

M25 & South East Markets Report

A Spotlight on Offices and Life Sciences

KEY MARKETS 2023



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Heathrow



A Look Back

- The Heathrow market is almost entirely based on Stockley Park. However, Henley's regeneration of Bedfont Lakes – now rebranded as Bloom – will offer an upgraded business park option in the Heathrow area.
- Whilst vacancy rates remain high, Union has bucked the trend and secured lettings to Heidelberg and Keyence, with the remainder of the building close to under offer to Teledyne and a confidential occupier. These occupiers are all new entries to Stockley Park.
- IMG's expansion into Stockley Park and other associated TV companies like the Premier League is starting to create a cluster of businesses within this sector. This trend might continue to absorb more supply in the Park.
- Meanwhile, occupiers such as Marks & Spencer and Celegene have left the Park, whilst others such as Hikvision and Hasbro are regearing their occupation at 4 The Square.

A Look Forward

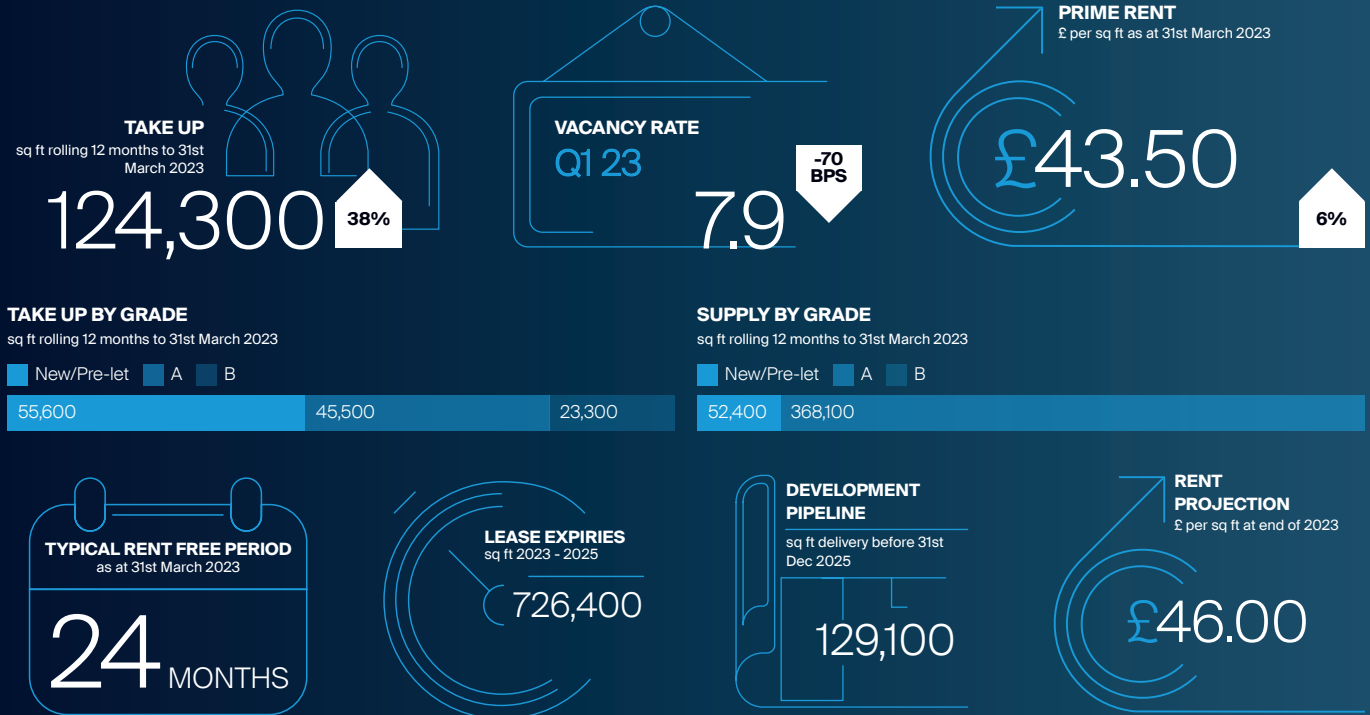
- One of the biggest questions about Stockley Park is what Gilead will do next. They currently occupy c.90,000 sq ft and are addressing the dilemma of how much space and where they will need space for the next 5-10 years.
- With four vacant buildings over 50,000 sq ft, three of which need to be refurbished, the question is who will begin refurbishment first, or might Stockley Park start reinventing itself as a mixed-use Park?
- The park continues to cry out for the Arena to inject some much-needed upgrades and improvements to the amenity offering in Stockley Park, which will dramatically improve the appeal of the Park to occupiers.
- Rents have stabilised in the region of £38.00 per sq ft, but the further erosion of the existing supply will be key to Stockley Park's future success.



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Maidenhead



A Look Back

- Leasing activity in Maidenhead proved to be very healthy in 2022. This mainstay of interest was out-of-town, specifically, JP Morgan's Foundation Park, where Ultra Electronics took a 56,283 sq ft pre-let of a hybrid unit. At the same time, Biogen and LabCorp acquired space in their existing buildings.
- With Maidenhead Office Park now focused on submitting a change of use planning application to industrial and Vanwall Business Park, starting the transition into a more mixed-use park, the OOT supply chain is tightening.
- The Landing mixed-use development continues to take shape and will form a big part of the Maidenhead regeneration. Initially, to deliver over 400 residential homes, the development will include over 100,000 sq ft of offices, 36,000 sq ft of restaurants/retail and 27,000 sq ft of public space.

A Look Forward

- The big story in Maidenhead is the delivery of Legal & General's Tempo building immediately opposite the train station and at the doorstep of Maidenhead town centre. 150,000 sq ft of the highest quality office space, with ESG at its heart, will be delivered in Q4 2023. The building will be one of the first NABERS-rated facilities in the South East and will include a café, gym/studio space and three communal rooftop pavilions around an 8,000 sq ft terrace.
- Rental aspirations in Maidenhead will rightly align with the depth of quality, ESG, service and amenities offered to occupiers at Tempo, with expectations that rent will reach the high £40s in 2023.
- Future gazing – the next phase of Maidenhead's regeneration focuses on the Nicholson Quarter. Almost 1.5m sq ft of proposed mixed-use space will transform Maidenhead Town Centre with an injection of office, retail, restaurant, leisure and residential accommodation. The exact timing of this is still TBC.



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Slough



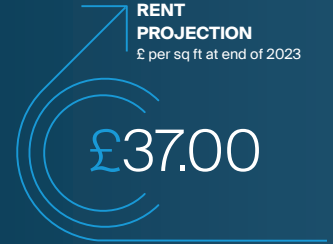
TAKE UP BY GRADE

sq ft rolling 12 months to 31st March 2023



SUPPLY BY GRADE

sq ft rolling 12 months to 31st March 2023



A Look Back

- The evolving face of Slough's Bath Road is changing bit by bit. As occupiers like O2, Lonza and Stanley Black & Decker plot their departure, so determine the future of Bath Road as a data centre and industrial cluster.
- 27,000 sq ft of the Porter Building is now available in a property that has been one of the most successful Slough developments in the last 20 years. The next chapter for this building will be delivered to the market in 2023 by Spelthorne Council.
- With the Elizabeth Line fully operational, Slough's connection to Paddington and central London should put it in a strong position to pick up a wider demand pool.
- Kennedy Wilson has secured Pet Plan Allianz and Continental Tyres in 20,000 sq ft in Botanica, Ditton Park. These occupiers add to the tenant lineup alongside Arvato, Groupe SEB and DX.

