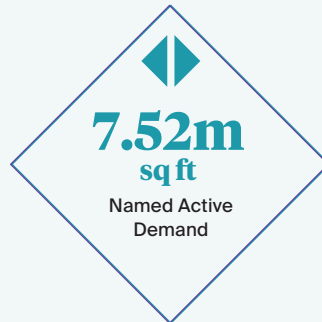


# LONDON OFFICES SPOTLIGHT Q1 2021

# LONDON OVERVIEW



## KEY THEMES

**1**  
Take up rises

**2**  
Demand stable

**3**  
Investment down

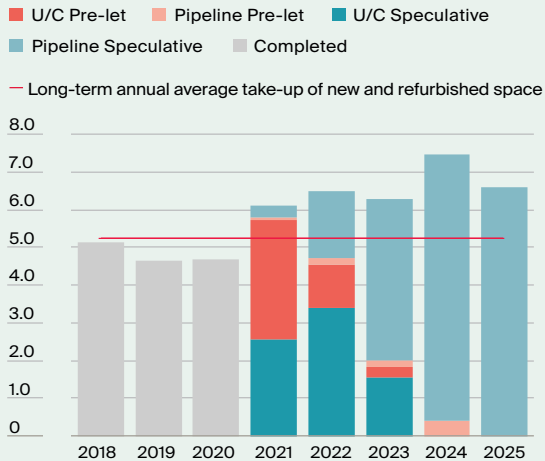
## SUBMARKET PRIME HEADLINE RENTS

| SUBMARKETS             | VACANCY RATE | PRIME HEADLINE RENT (PSF) | CHANGE 3M | RENT FREE PERIODS* |
|------------------------|--------------|---------------------------|-----------|--------------------|
| West End Core          | 9.7%         | £110.00                   | ↔         | 24-27              |
| Marylebone             | 8.8%         | £92.50                    | ↔         | 24-27              |
| Fitzrovia              | 10.9%        | £87.50                    | ↔         | 27                 |
| Soho                   | 9.9%         | £90.00                    | ↔         | 24-27              |
| Knightsbridge/Chelsea  | 10.4%        | £90.00                    | ↔         | 24-27              |
| King's Cross/Euston    | 3.6%         | £82.50                    | ↔         | 24-27              |
| Victoria               | 4.6%         | £72.50                    | ↔         | 27                 |
| Strand/Covent Garden   | 9.6%         | £77.50                    | ↔         | 27                 |
| Bloomsbury             | 10.0%        | £77.50                    | ↔         | 24-27              |
| Clerkenwell/Farringdon | 6.3%         | £79.00                    | ▲         | 24                 |
| Paddington             | 5.2%         | £75.00                    | ↔         | 24-27              |
| Midtown                | 2.4%         | £70.00                    | ↔         | 27                 |
| City Core              | 8.5%         | £70.00                    | ↔         | 27                 |
| Southbank              | 4.7%         | £72.00                    | ↔         | 24                 |
| Aldgate/Whitechapel    | 7.7%         | £60.00                    | ↔         | 27                 |
| Battersea/Vauxhall     | 5.5%         | £55.00                    | ↔         | 24-27              |
| White City             | 28.1%        | £55.00                    | ↔         | 24-27              |
| Canary Wharf           | 9.1%         | £50.00                    | ↔         | 27-30              |
| Stratford              | 12.5%        | £45.00                    | ↔         | 27                 |
| Rest Of Docklands      | 13.6%        | £32.50                    | ↔         | 27-30              |

\*Rent free period on a 10 year lease

### London development pipeline

sq ft millions



Source: Knight Frank

NAMED ACTIVE DEMAND

7.52m sq ft

3.96m sq ft

City

1.86m sq ft

West End

0.28m sq ft

Docklands & Stratford

1.42m sq ft

London Wide

# WEST END OVERVIEW

## LEASING MARKET

| SQ FT               | Q1 20  | Q2 20  | Q3 20  | Q4 20  | Q1 21  | % CHANGE |      | LONG-TERM AVERAGE |
|---------------------|--------|--------|--------|--------|--------|----------|------|-------------------|
|                     |        |        |        |        |        | 3M       | 12M  |                   |
| Take-up             | 0.66 m | 0.43 m | 0.34 m | 0.52 m | 0.43 m | -17%     | -35% | 1.16 m            |
| Availability        | 3.68 m | 4.28 m | 5.33 m | 6.69 m | 7.04 m | 5%       | 91%  | 5.05 m            |
| Vacancy Rate        | 4.2%   | 4.9%   | 6.1%   | 7.7%   | 8.1%   | 5%       | 93%  | 6.0%              |
| Active Requirements | 2.15 m | 1.49 m | 1.36 m | 1.52 m | 1.86 m | 22%      | -13% | 2.06 m            |

## KEY LEASING DEALS

| BUILDING                               | SQ FT  | OCCUPIER         | RENT (PSF)   |
|--|--------|------------------|--------------|
| One Wood Crescent, W12                 | 50,052 | PVH Corp         | Confidential |
| 1 Berkeley Street, W1                  | 34,534 | Waypoint Capital | Confidential |
| Southside, 105 Victoria Street, SW1    | 26,880 | Saltpay          | Confidential |
| 34 Bow Street, WC2                     | 21,202 | MSQ Partners     | Confidential |
| Red Wold House, 5-10 Bolton Street, W1 | 19,638 | Our Space        | Confidential |

