

Is the City running out of office space?



24 February



8:00am – 10:00am



Livery Hall

City Deep Dive overview



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Why it matters: The City's growth runs through offices



£109bn

Economic
output

1 in 48

UK jobs
supported

£105,000

Output per
office job

This level of productivity depends on the right space

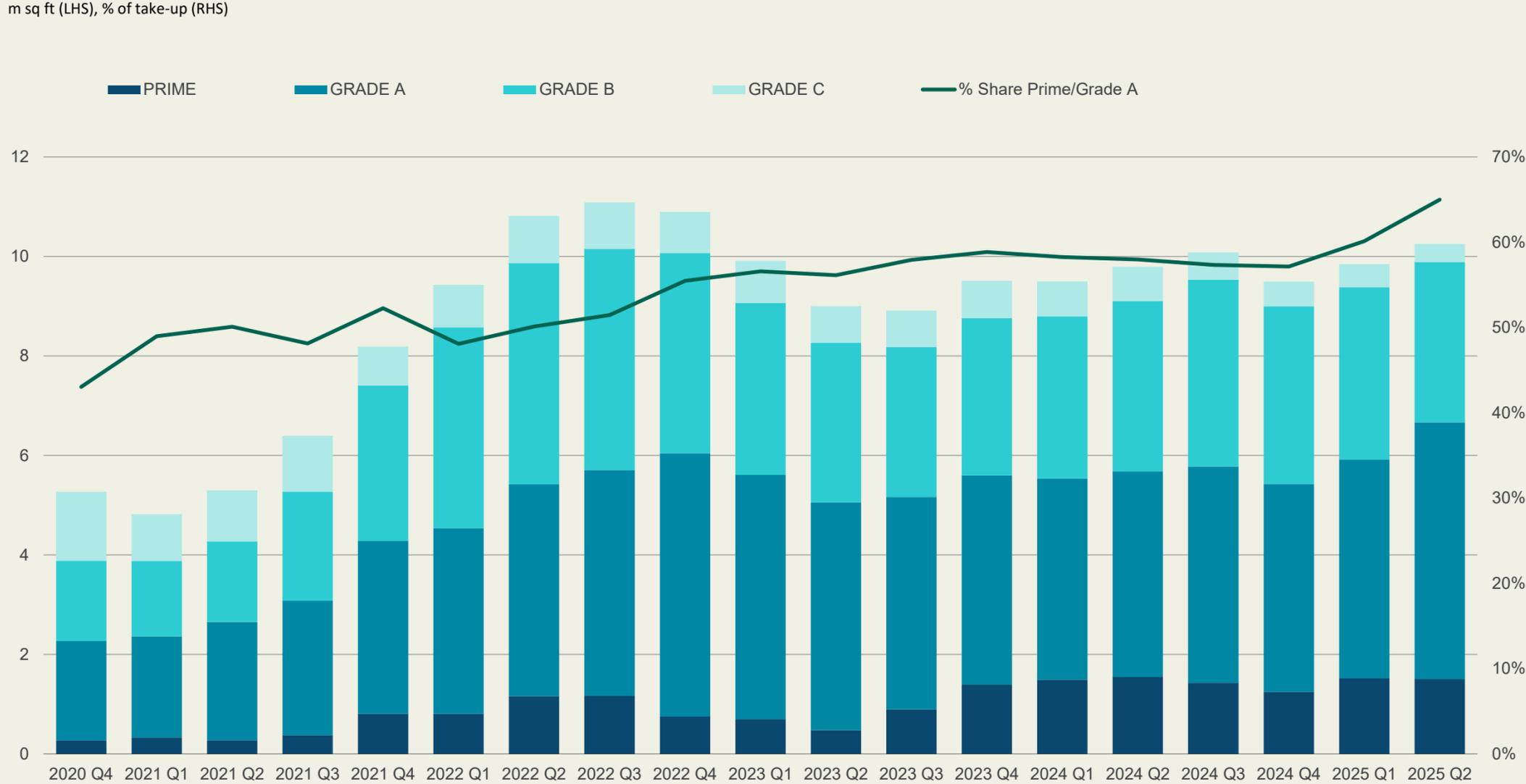
Demand is strong and driven to best-in-class



- ❖ Since 2020 annual Prime and Grade A take-up has risen 450% and 158.7% respectively.
- ❖ Grade B up 99.4% and C down 73.6%.
- ❖ Average deal size for key occupiers 20,000 sq ft and average floorplate size 10,000 sq ft.

