London Office Market Report

Q3 2025

Latest insights on the state of the London office market

knightfrank.co.uk/research

Executive Summary

Key Themes

1.

Softer leasing activity in Q3 but space under offer rises to 3.3m sq ft

2.

Constrained development pipeline continues to impact occupier decision-making

3.

Investment volumes fall but deals under offer rise to £2.9bn

4.

Sentiment is improving but uncertainty remains until Autumn Budget

MARKET IS RESILIENT DESPITE ECONOMIC UNCERTAINTY

The London office market is operating against a backdrop of persistent inflationary pressure and policy uncertainty. UK CPI inflation remains elevated at around 3.8%, well above the Bank of England's 2% target, with forecasters expecting inflation to average above 3% through 2025 before gradually easing. The Bank of England has held interest rates at 4.0%, pausing its rate-cutting cycle in response to sticky services inflation and a slower-than-expected decline in wage growth. Although monetary policy is no longer tightening, borrowing costs remain restrictive by historical standards, exerting continued pressure on occupiers and investors alike. Global growth has been severely impacted by factors such as US-China trade tensions. Whilst the IMF predicted the UK economy will be the second fastest growing amongst the G7 at 1.3%, this is still relatively weak growth. While inflation remains stubbornly high the path to lower rates remains uncertain.

However, business activity in London continue to contrast with other parts of the UK. The capital topped the regional growth rankings for a third straight month and was one of only three regions expanding; most others fell back. New orders rose again and were the strongest in the UK, supported by steadier demand at home and firmer export conditions – a 15-month joint-high. Pricing pressures were more manageable too: costs were still up but the pace of price rises eased, and firms showed competitive discipline on selling prices.

> “Take-up in Q3 reached 2.7m sq ft, down 23.3% from the previous quarter, 10.0% below of the long-term quarterly average.”

In terms of jobs and sentiment, the signals are constructive. London firms are still trimming headcount, but the decline – now ten months long – was less severe than the UK trend, and reflects efficiency drives amid spare capacity rather than a demand shock. Crucially, confidence about the year ahead remains positive and slightly above the UK average, with businesses citing higher sales, payback on product investments and planned facility expansions.

London is expanding while many regions are not, with order books, external demand and sentiment pointing to a solid platform for Q4.

Attention is now turning to the Autumn Budget, which is expected to set out the fiscal priorities of the government. Speculation over potential changes to property taxation, business rates reform and investment have led to key business decisions being delayed. Demonstrating a sustainable path for public finances will be essential to maintaining the confidence of financial markets and a downward trajectory for long-term interest rates.

MARKET PLAYERS FACE CHALLENGES

The London office market continues to face a convergence of structural and economic pressures that are reshaping strategy for occupiers, investors and developers alike.

For occupiers, the primary challenge is balancing cost control with the need to secure space that supports talent retention, sustainability objectives and evolving workplace strategies. Persistent inflation and elevated interest rates are placing upward pressure on operational costs, while wage inflation and regulatory requirements, particularly around energy efficiency, are compelling occupiers to prioritise high-quality, amenity-rich buildings. However, this is occurring against a backdrop of increased internal scrutiny on real estate expenditure, leading to longer decision-making times and a growing divergence between prime and secondary demand.

Investors are navigating a capital markets environment characterised by low liquidity. Interest rates are on a downward path but beset by episodes of volatility which as affected investor confidence. However, debt margins are falling resulting in widening yield spreads and provides a positive backdrop for Q4.

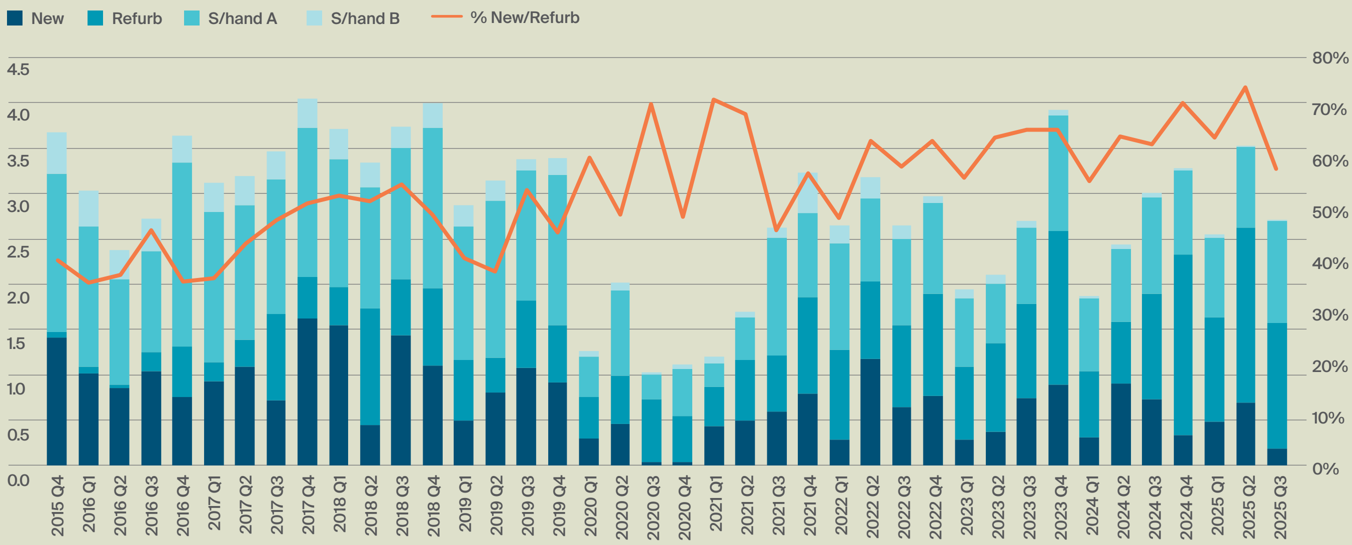
For developers, viability is the central concern. Construction costs remain elevated, financing terms are restrictive, and planning timelines continue to lengthen. ESG regulations and the transition to net zero are driving up specification requirements, meaning only best-in-class schemes are progressing. As a result, speculative development has slowed considerably, raising concerns over future supply shortages for Prime and Grade A space.

TAKE-UP FALLS BUT OUTLOOK LOOKS STRONG

Take-up in Q3 reached 2.7m sq ft, down 23.3% from the previous quarter, 2.8% below of the long-term quarterly average. Despite this, take-up year to date is 19.8% ahead of the same period last year. The lower volumes in Q3 are due to a lack of larger pre-lets with only two transactions above 70,000 sq ft. Interestingly, there was a higher number of deals signed in Q3 (370) than the previous quarter (361), but the relative lack of large transactions caused the average deal size to fall by 25.2% to 7,324 sq ft. Another factor behind the fall in take-up is the lagged impact of higher business costs as a result of the previous Autumn Budget.

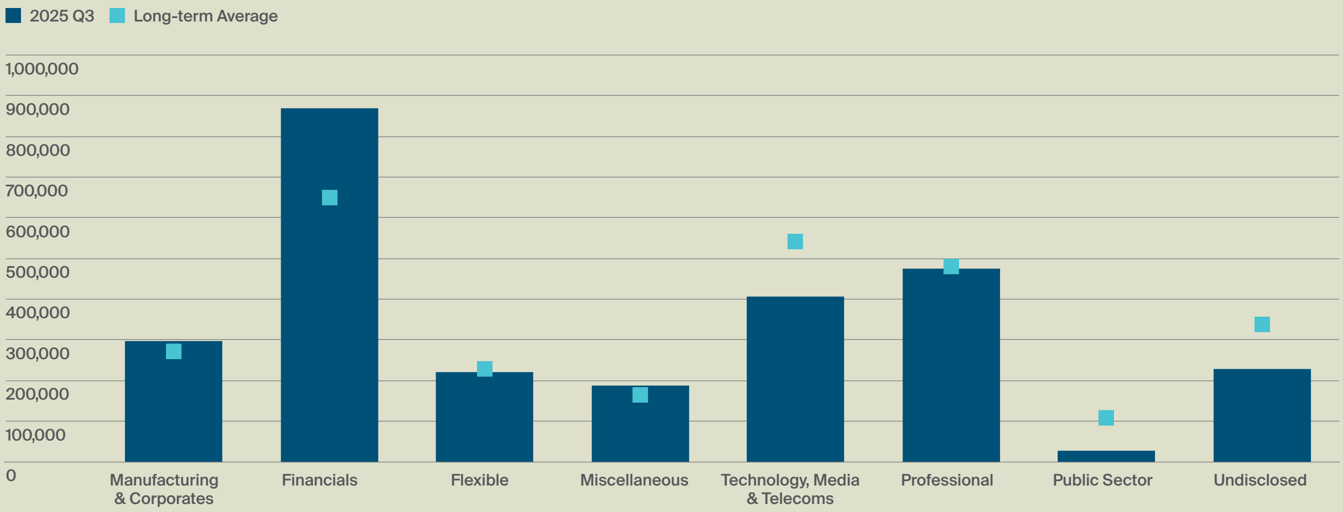
The proportion of new and refurbished take-up fell on the quarter to 58.4%, marking a significant shift from the previous quarter where nearly three-quarters of leasing activity targeted such space. There was also a lack of transactions signed in Q3 that reached our definition of 'prime', although there were a number that signed below the 10,000 sq ft threshold. Any fears of a reversal of a sustained structural shift in demand from occupiers are seemingly unwarranted, as 67.8% of take-up over the last 12 months has been for new or refurbished space.

