
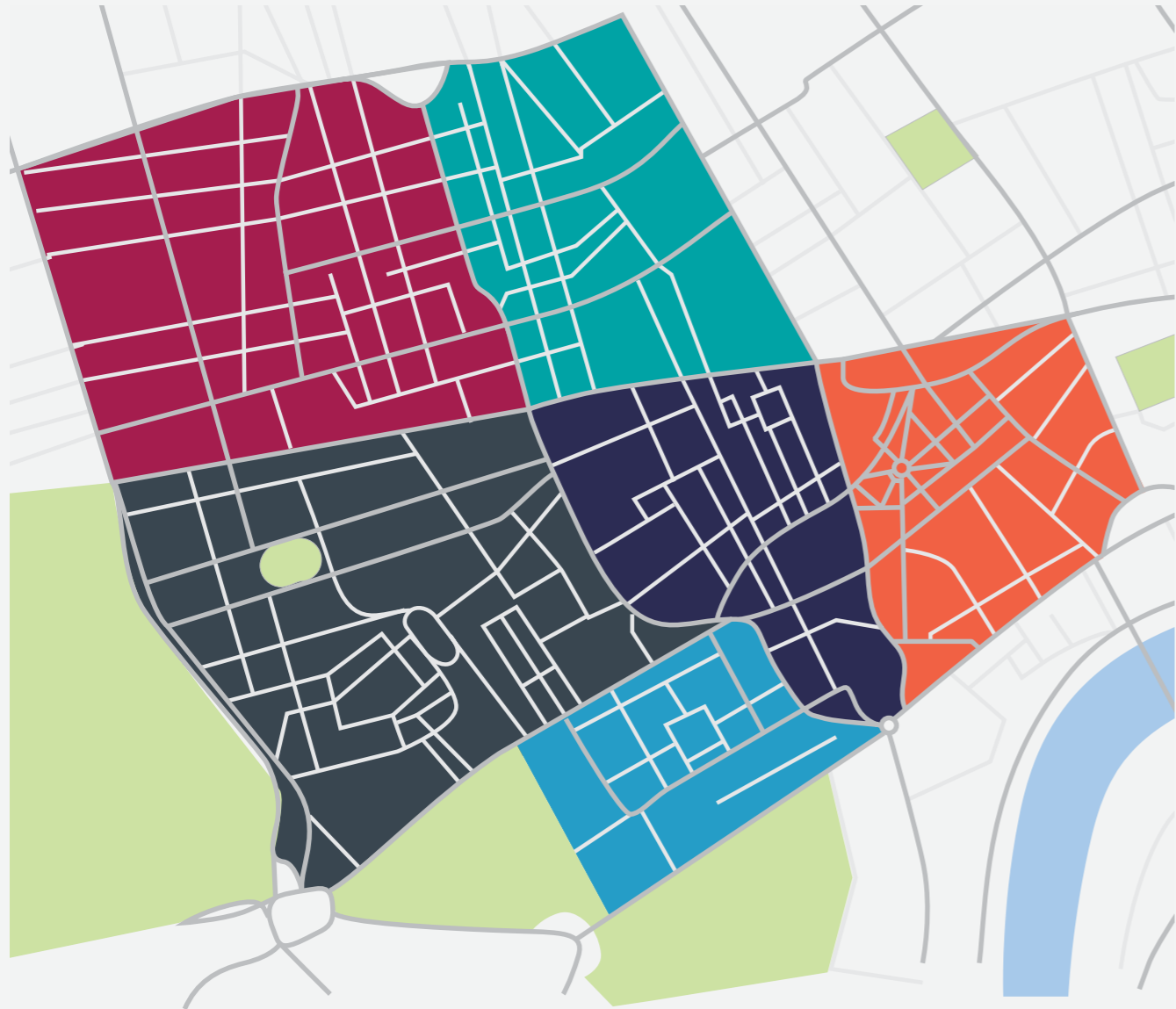


WEST END
OFFICES
**SUBMARKETS
RESEARCH**

— Q1 2021





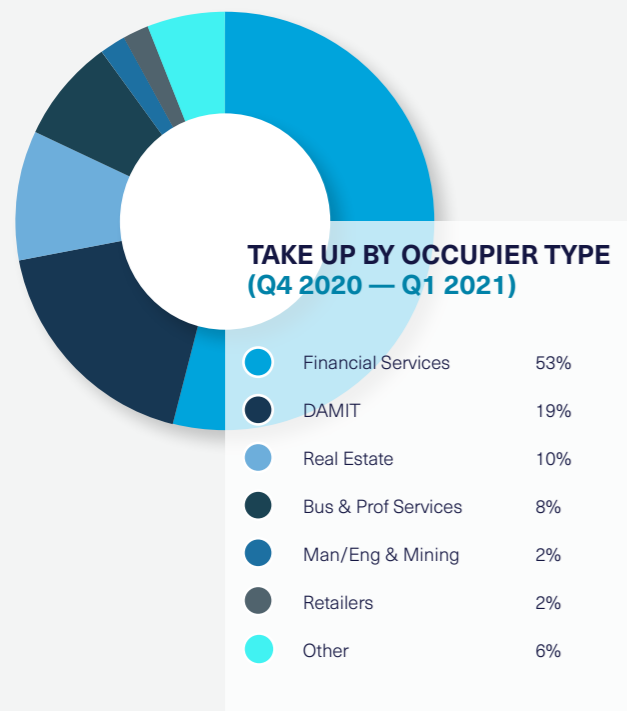
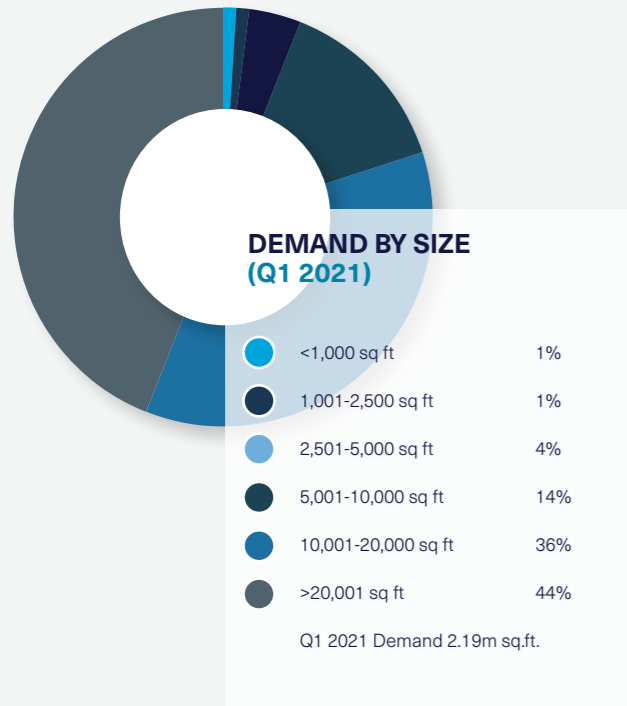
CONTENTS

West End Market	4-5	
Mayfair	6-7	
St James's	8-9	
Marylebone	10-11	
Noho	12-13	
Soho	14-15	
Covent Garden	16-17	

WEST END OFFICE MARKET

COMMENTARY

TAKE UP & DEMAND



Take up in the West End remained on a similar trend to the previous 12 months in Q1 2021, with a total of 366,200 sq ft of lettings across 80 transactions. Grade A take up accounted for 50% of the first quarter's activity, with the largest Grade A transaction being the 30,000 sq ft by Crosstree to Waypoint Capital at 1 Berkeley Street.

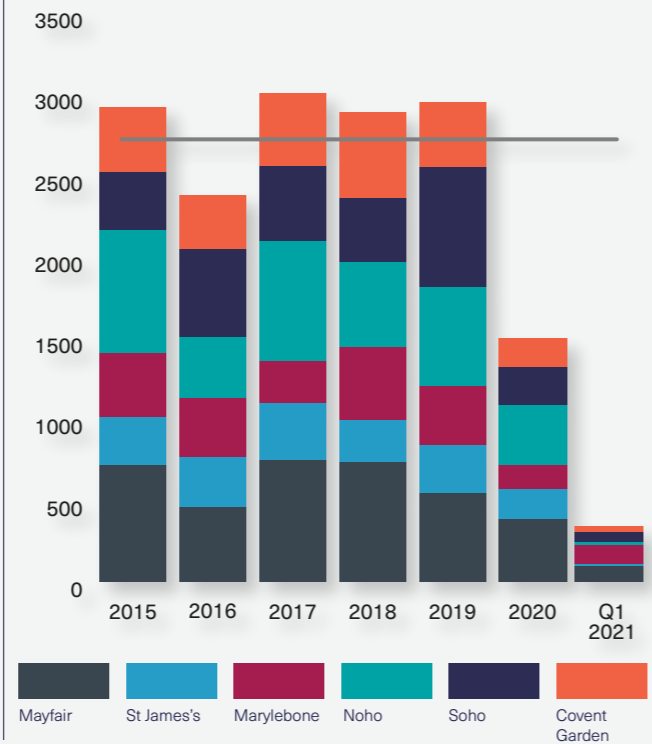
The largest transaction in Q1 2021 was the 71,779 sq ft sub letting of the Publicis space at 82 Baker Street to US hedge fund Brevan Howard. The space had only come to the market in the latter stages of 2020.

Supply has increased by 72% (1.44m sq ft) since the start of the pandemic, rising to 3.46m sq ft. Almost 80% of the recorded increase in supply has been in Grade A space, which now stands at just under 2.0m sq ft. The most significant increase in supply have been the Soho and Noho markets, where availability has more than doubled.

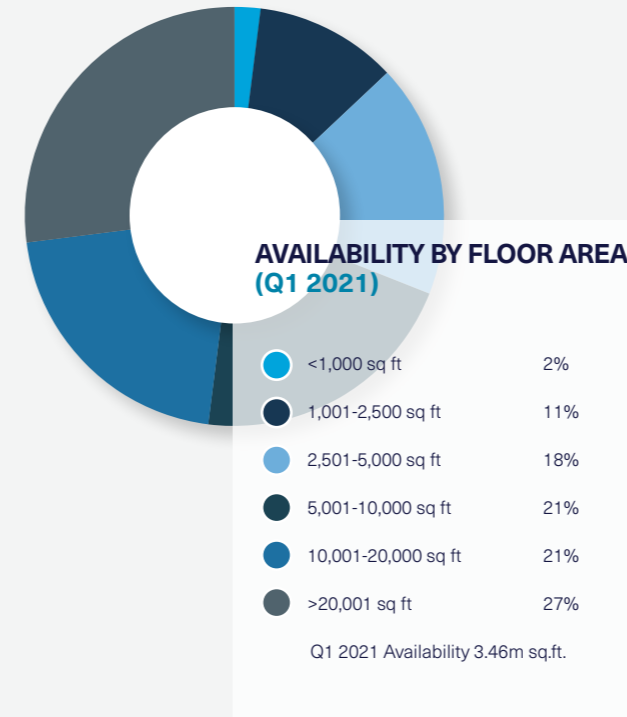
Demand recovered slightly in Q1 2021, with active requirements in the core West End markets standing at 2.2m sq ft, up 10% from the end of 2020 figure. Financial Services companies continue to dominate, representing 33% of the total. The greatest increase in demand has come from companies in marketing, advertising a technology sectors (DAMIT), where requirements are up by 64% over the quarter to just under 500,000 sq ft.

