

London Offices Spotlight



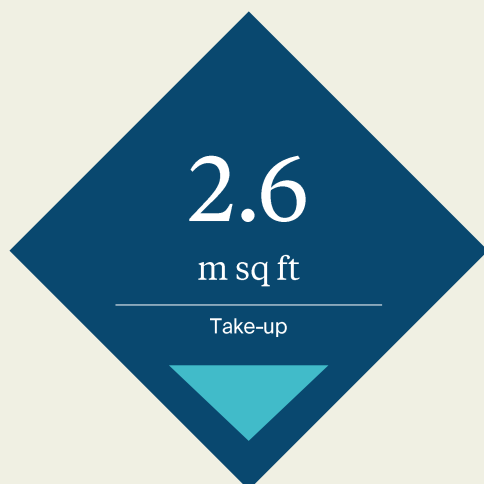
Q1 2025

A quarterly snapshot of the London office market.

knightfrank.com/research



London Overview



Key Themes

1.

Two and a half year high in core-risk asset sales.

2.

Above average new and refurbished lettings continues to drive leasing market.

3.

Structural imbalances in key business districts fuel further prime rental growth.

Submarket Key Indicators

Submarkets	New/Refurb Vacancy Rate	Vacancy Rate	Prime Rent	Quarterly Change	Rent Free Periods (Months)
Aldgate/Whitechapel	5.5%	12.4%	£57.50	◀▶	27
City Core	3.3%	7.2%	£100.00	▲	24-27
Clerkenwell/Farringdon	7.5%	13.1%	£92.50	◀▶	24
Midtown	3.3%	7.1%	£85.00	◀▶	27
Southbank Core	5.7%	8.6%	£90.00	▲	24-27
Vauxhall/Battersea	18.0%	19.4%	£60.00	◀▶	24-27
Canary Wharf	5.7%	13.7%	£57.50	◀▶	27-30
Rest of Docklands	5.4%	10.5%	£32.50	◀▶	30
Stratford	24.6%	30.7%	£48.50	◀▶	27
Bloomsbury	3.6%	6.2%	£82.50	◀▶	24-27
Fitzrovia	6.0%	11.3%	£95.00	◀▶	24
King's Cross/Euston	7.3%	8.3%	£90.00	◀▶	24-27
Knightsbridge/Chelsea	7.9%	12.0%	£102.50	◀▶	24-27
Marylebone	6.8%	8.8%	£105.00	◀▶	24
Paddington	3.9%	5.6%	£85.00	◀▶	24-27
Soho	3.8%	5.0%	£100.00	◀▶	24
Strand/Covent Garden	9.2%	11.3%	£90.00	◀▶	24-27
Victoria	2.9%	3.7%	£92.50	◀▶	24-27
West End Core	3.1%	4.7%	£167.50	▲	21
White City	14.0%	20.5%	£57.50	◀▶	24-27