A Look Forward

- The Slough office supply will polarise around the train station and the town centre. The Porter Building and FutureWorks will monopolise any Slough-focused demand.
- In the OOT market, Kennedy Wilson looks set to add to their successes in 2023 at Botanica, Ditton Park. The offer of an amenity-rich building with plenty of car parking in an ESG-friendly landscaped environment will continue to prove appealing to occupiers.
- A significant part of Slough's town centre regeneration will come via the mixed-use redevelopment of the Queensmere Shopping Centre and the North West Quadrant. Both will offer significant residential development with a mix of office, retail and leisure surrounding. Will the Slough market see these break ground in 2023?



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Watford



A Look Back

- Watfords most significant deals in 2022 came via transactions in the town centre to Medivet and Rontec at Hyde and 40 Clarendon Road, respectively. Both substantiated a high £ 30's rental tone before the next stage of development breaches the £40 per sq ft mark.
- Croxley Business Park continued its success by landing Signet in 20,300 sq ft and three other smaller tenants. As a single-owned business park that has gone above and beyond to offer occupiers a spectrum of services and amenities, its success has been rewarded.
- The depth of Watford's offering will continue to see it capitalise on further occupier movement from other locations such as St Albans, Borehamwood and Hemel Hempstead.

A Look Forward

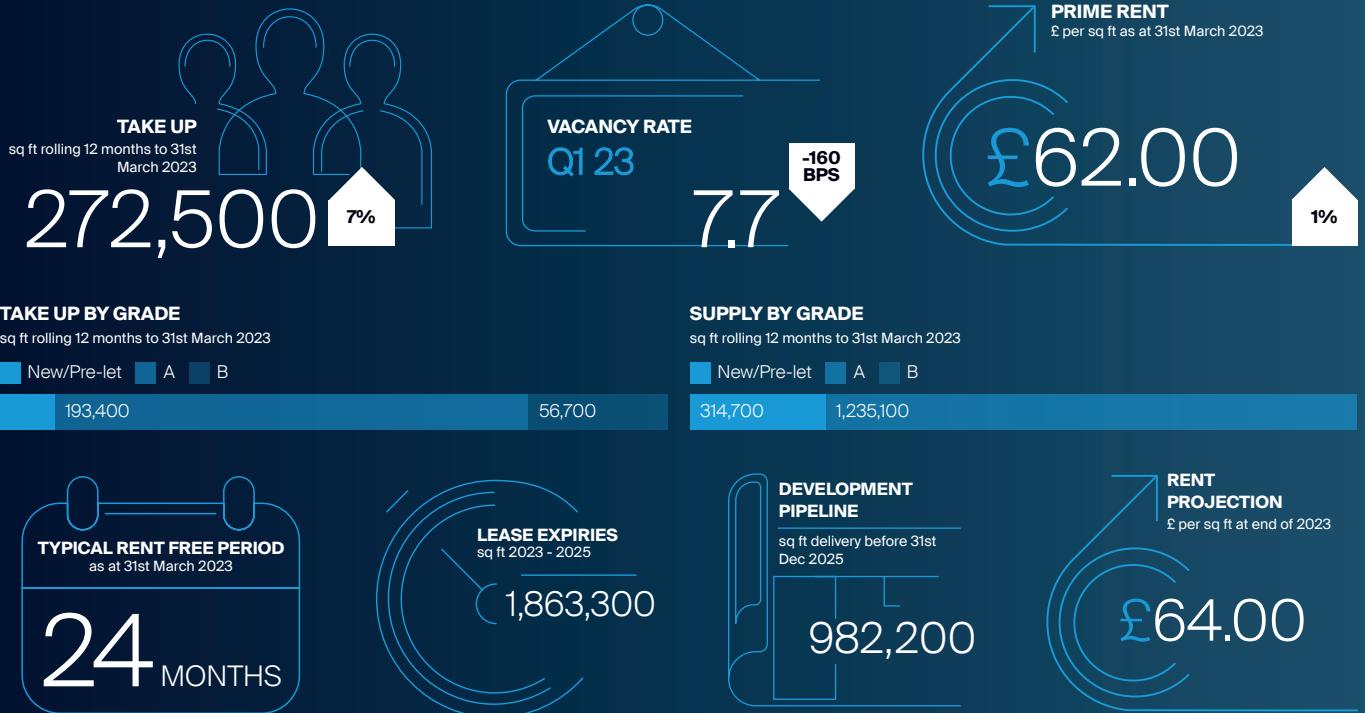
- Regal London's ongoing development of 140,000 sq ft at The Clarendon Works is the big story in Watford. The building doesn't reach practical completion until mid-2024, but there is a good chance that pre-completion lettings will be achieved in 2023. The delivery of an ESG-focused BREEAM Excellent and EPC 'A' building will offer every opportunity to push rents well above £40 per sq ft.
- The Clarendon Road has further reinvented itself, bookended by Watford Junction, which provides a fast train service into London, and the Atria Shopping Centre. TK Maxx's investment into their new headquarters and further development along Clarendon Road mean further successes will soon come.
- What is next for Croxley Business Park, coupled with an interest in ASOS's space at Leavesden Park, will determine the future of the OOT Watford market. Continued occupier movement will be key, but both assets are well placed to capitalise as interest improves.



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West London



A Look Back

- 2022 proved subdued in the West London market, with a shortage of significant transactions. The biggest deal was Penguin Random House's freehold sale of 49,247 sq ft to The University of West London in Ealing.
- White City continued its success with lettings to Gravity Media and ME & EM in WestWorks. This means Cadillac Fairview's asset is fully let to a wide variety of tenants focused on the retail, life science and TV/Production sectors.
- Hammersmith has welcomed occupiers such as Nomad Foods to 184 Shepherds Bush Road and Jack Morton to the Foundry. Both have taken tenant release space with the benefits of capital expenditure savings as they utilise existing fit-out.
- 245 Hammersmith Road has added to its life science roster with the arrival of Resolution Therapeutics. In addition, CF Partners relocated from 80 Hammersmith Road. There remain 125,000 sq ft to let at a rebalanced quoting rent from £55.00 per sq ft.
- In 2022, Chiswick saw many enquiries going on hold until 2023/2024, with just the 32,000 sq ft letting Carallion boast about at 272 Gunnersbury.

A Look Forward

- Mitsui Fudosan/AimCo/Stanhope will expect to see a positive lease up following the completion of Gateway Central and Gateway West. In addition, Q2 2023 has seen the completion of One Wood Crescent. Cumulatively, the three buildings offer almost 250,000 sq ft of ESG-focused best-in-class office space with rent aspirations in the mid £ 60's per sq ft.
- Hammersmith has five developments under construction, amounting to 850,000 sq ft of office accommodation. The Fold and Pembroke in Kensington Village are set for practical completion in Q3 2023. Brookfield is developing the Refinery at Hammersmith Embankment, which will deliver 120,000 sq ft of lab-enabled space in 2024. Most significant is the highly anticipated arrival of 550,000 sq ft of office space as part of Yoo Capitals' £1.3 billion regeneration of Olympia to complete London's newest creative district.
- With over 100,000 sq ft of office space under negotiation at Chiswick Park from multiple businesses, there is a positive outlook for 2023. The 'Enjoy Work' programme continues to play a key role in encouraging existing staff back to the office and is a major draw for new occupiers to the Park.



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Brighton



A Look Back

- Brighton has continued to cement itself as a TMT Hub in the past 12 months with Hyve Managed Hosting and Electric Square following the "flight to quality" trend. Both have taken space at Circus Street, leaving just c.10,000 sq ft of New space available in the City.
- The mega 85,000 sq ft pre-let (letting pre-completion rather than off-plan pre-let) at Edward Street has proven Brighton can land the "big deals". Octopus Energy moved quickly with the structural shifts in the energy sector, acquiring local businesses like Bulb and rapidly growing its footprint. What started as a 15,000 sq ft requirement rapidly rose to the delight of the developer (Patron / Socius). Edward Street delivered a huge amount of office space into the Brighton market, but due to this pre-let, the demand and supply dynamic remains incredibly tight.
- The prime headline rent achieved remains c.£36.00 per sq ft, but the market has not seen new products delivered in the most prime of locations – like we said last year, watch the performance of the development pipeline in the coming years for lettings closer to headline rents of £40.00 per sq ft.

