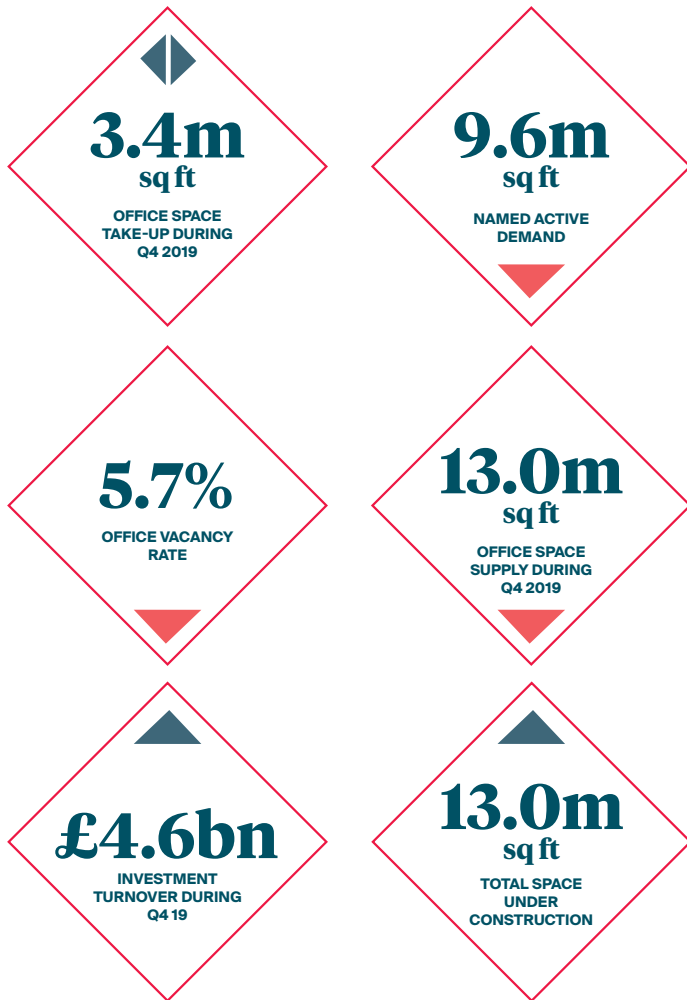


LONDON OFFICES SPOTLIGHT Q4 2019

LONDON OVERVIEW



KEY THEMES

- 1** Flurry of post-Election deals lifts investment turnover by 94% in Q4 19
- 2** Spike in pre-let activity could signal a structural shift in the market, with more occupier-developer-landlord partnerships to come
- 3** No respite in supply shortage will underpin new record rents across the board

SUBMARKET PRIME HEADLINE RENTS

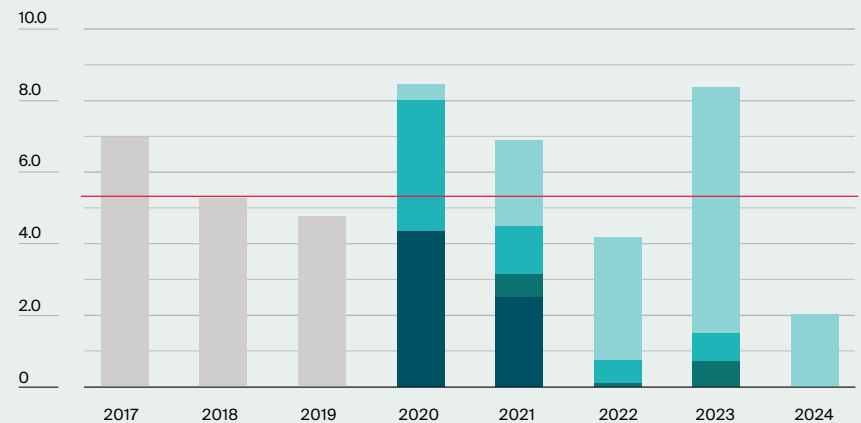
SUBMARKET	PRIME HEADLINE RENT (PSF)	CHANGE 3M	RENT FREE PERIODS*
WEST END CORE	£115.00	▲	21-24
MARYLEBONE	£97.50	▲	21-24
FITZROVIA	£92.00	▶	21-24
SOHO	£92.00	▲	21-24
KNIGHTSBRIDGE/CHELSEA	£90.00	▶	21-24
KING'S CROSS/EUSTON	£85.00	▶	21
VICTORIA	£80.00	▶	21-24
COVENT GARDEN	£80.00	▶	21-24
CLERKENWELL/FARRINGDON	£79.50	▶	18
PADDINGTON	£77.00	▶	21-24
MIDTOWN	£72.50	▶	21
CITY CORE	£72.50	◀▶	24
SOUTHBANK	£72.00	▲	18-21
ALDGATE/WHITECHAPEL	£62.50	▲	21-24
BATTERSEA/VAUXHALL	£57.50	▶	21-24
WHITE CITY	£55.00	▲	21-24
CANARY WHARF	£52.50	▲	27
STRATFORD	£44.00	▶	N/A

