London Office Market Report

Q2 2024

Latest insights on the state of the London office market

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Executive Summary

Key Themes

1. Lettings bounce back

2. Falling availability

3. Recovery in investment volumes

RUNNING ON UNEVEN GROUND

Assisted by an improving economic environment, the London lettings market bounced back last quarter, with take-up rising by 30.4% to 2.5m sq ft. Deals under offer remain elevated at 3.6m sq ft, suggesting the second half of the year should be supported by healthy levels of leasing activity. Polarisation by quality remains a central feature of market dynamics. On the demand side, take-up of new and refurbished space was above long-term average levels, accounting for just below two thirds of all transactions. On the supply side, the vacancy rate for new and refurbished space fell for a second successive quarter, and vacancy rates for Grade A space, in particular, are becoming increasingly acute in core submarkets. A notable trend of Q2 has been a significant improvement in investment transactions, resulting from a broadening of the investor base and signs that there will be greater levels of recovery capital entering the market soon.

SOLID ECONOMIC FUNDAMENTALS

Our outlook for the London office market has been predicated on a modest development pipeline falling short of average levels of new and refurbished take-up and a high level of future structural demand through lease events. However, recent political and economic events point to renewed optimism for economic growth and thus will provide greater stimulus to the market.

Economic activity in London continues to be expansionary, with new orders rising, hiring plans turning positive, and high levels of optimism about the outlook over the next year. This positive backdrop is leading to upward revisions of London GDP growth forecasts over the next five years. Moreover, pricing pressures have significantly eased for consumers and businesses, raising the likelihood of further reductions to policy rates which are more accommodative to growth. Financial markets are already implying a lower path for longer-term interest rates.

In recent years, growth prospects in London and the UK have been hindered by high inflation, rising interest rates and political instability. We expect these clouds of uncertainty to recede, and provide a positive landscape for businesses to focus on longer-term investment plans. For the office market, this should lead to decision makers bringing forward their relocation plans, encourage new market entrants, and improve the viability of development schemes.

A stability dividend should become increasingly evident as the global economy continues to wrestle with many pinch points – renewed fears of US recession, political instability in Europe, weak growth in China and military conflicts. The UK is not without its challenges, most notably the conundrum of balancing growth and spending plans. However, in a global context, relative stability makes the UK more attractive as a place to invest and conduct business.

> "In Q2, investment transactions rose 35.6% to £1.8bn, and deals under offer increased by 69.4% to £1.5bn. Although, this is 48.1% below the long-term quarterly average, it represents highest level of acquisitions since Q1 2023."

GREEN SHOOTS OF RECOVERY

Prior to the Bank of England's July cut, longer-term interest rates had actually risen during Q2. Despite the higher interest rate environment, the London investment market demonstrated signs of recovery, with greater liquidity in larger lot sizes, and a notable pick-up in acquisitions by private equity investors.

In Q2, investment transactions rose 35.6% to £1.8bn, and deals under offer increased by 69.4% to £1.5bn. Although, this is 48.1% below the long-term quarterly average, it does represent the highest level of acquisitions since Q1 2023. In contrast to recent quarters, lot sizes above £100m accounted for the largest share of volumes at 44.7%.

Rising from a low base, turnover in the City was £0.8bn across 16 transactions. This figure represents a quarterly rise of 157.3% but is 58.6% below the quarterly long-term trend. Resilience in the West End remained evident, with £1.0bn of transactions across 31 deals - a quarterly fall of 1.7% and 27.5% below trend.

Investors from the UK were most active during the second quarter, representing 38.6% of total volumes. The next largest investor group were those from the Middle East (19.7%), followed by Europe and North America (15.9% each). Investors from the latter two regions have acquired very little in recent quarters as interest rates have accelerated.

RETURN OF PRIVATE EQUITY

The type of investors active in the market broadened in Q2, although,institutional investors remain largely inactive. Private capital remained the dominant investor group, accounting for 45.9% of transactions. The next largest group was private equity, representing 37.2% of volumes. During the quarter there were five private equity transactions. This infers that the market is showing attractive value to private equity investors.

Acquisitions have remained tilted towards value-add assets, which require some capital expenditure to improve their lettability. Value-add plays accounted for 40% of the market, highlighting there is appetite for riskwhilst the fundamentals of the prime leasing market remain strong.

"Private capital remained the dominant investor group, accounting for 45.9% of transactions. The next largest group was private equity, representing 37.2% of volumes."

FURTHER QUARTER OF STABLE PRIME YIELDS

The pricing of prime London offices was supported by a further quarter of stable yields. In the West End, prime net initial yields have been unchanged for seven quarters at 3.75%, while in the City & Southbank, they have been remained stable for a fifth successive quarter at 5.25%.

Our assessment of the outlook for capital value growth suggests the positive impact from lower long-term interest rates will be offset by low levels of liquidity as institutional investors make a gradual return to the investment market. Therefore, values will be driven by expectations of rental value growth, and this is improving.

