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SPOTLIGHT  
Savills Research

# Glasgow Office Spotlight



Sector focus • Supply crunch • Talent retention

## Glasgow's Growing Role as a Legal Hub

Glasgow's 2024 office take-up totalled 439,367 sq ft, 42% higher than the previous year and 7% higher than the five-year average. This was through 126 transactions, which is the highest number on record for Glasgow. Grade A and Prime take-up in 2024 totalled 175,223 sq ft and accounted for 40% of the take-up total. Grade A and Prime was 30% higher than the combined take-up in 2023.

The professional sector was Glasgow's most dominant sector in 2024, with the legal sector accounting for 41% of this take-up. Going forward, there are a further 150,000 sq ft of requirements from the professional sector looking for top quality office accommodation in 2025.

The professional, scientific and tech sector is expected to see the biggest growth in employment at 7% over the next five years, which will have a positive effect on take-up going forward.

In Glasgow, legal companies are making notable moves and expansions, highlighting the city's growing role as a legal hub. The average deal size in 2024 was 5,366 sq ft, 16% higher than the five-year average. These companies are taking advantage of the city's skilled workforce and dynamic market. Firms like Dentons and Pinsent Masons are consolidating their operations in Glasgow, drawn by its strategic location, competitive costs and robust business environment. Most recently, Weightmans has

moved into the top floor of the Ink Building increasing its occupation to 4,520 sq ft, whilst TLT and Addleshaw Goddard's expansion plans have seen the firms look to significantly grow their footprints in the city.

The city centre remains a key priority as it enables law firms to gain proximity to their clients and key business sectors, whilst also attracting and retaining the best talent. This 'drive to quality' means rental rates of this best-in-class and well-located space often surpass those paid by other sectors.

Savills data shows that the legal sector are willing to pay for this privilege, accounting for 40% of the top ten rents in regional markets. In Glasgow, for instance, Pinsent's deal at Aurora will see them pay £41.50 per sq ft, a record rent for the city.

Approximately 60% of UK's top 50 law firms now have a presence outside of London, and focusing in on Glasgow, the city is becoming an increasingly important hub for legal education, driven by the excellence of its universities. The University of Glasgow offers a globally recognised Law LLB programme with specialisations in corporate law, environmental law, and international arbitration.

The University of Strathclyde stands out for its practical focus, providing courses like the Diploma in Professional Legal Practice (PEAT 1) and the highly ranked Law Clinic, offering real-world

experience. Finally, Glasgow Caledonian University integrates law with business through courses like LLB Law and Business, equipping graduates with versatile skills. These universities attract both domestic and international students, ensuring a robust talent pipeline that supports Glasgow's growing legal market.

Increasing graduate retention rates, combined with lower living costs compared to London, are driving the relocation of law firms to the city, further cementing Glasgow's status as a key player in the UK's legal industry.

According to the Higher Education Statistics Agency (HESA) Glasgow currently ranks fifth outside of London for graduate retention. This city's investment in its office environments, innovation hubs and professional opportunities in high-growth sectors has seen it continue to adapt to evolving workforce needs. In turn, this provides strong prospects for career advancement.

What's more, lease expiry data suggests that strong activity in the sector will continue over the next five years. At present, legal lease events in regional cities are currently tracking at 22% above the long-term annual average. The average five-year take-up for the city currently has rebased and stands at 420,000 sq ft, suggesting there is less than one year's worth of supply in the market for the right type of space.

### Glasgow's economic transformation: traditional foundations and emerging growth sectors

Glasgow's economy is deeply rooted in traditional sectors such as banking, professional services, insurance and finance, providing a solid foundation for the city's stability. However, alongside these established industries, new and emerging sectors are reshaping the city's identity, driving innovation, and enhancing its reputation as a hub for creativity and technology. Collectively, these growth areas will help drive demand for office space in the future.

These new sectors include health-tech, precision medicine, net-zero/climate technologies, space, fintech, advanced manufacturing, and the digital and creative economy.

The region also has the highest employment levels in the creative industries sector in Scotland, with Glasgow's creative industries becoming a vibrant force driving economic growth.

