

The background of the entire page is a dark blue silhouette of the Edinburgh skyline. On the left, the prominent silhouette of the Belfrage is visible. To the right, the silhouette of the Edinburgh Castle sits atop a hill, with various other buildings and a church spire with a cross visible in the distance. The overall aesthetic is clean and professional, using a monochromatic blue color scheme.

**Ryden**

**EDINBURGH  
ECONOMIC  
NEEDS STUDY:  
OFFICES**

**A REPORT TO THE CITY OF  
EDINBURGH COUNCIL**

**JULY 2025**

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# EXECUTIVE SUMMARY

1. The Edinburgh Economic Needs Study suite of reports supports City of Edinburgh Council's City Plan 2030 and the evidence base for City Plan 2040. This report covers the city's office market. Others in the suite assess the city's economy and its retail, visitor accommodation, industrial and leisure markets.
2. Recent changes in Scottish **planning policy** could focus office demand on town and city centres rather than out-of-town business parks. Policy is also expected to contribute to a shift towards more sustainable, flexible (including mixed uses) and digitally connected office spaces. Edinburgh's investment clusters reflect the spatial requirements of research and knowledge, business and financial services, tourism and creative industries. Offices are directed to specific locations in the city centre and at peripheral sites to the west, north and south of the city as well as to town and local centres.
3. As a **leading UK office centre, Edinburgh** has benefitted from long run employment and market growth. The city's office market has evolved from period buildings within the Georgian New Town up to the 1980s, to purpose-built open-plan offices in the Exchange District after the "Big Bang" financial deregulation of 1986, West Edinburgh following planning changes in 1989, then Leith and satellite locations around the core city centre such as Fountainbridge and Quartermile as the market continued to expand into the 2000s.
4. Since the pandemic, the widespread adoption of **hybrid working** has loosened the relationship between office jobs and floorspace. While office occupancy is gradually increasing, it remains far below pre-pandemic levels. The typical occupier now seeks less but better office space, although this can vary by occupier type, employee role and organisational function. Edinburgh's major office occupiers with multiple buildings are well advanced with restructuring their portfolios, while the city's SMEs are moving to typically smaller offices to work in more flexible ways, including in a growing number of successful co-working locations.
5. Edinburgh's **stock of offices** has contracted by 2% since 2018 to 19.55 million sq.ft. (1.82 million sq.m.), as the volume of office floorspace demolished and lost to alternative uses has exceeded new development. This shrinking office stock alongside rising employment is consistent with the still-emerging effects of hybrid working. Almost half of the stock is located in the city centre (49%), followed by 'elsewhere' urban office stock with 27%, the West with 18%, the Waterfront with 5% and the South East with 1%.
6. **Office stock losses** take three forms: period buildings converting to residential (a long term trend); older purpose-built offices in outlying locations being redeveloped (which was anticipated); and alternative use demand for city centre office blocks (comparatively recent). Since 2018, an estimated 0.842 million sq.ft. (78,200 sq.m.) of offices have been demolished, while many more have changed use. Residential formats and hotels are the most in-demand alternative uses for vacant older offices. Further office stock is under threat from these alternative uses including c.164,000 sq.ft. (15,200 sq.m.) proposed demolitions while major office buildings are proposed for conversion or part-demolition on Dalkeith Road, Conference Square, Morrison Street, St Andrew Square, London Road and at Pentland Gait Business Park.
7. **New-build office completions** since 2018 total 0.918 million sq.ft. (85,250 sq.m.), of which 77% is at Haymarket Square. However, increased development costs and the uncertainty brought on by hybrid working are now curtailing the **development pipeline**; 0.621 million sq.ft. (57,700 sq.m.) is planned, all in the city centre and principally in three larger proposals, but none is currently under construction or due to start on site.
8. A large volume of vacated office stock continues to be **refurbished** and re-presented to the market to suit modern occupier needs – 0.57 million sq.ft. (53,000 sq.m.) since 2018 – which, along with conversions and demolition of older offices, is **improving the stock quality**. Thirty-seven percent of the stock is now rated as 4- or 5-star, compared with 13% in 2018. There are currently four planned larger refurbishments, two each in the city centre and West Edinburgh, totalling 0.410 million sq.ft. (38,000 sq.m.).
9. In terms of demand for offices in Edinburgh, **take-up** (sale and lettings) by decade peaked in the 2000s at 0.86 million sq.ft. per annum and has now settled back at 0.60 million sq.ft. p.a. Around 80% of transactions are for offices of 5,000 sq.ft. or smaller. Occupier demand for fitted-out, flexible and serviced office space continues. The city centre accounts for 74% of city-wide take-up since 2019, while West Edinburgh delivered 17%, Leith 4% and other locations 5%. The city centre is attracting half of city-wide demand but has only half of the total office stock.
10. Prime city centre **office rents** have increased to £45.50 per sq.ft. The market view however is that £50 per sq.ft. is required to stimulate new-build development. Prime rents in West Edinburgh range from £22 per sq.ft. for refurbished South Gyle options up to £30 per sq.ft. for new-build offices at Edinburgh Park. The average city-wide office quoting rent in Q2 2025 is £22 per sq.ft., up from £18 per sq.ft. in 2018.

11. The city-wide office **vacancy rate** is currently 11%. The vacancy rate has increased in all areas except for the South East/ elsewhere. City-wide office supply is 2,144 million sq.ft. (0.199 million sq.m.), The majority (58%) of office supply is in Central Edinburgh, followed by West Edinburgh with 30%, Leith (5%) and other areas (including the Waterfront, Tanfield and South Queensferry) (7%).
12. **Office investment** has faced the twin challenges of uncertain demand caused by hybrid working, and the 2022-25 inflation-and-interest rate cycle which depressed values. Edinburgh however has consistently benefited from tight office supply and good tenant demand, delivering one third of Scotland's office investment deals by number and half by value. Investor demand favours major occupiers in prime locations and private ownership is more common in the city's wider SME and secondhand office markets.
13. The principal outcome of these trends in the current market is a **continuing shortage of Grade A office space in the city centre**, despite it being the focal point for occupier demand and the recent sharp rises in rents. The out-of-town office market sits in contrast, with reduced demand and vacated buildings leading to oversupply and more limited prospects for private sector investment due to low demand and poor rental growth.
14. Edinburgh also has a number of **specialist** office market locations in the research and innovation, creative industries and technology incubation sectors. The former tend to be identified in planning policy while the latter tend to inhabit older urban buildings and may be at risk of displacement. Direct interaction with the formal office market tends only to happen when an occupier is expanding, otherwise much of the expansion and relocation will be internal to the particular facility or campus. Each of these sectors is flagged for potential growth.
15. **Office development scenarios** are derived from employment forecasts and market trends; the latter include occupiers moving or regearing, hybrid working, adaptability of office stock and extent of grey (underused occupier) office space:
  - The low scenario would require **80,000 sq.ft. (c.7,500 sq.m.) of new-build office development annually**, and 80,000 sq.ft. (c.7,500 sq.m.) of fully refurbished office space annually.
  - The high scenario would require **160,000 sq.ft. (c.15,000 sq.m.) of new-build office development annually**.
16. Such developments rates in this new hybrid working era are not inconsistent with the **long run rate of 253,000 sq.ft. per annum** (23,500 sq.m.) which included later phases of Edinburgh Park, westwards expansion of the Exchange District, office development at the 'Big 12' urban regeneration sites and most recently Haymarket Square.
17. Straight-line projections are less reliable than in the past and new development is unlikely to arrive that way. Viability is currently challenging, and the most likely situation is that future pent-up demand will **stimulate new development** at certain points. Each of the three larger consented office buildings at Haymarket and Fountainbridge could deliver around one year's new-build office development in line with the high scenario.
18. Gradual **loss of office stock** is expected to continue. The established rate of 215,000 sq.ft. (c. 20,000 sq.m.) per annum is higher than the scenario development rates of 80,000 – 160,000 sq.ft. (none of which is currently under construction).
19. The scenario assumption is **80% city centre** and 20% peripheral locations. This could compound to a significant need in the city centre - for example 4 years' high scenario demand could require c.0.5 million sq.ft.
20. These scenarios may decay more quickly than is normal. While the office market needs presented here can be extrapolated for planning purposes, close annual **monitoring** and a full review in 5 years' time would be appropriate.

**Ryden LLP, July 2025**

# 01 INTRODUCTION

- 1.1 The Edinburgh Economic Needs Study forms part of the evidence base for Edinburgh's Local Development Plan. The Study is divided into five sector reports: offices, retail, leisure, industrial and visitor accommodation. The reports are to support implementation of the City Plan 2030 and preparation of the upcoming City Plan 2040, ensuring alignment with the requirements of National Planning Framework 4.
- 1.2 This office market report by Ryden assesses planning policy, market trends, analysis of Edinburgh's office stock and market, and projected scenarios for office development to meet market needs. The report covers all types of office and business space within the city.
- 1.3 The report is provided in the following sections:
  - 01 This introduction
  - 02 A review of planning policy with a particular focus on Edinburgh and the office sector
  - 03 A summary of current market trends, commenting on particular on the emergence of hybrid working
  - 04 A comprehensive analysis of Edinburgh's current stock of office floorspace and long run development
  - 05 A market analysis covering current office market activity and trends over the past 6 years
  - 06 A summary of the research findings and scenarios for Edinburgh's office market and development needs
- 1.4 The report makes some specific references to the *City of Edinburgh Economic Overview* (February 2025) which was produced by BiGGAR Economics to inform this suite of property market studies.
- 1.5 The report also refers to Ryden's previous report for City of Edinburgh Council, *Edinburgh City Plan 2030 Commercial Needs Study: Office Market* (November 2018) which pre-dates the pandemic-led surge in hybrid working and thus provides a useful reference point for this new assessment.

# 02 PLANNING POLICY

## INTRODUCTION

2.1 This section outlines the planning policy framework relevant to the office market in Edinburgh, beginning with planning reform and the national and regional policy contexts.

## PLANNING REFORM

2.2 Planning in Scotland has been through a period of reform following the commissioning of an independent review of Scotland's planning system in 2015. The review concluded that reforms needed to be made in order to realise the potential of the planning system. Subsequently in June 2019, the Planning (Scotland) Act 2019 was passed which set the future structure of a modernised planning system.

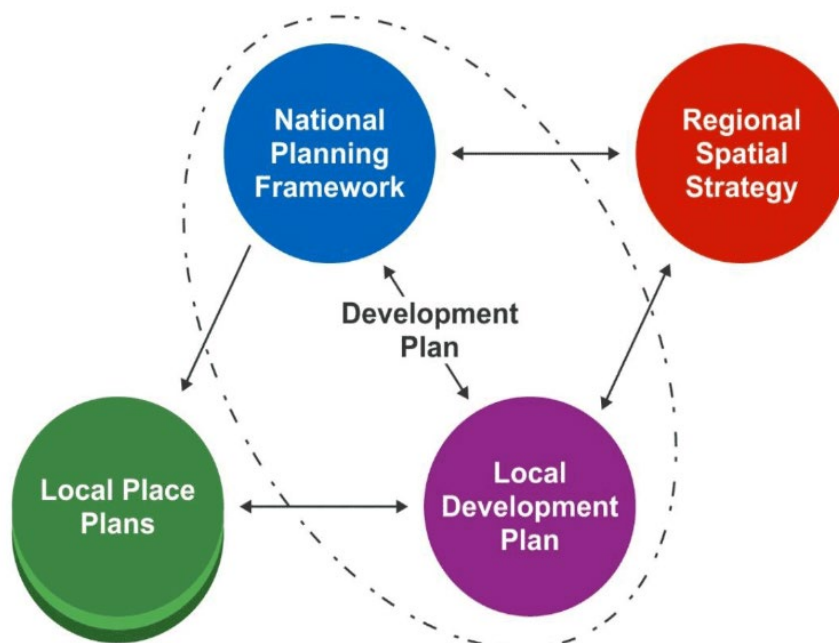
2.3 NPF4 is the national spatial strategy for Scotland and was adopted by Scottish Ministers on 13 February 2023. The statutory development plan for any given area of Scotland now consists of the National Planning Framework and the relevant Local Development Plan (LDP).

2.4 Strategic Development Plans will be replaced by Regional Spatial Strategies (RSS) but these will not form part of the statutory Development Plan system.

2.5 Local Place Plans are community-led plans setting out proposals for the development and use of land. Although they have a role to play in shaping new LDPs, they do not form part of the statutory Development Plan and are standalone documents.

2.6 A summary of the new statutory development plan and its related plans is shown in Figure 2.1.

FIGURE 2.1: STATUTORY DEVELOPMENT PLAN AND RELATED PLANS



Source: Scottish Government

## National Planning Framework 4

- 2.7 Scotland's fourth National Planning Framework (NPF4) provides a blueprint for managing spatial development. It outlines national planning policies, designates significant national developments and emphasises key spatial objectives at the regional level.
- 2.8 NPF4 is built around six spatial principles: **just transition; conserving and recycling assets; local living; compact urban growth; rebalanced development** and **rural revitalisation**. Through the Planning Framework, these principles are applied to achieve:
- **Sustainable places**, with reduced emissions, restored and better-connected biodiversity;
  - **Liveable places**, capable of supporting better and healthier lives; and
  - **Productive places**, supporting a greener, fairer and more inclusive wellbeing economy.
- 2.9 Priorities for the central region, which includes Edinburgh, Glasgow, Stirling, Dundee and Perth city regions are also identified. A strategy focused on climate change and responding to the Covid-19 pandemic is intended to drive forward change in tackling inequalities and building a greener, more prosperous future for the region.
- 2.10 Key economic sectors to be supported in the city region include financial services, life sciences and universities, food and drink, tourism and energy-related development.
- 2.11 National developments are also identified in the spatial strategy of NPF4. The following are relevant to Edinburgh:
- Edinburgh Waterfront;
  - Central Scotland Green Network;
  - Urban Mass/Rapid Transport Networks;
  - Urban Sustainable, Blue and Green Surface Water Management Solutions;
  - Circular Economy Materials Management Facilities;
  - National Walking, Cycling and Wheeling Network;
  - Digital Fibre Network;
  - High Speed Rail;
  - Strategic Renewable Electricity Generation; and
  - Transmission Infrastructure.
- 2.12 Other than Edinburgh Waterfront these are largely concerned with transport and infrastructure.
- **Policy 24 – Digital Infrastructure** – seeks to encourage, promote and facilitate the roll-out of digital infrastructure across Scotland to unlock the potential of all our places and the economy. Delivery on this objective at a local level is expected to encourage investment in the office market by providing the essential infrastructure for a range of business needs.
  - **Policy 26 – Business and Industry** – seeks to encourage, promote and facilitate business and industry uses and to enable alternative ways of working such as home working, live-work units and micro-businesses. The policy states that LDPs should allocate sufficient land for business and industry, taking into account business and industry land audits, in particular ensuring that there is a suitable range of sites that meet current market demand. This office market report will contribute evidence to that local development planning process. Allocations are to take account of local economic strategies and support broader objectives of delivering a low carbon and net-zero economic recovery and a more inclusive wellbeing economy.
  - **Policy 15 – Local Living and 20 Minute Neighbourhoods** – seeks to encourage the application of the Place Principle in creating connected and compact neighbourhoods where people can meet their daily needs within a reasonable distance of their home, preferably by walking, wheeling and cycling. Local access to employment forms part of this concept.
  - **Policy 27 – City, Town, Local and Commercial Centres** – seeks to encourage, promote and facilitate development in city and town centres, recognising them as a national asset.
- 2.13 Proposals which will generate significant footfall, including offices, will be supported in existing city, town and local centres and will not be supported outwith those centres unless a satisfactory *Town Centre First* assessment is provided. This approach aims to help centres adapt positively to long-term economic, environmental and societal changes by encouraging densification and local living.
- 2.14 There are references to Edinburgh and the Lothians aimed at prioritising delivery of sustainable places and supporting net zero and low carbon initiatives. This includes mass/rapid transit systems for Edinburgh through

plans to extend the tram network which provides an opportunity to substantially reduce levels of car-based commuting, congestion and emissions from transport at scale.

- 2.15 NPF4 states that Edinburgh's waterfront regeneration is ongoing, with Granton benefiting from an ambitious masterplan, the tram extension to Leith progressing and potential development at Seafield helping to redefine the city's relationship with its coastline. A masterplanned approach to regenerating the Edinburgh Waterfront can take into account opportunities for the Port of Leith to service the offshore energy sector. More broadly, port facilities should continue to be capable of servicing freight traffic within the Firth of Forth given the importance of east coast freight links.

## Regional Spatial Strategy

- 2.16 As outlined above, the Planning (Scotland) Act 2019 removes the need for the preparation of Strategic Development Plans and introduces the new concept of Regional Spatial Strategies. These are non-statutory documents which provide a spatial representation of the key regional land use issues across the region. Annex C of NPF4 contains guidance and information intended to guide the preparation of Regional Spatial Strategies and LDPs to help deliver Scotland's national spatial strategy.
- 2.17 Although non-statutory in nature (they do not form part of the development plan and will not hold status in planning decisions), their purpose is to guide the development of National Planning Frameworks and Local Development Plans.
- 2.18 'Central' Scotland in NPF4 is a region that broadly covers central Scotland from the Glasgow city region and the Ayrshires in the west to Edinburgh city region in the east, including the Tay cities, the Forth Valley and Loch Lomond and The Trossachs National Park.
- 2.19 An interim Regional Spatial Strategy for Edinburgh and South East Scotland City Region, approved by SESplan, the City Region Deal Directors and the constituent SESplan authorities, was submitted to Scottish Government for consideration as part of the engagement process for NPF4.
- 2.20 The interim Regional Spatial Strategy is based on the Strategic Development Plan 2 spatial principles, City Region Deal projects, the latest Local Development Plan from each SESplan authority and recognition of the need for cross boundary sustainable transport initiatives and infrastructure to address connectivity and capacity issues which are too heavily dependent on private car usage.
- 2.21 Committed and potential opportunities are identified which provide sufficient employment land for economic renewal, regeneration and redevelopment. The region includes a number of significant business clusters. Some of the largest are around west and southeast Edinburgh (as well as Mid Fife, Dunfermline, and Guardbridge/St Andrews, Galashiels, Midlothian and the M8 corridor including Livingston). West Edinburgh remains an area of significant strategic potential of national and regional importance.
- 2.22 The region has a competitive advantage of data driven innovation in the development sector. Several innovation hubs and new assets are coming on stream through City Region Deal funding. Local Authorities and partners will work on how best to link them to strategic business clusters so that there is greater regional impact. Support for investment along key transport corridors – M8, M9, M90 and existing rail corridors – is important for economic development and growth in business clusters, for example Newbridge.
- 2.23 Links between economic clusters could be improved by cross boundary tram connectivity, e.g. from Edinburgh BioQuarter to the Bush in Midlothian. In addition, existing innovation projects will continue to be delivered at economic clusters just outside of Edinburgh at Queen Margaret University and Easter Bush. Mixed-use economic regeneration through low carbon development at Granton Waterfront will also be important.

## Local Planning Policy

- 2.24 City of Edinburgh Council's Local Development Plan, *City Plan 2030*, was adopted on 7 November 2024. City Plan reflects the national and strategic economic priorities set out within the NPF4 and the interim Regional Spatial Strategy.
- 2.25 City Plan aims to ensure that the planning of housing, employment and services addresses the need for quality,

connected, net-zero developments which are resilient to climate change and provide access to green space. Delivery of community infrastructure and job opportunities where people live will also be important. The Plan intends to meet these aims by:

- Taking a Place-based Approach to the delivery of 20-minute neighbourhoods;
- Directing development to brownfield sites;
- Setting Place Briefs;
- Requiring new buildings to be net-zero;
- Delivering heat networks;
- Promoting climate change adaptation and mitigation;
- Meeting local housing needs by securing a minimum 35% affordable housing contribution from new developments in Edinburgh;
- Taking an infrastructure-first approach; and
- Delivering Edinburgh's key economic land use needs.

2.26 The economic strategy seeks sustainable growth through investment in jobs – focussing on development and regeneration, inward investment, support for businesses and helping unemployed people into work or learning.

2.27 The plan recognises that the strength of Edinburgh's economy is based on a range of key sectors, for example tourism, financial services, life sciences and higher education. Edinburgh also has a wide range of cultural, arts and sports venues which bring economic benefits as well as enhancing the wellbeing of residents and visitors. The LDP supports existing businesses, continues to promote previously identified economic proposals and highlights new investment opportunities.

2.28 The plan identifies 1,675 hectares of land with potential for employment purposes as part of a mixed-use housing or business-led approach across a range of sites and locations. Of this, 144.5 hectares of vacant employment land is available for business and industrial uses including a new allocation of 40.3 hectares at Newbridge within the Business and Industry Area.

