London Office Market Report

Q4 2025

Latest insights on the state of the London office market

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Executive Summary

Key Themes

1.

2025 take-up reached 12.1m sq ft, 8.2% above the long-term average

2.

London vacancy rate has fallen by 40bps to 8.6% and could drop to 7.6% – the long-term average – if space under offer completes

3.

Investment volumes experience best quarter since Q1 2022, and continued momentum likely from £3.1bn under offer

4.

Structural undersupply continues to underpin prime rental growth

LONDON'S MOMENTUM BREAKS THROUGH THE UNCERTAINTY

London entered 2026 with economic momentum that stands in sharp contrast to the fragility seen across the wider UK. The city closed Q4 as the fastest-growing region, with the London Purchasing Managers Index registering 54.9 in December, marking another month of strong expansion supported by rising domestic and international demand. New business increased for the fifth consecutive month, and outstanding orders grew at the quickest rate in two and a half years, signalling both durability and depth in the capital's economic engine.

While national output softened late in 2025, London firms reported improving sentiment, with year ahead expectations reaching a 15-month high as companies noted stronger pipelines, new customer wins and broader investment intentions. This divergence is becoming a defining feature of the current cycle: London's unique concentration of knowledge-intensive industries continues to insulate the city from the cyclical pressures weighing on other regions.

> "London's unique concentration of knowledge-intensive industries continues to insulate the city from the cyclical pressures weighing on other regions."

A key shift over Q4 came from financial markets. After a year marked by elevated volatility, long-term UK gilt yields fell back through the final quarter, reversing much of the sharp rise seen earlier in 2025. UK 10-year gilt yields moved from a September peak of around 4.8% down to 4.5% by year-end, while 30-year yields also eased after touching their highest levels in decades. Falling gilt yields in the days following the Autumn Budget, reflected improved fiscal clarity and renewed investor confidence in the UK's macro and policy direction.

This matters for London. The Autumn Budget helped unwind part of the political risk premium that has weighed on UK assets. As that premium normalises, UK real estate, particularly in globally connected, supply-constrained London, stands to benefit from a more stable and more competitive cost of capital.

At the same time, geopolitical instability and uneven global growth are increasing the appeal of safe haven markets. In this environment, cities with deep liquidity, transparent markets and strong institutional frameworks attract disproportionate capital flows – traits London continues to offer.

Corporate conditions remain challenging, but the tone improved slightly into year-end. UK-listed companies issued 240 profit warnings in 2025, including 55 in Q4, with many citing policy uncertainty and geopolitical pressures as key drivers, a reminder of the backdrop in which London's outperformance is taking place. However, the slowing pace of warnings and improving economic conditions suggest a more stable operating environment moving into 2026.

Taken together, the macro signals point to a city that is beginning the year from a position of relative strength. With long-term rates easing, fiscal direction clearer, and global investors increasingly seeking depth and stability, London is positioned well to benefit from a world in which capital flows gravitate toward safe haven markets. For the office sector, this backdrop supports a more constructive outlook: one in which London's structural advantages – scale, liquidity, and scarcity of high quality stock – come back to the fore as the cycle gradually resets.

MARKET PARTICPANTS FACE THEIR OWN CHALLENGES

The London office market is operating against a backdrop of persistent structural and cyclical pressures that continue to shape decision making across occupiers, investors and developers. While market momentum has improved into the end of 2025, conditions remain demanding and require a highly selective approach.

For occupiers, the challenge lies in balancing cost discipline with the need to secure space that supports talent attraction/retention, sustainability objectives and evolving workplace strategies. Elevated operating costs, ongoing wage pressures and increasingly stringent regulatory requirements are reinforcing demand for high quality, energy efficient buildings. At the same time, heightened internal scrutiny of real estate commitments is extending decision making timelines and contributing to a widening divergence between prime and secondary demand.

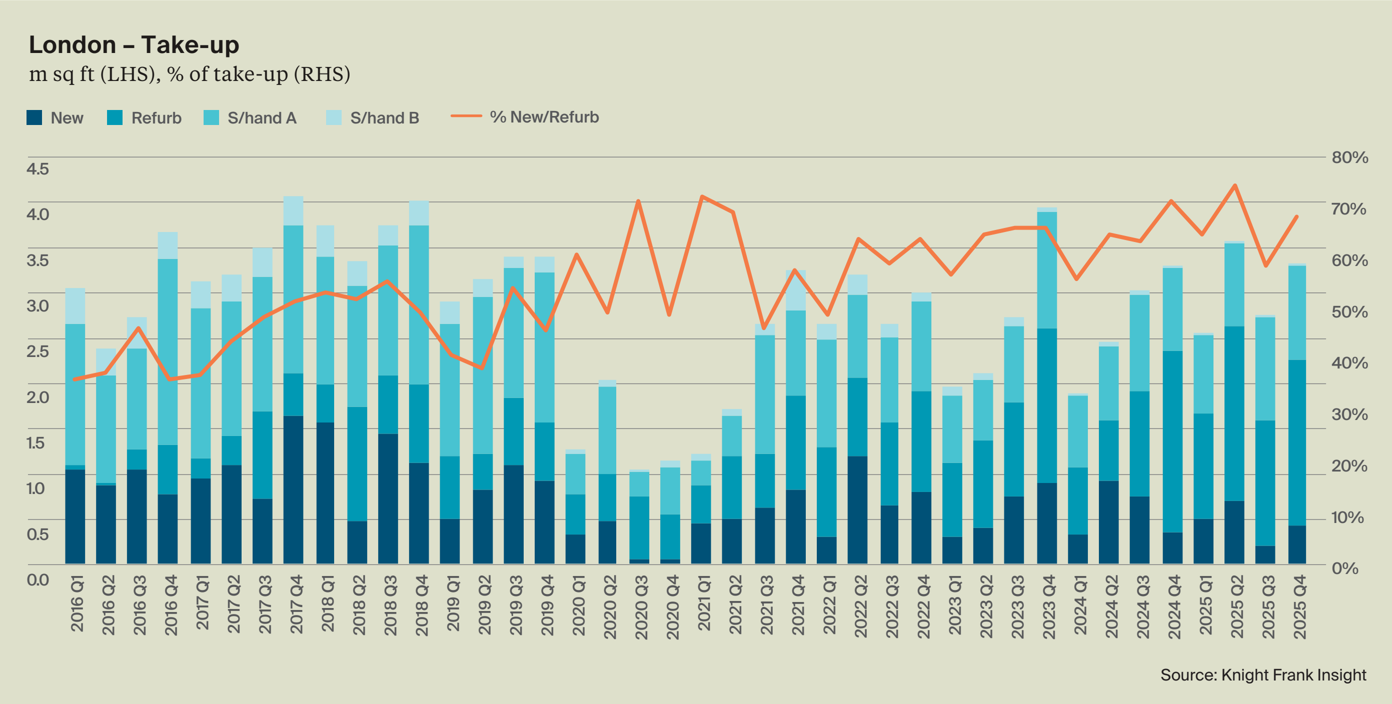
Investors are navigating a capital markets environment characterised by higher debt costs, yield sensitivity and ongoing uncertainty around fiscal and monetary policy. Although interest rates have stabilised, borrowing costs remain materially above pre-pandemic levels, sharpening the focus on income security, asset resilience and long term reversionary potential. Assets with weaker ESG credentials or significant capital expenditure requirements continue to face liquidity and valuation pressure.

