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Central London Office Market Q3 2026

Central London office market snapshot

Leasing stayed ahead of trend and under offers remained elevated, while investment lagged longer-term averages

TAKE-UP

2.8m sq ft

Q3 take-up reached 2.8m sq ft, bringing YTD take-up 6% above the long-term average.

DEMAND

14.4m sq ft

Active demand was 49% above the 10-year average

SUPPLY

6.9%

The vacancy rate was down 30 bps on the previous quarter

UNDER OFFERS

2.8m sq ft

Space under offer was 36% above the 10-year average

CITY PRIME RENT

£128.05 psf

Avg prime rent was up 25% on Q1–Q3 2025

WE PRIME RENT

£181.79 psf

Avg prime rent was up 8% on Q1–Q3 2025

DEV PIPELINE

26m sq ft

44% of the outstanding 2026–2030 pipeline has yet to start.

INVESTMENT

£2.67bn

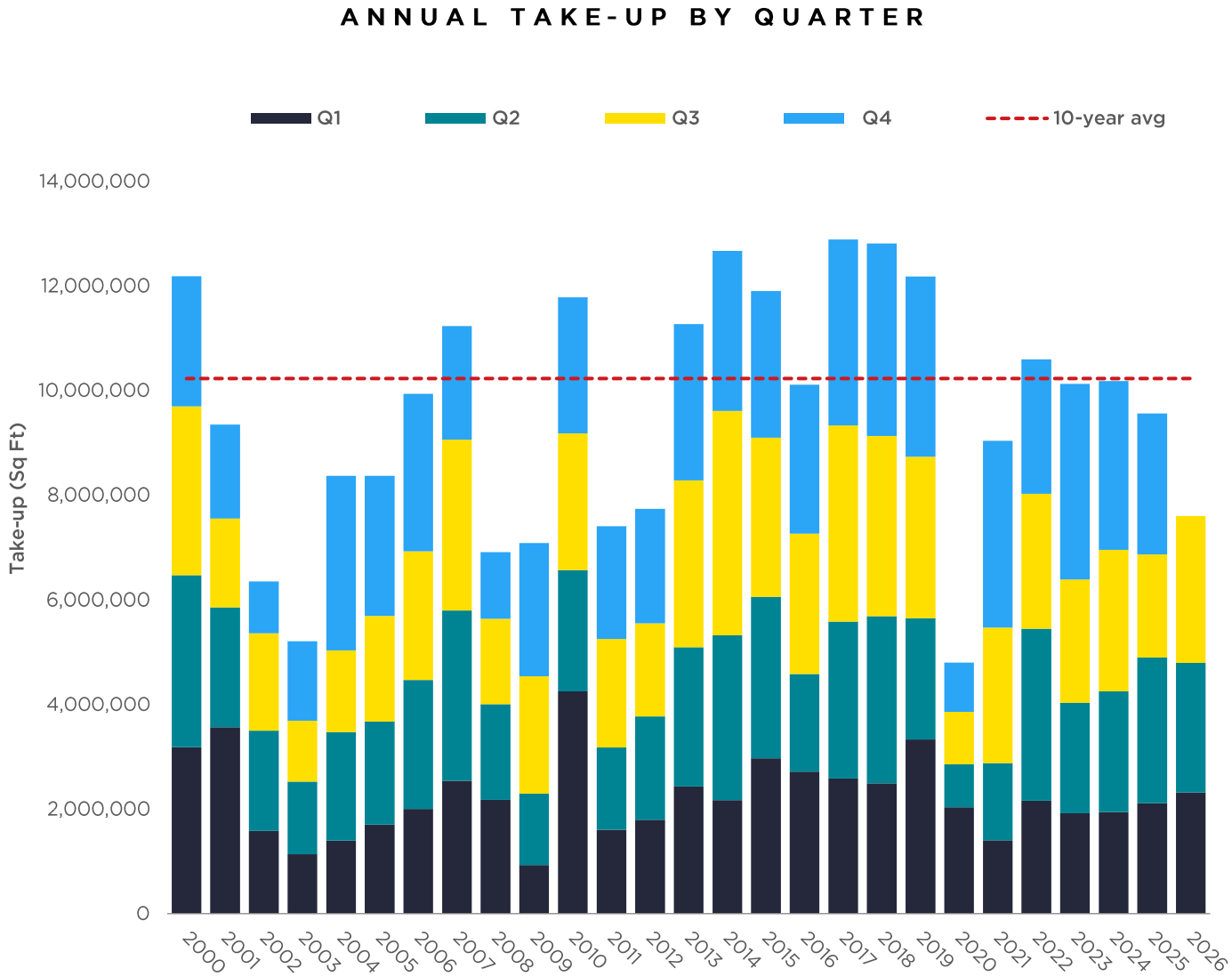
Q3 brought year-to-date turnover to £6.56bn, 11% below the five-year avg

