

London Offices Spotlight



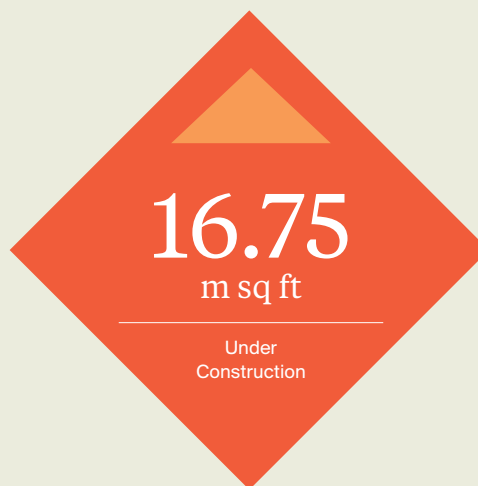
Q1 2023

Knight Frank's ultimate guide to real estate performance and opportunities in the world's most exciting city.

knightfrank.com/research



London Overview



Key Themes

1.

Take-up softens in Q1 whilst space under-offer has risen to 3m sq ft.

2.

Active requirements rise to near trend levels.

3.

Near-term completions raise availability.

Submarket Prime Headline Rents

Submarkets	Vacancy rate	Prime Rent	Quarterly Change	Rent Free Periods
Aldgate/Whitechapel	15.7%	£60.00	◀▶	27
City Core	10.2%	£75.00	◀▶	24-27
Clerkenwell/Farringdon	13.1%	£85.00	◀▶	24
Midtown	9.5%	£70.00	◀▶	27
Southbank Core	5.8%	£75.00	◀▶	24-27
Vauxhall/Battersea	9.2%	£60.00	◀▶	24-27
Canary Wharf	17.3%	£55.00	◀▶	27-30
Rest of Docklands	10.1%	£32.50	◀▶	30
Stratford	16.6%	£48.50	▲	27
Bloomsbury	6.1%	£77.50	◀▶	24-27
Fitzrovia	7.6%	£92.50	◀▶	24
King's Cross/Euston	9.0%	£82.50	◀▶	24-27
Knightsbridge/Chelsea	8.9%	£95.00	◀▶	24-27
Marylebone	3.4%	£97.00	◀▶	24
Paddington	5.6%	£80.00	◀▶	24-27
Soho	7.2%	£95.00	◀▶	24
Strand/Covent Garden	8.7%	£80.00	◀▶	24-27
Victoria	4.7%	£82.50	◀▶	24-27
West End Core	5.5%	£130.00	▲	21
White City	19.2%	£57.50	◀▶	24-27

Pre-let space

31.2%

City & Southbank



0.0%

Docklands & Stratford



29.1%

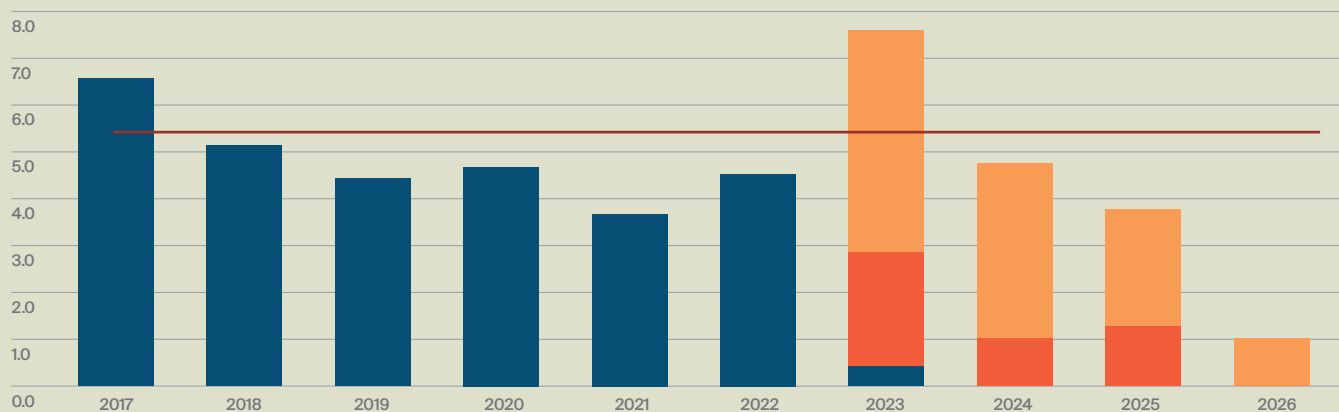
West End



London Development Pipeline

m sq ft

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



Source: Knight Frank Research

City & Southbank Overview

LEASING MARKET

m sq Ft, % of stock	22 Q1	22 Q2	22 Q3	22 Q4	23 Q1	% Change		Long-term average
						3M	12M	
Take-up	1.46	1.64	1.18	1.50	1.03	-31.4%	-29.3%	1.68
Availability	10.75	11.18	12.48	12.72	13.81	8.6%	28.5%	8.41
Vacancy Rate	8.1%	8.4%	9.3%	9.5%	10.3%	0.8%	2.1%	6.8%
Active Requirements	4.43	4.18	5.04	4.59	4.60	0.3%	3.7%	4.29

