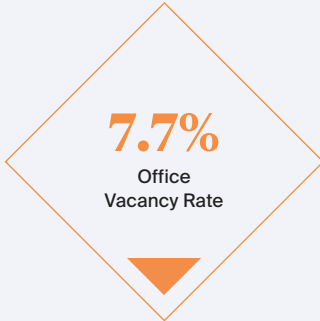
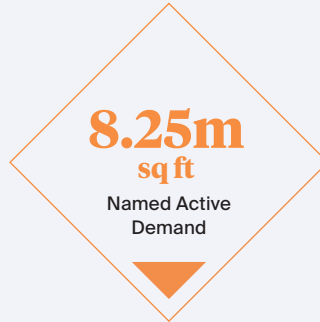


LONDON OFFICES

SPOTLIGHT
Q3 2021

LONDON OVERVIEW



KEY THEMES

1

Office recovery strengthens

2

Availability falls in the City

3

Investment turnover rises

* Total figure includes 1.34m sq ft of off plan pre-lets

SUBMARKET PRIME HEADLINE RENTS

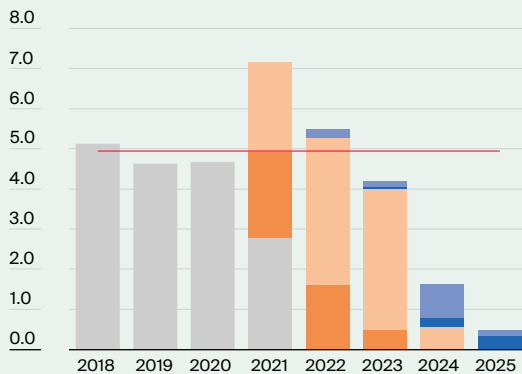
SUBMARKETS	VACANCY RATE	PRIME HEADLINE RENT (PSF)	CHANGE 3M	RENT FREE PERIODS*
WEST END CORE	8.6%	£117.50	▲	24
MARYLEBONE	8.3%	£92.50	◄	24
FITZROVIA	11.0%	£87.50	◄	24
SOHO	8.3%	£90.00	◄	25.5
KNIGHTSBRIDGE/CHELSEA	9.7%	£90.00	◄	25.5
KING'S CROSS/EUSTON	3.4%	£82.50	◄	25.5
VICTORIA	4.6%	£77.50	▲	25.5
STRAND/COVENT GARDEN	12.0%	£77.50	◄	27
BLOOMSBURY	9.1%	£77.50	◄	25.5
CLERKENWELL/FARRINGDON	8.8%	£79.00	◄	24
PADDINGTON	4.8%	£75.00	◄	25.5
MIDTOWN	4.1%	£70.00	◄	27
CITY CORE	8.4%	£75.00	▲	27
SOUTHBANK	4.3%	£72.00	◄	25.5
ALDGATE/WHITECHAPEL	8.1%	£60.00	◄	27
VAUXHALL/BATTERSEA	3.3%	£55.00	◄	25.5
WHITE CITY	19.2%	£55.00	◄	25.5
CANARY WHARF	10.5%	£50.00	◄	30
STRATFORD	7.6%	£46.50	◄	27
REST OF DOCKLANDS	11.7%	£32.50	◄	30

*Rent free period on a 10 year lease

London development pipeline

M sq ft

- Completed
- U/C Pre-let
- U/C Available
- Non Pre-let space
- Pre-let off plan
- Long-term New & Refurbished Take-up



Source: Knight Frank

PRE-LET SPACE

29%

City

33%

West End

21%

Docklands & Stratford

WEST END OVERVIEW

LEASING MARKET

SQ FT	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	% CHANGE		LONG-TERM AVERAGE
						3M	12M	
Take-up	0.34 m	0.51 m	0.43 m	0.60 m	1.52 m	151.4%	341.1%	1.11 m
Availability	5.33 m	6.69 m	7.04 m	6.86 m	6.93 m	0.9%	30.0%	5.13 m
Vacancy Rate	6.1%	7.7%	8.1%	7.8%	7.8%	0.0%	1.7%	6.1%
Active Requirements	1.36 m	1.53 m	1.86 m	1.55 m	1.31 m	-15.3%	-3.4%	2.05 m

