South East and Greater London Offices

Q2 2025

Investment, Development & Occupational Markets

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Key takeaways

1

Although take-up in Q2 was 6% below the five-year quarterly average, activity in the first half of 2025 registered a 17-year high.

2

In 2025, 54% of total take-up has been at out-of-town locations.

3

In the first half of the year, TMT occupiers leased 22% of total space across the region, the highest share of any sector.

4

Investment activity remains subdued, with smaller-sized acquisitions once again driving activity.

5

Prime office pricing held steady in Q2, with yields remaining at 7.00%.

Executive Summary

TAKE-UP RISES TO A 17-YEAR HIGH IN H1

Occupier activity across the South East and Greater London remained resilient in Q2, although overall take-up, at 787,337 sq ft, was 6% below the five-year quarterly average. Nonetheless, thanks to a strong start to the year, H1 leasing volumes reached 1.9m sq ft, 15% above H1 2024 and the highest first-half total since 2008.

A standout feature of H1 2025 has been the elevated deal count. A total of 172 transactions were completed, 46 percent above the five-year H1 average of 117. This increase reflects renewed confidence in the market following a period when many occupiers paused decisions regarding space requirements.

BUSINESS PARKS SECURE LARGER REQUIREMENTS

While caution remains the prevailing approach for many firms, occupier activity in 2025 suggests a steady increase in those entering the market with clearer space requirements. This shift has resulted in more decisive leasing, especially in larger-scale transactions.

In H1, four deals over 50,000 sq ft were completed, signalling sustained demand for substantial floorplates. Notably, three of the year's largest transactions occurred on business parks, pushing total take-up in this segment close to 1m sq ft, representing 54% of all take-up across the South East.

Over a rolling 12-month period, out-of-town locations have proven particularly active, accounting for six of the seven transactions above 50,000 sq ft. This highlights their continued appeal to occupiers seeking scale, flexibility, and accessibility.

TMT SET TO DRIVE FUTURE ACTIVITY

The largest deal in Q2 was secured by the Premier League's new in-house media operation, Premier League Studios, which leased 73,000 sq ft at One Olympia, with occupancy beginning in the 2026/27 season. This transaction helped the TMT sector account for 27% of total take-up in the South East during the quarter.

In the first half of the year, TMT occupiers leased 22% of total space across the region, the highest share of any sector.

With technology-related employment in the South East forecast to grow by nearly 1.8% per year through to 2030, well above the national average, the region is expected to remain at the forefront of the UK's next wave of innovation and digital transformation.

This outlook aligns with the UK Government's Invest 2025 strategy, which prioritises support for high-growth industries including tech, media, and digital infrastructure. The initiative aims to scale regional innovation, accelerate investment into emerging technologies, and build a future-ready digital workforce, all of which are expected to reinforce the South East's role as a key contributor to the UK's global tech leadership.

VOLUMES REMAIN LOW, BUT MARKET ACTIVITY IS IMPROVING

Investment volumes in Q2 totalled £230m across 26 transactions, with smaller-sized acquisitions once again driving activity. The headline deal was STR Capital's £32.5m purchase of Lotus Park in Staines, which also represents the largest transaction completed in 2025 so far.

There are encouraging signs of momentum, with nearly £300m of assets either under offer or recently exchanged by quarter-end. At the same time, available stock approached £800m, suggesting that vendor expectations are becoming more in line with market realities.

MARKET EXPECTATIONS BEGINNING TO ALIGN

Prime office pricing held steady in Q2, with yields remaining at 7.00%. After a period of significant repricing, investor interest is beginning to return, particularly where asset values have adjusted to reflect current macroeconomic conditions.

As buyer and seller expectations continue to converge, more properties are coming to market at realistic price points, helping to unlock previously delayed capital. This shift is supporting renewed activity, especially in core South East locations, where market fundamentals remain robust.