London – Take-up
m sq ft (LHS), % (RHS)



Source: Knight Frank Insight

London – Take-up by sector
m sq ft



Source: Knight Frank Insight

Once again, the financial sector was the most active across London, accounting for 32.0% of take-up during Q3, although the volume of take-up from financial firms was down by 28.6% over the quarter. The one sector that saw an improvement in quarterly leasing volumes was take-up by flexible workspace operators, which saw 220,547 sq ft transacted, representing a 38.2% increase from Q2.

The largest transaction signed in Q3 was HSBC's 170,894 sq ft acquisition at 40 Bank Street, E14, which was a significant driver behind the financial sector's dominance this quarter. The next largest deal signed in Q3 was InfinitSpace who have committed to the entirety of Fox Court, 14 Grays Inn Road, WC1 (101,778 sq ft), which was the largest acquisition from a flexible workspace operator since Q3 2021. The third largest deal in Q3 was Bristow's pre-let at Bow Bells House, Bread Street, EC4 (68,447 sq ft), who will relocate from their existing HQ at 100 Victoria Embankment, EC4 after Bow Bells House reaches practical completion in early 2026.

Of the ten largest transactions signed in Q3, nine were expansionary, with a combined positive net absorption of over 460,000 sq ft.

The volume of active demand increased by 2.4% during Q3 to 10.2m sq ft, which is 9.1% above the long-term average. Whilst the overall volume of demand is healthy, and a period of three consecutive quarters of decline have stopped, requirements are typically taking longer to translate into take-up volumes. In addition, a combined 20.3% of active demand at the end of Q3, we predict, is either highly likely or likely to renew or regear in their existing premises.

The volume of space under offer increased from 2.7m sq ft to 3.3m sq ft during Q3. Given the relative lack of large transactions signed in Q3, the 13 units under offer exceeding 40,000 sq ft provides a positive outlook for the short to medium-term, with five of these units being 100,000 sq ft or more. Almost 30% of the space under offer at the end of Q3 is likely to meet or exceed our definition of prime, suggesting further upward pressure on rents.

The combination of a marginal increase in active demand and the 22.2% increase in the volume of space under offer suggests that leasing momentum in the final quarter of 2025 should see an uptick, albeit against a backdrop of continued economic and geopolitical uncertainty.

> "Of the ten largest transactions signed in Q3, nine were expansionary, with a combined positive net absorption of over 460,000 sq ft."

MARGINAL INCREASE IN AVAILABILITY BUT IMBALANCE REMAINS

Availability increased by 2.9% to 23.9m sq ft over the quarter, which is 28.4% above the long-term average. This means that overall availability has increased by 1.3% over the last 12 months.

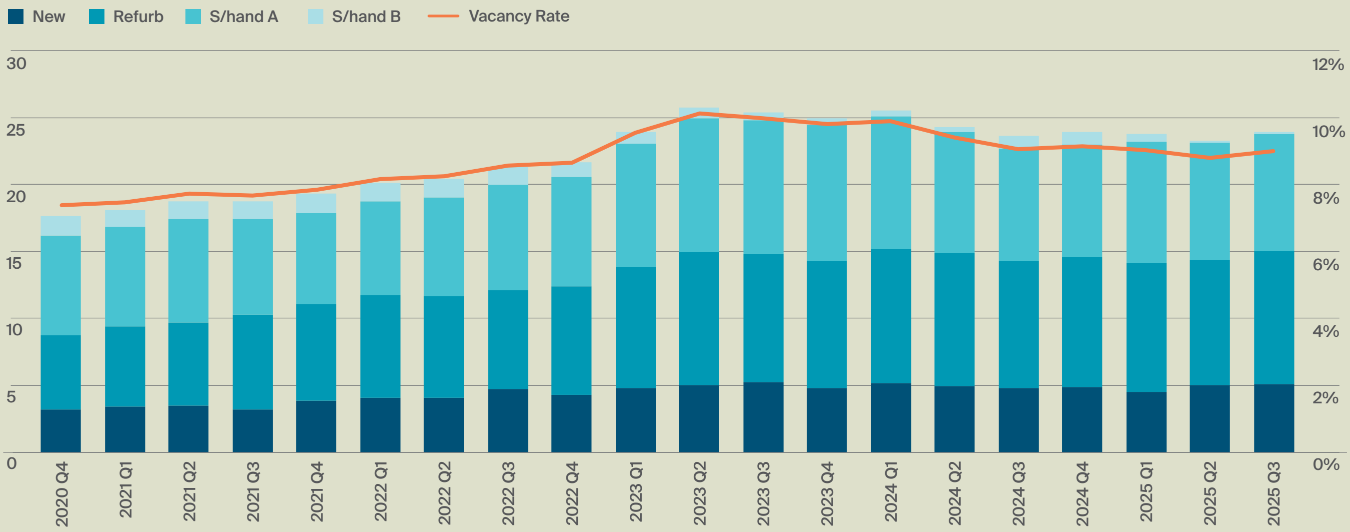
As a result, the vacancy rate increased from 8.8% to 9.0%, set against a long-term average for London as a whole of 7.5%. The marginal increase in availability was driven by refurbished and second-hand space. The vacancy rate for new space remained stable at 1.9%, whilst the equivalent for refurbished space and second-hand stock increased to 3.7% and 3.4%, respectively. Tenant-controlled supply has fallen over the last year, which is significant in the context of the downsizing that occurred during the pandemic, some of which is now being addressed by "right-sizing", now that occupiers have had time to reflect on their space requirements.

PEAK PIPELINE IN 2025 BUT UNDERSUPPLY WILL CONTINUE
In Q3 there was 1.1m sq ft of development completions, of which 64.1% was pre-let or under offer, leaving just 391,908 sq ft that delivered speculatively. Of that speculative space delivered, 150,461 sq ft was located in the Vauxhall & Battersea submarket, where absorption rates are likely to be slower. Just 95,997 sq ft was completed speculatively in the West End Core and City Core, with strong interest in both units signalling that space is likely to be readily absorbed. Looking ahead, there was 15.8m sq ft under construction at the end of Q3, of which 26.0% is pre-let which rises to 32.1% including space under offer, leaving 11.7m sq ft of speculative space currently under construction.

The structural imbalance between the supply and demand of best-in-class space looks set to continue, with an anticipated undersupply of 8.7m sq ft by the end of 2029, compared with average levels of new and refurbished take-up. This undersupply is not spread evenly across all London submarkets, with the most acute shortages projected in core locations.

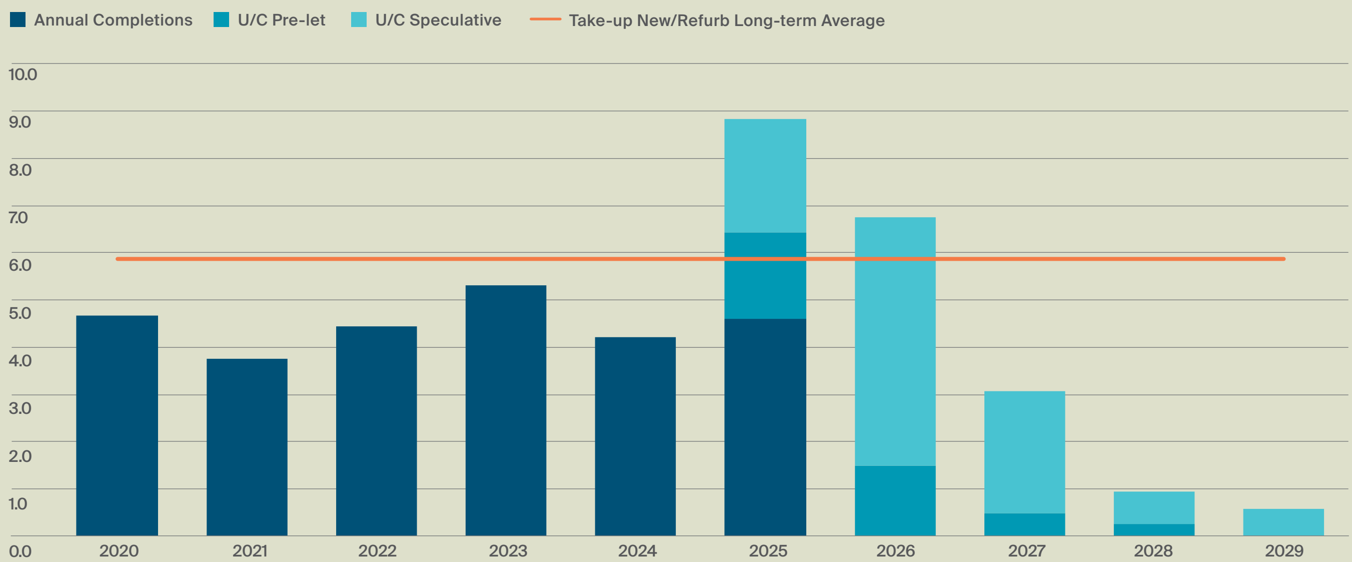
PRIME RENTS STABLE DURING Q3
During Q3, there was lack of deals that met all of our parameters to be considered 'prime.' As such, there was no evidence to increase rental levels in any of London's submarkets. West End Core prime rents therefore remained at £182.50 per sq ft, which reflects a 12-month increase of 21.7% and City Core prime rents remained at £100.00

London – Availability
m sq ft (LHS), % of stock (RHS)



Source: Knight Frank Insight

London – Development Pipeline
m sq ft



Source: Knight Frank Insight

per sq ft, equating to 11.1% growth in the same period. We expect prime rents to grow in core submarkets in Q4.

