London Office Market Report

Q1 2024

Latest insights on the state of the London office market

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Executive Summary

Key Themes

1. Seasonal slowdown in Q1 lettings

2. Active demand at a 10-year high

3. Volatile interest rates impact investment liquidity

A CASE OF AUTUMN FORWARD AND SPRING BACK FOR OFFICE LETTINGS

London office lettings fell by 52.2% to 1.9m sq ft in Q1 2024. Although, this is the lowest quarterly total since Q2 2021, we don't believe this signal's anything other than the market pausing for breath after a five year high in lettings transactions was recorded in the last quarter of 2023. The impact of seasonality is often overlooked when analysing real estate data, but it does indeed bare significance. Except the covid lockdown period, lettings have fallen in every first quarter during the last 10 years.

Moreover, indicators of near-term demand and large transactions which have been reported in the first few weeks of the second quarter suggest our optimism is not misplaced. Requirements for space from occupiers, already at a 10-year high rose by a further 5.7% in Q1 to 12.6m sq ft with demand broadening across sectors. Financial services occupiers maintain the highest level of requirements at 36.4% of the total, followed by professional services at 29.1% and the technology, media, and telecoms sector at 17.3%. Over three quarters of requirements are for offices more than 40,000 sq ft. In addition, deals under offer have risen across all three markets during the quarter – by an average of 14.7% to 3.2m sq ft. This is supportive of a rebound in take-up in Q2.

For the first time since 2019, the largest letting in London was in the Docklands market, where 94,545 sq ft at 4 and 5 Harbour Exchange, E14 was let to the University of Sunderland. The second largest deal of the quarter was at Worship Square, 65 Clifton Street, EC2A to the financial services firm Wise for 85,324 sq ft. The relocation represents a 42.4% increase in the space Wise occupy. These deals were the exception rather than the rule. There were only five deals above 40,000 sq ft in Q1, compared to 18 in Q4 2023. However, larger deals are on the horizon during Q2. Citadel, another large financial services firm, have pre-let space at Broadgate Tower, 2 Finsbury Avenue, EC2M. This transaction also represents an expansion of 100,000 sq ft on the part of the occupier and supports our recent projection of 2.5m sq ft of positive net absorption in London if all active space requirements are converted to completed transactions.

Although, transactions of new and refurbished offices were, in line with the overall dynamic, down by 59.5% in Q1, the market remains bifurcated by quality. Lettings of the best quality offices accounted for 55.8% of all take-up last quarter. The structural shift of occupiers to offices with high sustainability characteristics continues to be a feature of the market, with just over 60% of Q1 lettings in buildings with an EPC rating A-B and a high BREEAM certification. Both metrics are higher than the previous quarter and amongst the highest readings since we began tracking the sustainability metrics of London offices in Q4 2019.

> "The market remains bifurcated by quality. Lettings of the best quality offices accounted for 55.8% of all take-up last quarter."

LARGE SUBMARKET VARIATION IN AVAILABILITY

After falling for two successive quarters, availability has risen in Q1 by 2.4% to 25.6m sq ft, which constitutes a vacancy rate of 9.9%. Whilst across London this is almost 3% above the long-term average, there is considerable variation by submarket. In the West End, four submarkets – Soho, Bloomsbury, Paddington and the West End Core - currently have vacancy rates either in-line with or below their long-term averages. In the West End Core, the vacancy rate is at its lowest level since Q2 2008. In the City and Southbank, excess availability is evident, but in the two largest submarkets, the City Core and Midtown, vacancy rates are below the London average, and there is limited availability of prime office space. In Midtown, the vacancy rate for new and refurbished offices is 3.9% and in the City Core it is 4.9%, in-line with Q4 and at its lowest level since Q2 2020. Even where availability is high, it is limited to a small number of buildings. Furthermore, new and refurbished buildings are less than 50% of total availability in three-quarters of the submarkets of London. Comparing active demand with current levels of available space highlights limited choice for those seeking larger size band offices. There are currently 57 requirements above 60,000 sq ft and only 56 available offices.

LACK OF FUTURE SUPPLY RAISING PRE-LETS

The modest development pipeline is a well-rehearsed theme in our quarterly reporting and is now providing the impetus for a rise in pre-let activity. This has risen for two successive quarters to 5.3m sq ft - a post-pandemic high. Pre-letting will remain a key dynamic as the market contends with a vast amount of lease expiries over the next five years – the equivalent of 20% of the London office stock. The under-construction pipeline currently stands at 15.9m sq ft, with 37.5% pre-let or under-offer. Occupiers are, on average, agreeing terms up to 16 months ahead of a building's completions.

Whilst the total pipeline has grown this quarter, the amount of speculative space under construction has, given pre-letting volumes, fallen further in Q1 to 10.6m sq ft. Almost all of this speculative space (96.3%) is due to complete between 2024-26. This development programme continues to fall short of meeting average levels of new and refurbished take-up of 5.7m sq ft. Accordingly, we estimate that the development pipeline gives rise to a potential cumulative under-supply of 4.8m sq ft by the end of 2026.

> "We estimate the pipeline gives rise to a potential cumulative under-supply of 4.8m sq ft by the end of 2026."

PRIME RENTS UNCHANGED BUT OUTLOOK REMAINS POSITIVE

A lack of leasing transactions at the top-end of the market resulted in no change to headline rents in Q1. Nonetheless, when compared to 12 months ago, prime rents have risen by an average 20% in the core submarkets of the City and West End. Furthermore, rents have grown by 4.5%, above the rate of inflation, in Canary Wharf as deals in the YY London building at 30 South Colonnade E14 have set a new benchmark for prime lettings.

