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MARKETBEAT
CENTRAL LONDON OFFICES
Q3 2026

Better never settles



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THE SHIFT IN SOURCES OF CAPITAL

Central London's investor base has shifted markedly in 2026, with UK capital taking a much larger role in the market. Between 2016 and 2025, UK purchasers accounted for 31% of investment, broadly alongside Asia Pacific capital at 33%. The balance changed significantly in 2025, when the UK share increased to 36%, before rising further to 46% of purchases during Q1-Q3 2026. At the same time, Asia Pacific capital has fallen from 33% over the longer-term period to 14% in 2025 and tightening even more to just 9% in 2026, due to the absence of investment from Hong Kong, Singapore and China who together made up close to 75% of Asia Pacific market share over the last 10 years. In 2026, Japanese capital has been the largest contributor of Asian money at 50%. Whilst the capital from this cohort of investors has reduced, it hasn't disappeared, evidenced by close to £560 million acquired so far this year.

Meanwhile, European capital has moved in the opposite direction. Buyers from the rest of Europe represented 15% of purchases between 2016-25, rising to 21% in 2025 and 24% during Q1-Q3 2026. North American investors accounted for 13% in 2026, broadly aligned with the 12% recorded over the longer term. The result is a noticeably different capital mix. UK and European buyers together represent 70% of investment in 2026, compared with 46% across 2016-25. Rather than the recovery being driven predominantly by the international capital sources that characterised previous cycles, the latest figures point to domestic and European investors playing a much greater role.

£100M+ LOT SIZES SHOW A MIXED PICTURE

Whilst the whole market is skewed towards UK investors, those targeting lot sizes in excess of £100 million are coming from overseas. In 2025, 73% of the number of deals over £100 million were from overseas capital, with 65% recorded so far in 2026, demonstrating that UK purchasers are favouring small to medium lot sizes, which is pushing up their overall market share.



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KEY TAKEAWAYS

Central London office take-up totalled 3.08 million sq ft in Q3 2026, 24% above the five-year average, 80% of which was grade A.

Availability reduced by 2% to 23.05 million sq ft in Q3, 10% down year-on-year and 8% below the five-year average.

12.02 million sq ft of space was under construction at the end of Q3, rising by 3% during the quarter. Of the total, 25% is pre-let or under offer.

There was £6.13 billion of investment in Q1-Q3, down by 5% on the same period of 2025 and 8% below of the five-year Q1-Q3 average.

Core prime office yields were held at 5.50% in the City and moved to 4.00% in the West End in Q3.

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MARKET FUNDAMENTALS

	Quarterly Change	12-Month Forecast
3.08M Take-up	▲	▶
23.05M Availability	▼	▼
7.3% Rental Growth, YoY	▲	▲
6.07M Completions, YTD	▲	▲
12.02M Under Construction	▲	▼

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
1.2% 2026 UK Projected GDP Growth	▼	▶
-0.8% 2026 Office Employment YoY	▼	▲
3.75% Q3 2026 Base Rate Bank of England	▼	▼

Source: Moody's Analytics

TAKE-UP: HIGHEST QUARTERLY VOLUME IN TWO YEARS

Central London office take-up totalled 3.08 million sq ft in Q3 2026, 24% ahead of the five-year quarterly average. The Wider City reclaimed the largest market share during the quarter, with 1.85 million sq ft leased, while 1.05 million sq ft was leased in the West End and 176,000 sq ft recorded in East London.

This took take-up for Q1-Q3 up to 7.46 million sq ft, 11% ahead of the same period of 2025 and 6% above the five-year Q1-Q3 average. Of the year-to-date total, 80% was for grade A space, equating to 5.98 million sq ft, 28% ahead of the five-year Q1-Q3 average. The Banking & Finance sector was once again the most active sector, taking a 31% market share for the year so far, however, the Technology sector is still more dominant than in prior years, with a 20% market share. The volume of space under offer remained high at 4.41 million sq ft, 42% above the five-year quarterly average, of which 86% is for grade A space.