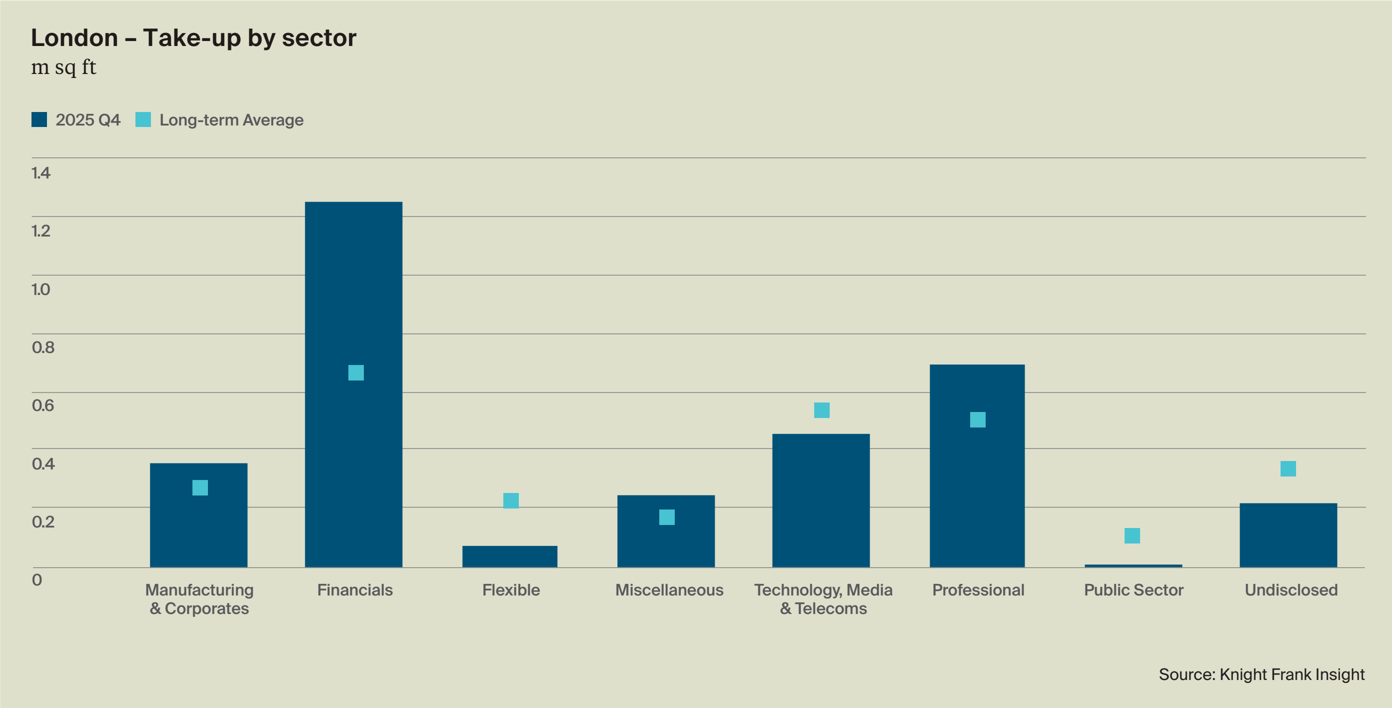
For developers, viability remains the central constraint. Elevated construction costs, restrictive financing conditions and prolonged planning processes are limiting speculative activity. As a result, development is increasingly concentrated in best in class schemes, reinforcing the structural undersupply of prime space and shaping market dynamics over the medium term. However, development dynamics are changing and is a theme we explore in our *London Series Insight* papers.

STRONG END TO 2025 DRIVEN BY A RETURN OF LARGER LETTINGS

Take-up in Q4 reached 3.3m sq ft, up 22.0% from the previous quarter, reflecting a 19.0% outperformance of the long-term quarterly average. This strong activity in Q4 brought annual take-up across London to 12.1m sq ft, 8.2% ahead of the long-term average. Larger transactions drove this increase in leasing volumes, with five transactions concluding in the final quarter of 2025 in excess of 100,000 sq ft. This meant that there were 14 transactions in total in 2025 above the 100,000 sq ft threshold, twice as many as in 2023 and 2024.

Whilst larger transactions were the main driver behind the increased leasing volumes in 2025,





smaller transactions also saw strong performance. There were 1,184 below 10,000 sq ft signed in 2025, the highest number since 2018.

New or refurbished space accounted for 68.1% of leasing volumes in the final quarter of 2025. For 2025 as a whole, 66.9% of take-up was focused on new or refurbished space. This demonstrates the sustained shift from occupiers in terms of the quality of space that they are targeting to meet their real estate needs.

Take-up in Q4 was dominated by the financial sector, which accounted for 37.8% of total leasing activity, significantly boosted by Visa's 300,000 sq ft acquisition in Canary Wharf. The next most active sector was professional services, which accounted for a further 21.0% of Q4 leasing volumes, representing 693,065 sq ft.

Visa's acquisition at 1 Canada Square, E14, marked the second consecutive quarter where the largest deal was in Canary Wharf. The largest transaction signed in the City was Gibson, Dunn & Crutcher's 152,128 sq ft acquisition at One Exchange Square, EC2, yet another example of a US-based law firm expanding their London presence. Whilst, in the West End, Ares Management's pre-let of 1 Hanover Street, W1 (123,968 sq ft) was the largest recorded deal signed in Q4, and further evidence of expansionary moves opting to enter the pre-let market to overcome the acute lack of quality space available in the West End Core.

> "Visa's acquisition at 1 Canada Square, E14, marked the second consecutive quarter where the largest deal was in Canary Wharf."

Despite the strong levels of take-up on display in Q4, the volume of active demand increased by 11.1% over the quarter to 11.4m sq ft, which is 20.1% above the long-term average. It is worth noting that one driver of this increase in active demand is the inclusion of several large-scale searches where the occupier is undertaking a stay vs go analysis. Our analysis shows, 35.6% of all active demand (for searches of 10,000 sq ft or more) is considered likely to stay put. This leaves 7.3m sq ft of active demand where the occupier is deemed likely to relocate. In 2025, transactions below 10,000 sq ft threshold accounted for 3.8m sq ft of take-up.

The uptick in named active demand is mirrored in the volume of space under offer, which increased by 2.3% to 3.4m sq ft at the end of Q4. Almost 71% of units under offer were for new or refurbished space, suggesting that the proportion of take-up for this quality of space is set to continue. Encouragingly, 19 units over 40,000 sq ft were under offer including four units of 100,000 sq ft or more. The momentum in active demand and space in solicitors' hands should see 2026 leasing activity continue in a similar vein to the end of 2025.

AVAILABILITY FALLS TO LOWEST LEVEL SINCE 2022

Total availability fell by 3.8% in Q4 to 23.0m sq ft, reflecting an overall vacancy rate of 8.6%, which is just 100bps above the long-term average of 7.6%. This decline in supply was driven by a reduction in second-hand space, falling by 15.3% during Q4, as well as a decline in the availability of new space, which fell by 4.2% over the quarter. As a result, the vacancy rate for new space sits at 1.8% across London, however, it is below 1% in the City Core and West End Core. The combined vacancy rate for new and refurbished space increased marginally to 5.8% (200bps above the long-term trend) and the vacancy rate for second-hand space fell to 2.8%, significantly below the long-term trend of 3.7%.

PIPELINE COMPLETIONS STILL NOT KEEPING PACE WITH DEMAND

Q4 saw just under 2.0m sq ft of development completions across the London market, 59.6% above the long-term quarterly average. 42.1% of this space, however, was pre-let meaning that just under 1.2m sq ft was delivered speculatively. This brought 2025 total completions to 6.6m sq ft, of which 54.3% was pre-let.