Our five-year view for prime rents hasn't shifted since last quarter, with structural imbalances underpinning our forecasts. In the City Core, prime rents are expected to grow at an average annual rate of 5.8% until the end of 2029, with West End Core prime rents growing by an average of 5.2% each year.

Low supply of new and refurbished space combined with a healthy volume of upcoming lease events will continue to perpetuate a structural imbalance in the market, resulting in continued upward pressure on prime rents.

INVESTMENT ACTIVITY FALLS BUT ASSETS UNDER OFFER INCREASES

Lending has been accelerating during 2025, but the majority is being used for refinancing purposes rather than to finance transactions. A material rise in liquidity is key to normalising the investment market. A potential catalyst could come from investors with low appetite for underwriting capital expenditure to improve energy performance ratings, and selling at greater discounts.

Investment volumes reached just under £1.6bn in Q3, a 21.5% decline on the previous quarter and a 48.9% shortfall compared to the long-term average. Over the last year, nearly £8.1bn has transacted, which is a 34.9% improvement from the same point in 2024, although still 36.4% below trend. Q3 investment activity was focused on small to medium lot sizes, with just 23.6% of transactional activity targeting lot sizes over £100m.

53.3% of investment in Q3 was for value-add assets, which broadly reflects the 12-month trend. Core plus activity represented an additional 36.4% of turnover, with core assets attracting just 4.1% of Q3 investment.

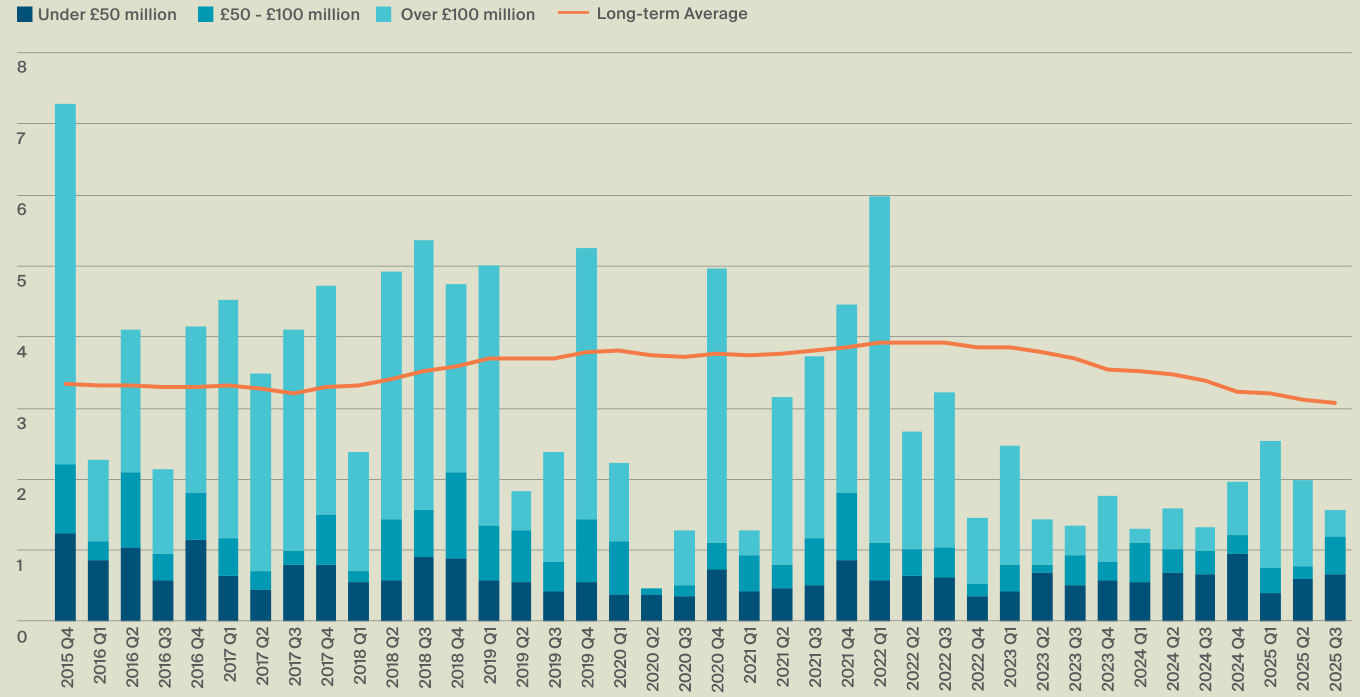
The total volume of assets available across London remained stable over the quarter at £3.8bn, although there was a 17.5% decrease in the availability of value-add assets which was counter-balanced by a 28.9% increase in core plus assets.

At the end of Q3, there was £3.0bn of assets under offer across London, a 30.8% jump on the previous quarter and an 82.0% increase against the position a year ago. An increase in deals under offer, and more investment opportunities being brought to market, and widening yield spreads should boost investment volumes in the near-term.

The lack of prime deals means prime yields remained stable in Q3, holding steady at 3.75% in the West End and 5.25% in the City and Southbank. Although interest rates have been volatile, the longer-term outlook is for lower risk-free rates, which should help drive more capital back into the London market.

UNLOCK OUR INSIGHTS

London – Investment Volumes
£bn



Source: Knight Frank Insight

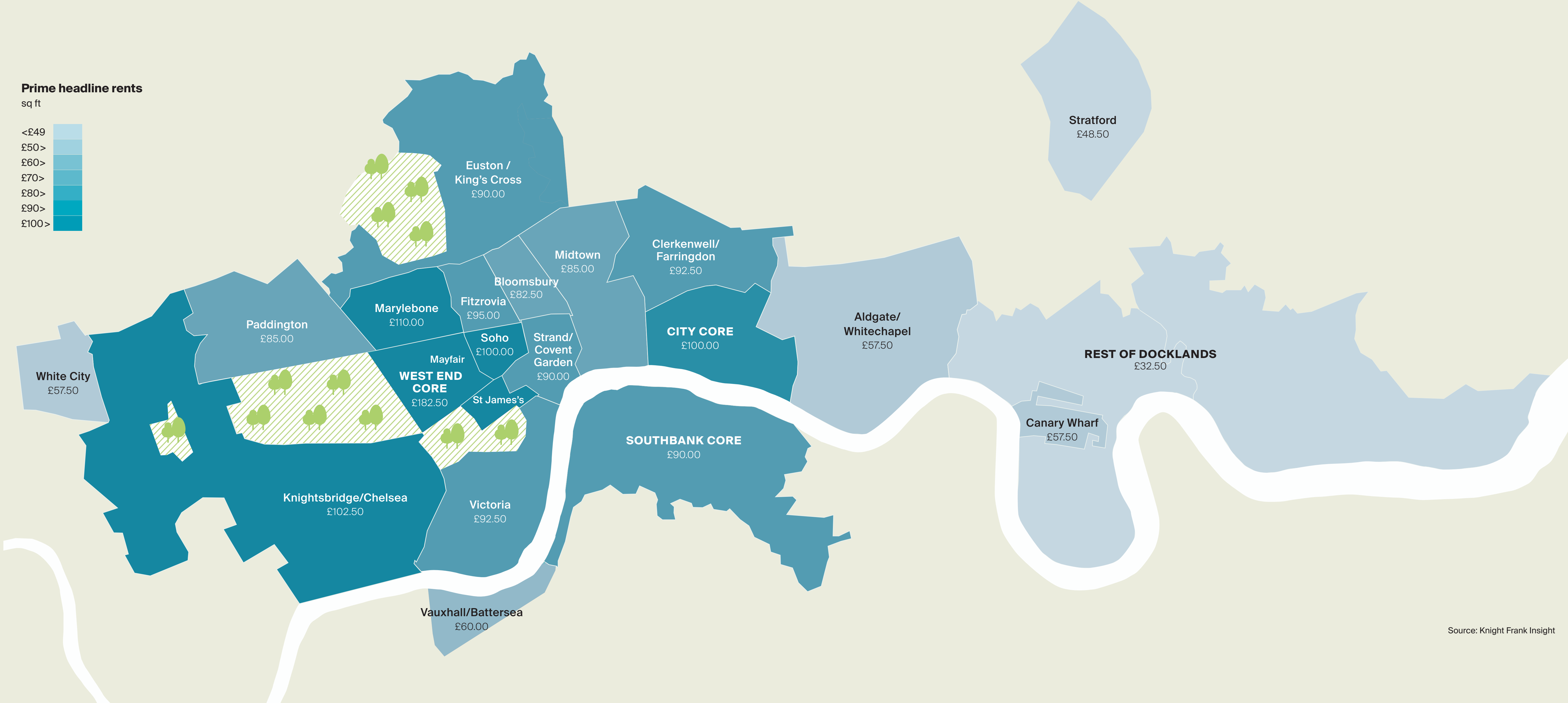
London office market

Performance dashboard Q3 2025

KEY PERFORMANCE INDICATORS

	▼ 2.71m TAKE-UP (SQ FT)	▲ 23.92 AVAILABILITY (SQ FT)	▼ 9.0% VACANCY RATE	▼ 15.80m UNDER CONSTRUCTION (SQ FT)
CHANGE ON				
2024 Q3	-10.0% ▼	1.3% ▲	-0.1% ▼	-4.7% ▼
LTA	2.79m sq ft	18.63m sq ft	7.5%	13.52m sq ft

