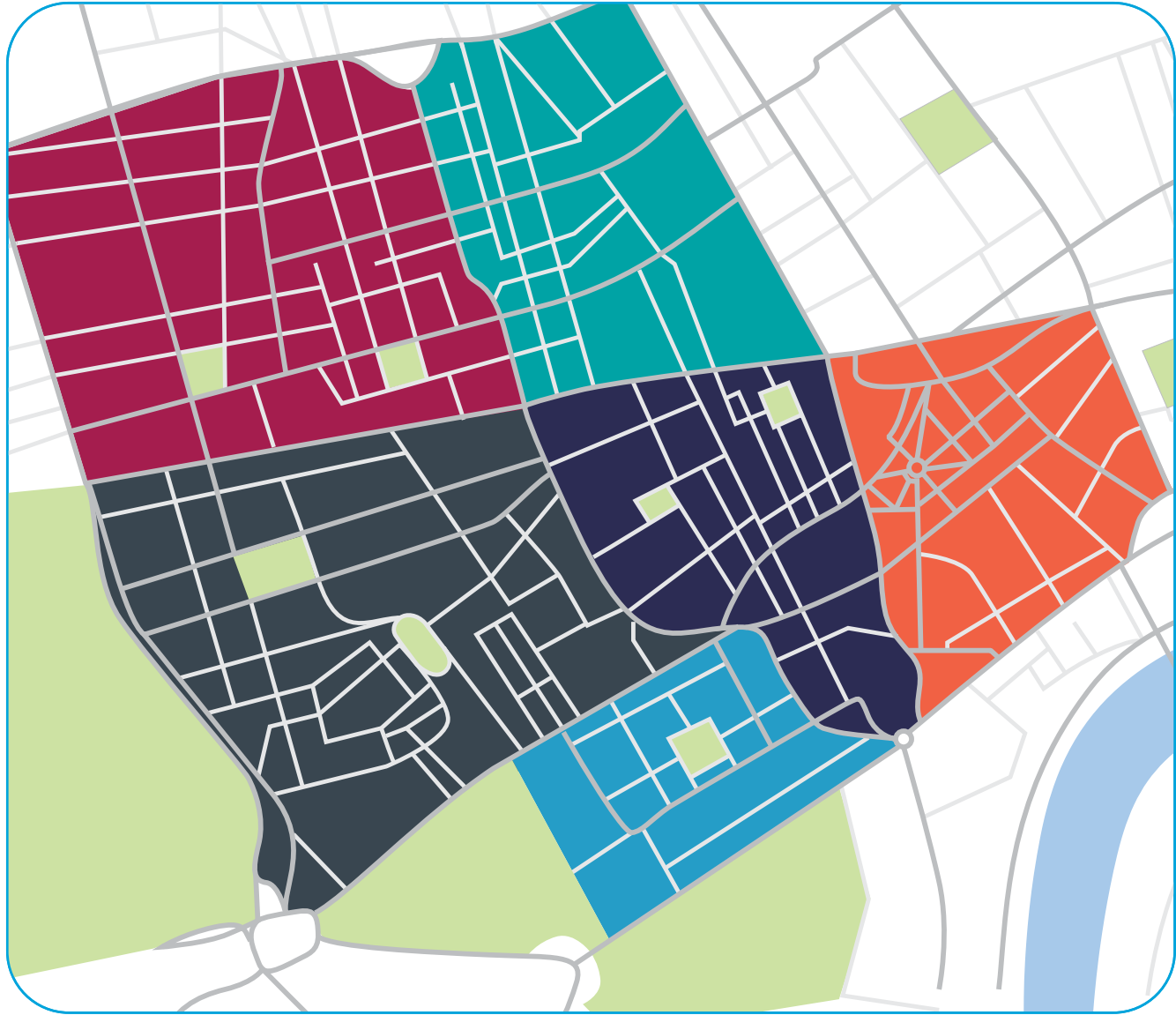


WEST END
OFFICES
**SUBMARKETS
RESEARCH**

Q3 2023





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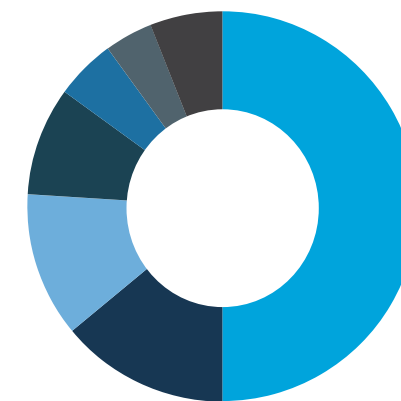
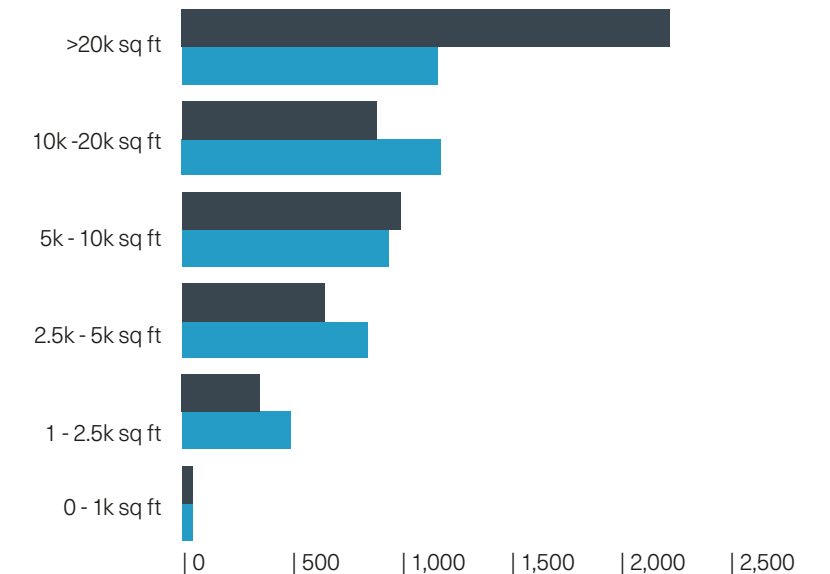
Covent Garden

16-17 ●

Prime rents in St James's continued to set new records for the market, moving to £145.00 per sq ft, with prime values in Mayfair and Marylebone also moving to new highs at £140.00 per sq ft and £105.00 per sq ft respectively. Prime rents across the core West End markets have increased by 6.3% on average over the past 12 months.



24.5%
Growth in prime rents
since Q3 2020



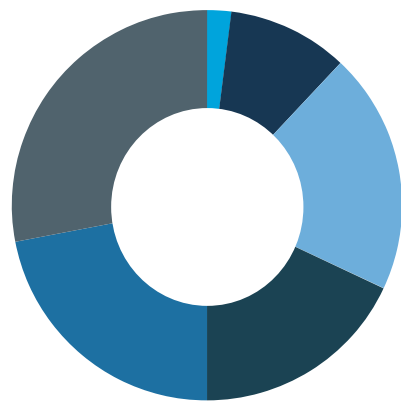
The chart displays the number of employees in the manufacturing sector from 2017 to Q3 2023. The y-axis represents the number of employees, ranging from 0 to 3500 in increments of 500. The x-axis shows the years from 2017 to 2022, followed by Q3 2023. The bars are stacked with six categories: dark grey (bottom), blue, red, teal, dark blue, and orange (top). A horizontal line is drawn at approximately 2750 employees.

Year	Dark Grey	Blue	Red	Teal	Dark Blue	Orange	Total
2017	750	350	300	750	450	450	3050
2018	750	250	450	550	400	500	2900
2019	550	300	350	650	750	400	3000
2020	400	150	200	350	250	150	1500
2021	600	150	400	550	400	250	2350
2022	750	350	500	700	500	450	3250
Q3 2023	500	200	300	200	250	200	1650

SUPPLY

Supply across the core West End market increased to 2.86m sq ft in the third quarter, driven primarily by the release of Grade A space in Soho at Air W1 on Glasshouse Street. Whilst 138,220 sq ft came to the market, more than 80% of the space was under offer at the end of the quarter. Grade A supply moved to 1.5m sq ft, with the development/refurbishment of a number of larger spaces completing. The availability rate remains below the long run average (6.0%) at 5.5%.