KEY LEASING DEALS

BUILDING	SQ FT	OCCUPIER	RENT (PSF)
1,4 & 7 Triton Square, NW1	310,000	Facebook	Confidential
R8, Handyside Street, N1	134,000	The Office Group	Confidential
BBC Centre, White City, W12	120,000	ITV	Confidential
50 Broadway, SW1	73,000	The House of Commons	£62.80
Dorland House, W2	56,000	Future Publishing	£52.50

INVESTMENT MARKET

	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	% CHANGE		LONG-TERM AVERAGE
						3M	12M	
Turnover	£0.53 bn	£2.87 bn	£0.69 bn	£0.84 bn	£1.75 bn	108.3%	230.2%	£1.33 bn
Availability	£1.65 bn	£1.37 bn	£1.87 bn	£2.03 bn	£1.54 bn	-24.2%	-6.8%	£1.35 bn
Under Offer	£1.11 bn	£0.29 bn	£0.23 bn	£1.46 bn	£2.14 bn	46.6%	92.9%	£0.75 bn

KEY INVESTMENT DEALS

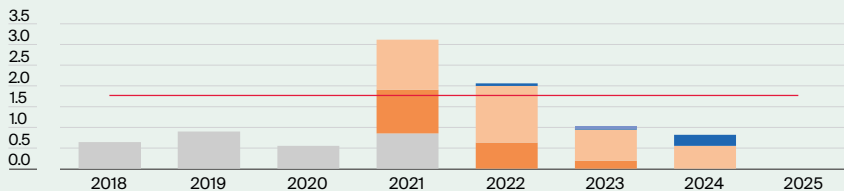
BUILDING	PRICE	CAPITAL		PURCHASER
		VALUE (PSF)	YIELD	
50 New Bond Street, W1	£227.0 m	£4,633	4.39%	Private Middle Eastern Investor
8 St James's Square, SW1	£223.0 m	£3,537	3.57%	Deka Immobilien
250 Euston Road, NW1	£189.0 m	£1,145	2.50%	Derwent
Cassini House, 57-59 St James's Street, SW1*	£145.0 m	£2,834	3.23%	Private Far Eastern Investor
The Heals Building, 22 Torrington Place, WC1	£117.0 m	£454	3.85%	KKR

* Knight Frank deals

West End development pipeline

M sq ft

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



Source: Knight Frank

CITY & SOUTHBANK OVERVIEW

LEASING MARKET

SQ FT	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	% CHANGE		LONG-TERM AVERAGE
						3M	12M	
Take-up	0.63 m	0.55 m	0.77 m	0.83 m	1.09 m	31.6%	73.4%	1.68 m
Availability	7.99 m	8.37 m	8.61 m	9.60 m	9.30 m	-3.2%	16.4%	8.19 m
Vacancy Rate	6.3%	6.5%	6.6%	7.3%	7.1%	-0.3%	11.6%	6.8%
Active Requirements	2.82 m	3.75 m	3.96 m	4.66 m	5.21 m	11.8%	84.7%	4.19 m

KEY LEASING DEALS

BUILDING	SQ FT	OCCUPIER	RENT (PSF)
Stonecutter Court, EC4*	160,000	Travers Smith	Confidential
Warwick Court, EC4	145,000	T. Rowe Price	£78.00
Red Lion Court, SE1	128,000	Aspire Via Studios	Confidential
50 Finsbury Square, EC2*	120,000	Inmarsat	Confidential
22 Bishopsgate, EC2	78,000	Skadden Arps	£77.50

