London's Niche Financial Sector

Sept 2026

Developing successful real estate strategies that align with the operational realities of London's niche financial occupiers

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Foreword

Over the next few years, many niche financial firms will need to make a consequential real estate decision, whether prompted by growth, a lease event or a change in the shape of the business. They will do so in a London market where high-quality supply is tightening, occupancy costs are rising, and AI is making future workforce requirements harder to predict.

This report is designed to support those decisions. It combines data-led analysis of the London market with interviews conducted across five global niche financial markets with advisers from Knight Frank and Cresa, Knight Frank's US occupier advisory partner, alongside an assessment of how AI is reshaping both the workforce and the workplace. Together, the three chapters explain where market pressure is greatest, how leading firms are responding, and what occupiers should design for next.

Contents

LONDON: NAVIGATING NUANCE

This section explains what is happening in the London office market at a granular level, focusing on the locations and trends most relevant to the niche financial sector. Supply constraints are a driving factor behind shifts in strategy, particularly as demand for best-in-class space has hit record highs. Hedge funds are currently the most active sub-sector, but future demand metrics suggest that this may evolve. In short, this part of the report provides a roadmap to navigate a nuanced, supply-constrained office market where data-driven decision-making will help determine whether firms secure the right space on the right terms or find their options narrowing as timing, cost and availability move against them.

GLOBAL MARKETS: HOW THE BEST DECISIONS ARE MADE

Interviews with our expert advisers across New York, London, Hong Kong, Singapore, Dubai, Abu Dhabi and Riyadh reveal common real estate strategies, challenges and opportunities. Location is largely non-negotiable; the scarcity of suitable office space makes timing strategic; renewals are increasing due to a lack of available alternatives; expansion options are being secured before they are needed; and digital infrastructure, power and wellbeing-led amenities are rising up the requirements list.
Use this chapter to benchmark global best practice.

AI: WHAT TO DESIGN FOR

Adoption is no longer experimental: 95% of alternative investment managers used generative AI in 2025, with agentic systems next. Our conversations suggest that AI is automating and accelerating some tasks, but niche finance still relies heavily on human skills that technology cannot easily replicate. While the impact on headcount is still unfolding, AI will change how offices are used and the infrastructure they require. Use this chapter to test how your own firm might change and what that change would require of the space you need.

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London: Scarcity shaping strategy

Summary of key trends

The market narrative has shifted from demand recovery to supply constraint. Overall vacancy is trending down, but the sharper issue for niche financial firms is the scarcity of newly built and best-in-class space in the West End Core, where new-build vacancy in Mayfair & St James's has fallen to just 0.4%.

Leasing activity has softened, but quality-led demand remains evident. H1 2026 take-up was 343,265 sq ft across 32 transactions, down materially on 2025, largely due to the absence of larger deals; nevertheless, new or refurbished space still accounted for 77.0% of activity.

Hedge funds are setting the pace, while demand continues to cluster around the West End. Hedge funds accounted for half of all H1 2026 niche financial transactions, and the West End represented 78.1% of deal activity, although supply pressure in Mayfair & St James's is pushing some firms towards nearby locations such as Soho, Fitzrovia, Marylebone, Victoria and Knightsbridge/Chelsea.

Forward leasing momentum is steady rather than emphatic. Active demand from niche financial firms stood at 1.8m sq ft at the end of Q2 2026, up 5.9% year-on-year, but only 19.0% was under offer or in negotiations, suggesting that near-term take-up may remain measured.

Rental pressure is being reinforced by scarcity. Competition for limited prime space is supporting further rental growth, with West End Core rents forecast to rise by an average of 4.5% per annum to 2030 and similar pressures evident across other core submarkets.

SUPPLY DYNAMICS

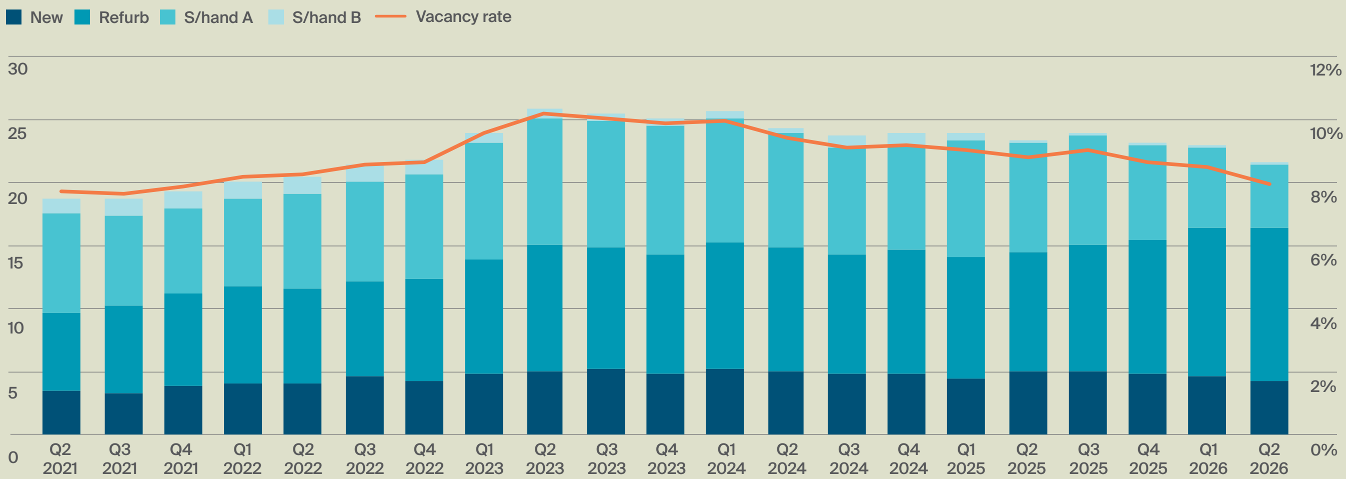
The London office market is now increasingly defined by supply dynamics, rather than the demand side of the equation. The overall level of supply across London fell by 5.8% during Q2 2026, bringing the vacancy rate down to 8.0%. Whilst this remains marginally above the long-term average (7.7%), the downward trend is clear.

