

London Investment Flows 2026

OPPORTUNITY
LONDON

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Foreword

Jace Tyrrell
Chief Executive, Opportunity London

I have always believed that London is a city that rewards long-term conviction. This report sets out why, even against a challenging global backdrop, investors and businesses continue to make that bet.

The past few years have tested real estate markets everywhere. Higher interest rates, elevated construction costs and geopolitical uncertainty have changed the economics of investment and development. London must also confront challenges of its own: an acute shortage of housing, pressure on infrastructure and power capacity, and the rising cost of living and doing business. Competition between global cities for capital, companies and talent is becoming fiercer, not easier.

Decisions about London should be grounded in evidence, and the evidence reveals a city whose market is moving forward again. Investment volumes are rising, occupier demand is strengthening and international capital is finding opportunities across offices, living, hotels and retail. For me, London's ability to attract investment from such a diverse range of markets is one of the clearest indications of its enduring global relevance.

I am particularly struck by the transformation being driven by artificial intelligence. London has established itself as Europe's leading technology centre, bringing together world-class universities, deep





pools of capital, exceptional talent and financial and professional services capable of adopting innovation at scale. The extraordinary growth in AI-related office demand is not simply a property story; it is a signal of where ambitious businesses believe their future will be built.

London's strength lies in the combination it offers. Few cities can match its transparency, liquidity, talent, innovation and cultural appeal. Its real estate market is the most transparent in the world, while its scale and depth give investors the confidence that capital can be deployed across sectors and throughout the market cycle. Compared with other global cities, London also benefits from a substantial pipeline of high-quality, sustainable workspace capable of supporting the next generation of businesses.

But I do not see this report as an invitation to complacency. London's success creates pressures as well as opportunities. If we do not accelerate the delivery of homes, infrastructure, clean energy and investible projects, those constraints will erode our competitiveness. Capital can help address these challenges, but it requires a clear pipeline, a stable operating environment and strong partnerships between the public and private sectors.

This report is therefore both a vote of confidence and a call to action. The opportunity before London is immense, but converting it into inclusive and sustainable growth will demand pace, ambition and collaboration.

At Opportunity London, our role is to take that story and those opportunities to the world. This report provides compelling evidence for why London, and why now. My message is simple: we must turn confidence into investment, and investment into a better city for everyone.



“Decisions about London should be grounded in evidence, and the evidence reveals a city whose market is moving forward again.”

Knowledge Economy

While the summer of 2026 has seen European economies falter from the double-hit of geopolitical tensions and extreme weather, the real estate market in London is on the up, once again demonstrating the UK capital's wide and enduring appeal to global investors and major companies.

2026 has seen rising levels of commercial real estate investment and occupier demand in London. In effect, investors and businesses, large and small, have been placing a collective bet on the UK capital's long-term future.

The connecting thread through much of this real estate activity is the dramatic growth of artificial intelligence (AI). London has solidified its position as the epicentre of Europe's innovation economy, supported by significant public and private investment in digital infrastructure.

In particular, 2026 has seen London reclaim its position as Europe's leading technology centre following widespread adoption of AI by the city's financial and professional services sectors, alongside the rapid growth of tech firms.¹

The impact on real estate has been profound. Leasing activity by artificial intelligence (AI) companies in central London has

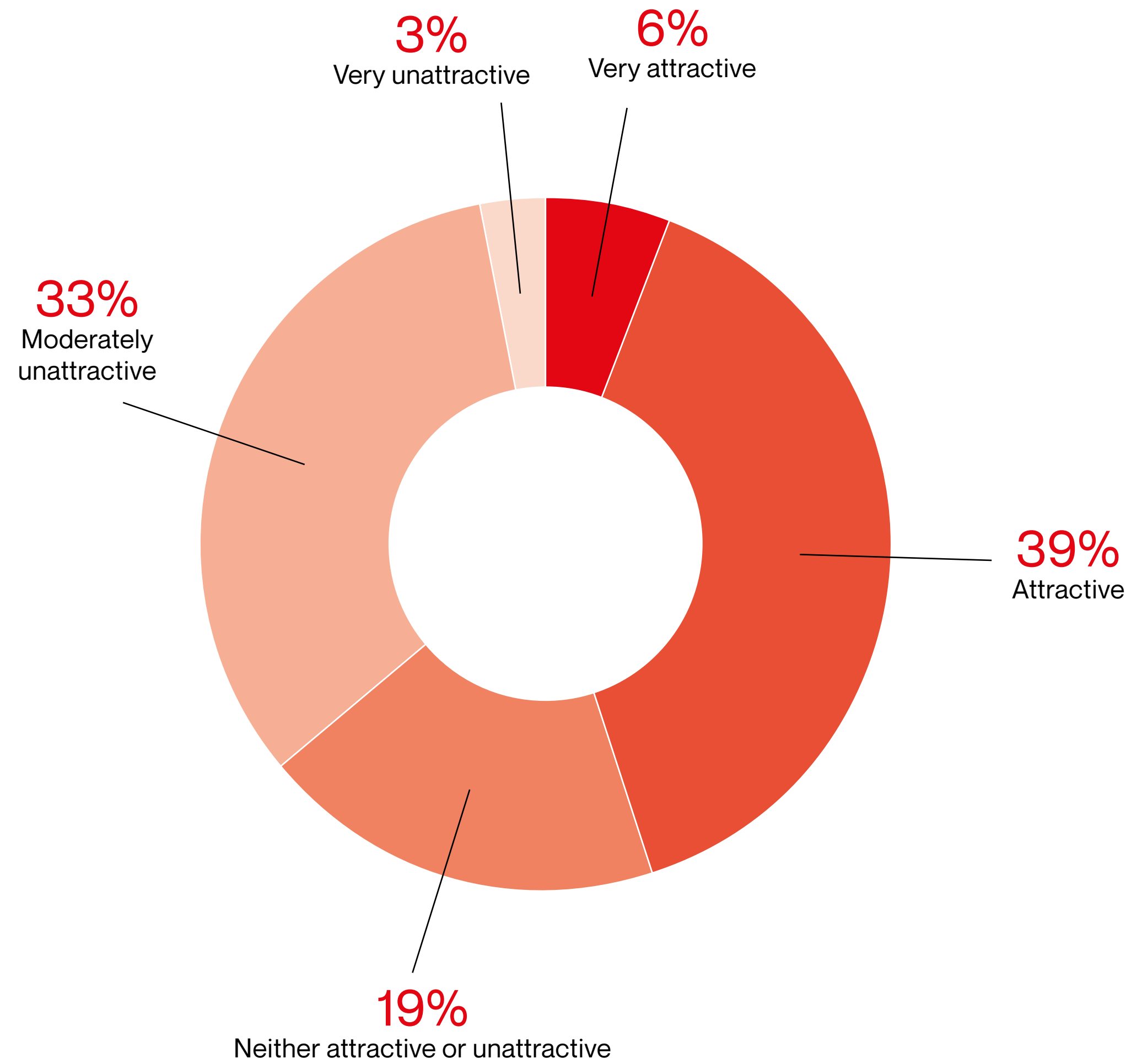
experienced a dramatic surge in the first half of 2026. Year-to-date AI leasing volumes reached over 815,000 sq ft at the end of H1, representing a significant increase from the 211,000 sq ft recorded by the sector during the entirety of 2025. This expansion is driven by a substantial rise in transaction scale, with the average deal size for AI occupiers climbing to 34,000 sq ft, up from 10,000 sq ft last year.

