

New CBRE Research Reveals London's Real Estate Landscape is Changing

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CBRE, the global real estate advisor, has released new research titled “London’s Future: Driving the Growth of Real Estate,” which meticulously analyses London’s property market, from investment patterns to evolving occupier demands. The findings confirm that while London remains a top global destination, its real estate landscape is undergoing significant diversification.

Robust Investment and International Influence

London continues to attract substantial capital, underscoring its enduring strength:

- **Investment Scale:** Real estate investment across central London has averaged £18.1 billion per year over the past decade, representing a substantial 32% of all total UK real estate investment.
- **Global Buyers:** The investor base is highly diversified. Since 2016, international buyers from over 50 countries have accounted for 62% of all property sales. Inbound capital primarily originated from Asia, followed by Europe (excluding the UK) and North America.
- **Sector Focus:** The office (69%) and retail (65%) sectors have proven most attractive to overseas purchasers.
- **Economic Impact:** Since 2003, the city has secured nearly 7,700 London-based business activities by nearly 7,000 companies, leading to the creation of over 300,000 jobs, demonstrating the city’s broad competitive appeal.

The Changing Occupier Landscape

Focusing on the City market, the research highlights a major structural shift in who is taking up space:

- **Erosion of Banking Dominance:** The historic reliance on banking and finance occupiers is significantly reduced. This sector acquired 57% of total space in the 1980s but has dropped to 26% in the 2020s to date.
- **TMT Growth:** This shift is primarily driven by the expansion of the Tech, Media, and Telecommunications (TMT) sectors.
- **New Balance:** While banking and finance companies have taken 6.6 million sq ft of space since 2020, the TMT sector has taken 3.6 million sq ft—equating to just over half (55%) of the finance sector's space-take in the City market.

What does this mean for FM?

The findings suggest FM strategies must evolve from supporting traditional corporate functions to enabling agile, tech-centric, and employee-focused environments to meet the needs of London's diversifying occupier base.