WEST END		CITY & SOUTHBANK		DOCKLANDS & STRATFORD	
◀▶ £182.50 Prime headline rent (per sq ft)	▼ 0.84 m Take-up (per sq ft)	◀▶ £100.00 Prime headline rent (per sq ft)	▼ 1.57 m Take-up (per sq ft)	◀▶ £57.50 Prime headline rent (per sq ft)	▲ 0.30 m Take-up (per sq ft)
▲ £1.17 bn Investment turnover	◀▶ 3.75% Prime Yield	▼ £0.40 bn Investment turnover	◀▶ 5.25% Prime Yield	◀▶ £0 bn Investment turnover	◀▶ 7.50% Prime Yield



Source: Knight Frank Insight

MARKETS IN REVIEW

The City & Southbank

▲ ▼ ◀▶
Arrows throughout the report show how values have increased, decreased or stayed the same since the last quarter unless specified

◀▶ £100.00

Rent (£ per sq ft)

▼ 1.57 m

Take-up (sq ft)

▲ 13.54 m

Availability (sq ft)

▼ £0.4 bn

Investment turnover

◀▶ 5.25%

Prime yield

“The lack of large transactions signed in Q3 was balanced by an increase in the sub-5,000 sq ft size band, which saw a 23.7% quarterly increase in the volume of take-up.”

LEASING ACTIVITY IN Q3: GOOD BUT NOT GREAT

After a very strong Q2, take-up across the City & Southbank market fell to just under 1.6m sq ft in Q3, a 25.0% decrease over the quarter and 1.1% above the long-term average. As was the case across the London market, the number of leasing transactions actually increased despite the drop in volume, with 208 deals signed in Q3 compared to 185 in the previous quarter.

Take-up of new or refurbished space accounted for 49.3% of letting activity in Q3, a significant decline from the previous quarter. This shift was driven by a relative lack of large transactions compared to the previous quarter, and particularly pre-let transactions. As a result, just over half of take-up was focused on second-hand space. Over a 12-month period, however, 66.5% of transactions have been for new or refurbished space.

The largest transaction signed in Q3 was InfinitSpace’s 101,778 sq ft acquisition of Fox Court, 14 Grays Inn Road, WC1, which becomes the flexible workspace provider’s fourth site in London and will operate under their beyond workspace brand. The next largest deal signed in Q3 was Bristow’s 68,447 sq ft pre-let at Bow Bells House, EC4, which will reach practical completion in early 2026. The third largest transaction from this quarter was BMS Group’s 64,280 sq ft acquisition of the 22nd-25th floors at the Gherkin, 30 St Mary Axe, EC3. The insurance firm have committed to a 15-year lease at an initial rent of £84.00 per sq ft.

▲ 2.0m sq ft

Under offers in the City & Southbank surged in Q3 from 1.4m sq ft to 2.0m sq ft.

The lack of large transactions signed in Q3 was balanced by an increase in the sub-5,000 sq ft size band, which saw a 23.7% quarterly increase in the volume of take-up. The 20,000-40,000 size band also saw more activity, with 23.0% more take-up in this bracket.

BALANCED SECTOR SPLIT FOR Q3 TAKE-UP

The most active sector in Q3 was the financial sector, which accounted for 375,884 sq ft of take-up, representing 24.0% of total letting activity. This was closely followed by the professional services sector, which counted for a further 23.9%, which reflected a 41.1% increase on the previous quarter.

Under offers in the City & Southbank surged in Q3 from 1.4m sq ft to 2.0m sq ft. There are six units under offer that are in excess of 40,000 sq ft, with two of these being over 100,000 sq ft. Active demand for requirements targeting the City & Southbank market also saw an improvement over the quarter, jumping 36.1% to 6.1m sq ft. Both of these indicators suggest a strong level of future leasing activity.

SUPPLY NUDGES UP IN Q3

Overall availability in the City & Southbank market has increased by 7.1% during Q3 to stand at 13.54m sq ft. It is now 8.9% above the level a year ago and 37.0% ahead of the long-term average. This has resulted in the vacancy rate moving upwards from 8.8% to 9.4%, with the vacancy rate of new and refurbished space rising marginally to 5.5%.

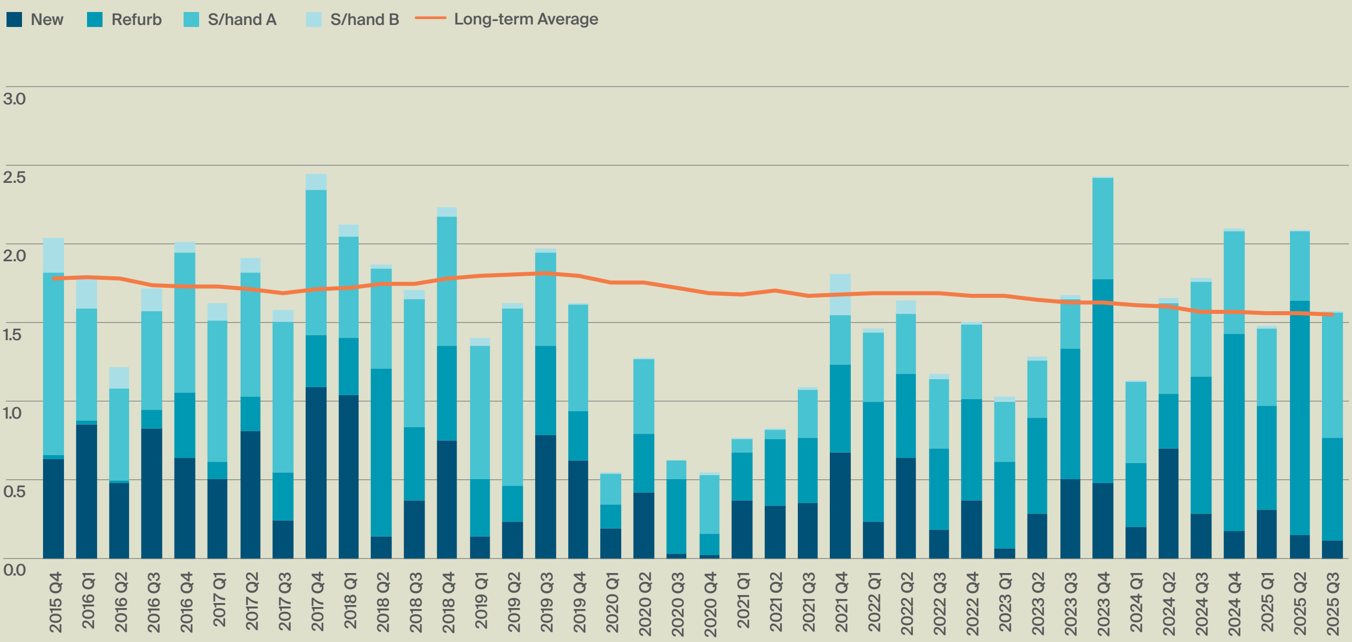
In the City, the overall vacancy rate rose from 8.1% to 8.8%, with increases in the availability of new, refurbished and second-hand space. The vacancy rate for new space increased to 1.0% and the new and refurbished vacancy rate increased from 4.1% to 4.7%. In the Southbank, the overall vacancy rate decreased marginally from 12.6%

▲ 7.1%

Overall availability in the City & Southbank market has increased by 7.1% during Q3 to stand at 13.54m sq ft.

City & Southbank – Take-up

m sq ft



Source: Knight Frank Insight

to 12.3%, which was 6.8 percentage points above the long-term average, driven a 10.7% reduction in the availability of second-hand space.

The increase in overall City & Southbank availability was concentrated in the City Core and Midtown submarkets, where available space is being more readily absorbed.

Development completions in Q3 totalled nearly 0.95m sq ft, although 64.1% (0.61m sq ft) of this was already pre-let. At the end of Q3, the under-construction pipeline fell slightly by 1.2% to 8.52m sq ft across the City & Southbank market. Of this, 1.8m sq ft (21.3%) is already pre-let.

PRIME RENTS REMAIN STABLE

Prime rents in the City & Southbank market were held at the same level for the second consecutive quarter. This is in part due to a lack of large pre-lets that have impacted the market recently. City Core rents remain at £100 per sq ft, a 11.1% increase from 12 months ago. Incentive packages also remain stable at 24-27 months on a ten-year term. Southbank Core prime rents remained stable at £90.00 per sq ft, reflecting a 9.1% increase over the last 12 months.

