REAL ESTATE INSIGHT

SPRING 2026

Shaping a world-class West End

HEART OF LONDON BUSINESS ALLIANCE

CONTENTS

INTRODUCTION & CONTEXT

This report delivers quarterly West End real estate and economic insights for the West End, for our Heart of London Business Alliance (HOLBA) members, partners and prospective occupiers.

This quarterly report cuts through the noise to provide a clear, evidence-led view of the Heart of London (HOL) area, one of London's most dynamic commercial and cultural districts, with influence that extends far beyond the local market.

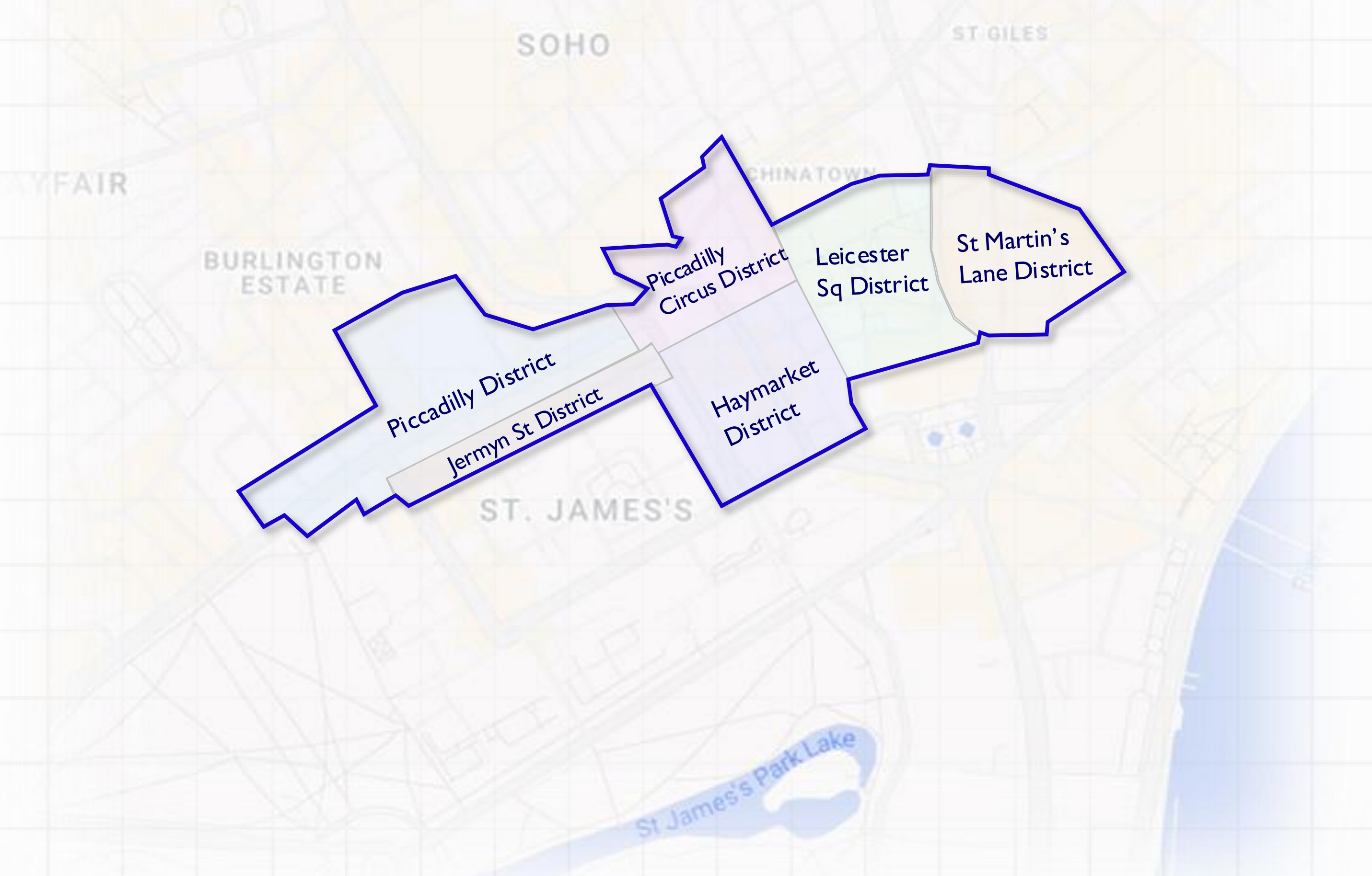
It brings together the key signals shaping the area, including:

- economic context and its impact on central London
- occupier trends across office, retail, leisure and hotel markets
- major developments and emerging opportunities
- performance indicators, including footfall and spend, highlighting ongoing demand

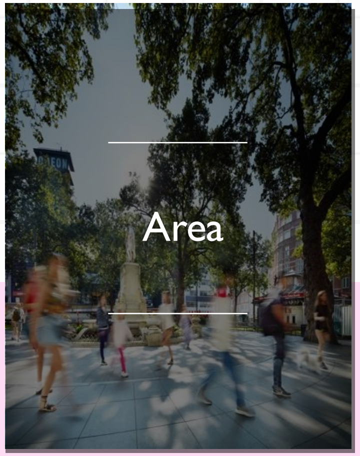
Taken together, these insights point to a market with strong fundamentals, continued momentum and clear long-term confidence, supporting decision-making for investors, agents and occupiers alike.

This edition includes economic analysis for the 2026 spring period and reports on the performance of the HOL area real estate between January to March 2026.

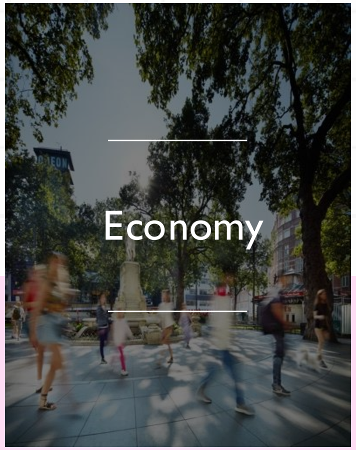
HOL Area & Districts



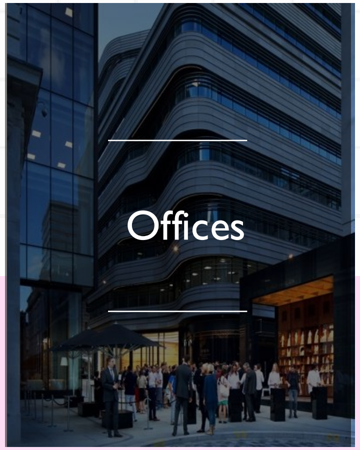
REPORT SUMMARY



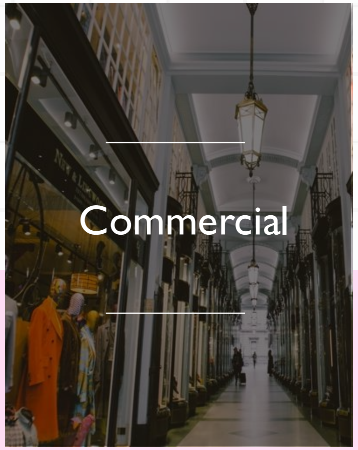
Footfall remained resilient, rising 1% YoY, with dwell time up by 47 minutes, indicating stronger engagement. However, spend fell by 6%, reflecting more cautious consumer behaviour. International visitors account for 9% of footfall, signalling continued tourism recovery with room for further growth.



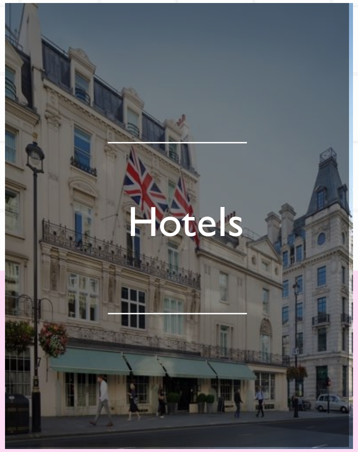
The first part of this financial year brings increased pressure on businesses and consumers, driven by geopolitical instability and inflationary supply shocks. While the HOL area recorded positive GVA growth in Q1 2026, momentum is slowing in service sectors. Rising energy and food costs continue to weigh on retail, F&B and entertainment, with consumer confidence remaining low.



Office demand remains strong, with vacancy at a four-year low across London and further tightening in the HOL area amid limited Grade A supply. New 2026 completions, particularly in Haymarket, are being absorbed, driving prime rents higher as competition intensifies.



Demand grew for commercial space QoQ, driven by F&B, Leisure and Fashion, alongside growing interest from international entrants, while limited stock is beginning to place upward pressure on rents.



HOL hotels outperformed wider London in Q4, with higher occupancy (+2.9%) and ADR (+16%). Occupancy remained solid at 76%, supported by strong demand. However, late-2025 supply additions drove YoY declines in ADR and RevPAR, with Q4 reflecting a period of absorption and continued rate competition.

Notes: ADR – Average daily rate, RevPAR – Revenue per available room

THE UK ECONOMY TODAY FACES NEW CHALLENGES

Economic Update by Walter Boettcher (Chief Economist at Colliers)

HOL AREA PERFORMANCE - STABILITY IS NOT A BAD OUTCOME

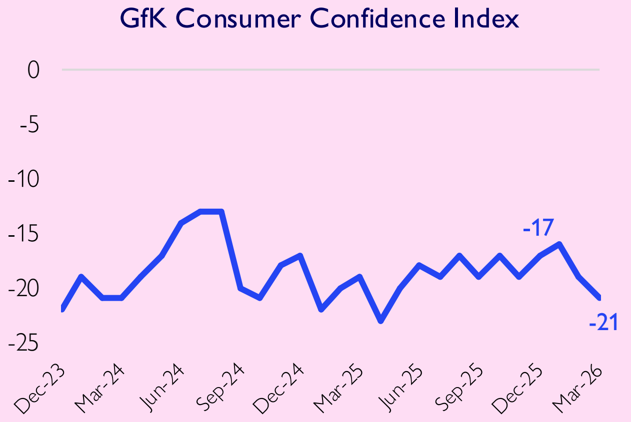
Businesses in the HOL area continue to navigate higher costs and softer consumer demand, but the local economy is holding its ground. Overall GVA (Gross Value Added, which measures total economic activity) grew slightly by 0.35% QoQ reaching £14.6 million. When focused on direct business activity within the HOL area, output stayed flat at £6.2 billion (small growth of less than 0.1% QoQ). Different parts of the economy are moving at different speeds. Office-based businesses saw a slight increase (+0.3%), whilst the retail sector experienced a minor drop (-0.2%). Based on the same metrics, Core West End saw a similar dip (-0.3%).

NEW ECONOMIC HURDLE – STICKY INFLATION JUST GOT STICKIER

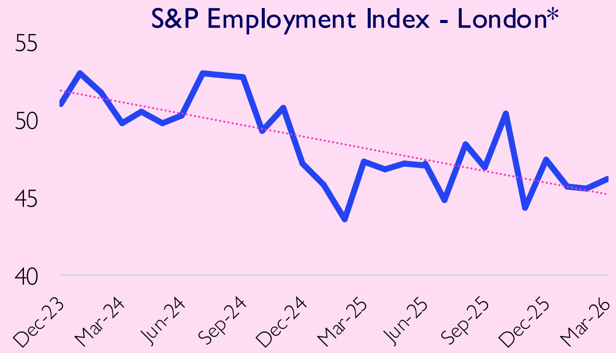
Businesses are already carrying a heavy load with high taxes, rising business rates and strict regulations. New global events are creating new hurdles. Instability in the Middle East has driven up the price of raw materials, including energy, food and metals. Because of this, experts expect inflation to spike again later this year, potentially reaching 5.0%. With prices rising, Bank of England is unlikely to lower interest rates, however financial experts doubt we will see rate increases due to worries about job market and broader economy. GDP has been revised down by half since the beginning of the year and rests at 0.6%. As it costs the government more to borrow money, there is a strong chance we will see taxes increased or expanded this Autumn to cover the bill.

CONSUMER DEMAND – SIGNS OF STRESS STILL EVIDENT

High interest rates and rising costs are forcing shoppers to be more cautious which is reflected in GfK consumer confidence index which fell from -17 to -21 between January and March. General economic sentiment took a larger hit, plummeting -29 to -43. As a result, consumers are spending less and saving more – on average households have continued to put away 10% of their take home pay. Overall, UK retail sales (excl. petrol) rose 1.4% in January-March, thanks to strong January sales.



GfK Consumer Confidence (March 2026)



*Seasonally adjusted
S&P Global UK Regional PMI (March 2026)

ALL EYES ARE ON INTEREST RATES

Economic Projections by Walter Boettcher (Chief Economist at Colliers)

2026 Forecasts

End-2026 Forecast	Consensus Mean	Oxford Economics	Capital Economics	HSBC	BARCAP
Bank Rate	**3.75%***	3.75%	3.75%	3.75%	3.75%
GDP	**0.6%**	0.6%	0.7%	0.8%	0.7%
CPI	**3.6%**	4.5%	3.3%	2.7%	3.2%

2027 Forecasts

End-2027 Forecast	Consensus Mean	Oxford Economics	Capital Economics	HSBC	BARCAP
Bank Rate	**3.25%***	3.50%	3.00%	3.75%	3.75%
GDP	**1.1%**	0.8%	1.0%	1.2%	1.2%
CPI	**2.2%**	1.9%	3.0%	2.6%	2.1%

Notes

- *Consensus Median – Measures the mid-point of forecast submitted between 1st – 9th April. Median eliminates forecast outliers.
- GDP -- Gross Domestic Product – Measures national production indicating economic performance and overall prosperity.
- CPI -- Consumer price index – Measures UK inflation based on a stable basket of 725 goods and services purchased by households.
- Oxford Economics – Private economic forecasting/advisory business used by UK commercial property industry. Figures from 27th April 2026.
- Capital Economics – a private economic forecasting/advisory business known for its expertise on interest rates. Figures from 27th April 2026.
- HSBC -- Hongkong and Shanghai Banking Corporation with views tailored for international businesses and investors.
- BARCAP -- Barclays Capital known for global investment banking..

WHY?

Interest rates	Impact of high rates
Commercial debt	Operational capital for businesses is expensive discouraging investment in facilities, stock, expansion and new employees.
Household debt	New mortgages and consumer debt becomes increasingly expensive and slows discretionary spending on professional services, high streets and leisure venues.
Government fiscal policy	High government borrowing costs erode fiscal headroom leading to another expansion of the tax base or cutbacks in services in Autumn Budget 2026.
UK real estate investment	Investment in standing assets, development and asset management becomes dormant as debt becomes non-accretive for real estate investment.

