City Office Market

2025 Review

DEVONO

Contents

City Office Market 2025 Review

The City of London, often dubbed the "Square Mile", remains the largest and most dynamic office market in Central London, both in terms of total office stock and leasing volumes. While long associated with banks, brokers, and financial institutions, the City's business makeup has undergone a significant transformation over the past decade. Today, it is a more diverse ecosystem, attracting law firms, tech companies, professional services, and a growing cohort of other sectors.

This evolution has given rise to distinct market characteristics across the district, from the glass towers of the core to the more historic and boutique spaces in the west. With these submarkets now moving at different speeds in terms of demand, supply, and rental tone, a more granular view is needed.

In this report, we break the City into four key submarkets, Core, East, South, and West, analysing recent leasing trends, the availability landscape, and the shifting dynamics of prime and average rents. Whether you're an occupier planning your next move or just monitoring fundamentals, this analysis offers a clearer view of the opportunities and challenges shaping the future of the City office market.

City Core

3.6M SF
Leased in 2024, highest level since 2019

11,662 SF
Average size let in 2024, in line with the 10-yr average, 11,103 SF

35 %
The financial sector leased the most space in 2024

£95 PSF
Prime Grade A rent, no change since Q3 2024

City West

400K SF
Leased in 2024, down 67% on 2023 level but above 10-yr average

10,535 SF
Average size let in 2024, down 63% on 2023 level

27%
Of the number of deals transacted were by Professional services firms in 2024

£115 PSF
Prime Grade A rent, no change since Q4 2023

City South

444K SF
Leased in 2024, highest annual total since 2019

9,652 SF
Average size let in 2024, 17% up on the previous year

23%
of firms leasing space were from the technology sector in 2024

£49.88 PSF
Average achieved rent in 2024

City East

48K SF
Leased in 2024, down 1% on the 2023 level, 72% below 10-yr average

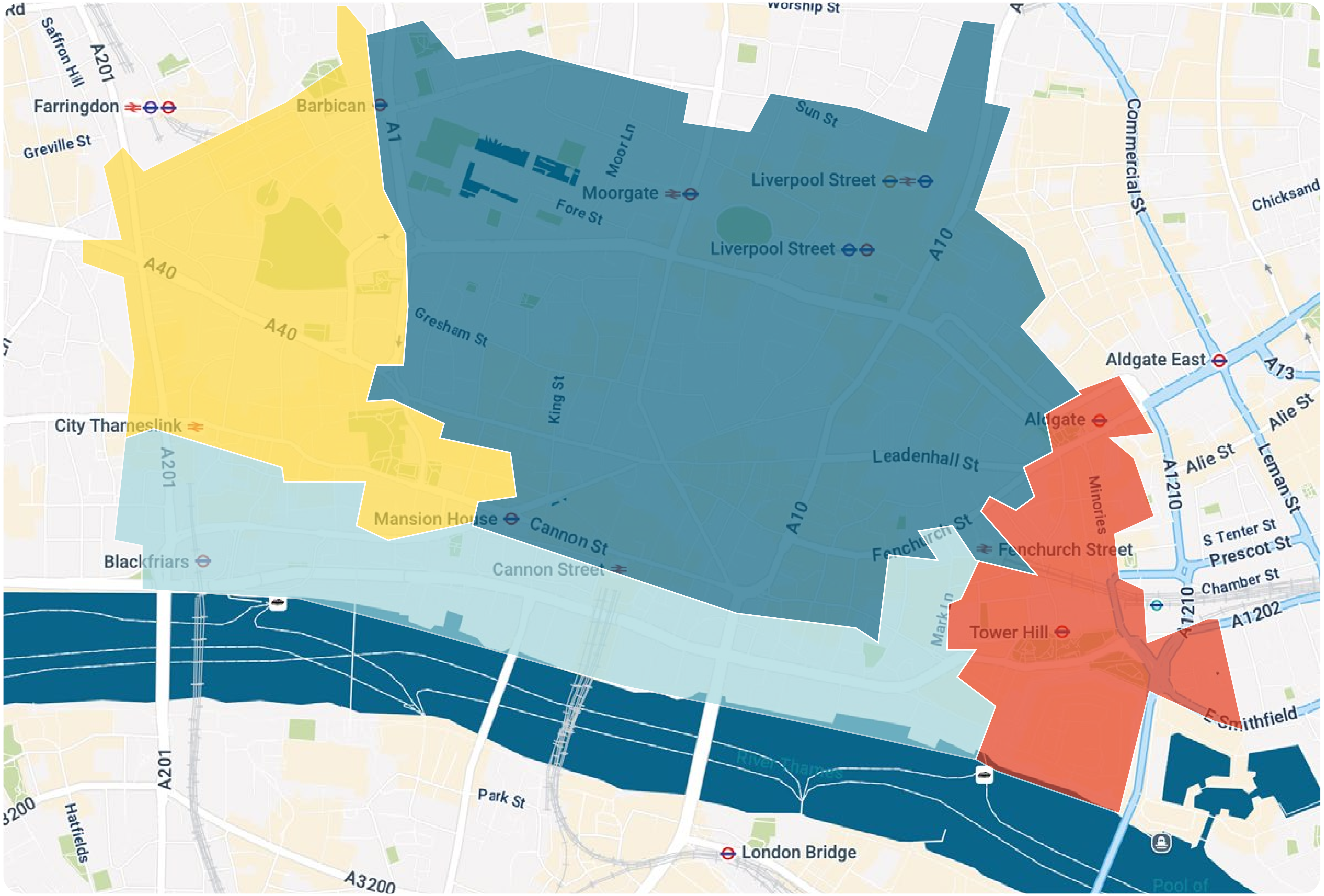
2,683 SF
Average size let in 2024, below the 10-yr average of 7,746 SF

89%
of space let was by just three sectors: Insurance, Corporate and Media

£65.63 PSF
Average achieved rent in 2024

The City & Submarkets

The City is made up of several distinct pockets, each with its own unique character, occupier mix, and office provision. From landmark towers to refurbished heritage buildings, the diversity of workspace on offer attracts a broad range of sectors and business types. To better reflect the differing levels of demand, leasing momentum, and occupational trends, this report segments the City into four key submarkets: Core, East, South, and West.



City Core

EC2H, EC2M, EC2N, EC2P, EC2R, EC2V, EC2Y, EC3A, EC3M, EC3V, EC4N

City West

EC1A, EC4M

City South

EC4V, EC4R, EC3R

City East

EC3N

City Core

The City Core office market spans London's historic and commercial heart, stretching from St Paul's and Aldersgate in the west, along Cannon Street to Fenchurch Street and Liverpool Street in the east, and up to Chiswell Street and Finsbury Square in the north. Home to approximately 51 million sq ft of office space across around 940 buildings, this area boasts some of the capital's tallest, most iconic, and historically significant workplaces.

From the 62-storey 22 Bishopsgate and the distinctive Gherkin to centuries-old Livery Halls dating back to 1670, the City Core blends heritage and modernity. As a hub of commerce for centuries, it continues to evolve as a world-leading centre for business and innovation.

Once synonymous with banking, insurance, and traditional finance, the City of London has transformed into a dynamic and diverse business ecosystem. While financial services remain a cornerstone, the area is now home to a broad range of sectors, including legal and professional services, technology and fintech firms, media companies, and a growing number of life sciences and creative industries. This diversification reflects the City's adaptability and enduring appeal, attracting businesses drawn by its global connectivity, high-quality office space, and rich mix of culture, history, and cutting-edge innovation.

City Core leasing activity reveals a *significant* rise in mid-sized deals

Leasing

Office leasing activity in the City Core reached 3.6 million sq ft in 2024, marking a 14% increase on 2023 and coming in 32% above the 10-year annual average. This represents the highest annual take-up since 2019, underscoring the City Core's enduring appeal and outperformance against other Central London submarkets.

