London Office Market Report

Knight Frank

Q3 2026

Latest insights on the state of the London office market

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Executive Summary

Key Themes

1.

Leasing volumes improve to 3.2m sq ft, boosted by pre-let transactions.

2.

Vacancy falls below the long-term average for the first time since COVID-19.

3.

Investment activity saw an uptick, driven by large-scale investment in Docklands, although sentiment remains impacted by interest rate volatility.

4.

Persistent undersupply in core and core adjacent submarkets has driven upward movement in prime rents in six London submarkets.

RESILIENCE IN AN UNCERTAIN WORLD

The global economy continues to demonstrate resilience despite persistent geopolitical uncertainty. The IMF's October outlook projects global growth of 3.1% in 2026, strengthening to 3.4% in 2027, supported in part by technology investment and business adaptation. However, conflict in the Middle East, elevated energy prices and trade tensions continue to cloud the outlook, creating an uneven operating environment for international businesses.

In the UK, the picture is similarly mixed rather than uniformly weak. The Bank of England reported activity slightly stronger than expected in September, alongside softer labour market conditions. However, CPI inflation rose to 3.5% in September from 3.1% in August, reinforcing the challenge of sustaining growth while bringing price pressures back towards target.

For occupiers, this backdrop reinforces the importance of aligning property decisions with longer-term business priorities. Financing costs, renewed inflation pressures and evolving workplace requirements favour careful assessment of location, quality and lease flexibility. Artificial intelligence adds both opportunity and uncertainty, supporting investment in some businesses while changing others' space requirements. Well-connected, efficient offices can support collaboration and talent attraction, even where overall footprint decisions remain cautious.

For investors, the interest rate outlook remains a key consideration. The Bank Rate was held at 3.75% in September, with three Monetary Policy Committee members favouring an increase. Renewed inflation pressures mean further easing cannot be assumed. This places greater emphasis on reversionary income capture, rather than relying on yield compression to deliver returns.

The important distinction is that uncertainty has not prevented growth or investment, although the capacity to absorb further shocks is not unlimited. The IMF highlights potential upside from AI investment and productivity gains, alongside downside risks from conflict and trade disruption. Resilience therefore requires selective commitments and flexibility, rather than indefinite delay.

For London offices, this supports a cautiously positive outlook rather than an expectation of an uninterrupted recovery. Improving leasing volumes, vacancy below its long-term average and rental growth across more submarkets offer encouraging evidence of resilience. However, higher financing costs and an uneven economic backdrop warrant disciplined assumptions, particularly where business plans depend on rapid growth or cheaper debt. London's diverse occupier base, international talent pool and constrained prime supply remain important strengths. For occupiers and investors alike, the opportunity lies in acting selectively on demonstrable business needs and asset fundamentals, while retaining flexibility as economic and financial conditions evolve.

> "Take-up in Q3 reached 3.2m sq ft, up 4.3% from the previous quarter and 15.1% above the long-term quarterly average."

LEASING ACTIVITY STRENGTHENS IN Q3

Take-up in Q3 reached 3.2m sq ft, up 4.3% from the previous quarter and 15.1% above the long-term quarterly average. Quality remained central to occupier decisions, with new and refurbished space accounting for 80.7% of leasing activity, compared with 69.6% in Q2.

Large transactions made a greater contribution to Q3 activity. Jane Street Capital's 470,000 sq ft off-plan pre-let at One Spitalfields, E1 was the quarter's largest commitment, followed by Mishcon de Reya's 160,569 sq ft letting at MidCity Place, WC1 and Deutsche Bank's 152,791 sq ft acquisition at YY London, E14. These transactions demonstrate continued willingness to make substantial commitments, although quarterly volumes remain sensitive to the timing of individual deals.

Financial occupiers accounted for 36.7% of Q3 take-up, with activity

increasing 73.3% over the quarter and standing 74.0% above trend. TMT was the second-largest sector at 19.2%, followed by professional services at 17.1%. AI companies remained an important source of demand, leasing 242,927 sq ft during Q3 and bringing year-to-date activity to just under 1m sq ft. Notable transactions included Microsoft's 94,239 sq ft acquisition at Film House, W1 and Safe AI's 82,769 sq ft letting at Reflector, NW1.

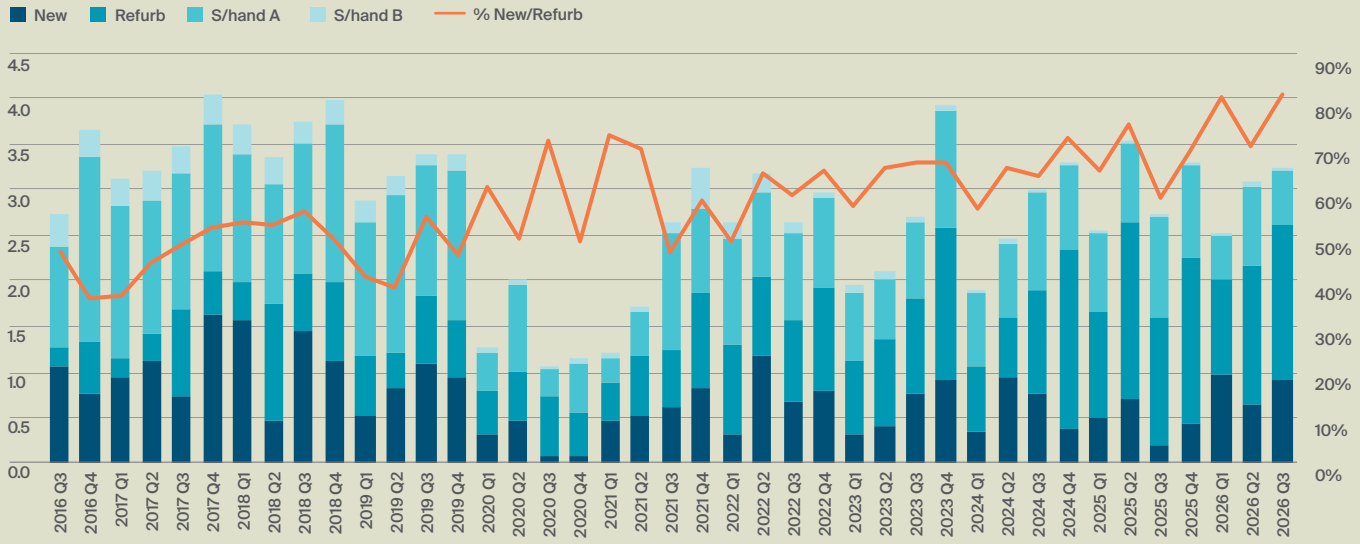
Performance remained varied across London, with 10 submarkets recording above-trend take-up and nine falling below their respective averages. Soho, Midtown and the City Core outperformed the most, by 84.2%, 57.9% and 47.2%, respectively. Clerkenwell/Farringdon and Canary Wharf also recorded above-trend activity but to a lesser degree. By contrast, Stratford and White City were among the weakest performers relative to trend, although space under offer provides grounds for an improvement in leasing activity in subsequent quarters.

Forward-looking indicators remain encouraging, despite continued interest-rate uncertainty. At the end of Q3, 4.5m sq ft was under offer across London, with almost 90% comprising new or refurbished space. Active requirements exceeding 10,000 sq ft totalled 13.2m sq ft, down 8.2% over the quarter but still 34.2% above trend. Around 40% of active demand was already in negotiations or under offer, suggesting near-term momentum will be sustained. However, we expect 34.3% of requirements to stay put, which adds a degree of caution to the positive active demand headline figures.

"AI companies remained an important source of demand, leasing 242,927 sq ft during Q3 and bringing year-to-date activity to just under 1m sq ft."

