



CURCHOD&CO

2025 Surrey, Hampshire & Berkshire Office Investment Market Report

Number of Deals 2025

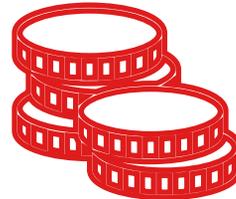
38 



2024; 75, 2023; 90

Investment Volume 2025

£621m 



2024; £547m, 2023; £765m

Average Discount To Quote 2025



2024; 20%, 2023; 14%

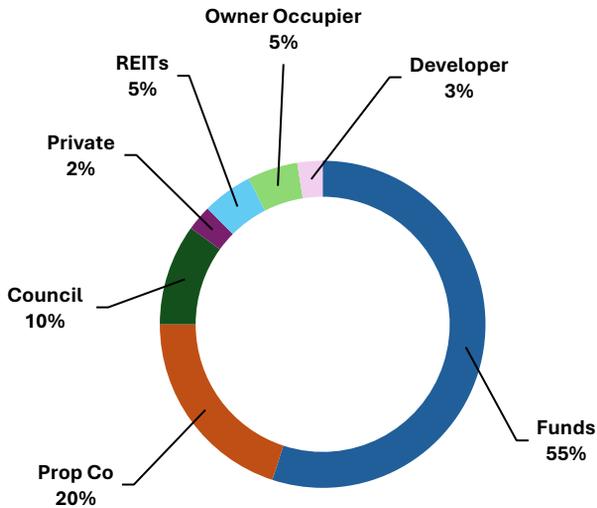
Yields & Capital Values 2025



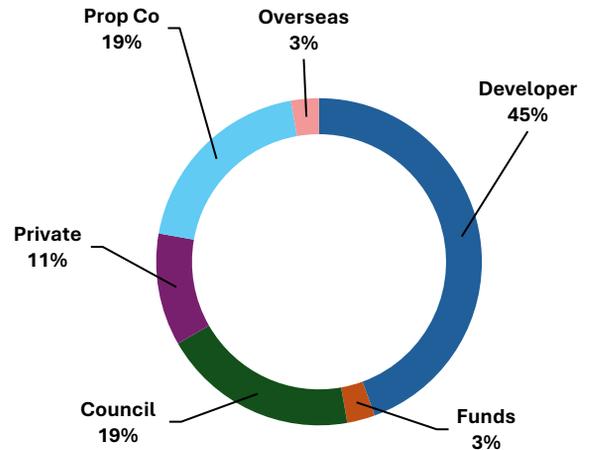
Prime Yields
7.50% - 9.00%

Secondary Yields
12.00% - 15.00%

2025 Vendor Profile



2025 Buyer Profile



CURCHOD & CO COMMENTARY

- Total number of transactions was 38**, compared to 75 in 2024 and 90 in 2023. However, despite the reduced number of deals **total investment volume increased by 14% to £621,000,000**, driven largely by the sale of McLaren Technology Centre (£250m) and Chineham Park (c. £100m) in December. Average deal size increased by 83% to £13.4 million.
- The **largest deal of the year was the sale of McLaren Technology Centre in Woking**, which was acquired by McLaren for £250m reflecting 7.40% NIY, followed by Anglesea Capital's acquisition of Chineham Park, Basingstoke for circa £100m. Other notable transactions include the sale of NATS HQ on Solent Business Park, which was acquired by the tenant for £37.5m, followed by Lotus Park, Staines, bought by STR Capital for £32,500,000, and Strata in Staines, which was acquired by David Samuel Asset Management for £20,000,000.
- Average NIY across all office transactions was 12.32%**, lower than 2024's average of 13.20%, reversing the trend of softening yields since 2022.
- Funds remained the dominant vendors**, accounting for **53% of total sales in 2025**. Property companies accounted for 21% of total sales, with local authorities making up a further 11%. Woking Borough Council have been particularly active in 2025, with the sale of 6 Church Street West for £3.8m along with Woking One which is under offer for c. £12m. **Both properties were marketed by Curchod & Co.**
- Developers remained the most active buyers in 2025**, with **44% of office transactions** made with the intention of pursuing an alternative use. Of this, 75% was for residential conversion and the remaining 25% was for industrial/warehouse conversion.

OPPORTUNITY IN OFFICES

There has arguably been an overcorrection in the office investment market, creating opportunities to acquire offices at a significant discount to replacement cost, whilst achieving double digit returns with strong rental growth prospects in key locations. To analyse the degree of overcorrection, we have compared sales in today's market with sales from the last time interest rates were relatively stable at levels comparable to today. Between 2001 & 2004, interest rates ranged from 3.75% and 4.75%, and this is the period we have analysed.

