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MORTONS MARKET MONITOR – H1 2025

City centre holds steady while out-of-town deals boost total H1 take-up

Two major deals and a new headline rent benchmark in North Bristol might well have grabbed the property market headlines in the first half of 2025, but the city centre also saw steady take up, a record headline rent and a dip in the total space available.

Economic sentiment acted briefly as a brake on activity heading into the start of the new tax year, as businesses paused to assess the impact of the increase in NI contributions and potential fallout from the threatened "Trump tariffs", but recovered as the second quarter wore on and business confidence returned as the TACO effect played out…

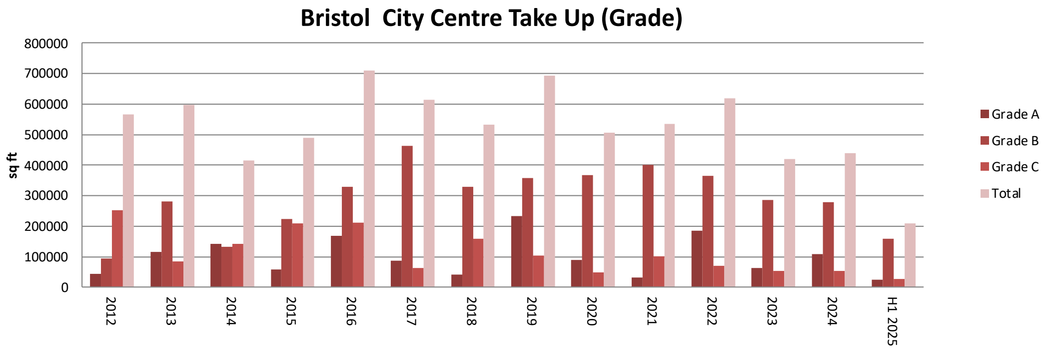
In the end, Q2 was particularly strong, with 262,600 sq ft being let across the city: the second-best quarterly activity in the last decade.

Moreover, although inflation has moved up slightly, the trajectory of interest rates still appears to be downwards rather than upwards, and this is encouraging employers to move forwards with their occupational plans.

Occupiers remain resilient, securing prime office space at premium rents against a back drop of tightening supply.

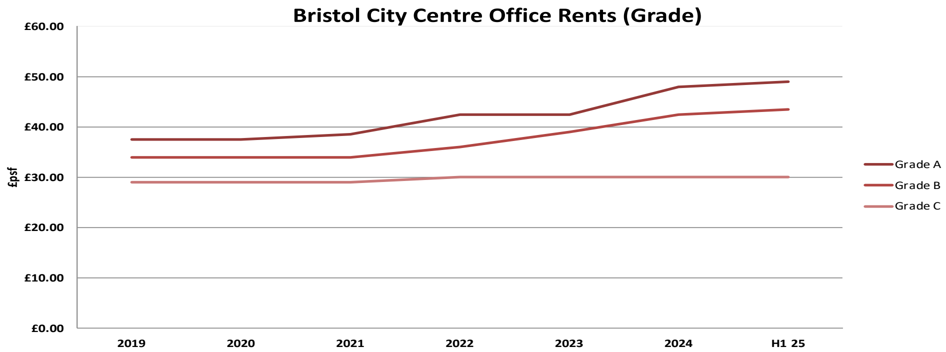
City centre

City centre take up across H1 was very slightly behind the 5 and 10 year averages: 20 deals were completed in Q1 with a total take up of 92,995sq ft, and a pyramid of 25 further deals went over the line in Q2, totalling 118,658sq ft.



That brought the H1 total to 211,653sq ft, with a number of other notable deals still in prospect for the coming months. With supply of new Grade A existing space constricted to just 183,000 sq ft, the city centre saw a record headline rent for Bristol: Unite's move to 22,000 sq ft of new build space at Tristan Candour's Welcome Building was transacted at £49psf. This also represented a new benchmark for the UK's regional cities. A further deal at £50.00psf is under offer which should complete in 2025.

Rents for newly-refurbished Grade B+ offices with good end-of-journey and wellbeing facilities remain buoyant at around £45psf, demonstrating that occupiers recognise the calibre of the space on offer. In fact, the largest city centre deal of the first six months of the year was OVO's acquisition of 22,892 sq ft at the newly-refurbished The Crescent and there were five further deals above 10,000 sq ft.



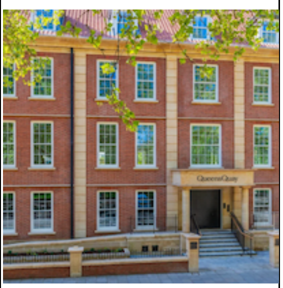
Across the city centre, the move to "smaller but posher space" continues, with employers still keen to attract and retain talent as well as encourage their staff into the office – recognising the advantages of end-of-journey facilities such as showers, gyms, changing facilities and breakout communal breakout areas, as well as business lounges.

Hybrid Working, meanwhile, has settled down to a 3:2 split in favour of the office. But what does that mean for occupier requirements?

Well that's where it gets interesting, because the amount of space currently taken by tenants typically still reflects the historic 1:100 sq ft desk ratio. Yes, there may be fewer employees in the office full time (and so less permanent desking is required) but occupiers are using the additional space to host amenities in order to make their workplace more appealing – as part of their recruitment strategy in a market still tilted towards applicants and to attract staff back into the office.

Supply

The practical completion of the Welcome Building means that there are now no new developments on site in Bristol city centre. Moreover there are only three major redevelopments on site, namely One Georges Sq (65,683 sq ft), The Friary (59,934 sq ft), and Embarq (formerly Redcliff Quay) (60,436 sq ft) all of which are due for practical completion in Q1 26. Recent completions include Abrdn's Queens Quay, CEG's Crescent, Schroders One Redcliff, together with Credit Suisse's 3 Rivergate.