Average Prime rents are based on actual average achieved rents

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Leasing summary

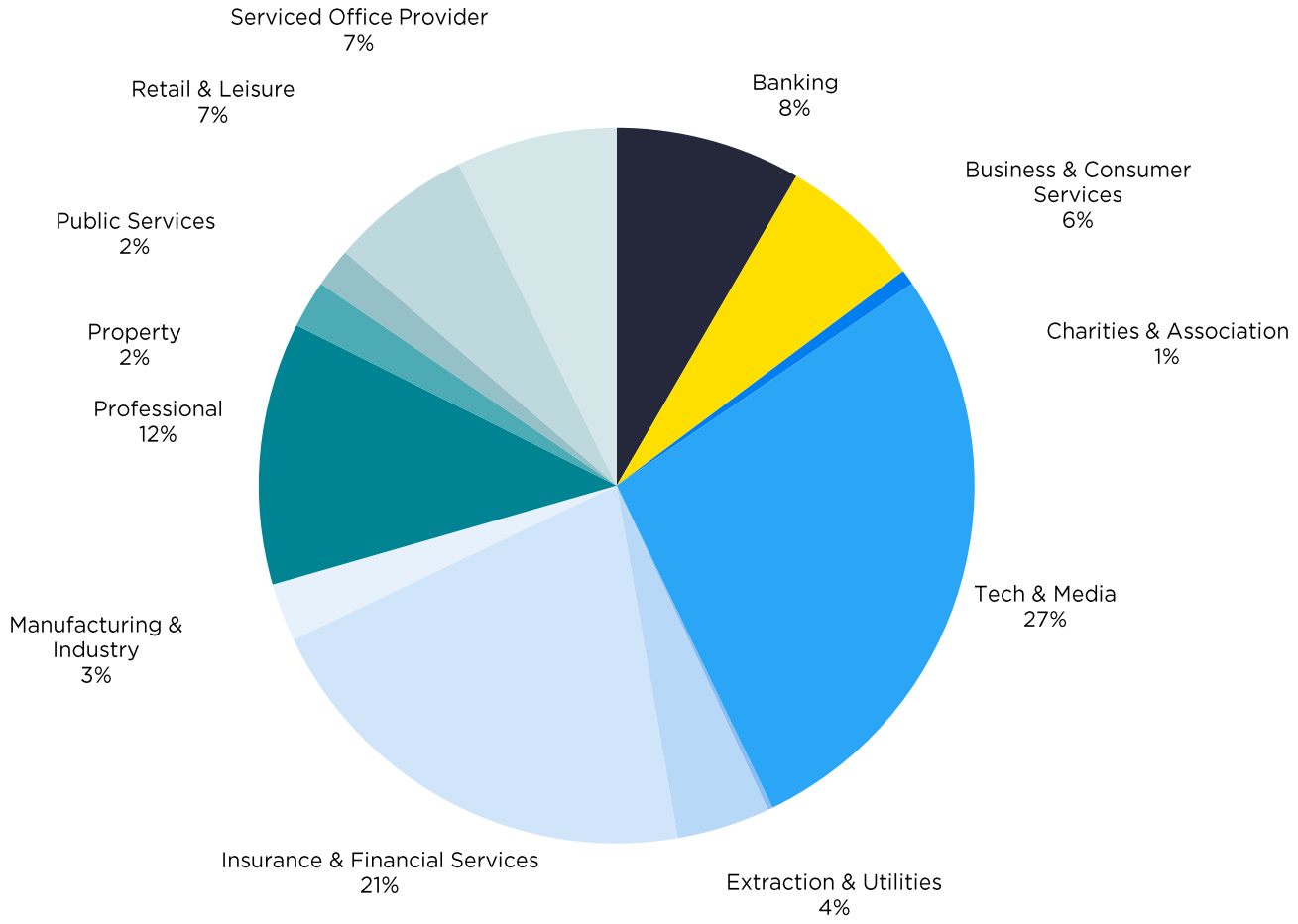
- Central London Q3 take-up reached 2.8m sq ft across 175 transactions. This was up 7.5% on the 10-year Q3 average and 43% ahead of Q3 2025. Activity was boosted by a number of large transactions, with the two largest, Jane Street Capital's c.475,000 sq ft pre-let at One Spitalfields, E1 and Mishcon de Reya's 161,000 sq ft pre-let at MidCity Place, WC1 together accounting for 23% of quarterly take-up.
- This was the strongest quarter of the year and brought year-to-date take-up to 7.6m sq ft, 6% up on the 10-year average for the same period and 11% up on Q1-Q3 2025. So far this year, 21 transactions sized over 50,000 sq ft have completed, the joint-highest number since 2019. Further to this, mid-sized transactions of 15,000 sq ft to 50,000 sq ft also reached a four year high with 92 transactions having completed by the end of Q3, indicating that growth expanded beyond the top end of the market. Q1-Q3 take-up was 3% higher year-on-year in the City and 24% higher in the West End.
- Pre-letting remained a key driver of activity, accounting for 1.75m sq ft, or 23% of take-up. However, activity remained concentrated in a relatively small number of large transactions, with 21 pre-lets completing. At the other end of the scale, fitted space accounted for around 80% of transactions below 5,000 sq ft in Q1-Q3 2026, up from 65% a year earlier, despite a softening in overall transaction volumes within this size bracket.
- Overall, so far this year AI-related occupiers accounted for around 923,000 sq ft of Central London take-up, equivalent to 12% of all space acquired. Around 235,000 sq ft was transacted in Q3, with the established clusters of North of Oxford Street (East) and King's Cross together accounting for 60% of AI-related take-up.
- Leasing activity continued to be driven by demand for Grade A office space, which accounted for 94% of take-up in Q1-Q3 2026. BREEAM Excellent and Outstanding rated space represented 71% of space acquired, up 10% on the same period in 2025.