We remain optimistic about the five-year outlook for prime rents. In the near term, structural demand factors such as the high level of upcoming lease expiries partially offset the moderate outlook for GDP growth. In the longer-term, the supply squeeze will invariably lead to an acceleration of rental growth. We expect the most robust average annual growth in the City and Southbank to be in the City Core (4.2%), Clerkenwell/Farringdon (3.9%), and Southbank Core (3.6%). In the West End, we expect the highest growth in prime rents in the West End Core (3.7%), Fitzrovia (3.5%) and Strand/Covent Garden (3.5%).

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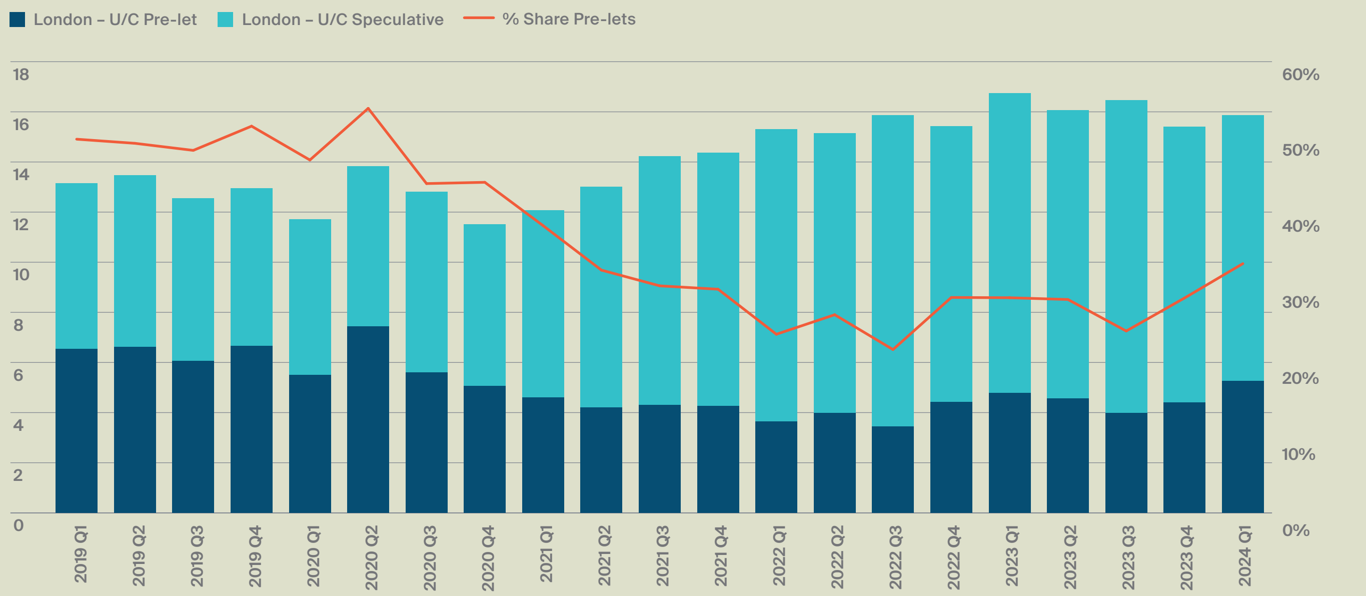
Importantly, we believe the balance of risks to our forecasts are tilted to the upside. There has been limited corporate distress from last years' recession, whilst business surveys are showing increased economic activity, easing pressures on pricing, and strengthening order books. The rising optimism of business leaders is yet to translate into positive revisions of economists' forecasts of GDP growth, but we expect incremental improvements in the coming months. Also, London's safe-haven status should sustain its resilience as geopolitical tensions persist.

London – Under Construction Pipeline
m sq ft (LHS), % of total under construction (RHS)



Source: Knight Frank Research

> “Last quarter, investment in London offices fell by 28.1%, with only £1.3bn of transactions, 62.2% below the long-term average.”

INTEREST RATE VOLATILITY HAMPERS INVESTMENT VOLUMES

Real estate is a capital-intensive asset class so interest rate stability is necessary to stimulating greater levels of liquidity in the investment market. In Q1, longer-term interest rates rose by near 50 basis points to 4% despite falling inflation and stable policy rates. Against this backdrop, it should come as little surprise that investment transaction volumes have been low. Last quarter, investment in London offices fell by 28.1%, with only £1.3bn of transactions. This is 62.2% below the long-term average. Investors favoured small lot sizes where low levels of debt capital are required, which led to 85.3% of transactions being below £100m.

In 2023, just over 36% of acquisitions were made by investors from the Asia Pacific region (APAC) but this quarter appears to signal an early change in cross border flows. In Q1, investors from APAC were responsible for only 12.5% of volume, with the lion’s share (35.7%) of investment made by domestic United Kingdom investors. Continental European investors accounted for 22.7% and North American investment remained weak at just over 11%.

The market will be encouraged by the first rise in institutional investment for a year and a quarterly rise in transactions by listed property companies. The latter made three acquisitions across the West End, the largest of which was 25-31 St. James’ Street by Shaftesbury Capital (£75.1m). Institutional investors also made three transactions in the West End, of which the largest was the £192.5m partial acquisition by Royal London Asset Management of 1 Triton Square. The resilience of the West End continues to be evident with over three-quarters of transactions in Q1 compared to just below half in 2023.