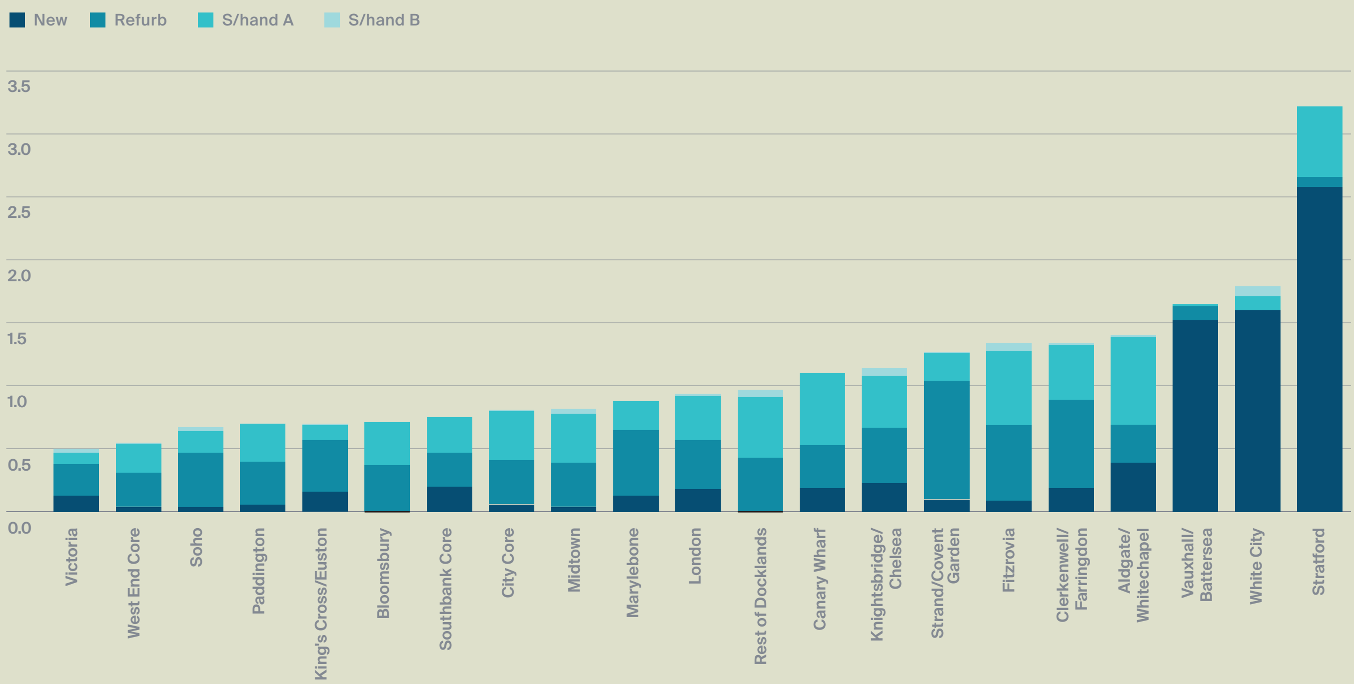
"Take-up remains below the long-term average due to subdued levels of second hand lettings. Last quarter, new and refurbished lettings were 1.6m sq ft, 51.4% higher than in Q1, 7.4% above the long-term average, and 64.7% of all transactions."

TAKE-UP BOUNCES BACK

Following a soft start to 2024, lettings in London rose by 30.4% in Q2, reaching 2.5m sq ft. Take-up remains below the long-term average due to subdued levels of second hand lettings. This is emphasised by the stellar performance of the best quality space. Last quarter, new and refurbished lettings were 1.6m sq ft, 51.4% higher than in Q1, 7.4% above the long-term average, and 64.7% of all transactions.

Market commentators often reference 'under offer' data as an indication of near-term market strength. During Q2, deals in solicitors

London - Vacancy Rate by Quality and Submarket
% of stock



Source: Knight Frank Research

> "Just over 24m sq ft of availability represents a vacancy rate of 9.4%, a reduction of 0.6 percentage points in comparison to Q1, but is above the long-term average of 7.1%. However, this masks considerable variation by submarket and quality."

hands increased by 11.6 % to 3.6m sq ft, more than the average level of quarterly take-up. This suggests H2 take-up will be robust.

The largest letting of the quarter was the 248,533 sq ft pre-let by Citadel at 2 Finsbury Avenue, EC2M, but it was by no means the only highlight. There were six lettings above 60,000 sq ft, and three above 100,000 sq ft, raising the average deal size to above 8,200 sq ft.

TIGHTENING AVAILABILITY OF BEST QUALITY SPACE

Total availability fell by 5.3% in Q2, to 24.2m sq ft, with new and refurbished space falling by 2.5% and second hand by 9.4%. To some extent, the reduction of second hand space was due to 2.4m sq ft of market withdrawals. Many of these are likely to be future development projects.

Just over 24m sq ft of availability represents a vacancy rate of 9.4%, a reduction of 0.6 percentage points in comparison to Q1, but above the long-term average of 7.1%. However, this masks considerable variation by submarket and quality.

Available new space, our closest match to grade A, has a vacancy rate of 1.8%, and is marginally above the long-term average. The lack of grade A availability has been key to driving rental growth in a modest economic climate. In the core submarkets of the City and West End, the vacancy rates for new space is 0.6% and 0.4% respectively, and amongst the lowest rates we have recorded. In Canary Wharf, where the total vacancy rate is high, the availability of grade A space is 1.9% and below the long-term average.

Tight availability of 'prime' quality space means near-term occupier demand has to contend with limited choice. Active requirements in London are almost 25% above the long-term average at 11.1m sq ft, with 59 requirements seeking size bands greater than 40,000 sq ft. This compares to 62 new and refurbished availabilities in excess of 40,000 sq ft. However, this slightly positive demand-supply difference is reversed when we consider many requirements for lower size bands will be filled by lettings in larger buildings.

We expect development completions during the next 18 months to absorb some of the near-term demand. However, our assessment of expected completions beyond 2025 fall below average levels of take-up for prime quality space. The current under construction speculative pipeline is slightly higher than in Q1 at 11.3m sq ft and completes in 2028. This is just over 7m sq ft below the average levels of new and refurbished take-up we expect between 2025-28.