2.29 The plan will provide land for all types of businesses including provision for offices, industrial units and mixed-use developments. It aims to support developments which are a catalyst for inclusive growth, including community and social enterprises, start-ups, culture, innovation and learning, and the low carbon sector.

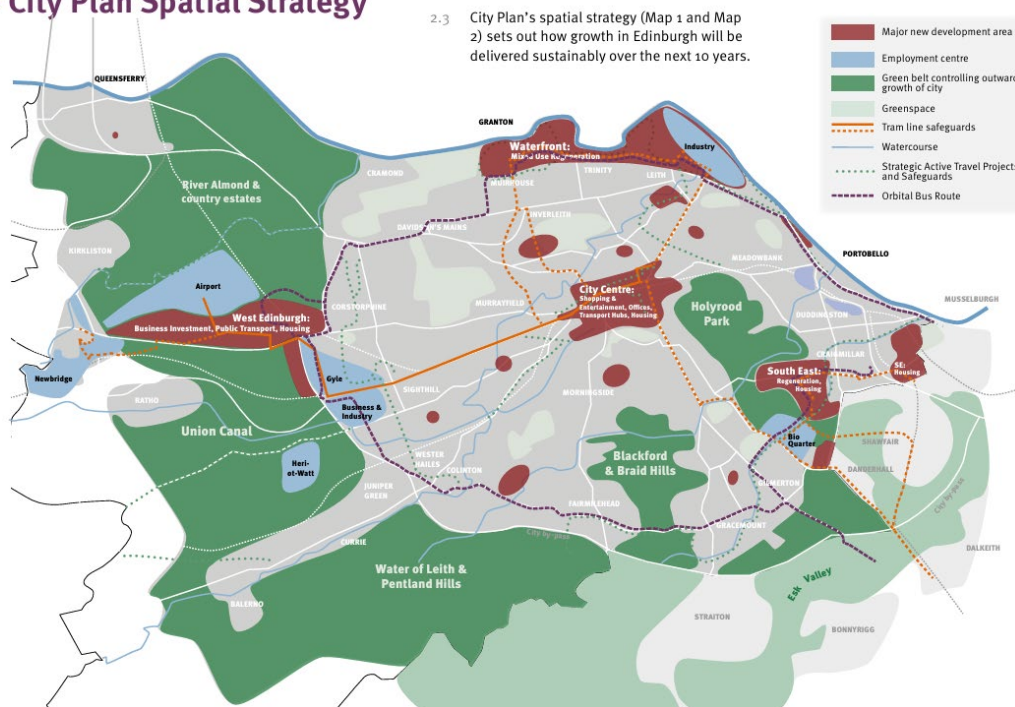
2.30 The spatial strategy identifies the City Centre, the Waterfront, West Edinburgh and the South East of Edinburgh as major development areas whilst recognising the importance of existing employment centres (Figure 2.2).

2.31 Within these areas the following place-based policies are introduced:

- Strategic Office Locations in the City Centre, Leith and Edinburgh Park/ South Gyle (Place 1, Place 19);
- Areas of Economic Importance at (Edinburgh BioQuarter, Riccarton University Campus and Business Park, Edinburgh Airport, West Edinburgh, Royal Highland Centre, RBS Headquarters at Gogarburn and Leith Docks (Place 17, 18, 20, 21, 31); and
- Business and Industry Areas, such as Sighthill and Newbridge (Econ 4).

FIGURE 2.2

## The City Plan Spatial Strategy



2.32 City Plan 2030 also includes a number of specific economic policies relevant to the office market.

- **Policy Econ 1 - Supporting Inclusive Growth, Innovation and Culture** – states that proposals for development associated with social enterprises, business start-ups, university linked education, research and innovation, and culture will be supported in principle, where they are associated with addressing poverty and inequality, Edinburgh City Centre Transformation, Edinburgh's cultural festivals, Edinburgh's universities and colleges; or life science research. This policy seeks to support development proposals that help to address the need for inclusive growth, innovation and culture. Office provision will form a key part of this ambition.
- **Policy Econ 2 – Commercial Development** – states that proposals for commercial uses within the urban area on sites 0.25ha or larger, should where compatible and appropriate within the site context, provide at least 50% of the site for housing. This policy aims to create mixed-use communities and maximise opportunities for new housing.
- **Policy Econ 3 - Office Development** – is the core office policy and states that high quality office developments, including major developments, will be supported in the City Centre and in the other strategic business centres, preferably as part of business-led mixed-use proposals; and also in commercial, town or local centres accessible by public transport.

Where it is demonstrated that sites in such locations are unavailable or unsuitable, other accessible mixed-use locations may be considered close to public transport nodes, compatible with the accessibility of the location by public transport and with the character of the local environment. In addition, any office development exceeding 2,500 square metres must demonstrate that the impact on existing town centres is acceptable.

- **Policy Econ 4 – Business and Industry Areas** – states that planning permission will be granted for business, industrial or storage development on sites identified on the Proposals Map as part of a Business and Industry Area and that development, including change of use, which results in the loss of business, industrial for storage floorspace or potential will not be permitted in these areas. Small-scale proposals for ancillary uses which support local businesses and provide services for their employees may be supported as an exception to this policy.
- **Policy Econ 5 – Employment Sites and Premises** – covers proposals to redevelop employment sites or premises in the urban area for uses other than business, industry or storage. It states that such proposals will be permitted, provided: they will not prejudice or inhibit the activities of any nearby employment use; they will contribute to the comprehensive regeneration and improvement of the wider area; and the proposal forms part of a mixed-use development and includes floorspace designed to provide for a range of business and

commercial users.

- **Policy Inf 5 – Location of Major Travel Generating Development** – states that proposals for major development, including offices, which would generate significant travel demand will not be supported where there is a reliance on private car use. Such uses will only be permitted on suitable sites with very good accessibility by sustainable transport.

## City Plan 2040

- 2.33 A new legislative framework for development planning was provided by the Planning (Scotland) Act 2019 for 'New Style' development plans. New regulations and new local development planning guidance came into force in May 2023. LDPs will have more limited policies than they had previously, as many policies are now within the National Planning Framework. NPF4 will therefore be used alongside the LDP to determine planning applications with the latter expected to focus on context-specific policies of particular relevance to their jurisdiction. There is an expectation that 'new style' LDPs will be in place 5 years after the new regulations were published.
- 2.34 LDPs will be accompanied by a statutory Delivery Programme which is used to ensure delivery of the plan. It includes a timeline for delivery of housing and necessary infrastructure which will have a knock-on effect on the office market.
- 2.35 Going forward, Edinburgh's next LDP will be known as City Plan 2040. It will be prepared as a new style plan under the new legislative framework and guidance, including NPF4, the Regional Spatial Strategy, Local Place Plans and other Council strategies and plans. As well as a new process, the expectation is that the new style plans will be more place based, people-centred and delivery-focused.
- 2.36 It is expected that City Plan 2040 will reinforce a Place-Based and Infrastructure-First approach which is likely to concentrate office development in existing and emerging office locations.

## SUMMARY

- 2.37 Recent changes in Scottish planning policy to influence the office market in a number of ways:
- **Focus on Town Centres:** National and local Town Centre First and 20-Minute Neighbourhood policies are prioritising development in town centres, which is likely to impact the demand for office space in these areas. This could lead to increased investment and regeneration in town and city centres but may also shift demand away from out-of-town office parks.
  - **Emphasis on Sustainability:** Planning policies are increasingly promoting sustainable development, influencing the design and construction of new office buildings. This can lead to a greater demand for energy-efficient and environmentally friendly office spaces but can impact on viability of relocation and refurbishment.
  - **Support for Digital Connectivity:** The government's focus on improving digital infrastructure can influence the location and design of office spaces, with a greater emphasis on connectivity and technology-enabled workspaces. At the same time, improved digital connectivity is having an influence on hybrid-working trends.
  - **Flexibility and Mixed-Use Developments:** Planning policies that encourage flexibility and mixed-use developments can impact the types of office spaces being developed. This can lead to a greater variety of office options, including co-working spaces and flexible office solutions. Recent hybrid-working trends indicates that although many businesses will require less office space moving forward, there will be higher expectations on the quality of provision.
  - **Impact on Investment:** Changes in planning policy can influence investor confidence and decision-making in the office market. Clear and supportive policies can attract investment (while uncertainty or overly restrictive policies may deter it).

Overall, recent changes in Scotland's planning policy are expected to contribute to a shift towards **more sustainable, flexible, and digitally connected office spaces**.

- 2.38 The cascade of planning policy and related guidance from national through strategic and local level sets an important context and direction for economic investment and employment land in **Edinburgh**. Planning policy at all levels emphasises Edinburgh's importance as a key driver of economic growth. Research and knowledge, business and financial services, tourism and creative industries are key sectors for the city, all of which have different land and property requirements. These requirements are reflected within the geography of investment

clusters across the city. Within the spatial strategy, offices are directed to specific locations in the city centre and at peripheral sites to the west, north and south of the city as well as to town and local centres. A flexible approach to employment land is evident at all levels of policy which aims to support changing requirements of key sectors and allow for the realisation of new opportunities.

# 03 OFFICE MARKET TRENDS

## INTRODUCTION

- 3.1 As a leading UK regional employment centre and as Scotland's capital city, Edinburgh has a large office market including many notable public and private sector organisations. Edinburgh's total stock of offices and market activity and trends are presented in Section 5. This section considers wider office market trends and uses those along with Edinburgh trends and economic forecasts to drive the scenarios in Section 6.
- 3.2 While the long run trend in the UK and Edinburgh's office markets has been the steady growth of the service sector and related need for new and improved office space, the principal distinguishing feature of the past five years has been the rapid shift to hybrid working. This has loosened the once direct relationship between office employment and office floorspace, and is still playing out.

## OFFICE WORKING

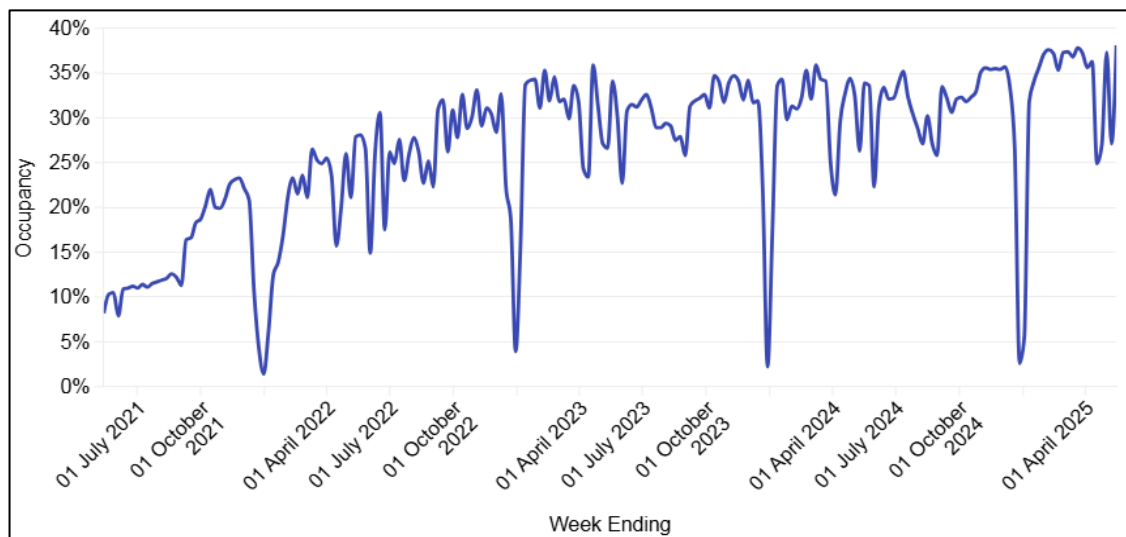
- 3.3 Office markets are adjusting to the increased prevalence of hybrid working since the 2020-23 COVID pandemic. Hybrid working typically means that an office occupier requires less space as employees may also work from other locations including home. Hybrid working can favour higher-quality and well-located offices to create an attractive and flexible workplace.
- 3.4 With hindsight, while Ryden's City Plan 2030 report in 2018 noted the spread of 'agile' working using mobile technology and commented that the trend might affect office usage, the wholesale adoption of new ways of working triggered initially by the pandemic lockdown in March 2020 was not anticipated.
- 3.5 The degree of hybrid working can vary by type of occupier, with headquarters, collaborative, trading or design functions more likely to be office-based than general professional services. Meanwhile, public sector occupiers, remote customer service and back office functions may rely more heavily on hybrid and home-working.
- 3.6 The Office for National Statistics reports that 28% of working adults in Great Britain were hybrid-working in October 2024, up from 20% in January 2022, while working from home fell to around 12%. Hybrid working was more common among those aged over 30 years, parents, managers/ professionals/ those with higher qualifications, and industries requiring less face-to-face contact. The survey covers all working adults including sectors such as retail, hospitality and social care where only 3% work hybrid; by implication the proportion of office workers is higher than the 28% mean for all occupations.
- 3.7 Starkly, the ONS reports that those with a degree or equivalent qualification were 10 times more likely to hybrid work (42%) than those with no qualifications (4%). Information and communication businesses had the highest share of hybrid working (49%) followed by professional, scientific and technical activities (42%).
- 3.8 For Scotland, a 2023 survey<sup>1</sup> found that 81% of the information and communications workforce was working either from home or hybrid, followed by professional, scientific and office workforce at 61%. Other sectors including administration and support had much lower rates of home and hybrid working while rates were very low among physical activities such as transport, manufacturing and construction.
- 3.9 In reviewing the above alongside employment data, BiGGAR Economics concludes in their economic overview for this study that Edinburgh has a relatively high concentration of employment in sectors which tend to exhibit higher levels of homeworking, which could imply less pressure on demand for office space.
- 3.10 In mid-2025 however, media reports can continue be tilted towards a back-to-the-office scenario, citing the growing list of major financial and technology employers who require a strong office presence, for face-to-face contact, networking and agglomeration as well as training and mentoring. Very recently, the Scottish Government mandated that civil servants should spend at least 40% of their working week in the office, as one-third of the workforce has joined since the pandemic and need opportunities to connect with colleagues. Similarly, the Chartered Institute of Personnel and Development reports that almost a third of large UK employers are planning to increase employees' office days this year.

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<sup>1</sup> See BiGGAR Economics' companion report City of Edinburgh Economic Overview, section 2.26

- 3.11 Reportedly, some occupiers ‘overshot’ their space reduction during the pandemic and are now either seeking further office floorspace due to increased office-based working, or to adapt their existing premises or add some flexible office space as possibly more cost-effective than relocation<sup>2</sup>.
- 3.12 However, an international survey of 79,000 SME businesses by Peninsula Group found the opposite: that the proportion requiring UK staff work in the office all week had fallen from 51.2% in 2023 to 44.4% in 2024, with UK employers far more likely to offer hybrid working on a contractual basis than those in other countries. Meanwhile, research published in May 2025 by King’s College London estimates that UK office workers spend 1.8 days per week working from home and reports that this is now a defining feature of the national labour market. Taking the broader economic perspective, some commentators report positive impacts on productivity and further benefits for 15/20-minute neighbourhoods and employee wellbeing.
- 3.13 Turning to market evidence, a gradual shift back towards office-based working is discernible around hybrid working policies / back-to-the-office mandates and improved office environments. Remit Consulting has been surveying office usage since the pandemic and reports that this has increased from around 25% occupancy as the pandemic restrictions eased through 2021, up to 38% in May 2025<sup>3</sup> (Figure 3.1) including a peak of 45% on Thursday 15th May. This increase must be seen, however, in the context of an estimated 60-80% office occupancy rate pre-pandemic. Some locations such as the City of London and Edinburgh, based on more intermittent surveys<sup>4</sup>, show higher levels than the UK average.

FIGURE 3.1. OFFICE OCCUPANCY IN UK CITIES



Source: Remit Consulting; the dips on the line chart are holiday periods

- 3.14 Based upon their monthly surveys and other research into office occupancy, Remit Consulting considers that demand for offices may be stabilising but that “flexibility remains key as hybrid patterns continue to shape how space is used”, as *“Businesses are rethinking the role of physical office space, increasingly viewing offices primarily as collaboration and culture-building hubs rather than daily work locations.”*
- 3.15 This report takes the balanced view that Remit Consulting’s tracking of a gradual increase in office occupation is not inconsistent *both* with more major organisations returning to the office *and* embedded hybrid working which is clearly evident in the reduced office floorspace being taken by many occupiers. While that may mean, overall, a reduced demand for office space, the requirement for better quality and potentially more centralised operations may affect a major office centre such as Edinburgh differently in Edinburgh to smaller cities and towns.

<sup>2</sup> Irwin Mitchell survey of 501 UK businesses undertaken in March 2024.

<sup>3</sup> Source: Remit Consulting, using data on actual occupancy of office buildings in UK cities.

<sup>4</sup> For example, Remit Consulting reported a UK average of 35.4% in November 2024 with Edinburgh a little higher at 36.9%.

## MARKET IMPACTS

- 3.16 In broad market terms, hybrid working is fuelling demand for smaller but high quality offices, in excellent locations, and often on more flexible terms than the long leases of the past. High profile Edinburgh examples of office occupiers confirming hybrid working including Lloyds Banking Group releasing its Dunfermline and Edinburgh Park buildings to focus on its Edinburgh city centre assets, and Aberdeen releasing 6 St Andrew Square to operate from 1 Broadway Park and 1 George Street only. Further downsizing in West Edinburgh includes Sainsbury's Bank and HSBC. The city's public sector organisations are also understood to be under-occupying office space due to hybrid working and looking to the wider public estate for future options, for example SEPA moving into the Council's Waverley Court headquarters and NHS Education for Scotland (NES) moving into Victoria Quay.
- 3.17 Whatever the extent of their hybrid working, relocating occupiers may still plan for peak occupancy midweek and also allow for more breakout, meeting, social and amenity spaces. As a result, for example, major office landlord British Land reports occupiers taking on average 150 sq.ft. per employee rather than the 115 sq.ft. pre-pandemic.
- 3.18 The net result in regional cities such as Edinburgh is that many occupiers seek less but higher quality office space, or continue in their current office for cost certainty and to avoid relocation decisions and costs ('regearing'). At a market level this process is leaving behind substantial volumes of older office space for repurposing; Edinburgh however has very active markets for alternative use of well-located buildings so is less likely to suffer the long term vacancies seen in some other cities and towns.
- 3.19 While there are well-established methodologies for retrofitting or more comprehensive refurbishment of office buildings, some estimates suggest that the prohibitive costs of this and securing energy performance could lead to at least 25-30% of the UK's office stock becoming redundant<sup>5</sup>. However, this proportion is likely to be lower in major city centres such as Edinburgh where economic and market conditions – i.e. good demand and higher rents and capital values are more likely to support refurbishment for office use. Recent research by Knight Frank identifies 5.9 million sq.ft. of major office buildings in UK cities which have been converted to hotels, residential flats, laboratories and student halls of residence, with the dominant reuse sector very much dependent upon the economic strengths and needs of that particular city, such as Edinburgh's tourism growth driving demand for more hotels<sup>6</sup>.
- 3.20 Allied to hybrid working is the increased requirement for better quality office working environments, both to attract and retain employees and to encourage and support regular office attendance. This ranges from access to transport networks and local amenities, to in-office exercise and social opportunities, and the comfort of the immediate working environment in terms of collaborative and communal spaces, food & drink, quiet space and personal comfort in terms of end-of-trip showers and bicycle racks as well as noise, heating and cooling, etc. Offices with lower carbon footprints also support occupiers' environmental commitments and can help manage energy costs; certifications related to sustainability and energy performance are now common currency in the office market and include statutory Energy Performance Certificates, BREEAM, NABERS UK and WELL.
- 3.21 These qualitative requirements allied reduced certainty over quantitative needs as hybrid working causes fluctuating and changing space requirements are favouring flexible office options. This may stretch from shorter leases, to leases with options to expand or contract – sometimes called 'swing space', through Cat A+ fitted out space where all furniture and equipment is provided for occupiers to 'plug and play', up to managed business centres where occupation can range from desks and rooms for hire up to formal leases / licences. Managed business centre operators such as Cubo, Spaces, Pure and Clockwise operate in Edinburgh while there has been growth in small private centres recently too, such the Auction Rooms on Queen Street. Some landlords now offer maximum flexibility by having both formal leased floors or suites and variations on these flexible models within the same building; this is more evident in other major cities at the moment although operators seeking to taking part of a building such as Instant Offices are currently assessing the Edinburgh market. Overall, the flexible office market has expanded post-pandemic, from its origins in small and start-up businesses to larger SMEs and project offices testing out new business lines, locations or indeed working models.

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<sup>5</sup> Montagu Evans

<sup>6</sup> See the companion publication to this office market report: Edinburgh Visitor Accommodation Needs Study (May 2025).