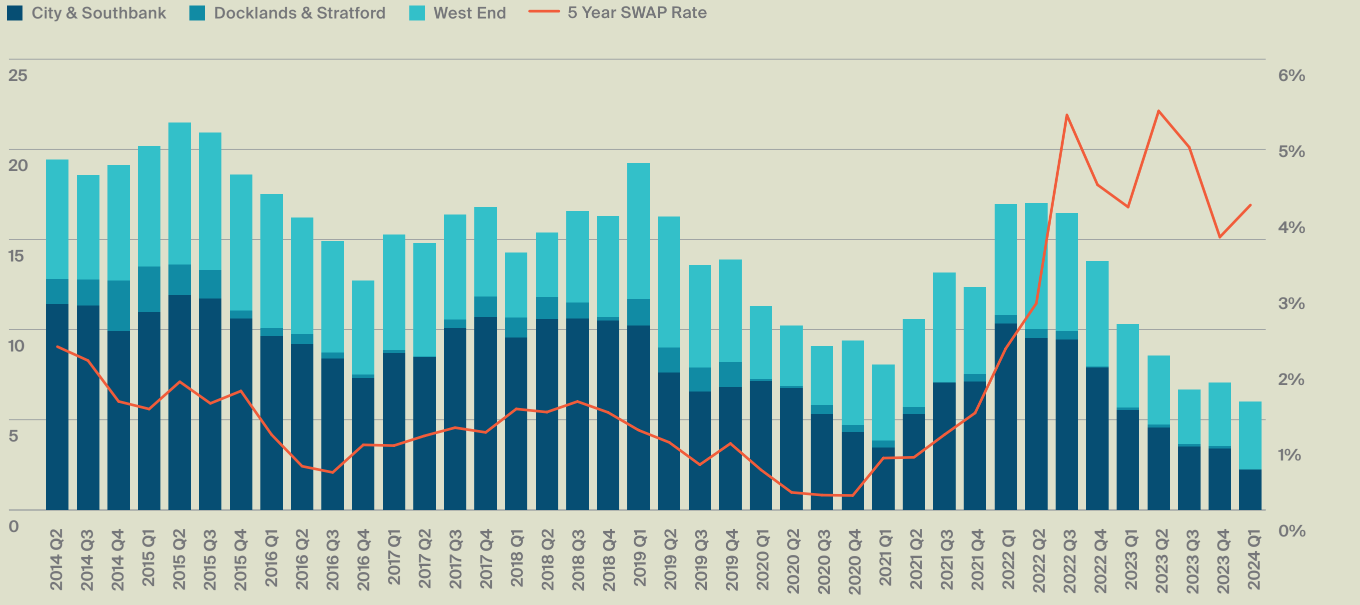
RISING YIELD SPREADS

In Q1, the pricing of prime London offices was supported by a further quarter of stable yields in core submarkets. In the West End, prime net initial yields have been unchanged for six quarters at 3.75%, whilst in the City & Southbank they have been stable for a fourth successive quarter at 5.25%. Importantly, in the more debt sensitive City market, the difference between the risk-free rate of interest and prime yields is the largest since the start of interest rate tightening cycle in Q4 2022.

UNLOCK OUR INSIGHTS

London - Investment Volumes

£bn (LHS), % per annum (RHS)



Source: Knight Frank Research

London office market

Performance dashboard Q1 2024

KEY PERFORMANCE INDICATORS

	▼ 1.88m TAKE-UP (SQ FT)	▲ 25.56m AVAILABILITY (SQ FT)	▲ 9.9% VACANCY RATE	▲ 15.86m UNDER CONSTRUCTION (SQ FT)
CHANGE ON				
Q1 2023	-3.3% ▼	6.7% ▲	0.4% ▲	-5.3% ▼
LTA	2.93 million sq ft	16.80 million sq ft	7.0 %	13.48 million sq ft

WEST END

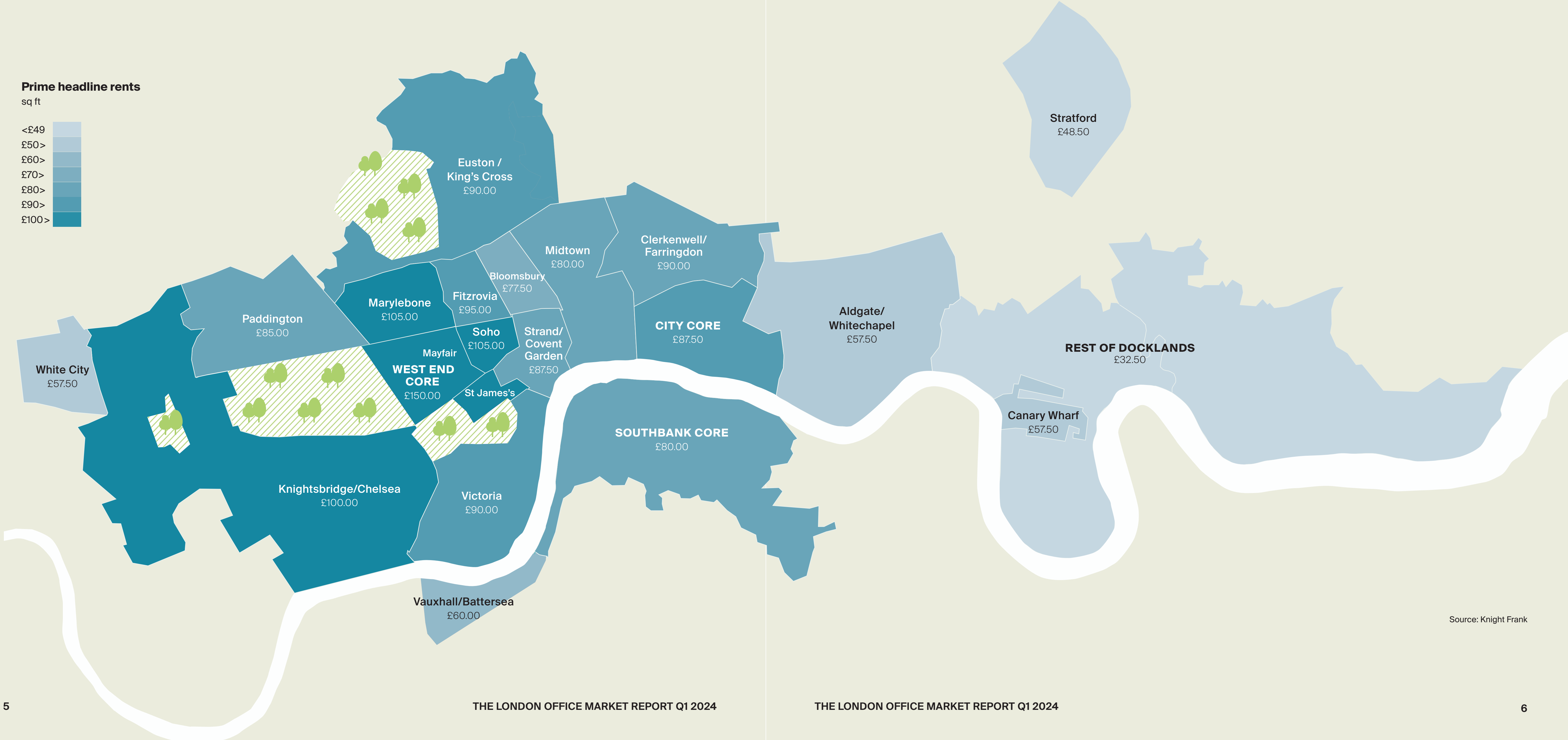
◀▶ £150.00 Prime headline rent (per sq ft)	▼0.62 m Take-up (per sq ft)
▼£1.0 bn Investment turnover	◀▶ 3.75% Prime Yield