PRIME RENTS RISE IN TWO SUBMARKETS

During the quarter we raised prime rents in Southbank Core and Knightsbridge/Chelsea. In the former, the headline rent rose from £80 to £82.50 per sq ft, and in the latter, it increased from £100 to £102.50. In both instances, the rental rises are due to sustained interest and transactional evidence at these levels.

In recent weeks, there have been slight positive revisions to London and UK GDP growth between 2025-28. This has a meaningful impact in the City and Canary Wharf because these markets are more correlated with economic growth. In the West End, the correlation with economic growth is much lower. This has resulted in positive revisions to our forecasts of prime rental growth in the City Core and Midtown. In addition, in the City Core, annual take-up of new/refurb is the second highest since we've been recording take-up data. Moreover, new/refurb availability is falling and it is relatively low in Midtown.

Forecasts are unchanged in the West End except Knightsbridge/Chelsea, which have risen slightly due to the improvement in the headline rent in Q2.

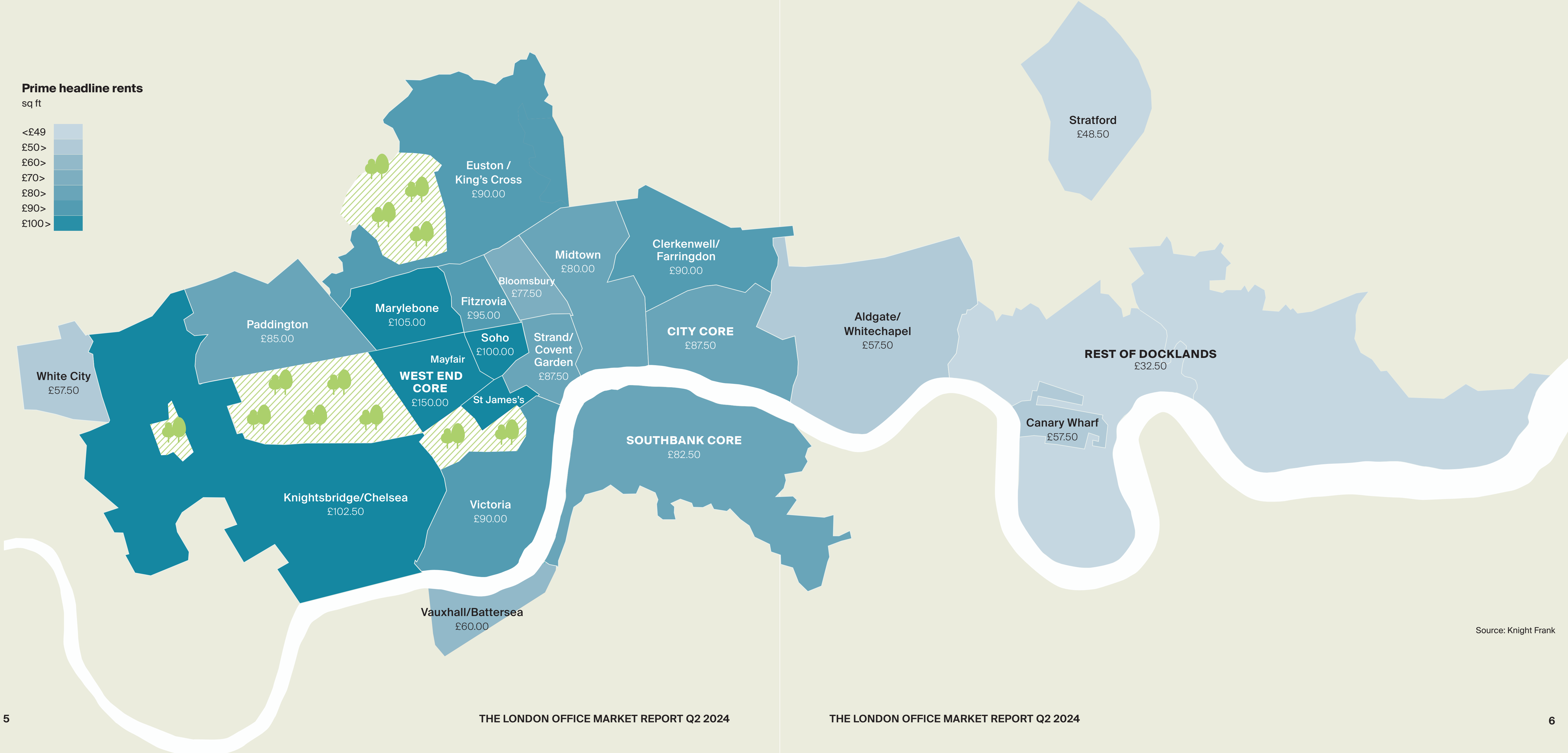
London office market

Performance dashboard Q2 2024

KEY PERFORMANCE INDICATORS

	▲ 2.45m	▼ 24.19m	▼ 9.4%	▲ 16.77m
	TAKE-UP (SQ FT)	AVAILABILITY (SQ FT)	VACANCY RATE	UNDER CONSTRUCTION (SQ FT)
CHANGE ON				
2023 Q2	16.1% ▲	-6.1% ▼	-0.8% ▼	4.4% ▲
LTA	2.89 million sq ft	17.05 million sq ft	7.1 %	13.64 million sq ft

WEST END		CITY & SOUTHBANK		DOCKLANDS & STRATFORD	
◀▶ £150.00 Prime headline rent (per sq ft)	▼ 0.68 m Take-up (per sq ft)	◀▶ £87.50 Prime headline rent (per sq ft)	◀▶ 1.65 m Take-up (per sq ft)	◀▶ £57.50 Prime headline rent (per sq ft)	◀▶ 0.11 m Take-up (per sq ft)
▼ £0.98 bn Investment turnover	◀▶ 3.75% Prime Yield	▲ £0.79 bn Investment turnover	◀▶ 5.25% Prime Yield	▼ £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)

▲ 1.65 m

Take-up (sq ft)

▼ 13.20 m

Availability (sq ft)

▲ £0.79 bn

Investment turnover

◀▶ 5.25%

Prime yield

"Of the 132 lettings in Q2, six were above 40,000 sq ft, and two were above 100,000 sq ft. In contrast, none of the lettings in Q1 were above 100,000 sq ft. As a result, the average deal size in Q2 rose by 47.7% to 12,526 sq ft."

