

London office prices increase by 3.4% QoQ as occupiers re-invest in central office space

3 years ago



Data released from Rubberdesk's June 2022 London Flexible Office Market Report shows that increasing demand for serviced offices pushed prices up across the greater London region by 3.4% QoQ to £690 per month.

"The London Flex office market has seen a raft of new centres open over the last 6 months, with more to come, but it's not been enough to satisfy business demand. The substantial quarterly increase in London's cost of office space marks a long-awaited reversal of the pandemic's downward trend," Said Jim Groves, CEO of Rubberdesk.

Central London is the most expensive and in-demand district to rent an office, seeing a 1.1% increase in the median price, and a 5.6% drop in vacant office space QoQ. Southwark represents the best value at £704 per desk while demand for space in Westminster has pushed rents up 7.9% to £830 per desk per month.

The City of London highlights key trends observed amongst businesses seeking flexible office space, where demand for quality offices with premium amenities has been high. Rates in the City of London edged up 1.5% QoQ to a median price of £745 per desk per month.

"Demand for space has been polarised, with occupiers either seeking high-quality office space to attract staff back in from home, or super affordable offices in the no-frills budget space.

"Our view is that demand will continue to strengthen and the flight to quality will remain a key driver for businesses resulting in prices continuing to rise," said Laura O'Sullivan, Rubberdesk's Flexible Space Specialist for the UK and Ireland.

By district, South London offers the best value for serviced office space, with a median monthly rate of £300 per person. Followed by North London at a median of £395 and West London at £450.

Despite a 2.4% decrease in available space since March 2022, London has experienced a significant supply of new workspaces over the past three months with serviced office operators such as The Office Group, Situu, Storey, Workpad, The Boutique Workspace, Foraspace as well as others who have opened over 20 new spaces across London with another 5 to come over the coming months.

Key Findings:

- Prices rose 1.1% due to reduced inventory in Central London
- Prices up 1.5% as businesses seek quality and amenities in the City of London
- Across East London, the cost of office space has jumped 3.5% with a monthly median of £592 per person, despite a 10.5% increase in vacant office space,
- Prices in Hammersmith rose 11.5% in West London to a median rate of £600 per person
- New supply kept prices down in South London with a stable median price of £300 per person

Read the full report [here](#).