

London Office Market Report



Q2 2025

Latest insights on the state of the London office market

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Executive Summary

Key Themes

1.

Proportion of leasing activity targeting new and refurbished space reaches a new high

2.

Pre-letting activity drives leasing volumes across both City & West End

3.

Recovery in investment volumes continues with a rising share of institutional investment

4.

A mixed economic picture could slow, not stop, deal progression

THE ECONOMIC PICTURE IS MIXED

The global economy is navigating an unsettled period. Geopolitical tensions, tighter monetary policy in major economies and uneven post-pandemic recoveries have created headwinds for growth. Capital flows are volatile, and investors are scrutinising balance sheets more closely than at any time in the past decade. Yet amid this backdrop, the UK economy has shown underlying resilience that international markets increasingly recognise. Fiscal discipline is viewed as a positive signal, supporting confidence even against a moderate growth outlook. This has been reflected in the FTSE 100 reaching record levels, low corporate distress, minimal job losses and longer-term interest rates projected to decline as inflationary pressures ease. Whilst the US tariff situation is not yet fully resolved, markets have largely dismissed President Trump's most recent announcements, although there could be further short-term volatility.

“Take-up in Q2 reached 3.5m sq ft, up 38.5% from the previous quarter, and a 26.0% outperformance of the long-term quarterly average.”

DRIVING THE RE-RATING OPPORTUNITY: FROM RESILIENCE TO RESURGENCE

As the UK's principal growth engine, the capital has faced its own headwinds that might have been expected to weigh heavily on its outlook. Higher employers' National Insurance contributions, changes to the non-domiciled tax regime and rising interest rates have created challenges for businesses and investors. Yet the impact on the capital's economic dynamism has been far less pronounced than anticipated.

Structural features of the city's economy are key to this resilience. Persistent shortages of skilled labour in technology, life sciences and professional services sustain employment demand and wage growth. These sectors are attracting domestic and international investment as London's growth profile shifts towards industries of the future. This diversification complements established strengths in financial and professional services, reinforcing its status as a global hub for innovation and capital formation.

London's office market shows similar resilience as supply and demand imbalances play out. The pipeline of high-quality sustainable workspace is tightening, with a projected undersupply of 10.8m sq ft over the next five years leaving occupiers competing for the best space. For investors, these dynamics create a rare opportunity

to deploy capital into a sector with long-term demand fundamentals and limited risk of oversupply. From an occupier perspective, rising headline rents are creating affordability concerns, but incentives remain high and once adjusted for inflation, rental levels are still comparatively low. As future supply is steadily absorbed and demand continues to build, the race for best-in-class space is intensifying in a market already operating near its limits.

A bold recalibration of policy can drive the re-rating needed, ensuring London remains not just resilient but resurgent as a magnet for global capital and a driver of long-term growth on the world stage.

ABOVE-TREND TAKE-UP BOOSTED BY LARGE TRANSACTIONS

Take-up in Q2 reached 3.5m sq ft, up 38.5% from the previous quarter, and a 26.0% outperformance of the long-term quarterly average. This brought the total take-up for H1 2025 to 6.0m sq ft, 7.3% above the long-term average.

A key factor driving the increase in leasing activity during Q2 was the return of larger transactions. There were eleven transactions signed in excess of 60,000 sq ft, with six of these exceeding 100,000 sq ft. This resulted in the average deal size jumping by 48.9% to 9,786 sq ft.

Once again, the London office market was characterised by the occupiers strong preference for best-in-class space. Almost three-quarters

of take-up was for new or refurbished space – a new high. This equates to 2.6m sq ft – some 77.6% ahead of the long-term average.

The financial sector was the most active during Q2, accounting for just over one-third of take-up during the quarter. The total space let to financial services companies was 1.2m sq ft – some 90.6% ahead of the long-term average. The next strongest sector, was professional services which accounted for 16.2% (0.6m sq ft) of Q2 take-up.

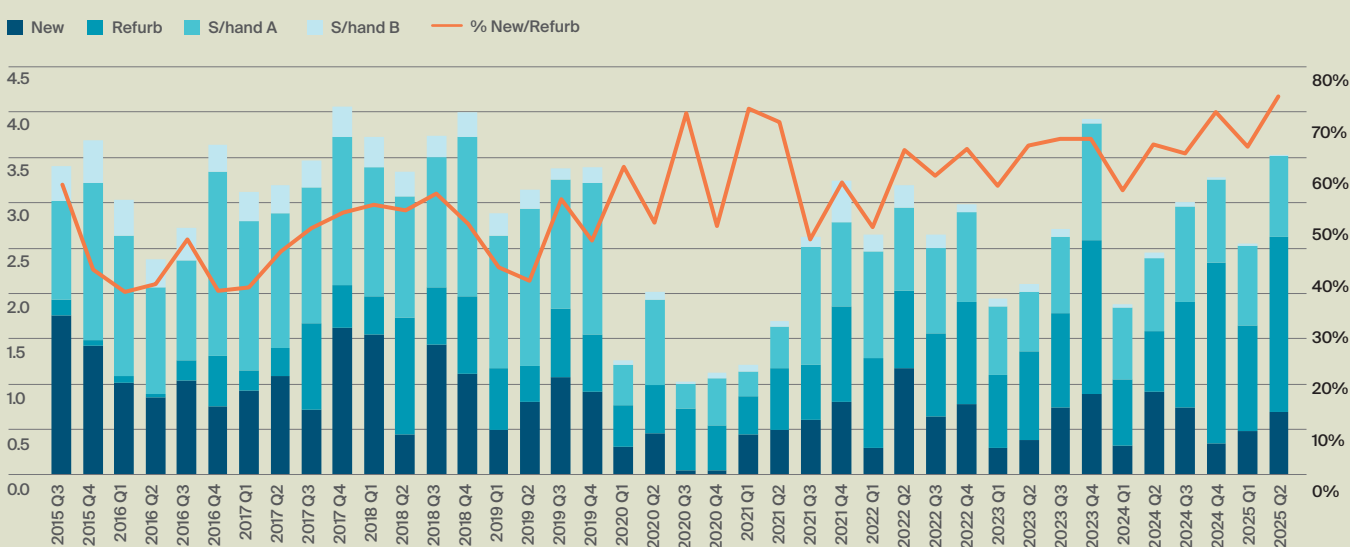
The largest Q2 transaction was Squarepoint Capital's 398,227 sq ft pre-let of 65 Gresham Street, EC2, which is scheduled to complete in Q2 2028. The second largest transaction was also in the City Core sub-market, where an S&P 500 Global Business pre-let 194,517 sq ft at 100 New Bridge Street, EC4, which is due to reach practical completion in Q2 2026. The third largest transaction was in the Southbank market, where Lego acquired 191,894 sq ft at 76 Southbank, SE1. The largest transaction in the West

End during Q2 was McDermott, Will & Emery's 115,000 sq ft pre-let of 7 Brook Street, W1.

As a result of elevated leasing activity over the quarter, named active demand fell by 6.3% to 10.0m sq ft, although this is still 7.0% ahead of the long-term average. Whilst the overall level of active demand is robust, it should be noted that it is taking longer for requirements to progress into transactions. The total volume of active demand has been declining

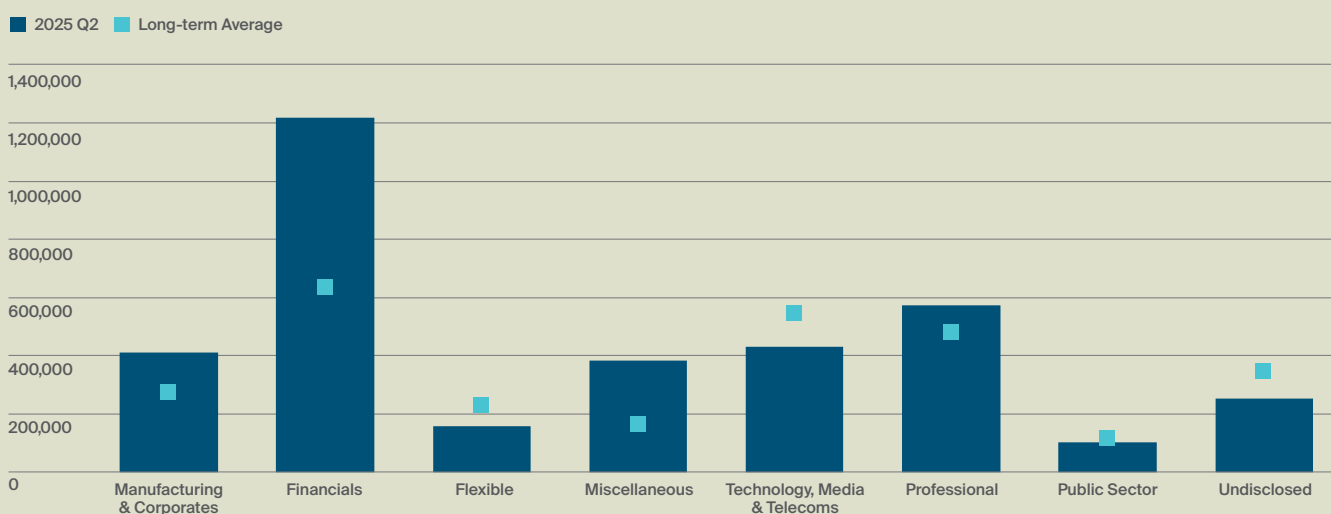
London – Take-up

m sq ft (LHS) , % (RHS)