London – Take-up by quality

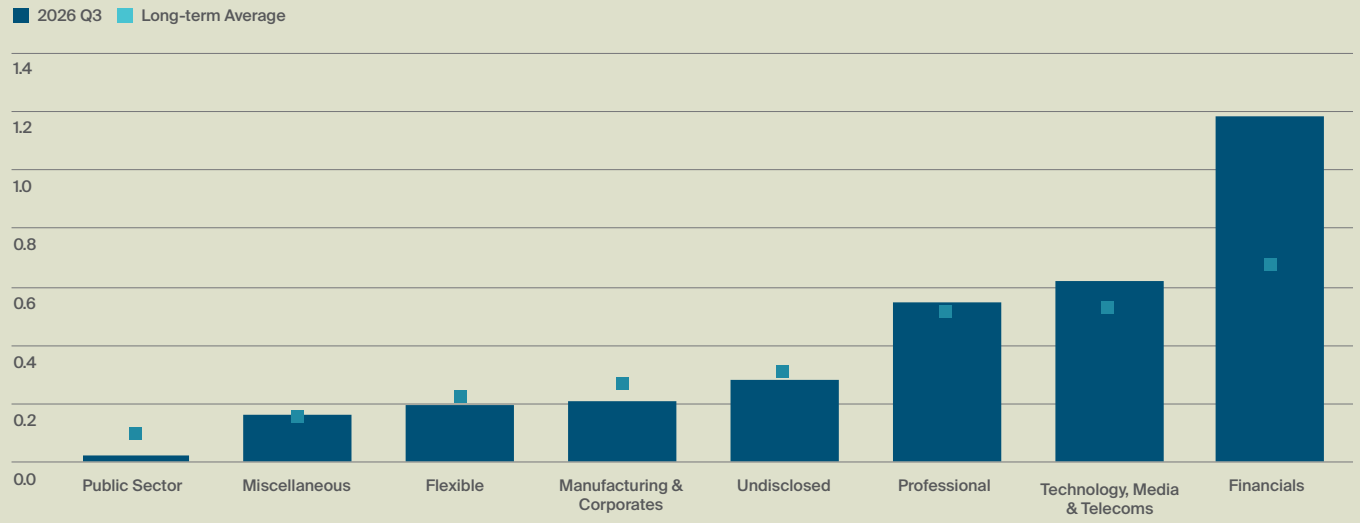
m sq ft (LHS), % of take-up (RHS)



Source: Knight Frank Insight

London – Take-up by sector

m sq ft



Source: Knight Frank Insight

VACANCY FALLS BELOW THE LONG-TERM AVERAGE

Total availability fell to 20.0m sq ft in Q3, from 21.6m sq ft in Q2. The vacancy rate declined from 8.0% to 7.3%, below the latest long-term average of 7.8% and its first move below trend since COVID-19. Moreover, conversion of the space under offer to completed deals would result in a further 120bps fall in the vacancy rate.

New-space vacancy tightened to 1.3%, while refurbished vacancy fell to 4.1%, although this remained 40bps above its long-term average, an indication that less comprehensive refurbishments are potentially taking longer to be absorbed. Half of London's submarkets now have a new-space vacancy rate below 1.0%, highlighting that the continued lack of prime space is not just a feature of core submarkets

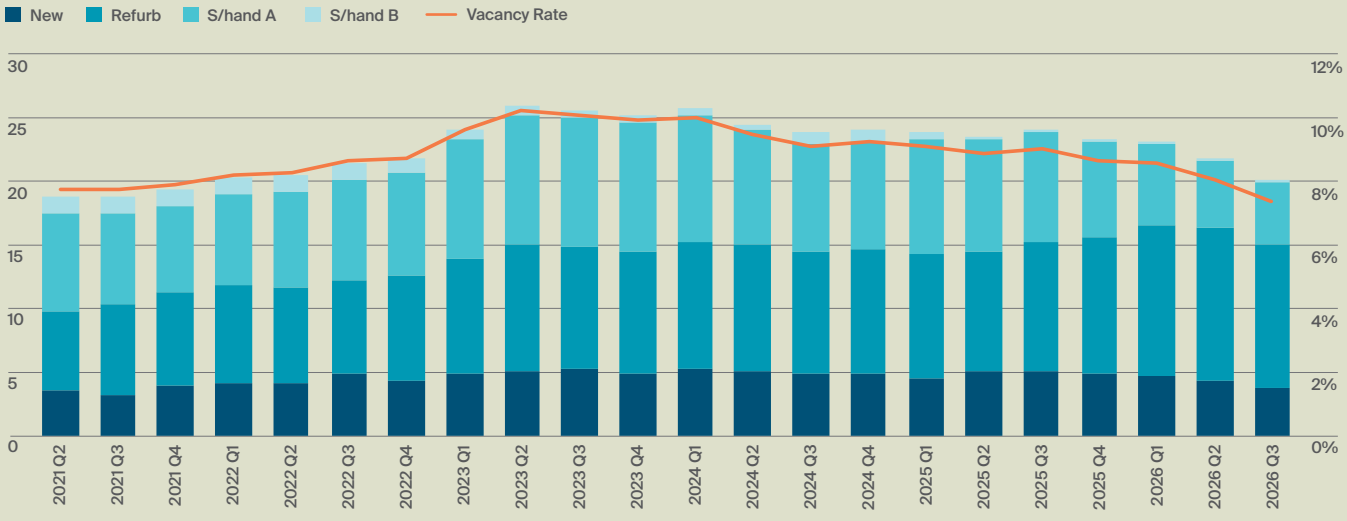
Choice remains particularly limited for occupiers seeking large floorplates. At the end of Q3, only two floorplates exceeding 40,000 sq ft were available in the City. Across London, there are just 8 available buildings with 20,000-30,000 sq ft floor plates within a 5-minute walk of an Elizabeth Line station. This 'spine of activity' continues to be in high demand, but the lack of larger floors will force occupiers to consider alternative locations.

> "The vacancy rate declined from 8.0% to 7.3%, below the latest long-term average of 7.8%."



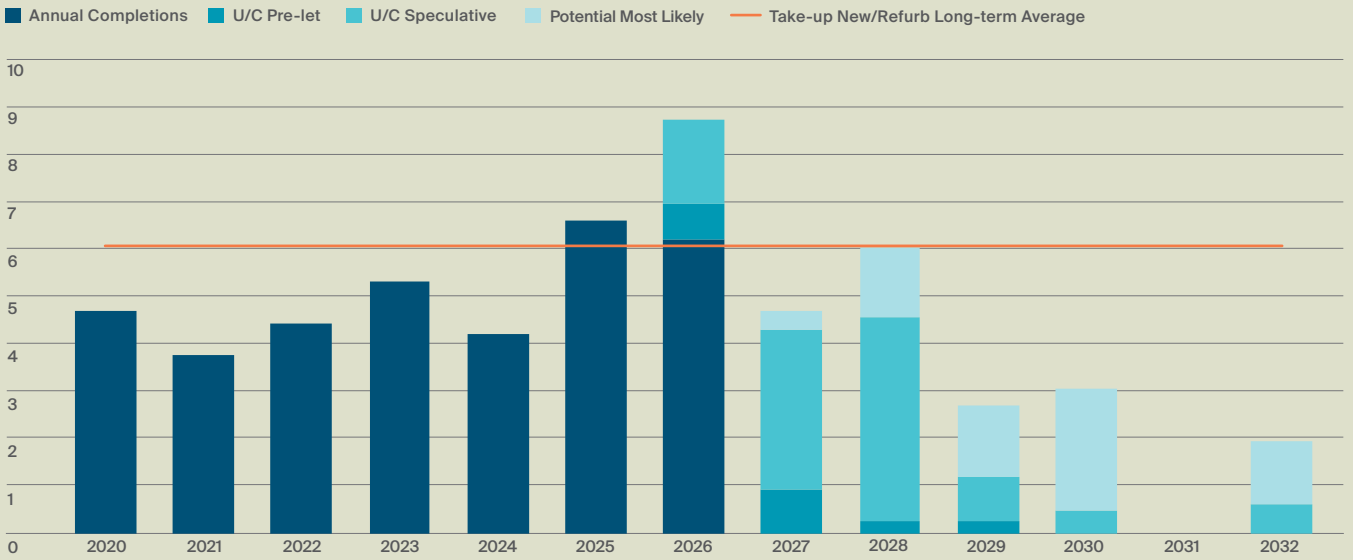
London – Availability by quality

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



Source: Knight Frank Insight

London – Development Pipeline
m sq ft



Source: Knight Frank Insight

DEVELOPMENT PIPELINE REMAINS BELOW FUTURE DEMAND

Q3 saw a heightened level of development completions, reaching 2.9m sq ft and some 124.2% ahead of the long-term average. Just over half of the space completed in Q3 was pre-let, meaning the impact on vacancy was minimal. Large schemes such as Google's Platform 37, King's Boulevard, N1 in King's Cross (650,000 sq ft) significantly impacted the level of completions.

