2025

Soho Office Market Snapshot

DEVONO

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Soho has long held appeal for office occupiers due to its quirky heritage and playful local attractions. It is this amenity offering in particular that has given the office leasing market a new lease of life following the pandemic. As work from home patterns have proliferated, firms have been encouraged to “earn the commute”, pushing Soho’s appeal beyond its traditional media occupiers to a variety of firms.

Now that we have been able to look back at 2024 as a whole and had a peek into 2025, we take a fresh look at the small yet bustling submarket of Soho. This report explores how Soho’s enduring and evolving appeal has affected leasing activity as well as what this has meant for rental growth and availability, as demand has inevitably encroached on supply and bolstered landlord confidence in their spaces.

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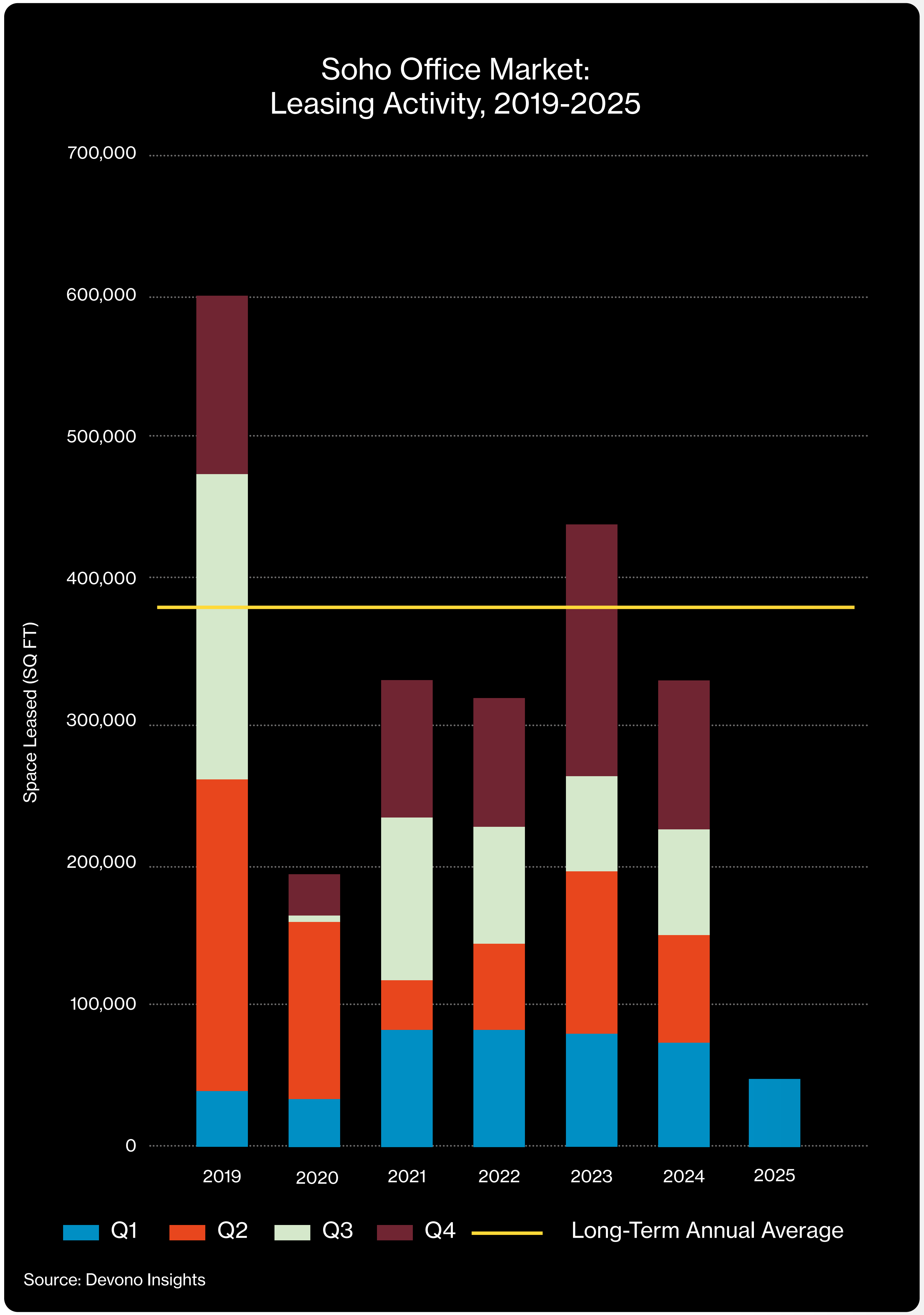
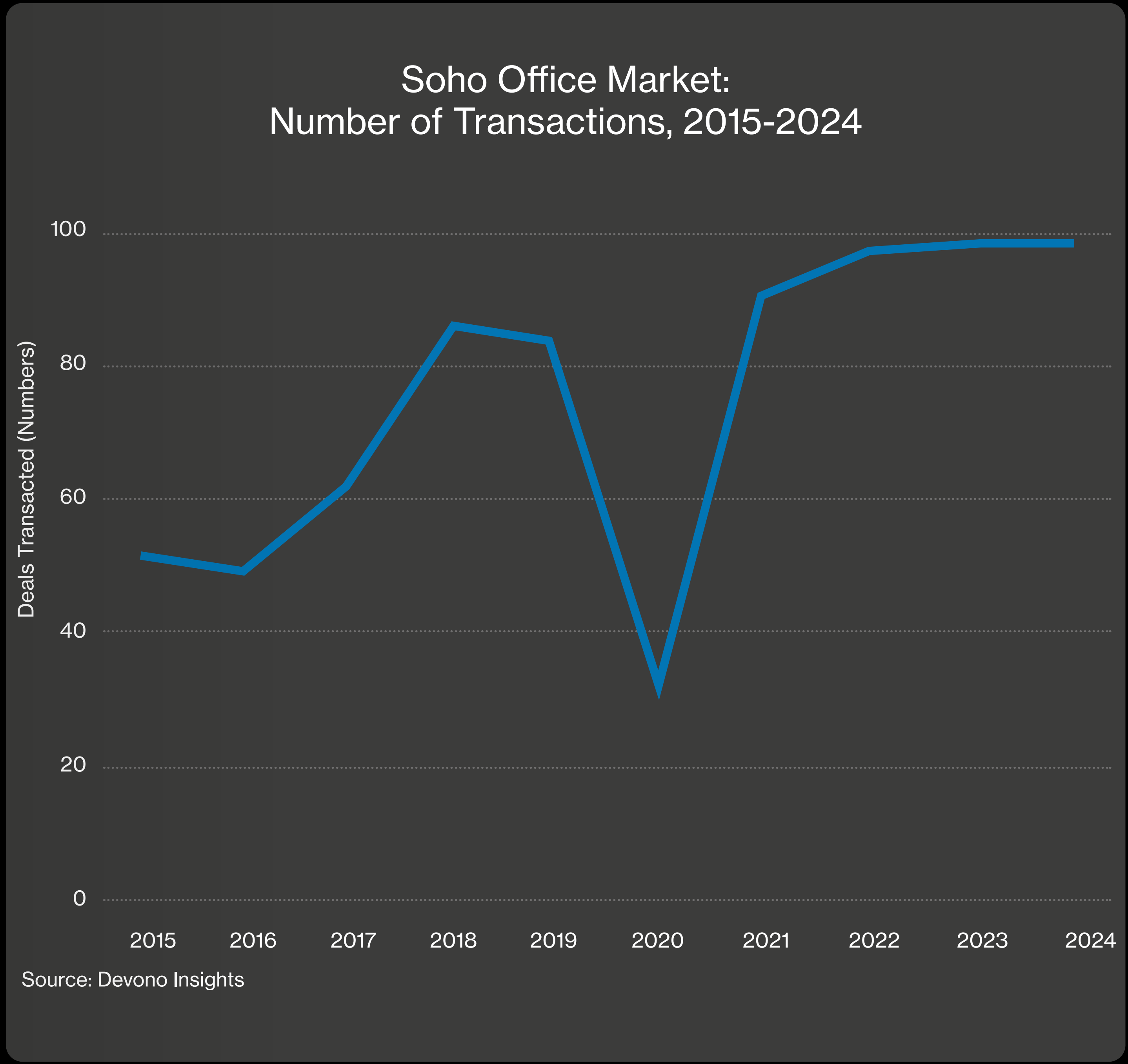


