London HQ City



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London Property Alliance

WPA Westminster Property Association | CPA City Property Association

CENTRE FOR LONDON

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Foreword

London is the greatest city in the world in which to live, work and do business. Our capital's success is built on its extraordinary diversity, world-class talent, creativity and innovation – and its openness to people, businesses and ideas from across the globe.

Those strengths have been tested like never before. From Brexit and the pandemic, to global economic uncertainty and stubborn inflation, London has faced extraordinary challenges in recent years. Yet time and again, our capital has shown its resilience – continuing to attract the world's leading businesses, while giving those already here the confidence to invest and grow.

As this new report from London Property Alliance and Centre for London shows, London remains Europe's leading corporate headquarters destination and ranks second globally for foreign HQ investment over the longer term. Since 2019, the number of head offices in the capital has grown by 84%, while more than three times as many major headquarters have expanded their office space as have reduced it. These are achievements worth celebrating. Global and regional headquarters bring investment, expertise and opportunity to our city, creating high-value jobs, supporting local businesses and strengthening London's position as a global centre for innovation and enterprise.

But the success of London's economy must be measured by more than growth alone. What matters just as much is how that success translates into real benefits for Londoners. When businesses invest and expand in our capital, they create good jobs, open up opportunities for Londoners to develop their skills and careers and generate revenues that help fund vital public services.

Through London & Partners, the capital's growth agency, we are working to turn London's global appeal into investment, jobs and opportunities for Londoners.

In 2024–25 alone, London & Partner's helped 110 overseas companies establish or expand their operations in London, creating more than 1,600 jobs. Our London Growth Plan builds on this work, setting out our ambition to create more than 150,000 good jobs and ensure Londoners from all backgrounds can share in our city's prosperity.

Central to that ambition is supporting the industries of the future, including AI, life sciences, clean technology and the creative industries. London's world-leading universities, researchers, entrepreneurs and businesses provide an extraordinary foundation for innovation, investment and growth - acting as both a HQ superpower and small business incubator, offering a welcoming, safe and culturally enriching life for the over 100 different nationalities who call London home.

Yet London's continued success cannot be taken for granted. Other global cities are competing hard for investment and talent. We must build on our strengths and ensure London has the skills, infrastructure and modern, sustainable office space that businesses need to thrive and grow.

I welcome this timely report and the opportunity to engage with the ideas it puts forward for maintaining London's international competitiveness. I look forward to continued collaboration between government, the property sector, investors and other partners to ensure London remains a leading global destination for business and investment – and that its success delivers good jobs, greater opportunity and a better future for all Londoners.

Howard Dawber OBE
Deputy Mayor,
Business and Growth
Chair, London & Partners



About London Property Alliance

London Property Alliance brings together the City Property Association and Westminster Property Association to provide a unified voice for the leading owners, developers, investors and professional advisors of real estate across central London.

Combined we represent over 300 members, ranging from FTSE 100 companies and the Great Estates to affordable housing providers and boutique architectural practices. We are not-for-profit, and the only property industry body which represents London's Central Activities Zone. The Alliance delivers informative events, publishes innovative research and represents our members' interests to politicians and policymakers.

About Centre for London

We are London's independent think tank. We are dedicated to researching the city's critical issues. We bring together London's citizens, experts and leaders to discuss, develop and implement the policy solutions to tackle them. We do this through:

- **Research and evidence:** Conducting robust, unbiased research and analysis, and collaborating with Londoners and stakeholders across all sectors, to generate new ideas and recommendations.
- **Convening and collaborating:** Bringing together citizens, experts and decision makers from diverse standpoints to discuss complex issues in a safe space, devise solutions and work out how to implement them.
- **Awareness raising and advocacy:** Being an authoritative policy voice on London and promoting our research and ideas to those with the power to act on them – from the grassroots to local and national leaders – through briefings, publications, social media, press and events.

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Executive summary

When Centre for London last examined London's status as a corporate headquarters destination in 2019, the capital was already among the world's leading HQ locations. Seven years on, London has retained that position and strengthened it in several important respects.

London attracts the second-highest value of foreign HQ investment of any city globally. Since 2019, more than three times as many HQs have significantly expanded their footprint in the capital as have reduced it, while the number of head office enterprises in London has increased by 84% between 2019 and 2025. Output in HQ-related business functions has grown by almost 50% since 2019, considerably faster than the wider service economy. Separately, employment in head office functions in London increased by 64% between 2019 and 2023, compared with just 10% across London's wider labour market.

This strong performance matters at a time of wider economic uncertainty. London's productivity growth has been largely flat since the global financial crisis, while its labour market has recently weakened. HQs concentrate high-value business functions, attract investment and create productive jobs across a range of sectors. London's ability to attract, retain and grow them will therefore be increasingly important to its economic success.

Many of the strengths identified in our 2019 report remain - and in some cases have grown stronger. London continues to benefit from a highly skilled workforce, with 46.7% of residents holding a tertiary qualification. The Elizabeth line has widened and deepened the central London labour market by reducing commuting times and improving access to major employment centres. Established sectoral clusters continue to generate strong agglomeration benefits, while AI and life sciences have become increasingly important parts of London's economy. The capital's cultural and quality-of-life offer also remains a significant draw for businesses and talent.

However, the environment in which HQs operate has changed significantly. Corporate occupiers increasingly want flexible, high-quality offices that support collaboration, strengthen corporate identity and encourage people to work together in person. Yet the supply of this kind of space is becoming increasingly constrained.

Vacancy rates for new buildings in prime locations now stand at less than 1%, and the development pipeline is unlikely to ease this pressure quickly. There is an acute shortage of the high-quality, well-connected workspace that many HQ occupiers require.

Almost half of the pre-construction pipeline to 2031 faces multiple barriers to delivery. Retrofitting London's substantial stock of older offices could help ease pressure on supply, but retrofit projects can face many of the same cost, planning and viability challenges as new development and is unlikely to meet demand for the large, high-quality and highly sustainable space required by many HQ occupiers.

The Prime Minister's commitment to fiscal devolution, and ensuring London benefits from a new devolution deal, creates an important opportunity to tackle these constraints and support the capital's growth. Greater fiscal powers would give London government a stronger stake in local growth, together with the incentive and capacity to invest in the infrastructure, skills and workspace on which HQs depend.

London remains exceptionally well placed to succeed as a global HQ city. To capitalise on this position, policy must build on the city's enduring strengths while tackling the growing shortage of high-quality office space and the barriers preventing new and existing stock from meeting occupier demand.



Since 2019...

3×+
Net expansion
More than three times as many HQs significantly expanded as reduced their London footprint.

+84%
HQ enterprises
Increase in the number of head office enterprises in London.

~50%
Economic output
Growth in output from HQ-related business functions, outpacing the wider service economy.

+64%
HQ employment
compared with just 10% across London's wider labour market.

Key goals

This report sets out six goals through which national, regional and local policymakers can support that ambition.

Goal 1
Unlock HQ-quality workspace

- Recognise major office developments as critical economic infrastructure in planning policy.
- National government and the GLA should work with local authorities and industry to review the cumulative costs and barriers affecting the viability of major office developments, and identify targeted measures to unlock investment.
- Make it easier and more cost-effective to retrofit London's existing, underused office space.

Goal 2
Build the skills to deliver it

- National government should devolve the administration of the Apprenticeship Levy to London, so that the GLA, in partnership with boroughs, can improve coordination between the training young people get and the jobs local employers need.
- Building on initiatives such as Skills for a Sustainable Skyline Taskforce, London and national government, construction employers, and industry bodies should coordinate to promote construction careers to young people.

Goal 3
Keep London open to talent

- The Government should enable the expansion of London's transport system to unlock housing and employment growth, while providing sufficient funding to maintain and renew the existing network.
- Introduce a predictable review cycle for work visa routes.
- Review Skilled Worker Visa application fees and reduce the cost of applying for indefinite leave to remain.
- Retain the Graduate Visa and extend it from two to five years, alongside appropriate restrictions on post-graduation work, to support high-skill migration.

Goal 4
Strengthen London's quality of life offer

- Support the delivery of more high-quality rental homes to improve affordability and support London's workforce.
- TfL should expand late-night transport provision to support London's hospitality, cultural and experience economy.
- GB Rail in partnership with TfL should invest in increasing the capacity, frequency, and reliability of services connecting residential areas in outer London and the wider South East with London's core employment hubs.
- Implement the Nightlife Taskforce recommendations where they reduce licensing inconsistencies and cost pressures on hospitality, cultural and night-time economy venues.

Goal 5
Give London the tools to invest in growth

- Strengthen significantly the growth incentive within the business rates system, giving London government the power and incentive to invest in what matters locally.
- Local authorities should allocate a portion of retained business rates growth to place-making around major transport hubs, helping to unlock underused office space and support local economic growth.
- Devolve a share of income tax revenue to London government to promote local growth.

Goal 6
Strengthen London's global pitch

- Building on the work of London & Partners and Opportunity London, London's external partners should coordinate more closely to lead a sustained international campaign promoting London's strengths.

Introduction

In 2019, Centre for London charted the rise of London's appeal as a destination for corporate headquarters (HQs). At the time, the city topped global rankings for Foreign Direct Investment (FDI) into HQs measured by number of projects, and the world's largest multinationals overwhelmingly chose London as their European base.[1,2]

Central to London's appeal was its deep pool of highly skilled labour, reinforced by strong agglomeration effects, particularly in financial and professional services. These advantages were supported by global connectivity, legal and regulatory stability, the use of English as a global business language, membership of the European Union (until 2020) and a time zone that overlaps with both Asian and American markets. These "hard" factors were complemented by London's cultural offer and reputation for openness, which helped attract and retain global talent.

Many of these foundational strengths remain in place. However, the context in which firms make HQ location decisions has shifted significantly since 2019.

Some of these changes are structural. The UK's departure from the European Union in 2020 has created new long-term implications including for migration, not only with mainland Europe but also the rest of the world. Other changes reflect global shocks. In addition to the macro-economic shock it precipitated, the Covid-19 pandemic accelerated a shift towards hybrid working, changing how firms use physical office space. Meanwhile Russia's invasion of Ukraine and US interventions in the Middle East have triggered a sustained, sharp rises in global energy prices, contributing to sustained high inflation.[3]

These structural shifts have been compounded by domestic pressures. An acute shortage of high-quality office space in the capital is restricting the ease of firm relocation and expansion, while London's chronic housing affordability issues are a rising constraint on access to talent. At the same time, productivity growth in many of London's globally competitive service sector industries has slowed since the global financial crisis of 2008, raising questions about the capital's longer-term economic competitiveness against its global city peers. Concerns around quality of life and the city's international reputation have also intensified, partially as a result of an increasingly divisive (social) media environment and polarised political culture both at home and abroad.

There have been many positive changes since 2019. The opening of the Elizabeth line has improved connectivity and widened and deepened access to London's labour market.[4] The capital has also strengthened its position in emerging high-growth sectors, including life sciences, fintech and artificial intelligence (AI), which now form an increasingly important part of its economic base.

Taken together, these changes present a more complex, and in some ways, more challenging environment for London's desirability as an HQ location. While the capital remains a leading global destination for HQs, retaining a dominant position in European investment and continuing to attract high-value firms across a wide range of sectors, the nature of that advantage is changing.

As a result of these changes, the HQ economy has been shaped less by high-profile relocations into or out of London, and more by how firms organise, expand, and adapt their presence within the city. London's challenge is therefore increasingly whether the city can retain, grow and upgrade the functions that make the city desirable and unlock the benefits that HQs bring.

Understanding these dynamics is important because cities that attract HQs capture significant economic benefits. HQs generate high-value employment, support local supply chains, attract investment, contribute to tax revenue and act as vehicles for investment to the rest of the country.

This report re-evaluates London's position as an HQ city in light of these changes. It examines how the drivers of HQ location decisions are evolving, how firms are reshaping their presence within London, and what factors are strengthening or weakening the capital's appeal. It also assesses what action is required to ensure that London can continue to attract, retain and grow HQs in a more competitive and uncertain global environment, and sets out recommendations for policymakers to maintain and strengthen London's status as one of the world's best destinations for HQs.

This report defines corporate headquarters as establishments where a private sector company's senior management and central administrative functions are located. Included in these functions are strategic decision-making, finance, legal services, HR and corporate management. They also often oversee operations across multiple sites, regions or countries. This report focusses on the regional or global headquarters of multinational companies.



Why headquarters matter

The case for being a corporate headquarter city

A high concentration of HQs in a city has far-reaching benefits for the economy, residents, local and national governments, small and medium sized businesses, and local communities. HQs create high-value jobs, attract investment, generate tax revenues and support local supply chains.

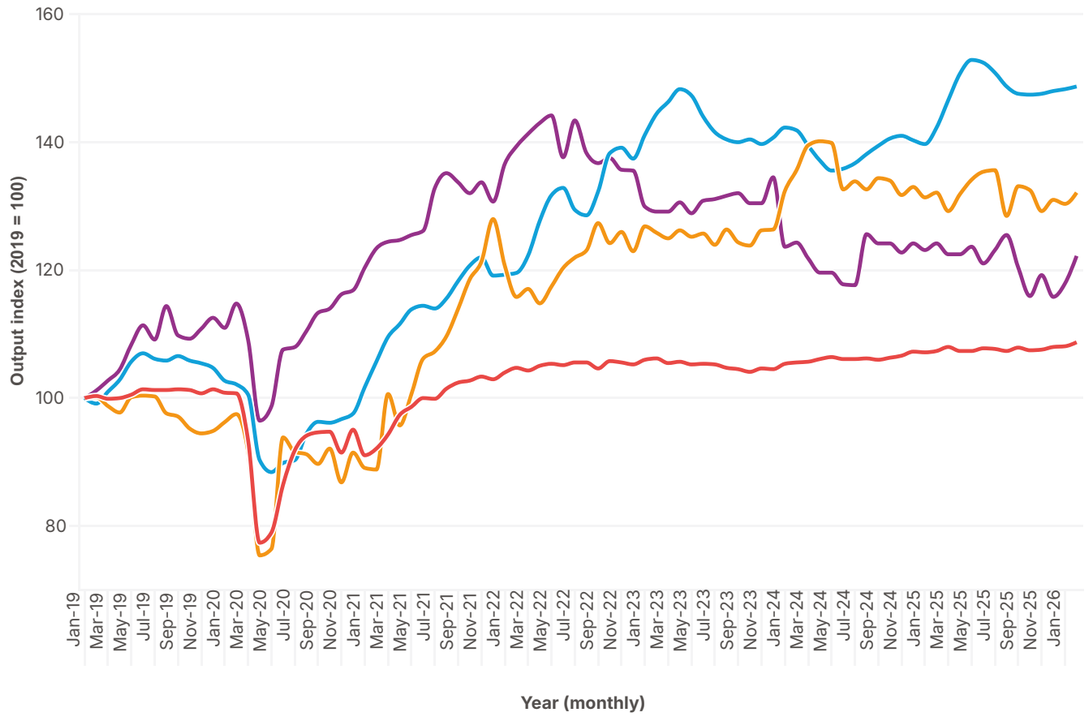
HQs are a strong driver of economic activity against a weak backdrop

Between 2019 and 2026, output in HQ-related business functions has grown by almost 50% [figure 1]**, much faster than the wider service economy.**[1] This strong increase in output is particularly notable as both service-sector and wider economic growth remain weak. Service-sector growth has struggled to return to its peak of 44.2% in May 2022 [figure 1], and overall UK GDP fell by 0.1% in the three months to October 2025.[5]

Figure 1: HQ output has remained resilient amid a broad downturn in UK service output
Change in the output of HQ's and sections which Support HQ functions, UK (rebased 2019=100)

- Index of Services excluding Government
- Activities of head offices; management consultancy activities
- Office administrative, office support and other business support activities
- Accounting, bookkeeping and auditing activities; tax consultancy

Source: Centre for London analysis of Office for National Statistics (2025). Index of Services



1 The Index of Services measures the size and growth of different parts of the UK service economy making it a useful measure of economic activity. We use the category "activities of head offices" as a measure of HQ economic output because it covers organisations that carry out core HQ functions, such as setting a company's strategy and overseeing its operations. Head office and management consultancy activities cannot be separated in the data, however, head offices are likely driving the growth as head office employment has risen while management consultancy employment has stayed stagnant

HQs create jobs across the economy and country as a whole

One of the most visible benefits of HQs for London is the jobs they create – both directly and indirectly.