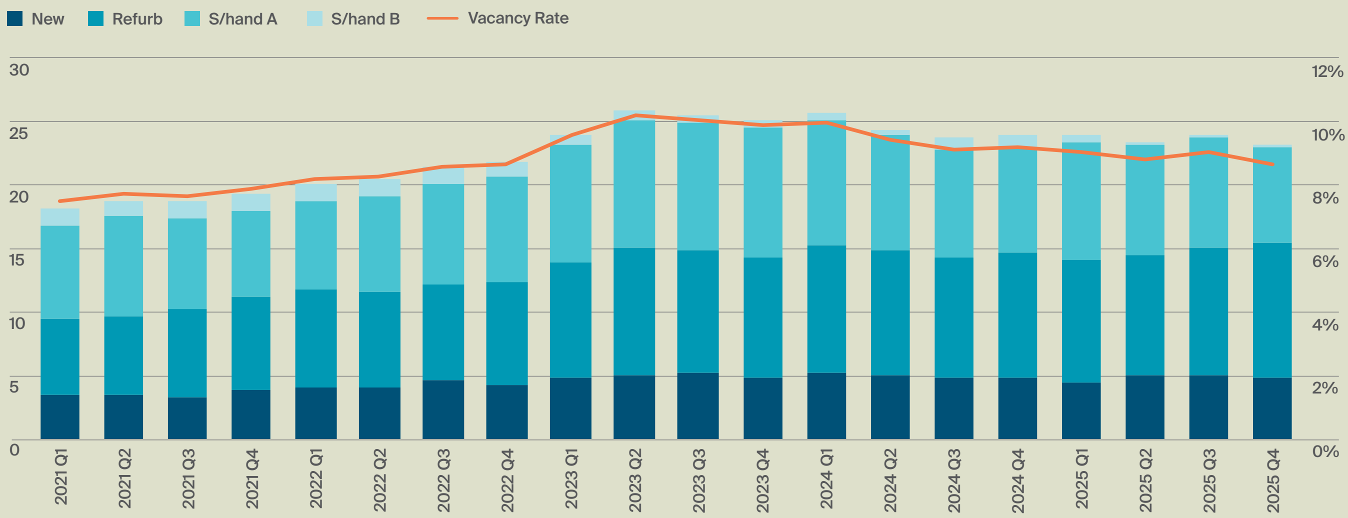
The erosion of the development pipeline looks set to continue, with 15.1m sq ft under construction at the end of 2025. Of this, 4.1m sq is pre-let, leaving 11.0m sq ft of speculative space under construction. These data points suggest the structural disconnect in the London office market is likely to continue, with a projected undersupply of 11.6m sq ft by the end of 2030, based on long-term average take-up of new and refurbished space and including potential schemes most likely to be built during the period.

PRIME RENTS GROW IN SIX LONDON SUBMARKETS

At the end of Q4, prime rents were increased across six London submarkets; City Core, Fitzrovia, King's Cross/Euston, Marylebone, Strand/Covent Garden and West End Core. Prime rents in the City Core increased from £100.00 per sq ft to £102.50 per sq ft, whilst West End Core prime rents moved from £182.50 per sq ft to £185.00 per sq ft. This means that City Core rents have increased by 7.9% over the last 12 months, whilst rents in the West End Core have increased by 15.6%.

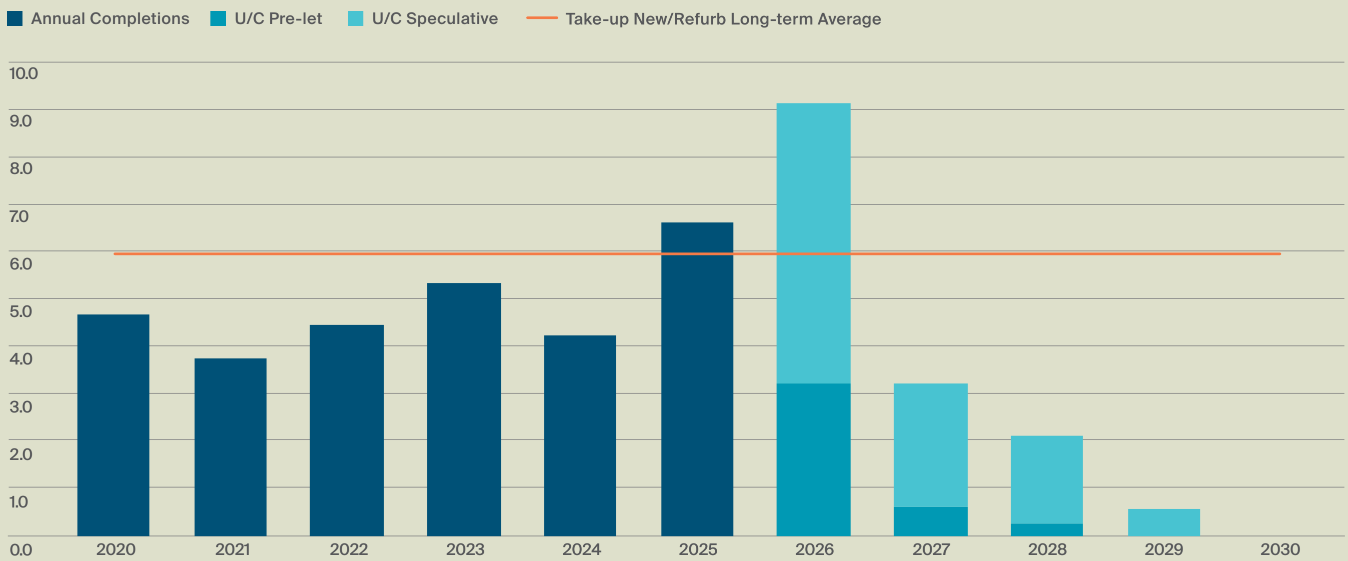
Looking further ahead, our five-year projection for prime rents has shifted. For the City Core, rents are forecast to grow at an average annual rate of 4.8%

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



Source: Knight Frank Insight

London – Development Pipeline
m sq ft



Source: Knight Frank Insight

until 2030, reaching £129.75 per sq ft. In the West End Core, an average annual uplift of 4.2% is expected in the same period, with rents projected to reach £227.50 per sq ft.

The risk to our forecasts is finely balanced. On one hand is the impact of external geopolitical or economic events and the consequent result on demand-side factors. Our view, however, is that the supply-side dynamics, whilst not universal across all London submarkets, are sufficient to perpetuate the structural imbalance in the market, justifying our expectation for continued upward pressure on prime rents.

INVESTMENT ACTIVITY RECOVERS WITH FURTHER MOMENTUM ANTICIPATED

Investment volumes increased by 107.5% over the quarter to reach £3.3bn, the highest level since the beginning of 2022 and 9.5% above the long-term quarterly average. This strong Q4 performance meant that the 2025 total reached £9.4bn, a 51.7% improvement relative to the volumes transacted in 2024, albeit this remained 24.5% below the long-term annual average of £12.4bn.

Investment activity in Q4 was focused on lot sizes in excess of £100m, which accounted for just under £2.0bn, representing 60.2% of Q4 investment turnover, and 5.2% ahead of the long-term quarterly average for this lot size band.

Almost half (47.1%) of Q4 turnover targeted core assets, accounting for £1.5bn, with a further £0.6bn targeting core plus assets. Value-add opportunities continued to attract investors, with just over £1.1bn invested in Q4. Over the last 12 months, value-add assets were the most targeted, representing £3.8bn of annual investment volumes, with core assets accounting for a further £3.2bn.

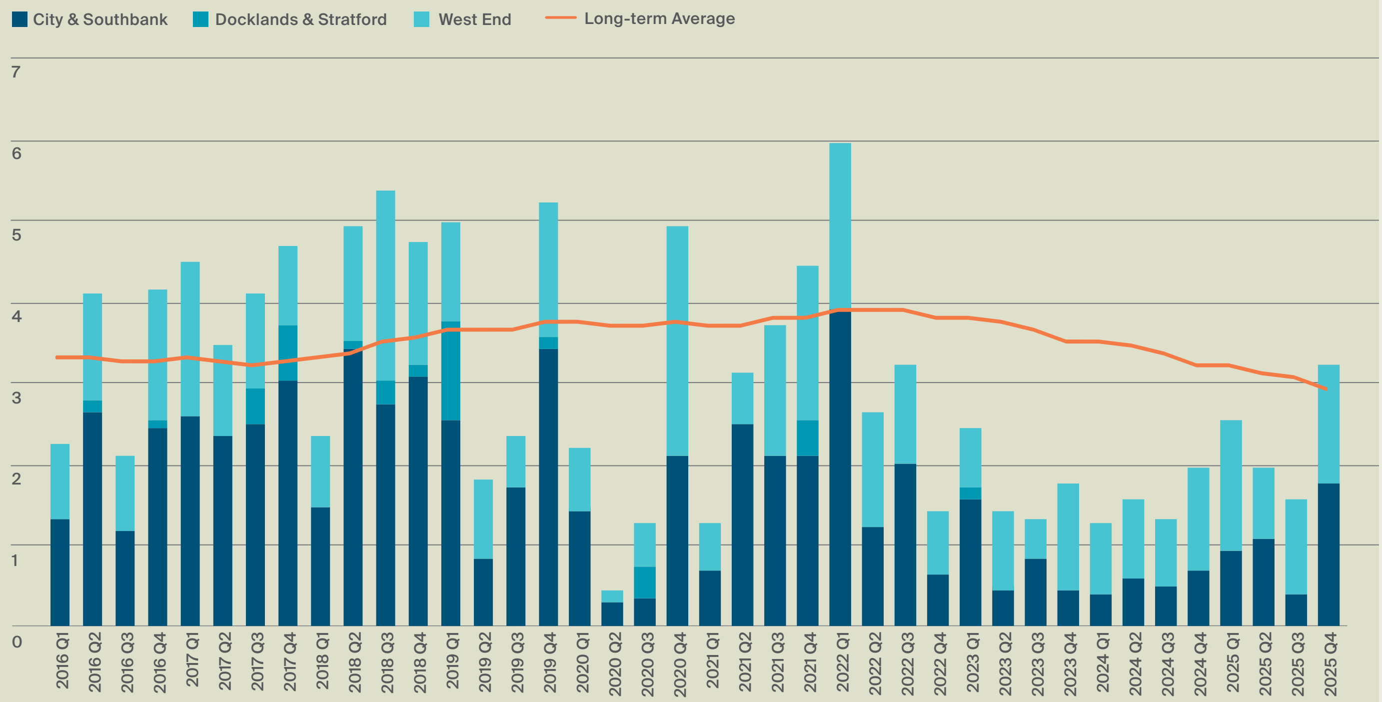
As a result of strong Q4 activity, the total volume of assets available fell by 11.4% to £3.4bn, although this is 44.7% ahead of the same point in 2024.

