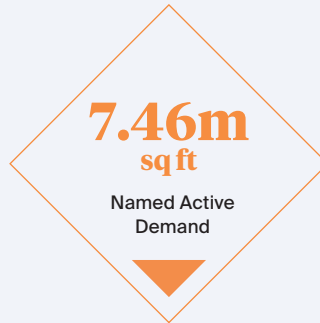
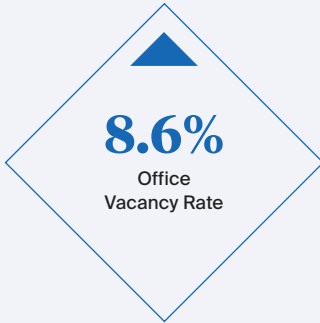


LONDON OFFICES

SPOTLIGHT

2022 Q3

LONDON OVERVIEW



KEY THEMES

1
West End office demand
remains strong

2
Lack of prime space drives
rental tension in the West End

3
Further repricing of London
offices from rising interest rates

SUBMARKET PRIME HEADLINE RENTS

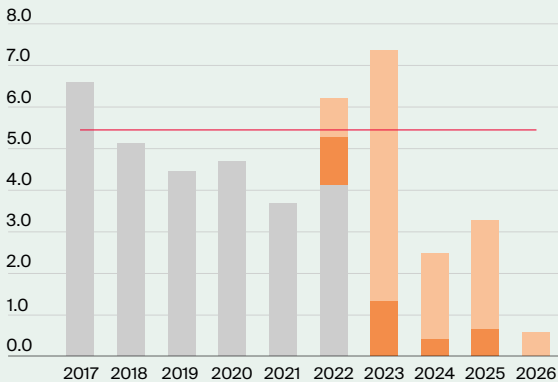
SUBMARKETS	VACANCY RATE	PRIME HEADLINE RENT (PSF)	CHANGE 3M	RENT FREE PERIODS*
ALDGATE/WHITECHAPEL	11.0%	£60.00	↔	27
CITY CORE	10.4%	£75.00	↔	24-27
CLERKENWELL/FARRINGDON	12.1%	£79.00	↔	24
MIDTOWN	6.5%	£70.00	↔	27
SOUTHBANK CORE	6.1%	£75.00	↔	24-27
VAUXHALL/BATTERSEA	3.2%	£55.00	↔	24-27
CANARY WHARF	16.0%	£55.00	▲	27-30
REST OF DOCKLANDS	13.8%	£32.50	↔	30
STRATFORD	12.5%	£46.50	↔	27
BLOOMSBURY	5.9%	£77.50	↔	24-27
FITZROVIA	7.0%	£90.00	↔	24
KING'S CROSS/EUSTON	3.3%	£82.50	↔	24-27
KNIGHTSBRIDGE/CHELSEA	7.3%	£95.00	↔	24-27
MARYLEBONE	4.4%	£95.00	↔	24
PADDINGTON	3.2%	£80.00	▲	24-27
SOHO	5.8%	£92.50	↔	24
STRAND/COVENT GARDEN	9.3%	£80.00	↔	24-27
VICTORIA	3.2%	£80.00	↔	24-27
WEST END CORE	6.1%	£125.00	▲	21
WHITE CITY	24.0%	£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
— Long-term New & Refurbished Take-up



Source: Knight Frank

PRE-LET SPACE

26.5%

City & Southbank



0.0%

Docklands & Stratford



28.0%

West End



WEST END OVERVIEW

LEASING MARKET

SQ FT	21 Q3	21 Q4	22 Q1	22 Q2	22 Q3	% CHANGE		LONG-TERM AVERAGE
						3M	12M	
Take-up	1.52 m	1.36 m	1.01 m	1.49 m	1.17 m	-36.9%	-38.1%	1.14 m
Availability	6.93 m	6.83 m	6.83 m	6.17 m	5.21 m	-15.6%	-24.8%	5.25 m
Vacancy Rate	7.8%	7.6%	7.6%	6.8%	5.8%	-1.1%	-2.1%	6.1%
Active Requirements	1.31 m	1.53 m	1.85 m	1.03 m	1.40 m	36.0%	6.2%	1.99 m

KEY LEASING DEALS

BUILDING	SQ FT	OCCUPIER	RENT (PSF)
Lansdowne House, 57 Berkeley Square, W1J 6RB*	231,995	Blackstone	Confidential
Orchard Place, 10 Broadway, SW1H 0BG	34,921	Landmark Space Limited	Confidential
1 Hoopers Court, Basil Street, SW3 1BA*	24,479	Winton Capital Management Limited	Confidential
1 Hoopers Court, Basil Street, SW3 1BA*	23,526	Investindustrial Advisors Limited	Confidential
The Corner, 72 Welbeck Street, W1G 0AY*	18,126	Confidential	Confidential