Central London office investment activity totalled £3.7 billion over the same period, with West End volumes, in particular, at their strongest recorded level in four years.² With a further £2.7 billion of transactions already under offer across the West End, City of London and Canary Wharf, office property is expected to be the leading sector for investors for the full year.³

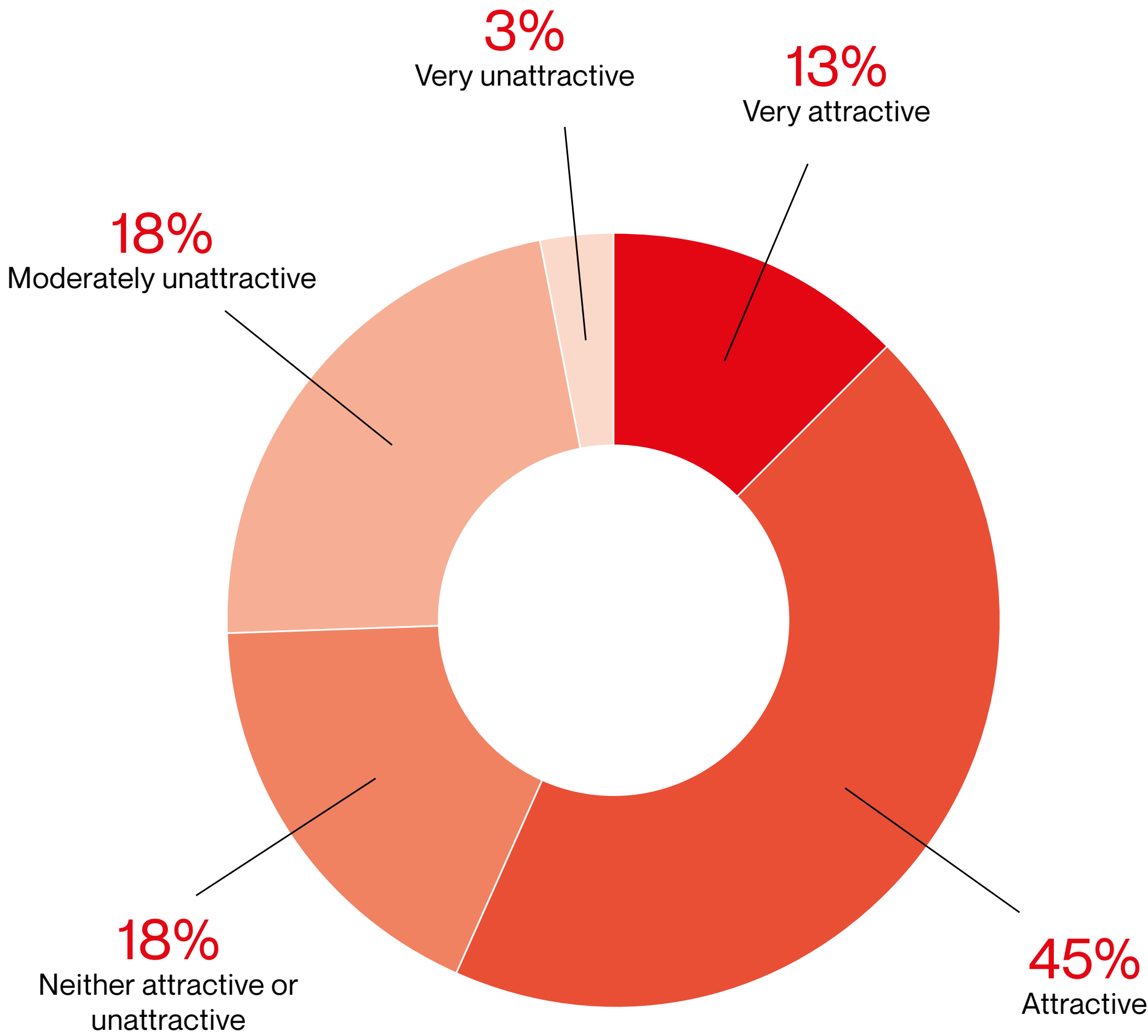
These are extraordinary numbers when judged against the uncertain macro-economic outlook for the UK and Europe, and investor interest in London shows no sign of abating. In a snapshot survey of investors carried out this summer by JLL, 45 per cent of respondents say the UK is attractive compared with other global investment markets. Yet as much as 58 per cent of respondents favour London over competing cities.



How attractive is the UK currently when compared to other major global investment markets?



How attractive is London currently when compared to other major global investment markets?



Transactions trending upwards

London's investment volumes underline the importance of a liquid market at a time of higher-for-longer interest rates, elevated UK bond yields and when investors are questioning the value of real estate generally against other asset classes.