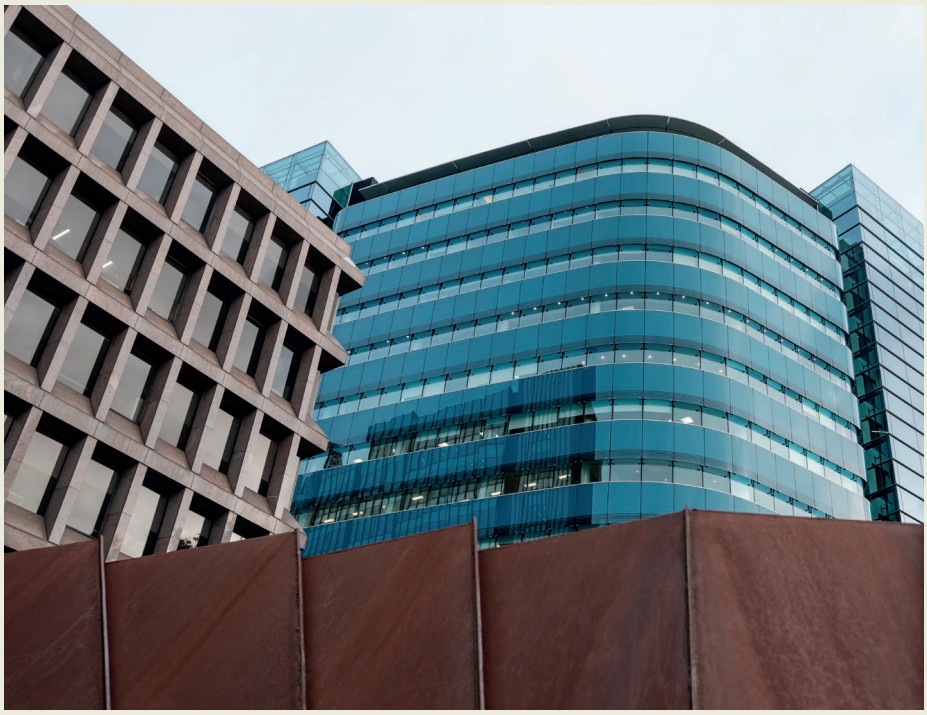
At the end of Q3, there was 13.7m sq ft under construction across the London market, 11.5m sq ft of which is being delivered speculatively. This means that 16.1% of the under-construction pipeline is already pre-let, a figure which is expected to grow in the coming months given the number of pre-lets under offer or in advanced negotiations. Based on the long-term average take-up of new/refurbished space, we predict a 9m sq ft shortfall of development by the end of 2030 across London.

PRIME RENTS RISE IN SIX SUBMARKETS

Prime rents increased in six London submarkets during Q3, five of which were in the West End. The City Core rose from £102.50 to £112.50 per sq ft, while the West End Core increased from £185.00 to £200.00 per sq ft. Rental growth also extended into adjacent locations: Marylebone moved from £115.00 to £125.00 per sq ft, Soho from £100.00 to £120.00 and Fitzrovia from £102.50 to £115.00. King's Cross/Euston increased from £97.50 to £102.50 per sq ft. Elsewhere, prime rents were unchanged, although there are a number of other submarkets where rental growth is anticipated by the end of 2026. Lease incentives remain unchanged.

The rental outlook remains supported by constrained prime supply, particularly in core and core-adjacent locations. Between 2026-30, prime rents in the West End Core are forecast to grow by an annual average of 5.0%, reaching £236.00 per sq ft. Whilst the highest rental growth during the next five years is expected in the City Core, with annual average growth of 5.7% and cumulative growth of 32.2%, taking prime rents to £135.50 per sq ft by the end of the forecast period. Beyond the core markets, Soho and Canary Wharf are forecast to record cumulative growth of 23.5%, followed by Midtown at 21.8%, Fitzrovia at 19.5% and Marylebone at 19.3%.

> "The City Core rose from £102.50 to £112.50 per sq ft, while the West End Core increased from £185.00 to £200.00 per sq ft."



INVESTMENT VOLUMES RECOVER, BUT REMAIN BELOW TREND

Investment turnover reached £2.6bn in Q3, improving from approximately £2.0bn in Q2 but remaining 12.8% below the long-term quarterly average. The recovery is encouraging, although activity continues to be influenced by a small number of substantial transactions and a more constraining financing backdrop.

Core assets accounted for approximately £1.4bn, or 49.2% of Q3 investment volumes, while core-plus assets contributed around £0.4bn, or 14.9%. The quarter included the £625m acquisition of HQ, 1–5 Bank Street, E14 and Telehouse's £220m acquisition of The Inventory, East India Dock, E14. These transactions helped Docklands & Stratford turnover reach £0.9bn. The West End contributed £1.3bn, buoyed by KKCG's £291m acquisition of 1 St James's Square, SW1. City & Southbank turnover remained comparatively subdued at £0.4bn, highlighting the uneven pace of recovery across London

Approximately £3.9bn of assets were available at the end of Q3, down 15.6% over the quarter. This reduction coincided with an increase in assets under offer to £3.3bn, suggesting a stronger prospective transaction pipeline. However, some of the deals in solicitor's hands may well be tested as pricing adjusts to the higher interest rate environment.

We have moved prime office yields out by 25 basis points in the City and West End to reflect the continued repricing of risk in a higher-rate investment environment. While occupational fundamentals remain supportive, with tightening availability and healthy demand across key markets, the cost and availability of capital continue to place upward pressure on investors' required returns. The adjustment therefore reflects greater price discipline in the investment market rather than a weakening of the underlying occupational story. In our view, the 25 bps movement brings pricing into better alignment with current financing conditions and the returns required to attract capital, while recognising the increasingly strong income-growth prospects of the best London office assets.

Prime yields moved outward by 25bps to 4.00% in the West End and 5.50% in the City & Southbank. Docklands & Stratford remained unchanged at 7.50%.

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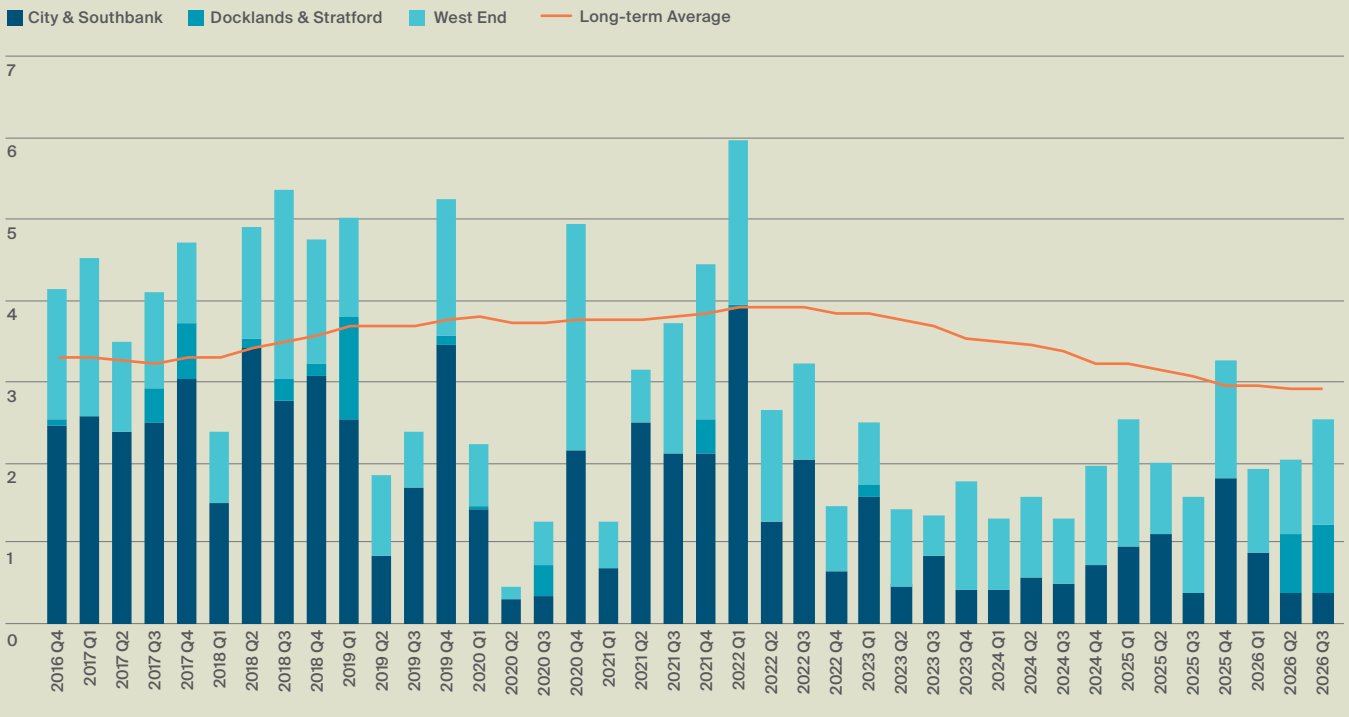
> "Prime yields moved outward by 25bps to 4.00% in the West End and 5.50% in the City & Southbank. Docklands & Stratford remained unchanged at 7.50%."

