London and the South East

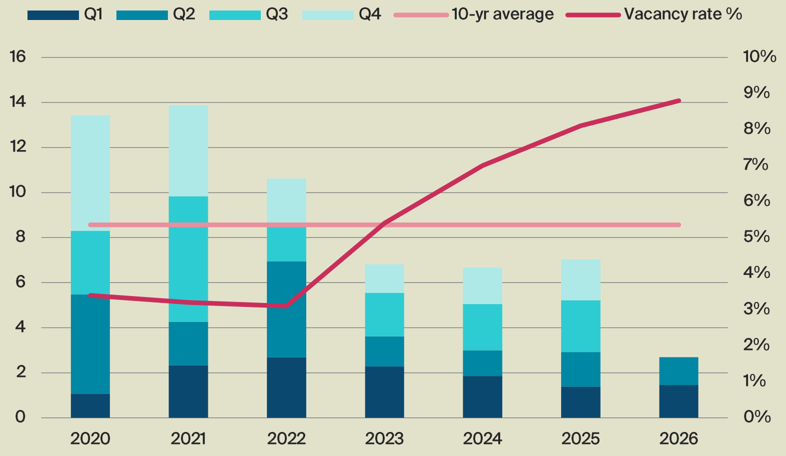
1.2m sq ft
Occupier take up Q2 2026

8.8%
Vacancy rate Q2 2026

£29.50 psf
Prime rents Q2 2026

5.4%
Prime annual rental growth

Take up and vacancy (Units 50,000 sq ft+)
Million sq ft



Source: Knight Frank Insight

AMAZON DRIVES DEMAND FOR BIG-BOX SPACE

During Q2 2026, take-up across London and the South East totalled 1.23 million sq ft for units over 50,000 sq ft. This was down 15% q/q, bringing H1 take-up to 2.7m sq ft, compared with 2.9m sq ft in H1 2025.

Activity was concentrated in the smaller 50,000-100,000 sq ft size band, with only three transactions exceeding 100,000 sq ft. The largest deal was Amazon's lease of Bulk 250, a 250,850 sq ft facility on Western Avenue in West Thurrock. Positioned between Junctions 30/31 of the M25 and the A13, the property offers strong access to Greater London, the national motorway network and major ports.

Amazon also leased a 134,012 sq ft unit at Panattoni Park, Crawley. Together, these transactions mark Amazon's first acquisition of new logistics space in the region (units over 50,000 sq ft) for three years.

DEVELOPMENT PIPELINE EXPANDS

Availability continued to increase in Q2 2026, reaching approximately 22.5m sq ft, up 2% q/q and 10% y/y. Growth was driven by additional new and Grade A space entering the South East market, while availability declined in both London and the Eastern region.

The South East vacancy rate now stands at 10.5%, compared with 8.6% in London and 7.3% in the East. Unlike much of the UK, availability across London and the South East remains heavily weighted towards new and Grade A stock, which accounts for 92% of vacant floorspace.

Developer confidence also improved during the quarter. There are now 27 speculative schemes under construction totalling 2.4 million sq ft, up from 21 schemes and 1.9m sq ft in Q1. Most of the space is focused in the 50,000 – 100,000 sq ft size bracket.

PRIME RENTS STABLE IN MOST MARKETS

Prime headline rents in West London have risen to £29.50 psf for units over 50,000 sq ft this quarter, up from £28.00 psf in Q1 2026. Other sub-markets, including Oxford, Bedford, Cambridge, High Wycombe, and Dartford also saw prime rents rise this quarter. However, most sub-markets across the region saw prime rents holding steady q/q. Out of the 42 markets across the region where we track prime rents, 17 have recorded an annual uplift, 23 have held steady, with two markets recording a y/y decline in prime rents.

Knight Frank Insight expects rental growth to moderate through 2026, with projections of 2.5%, 3.3% and 3.5% growth expected in across London, the South East and Eastern regions, respectively.