Prime rents have continued to adjust down in most markets in Q1 2021 and are now down by 7.1% on average since the start of the pandemic. Marylebone and Mayfair have seen the most significant reductions over the past 12 months, with rents down by 10.8% and 10.6% respectively.

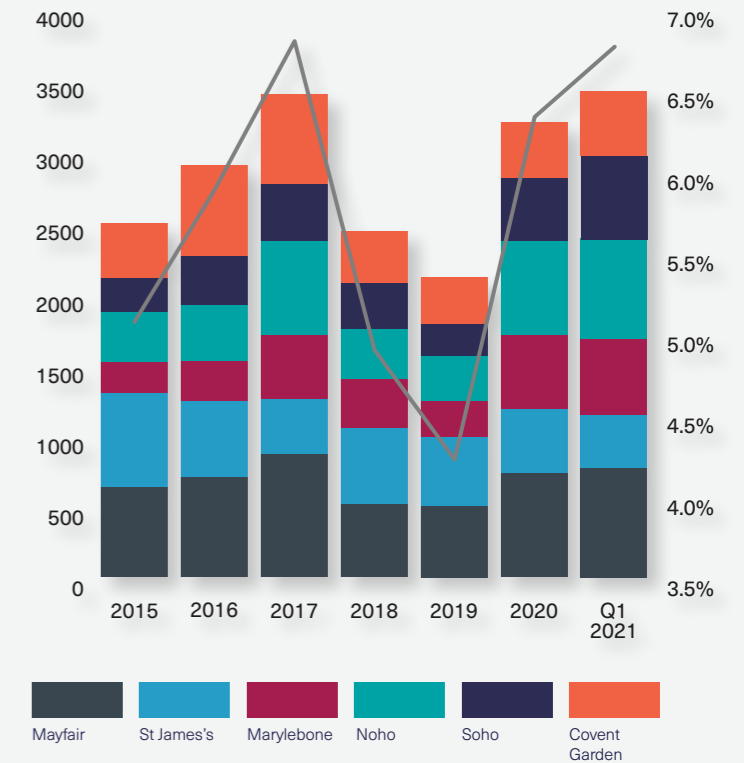
WEST END TAKE UP (000's sq ft.)



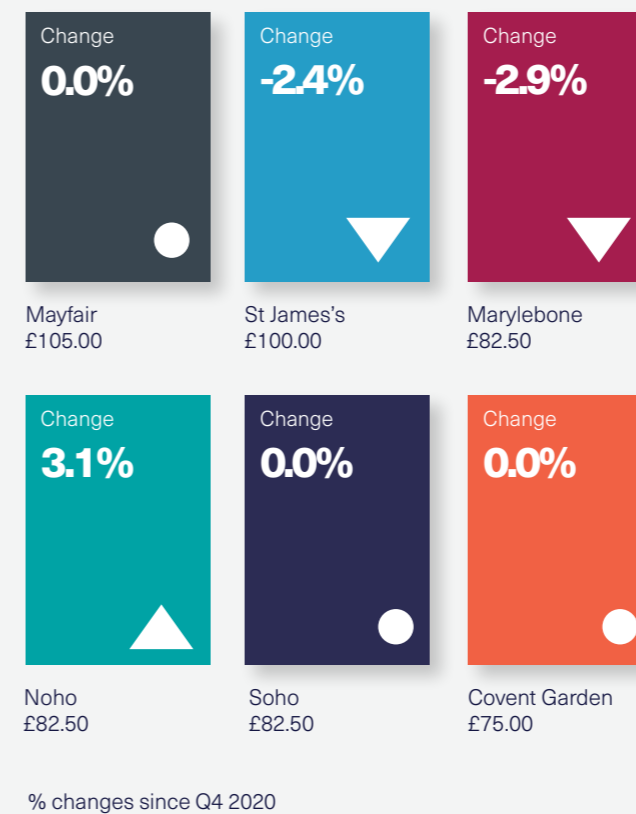
SUPPLY



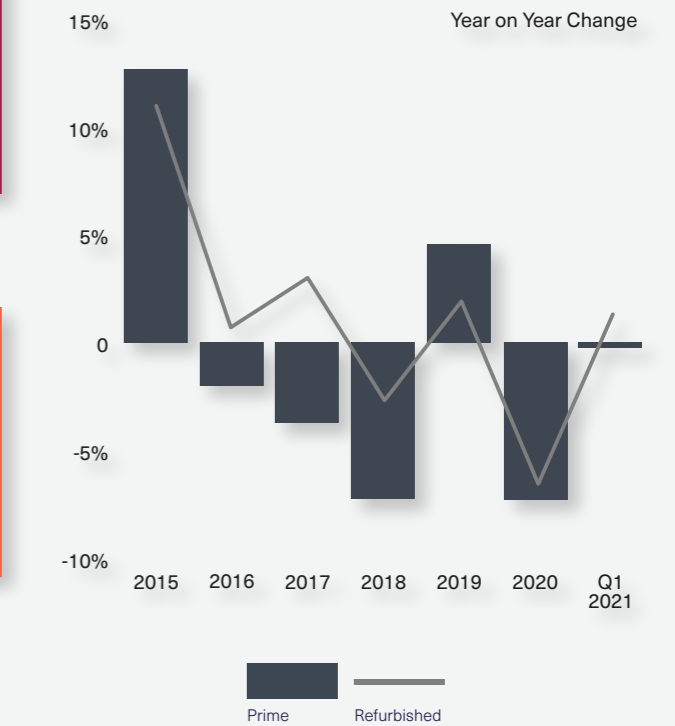
WEST END AVAILABILITY (000's sq ft.)



PRIME RENTAL VALUES



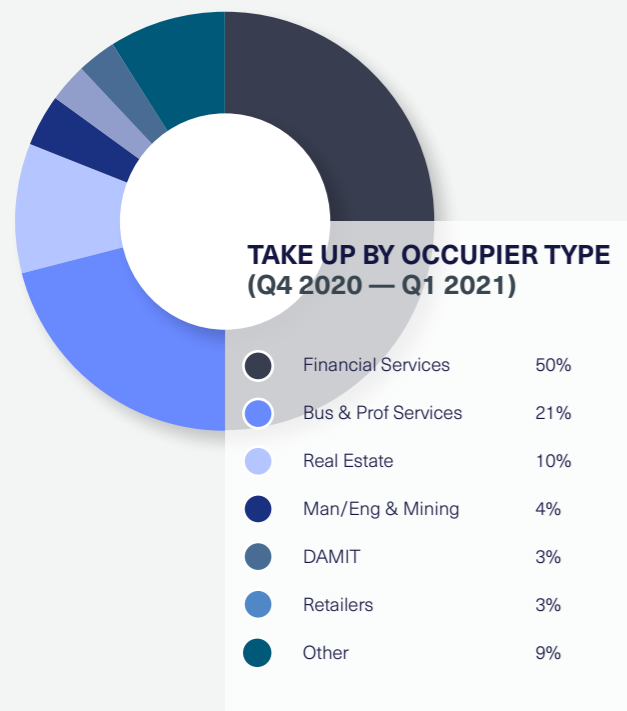
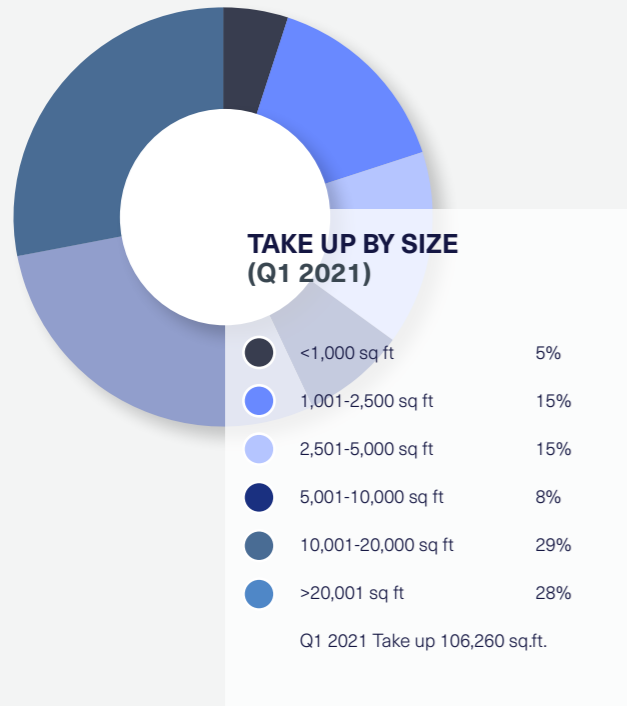
PRIME & SECONDARY RENTAL GROWTH



MAYFAIR OFFICE MARKET

COMMENTARY

TAKE UP & DEMAND



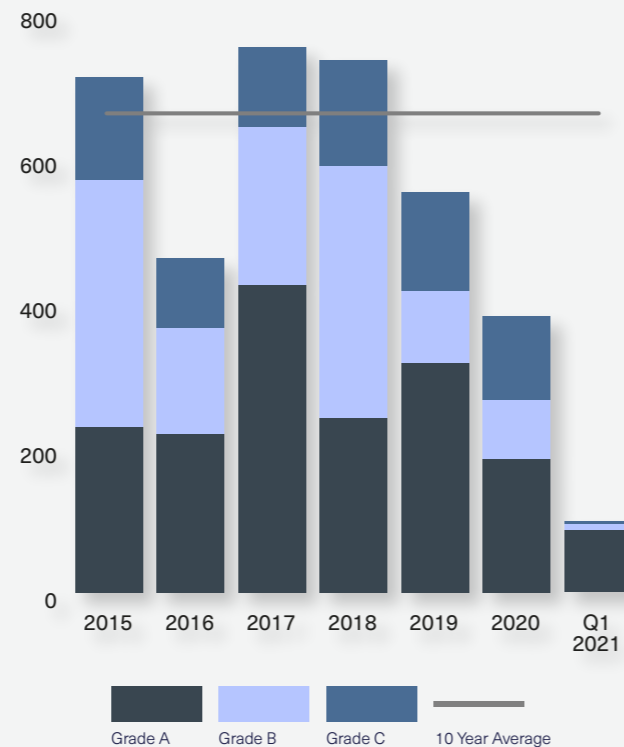
The first quarter of the year saw activity in Mayfair maintain the levels seen through the previous 12 months. Take up in Q1 2021 was 106,260 sq ft across 24 transactions, with the average size of letting for the quarter standing at 4,427 sq ft compared to an average of 3,185 sq ft over the previous five years.

Lettings were largely focused on Grade A space, which accounted for 82% of all lettings in the quarter. The largest transaction in the quarter was the 30,000 sq ft letting to Waypoint Capital at 1 Berkeley Street, whilst Our Space took 19,679 sq ft at Red Wolf House, 5 Bolton Street.