CITY & SOUTHBANK

◀▶ £87.50 Prime headline rent (per sq ft)	▼1.13 m Take-up (per sq ft)
▼£0.31 bn Investment turnover	◀▶ 5.25% Prime Yield

DOCKLANDS & STRATFORD

◀▶ £57.50 Prime headline rent (per sq ft)	▲ 0.13 m Take-up (per sq ft)
◀▶ £0 bn Investment turnover	▲ 7.50% Prime Yield



Source: Knight Frank

MARKETS IN REVIEW

The City & Southbank

▲ ▼ ◀▶
Arrows throughout the report show how values have increased, decreased or stayed the same since the last quarter unless specified

◀▶ £87.50

Rent (£ per sq ft)

▼ 1.13 m

Take-up (sq ft)

▲ 14.08 m

Availability (sq ft)

▼ £0.3 bn

Investment turnover

◀▶ 5.25%

Prime yield

"The most significant letting in Q1 was by the financial services firm, Wise, and their pre-letting 85,234 sq ft at Worship Square, EC2A. The second largest transaction was Grant Thornton LLP at 8 Finsbury Circus, EC2M."

SEASONALITY LED SLOWDOWN IN TAKE-UP

After three consecutive quarterly rises, take-up fell by 53.4% in Q1 to 1.1m sq ft. This is 30% below the quarterly long-term average of 1.6m sq ft. Only Vauxhall/Battersea experienced a positive quarterly change in take-up. The lack of larger size band lettings during the quarter meant there was an almost halving of the average deal size from 15,424 sq ft to 8,478 sq ft. In total there were 133 lettings, of which only three were above 40,000 sq ft and just 10 were above 20,000 sq ft.

The most significant letting in Q1 was by the financial services firm, Wise, and their pre-letting 85,234 sq ft at Worship Square, EC2A in the Clerkenwell/Farringdon submarket. The second largest transaction was Grant Thornton LLP at 8 Finsbury Circus, EC2M. The accounting firm let 75,167 sq ft and an additional 22,349 sq ft in assignments from two separate assignors, bringing their total space in the building to 97,516 sq ft. The professional services sector was most active, leasing 38% of the Q1 total, followed by financial services (25.6%) and technology, media, and telecoms (15.1%).

NEAR-TERM DEMAND STRENGTHENS

Despite sluggish take-up, active demand rose for the third consecutive quarter to 5.5m sq ft of floorspace requirements. This is an 8.8% quarterly increase and is 26.9% above the quarterly long-term average. Near-term demand continues to be led by financial services, accounting for just over half of all requirements in the City & Southbank. Professional services are the next largest occupier group (29.1% of the total). Amongst the largest requirements in the market include Gallagher (c.250 – 350,000 sq ft), London Stock Exchange plc (c. 300,000 sq ft) and Investec (c. 200 – 250,000 sq ft).

NEW AND REFURB AVAILABILITY IS TIGHTENING

Overall, availability rose by a slight 2% in Q1 – the first rise in three quarters – to stand at 14.1m sq ft. This minor increase produces a vacancy rate of 10.2%, compared to a quarterly long-term average of 7.0%. However, there is wide variation in vacancy rates by submarket and by quality. Three submarkets have vacancy rates below the market average – the City Core (9.5%), Midtown (8.2%) and Southbank Core (7.5%). Although, availability levels appear high, a considerable amount of new and refurbished floorspace is under offer, particularly in the City Core. Of the 1.7m sq ft under offer in the City & Southbank, just below 1m sq ft is in the City Core. Conversion to executed lettings deals would imply a new and refurbished vacancy rate of 3.8%, which would be in-line with the long-term average, and the lowest rate since Q3 2019.

POTENTIAL UNDER SUPPLY OF BEST QUALITY SPACE

The supply squeeze is beginning to manifest in London's largest office market as the under construction development pipeline fell to 9.1m sq ft – the lowest reading for almost two years. Moreover, the level of pre-let's has risen to a post-pandemic high of 3.3m sq ft, meaning that less than two thirds of the total floorspace under construction is being built speculatively, the lowest total since Q3 2021. We expect this modest pipeline to further drive pre-lets activity in the short-term and over the 2024-26 period, to fall short of average levels of new and refurbished take-up. Our analysis suggests an under supply of the best quality space of 3.7m sq ft by 2026.

There was half-a-million sq ft of completions during the quarter of which 50 Electric Boulevard, SW8 was the largest, representing just under half of all completed floorspace in Q1. Approximately 20,000 sq ft is currently under offer in the scheme.

