

London Offices Spotlight



Q1 2024

A quarterly snapshot of the London office market.

knightfrank.com/research



London Overview



Key Themes

1.

Lettings market pauses for breath.

2.

Near-term space requirements continue to rise.

3.

Prime yields remain stable.

Submarket Key Indicators

Submarkets	New/Refurb Vacancy Rate	Vacancy rate	Prime Rent	Quarterly % Change	Rent Free Periods (months)
Aldgate/Whitechapel	7.5%	15.0%	£57.50	↔	27
City Core	4.9%	9.5%	£87.50	↔	24-27
Clerkenwell/Farringdon	8.8%	13.8%	£90.00	↔	24
Midtown	3.9%	8.2%	£80.00	↔	27
Southbank Core	4.9%	7.5%	£80.00	↔	24-27
Vauxhall/Battersea	18.4%	19.1%	£60.00	↔	24-27
Canary Wharf	7.3%	17.4%	£57.50	↔	27-30
Rest of Docklands	4.2%	9.7%	£32.50	↔	30
Stratford*	26.4%	32.0%	£48.50	↔	27
Bloomsbury	3.5%	7.0%	£77.50	↔	24-27
Fitzrovia	5.7%	8.6%	£95.00	↔	24
King's Cross/Euston	5.4%	6.6%	£90.00	↔	24-27
Knightsbridge/Chelsea	7.5%	12.3%	£100.00	↔	24-27
Marylebone	5.9%	7.8%	£105.00	↔	24
Paddington	4.2%	7.2%	£85.00	↔	24-27
Soho	3.2%	5.2%	£100.00	↔	24
Strand/Covent Garden	9.3%	11.6%	£87.50	↔	24-27
Victoria	3.9%	5.2%	£90.00	↔	24-27
West End Core	2.6%	4.8%	£150.00	↔	21
White City	20.5%	22.1%	£57.50	↔	24-27

* Stratford vacancy rate includes marketed available space at the Turing building development (350,779 sq ft).

Pre-let space under construction

35.9%

City & Southbank



0.0%

Docklands & Stratford



32.0%

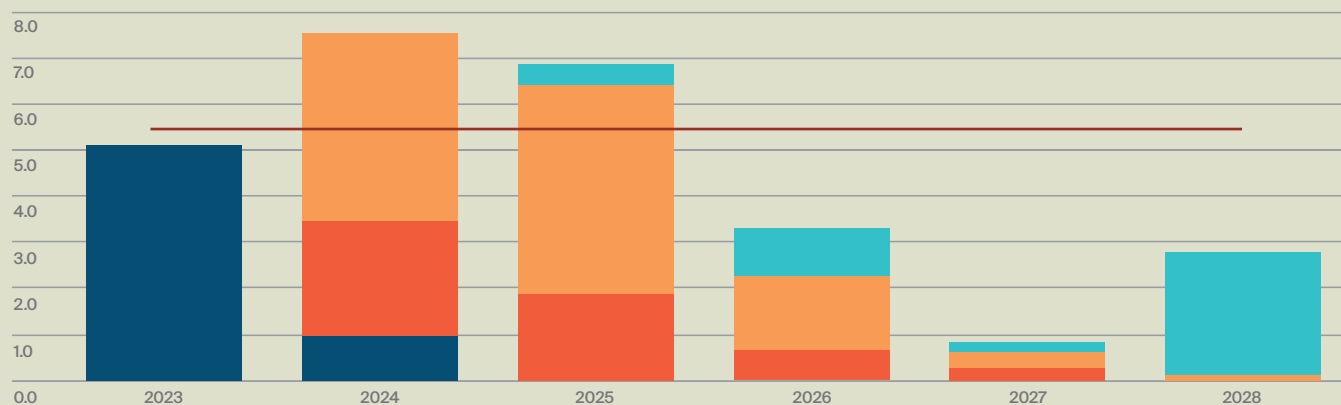
West End



London Development Pipeline

m sq ft

Completed U/C Pre-let U/C Speculative Potential - Most Likely Take-up - New/Refurb Long-term Average



Source: Knight Frank Research

City & Southbank Overview

LEASING MARKET

m sq ft, % of stock	23 Q1	23 Q2	23 Q3	23 Q4	24 Q1	% Change		Long-term average
						3M	12M	
Take-up	1.03 m	1.28 m	1.68 m	2.42 m	1.13 m	-53.4%	9.4%	1.61 m
Availability	13.81 m	15.11 m	14.75 m	13.93 m	14.08 m	1.1%	2.0%	8.97 m
Availability Under Offer	1.71 m	1.59 m	1.50 m	1.48 m	1.67 m	12.3%	-2.4%	
Vacancy Rate*	10.2%	11.1%	10.8%	10.1%	10.2%	0.1%	0.0%	7.0%
New/Refurb Vacancy Rate	6.0%	6.5%	6.1%	5.6%	5.7%	0.1%	-0.3%	3.5%
Active Requirements	4.60 m	4.46 m	4.65 m	5.10 m	5.54 m	8.8%	20.6%	4.37 m

