CUSHMAN & WAKEFIELD

MARKETBEAT
CENTRAL LONDON OFFICES
Q2 2026

Better never settles

MARKETBEAT

CENTRAL LONDON OFFICES

Q2 2026

CUSHMAN & WAKEFIELD

INCREASED UNDER OFFERS PROVIDE STRONG PIPELINE OF LEASING ACTIVITY

Under offer space increased substantially during the first half of the year, rising from 2.93 million sq ft at the end of Q1 to 4.44 million sq ft by the end of Q2, representing a quarterly increase of more than 50%. This is the highest volume of under offers since 2007, providing a strong pipeline of leasing activity for the next 6-12 months.

While take-up volumes fluctuate quarter-on-quarter, this under offer figure indicates that a high quantum of demand is progressing through to lease negotiations rather than disappearing from the market, which is particularly important against a backdrop of increased occupier decision-making timescales. This is the strongest benchmark of occupier sentiment and a real positive that businesses are making decisions.

The surge in under offers was predominantly driven by large scale occupiers targeting the Wider City and Canary Wharf. As at the end of the quarter, there were seven under offers over 100,000 sq ft, four of which happened in Q2 including MacFarlanes announcing their commitment to 250,000 sq ft at 1 St Martin Le Grand, EC1. Furthermore, PwC's commitment of 325,000 sq ft at One Eden, Canary Wharf and Stripe agreeing terms at Broadgate Quarter in the City Core in July reinforces the continued momentum of large-scale occupiers driving activity in the market.

AHEAD OF THE CURVE

Occupiers of scale are increasingly beginning their searches early, and getting ahead of the looming supply crunch is key – particularly in the current market we are in whereby the pipeline is thinning due to viability challenges and good demand from the traditional sectors such a Banking & Finance and Legal, who now have increased competition for space given the surge from AI businesses. What is particularly of note with these under offers is the number being agreed as off-plan pre-lets. Across the market over the last 10 years, there has been an average of 3.5 off-plan pre-lets signed, and looking at the deals signed to date and the under offers in the market, 2026 could exceed this average if all sign before the end of the year.

James Campbell
International Partner
Head of London Offices Leasing
James.Campbell@cushwake.com
+44 (0) 7738 737 366

Chris Bennett
International Partner
Head of London Offices Capital Markets
Chris.M.Bennett@cushwake.com
+44 (0) 7702 778 953

KEY TAKEAWAYS

Central London office take-up totalled 2.46 million sq ft in Q2 2026, aligned with the 5-year average, 77% of which was grade A.

Availability was unchanged at 26.41 million sq ft in Q2, 6% down year-on-year but 1% above the 5-year average.

11.62 million sq ft of space was under construction at the end of Q2, falling by 4% during the quarter. Of the total, 25% is pre-let or under offer.

There was £4.02 billion of investment in H1, down by 15% on H1 2025 and 15% below of the 5-year H1 average. During 2025, £9.76 billion of assets traded, a 61% increase on 2024.

Core prime office yields were held at 5.50% in the City and 3.75% in the West End in Q2.

MARKETBEAT
CENTRAL LONDON OFFICES
Q2 2026

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	Quarterly Change	12-Month Forecast
2.46M Take-up	▲	►
26.41M Availability	►	▼
6.0% Rental Growth, YoY	▲	▲
4.53M Completions, YTD	▲	▼
11.62M Under Construction	▼	▼

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
1.0% 2026 UK Projected GDP Growth	▼	▲
-1.8% 2026 Office Employment YoY	▼	▲
3.75% Q2 2026 Base Rate Bank of England	▼	▼

Source: Moody's Analytics

TAKE-UP: Q2 VOLUMES REBOUND AND UNDER OFFERS SURGE

Central London office take-up totalled 2.46 million sq ft in Q2 2026, up 28% quarter-on-quarter and broadly in line with the five-year quarterly average. The West End accounted for the largest share of activity, with 1.11 million sq ft leased during the quarter, while 989,000 sq ft was leased in the City and 324,000 sq ft recorded in East London. This took take-up for H1 up to 4.38 million sq ft, which was down by 7% of H1 2025 but slightly ahead of the 5-year H1 average of 4.36 million sq ft. Of the H1 total, 80% was for grade A space, equating to 3.52 million sq ft, 21% ahead of the 5-year H1 average. A strong source of demand continues to come from the Technology sector, where a 25% market share was recorded in H1. AI businesses led the way, taking close to 60% of this space and taking a 15% share of total take-up across the market. The volume of space under offer across the market increased significantly by 51% during the quarter to 4.43 million sq ft, 45% ahead of the 5-year quarterly average with 85% classified as grade A space.