UNLOCK OUR INSIGHTS



London – Investment Volumes

£bn



Source: Knight Frank Insight

London office market

Performance dashboard Q3 2026

KEY PERFORMANCE INDICATORS

	▲ 3.2m TAKE-UP (SQ FT)	▼ 20.0 AVAILABILITY (SQ FT)	▼ 7.3% VACANCY RATE	▼ 13.7m UNDER CONSTRUCTION (SQ FT)
CHANGE ON				
2025 Q3	18.7% ▲	-16.6% ▼	-1.8% ▼	-13.3% ▼
LTA	2.79m sq ft	19.65m sq ft	7.8%	13.59m sq ft

WEST END		CITY & SOUTHBANK		DOCKLANDS & STRATFORD	
▲ £200.00 Prime headline rent (per sq ft)	▼ 0.9m Take-up (sq ft)	▲ £112.50 Prime headline rent (per sq ft)	▲ 2.1m Take-up (sq ft)	◆▶ £62.50 Prime headline rent (per sq ft)	▼ 0.2m Take-up (sq ft)
▲ £1.3bn Investment turnover	▲ 4.00% Prime Yield	▲ £0.4bn Investment turnover	▲ 5.50% Prime Yield	▲ £0.9bn 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

▲ £112.50
Rent (£ per sq ft)

▲ 2.2m
Take-up (sq ft)

▼ 11.0m
Availability (sq ft)

▲ £0.4bn
Investment turnover

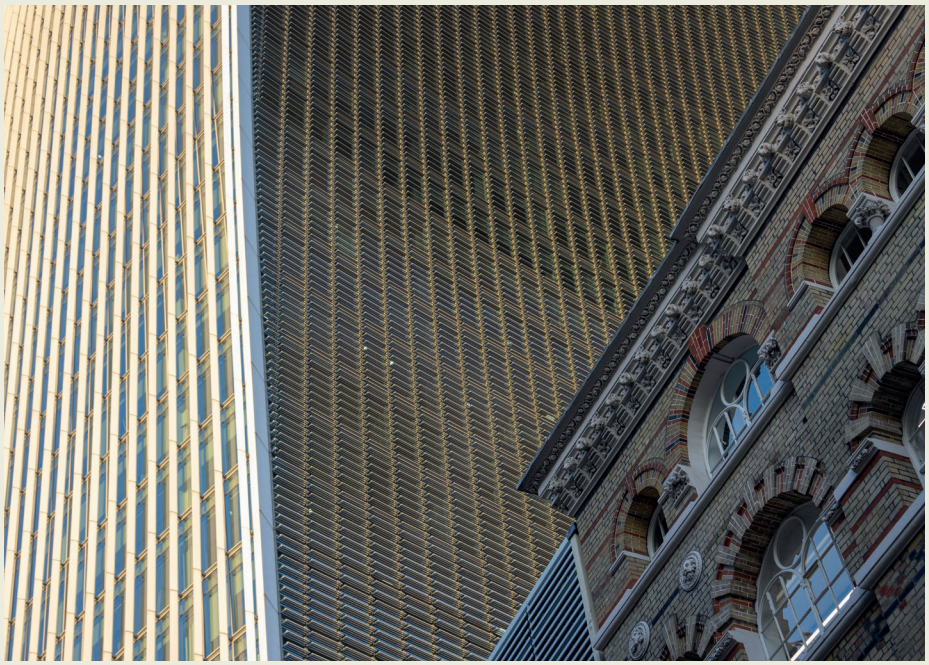
▲ 5.50%
Prime yield

LARGE DEALS DRIVE LEASING LEVELS

Take-up across the City & Southbank market increased by 55.4% to 2.1m sq ft in Q3, reversing the previous quarter's decline and exceeding the long-term quarterly average. The return of large commitments was instrumental, led by Jane Street Capital's 470,000 sq ft off-plan pre-let at One Spitalfields, E1 and Mishcon de Reya's 160,569 sq ft letting at MidCity Place, WC1. These transactions demonstrate continued appetite from larger occupiers, although they also underline the influence of individual deals on quarterly volumes.

The quarter's recovery was not confined to the largest transactions. Morningstar acquired 75,905 sq ft at One Millennium Bridge, EC4, Fora took 70,812 sq ft at Bow Bells House, EC4 and Oracle committed to 61,929 sq ft at One Exchange Square, EC2. This provides evidence of activity across a range of occupier types and requirement sizes, rather than reliance on a single source of demand. Almost 85% of Q3 take-up was focused on new or refurbished stock.

Near-term deal flow also remained encouraging. Space under offer increased by 2.9% to 2.5m sq ft at the end of Q3, despite recent completions of major transactions. This offers



"The return of large commitments was instrumental, led by Jane Street Capital's 470,000 sq ft off-plan pre-let at One Spitalfields, E1 and Mishcon de Reya's 160,569 sq ft letting at MidCity Place, WC1."

support for further activity, although the pace at which negotiations conclude remains an important determinant of upcoming activity.

LARGE OCCUPIERS ELEVATE DEMAND

Jane Street Capital's commitment reinforced the importance of financial occupiers to the City market, with the wider financial sector accounting for 38.4% of quarterly leasing activity. The professional services sector accounted for a further 18.2% of take-up, followed by the TMT sector which represented an additional 17.2%.

Active requirements stood at 7.9m sq ft, down 14.9% over the quarter but 28.8% above the same point last year. The reduction should be considered alongside substantial lettings that removed requirements from the pipeline. Whilst there is still significant activity anticipated for larger spaces above 80,000 sq ft.

▼7.2%

Availability fell by 7.2% over the quarter to 11.0m sq ft, an 18.5% reduction over the year.

SUPPLY CONTINUES TO FALL

Availability fell by 7.2% over the quarter to 11.0m sq ft, an 18.5% reduction over the year. The overall vacancy rate declined from 8.1% to 7.5%, moving below the long-term average of 7.8%. New and refurbished vacancy also tightened, falling from 6.2% to 5.7%, although it remained above its 4.3% long-term average. Conditions therefore continue to vary by building quality and location.

Looking ahead, the supply shortfall is not expected to dissipate, with 7.6m sq ft under construction. Of that, 19.0% is already pre-let, leaving just 6.1m sq ft being delivered speculatively. The City & Southbank market is forecast to be undersupplied by 5.7m sq ft by the end of 2030, which could become more acute should further pre-let activity occur.

> "Looking ahead, the supply shortfall is not expected to dissipate, with 7.6m sq ft under construction."

