

# London Offices Spotlight



Q3 2023

Knight Frank's quarterly snapshot of the London office market.

[knightfrank.com/research](https://knightfrank.com/research)



# London Overview



## Key Themes

1.

Take-up rises for two consecutive quarters.

2.

Near-term requirements are over 20% above trend at 10.6m sq ft.

3.

Yields stabilise in key markets.

# Submarket Prime Headline Rents

Submarkets	Vacancy rate	Prime Rent	Quarterly % Change	Rent Free Periods (months)
Aldgate/Whitechapel	15.9%	£57.50	▼	27
City Core	10.5%	£77.50	▲	24-27
Clerkenwell/Farringdon	14.1%	£85.00	◄	24
Midtown	9.1%	£70.00	◄	27
Southbank Core	6.8%	£77.50	◄	24-27
Vauxhall/Battersea	18.0%	£60.00	◄	24-27
Canary Wharf	16.6%	£55.00	◄	27-30
Rest of Docklands	9.4%	£32.50	◄	30
Stratford	18.6%	£48.50	◄	27
Bloomsbury	4.8%	£77.50	◄	24-27
Fitzrovia	9.3%	£92.50	◄	24
King's Cross/Euston	5.6%	£82.50	◄	24-27
Knightsbridge/Chelsea	10.0%	£95.00	◄	24-27
Marylebone	3.0%	£100.00	▲	24
Paddington	5.8%	£80.00	◄	24-27
Soho	9.1%	£95.00	◄	24
Strand/Covent Garden	10.5%	£80.00	◄	24-27
Victoria	5.9%	£82.50	◄	24-27
West End Core	5.3%	£140.00	▲	21
White City	19.9%	£57.50	◄	24-27

## Pre-let space under construction

24.7%

City & Southbank



0.0%

Docklands & Stratford



24.4%

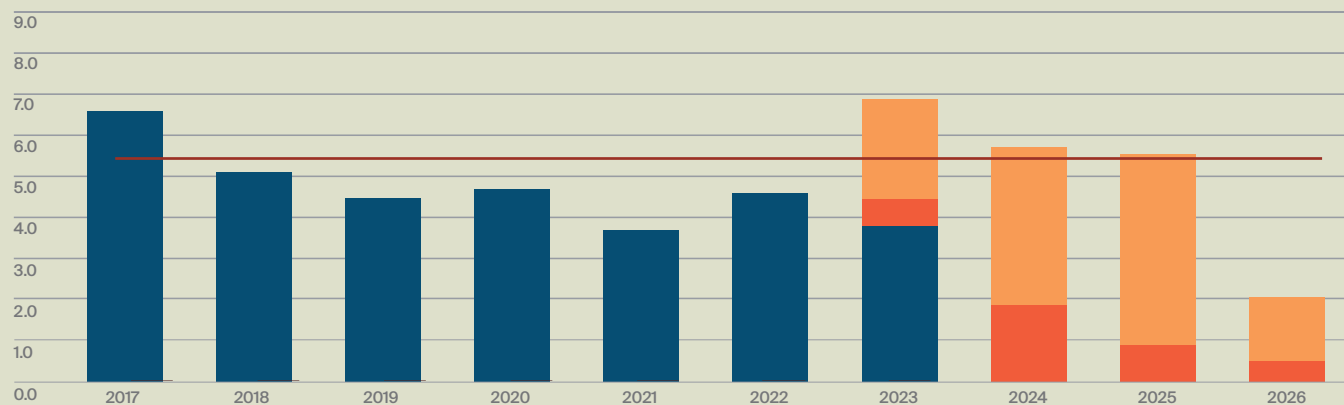
West End



## London Development Pipeline

m sq ft

■ Completed ■ U/C Pre-let ■ U/C Speculative — Long-term new/refurb take-up



Source: Knight Frank Research

# City & Southbank Overview

## LEASING MARKET

m sq ft, % of stock	22 Q3	22 Q4	23 Q1	23 Q2	23 Q3	% Change		Long-term average
						3M	12M	
Take-up	1.18 m	1.50 m	1.03 m	1.28 m	1.68 m	31.0%	42.6%	1.64 m
Availability	12.48 m	12.72 m	13.81 m	15.11 m	14.75 m	-2.4%	18.2%	8.66 m
Availability Under Offer	1.32 m	1.15 m	1.71 m	1.59 m	1.50 m	-5.5%	14.3%	
Vacancy Rate*	9.3%	9.5%	10.2%	11.1%	10.8%	-0.3%	1.4%	6.9%
Active Requirements	5.04 m	4.59 m	4.60 m	4.46 m	4.65 m	4.4%	-7.7%	4.32 m

Availability Under Offer refers to marketed space that is under offer. It doesn't include off-market deals. \*difference from previous quarter/year.

