LONDON OFFICES SPOTLIGHT Q2 2021

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LONDON OVERVIEW

1.70m
sq ft
Total Office Take-up Q2 2021

8.38m
sq ft
Named Active Demand

7.8%
Office Vacancy Rate

18.73m
sq ft
Total Office Availability Q2 2021

£3.13bn
Total Investment Turnover Q2 2021

13.04m
sq ft
Total Under Construction (32% committed)

KEY THEMES

1. Take up rises
2. Demand rises
3. Investment rises

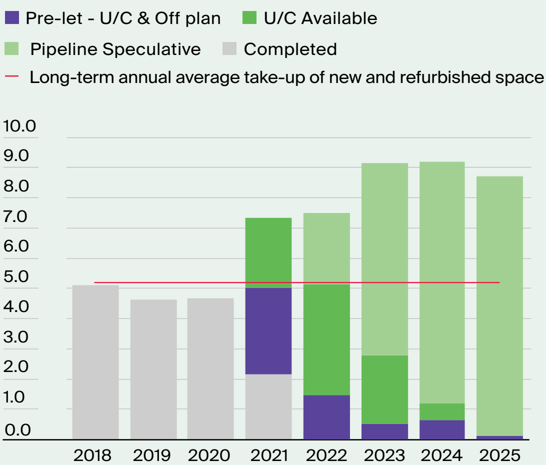
SUBMARKET PRIME HEADLINE RENTS

SUBMARKETS	VACANCY RATE	PRIME HEADLINE RENT (PSF)	CHANGE 3M	RENT FREE PERIODS*
West End Core	8.8%	£115.00	▲	24
Marylebone	7.4%	£92.50	◀▶	24
Fitzrovia	11.4%	£87.50	◀▶	24
Soho	8.6%	£90.00	◀▶	25.5
Knightsbridge/Chelsea	8.9%	£90.00	◀▶	25.5
King's Cross/Euston	3.6%	£82.50	◀▶	25.5
Victoria	3.8%	£72.50	◀▶	25.5
Strand/Covent Garden	11.4%	£77.50	◀▶	27
Bloomsbury	10.1%	£77.50	◀▶	25.5
Clerkenwell/Farringdon	6.9%	£79.00	◀▶	24
Paddington	7.1%	£75.00	◀▶	25.5
Midtown	3.7%	£70.00	◀▶	27
City Core	9.3%	£72.50	▲	27
Southbank	5.1%	£72.00	◀▶	25.5
Aldgate/Whitechapel	7.6%	£60.00	◀▶	27
Battersea/Vauxhall	5.6%	£55.00	◀▶	25.5
White City	38.7%	£55.00	◀▶	25.5
Canary Wharf	8.7%	£50.00	◀▶	30
Stratford	12.5%	£46.50	▲	27
Rest Of Docklands	14.2%	£32.50	◀▶	30

*Rent free period on a 10 year lease

London development pipeline

sq ft millions



Source: Knight Frank

COMMITTED SPACE

31%
City

35%
West End

25%
Docklands & Stratford

WEST END OVERVIEW

LEASING MARKET

SQ FT	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	% CHANGE 3M	% CHANGE 12M	LONG-TERM AVERAGE
Take-up	0.43 m	0.34 m	0.52 m	0.43 m	0.60 m	39%	40%	1.10 m
Availability	4.28 m	5.33 m	6.69 m	7.04 m	6.86 m	-2%	60%	5.08 m
Vacancy Rate	4.9%	6.1%	7.7%	8.1%	7.8%	-3%	58%	6.0%
Active Requirements	1.49 m	1.36 m	1.53 m	1.86 m	1.55 m	-17%	4%	2.05 m

KEY LEASING DEALS

BUILDING	SQ FT	OCCUPIER	RENT (PSF)
82 Baker Street, W1	71,779	Brevan Howard Asset Management	Confidential
1 Knightsbridge Green, SW1	63,580	Babylon Health	£57.00
The Avenue, 1 Bedford Avenue, WC1	23,809	G Research	Confidential
Verde Building, SW1	21,120	Prequin	£72.50
18 Hanover Square, W1	16,467	Brown Advisory	£121.00