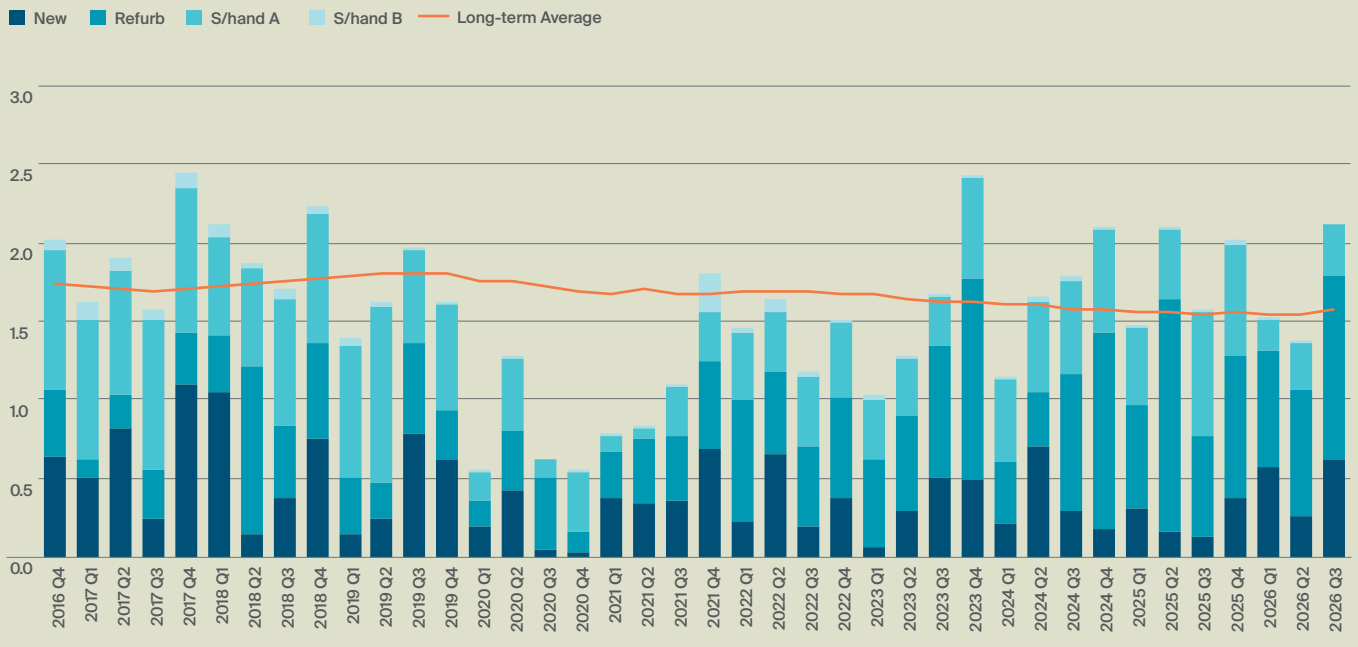
CITY CORE PRIME RENT MOVES HIGHER

City Core prime rent increased from £102.50 to £112.50 per sq ft in Q3. Other City & Southbank prime benchmarks were unchanged, including Clerkenwell/Farringdon at £92.50, Midtown at £85.00 and Southbank Core at £90.00 per sq ft. The City Core uplift highlights continued rental tension for the best accommodation but should not be interpreted as uniform growth across the wider market.

INVESTMENT IMPROVES BUT REMAINS SUBDUED

Investment turnover edged up by 3.2% to £0.4bn in Q3 but remained well below the long-term quarterly average of £1.6bn. The improvement

City & Southbank – Take-up by quality
m sq ft



Source: Knight Frank Insight

is welcome, although the modest liquidity poses a continued challenge to investors trying to price risk. This brought the YTD turnover to just under £1.6bn, some 34.4% below the same point in 2025.

The leading transactions included The Worship Estate, Worship Street, EC2 at £74.6m, 1 America Square, EC3 at £44.0m and 179–191 Borough High Street, SE1 at £27.0m. These deals demonstrate selective investor appetite, particularly for smaller lots. Indeed, almost two-thirds of Q3 turnover was in lot sizes below £50m.

Value-add acquisitions were the preferred asset type, driven in large part by the potential for significant rental uplift, accounting for 59.9% of Q3 volumes. Core investment represented a further 20.0% of turnover, with Core Plus assets attracting the remaining 20.1%.

"Investment turnover edged up by 3.2% to £0.4bn in Q3 but remained well below the long-term quarterly average of £1.6bn."

Forward indicators strengthened more clearly. Assets under offer rose to £1.9bn, a 250.3% quarterly increase, while marketed availability increased by 34.5% to £2.4bn. This creates a stronger prospective transaction pipeline, although risk remains for deals in solicitors' hands.

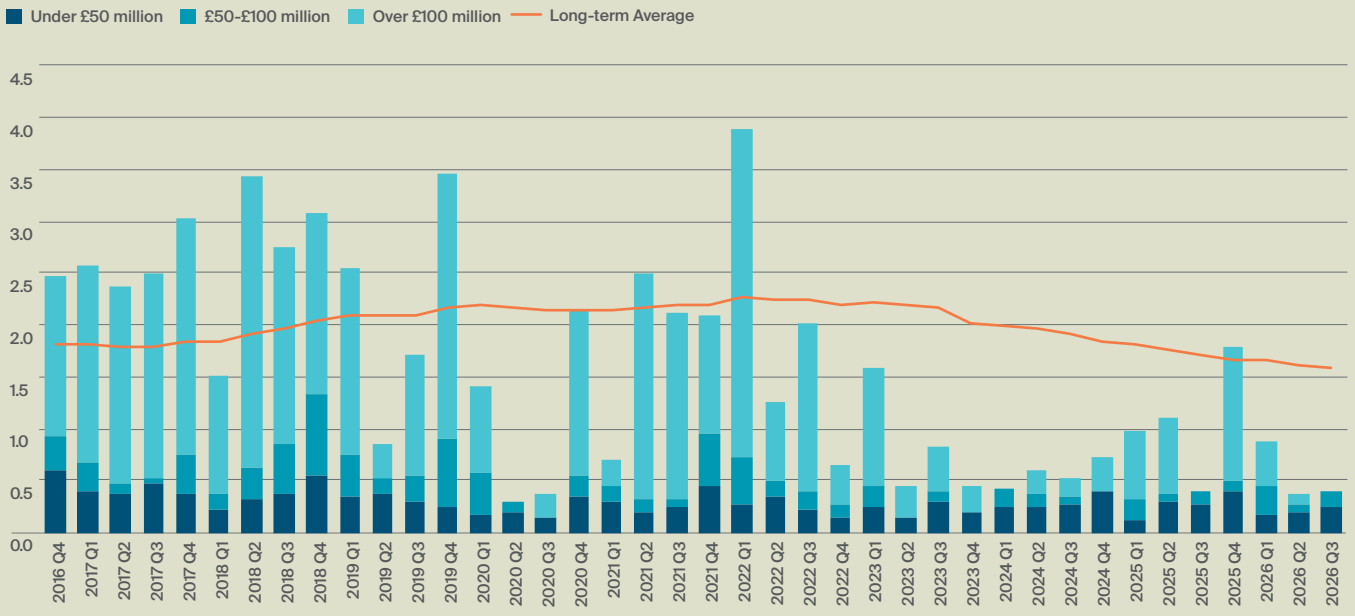
Prime yields moved outward by 25bps to 5.50% in Q3. This reflects a necessary adjustment to the higher cost of capital rather than weakening occupational fundamentals.

Financing conditions remain restrictive, and investors require greater compensation for property risk, even as prime office markets continue to benefit from tightening supply and rental growth.

The adjustment therefore represents a recalibration of pricing to current return requirements, creating a more sustainable entry point for capital and allowing future performance to be driven increasingly by income growth rather than yield compression.



