London Office Market Report

Q3 2023	Latest insights on the state of the London office market	knightfrank.com/research

Executive Summary

Key Themes

1.

Take-up rises for two consecutive quarters.

2.

Near-term requirements are over 20% above trend at 10.6m sq ft.

3.

Yields stabilise in key markets.

BELOW TREND GLOBAL GDP GROWTH

Shifts in the outlook for the US and China have threatened to undermine global GDP growth. The US and China collectively account for around a third of global GDP, but are facing demand-side complications which will lower domestic and global consumption levels.

In China, weak levels of consumer and investment demand have led to a short period of deflation and the need for expansionary government stimulus. While in the US, GDP has stagnated, long-term debt costs are continuing to rise, and high interest rates have reduced spending and investment. Both countries are forecast to underperform trend levels of growth, with developing economies expected to drive global GDP growth in the next two years. This has clear implications for the market as North America and China typically account for over 30% of investment into London offices, whilst global GDP directly impacts demand from multinational occupiers.

Domestically, economic performance has remained slow. The economy has continued to avoid a technical recession, but remains in an extended period of stagnation, with growth to remain below trend for the next two years. Business activity in London also remains in flux, with a PMI of 50.4 indicating a modest expansionary intent, given concerns around new and outstanding business volumes. However, a slight easing in CPI inflation to 6.7% looks likely to have resulted in the peak being reached in the current monetary tightening cycle with base rates at 5.25%.

> “In recent years, with the emergence of new submarkets in fringe locations, demand had become more widely dispersed with only c.35% of transactions in the City and West End Core submarkets.”

TURN IN LEASING MOMENTUM

Despite the choppy economic environment, take-up increased for a second consecutive quarter, rising 20.2% to 2.71m sq ft. This volume is 14.6% below the quarterly long-term average. Moreover, continued momentum is supported with under offers remaining stable at 3.19m sq ft, and active demand increasing 17.6% to 10.64m sq ft.

The ‘flight to quality’ remains evident in London leasing transactions, with prime space accounting for two-thirds of all deals this quarter. Take-up of new and refurbished offices over the last year was 6.14m sq ft, which is 7.8% above trend and reflects 63.1% of transactions. This proportion rises to almost 85% for transactions over 30,000 sq ft which has increased from 64.7% in 2019, before the start of the pandemic.

Key transactions this quarter also indicate an improvement in market sentiment, with two of the largest deals from occupiers expanding their existing office footprint. This includes Kirkland & Ellis exercising 174,000 sq ft of option space at 40 Leadenhall Street. There have also been two further deals over 100,000 sq ft, ICE at Sancroft and John Lewis temporarily relocating to 1 Drummond Gate.

The ‘flight to quality’ has also coincided with a rising concentration of take-up in core submarkets. In recent years, with the emergence of sustainable office developments in new submarkets in fringe locations, demand had become more widely dispersed with only c.35% of transactions in the City and West End Core submarkets. Over the last year, increasing connectivity via the Elizabeth Line has boosted this proportion with 45% of all activity now in core submarkets. This has led to rental tension, with prime rents rising in the City Core from £75 to £77.50 per sq ft, and from £135 to £140.00 per sq ft in the West End Core. Prime rents have also risen in Marylebone, from £97 to £100.00 per sq ft. Rent free periods have remained unchanged during the quarter during a 10 year lease.

AVAILABILITY STABILISES IN LONDON.

Availability in London has fallen for the first time in two years, falling 1.6% to 25.36m sq ft. As a result, the vacancy rate has also ticked down to 9.9%, but remains elevated against the long-term average of 6.9%. Available prime space has also declined marginally to 14.78m sq ft, with new and refurbished offices accounting for 58.3% of all available floorspace and 44.7% of available buildings. We expect availability to rise further in this cycle.

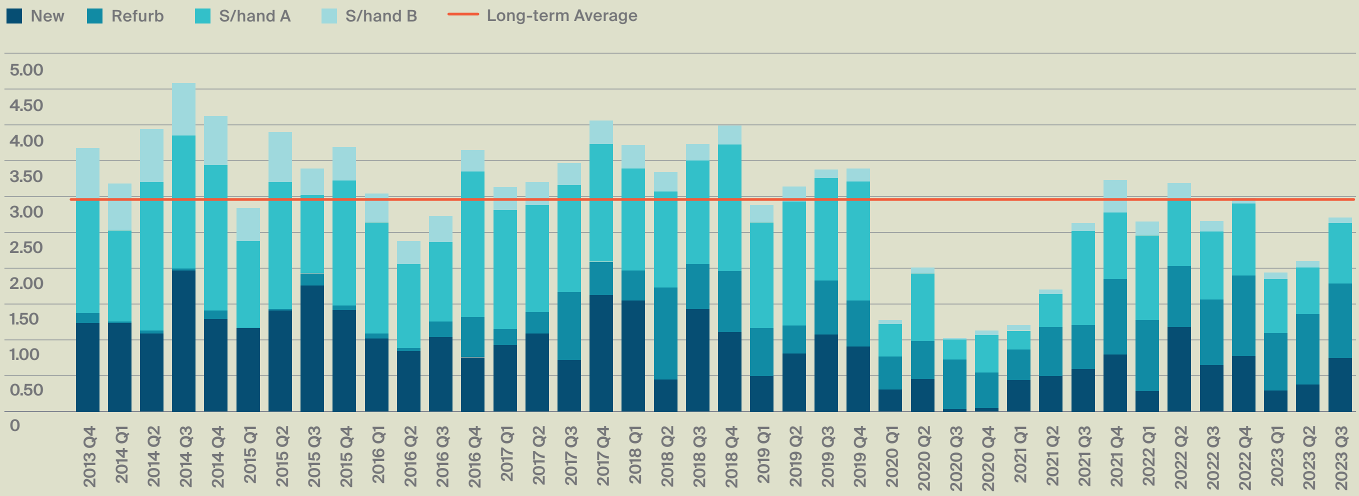
The fall in availability has been driven primarily by 0.80m sq ft of withdrawals from the market, including the 310,000 sq ft which had been made available for sub-lease at 1 Triton Square by Facebook.