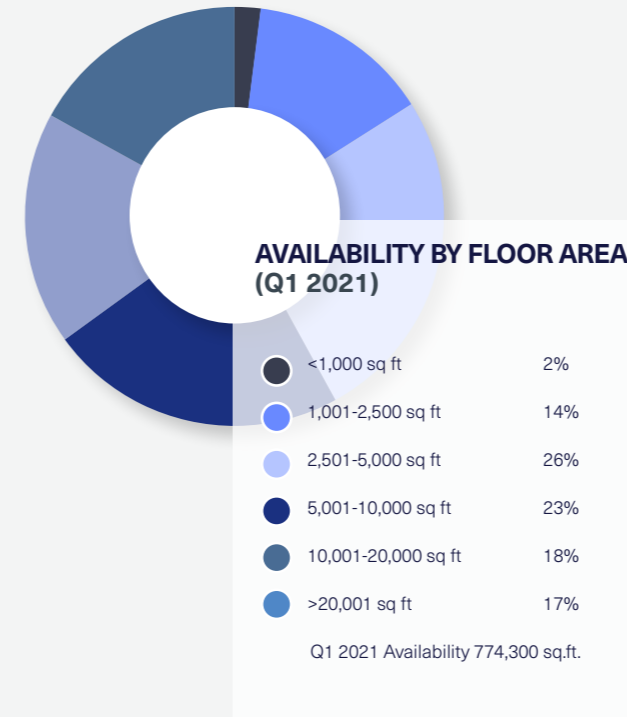
The pace of increase in supply eased in Q1 2021, with total availability rising by 26,900 sq ft to 774,300 sq ft, the lowest quarterly increase since the onset of the pandemic. Total availability has increased by 69% over the past 12 months, with the main rise in availability being in Grade A space, which now stands at 401,000 sq ft. There has been greater release of larger floors/suites, with availability in spaces of 5,000 sq ft and above accounting for 87% of the overall increase.

Prime rents in Mayfair have adjusted significantly over the past 12 months, falling by 10.6% £105.00 per sq ft at the end of Q1 2021. Rents in Mayfair are now 22.2% below their peak level of £135.00 per sq ft set at the end of 2015. Whilst rents on unrefurbished space continued to adjust downwards to £57.50 per sq ft, values on refurbished stock moved back to £80.00 per sq ft, an increase of 3.2% on the quarter but still 8.6% down over the past 12 months.

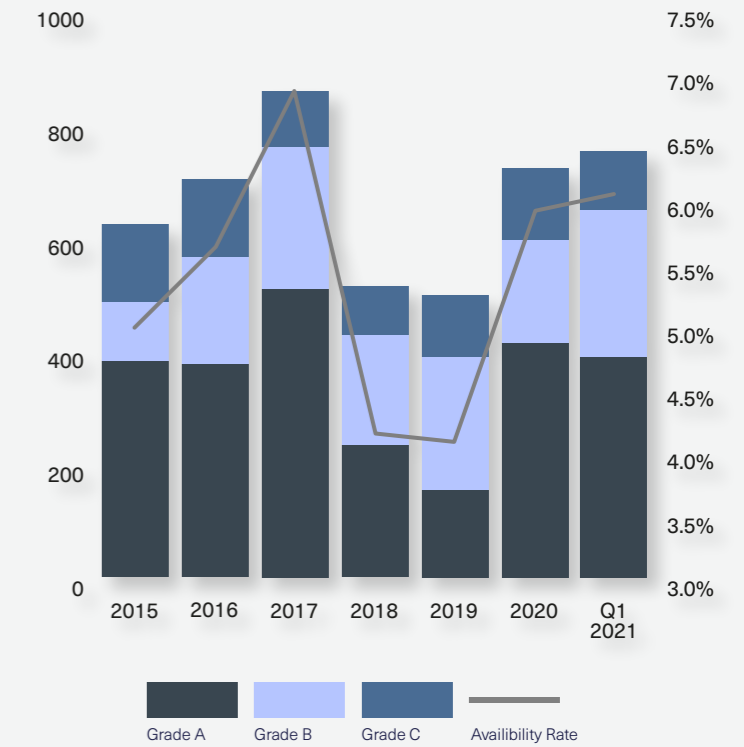
MAYFAIR TAKE UP (000's sq ft.)



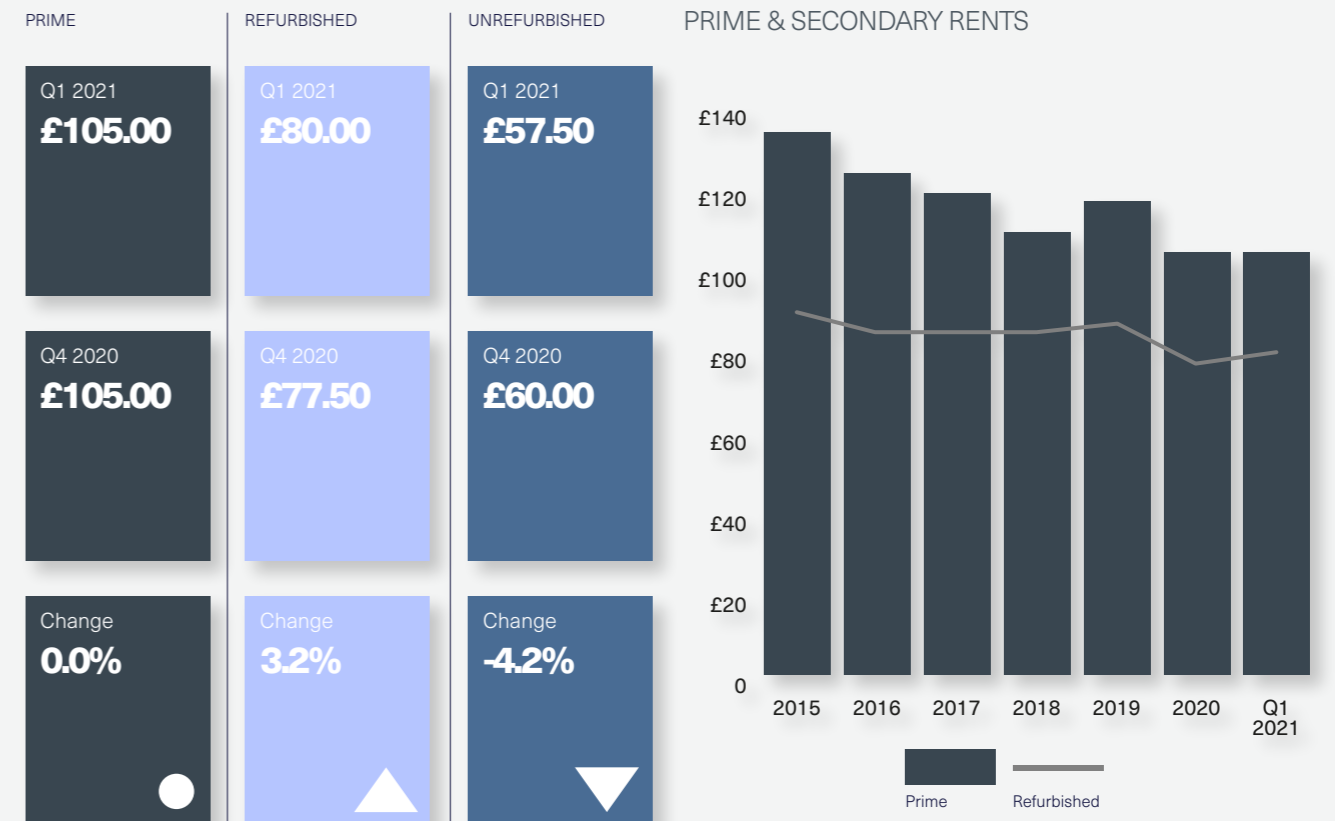
SUPPLY



MAYFAIR AVAILABILITY (000's sq ft.)



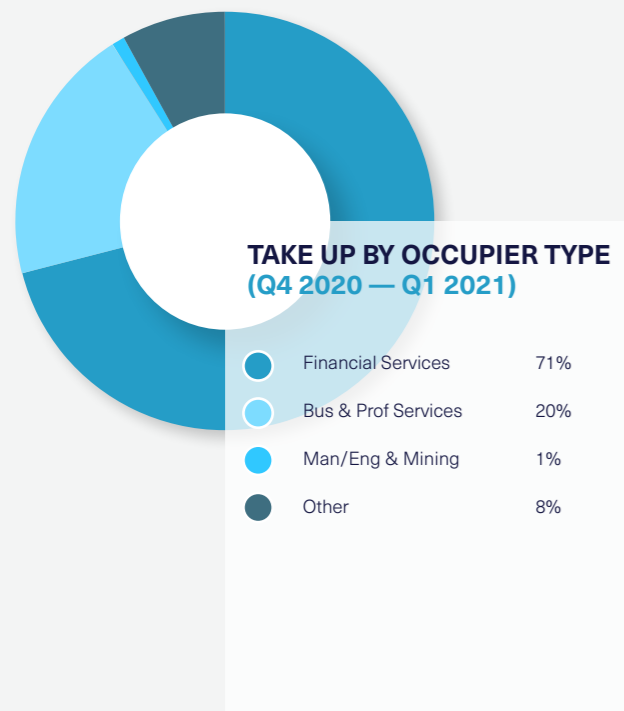
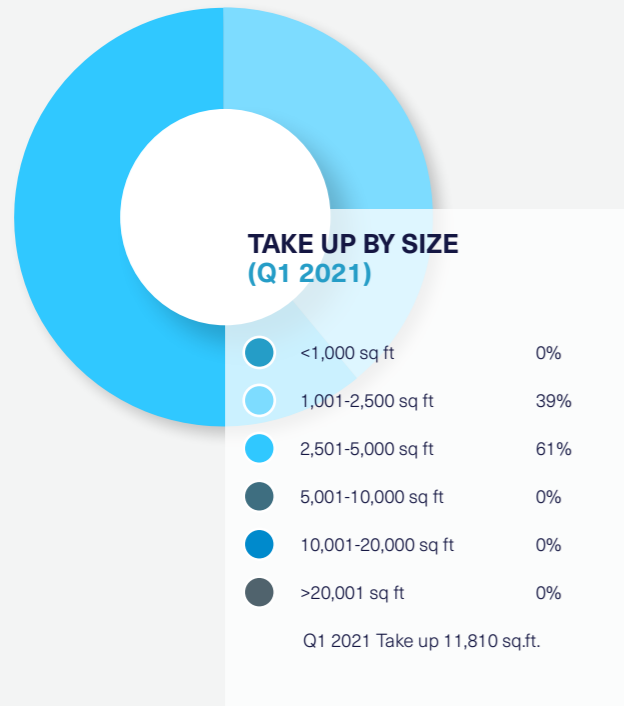
RENTAL VALUES Q1 2021



ST JAMES'S OFFICE MARKET

COMMENTARY

TAKE UP & DEMAND



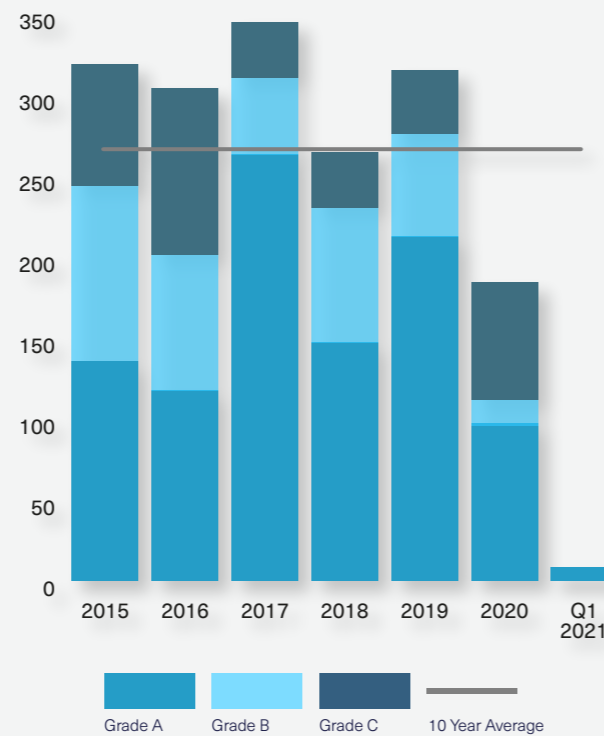
Activity in the St James's market was constrained during Q1 2021, with only 11,810 sq ft of space acquired across five transactions. Take up was focused on Grade A space, with the largest transaction being the 4,210 sq ft letting to De Pinna Notaries at Southwest House, 11a Regent Street.

