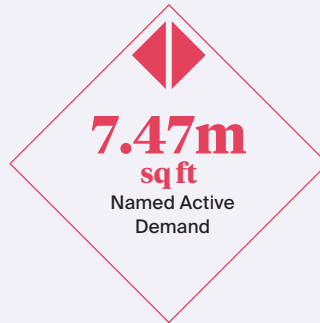
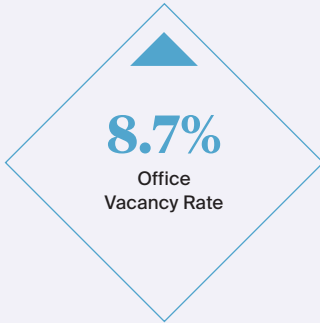


LONDON OFFICES SPOTLIGHT 2022 Q4

LONDON OVERVIEW



KEY THEMES

1
London take-up slightly below long-term trend.

2
West End availability falls for a third successive quarter.

3
Lower levels of investment transactions as market adjusts to higher interest rates.

SUBMARKET PRIME HEADLINE RENTS

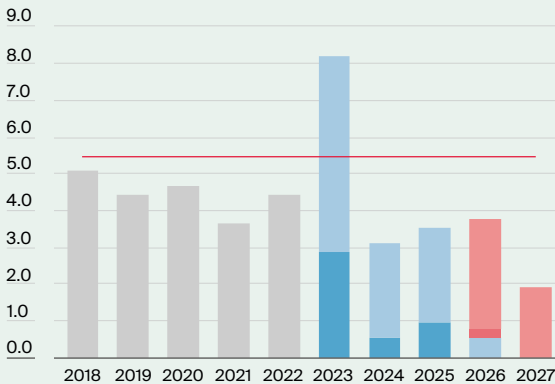
SUBMARKETS	VACANCY RATE	PRIME HEADLINE RENT (PSF)	CHANGE 3M	RENT FREE PERIODS*
ALDGATE/WHITECHAPEL	13.1%	£60.00	↕	27
CITY CORE	9.8%	£75.00	↕	24-27
CLERKENWELL/FARRINGDON	13.0%	£85.00	▲	24
MIDTOWN	7.1%	£70.00	↕	27
SOUTHBANK CORE	6.6%	£75.00	↕	24-27
VAUXHALL/BATTERSEA	2.6%	£60.00	▲	24-27
CANARY WHARF	18.0%	£55.00	↕	27-30
REST OF DOCKLANDS	10.8%	£32.50	↕	30
STRATFORD	10.8%	£47.50	▲	27
BLOOMSBURY	4.2%	£77.50	↕	24-27
FITZROVIA	6.0%	£92.50	▲	24
KING'S CROSS/EUSTON	6.8%	£82.50	↕	24-27
KNIGHTSBRIDGE/CHELSEA	7.4%	£95.00	↕	24-27
MARYLEBONE	3.3%	£97.00	▲	24
PADDINGTON	4.8%	£80.00	↕	24-27
SOHO	4.9%	£95.00	▲	24
STRAND/COVENT GARDEN	7.6%	£80.00	↕	24-27
VICTORIA	2.9%	£82.50	▲	24-27
WEST END CORE	5.3%	£125.00	↕	21
WHITE CITY	22.4%	£57.50	↕	24-27

*Rent free period on a 10 year lease

London development pipeline

m sq ft

- Completed
- U/C Pre-let
- U/C Speculative
- Potential - Most Likely
- Potential - Likely
- Long-term New & Refurbished Take-up



Source: Knight Frank

PRE-LET SPACE

31.1%

City & Southbank



0.0%

Docklands & Stratford



28.4%

West End



WEST END OVERVIEW

LEASING MARKET

SQ FT	21 Q4	22 Q1	22 Q2	22 Q3	22 Q4	% CHANGE		LONG-TERM AVERAGE
						3M	12M	
Take-up	1.36 m	1.01 m	1.49 m	1.17 m	1.31 m	11.9%	-4.0%	1.15 m
Availability	6.83 m	6.83 m	6.17 m	5.21 m	5.13 m	-1.5%	-24.9%	5.25 m
Vacancy Rate	7.6%	7.5%	6.8%	5.7%	5.6%	-0.1%	-2.0%	6.1%
Active Requirements	1.53 m	1.85 m	1.03 m	1.40 m	1.43 m	2.2%	-6.8%	1.97 m