## CONSULTATIONS

3.22 This sub-section presents the key findings from consultations undertaken with a range of stakeholders, including various departments within the Council, economic development agencies, trade bodies, occupiers, developers and property agents regarding the office market in Edinburgh. Organisations consulted included:

- City of Edinburgh Council
- Scottish Enterprise
- Scottish Futures Trust
- Essential Edinburgh
- Edinburgh Chamber of Commerce
- Ryden Edinburgh Office Agents
- Federation of Small Businesses
- Ardstone
- GSS Developments
- Baillie Gifford
- Out of the Blue Arts & Education Trust

3.23 The consultations aimed to understand current and future needs and demands for office space in the city and its constituent market areas. Expert views are particularly important at a time of ongoing market change including hybrid working and changing development economics. Key themes emerged from the consultations across a wide range of topics including supply and demand dynamics, locational change, the changing nature of office space, economic factors and investment and the impact of wider trends.

3.24 According to consultees, Edinburgh's office market is characterised by contrasting supply and demand scenarios across different areas of the city:

- **Grade A office shortage in the city centre:** Although occupiers are keen to locate in the city centre within walking distance of major public transport hubs, there is a reported shortage of high-quality (Grade A) office space in the city centre. Consultees discussed a number of key reasons for this:
  - Limited new development pipeline – Very few new office developments are under construction or coming to the market in the short term. Consultees note that some refurbished space may enter the market in the medium term but that new office buildings are scarce.
  - Conversions to other uses – A significant factor noted by consultee is the ongoing trend of converting prime city centre office buildings into alternative uses, primarily hotels but also PBSA/residential. This repurposing is seen as “disrupting the balance” of Edinburgh’s diverse economic centre and reducing the available office stock. New legislation in relation to short term lets is considered to be exacerbating this situation by some consultees.
  - Outdated existing stock and flight to quality – consultees noted that much of Edinburgh’s existing office stock is outdated and does not meet the demands of modern businesses seeking modern, sustainable and flexible spaces
  - Rising rents and development viability – the acute shortage is driving up prime rents and expectations for further increases. While rising rents can make development more attractive consultees reported high construction costs (particularly associated with M&E and energy efficiency requirements), economic uncertainty, and a challenging planning environment as making speculative new office builds financially risky for developers.
- **Oversupply and Challenges in Out-of-Town Markets:** In stark contrast to the city centre, some out of town markets such as West Edinburgh face a significant oversupply of office space with very low take-up. Some of the reasons for this are shared with the city centre in terms of the age of existing stock and the costs of refurbishment. But in the out of town market these are coupled with low occupancy demand and poor rental growth which can mean that investment in office stock can be seen as unattractive to the private sector. A consultee noted that these buildings could be used for the third or charity sector but whilst this may reduce holding costs in the short term for many owners that would not be a long-term option and re-purposing to alternative uses such as residential and PBSA is taking place.

3.25 Further trends within the office market were reported to be:

- **Office Space Consolidation and Changing Requirements:** Consultees report that many occupiers are downsizing or consolidating their office space. Major office occupiers such as Sainsbury’s, RBS and Aegon have released large amount of space in Edinburgh. Consultees largely attributed this to the adoption of hybrid working models, which reduce the overall need for physical office space. Agents reported continuing demand

in the 10,000 – 20,000 sq.ft. office bracket but reduced demand (in historical terms) for larger offices. This has been widely seen in the out of town market but it is also a feature of the city centre market.

- **Demand for Smaller, Flexible Spaces:** Consultees noted significant demand for smaller office units and flexible lease terms, particularly from start-ups and SMEs. Flexible space models are becoming increasingly popular, suitable for occupiers needing less than c. 4,000 sq.ft. This trend is not only linked to hybrid working but also to broader economic uncertainty, as some businesses are less willing to commit to Full Repairing and Insuring Leases. Co-working spaces including those used by the creative industries are noted to be generally full. These shared facilities generally use refurbished buildings as opposed to new developments again as a result of the market dynamics.
- **Demand for Particular Uses:** Consultees note that the City Deal has helped create a number of technology and innovation hubs across the City as part of its Data Driven Innovation initiative. However, there were questions from consultees as to whether this was generally research space or space available to the market. Some consultees also noted a demand for lab space however many consultees active in the Edinburgh markets referred to this as “market buzz” and did not consider there to be a depth of market. A lack of space for the third sector and creative industries was also noted. A further trend was noted to be the increasing interest in data centres which is having an impact on both the office and industrial markets. Data centre demand is tightly linked to power supply.

- 3.26 With regard to market constraints, issues were expressed around the **planning and development system** and its ability to support and enable economic development. One consultee referred to the planning process as “*hugely protracted*” which can lead to long development lead-in times resulting in substantial upfront costs before any return on investment. Concerns were raised that planning fees are not ring-fenced in order to improve service levels. Issues were not purely in relation to planning but also wider public sector including ScottishPower, Scottish Gas, building control, roads etc. It was noted that developers are keen to invest their money in the Edinburgh property market but that some are now choosing to invest elsewhere (i.e. other cities or other financial markets) as a result. One consultee noted that there was a need to review public sector skills and resources more widely with a view to using these more efficiently across the various bodies. It was expressed that Scottish Government, local Government and the investors need a new approach to enable them to work together successfully.
- 3.27 Consultees also raised the office market’s **interrelationship with other sectors**. The housing crisis can have an impact on the availability of labour for the office market and it was commented that this can affect businesses re-locating or expanding into Edinburgh. As noted the growth of the tourism sector is significantly enhancing the viability of converting office buildings to hospitality uses in the city centre.
- 3.28 In summary, the consultation process identified that the Edinburgh office market is navigating significant shifts in demand, working practices, and development economics. While a shortage of prime Grade A space in the city centre contrasts with an oversupply in out-of-town locations, the overarching trend is a “*flight to quality*” and a strong demand for flexible, smaller (1,500 sq.ft. or less) units. The repurposing of traditional office buildings for hospitality use is a notable trend, driven by market economics. Protracted planning processes and high development costs present considerable barriers to delivering new office space in Edinburgh.

## SUMMARY

- 3.29 As a leading UK centre, Edinburgh has benefitted from long run office market growth. However, the widespread adoption of hybrid working post-pandemic has loosened the relationship between office employment and floorspace needs. In 2025, it is clear both that hybrid working is embedded in the office but also that there is a gradual increase in office occupancy levels, although not to pre-pandemic levels. While the typical occupier now seeks less but better office space, this can vary by employee type, occupier type and organisational function.
- 3.30 Edinburgh’s employment mix could imply a greater prevalence of hybrid working, however this is not borne out in (occasional) surveys which indicate that the city achieves at least the national level of office occupancy. Edinburgh’s major occupiers with multiple buildings are advanced in their portfolio restructuring, while many of its SMEs have moved or are considering moving to work in smaller offices in more flexible ways, sometimes in what are an increased number of well-occupied and successful co-working locations.
- 3.31 Despite occupier demand, increased development costs and market uncertainty are curtailing the new-build development pipeline. Meanwhile, high demand for alternative uses such as hotels and residential formats is diverting some vacated older office buildings to those sectors rather than refurbishment for office use.

3.32 The outcome is continuing shortage of Grade A office space in the city centre where occupier demand is strongest, contributing to sharp rises in rents. The out-of-town office market sits in contrast, with reduced demand and vacated buildings leading to oversupply and more limited prospects for private sector investment due to low demand and poor rental growth.

# 04 EDINBURGH OFFICE STOCK

## INTRODUCTION

- 4.1 This section identifies the total stock of offices in Edinburgh, including all occupied and vacant office floorspace, then analyses changes to that stock through new development (additions to stock), and redevelopment and changes to alternative uses (losses from office stock).
- 4.2 While the office market has traditionally progressed through a reasonably predictable process of new development to replace lost older stock and to accommodate growing numbers of service sector employees, that process is more or less clear now due to the trends set out in Section 3, and it must be caveated that the assessment here is made *during* a period of considerable market change.

## EDINBURGH OFFICE STOCK

- 4.3 Office stock in Edinburgh is currently 19.55 million sq.ft.<sup>7</sup> (1.82 m sq.m.). This has fallen by 2% from the 19.9 million sq.ft. (1.85 m sq.m.) recorded in 2018, due to addition through new development and losses through office demolitions and changes of use. These changes are considered in the sub-sections below; the situation is dynamic and the total office stock is not revised until the changes are confirmed and completed. The supporting economics report shows that relevant employment in Edinburgh has increased, signalling that the office stock is gradually contracting while employment is expanding, which would be consistent with the still-emerging effects of hybrid working.

## STOCK ADDITIONS: NEW DEVELOPMENT

- 4.4 New development during the most recent market cycle since Ryden's 2018 report for the Council has contributed to the city's current stock of offices. Ryden's estimate<sup>8</sup> of actual completions since 2018 is 0.918 million sq.ft. (85,250 sq.m.) of new office development. The developments are shown in Table 4.1 on the next page. These are the additions to the city's office stock which have partly offset the demolitions and changes of use leading to a net reduction of 2% in floorspace as summarised above.
- 4.5 The city centre has delivered the large majority (90%) of new office development with only one new office building developed at Edinburgh Park to the west. A large proportion of this (77%) new office development is contained in three developments: The Haymarket, Capital Square in the Exchange District and the purpose-built HMRC complex Queen Elizabeth House at New Waverley in the east of the city centre.
- 4.6 Current and pipeline development proposals have the potential to further add to the stock – or, potentially, to offset further stock losses - of modern office space if they are delivered. These are considered from paragraph 4.10 onward.

<sup>7</sup> Office stock, and market activity in Section 5, are reported in net lettable floorspace i.e. the useable part of the building. Planning data may be reported in gross floorspace including all common parts and any shared amenities.

<sup>8</sup> This new development and the stock losses later in this section are based upon various data sources including the Council's annual development schedules, CoStar, Property Market Analysis' PROMIS report and Ryden's in-house market intelligence.

TABLE 4.1: EDINBURGH NEW BUILD OFFICE COMPLETIONS

ADDRESS		SIZE (SQ.FT.)	DETAILS
<b>CITY CENTRE</b>			
<b>Haymarket Square</b>		119,112	Building 1: Complete 2024. Development by M & G. Occupiers include Shepherd & Wedderburn, Deloitte, Shoosmiths LLP and Morton Fraser MacRoberts
		280,000	Building 2: Currently fitting out, to be occupied by Baillie Gifford
<b>2 Freer Street, Fountainbridge</b>		59,554	Complete 2021. Development by Vastint. Occupiers include FanDuel and Analog Devices.
<b>Capital Square, Morrison Street</b>		123,030	Complete 2021. Development by BAM Properties/ Hermes. Occupiers include Brodies, Pinsent Masons LLP, Anderson Strathern LLP and Stantec UK
<b>Queen Elizabeth House, 1 Sibbald Walk</b>		181,300	Purpose built, opened 2020.  A Government Hub, occupied by HMRC and UK Space Agency
<b>The Mint Building, 20 West Register Street</b>		70,657	Complete 2019. Development by Chris Stewart Group. Occupiers include FNZ
<b>WEST</b>			
<b>New Park Square</b>		84,000	Completed 2022. Development by Parabola. Occupiers include Element, GE Vernova and Marsh McLennan

Source: Ryden/ CoStar

## STOCK CHANGES: REFURBISHMENT

- 4.7 The city's office stock can also change positively, but in a qualitative rather than quantitative sense, by the refurbishment of older premises to meet modern requirements for specification (and possibly flexibility). Refurbishment often emerges in UK city office markets during periods of lower new-build, as a faster and less expensive (although it can still be very complex and costly) means of bringing quality office space to the market. The carbon agenda also brings further focus to recycling rather than replacing office buildings. Refurbishment is currently a notable feature of the current market cycle in Edinburgh, particularly as re-sizing occupiers vacate significant buildings which require a solution.
- 4.8 Recent Edinburgh office refurbishments are noted in Table 4.2. Compared with the new-build offices in Table 4.1 above, refurbishment completions are more balanced between the city centre and West Edinburgh. This is because notable buildings have been released in the latter and can be repositioned to offer suitable office space and pricing for that sub-market.
- 4.9 The 0.57 million sq.ft. (53,000 sq.m.) of office refurbishments is less than the new-build total above but is dynamic as buildings are released and repositioned, and will not capture some refurbishments if they are lighter touch upgrades between tenancies. The refurbishments are also more widespread compared with the concentration of recent new developments into a few very large buildings, further reducing the comparative capital commitment required to deliver them.

TABLE 4.2: EDINBURGH OFFICE COMPLETED REFURBISHMENTS

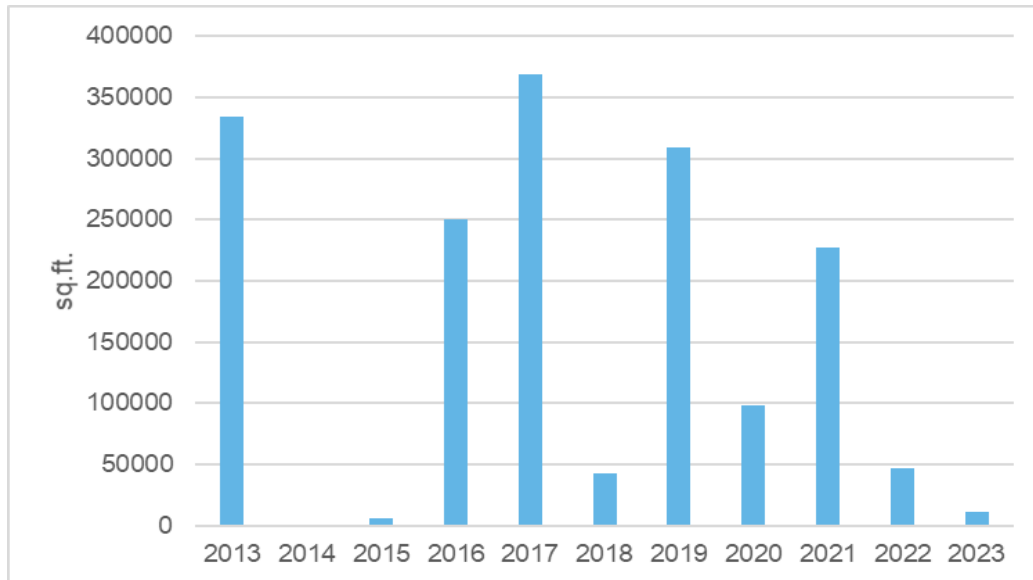
ADDRESS	SIZE (SQ.FT.)	DETAILS
<b>CITY CENTRE</b>		
24-25 St Andrew Square	48,000	Underway. Ardstone Capital. Available
Quartermile Two	41,500	Underway. UBS Asset Management. Available
New Clarendon, 114-116 George Street	35,000	BBC Pension Trust / CBREI 12,527 sq.ft. available
30 Semple Street	57,000	ABDRN. 33,024 sq.ft. available
2 Lochrin Square	28,000	UBS Asset Management. 1,822 sq.ft. available
80 George Street	40,585	NFU Mutual. C. 41,000 sq.ft. available
Four North St Andrew Square	41,140	Knight Property Group. Fully let
<b>WEST</b>		
4-5 Lochside Avenue, Edinburgh Park		Knight Property Group. 4,724 sq.ft. available
7 Lochside Avenue, Edinburgh Park	33,762	Danobe Securites Ltd. Available
3 Lochside Avenue, Edinburgh Park	81,322	CCLA. Available
Verdant, Redheughs Rigg	60,000	CEG. C. 30,000 sq.ft. available
One Edinburgh Green	89,653	Shelborn Asset Management. Available

Source: Ryden

## PIPELINE OFFICE DEVELOPMENT

4.10 Figure 4.1 shows completed office development in Edinburgh from 2013 to 2023, using data provided by the City of Edinburgh Council. The analysis indicates 1.69 million sq.ft. (157,230 sq.m.) (of completed office floorspace (this includes specialist uses at Heriot-Watt and Edinburgh BioQuarter).

FIGURE 4.1: EDINBURGH OFFICE DEVELOPMENT COMPLETIONS



Source: City of Edinburgh Council/ Ryden

4.11 Focusing in on the market supply emerging from this pipeline, on the next page Table 4.3 provides details on currently proposed office developments while Table 4.4 provides details of proposed office refurbishments:

- A total of 0.621 million sq.ft. (57,700 sq.m.) of new-build office development is proposed for the city centre, however none of this is currently under construction and no imminent site starts are proposed. The large majority of this (79%) is located in the west of the existing office core at Haymarket and Fountainbridge, principally in three larger development proposals of 150,000 – 183,000 sq.ft. each (13,935 – 17,000 sq.m.).
- There are four pipeline office refurbishments – two large buildings in the west and east of the city centre respectively and two buildings in West Edinburgh. The total office floorspace offered by these buildings is 0.410 million sq.ft. (38,000 sq.m.)

In total therefore there is a further 1.031 million sq.ft. (95,700 sq.m.) of new-build office development and office refurbishments in the pipeline in Edinburgh, with a significant focus upon the city centre.

TABLE 4.3: PIPELINE EDINBURGH OFFICE DEVELOPMENTS

ADDRESS	SIZE (SQ.FT.)	DETAILS	STATUS
<b>CITY CENTRE</b>			
The Network, New Town North	82,000	Orion Capital Managers	First priority is residential development. A planning application seeks to remove most or all of the office space.
Elgin House (former), 20 Haymarket Yards	183,000	Stamford Property Holdings	Pre-let required to commence development
Rosebery House, Haymarket Terrace	158,000	Aviva Investors	Pre-let required to commence development
E2, Fountainbridge	150,000	Cruden Homes and Buccleuch Property	Ongoing discussions but no site progress
Exchange Place 4	48,000	EP3 DEVCO	No site start announced
<b>WEST</b>			
Lochside Way	470,028	Parabola	Pre-let required to commence development
Edinburgh Green, Redheughs Avenue	925,352	Shelborn Asset Management	Progressing with No 1 and new development proposal lodged for remaining land (data centre)
<b>OTHER</b>			
Former Scottish Widows, Dalkeith Road	190,884	Schroders Capital and Corran Properties.	On market for sale. Planning consent significantly reduces the amount of office space

Source: Ryden

TABLE 4.4: PIPELINE EDINBURGH OFFICE REFURBISHMENTS

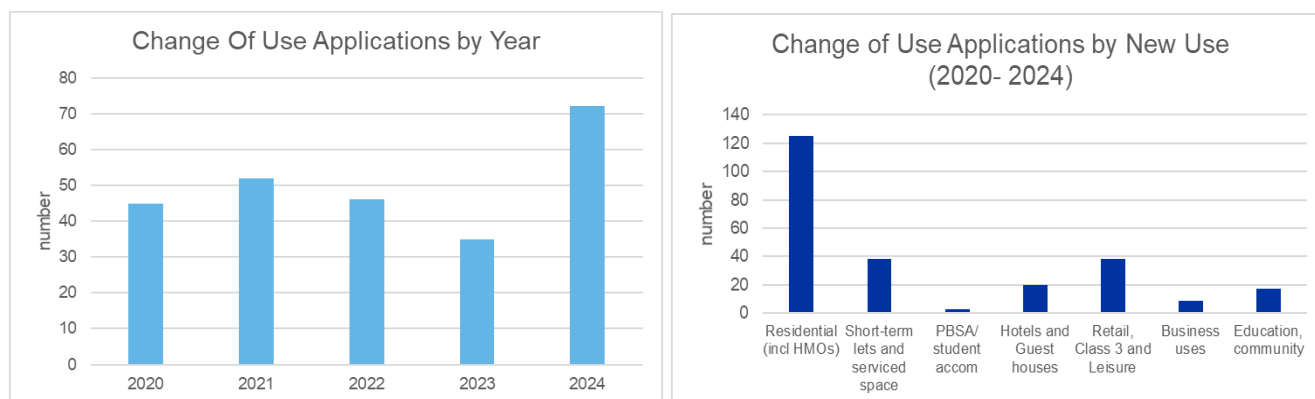
ADDRESS	SIZE (SQ.FT.)	DETAILS
<b>CITY CENTRE</b>		
Exchange Place 1, Seiple Street	120,000	CBRE IM
Calton Square, Greenside Row	160,000	Ardstone Capital/ Macquarie Asset Management
<b>WEST</b>		
2 Broadway Park	40,000	Ambassador Group
Younger Building, Edinburgh Green	90,000	Shelborn Asset Management

Source: Ryden

## STOCK LOSSES

4.12 According to City of Edinburgh Council, there have been 250 applications<sup>9</sup> for the change of use from office to other uses since January 2020. This ranges from small changes of use within properties up to full buildings. The most active year was 2024 with 72 applications (Figure 4.2). Change of use to residential uses had the largest proportion half of all applications, this includes HMOs. Serviced apartments/ short term lets had 15%; retail, restaurants and leisure also had 15%; while Hotels, guest houses had 8%. Other uses which had smaller number of applications include student accommodation, business uses, community facilities and education uses. The overall picture is of a continuing loss of offices to a wide range of alternative uses.