A Look Forward

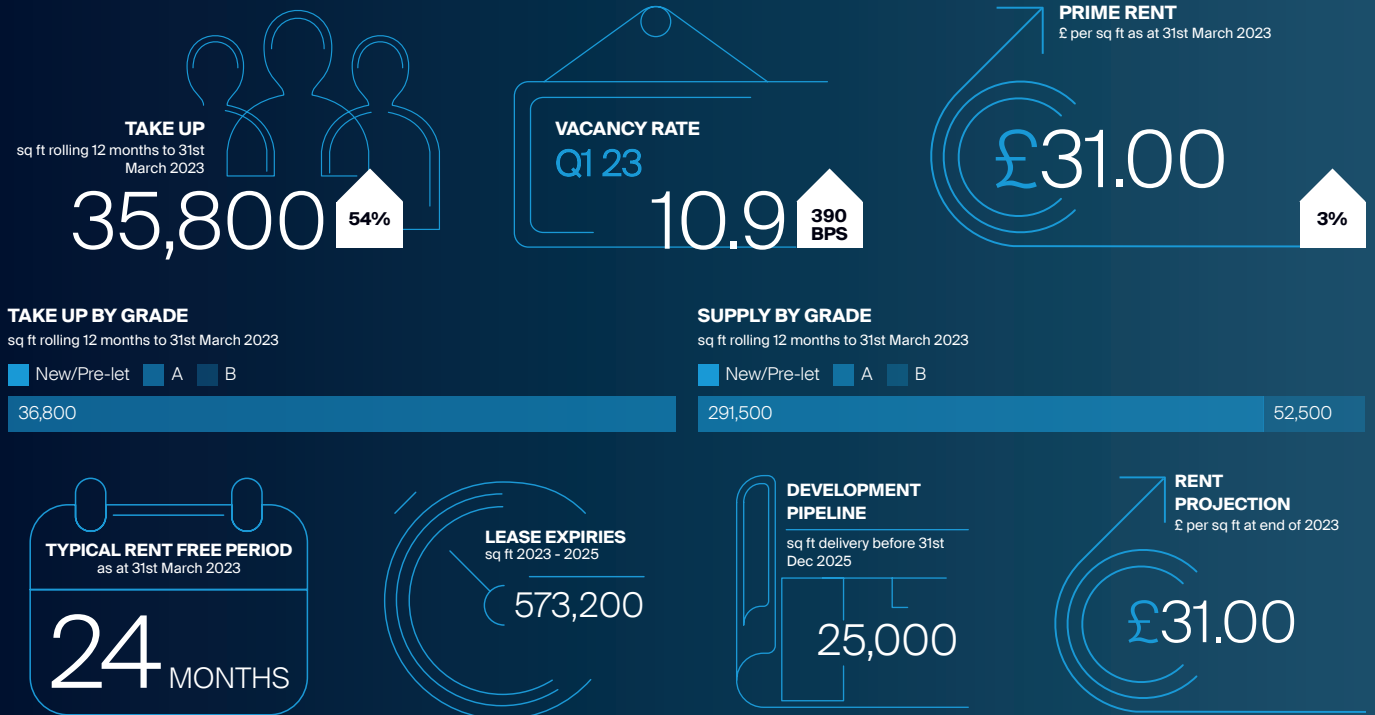
- All eyes are on the owners of Middle Street and Portland, each delivering schemes between 20,000 and 30,000 sq ft in the next 12 months. With both located in the heart of The Lanes and with the most recent development pipeline (Circus Street and Edward Street) letting up, it will be interesting to see who snaps them up first.
- There continues to be a healthy level of occupier demand, albeit moving slightly slower and more strategically like many businesses post-pandemic. Professional services firms like Close Brothers and Mott MacDonald want to downsize but upgrade. At the same time, we wait to see which sub-sector of TMT will deliver the "unpredictable" growth demand that Brighton has consistently demonstrated over the past five years.



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Bracknell



A Look Back

- The town centre has undergone a substantial transformation over the last five years, with the Lexicon continuing to provide variety and improved shopping experiences for residents. While this has delivered much-needed amenities for the town, there remains an opportunity to create the next wave of new workspaces.
- Arlington Square has maintained its position as the premium office development in Bracknell and secured various lettings, including Ihasco and Netscout, in 2022. There have already been two lettings this year, with GE and Tiro taking space in 3 Arlington Square.
- In 2022, take-up equated to 39,859 sq ft, which aligns with the average take-up since COVID. However, it falls short of the take-up levels in 2017 and 2018, which exceeded 150,000 sq ft.

A Look Forward

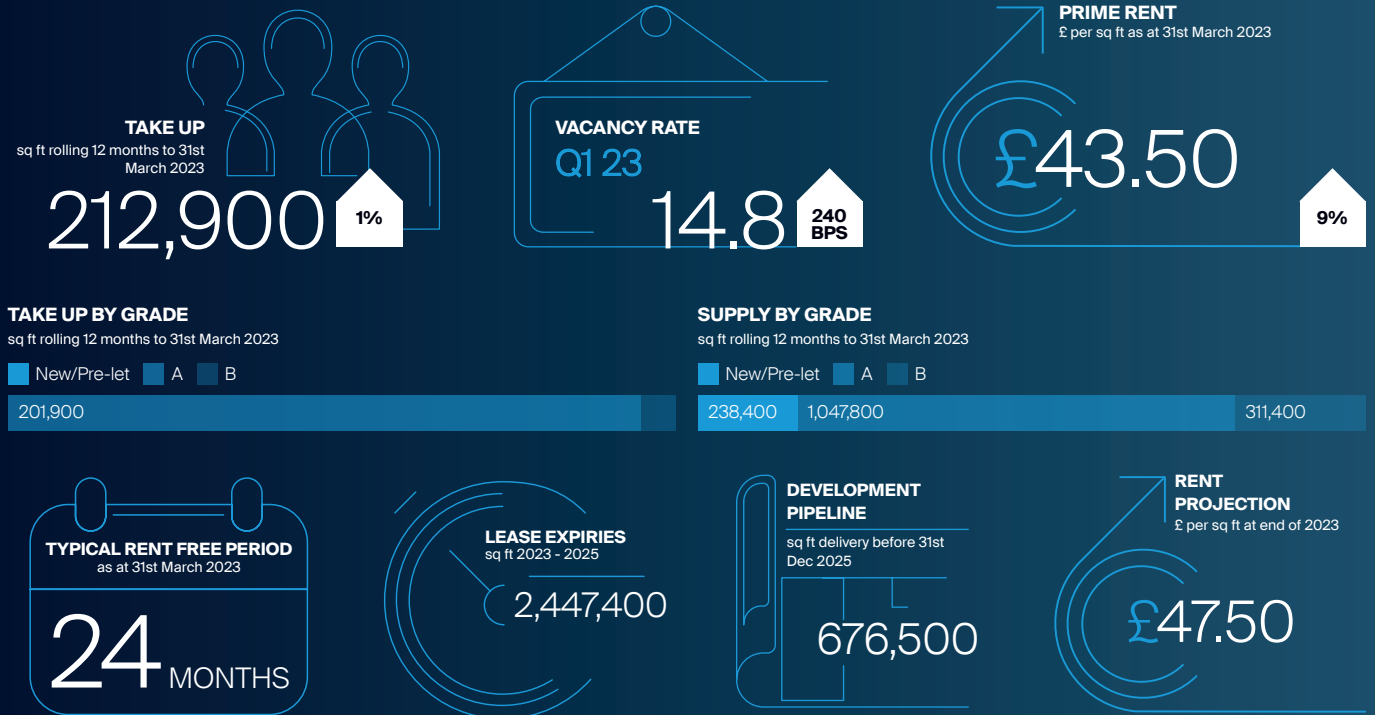
- Although various enhancements to the Lexicon have been delayed, including the Deck, which is now expected to complete in 2024, the town centre will continue to lure in new and emerging F&B providers to improve the sense of place.
- Kennedy Wilson is to reposition the Capitol Building to enhance the on-site facilities and create exciting workspaces to take the building to the next level. The works are expected to be completed by the end of 2023, bringing 15,000 sq ft of new Grade A space to the market.
- We anticipate a transition towards upgrading the office stock in the coming years with the continued erosion of secondary offices to residential and further refurbishment projects to enhance existing offices to align with occupier trends. Bracknell has a history of office-to-residential conversions, with many secondary office buildings sold for permitted development rights. Supply in Bracknell went from over 1.1m sq ft in 2012 to 340,000 sq ft in less than five years through stock erosion to residential.