Whilst the London-wide context of overall vacancy falling is useful, it masks one of the most significant challenges for occupiers in the London office market, an acute shortage of best-in-class office space in the most desired locations.

At the end of Q2 2026, half of London's submarkets had a vacancy rate for newly built space of 1.0% or less. For niche financial firms, who typically choose to locate in the core submarkets in the best quality space, this lack of choice has become one of the most significant challenges when navigating the London office market.

London – Availability

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



Source: Knight Frank Insight

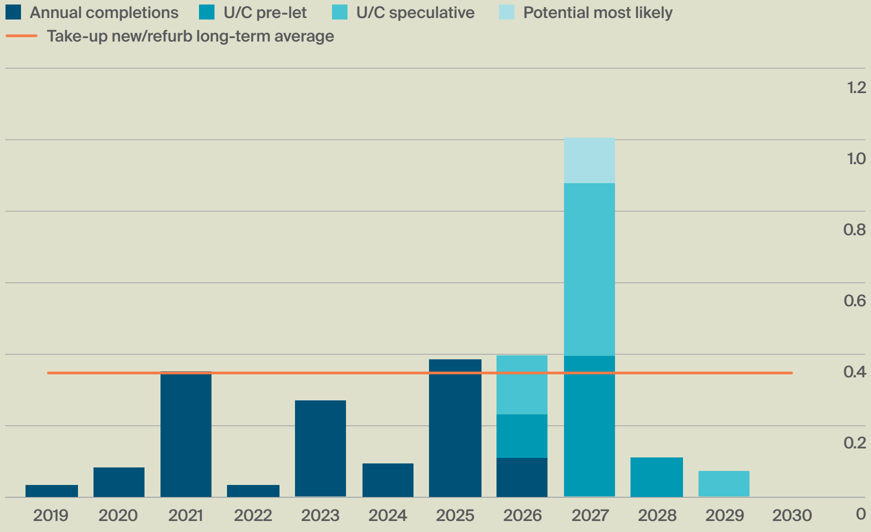
WEST END SUPPLY DYNAMICS

The undersupply dynamic is not universal across London, but in core submarkets demand for best-in-class space has eroded the supply of new or refurbished space. In the West End market, the vacancy rate for newly built space is just 1.5%, but in Mayfair & St James's (the most popular submarket for niche financial firms) this has fallen to just 0.4%.

This undersupply trend is not new but still presents a challenge for niche financial firms looking to relocate or re-commit to Mayfair & St James's, as options of scale and quality are limited. To underline this point, at the end of Q2 2026, there were no immediately available new or refurbished buildings that could provide 80,000 sq ft or more. Whilst transactions of this size in the West End Core are rare, there is demand from niche financial firms for HQ-style buildings that offer the ability to accommodate future headcount growth.

West End Core – Development Pipeline

m sq ft



Source: Knight Frank Insight

SUPPLY FOR THE FUTURE

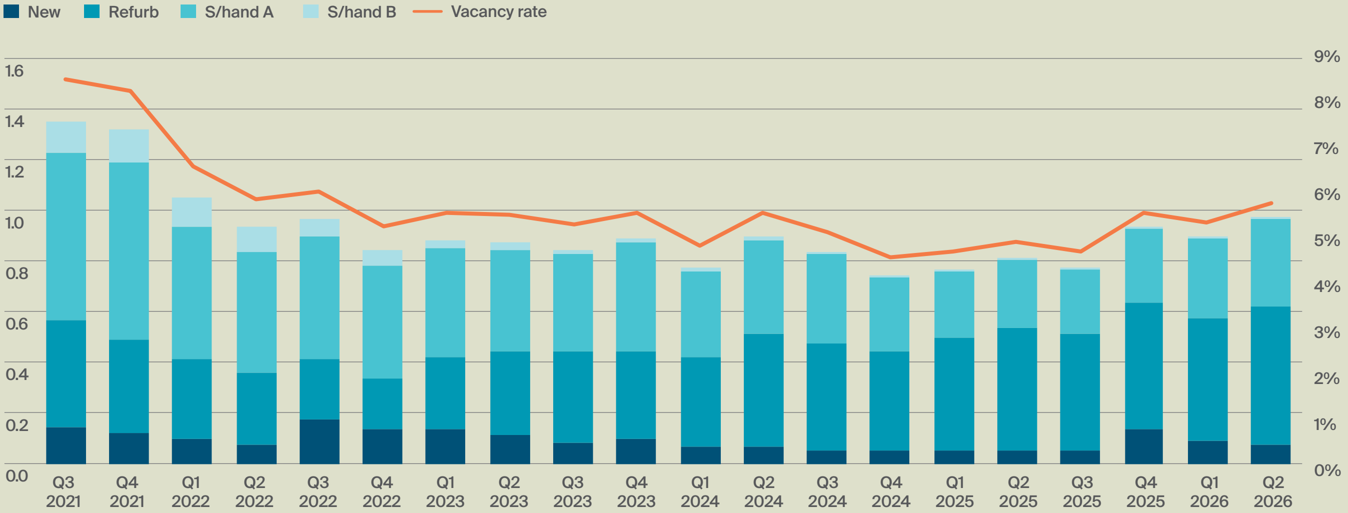
The development pipeline in the West End Core demonstrates that the undersupply issue is unlikely to be resolved in the short to medium term. There is a peak in development completions anticipated in 2027; however, 40% of that space is already pre-let, including Ares Management's new HQ at 1 Hanover Street, W1 (123,968 sq ft) and Blackstone's pre-let of Lansdowne House, Berkeley Square, W1 (231,737 sq ft). Current indicators suggest that pre-let activity for space targeting completion in 2027 will increase, as there are a number of occupiers in advanced negotiations.

In 2028 and beyond, the acute shortage of new or refurbished options coming through will make navigating the West End Core submarket even more challenging – particularly for niche financial occupiers seeking scale as well as quality.

