

London Offices Spotlight



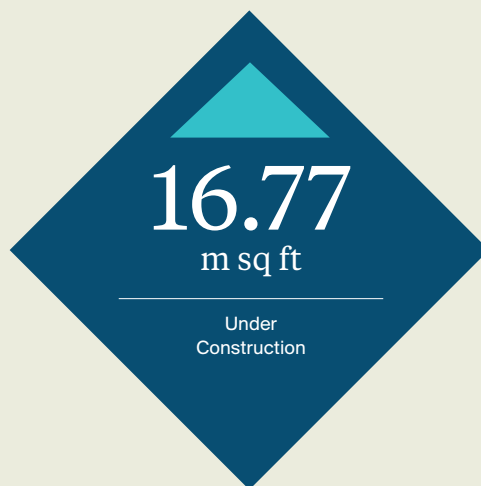
Q2 2024

A quarterly snapshot of the London office market.

knightfrank.com/research



London Overview



Key Themes

1.

Lettings bounce-back.

2.

Falling availability.

3.

Recovery in investment volumes.

Submarket Key Indicators

Submarkets	New/Refurb Vacancy Rate	Vacancy rate	Prime Rent	Quarterly % Change	Rent Free Periods (months)
Aldgate/Whitechapel	6.9%	14.0%	£57.50	◀▶	27
City Core	4.0%	8.0%	£87.50	◀▶	24-27
Clerkenwell/Farringdon	8.9%	13.4%	£90.00	◀▶	24
Midtown	3.9%	8.2%	£80.00	◀▶	27
Southbank Core	4.7%	7.6%	£82.50	▲	24-27
Vauxhall/Battersea	16.3%	16.4%	£60.00	◀▶	24-27
Canary Wharf	5.3%	11.0%	£57.50	◀▶	27-30
Rest of Docklands	4.3%	9.7%	£32.50	◀▶	30
Stratford*	26.6%	32.2%	£48.50	◀▶	27
Bloomsbury	3.7%	7.2%	£77.50	◀▶	24-27
Fitzrovia	6.9%	13.4%	£95.00	◀▶	24
King's Cross/Euston	5.7%	7.0%	£90.00	◀▶	24-27
Knightsbridge/Chelsea	6.7%	11.5%	£102.50	▲	24-27
Marylebone	6.5%	8.9%	£105.00	◀▶	24
Paddington	4.0%	7.0%	£85.00	◀▶	24-27
Soho	4.7%	6.6%	£100.00	◀▶	24
Strand/Covent Garden	10.5%	12.8%	£87.50	◀▶	24-27
Victoria	3.8%	5.0%	£90.00	◀▶	24-27
West End Core	3.1%	5.6%	£150.00	◀▶	21
White City	16.0%	17.9%	£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