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Reading



A Look Back

- Reading demonstrates its resilience and position as the heart of the Thames Valley office market. Take-up in 2022 was 304,500 sq ft, 32% down on the 5-year average. Although take-up was down, the improving market sentiment and viewing activity with larger corporates provide optimism for 2023.
- The fitted suite revolution has hit Reading town centre. Occupiers are increasingly wary of relocation costs and up-front capital expenditure when undertaking fit-out on progressively flexible terms. Last year, 64% of transactions in the town centre were on a fitted basis, a trend we expect to continue as we progress through 2023. Buildings such as Apex and Phoenix have benefitted from adapting their offering to cater for this demand.
- Landlords in Reading have started to set new benchmarks across the Thames Valley for the quality of office space alongside ESG credentials. Developments such as Here (Thames Valley Park), Campus, and 400 Longwater Avenue (Green Park) have reinvented what best-in-class office space looks like.

A Look Forward

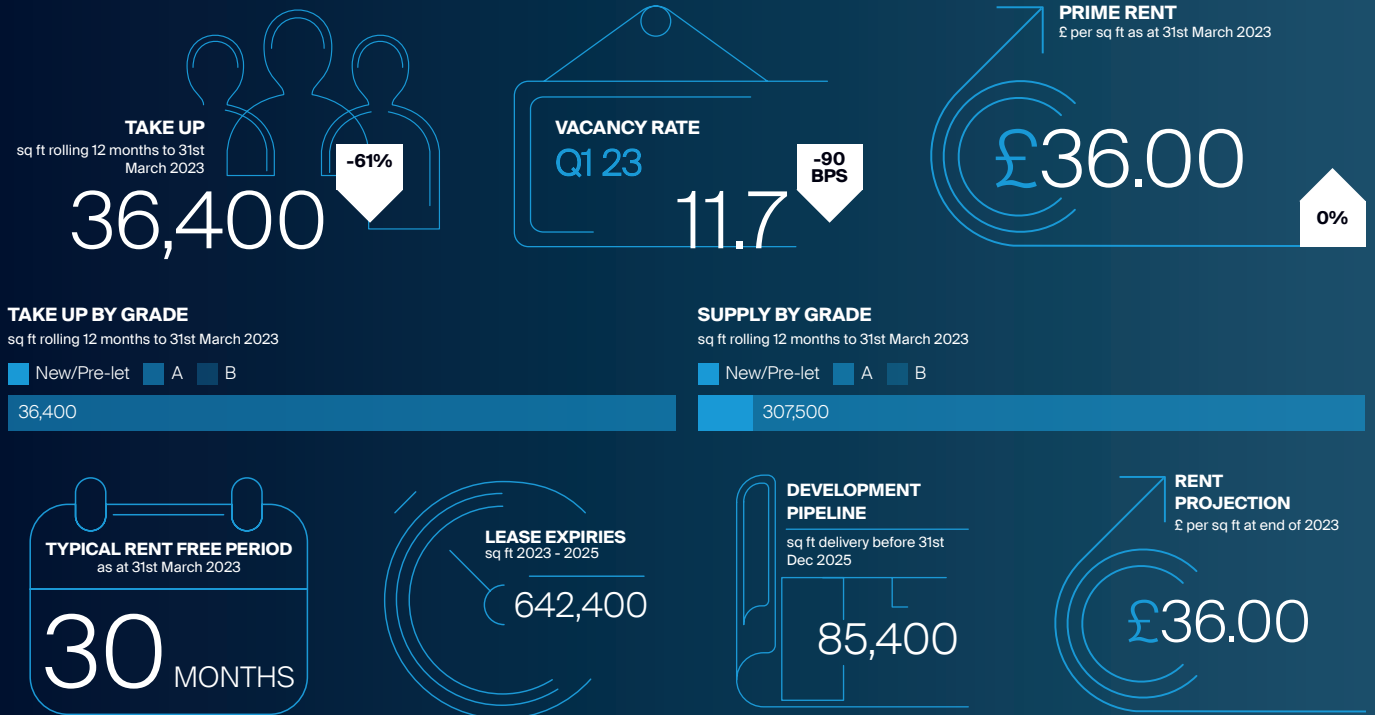
- Station Hill certainly is the project that is the talk of the town. Whilst the scheme is 12 months out from practical completion, the positive impact it will have on the public realm adjoining the station and the reorientation of the town centre is significant. Rental tones are expected to be in the late £40s, early £50s for the scheme.
- 75% of transactions in the South East last year were deals under 10,000 sq ft, the highest percentage in the previous 20 years. However, Reading is bucking this trend with many 50,000 sq ft requirements actively viewing and negotiating in the market.
- The TMT and FBS sectors have always been the most prevalent in Reading, which is expected to continue. 42% of lease events in the next three years are for TMT occupiers, with 29% residing in the FBS sector. These sectors equate to 71% of the lease events and are expected to dominate the anticipated demand in the market.



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Uxbridge



A Look Back

- Uxbridge witnessed a dip in take-up in 2022, with a 61% reduction on the previous 3-year average. Take up equated to 36,400 sq ft, with the last three years achieving over 88,000 sq ft per annum.
- Occupiers have steered towards the best-in-class buildings, with the continued filling up of the Charter Building reinforcing this. Occupiers such as Tempur and Yoplait have added to the business community, leaving a single floor in the building.
- Rents and rent-free incentives have started to recover from the mid-Covid levels that brought about a very competitive landlord marketplace. Headline rents have reached £36.00 per sq ft, which is expected to remain the record rent for the remainder of 2023.