Source: HMT Consensus Forecasts 1st – 9th April 2026 (*New), Capital Economics (27th April), Oxford Economics (27th April)

RISING ENERGY COSTS AND POLICY UNCERTAINTY

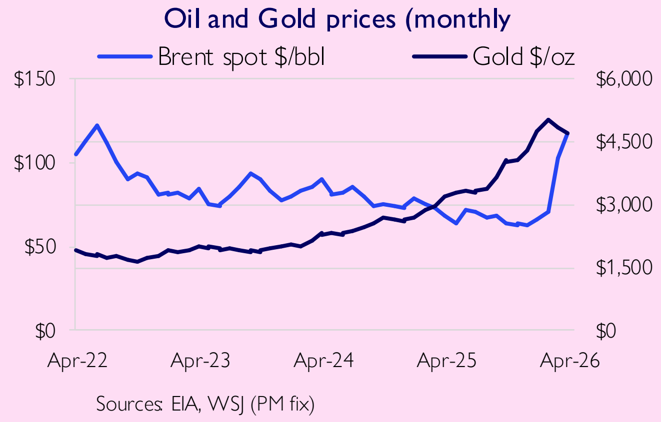
Economic Update by Walter Boettcher (Chief Economist at Colliers)

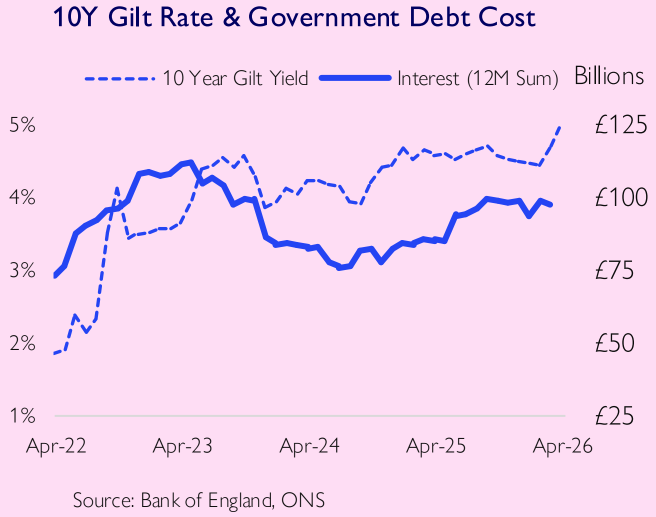
ENERGY PRICES – A NEW THREAT TO RECOVERY?

When May's Consumer Price Inflation (CPI) figures were released in mid-May they did not meet the % target forecasters predicted at the start of 2026. Although still moderate after the initial shock at 2.8%, CPI inflation will rise as fuel costs continue to impact. Producer price inflation data for May shows that wholesale prices for electricity producers and gas distributors jumped by 12.6% and 18.3, respectively. This is driven by soaring natural gas and oil prices since the Middle East conflict began. These escalating costs will eventually and inevitably hit local businesses as expenses get passed down the chain. The full impact on HOL area businesses could take 6-12 months due to long-term energy contracts filtering the impact. Potential re-opening of Middle East supply chains is good news, but the global supply chain disruptions already in the system mean that local businesses should prepare for the potential of further waves of price shocks.

UK REGULATORY STABILITY?

The local election results in May have done little to reassure businesses and households about future government tax and spending plans. Political uncertainty is made worse by fears that interest rates will remain higher for longer. Specifically, the rate at which the government borrows money (10-year gilt yield) has climbed dramatically – driven by perceived risks of political uncertainty and economic fallout from Middle East conflict. This financial strain raises major concerns that the trend of the last 2 years of significant tax increases will be dragged into a third year, as the government's financial wiggle room (fiscal headroom) shrinks over the course of 2026 while it struggles to balance its books.





Note: Gilt rates are the yields (interest rates of return) on UK government bonds. Reflect the cost at which UK government can borrow money.

NEW BUSINESS RATES ISSUED IN APRIL 2026

Rating update by Aurora Denyer (Ratings Associate Director at Colliers)

STRUCTURAL MIS-ALIGNMENT

Rateable values have shown persistently strong growth relative to rents over successive valuation cycles, largely because historic assessment captured peak pre-pandemic trading densities, and applied aggressive location weightings across prime West End. Since Covid however rental tone has softened reflecting changed patterns of demand and higher operating costs. Rateable values have yet to adjust proportionally leaving businesses exposed to a tax burden that reflects yesterday's conditions rather than today's financial reality.

IMPACT VARIES BY SECTOR

Most exposed: Within the hospitality & leisure sector, casual dining, pubs, bars and late-night venues are most at risk from higher business rates. Many leisure operators benefited from reduced Covid-era valuations but are now seeing rateable values return to, and in many cases exceed 2017 levels. Combined with the loss of 40% relief this places significant pressure on occupiers.

Most resilient: QSR (Quick service restaurants), coffee operators and experiential leisure concepts appear more resilient, supported by higher trading densities and shorter, more flexible lease structures.

LONDON HAS SEEN BIGGEST OVERALL INCREASE

The biggest overall increase in rateable values has been in London at 22.3% vs. national picture of 10% (England and Wales). In key Central London markets, whilst values have generally increased the general theme is one of inconsistency with big changes in certain markets – particularly Mayfair, Kensington and Fitzrovia where bills look to increase by 33%, 29% and 24% respectively. Elsewhere increases are more modest with 15 London boroughs showing rate rises of less than 10%.

BUSINESS RATES NOW CENTRAL TO LEASING STRATEGY

Business rates have moved to the forefront of leasing considerations, and now a primary factor influencing occupational decision making. With key valuation evidence for the 2026 list having been drawn from 2024, rental tone achieved during this period within the HOL area will be critical. Where evidence supports softer rents across Retail, Hospitality and Leisure this will be instrumental in driving reductions in rateable values across the area. Finally, occupiers and landlords must plan carefully around future letting activity, particularly in early 2027. Although the next rating list will commence in April 2029, its valuation date will be 1 April 2027, making this a pivotal point to consider when agreeing rents and structuring leases.

GOVERNMENT HAVE BANNED UPWARD ONLY RENT REVIEWS

Leasing update by Callum Jeffries (Retail Lease Advisory Director at Colliers)

WHAT IS HAPPENING?

The English Devolution and Community Empowerment Act has now received Royal Assent.

From commencement, upwards-only rent reviews are prohibited in most new business leases in England & Wales.

The ban applies to rent review mechanisms linked to:

- Inflation (RPI / CPI / CPIH)
- Open market rent
- Tenant turnover, where these would operate on an upwards-only basis

Not affected:

- Existing leases (no retrospective impact)
- Pre-determined stepped rent increases

The legislation closes potential loopholes (e.g. landlord-only review triggers and minimum collars).

WHY WAS IT INTRODUCED?

Government rationale: upwards-only reviews can reduce affordability and force shop closures.

Aimed largely at retailers, though lease flexibility has already increased significantly post-Covid.

Political momentum influenced by Ireland's 2010 ban on upwards-only reviews.

Timing is unexpected:

- Not referenced in the recent Law Commission review
- Comes after, rather than during, Covid-era intervention

Raises questions given continued pressure on occupiers from business rates, tax-free shopping reversal and NI increases.

WHAT HAPPENS NEXT?

Following Royal Assent, with legislation expected to come into effect in 2027, market behaviour is expected to adapt rather than change fundamentally, with risk increasingly managed through lease structure rather than traditional rent review mechanics.

Likely trends include greater use of index-linked reviews (without collars), stepped rents, shorter or "outside the Act" leases, and selected application of turnover-linked arrangements.

The impact will be highly asset and location specific with effects likely to be more pronounced in prime, long-lease assets, where valuation implications could lead to a two-tier investment market.

In the near-term attention is focused on:

- Deals in legals – there is a window for agreed terms with upwards-only elements to complete as drafted
- Upcoming lease expiries – opportunities for early renewals and re-gears where these would be mutually beneficial
- Alternative lease structures – continued evolution of review mechanisms and "outside the Act" leases, particularly in prime markets

01 SUMMARY

02 ECONOMIC INSIGHTS

03 OFFICES

04 COMMERCIAL

05 HOTELS

06 PLANNING

07 PERFORMANCE

OFFICE VACANCY AT 4 YEAR LOW

Reporting period January – March 2026

Take up

Space QoQ
+0%

Q4 25 take-up reached 46,686 sq ft, Flat QoQ

75%

75% of Grade A take up was pre-let

Grade A
89%

89% of take-up in Q4 2025 was Grade A

90% of Q4 2025 take-up was banking and financial services

Vacancy

Grade A
0.7%

Grade A vacancy is at 0.7% with New Grade A at zero

All Grade
3.7%

All Grade vacancy is 3.7%, up 70 basis points QoQ

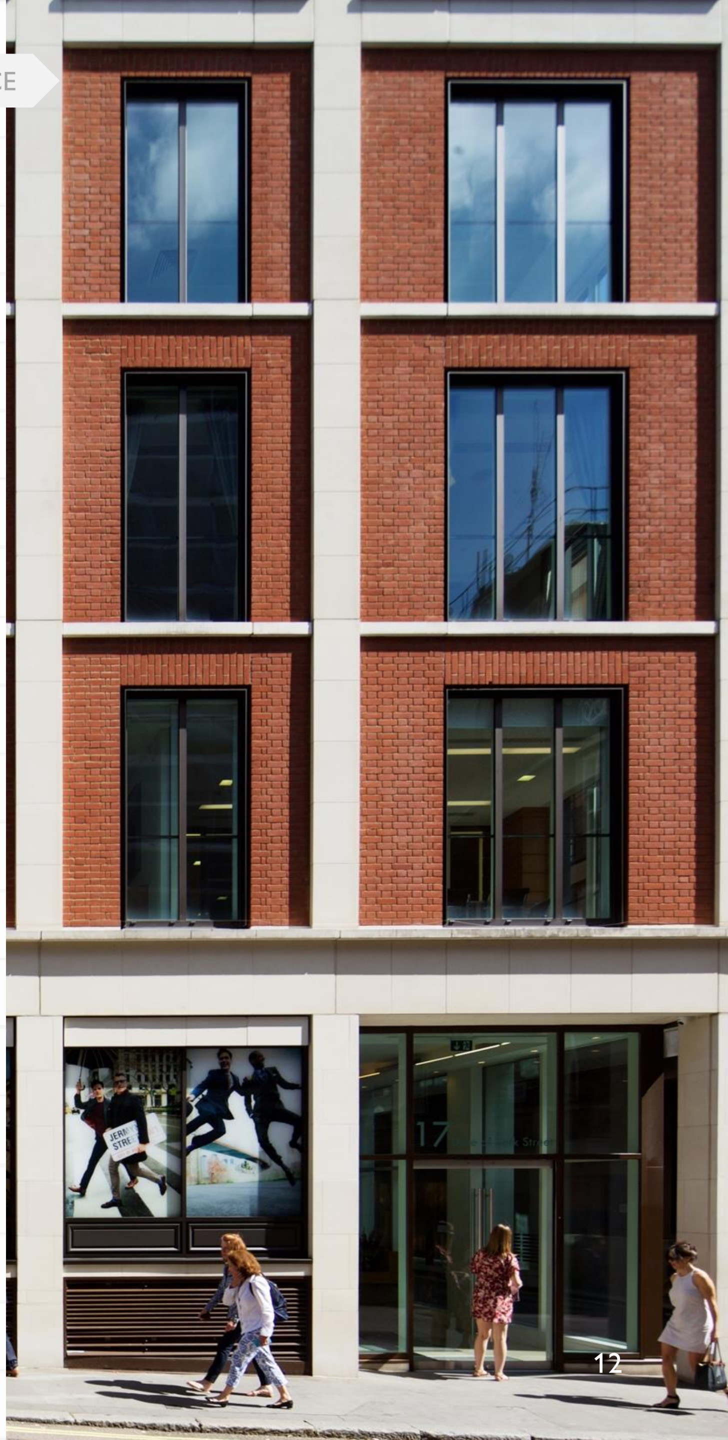
Rents & Construction

4.6%

Prime rents saw growth of 4.6% in 2025

366,000 sq ft is under construction but 39% is pre-let

Source: Colliers, Co-Star
Note: Q3 2025 (Oct-Dec), Q4 2025 (Jan-Mar)



LONDON OFFICE SUPPLY TIGHTENS

Q3 2025
3.98M
SQ FT

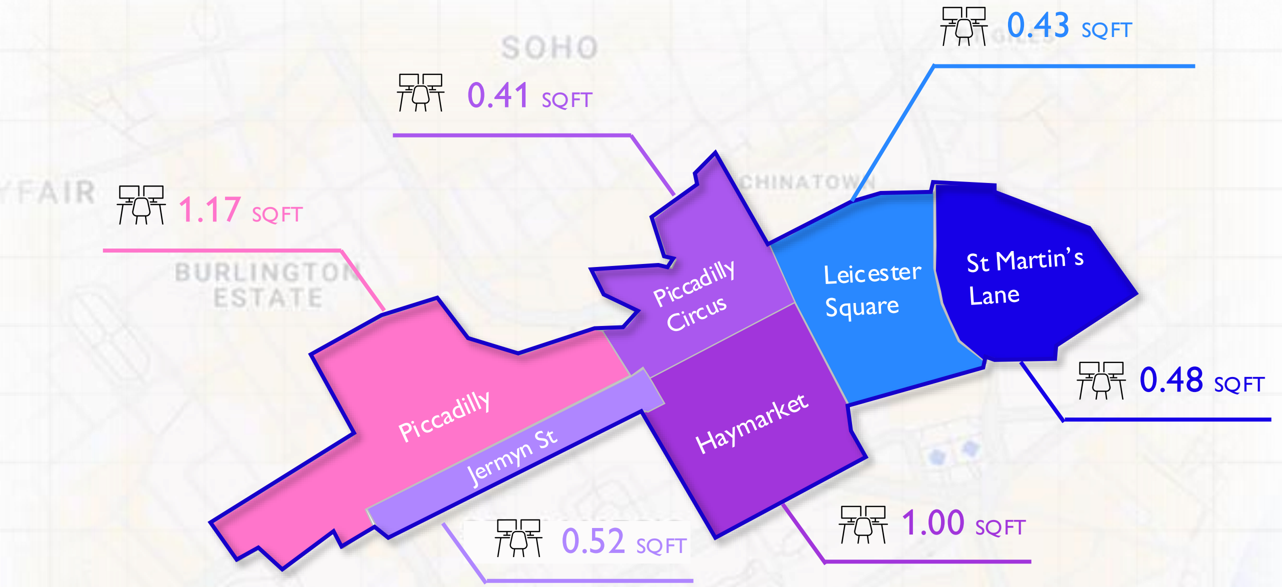
Q4 2025
4.00M
SQ FT

Total office floorspace for the HOL area

Absorption of space continues across the wider London market. Despite below-average take-up and above-average pre-letting activity, the availability of built space fell by 4% in Q4 2025. The HOL area will see a much-needed injection of new stock in 2026 with a total of 366,000 square foot currently under construction or refurbishment.