Our prime rent forecasts remain unchanged from Q2. Between 2025 and 2029, annual average growth in the City Core is projected at 5.8%, with 3.5% annual average growth anticipated in Southbank Core.

> "At the end of Q3, the under-construction pipeline fell slightly by 1.2% to 8.52m sq ft across the City & Southbank market. Of this, 1.8m sq ft (21.3%) is already pre-let."

INVESTMENT ACTIVITY FALTERS

Following two quarters of strengthening investment activity, Q3 saw transactional volumes drop significantly to £0.4bn in Q3. This decrease represents a 64.2% quarterly decline and places Q3 volumes at 76.8% below the long-term average.

There was no investment activity for lot sizes of £100m or more, with the largest transaction being the sale of 110 Cannon Street & Martin House, 6 Martin Lane, EC4 for £72.0m, reflecting a net initial yield of 6.79%. 69.2% of Q3 turnover targeted assets under £50m.

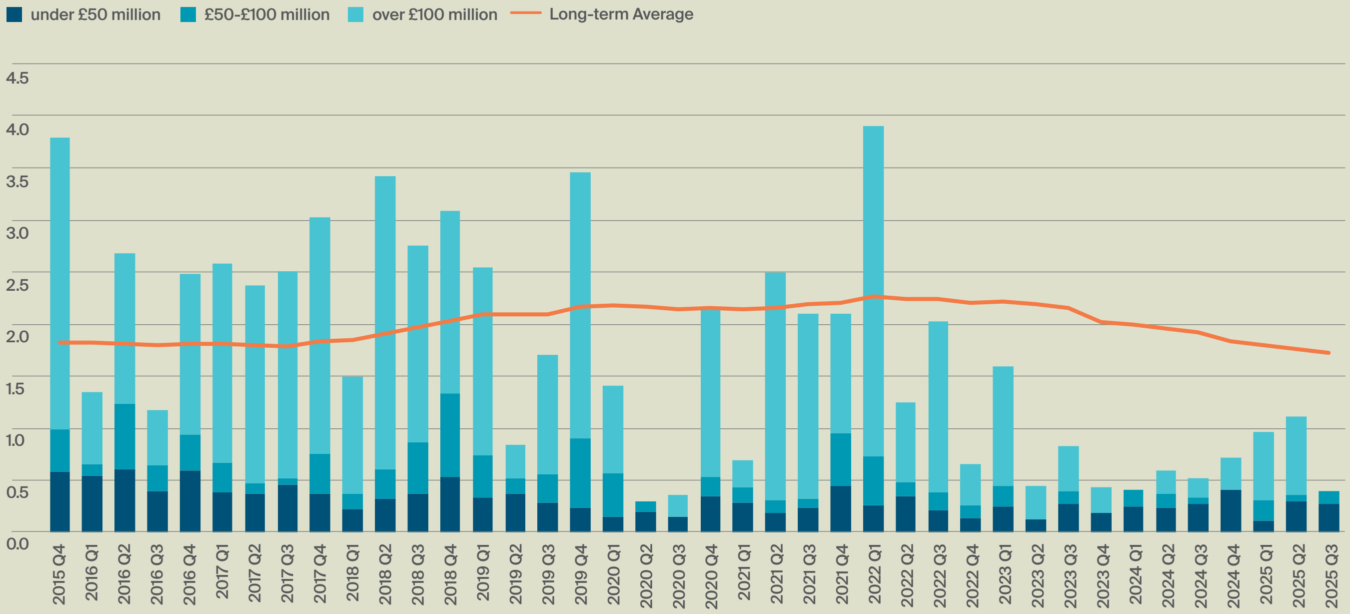
Domestic investors were the most active, representing 36.3% of Q3 investment volumes, with European and North American investors each accounting for an additional 21.4% of Q3 activity.

There was an 80.7% increase in the value of assets under offer in Q3, jumping to just under £1.8bn, which is 29.2% ahead of the long-term average. Prime yields have remained stable at 5.25%, and the safe haven qualities of London continue to attract investor interest, despite the economic and geopolitical headwinds.

▲80.7%

Increase in the value of assets under offer in Q3, jumping to just under £1.8bn, which is 29.2% ahead of the long-term average.

City & Southbank – Investment Volumes by Lot Size
£bn



Source: Knight Frank Insight

MARKETS IN REVIEW

West End

◆ **£182.50**
Rent (£ per sq ft)

▼ **0.84 m**
Take-up (sq ft)

▼ **7.10 m**
Availability (sq ft)

▲ **£1.16 bn**
Investment turnover

◆ **3.75%**
Prime yield

"As is typical for the West End market, the majority of letting activity was focused on smaller units, with the sub-5,000 sq ft size band accounting for 25.8% of take-up, or 67.3% of the number of deals."

TAKE-UP DIPS IN Q3 AFTER A ROBUST H1

Q3 take-up in the West End reached 0.84m sq ft, a 21.6% decrease on the previous quarter and 19.9% below the long-term quarterly average. There was a lack of large transactions in Q3 with none of the transactions signed during the quarter exceeding 60,000 sq ft. The average deal size has decreased to 5,730 sq ft. As is typical for the West End market, the majority of letting activity was focused on smaller units, with the sub-5,000 sq ft size band accounting for 25.8% of take-up, or 67.3% of the number of deals.

60.5%
Take-up of new and refurbished space reached 509,391 sq ft, representing 60.5% of total take-up in Q3.

Take-up of new and refurbished space reached 509,391 sq ft, representing 60.5% of total take-up in Q3. Whilst this represents a decrease in the proportion seen in the previous quarter, it remains clear that occupier preference for best-in-class space

remains, with 71.0% of take-up in the last 12 months targeting new or refurbished space.

DEALS OUTSIDE THE CORE DRIVE TAKE-UP

The largest transaction signed in Q3 was General Atlantic's pre-let of the Elephant, 318 Oxford Street, W1 (52,173 sq ft), a building that will complete construction by the end of 2026. Other large transactions during the quarter included UCL's pre-let at Maple House, W1 (39, 084 sq ft), Sarasin & Partners LLP letting at 50 George Street, W1 (33,515 sq ft) and the Seven Stars acquisition at The Acre, WC2 (32,551 sq ft). This selection of transactions shows that submarkets outside, but close to, the West End Core have performed well in Q3. Of the ten largest transactions signed, none were in Mayfair or St James's, perhaps highlighting occupiers exploring different submarkets where vacancy rates are more accommodating.

▼7.1m

Overall availability decreased by 4.2% to 7.4m sq ft, 17.7% ahead of the long-term market average.

FINANCIAL FIRMS PROVIDE BOOST TO LETTING ACTIVITY

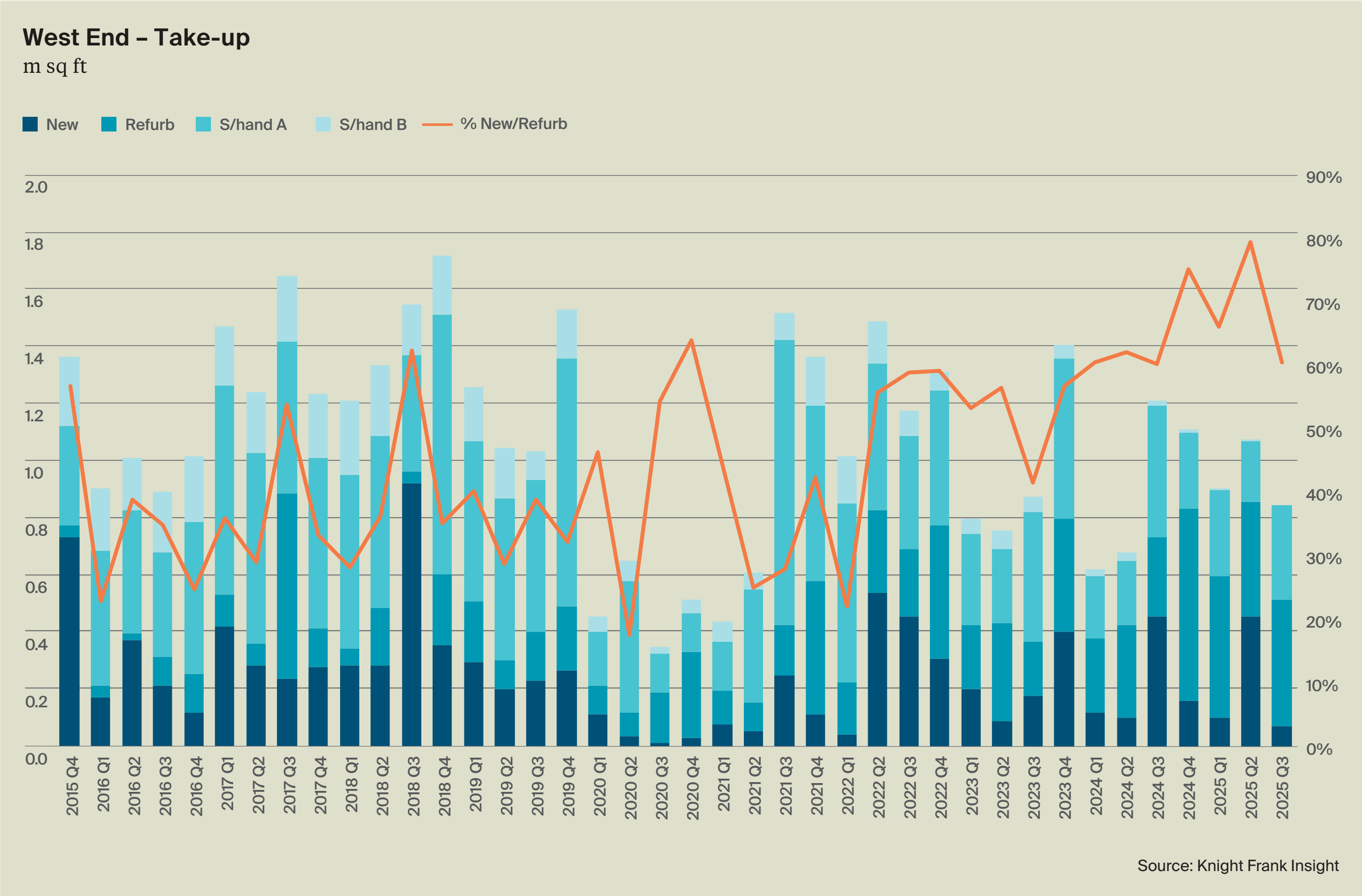
After a Q2 with a relatively even occupier spread, financial occupiers comprised almost a third of all Q3 West End take-up, accounting for 32.9% of quarterly leasing activity. The next most active sector was the technology, media and telecoms sector which accounted for a further 15.0% of Q3 take-up.

