The London Series

Insight 1 - Time: The Compression Effect

Q1 2026

Our first paper in The London Series 2026 examines how time shapes market dynamics.

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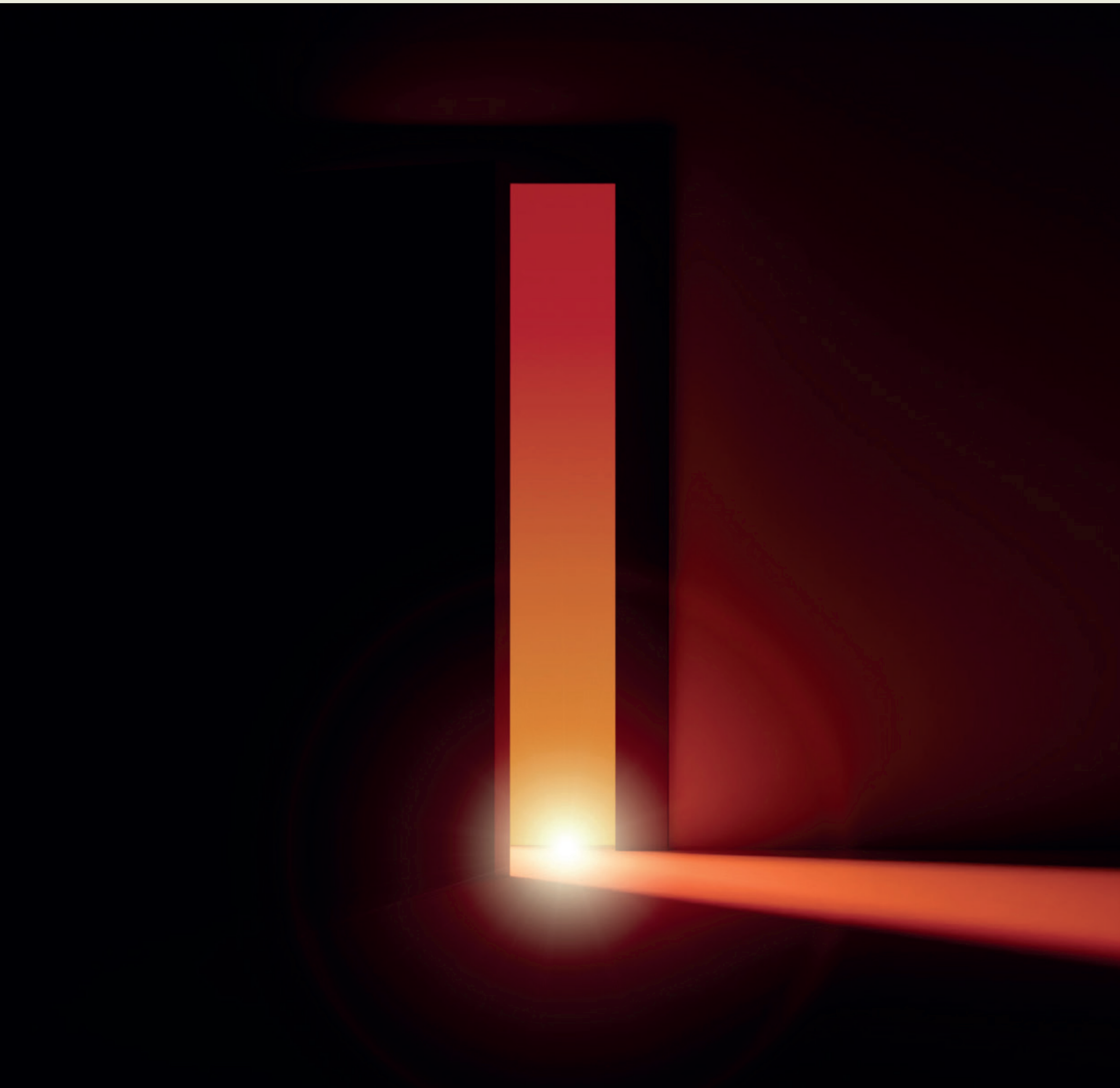


INTERPRET THE CHANGE. DEFINE THE ADVANTAGE.

