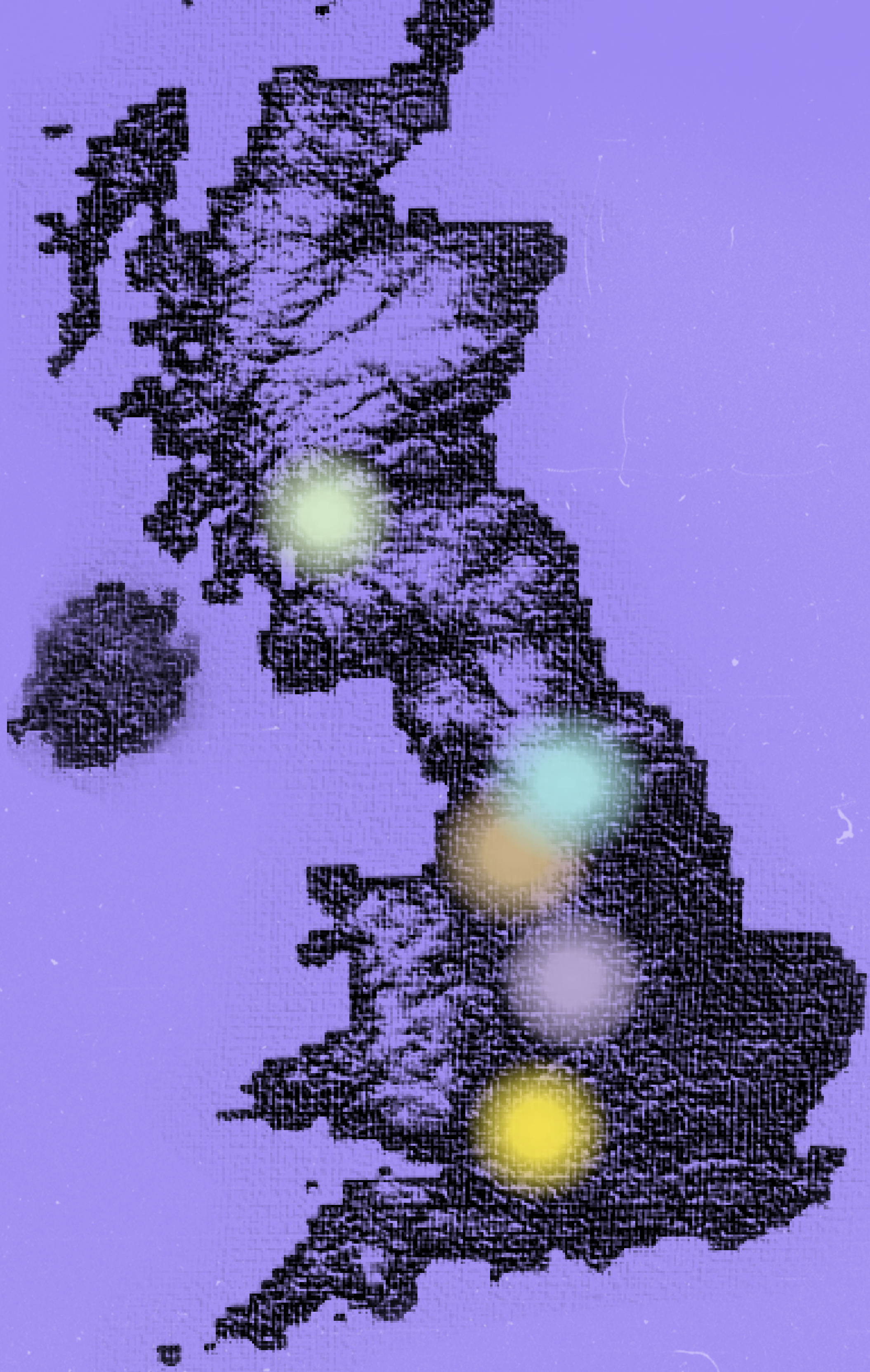


# The UK 5: 2024 Office Market Review

Birmingham | Bristol | Glasgow | Leeds | Manchester

DEVONO

Contents



2024 could be viewed as something of a renaissance year for the regions, with 4 out of the UK5 cities recording an increase in leasing activity on the year before.

This has provided the impetus for rental growth, although we are seeing rents in some of the more expensive cities begin to stabilise. That being said, landlord reticence to push for major uplifts has not necessarily meant that serviced office providers have followed suit, as providers show confidence amidst greater exploration of the flex sector by occupiers.

As has long been the case, satisfying requirements with the space available is what is proving difficult, with the availability of secondhand stock soaring while the highly targeted Grade A spaces dwindle in number.

Read on to discover how leasing, rental growth, availability and flexible office pricing have ebbed and flowed within and between the UK's key regional cities, with an eye to what is in store as we move into 2025.

Shaun Dawson,

Head of Insights,

Devono



# UK 5 Office Market Snapshot

| | | | | |
|---|---|---|---|---|
| Birmingham | 914K<br>SQ FT leased in 2024 – up 20% on the previous year | 6%<br>Annual increase in the quantity of space available to 2.8 M sq ft | £43.00<br>PSF Prime rent - up 5% on Q4'23 | £322.50<br>PDPM* Average flex price - up 8% in H2'24 |
| Bristol | 450K<br>SQ FT leased in 2024 – up 7% on the previous year | 39%<br>Annual increase in the quantity of space available to 2 M sq ft | £48.00<br>PSF Prime rent - up 13% on Q4'23 | £350<br>PDPM* Average flex price - up 17% in H2'24 |
| Glasgow | 594K<br>SQ FT leased in 2024 – up 50% on the previous year | 31%<br>Annual increase in the quantity of space available to 3.7 M sq ft | £39.50<br>PSF Prime rent - up 3% on Q4'23 | £325<br>PDPM* Average flex price - stable in H2'24 |
| Leeds | 619K<br>SQ FT leased in 2024 – down 13% on the previous year | 0%<br>Annual change in the quantity of space available to 1.6 M sq ft | £40.00<br>PSF Prime rent - up 5% on Q4'23 | £315<br>PDPM* Average flex price - up 5% in H2'24 |
| Manchester | 1.2M<br>SQ FT leased in 2024 – up 23% on the previous year | 18%<br>Annual change in the quantity of space available to 4 M sq ft | £45.00<br>PSF Prime rent - up 5% on Q4'23 | £389.50<br>PDPM* Average flex price - stable in H2'24 |

*PDPM - Per Desk, Per Month

2024

# Birmingham

Office Market Snapshot

# Leasing

Business appetite for office space and subsequent leasing activity have maintained robust momentum since 2023. Despite the leasing volume in Q4 2024 falling to the lowest quarterly level for the year, the substantial activity recorded in Q3 (which was more than double the long-term quarterly average) meant that the total recorded over the second half of the year was c.522K sq ft. In turn, this has served to push the total for the year to c.914K sq ft, the highest annual total transacted, post-pandemic.

While the number of firms actively leasing in 2024 has been above average, the size of the deals being completed is what really served to create the push. The 2024 average deal size across the city was 7,088 sq ft, up 14% on the 5-year annual average.

*The 2024 average deal size across the city was 7,088 sq ft, up 14% on the 5-year annual average.*

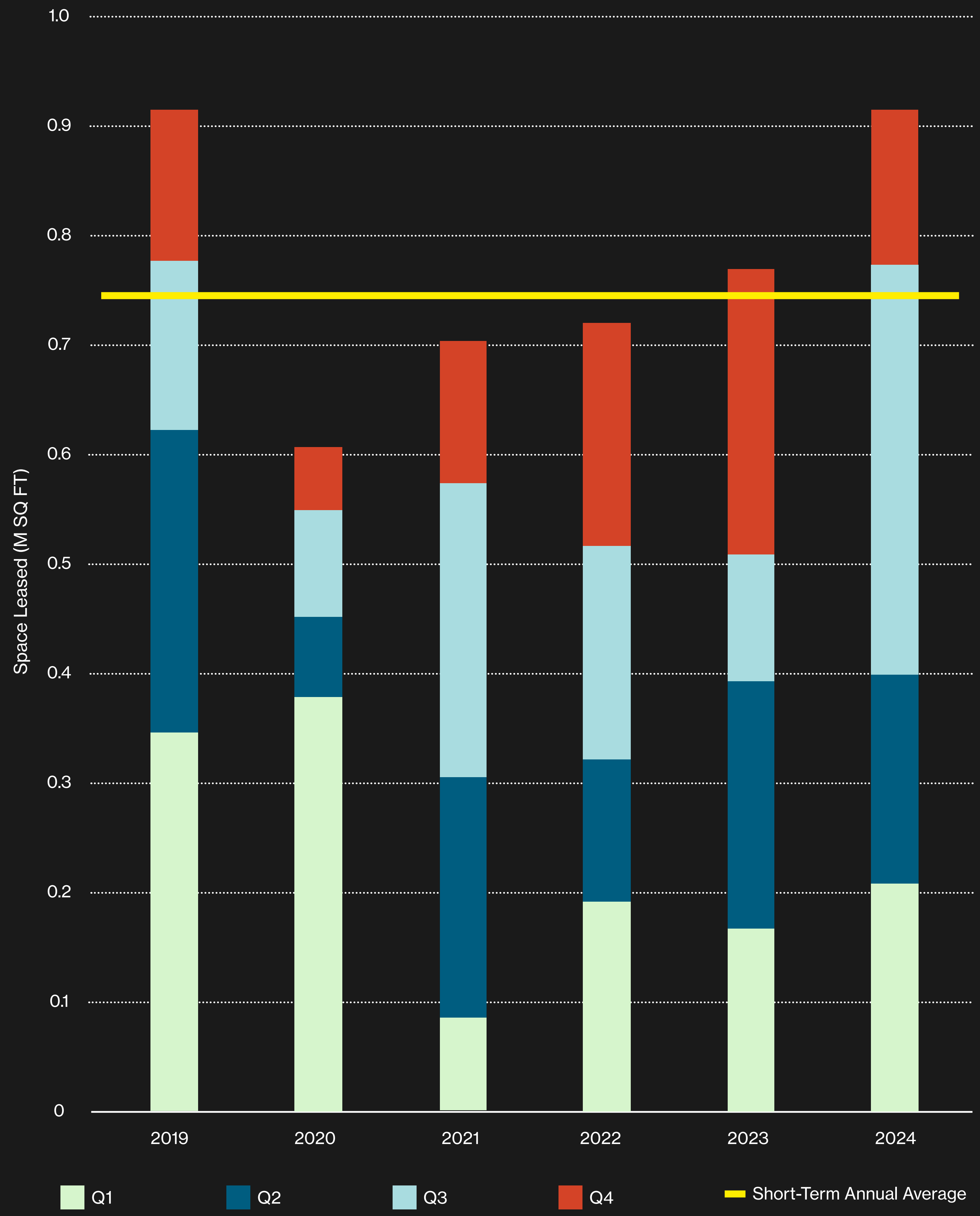
On closer analysis, the number of spaces let in the 50K-100K sq ft range trebled, complemented by the return of mega deals (100K sq ft+) with Aston University taking 189K sq ft of space at 5 Brindley Place. On the flip side, there were no deals in the 25K-50K sq ft range over the second half of the year.