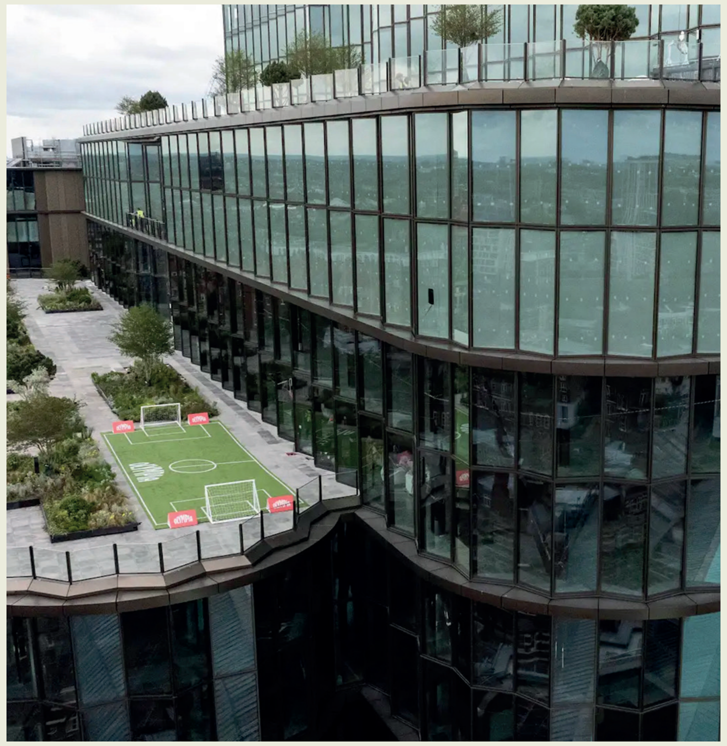
Occupier market

Despite Q2 take-up dipping slightly, leasing volumes have hit a 17-year high for an H1 period, underpinned by an elevated deal count and improving occupier confidence.

