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EDINBURGH OFFICE MARKET SNAPSHOT

H1 2026 Review

MAINPOINT
102 WEST PORT
EDINBURGH

MARKET OVERVIEW

With a tough Autumn budget anticipated, no imminent cut to interest rates, a continued escalation in geopolitical tensions driving up global energy prices and the inevitable "after the Lord Mayor's show" comedown post-Edinburgh Festival, it would be easy to feel dispirited for H2 2026 although the evidence on the ground locally, would suggest otherwise.

Whilst investor demand remains muted and construction cost volatility continues to challenge; canny investors are turning to city-centre refurbishment opportunities with a very real discussion around "deep" refurbishments and those more "lighter touch" refurbishments designed for occupiers who still want good quality space but not at prime rents.

With strong tenant demand emerging from a healthy range of sectors to include AI, battery and chip technology, fintech, legal, engineering, accounting, energy and insurance, we expect to see a boost to take-up before the end of the year with the owners of existing buildings in a strong position to benefit.

Cost-effective, considered refurbishments which eschew the bells and whistles of more ambitious projects (e.g extensions, "over-amenetised" common areas etc.) but deliver EPC A quality buildings, will perform well, with the deeper refurb assets, harder to underwrite but with significant additional upside if positioned correctly.

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105 DEALS IN TOTAL

49.50 psf

New Grade A headline rent achieved

EXISTING, PRIME GRADE A SUPPLY:

- City centre total: - 105,838 sq ft
- Whole of Edinburgh (including city centre) total: - 337,780 sq ft

AVERAGE DEAL SIZE:

3,878 sq ft

H1 2026 TOTAL TAKE-UP:

City centre total:
302,447 sq ft

Whole of Edinburgh (including city centre) total:
508,526 sq ft

LARGEST LETTING DEAL BY SQ FT:

BUILDING: Haymarket Square
OCCUPIER: EY
SIZE: 36,209 sq ft

MARKET INSIGHTS

Chris Cuthbert MRICS

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"There continues to be incremental improvements in the office markets across the UK, helped by some (marginal) political confidence and companies being able to forecast their headcount more accurately, assisted by established working patterns for their staff. We are also aware that some firms have made moves into new space over the last 4 or so years that are now looking somewhat cramped. Several current requirements in Edinburgh have even stated that they need additional space for their forecasted growth. This has been a long time coming.

The 'art of the deal' is the transactional team managing board decisions very carefully. Fit out costs remain high, and the competition for the best space is starting to amplify. Rental growth at the 'top end' is also evident which always adds complexity to a deal. Both Bristol and Birmingham have broken and surpassed the £50psf level, and Edinburgh should soon follow.

Glasgow has seen the highest number of transactions on record for any H1, but deal sizes remain small. In Edinburgh we are seeing a steady market improvement, with a number of significant transactions in legals just now.

Our hope is that the Government finally progresses with a rationalisation of their portfolio which could release some interesting repositioning plays, particularly within the central belt. Their live requirement in Glasgow recently could well be the start of it."

Nick White MRICS

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"So, what's really going on with offices?"

"It's a tough question to answer as in truth, H1 Edinburgh take-up was an unremarkable 302,447 sq.ft - a far cry from the heady days of 1 million sq.ft plus annual take-up – and transactions, with the odd, rare exception, seem to be taking forever to conclude.

Underlying occupier demand does look positive however, with professional services – lawyers, accountants, engineers and insurance especially active (and in several cases, e.g Stantec, seeking more space than they currently occupy... "employees dwindling leverage" also a factor) - augmented by the newer sectors of electronics, battery and microchip technology, fintech and AI, who want good quality city-centre space for their staff at a sensible market rent; the ongoing challenges of fit-out costs and increases to business rates from April this year perhaps drawing the sting out of rental growth over the short-term.

It is far easier to consider the supply-side given the renewed focus upon the refurbishment of vacant space/ common areas in established buildings, particularly in the city-centre core. Rents of £55.00 psf plus are projected for Exchange Plaza and 1 Semple Street, whilst the first cab off the rank is The Cube which is due to complete Q1/Q2 next year and should perform well although no deals concluded at the time of writing.

"Deep refurbishments" may be harder to underwrite in this cycle, but will pass muster at the critical tenant due diligence stage and perform over the longer term."

Stephen Kay MRICS

"Whilst elevated gilt yields and the prospect of higher-for-longer interest rates have brought renewed pressure to real estate pricing, we do not anticipate a significant impact on prime Edinburgh office yields, which should remain supported by improving occupational fundamentals, constrained supply and rental growth.

Outward yield pressure is more likely to be concentrated on secondary assets, particularly those requiring significant capital expenditure, although investor appetite remains for well-located assets offering a credible route to prime through repositioning – Exchange Plaza, Calton Square and The Cube being prime examples."

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James Metcalfe MRICS

"The market has continued to strengthen through H1 2026, with a significant broadening of occupier activity and increasingly constrained supply of good-quality space. There were 105 office transactions in H1, a 75% increase on the 60 deals recorded in H1 2025, demonstrating a clear improvement in occupier activity. Prime rents have risen to £49.50 per sq ft and, with limited new stock coming, I expect the £50 psf mark to be hit very soon.

The market is becoming increasingly polarised, with refurbished buildings offering a high-quality, modern, and amenity-rich product performing well, while unrefurbished secondary stock faces greater pressure. Overall, the favourable supply and demand dynamics are creating an increasingly positive environment for investors, particularly where assets offer scope for refurbishment, repositioning, and rental growth."