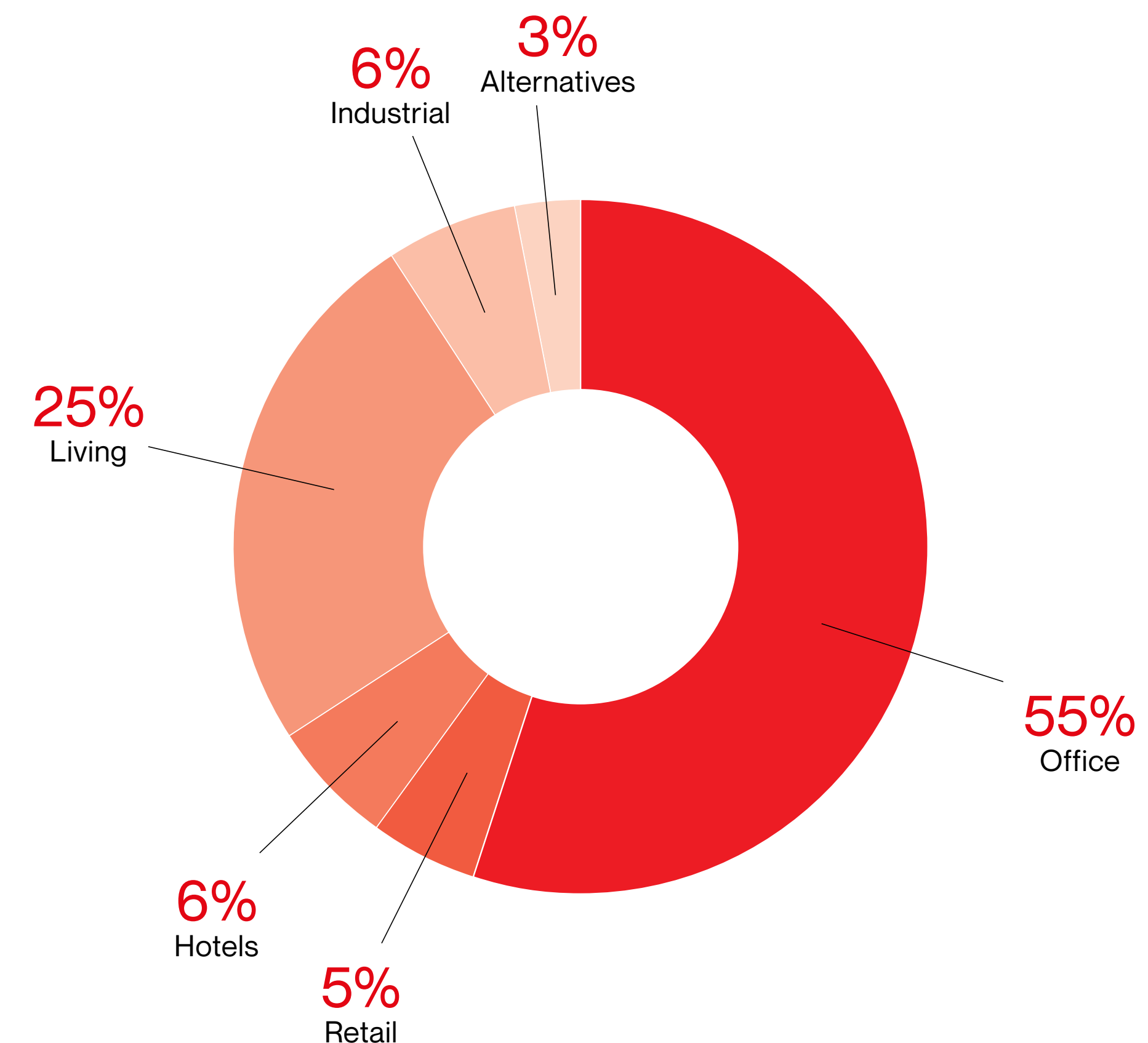
The first half of 2026 saw UK commercial real estate investment reach £18.1 billion, reflecting a creditable 9 percent year-on-year growth.⁴ The role of central London is key here, accounting for £7.4 billion of the total and an even stronger uplift of 14 percent on the same period in 2025.⁵

London's transaction volumes have been trending upwards since the start of 2024,⁶ spread across all sectors, suggesting investors are not only engaging in the market but that the volatile backdrop to investment is being priced into their expectations for the market.

Yet the numbers alone reflect only part of the story. London is a magnet for overseas investors. In a typical year, global capital would account for around half of UK investment volumes but as much as three-quarters in London.

London's office sector has always been an important destination for global capital, even during the early days of hybrid working. But with the growth of the living sector, the renewed strength of hotels and

London investment volumes, 2006 – 2026 (H1) by sector.





the re-emergence of retail as an attractive investment play, there are many more opportunities for those global players to deploy their capital into London.

International capital is a critical support to the wider London economy, and notable for its diversity. In the period 2021-2026, the US has been the top source of global capital into London with £7.9bn, followed by Singapore (£4.4bn), Germany (£3.1bn), Japan (£2.6bn), Canada (£2.1bn and Hong Kong (£1.9bn).⁷

And it is an evolving source of capital. A decade ago, investors from China and South Korea dominated the market. Over the past year, Japanese and Australian pension funds have been active while Norges, the world's biggest sovereign wealth fund, has been involved in three transactions. Germany's large open-ended funds, big players in London in the 1990s but absent more recently, returned this summer in the form of Deka, which paid £220 million for Stirling Square, an office building in St James's.

The JLL survey suggests that the US will remain the dominant source of capital in the UK over the coming year but with the Middle East rising to second place and Japan in third.

This international clamour to be in London also reflects a strong vote of confidence in a fully functioning office sector as a proxy for business prospects — back to work and back driving the economy in the capital.

Central London recorded 2.6 million sq ft of office lettings in the second quarter of 2026 with a further 4.9 million sq ft under offer and a running total of active demand of 14.3 million sq ft.⁸ All three demand metrics remain higher than the 10-year average, pointing towards a strong second half to 2026.

Behind those headline numbers, central London has undergone huge change in the range of corporate occupiers over the past decade, notably with the arrival of the major technology and media groups, such as Apple, Google and Facebook. The latest turbo-charged boost to demand has come in the shape of AI, accounting for as much as a third of office take-up during the second quarter of 2026.⁹ A 160,000 sq ft West End letting to Anthropic indicates the scale of AI expansion here while OpenAI, the company behind ChatGPT, has committed to making London its largest research hub outside the US.

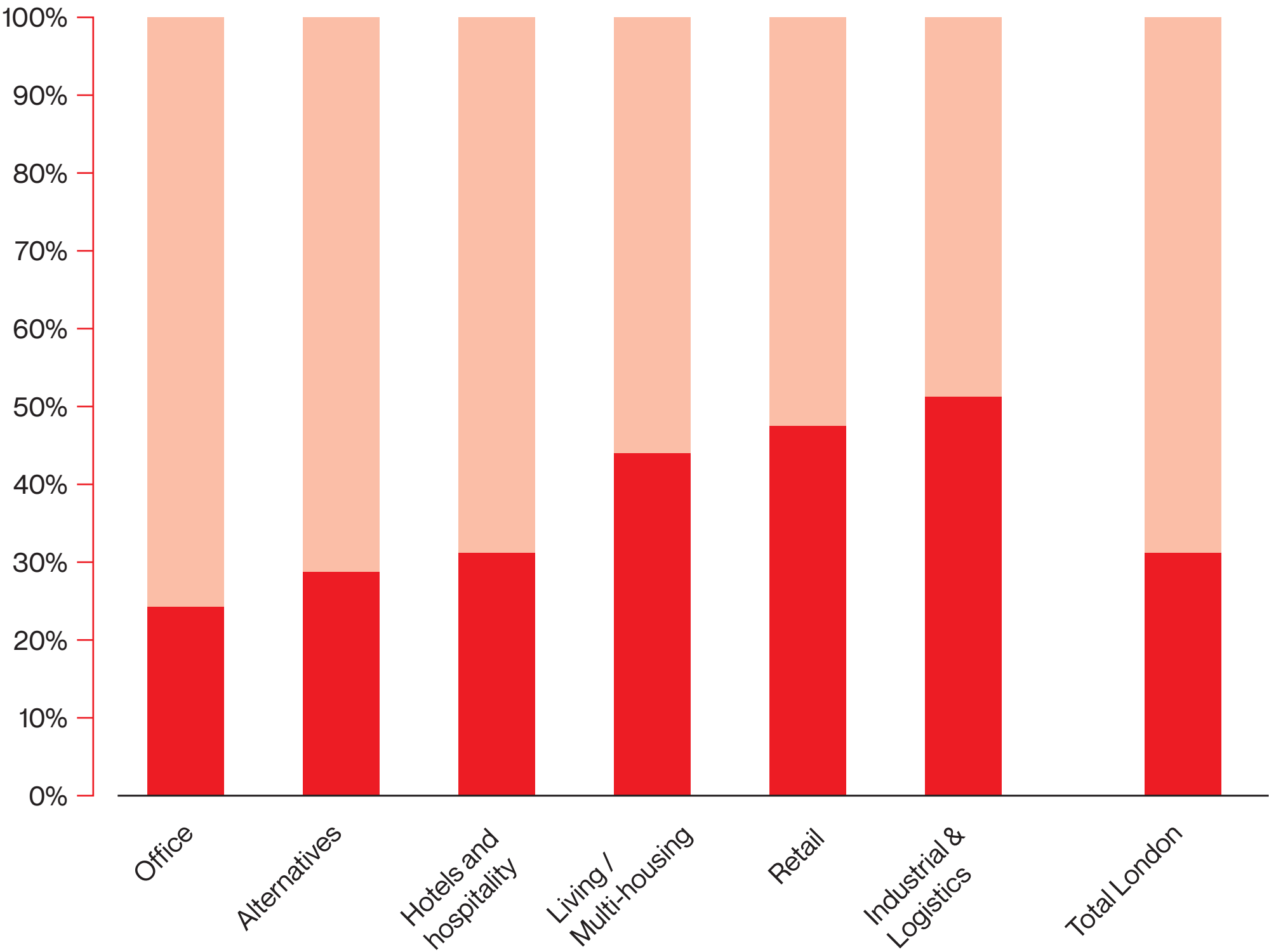
And yet the tech sector's outsized presence is not the whole story. The capital's traditional dominance in financial and professional services is also showing up in lettings and pledges to move to new buildings, amid a trend of returning to offices that bodes well for London.