In the longer run, financial services occupiers continue to dominate activity in the St James's market, accounting for 65% of all lettings in the St James's market since 2017.

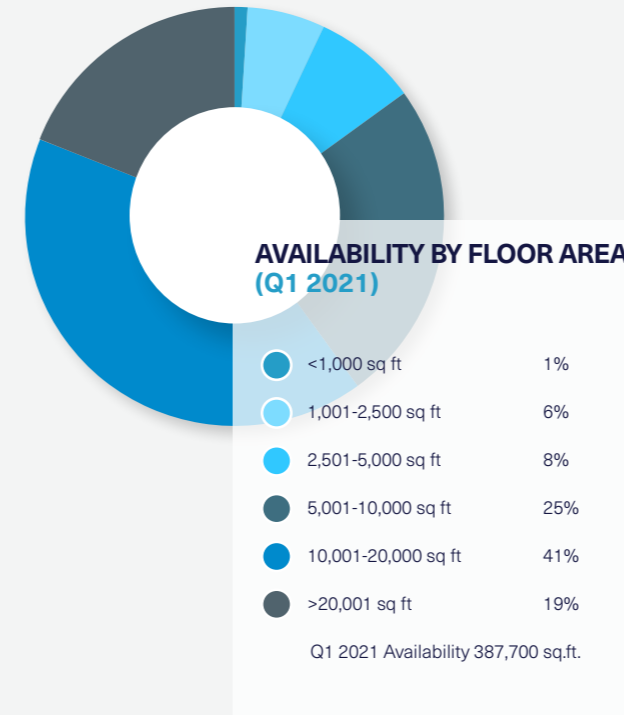
Unlike the other 'core' West End sub markets, supply in St James's has reduced over the past 12 months, falling from 441,160 sq ft at the end of Q1 2020 to 387,700 sq ft in Q1 2021. The withdrawal of 120,000 sq ft at One Jermyn Street from the market, pending permission for change of use to a hotel has been the primary reason for the downturn in supply. Grade A supply continues to dominate availability, with RTZ marketing 53,450 of their headquarters building at 6 St James's Square.

Prime rents in St James's have continued to ease over the past two years, ending Q1 2021 at £100.00 per sq ft, down by 2.4% on the quarter and 9.1% over the past 12 months. Prime values are now 25.9% below their peak level of £135.00 per sq ft at the end of 2015. Rents on refurbished space remained stable at £72.50 per sq ft over the quarter (down 6.5% over the past 12 months), whilst unrefurbished rents moved down to £55.00 per sq ft, down 15.4% over 12 months.

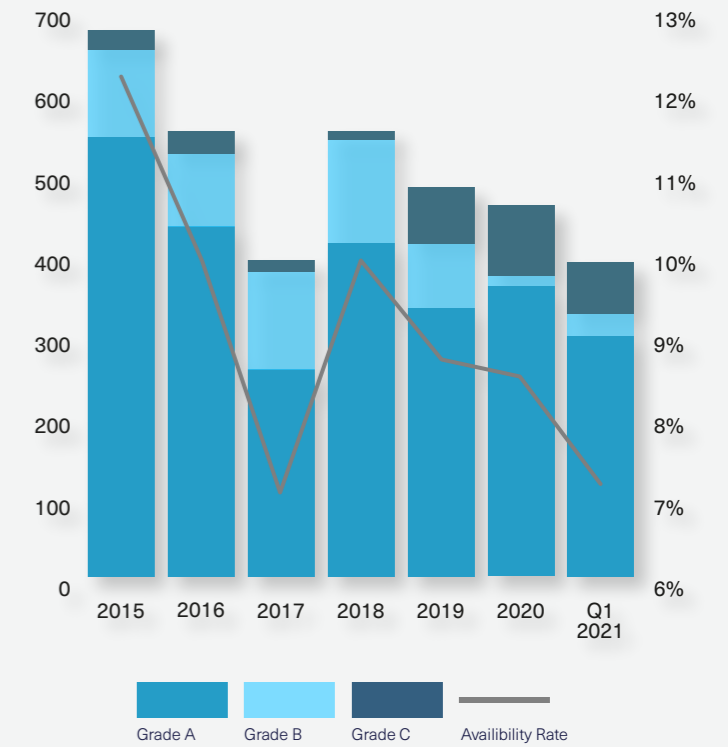
ST JAMES'S TAKE UP (000's sq ft.)



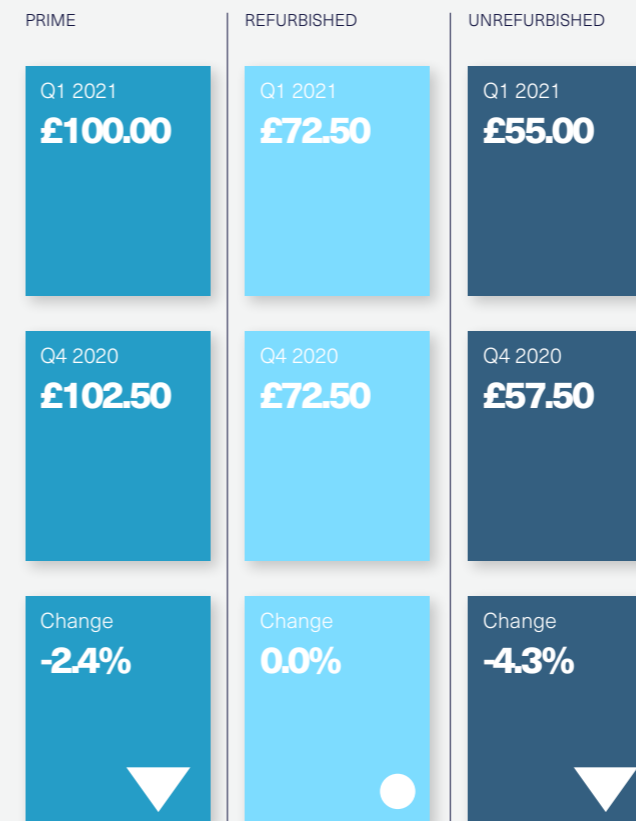
SUPPLY



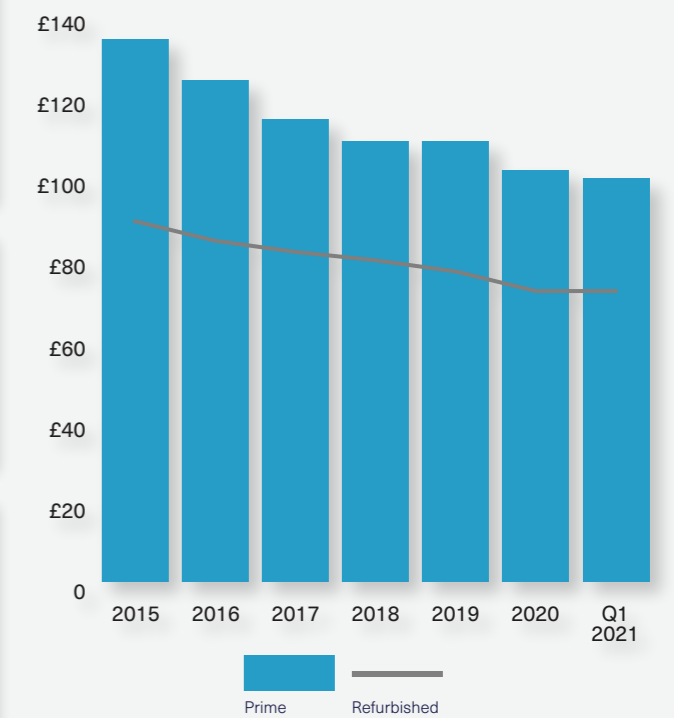
ST JAMES'S AVAILABILITY (000's sq ft.)



RENTAL VALUES Q1 2021



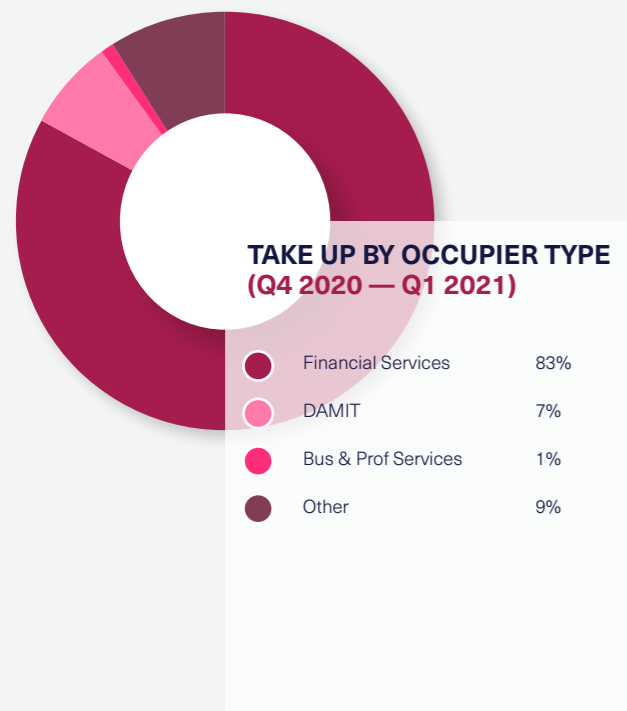
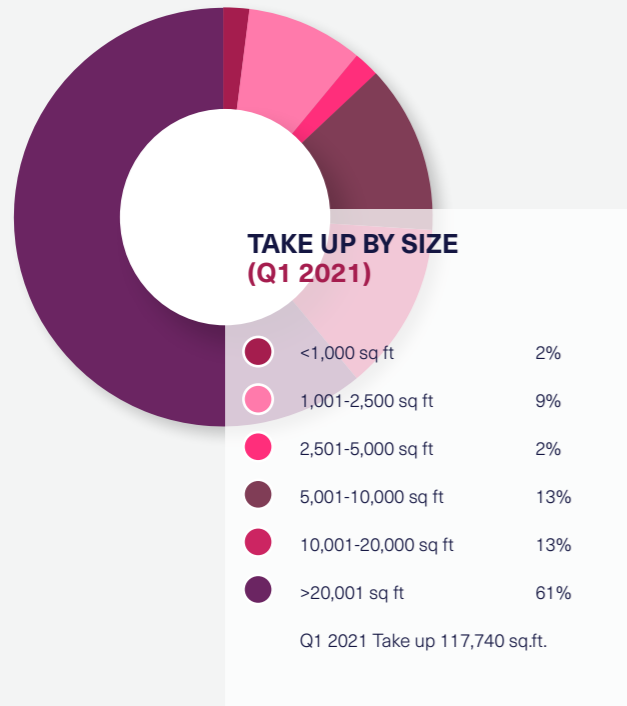
PRIME & SECONDARY RENTS