AVAILABILITY BY FLOOR AREA (Q3 2023)

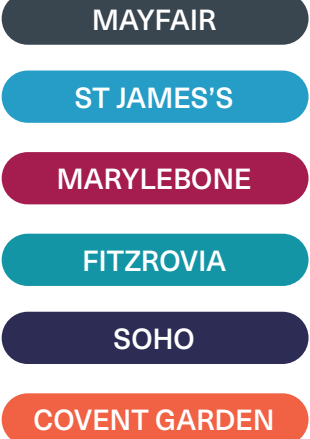


<1,000 sq ft	2%
1,001-2,500 sq ft	10%
2,501-5,000 sq ft	20%
5,001-10,000 sq ft	18%
10,001-20,000 sq ft	22%
>20,001 sq ft	28%

Q3 2023 AVAILABILITY

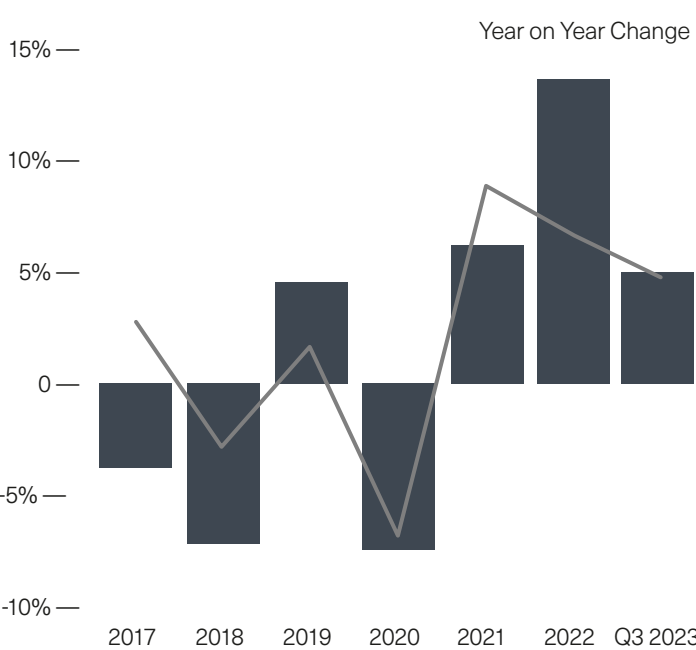
2.86m sq ft

AVAILABILITY (000's sq ft.)



Availability Rate (RHS)

RENTAL VALUES

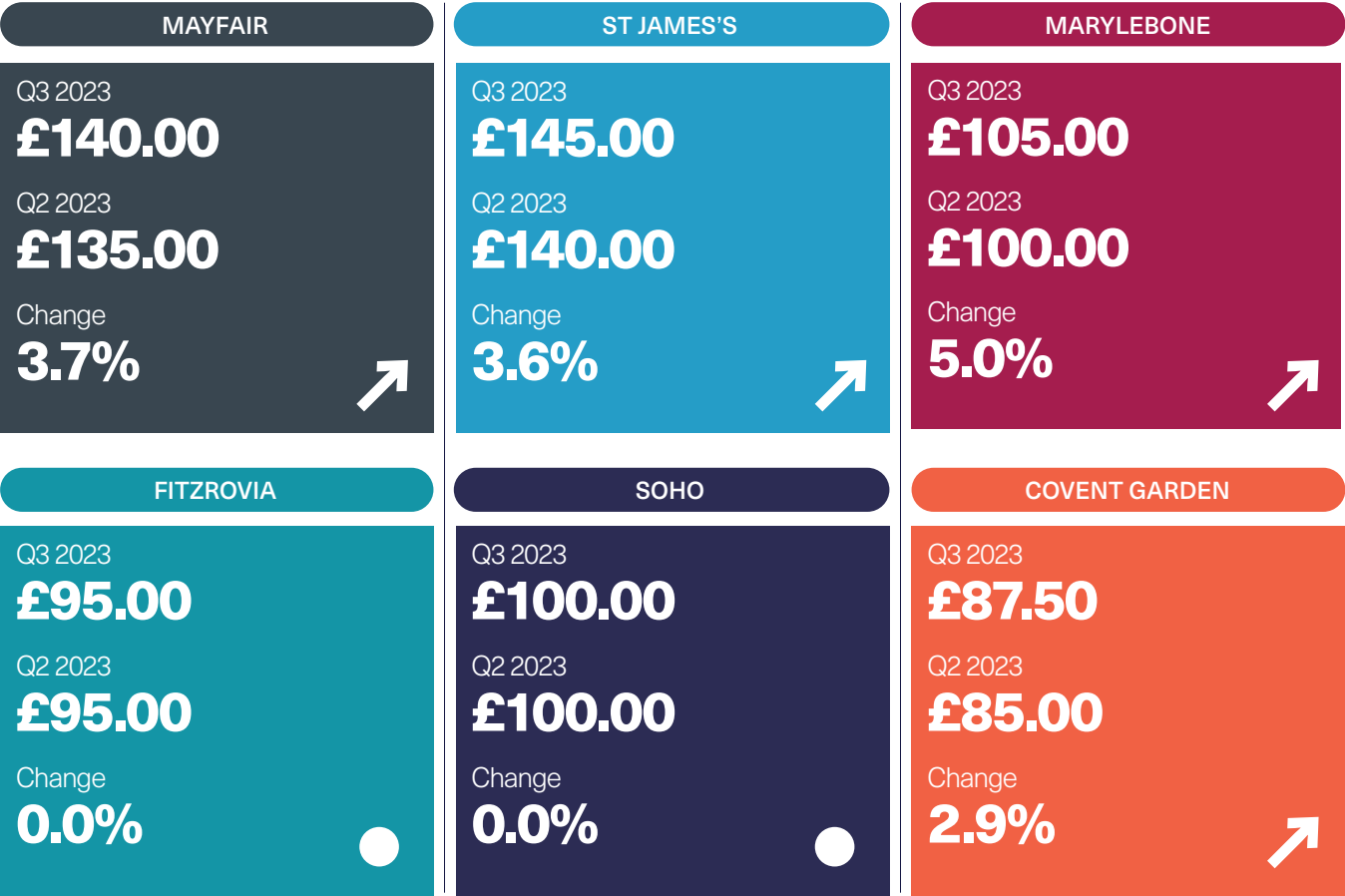


PRIME AND SECONDARY RENTAL GROWTH

PRIME

Grade B

PRIME RENTAL VALUES



MAYFAIR OFFICE MARKET

COMMENTARY

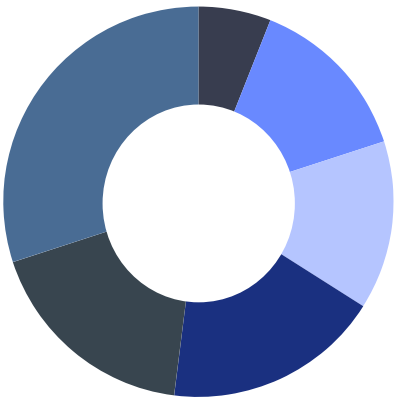
Take up has slowed in Q3 with only 84,660 sq ft of lettings completing in 28 deals, 43% below the number of transactions in the first two quarters of the year. The largest transaction in the quarter was the 15,975 sq ft letting to US investment bank Houlihan Lokey at One Curzon Street.

The lack of larger lettings in the third quarter means that largest letting in the year to date continues to be Chanel's pre let of BEAMs new development at 38 Berkeley Square, where the fashion group took the entire building of 88,327 sq ft for its global headquarters. Chanel are expected to take occupation in mid 2024.

Prime rents in the Mayfair moved to a new peak of £140.00 per sq ft and have now increased by 33.3% from their post pandemic low of £105.00 per sq ft. Rents on Grade B and Grade C space have also continued to grow, moving to new peak levels for the grade of property, standing at £95.00 per sq ft and £72.50 per sq ft respectively.

£140 psf
Prime rents in Mayfair
move to a new high in
Q3 2023

TAKE UP



TAKE UP BY SIZE (Q1-Q3 2023)

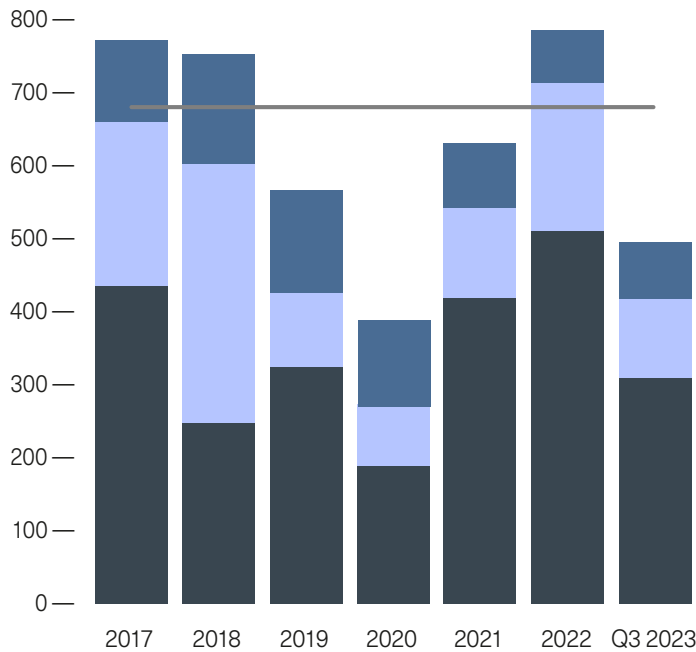
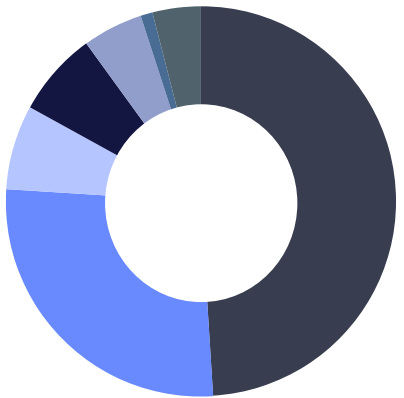
<1,000 sq ft	6%
1,001-2,500 sq ft	14%
2,501-5,000 sq ft	14%
5,001-10,000 sq ft	18%
10,001-20,000 sq ft	18%
>20,001 sq ft	30%

Q1-Q3 2023 TAKE UP

463,585 sq ft

TAKE UP BY OCCUPIER TYPE (Q1-Q3 2023)

Financial Services	49%
Retailers	27%
Man/Eng & Mining	7%
Bus & Prof Services	7%
Real Estate	5%
DAMIT	1%
Other	4%



TAKE UP (000's sq ft.)