Sector demand

- Boosted by record levels of activity from the AI sub-sector, the Tech & Media sector accounted for the largest share of leasing activity for the year, with 27%. This was up 34% on the 10-year average for the equivalent period. The West End accounted for 59% of Tech & Media take-up, with commitments by Databricks and Anthropic in North of Oxford Street (East), highlighting the area's sustained appeal to technology occupiers. Growth was overwhelmingly technology-led, although creative occupiers also recorded an uplift.
- Insurance & Financial Services occupiers acquired 1.5m sq ft across Central London, accounting for 21% of total take-up. Although volumes were 18% below the equivalent period in 2025, activity remained in line with the 10-year Q1–Q3 average, illustrating the sector's continued role as a stable source of demand. While ranking second for take-up this year, the sector leads Central London's active demand, accounting for over a quarter of active requirements. Expansion is a notable feature, with 86% of active Financial services occupiers seeking more space than they currently occupy.
- The Professional Services sector accounted for the third-largest share of take-up at 12%, broadly in line with its 10-year average. Legal occupiers dominated activity, representing 85% of sector take-up, with Herbert Smith Freehills Kramer and Mishcon de Reya alone accounting for half. The sector also remains a key driver of underlying demand, accounting for almost a quarter of Central London's active requirements, including many long-established occupiers having occupied their current offices for more than a decade.
- Serviced Office Providers acquired 523,000 sq ft across 19 new centres, up 32% on the same period in 2025. Activity spanned a diverse mix of operators, led by Fora's two deals totalling 117,000 sq ft at Bow Bells House, EC4, and 76 Southbank, SE1. Other notable transactions included Convene taking 57,000 sq ft at 1 Rathbone Square, W1, Landmark securing 50,000 sq ft at 1 Great St. Helens, EC3 and Runway East acquiring around 58,000 sq ft across two locations.