* Knight Frank deals

INVESTMENT MARKET

	21 Q3	21 Q4	22 Q1	22 Q2	22 Q3	% CHANGE		LONG-TERM AVERAGE
						3M	12M	
Turnover	£1.75 bn	£1.57 bn	£1.99 bn	£1.68 bn	£1.30 bn	-22.7%	-25.9%	£1.46 bn
Availability	£1.54 bn	£1.02 bn	£1.70 bn	£2.25 bn	£2.23 bn	-0.8%	45.0%	£1.47 bn
Under Offer	£2.14 bn	£2.87 bn	£2.47 bn	£1.21 bn	£1.58 bn	30.9%	-26.2%	£0.69 bn
Yield*	3.50%	3.25%	3.25%	3.25%	3.50%	0.25%	0.00%	

* difference from previous quarter/year

KEY INVESTMENT DEALS

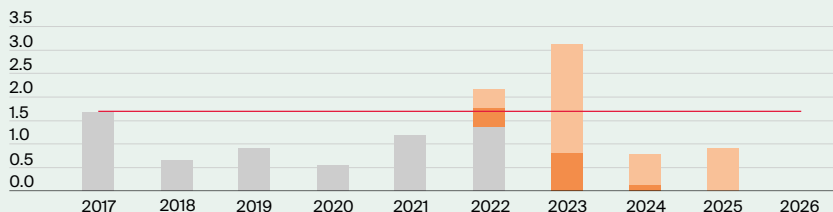
BUILDING	PRICE	CAPITAL VALUE (PSF)	YIELD	PURCHASER
1 Stanhope Gate, W1K 1AF*	Q £90.0 m	Q £2,655	Q 3.23%	Private Investor
Foyles Department Store, WC2H 0DT*	£53.1 m	£1,300	4.20%	Private German Investor
Portman Square House, W1H 6HN*	Q £164.5 m	Q £1,408	Q 5.25%	BentallGreenOak
33 Horseferry Road, SW1P 2AA	£247.5 m	£1,362	3.27%	Lembaga Tabung Haji
14 Berkeley Street, W1J 8DX	£32.37 m	£2,316	3.14%	Zima Capital

* Knight Frank deals

West End development pipeline

m sq ft

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



Source: Knight Frank

CITY & SOUTHBANK OVERVIEW

LEASING MARKET

SQ FT	21 Q3	21 Q4	22 Q1	22 Q2	22 Q3	% CHANGE		LONG-TERM AVERAGE
						3M	12M	
Take-up	1.09 m	1.81 m	1.46 m	1.64 m	1.18 m	-28.5%	8.2%	1.69 m
Availability	9.30 m	9.77 m	10.75 m	11.8	12.48 m	11.7%	34.2%	8.25 m
Vacancy Rate	7.1%	7.4%	8.1%	8.4%	9.3%	0.9%	2.2%	6.7%
Active Requirements	5.21 m	4.28 m	4.43 m	4.18 m	5.04 m	20.6%	-3.2%	4.23 m

KEY LEASING DEALS

BUILDING	SQ FT	OCCUPIER	RENT (PSF)
41 Lothbury, EC2R 7DB	114,176	Addleshaw Goddard LLP	£75.00
Premier Place, 2a Devonshire Square, EC2M 4BA	60,601	Jane Street Group, LLC	Confidential
Sixty London Wall, 60 London Wall, EC2M 5TQ*	54,874	Squire Patton Boggs (UK) LLP	Confidential
20 Ropemaker Street, EC2Y 9AR	51,045	Linklaters LLP	£72.50
1 Crown Place, EC2A 2ER	37,502	Snowflake Computing, Inc	£70.00

* Knight Frank deals

INVESTMENT MARKET

	21 Q3	21 Q4	22 Q1	22 Q2	22 Q3	% CHANGE		LONG-TERM AVERAGE
						3M	12M	
Turnover	£2.10 bn	£2.10 bn	£3.83 bn	£1.50 bn	£2.00 bn	33.2%	-4.5%	£2.20 bn
Availability	£3.70 bn	£4.50 bn	£4.17 bn	£3.46 bn	£3.60 bn	3.9%	-2.8%	£3.20 bn
Under Offer	£1.12 bn	£3.10 bn	£2.21 bn	£2.83 bn	£1.22 bn	-56.8%	9.1%	£1.22 bn
Yield*	4.00%	3.75%	3.75%	4.00%	4.25%	0.25%	0.25%	