* difference from previous quarter/year

KEY LEASING DEALS

Building	Sq ft	Occupier	Rent (PSF)
8 Finsbury Circus, EC2	97,516	Grant Thornton LLP	Confidential
Worship Square, EC2	85,234	Wise	Confidential
30 Gresham Street, EC2	49,220	Rathbones Group	Confidential
The St Botolph Building, EC3	38,834	HCC Insurance	Confidential
HYLO, Bunhill Row, EC1	27,351	Knotel (TikTok)	Confidential

Knight Frank deals

INVESTMENT MARKET

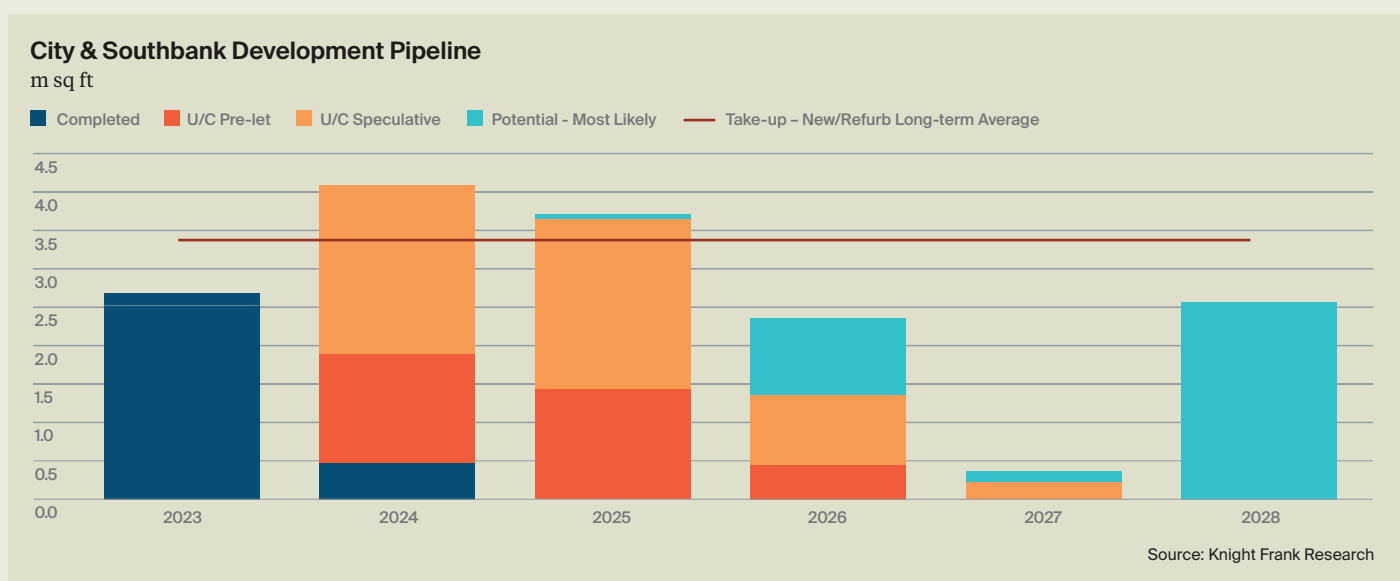
£bn, % per annum	23 Q1	23 Q2	23 Q3	23 Q4	24 Q1	% Change		Long-term average
						3M	12M	
Turnover	1.48 bn	0.53 bn	0.94 bn	0.44 bn	0.31 bn	-30.5%	-79.2%	1.94 bn
Availability	2.70 bn	2.66 bn	1.90 bn	0.94 bn	1.31 bn	40.0%	-51.4%	3.09 bn
Under Offer	0.84 bn	0.59 bn	0.46 bn	0.72 bn	0.41 bn	-43.4%	-51.1%	1.31 bn
Yield*	4.75%	5.25%	5.25%	5.25%	5.25%	0.00%	0.50%	4.30%

* difference from previous quarter/year

KEY INVESTMENT DEALS

Building	Price	Capital Value (PSF)	Yield	Purchaser
65 Fleet Street, EC4	£85.0m	£342 psf	-	Dominus Group
25 Charterhouse Street, EC1	£43.5m	£992 psf	6.69%	Ares
52 Bedford Row, WC1	£30.0m	£1,038 psf	-	Confidential
Old Change House, EC4	£22.8m	£413 psf	6.39%	Baumont Real Estate
2 Hosier Lane, EC1	£22.0m	£527 psf	8.47%	NorthStar Capital

This table contains information published by third parties, for which we cannot be responsible.