## INVESTMENT MARKET

|              | Q1 20    | Q2 20    | Q3 20    | Q4 20    | Q1 21    | % CHANGE |      | LONG-TERM AVERAGE |
|--------------|----------|----------|----------|----------|----------|----------|------|-------------------|
|              |          |          |          |          |          | 3M       | 12M  |                   |
| Turnover     | £1.08 bn | £0.16 bn | £0.53m   | £2.87 bn | £0.64 bn | -78%     | -41% | £1.33 bn          |
| Availability | £1.85 bn | £1.91 bn | £1.65 bn | £1.37 bn | £1.87 bn | 37%      | 1%   | £1.29 bn          |
| Under Offer  | £0.59 bn | £0.82 bn | £1.11 bn | £0.29 bn | £0.23 bn | -21%     | -61% | £0.68 bn          |

## KEY INVESTMENT DEALS

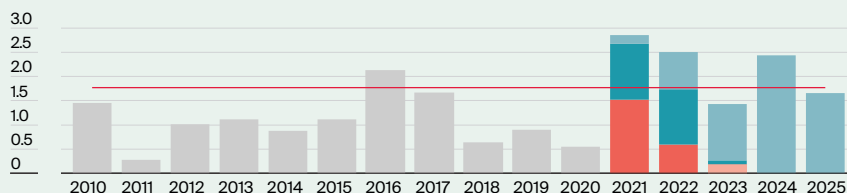
| BUILDING                     | PRICE    | CAPITAL VALUE (PSF) | YIELD | PURCHASER                      |
|------------------------------|----------|---------------------|-------|--------------------------------|
| 45 Pall Mall, SW1            | £110.0 m | £1,850              | 4.60% | JP Morgan Asset Management     |
| 51-52 New Bond Street, W1    | £95.5 m  | £6,232              | 3.00% | Motcomb Estates                |
| 27 Savile Row, W1            | £56.0 m  | £926                | n/a   | CPI Property Group             |
| Grosvenor Gardens House, SW1 | £75.5 m  | £657 (GIA)          | n/a   | Bain Capital / CIT             |
| 127 Charing Cross Road, WC2  | £59.3 m  | £1,478              | 3.34% | Lothbury Investment Management |

## West End development pipeline

sq ft millions

■ U/C Pre-let 
 ■ Pipeline Pre-let 
 ■ U/C Speculative 
 ■ Pipeline Speculative 
 ■ Completed

— Long-term annual average take-up of new and refurbished space



Source: Knight Frank

# CITY & SOUTHBANK OVERVIEW

## LEASING MARKET

| SQ FT               | Q1 20  | Q2 20  | Q3 20  | Q4 20  | Q1 21  | % CHANGE |      | LONG-TERM AVERAGE |
|---------------------|--------|--------|--------|--------|--------|----------|------|-------------------|
|                     |        |        |        |        |        | 3M       | 12M  |                   |
| Take-up             | 1.28 m | 0.54 m | 0.63 m | 0.54 m | 0.77 m | 43%      | -40% | 1.74 m            |
| Availability        | 7.16 m | 7.47 m | 7.99 m | 8.37 m | 8.61 m | 3%       | 20%  | 8.32 m            |
| Vacancy Rate        | 5.7%   | 6.0%   | 6.3%   | 6.5%   | 6.7%   | 3%       | 18%  | 7.0%              |
| Active Requirements | 4.44 m | 3.51 m | 2.82 m | 3.75 m | 3.96 m | 6%       | -11% | 4.18 m            |

## KEY LEASING DEALS

| BUILDING                                  | SQ FT   | OCCUPIER           | RENT (PSF)   |
|---|---------|--------------------|--------------|
| One Leadenhall, EC3                       | 250,000 | Latham & Watkins   | Confidential |
| Kaleidoscope Farringdon, EC1              | 86,163  | ByteDance          | Confidential |
| Sixty London Wall, EC2                    | 52,814  | Alliance Bernstein | Confidential |
| Juxon House, 100 St Pauls Churchyard, EC4 | 46,676  | IDRC               | Confidential |
| 1-7 Whittington Avenue, EC3               | 44,057  | Brookfield         | Confidential |

## INVESTMENT MARKET

|              | Q1 20    | Q2 20    | Q3 20    | Q4 20    | Q1 21    | % CHANGE |      | LONG-TERM AVERAGE |
|--------------|----------|----------|----------|----------|----------|----------|------|-------------------|
|              |          |          |          |          |          | 3M       | 12M  |                   |
| Turnover     | £1.48 bn | £0.43 bn | £0.35 bn | £2.06 bn | £0.63 bn | -69%     | -57% | £2.11 bn          |
| Availability | £0.69 bn | £3.86 bn | £2.02 bn | £2.89 bn | £1.81 bn | -37%     | 162% | £2.39 bn          |
| Under Offer  | £2.28 bn | £2.65 bn | £2.86 bn | £1.54 bn | £1.52 bn | -1%      | -33% | £1.53 bn          |