The education sector accounted for 3 of the top 5 largest deals in 2024. Couple this with the sector's contribution to the 10-50K sq ft deals (accounting for 22% of deals transacted), the sector's share of leasing has grown from 18% of the total volume leased in 2023 to 40% in 2024. These deals serve to further bolster Birmingham's already significant education offering, creating a growing pool of talent for the city's innovation clusters such as for tech and life sciences.

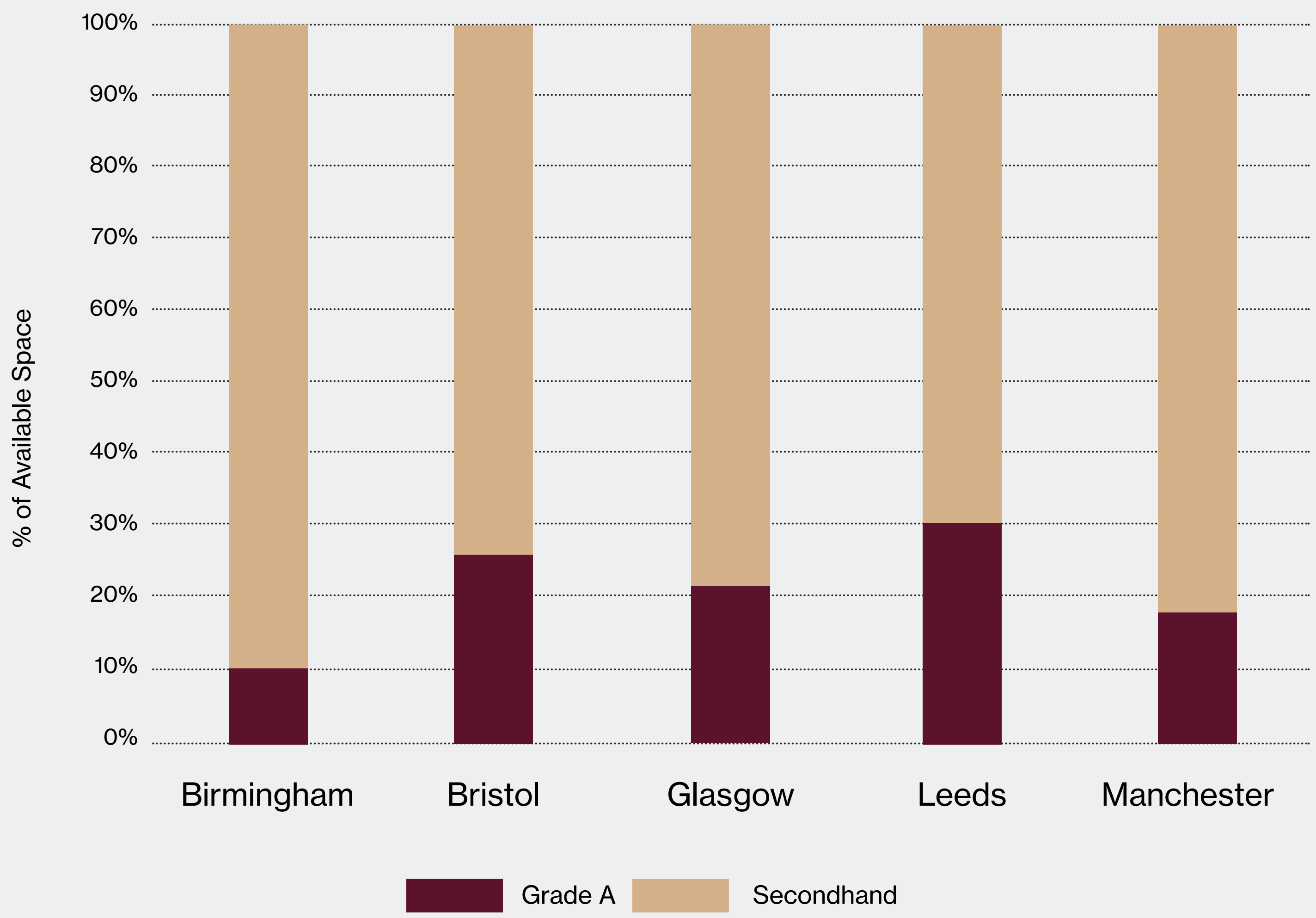
## Largest 5 Office Lettings in 2024

| TENANT NAME | SIZE (SQ FT) | ADDRESS | QUARTER |
|---|---|---|---|
| Aston University | 189,053 | 10 Woodcock Street | Q3 |
| BBC | 84,000 | 90 Bordesley Street | Q1 |
| Global Banking School | 69,000 | 1 Brindley Place | Q3 |
| National Highways | 58,750 | Three Snowhill, Snow Hill Queensway | Q2 |
| University College Birmingham | 44,670 | Baskerville House, Broad Street | Q1 |

## Birmingham Office Market: Total Space Leased by Quarter, 2019-2024



## UK 5: Total Availability by Grade, Q4 2024




# Availability

> Grade A space makes up just 10% of the total office availability, the ***lowest share*** of any of the UK5 cities

Office availability in Birmingham has now grown for three consecutive quarters despite the increase in leasing volume, ending 2024 on a new high of 2.8M sq ft, representing an increase of 6% on the level recorded at the end of 2023.

The level of availability of Grade A space has reduced quarter-on-quarter throughout 2024, with the amount of space available down 31%. As a result, Grade A space makes up just 10% of the total office availability, the lowest share of any of the UK5 cities.

Tenants securing the best-in-class spaces during the construction phase has limited the volume of new supply coming to the market. The squeeze on the supply of prime spaces is set to increase, especially as completion dates on key developments such as Beorma Tower drift into 2026.

# Rents

## Prime Grade A rents in Birmingham ***increased*** in Q4 2024 to £43.00 per sq ft following the letting of 9,000 sq ft on the 6th floor of ***One Centenary Way*** by wealth management firm Quilter.

The small incremental shift in prime rents at the end of 2024 means the level is now 5% higher than at the same point in 2023. Although not a major uplift, this latest rise provides landlords with the confidence that tenants are willing to pay that little bit extra to secure the best spaces.

> ***this latest rise provides landlords with the confidence that tenants are willing to pay that little bit extra to secure the best spaces.***

Those businesses who are coming up to a rent review of their existing lease or are fresh in the market with a new search could be surprised at the level being asked of them, with prime rents having grown by 25% over the past five-years. Whilst the rent range is quite wide, depending on quality and location, this upwards pressure on rents has filtered through. That being said, rent-free incentives have held steady at 24 months on a 10-year term, meaning that those in the best-in-class spaces will be paying rents more in the vicinity of £34.40 per sq ft.

We expect more rental growth as we head deeper into 2025, fuelled by the comparative lack of available Grade A space and low volume of new developments coming forward. This set of circumstances will also give rise to a bullish approach on spaces of lesser quality as landlords shift the dial on their existing spaces.

## Flexible Offices

Appetite from providers to take on new centres was low in 2024, with only Runway East securing space at the new development Arca on Temple Row at the start of the year. This is far less activity than we would expect, especially as 2023 saw over 60,000 sq ft let by serviced office providers.

A significant level of competition amongst providers has ensured that pricing has been shielded from any upward pressure in 2024 with no change on the best-in-class spaces in the second half of the year. In fact, the current prime level of £425 per desk per month (pdpm) is 15% lower than that recorded a year ago. To that end, Runway East's new product is pitched below this level. With that in mind, we do not expect the upper end of pricing to be challenged further in the short term.

*we do not expect the upper end of pricing to be challenged further in the short term*

In spite of this, we are seeing greater confidence among providers for their Grade B spaces, with the spaces of this quality having recorded an uplift of 26% over H2 2024 to £220.00 pdpm. Tenant demand for the Grade B range of spaces stems from those deemed the traditional serviced cohort of businesses such as SMEs and start-ups, rather than the more established corporates looking to occupy the premium best-in-class flex spaces.

## Outlook

Birmingham has ***ambitious plans*** to enhance its city centre and local economy. The City Council's Central Birmingham Framework 2040 seeks to ***increase employment*** by 80%, double its ***green spaces*** and increase its ***transport network*** to 200km.

Whilst this is a long-term plan various pieces of the puzzle are being placed now, with the development of the new high-speed rail line progressing, rising investment into the Knowledge Quarter and Investment Zone, as well as the arrival of new cultural, retail and leisure operators into the city.