KEY LEASING DEALS

BUILDING	SQ FT	OCCUPIER	RENT (PSF)
The Earnshaw, 77-91 New Oxford Street, WC1A 1DG	140,044	GlaxoSmithKline PLC (GSK)	£95.00
20 Manchester Square, W1U 3PZ	81,281	Lazards LLP	Confidential
N2, Victoria, 1 Bressenden Place, SW1E 5BY	25,589	HPS Investment Partners LLC	Confidential
Air W1, 20 Air Street, W1B 5AN	24,192	Bregal Investments London Ltd	Confidential
The Kensington Building, 127 Kensington High Street, W8 5SF	22,931	Luxtotta	Confidential

* Knight Frank deals

INVESTMENT MARKET

	21 Q4	22 Q1	22 Q2	22 Q3	22 Q4	% CHANGE		LONG-TERM AVERAGE
						3M	12M	
Turnover	1.57 bn	1.99 bn	1.68 bn	1.30 bn	0.90 bn	-30.7%	-42.9%	1.44 bn
Availability	1.02 bn	1.70 bn	2.25 bn	2.23 bn	2.66 bn	19.0%	161.3%	1.51 bn
Under Offer	2.87 bn	2.47 bn	1.21 bn	1.58 bn	1.03 bn	-34.6%	-64.1%	0.72 bn
Yield*	3.25%	3.25%	3.25%	3.50%	3.75%	0.25%	0.50%	

* difference from previous quarter/year

KEY INVESTMENT DEALS

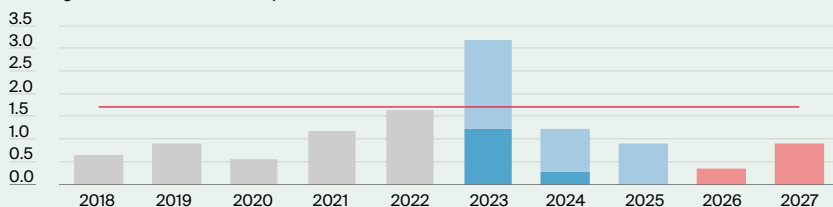
BUILDING	PRICE	CAPITAL VALUE (PSF)	YIELD	PURCHASER
Fenwick, 53/63 New Bond Street, W1S 1RQ	£430.0 m	£4,296	-	Lazari Investments Ltd
50 Broadway, SW1H 0BL	£110.0 m	£1,516	3.94%	Private Investor (Middle Eastern)
6 Duke Street, SW1Y 6BN	£62.5 m	£1,783	4.28%	Darin Partners Ltd
Berkshire House, 168-173 High Holborn, WC1V 7AA	£50.0 m	£892	5.51%	Clivedale London Jesta Hotels
Byron House, 7-9 St James's Street, SW1A 1DW	£45.8 m	£1,264	5.38%	Dao Estate Limited

* Knight Frank deals

West End development pipeline

m sq ft

■ Completed
 ■ U/C Pre-let
 ■ U/C Speculative
 ■ Potential - Most Likely
 ■ Potential - Likely
 — Long-term new/refurb take-up



Source: Knight Frank

CITY & SOUTHBANK OVERVIEW

LEASING MARKET

SQ FT	21 Q4	22 Q1	22 Q2	22 Q3	22 Q4	% CHANGE		LONG-TERM AVERAGE
						3M	12M	
Take-up	1.81 m	1.46 m	1.64 m	1.18 m	1.50 m	278%	-16.8%	1.68 m
Availability	9.77 m	10.75 m	11.18 m	12.48 m	12.72 m	1.9%	30.2%	8.32 m
Vacancy Rate	7.4%	8.1%	8.4%	9.3%	9.5%	0.1%	2.0%	6.8%
Active Requirements	4.28 m	4.43 m	4.18 m	5.04 m	4.59 m	-9.0%	7.1%	4.26 m

KEY LEASING DEALS

BUILDING	SQ FT	OCCUPIER	RENT (PSF)
2 Aldermanbury Square, EC2V 5DL	321,000	Clifford Chance LLP	£80.00
Blossom Yard + Studios, Blossom Street, Norton Folgate, E1 6DQ	114,003	Reed Smith LLP	£80.00
5 Broadgate, EC2M 7LE	104,108	Grant Thornton LLP	£69.50
99 Queen Victoria Street, EC4V 4EH	88,126	WeWork	Confidential
The Hallmark Building, 52-56 Leadenhall Street, EC3A 2BJ	50,722	Knotel Management UK Limited	£55.00