Leasing

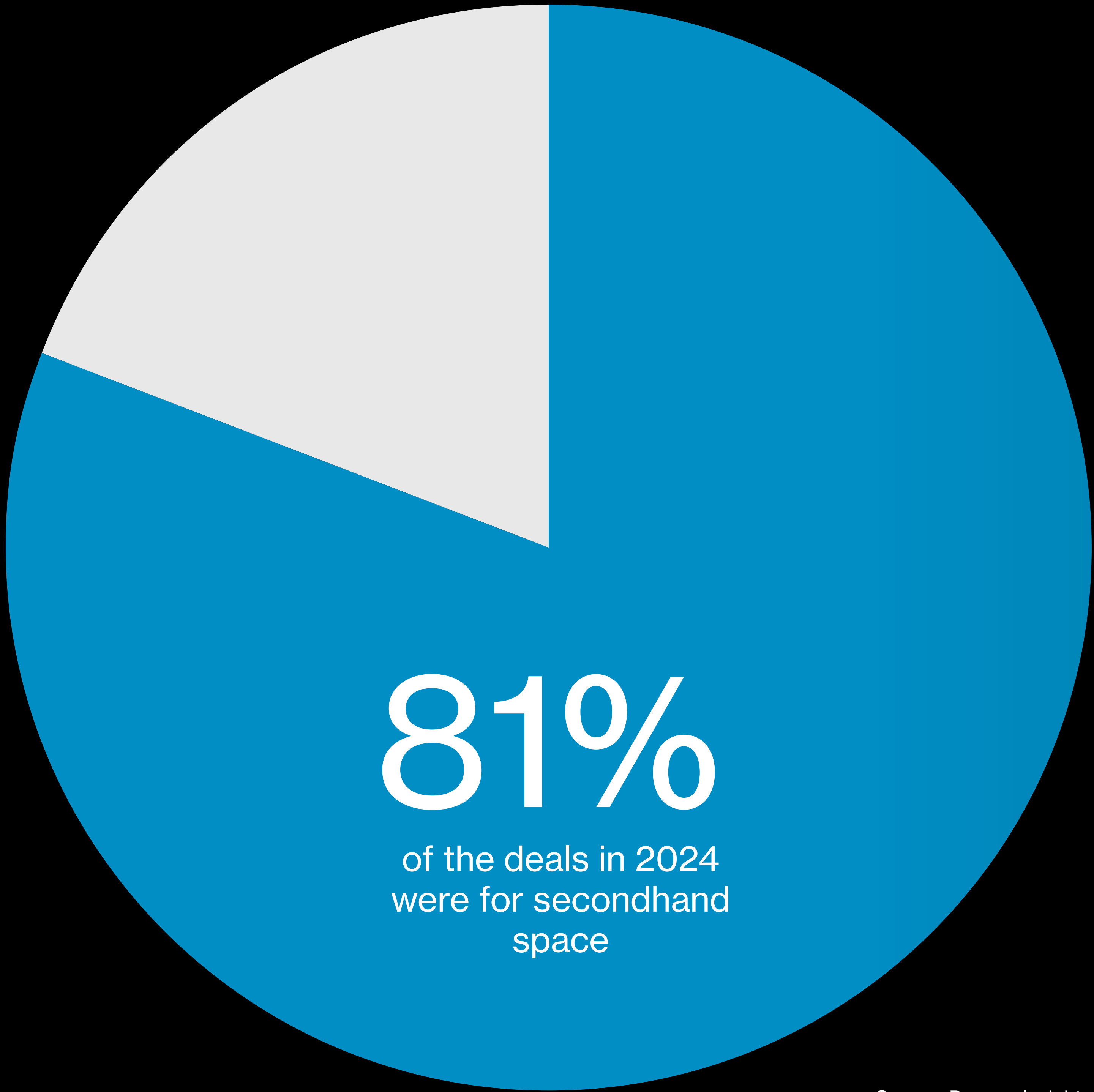


Demand Surges Despite Drop In Volume

2024 saw office leasing across Soho dip from its peak in 2023, falling 25%. While this represents a slight slowdown, the 2024 total of close to 336,000 sq ft still constitutes a comparatively strong level of demand; higher than what was recorded annually from 2020 to 2022, and only 4% below the pre-pandemic average.

While the amount of office space leased remained at a robust level, our analysis shows that the number of firms taking new space constitutes an unprecedented level of demand. Deal numbers have remained stable since 2023 at a historic high of 98 per year as more firms are flocking to Soho than ever before. This has in part been fuelled by a tenant emphasis on local amenity provision and transport hub access, something that has gained further pace as firms have pushed to get more staff back into the office.

Leasing activity in 2024 has come from smaller requirements compared to 2023. The lack of activity at the larger end of the market is unsurprising, with the absence of deals over 50K sq ft for the third year in a row partially due to a lack of stock able to cater to deals of this size. However, at the same time activity has become more concentrated among the small deals; the proportion of deals among the 500-5,000 sq ft range has increased, up from 79% to 85%.



Source: Devono Insights

Flight Away From Quality?

While demand has reached new highs, the majority of the deals transacted have been for space in secondhand buildings, with space of this grade having accounted for between 81% and 82% of deals between 2021 and 2024. This is not only reflective of the size of the deals, as 87% of the deals below 5,000 sq ft in 2024 were for secondhand space, but also of the general quality of stock available across Soho.

That being said, we have not seen firms jumping to pre-let the new best-in-class spaces coming to the market in the way we would expect, with an absence of such activity over 2024 and Q1 2025. This is to the point that schemes such as Film House are potentially faced with vacancy upon completion. As such, while the flight to quality is still at play in central London, it is the secondhand side of the market that is the anchor of leasing activity in Soho.

Momentum Slowdown In 2025

The dip in the volume of office space leased in 2024 has ***intensified*** going into 2025, with the first quarter representing the ***lowest level*** of take-up in Soho since the second quarter of 2021.

