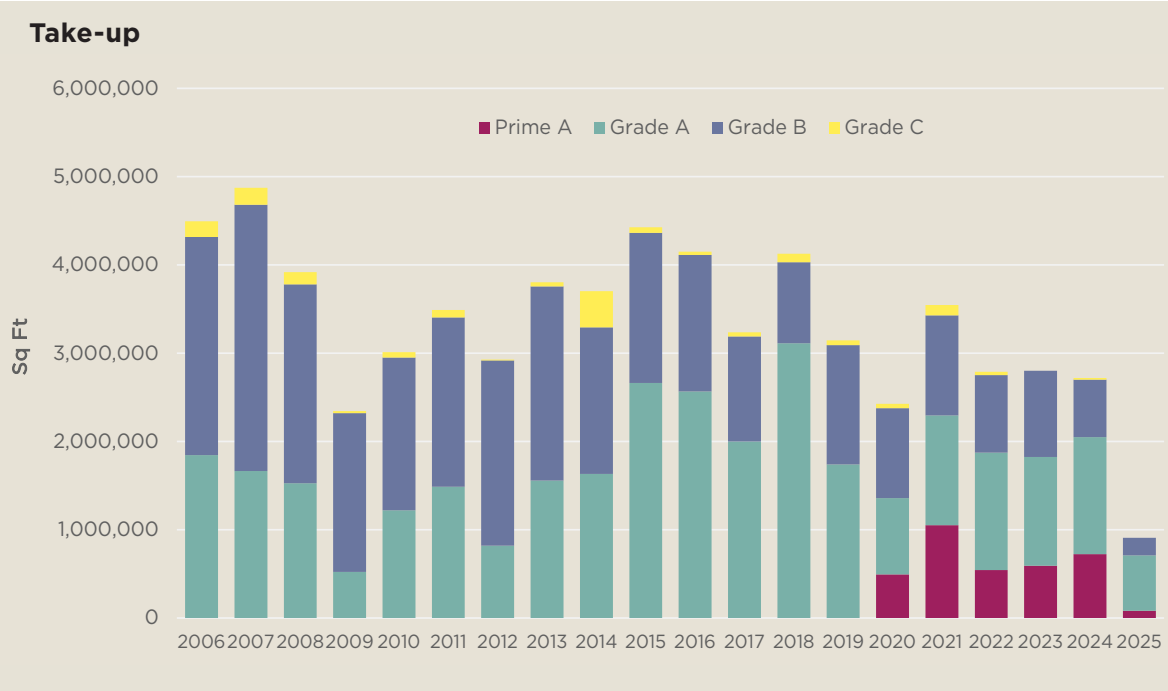


Greater London & South East Offices



Summary: Despite ongoing geopolitical and economic headwinds, there were strong levels of leasing activity recorded in Q1 2025. Take-up reached 909,000 sq ft, this total was 38% above Q1 2024 and ahead of both the five- and ten-year averages. Supply has continued to fall, now standing at its third lowest level ever recorded, and with development activity remaining limited, further rental growth is expected for both prime and Grade A buildings.



Source Savills Research

There were strong levels of leasing activity in Q1 2025 with take-up 38% above the ten-year average

There was a notable uptick in leasing activity across the region in Q1 2025, with take-up reaching 909,000 sq ft. This total was 38% above Q1 2024, 26% above the five-year average, and 18% above the ten-year average. These figures highlight the resilience of the market against a backdrop of ongoing economic and political challenges impacting wider occupier sentiment. Q1 2025 take-up was the fourth-highest total for the first quarter in the last ten years. Significant deals included a confidential occupier leasing 155,000 sq ft at 350 Brook Drive and 450 South Oak Way in Green Park, CareTech acquiring 46,000 sq ft at Parkview in Uxbridge, and Reckitt Benckiser leasing 55,000 sq ft at 6 Roundwood Avenue, Stockley Park.

The Western Sector accounted for 64% of the wider market take-up, with the Thames Valley and Heathrow submarkets being the most active, making up 27% and 31% of take-up, respectively. Notable markets that have experienced high levels of occupier demand include Reading, Uxbridge, Stockley, and Guildford, which all exceeded their ten-year Q1 averages.

There were strong levels of corporate occupier demand in Q1 2025, with 16 deals recorded over 20,000 sq ft, which was above the ten-year average of nine. Activity in the smaller size bands remained steady, with 20 deals between 5,000 and 9,999 sq ft recorded, staying broadly in line with both the five- and ten-year averages.