## KEY INVESTMENT DEALS

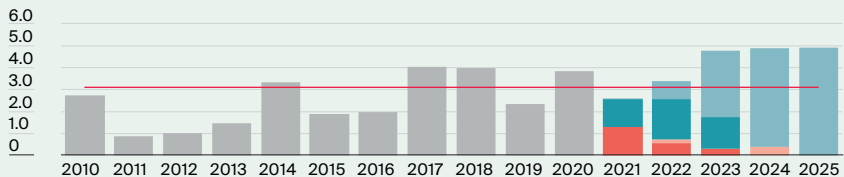
| BUILDING                                     | PRICE    | CAPITAL VALUE (PSF) | YIELD | PURCHASER                         |
|--|----------|---------------------|-------|-----------------------------------|
| 66 Shoe Lane, EC4                            | £255.5 m | £1,628              | 4.15% | JV Fronted by Wing Tai Properties |
| Saffron House, 6-10 Kirby Street, EC1        | £78.3 m  | £1,073              | 5.00% | M&G (Asia Life)                   |
| 124 Theobalds Road, WC1                      | £70.5 m  | £869                | 4.59% | Private Saudi Investor            |
| The Lever Building, 85 Clerkenwell Road, EC1 | £38.1 m  | £1,250              | 4.29% | CBRE / Merseyside Pension Fund    |
| 85 Grays Inn Road, WC1                       | £18.4 m  | £662                | n/a   | Clearbell Capital                 |

## City & Southbank development pipeline

sq ft millions

■ U/C Pre-let 
 ■ Pipeline Pre-let 
 ■ U/C Speculative 
 ■ Pipeline Speculative 
 ■ Completed

— Long-term annual average take-up of new and refurbished space



Source: Knight Frank

# DOCKLANDS & STRATFORD OVERVIEW

## LEASING MARKET

| SQ FT               | Q1 20  | Q2 20  | Q3 20  | Q4 20  | Q1 21   | % CHANGE |      | LONG-TERM AVERAGE |
|---------------------|--------|--------|--------|--------|---------|----------|------|-------------------|
|                     |        |        |        |        |         | 3M       | 12M  |                   |
| Take-up             | 0.09 m | 0.27 m | 0.06m  | 0.07 m | 0.003 m | -96%     | -97% | 0.25 m            |
| Availability        | 2.26 m | 2.48 m | 2.42 m | 2.55 m | 2.28 m  | -11%     | 1%   | 1.65 m            |
| Vacancy Rate        | 10.8%  | 11.2%  | 10.9%  | 12.2%  | 10.8%   | -11%     | 0%   | 8.0%              |
| Active Requirements | 0.89 m | .057 m | 0.31 m | 0.24 m | 0.28 m  | 17%      | -69% | 0.50 m            |

## KEY LEASING DEALS

| BUILDING                 | SQ FT | OCCUPIER | RENT (PSF)   |
|--------------------------|-------|----------|--------------|
| South Quay Building, E14 | 3,003 | Yuanda   | Confidential |

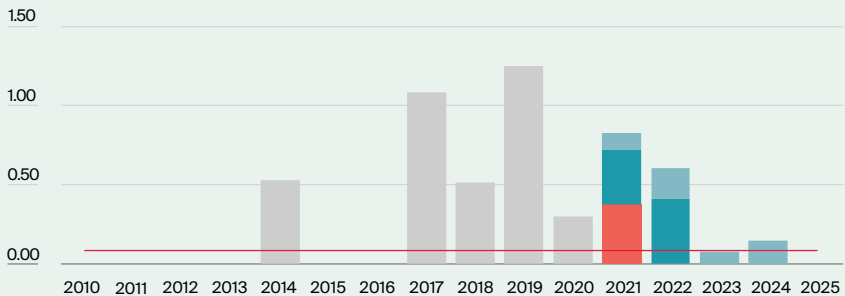
## INVESTMENT MARKET

|              | Q1 20    | Q2 20    | Q3 20    | Q4 20    | Q1 21    | % CHANGE |     | LONG-TERM AVERAGE |
|--------------|----------|----------|----------|----------|----------|----------|-----|-------------------|
|              |          |          |          |          |          | 3M       | 12M |                   |
| Turnover     | £0.00 bn | £0.00 bn | £0.38 bn | £0.00 bn | £0.00 bn | -        | -   | -                 |
| Availability | £0.00 bn | £0.45 bn | £0.70 bn | £0.75 bn | £0.73 bn | 0%       | -   | -                 |
| Under Offer  | £0.76 bn | £0.69 bn | £0.05 bn | £0.00 bn | £0.00 bn | -        | -   | -                 |

### Docklands & Stratford development pipeline

sq ft millions

■ U/C Pre-let  
 ■ Pipeline Pre-let  
 ■ U/C Speculative  
 ■ Pipeline Speculative  
 ■ Completed  
 — Long-term annual average take-up of new and refurbished space



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 £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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