* difference from previous quarter/year

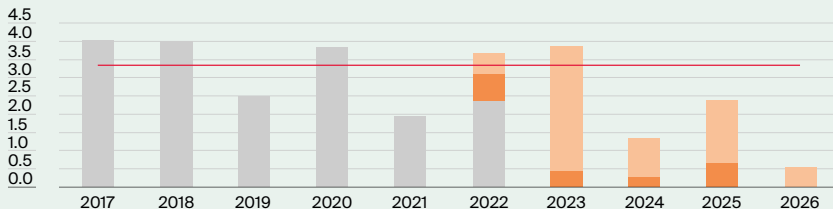
KEY INVESTMENT DEALS

BUILDING	PRICE	CAPITAL		PURCHASER
		VALUE (PSF)	YIELD	
21 Moorfields, EC2M 6TX	£809m	£1,422	4.62%	Lendlease & Tcorp
One Fenchurch Court, EC3M 5BA (50% stake)	£313m	£1,456	4.39%	MEAG
50 Fenchurch Street, EC3M 3JY	£175m	£267	N/A	AXA
Kaleidoscope, EC1A 9HP	£159m	£1,789	4.26%	Chinachem
MET Buildings, 41-71 Commercial Road, E1 1LA	£57m	£425	N/A	LaSalle IM

City & Southbank development pipeline

m sq ft

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



Source: Knight Frank

DOCKLANDS & STRATFORD OVERVIEW

LEASING MARKET

SQ FT	21 Q3	21 Q4	22 Q1	22 Q2	22 Q3	% CHANGE		LONG-TERM AVERAGE
						3M	12M	
Take-up	0.02 m	0.07 m	0.18 m	0.06 m	0.30 m	420.6%	1167.0%	0.22 m
Availability	2.48 m	2.69 m	2.53 m	3.06 m	3.63 m	18.6%	46.6%	1.88 m
Vacancy Rate	10.5%	11.3%	10.6%	12.8%	15.2%	2.4%	4.7%	8.7%
Active Requirements	0.64 m	0.63 m	0.75 m	0.12 m	0.11 m	-8.3%	-82.9%	0.56 m

KEY LEASING DEALS

BUILDING	SQ FT	OCCUPIER	RENT (PSF)
40 Bank Street, Canary Wharf, E14 5NR	94,174	Citi	£55.00
Cargo, 25 North Colonnade, E14 5HS*	50,273	Boston Consulting Group UK LLP	Confidential
1 Westferry Circus, E14 4HA*	45,876	The University of Wales Trinity St David	£32.50
1 Canada Square, E14 5AB	27,793	Fisher Investments Europe Limited	£55.00
1 Canada Square, E14 5AB	15,705	Datatonic	£55.00

* Knight Frank deals

INVESTMENT MARKET

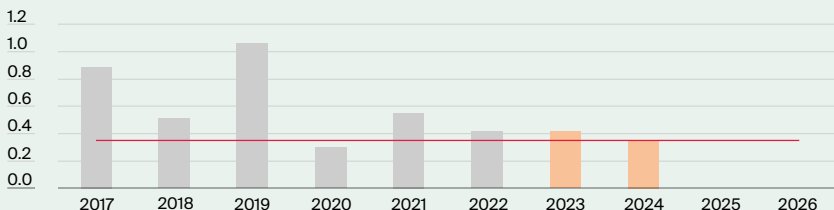
	21 Q3	21 Q4	22 Q1	22 Q2	22 Q3	% CHANGE		LONG-TERM AVERAGE
						3M	12M	
Turnover	£0.00 bn	£0.44 bn	£0.05 bn	£0.00 bn	£0.00 bn			£0.22 bn
Availability	£0.00 bn	£0.00 bn	£0.00 bn	£0.00 bn	£0.00 bn			£0.00 bn
Under Offer	£0.00 bn	£0.00 bn	£0.00 bn	£0.00 bn	£0.00 bn			£0.00 bn
Yield*	4.75%	4.75%	4.75%	4.75%	5.00%	0.25%	0.25%	

* difference from previous quarter/year

Docklands & Stratford development pipeline

m sq ft

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



Source: Knight Frank

CONTACTS

HEAD OF LONDON OFFICES

Philip Hobley

philip.hobley@knightfrank.com
+44 20 7861 1192

CHAIRMAN 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

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

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

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

**Knight Frank Research
Reports are available at
knightfrank.com/research**

Knight Frank Research provides strategic advice, consultancy services and forecasting to a wide range of clients worldwide including developers, investors, funding organisations, corporate institutions and the public sector. All our clients recognise the need for expert independent advice customised to their specific needs. © Knight Frank LLP 2021. Terms of use: This report is published for general information only and not to be relied upon in any way. All information is for personal use only and should not be used in any part for commercial third party use. By continuing to access the report, it is recognised that a licence is granted only to use the reports and all content therein in this way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank LLP for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank LLP in relation to particular properties or projects. The content is strictly copyright and reproduction of the whole or part of it in any form is prohibited without prior written approval from Knight Frank LLP. Knight Frank LLP is a limited liability partnership registered in England with registered number OC305934. Our registered office is 55 Baker Street, London, W1U 8AN, where you may look at a list of members' names.