London – Take-up by sector

m sq ft



since peaking at 12.6m sq ft in Q1 2024. The ‘shape’ of active demand at the prime end of the market is ‘thin’, evidenced by the fact that whilst there was strong leasing activity for new and refurbished space, there were just six transactions across London satisfying our definition of prime in Q2.

The volume of space under offer fell from 3.0m sq ft to 2.7m sq ft by the end of Q2, again reflecting above-average levels of take-up. At the end of Q2, there was a lack of large units under offer across London, with just two spaces in excess of 100,000 sq ft in solicitors’ hands at the end

“The development pipeline remains restricted going forward when compared to historic average levels of new and refurbished take-up, with an anticipated undersupply across London of 7.5m sq ft by the end of 2028.”

of June. There were eight units under offer in excess of 50,000 sq ft across London, down from sixteen at the end of the first quarter. The average size for units under offer fell from 13,843 sq ft in Q1 to 9,195 sq ft in Q2.

The combination of a fall in active demand and space under offer would suggest that take-up in Q3 could slow down, although several active requirements in the market could go under offer heading into the second half of 2025.

AVAILABILITY FALLS AGAIN BUT REMAINS ABOVE TREND

Availability fell by 2.1% over the quarter to stand at 23.3m sq ft, but this remains 27.4% above the long-term trend. This means that overall availability has fallen by just under 1.1m sq ft in the last 12 months, equating to 4.3% fall over the period.

Accordingly, the vacancy rate at the end of Q2 was 8.8%, down from 9.0% at the end of Q1. The combined vacancy rate for new/refurbished space remained stable at 5.4% over the quarter, although this has fallen from 5.8% 12 months ago. In contrast, the vacancy rate for new space increased marginally from 1.7% to 1.9%, meaning

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that it is now 0.2 percentage points above the long-term average.

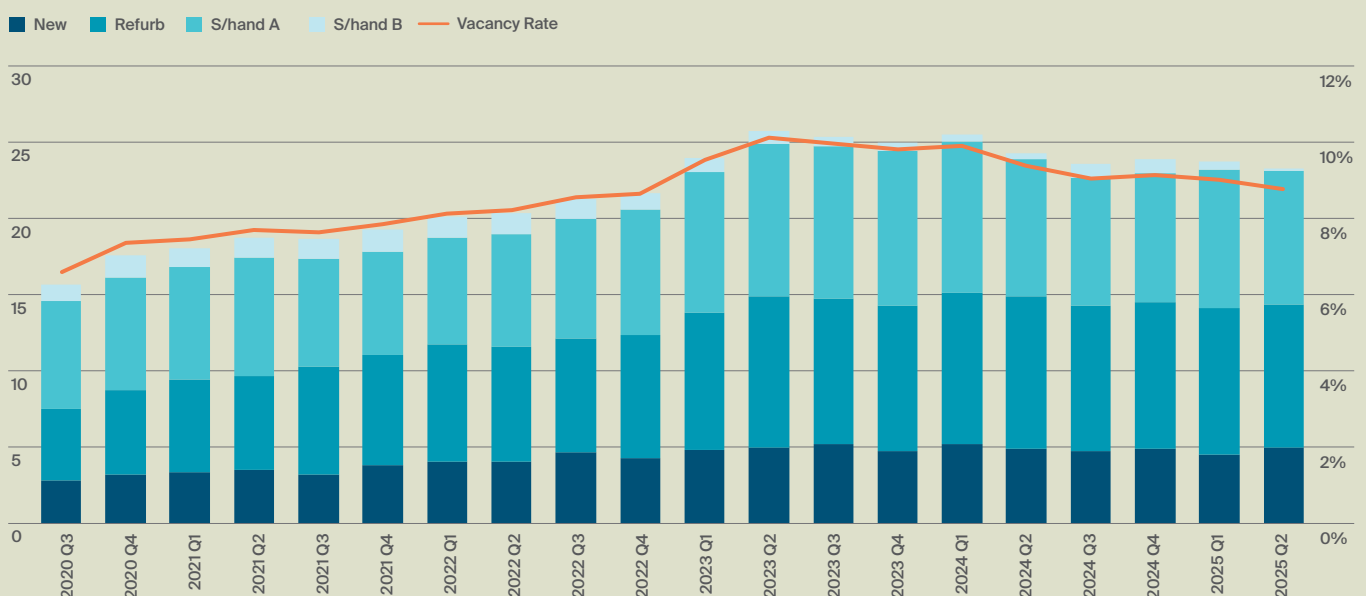
PEAK PIPELINE IN 2025 BUT UNDERSUPPLY WILL CONTINUE

The volume of space under construction across London fell by 4.4% during Q2 to 15.6m sq ft. Of this, 10.8m sq ft is currently being delivered speculatively, meaning that 4.8m sq ft (30.4%) of the under-construction pipeline is pre-let.

The development pipeline remains restricted going forward when compared to historic average levels of new and refurbished take-up, with an anticipated undersupply across London of 7.5m sq ft by the end of 2028. This undersupply is not universal across every submarket, but the acute shortage of quality space in core locations is destined to persist.

London - Availability

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



Source: Knight Frank Insight

PRIME RENTS SEE GROWTH IN WEST END

In the West End Core, prime rents have risen from £167.50 per sq ft to £182.50 per sq ft based on a number of significant transactions signed during Q2. This equates to a 9.0% increase over the quarter and a 21.7% increase over the last 12 months. In nearby Marylebone, prime rents were adjusted upwards from £105.00 per sq ft to £110.00 per sq ft, equating to a 4.8% quarterly increase. Prime rents in all other submarkets were held at Q1 levels.

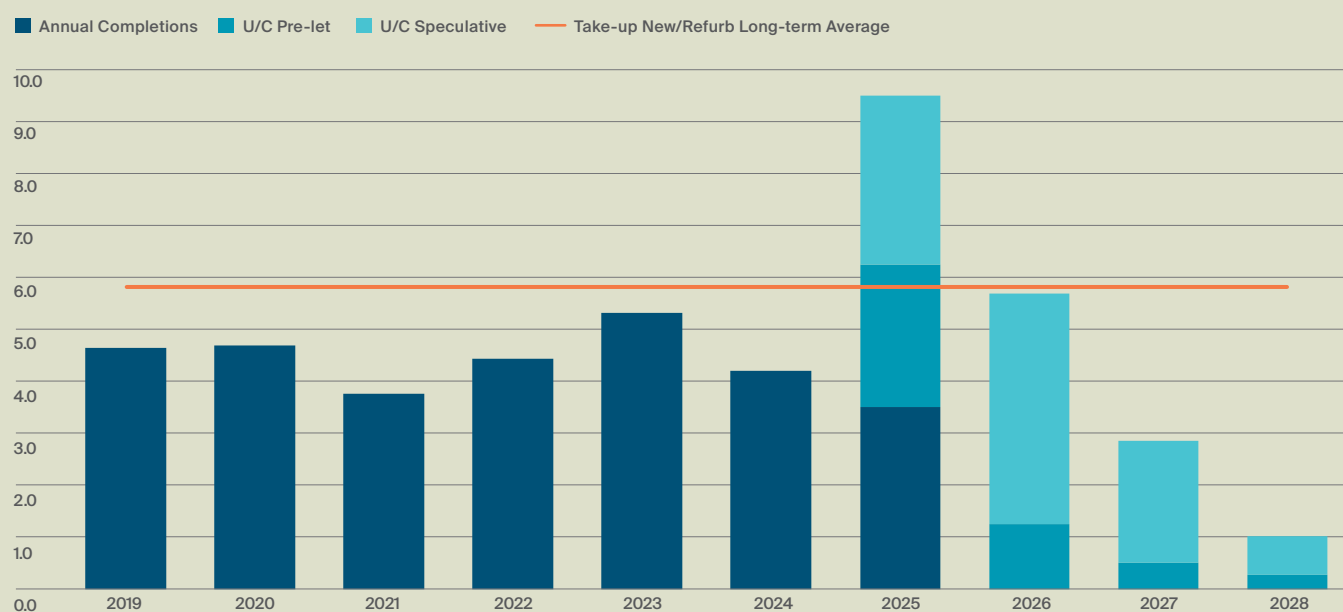
Our five-year view for prime rents hasn't changed since last quarter, with structural imbalances underpinning our forecasts. In the City Core, prime rents are expected to grow at an average annual rate of 5.8% until the end of 2029, with West End Core prime rents growing by an average of 5.2% each year.