36.2%

City & Southbank



0.0%

Docklands & Stratford



32.5%

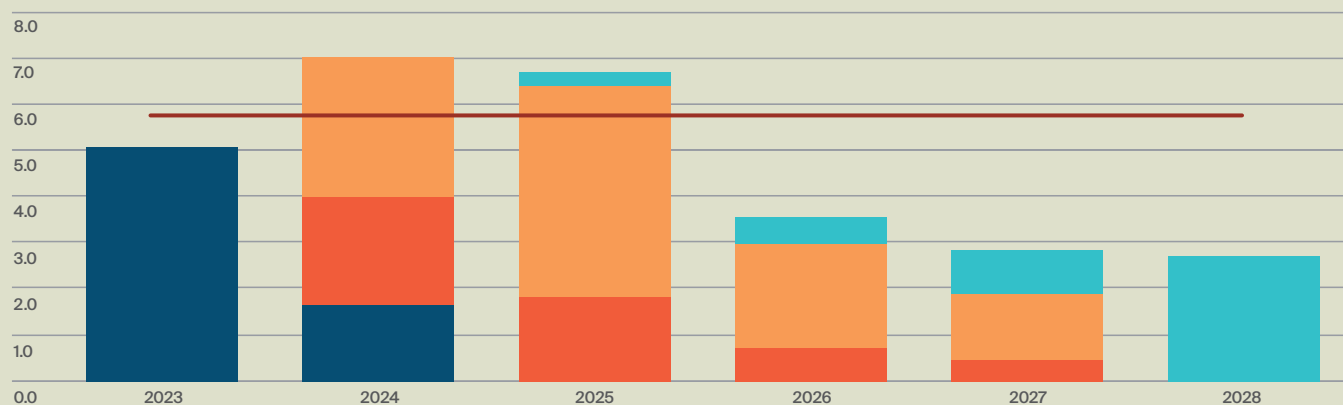
West End



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 Q2	23 Q3	23 Q4	24 Q1	24 Q2	% Change		Long-term average
						3M	12M	
Take-up	1.28 m	1.68 m	2.42 m	1.13 m	1.65 m	46.6%	29.1%	1.60 m
Availability	15.11 m	14.75 m	13.93 m	14.08 m	13.20 m	-6.3%	-12.6%	9.08 m
Availability Under Offer	1.59 m	1.50 m	1.48 m	1.67 m	1.70 m	1.8%	6.6%	
Vacancy Rate*	11.1%	10.8%	10.1%	10.2%	9.5%	-0.7%	-1.6%	7.1%
New/Refurb Vacancy Rate*	6.5%	6.1%	5.6%	5.7%	5.5%	-0.2%	-1.0%	3.5%
Active Requirements	4.46 m	4.59 m	5.10 m	5.54 m	4.42 m	-20.3%	-0.8%	4.35 m

* difference from previous quarter/year

KEY LEASING DEALS

Building	Sq ft	Occupier	Rent (PSF)
2 Finsbury Avenue, EC2	248,533	Citadel	£98.00
The Bard - The Stage Shoreditch, EC2	107,028	Amazon	£72.50
40 Leadenhall Street, EC3	75,873	Sompo	Confidential
The Hewett - The Stage Shoreditch, EC2	71,440	Amazon	£72.00
60 London Wall, EC2	41,118	Invesco	Confidential

Knight Frank deals

INVESTMENT MARKET

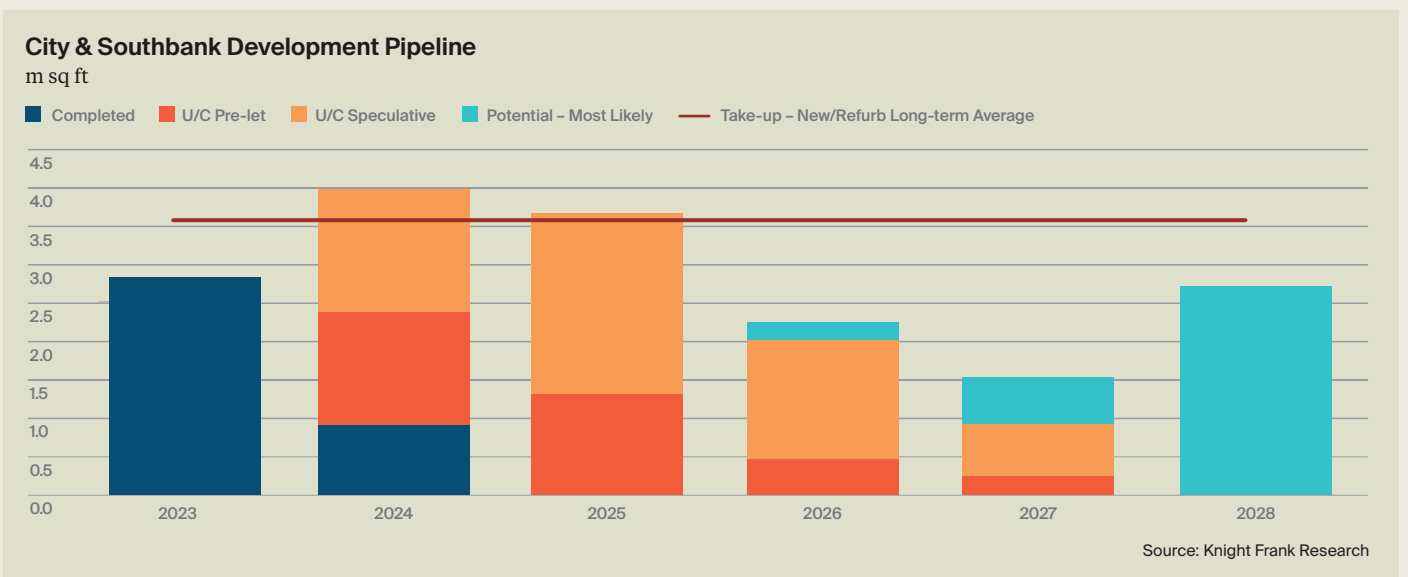
£bn, % per annum	23 Q2	23 Q3	23 Q4	24 Q1	24 Q2	% Change		Long-term average
						3M	12M	
Turnover	0.53 bn	0.94 bn	0.44 bn	0.31 bn	0.79 bn	157.3%	48.1%	1.91 bn
Availability	2.66 bn	1.90 bn	0.94 bn	1.31 bn	1.20 bn	-8.2%	-54.7%	3.02 bn
Under Offer	0.59 bn	0.46 bn	0.72 bn	0.41 bn	0.72 bn	76.8%	23.1%	1.43 bn
Yield*	5.25%	5.25%	5.25%	5.25%	5.25%	0.00%	0.00%	4.32%