FIGURE 4.2: APPLICATIONS FOR CHANGE OF USE FROM OFFICE



Source: City of Edinburgh Council/ Ryden


4.13 Some larger examples of offices which have had a change of use or have a proposed change of use are in Table 4.5 on the next page. The offices lost range from townhouses to full purpose-built office blocks. Residential uses, hotel and PBSA are the most common re-uses – these sectors are in demand and may be financially viable than reuse as offices (i.e. their values exceed the development costs and deliver a profit).

4.14 Future proposed office conversions (some with part-demolition) include:

- The former Scottish Widows headquarters on Dalkeith Road, which also includes some demolition for a mixed-use scheme of residential along with some office use (noted in the Table 4.3 pipeline above).
- Hotel proposals at Capital House on Conference Square, Edinburgh One on Morrison Street and 9-10 St Andrew Square
- Heriot House and Currie House at Pentland Gait Business Park for a mixed-use development including PBSA and offices use, including some partial demolition; and
- St Margarets House on London Road for a mixed-use scheme including PBSA and residential.

<sup>9</sup> Consented, appeal granted, no consent required and at application stage. There may be some double counting. Includes some demolition

TABLE 4.5: EXAMPLES OF OFFICE CHANGE OF USE/ CONVERSION

ADDRESS	DETAILS		
<p><b>Meldrum House, Drumsheugh Gardens</b></p> <p>47,000 sq.ft. purpose built 1960s office, formerly occupied by HMRC, office closed in 2020</p>		<p>Converted/ re-purposed to a 164-bedroom hotel The Resident, by Resident Hotels. Opened towards the end of 2024.</p>	
<p><b>Pentland House, 47 Robbs Loan</b></p> <p>Six-storey 1970s office building totalling c. 94,500 sq.ft.</p>		<p>Converted to c. 330-room student accommodation for the University of Edinburgh. Opened 2023.</p>	
<p><b>Conference House, Morrison Street</b></p> <p>30,750 sq.ft. purpose built 1990s multi-let office.</p>		<p>Converted to a 103- bedroom hotel. Operated by Point A Hotels, opened in 2019.</p>	
<p><b>6 Manor Place</b></p> <p>Mid-terrace period full townhouse office totalling c. 5,800 sq.ft.</p>		<p>Residential conversion to a 5-bedroom townhouse.</p>	
<p><b>11 South St Andrew Street</b></p> <p>c. 11,300 sq.ft. mixed use building with retail on the ground floor and offices above in 6-storey 1970s office</p>		<p>Currently undergoing conversion into a 7-storey 'capsule hotel' by TARKA hotels. On completion in summer 2026 it will provide 242 beds, and a rooftop Japanese restaurant and bar.</p>	

Source: Ryden/ CoStar/ Development websites


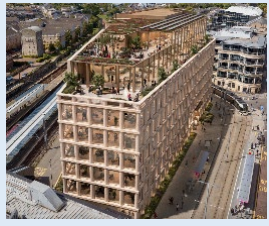










4.15 Since 2018, an estimated 0.842 million sq.ft. (78,200 sq.m.) of offices have been demolished in Edinburgh. Examples of these demolitions are shown in Table 4.6 on the next page along with a description of the new use.

4.16 In addition, there are known future losses of c.164,000 sq.ft. (15,200 sq.m.) due to proposed demolitions. Future proposed demolitions include:

- Finance House at Orchard Brae for PBSA
- The former Scottish Law Offices at 140 Causewayside also for student accommodation
- Bupa and Centrum House on Dundas Street for a mixed-use development primarily residential

These recent and proposed demolitions total c. 1 million sq.ft. (c. 92,900 sq.m.).









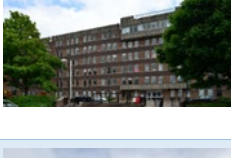
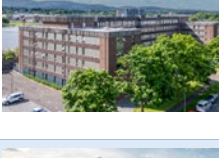



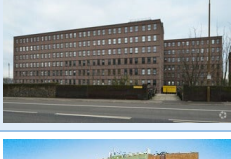
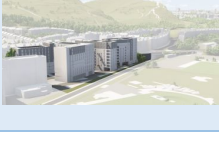
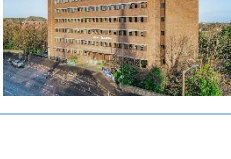
TABLE 4.6: EXAMPLES OF OFFICE DEMOLITIONS



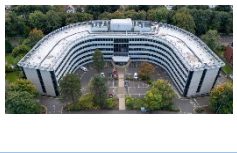
ADDRESS		DETAILS	
<p><b>Rosebery House, Haymarket Terrace</b> c. 65,000 sq.ft. office built in the 1970s.</p>		<p>Demolished in Spring 2025. A 150,000 sq.ft. Grade A office to be developed here by Bell Hammer Ltd / Aviva Investors</p>	
<p><b>Deutsche Bank House, 525 Ferry Road</b> c. 110,000 sq.ft. office, purpose built in the 2000s. Former office and data-processing centre for State Street Bank. Vacated in 2018</p>		<p>Demolition began at the end of 2024. Residential development by Artisan Real Estate will provide 256 homes</p>	
<p><b>Elgin House, Haymarket Yards</b> 50,000 sq.ft. purpose built 1990s office. Formerly occupied by HMRC, office closed in 2020</p>		<p>Demolished in 2024. Proposed mixed-use development comprising a 10-storey office totalling 183,000 sq.ft. and a 9-storey 197 room hotel by Stamford Property Holdings.</p>	
<p><b>Grayfield House, Bankhead Avenue, Sighthill</b> 1950s single storey office of c 125,000 sq.ft. Former hospital.</p>		<p>Demolished in 2021. Development of Capital Park a new industrial, warehouse and trade development of 18 units by Chancerygate.</p>	
<p><b>36-44 Westfield Road</b> c. 8,000 sq.ft. office building on a 1 acre site. Formerly occupied by Cirrus Logic.</p>		<p>For the development of c.300 room PBSA scheme by Host Student Housing Management Ltd</p>	
<p><b>Royal Bank of Scotland, 113-115 Dundas Street</b> 1970s offices of c. 280,000 sq.ft. IT and data centre for the Royal Bank of Scotland</p>		<p>Demolished in 2022. Part of the site of the proposed mixed-use development 'New Town North' by Ediston and Orion Capital Managers. Current proposal includes 350 homes. A planning application seeks to remove most or all of the 80,000 sq.ft. office space ('The Network').</p>	

Source: Ryden/ CoStar/ Development websites

4.17 As a further example of reuse and redevelopment, Ryden’s 2018 office market report for City Plan 2030 provided a particular focus on older office buildings in mid-urban locations – i.e. largely residential / mixed-use areas within the city rather than the core city centre or purpose-built business parks. The report suggested that a combination of life expiry and their secondary office locations could flag potential demolitions or changes of use. The buildings totalling 1.42 million sq.ft. (131,900 sq.m.) are shown in Table 4.7 on the next page and were built in the 1960s and 1970s in mid-urban locations. In the period since 2018, seven of these offices have been converted, or have proposals for conversion, removing a total of 0.767 million sq.ft. (71,260 sq.m.) of office stock (54% of the total across these mid-urban blocks).

TABLE 4.7: CHANGES TO LARGE MID-URBAN OFFICE BUILDINGS (1960S / 1970S)

ADDRESS		2018 COMMENT	CHANGE	
15 Dalkeith Road		Owned and occupied by Scottish Widows. Built in the 1970s. Totals c. 215,000 sq.ft.	Proposals for a mixed-use scheme including residential and some office use	
Dundas House, 20 Brandon Street		140,000 sq.ft. built in the 1970s. Occupied by Standard Life	Let by Blackrock in December 2022, remains in office use	
Saughton House, Broomhouse Drive		196,775 sq.ft. built in the 1970s. Occupied by Scottish Government	Scottish Government remain in occupation	
Chesser House, 500 Gorgie Road		131,500 sq.ft. built in the 1960s. Formerly occupied by City of Edinburgh Council. Sold for residential redevelopment and consented for 132 units.	Converted to residential in 2018	
Riverside House, 502 Gorgie Road		25,000 sq.ft. built in the 1970s. Multi occupied	Acquired by WASPS in 2023. Now WASPS artists' studios	
Pentland House, 47 Robbs Loan		94,500 sq.ft. built in the 1970s. Currently vacant, formerly occupied by NHS and Government departments	Converted to c. 330-room student accommodation for the University of Edinburgh. Opened 2023.	
525 Ferry Road		110,000 sq.ft. Formerly occupied by State Street Bank. Recently leased to Edinburgh Palette for a creative hub but still being marketed.	Demolition began at the end of 2024. Residential development by Artisan Real Estate will provide 256 homes	
Meadowbank House, London Road		124,000 sq.ft. built in the 1970s. Occupied by Registers of Scotland	Registers of Scotland remains in occupation	
St Margarets House, London Road		92,000 sq.ft. built in the 1970s. Former government office, most recently occupied by Edinburgh Palette. Proposed for alternative use.	Marketed February 2025. Planning consent for mixed-use scheme with 361 PBSA and 107 residential units	
Orchard Brae House, Queensferry Road		108,500 sq.ft. built in the 1970s. Multi-occupied	Refurbished and remains in office use.	

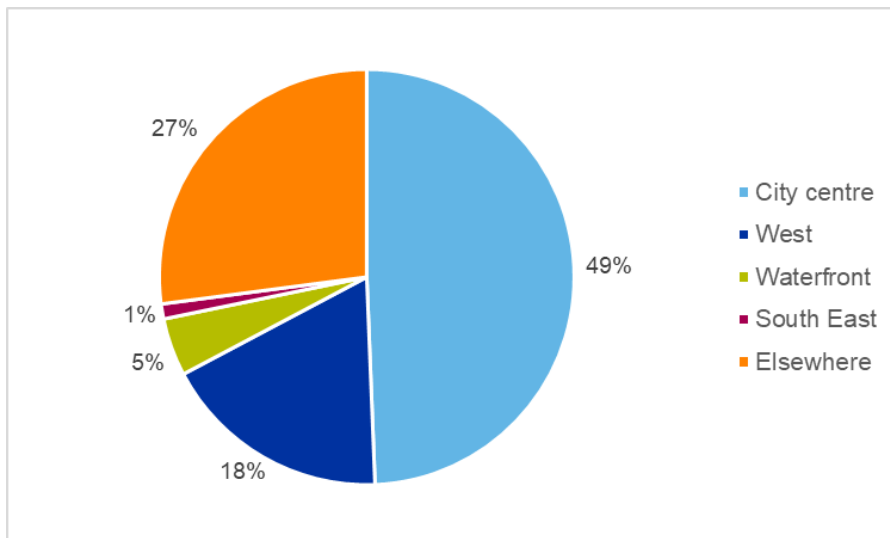
<b>Finance House, 10 Orchard Brae</b>		98,700 sq.ft. built in the 1960s. Occupied by Black Horse, to be vacated	Plans for conversion of the main building to a c. 300 room PBSA scheme	
<b>Silvan House, Corstorphine Road</b>		89,000 sq.ft. built in the 1970s. Occupied by Scottish Ministers (Forestry Commission Scotland)	Remains in office use. Offices for lease.	

Source: Ryden/ Agents/ Developers

## STOCK LOCATIONS, SIZE AND QUALITY

- 4.18 Almost half of the current office stock of 19.55 million sq.ft. (1.82 m sq.m.) is located in the city centre (49% / 9.65 m sq.ft.), followed by 'elsewhere' urban office stock with 27% (5.29 m sq.ft.). The West has 18% (3.49 m sq.ft.) of office stock in Edinburgh, with a smaller amount at the Waterfront (5% / 0.88 m sq.ft.) and in the South East (1% / 0.23 m sq.ft.) (Figure 4.3).
- 4.19 Floorspace in the city centre has risen from 46% in 2018, but fallen from 20% in the West, and from 28% in 'elsewhere' urban office stock, and remained the same in both the Waterfront and South East. See Table in the separate Appendix for analysis of this stock by size range and area.

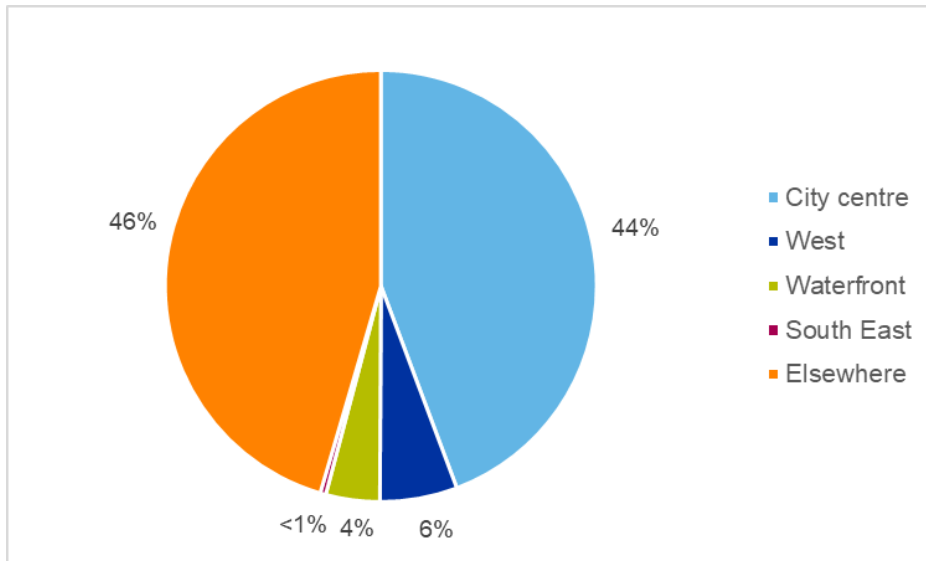
FIGURE 4.3: OFFICE STOCK BY AREA BY FLOORSPACE



Source: Ryden/ CoStar

- 4.20 By number of office buildings rather than floorspace, 44% of stock is located in the city centre with 46% 'elsewhere' urban office stock (Figure 4.4). The West has 6%, Waterfront 4% while the South East has less than 1%.

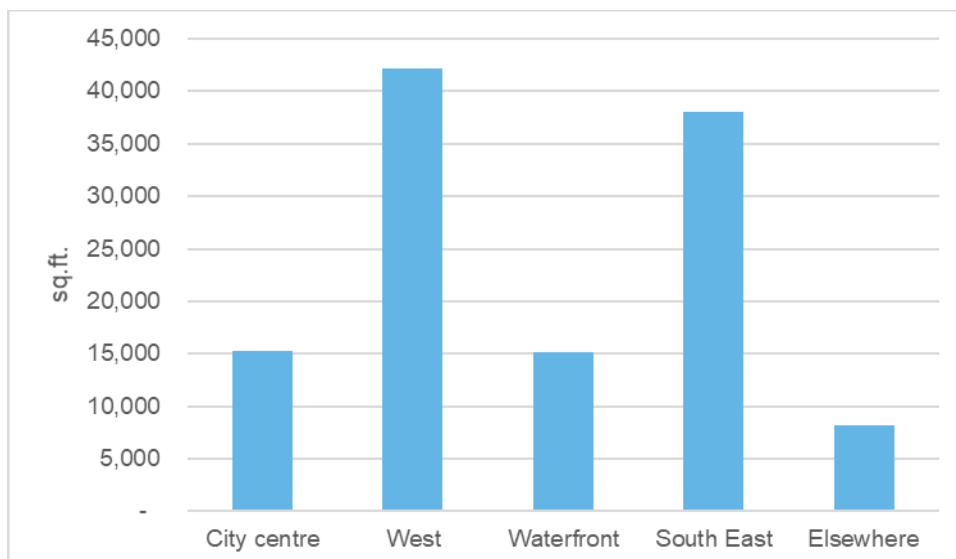
FIGURE 4.4: OFFICE STOCK BY AREA BY NUMBER



Source: Ryden/ CoStar

- 4.21 The average building size by area is the largest in the West at 42,149 sq.ft. (3,915 sq.m.), followed by 38,005 sq.ft. (3,530 sq.m.) in the South East. This will reflect the purpose-built nature of office in those locations while other areas, particularly the City Centre, have an existing stock of smaller period buildings in office use. City centre and Waterfront offices have a similar average office size of c. 15,000 sq.ft. (1,394 sq.m.) The 'elsewhere' urban office stock has the smallest average size at 8,131 sq.ft. (755 sq.m.) (Figure 4.5).
- 4.22 Average sizes rose slightly in the City Centre from 13,530 sq.ft. (1,257 sq.m.) in 2018, the West from 39,289 sq.ft. (3,650 sq.m.), and the Waterfront from 13,778 sq.ft. (1,280 sq.m.). But have fallen in the South East from 44,412 sq.ft. (4,126 sq.m.) and in 'elsewhere' urban office stock from 10,129 sq.ft. (941 sq.m.).

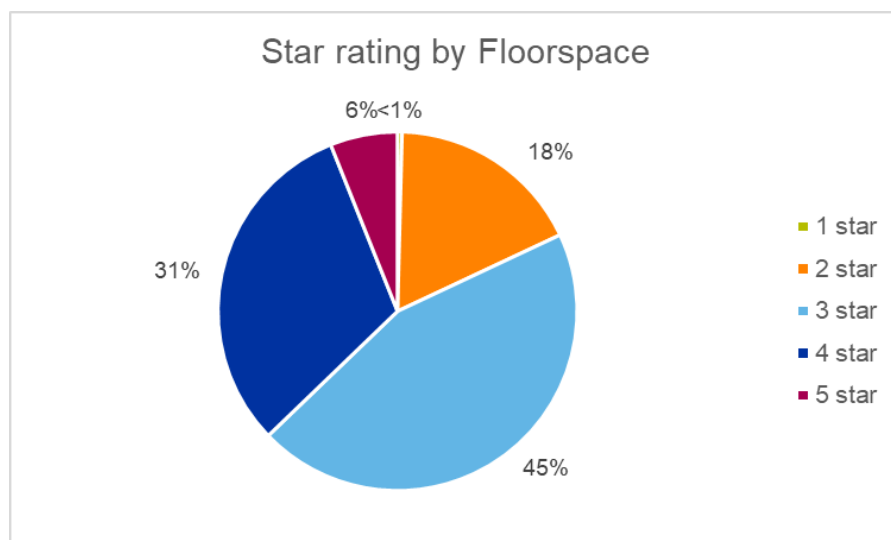
FIGURE 4.5: AVERAGE OFFICE SIZE BY AREA



Source: Ryden/ CoStar

- 4.23 The quality of Edinburgh's office stock quality is assessed using a star rating allocated by data providers CoStar. Ryden has analysed this data against the stock totals above and into sub-market areas. The results are shown on Figure 4.6. Office building ratings<sup>10</sup> range from 5-star ("exemplary, state-of the art") down to 1-star ("practically uncompetitive, possibly functionally obsolete").
- 4.24 Only 6% of the City's office stock is rated 5-star; all of this is located in the City Centre and the proportion has risen markedly from only 1% recorded in 2018. At the opposite end of the quality spectrum, less than 1% of office stock is rated as 1-star, which is the same proportion as was identified in 2018.
- 4.25 Almost half of Edinburgh's offices (45%) are 3-star, however this has fallen from 61% in 2018. This rating reflects office buildings with "less flexible floor plates, likely older and renovated" and "some standard amenities, modest landscaping and likely small or no exterior spaces". These offices are unlikely meet the requirements of contemporary businesses. See separate Table in the Appendix for analysis of this star rating by area.
- 4.26 A third of the city's office floorspace (31%) is rated as 4-star, which is a substantial increase from the 12% which was recorded in 2018.
- 4.27 Overall the analysis shows a significant improvement in Edinburgh's office stock quality since 2018, as new Grade A office development is added, some of the oldest stock is demolished or has moved to an alternative use, and the 'standing stock' attracts investment to improve its performance and market appeal.