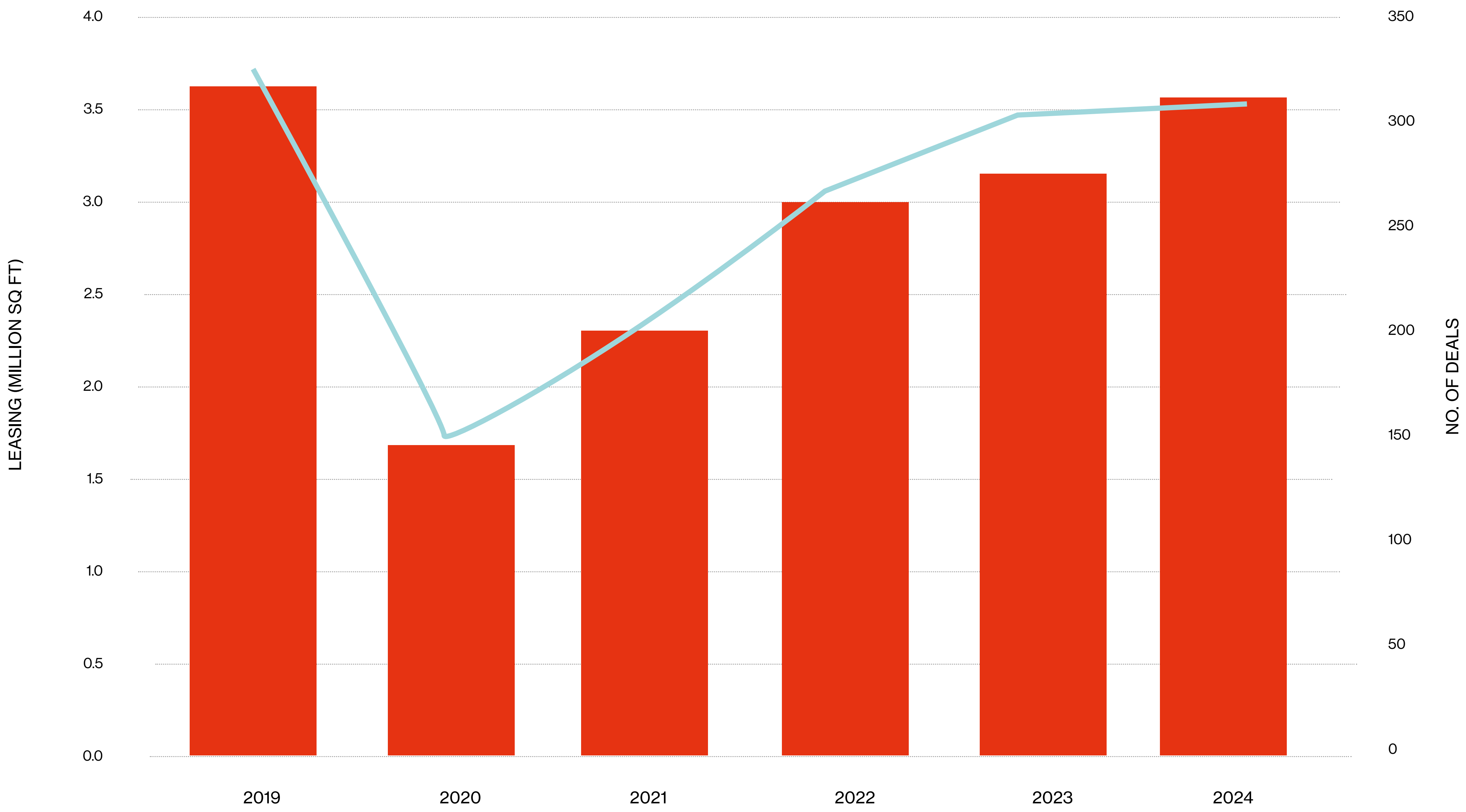
While most parts of the City Core recorded leasing volumes in line with historic norms, one area stood out significantly. The EC2V postcode, home to key streets such as Basinghall Street, Gresham Street, and Cheapside, saw a dramatic uplift, with take-up hitting 920,000 sq ft in 2024, more than three times its 10-year annual average. This surge was driven by two mega deals: Legal & General's commitment to 25 Basinghall Street and Moody's pre-let at 10 Gresham Street, both exceeding 100,000 sq ft. These were supported by a number of mid-to-large deals over 40,000 sq ft, a notable shift in a submarket that, since 2020, had predominantly seen smaller lettings under 35,000 sq ft, with just one major deal in 2022 breaking that trend.

Our analysis of City Core leasing activity reveals a significant rise in mid-sized deals (10,000–25,000 sq ft) in 2024, the number of which increased by 45% compared to the previous year. In total, just over 1 million sq ft was let in this size bracket, setting a new record, surpassing the previous peak of 922,700 sq ft in 2014.

City Core Office Submarket: Total Leasing By Year, 2019-24

No Of Deals

Total Leasing



What's striking is the *rapid growth* of the Legal sector. Between 2020 and 2024, legal occupiers took up 3.1 million sq ft

The average size of office deal transacted in 2024 was 11,662 sq ft, which is in line with the 10-year annual average of 11,103 sq ft.

Leasing activity on office space under development surged in 2024, with 950,000 sq ft pre/early-let, the highest volume since 2019. This accounted for 27% of total space leased during the year. At the same time, there was a notable rise in demand for secondhand space, with 1.8 million sq ft leased, the highest level recorded in the past 20 years, according to our data.

It's no surprise that the Financial sector remains the dominant force in the City Core office market as this area is, after all, a globally recognised hub for the industry. Since 2020, financial firms have leased just over 3.2 million sq ft of space. However, this represents a slight dip of 11% compared to the previous five years.

What's more striking is the rapid growth of the Legal sector. Between 2020 and 2024, legal occupiers took up 3.1 million sq ft, marking a 149% increase on the previous five-year period. They are not the only ones expanding. Other sectors increasing their presence in the City Core since the pandemic include Telecoms up 100%, Professional services up 54% and Insurance sector leasing up 47%.

Largest Deals 2024-25

Tenant	Building	Size (Sq Ft)	Grade	Term (Years)	Sign Date
Squarepoint	65 Gresham Street	400,000	Under Construction	15	Q2 2025
Citadel	2-3 Finsbury Avenue	250,000	Under Construction	15	Q2 2024
Simmons & Simmons	25 Finsbury Circus	200,000	Under Refurbishment	20	Q1 2025
Legal & General	25 Basinghall Street	179,317	Under Refurbishment	15	Q3 2024
Moody's	10 Gresham Street	142,388	Under Refurbishment	15	Q4 2024

Grade A availability has also been squeezed, now sitting 58% below its 2021 high and 20% lower than the 2019 level.

Availability

The supply of available office space in the City Core edged lower in Q1 2025, ending the quarter at around 3.3 million sq ft, a 12% drop from the end of 2024 and a significant decline from the post-pandemic peak of 4.6 million sq ft recorded at the end of 2021. However, availability remains 49% higher than in 2019, underscoring the ongoing market adjustment.

Leasing activity has steadily chipped away at the pandemic-era surplus. While secondhand space still makes up 75% of total availability, this share has been gradually falling since it peaked at 3.3 million sq ft in 2023. Notably, it's the higher-quality secondhand space that has seen the sharpest fall, down 23% over the past quarter as occupiers seek value in well-located, well-maintained older buildings.

Grade A availability has also been squeezed, now sitting 58% below its 2021 high and 20% lower than the 2019 level. This trend helps explain why demand has shifted toward premium secondhand space, as newly completed developments in 2024 were largely pre-let and therefore didn't add significantly to total availability.

Meanwhile, the average size of space available in the City Core has increased, rising to 16,060 sq ft in Q1 2025, up from 14,339 sq ft in the previous quarter and 5% above the five-year average.

Rents

Between 2017 and early 2021, prime Grade A office rents in the City Core were remarkably stable, holding at around £68.50 per sq ft despite Brexit uncertainty and early signs of shifting workplace trends. Even through the depths of the pandemic in 2020, prime Grade A rents held firm, suggesting resilience in the top end of the market and limited distress among landlords of premium space.

However, this stability gave way to notable growth beginning in 2022, with prime rents moving from £70 per sq ft in Q1 2022 to £95 per sq ft by Q1 2025, a 36% increase in just three years. This uplift has been fuelled by:

• Landlord confidence in market dynamics and tenant demand for quality space.

• Delivery of next generation office spaces that meet ESG standards.

• Provision of amenity rich spaces with strong wellness and sustainability credentials.

In contrast, prime Grade B rents, while also rising from a pandemic low of £50 per sq ft, have seen more muted growth. From Q1 2021 to Q1 2025, they rose from £50 to £75 per sq ft, a 50% increase, strong in relative terms but from a lower base and still reflecting a significant discount to prime Grade A.

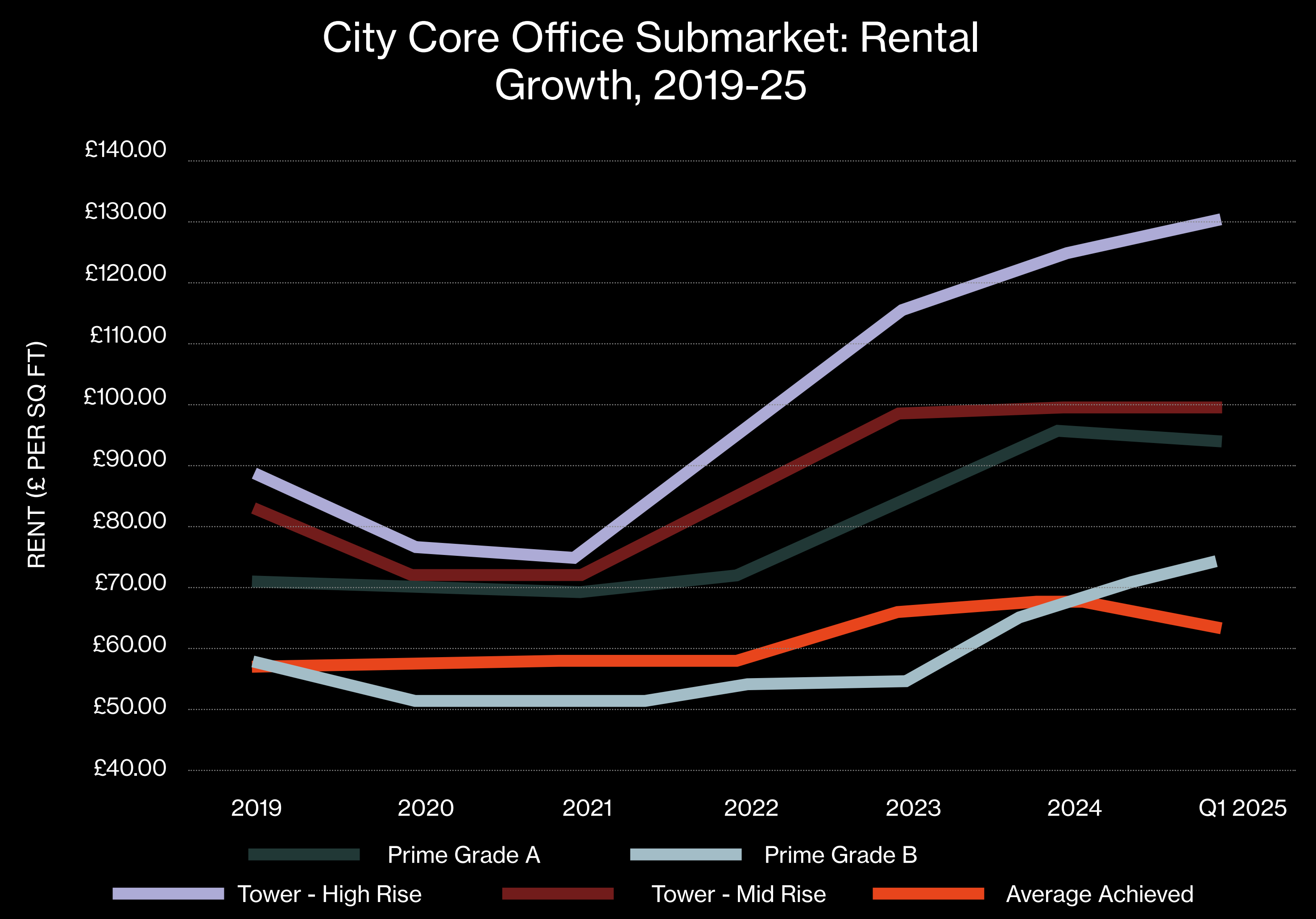
> *stability gave way to notable growth beginning in 2022, with prime rents moving from £70 per sq ft in Q1 2022 to £95 per sq ft by Q1 2025*

Tower buildings in the City Core, notably those on the higher floors have commanded a significant and growing premium over standard Grade A stock. High-rise space was already achieving £82.50 per sq ft in 2017, and by Q1 2025, this had grown to £130 per sq ft, representing a 58% increase over the period and a 37% premium over standard Grade A rents.