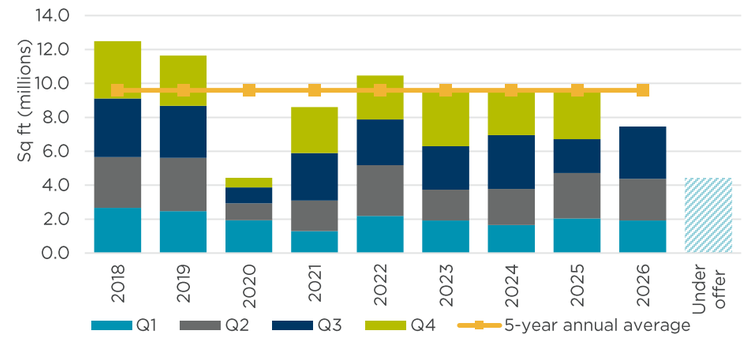
SUPPLY: CONTINUES TO REDUCE MARGINALLY

Availability reduced by 2% during the quarter to 23.05 million sq ft at the end of Q3 and is now 8% below the five-year quarterly average. Grade A availability increased by 1% to 16.01 million sq ft, with speculative completions entering the data keeping supply elevated at 16% ahead of the five-year average. As a result, a vacancy rate of 7.63% was recorded in Q3, a 22-basis point reduction on the prior quarter, while the grade A rate increased by 5 basis points to 5.30%, however big variances between submarkets remain. Taking the average take-up over the last three years, the current levels of availability equate to 2.7 years' supply across Central London overall, with 2.6 years' supply for grade A stock.

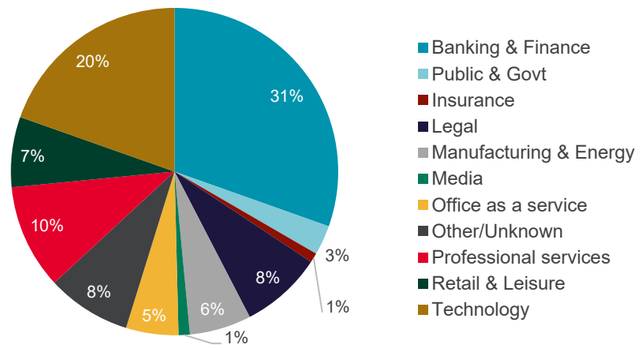
DEVELOPMENT: 57% OF YTD COMPLETIONS PRE-LET

At the end of Q3, 6.07 million sq ft completed across Central London, with 57% already pre-let. Looking ahead, there is 12.02 million sq ft under construction, of which 23% is pre-let or under offer, with 2.18 million sq ft expected to deliver by the end of 2026. If this does, completions for 2026 will reach a record high, however more than half is pre-let. The remaining space under construction will deliver through to 2030, although the quantum in 2029 and 2030 is extremely constrained, which may result in increased off-plan pre-lets across the market.

TAKE-UP BY QUARTER



TAKE-UP BY SECTOR Q1-Q3 2026



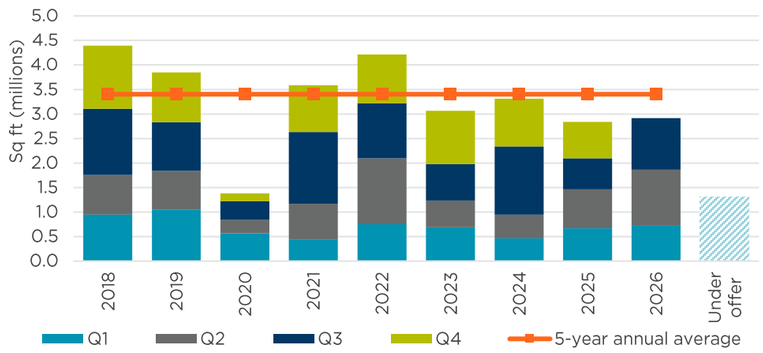
KEY OCCUPIER TRANSACTIONS

Jane Street	Mishcon de Reya	Deutsche Bank
474,300 sq ft	161,600 sq ft	152,800 sq ft
One Spitalfields, E1	MidCity Place, WC1	YY London, E14
Shoreditch	Midtown	Canary Wharf
Pre-let, off-plan	New lease	New lease

