RESEARCH

CENTRAL LONDON

QUARTERLY – OFFICES **Q2 2018**

CENTRAL LONDON SUPPLY REMAINED STABLE

GLOBAL CAPITAL CONTINUES TO FOCUS ON LONDON

CENTRAL LONDON PRIME YIELDS REMAINED STABLE

EDITORIAL

Despite Brexit uncertainty, the Central London office market remains positive as we move past the first half of the year, with a similar performance expected for the rest of 2018

Central London take-up remained robust in Q2 2018, reaching 3.39 m sq ft, which is 7% ahead of the long-term average. In fact, only one H1 in the last ten years has seen a higher volume of leasing activity, which provides a useful reference point to demonstrate just how remarkable this year's results have been to date. However, it is worth noting that take-up in Q2 would have totalled 2.75 m sq ft without transactions undertaken by the flexible office sector. The sector accounted for 18% of take-up during the quarter, while the long-term average is 6%.

The surge in flexible office take-up we witnessed across Central London last year has certainly slowed in pace during the first half of 2018. Total space taken by the sector reached 807,914 sq ft in H1, down 15% on H1 2017. We do not anticipate a repeat of last year and estimate total annual take-up from the sector to reach circa 1.20m sq ft in 2018.

The public sector accounted for 23% of take-up during the quarter, inflated by the inclusion of the Chinese Consulate's owner occupier transaction at Royal Mint Court, EC3, totalling 567,193 sq ft, which was the largest deal of the quarter. However, it was the financial sector that dominated in H1, accounting for around 24% of take-up, followed by the TMT sector with 22%.

Central London supply remained stable at 15.64 m sq ft over the quarter, which equates to a vacancy rate of 6.9%. While availability in both the City and West End markets reduced marginally, the Docklands told a different story, with levels of supply currently 38% above long-term average levels. This was boosted by 25 Cabot Square, E14, entering the supply figures (199,000 sq ft).

Looking forward at the development pipeline, we believe supply has peaked and will fall over the course of the next twelve months due to the lack of speculative new and refurbished space due to complete in the second half of 2018 and 2019. Over half of all space that is due for delivery over the next 12 months is already pre-let, leaving 3.20 m sq ft of speculative space, which is equivalent to nine months of average levels of new and refurbished take-up.

Prime headline rents across the majority of submarkets remained stable over the quarter, with the exception of North of Mayfair, King's Cross, Paddington and Southbank. Any negativity surrounding Brexit uncertainty will be offset by supply pressures, particularly in some of the submarkets surrounding the traditional cores, where we expect to see some positive growth in headline rents.

Investment turnover reached £4.70 bn in the second quarter; making it the highest quarter for investment since Q1 2017 and 38% ahead of the long-term quarterly average. London's investment market remained the focus of global capital in H1 2018 – with overseas investors accounting for 84% of total turnover by price. Far Eastern purchasers were the dominant investor group, accounting for 65% of purchases in H1, with capital from Greater China alone accounting for 38%.

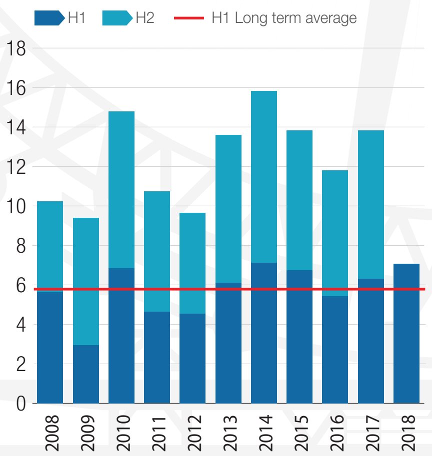
Demand from Greater China has been focussed on large lot sizes, whereas the domestic purchasers have been more active in the sub-£100m lot sizes. Over the first six months of the year, there have been 19 individual purchases of assets in excess of £100m, down 30% on the same period last year.

As we move into the second half of 2018, money from across the globe remains focussed on Central London as a place to invest, and occupier sentiment is positive; since quarter-end Facebook (598,000 sq ft) and Publicis Groupe (211,000 sq ft) have committed to a combined total of circa 809,000 sq ft for their new Central London headquarters. Against a backdrop of political uncertainty, the Central London property market looks resilient.

"There is little reason to expect any significant change in the current trends. Money from across the globe remains focussed on Central London as a place to invest, and occupier sentiment is positive."

VICTORIA SHREEVES
Central London Research

FIGURE 1
Central London Take-up
(million sq ft)



Please refer to the important notice at the end of this report

CENTRAL LONDON VIEW

WILLIAM BEARDMORE-GRAY
HEAD OF CENTRAL LONDON OFFICES

"The Central London market has remained remarkably resilient throughout the post-referendum period, and I expect this to continue despite potential headwinds in the global economy. Even with the spectre of Brexit, the 'pull' factors of the capital outweigh the 'push' factors in both the occupational and investment markets."