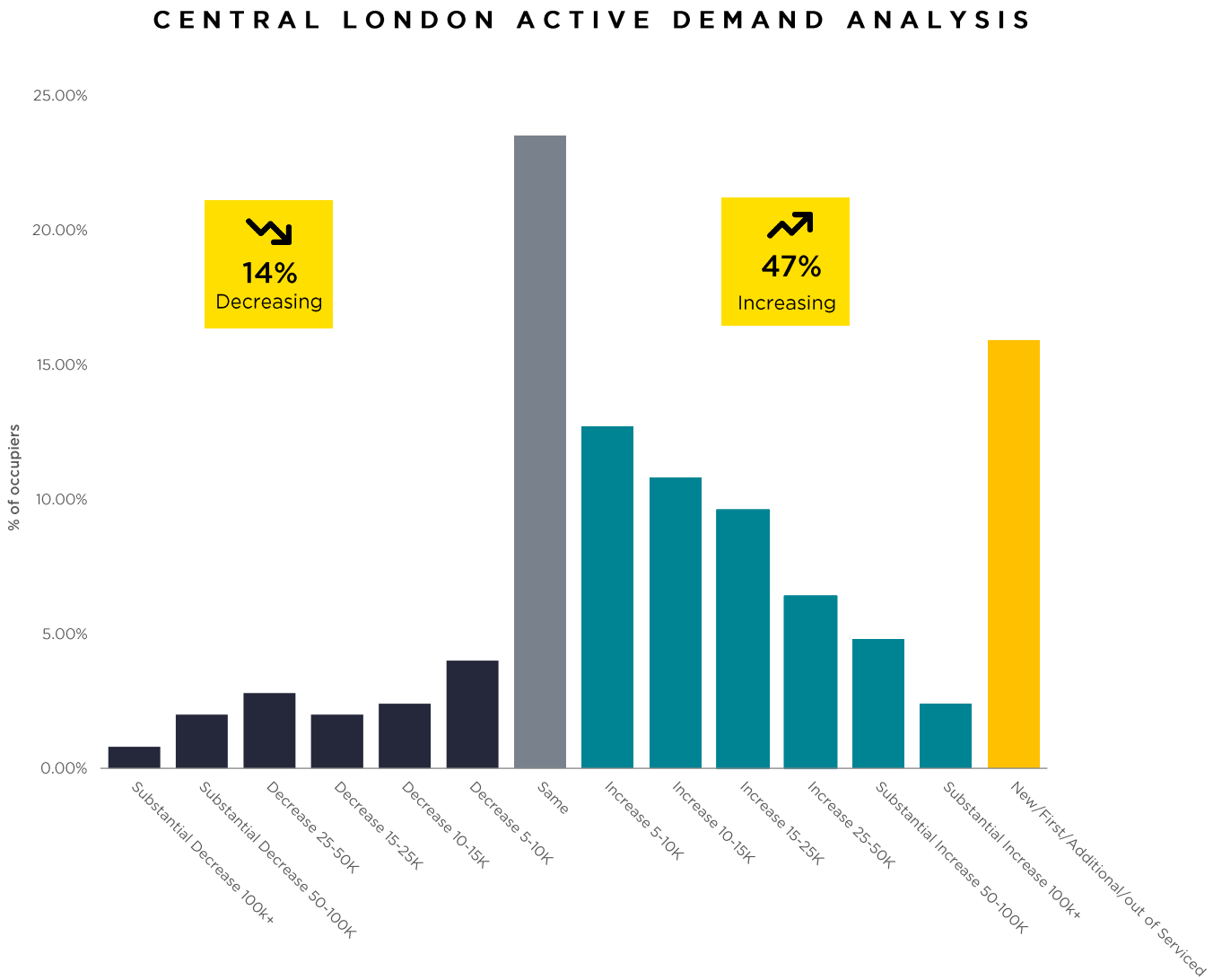
Q1–Q3 2026 TAKE-UP BY SECTOR



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Active demand

- Space under offer at the end of Q3 2026 stood at 2.8m sq ft, up 17% quarter-on-quarter and 36% above the 10-year average. Demand remains particularly concentrated on newly developed and comprehensively refurbished space, which accounts for 71% of the total.
- Overall active Central London demand stood at 14.4m sq ft at the end of Q3 2026, down 9% quarter-on-quarter but 49% above the 10-year average. The principal driver is Financial and Professional services, which together with the banking sector account for 8.5m sq ft, or 59% of demand, compared with 17% from Tech & Media sector occupiers. Financial & Banking demand has increased by 15% since the start of 2026 to 5.13m sq ft, remaining the largest sector but below its 2024 record.
- Demand is further supported by occupiers reviewing their options after long tenures. 5.1m sq ft (35%) of active demand consists of occupiers who have been at their current London office for at least 15 years, a tenure historically associated with a greater likelihood of relocation. The City Core accounts for 62% of this long-tenure demand. A further 2.9m sq ft, or 20% of demand, relates to occupiers that have been in their existing premises for 10-15 years. Around 28% of the 5.1m sq ft of requirements from long-standing occupiers are believed to be weighing stay versus go options, as limited prime supply adds to the trade-off between regearing and relocating.
- Our analysis of active occupier requirements exceeding 10,000 sq ft indicates that the number of occupiers seeking to expand their office footprint (47%) continues to outweigh the number of occupiers seeking to decrease their office space (14%). In addition, 16% of active requirements originate from new market entrants, occupiers moving out of serviced office space, or companies seeking additional space, including those establishing their first London office.
- The strongest growth in demand has been among mid-sized requirements, with demand for 25,000-50,000 sq ft standing 51% above the 10-year average, both by number of occupiers and overall volume. At the larger end of the market, requirements of 100,000 sq ft and above also remain a significant driver, totalling 7.06m sq ft and accounting for 49% of total active demand.