At the end of Q4, there was £3.1bn of assets under offer across London, reflecting a minor increase over the quarter, but 33.4% above the long-term quarterly average of £2.3bn.

Prime yields remained stable at the end of 2025, holding at 3.75% in the West End and 5.25% in the City & Southbank.

From an investment perspective, London's office market is likely to gain traction over the medium term, underpinned by the city's economic momentum, easing capital costs and its appeal as a global safe haven market. As political risk premia unwind and demand remains concentrated in knowledge-intensive sectors, prime London offices should benefit from improving liquidity, firmer occupier demand and a more supportive pricing environment.

London – Investment Volumes
£bn



Source: Knight Frank Insight

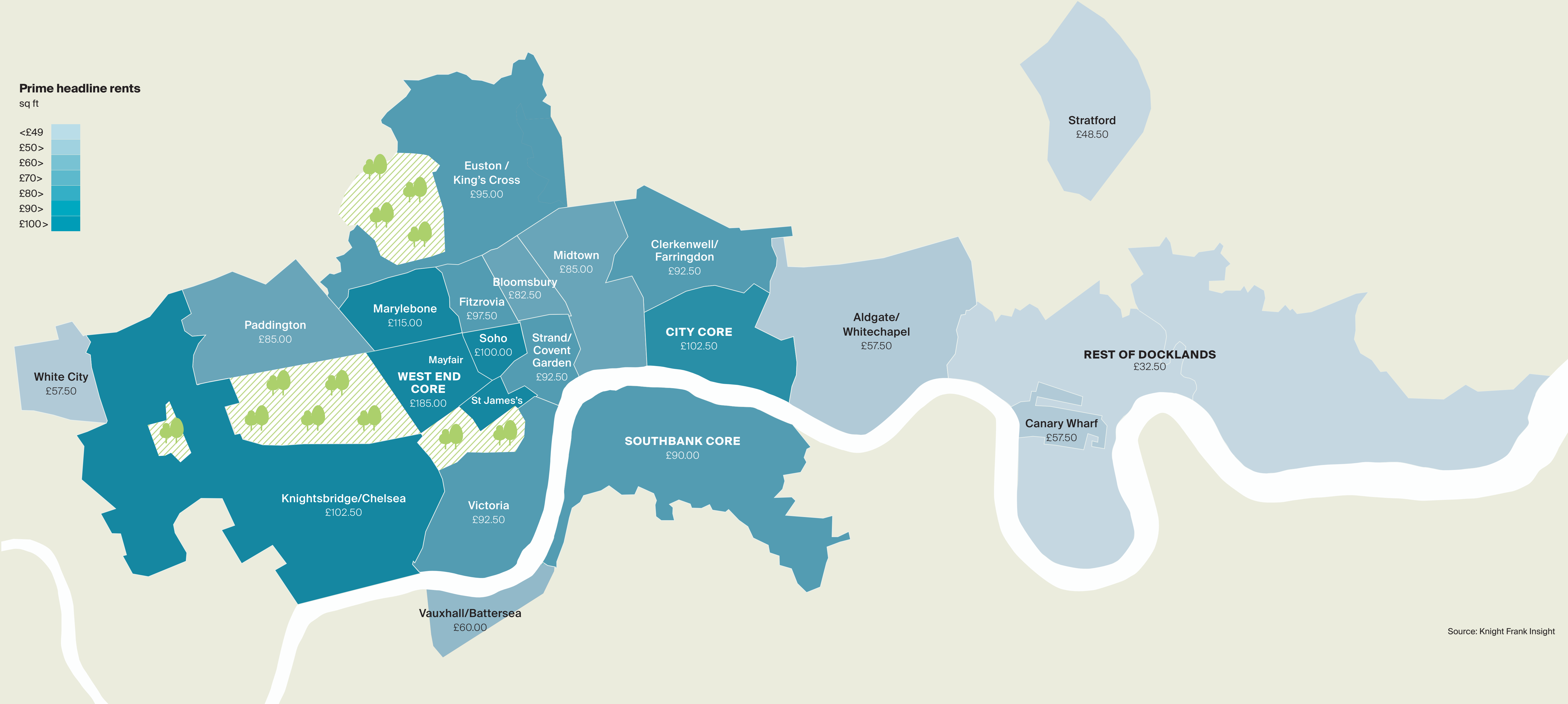
London office market

Performance dashboard Q4 2025

KEY PERFORMANCE INDICATORS

	▲ 3.31m	▼ 23.02	▼ 8.6%	▼ 15.05m
	TAKE-UP (SQ FT)	AVAILABILITY (SQ FT)	VACANCY RATE	UNDER CONSTRUCTION (SQ FT)
CHANGE ON				
2024 Q4	0.7% ▲	-3.7% ▼	-0.6% ▼	-17.0% ▼
LTA	2.78m sq ft	18.98m sq ft	7.6%	13.56m sq ft

WEST END		CITY & SOUTHBANK		DOCKLANDS & STRATFORD	
▲ £185.00 Prime headline rent (per sq ft)	▼ 0.85 m Take-up (per sq ft)	▲ £102.50 Prime headline rent (per sq ft)	▼ 2.02 m Take-up (per sq ft)	◀▶ £57.50 Prime headline rent (per sq ft)	▲ 0.44 m Take-up (per sq ft)
▲ £1.46 bn Investment turnover	◀▶ 3.75% Prime Yield	▲ £1.79 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

▲ £102.50
Rent (£ per sq ft)

▲ 2.02 m
Take-up (sq ft)

▼ 12.84 m
Availability (sq ft)

▲ £1.7 bn
Investment turnover

◀▶ 5.25%
Prime yield

LARGER DEALS SIGNAL IMPROVING CONFIDENCE

Take-up across the City & Southbank market rose to over 2.0m sq ft in Q4, a 28.9% increase over the quarter and 30.2% above the long-term average. Moreover, at the end of the quarter there was just over 2.0m sq ft of space under offer.

Leasing of new and refurbished space drove the overall rise in volumes with a quarterly increase of 65.6% to 1.3m sq ft, some 36.7% above long-term average and representing 63.4% of take-up.

The two largest transactions signed in Q4 were both pre-lets at One Exchange Square, EC2. The first was by Gibson, Dunn & Crutcher LLP signing 152,128 sq ft and the second was FTI Consulting's letting of 102,828 sq ft across the lower three floors. The building is expected to complete in Q1 2026. The third largest was a second hand letting of 101,707 sq ft to the London Stock Exchange Group at St. Martins Court, EC4, a temporary move to allow the refurbishment of their nearby existing space at King Edward Court, 10 Paternoster Square, EC4.