## KEY LEASING DEALS

Building	Sq ft	Occupier	Rent (PSF)
40 Leadenhall Street, EC3	173,597	Kirkland & Ellis	Confidential
Sancroft, Paternoster Square, EC4	127,459	Intercontinental Exchange	£76.00
The Alpheus Building, EC2	74,525	Arbuthnot Latham & Co	£66.89
8 Bishopsgate, EC2	57,913	Proskauer Rose	£88.50
40 Leadenhall Street, EC3	49,447	Acrisure LLC	Confidential

Knight Frank deals

## INVESTMENT MARKET

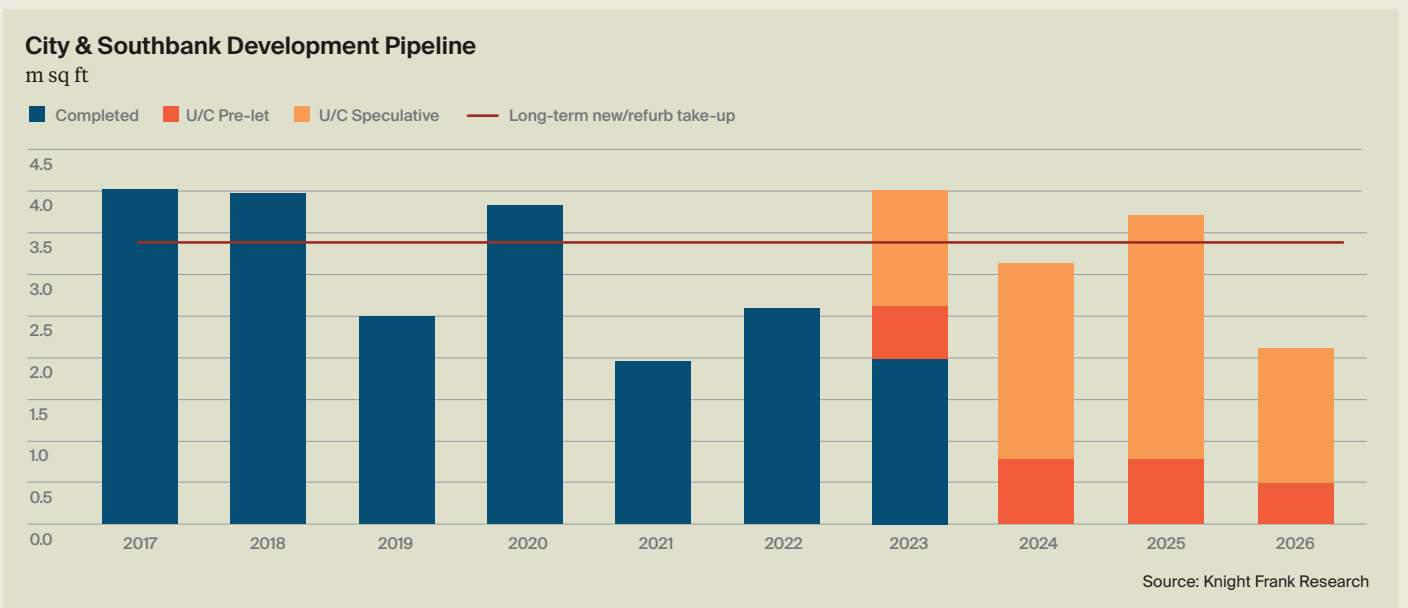
£bn, % per annum	22 Q3	22 Q4	23 Q1	23 Q2	23 Q3	% Change		Long-term average
						3M	12M	
Turnover	2.00 bn	0.56 bn	1.48 bn	0.53 bn	0.95 bn	78.0%	-52.5%	2.10 bn
Availability	3.60 bn	3.37 bn	2.70 bn	2.67 bn	1.90 bn	-28.3%	-47.2%	3.15 bn
Under Offer	1.22 bn	1.78 bn	0.84 bn	0.59 bn	0.46 bn	-21.1%	-62.1%	1.29 bn
Yield*	4.25%	4.75%	4.75%	5.25%	5.25%	0.00%	1.00%	

\* difference from previous quarter/year

## KEY INVESTMENT DEALS

Building	Price	Capital Value (PSF)	Yield	Purchaser
Bloom, EC1	c.£216 m	c. £1,503	c.5.35%	UBS Private Client
Lion Plaza, EC2	£200 m+	£750+	6.00%+	Private Investor (Singaporean)
Watling House, EC4	£67.7 m	£716	6.39%	Goldstone
New London House, EC3	£56.5 m	£629	4.16%	Whitbread
41 Luke Street, EC2 & 69 Carter Lane, EC4	£52 m	£842	6.75%	Private Investor (German)