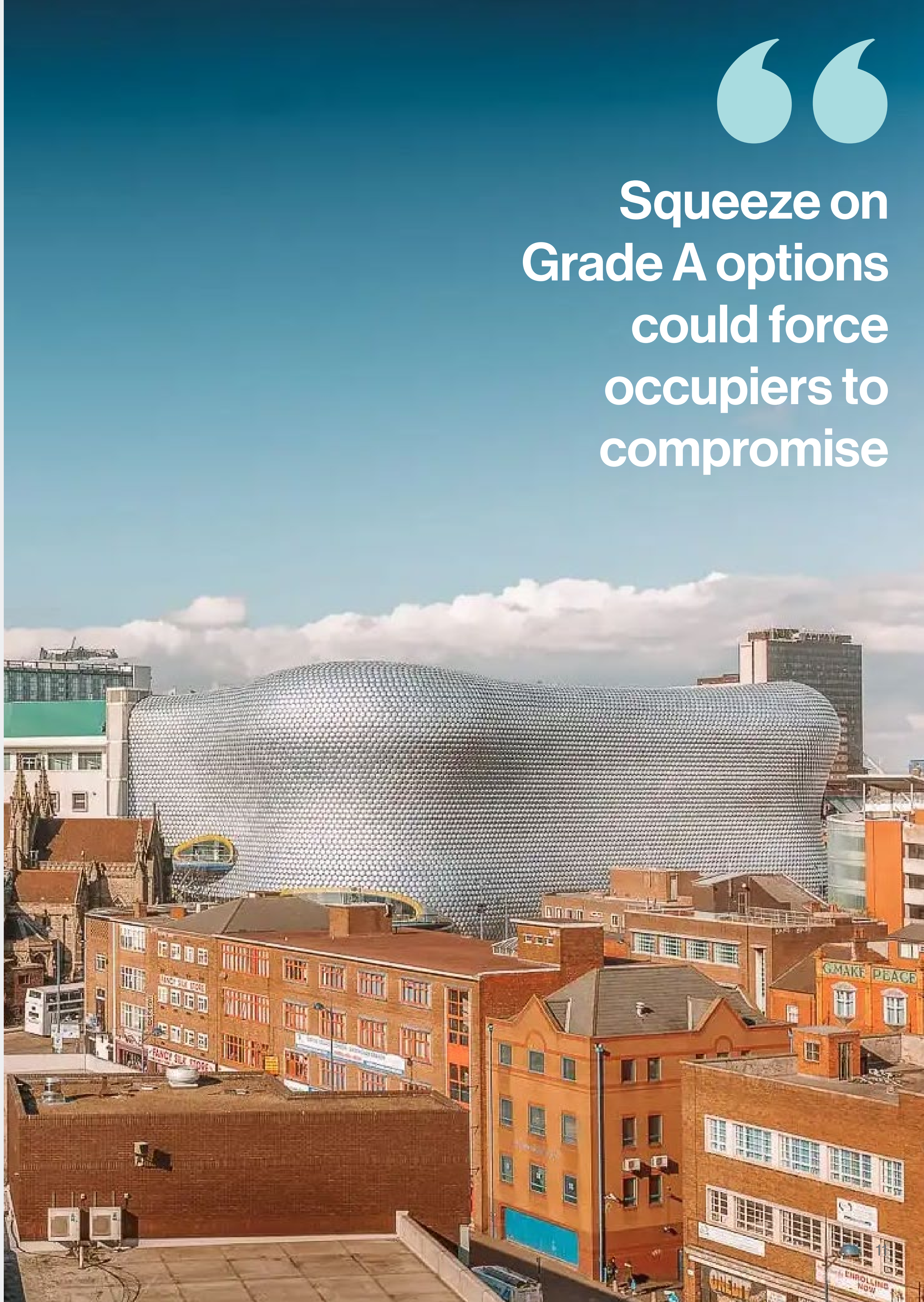
Recently, we have seen the leisure scene offering expand with activities such as clay target shooting, racing simulation games and immersive football and dining experiences. In 2024, the sports brand Nike unveiled its flagship store in the Bullring, alongside other fashion brands tempted to the Midlands. All of this contributes to the experience of working in and visiting the city.

*...office availability in the short-term could present a challenge...*

The development of new city centre residential buildings and increasing the availability of student accommodation are all pieces of the puzzle that will help achieve the 2040 goal, and ultimately entice businesses and their workers into the city.

That being said, office availability in the short-term could present a challenge, with it being the case that the lag in the delivery of new spaces compared with the current pace of leasing momentum will lead to some larger occupiers being forced to compromise, most likely on space quality.

Should 2025 leasing activity be as robust, any squeeze in supply will feed into landlord and flex provider expectations in pricing, resulting in greater pressure on current levels later in the year.



2024

# Bristol

Office Market Snapshot

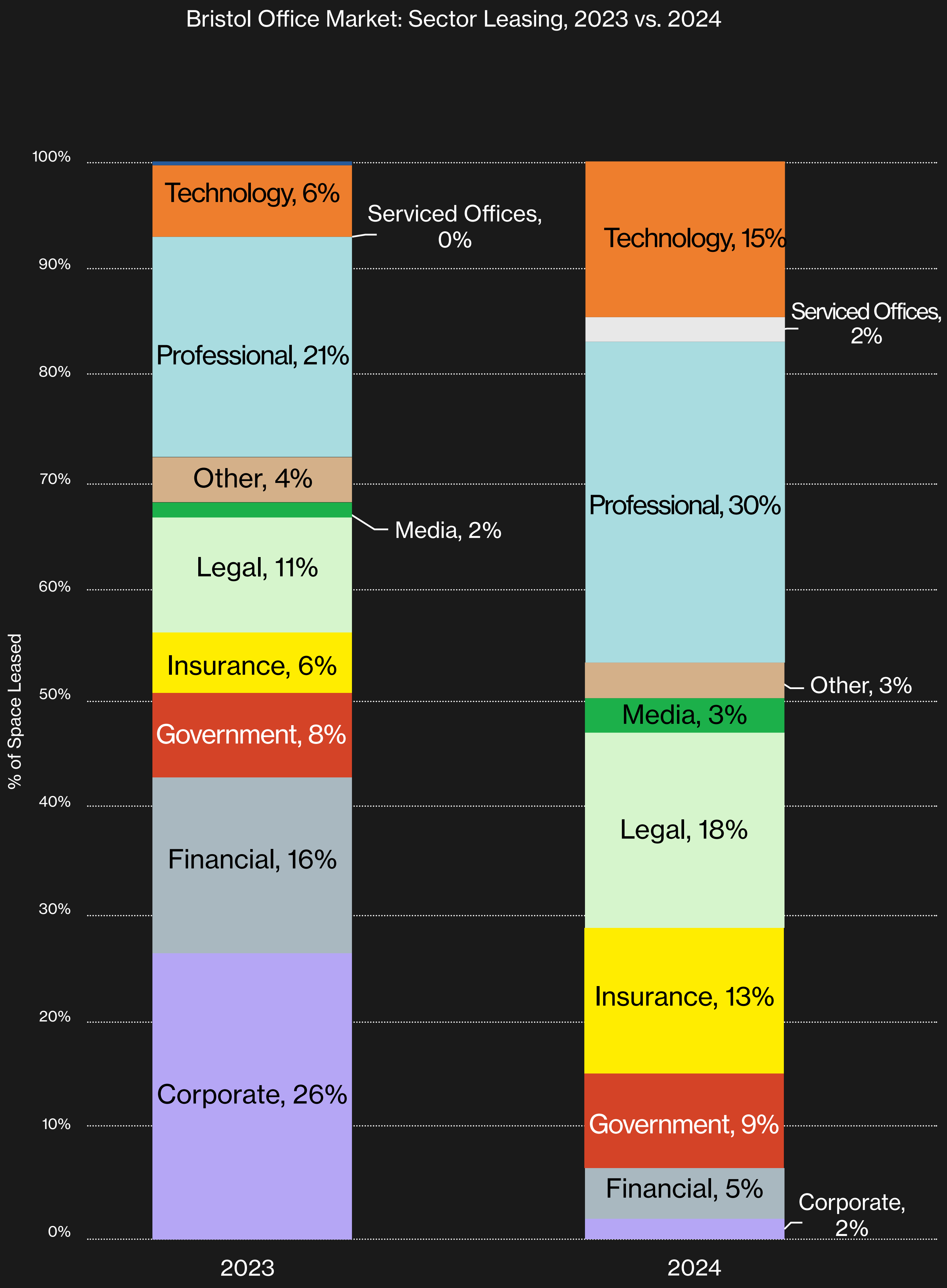
# Leasing

Office leasing across the Bristol city office market showed signs of recovery in 2024, with 449,811 sq ft transacted – an improvement on the previous year. However, a slowdown in the second half kept the annual total below the five-year annual average.

The decline was driven by multiple sectors pulling back on their leasing compared to the previous year. Corporate sector activity, which led leasing in 2023, nearly vanished in 2024, with just 5,712 sq ft leased. Financial sector leasing also more than halved, with the tech sector overtaking it. Instead, the professional sector dominated, accounting for 30% of total leasing, fuelled by a surge in mid-sized deals, while the legal sector recorded its highest share since 2020.

> *professional sector dominated, accounting for 30% of total leasing*

Despite lower-than-expected leasing volumes and some sectors pausing activity, Bristol remains attractive to businesses. In 2024, 99 deals were completed - above the five-year average - with firms committing to longer leases averaging 7.3 years. This trend suggests a potential rebound in the coming year as larger space requirements are satisfied.



# Availability

## Office availability climbs further in 2024 to

## 2M SQ FT

Bristol's office availability continues to rise, marking two years of consistent quarterly growth. Q3 2024 saw a standout 28% surge, driven by new developments and a slowdown in leasing.

In 2024, five best-in-class spaces were delivered, including EQ , Bristol's first net-zero operational building, and Assembly C, part of the Temple Quay redevelopment. These additions boosted Grade A availability by 12% in Q3 2024, before a slight dip in Q4 as leasing picked up, leaving around 502,000 sq ft available at the end of the year.

Although the vast majority of space available is secondhand (74%), there remains a good variety of options for occupiers in the Grade A bracket, with it being the case that the current level of Grade A availability is only 2% below the historic high recorded in Q3 2023.

# Rents

Bristol saw significant rental growth in 2024, with back-to-back increases in Q1 and Q2 pushing prime rents to £48.00 per sq ft, a 13% annual rise, the highest among the UK5 cities. This is notable given rents had held steady at £42.50 per sq ft from 2022 to the end of 2023. In the latter half of 2024 the prime rental level remained steady, but with the 18 months rent-free incentive being the lowest on offer among the UK5 cities, it retains its crown as the most expensive.

*rents are expected to hold at a similar level for the short term, given that it has been the case previously*

With no major developments set for 2025, rents are expected to hold at a similar level for the short term, given that it has been the case previously that rents in Bristol have tended to plateau for extended periods until a new development pushes the dial.