DAN GAUNT
HEAD OF CITY AGENCY

"With under offers and active demand levels up quarter-on-quarter, and the pipeline coming under pressure, the market is well set to deliver some real performance for landlords with the best buildings. The occupier market at 100,000 sq ft plus is particularly active whilst the level of sub 10,000 sq ft transactions has dropped significantly year-on-year, almost certainly due to the rise of the coworking offer."

NICK BRAYBROOK
HEAD OF CITY CAPITAL MARKETS

"A bumper Q2 for City transactions, even if dominated by a few larger lots, will counter the negativity that some had after the seemingly quieter Q1. South-east Asian buyers still dominate, but the South Koreans continue to gain competitiveness against the Hong Kong buyers, with European investors also becoming more active. But the value-add assets are now gaining more favour with the local experts, as more appreciate the supply squeeze in the occupier market."

ANTHONY BARNARD
HEAD OF WEST END CAPITAL MARKETS

"West End turnover returned to usual Q2 levels with £1.17 bn traded. The most notable change however being the dominance of UK and European Investors who accounted for 54% of purchasing capital up from 16% in Q1."

IAN MCCARTER
HEAD OF WEST END AGENCY

"The West End market continues to perform well. The theme of your office space being important to recruitment and talent retention continues with over 40% of take-up accounted for by new space. As we move forward, with 48% of the development pipeline already pre-let, we will continue to see more early engagement by occupiers as well as them having to consider secondhand stock to satisfy their requirements."

RICHARD PROCTOR
HEAD OF CENTRAL LONDON TENANT REPRESENTATION

"Occupiers' requirements remain focussed on maximising flexibility and agility against the backdrop of an uncertain political and economic outlook. Landlords able to provide this flexibility in terms, not just lease length but also ease, speed and restricted cost of occupation and exit, are in pole position to attract and retain tenants. The most successful landlords will be striving to work closely with their clients, their occupiers."

"Investment turnover reached £1.17 bn in Q2, across 22 transactions, the strongest quarter since Q1 2017"

FIGURE 2
West End availability
(million sq ft)

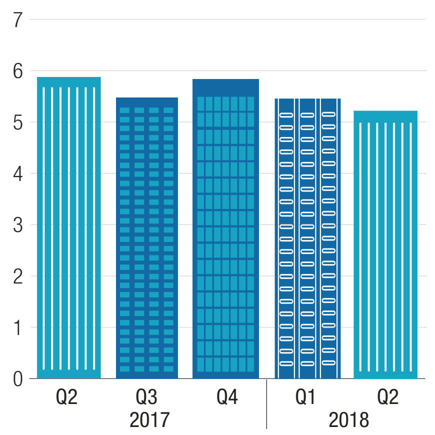
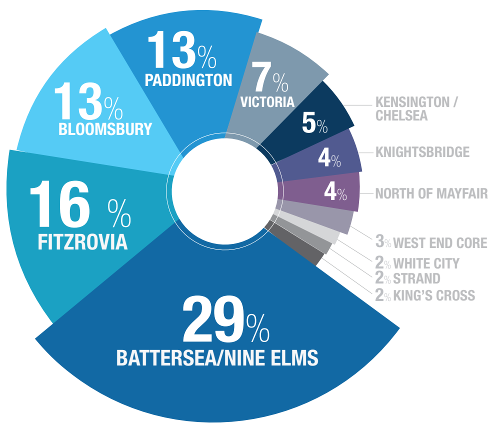
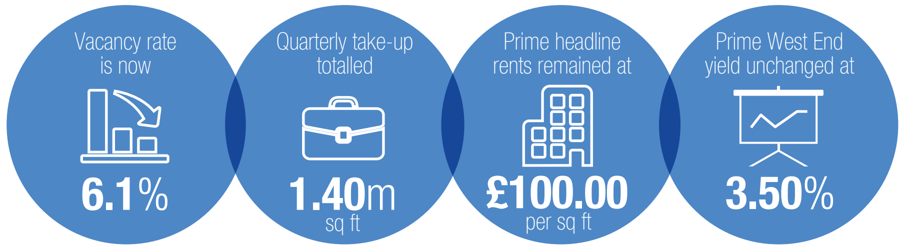


FIGURE 3
West End under construction by submarket
Q2 2018



WEST END



Take-up

Take-up in the West End increased by 17% in the second quarter of the year, from 1.20 m sq ft in Q1 18 to 1.40 m sq ft in Q2 18. Levels are now 16% above the long-term average. Take-up of new and refurbished space increased by 40% quarter-on-quarter totalling 478,000 sq ft.

The flexible offices sector accounted for 28% of take-up in Q2, followed by TMT with 23%. However, it is the financial sector that has acquired the most space during the first six months of the year, totalling just over 477,000 sq ft.

Active requirements

Total active requirements across the West End market fell by 23% from 3.36 m sq ft to 2.63 m sq ft during Q2, however levels are still 36% above the long-term average.