Occupiers want quality, size, connectivity - choice is limited.

City of London (CAZ) - 4 Qtr Take-up by Quality



Source: Knight Frank Insight

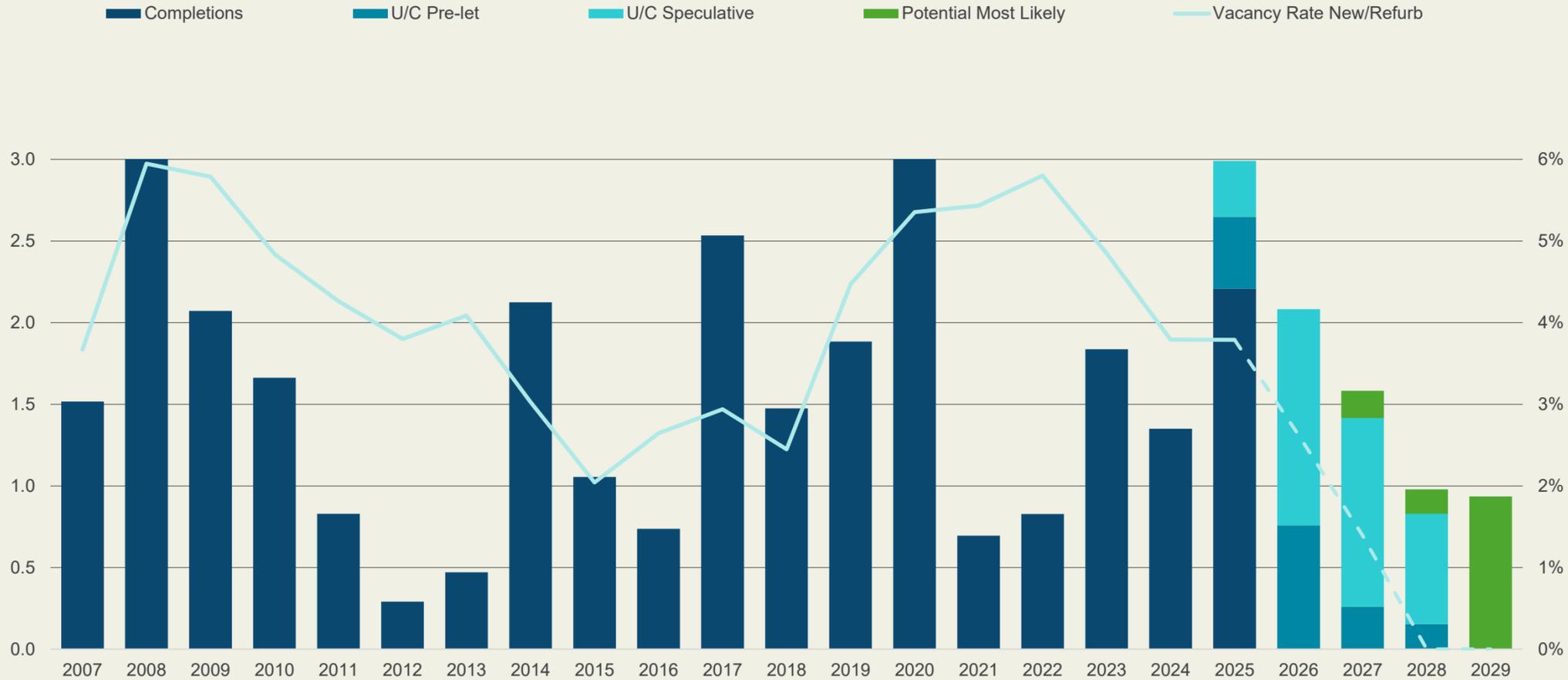
Pipeline is not keeping pace with demand

- ❖ Only 3.2m sq ft of speculative new supply under construction.
- ❖ Most likely potential schemes add further 2.7m sq ft.
- ❖ Expected new/refurb take-up of 11.2m sq ft.