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



# Docklands & Stratford Overview

## LEASING MARKET

m sq ft, % of stock	22 Q3	22 Q4	23 Q1	23 Q2	23 Q3	% Change		Long-term average
						3M	12M	
Take-up	0.30 m	0.16 m	0.11 m	0.07 m	0.16 m	119.5%	-48.2%	0.22 m
Availability	3.63 m	3.81 m	3.80 m	4.11 m	3.91 m	-4.9%	7.7%	2.09 m
Availability Under Offer	0.24 m	0.20 m	0.08 m	0.07 m	0.05 m	-26.3%	-77.4%	
Vacancy Rate*	15.2%	15.9%	15.9%	16.5%	15.6%	-0.9%	0.4%	9.5%
Active Requirements	0.11 m	0.15 m	0.30 m	0.22 m	0.23 m	3.9%	104.5%	0.58 m

Availability Under Offer refers to marketed space that is under offer. It doesn't include off-market deals. \*difference from previous quarter/year.

## KEY LEASING DEALS

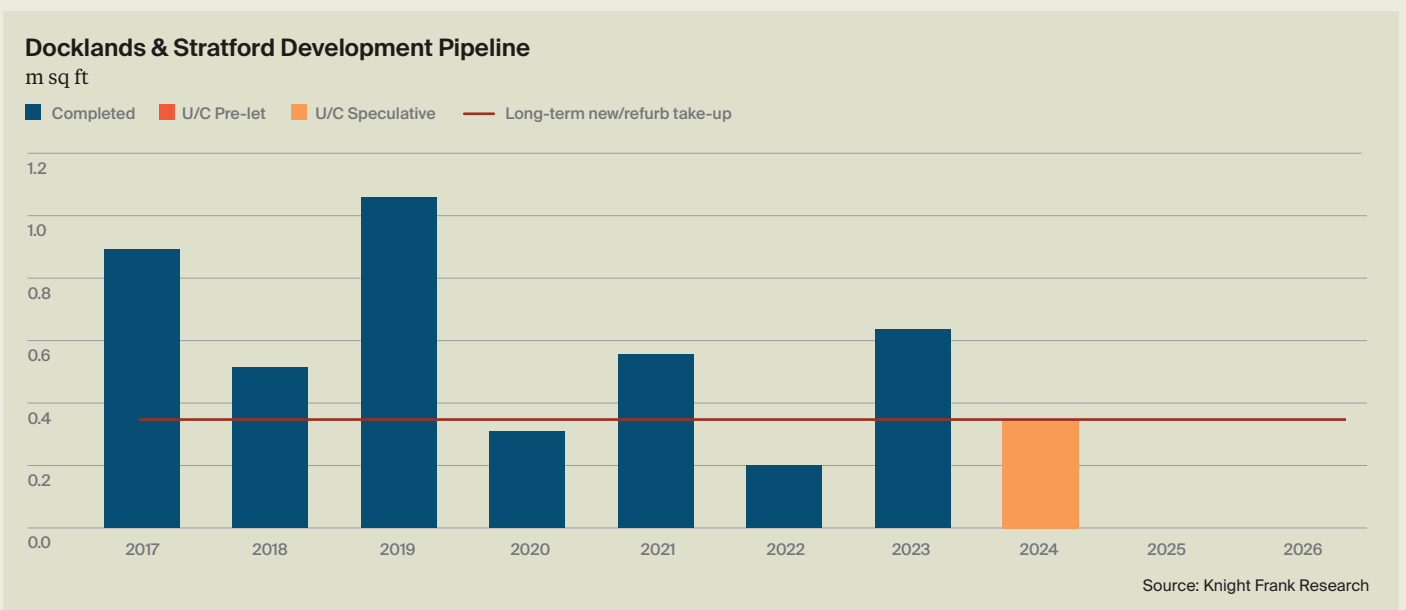
Building	Sq ft	Occupier	Rent (PSF)
Here East, E20	52,300	Liverpool Media Academy	Confidential
40 Bank Street, E14	39,049	hVIVO plc	£57.50
20 Churchill Place, E14	22,573	McLaren Group	£28.00
Cargo, E14	11,654	Euronext London	£57.50
20 Churchill Place, E14	11,104	BLME	£28.00

*Knights Frank deals*

## INVESTMENT MARKET

£bn, % per annum	22 Q3	22 Q4	23 Q1	23 Q2	23 Q3	% Change		Long-term average
						3M	12M	
Turnover	0.00 bn	0.00 bn	0.13 bn	0.02 bn	0.00 bn	-100.0%		0.18 bn
Availability	0.00 bn	0.30 bn	0.30 bn	0.28 bn	0.28 bn	-1.9%		0.03 bn
Under Offer	0.00 bn	0.16 bn	0.16 bn	0.02 bn	0.02 bn	0.0%		0.01 bn
Yield*	5.00%	5.50%	6.00%	6.50%	6.50%	0.00%	1.50%	