> "There is a peak in development completions anticipated in 2027; however, 40% of that space is already pre-let."

West End Core – Availability

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



Source: Knight Frank Insight

TAKE-UP OVERVIEW

The headline is that leasing activity from niche financial firms in the first half of 2026 is subdued compared to previous years, with 343,265 sq ft let across 32 individual transactions. This means that take-up in H1 2026 was 59% below the same point in 2025 (by volume) or 41% below (by number of transactions).

The main reason for the decline in activity is the absence of larger transactions, which occurred in both 2024 and 2025, where two 100,000 sq ft transactions were concluded in each year (Citadel in 2024 – 275,418 sq ft and Squarepoint in 2025 – 398,227 sq ft). This shift in quantum is exemplified by the decline in average deal size from 13,303 sq ft in 2025 to 10,696 sq ft in H1 2026.

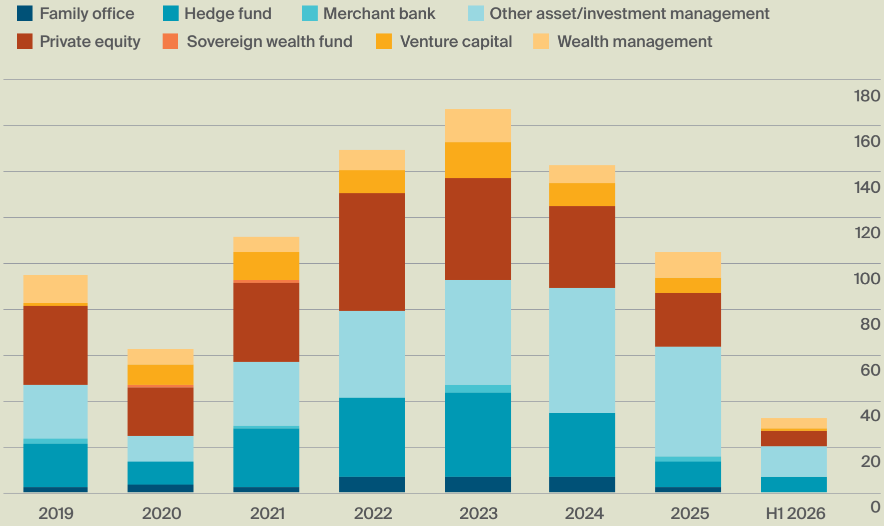
Despite the lower transactional activity, hedge funds were the most acquisitive in the first half of 2026, representing half of all leases signed. Another interesting note on hedge funds is that all recorded deals in 2026 were expansionary. Other investment management firms were the next most active, accounting for a further 30% of H1 2026 take-up. Private equity firms acquired 48,726 sq ft in the first six months of the year, representing 14% of total niche financial activity.

In terms of where niche financial firms are choosing to locate, the West End market remains the most desired market in 2026 to date, accounting for 78.1% of the number of transactions signed. Whilst the West End Core (Mayfair & St James's) retains its crown as the most popular submarket (representing 40.6% of the number of 2026 deals), the demand from niche financial firms has spilled over into the neighbouring districts of Soho, Knightsbridge/Chelsea, Marylebone and Victoria. This trend is not isolated to niche financial firms, as the aforementioned supply shortage in Mayfair & St James's has forced traditional core occupiers to at least consider alternative options.

Activity beyond the West End market in 2026 to date has been limited to one other submarket, the City Core. In previous years we have seen large-scale niche financial firms opt for the scale and quality of office space on offer in the Square Mile, but this has not (yet) transpired in 2026. Instead, just seven transactions have signed within the City Core in the first half of 2026, totalling 94,503 sq ft.

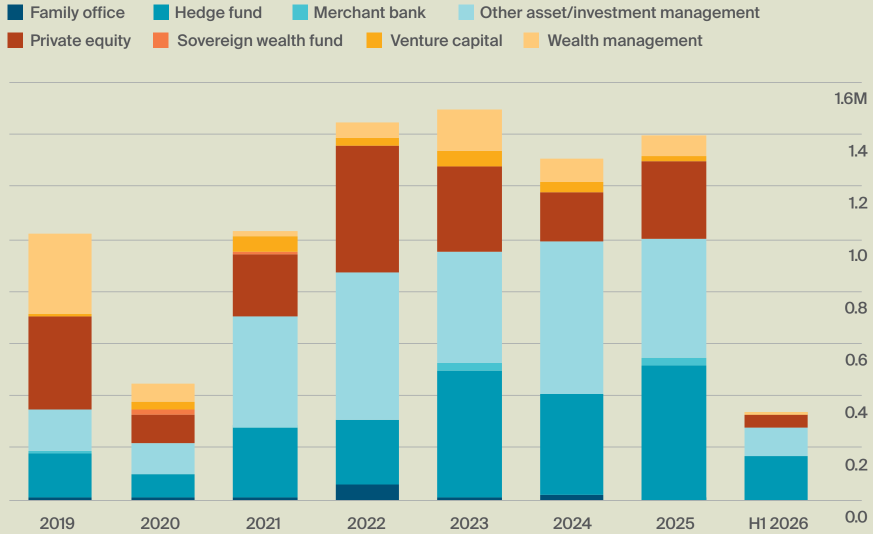
Niche financial occupiers have continued to prioritise quality space. In H1 2026, new or refurbished offices accounted for 77.0% of take-up, broadly consistent with the previous two years, although preferences varied by sub-sector. Hedge funds were the most quality-focused, with every transaction in 2026 to date involving new or

Take-up by sub-sector
2019-H1 2026 (No. of Deals)



Source: Knight Frank Insight

Take-up by sub-sector
2019 - H1 2026 (sq ft)



Source: Knight Frank Insight

> "This means that take-up in H1 2026 was 59% below the same point in 2025 (by volume) or 41% below (by number of transactions)."

refurbished accommodation. Private equity firms showed a similar bias towards best-in-class space, with 90.4% of leasing activity concentrated in new or refurbished offices. By contrast, other investment management firms adopted a more balanced approach, with 43.2% of take-up in new or refurbished space and 56.8% in second-hand Grade A accommodation. Wealth managers also leaned towards second-hand Grade A space, which represented 79.7% of their H1 2026 activity, while venture capital firms targeted only second-hand Grade A offices, albeit from a much lower base by volume.

