

# MAYFAIR OFFICE MARKET Q3 2016



## THE MARKET

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The Mayfair office market comprises a total stock of 12.4m sq ft over 851 buildings. The vacancy rate is currently 4.4% against a 5 year average of 5.15%. In comparison the whole London office market has a current vacancy rate of 6.5%.

Occupier demand for prime buildings in Mayfair has reduced during the first three Quarters of 2016 compared with the whole of 2015 however supply has remained

limited but static. The market is dominated by transactions of sub 5,000 sq ft (89%) and there have only been 3 deals in excess of 10,000 sq ft so far in 2016 compared with 16 in 2015. Currently there are 24 buildings available in Mayfair offering in excess of 10,000 sq ft.

There were 179 letting transactions in 2015 in excess of 1,000 sq ft totalling 713,766 sq ft with an average floor area

# THE MARKET CONTINUED

of 3,988 sq ft and a total rent roll of £58.7m equating to an average rent of £82.24 per sq ft. In the first three quarters in 2016 there have been 100 lettings totalling 286,640 sq ft with an average of 2,866 sq ft and a rent roll of £23.5m. On a like for like basis the rent roll is down by 47%, overall floor area by 46% and number of lettings by 25%.

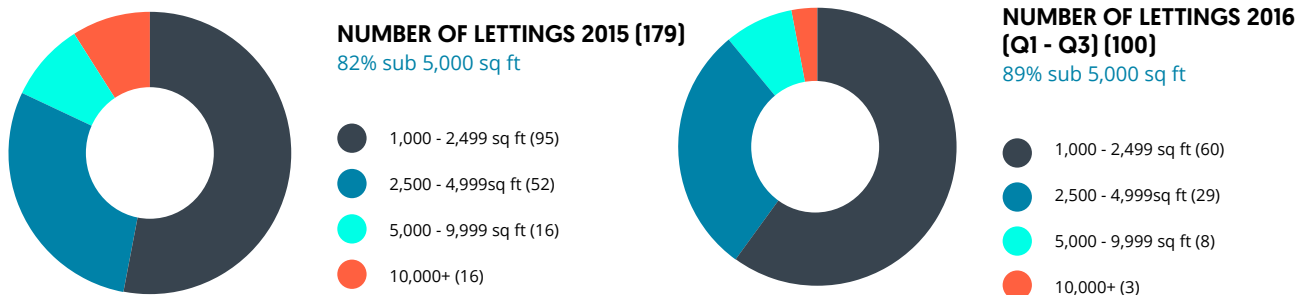
The lead up to the referendum created inactivity through delayed decision making which was quickly followed by the quiet summer period. Based on the recent step up in

viewing and a sharp increase in transactions going into lawyers hands it is widely anticipated that there will be a strong final quarter this year. If this is the case the figures above should be improved on.

The market was inflated and beginning to soften six months prior to the Brexit referendum and what lies ahead in 2017 will be more difficult to predict as the government prepares to invoke Article 50.

## LETTINGS BY FLOOR AREA

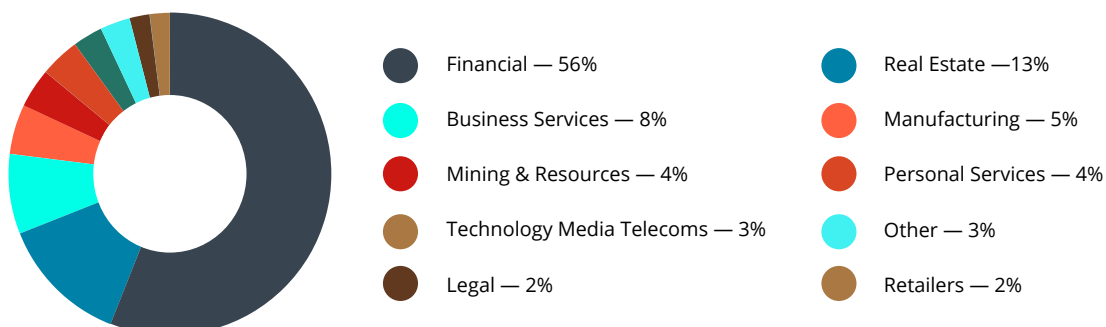
The largest transaction during 2015 was the letting of a floor of 28,804 sq ft in 1 Curzon Street. So far in 2016 the largest letting has been 14,540 sq ft at 1 New Burlington Place.



