



CoStar Data Show Sharp London Office Yield Compression in 2025

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LONDON--(BUSINESS WIRE)--Feb. 26, 2026-- Rising investor demand drove London office yields to their lowest level since 2023, according to data from [CoStar](#), a global leading provider of online real estate marketplaces, information and analytics in the property markets.

This press release features multimedia. View the full release here: <https://www.businesswire.com/news/home/20260226000995/en/>



Based on a three-period trailing average, the transaction-based office yield in London decreased by 130 basis points last year, settling at 5.9% at the end of the fourth quarter of 2025.

London offices saw the greatest yield compression in 2025

The average regional yield increased by 70 basis points to 10.5%, marking its highest level since 2013. This widened the yield spread between London and the regions to 460 basis points, the widest in 12 years.

Industrial yields rose to an eight-year high of 7.1%, up 60 basis points since the end of 2024, pushing them to more than 100 basis points above London office yields. Boosted by the online shopping trend, average retail and industrial yields have reached parity for the first time since 2018.

"London's increasing popularity with investors chimes with data showing a strong rebound in its occupier market," said Mark Stansfield, senior director of market analytics at CoStar Europe. "The capital was the primary driver of the rebound in national office net absorption in the second half of 2025 and led the way throughout the year."

"A gap has also opened up between office yields in central London and the central business districts of the 'Big Six' regional cities: Birmingham, Bristol, Edinburgh, Glasgow, Leeds and Manchester," said Stansfield. "Average yields across the two segments stand at 5.4% and 9%, respectively, with the 360-basis-point spread one of the widest on record."

The full analysis can be found [here](#).

For more information about the company and its products and services, please visit www.costargroup.com.

About CoStar Group

CoStar Group (NASDAQ: CSGP) is a global leader in commercial real estate information, analytics, online marketplaces, and 3D digital twin technology. Founded in 1986, CoStar Group is dedicated to digitizing the world's real estate, empowering all people to discover properties, insights, and connections that improve their businesses and lives.

CoStar Group's major brands include CoStar, a leading global provider of commercial real estate data, analytics, and news; LoopNet, the most trafficked commercial real estate marketplace; Apartments.com, the leading platform for apartment rentals; Homes.com, the fastest-growing residential real estate marketplace; and Domain, one of Australia's leading property marketplaces. CoStar Group's industry-leading brands also include Matterport, a leading spatial data company whose platform turns buildings into data to make every space more valuable and accessible; STR, a global leader in hospitality data and benchmarking; Ten-X, an online platform for commercial real estate auctions and negotiated bids; and OnTheMarket, a leading residential property portal in the United Kingdom.

CoStar Group's websites attracted over 139 million average monthly unique visitors in the fourth quarter of 2025, serving clients around the world. Headquartered in Arlington, Virginia, CoStar Group is committed to transforming the real estate industry through innovative technology and comprehensive market intelligence. From time to time, we plan to utilize our corporate website as a channel of distribution for material company information. For more information, visit CoStarGroup.com.

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