ACTIVE DEMAND

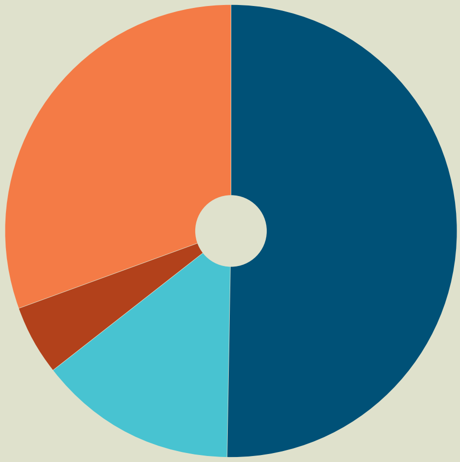
Active demand for requirements of 10,000 sq ft or more across the wider London office market reached a record 14.3m sq ft at the end of Q2. Within niche financial services, the picture is more measured: active demand stood at 1.8m sq ft across 33 individual searches, up 5.9% year-on-year. This points to a sector that remains resilient, but where the forward pipeline of leasing activity is steady rather than especially strong.

In terms of which sub-sectors are driving this forward-looking demand, other investment management firms represent the largest share, accounting for 64.5% of current requirements (1.16m sq ft). This is somewhat misleading, as it includes BlackRock's requirement for up to 800,000 sq ft which distorts the figures significantly. Beyond that, the remaining active demand is relatively evenly distributed across the other niche financial sub-sectors. At the end of Q2 2026, there was 252,000 sq ft of active demand from hedge funds, 235,000 sq ft from private equity firms and 143,000 sq ft from wealth managers.

> "Within niche financial services, the picture is more measured: active demand stood at 1.8m sq ft across 33 individual searches, up 5.9% year-on-year."

H1 2026 take-up by sub-sector

Hedge fund	50%
Private equity	14%
Wealth management	5%
Other investment management	30%



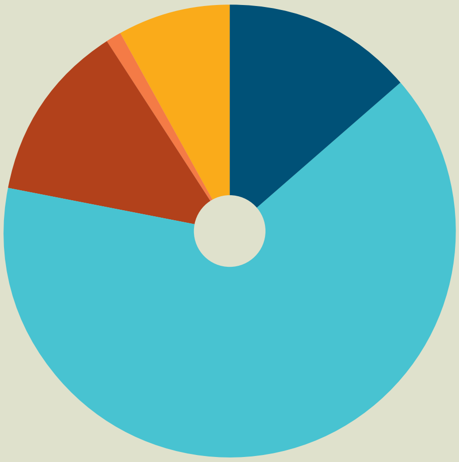
Source: Knight Frank Insight

OCCUPIER	SUB-SECTOR	LOCATION	SQ FT	MOTIVATION
Verition Advisors	Hedge fund	Lucent, 1 Sherwood Street, W1	49,287	Expansion
Sona Asset Management	Hedge fund	Pegasus, W1	41,055	Expansion
GHO Capital	Private equity	33 Jermyn Street, SW1	28,408	Expansion
Pharo Management	Hedge fund	105 Victoria Street, SW1	21,358	Expansion
Arrow Global	Other investment management	1 James Street, W1	17,081	Expansion

Source: Knight Frank Insight

Active demand by sub-sector
Q2 2026

Hedge fund	14%
Other investment management	65%
Private equity	13%
Venture capital	1%
Wealth management	8%



Source: Knight Frank Insight

"This growth seems set to continue, with prime rents in the West End Core set to rise by an average 4.5% per annum until the end of 2030."

Another element of the active demand data that suggests that take-up from niche financial firms might be subdued in the second half of 2026 is the proportion of active requirements that are in negotiation or under offer Just 19.0% (342,000 sq ft) of total active demand at the end of Q2 2026 was either in negotiations or under offer on their chosen option, meaning that the remaining 1.5m sq ft are requirements still in the early stages.

It is worth noting that the majority of niche financial take-up is below the 10,000 sq ft threshold for our tracking of active demand. In 2026 to date, sub-10,000 sq ft take-up represented 68.8% of all activity. This suggests that the 1.8m sq ft of active demand somewhat understates the potential levels of future demand.

PRIME RENTS

Prime rents have continued to move higher across London's most supply-constrained submarkets, reflecting the imbalance between resilient demand and limited availability of best-in-class space. This is most evident in locations where occupiers are competing for new or recently refurbished buildings with strong sustainability credentials, high-quality amenities and proximity to transport and client networks.

For niche financial firms, who typically choose to locate in the West End Core (Mayfair & St James's), the resilient levels of demand combined with the acute shortage of quality space available has resulted in significant upward pressure on headline rents. This growth seems set to continue, with prime rents in the West End Core set to rise by an average 4.5% per annum until the end of 2030.