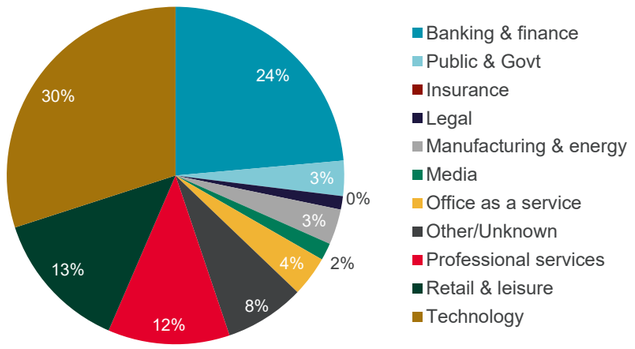
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WEST END
Q3 2026

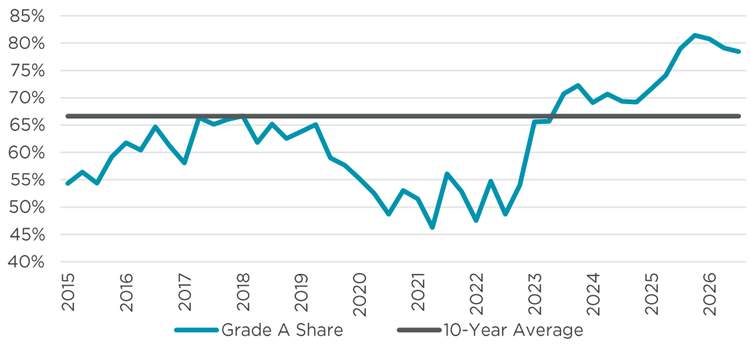
TAKE-UP BY QUARTER



TAKE-UP BY SECTOR Q1-Q3 2026



GRADE A SHARE OF TAKE-UP, 12-MONTH ROLLING



TAKE-UP: Q1-Q3 LEASING SURPASSES FULL YEAR 2025

West End leasing activity totalled 1.05 million sq ft in Q3 2026, down by 8% quarter-on-quarter but 66% up year-on-year. Total take-up for the first nine months of the year reached 2.91 million sq ft, 16% ahead of the five-year Q1-Q3 average of 2.51 million sq ft and surpassing full year volumes recorded in 2025. Grade A space continues to be the most sought after, with 2.27 million sq ft leased by the end of Q3, accounting for 78% of the total. Despite the deal numbers increasing from 57 in Q2 to 60 in Q3, the average deal size reduced by 13% quarter-on-quarter to 17,500 sq ft as activity slowed slightly during the summer following a strong first half of the year.

The Technology sector remains the largest contributor of activity so far this year, taking a 30% market share compared historical norms of c.15%. The Retail & Leisure sector also saw market share increase, largely driven by JD acquiring space for occupation in Hammersmith. At the end of Q3, there was 1.31 million sq ft under offer across the market, 31% ahead of the five-year average.

SUPPLY: AVAILABILITY REDUCES FOR SIX CONSECUTIVE QUARTERS

West End availability reduced by 1% during the quarter and by 9% year-on-year to 8.80 million sq ft in Q3, however it remains 7% above the five-year quarterly average. Of this, 76% was of grade A quality equating to 6.71 million sq ft, reducing by 0.2% during the quarter and by 8% year-on-year.

This equates to an overall vacancy rate of 7.07% and a grade A rate of 5.39% at the end of Q3 - both recording quarterly and year-on-year reductions. Wide ranging variations between submarkets remain, with King's Cross continuing to record the lowest grade A vacancy rate of 1.61%, followed by 2.38% in St James's, 2.68% in Bloomsbury and 2.89% in Mayfair.

DEVELOPMENT: 2026 RECORDS HIGHEST VOLUME OF COMPLETIONS

Completions in Q1-Q3 2026 totalled 3.56 million sq ft, the highest on record for the market. Of this, 62% was pre-let. Looking ahead, there is 5.20 million sq ft under construction and completing by 2029, with 22% pre-let or under offer. Close to 460,000 sq ft is expected to deliver in Q4, with 42% already pre-let or under offer.

The undersupply of grade A in core submarkets continues to be a concern, and as a result, rental growth continues to accelerate. Prime rents in Mayfair & St James's increased to £180 per sq ft in Q3, with rents for super-prime space a lot higher. Significant growth was also recorded in locations such as North of Oxford Street, Victoria, Fitzrovia and Euston where supply continues to tighten.