Pre-let space under construction

35.1%

City & Southbank



0.0%

Docklands & Stratford



32.4%

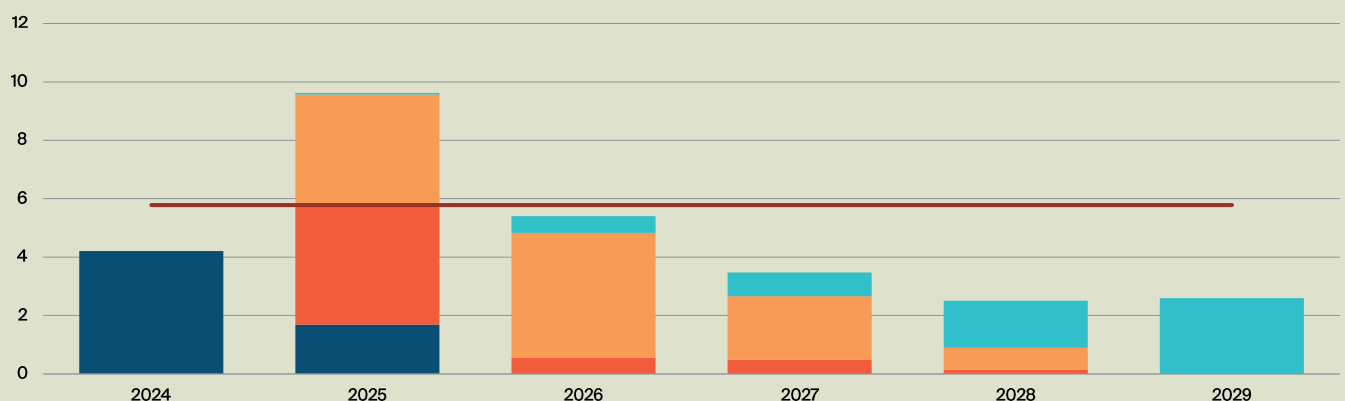
West End



London - Development Pipeline

m sq ft

■ Completions ■ U/C Pre-let ■ U/C Speculative ■ Potential - Most Likely — Take-up - New/Refurb Long-term Average



Source: Knight Frank Insight

City & Southbank Overview

LEASING MARKET						% Change		Long-term average
m sq ft, % of stock	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q1	3M	12M	
Take-up	1.13 m	1.65 m	1.78 m	2.10 m	1.48 m	-29.4%	31.4%	1.56 m
Availability	14.08 m	13.20 m	12.43 m	13.49 m	12.76 m	-5.5%	-9.4%	9.51 m
Total Under Offer	2.05 m	2.11 m	2.15 m	1.52 m	2.59 m	70.4%	26.3%	
Vacancy Rate*	10.2%	9.5%	8.9%	9.6%	9.0%	-0.6%	-1.2%	7.3%
New/Refurb Vacancy Rate	5.7%	5.5%	5.1%	5.6%	4.9%	-0.7%	-0.8%	3.7%
Active Requirements	5.54 m	4.42 m	5.65 m	4.78 m	5.10 m	6.7%	-8.0%	4.45 m

* difference from previous quarter/year

KEY LEASING DEALS

Building	Sq ft	Occupier	Rent (PSF)
25 Finsbury Circus, EC2	154,526	Simmons & Simmons	Confidential
1 Liverpool Street, EC2	72,412	Knight Frank	Confidential
Stonecutter Court, EC4	61,698	Confidential	Confidential
40 Leadenhall, EC3	47,783	Huckletree	Confidential
76 Southbank, SE1	40,933	PayPal	£95.00

Knight Frank deals

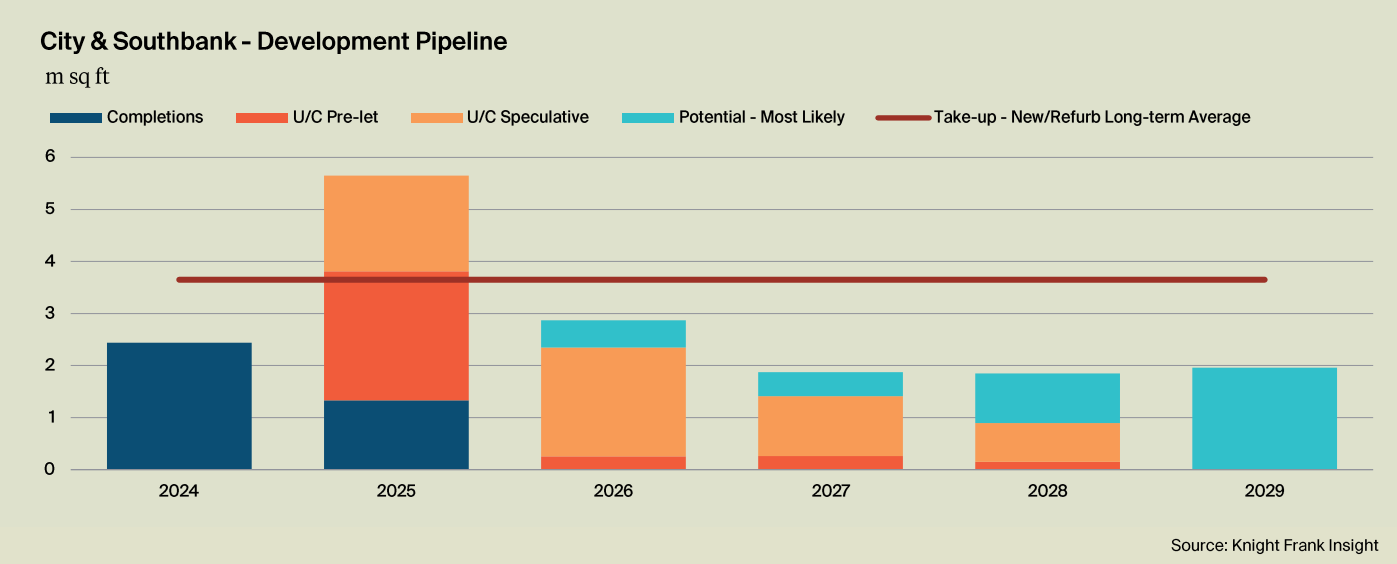
INVESTMENT MARKET						% Change		Long-term average
£bn, % per annum	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q1	3M	12M	
Turnover	0.41 bn	0.59 bn	0.52 bn	0.73 bn	0.97 bn	33.5%	135.1%	1.80 bn
Availability	1.31 bn	1.20 bn	2.35 bn	1.28 bn	1.99 bn	54.8%	51.4%	2.86 bn
Under Offer	0.41 bn	0.72 bn	0.49 bn	0.94 bn	0.56 bn	-40.6%	36.2%	1.37 bn
Yield*	5.25%	5.25%	5.25%	5.25%	5.25%	0.00%	0.00%	4.39%