PRIME RENTS REMAIN STABLE

Prime rents are unchanged, following a lean quarter for prime lettings in the City & Southbank market. However, rental tension for the best quality buildings remains prevalent, amidst tightening supply. For example, in the two largest submarkets – the City Core and Midtown – headline prime rents are growing by an annual rate of 16.7% and 14.3% respectively. Incentives are also unchanged during the quarter, ranging between 24 and 27 months for a standard 10-year lease.

WEAK INVESTMENT VOLUMES

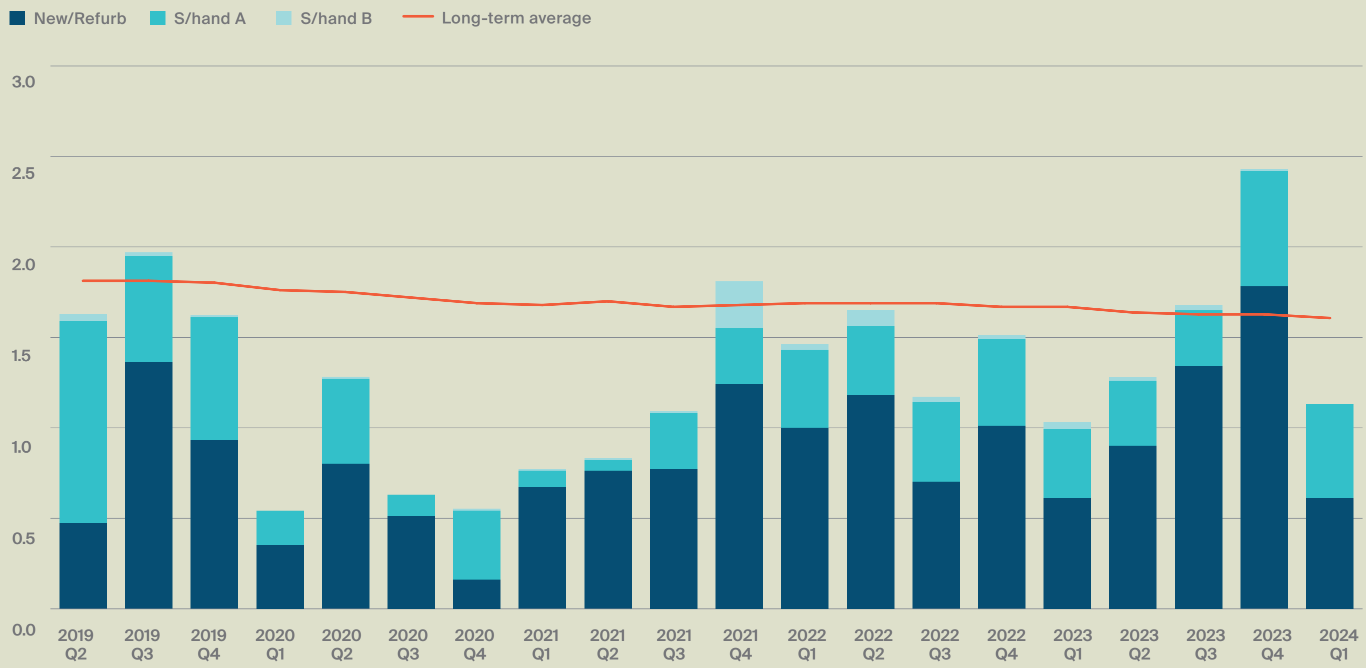
The investment market for London office assets has been unusual in this cycle as considerable decline in capital values has not been accompanied by a wave of the distressed selling which typically marks the bottom of the cycle. Prime yields have remained stable at 5.25% for a third consecutive quarter. Consequently, price discovery has been hampered not just by the volatility in interest rates, but also by investors expecting a stronger indication of nearing the bottom of the re-pricing cycle.

In Q1, the number of investment transactions was relatively high at 19 but the total value traded was only £0.3bn. This is the lowest quarterly total in the City & Southbank since Q1 2002. Just over £0.4bn of potential transactions are under offer, the lowest level since Q2 2015.

During the quarter, investors from the United Kingdom acquired £0.2bn of office assets, accounting for 57% of volumes. This was followed by continental European investors at £0.5bn (18% of total transactions). By investor group, private capital continued to drive the market, with £0.2bn of acquisitions or 62.5% of all transactions in the City & Southbank. This included the largest transaction of the quarter at 65 Fleet Street, EC4Y which was acquired by Dominvs Group Ltd for £85m.

We expect there to be a bounce back in volumes and values as the year progresses, with over £6bn of acquisition debt capital from the last five years maturing in 2024 and likely to provoke increased selling. This dynamic is beginning to shape the market in Q1 with a 40% rise in mainly marketed availability of investment stock at £1.3bn.

City & Southbank – Take-up by Quality
m sq ft



Source: Knight Frank Research

MARKETS IN REVIEW

West End

£150.00

Rent (£ per sq ft)

0.62 m

Take-up (sq ft)

7.0 m

Availability (sq ft)

£1.0 bn

Investment turnover

3.75%

Prime yield

POLARISED TAKE-UP AND SOLID NEAR-TERM DEMAND

In Q1, take-up fell by 55.9% to 0.6m sq ft - the lowest quarterly total for almost three years. The London-wide trend of limited lettings of larger size band offices was especially true in the West End. There were only three deals above 20,000 sq ft which resulted in an average deal size of 4,555 sq ft, almost half the level recorded in Q4. Despite the lower deal-flow, the quality of floorspace being leased remains high with 60.4% of take-up for new and refurbished offices.

Only King's Cross/Euston and Marylebone experienced a positive quarterly change in take-up.