MARYLEBONE OFFICE MARKET

COMMENTARY

TAKE UP & DEMAND



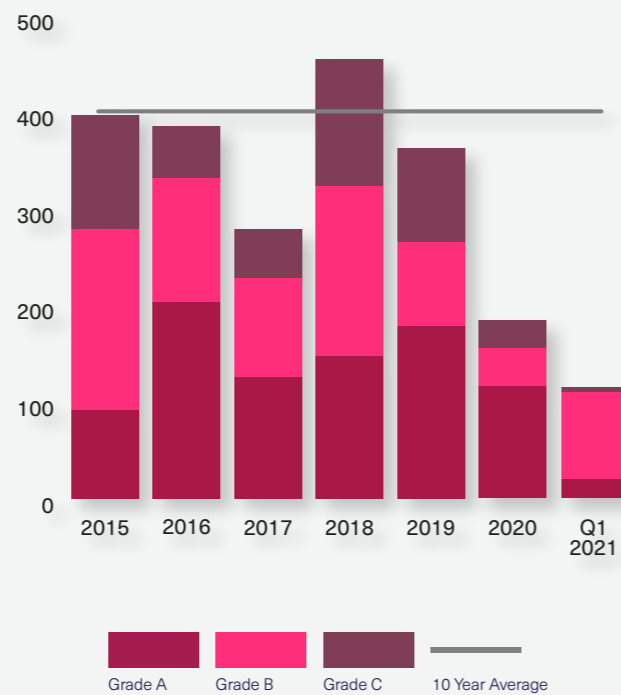
Take up remained strong in the Marylebone market in Q1 2021, with total activity of 117,740 sq ft in 15 transactions. This quarters take up represents 62% of the full years activity for 2020, which stood at 183,140 sq ft. The current quarter follows a weaker than average year in 2020, when take up was 62% below trend levels compared to 50% for the West End as a whole.

The largest transaction in the Q1 2021 was the 72,000 sq ft letting to US hedge fund Brevan Howard at 82 Baker Street. The letting further confirms Marylebone as a growing location of choice for financial services groups following the lettings to CPPIB at 40 Portman Square, Toscafund at 15 Marylebone Road and Apollo Asset Management at 10 Portman Square over the past 12-15 months.

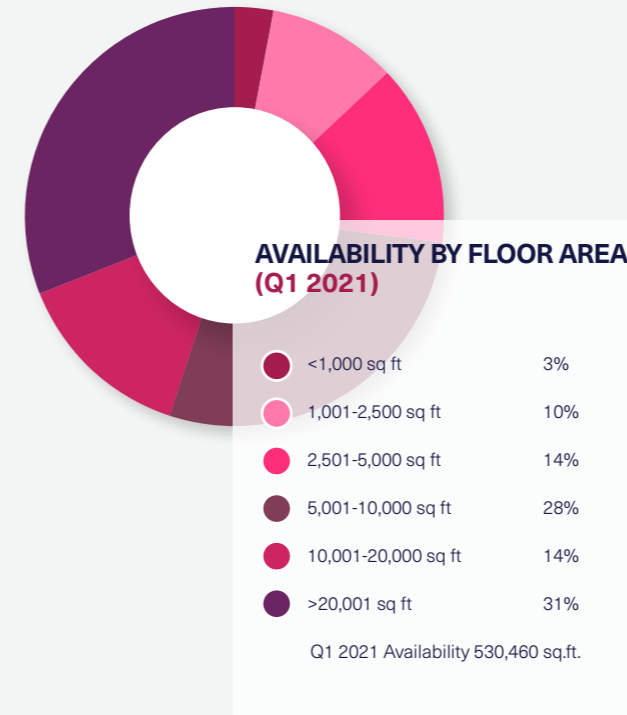
Supply in Marylebone has increased by 187,025 sq ft since the on-set of the pandemic, ending Q1 2021 at 530,460 sq ft. The major increase in supply has been in Grade A space, which has risen to 249,250 sq ft, with the majority of space at 33 Cavendish Square (62,500 sq ft) and the recently completed Portman Estate/Native Land 136 George Street (44,500 sq ft), which was under offer at the end of March.

Prime rents in Marylebone have continued to adjust at the start of 2021, moving down to £82.50 per sq ft at the end of March. The overall decline in prime rents over the past 12 months is 10.8%. Rents on refurbished space remained unchanged over the first three months of the year at £70.00 per sq ft, whilst rental values on un refurbished space have moved down to £55.00 per sq ft, a decline of 12.0% over the past year.

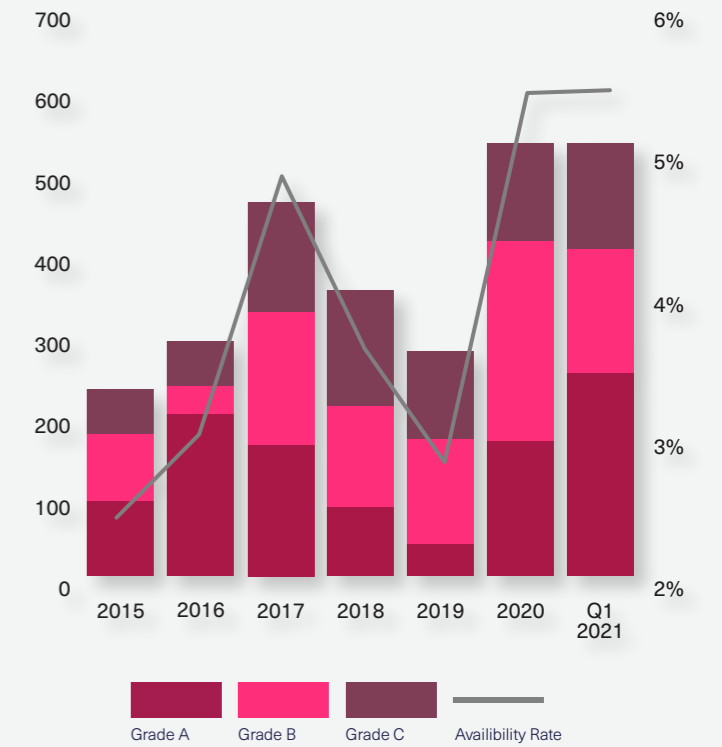
MARYLEBONE TAKE UP (000's sq ft.)



SUPPLY



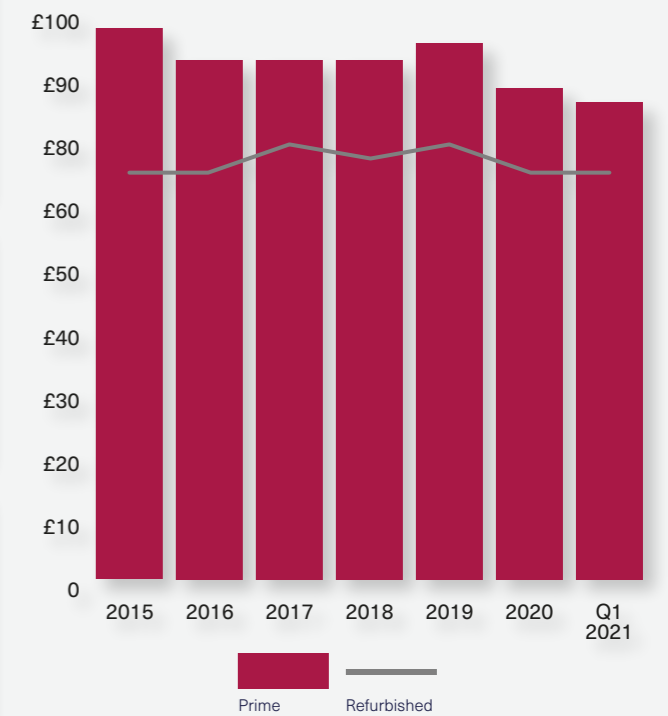
MARYLEBONE AVAILABILITY (000's sq ft.)



RENTAL VALUES Q1 2021



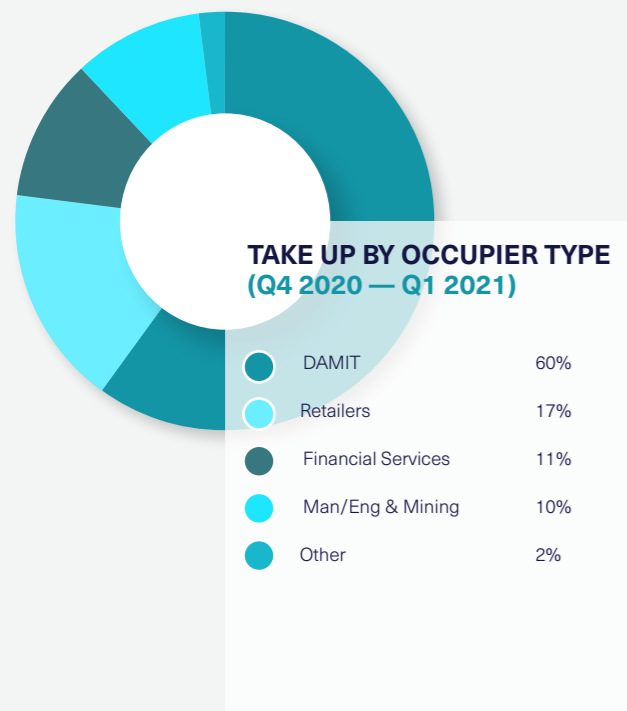
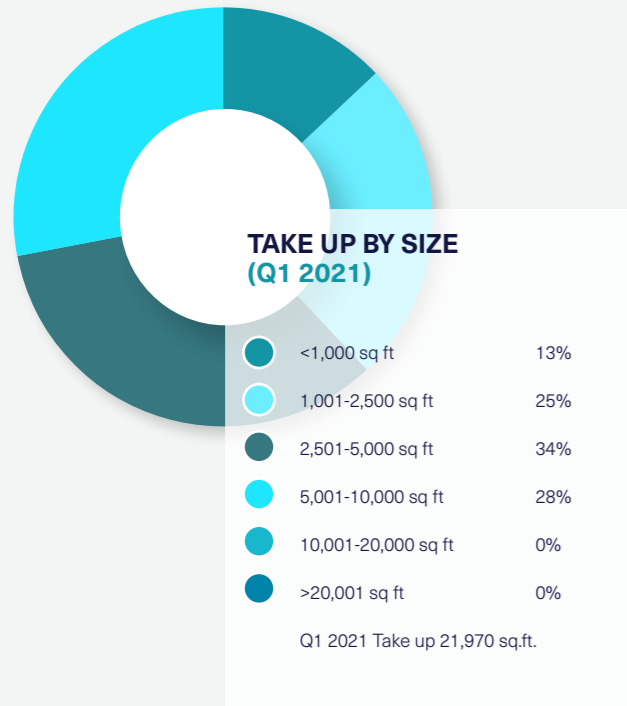
PRIME & SECONDARY RENTS