SOUTH EAST TAKE-UP

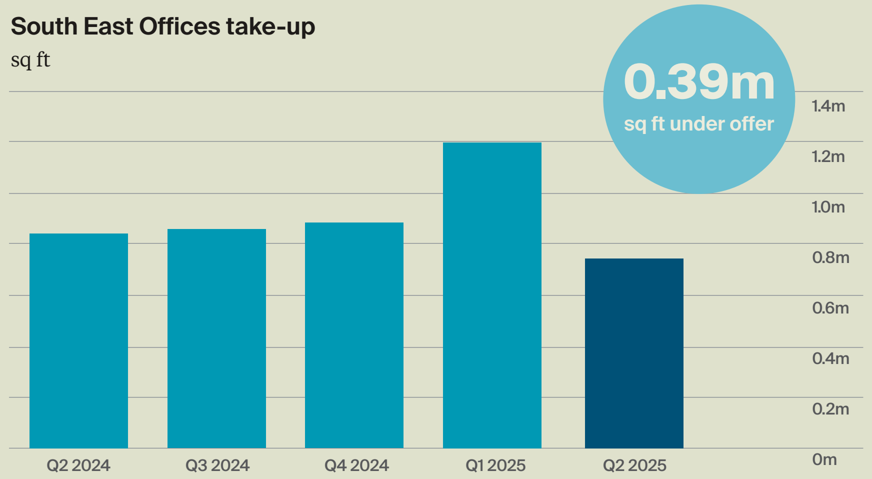
Q2
0.79m sq ft
▼ 29%
Q-on-Q

H1
1.9m sq ft
▲ 15%
Y-on-Y



One Olympia, Hammersmith taken by Premier League

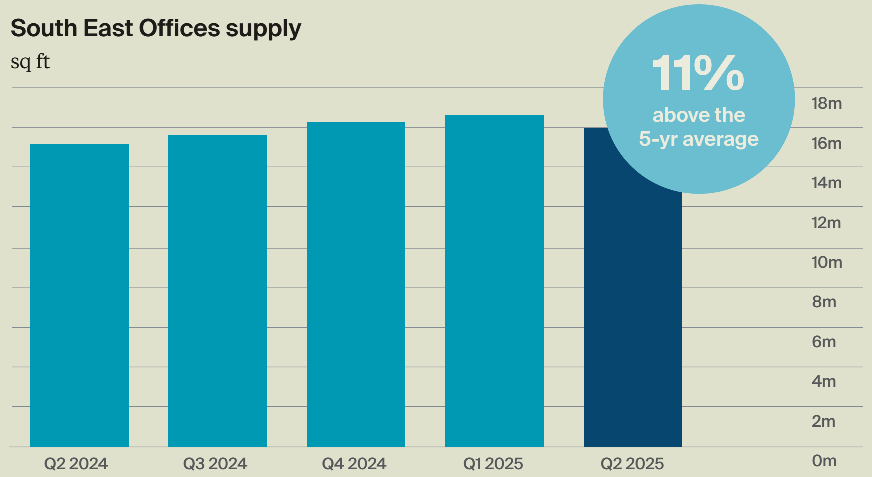
South East Offices take-up
sq ft



Source: Knight Frank Research

RODDY ABRAM
Demand for new and refurbished offices continues to show steady improvement, with standout transactions reflecting pent-up demand from organisations that can delay commitments no longer.

South East Offices supply
sq ft



Source: Knight Frank Research

JACK RILEY
The supply landscape continues to evolve, with the gap between Grade A and B vacancy at its widest in 11 years. Notably, around one-third of available space no longer meets the expectations of today's occupiers.

Take-up and supply Q2 2025

	TAKE-UP (SQ FT)	TAKE-UP (VS Q1 2025)	SUPPLY (SQ FT)	SUPPLY (VS Q1 2025)	VACANCY RATE
SE	787,337	▼ -29%	15.9m	▼ -4% New and Grade A space: 66%	10.1% New and Grade A space: 6.7%
M25	481,858	▼ -15%	10.8m	▲ 1% New and Grade A space: 68%	11.1% New and Grade A space: 7.4%
M3	170,731	▼ -20%	2.8m	▼ -2% New and Grade A space: 67%	9.9% New and Grade A space: 6.6%
M4	288,524	▼ -48%	7.3m	▲ 3% New and Grade A space: 76%	13.9% New and Grade A space: 10.6%

Source: Knight Frank Research

Key Occupier transactions Q2 2025

ADDRESS	SIZE SQ FT	OCCUPIER	RENT £ PER SQ FT
One Olympia, Hammersmith	73,152	Premier League	£56.00
Building 6, Chiswick Park	48,322	Worley Parsons*	£49.10
Building 1, Meadows Business Park, Camberley	35,275	Romans Group UK	£28.50
1240 Arlington Business Park, Reading	34,420	Amentum	£33.00
One Farnham Road, Guildford	27,416	Larian Studios	Freehold Purchase