These forecasts are subject to change, particularly given the volatile economic backdrop, but our view is that the low supply of new and refurbished space combined with a healthy volume of upcoming lease events will continue to perpetuate a structural imbalance in the market, resulting in continued upward pressure on prime rents.



London – Development Pipeline

m sq ft



Source: Knight Frank Insight

INVESTMENT ACTIVITY FALLS BUT OUTLOOK IS POSITIVE

Investment volumes reached £2.0bn in Q2, reflecting a 21.3% decrease when compared to Q1 turnover. This meant the quarterly investment volumes were 36.2% below the long-term average of £3.1bn. Over the last 12 months, £7.8 bn has been transacted, a 30.0% increase when compared y-o-y. This demonstrates that a steady, rather than spectacular, recovery is underway.

Most investment activity targeted larger lot sizes, with 60.9% of Q2 turnover focused on transactions exceeding £100m, although this remained 39.9% below trend.

In Q1, there was an increase in core assets changing hands. In Q2,

however, value-add opportunities were the most popular asset type, attracting £0.9bn of Q2 investment volumes and accounting for 46.0% of quarterly turnover. This suggests that investors are keen to benefit from potential rental uplifts given the acute supply shortage in certain submarkets. Core plus assets accounted for an additional 43.8% of investment volumes – totalling just under £0.9bn – whilst the remaining £0.2bn targeted core assets (10.2% of Q2 investment volumes).

The total volume of assets available across London increased by 13.0% over the quarter to £3.8bn, boosted by an 84.5% increase in the availability of value-add assets, which stood at £1.6bn at the end of Q2. Both core and core plus assets saw a decline in availability over the quarter, falling by 25.1% and 6.9%, respectively.

At the end of Q2, there was £2.3bn of assets under offer across London, a 43.2% jump on the previous quarter and a 2.3% increase against the long-term quarterly

average. The combination of an increase in deals under offer and more investment opportunities being brought to market should boost investment volumes over the short to medium term.

Prime yields remained stable in Q2, holding steady at 3.75% in the West End and 5.25% in the City and Southbank.

“Over the last 12 months, £7.81 bn has been transacted, a 30.0% increase when compared y-o-y.”

