability fell to 211,146 sq ft, a 25% reduction over the past 12 months. Development activity also remains constrained, with just 96,350 sq ft of speculative space currently under construction, and a pipeline unlikely to alter supply dynamics in the near term significantly.
- Reflecting these trends, the New and Grade A vacancy rate declined to 3.0% from 3.6% a year earlier. While leasing activity remains subdued, vacancy levels remain well below historic norms, underscoring the limited availability of high-quality space.

TAKE-UP
(SQ FT)

Q2 2026	**42,555**
Q2 vs 5 year average	**0%**



ACTIVE NAMED DEMAND BY SECTOR
Q2 2026



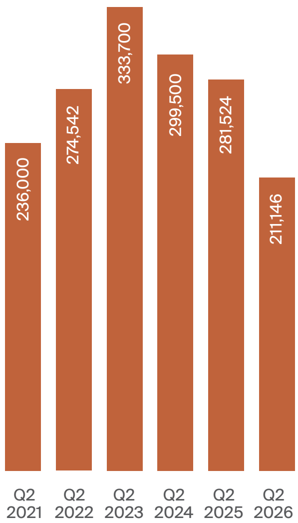
- Financial & Business Services
- Manufacturing & FMCG's
- Private Individual
- Public Sector
- Retail, Distribution & Transport
- TMT

PRIME RENT
(£ PER SQ FT)

LEASE EVENTS
0.7m sq ft
2026-2029

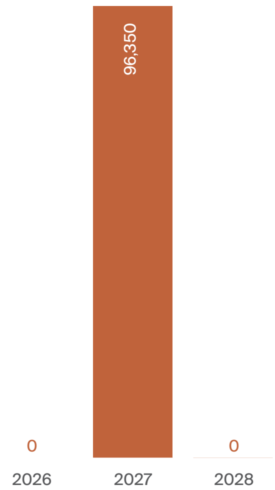
NEW/GRADE A AVAILABILITY
(SQ FT)

Q1 2026	**211,146**
Q1 vs 5 year average	**-25%**



UNDER CONSTRUCTION
(SQ FT)

Total Under Construction	**96,350**
Number of Schemes	**2**



SUPPLY LANDSCAPE

Overall Vacancy Rate
7.4%

Grade A Vacancy Rate
3.0%

Years of Supply
0.74

Proposed Pipeline
100,000

Knight Frank View

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While leasing volumes remained below long-term averages, market activity was steady, highlighting continued occupier engagement. Future demand remains encouraging, with active requirements totalling 386,000 sq ft and providing a solid platform for leasing activity in H2. The market continues to be driven by a clear preference for high-quality accommodation, against a backdrop of increasingly limited supply. New and Grade A availability has fallen by 25% over the past year, while the speculative development pipeline remains modest.

As a result, Grade A vacancy has tightened to just 3.0%, supporting rental growth prospects and reinforcing the market's robust occupational fundamentals.

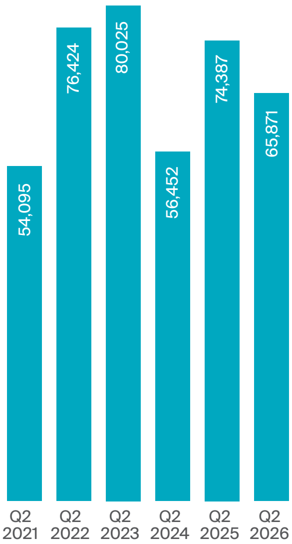
Sheffield

Overview

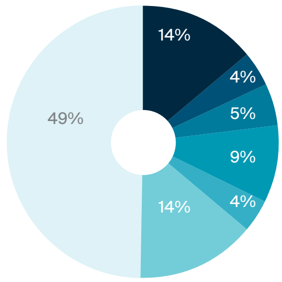
- Sheffield maintained solid leasing momentum in Q2 2026, with take-up reaching 65,871 sq ft. Although this was lower than the previous quarter, it meant that first-half take-up rose to the strongest level recorded since 2019.
- A total of 15 deals were completed during the quarter, including the headline letting of 25,289 sq ft to ARM Group at 1 St Paul's Place. Demand also remains healthy, with active requirements totalling 459,200 sq ft.
- The recent uplift in occupier demand has translated into significantly tighter supply conditions. New and Grade A availability stood at just 133,000 sq ft in Q2, down from 307,300 sq ft a year earlier.
- As a result, the New and Grade A vacancy rate fell to 1.48% in Q2 2026, compared with 3.21% at the end of 2025, highlighting the continued tightening of high-quality supply.
- With no office space currently under construction, availability is expected to come under further pressure, limiting occupier choice and supporting rental growth in the short- to medium-term.

TAKE-UP
(SQ FT)

Q2 2026	**65,871**
Q2 vs 5 year average	**-3%**



ACTIVE NAMED DEMAND BY SECTOR
Q2 2026



- Financial & Business Services
- Manufacturing & FMCG's
- Private Individual
- Public Sector
- Retail, Distribution & Transport
- TMT
- Other

PRIME RENT
(£ PER SQ FT)

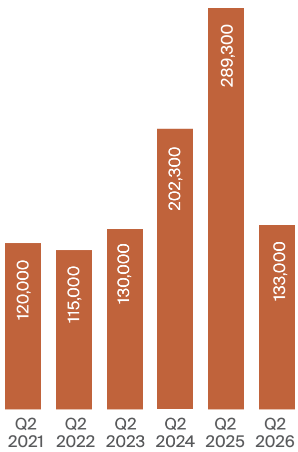
LEASE EVENTS

0.7m sq ft

2026-2029

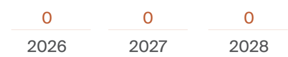
NEW/GRADE A AVAILABILITY
(SQ FT)

Q2 2026	**133,000**
Q2 vs 5 year average	**-24%**



UNDER CONSTRUCTION
(SQ FT)

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



SUPPLY LANDSCAPE

Overall Vacancy Rate
4.3%

Grade A Vacancy Rate
1.5%

Years of Supply
0.45

Proposed Pipeline
100,000

Knight Frank View

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Sheffield has registered a strong first half of 2026, with occupier confidence continuing to build and leasing activity reaching its highest mid-year level since 2019. Demand remains healthy, supported by a robust pipeline of active requirements and several notable transactions, including ARM Group's letting at 1 St Paul's Place. What stands out is the growing shortage of high-quality space. New and Grade A availability has fallen sharply over the past year, pushing vacancy rates to exceptionally low levels. With no speculative development currently under construction, supply is likely to tighten further, limiting occupier choice and creating the conditions for continued rental growth across the city centre market.

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