The flight to quality has continued into 2025, as Grade A and Prime space remains the occupier preference, accounting for

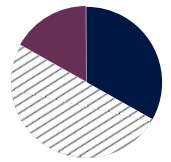
81% of space transacted. Only 9% of space leased was Prime compared to the five-year average of 28%, as the availability of this type of stock continues to fall.

This quarter marked a shift from previous years, with out-of-town business parks seeing a sharp rise in activity. Take-up in these locations was 93% above the five-year Q1 average, underpinned by a series of larger deals across Green Park, Reading, Cathedral Square, Guildford and Uxbridge Business Park.

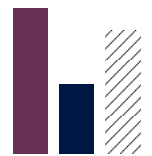
Manufacturing & Industry, which includes Pharmaceuticals, Manufacturing & Defence, and Fast-Moving Consumer Goods occupiers, remains the most active sector in the South East, accounting for 36% of all leased space. Notable transactions in this sector included Kenvue, Stanley Black & Decker, and Reckitt Benckiser all acquiring space in Q1 2025. Following the government's announcement of a £2.2 billion increase in defence spending, continued growth across this sector is expected. In the Western Sector alone, Manufacturing & Industry accounted for 56% of all take-up, highlighting the varied demand pool active in the market.

Savills is currently tracking 1.46 million sq ft of active demand within the region. This includes eight requirements exceeding 40,000 sq ft from a diverse range of tenants including Microsoft, Siemens, 3M, and Coca-Cola Europacific Partners.

Key Data Points



83%
Grade A space accounted for 83% of take-up in Q1 2025



6%
Total supply is 6% below the end-2024 level



2

Two submarkets achieved record rents in Q1 2025

Savills defines Prime Grade A as best-in-class office space that is ESG-compliant (EPC A&B) and contains multiple amenities; it has been tracked since 2020.

SUPPLY LEVELS CONTINUE TO ERODE ACROSS THE MARKET, WITH THE DEVELOPMENT PIPELINE LIMITED

At the end of Q1 2025, supply levels dropped to the third lowest level ever recorded, reaching 12.5 million sq ft, 11% below the ten-year average. The overall fall in supply from Q4 2024 was 6%, with Grade A stock dropping by 5%. The trend of converting secondary office spaces to alternative use has become increasingly prevalent- it is estimated at least 10 million sq ft of office stock has been acquired by alternative use purchasers in the last year. The market vacancy rate currently stands at 7% for the South East Region, and 4% for Grade A stock.

The development pipeline remains extremely limited, with only 411,000 sq ft currently under construction or being comprehensively refurbished - only 108,000 sq ft is set to complete in 2025. Despite the positive occupational market data, it is unlikely that there will be any significant development starts in the short term, given concerns over the viability of new schemes. There is currently six months of prime supply based upon the five-year average take-up, and a year and a half of Prime and Grade A, highlighting the supply constraints present in the market.

A SHORTAGE OF PRIME SUPPLY IS SUPPORTING RENTAL GROWTH FOR WELL-LOCATED, REFURBISHED GRADE A STOCK

Only two towns experienced record rents being achieved in Q1 2025, driven by limited prime take-up, which typically underpins higher rents. Basingstoke set a new record rent of £38.00 per sq ft, a 12% uplift on the previous record. In Chelmsford, QBE Insurance leased 16,000 sq ft at Regent House for £31.00 per sq ft, marking an 11% increase.

The lack of available prime stock presents an opportunity for landlords of existing Grade A refurbished stock to benefit from the rental growth that the wider market has experienced. In markets such as Reading and Maidenhead, where the prime rent has increased by over 30%, the rental gap between Grade A and prime buildings is expected to narrow, given the lack of prime competition and the occupier preference for Grade A and Prime space.

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Key Statistics

The tables below detail key statistics relating to the Greater London & South East office market. Savills Research tracks take-up and supply over 5,000 sq ft.

Take-Up

	Data (Sq Ft)	Year-on-Year Change
Q1 2025 Take-up	909,000 sq ft	+38%
Q1 2025 Grade A + Prime Take-up	738,000 sq ft	+43%
Average Deal Size	18,558 sq ft	+22%
10-Year Average Q1 Take-up	719,000 sq ft	-
5-Year Average Q1 Take-Up	772,000 sq ft	-

Supply

	Data	Change from Q4 2024
Total Supply	12.5 million sq ft	-6%
Grade A Supply	7.03 million sq ft	-5%
In-Town Supply Proportion	50%	-2%
Out-of-Town Supply Proportion	50%	+2%
Development Pipeline (Available Space Under Construction)	411,000 sq ft	-

Source Savills Research

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