

London Offices Spotlight



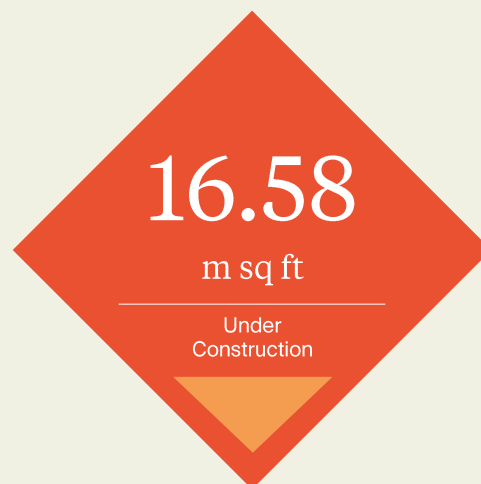
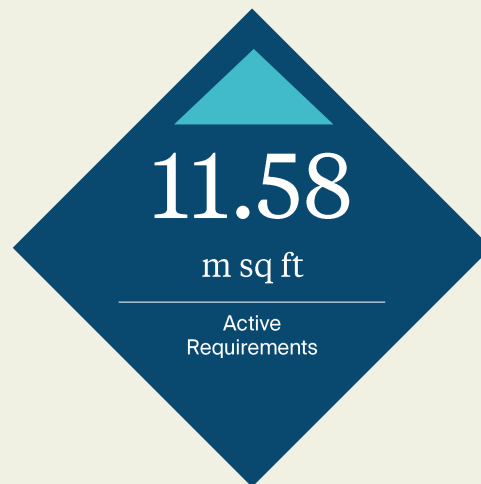
Q3 2024

A quarterly snapshot of the London office market.

knightfrank.com/research



London Overview



Key Themes

1.

Take-up rises to above trend levels.

2.

Fall in prime availability drives rental growth.

3.

Soft investment volumes but yields remain stable.

Submarket Key Indicators

Submarkets	New/Refurb Vacancy Rate	Vacancy Rate	Prime Rent	Quarterly Change	Rent Free Periods (Months)
Aldgate/Whitechapel	7.1%	13.5%	£57.50	↕	27
City Core	3.3%	7.1%	£90.00	▲	24-27
Clerkenwell/Farringdon	8.8%	13.3%	£92.50	▲	24
Midtown	3.0%	7.2%	£82.00	▲	27
Southbank Core	5.3%	7.6%	£82.50	↕	24-27
Vauxhall/Battersea	16.3%	16.6%	£60.00	↕	24-27
Canary Wharf	5.8%	13.6%	£57.50	↕	27-30
Rest of Docklands	5.2%	10.3%	£32.50	↕	30
Stratford	23.2%	28.2%	£48.50	↕	27
Bloomsbury	4.4%	7.8%	£77.50	↕	24-27
Fitzrovia	6.8%	12.0%	£95.00	↕	24
King's Cross/Euston	5.6%	6.8%	£90.00	↕	24-27
Knightsbridge/Chelsea	6.6%	10.8%	£102.50	↕	24-27
Marylebone	7.1%	9.5%	£105.00	↕	24
Paddington	3.7%	5.6%	£85.00	↕	24-27
Soho	3.0%	4.5%	£100.00	↕	24
Strand/Covent Garden	10.0%	12.6%	£90.00	▲	24-27
Victoria	4.4%	5.3%	£92.50	▲	24-27
West End Core	2.9%	5.2%	£150.00	↕	21
White City	15.7%	21.0%	£57.50	↕	24-27