These dynamics imply zero new/refurb vacancy rate in 2028.

City Core - Completions and New/Refurb Vacancy Rate

m sq ft (LHS), % of stock (RHS)



Source: Knight Frank Insight

New supply is falling short of structural demand

- ❖ 10m sq ft of lease expiries assuming 20% renewals rate.
- ❖ 6m sq ft assuming 50% renewals rate.
- ❖ Only c.6m sq ft of expected new supply of which c. 3m sq ft is potential.

Structural demand will not be met with new supply.

City Core - Development Pipeline and Lease Expiries



Source: Knight Frank Insight

The EPC cliff edge = the biggest opportunity

- ❖ 57% of City stock = EPC C-G (54m sq ft).
- ❖ This stock underpins £96.8bn investment value.
- ❖ Carries £4.3bn annual rent exposure.
- ❖ Upgrading could unlock £83.6bn GVA over 10 years in London.

This is a growth lever, not just compliance.

Investment and Rental Value of Upgraded EPC C-G Stock (£bn)

Borough	Prime Capital Value	Annual Prime Rent
Westminster	118.90	3.73
City of London	96.84	4.28
Camden	19.01	1.35
Islington	10.14	0.75
Southwark	8.39	0.59
Tower Hamlets	5.05	0.22
Hackney	3.94	0.29
Wandsworth	0.08	0.01
Total CAZ	262.34	11.22

