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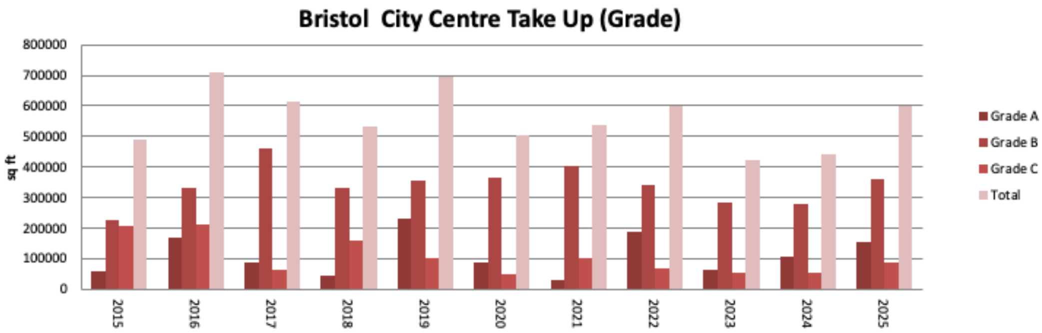
MORTONS MARKET MONITOR – 2025

Strong H2 seals a very good year for Bristol Office Market

2025 ended on a high for the Bristol office market, with several sizeable deals together with a host of smaller ones helping to make it the best year since 2019.



In the city centre, some 227,767 sq ft changed hands during Q3, with a further 164,699 let in Q4. H2's aggregate of 392,466 sq ft transacted comfortably dwarfed H1's total of 211,653 sq ft.

That brought Bristol's city centre take-up for 2025 to 604,119 sq ft across 111 deals, while the out-of-town market generated a total annual take up of 332,371 sq ft. That meant that both the city centre and out-of-town markets topped their five- and ten-year averages.

The decision by Hargreaves Lansdown, in Q3, to move to the Welcome Building from its long-established base on Harbourside represented the biggest new letting across both markets during 2025: they took some 90,362 sq ft over three floors at a rent of £47.50 psf pa.


The Welcome Building


One Glass Wharf

Another significant deal for the city centre came in Q4 when Burges Salmon renewed their lease for 160,000 sq ft for a further 15 years at 1 Glass Wharf – as well as taking on the remaining 41,565 sq ft in the building, bringing their total occupation to 216,000 sq ft. They plan to sublet space surplus to their requirements.

The building is 25 years old, but its open plan design and big floor plates will readily allow it to be brought up to modern tenant requirements by landlords Mapletree. Its location, overlooking Temple Meads and close to the water, are also big pluses in today's market.

Occupiers taking additional space might appear contrarian in the current market: after all, most have been looking to reduce their footprints in recent years because of hybrid working – typically by 20%.

But that particular tide now appears to have turned. While overall staffing levels across the city have been fairly static of late, good candidates are still very much in demand; alongside that, there has been a growing recognition of the advantages of having staff working together in an office.

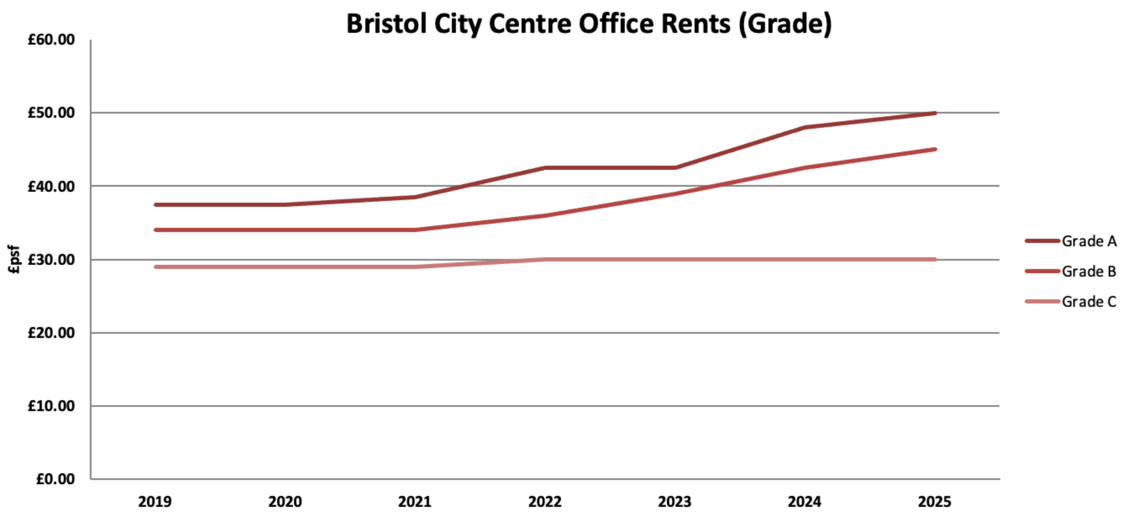
This has encouraged employers to look increasingly to incorporate collaboration and break-out spaces in their requirements as well as ticking ESG boxes such as end-of-journey and well-being facilities that will encourage their staff to come into the office.