At the end of Q3, there was 905,091 sq ft under offer in the West End, effectively in-line with the previous quarter. A third of the floor space under offer is within the West End Core, across 22 buildings. There are two units under offer in excess of 100,000 sq ft, with a further unit over 50,000 sq ft under offer at the end of the quarter. Active demand remained stable over the quarter at 1.92m sq ft, with the financial sector representing the largest share (34.7%). Active demand remains 7.6% below the long-term trend. These two indicators would suggest whilst near-term demand is lower than previous quarters, it is focussed on best-in-class space.

> "After a Q2 with a relatively even occupier spread, financial occupiers comprised almost a third of all Q3 West End take-up, accounting for 32.9% of quarterly leasing activity."

AVAILABILITY TIGHTENS IN LINE WITH FUTURE SUPPLY

Overall availability decreased by 4.2% to 7.1m sq ft, 17.7% ahead of the long-term market average. This resulted in the vacancy rate dropping from 7.7% to 7.4% in Q3, with the vacancy rate of new and refurbished space decreasing in turn from 5.7% to 5.4%.



Future supply remains limited, although the development pipeline grew marginally in Q3. The total volume of space under construction at the end of Q3 was 6.6m sq ft, of which 2.3m sq ft (34.9%) is already committed. There is a projected undersupply of 1.7m sq ft by the end of 2029 when comparing average levels of new and refurbished take-up to the under-construction pipeline and schemes we expect are 'most likely to complete.'

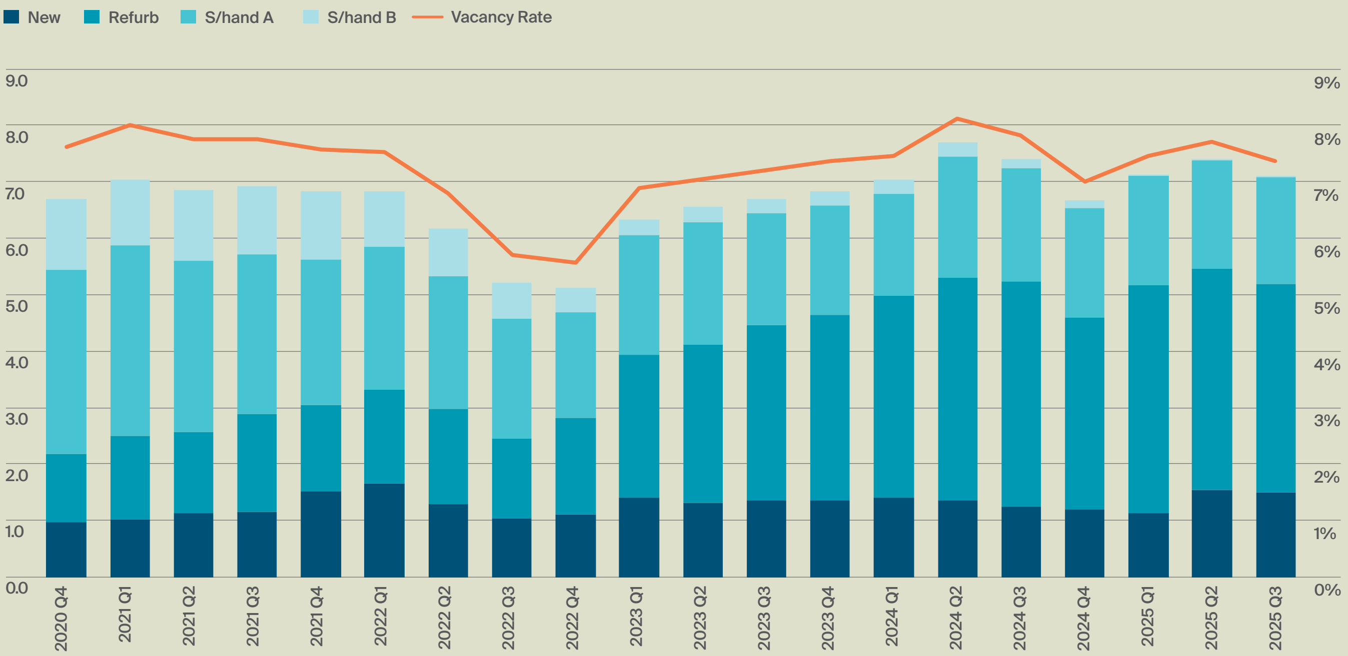
CORE RENTS HOLD FIRM AS PRIME LETTINGS BRIEFLY ABATE

Prime rents in the West End Core have held steady at £182.50 per sq ft, the level they increased to in the previous quarter. Of the space under offer at the end of Q3, 33.6% is likely to transact at or above the prevailing market average rent.

The West End Core is expected to see prime rents grow at an annual average rate of 5.2% until the end of 2029. This growth in prime rents is driven by the low supply of best-in-class floor space, a consistently constrained development pipeline and strong structural demand from upcoming lease events. There is 24.5m sq ft of lease expiries expected across the West End from the end of Q3 to the end of 2030. This creates a disconnect of floor space under construction to forthcoming structural demand.

West End – Availability

m sq ft (LHS), % of stock (RHS)



Source: Knight Frank Insight

"Investment in the West End has rallied in the third quarter of the year. Total volumes rose 32.1% to £1.17bn transacted in total. This level of investment is only fractionally below the long-term average of £1.22bn (-4.5%)."

PRIVATE CAPITAL BUOYS INVESTMENT VOLUMES

Investment in the West End has rallied in the third quarter of the year. Total volumes rose 32.1% to £1.17bn transacted in total. This level of investment is only fractionally below the long-term average of £1.22bn (-4.5%).

The largest transaction of the quarter was The Arora Group's acquisition of 102 Petty France, SW1 for £245m reflecting a net initial yield of 7.52% and capital value of £700 per sq ft. Other significant transactions include the sale of the Notting Hill Gate Estate, W11 (£125m) and 100 Regent Street, W1 (£95m).

Just over half of all assets that transacted in Q3 are classified as value-add, followed by core plus which accounted for a further 35.1% of Q3 turnover.