Grade A

Grade B

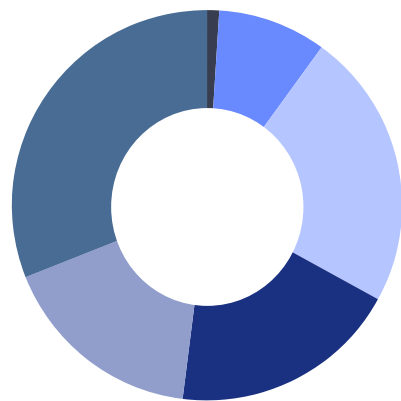
Grade C

10 Year Average

SUPPLY

Availability remained broadly stable at 583,960 sq ft at the end of September 2023 and is now 15% above the level seen at the start of the year. The main increase in availability has arisen through the increase in Grade A space, with a number of new refurbishments adding to the overall quality of stock on the market. Grade A space now accounts for 57% of all stock on the market in Mayfair, with the largest building being the 54,615 sq ft 7 Old Park Lane, albeit some of this is now under offer.

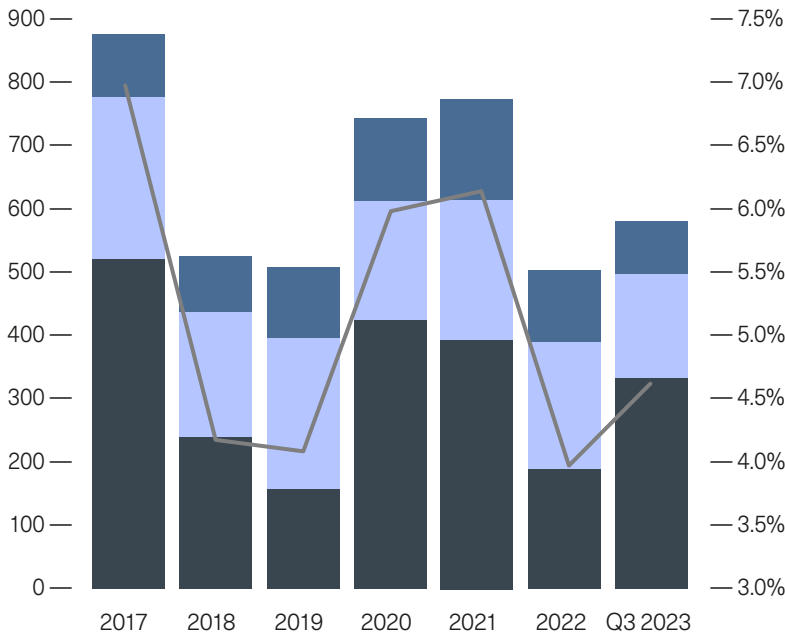
AVAILABILITY BY FLOOR AREA (Q3 2023)



<1,000 sq ft	1%
1,001-2,500 sq ft	9%
2,501-5,000 sq ft	23%
5,001-10,000 sq ft	19%
10,001-20,000 sq ft	17%
>20,001 sq ft	31%

Q3 2023 AVAILABILITY

583,960 sq ft

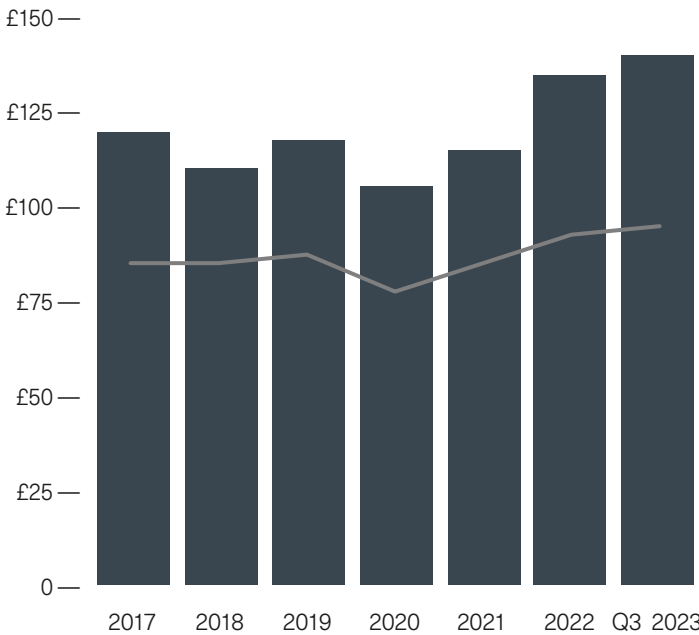


AVAILABILITY (000's sq ft.)

- Grade A
- Grade B
- Grade C

Availability Rate

RENTAL VALUES



PRIME AND SECONDARY RENTAL GROWTH

- Prime
- Grade B

SERVICED OFFICE DESK RATES Q3 2023

Lowest

£315

Highest

£1,500

RENTAL VALUES Q3 2023

PRIME	Grade B	Grade C
Q3 2023 £140.00	Q3 2023 £95.00	Q3 2023 £72.50
Q2 2023 £135.00	Q2 2023 £92.50	Q2 2023 £69.50
Change 3.7%	Change 2.7%	Change 4.3%

ST JAMES'S OFFICE MARKET

COMMENTARY

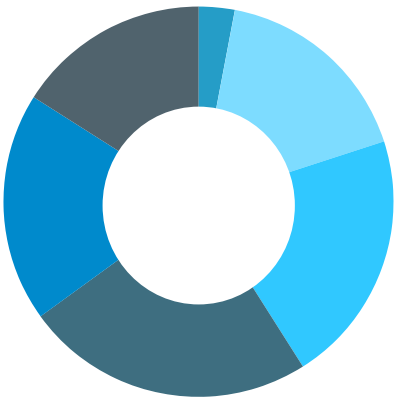
The St James's market has been one of the strongest in the Core West End in the year to date, with 211,400 sq ft of lettings in 56 transactions. Activity for Q3 totalled 81,310 sq ft in 12 deals, with a number of larger deals boosting take up.

Third quarter activity continued the domination of the financial services sector in the St James's , with the largest deal being the 34,560 sq ft letting to Hong Kong investment group Symmetry Investments, which took two floors at 31 St James's Square, whilst BP pre let 13,320 sq ft at 20 Carlton House Terrace and are expected to take occupation in mid 2024.

Prime rents in St James's continued to shift higher, recording a new peak level for the second successive quarter at £145.00 per sq ft. Rents on the best space have now grown by 38.1% over the past 21 months. The growth in prime rents has also pushed forward values on Grade B and Grade C space, with values rising by 16.4% to £92.50 per sq ft and 15.4% to £75.00 per sq ft respectively, since the end of 2021.