In 2021/22 a Swedish e-scooter company set up its HQ in London generating 250 new jobs and £7.4 million GVA.[6] In 2024/25 a Chinese consumer electronics manufacturer created 120 jobs and £11 million GVA when setting up its UK HQ in London.[7]

HQ openings such as these have grown the number of jobs in head office functions in London by 63.5% from 66,000 in 2019 to 107,900 in 2023, compared to a 10.2% increase in the job market overall [figure 2 & 3]. This additionality is vital as the capital has faced a contraction in job vacancies alongside rising unemployment, reaching 7.3% in Q1 2026.[8,9]

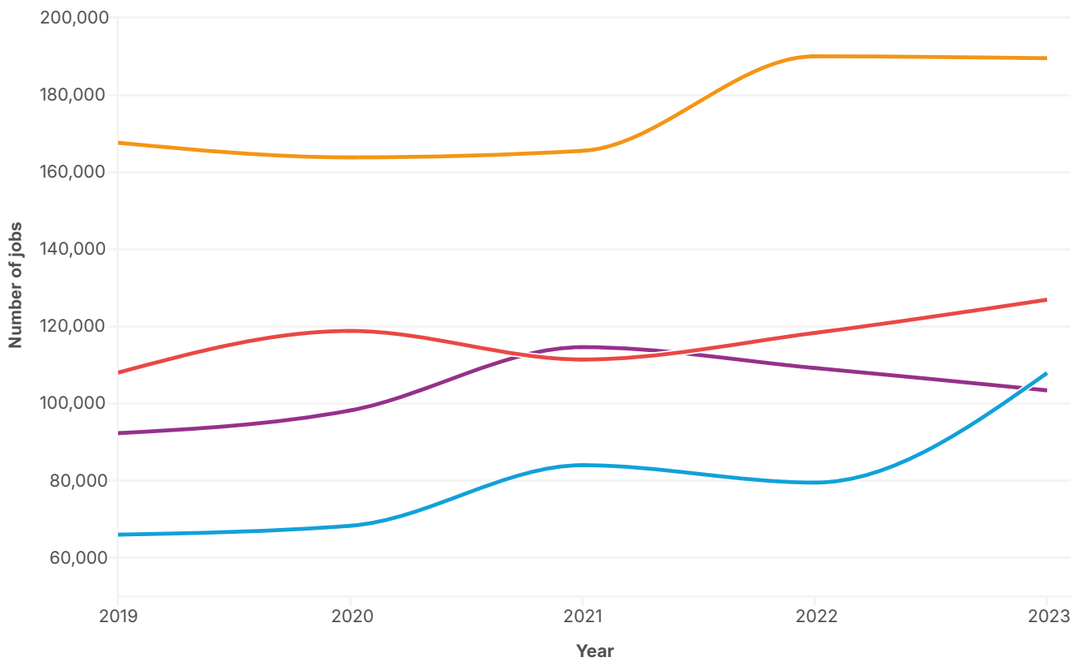
Other UK regions also benefit from London HQs: London-headquartered financial and related professional firms were found to employ around 370,000 people in the sector outside of London.[10]

Figure 2: Jobs in HQs accelerated in 2023, demonstrating the sector's resilience against wider economic headwinds

Employee jobs in HQs and sectors which support HQ functions

- Legal activities
- Accounting, bookkeeping and auditing activities; tax consultancy
- Activities of head offices
- Management consultancy activities

Source: Greater London Authority (2025), London Employee Jobs (1998-2023). Using Workforce Jobs QMI and the Business Register and Employment Survey. London employee jobs for industry groups (3-digit SIC), 1998 to 2023



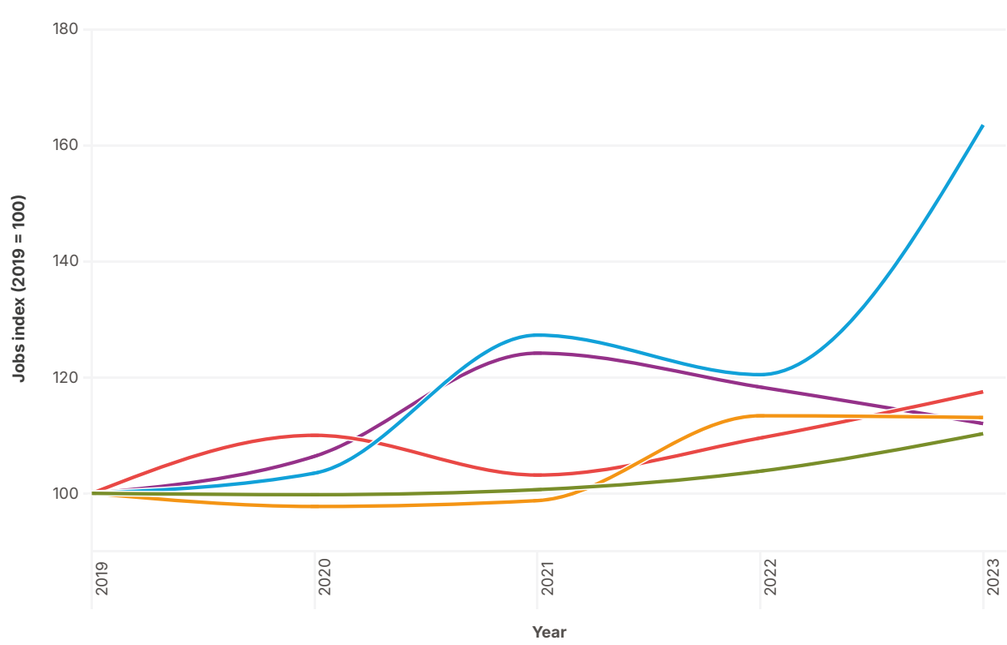
HQs create jobs indirectly through the ecosystems that support them, such as legal, accounting, and facility management services. HQs also support jobs in the travel and hospitality sectors due to employees hosting business visitors and entertaining clients at local venues.[11] In London specifically, the presence of HQs has helped sustain cultural organisations and associated employment, particularly in the performing arts and gallery sector, through consistent demand and sponsorship.[12]

Figure 3:
While London's job vacancy growth has stagnated since 2019, HQ employment has accelerated

Change in employee jobs in HQs and sectors which support HQ functions, London (rebased 2019 = 100)

- Legal activities
- Accounting, bookkeeping and auditing activities; tax consultancy
- Activities of head offices
- Business and other management consultancy activities
- London average

Source: Centre for London analysis of Greater London Authority (2025), London Employee Jobs (1998-2023). Using Workforce Jobs QMI and the Business Register and Employment Survey. London employee jobs for industry groups (3-digit SIC), 1998 to 2023



HQs attract investment, signal a city's global competitiveness, act as a catalyst for regeneration and support local supply chains

HQ investments added £10.5 billion to London's economy between 2003 and 2025, accounting for 10% of all inward investment into the capital.[1] Between 2003/4 and 2014/15, London & Partners helped 665 foreign companies to establish an HQ function in London. These projects accounted for almost one in three investments over the period and created over 16,400 jobs.[13]

As major occupiers of commercial floorspace, HQ businesses can also play a key role in unlocking wider regeneration schemes. By committing to large-scale pre-lets, they provide developers and investors with the certainty needed to secure financing and bring forward developments that might otherwise struggle to get off the ground.[14] Acting as 'anchor tenants', HQs can help catalyse investment in new public spaces, infrastructure and amenities that benefit surrounding communities, while attracting smaller businesses and SMEs to establish themselves nearby, supporting the growth of thriving local business ecosystems.

When HQs procure services, such as facility management, construction and refurbishment, through local small and medium-sized enterprises this supports local supply chains and boosts the wider UK economy. For instance, in the development of Bloomberg's European HQ in London, almost 90% of total spend went into the UK economy, with half going to local suppliers. Additionally, the concentration of financial services in London has improved the availability of venture capital that makes London an attractive place for startups and scaleups.[15,16]

1 Values are nominal and have not been adjusted for inflation

£10.5 billion

Added to London's economy, accounting for 10% of all inward investment into the capital (2003-2025).

The reception at One Broadgate, home to JLL's UK flagship office, provides flexible amenity space for working and meetings.



HQs deepen agglomeration advantages

HQs can strengthen a city's broader network of businesses by attracting large numbers of high-skilled workers. This expands the talent pool, making it easier for other employers to hire, and supports entrepreneurship across the city.[17]

HQs generate wider benefits for their home cities

Tax revenue

HQs generate tax revenues for both local and national governments. This includes direct contributions through business rates, income tax, and indirect contributions through taxes on asset sales and profits and VAT on goods and services bought by HQ workers. These impacts are amplified by the concentration of high-paid workers and high-value activity around HQs, which strengthens the overall tax base and generates additional taxable activity across other sectors.

Visitor economy

Corporate HQs, which are multinational in nature, bring in large numbers of both domestic and international visitors for meetings, conferences and public events. In 2024 there were 6.8 million business visits to the UK generating £5.9 billion in spend with HQ-related visits contributing to these figures.[18]

The value of HQs is also indirectly evidenced by the efforts of cities to attract them

In the US, Maryland offered $8.5 billion in tax incentives in a bid to host Amazon's second HQ.[19] In the UK, Tower Hamlets is working with the Government and GLA to explore bespoke business rates reliefs to incentivise JP Morgan Chase to build its new HQ in Canary Wharf. Two options are being considered. One is an enterprise zone, allowing up to 100% business rates discount for qualifying occupiers and full business rates growth retained locally for 25 years.[20] The other is a local discretionary relief with councils absorbing 30% of the cost, the GLA 37% and Government 33% and the council paying a 10% levy to MHCLG for any growth above baseline.[21]

These upfront costs in tax relief are set against significant potential economic benefits, with the HQ estimated to create around 7,800 construction-related jobs, contribute roughly £9.9 billion to the UK economy over six years, and create "new employments, training opportunities, and community investments" that can help to address stark inequalities seen in Tower Hamlets.[22]

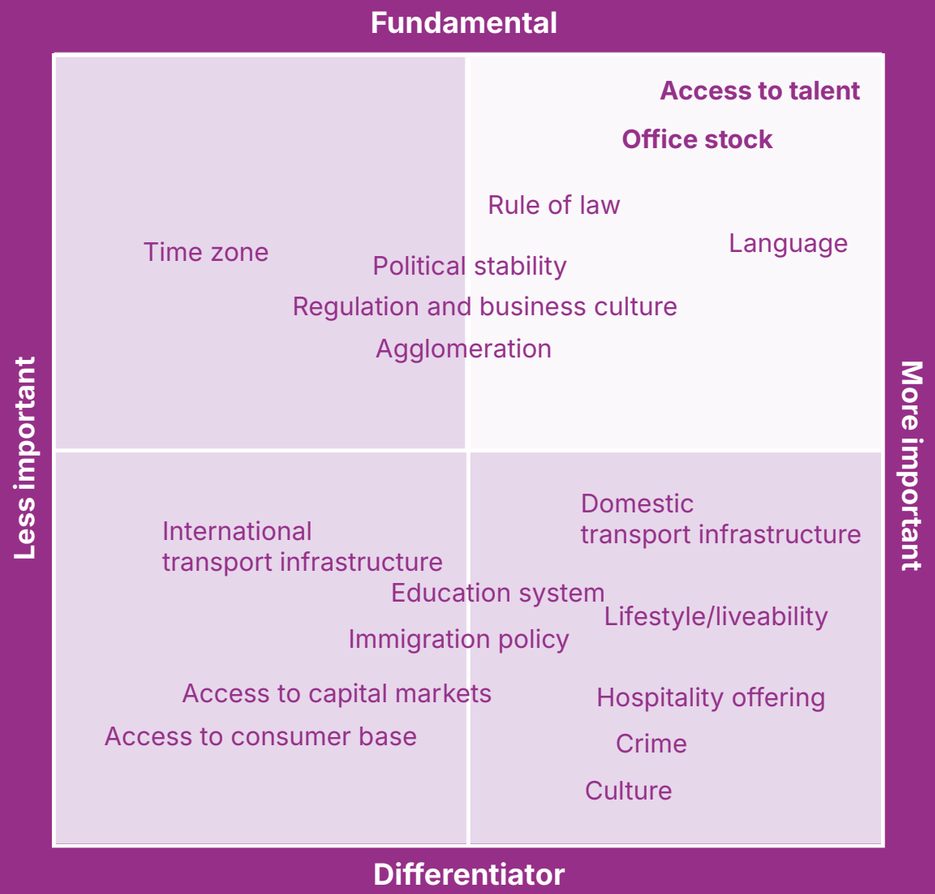
Tax incentives such as these are however far rarer in the UK than in the US, due to significant differences in the fiscal powers of England's local and regional authorities. US states (and many cities) each have their own tax regimes. In contrast, English local authorities rely heavily on central government grants and have limited ability to raise council tax rates, while other taxes including business rates are set by central government and, as of April 2026, much if not all of any accumulated business rate growth is redistributed at the end of a reset period under the Fair Funding Review 2.0. However, the Government has announced plans to review local business rates retention.

Under the current system however, local authorities often lack both the ability and incentive to use taxes to attract firms.

What drives HQ location decisions?

HQs do not make location decisions based on a single variable such as cost or tax, but on a combination of interdependent conditions that together determine whether a city can support high-value, knowledge-intensive activity.

Access to talent is primary, but is contingent on a wider set of enabling factors, including the availability of high-quality office space, the strength of sectoral clusters, infrastructure connectivity, and the overall attractiveness of the city as a place to live and work. Moreover, the weighting of factors depends on the sector and size of the HQ.



Access to talent is the single most important factor shaping location decisions across sectors. The size, depth and skill of the labour pool is crucial, which itself is dependent on strong domestic transport infrastructure that connects HQs to a wide talent pool, and a high-performing education system that provides a talent pipeline.

Additionally, large firms often compete for the best people globally, making immigration policies that enable flows of highly skilled talent a critical part of a location's talent offer.[23,24]

Access to talent is therefore a fundamental determinant of London's attractiveness as an HQ location, which in turn makes transport connectivity, housing and immigration policy important competitiveness considerations.

Cities must also have sufficient and suitable high-quality office space to host HQs. Quality spaces are important as beyond hosting a firm's operations, HQs also act as an expression of corporate identity and reputation, and the office is used to attract and retain the best talent.[25]

This role is also evolving. Major corporate occupiers now look for buildings that showcase their sustainability credentials and reflect their corporate values, while also considering how the space supports employees and whether it provides the amenities and experience needed to draw people back into the office.

> "More and more occupiers don't want a homogenous building. They care about the prominence of the building. It has to do more than just reflect their brand, it has to promote it"

Proximity to other firms in complementary sectors is also a big factor in HQ location appeal. This proximity is often referred to as agglomeration, and it is especially beneficial for HQs as knowledge-intensive entities because it facilitates knowledge sharing and provides access to a shared pool of workers.[26]

Agglomeration also supports retention as once firms are connected to local labour pools, suppliers, clients, and services, moving becomes more costly and less attractive.

A city's cultural and lifestyle offer and international reputation also factor into HQ location decisions. Senior executives and talent need to view the city as somewhere they would be willing and able to live. This includes meeting practical needs through good housing, schools and transport and a safe environment, in addition to meeting leisure needs through a strong hospitality and cultural offer. The latter is also crucial for firms to be able to easily host clients, investors, and other stakeholders.[27] Language is a related consideration. Widely spoken languages, like English, can reduce the friction of relocating staff and make it easier for HQs to communicate with and host stakeholders.

Tax and cost may not determine HQ location decisions on their own, but they can provide a competitive edge.

Our interviews suggested that firms may absorb higher rents or operating costs where a location offers skilled talent, strong clusters or high-quality office space. This may also reflect rents making up only a small share of HQ expenditure compared with costs such as talent. Cost is therefore rarely the main determinant of HQ location, but it can still influence the final choice between cities with strong fundamentals, especially once property taxes and charges are included.

Is London still the place to be?

London's attractiveness as a corporate headquarter city post-2019

Despite a global pandemic and a more cautious investment climate, London has retained a leading position as a global HQ city. Since 2010, the capital has attracted more HQ foreign direct investment (FDI) projects than any other city globally and continues to account for the largest share of European HQ projects.

FDI provides one lens through which to assess London's appeal to international businesses. However, it captures only part of the picture. The strength of an HQ city is also reflected in the growth of its HQ economy, demand for office space, and the ability of firms to expand and invest over time. Looking across these wider indicators, London's HQ market has remained resilient since 2019.

#2 Global HQ investment destination

1. Singapore	$25.7bn
2. London	$13.9bn

London remains one of the most investable cities for HQ projects, demonstrating resilience in the face of successive economic shocks.