Barriers to intervention

Rising cost of construction
and materials

Increased cost of finance

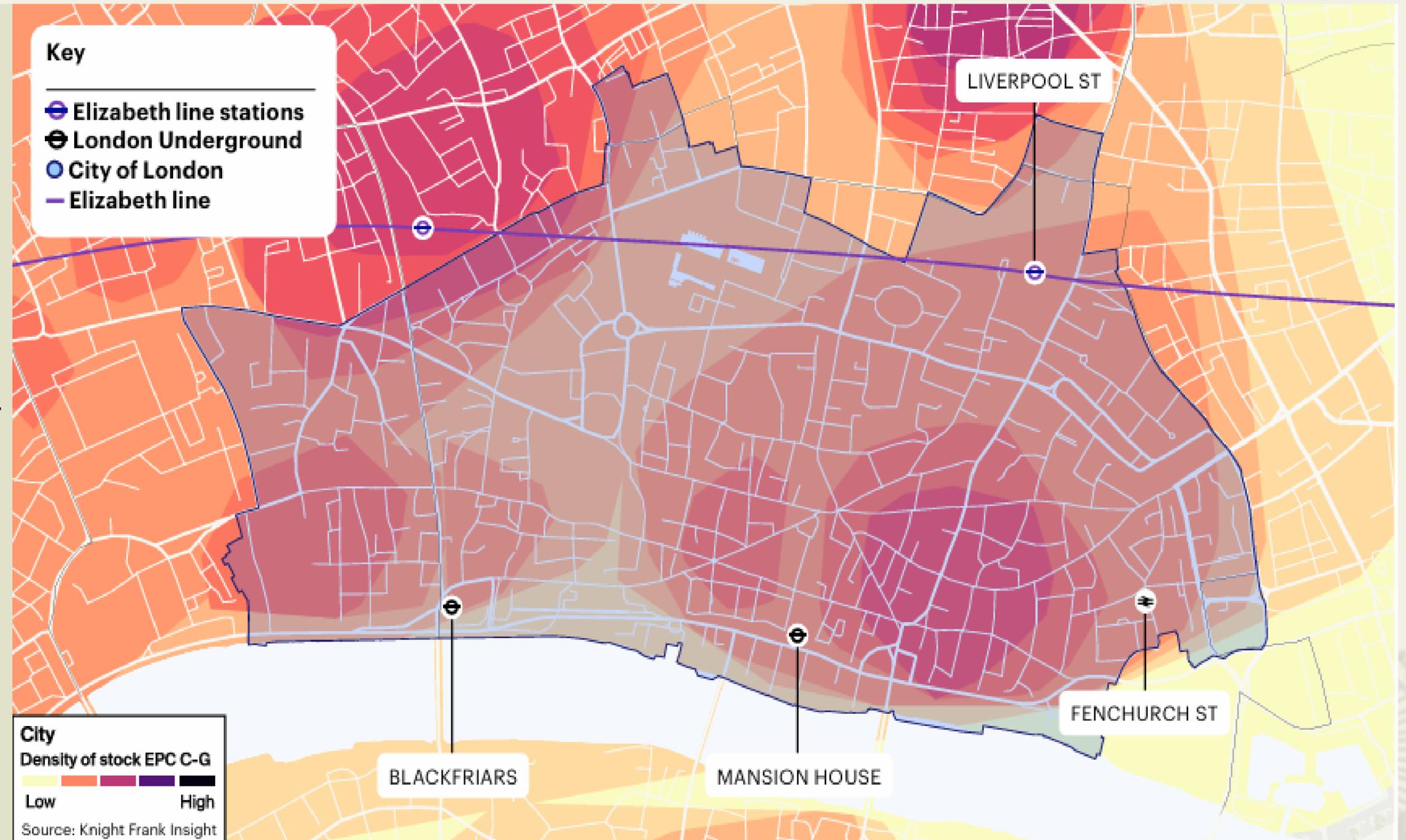
New energy and sustainability
standards

Result: Office supply under pressure

More than half of City office stock sits in EPC C-G buildings

- ❖ The highest concentrations cluster around the City's core and key transport nodes, not just fringe locations.
- ❖ Many EPC C-G buildings sit within 500m of major stations, where demand for high-quality space is strongest.