There are 5.25m sq ft of development completions occurring in the next six months which account for 20.5% of total availability.

CONSTRUCTION DELAYS EXTEND COMPLETIONS TIMELINE

The development pipeline increased to 16.4m sq ft over the quarter, with the level of speculative development increasing to 12.4m sq ft. The proportion of the pipeline which is pre-let has fallen to 24%, but remains at c.30% when including the 1m sq ft of developments which are currently under offer.

London - Take-up
m sq ft



Source: Knight Frank Research

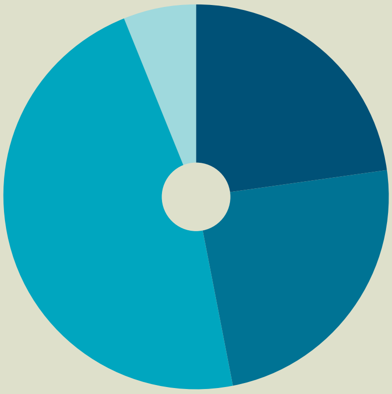
The majority of the increase in the pipeline is attributed to further details being made available, increasing the size of ongoing schemes. However, the volume of completions (1.9m sq ft) marginally exceeded the volume of development starts (1.85m sq ft). Of the space delivered this quarter, 64% was pre-let ahead of completion.

Delays in construction have pushed out expected completion dates, with completions now being more evenly spread over the next three years. The pipeline remains limited beyond 2025, and still suggests a significant under supply, of some 6m sq ft of new and refurbished space, by the end of 2026.

London - Investment Volumes by Risk Profile

% of 4 qtr investment volumes, 2023 Q3

Core	23%
Core Plus	24%
Value-Add	47%
Undisclosed	6%

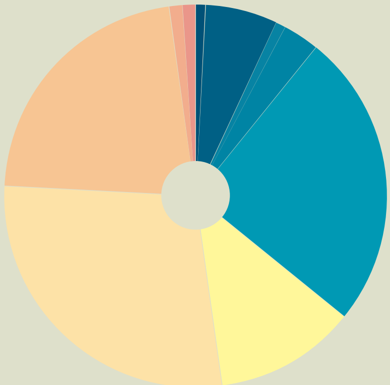


Source: Knight Frank Research

London - 4 Qtr Investment Volumes by Buyer Type

% of 4 Qtr Investment, 2023 Q3

Charities/Foundation	1%
Corporate/Other	6%
Open/closed-ended Fund	1%
Opportunity Fund/PE Fund	3%
Private Investor	25%
Pensions/Life/Insurance	12%
Private Property Company	28%
Quoted Property Company	22%
Sovereign Wealth Fund	1%
Undisclosed	1%



Source: Knight Frank Research

PRIME YIELDS STABILISE IN ALL MARKETS.

Investment volumes have remained moderate during the quarter, with transactions totalling £1.29bn. This is a 9.9% fall against the previous quarter and is 64.6% below the long-term quarterly average. Transactions over the last year have totalled £6.55bn, which is also well below the annual trend of £15.03bn.

The shift in investor profiles has become increasingly evident, with private investors accounting for £804m, and 62% of all deals this quarter. They are also responsible for more than half of all deals over the last year. The rise of the private investor contrasts with reduced institutional investor activity. Institutional investors only represent 4% of deals this quarter and 12% over the last year, compared to a long-term average of 19.1%.

Overseas investment capital from APAC (33%) and Europe (29%) has remained a central part of the London market. However, the proportion of investment from North America (8%) and Greater China (1%) has fallen considerably against long-term averages.

Despite the decline in transaction volumes, there have been signs that sentiment is improving in London's capital markets. During the quarter, there were four deals for core assets, totalling £0.38bn with sales such as Bleeding Heart Yard and Bloom transacting. This marks the return of some large core deals and could suggest a return of market liquidity for core assets. Over the last year investments have remained concentrated towards value-add assets, which represent 47% of all deals. This highlights a sustained level of risk appetite for the right assets, and the resilience of leasing fundamentals.