The most substantial rent acceleration came between Q2 2022 and Q3 2023, when rents jumped from £90 to £115 per sq ft, reflecting fierce competition for a limited pool of standout, high-rise floors with panoramic views, and top-tier ESG ratings.

Mid-rise space in tower buildings followed a similar trajectory, rising from £75 per sq ft in 2017 to £100 per sq ft in 2025, but the pace of growth has been more moderate. This segment remains attractive but carries a lower premium compared to upper floors.

Looking beyond just prime spaces, our data shows that average rents across all leasing activity reached a peak of £67.08 per sq ft in 2024, a 74% increase over the past decade. Since the pandemic began in 2020, rents have continued to rise, though at a more moderate pace, increasing from £57.59 in 2020 to £65.03 in 2023. This trend highlights steady underlying rental growth, while also revealing that businesses are leasing space across the quality spectrum, often at levels well below the headline figures.



Flexible Office

The City Core remains the most expensive submarket for flexible office space in the wider City office market. Average Grade A desk rates are holding at £925 per desk per month (pdpm), unchanged since Q2 2023. This follows a brief peak at £1,000 pdpm in early 2023, which likely reflected a short-lived post-pandemic surge in demand for premium, centrally located space.

The cooling since then suggests that pricing has found its ceiling, with competition for tenants increasing, and providers more focused on occupancy than aggressive rate increases. The 8% drop from the Q1 2023 high points shows some price resistance at the top end of the market.

> *The City Core remains the most expensive flexible office submarket in the City.*

Meanwhile, average Grade B desk rates have remained flat at £475 per desk since mid-2022, following a gradual decline from £550 in 2021. This illustrates a clear segmentation of pricing of the range available from top-tier, fully serviced space and those more budget-friendly but well-located alternatives.

The City Core is unlikely to see significant desk rate inflation in the near term. Instead, differentiation will likely come via service levels, amenity offerings, and sustainability credentials.

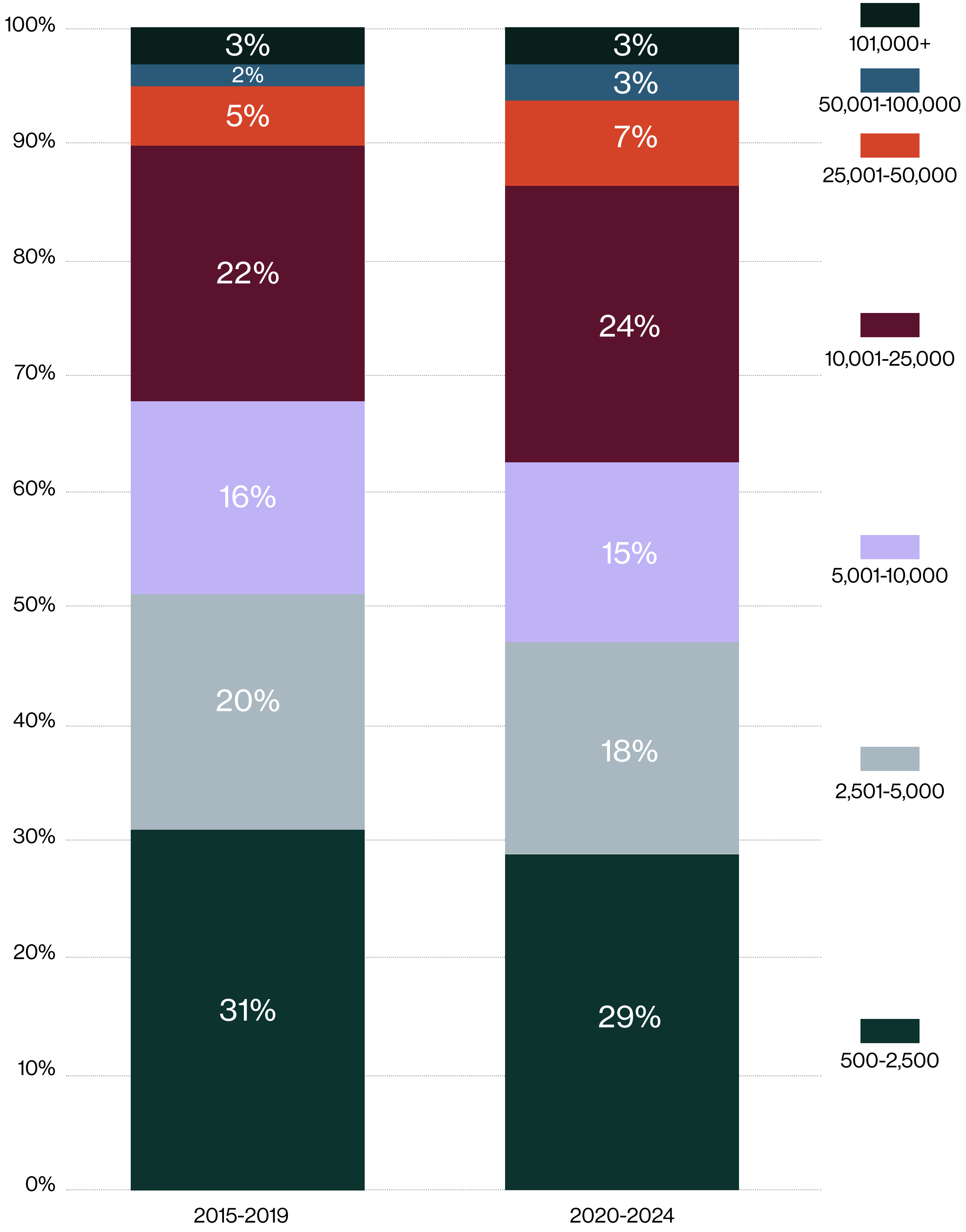
City West

The City West office market is a compact yet dynamic area that borders the neighbouring Midtown district, encompassing Charterhouse Street, Smithfield Market, Holborn Viaduct and Ludgate Hill. With just over 8.7 million sq ft of office space spread across 146 buildings, this pocket of the capital has grown in prominence thanks to its proximity to Farringdon Station and direct access to the Elizabeth Line.

Office clusters are concentrated at the edges of the area, particularly around key transport hubs like Mansion House, City Thameslink, and the Barbican. The architectural landscape is diverse, ranging from elegant Victorian townhouses to contemporary glass-and-steel developments, offering a rich blend of old and new.

City West's charm lies in its vibrant character: historic churches, secluded gardens, and traditional pubs line its streets, while Smithfield Market - currently being transformed into the new Museum of London, will anchor the area's cultural and historical significance.

City West Office Submarket:
Share of Leasing By Size Range
(sq ft), 2015-19 vs 2020-24



Leasing

Office leasing activity in the City West office market reached 400,325 sq ft in 2024, well below the record 1.2 million sq ft seen in 2023. However, this year's total is much more in line with the 10-year annual average, suggesting a return to typical market conditions rather than a major downturn.

Deal sizes varied widely. Just one "mega deal", Octopus Energy's 120,000 sq ft pre-let at 20 Giltspur Street was recorded in 2024, compared to three such deals the year before. The next largest transaction came in at 26,730 sq ft.

The average deal size dropped to 10,535 sq ft, lower than the long-term average of 15,773 sq ft. Notably, 71% of deals were for spaces under 10,000 sq ft, indicating a cooling of demand for larger spaces, likely due to fewer suitable options being available.

Lease lengths also continued to shorten. In 2024, the average lease term was 5.9 years, 8% lower than 2023, and down 20% from 2019. While larger deals tend to secure longer terms, there's a clear trend toward shorter commitments overall.

Between 2020 and 2024, just over 2.6 million sq ft of office space was leased in the City West market, a 39% increase compared to the previous five-year period. This growth has been driven by several expanding sectors.

Notably, Corporate occupiers led the surge with a 219% increase, followed by strong growth from the Financial (+90%), Technology (+76%), and Professional Services (+54%) sectors. In contrast, Legal and Media firms scaled back their footprint, with leasing activity down 32% and 24% respectively over the same period.

Looking specifically at 2024, Professional Services firms were the most active, accounting for 27% of all deals. Corporate, Technology, and Financial sectors also performed strongly. Together, these four sectors were responsible for 77% of all leasing activity in City West since 2020.

Professional Services firms were the ***most active***, accounting for 27% of all deals.