* Knight Frank deals

INVESTMENT MARKET

	21 Q4	22 Q1	22 Q2	22 Q3	22 Q4	% CHANGE		LONG-TERM AVERAGE
						3M	12M	
Turnover	2.10 bn	3.83 bn	1.50 bn	2.00 bn	0.56 bn	-72.2%	-73.5%	2.15 bn
Availability	4.50 bn	4.04 bn	3.46 bn	3.60 bn	3.37 bn	-6.4%	-25.2%	3.19 bn
Under Offer	3.10 bn	1.77 bn	2.83 bn	1.22 bn	1.78 bn	45.9%	-42.5%	1.24 bn
Yield*	3.75%	3.75%	4.00%	4.25%	4.75%	0.50%	1.00%	

* difference from previous quarter/year

KEY INVESTMENT DEALS

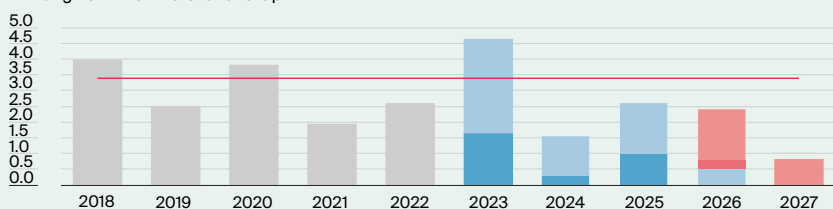
BUILDING	PRICE	CAPITAL		PURCHASER
		VALUE (PSF)	YIELD	
50 Finsbury Square, EC2A 1HD	£218.3 m	£1,690	3.87%	Wirtgen Invest Holding GmbH
85 London Wall, EC2M 7AD	£34.7 m	£844	5.78%	City of London Corporation
8 Lloyd's Avenue, EC3N 3EL	£11.4 m	£610	7.54%	Uniserve Group
11-12 Great Sutton Street, EC1V 0BX	£7.0 m	£985	2.30%	Private Investor (UK)
The Chapel, Rivington Street, EC2A 3QB	£5.2 m	£750	-	Uniserve Group

* Knight Frank deals

City & Southbank development pipeline

m sq ft

■ Completed
 ■ U/C Pre-let
 ■ U/C Speculative
 ■ Potential - Most Likely
 ■ Potential - Likely
 — Long-term new/refurb take-up



Source: Knight Frank

DOCKLANDS & STRATFORD OVERVIEW

LEASING MARKET

SQ FT	21 Q4	22 Q1	22 Q2	22 Q3	22 Q4	% CHANGE		LONG-TERM AVERAGE
						3M	12M	
Take-up	0.07 m	0.18 m	0.06 m	0.30 m	0.16 m	-45.3%	146.2%	0.22 m
Availability	2.69 m	2.53 m	3.06 m	3.63 m	3.81 m	4.8%	41.8%	1.94 m
Vacancy Rate	11.3%	10.6%	12.8%	15.2%	16.0%	0.7%	4.6%	8.9%
Active Requirements	0.63 m	0.75 m	0.12 m	0.11 m	0.15 m	35.0%	-76.5%	0.56 m

KEY LEASING DEALS

BUILDING	SQ FT	OCCUPIER	RENT (PSF)
20 Water Street, Wood Wharf, Canary Wharf, E14 5EU	38,488	Kadans Science Partner	£59.50
Here East, Queen Elizabeth Olympic Park, E20 3BS	35,000	Liverpool Media Academy	Confidential
Sugar House Island, 1 Sugar House Lane, E15 2RB	24,687	Scriven Properties Ltd	£34.29
1 Cabot Square, E14 4QT	21,056	General Pharmaceutical Council	Confidential
40 Bank Street, Canary Wharf, E14 5NR	19,113	Delta Capita Ltd	Confidential

* Knight Frank deals

INVESTMENT MARKET

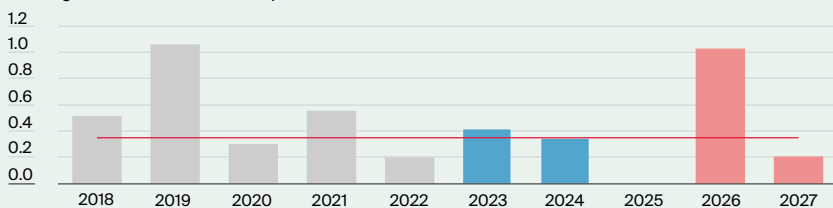
	21 Q4	22 Q1	22 Q2	22 Q3	22 Q4	% CHANGE		LONG-TERM AVERAGE
						3M	12M	
Turnover	£0.44 bn	£0.05 bn	£0.00 bn	£0.00 bn	£0.00 bn		-100.0%	£0.22 bn
Availability	£0.00 bn	£0.00 bn	£0.00 bn	£0.00 bn	£0.30 bn			
Under Offer	£0.05 bn	£0.00 bn	£0.00 bn	£0.00 bn	£0.12 bn		150.0%	
Yield*	4.75%	4.75%	4.75%	5.00%	5.50%	0.50%	0.75%	