Further to this, the pause in base rate hikes has also led to a moderation in 5-year swap rates, which have fallen 48bps to 4.83% over the quarter. As a result, prime yields are unchanged in all London markets, at 3.75% in the West End, 5.25% in the City and 6.50% in Docklands. These positive signs could be the catalyst for stimulating a sustainable recovery in investor sentiment.

London office market

Performance dashboard 2023 Q3

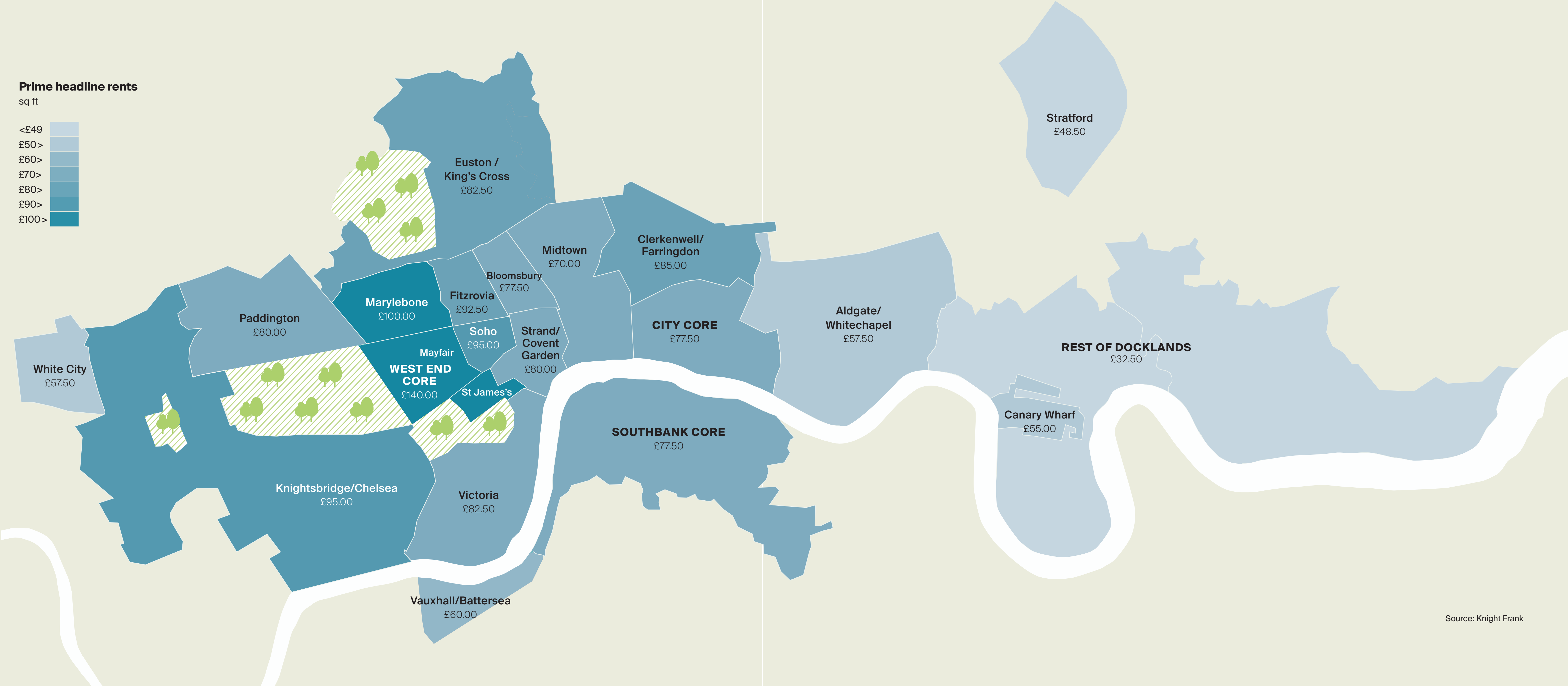
KEY PERFORMANCE INDICATORS

	▲ 2.71m TAKE-UP (SQ FT)	▼ 25.36m AVAILABILITY (SQ FT)	▼ 9.9% VACANCY RATE	▲ 16.46m UNDER CONSTRUCTION (SQ FT)
CHANGE ON				
2022 Q3	2.2% ▲	18.9% ▲	1.3% ▲	3.8% ▲
LTA	2.97 million sq ft	16.11 million sq ft	6.9 %	10.86 million sq ft

WEST END	
▲ £140.00 Prime headline rent (per sq ft)	▲ 0.87 m Take-up (per sq ft)
▼ 0.48 bn Investment turnover	◀▶ 3.75% Prime Yield

CITY & SOUTHBANK	
▲ £77.50 Prime headline rent (per sq ft)	▲ 1.68 m Take-up (per sq ft)
▲ 0.97 bn Investment turnover	◀▶ 5.25% Prime Yield

DOCKLANDS & STRATFORD	
◀▶ £55.00 Prime headline rent (per sq ft)	▲ 0.16 m Take-up (per sq ft)
◀▶ 0.00 bn Investment turnover	◀▶ 6.50% Prime Yield



Source: Knight Frank

The City & Southbank

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

▲ £77.50
Rent (per sq ft)

▲ 1.68 m
Take-up (per sq ft)

▼ 14.75 m
Availability (per sq ft)

▲ £965.40 m
Investment turnover

◀▶ 5.25%
Prime yield

"During the quarter, there was 1.68m sq ft of take-up in the City & Southbank, a quarterly increase of 31.0% and a fraction above the long-term quarterly trend of 1.64m sq ft."