Source: Knight Frank Research
*Assignment

Prime Rents

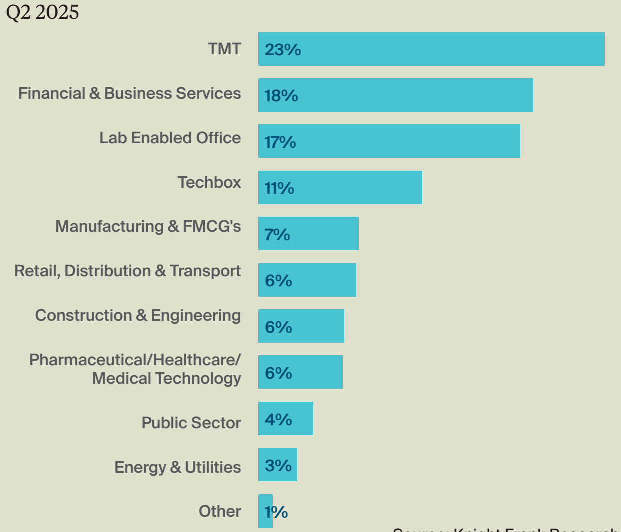
£ per sq ft

ACTIVE DEMAND: 4.74M SQ FT

Named demand in the South East

Active named demand by sector

Q2 2025



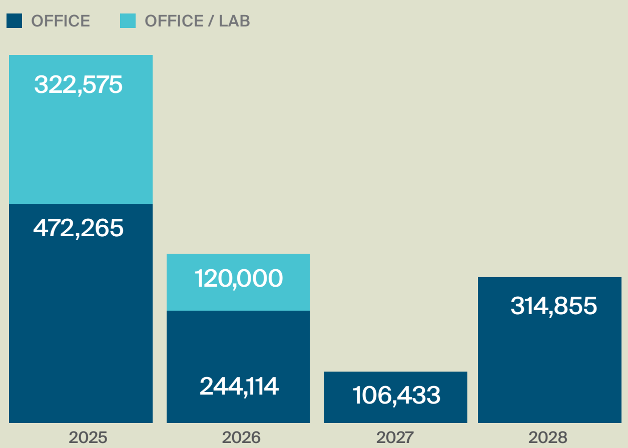
Source: Knight Frank Research

DEVELOPMENT: 2.0M SQ FT

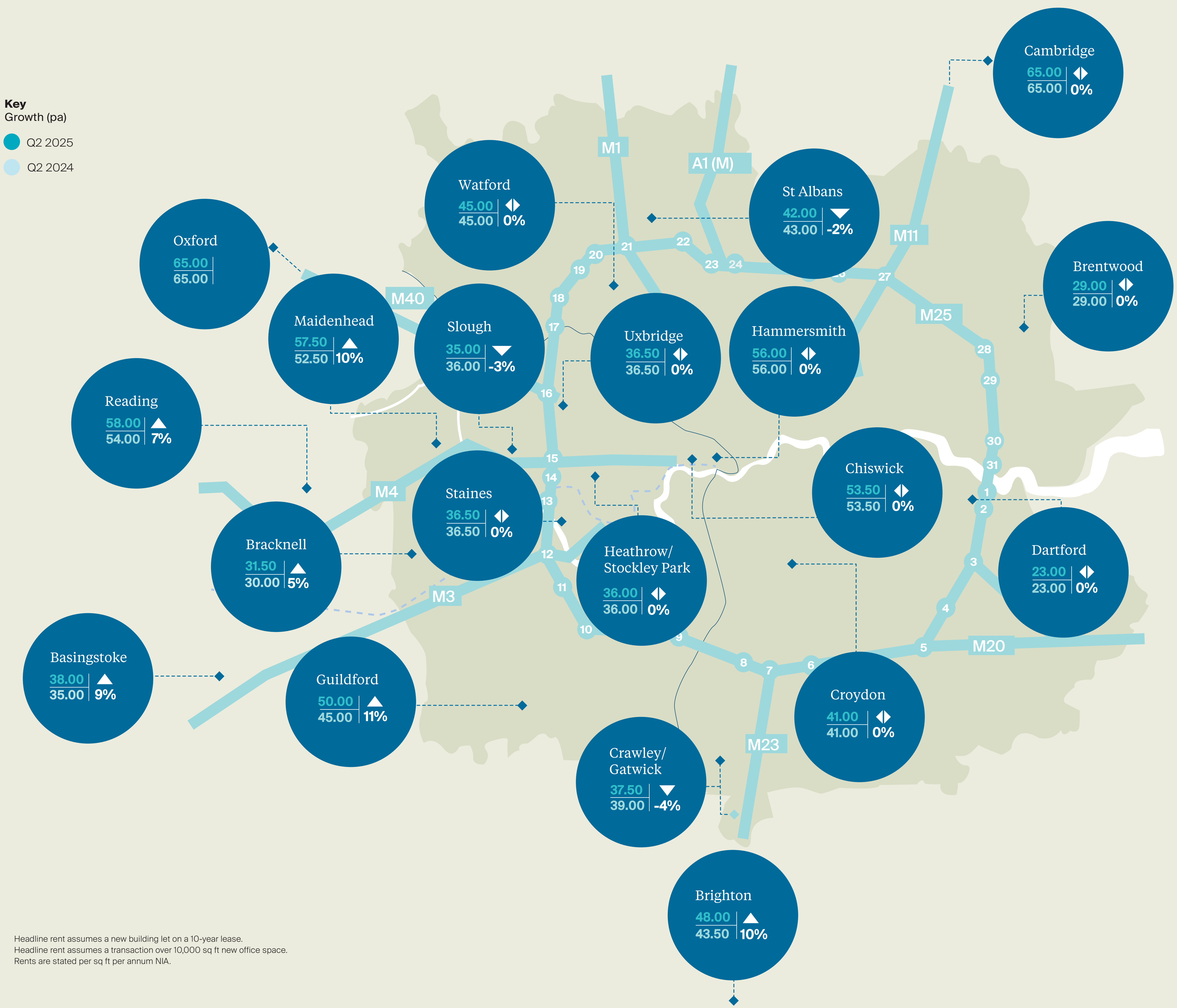
Space under construction in the South East
0.4m sq ft already leased