* difference from previous quarter/year

KEY INVESTMENT DEALS

Building	Price	Capital Value (PSF)	Yield	Purchaser
Herbal House, EC1	£101 m	£886	6.90%	Yellowtree
The Turnmill, EC1	£77 m	£1,101	4.90%	Titan Investors
15-23 Lincoln's Inn Fields, WC2	£28 m	£413	7.61%	Dorrington
140 Leadenhall Street, EC3	£20 m	£447	6.39%	Greycoat & Polus Capital
90 Union Street, SE1	£14 m	£795	7.37%	Iroko Zen

Knight Frank deals 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 Q2	23 Q3	23 Q4	24 Q1	24 Q2	% Change		Long-term average
						3M	12M	
Take-up	0.07 m	0.16 m	0.10 m	0.13 m	0.11 m	-11.9%	60.2%	0.20 m
Availability	4.11 m	3.91 m	4.19 m	4.44 m	3.30 m	-25.6%	-19.7%	2.38 m
Availability Under Offer	0.07 m	0.05 m	0.23 m	0.24 m	0.06 m	-74.9%	-16.9%	
Vacancy Rate*	16.5%	15.5%	16.6%	17.6%	13.1%	-4.5%	-3.4%	9.9%
New/Refurb Vacancy Rate*	7.9%	7.5%	7.7%	8.9%	7.4%	-1.5%	-0.5%	3.8%
Active Requirements	0.22 m	0.23 m	0.14 m	0.44 m	0.65 m	48.3%	197.9%	0.58 m