* percentage point difference from previous quarter/year

KEY INVESTMENT DEALS

Building	Price	Capital value (PSF)	Yield	Purchaser
2 Finsbury Avenue, EC2	Confidential	Confidential	-	Modon Holding
1 Portsoken Street, E1	£160.1 m	£670	6.86%	Confidential
Morley House, 26 Holborn Viaduct, EC1	£62.5 m	£1,237	-	Altius Real Estate
21 Moorfields, EC2 (20%)	£60.0 m	£1,316	-	Sotetsu Urban Creates/Yasuda Real Estate
42 Southwark Bridge Road, SE1	£36.0 m	£372	-	Bridges Fund Management/HUB

Knight Frank deals This table contains information published by third parties, for which we cannot be responsible.



Docklands & Stratford Overview

LEASING MARKET						% Change		Long-term average
m sq ft, % of stock	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q1	3M	12M	
Take-up	0.13 m	0.11 m	0.02 m	0.08 m	0.17 m	117.4%	29.6%	0.19 m
Availability	4.44 m	3.43 m	3.78 m	3.74 m	3.87 m	3.6%	-12.7%	2.59 m
Total Under Offer	0.24 m	0.06 m	0.18 m	0.24 m	0.36 m	50.0%	50.0%	
Vacancy Rate*	17.6%	13.6%	14.8%	14.6%	15.2%	0.6%	-2.4%	10.5%
New/Refurb Vacancy Rate	8.9%	7.9%	7.8%	8.0%	7.9%	-0.1%	-1.0%	4.4%
Active Requirements	0.44 m	0.65 m	0.43 m	0.46 m	0.45 m	-2.6%	2.3%	0.54 m