NOHO OFFICE MARKET

COMMENTARY

TAKE UP & DEMAND



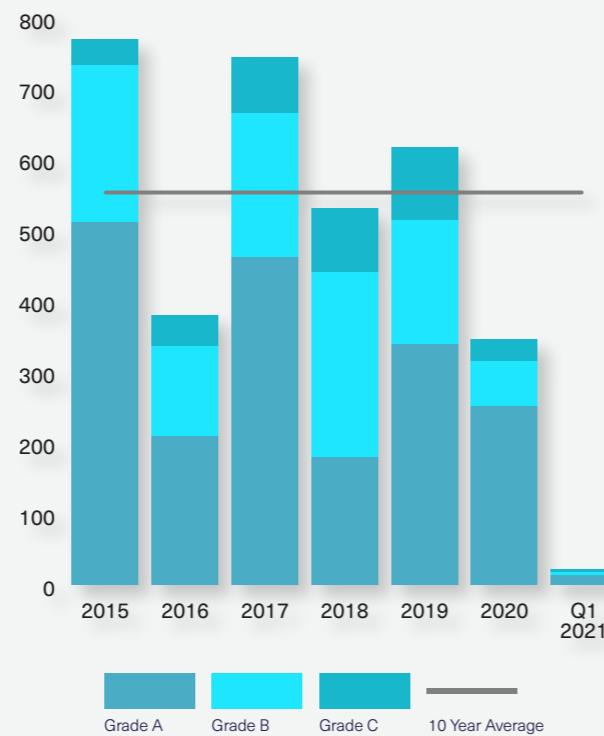
Activity in Noho during the first quarter of the year has been impacted greater than most other 'core' West End markets, with only 21,970 sq ft of lettings across 10 transactions. This is in contrast to the previous 12 months, when the Noho market proved to be more resilient than the other sub markets, with activity only 41% below trend levels in the COVID impacted year.

Noho has been one of the markets most significantly impacted by the release of space onto the market due to lockdown and the changes in working patterns. Supply has almost trebled since Q1 2020, increasing by 435,360 sq ft to 711,220 sq ft. The increase in Grade A supply accounts for 66% of the increase with the remaining 34% due to increases in refurbished space.

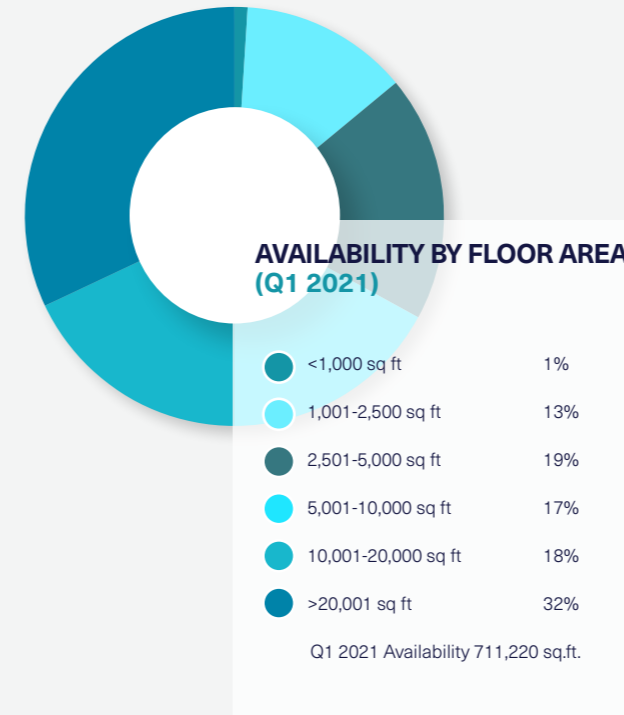
The most significant Grade A space currently being marketed at Derwent London's 80 Charlotte Street, where Arup have 80,500 sq ft on the market. This signifies a trend across Noho, where 30% of all stock on the market is tenant controlled space. This reflects how the physical nature of this market has changed over the last 10 years with large scale developments being occupied by major corporates.

Despite the increase in supply, prime rents have improved in Q1 2021, returning to £82.50 per sq ft at the end of the quarter, meaning that values have remained stable over the past 12 months. Rents on refurbished space have followed a similar pattern, remaining at £62.50 per sq ft over the year, whilst rents on unrefurbished space are down by 4.6% over the year at £52.50 per sq ft.

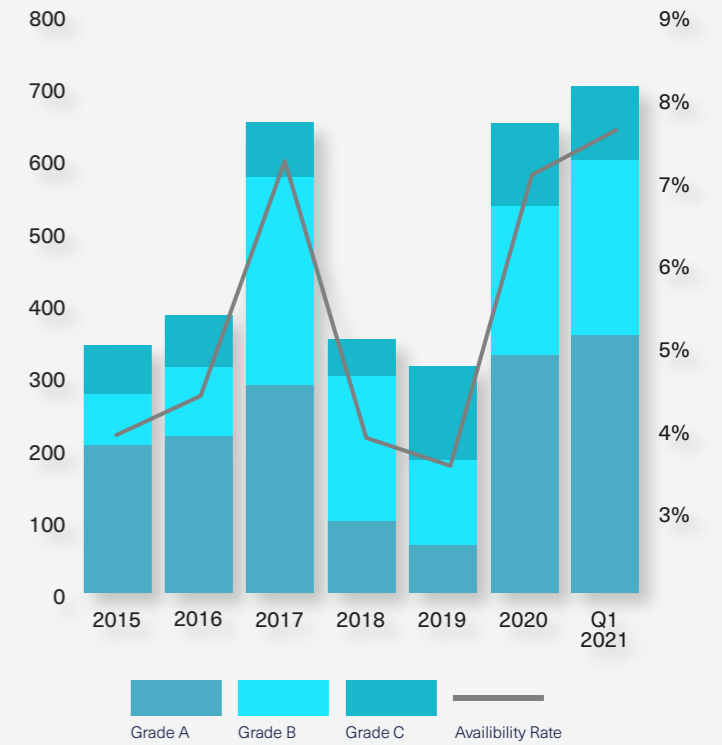
NOHO TAKE UP (000's sq ft.)



SUPPLY



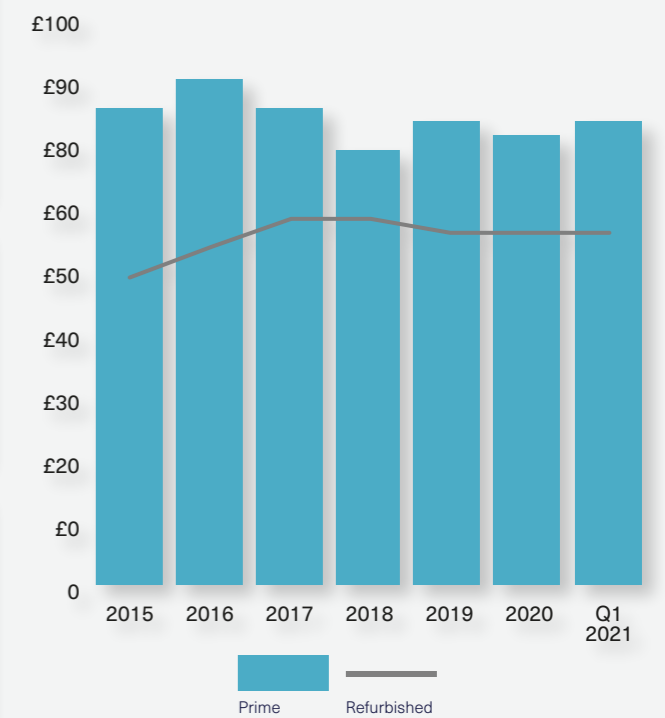
NOHO AVAILABILITY (000's sq ft.)



RENTAL VALUES Q1 2021



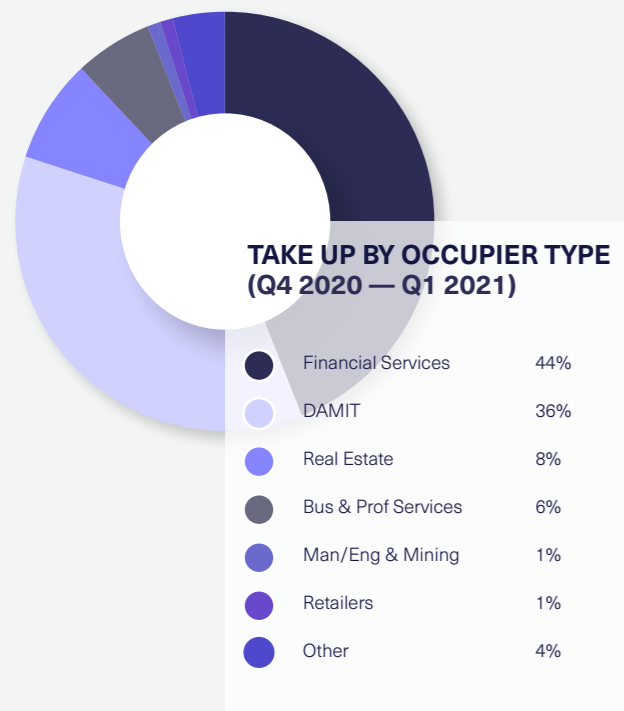
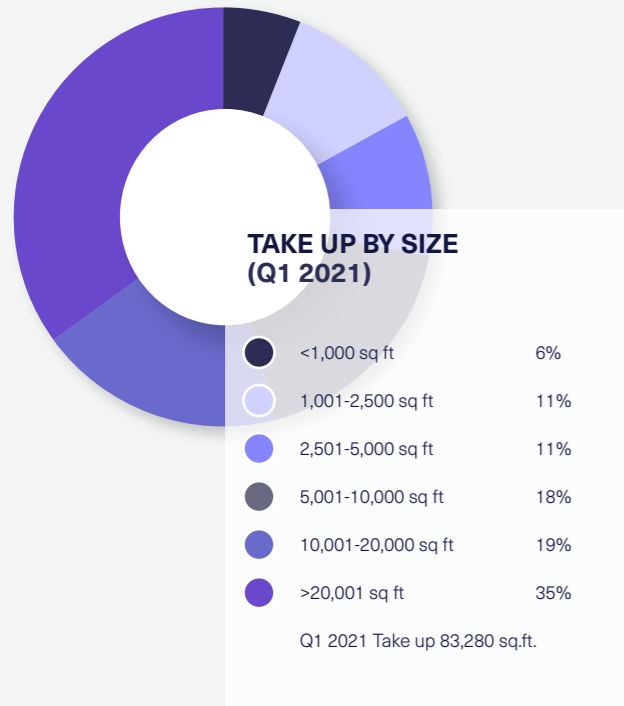
PRIME & SECONDARY RENTS



SOHO OFFICE MARKET

COMMENTARY

TAKE UP & DEMAND



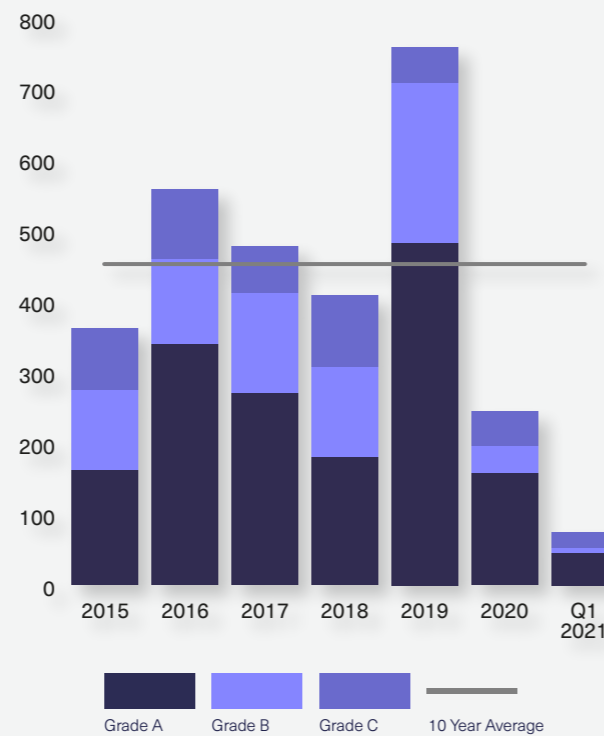
Take up in the Soho market in the first quarter of 2021 rebounded strongly, in relative terms, from the disappointing second half of 2020. Only 53,000 sq ft of space was leased in H2 2020 and Q1 2021 has seen 83,280 sq ft of lettings completed across 23 transactions.