A greater concentration of smaller sized deals and a disappearance of deals over 10,000 sq ft has subdued activity. This was despite demand remaining at a decent level from a transaction number perspective (8% above the long-term quarterly average). Given that Soho's leasing activity has been confined to the smaller spaces, at this point it seems likely that the downward trend in leasing volumes will continue.

Who Is Attracted To Soho

The driving force behind leasing continues to be the financial sector, for a third consecutive year. Although its share of the volume has contracted significantly on 2023, from 44% down to 28% in 2024, the sector remains a reliable generator of transaction numbers, with 18 recorded in 2024.

Media Sector

Media sector leasing closed the gap with that of the financial sector in 2024, registering a share of space leased of 23%, its largest share recorded since 2017. This has mainly been due to a boost from the largest deal of the year in Soho, out-of-home media agency Talon's leasing of c.27,000 sq ft at 130 Shaftesbury Avenue.

Professional Sector

While the professional sector signed the most deals in central London as a whole, professional firms have not been nearly as active in Soho, representing only 12% of the deals signed in 2024. What's more, the sector did not transact on spaces in excess of 5,000 sq ft.

Technology Sector

The number of tech firms choosing Soho reached its highest on record in 2024 with 11 deals transacted. As the sector has signed for more spaces, tech leasing has formed a greater portion of the demand for Grade A, accounting for 25% of the transactions for spaces of this grade in Soho in 2024.

Availability

Choice Thin On The Ground

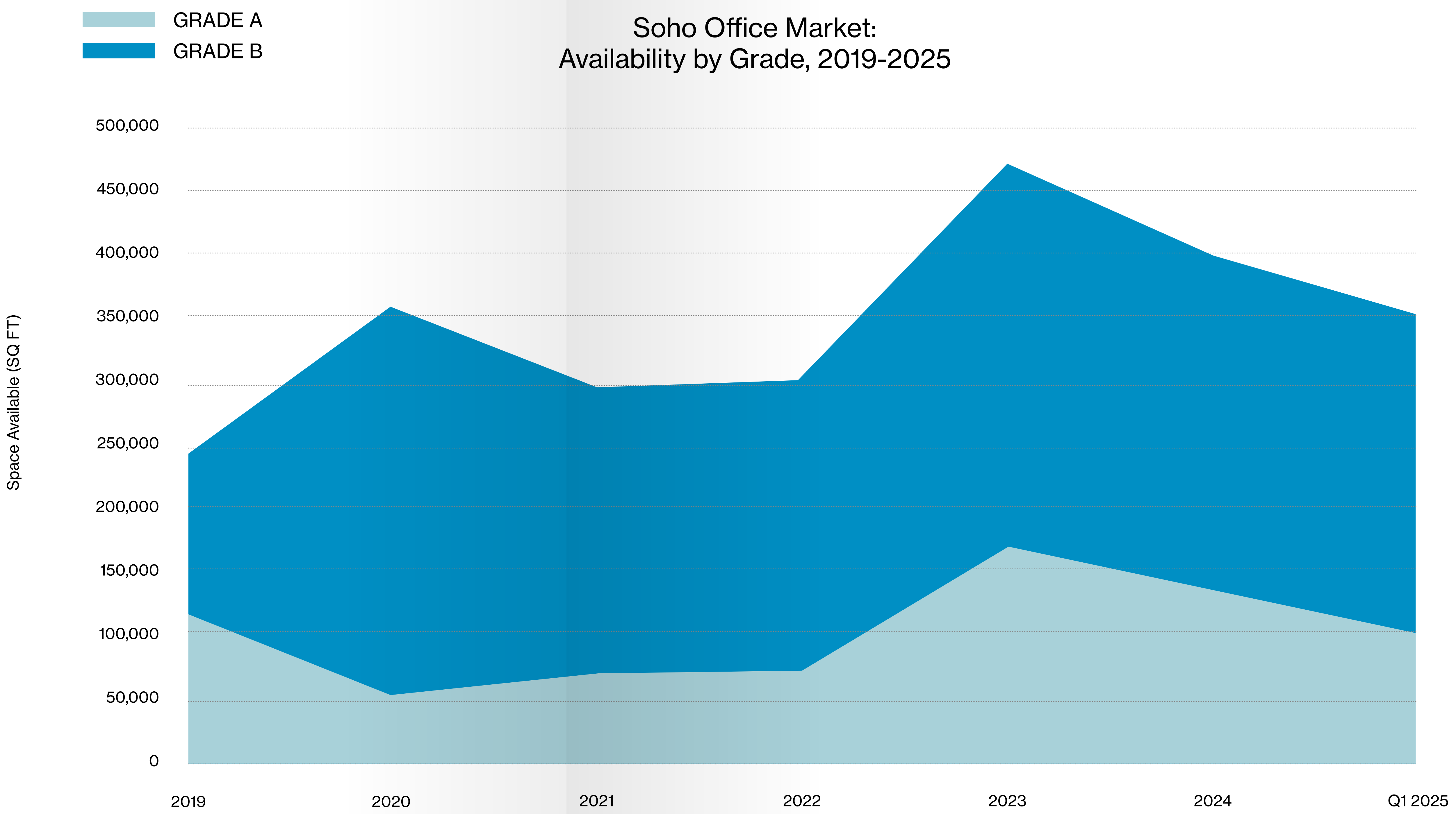
Soho is a market with relatively less stock compared to the other West End submarkets, and the quantity of space which is available has shrunk by nearly a quarter over 2024. This combination is stifling tenant searches.