* difference from previous quarter/year

Docklands & Stratford development pipeline

m sq ft

■ Completed
 ■ U/C Pre-let
 ■ U/C Speculative
 ■ Potential - Most Likely
 ■ Potential - Likely
 — Long-term new/refurb take-up



Source: Knight Frank

CONTACTS

HEAD OF LONDON OFFICES

Philip Hobley

philip.hobley@knightfrank.com
+44 20 7861 1192

CHAIRMAN LONDON OFFICES

Angus Goswell

angus.goswell@knightfrank.com
+44 20 7861 5150

LONDON LEASING

Dan Gaunt

dan.gaunt@knightfrank.com
+44 20 7861 1314

Ian McCarter

ian.mccarter@knightfrank.com
+44 20 7861 1506

Abby Brown

abby.brown@knightfrank.com
+44 20 7861 1306

LONDON LEASE ADVISORY

Simon Austen

simon.austen@knightfrank.com
+44 20 7861 1341

LONDON DEVELOPMENT

Andrew Tyler

andrew.tyler@knightfrank.com
+44 20 7861 1319

LONDON CAPITAL MARKETS

Jamie Pope

jamie.pope@knightfrank.com
+44 20 3909 6814

Nick Braybrook

nick.braybrook@knightfrank.com
+44 20 7861 1309

Anthony Barnard

anthony.barnard@knightfrank.com
+44 20 7861 1216

Oliver Sprackling

oliver.sprackling@knightfrank.com
+44 20 3830 8638

LONDON TENANT REPRESENTATION

Richard Proctor

richard.proctor@knightfrank.com
+44 20 7861 5159

FLEXIBLE OFFICE SOLUTIONS

Amanda Lim

amanda.lim@knightfrank.com
+44 20 3826 0661

LONDON RESEARCH

Shabab Qadar

shabab.qadar@knightfrank.com
+44 20 7861 1234

ESG CONSULTING

Jonathan Hale

jonathan.hale@knightfrank.com
+44 20 7861 1181

General Note

This report has been prepared by Knight Frank Research, the research and consultancy division of Knight Frank. Knight Frank Research gratefully acknowledges the assistance given by the London office teams in the compilation and presentation of this material. Certain data sourced from LOD. All graph data sourced by Knight Frank.

Technical Note

The following criteria have been adopted in the preparation of this report.

- i. All floorspace figures quoted in this report refer to sq ft net.
- ii. Take-up figures refer to space let, pre-let, or acquired for occupation during the quarter.
- iii. Availability refers to all space available for immediate occupation, plus space still under construction which will be completed within six months and which has not been let.
- iv. Availability and take-up are classified into three grades: New/refurbished: Space under construction which is due for completion within six months or space which is currently on the market and is either new or completely refurbished.
Second-hand A Grade: Previously occupied space with air-conditioning.
Second-hand B Grade: Previously occupied space without air-conditioning.
- v. Demand figures quoted in this report refer to named requirements for over 10,000 sq ft.
- vi. Under construction figures quoted in this report refer to developments of over 20,000 sq ft which are currently underway. They do not include properties undergoing demolition.
- vii. Investment figures quoted in this report refer to accommodation where the majority of income/potential income is from office usage and comprises transactions of £1m and above.
The data includes standing investments, site purchases and funding transactions.
- viii. This report is produced to standard quarters.
Quarter 1: January 1 – March 31,
Quarter 2: April 1 – June 30,
Quarter 3: July 1 – September 30,
Quarter 4: October 1 – December 31

**Knight Frank Research
Reports are available at
[knightfrank.com/research](https://www.knightfrank.com/research)**

Knight Frank Research provides strategic advice, consultancy services and forecasting to a wide range of clients worldwide including developers, investors, funding organisations, corporate institutions and the public sector. All our clients recognise the need for expert independent advice customised to their specific needs. © Knight Frank LLP 2021. Terms of use: This report is published for general information only and not to be relied upon in any way. All information is for personal use only and should not be used in any part for commercial third party use. By continuing to access the report, it is recognised that a licence is granted only to use the reports and all content therein in this way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank LLP for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank LLP in relation to particular properties or projects. The content is strictly copyright and reproduction of the whole or part of it in any form is prohibited without prior written approval from Knight Frank LLP. Knight Frank LLP is a limited liability partnership registered in England with registered number OC305934. Our registered office is 55 Baker Street, London, W1U 6AN, where you may look at a list of members' names.