Pre-let space under construction

31.8%

City & Southbank



0.0%

Docklands & Stratford



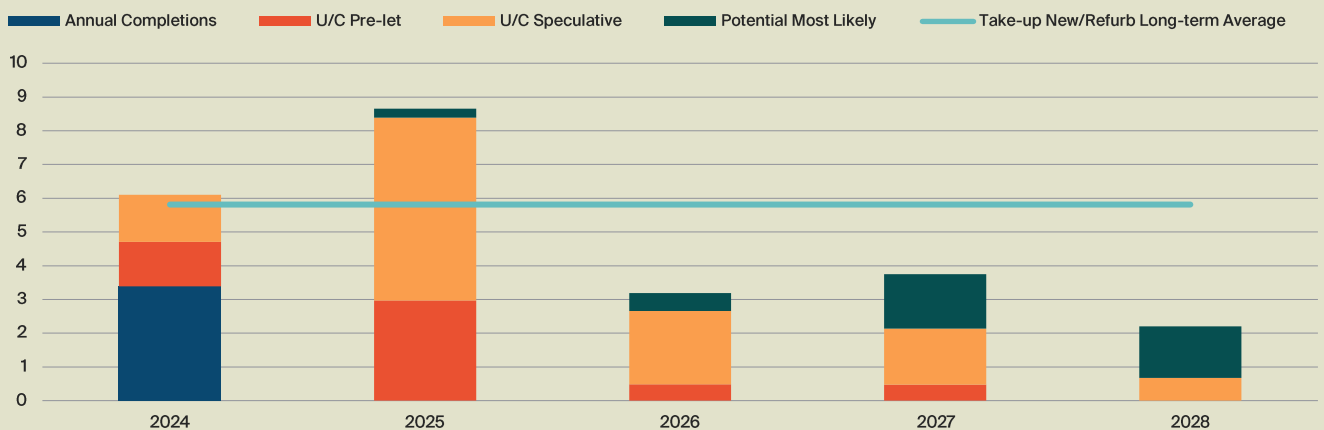
35.0%

West End



London - Development Pipeline

m sq ft



Source: Knight Frank Research

City & Southbank Overview

LEASING MARKET

m sq ft, % of stock	2023 Q3	2023 Q4	2024 Q1	2024 Q2	2024 Q3	% Change		Long-term average
						3M	12M	
Take-up	1.68 m	2.42 m	1.13 m	1.65 m	1.78 m	7.9%	6.4%	1.57 m
Availability	14.75 m	13.93 m	14.08 m	13.20 m	12.43 m	-5.8%	-15.7%	9.18 m
Total Under Offer	2.18 m	1.73 m	2.05 m	2.11 m	2.15 m	1.9%	-1.4%	
Vacancy Rate*	10.8%	10.1%	10.2%	9.5%	8.9%	-0.6%	-1.9%	7.1%
New/Refurb Vacancy Rate	6.1%	5.6%	5.7%	5.5%	5.1%	-0.4%	-1.0%	3.6%
Active Requirements	4.59 m	5.10 m	5.54 m	4.42 m	5.65 m	27.8%	23.0%	4.42 m

* difference from previous quarter/year

KEY LEASING DEALS

Building	Sq ft	Occupier	Rent (PSF)
Woolgate, EC2	186,648	Legal & General	£80.00 - £89.50
1-2 Broadgate, EC2	94,054	A&O Shearman	Confidential
155 Bishopsgate, EC2	84,887	Akin Gump Strauss Hauer & Feld LLP	£82.50
The Whittington Building, EC2	31,009	Davis Polk & Wardwell London LLP	Confidential
The Bower, EC1	29,644	Fresha	£69.05 - £69.34