*Rent free period on a 10 year lease

London development pipeline

sq ft millions

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



Source: Knight Frank

WEST END OVERVIEW

LEASING MARKET

SQ FT	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19	% CHANGE		LONG-TERM AVERAGE
						3M	12M	
Take-up	1.72 m	1.26 m	1.05 m	1.03 m	1.53 m	49%	-11%	1.23 m
Availability	5.69 m	4.94 m	4.47 m	4.59 m	4.35 m	-5%	-24%	5.24 m
Vacancy Rate	6.6%	5.8%	5.2%	5.3%	5.0%	-6%	-24%	6.0%
Active Requirements	2.79 m	2.55 m	2.22 m	2.24 m	2.10 m	-6%	-25%	2.08 m

KEY LEASING DEALS

BUILDING	SQ FT	OCCUPIER	RENT (PSF)
Gateway Central, White City, W12	120,217	L'Oreal (UK) Limited	Confidential
Soho Place, 1 Oxford Street, W1	89,017	Apollo Global Management, LLC	Confidential
Wenlock Works, Shepherdess Walk, N1	63,874	Checkout.com	Confidential
338 Euston Road, NW1	44,505	Skyscanner	Confidential
Zig Zag Building, 70 Victoria Street, SW1	41,848	Neuberger Berman	Confidential

INVESTMENT MARKET

	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19	% CHANGE		LONG-TERM AVERAGE
						3M	12M	
Turnover	£1.45 bn	£2.75 bn	£0.87 bn	£0.62 bn	£1.46 bn	135%	1%	£1.37 bn
Availability	£0.92 bn	£0.42 bn	£1.46 bn	£0.85 bn	£1.69 bn	99%	84%	£1.21 bn
Under Offer	£0.76 bn	£0.61 bn	£0.82 bn	£1.18 bn	£0.96 bn	-19%	26%	£0.68 bn

KEY INVESTMENT DEALS

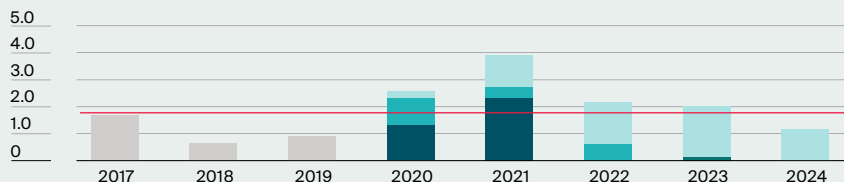
BUILDING	CAPITAL VALUE			PURCHASER
	PRICE	(PSF)	YIELD	
The Post Building, 21/31 New Oxford Street, WC1	£607.00 m	£2,123	3.96%	Pontegadea UK Ltd
Orion House, 5 Upper St Martins Lane, WC2	£130.00 m	£1,441	4.73%	K&K Property Holdings Ltd
11 Belgrave Road, SW1	£72.00 m	£852	4.21%	Quadrum Global Ltd
Wingate House, 93-107 Shaftesbury Avenue, W1	£70.00 m	£1,000	4.38%	BC Partners LLP/Seaforth Land
35 Great Smith Street, SW1	£30.40 m	£954	3.94%	RBS Pension Fund