ABOVE TREND TAKE-UP

During the quarter, take-up in the City & Southbank increased to 1.7m sq ft, up 46.6% compared to the previous quarter and 3.4% above the quarterly long-term average. Deals under offer rose by 2.9% and total 2.1m sq ft, suggesting deal flow is in healthy shape.

Take-up exceeded the quarterly long-term trend in two submarkets: Vauxhall/Battersea (up 379.7%) and Clerkenwell/Farringdon (up 94.9%). An increase in lettings for larger-size band buildings primarily drove this improvement in leasing volumes. Of the 132 lettings in Q2, six were above 40,000 sq ft, and two were above 100,000 sq ft. In contrast, none of the lettings in Q1 were above 100,000 sq ft. As a result, the average deal size in Q2 rose by 47.7% to 12,526 sq ft.

The bifurcation in leasing trends by quality remains evident, with the majority (63.4%) of take-up this quarter being for new and refurbished space.

Financial services have reclaimed their position as the largest occupier group, representing 36.8% of all transactions – 67.4% above the long-term quarterly average. The technology media and telecoms (TMT) sector followed at 20.9%, with the professional service sector next at 17.1%. Lower leasing volumes in the professional services sector can be primarily attributed to a significant drop in lettings by the legal industry. The legal sector transacted only 46,832 sq ft in Q2, compared to 90,656 sq ft in Q1. Typically, the legal sector's quarterly transaction volumes exceed 200,000 sq ft.

The most significant letting in Q2 was by Citadel, which pre-let 248,533 sq ft at 2 Finsbury Avenue, EC2M, with the option to take another 130,000 sq ft. The second largest transaction was by Amazon, who leased two buildings at the Stage Campus in Clerkenwell/ Farringdon —107,028 sq ft at The Bard and 71,440 sq ft at The Hewett. This transaction brings Amazon's total office space in the capital to over 1m sq ft. This most recent Amazon letting is the largest TMT letting since TikTok leased 140,000 sq ft at Verdant, 150 Aldersgate, EC1A. We expect positive momentum in lettings to be maintained, as floor space under offer in the City & Southbank has increased to 2.3m sq ft, up from 2.1m sq ft since the end of Q1.

NEAR TERM DEMAND FALLS BUT REMAINS ELEVATED

After rising for two consecutive quarters, active requirements for space to be occupied in the next 12-18 months fell by 20.3% in Q2 2024 to 4.4m sq ft in the City & Southbank overall. Despite this decline – primarily due to many requirements being fulfilled through executed lettings – the figure remains 1.6% above the quarterly long-term average.

Financial services continue to drive near-term demand, accounting for nearly half of all market requirements. Professional services are the next largest occupier group, representing a third of the total demand. Some of the largest current market requirements include London Stock Exchange plc (c. 300,00 sq ft) and Gallagher (c.250-350,000 sq ft).

SLIGHT FALL IN AVAILABILITY

Office availability fell by 6.3% during the quarter to 13.2m sq ft, resulting in a vacancy rate of 9.5% – some 2.4% percentage points above the quarterly long-term average. The decrease in availability was driven by a healthier quarter of take-up and several withdrawals, including 1.6m sq ft of second-hand space removed from the market for redevelopment. Prime availability is tight and has a vacancy rate of 5.5%.

POTENTIAL UNDER SUPPLY OF BEST QUALITY SPACE

The under-construction development pipeline increased 6.2% during the quarter to 9.7m sq ft, with 6.1m sq ft being built speculatively and completed by 2027. Across the broad City & Southbank market, just over 43% of total construction activity is pre-let or under offer. This figure rises substantially to 62.4% in the City Core – the largest business district in the market.

There were just over 400,000 sq ft of completions during the quarter across four schemes, of which Osmo Battersea, SW11 was the largest, representing just under 40% of all completed space in Q2. Over the next four years, we expect 6.2m sq ft of speculative completions in the City & Southbank, with the majority delivered between 2024 and 2026. Notable schemes completing in the next four years include 2 Finsbury Avenue, London, EC2M, delivering 428,300 sq ft of speculative space, and One Exchange Square, 175 Bishopsgate, EC2M, providing 422,075 sq ft speculative space.

The current level of speculative development falls significantly below average levels of new and refurbished take-up. In fact, we anticipate a 5.6m sq ft shortfall of best-in-class office space by the end of 2027.

PRIME RENTS RISE IN THE SOUTHBANK CORE

Following a number of key lettings in the Southbank Core submarket, prime rents have increased by £2.50 to £82.50 per sq ft. Rent frees for a standard 10-year lease remain unchanged at 24 months.

LARGER LOT SIZE DEALS LIFT INVESTMENT VOLUMES

During Q2, there were 16 transactions totalling £0.8bn in Q2, up 157.3% compared to Q1, but still significantly below the quarterly long-term average of £1.9bn. A broadening of the pool of investors, allied with a marked rise in transactions of larger lot sizes, suggests investor sentiment may be turning positively in the City & Southbank.