* percentage point difference from previous quarter/year

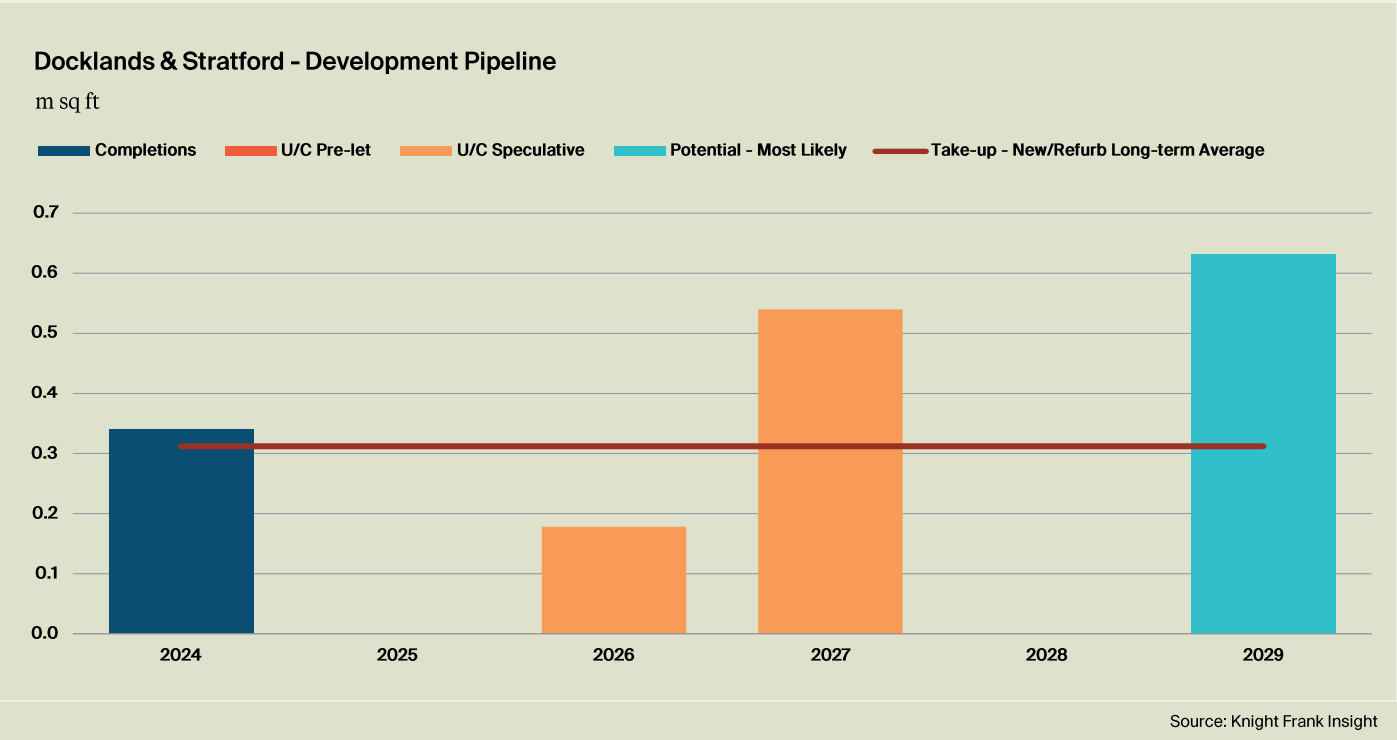
KEY LEASING DEALS

Building	Sq ft	Occupier	Rent (PSF)
HX1 & HX2, E14	74,106	Elizabeth School of London	£30.00
20 Water Street, E14	44,385	Zopa	Confidential
Type Building, Sugar House Island, E15	21,364	IWG	Confidential
5 Churchill Place, E14	9,775	Confidential	Confidential
YY London, E14	9,026	Until	Confidential

Knight Frank deals

INVESTMENT MARKET						% Change		Long-term Average
£bn, % per annum	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q1	3M	12M	
Turnover	0.00 bn	0.00 bn	0.00 bn	0.00 bn	0.00 bn	-	-	0.13 bn
Availability	0.08 bn	0.11 bn	0.09 bn	0.27 bn	0.00 bn	-100.00%	-100.00%	0.06 bn
Under Offer	0.02 bn	0.02 bn	0.00 bn	0.00 bn	0.27 bn	-	1,226.6%	0.02 bn
Yield*	7.50%	7.50%	7.50%	7.50%	7.50%	0.00%	0.00%	5.28%

* percentage point difference from previous quarter/year



West End Overview

LEASING MARKET

m sq ft, % of stock	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q1	% Change		Long-term average
						3M	12M	
Take-up	0.62 m	0.68 m	1.21 m	1.11 m	0.90 m	-18.6%	45.5%	1.07 m
Availability	7.04 m	7.69 m	7.42 m	6.68 m	7.14 m	7.0%	1.4%	5.83 m
Total Under Offer	0.95 m	1.40 m	1.05 m	0.66 m	0.87 m	31.8%	-8.4%	
Vacancy Rate*	7.5%	8.1%	7.8%	7.0%	7.5%	0.5%	0.0%	6.5%
New/Refurb Vacancy Rate	5.3%	5.6%	5.5%	4.8%	5.4%	0.6%	0.1%	2.8%
Active Requirements	2.22 m	2.32 m	2.06 m	1.65 m	2.04 m	23.7%	-8.3%	2.09 m