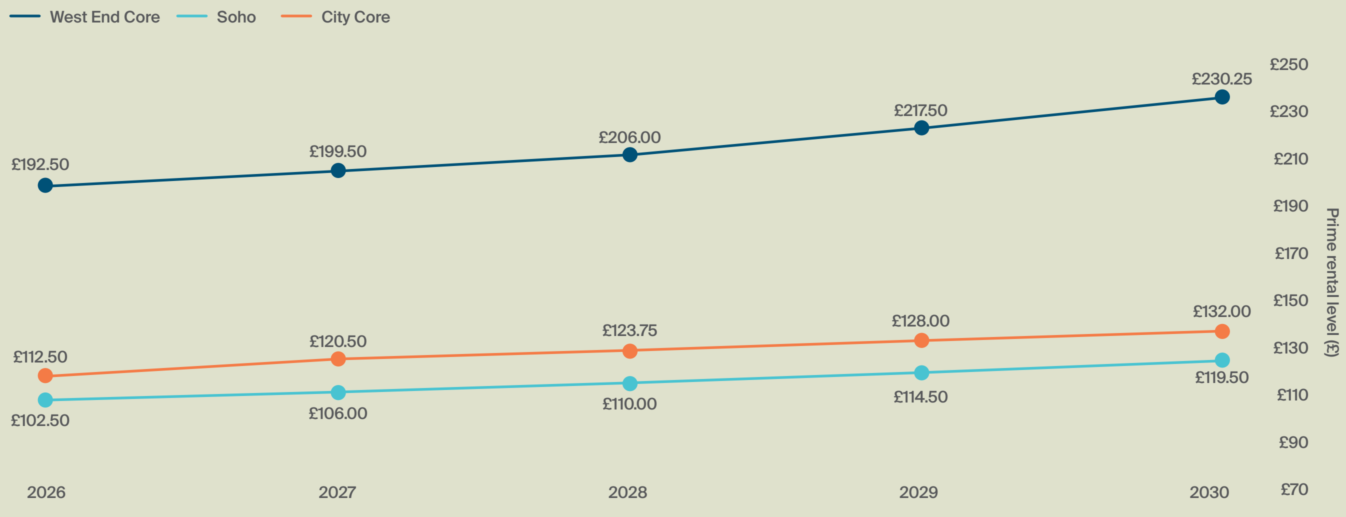
This growth is also apparent outside of Mayfair & St James's, albeit at lower levels. In nearby Soho, where some niche financial firms have recently relocated, prime rents are forecast to rise by 3.6% per year, reaching £132.00 per sq ft by the end of 2030. The City Core is set to see the highest average growth of all London submarkets over the next five years (5.2% per annum). Whilst the vast majority of niche financial firms will opt for the West End market, the challenges surrounding rental increases apply to the majority of core submarkets.

THINK BEYOND HEADLINE RENTS

Two further policy and cost issues should be factored into occupier decision-making. First, the forthcoming ban on upward-only rent reviews will remove a long-standing feature of commercial leases in England and Wales, allowing rents in new leases to move down as well as up at review. While this may appear tenant-friendly, its near-term effect could be to make negotiations more complex. Landlords may seek to protect income certainty through higher starting rents, different review structures or tougher commercial terms, particularly in supply-constrained submarkets where occupier choice is already limited. For niche financial firms, the risk is

"Whilst the vast majority of niche financial firms will opt for the West End market, the challenges surrounding rental increases apply to the majority of core submarkets."

Prime rental forecast: 2026-2030



Source: Knight Frank Insight

that greater theoretical flexibility is offset by less predictable lease pricing and reduced scope to negotiate favourable terms in prime buildings. For more information on the ban, *read our insight here*.

Second, the 2026 business rates revaluation adds another layer of occupational cost pressure. Rateable values are being reset to reflect the stronger post-pandemic rental market, and London offices have seen notable increases, with particularly acute pressure in locations such as the West End. Knight Frank data shows that rates payable for a typical Mayfair & St James's occupier are set to increase by 14%, adding materially to total occupancy costs in a submarket where prime rents and new-build vacancy are already stretched. This makes affordability analysis more important: firms comparing renewal, relocation or pre-let options will need to model rent, incentives, fit-out, service charge and rates together.

Key advice for niche financial occupiers

- **Start the search process early.** With new-build vacancy in Mayfair & St James's at just 0.4% and a limited development pipeline beyond 2027, occupiers seeking best-in-class space should allow longer lead-in times than in previous cycles.
- **Be clear on what is genuinely non-negotiable.** Quality remains the priority, but scarcity means firms may need to distinguish between must-haves such as floorplate, specification and ESG credentials, and preferences such as exact street or micro-location.
- **Look beyond the traditional West End Core.** Mayfair & St James's will remain the default target for many niche financial firms, but neighbouring locations such as Soho, Marylebone, Victoria and Knightsbridge/Chelsea may offer better choice, value or flexibility.
- **Consider pre-let opportunities where scale is required.** For firms with larger requirements or future headcount growth, the lack of immediately available HQ-style buildings means engaging with the pipeline may be more effective than waiting for existing supply.
- **Budget for continued rental growth.** Prime rents are forecast to rise across core submarkets, so early decision-making and realistic affordability assumptions will be important in avoiding further cost escalation.

Global markets: Five markets, six common themes

The conditions defining London are now global: prime space is scarce, the right address is non-negotiable, and timing has become the key strategic lever. Across five markets, firms are treating renewals as deliberate choices, locking in growth before they need it, and writing briefs that vary sharply by sub-sector.

The experts

We surveyed our global market experts on office market dynamics and niche financial activity to identify common trends across markets and highlight local differences.

New York
Gregg Cohen, Principal in Cresa's New York office

London
Julian Woolgar and James Fairweather, Partners, London Tenant Representation

Hong Kong
Wendy Lau and Jonathan Wright, Hong Kong Office Strategy & Solutions

Singapore
Tridiana Ong, Head, Occupier Strategy and Solutions, Singapore

Middle East
Adam Wynne, Partner and Head of Commercial Agency, United Arab Emirates

FIVE MARKETS, ONE TABLE

All adviser commentary from the interviews, consolidated.