Knight Frank deals

INVESTMENT MARKET

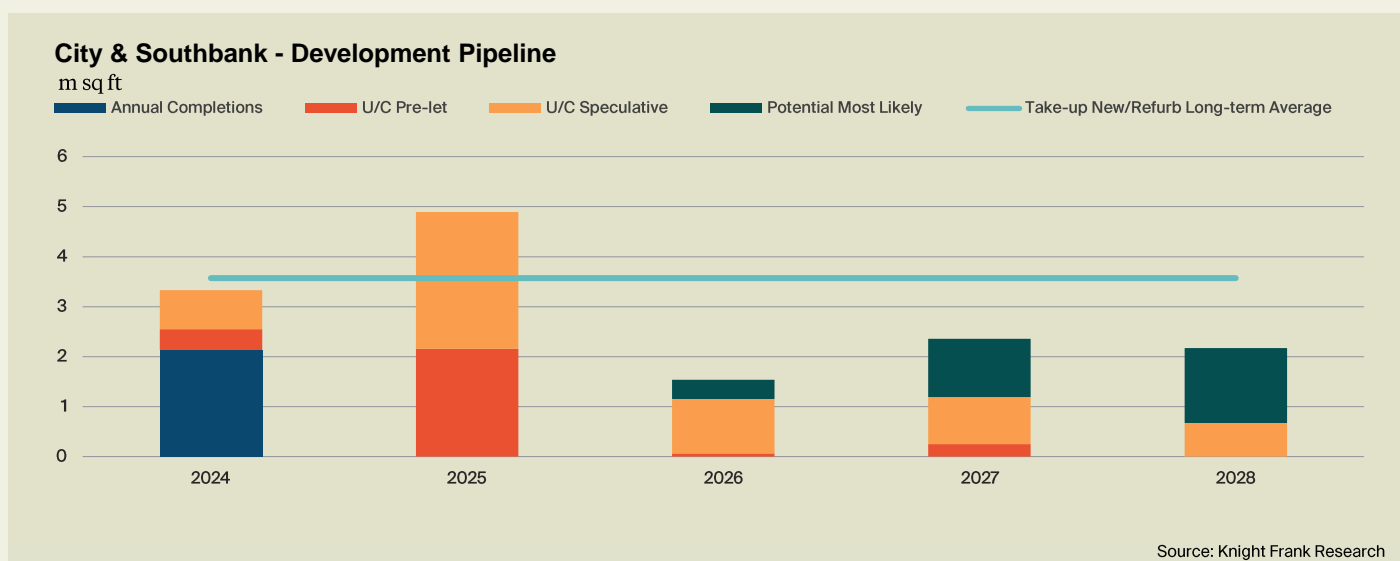
£bn, % per annum	2023 Q3	2023 Q4	2024 Q1	2024 Q2	2024 Q3	% Change		Long-term average
						3M	12M	
Turnover	0.94 bn	0.44 bn	0.31 bn	0.56 bn	0.53 bn	-5.4%	-43.4%	1.81 bn
Availability	1.90 bn	0.94 bn	1.31 bn	1.20 bn	2.35 bn	95.0%	23.4%	2.89 bn
Under Offer	0.46 bn	0.72 bn	0.41 bn	0.72 bn	0.49 bn	-31.6%	8.2%	1.31 bn
Yield*	5.25%	5.25%	5.25%	5.25%	5.25%	0.00%	0.00%	4.34%

* percentage point difference from previous quarter/year

KEY INVESTMENT DEALS

Building	Price	Capital value (PSF)	Yield	Purchaser
Atlantic House, 40-50 Holborn Viaduct, EC1	£185 m	£707	7.44%	Royal London
1 Bow Churchyard, EC4	£57 m	£1,283	5.07%	Habro Properties
6 Gracechurch Street, EC3	£39 m	£830	6.26%	Farglory Land
Bow Lane Estate, EC4	£35 m	£646	7.24%	Eastmed
100 Middlesex Street, E1	£34 m	£535	6.87%	Remake

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	2023 Q3	2023 Q4	2024 Q1	2024 Q2	2024 Q3	% Change		Long-term average
						3M	12M	
Take-up	0.16 m	0.10 m	0.13 m	0.11 m	0.02 m	-85.6%	-89.5%	0.19 m
Availability	3.91 m	4.19 m	4.44 m	3.43 m	3.78 m	10.3%	-3.5%	2.45 m
Total Under Offer	0.08 m	0.23 m	0.24 m	0.06 m	0.18 m	200.0%	125.0%	
Vacancy Rate*	15.5%	16.6%	17.6%	13.6%	14.8%	1.2%	-0.7%	10.1%
New/Refurb Vacancy Rate	7.5%	7.7%	8.9%	7.9%	7.8%	-0.1%	0.3%	4.0%
Active Requirements	0.23 m	0.14 m	0.44 m	0.65 m	0.43 m	-33.0%	92.0%	0.56 m