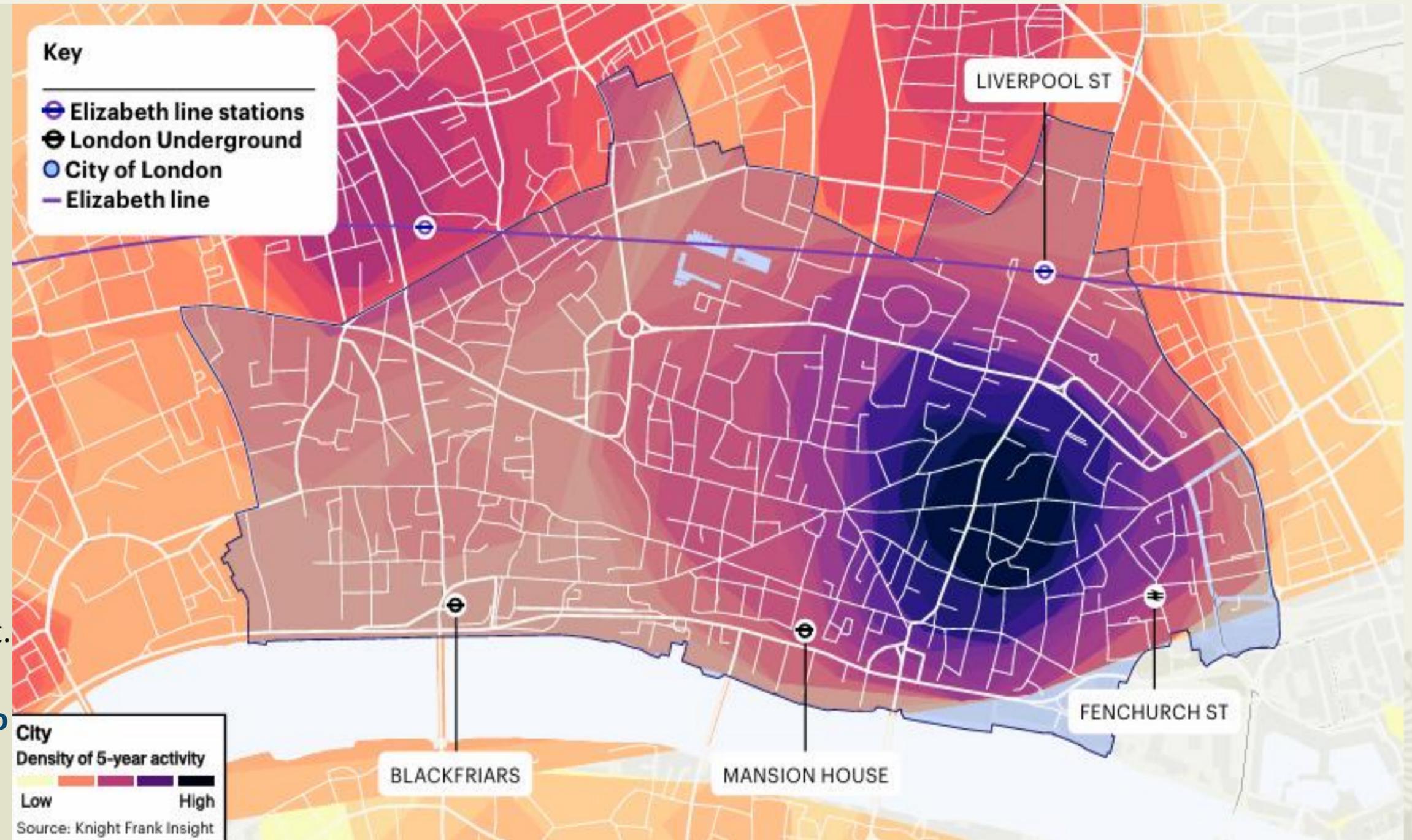
The problem - and the opportunity - is highly concentrated.



Where demand is actually landing

- ❖ Lettings since 2020 are tightly focused along two corridors: Bank-Moorgate and Liverpool Street-Farringdon.
- ❖ Activity intensifies around Elizabeth line and major interchange stations, reinforcing transport-led demand.
- ❖ Large, high-quality floorspace is leasing fastest.

The risk is concentrated but so too is demand.



What can we do?

Core Corridors

(Bank, Moorgate, Liverpool Street, Farringdon)

Deep Refurbishments

Fringe Locations

(Barbican & Aldgate)

Smaller, Quicker Upgrades

Bishopsgate & Major Plots

(Bishopsgate, Broadgate edges)

New Build or Comp. Redevelopment

Quieter Streets

(Parts of Barbican fringe, Tower/Aldgate edge, Midtown edge)

Selective Change of Use

Location plus building quality is what protects value and drives leasing

From insight to action: Positioning London for growth

DO THIS:

Upgrade and deliver space that meets modern demand

DON'T DO THIS:

Allow outdated space to constrain productivity

**Office investment
supports growth today
and competitiveness
tomorrow**

The London Series 2026

London is entering its most demanding office cycle in decades. Lease expiries, constrained development, and the rising cost of capital are reshaping the city's competitive balance just as technology, energy transition and demographic change redefine what global competitiveness looks like. To decode this moment, Knight Frank has developed **The London Equation**:



London's Competitiveness (C) = f (Time + Place + Product + Capital)

- ❖ Time: The compression effect
- ❖ Place: The power of presence
- ❖ Product: Building at the limits
- ❖ Capital: Risk repriced, volatility tamed

Read our insights here www.knightfrank.co.uk/research/reports/london-series

Thank you

Find us on LinkedIn at:



London Property Alliance

Read our analysis on the City office market [here](#)

CPA
City Property Association

Space for Change Office Space Dynamics in Central London

City of London Deep Dive

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