MARKET	PREFERRED LOCATION	SCARCITY & TIMING	RENEWAL PICTURE	SECURING GROWTH
New York	Plaza District and Midtown. Supply challenges have led some movement to Midtown South.	Very little suitable space, particularly in the top 50 buildings. The advice is to plan ahead and understand early renewal and expansion options.	Renewals are increasing because viable alternatives in preferred buildings are limited.	Firms take up growth space early, with the option to sublet short-term until it is needed. De-densification is a common theme.
London	Mayfair and St James's; City for some larger asset managers.	At the end of Q2 2026, half of London's submarkets had a vacancy rate for newly built space of 1.0% or less.	The lack of choice, particularly for large-scale space requirements in core locations, means that a strategic 'stay put' can often work. Last-minute renewals, however, rarely provide optimum outcomes. Where expansion is a key issue, a relocation is often the only long-term option.	Some occupiers deliberately over-acquire to avoid being split across sites as teams grow, and others are placing teams in multiple locations.
Hong Kong	Buildings in Central are where most niche financial firms target, particularly Core Central. Sheung Wan, Admiralty and, increasingly, West Kowloon are being considered as alternative locations as availability tightens.	While the current market still offers a valuable window to reposition, upgrade or lock in attractive terms, prime central availability is tightening, meaning the strongest opportunities may not remain available indefinitely. Occupiers should start negotiations early, test multiple submarkets and focus on buildings that offer accessibility, flexibility and expansion capacity.	Where growth, branding or recruitment considerations are critical, firms are more willing to relocate. Where business operations are stable, renewals remain the norm.	Larger occupiers are increasingly seeking larger floorplates and more flexible lease structures, reflecting a more forward-looking approach to headcount growth and business expansion. Competition for space is increasing as mainland-linked wealth, private banks, family offices, Middle Eastern institutions, and IPO-related businesses expand.
Singapore	Marina Bay and Raffles Place; selected CBD alternatives. These locations include Beach Road and Marina Centre.	Limited availability of prime CBD space raises the value of securing future occupancy early.	The balance has tipped towards staying put, although not always by choice. The tipping factors are availability and the need for expansion space.	Occupiers increasingly request flexibility, including expansion options within the building.
Middle East (Abu Dhabi, Riyadh and Dubai).	DIFC, ADGM and KAFD. In Abu Dhabi, the expansion of the ADGM is broadening the market, while in Dubai, some niche financial occupiers are spilling into Downtown, One Central and Business Bay due to zero vacancy in the DIFC. In Riyadh, some firms are moving towards the northern districts.	Secure pipeline space before it physically exists. The firms winning are deciding 18 months out. The ones renewing by default are the ones who started looking when their break clause arrived.	In Dubai, lease renewals rose by around 11%.	Firms unable to secure permanent growth space are using interim managed offices while pre-committed floors are built.

Common themes

The interviews revealed six common themes across all markets.

1 THE ADDRESS IS LARGELY NON-NEGOTIABLE

Across all five markets, one conclusion was clear: being in the right location is a core priority. A prestigious location and quality building can strengthen recruitment and retention, support client relationships, reinforce identity and signal long-term commitment. Where the right quantum and quality of space are unavailable in the preferred location, some firms are considering alternative submarkets.

2 SCARCITY MAKES TIMING STRATEGIC

Suitable space in preferred locations is scarce in most markets. Occupiers must act sooner or risk being unable to expand or relocate on acceptable terms. Local market knowledge and visibility of the office supply pipeline are essential to provide a complete view of the available options. These may include novel solutions such as off-market opportunities, ways to work with the existing landlord to improve the current space or value opportunities that can arise when larger organisations release space as part of portfolio optimisation programmes.

> "The firms winning are deciding 18 months out. The ones renewing by default are the ones who started looking when their break clause arrived."
>
> Adam Wynne, Partner and Head of Commercial Agency, United Arab Emirates

3 RENEWAL SHOULD BE A STRATEGY, NOT A DEFAULT

Renewals are increasing as suitable alternatives become more limited and relocation costs rise. Staying can minimise disruption and create opportunities to improve the existing workplace with landlord support. But firms should test whether the space still supports their business strategy, growth and user needs. Starting early preserves leverage and ensures renewal remains a strategic choice, rather than the result of limited time or alternatives.

4 GROWTH IS BEING SECURED BEFORE IT IS NEEDED

Advisers in all but one market report expansion-led demand, supported by fund performance, foreign direct investment and sub-sector growth. In addition, high office attendance has limited the scope to reduce square footage. In some markets, niche financial firms are looking to de-densify by creating larger breakout and collaboration areas and more space between desks. Three real estate strategies are emerging:

Take more space than needed
First, firms are taking more space than they immediately need, balancing the cost of surplus capacity against the option to sublet it later.

Negotiate expansion rights
Second, more are negotiating expansion rights into leases.

Choose in-building flex
Finally, some are choosing buildings with flexible workspace that can provide overflow capacity.

5 DIFFERENT STRATEGIES REQUIRE DIFFERENT FLOORS

Hedge funds and quantitative managers prioritise sightlines, efficient floorplates, low-latency connectivity, power, resilience, security and discretion. Private equity, private credit, advisory firms and family offices place greater weight on privacy, hospitality and client suites. A firm's growth stage also matters: smaller firms often favour fitted, move-in-ready offices, while bespoke space remains the ambition at scale.

Hedge funds & quantitative managers

- Sightlines
- Efficient floorplates
- Low-latency connectivity
- Power, resilience
- Security and discretion

PE, private credit, advisory & family offices

- Privacy
- Hospitality
- Client suites
- Fitted, move-in-ready at smaller scale
- Bespoke space as the ambition at scale

6 THE BRIEF COMBINES INFRASTRUCTURE, PERFORMANCE AND TALENT

Criteria that were secondary three years ago now shape the initial shortlist. Heavy computing loads have increased scrutiny of power, connectivity, operational resilience, cybersecurity, and data security. Sustainability certification has also become a qualifying filter, driven by regulation and institutional investors, although its importance varies by market, investor expectations and whether a firm has public ESG targets. In some cases, the emphasis is shifting from broad sustainability credentials towards measurable energy efficiency.

Wellness features are now routinely specified. Amenities have followed, from terraces and roof gardens to end-of-trip facilities and in-building gyms. The office must be more than a row of desks; it must be a destination that delivers an exceptional and prestigious end-user experience that actively supports talent retention and recruitment.