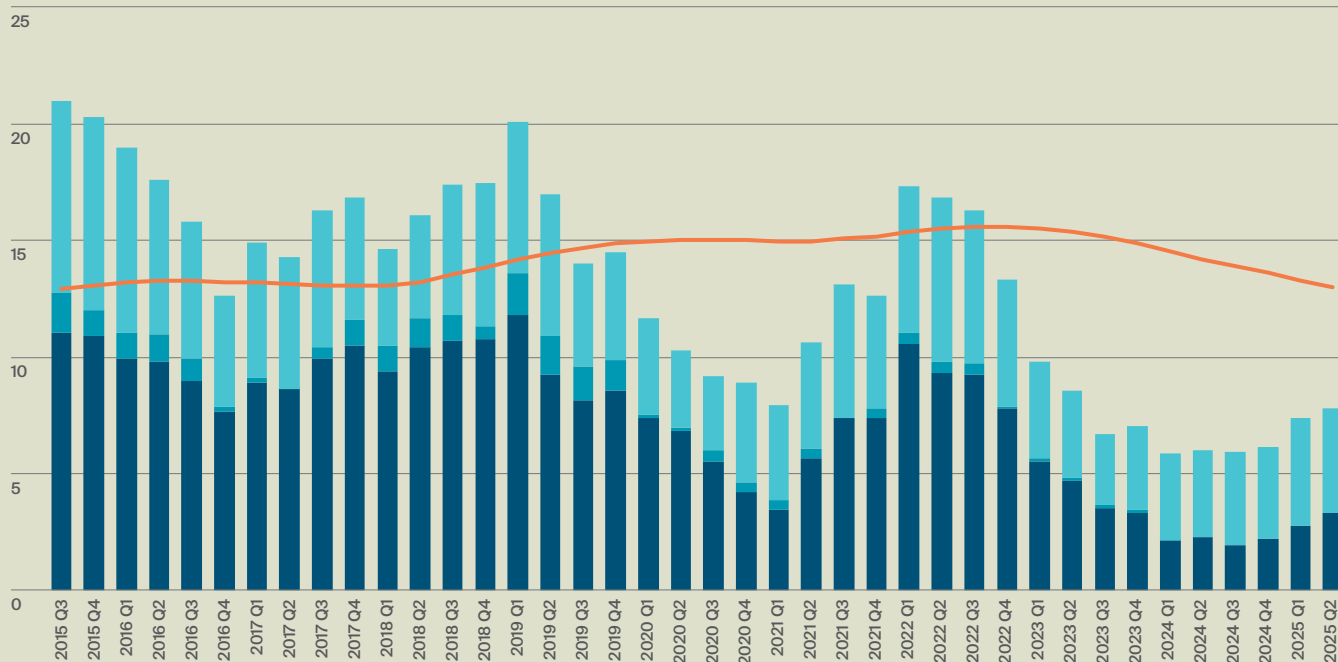
UNLOCK OUR INSIGHTS



London – Investment Volumes

£bn

City & Southbank Docklands & Stratford West End Long-term Average



Source: Knight Frank Insight

London office market

Performance dashboard Q2 2025

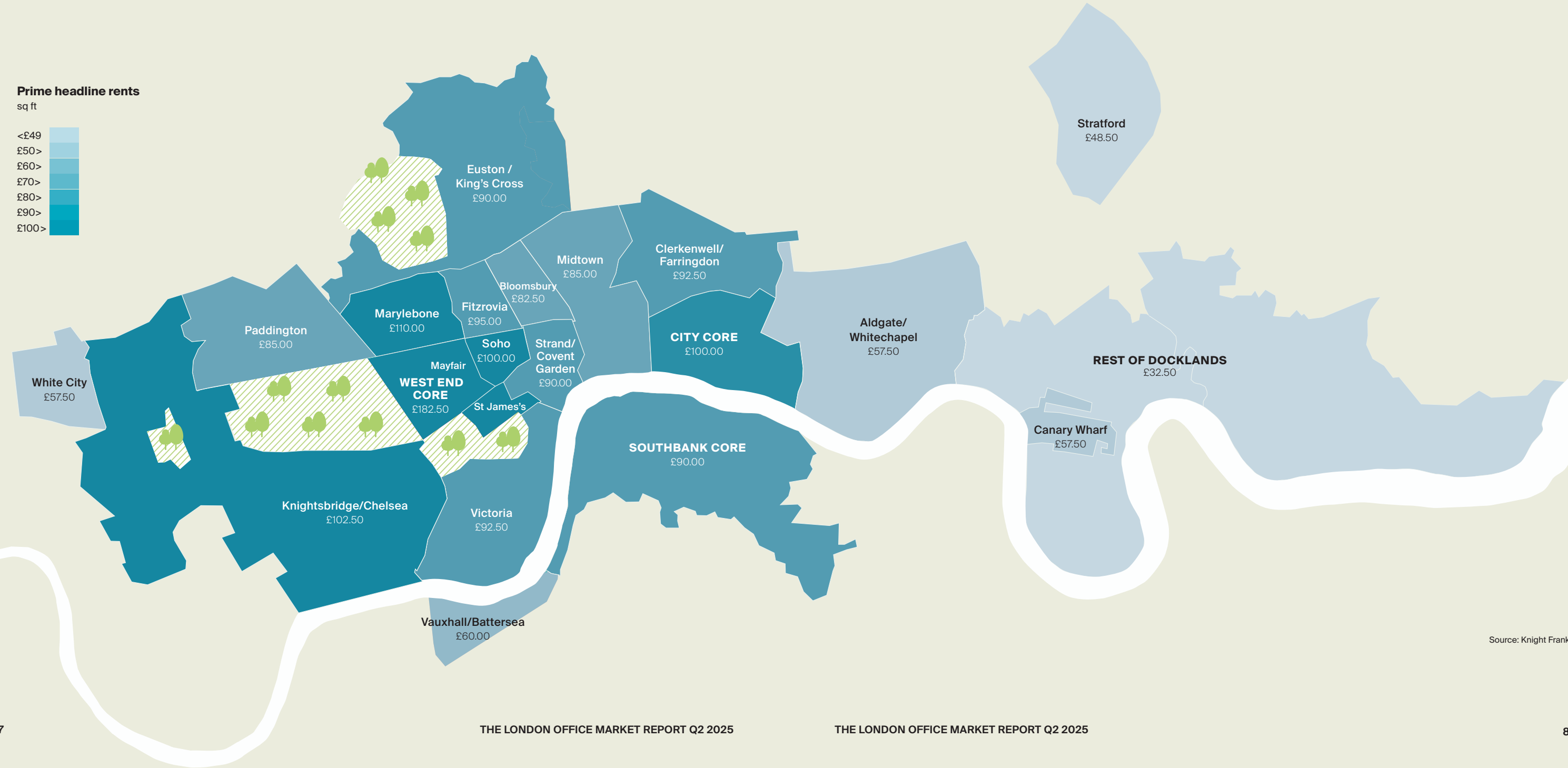
KEY PERFORMANCE INDICATORS

	▲ 3.53m	▼ 23.26	▼ 8.8%	▼ 15.56m
	TAKE-UP (SQ FT)	AVAILABILITY (SQ FT)	VACANCY RATE	UNDER CONSTRUCTION (SQ FT)

CHANGE ON

2024 Q2	44.4% ▲	-4.3% ▼	-0.6% ▼	-7.2% ▼
LTA	2.80m sq ft	18.26m sq ft	7.4%	13.47m sq ft

WEST END		CITY & SOUTHBANK		DOCKLANDS & STRATFORD	
▲ £182.50	▲ 1.07 m	▲ £100.00	▲ 2.09 m	◀ £57.50	▲ 0.37 m
Prime headline rent (per sq ft)	Take-up (per sq ft)	Prime headline rent (per sq ft)	Take-up (per sq ft)	Prime headline rent (per sq ft)	Take-up (per sq ft)
▼ £0.89 bn	◀ 3.75%	▲ £1.11 bn	◀ 5.25%	◀ £0 bn	◀ 7.50%
Investment turnover	Prime Yield	Investment turnover	Prime Yield	Investment turnover	Prime Yield



Source: Knight Frank

MARKETS IN REVIEW

The City & Southbank



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

◀▶ £100.00

Rent (£ per sq ft)

▲ 2.09 m

Take-up (sq ft)

▼ 12.64 m

Availability (sq ft)

▲ £1.11 bn

Investment turnover

◀▶ 5.25%

Prime yield

QUANTITY AND QUALITY – LARGE BEST-IN-CLASS DEALS DRIVE TAKE-UP

Q2 leasing activity reached 2.1m sq ft, a 40.9% increase on the previous quarter and a 34.2% outperformance against the long-term quarterly average of 1.6m sq ft. This strong performance was driven by a return of larger transactions, with four transactions signed in excess of 100,000 sq ft during the quarter, equating to 46.6% of total take-up.

The largest transaction signed during Q2 was Squarepoint Capital's pre-let of 65 Gresham Street, EC2, (398,227 sq ft) which is scheduled to reach practical completion in Q2 2028. The second largest transaction was an S&P 500 Global Business who acquired 194,517 sq ft 100 New Bridge Street, EC4. Lego acquired 191,894 sq ft at 76 Southbank, SE1, which was the largest letting in the Southbank market since WeWork's acquisition at Two Southbank Place, SE1 in 2017. The final 100,000 sq ft deal in the City & Southbank market signed during Q2 was London School of Economics and Political Science's acquisition at Centrium, 61 Aldwych, WC2 (187,713 sq ft).

These larger transactions also had a significant impact on the proportion of higher quality space let during Q2, with each of these 100,000 sq ft+ deals being for new or refurbished space. This contributed to the overall proportion of new and refurbished take-up reaching 78.4% in the City & Southbank market in Q2, comprising over 1.6m sq ft of leasing volumes.

Whilst there was an increase in the number of large transactions in Q2, take-up in both the 0-5,000 sq ft and 5,000-10,000 sq ft size bands fell by 20.3% and 7.4% over the quarter, respectively. This appears to be an anomaly, with both size bands seeing growth over a 12-month period.

FINANCIAL FIRMS BOOST LEASING VOLUMES

Boosted by Squarepoint Capital's significant transaction, the financial sector accounted for 37.0% of Q2 leasing volumes, followed by manufacturing and corporates which accounted for a further 15.1%. The next most active sector was the technology, media and telecoms sector, which represented 12.8% of Q2 leasing volumes.

Looking further ahead, the second half of 2025 could prove slightly more challenging as the volume of space under offer fell from 2.0m sq ft to 1.4m sq ft in the City and from 300,000 sq ft to just under 180,000 sq ft in the Southbank. Active demand for requirements targeting the City & Southbank market also fell by 11.9% over

“Boosted by Squarepoint Capital's significant transaction, the financial sector accounted for 37.0% of Q2 leasing volumes, followed by manufacturing and corporates which accounted for a further 15.1%.”

▲ 2.1m

Q2 leasing activity reached 2.1m sq ft, a 40.9% increase on the previous quarter and a 34.2% outperformance against the long-term quarterly average of 1.6m sq ft.

the quarter to 4.49m sq ft, which means active demand has now returned broadly in-line with the long-term average. Several large requirements are poised to go under offer shortly, but Q3 take-up could fall short of the strong performance seen in Q2.

MARGINAL FALL IN SUPPLY

Overall availability has fallen by 0.9% during Q2 to stand at 12.6m sq ft. It is now 4.2% below the level seen in Q2 2024 but 30.5% ahead of the long-term average. This has resulted in vacancy rates moving downwards from 9.0% to 8.8%, with the vacancy rate of new and refurbished space holding steady at 4.9%.

In the City, the overall vacancy rate dropped from 8.5% to 8.1%, driven by a reduction in the availability of second-hand Grade A space, perhaps signalling that whilst demand is

typically targeting best-in-class space, there is a growing market for more cost-effective space. In the Southbank, the overall vacancy rate increased from 11.2% to 12.6%, which was 5.4 percentage points above the long-term average, driven by the inclusion of speculative space coming to market.

Development completions in Q2 totalled nearly 1.4m sq ft, although 80.7% (1.1m sq ft) of this was already pre-let, meaning that submarkets such as the City Core, where the vacancy rate for new space fell to just 0.5%, are unlikely to see that trend reverse in the short to medium term. At the end of Q2, the under-construction pipeline fell by 3.9% to 8.6m sq ft across the City & Southbank market. Of this, 2.5m sq ft (29.0%) is already pre-let.

PRIME RENTS REMAIN STABLE

Prime rents in the City & Southbank market were held at the same level as the previous quarter, but upward pressure on prime rents remains and they will need to be reviewed based on deals currently in solicitor's hands that could shift the rental tone in core submarkets in particular. City Core rents remain at £100 per sq ft, a 14.3%

“Investment volumes in Q2 increased by 14.7% on the previous quarter, reaching £1.1bn.”

increase from 12 months ago. Incentive packages also remain stable at 24-27 months on a ten-year term. Southbank Core prime rents remained stable at £90.00 per sq ft, but have increased 9.1% over the last 12 months.

Our prime rent forecasts remain unchanged from Q1. Between 2025 and 2029, annual average growth in the City Core is projected at 5.8%, with 3.5% annual average growth anticipated in the Southbank.