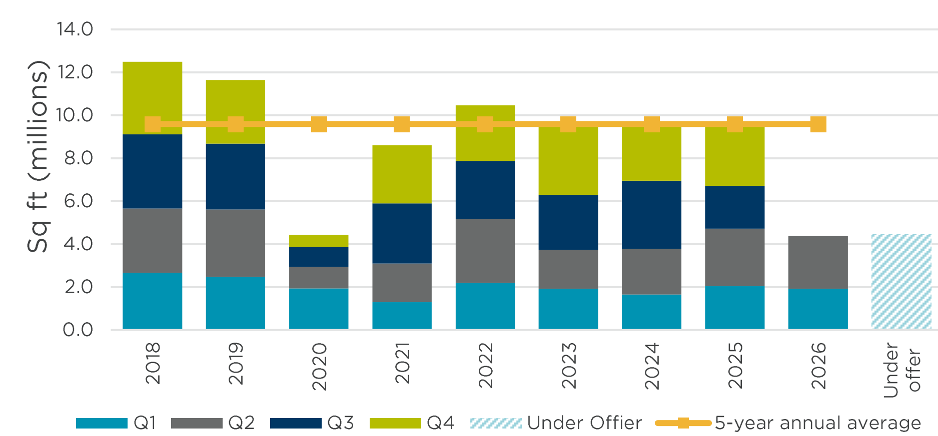
SUPPLY: UNCHANGED IN Q2 AND FORECAST TO REDUCE IN H2

Availability was unchanged in Q2 and stood at 26.41 million sq ft, remaining 1% ahead of the 5-year quarterly average. Grade A availability increased by 5% to 17.11 million sq ft as a result of availability within developments that are completing this year entering supply. As a result, a vacancy rate of 8.78% was recorded in Q2, unchanged on the prior quarter, while the grade A rate increased by 25 basis points to 5.69%. This equates to 3.1 years' supply across Central London overall, with 2.8 years' supply for grade A stock, although large variations across submarkets remain, with less than 2 years' of grade A supply available in Mayfair, City Core, King's Cross, Fitzrovia, St James's and North of Oxford Street.

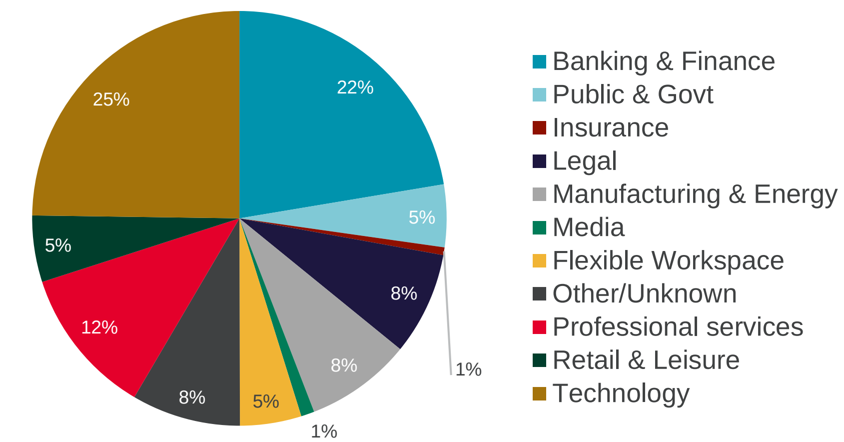
DEVELOPMENT: 64% OF H1 COMPLETIONS PRE-LET

At the end of Q2, 4.53 million sq ft completed across Central London, with 64% already pre-let. Looking ahead, there was 11.62 million sq ft under construction at the end of the quarter, with 4.18 million sq ft expected to deliver by the end of 2026 (1.66 million sq ft of this is pre-let. The remaining 7.44 million sq ft is due to complete by the end of 2029 – of this, 17% is pre-let or under offer. As we progress through the year, more pre-let activity is expected to take place, given the constrained pipeline through to 2030.

