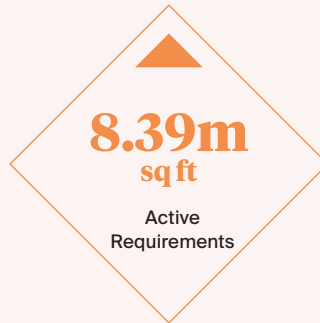


LONDON OFFICES SPOTLIGHT 2022 Q1

LONDON OVERVIEW



KEY THEMES

1

Take-up falls 591,000 to 2.65m sq ft

2

Development pipeline remains constrained relative to long term average levels of prime take-up

3

Highest level of quarterly investment transactions since 2015 Q4

SUBMARKET PRIME HEADLINE RENTS

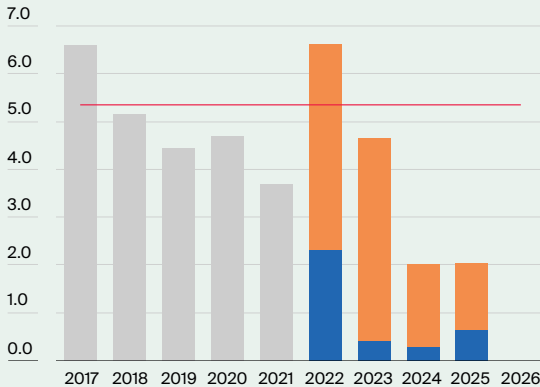
SUBMARKETS	VACANCY RATE	PRIME HEADLINE RENT (PSF)	CHANGE 3M	RENT FREE PERIOD (MONTHS)*
ALDGATE/WHITECHAPEL	12.2%	£60.00	↔	27
CITY CORE	9.2%	£75.00	↔	24-27
CLERKENWELL/FARRINGDON	9.7%	£79.00	↔	24
MIDTOWN	4.5%	£70.00	↔	27
SOUTHBANK CORE	5.4%	£75.00	↔	24-27
VAUXHALL/BATTERSEA	3.1%	£55.00	↔	24-27
CANARY WHARF	10.3%	£50.00	↔	30
REST OF DOCKLANDS	11.3%	£32.50	↔	30
STRATFORD	11.9%	£46.50	↔	27
BLOOMSBURY	6.7%	£77.50	↔	24-27
FITZROVIA	8.1%	£87.50	↔	24
KING'S CROSS/EUSTON	4.2%	£82.50	↔	24-27
KNIGHTSBRIDGE/CHELSEA	10.3%	£90.00	↔	24-27
MARYLEBONE	6.3%	£92.50	↔	24
PADDINGTON	14.3%	£75.00	↔	24-27
SOHO	7.1%	£90.00	↔	24
STRAND/COVENT GARDEN	10.6%	£77.50	↔	24-27
VICTORIA	5.8%	£77.50	↔	24-27
WEST END CORE	6.6%	£120.00	▲	21
WHITE CITY	25.2%	£55.00	↔	24-27

*Rent free period on a 10 year lease

London development pipeline

m sq ft

■ Completed
 ■ U/C Pre-let
 ■ U/C Speculative
— Long-term New & Refurbished Take-up



Source: Knight Frank

PRE-LET SPACE *

29.5%

City & Southbank



0.0%

Docklands & Stratford



33.1%

West End



*Pre-let figures comprise of both under construction and off-plan pre-lets.

WEST END OVERVIEW

LEASING MARKET

SQ FT	21 Q1	21 Q2	21 Q3	21 Q4	22 Q1	% CHANGE		LONG-TERM AVERAGE
						3M	12M	
Take-up	0.43 m	0.56 m	1.44 m	1.36 m	1.01 m	-25.9%	132.8%	1.11 m
Availability	7.04 m	6.86 m	6.93 m	6.86 m	6.83 m	-0.5%	-3.0%	5.22 m
Vacancy Rate*	8.1%	7.8%	7.8%	7.7%	7.6%	-0.1%	-0.5%	6.1%
Active Requirements	1.86 m	1.55 m	1.31 m	1.53 m	1.85 m	20.9%	-0.6%	2.04 m

*% changes refer to the absolute change between 3 and 12 months and not the growth during these periods.