KEY OCCUPIER TRANSACTIONS



JD
114,700 sq ft
Systems, Brook Green, W6
Hammersmith
New lease (owner occupier)



Microsoft AI
97,800 sq ft
Film House, W1
Soho
New lease

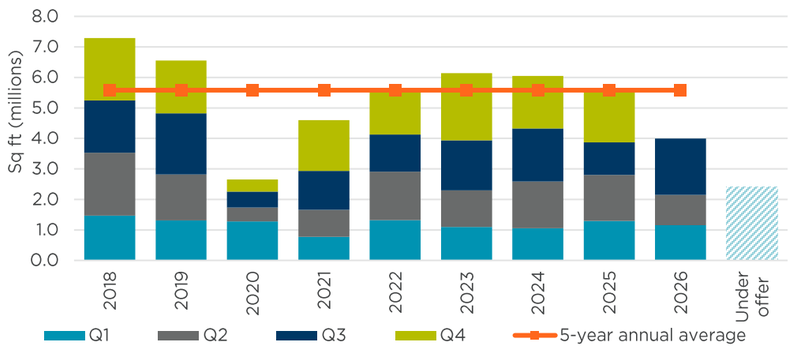


Safe AI
82,800 sq ft
Reflector @ Tribeca, NW1
Camden
New lease

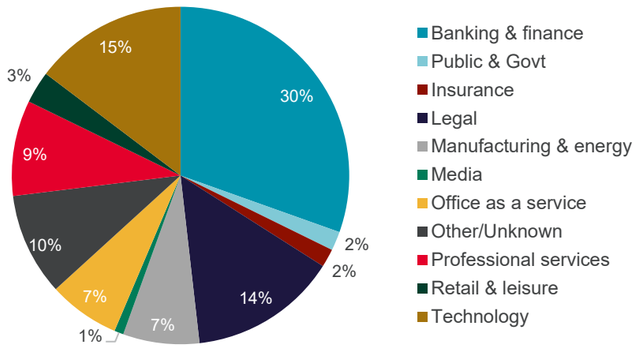
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WIDER CITY
Q3 2026

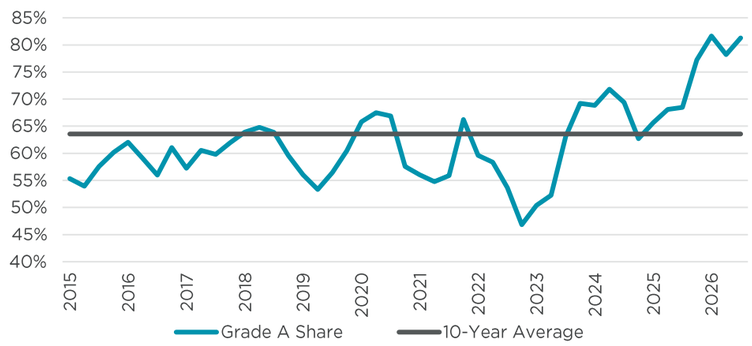
TAKE-UP BY QUARTER



TAKE-UP BY SECTOR Q1-Q3 2026



GRADE A SHARE OF TAKE-UP, 12-MONTH ROLLING



TAKE-UP: HIGHEST VOLUME OF QUARTERLY TAKE-UP SINCE Q4 2023

The Wider City recorded 1.85 million sq ft of leasing activity in Q3 2026, marking the highest quarterly volume since Q4 2023. Activity was boosted by several landmark transactions, including Jane Street's 473,000 sq ft pre-let at One Spitalfields, the largest deal completed in 2026 to date. Grade A space continued to dominate occupier demand, accounting for 82% of Q3 take-up and running 56% above the five-year quarterly average.

Total take-up for the first nine months of the year reached 3.99 million sq ft, 3% ahead of the equivalent period in 2025. Demand remains robust, with 2.43 million sq ft under offer at the end of Q3, 29% above the five-year average.

SUPPLY: AVAILABILITY REMAINS BELOW FIVE-YEAR AVERAGE

Availability decreased by 3% in Q3 2026 to 11.64 million sq ft and is now 12% below the five-year quarterly average. For grade A product, availability was unchanged at 7.52 million sq ft, 9% above the five-year average. As a result, the overall vacancy rate reduced to 7.58%, from 7.81% the prior quarter, while the grade A vacancy rate was broadly unchanged at 4.90%. The total and grade A vacancy rates for most submarkets are below the Wider City market levels. When benchmarked against average take-up over the past three years, current availability equates to approximately 2.3 years of total supply and 2.0 years of grade A supply. Conditions remain more constrained in the City Core, where available stock represents just 1.7 years of total supply and 1.5 year of grade A supply.