The largest transaction Q1 2021, saw EQT Partners increase their occupancy at 30 Broadwick Street, taking 29,219 sq ft on the first and second floors. This brings EQT's occupation at the building to around 43,500 sq ft.

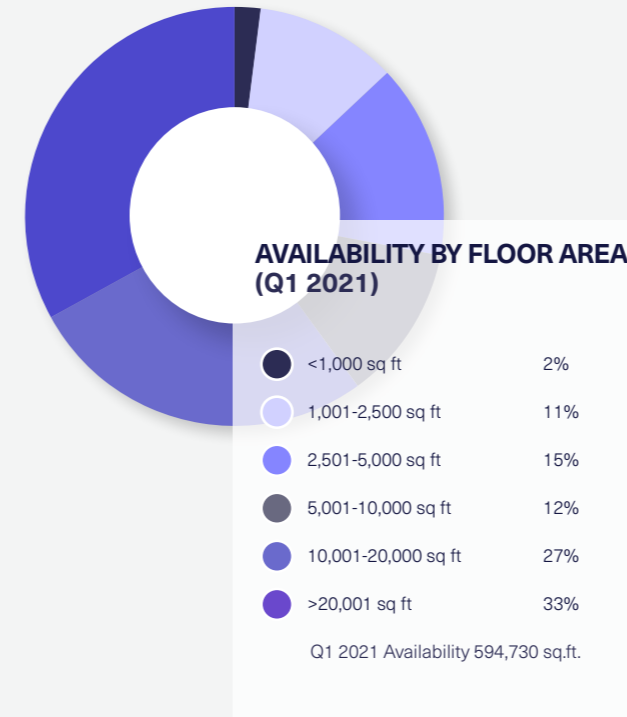
Supply in Soho has seen one of the sharpest upturns across the 'core' West End markets, rising by 418,700 sq ft from the low point of 176,025 sq ft at the end of Q1 2020. Total supply stood at 594,730 sq ft at the end of the first quarter 2021, with two thirds of availability in Grade A stock. The largest Grade A building currently on the market is at 10 Great Pultney Street, where 43,186 sq ft is being marketed. Since the end of the quarter this building has been purchased by Boohoo for their own occupation.

Prime rents in Soho have proved to be the most resilient amongst the 'core' West End markets over the past 12 months, reducing by only 2.94% over the year and ending Q1 2021 at £82.50 per sq ft. Rents on unrefurbished stock have also proved resilient, falling by 4.4% to £52.50 per sq ft over the year, although rents on refurbished space have been less robust, moving down by 10% to £67.50 per sq ft.

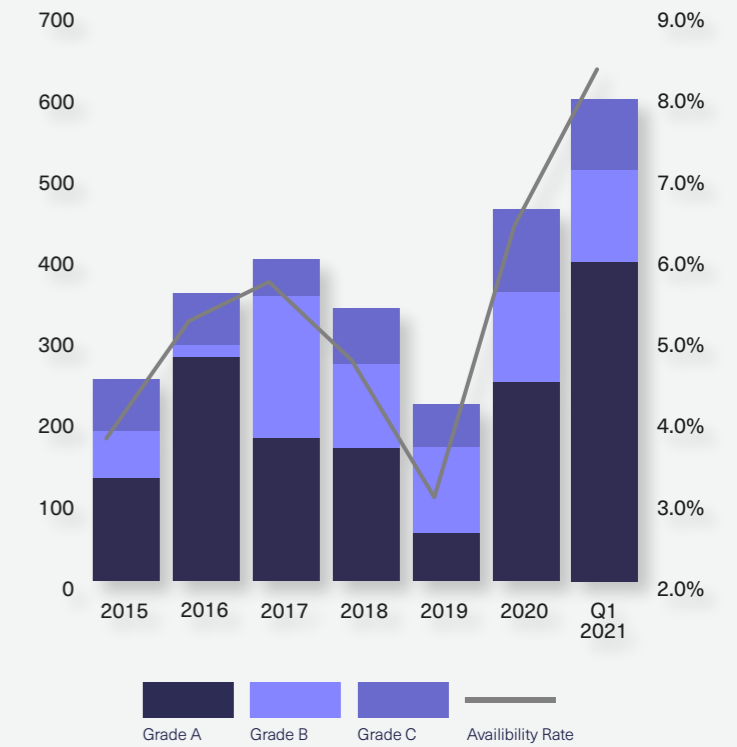
SOHO TAKE UP (000's sq ft.)



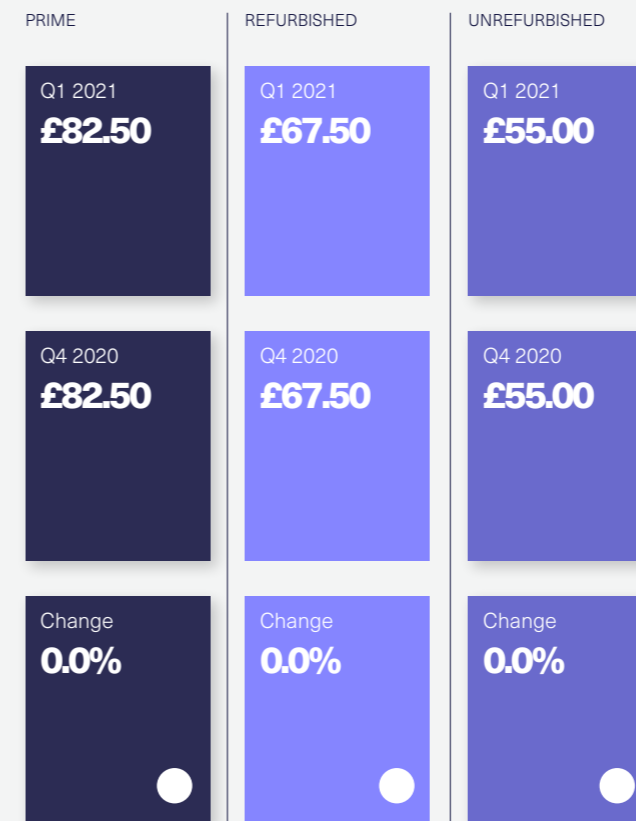
SUPPLY



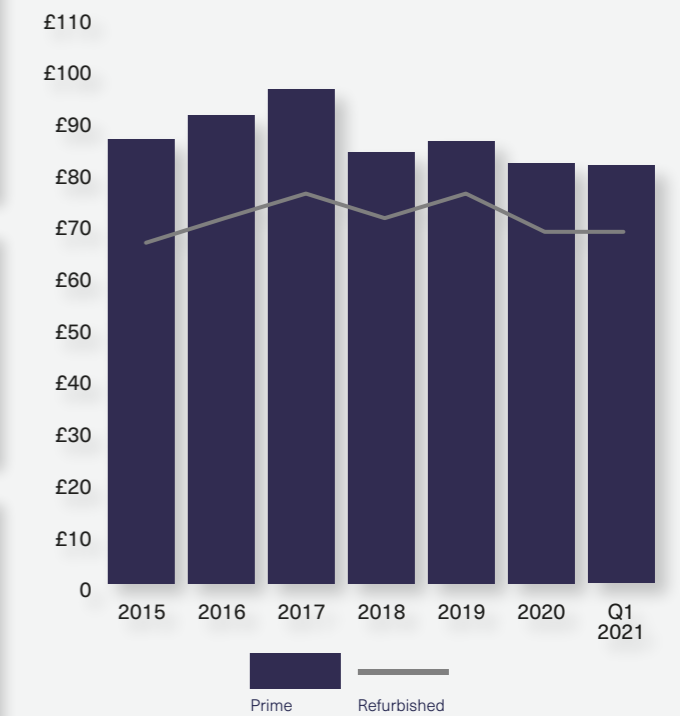
SOHO AVAILABILITY (000's sq ft.)



RENTAL VALUES Q1 2021



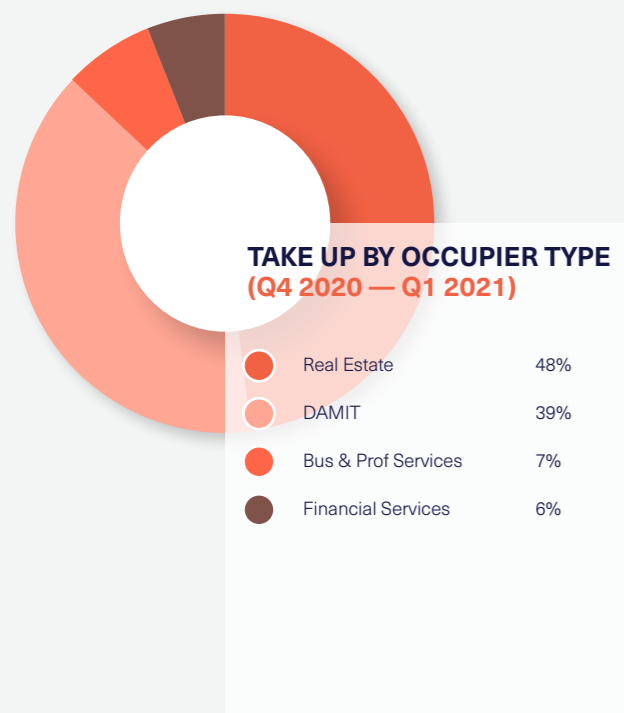
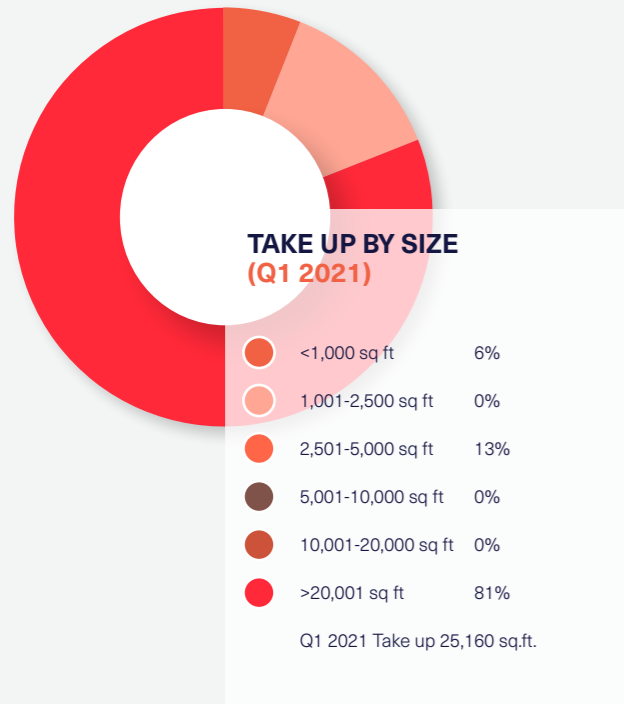
PRIME & SECONDARY RENTS