£145 psf
Prime rents in St James's
continue to rise as supply
is constrained

TAKE UP



TAKE UP BY SIZE (Q1-Q3 2023)

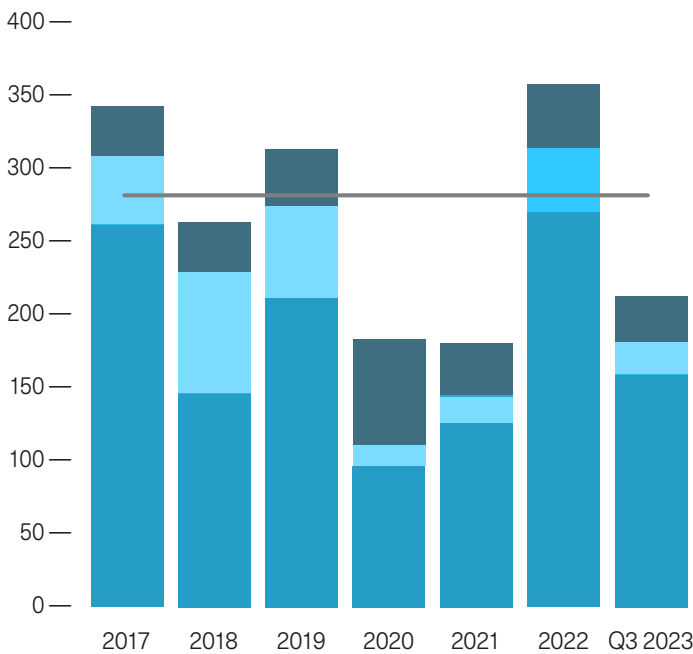
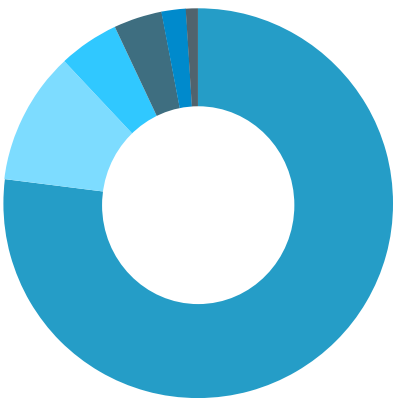
<1,000 sq ft	3%
1,001-2,500 sq ft	17%
2,501-5,000 sq ft	21%
5,001-10,000 sq ft	24%
10,001-20,000 sq ft	19%
>20,001 sq ft	16%

Q1-Q3 2023 TAKE UP

211,400 sq ft

TAKE UP BY OCCUPIER TYPE (Q1-Q3 2023)

Financial Services	77%
Man/Eng & Mining	11%
DAMIT	5%
Real Estate	4%
Bus & Prof Services	2%
Retailers	1%



TAKE UP (000's sq ft.)

Grade A

Grade B

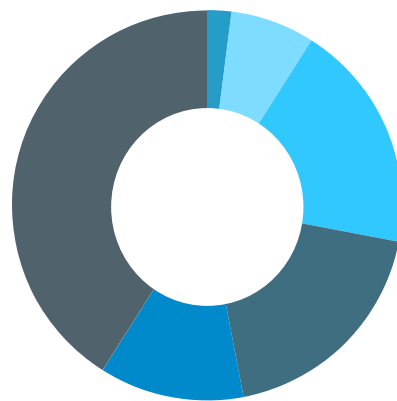
Grade C

10 Year Average

SUPPLY

Supply remained relatively stable at 205,700 sq ft once again to end the quarter at 200,575 sq ft with several larger Grade A refurbished buildings being marketed, the largest being the 42,500 sq ft at 31 St James's Square, with a number of floors at Smithson Plaza providing a total of 21,478 sq ft. Grade A supply continues to dominate availability, representing 72% of all space on the market, although the availability rate in St James's remains the lowest amongst the West End sub markets at 3.7%.

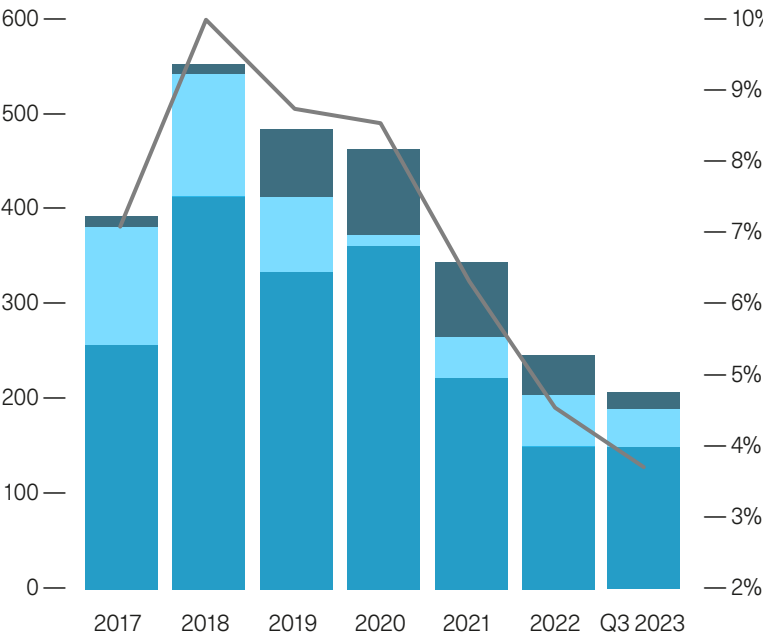
AVAILABILITY BY FLOOR AREA (Q3 2023)



<1,000 sq ft	2%
1,001-2,500 sq ft	7%
2,501-5,000 sq ft	19%
5,001-10,000 sq ft	19%
10,001-20,000 sq ft	12%
>20,001 sq ft	41%

Q3 2023 AVAILABILITY

205,700 sq ft



AVAILABILITY (000's sq ft.)

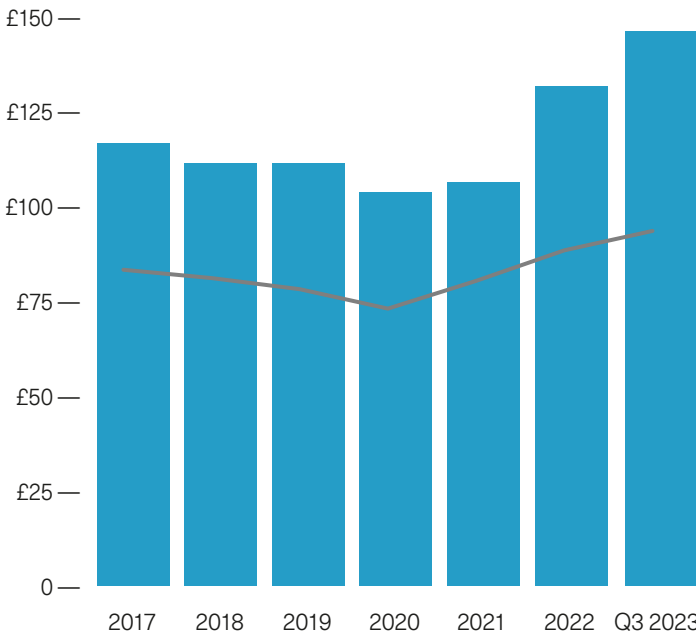
Grade A

Grade B

Grade C

Availability Rate

RENTAL VALUES



PRIME AND SECONDARY RENTAL GROWTH

Prime

Grade B

SERVICED OFFICE DESK RATES Q3 2023

Lowest

£439

Highest

£2,221

RENTAL VALUES Q3 2023

PRIME

Grade B

Grade C

Q3 2023

£145.00

Q2 2023

£140.00

Change

3.6%

Q3 2023

£92.50

Q2 2023

£90.00

Change

2.8%

Q3 2023

£75.00

Q2 2023

£70.00

Change

7.1%

MARYLEBONE OFFICE MARKET

COMMENTARY

Take up in the Marylebone market remains well ahead of trend levels in the first three quarters of the year, driven on by pre letting activity at The Portman Estate and Derwent London's new scheme at 25 Baker Street.

Following on from the PIMCO deal in Q1, boutique investment bank Moelis, have agreed to take 49,175 sq ft at the Baker Street scheme, moving from their current base in St Paul's. This is a significant shift for the company and re enforces Marylebone as a centre for the financial services sector, following Lazard's shift to Manchester Square and Bridgepoint's move to Marble Arch Place.

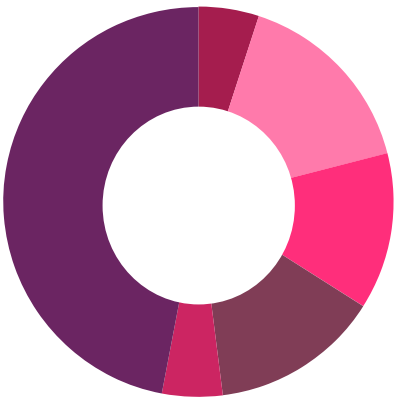
Prime rents in Marylebone moved to a new high of £105 per sq ft driven by the increase in demand from financial services. Prime rents have increased by 13.5% over the past 12 months with rents on Grade B space also moving to a new peak level of £80.00 per sq ft. Grade C stock has seen rents remaining at £67.50 per sq ft, although activity in this sector of the market restricted, with tenants targeting better quality accommodation.