The average size of space available dropped to 4,700 sq ft at the end of 2024, remaining broadly the same in Q1 2025 at 4,882 sq ft. As a result, even for mid-sized occupiers options are thin on the ground, let alone for the larger corporates, hence why Soho is mainly transacting on smaller spaces.

> *Grade A space available reduced by 41% over the last year*

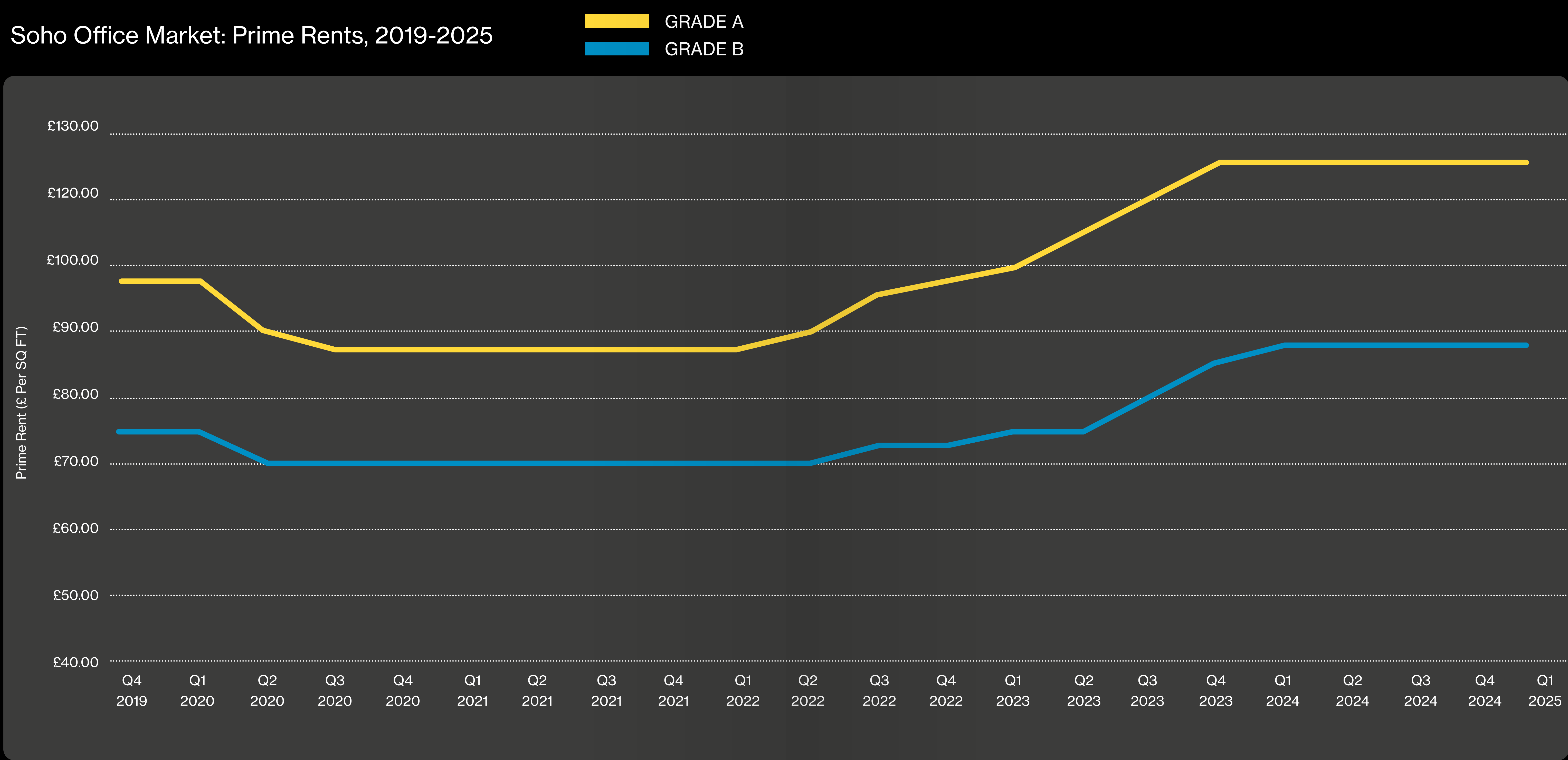
For businesses pursuing quality spaces, availability becomes all the more constricted, as the quantity of Grade A space available reduced by 41% over the last year bringing the Grade A share of availability to only 29% at the end of Q1 2025. This has pushed occupiers more towards secondhand options, although we are starting to see pressure build on the availability of spaces of this quality as well, with the 13% reduction over the last 12 months potentially leading to more significant reductions later in the year.