# Flexible Offices

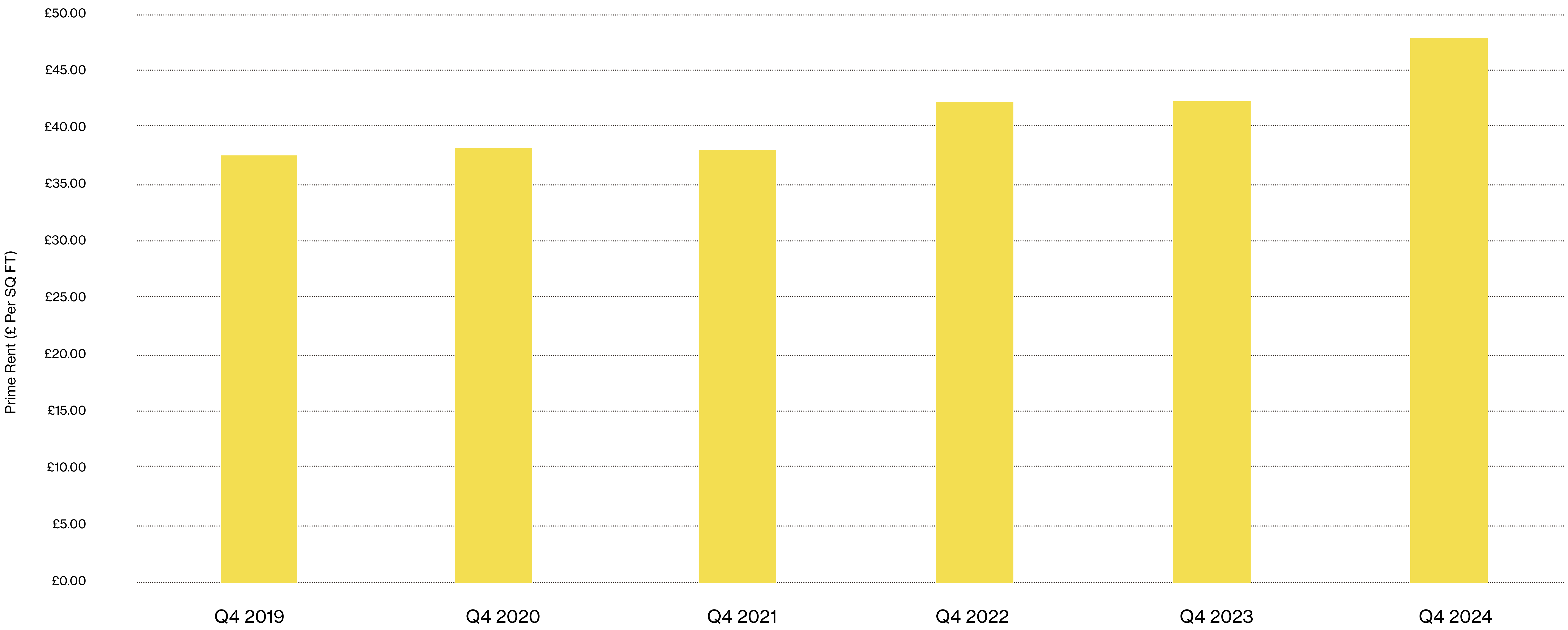
After over a year of stagnant desk rates, H2 2024 saw a return to growth, with Bristol the only UK office market to see price increases in both best-in-class (+13% to £450 pdpm) and Grade B spaces (+25% to £250 pdpm).

*providers are confident in the strength of demand for flex space in Bristol of all qualities*

These rises came despite a slowdown in providers securing new centres. What we can glean from this is that providers are confident in the strength of demand for flex space in Bristol of all qualities and as a result have felt comfortable to in shifting pricing upwards.

Unlike with traditional leasehold options where rents plateaued as leasing slowed, flexible workspaces are gaining traction, driven by businesses seeking high-quality space with greater lease flexibility. Providers are also capitalising on strong demand from startups, pushing up pricing even at the lower end of the market.

## Bristol Office Market: Prime Rent, 2019-2024



## Outlook

# Much of Bristol's future ***economic goals*** and ***development opportunities*** are anchored on the council and Mayor's ***regeneration*** plans for Temple Quarter.

These plans constitute a 25-year vision that covers 135 hectares and encompasses transport, housing, education facilities, and commercial space building upon Bristol's existing heritage and diversity.

Until shovels are in the ground, the plan remains aspirational. Developers are optimistic about future business demand, with major projects like Legal & General's Temple Island scheme and Royal London's next phase of Glassfields already in consultation.

In the meantime, Bristol's three Business Improvement Districts (BID) are proposed to be merged into one. These will open the opportunity of increased funding, streamlining support for businesses and strengthening the economy with a raft of proposed initiatives. BIDs are proving to be useful tools in engaging business communities and residents around the country, helping to make the locations attractive to both existing and new businesses.

From an office market perspective, leasing growth in Bristol in 2025 will likely depend on larger firms taking significant tranches of space rather than relying on smaller deals and general market churn. However, with no major transactions reported so far and companies like Dyson reportedly relocating staff outside the city as leases expire, a surge in activity seems uncertain.

High rental costs may be discouraging. Consequently, it is likely that leasehold rents will remain stable, while premium flexible office spaces will continue to attract tenants as desk rates remain reasonable in comparison to the rest of the UK5.

2024

# Glasgow

Office Market Snapshot

# Leasing

In 2024, Glasgow saw the most significant uplift in leasing of the UK5, increasing 50% on 2023 to 594K sq ft. This uplift is largely attributed to the resurgence of deals over 50,000 sq ft, a trend not seen since 2021, alongside steady demand from mid-sized companies.

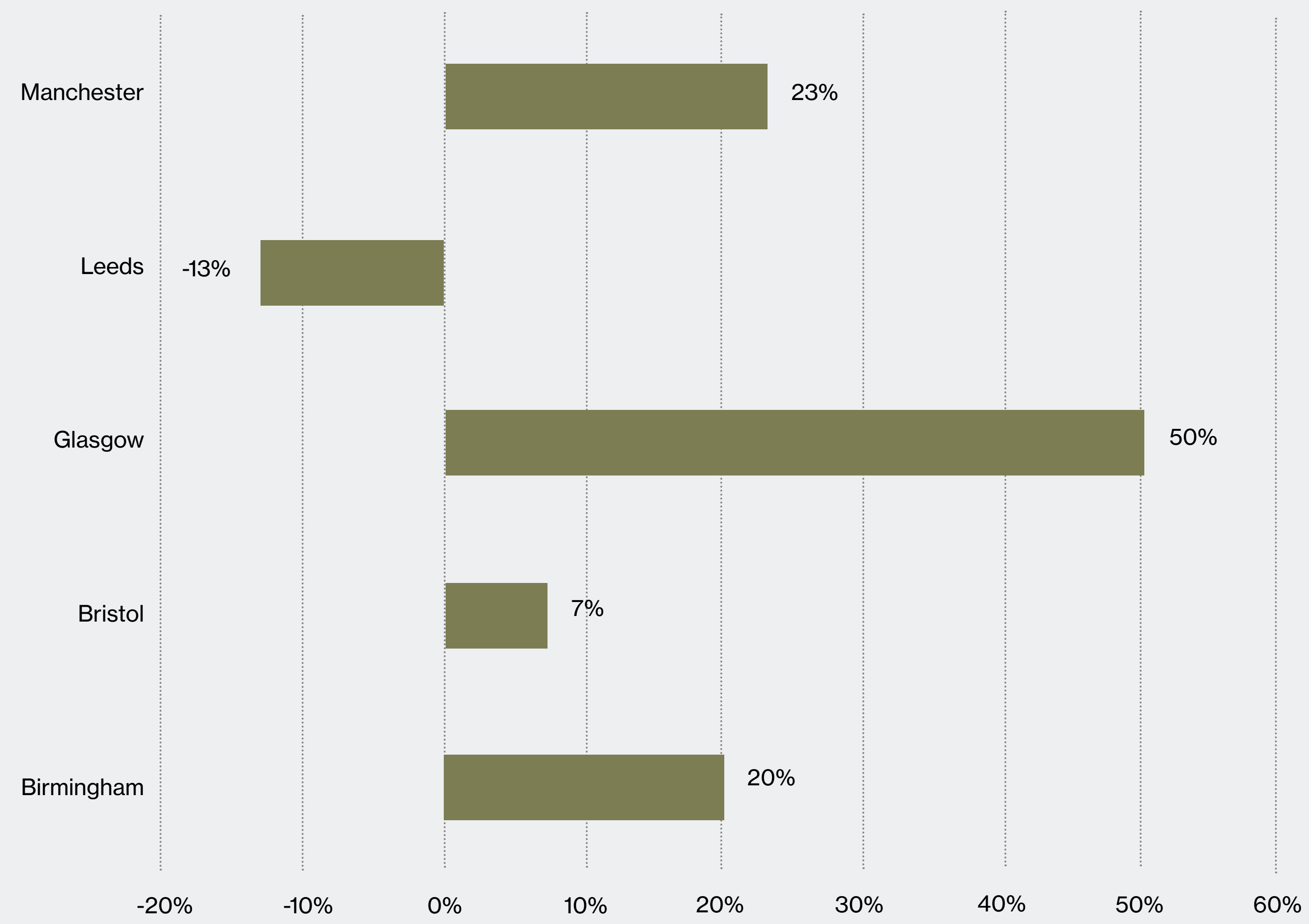
One notable transaction was made by Scottish and Southern Energy (SSE), securing space at Aurora, located at 120 Bothwell Street – recognised as one of Scotland's most sustainable buildings. In fact, three other deals have been recorded in this building in 2024 alone.

Similarly to Bristol, the professional sector continues to dominate leasing activity, marking the fourth consecutive year where this has been the case. However, Q4 2024 has also seen emerging sectors make their mark. Tech firms are now actively seeking larger spaces in Glasgow, with their total space leased doubling and the average deal size reaching 5,527 sq ft – the highest post-pandemic.

> ***larger deals have returned to the market***

Although it is clear that larger deals have returned to the market, it seems unlikely that this will turn into a long-term trend. While there are a number of occupiers in the Glasgow market with large requirements looking for space, there is a question mark around whether the city has the volume of Grade A space to satisfy searches over 50,000 sq ft.