The TMT sector continues to dominate the demand profile, accounting for 44%, followed by the corporates with 24%. The number of active requirements over 50,000 sq ft focussed on the West End fell by 10% quarter-on-quarter.

Supply and development

Supply fell by 4% in Q2 to 5.22 m sq ft; levels of availability are now 8% below the long-term average of 5.67 m sq ft. The vacancy rate in the West End is now 6.1%, the lowest level since Q1 2016.

There are just two buildings that can offer an occupier over 100,000 sq ft of new and refurbished space; West Works, White City Place, W12 and the remaining floors at The Post Building, 21/31 New Oxford Street, WC1.

There is already 1.13 m sq ft under offer in the West End, and since quarter-end a total of 211,000 sq ft has been acquired by Publicis Groupe at 2 Television Centre, White City.

There is currently 2.10 m sq ft under construction across the West End; however, 48% of this has already secured a pre-let. There is 360,000 sq ft still due to complete this year which is currently available.

Prime Rents and incentives

The prime headline rent in the West End Core remained stable for the fifth consecutive quarter at £100.00 per sq ft, with rent free periods remaining at 24 months on a 10-year lease.

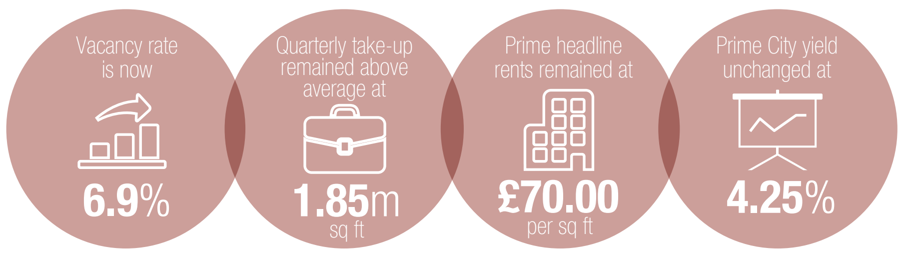
Investment

West End Investment totalled £1.17 bn in Q2, slightly below the long-term average but significantly ahead of the Q1 2018 figure of £753 m. There were four transactions that took place over £100 m, the largest being the sale of Belstaff House, 135-147 New Bond Street to Pacific Eagle, a substantial Singaporean based investor.

The availability of investments is over double what it was in Q2 2017 at £1.82 bn although much of this is likely to go under offer over the summer.

The most notable change is in respect of purchaser nationality with UK and European investors accounting for over 50% of the market, up from 16% in Q1, while Hong Kong investors who accounted for 28% in Q1, falling to 18% in Q2. Core prime yields for liquid freehold assets remain at 3.50% although this rises sharply for larger lot size and non-prime assets.

CITY



Take-up

Take-up in the second quarter of the year totalled 1.85 m sq ft, down by nearly 13% quarter-on-quarter but still 6% above the long-term average of 1.74 m sq ft. The demand for new and refurbished stock totalled 1.20 m sq ft, almost 17% above the level recorded for the same quarter last year and 62% above the long-term average.

Demand was dominated by the public sector during Q2, certainly inflated by the inclusion of the Chinese Consulate's 567,000 sq ft owner occupier purchase of Royal Mint Court, EC3. The TMT sector took second place with 22% and flexible offices with 14%.

Active requirements

Total active demand in the City increased by 7% quarter-on-quarter from 4.27 m sq ft in Q1 to 4.58 m sq ft in Q2. Levels are now 13% above the long-term average of 4.07 m sq ft.

It was the TMT sector that dominated the demand profile, accounting for 41% of the active requirements, up from 18% the previous quarter. This was followed by the manufacturing and corporate sector with 22%.

Supply and development

Supply levels in the City during the second quarter of the year remained stable and on par with the previous quarter's level of 8.30 m sq ft. The vacancy rate is now 6.9%. The supply of new and refurbished space totalled 2.65 m sq ft, well below the long-term average of 3.42 m sq ft.

There remains a shortage of supply of larger units, specifically over 100,000 sq ft. Following the recent inclusion of 70 St Mary Axe in to our supply figures; there are just seven new and refurbished buildings that could offer an occupier over 100,000 sq ft. However, three of these are already either under offer in their entirety or partially under offer. The largest include The Scalpel, 70 St Mary Axe, and 1 Bartholomew Close. Looking at future pipeline, there is currently 7.77 m sq ft under construction due to complete within the next three years; however, almost 45% has already been pre-let.

Prime rents and incentives

The prime rent remained stable at £70.00 per sq ft, unchanged since Q4 2015. Rent free periods have remained at 24 months on a typical 10-year term certain.