* percentage point difference from previous quarter/year

KEY LEASING DEALS

Building	Sq ft	Occupier	Rent (PSF)
Dane's Yard, Sugar House Island, E15	4,949	Institute for Arts in Therapy and Education	£30.00
HX1 & HX2, E14	2,400	PopMart	£39.50
40 Bank Street, E14	1,331	Sipral UK Ltd	£52.50
HX1 & HX2, E14	1,189	Tea Story	Confidential

Knight Frank deals

INVESTMENT MARKET

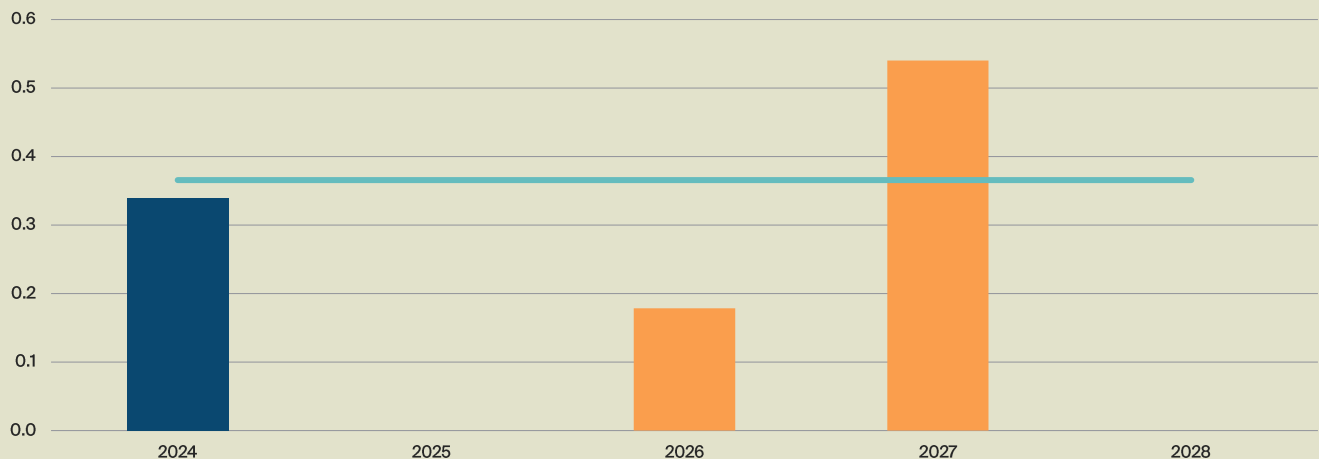
£bn, % per annum	2023 Q3	2023 Q4	2024 Q1	2024 Q2	2024 Q3	% Change		Long-term Average
						3M	12M	
Turnover	0.00 bn	0.00 bn	0.00 bn	0.00 bn	0.00 bn	0.0%	0.0%	0.14 bn
Availability	0.28 bn	0.52 bn	0.28 bn	0.11 bn	0.09 bn	-14.4%	-67.6%	0.05 bn
Under Offer	0.02 bn	0.02 bn	0.02 bn	0.02 bn	0.00 bn	-100.0%	-100.0%	0.01 bn
Yield*	6.50%	7.25%	7.50%	7.50%	7.50%	0.00%	1.00%	5.14%

* percentage point difference from previous quarter/year

Docklands & Stratford - Development Pipeline

m sq ft

Annual Completions 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	2023 Q3	2023 Q4	2024 Q1	2024 Q2	2024 Q3	% Change		Long-term average
						3M	12M	
Take-up	0.87 m	1.40 m	0.62 m	0.68 m	1.21 m	78.1%	38.6%	1.08 m
Availability	6.70 m	6.84 m	7.04 m	7.69 m	7.42 m	-3.6%	10.7%	5.68 m
Total Under Offer	0.95 m	0.82 m	0.95 m	1.40 m	1.05 m	-25.0%	10.5%	
Vacancy Rate*	7.2%	7.3%	7.5%	8.1%	7.8%	-0.3%	0.6%	6.4%
New/Refurb Vacancy Rate	4.8%	4.9%	5.3%	5.6%	5.5%	0.1%	1.8%	2.6%
Active Requirements	2.66 m	1.88 m	2.22 m	2.32 m	2.06 m	-11.6%	-22.8%	2.08 m