The UK 5: Change in Space Leased (%), 2023-2024




# Availability

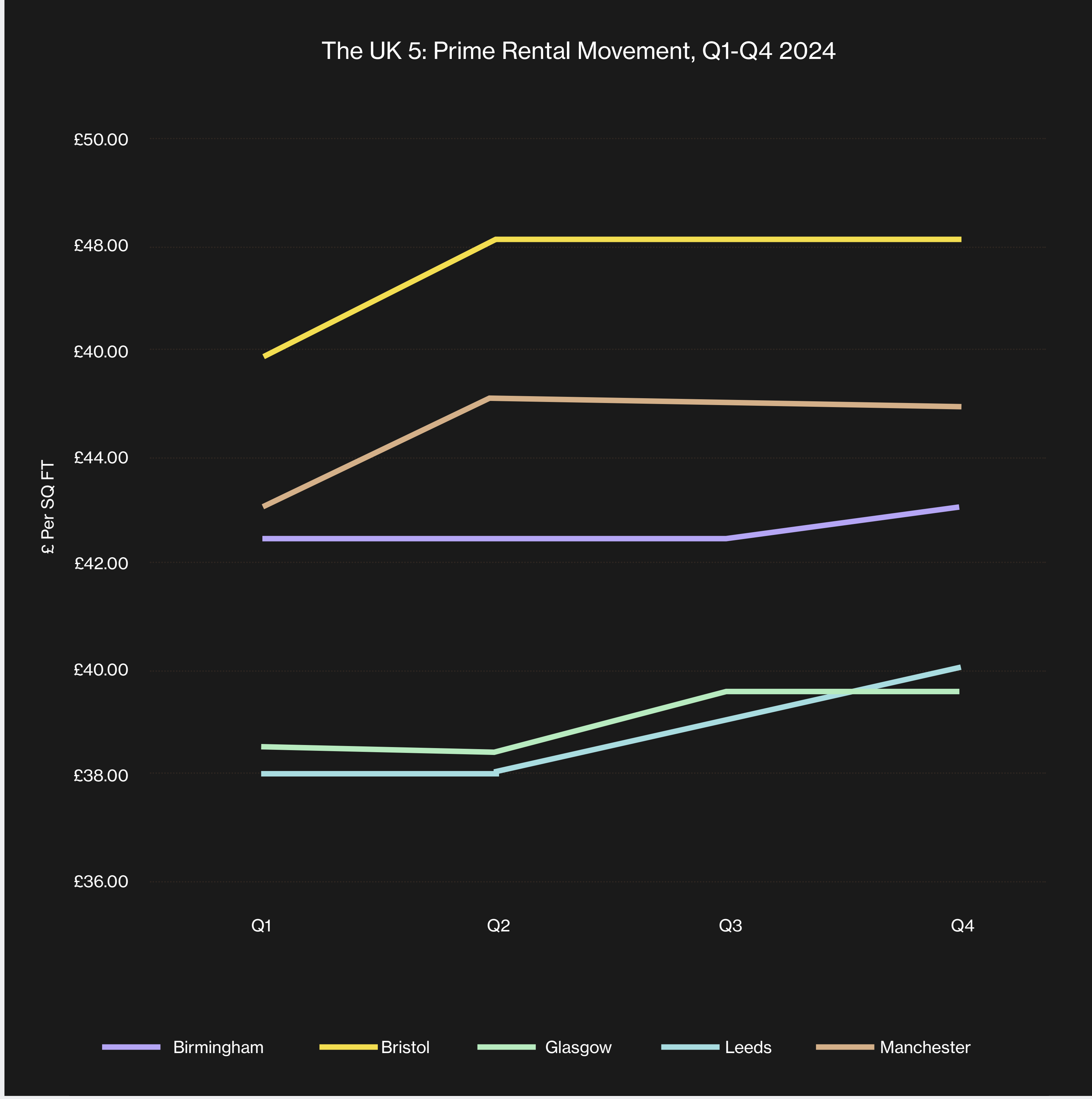
Q4 2024 marked the first quarter in nearly two years where total availability declined, albeit a minor drop. It is worth noting that the level is 31% up on the same point last year, suggesting we may have reached a peak.

In the latter half of 2024, Grade A office availability fluctuated, briefly rising in Q3 due to the completion of 1 Love Loan, a small office space under 10,000 sq ft and part of the wider Love Loan mixed-use development. This was completed only to see a 6% decrease in Grade A availability in Q4, to approximately 786K sq ft. This brings the Grade A share of total availability in Glasgow to 21%, which while not the lowest of the UK5 is still a low for the city itself, with this being the third consecutive quarter in which the share has shrunk by a percentage point.

> *What has stifled availability levels has been the relative lack of new developments*

What has stifled availability levels has been the relative lack of new developments, with still no major deliveries on the horizon. Throw in the impact of the 2024 leasing surge, and the prospect of large requirements securing space, it is understandable why there is some uncertainty in the market as to whether demand can be satisfied.






# Rents

Rents in Glasgow proved to be the most stable of the UK5 over 2024, growing by only 3% to £39.50 per sq ft. This growth is slower than the 4% average seen over the past five years.

Notably, as Glasgow's rents stabilised, Leeds has marginally surpassed Glasgow's rental prices for the first time since Q2 2023. This shift means Glasgow is now the most affordable regional city, with a generous rent-free offer of 21 months on a 10-year lease, bringing the net-effective rent down to £32.59 per square foot.

Looking ahead to 2025, we anticipate significant rental growth in Glasgow, driven by a limited supply of new developments and increasing competition for prime spaces.

# Flexible Offices

In the second half of 2024, Glasgow's desk rates held steady at an average of £325.00 pdpm, making it one of only two cities in our UK5 with stable rates for both Grade A and B spaces.

*The absence of new serviced office centres opening in Grade A buildings has limited any upward pressure on pricing.*

This stability follows a significant surge in desk rates at the end of 2023, with Grade A rates still 38% higher than last year, sitting at £450.00 pdpm. The absence of new serviced office centres opening in Grade A buildings has limited any upward pressure on pricing.

While tenants in top-tier serviced spaces are paying more than they did a year ago, they can find reassurance in the current stability of prices, with no immediate threat of large increases. In contrast, Grade B desk rates have remained unchanged at £200.00 pdpm for over a year, even with IWG's new centre opening at the prime secondhand building of 151 West George Street. This suggests that providers are hoping to not discourage those more nascent businesses with any rises in pricing.

**38%**

Grade A rates still 38% *higher* than last year, sitting at £450.00 pdpm

# Outlook

Glasgow is positioning itself for a transformative future with major investments in infrastructure, economic growth, and sustainability. The Clyde Metro promises to expand city-wide connectivity, unlocking a broader talent pool, while the proposed Glasgow Airport Rail Link aims to streamline travel. Meanwhile, the newly completed Govan-Partick Bridge is already enhancing local transport links.

*As the availability of commercial properties shrinks, we may soon see a shift in the rental landscape*

Economically, Glasgow is already attracting significant investment, including £200 million for the Scottish National Investment Bank, supporting key projects like advanced manufacturing. The thriving International Financial Services District continues to fuel the city's growth.

With bold developments in motion, Glasgow is cementing its status as a hub of innovation and sustainability. That being said, some developers are beginning to respond to the squeeze in office supply, with Santander looking to refurbish 301 St Vincent Street, which aims to deliver 200,000 sq ft of new space to the market. The fact that there are larger occupiers looking for high quality space should help to galvanise developers further.

As the availability of commercial properties shrinks, we may soon see a shift in the rental landscape, providing impetus for businesses to secure spaces at the earliest opportunity.

The relative stability of pricing for flexible office spaces is expected to make these a more compelling option for those businesses who are more used to traditional options but are seeking high-quality workspaces.

2024

# Leeds

Office Market Snapshot

# Leasing

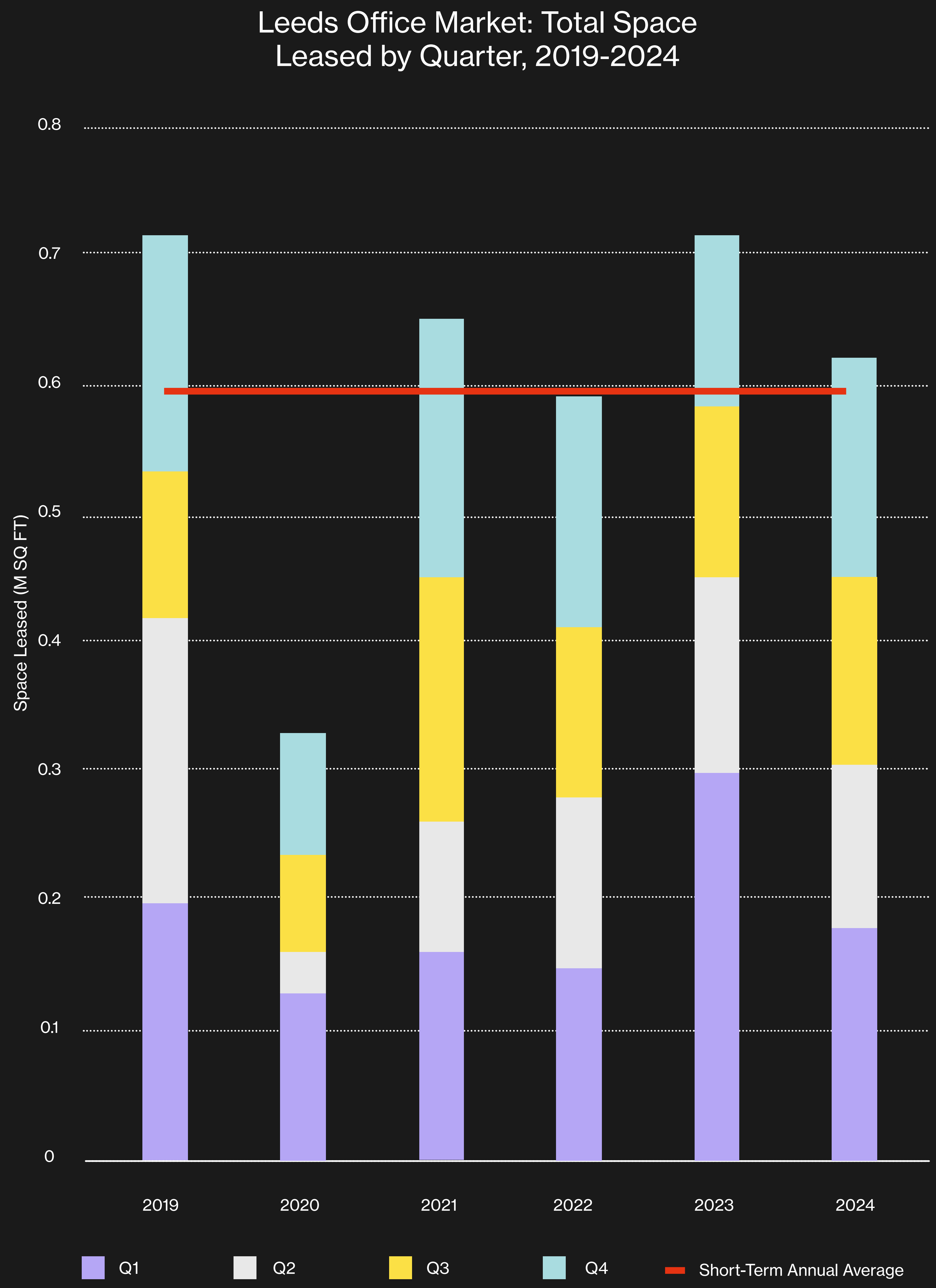
Leeds was the only UK5 city to see a decline in leasing activity in 2024, down 13% to circa. 619K sq ft on the previous year. Despite losing momentum, 2024's total still exceeded the five-year annual average by 3%, indicating resilience in the face of strong head-winds.

