



Deloitte London Office Crane Survey

Summer 2025 Update



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Commentary

New starts decline again.

- For the second consecutive survey, The London Office Crane Survey (LOCS) has recorded a decrease in new construction activity, just 2.4 million sq. ft. this survey period.
- Refurbishment activity has returned to form this survey by contributing significantly to the new start volume, accounting for almost 2 million sq. ft. (83%) of activity across 23 schemes.
- In our previous iteration, we noted that the dip in refurbishment levels was likely more of a blip than an emerging trend, so it is promising to see volumes show signs of recovery.
- New build commitments, on the other hand, have struggled, recording less than half a million sq. ft. of activity starting across just 7 schemes.
- The decrease in new start activity when paired with the disparity between activity of new builds vs refurbishments brings into sharp focus the strain that London developers are under - concerns about the impact of tariffs, stubbornness in the interest rate environment and geopolitical concerns affecting supply chains are all impacting project viability.

Yet occupier demand remains strong.

- In response to COVID-19 lockdowns and the implementation of remote working, a large proportion of office tenants had drastically downsized their office accommodation. Subsequently questions arose regarding the future of the office, with some speculating that a potential 'Death of the Office' was on the horizon.
- However, companies have recently been rolling out increasingly stringent 'return to office' policies. Consequently, occupiers now - often quickly - require more office space to accommodate the increased headcount.
- The Financial Services (FS) sector was initially slow to adapt to the need to evolve their office accommodation post-COVID. But, in recent surveys we have seen the FS sector increase its market share of pre-completion lettings.
- During this survey, FS firms accounted for over 50% of pre-let commitments. This sector has been active in London, particularly in their traditional heartland, the City, and there are several large active requirements including Blackstone and HSBC.
- Robust demand from FS firms paired with prevalent supply concerns means that we have seen a strong uptick in rental values in core London markets.



Overall, there is a genuine concern that current supply levels are not enough to meet the evolving occupational demand for premium offices in London.

- It seems that not all occupiers who are searching for offices are able to wait for a development to complete. This urgency along with the limited supply and rising rents for premium space means that occupiers are increasingly considering the better-quality secondary space.
- Developers are therefore caught in the middle as this immediate need for space does not align with the long-term nature of prelet commitments which they often require to offset the risk of rising geopolitical tensions and volatility in the economic environment.

With that said, occupational demand continues to increase which leaves us with a positive overarching sentiment for this survey: *"If you can build it in the right location, it will be leased"*.


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			SURVEY PERIOD								
			Summer 2025	Winter 2024	Summer 2024	Winter 2023	Summer 2023	Winter 2022	Summer 2022	Winter 2021	Summer 2021
	New office construction start volume (in million sq. ft.)	Central London	2.40	3.72	4.21	5.11	4.42	2.46	2.32	3.43	3.07
		City	0.57	1.15	1.06	2.40	0.59	0.85	1.02	1.37	1.28
		West End	1.13	0.56	1.96	1.14	1.31	1.19	0.57	1.14	0.90
		Midtown	0.21	0.38	0.75	0.66	0.73	0.30	0.71	0.09	0.87
		Southbank	0.25	0.35	0.37	0.76	0.63	0.12	0.00	0.00	0.00
		King's Cross	0.04	0.54	0.08	0.15	0.11	0.00	0.00	0.41	0.00
		Docklands	0.19	0.75	0.00	0.00	0.90	0.00	0.00	0.41	0.00
		Paddington	0.00	0.00	0.00	0.00	0.14	0.00	0.00	0.00	0.00
			Summer 2025	Winter 2024	Summer 2024	Winter 2023	Summer 2023	Winter 2022	Summer 2022	Winter 2021	Summer 2021
	Central London: New office construction start volume by build type (in million sq. ft.)	New Build	0.44	2.54	1.44	1.83	1.20	0.78	0.20	1.57	1.34
		Refurbishment	1.96	1.19	2.77	3.28	3.17	1.68	2.12	1.86	1.73

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			Summer 2025	Winter 2024	Summer 2024	Winter 2023	Summer 2023	Winter 2022	Summer 2022	Winter 2021	Summer 2021	
	Central London: Office volume (in million sq. ft.) completed	Previous survey estimates	5.07	3.84	6.03	5.34	6.44	4.61	4.08	4.49	5.35	
		Actual volume delivered	3.59	2.78	3.49	4.01	3.02	2.98	1.74	3.57	4.46	
		% Delivered	71%	72%	58%	75%	47%	65%	43%	80%	83%	



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			Summer 2025	Winter 2024	Summer 2024	Winter 2023	Summer 2023	Winter 2022	Summer 2022	Winter 2021	Summer 2021
	Central London: Office volume under construction (in million sq. ft.)	Total volume	15.60	16.84	16.37	15.66	14.37	12.82	13.51	13.01	13.68
		Pre-let volume	5.63	6.17	6.08	5.80	5.34	3.93	4.03	4.02	4.43
		% Pre-let	36%	37%	37%	37%	37%	31%	30%	31%	32%
			Summer 2025	Winter 2024	Summer 2024	Winter 2023	Summer 2023	Winter 2022	Summer 2022	Winter 2021	Summer 2021
	Central London: Percentage of pre-completion lettings by sector	Financial Services	49.6%	43.5%	38.0%	29.6%	21.2%	18.6%	23.8%	21.0%	15.5%
		Legal	29.7%	25.8%	24.5%	30.4%	30.8%	32.5%	20.2%	17.1%	10.2%
		Technology, Media & Telecommunincation	0.4%	14.3%	22.0%	22.8%	26.2%	26.5%	28.0%	27.9%	40.4%
		Professional	12.0%	10.0%	7.6%	7.6%	4.1%	0.2%	4.4%	10.8%	6.9%
		Serviced Office	0.5%	0.5%	2.8%	4.8%	8.5%	12.2%	13.7%	9.7%	7.5%
		Corporate	4.1%	4.0%	3.8%	4.7%	7.5%	5.4%	4.7%	6.5%	6.8%
		Government	1.6%	1.5%	0.0%	0.0%	0.0%	1.9%	5.0%	5.1%	4.5%
		Utilities	0.0%	0.0%	1.2%	0.0%	0.0%	0.0%	0.0%	0.0%	4.6%
		Other	2.1%	0.3%	0.2%	0.1%	1.6%	2.6%	0.3%	1.9%	3.5%