TAKE-UP BY QUARTER



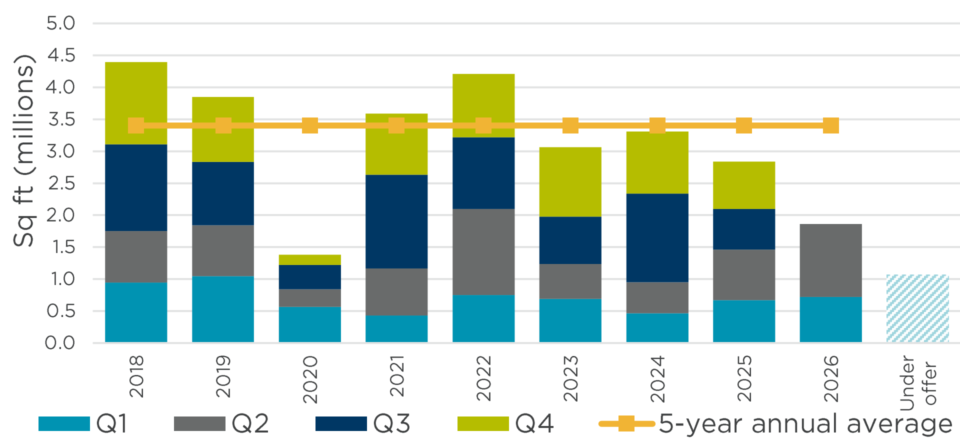
TAKE-UP BY SECTOR H1 2026



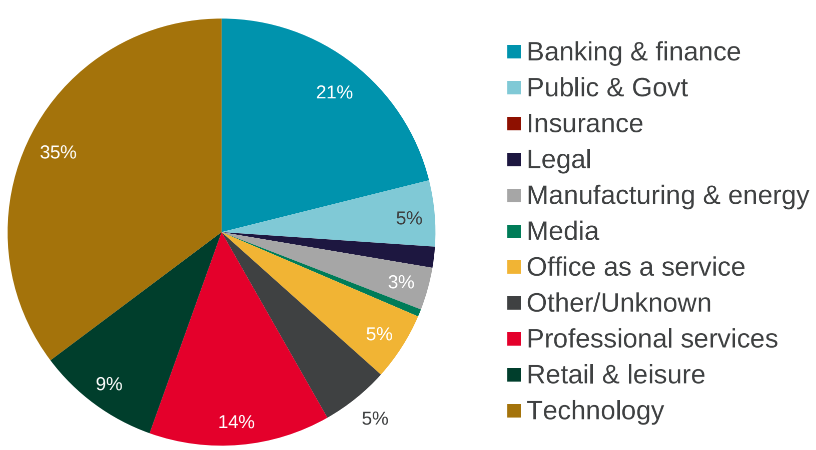
KEY OCCUPIER TRANSACTIONS

Anthropic AI	JP Morgan Chase Bank	Open AI
160,600 sq ft	90,000 sq ft	90,000 sq ft
1 Triton Square, NW1	1 Cabot Square, E14	Jahn Court, Regent Quarter, N1
Euston	Canary Wharf	King's Cross
New lease	Sublease	Pre-let; u/c

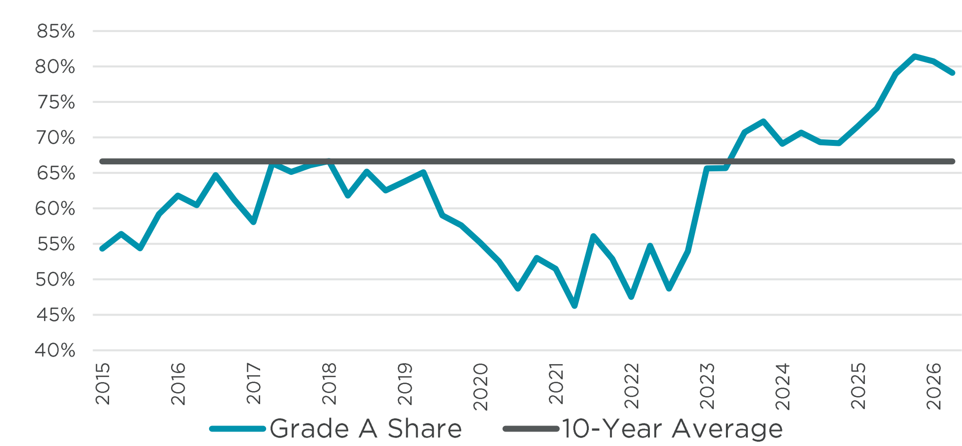
TAKE-UP BY QUARTER



TAKE-UP BY SECTOR H1 2026



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



TAKE-UP: AI BUSINESSES CONTINUE TO DOMINATE TAKE-UP

West End leasing activity totalled 1.14 million sq ft in Q2 2026, up by 59% quarter-on-quarter and 44% up year-on-year. This takes H1 leasing activity to 1.86 million sq ft, a 27% increase compared to H1 2025 and 22% ahead of the 5-year H1 average of 1.52 million sq ft. Grade A activity remains at healthy levels, with 1.86 million sq ft leased, accounting for 81% of the H1 total. The average deal size increased from 18,500 sq ft in Q1 to 20,100 sq ft in Q2, the third consecutive quarterly increase. Anthropic's 160,000 sq ft commitment at 1 Triton Square, Euston is the largest deal of H1, followed by Databrick's pre-let of 134,500 sq ft at The Network Building in Q1. Both deals, in addition to OpenAI's lease of 90,000 sq ft in King's Cross were large contributors to the Technology sector accounting for 35% of leasing volumes in H1. As a result of strong leasing activity in Q2, the volume of space under offer reduced by 16% during the quarter to 1.07 million sq ft, however this was still 5% ahead of the 5-year quarterly average. Grade A under offers accounted for 80%, equating to 851,000 sq ft, down by 10% on the quarter but 21% above the 5-year quarterly average.

SUPPLY: AVAILABILITY REDUCES MARGINALLY ACROSS ALL GRADES

West End availability reduced by 3% during the quarter and by 6% year-on-year to 10.04 million sq ft in Q2, however it remains 15% above the 5-year quarterly average of 8.76 million sq ft. Of this, 75% was of grade A quality equating to 7.53 million sq ft, reducing by 2% during the quarter and by 7% year-on-year. This equates to an overall vacancy rate of 8.10% and a Grade A rate of 6.08% at the end of Q2 - both showing a quarterly reduction. However, considerable variations between submarkets remain. King's Cross recorded the lowest grade A vacancy rate of 1.61%, followed by 2.22% in Mayfair and 2.31% in St James's.

DEVELOPMENT: HIGH COMPLETIONS AND PRE-LETTING ACTIVITY IN H1

Across the West End, 2.78 million sq ft completed in H1 2026, of which 69% was pre-let. Looking ahead, there is 4.79 million sq ft currently under construction and completing by 2029, with 25% already pre-let or under offer. Of this, 1.68 million sq ft is expected to deliver in 2026, with 35% of this 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 remain at £175 per sq ft in Q2, with rents for super-prime space a lot higher. This will continue to underpin pre-letting prospects, which are likely to increase in market share in the medium term, as the pipeline continues to tighten.