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CITY CENTRE PIPELINE

DEVELOPMENTS / REFURBISHMENTS YET TO COMMENCE:

1 Semple Street (106k sq ft)

AT STAGE 4 DESIGN STAGE. PC DATE TBC

New Yards (185k sq ft)

NEW BUILD - SITE NOW CLEARED. SEEKING PRE-LETS

Rosebery House (154k sq ft)

NEW BUILD - SITE NOW CLEARED. SEEKING PRE-LETS

Calton Square (150k sq ft)

REFURBISHMENT WORKS YET TO COMMENCE

Fountainbridge Regeneration (107k sq ft)

AT PRE-DEVELOPMENT/ DESIGN FINALISATION STAGE

The Cube, 45 Leith Street (62k sq ft)

REFURBISHMENT DUE FOR COMPLETION Q1/Q2 2027

Exchange Place 2 (57k sq ft)

REFURBISHMENT (FIRST PHASE) DUE FOR COMPLETION NOVEMBER 2026

DEALS OF NOTE

38,000 SQ FT

28 CHARLOTTE SQUARE

A lease re-gear for Peoples Postcode Lottery.

36,209 SQ FT

3 HAYMARKET SQUARE

Baillie Gifford sub-let to EY.

8,813 SQ FT

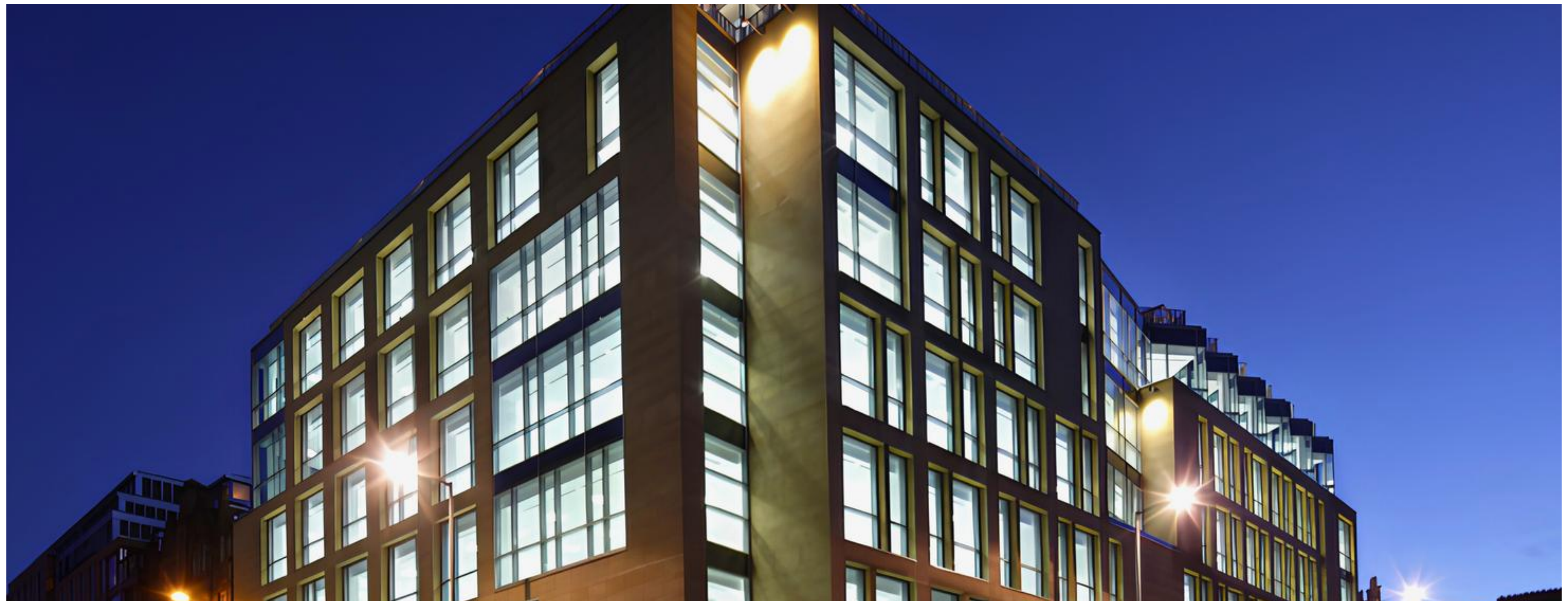
MAINPOINT

Paypal sub-let to Wordsmith AI.

6,769 SQ FT

QUARTERMILE TWO

A new lease to Columbia Threadneedle.



PROPERTY SPOTLIGHT

MAINPOINT

Catella APAM will commence the "soft strip" works on the 1st, 2nd and 3rd floors at Mainpoint totalling 37,202 sq.ft this October, prior to a comprehensive "all electric" refurbishment, with practical completion scheduled for Q2 2027. The floors comprise the following:

- 1st Floor: 14,469 sq.ft
- 2nd Floor: 15,351 sq.ft
- 3rd Floor (west): 7,382 sq.ft

With the spectacular top 6th floor west suite, comprising 4,511 sq.ft together with its exclusive Castle-facing roof terrace, also returning in April next year, the Landlord is grasping the first clear opportunity since practical completion 20 years ago, to entirely re-position Mainpoint as a vibrant and dynamic, "fit-for-purpose" office headquarters.

In addition, the Landlord will:

1. Significantly upgrade the extensive, double-height reception area;
2. Refurbish all lift lobbies & WCs with a new brand – more of which anon….
3. Complete the floorplates with a striking exposed services finish, plus raft ceiling tiles;
4. Remove surplus plant and create a generous, south-facing roof terrace at 2nd floor level

Mainpoint is located in an area that's not only perfect for business but delivers a mean cultural punch, and is already home to Scott Logic, ERM, Abbey Travel, Audit Scotland and Wordsmith AI.