Nowhere are these trends more apparent than in a rejuvenated Canary Wharf, which has recently secured the likes of HSBC, PwC, JP Morgan Chase and Revolut among others. Barclays has bought its HQ for £750 million from Canary Wharf Group, marking Europe's biggest investment deal in years. This is both a further sign of office life returning to normality and a major occupier commitment to Canary Wharf.

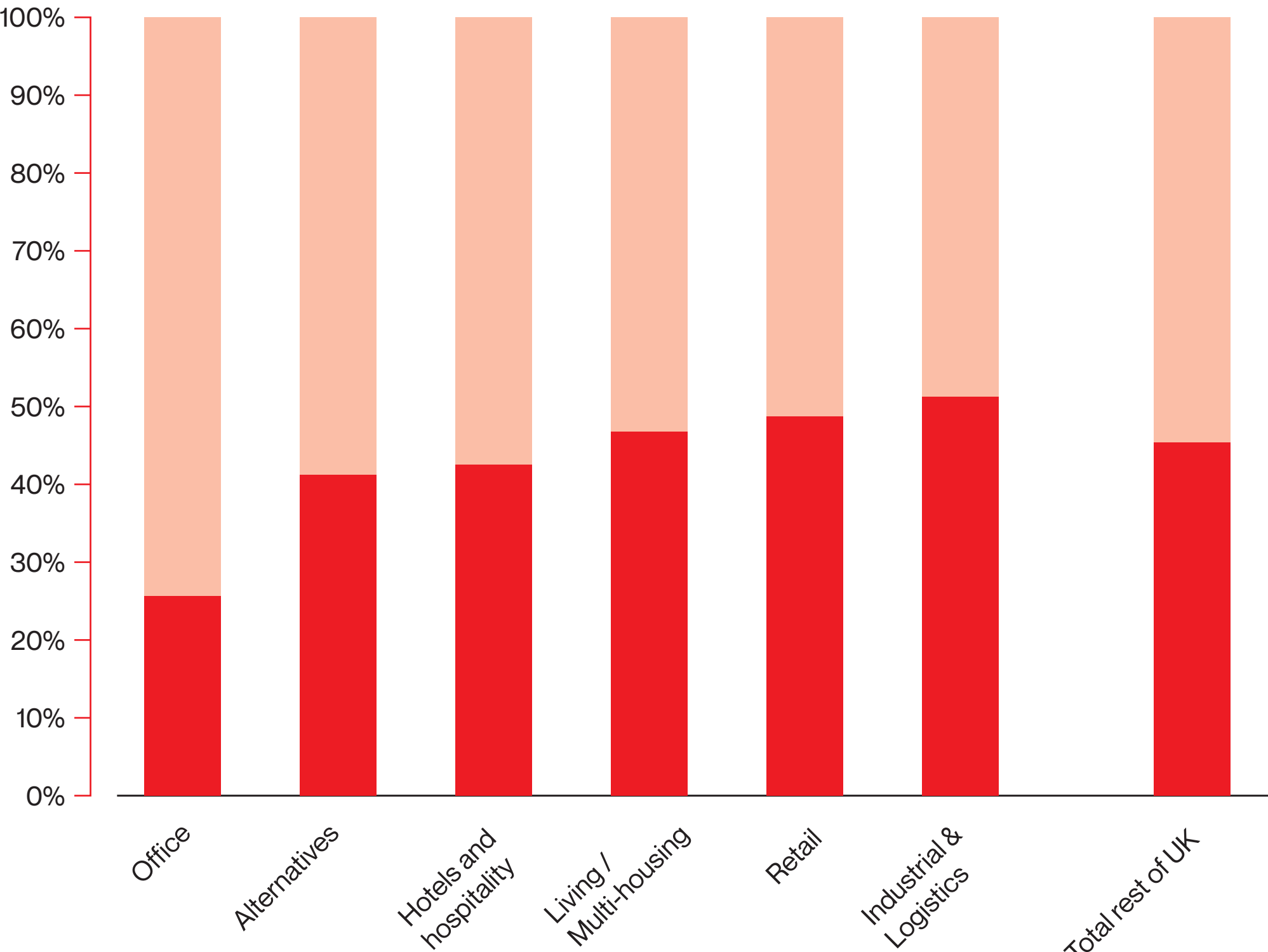


International Capital continues to choose the UK – and London in particular

London

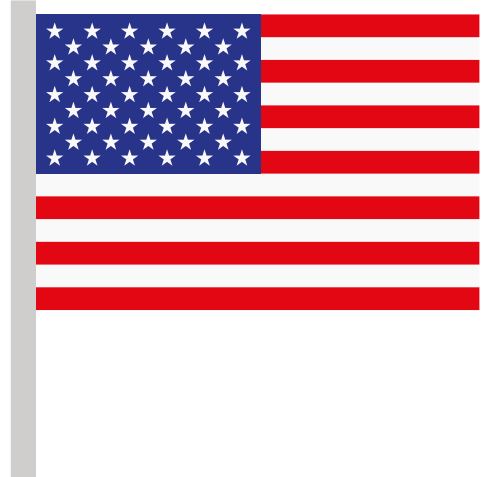


Rest of UK



Domestic capital % of international capital

Top sources of international capital into London 2021–2026



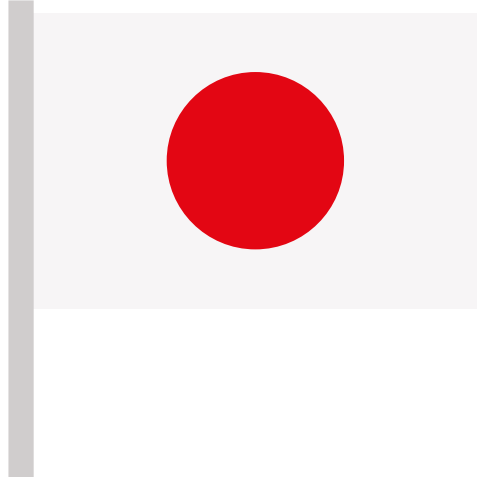
£7.9bn
USA



£4.4bn
Singapore



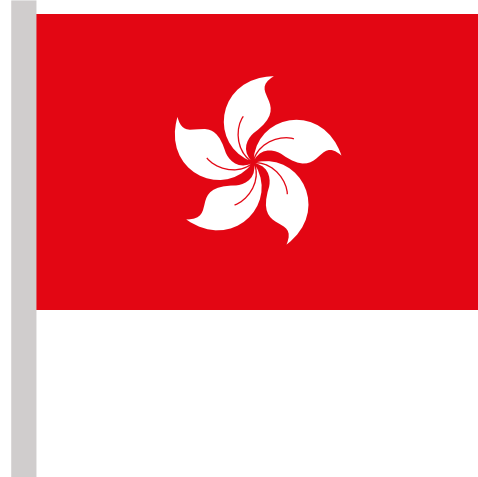
£3.1bn
Germany



£2.6bn
Japan

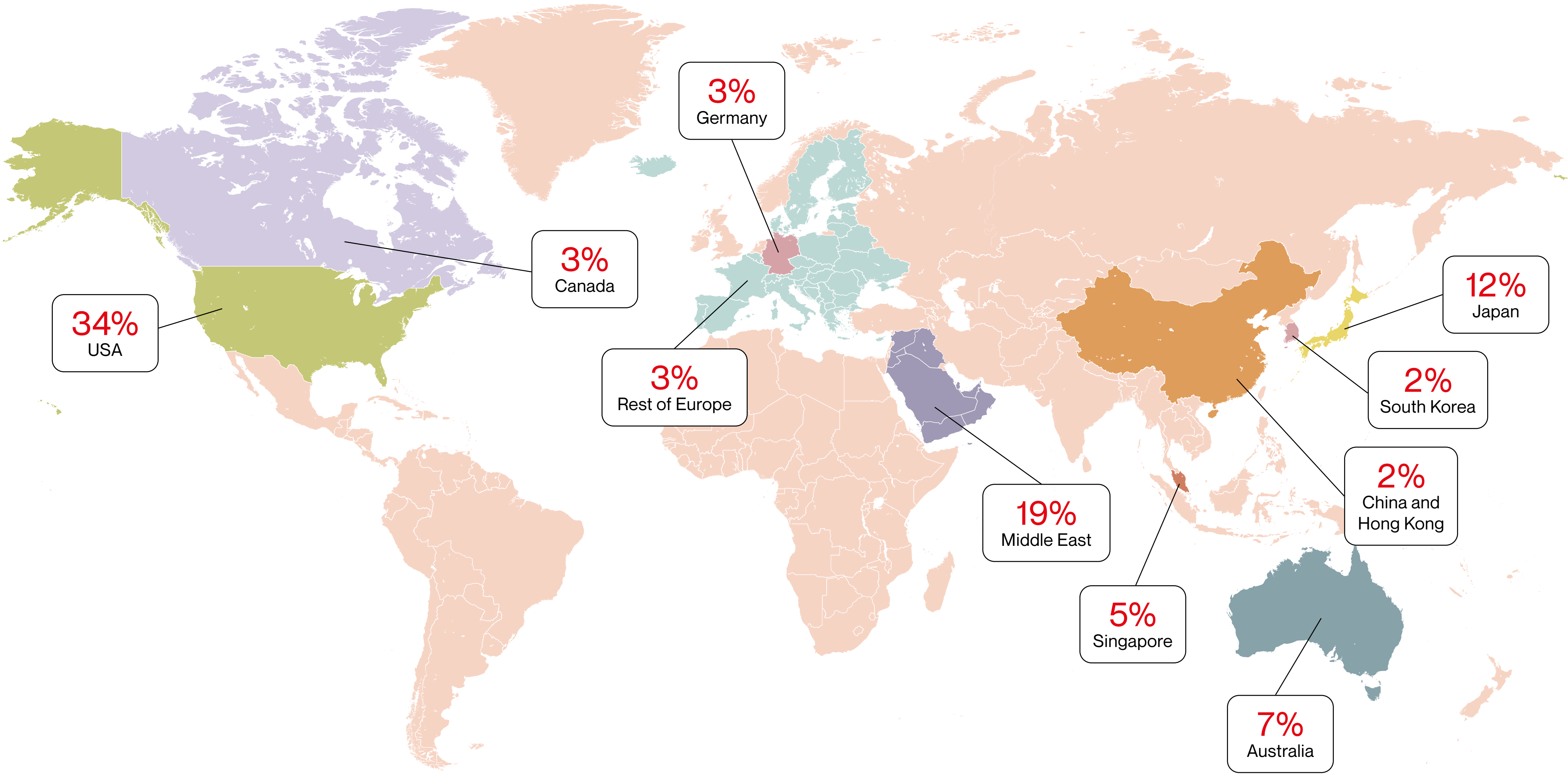


£2.1bn
Canada



£1.9bn
Hong Kong

Which international source of capital do you expect to provide the greatest investment into the UK over the next twelve months?





Transparency, liquidity and outperformance

Investors and major corporate occupiers make a beeline for the UK safe in the knowledge that it is the world's most transparent market when it comes to the legal, regulatory, environmental and operating conditions involved in conducting property-related business.

Critical to the UK's position here is London, the world's leading city when judged against these various transparency metrics, which in turn lay the foundations for its position as the most globalised real estate capital destination.

The 2026 edition of JLL's Global Real Estate Transparency Index (GRETI) reveals that the UK leads an elite group of 13 countries — including the US, France and Germany — that demonstrate the interlinked benefits of market transparency and deep pools of capital. Since its launch 27 years ago, GRETI has shown how the most transparent real estate markets have tended to show the most stability and the strongest growth during the ebb and flow of the economic cycle.