London is one of the top destinations for HQ investment globally. Between 2003-2025, London ranked second among cities globally by the value of foreign investment projects to establish or expand HQs in the capital – known as HQ FDI.[1] The capital attracted projects worth a combined $13.9 billion, behind only Singapore which attracted $25.7 billion [figure 4].[2] This position reflects London's long-standing appeal as a destination for HQ investment. This finding is broadly consistent with Centre for London and LPA's Global Cities Barometer, which has benchmarked London's performance against other leading global cities since 2021 and has consistently found the capital to remain among the world's most competitive business locations.[28]

Since 2019, however, London's position as an HQ investment destination has weakened slightly. London's post-pandemic recovery has lagged behind the global total, slipping from second to fifth place among cities for HQ FDI in the period 2019-2025[3] [figure 5]. It was overtaken by Tanjung Malim[4], Malaysia; Dubai, UAE; and Dublin, Ireland, which attracted $10.3 billion, $4.3 billion and $4.2 billion worth of HQ investment respectively, compared with London's $3.9 billion [figure 5 & appendix figure 2].

Most investment into London's HQs still comes from North America. Between 2003 and 2025, investors from North America accounted for $8.7 billion, or 63%, of total HQ FDI into London[5] [figure 6]. Since 2019, a growing share of investment comes from the Middle East which now contributed 5% of London's HQ FDI, overtaking Emerging Europe which contributes 3% [figure 7].

By sector, software and IT companies accounted for the largest share of HQ FDI between 2003 and 2025, investing $5.2 billion and creating 20,045 jobs [figure 8]. Financial services was the second largest sector, attracting $4.2 billion, followed by communications, which attracted $876 million [figure 8].[6]

1 Foreign direct investment (FDI) is when an individual, company or government from one country invests into an enterprise in another country, and the investment gives the investor a significant degree of influence over the enterprise. This is generally defined as owning at least 10% of its voting share. For example, if a US company invests in a UK headquarters and ends up owning 15% of its voting shares, that would count as HQ FDI into the UK.

FDI data provides one measure of investment activity, rather than a complete assessment of a city's strength as an HQ location. Rankings by investment value can be influenced by a small number of exceptionally large, capital intensive projects and do not capture the full scale, economic importance or functions of established HQs.

2 Values are nominal and have not been adjusted for inflation

3 Values are nominal and have not been adjusted for inflation. See appendix figure 2

4 Tanjung Malim's capital expenditure comes from a single £7.6 billion investment from Zhejang Geely Holding Group in the automotive OEM sector, supporting the establishment of an auto-making hub which will serve as an HQ for Proton, a car manufacturer in Malaysia of which Geely owns 49.9%

5 Values are nominal and have not been adjusted for inflation

6 Values are nominal and have not been adjusted for inflation

Figure 4:
London has attracted the second-highest amount of HQ FDI of any global city over the long term
Top 20 Global Cities for HQ Foreign Direct Investment by Capital Expenditure,2003–2025

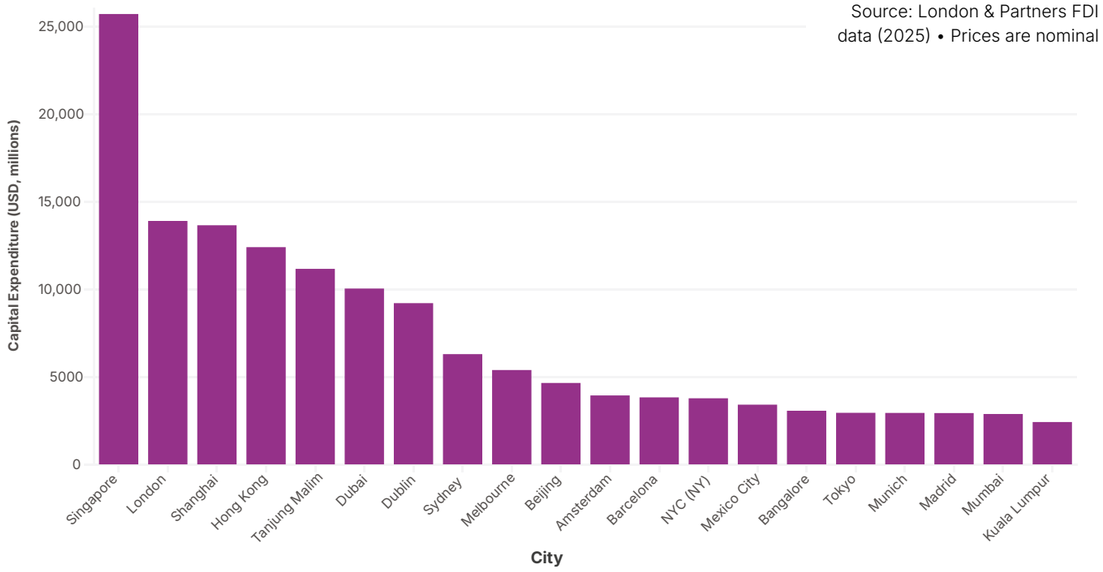


Figure 5: Since 2019, London has slipped to fifth globally for the total value of its HQ FDI
Top 20 Global Cities for HQ Foreign Direct Investment by Capital Expenditure, 2019–2025

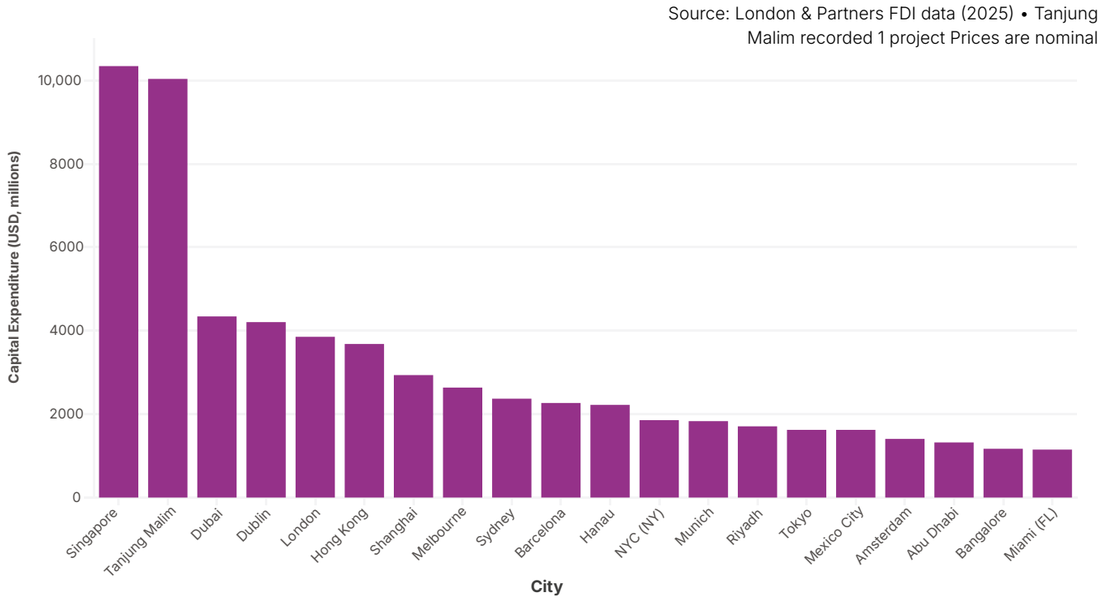
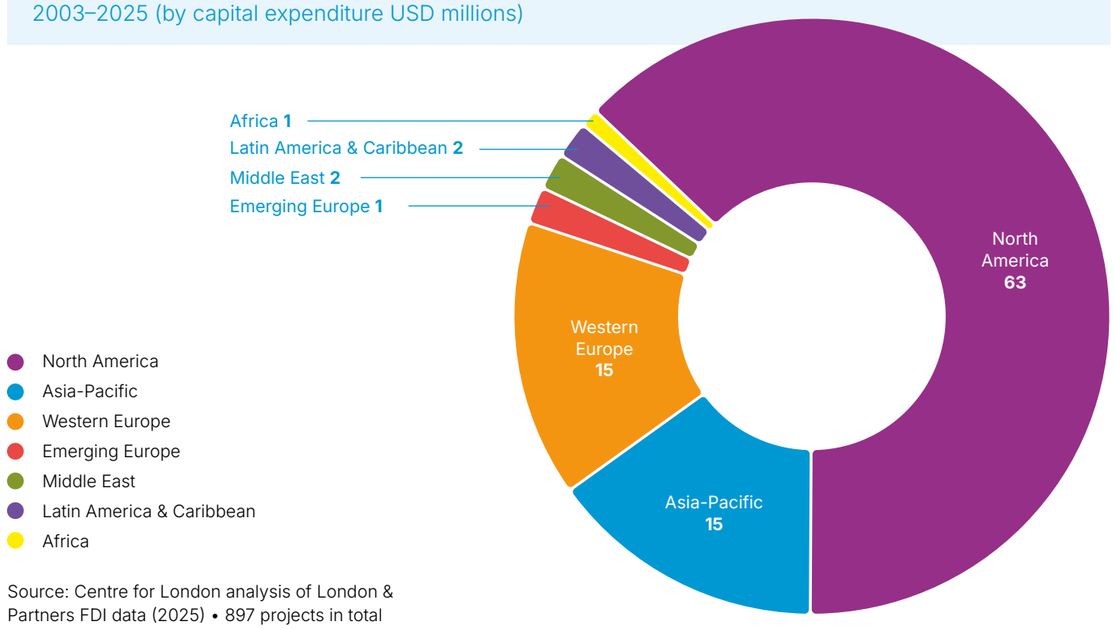
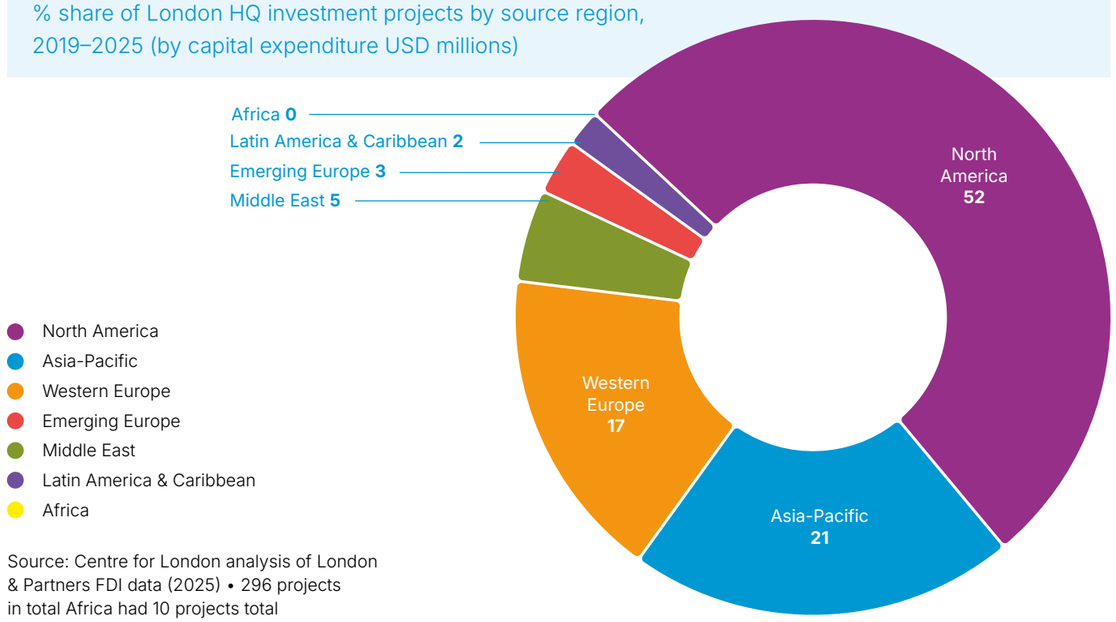


Figure 6: North America also accounts for the greatest share of HQ investment in London
% share of London HQ investment projects by source region, 2003–2025 (by capital expenditure USD millions)



Source: Centre for London analysis of London & Partners FDI data (2025) • 897 projects in total

Figure 7: Since 2019, the Middle East has overtaken Emerging Europe in both the volume and value of investment into London's HQ
% share of London HQ investment projects by source region, 2019–2025 (by capital expenditure USD millions)



Source: Centre for London analysis of London & Partners FDI data (2025) • 296 projects in total Africa had 10 projects total

Figure 8: While software and IT services accounted for the most HQ FDI projects, financial services attracted a high average capital investment per project
Sectors investing in London FDI HQ activity 2003 - 2025

Sector	Projects	Capex (USD millions)	Avg capex	Jobs created
Total	897	13895	-	48167
Software & IT services	427	5215	12	20045
Financial services	97	4023	41	7764
Communications	63	876	14	2184
Consumer products	23	610	27	3973
Business services	115	504	4	5852
Semiconductors	4	491	123	381
Food and Beverages	19	333	18	934
Coal, oil & gas	10	265	26	907
Textiles	20	205	10	870
Renewable energy	10	169	17	216
Pharmaceuticals	2	159	79	79
Real estate	22	105	5	1087
Hotels & tourism	13	103	8	807
Industrial equipment	8	67	8	168
Metals	5	61	12	84
Leisure & entertainment	8	48	6	432
Business machines & equipment	4	45	11	276
Consumer electronics	4	34	9	120
Biotechnology	5	33	7	353
Non-automotive transport OEM	4	30	8	136
Electronic components	6	29	5	114

Source: London & Partners/Centre for London analysis of fDi Intelligence data, from the Financial Times Ltd 2026 • Select sectors shown

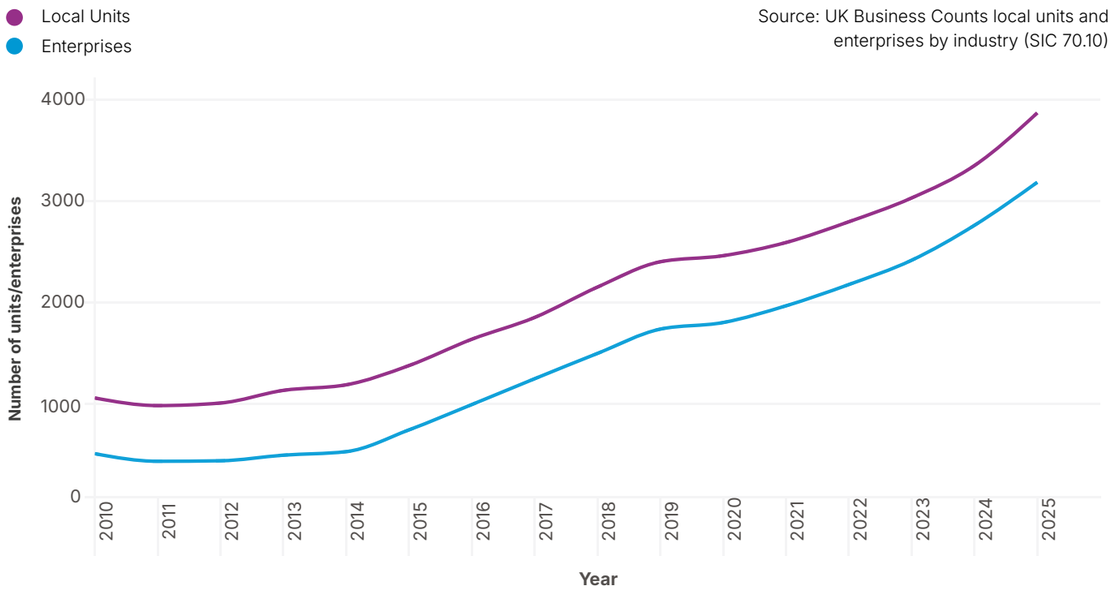
While London's recent FDI performance has softened, wider indicators point to continued strength in its HQ economy.

London also remains one of the world's leading destinations for investment in commercial real estate. London attracted more cross-regional real estate investment than any other European city over the three years to the first half of 2025. It was also the second-largest global destination for cross-border real estate investment in the year to the third quarter of 2025. Since 2008, London has ranked first more often than any other city.[29] This long-term strength is reinforced by recent JLL analysis ranking London as the leading global destination for cross-border investment between 2015 and the first half of 2026. Central London had attracted £5.9 billion of investment in 2026 at the time of the analysis, with a further £4.1 billion under offer.[30]

Looking beyond investment flows, demand for HQ space and growth in HQ activity remain strong. As with FDI, the pandemic led to a sharp fall in office take-up in 2020, but recovery has been significant. In 2025, central London take-up reached 10.6 million sq ft, equivalent to 91% of its pre-pandemic level. Alongside this recovery, the number of head office enterprises in London has risen sharply, increasing from 1,735 in 2019 to 3,185 in 2025. Most of this recovery was concentrated in the City where levels reached almost 100% versus take-up in the East and West End sitting at around 82%.

