AVISON YOUNG



Central London Office Analysis

Quarterly office occupier and investment market review.

OCCUPIER SNAPSHOT

Occupier analysis

Q3 2026
CENTRAL LONDON OFFICE ANALYSIS

	ANNUAL CHANGE	12 MONTH FORECAST
TAKE-UP (SQ FT)	2.3m	△	△
VACANCY RATE	6.7%	▽	▽
MAYFAIR PRIME RENT (PSF)	£187.50	△	△
CONSTRUCTION (SQ FT)	9.3m	▽	▷

LARGEST DEAL

470k sq ft

Jane Street | One Spitalfields, Bishops Square

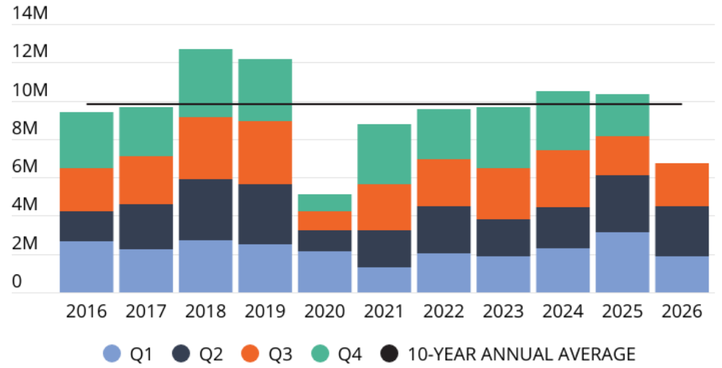
TOP 3 HIGHLIGHTS

Office take-up across Central London totalled 2.3m sq ft in Q3 2026, 7% below the 10-year average. This shortfall was due to weaker take-up for larger sizebands, while the take-up of floorplates under 25,000 sq ft exceeded historic averages. Take-up was driven by Financial and TMT & Creative occupiers, comprising 41% and 14%, respectively.

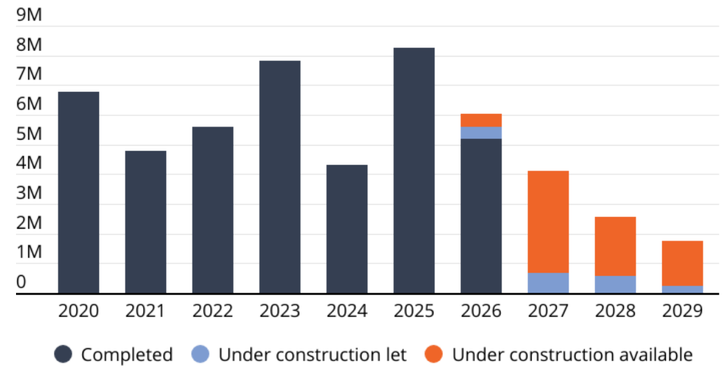
Office vacancy rose from 6.3% to 6.7%, driven in-part by a rise in Grade A vacancy which increased 20 bps to 2.1%. The greatest increase was seen in West London, where vacancy now stands at 13.9%, following the completion of the 600,000 sq ft Hammersmith Olympia scheme during the quarter.

Prime rents increased in a handful of markets to represent annual prime rental growth of 4.4%. The strongest growth was recorded in Fitzrovia, driven by rental pressure at The Ribbon, alongside in Soho where recent completions and low Grade A vacancy have also supported rental growth.

CENTRAL LONDON TAKE-UP IMPROVES ON Q3 2025



79% OF SPACE UNDER CONSTRUCTION AVAILABLE



INVESTMENT SNAPSHOT

Investment analysis

Q3 2026
CENTRAL LONDON OFFICE ANALYSIS

	ANNUAL CHANGE	12 MONTH FORECAST
Q3 2026 INVESTMENT VOLUME		
£2.3bn	△	△
CITY PRIME YIELD		
5.5%	△	▷
WEST END PRIME YIELD		
4.0%	△	▷

DEALS TABLE

ADDRESS	PRICE	YIELD	PURCHASER
One Bank Street, E14	£625M	Undisclosed	Brookfield & Qatar Investment Authority
1 St James's Square, SW1	£291M	n/a	KKCG Real Estate
123 Victoria Street, SW1	£211M	7.9%	SevenCitiesLdn

