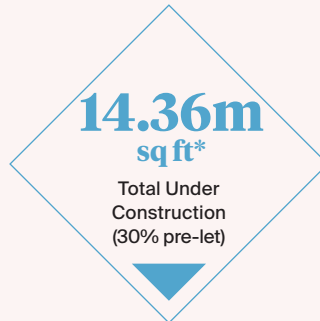
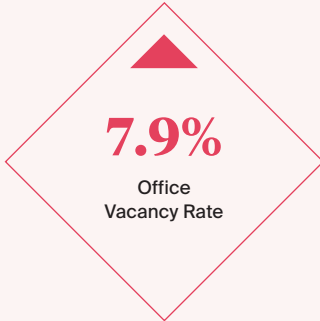
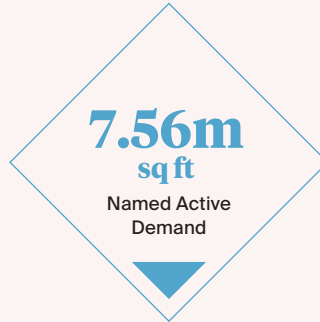
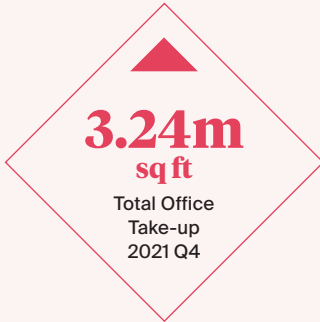


LONDON OFFICES SPOTLIGHT 2021 Q4

LONDON OVERVIEW



KEY THEMES

1

Quarterly take up
above trend

2

Low levels of available
prime buildings

3

Yield compression in
core sub-markets

* Total under construction and off plan pre-lets total 15.03m sq ft (33% Pre-let)

SUBMARKET PRIME HEADLINE RENTS

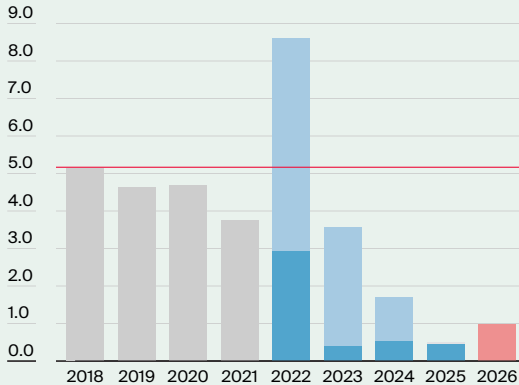
SUBMARKETS	VACANCY RATE	PRIME HEADLINE RENT (PSF)	CHANGE 3M	RENT FREE PERIOD (MONTHS)*
ALDGATE/WHITECHAPEL	8.8%	£60.00	↕	27
CITY CORE	8.6%	£75.00	↕	27
CLERKENWELL/FARRINGDON	9.1%	£79.00	↕	24
MIDTOWN	4.7%	£70.00	↕	27
SOUTHBANK CORE	4.6%	£75.00	▲	24-27
VAUXHALL/BATTERSEA	3.7%	£55.00	↕	24-27
CANARY WHARF	11.0%	£50.00	↕	30
REST OF DOCKLANDS	10.8%	£32.50	↕	30
STRATFORD	13.7%	£46.50	↕	27
BLOOMSBURY	12.5%	£77.50	↕	24-27
FITZROVIA	8.8%	£87.50	↕	24
KING'S CROSS/EUSTON	4.0%	£82.50	↕	24-27
KNIGHTSBRIDGE/CHELSEA	10.3%	£90.00	↕	24-27
MARYLEBONE	5.4%	£92.50	↕	24
PADDINGTON	6.2%	£75.00	↕	24-27
SOHO	7.8%	£90.00	↕	24
STRAND/COVENT GARDEN	11.7%	£77.50	↕	24-27
VICTORIA	4.6%	£77.50	↕	24-27
WEST END CORE	8.3%	£117.50	↕	24
WHITE CITY	23.4%	£55.00	↕	24-27

*Rent free period on a 10 year lease

London development pipeline

m sq ft

- Completed
- U/C Pre-let
- U/C Available
- Speculative Pipeline
- Long-term New & Refurbished Take-up



Source: Knight Frank

PRE-LET SPACE

32%

City



32%

West End



0%

Docklands & Stratford



WEST END OVERVIEW

LEASING MARKET

SQ FT	20 Q4	21 Q1	21 Q2	21 Q3	21 Q4	% CHANGE		LONG-TERM AVERAGE
						3M	12M	
Take-up	0.51 m	0.43 m	0.60 m	1.52 m	1.36 m	-10.1%	166.9%	1.11 m
Availability	6.69 m	7.04 m	6.86 m	6.93 m	6.86 m	-1.0%	2.5%	5.18 m
Vacancy Rate*	7.7%	8.1%	7.8%	7.8%	7.7%	-0.2%	0.0%	6.6%
Active Requirements	1.53 m	1.86 m	1.55 m	1.31 m	1.53 m	16.5%	0.3%	2.05 m

*% changes refer to the absolute change between 3 and 12 months and not the growth during these periods.