FIGURE 4.6: OFFICE FLOORSPACE BY STAR RATING

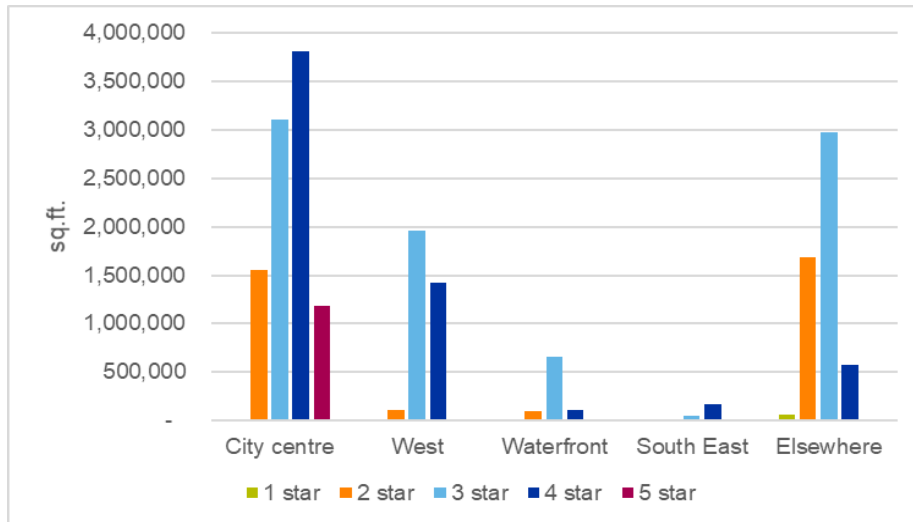


Source: Ryden/ CoStar

- 4.28 Figure 4.7 shows this star-based quality rating by area. The city centre has all of the 5-star rated offices. The West's office stock comprises mainly 3 and 4-star rated offices.

<sup>10</sup> The five categories used to rate office buildings by CoStar are: architectural design, structure/ systems, amenities/ management, site/ landscaping/ exterior spaces and certifications.

FIGURE 4.7: OFFICE FLOORSPACE BY STAR RATING BY AREA

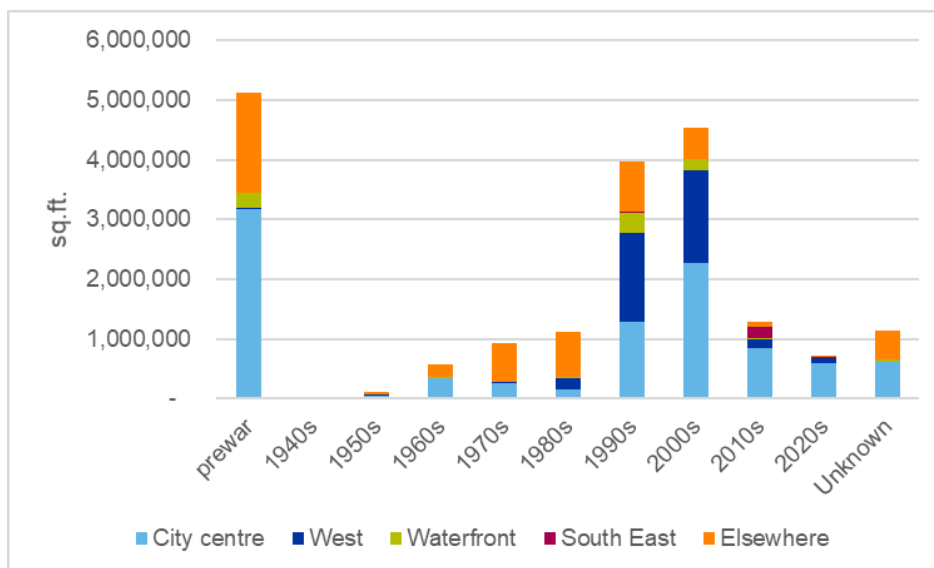


Source: Ryden/ CoStar

4.29 The decade in which office buildings were constructed is shown by area on Figure 4.8:

- The first peak pre-war which will reflect New Town townhouses in the city centre some of which were built in the 18th Century, and tenemented and townhouse offices across the city.
- Notably, in proportionate terms there is little office stock from the 1960s and 1970s in Edinburgh, which is likely to reflect the losses highlighted above as well as earlier losses such as St James House which was mothballed prior to its demolition to create the St James Quarter shopping and leisure complex. With 70% of the remaining 1960s, 1970s (and 1980s) office stock lies outwith the city centre.
- The next peaks are in the 1990s and 2000s which reflect the western and wider city centre and West Edinburgh modern office expansions highlighted on Figure 5.1 in the next section.
- Less of the current stock was built in the 2010s and 2020s to date. Development over these 14 years was mainly due to continued expansion of the city centre office market plus some development in the South East, West and elsewhere.

FIGURE 4.8: OFFICE FLOORSPACE BY DECADE OF CONSTRUCTION



Source: Ryden/ CoStar

4.30 The Table in the separate Appendix presents the data by area which underpins the charts and commentary in this Section on office floorspace, office size ranges, office quality and decade of construction by location.

## SUMMARY

- 4.31 Edinburgh's stock of offices has contracted by 2% since 2018, to 19.55 million sq.ft. (1.82 m sq.m.). The volume of office floorspace demolished or lost to alternative uses has exceeded the new-build office floorspace developed. As office-based employment is estimated to have increased and the overall stock quality is assessed to have improved, this is consistent with the trend for individual occupiers to prefer smaller but better offices is (gradually) yielding a smaller but better overall Edinburgh office stock.
- 4.32 Further office stock is under threat from alternative uses. While this is a long run trend for period buildings and 1960s/70s blocks, it now includes some prominent city centre blocks. An assessment of live alternative use proposals against no new-build offices under construction would signal a potential further stock contraction. However, the standing stock quality continues to improve as vacated office buildings are refurbished and represented to the market to meet the more discerning modern occupier needs.

# 05 EDINBURGH OFFICE MARKET

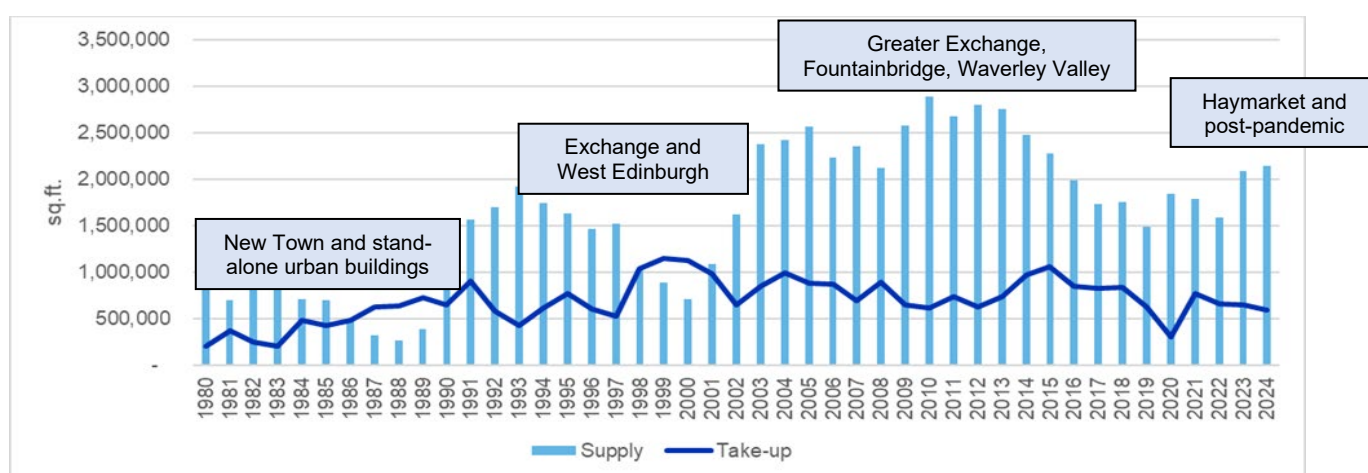
## INTRODUCTION

- 5.1 This section analyses the Edinburgh office market. It opens with an ultra-long run perspective using 45 years' market data, to understand the waves of office market activity in the city and what drove those.
- 5.2 The section then considers current (end Q1 2025) office supply, take-up (sales and lettings) since 2019 and market demand in the form of occupier enquiries for offices, concluding the standard market analysis with a review of office investment activity which is important in terms of capital flows and pricing.
- 5.3 Additional analyses are also presented below to understand particular features of the current office market: lease regears and lease expiries as future market demand signals; and specialist (economic) locations as provided for in planning policy (see Section 2), mentioned in consultations (Section 3) and evident at key investment sites across Edinburgh.

## EDINBURGH OFFICE MARKET – LONG RUN

- 5.4 Figure 5.1 shows Edinburgh's long run office supply and take-up from 1980 (45 years), annotated with the major market phases. The city's office market has evolved from period buildings within the Georgian New Town in the 1980s, to purpose-built open-plan offices in the Exchange District after the "Big Bang" financial deregulation of 1986, West Edinburgh following planning changes in 1989, then Leith and satellite locations around the core city centre such as Fountainbridge and Quartermile. Apart from the completion of the major Haymarket development in 2023 and selected prime sites such as Capital Square and New Park Square in Edinburgh Park, the office market is now in a period of adjustment to changing occupier needs.

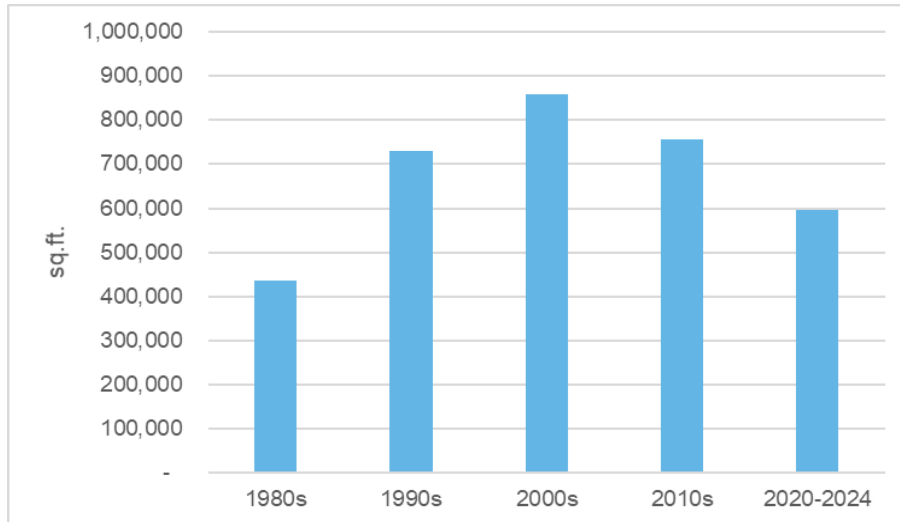
FIGURE 5.1: EDINBURGH LONG RUN OFFICE SUPPLY AND TAKE-UP



Source: Ryden

- 5.5 Around 31 million sq.ft. (2.88 m sq.m.) of office space has been taken-up since 1980. The average office take-up (lettings and sales for owner occupation) figure for Edinburgh since 1980 is 692,000 sq.ft. per annum (64,300 sq.m.), including both new-build and second hand offices. Figure 5.2 shows the clear rising-then-falling trend in office take-up, with: 437,000 sq.ft. per annum taken-up during the 1980s; 731,000 sq.ft. p.a. in the 1990s; a peak of 858,000 sq.ft. p.a. in the 2000s (despite including the 2008/09 crash); then dipping to 755,000 sq.ft. p.a. in the 2010s (which included the post-recessionary period 2010-13); and falling again to 595,500 sq.ft. p.a. for the shorter 5-year period from 2020 to 2024 inclusive (which encompasses the pandemic market dip).

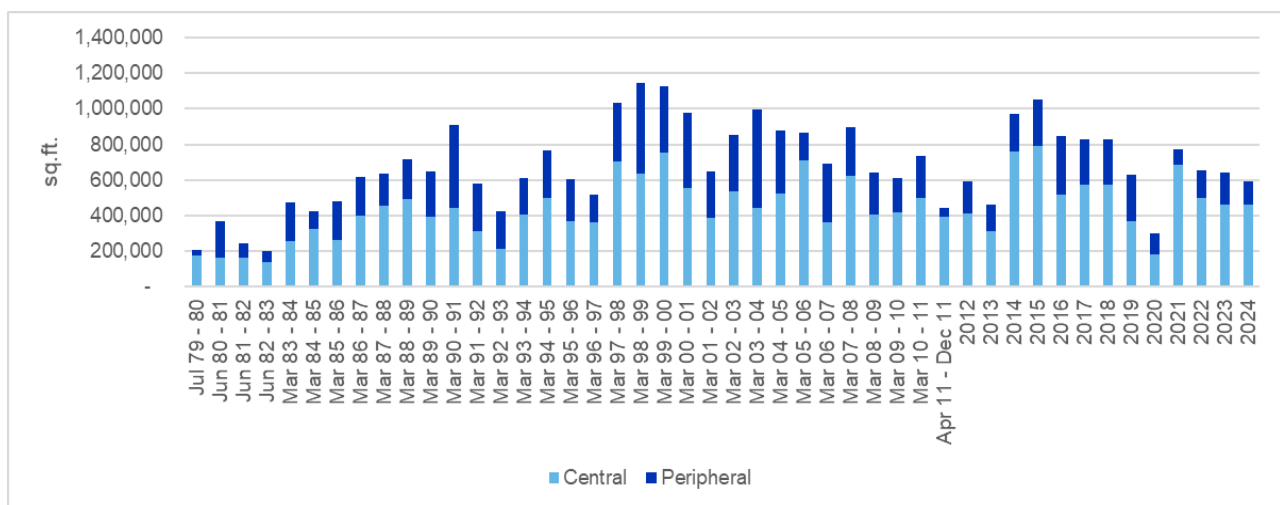
FIGURE 5.2: AVERAGE ANNUAL OFFICE TAKE-UP PER DECADE



Source: Ryden  
 Note: the 2020s comprises only 5-years not a full decade

- 5.6 The average supply of offices in Edinburgh since 1980 is 1.616 million sq.ft. (150,000 sq.m.) (the light blue bars on Figure 5.1 above). Supply rose in the 1990s with the opening-up of the Exchange and Edinburgh Park as noted, and in the 2000s with mainly city centre led developments. A development lag caused office supply to peak in 2008 after the market crash. Office supply tracked downwards to 2019 but has increased since the 2020 pandemic, despite comparatively limited new development.
- 5.7 The market trends in Section 3 indicated that demand for well-located city centre offices remains strong, while demand for out-of-town offices continues but has cooled in comparison with historic levels of activity. Long term take up by central and peripheral locations (Leith, West and other locations) is in Figure 5.3. Central Edinburgh's long run market share of office take-up is 65% while the total of all of the peripheral areas' take-up represents a 35% market share. This is a historic position however, driven by city centre development constraints and a western expansion phase including Edinburgh Park; more recently the majority of occupier demand is strongly focused upon Edinburgh city centre.

FIGURE 5.3: EDINBURGH LONG RUN OFFICE TAKE-UP BY LOCATION

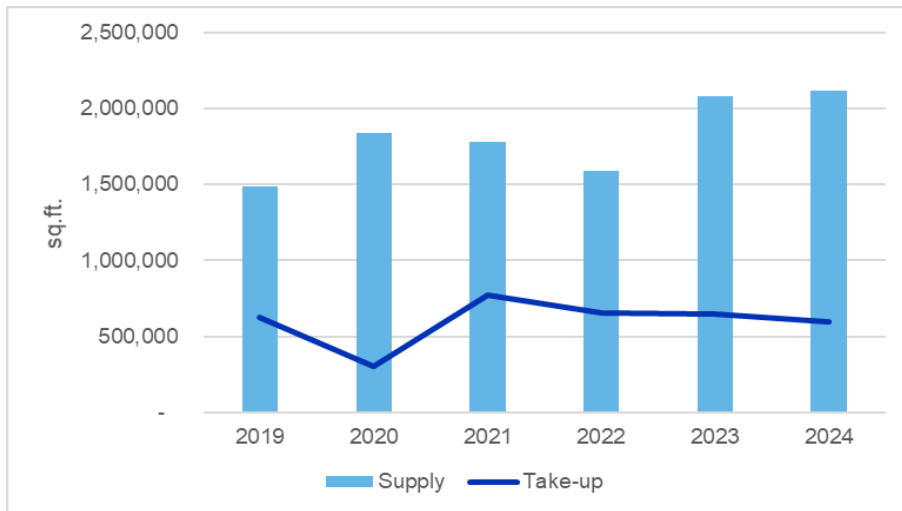


Source: Ryden  
 Note a 9-month period April to December 2011

## EDINBURGH OFFICE MARKET – MEDIUM TERM

5.8 Figure 5.4 depicts supply and take-up of office space in Edinburgh since 2019 (effectively the final 6 bars and lines on the long run Figure 5.1 above). The time period is chosen to reflect medium term market trends since Ryden’s 2018 commercial needs report for the Council, and to start the analysis a year before the pandemic in what was a normal year for the Edinburgh office market, before it embarked upon an era of structural market change. While take-up has remained comparatively steady since 2021, supply did rise as occupiers began the process of restructuring to take typically smaller but higher quality office space. The rise in supply is curtailed however by the loss of office stock to alternative uses which was highlighted in Section 4 – which means that it has been vacated but no longer appears here as vacant market supply.

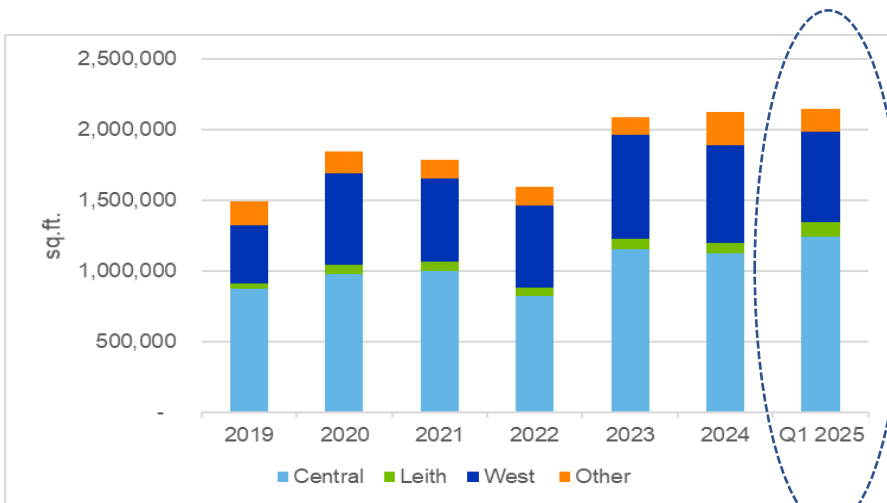
FIGURE 5.4: EDINBURGH OFFICE SUPPLY AND TAKE-UP



Source: Ryden

5.9 This supply by location over the medium term is shown on Figure 5.5 below. It can clearly be seen that the city centre accounts for most of the supply in all years. It is notable that supply in the peripheral locations (of Leith, West and other) has risen by 50% from c. 600,000 sq.ft. (55,740 sq.m.) in 2019 to 900,000 sq.ft. (83,610 sq.m.) in Q1 2025.

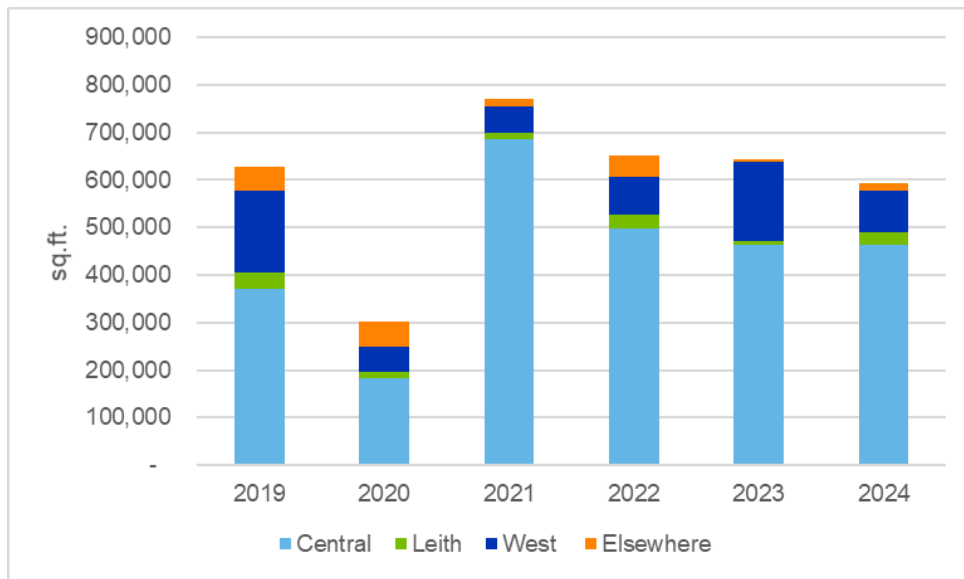
FIGURE 5.5: EDINBURGH OFFICE SUPPLY BY LOCATION BY YEAR



Source: Ryden

- 5.10 Over the 6-year period from January 2019 to December 2024 a total of 3.6 million sq.ft. (0.3 m sq.m.) of office space was taken-up in Edinburgh. This is an annual average take-up of 598,500 sq.ft. (55,600 sq.m.); as above on Figure 5.4, excluding 2019 yields an average take-up 2020-24 inclusive of 595,500 sq.ft. (55,320 sq.m.). This take-up, which includes the pandemic year dip in 2020, is 23% below Edinburgh's modern office era (1990s/2000s/2010s) average of 781,000 sq.ft. (75,550 sq.m.) (and is considered to reflect the reduced size requirements now evident in the market).
- 5.11 Figure 5.6 analyses Edinburgh's annual office take-up since 2019 by location. In this analysis, the city centre has accounted for 74% of recent Edinburgh office market take-up. West Edinburgh accounts for 17%, Leith 4% and other locations 5%. From January 2019 to December 2024 a total of 3.6 million sq.ft. of office space was taken-up.