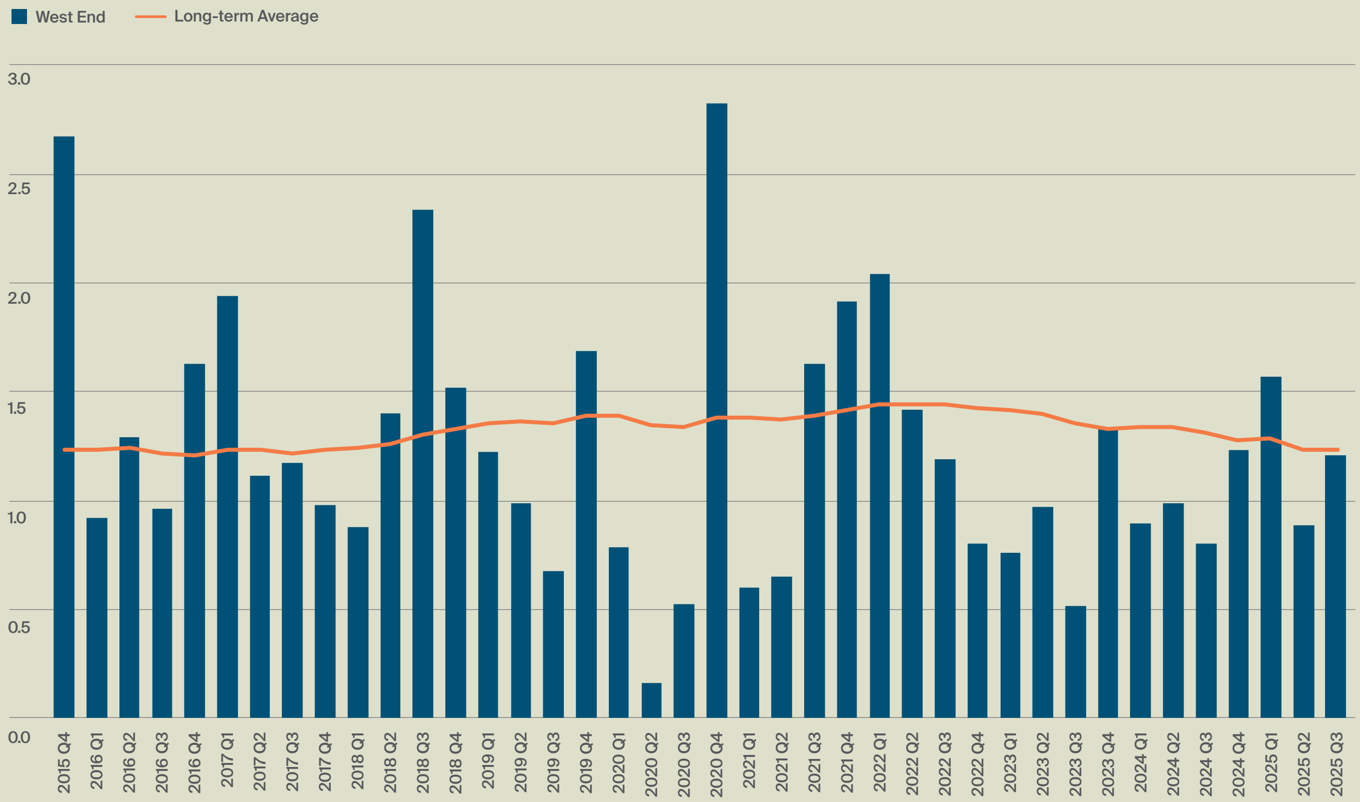
Private capital was the most active investor group during Q3 with private investors (30.4%) and private property companies (28.9%) accounting for a combined 59.3% of all investment volumes. Investors from the United Kingdom were the most active during Q3 comprising 46.2% of all transactions, with North American investors following closely with 38.9%. The return of American investment represents a 355% quarterly increase and puts the level of their investment 164.5% above the long-term trend. Investment was relatively evenly distributed across lot sizes, with sub-£50m assets attracting £0.38m (32.5%), £50-£100m attracting £0.42m (35.9%) and assets over £100m attracting £0.37m (31.6%).

The value of assets available at the end of Q3 rose by 11.7% to £2.5bn, with 58.8% of this stock being either core or core plus assets. A sign of positivity for the remainder of 2025 is the £1.2bn of assets under offer, a 16.9% increase on the previous quarter.

This positive outlook is further supported by continued stability in prime yields, which have remained at 3.75% for the eleventh consecutive quarter.

"Private capital was the most active investor group during Q3 with private investors (30.4%) and private property companies (28.9%) accounting for a combined 59.3% of all investment volumes."

West End – Investment Volumes
£bn



Source: Knight Frank Insight

MARKETS IN REVIEW

Docklands & Stratford

£57.50
Rent (£ per sq ft)

▼ 0.30 m
Take-up (sq ft)

▲ 3.28 m
Availability (sq ft)

£0 bn
Investment turnover

7.50%
Prime yield

"HSBC's 170,894 sq ft acquisition at 40 Bank Street, E14 was the largest signed during the quarter, which significantly impacted proportion of new and refurbished take-up, which accounted for 99.3% of Q3 activity."

SECOND CONSECUTIVE QUARTER OF ABOVE TREND TAKE-UP

Fifteen leasing transactions signed during Q3, totalling 302,027 sq ft. This was a 18.4% decrease on the previous quarter, however quarterly leasing volumes remain 60.9% above the long-term quarterly average, with an average transaction size of 20,135 sq ft.

HSBC's 170,894 sq ft acquisition at 40 Bank Street, E14 was the largest signed during the quarter, which significantly impacted the proportion of new and refurbished take-up, which accounted for 99.3% of Q3 activity. This means that over the last 12 months, 64.2% of take-up has been concentrated on new and refurbished space, indicating a shift away from the focus on second-hand stock in recent years.

The next largest deal was UCL's 51,240 sq ft acquisition at 1 Canada Square, E14, who have committed to a 15-year lease on the 46th and 47th floors, with initial rents of £60-70.00 per sq ft. This is a further example of educational occupiers acquiring office space in the Docklands & Stratford market.

Whilst HSBC's transaction accounted for 56.6% of total take-up in Q3, smaller transactions were more common. Sub-5,000 sq ft deals accounted for 10 of the 15 signed during the quarter, although they represented just 8.7% of total take-up by volume.

Active demand for requirements targeting the Docklands & Stratford market increased by 88.7% to 0.52m sq ft, which is broadly in-line with the long-term average.

AVAILABILITY SEES MARGINAL INCREASE DRIVEN BY SECOND-HAND STOCK

Overall availability across the Docklands & Stratford market rose by 2.2% during Q3 to 3.28m sq ft, which translates to a vacancy rate of 12.8%. This means that availability has fallen by 13.2% year-on-year but remains 21.0% ahead of the long-term average.

At the end of the quarter, 56.7% of available space was new or refurbished, equating to just under 1.86m sq ft, which has remained stable over the quarter. Second-hand space increased by 4.5% to 1.42m sq ft. 55.5% of available space is for units of 100,000 sq ft or more.

In Canary Wharf, the vacancy increased from 11.2% to 11.4% and is now just 0.7 percentage points above the long-term trend.

At the end of Q3 there was 718,338 sq ft of space under construction in the Docklands & Stratford market, across two schemes. 17 Columbus Courtyard, E14, is expected to reach

▲11.4%

In Canary Wharf, the vacancy increased from 11.2% to 11.4% and is now just 0.7 percentage points above the long-term trend.

practical completion in 2026 Q4, delivering 178,338 sq ft of speculative space. One North Quay, E14 is scheduled to complete by the end of 2027, providing 540,000 sq ft of speculative space.

Prime rents are unchanged in both Docklands and Stratford markets. In Canary Wharf, prime rents are £57.50 per sq ft and in Stratford they are £48.50 per sq ft. Rent-free periods also remain unchanged at 27-30 months on a standard 10-year lease.

NO INVESTMENT IN 2025 SO FAR

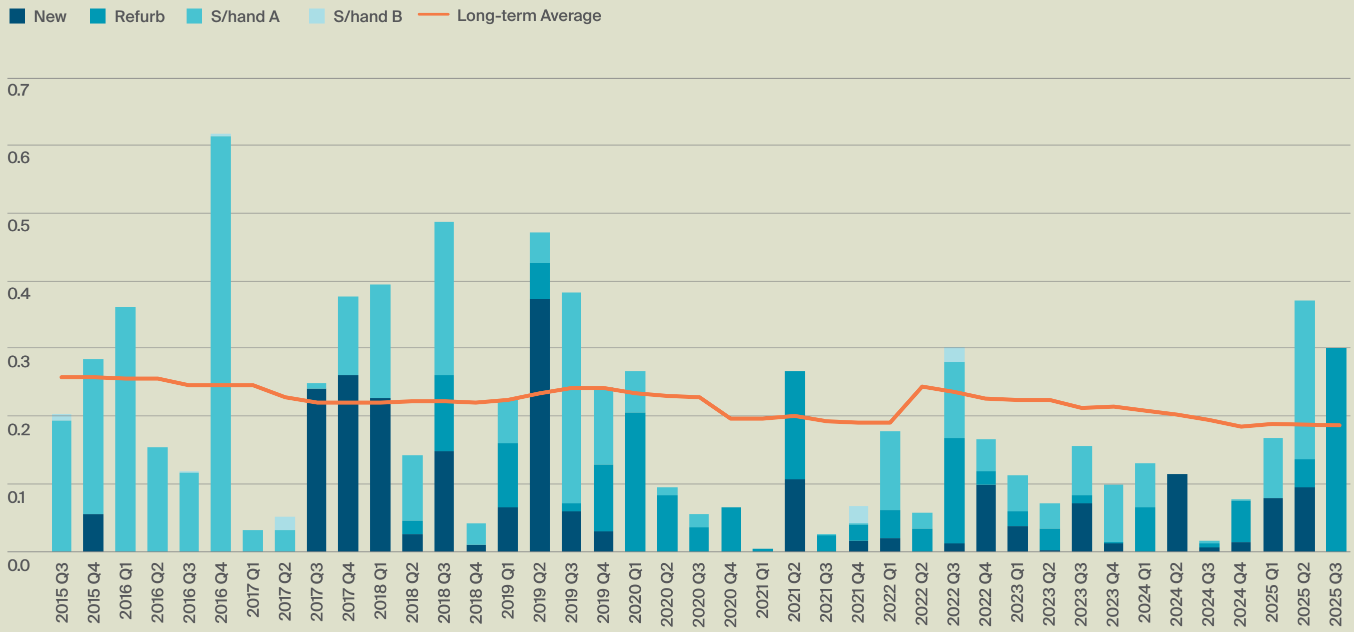
There was no investment activity recorded in the Docklands and Stratford market during Q3, and there was just £0.01bn under offer. Prime yields remain stable at 7.50%.