Grade A supply is set to receive a boost as a number of developments are continuing to move towards a 2025 completion date, contributing a combined 159,660 sq ft of leasehold space. As has been mentioned, these developments have so far failed to attract any letting activity during development despite the low level of availability.



Source: Devono Insights

Soho Office Market: Prime Rents, 2019-2025



Source: Devono Insights

Rents

Prime Grade A: Cause For Pause?

Prime Grade A office rents in Soho began 2024 at £115.00 per sq ft, the second highest of the West End submarkets. In Q4 this rose to £120.00 per sq ft, where they have remained into Q1 2025. While prime rents in neighbouring North of Oxford Street pushed slightly above this in Q1, those in Soho are still up 9% on the average of other West End submarkets, and are 47% higher than the average for the rest of central London as a whole.

We expect to see prime rents remain at this level in the short-term. The dearth of leasing activity in Q1 2025 for prime Grade A space will temper landlords' bullishness and hold off any further rises. Additionally, while the new space set to be delivered over the next year is expected to push the envelope on Prime Grade A rents, the momentum has been dampened somewhat due to the lack of early letting activity on these schemes. Yet, the wider squeeze on top quality options may well be enough to propel Grade A rents upwards as we traverse 2025, watch this space.

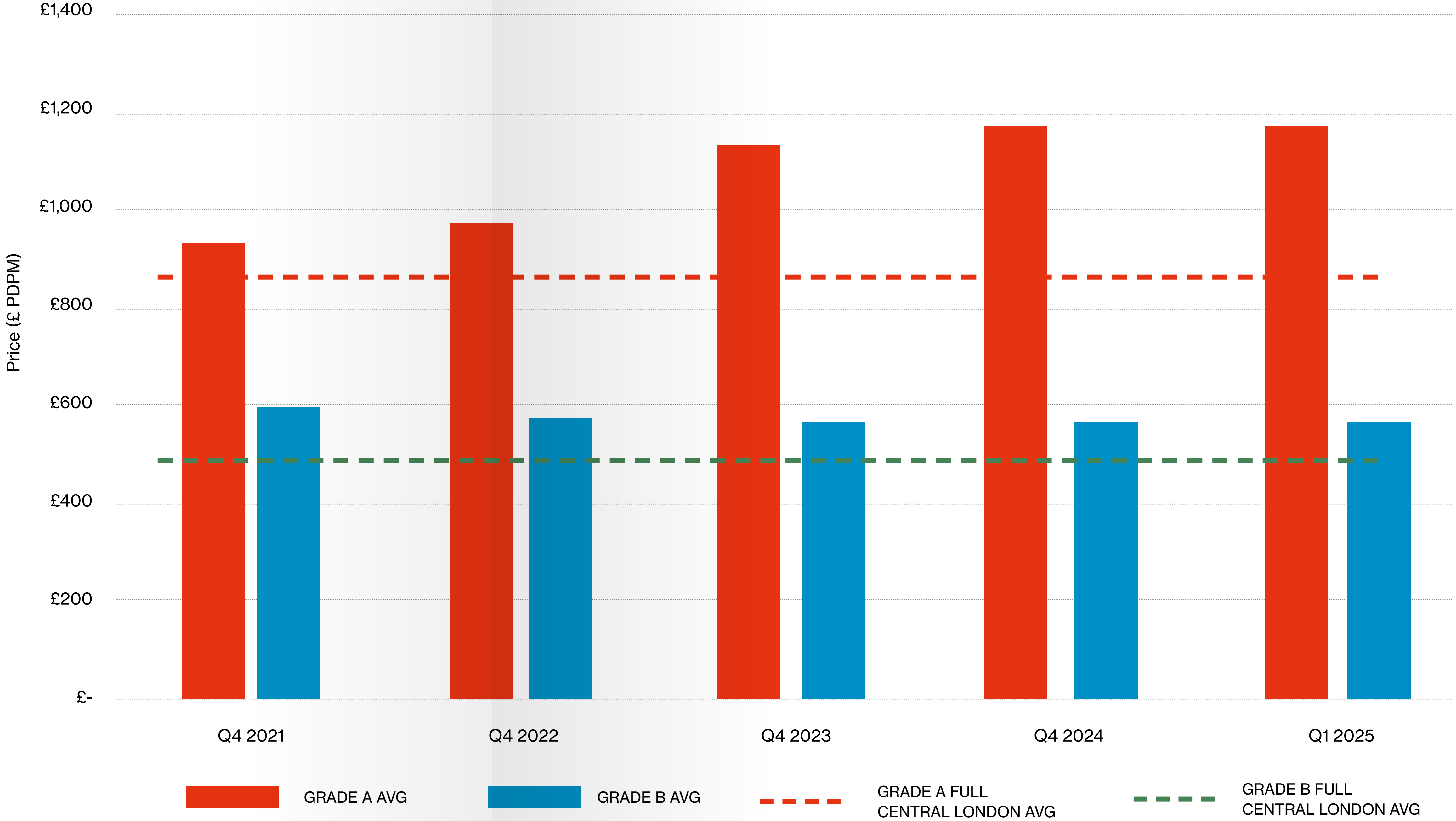
Prime Grade B: Expensive Yet Stable

Prime Grade B rents have stabilised at £87.50 per sq ft for the entirety of 2024 and into 2025. However, as transaction numbers have sat at a new high for the last two years and the vast majority of this demand has been for secondhand space, landlords may soon look to adjust their pricing upwards for their Grade B spaces.

Be that as it may, how would this affect demand for space of this grade? Prime Grade B rents in Soho are already comparatively high against the rest of the West End. Unlike Prime Grade A, rents for secondhand spaces continue to outpace those in North of Oxford Street, making secondhand space in Soho the second most expensive in central London. In turn, the gap between what an occupier can expect to be paying for Grade B space and for Grade A is smaller compared to the average for the rest of the West End, coming in at 27% lower compared to 30%. Consequently, while many occupiers pursuing a Soho location are being pushed towards the secondhand spaces due to availability dynamics, further significant rental uplifts could force occupiers to reconsider whether they want to take space in Soho at all.

Flexible Offices

Soho Office Market: Pricing by Grade, 2021-2025



Source: Devono Insights

Confidence In Demand – Grade A On The Rise

