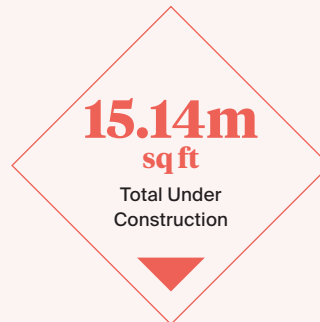
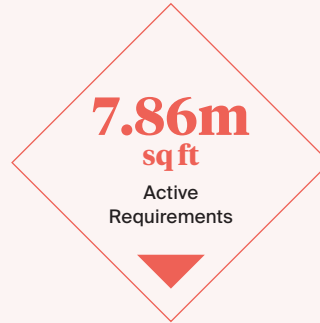


LONDON OFFICES SPOTLIGHT 2022 Q2

LONDON OVERVIEW



KEY THEMES

1

Occupier demand is robust
with above trend take-up

2

Lack of prime space spurs
rental growth in West End

3

Investor sentiment impacted
by rising debt costs in City

SUBMARKET PRIME HEADLINE RENTS

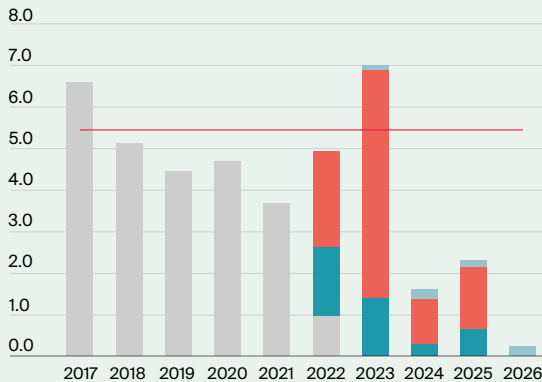
SUBMARKETS	VACANCY RATE	PRIME HEADLINE RENT (PSF)	CHANGE 3M	RENT FREE PERIOD (MONTHS)*
ALDGATE/WHITECHAPEL	11.3%	£60.00	↔	27
CITY CORE	9.6%	£75.00	↔	24-27
CLERKENWELL/FARRINGDON	10.8%	£79.00	↔	24
MIDTOWN	4.0%	£70.00	↔	27
SOUTHBANK CORE	5.9%	£75.00	↔	24-27
VAUXHALL/BATTERSEA	3.6%	£55.00	↔	24-27
CANARY WHARF	13.3%	£52.50	▲	30
REST OF DOCKLANDS	12.3%	£32.50	↔	30
STRATFORD	10.5%	£46.50	↔	27
BLOOMSBURY	6.1%	£77.50	↔	24-27
FITZROVIA	9.2%	£90.00	▲	24
KING'S CROSS/EUSTON	3.8%	£82.50	↔	24-27
KNIGHTSBRIDGE/CHELSEA	9.9%	£95.00	▲	24-27
MARYLEBONE	5.8%	£95.00	▲	24
PADDINGTON	2.9%	£77.50	▲	24-27
SOHO	6.6%	£92.50	▲	24
STRAND/COVENT GARDEN	11.2%	£80.00	▲	24-27
VICTORIA	4.4%	£80.00	▲	24-27
WEST END CORE	5.9%	£122.50	▲	21
WHITE CITY	35.4%	£57.50	▲	24-27

*Rent free period on a 10 year lease

London development pipeline

m sq ft

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



Source: Knight Frank

PRE-LET SPACE *

29.7%

City & Southbank



0.0%

Docklands & Stratford



24.3%

West End



*Figures comprise of under construction pre-lets only.

WEST END OVERVIEW

LEASING MARKET

SQ FT	21 Q2	21 Q3	21 Q4	22 Q1	22 Q2	% CHANGE		LONG-TERM AVERAGE
						3M	12M	
Take-up	0.60 m	1.52 m	1.36 m	1.01 m	1.49 m	471%	146.3%	1.13 m
Availability	6.86 m	6.93 m	6.83 m	6.83 m	6.17 m	-9.6%	-10.1%	5.24 m
Vacancy Rate*	7.8%	7.8%	7.6%	7.6%	6.8%	-0.7%	-1.0%	6.1%
Active Requirements	1.55 m	1.31 m	1.53 m	1.85 m	1.03 m	-44.5%	-33.8%	2.01 m