The sectoral breakdown of take-up was broad-based. The financial services group were the largest occupier group, accounting for almost one quarter of all space let in Q1. They were followed by technology, media, and telecoms (21.2%), and corporates (18.7%). The TMT sector was responsible for two of the largest lettings of the quarter in the West End. These included the 61,257 sq ft pre-let by Super Group at St Pancras Campus, NW1, in the King’s Cross/Euston submarket, and Databricks Inc, who leased 28,252 sq ft at Charlotte House, W1T, in Fitzrovia.

Immediate prospects for the lettings market are supported by 0.95m sq ft of deals currently under offer and near 20% quarterly rise in occupiers with active floorspace requirements. On this last measure, the Q1 total of 2.2m sq ft is the second highest level of active requirements

“Only King's Cross/Euston and Marylebone experienced a positive quarterly change in take-up.”

in five years. The importance of the West End to financial services is further emphasised by 45.4% of future requirements deriving from this sector.

AVAILABLE SPACE IS TIGHT IN MANY SUBMARKETS

Total availability increased marginally (up 2.8%) in Q1, to just over 7m sq ft. This equates to a vacancy rate of 7.5%, as compared to a long-term average of 6.2%. There is, of course, wide variation across the market. In the West End Core, the vacancy rate is the lowest in London at 4.8%, whilst the level of availability (0.8m sq ft) is the lowest since Q1 2008. Furthermore, there is no available floorspace above 60,000 sq ft. Other submarkets with below market average vacancy rates include Victoria (5.2%), Soho (5.2%), King's Cross/Euston (6.6%) and Bloomsbury (7.0%).

The under construction speculative pipeline increased by 14.5% in Q1 to 4.2m sq ft, with most schemes completing by 2026. This is the highest total since Q1 2015 but does fall below average levels of new and refurbished take-up and suggests a cumulative under supply of 0.8m sq ft by 2026. The future pipeline is tightening though, as pre-let activity has risen to a post-pandemic high of 2.0m sq ft (up 34.9% q-on-q) – a figure more than twice the rate of speculative development.

NO CHANGE TO PRIME RENTS

Prime rents across the West End were unchanged during Q1, but there remains upward pressure on headline rents with near-term demand strengthening and a squeeze on availability. In the last 12 months, prime rents have risen in the largest submarkets of the West End Core and Victoria by 15.7% and 9.1% respectively. Rent free periods are stable and are as low as 21 months in the West End Core and are a maximum of 26 months in non-core West End submarkets for a standard 10-year lease.

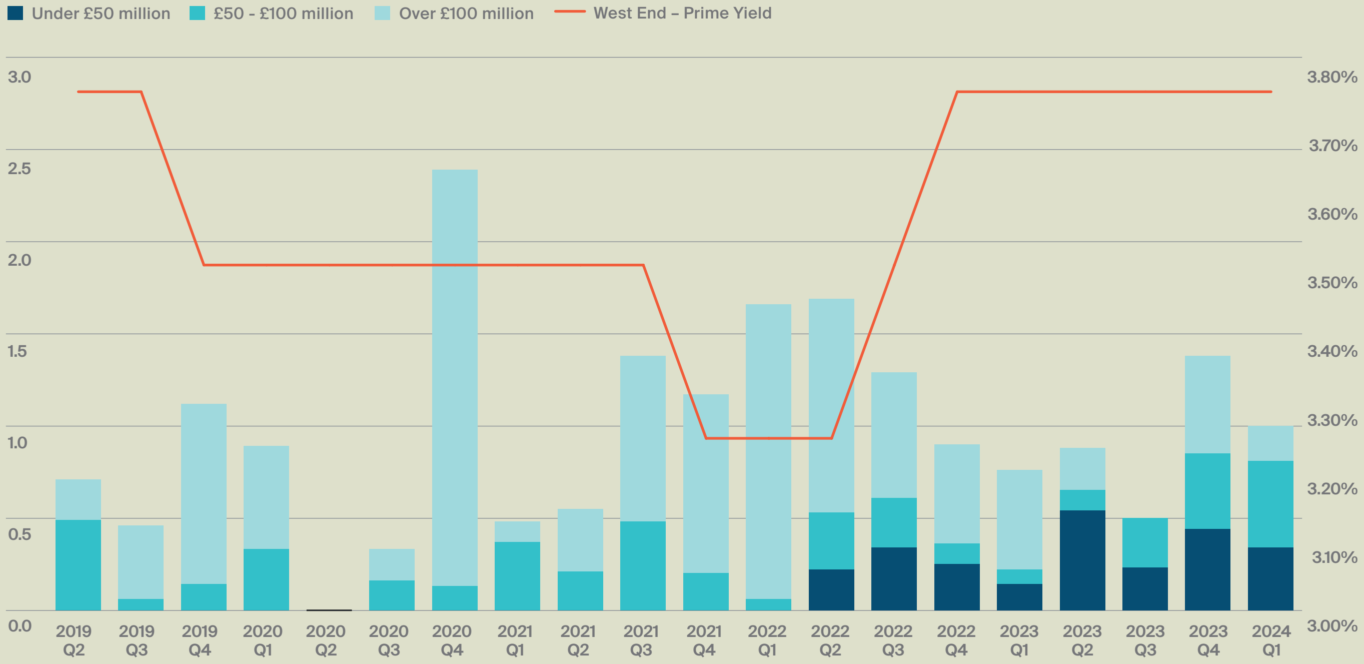
INVESTMENT MARKET RESILIENCE

Over three quarters of London investment witnessed in Q1 took place in the West End, demonstrating its appeal during a period of market tumult. This is further reinforced by prime yields remaining unchanged at 3.75% - a negative spread to the risk-free rate of interest and implying investors are confident in the markets ability to preserve value.