* difference from previous quarter/year

KEY LEASING DEALS

Building	Sq ft	Occupier	Rent (PSF)
Verdant, 150 Aldersgate Street, EC1A 4AB	140,000	TikTok	£74.00
Worship Square, 65 Clifton Street, 67-73 Worship Street, EC2A 4JE	32,735	Frontier Economics	£90.00
The Featherstone Building, 66 City Road, EC1Y 2AL	31,152	Buro Happold Limited	£74.35
70 Mark Lane, EC3R 7NQ	27,365	Orega	Confidential
CityPoint, 1 Ropemaker Street, EC2Y 9AW	26,175	Squarepoint	Confidential

Knight Frank deals

INVESTMENT MARKET

£bn, % per annum	22 Q1	22 Q2	22 Q3	22 Q4	23 Q1	% Change		Long-term average
						3M	12M	
Turnover	3.83	1.50	2.00	0.56	1.38	1471%	-64.1%	2.16
Availability	4.04	3.46	3.60	3.37	2.70	-19.8%	-33.1%	3.20
Under Offer	1.77	2.83	1.22	1.78	0.84	-53.1%	-52.8%	1.26
Yield*	3.75%	4.00%	4.25%	4.75%	4.75%	0.00%	1.00%	

* difference from previous quarter/year

KEY INVESTMENT DEALS

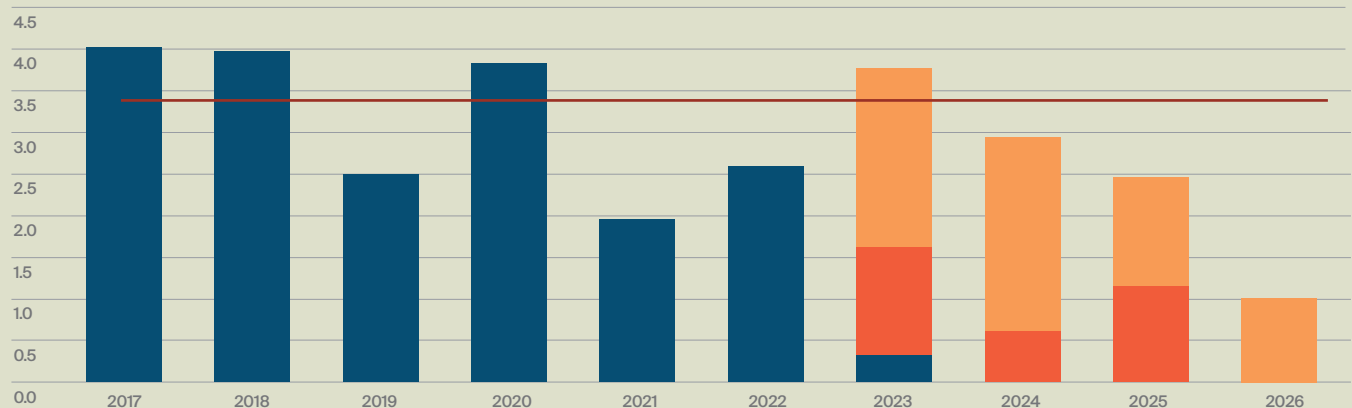
Building	Price	Capital Value (PSF)	Yield	Purchaser
St Katharine Docks, E1W 1LA	£395.0m	£752	7.21%	CDL
1 New Street Square, EC4A 3BQ	£349.0m	£1,264	4.71%	Chinachem Group
Winchester House, 75 London Wall, EC2N 2DB	£257.0m	£809	5.56%	Gamuda Land Castleforge
60 Gracechurch Street, EC3V 0HR	£140.0m	£1,100	4.74%	Obayashi
19 Charterhouse Street, EC1N 6RA	£54.0m	£855	4.51%	Morgan Capital Partners LLP BNF Capital Partners

Knight Frank deals

City & Southbank Development Pipeline

m sq ft

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



Source: Knight Frank Research

Docklands & Stratford Overview

LEASING MARKET

m sq Ft, % of stock	22 Q1	22 Q2	22 Q3	22 Q4	23 Q1	% Change		Long-term average
						3M	12M	
Take-up	0.18	0.06	0.30	0.16	0.11	-31.6%	-36.3%	0.22
Availability	2.53	3.06	3.63	3.81	3.80	-0.3%	50.1%	1.99
Vacancy Rate	10.6%	12.8%	15.2%	16.0%	15.9%	0.0%	5.3%	9.1%
Active Requirements	0.75	0.12	0.11	0.15	0.30	104.4%	-59.7%	0.57