Investment

Investment turnover during the second quarter totalled £3.42 bn across 29 deals, a significant increase on the £1.49 bn recorded in Q1 and 44% above the level recorded in the same quarter last year. There were seven transactions that took place over £100 m, five of which were purchased by far eastern investors. The South Koreans continue to gain competitiveness against the Hong Kong buyers, with European investors also becoming more active. The largest transaction of the second quarter was the sale of 5 Broadgate, purchased by Hong Kong - based investor named CK Asset Holdings. The asset was purchased for £1,000 m, reflecting a NIY of 3.95% and a capital value of £1,395 per sq ft. Overseas purchasers accounted for 89% of all transactions during Q2 by volume. Domestic buyers remained active, with ten transactions, eight of which were below £20 m.

Availability increased 12% on Q1 18 to £5.55 bn, 47% of this figure was already under offer at quarter end, leaving just £3.00 bn of investment stock available to buy. The prime yield in the Core remained at 4.25%.

"Investment turnover reached £3.42 bn, 80% above the long-term average and the highest quarter of turnover since Q4 2014."

FIGURE 4
City take-up
(million sq ft)

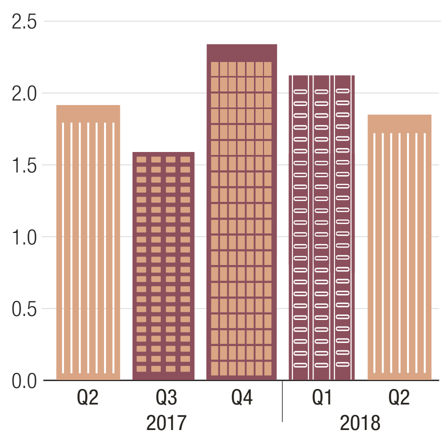
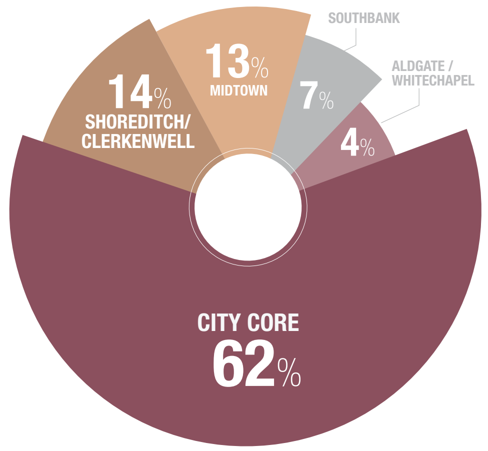


FIGURE 5
City under construction by submarket
Q2 2018



CAPITAL FLOWS

The continued appetite for moving money and increasing investment cross-border shows no signs of abating. What's more, global capital continues to focus on Central London.

With investment volumes totalling £6.89 bn, H1 2018 has seen much stronger activity than many had anticipated. Indeed, according to data from RCA, Central London is once again the most liquid real estate market in the world. And while the market in 2017 was clearly defined by global capital striking £1bn+ mega-deals, this year has arguably seen the trend continue, with seven of the 11 £200m+ deals completed by overseas purchasers.

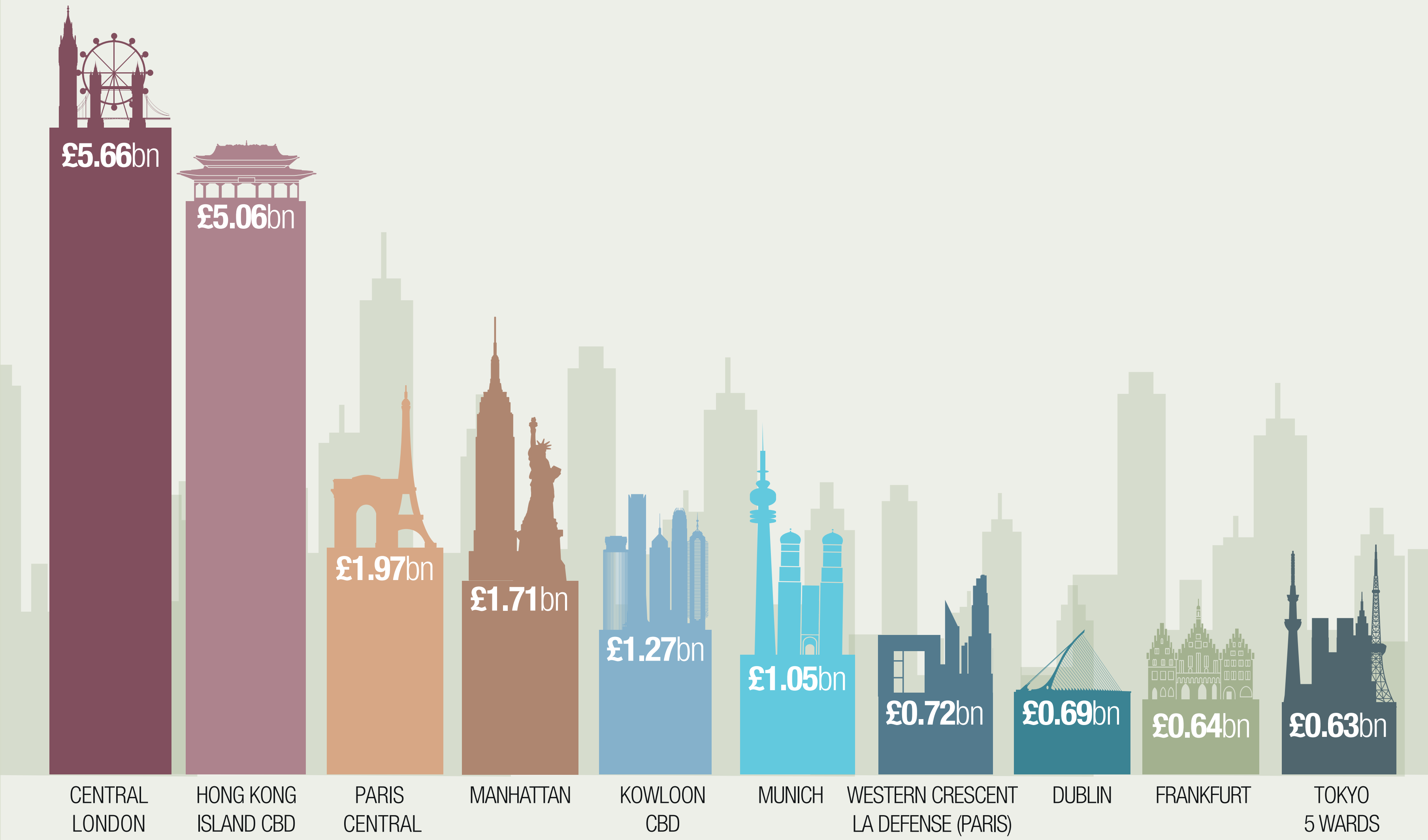
At the macro level, the rationale for this demand is relatively straight forward: as our recent Active Capital research demonstrates, there is still a significant – and growing – weight of capital targeting real estate as an asset class. It derives from a range of investors that spans global institutions, to equity funds, to private capital, all of which value the ability to deploy capital in large lot sizes. As we detail in the research, there are good reasons to expect this demand for real estate assets to remains intact.