A Look Forward

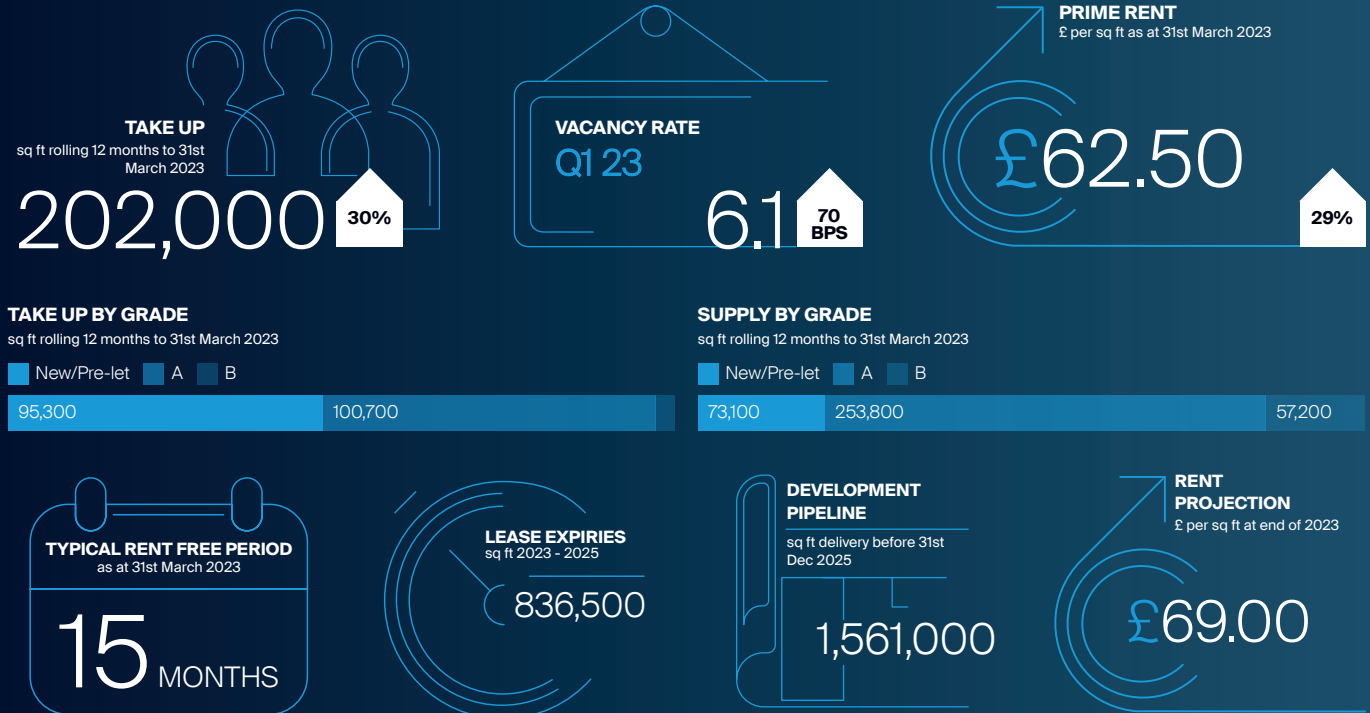
- With the primary focus of occupiers being a flight to quality, whilst supply in Uxbridge remains healthy, there will be a transition towards limited premium office space in the town. Regarding the development pipeline, the only new best-in-class space coming through is Building 1, Arc Uxbridge, where 81,500 sq ft of newly refurbished space will complete in June this year.
- There is growing pressure within Hillingdon to enhance the connectivity to Hayes & Harlington and West Drayton to take advantage of Crossrail. With Uxbridge also within the new boundaries of London's extended ULEZ zone, this will place more significant pressure on improving public transport.
- There are just over 642,000 sq ft of lease events in Uxbridge over the next two years, and one eye will be on whether occupiers consider a move into core West London as they look to upgrade their office space.



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Oxford



A Look Back

- During the last 18 months, Oxford has faced significant supply constraints like the other two 'Golden Triangle' markets. Rents for labs are now in the mid £ 60's and office rents in the city centre are set to reach similar heights if a new product is developed. There remains a lack of quality stock within the town centre, with most of the 2022 and 2023 Q1 activity occurring in out-of-town locations.
- The supply constraints led to reduced take-up levels in 2022; this has continued in Q1 2023, where 64,574 Sq Ft transacted, split almost equally between Labs and offices. Whilst take-up levels are inconsistent with market sentiment in Oxford, the transactions illustrate the market dynamics - new record rents and diminishing rent-free periods have been offered compared to other Southeast markets.
- Demand levels remained healthy in Q1 2023, with a total of 904,500 sq ft over 26 requirements. The core demand derives from Life Science occupiers with 687,000 sq ft laboratory space being sought.

A Look Forward

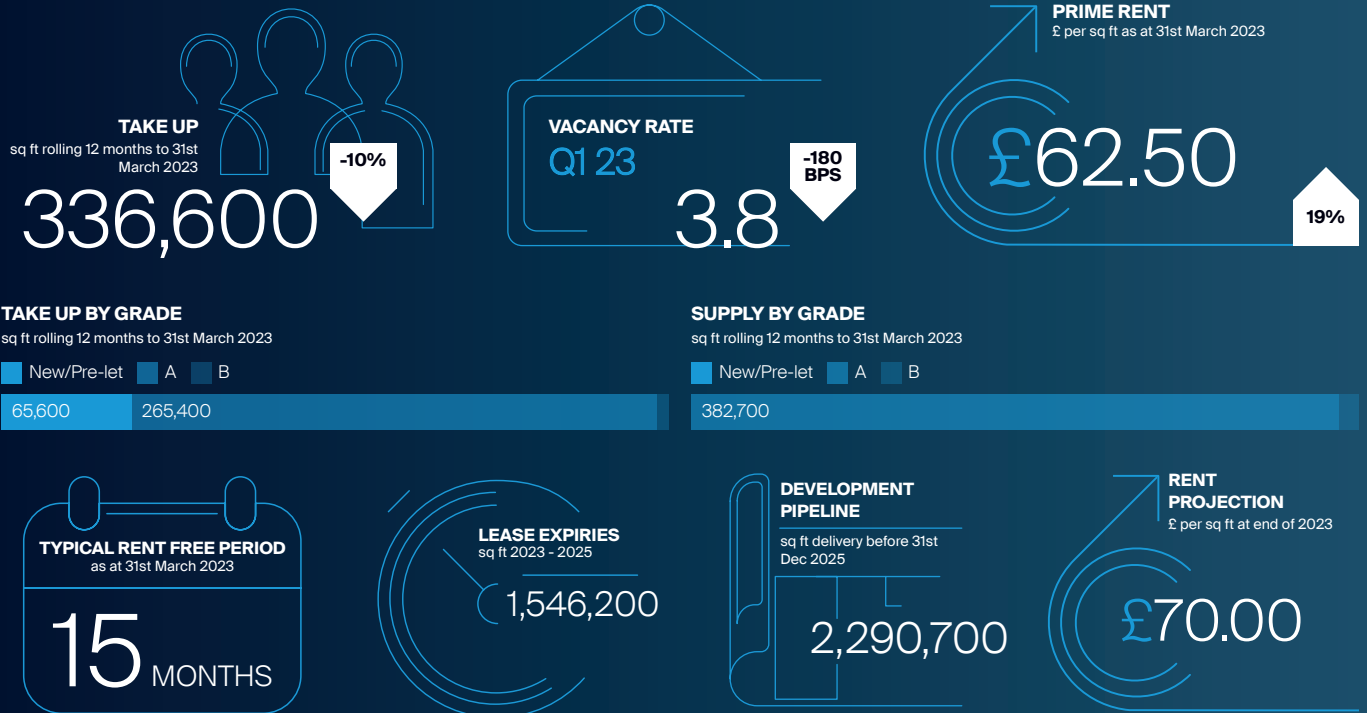
- Landlords are reacting to this supply imbalance. Knight Frank is aware of 38 schemes either proposed or under construction in Oxford's long-term development pipeline that totals just over 10m sq ft. Only five of these schemes are dedicated offices, delivering 495,000 sq ft split equally between the town centre and out-of-town markets. Supply will remain restricted until 2025, when 750,000 sq ft is due to complete but spread across different submarkets - in and out of town.
- The lack of supply has also driven the pre-let market, exemplified by the recent Moderna announcement, which will establish a UK presence on the Harwell Campus by committing to 145,000 sq ft of vaccine research and manufacturing space.



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Cambridge



A Look Back

- Cambridge has established itself as a key southeast office market in recent years. It is primarily underpinned by the rapid growth of life science and innovation companies, a world-renowned University, a leading hospital, a highly skilled labour force and an established infrastructure network, all fuelled by venture capital and private sector investment.
- There is a demand and supply imbalance as technology, and life science businesses seek quality, well-located space to expand and grow. Investors now have a good opportunity to reposition and redevelop assets to meet this demand.
- Take-up in 2022 was approximately 320,000 sq ft but could have been well over this if a quality product had been available to let. Regarding offices, Samsung recently pre-let 35,000 sq ft at One Cambridge Square in the Cambridge North cluster, achieving a headline rent of £40.00 per sq ft. Siemens also pre-let just under 30,000 sq ft at Brooklands in the city centre at a rent in the low £ 50.00's. This is on top of lettings to Dassault (30,000 sq ft - offices) at 22 Cambridge Science Park, Nyobolt (36,000 sq ft - mid-tech) at Evolution Business Park, and Nuclera (30,000 sq ft - lab/office) at Mortlock House adjacent to Vision Park, Histon.