Largest Deals 2024-25

Tenant	Building	Size (Sq Ft)	Grade	Term (Years)	Sign Date
Octopus Energy	20 Giltspur Street	120,000	Under Refurbishment	15	Q4 2024
-	1 Lindsey Street	26,730	Secondhand	-	Q1 2024
Apex Fund Services	140 Aldersgate	25,527	Secondhand	-	Q3 2024
Cambridge Education Group	200 Aldersgate	21,438	Secondhand	10	Q4 2024
Headland Consultancy	1 New Change	19,991	Secondhand	10	Q4 2024

Availability

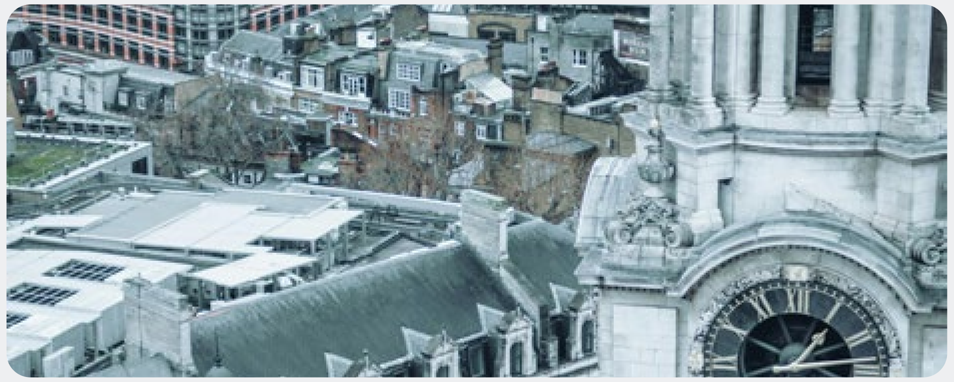
The City West office market currently holds the second ***lowest level*** of availability across all City submarkets; only City East has less, and it's a ***smaller area*** by comparison. This highlights a steady tightening of supply in the City West market, particularly at the ***higher-quality*** end of the market.

By the end of 2024, total office availability in City West stood at approximately 478,000 sq ft, representing a 20% decline over the year. While availability nudged up slightly, by just 2% in Q1 2025, the overall trend remains downward. In fact, availability is now 40% lower than its 2022 peak.

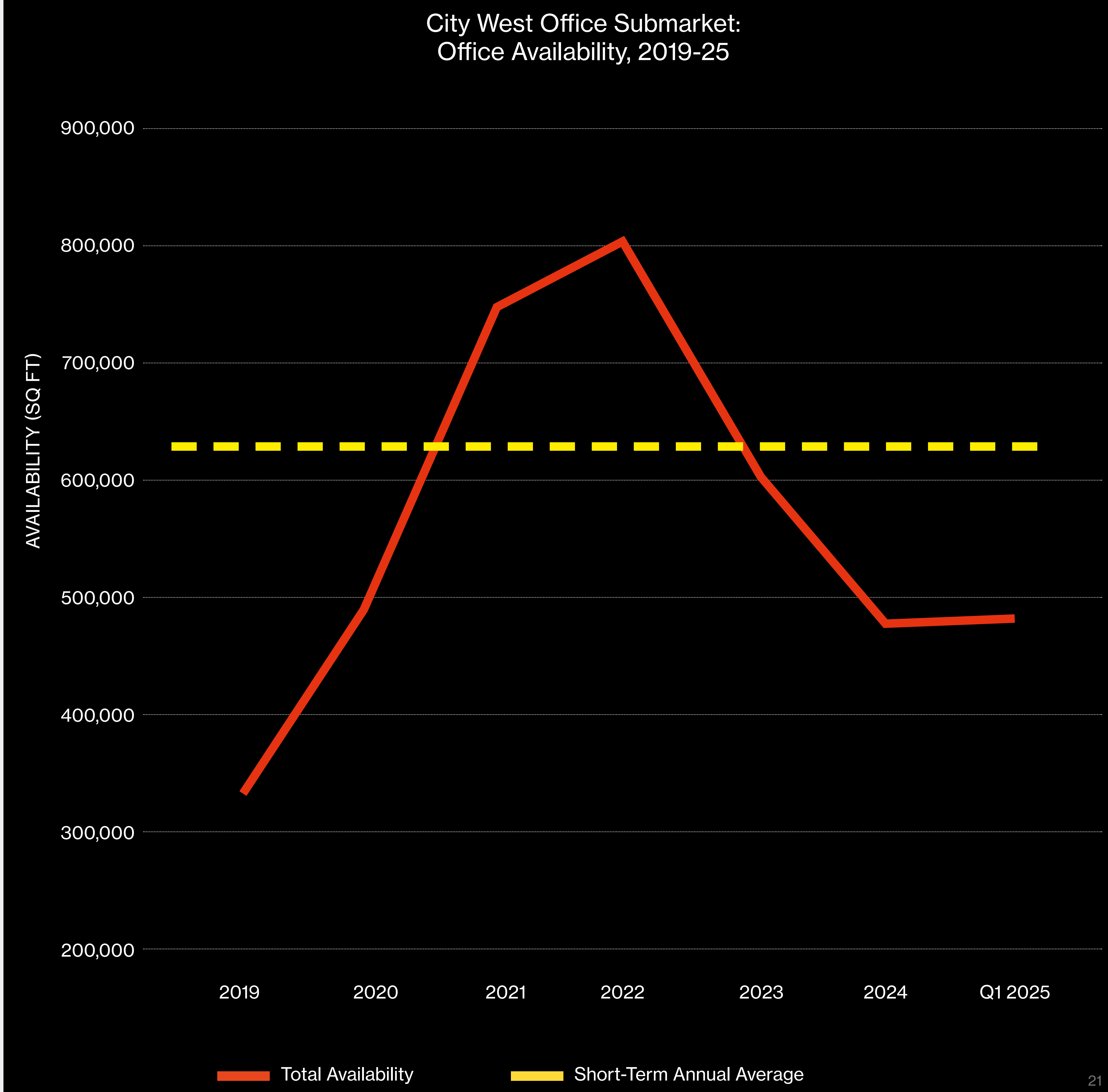
The main driver behind this contraction has been the strong leasing of Grade A space since 2022. As a result, Grade A availability has plummeted by 82% from that year.

Secondhand space, though also down by 40%, hasn't diminished as rapidly. It continues to make up the bulk of the market, with older, lower-quality offices accounting for two-thirds of all available secondhand stock.

At the same time, the average office size available in City West has shrunk. At the end of Q1 2025, the average available space was 14,278 sq ft, similar to the end of 2024, but a third smaller than in 2023. This suggests that not only is space becoming scarcer, but larger options are disappearing.



Grade A availability has plummeted by 82% from that year.



£115.00

Prime Grade A peak rent (held steady since Q4 2023)

£75.00

Prime Grade B rent (Q1 2025)

Rents

Prime office rents in the City West office market have experienced a notable rise over the past eight years, particularly in Grade A space, where tenant demand for high-quality, well-located buildings has driven sustained rental growth.

Prime Grade A rents increased from £70.00 per sq ft in Q3 2017 to £115.00 per sq ft by Q1 2025, marking a 64% rise over the period. After a gradual build-up between 2017 and 2019, rents plateaued during the height of the pandemic, holding at £77.50 per sq ft through 2020 and 2021. However, from 2022 onwards, rents accelerated sharply, jumping from £80.00 per sq ft in Q2 2022 to £115.00 per sq ft by Q4 2023, where they have since held steady. This reflects a flight to quality, with top rents being achieved for well-located, ESG-compliant, amenity-rich buildings.

In contrast, Prime Grade B rents have seen a more measured growth, rising from £57.50 per sq ft in 2017 to £75.00 per sq ft in Q1 2025, a 30% increase over the period. Like prime Grade A, rents in this segment dipped slightly during 2020–2021 but have since crept upward. The slower growth rate highlights a more cautious appetite from landlords of older or less-refurbished stock, with competition to attract tenants remaining high.

> *while prime deals are achieving record rates, they represent a smaller share of overall leasing activity*

Average achieved office rents in the City West market rose steadily from £34.30 per sq ft in 2014 to a peak of £61.20 per sq ft in 2023, marking a 79% increase over nine years, driven by strong demand and a wave of high-quality refurbishments. However, despite rising prime rent headlines, the average rent slipped to £57.31 per sq ft in 2024, highlighting a growing trend of occupiers opting for more cost-effective spaces. This suggests that while prime deals are achieving record rates, they represent a smaller share of overall leasing activity.

Flexible Offices

The City West market has settled into a serviced office pricing equilibrium following a period of strong post-pandemic recovery. The average Grade A desk rate is priced at £850 pdpm, a figure that has held since Q4 2022. This represents a strong uplift from £700 in early 2022, as demand recovered for high-quality space near key transport hubs and vibrant commercial zones.

> *The average Grade A desk rate is priced at £850 pdpm, a figure that has held since Q4 2022*

Of note, average Grade B pricing has climbed from £475 to £575 pdpm over the past two years, the only submarket to show any real movement in secondary space pricing. This suggests a squeeze on mid-market options, or a shift in demand as some occupiers "trade down" from the best-in-class offerings.

The City West's pricing story is one of maturity and balance. Premium space appears priced to capacity, while sustained demand in the mid-tier may continue to apply gentle upward pressure on Grade B rates.