Another notable trend is that this year's take-up stats have been heavily weighted towards the professional services – in particular, the construction and defence sectors – rather than tech and creative businesses.

Rents

What tenants are prepared to pay will always reflect the balance between supply and demand, as well as confidence in the economy. But the flight to quality also continues – a recognition that occupational costs are a small part of an organisation's total outgoings… and a good quality working environment can be pivotal to attracting and retaining talent.

Rents hit a new Grade A highwater market in Bristol at £50psf (for 8,458 sq ft at EQ), while top-quality, newly-refurbished space was not far behind at £45psf. Bristol is also now out in front in the regional markets in terms of headline rents.



The demand for lower quality space is a bellwether of the economy: when that is stuttering, some businesses will look to downgrade their space to save money in order to stay afloat. We are not, as yet, seeing that trend in Bristol.

That is helping to widen the gap to rents commanded by buildings that do not meet all tenant requirements, retreating down to around £25psf for older, Grade C stock.

Supply

Over the last year or so, an ongoing concern has been the lack of shovels in the ground on new sites: for anyone now wanting existing new Grade A space over 10,000 sq ft, their options are limited to a mere 26,300 sq ft at the Welcome Building: the lowest level for at least a decade.

The reluctance from developers to press "go" on one of the ten sites in the city with detailed consent is understandable: rents might well be at a record high… but so too are yields. Investment transactions on new build office stock in Bristol dried up in 2025, and the last deal was for EQ at the end of 2024, reflecting 7.25%.

The issue of viability is not confined to Bristol, and is further exacerbated by rising build costs – especially on constrained city centre sites.

From a developer's perspective, rents will need to move up and/or yields move in during 2026 to break the holding pattern… but both do seem more than likely on current trajectories. A sizeable pre-let might also be required, or we might be at the point in the property cycle where a developer (possibly with "patient capital" in place and/or land that is not earning any money) decides to take a contrarian stance and start building speculatively.

That said, if someone decide to go ahead now, no new Grade A space will be available in Bristol city centre until at least 2028/29… leaving the door ajar for high quality refurbishments.

The only high-quality redevelopment due for PC during H1 2026 is The Friary – and they are quoting between £55 and £60psf for the 60,000 sq ft available, buoyed by the lack of competition at this level.

The Friary

Jockeying for position after that are a series of other refurbishments, including: 1, Georges Square in Finzels Reach (65,683 sq ft); Portwall Place (150,000 sq ft of redeveloped space plus 4,000 sq ft of new roof terrace space); and Canningford House (61,889 sq ft) in Victoria Street. Also waiting in the wings is Soapworks (150,000 sq ft).

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Portwall Place

Kinrise, too, are bullish about redeveloping the 140,000 sq ft they have acquired at the former Lloyds HQ, now rebadged “Canons Wharf” with recently approved funding.

Canons Wharf, Harbourside

Demand

So, what might all this mean for any business looking to move into the city, or coming to the end of a lease and needing to move?