- Total Grade A stock will more than double across the HOL area once the eight new schemes under construction or refurbishment complete during 2026.
- Haymarket is set to see 178,000 square foot of new space delivered in 2026 across five schemes. This equates to an upgrading of over 13% of total office stock within the submarket.
- Built Grade A space within the HOL area, at 1.26 million square foot , accounts for 32% of total area inventory. This will rise by 2% once the new space completes.
- Absorption of pipeline space is accelerating. Close to 40% of pipeline space has now secured tenants. The latest letting was at the Pegasus scheme on Sackville Street, where Sona Asset Management signed for 31,500 square foot on 1st -3rd floors.

Total Built Office Stock – Sq Ft



Note: Q3 2025 (Oct-Dec), Q4 2025 (Jan-Mar)

Source: Colliers, Co-Star

OFFICE VACANCY AT 4 YR LOW

Q3 2025 **4.4%**

Q4 2025 **3.7%**

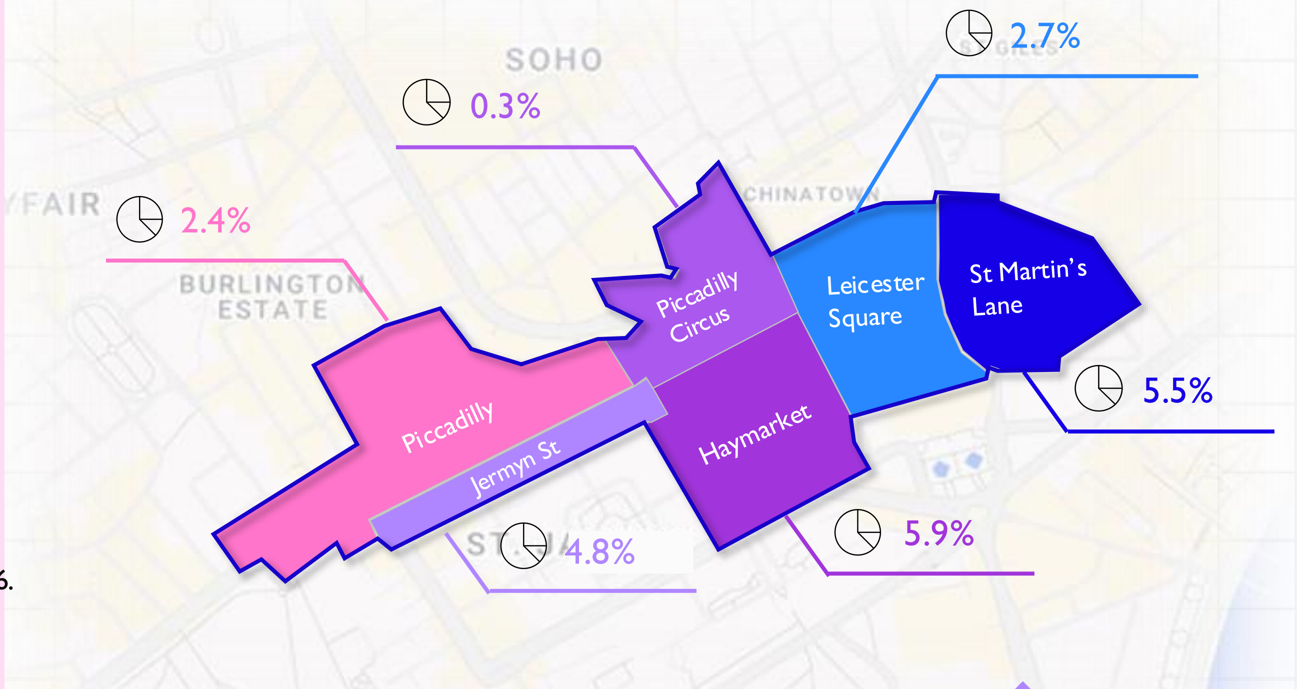
Vacancy rate
for the HOL area

All Grade vacancy across London remained at a four-year low in Q4 2025, falling to 8.5%. The majority of West End submarkets are now showing vacancy below the London average.

The HOL area tends to show greater volatility given the smaller inventories in each submarket. Haymarket rose to 5.9%, with the likelihood of additional uplift, pending delivery of new developments.

- Total vacancy decreased across the HOL area falling from 4.4% to 3.7% in Q4 2025.
- As mentioned on the previous page, the HOL area remains devoid of built new Grade A space, although pipeline deliveries in the remainder of 2026 will correct this imbalance.
- All Grade A vacancy stands at 0.7% which is down from 1.0% in Q3 2025. Short term upward movement is likely due to the level of new completions due in 2026.
- HOL area availability continues to be dominated by second-hand and un-refurbished accommodation with over 80% of marketed space falling into that category.
- Just five marketed units have BREEAM ratings which range from Very Good to Excellent. Occupier appetite for quality space is demonstrated by the fact that 79% of units leased in the past 12 months have been Grade A rated.

All Grade Vacancy Rate

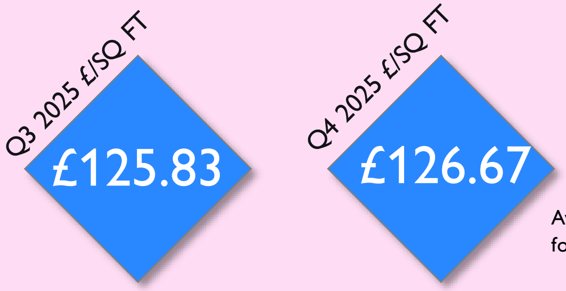


7.6% Core West End Benchmark

Note: Q3 2025 (Oct-Dec), Q4 2025 (Jan-Mar)

Source: Colliers, Co-Star

PRIME RENT GROWING



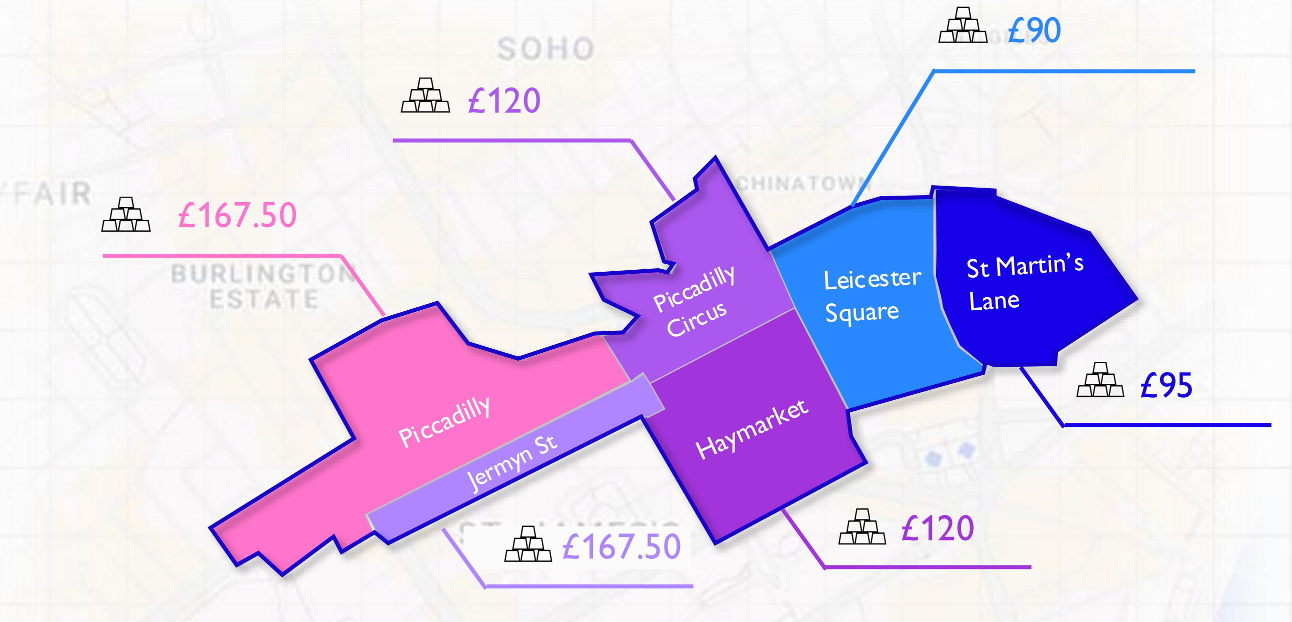
Average £ / Sq Ft
for the HOL area

The average prime rent in London stands at £96.73 per square foot and has grown by 5.0% over the past 12 months. Premium floors continue to see top rents increase in the face of competition for space.

The HOL area has seen similar levels of uplift for best-in-class product.

- Piccadilly Circus/Jermyn Street are matching the West End prime rent for 10,000 square feet units on mid-level floors without terraces.
- £167.50 per square foot is a new record rent for the location.
- The letting to Sona Asset Management at Aviva's Pegasus scheme, achieved a top rent of £200 per square foot.
- Top rents are set to see additional increases throughout 2026. The key new scheme for the HOL area is Crown Estate's 80 Haymarket. Quoting rent form 5th floor up are £170 psf with the top floor believed to be priced at £270 per square foot.

Prime Office Rent £ per square foot per annum

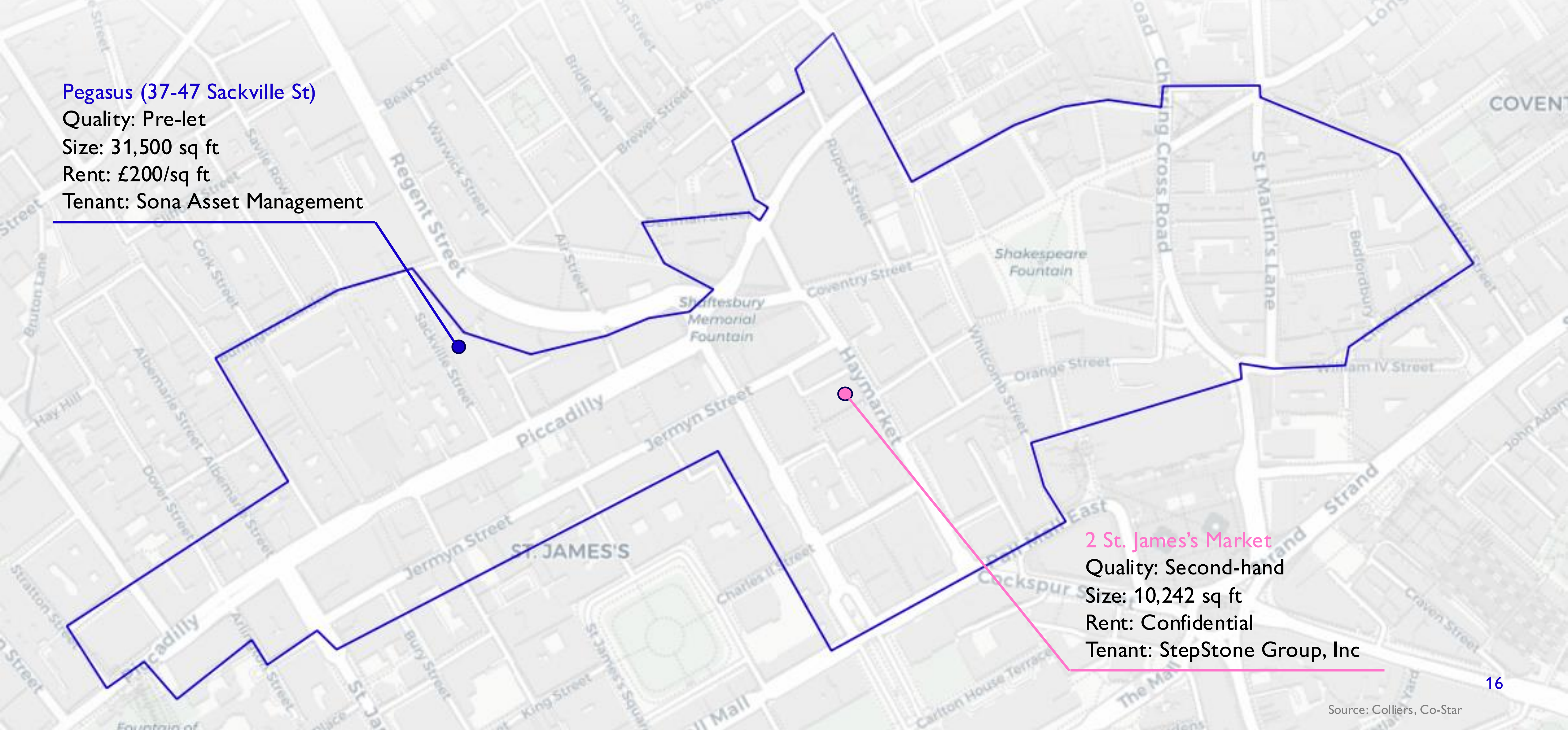


£167.50 West End Benchmark

Note: Q3 2025 (Oct-Dec), Q4 2025 (Jan-Mar)

Source: Colliers, Co-Star

Q4 2025/26 KEY DEALS



Pegasus (37-47 Sackville St)
Quality: Pre-let
Size: 31,500 sq ft
Rent: £200/sq ft
Tenant: Sona Asset Management

2 St. James's Market
Quality: Second-hand
Size: 10,242 sq ft
Rent: Confidential
Tenant: StepStone Group, Inc

Source: Colliers, Co-Star

STRONG DEMAND FOR COMMERCIAL SPACE

Reporting period January – March 2026

The Q4 2025-26 commercial market analysis summarises key trends shaping London's retail market – highlighting sustained demand, shifting occupier activity, and constrained prime supply

- Demand for London retail space remained strong in Q4 2025 (Jan-Mar), with the Colliers Demand Tracker recording a 25.5% uplift in tracked requirements compared with Q1 2025.
- Growth continues to be driven by F&B, Leisure, and Fashion & Accessories, with all categories up year on year. F&B in particular saw a notable increase, rising 29% versus last year.
- Demand from new international entrants also strengthened, up 13.7% on Q1 2025, with concepts originating from 13 different countries. US brands continue to lead international activity, alongside a marked increase in entrants from Denmark and South Korea.
- While a few widely reported administrations have created pockets of opportunity across London, availability on prime streets remains constrained, resulting in competitive conditions against a backdrop of rising demand.