£850

PDPM Average Grade A desk rate (steady since Q4 2022)

£575

PDPM Average Grade B desk rate (up from £475 two years ago)

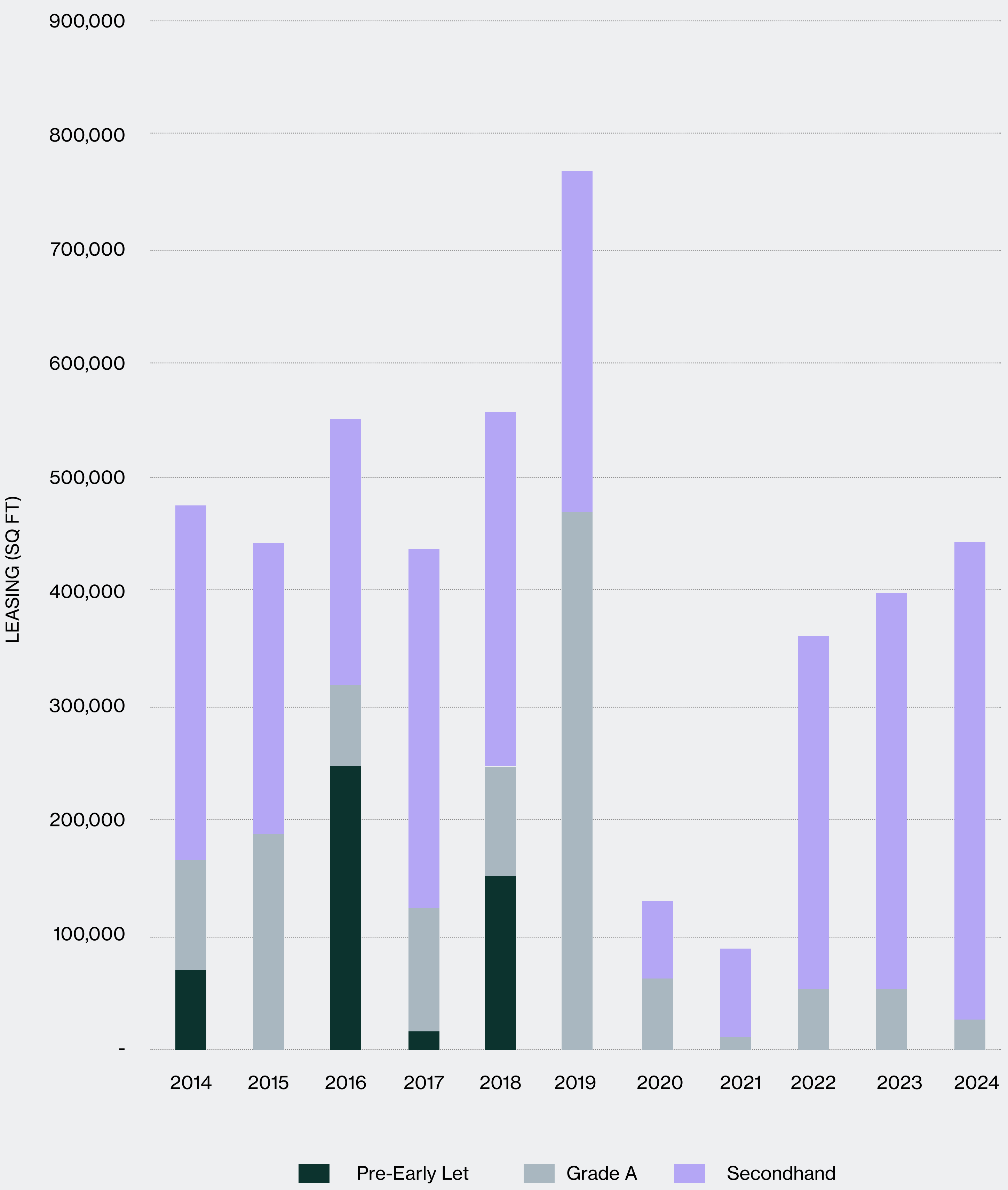
City South

The City South office market occupies a prime riverside location, with the Northbank of the River Thames forming its southern edge. Stretching from Blackfriars in the west to Fenchurch Street in the east, it includes the area just below Cannon Street. The main thoroughfares of Queen Victoria Street and Upper Thames Street house the more sizeable office buildings contributing to the market offering of 9.8 million sq ft of office space across 165 buildings. Newly refurbished buildings, particularly those with river views, increasingly feature rooftop terraces and gardens, offering a distinctive and attractive workplace environment.

This area benefits from excellent transport connectivity, served by Blackfriars, Cannon Street, and Fenchurch Street stations, with additional access via Mansion House, Monument, and Tower Hill as well as riverboat services. Four bridges enhance its accessibility to the south of the river and all the amenities that it offers.

In recent years, the riverside walk has undergone improvements, complementing the regeneration of older office stock. While smaller in scale than the South Bank, City South's waterside setting remains a draw for both office occupiers and visitors, with a mix of pubs, bars, and public spaces.

City South Office Submarket: Leasing by Grade, 2014-24



Leasing

Leasing activity in the City South office market continued to build on recent momentum in 2024, with total take-up reaching 444,000 sq ft, the highest annual volume since 2019 and 15% above the 10-year average.

57%

of deals under 5,000 sq ft, a pattern consistent with the past five years.

Activity was driven primarily by smaller-sized offices, with 57% of deals under 5,000 sq ft, a pattern consistent with the past five years. However, a key shift occurred in the 10,000–25,000 sq ft bracket, which accounted for 24% of all deals, notching up an 83% increase on 2023 and the highest number of deals (11) in this range since 2019.

Larger lettings also saw a rebound. In the 25,000–50,000 sq ft segment, volume leased from deals of this size rose sharply to 89,872 sq ft, more than doubling the 34,500 sq ft recorded in 2023.

Secondhand space has continued to dominate, accounting for 81% of all space let since 2020. New development lettings are now rare - no pre-lets or early-lets have been recorded since 2018. Grade A leasing has also declined significantly, with just 60,000 sq ft let in 2024. That said, demand remains focused on better-quality secondhand space.

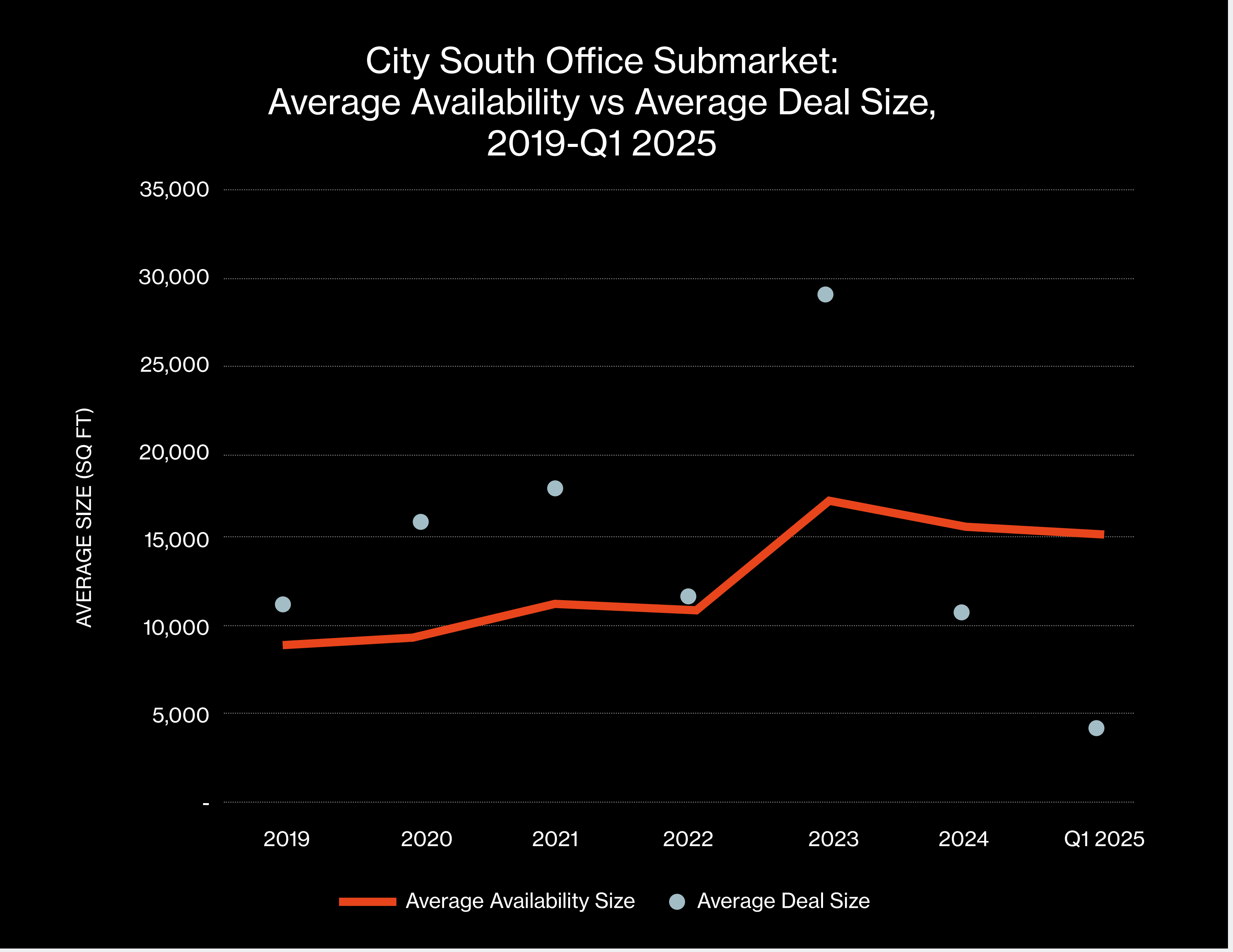
Since 2020, total leasing in City South has reached 1.17 million sq ft, marking a 48% decline on the previous five-year period (2015-19). Some sectors have significantly pulled back, with legal firms leasing 91% less space, financial firms down 80%, and media companies 52% lower.

On the flip side, the technology, insurance, and telecoms sectors have expanded their presence. In 2024, technology (23%) and financial & insurance firms (16%) led sector activity. Insurance sector leasing particularly had a standout year, with 89,124 sq ft let - its highest volume since 2012.

The professional services sector also made a strong return, leasing 91,130 sq ft, three times more than in 2023, and the highest annual total since 2013. Early 2025 data suggests this momentum will continue, with 87,600 sq ft already leased in Q1 alone.

Largest Deals 2024-25

Tenant	Building	Size (Sq Ft)	Grade	Term (Years)	Sign Date
Alix Partners	One Millennium Bridge	87,591	Grade A	15	Q1 2025
Alpha Insights	Thames Court, Upper Thames Street	78,400	Secondhand	15	Q4 2024
IG Group	Cannon Bridge House	34,195	Secondhand	1.5	Q4 2024
Broadridge Financial	12 Arthur Street	30,050	Secondhand	10	Q4 2024
Beaumont Business Centres	New Bridge House, New Bridge Street	27,321	Grade A	10	Q1 2025



Availability

Following a significant spike in 2024, office availability in the City South market moderated as we headed into 2025. At the end of Q1 2025, total availability stood at 633,897 sq ft, down sharply from the 1 million sq ft recorded at the end of 2024 but still notably higher than the post-pandemic lows of 2023.