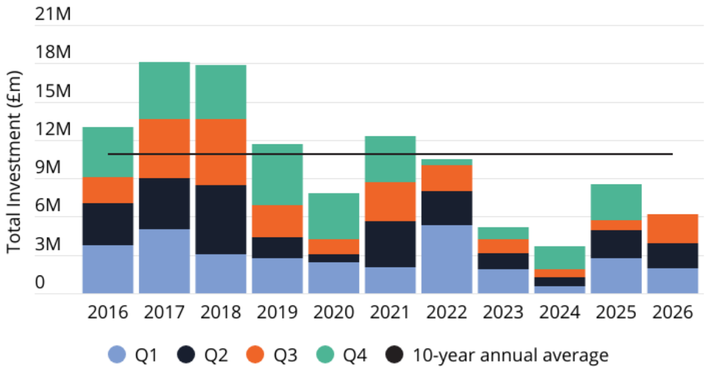
TOP 3 HIGHLIGHTS

The investment market showed clearer signs of momentum in Q3 2026, with volumes reaching £2.3bn, the strongest quarterly performance this year. Some 61 deals completed during the quarter, the highest level since Q4 2018, taking year to date investment to £6.2bn. This was ahead of £5.7bn over the same period in 2025, although still below the 10-year annual average of £8.0bn.

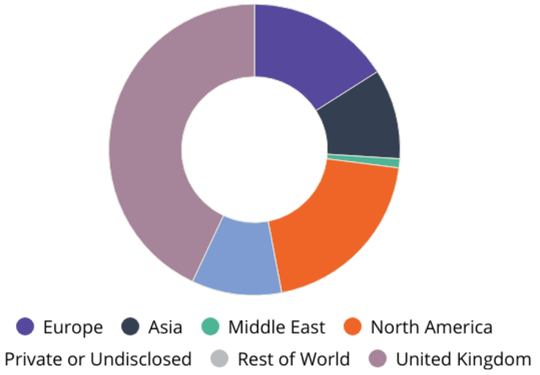
Despite this, the macroeconomic backdrop continues to temper sentiment. Persistent inflation and rising government debt are keeping gilt yields elevated, adding renewed pressure on borrowing costs and pricing. Reflecting these conditions, Avison Young moved prime office yields out across Central London micro-markets, including a 25 bps outward shift in the City to 5.5% and West End to 4.0%.

With risk-free rates elevated, investors are likely to remain highly selective. Capital will increasingly favour high-quality assets offering a compelling premium over gilts, underpinned by secure income, robust occupational fundamentals and strong rental growth prospects.

2026 INVESTMENT VOLUMES UP 9% ON 2025



NORTH AMERICAN PURCHASERS MOST ACTIVE OVERSEAS BUYER GROUP



CITY SNAPSHOT

City

Q3 2026

CENTRAL LONDON OFFICE ANALYSIS

	ANNUAL CHANGE	QUARTERLY CHANGE
TAKE-UP (SQ FT)		
1.1m	△	△
VACANCY RATE		
4.9%	▽	△
CITY CORE PRIME RENT (PSF)		
£95.00	△	▷

DEALS TABLE

ADDRESS	RENT (PSF)	SQ FT	TENANT
One Spitalfields, Bishops Square, E1	Conf.	470k	Jane Street
High Timber, One Millennium Bridge, EC4	Undisclosed	75k	Morningstar
1-11 Bread Street, EC4	Early £70's	71k	Fora

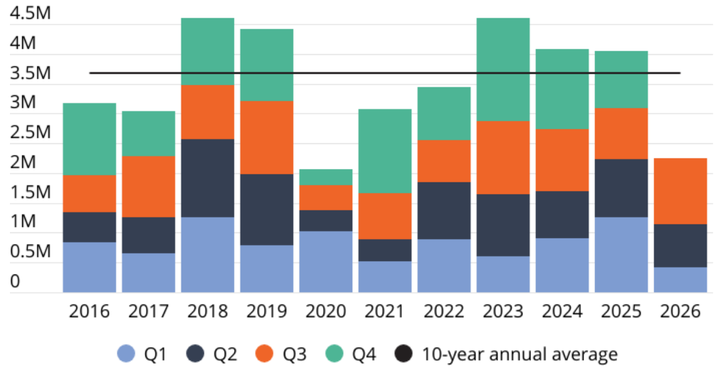
TOP 3 HIGHLIGHTS

City take-up increased to 1.1m sq ft in Q3 2026, 22% above the 10-year quarterly average. Financial services comprised the greatest sector for take-up at 61%, driven by the largest City deal since 2023. Jane Street pre-let 470,000 sq ft at One Spitalfields to more than double its London office footprint.