Alongside this recovery in office demand, the number of head office enterprises in London has risen significantly. The number has increased more than six-fold since 2010, from 505 to 3,185 in 2025 [figure 9]. Since 2019 alone, London has added around 1,450 head office enterprises, taking the total from 1,735 to 3,185, an increase of 84% [figure 9].

Figure 9: The number of head office enterprises in London has grown steadily over the past 15 years
London enterprises and local units in activities of head offices count



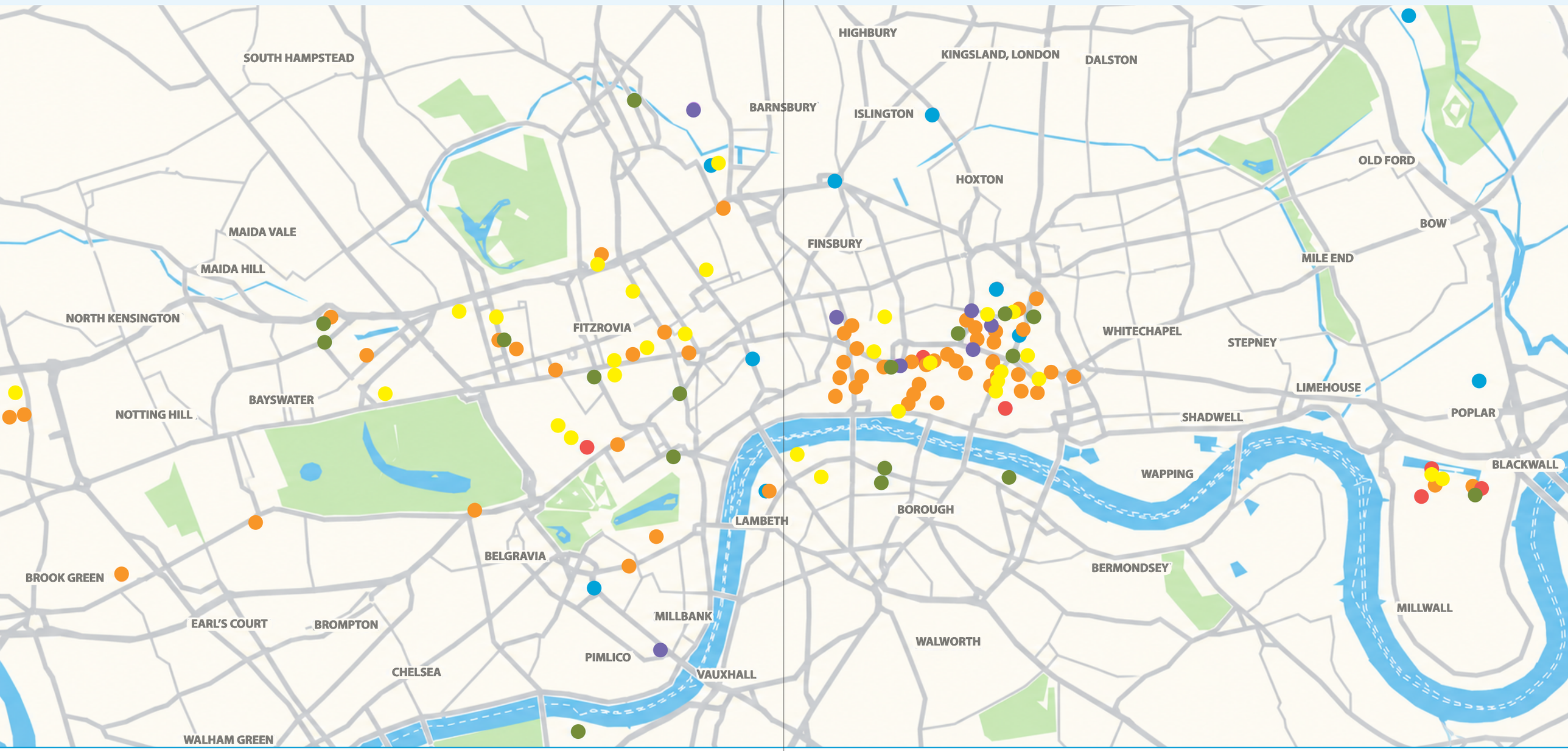
High demand for office space has reshaped London's HQ market since 2019, with fewer exits and arrivals, and more firms relocating.

The high level of demand for office space recorded in London reflects a range of occupier behaviours. We have grouped these behaviours into seven categories:

- **Leavers**
  Occupiers that have left London for another UK region or country.
- **Joiners**
  Those that have moved into London from elsewhere.
- **Movers**
  Those that have relocated within London.
- **Stayers**
  Those that have renewed existing leases.
- **Mergers**
  Those that have consolidated multiple offices into a single HQ.
- **Shrinkers**
  Those that have downsized.
- **Scalers**
  Those that have expanded into larger premises.

Figure 10: Most HQ relocations have been in the City Select HQ moves in London since 2019

Source: Centre for London analysis of JLL leasing data



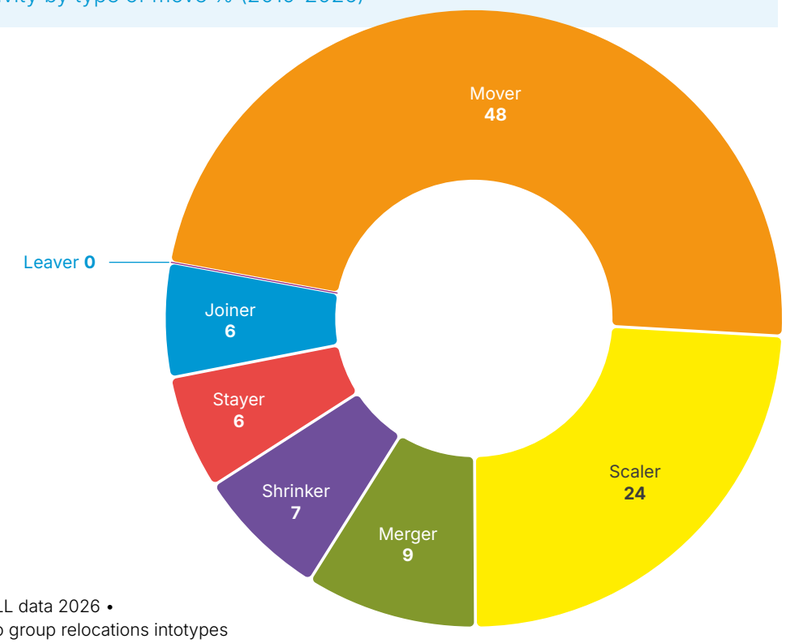
Since 2020, there has been a growing trend of HQs remaining in their existing buildings, often investing in refurbishment rather than relocating. In contrast, 2019 saw greater churn, with a higher number of firms entering and leaving the capital.

Contrary to early pandemic-era predictions of a reduced need for office space, a growing share of occupiers are “scalers” increasing their footprint while “shrinkers” make up a small and steadily declining minority [figure 10 & 11].

This shift reflects a broader reimagining of what the office is for. The Covid-19 lockdown move to working from home revealed that some office jobs can be worked remotely. In some firms, this can shift the role of the office primarily from a workplace to a place that brings people and teams together. The growing number of “scalers” reflects this as occupiers seek larger, open floorplates with in-house amenities that are designed to support collaboration and attract people back into the office. A notable number of “mergers” - occupiers consolidating multiple offices under a single roof - also reflects this desire for cross-team collaboration in addition to increasing operational efficiencies.

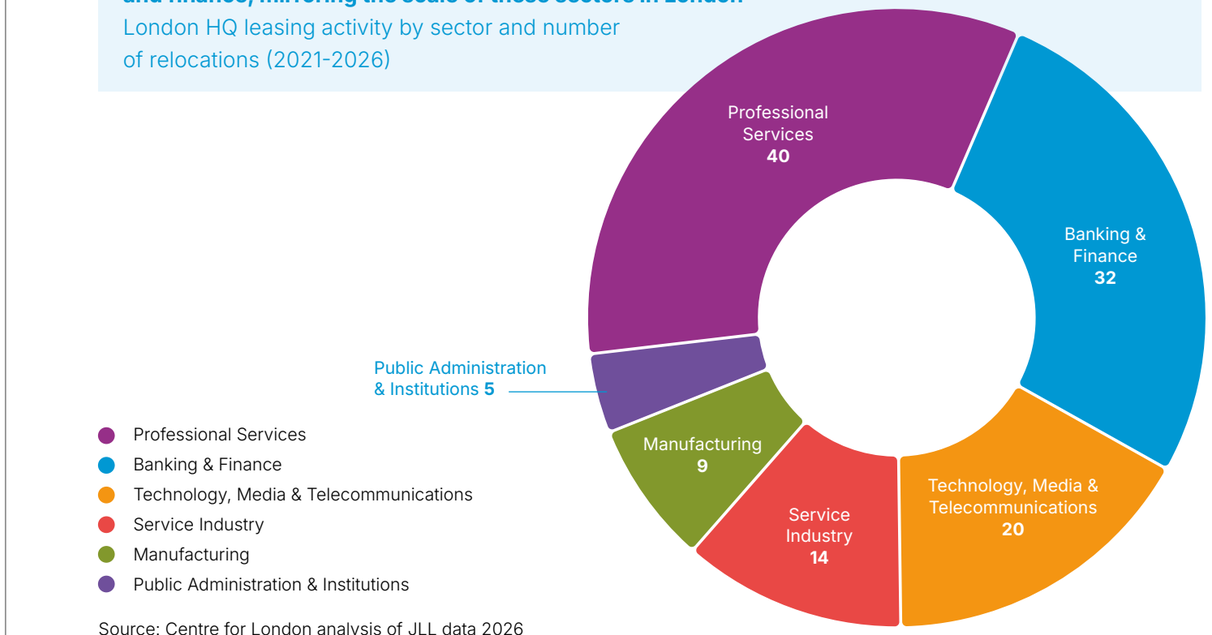
Geographically, most moves stay within the same submarket. This points to the continued importance of agglomeration and having sufficient and appropriate space that allows companies to grow within their preferred submarket. By sector, professional services firms account for the largest share of leasing activity, followed by banking and finance, reflecting the ongoing dominance of these clusters in the capital [figure 12].

Figure 11: More than three times as many HQs significantly expanded their footprint as reduced it
Select London HQ leasing activity by type of move % (2019-2026)



Source: Centre for London analysis of JLL data 2026 •
HQ relocation press releases analysed to group relocations intotypes

Figure 12: HQ relocations are heavily concentrated in professional services and finance, mirroring the scale of these sectors in London
London HQ leasing activity by sector and number of relocations (2021-2026)



Source: Centre for London analysis of JLL data 2026

One Triton Square is home to Anthropic’s major London hub, part of Regent’s Place’s growing cluster of AI, science and technology businesses.



The leavers

In 2019 the European Medicines Agency (EMA), Sony and Panasonic all moved their European HQs to Amsterdam citing Brexit as the reason. As a European Union regulatory agency, the EMA was required to leave as regulation must be done in a member state and Amsterdam won the bid to host the agency.[31] Sony left due to the uncertainty around Brexit, guarding against a "no deal" Brexit which could cause problems with customs regulations.[32] Panasonic's relocation was due to concerns that it could face a larger tax bill in Japan if the UK cut corporation tax rates to attract businesses and was then considered a low-tax jurisdiction by Japan and therefore required to pay additional tax to Japan.[33] Since 2019, there have been no high-profile HQ departures.[34,1]

The joiners

Several notable HQ entrants have moved to London since 2019, including AstraZeneca, Sapiens, Liquidity and McLaren. AstraZeneca moved from Luton to King's Cross to gain proximity to the Knowledge Quarter and the "partners, researchers, innovators and decision makers across the life sciences and healthcare system".[35] Fintech company Liquidity established its European HQ in Soho, accompanied by a £1.5 billion UK investment.[36] Sapiens, another fintech company, recently unveiled plans to establish its global HQ in Holborn.[37] McLaren's move is classified both as a joiner and a merger, combining teams from offices in Brentwood, Essex and the City, into a single HQ in Canary Wharf.[38]

The movers

Most HQ relocations since 2019 have been existing occupiers in London, moving to new offices, usually to a better-suited location or building. BT, for example, opened a new London HQ in Aldgate with its former offices in St Paul's - built in 1985 - no longer fit for purpose. The building has since been partially redeveloped with HSBC set to move in, in 2027.[39] Hogan Lovells is set to relocate from their existing offices in Holborn Viaduct to a new office also in Holborn Viaduct.[40]

The stayers

Several high-profile lease renewals and refurbishments have occurred since 2019. EY renewed its lease in London Bridge, curbing speculation that the firm could be leaving as staff increasingly worked remotely.[41] Citigroup invested $1.5 billion into their 'Citi Tower' in Canary Wharf – one of the largest office refurbishments in Europe, said to reflect the changing nature of office work which is more about shared spaces and collaboration.[42] Barclays and Morgan Stanley also renewed leases in Canary Wharf.

The mergers

A few companies have consolidated offices into a single HQ to streamline their operations. Among these are Apple, which has taken space in the newly redeveloped Battersea Power Station, and Unilever which has consolidated offices in London and Surrey onto a new site in Kingston upon Thames.

1 It is possible that HQ departures may have occurred that are not well publicised, however, our research did not uncover any such moves.

The shrinkers

A small number of companies have downsized head offices owing predominantly to a reduction in business size or a lower need for space following the shift to hybrid working. Notably, HSBC committed to moving out of its Canary Wharf HQ in late 2026 to a campus almost half the size at 592,000 sq ft, in the City. However, in 2025 it also signed a 15-year lease for 210,000 sq ft in the Bank Street building in Canary Wharf after an assessment that the new campus would lack sufficient space.[43]

Diageo also reduced its floorspace from a combined 200,000 sq ft to a 105,000 sq ft building. Unlike other downsizing cases however, this move was primarily about consolidating space and improving efficiency. Its relocation from Park Royal in outer London to the West End also placed the company closer to talent and consumers.[44]

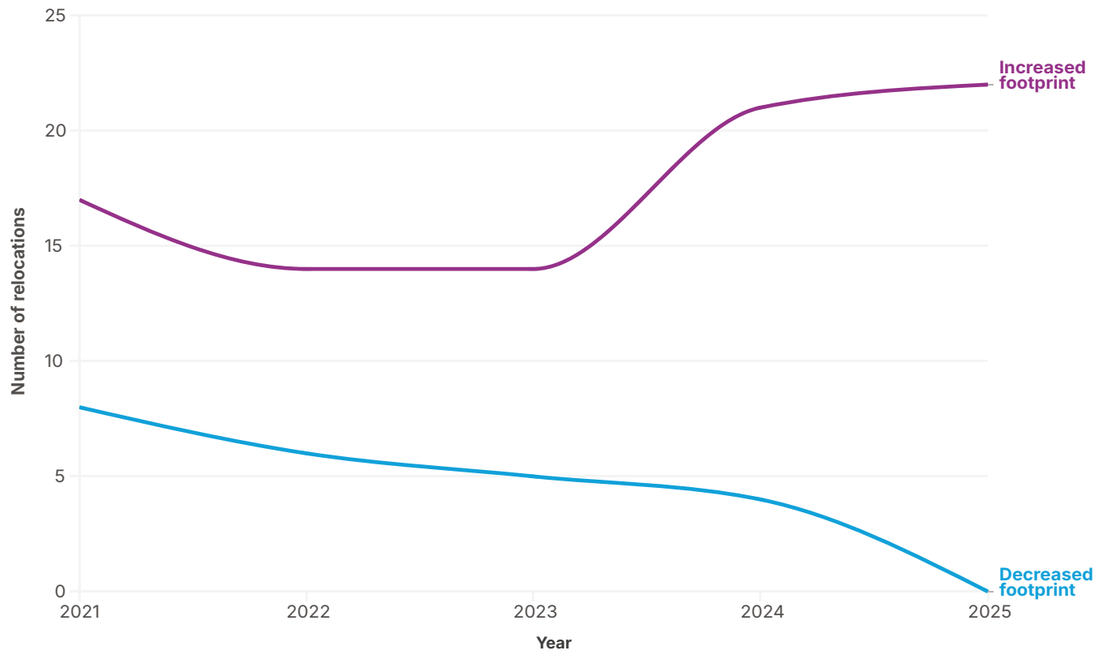
The scalers

While a handful of companies have downsized in London, a larger number have increased their footprint in the capital [figure 13]. Driving this is both business growth and the shift to hybrid working and changing space needs.