Prime South East Offices	2001-2004 (NIY)	6.00% – 7.00%
	2025 (NIY)	7.00% - 8.00%
	Difference	100 bps
Secondary South East Offices	2001-2004 (NIY)	8.00% - 9.00%
	2025 (NIY)	12.50% - 14.50%
	Difference	450 bps

As outlined above, prime office yields in the period 2001-2004 were, on average, between **6.00% – 7.00%**. For example, Forum House in Staines was sold with 10 years term certain in October 2003 for £6,120,000 reflecting **6.09%**. Aymer House in Chertsey provided 20 years of income from a single occupier and sold in July 2002 for £20,300,000, which reflected **6.50%**. Persimmon House in Camberley sold in September 2002 for £4,150,000, reflecting **6.38%**, also let in entirety for 25 years.

Today's prime yields range between **7.00% - 8.00%**, evidenced by the sale of McLaren Technology Centre, Woking (£250m / **7.40%**), along with the sales of the Brinell Building, Brighton (£3m / **7.51%**) and 70 Redcliff Street, Bristol (£7.35m / **7.00%**).

These prime investment sales have all undergone comprehensive refurbishments, or have long income profiles, providing a high-quality product with excellent sustainability credentials. This comparison highlights that prime yields are within 100 bps of the levels seen between 2001-2004 for similar income profile investments. However, secondary assets today are trading at a substantial discount compared to historic levels.

Between 2001-2004, secondary assets were trading between **8.00%-9.00%**. For example, One Valpy, Reading sold in September 2004 for £9.8 million, which reflected **8.40%** and provided around 4 years unexpired. Furthermore, Innovation Court, Basingstoke sold for £3.5 million in February 2003 which reflected 9.05% and provided around 3 years unexpired. In addition, Integration House in Fleet sold for £2.55 million in September 2003, which reflected 8.80% and provided around 4 years unexpired.

The spread between prime assets and secondary assets back in 2001-2004 was only around 200 bps. Today the gap is considerably larger. Strata in Staines sold in July 2025 for £20,150,000, reflecting **13.50%**, with roughly 5 years unexpired. Brook House in Woking sold in December 2025 for £8,000,000, reflecting **14.50%**, with 2 years to break and 4 years to expiry. Tempus Court, Guildford sold in December 2024 for £6,000,000, reflecting **12.44%**, providing 2.6 years to break and 3.5 years to expiry on average.

The spread between prime and secondary offices now extends to over 550 bps, compared to 200 bps back in 2001-2004.

This pricing differential partly reflects shifting occupier trends towards shorter, flexible leases and the associated impact on capex and void period. Occupational demand is increasingly targeted in towns with good connectivity and extensive amenity, in buildings which provide high quality environments paired with strong environmental credentials, all of which are important for increasing office attendance and attracting staff. Therefore, the shift in yield is partly explained by the need for increased capex through refurbishment to provide a high-quality building environment, along with ensuring the building is not only MEES compliant but also offering further sustainability credentials such as BREEAM Excellent and EPC A. Both factors are exacerbated by build cost inflation which has significantly outstripped rental growth over the past 25 years. However, in certain cases the market has been overly punitive when assessing risk. The result is that well located, high quality secondary offices have been priced similarly to obsolete stock, despite having significantly different letting prospects. With the widening gap between prime and secondary offices, bridging this gap through refurbishing and upgrading secondary office buildings, together with regearing existing leases and offering a greater term certain, can yield significant returns.

The sale of Brook House in Woking is a key example of how current investor sentiment toward secondary offices causes pricing to drift, creating the conditions to generate strong returns and add significant value for proactive investors. Brook House is single let to Asahi as their UK HQ and was comprehensively refurbished in 2020. This investment sold for £8 million in November 2025, reflecting a net initial yield of 14.50%. The primary reason that pricing drifted here, 11% below asking price, was down to the income profile, with Asahi having a break option in 2028 and lease expiry in 2030. However, the building is in a town with limited Grade A supply and strong rental growth, with significant investment into the building already made through the 2020 refurbishment. Therefore, even in the worst-case scenario of Asahi breaking in 2028, the building would be ready for immediate occupation with minimal capex. However, we understand that Asahi are actively discussing a regear with the new owners, which will yield immediate rental uplift and an extended term certain, which together with the strong covenant provided will undoubtedly see significant value being added in a relatively short time frame.

With interest rates forecast to continue falling over the course of 2026 and 2027, secondary office pricing will look increasingly attractive to value add investors for properties in town centre locations and capable of repositioning. Provided void periods, capex requirements and ERVs are robustly underwritten, yield compression and rental growth should lead to significant value being added over the course of a business plan.

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