Transaction volumes amounted to £1.0bn, down 27.4% during the quarter and 26.0% below the quarterly long-term average. Unlike the City & Southbank, almost 20% of volumes transacted for largest lot sizes (greater than £100m). The largest transaction in Q1 was Royal London Asset Management (RLAM) acquiring a 50% stake in British Land's 1 Triton Square development for £192.5m. RLAM and British Land have announced the formation of a 50:50 joint venture to reposition 1 Triton Square into a premium science and innovation building.

During the quarter, investors from the United Kingdom were the most active and acquired £0.3bn, accounting for 32% of volumes. They were followed by European investors with £0.2bn and a 26% share of all transactions. Private capital continued to drive investment, with private property companies or singular investors accounting for 45% of all investment by volume.

West End – Investment by Lot Size
£bn (LHS), % per annum (RHS)



Source: Knight Frank Research

MARKETS IN REVIEW

Docklands & Stratford

£57.50

Rent (£ per sq ft)

0.13 m

Take-up (sq ft)

4.44 m

Availability (sq ft)

£0 m

Investment turnover

7.50%

Prime yield

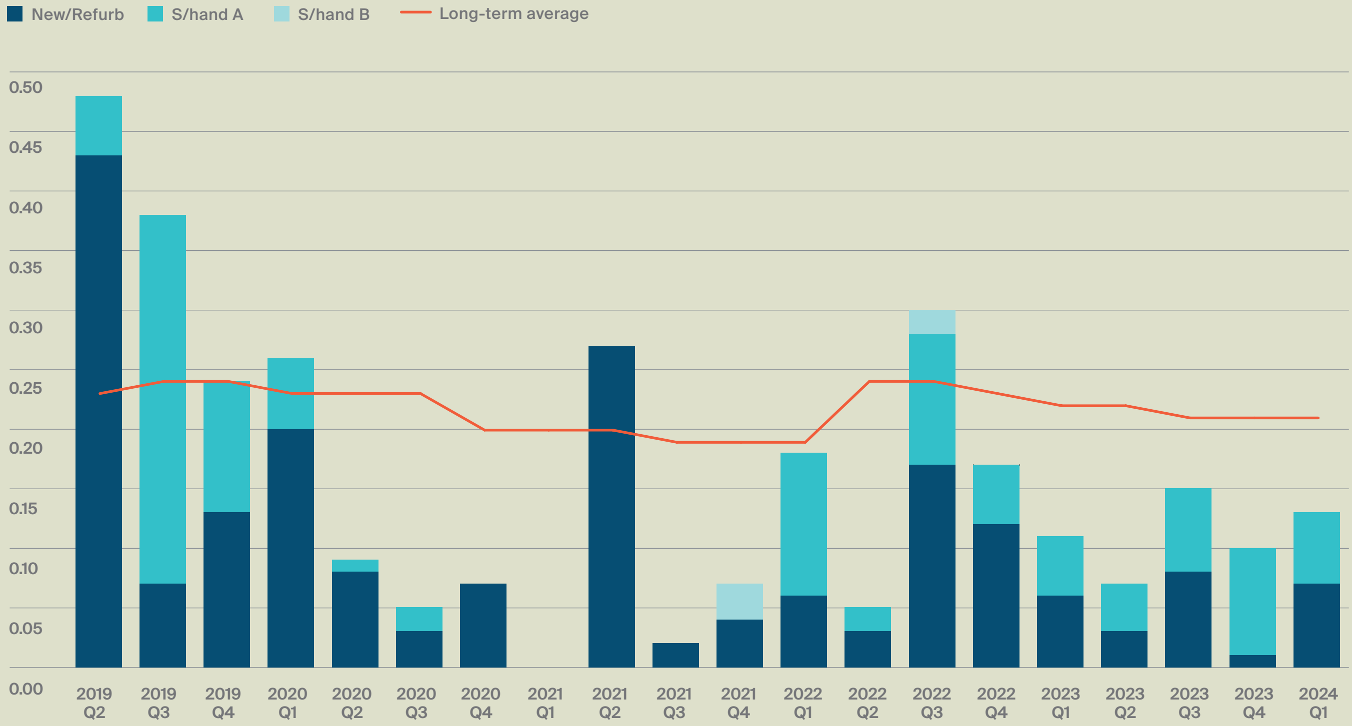
TAKE-UP BUCKS TREND

Docklands & Stratford was the only broad market in London to experience growth in lettings activity during Q1. There were four lettings driving a q-on-q rise of 31.5% to 129,322 sq ft. Nevertheless, take-up remains below the quarterly long-term average of 207,018 sq ft for a sixth consecutive quarter. There was a relatively even share in lettings by quality and three of the four lettings were in mid-sized buildings. As a result, 50.6% of take-up last quarter was for new and refurbished buildings and there was a significant rise in the average deal size to 32,331 sq ft.

The largest deal in London took place in the Docklands market last quarter. The deal was split over two lettings by the University of Sunderland at the Harbour Exchange

"The largest requirements in the market are from Fitch Ratings and UCL School of Management. Both require offices greater than 100,000 sq ft."

Docklands & Stratford - Take-up by Quality
m sq ft



Source: Knight Frank Research

buildings, and was for combined total of 95,628 sq ft. The education sector has become increasingly attracted to the Docklands market, letting more than half-a-million sq ft, and accounting for 16.7% of all take-up over the last five years. The second largest deal of the quarter was the financial research provider, Fitch Group in Canary Wharf, where 25,678 sq ft was leased at 30 North Colonnade, E14.

Active demand for office space rose to the highest level in two years to 435,000 sq ft – a rise of 210% compared to Q4. The largest requirements in the market are from Fitch Ratings and UCL School of Management. Both require offices greater than 100,000 sq ft. More than half of named active demand derives from financial occupiers, followed by the public sector (27.6%) and professional services (11.5%).

“Prime rents have remained stable across all Docklands & Stratford submarkets. Rent frees are unchanged at 27-30 months on a typical 10-year lease.”