* difference from previous quarter/year

KEY LEASING DEALS

BUILDING	SQ FT	OCCUPIER	RENT (PSF)
Paddington Square, London, W2*	220,000	Capital International	Confidential
Ilona Rose House, 111-110 Charing Cross Road, WC2	30,569	Skyscanner	£100.00-£105.00
70 Broadwick Street, London, W1	17,335	Caisse de depot et placement du Quebec	£101.74
1 Newman Street, London, W1*	13,733	Scape	£92.50
33 Cork Street, London, W1*	2,535	Kintbury Capital	£130.00

* Knight Frank deals

INVESTMENT MARKET

	21 Q2	21 Q3	21 Q4	22 Q1	22 Q2	% CHANGE		LONG-TERM AVERAGE
						3M	12M	
Turnover	£0.84 bn	£1.75 bn	£1.57 bn	£1.99 bn	£1.68 bn	-15.5%	98.9%	£1.45 bn
Availability	£2.03 bn	£1.54 bn	£1.02 bn	£1.70 bn	£2.25 bn	32.0%	10.8%	£1.44 bn
Under Offer	£1.46 bn	£2.14 bn	£2.87 bn	£2.47 bn	£1.21 bn	-51.2%	-17.4%	£0.65 bn
Yields	3.50%	3.50%	3.25%	3.25%	3.25%	0.00%	-0.25%	-

KEY INVESTMENT DEALS

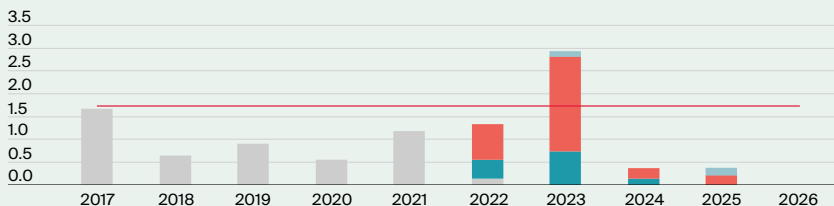
BUILDING	PRICE	CAPITAL		PURCHASER
		VALUE (PSF)	YIELD	
40 Strand, London, WC2	£195 m	£1,383	4.26%	Sinar Mas
Selkirk House, 166 High Holborn, London, WC1	£108 m	£1,484	N/A	BC Partners LLP
49 Park Lane, London, W1 *	£82.50 m	£2,960	3.10%	Private Investor
7 Herbrand Street, London, WC1	£85 m	£1,267	4.42%	Life Science REIT
28 St George Street, London, W1	£63 m	£2,764	2.73%	Lazari Investments Ltd

* Knight Frank deals

West End development pipeline

m sq ft

■ Completed
 ■ U/C Pre-let
 ■ U/C Speculative
 ■ Off-Plan Pre-let
 — Long-term new/refurb take-up



Source: Knight Frank

CITY & SOUTHBANK OVERVIEW

LEASING MARKET

SQ FT	21 Q2	21 Q3	21 Q4	22 Q1	22 Q2	% CHANGE		LONG-TERM AVERAGE
						3M	12M	
Take-up	0.83 m	1.09 m	1.81 m	1.46 m	1.64 m	12.7%	98.9%	1.69 m
Availability	9.60 m	9.30 m	9.77 m	10.75 m	11.18 m	4.0%	16.4%	8.19 m
Vacancy Rate*	7.3%	7.1%	7.4%	8.1%	8.4%	0.3%	1.1%	6.7%
Active Requirements	4.66 m	5.21 m	4.28 m	4.43 m	4.18 m	-5.8%	-10.3%	4.21 m

* difference from previous quarter/year

KEY LEASING DEALS

BUILDING	SQ FT	OCCUPIER	RENT (PSF)
40 Leadenhall Street, London, EC3M 2RY*	218,630	Kirkland & Ellis LLP	Confidential
40 Leadenhall Street, London, EC3M 2RY*	75,897	Confidential	Confidential
8 Bishopsgate, London, EC2N 4BQ*	59,000	Holman Fenwick Willan LLP	Confidential
30 Fenchurch Street, London, EC3*	25,388	IQUW UK Limited	£68.50
The Featherstone Building, 66 City Road, London, EC1*	16,218	Marshmallow Technology LTD	Confidential

* Knight Frank deals

INVESTMENT MARKET

	21 Q2	21 Q3	21 Q4	22 Q1	22 Q2	% CHANGE		LONG-TERM AVERAGE
						3M	12M	
Turnover	£2.29 bn	£2.10 bn	£2.10 bn	£3.87 bn	£1.50 bn	-61.2%	-34.3%	£2.20 bn
Availability	£2.62 bn	£3.70 bn	£4.50 bn	£4.17 bn	£4.89 bn	17.4%	86.7%	£3.19 bn
Under Offer	£0.92 bn	£1.12 bn	£3.10 bn	£2.21 bn	£3.58 bn	61.8%	289.1%	£1.19 bn
Yields	4.00%	4.00%	3.75%	3.75%	4.00%	0.25%	0.00%	-