Speculative development

Sq ft due to complete before 2029



Source: Knight Frank Research



Headline rent assumes a new building let on a 10-year lease.
Headline rent assumes a transaction over 10,000 sq ft new office space.
Rents are stated per sq ft per annum NIA.

Investment market

While investment volumes remain subdued, signs of renewed momentum are emerging, with a growing alignment between buyer and seller expectations helping to unlock capital.

Lotus Park, Staines

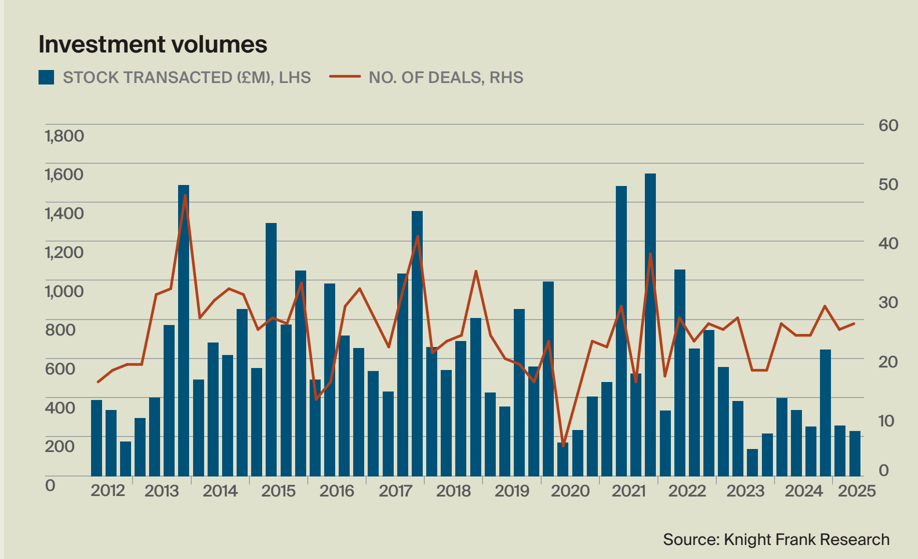
£230m*
South East transaction volumes

£8.85m
Average lot size

7.00%
Prime net initial yield

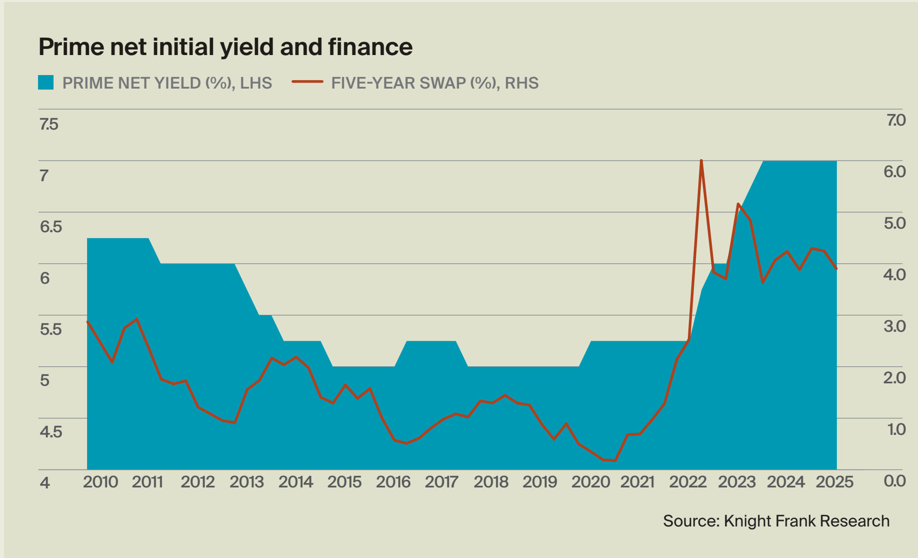
23%
Buyers from the UK

* Includes occupier acquisition
Footnote: Headline statistics are representative of Q2 2025



Source: Knight Frank Research

SIMON RICKARDS
Top-tier, well-let assets in central locations remain sought after, with prime pricing stabilised in the 7.00%–7.50% yield range, reflecting their secure, long-term income profiles.



Source: Knight Frank Research

HENRY WYLD
The pricing gap between best and the rest presents a notable opportunity for value-driven capital to access the market at a relative discount.

Key transactions Q2 2025

ADDRESS	PRICE (£M)	NET INITIAL YIELD	VENDOR	PURCHASER
Lotus Park, Staines	£33.00m	10.00%	Legal & General	STR Capital
Wimbledon Bridge House	£28.00m	18.84%	Federated Hermes	London Square
City Link House, Croydon	£22.00m	NA	Wittington Investments	Cheyne Capital
Kingsmead Business Park, High Wycombe	£13.00m	NA	Pears	Residental Developer

Source: Knight Frank Research

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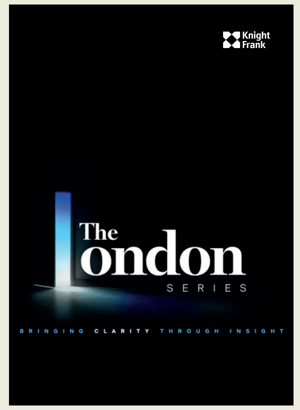

The London Report

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TECHNICAL NOTE

- Knight Frank defines the M4 market as extending from Hammersmith, west to Newbury, incorporating Uxbridge and High Wycombe to the north and Staines and Bracknell to the south. Reading is also included.