KEY OCCUPIER TRANSACTIONS

Anthropic AI

160,600 sq ft

1 Triton Square, NW1

Euston

New lease

OpenAI

90,000 sq ft

Jahn Court, Regent Quarter, N1

King's Cross

Pre-let; under construction

United Talent Agency & Convene

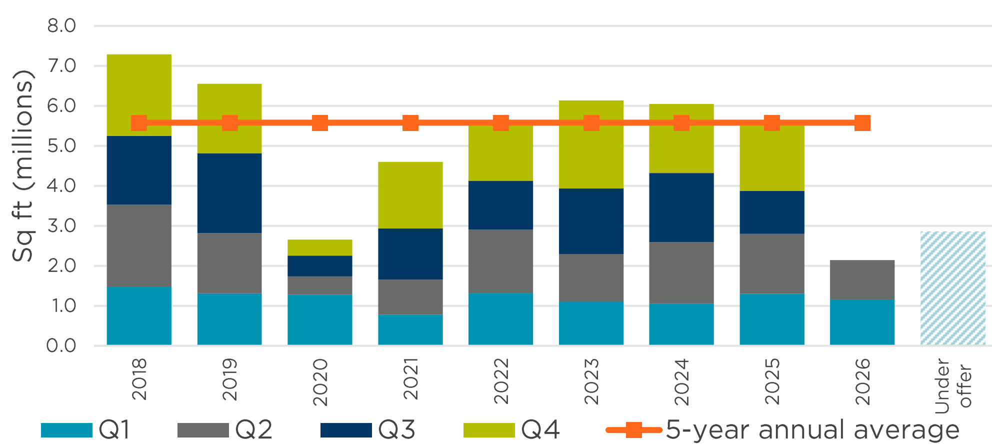
68,000 sq ft & 54,000 sq ft

1 Rathbone Square, W1

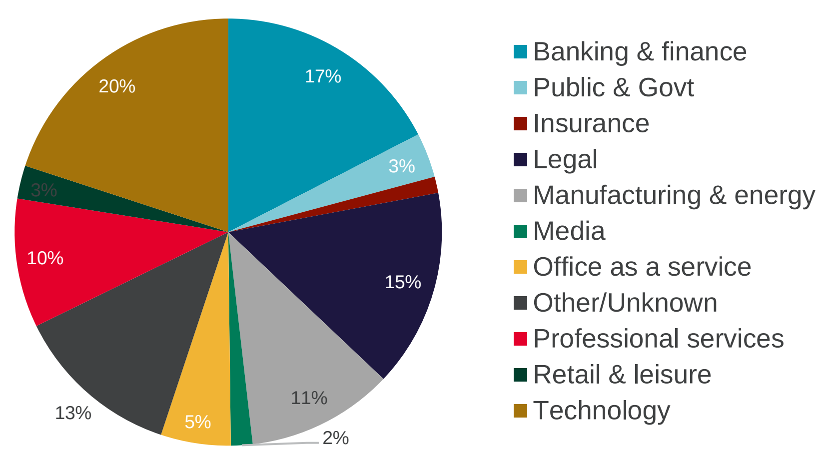
Fitzrovia

Assignment

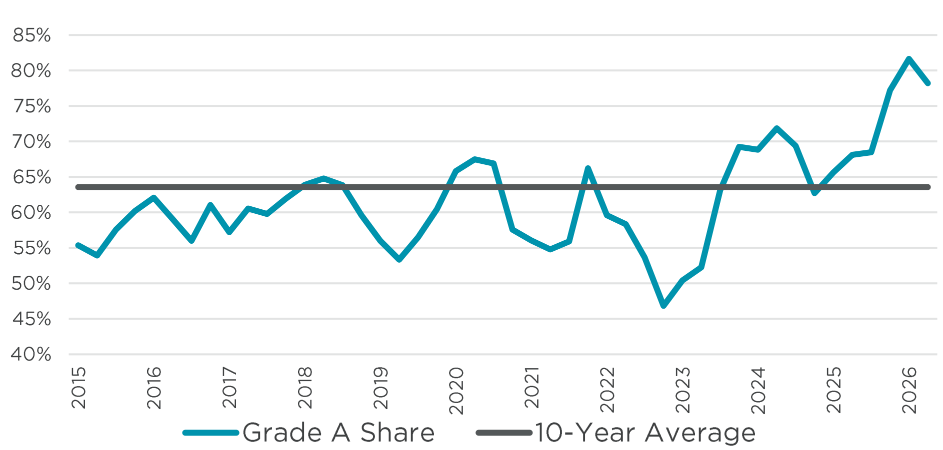
TAKE-UP BY QUARTER



TAKE-UP BY SECTOR H1 2026



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



TAKE-UP: UNDER OFFERS ELEVATED DESPITE LOWER TAKE-UP

The Wider City recorded 989,000 sq ft of leasing activity in Q2 2026, representing a 15% quarterly reduction. Despite the decline in overall volume, deal activity increased from 51 in Q1 to 72 transactions in Q2. Across the 72 transactions, the average deal size fell to 13,736 sq ft, from 22,687 sq ft in the previous quarter and approximately 16% below the five-year average. Grade A space accounted for 69% of take-up, equating to 685,000 sq ft. The reduction in average transaction size reflects the absence of the larger deals that boosted Q1 volumes, alongside a stronger contribution from smaller and mid-sized occupiers, however the opposite is true for the under offers, which have been bolstered by large-scale commitments. Under offers nearly doubled during the quarter to 2.86 million sq ft, of which 86% was for grade A space.