KEY LEASING DEALS

BUILDING	SQ FT	OCCUPIER	RENT (PSF)
The Barkers Building, W8*	128,000	Daily Mail Group	Confidential
99-121 Kensington High Street, W8*	126,000	Daily Mail Group	Confidential
70 Berners Street, W1	97,000	Gamesys	£85.00
Central St Giles, WC2	43,000	Google	£75.12
7 Herbrand Street, WC1	65,000	Thought Machine	Confidential

* Knight Frank deals

INVESTMENT MARKET

	20 Q4	21 Q1	21 Q2	21 Q3	21 Q4	% CHANGE		LONG-TERM AVERAGE
						3M	12M	
Turnover	£2.87 bn	£0.69 bn	£0.84 bn	£1.75 bn	£1.57 bn	-10.1%	-45.2%	£1.42 bn
Availability	£1.37 bn	£1.87 bn	£2.03 bn	£1.54 bn	£1.02 bn	-33.7%	-25.5%	£1.34 bn
Under Offer	£0.29 bn	£0.23 bn	£1.46 bn	£2.14 bn	£2.87 bn	34.0%	889.7%	£0.83 bn
Yields	3.50%	3.50%	3.50%	3.50%	3.25%	-	-	3.63%

KEY INVESTMENT DEALS

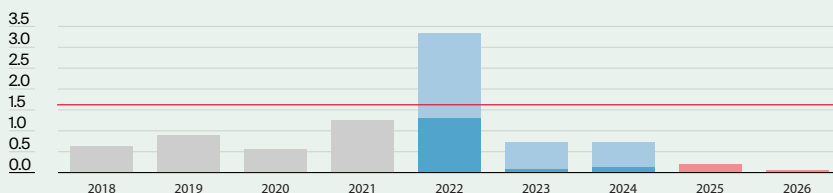
BUILDING	PRICE	CAPITAL VALUE (PSF)	YIELD	PURCHASER
Marble Arch Place, W1	£280 m	£1,974	4.18%	ARA
60 Sloane Avenue, SW3	£198 m	£1,612	N/A	Bain Capital / CIT
The Eversholt, NW1*	£110 m	£992	5.13%	Brunswick
2 Cavendish Square, W1	£64.10 m	£2,365	3.45%	CBRE Investment Management
1 Old Queen Street, SW1	£38.45 m	£1,951	3.83%	Private Investor

* Knight Frank deals

West End development pipeline

m sq ft

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



Source: Knight Frank

*Total under construction and off plan pre-lets total 5.43m sq ft (37% Pre-let)

CITY & SOUTHBANK OVERVIEW

LEASING MARKET

SQ FT	20 Q4	21 Q1	21 Q2	21 Q3	21 Q4	% CHANGE		LONG-TERM AVERAGE
						3M	12M	
Take-up	0.55 m	0.77 m	0.83 m	1.09 m	1.81 m	66.1%	230.9%	1.68 m
Availability	8.37 m	8.61 m	9.60 m	9.30 m	9.87 m	6.2%	18.0%	8.18 m
Vacancy Rate*	6.5%	6.6%	7.3%	7.1%	7.5%	0.4%	0.9%	7.1%
Active Requirements	3.75 m	3.96 m	4.66 m	5.21 m	4.28 m	-17.7%	14.2%	4.21 m

*% changes refer to the absolute change between 3 and 12 months and not the growth during these periods.

