

Savills forecasts indicate Birmingham prime office rents will increase 13% by 2028

2 years ago



According to [Savills](#) research, office take-up in Birmingham reached 203,385 sq. ft in Q1 2024, a 32% increase on Q1 2023, and up 11% and 19% against the five and 10 year average respectively. The largest deal of the quarter was a pre-letting at Typhoo Wharf, where BBC has taken 84,000 sq. ft.

Savills research reveals that Grade A take-up accounted for 84% of the total take-up in Q1 this year, which is the highest proportion since 2020, representing the continued flight to quality from occupiers in the city and ongoing demand for high quality space in the most connected locations.

This strong appetite from occupiers, combined with a shortage in supply of prime space in the city, has meant a headline rent of £42.50 psf is now firmly established with Savills anticipating it will rise to at least £43.50 psf by the end of this year and potentially further for pre-let commitments. Looking ahead, forecasts indicate prime rents will consistently reach £48 psf by 2028, reflecting further expected growth of 13%.

In Q1 2024, the technology, media, and telecommunications (TMT) sector accounted for 47% of take-up, while public services, education and the health sector represented 33%. Notably, the education sector accounted for 44,670 sq. ft of the total take-up owing to a single deal with University College Birmingham at Centenary Square, Baskerville House, underlining the city's increasing appeal and investment in this sector.

Ben Thacker, Director in Savills Birmingham Office Agency team, comments: "The increased take-up in

Birmingham's office market, combined with the diversification in its occupier base, demonstrates the city's continued strength as a key business destination.

The steady rise of the education sector is already creating an influx of new talent into the economy, which is reflected in the high graduate retention levels, and also provides landlords with an additional avenue of prospective occupier demand. The significant letting to the BBC in Q1 will bring a welcome boost to the city's appeal to the creative and media industries. As we head into the second half of the year, we expect this pattern to continue with occupiers increasingly mindful of reducing availability and a limited pipeline of new developments coming through."