DEVELOPMENT: OVER TO HALF OF 2026 COMPLETIONS PRE-LET

Completions in Q1-Q3 2026 totalled 2.52 million sq ft, of which 51% was pre-let. Looking ahead, there is a 6.82 million sq ft currently under construction and delivering by 2030 – of this 23% is pre-let. Beyond this, there is over 4 million sq ft classified as “probable” – limited or no barriers for construction to commence, but a contract has not been placed.

Off-plan pre-letting will be key in unlocking these developments, and based on the current evidence in the market, there are some positive prospects for developments transitioning from probable to under construction, provided the off-plan pre-let under offers do complete, as in the case of One Spitalfields, which went under construction as soon as the Jane Street pre-let completed. The constrained pipeline continues to put upward pressure on rents, with super prime stock significantly exceeding prime rents levels of £97.50 per sq ft.

KEY OCCUPIER TRANSACTIONS



Jane Street
474,300 sq ft
One Spitalfields, E1
Shoreditch
Pre-let, off-plan



Mishcon de Reya
161,600 sq ft
MidCity Place, WC1
Midtown
New lease

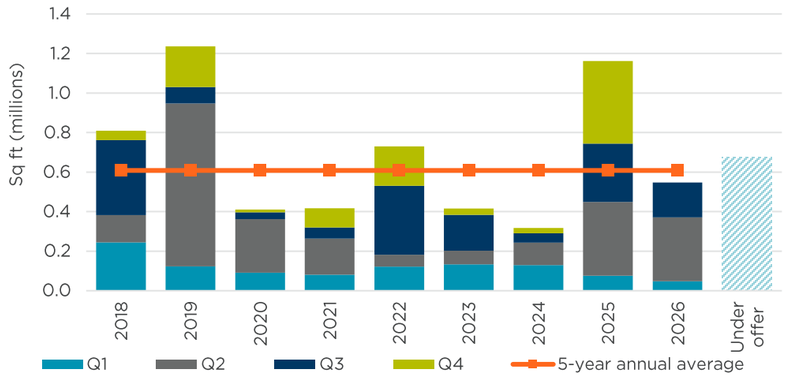


Morningstar UK
75,600 sq ft
One Millennium Bridge, EC4
City Core
New lease

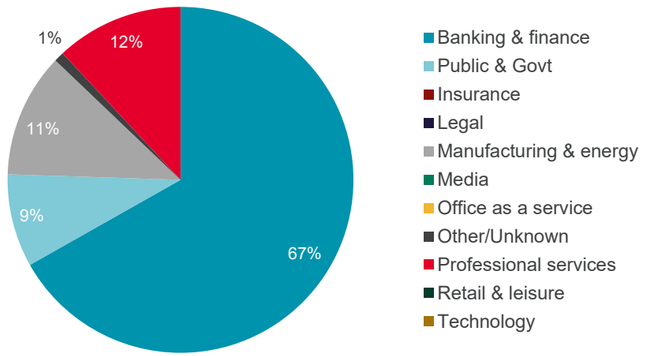
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EAST LONDON
Q3 2026