Following the previous GRETI survey two years ago, transaction volumes in the “highly transparent” group of 13 have risen by 64 percent and now account for 56 percent of total income-producing real estate worldwide, and more than 80 percent of direct investment.

As real estate performance becomes more segmented and increasingly dependent on operational expertise, the gap between the leading countries and the less transparent markets is expected to widen further. This points to a rising supply of capital investment into the UK and, in particular, London which continues to lead the 151 cities tracked by GRETI around the world.

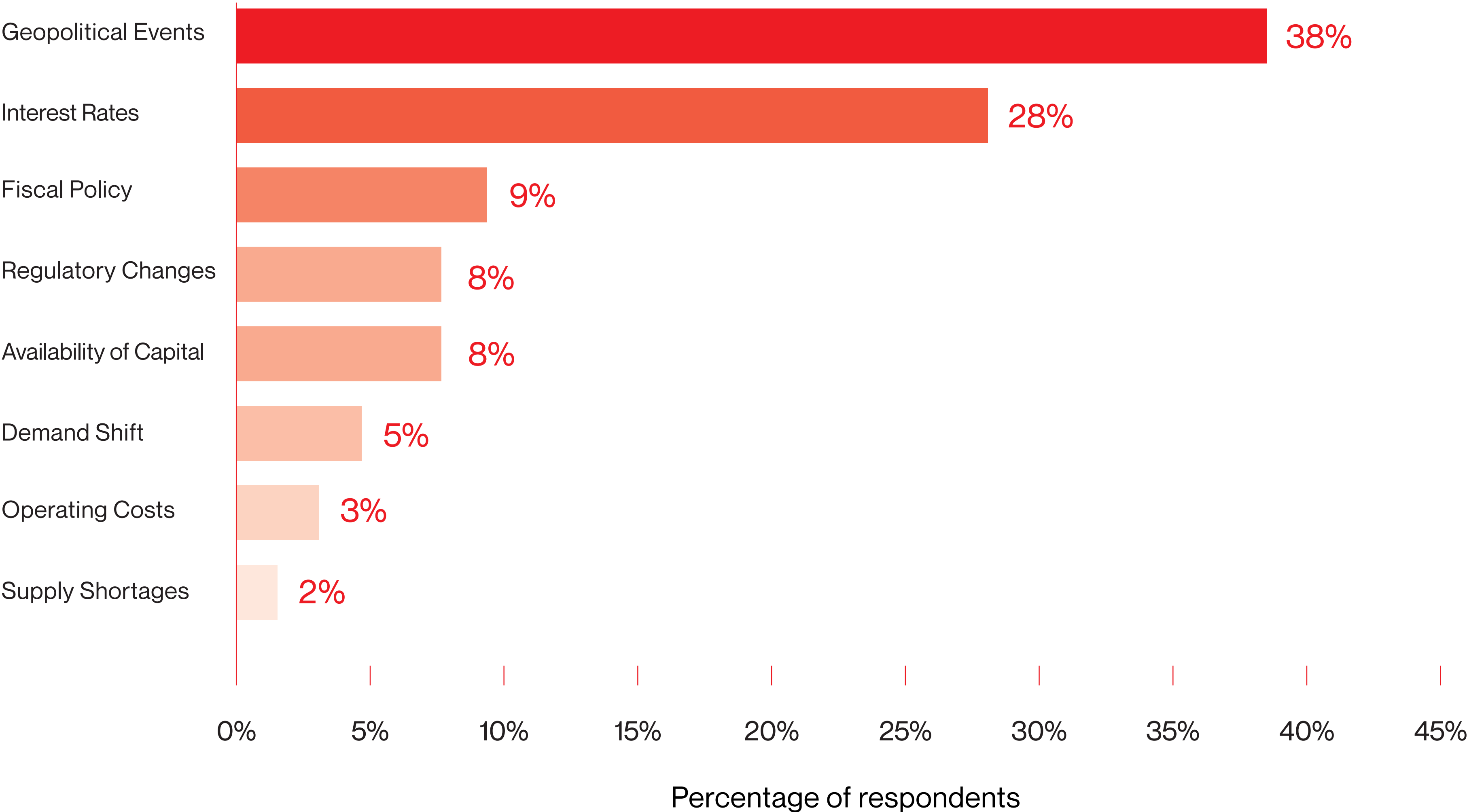
The JLL survey found that investors believe that geopolitical events and interest rates pose the greatest risk to real estate in 2026. In this context London's top GRETI ranking in 2026 is significant. Real estate transparency and stability — and by extension, liquidity — assume greater importance during times of disruption and uncertainty.

Transparency becomes even more important given the ever-widening sources of capital flowing into real estate. Across the UK, US and the European Union, regulatory changes, new technologies, pension reforms and increased education about real estate are paving the way for greater private wealth to flow into the asset class — as much as US\$1 trillion over the next five years.¹⁰

This has been described as the “democratisation of investing”, and for this new wave of investors, market transparency will be essential, just as it is for the traditional institutions and private equity players.



What do you consider the greatest risk to commerical real estate performance in 2026?





Laying the foundations for growth

London's status as Europe's leading technology centre — a hub for research but also a city where big business can apply AI at scale — is only possible through significant investment in digital infrastructure.

The London metropolitan area, which includes Europe's largest data centre cluster in Slough, is comfortably ahead of the other key markets of Frankfurt, Amsterdam, Paris and Dublin.

This year, major private sector players have upped the stakes significantly, and London is a big beneficiary, not least from Prologis's recently agreed £14 billion takeover of SEGRO, the UK's largest industrial property landlord.

The takeover was partly driven by the future growth in AI and cloud computing infrastructure, with the US logistics giant drawn to SEGRO's extensive data centre development pipeline, not just around Slough but across Europe.

SEGRO's takeover has overshadowed the incremental but nonetheless important expansion of London's data centre capacity this year. The London market added 49 MW of capacity during the first half of 2026, more than Europe's other major data centre markets.¹¹

In terms of future supply, London has 243 MW in development and a further 442 MW with planning permission.¹² Data centre operator Virtus recently announced a 32.5 MW "AI-ready" facility while the Government has approved plans by Tritax Big Box REIT for a "nationally significant" 147 MW scheme, despite local opposition. Both projects are in Slough. There are also extensive land holdings set aside for data centre development albeit yet to receive planning permission.

There is no doubt that London has benefited from the AI Opportunities Action Plan, which the Government launched in early 2025, recognising the importance of digital infrastructure to the economy.

But this is a complex area. Power availability has become the big issue over how and where energy-intensive data centres are developed around the world, and London is no different. Securing long-term power, meeting environmental targets and managing community push-back are increasingly important challenges for London as it keeps up with the pace and scale of AI expansion.



Innovation, investment and a sense of place

Major investors and companies now routinely assess a city’s level of innovation alongside customary built environment factors, including land use efficiency, population density, transport infrastructure and distribution of non-residential land use.