RISING LETTINGS MOMENTUM

During the quarter, there was 1.68m sq ft of take-up in the City & Southbank, a quarterly increase of 31.0% and a fraction above the long-term quarterly trend of 1.64m sq ft. More than 78% of lettings during the quarter were for new and refurbished space, demonstrating continued demand for best-in-class offices. The improvement in take-up is led by the City submarkets where lettings are higher in all submarkets. In contrast, take-up fell by by a third q-on-q compared with the previous quarter in the Southbank market.

We expect positive momentum to be maintained, as active requirements have risen to 4.65m sq ft, a quarterly rise of 4.4%, and some 13% above the long-term trend. Moreover, space under-offer in the City & Southbank is c.2.2m sq ft, which has fallen slightly during the quarter.

Professional and financial occupiers persist as the largest drivers of take-up, representing 37.7% and 21.6% of the total, respectively. Last quarter saw a return of technology, media and telecoms occupiers, with take-up rising 69% on the quarter, and accounting for 18.0% of all lettings.

The quarter's largest deal was Kirkland Ellis LLP exercising the remainder of their option space at 40 Leadenhall, some 173,597 sq ft. The move takes their total footprint within the building to 392,227 sq ft. The building is now 80.5% pre-let or under-offer. The second largest letting was by Intercontinental Exchange Inc (ICE), which let 127,459 sq ft at the Sancroft building. This letting takes the City scheme to 100% pre-let or under-offer.

AVAILABILITY FALLS FOR THE FIRST TIME IN TWO YEARS

Availability has decreased by 2.4% during the quarter to 14.75m sq ft, resulting in a vacancy rate of 10.8% – or 3.9% percentage points above the long-term average. The fall in availability was driven by a healthier quarter of take-up and a number of withdrawals throughout the quarter.

"Active demand shows that there are only 31 new and refurbished buildings in the core City & Southbank subarmarkets that can suit a requirement of over 40,000 sq ft and there are 40 active requirements seeking space."

New and refurbished availability comprises 57% of the total by floorspace. However, comparing the distribution of available space by size band with current levels of active demand shows that there are only 31 new and refurbished buildings in the core City & Southbank submarkets that can suit a requirement of over 40,000 sq ft, whilst there are 40 active requirements for such space.

Completions totalled 0.73m sq ft, of which 88% has already been pre-let. Notable completions include 21 Moorfields EC2, and Blossom Yard + Studios, which are fully pre-let to Deutsche Bank and Reed Smith LLP, respectively. Five new schemes were started during the quarter, totalling 1.3m sq ft of speculative space.

Future development completions are expected to deliver 11.0m sq ft between 2023 – 26, whilst only 25% of this floorspace has been pre-let. We expect pre-leasing activity in the City & Southbank to rise, particularly as lead-in times have been rising due to the relatively modest under construction pipeline. Current lead-in times for pre-lets in the City & Southbank are 16.7 months, compared to 13.3 months 10 years ago.

PRIME RENTS RISE IN THE CITY CORE

During the quarter, the rental tone for prime offices in the City, was buoyed by transactions at above market average rents. As a result, prime rents in the City Core have risen by £2.50 to £77.50 per sq ft. Meanwhile, prime rents have fallen in Aldgate/Whitechapel, down £2.50 to £57.50 per sq ft. Rent free periods remain unchanged at 25-27 months in the City Core and Southbank Core submarkets, for a typical 10 year institutional lease.

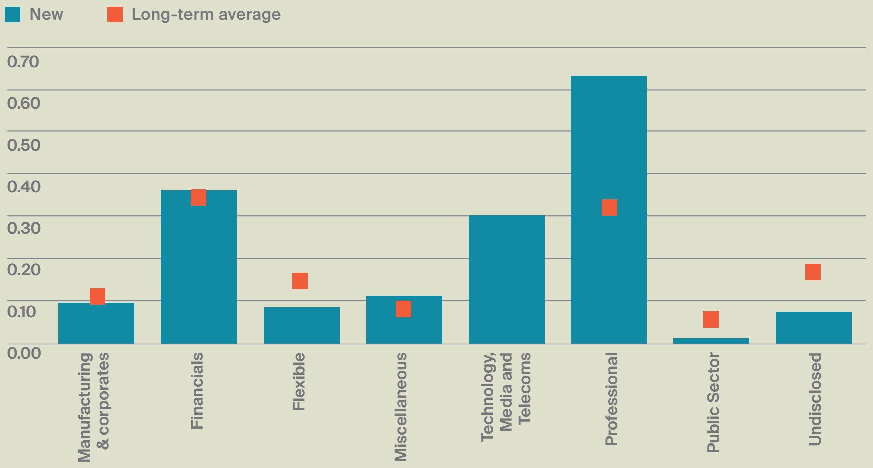
SENTIMENT TURNS IN INVESTMENT MARKET

There was increased liquidity in capital markets as greater clarity emerged with regards to the peak in the interest rate tightening cycle.