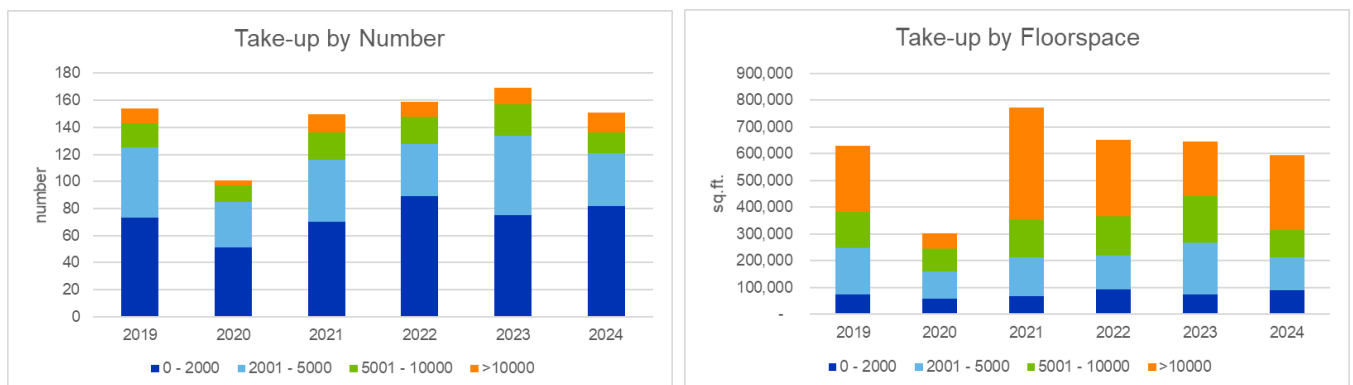
FIGURE 5.6: EDINBURGH OFFICE TAKE-UP BY LOCATION



Source: Ryden

- 5.12 Take-up of offices by size range is shown on Figure 5.7 below. The large majority of activity is in the sub-5,000 sq.ft. size range (capable of accommodating up to 40 employees at traditional employment densities and working patterns, although that may vary with hybrid working). The 5,001 – 10,000 sq.ft. size bracket is also active. There are fewer larger office deals above 10,000 sq.ft., although that bracket tends to contain the most prominent occupiers and prime buildings and delivered 47% of floorspace take-up so attracts most market attention.

FIGURE 5.7: EDINBURGH OFFICE TAKE-UP BY SIZE RANGE

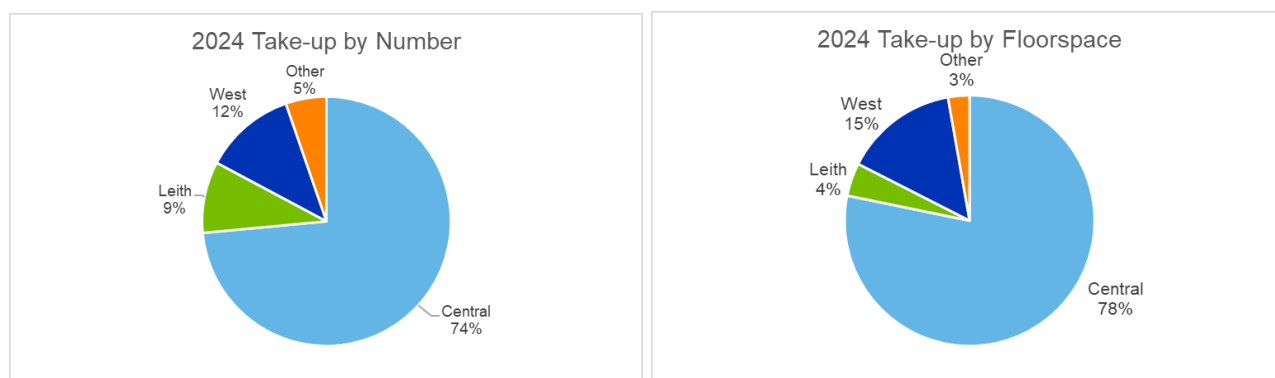


Source: Ryden

## CURRENT EDINBURGH OFFICE MARKET

- 5.13 In the most recent full calendar year (2024), Edinburgh's office market delivered 0.594 million sq.ft. (55,165 sq.m.) of take-up across 151 deals. These were year-on-year decreases of 11% and 8% respectively. Notably, an exceptional 0.844 million sq.ft.<sup>11</sup> (78,400 sq.m.) of regearing was recorded during the year as occupiers faced limited supply and sought to stabilise costs while considering their space requirements; although nearly half (46%) of this regearing activity was due to Lloyds Banking Group's re-commitment to existing space at Port Hamilton (Morrison Street) and Citymark (Fountainbridge).
- 5.14 Seventy-eight percent of floorspace take-up in 2024 was in the city centre and of this 36% was Grade A office space, however lack of supply will have constrained these figures. The prime city centre office rent increased again, to £45.50 per sq.ft. Notable transactions are highlighted in Table 5.5 (on pages 41 and 42). The ongoing trend for fitted-out offices continued while serviced and flexible office options are tending to achieve record occupancy levels.
- 5.15 Figure 5.8 shows office take-up for 2024 firstly by number of offices and then by floorspace. The city centre had the majority of market activity both by number and floorspace, at 74% and 78% respectively. The West had 12% of take-up by number in 15% of floorspace. Leith had a lower 9% of take-up by number with 4% of floorspace, while other areas had the least both by number and floorspace at 5% and 3% respectively.

FIGURE 5.8: EDINBURGH OFFICE TAKE-UP 2024 BY AREA



Source: Ryden

- 5.16 Office take up in West Edinburgh fell by nearly half (47%) year-on-year. Prime rents range from £22 per sq.ft. for refurbished South Gyle options up to £30 per sq.ft. for new-build offices at Edinburgh Park.
- 5.17 Table 5.1 on the next page shows office take-up for 2024 by size range by area:
- By number, just over half (54%) of all offices taken-up across the city were between 0 – 2,000 sq.ft. A similar figure is recorded for the city centre (56%), but the share of take-up held by these smallest offices is higher in Leith and other areas with 71% and 75% respectively.
  - Ten percent of all transactions across the city were in the largest size range of >10,000 sq.ft.+. For both the city centre and West, 11% of these areas transactions were in this largest size range, for Leith a lower 7% was recorded. By floorspace just under half (47%) of office floorspace taken-up in Edinburgh in 2024 was in this largest size range, rising to 52% in the city centre.

<sup>11</sup> Across 2022 to 2024 (inclusive) a total of 1.5 million sq.ft. of leases have been regeared in Edinburgh.

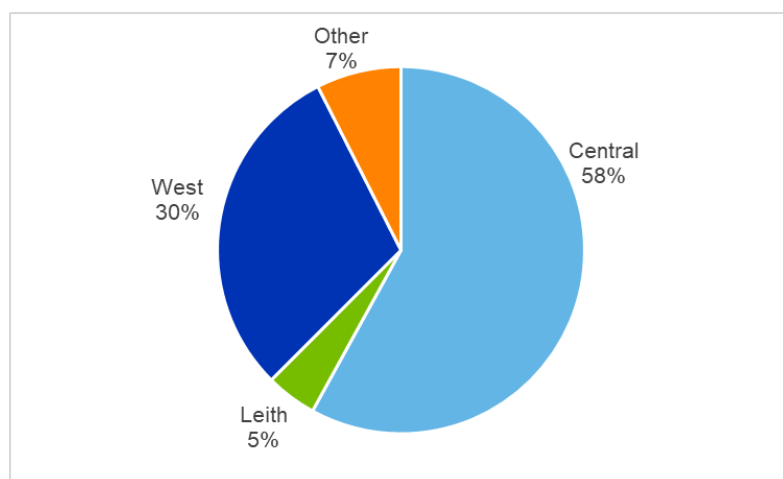
TABLE 5.1: EDINBURGH OFFICE TAKE-UP 2024 BY AREA BY SIZE RANGE

	CITY CENTRE	LEITH	WEST	OTHER	CITY WIDE
<b>Take-up Totals</b>					
Floorspace sq.ft.	464,399	25,327	87,585	16,489	593,800
Floorspace sq.m.	43,144	2,353	8,137	1,532	55,165
Number	111	14	18	8	151
Floorspace	78%	4%	15%	3%	100%
Number	74%	9%	12%	5%	100%
<b>Size range by area: Number</b>					
0 – 2,000	62	10	4	6	82
2,001 – 5,000	27	3	8	1	39
5,001 – 10,000	10	0	4	1	15
>10,000	12	1	2	0	15
0 – 2,000	56%	71%	22%	75%	54%
2,001 – 5,000	24%	21%	44%	13%	26%
5,001 – 10,000	9%	0%	22%	13%	10%
>10,000	11%	7%	11%	0%	10%
<b>Size range by area: Floorspace (sq.ft.)</b>					
0 – 2,000	66,454	8,007	5,923	7,252	87,636
2,001 – 5,000	86,928	6,609	28,493	2,237	124,267
5,001 – 10,000	69,211	0	26,780	7,000	102,991
>10,000	241,806	10,711	26,389	0	278,906
0 – 2,000	14%	32%	7%	44%	15%
2,001 – 5,000	19%	26%	33%	14%	21%
5,001 – 10,000	15%	0%	31%	42%	17%
>10,000	52%	42%	30%	0%	47%

Source: Ryden

- 5.18 Total office supply across Edinburgh at the end of Q4 2024 was recorded as 2.12 million sq.ft. (c. 197,000 sq.m.) which was a marginal increase of 2% compared with the end of Q4 2023. City centre supply remained constrained during 2024 with few options for larger requirements (>20,000 sq.ft.) available or in the pipeline (see Section 4) amid challenging development viability with rents of £50 per sq.ft. required to trigger new activity. West Edinburgh has significant oversupply of office space, particularly larger corporate HQ buildings following occupier relocations, some of which have been refurbished and remarketed as highlighted in Section 4.
- 5.19 Current office supply in Q1 2025 is 2,143,872 sq.ft. (199,170 sq.m.) across the City. This is shown by location on Figure 5.9. The majority (58%) of available floorspace is in Central Edinburgh followed by West Edinburgh with 30%. Leith has 5% of current supply, while other areas (including the Waterfront, Tanfield and South Queensferry) make up the remaining 7%. Examples of current supply are in Table 5.2 overleaf.

FIGURE 5.9: EDINBURGH OFFICE SUPPLY BY LOCATION Q1 2025 BY FLOORSACE



Source: Ryden/ Agents

TABLE 5.2: EXAMPLE OF CURRENT OFFICE SUPPLY IN EDINBURGH

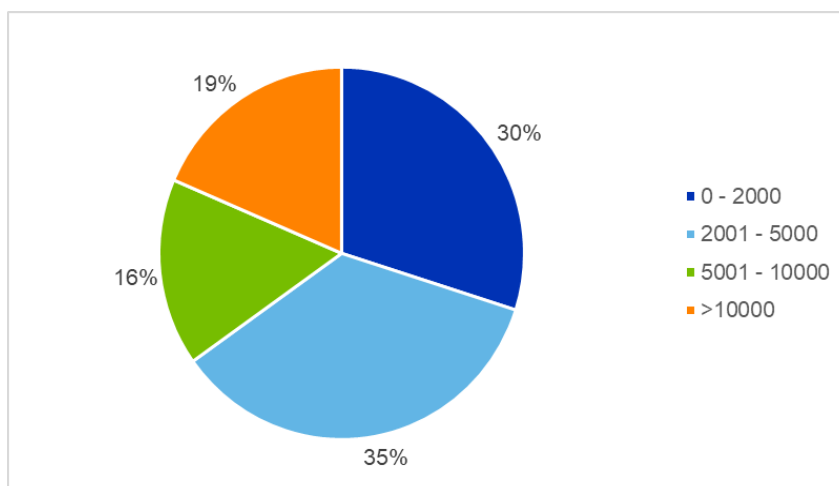
ADDRESS	SIZE (SQ.FT.)	DETAILS
<b>CITY CENTRE</b>		
<b>Saltire Court, Castle Terrace</b>	72,724	Various suites available for lease on all floors, from 2,534 sq.ft. Grade A offices. Built 1990s EPC rating A
<b>145 Morrison Street</b>	26,894	Entire building for sublease at £27.75 per sq.ft. Prime Grade A office. Built 2010s. Available as a whole or in part. EPC rating A
<b>Edinburgh Quay 1, Fountainbridge</b>	11,094	Lease for assignment at £27 per sq.ft. Entire second floor. Built 2000s
<b>6 St Andrew Square</b>	10,856	Office on part of the fourth for office for sublease. Built 2010s. EPC rating A
<b>The Cube, Leith Street</b>	6,490	Ground floor offices for short term lease £10 per sq.ft. Grade A open plan space. Built 2000s
<b>Clarence House, 131-135 George Street</b>	4,607	First floor offices, mix of cellular and open plan space. Refurbished period building. For lease £26 per sq.ft.
<b>23 Alva Street</b>	3,058	Entire period townhouse for lease. EPC rating C
<b>160 Dundee Street</b>	2,648	Sub lease. Ground floor office suite. Built 1990s. EPC rating E
<b>Atholl Exchange, 6 Canning Street</b>	2,377	First floor, pending refurbishment. For lease. Built 1990s
<b>3 Darnaway Street</b>	1,863	Ground and lower ground floors in period property. For sale o/o £750,000
<b>26 Frederick Street</b>	1,543	Third floor and attic in period building. For lease. EPC rating D
<b>LEITH</b>		
<b>Commercial Quay, 74-96 Commercial Street</b>	13,317	Various offices available for lease from 1,721 sq.ft. Former bonded whisky warehouse built in the early 19th century.
<b>Great Michael House, Links Place</b>	12,360	Various office suites on second and third floors from 2,038 sq.ft. For lease at £16 per sq.ft. Built late 19th century. EPC Rating C
<b>Anderson House, Breadalbane Street</b>	3,917	First floor open plan office for lease at £17.50 per sq.ft. Built 2000s. EPC rating A

Sugar Bond, Anderson Place	2,500	First floor open plan office for lease at £17.50 per sq.ft. Built 1890, former sugar refinery. EPC rating C
<b>WEST</b>		
Edinburgh Green, 3 Redheughs Avenue	85,323	Built 1990s. Refurbished to RetroFirst approach Grade -A office building. Office suites from 14,159 sq.ft. For lease at £23 per sq.ft. EPC rating B+
Calton House, 5 Redheughs Rigg	51,949	Modern, four storey office building built 1990s. For sale £2.5m. EPC rating B
Broadway Two, Broadway Park, South Gyle Broadway	39,137	Refurbished Grade A, flexible workspace. Office pavilion over 3 floors built 2000s. For lease. EPC rating A
Vantage Point, 3 Cultins Road	21,363	Offices on ground and first floors. Office pavilion built in 2000s. For lease from 8,413 sq.ft. at £18 per sq.ft. EPC rating D
Lochside House, 3 Lochside Way, Edinburgh Park	8,011	Office suites from 1,732 sq.ft. in 3-storey pavilion built in 2000s. For lease £26.50 per sq.ft. EPC rating A
1 Lochside Avenue, Edinburgh Park	3,566	Office suite on second floor of office pavilion built in the 1990s. For lease at £25 per sq.ft. EPC rating B
<b>OTHER</b>		
<b>One Waterfront Avenue, Marine Drive</b>	40,667	Open plan office suites on second and third floors from 8,718 sq.ft. For sublease at £17.70 per sq.ft. Grade A office built 2000s.
<b>West Granton House, West Granton Road</b>	14,458	Open plan office suites in modern building for lease from 1,928 sq.ft. Built 2010s. EPC rating C
<b>Westcott House, 4 Ferrymuir, South Queensferry</b>	9,542	Modern office pavilion, built 2000s. Suites for lease on ground and first floors from 1,340 sq.ft. EPC rating C
<b>Broadside, 2 Powderhall Road</b>	8,021	Modern office pavilion built in 2000s. Two suites available, ground floor 3,386 sq.ft. and second floor 4,635 sq.ft. For lease £20 per sq.ft.
<b>12 New Mart Road</b>	4,736	Part of first floor in two storey office built 2000s. For lease at £15 per sq.ft.

Source: Ryden/ Agents/ CoStar

5.20 In the first quarter of 2025 there are 265 offices available; supply by size range is shown on Figure 5.10. The smallest size range of 0 – 2,000 sq.ft. has a third of all supply by number, while the range 2,001 – 5,000 sq.ft. has a slightly higher 35%. There is 16% available in the range 5,001 – 10,000 sq.ft., with the largest range of >10,000 sq.ft. having 19%. Offices in these larger size ranges tend to be sub-divisible into smaller suites.

FIGURE 5.10: EDINBURGH OFFICE SUPPLY BY SIZE RANGE Q1 2025 BY NUMBER



Source: Ryden/ Agents

5.21 In the first quarter of 2025 of the 265 offices available across the city (see Table 5.3):

- 30% are in the smallest size range of 0 – 2,000 sq.ft. by number,
- 35% are in the 2,001 – 5,000 sq.ft. size range
- In the city centre these two smallest size ranges contribute 67% of supply, which is very close to the city mean of 65%. This increases to 91% in Leith but is only 40% in the West and 54% in other areas.
- By number the >10,000 sq.ft. size range has 19% of available offices (although due to their large sizes this bracket accounts for 66% of available office floorspace city-wide). It should be noted that some of these larger offices may be suitable for sub-division to meet smaller occupier requirements too.
- Offices larger than 10,000 sq.ft. account for 16% of the city centre supply, falling to a low of only 3% of supply in Leith, but accounting for a notably higher 31% in other areas and a substantial 43% of office supply by number in the West.

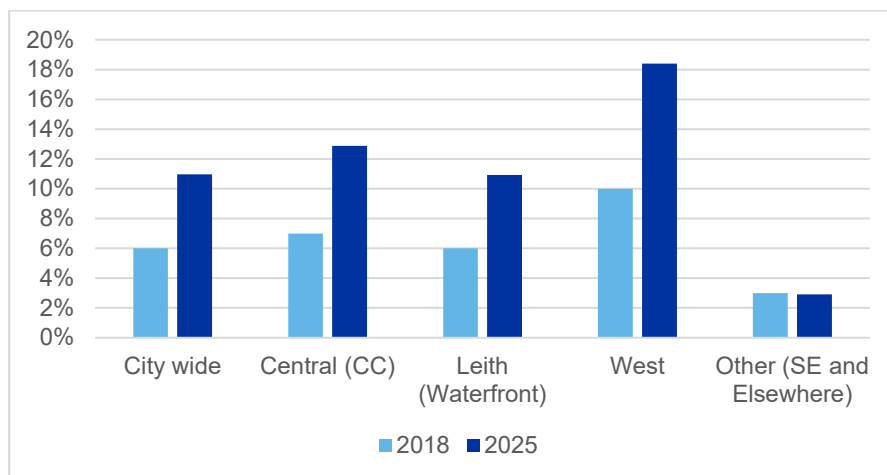
TABLE 5.3: EDINBURGH OFFICE SUPPLY BY AREA BY SIZE RANGE

	CITY CENTRE	LEITH	WEST	OTHER	CITY WIDE
<b>Supply Totals</b>					
Floorspace sq.ft.	1,243,596	96,147	643,685	160,444	2,143,872
Floorspace sq.m.	115,533	8,932	59,800	14,906	199,171
Number	185	32	35	13	265
% Floorspace	58%	5%	30%	7%	100%
% Number	70%	12%	13%	5%	100%
<b>Size range by area: Number</b>					
0 – 2,000	61	14	1	4	80
2,001 – 5,000	63	15	13	3	94
5,001 – 10,000	32	2	6	2	42
>10,000	29	1	15	4	49
0 – 2,000	33%	44%	3%	31%	30%
2,001 – 5,000	34%	47%	37%	23%	35%
5,001 – 10,000	17%	6%	17%	15%	16%
>10,000	16%	3%	43%	31%	18%
<b>Size range by area: Floorspace (sq.ft.)</b>					
0 – 2,000	65,731	19,106	1,242	5,815	91,894
2,001 – 5,000	222,030	48,238	49,314	9,902	329,484
5,001 – 10,000	228,852	15,486	46,826	17,892	309,056
>10,000	726,983	13,317	546,303	126,835	1,413,438
0 – 2,000	5%	20%	<1%	4%	4%
2,001 – 5,000	18%	50%	8%	6%	15%
5,001 – 10,000	18%	16%	7%	11%	14%
>10,000	58%	14%	85%	79%	66%

Source: Ryden

5.22 The city-wide office vacancy rate is currently 11% (Figure 5.11). This has increased from the 6% vacancy rate which was recorded in 2018. Vacancies have risen in Central / City Centre (from 7% to 13%), Leith (Waterfront) (6% to 11%) and West Edinburgh (10% to 18%). Rising vacancy rates over the past 7 years are consistent with hybrid working trends leading to lower overall occupational demand, despite rising employment. The vacancy rate in SE / elsewhere has remained stable at 3%.