A Look Forward

- Cambridge has the highest named demand figure in the entire South East with a phenomenal 2 million sq ft of occupier requirements - 70% for laboratory accommodation with varying specifications. This impressive level of active demand ensures any space under construction will be immediately absorbed until all pipeline development is delivered.
- Our development pipeline tracker shows constraints on supply for the next 36 months. Projects like Brockton Everlast's new campus at Cambridge Science Park will then provide wet labs stock in a more sophisticated environment.
- All four clusters, city centre, north, south and east, have sites under construction or in planning, ensuring a robust pipeline with varied stock suiting all requirements.
- Cambridge South railway station is under construction, due to be completed in 2025 and will provide a vital transport link to support the growth of Cambridge Biomedical Campus and help manage traffic.
- An upside for developers and investors is the scope for rental growth. City centre prime headline office rents are being targeted closer to £70.00 per sq ft, with lab rents following suit.



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Crawley/Gatwick



A Look Back

- It has been a tough few years for Crawley/Gatwick, with the Airport and supporting businesses hit particularly hard during the pandemic. Still, an impressive 189,000 sq ft has been leased in the past 12 months, representing the market's best take-up return for some time.
- This level of take-up, combined with some obsolete offices being sold for alternative use, has helped reduce the substantial oversupply of office product seen in Q1 2022 (about half a million sq ft) to a more acceptable level of circa 160,000 sq ft for Grade A/New.
- Notable transactions have included Schlumberger's downsize to c.54,000 sq ft at Minerva, Nestle's commitment to take c.40,000 sq ft at Park House, Bramble Energy acquiring Atrium Court (34,000 sq ft) and Dolby Vivisol's acquisition of 22,500 sq ft at Palladian. Interestingly, these transactions are in out-of-town locations, demonstrating that the broader trend of city centre offices does not apply to all markets. Whilst take-up has been encouraging, a prime rent above £30.00 is yet to transact.

A Look Forward

- With professional services firms significantly reducing office footprints, there is uncertainty over where the large requirements will come from. Still, Crawley/Gatwick consistently demonstrate that it is a market that can attract larger occupiers.
- As prime rents have not increased significantly, it makes refurbishment and repositioning of older / Grade B or C office schemes more challenging. Prime headline rents in the mid and high £ 30.00's at the Council's Create building have been discussed but not yet secured, while RLAM's refurbishment of c.30,000 sq ft at 2 City Place Gatwick will seek to achieve that £30.00psf+ headline rent not yet seen.



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Croydon



A Look Back

- Croydon Council declaring effective bankruptcy for the third time in two years has not helped public or business confidence in the locality. Little has changed in Croydon over the past 12 months in terms of its fundamentals – a superb transport network (15 minutes to London Gatwick Airport, London Bridge and London Victoria) and vibrant local amenities remain, including the nationally recognisable (queue footage of any England football goal celebrations) Boxpark Croydon.
- Take-up in Croydon in 2022 was on par with 2021 – c. 50,000 sq ft with a scattering of lettings across multiple buildings. Highlights included the London Ambulance Service taking 12,000 sq ft at Southern House and the Janes Defence and Natwest lettings at CEG's 69 Park Lane, which were notable for the headline rent achieved – £36.00 and £40.00, respectively.

A Look Forward

- Despite the chaos at the Council, there is room for optimism concerning the Croydon office market in 2023. We will see the completion of the much anticipated (and needed) 28 Dingwall, which will deliver almost 50,000 sq ft of prime, Grade A office space close to East Croydon Station.
- There is a healthy level of named demand within the market – at least 80,000 sq ft under negotiation at the time of writing (April 2023) – which should see some established professional services firms commit to the limited Grade A availability. Assuming these lettings transact, it will create a better supply and demand dynamic for schemes like 28 Dingwall to cement £40.00 per sq ft as the new benchmark headline rent for prime offices.



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Guildford



A Look Back

- The past 12 months have seen little new product delivered to the Guildford office market. At the same time, there has been a steady level of take-up across, with 60,000 sq ft transacted across multiple buildings. This demonstrates the depth of demand, notably from the Gaming sector.
- Unable to find a single building solution, Supermassive Games spread themselves across 40,000 sq ft at Ranger House and 65 Woodbridge Road, highlighting the sector's demand and the lack of substantial, high-quality office supply close to the station. Businesses like Stellar Entertainment and Western Digital have taken up the balance of the space at 255 High Street.
- Such substantial take-up has removed much of the key city centre supply, further exacerbating the lack of quality office supply in the heart of Guildford, where gamers and the core demand want to be.

A Look Forward

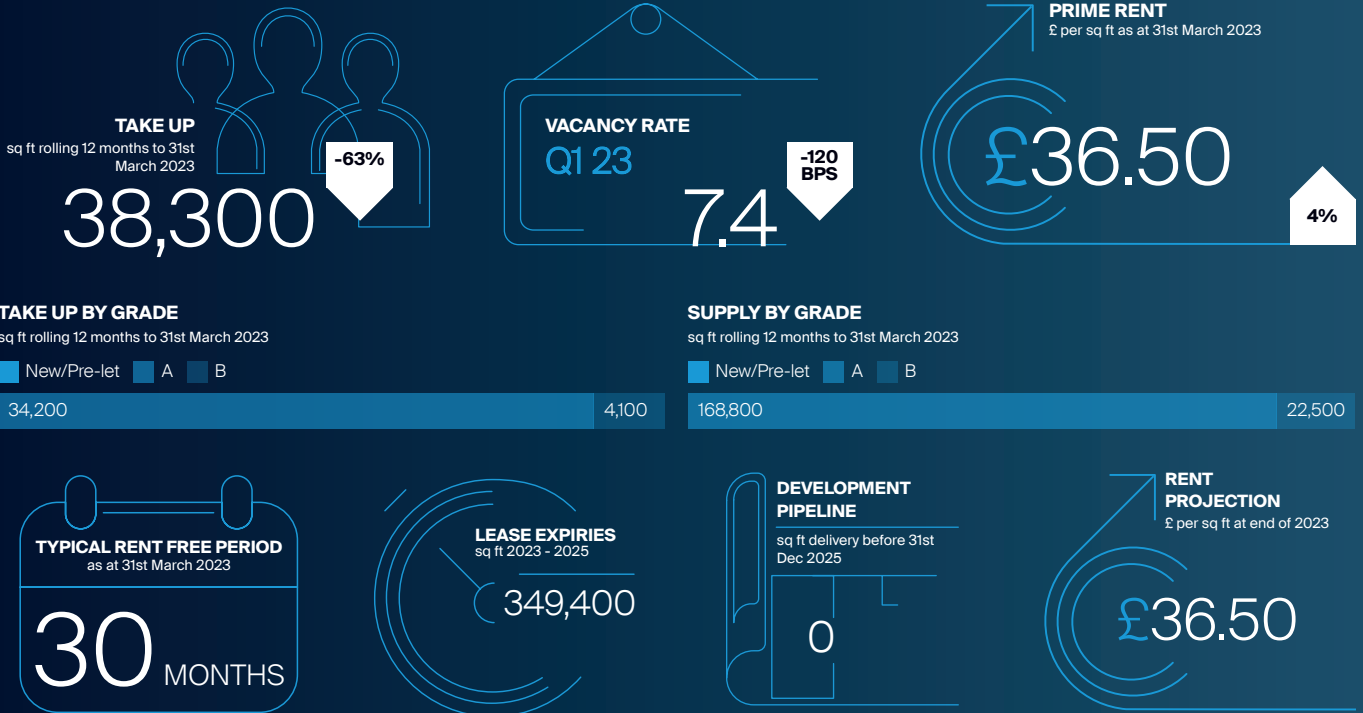
- Healthy levels of take-up in the past few years, despite the covid-19 pandemic, have created an exciting opportunity for landlords near Guildford Station. There are interesting non-office developments in the pipeline, including Solum's c.£150 million redevelopment of Guildford Station to create a "Station Quarter" and Native Land's plan to re-purpose the former Debenhams store to provide contemporary homes, shops and a riverside public space, which will collectively enhance Guildford's appeal for business.
- Two office schemes of note are under construction, both of which are appealing to different occupier sectors. Kingsbridge Estates could complete the c.40,000 sq ft repositioning of Clyde & Co's former HQ (rebranded Bottle Works) by the end of the year. At the same time, British Land look set to prove the adage "build it, and they will come" regarding their c.90,000 sq ft life science scheme at Surrey Research Park, which is under construction and rumoured to have up to 40,000 sq ft under offer to a life sciences business. Both developers will be targeting headline rents of £40.00psf+.



