

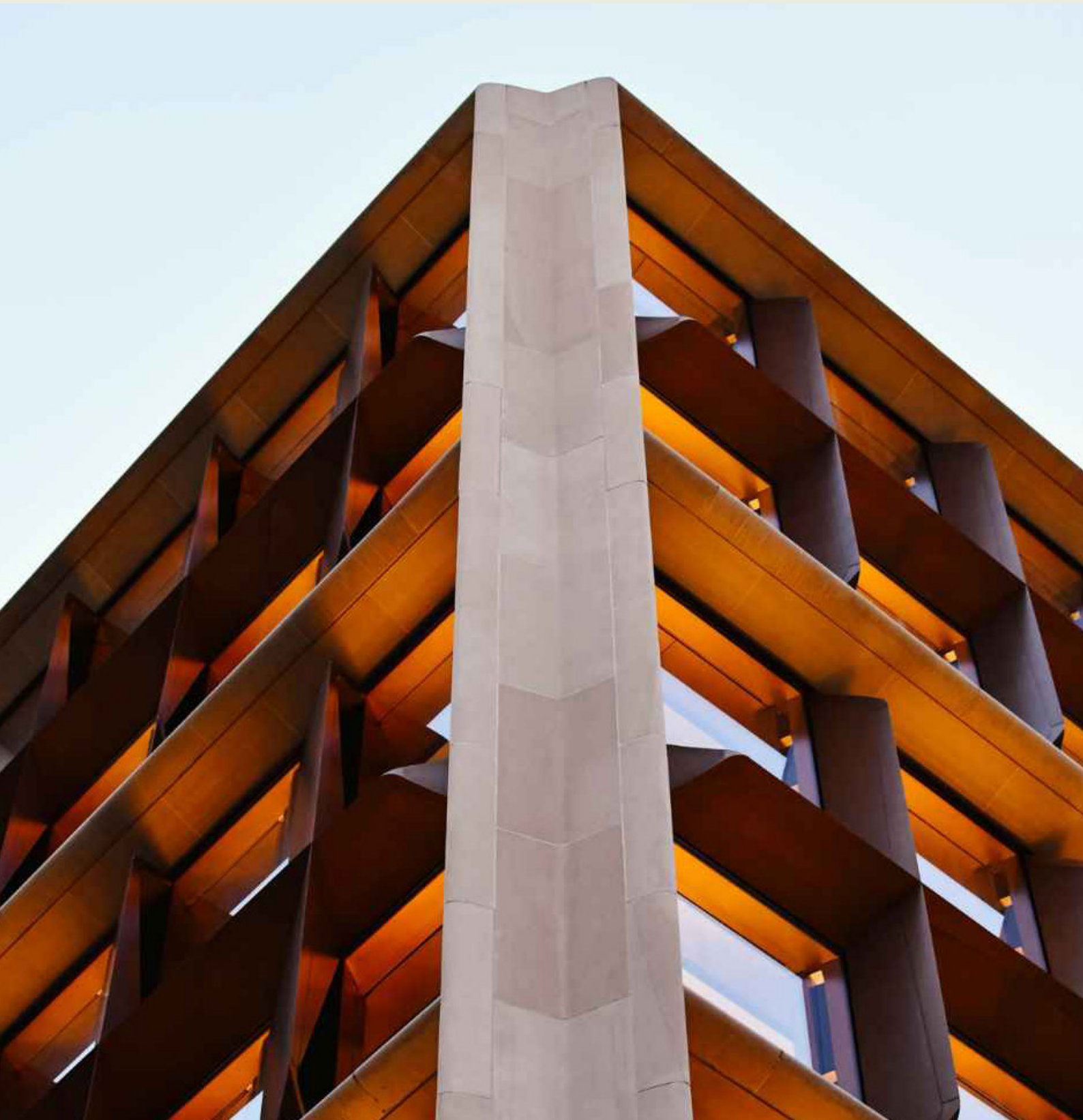
London Offices Spotlight



Q4 2023

A quarterly snapshot of the London office market.

knightfrank.com/research



London Overview



Key Themes

1.

Quarterly take-up at five-year high.

2.

Active requirements at a 10-year high.

3.

Pick-up in investment volumes as interest rates peak.