* difference from previous quarter/year

KEY LEASING DEALS

Building	Sq ft	Occupier	Rent (PSF)
The M Building, W1	218,496	BDO LLP	£118.00
Southside, 105 Victoria Street, SW1	135,239	Evercore Partners	£114.00 (blend)
1 Rathbone Square, W1	80,626	monday.com	£85.00 - £90.84
MediaWorks, W12	47,650	Imperial College of Science Technology and Medicine	Confidential
The Fitzrovia, W1	30,710	Associated British Foods Plc	Confidential

Knight Frank deals

INVESTMENT MARKET

£bn, % per annum	2023 Q3	2023 Q4	2024 Q1	2024 Q2	2024 Q3	% Change		Long-term average
						3M	12M	
Turnover	0.50 bn	1.32 bn	1.00 bn	0.99 bn	0.79 bn	-20.4%	58.4%	1.30 bn
Availability	3.79 bn	2.69 bn	2.68 bn	1.63 bn	1.15 bn	-29.3%	-69.6%	1.69 bn
Under Offer	0.73 bn	0.59 bn	0.43 bn	0.73 bn	0.77 bn	6.5%	6.5%	0.80 bn
Yield*	3.75%	3.75%	3.75%	3.75%	3.75%	0.0%	0.0%	3.56%

* percentage point difference from previous quarter/year

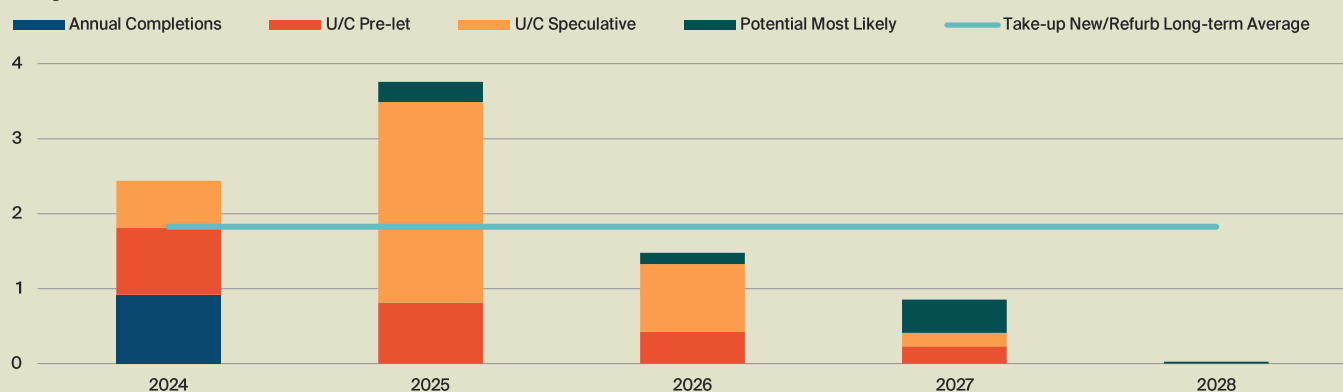
KEY INVESTMENT DEALS

Building	Price	Capital value (PSF)	Yield	Purchaser
24 Savile Row, W1	£90 m	£3,015	3.89%	Euro Real Estate
7 Clifford Street, W1	£85 m	£2,103	3.73%	Oval Real Estate/Elliott Management
2-3 Golden Square, W1	£40.3 m	£1,737	4.50%	Acai Group
77 Kingsway, WC2	£32.1m	£684	8.03%	Private Investor (Israel)
Fitzroy House, 45 Warren Street	£21 m	£493	-	TPG Angelo Gordon/Beltane Asset Management

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

West End - Development Pipeline

m sq ft



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.
- viii. The data includes standing investments, site purchases and funding transactions.
- ix. 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