* difference from previous quarter/year

KEY LEASING DEALS

Building	Sq ft	Occupier	Rent (PSF)
40 Grosvenor Place, SW1	81,171	Cleveland Clinic	Confidential
Belgrave House, 76 Buckingham Palace Road, SW1	77,934	Confidential	Confidential
The M Building, 334-338 Oxford Street, W1	58,491	Generation Investment Management	Confidential
1 Great Portland Street, W1	40,139	Dream Games	£99.00
Ambika House, 9-12 Portland Place, W1	25,225	Unity Workspace	£65.00

Knight Frank deals

INVESTMENT MARKET

£bn, % per annum	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q1	% Change		Long-term average
						3M	12M	
Turnover	0.89 bn	0.99 bn	0.80 bn	1.23 bn	1.57 bn	27.2%	75.4%	1.28 bn
Availability	2.68 bn	1.63 bn	1.15 bn	1.09 bn	1.40 bn	28.4%	-47.7%	1.74 bn
Under Offer	0.43 bn	0.73 bn	0.77 bn	0.98 bn	0.79 bn	-19.8%	84.9%	0.86 bn
Yield*	3.75%	3.75%	3.75%	3.75%	3.75%	0.00%	0.00%	3.56%

* percentage point difference from previous quarter/year

KEY INVESTMENT DEALS

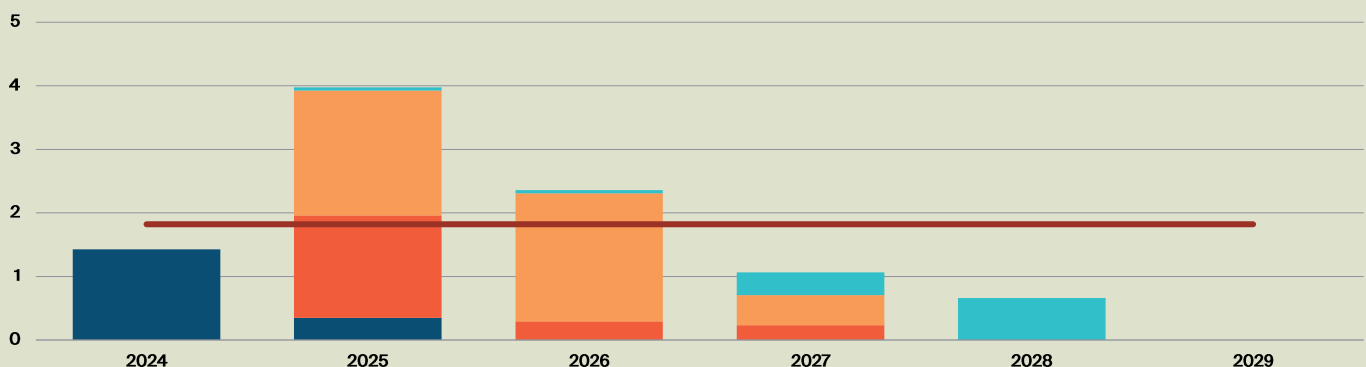
Building	Price	Capital value (PSF)	Yield	Purchaser
Shaftesbury Estate, WC2	£570.0 m	-	-	Norges
Grosvenor Estate, W1	£306.0 m	-	-	Norges
150-152 New Bond Street, W1	£240.0 m	£11,798	2.50%	Prada
Albemarle House, 1 Albemarle Street, W1	£57.5 m	£2,072	4.46%	CLI Dartriver
Portland & Riding Estate, W1	£27.5 m	£755	7.06%	Private Investor (USA)

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West End - Development Pipeline

m sq ft

■ Completions ■ U/C Pre-let ■ U/C Speculative ■ Potential - Most Likely — Take-up - New/Refurb Long-term Average



Source: Knight Frank Insight

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.

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|---|--|--|
| <p>i. All floorspace figures quoted in this report refer to sq ft net.</p> <p>ii. Take-up figures refer to space let, pre-let, or acquired for occupation during the quarter.</p> | <p>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.</p> <p>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.</p> <p>v. Demand figures quoted in this report refer to named requirements for over 10,000 sq ft.</p> | <p>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.</p> <p>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.</p> <p>viii. The data includes standing investments, site purchases and funding transactions.</p> <p>ix. 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</p> |
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