Key takeaways

1

London is entering one of the most time-sensitive office cycles in decades

London's market is defined by a growing tension between extended planning horizons and shrinking transactional windows. The development pipeline looks substantial but only a small proportion is committed, leaving early years thin with just 10m sq ft of speculative space under construction for 2026–2029, equivalent to just 1.7 years of average take-up. For pre-lets, larger occupiers are launching searches far earlier, averaging 38.4 months ahead of occupation, while smaller occupiers are committing later. Lease expiries totalling 50m sq ft by 2030 and shorter term certains, now below five years, have compressed decision intervals further.

Implication for Occupiers

Occupiers must treat timing as a core variable. Strategic planning should start earlier, supported by scenario modelling around construction and fit-out. Internal processes need streamlining to avoid losing preferred options.

Implication for Developers/Landlords

Developers must demonstrate certainty of delivery and clarity on programme timelines to secure pre-lets. Earlier engagement, even before full design certainty, will be essential to capture demand.

2

Market participants are increasingly operating on misaligned timelines

A systemic timing asymmetry has emerged. Occupiers, seeking optionality, often underestimate how quickly preferred opportunities can be captured by competitors. Internal governance processes elongate decision cycles even as the market accelerates. Developers face pressure to deliver to tight schedules while accommodating longer, more unpredictable engagement processes. This misalignment raises risk on both sides: occupiers may lose leverage; developers may miss demand peaks, undermining returns.

Implication for Occupiers

Occupiers risk entering negotiations from a weaker position if decision-making lags behind market movement. Delays amplify exposure to delivery risk.

Implication for Developers/Landlords

Developers face heightened difficulty synchronising delivery with demand peaks. Financing structures become more sensitive to timing uncertainty.

3

Success will be defined by the ability to anticipate timing pressure and respond proactively

Early strategic planning and engagement are now critical. Occupiers need to act sooner, while developers must offer clearer programming and flexibility to absorb late-stage adjustments. Industry-wide improvements in pipeline transparency and advisory tools that incorporate timing risk will be essential. Certainty of delivery is set to become as important a differentiator as location or specification.

Implication for Occupiers

Occupiers should begin planning earlier, engage developers sooner, and reduce internal bottlenecks. Rapid-response options, such as fitted space, may gain importance.

Implication for Developers/Landlords

Developers must provide stronger evidence of deliverability and maintain flexibility in design to align with occupier decision cycles.

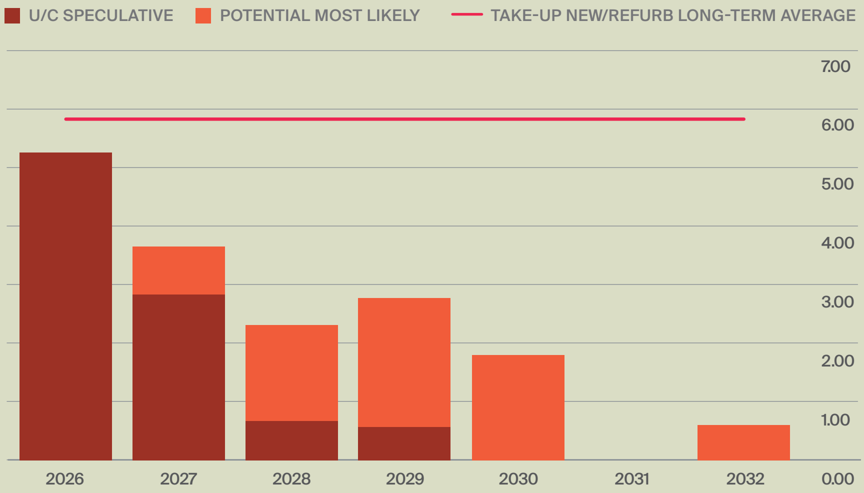
1. What the data shows and what has changed

London is entering one of the most time-sensitive office cycles in decades. While occupiers and developers are extending their planning horizons, the actual windows in which they can act appear to be narrowing. This tension between longer-term strategic thinking and the practical constraints of transactional timing is reshaping London's competitive landscape.

The development pipeline provides one of the clearest illustrations of this shift. Although a significant volume of future space is nominally in the system, a comparatively small proportion of that pipeline is actually committed, with many schemes currently less viable, according to our analysis. As a result, visibility of space delivering in 2026 and beyond remains limited, and the early years of this period in particular look thin, with just 10m sq ft of speculative space currently under construction between 2026 and 2029, equating to just 1.7 years' worth of average new or refurbished take-up.