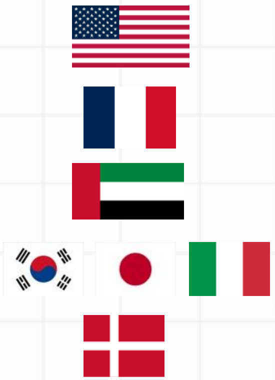
Requirements by Category – Central London (Q4 YoY):

F&B +29%

Leisure Activities +1.4%

Fashion +50%

Requirements by Country – Central London (Q4 Jan – Mar)



USA - 18

France - 12

UAE - 8

South Korea / Japan / Italy - 7

Denmark - 5

Source: Colliers

DEMAND DRIVING RENT GROWTH

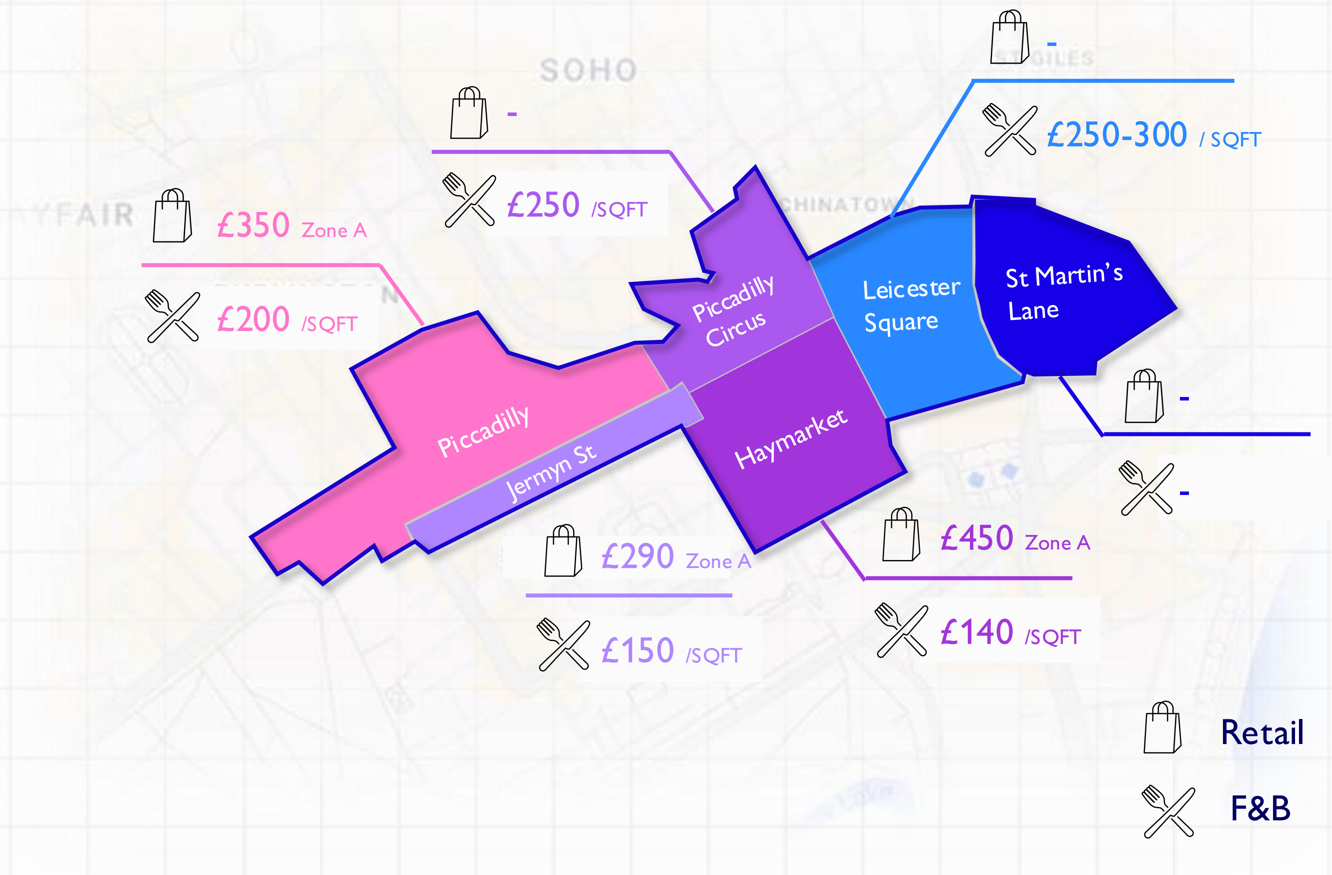
While rents have remained broadly stable QoQ, a combination of limited stock across the West End and sustained demand is driving incremental rental growth.

N.B. Zoned Rent = A method that values a shop by splitting it into depth-based zones and converting the whole unit into a comparable Zone A (most valuable front section of a store) rate.

Weighted Rent = A blended rent that applies different weightings to each area of a unit (e.g., ground floor, basement) based on functional trading value.

Flat Rent = A simple average rent per square foot applied uniformly across the entire unit with no zoning or weighting.

Prime Commercial Rent



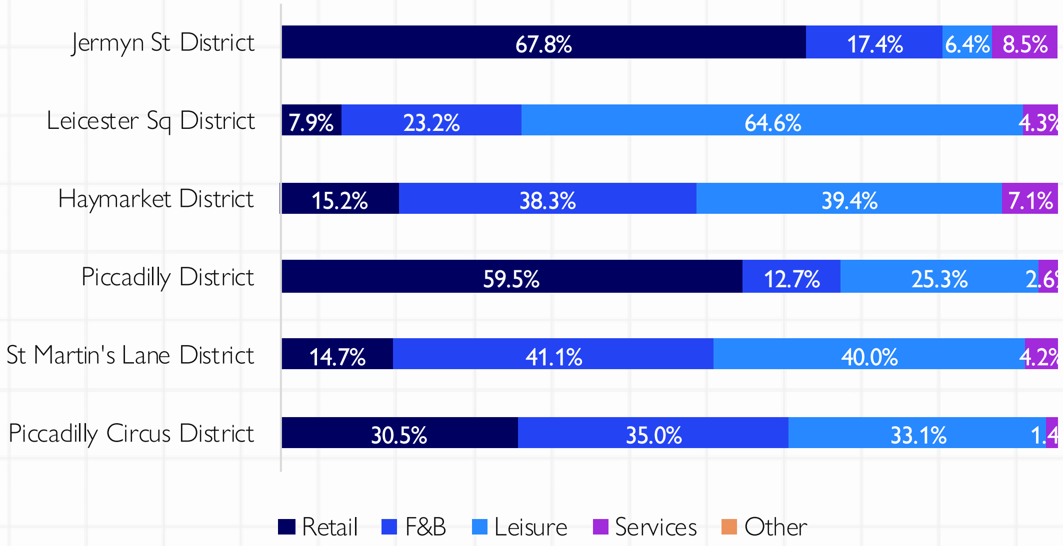
Source: Colliers

LEISURE REMAINS THE MOST DOMINANT CATEGORY IN HOL AREA, ACCOUNTING FOR 36% OF COMMERCIAL FLOORSPACE

Occupied space mix | HOL Area

- Retail 34%
- F&B 26%
- Leisure 36%
- Services 4%
- Other 0%

Occupied space mix | HOL Districts



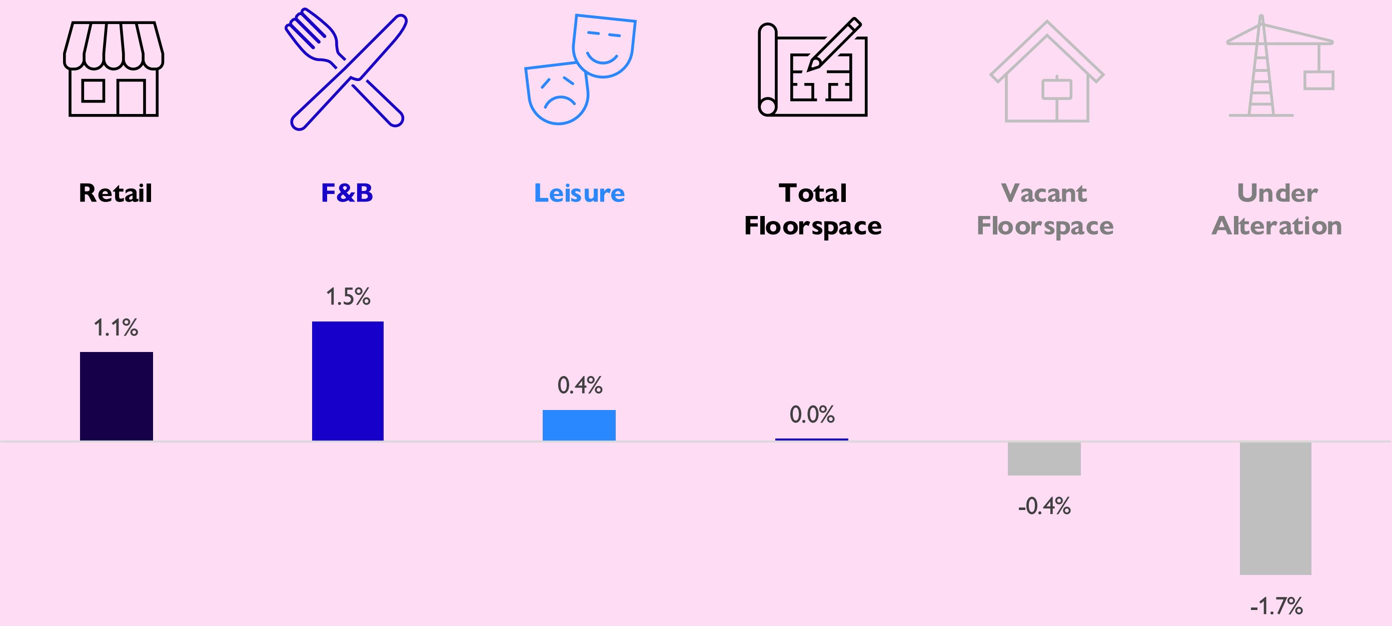
Leisure remains the dominant use across the HOL area (unchanged from last quarter), accounting for slightly over one third of total floorspace. Distribution is uneven by district, with a particularly strong presence in Leicester Square (64.6% of total offer), reflecting its established entertainment and cultural role, versus a minimal leisure presence in Jermyn Street (6.4%).

Similarly, Retail and F&B also vary significantly by district, with Retail most dominant in Jermyn Street District, whilst F&B accounts for the highest percentage of space mix in St Martin's Lane District

Source: Colliers

MARGINAL INCREASES SEEN IN F&B, RETAIL AND LEISURE FLOORSPACE QUARTER-ON-QUARTER

Quarter-on-quarter change | HOL Area



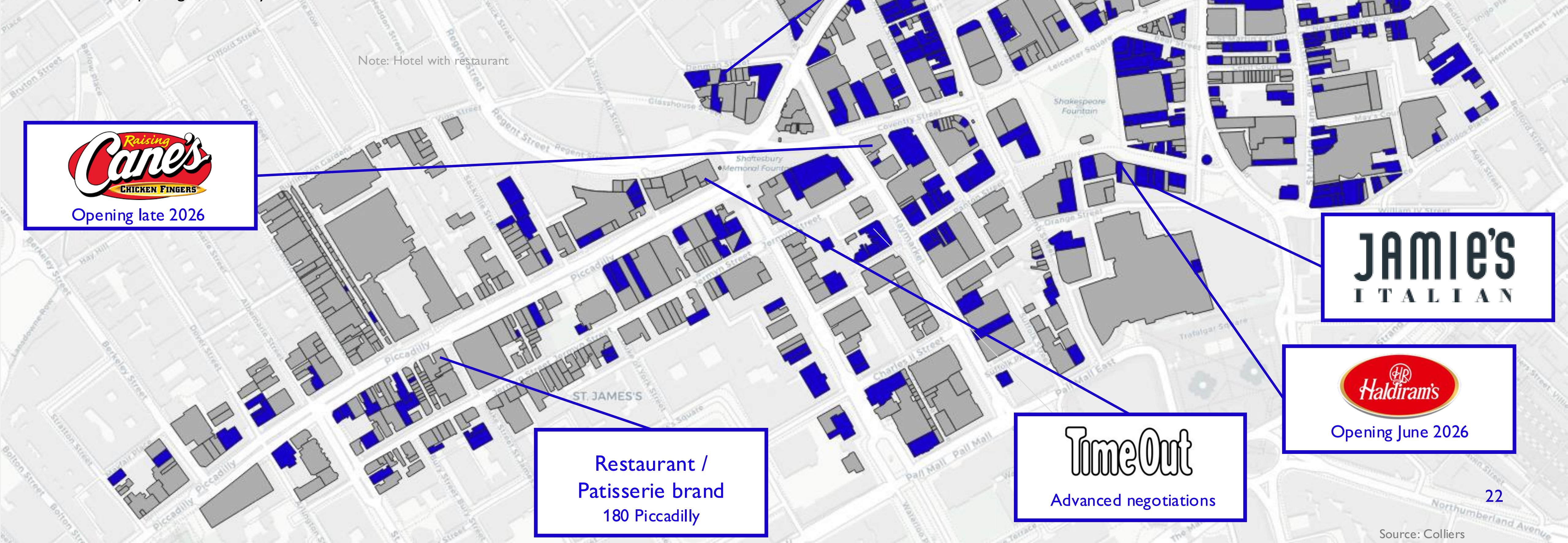
- Most significant QoQ change in floorspace was seen in F&B, largely due to the significant openings of Flat Iron on Denman Street (Piccadilly Circus District) and the return of Jamie's Italian on Irving Street (Leicester Square District), contributing to a +1.5% increase in F&B floorspace. These openings significantly strengthen each district's F&B proposition and help build further confidence in the wider area
- Conversely, the largest decrease in floorspace was seen in the under-alteration category, down -1.7%. This is largely due to significant decreases in work going on in Leicester Square District and Jermyn Street District, with previously under alteration floorspace now occupied (e.g. Jamie's Italian, R.M. Williams).
- N.B. 'leisure' category incorporates the likes of cinemas, museums, casinos, theatres, gyms and hotels etc

Source: Colliers

SIGNIFICANT BOOST TO F&B OFFER WITH LATEST OPENINGS & PLANNED OPENINGS

Opening of Flat Iron on Denman Street provides a significant boost to the F&B offer in Piccadilly Circus District, with Jamie's Italian also bolstering the proposition in Leicester Square District.

