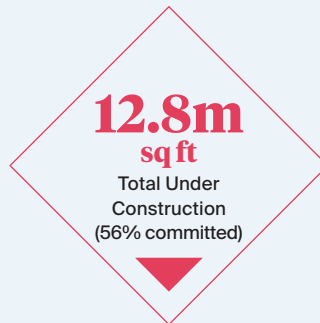
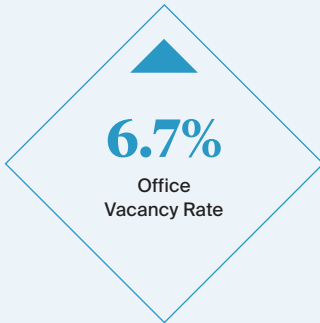
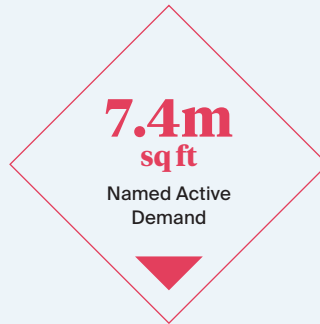


# LONDON OFFICES

## SPOTLIGHT

### Q3 2020

# LONDON OVERVIEW



## KEY THEMES

**1**

Record low leasing volumes

**2**

Tenant release  
space accelerating

**3**

Investment activity rising

## SUBMARKET PRIME HEADLINE RENTS

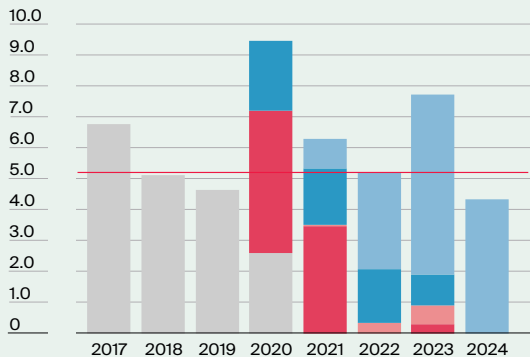
SUBMARKETS	VACANCY RATE	PRIME HEADLINE RENT (PSF)	CHANGE 3M	RENT FREE PERIODS*
West End Core	8.7%	£110.00	▼	24-27
Marylebone	6.6%	£92.50	▼	24-27
Fitzrovia	8.8%	£87.50	▼	27
Soho	6.3%	£90.00	▼	24-27
Knightsbridge/Chelsea	8.7%	£90.00	◄	24-27
King's Cross/Euston	1.7%	£82.50	▼	24-27
Victoria	3.0%	£75.00	▼	24-27
Strand/Covent Garden	6.9%	£77.50	▼	24-27
Bloomsbury	8.6%	£77.50	▼	24-27
Clerkenwell/Farringdon	5.6%	£77.50	▼	21-24
Paddington	4.1%	£75.00	▼	24-27
Midtown	3.7%	£70.00	▼	27
City Core	8.4%	£70.00	▼	27
Southbank	3.2%	£72.00	◄	24
Aldgate/Whitechapel	5.4%	£60.00	▼	27
Battersea/Vauxhall	2.2%	£55.00	▼	24-27
White City	20.2%	£52.50	▼	24-27
Canary Wharf	8.8%	£50.00	▼	27
Stratford	22.0%	£44.00	◄	24
Rest Of Docklands	13.5%	£32.50	◄	27

\*Rent free period on a 10 year lease

### London development pipeline

sq ft millions

- U/C Pre-let
- Pipeline Pre-let
- U/C Speculative
- Pipeline Speculative
- Completed
- Long-term annual average take-up of new and refurbished space



Source: Knight Frank

### NAMED ACTIVE DEMAND

7.4m sq ft

2.8m sq ft

City

1.4m sq ft

West End

0.3m sq ft

Docklands

2.9m sq ft

London Wide

# WEST END OVERVIEW

## LEASING MARKET

SQ FT	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	% CHANGE		LONG-TERM AVERAGE
						3M	12M	
Take-up	1.03 m	1.53 m	0.66 m	0.43 m	0.34 m	-21%	-0.67%	1.16 m
Availability	4.56 m	4.29 m	3.68 m	4.28 m	5.33 m	25%	17%	5.05 m
Vacancy Rate	5.3%	5.0%	4.2%	4.9%	6.1%	24%	15%	6.0%
Active Requirements	2.22 m	2.10 m	2.15 m	1.49 m	1.36 m	-9%	-39%	2.06 m

## KEY LEASING DEALS

BUILDING	SQ FT	OCCUPIER	RENT (PSF)
210 Euston Road, NW1	63,963	The Office Group	Confidential
7 Swallow Place, W1	18,921	G Network	Confidential
2 Cavendish Square, W1	18,139	HCA	Confidential
110 Long Acre, WC2	16,974	Peleton	Confidential
The Point, 37 North Wharf Road, W2	16,629	Statsperform	Confidential