Supply and vacancy

- Supply across Central London fell to 17.8m sq ft during Q3 2026, down 0.9m sq ft over the quarter. Consequently, the vacancy rate declined by 30 bps to 6.9%, 90 bps below Q3 2025 but still 40 bps above the 10-year average.
- The City vacancy rate remained at 7.0%, just 10 bps above its 10-year average, while the West End vacancy rate contracted by 60 bps to 6.9%, its lowest level since Q1 2023. Despite this improvement, the West End vacancy rate remains 130 bps above its 10-year average.
- However, the preference for core submarkets remains evident, with City Core vacancy at 5.8%, 210 bps below its 10-year average, compared with 8.0% in the City Fringe, which is 140 bps above its 10-year average. A similar pattern is evident in the West End, with Core (Mayfair/St James's) vacancy at 4.6%, compared with 17% in Hammersmith and 18% in VNEB.
- Around 3.4m sq ft of supply has been marketed for 36 months or more, with this potentially structurally obsolete proportion more pronounced in the West End, where it accounts for 24% of supply. This further highlights the fragmentation of supply, with occupier-relevant availability considerably tighter than the headline figure suggests.
- At the end of Q3, 52% of available supply comprised floorplates below 5,000 sq ft. At the other end of the scale, just 25 Grade A options are available now or within the next six months for occupiers seeking 100,000 sq ft or more, five of which are in Hammersmith, White City or VNEB. This compares with 32 active requirements above 100,000 sq ft, highlighting the limited choice for larger occupiers, particularly those seeking to be more centrally located.
- The prevalence of fitted space is notably higher among smaller floorplates, with 44% of sub-10,000 sq ft options now offered on a Fitted, CAT A+ or Managed space basis. The proportion rises to 48% in the West End, compared with 39% in the City.
- BREEAM Excellent or Outstanding-rated space accounted for 39% of available supply (7.0m sq ft), down 8% from Q3 2025.