Raising Cane's and Haldiram's have both confirmed their UK debuts with restaurants opening later this year

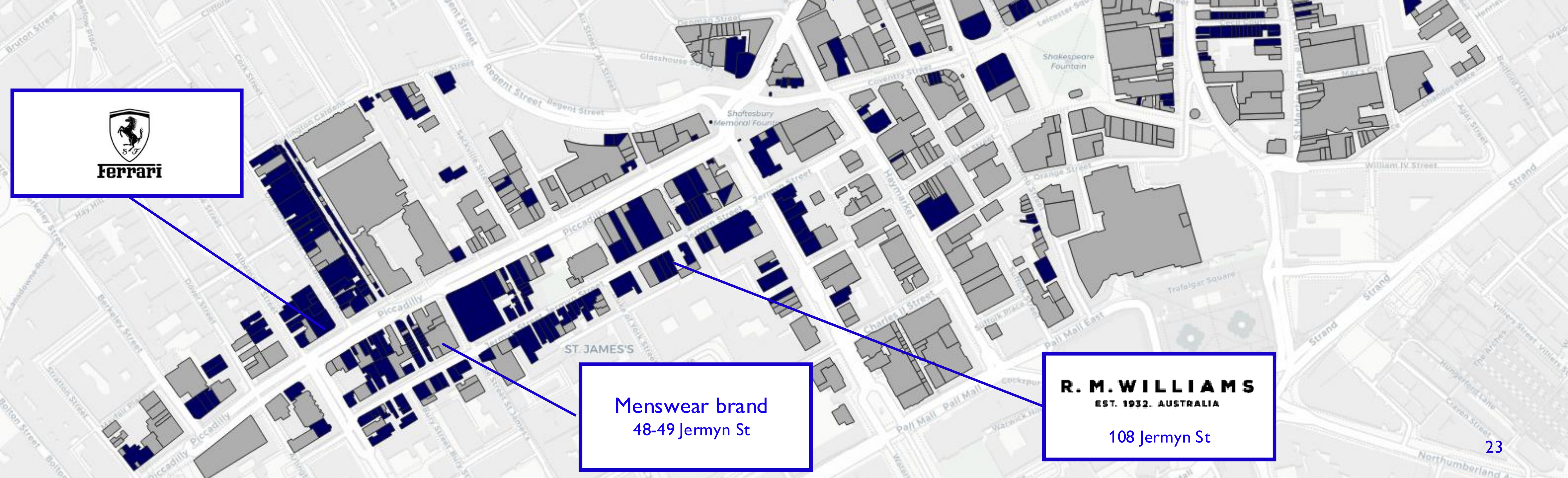


Source: Colliers

RETAIL ALSO SEEING CONTINUED DEMAND FROM FLAGSHIP OPERATORS

Recent activity highlights continued demand from flagship retail and international operators, with Q1 2026 delivering a number of notable flagship and first UK openings across the HOL area.

The recent opening of R. M. Williams as well as the upcoming opening of an undisclosed menswear brand provide significant boosts to the retail offer of Jermyn St, whilst Piccadilly District's offer has evolved with the opening of the Ferrari clothing store on the junction of Old Bond St and Piccadilly.



Source: Colliers

HOL AREA HOTELS OUTPERFORMED LONDON MARKET IN Q4 2025-26

Reporting period January – March 2026

Occupancy
76.4%
↓ QoQ

ADR
£172.19
↓ QoQ

RevPAR
£131.58
↓ QoQ

The Q4 2025-26 hotel market analysis for the HOL area evaluates performance across key indicators including occupancy, ADR, RevPAR, and development activity.

- Comparative to the overall London hotel market, hotels in the HOL area outperformed in terms of occupancy by 2.9 basis points and ADR by 16%, according to CoStar Q4 2025-26 data. This relative performance was both volume and price-led, highlighting the pricing premium hotels in the HOL area are able to command compared to the wider London market.
- Despite HOL hotel performance metrics outpacing the overall London market on certain indicators in Q4 2025-26, YoY RevPAR performance tells a more nuanced story. The wider London hotel market recorded a RevPAR decline of -1% between Q4 2025-26 and the same period the prior year, compared to a -22% decline recorded by HOL hotels over the same period. This divergence reflects the rate competition in the HOL area, illustrating the continued impact of the late-2025 supply additions on HOL trading performance.

Source: Co-Star

	Q4 2025-26	vs. Q4 2024-25	vs. Core West End Hotel Market
Open & Trading Hotels	27		
Number of Rooms (March 2026)	4,945	+44% (3,437)	21,280
Occupancy	76.4%	-0.5% (77.1%)	+9.0% (70.1%)
Average Daily Rate (ADR)	£172.19	-21% (£217.20)	-34% (£260.57)
Revenue Per Available Room (RevPAR)	£131.58	-21% (£167.51)	-28% (£182.56)

- The YoY increase in hotel rooms reflects the phased opening of the MOXY Piccadilly Circus (adding 40 rooms) and a 12-room expansion at Sofitel London St James.
- Occupancy declined slightly by 0.5 percentage points YoY. However, real demand rose significantly by 42%, with supply growth outpacing demand and limiting occupancy gains. Despite this, occupancy remained strong at 76.4%, underlining the resilience of the HOL area hotel market during a typically softer trading period.
- ADR decreased by 21% YoY, driven by competitive pressures following the late-2025 supply increase. Pricing strategies focused on sustaining occupancy and capturing demand, particularly in the economy and midscale segment, constraining ADR recovery. As a result, RevPAR also declined by 21%, reaching £131.58.
- January saw the weakest ADR performance, with rates down 18% compared to the same month last year.
- HOL area hotels outperformed the core West End in occupancy during Q4, achieving 76.4% versus 70.1%. This was supported by 42% YoY demand growth in the HOL area, compared to 8% across the wider West End.
- The market continues to skew towards value, with 56.2% of rooms in the economy to upper-midscale segments. ADR remains 28% below the wider West End average, reflecting a less luxury-led mix and ongoing competitive pricing.

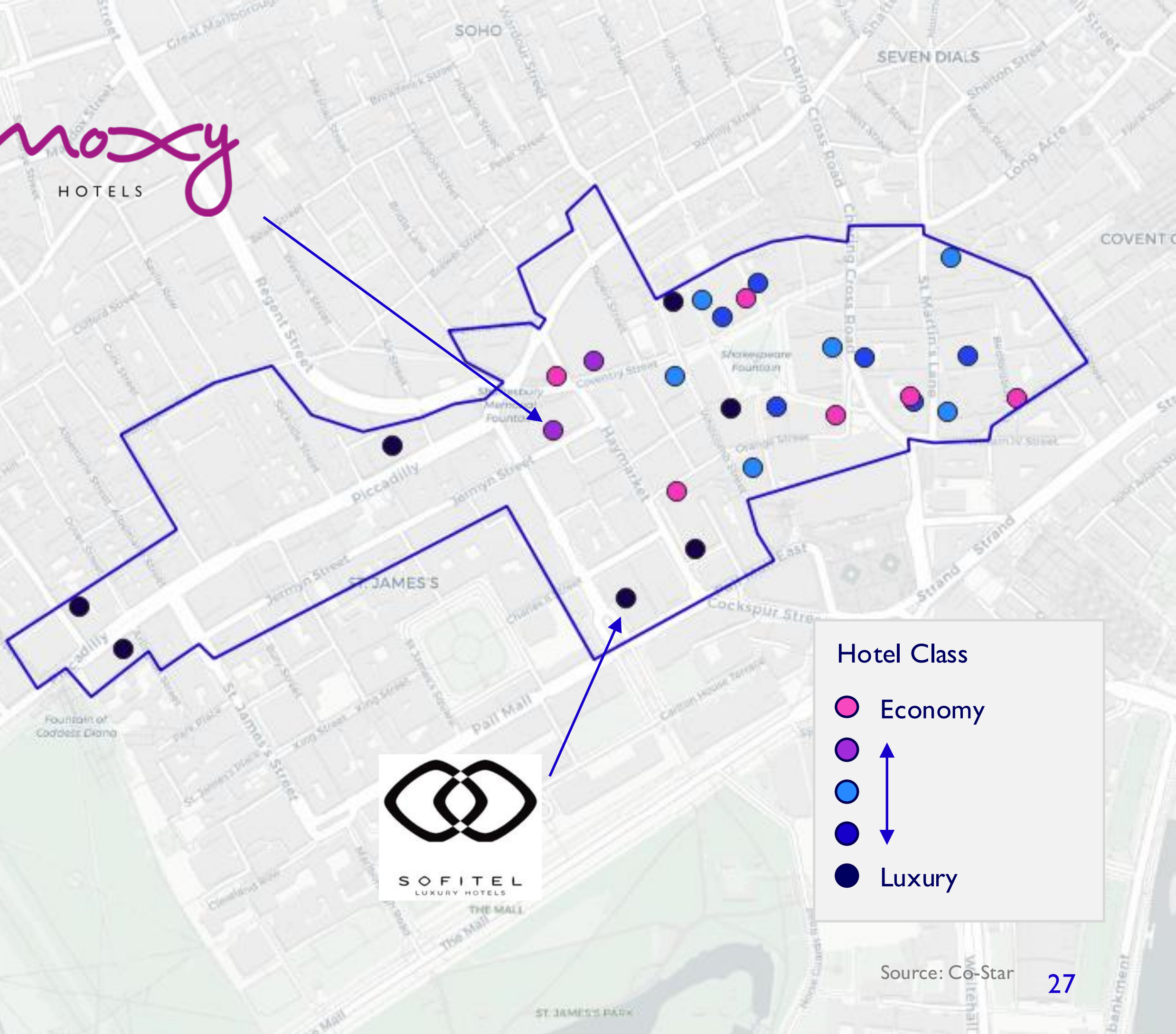
Source: Co-Star

MOXY AND SOFITEL OPENED ADDITIONAL ROOMS IN LAST QUARTER

Hotel Market Structure

Class	No. of Hotels	% of Hotels	No. of Rooms	% of Rooms
Economy	6	22%	1,579	32%
Midscale	-	-	-	-
Upper Midscale	2	7%	1,199	24%
Upscale	6	22%	357	7%
Upper Upscale	7	26%	822	17%
Luxury	6	22%	988	20%
Total	**27**	**100%**	**4,945**	**100%**

Please note that The Dilly has been re-classified by CoStar from a Luxury hotel to an Upper Upscale property since the time of our previous report



Source: Co-Star


01
SUMMARY
02
ECONOMIC INSIGHTS
03
OFFICES
04
COMMERCIAL
05
HOTELS
06
PLANNING
07
PERFORMANCE

Piccadilly District
SPOTLIGHT

Market Momentum

Recent and planned openings in the Piccadilly District reflect its continued attraction to global flagship concepts, with Ferrari style having recently opened a prominent flagship store at the corner of Piccadilly and Old Bond Street. Looking ahead, Time Out Market is understood to be in advanced negotiations to launch a major food hall at 10 Piccadilly Circus, following the success of its established markets in Lisbon, New York and Dubai.

Planning and Pipeline

The area also accounts for the highest number of active planning applications across the HOL area, underpinned by a particularly strong retail and hotel pipeline. Current activity includes proposed alterations to units within Burlington Arcade, alongside the planned internal refurbishment to 283 guest rooms at The Dilly.

18 Retail applications

11 Hotel applications

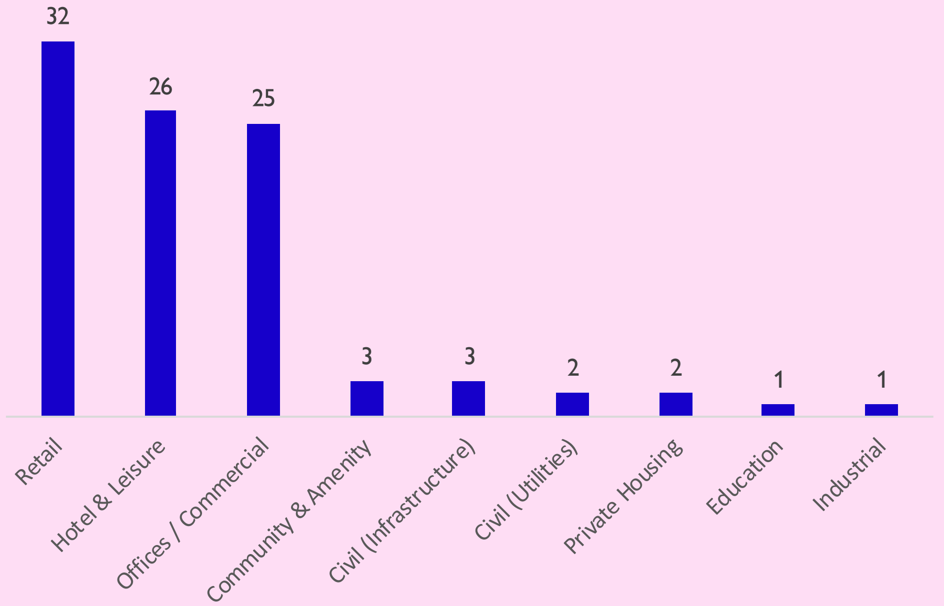
29 NEW PLANNING APPLICATIONS SINCE PREVIOUS QUARTER

Reporting period January – March 2026

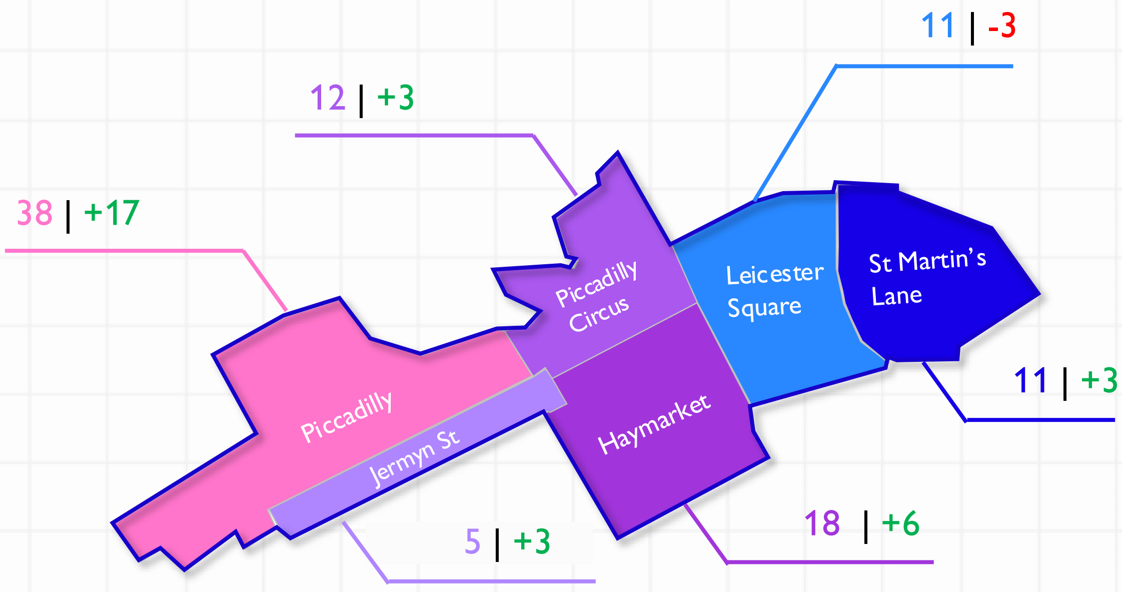
The area saw a significant increase in live planning applications QoQ, particularly in Piccadilly District. Applications remain concentrated in key commercial districts, with notable clusters across Piccadilly and Haymarket.

