RESEARCH

MARKET IN MINUTES

Regional Office Investment Market Watch

Commercial – UK Offices – November 2026

savills

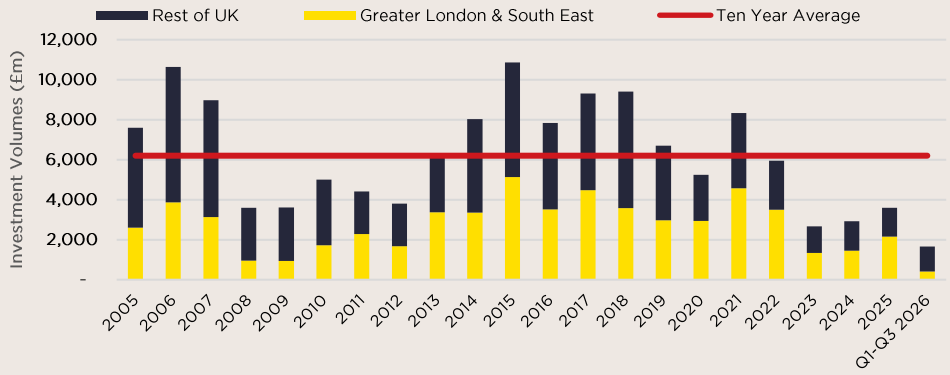
Yields soften but new capital emerges

Macro headwinds weigh on volumes

Regional office investment volumes reached £1.6 billion in Q1-Q3 2026, which represented a 13% fall compared with the same period in 2025 and 51% below the five-year average. The lower levels of transactional activity can be predominantly attributed to a continued turbulent macro-economic backdrop. Rising energy prices have increased inflation, with the Bank of England responding by raising the base rate to 4.00%. This represented the first rise in interest rates in over three years. Prime pricing has been impacted accordingly, with the prime regional office yield softening by 25 basis points to stand at 7.00%, marking the highest level the market has experienced since January 2025.

Given the uncertainty present in the market, investors remain highly cautious and selective. There were, however, three lots traded over £50 million in Q3 2026, with the trend of increased investment activity for assets of scale accelerating in 2026. It is expected that 14 assets over this threshold will be traded by the end of the year, which would be the highest total since 2022. The largest transaction in Q3 2026, was JD.Com acquiring Systems, Hammersmith for £147 million. The Chinese retailer will occupy the 127,000 sq ft building, which was speculatively redeveloped, an example of the rise in owner occupier investment activity resulting from the disparate nature of the current buyer pool. (The rise of owner occupiers in the regional office market)

FIGURE 1: REGIONAL OFFICE INVESTMENT VOLUMES



Source: Savills Research

REGIONAL OFFICE YIELDS

	Year	Prime	Secondary	Spread
Birmingham	Nov-26	7.00%	8.50%	150 bps
	Nov-25	6.75%	8.50%	175 bps
Bristol	Nov-26	7.00%	8.50%	150 bps
	Nov-25	6.75%	8.50%	175 bps
Cardiff	Nov-26	8.75%	11.00%	225 bps
	Nov-25	8.50%	11.00%	250 bps
Edinburgh	Nov-26	7.00%	9.00%	200 bps
	Nov-25	6.75%	9.00%	225 bps
Glasgow	Nov-26	7.50%	10.00%	250 bps
	Nov-25	7.50%	10.00%	250 bps
Leeds	Nov-26	7.00%	10.00%	300 bps
	Nov-25	7.25%	10.00%	275 bps
Manchester	Nov-26	7.00%	8.75%	175 bps
	Nov-25	6.75%	8.25%	150 bps
South East	Nov-26	7.75%	10.00%	225 bps
	Nov-25	7.50%	10.00%	250 bps