				
Queens Quay	One Redcliff	3 Rivergate	Crescent	1 Georges Sq

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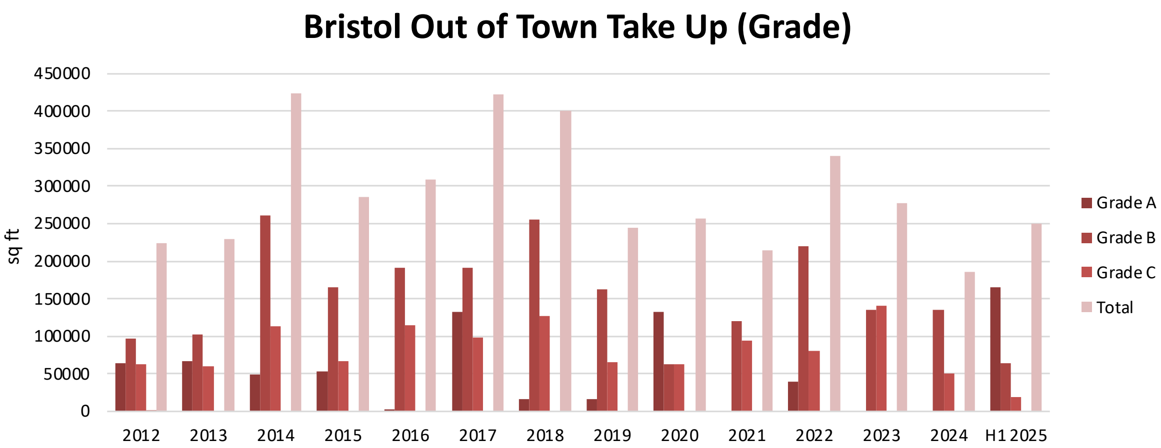
Together, these buildings will meet anticipated demand in the near term, but a severe shortage of supply is anticipated within the next two to three years unless more schemes come forward soon. It is notable that many occupiers do recognise this issue and are starting to review their requirements well ahead of lease events. This opens up the possibility of a bundle of pre-lets encouraging a developer to start on site at one of the plethora of sites in the city centre with planning consent.

The two largest requirements in the mid-to-longer term – Burges Salmon and Hargreaves Lansdown – continue to review their options.

Out of town

While North Bristol has long lingered in the shadow of the city centre market, their roles were markedly reversed in H1.

The out-of-town take up was in line with the average figures for this period, with 107,780 sq ft transacted in Q1 and 143,970sq ft in Q2 – combining to give a H1 total of 251,750sq ft.

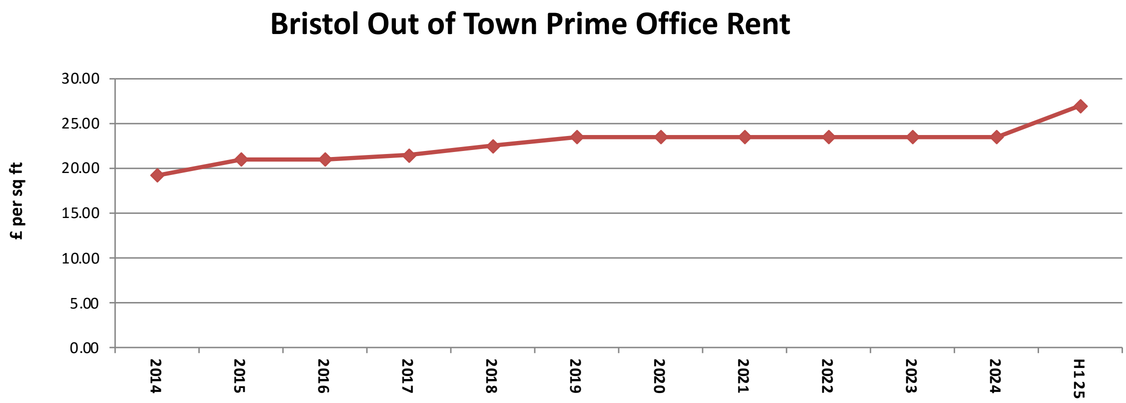


The stats were buoyed by the two largest out-of-town deals in the last five years completing in the first six months of 2025: in Q2, Rolls Royce relocated to Bristol Business Park, with Babcock sub-letting 87,600 sq ft of surplus space to them, overtaking EDF's earlier move to 78,284 sq ft at 1000 Aztec West.

	
Bristol Business Park 100A	Aztec West 1000

While these are both significant deals for the market, and amplify the sector-specific demand for out-of-town space, there were relatively few mid-size deals to support them: only one other deal edged past the 10,000 sq ft mark, raising some concerns about out-of-town take-up for the rest of the year.

More positively, the £27.50psf agreed for CEG's comprehensive refurbishment at 1000 Aztec West marked an important milestone for the out-of-town market: it was well above the typical rental of £23psf for good quality space in North Bristol, and an encouraging endorsement for landlords considering breathing new life into existing stock.



The prospects for H2

Looking into H2, the constriction of Grade A supply in the city centre is likely to result in any deals on new space edging up to, or past, the £50psf mark in terms of headline rents.

That said, there are a good number of refurbished opportunities available in all grades of specification and at various price points, providing an overall balance of supply and demand in the market and offering occupiers looking to move a reasonable array of options.

The keynote message: demand for quality office space remains strong in Bristol city centre, underscoring confidence in the market. And those developers and landlords bold enough to defy the scarcity trend and deliver new stock stand to benefit most—positioning themselves as tomorrow's winners.

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