Serviced office providers have shown confidence in adjusting their pricing upwards for their best-in-class spaces. Average Grade A pricing began 2024 at £1,125 per desk, per month (pdpm) following an uplift at the end of 2023, and by the end of 2024 had risen further to £1,175 pdpm, a level that has remained stable going into 2025. This pricing level reflects the certainty that providers hold in demand for their Grade A offerings. Fundamentally, the provider stance suggests that Soho's flexible office market is maintaining tenant attraction, and they are compelled to price accordingly.

Targeting The Start-Ups

Following the pandemic, demand from providers securing new centres dropped, with no new spaces leased in 2020 and 2021. Over 2023 and 2024, provider activity picked up with 3 new centres secured each year as Soho regained its popularity among occupiers.

Those new centres that have been secured in 2024 and Q1 2025 have been of secondhand quality. While this is partially due to a lack of availability of Grade A spaces, it is clear that providers are confident that their additions of design, amenities and service offerings to these older buildings will be enough for occupiers.

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Furthermore, given that the spaces taken have all been on the small side at 7,000 sq ft or less, providers understand where the demand is coming from, mainly start-ups and small businesses seeking smaller but well-appointed and located options.

Prioritising Tenant Attraction – Grade B Remains Stable

The average Grade B desk rates have remained stable at an average of £575 pdpm, as they have been since the second half of 2022. The suggestion here is that providers have not yet seen fit to adjust pricing upwards for their existing spaces as their occupier base remains responsive to current pricing.

The same goes for those that have opened new centres, with these providers marketing their new spaces at the same level. As such, provider emphasis seems to be on filling their spaces and generating demand from those more fledgling firms rather than looking to eke out more value.

Outlook

Workplace and workforce dynamics are evolving rapidly and aligning them for the future presents a significant challenge to many. In 2025, business leaders will face a shifting landscape influenced by economic uncertainty, political change, and technological advancement. Yet within these challenges lie opportunities - to redefine the office, its purpose, and its connection to employees.

The Devono Insights team has identified five key themes poised to shape workplace strategies in the year ahead. From resetting hybrid working models and leveraging AI to managing financial pressures, navigating this environment will require agility and foresight. At the heart of it all, fostering and retaining talent remains essential for building a resilient and future-ready workforce.

2025 Office Reset

Businesses are looking to achieve greater clarity on in-office frequency and their remote working policy: mandated days and enforcement.

Social Value of the Office

Businesses will increasingly be aware of the benefit of using the office as a tool to foster greater collaboration, engagement and employee wellbeing.