Office vacancy increased 20 bps to 4.9%, its highest level in a year, driven by an increase in secondhand availability. Grade A vacancy remained unchanged at 1.3% but is expected to rise, with over 650,000 sq ft of speculative space due to complete in early 2027.

Prime rents remained unchanged at £95.00 psf, although this represents an 8.6% increase year-on-year. Further rental growth is expected in the short term, underpinned by sustained occupier demand for high-quality space across the City, alongside a wave of speculative development due to complete in 2027.

TAKE-UP (SQ FT)



VACANCY RATE (%)



WEST END SNAPSHOT

West End

Q3 2026
CENTRAL LONDON OFFICE ANALYSIS

	ANNUAL CHANGE	QUARTERLY CHANGE
TAKE-UP (SQ FT)		
303k	▽	▽
VACANCY RATE		
5.4%	△	△
MAYFAIR PRIME RENT (PSF)		
£187.50	△	▷

DEALS TABLE

ADDRESS	RENT (PSF)	SQ FT	TENANT
5 Merchant Square, W2	£85.00	46k	Marks & Spencers Group
40 Grosvenor Place, SW1	£111.25	33k	Zilch
Belvedere, Buckingham Palace Road, SW1	£90.00	28k	FDJ

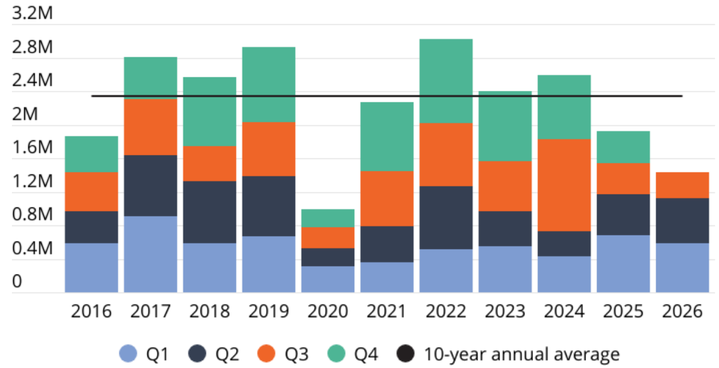
TOP 3 HIGHLIGHTS

The West End recorded Q3 take-up of 303,000 sq ft, 48% below the 10-year average, to reflect both a fall in deal count and take-up across all sizebands. However, as is historically the case, the financial sector continued to comprise the largest sector for take-up, totalling 24%.

Office vacancy rates increased to 5.4%, up 60 bps on Q2 and 130 bps above the 12-month average. However, Grade A vacancy remains constrained at 1.4%, highlighting an ongoing shortage of prime space that continues to support rental growth.

West End prime rents remained the highest in London, at £187.50 psf in Mayfair, while Fitzrovia and Soho increased to £117.00 psf and £115.00 psf, respectively. This reflects continued upward rental pressure as limited Grade A availability restricts occupier choice.

TAKE-UP (SQ FT)



VACANCY RATE (%)



TECH BELT SNAPSHOT

Tech Belt

Q3 2026
CENTRAL LONDON OFFICE ANALYSIS

	ANNUAL CHANGE	QUARTERLY CHANGE
TAKE-UP (SQ FT)		
219k	△	▽
VACANCY RATE		
9.0%	▽	▷
KING'S CROSS PRIME RENT (PSF)		
£97.00	△	△

DEALS TABLE

ADDRESS	RENT (PSF)	SQ FT	TENANT
222-235 Gray's Inn Road, WC1	£15.00	27k	TeamCo
10 All Saints Street, N1	£88.70	22k	Bending Spoons
JJ Mack Building, 33 Charterhouse Street, EC1	£115.00	22k	Fractile

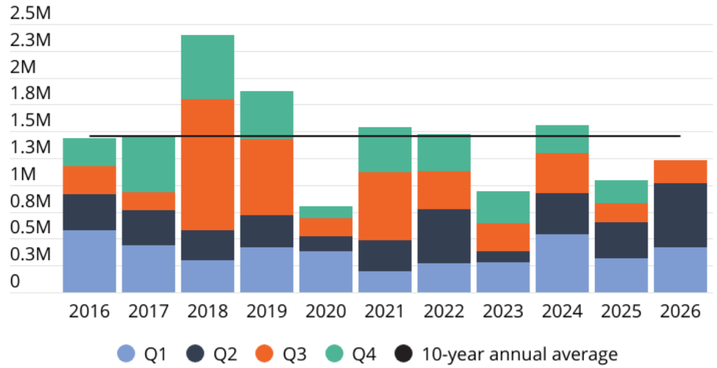
TOP 3 HIGHLIGHTS

Tech Belt take-up totalled 219,000 sq ft in Q3, 40% below the 10-year average, due to an absence of deals over 30,000 sq ft. In contrast, deals on floorplates below 25,000 sq ft greatly exceeded the 10-year quarterly average. The TMT & Creative sector led take-up accounting for 39% of total take-up.