Looking at the data in more detail we can see that leasing was largely propped up by deals between 25K-50K sq ft, of which we saw ten transacted. This served to cushion the impact of the lack of deals over 50K sq ft this year. Despite this, the average deal size rose across the year to 6,384 sq ft, its highest since 2018.

*97 deals transacted last year, this figure represented a lacklustre volume since the onset of the pandemic*

With just 97 deals transacted last year, this figure represented a lacklustre volume since the onset of the pandemic.

Sector-wise, education providers led demand, leasing 18% of total space leased, while media and legal firms buoyed activity. In contrast, the financial sector fell by two-thirds, and corporate business take-up plummeted 72% year-on-year.



# Availability

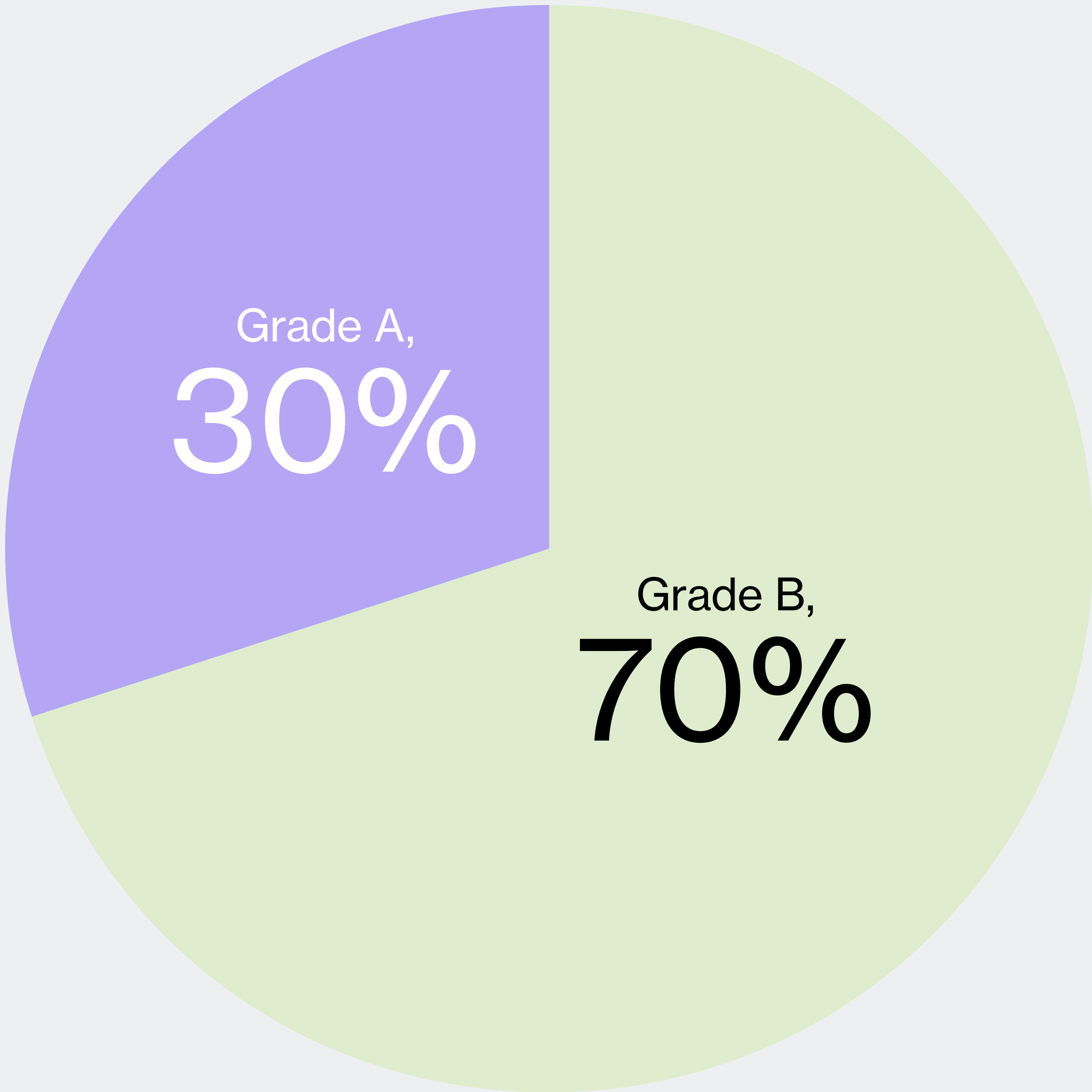
Leeds city centre's office market saw little fluctuation in availability through early 2024, but movement increased in the latter half of the year. Q3 saw a 4% drop in available space, followed by a modest 2% rise in Q4, boosted by the completion of Aire Park's 220,000 sq ft office space.

> *Grade A availability continued to decline, ending the year 14% lower than 2023*

Despite this, Grade A availability continued to decline, ending the year 14% lower than 2023 at 473,000 sq ft. However, with Grade A space making up 30% of total availability – the highest among the UK5 cities – there remains a strong mix of quality options.

If leasing activity picks up in 2025, the lack of large-scale new developments could tighten supply and put pressure on Grade A availability.

Leeds Office Market: Share of Space Available by Grade, Q4 2024




# Rents

In the first half of 2024, we reported that there was little rental movement but ***pressure was mounting*** as landlords for certain spaces were starting to push the threshold.

Well, the second half of 2024 was where we saw this filter through into rental growth, with an uplift of 3% recorded each quarter, pushing the prime rent from £38.00 per sq ft to £40.00 per sq ft.

While Leeds' annual prime rental growth (5%) was moderate compared to the rest of the UK5, the long-term shift is notable – prime rents have surged 33% over five years, the highest increase among its peers.

With premium spaces like City Square House now marketed at £42.50 per sq ft, further rises seem likely. This could narrow the gap between Leeds and cities like Birmingham, Bristol, and Manchester, bringing the difference between Leeds and these cities to an average of 6% lower as opposed to the current 12%.

# Flexible Offices

As leasehold rents in Leeds rose in H2, so did Grade A serviced office desk rates, climbing 8% from H1 to £430 pdpm. Providers, like Cubo at 6 Wellington Place (£425 pdpm), have increased prices at their top-tier locations, reflecting strong demand.

Meanwhile, Grade B desk rates have held steady at £200 pdpm for the past year, despite the appearance of new centres like x+why at Bridgewater Place and Wizu Workspace at One Embankment. While these are both good quality buildings, they both fall into the better-quality Grade B category, yet providers are continuing to keep desk rates at a lower level. This stability highlights two key trends: providers are confident in demand for premium spaces, allowing them to push Grade A pricing higher, while Grade B rents are being kept at a competitive level to attract cost-conscious tenants.


Image: Artistic impression by ADP

# Outlook

Central to Leeds' ***future vision*** is the development of the Innovation Arc, a 150-hectare ***connection*** of a series of hubs across the city designed to foster ***collaboration*** between academic research and entrepreneurial ventures, thereby positioning Leeds as a ***national leader*** in innovation.

In tandem, significant infrastructure projects are underway to enhance connectivity and support economic growth. The White Rose Railway Station, which has resumed development in 2025, will improve access to the White Rose Shopping Centre and surrounding business parks, facilitating smoother commutes and attracting further investment. Additionally, the Transpennine Route Upgrade aims to electrify and modernise the rail line between Leeds and Manchester, promising faster and more reliable services that are crucial for regional integration.

On a cultural note, the planned British Library North at the historic Temple Works not only seeks to preserve a Grade I-listed building but also establishes a cultural landmark that will inspire learning and creativity. Complementing this is the Aire Park development, set to create 8 hectares of green space and mixed-use facilities, enhancing community engagement. These initiatives are part of Leeds' broader commitment to inclusive growth.

Stimulating the growth of Leeds' more traditional industries remains high on the agenda for the city council, having hosted The Trade and Investment Opportunities in the Commonwealth conference, as part of which the Lord Mayor sought to push Leeds' financial, professional, tech and manufacturing sectors as strong opportunities for investment. Shining an international light on these sectors should prove beneficial for the leasing market, potentially creating greater impetus for setting up new regional bases in the city or encouraging those with existing bases to move closer to industry clusters.

Although the number of firms leasing space has been lower than in previous years, indications suggest that Leeds retains a vibrant and growing start-up community, with Leeds' City Council's Inclusive Growth Strategy 2023-2030 report suggesting that 10,000 start-ups are set up each year in the region. These firms belonging to new and emerging subsectors constitute a pool of demand that landlords will look to seize upon going forward. Much of this demand may be captured by the serviced office market rather than the traditional leasehold route.