## INVESTMENT MARKET

	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	% CHANGE		LONG-TERM AVERAGE
						3M	12M	
Turnover	£0.62 bn	£1.46 bn	£1.08 bn	£0.16 bn	£0.53 m	224%	-15%	£1.33 bn
Availability	£0.85 bn	£1.69 bn	£1.85 bn	£1.91 bn	£1.65 bn	-14%	94%	£1.29 bn
Under Offer	£1.18 bn	£0.96 bn	£0.59 bn	£0.82 bn	£1.36 bn	66%	15%	£0.71 bn

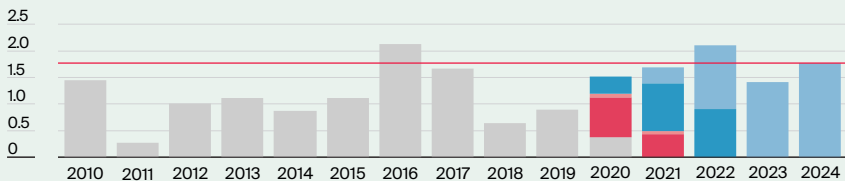
## KEY INVESTMENT DEALS

BUILDING	PRICE	CAPITAL VALUE (PSF)	YIELD	PURCHASER
1 New Oxford Street, WC1	£172.40 m	£1,577	4.20%	Sun Ventures
103 Mount Street, W1	£78.00 m	£2,413	4.06%	Stars REI / Trinova Real Estate
7 Soho Square, W1	£78.00 m	£1,153	4.00%	Hines
2 & 4 Soho Place, W1	£40.50 m	£2,200	n/a	Private UK Investor
44 Whitfield Street, W1	£19.50 m	£1,621	4.50%	Private European Investor

## West End development pipeline

sq ft millions

■ U/C Pre-let  
 ■ Pipeline Pre-let  
 ■ U/C Speculative  
 ■ Pipeline Speculative  
 ■ Completed  
 — Long-term annual average take-up of new and refurbished space



Source: Knight Frank

# CITY & SOUTHBANK OVERVIEW

## LEASING MARKET

SQ FT	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	% CHANGE		LONG-TERM AVERAGE
						3M	12M	
Take-up	1.97 m	1.62 m	1.28 m	0.54 m	0.63 m	17%	-68%	1.74 m
Availability	6.14 m	6.43 m	7.16 m	7.47 m	7.99 m	7%	30%	8.32 m
Vacancy Rate	5.0%	5.2%	5.7%	6.0%	6.3%	5%	26%	7.0%
Active Requirements	5.58 m	5.17 m	4.44 m	3.51 m	2.82 m	-20%	-49%	4.18 m

## KEY LEASING DEALS

BUILDING	SQ FT	OCCUPIER	RENT (PSF)
Duo, 280 Bishopsgate, EC2	144,500	Baker & McKenzie	Confidential
The Stills, 76 Turnmill Street, EC1	45,273	JA Kemp	Confidential
100 Liverpool Street, EC2	45,058	Storey	Confidential
Devon House, 58-60 St Katherines Dock, E1W	38,612	Northeastern University	Confidential
77 Coleman Street, EC2	27,674	Amundi	Confidential

## INVESTMENT MARKET

	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	% CHANGE		LONG-TERM AVERAGE
						3M	12M	
Turnover	£1.77 bn	£3.07 bn	£1.48 bn	£0.43 bn	£0.35 bn	-19%	-80%	£2.11 bn
Availability	£2.04 bn	£0.57 bn	£0.69 bn	£1.50bn	£2.02 bn	26%	-1%	£2.37 bn
Under Offer	£1.24 bn	£1.12 bn	£2.28 bn	£1.92 bn	£2.86 bn	33%	131%	£1.53 bn

## KEY INVESTMENT DEALS

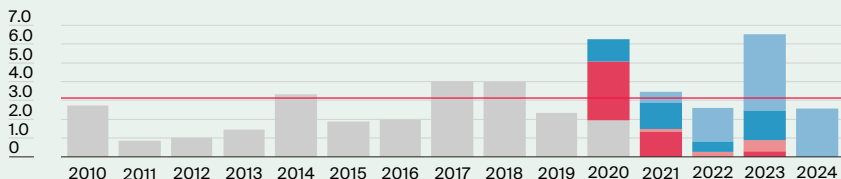
BUILDING	PRICE	CAPITAL VALUE (PSF)	YIELD	PURCHASER
*The Cabot, 25 Cabot Square, E14	£380.00 m	£789	4.87%	Link REIT
Fleet Place House, 2 Fleet Place, EC4	£111.70 m	£1,215	4.80%	M&G Real Estate
St Paul's House, 8-12 Warwick Lane, EC4	£44.00 m	£1,187	3.80%	Private Danish Investor
Liberty Place, 4 Norton Folgate, E1	£30.50 m	£578	n/a	CLI Dartriver
6 Brewhouse Yard, St John Street, EC1	£29.60 m	£855	3.32%	CBRE Global Investors

\*Docklands & Stratford deal, but included as London's largest transaction in Q3

## City & Southbank development pipeline

sq ft millions

■ U/C Pre-let   
 ■ Pipeline Pre-let   
 ■ U/C Speculative   
 ■ Pipeline Speculative   
 ■ Completed  
 — Long-term annual average take-up of new and refurbished space



Source: Knight Frank

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### 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

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