Yes, options for larger requirements are limited at the moment for, say, a 30,000 – 40,000 sq ft let. However, The Friary would be able to accommodate that towards the end of this year… and deals of that size are not that common these days anyway. (This year was the exception that proved the rule!)

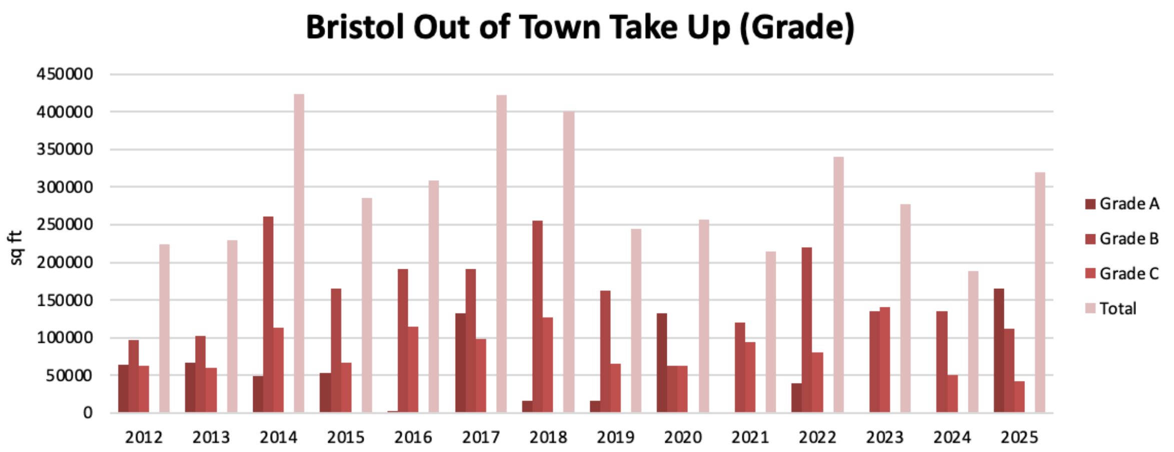
Larger occupiers have also got the message that, in a market where the pipeline is constrained, they need to plan several years ahead, talk to an agent and size up their options.

Moreover: most tenants in the Bristol market are looking for between 5,000 and 10,000 sq ft – and the city centre has a good spread of options available at present across a wide range of specifications.

Out of town

As stated earlier, out of town also had a good 2025 – albeit, it was distinctly a year of two halves.

H1 saw 251,750 sq ft transacted, buoyed by two mega deals at 1000 Aztec West (EDF taking 78,284 sq ft) and 100A Bristol Business Park, with Rolls Royce subletting 86,648 sq ft from Babcock at a rent of £23.50psf).



H2 was very much a return to normal levels of trading: Q3's biggest deal was Kier Construction agreeing terms on 8,977 sq ft at 155 Aztec West, while Q4's high point was only slightly larger: Solution Property taking 9,874 at Vantage Office Park.

Rents out of town did reach a new benchmark in 2025 of £27.50, following CEG's high-quality refurbishment of 1000 Aztec West; but whether that is enough to tempt other landlords in North Bristol to go down the same route remains to be seen.

The quality of a building and its amenities is only half the story: staff also want the buzz of an urban environment and public transport on hand.

YTL is looking to square that particular circle at Brabazon. The 400-acre site is being masterplanned as a modern urban environment – with homes, leisure facilities, cafes, gyms and other resources on a landscaped site with its own lake. It will also be home to the new 20,000-seater YTL Arena.

Part of the mix will be workspace, with 2027 penned in for the PC of "The Interchange" – 86,500 sq ft of speculative Grade A space constructed over seven floors above the new transport hub. A further 120,000 sq ft of speculative space is pledged for midway through 2028 at the site's A38 gateway, above a new Waitrose.

The Interchange, Brabazon

Rents here are expected to be in the £40psf zone.

YTL commitment to placemaking will accelerate the maturing process that all business parks are subject to, and there will always be businesses who need to be close to the M5/M4 interchange as well as a rail hub… and with the MoD close at hand too.

So, it will be interesting to see who decides to head here first…

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