The city has seen a growing number of start-ups and digital media companies establishing a presence, significantly impacting employment and economic output. Glasgow's physical infrastructure, from modern co-working spaces to historic institutions like the Glasgow School of Art, is crucial in nurturing this creative energy.

These buildings serve not only as workplaces but also as cultural hubs where ideas are exchanged and new talent is developed. According to Creative Scotland, the creative industries in Glasgow employ over 60,000 people and contribute approximately £2 billion to the local economy annually.



**150,000 sq ft of requirements from the professional sector looking for top quality office accommodation in 2025.**

**Lease expiry data suggests that strong activity in the legal sector will continue over the next five-years.**



## Glasgow's limited supply fuels rental growth

Businesses are increasingly investing in high-quality and sustainable office spaces. However, this rapid expansion across Glasgow is putting pressure on the availability of quality office space, which means that companies facing upcoming lease expiries may need to begin their search for new spaces earlier than ever before, as securing suitable, modern premises becomes increasingly competitive.

Glasgow's office market faces a critical supply shortage, with just 0.8 years of prime office stock available - one of the lowest in the Big Six office markets. There is also only 150,000 sq ft under construction across the city which can be delivered over the next 12 months therefore the development pipeline is limited.

The impact is significant, with prime rents in Glasgow now exceeding £40 per sq ft as occupiers compete fiercely for limited options. Glasgow landlords with high quality refurbishments have an opportunity to satisfy demand and capture significant rental growth in 2025 where rents could exceed £45 per sq ft.

By comparing the current new build Grade A rents that are expected over the next three to five years (£47.50 per sq ft), against best in class refurbished space (£41.50 per sq ft), Savills found that Glasgow has one of the largest rental gaps at c.16%, compared to c.10% in other Big Six regional markets.

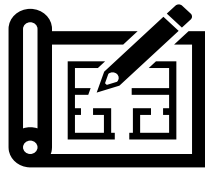
Refurbishments are increasingly vital in addressing the supply

crunch. They offer a quicker and often more sustainable solution than ground-up developments, enabling older stock to be repurposed to meet market demands. Upgrades that incorporate energy-efficient systems and modern amenities help narrow the gap between occupiers' needs and available supply, while also aligning with Glasgow's broader sustainability goals.

The growing rental gap and limited availability of new-build options incentivise landlords to invest in refurbishments, extending the lifecycle of existing assets and supporting the city's ability to attract and retain businesses, amidst intensifying competition for Grade A space.



17% of graduates retained in Glasgow work in science and tech, 53% higher than the UK total.



The University of Strathclyde is recognised as one of the UK's leading technological universities with five of its seven engineering departments ranked in the top 10.

## Glasgow's Engineering Sector: Growth and Innovation

Engineering has long been a cornerstone of Glasgow's economy, rooted in its historic shipbuilding and manufacturing industries. Although traditional manufacturing jobs have declined, the engineering sector has diversified, focusing on advanced manufacturing and high-tech solutions. Today, firms in aerospace, renewable energy, and precision engineering make significant contributions to the local economy. The sector employs nearly 36,000 people and contributes over £6 billion annually to the local economy, and also plays host to just under 5,000 engineering businesses.

Additionally, Glasgow consistently ranks in the top 25% of the most innovative cities worldwide, highlighting

its commitment to technological advancement. The most recent deal saw energy company SSE expand its presence in Glasgow, by securing 62,000 sq ft across four floors in the Aurora building at 120 Bothwell Street in Q4 2024. This move supplements SSE's existing office on Waterloo Street, reflecting the company's growth and commitment to the region.

With the Advanced Manufacturing Innovation District Scotland (AMIDS) sitting at its heart, Glasgow City Region offers a world-class advanced manufacturing and engineering business development environment, consisting of state-of-the-art industry infrastructure and extensive R&D centres of excellence underpinned by a robust 'triple helix' partnership

of industry, academia and the public sector. AMIDS has attracted companies including Spirit AeroSystems – A major player in aerospace engineering, specialising in aircraft structures.

As well as National Manufacturing Institute Scotland (NMIS), a research and innovation hub that supports manufacturing innovation across various industries, there is also Babcock International Group, a leading engineering services company with a focus on infrastructure and defence in Glasgow. These tenants, alongside other companies, benefit from AMIDS's world-class infrastructure and its collaborative environment, driving innovation and growth in Glasgow's engineering sector.