SUPPLY: AVAILABILITY RISES, BUT REMAINS BELOW 5-YEAR AVERAGE

Availability in the Wider City increased by 5% in Q2 2026 to 13.30 million sq ft, however this is now 4% below the 5-year quarterly average. For grade A product, availability increased by 13% quarter-on-quarter. As a result, the overall vacancy rate increased to 8.70% in Q2, from 8.29% the prior quarter, while the grade A vacancy rate rose by 58 basis points to 5.23%. The only submarket to see availability reduce was the Southbank, where -4% and -6% quarterly reductions were recorded for overall and grade A supply. When benchmarked against average take-up levels over the past three years, current availability equates to approximately 2.6 years of total supply and 2.2 years of grade A supply. Conditions are even more constrained in the City Core, where available stock represents just 1.8 years of total supply and 1.2 year of grade A supply, leaving the City Core among just a handful of Central London submarkets with less than two years of available supply.

DEVELOPMENT: OVER TO HALF OF H1 2026 COMPLETIONS PRE-LET

Completions in H1 2026 totalled 1.76 million sq ft, of which 57% was pre-let. A further 2.55 million sq ft is due to be delivered by the end of 2026, with 42% already pre-let. Looking ahead, there is a 4.27 million sq ft currently under construction and delivering in 2027-2029 – of this 15% is pre-let. Furthermore, the off-plan pre-letting activity that we has come through in the under offers for building that have not started construction yet is impacting on options for occupiers seeking space, particularly those of scale, and is putting continued upward pressure on rents. Prime rents remained at £95.00 per sq ft in Q2 and are expected to rise by an average of 5.7% per year over the next 5 years.