Docklands & Stratford Overview

LEASING MARKET

m sq ft, % of stock	23 Q1	23 Q2	23 Q3	23 Q4	24 Q1	% Change		Long-term average
						3M	12M	
Take-up	0.11 m	0.07 m	0.16 m	0.10 m	0.13 m	31.5%	14.9%	0.21 m
Availability	3.80 m	4.11 m	3.91 m	4.19 m	4.44 m	6.0%	16.8%	2.32 m
Availability Under Offer	0.08 m	0.07 m	0.05 m	0.23 m	0.24 m	3.9%	202.9%	
Vacancy Rate*	15.7%	16.5%	15.5%	16.6%	17.6%	1.0%	1.9%	9.7%
New/Refurb Vacancy Rate	7.3%	7.9%	7.5%	7.7%	8.9%	1.2%	1.6%	3.7%
Active Requirements	0.30 m	0.22 m	0.23 m	0.14 m	0.44 m	210.7%	43.3%	0.58 m

* difference from previous quarter/year

KEY LEASING DEALS

Building	Sq ft	Occupier	Rent (PSF)
HX4 & HX5, Harbour Exchange, E14	94,545	University of Sunderland	£31.50
30 North Colonnade, E14	25,678	Fitch Group	£37.86
11 Westferry Circus, E14	8,016	Confidential	Confidential

Knight Frank deals

INVESTMENT MARKET

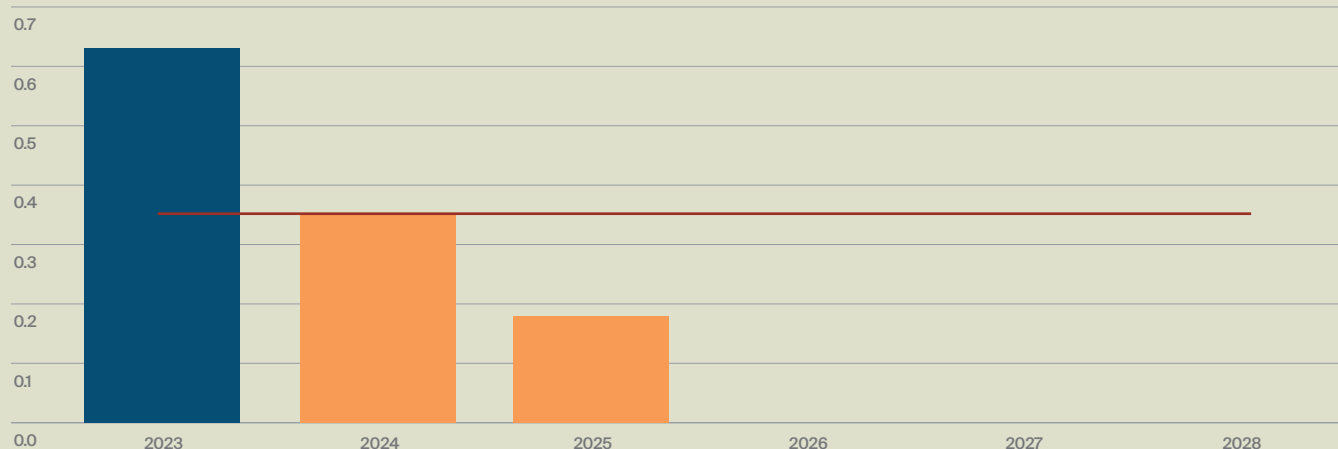
£bn, % per annum	23 Q1	23 Q2	23 Q3	23 Q4	24 Q1	% Change		Long-term average
						3M	12M	
Turnover	0.13 bn	0.02 bn	0.00 bn	0.00 bn	0.00 bn		-100.0%	0.17 bn
Availability	0.30 bn	0.28 bn	0.28 bn	0.52 bn	0.08 bn	-85.1%	-73.7%	0.04 bn
Under Offer	0.16 bn	0.02 bn	0.02 bn	0.02 bn	0.02 bn	0.0%	-87.1%	0.01 bn
Yield*	6.00%	6.50%	6.50%	7.25%	7.50%	0.25%	1.50%	5.03%

* difference from previous quarter/year

Docklands & Stratford Development Pipeline

m sq ft

■ Completed ■ U/C Pre-let ■ U/C Speculative ■ Potential - Most Likely — Take-up - New/Refurb Long-term Average