Alpha, automated

How AI is reshaping niche finance and the offices it occupies

AI adoption across niche finance is moving from experimentation to business-aligned deployment and from generative to agentic AI. Firms are embedding priority applications into repeatable workflows, supported by more formal testing and governance. Adoption is already widespread: AIMA found that 95% of alternative investment managers used generative AI in 2025, while Affinity reported that 85% of private-capital dealmakers use it to automate daily tasks. The question is no longer whether to adopt AI, but where it creates value, how work should be redesigned and which capabilities firms will need. The effects will extend from individual tasks to skills, organisational structures, competition and real estate, with their scale determined by data quality, investment capacity, regulation and, above all, a firms' ability to redesign work rather than simply add new tools.

TASKS, WORKFLOWS, AND ORGANISATIONAL STRUCTURES

AI's most immediate effect is to compress research, administration and other information-intensive work. Screening, summarisation, drafting, modelling, reconciliation and first-pass analysis can increasingly be completed faster and at lower cost.

Ethos Capital shows how far this may extend. Its AI assistant, Petra, makes the first assessment of every pitch, scoring investments against preferred metrics, identifying risks and analysing the market and management team. Ethos says work that once took two to four weeks can now be completed in about 30 minutes.

The investment decision is not automated. Petra assembles evidence and accelerates analysis so the deal team can focus on questions requiring experience. This division of labour is likely to become common: professionals will spend less time organising information and more time interpreting, challenging and applying it.

95%

of alternative investment managers used generative AI in 2025, up from 86% in 2023 (AIMA)

85%

of private capital dealmakers now use AI to automate daily tasks (Affinity)

68%

of wealth professionals already view AI as important to their business (MSCI)

5%

of asset managers allow AI to act autonomously or semi-autonomously on investment decisions (Mercer)

THE IMPACT VARIES BY SUB-SECTOR

Hedge funds

Greater use of AI within research, coding and trading workflows, increasing integration between portfolio managers, engineers and quantitative specialists

Private equity

Faster sourcing, due diligence and portfolio monitoring, enabling leaner deal execution and broader opportunity coverage

Venture capital

Enhanced company discovery, founder mapping and market intelligence, allowing smaller teams to cover larger ecosystems

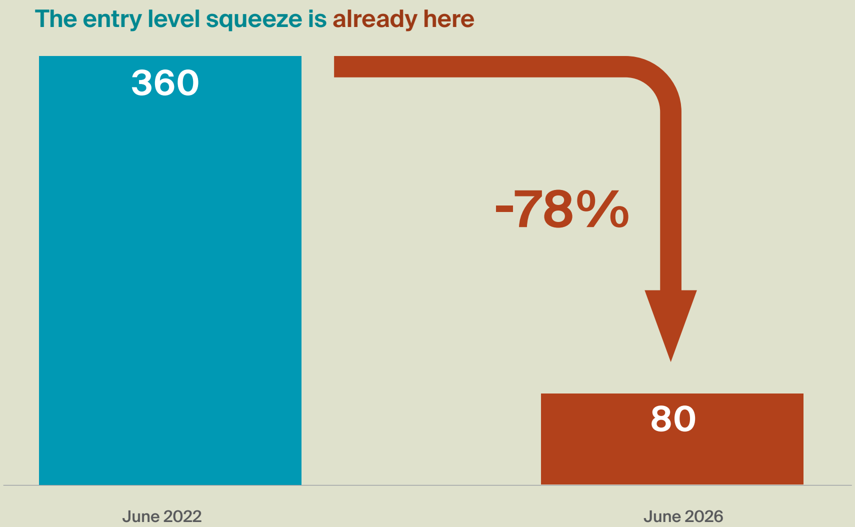
Asset management

Increased automation of research, reporting, compliance and operational processes

Wealth management

More efficient client preparation, communications and portfolio analysis, allowing advisers to spend more time on relationships and complex advice

Headcount and skills: selective compression, not uniform contraction



Advertised London financial analyst vacancies. Source: Adzuna, cited in report

> "Firms will need more deliberate mentoring, coaching and earlier exposure to decisions, clients and live transactions."

HUMAN JUDGEMENT REMAINS DECISIVE

AI can digest large datasets, identify patterns and screen investments, but it cannot readily reproduce the trust, discretion and contextual judgement on which private markets depend.

Private equity decisions, for example, draw on assessments of management teams, confidence in operating partners, accumulated experience and proprietary intelligence from founders, customers and competitors. Much of this is qualitative and absent from formal datasets.

AI can also produce persuasive conclusions from incomplete information or flawed assumptions. Professionals must therefore understand both the investment context and the technology's limitations. The emerging model is hybrid: AI undertakes more information-intensive work while people remain accountable for interpretation, relationships and final decisions.

SKILLS, CAREER PATHWAYS AND HEADCOUNT

This changing division of labour creates a development challenge: many of the tasks most exposed to automation are also those through which junior employees learn. Reviewing documents, building models and preparing initial analysis teach them to spot inconsistencies, understand commercial relationships and develop judgement.

Firms will need more deliberate mentoring, coaching and earlier exposure to decisions, clients and live transactions. Junior professionals must understand how analysis is constructed, not merely interpret an AI-generated conclusion. The ability to challenge AI will become a core professional skill, requiring enough technical and sector knowledge to recognise errors, missing context and conclusions that warrant further investigation.

These changes will reshape recruitment and team structures. Productivity gains may slow hiring, reduce support roles, redirect employees towards higher-value activity or enable growth without equivalent increases in staffing.

The likely outcome is selective compression rather than uniform contraction: fewer people undertaking routine research and preliminary analysis, but greater demand for senior investment professionals, data specialists and employees combining financial and digital expertise.

Recruitment data offer an early indication. Adzuna reported that London financial analyst vacancies fell from around 360 in June 2022 to 80 in June 2026, while the Greater London Authority identifies finance and investment analysts among the occupations most exposed to generative AI. Senior investment professionals appear much less exposed.

Workforce forecasts should therefore assess recruitment, attrition, workforce composition and career pathways rather than equating automatable tasks with immediate job losses. One firm may use productivity gains to expand; another may recruit less and concentrate work among fewer, more experienced employees.