West End development pipeline

sq ft millions

■ U/C Pre-let
 ■ Pipeline Pre-let
 ■ U/C Speculative
 ■ Pipeline Speculative
 ■ Completed

— Long-term annual average take-up of new and refurbished space



Source: Knight Frank

CITY OVERVIEW

LEASING MARKET

SQ FT	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19	% CHANGE		LONG-TERM AVERAGE
						3M	12M	
Take-up	2.24 m	1.40 m	1.62 m	1.97 m	1.62 m	-18%	-28%	1.80 m
Availability	6.69 m	6.53 m	6.08 m	6.14 m	6.43 m	5%	-4%	8.49 m
Vacancy Rate	5.5%	5.3%	4.9%	4.8%	5.2%	8%	-5%	7.3%
Active Requirements	4.15 m	4.23 m	5.05 m	5.58 m	5.17 m	-7%	25%	4.22 m

KEY LEASING DEALS

BUILDING	SQ FT	OCCUPIER	RENT (PSF)
22 Bishopsgate, EC2	156,442	Apple Pay	Confidential
Broadwalk House, 5 Appold Street, EC2	122,280	Monzo Bank	£45.00-£51.50
Plantation Place, 30 Fenchurch Street, EC3	79,373	Aspen Reinsurance	Confidential
22 Bishopsgate, EC2	52,140	Canopus	£75.00
22 Bishopsgate, EC2	50,472	Verisk Analytics	£75.00

INVESTMENT MARKET

	Q4 18	Q1 19	Q2 19	Q3 19	Q4 19	% CHANGE		LONG-TERM AVERAGE
						3M	12M	
Turnover	£2.82 bn	£1.15 bn	£0.82 bn	£1.77 bn	£3.07 bn	73%	9%	£2.15 bn
Availability	£1.12 bn	£2.04 bn	£2.18 bn	£2.04 bn	£0.57 bn	-72%	-49%	£1.98 bn
Under Offer	£0.77 bn	£0.48 bn	£0.94 bn	£1.24 bn	£1.12 bn	-10%	45%	£1.37 bn

KEY INVESTMENT DEALS

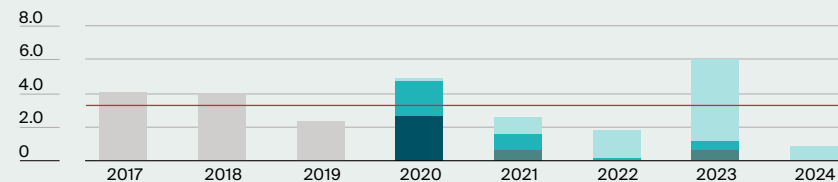
BUILDING	CAPITAL VALUE			PURCHASER
	PRICE	(PSF)	YIELD	
40 Leadenhall, EC3	£355.00 m	£309	n/a	M&G Investments
Premier Place, 2a Devonshire Square, EC2	£327.70 m	£1,431	4.25%	EPF Group
24-25 Britton Street, EC1	£64.50 m	£1,293	4.07%	Antirion
90 Chancery Lane, WC2	£34.00 m	£1,110	4.63%	GLS Estates
34-38 Provost Street, N1	£13.50 m	£1,203	4.71%	Private Middle Eastern

City development pipeline

sq ft millions

■ U/C Pre-let
 ■ Pipeline Pre-let
 ■ U/C Speculative
 ■ Pipeline Speculative
 ■ Completed

— 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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