FIGURE 5.11: EDINBURGH OFFICE VACANCY RATES BY AREA



Source: Ryden/ CoStar

5.23 Current office vacancy and supply by area are compared to total office stock and take-up by area in Table 5.4. The office market focus on the city centre is clear through its delivery of 74% of take-up since January 2019 with only 58% of (current) supply and an even lower 49% of the city's total office stock. West Edinburgh's share of take-up is in line with its share of stock but it also has a high current vacancy rate. South-East Edinburgh and elsewhere in the city have 28% of office stock but delivered only 5% of take-up; this is perhaps due to offices in these locations being purpose-built, for example by the public sector.

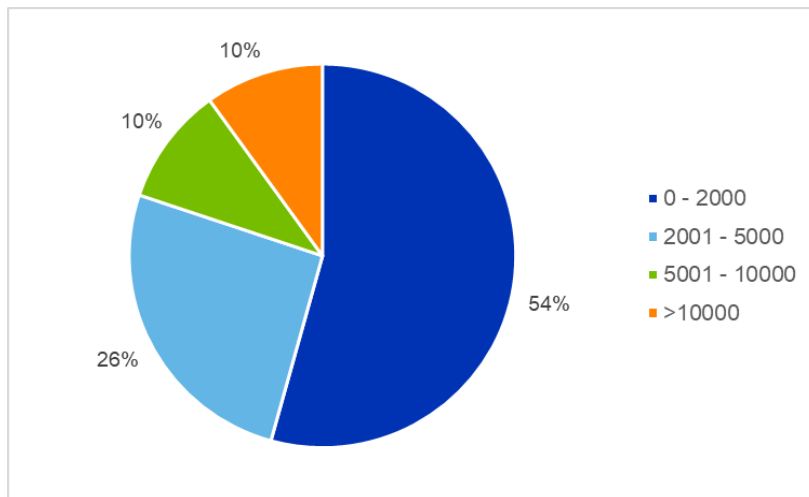
TABLE 5.4: OFFICE STOCK, SUPPLY AND TAKE-UP BY AREA

	CITY CENTRE	WEST	WATERFRONT	SOUTH EAST	ELSEWHERE	CITY WIDE
Stock sq.ft.	9,651,100	3,498,400	879,700	228,000	5,293,300	19,550,500
Stock sq.m.	896,600	325,000	81,700	21,200	491,700	1,816,200
% of stock	49%	18%	5%	1%	27%	100%
Current supply sq.ft.	1,243,596	643,685	96,147	160,444		2,143,872
% of supply	58%	30%	5%	<1%	7%	100%
Vacancy rate	13%	18%	11%	3%	11%	
Share of take-up (2019-24)	74%	17%	4%	5%	100%	

Source: Ryden/ CoStar

5.24 Office take-up for the most recent year (2024) records 151 office transactions across Edinburgh totalling 593,800 sq.ft. (55,165 sq.m.). The majority of offices (54%) taken-up (by number) were for offices of between 0 – 2,000 sq.ft., this is 24% above the number currently available (Figure 5.12). Take-up in all other size ranges are lower than the current supply noted above. (See Table 5.1 above for size range breakdowns).

FIGURE 5.12: EDINBURGH OFFICE TAKE-UP BY SIZE RANGE IN 2024 BY NUMBER



Source: Ryden/ Agents

5.25 Examples of recent transactions across Edinburgh are in Table 5.5 over the following two pages. Active sectors are professional services, technology and financial services. Many transactions are in new-build and modern offices.

TABLE 5.5: EXAMPLE OF RECENT OFFICE TRANSACTIONS IN EDINBURGH

ADDRESS	SIZE (SQ.FT.)	OCCUPIER
<b>CITY CENTRE</b>		
<b>Quay 2, Fountainbridge</b>	12,706	Azets
	9,472	Tetra Tech
	4,445	Blackcircles
<b>Stamp Office, Waterloo Place</b>	7,231	AtkinsRealis
	7,023	Dentsu
<b>6 St Andrew Square</b>	43,098	Heineken
	23,902	Dickson Minto
	23,140	The Glenmorangie Company Ltd
<b>30 Lothian Road</b>	30,327	Diligenta Ltd
<b>Waverley Gate, Waterloo Place</b>	24,885	Royal London
	6,438	Gallagher
<b>1-7 Exchange Crescent</b>	23,736	N-Able
	11,246	Modulr
<b>30 Sempole Street</b>	14,700	Hymans Robertson LLP
	8,176	BDO
	8,135	Red Rock Power

Quatermile Two	4,988	Lane Clark & Peacock LLP
Apex 123	2,314 1,700	Clarity Travel Ltd Space and Time
3 Melville Street	1,671 1,599 1,214	Player Data Quatermile Ventures The Harris Partnership
9 Coates Crescent	1,616 1,002	Hutcheon Mearns Ltd SQW Ltd
<b>LEITH</b>		
Quay House, 142 Commercial Street	10,771	Volpecastello Ltd
6 Dock Place	3,200	Turning Point Scotland
2 Sandport Place	2,333	Shore Psychology CIC
Sugar Bond, Anderson Place	2,592	MB Rail
Waterview House, 37 The Shore	2,134	Consider IT Ltd
Waterfront Plaza, Ocean Drive	454	Collusion Studios Ltd
2 Commercial Street	423	Freshwater Spirits
<b>WEST</b>		
4/5 Lochside Avenue, Edinburgh Park	14,849	Scottish Power
Broadstone, 50 South Gyle Crescent	11,540	National Trust for Scotland
1 New Park Square, Edinburgh Park	9,464 4,184	GE Digital UK Ltd Schneider Electric
Cornerstone, 60 South Gyle Crescent	5,920 5,920	EvoDental CHEC
6 Redheughs Rigg	3,985 3,905	Mov8 Real Estate Ltd British Red Cross
Lochside House, 3 Lochside Way	3,900 3,885	Ark Housing Association Millar & Bryce Ltd
Verdant, Redheughs Rigg	1,420	i-confidential
<b>OTHER</b>		
North Quarter, Ferry Road	2,642 2,237 100	TFT Consultants Uomega Lettings Encaptivate Films
Newington Business Centre	879	Applied Computer Vision
Duddingston Yards	832	NL Productions

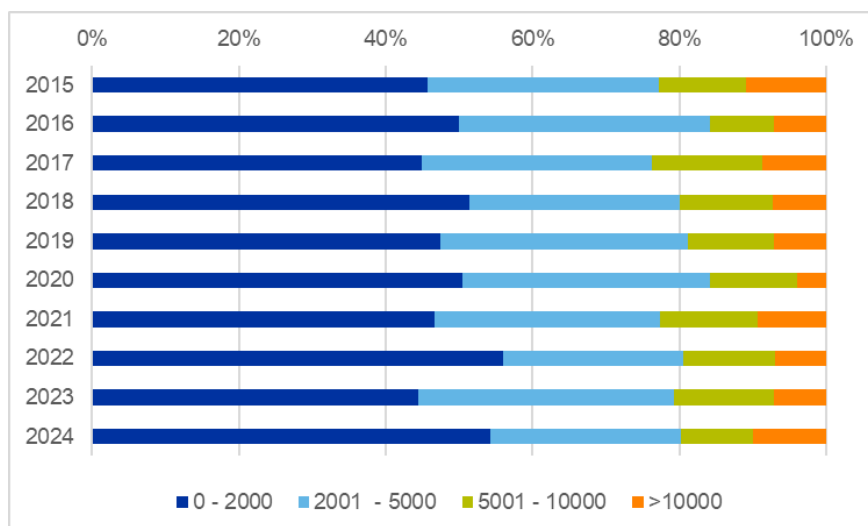
Source: Ryden/Agents/CoStar

- 5.26 Prime Grade A rents in Edinburgh are currently £45.50 per sq.ft. Average quoting rents by market area are significantly lower than this peak level, at:
- £28 per sq.ft. for the city centre, up from £23 per sq.ft. in 2018
  - £21 per sq.ft. in West Edinburgh, up from £13 per sq.ft. in 2018; and
  - £17 per sq.ft. at the Waterfront, also up from £13 per sq.ft. in 2018.

The average city-wide office quoting rent in Q2 2025 is £22 per sq.ft., up from £18 per sq.ft. in 2018.

- 5.27 Take-up of offices by size range by number has been tracked over the past 10 years to ascertain whether office floorspace per transaction has become smaller post-pandemic: hybrid working would imply this, although more generous space planning and employment growth could offset that, while BiGGAR Economics' analysis suggested that individual businesses have also increased in size.
- 5.28 Figure 5.13 shows no clear trend. Between 45% and 55% of office deals concerned suites 2,000 sq.ft. or smaller both pre- and post-pandemic. Similarly, around 80% of office deals have been 5,000 sq.ft. or smaller throughout. Only after the pandemic in 2021 did these trends vary significantly – in 2021 towards fewer small deals and more larger deals, and in 2022 with more smaller deals. (Figure 5.4 earlier).

FIGURE 5.13: PERCENTAGE OF TAKE-UP BY SIZE RANGE BY NUMBER



Source: Ryden

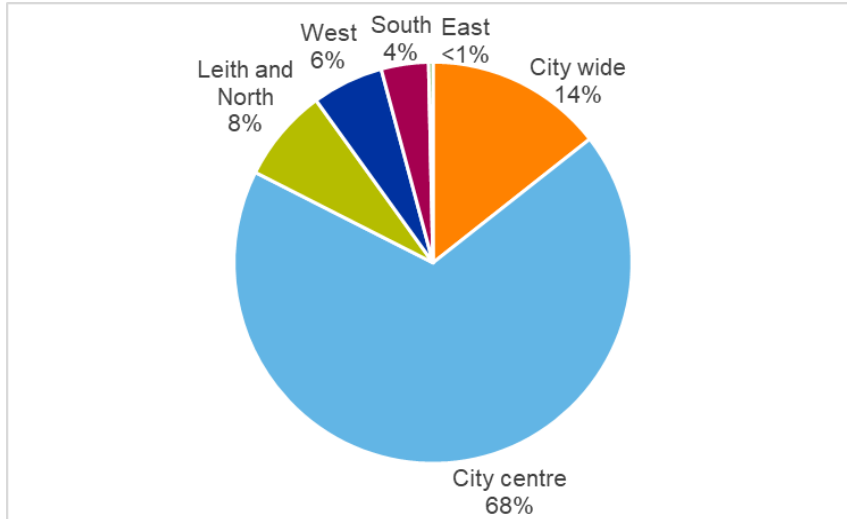
## ENQUIRIES

- 5.29 A total of 1,791 enquiries for office space have been received by Ryden since January 2020<sup>12</sup>. This equates to around 340 enquiries each year. This mean figure is depressed by reduced demand for offices during the pandemic year of 2020 and 350-400 is more typical, including in 2024 and 2025 to date on a *pro rata* basis which will reflect very recent and live demand.
- 5.30 Of these enquiries, 96%, or 1,691 enquiries were for offices 10,000 sq.ft. or less totalling 2.89 million to 5.75 million sq.ft. (0.269 m – 0.534 m sq.m.):
- For offices of 0 – 1,999 sq.ft. 1,207 enquiries were received totalling 1 m – 2.27 m sq.ft.
  - 355 enquires were received for offices between 2,000 – 4,999 sq.ft. totalling 1 m – 1.7 m sq.ft.
  - Offices of 5,000 – 9,999 sq.ft. received 129 enquiries totalling 0.84 m to 1.8 m sq.ft.

<sup>12</sup> These may reflect properties that Ryden is marketing at any given time and may not fully capture latent or very small demand

- 5.31 By area, the city centre received almost two-thirds of these enquires with 1,150 totalling 2.2 m to 4 m sq.ft. (Figure 5.14)
- Leith and the North received 128 enquiries totalling 0.19 m – 0.42 m sq.ft.
  - The West received 98 totalling between 0.27 m – 0.84 m sq.ft.
  - The South received 65 totalling 45,700 – 64,000 sq.ft.
  - With the East receiving 6 totalling 21,500 – 63,400 sq.ft.
  - For unspecified locations city wide there were 244 enquiries totalling 0.21 m to 0.63 m sq.ft.

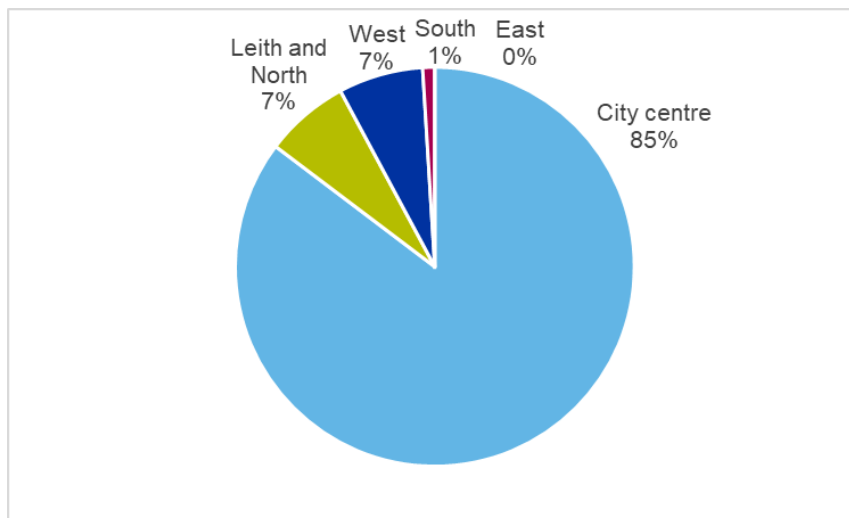
FIGURE 5.14: EDINBURGH OFFICE ENQUIRES, <10,000 SQ.FT. BY LOCATION



Source: Ryden

- 5.32 For offices larger than 10,000 sq.ft. a total of 100 enquiries were received totalling between 1.51 - 2.55 million sq.ft. Of those 100 larger enquiries, by location (Figure 5.15):
- The city centre received the most with 85 enquiries totalling between 1.33 – 2.33 million sq.ft.
  - Leith received 7 totalling 75,000 sq.ft.
  - The West also received 7 totalling between 96,000 – 128,000 sq.ft.
  - The South received 1 of 10,000 sq.ft. - 15,000 sq.ft.
  - None were recorded for the East.

FIGURE 5.15: EDINBURGH OFFICE ENQUIRES, 10,000+ SQ.FT. BY LOCATION



Source: Ryden

## INVESTMENT

- 5.33 The office investment sector has faced the twin challenges of the occupational demand uncertainty caused by post-pandemic hybrid working, and the 2022-25 inflation-and-interest rate cycle which depressed values. Edinburgh however has consistently benefited from tight office supply and good demand from tenants seeking to secure quality office space ahead of lease expiries.
- 5.34 Strong demand for Grade A office investments in Edinburgh is demonstrated by the acquisition of the reversionary Mint Building by Pontegadea for £42.5m reflecting a blended net initial yield of 5.78%; further recent deals are highlighted in Table 5.6. Investor demand is however tightly bound-up with demand from major occupiers for prime locations and these peaks of activity do not apply to the city's general SME and secondhand office markets where private ownerships and perhaps owner-occupation are more common.

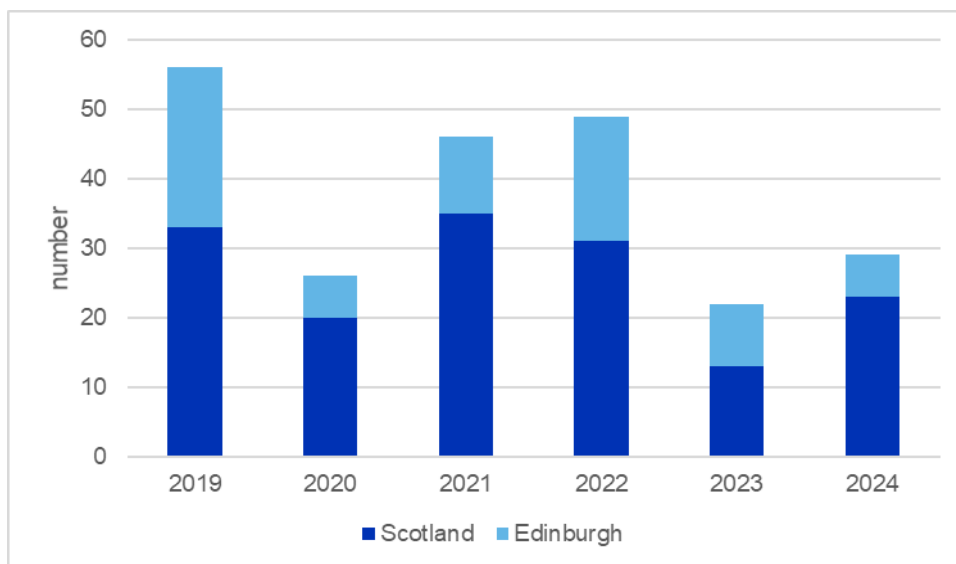
TABLE 5.6: EXAMPLES OF RECENT EDINBURGH OFFICE INVESTMENT TRANSACTIONS

ADDRESS	DETAILS	PURCHASER
Capital Square, Morrison Street	 Prime 123,000 sq.ft. multi-let office. Tenants include Brodies LLP, Pinsent Masons LLP, Anderson Strathern, Stantec UK, Mazars LLP and Q Park. WAULT of c. 9 years to breaks and c. 11 years to expiry.	Pontegadea for £75 million (5.75%)
The Mint Building, 20 West Register Street	 Prime 70,467 sq.ft. Multi-let office with ancillary retail/ leisure. Tenants Include FNZ Group and Franco Manca. WAULT of 10.2 years.	Pontegadea for £42.5 million (5.78%)
40 Torphichen Street	 Multi-let, refurbished office of c.56,068 sq.ft. Tenants include Handelsbanken, Avison Young and Graham & Sibbald.	Cervidae for £15.8 million (C.9%)
1-2 Lochside Way, Edinburgh Park	 42,437 sq.ft. office let to HSBC Global Services UK	Private Investor for c. £6 million (13.29%)
Gordon Lamb House, Jacksons Entry	 8,960 sq.ft. office building. Fully let to Allan Murray Architects, Embassy of the Republic of Bulgaria, LDN Architects, Scottish National Party and Food and Drink Federation. WAULT of c.5 years to expiry.	Rougemont Estate for £2.33 million (8.5%)

Source: Ryden/ CoStar

- 5.35 Ryden monitors all commercial property investments in Scotland of £1 million value or above. For the six years from 2019 to 2024 (inclusive) a total of 228 office investment properties over £1 million were sold in Scotland. These total c.11.5 million sq.ft. of floorspace with a value of c. £2.98 billion. The light blue blocks on Figure 5.16 show Edinburgh's share of the Scottish office investment market by numbers of transactions.
- 5.36 Edinburgh accounts for one third of Scotland's office property investment market activity by deal numbers (73) and half by value (£1.45 billion) with a mean office investment lot size of £19.8 million.

FIGURE 5.16: OFFICE INVESTMENT TRANSACTIONS BY YEAR



Source: Ryden

## SPECIALIST OFFICES

- 5.37 In addition to major private sector occupiers in sectors such as financial and business services, and public sector including government, local authority and agencies, Edinburgh has a number of specialist office market locations. These tend to cleave into three types:
- 5.37.1 **Research and innovation** is mainly on dedicated campuses with specialist property built by public agencies, universities and owner-occupiers, with some stand-alone occupiers too. Within the City of Edinburgh these include: Heriot-Watt University Research Park on Riccarton Campus which is one of the UK's original science parks, has a wide range of research-related occupiers and recently developed the national Robotarium by the University and the City Region Deal; and BioQuarter at Little France by Scottish Enterprise and partners adjoining the Royal Infirmary of Edinburgh and University of Edinburgh Medical School which is a specialist biosciences location with plans for further growth. Immediately south of the city is a group of research campuses including the Bush Estate, Pentland Science Park and the University of Edinburgh's veterinary facilities, all with accommodation available for related occupiers.
- 5.37.2 **Creative industries** tend to inhabit tertiary property in regeneration locations on very flexible and inexpensive terms, sometimes on longer term arrangements but also as 'meanwhile' uses. Notable examples in Edinburgh include: Edinburgh Palette / Scot-ART in West Edinburgh and at St Margaret's House at Meadowbank; with WASPS in Gorgie, Stockbridge and Granton. A current project is the conversion of the Powderhall Stables within a wider regeneration which is to be occupied by Out of the Blue Arts & Education Trust and has been supported by the Council and Scottish Government. Out of the Blue also occupy properties at the Drill Hall, Abbeymount and the Bongo Club. The sector was flagged in the consultation in Section 3 as very active but typically facing an uncertain future due to the types of tertiary buildings ripe for regeneration which it usually occupies.