KEY OCCUPIER TRANSACTIONS

Natixis

88,500 sq ft

Thames Court, 1 Queenhithe, EC4

City Core

New lease

Reynolds Porter Chamberlain

59,000 sq ft

DSQ10, EC2

City Core

Pre-let; under construction

Fora

45,000 sq ft

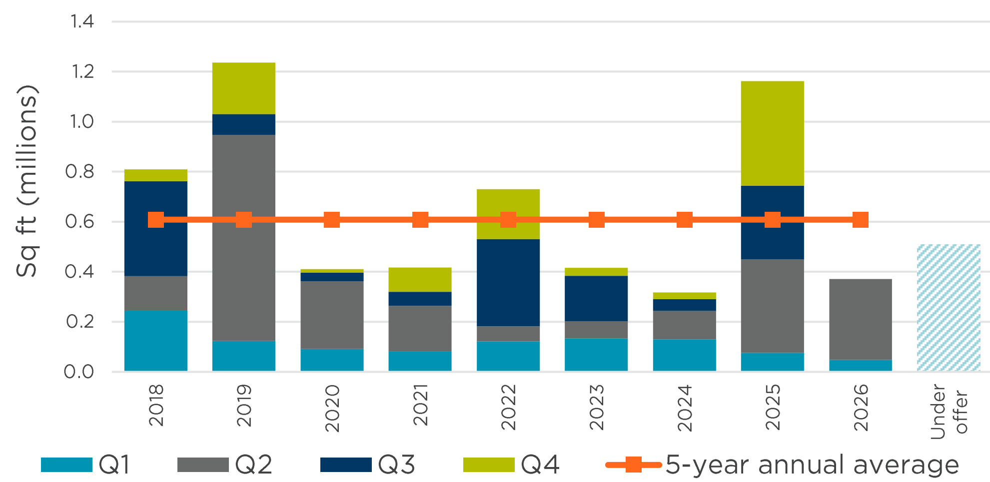
76 Southbank, SE1

Southbank

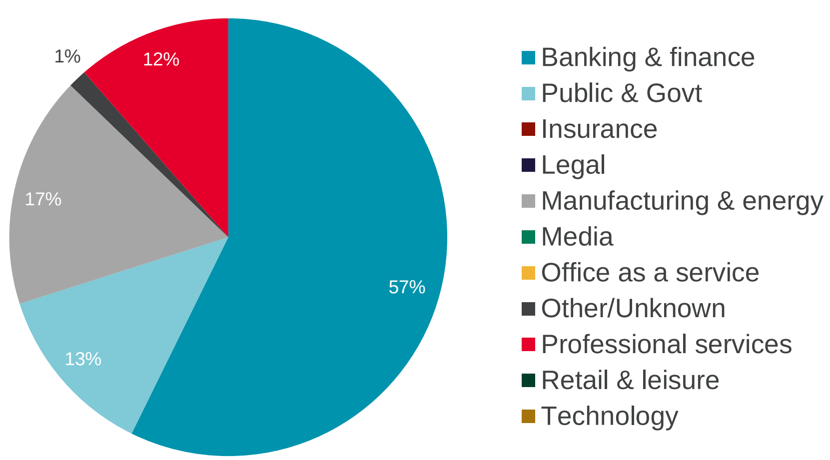
New lease

EAST LONDON
Q2 2026

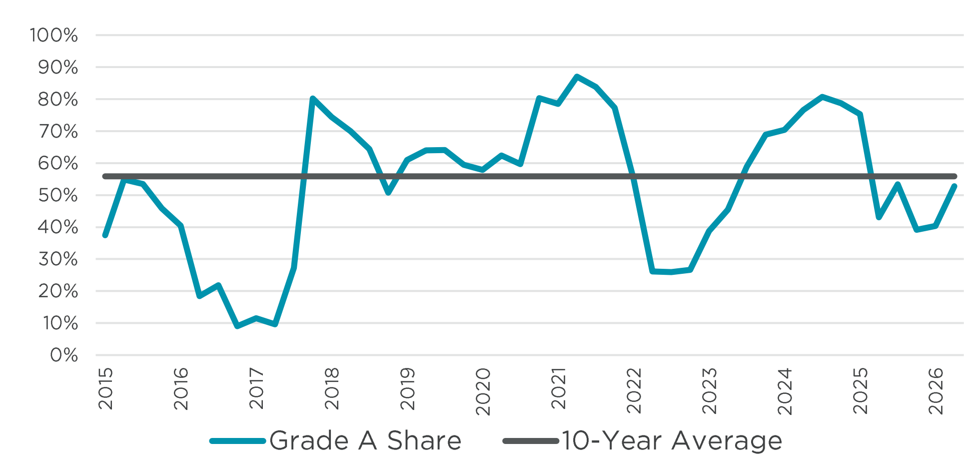
TAKE-UP BY QUARTER



TAKE-UP BY SECTOR H1 2026



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



TAKE-UP: LEASING ACTIVITY AND UNDER OFFERS REBOUND

Following a quieter start to the year, leasing activity in East London rebounded in Q2, with 324,000 sq ft leased during the quarter. This was well ahead of the 47,500 sq ft recorded for Q1 and was more than double the 5-year quarterly average of 157,500 sq ft. Demand continues to be concentrated towards grade A space, which accounted for 79% of Q2 take-up, equating to 255,400 sq ft, up by 224% on the 5-year quarterly average. Encouragingly, the volume of space under offer also increased, by 124% during the quarter to 509,000 sq ft at the end of Q2 of which 92% was for grade A space, suggesting leasing volumes are likely to strengthen further over the coming quarters as transactions progress towards completion. Canary Wharf led the way, taking a 91% share of Q2 take-up, led by JP Morgan's sublease of 90,000 sq ft at 1 Cabot Square. Likewise, when looking at the under offers, over 80% were for offices in Canary Wharf.

SUPPLY: AVAILABILITY REDUCES, AND GRADE A OPTIONS LIMITED

Availability across East London decreased during Q2 to 3.07 million sq ft, a fall of 5% during the quarter and 13% below the 5-year quarterly average. Of this, 51% was classified as grade A, equating to 1.58 million sq ft – a modest 3% increase and 21% ahead of the 5-year quarterly grade A average. As a result, the overall vacancy rate reduced, by 61 basis points to 12.74%, while the grade A rate increased by 16 basis points to 6.56, largely driven by the Stratford submarket, where vacancy rates of c.30% have been recorded over the last 2 years, albeit just equating to approximately 800,000 sq ft of availability.

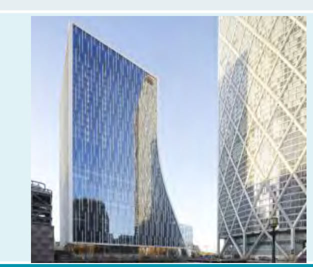
DEVELOPMENT: ABSENT PIPELINE PERSISTS IN EAST LONDON

No developments were under construction at the close of Q2 2026 in East London. However, there is over 6.9 million sq ft of development with planning consent across 14 schemes – only three of these could deliver by 2030, equating to close to 900,000 sq ft including One Eden, where PwC have announced their commitment of 350,000 sq ft. The challenges in viability present across the wider construction industry and office market continue to impact the market, more so in East London, where demand has been challenging over previous years. However, if the strong performance of 2025 and so far in 2026 continues, the appetite for office space in developments may increase, particularly for schemes where planning has been secured.