Submarket Key Indicators

Submarkets	New/Refurb Vacancy Rate	Vacancy rate	Prime Rent	Quarterly % Change	Rent Free Periods (months)
Aldgate/Whitechapel	7.9%	14.5%	£57.50	◀▶	27
City Core	4.8%	9.6%	£87.50	▲	24-27
Clerkenwell/Farringdon	9.6%	14.5%	£90.00	▲	24
Midtown	3.9%	8.2%	£80.00	▲	27
Southbank Core	3.8%	6.6%	£80.00	▲	24-27
Vauxhall/Battersea	17.2%	18.3%	£60.00	◀▶	24-27
Canary Wharf	7.4%	17.5%	£57.50	▲	27-30
Rest of Docklands	5.2%	11.5%	£32.50	◀▶	30
Stratford	13.7%	19.4%	£48.50	◀▶	27
Bloomsbury	1.4%	5.5%	£77.50	◀▶	24-27
Fitzrovia	5.0%	8.9%	£95.00	▲	24
King's Cross/Euston	5.5%	6.6%	£90.00	▲	24-27
Knightsbridge/Chelsea	6.4%	11.5%	£100.00	▲	24-27
Marylebone	1.7%	3.2%	£105.00	▲	24
Paddington	4.7%	7.5%	£85.00	▲	24-27
Soho	3.9%	5.5%	£100.00	▲	24
Strand/Covent Garden	9.5%	11.7%	£87.50	▲	24-27
Victoria	4.0%	5.6%	£90.00	▲	24-27
West End Core	2.8%	5.5%	£150.00	▲	21
White City	20.3%	21.6%	£57.50	◀▶	24-27

Pre-let space under construction

29.6%

City & Southbank



0.0%

Docklands & Stratford



28.5%

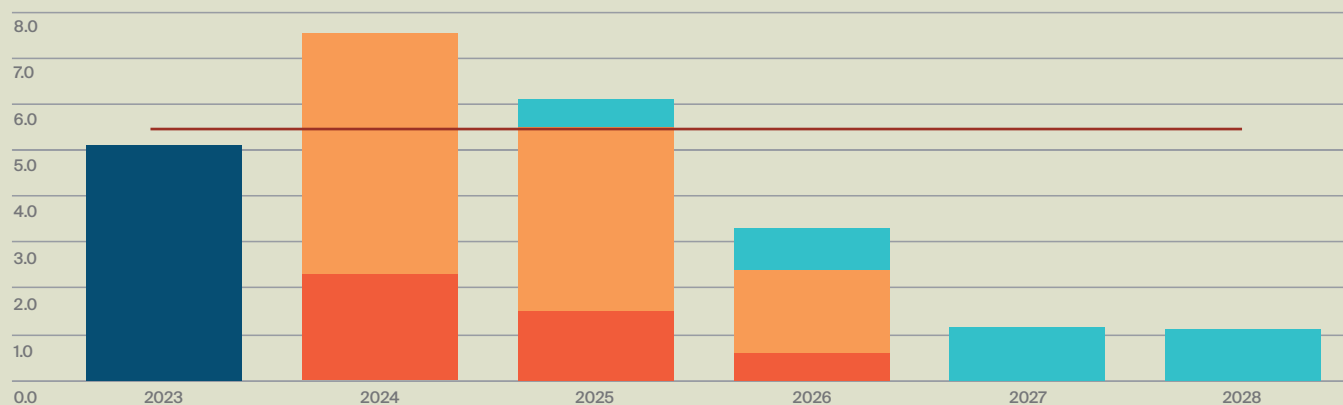
West End



London Development Pipeline

m sq ft

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



Source: Knight Frank Research

City & Southbank Overview

LEASING MARKET

m sq ft, % of stock	22 Q4	23 Q1	23 Q2	23 Q3	23 Q4	% Change		Long-term average
						3M	12M	
Take-up	1.50 m	1.03 m	1.28 m	1.68 m	2.42 m	44.4%	61.1%	1.63 m
Availability	12.72 m	13.81 m	15.11 m	14.75 m	13.93 m	-5.5%	9.5%	8.83 m
Availability Under Offer	1.15 m	1.71 m	1.59 m	1.50 m	1.48 m	-1.4%	29.3%	
Vacancy Rate*	9.5%	10.2%	11.1%	10.8%	10.1%	-0.7%	0.6%	7.0%
New/Refurb Vacancy Rate	5.8%	6.0%	6.5%	6.1%	5.6%	-0.5%	-0.2%	3.4%
Active Requirements	4.59 m	4.60 m	4.46 m	4.65 m	5.10 m	9.6%	11.1%	4.33 m

Availability Under Offer refers to marketed space that is under offer. It doesn't include off-market deals. *difference from previous quarter/year.