The headline figure reflects a market adjusting after a supply surge in 2024, driven almost entirely by a wave of new Grade A space, particularly comprehensively refurbished buildings. While Grade A availability remains elevated at 304,347 sq ft in Q1 2025, this is a decline from the record 424,266 sq ft the previous year, indicating early take-up of the newest, best-in-class stock.

> *shortage of premium new-build options could constrain choice for occupiers*

The market continues to exhibit a split between quality and quantity. Although Grade A space accounts for nearly 34% of all availability – a high compared to previous years – much of the remaining supply is secondhand stock, which grew slightly to 441,141 sq ft. This reflects ongoing churn of older space as occupiers relocate to better quality buildings.

Notably, availability of new-build space remains limited, with no new-build stock on the market in 2021–2023 and only a modest 121,683 sq ft emerging in Q1 2025. This lack of true new supply may become more pronounced if refurb-led deliveries taper off.

City South is therefore entering a more balanced phase of availability: total volumes are back within the long-term range, but the shortage of premium new-build options could constrain choice for occupiers seeking top-tier sustainability, design, and efficiency credentials.

Rents

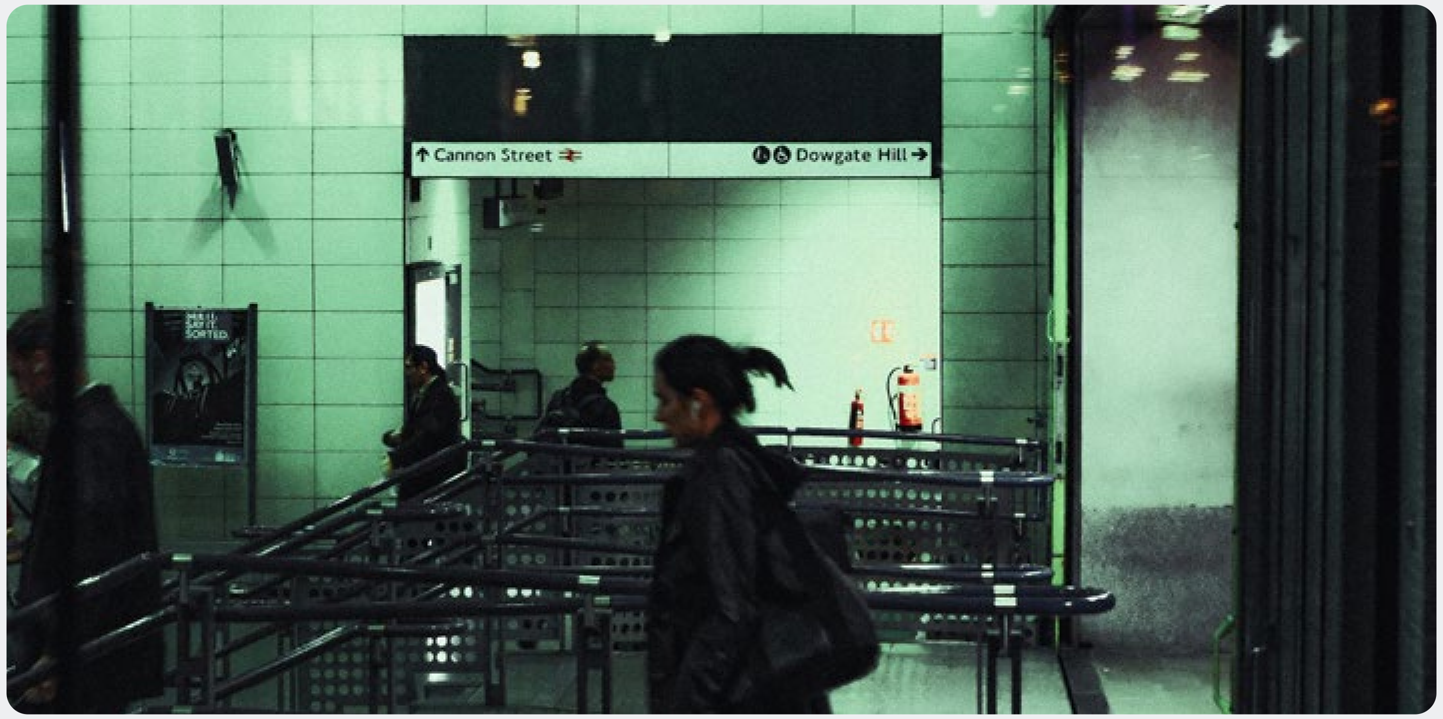
The City South office market spans the southern edge of the wider City office market, encompassing a patchwork of locations that vary significantly in character and rental tone. With proximity to key transport hubs and neighbouring office districts, rents can shift dramatically from one street to the next; even buildings on adjoining roads may command very different values, depending on view, amenities, and connectivity.

Despite this variability, City South has followed a clear upward trend in average rents over the past decade. Since 2014, average achieved rents have more than doubled, rising from £30.51 to £61.94 per sq ft by 2025. After a temporary dip to £51.26 per sq ft in 2021, rents steadily recovered, hitting £58.40 per sq ft in 2023 and then setting a new high in 2025. This growth reflects growing tenant interest in less core locations offering quality space at better value than other City locations, supported by infrastructure upgrades and an evolving occupier base.

> *Since 2014, average achieved rents have more than doubled*

At the prime end of the market, newly developed buildings are leading the rental growth hike. Prime Grade A rents now stand at £107.00 per sq ft, with riverside locations and landmark views pushing rents beyond £110.00 per sq ft. A standout example is One Millennium Bridge, a bold redevelopment perched on the Thames, just steps from St Paul's Cathedral. This scheme combines rooftop terraces, a garden, and a restaurant with strong ESG credentials, redefining what's expected from premium office space in the area.

Further away from the river, towards Queen Victoria Street and Cannon Street, premiums start to ease, and Grade A rents begin to align more closely with City Core benchmarks. Meanwhile, top-tier Grade B spaces, especially those well-located near transport nodes, can still fetch up to £80 per sq ft, though pricing varies widely depending on specification and building condition.



Flexible Offices

The flexible office market in the City South area of the City offers a solid mix of serviced office options, with average desk rates currently sitting at £650 per desk, per month. At the premium end, rates reach up to £1,000, with standout locations on King William Street and Bush Lane commanding the highest prices.

While recent leasing activity from providers securing new centres has been limited, interest in the area remains strong. One notable scheme is Beaumont's upcoming centre on New Bridge Street, set to open in the summer of 2025. Conveniently located a short distance from Blackfriars station, this newly refurbished building will feature a rooftop terrace with river views, along with the high-quality amenities today's businesses expect.

Looking ahead, we anticipate more providers will target City South as a growth area, especially as landlords are increasingly set to invest in upgrading older office stock.

City East

The City East office market comprises 3.1 million sq ft of office space and occupies a gateway position between the City Core and the neighbouring E1 office market. Office buildings are primarily concentrated in the northern section, forming clusters around key transport hubs including the likes of Fenchurch Street and Aldgate. With its close proximity to the City's insurance and financial districts, City East attracts a mix of occupiers, from professional services firms to fast-growing scale-ups seeking excellent connectivity and more competitively priced space.

The southern part of the market is home to the world-famous Tower of London, which draws millions of tourists each year and adds a unique historic character to the area. The market is remarkable not only for its heritage landmarks, including remnants of the Roman wall and the historic Tower Hill execution site, but also for its evolving commercial appeal. The juxtaposition of medieval architecture with contemporary office developments, as well as the area's strong transport links and high footfall, make City East a distinctive and increasingly sought-after location within the Square Mile.

Leasing

Office demand in the City East market remained subdued in 2024, with just 48,294 sq ft leased, up by only 1% on 2023. This marks two consecutive years of below-average activity, far removed from the pre-pandemic years (2015–2019) when annual leasing averaged 253,000 sq ft. Over that five-year stretch, a total of 1.3 million sq ft was leased, compared to just 293,000 sq ft across 2020–2024.

94% of 2024 activity was for spaces under 5,000 sq ft

Deal volumes also dipped in 2024, with just 18 transactions, slightly below the 10-year average of 20. However, it's not just the number of deals, but the type that tells the story: 94% of 2024 activity was for spaces under 5,000 sq ft. In contrast, larger lettings over 10,000 sq ft, once more common before 2020, have been absent since 2022.

Another trend shaping the market is the shortening of lease lengths. The average lease in 2024 fell to just 4.1 years, down from the long-term average of 6.5 years, a shift that mirrors the overall drop in leasing volumes.

Who's leasing space or who isn't? A comparison between the 2020–2024 period and 2015–2019 reveals sharp declines across most sectors. The Financial sector has seen a significant contraction, while Government occupiers and serviced office providers, once key players in City East, have been absent altogether since 2020.

Amid this slowdown, two sectors have grown their presence: Professional services up 56% and the Insurance sector is up 28%. These shifts point to a changing occupier landscape in City East, where smaller deals and selective sector activity define a quieter post-pandemic market.