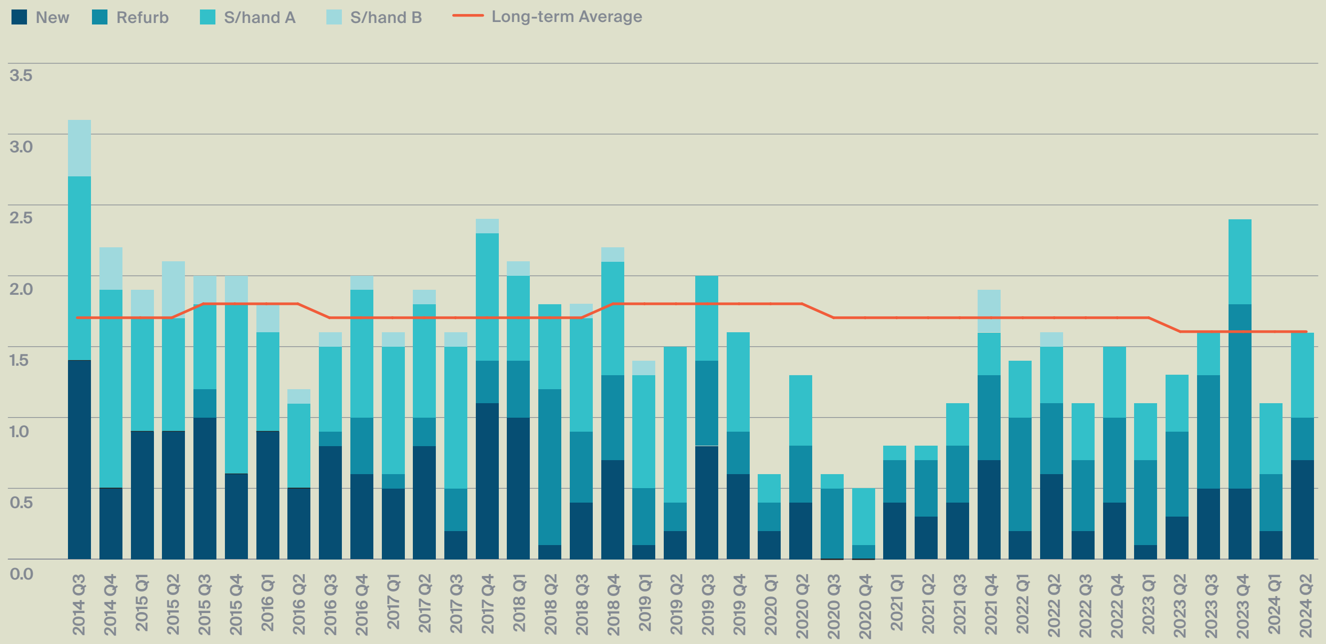
In contrast to Q1, lot sizes, above £100m accounted for the largest share of the volumes at 57.0% of all transactions.

During the quarter, investors from the Middle East acquired £0.4bn of office assets, accounting for 44.3% of volumes, followed by investors from the United Kingdom with £0.2bn and a 29.5% share of all transactions.

By investor group, private capital continued to drive the market, with £0.3bn of acquisitions or 41.0% of all transactions in the City & Southbank. The largest deal of the quarter was by a private investor. This was the transaction at Herbal House, EC1, which Yellow Tree acquired for £101m.

Assets under offer are low at £0.7bn, and do not suggest an imminent revival in liquidity levels. However, a fifth consecutive quarter of stable prime yields at 5.25%, should support further improvements in investor sentiment.

City & Southbank – Take-up
m sq ft



Source: Knight Frank Research

MARKETS IN REVIEW

West End

£150.00	Rent (£ per sq ft)
0.68 m	Take-up (sq ft)
7.69 m	Availability (sq ft)
£0.98 bn	Investment turnover
3.75%	Prime yield

“Average deal size fell from 6,701 sq ft to 4,193 sq ft in Q2, as the market lacked larger size band lettings. The majority of transactions were between 0-5,000 sq ft, and all lettings this quarter were under 40,000 sq ft.”

LOWER TAKE-UP BUT BROAD-BASED

West End take-up rose by 9.7% in Q2 to 0.7m sq ft, below the long-term trend of 1m sq ft and signals a further cooling of leasing market momentum. However, there is a solid pipeline of deals in solicitors hands with space under offer rising by 47.1% q-on-q to 1.4m sq ft.

The drive of occupiers to better quality space is still a central feature, with a just over 60% of transactions for new and refurbished space.

The average deal size fell from 6,701 sq ft to 4,193 sq ft in Q2, as the market lacked larger size band lettings. The majority (37.8%) of transactions were between 0-5,000 sq ft, and all lettings this quarter were below 40,000 sq ft.

Take-up by sector was broad-based. The largest occupier group was financials (21.7%), followed by manufacturing & corporates (20.2%), and TMT (18.8%). The most significant transaction during the quarter was the 37,559 sq ft letting by Liberty Global PLC at 120 King's Road in Knightsbridge/Chelsea. The retailer Mountain Warehouse Limited was the second largest transaction, letting 32,783 sq ft at 7 Howick Place in Victoria.

Active demand rose in Q2, increasing 4.5% to 2.3m sq ft. There are 17 requirements for 60,000 sq ft or above and two requirements for space over 100,000 sq ft. The majority of demand is from the financial sector, accounting for 34% of near-term

requirements, and is from companies such as Evercore Partners and Ares Management, while manufacturing and corporate occupiers, such as River Island, account for 22% of active demand.

AVAILABILITY DRIVEN BY UPCOMING COMPLETIONS

Availability has risen 9.3% to 7.7m sq ft in Q2, driven predominantly by the 1.2m sq ft of speculative developments scheduled to complete by the end of Q4. Availability is split evenly across the smaller (0-40k) and larger (40k+) size bands. This increase in availability has resulted in a vacancy rate of 8.1%, up by 0.6 percentage points compared with Q1. However, the vacancy rate of grade A offices is acute at 1.4% and is actually sub 1% in the West End Core, Fitzrovia, and Paddington.