JLL’s latest Innovation Geographies research highlights London’s position as one of the world’s leading innovation hubs, based on metrics including patent generation, venture capital funding, R&D spending, concentration of talent, university presence and GDP per capita.

Of the 135 cities assessed, the UK capital ranks sixth in terms of overall innovation output and second for talent concentration.¹³

Innovation and place are inextricably linked when it comes to effective urban regeneration and development. Co-location of — and improved connectivity between — AI and other emerging technologies and relevant institutions with deep capital pools will bring economic success.

London’s success in this ranking is down to the depth of its innovation credentials. The capital is home to a robust ecosystem of digitising sectors — including globally leading fintech and insurance tech clusters — allied to the city’s openness to foreign direct investment (FDI).¹⁴

Top markets by innovation output score

Bay Area	1.00
Seoul	0.94
Boston	0.91
Tokyo	0.89
Los Angeles	0.87
London	0.82
San Diego	0.81
New York	0.80
Paris	0.80
Munich	0.79
Tel Aviv	0.76
Seattle	0.75
Singapore	0.75
Shanghai	0.75
Beijing	0.73

Top markets by talent concentration score

Bay Area	1.00
London	0.90
Boston	0.89
Cambridge	0.84
Singapore	0.83
Beijing	0.82
Zurich	0.81
Raleigh	0.77
Stockholm	0.77
New York	0.76
Paris	0.76
Austin	0.75
Brussels	0.75
Copenhagen	0.75
Seoul	0.75



London is Europe's biggest recipient of venture capital, spread across a wide range of sectors, notably Technology, Media and Telecoms (TMT).¹⁵ The extraordinary AI-related take-up of offices this year is a clear sign that London is being endorsed by companies at the vanguard of technology. Today, the city is home to 138 "unicorns" — startups valued above \$1 billion — more than France and Germany combined.

The tech connection extends to London's universities — four in the top 75 of Times Higher Education's World University Rankings 2026 — which are responsible for record levels of AI research, representing another collective pull factor.¹⁶

Such place-specific offerings are essential for cities as they seek to attract major companies, and London is well positioned to compete. Markets in the top half of the innovation rankings have 3.3 times more sales activity than those in the bottom half, while the top 10 cities by innovation score have seen more capital markets volume than the next 28 combined.¹⁷

Innovation counts for even more when aligned with a plentiful supply of investment-grade commercial real estate, or the ability to develop it. One challenge globally is that high construction costs and labour shortages among other headwinds have brought development of new offices to a 10-year low. London is far from immune to this trend and indeed by the end of June supply had contracted for a third consecutive quarter while space under construction slipped to its lowest level in five years.¹⁸

Yet London's stock of premium offices and its development pipeline compare favourably with other Western cities. About 13 percent of its office inventory has been built since 2020 while 14.2 million sq ft

is either under construction or being renovated — 83 per cent more development than in New York, for instance.¹⁹ In other words, London offers a big real estate advantage over other major cities, even those that rank higher in terms of innovation output.

The formula for success, however, is more nuanced than simply a long supply pipeline. Companies have become extremely granular in site selection, approaching real estate decisions on the basis of not just the city or workplace but the overall built environment. Micro-locations that maximize amenities and accessibility tend to encourage a sense of place and, in turn, corridors of organic growth.²⁰ In London, the corridor stretching from Fitzrovia through to Euston, King's Cross and down to Shoreditch, for instance, has become the embodiment of innovation and place.

Innovation and real estate investment can combine to create economic momentum for a city. But even with its formidable array of strengths, London faces increasing competition from other cities as they bid to attract and retain companies and talent, especially those cities where it is cheaper to live and work. In that context, the delivery of housing and infrastructure needs to be addressed, otherwise they will act as a drag on competitiveness.

London offers a combination of transparency, talent, innovation and liquidity that no other European city can match. In an era of uncertainty, that is a rare and valuable thing. In 2026, London is a city ahead of the curve.





Additionally, London stands out for the diversity of industries and specialisms where it is a leader for VC funding.

Fintech

Bay Area	\$22
New York	\$19
London	\$13.3
Singapore	\$4.4
Los Angeles	\$4.3
Bengaluru	\$3.7
Paris	\$2.5
Mumbai	\$2.3
Sao Paulo	\$1.9
Berlin	\$1.6

Drug Development

Bay Area	\$5.7
Boston	\$4.6
New York	\$2.1
London	\$1.8
Seoul	\$0.5
Munich	\$0.5
Los Angeles	\$0.5
Seattle	\$0.3
Paris	\$0.3
Beijing	\$0.3

Artificial intelligence

Bay Area	\$225
New York	\$20
London	\$13.4
Los Angeles	\$10.5
Boston	\$9
Berlin	\$8.4
Paris	\$7.3
Tel Aviv	\$4.9
Toronto	\$4.2
Austin	\$3.6

Transport

Bay Area	\$32.5
Shanghai	\$6.9
London	\$5.3
Austin	\$3.6
Los Angeles	\$3.5
Beijing	\$3.2
Bengaluru	\$2.8
Boston	\$2.5
Seoul	\$2.2
Stockholm	\$2.0