Against this backdrop, transaction volumes rose by 78%, resulting in a total of £0.95bn for the quarter. The quarter's largest deal was the sale of Bloom, which was acquired by a private investor for £216m. The building is primarily let to Snapchat and located in Clerkenwell/Farringdon, where leasing fundamentals remain relatively attractive. A further notable transaction was 8 Bleeding Heart Yard, let to the financial occupier Julius Baer, which was also purchased by a private investor. Investors from Europe and the United Kingdom were the most active buyers, with 35.1% and 29.4% of transaction volumes during the quarter, followed by APAC at 21.9%.

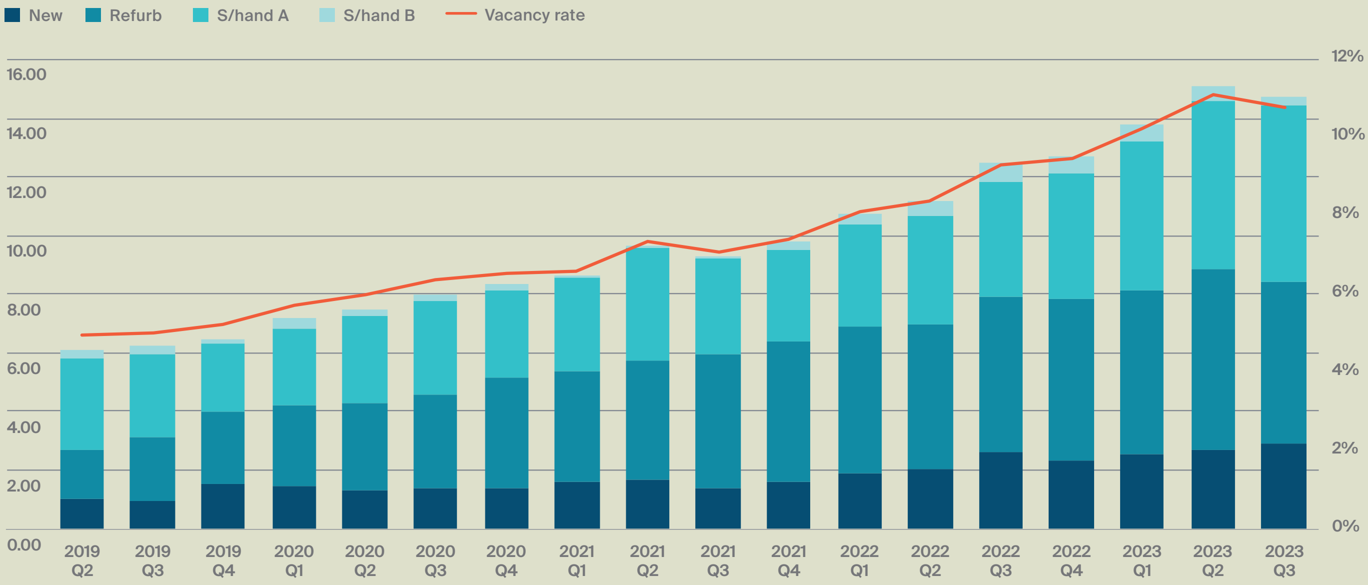
Private investors and private property companies represented 75% of all acquisitions, with the former representing over half (61%) of transactions for the quarter. By risk profile, there was a fall in the proportion of transactions which were for value-add opportunities (36%), whilst core (29%) and core plus (28%) accounted for larger shares of this quarter's total. Prime yields have remained stable at 5.25%.

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



Source: Knight Frank Research

City & Southbank - Availability
m sq ft (LHS), % of stock (RHS)



Source: Knight Frank Research

MARKETS IN REVIEW

West End

▲ £140.00

Rent (per sq ft)

▲ 0.87 m

Take-up (per sq ft)

▲ 6.70 m

Availability (per sq ft)

▼ £482.73 m

Investment turnover

◀▶ 3.75%

Prime yield

TAKE-UP RISES

In 2023 Q3, take-up totalled 0.87m sq ft, an increase on the previous quarter, although 21.8% below the quarterly long-term trend. Transactions for new and refurbished space totaled 0.35m sq ft, 19% below the long-term trend (0.45m sq ft), and representing 42% of all lettings. Accordingly, there was a significant rise in take-up of good quality second hand space, rising by almost 77% during the quarter, and accounting for 52% of leasing volumes.