Retail and Hotel & Leisure continue to dominate application volumes, reflecting sustained investment interest within the HOL area.

Planning Applications by Primary Sector | HOL Area



Live Planning Applications | Quarter-on-quarter change



95 | +29 HOL area total

CURRENT APPLICATIONS BY DISTRICT

Planning activity across the HOL area has strengthened further in Q4, with 95 live applications now progressing across the six districts, highlighting a clear uplift in development and investment momentum.

Activity remains concentrated in Piccadilly, Haymarket and Leicester Square, reinforcing the continued clustering of investment in the West End's highest footfall locations. Piccadilly District is the most active area overall, supported by a particularly strong retail and hotel pipeline.

Retail and Hotel & Leisure applications continue to dominate, together accounting for 58 schemes across the HOL area. Retail is the largest single category with 32 applications, reflecting sustained occupier demand and ongoing repositioning of space to enhance experiential and flagship-led offers. Hotel & Leisure activity has increased to 26 applications (from 18 last quarter), underlining robust confidence in the visitor economy and the area's enduring global appeal.

Commercial activity has risen sharply, with 25 live Offices & Commercial applications (vs. 13 in Q3), driven by refurbishment-led schemes aimed at improving workspace quality, ESG performance and long-term competitiveness. This uplift reflects constrained new supply and a continued focus on future-proofing prime assets through targeted upgrades.

Overall, the increase in live applications signals a broad-based strengthening of planning activity, with retail reinvention, hospitality expansion and commercial refurbishment shaping the next phase of development across the HOL Area.

HOL District	Civil	Community & Amenity	Education	Hotel & Leisure	Industrial	Offices & Commercial	Private Housing	Retail
Piccadilly Circus District	-	-	-	5	-	4	-	3
St Martin's Lane District	-	-	-	2	-	8	-	1
Piccadilly District	2	1	-	11	-	5	1	18
Haymarket District	2	1	1	5	1	3	1	4
Leicester Sq District	1	1	-	3	-	1	-	5
Jermyn St District	-	-	-	-	-	4	-	1
Hol Area	**5**	**3**	**1**	**26**	**1**	**25**	**2**	**32**

Source: Glenigan

NOTABLE NEW PLANNING APPLICATIONS

Burlington Arcade

Piccadilly District

Heading: Retail Unit (Alterations)

Planning Stage: Detailed Plans Submitted

Contract Stage: Pre-Tender

Decision: -

Application Date: 20/03/26

Scheme comprises works to join units 37-39 and 40-41 to form one unit, including interior alterations to historic facsimile stairs, removal of non-facsimile stairs, forming of new openings and widening existing openings, and minor changes to the external frontage

The Dilly

Piccadilly District

Heading: Hotel (Alterations)

Planning Stage: Detailed Plans Submitted

Contract Stage: pre-Tender

Decision: -

Application Date: 26/01/26

Scheme comprises of internal refurbishment and redecoration of 283 guest rooms and corridors, floor levels 1 to 9, as well as internal works to refurbish the existing ground floor entrance bar and restaurant area

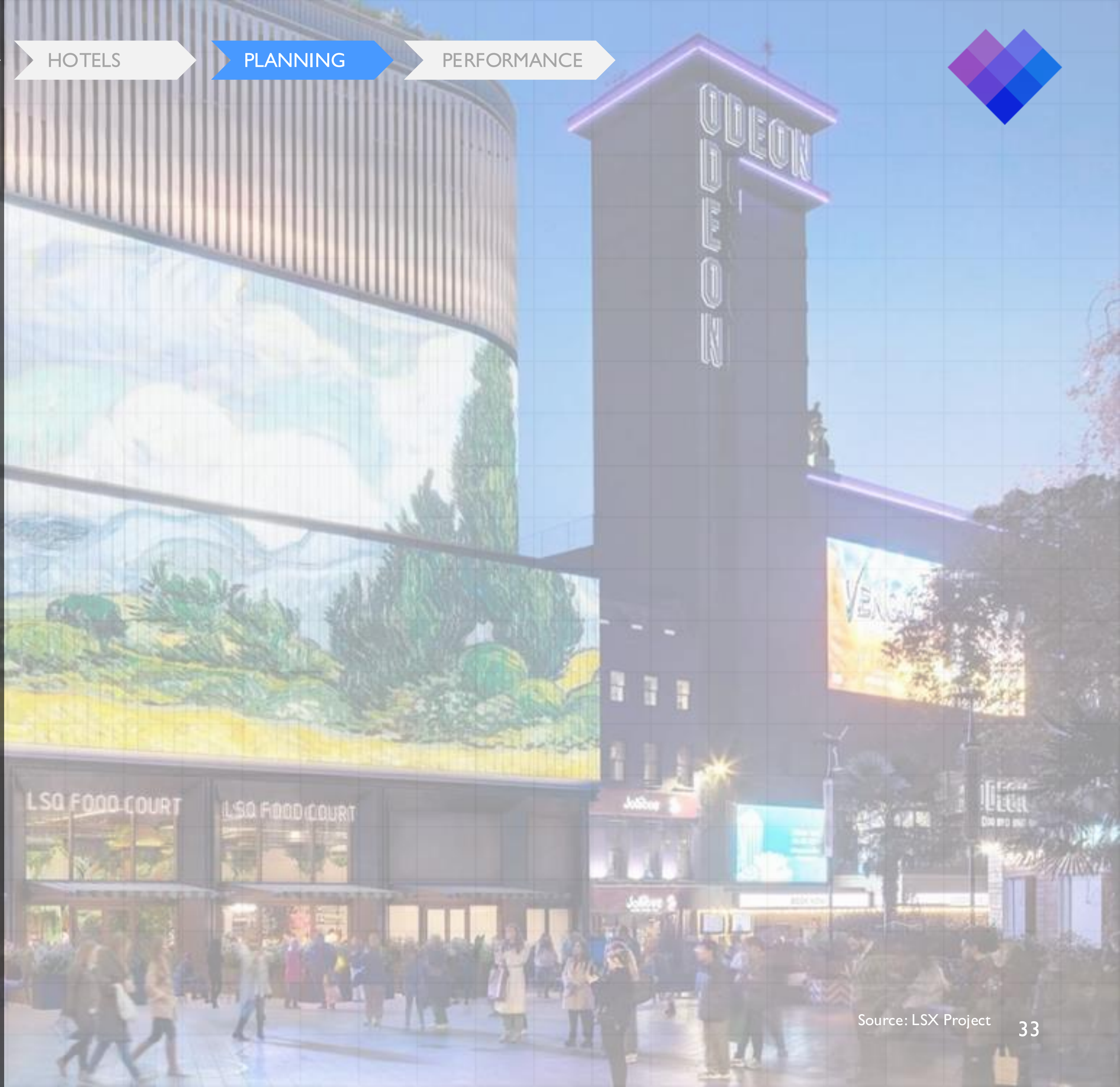
Source: Glenigan, CoStar

LEICESTER SQUARE REDEVELOPMENT

Soho Estates is proposing a redevelopment of 17–21 Leicester Square and associated buildings on Bear Street and Cranbourn Street, replacing a fragmented group of ageing properties currently dominated by fast-food and casual dining uses. The scheme would introduce a mixed-use development comprising a new ‘world class’ visitor attraction, reconfigured food and drink uses, and a rooftop restaurant. A key operational change is the relocation of the main public entrance to Cranbourn Street, intended to redistribute visitor flows away from Leicester Square itself and better manage peak footfall.

The proposal aims to reshape this part of Leicester Square towards a deliberately curated cultural and leisure destination, drawing on the area’s film and theatre associations. Design elements such as a prominent LED screen and sculptural façade are intended to reinforce this identity but would also add to the visual intensity of an already highly commercial public space. The scheme reflects broader trends in the West End toward higher-value, experience-led development.

Whilst not yet a live application, the redevelopment represents a major upcoming project that has the potential to transform the Leicester Square District.

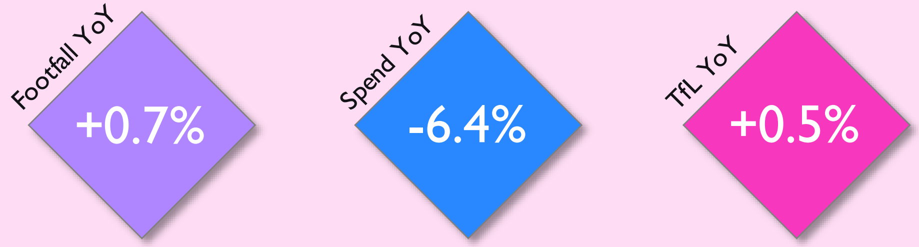


Source: LSX Project

+0.7% UPLIFT IN VISIT VOLUMES YEAR-ON-YEAR

Reporting period January – March 2026

HOL Area

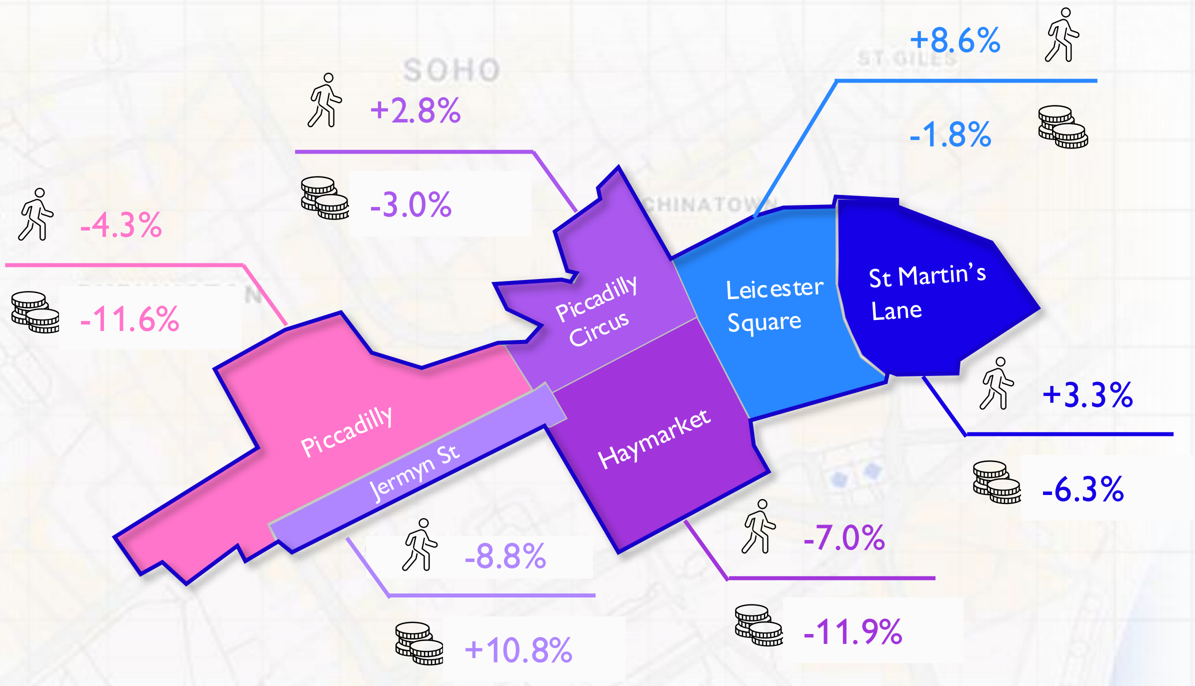


Modest growth in visit volumes across the HOL area in Q4 2025 YoY (+0.7%), mirroring trends seen across TfL station usage in the district (+0.5%). Strongest visit performance was seen in eastern, tourist-led districts, particularly Leicester Square (+9%), while Jermyn Street saw greatest decline in visit volumes (-9%).

Reduced spend performance (-6%) despite this increase in visit volumes reflects a shift in consumer behaviour across the area; visitors continuing to visit and interact across the HOL area, however reducing their propensity to spend (transaction volumes -5% YoY).

Despite this overall trend across the HOL area, relationship between footfall and spend differed between districts, with Jermyn Street seeing strong spend growth despite a large drop-off in visitors, reflecting more intentional visit behaviours.