↘ **6.9%**
Central London vacancy rate

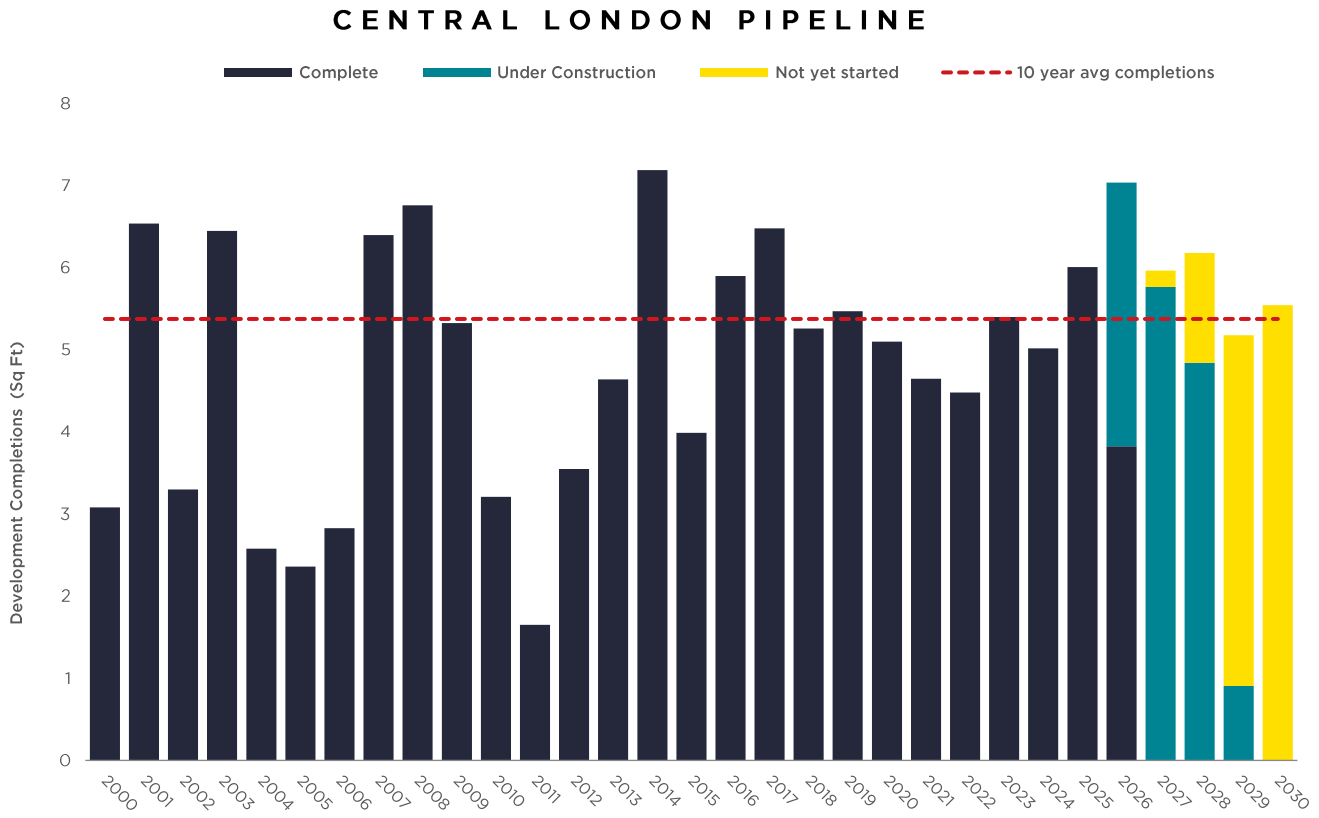
↘ **6.9%**
West End vacancy rate

↘ **7.0%**
City vacancy rate

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Development pipeline

- Development completions reached 1m sq ft during the quarter, with eight developments and major refurbishments reaching practical completion. This brought development completions for the year to date to 3.8m sq ft, 6% above the 10-year Q1-Q3 average, with the West End accounting for 55% of space delivered so far this year.
- Notable completions in Q3 included 105 Victoria Street, SW1, the quarter's largest scheme at 428,040 sq ft, of which 182,380 sq ft has already been pre-let, and the fully pre-let 1 Liverpool Street, EC2 development, totalling 175,909 sq ft.
- With a further 3.2m sq ft scheduled for delivery during Q4, development completions are expected to reach a near record 7.0m sq ft in 2026, approximately 31% above the 10-year annual average. Around 46% of the full-year delivery pipeline is pre-let, limiting the amount of speculative space that has been added to supply.
- Overall, based on our analysis of the development pipeline (with a view on schemes with a realistic prospect of delivery), development completions are expected to reach 26.0m sq ft across 164 schemes between now and the end of 2030. However, 44% of this future supply has yet to commence construction and therefore remains vulnerable to further delays or potential withdrawal as viability pressures persist.
- In the near term, the development pipeline for 2027 and 2028 remains substantial, with these two years accounting for 72% of the 14.7m sq ft currently under construction.
- Beyond 2028, delivery becomes considerably less certain. Only 8% of the 2029-30 pipeline is currently under construction. A further 4.1m sq ft is known to be undergoing demolition, although just 2.7m sq ft of this is targeting completion in 2029 or 2030. This leaves a substantial proportion of the later pipeline yet to progress on site, increasing the risk that anticipated delivery volumes may not materialise within current timescales.
- In total, 17% of the development pipeline scheduled for completion over the next four years has already been pre-let, 10% lower than the equivalent four-year pipeline at the end of Q3 2025.



44%
Yet to start construction

17%
Already pre-let

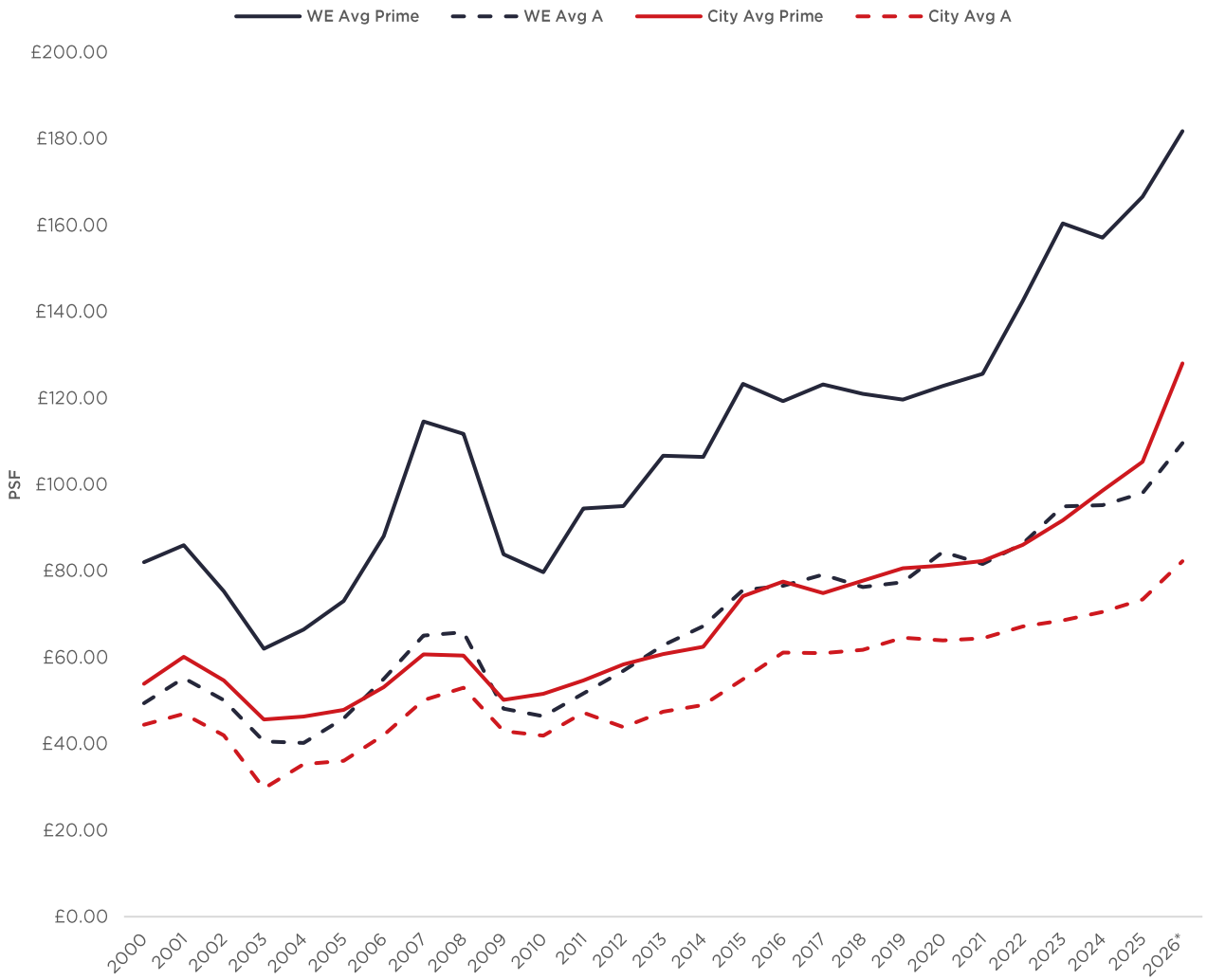
26m sq ft
Development pipeline 2026–2030