30.2%

Take up in Marylebone is above trend and being driven by financial services

TAKE UP



TAKE UP BY SIZE (Q1-Q3 2023)

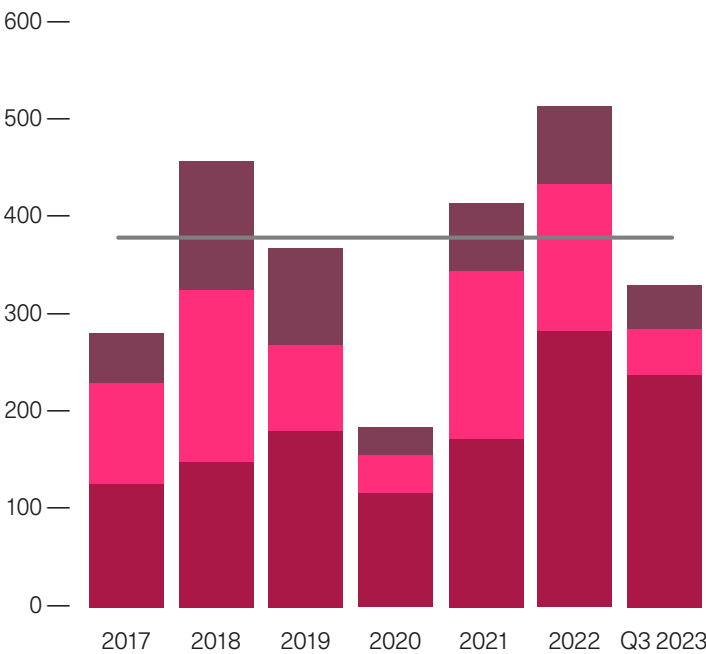
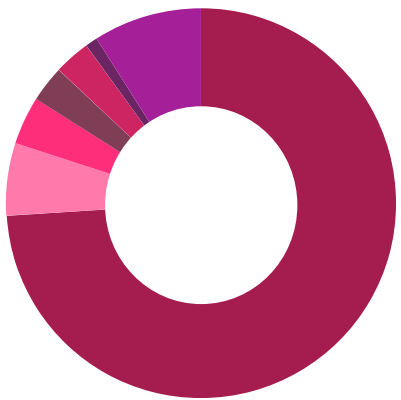
<1,000 sq ft	5%
1,001-2,500 sq ft	16%
2,501-5,000 sq ft	13%
5,001-10,000 sq ft	14%
10,001-20,000 sq ft	5%
>20,001 sq ft	47%

Q1-Q3 2023 TAKE UP

328,120 sq ft

TAKE UP BY OCCUPIER TYPE (Q1-Q3 2023)

Financial Services	74%
DAMIT	6%
Retail	4%
Man/Eng & Mining	3%
Real Estate	3%
Bus & Prof Services	1%
Other	9%



TAKE UP (000's sq ft.)

Grade A

Grade B

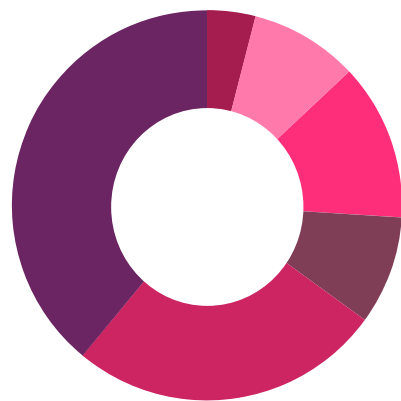
Grade C

10 Year Average

SUPPLY

Supply edged up slightly, moving to 444,780 sq ft although Grade A supply has been boosted in recent months by a number of new schemes completing and now accounts for 43% of the space on the market. Beltane and Angelo Gordon's Marylebone Place at 1 Wyndham Street is the largest Grade A space providing 77,200 sq ft of workspace over eight floors. Grade C space remains a significant element of supply in Marylebone, with several older buildings on the market.

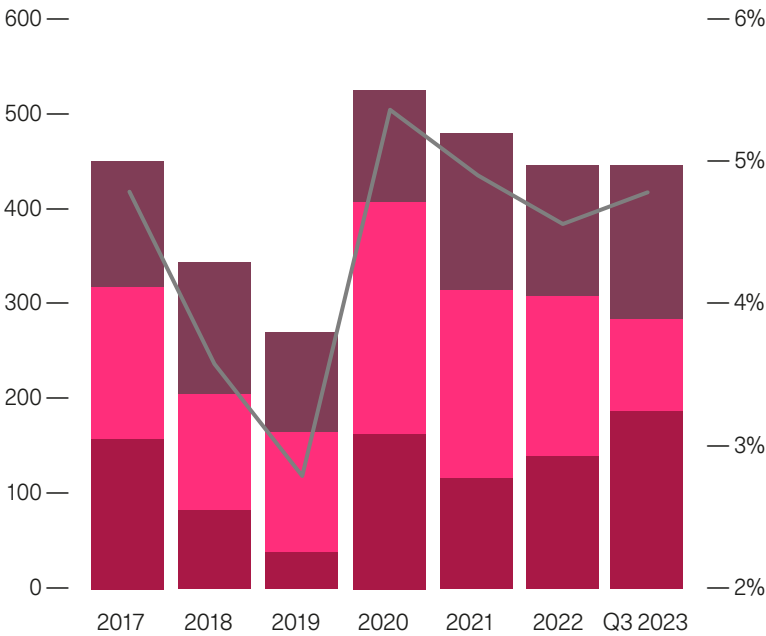
AVAILABILITY BY FLOOR AREA (Q3 2023)



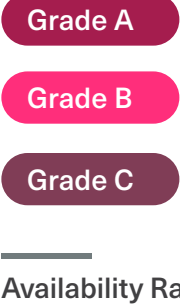
<1,000 sq ft	4%
1,001-2,500 sq ft	9%
2,501-5,000 sq ft	13%
5,001-10,000 sq ft	9%
10,001-20,000 sq ft	26%
>20,001 sq ft	39%

Q2 2023 AVAILABILITY

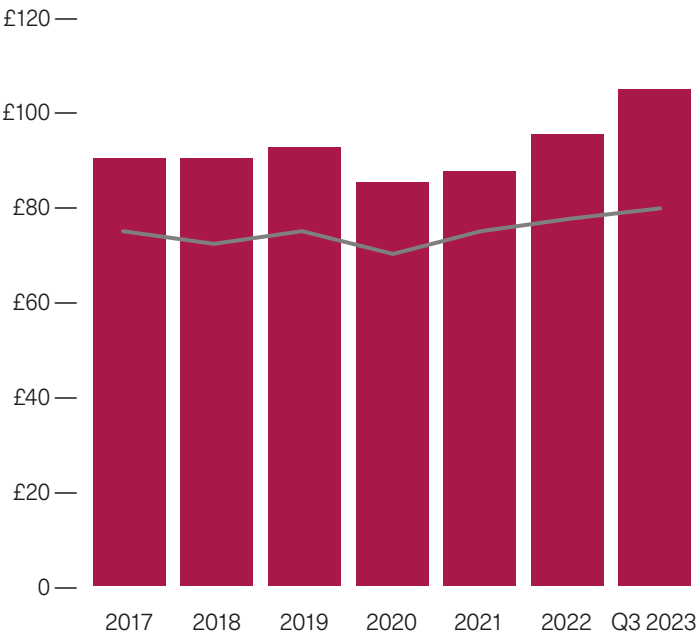
444,800 sq ft



AVAILABILITY (000's sq ft.)



RENTAL VALUES



PRIME AND SECONDARY RENTAL GROWTH



SERVICED OFFICE DESK RATES Q3 2023

Lowest

£299

Highest

£1,360

RENTAL VALUES Q3 2023

PRIME	Grade B	Grade C
Q3 2023 £105.00	Q3 2023 £80.00	Q2 2023 £67.50
Q2 2023 £100.00	Q2 2023 £79.50	Q2 2023 £67.50
Change 5.0%	Change 0.6%	Change 0.0%

FITZROVIA OFFICE MARKET

COMMENTARY

Fitzrovia has seen modest levels of take up in the first nine months of the year, with activity of 189,700 sq ft in 84 transactions. The third quarter of the year continued to register relatively low levels of activity, with 22 deals totalling 68,130 sq ft and only limited transactions above 10,000 sq ft.

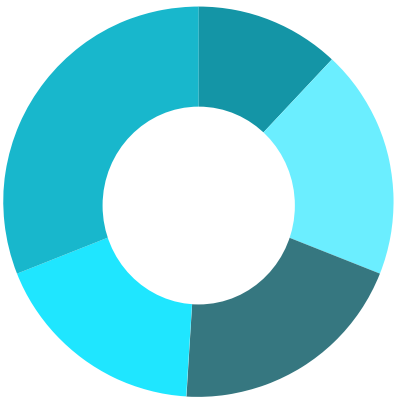
The largest transaction in Q3 was the 12,900 sq ft letting to Hong Kong fashion group Ink Clothing at Arthur Stanley House, 40 Tottenham Street, whilst corporate finance group Oaklin Capital took 12,085 sq ft at 90 Whitfield Street. The other major letting saw data centre operator Zenium Technology Group take 11,085 sq ft at 101 New Cavendish Street.

Prime rents in Fitzrovia moved to a new peak in Q1 (£95.00 per sq ft) and have remained at that level over the past six months. Rents on Grade B space also remained static at £75.00 per sq ft (7.9% growth over the past year), with Grade C space attracting rents of £65.00 per sq ft.