## Nurturing Talent in Glasgow's Engineering Sector

Talent is at the heart of Glasgow's thriving engineering sector, powering its advancements in innovation, growth, and global competitiveness. With over 35,000 people employed in the industry, the workforce is a blend of experienced professionals and emerging talent from local universities and colleges. The city's rich engineering heritage has fostered a strong talent pipeline, supported by institutions like the University of Glasgow, the University of Strathclyde, and Glasgow Caledonian University, which are renowned for their engineering and technology programs. Glasgow's universities collectively produce approximately 7,000 science and engineering graduates annually, reinforcing the city's reputation as a hub for technical expertise.

However, the sector faces significant challenges in attracting and retaining skilled talent. A persistent skills shortage, particularly in advanced manufacturing, precision engineering, and renewable energy, has made recruitment difficult. Initiatives like apprenticeships, upskilling programs, and partnerships between academia and industry are creating new opportunities for the next generation of engineers.

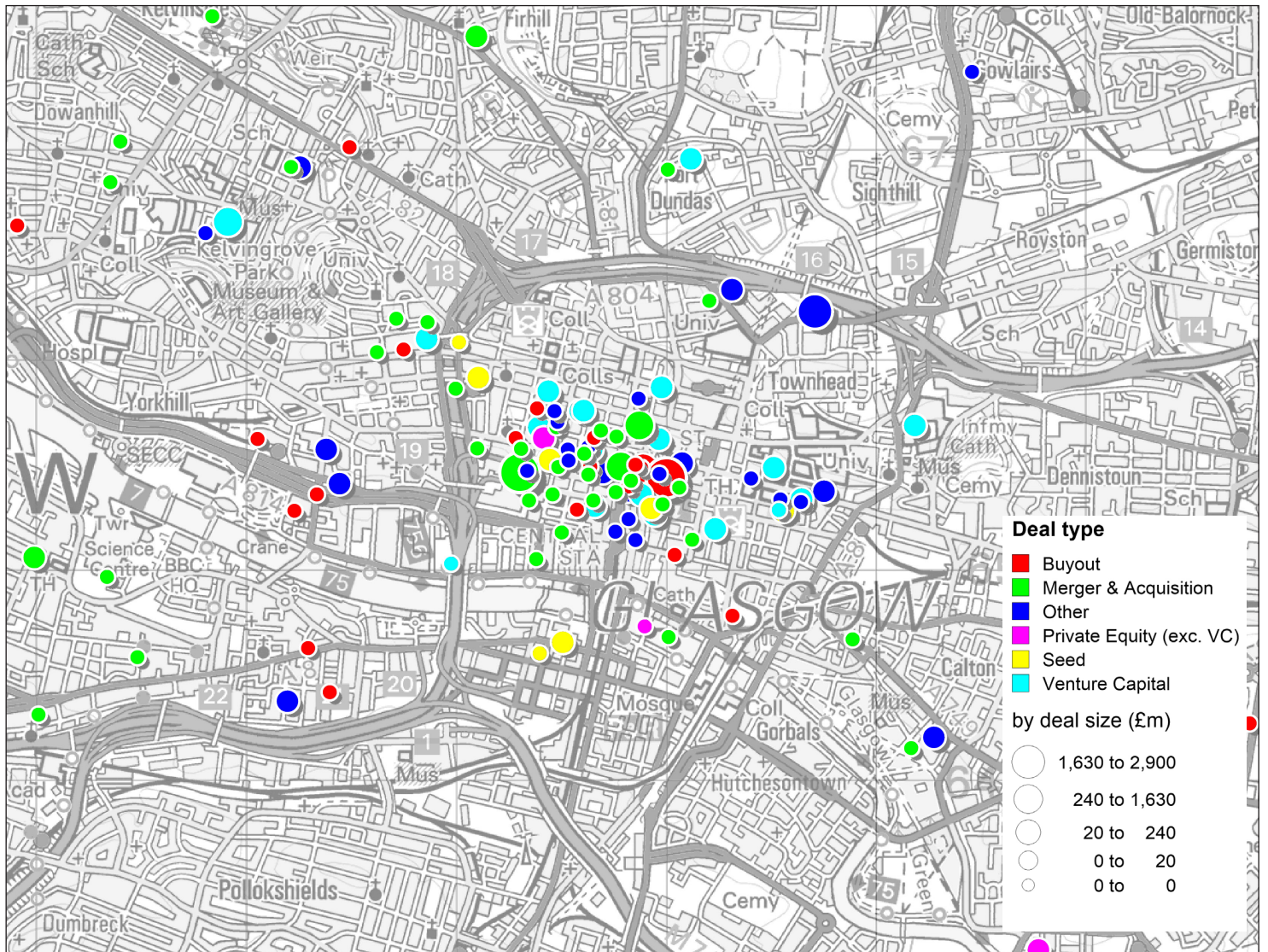
At the same time, Glasgow presents a compelling case for companies looking to establish or expand their engineering operations, particularly when compared to London. The average engineering salary in Glasgow is approximately £39,043 per year, whereas in London, it reaches around £50,000—creating a significant pay gap of about 28%. This lower salary cost, combined with the city's strong talent pipeline and lower operational expenses, makes Glasgow an attractive destination for businesses. With excellent transport links, access to innovation districts, and a lower cost of living that supports talent retention, the city offers firms a cost-effective yet competitive base for long-term growth.