* difference from previous quarter/year

KEY LEASING DEALS

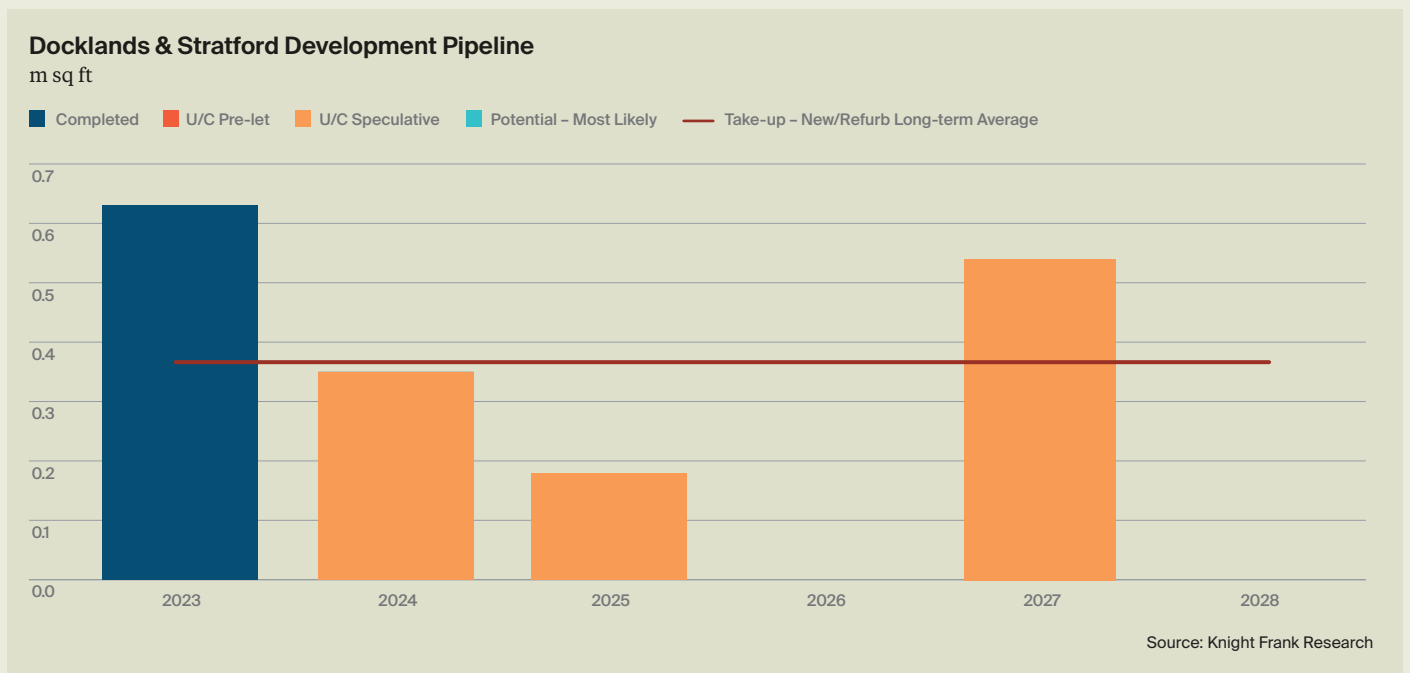
Building	Sq ft	Occupier	Rent (PSF)
YY London, E14	113,892	Revolut	Confidential

Knight Frank deals

INVESTMENT MARKET

£bn, % per annum	23 Q2	23 Q3	23 Q4	24 Q1	24 Q2	% Change		Long-term average
						3M	12M	
Turnover	0.02 bn	0.00 bn	0.00 bn	0.00 bn	0.00 bn	0.0%	-100.0%	0.15 bn
Availability	0.28 bn	0.28 bn	0.52 bn	0.08 bn	0.11 bn	35.4%	-62.8%	0.04 bn
Under Offer	0.02 bn	0.02 bn	0.02 bn	0.02 bn	0.02 bn	0.0%	0.0%	0.01 bn
Yield*	6.50%	6.50%	7.25%	7.50%	7.50%	0.00%	1.00%	5.08%

* difference from previous quarter/year



West End Overview

LEASING MARKET

m sq ft, % of stock	23 Q2	23 Q3	23 Q4	24 Q1	24 Q2	% Change		Long-term average
						3M	12M	
Take-up	0.76 m	0.87 m	1.40 m	0.62 m	0.68 m	9.7%	-10.1%	1.09 m
Availability	6.55 m	6.70 m	6.84 m	7.04 m	7.69 m	9.3%	17.4%	5.59 m
Availability Under Offer	0.84 m	0.92 m	0.75 m	0.70 m	0.99 m	42.0%	17.5%	
Vacancy Rate*	7.1%	7.2%	7.3%	7.5%	8.1%	0.6%	1.0%	6.3%
New/Refurb Vacancy Rate *	4.4%	4.8%	4.9%	5.3%	5.6%	0.3%	1.2%	2.5%
Active Requirements	1.99 m	2.66 m	1.88 m	2.22 m	2.32 m	4.5%	17.0%	2.06 m