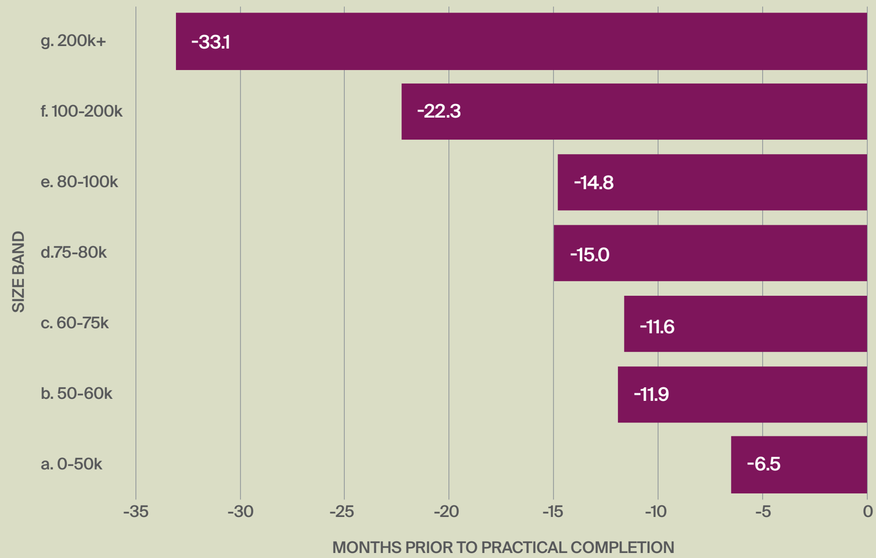
Partly as a consequence of this supply-side shortage, the timing profile of occupier demand has fundamentally altered. Many requirements are surfacing much earlier than before and yet deal progression has lengthened. Pre-lets provide a useful case study. Typically, we report the lead-in time from an occupier committing to a pre-let and the practical completion date. Since 2020, the average lead-in time for London pre-lets (of all sizes) is 12.1 months prior to practical completion. In figure 2, the variation by size band is clear. In fact, larger pre-lets are being signed further ahead of practical completion over the last few years, whilst smaller pre-lets are actually evolving in the opposite direction – signing much closer to the anticipated occupation date than was the case even three years ago. This divergence in strategy for smaller occupiers could be for several reasons, including: (1) Balancing flexibility and certainty – by leaving commitment to a pre-let until later the occupier can better adjust their space requirements and have the flexibility to do so. (2) Less onerous design and fit-out needs – whilst this isn't always the case, the typical fit-out for smaller occupiers can be completed more quickly than for firms. (3) Negotiating power – smaller occupiers may seek to wait until closer to completion to leverage market dynamics and achieve a more competitive deal, given there is greater availability of smaller floorplates in most submarkets. (4) Smaller firms usually operate with shorter planning horizons and may delay real estate decision-making until their growth trajectory is clearer.

