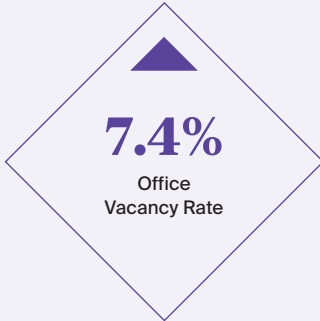
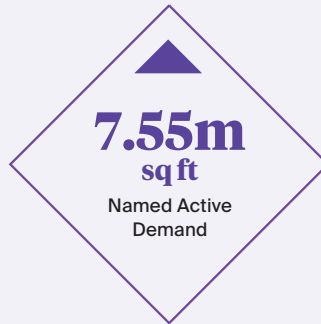


# LONDON OFFICES SPOTLIGHT Q4 2020

# LONDON OVERVIEW



## KEY THEMES

**1**

Investment market rebounds

**2**

Take up stabilizing

**3**

City yields tighten

## SUBMARKET PRIME HEADLINE RENTS

SUBMARKETS	VACANCY RATE	PRIME HEADLINE RENT (PSF)	CHANGE 3M	RENT FREE PERIODS*
West End Core	9.7%	£110.00	↔	24-27
Marylebone	8.2%	£92.50	↔	24-27
Fitzrovia	10.4%	£87.50	↔	27
Soho	8.6%	£90.00	↔	24-27
Knightsbridge/Chelsea	10.6%	£90.00	↔	24-27
King's Cross/Euston	1.5%	£82.50	↔	24-27
Victoria	4.9%	£72.50	▼	27
Strand/Covent Garden	9.7%	£77.50	↔	27
Bloomsbury	10.1%	£77.50	↔	24-27
Clerkenwell/Farringdon	5.4%	£77.50	↔	24
Paddington	4.5%	£75.00	↔	24-27
Midtown	3.1%	£70.00	↔	27
City Core	8.6%	£70.00	↔	27
Southbank	3.4%	£72.00	↔	24
Aldgate/Whitechapel	7.9%	£60.00	↔	27
Battersea/Vauxhall	2.2%	£55.00	↔	24-27
White City	25.5%	£55.00	▲	24-27
Canary Wharf	10.4%	£50.00	↔	27-30
Stratford	21.1%	£45.00	▲	27
Rest Of Docklands	13.1%	£32.50	↔	27-30

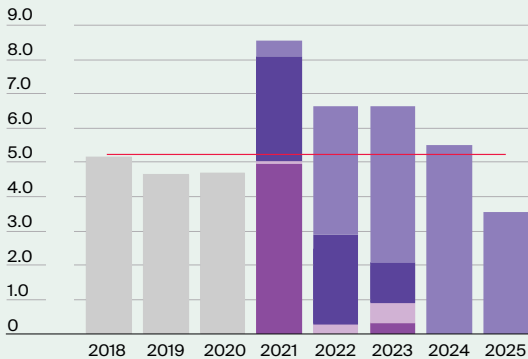
\*Rent free period on a 10 year lease

### 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

NAMED ACTIVE DEMAND

**7.55m sq ft**

**3.75m sq ft**

City

**1.52m sq ft**

West End

**0.24m sq ft**

Docklands

**2.04m sq ft**

London Wide

# WEST END OVERVIEW

## LEASING MARKET

SQ FT	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20	% CHANGE		LONG-TERM AVERAGE
						3M	12M	
Take-up	1.53 m	0.66 m	0.43 m	0.34 m	0.52 m	53%	-66%	1.16 m
Availability	4.29 m	3.68 m	4.28 m	5.33 m	6.69 m	26%	56%	5.05 m
Vacancy Rate	5.0%	4.2%	4.9%	6.1%	7.7%	26%	54%	6.0%
Active Requirements	2.10 m	2.15 m	1.49 m	1.36 m	1.52 m	12%	-28%	2.06 m

## KEY LEASING DEALS

BUILDING	SQ FT	OCCUPIER	RENT (PSF)
Belgrave House, SW1	131,300	American Express	Confidential
40 Portman Square, W1	58,648	CPPIB	Confidential
Grain House, Drury Lane, WC2	35,737	Hines UK	Confidential
Air W1, 20 Air Street, W1	30,177	Twitter	Confidential
Euston House, 24 Eversholt Street, NW1	21,647	Department of Work & Pensions	Confidential

## INVESTMENT MARKET

	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20	% CHANGE		LONG-TERM AVERAGE
						3M	12M	
Turnover	£1.46 bn	£1.08 bn	£0.16 bn	£0.53m	£2.87 bn	442%	97%	£1.33 bn
Availability	£1.69 bn	£1.85 bn	£1.91 bn	£1.65 bn	£1.37 bn	-17%	-19%	£1.29 bn
Under Offer	£0.96 bn	£0.59 bn	£0.82 bn	£1.11 bn	£0.29 bn	-74%	-70%	£0.68 bn

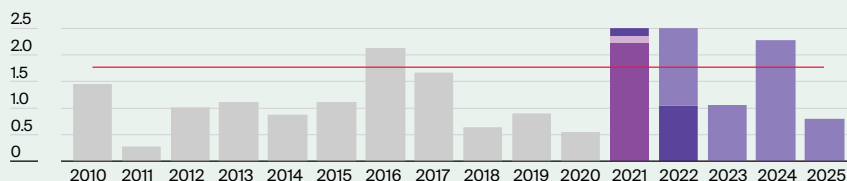
## KEY INVESTMENT DEALS

BUILDING	PRICE	CAPITAL VALUE (PSF)	YIELD	PURCHASER
The Nova Estate (50%), SW1	£435 m	£1,551	4.62%	ARA
British Land Portfolio (75%), W1	£401 m	£1,725	4.32%	Allianz Real Estate
The Clarges Estate, W1	£177 m	£2,720	3.52%	Deka Immobilien
1 St Jame's Square, SW1	£250.1 m	£2,413	4.20%	Lifestyle Holdings
21 St James's Square, SW1	£187.5 m	£3,055	3.65%	Pontegadea