Notable examples include Visa, which announced a 15-year lease for 300,000 sq ft in Canary Wharf, moving from its 195,000 sq ft Paddington HQ.[45] Chanel has also expanded, signing a 20-year lease in Mayfair and doubling its office space to 86,000 sq ft across 11 floors.[46]

Figure 13: It is becoming more common for HQs to increase their footprint in the capital
London HQ relocations, 2021-2025: expansions vs contractions

Source: Centre for London analysis of JLL leasing data 2021-2025



Where is London's position strong?

The forces reshaping London's corporate headquarter offer

For many multinational businesses, having a London base is non-negotiable. Often London is chosen as the home of a business's European or UK HQ with London attracting three times more European HQs than any other city in Europe.[47]

Driving this prestige are myriad factors including London's diversity, rule of law, relative stability, the use of English as a global language and a time zone bridging North American and Asian markets. However, four factors came up repeatedly through our interviews and roundtables as the most central to London's appeal: access to talent, agglomeration, the capital's lifestyle offer, and the quality of its office stock.

Throughout our interviews, access to talent was highlighted as one of the most important drivers of HQ location decisions and one of London's greatest strengths.

London has a highly-skilled domestic talent pool with 46.7% of Londoners aged 16 and over – around 3.3 million people – having a tertiary education.[48] Helping this supply is the concentration of 33 leading universities, 5 of which – Imperial, UCL, LSE, King's College and Queen Mary - are ranked in the global top 150.[49] Moreover, Oxford and Cambridge universities which are in the top 3 globally, are less than an hour away from the capital.[50]

Improving this access is the Elizabeth line opening in 2022, which has allowed HQs to draw from a wider and deeper pool of talent by improving connectivity into London's main employment hubs.

Home to SMBC Group's EMEA headquarters, 100 Liverpool Street sits within Broadgate's cluster of major businesses, with direct access to the Elizabeth line at Liverpool Street.



The Elizabeth line: London's most-used and most-loved railway, strengthening connectivity, housing and quality of life

The Elizabeth line opened in 2022, with 41 stations running from Reading and Heathrow in the west, through central London, to Shenfield and Abbey Wood in the east - including 10 newly built stations.

The line has been pivotal in better connecting people to jobs. 1.5 million people have also been brought within 45 minutes of central London. 62% of passengers felt the opening of the line positively impacted their access to employment. The line has slashed median journey times by almost half for people travelling between Canary Wharf and Abbey Wood, and by 30 minutes between Paddington and Abbey Wood.

The line has also supported employment and economic growth with 125,000 new jobs registered within 1km of an Elizabeth line station between 2022 and 2023. Between 2015 and 2022/23, employment increased by 12% around Farringdon, 31% around Paddington and 12% around Tottenham Court Road. Over the same period, GVA per job rose by 6%, 14% and 10% respectively. Crucially for HQs, the line has also strengthened connections between central London and Heathrow airport.

The Elizabeth line has unlocked new housing. Between 2015 and 2025, around 71,000 new homes were built within 1km of an Elizabeth line station. In October 2024, there were 70,500 homes in the pipeline within 1km of an Elizabeth line station.

> "The quality of the trains, the number of people they carry, the speed of the service, the air conditioning ... you can really see the impact it has had"

The line has also improved the quality of the passenger experience, offering faster, higher-capacity and more comfortable journeys across the capital.

In just four years since opening, the Elizabeth line now boasts the title of the most used railway service in the UK and the highest customer satisfaction score of any TfL line.

The success of the Elizabeth line illustrates the importance of continued transport investment in sustaining London's access to talent and supporting future HQ growth.

Sources: https://content.tfl.gov.uk/elizabeth-line-post-opening-evaluation-full-report.pdf, https://tfl.gov.uk/info-for/media/press-releases/2018/august/elizabeth-line-services-through-central-london-to-start-in-2019

1.5million

People brought within 45 minutes of central London.

125k

New jobs registered within 1km of a station (2022–2023)

71k

New homes built within 1km of a station (2015–2025)

While access to domestic talent access has improved since 2019, access to international professional talent has worsened. Brexit sparked a sustained fall in EU migration with net migration of EU citizens at an estimated -42,000 as of 2025.[51] A series of immigration reforms – including increasing the Skilled Worker salary threshold and restrictions on bringing dependents – have also contributed to falls in migration more broadly.

These trends underline the importance of maintaining London's access to international talent, particularly for sectors that rely on globally mobile skilled workers and executive leadership.

London's strong clusters of complementary firms continue to be an advantage in attracting HQs.

The City, West End and Canary Wharf contain well-established clusters, notably in the financial, professional services and creative industries. Arguably the most visible cluster is in the City, which accounts for one in five financial services jobs in Britain despite making up just 0.001% of the UK's size.[52] The City also has over 100,000 financial and professional services jobs per square kilometre.[53]

> "Our biggest strength as a city is the diversity you have across sectors"

The proximity and diversity of these clusters is an additional draw as companies can benefit from cross-pollination. The capital's advantage lies not only in the strength of individual clusters, but in how closely connected they are. Improvements in connectivity, particularly through the Elizabeth line, have made it easier for firms to access talent, clients and business partners across the City, West End, Canary Wharf and the wider South East, strengthening London's position as a network of complementary business districts rather than a collection of isolated centres. For instance, a financial services firm can readily access legal and professional services expertise, while the nearby West Tech Corridor and Oxford-Cambridge Golden Triangle are often viewed as part of London's offer. Interviewees highlighted this as a unique feature of the capital compared to other cities that are specialised around fewer sectors.

> "Why aren't we saying Oxford's also 40 minutes from London? You would be if you were in San Francisco, that's a quick commute in California"

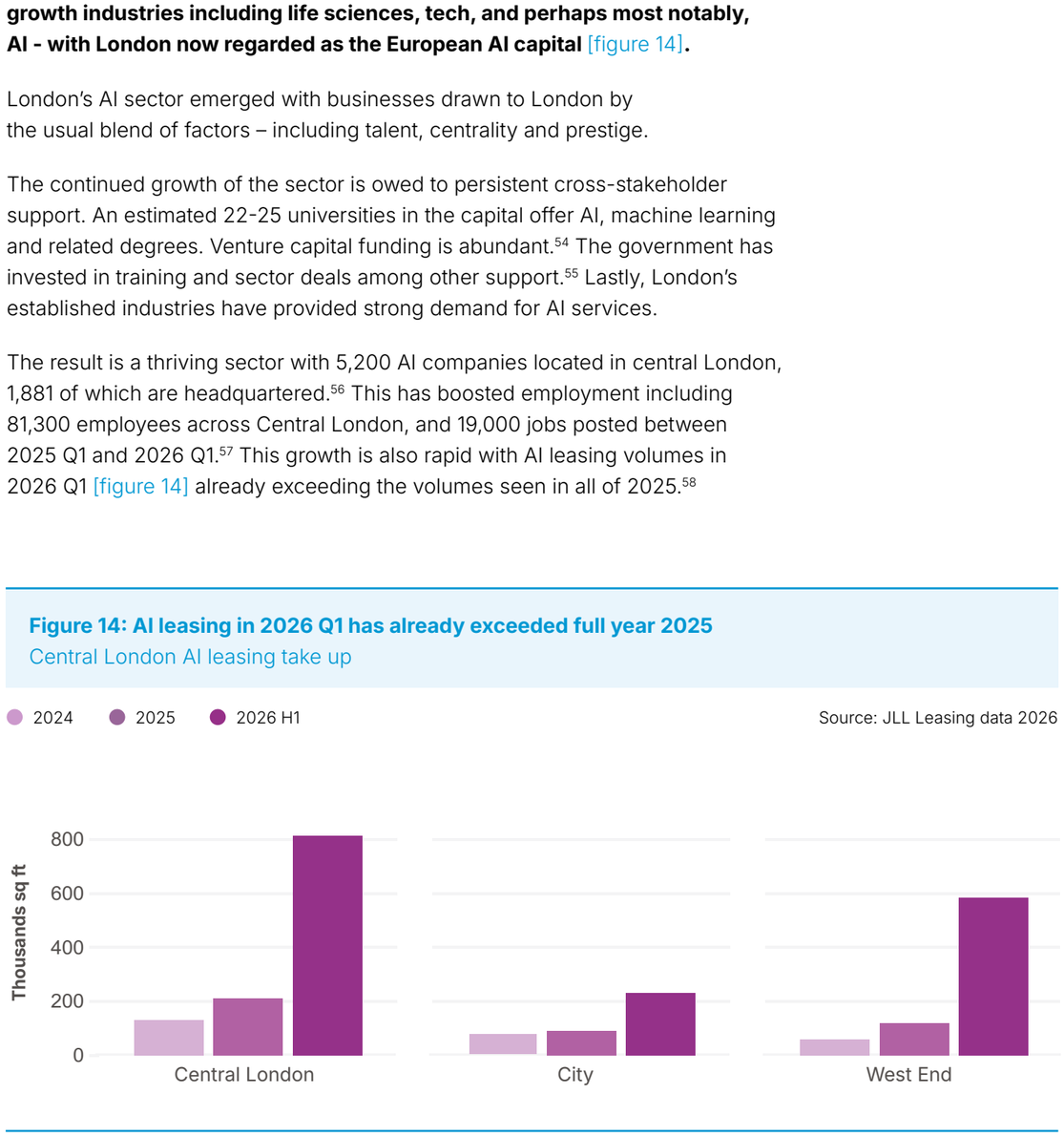
Since 2019, London's agglomerative offer has expanded with the rise of high-growth industries including life sciences, tech, and perhaps most notably, AI - with London now regarded as the European AI capital [figure 14]**.**

London's AI sector emerged with businesses drawn to London by the usual blend of factors – including talent, centrality and prestige.

The continued growth of the sector is owed to persistent cross-stakeholder support. An estimated 22-25 universities in the capital offer AI, machine learning and related degrees. Venture capital funding is abundant.[54] The government has invested in training and sector deals among other support.[55] Lastly, London's established industries have provided strong demand for AI services.

The result is a thriving sector with 5,200 AI companies located in central London, 1,881 of which are headquartered.[56] This has boosted employment including 81,300 employees across Central London, and 19,000 jobs posted between 2025 Q1 and 2026 Q1.[57] This growth is also rapid with AI leasing volumes in 2026 Q1 [figure 14] already exceeding the volumes seen in all of 2025.[58]

Figure 14: AI leasing in 2026 Q1 has already exceeded full year 2025
Central London AI leasing take up



Source: JLL Leasing data 2026

London's quality of life offer is central to its appeal. London boasts high-performing schools, public transport and pleasant residential areas alongside a vibrant hospitality offer of over 200 museums, 800 galleries and 240 theatres, together with an array of bars and restaurants.[59,60]

> "London helps you earn the commute. You want to come in, you want to go to the bars, you want the Thursday night out"

London offers high-quality office stock that is increasingly evolving to meet changing occupier priorities around sustainability, flexibility and employee experience. Latest developments such as Regent's Place and Timber Square for instance, offer sustainability credentials, amenities and flexible floorplates.

BP's new global headquarters at Landsec's Timber Square sits within Bankside's growing business cluster, alongside some of London's leading cultural destinations.



Where is London's position at risk?

The forces reshaping London's corporate headquarter offer

London faces a range of emerging threats to its competitiveness. Principal among them are its office supply constraints. London has a reputation for having high-quality office space that is located in vibrant commercial districts. However, with demand for prime space growing, the availability of space that meets modern occupiers' requirements is becoming increasingly constrained. At the same time, the development and retrofit needed to unlock new supply is becoming slower, harder and more expensive.

Other threats include reputational challenges to how pro-business and safe it is, and affordability pressures constraining its access to talent and quality of life offer.

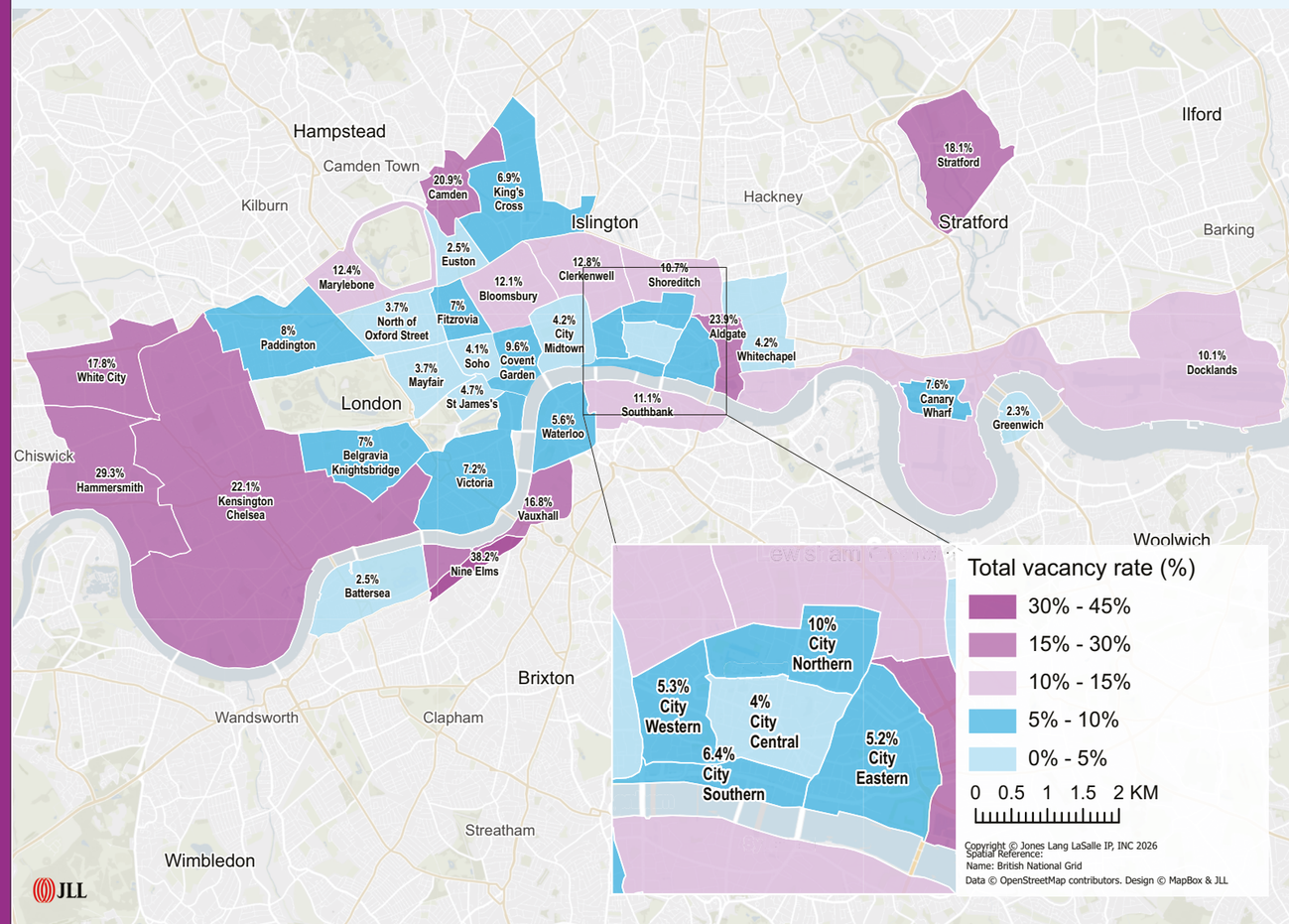
London's overall office availability is relatively high, but much of this space is concentrated in older buildings and less desirable, poorly connected locations.

At a headline level, London has a healthy office supply with vacancy rates at 8.6% as at H1 2026 - comfortably above the 6.6% 10-year quarterly average. However, London's headline vacancy rate disguises a mismatch between the space that is available and the space major corporate occupiers want.

A significant share of vacant space sits in peripheral submarkets that are less well connected and lack the amenities and placemaking that make core locations attractive. Nine Elms, for instance, has a vacancy rate of 45.3% [figure 15]. While it is now served by the newly built Nine Elms Underground station, bus routes and the nearby Vauxhall interchange, the area is relatively amenity poor. In contrast, vacancy is considerably lower in prime submarkets, at 3.5% in Mayfair and 5.9% in City Midtown [figure 15].