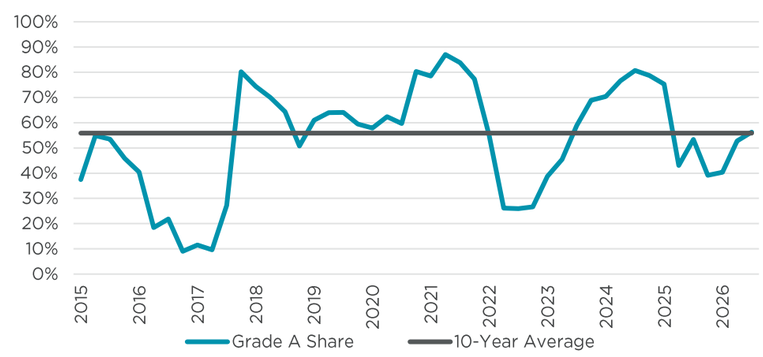
TAKE-UP BY QUARTER



TAKE-UP BY SECTOR Q1-Q3 2026



GRADE A SHARE OF TAKE-UP, 12-MONTH ROLLING



TAKE-UP: LEASING ACTIVITY AND UNDER OFFERS REMAIN POSITIVE

Following a quieter start to the year, leasing activity for Q1-Q3 2026 reached 547,000 sq ft, down by 26% on the prior year but 10% ahead of the five-year Q1-Q3 average. Demand continues to be concentrated towards grade A space, which accounted for 87% of the year-to-date total, equating to 478,600 sq ft. Encouragingly, the volume of space under offer also increased for the fourth consecutive quarter, to 673,800 sq ft, of which 86% was for grade A space, suggesting leasing volumes are likely to strengthen further over the coming quarters as transactions progress towards completion.

SUPPLY: OVERALL AVAILABILITY REDUCES, GRADE A RISES

Availability across East London decreased during Q3 to 2.60 million sq ft, a fall of 7% during the quarter and 24% below the five-year quarterly average. Of this, 68% was classified as grade A, equating to 1.78 million sq ft – a 14% quarterly increase and 32% ahead of the five-year quarterly grade A average. As a result, the overall vacancy rate reduced by 82 basis points during the quarter to 10.81%, while the grade A rate increased by 91 basis points to 7.38%, the latter because of space at 40 Bank Street and Wood Wharf, Canary Wharf, being made available.

DEVELOPMENT: ABSENT PIPELINE PERSISTS IN EAST LONDON

There were no office-only developments under construction at the end of Q3 2026. However, there is over 5.2 million sq ft of office development with planning consent across 13 schemes. Only three of these could deliver by 2030, equating to close to 900,000 sq ft, including One Eden, where PwC is currently under offer on approximately 350,000 sq ft.

Beyond office-only developments, two science and innovation-focused schemes are underway. 17 Columbus Courtyard, completing in Q2 2027, is designed principally for life sciences occupiers, but has recently pivoted to include approximately 100,000 sq ft of office use. One North Quay, completing in Q1 2028, is a 570,000 sq ft vertical innovation campus, positioned to attract a broad spectrum of life sciences, science & technology and innovation-led office occupiers, with around 270,000 sq ft allocated to office-based use.

Viability challenges across the wider construction industry continue to constrain development activity, particularly in East London where occupational demand has historically been variable. If the strong leasing performance seen throughout 2025 and into 2026 continues, confidence in the development market is likely to strengthen, particularly for schemes that have already secured planning consent.