During Q4, there were five transactions above 60,000 sq ft, a quarterly rise of 126.3% in this size band and accounted for 26.4% of all floorspace leased. There was also a significant rise in mid-size lettings (20-60,000 sq ft), which rose by 25.7% and represented just below 30% of take-up.

"During Q4, there were five transactions above 60,000 sq ft, a quarterly rise of 126.3% in this size band and accounted for 26.4% of all floorspace leased."

BALANCED SECTOR SPLIT

The most active sector in Q4 was the financial sector, which accounted for 628,576 sq ft of take-up, representing 31.2% of total letting activity. This was closely followed by the professional services sector, accounting for a further 28.3% – a 52.9% increase on the previous quarter.

Under offers in the City & Southbank rose marginally in Q4 from 2.0m to 2.1m sq ft despite the strong leasing activity seen in the last three months of 2025. New and refurbished space accounted for 70.3% of the total floorspace under offer, suggesting that the 'flight to quality' trend is in a holding pattern.

Active demand for requirements targeting the City & Southbank market increased despite the elevated leasing activity over the quarter, jumping 23.5% to 7.5m sq ft. The uptick in active demand and space under offer are both indicators of positive momentum in the short to medium term.

SUPPLY DECREASES FOLLOWING STRONG TRANSACTIONAL ACTIVITY

Availability in the City & Southbank market fell by 5.2% in Q4 to 12.8m sq ft and is almost 650,000 sq ft lower than in Q4 2024. Accordingly, the vacancy rate has fallen by 0.5 percentage points during Q4 and by 0.7 over the last 12 months to 8.9%, though, remains 1.3 percentage points above the long-term average. However, if all the under offer space completes the vacancy rate falls to 7.7%.

Furthermore, there is a marked contrast in availability between the City and Southbank. The former has a vacancy rate in-line with the long-term average whereas in the latter it is 6.1 percentage points above the long-term average.

Development completions in Q4 totalled 0.65m sq ft, 39.1% of which was already pre-let. At the end of Q4, the under-construction pipeline increased by 0.2% to 8.5m sq ft. Of this, 2.1m sq ft (24.4%) is already pre-let.

PRIME RENTS INCREASE IN THE CORE

Prime rents were moved on in the City Core from £100 to £102.50 per sq ft while, prime rents in all other City & Southbank submarkets remained stable. Incentive packages also remain unchanged at 24-27 months on a ten-year term.

Our forecasts for the next five years rank the City Core with the strongest potential for prime rental growth at an annual average of 4.8%, this is followed by Midtown at 4.0%, Clerkenwell/Farringdon at 3.5% and Southbank Core at 3.1%.

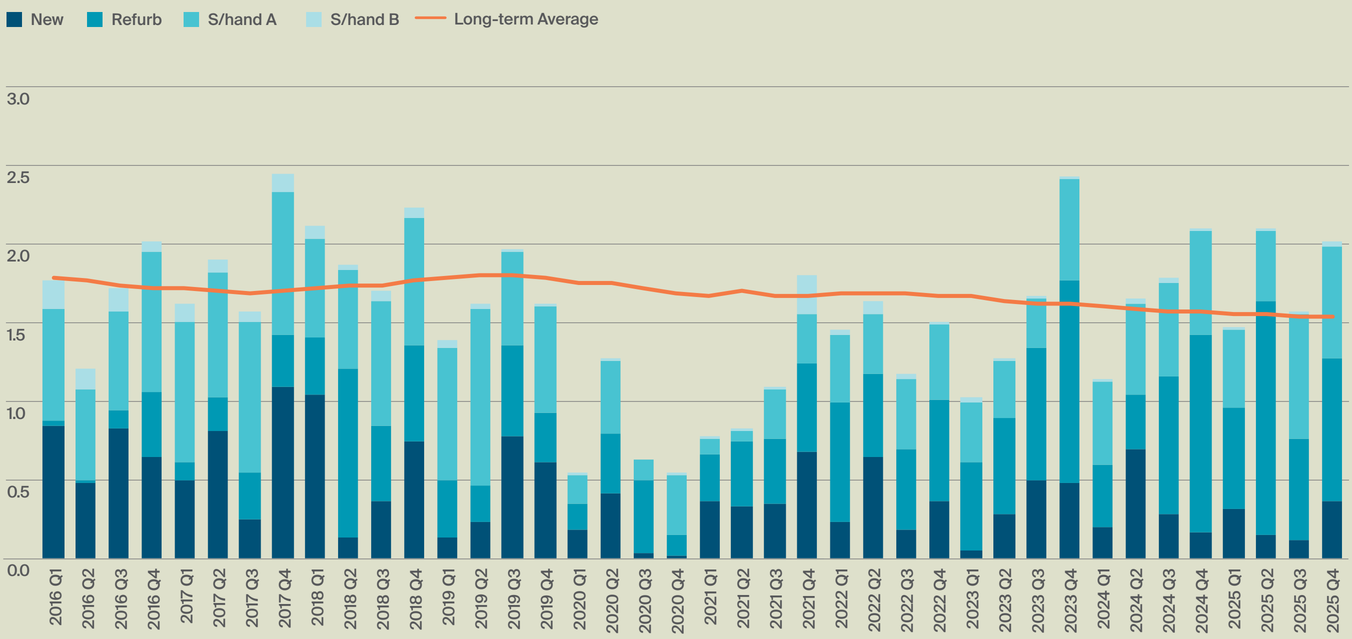
▼5.2%

Availability in the City & Southbank market fell by 5.2% in Q4 to 12.8m sq ft and is almost 650,000 sq ft lower than in Q4 2024.

> "Active demand for requirements targeting the City & Southbank market increased despite the elevated leasing activity over the quarter, jumping 23.5% to 7.5m sq ft."

City & Southbank – Take-up

m sq ft



Source: Knight Frank Insight

BOUNCE BACK IN LARGER LOTS

The investment market regained momentum in Q4, with transaction volumes rising to £1.8bn – the strongest quarterly total since Q3 2022. This rebound represents a 350% quarter on quarter increase and pushes activity 7% above the long term average.

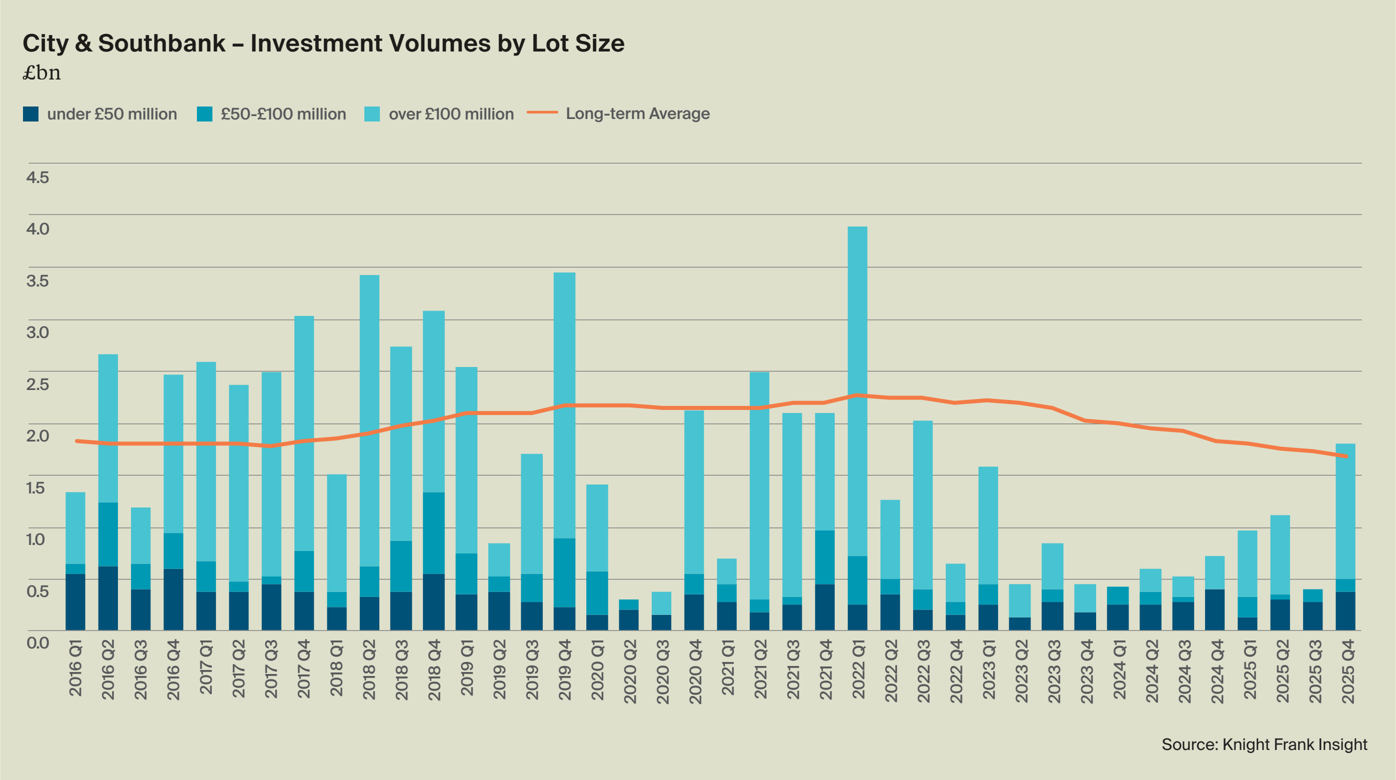
A key driver of this uptick was the return of larger lot-size transactions. Deals over £100m accounted for almost three quarters (71.6%) of all activity. The headline transaction was the sale of 70 St Mary Axe, EC3 for £331m, reflecting a net initial yield of 5.58%.