INVESTMENT MARKET

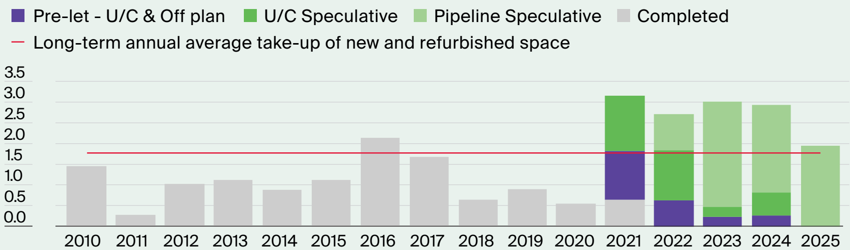
	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	% CHANGE 3M	% CHANGE 12M	LONG-TERM AVERAGE
Turnover	£0.16 bn	£0.53 bn	£2.87 bn	£0.69 bn	£0.84 bn	22%	425%	£1.33 bn
Availability	£1.91 bn	£1.65 bn	£1.37 bn	£1.87 bn	£2.03 bn	9%	1%	£1.35 bn
Under Offer	£0.82 bn	£1.11 bn	£0.29 bn	£0.23 bn	£1.46 bn	535%	78%	£0.70 bn

KEY INVESTMENT DEALS

BUILDING	PRICE	CAPITAL VALUE (PSF)	YIELD	PURCHASER
1 Embassy Gardens, SW8	£117.5 m	£1,151	4.50%	Kennedy Wilson
Stirling Square, 5-7 Carlton Gardens, SW1	£165 m	£1,450	5.50%	Greycoat / Tristan Capital Partners
15 Berkeley Street, W1	£86 m	£2,304	3.40%	Tokoro Capital
10 Great Pulteney Street, W1	£72 m	£1,530	n/a	Boohoo.com
Sackville House, 40 Piccadilly, W1	£52 m	£1,500	3.00%	Art-Invest

West End development pipeline

sq ft millions



Source: Knight Frank

CITY & SOUTHBANK OVERVIEW

LEASING MARKET

SQ FT	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	% CHANGE 3M	% CHANGE 12M	LONG-TERM AVERAGE
Take-up	0.54 m	0.63 m	0.55 m	0.77 m	0.83 m	7.1%	52.5%	1.68 m
Availability	7.47 m	7.99 m	8.37 m	8.61 m	9.60 m	11.5%	28.5%	8.19 m
Vacancy Rate	6.0%	6.3%	6.5%	6.6%	7.3%	11%	23%	6.8%
Active Requirements	3.51 m	2.82 m	3.75 m	3.96 m	4.66 m	18%	32.6%	4.19 m

KEY LEASING DEALS

BUILDING	SQ FT	OCCUPIER	RENT (PSF)
One Southbank Place, SE1	162,000	IBM	£70.00-£77.50
1-2 Broadgate, EC2	132,228	JLL	Confidential
Friars Bridge Court, SE1	101,458	SynLab UK	Mid £50's
Sixty London Wall, EC2	37,899	Mondrian	Confidential
20 Farringdon Road, EC1	33,406	Depop	£52.50

INVESTMENT MARKET

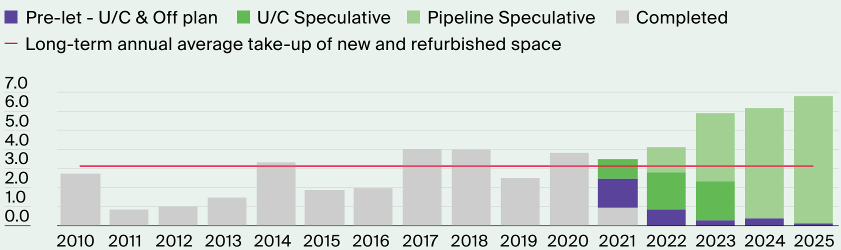
	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	% CHANGE 3M	% CHANGE 12M	LONG-TERM AVERAGE
Turnover	£0.43 bn	£0.35 bn	£2.06 bn	£0.63 bn	£2.29 bn	263%	433%	£2.12 bn
Availability	£3.86 bn	£2.02 bn	£2.89 bn	£1.81 bn	£2.62 bn	45%	-32%	£2.40 bn
Under Offer	£2.65 bn	£2.86 bn	£1.54 bn	£1.52 bn	£0.92 bn	-39%	-65%	£1.51 bn

