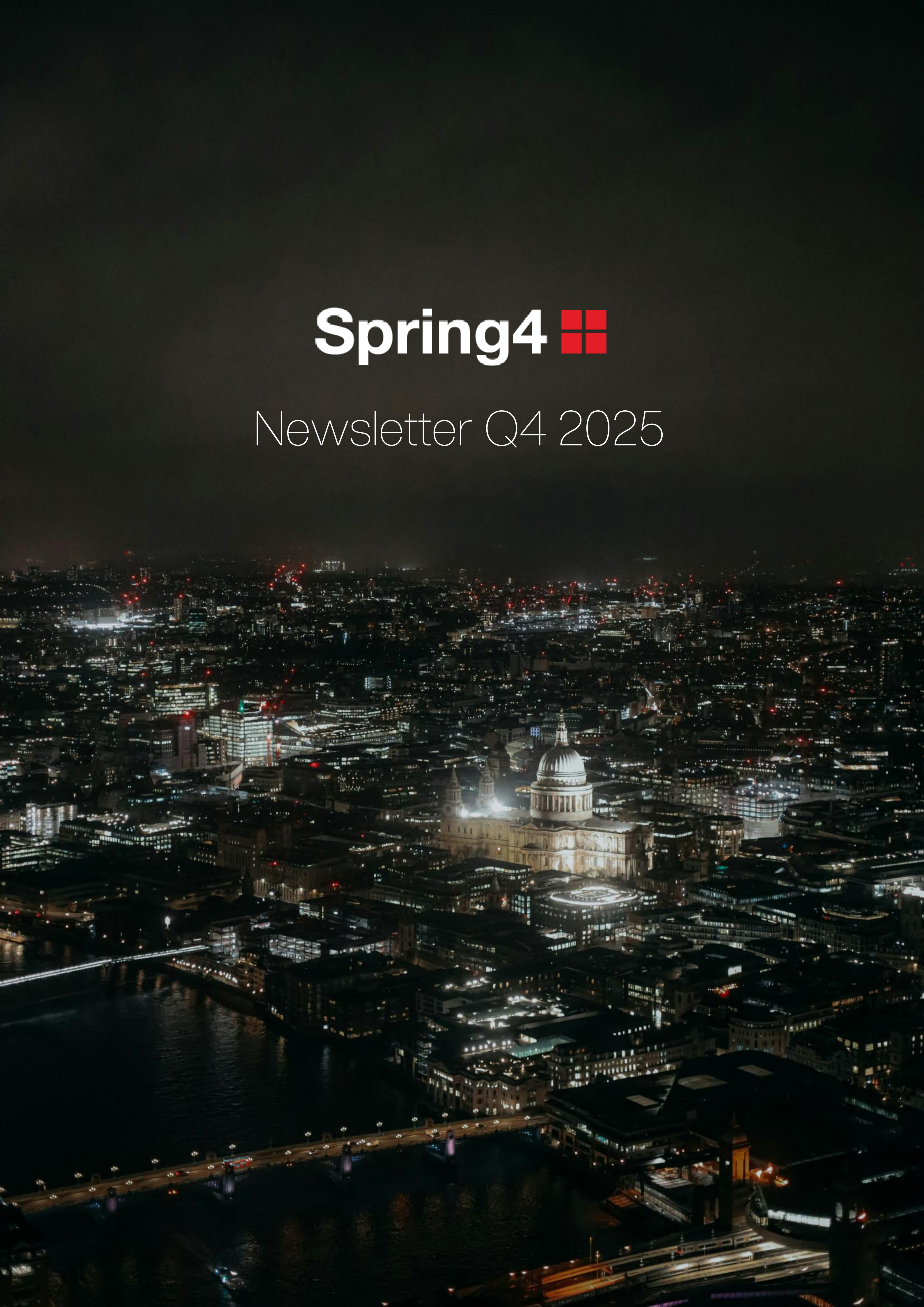
Spring4

Newsletter Q4 2025



London Offices: A Market Moving Toward Zero Vacancy

For several years, the London office market was characterised by surplus space and subdued demand. That period is now firmly behind us.

Across Central London, availability of prime, best-in-class office space is tightening rapidly, with market forecasts increasingly pointing toward near-zero vacancy within the next few years. In some core submarkets, effective choice is already extremely limited.

A decade of constrained supply

New office development in London has been consistently suppressed since 2016. Brexit-related uncertainty, followed by the pandemic, reduced speculative building activity, while rising construction costs and tighter financing have further limited new starts.

At the same time, a growing proportion of existing stock no longer meets modern occupier requirements. Buildings that fall short on sustainability, energy efficiency or workplace standards are effectively removed from the available supply pool. As a result, headline vacancy figures increasingly overstate the amount of genuinely lettable space.

Demand remains concentrated at the top end

Despite evolving working patterns, occupier demand for high-quality space in London has proven resilient. Many organisations are reinforcing office attendance and prioritising buildings that support collaboration, staff retention and ESG objectives.

This has led to a pronounced bifurcation in the market: secondary buildings struggle, while prime offices attract sustained competition. The tightening of availability at the top end is now the defining feature of the market.

As discussed in our Q3 2025 newsletter, this supply constraint in core locations has also had displacement effects, contributing to improved take-up in alternative submarkets such as Canary Wharf.

Implications for occupiers

As London moves toward a zero-vacancy environment for prime offices, occupier behaviour is changing:

- relocation is no longer the default option
- lease extensions are increasingly strategic rather than interim
- refurbishment and retrofit are being used to bridge supply gaps
- timing and optionality have become critical

In a constrained market, the risk profile of relocation increases significantly. Securing suitable space becomes harder, negotiations become tighter and late decision-making can materially weaken an occupier's position.

Planning in a zero-vacancy market

The direction of travel is clear. London's office market is transitioning from one of surplus to one of scarcity — at least where quality truly matters.

For occupiers, this reinforces the importance of early lease planning, rigorous option analysis and proactive engagement. In a market heading toward zero vacancy, the ability to preserve choice and control outcomes becomes a decisive advantage.

Spring4

NEWSLETTER
Q4 2025

Spring4 Spotlight – What Have We Been Up To?

10 Finsbury Square, EC2

Location: London

Client Sector: Trading

Success Story: Negotiation and settlement of 39,000 sq ft rent review across three contiguous floors in this iconic City building.

6 Queen Street, LS1

Location: Leeds

Client Sector: Law Firm

Success Story: Acquisition of new office premises totalling 8,000 sq ft on the 1st floor of 6 Queen Street, LS1. Market leading tenant incentives achieved as part of the acquisition.

MidCity Place, WC1

Location: London

Client Sector: IT

Success Story: Acquisition of new office premises totalling 7,500 sq ft on the 6th floor of MidCity Place. The new premises will be an internal relocation for an existing client that is already within the building.