Domestic buyers were the most active group, representing 40.6% of Q4 volumes. European and North American investors remained important contributors as well, each accounting for around a quarter of activity (28.9% and 25.3% respectively).

While the value of assets under offer fell by 32.8% to £1.2bn, this decline should be viewed in context. Much of the pipeline was converted into completed deals during the quarter. This does not indicate waning interest – it reflects a period of elevated deal execution.

Market pricing remains stable, with prime yields holding at 5.25%. Against a backdrop of shifting interest rate expectations and broader macroeconomic turbulence.

> "The investment market regained momentum in Q4, with transaction volumes rising to £1.8bn – the strongest quarterly total since Q3 2022."



MARKETS IN REVIEW

West End

▲ £185.00	Rent (£ per sq ft)
▲ 0.85 m	Take-up (sq ft)
▲ 7.27 m	Availability (sq ft)
▲ £1.46 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 21.6% of take-up, or 66.6% of the number of deals."

TAKE-UP REMAINS BELOW TREND

Q4 take-up in the West End reached 845,689 sq ft, almost in-line with the previous quarter and 18.6% below the long-term quarterly average. Outside of a singular large transaction over 100,000 sq ft, smaller deals continued to dominate, with deals below 40,000 sq ft accounting for 80.4% of space let. 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 21.6% of take-up, or 66.6% of the number of deals.

Take-up of new and refurbished space reached 531,932 sq ft, making up 62.9% of total take-up in Q4. This represents an increase from the proportion seen in the previous quarter and reinforces the clear occupier preference for best-in-class space, with 67.9% 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 Q4 was Ares Management's pre-let at 1 Hanover Street, W1 (123,968 sq ft), a building that should reach practical completion in early 2027. Other notable transactions include Dr Marten's 42,099 sq ft acquisition at Global Holdings' Whiskey Sierra, 20 Whitfield Street, W1. And Engineers Gate, they acquired the entirety of 9 Cavendish Square, W1 (29,069 sq ft) with rents ranging from £57.50 – £130.00 per sq ft.

62.9%

Take-up of new and refurbished space reached 531,932 sq ft, making up 62.9% of total take-up in Q4.

Of the ten largest transactions signed, just two were in Mayfair or St James's, highlighting occupiers exploring different submarkets where there is greater choice.

FINANCIAL FIRMS PROVIDE BOOST TO LETTING ACTIVITY

Financial occupiers accounted for over a third of all Q4 West End take-up, elevated by the Ares Management transaction. The next most active sector was manufacturing and corporates, which accounted for a further 19.7% of take-up, and then professional occupiers with 11.5%.

At the end of Q4, there was 752,332 sq ft under offer in the West End, which is a 16.9% contraction over the quarter. A quarter of the floor space under offer is within the West End Core, spread across 32 buildings. Active demand remained stable over the quarter at 1.96m sq ft, with the financial sector representing the largest share (24.8%). Active demand remains 5.4% below the long-term trend. These two indicators would suggest that take-up in the short to medium term may continue to fall just short of trend.

AVAILABILITY TIGHTENS IN LINE WITH FUTURE SUPPLY

Total availability increased by 2.3% to 7.3m sq ft, 18.5% ahead of the long-term market average. This resulted in the overall vacancy rate remaining at 7.4% and the vacancy rate of new and refurbished space increasing from 5.4% to 5.5%.

Future supply remains limited with the development pipeline dropping by 11.7% to 5.8m sq ft, of which 2.0m sq ft (34.8%) is already committed. Our analysis suggests a projected undersupply of nearly 3.6m sq ft by the end of 2030.

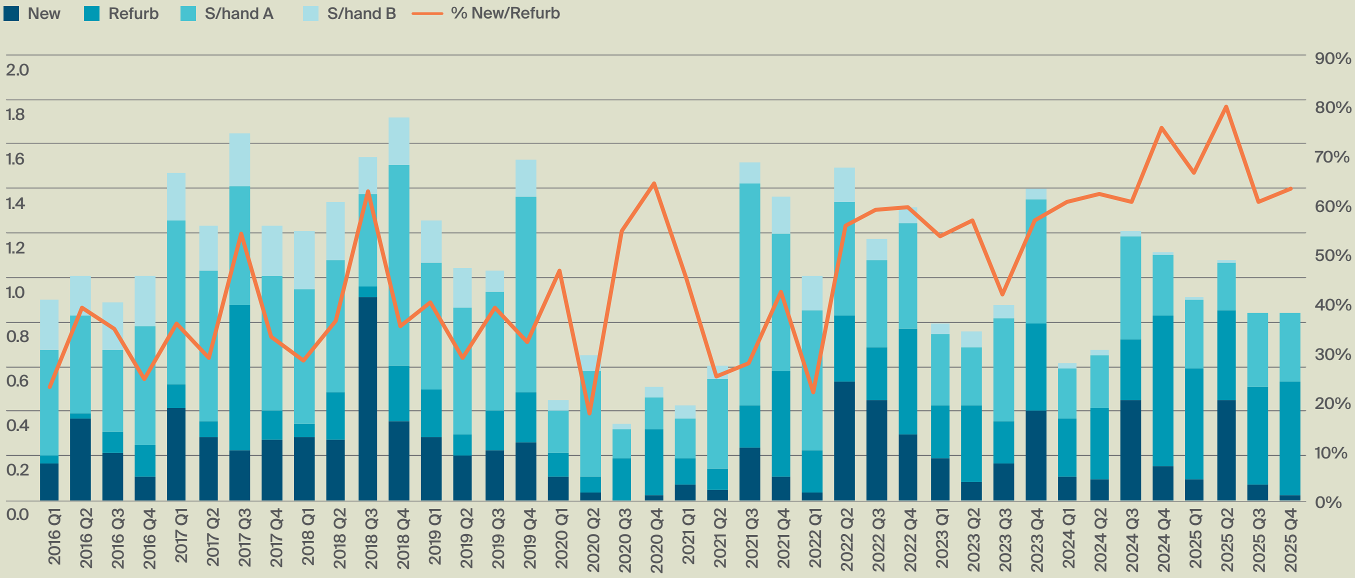
PRIME RENTS RISE DUE TO KEY TRANSACTIONS

Prime rents in the West End Core have increased to £185.00 per sq ft, reflecting a £2.50 increase from the previous quarter. This represents an increase of 15.6% over the last 12 months, with a number of units under offer that could exceed the current prime level in the coming months.

The West End Core is expected to see prime rents grow at an annual average rate of 4.2% over the next five years. This growth 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.

West End – Take-up

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



Source: Knight Frank Insight

RETURN OF INVESTMENT IN LARGER LOT SIZES

Total investment volumes rose in Q4 by 24.8% to £1.5bn, signalling a rebound amid improving conditions, 22.3% above the long-term quarterly average.