- The M3 market incorporates the main South West London boroughs and encompasses Leatherhead, Guildford and Basingstoke extending north to the M4 boundary described above. Farnborough and Camberley are also included.
- The figures in this report relate to the availability of built, up-and-ready office/B1 accommodation within the M25 market. Vacant premises and leased space which is being actively marketed are included.
- All floorspace figures are given on a net internal area basis (as defined by the RICS).
- A minimum 10,000 sq ft (net) cut-off has been employed throughout. Major and minor refurbishment have been treated as new and second-hand respectively. Data is presented on a centre and quadrant basis. Classification by centre relates to the locational details contained within the marketing material for available properties. Classification in this manner is clearly somewhat arbitrary.
- Vacancy rate data is based on a total M25 stock measure of 121m sq ft (net), an M4 market stock of 66m sq ft (net) and an M3 market stock of 39m sq ft (net). Please note that a revision to total market office stock figures was applied in Q1 2017 to reflect 'change of use' permitted through the Town and Country Planning Order 2015.
- Second-hand floorspace has been sub-divided into A and B grade accommodation, reflecting high and low quality respectively. Whilst subjective, this categorisation is based on an assessment of each property's age, specification, location and overall attractiveness.
- The South East is defined as the market area shown in the map on pages 6/7. The market statistics quoted as 'South East' or 'South East Study Area' are inclusive of Cambridge, Oxford and Brighton.
- Pre-let = The letting of proposed schemes not yet under construction and those let during the construction process.
- All data presented is correct as at 30th June 2025.

Knight Frank