The under-construction development pipeline fell by 3.1% to 6.0m sq ft following 0.3m sq ft of completions in Q2. The most notable completion during the quarter was 11 Belgrave Road, SW1, which delivered 94,000 sq ft of speculative floor space. The under-construction pipeline is 32.5% pre-let, and there is an additional 251,644 sq ft under offer.

We have adjusted our shortfall calculation to account for expected completions to 2027. The West End anticipated shortfall is 1.3m sq ft against the projected level of new and refurbished take-up over the period. Pre-let lead in times have increased to 14.8 months ahead of a building's completion.

PRIME RENTS RISE IN KNIGHTSBRIDGE/CHELSEA

Following strong leasing activity in Knightsbridge/Chelsea, prime rents have risen £2.50 to £102.50 per sq ft. Rent frees remain unchanged at 24 months on an average ten year lease.

WEST END DRIVES LONDON INVESTMENT

Investment volumes fell marginally by 1.7% to £1.0bn in Q2, and the West End remained the largest London market for transactions.

Private capital investors represented almost half (49.8%) of transactions, taking advantage of lower barriers to entry, as institutional investors continue to withdraw from the market. The next largest share at 27% of volumes was from private equity investors – a sign that investors are noting value driven opportunities.

Investors were predominantly from the United Kingdom (46%) and North America (29%), the latter having been absent from London following the normalisation of interest rates over the last 18 months.

The largest transaction of the quarter was 130-134 New Bond Street W1, a retail-led office asset acquired by Blackstone for £227m. The transaction reflected a net initial yield of 3.65%. The second most significant transaction was an occupier acquisition of 20 Grafton Street by Letterone for £115m.

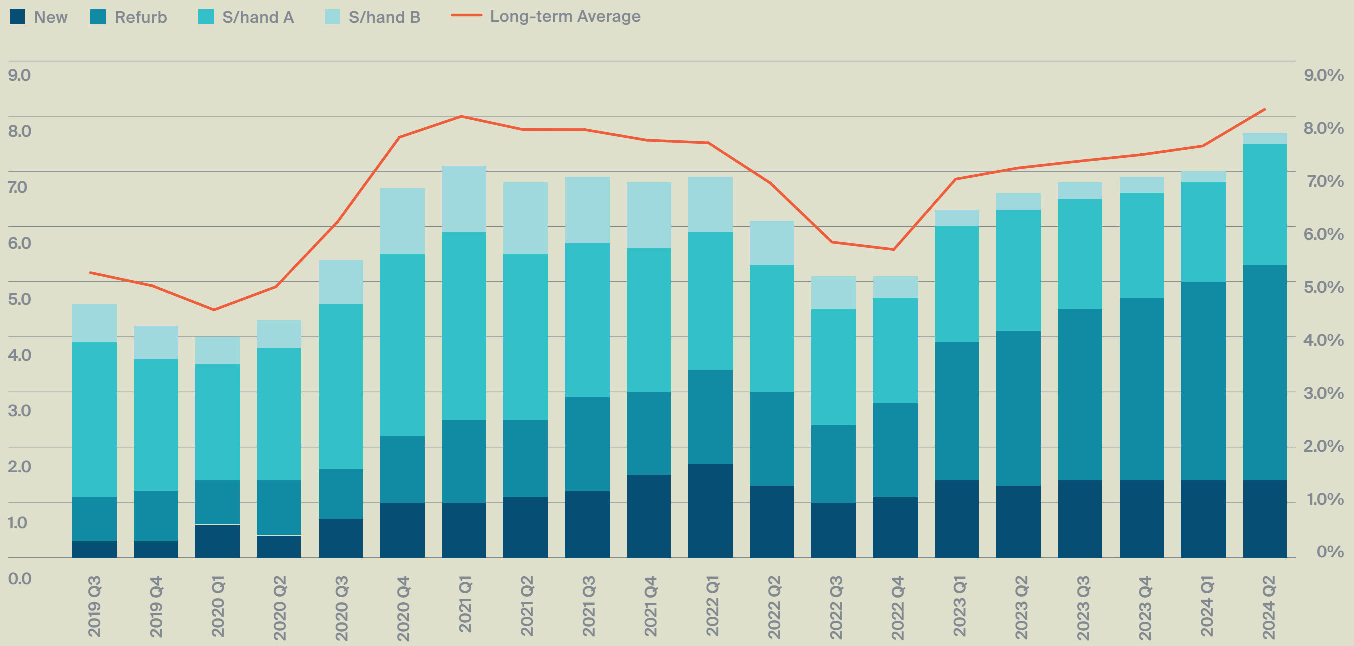
Assets under offer have increased to £0.7bn while availability has decreased sharply following the quarter's transactional activity. Just over £1.6bn of assets are available for sale in the West End, and this is expected to rise as the market recovery builds momentum. This will be assisted by a seventh consecutive quarter of prime yields remaining stable at 3.75%.

▲7.7m

West End availability has risen by 9.3% to 7.7m sq ft.

West End - Availability

m sq ft (LHS), % of stock (RHS)



Source: Knight Frank Research

MARKETS IN REVIEW

Docklands & Stratford

£57.50

Rent (£ per sq ft)

0.11 m

Take-up (sq ft)

3.30 m

Availability (sq ft)

£0 m

Investment turnover

7.50%

Prime yield

ONE DEAL DRIVES LEASING MARKET

Take-up remained subdued in Q2, 43% below the long-term trend with only 113,892 sq ft transacted during the quarter. The single letting in Q2 was by the financial services firm Revolut, leasing one third of the YY building, in the Canary Wharf submarket. The scheme completed in Q2 2023, and was the first new build office completed in this submarket since Q1 2022.