Fig 1. London – Development Pipeline
m sq ft



Source: Knight Frank Insight

Fig 2. Pre-let lead-in times
Average months to PC



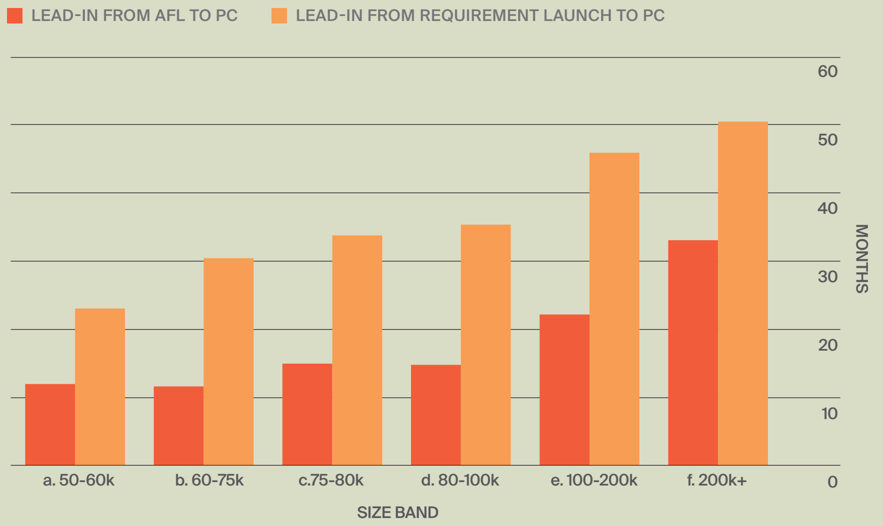
Source: Knight Frank Insight

Increasingly, larger occupiers are beginning their search process earlier, something that is not always captured in traditional market analysis. By extending the typical pre-let lead-in data to include when the requirement first launched, it shows a more accurate picture of the occupier journey. On average, searches for pre-lets of 50,000 sq ft or more, signed since January 2020, start 38.4 months ahead of the target occupation date, almost double the conventional pre-let lead-in time for equivalent-sized deals of 19.1 months prior to practical completion.

Figure 3 above shows how the divergence increases with scale, with searches for 200,000 sq ft or more starting 50.6 months ahead of the target occupation date. While transactions of this size are rare – there have been just 29 over the last 10 years – their importance to the London office market is undeniable.

Fig 3. Pre-let lead-in times vs requirement launch to PC date times

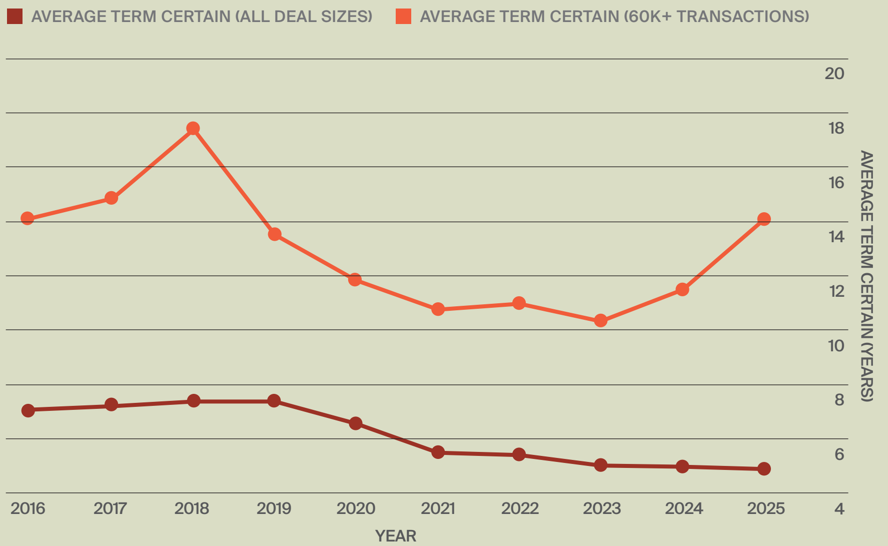
By size band (2020-2025 YTD)



Source: Knight Frank Insight

Fig 4. Average term certain across London

2016-2025



Source: Knight Frank Insight

Overlaying this with lease event data adds a further layer of complexity to market timing. Over five thousand leases are due to expire between 2026 and 2030, representing 50m sq ft of potential future demand, excluding those tenants who have already transacted. The concentration of these expiries varies significantly by submarket and, when contrasted with expected development completions, suggests that timing pressure may be particularly acute in certain parts of London. For example, the City Core will see 17.9m sq ft of leases expire by the end of 2030, accounting for a third of all lease expiries across London.

These structural changes are occurring against a backdrop of shorter commitments, with the overall average term certain across London (for all deal sizes) falling below five years for the first time, as can be seen in figure 4 below, which includes all transaction types (pre-lets, new leases, assignment and subleases).

This has compressed the intervals between key decision points. Occupiers must now navigate more frequent decision cycles, each of which carries greater exposure to construction timelines, competition and external shocks. There is, however, nuance to this trend. Post-pandemic, the shortening of term certains became more acute for all transaction sizes. In 2024 and 2025, however, we have seen the average for deals of 60,000 sq ft or more swing upwards again, boosted by pre-let activity where longer-term commitments are more commonplace. In 2025, for deals of 60,000 sq ft or more, the average term certain increased to 14.1 years, sitting above the 10-year average of 13.1 years. Once again, this shows a divergence in market activity based on scale.