Figure 15: Vacancy rates are significantly lower in core submarkets
Central London total vacancy rates by submarket, Q4 2025

Source: JLL leasing data 2026



The type of space available is also a challenge. There is a growing preference among major corporate occupiers for best-in-class offices with take-up of prime[1] space rising by 727% since 2020, while take-up of Grade C space has fallen by 73%.[61]

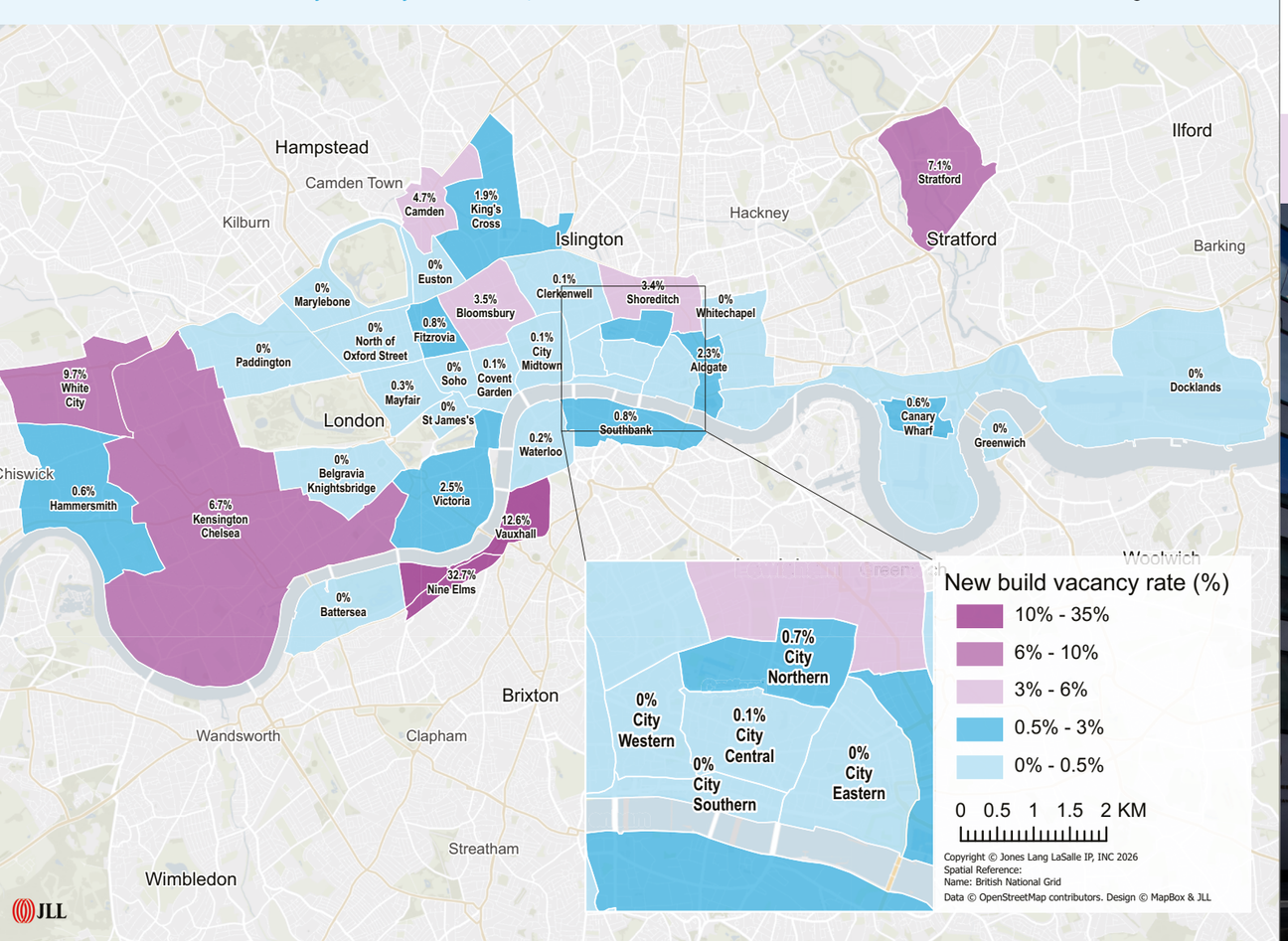
Much of London's stock does not meet occupier quality requirements and is at risk of becoming commercially obsolete. An estimated 58% of central London office floorspace currently has an EPC rating below B, leaving a substantial proportion requiring upgrades to meet anticipated higher minimum energy efficiency standards.[62]

This trend is reflected in vacancy rates with rates for new-builds at 1.2%, the lowest level in five years, while only 1.7% of refurbished space is available. In prime submarkets, new-build vacancy is even tighter, ranging from 0% to 0.8% [figure 16 & 17].

1 Definitions of "prime" office space vary. Within this report, prime refers to high-quality buildings in well-connected and amenity-rich locations with an EPC rating of A or B

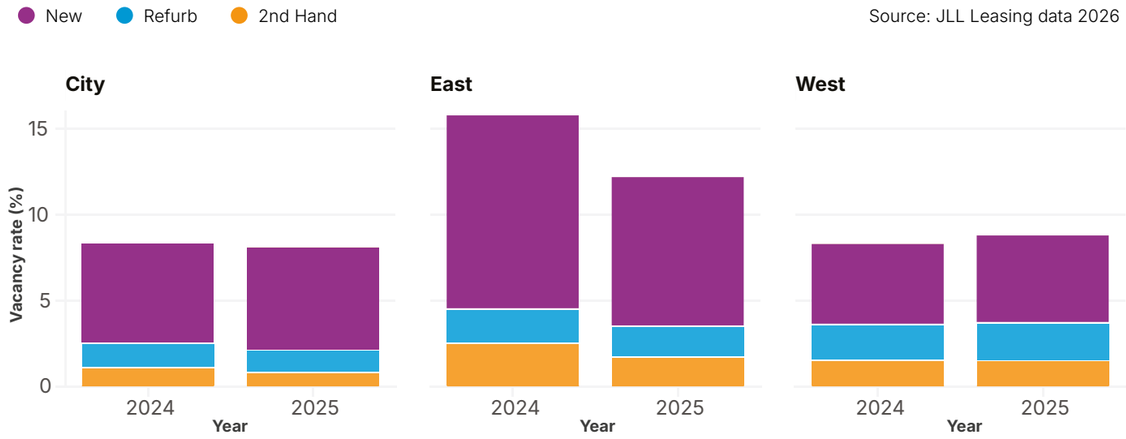
Figure 16: Vacancy rates are significantly lower in new builds which are often more desirable
Central London total vacancy rates by submarket, Q4 2025

Source: JLL leasing data 2026



Compounding this challenge is the loss of office stock in prime locations, with office space in the CAZ falling from 213 to 199 million sq ft between 2018 and 2023. This decline has been driven by a combination of office-to-hotel conversions - encouraged by higher returns - alongside the cost and complexity of retrofitting older stock and wider viability and planning challenges impacting new build development.[63,64]

Figure 17: Availability of new and refurbished office space is low and shrinking
Vacancy rates in London by office type



Deloitte's London headquarters at New Street Square sits in the heart of Midtown, surrounded by a dense cluster of businesses and professional services firms.



London's dwindling office availability is pushing up rents, narrowing occupier choice and forcing businesses to plan moves further in advance, collectively weakening the capital's competitiveness as an HQ location.

Prime office rents reached £190 per sq ft in the West End and £95 per sq ft in the City in Q2 2026, compared with 10-year averages of £125.90 and £74.80 respectively.[65,1] Additionally, larger occupiers in high-value buildings often face substantial business rates increases at revaluation.[66] While some occupiers can absorb these costs, rising rents can price out others, notably start-ups, scale-ups, and occupiers in the creative sector. For instance, in the past decade, major broadcasters - including BBC Television and Channel 4 – have left their London HQs and set up base in Northern England.

> "A London presence is still part of the plans but it's now one that has scaled down from previous years"

Many of these organisations have nevertheless retained a London presence but it is typically smaller, reducing the scale of the benefits London captures. While other UK cities stand to benefit from these relocations, there is still cause for concern if companies facing similar cost pressures in the future opt to relocate overseas instead.

Our interviews and roundtables revealed varying experiences of finding office space in London. Most agreed that major corporate occupiers can still find space, but options are increasingly limited and searches are taking longer. Some had also seen businesses take less space than planned due to suitable larger offices not being available.

> "I'm having conversations with clients that I've never had before with them saying, 'If we can't get enough space in London, we'll stay in London, but we'll be smaller.'"

Awareness of constrained supply is also prompting some occupiers to initiate relocation decisions earlier or rush to close a deal to secure a place, even in the absence of direct competition.

Yet this comes at a time when space requirements are becoming harder to predict as geopolitical shocks, economic uncertainty and technological change make future headcount and business performance harder to forecast. This creates a tension where businesses must commit to space earlier while having less confidence in their long-term needs. In some cases, companies have exited leases early after failing to grow into the space they had anticipated requiring.

1 Prices are nominal and have not been adjusted for inflation

A London occupier struggling to find the right space in the right location

An occupier in the creative sector currently operates across two buildings in Camden, having taken a building after outgrowing its original premises. With both leases approaching expiry, the occupier considered whether to renew or consolidate, ultimately deciding on the latter to bring its workforce under one roof, improving efficiency and collaboration.

The occupier viewed around 50 offices, however, most failed to meet all its requirements. As a large HQ, it needed a large floor plate that could accommodate future headcount growth. They wanted to be the sole occupant rather than being "a name on a wall". Location was a fundamental consideration, given its impact on staff experience with some employees indicating they would work from home more or potentially leave if the move significantly lengthened their commute.

> "How can we make the journey to and from the office for our people better?"

These requirements meant a total of 50 offices narrowed to just two viable options. While one building met most of the occupier's requirements, the chosen building's superior connectivity ultimately proved the deciding factor.

> "Technically there are loads of buildings out there, but in reality, there isn't a huge amount of stock for what we actually wanted"

38 Berkeley Square is an 86,000 sq ft office development by Berkley Estate Asset Management in Mayfair, and was pre-let to Chanel in 2023 to become its global headquarters.

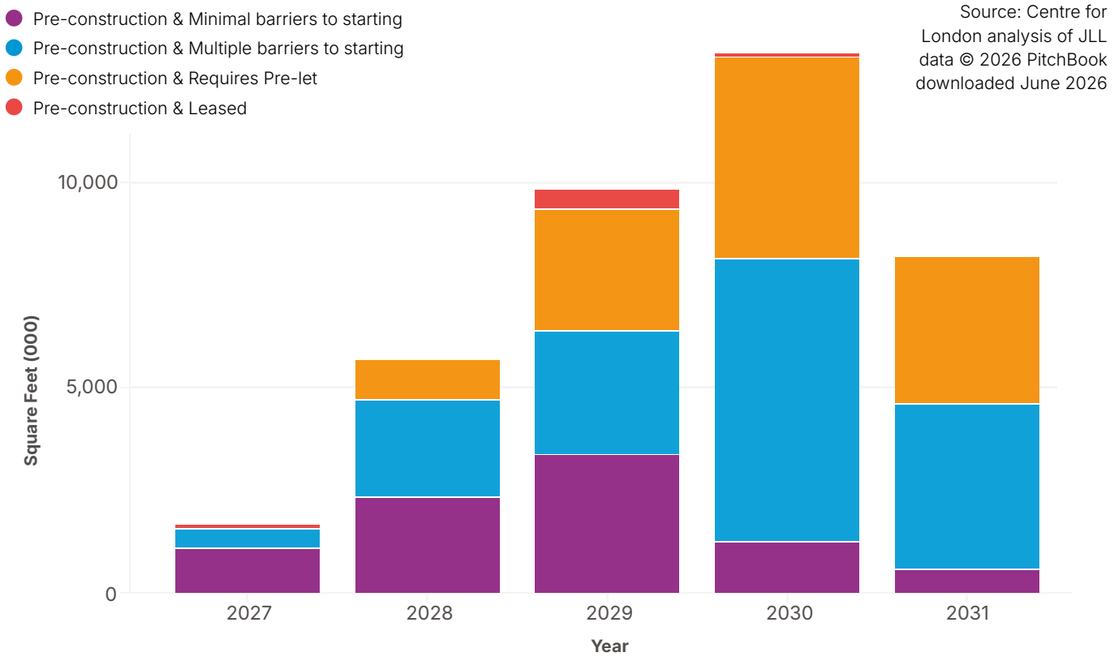


Constrained high-quality office supply presents both an immediate challenge and a longer-term threat to London's competitiveness, as limited new development will likely exacerbate the shortage.

Just over 5.5 million sq ft of development was completed in London in 2025, 16% above the 10-year average and 32% above the 20-year average. However, with 54% of these completions pre-let, this left just 3 million sq ft available to occupiers.

This trend is expected to continue, with 14.4 million sq ft under construction at Q2 2026, of which 9. 3 million sq ft is speculative. However, longer-term delivery is less certain, with around two-thirds of the speculative pre-construction pipeline expected between 2027 and 2031 facing multiple barriers to starting on site [figure 18].

Figure 18: A significant portion of pre-construction space is pre-let or facing barriers to delivery, further exacerbating low availability
London's pre-construction pipeline by subcategory



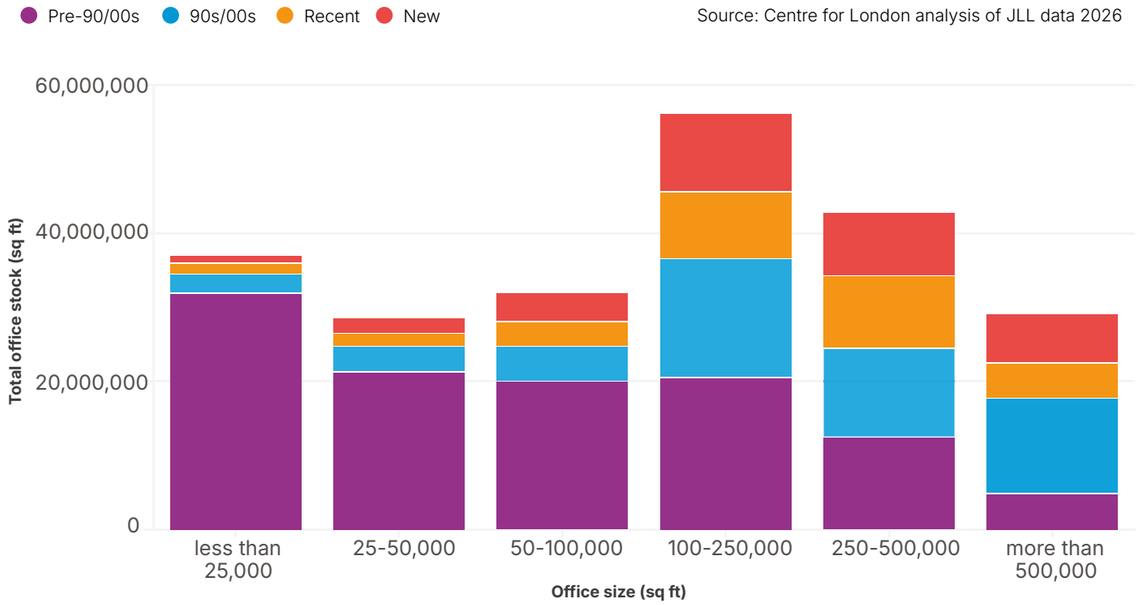
Source: Centre for London analysis of JLL data © 2026 PitchBook downloaded June 2026

Several pressures are constraining development, including growing construction costs, labour and skills shortages, high borrowing costs and the uncertainty and unpredictability of the planning system. Schemes must often navigate complex planning requirements, heritage constraints and environmental assessments, working with under-resourced planning departments with differing processes and evolving requirements. The resulting delays can raise financing costs, weaken viability and reduce investor confidence.

London's extensive office stock could help ease current supply constraints but much of it needs upgrading.

Retrofitting buildings and improving their surrounding areas could unlock this stock, but both face significant barriers. Upgrades must navigate many of the same planning, heritage and skills constraints affecting new development and,in some cases, upgrading is not feasible [figure 19].

Figure 19: London's office stock is concentrated in older buildings that are harder to adapt to modern occupier requirements
London HQ office stock by age



Source: Centre for London analysis of JLL data 2026

Overcoming planning barriers to HQ development

An occupier relocated from their building to a nearby office in Westminster. The move was due to a desire for a bespoke office that reflects their corporate identity and that contains a space useable by clients and partners.