By fostering a vibrant ecosystem of education, innovation, and collaboration, Glasgow is working to bridge the skills gap and ensure its engineering sector remains a global leader. The continued development of talent is vital to meeting the growing demands of the industry and securing a sustainable future for one of the city's most significant economic contributors.

**Glasgow consistently ranks in the top 25% of the most innovative cities worldwide**

# Identifying Glasgow's Office 'Demand of the Future'

Capital raising activity, by type, in and around Glasgow since the beginning of 2023



Savills has reviewed various levels of potential future office demand. This forward-looking approach ensures that Savills has the widest awareness of the future occupiers for offices across the city. The approach at Savills is layered.

Lease events are the first level of assessment. Savills has a comprehensive handle on the future events. The top three business sectors account for 556,000 sq ft events in the next five years.

The next level involves tracking and investigating the flows of corporate capital for companies in Glasgow. Such deals may result in commercial real estate activity - disposal or acquisition. As shown in the map, around 250 companies that have done a deal - this includes 'exits' such as IPOs, M&A

and debt-related deals. Larger corporate capital events, by value, will impact commercial real estate demand at all locations for the company.

Smaller capital deals include the private equity types, including venture capital (VC). This is earlier stage capital raising by smaller companies that are in a higher growth phase. This may have an impact on the flexible and 'standard lease' office demand as the companies look at their 'next stage' needs as their headcount grows.

Glasgow has seen around £267m of VC raised in the last couple of years in 125 deals. These deals will contribute to office take-up in the short-term. For the VC deals, the CleanTech and ClimateTech sub-sectors have accounted for the majority

share of capital raising. For all capital deals, reviewing who these companies are and what their aspirations are, in terms of office demand, is important to identify future office take-up.

Many companies are not in capital raising mode, so it is also important to track those fast-growth private companies that may be poised for new or additional office space. In total, it is estimated that there are 874 such companies in Glasgow, of which 238 are classified as being at 'scale-up' and in a faster growth phase.

Finally, the spin-out from the city-wide academic institutions is another potential future demand segment to review. These will be very early-stage growth, but ones to watch for the future.

<p><b>Lease Events</b> (sq ft; for top 3 sectors)</p> <p><b>556k sq ft</b></p>	<p><b>Company 'Exits'</b> (£bn; 2020-2024)</p> <p><b>£6.1bn</b> (308 deals)</p>	<p><b>Venture Capital</b> (£m; 2023-2024)</p> <p><b>£267m</b> (125 deals)</p>	<p><b>874</b> fast-growth companies</p> <p><b>£10.4bn</b> Reported turnover</p> <p><b>238</b> Scale-ups</p> <p><b>63</b> Academic spin-outs</p>
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Source Savills Research, Beauhurst, PitchBook Data, Inc. (Data has not been reviewed by PitchBook analysts)



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