But why does it continue to favour London? All of the standard arguments of stability, transparency, and liquidity hold true, of course. And we could highlight research from our global Wealth Report, which shows that many ultra high net worth individuals – of which the next five years are set to see rapid growth globally – rank London as their first port of call for their maiden overseas property investments.

However, London increasingly enjoys another benefit, in the form of relative value. One corollary of rising demand for European real estate is that capital has been funnelled into continental markets that are traditionally nowhere near as liquid as London, and this has quickly led to exceptionally low yields – 3.00% is a common prime yield across many European cities, not just capitals.

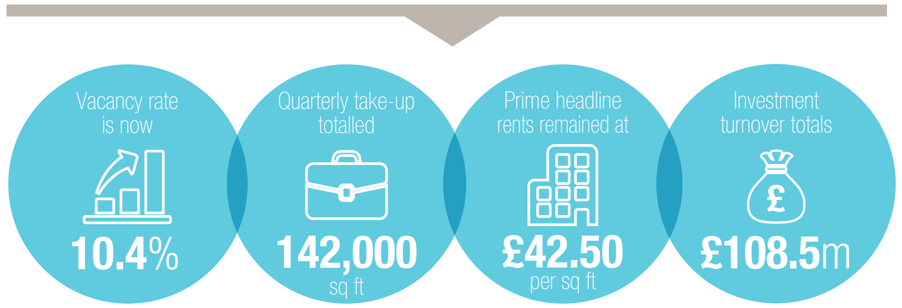
In a comparative sense at least, London office prime yields can therefore seem good value to overseas investors, particularly given prospects of modest rental growth, and the recent movements in Sterling, which provide an added currency advantage. Longer-term, this could prove the right mix of attributes to attract global capital targeting Europe, a significant proportion of which comes from experienced overseas investors who are less singularly focussed on capital preservation and value the prospect of comparatively healthy income returns.

Top 10 Most Active Markets for Cross-border Investment - H1 2018



Source: Knight Frank / RCA

DOCKLANDS



"Supply in Docklands is now 38% ahead of long-term average levels, boosted by 25 Cabot Square, E14."