City & Southbank – Investment volumes by lot size
£bn



Source: Knight Frank Insight

MARKETS IN REVIEW

West End

▲ £200.00

Rent (£ per sq ft)

▼ 0.9m

Take-up (sq ft)

▼ 6.7m

Availability (sq ft)

▲ £1.3bn

Investment turnover

▲ 4.00%

Prime yield

"West End take-up reached 890,202 sq ft in Q3, down 37.0% from the exceptionally strong previous quarter but 5.7% ahead of Q3 2025."

TAKE-UP MODERATES AFTER A STRONG Q2

West End take-up reached 890,202 sq ft in Q3, down 37.0% from the exceptionally strong Q2 but 5.7% ahead of Q3 2025. Year-to-date activity reached approximately 3.2m sq ft, compared with 2.8m sq ft at the same point last year. The quarterly dip should therefore be read against a markedly stronger year-to-date performance.

The two largest published lettings were Microsoft's 94,239 sq ft acquisition at Film House, W1 and Safe AI's 82,769 sq ft commitment at Reflector, NW1. In contrast to Q2, which saw Anthropic take 158,138 sq ft at 1 Triton Square, NW1, neither deal surpassed the 100,000 sq ft mark.

New and refurbished take-up totalled 609,675 sq ft, accounting for 68.5% of Q3 activity. The continued preference for quality accommodation has become a central feature of this cycle, even as overall volumes moderate. There were 145 transactions during the quarter, providing a broader base of activity beneath the largest commitments.

ACTIVITY EXTENDS ACROSS WEST END LOCATIONS

The quarter's leading transactions were spread across several locations. Microsoft's Film House commitment supported activity in Soho, while Safe AI added to the concentration of AI occupiers in King's Cross/Euston. Marks & Spencer acquired 45,834 sq ft at 5 Merchant Square, W2, Hamilton Lane took 28,439 sq ft at Verde, SW1 and Park Square Capital committed to 28,105 sq ft at The Elephant, W1.

68.5%

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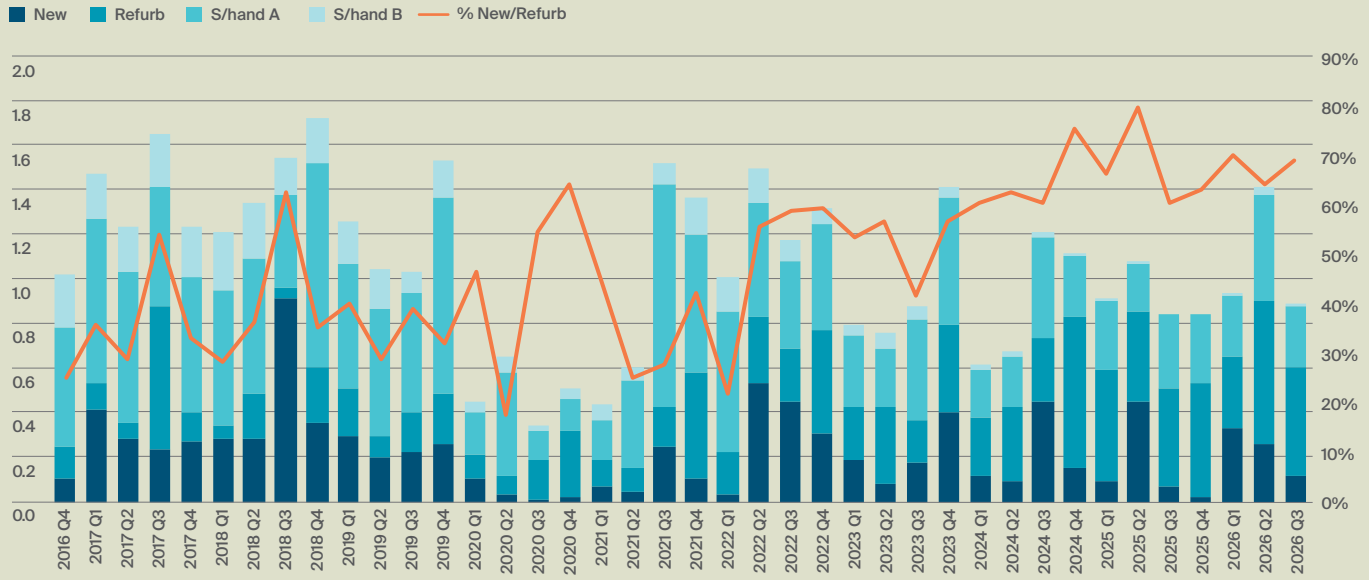
AI REMAINS AN IMPORTANT SOURCE OF DEMAND

AI occupiers continued to make a significant contribution, with Microsoft and Safe AI accounting for the two largest West End lettings in Q3. Approximately 0.8m sq ft had been let to AI-related occupiers in the West End during 2026 to date, representing 75% of the London total. This boosted the overall performance of the wider TMT sector, which accounted for 28.5% of Q3 take-up. The financial sector remained active, representing 24.1% of Q3 leasing activity – which signalled a 32.1% jump over the quarter.

Space under offer increased by 39.1% to 1.3m sq ft at the end of Q3, reversing the previous quarter's decline. It was also 40.7% above the level a year earlier, providing an encouraging indicator of prospective leasing activity.

Active demand was broadly stable at just under 3.4m sq ft and stood 74.2% above Q3 2025. The combination of

West End – Take-up by quality
m sq ft (LHS), % of take-up (RHS)



Source: Knight Frank Insight

sustained requirements and increased space under offer supports continued momentum, although much will depend on how readily enquiries convert into signed leases. The other variable is the length of time taken to progress negotiations to transactions, which has lengthened in most cases.

VACANCY FALLS BELOW TREND

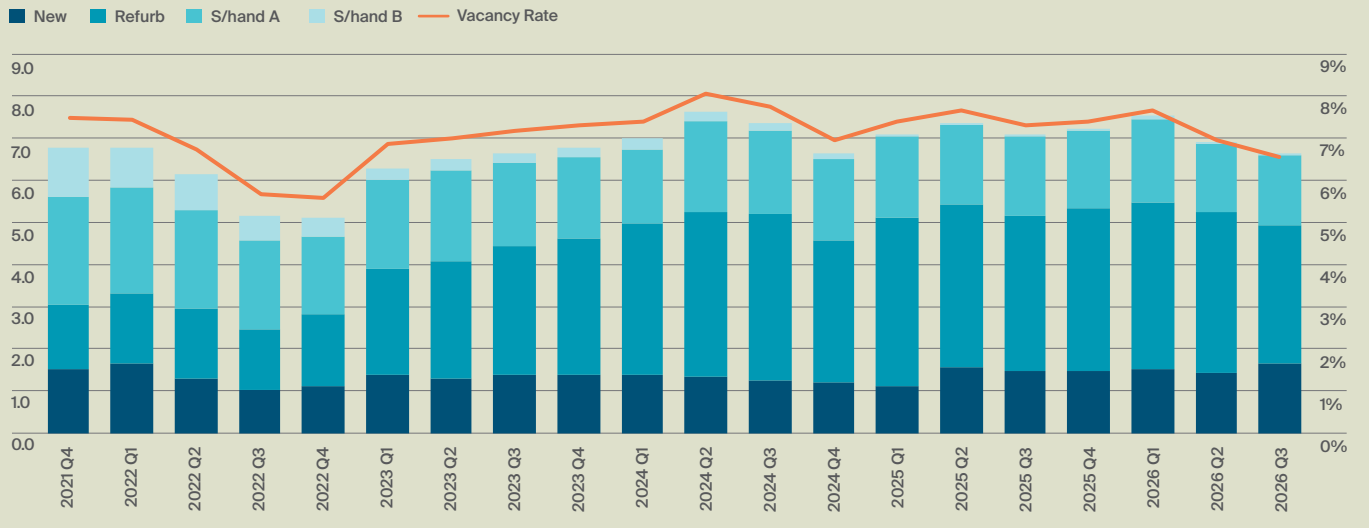
Availability fell by 4.0% over the quarter to 6.7m sq ft, lowering the overall vacancy rate from 7.0% to 6.6%, below the long-term average of 6.8%.