PERFORMANCE, CAPITAL AND COMPETITION

These shifts in capability and cost will also reshape competition. Smaller specialists can gain research and analytical capacity once confined to larger organisations, allowing lean teams to expand coverage and process more opportunities.

Yet the fixed costs of proprietary data, integration, computing, cybersecurity and governance may continue to favour scale. Large platforms and focused boutiques could prosper, while undifferentiated mid-sized firms face pressure to invest, specialise, partner or consolidate.

Capital is shifting towards technology, particularly among larger firms with more capital to invest. KPMG found that surveyed asset managers and private equity firms with annual revenues above $1 billion expected to invest an average of $103 million in AI over the following year; 96% of hedge fund managers planned to increase their AI budgets in 2026.

Together, changing workflows, workforce profiles and investment priorities will alter not only how firms operate, but what they require from their offices.

WHAT AI MEANS FOR REAL ESTATE

1. More varied and adaptable workplaces

The workplace impact extends beyond desk numbers. As routine production is automated, offices gain importance as settings for interaction, judgement, learning, client engagement and complex decisions.

Workplaces, therefore, need a wider range of settings: focused analytical environments, project rooms, confidential meeting spaces, high-quality client areas and places for coaching and collaborative learning. Uniform desk provision will become less appropriate as team structures and activities diversify.

This also strengthens the case for more flexible leasing strategies. Firms will need the ability to scale up or down as AI changes team size and composition, and to reconfigure offices as workflows evolve.

2. Digital resilience becomes a property criterion

Most niche financial firms will access AI through the cloud rather than house significant computing infrastructure in their offices. Yet growing concerns over intellectual property, data security and AI-enabled threats could push some firms towards on-site or near-site solutions. Whichever model they choose, AI will raise the infrastructure bar, increasing demand for power, resilience, connectivity and secure technology environments.

These requirements should be tested before a shortlist is narrowed, not treated as technical details to resolve after selection. WiredScore's framework provides a practical basis for assessing digital resilience.

3. The building becomes an active management system

AI can also improve office operations. Occupancy analytics can test whether teams have the right types of space, while sensors adjust temperature, ventilation and lighting to actual demand, reducing energy use without compromising experience.

Predictive maintenance can identify faults before they interrupt critical operations, and digital twins can test changes to layouts, occupancy and building systems before implementation. The building becomes an active management system supporting resilience, efficiency and employee experience.

4. The office remains a talent magnet

Automation does not diminish the importance of talent; it changes the capabilities firms compete for. Demand is likely to rise for people combining finance, investment, technology and data expertise.

Workplace quality will remain an important recruitment and retention tool. Effective offices will combine technical resilience with hospitality, wellbeing, learning and social amenities, reinforcing their role as destinations for culture, collaboration and professional development.

CONCLUSION

AI will automate and accelerate meaningful parts of niche financial work, but it will not produce an autonomous investment industry. Its greatest value will come from combining faster analysis with the judgement, trust and accountability that generate sustainable alpha.

Employment effects will be uneven, changing recruitment, team composition and career paths before necessarily reducing total headcount. Property strategies should therefore support high-value human activity and resilient digital operations without relying on a single workforce forecast.

WiredScore Framework: Attributes of an AI-ready building

Digital resilience

High bandwidth, low-latency connectivity, diverse fibre routes, and reliable indoor mobile coverage

Physical resilience

Protected electrical systems, backup power and safeguards against outages, overheating and flooding

Cyber resilience

Segmented networks, controlled supplier access and continuous monitoring

Five actions for real estate decision-makers

1. Plan for a range of workforce outcomes

Model alternative scenarios for headcount, recruitment, team composition and AI maturity, testing how each would change the amount and type of space required.

2. Build flexibility into the lease and workplace

Secure expansion, contraction and reconfiguration options, using fitted or managed space where it improves speed and optionality.

3. Design around the work that gains value

Audit the workplace against future high-value activities, including focused analysis, confidential decisions, client interaction and collaborative learning.

4. Make digital and power resilience a threshold requirement

Set minimum requirements for connectivity, electrical capacity, cooling, cybersecurity and operational resilience before narrowing the property shortlist.

5. Join up people, technology and property decisions

Establish a cross-functional governance group spanning business leadership, technology, risk, compliance, human resources, operations and property.

Definitions

Prime/highest-quality space	The best quality buildings. This type of space is new or comprehensively refurbished, rich in amenities and located in the most desirable locations.
Cat A+	Landlord-delivered, tenant-ready office space. Typically comes fully furnished with desks, meeting rooms, breakout areas and active IT infrastructure installed. It is sometimes called “plug-and-play”.
DIFC, ADGM and KAFD	Financial districts in the Middle East. DIFC (The Dubai International Financial Centre), ADGM (The Abu Dhabi Global Market), KAFD (King Abdullah Financial District).
De-densification	De-densification describes the shift towards providing more space per employee and allocating a greater proportion of the workplace to collaboration, focus, client-facing and amenity areas rather than desks. As a result, office density falls, but the workplace often becomes more effective at supporting productivity, talent attraction and business performance.
Expansion rights/options	A lease clause giving a tenant a legal right to acquire additional space in a building at a future date under pre-arranged terms.
Vacancy rate	Total volume of physically vacant or available space, expressed as a percentage of total cumulative stock.
Managed offices	A managed office has similarities to a serviced office, as flexibility is built into the lease and a third party operates the office. However, while you have to take a serviced office as you find it, a managed office gives you the freedom to tailor the space to meet your business’s requirements.
Artificial Intelligence (AI)	Technology enabling machines to perform tasks normally requiring human intelligence, including analysis, prediction and language generation.
Generative AI (GenAI)	A subset of AI that can create new content — text, analysis, summaries — from large datasets. Large language models (LLMs), trained on vast text datasets, are the engine of most generative tools.
Agentic AI	AI systems capable of executing multi-step tasks autonomously, orchestrating whole workflows rather than just generating outputs.

Recent research

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

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