## 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 & SOUTHBANK OVERVIEW

## LEASING MARKET

SQ FT	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20	% CHANGE		LONG-TERM AVERAGE
						3M	12M	
Take-up	1.62 m	1.28 m	0.54 m	0.63 m	0.54 m	-14%	-67%	1.74 m
Availability	6.43 m	7.16 m	7.47 m	7.99 m	8.37 m	5%	30%	8.32 m
Vacancy Rate	5.2%	5.7%	6.0%	6.3%	6.5%	5%	26%	7.0%
Active Requirements	5.17 m	4.44 m	3.51 m	2.82 m	3.75 m	33%	-27%	4.18 m

## KEY LEASING DEALS

BUILDING	SQ FT	OCCUPIER	RENT (PSF)
The London Studios, SE1	155,000	Film Studio	Confidential
33 Finsbury Square, EC2	72,441	City University London	Confidential
The London Studios, SE1	32,740	Proposition Studios	Confidential
25 Cophthall Avenue, EC2	29,056	JM Finn	Confidential
The Scalpel, EC3	22,726	Britannia Financial	Confidential

## INVESTMENT MARKET

	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20	% CHANGE		LONG-TERM AVERAGE
						3M	12M	
Turnover	£3.07 bn	£1.48 bn	£0.43 bn	£0.35 bn	£2.06 bn	489%	-33%	£2.11 bn
Availability	£0.57 bn	£0.69 bn	£3.86 bn	£2.02 bn	£2.87 bn	42%	407%	£2.39 bn
Under Offer	£1.12 bn	£2.28 bn	£2.65 bn	£2.86 bn	£1.54 bn	-47%	38%	£1.53 bn

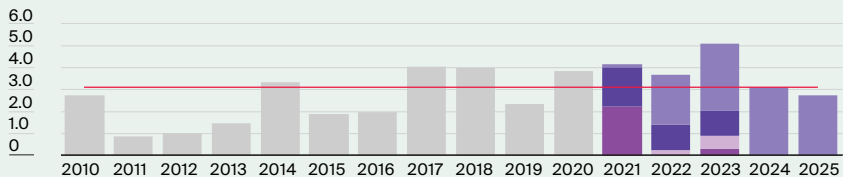
## KEY INVESTMENT DEALS

BUILDING	PRICE	CAPITAL VALUE (PSF)	YIELD	PURCHASER
One & Two New Ludgate, EC4	£552 m	£1,420	4.17%	Sun Ventures
1 London Wall Place, EC2	£480 m	£1,551	3.79%	AGC Equity Partners
Atlantic House, Holborn Viaduct, EC1	£265 m	£1,021	3.80%	CBRE Global Investors
The Johnson Building, 77 Hatton Garden, EC1	£174.9 m	£908	4.10%	Eurazeo
75 King William Street, EC4	£128 m	£997	4.60%	London & Oxford

## City & Southbank 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

# DOCKLANDS & STRATFORD OVERVIEW

## LEASING MARKET

SQ FT	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20	% CHANGE		LONG-TERM AVERAGE
						3M	12M	
Take-up	0.24 m	0.09 m	0.27 m	0.06 m	0.07 m	17%	-71%	0.25 m
Availability	2.21 m	2.26 m	2.48 m	2.42 m	2.55 m	5%	15%	1.65 m
Vacancy Rate	11.8%	10.8%	11.2%	10.9%	12.2%	12%	3%	8.0%
Active Requirements	0.67 m	0.89 m	0.57 m	0.31 m	0.24 m	-23%	-64%	0.50 m

## KEY LEASING DEALS

BUILDING	SQ FT	OCCUPIER	RENT (PSF)
Here East, E20	30,346	Ford Motor Company	Confidential
Here East, E20	26,324	Sports Interactive	Confidential
Here East, E20	4,908	Plykea	Confidential
South Quay Building, E14	3,865	Farimort	Confidential

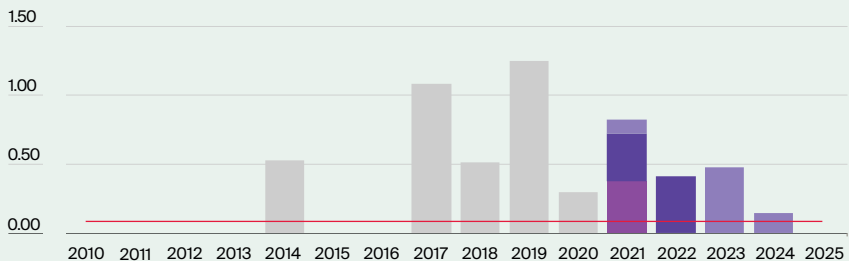
## INVESTMENT MARKET

	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20	% CHANGE		LONG-TERM AVERAGE
						3M	12M	
Turnover	£0.11 bn	£0.00 bn	£0.00 bn	£0.38 bn	£0.00 bn	-100%	-100%	-
Availability	-	£0.00 bn	£0.45 bn	£0.70 bn	£0.75 bn	7%	-	-
Under Offer	-	£0.76 bn	£0.69 bn	£0.05 bn	£0.00 bn	-74%	0%	-

### Docklands & Stratford 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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