KEY INVESTMENT DEALS

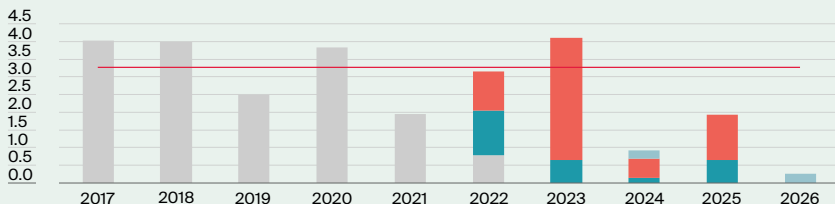
BUILDING	PRICE	CAPITAL		PURCHASER
		VALUE (PSF)	YIELD	
Sancroft, 10-15 Newgate Street, London, EC1A 7HD	£370 m	£1,212	-	Goldman Sachs
2 London Wall Place, London Wall, London, EC2M 5PP	£302 m	£1,600	4.25%	Kingboard
Moorfields Eye Hospital, 162 City Road, London, EC1V 2PD	£239 m	£289	-	Derwent London
22 Chancery Lane, WC2*	£46 m	£1,182	4.30%	Confidential
6-10 St Andrew Street, EC4	£30 m	£626	-	GPE

* Knight Frank deals

City & Southbank development pipeline

m sq ft

■ Completed ■ U/C Pre-let ■ U/C Speculative ■ Off-Plan Pre-let — Long-term new/refurb take-up



Source: Knight Frank

DOCKLANDS & STRATFORD OVERVIEW

LEASING MARKET

SQ FT	21 Q2	21 Q3	21 Q4	22 Q1	22 Q2	% CHANGE		LONG-TERM AVERAGE
						3M	12M	
Take-up	0.27 m	0.02 m	0.07 m	0.18 m	0.06 m	-67.3%	-78.3%	0.22 m
Availability	2.29 m	2.48 m	2.69 m	2.53 m	3.06 m	21.0%	34.1%	1.83 m
Vacancy Rate*	9.7%	10.5%	11.3%	10.6%	12.8%	2.2%	3.2%	8.5%
Active Requirements	0.75 m	0.64 m	0.63 m	0.75 m	0.12 m	-84.1%	-83.9%	0.56 m

* difference from previous quarter/year

KEY LEASING DEALS

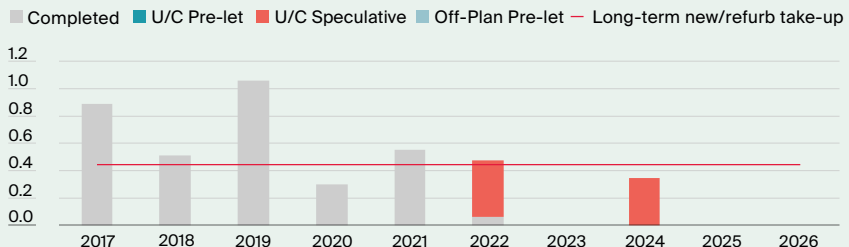
BUILDING	SQ FT	OCCUPIER	RENT (PSF)
1 Canada Square, Canary Wharf, London, E14 5AB	18,000	Genomics	Confidential
1 Westferry Circus, London, E14 4HA	14,913	Chevron	£40.50
1 Cabot Square, London, E14 4QT	19,222	Confidential	Confidential
HX1 & HX2, 1 & 2 Harbour Exchange Square, London, E14 9GE	5,673	Hamilton Hotel Partners Ltd	£35.50

INVESTMENT MARKET

	21 Q2	21 Q3	21 Q4	22 Q1	22 Q2	% CHANGE		LONG-TERM AVERAGE
						3M	12M	
Turnover	£0.00 bn	£0.00 bn	£0.44 bn	£0.00 bn	£0.00 bn	-	-	£0.22 bn
Availability	£0.00 bn	£0.00 bn	£0.00 bn	£0.00 bn	£0.00 bn	-	-	£0.00 bn
Under Offer	£0.00 bn	£0.00 bn	£0.00 bn	£0.00 bn	£0.00 bn	-	-	£0.00 bn
Yields	4.75%	4.75%	4.75%	4.75%	4.75%	0.00%	0.00%	-

Docklands & Stratford development pipeline

m sq ft



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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