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City & West End rents

- With occupier demand remaining polarised towards premium office space, the City prime rent at the end of Q3 stood at £128.05 per sq ft. This was up 25% on Q1-Q3 2025. Leasing activity at the top end of the City market has remained robust, with 15 transactions above £100 per sq ft recorded so far this year, compared to eight during the entirety of 2025. The City Eastern Fringe achieved a new Q3 record of £105 per sq ft, with Jane Street pre-letting One Spitalfields, E1.
- The West End average prime rent stood at £181.79 per sq ft at the end of Q3 2026, up 8.0% year-on-year, supported by two Mayfair pre-lets achieving blended rents of £180.00 per sq ft, alongside new space in surrounding submarkets commanding rents above £140.00 per sq ft.
- New record rents have been achieved across five West End submarkets so far this year, demonstrating continued rental growth beyond the traditional core. North of Oxford Street (West) recorded a new rental high, surpassing the previous benchmark of £173.76 per sq ft, while Soho reached a new high of £165 per sq ft at Air W1, 20 Air Street, W1. New records were also set in Victoria, with £150 per sq ft overall blended rent achieved at 105 Victoria Street, SW1 and Covent Garden, where The Acre, 90 Long Acre, WC2 achieved £142.50 per sq ft. A new record rent was also set in King's Cross.
- With occupier demand remaining firmly polarised towards higher-quality office space, average Grade A rents continued to rise. The average City Grade A rent reached £82.27 per sq ft, and was up 13% on Q1-Q3 2025, while the West End average stood at £109.60 per sq ft, up 11% over the same period.
- By contrast, Grade B rents remain under pressure as occupier demand continues to weaken, with rental growth currently forecast at -1.5% for this year. Average Grade B rents stood at £46.34 per sq ft in the City and £47.56 per sq ft in the West End.
- Our rental analysis indicates that buildings rated BREEAM Excellent or Outstanding continue to command a premium. During the first nine months of 2026, average rents in these buildings were 37% higher than in non-rated buildings in the West End and 35% higher in the City.