FIGURE 6
Docklands availability
(million sq ft)

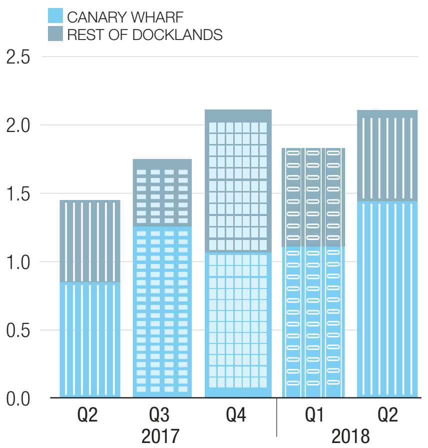
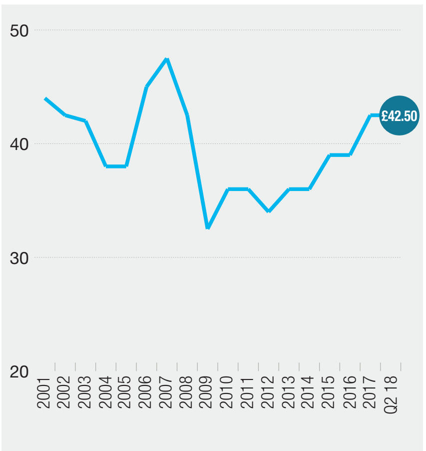


FIGURE 7
Canary Wharf prime headline rents
£ per sq ft



Take-up

Take-up in the second quarter of the year totalled 142,433 sq ft, significantly below the 394,000 sq ft recorded in Q1, and 40% below the long-term average. There were five deals compared to 18 the previous quarter. The largest deal was The Office Group's acquisition of just over 81,000 sq ft at One Canada Square.

The business-to-business sector was the most active in the market during Q2 accounting for 71% of transactions, followed by the public sector with 19%.

There is already 433,300 sq ft under offer in the Docklands market, a sign that take-up in Q3 will return to above average levels. The largest unit under offer is 130,000 sq ft at 5 Churchill Place, a sublease to BGC Partners Inc.

Active requirements

The level of active requirements increased for the first time since Q3 2017. Active demand in Docklands now totals 695,000 sq ft, however, levels are now 67% above the long-term average.

It should be noted that a significant number of Central London-wide requirements totalling 1.10m sq ft could consider Docklands options. The finance sector was the most active in the market accounting for 510,000 sq ft of total active requirements.

Supply and development

Supply in Docklands increased by around 15% from 1.83 m sq ft in Q1 18 to 2.12 m sq ft in Q2. Current availability levels are now 38% above the long-term average, reflecting a vacancy rate of 10.4%. The vacancy rate in Canary Wharf increased from 7.3% in Q1 to 10.7% in Q2, due to inclusion of circa 200,000 sq ft at The Cabot, 25 Cabot Square, which will be delivered in Q4 2018 albeit 110,000 sq ft is already under offer.

The commercial pipeline remains particularly tight with 1.71 m sq ft under construction and due for completion by the end of 2021, 25% of which is already pre-let. There are a number of other development sites in Stratford capable of being delivered in 2020 and 2021, but are likely to remain on hold until a pre-let is secured.

Rental Profile

The prime headline rent remained stable at £42.50 per sq ft for the third consecutive quarter.

Investment

There was one investment sale during Q2 2018 in the Docklands market. 1 Westferry Circus was purchased by a Czech investor PPF Real Estate for £108.5 m, which reflects a NIY of 5.82% and a capital value of £485 per sq ft.

There are currently three assets on the market in E14; 1 Cabot Square, 11 Westferry Circus and 4 & 5 Harbour Exchange, two of which are already under offer. The lack of stock in this market will continue to influence the investment turnover figures for the foreseeable future.

BREXIT AND LONDON FINANCE

Uncertainty still surrounds the outlook for London's financial cluster, but the expected impact is looking far less worrying than it did back 2016.

"This came in the same month that Goldman Sachs announced that they would occupy all but half a floor of the new headquarters they have under construction in London."

JAMES ROBERTS
Partner, Chief Economist

In July, the Bank of England's Deputy Governor, Sam Woods, told Bloomberg News he expected financial firms in the UK to relocate between 5,000 and 10,000 jobs on "day one" after Brexit. This implies that more jobs would follow in the long-term, although in subsequent years one would expect new non-EU business to emerge to replace lost revenue. The Bank's figure tallies with a survey of financial firms by Reuters, released in March, suggesting 5,000 jobs could relocate.

Mr Woods added: "I think it will be at the bottom end of that range. If anything, it might be slightly below that." Interestingly, his comments were made after it became widely known that the UK would not be seeking single market membership for services.

This came in the same month that Goldman Sachs announced that they would occupy all but half a floor of the new headquarters they have under construction in London. There had been widespread expectations the US bank would release a large amount of Brexit-related sub-let space.

The threat of Brexit relocations from the financial sector has been a shadow hanging over the London economy for the last two years. In 2016, forecasts of 100,000 job relocations had been quoted. However, slowly but surely the forecasts have gravitated towards "the bottom end of the range" as Mr Woods puts it.

Since the referendum, output from the financial sector, according to ONS, has been broadly flat; however, there are signs it is starting to pick up. The three months to May saw financial output rise by 0.3% compared to three months earlier, a marked contrast to the final months of 2017 when the sector contracted.

Given these tentative signs of recovery, the government's decision not to seek single market membership for finance is a disappointment. While, 5,000-10,000 jobs is the equivalent of just 1.3%-2.6% of London's financial workforce, it is a shame to lose any jobs.