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Finally, traditional measures of market activity have become harder to interpret. Rising numbers of early-stage requirements have potentially inflated statistics on active demand and space under offer, yet a growing proportion of these do not convert to take up within traditionally expected timeframes. At the time of writing, there is nearly 3.7m sq ft under offer across London, and 11.8m sq ft of named active demand (for requirements of 10,000 sq ft or more). Given that the analysis above shows continued divergence for larger requirements, it is perhaps no surprise that 12 of the current active searches are for 200,000 sq ft or more, many of which are targeting space well ahead of delivery. The mismatch between enquiry volumes and completed deals is creating the risk that market participants misread the competitive environment unless timing variables are explicitly accounted for. In essence, the market has been divided by quality and location for several years, but the divergence is now evident for market timing.

2. Implications and challenges

The combined effect of these shifts is that market participants are increasingly operating on misaligned timelines.

Occupiers, buoyed by the sense that early engagement gives them more optionality, sometimes underestimate the pace at which preferred opportunities can be captured by their competitors, particularly in core locations where options are increasingly limited. Internal governance processes, which in many organisations now require greater scrutiny of workplace strategy, operational sustainability obligations and cost discipline, lengthen decision cycles even as the market moves faster around them. Again, this has become more challenging as a result of the macroeconomic volatility that occupiers have to contend with, as well as issues such as the potential impacts of technologies such AI. Another factor that makes this decision-making process more challenging is how companies evaluate their office-first/hybrid working policies to future-proof their workplace strategy. As a result, many occupiers find that their strategic window narrows more quickly than expected, reducing their leverage and increasing their exposure to construction or delivery risk.

For developers, the consequences are equally significant. Certainty of delivery timing has become a central differentiator in the market. In an environment where funding partners are more cautious and pre-lets constitute a growing share of activity, developers must provide clearer visibility of programme timelines and must often commit to design and specification choices earlier than before. Longer and more variable occupier decision processes make it harder to synchronise scheme delivery with demand peaks, increasing the risk of missing the optimal moment to bring space to market. Financing structures, already strained by cost inflation and higher borrowing costs, are becoming more sensitive to these timing uncertainties, which in turn affects viability.

The result is a systemic timing asymmetry. Occupiers are extending their planning horizons yet slowing their progression toward final decisions, either deliberately or as a consequence of the uncertainty surrounding their

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real estate needs. Developers are under pressure to deliver to increasingly tight schedules while also accommodating longer, more unpredictable engagement processes. This misalignment raises risks on both sides. Occupiers may lose preferred options or enter negotiations from a weaker position than anticipated. Developers may experience gaps between completion dates and demand realisation that undermine project returns. Without conscious action to improve the synchronisation of timelines, this asymmetry is likely to become more pronounced as the cycle evolves.

THE REALITY: WHEN THEORY MEETS PRACTICE

The data suggests that occupiers should engage earlier and that developers should think longer term to capture this demand. In reality, both sides face constraints that make this difficult.

For developers, early engagement often begins at the moment when a scheme is least certain. Planning may not yet be secured; funding may be conditional and key design decisions are still fluid. Yet occupiers entering the market early usually expect clarity on delivery dates, specification and sustainability outcomes. Developers are therefore asked to commit to a future product before the fundamental parameters of that product are fixed. Negotiations become challenging because occupiers' briefs are themselves evolving, influenced by headcount forecasts, workplace strategy and ESG obligations. Designs must remain flexible enough to absorb change, but fixed enough to support procurement, cost certainty and lender scrutiny. Balancing these demands is inherently difficult.

The planning system reinforces this tension. Occupiers may want bespoke features or additional amenity that require design amendments. For developers, accommodating these changes can trigger delays or additional regulatory steps, precisely when funders are looking for momentum. While early collaboration is desirable, it exposes both sides to uncertainties that cannot be fully controlled at this stage of the lifecycle. For major office developments in London, the planning process typically extends well beyond the initial submission period. Large, complex schemes frequently take 18-36 months from pre-application engagement to full consent, with further time required to discharge conditions before construction can commence. During this period, market conditions, occupier requirements and regulatory expectations can shift materially. This elongated planning horizon means that developers are often asked to align with occupier needs that may not crystallise until well after key planning parameters have been fixed, compounding the risk inherent in early commitment.