## OCCUPIER PROFILE

New Leases by Occupier Sector Last 12 Months

The Financial sector remains the dominant occupier in Mayfair. Business Services has grown slightly as has the Mining & Resources sector. Real Estate has reduced significantly as much of the sector have relocated to elsewhere in the core to reduce property overheads.



# RENTAL LEVELS

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The highest rent in Mayfair in 2015 was £150.00 per sq ft at 13 Berkeley Street which was achieved by ourselves. This year so far the highest rent is £132.50 which The Crown Estate achieved in a letting to Accel of 1 New Burlington Place.

The average rent in 2015 was £82.32 per sq ft and so far in 2016 it is slightly down at £81.83 per sq ft.

The highest quoting rent at present is £150.00 per sq ft for the top floors at 30 Berkeley Square.

## RECENT TRANSACTIONS

Building	Size Sq Ft	Landlord	Tenant	Rent Sq ft
1 New Burlington Place	9,031	Crown Estate	Accel Partners	£132.50
24 Grosvenor Hill	6,534	Grosvenor	Acer Media	£94.00
Stratton House	11,104	Sirosa	Pictet	£107.50

## DEVELOPMENT PIPELINE

Building	Developer	Size sq ft	Ready
7 Clarges Street	British Land	48,000	Q3 2016
11-12 Hanover Square	Aviva	40,000	Q4 2016
10 Stratton Street	Joint Treasure	44,000	Q2 2017
7-10 Hanover Square (Prelet)	Morgan Capital	121,000	Q2 2017
7 Cork Street	The Pollen Estate	35,000	Q3 2017

## CURRENT AVAILABILITY

Building	Landlord	Size sq ft
Berkeley Square House	Lancer Asset Management	20,500
1 Curzon Street	Lancer Asset Management	29,706
1 New Burlington Place	The Crown Estate	41,500
Park House, Park Street	REM UK	31,949

# SUMMARY

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The Mayfair office market remains stable with steady demand albeit the majority of requirements are steered towards the sub £100.00 per sq ft market. Demand for new or substantially refurbished buildings quoting in excess of this figure limited with the exception of British Land's 7 Clarges Street which is experiencing healthy demand having just been launched. The rental figures achieved in this building will be a very good market indicator.

## BDG SPARKES PORTER AND THE MAYFAIR OFFICE MARKET

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There are 89 practices dealing with office lettings in the West End, of these 15 have global representation or are multi-disciplinary and the remaining 74 can be regarded as sector specialists. The vast majority of these practices transact less than 2 Mayfair deals annually. The top five firms who can be regarded as core West End specialists have performed in Mayfair during 2015/16 (the period of this study) as follows:

Firms	No. of Deals / %		Sq Ft / %	
BDG Sparkes Porter	51	(46.8%)	96,818	(39.5%)
Crossland Otter Hunt	27	(24.8%)	84,637	(34.5%)
Edward Charles & Partners	13	(11.9%)	25,747	(10.5%)
Mellersh & Harding	9	(8.25%)	25,805	(10.5%)
Monmouth Dean	9	(8.25%)	12,150	(5.00%)
	<b>109</b>		<b>245,157</b>	

\* CoStar data as of 21/10/2016

Based on the above we are proud of our position as the No. 1 Mayfair Office Agent.

Further information can be obtained on our new website [www.bdgsp.co.uk](http://www.bdgsp.co.uk) or please contact a member of the office agency team.

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