TOTAL AVAILABILITY RISES DUE TO UPCOMING COMPLETION

Due to the upcoming completion of the Turing building in Q3, which delivers 350,779 sq ft of speculative space, availability has risen 6% on the quarter to 4.4m sq ft. This has resulted in a vacancy rate of 17.6%, significantly above the long-term trend of 7.9%. The higher vacancy has been felt most acutely in the Stratford submarket, where the Turing Building is located. The Stratford vacancy rate has risen to 32%, a 12.6 percentage points rise on the quarter.

Prime rents have remained stable across all Docklands & Stratford submarkets. Rent frees are unchanged at 27-30 months on a typical 10-year lease.

HIGHER YIELDS

Despite a further 25 basis points decompression in prime yields, there was no investment activity during Q1. Since the peak was reached in the current cycle, prime yields have risen by 275 basis points which amounts to an implied 30.6% decline in capital values.

▲ 210%

Active demand for floorspace rose to the highest level in two years to 435,000 sq ft

Key Statistics

	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	% CHANGE 3 MONTHS	% CHANGE 12 MONTHS	10-YEAR QUARTERLY AVERAGE
AVAILABILITY (SQ FT)								
West End	6.34 m	6.55 m	6.70 m	6.84 m	7.04 m	2.8%	11.0%	5.51 m
City & Southbank	13.81 m	15.11 m	14.75 m	13.93 m	14.08 m	1.1%	2.0%	8.97 m
Docklands & Stratford	3.80 m	4.11 m	3.91 m	4.19 m	4.44 m	6.0%	16.8%	2.32 m
London	23.95 m	25.78 m	25.36 m	24.96 m	25.56 m	2.4%	6.7%	16.80 m
VACANCY RATE								
West End	6.9%	7.1%	7.2%	7.3%	7.5%	0.2%	0.6%	6.2%
City & Southbank	10.2%	11.1%	10.8%	10.1%	10.2%	0.1%	0.0%	7.0%
Docklands & Stratford	15.7%	16.5%	15.5%	16.6%	17.6%	1.0%	1.9%	9.7%
London	9.5%	10.1%	9.9%	9.7%	9.9%	0.2%	0.4%	7.0%
TAKE-UP (SQ FT)								
West End	0.80 m	0.76 m	0.87 m	1.40 m	0.62 m	-55.9%	-22.4%	1.11 m
City & Southbank	1.03 m	1.28 m	1.68 m	2.42 m	1.13 m	-53.4%	9.4%	1.61 m
Docklands & Stratford	0.11 m	0.07 m	0.16 m	0.10 m	0.13 m	31.5%	14.9%	0.21 m
London	1.94 m	2.11 m	2.71 m	3.92 m	1.88 m	-52.2%	-3.3%	2.93 m
ACTIVE REQUIREMENTS (SQ FT)								
West End	1.96 m	1.99 m	2.66 m	1.88 m	2.22 m	18.4%	13.6%	2.05 m
City & Southbank	4.60 m	4.46 m	4.65 m	5.10 m	5.54 m	8.8%	20.6%	4.37 m
Docklands	0.30 m	0.22 m	0.23 m	0.14 m	0.44 m	210.7%	43.3%	0.58 m
London-wide	1.55 m	2.39 m	3.10 m	4.80 m	4.39 m	-8.5%	182.5%	1.97 m
London	8.41 m	9.04 m	10.64 m	11.91 m	12.59 m	5.7%	49.7%	8.97 m
UNDER CONSTRUCTION (SQ FT)								
West End	5.89 m	5.42 m	5.10 m	5.17 m	6.22 m	20.3%	5.7%	4.54 m
City & Southbank	9.88 m	10.08 m	11.00 m	9.89 m	9.11 m	-7.9%	-7.8%	7.98 m
Docklands & Stratford	0.98 m	0.56 m	0.35 m	0.35 m	0.53 m	50.8%	-45.9%	0.96 m
London	16.75 m	16.07 m	16.46 m	15.41 m	15.86 m	2.9%	-5.3%	13.48 m
DEVELOPMENT COMPLETIONS (SQ FT)								
West End	0.12 m	0.46 m	0.95 m	0.46 m	0.46 m	-0.3%	282.8%	0.32 m
City & Southbank	0.32 m	0.94 m	0.73 m	0.83 m	0.50 m	-40.1%	53.2%	0.76 m
Docklands	0.00 m	0.41 m	0.21 m	0.00 m	0.00 m			0.12 m
London	0.44 m	1.81 m	1.90 m	1.29 m	0.95 m	-25.9%	115.1%	1.20 m
INVESTMENT TURNOVER								
West End	£0.76 bn	£0.88 bn	£0.50 bn	£1.38 bn	£1.00 bn	-27.4%	32.5%	£1.36 bn
City & Southbank	£1.48 bn	£0.53 bn	£0.94 bn	£0.44 bn	£0.31 bn	-30.5%	-79.2%	£1.94 bn
Docklands & Stratford	£0.13 bn	£0.02 bn	£0.00 bn	£0.00 bn	£0.00 bn		-100.0%	£0.17 bn
London	£2.36 bn	£1.44 bn	£1.43 bn	£1.82 bn	£1.31 bn	-28.1%	-44.6%	£3.48 bn
PRIME HEADLINE RENTS (PER SQ FT)								
West End	£130.00	£135.00	£140.00	£150.00	£150.00	0.0%	15.4%	4.1%
City & Southbank	£75.00	£75.00	£77.50	£87.50	£87.50	0.0%	16.7%	3.8%
Docklands & Stratford	£55.00	£55.00	£55.00	£57.50	£57.50	0.0%	4.5%	4.8%

Source: Knight Frank. Notes: London active requirements includes unspecified target locations. Percentage point difference for vacancy rate.

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