KEY LEASING DEALS

BUILDING	SQ FT	OCCUPIER	RENT (PSF)
20 Grosvenor Street, London, W1K	37,837	Millenium Capital Management	Confidential
Berkeley Square House, 4-16 Berkeley Square, W1*	37,566	Confidential Occupier	Confidential
Shell Mex House, 80 Strand, London, WC2R	30,805	Darktrace Limited	Confidential
95 Wigmore Street, London, W1U	29,481	Colliers International	Confidential
6 St James's Square, London, SW1Y 4AD	29,451	Stonehage Fleming Family & Partners Limited	£82.50

* Knight Frank deals

INVESTMENT MARKET

	21 Q1	21 Q2	21 Q3	21 Q4	22 Q1	% CHANGE		LONG-TERM AVERAGE
						3M	12M	
Turnover	£0.64 bn	£0.84 bn	£1.75 bn	£1.57 bn	£1.99 bn	26.2%	212.4%	£1.44 bn
Availability	£1.88 bn	£2.03 bn	£1.54 bn	£1.02 bn	£1.70 bn	67.6%	-9.4%	£1.41 bn
Under Offer	£0.23 bn	£1.46 bn	£2.14 bn	£2.87 bn	£2.47 bn	-14.1%	973.9%	£0.62 bn
Yields	3.50%	3.50%	3.50%	3.25%	3.25%	-	-0.25%	

KEY INVESTMENT DEALS

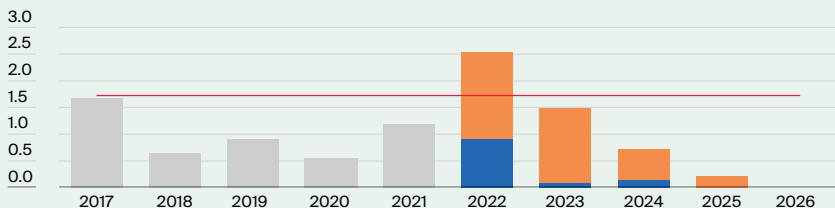
BUILDING	PRICE	CAPITAL		PURCHASER
		VALUE (PSF)	YIELD	
Central Saint Giles, London, WC2	£775.0 m	£1,865	3.91%	Google LLC
Victoria House, 37 Southampton Row, London, WC1	£425.0 m	£1,421	N/A	Oxford Properties Group
Belgrave House, 76 Buckingham Palace Road, London, SW1*	£145.8 m	£1,110	5.60%	Nuveen
Ryder Court, 12-14 Ryder Street, London, WC1*	£132.0 m	£1,868	4.03%	M&G Asia Life
20 St James's Street, London, SW1	£118.0 m	£2,098	4.19%	Ekistics Property Advisors LLP

* Knight Frank deals

West End development pipeline

m sq ft

Completed U/C Pre-let U/C Speculative Long-term new and refurbished take-up



Source: Knight Frank

CITY & SOUTHBANK OVERVIEW

LEASING MARKET

SQ FT	21 Q1	21 Q2	21 Q3	21 Q4	22 Q4	% CHANGE		LONG-TERM AVERAGE
						3M	12M	
Take-up	0.77 m	0.83 m	1.09 m	1.81 m	1.46 m	-19.2%	89.1%	1.69 m
Availability	8.61 m	9.60 m	9.30 m	9.77 m	10.75 m	10.0%	24.8%	8.17 m
Vacancy Rate*	6.6%	7.3%	7.1%	7.4%	8.1%	0.7%	1.5%	6.7%
Active Requirements	3.96 m	4.66 m	5.21 m	4.28 m	4.43 m	3.5%	11.9%	4.22 m

*% changes refer to the absolute change between 3 and 12 months and not the growth during these periods.

KEY LEASING DEALS

BUILDING	SQ FT	OCCUPIER	RENT (PSF)
14-21 Holborn Viaduct, London, EC1	266,000	Hogan Lovells International LLP	Confidential
1 Portsoken Street, London, E1	102,140	BPP University Ltd	£52.75
EightyFen, 80 Fenchurch Street, London, EC3*	78,369	Aviva Investors UK	Confidential
Electra House, 84 Moorgate, London, EC2*	49,700	The Fashion Retail Academy	Confidential
Cannon Bridge House, 25 Dowgate Hill, London, EC4	40,356	Deliveroo	£61.50

* Knight Frank deals

INVESTMENT MARKET

	21 Q1	21 Q12	21 Q3	21 Q4	22 Q1	% CHANGE		LONG-TERM AVERAGE
						3M	12M	
Turnover	£0.63 bn	£2.29 bn	£2.10 bn	£2.10 bn	£3.83 bn	82.3%	507.9%	£2.22 bn
Availability	£2.53 bn	£2.62 bn	£3.70 bn	£4.50 bn	£4.17 bn	-7.4%	64.7%	£3.14 bn
Under Offer	£1.52 bn	£0.92 bn	£1.12 bn	£3.10 bn	£2.21 bn	-28.6%	45.6%	£1.10 bn
Yields	4.00%	4.00%	4.00%	3.75%	3.75%	-	-0.25%	

