

2023 office demand in London exceeding 10 year average

2 years ago



Office demand in London YTD is up and more companies are upsizing than downsizing; these are the clear findings in new research released by Savills this week.

The global real estate services provider says despite a subdued start to the year, 2023 activity already shows “encouraging signs” for the Central London office market with high levels of underlying demand. The analysis shows active Central London requirements equate to 9.7 million sq ft, 10% ahead of the 10-year long-term average.

Performance is boosted significantly by Insurance & Financial sector occupiers with demand in 2023 signalling the strongest level in nine years, says Savills, standing at 4.1 million sq ft and accounting for 42% of the market. Particularly of note, says Savills, are Legal, Private Equity, Investment and Asset Management sub-sectors, with the latter accounting for the majority of active demand at 15%.

Analysing active office demand (occupiers seeking 10,000 sq ft of office space or more), Savills notes Central London continues to see more companies upsizing (52%) than downsizing (22%), while 26% are looking to take the same size space they currently occupy.

Jon Gardiner, head of Central London office leasing at Savills, comments: “Although the start of 2023 has been relatively subdued the underlying fundamentals, particularly on the demand side, are very encouraging. There are clearly major challenges affecting the global economy which in turn are impacting decision makers for investors, developers and occupiers. However with London’s development pipeline looking increasingly limited there are opportunities to deliver prime new build and refurbishment schemes in to an undersupplied market over the next 2-3 years.

“This latest research instils further confidence in the Capital’s office market, demonstrating not only some of the strongest levels of demand seen from professional services in a decade, but also that businesses are committed to space. The challenge going forward will be meeting demand, and much of this in the near

term will need to be through high quality refurbishments.”