Office vacancy remained unchanged at 9.0%, staying above the historic average of 6.7%. Grade A vacancy fell, however, to 1.1%, sitting at notably low levels; this reflects the minimal speculative development in recent years coupled with sustained demand for prime space, particularly from TMT occupiers.

Over the quarter prime rents rose 2.0% to £97.00 psf, following sustained rental pressure around King's Cross station. Low Grade A vacancy and sustained occupier demand from AI firms for prime space are expected to support further prime rental growth in the short term.

TAKE-UP (SQ FT)



TOP TENANT SECTORS LAST 12-MONTHS (%)



SOUTHBANK SNAPSHOT

Southbank

Q3 2026
CENTRAL LONDON OFFICE ANALYSIS

	ANNUAL CHANGE	QUARTERLY CHANGE
TAKE-UP (SQ FT)		
146k	▽	△
VACANCY RATE		
7.7%	▷	▽
LONDON BRIDGE PRIME RENT (PSF)		
£87.50	△	▷

DEALS TABLE

ADDRESS	RENT (PSF)	SQ FT	TENANT
6 More London Pl, SE1	£84.00	44k	BII
30-34 Old Paradise Street, SE11	Management Agreement	32k	Beyond
56 Victoria St, SW1	£76.93	24k	Baringa

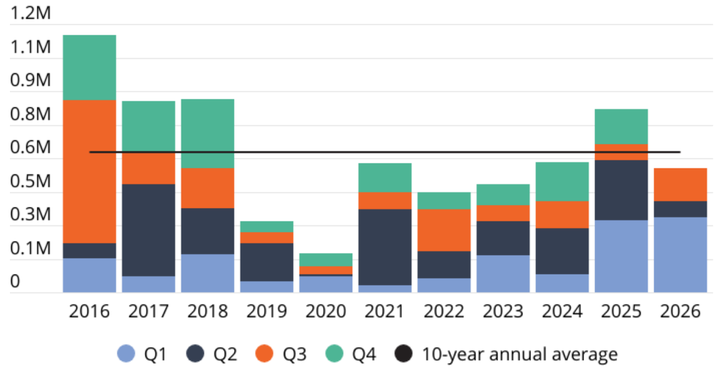
TOP 3 HIGHLIGHTS

Southbank recorded Q3 take-up of 146,000 sq ft, 8% below the 10-year average, but 50% higher than last quarter. This increase was driven by a greater deal count than Q2, alongside an increase in the take-up of small-to-medium sized floorplates

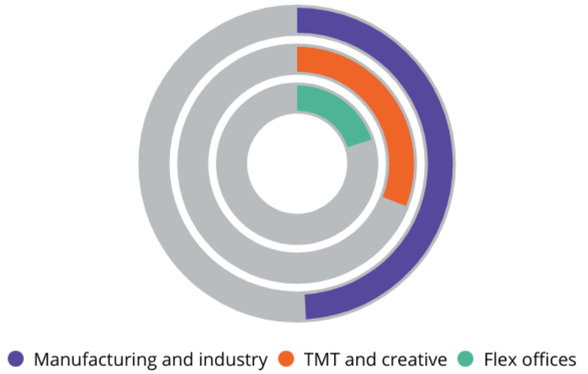
Southbank office vacancy fell 50 bps to 7.7%, reflecting increased take-up over the quarter, with Grade A vacancy also falling 20 bps to 3.7%. However, with over 400,000 sq ft of speculative space due to complete in 2027, Grade A vacancy could rebound in the short-term.

Prime rents remained at £87.50 psf in Q3, representing annual growth of 5.4%, the strongest outside the City. Rental pressure remains evident across the market, particularly at newly completed high-quality developments near transport connections, supporting expectations for prime rental growth in the short term.