Climate tech

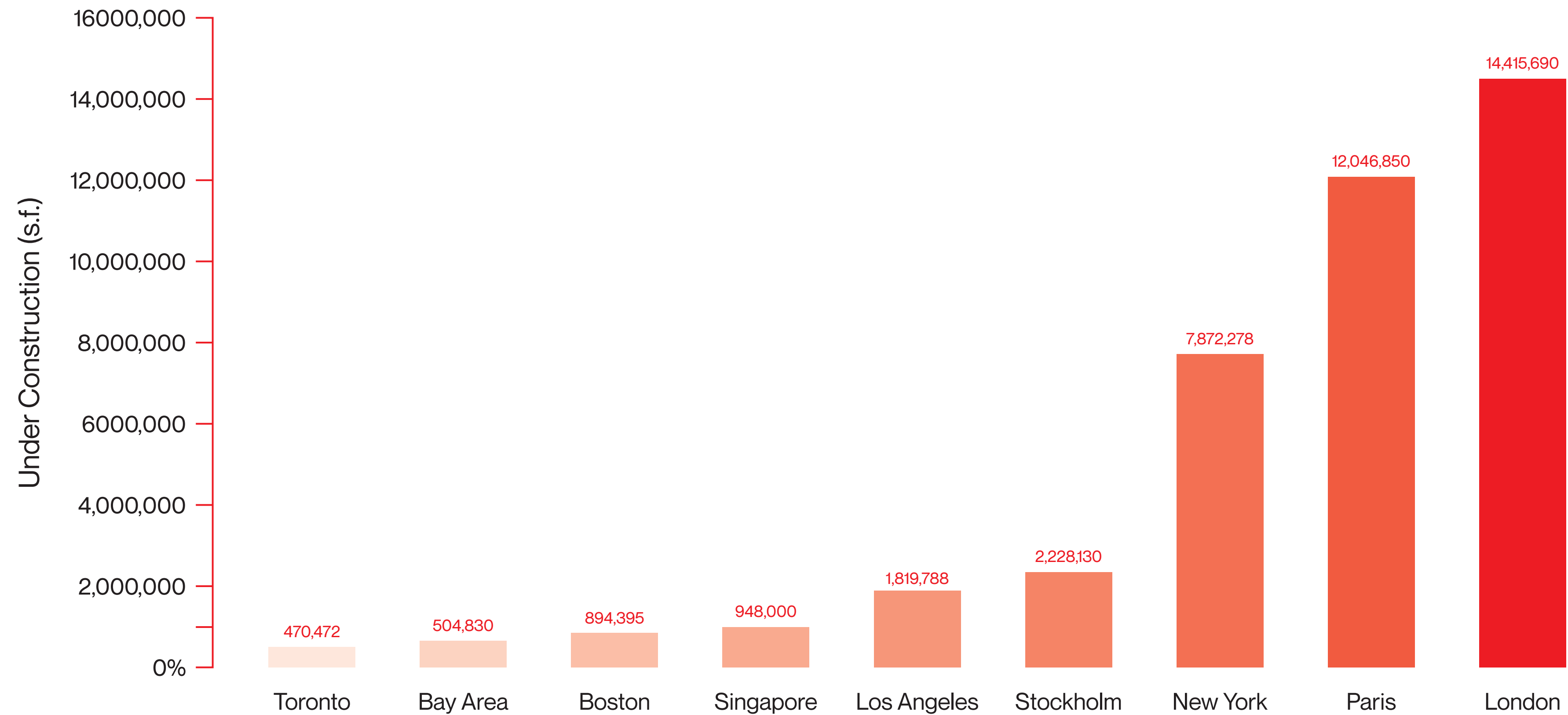
Bay Area	\$12.6
London	\$7.5
Boston	\$6.7
Stockholm	\$5.2
Shanghai	\$4.6
Los Angeles	\$3
Paris	\$3
Seattle	\$2.9
Austin	\$2.7
New York	\$2.2

Media and entertainment

Bay Area	\$15.8
Los Angeles	\$4.6
London	\$3.2
New York	\$3.1
Seoul	\$1.7
Austin	\$1.4
Shanghai	\$1.3
Seattle	\$0.9
Beijing	\$0.5
Paris	\$0.5



Although significantly supply constrained, London's more robust construction pipeline than its peers will boost competitiveness



Living in London

The housing sector has produced one of London's biggest property deals so far this year — Morgan Stanley Investment Management's £1.045 billion purchase of Metra Living, the private rental business of L&Q Housing Trust.

In one move, Morgan Stanley and its partner Ridgeback Group have gained 3,200 homes across Greater London, or as they described it, "one of Europe's most supply-constrained residential markets, supported by strong underlying rental demand and favourable long-term market fundamentals".

The Metra Living deal embodies the challenge facing London more than most UK and European cities — a chronic supply-demand imbalance that makes the city a compelling investment play for institutional investors but also an expensive place to live.

In London's case, institutional capital is increasing this year across the various sub-sectors of build-to-rent (BTR), purpose built student accommodation and healthcare. Excluding Metra Living, JLL reveals that as much as £1.8 billion was deployed in the first half of 2026 — already comfortably more than the full-year total of £1.6 billion for 2025. This compares with a 10-year H1 average of £957 million, underlining the rapid institutionalisation of London's living sector.

And like the commercial property sector, the investor demand for rental housing in London is international. Global capital accounted for 35.8 percent of investment in UK living in the first half of 2026 but nearly 60 percent in London, above the 10-year average of 54 percent, reflecting London's growing appeal to international investors across all real estate sectors.

The institutional capital deployed into the living sector is acknowledged as a means of raising standards and improving the management of rental housing. But the majority of it is invested in existing stock.

The difficult macro conditions and planning issues that have suppressed commercial property development have hit residential far harder and for far longer. Though the Government's current pro-housebuilding policies have helped, housing starts still fall well short of targets and London's housing affordability issue remains acute.

In its latest Global Cities Index, Oxford Economics ranks London second out of 1,000 cities, based on a variety of economic and qualitative datasets. Delve deeper into the data and it is evident that the main drag on the city's quality of life score is the fact that Londoners spend more of their income on housing than the residents of nearly every other city in the world.





There is little sign of respite. In a recent study on London's housing, JLL points to the unintended consequences of successive government policies towards reducing the small landlord private rented sector in favour of an institutional, multi-family housing model.

The principles are sound: replacing variable individual landlords and poorer-quality stock with new, energy-efficient, professionally managed homes offering long-term rental security. The reality is that the cheapest rooms, invariably in a house in multiple occupation (HMO) are leaving the market faster than the institutional model can replace them. Young people are hit the hardest here. This is a social issue; it is also a threat to London's economic competitiveness.

One solution advanced by Opportunity London is for the Government to encourage a new generation of purpose-built or purpose-converted HMO stock at scale. Tax and policy reform could allow operators of large, professionally managed shared houses to be treated more equitably with BTR schemes, reducing the per-room cost burden that makes the current model difficult to scale.

One thing is clear: the affordability crisis facing London's young professionals is structural and will not be solved by market forces alone.



“The institutional capital deployed into the living sector is acknowledged as a means of raising standards and improving the management of rental housing. But the majority of it is invested in existing stock.”



Endnotes

1

Dealroom’s Global Tech Ecosystem Index 2026. London reclaims top European tech spot from Paris, Dealroom says | Reuters

2

JLL analysis of central London market data during H1 2026

3

JLL analysis of central London market data during H1 2026

4

JLL Economic Market Update, July 31, 2026. This figure excludes 2025’s unusually large Q1 Annington portfolio deal.

5

JLL analysis of investment of £7.4bn in London during H1 2026. Direct investment volumes exclude deals below \$5m as well as development and M&A deals.

6

JLL analysis of central London market data during H1 2026

7

JLL analysis of central London market data during H1 2026

8

JLL analysis of central London market data during H1 2026

9

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11

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JLL 2026: Innovation Geographies

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JLL 2026: Innovation Geographies

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JLL 2026: Innovation Geographies

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JLL 2026: Innovation Geographies





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JLL has been part of the changing landscape of London for more than 200 years.

Working with a wide range of clients on all aspects of the development cycle we have accumulated a unique understanding of the complexity that underpins the evolution of this continually growing city. We use this knowledge to advise our clients on how to effectively recognise, realise and capitalise on the variety of opportunities London has to offer.

Whether your London development is office or hotel focused, retail, residential or a mixed-use scheme, we underpin the experience and expertise of our people with cutting edge market intelligence. This ranges from the innovative thinking of our Understanding Digital London and JLL Global300 cities research, to occupier demand drivers, specific London village and bespoke sector reports. Our knowledge helps our clients create the buildings of the future.



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