Amid this slowdown, two sectors have grown their presence:

Professional services up

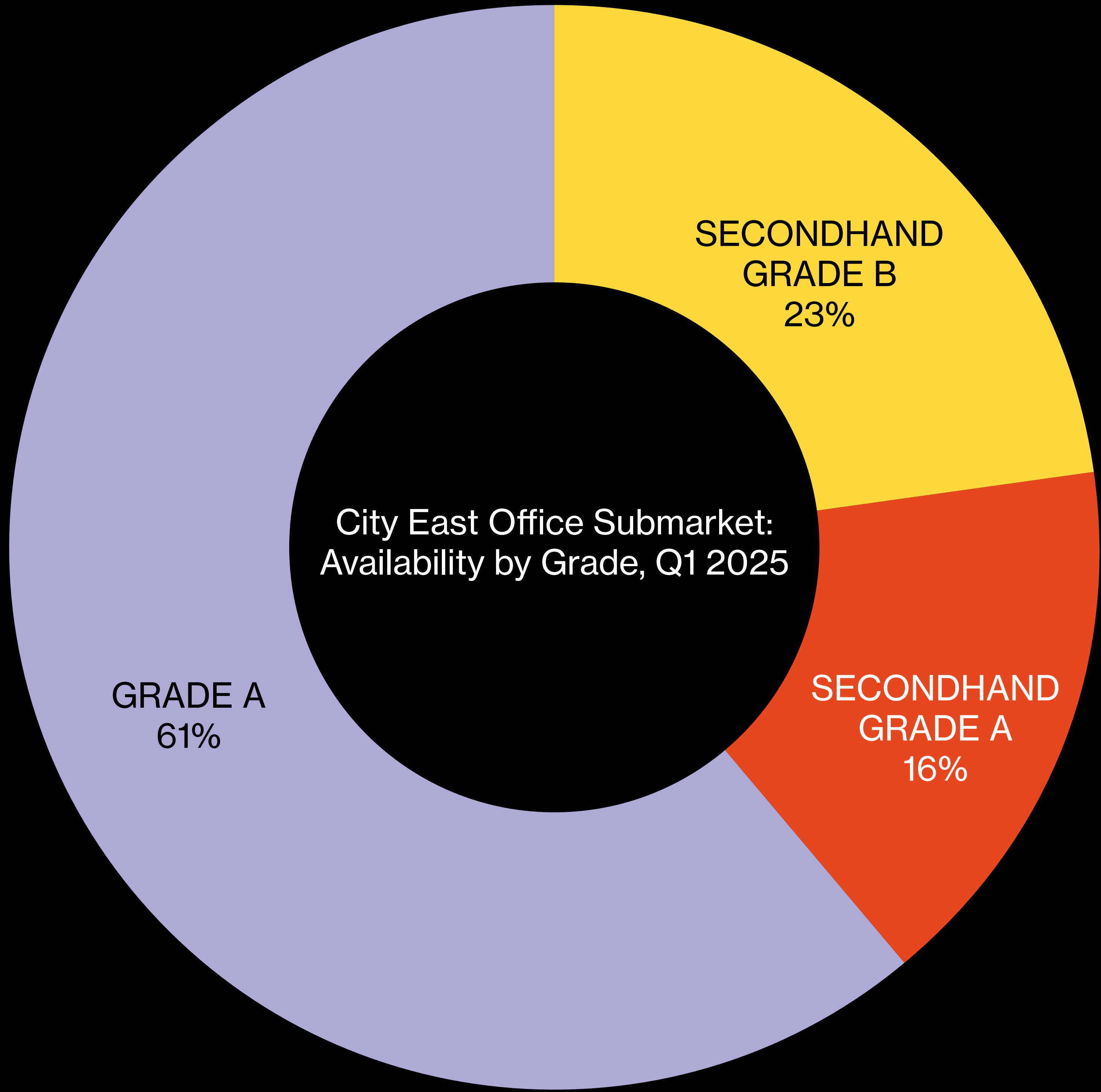
56%

Insurance sector up

28%

Largest Deals 2024-25

Tenant	Building	Size (Sq Ft)	Grade	Term (Years)	Sign Date
Compre Insurance	2 Seething Lane	7,839	Grade A	3	Q4 2024
Alchemy Underwriting	2 Seething Lane	6,242	Grade A	-	Q4 2024
-	155 Minories	5,146	Secondhand	-	Q1 2025
Eneos	2 India Street	4,352	Grade A	10	Q3 2024
Splend	30 Minories	3,497	Secondhand	2	Q4 2024



Availability

Though geographically the smallest of the City's office submarkets, City East has experienced some of the most dynamic swings in availability over the past five years, and that volatility has continued into 2025.

As of Q1 2025, total availability stood at 508,553 sq ft, an 8% increase from year-end 2024 and the highest level recorded in this market to date. Despite its compact footprint, City East has seen a consistent build-up in available space, rising more than 110% since the pandemic low in 2020.

The standout trend is the dominance of Grade A refurbished space, which has surged from just 41,481 sq ft in 2019 to 310,651 sq ft in Q1 2025. For the past three years, refurbished Grade A space has made up the bulk of all availability in the City East market, driven by a wave of repositioned buildings catering to cost-sensitive tenants seeking quality in a well-connected fringe location.

However, there's a sharp divergence within the secondhand market. While the volume of premium secondhand space has declined slightly to 78,811 sq ft, Grade B secondhand space has grown substantially, more than doubling year-on-year to reach 119,091 sq ft. This 30% increase in just one quarter reflects growing churn of lower-quality stock, likely a result of occupiers moving up the quality ladder or exiting legacy leases.

Importantly, new-build space remains virtually absent in City East, having last appeared in 2022. This limits the range of best-in-class options and places further pressure on refurbished stock to meet ESG and amenity expectations.

City East may be compact, but the rapid changes in availability highlight how quickly its balance of supply can shift. With a growing pool of Grade B space options and little in the way of new development, the market faces a bifurcation between refurbished quality and ageing stock, an important consideration for occupiers prioritising value and modern standards.

Rents

The City East office market has seen relatively flat prime rental growth since Q4 2019, especially when compared to stronger-performing City submarkets. Grade A prime rents peaked at £65.00 per sq ft in Q4 2019, following a steady rise from £57.50 per sq ft in 2017. However, the pandemic halted this momentum, with the average rents slipping to £60.00 per sq ft by 2020, where they have remained largely unchanged through to Q1 2025. This prolonged plateau signals a market struggling to regain traction, held back by muted occupier demand and a lack of supply of premium spaces, especially in contrast to the strong post-pandemic rebounds seen in City Core and City West.

Prime Grade B rents have performed even more sluggishly. Declining modestly from £45.00 per sq ft in Q4 2019 to £42.50 per sq ft by mid-2020 and have shown no growth since. The flatlining of prime rents on older spaces over a five-year stretch point to limited demand for older or lower-specification offices and underlines the market's struggle to attract premium-paying tenants.

At a broader level, average achieved rents in the City East market have followed a more uneven path. From just £19.71 per sq ft in 2014, average rents surged to £54.18 per sq ft by 2019, before falling during the pandemic to £46.64 per sq ft in 2021. Tenants snapping up what Grade A options are available has pushed averages to a peak of £65.63 per sq ft in 2024.
Overall, City East remains a market of contrasts, offering a broad spectrum of office stock and pricing, but is increasingly vulnerable to shifts in occupier priorities and location preferences.