2024

# Manchester

Office Market Snapshot


# Leasing

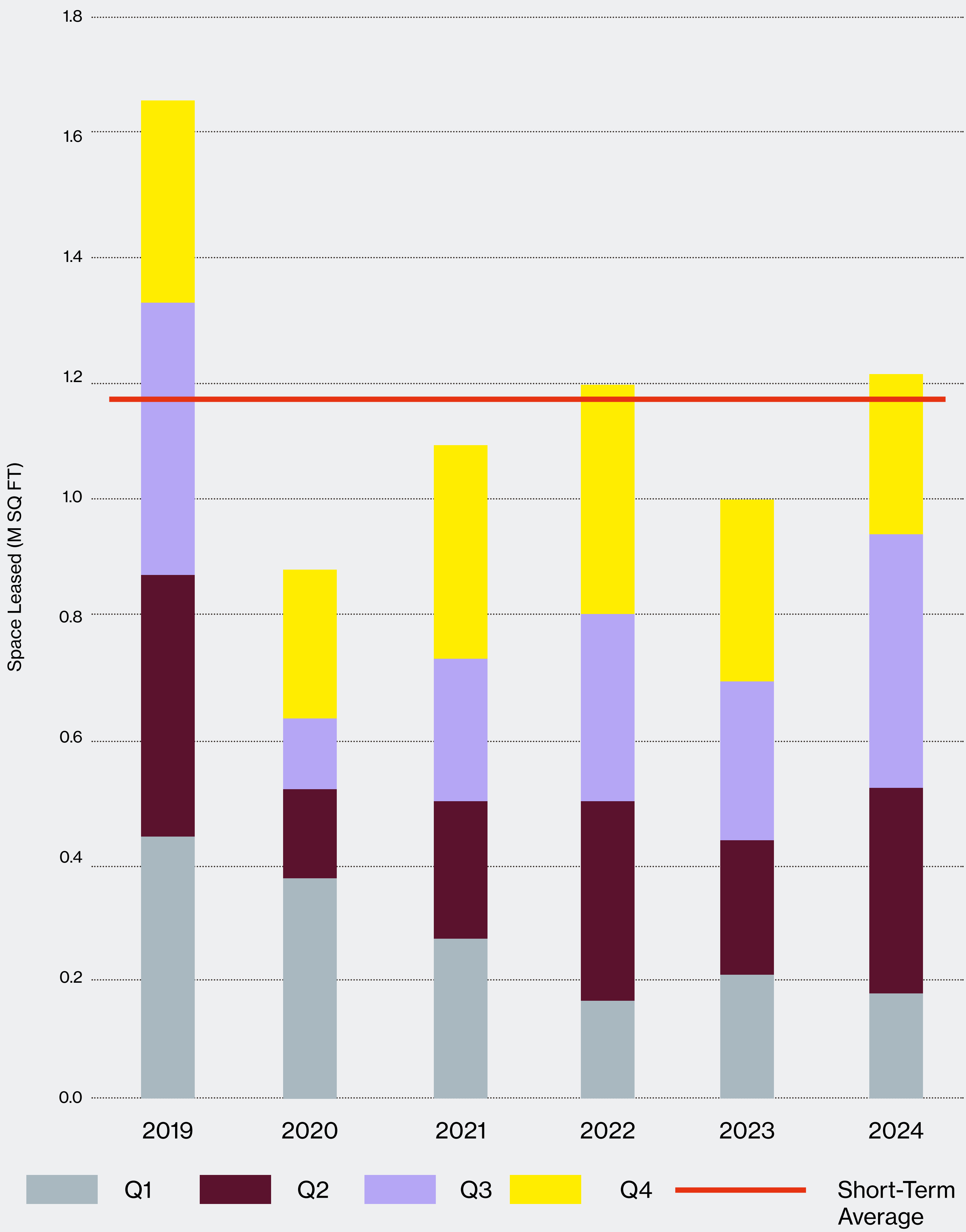
## Leasing momentum in Manchester ***surged*** into Q3 2024, with 413K sq ft leased – the ***highest*** quarterly figure since Q3 2019.

Although the pace slowed somewhat in Q4, leasing levels remained above the long-term average, pushing total leasing in 2024 to 1.2M sq ft, a 23% annual increase and a new post-pandemic high for the city.

The financial sector led leasing activity, accounting for 26% of total space leased, highlighted by BNY Mellon's significant 100,000 sq ft+ deal at NOMA, 4 Angel Square. This deal marked the return of mega deals to the market following their absence in 2023. The professional sector dominated overall deal numbers with 39 transactions, representing 34% of all deals.

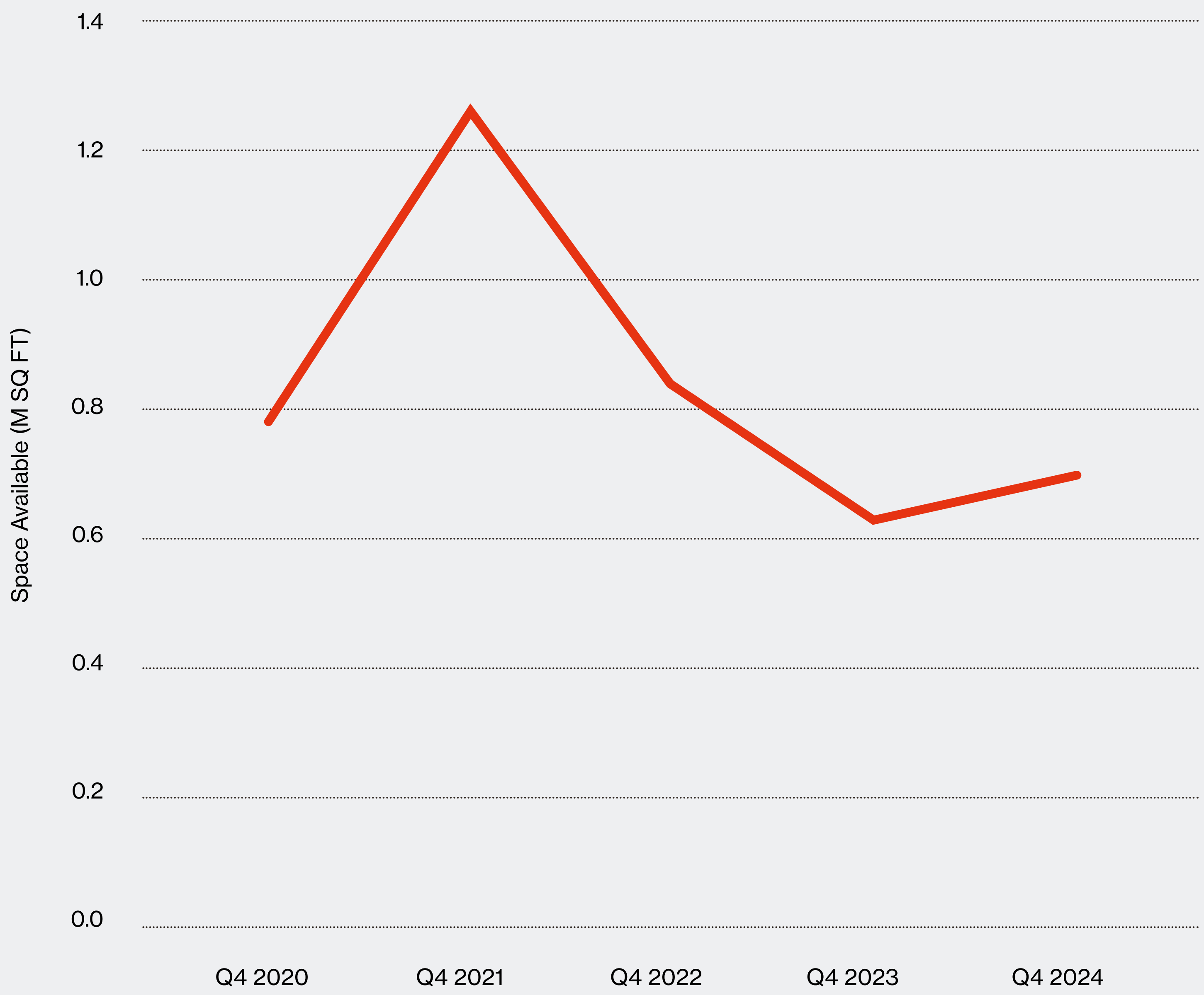
Leasing patterns have shown greater diffusion across Manchester's submarkets, with the Northern Quarter and Piccadilly exceeding their five-year average in deal numbers. The professional sector was the primary driver in these areas, with this also having been the case in the Salford Quays area, while core locations saw less leasing activity despite demand from various sectors.

Manchester Office Market:
Total Space Leased by Quarter, 2019-24





Manchester Office Market: Grade A Space Availability, 2020-2024




# Availability

Manchester emerged as a hub for office development in 2024, with five new projects completed. As such, despite leasing activity gaining momentum throughout the year, office availability was up 18% at the end of 2024. In turn, this brought the total to 4M sq ft – the largest volume among the UK5.

*office availability was up 18% at the end of the year*

Grade A availability has risen 10% since Q4 2023 but remains 8% below the short-term quarterly average due to a prolonged decline in 2022-23. While the market is improving, Grade A options are still limited compared to previous years.

Anticipated completions in 2025, such as Renaissance at 38 Blackfriars Street and the Rylands Building on Market Street, will add around 336K sq ft of new supply. However, heavy pre-letting activity, including the full leasing of Relentless' No.1 St Michael's, suggests that competition for high-quality space will remain intense.

# Rents

Having overtaken Bristol as the most ***expensive*** office market among the UK5 in 2023, 2024 saw Manchester slip back into second place as its own pace of ***rental growth slowed***.

Beginning the year at £43.00 per sq ft, rents then rose to £45.00 per sq ft in Q2 2024 but have since stagnated. To soften this prime rental growth, rent-free incentives on a 10-year term have remained generous at 24 months, bringing the net-effective rent to only £36.00 per sq ft.

***Beginning the year at £43.00 per sq ft, rents then rose to £45.00 per sq ft in Q2 2024***

While Manchester remains the second most expensive city, it has experienced the least rental growth among the key regional cities over the past five years, up only 20% compared to an average of 27% in the other cities. As such, while the higher rents may curtail new entrants to the city, those occupiers who already have space in Manchester will take comfort that rents have not risen quite as significantly.