190k

Take up in Fitzrovia remains below trend

TAKE UP



TAKE UP BY SIZE (Q1-Q3 2023)

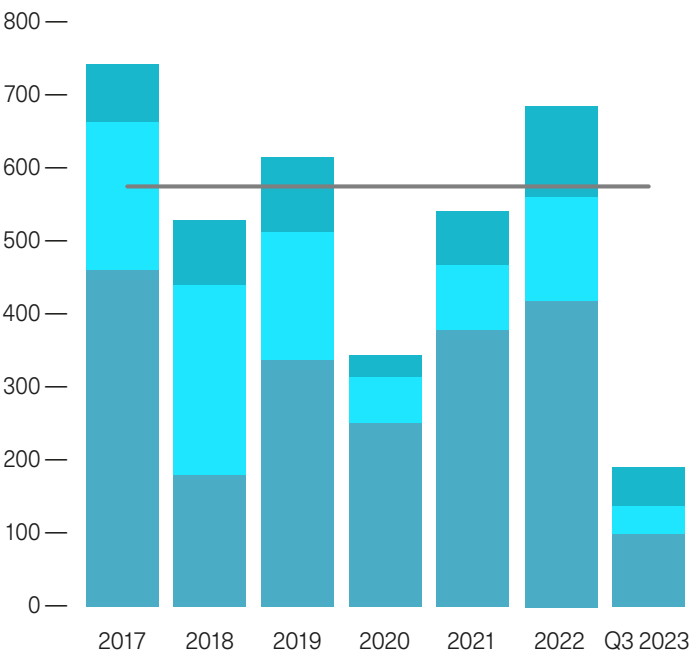
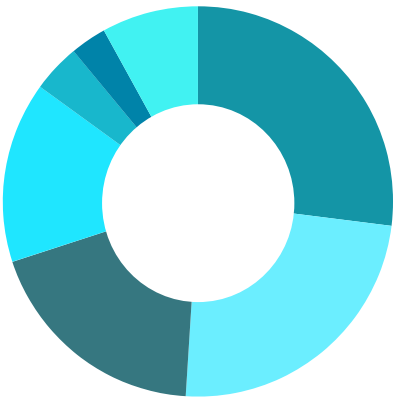
<1,000 sq ft	12%
1,001-2,500 sq ft	19%
2,501-5,000 sq ft	20%
5,001-10,000 sq ft	18%
10,001-20,000 sq ft	31%
>20,001 sq ft	0%

Q1-Q3 2023 TAKE UP

189,700 sq ft

TAKE UP BY OCCUPIER TYPE (Q1-Q3 2023)

DAMIT	27%
Retailers	24%
Financial Services	19%
Bus & Prof Services	15%
Man/Eng & Mining	4%
Real Estate	3%
Other	8%



TAKE UP (000's sq ft.)

Grade A

Grade B

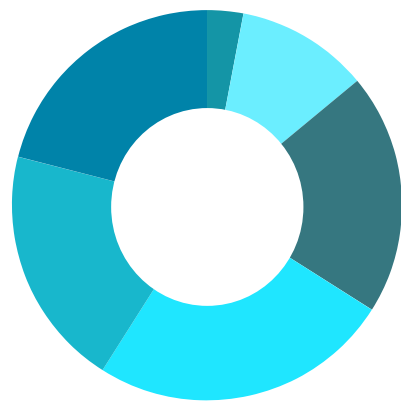
Grade C

10 Year Average

SUPPLY

The supply of floor space in the Fitzrovia has continued to edge higher over the first three quarters of 2023, moving to 568,900 sq ft at the end of September. The Fitzrovia market remains one of the best sources larger Grade A buildings, with two new schemes of circa 50,000 sq ft having recently completed. The largest space is at the recently refurbished Berners & Wells building on Berners Street, which offers 56,250 sq ft over nine floors. The building was ready for occupation in the summer. The availability rate remains one of the highest amongst the West End sub markets at 5.4%.

AVAILABILITY BY FLOOR AREA
(Q3 2023)

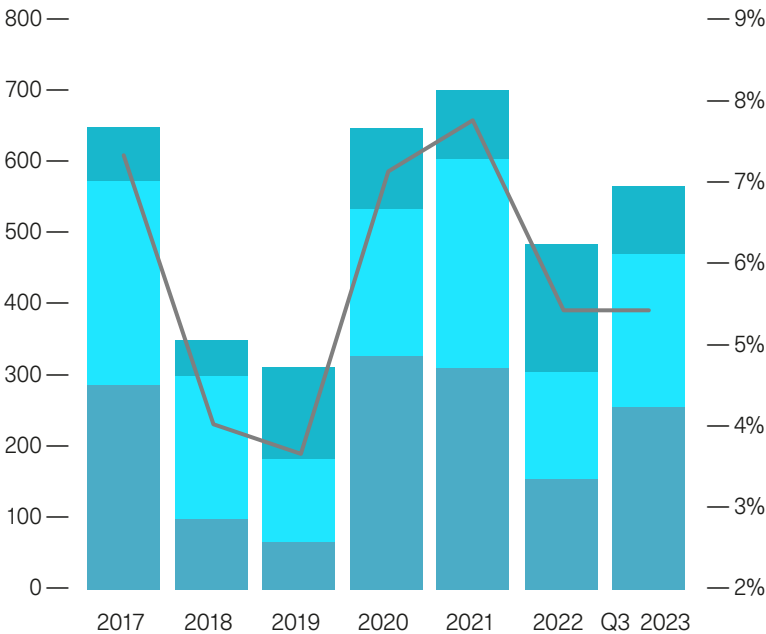


<1,000 sq ft	3%
1,001-2,500 sq ft	11%
2,501-5,000 sq ft	20%
5,001-10,000 sq ft	25%
10,001-20,000 sq ft	20%
>20,001 sq ft	21%

Q3 2023 AVAILABILITY

568,900 sq ft

AVAILABILITY
(000's sq ft.)



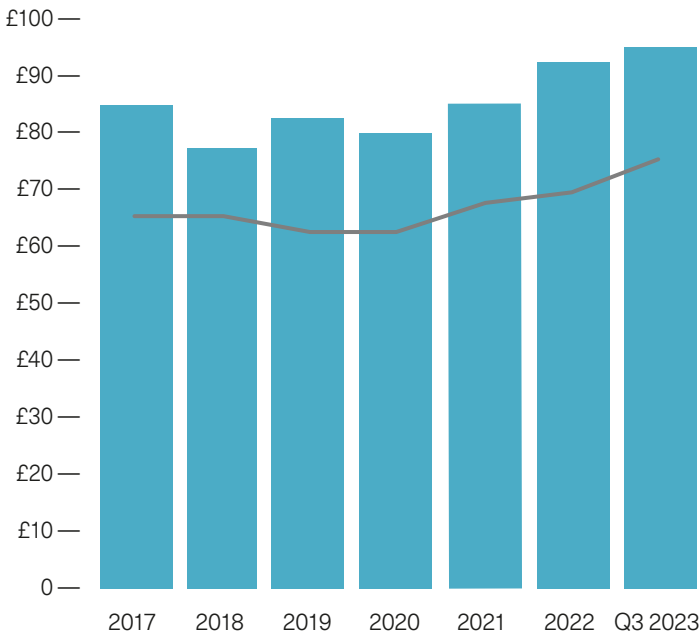
Grade A

Grade B

Grade C

Availability Rate

RENTAL VALUES



PRIME AND SECONDARY
RENTAL GROWTH

Prime

Grade B

SERVICED OFFICE DESK
RATES Q3 2023

Lowest

£200

Highest

£1,600

RENTAL VALUES
Q3 2023

PRIME

Grade B

Grade C

Q3 2023

£95.00

Q2 2023

£95.00

Q2 2023

£95.00

Change

0.0%

Q2 2023

£75.00

Q2 2023

£75.00

Change

0.0%

Q2 2023

£65.00

Q2 2023

£65.00

Change

0.0%

SOHO OFFICE MARKET

COMMENTARY

Activity in Soho slowed again in Q3, with total lettings of 61, 500 sq ft in 25 transactions. This brings total take up for the first nine months of the year to 246,200 sq ft in 93 deals.

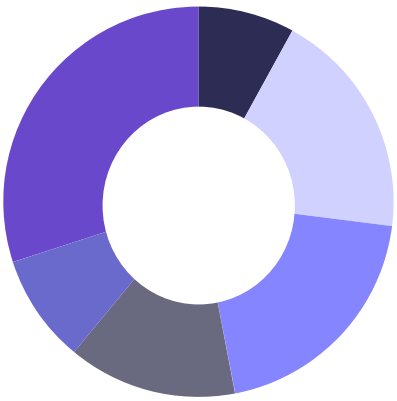
The third quarter's activity was dominated by smaller lettings, with only one deal above 10,000 sq ft. The largest transaction was the 11,035 sq ft letting at The Wingate on Shaftesbury Avenue.