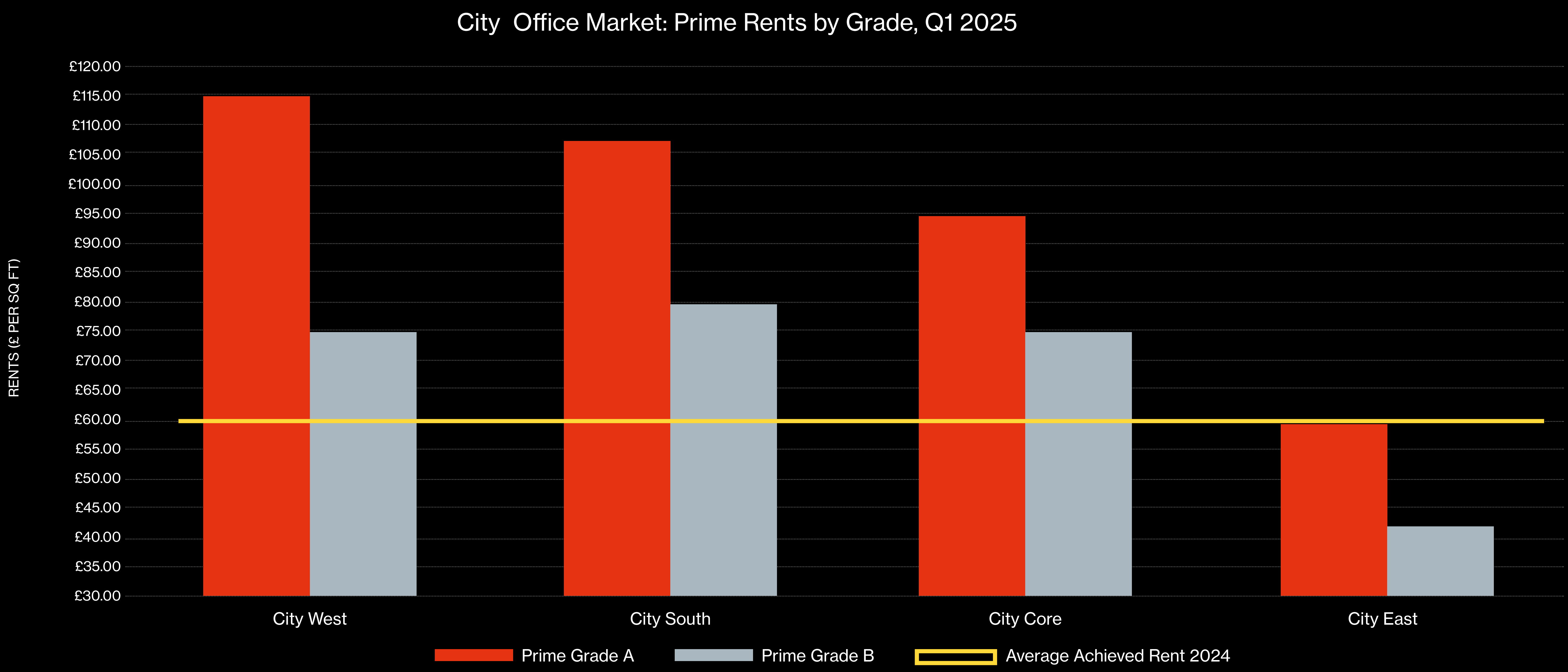
Flexible Offices

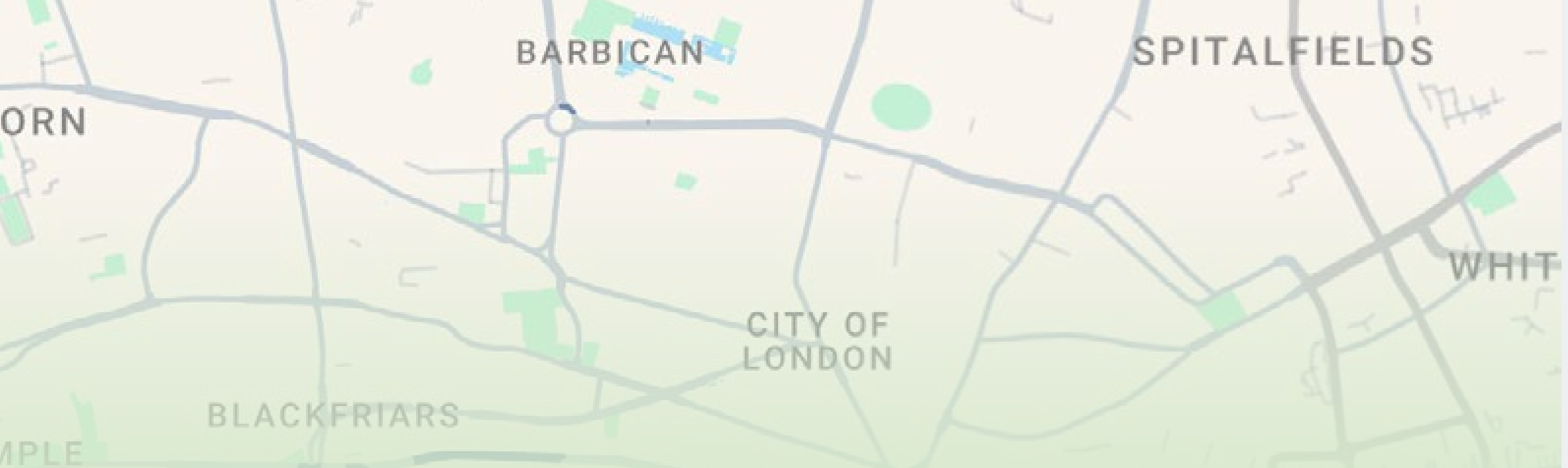
City East is the most competitively priced of all City submarkets for serviced office space, offering strong value for cost-conscious occupiers. Average Grade A desk pricing has crept up slowly, from £575 in 2021 to £625 pdpm, marking a 4% increase over two years. This mild upward movement shows a gradual recalibration of value as demand returns, and higher-spec space enters the market.

The affordability of City East continues to appeal to smaller firms and creative businesses

Average Grade B desk rates have been frozen at £425 pdpm for the past few years, suggesting this part of the market has seen little competitive tension. The affordability of City East continues to appeal to smaller firms and creative businesses looking for proximity to the City without central prices.

While the City East market won't command the highest rates, it has potential for future growth, especially if new Grade A stock is introduced or the area's evolving amenities boost its wider appeal.





City Office Market Outlook

Devono has dissected the City office market into four submarkets, each offering businesses a varied mix of workspace options that differ in scale, specification, availability, and rental tone. While each area has its own characteristics, common themes are emerging across the district that will shape future occupational decisions. We have identified 10 key trends that will influence how companies approach their workplace strategies in the City.

Tenant Priorities Are Shifting

Across both conventional and flexible leases, occupiers are prioritising well-located, sustainable, and experience-driven spaces, reshaping demand across all sizes and sectors.

Leasing Momentum to Hold Steady

Following a standout year in 2024, leasing levels are expected to remain elevated in 2025, supported by strong demand across a broader range of occupiers.

Mega Deals Drive Momentum

Landmark lettings have boosted leasing levels in recent years, and the frequency of such deals has kept pace. We expect this to continue in 2025 and into 2026 as larger businesses secure space early, ahead of the competition.

Smaller Transactions Still Dominate

Deals under 25,000 sq ft made up the bulk of activity, with the average deal size in 2024 tracking the 10-year norm, a trend likely to persist in a more agile workplace era. Lettings between 10,000–25,000 sq ft hit a new high in 2024, with a 45% year-on-year increase, revealing growing appetite for flexible, right-sized space.

Legal & Professional Services Expand

While financial services remain dominant, legal occupiers nearly doubled their space since 2020, and telecoms, insurance, and professional services have significantly ramped up leasing. With more technology firms looking for larger floorplates the City could well broaden its tenant reach further.

Grade A Space Remains in High Demand

Grade A availability has dropped 58% from its 2021 peak, with pre-lets in new developments underscoring the continued flight to quality. The squeeze on supply will continue, if not become more acute, over the next couple of years.

Refurbishment Wave Accelerating

Demand is shifting toward high-quality secondhand buildings, fuelling a new cycle of refurbishment as landlords compete to meet occupier expectations. Landlords hold a significant volume of ageing buildings; the need to redevelop will heighten in the next few years.

Rental Growth at the Top End

Prime Grade A rents reached £95 per sq ft in Q1 2025, with high-rise space commanding up to £130 per sq ft, a clear premium driven by ESG, wellness, and views. Whilst much of the rental growth momentum has been had, refurbishments and new developments will maintain upward pressure.

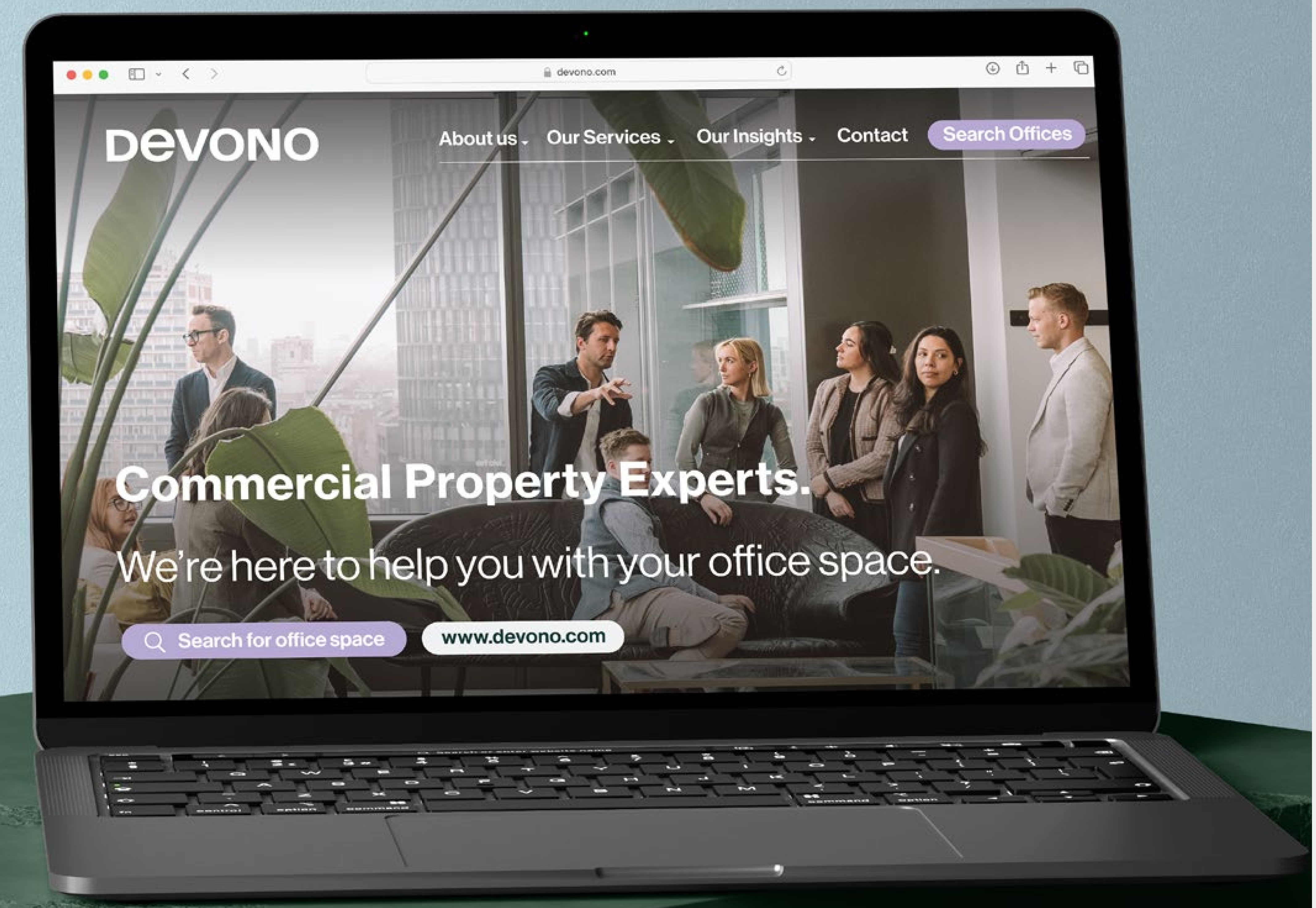
Sustainability Shaping Choices

ESG-led buildings are winning the race for tenants. Both leasing and pricing performance show a clear preference for energy-efficient, amenity-rich environments.

City Core's Amenity Evolution Continues

Previously quiet outside of office hours, the City has shifted from a business-dominated area into a lively, seven-day-a-week destination. Its offering now includes a broader mix of dining, retail, and cultural spaces, while more buildings are being converted for residential and alternative uses, helping attract a more diverse group of people to the Square Mile.

Certified B Corporation



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About Devono

Devono is the UK's leading occupier-only advisory firm. We specialise in advising businesses of all sizes and sectors, on commercial real estate solutions that best support their wider business objectives.

A significant part of our role is helping our clients to understand and define their occupational requirements. We take into account key factors including talent challenges, headcount forecasts, operational priorities and cost considerations, to help craft a brief that is not only fit for purpose today but will also deliver a sustainable occupational footprint moving forward.

Our ultimate goal as an organisation is to navigate real estate opportunities in such a way as to positively influence a company's culture, productivity and financial performance.

Our Services

- 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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