The largest letting of the quarter was John Lewis PLC's leasing of 108,527 sq ft at 1 Drummond Gate, SW1. The transaction is understood to be a temporary move, while their Victoria headquarters undergoes refurbishment. It was the only West End transaction above 50,000 sq ft during the quarter and resulted in the average deal size rising to 5,706 sq ft from 5,215 in 2023 Q2. The second largest transaction was Moelis & Company, pre-letting 49,175 at 25 Baker Street, W1. The deal takes 25 Baker Street to 79% pre-let. The financial services company will join Pimco in the building when it completes in 2024.

Corporate occupiers represent the dominant occupier group in the West End during the quarter, accounting for 33% of the total, primarily due to the John Lewis deal. Financial occupiers follow with 19.6% of total take-up.

Active requirements have increased to 2.66m sq ft, up more than a third on

> "In 2023 Q3, take-up totalled 0.87m sq ft in Q3, an increase on the previous quarter and 21.8% below the quarterly long-term trend."

▼ 19%

Transactions for new and refurbished space totalled 0.35m sq ft

the quarter and nearly 40% above the long-term trend. Financials continue to drive demand with 44.9% of the total, followed by corporate occupiers (20.9%) and professionals (19.5%). Active demand from financials has almost doubled during the quarter.

MARGINAL RISE IN AVAILABILITY

Availability rose for a third consecutive quarter by 2.3% to 6.7m sq ft. This minor change has resulted in no change to the vacancy rate of 7.1%. New and refurbished space accounts for 67% of availability at 4.47m sq ft. However, the availability of new and refurbished buildings is lower at 41%, and a lack of available buildings evident above 60,000 sq ft.

There was 0.95m sq ft of completions in 2023 Q3, of which 55% was pre-let. Notable completions include the Earnshaw, WC1, and 31 St James Square, SW1, both of which had healthy lease-ups before completion with GlaxoSmithKline PLC making the Earnshaw their new London headquarters, and an array of niche financial occupiers taking 31 St James Square to 60% pre-let on completion.

The under-construction pipeline has decreased during the quarter to 5.05m sq ft, 3.78m sq ft of which is being built speculatively. Four buildings started in 2023 Q3 and will deliver 0.3m sq ft of speculative space by 2027.

RENTAL TENSION IN WEST END

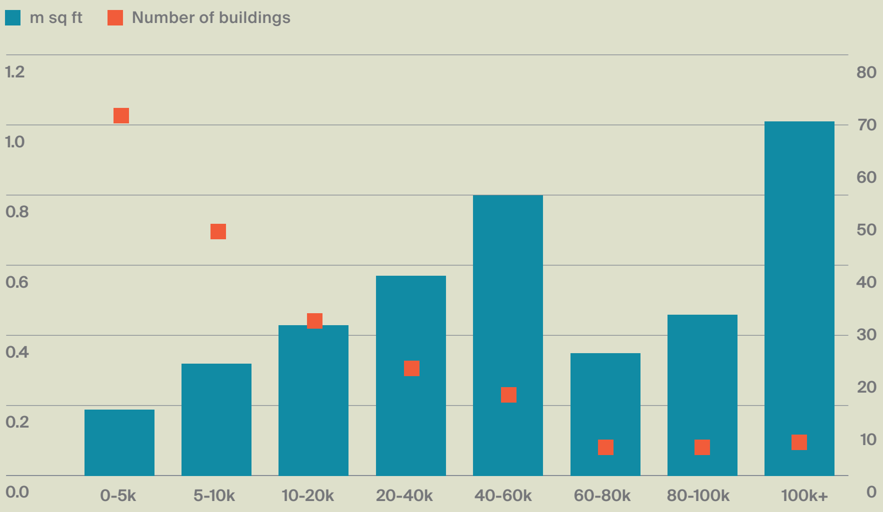
Prime rents have risen in two West End submarkets. The underlying acuteness of supply in the West End Core and Marylebone has driven rental growth, with rents rising by £5 to £140.00 per sq ft and by £3 to £100.00 per sq ft, respectively. Rent-free periods are unchanged at 24 months on a typical 10 year lease.

INVESTMENT FALLS ON THE QUARTER

There was £0.48bn of investment transactions this quarter, a 45.4% decrease on the levels seen in the previous quarter. The quarter's largest deal was Landsec acquiring The Printworks & Glasshouse, N1, for £90m. The second largest deal of the quarter was the Soho Square Estate, which was acquired by GPE for £70m.