Source: Savills Research

KEY STATS

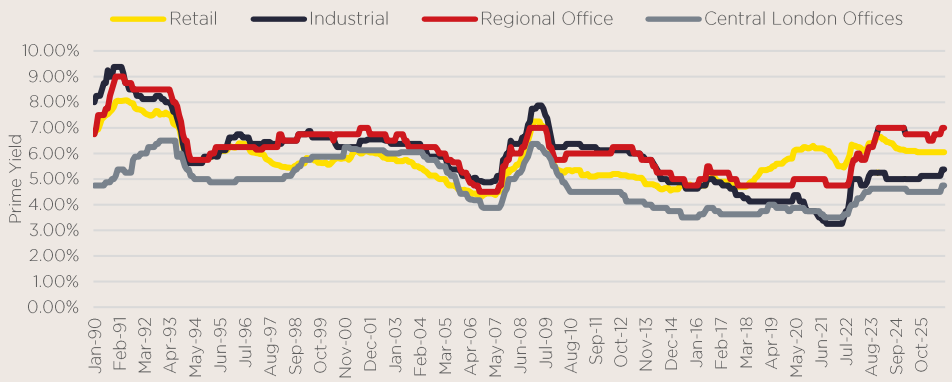
13%
Q1-Q3 2026 turnover was 13% below Q1-Q3 2026

3
There were three deals over £50m in Q3 2026

80%
80% of transactions in Q1-Q3 26 were below £20m

7.00%
The current prime regional office yield

FIGURE 2: REGIONAL OFFICE PRIME YIELD COMPARISON



Source: Savills Research

Non-legacy investors stimulating liquidity

The correction in regional office values has created an appealing entry opportunity for investors without legacy exposure to the sector. MSCI reports that regional office capital values have fallen by 48% since February 2020. This decline has weakened sentiment, notably among some existing owners whose legacy holdings have been significantly affected, while conversely attracting new entrants actively reviewing opportunities. The prime regional office yield stands at 7.00%, offering a discount of 136 basis points to the long-term average. Only leisure and shopping centres offer higher prime yields, which highlights the relatively attractive pricing when compared with other asset classes.

136

The prime regional office yield is a 136-basis point discount to the long-term average

The occupational market provides a further rationale for new investment alongside lower entry pricing. Across the Big Six regional cities, prime office headline rents have increased by an average of 5.9% per annum over the last three years, the highest levels of rental growth ever recorded over a three-year period, for the market area. The undersupply of prime space underpinning this growth is expected to persist in the short to medium term, given the constrained development pipeline. Only Leeds and Manchester have new-build space under construction scheduled to complete after 2026. Continued development viability challenges also make an uptick in new development starts unlikely over the next 12 months. Against this backdrop, Savills forecasts average prime headline rental growth of 7.4% per annum over the next three years across the same markets.

These dynamics have increased the appeal of the market to non-legacy investors, as recent transactions demonstrate. In November, Farran Investments and Golden Tree Asset Management acquired 3 Chamberlain Square, Birmingham, for £107 million, reflecting a yield of 7.48%. This was the joint venture's first acquisition in the regional office market. Alinor Capital Management also made its first regional office investments through two acquisitions: The Bond, Glasgow, with Sterling Property Ventures, and 1 Tony Wilson Place, Manchester, with Oval Real Estate. New funds have also sought to invest in the sector and region, with Northtree Investment Management's £55 million acquisition of The Lincoln, Manchester, marking the first acquisition by its second fund, Northtree Real Estate Partners II.

The appeal of regional offices extends beyond private equity-backed investors to other buyer types. Local Government Pooling Scheme investor Border to Coast acquired 1 George's Square, Bristol, for £45.9 million after integrating seven further funds into the pool. The 60,000 sq ft building was speculatively refurbished and fully let to Graphcore. This was the investor's first regional office acquisition since that integration, and the investor is targeting assets of scale. Another new entrant to the market was SevenCitiesLdn, who bought Hodge House, Cardiff, for £31.9 million.

Private investors have also supported investment activity, with new entrants from South Africa, Middle East, Europe and the UK, acquiring assets across the market.

The wave of new investors into the regional office market has broadened the buyer pool, which can provide comfort to vendors who are seeking to dispose of assets in the current challenging economic and geopolitical climate.

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