Year-on-Year Performance | Q4 (Jan 26 – Mar 26)



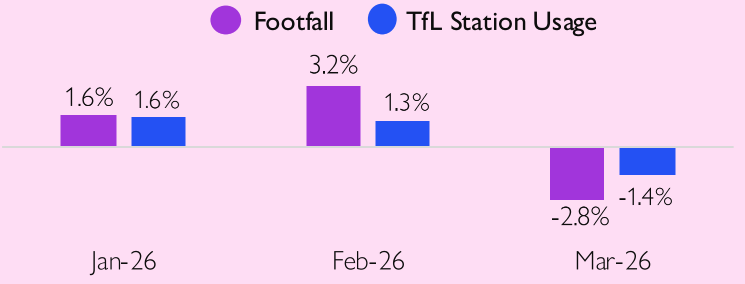
Source: HUQ & Colliers' analysis, informed by aggregated & anonymised Lloyds Banking Group | Eastern Districts include St Martin's Lane, Leicester Sq, Haymarket District
Note: insights are limited to Lloyds Banking Group's retail market share of personal current accounts and credit cards, with multipliers added to reflect real-world total spend performance

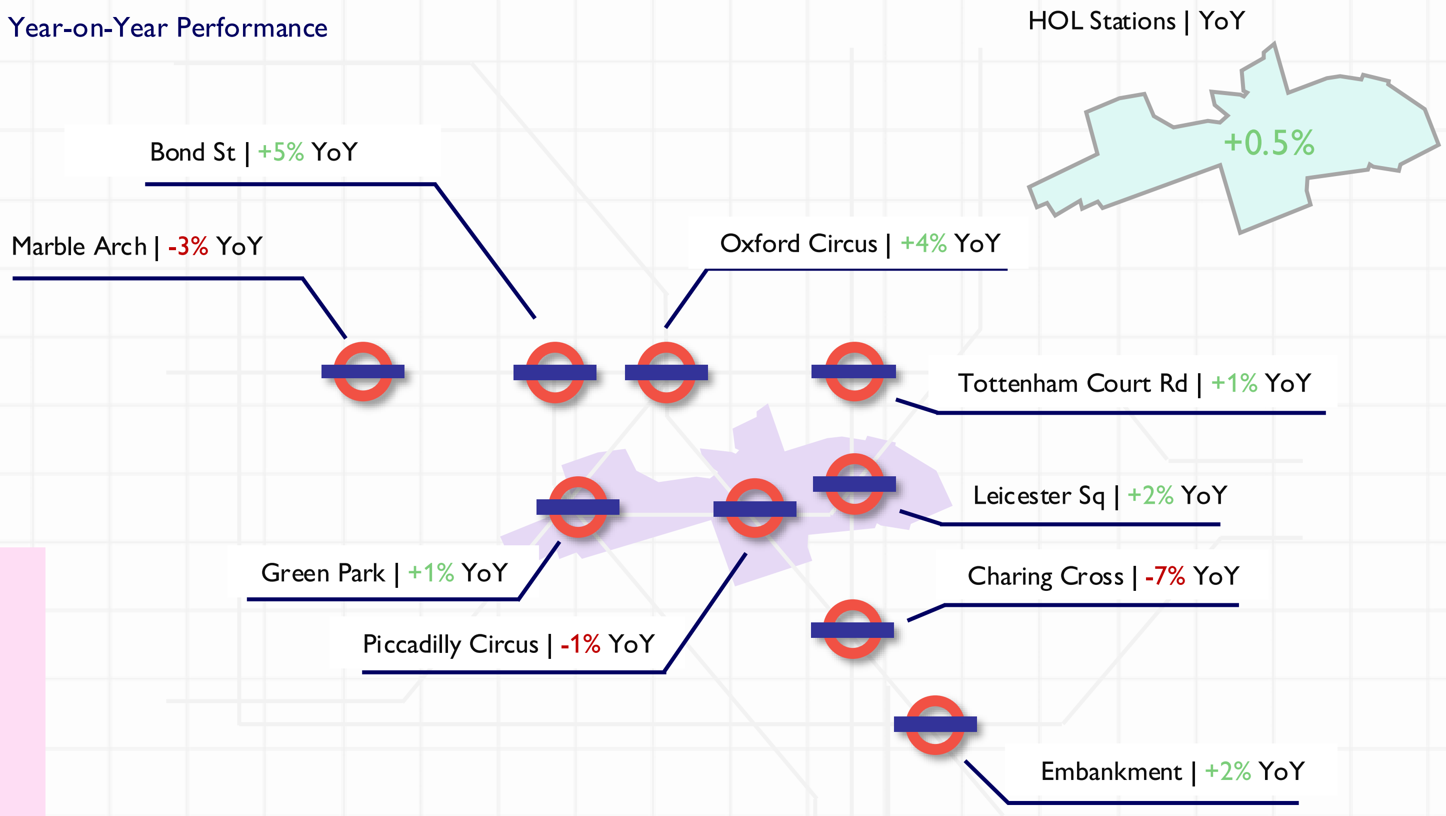
SIMILAR LEVELS OF GROWTH ACROSS STATION USAGE IN Q4 (+0.5%) WITH INCREASED HOL AREA VISIT VOLUMES (+0.7%)

YoY performance in TfL station usage across the HOL area (Green Park, Piccadilly Circus & Leicester Square) reflects wider area visit volume trends, seeing +0.5% growth in Q4, with 20m+ total passenger journeys. Performance across station usage also reflected wider the HOL area visit trends at a monthly level, with growth in January and February, before similar rates of decline in March.

Strongest growth in usage across HOL stations was seen in Leicester Square (+2%), which also translated into the greatest increase in visit volumes across HOL districts (+9%).

HOL Area visits vs HOL Area TFL station usage.





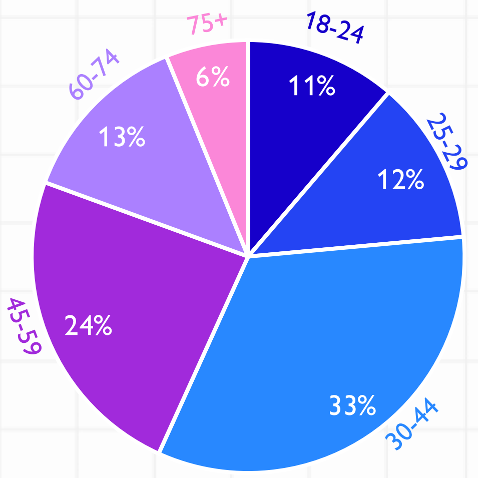
[1] Stations within HOL Area: Leicester Sq, Piccadilly Circus, Green Park
Source: Transport for London

SHARE OF INTERNATIONAL VISITS SAW MARGINAL DECLINE (-1%) YEAR-ON-YEAR

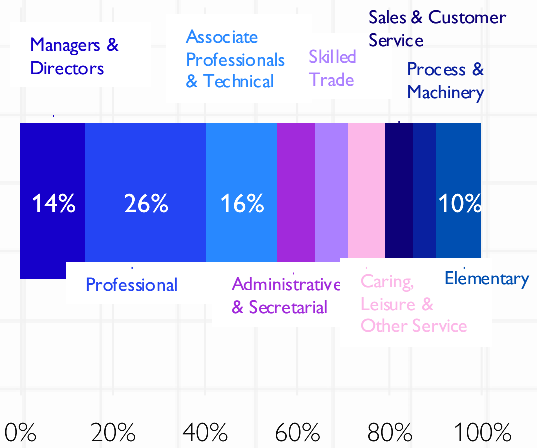
As expected following the festive quarter, the share of international visitation saw considerable decline QoQ (-9%), however was more stable YoY, with a marginal decline of -1% in share of international visitors across HOL area in Q4. Despite this decline, the profile of HOL area's visitors still reflected a greater propensity to attract international visitors vs. wider Core West End (+2% higher), demonstrating the area's continued status as a major global destination.

Domestically, the HOL area captures a domestic visitor who is biased towards a professional, highly-affluent demographic, with 29% of visitors within the highest social grade (+1% QoQ, and +2% higher than Core West End visitor). This is influenced by the high proportion of workers in managerial or professional occupations (40%) across the area.

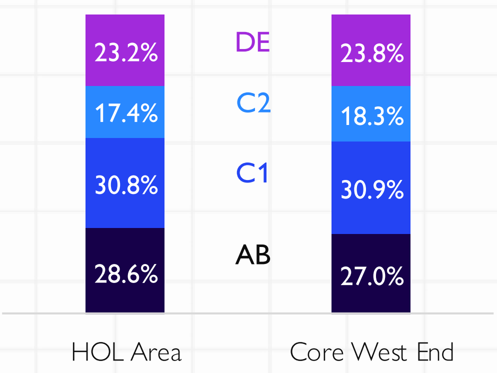
Age



Occupation

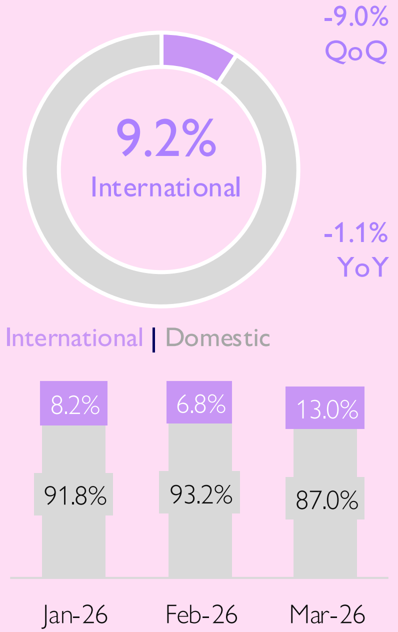


Social Grade

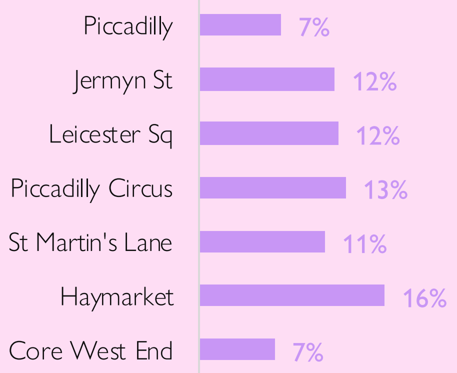


Source:

International vs. Domestic HOL Area



District-Level



46% OF VISITORS WITHIN SUCCESSFUL CITY FAMILIES & HIGH-FLYING METROPOLITANS… BIASED TOWARDS AN AFFLUENT DEMOGRAPHIC

Q4 2025 Top 4 MOSAIC Groups

Lavish Lifestyles 8.0%
High wealth residents, with generous incomes

Successful City Families 23.2%
Families with comfortable incomes living in good quality urban houses within big city suburbs.

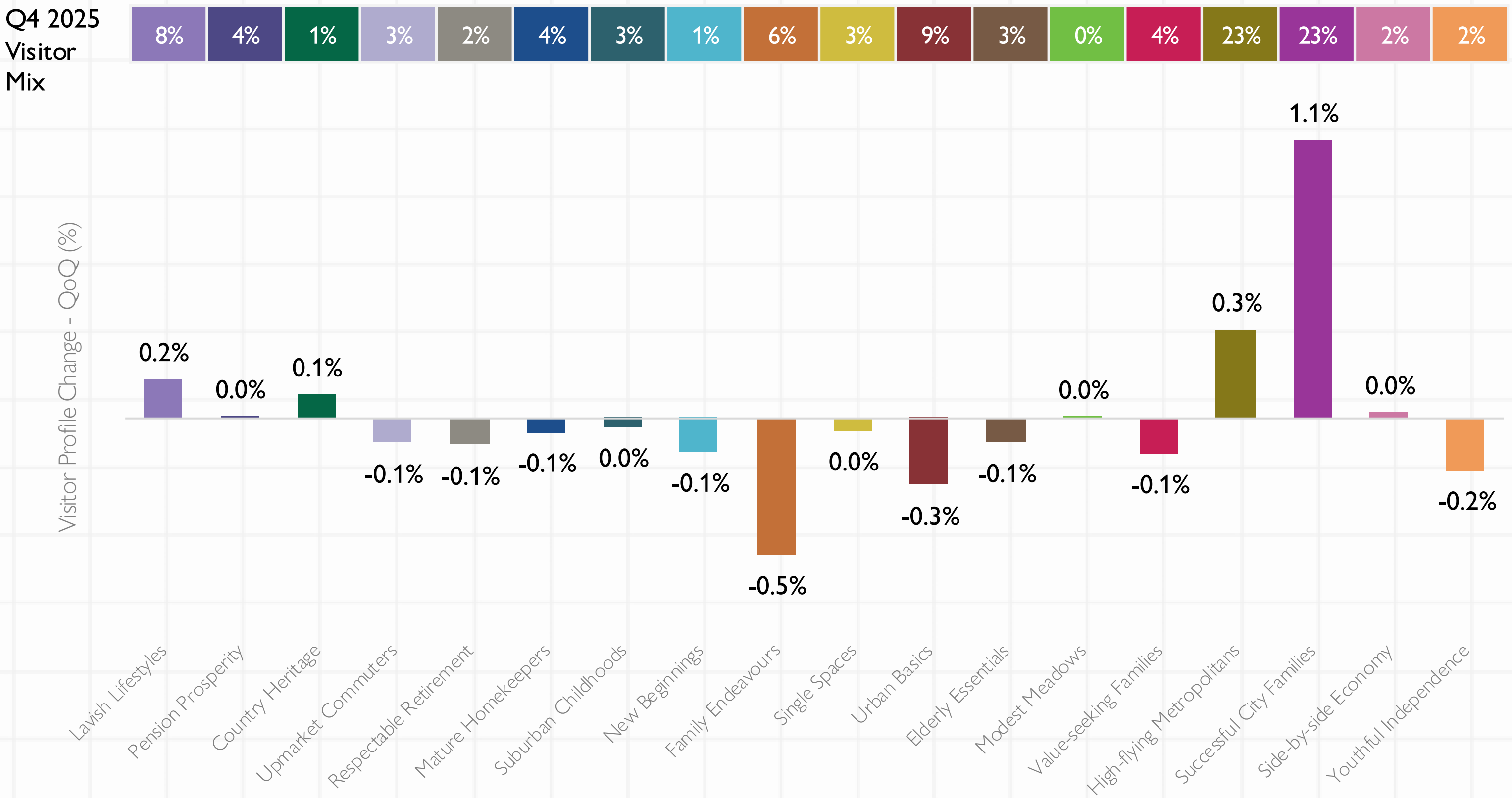
High-flying Metropolitans 22.6%
Career-focused young households rewarded with good salaries, living in desirable city apartments.

Urban Basics 9.0%
Tenants with minimal cash to spare, living in small social flats or houses within urban locations.

Experian's MOSAIC segmentation tool provides a detailed classification of the UK consumer market, based on demographic, behavioural & lifestyle characteristics.

Profiling visitors to HOL area shows a strong bias centred around 4 dominant MOSAIC groups, representing a high-income, city-focussed visitor.