KEY LEASING DEALS

Building	Sq ft	Occupier	Rent (PSF)
Panorama St Paul's, EC1	520,359	HSBC	Confidential
8 Bishopsgate, EC2	88,322	CFC Underwriting	Confidential
Selso, 95 Queen Victoria Street, EC4	86,142	Cappgemini	£68.00
Times Square, 160 Queen Victoria Street, EC4	81,512	Confidential	Confidential
The JJ Mack Building, EC1	68,002	Sainsbury's	Confidential

Knight Frank deals

INVESTMENT MARKET

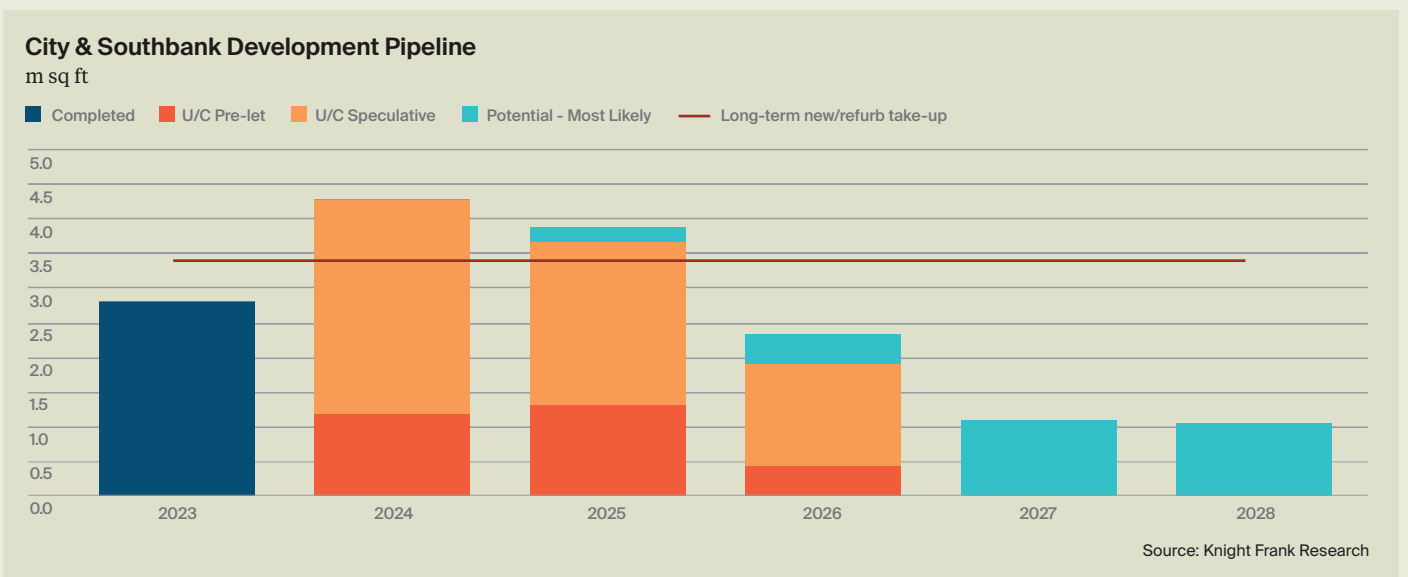
£bn, % per annum	22 Q4	23 Q1	23 Q2	23 Q3	23 Q4	% Change		Long-term average
						3M	12M	
Turnover	0.56 bn	1.48 bn	0.53 bn	0.94 bn	0.44 bn	-52.8%	-20.6%	1.96 bn
Availability	3.37 bn	2.70 bn	2.66 bn	1.90 bn	0.94 bn	-50.8%	-72.1%	3.12 bn
Under Offer	1.78 bn	0.84 bn	0.59 bn	0.46 bn	0.72 bn	58.2%	-59.5%	1.30 bn
Yield*	4.75%	4.75%	5.25%	5.25%	5.25%	0.00%	0.50%	

* difference from previous quarter/year

KEY INVESTMENT DEALS

Building	Price	Capital Value (PSF)	Yield	Purchaser
12-14 Fetter Lane, EC4	£133 m	£915	5.75%	Private Investor (Taiwan)
150 Minories, EC3	£38 m	£640	-	HUB Residential
Spitalfields House, E1	£35 m	£747	7.00%	Remake Live SCPI
Atlas House, EC2	£35 m	£781	-	Private Investor (UK)
Soho Wharf, SE1	(Q) £19 m	(Q) £840	(Q) 5.70%	Private Investor (Denmark)

* This table contains information published by third parties, for which we cannot be responsible. (Q) represents the quoting figure