\* difference from previous quarter/year



# West End Overview

## LEASING MARKET

m sq ft, % of stock	22 Q3	22 Q4	23 Q1	23 Q2	23 Q3	% Change		Long-term average
						3M	12M	
Take-up	1.17 m	1.31 m	0.80 m	0.76 m	0.87 m	15.4%	-25.5%	1.12 m
Availability	5.21 m	5.13 m	6.34 m	6.55 m	6.70 m	2.3%	28.7%	5.36 m
Availability Under Offer	0.85 m	0.66 m	0.91 m	0.84 m	0.92 m	9.1%	7.5%	
Vacancy Rate*	5.7%	5.6%	6.8%	7.1%	7.1%	0.1%	1.4%	6.2%
Active Requirements	1.40 m	1.43 m	1.96 m	1.99 m	2.66 m	34.0%	90.8%	2.02 m

Availability Under Offer refers to marketed space that is under offer. It doesn't include off-market deals. \*difference from previous quarter/year.

## KEY LEASING DEALS

Building	Sq ft	Occupier	Rent (PSF)
1 Drummond Gate, SW1	108,527	John Lewis PLC	£35.00
25 Baker Street, W1	49,175	Moelis & Company	£100.00
24-28 Bloomsbury Way, WC1	44,392	Runway East	Confidential
31 St James's Square, SW1	34,558	Symmetry Investments UK LLP	Confidential
Lucent, W1	25,064	Myo : flexible offices	Confidential

Knight Frank deals

## INVESTMENT MARKET

£bn, % per annum	22 Q3	22 Q4	23 Q1	23 Q2	23 Q3	% Change		Long-term average
						3M	12M	
Turnover	1.30 bn	0.90 bn	0.76 bn	0.88 bn	0.48 bn	-45.4%	-62.8%	1.38 bn
Availability	2.23 bn	2.66 bn	2.96 bn	2.76 bn	2.93 bn	6.1%	31.2%	1.64 bn
Under Offer	1.58 bn	1.03 bn	0.84 bn	0.79 bn	0.73 bn	-7.7%	-53.8%	0.78 bn
Yield*	3.50%	3.75%	3.75%	3.75%	3.75%	0.00%	0.25%	

\* difference from previous quarter/year

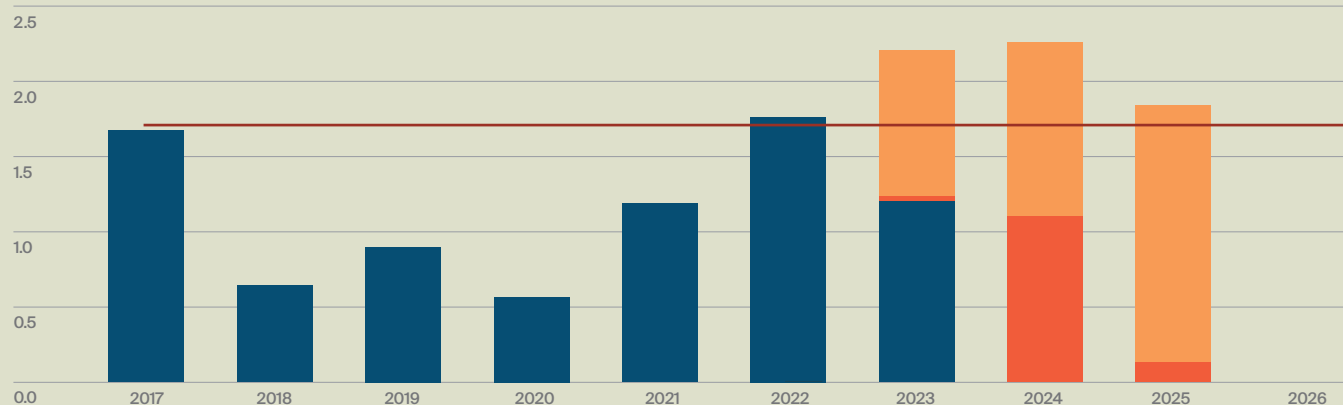
## KEY INVESTMENT DEALS

Building	Price	Capital Value (PSF)	Yield	Purchaser
The Printworks & Glasshouse, N1	£90 m	£978	5.36%	Landsec
The Soho Square Estate, W1	£70 m	£1,218	N/A	GPE
Ebury Bridge House, SW1	£55 m	£879	6.25%	La Française
1-11 Hawley Crescent, NW1	£17 m	£701	6.20%	Private Investor (Irish)
The Nest, 65-71 Beak Street, W1	£14 m	£1,182	5.22%	Global Holdings Management Group

## West End Development Pipeline

m sq ft

Completed U/C Pre-let U/C Speculative Long-term new/refurb take-up



Source: Knight Frank Research

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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