Oliver Wyman estimate that around 25% of the UK financial sector's business comes from the EU. Were the country to lose all of that business, a 25% fall in financial sector leasing deals in Central London would be the equivalent of losing 12 days' total market take-up per year – based on activity over the last decade.

This is not welcome but it is manageable, particularly when considering that London would only see twelve lost days in the first year. With the emergence of new trade relationships for the UK, the finance sector would slowly replace the lost business. Another factor to consider is the on-going and rising commitment to London we are seeing from the tech sector. On announcing a 600,000 sq ft office pre-let at King's Cross in July, Facebook's Managing Director for Northern Europe, Steve Hatch, told the press: "The UK is one of the best places in the world to be a technology company and we're investing here for the long term."

Moreover, the UK leaving the EU does not per se mean the end of the entire 25% of European business. In the short-term some firms will use back-to-back deals to continue trading. Further down the line, once the UK has formally left the EU and tempers have cooled on both sides, it could become politically easier to agree a financial services trade deal that maintains some lines of business. If this occurs during the transition period after March 2019, it would further soften the effect on the economy.

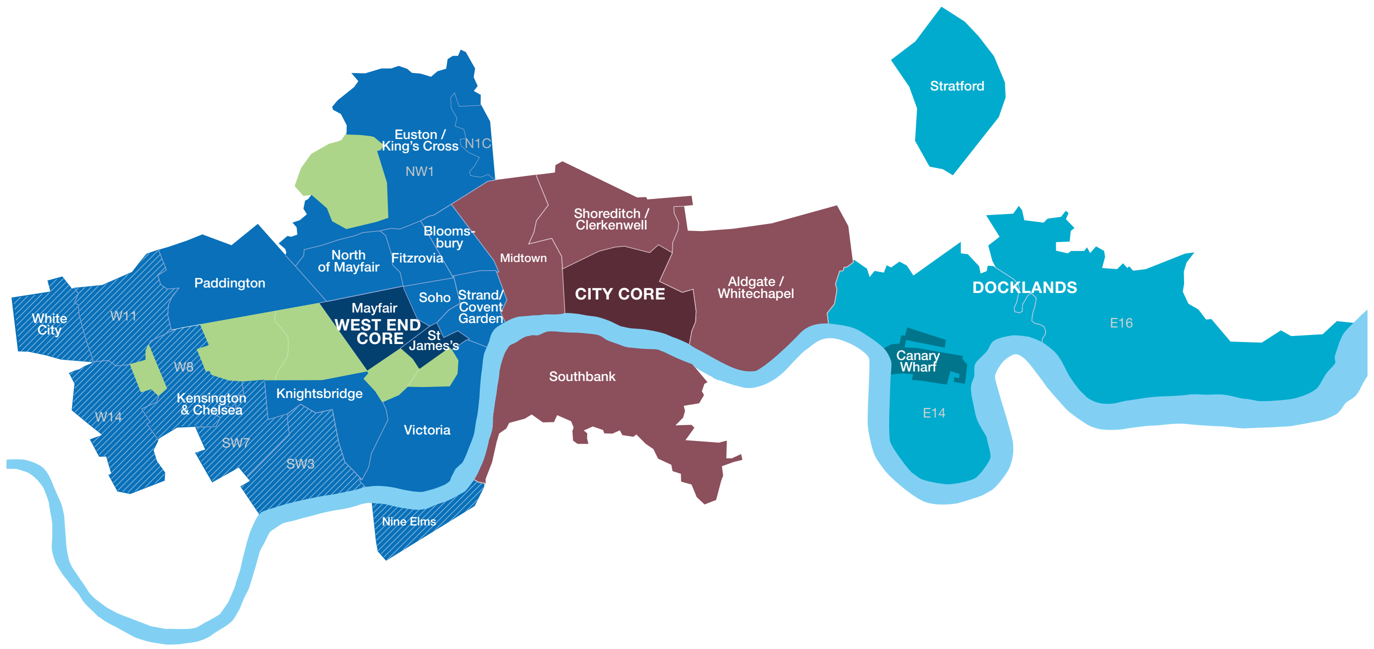
KEY STATISTICS

Central London office market

		Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	% CHANGE 3 mths	% CHANGE 12 mths	Long-term quarterly average
AVAILABILITY (sq ft)	West End	5.88 m	5.48 m	5.83 m	5.46 m	**5.22 m**	-4%	-11%	5.67 m
	City	8.84 m	7.95 m	8.46 m	8.27 m	**8.30 m**	0%	-6%	9.31 m
	Docklands	1.45 m	1.75 m	2.10 m	1.83 m	**2.12 m**	16%	46%	1.53 m
	Central London	16.17 m	15.18 m	16.39 m	15.56 m	**15.64 m**	1%	-3%	16.51 m
VACANCY RATE	West End	6.9%	6.4%	6.8%	6.3%	**6.1%**	n/a	n/a	6.4%
	City	7.3%	6.6%	7.1%	6.9%	**6.9%**	n/a	n/a	7.9%
	Docklands	7.3%	10.2%	10.6%	8.1%	**10.4%**	n/a	n/a	7.3%
	Central London	7.1%	6.9%	7.3%	6.8%	**6.9%**	n/a	n/a	7.3%
TAKE-UP (sq ft)	West End	1.24 m	1.65 m	1.34 m	1.21 m	**1.40 m**	17%	13%	1.15 m
	City	1.91 m	1.58 m	2.33 m	2.12 m	**1.85 m**	-13%	-3%	1.74 m
	Docklands	0.05 m	0.25 m	0.38 m	0.39 m	**0.14 m**	-64%	180%	0.24 m
	Central London	3.20 m	3.48 m	4.05 m	3.72 m	**3.39 m**	-9%	6%	3.13 m
ACTIVE REQUIREMENTS (sq ft)	West End	2.13 m	2.31 m	2.8 m	3.36 m	**2.63 m**	-22%	23%	1.93 m
	City	4.64 m	4.01 m	4.46 m	4.27 m	**4.58 m**	7%	-1%	4.07 m
	Docklands	0.70 m	0.73 m	0.50 m	0.28 m	**0.70 m**	150%	0%	0.42 m
	Unspecified	1.15 m	1.40 m	2.88 m	3.44 m	**3.10 m**	-10%	170%	1.66 m
	Central London	8.62 m	8.45 m	10.64 m	11.35 m	**11.01 m**	-3%	28%	8.08 m