Offering option space introduces its own practical complications. Occupiers value the ability to expand or contract, but these rights can make underwriting the scheme harder. Expansion options may sterilise parts of the building, while contraction rights weaken the income profile that lenders rely on. Even when agreed, option structures complicate construction sequencing and can add cost, since developers must plan for multiple possible occupation scenarios. What appears to be flexibility on paper can quickly become operational complexity on site.

Occupiers, for their part, often struggle to act as early as the data suggests they should. Large organisations face extended governance processes and shifting internal priorities. Requirements can change late in the process, or pause altogether, making developers cautious about relying on early expressions of interest. The result is a mismatch between the theoretical benefits of long-term alignment and the practical constraints that shape real-world behaviour.

Recognising these constraints is essential. It explains why the timing gaps evident in the data persist and highlights why improving alignment is not simply a matter of advising market players to start earlier. It requires a deeper appreciation of funding realities, planning limitations, organisational behaviour and the operational challenges of delivering flexibility at scale.

3. The playbook for market players

In this environment, success will be defined by the ability to anticipate timing pressure and respond proactively.

Occupiers will need to begin strategic planning earlier than has been typical in previous cycles. Early scenario modelling, particularly around construction duration and fit out timelines, will become an essential component of estates planning. Engaging with developers at earlier stages of scheme evolution will help secure positions within competitive pipelines and provide greater clarity around what is realistically deliverable within a given timeframe. Many organisations will also need to revisit internal governance processes to reduce bottlenecks and ensure that decision making can progress at the pace the market requires. For those weighing stay versus go scenarios, timing must be treated as a core variable rather than an afterthought, particularly given the shorter lease structures now common across London.

Developers, meanwhile, will need to adapt their behaviours to meet the timing demands of occupiers. Clearer communication around construction programming, contingency planning and design finalisation will be essential to reinforce confidence in deliverability. Engaging occupiers earlier, even before full design certainty exists, will become more common as pre-lets increase in volume. There is also a greater need for developers to consider developing speculatively (despite the challenges around viability), given that off-plan pre-lets account for just 6.1% of pre-lets signed across London since 2013.

Developers may find that greater flexibility in specifications and an ability to absorb late-stage adjustments will improve the likelihood of aligning schemes with occupier decision cycles. Given the financing environment, stronger evidence of deliverability and pipeline visibility will also be important in discussions with lenders and investors.

There is also a broader industry-wide imperative to improve market coordination. Greater transparency in pipeline reporting, particularly regarding deliverability rather than simple planning status, would help occupiers form more realistic expectations of future supply. Better data on the earlier stages of occupier requirements could enable developers to plan more effectively, while advisory tools that incorporate timing risk into analysis would offer both sides a more accurate understanding of competitive conditions. In essence, improved information flow becomes a mechanism to reduce timing asymmetry across the market.

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4. The outlook in the short and long term

In the short term, transactional volumes (relative to active demand) may appear subdued, not because underlying demand is weak but because deals are taking longer to progress. This elongation is likely to remain a defining feature of the next few years, unless there is a significant shift in schemes given the green light for redevelopment (see our upcoming Insight 3 – Building at the Limits). Space that is already fitted or capable of rapid delivery may see elevated interest, simply because it allows occupiers to respond more quickly than new developments permit – although this space still needs to fit the needs of the post-pandemic workplace. Occupiers that do not adapt their decision-making pace risk losing out on preferred options or encountering fewer viable alternatives, which could lead to compromises on building quality or location. Without conscious correction, the gap between perceived and actual time available will continue to widen.

Looking further ahead, early strategic planning is expected to become standard practice for both occupiers and developers. Pre-lets will play a larger role in shaping scheme phasing and financing models. The visibility and reliability of delivery timelines will become as important a differentiator as location or specification, contributing to a wider polarisation of the market. Those developments that can demonstrate certainty and clarity around timing are likely to outperform, while schemes with ambiguous delivery profiles may struggle to attract early commitments. London's overall competitiveness will increasingly hinge on the ability of market participants to align their timelines more effectively and to manage the extended journeys that now characterise both occupier and developer decision-making.

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.

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