COVENT GARDEN OFFICE MARKET

COMMENTARY

TAKE UP & DEMAND



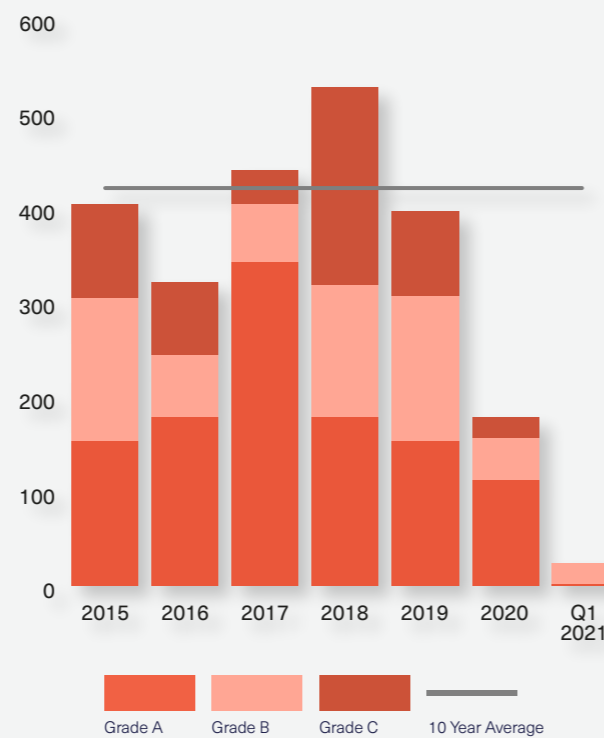
Take up in Covent Garden remained constrained in Q1 2021, with only 25,160 sq ft of transaction recorded in three transactions. Activity for the year to date is 76% below the 10 year average for the Covent Garden market and follows a subdued year of activity when a total of 181,480 sq ft of space was leased.

The first quarter's activity was dominated by one transaction, which accounted for 80% of total lettings, the 20,315 sq ft letting to marketing group MSQ Partners at 34 Bow Street.

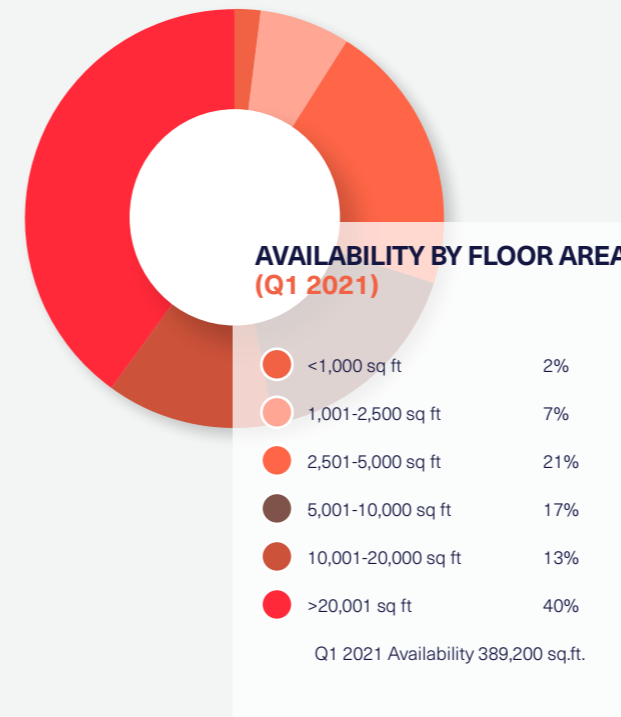
Supply in the Covent Garden market has increased by 42% (136,500 sq ft) since the start of the pandemic, rising to 462,050 sq ft at the end of Q1 2021. The majority of the increase in availability has been in Grade A space, which has increased to 258,500 sq ft, with the majority of space in three buildings 1 Kingsway (54,200 sq ft), Endeavour House, Shaftesbury Avenue (27,230 sq ft) and 1 Smart's Place (25,975 sq ft).

Prime rents in Covent Garden remained stable at £75.00 per sq ft in Q1 2021, although the overall trend has been downwards over the past 12 months, with rents down by 6.25%. This trend has been repeated in rents on unrefurbished space, which are down by 9.1% on the year to £50.00 per sq ft. Rents on refurbished space in Covent Garden have proved to be more resilient than the top end of the market, moving back to £65.00 per sq ft over the quarter and remaining level over the year.

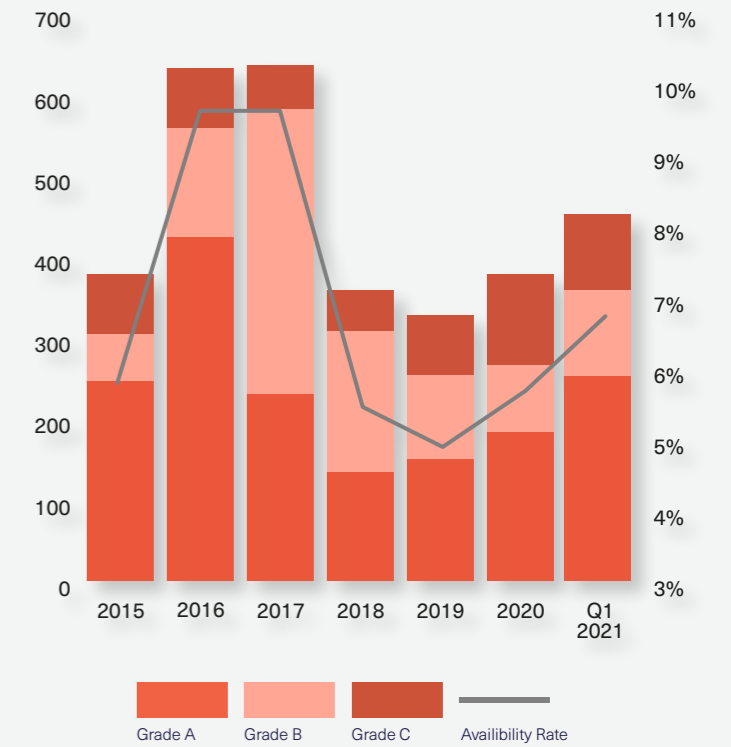
COVENT GARDEN TAKE UP (000's sq ft.)



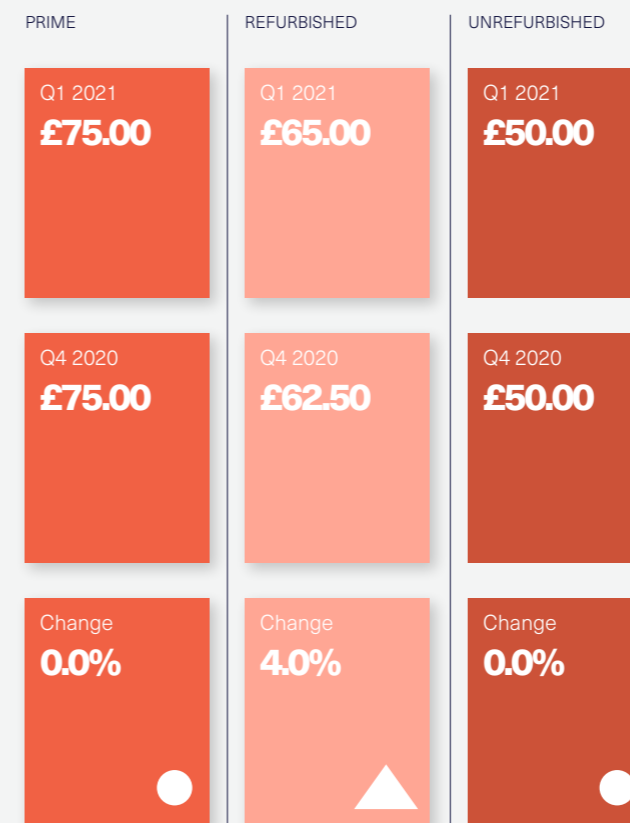
SUPPLY



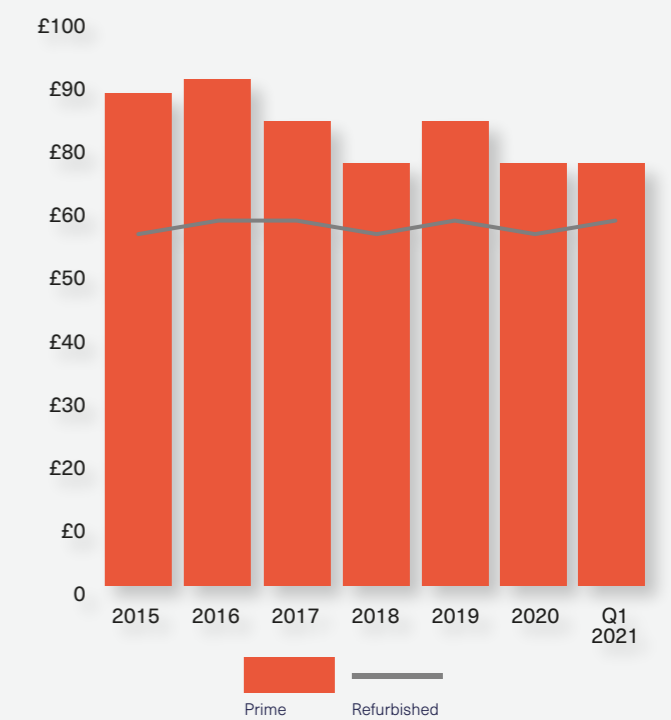
COVENT GARDEN AVAILABILITY (000's sq ft.)



RENTAL VALUES Q1 2021



PRIME & SECONDARY RENTS



BDGSparkesPorter

Ross Blanchflower

ross.blanchflower@bdgsp.co.uk

William Ewing

william.ewing@bdgsp.co.uk

Stuart Fricker

stuart.fricker@bdgsp.co.uk

James Harrison

james.harrison@bdgsp.co.uk

Gregory Porter

gregory.porter@bdgsp.co.uk

Mark Radford

mark.radford@bdgsp.co.uk

54 South Molton Street
London
W1K 5SG

t: 020 7629 1088

w: bdgsp.co.uk

To register an enquiry for office space click [here](#)