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Staines



A Look Back

- Staines, still considered Heathrow's closest town, was another market that experienced a covid bounce back in 2022 regarding take-up, recording almost 100,000 sq ft, compared with half the year before and less in 2020. Even with 50,000 sq ft coming from ADP, who moved from Chertsey to the recently completed 2 Causeway Park, there was still steady take up at the c.10,000 sq ft bracket from Pure Storage, Toshiba, DHL and Natwest.
- The town centre has suffered a couple of hits since the pandemic, with Waitrose closing and the usual Debenhams issue. Still, the street scene has improved with the completion of the aspirational residential quarter Eden Grove and a regeneration piazza, London Square.
- The prime achieved rent remains in the mid £ 30.00's, but this is edging upwards on smaller suites and fitted space, as L&G have demonstrated at Lotus Park.

A Look Forward

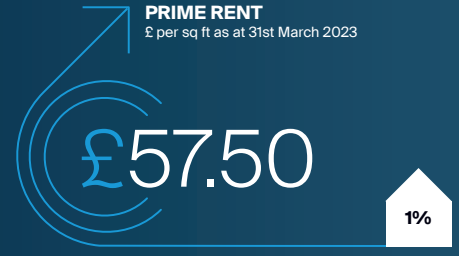
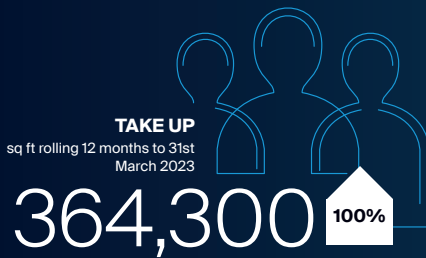
- ADP's relocation to Staines, alongside Syward Place in Chertsey, selling for residential development, further cement Staines as the leading commercial centre in the locality. We anticipate that more businesses from Chertsey will consider relocation to other South Western M25 towns when their lease events arrive. However, the scale of L&G's comprehensive refurbishment of 75,000 sq ft at 1000 Hillswood in the adjacent office sub-market of Chertsey could prove an outlier, with some interesting named demand considering the scheme at the time of writing.
- All eyes will be on the plethora of big US IT/Computing companies, such as VMware and ServiceNow, that have significant lease events ahead.

South West London



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TAKE UP BY GRADE
sq ft rolling 12 months to 31st March 2023

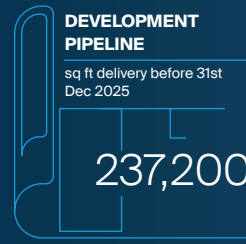
New/Pre-let A B

282,000 78,400

SUPPLY BY GRADE
sq ft rolling 12 months to 31st March 2023

New/Pre-let A B

295,500 224,500



A Look Back

- A lack of quality office supply in South West London has led occupiers to consider options in Putney, Wimbledon and Richmond. These locations benefit from solid fundamentals relevant to any business. The area has an affluent local catchment area, multi-modal (train, tube, car) transport links and a wealth of amenities and green spaces.
- Businesses from the broader South East are increasingly looking to move closer to London due to the above core fundamentals. A prime example is Japan Tobacco International moving from Weybridge and taking c.22,000 sq ft of Grade A space at The Assembly Rooms, Putney.
- Richmond has outperformed other SW London locations with a prime headline rent of £60.00 per sq ft, but all the transacted demand has been sub-10,000 sq ft.
- Wimbledon has had a relative lack of quality office supply compared to Richmond. Still, Flight Centre's move from New Malden to c.12,000 sq ft at Chorus, 120 The Broadway, has cemented the prime headline rent at £56.00 per sq ft. 120 Broadway is the most comprehensive refurbishment since the developments of 22 Worple Road and Wellington in 2019/2020.

A Look Forward

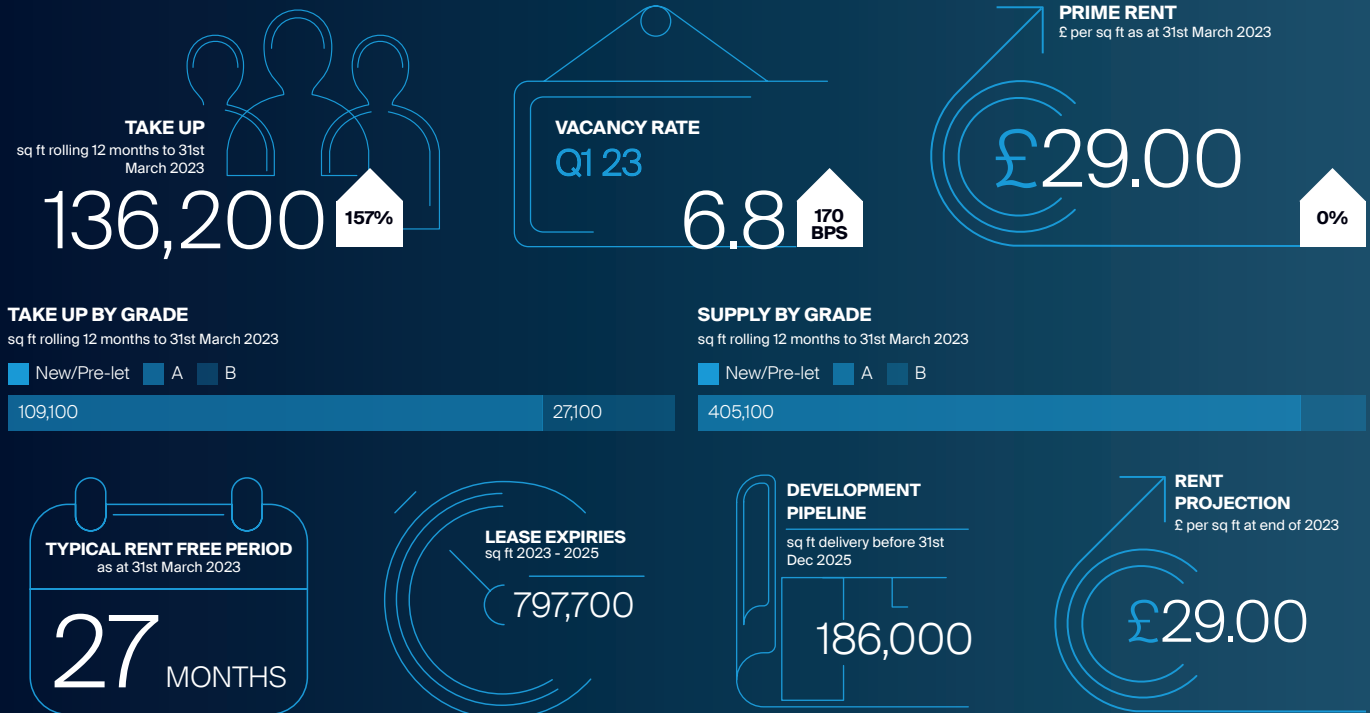
- There are development schemes in SW London which will appeal to a broad and diverse range of occupiers. In Richmond, Sheen Lane delivers c.40,000 sq ft of new Grade A space at 80 George Street (the former House of Fraser), while Barwood Capital provides just under 45,000 sq ft at the former Eton House, with quoting headline rents at £60.00 per sq ft plus.
- In Putney, Brunswick/Akoya are delivering just under 70,000 sq ft at the Parklife development. Coleford Capital/NJG recently acquired Dial House to reposition c.50,000 sq ft.
- In Wimbledon, c.31,000 sq ft is under construction at 247 The Broadway, while LIDL attempts to sell their existing building with planning permission for up to 80,000 sq ft.
- WRE's Arding & Hobbs Clapham Junction development of c.90,000 sq ft will also attract interest from London and the South East as it approaches completion later in 2023.