KEY INVESTMENT DEALS

BUILDING	PRICE	CAPITAL VALUE (PSF)	YIELD	PURCHASER
One Braham Street, E1	£468 m	£1,363	4.10%	Union Investments
The Minster Building, EC3	£353 m	£1,203	4.50%	Suntec REIT
One St John's Lane, EC1	£113 m	£1,269	3.39%	Royal London
135 Park Street, SE1	£43.25 m	£291	N/A	LBS Properties
48-50 St John Street, EC1	£17 m	£870	4.90%	Patrizia

City & Southbank development pipeline

sq ft millions



Source: Knight Frank

DOCKLANDS & STRATFORD OVERVIEW

LEASING MARKET

SQ FT	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	% CHANGE 3M	12M	LONG-TERM AVERAGE
Take-up	0.27 m	0.06 m	0.07 m	0.00 m	0.27 m	8782%	0%	0.23 m
Availability	2.48 m	2.33 m	2.56 m	2.28 m	2.27 m	-1%	-8%	1.72 m
Vacancy Rate	11.8%	11.1%	12.2%	10.8%	10.6%	-2%	-11%	8.4%
Active Requirements	0.57 m	0.31 m	0.24 m	0.28 m	0.75 m	170%	32%	0.52 m

KEY LEASING DEALS

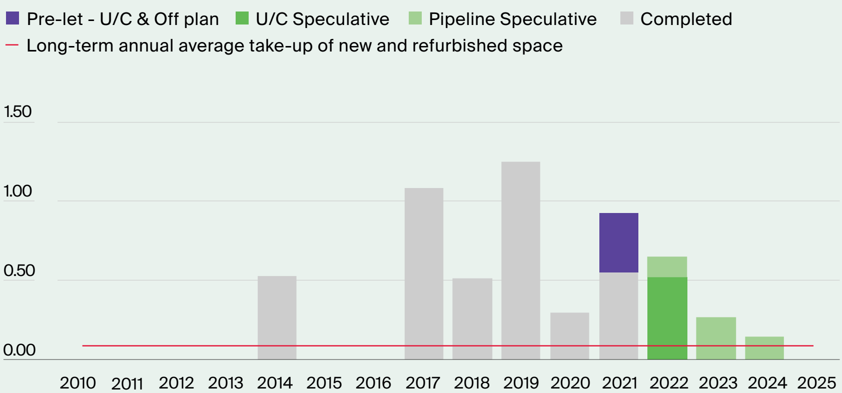
BUILDING	SQ FT	OCCUPIER	RENT (PSF)
Here East, E20	70,070	Confidential	Confidential
5 Bank Street, E14	66,655	Apple	Confidential
20 Water Street, E14	38,785	JLL	£56.00
Import Building, E14	31,603	LCA Education	Confidential
Here East, E20	17,640	Staffordshire University	Confidential

INVESTMENT MARKET

	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	% CHANGE 3M	12M	LONG-TERM AVERAGE
Turnover	£0.00 bn	£0.38 bn	£0.00 bn	£0.00 bn	£0.00 bn	-	-	-
Availability	£0.45 bn	£0.70 bn	£0.75 bn	£0.73 bn	£0.37 bn	-49%	-18%	-
Under Offer	£0.69 bn	£0.05 bn	£0.00 bn	£.0.00 bn	£.0.00 bn	-	-	-

Docklands & Stratford development pipeline

sq ft millions



Source: Knight Frank

CONTACTS

HEAD OF LONDON OFFICES

William Beardmore-Gray
william.beardmore-gray@knightfrank.com
+44 20 7861 1308

CO-CHAIRMAN LONDON OFFICES

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

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

LONDON LEASE ADVISORY

Simon Austen
simon.austen@knightfrank.com
+44 20 7861 1341

LONDON CAPITAL MARKETS

Nick Braybrook
nick.braybrook@knightfrank.com
+44 20 7861 1309

Jamie Pope
jamie.pope@knightfrank.com
+44 20 3909 6814

Anthony Barnard
anthony.barnard@knightfrank.com
+44 20 7861 1216

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 DEVELOPMENT

Andrew Tyler
andrew.tyler@knightfrank.com
+44 20 7861 1319

LONDON RESEARCH

Shabab Qadar
shabab.qadar@knightfrank.com
+44 20 7861 1234

Atif Ludi
Atif.Ludi@knightfrank.com
+44 20 7869 4766

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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