Docklands & Stratford Overview

LEASING MARKET

m sq ft, % of stock	22 Q4	23 Q1	23 Q2	23 Q3	23 Q4	% Change		Long-term average
						3M	12M	
Take-up	0.16 m	0.11 m	0.07 m	0.16 m	0.10 m	-37.0%	-40.2%	0.21 m
Availability	3.81 m	3.80 m	4.11 m	3.91 m	4.19 m	7.0%	9.9%	2.25 m
Availability Under Offer	0.20 m	0.08 m	0.07 m	0.05 m	0.23 m	331.7%	19.3%	
Vacancy Rate*	15.8%	15.7%	16.5%	15.5%	16.6%	1.1%	0.8%	9.5%
New/Refurb Vacancy Rate	7.2%	7.3%	7.9%	7.5%	7.7%	0.2%	0.4%	3.5%
Active Requirements	0.15 m	0.30 m	0.22 m	0.23 m	0.14 m	-37.8%	-5.7%	0.58 m

Availability Under Offer refers to marketed space that is under offer. It doesn't include off-market deals. *difference from previous quarter/year.

KEY LEASING DEALS

Building	Sq ft	Occupier	Rent (PSF)
1 Westfield Avenue, E20	85,000	National Crime Agency	£40.00
20 Water Street, E14	11,000	AviadoBio	£57.50

Knight Frank deals

INVESTMENT MARKET

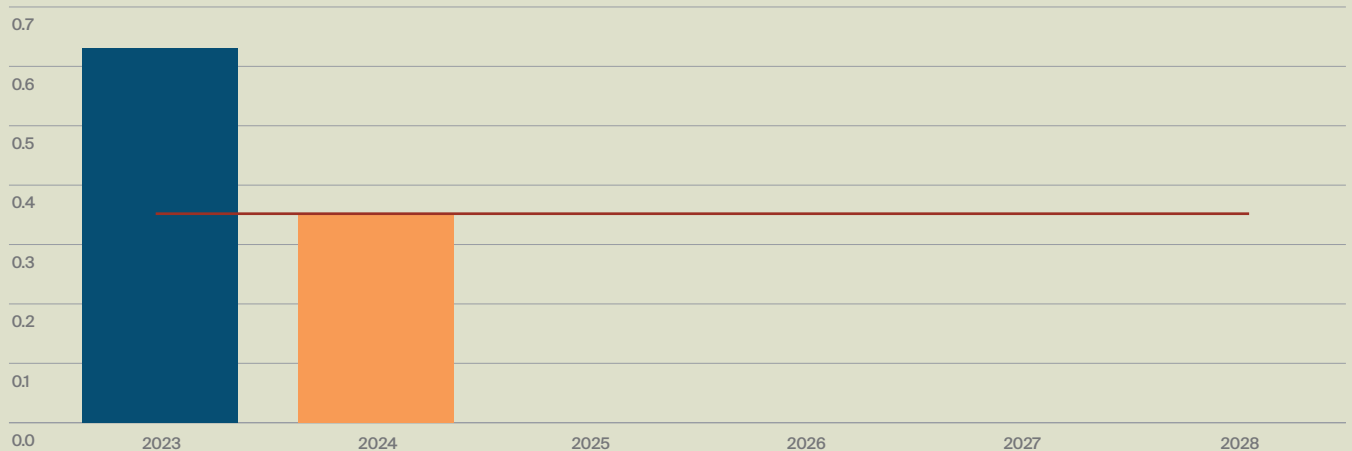
£bn, % per annum	22 Q4	23 Q1	23 Q2	23 Q3	23 Q4	% Change		Long-term average
						3M	12M	
Turnover	0.00 bn	0.13 bn	0.02 bn	0.00 bn	0.00 bn			0.18 bn
Availability	0.30 bn	0.30 bn	0.28 bn	0.28 bn	0.52 bn	88.1%	76.9%	0.04 bn
Under Offer	0.16 bn	0.16 bn	0.02 bn	0.02 bn	0.02 bn	0.0%	-87.1%	0.01 bn
Yield*	5.50%	6.00%	6.50%	6.50%	7.25%	0.75%	1.75%	

* difference from previous quarter/year

Docklands & Stratford Development Pipeline

m sq ft

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



Source: Knight Frank Research

West End Overview

LEASING MARKET

m sq ft, % of stock	22 Q4	23 Q1	23 Q2	23 Q3	23 Q4	% Change		Long-term average
						3M	12M	
Take-up	1.31 m	0.80 m	0.76 m	0.87 m	1.40 m	60.8%	7.1%	1.12 m
Availability	5.13 m	6.34 m	6.55 m	6.70 m	6.84 m	2.1%	33.4%	5.45 m
Availability Under Offer	0.66 m	0.91 m	0.84 m	0.92 m	0.75 m	-17.9%	13.4%	
Vacancy Rate*	5.6%	6.9%	7.1%	7.2%	7.3%	0.1%	1.7%	6.2%
New/Refurb Vacancy Rate	3.1%	4.3%	4.4%	4.8%	4.9%	0.1%	1.8%	2.3%
Active Requirements	1.43 m	1.96 m	1.99 m	2.66 m	1.88 m	-29.4%	31.8%	2.02 m

Availability Under Offer refers to marketed space that is under offer. It doesn't include off-market deals. *difference from previous quarter/year.