* difference from previous quarter/year

KEY LEASING DEALS

Building	Sq ft	Occupier	Rent (PSF)
Here East, Queen Elizabeth Olympic Park, E20 3BS	26,720	Teeside University	£50.00
Export Building, R2 Republic, East India Dock, E14 0BD	21,984	York St John University	£36.00
40 Bank Street, Canary Wharf, E14 5NR	10,574	Carlson Wagonlit Travel	£53.50
Here East, Queen Elizabeth Olympic Park, E20 3BS	10,328	Hawk London	Confidential
15 Westferry Circus, Canary Wharf, E14 4HD	9,963	PKF Littlejohn LLP	£28.89

Knight Frank deals

INVESTMENT MARKET

£bn, % per annum	22 Q1	22 Q2	22 Q3	22 Q4	23 Q1	% Change		Long-term average
						3M	12M	
Turnover	0.05	0.00	0.00	0.00	0.13		193.9%	0.21
Availability	0.00	0.00	0.00	0.30	0.28	-4.2%		0.01
Under Offer	0.00	0.00	0.00	0.16	0.28	82.5%		0.01
Yield*	4.75%	4.75%	5.00%	5.50%	6.00%	0.50%	1.25%	

* difference from previous quarter/year

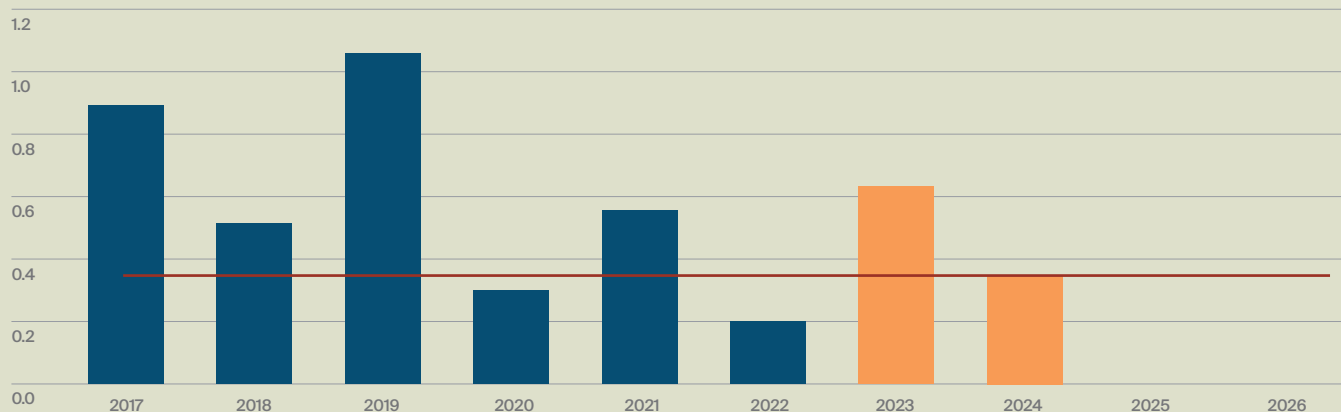
KEY INVESTMENT DEALS

Building	Price	Capital Value (PSF)	Yield	Purchaser
17 Columbus Courtyard, Canary Wharf, E14 4HE	£99.8 m	£530	Confidential	GIC Real estate Oaktree Capital Group, LLC
Northern & Shell Tower, 4 Selsdon Way, E14 9GT	£32.5 m	£604	Confidential	United Properties London Ltd

Docklands & Stratford Development Pipeline

m sq ft

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



Source: Knight Frank Research

West End Overview

LEASING MARKET

m sq Ft, % of stock	22 Q1	22 Q2	22 Q3	22 Q4	23 Q1	% Change		Long-term average
						3M	12M	
Take-up	1.01	1.49	1.17	1.31	0.80	-39.1%	-21.1%	1.13
Availability	6.83	6.17	5.21	5.13	6.34	23.6%	-7.1%	5.27
Vacancy Rate	7.5%	6.8%	5.7%	5.6%	6.9%	1.3%	-0.6%	6.1%
Active Requirements	1.85	1.03	1.40	1.43	1.96	37.4%	5.9%	1.97