UNDER CONSTRUCTION (sq ft)	West End	3.16 m	2.12 m	2.35 m	2.14 m	**2.10 m**	-2%	-34%	2.38 m
	City	8.43 m	8.69 m	8.52 m	7.95 m	**7.77 m**	-2%	-8%	5.99 m
	Docklands	0.70 m	0.90 m	0.96 m	1.29 m	**1.71 m**	33%	144%	0.51 m
	Central London	12.29 m	11.71 m	11.83 m	11.38 m	**11.58 m**	2%	-6%	8.88 m
INVESTMENT	West End	£1.22 bn	£0.67 bn	£1.15 bn	£0.76 bn	**£1.17 bn**	54%	-4%	£1.24 bn
	City	£2.37 bn	£2.78 bn	£2.95 bn	£1.49 bn	**£3.42 bn**	130%	44%	£1.90 bn
	Docklands	£0 bn	£0.41 bn	£0.71 bn	£0 bn	**£0.11 bn**	n/a	n/a	£0.38 bn
	Central London	£3.59 bn	£3.86 bn	£4.81 bn	£2.25 bn	**£4.70 bn**	109%	31%	£3.52 bn

Source: Knight Frank Research

THE CENTRAL LONDON OFFICE MARKET



WEST END

West End Core – West End Core refers to Mayfair and St James's, the area bounded by Oxford Street, Regent Street and Park Lane in W1 and by Green Park, St James's Park and The Mall in SW1.

North of Mayfair – North of Mayfair refers to the area north of Oxford Street, west of Portland Place.

Fitzrovia – Fitzrovia also known as Noho, refers to the area north of Oxford Street, east of Portland Place.

Soho – Soho refers to W1B, W1F and W1D.

Euston/King's Cross – Euston/King's Cross refers to NW1 and N1C.

Victoria – Victoria refers to SW1 (excluding St James's) and SW1X.

Bloomsbury – Bloomsbury refers to the area of WC1 bounded by Euston Road, Southampton Row, New Oxford Street and Tottenham Court Road.

Strand/Covent Garden – Strand/Covent Garden refers to WC2, west of Kingsway.

Paddington – Paddington refers to W2.

Kensington/Chelsea – Kensington/Chelsea refers to SW3, SW7, W8, W11, W14.

Knightsbridge – Knightsbridge refers to SW7 and SW1X, which includes Belgravia.

White City – White City refers to W12.

Nine Elms/Battersea – Nine Elms refers to SW8.

CITY

City Core – City Core refers to EC2 (excluding EC2A), EC3, EC4 (excluding EC4A and EC4Y), and EC1A.

Midtown – Midtown refers to EC1N, EC4A, EC4Y, WC1 (excluding Bloomsbury), and WC2 (excluding Strand/Covent Garden).

Shoreditch/Clerkenwell – Shoreditch/Clerkenwell refers to EC1 (excluding EC1A and EC1N), and EC2A.

Aldgate/Whitechapel – Aldgate/Whitechapel refers to E1.

Southbank – Southbank refers to SE1.

DOCKLANDS

Canary Wharf – Canary Wharf refers to the area comprising Canary Riverside, Westferry Circus, Columbus Courtyard, Cabot Square, Canada Square, Blackwall Place and Heron Quays (East).

Rest of Docklands – Rest of Docklands refers to E14 and E16 including the Royal Business Park (excluding Canary Wharf), and Stratford E20.

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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 West End, City and Docklands Offices 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

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