* difference from previous quarter/year

KEY LEASING DEALS

Building	Sq ft	Occupier	Rent (PSF)
One Twenty, SW3	37,559	Liberty Global	£110.00
7 Howick Place, SW1	32,783	Mountain Warehouse	£59.55
80 Strand, WC2	26,329	Product Madness	£73.50
Gateway Central, W12	14,045	Dogmates	£60.00
The Peak, 5 Wilton Road, SW1	10,818	Global Infrastructure Partners	£85.00

Knight Frank deals

INVESTMENT MARKET

£bn, % per annum	23 Q2	23 Q3	23 Q4	24 Q1	24 Q2	% Change		Long-term average
						3M	12M	
Turnover	0.88 bn	0.50 bn	1.32 bn	1.00 bn	0.98 bn	-1.7%	11.4%	1.35 bn
Availability	2.78 bn	3.79 bn	2.69 bn	2.68 bn	1.63 bn	-39.2%	-41.3%	1.75 bn
Under Offer	0.79 bn	0.73 bn	0.59 bn	0.43 bn	0.73 bn	70.3%	-8.3%	0.88 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

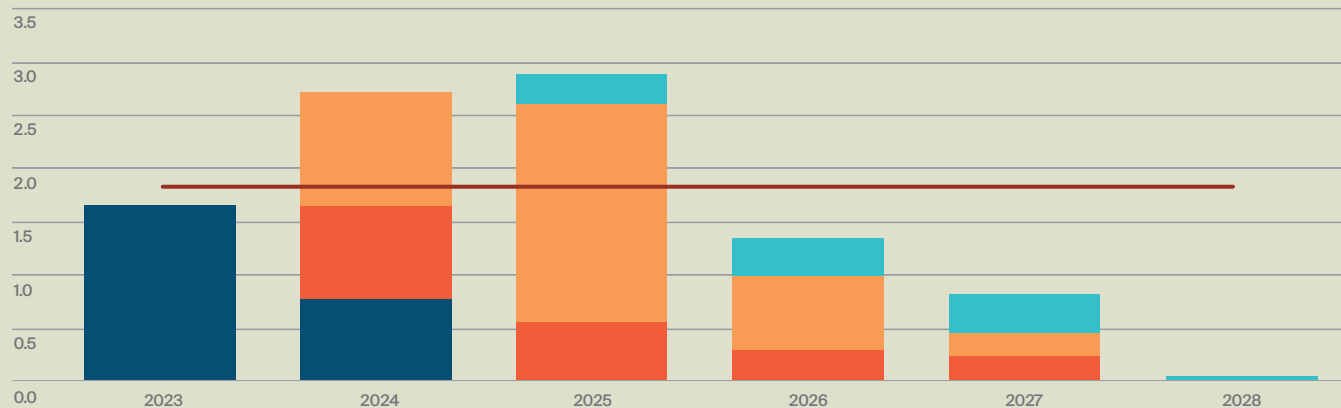
Building	Price	Capital Value (PSF)	Yield	Purchaser
130-134 New Bond Street, W1	£227 m	£8,234	3.65%	Blackstone
20 Grafton Street, W1	£115 m	£4,600	-	Letterone
Charlotte House, W1	£39 m	£1,355	5.98%	Arax Properties Ltd
38 Grosvenor Square, W1	£35 m	£1,283	-	Private Investor (India)
66 St James's Street, SW1	£20 m	£2,270	3.80%	Private Investor (Sweden)

Knight Frank deals

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