KEY LEASING DEALS

Building	Sq ft	Occupier	Rent (PSF)
50 Berkeley Street, W1	172,405	Millenium Capital Management	£135.00
20 Air Street, W1	81,433	Paul, Weiss, Rifkind, Wharton & Garrison LLP	£115.00
The Brunel Building, W2	49,599	PaymentSense	£75.00
31 St James's Square, SW1	28,019	Heidrick & Struggles	£107.50
151 Buckingham Palace Road, SW1	27,215	Harbour Energy	£85.00

Knight Frank deals

INVESTMENT MARKET

£bn, % per annum	22 Q4	23 Q1	23 Q2	23 Q3	23 Q4	% Change		Long-term average
						3M	12M	
Turnover	0.90 bn	0.76 bn	0.88 bn	0.50 bn	1.38 bn	177.8%	53.3%	1.36 bn
Availability	2.66 bn	2.96 bn	2.78 bn	3.79 bn	2.69 bn	-29.1%	1.2%	1.72 bn
Under Offer	1.03 bn	0.84 bn	0.79 bn	0.73 bn	0.59 bn	-18.4%	-42.7%	0.79 bn
Yield*	3.75%	3.75%	3.75%	3.75%	3.75%	0.00%	0.00%	

* difference from previous quarter/year

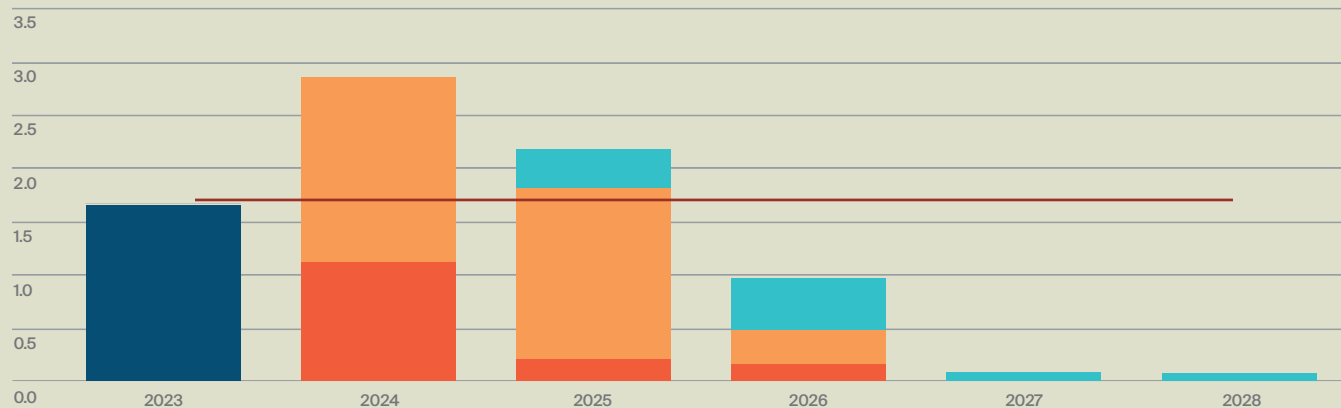
KEY INVESTMENT DEALS

Building	Price	Capital Value (PSF)	Yield	Purchaser
The Lotus Portfolio, W1	£300 m	£752	5.64%	Oval Real Estate/Elliott Advisors
125 Shaftesbury Avenue, WC2	£149 m	£835	-	Mitsubishi Estates/EDGE Technologies
Haymarket House, 28-29 Haymarket, 1 Oxendon Street, SW1Y	£115 m	£899	-	Criterion Capital Ltd
171 New Bond Street, WC2	£76 m	£12,564	2.20%	The Swatch Group
Ferguson House, 15 Marylebone Road, NW1	£64 m	£1,264	4.50%	Private Investor (India)

West End Development Pipeline

m sq ft

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



Source: Knight Frank Research

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

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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 £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