New and refurbished vacancy declined from 5.3% to 4.9%. Conditions remained varied: King's Cross/Euston recorded overall vacancy of 4.0%, compared with 18.7% in White City. The overall vacancy rate is in-line or below long-term average levels in all West End submarkets except Knightsbridge/Chelsea.

For occupiers seeking both scale and quality, options are reducing significantly. Availability of 100,000 sq ft new or refurbished units fell by 13.2% over the quarter, which will add further pressure on larger-scale occupiers to weigh up the prospect of entering the pre-let market, or indeed consider the renewal proposition.

The development outlook continues to point to constrained future choice, with 5.3m sq ft under construction across the West End. 14.6% of this is pre-let, leaving just 4.5m sq ft being delivered speculatively. This figure is expected to be further eroded by pre-let activity in the coming months, particularly in core submarkets.

West End – Availability by quality and vacancy rate
m sq ft (LHS), % of stock (RHS)



Source: Knight Frank Insight

PRIME RENTS RISE ACROSS CORE AND ADJACENT LOCATIONS

West End Core prime rent increased from £185.00 to £200.00 per sq ft in Q3. Marylebone rose from £115.00 to £125.00, Soho from £100.00 to £120.00, Fitzrovia from £102.50 to £115.00 and King's Cross/Euston from £97.50 to £102.50 per sq ft. Bloomsbury remained unchanged at £87.50 per sq ft.

The breadth of increases demonstrates continued competition for high-quality accommodation across core and adjacent locations. It is also worth noting that these headline rents are only truly applicable to centrally located, higher-quality buildings with best-in-class amenity.

INVESTMENT VOLUMES RECOVER

West End investment turnover increased by 44.9% to £1.3bn in Q3, up 12.7% on Q3 2025 and above the long-term quarterly average of £1.2bn. This represented approximately 52% of London investment activity, reinforcing the West End's status as a 'safe haven', and enticing investors whilst barriers to entry remain low.

Large transactions included 1 St James's Square, SW1 at £291m, 123 Victoria Street, SW1 at £211m and 27 Savile Row, W1 at £105m. Other notable commitments included 16 Berkeley Street, W1 at £81.5m and 25 Great Pulteney Street, W1 at £73m. The distribution of Q3 turnover was relatively evenly split, with 46.0% targeting £100m+ lot sizes, 30.4% focused on £50-£100m lots and the remaining 23.6% targeting sub-£50m assets.

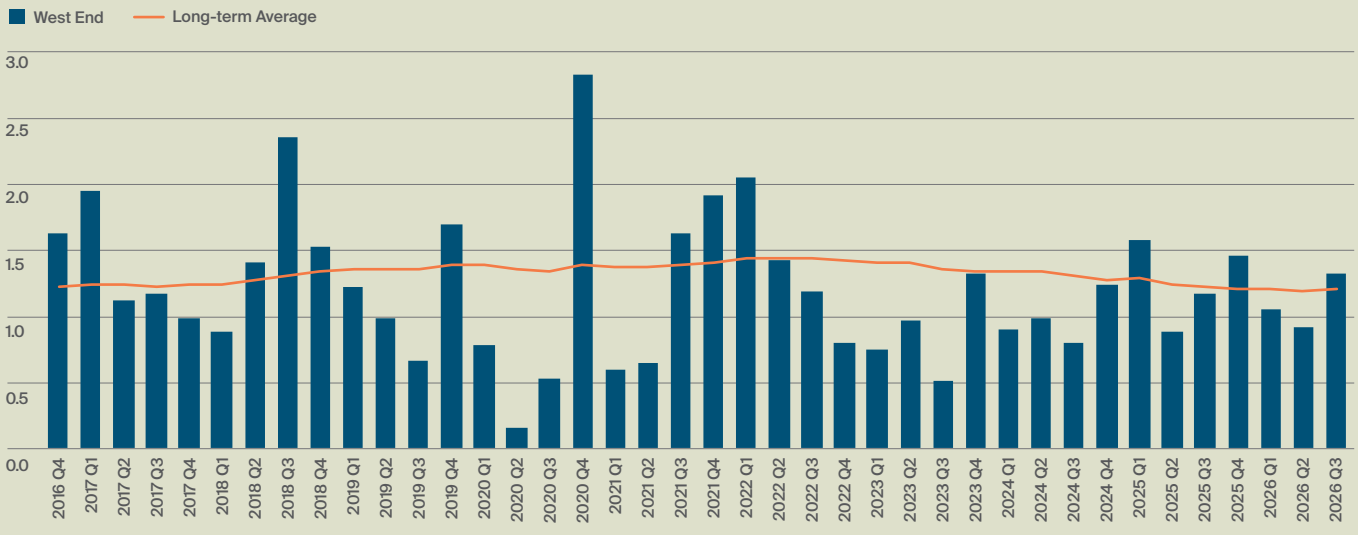
Value-add opportunities were in highest demand, representing 52.0% of Q3 turnover. Core assets accounted for an additional 25.1% whilst the balance was Core Plus assets at 22.9%.

Assets under offer fell by 31.2% to £1.3bn but remained above the long-term average of £1.0bn. Marketed availability also declined, by 41.2% to £1.6bn. Prime yields have risen by 25bps to 4.00%, although investor appetite is less sensitive to changing interest rates in the West End.



West End – Investment volumes

£bn



Source: Knight Frank Insight

MARKETS IN REVIEW

Docklands & Stratford

£62.50

Rent (£ per sq ft)

▼ 0.2m

Take-up (sq ft)

▼ 2.2m

Availability (sq ft)

▲ £0.9bn

Investment turnover

7.50%

Prime yield

"Take-up reached approximately 0.2m sq ft in Q3, down 32.8% from the previous quarter and 31.3% year-on-year."

LARGE CANARY WHARF LETTING SUPPORTS ACTIVITY

Docklands & Stratford take-up reached approximately 0.2m sq ft in Q3, down 32.8% from the previous quarter and 31.3% year-on-year. Activity was nevertheless slightly above the long-term quarterly average of 0.2m sq ft. The quarter therefore represents moderation after a strong Q2 rather than a return to the subdued start to the year.

Deutsche Bank's 152,791 sq ft acquisition at YY London, E14 dominated activity, demonstrating continued appetite for substantial commitments in Canary Wharf. Other lettings included a confidential 23,700 sq ft acquisition at The Columbus Building, E14 and MLA College's 22,858 sq ft letting at the Import Building, Republic, E14. These commitments provide further evidence of a broader occupier mix, although the quarter remained heavily influenced by one large transaction. This dominance meant that 99.0% of take-up in Q3 was focused on new or refurbished space, and 87.5% over the last 12 months.

Space under offer rose by 59.1% to approximately 0.7m sq ft. Active requirements increased by 14.3% to 0.5m sq ft, providing encouraging forward indicators, although active demand remained 5.2% below its level a year earlier.

AVAILABILITY CONTINUES DOWNWARD TREND

Availability fell by 18.0% over the quarter to 2.2m sq ft, a 31.8% decline over the year. The overall vacancy rate dropped from 10.7% to 8.8%, below the long-term average of 11.4%. This represents a meaningful reduction in available supply, although conditions remain different across the market's constituent locations.

New and refurbished vacancy declined from 7.5% to 5.8%. Canary Wharf's overall vacancy rate stood at 8.0%, compared with 5.7% in the Rest of Docklands and 17.4% in Stratford. These differences underline the nuance behind the aggregate figures.

The development outlook remains consistent with the previous quarter, with 0.8m sq ft under construction across the Docklands & Stratford market, all of which was available at the end of Q3.

▼18.0%

Availability fell by 18.0% over the quarter to 2.2m sq ft, a 31.8% decline over the year.

Prime rents in Canary Wharf remained unchanged at £62.50 per sq ft following the previous quarter's uplift. Headline rents in the Rest of Docklands and Stratford submarkets were also stable at £32.50 and £48.50 per sq ft, respectively.