▲2.2%

Overall availability across the Docklands and Stratford market rose by 2.2% during Q3 to 3.28m sq ft, which translates to a vacancy rate of 12.8%.

Docklands & Stratford – Take-up

m sq ft



Source: Knight Frank Insight

Key Statistics

	Q3 24	Q4 24	Q1 25	Q2 25	Q3 25	% CHANGE		10-YEAR QUARTERLY AVERAGE
						3 MONTHS	12 MONTHS	
AVAILABILITY (SQ FT)								
West End	7.42 m	6.68 m	7.14 m	7.41 m	7.10 m	-4.2%	-4.2%	6.03 m
City & Southbank	12.43 m	13.49 m	12.76 m	12.64 m	13.54 m	7.1%	8.9%	9.88 m
Docklands & Stratford	3.78 m	3.74 m	3.87 m	3.21 m	3.28 m	2.2%	-13.2%	2.71 m
London	23.62 m	23.91 m	23.77 m	23.26 m	23.92 m	2.9%	1.3%	18.63 m
VACANCY RATE								
West End	7.8%	7.0%	7.5%	7.7%	7.4%	-0.3%	-0.4%	6.6%
City & Southbank	8.9%	9.6%	9.0%	8.8%	9.4%	0.6%	0.5%	7.5%
Docklands & Stratford	14.8%	14.6%	15.2%	12.6%	12.8%	0.3%	-2.0%	10.8%
London	9.1%	9.1%	9.0%	8.8%	9.0%	0.2%	-0.1%	7.5%
TAKE-UP (SQ FT)								
West End	1.21 m	1.11 m	0.90 m	1.07 m	0.84 m	-21.6%	-30.4%	1.05 m
City & Southbank	1.78 m	2.10 m	1.48 m	2.09 m	1.57 m	-25.0%	-12.2%	1.55 m
Docklands & Stratford	0.02 m	0.08 m	0.17 m	0.37 m	0.30 m	-18.4%	1745.1%	0.19 m
London	3.01 m	3.28 m	2.55 m	3.53 m	2.71 m	-23.3%	-10.0%	2.79 m
ACTIVE REQUIREMENTS (SQ FT)								
West End	2.06 m	1.65 m	2.04 m	1.92 m	1.93 m	0.4%	-6.0%	2.09 m
City & Southbank	5.65 m	4.78 m	5.10 m	4.49 m	6.12 m	36.1%	8.3%	4.50 m
Docklands	0.43 m	0.46 m	0.45 m	0.28 m	0.52 m	88.7%	20.1%	0.51 m
London-wide	3.44 m	4.07 m	3.07 m	3.30 m	1.66 m	-49.7%	-51.8%	2.27 m
London	11.58 m	10.96 m	10.66 m	9.99 m	10.23 m	2.4%	-11.6%	9.37 m
UNDER CONSTRUCTION (SQ FT)								
West End	6.74 m	6.74 m	6.59 m	6.22 m	6.56 m	5.5%	-2.7%	4.46 m
City & Southbank	9.11 m	9.96 m	8.98 m	8.62 m	8.52 m	-1.2%	-6.5%	8.18 m
Docklands & Stratford	0.72 m	1.42 m	0.72 m	0.72 m	0.72 m	0.0%	0.0%	0.88 m
London	16.58 m	18.12 m	16.29 m	15.56 m	15.80 m	1.5%	-4.7%	13.52 m
DEVELOPMENT COMPLETIONS (SQ FT)								
West End	0.16 m	0.51 m	0.35 m	0.45 m	0.15 m	-68.0%	-9.0%	0.32 m
City & Southbank	1.48 m	0.31 m	1.33 m	1.37 m	0.95 m	-30.9%	-36.0%	0.79 m
Docklands	0.34 m	0.00 m	0.00 m	0.00 m	0.00 m		-100.0%	0.09 m
London	1.98 m	0.82 m	1.68 m	1.82 m	1.09 m	-40.1%	-44.8%	1.20 m
INVESTMENT TURNOVER								
West End	£0.80 bn	£1.23 bn	£1.57 bn	£0.89 bn	£1.17 bn	32.1%	46.3%	£1.22 bn
City & Southbank	£0.52 bn	£0.73 bn	£0.97 bn	£1.11 bn	£0.40 bn	-64.2%	-23.3%	£1.72 bn
Docklands & Stratford	£0.00 bn	£0.00 bn	£0.00 bn	£0.00 bn	£0.00 bn			£0.13 bn
London	£1.32 bn	£1.96 bn	£2.54 bn	£2.00 bn	£1.57 bn	-21.5%	18.9%	£3.07 bn
PRIME HEADLINE RENTS (PER SQ FT)								
West End	£150.00	£160.00	£167.50	£182.50	£182.50	0.0%	21.7%	4.7%
City & Southbank	£90.00	£95.00	£100.00	£100.00	£100.00	0.0%	11.1%	4.4%
Docklands & Stratford	£57.50	£57.50	£57.50	£57.50	£57.50	0.0%	0.0%	4.4%

Source: Knight Frank. Notes: London active requirements includes unspecified target locations. Percentage point difference for vacancy rate.

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

Head of London Offices
Philip Hobley
philip.hobley@knightfrank.com
+44 20 7861 1192

Chairman of London Offices
Angus Goswell
angus.goswell@knightfrank.com
+44 20 7861 5150

London Leasing
Dan Gaunt
dan.gaunt@knightfrank.com
+44 20 7861 1314

Ian McCarter
ian.mccarter@knightfrank.com
+44 20 7861 1506

Abby Brown
abby.brown@knightfrank.com
+44 20 7861 1306

Katie Oliphant
katie.oliphant@knightfrank.com
+44 20 3967 7172

London Lease Advisory
James Thistle
james.thistle@knightfrank.com
+44 20 7861 1381

London Development
Andrew Tyler
andrew.tyler@knightfrank.com
+44 20 7861 1319

London Capital Markets
Jamie Pope
jamie.pope@knightfrank.com
+44 20 3909 6814

Nick Braybrook
nick.braybrook@knightfrank.com
+44 20 7861 1309

Edward Fairweather
edward.fairweather@knightfrank.com
+44 20 7861 1323

Oliver Sprackling
oliver.sprackling@knightfrank.com
+44 20 3830 8638

London Tenant Representation
Richard Proctor
richard.proctor@knightfrank.com
+44 20 7861 5159

Flexible Office Solutions
Amanda Lim
amanda.lim@knightfrank.com
+44 20 3826 0661

Valuation & Advisory
Simon Gillespie
simon.gillespie@knightfrank.com
+44 20 7861 1292

London Research
Shabab Qadar
shabab.qadar@knightfrank.com
+44 20 7861 1234

Chris Dunn
christopher.dunn@knightfrank.com
+44 20 3750 3289

General Note
This report has been prepared by Knight Frank Insight, the research and consultancy division of Knight Frank. Knight Frank Insight gratefully acknowledges the assistance given by the London office teams in the compilation and presentation of this material. Certain data sourced from LOD. All graph data sourced by Knight Frank.

Technical Note
The following criteria have been adopted in the preparation of this report.

i. All floorspace figures quoted in this report refer to sq ft net.

ii. Take-up figures refer to space let, pre-let, or acquired for occupation during the quarter.

iii. Availability refers to all space available for immediate occupation, plus space still under construction which will be completed within six months and which has not been let.

iv. Availability and take-up are classified into three grades: New/refurbished: Space under construction which is due for completion within six months or space which is currently on the market and is either new or completely refurbished.
Second-hand A Grade: Previously occupied space with air-conditioning.
Second-hand B Grade: Previously occupied space without air-conditioning.

v. Demand figures quoted in this report refer to named requirements for over 10,000 sq ft.

vi. Under construction figures quoted in this report refer to developments of over 20,000 sq ft which are currently underway. They do not include properties undergoing demolition.

vii. Investment figures quoted in this report refer to accommodation where the majority of income/potential income is from office usage and comprises transactions of £1 m and above. The data includes standing investments, site purchases and funding transactions.

viii. This report is produced to standard quarters.
Quarter 1: January 1 – March 31,
Quarter 2: April 1 – June 30,
Quarter 3: July 1 – September 30,
Quarter 4: October 1 – December 31

Knight Frank

© Knight Frank LLP 2025. This document has been provided for general information only and must not be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this document, Knight Frank LLP does not owe a duty of care to any person in respect of the contents of this document, and does not accept any responsibility or liability whatsoever for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. The content of this document does not necessarily represent the views of Knight Frank LLP in relation to any particular properties or projects. This document must not be amended in any way, whether to change its content, to remove this notice or any Knight Frank LLP insignia, or otherwise. Reproduction of this document in whole or in part is not permitted without the prior written approval of Knight Frank LLP to the form and content within which it appears.