KEY LEASING DEALS

BUILDING	SQ FT	OCCUPIER	RENT (PSF)
1-2 Broadgate, EC2	271,000	Allen & Overy	Confidential
Bloom Farringdon, EC1	114,000	Snapchat	£79.00-£88.00
22 Bishopsgate, EC2	78,000	Apple	£75.00
22 Bishopsgate, EC2	69,000	William Blair	£87.92
25 Cannon Street, EC4	59,000	Dechert LLP	£67.50

INVESTMENT MARKET

	20 Q4	21 Q1	21 Q2	21 Q3	21 Q4	% CHANGE		LONG-TERM AVERAGE
						3M	12M	
Turnover	£2.06 bn	£0.63 bn	£2.29 bn	£2.10 bn	£2.10 bn	0.2%	2.0%	£2.17 bn
Availability	£2.89 bn	£1.81 bn	£2.62 bn	£3.70 bn	£4.50 bn	21.5%	55.7%	£2.53 bn
Under Offer	£1.54 bn	£1.52 bn	£0.92 bn	£1.12 bn	£3.10 bn	176.0%	101.3%	£1.55 bn
Yields	4.00%	4.00%	4.00%	4.00%	3.75%	-	-	4.36%

KEY INVESTMENT DEALS

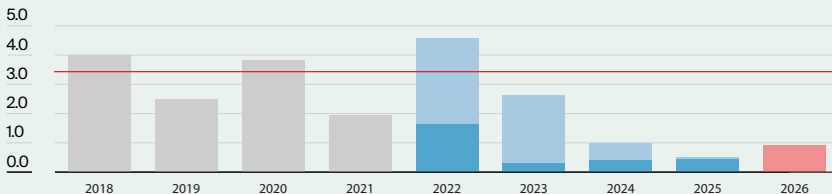
BUILDING	PRICE	CAPITAL VALUE (PSF)	YIELD	PURCHASER
2-3 Bankside Buildings, SE1	£440 m	£1,058	4.52%	Omnicom
18 Blackfriars Road, SE1	£210 m	£290	N/A	Hines/NPS
100 New Bridge Street, EC4*	£160 m	£958	4.48%	Helical
Saffron House, 6-10 Kirby Street, EC1	£95 m	£1,302	4.53%	Blackrock
C Space, 37-45 City Road, EC1	£91.50 m	£1,476	3.97%	PGIM

* Knight Frank deals

City & Southbank development pipeline

m sq ft

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



Source: Knight Frank

*Total under construction and off plan pre-lets total 8.84m sq ft (33% Pre-let)

DOCKLANDS & STRATFORD OVERVIEW

LEASING MARKET

SQ FT	20 Q4	21 Q1	21 Q2	21 Q3	21 Q4	% CHANGE		LONG-TERM AVERAGE
						3M	12M	
Take-up	0.07 m	0.00 m	0.27 m	0.02 m	0.07 m	181.3%	2.1%	0.22 m
Availability	2.56 m	2.30 m	2.29 m	2.48 m	2.65 m	7.0%	3.7%	1.77 m
Vacancy Rate*	11.1%	9.8%	9.7%	10.5%	11.2%	0.7%	0.1%	8.3%
Active Requirements	0.24 m	0.28 m	0.75 m	0.64 m	0.63 m	-1.6%	161.4%	0.55 m

*% changes refer to the absolute change between 3 and 12 months and not the growth during these periods.

KEY LEASING DEALS

BUILDING	SQ FT	OCCUPIER	RENT (PSF)
Export Building, E14	24,000	York St John University	£36.00
Altitude, Royal Albert Docks, E16	15,000	Department of Work & Pensions	£33.00

INVESTMENT MARKET

	20 Q4	21 Q1	21 Q2	21 Q3	21 Q4	% CHANGE		LONG-TERM AVERAGE
						3M	12M	
Turnover	-	-	-	-	£0.44 bn	-	-	-
Availability	£0.75 bn	£0.73 bn	£0.37 bn	£0.37 bn	£0.05 bn	-87.5%	-93.9%	-
Under Offer	£0.00 bn	£0.00 bn	£0.00 bn	£0.00 bn	£0.00 bn	-	-	-
Yields	4.75%	4.75%	4.75%	4.75%	4.75%	-	-	-

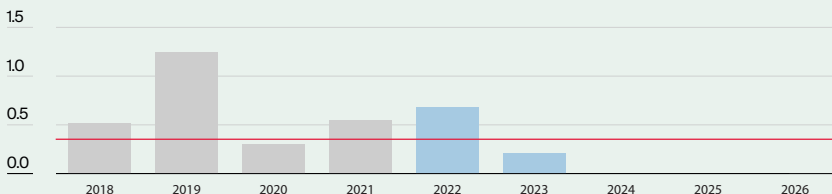
KEY INVESTMENT DEALS

BUILDING	PRICE	CAPITAL		PURCHASER
		VALUE (PSF)	YIELD	
20 Churchill Place, E14	£245 m	£680	5.86%	Brookfield
6-9 Harbour Exchange, E14	£196.50 m	£706	3.99%	Blackstone

Docklands & Stratford development pipeline

m sq ft

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



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 £1m 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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