KEY OCCUPIER TRANSACTIONS



Deutsche Bank
152,800 sq ft
YY London, E14
Canary Wharf
New lease

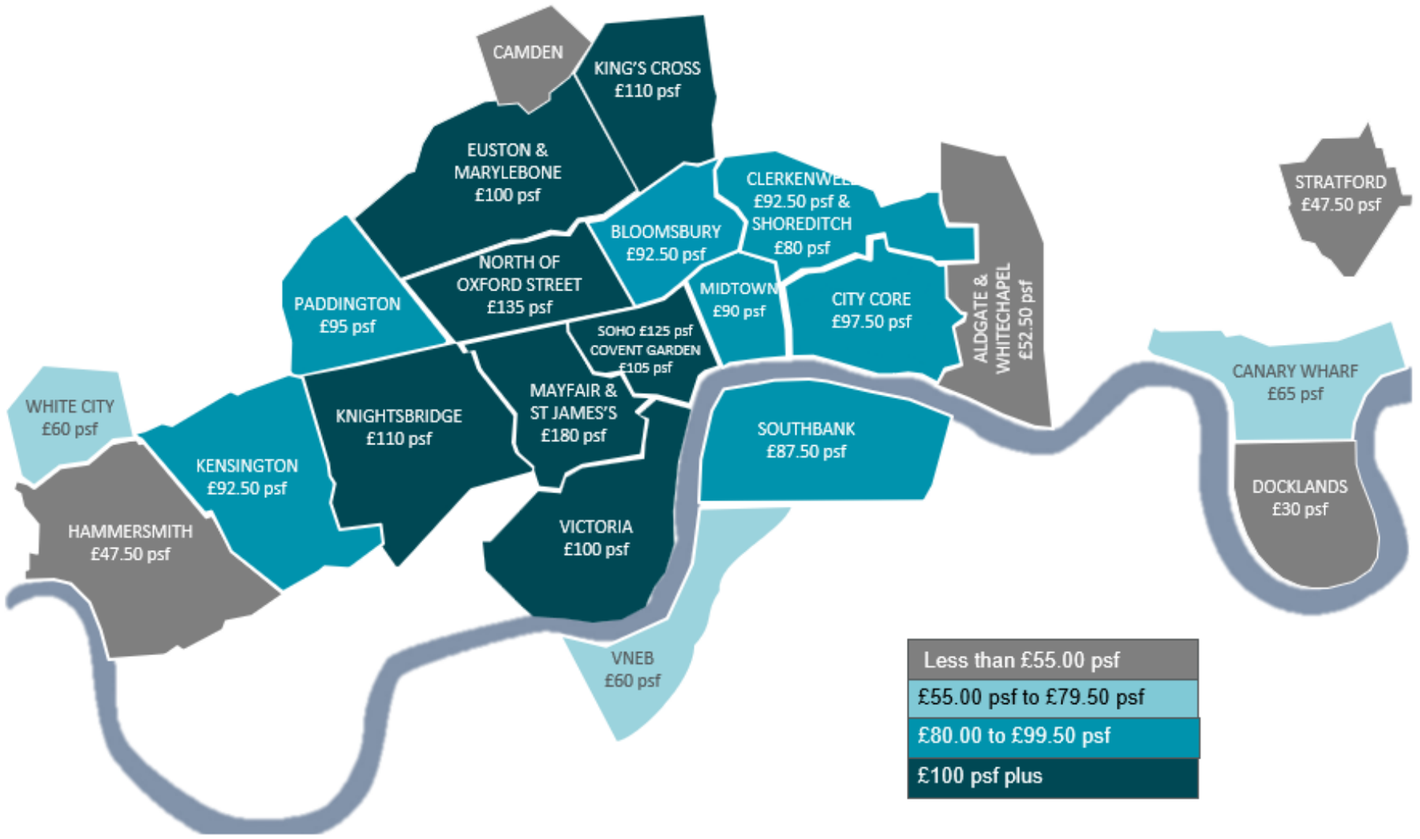


Global Banking School
22,900 sq ft
Import Building (Republic), E14
Outside Canary Wharf
New lease

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RENTAL MAP
Q3 2026

PRIME HEADLINE RENTS



ECONOMY

1.2% UK GDP growth in 2026

1.2% Projected UK GDP growth in 2027

0.6% Inner London GDP growth in 2026

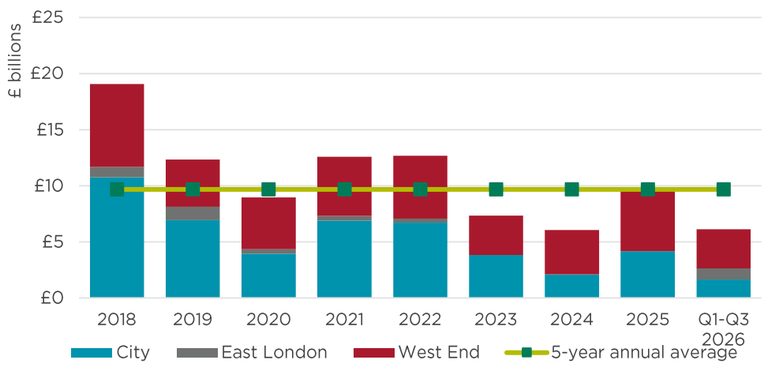
0.1% Projected Inner London GDP growth in 2027

After expanding by 0.4% in both June and July, monthly GDP rose by a further 0.1% in August. On a rolling three-month basis, GDP grew by 0.7% in the three months to August, extending the run of positive growth and highlighting the resilience of the UK economy despite a challenging global backdrop. Services remained the principal driver of activity, offsetting weaker performances in construction and manufacturing.