Pressure on Costs

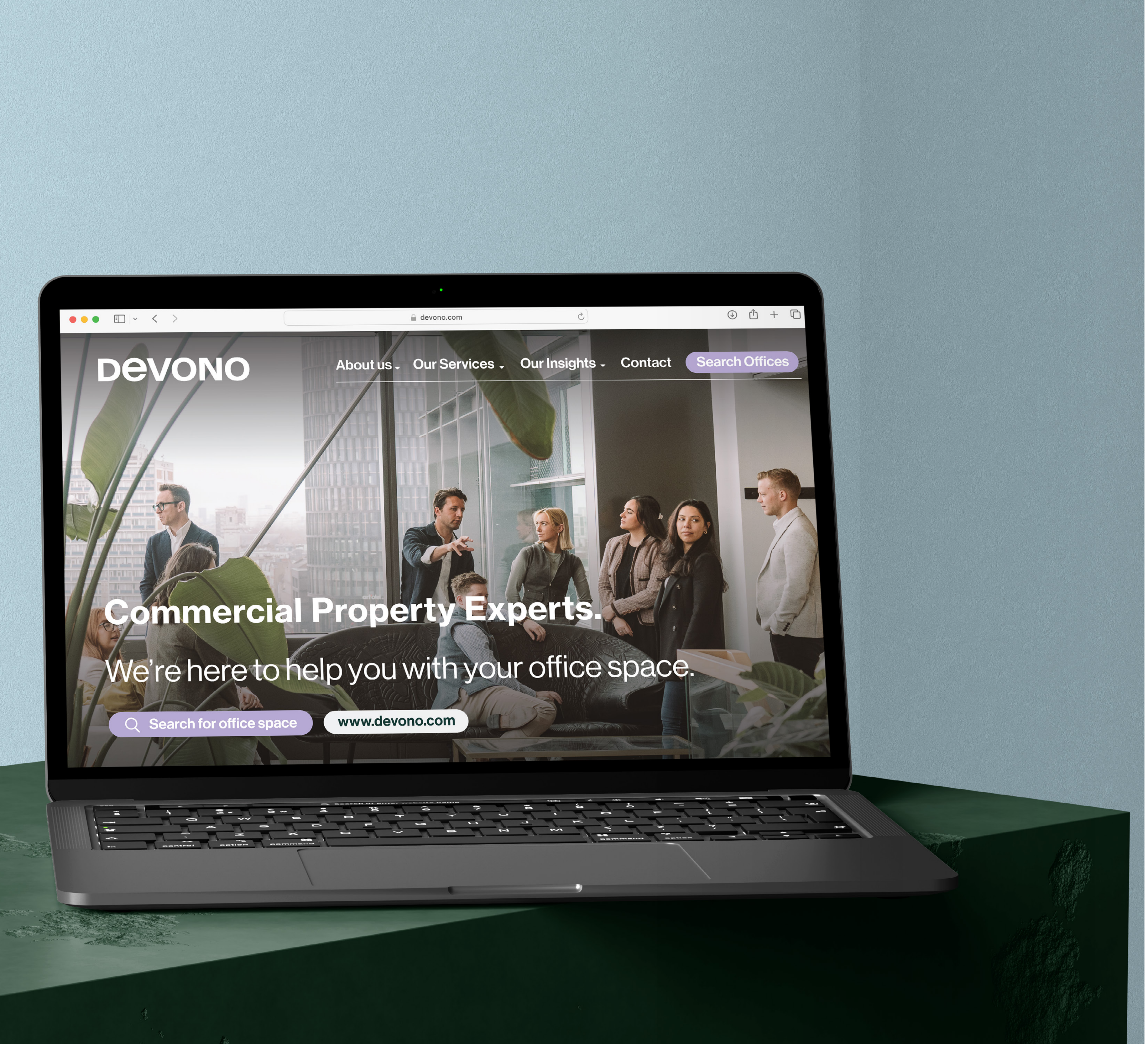
Office rental growth to remain a real challenge to business' workplace strategies and options, forcing some to compromise on investment elsewhere.

Digitisation & Cybersecurity

Greater focus and investment on workplace tech, AI and cybersecurity solutions to maintain competition and increase productivity.

Flex Options go Mainstream

Serviced offices are no longer a trend but a mainstream strategy. Flexible office solutions are becoming integral to long-term planning.



About Devono

Devono is the UK's leading occupier-only advisory firm, proudly accredited as a B Corp and regulated by the RICS. We specialise in delivering tailored commercial real estate solutions that align with the diverse needs and strategic objectives of businesses across all sizes and sectors.

A significant part of our role is helping our clients understand and define their occupational requirements. We carefully consider factors such as talent acquisition and retention, headcount projections, operational priorities, and cost efficiency. This ensures we craft a forward-thinking brief that not only meets today's needs but also lays the foundation for a sustainable and adaptable occupational strategy.

At Devono, our mission is to navigate real estate opportunities in a way that positively shapes company culture, enhances productivity, and drives financial performance – creating lasting value for our clients and their teams.

Our Services

- Leasehold Office Agency
- Service Charge Consultancy
- Workplace Consultancy
- Design & Build
- Dilapidations & Building Surveys
- Occupier Disposal
- Rent Reviews
- Flexible Office Agency
- Managed Offices

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