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Blackwater Valley



A Look Back

- The Blackwater Valley registered just over 136,000 sq ft of take-up in 2022, a respectable 15% above the 5-year annual average. Unsurprisingly, the key transactions have been in the Blackwater Valley's core office sub-markets of Farnborough and Basingstoke.
- In Farnborough, legal firm Herrington Carmichael acquired c.30,000 sq ft of grade A space at Brennan House in Q1 2023, and Lenovo acquired c.20,000 sq ft of best-in-class office space at Farnborough Business Park paying £27.00 per sq ft in Q4 2022. In Basingstoke, Tech Data acquired just over 50,000 sq ft in Chineham Park.

A Look Forward

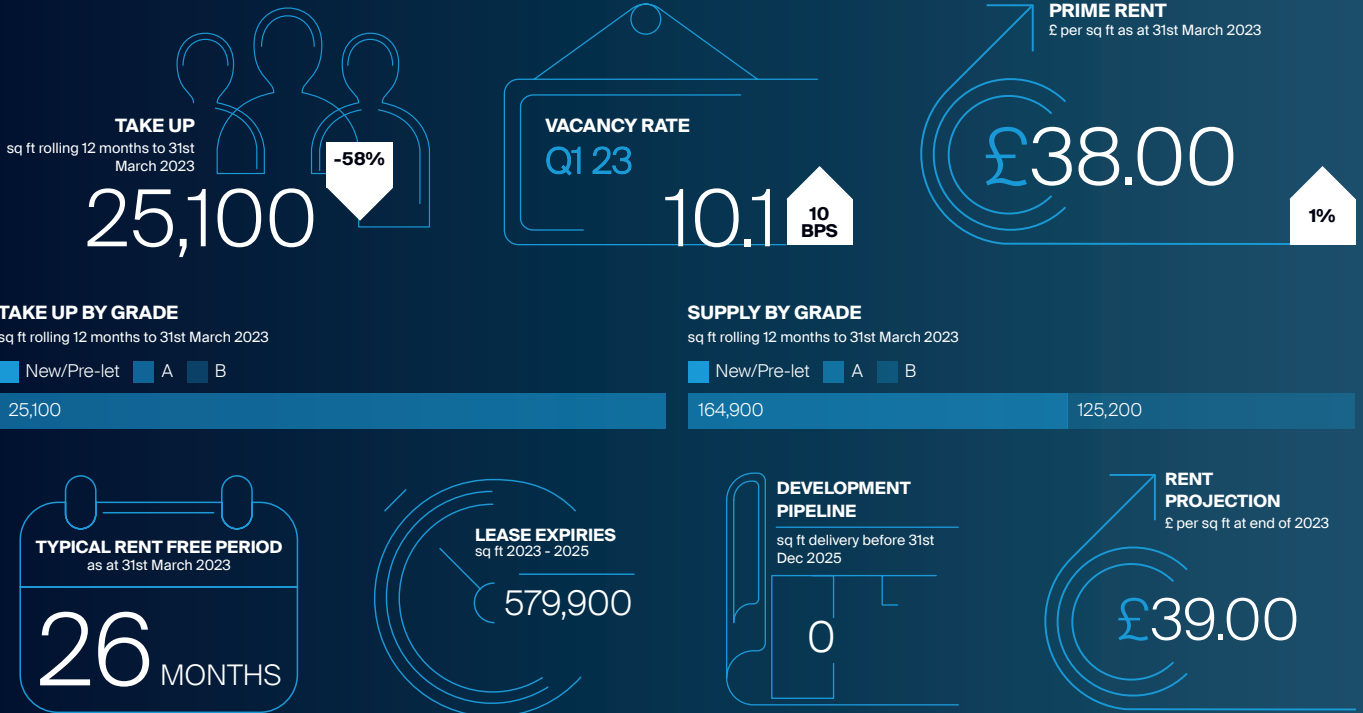
- In Hook, the 120,000 sq ft 'Form 1 and 2' attracted both occupier and investor demand but remains an outlier in the market. In the past 18 months, stagnating rents in the early to mid £ 20.00's across Fleet, Frimley and Camberley have impacted development and refurbishment viability, impacting take-up levels for the coming years.
- The Blackwater Valley has historically been home to many defence, aviation and security companies. The war in Ukraine sent ripples through European governments, who have since reviewed defence strategies, raising the notion that the defence and security industry is set for expansion and investment. This would likely result in the Blackwater Valley seeing a similar period of growth as defence and security businesses recruit and develop.
- We expect occupier demand to focus on two key hubs; the first, Basingstoke, where 120,000 sq ft is under construction at PLANT and is due to complete next year. The next is Farnborough, with good quality space at Farnborough Aerospace Centre and Farnborough Business Park. Time will tell whether a new product will push headline rent above £30.00 per sq ft – a level yet to be reached.



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Woking



A Look Back

- Woking continues to be Guildford's "noisy neighbour", delivering high-quality, city centre office schemes near the station – developments that Guildford lacks. Occupier demand is now focussed on the core area, as out-of-town schemes, like Genesis Business Park, have been acquired for medium-term alternative use.
- Take-up in the past 12 months at c.25,100 sq ft is significantly less than in previous 12-month periods. However, RLAM's Space attracted Kent PLC and Roke, while V7/Mayfair Capital's Forge poached Verint from Weybridge. This demonstrates the occupiers' continued flight to quality in city centre locations with strong transport links.

A Look Forward

- Despite take-up over the past 12 months remaining below previous years, there is still named demand across Surrey, chasing the remaining c.165,000 sq ft of Grade A available space. Our occupier intelligence indicates an inward migration of businesses from Chertsey and Guildford, which will boost take-up figures in 2023.
- Woking remains a strong business location due to public realm improvements, the combination of private and public sector investment and the steady influx of new businesses to the area. The prime headline rent has been steadily increasing to the high £ 30.00's per sq ft, and we expect this to continue for prime space as the gap between prime and secondary rents further widens.

TECHNICAL NOTE

- All statistics were calculated on 31st March 2023.
- Take-up reflects a 12-month rolling total to the end of March 2023, with the percentage change reflective of comparison to the previous 12-month period.
- Rents are NIA on a £ per sq ft basis, assuming a 10-year term. Rent projection reflects the latest Knight Frank projection of expected prime rent at the end of 2023.
- Rent Free periods are quoted in months and assume a 10-year term.
- Second-hand floorspace has been sub-divided into A and B grade accommodations, reflecting high and low quality.
- Lease events reflect the period Jan 2023 to Dec 2025
- The development pipeline reflects schemes with a delivery date before 31st December 2025 that were either proposed or under construction at the time of reporting.

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