Prime rents in Soho remained stable at £100.00 per sq ft in Q3 following the sharp upturn in the previous two years. Values have increased by 21.2% since the start of 2021 but remain below the peak of £105.00 per sq ft set in 2017. Rents on Grade B space moved to a new record for the area at £82.50 per sq ft, an increase of 6.5% over the past 12 months, with Grade C rents also strengthening at £69.50 per sq ft, growth of 6.9%.

168k sq ft

Supply is up in Soho but 150,000 sq ft is under offer at the end of Q3 2023

TAKE UP



TAKE UP BY SIZE (Q1-Q3 2023)

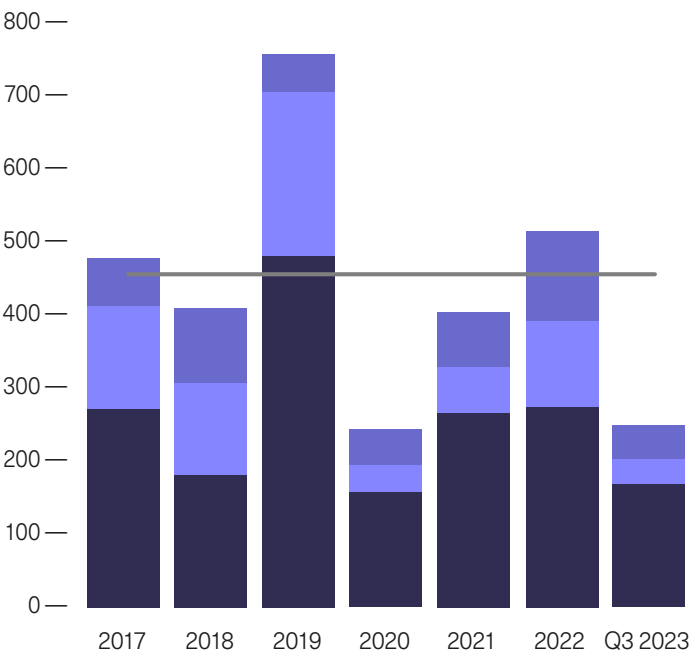
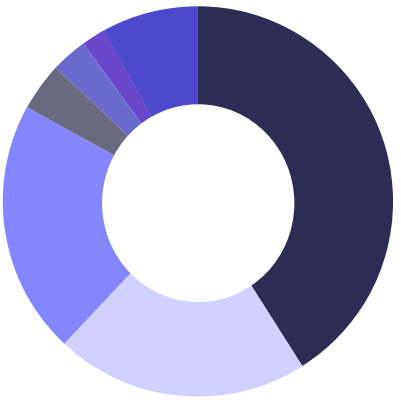
<1,000 sq ft	8%
1,001-2,500 sq ft	19%
2,501-5,000 sq ft	20%
5,001-10,000 sq ft	14%
10,001-20,000 sq ft	9%
>20,001 sq ft	30%

Q1-Q3 2023 TAKE UP

246,200 sq ft

TAKE UP BY OCCUPIER TYPE (Q1-Q3 2023)

Financial Services	41%
Bus & Prof Services	21%
DAMIT	21%
Real Estate	4%
Retailers	3%
Man/Eng & Mining	2%
Other	8%



TAKE UP (000's sq ft.)

Grade A

Grade B

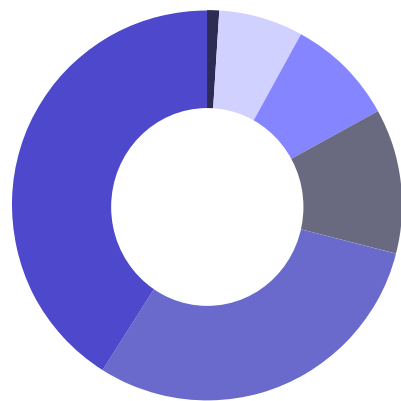
Grade C

10 Year Average

SUPPLY

The Soho market has seen a significant increase in supply in Q3 2023, with the majority of space at Air W1 on Glasshouse Street coming to the market. A total of 138,220 sq ft was on the market at Air W1 the end of September, although more than 80% of the space was under offer at the end of the quarter. Overall availability was up to 616,900 sq ft at the end of the quarter but this should adjust down if the lettings at Glasshouse Street complete. The availability rate in Soho is one of the highest across the West End sub markets, standing at 7.9% at the end of Q3 2023 but is expected to move back to around 6.0% at the end of the year.

AVAILABILITY BY FLOOR AREA
(Q3 2023)

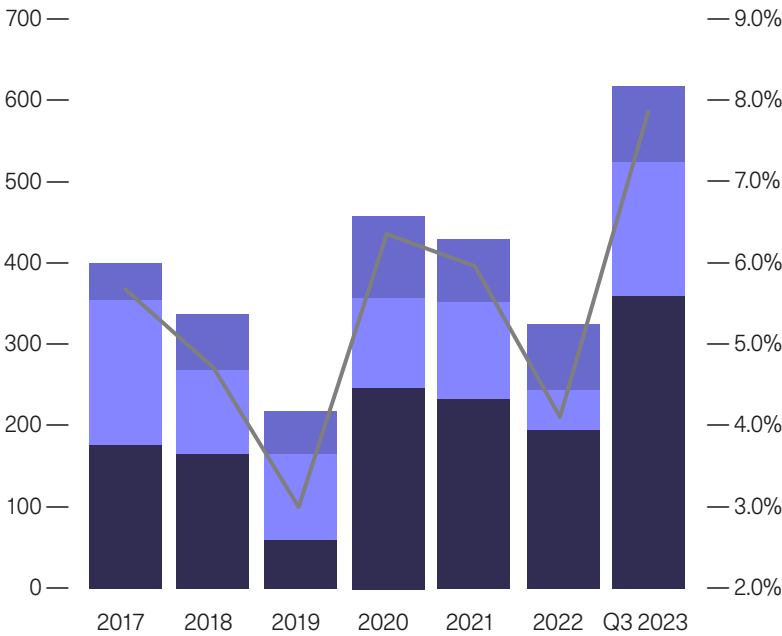


<1,000 sq ft	1%
1,001-2,500 sq ft	7%
2,501-5,000 sq ft	9%
5,001-10,000 sq ft	12%
10,001-20,000 sq ft	30%
>20,001 sq ft	41%

Q3 2023 AVAILABILITY

616,900 sq ft

AVAILABILITY
(000's sq ft.)



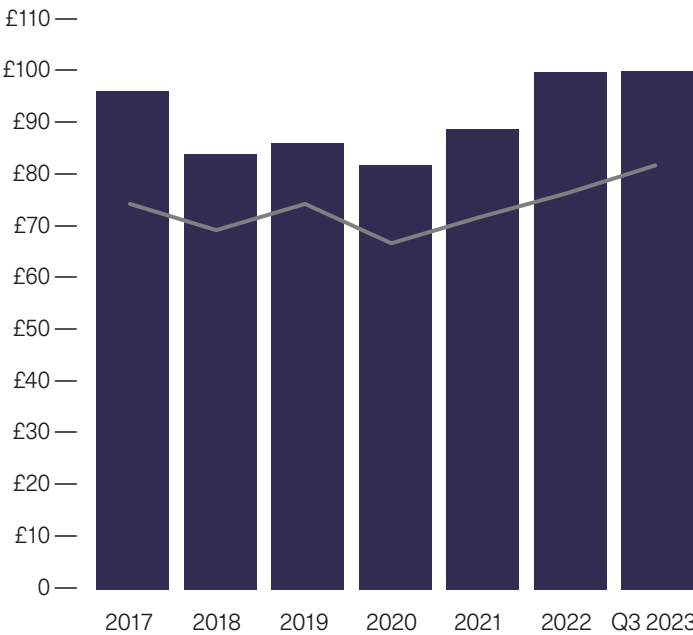
Grade A

Grade B

Grade C

Availability Rate

RENTAL VALUES



PRIME AND SECONDARY
RENTAL GROWTH

Prime

Grade B

SERVICED OFFICE DESK
RATES Q3 2023

Lowest

£309

Highest

£1,900

RENTAL VALUES
Q3 2023

PRIME

Grade B

Grade C

Q3 2023

£100.00

Q2 2023

£100.00

Change

0.0%

Q3 2023

£82.50

Q2 2023

£79.50

Change

3.8%



Q3 2023

£69.50

Q2 2023

£67.50

Change

3.0%



COVENT GARDEN OFFICE MARKET

COMMENTARY

Take up in Covent Garden continued to strengthen in Q3 with 90,370 sq ft of space acquired in 19 transactions. This brings the year to date figure to 230,020 in 58 deals, with the main focus of activity on Grade A space.