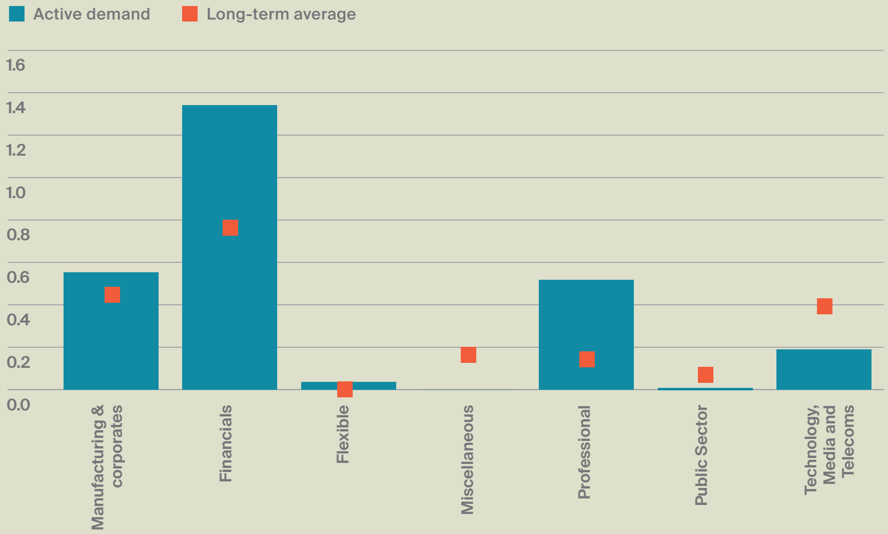
Investors from the United Kingdom have led activity in the third quarter, representing 78.4% of total volumes transacted, followed by European investors (16.4%). Quoted property companies were the main investor type, accounting for nearly half (46%) of all transactions. Over half of the quarter's acquisitions (57%) can be categorised as value-add assets. Prime yields have remained stable at 3.75%.

West End - Availability New/Refurb
m sq ft (LHS), number of buildings (RHS)



Source: Knight Frank Research

West End - Active demand
m sq ft



Source: Knight Frank Research

MARKETS IN REVIEW

Docklands & Stratford

£55.00

Rent (per sq ft)

0.16 m

Take-up (per sq ft)

3.91 m

Availability (per sq ft)

0.0 m

Investment turnover

6.50%

Prime yield

TAKE-UP INCREASES ON THE QUARTER

There were seven lettings in Docklands & Stratford, totalling 156,041 sq ft. This is double the activity seen in the previous quarter, but it 28.5% below the long-term trend. The largest transaction occurred in Stratford, with Liverpool Media Academy acquiring an additional 52,300 sq ft at Here East, E20, taking their total footprint in Stratford to 151,325 sq ft. The subsequent two largest transactions were in Canary Wharf, with hVivo PLC letting 39,049 sq ft at 40 Bank Street, E14, and McLaren Group letting 22,573 sq ft at 20 Churchill Place, E14. Take-up of new and refurbished space increased marginally during the quarter to 52.5% of total lettings.

Miscellaneous occupiers, mainly educational institutions, accounted for 33.5% of take-up, followed by corporates at 25% and professionals at 23.1%.

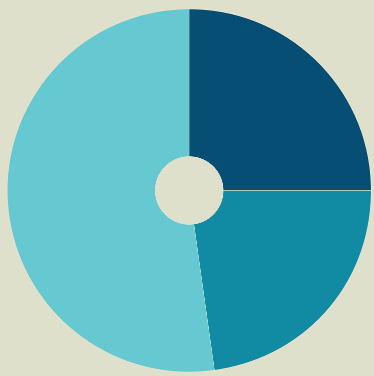
Active requirements have increased marginally to 230,000 sq ft, with financial occupiers (47%) and the public sector (40%) being the most active. Prime rents are unchanged at £55.00 per sq ft in Canary Wharf, and £48.50 in Stratford. Rent free periods remain stable at 27 – 30 months in the former and 27 months in the latter for a typical 10 year lease.

DECREASING AVAILABILITY

Availability decreased by 4.9% over the quarter to 3.91m sq ft. This has caused the vacancy rate to fall to 15.6% for the quarter. The decrease is due to the limited pipeline of new stock and a healthier quarter of leasing transactions.

Docklands & Stratford - Availability

% of Take-up, 2023 Q2



New	25%
Refurb	23%
S/hand A	52%
S/hand B	0%

Source: Knight Frank Research

4.9%

Availability decreased by 4.9% over the quarter to 3.91m sq ft.

> "There was seven lettings in Docklands & Stratford totalling just 156,041 sq ft. double the activity seen in the previous quarter and 28.5% below the long-term trend."

MINIMAL CONSTRUCTION ACTIVITY

There were 214,333 sq ft of speculative completions during the third quarter, with the completion of three parts of Vastint's Sugar House Island scheme. Colour Works, Ink House, and the Type building form the canal-side Chimney Walk office development. With these completions, the development pipeline shrinks to one under construction scheme, the Turing Building, which is set to deliver 350,735 sq ft of space in 2024 Q3.

INVESTMENT MARKET REMAINS SUBDUED

There have been no investment transactions in the Docklands and Stratford market during 2023 Q3, down from £18.5m in the second quarter. The quarterly long-term average is £178.0m. Over the last year, there have been £150.75m transacted in the Docklands & Stratford, £99.75m of which was in Canary Wharf. This single transaction at 17 Columbus Courtyard represents interest in life science opportunities in Docklands.