Transactions were led by investment in larger lot sizes, with those valued over £100m accounting for nearly half (46.2%) of all Q4 turnover. Moreover, a sign of the investment market normalising was illustrated by assets with a core risk profile representing 46.6% of acquisitions.

The largest transaction of the quarter was RLAM's acquisition of 1 Newman Street, W1 for £250m reflecting a net initial yield of 4.48% and capital value of £2,052 per sq ft.

Institutions were the most active investor group during Q4 accounting for almost 30% of acquisitions. They were followed by private equity at 25.7%, and private investors at 24.1%. Investors from the United Kingdom were the most active during Q4 comprising 44.5% of all transactions, with European investors following with 22.8% and North America at 15.1% of investment turnover.

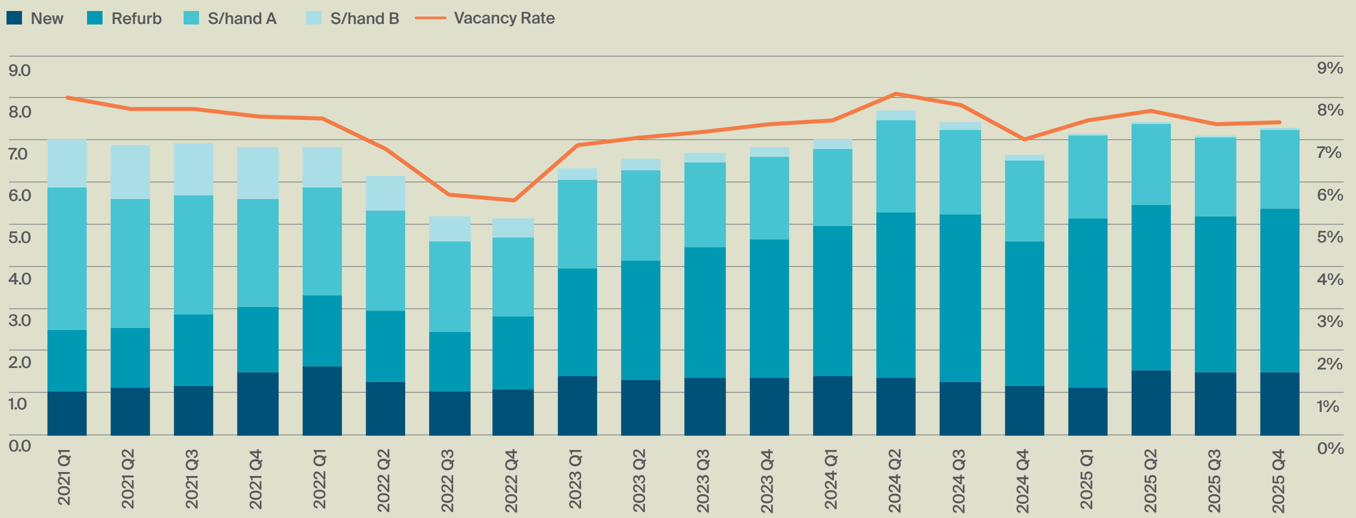
There is £1.9bn of assets under offer, a 52.5% increase on the previous quarter, with continued stability in prime yields at 3.75%.

▲24.8%

Total volumes rose in Q4 by 24.8% to £1.5bn, signalling a rebound amid improving conditions.

West End – Availability

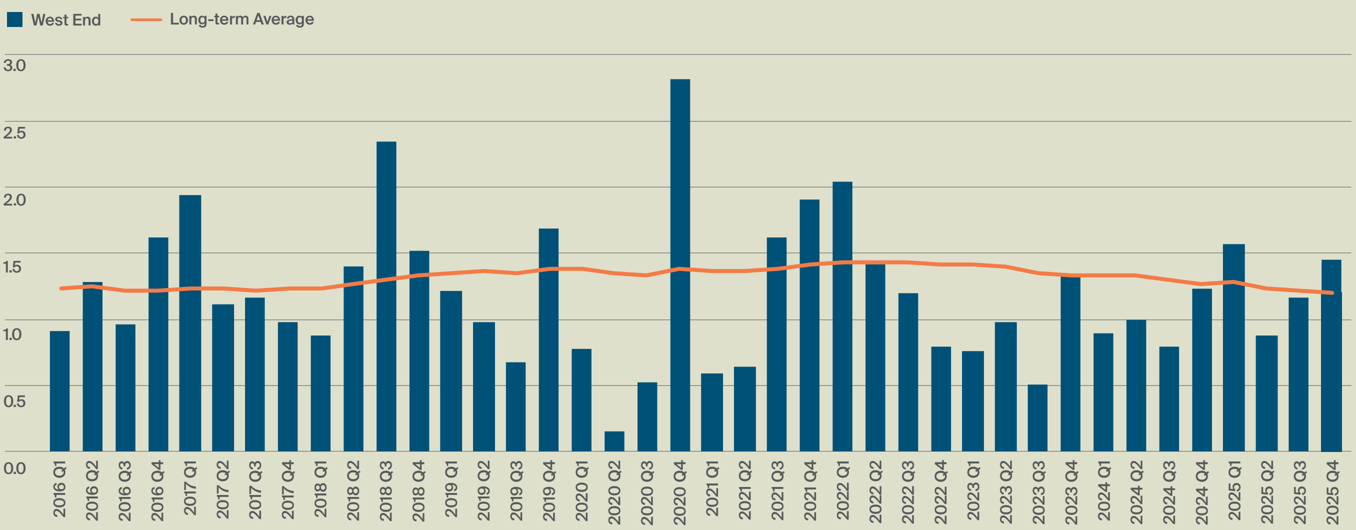
m sq ft (LHS), % of stock (RHS)



Source: Knight Frank Insight

West End – Investment Volumes

£bn



Source: Knight Frank Insight

Docklands & Stratford

◀▶ **£57.50**
Rent (£ per sq ft)

▲ **0.44 m**
Take-up (sq ft)

▼ **2.91 m**
Availability (sq ft)

◀▶ **£0 bn**
Investment turnover

◀▶ **7.50%**
Prime yield

"Visa's 300,000 sq ft acquisition at 1 Canada Sq, E14 was the largest transaction signed during the quarter, significantly impacting the proportion of new and refurbished take-up, which accounting for 99.5% of Q4 new and refurbished activity."

STRONG RISE IN TAKE-UP

In Q4, 13 leasing transactions signed, totalling 443,231 sq ft. This is a 46.8% increase on the previous quarter and leasing volumes remain 133.9% above the long-term quarterly average, with an average transaction size of 34,095 sq ft.

Visa's 300,000 sq ft acquisition at 1 Canada Sq, E14 was the largest transaction signed during the quarter, significantly impacting the proportion of new and refurbished take-up, accounting for 99.5% of activity. The next largest deal was AXA Insurance UK PLC's 20,487 sq ft acquisition of the 10th floor at 1 Stratford Place, E20.

Transactions between 5,000-20,000 sq ft were most common during the quarter with 10 transactions in this size bracket. Over the last 12 months take-up has amounted to 1.3m sq ft, 74.5% of which is new and refurbished quality, further demonstrating a shift from second-hand stock. The financial sector accounted for 58.4% of leasing volumes during 2025, although the education sector also featured strongly.

Encouragingly, there is 453,086 sq ft of space under offer, across 10 buildings in the Docklands and Stratford market, signalling positive momentum in the near-term.

AVAILABILITY DECREASES

Total availability in the Docklands and Stratford market decreased by 11.2% during Q4 to 2.9m sq ft, which translates to a vacancy rate of 11.4%. This means that availability has fallen by 22.1% year-on-year, with the vacancy rate just 40bps ahead of trend.

At the end of the quarter, 59.4% of available space was new or refurbished space, equating to 1.8m sq ft, marginally down (7.0%) over the quarter. Second-hand supply decreased by 16.6% to 1.2m sq ft. 55.3% of available space is for units of 100,000 sq ft or more.

In Canary Wharf, the vacancy rate decreased from 11.4% to 9.7% and is now 1.1% percentage points below the long-term trend.