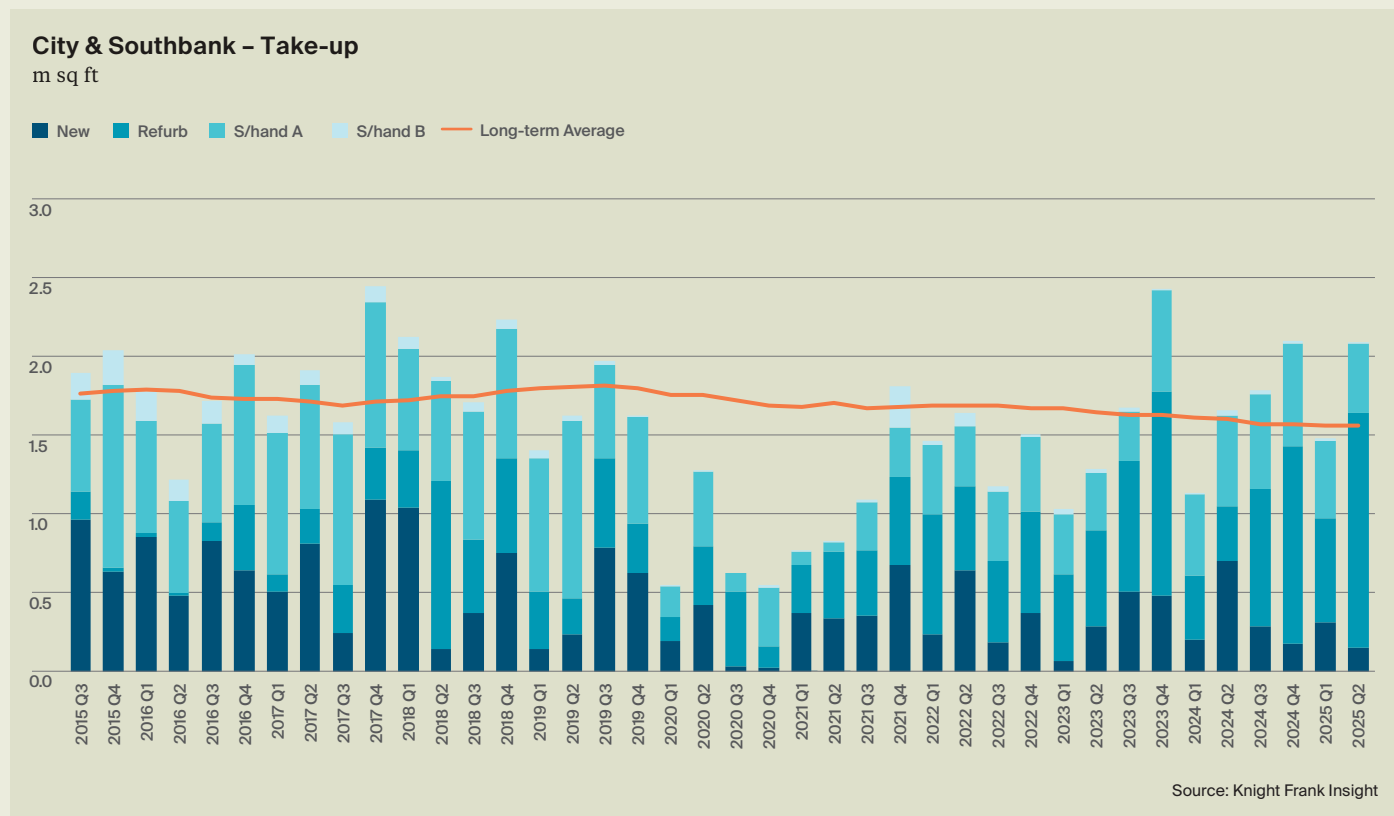
INVESTMENT ACTIVITY CREEPING UP

Investment volumes in Q2 increased by 14.7% on the previous quarter, reaching £1.1bn. Whilst that means two consecutive quarterly increases, investment activity in Q2 remains 36.9% below the long-term average.

Larger lot size transactions dominated quarterly investment

▼ 0.9%

Overall availability has fallen by 0.9% during Q2 to stand at 12.6m sq ft.



activity, with transactions exceeding £100m accounting for £0.75bn (67.5%) of Q2 turnover, although this was still 37.4% below the long-term quarterly average of £1.2bn.

North American investors were the most active, representing 35.6% of Q2 investment volumes, closely followed by UK investors who accounted for a further 30.7%. Value-add opportunities were the most popular asset type, with 51.4% of Q2 investment volumes. Core plus was the next most popular, attracting an additional 30.3% of turnover, with the remaining 18.3% targeting low-risk core assets.

The immediate outlook looks more promising, with just under £1bn under offer across the City & Southbank market, a 78.0% quarterly uplift. Prime yields held steady at 5.25%. Investor confidence is slowly returning, and whilst both economic and geopolitical uncertainties remain, London offers strong safe haven qualities.

◀▶ 5.25%

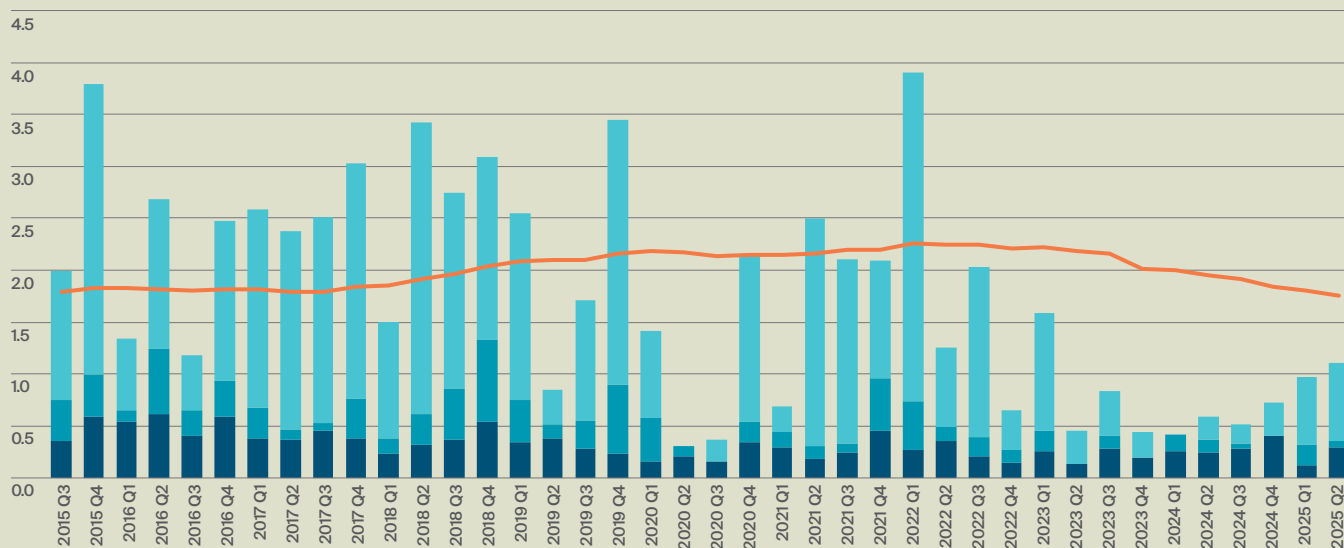
Prime yields held steady at 5.25%



City & Southbank – Investment Volumes by Lot Size

£bn

■ under £50 million ■ £50-£100 million ■ over £100 million — Long-term Average



Source: Knight Frank Insight

MARKETS IN REVIEW

West End

▲ £182.50

Rent (£ per sq ft)

▲ 1.07 m

Take-up (sq ft)

▲ 7.41 m

Availability (sq ft)

▼ £0.89 bn

Investment turnover

◀▶ 3.75%

Prime yield

TAKE-UP STRENGTHENS IN Q2

Q2 take-up in the West End reached 1.1m sq ft, a 19.2% increase on the previous quarter and broadly in line with the long-term quarterly average. Unlike the previous quarter, larger transactions returned in Q2 which is the main catalyst to the uplift in take-up. In Q2, five deals signed in excess of 60,000 sq ft, representing 36.5% of total leasing volumes.

Take-up of new and refurbished space reached 851,551 sq ft, representing 79.3% of total take-up in Q2 – a record high proportion for the market. This is further evidence of continued occupier preference for best-in-class office space and is a dramatic shift from the ten-year average of 45.5%.

PRE-LETS PROVIDE BOOST TO LETTING ACTIVITY

Unlike last quarter, two of the five largest transactions signed in Q2 were in the West End Core. The largest deal signed in Q2 was McDermott Will & Emery's pre-let at the former Fenwick department store, 7 Brook Street, W1 (115,000 sq ft) which is scheduled for completion in early 2028. This is a rare example of an occupier moving from a City Core tower (22 Bishopsgate, EC2) to a West End building, but it underpins the West End's increasing reach for occupiers who want best-in-class buildings in close proximity to their client base.