Source: Knight Frank Research

West End Overview

LEASING MARKET

m sq ft, % of stock	23 Q1	23 Q2	23 Q3	23 Q4	24 Q1	% Change		Long-term average
						3M	12M	
Take-up	0.80 m	0.76 m	0.87 m	1.40 m	0.62 m	-55.9%	-22.4%	1.11 m
Availability	6.34 m	6.55 m	6.70 m	6.84 m	7.04 m	2.8%	11.0%	5.51 m
Availability Under Offer	0.91 m	0.84 m	0.92 m	0.75 m	0.70 m	-7.7%	-23.4%	
Vacancy Rate*	6.9%	7.1%	7.2%	7.3%	7.5%	0.2%	0.6%	6.2%
New/Refurb Vacancy Rate	4.3%	4.4%	4.8%	4.9%	5.3%	0.1%	1.8%	2.4%
Active Requirements	1.96 m	1.99 m	2.66 m	1.88 m	2.22 m	18.4%	13.6%	2.05 m

* difference from previous quarter/year

KEY LEASING DEALS

Building	Sq ft	Occupier	Rent (PSF)
St Pancras Campus, NW1	61,257	Super Group	Confidential
Charlotte House, W1	28,252	Databricks Inc	Confidential
20-24 Carlton House Terrace, SW1	26,738	Campbell Luytens	Confidential
UK House, W1	19,488	Capstone Financial Group	£88.50
Greater London House, NW1	18,456	Clarion Housing Group	£56.00

Knight Frank deals

INVESTMENT MARKET

£bn, % per annum	23 Q1	23 Q2	23 Q3	23 Q4	24 Q1	% Change		Long-term average
						3M	12M	
Turnover	0.76 bn	0.88 bn	0.50 bn	1.38 bn	1.00 bn	-27.4%	32.5%	1.36 bn
Availability	2.96 bn	2.78 bn	3.79 bn	2.69 bn	2.68 bn	-0.3%	-9.4%	1.76 bn
Under Offer	0.84 bn	0.79 bn	0.73 bn	0.59 bn	0.43 bn	-28.0%	-49.2%	0.80 bn
Yield*	3.75%	3.75%	3.75%	3.75%	3.75%	0.00%	0.00%	3.56%

* difference from previous quarter/year

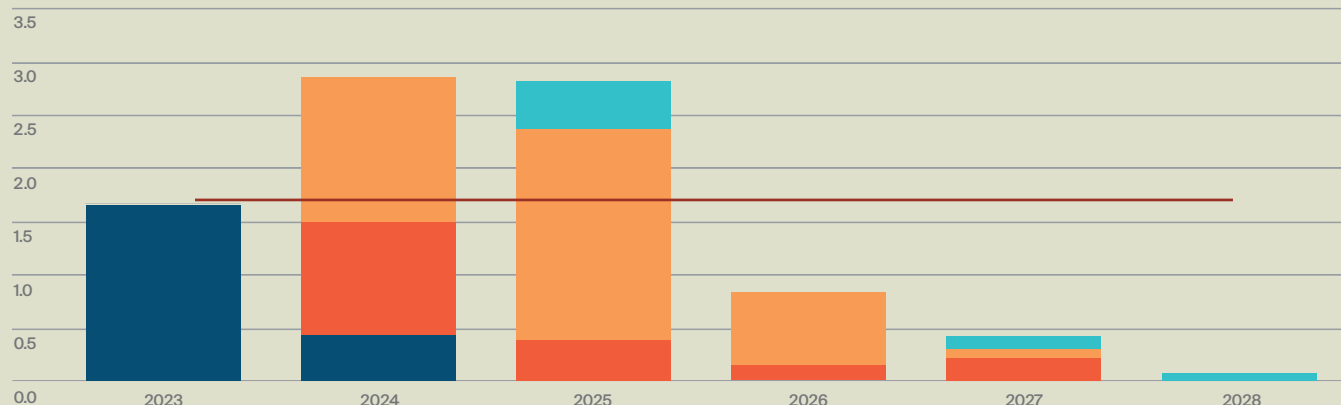
KEY INVESTMENT DEALS

Building	Price	Capital Value (PSF)	Yield	Purchaser
1 Triton Square, NW1	£192.5 m	£1,050 psf	-	RLAM
1 Hanover Square, W1	£74.8 m	£1,192 psf	-	Global Holdings
The South Molten Street Estate	£62.5 m	£1,351 psf	4.30%	Private Investor (Greece)
1 Smart's Place, WC2	£42.2 m	£1,077 psf	6.92%	Baumont Real Estate

West End Development Pipeline

m sq ft

Completed U/C Pre-let U/C Speculative Potential - Most Likely Take-up - New/Refurb Long-term Average



Source: Knight Frank Research

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