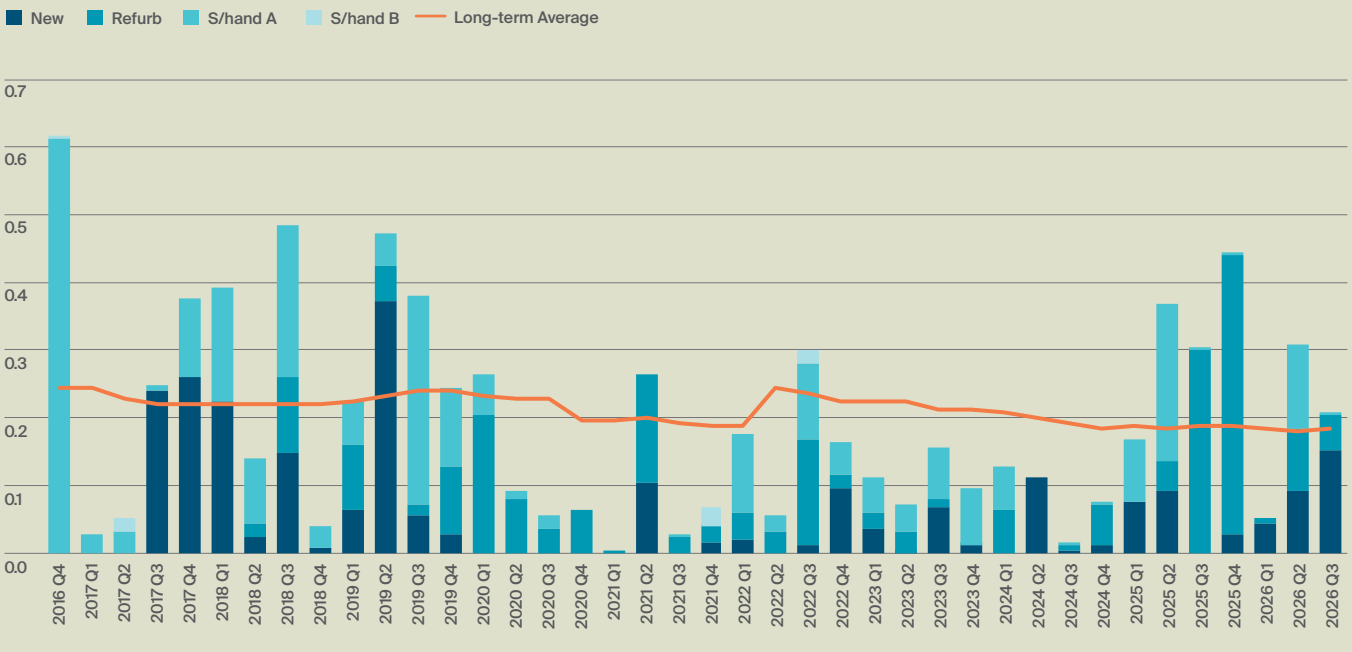
TWO LARGE TRANSACTIONS LIFT INVESTMENT VOLUMES

Investment turnover reached approximately £0.9bn in Q3, up 12.7% over the quarter and 234.0% against the long-term average. Activity comprised the £625m acquisition of HQ, 1–5 Bank Street, E14 by BGRE/QIA and Telehouse's £220m acquisition of The Inventory, East India Dock, E14.

These commitments demonstrate continued engagement with the market, although turnover was concentrated in two transactions rather than a broad recovery. Assets under offer fell by 37.4% to approximately £0.2bn, while prime yields remained unchanged at 7.50% and represents attractive pricing especially in Canary Wharf where Grade leasing fundamentals are improving.



Docklands & Stratford – Take-up by quality
m sq ft



Source: Knight Frank Insight

Key Statistics

	Q3 25	Q4 25	Q1 26	Q2 26	Q3 26	% CHANGE		10-YEAR QUARTERLY AVERAGE
						3 MONTHS	12 MONTHS	
AVAILABILITY (SQ FT)								
West End	7.10 m	7.27 m	7.58 m	6.96 m	6.68 m	-4.0%	-5.9%	6.25 m
City & Southbank	13.54 m	12.84 m	12.51 m	11.90 m	11.03 m	-7.2%	-18.5%	10.47 m
Docklands & Stratford	3.28 m	2.91 m	2.81 m	2.73 m	2.24 m	-18.0%	-31.8%	2.93 m
London	23.92 m	23.02 m	22.90 m	21.58 m	19.95 m	-7.5%	-16.6%	19.65 m
VACANCY RATE								
West End	7.4%	7.4%	7.7%	7.0%	6.6%	-0.4%	-0.8%	6.8%
City & Southbank	9.4%	8.9%	8.5%	8.1%	7.5%	-0.6%	-1.9%	7.8%
Docklands & Stratford	12.8%	11.4%	11.1%	10.7%	8.8%	-1.9%	-4.1%	11.4%
London	9.0%	8.6%	8.5%	8.0%	7.3%	-0.7%	-1.7%	7.8%
TAKE-UP (SQ FT)								
West End	0.84 m	0.85 m	0.93 m	1.41 m	0.89 m	-37.0%	5.7%	1.04 m
City & Southbank	1.57 m	2.02 m	1.51 m	1.36 m	2.12 m	55.4%	35.4%	1.57 m
Docklands & Stratford	0.30 m	0.44 m	0.05 m	0.31 m	0.21 m	-32.8%	-31.3%	0.18 m
London	2.71 m	3.31 m	2.49 m	3.08 m	3.22 m	4.3%	18.7%	2.79 m
ACTIVE REQUIREMENTS (SQ FT)								
West End	1.93 m	1.96 m	1.98 m	3.37 m	3.36 m	-0.3%	74.2%	2.10 m
City & Southbank	6.12 m	7.56 m	7.14 m	9.26 m	7.88 m	-14.9%	28.8%	4.91 m
Docklands	0.52 m	0.07 m	0.26 m	0.43 m	0.49 m	14.3%	-5.2%	0.47 m
London-wide	1.66 m	1.78 m	2.69 m	1.26 m	1.41 m	12.1%	-14.9%	2.31 m
London	10.23 m	11.36 m	12.07 m	14.32 m	13.15 m	-8.2%	28.6%	9.80 m
UNDER CONSTRUCTION (SQ FT)								
West End	6.56 m	5.80 m	5.69 m	5.42 m	5.30 m	-2.1%	-19.2%	4.55 m
City & Southbank	8.52 m	8.53 m	8.15 m	7.88 m	7.57 m	-3.9%	-11.1%	8.17 m
Docklands & Stratford	0.72 m	0.72 m	0.72 m	0.83 m	0.83 m	0.0%	15.3%	0.87 m
London	15.80 m	15.05 m	14.56 m	14.12 m	13.70 m	-3.0%	-13.3%	13.59 m
DEVELOPMENT COMPLETIONS (SQ FT)								
West End	0.15 m	1.34 m	0.47 m	1.08 m	1.98 m	83.7%	1263.4%	0.41
City & Southbank	0.95 m	0.65 m	1.40 m	0.35 m	0.92 m	159.0%	-3.0%	0.80
Docklands	0.00 m	0.00 m	0.00 m	0.00 m	0.00 m			0.09
London	1.09 m	1.99 m	1.87 m	1.43 m	2.90 m	102.4%	165.3%	1.29
INVESTMENT TURNOVER								
West End	£1.17 bn	1.46 bn	1.06 bn	0.91 bn	1.32 bn	44.9%	12.7%	1.20 bn
City & Southbank	£0.40 bn	1.79 bn	0.87 bn	0.37 bn	0.38 bn	3.2%	-3.7%	1.58 bn
Docklands & Stratford	£0.00 bn	0.00 bn	0.00 bn	0.75 bn	0.85 bn			0.14 bn
London	£1.57 bn	3.25 bn	1.93 bn	2.03 bn	2.55 bn	25.4%	62.5%	2.92 bn
PRIME HEADLINE RENTS (PER SQ FT)								
West End	£182.50	£185.00	£185.00	£185.00	£200.00	8.1%	9.6%	6.2%
City & Southbank	£100.00	£102.50	£102.50	£102.50	£112.50	9.8%	12.5%	4.9%
Docklands & Stratford	£57.50	£57.50	£57.50	£62.50	£62.50	0.0%	8.7%	4.8%

Source: Knight Frank Insight. 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.

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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

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