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Central London office business rates set to surge

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Businesses occupying prime office property in Central London could well be paying a massive £5.23 billion in business rates following the 2026 Revaluation – according to business rates experts at Colliers – an average rise of 9% or £432 million on top of current liabilities.

Colliers has analysed rental values in prime (predominantly Grade A) office space over 10,000 sq. ft in 27 Central London areas to estimate the business rates bills that office-based businesses will face from 1 April 2026, when the new revaluation comes into force.

Colliers rates experts have created an interactive map showing the expected outcome: https://www.colliers.com/en-gb/services/business-rates-rating/london-offices-2026-revaluation-impact. By clicking on the map businesses can see the anticipated % change in business rates liability (£psf) per London area next year.

Colliers forecast that 22 London locations will see a rise in their rates bills next year and only four will see a fall. Rates bills will remain static in only one location: Canary Wharf, where rents have only marginally changed since the last revaluation.

Business rates liability (bills) is based on the rateable value (RV) of a property multiplied by the “multiplier” or Uniform Business Rate announced by the Government each year. Colliers has estimated the RVs of properties in the new list by looking at the change in rental levels between 1 April 2021 and 1 April 2024, (the valuation dates of the current and new rating list) and combining this with the expected new higher multiplier, which the government proposes to apply to all properties with a RV over £500,000. Most of the properties Colliers is analysing fall into this top category.

As the table below shows, office occupiers in Farringdon, will see the steepest rises in their rates bills next year, according to Colliers where office average rates liability (bills) are forecast to increase from £29.38 psf in 2025/26 to £40.64 psf in 2026/7- a massive rise of 38%. Nearby Shoreditch has also seen a substantial rise of 16%. Colliers says these rises are due to steep rent rises in these locations on the edge of the City, catching up with the City core. These areas have seen an influx of creative and tech businesses in recent years, together with flex space office operators, as they have become more appealing and accessible. Farringdon has also benefited from the opening of the Elizabeth Line making it more accessible to commuters to both the east and west of London. Nearby Holborn's strategic position has also increased in popularity and has seen rental growth pushing expected rates bills rises over 20%. Spaces in this area are well-suited to tech, creative and media businesses, and are close to the prestigious West End and City based businesses they serve.

Other areas anticipated to be seeing hefty rises in rates liability are Waterloo, where Colliers anticipates business rates will increase to £31.61 psf in 2026/7- a 25% rise on this year. Waterloo is one of the busiest transport hubs from the south and has in recent years seen more development, increasing the area's appeal. In March a 10-year Masterplan for the station was put forward which has no doubt has been key in driving interest and hence rental levels.

The other area seeing a large rise is Mayfair where rates bills are estimated to rise 23% from £67.31 psf in 2025/6 to an eyewatering £82.78 psf in 2026/7. Office occupiers in the West End will be paying the highest rates bills in London. Not far behind Mayfair is St James' where office occupiers will likely also be paying high rates bills- of £72.74 psf next year.

By contrast rates in The City of London core appear to be less dramatic. The City core is still expected to see a 9% rise of business rates rise from £35.93 to £39.02 psf, reflecting steady recovery of the City after Covid. Many of the high-rise buildings in the City are also fully or nearly fully let and Grade A vacancy rates have reduced, pushing up rents.

London Office Locations: Forecasted Biggest Losers from the 2026 Rating Revaluation

Location	Average Rates Liability 2025/6 £ psf	Expected Average Rates Liability 2026/7 £ psf	% change in Rates Liability (Bills)
Farringdon	29.38	40.64	+38%
Waterloo	25.37	31.61	+25%
Mayfair	67.31	82.78	+23%
Holborn	32.05	38.38	+20%
East South Bank	30.72	36.62	+19%
Marsh Wall	14.96	17.56	+17%

Paddington	34.72	40.13	+16%
Shoreditch	28.04	32.61	+16%

Meanwhile there is only better news for office occupiers in four London districts where business rates are expected to decrease: Chelsea, Bloomsbury, Westminster and Marylebone. Rates bills are however still high in most of these areas with three out of the four "winners" still expected to be paying bills of over £40 psf. next year.

London Office Locations: Forecast Biggest Winners from the 2026 Rating Revaluation

Location	Average Rates Liability 2025/6 £ psf	Average Rates Liability 2026/7 £ psf	% change
Chelsea	46.74	42.64	-9%
Bloomsbury	40.06	38.13	-5%
Westminster	41.93	40.13	-4%
Marylebone	46.74	45.65	-2%

Colliers believes the reduction in estimated bills for the Westminster submarket could be due to a number of government departments moving out of London, increasingly the availability of stock.

Commenting on the Colliers forecasts, Alex White, Head of the London Business Rates team at Colliers said, "Overall office-based businesses in London need to prepare for some hefty rates bills next year. Although of course, we won't know the actual RV changes nor the new multipliers (and hence the higher multiplier) until the Autumn this year, our assumptions are that nearly half of the London areas we analysed (13 out of 27) will have business rates bills based at over £40 per square foot after the Revaluation. On top of rent and service charge increases, this will make the total occupancy costs of property increasingly expensive – and eyewatering so, in Mayfair and St James's.

"It will be interesting to see the impact this has on businesses choosing where to locate their headquarters and hubs. With business rates in Farringdon potentially more expensive than City, will this area still attract the tech start-ups and creatives as it has done previously? Or will Farringdon be priced out and morph into the City as a whole?"

Marsh Wall is the only area in London where business rates bills will still be under £20 psf at £17.56, not too far behind Canary Wharf at £21.37, which appears good value, particularly if businesses need larger floorplates. Again, it will be interesting to see how the cost benefits pan out in decision making. We are hoping our interactive map will be very useful for our clients and other businesses as they consider the options, particularly those considering moving to another area or those wanting to expand their footprint and get more staff back to the office to work."

John Webber, Head of Business Rates at Colliers, added, "The government's decision to penalise all commercial property with a RV over £500,000 by a higher multiplier to pay for its "save the high street policy" has effectively hit most of the quality office property stock in London. Our estimates have been conservative, based on a higher multiplier of +7p to the standard multiplier, but other commentators think this could be even higher- even up to the maximum of 10p in the £. Should this be the case, the business rates rises we will see will be even higher than those we have estimated above. Another case of the government, some would say unwisely, hitting businesses for six – damaging the lifeblood of our economy."