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Notes

- The London Office Crane Survey measures the volume of office development taking place across Central London.
- The survey only covers new build construction or significant/comprehensive refurbishment of 10,000 sq. ft. and above.
- The construction data (new start/under construction/completed) in the survey does not include cleared sites with no construction activity, nor sites where only demolition/strip-out is taking place. Such schemes are only considered in the 'Future office development forecast pipeline'. Furthermore the survey excludes schemes where construction has been halted from the schemes list.
- The survey covers the following Central London office markets: The City, West End, Docklands, King's Cross, Midtown, Paddington and Southbank.
- In any given year, the Summer edition of the survey covers the six-month period from October of the previous year to the following March, while the Winter edition covers the six months from April to September of that year.
- The new office construction volume refers to the total volume of all office construction started in the six-month period covered in the survey.
- In the context of the survey, new builds refer to fresh constructions that involve building a new frame, while refurbishments refer to significant or comprehensive works done on existing buildings while retaining the previous frame.
- The 'Previous survey estimates' for office volume completed refers to the volume that the previous survey projected will complete over the six-month period of the current survey. This projection is based on the market estimated completion dates for the schemes at the end of the previous survey period. Actual deliveries refers to the total space delivered by the offices completed in the six-month survey period. % Delivered expresses the 'Actual deliveries' as a percentage of the 'Previous survey estimates'.
- Office volume under construction refers to the total space of all office schemes that are under construction as of the end of the survey period. The pre-let volume is the space under construction that has already been leased by the end of the survey period. % Pre-let expresses the 'Pre-let volume' as a percentage of the 'Total volume'.
- Percentage of pre-completion lettings by sector expresses the volume leased to each of the mentioned sectors as a percentage of the aforementioned 'Pre-let volume'.
- The Insurance sector recorded in previous surveys has now been rolled into the Financial Services sector.

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Contacts

Leadership

**Caroline Waldock**

UK Real Estate Sector Leader
cwaldock@deloitte.co.uk
+44 (0) 20 7303 6966

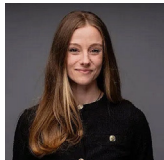
**Nigel Shilton**

Managing Partner,
Real Assets Advisory
nshilton@deloitte.co.uk
+44 (0) 20 7007 7934

**Hayley Parkinson-Roberts**

Assistant Director,
Real Assets Advisory,
Crane Survey Lead
hparkinsonroberts@deloitte.co.uk
+44 (0) 20 7007 3794

Insights

**Rosie Haigh**

Manager,
Real Estate Insights Lead
rosiehaigh@deloitte.co.uk
+44 (0) 20 8071 3172

**Saurav Saha**

Assistant Manager,
Real Estate Insights
saurasaha@deloitte.com
+1 678 299 6247

Development, Valuation, Investment and Planning

**Michelle Kite**

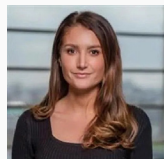
Partner, Development &
Assurance, Real Assets Advisory
mkite@deloitte.co.uk
+44 (0) 79 4622 5698

**Philip Parnell**

Partner,
Head of Valuation
pparnell@deloitte.co.uk
+44 (0) 20 7303 3898

**Tony McCurley**

Senior Advisor,
Real Estate
tmccurley@deloitte.co.uk
+44 (0) 20 7007 0614

**Lauren Raw**

Assistant Director,
Real Estate
lraw@deloitte.co.uk
+44 (0) 20 3741 2131

**Jeremy Castle**

Director,
Planning and Development
Advisor
jcastle@deloitte.co.uk
+44 (0) 20 7007 1237

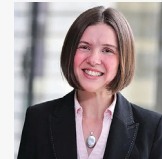
Real Estate Tax

**Matt Townsend**

Vice Chair,
Tax Partner
mtownsend@deloitte.co.uk
+44 (0) 20 7007 1952

**Geraint Williams**

Partner
gerwilliams@deloitte.co.uk
+44 (0) 20 7303 3300

**Leonie Webster**

Partner
lwebster@deloitte.co.uk
+44 (0) 20 7303 2342

**Thomas Bootman**

Partner
tbootman@deloitte.co.uk
+44 (0) 20 7303 2341

Real Estate Debt Advisory

**Chris Holmes**

Partner, Head of
Real Estate Debt Advisory
cpholmes@deloitte.co.uk
+44 (0) 20 7007 2873

Real Estate Transactions

**Iain White**

Partner, Real Assets
Advisory
ipwhite@deloitte.co.uk
+44 (0) 161 455 8352



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