The next largest transaction signed in Q2 was Union Bancaire Privee's acquisition of Marylebone

▲ 1.1m

Q2 take-up in the West End reached 1.1m sq ft, a 19.2% increase on the previous quarter and broadly in line with the long-term quarterly average.

Place, 1 Wyndham Street, W1 (73,492 sq ft), a building that reached practical completion in mid-2024. Other large transactions during the quarter included Premier League Productions' pre-let at One Olympia, W14 (73,152 sq ft), LifeArc's pre-let at KOVA KX, 105 Judd Street, WC1 (70,552 sq ft) and Clayton, Dubilier & Rice's pre-let at GPE's 30 Duke Street, W1 (62,908 sq ft).

This means that four of the five largest transactions were pre-lets, with total West End pre-lets signed in Q2 reaching 330,820 sq ft – or 30.8% of all leasing activity. This is symptomatic of a market where core locations are characterised by an undersupply of quality space, prompting occupiers, particularly those of scale, to consider future buildings to accommodate their real estate requirements.

ALL SECTORS ACTIVE DEMONSTRATING WEST END'S RESILIENCE

Take-up was relatively evenly distributed across occupier sectors, with both the financial and professional sectors accounting for 27.4% of quarterly leasing activity. The next most active sector was the technology, media and telecoms sector which accounted for a further

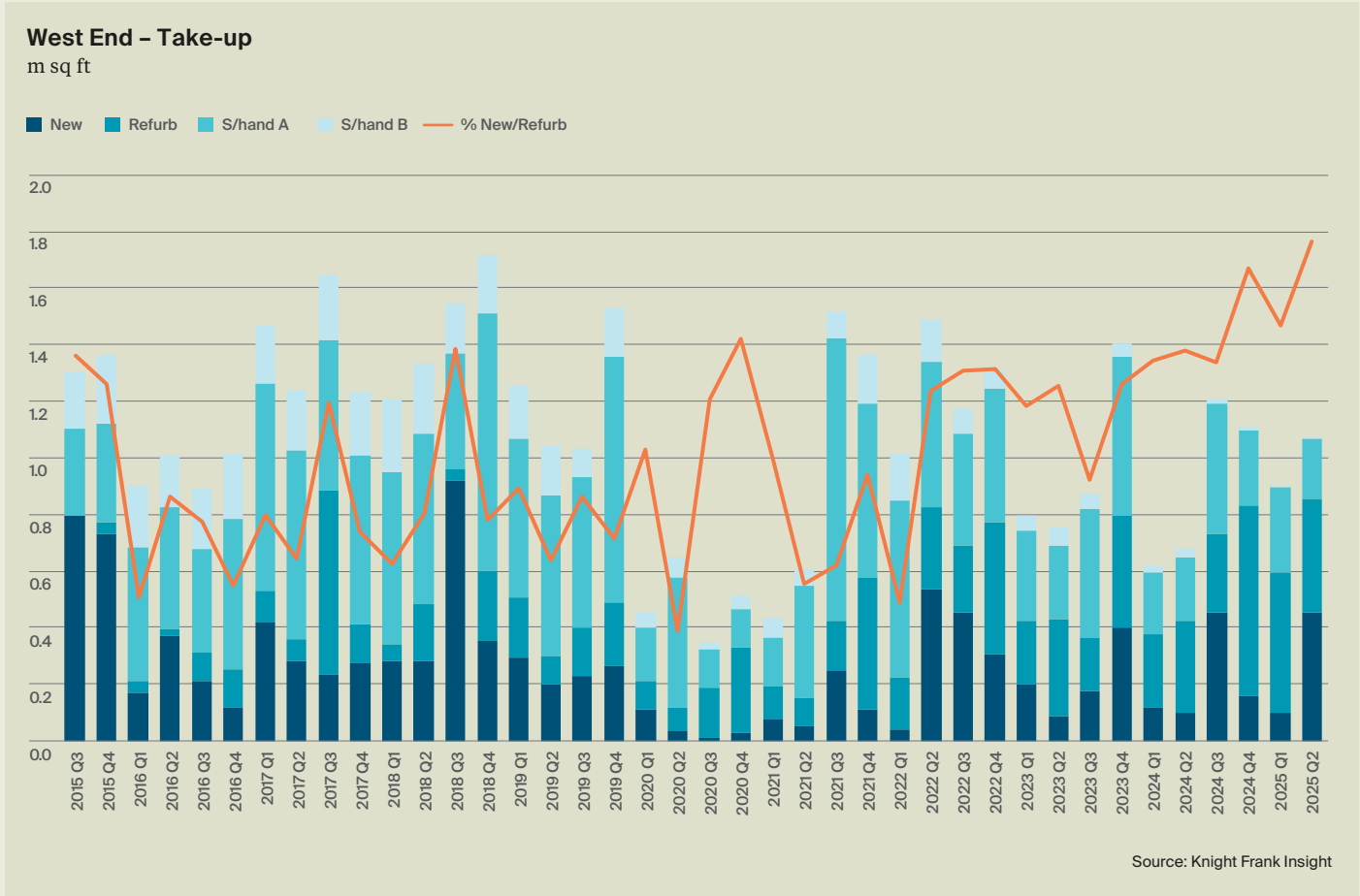
“Take-up of new and refurbished space reached 851,551 sq ft, representing 79.3% of total take-up in Q2 – a record high proportion for the market.”

15.1% of Q2 take-up. The sector with the highest outperformance against the long-term average as the professional sector, significantly boosted by McDermott Will and Emery’s pre-let at 7 Brook Street, W1, meaning Q2 take-up from professional firms was 157.6% above the long-term quarterly average.

At the end of Q2, there was 908,967 sq ft under offer in the West End, a 4.3% increase on the previous quarter. There is one unit under offer in excess of 100,000 sq ft, with a further unit over 50,000 sq ft under offer at the end of the quarter. Active demand fell by 5.7% over the quarter to 1.9m sq ft, with the financial sector representing the largest share (29.7%). While active demand increased over the quarter, it remains 17.3% below the long-term trend.

SUPPLY LEVELS ELEVATE SLIGHTLY

Overall availability increased by 3.8% to 7.4m sq ft, 24.9% ahead of the long-term market average. This resulted in the vacancy rate



▲ £9%

Prime rents in the West End Core jumped by 9.0% over the quarter to £182.50 per sq ft, reflecting several transactions that have signed at that level.

increasing from 7.5% to 7.7% in Q2, with the vacancy rate of new and refurbished space climbing from 5.4% to 5.7%.

Looking further ahead, development activity remains subdued. The total volume of space under construction at the end of Q2 was 6.2m sq ft, of which 2.2m sq ft (40.1%) is already committed. There is a projected undersupply of nearly 1.2m sq ft by the end of 2028 when comparing historic levels of new and refurbished take-up to the under-construction pipeline as well schemes deemed 'most likely.'

CORE RENTS SURGE AMIDST SUPPLY SQUEEZE

Prime rents in the West End Core jumped by 9.0% over the quarter to £182.50 per sq ft, reflecting several transactions that have signed at that level, with the prospect of further increases by the end of the year. Persistent low supply of quality space in the core, combined with resilient demand continues to put upward pressure on rents, although this is most evident for best-in-class buildings in the most desirable locations. Elsewhere, prime rents in Marylebone moved from £105.00 per sq ft to £110.00 per sq ft after consistent levels of leasing activity at this level. All other submarkets remained stable at the previous level.

The West End Core is expected to see prime rents grow at an annual average rate of 5.2% until the end of 2029. This growth in prime rents is driven by an acute shortage of best-in-class office space, a dwindling development pipeline and robust future demand from lease events.

CORE PLUS OPPORTUNITIES ATTRACT INVESTORS

After seeing an above-average start to the year, Q2 investment in the West End market faltered, falling to £0.9bn. This reflects a 43.5% decline q-on-q and a 28.5% shortfall compared to the long-term quarterly average.