TAKE-UP (SQ FT)



TOP TENANT SECTORS LAST 12-MONTHS (%)



FLEX SNAPSHOT

Flex market analysis

Q3 2026
CENTRAL LONDON OFFICE ANALYSIS

	ANNUAL CHANGE	12 MONTH FORECAST
FLEX OPERATOR 2026 TAKE-UP (SQ FT)	396k ▽	▷
TOTAL FLEX OFFICE SPACE (SQ FT)	30m △	▷
FLEX OFFICE SPACE AS % OF STOCK	10% △	▷
AVERAGE CITY DESK RATE PER MONTH	£718 △	△

LARGEST 2026 FLEX OPERATOR DEAL

70,963 sq ft

FORA | 1-11 Bread Street, EC4

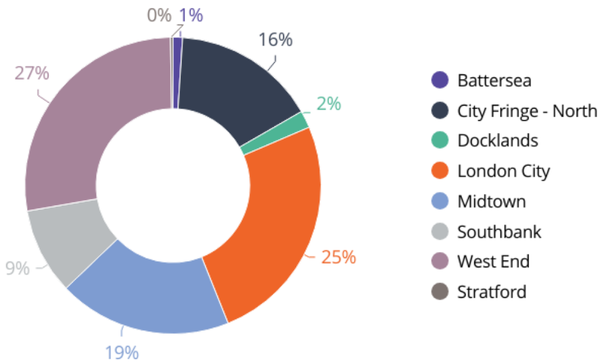
TOP 3 HIGHLIGHTS

The Central London flex market regained its momentum over the summer, with Q3 lead flow running 28% higher than the same period last year. Growth was broad based, but City Core submarkets of Moorgate and Liverpool Street were particularly strong with enquiries up 88% and 62% year-on-year, respectively.

Larger requirements returned, with enquiries for 51+ desks rising across every major submarket. Two key trends are supporting this shift. First, as high-quality traditional space becomes scarcer, occupiers are increasingly considering alternative products like flex and managed solutions. Second, greater uncertainty is making flexibility an important part of corporate real estate strategies, giving businesses greater agility to scale portfolios as requirements evolve.

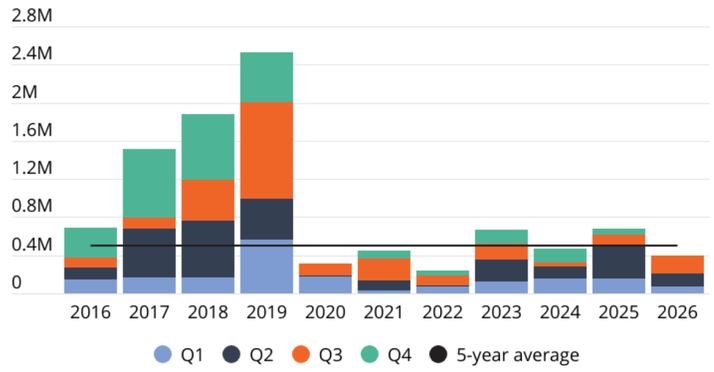
Flexible workspace continues to expand across the capital, with inventory estimated at 10% of total stock. While occupier demand should support further growth, limited suitable space may constrain operator expansion in the near term. By 2030, however, we estimate flex will account for around 15% of stock, driven by 'brandlord' spaces and managed solutions.

CORE MARKETS CONTINUE TO DOMINATE LEAD FLOW



Source: Valve

2026 FLEX OPERATOR TAKE-UP DOWN ON 2025 LEVELS



Source: Avison Young

Central London office market map

Q3 2026
CENTRAL LONDON OFFICE ANALYSIS

For rents and rates data by Central London micro markets:

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Connect with us

Leasing

James Walker
Principal
james.walker@avisonyoung.com
+44 7957 388 184

Harriet De Freitas
Director
harriet.defreitas@avisonyoung.com
+44 7940 516 827

Jamie Major
Director
jamie.major@avisonyoung.com
+44 7799 341 569

Alexandra Gathercole
Director
alexandra.gathercole@avisonyoung.com
+44 7702 231 689

Steve Lydon
Director
steve.lydon@avisonyoung.com
+44 7879 841 840

Investment

Fergus Keane
Principal
fergus.keane@avisonyoung.com
+44 7768 848 111

Chris Gore
Principal
chris.gore@avisonyoung.com
+44 7971 856 763

Larry Young
Principal
larry.young@avisonyoung.com
+44 7338 387 923

Aman Panesar
Director
aman.panesar@avisonyoung.com
+44 7793 808 409

Lease Advisory

Martin Woods
Principal
martin.woods@avisonyoung.com
+44 7831 820 654

Market Intelligence

Kuldeep Gadhary
Director
kuldeep.gadhary@avisonyoung.com
+44 7423 496 159

James Shirt
Senior Analyst
james.shirt@avisonyoung.com
+44 7760 172 918

Visit us online
avisonyoung.com

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