QoQ Change in MOSAIC Segmentation | HOL Area



Source: Experian MOSAIC 8 | Detailed descriptions of all groups in appendix

SPEND ACROSS Q4 2025 DOWN -6% YEAR-ON-YEAR

HOL Area

Spend YoY -6%

Txn vols YoY -5%

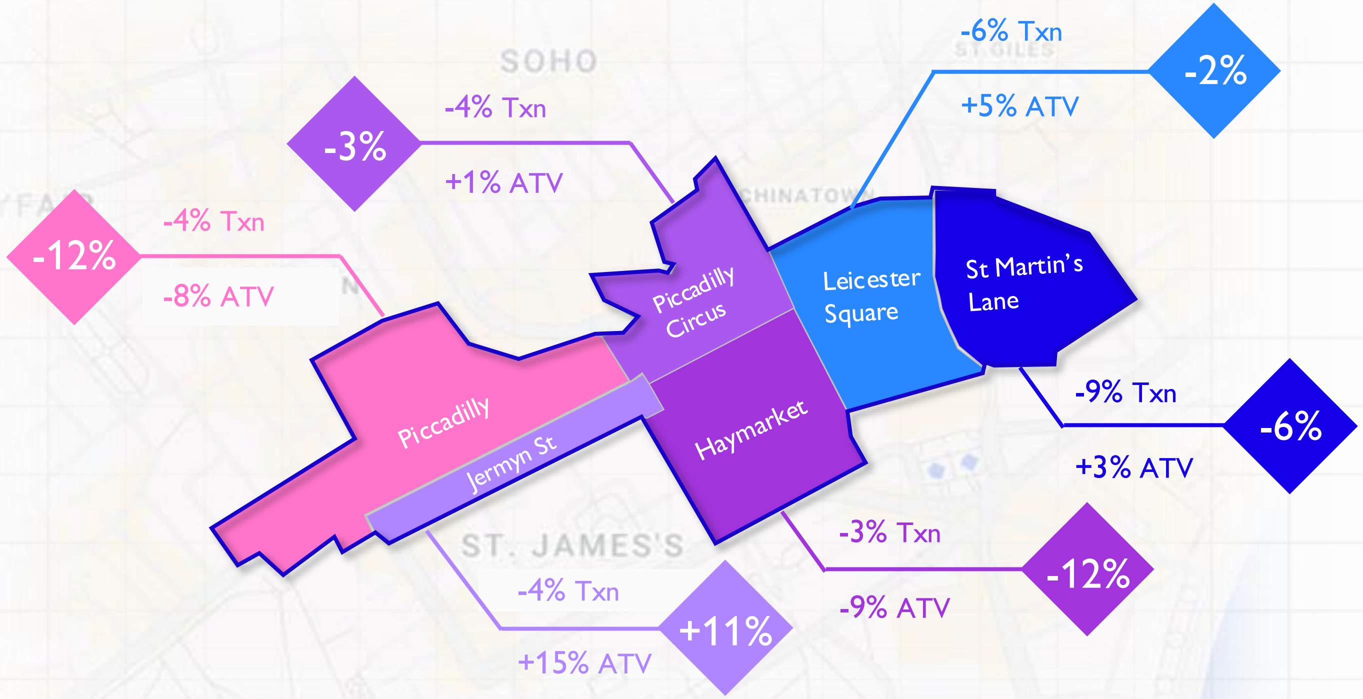
ATV YoY -1%

Despite uplift in visit volumes YoY across the HOL area in Q4 (+1%), overall spend in the area saw -6% decline, driven primarily by a reduction in transaction volumes (-5%) while ATVs were more resilient (-1%).

Following trends seen in previous quarter (Q3), all districts except Jermyn St experienced YoY decline – representing a broader impact on consumer spending being felt across the wider area.

Greater levels of spend decline were seen in March (-11%), reflecting an initial impact from the Middle East conflict in influencing consumer sentiment & behaviours. Consumer sentiment, as reported by GfK, reached their lowest levels in nearly a year in March, with inflationary pressures & rising energy costs as a result of the conflict, influencing wider spend behaviours.

Year-on-Year Spend performance

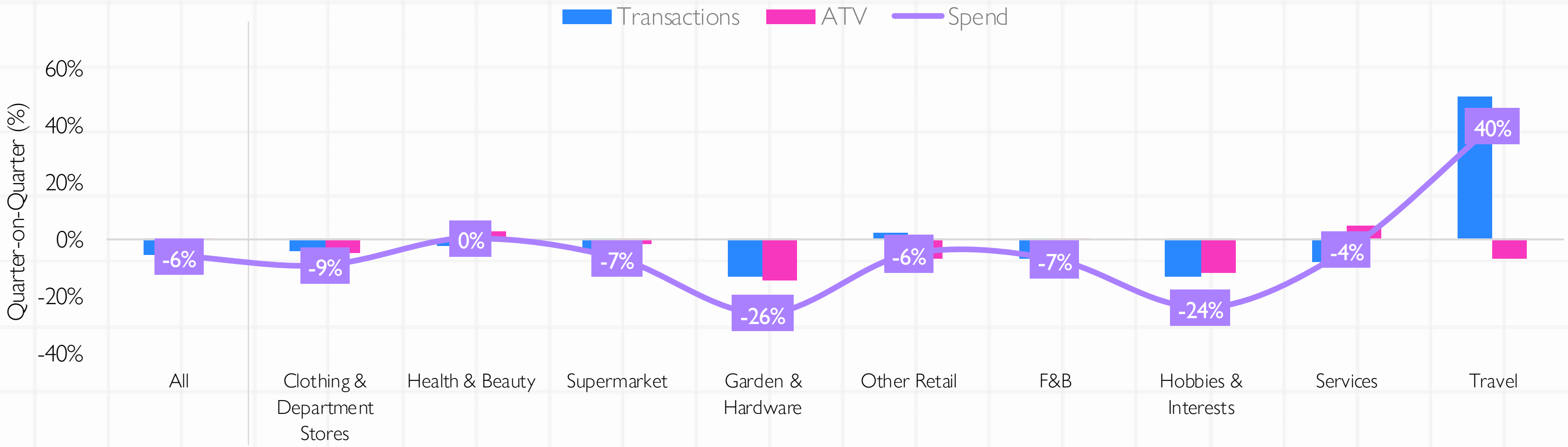


Source: Colliers' analysis, informed by aggregated & anonymised Lloyds Banking Group data | TXN = Transaction Volumes | ATV = Average Transaction Values
Note: insights are limited to Lloyds Banking Group's retail market share of personal current accounts and credit cards, with multipliers added to reflect real-world total spend performance

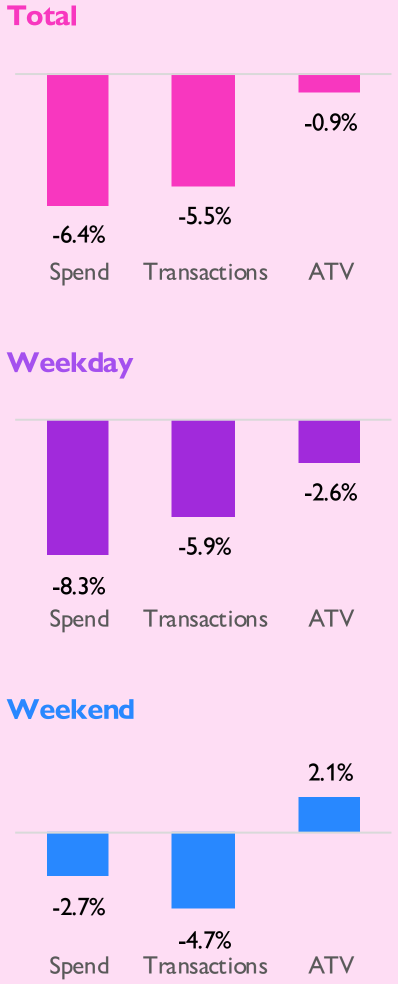
TRAVEL, INCLUDING HOTELS, SEEING STRONGEST PERFORMANCE YEAR-ON-YEAR

Varied performance between categories across Q4 2025, with highest growth across the Travel sector (including Hotels), influenced by strong supply additions across HOL hotel market towards the end of 2025. Across the retail market, Health & Beauty saw most robust performance across the quarter (+0.2%), continuing recent trends of positive performance across this category seen throughout 2025. Conversely, and perhaps influenced by wider macro-economic factors influencing consumer spend sentiment, discretionary spend categories such as 'Hobbies & Interests' saw some of the highest levels of decline (-24% YoY) across the quarter.

Year-on-Year Category Spend Performance
HOL Area



Year-on-Year Spend (%)
HOL Area



Source: Colliers' analysis, informed by aggregated & anonymised Lloyds Banking Group data
Note: insights are limited to Lloyds Banking Group's retail market share of personal current accounts and credit cards, with multipliers added to reflect real-world total spend performance

APPENDIX

LARGEST UNITS

Largest occupied units
(Gross space)

1. Fortnum & Mason -146k sq ft
2. National Gallery – 98k sq ft
3. Royal Academy of Arts – 77k sq ft

Largest vacant units
(Gross space)

1. 55 Regent Street – 33k sq ft
2. 10 Piccadilly – 18k sq ft
3. 28-29 Haymarket – 18k sq ft

Largest under development units
(Gross space)

1. Trocadero Centre – 150k sq ft
2. 29-30 Leicester Square – 9k sq ft
3. 37-43 Sackville Street – 8k sq ft

Source: Colliers

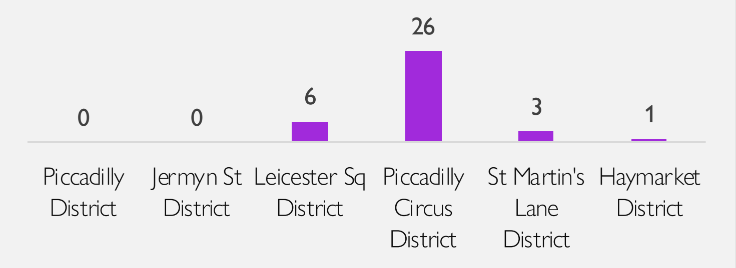
RETAIL OFFER PREDOMINANTLY CLUSTERED TO WESTERN SIDE OF BID AREA

Retail space varies across HOL districts, with hotspots along Piccadilly, Jermyn St and Cecil Court. At a district level, retail presence ranges from 7.9% in Leicester Sq to 67.9% in Jermyn St, with minimal change quarter-on-quarter

Flagship units positioned along the main Piccadilly – Leicester Sq corridor, including Fortnum & Masons, Waterstones, Lilywhites, M&M World and Lego

Source: Colliers

‘LOW QUALITY’ RETAIL REMAINS CENTRED AROUND PICCADILLY CIRCUS DISTRICT – ACCOUNTING FOR 18% OF ALL UNITS THERE



Source: Colliers

APPENDIX: DATA SOURCES

GOAD database of ground floor occupiers used alongside in-field survey to explore commercial offer in HOL area each quarter

CoStar is the global leader in commercial real estate data with Central London coverage

This data is augmented with other sources including Colliers proprietary data

Glenigan is a UK based provider of construction project data and market analysis for the construction and building industry

Lloyds Banking Group provide high quality aggregated and anonymised consumer spending data

Note: The insights are limited to Lloyds Banking Group's retail market share of personal current accounts and credit cards covering Oct-24 to Dec-25 and is limited to the information that Lloyds Banking Group had in its possession at the time when the report was generated

Huq provide mobility data, that is privacy compliant, analysing real world human movement patterns. Allows analysis of visitor volumes and behaviours

APPENDIX: MOSAIC 8 GROUP DESCRIPTIONS

Code	MOSAIC Group	Description	Age Index vs. UK Pop.	Income Index vs. UK Pop.
A	Lavish Lifestyles	High-wealth residents of city and country, with generous incomes, substantial assets and the most expensive homes	108	277
B	Pension Prosperity	Financially-set older homeowners in desirable suburbs and villages, who now have space and resources	137	107
C	Country Heritage	Well-off owners of comfortable properties in rural locations with land or surrounding gardens	111	128
D	Upmarket Commuters	High-income families in quality, modern-era homes located in desirable, low-density neighbourhoods	90	159
E	Respectable Retirement	Senior outright-owners of mid-range homes, with sufficient pension incomes to provide for their later years	144	59
F	Mature Homekeepers	Homeowners in their later working life, who live in conventional family housing on streets offering value for money	101	75
G	Suburban Childhoods	Double-income families raising their children in average-value suburban homes with mortgages	83	115
H	New Beginnings	Young households with good salaries who have bought recently built homes, often on the outskirts of communities	77	130
I	Family Endeavours	Families with young or adult children, who have low budgets and typically rent from social landlords	85	50
J	Single Spaces	Working individuals usually living alone in one or two bed apartments	91	78
K	Urban Basics	Tenants with minimal cash to spare, living in small social flats or houses within urban locations	99	44
L	Elderly Essentials	Pensioners with low retirement incomes living in modest-sized homes	143	38
M	Modest Meadows	Rural residents in low-cost houses situated in country locations further from transport links	109	75
N	Value-seeking Families	Young couples and families with pre-school or school-age children, looking for affordability in small homes	78	94
O	High-flying Metropolitans	Career-focused young households rewarded with good salaries, living in desirable city apartments	79	161
P	Successful City Families	Families with comfortable incomes living in good quality urban houses within big city suburbs	90	126
Q	Side-by-side Economy	Households with limited disposable income, who own or rent old-style, high-density terraces from private landlords	85	68
R	Youthful Independence	Young earners and students enjoying independent living in compact, privately rented city accommodation	64	103

Source: Experian MOSAIC 8

COLLIERS X LLOYDS BANKING GROUP AGGREGATED & ANONYMISED INSIGHTS

Colliers are working with Lloyds Banking Group, combining their high-quality aggregated and anonymised consumer spending data with our extensive experience in strategic performance monitoring across Central London retail, leisure & mixed-use assets.

Colliers' analysis, partly informed by Lloyds Banking Group aggregated and anonymised data, has provided greater insight into spend performance across the HOL area, including but not limited to Spend / Transaction / ATV trends, category-level performance, and time of day/day of week spend performance.

Analysis covers performance across Jan-25 to Mar-26, and is limited to the information that Lloyds Banking Group aggregated and anonymised insights had in its possession at the time when the report was generated.

Insights are limited to Lloyds Banking Group's retail market share of personal current accounts & credit cards. Multipliers have been applied to reflect real-world total spend performance.

Lloyds Banking Group

28m
UK customers

8bn+
Transactions process yearly

Lloyds Banking Group Disclaimer

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B. While all reasonable care has been taken in the preparation of the Lloyds data included in these insights, the Bank does not warrant their accuracy, completeness, or suitability for all use cases, and is not liable for any business decision made using these Insights.

C. Industries are calculated from Lloyds internal transaction classification system

Source: Colliers' analysis, informed by aggregated & anonymised Lloyds Banking Group data
Note: insights are limited to Lloyds Banking Group's retail market share of personal current accounts and credit cards, with multipliers added to reflect real-world total spend

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