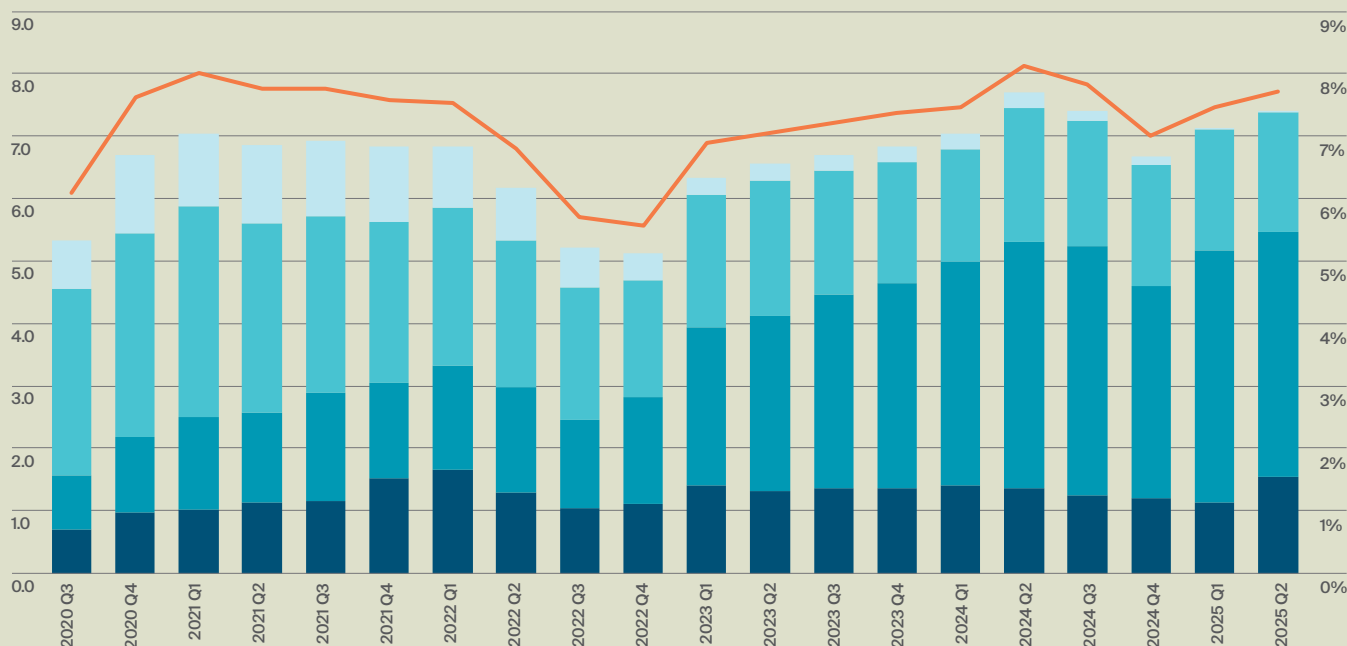
The majority of investment was directed at larger lot sizes, with total investment volumes for transactions exceeding £100m reaching £0.47bn and accounting for 52.6% of Q2 turnover. The trend is also evident over the last four quarters, where investment in deals above £100m accounts for 47.8% of activity.

“The West End Core is expected to see prime rents grow at an annual average rate of 5.2% until the end of 2029.”

West End – Availability

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

■ New ■ Refurb ■ S/hand A ■ S/hand B — Vacancy Rate



Source: Knight Frank Insight

“Whilst there was a lack of core investment in the West in Q2, it has accounted for £1.5bn of investment over the last 12 months, equating to 33.5% of total investment volumes over the same period.”

Core plus assets accounted for 60.7% of Q2 turnover, with the remaining 39.3% targeting value-add opportunities. Whilst there was a lack of core investment in the West in Q2, it has accounted for £1.5bn of investment over the last 12 months, equating to 33.5% of total investment volumes over the same period.

The value of assets available at the end of Q2 rose by 62.0% to £2.3bn, with 48.0% of this stock being either core or core plus assets. Also adding to a more positive horizon for the remainder of 2025 is the £1.0bn of assets under offer, a 31.9% increase on the previous quarter.

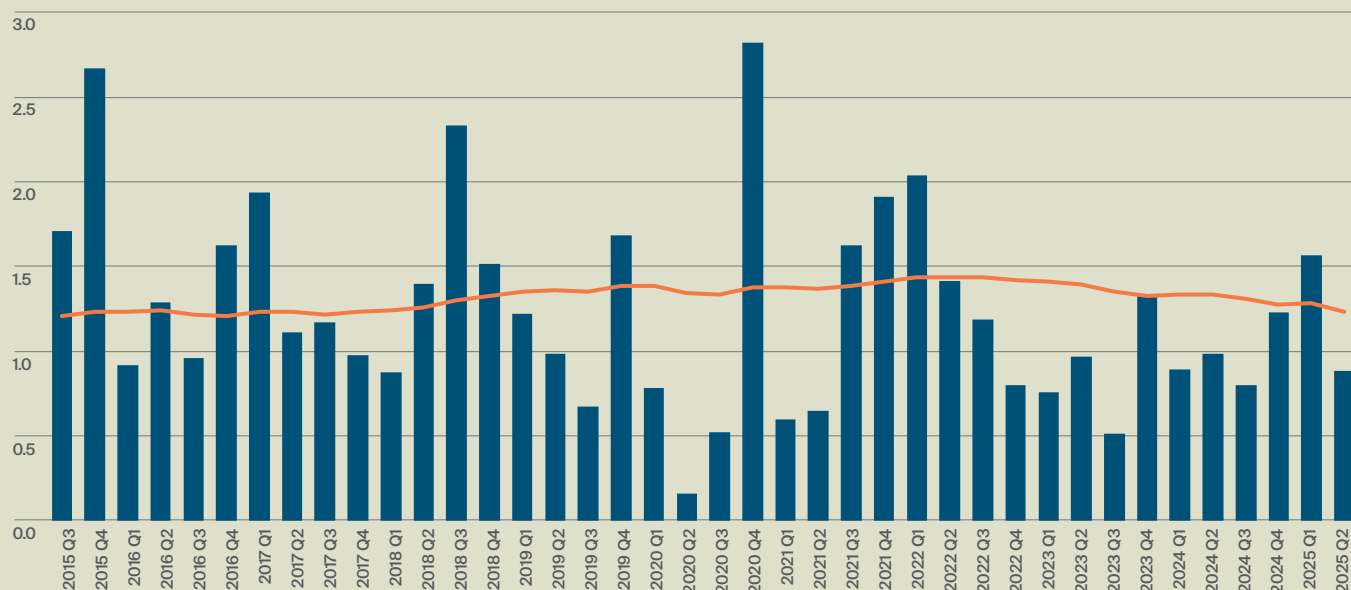
This positive outlook is further supported by continued stability in prime yields, which have remained at 3.75% for the tenth consecutive quarter.



West End – Investment Volumes

£bn

■ City & Southbank — Long-term Average



Source: Knight Frank Insight

MARKETS IN REVIEW

Docklands & Stratford

◀▶ £57.50

Rent (£ per sq ft)

▲ 0.37 m

Take-up (sq ft)

▲ 3.21 m

Availability (sq ft)

◀▶ £0 bn

Investment turnover

◀▶ 7.50%

Prime yield

UPTICK IN TAKE-UP DRIVEN BY BANKS AND BOOKS

Nine leasing transactions signed during Q2, totalling 370,316 sq ft. This is a 121.0% increase q-on-q and nearly double the long-term quarterly average, with an average transaction size of 41,146 sq ft.

Leasing activity was boosted by activity in the largest size bands, with one transaction between 80,000-100,000 sq ft and another above 100,000 sq ft – a dynamic that has been missing from the Docklands and Stratford market for some time. In fact, 78.8% of Q2 take-up was for transactions above 40,000 sq ft, demonstrating the market's continued appeal to occupiers of scale.

Unlike the broader London market, where the proportion of take-up focused on new or refurbished space has reached record highs, the Docklands and Stratford market trend is slightly different, with 47.6% of leasing activity targeting new or refurbished units. This suggests that whilst the Docklands and Stratford market can accommodate requirements for best-in-class space, occupiers still demand more cost-effective options in this location.

The largest transaction signed in Q2 was JPMorgan Chase's acquisition at 1 Cabot Square, E14, where they secured 148,473 sq ft on a sublease on confidential terms. The two next largest transactions reflect a trend that has been gathering momentum over recent years – the commitment of educational occupiers to space in

▼ 17.2%

Overall availability across the Docklands and Stratford market fell by 17.2% during Q2 to 3.2m sq ft, which translates to a vacancy rate of 12.6%.

the Docklands and Stratford market to establish or extend their London footprint. Arden University acquired 94,172 sq ft at The Turing Building, E20 across the ground-6th floors, whilst The Elizabeth School of London further expanded their presence at HX1 & HX2, Harbour Exchange, E14, by committing to an additional 49,213 sq ft on the 9th and 10th floors.

