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Underlying demand from Central London occupiers at a five year high, says Savills

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Corporate businesses turn to London locations in war for talent – Microsoft, GSK, Novartis. At the end of March 2022, Central London active office requirements stood at a record 10.6 million sq ft, according to Savills, marking a 34% uplift on the five-year average.

The latest research from the firm highlights the continued strong level of demand for offices in the Capital, boosted by a number of significant office requirements from corporate occupiers previously head quartered elsewhere.

Savills analysis shows more occupiers increasing the amount of space they occupy (29%) than decreasing (13%), with the majority (41%) of Central London occupiers seeking to acquire a similar amount of space to what they currently occupy (circa 10,000 sq ft).

Meanwhile the make-up of requirements includes a number of leading corporate occupiers looking to move inwards from out-of-London head quarter buildings, says Savills, including Microsoft (reported to be looking for 500,000 sq ft + moving from Reading) and GSK (relocating from West London).

Jon Gardiner, head of Central London office leasing at Savills, comments: "We continue to see a rise of inward movers into London's rapidly emerging new office districts – such as Novartis relocating in 2020 to new offices at White City from the Thames Valley – and the latest requirements from a number of major corporate occupiers is an extension of this. These companies see London as a key tool in the war for talent. They are looking for amenity rich, well connected urban campuses and in a similar vein that places like Kings Cross have successfully emerged over the past twenty years, we are on the cusp of seeing a raft of dynamic new 'places' which will become the fabric of a new London office market that serves opportunity led occupiers."

Victoria Bajela, London commercial property analyst at Savills, adds: "The higher level of corporate occupiers with upcoming lease events partnered with the intensified war for talent, will likely continue to drive occupiers to use this as an opportunity to upgrade on their existing space. Despite this, general concerns around rising costs could potentially see some occupiers opting to take less space but better-quality space but so far there has been little sign of this. Furthermore, the role of more flexible space will play an increasingly bigger and more important role as occupiers seek to adapt their office portfolio to modern ways of working in the post-Covid environment."

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