KEY INVESTMENT DEALS

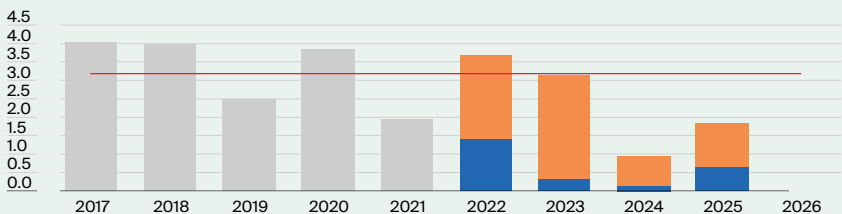
BUILDING	PRICE	CAPITAL		PURCHASER
		VALUE (PSF)	YIELD	
5 Broadgate, London, EC2	£1,210.0 m	£1,651	3.60%	Korea National Pension Service & LaSalle Investment Management
The Scalpel, 52-54 Lime Street, London, EC3	£718.0 m	£1,768	3.98%	Ho Bee Land Ltd
70 Gracechurch Street, London, EC3	£300.0 m	£1,399	4.18%	Cadillac Fairview
5 Fleet Place, London, EC4	£191.2 m	£1,465	3.99%	Manhattan Garments
120 Moorgate, London, EC2*	£148.0 m	£1,311	4.54%	Sun Venture

* Knight Frank deals

City & Southbank development pipeline

m sq ft

Completed U/C Pre-let U/C Speculative Long-term new and refurbished take-up



Source: Knight Frank

DOCKLANDS & STRATFORD OVERVIEW

LEASING MARKET

SQ FT	21 Q1	21 Q2	21 Q3	21 Q4	22 Q1	% CHANGE		LONG-TERM AVERAGE
						3M	12M	
Take-up	0.00 m	0.27 m	0.02 m	0.07 m	0.18 m	164.7%	5788.4%	0.22 m
Availability	2.30 m	2.29 m	2.48 m	2.65	2.53 m	-4.6%	10.1%	1.80 m
Vacancy Rate*	9.8%	9.7%	10.5%	11.2%	10.6%	-0.6%	0.8%	8.4%
Active Requirements	0.28 m	0.75 m	0.64 m	0.63 m	0.75 m	19.2%	172.7%	0.57 m

*% changes refer to the absolute change between 3 and 12 months and not the growth during these periods.

KEY LEASING DEALS

BUILDING	SQ FT	OCCUPIER	RENT (PSF)
40 Bank Street, Canary Wharf, London, E14	94,460	Citi	£52.50
1 Canada Square, Canary Wharf, London, E14	41,689	Brookfield Asset Management, Inc.	Confidential
2 Redman Place (S9), International Quarter London, Stratford, London, E20	20,000	Mind	Confidential
HX1 & HX2, 1 & 2 Harbour Exchange Square, London, E14	10,232	Undisclosed Occupier	£32.50
HX1 & HX2, 1 & 2 Harbour Exchange Square, London, E14	7,557	Emergency Personnel Ltd	£33.50

INVESTMENT MARKET

	21 Q1	21 Q2	21 Q3	21 Q4	22 Q1	% CHANGE		LONG-TERM AVERAGE
						3M	12M	
Turnover	-	-	-	£0.44 bn	£0.05 bn	-89.8%	-	-
Availability	-	-	-	-	-	-	-	-
Under Offer	-	-	-	-	-	-	-	-
Yields	4.75%	4.75%	4.75%	4.75%	4.75%	-	-	-

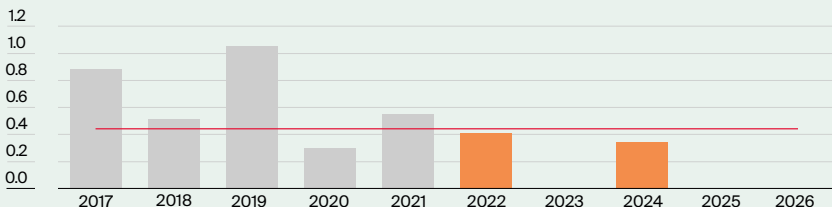
KEY INVESTMENT DEALS

BUILDING	PRICE	CAPITAL		PURCHASER
		VALUE (PSF)	YIELD	
Warehouse K, London, E16	£45.0 m	£415	5.68%	Kajima Corporation

Docklands & Stratford development pipeline

m sq ft

■ Completed ■ U/C Pre-let ■ U/C Speculative — Long-term new and refurbished take-up



Source: Knight Frank

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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 £1m 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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