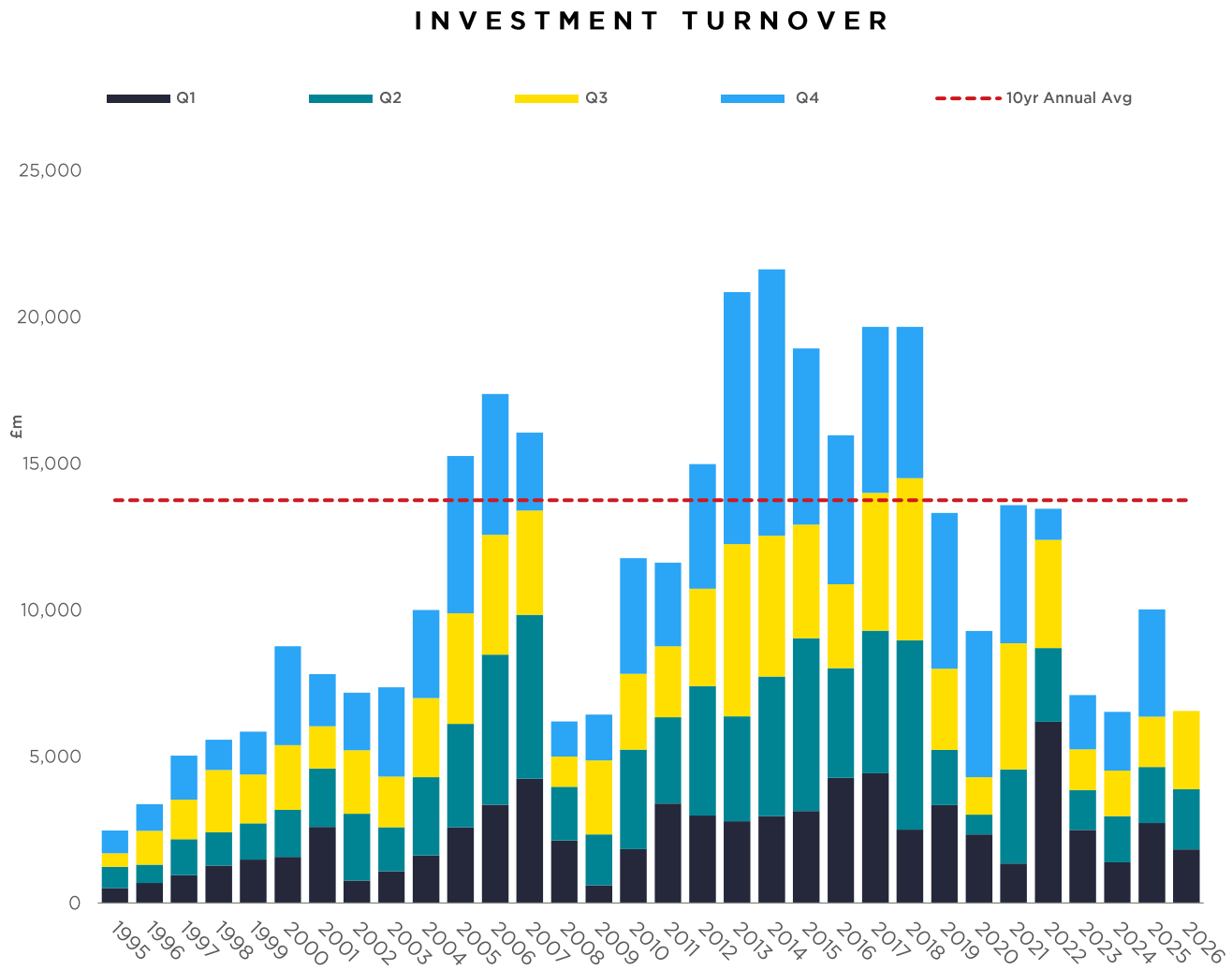
AVERAGE PRIME & AVG GRADE A RENTS



Average prime rents are derived from achieved rents rather than ERVs

Central London investment

- Q3 investment turnover reached £2.67bn, with 52 assets trading during the quarter, up 30% on Q2. However, despite momentum strengthening over the summer, market sentiment became more cautious in September, as elevated UK government bond yields, renewed inflation concerns and the expectation that interest rates would remain higher for longer weighed on investor confidence.
- Docklands was a key driver of Q3 2026 investment activity, contributing £845 million, or 32% of the quarter's turnover. Activity was concentrated in two major E14 transactions: the £625 million acquisition of 1–5 Bank Street and the purchase of the Inventory campus at East India Dock for in excess of £200 million.
- This brought year-to-date investment turnover to £6.56bn with 146 assets trading over the first nine months of the year with demand remaining strongest for well-located assets offering secure income, repositioning potential or strategic owner-occupier value. City investment activity was dominated by smaller lot sizes, with 79% of transactions completed so far this year below £50 million.
- The West End accounted for 53% of total investment year-to-date turnover, supported by several major transactions. Q3 transactions included KKCG/Yard Nine's £291 million acquisition of 1 St James's Square, SW1, and SevenCitiesLdn's £211 million purchase of 123 Victoria Street, SW1, alongside Deka's £215 million acquisition of Stirling Square, SW1. Overall West End turnover at the end of Q3 was in line with the five-year average and 11% below the 10-year average.
- Overall, the average lot size for the year so far stands at £44.92m, down 12% on the five-year average of £51.10m and 19% below the 10-year average of £55.60m.
- Domestic capital remained the largest source of investment, accounting for 35% of year-to-date volume, followed by European capital at 25%.
- Savills prime yields moved out by 25 bps in September, to 4.00% in the West End and 5.50% in the City.



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