AVAILABILITY FALLS BUT REMAINS ABOVE TREND

Overall availability across the Docklands and Stratford market fell by 17.2% during Q2 to 3.2m sq ft, which translates to a vacancy rate of 12.6%. This means that availability has fallen by 6.3% year-on-year but remains 21.3% ahead of the long-term average

At the end of the quarter, 57.7% of available space was new or refurbished, equating to just under 1.9m sq ft. Given demand dynamics, the availability of second-hand space fell by 26.7% over the quarter, meaning that second-hand availability is 4.6% below the long-term average level.

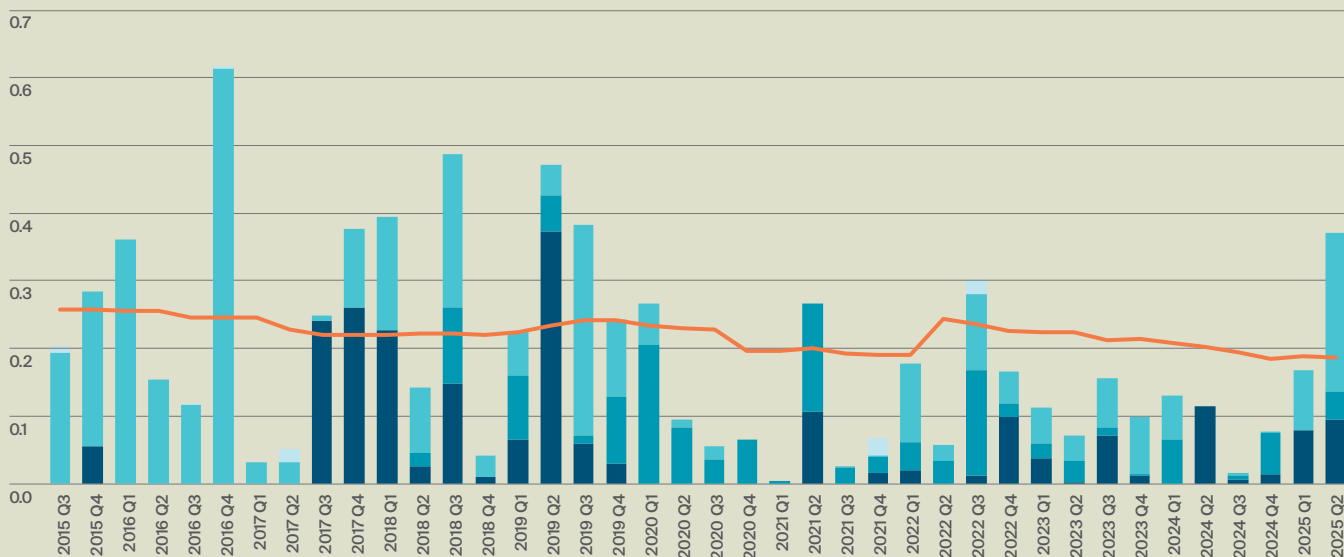
In Canary Wharf, the vacancy rate dropped from 13.7% to 11.2%, and is

“Unlike the broader London market, where the proportion of take-up focused on new or refurbished space has reached record highs, the Docklands and Stratford market trend is slightly different, with 47.6% of leasing activity targeting new or refurbished units.”

Docklands & Stratford – Take-up

m sq ft

■ New ■ Refurb ■ S/hand A ■ S/hand B — Long-term Average



Source: Knight Frank Insight

now just 0.7 percentage points above the long-term trend. This was driven by significant absorption of second-hand space, with second-hand vacancy falling from 8.0% to 5.9% in Q2.

At the end of Q1 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 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 H1 2025 BUT OUTLOOK IS IMPROVING

There was no investment activity recorded in the Docklands and Stratford sub-market during Q2, although there was nearly £0.3bn under offer at the end of the quarter, which would bring momentum to market in the short to medium term. Prime yields remain stable at 7.50%.



Key Statistics

	Q2 24	Q3 24	Q4 24	Q1 25	Q2 25	% CHANGE		10-YEAR QUARTERLY AVERAGE
						3 MONTHS	12 MONTHS	
AVAILABILITY (SQ FT)								
West End	7.69 m	7.42 m	6.68 m	7.14 m	7.41 m	3.8%	-3.6%	5.93 m
City & Southbank	13.20 m	12.43 m	13.49 m	12.76 m	12.64 m	-0.9%	-4.2%	9.68 m
Docklands & Stratford	3.43 m	3.78 m	3.74 m	3.87 m	3.21 m	-17.2%	-6.3%	2.65 m
London	24.32 m	23.62 m	23.91 m	23.77 m	23.26 m	-2.1%	-4.3%	18.26 m
VACANCY RATE								
West End	8.1%	7.8%	7.0%	7.5%	7.7%	0.2%	-0.4%	6.6%
City & Southbank	9.5%	8.9%	9.6%	9.0%	8.8%	-0.2%	-0.7%	7.4%
Docklands & Stratford	13.6%	14.8%	14.6%	15.2%	12.6%	-2.6%	-1.0%	10.6%
London	9.4%	9.1%	9.1%	9.0%	8.8%	-0.3%	-0.6%	7.4%
TAKE-UP (SQ FT)								
West End	0.68 m	1.21 m	1.11 m	0.90 m	1.07 m	19.2%	58.0%	1.06 m
City & Southbank	1.65 m	1.78 m	2.10 m	1.48 m	2.09 m	40.9%	26.3%	1.56 m
Docklands & Stratford	0.11 m	0.02 m	0.08 m	0.17 m	0.37 m	121.0%	225.1%	0.19 m
London	2.45 m	3.01 m	3.28 m	2.55 m	3.53 m	38.5%	44.4%	2.80 m
ACTIVE REQUIREMENTS (SQ FT)								
West End	2.32 m	2.06 m	1.65 m	2.04 m	1.92 m	-5.7%	-17.3%	2.10 m
City & Southbank	4.42 m	5.65 m	4.78 m	5.10 m	4.49 m	-11.9%	1.7%	4.45 m
Docklands	0.65 m	0.43 m	0.46 m	0.45 m	0.28 m	-38.2%	-57.4%	0.52 m
London-wide	3.75 m	3.44 m	4.07 m	3.07 m	3.30 m	7.2%	-12.0%	2.26 m
London	11.14 m	11.58 m	10.96 m	10.66 m	9.99 m	-6.3%	-10.3%	9.33 m
UNDER CONSTRUCTION (SQ FT)								
West End	6.03 m	6.74 m	6.74 m	6.59 m	6.22 m	-5.6%	3.2%	4.41 m
City & Southbank	9.68 m	9.11 m	9.96 m	8.98 m	8.62 m	-3.9%	-10.9%	8.17 m
Docklands & Stratford	1.07 m	0.72 m	1.42 m	0.72 m	0.72 m	0.0%	-32.8%	0.89 m
London	16.77 m	16.58 m	18.12 m	16.29 m	15.56 m	-4.4%	-7.2%	13.47 m
DEVELOPMENT COMPLETIONS (SQ FT)								
West End	0.30 m	0.16 m	0.51 m	0.35 m	0.45 m	29.5%	49.6%	0.32 m
City & Southbank	0.42 m	1.48 m	0.31 m	1.33 m	1.37 m	3.0%	230.0%	0.76 m
Docklands	0.00 m	0.34 m	0.00 m	0.00 m	0.00 m			0.09 m
London	0.72 m	1.98 m	0.82 m	1.68 m	1.82 m	8.5%	153.9%	1.16 m
INVESTMENT TURNOVER								
West End	£0.99 bn	£0.80 bn	£1.23 bn	£1.57 bn	£0.89 bn	-43.5%	-10.6%	£1.24 bn
City & Southbank	£0.59 bn	£0.52 bn	£0.73 bn	£0.97 bn	£1.11 bn	14.7%	87.9%	£1.76 bn
Docklands & Stratford	£0.00 bn	£0.00 bn	£0.00 bn	£0.00 bn	£0.00 bn			£0.13 bn
London	£1.58 bn	£1.32 bn	£1.96 bn	£2.54 bn	£2.00 bn	-21.3%	26.2%	£3.13 bn
PRIME HEADLINE RENTS (PER SQ FT)								
West End	£150.00	£150.00	£160.00	£167.50	£182.50	9.0%	21.7%	4.7%
City & Southbank	£87.50	£90.00	£95.00	£100.00	£100.00	0.0%	14.3%	4.4%
Docklands & Stratford	£57.50	£57.50	£57.50	£57.50	£57.50	0.0%	0.0%	4.4%

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

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

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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