5.37.3 A number of **technology incubators** have been created across the city in recent years in rehabilitated buildings, most notably Codebase (in Argyle House), Summerhall (in the former Veterinary school office block) and the major repurposing project to create the University of Edinburgh's Edinburgh Futures Institute (in the long vacant former Edinburgh Royal Infirmary surgical building with City Region Deal support). Notably, these assets are located in a compact area within and adjoining the University of Edinburgh and in particular its School of Informatics on Potterrow. In addition, the Edinburgh Innovation Hub is currently being developed by Queen Margaret University with support from East Lothian Council City Region Deal funding immediately to the east of the city's A1 boundary. Edinburgh's universities all have further facilities for their own spin-out businesses. As noted in the consultations, data centres generally are also a growing market segment, although many are larger and targeting industrial sites in outlying locations.

Some of these specialist locations are highlighted and protected in the Local Development Plan as reported in Section 2, while others such as creative industries are '*long term temporary*' uses.

5.38 It is not possible to analyse these specialist sectors in any detail within the confines of this office market report, as they are subject to their very particular market demand drivers in a wide range of sub-sectors related in particular to university research specialisms. Direct interaction with the formal office market tends only to happen when an occupier is expanding (typically in receipt of funding) and looking for new premises, otherwise much of the expansion and relocation will be internal to the particular facility or campus and will tend not to interact with the wider office market. It is important to note however that each of these specialist sectors is highlighted in the BiGGAR Economics report as having future growth potential in Edinburgh, which would be likely to increase their demand for further specialist – and potentially also general – business space.

## SUMMARY

- 5.39 Edinburgh's office market has expanded over the long term from its Georgian New Town to purpose-built open-plan offices in the Exchange District, West Edinburgh, Leith and satellite city centre locations around the core city centre such as Fountainbridge and Quartermile.
- 5.40 Office take-up by decade rose from the 1980s into the 1990s then 2000s, before dipping in the 2010s and again in the 2020s half-decade to 0.60 million sq.ft. p.a. as the market adjusts to changing occupier needs and significant numbers regear their existing leases rather than move. Around eighty-percent of transactions are for offices 5,000 sq.ft. or smaller. Occupier demand for fitted-out, flexible and serviced office space continues. Active sectors include professional services, technology and financial services.
- 5.41 Office supply has increased in most locations as occupiers have vacated, particularly in West Edinburgh where corporate offices are being re-marketed. Alternative uses have to an extent curtailed supply increases in other area, including the city centre which also has continuing strong demand (78% of take-up in 2024 compared with a 65% long run average market share). With a very tight Grade A office supply, prime city centre office rents increased again, to £45.50 per sq.ft. however the market view is that £50 per sq.ft. is required to stimulate new-build development and the pipeline has yet to restart, despite strong demand for prime city centre office investments.
- 5.42 In addition to its core public and private sector office markets, Edinburgh has a number of specialist office market locations in the research and innovation, creative industries and technology incubation sectors. The former tend to be identified in planning policy while the latter tend to inhabit older urban buildings and may be at risk of displacement. Each of these sectors is flagged for potential growth in Edinburgh.

# 06 SUMMARY AND SCENARIOS

## INTRODUCTION

- 6.1 City of Edinburgh Council commissioned Ryden to deliver the Edinburgh Economic Needs Study to support the implementation of City Plan 2030 and the Evidence Report for the forthcoming City Plan 2040.
- 6.2 The Edinburgh Economics Needs Study forms part of the evidence base for Edinburgh's City Plan. The Study is divided into five sector reports: offices, retail, leisure, industrial and visitor accommodation. The reports are to support implementation of the City Plan 2030 and preparation of the upcoming City Plan 2040, ensuring alignment with the requirements of National Planning Framework 4.
- 6.3 This office market report by Ryden assesses planning policy, market trends, analysis of Edinburgh's office stock and market, and projected scenarios for office development. The report covers all types of office and business space within the city.
- 6.4 This concluding section summarises the analyses in sections 2-5 and presents scenarios for the city's future office market.

## SUMMARY

- 6.5 The economic background report produced by BiGGAR Economics to support this suite of studies identifies substantial employment in Edinburgh between 2015 and 2023, adding 44,800 jobs, of which around 21,000 were in sectors that could require office space. Looking forwards, Edinburgh's working age population is predicted to increase by 32,680 between 2024 and 2043; on similar share basis that could imply c.16,000 jobs in office-based sectors. Access to labour is important so this could strengthen future demand for office space. The city's workforce is concentrated in higher levels and more productive sectors of the economy, again supporting office-based sectors such as financial services. Drawing the economic themes together, BiGGAR Economics concludes that they support demand for office space, particularly in the city centre and for larger premises, although this is likely to be moderated to some extent by home / hybrid working.
- 6.6 Recent changes in Scottish planning policy influence the office market in a number of ways, including: a focus on town centres which could shift demand away from out-of-town business park; an emphasis on sustainability which has implications for building performance and relocation and refurbishment viability; support for digital connectivity which will both influence office location and design, and enable hybrid working; flexibility and mixed-use development which will encourage a wider mix such as co-working space and flexible office solutions; and, clear and supportive policies to attract investment (or if not, deter it). Overall, recent changes in Scotland's planning policy are expected to contribute to a shift towards more sustainable, flexible, and digitally connected office spaces.
- 6.7 Planning policy at all levels emphasises Edinburgh's importance as a key driver of economic growth. Research and knowledge, business and financial services, tourism and creative industries are key sectors and their spatial requirements are reflected within the city's investment clusters. Offices are directed to specific locations in the city centre and at peripheral sites to the west, north and south of the city as well as to town and local centres.
- 6.8 In property market terms, as a leading UK centre Edinburgh has benefitted from long run office market growth. However, the widespread adoption of hybrid working post-pandemic has loosened the relationship between office employment and floorspace needs. In 2025 it is clear both that hybrid working is embedded in the office but also that there is a gradual increase in office occupancy levels – currently 38% versus 60-80% pre-pandemic. While the typical occupier now seeks less but better office space, this can vary by employee type, occupier type and organisational function. At a market level this has increased Edinburgh's office vacancy rate from 6% in 2018 (pre-pandemic) to 11% in 2025.
- 6.9 Edinburgh's major office occupiers with multiple buildings are well advanced with restructuring their portfolios,

while its SMEs are moving to typically smaller offices to work in more flexible ways, including in a growing number of successful co-working locations. Despite occupational demand, a combination of increased development costs and the uncertainty brought on by hybrid working are curtailing the new-build development pipeline. Meanwhile, strong demand for alternative uses such as hotels and a range of residential formats is diverting some vacated older offices to those viable sectors rather than refurbishment.

- 6.10 The outcome is a continuing shortage of Grade A office space in the city centre despite it being the focal point for occupier demand and recent sharp rises in rents. The city centre is attracting three-quarters of city-wide office demand but has only half of the office stock. The out-of-town office market sits in contrast, with reduced demand and vacated buildings leading to oversupply and more limited prospects for private sector investment due to low demand and poor rental growth. Overall the city's office market is navigating significant shifts in demand and working practices, while facing a challenging development market.
- 6.11 Edinburgh's stock of offices has contracted by 2% since 2018 to 19.55 million sq.ft., as the volume of office floorspace demolished and lost to alternative uses has exceeded new development. Further office stock is under threat from alternative uses, including now some prominent city centre blocks as well as period buildings and 1960s/70s blocks. Alternative use proposals alongside no new development signal a further stock contraction. However, a large volume of vacated office stock continues to be refurbished and represented to the market to suit modern occupier needs and the overall development and refurbishment process is improving the quality of the city's standing office stock.
- 6.12 Edinburgh's office market has expanded and modernised over the long term into the wider city centre and West Edinburgh. Office take-up by decade peaked in the 2000s at 0.86 million sq.ft. per annum and has now settled back at 0.60 million sq.ft. p.a. as the market adjusts. Around eighty-percent of transactions are for offices of 5,000 sq.ft. or smaller. Occupier demand for fitted-out, flexible and serviced office space continues. Supply has increased, particularly in West Edinburgh, while other locations are supported by alternative uses and the city centre benefits from the strongest occupier demand with rents having increased to £45.50 per sq.ft. The market view however is that £50 per sq.ft. is required to stimulate new-build development and the pipeline has yet to restart, despite demand for prime city centre office investments.
- 6.13 Edinburgh has a number of specialist office market locations in the research and innovation, creative industries and technology incubation sectors. The former tend to be identified in planning policy while the latter tend to inhabit older urban buildings and may be at risk of displacement. Each of these sectors is flagged for potential growth.

## SCENARIOS

- 6.14 Office development scenarios to inform the implementation of City Plan 2030 and provide evidence to support City Plan 2040 are derived from employment forecasts and market trends.
- 6.15 Ryden's 2018 office study for the Council implied office new-build and replacement (for lost stock) annual development needs of 183,598 sq.ft. (17,063 sq.m.) to 318,765 sq.ft. (29,625 sq.m.) The proposed annual office development rate was not inconsistent with the average of approximately 339,000 sq.ft. (31,500 sq.m.) since 2000. In locational terms the 'balanced growth' scenario was 70% city centre, 30% other locations (most likely West Edinburgh). The actual development 2019-24 averaged 155,000 sq.ft. (14,400 sq.m.) per annum.
- 6.16 From 2020 the relationship between employment and office space has loosened due to hybrid working and a progression of occupiers contracts into smaller and better offices. The approach adopted here is that lost stock is not replaced, as hybrid working is embedded and will lead to further vacant buildings and suites, and alternative uses are a long run proven trend competing for (some) vacated older offices.
- 6.17 As such, office stock losses are expected to continue alongside adaptation and reuse of (occupier) grey space, refurbishment of vacated offices, and a proportion of new-build. This is important, as the stock cannot simply shrink to fit the reduced occupational demand; it must also modernise to meet occupier requirements. The outturn at any particular forecast date could be a smaller but better portfolio of offices across Edinburgh.
- 6.18 Employment growth forecasts at 6.5 above would suggest a mean jobs growth rate of 800 per annum. Forecasts by Skill Development Scotland/ Oxford Economics<sup>13</sup> show 24,800 additional jobs in Edinburgh 2025-2035;

13 <https://www.skillsdevelopmentscotland.co.uk/what-we-do/skills-planning/regional-skills-assessments>

applying the same office-based ratio as at 6.5 would suggest 11,625 jobs, or 1,162 p.a.. A figure of 1000 additional office-relevant jobs per annum is consistent with the recent and predicted employment growth rates.

6.19 The scenarios for Edinburgh’s office market needs are then based around different market outcomes. These are set out in Table 6.1. The market drivers are identified in the first column then the low and high scenarios described under those headings, leading to:

- **Low scenario: 80,000 sq.ft.** (c.7,500 sq.m.) of new-build office development **annually**.
- **High scenario: 160,000 sq.ft.** (c.15,000 sq.m.) of new-build office development **annually**.

TABLE 6.1 EDINBURGH OFFICE MARKET NEEDS (ANNUAL)

MARKET DRIVER	LOW MARKET NEED	HIGH MARKET NEED
<b>Economic growth &amp; jobs</b>	1000 new relevant jobs per annum (forecasts consistent with proven historic rate)	
<b>Moving versus regearing</b>	Recent level of extending current occupancies continues	More occupiers firm-up their new requirements and relocate
<b>Hybrid working</b>	The 2021-25 incremental increase in office occupancy may continue, driven by employer policies and office amenity, and is absorbed in overall stock adjustment	
<b>Adaptability of office stock</b>	Good quality refurbishments gain traction Landlords offer more managed and flexible options within existing assets	Occupier focus on the very best new leased and flexible / managed space excludes older and weaker buildings
<b>Grey (underused occupier) space</b>	Significant grey space to reuse/ adapt to accommodate both moves and growth	Grey office space catches internal moves but not net growth
<b>Grey (underused occupier) space</b>	Significant grey space to reuse/ adapt to accommodate both moves and growth	Grey office space catches internal moves but not net growth
<b>EDINBURGH OFFICE MARKET NEEDS</b>		
<b>New-build offices (net lettable pa)</b>	80,000 sq.ft. (7,500 sq.m.) <sup>14</sup>	160,000 sq.ft. (15,000 sq.m.)
<b>Fully refurbished offices (“)</b>	80,000 sq.ft. (7,500 sq.m.)	-

Sq.m. are rounded up to the nearest 100 sq.m.

6.20 These scenarios are provided during a period of change in the office market where straight-line projections based upon employment growth are less reliable in the past. The scenarios are therefore also based upon market knowledge and the wider research presented in this report. The conclusion that Edinburgh’s office market needs are 80,000 – 160,000 sq.ft. per annum in this new era is not inconsistent with its long run (since 2000) office development rate of 253,000 sq.ft. per annum<sup>15</sup>. That higher development rate included later phases of Edinburgh Park, westwards expansion of the Exchange District, office development at the ‘Big 12’ urban regeneration sites and most recently The Haymarket development. The reduced development rate moving forwards is expected to be accompanied by reuse of under-used or vacant offices (in either scenario, with the difference being the low scenario has more of this activity).

6.21 New development is unlikely to happen in a straight line. Viability is currently challenging, and the most likely situation is that new office space is developed to suit known/ pent-up demand (perhaps partly pre-let) with

<sup>14</sup> Floorspace per job has been inflated from the historic low of 1 per 12 sq.m. / 130 sq.ft. to 1 per 15 sq.m. / 160 sq.ft. to reflect hybrid working’s greater allowance for desk, amenity and meeting spaces.

<sup>15</sup> Property Market Analysis (PMA)

increased rents and prime investment yields. For example, 70% of the post-pandemic office completions in the city were in a single development at The Haymarket to accommodate a major fund manager and relocating legal firms; that scale may or not be repeated but the slow / fast phasing is likely to be. Each of the three larger consented office buildings at Haymarket and Fountainbridge (150,000 – 183,000 sq.ft.) could deliver around one year's new-build office development in line with the high scenario.

- 6.22 The high rental cost for occupiers will also limit the new-build market, with the majority of Edinburgh's office market occupying secondhand space (including good quality fitted-out offices released through major relocations) or a growing number of managed/ flexible options.
- 6.23 The city's overall office stock could continue to reduce, even with growing employment and new development. The estimated office stock loss rate 2013-24 is 215,000 sq.ft. (c. 20,000 sq.m.) per annum<sup>16</sup>. Given that this appears to be persisting, development rates of 80,000 – 160,000 sq.ft. (none of which is under construction) would continue the gradual reduction in the city's total office stock. There are three specific forms of office stock loss: period buildings converting to residential (a long term trend); older purpose-built offices in outlying locations being redeveloped (which was anticipated); and alternative use demand for city centre offices (comparatively recent).
- 6.24 The increased occupier focus on Edinburgh city centre allied to better prospects of development viability will focus the majority of the activity there: 80% city centre (64,000 sq.ft. – 128,000 sq.ft. / 5,945 sq.m. – 11,900 sq.m. per annum), and 20% peripheral including West Edinburgh, Leith and specialist locations.
- 6.25 Occupier size requirements are demonstrated by market activity. Around 50% of Edinburgh's office market activity concerns suites of 2,000 sq.ft. or smaller, and fully 80% of suites of 5,000 sq.ft. or smaller. This applies to the city centre too, although new-build city centre offices would however typically seek medium to larger occupiers to deliver scale and certainty of rental income.
- 6.26 Despite the reduced new-build office development rates under these scenarios compared with historic levels, these could still compound to a significant development requirement over a period of years. For illustration, 80% of the high scenario built in the city centre to meet 4 years' demand could require c.0.5 million sq.ft., implying development(s) slightly larger than The Haymarket.
- 6.27 Finally, this report has sought to analyse and project a moving and still somewhat uncertain office market. Consequently, the scenarios presented may decay more quickly than is normal. While the annual development needs can of course be extrapolated to 2030, 2035 or indeed 2040 for that emerging City Plan through simple arithmetic, the still-evolving hybrid working model and development market cycles would suggest that close annual monitoring and a full review in 5 years' time would be appropriate.

**Ryden LLP**  
**July 2025**

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<sup>16</sup> This is an average of the 206,000 sq.ft. reported in 2018 and the 233,000 sq.ft. for 2019-24 reported in Section 4

#### EDINBURGH

7 Exchange Crescent  
Conference Square  
EH3 8AN  
0131 225 6612

#### GLASGOW

ONYX  
215 Bothwell Street  
G2 7EZ  
0141 204 3838

#### ABERDEEN

The Capitol  
431 Union Street  
AB11 6DA  
01224 588866



# Ryden

# APPENDIX

## OFFICE FLOORSPACE BY AREA BY SIZE AND QUALITY

This Table presents data by area which underpins the charts and commentary in Section 4 on office floorspace, office size ranges, office quality and decade of construction by location.

	CITY CENTRE	WEST	WATERFRONT	SOUTH EAST	ELSEWHERE	CITY WIDE
<b>Floorspace by area</b>						
sq.ft.	9,651,100	3,498,400	879,700	228,000	5,293,300	19,550,500
sq.m.	896,600	325,000	81,700	21,200	491,700	1,816,200
% of stock	49%	18%	5%	1%	27%	100%
<b>Size range by area: Floorspace (sq.ft.)</b>						
0 – 2,000	106,100	2,000	15,300	0	236,900	360,200
2,001 – 5,000	867,700	31,700	54,800	0	716,800	1,671,100
5,001 – 10,000	916,300	73,500	87,400	5,300	796,800	1,859,300
>10,000	7,761,000	3,391,200	722,200	222,700	3,542,800	15,659,900
0 – 2,000	1%	0%	2%	0%	4%	2%
2,001 – 5,000	9%	1%	6%	0%	14%	9%
5,001 – 10,000	9%	2%	10%	2%	15%	10%
>10,000	80%	97%	82%	98%	67%	80%

	CITY CENTRE	WEST	WATERFRONT	SOUTH EAST	ELSEWHERE	CITY WIDE
<b>Star rating by area: Floorspace (sq.ft.)</b>						
1*	2,300	800	15,400	0	61,700	80,200
2*	1,548,000	110,500	98,200	0	1,684,200	3,440,900
3*	3,105,200	1,964,800	653,900	57,600	2,974,500	8,756,000
4*	3,807,900	1,422,300	112,200	170,400	572,900	6,085,700
5*	1,187,700	0	0	0	0	1,187,700
<b>Star rating by area: Percentage of floorspace</b>						
1*	<1%	<1%	2%	0%	1%	<1%
2*	16%	3%	11%	0%	32%	18%
3*	32%	56%	74%	25%	56%	45%
4*	39%	41%	13%	75%	11%	31%
5*	12%	0%	0%	0%	0%	6%

	CITY CENTRE	WEST	WATERFRONT	SOUTH EAST	ELSEWHERE	CITY WIDE
<b>Decade of Construction by area: Floorspace (sq.ft.)</b>						
Pre war	3,180,400	4,300	261,800	0	1,675,700	5,122,200
1940s	1,200	0	0	0	15,700	16,900
1950s	47,200	18,900	0	0	56,500	122,600
1960s	348,600	5,700	13,400	0	208,400	576,100
1970s	267,700	14,500	8,200	0	650,600	941,000
1980s	166,100	178,000	25,700	0	757,900	1,127,700
1990s	1,285,600	1,485,900	341,600	21,100	829,900	3,964,100
2000s	2,273,900	1,555,100	183,300	0	521,600	4,533,900
2010s	852,400	147,200	23,400	188,700	66,300	1,278,000
2020s	604,700	84,500	0	18,200	21,500	728,900
Unknown	623,300	4,300	22,300	0	489,200	1,139,100
Pre war	33%	<1%	30%	0%	32%	26%
1940s	<1%	0%	0%	0%	<1%	<1%
1950s	<1%	1%	0%	0%	1%	1%
1960s	4%	<1%	2%	0%	4%	3%
1970s	3%	<1%	1%	0%	12%	5%
1980s	2%	5%	3%	0%	14%	6%
1990s	13%	42%	39%	9%	16%	20%
2000s	24%	44%	21%	0%	10%	23%
2010s	9%	4%	3%	83%	1%	7%
2020s	6%	2%	0%	8%	<1%	4%
Unknown	6%	<1%	3%	0%	9%	6%

Source: Ryden