# Flexible Offices

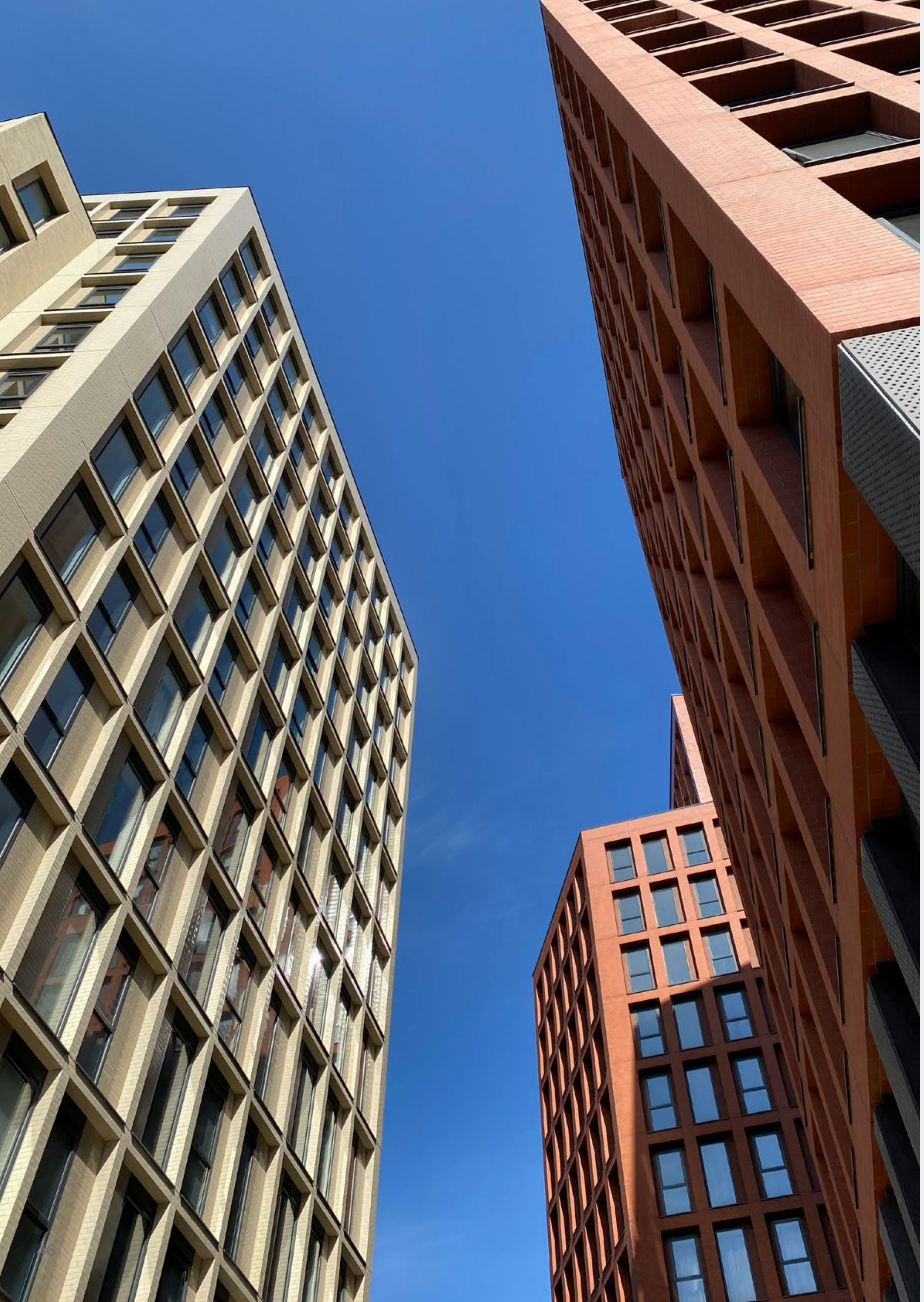
Desk rates for both the ***best-in-class*** Grade A spaces and the secondhand spaces ***remained stable*** in Manchester in the second half of the year.

This is unsurprising when it comes to the very best quality spaces, as Manchester continues to register the highest Grade A desk rates of the UK5 at £550 pdpm.

***Manchester continues to register the highest Grade A desk rates of the UK5 at £550 pdpm.***

While this stability may offer some reassurance to those seeking premium options, it's important to note that top-tier desks are often available for much lower rates. For instance, Koba at 100 Barbirolli Square offers desks at £450 pdpm, significantly below the market high, despite being recognised as the UK's most sustainable serviced space with the first WELL Coworking accreditation.

Furthermore, for those occupiers that are willing to dip into the better quality secondhand market, now constitutes a good opportunity to take advantage of serviced options. Following a revision downwards in Grade B pricing over the first half of the year, providers have maintained the £229.00 pdpm low level in the latter half of the year. Now that providers are looking to attract occupiers for their secondhand options, there are savings to be made for those occupiers who can strike that balance of finding a space that works for them without moving into the Grade A category.



# Outlook

## Manchester's economic outlook is marked by ***significant growth*** and ***strategic development*** across various sectors.

The city has consistently outpaced national economic growth over the past decade, with a 2.8% increase surpassing the London and UK average. The continuation of this growth is being backed by the recent announcement of the Greater Manchester Mayor's £10 billion "Growth and Prevention Delivery Plan," which aims to invest £1 billion annually over the next decade in housing, transport, and innovation, potentially creating tens of thousands of jobs and bolstering Manchester's status as an investment hub.

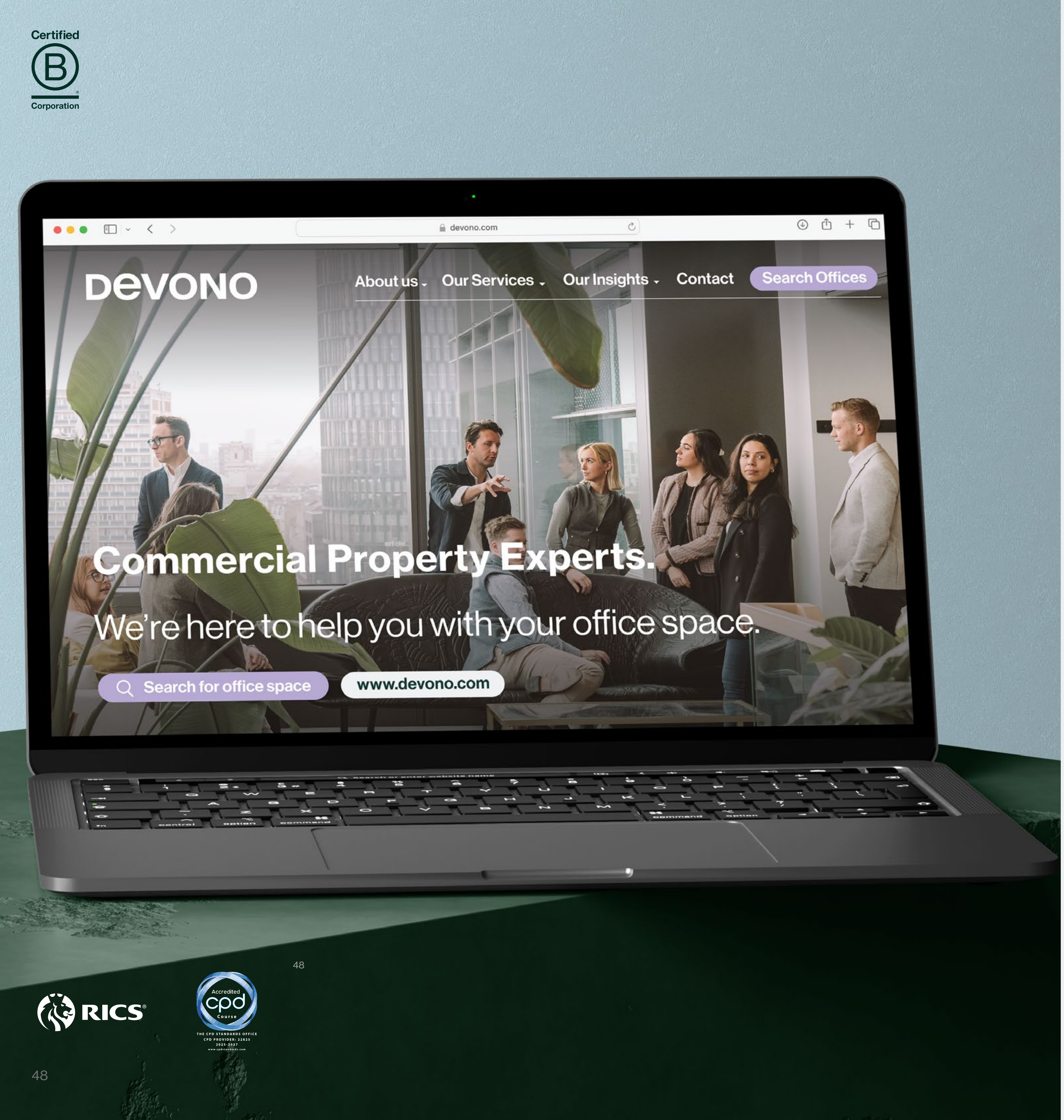
***The city has consistently outpaced national economic growth over the past decade, with a 2.8% increase surpassing the London and UK average***

Manchester's cultural and leisure aspirations are focused on enhancing the city's vibrant arts and heritage scene. The city plans to invest in significant projects, such as the ongoing redevelopment of the Manchester Museum and the Whitworth Art Gallery, which will expand exhibition spaces and improve visitor experiences. Additionally, the introduction of new venues like the Factory International, and Co-Op Live Arena have opened Manchester up to hosting more performances and events. Manchester also aims to increase its capacity to host international events, including the Manchester International Festival and the UEFA Euro 2028 Championship, further solidifying its status as a cultural capital.

Plans to create more green spaces, such as the transformation of the city's parks and the development of the River Irwell waterfront, will promote outdoor activities and community gatherings for businesses and residents alike.

As Manchester's leasing activity surpasses previous annual levels, the slight slowdown in momentum during Q4 dampens future leasing expectations. However, early indicators for 2025 suggest this is unfounded and leasing has continued on an upward trajectory, with significant deal activity already reported in early 2025, supported by a robust pipeline of new developments.

Manchester's commitment to office space extends beyond the short term, particularly with the planning of Sister's (formerly ID Manchester) Zone C, which aims to deliver 500K sq ft of flexible commercial workspace. This investment zone is designed to generate new jobs in key sectors like science and technology, positioning offices at the centre of Manchester's economic growth strategy. Located in the Piccadilly submarket, such initiatives will drive activity beyond the city core, a trend we anticipate will continue into 2025.




# About Devono

Devono is the UK's leading occupier-only advisory firm. We specialise in advising businesses of all sizes and sectors, on commercial real estate solutions that best support their wider business objectives.

A significant part of our role is helping our clients to understand and define their occupational requirements. We take into account key factors including talent challenges, headcount forecasts, operational priorities and cost considerations, to help craft a brief that is not only fit for purpose today but will also deliver a sustainable occupational footprint moving forward.

Our ultimate goal as an organisation is to navigate real estate opportunities in such a way as to positively influence a company's culture, productivity and financial performance.

## Our Services

- Office Agency
- Service Charge Consultancy
- Workplace Consultancy
- Design & Build
- Dilapidations & Building Surveys
- Occupier Disposal
- Rent Reviews
- Flexible Office Agency
- Managed Offices

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