The relocation was initially delayed by a challenging planning process. The planning application was revised multiple times having not met requirements associated with conservation and heritage buildings. Ultimately the application was rejected as it failed to make a sufficiently strong case.

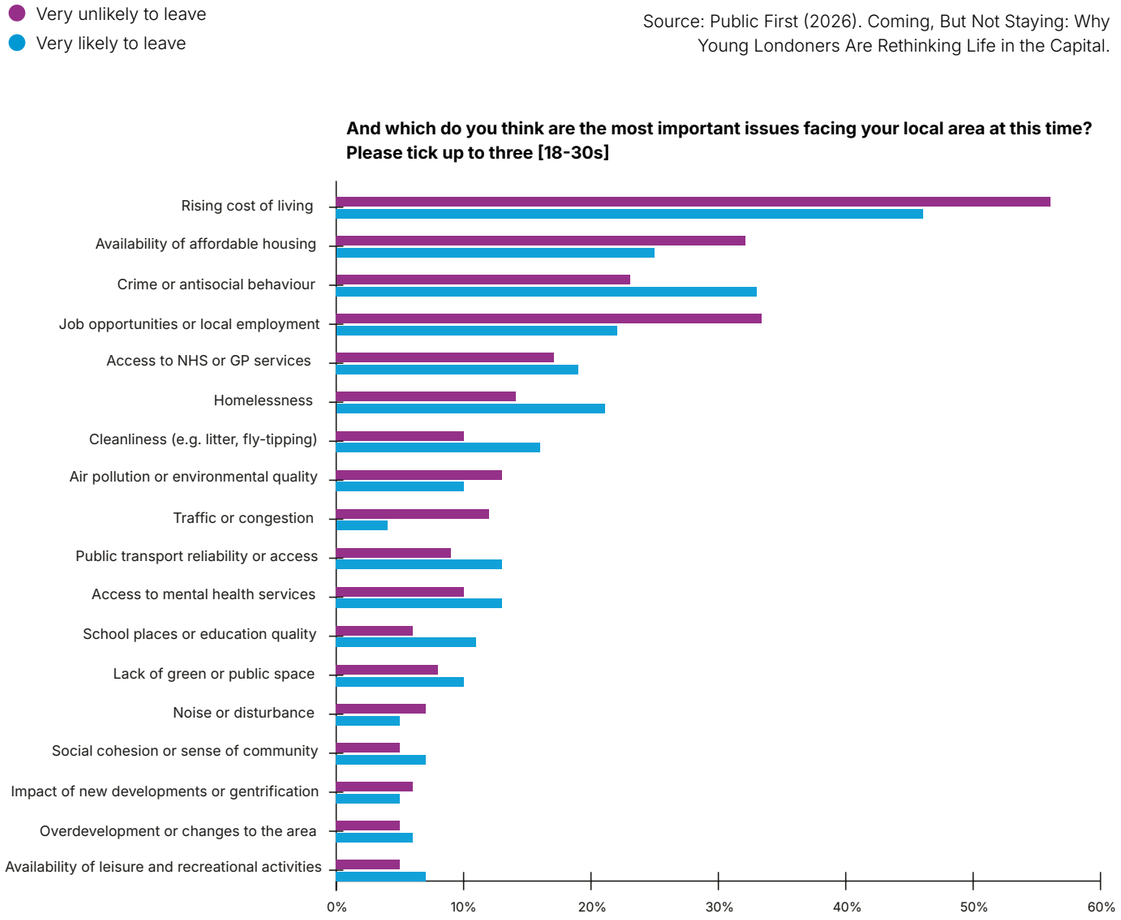
The Department for Business and Trade referred the case to Westminster City Council's Investment Team, which recommended planning consultants with specialist knowledge of Westminster's planning system and heritage requirements. The revised application better addressed local planning considerations and was subsequently approved, enabling the relocation to proceed.

London's reputational challenge with crime and the perception of some sorts of crime

Crime and safety have become increasingly salient concerns in London since 2019. The issue arose in almost every interview and roundtable for this research. While interviewees generally viewed London as a safe global city, many felt that crime, particularly visible offences such as theft and phone snatching, had become a more prominent concern for residents, visitors and businesses.

London experienced a rise in some forms of crime following the pandemic, with theft and mobile phone theft particularly visible in parts of central London.[67] Several interviewees highlighted the impact this can have on how people experience the city, particularly in major commercial districts and transport hubs.

Figure 20: Young Londoners cite rising cost of living and crime or antisocial behaviour as the top issues facing their local area



Source: Public First (2026). Coming, But Not Staying: Why Young Londoners Are Rethinking Life in the Capital.

Alongside crime itself, perceptions of safety have become an increasingly important issue for London's international reputation. Interviewees reported that prospective occupiers, investors and visitors sometimes raise concerns about crime when assessing London as a place to live, work or invest. One interviewee noted that safety concerns had discouraged some international visitors and prospective residents, while another reported staff taking busier and better-lit routes home during winter. Crime and antisocial behaviour also appear to influence whether some young people remain in the capital. One study found that for Londoners aged 18-30 who are very likely to leave, crime and antisocial behaviour was the second most important issue [figure 20] facing their local area.[68]

A rise in theft coincided with growth in online narratives portraying London as unsafe or in decline. Analysis undertaken for the GLA suggests that "London in decline" narratives increased by around 150-200% between March 2024 and March 2026.[69] Interviewees highlighted a substantial increase in social media content portraying London as unsafe or in decline. While some of this commentary reflects genuine concerns, interviewees also suggested that online discussion can amplify individual incidents and at times present a more negative picture of the city than crime statistics alone would suggest.

There are signs that conditions are improving. Recent efforts by the Mayor, the Metropolitan Police, the City of London Police and the Violence Reduction Unit have contributed to a significant fall in crime. In the first nine months of 2025, London recorded its lowest number of homicides since monthly records began, while violent crime leading to injury fell in all 32 boroughs.[70] Additionally, between June 2025 and 2026 phone thefts in the West End halved and neighbourhood crime fell by 14%.[71] Interviewees suggested that these improvements are beginning to influence perceptions, with international investors and occupiers raising crime less frequently than they did a year earlier.

However, perceptions often take longer to shift than underlying conditions. Continued progress in reducing crime, alongside efforts to communicate improvements effectively, will therefore remain important to maintaining London's attractiveness as an HQ location.

Paddington Square is home to FTSE 100 company Kingfisher's UK headquarters and DS Smith's global headquarters, alongside Capital Group's second-largest investment office globally, with direct connections to Paddington station and the Elizabeth line.



Some interviewees raised concerns that London's reputation as a business-friendly city had weakened in recent years.

Political and fiscal instability, lengthy planning processes and high operating costs can all make occupation, investment and long-term decision-making more difficult. London's fragmented investment landscape can also create uncertainty. Competition between different parts of the capital can strengthen their individual offers, but international investors at times struggle to understand how those offers differ and where they are best placed to locate.

It should be noted that other global cities face similar challenges. For example, US cities currently face high political uncertainty and so investors and corporate occupiers consider the trade-offs of different locations. The priority for London is to ensure that its disadvantages improve or remain manageable trade-offs rather than barriers.

> "Is it that the barriers are so high that they're going to stop people ultimately deciding it's London we'll do? No, but we can't sleepwalk into that being the situation in five years' time"

London's growing unaffordability threatens its quality-of-life offer

Housing is central to this with private rents costing 51.7% of average incomes as of 2025 Q4, while an average house sells for 10.6 times average earnings.[72,73] London house prices fell by an average of 2.5% in the year to June 2026.[74] At the same time, private rents continued to rise, increasing by 2.2% in the year to June 2026.[75]

Childcare is also disproportionately expensive in the capital. As of 2025 for part-time childcare costs £210 per week[1] or £84 if eligible for working parent entitlement – 29% higher than national rates.[76]

Consequently, some Londoners are priced out of the city or are enticed by cities where money can stretch further, which, speculatively, has contributed to London's population falling for the first time since 1988, except for during the Covid-19 pandemic.[77,78]

Affordability pressures are also affecting London's cultural, hospitality and night-time economy. Being reliant on in-person business, these industries were hit particularly hard by the pandemic, and recovery has been uneven owing to energy bill and inflation shocks, debt repayments, increased employer National Insurance contributions and weaker midweek and late-night footfall.

As a result, affordability is increasingly becoming a competitiveness issue as well as a social one, affecting London's ability to attract and retain the workforce on which HQs depend.

1 Part-time is defined as 25 hours per week, childcare is defined as nurseries and childminders



London's standing as an HQ city since 2019 has been shaped by a string of trends. How these trends evolve – and how London responds – will shape the capital's future.

The continued expansion of the AI sector could be a major source of growth for a London that has long faced economic stagnation.

AI could increase demand for office space in London by supporting new firms and expanding specialist functions within established businesses. Its longer-term effects are less certain. Automation may reduce employment in some office-based roles, while changing organisational structures could alter the amount and type of workspace that businesses require. The overall long-term effect will depend on whether firm creation and expansion outweigh the displacement of existing activity.

Some have however speculated that we are in an AI bubble.[79] Should the sector collapse, this could damage London's economy and office take-up.

Improved transport connectivity through the Elizabeth line significantly strengthened London's labour pool. While TfL has not secured funding for a similarly large project, the government has confirmed funding for a DLR extension, subject to the approval of a business case.[80] This extension could further unlock jobs notably for HQs around Canary Wharf and East London.

On the contrary for London's talent offer, 2025 saw the population contract for the first time in recent history with affordability pressures a likely contributor.[81] If these pressures persist and London's population continues to decline this could limit London's talent pool.

Globally, the competitive landscape is also changing. Since our 2019 report, the Middle East has overtaken Emerging Europe in its share of investment into London's HQs. This shift has coincided with the region's growing role as a source of global capital, however, the US-Israel-Iran war has since adversely impacted the Middle Eastern economy.[82] It remains uncertain when the conflict will end, but there is speculation that it will leave lasting damage, having exposed the region's underlying economic insecurity.[83]

Finally, the future of London's standing as an HQ city since 2019 will depend on whether it has the office space available to host HQs. The new London Plan is timetabled for adoption in 2028, and the draft version currently published is more pro-growth and pro-densification – a shift that could prove positive in unlocking more office space.

Broadgate is home to a growing cluster of headquarters, including A&O Shearman's London HQ, JLL's UK flagship office and Citadel's forthcoming European HQ, all benefiting from connections at Liverpool Street and the Elizabeth line.



Recommendations

A path to re-energise London's corporate headquarter leadership

London is facing risks to its supply of high-quality office space, access to talent, cultural vibrancy and international reputation. Protecting against these challenges by achieving the following six goals will therefore be instrumental in sustaining and enhancing the capital's appeal as a globally competitive HQ location.

Goal 1
Unlock HQ-quality workspace

Recognise major office developments as critical economic infrastructure in planning policy.

The government should build on the stronger support for economic growth and modern business premises set out in the 2026 National Planning Policy Framework by recognising strategically significant office developments as critical economic infrastructure.

The final London Plan and borough local plans should identify where this designation applies, including developments that would accommodate or retain major HQs, support strategically important economic clusters, or respond to evidenced demand for high-quality workspace.

Planning authorities should give greater weight to the wider economic benefits of qualifying schemes when balancing these against heritage, design, environmental and community considerations. This would provide greater certainty to investors and corporate occupiers, reduce unnecessary delays and help deliver the workspace London needs to remain globally competitive.

Support the viable delivery of strategically important office development.

London's shortage of HQ-quality workspace is being exacerbated by rising construction, labour and financing costs, planning uncertainty, and the cumulative costs associated with delivering major commercial schemes. These factors increase development risk, weaken investor confidence and can prevent otherwise viable projects from coming forward.

National government, the GLA and boroughs should work with industry to identify and address barriers that unnecessarily delay delivery, increase development risk or undermine the viability of strategically important office schemes. This should include improving planning certainty, increasing planning capacity and assessing whether existing policy and regulatory requirements are being applied in ways that support the timely delivery of the high-quality workspace London needs.

Make it easier and more cost-effective to retrofit London's existing, underused office space.

While new development is paramount to provide the high-specification offices and large floor plates that HQs need, retrofit could help to ease supply pressures but currently faces significant cost and delivery barriers.

Retrofit and upgrades should therefore be made easier and more cost-effective through measures including London planning authorities streamlining planning processes and guidance for retrofit; national government, in partnership with the GLA and boroughs, creating faster approval routes for repeatable, low-impact retrofit and office improvements; and the Treasury zero-rating VAT on commercial retrofit projects to reduce the cost disparity between retrofitting offices and converting them to hotels.

This should be coupled with a retrofit first but not retrofit only approach with whole life carbon considered alongside the social, economic and environmental benefits of new development. This would help to unlock the prime office space that HQs need.

Goal 2
Build the skills to deliver it

National government should devolve the administration of the Apprenticeship Levy to London, so that the GLA, in partnership with boroughs, can improve coordination between the training young people get and the jobs local employers need.

The Apprenticeship Levy should be fully devolved to London and other Mayoral Combined Authorities and Combined Authorities. London government should then increase its flexibility, with longer time limits on spending. This would better match jobs to training, including closing the gap between the growing demand and slowing supply of construction workers and retrofit specialists.

Building on initiatives such as Skills for a Sustainable Skyline Taskforce, London and national government, construction employers, and industry bodies should coordinate to promote construction careers to young people.

Early engagement is needed to raise interest and awareness of construction careers to students ahead of GCSE and post-16 choices. This should include talks in schools, site visits, work experience programmes, and clearer information on training and career pathways.



Goal 3
Keep London open to talent

The Government should enable the expansion of London's transport system to unlock housing and employment growth and also ensure sufficient resources are available to maintain and renew existing networks.

A housing-orientated expanded transport system would make residential developments more viable thereby alleviating supply and affordability constraints while also improving job access for residents, and talent access for HQs.

For example, the Bakerloo line extension to Hayes could directly unlock more than 20,000 homes and help over 30,000 further homes forecast along the extension corridor to come forward sooner.[84] The proposed DLR extension to Beckton Riverside and Thamesmead could support up to 25,000 new homes, provide improved connections to central London via the Jubilee and Elizabeth lines, and shorten journeys to destinations including Stratford and the Isle of Dogs.[85] Crossrail 2 could unlock around 200,000 additional homes across London and the wider South East by 2060, although this estimate depends on supportive changes to planning policy.[86]

Connectivity and the talent access it enables are key considerations in global occupier location decisions making transport expansion important in driving London's global competitiveness.

National government should move to a predictable review cycle for work visa routes.

Immigration policy should remain responsive to major events that rapidly change migration flows – for instance geopolitical shocks or global pandemics – but frequent changes to skilled worker, graduate and student routes create uncertainty for employers, universities and internationally mobile talent.

National government should review the cost of applying for a Skilled Worker Visa and reduce charges for applying for indefinite leave to remain.

The cost of applying for a visa in the UK is one of the most expensive of any immigration system in the world and total upfront immigration costs, depending on visa type, have accelerated by up to 128% since 2019.[87] Adjusting the cost would boost London's competitiveness by improving its attractiveness to international talent and the ease with which HQs and other employers can hire the best global talent.

The Graduate Visa should be retained and extended to five years, if restrictions on post-graduation work to ensure high-skill migration are put into place.

Extending the visa period would help London to attract and retain high-skilled international graduates who can otherwise be discouraged from staying in the capital as they are not given sufficient time to settle into and grow within the labour market. This would strengthen London's competitiveness by expanding the talent pool available to HQs and other employers.

To ensure the scheme is only used for graduate jobs, restrictions on course and post-graduate employment choices should be implemented.

Goal 4
Strengthen London's quality of life offer

Support the delivery of more high-quality rental homes to improve affordability and support London's workforce.

London's ability to attract and retain workers depends on its supply of affordable housing. Government should support the delivery of more high-quality, professionally managed rental homes by creating the conditions needed for long-term investment in build-to-rent. This would help increase the supply of homes available to London's workforce, provide greater security for renters, and reduce pressure on affordability in the capital's housing market.

Supporting a stronger supply of rental housing would also help ensure that workers and those starting their careers can continue to build their lives in London, while enabling businesses to access the talent they need to grow.

TfL should expand late-night transport provision to support London's hospitality, cultural and experience economy.

TfL should expand or adjust night bus and tube provision in where there is unmet demand between clusters of hospitality, cultural and experience venues, and residential areas.

This would support London's hospitality and cultural sectors by making it easier for workers and visitors to travel home safely and affordably after evening events. In doing so it could also help venues to attract more mid-week footfall and extend the time people spend at venues, providing additional income that supports these businesses to keep open against rising cost pressures. It would also help secure London's global competitiveness by supporting the experience economy that underpins the capital's appeal.