* Knight Frank deals

INVESTMENT MARKET

	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	% CHANGE		LONG-TERM AVERAGE
						3M	12M	
Turnover	£0.35 bn	£2.06 bn	£0.63 bn	£2.29 bn	£2.10 bn	-8.5%	498.9%	£2.16 bn
Availability	£2.02 bn	£2.89 bn	£1.81 bn	£2.62 bn	£3.70 bn	41.3%	83.3%	£2.45 bn
Under Offer	£2.86 bn	£1.54 bn	£1.52 bn	£0.92 bn	£1.12 bn	22.1%	-60.7%	£1.49bn

KEY INVESTMENT DEALS

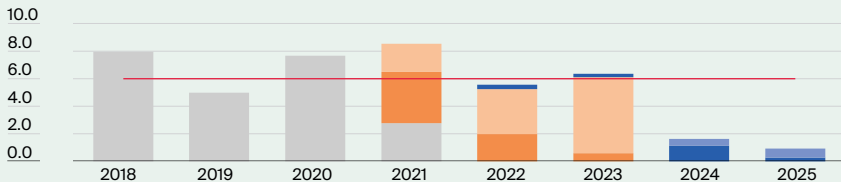
BUILDING	PRICE	CAPITAL VALUE (PSF)	YIELD	PURCHASER
Times Square, EC4*	(Quote) £450.0 m	£1,183	4.20%	Generali
Spectrum, 160 Old Street, EC1	£181.5 m	£1,091	4.27%	JP Morgan
8-10 Moorgate, EC2	£170.0 m	£1,238	3.85%	Deka
1 Angel Square, EC1	£86.5 m	£685	N/A	Tishman Speyer
Curtain House, 146 Curtain Road, EC2	£42.0 m	£776	N/A	Aviva Investors

* Knight Frank deals

City & Southbank development pipeline

M sq ft

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



Source: Knight Frank

DOCKLANDS & STRATFORD OVERVIEW

LEASING MARKET

SQ FT	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	% CHANGE		LONG-TERM AVERAGE
						3M	12M	
Take-up	0.06 m	0.07 m	0.00 m	0.27 m	0.02 m	-91.1%	-57.4%	0.22 m
Availability	2.33 m	2.56 m	2.30 m	2.29 m	2.48 m	8.5%	6.6%	1.74 m
Vacancy Rate	11.1%	12.2%	10.9%	10.6%	11.6%	0.9%	0.4%	8.5%
Active Requirements	0.31 m	0.24 m	0.28 m	0.75 m	0.64 m	-14.0%	107.3%	0.54 m

KEY LEASING DEALS

BUILDING	SQ FT	OCCUPIER	RENT (PSF)
Cargo, 25 North Colonnade, E14	24,000	ANZ	Confidential

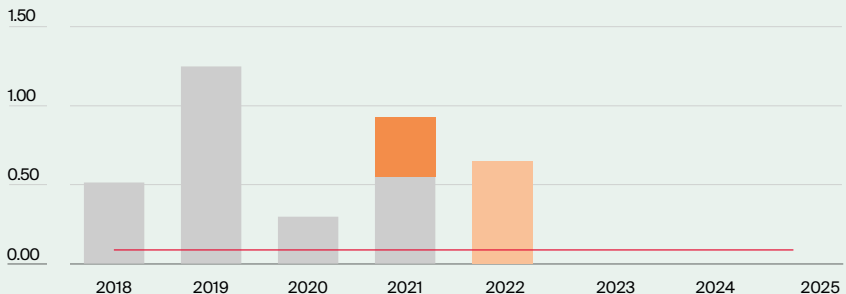
INVESTMENT MARKET

	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21	% CHANGE		LONG-TERM AVERAGE
						3M	12M	
Turnover	£0.38 bn	-	-	-	-	-	-	-
Availability	£0.70 bn	£0.75 bn	£0.73 bn	£0.37 bn	£0.37 bn	-0.8%	-47.6%	-
Under Offer	£0.05 bn	£0.00 bn	£0.00 bn	£0.00 bn	£0.00 bn	-	-	-

Docklands & Stratford development pipeline

M sq ft

■ Completed
 ■ U/C Pre-let
 ■ U/C Speculative
 ■ Pre-let off plan
 ■ Non Pre-let space
— 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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