There is currently £0.2bn of assets available in the market. These are predominantly Core assets (76%). Prime yields have remained stable at 6.50%, having moved out from a low of 4.75% in 2022 Q2.

> "There were 214,333 sq ft of speculative completions during the third quarter, with the completion of three parts of Vastint's Sugar House Island scheme."

Key Statistics

	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	% CHANGE 3 MONTHS	% CHANGE 12 MONTHS	10-YEAR QUARTERLY AVERAGE
AVAILABILITY (SQ FT)								
West End	5.21 m	5.13 m	6.34 m	6.55 m	6.70 m	2.3%	28.7%	5.36 m
City & Southbank	12.48 m	12.72 m	13.81 m	15.11 m	14.75 m	-2.4%	18.2%	8.66 m
Docklands & Stratford	3.63 m	3.81 m	3.80 m	4.11 m	3.91 m	-4.9%	7.7%	2.09 m
London	21.32 m	21.66 m	23.95 m	25.78 m	25.36 m	-1.6%	18.9%	16.11 m
VACANCY RATE								
West End	5.7%	5.6%	6.9%	7.1%	7.1%	0.1%	1.4%	6.2%
City & Southbank	9.3%	9.5%	10.2%	11.1%	10.8%	-0.3%	1.4%	6.9%
Docklands & Stratford	15.2%	15.9%	15.6%	16.5%	15.6%	-0.9%	0.4%	9.5%
London	8.6%	8.7%	9.5%	10.1%	9.9%	-0.2%	1.3%	6.9%
TAKE-UP (SQ FT)								
West End	1.17 m	1.31 m	0.80 m	0.76 m	0.87 m	15.4%	-25.5%	1.12 m
City & Southbank	1.18 m	1.50 m	1.03 m	1.28 m	1.68 m	31.0%	42.6%	1.64 m
Docklands & Stratford	0.30 m	0.16 m	0.11 m	0.07 m	0.16 m	119.5%	-48.2%	0.22 m
London	2.65 m	2.98 m	1.94 m	2.11 m	2.71 m	28.4%	2.2%	2.97 m
ACTIVE REQUIREMENTS (SQ FT)								
West End	1.40 m	1.43 m	1.96 m	1.99 m	2.66 m	34.0%	90.8%	2.02 m
City & Southbank	5.04 m	4.59 m	4.60 m	4.46 m	4.65 m	4.4%	-7.7%	4.32 m
Docklands	0.11 m	0.15 m	0.30 m	0.22 m	0.23 m	3.9%	104.5%	0.58 m
London-wide	0.91 m	1.31 m	1.55 m	2.39 m	3.10 m	29.8%	240.5%	1.85 m
London	7.46 m	7.47 m	8.41 m	9.04 m	10.64 m	17.6%	42.7%	8.77 m
UNDER CONSTRUCTION (SQ FT)								
West End	5.64 m	5.31 m	5.89 m	5.42 m	5.10 m	-5.9%	-9.6%	3.54 m
City & Southbank	9.46 m	9.36 m	9.88 m	10.08 m	11.00 m	9.1%	16.3%	6.95 m
Docklands & Stratford	0.76 m	0.76 m	0.98 m	0.56 m	0.35 m	-37.2%	-53.8%	0.79 m
London	15.86 m	15.42 m	16.75 m	16.07 m	16.46 m	2.4%	3.8%	11.28 m
DEVELOPMENT COMPLETIONS (SQ FT)								
West End	0.28 m	0.71 m	0.12 m	0.43 m	0.95 m	109.5%	244.4%	0.30 m
City & Southbank	0.78 m	0.45 m	0.32 m	0.94 m	0.73 m	-21.8%	-24.9%	0.59 m
Docklands	0.00 m	0.00 m	0.00 m	0.41 m	0.21 m	-48.3%		0.13 m
London	1.06 m	1.16 m	0.44 m	1.78 m	1.78 m	-0.1%	68.3%	1.02 m
INVESTMENT TURNOVER								
West End	£1.30 bn	£0.90 bn	£0.76 bn	£0.88 bn	£0.48 bn	-45.4%	-62.8%	£1.38 bn
City & Southbank	£2.00 bn	£0.56 bn	£1.48 bn	£0.53 bn	£0.95 bn	78.0%	-52.5%	£2.10 bn
Docklands & Stratford	£0.00 bn	£0.00 bn	£0.13 bn	£0.02 bn	£0.00 bn	-100.0%		£0.18 bn
London	£3.30 bn	£1.46 bn	£2.36 bn	£1.44 bn	£1.43 bn	-0.2%	-56.5%	£3.66 bn
PRIME HEADLINE RENTS (PER SQ FT)								
West End	£125.00	£125.00	£130.00	£135.00	£140.00	3.7%	12.0%	3.7%
City & Southbank	£75.00	£75.00	£75.00	£75.00	£77.50	3.3%	3.3%	3.0%
Docklands & Stratford	£55.00	£55.00	£55.00	£55.00	£55.00	0.0%	0.0%	4.3%

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

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