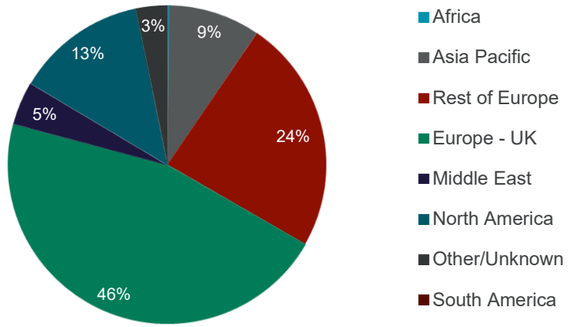
The latest S&P Global/CIPS UK Composite PMI remained in growth territory through Q3, signalling that private sector activity continues to expand. Services remain the strongest-performing sector, supported by resilient domestic demand, while manufacturing activity has shown a more mixed picture as exporters contend with softer global demand and ongoing uncertainty around trade and geopolitics. Business confidence has improved compared with 2025 levels but remains below long-term averages, reflecting caution around investment decisions and the future path of interest rates.

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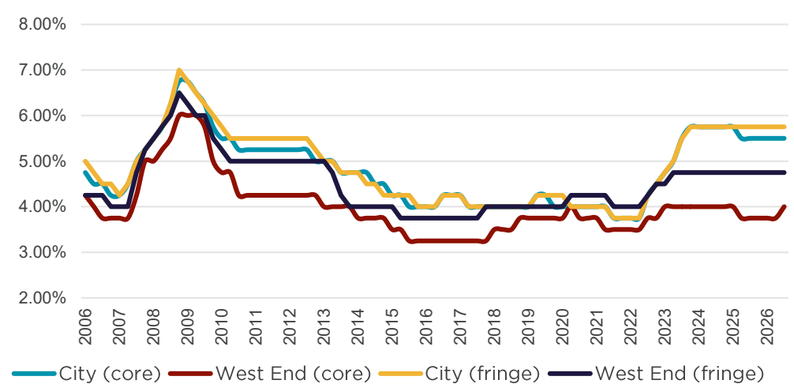
INVESTMENT VOLUMES



INVESTMENT BY PURCHASER ORIGIN YTD



YIELDS



VOLUMES: LARGER LOT SIZE DEALS UP ON 2025, DRIVEN BY UK PURCHASERS

In Q3 2026, approximately £2.13 billion of office assets were traded across the Central London market, representing an increase of 4% on Q2. This brought Q1-Q3 2026 volumes to £6.13 billion, 5% below the same period in 2025 and 8% down on the five-year Q1-Q3 average. The West End remained the most active market, accounting for £3.50 billion of year-to-date turnover, equivalent to 57% of all Central London investment activity. The City recorded £1.65 billion in Q1-Q3, while East London contributed £979 million, the largest volume recorded since 2019.

Liquidity in larger lot sizes continue to positively impact volumes, with 17 deals over £100 million trading, equating to £3.30 billion – more than half of the overall total. This was ahead of the 14 deals recorded in the same period of 2025, which also equated to £3.30 billion. There are a further 8 deals over £100m currently under offer in Central London, suggesting that 2026 may see the same or indeed more £100m+ transactions than the 22 seen in 2025.

There has been a noticeable shift in the sources of capital across the market. Over the last 10 years, UK purchasers have typically made up about a third of the market, however so far in 2026, they have acquired over £2.80 billion, taking a 46% market share. Whilst overseas capital remains an important driver of demand, market shares have shifted considerably. As with domestic purchasers, capital from the Asia Pacific also accounted for a third of purchases historically – this has shrunk to 14% in 2025 and to 9% so far in 2026, highlighting the impact of macro domestic and international factors on Asian buyers, but also the future opportunity that the latent demand from this region may offer.

Across Central London, there are currently £4.55 billion worth of assets available or at the bids stage, which is slightly ahead of the £4.20 billion recorded at the end of the prior quarter. A further £3.04 billion of assets are under offer, not dissimilar to figures recorded at the end of Q2.

YIELDS: UNCHANGED IN THE CITY, BUT SOFTEN IN THE WEST END

Prime office yields in the City remained unchanged at 5.50% in Q3, while a 25-basis point increase to 4.00% was recorded in the West End. Pricing is expected to remain at these levels as we approach the end of the year.

KEY INVESTMENT TRANSACTIONS



1 St James's Square, SW1

£291 million

Purchaser: KKCG Real Estate

Vendor: Lifestyle International Holdings



Inventory, East India Docks, E14

£220 million

Purchaser: Telehouse / KDDI

Vendor: LaSalle and Trilogy



123 Victoria Street, SW1

£211 million

Purchaser: SevenCitiesLdn

Vendor: Landsec

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