

Lack of office development a threat to Edinburgh's economy

There is no available new office space being built in Edinburgh, in spite of a rise in demand according to Knight Frank.

Everything which is being built is already pre-let and that amounts to more than 400,000 square feet of new build and refurbishment projects which will be ready within the next couple of years. According to their figures Knight Frank say there is current demand this year for 746,950 square feet of space with an average size of about 5,100 square feet.

Developments such as Haymarket Edinburgh which will be completed later this year is proof of an indication of the level of demand. Grade B space has been lost to residential or hotel development.

Toby Withall, office agency partner at Knight Frank Edinburgh, said: "Edinburgh has a clear supply-demand imbalance: there is no new build space coming through until 2024, yet the level of demand is as strong as it has been for a long time. While some occupiers are downsizing on the back of the pandemic and incorporating more hybrid working, many are still very keen to have quality space in the city centre available to their staff.

"Refurbishments will help the situation, but an increasing number of occupiers want new build space that matches their ESG requirements. And, unlike many other major cities, much of Edinburgh's Grade B office supply has been converted for other

uses, even though that slowed during the pandemic.

“It is concerning that, as a growing capital city looking to attract businesses, we are close to a point where there is going to be no space to accommodate them. Haymarket Edinburgh demonstrates there is insatiable appetite for high quality new space with access to the amenities you typically only find in a city centre.

“Edinburgh has become a victim of its own success as a great place to live and visit, which is in danger of stymieing the economic growth delivered by developing businesses in the city and attracting them from elsewhere. We need to address the lack of options in the city centre as soon as possible, opening up more opportunities for development.”