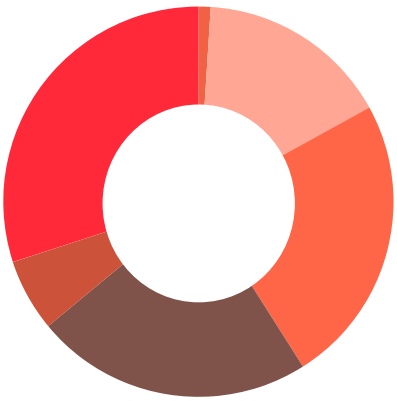
The largest letting in Q3 was the sub let of 44,180 sq ft at Nationwide's space at The Post Building to insurance group Rothesay Life. There is still just over 50% of the building society's space at The Post Building on the market.

Prime rents in Covent Garden moved back to £87.50 per sq ft at the end of Q3 2023 but remain below previous peak levels. Rents on Grade B space also moved up to £77.50 per sq ft following sharp increases in the aftermath of the pandemic, whilst Grade C space is now attracting rents of circa £62.50 per sq ft – still the best value across all West End sub markets.

14%

Supply has tightened in Q3 2023 but is set to rise over the next six months

TAKE UP



TAKE UP BY SIZE (Q1-Q3 2023)

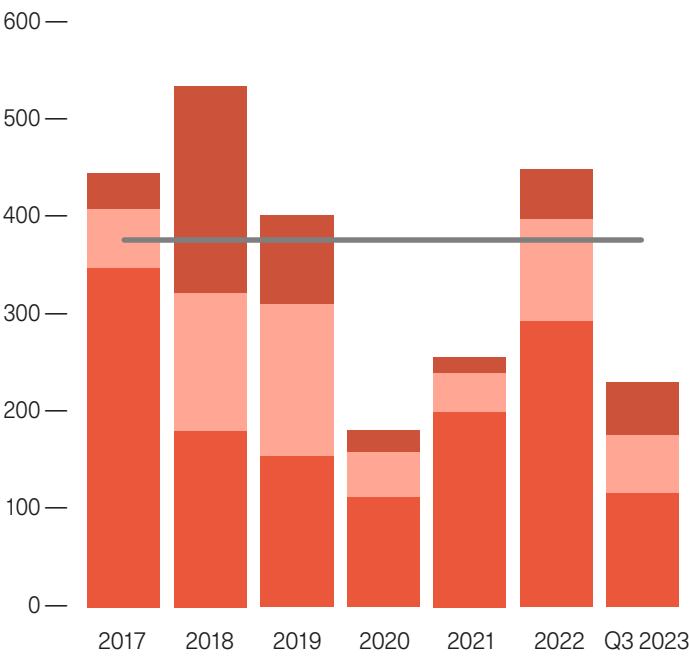
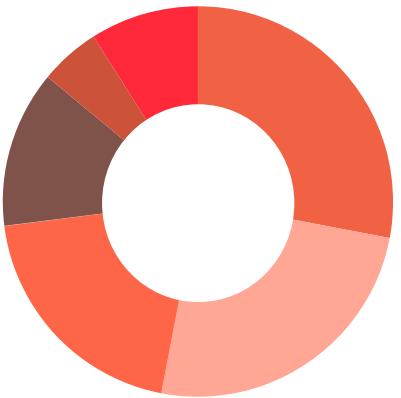
<1,000 sq ft	1%
1,001-2,500 sq ft	16%
2,501-5,000 sq ft	24%
5,001-10,000 sq ft	23%
10,001-20,000 sq ft	6%
>20,001 sq ft	30%

Q1-Q3 2023 TAKE UP

230,020 sq ft

TAKE UP BY OCCUPIER TYPE (Q1-Q3 2023)

DAMIT	28%
Financial Services	25%
Retailers	20%
Bus & Prof Services	13%
Real Estate	5%
Other	9%



TAKE UP (000's sq ft.)

Grade A

Grade B

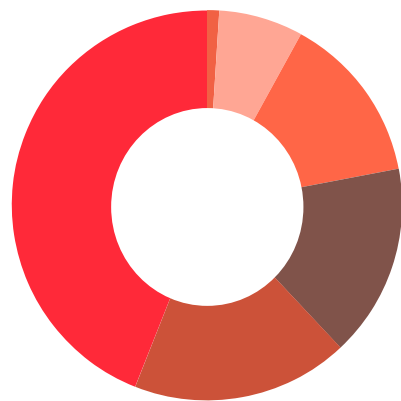
Grade C

10 Year Average

SUPPLY

Supply in Covent Garden moved back down to 434,900 sq ft following the letting of the Nationwide space but Grade A space continues to dominate availability, accounting for 37% of the total. The largest Grade A space on the market at the end of Q3 is at The Kodak Building on Kingsway, where 61,370 sq ft of newly refurbished space is available. The availability rate is one of the highest amongst the West End sub markets at 6.1%.

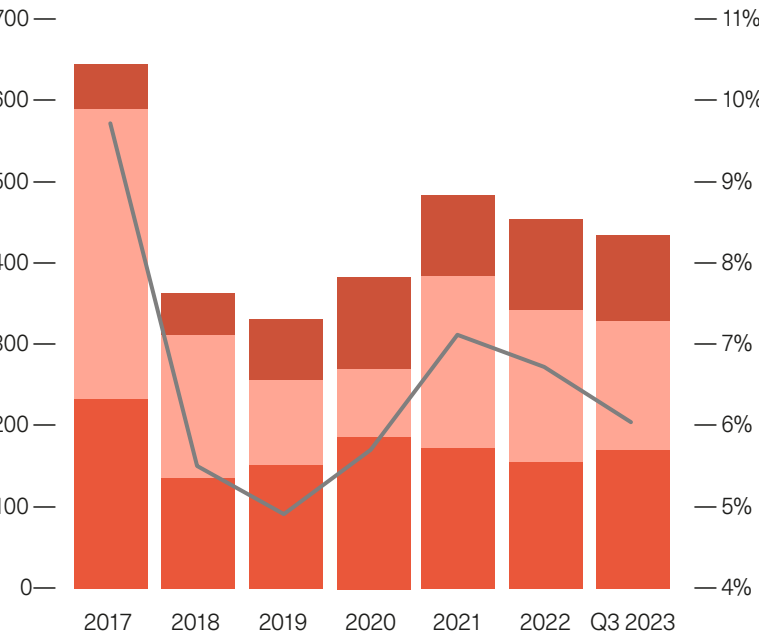
AVAILABILITY BY FLOOR AREA (Q3 2023)



<1,000 sq ft	1%
1,001-2,500 sq ft	7%
2,501-5,000 sq ft	14%
5,001-10,000 sq ft	16%
10,001-20,000 sq ft	18%
>20,001 sq ft	44%

Q3 2023 AVAILABILITY

434,900 sq ft

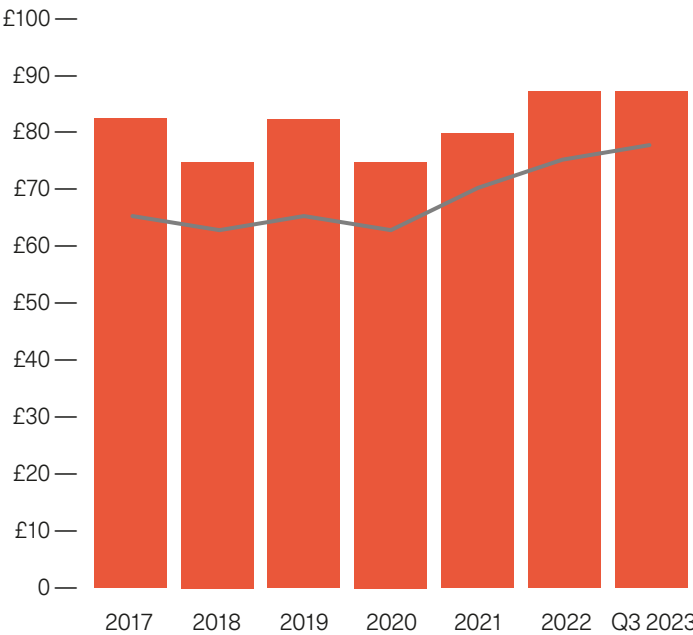


AVAILABILITY (000's sq ft.)

Grade A
Grade B
Grade C

Availability Rate

RENTAL VALUES



PRIME AND SECONDARY RENTAL GROWTH

Prime
Grade B

SERVICED OFFICE DESK RATES Q3 2023

Lowest

£545

Highest

£1,100

RENTAL VALUES Q3 2023

PRIME

Grade B

Grade C

Q3 2023

£87.50

Change 2.9%



Q2 2023

£85.00

Change 3.3%



Q3 2023

£77.50

Change 0.0%



Q2 2023

£75.00

Change 0.0%



Q3 2023

£62.50

Change 0.0%



Q2 2023

£62.50

Change 0.0%



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