KEY OCCUPIER TRANSACTIONS

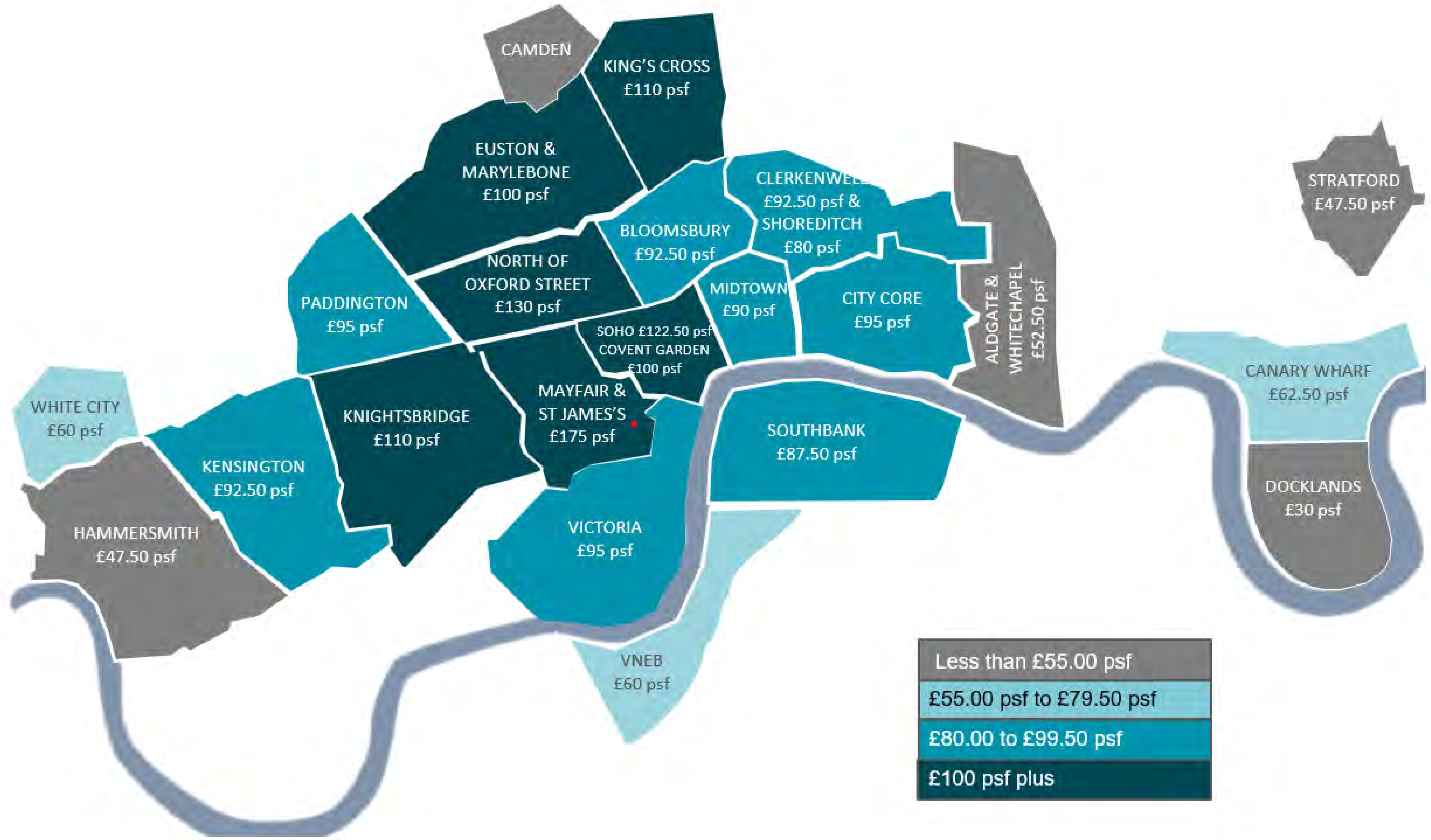
JP Morgan Chase Bank
90,000 sq ft
1 Cabot Square, E14
Canary Wharf
Sublease

Just Group
72,400 sq ft
Columbus Building, E14
Canary Wharf
New lease



Fuse Energy
32,500 sq ft
One Bank Street, E14
Canary Wharf
Sublease

PRIME HEADLINE RENTS



ECONOMY

1.3% UK GDP growth in 2025

1.0% Projected UK GDP growth in 2026

0.8% Inner London GDP growth in 2025

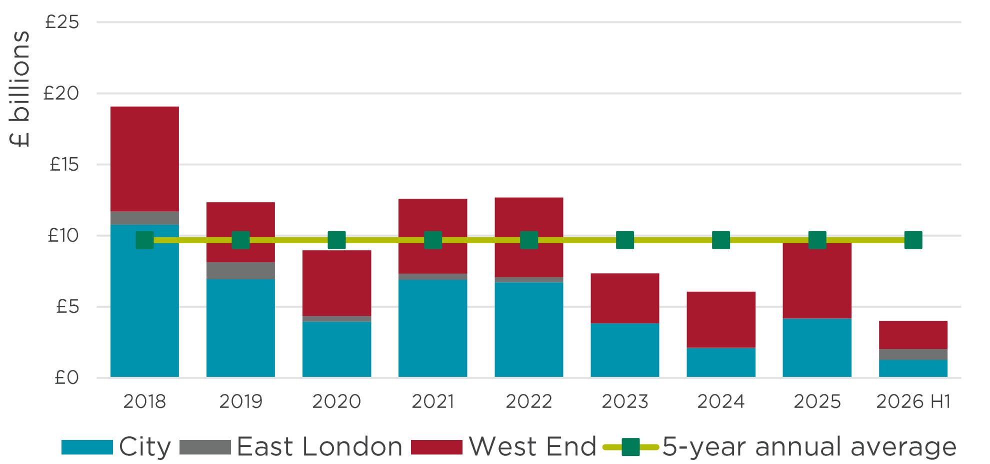
0.2% Projected Inner London GDP growth in 2026

After contracting by 0.1% in April, monthly GDP returned to modest growth in May, rising 0.1%. This means on a rolling three-month basis, GDP grew 0.7% to May, a step down from the upwardly-revised 0.8% in the three months to April but still the sixth consecutive positive reading. During that period, Services have increased 0.7%, construction 1.6% and production 0.1%. Output is 1.3% higher than a year earlier, the strongest annual rate in ten months.

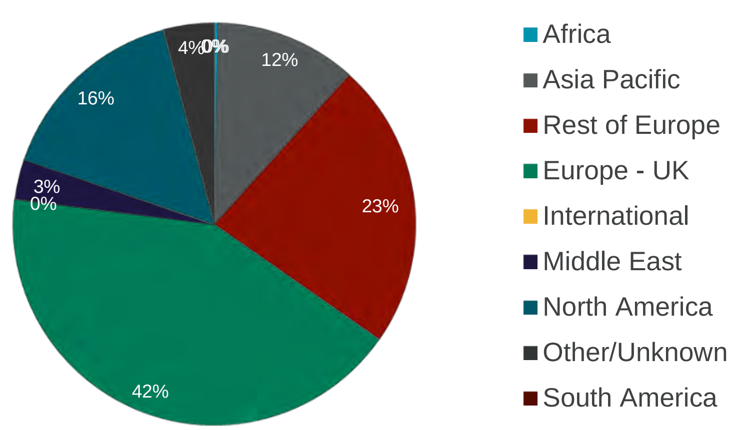
The June MPC minutes had pencilled in underlying Q2 growth of around 0.2%; the most recent release suggests that estimate is broadly on track but confirms that momentum has cooled from Q1.