At the end of Q4 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

▼ **9.7%**

In Canary Wharf, the vacancy rate decreased from 11.4% to 9.7% and is now 1.1% percentage points below 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.

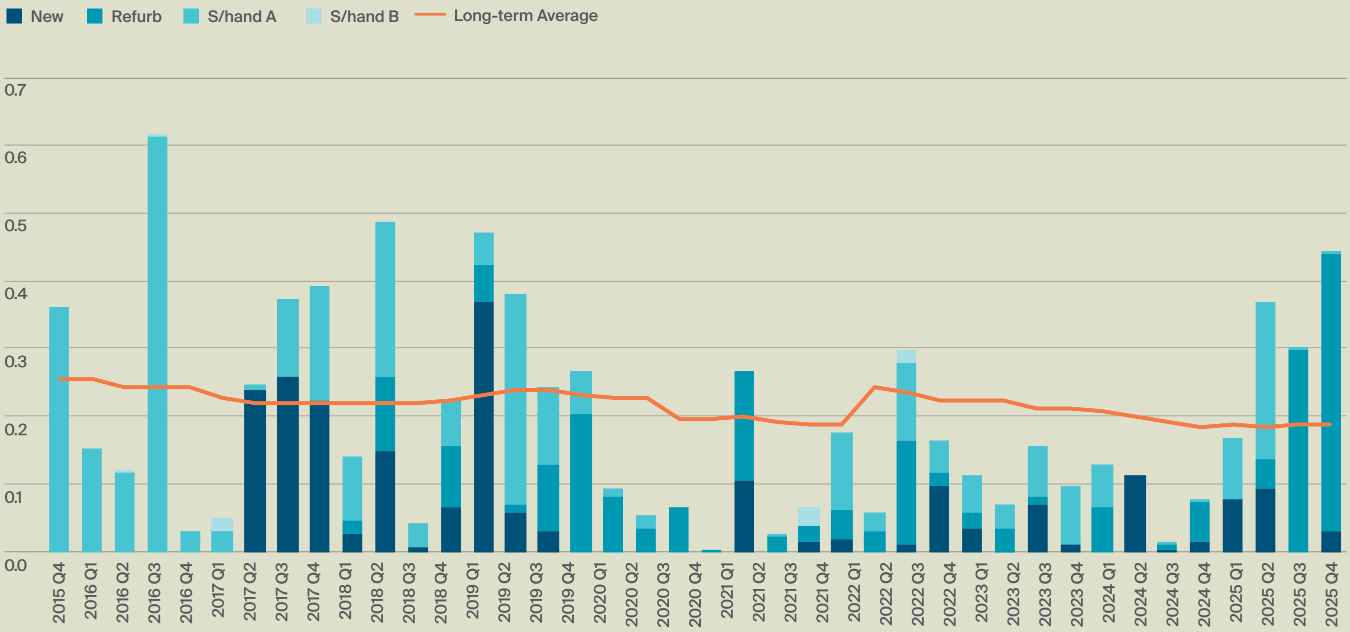
Prime rents are unchanged in both Docklands and Stratford markets. In Canary Wharf, prime rents are £57.50 per sq ft and in Stratford they are £48.50 per sq ft. Rent-free periods also remain unchanged at 27-30 months on a standard 10-year lease.

NO INVESTMENT IN 2025

There was no investment activity recorded in the Docklands and Stratford market during Q4, and there are currently no assets under offer. Prime yields remain stable at 7.50%.

> "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."

Docklands & Stratford – Take-up
m sq ft



Source: Knight Frank Insight

Key Statistics

	Q4 24	Q1 25	Q2 25	Q3 25	Q4 25	% CHANGE 3 MONTHS	% CHANGE 12 MONTHS	10-YEAR QUARTERLY AVERAGE
AVAILABILITY (SQ FT)								
West End	6.68 m	7.14 m	7.41 m	7.10 m	7.27 m	2.3%	8.9%	6.14 m
City & Southbank	13.49 m	12.76 m	12.64 m	13.54 m	12.84 m	-5.2%	-4.8%	10.07 m
Docklands & Stratford	3.74 m	3.87 m	3.21 m	3.28 m	2.91 m	-11.2%	-22.1%	2.77 m
London	23.91 m	23.77 m	23.26 m	23.92 m	23.02 m	-3.8%	-3.7%	18.98 m
VACANCY RATE								
West End	7.0%	7.5%	7.7%	7.4%	7.4%	0.1%	0.4%	6.7%
City & Southbank	9.6%	9.0%	8.8%	9.4%	8.9%	-0.5%	-0.7%	7.6%
Docklands & Stratford	14.6%	15.2%	12.6%	12.8%	11.4%	-1.4%	-3.2%	11.0%
London	9.1%	9.0%	8.8%	9.0%	8.6%	-0.4%	-0.6%	7.6%
TAKE-UP (SQ FT)								
West End	1.11 m	0.90 m	1.07 m	0.84 m	0.85 m	0.4%	-23.6%	1.04 m
City & Southbank	2.10 m	1.48 m	2.09 m	1.57 m	2.02 m	28.9%	-3.9%	1.55 m
Docklands & Stratford	0.08 m	0.17 m	0.37 m	0.30 m	0.44 m	46.8%	475.1%	0.19 m
London	3.28 m	2.55 m	3.53 m	2.71 m	3.31 m	22.0%	0.7%	2.78 m
ACTIVE REQUIREMENTS (SQ FT)								
West End	1.65 m	2.04 m	1.92 m	1.93 m	1.96 m	1.6%	19.1%	2.07 m
City & Southbank	4.78 m	5.10 m	4.49 m	6.12 m	7.56 m	23.5%	58.1%	4.59 m
Docklands	0.46 m	0.45 m	0.28 m	0.52 m	0.07 m	-87.2%	-85.4%	0.49 m
London-wide	4.07 m	3.07 m	3.30 m	1.66 m	1.78 m	7.0%	-56.4%	2.30 m
London	10.96 m	10.66 m	9.99 m	10.23 m	11.36 m	11.1%	3.7%	9.46 m
UNDER CONSTRUCTION (SQ FT)								
West End	6.74 m	6.59 m	6.22 m	6.56 m	5.80 m	-11.7%	-13.9%	4.49 m
City & Southbank	9.96 m	8.98 m	8.62 m	8.52 m	8.53 m	0.2%	-14.4%	8.19 m
Docklands & Stratford	1.42 m	0.72 m	0.72 m	0.72 m	0.72 m	0.0%	-49.5%	0.88 m
London	18.12 m	16.29 m	15.56 m	15.80 m	15.05 m	-4.8%	-17.0%	13.56 m
DEVELOPMENT COMPLETIONS (SQ FT)								
West End	0.51 m	0.35 m	0.45 m	0.15 m	1.34 m	821.5%	164.2%	0.35 m
City & Southbank	0.31 m	1.33 m	1.37 m	0.95 m	0.65 m	-31.4%	109.9%	0.80 m
Docklands	0.00 m	0.00 m	0.00 m	0.00 m	0.00 m			0.09 m
London	0.82 m	1.68 m	1.82 m	1.09 m	1.99 m	82.0%	143.6%	1.25 m
INVESTMENT TURNOVER								
West End	£1.23 bn	£1.57 bn	£0.89 bn	£1.17 bn	1.46 bn	24.8%	18.5%	1.19 bn
City & Southbank	£0.73 bn	£0.97 bn	£1.11 bn	£0.40 bn	1.79 bn	350.4%	147.1%	1.67 bn
Docklands & Stratford	£0.00 bn	£0.00 bn	£0.00 bn	£0.00 bn	0.00 bn			0.11 bn
London	£1.96 bn	£2.54 bn	£2.00 bn	£1.57 bn	3.25 bn	107.5%	66.1%	2.97 bn
PRIME HEADLINE RENTS (PER SQ FT)								
West End	£160.00	£167.50	£182.50	£182.50	£185.00	1.4%	15.6%	4.9%
City & Southbank	£95.00	£100.00	£100.00	£100.00	£102.50	2.5%	7.9%	3.9%
Docklands & Stratford	£57.50	£57.50	£57.50	£57.50	£57.50	0.0%	0.0%	4.0%

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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