While under-offers remain low (0.06m sq ft) leasing momentum is supported by near-term active demand. Named requirements have risen 48% to 0.65m sq ft in Q2, primarily driven by financials and public sector occupiers such as JP Morgan, Fitch Ratings, and the Financial Reporting Council. The majority of demand is for large size band space. In fact, 80.6% of demand is for floorspace greater than 100,000 sq ft.

AVAILABILITY FALLS FOLLOWING WITHDRAWALS

Availability has fallen 25.6% from Q1 to 3.3m sq ft – this is the lowest level of availability for two years following the withdrawal of large buildings for redevelopment. This has resulted in a significant fall in the vacancy rate, from 17.6% to 13.1%.

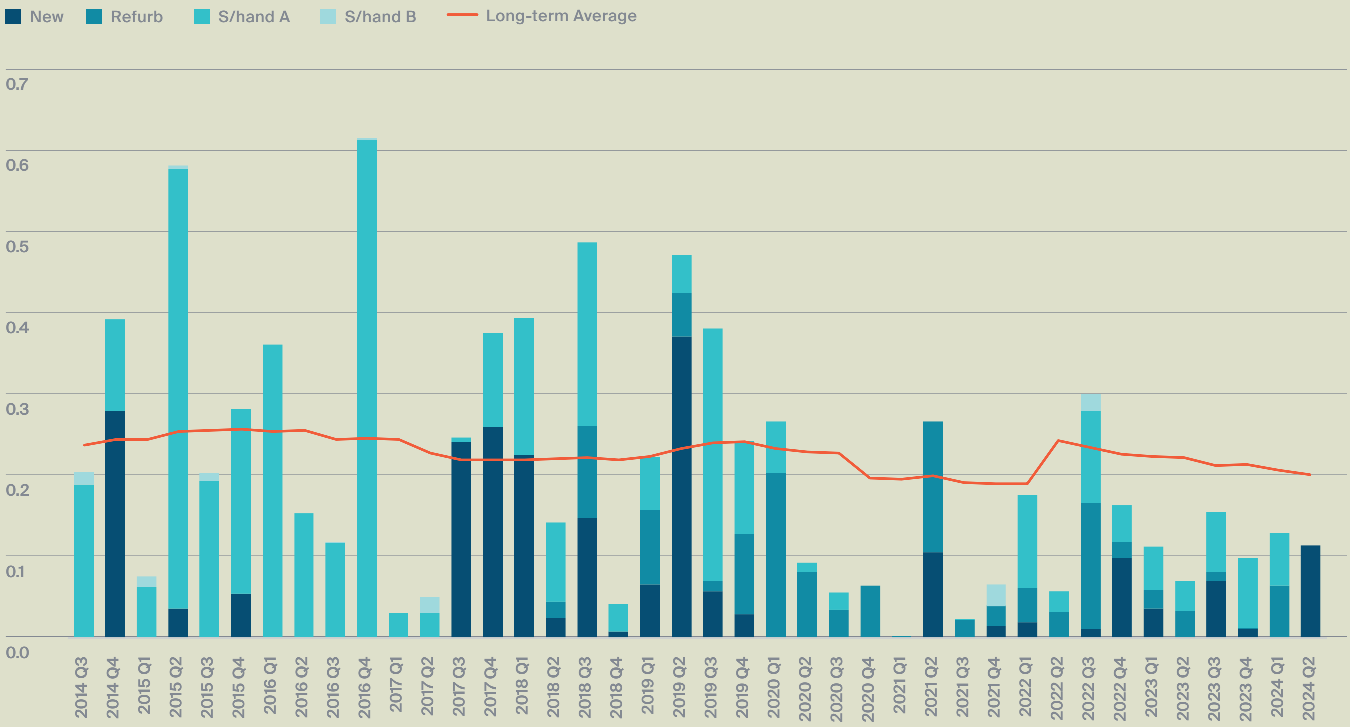
Across four buildings, 1.1m sq ft has been withdrawn due to buildings being repositioned, having previously been marked for sub-lease or assignment.

Barclays and Morgan Stanley have handed space back to Canary Wharf Group at 5 North Colonnade and 15

"The majority of demand is for large size band space. In fact, 80.6% of demand is for floorspace greater than 100,000 sq ft."

Docklands & Stratford - Take-up

m sq ft



Source: Knight Frank Research

Westferry Circus respectively. The former have opted to consolidate in their 1 Churchill Place address and renew, while 15 Westferry Circus is being considered for repositioning. At 1-5 Cabot Square, UBS have taken over the previously marketed sublease of the space let by Credit Suisse. Lastly, 20 Water Street is being converted to life science use, and is therefore no longer part of office availability in the submarket. Availability is split between secondhand (43.2%) and new and refurbished space (56.8%) – three quarters of the latter is contained in small to mid sized offices.

"Grade A quality space is at a premium, even in submarkets with low leasing activity. In Canary Wharf, this space represents 1.9% of all stock."

As a result of the withdrawals, the vacancy rate in Docklands & Stratford has fallen from 17.6% to 13.1% in Q2. Grade A quality space is at a premium, even in submarkets with low leasing activity. In Canary Wharf, this space represents 1.9% of all stock.

DEVELOPMENT PIPELINE GROWS TO ENCOMPASS MIXED USE SCHEMES

The burgeoning life science sector is present in the development pipeline. There are three schemes under-construction in the market, the largest of which is the office element of the One North Quay development from Canary Wharf. The second scheme is 17 Columbus Courtyard, which will primarily be a flexible lab, and office development across nine floors. These two schemes, and the Turing Building in Stratford, mean there is approximately 1m sq ft of speculative space that will be delivered by the end of 2027.