* difference from previous quarter/year

KEY LEASING DEALS

Building	Sq ft	Occupier	Rent (PSF)
25 Baker Street, W1	105,927	Pimco Europe Ltd	£103.40
3 Sheldon Square, W2	83,054	Virgin Media	£86.00
The Lantern, 67-87 Hampstead Road, NW1	23,696	Tripledote Studios Limited	£67.50
65 Davies Street, W1	22,885	Hayfin Capital Managment LLP	£170.00
31 St James's Square, SW1	17,235	Raymond James	Confidential

Knight Frank deals

INVESTMENT MARKET

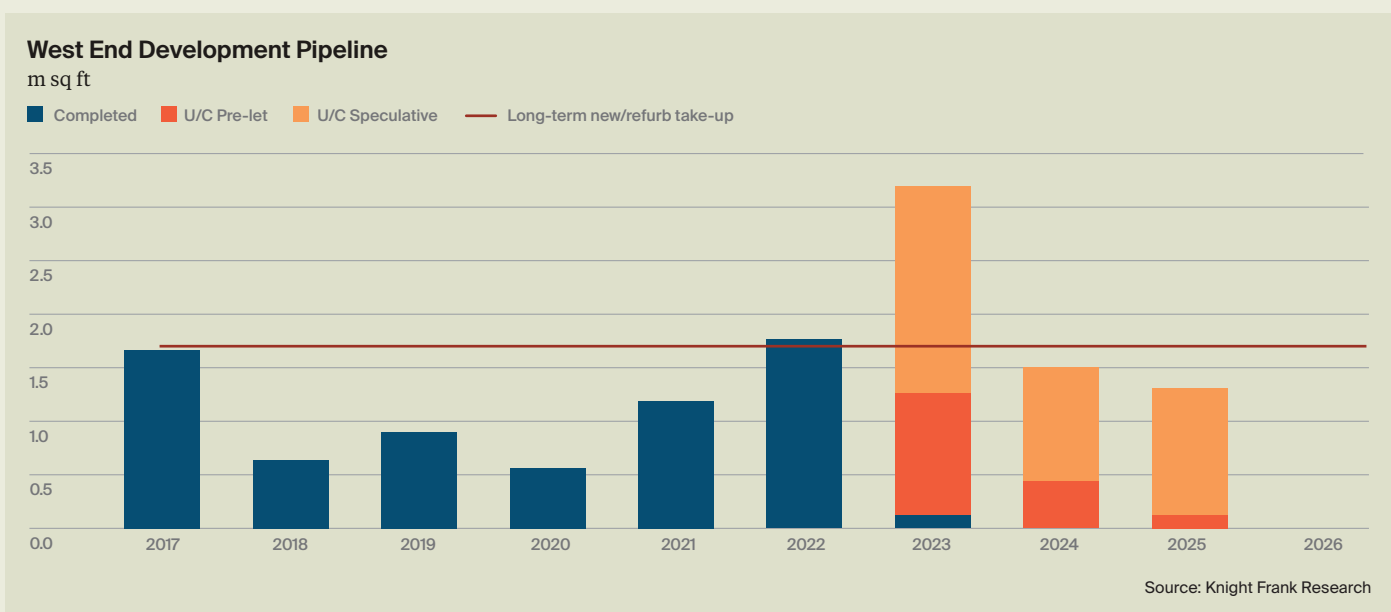
£bn, % per annum	22 Q1	22 Q2	22 Q3	22 Q4	23 Q1	% Change		Long-term average
						3M	12M	
Turnover	1.99	1.68	1.30	0.90	0.76	-16.0%	-62.0%	1.44
Availability	1.70	2.25	2.23	2.66	2.96	11.4%	73.8%	1.56
Under Offer	2.47	1.21	1.58	1.03	0.84	-18.8%	-66.1%	0.74
Yield*	3.25%	3.25%	3.50%	3.75%	3.75%	0.00%	0.50%	

* difference from previous quarter/year

KEY INVESTMENT DEALS

Building	Price	Capital Value (PSF)	Yield	Purchaser
Tribeca, NW1	£275.0 m	£446	Confidential	GIC Private Limited
27 Old Bond Street, W1	£140.0 m	£6,384	2.64%	Private Investor (Guatemala)
33 Foley Street, London, W1	£82.0 m	£1,931	4.30%	Pontegadea UK Ltd
55 Tottenham Court Road W1	£40.0 m	£799	Confidential	Global Holdings Management Group
45 Conduit Street, Mayfair, W1	£11.0 m	£1,504	Confidential	Private Investor (USA)

Knight Frank deals



We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.

Head of London Offices

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

Chairman of 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

Valuation & Advisory

Simon Gillespie
simon.gillespie@knightfrank.com
+44 20 7861 1292

London Research

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

London Data

Jessica Tsang
jessica.tsang@knightfrank.com
+44 20 7629 8171

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 £1 m 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

