CoStar Data Shows London Dominates UK Office Development as Regional Pipeline Hits 20-Year Low

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LONDON--(BUSINESS WIRE)--Jul. 31, 2026-- Office construction in UK regions has fallen to its lowest level in at least 20 years, 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/20260731928780/en/

UK office construction starts have fallen to a record low

Preliminary data for Q2 2026 shows annual office construction starts fell below 5 million square feet for the first time since at least 2010, far below the 16 million square feet recorded in 2019, when conditions were more supportive.

“The fall in construction starts was sharp across the UK regions, at almost 59% below the 10-year average, while London was 57% below average,” said Patrick Scanlon, senior director of market analytics at CoStar Europe. “Rising rents for the best London spaces have strengthened the case for speculative office development, especially in central areas with strong amenity and connectivity.”

Despite fewer starts, total UK office space under construction rose in Q2 2026, supported by low completion levels in the first half of the year.

“Construction levels are expected to resume their downward trend at a faster pace in the second half,” said Scanlon. “Nearly one-third of space under construction is due to complete by year-end, likely far exceeding new starts over the same period.”

The gap between London and the UK regions in total construction volumes is widening. In 2021, London accounted for around half of all space under construction; by mid-2026, that had risen to almost three-quarters, one of the highest ratios on record. Regional construction has fallen below 6 million square feet, equal to 0.5% of total office stock, compared with 3.7% in London.

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 118 million average monthly unique visitors in the second quarter of 2026, 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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