While the rents achieved at YY are a submarket record we have kept prime rents stable at £57.50 per sq ft, and rent frees remain unchanged at 29 months on a standard 10 year lease.

There has been no investment activity in Docklands in Q2. Investment transactions under-offer have remained stable on Q1 at £0.02bn. Assets available for sale have increased by 35.4% on the previous quarter to £0.1bn, and prime yields have stabilised at 7.25%, reflecting the challenging investment market.

▼ **25.6%**

Availability has fallen 25.6% from Q1 to 3.3m sq ft – this is the lowest level of availability for two years following the withdrawal of large buildings for redevelopment.

Key Statistics

	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24	% CHANGE 3 MONTHS	% CHANGE 12 MONTHS	10-YEAR QUARTERLY AVERAGE
AVAILABILITY (SQ FT)								
West End	6.55 m	6.70 m	6.84 m	7.04 m	7.69 m	9.3%	17.4%	5.59 m
City & Southbank	15.11 m	14.75 m	13.93 m	14.08 m	13.20 m	-6.3%	-12.6%	9.08 m
Docklands & Stratford	4.11 m	3.91 m	4.19 m	4.44 m	3.30 m	-25.6%	-19.7%	2.38 m
London	25.78 m	25.36 m	24.96 m	25.56 m	24.19 m	-5.3%	-6.1%	17.05 m
VACANCY RATE								
West End	7.1%	7.2%	7.3%	7.5%	8.1%	0.7%	1.1%	6.3%
City & Southbank	11.1%	10.8%	10.1%	10.2%	9.5%	-0.7%	-1.6%	7.1%
Docklands & Stratford	16.5%	15.5%	16.6%	17.6%	13.1%	-4.5%	-3.4%	9.9%
London	10.1%	9.9%	9.7%	9.9%	9.4%	-0.6%	-0.8%	7.1%
TAKE-UP (SQ FT)								
West End	0.76 m	0.87 m	1.40 m	0.62 m	0.68 m	9.7%	-10.1%	1.09 m
City & Southbank	1.28 m	1.68 m	2.42 m	1.13 m	1.65 m	46.6%	29.1%	1.60 m
Docklands & Stratford	0.07 m	0.16 m	0.10 m	0.13 m	0.11 m	-11.9%	60.2%	0.20 m
London	2.11 m	2.71 m	3.92 m	1.88 m	2.45 m	30.4%	16.1%	2.89 m
ACTIVE REQUIREMENTS (SQ FT)								
West End	1.99 m	2.66 m	1.88 m	2.22 m	2.32 m	4.5%	17.0%	2.06 m
City & Southbank	4.46 m	4.59 m	5.10 m	5.54 m	4.42 m	-20.3%	-0.8%	4.35 m
Docklands	0.22 m	0.23 m	0.14 m	0.44 m	0.65 m	48.3%	197.9%	0.58 m
London-wide	2.39 m	3.10 m	4.80 m	4.39 m	3.75 m	-14.6%	57.0%	2.03 m
London	9.04 m	10.58 m	11.91 m	12.59 m	11.14 m	-11.6%	23.1%	9.02 m
UNDER CONSTRUCTION (SQ FT)								
West End	5.42 m	5.10 m	5.17 m	6.22 m	6.03 m	-3.1%	11.1%	4.64 m
City & Southbank	10.08 m	11.00 m	9.89 m	9.11 m	9.68 m	6.2%	-4.0%	8.03 m
Docklands & Stratford	0.56 m	0.35 m	0.35 m	0.53 m	1.07 m	102.1%	91.5%	0.98 m
London	16.07 m	16.46 m	15.41 m	15.86 m	16.77 m	5.8%	4.4%	13.64 m
DEVELOPMENT COMPLETIONS (SQ FT)								
West End	0.46 m	0.95 m	0.46 m	0.46 m	0.30 m	-33.6%	-33.4%	0.32 m
City & Southbank	0.94 m	0.73 m	0.83 m	0.50 m	0.42 m	-16.2%	-55.7%	0.76 m
Docklands	0.41 m	0.21 m	0.00 m	0.00 m	0.00 m			0.10 m
London	1.81 m	1.90 m	1.29 m	0.95 m	0.72 m	-24.6%	-60.3%	1.19 m
INVESTMENT TURNOVER								
West End	£0.88 bn	£0.50 bn	£1.32 bn	£1.00 bn	£0.98 bn	-1.7%	11.4%	£1.36 bn
City & Southbank	£0.53 bn	£0.94 bn	£0.44 bn	£0.31 bn	£0.79 bn	157.3%	48.1%	£1.91 bn
Docklands & Stratford	£0.02 bn	£0.00 bn	£0.00 bn	£0.00 bn	£0.00 bn		-100.0%	£0.15 bn
London	£1.44 bn	£1.43 bn	£1.76 bn	£1.31 bn	£1.78 bn	35.6%	23.6%	£3.42 bn
PRIME HEADLINE RENTS (PER SQ FT)								
West End	£135.00	£140.00	£150.00	£150.00	£150.00	0.0%	11.1%	3.9%
City & Southbank	£75.00	£77.50	£87.50	£87.50	£87.50	0.0%	16.7%	3.8%
Docklands & Stratford	£55.00	£55.00	£57.50	£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.

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

Katie Oliphant
katie.oliphant@knightfrank.com
+44 20 3967 7172

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

Edward Fairweather
edward.fairweather@knightfrank.com
+44 20 7861 1323

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

ESG Consulting
Jonathan Hale
jonathan.hale@knightfrank.com
+44 20 7861 1181

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