# Savills reports some positive momentum for Q1 as Q4 take-up volumes increase 4% across Big 6 regional office markets

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The Big 6 regional office markets (Birmingham, Bristol, Edinburgh, Glasgow, Leeds and Manchester) recorded overall office take-up of 3.4 million sq ft in 2023, down 15% yoy.

This is in line with future occupier expectations as businesses prioritise higher quality office space and flexibility driven by hybrid working, according to the international real estate advisor Savills. There was positive momentum in the final quarter with take-up of 932,000 sq ft showing a 4% increase on Q3 2023 and there are already c.2.5 million sq ft of Grade A requirements in the market.

Bristol, Birmingham, Leeds and Edinburgh all reported quarterly growth in take-up in the final quarter. Bristol completed the largest deal of Q4 with Dyson acquiring 66,000 sq ft at 1 George's Square resulting in Q4 take-up totalling 193,000 sq ft, 150% above Q3 2023 and 74% higher than the same period in 2022. Birmingham recorded its highest Q4 take-up total since 2019, reaching 240,000 sq ft., 83% above Q3 take-up and Edinburgh's Q4 take-up was 19% higher than Q3. When looking at full year take-up, Leeds saw its highest take-up since 2019 principally due to the 124,000 sq ft acquisition by Lloyds Bank at 11 & 12 Wellington Place in Q1 2023, the largest deal of 2023.

Edinburgh (12%), Manchester (8%), and Glasgow (3%) all reported rental increases in 2023 as demand for prime stock outstrips future development pipeline, in spite of subdued demand when all Grades are considered. Edinburgh and Manchester have the highest prime rent of all Big 6 regional cities at £43 per sq ft, an 8% increase on the highest rent in 2022.

James Evans, head of national office agency at Savills, says: “While there have been some pockets of positivity, overall take-up across the regional office markets was down compared to 2022 which is partly a consequence of occupiers rightsizing as well as inevitable pressures associated with the economic cycle. The UK office leasing market saw positive momentum building with Q4 2023 take-up up 4% on the previous quarter. As we look to the year ahead, we can see there are significant requirements for prime offices in most regional markets and this, in turn, will continue to drive rental growth. The major barrier to further take up acceleration will be wider economic challenges that may stifle decision making particularly where significant capital expenditure is required.”

Mark Walsh, EMEA Head of Corporate Account Management, Global Occupier Services at Savills, adds: “We’re seeing many occupiers having a clearer understanding of their real estate requirements post-Covid. Businesses continue to focus their leasing requirements on Grade A offices which have excellent ESG credentials. This has been driven by the desire to satisfy employee needs and ensure staff return to the office in addition to supporting wider corporate sustainability ambitions.”