GB Rail in partnership with TfL should invest in increasing the capacity, frequency, and reliability of services connecting residential areas in outer London and the wider South East with London's core employment hubs.

Investment should focus on the most congested routes, and frequency should reflect patterns of demand. This would improve the quality of the commuting experience and better connect workers to high-wage jobs such as those in HQs.

Implement the Nightlife Taskforce recommendations where they reduce licensing inconsistencies and cost pressures on hospitality, cultural and night-time economy venues.

Reducing these pressures would safeguard the future of these businesses and protect London's cultural offer that underpins its attractiveness as an HQ city.

Goal 5
Give London the tools to invest in growth

Give London the fiscal tools to compete for HQs by granting London government retention of 100% of locally generated business rates growth, giving them the power and incentive to invest in what matters locally.

Local authorities are often best placed to support growth because they understand their local economies, community priorities, development sites and infrastructure constraints. However, the current business rates system does not give them a strong enough incentive to promote long-term development as any growth is equalised away after reset periods. Boroughs bear many of the short-term costs of such developments including planning capacity and construction disruption but only retain a portion of the fiscal benefit due to all their growth being redistributed at the end of a reset period.

A reformed system should allow London local authorities and the GLA to retain 100% of locally generated business rates growth allowing them to finance infrastructure investment through borrowing against this additional income. Equalisation should be done in a way that ensures growth is not effectively temporary. This would promote the attraction of HQs which generate large amounts of business rates.

Local authorities should allocate a portion of retained business rates growth to place-making around major transport hubs, helping to unlock underused office space and support local economic growth.

Areas around stations such as Victoria and Waterloo contain office space that is underused partly because the surrounding public realm and amenities are under-invested and therefore less attractive than other parts of the city. At the same time, local authorities often lack the resources or capacity to take on the initial risk needed to improve these areas.

Greater retention of business rates growth would enable councils to invest in such public spaces by reducing the reliance on ringfenced Treasury grants. They could do this in partnership with Business Improvement Districts, which can play an important role in delivering place-making, public realm improvements and business support in key commercial centres. This could create a self-sustaining growth cycle by attracting HQs and high-wage employment, supporting local shops and services, and generating additional business rates revenue that can be reinvested.

Devolve a share of income tax revenue to London government to promote local growth

It should be done in a way that provides local government with an additional direct financial incentive (apart from business rate growth retention) to support high-wage employment growth, including attracting and retaining HQs which support highly paid jobs. Local authorities would consequently have greater reason to invest in the transport infrastructure, skills and office space needed to support business growth, while benefiting from the additional tax revenues generated.

Goal 6
Strengthen London's global pitch

Building on the work of London & Partners and Opportunity London, London's external partners should coordinate more closely to lead a sustained international campaign promoting London's strengths.

London's external partners already conduct extensive activities to promote London on the global stage and our research found that this has been particularly impactful in the case of safety perceptions and attracting investment. These activities could be further enhanced by increased coordination between partners including the Mayor of London, Opportunity London, City of London Corporation, Business Improvement Districts and the London Property Alliance.

Such coordination could include consolidating and sharing feedback from their respective stakeholders. This would create a common evidence base on how London is perceived, the concerns being raised and the messages that resonate most strongly, allowing partners to respond collectively.

This would help London achieve even greater "cut-through" with investors and prospective large corporate occupiers making HQ decisions.

FTSE 100 biopharmaceutical company GSK moved its global headquarters to The Earnshaw in 2024, bringing around 3,000 employees into central London and closer to the Knowledge Quarter.



Conclusion

London and the UK economy are under strain. Growth has been sluggish since the financial crisis, while unemployment is stubbornly high. Despite this, London remains one of the world's leading HQ locations, owing to its deep talent pool, sectoral clusters, and quality-of-life offer.

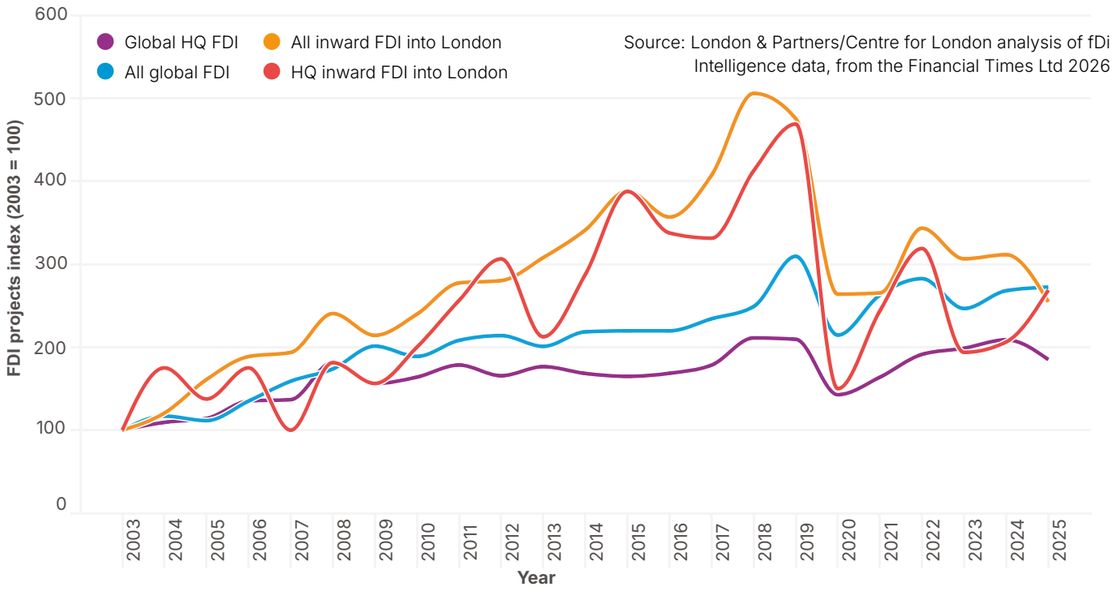
HQs can play an important role in addressing these economic challenges. They create high-value employment, attract investment, support local supply chains, generate tax revenue and create demand across the hospitality sector.

However, the ability of HQs to realise these benefits is increasingly strained by the growing shortage of high-quality office space, a challenge which is already narrowing occupier choice and limiting some firms' ability to expand.

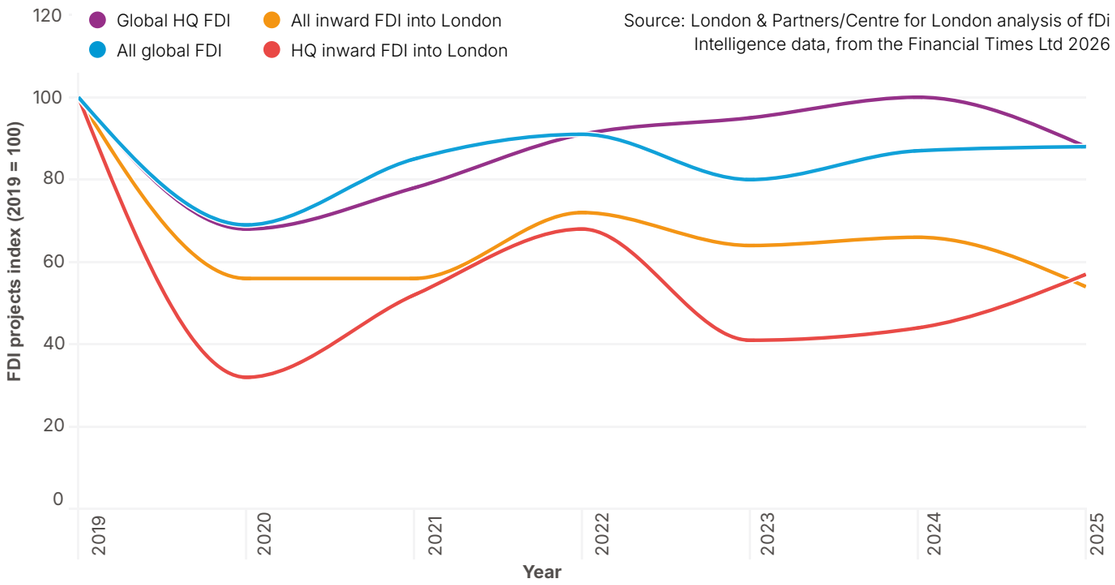
As fiscal devolution becomes central to the Government's agenda, now is an opportune time to act. Greater fiscal powers would give London government a stronger stake in the proceeds of local growth providing both the incentive and capacity to invest in the infrastructure, skills, and office supply that HQs need. Seizing this opportunity is crucial to ensure the capital remains a place where HQs can and want to be, and where London and the wider UK can share in the benefits.

Appendix

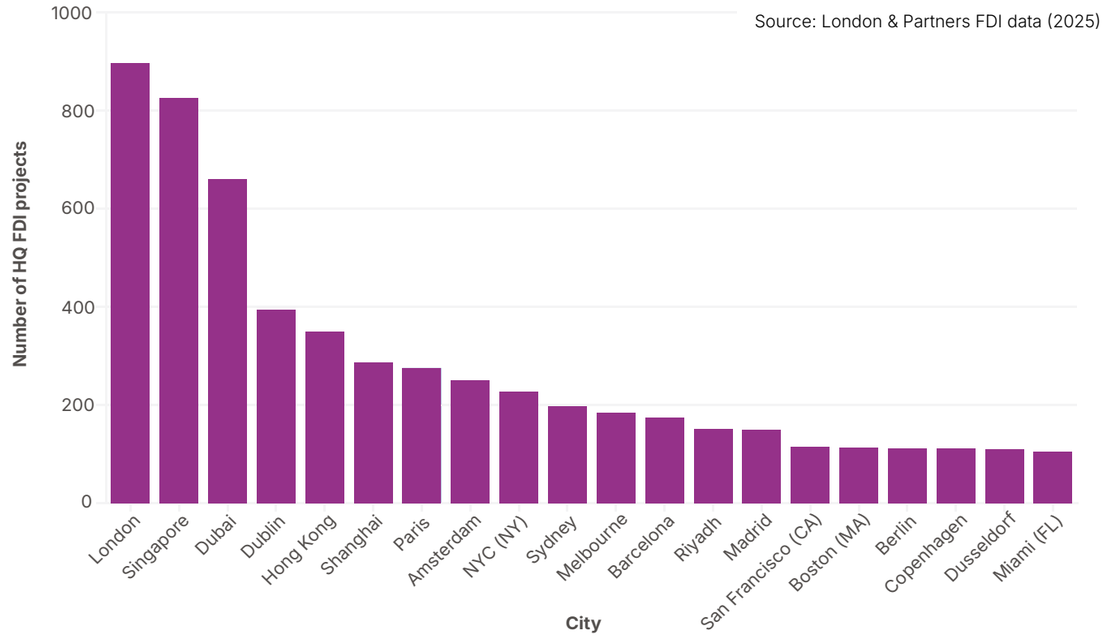
Appendix figure 1: London's FDI growth has outpaced the global total over the long term
Number of FDI projects, London and the world (rebased, 2003=100)



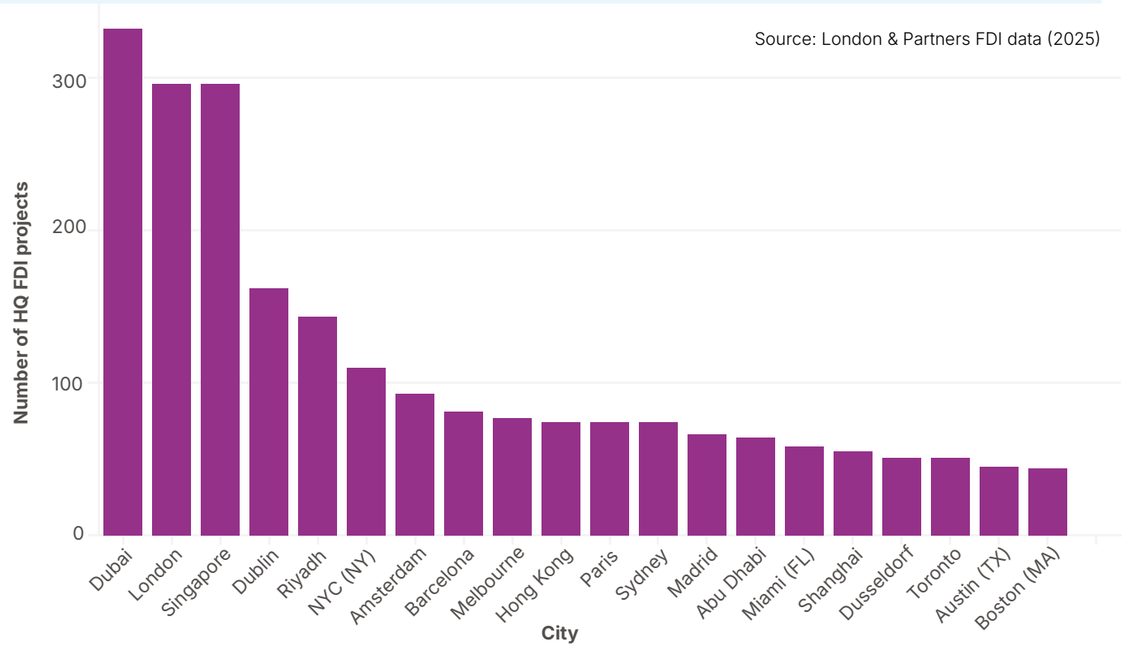
Appendix figure 2: London's post-pandemic FDI recovery has been slower than the global average
Number of FDI projects, London and the world (rebased, 2019=100)



Appendix figure 3:
London has attracted more HQ FDI projects than any other global city over the long term
Top 20 Global Cities for HQ Foreign Direct Investment by Number of Projects, 2003–2025



Appendix figure 4: Since 2019, London has slipped to second among global cities for HQ FDI projects
Top 20 Global Cities for HQ Foreign Direct Investment by Number of Projects, 2019–2025



Timber Square: rethinking corporate identity

There is an evolving desire among occupiers for spaces that represent corporate sustainability values and that meet modern workplace needs. Beyond speaking to occupiers, this desire is evident in the credentials that new developments prioritise. Timber Square which spans the heritage Print Building and the newly designed Ink Building illustrates this focus.

The new development is in Bankside, Southwark, and prioritises a range of sustainability credentials including reusing 85% of the building's structure, planting a wild-life friendly roof, and having a fully electric system powered by solar panels. It also has features aimed at meeting modern occupier preferences including terraces, an on-site café and flexible floor plates.

These credentials have enticed BP to lease 54% of the space for its new global HQ with time to tell which companies will take up the remainder of the space.

Regent's Place: the role of flexible, scalable workspace in retaining and growing London's AI companies

AI is a fast-growing sector with equally fast-growing companies – and their office space requirements can reflect this. Early-stage firms typically need fitted-out space they can occupy immediately having neither the time nor resource to customise an office. In contrast, more established firms typically require larger, customisable floorplates. Given the pace of scaling, the ability to grow in place is also crucial, meaning access to a range of floor plates and fit-out levels within one cluster is key, allowing them to expand without losing the agglomerative benefits of their existing site of incurring lengthy relocation costs.

"It's not a great place to do business if you're growing and waiting six to nine months to fit out a space"

The demand for such space is reflected in what developers are now offering including at Regent's Place. Regent's Place is a cluster of offices, labs, retail and public spaces located at the intersection of the Knowledge Quarter, Camden and Fitzrovia and it has recently secured a number of AI and robotics firms including Synthesia, Anthropic and Humanoid.

The development's offer spans both ends of this demand spectrum from fully managed, fitted-out offices aimed at firms in early or fast-growth stages, and larger, customisable space suited to headquarters functions for more established occupiers.

The concentration of AI and technology businesses within the development also creates agglomeration benefits, giving firms access to talent, partners and the wider innovation ecosystem of the Knowledge Quarter.

The Earnshaw: attracting global occupiers with HQ-quality space

The flight to quality among major occupiers is increasing demand for sustainable, high-quality and well-connected headquarters space. The Earnshaw, completed by RLAM in 2023 near Tottenham Court Road, demonstrates how redevelopment can respond to these requirements.

Replacing an outdated 85,000 sq ft building, the scheme provides 155,000 sq ft of Grade A space. GSK pre-let the development during construction for its new global headquarters, with amenities including wellness facilities and a rooftop kitchen garden.

The scheme demonstrates the continuing importance of high-quality, well-connected office space in attracting major global occupiers to London, while also delivering wider social value, including 18 affordable homes.

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