Forward-looking indicators suggest that there are still headwinds to growth. The S&P Global UK Composite PMI came in at 49.3 in June, weaker than both May (49.7) and the flash reading (49.4), leaving the index in contraction territory for a second consecutive month. Services fell to 48.8 from 49.3, the sharpest decline in services activity since January 2023. Manufacturing eased more sharply than the flash had implied, to 52.5 from 53.9 in May.

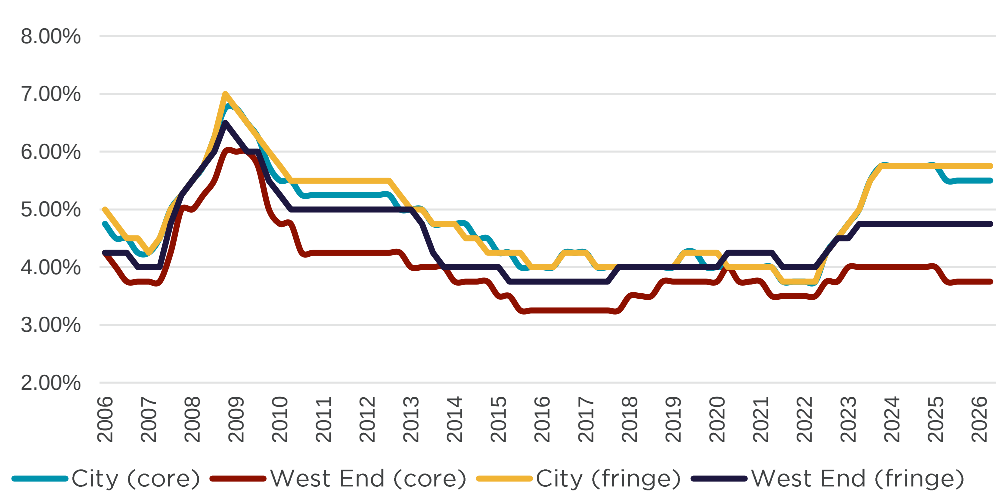
INVESTMENT VOLUMES



INVESTMENT BY PURCHASER ORIGIN YTD



YIELDS



VOLUMES: ACTIVITY IMPROVES IN Q2 AS INVESTORS TARGET LARGE LOT SIZES

In Q2 2026, approximately £2.06 billion of office assets were traded across the Central London office investment market, representing an increase on the £1.94 billion recorded in Q1. This brought H1 2026 volumes to £4.02 billion, 15% below both H1 2025 and the five-year H1 average. The West End remained the most active market, accounting for £1.99 billion of H1 turnover, equivalent to just under half of all Central London investment activity. The City recorded £1.27 billion in H1, while East London contributed £760 million. For East London, just one deal traded in Q2 – Barclays' owner occupier purchase of 1 Churchill Place.

Liquidity in larger lot sizes drove investment in the first half of the year, with 12 deals over £100 million trading, equating to £2.35 billion – more than half of the overall total. While this is equivalent to the deal numbers in this size bracket recorded in H1 2025, total volumes were lower by 19%. Looking ahead, we anticipate that the volume of larger lot size transactions will continue to increase for the remainder of 2026.

UK purchasers were again the most active buyers in H1, deploying £1.70 billion, albeit overseas capital remained an important driver of demand with investors from Europe (£926 million), North America (£632 million) and Asia Pacific (£457 million) all active during the first half of the year.

Investor focus typically remains concentrated on well-located new or fully refurbished assets that offer secure income, or alternatively centrally located assets that require substantial asset management or refurbishment in order to create a core profile.

There are currently £4.20 billion worth of assets available or at the bids stage, which is broadly in line with the £4.32 billion recorded at the end of the prior quarter. A further £3.13 billion of assets are under offer, up on the £2.22 billion at the end of Q1.

YIELDS: PRIME YIELDS WERE UNCHANGED IN Q2

Prime office yields were held stable across all Central London submarkets in Q2. City yields remain at 5.50% and the West End at 3.75%. Whilst immediate yield compression remains unlikely due to the ongoing impact of the Middle East crisis, we continue to forecast yield compression in the medium term.

KEY INVESTMENT TRANSACTIONS

1 Churchill Place, E14

£750 million

Purchaser: Barclays

Vendor: Canary Wharf Group

Stirling Square, 7 Carlton Gardens, SW1

£215 million

Purchaser: Deka

Vendor:

14 St George Street, W1

£170 million

Purchaser: Private investor

Vendor: Oval Real Estate

MARKETBEAT
LONDON OFFICES
Q2 2026

HEENA GADHAVI
Partner, Head of London Offices Research
Heena.Gadhavi@cushwake.com

JAMES CAMPBELL
International Partner, Head of London Office Leasing
+44 (0) 7738 737 366
James.Campbell@cushwake.com

CHRIS BENNETT
International Partner, Head of London Offices Capital Markets
+44 (0) 7702 778 953
Chris.M.Bennett@cushwake.com

Better never settles