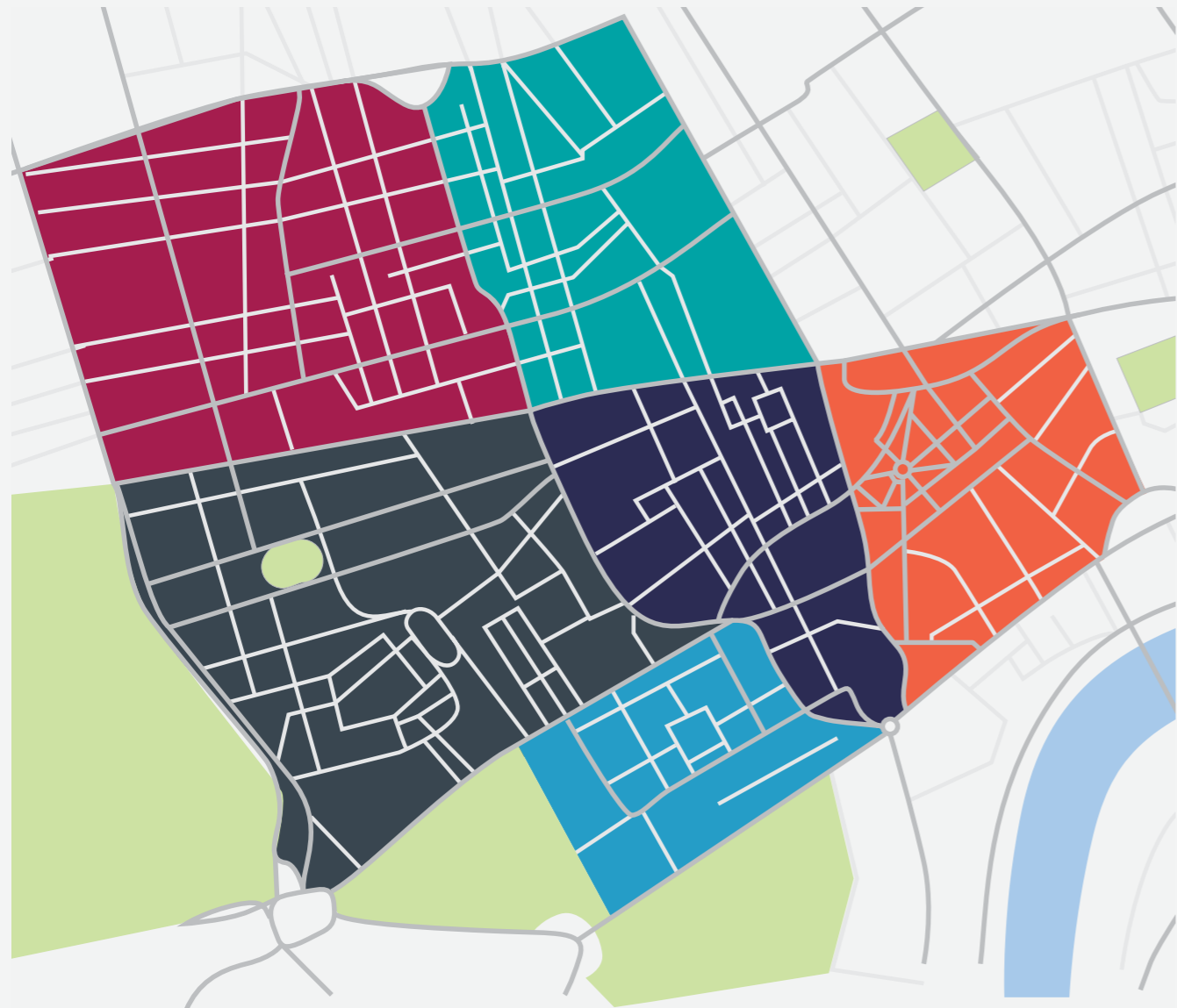


WEST END
OFFICES
**SUBMARKETS
RESEARCH**

— Q1 2022





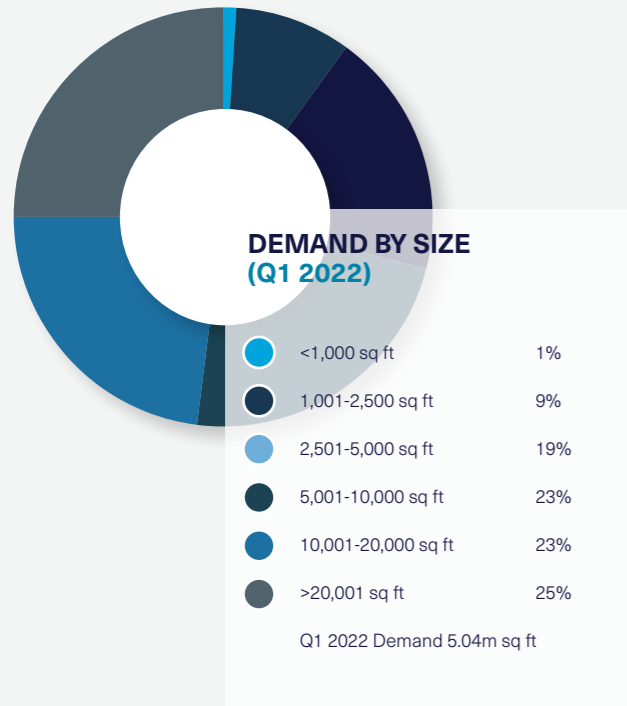
CONTENTS

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

WEST END OFFICE MARKET

COMMENTARY

TAKE UP & DEMAND



Take up across the core West End markets in Q1 2022 continued along a similar vein to the previous year, with activity running 12% below the 10 year average at 567,900 sq ft in 156 transactions. Each of the sub markets experienced varying success in the first three months of the year, with St James's seeing activity well above trend rates, whilst Soho experienced weaker three months.

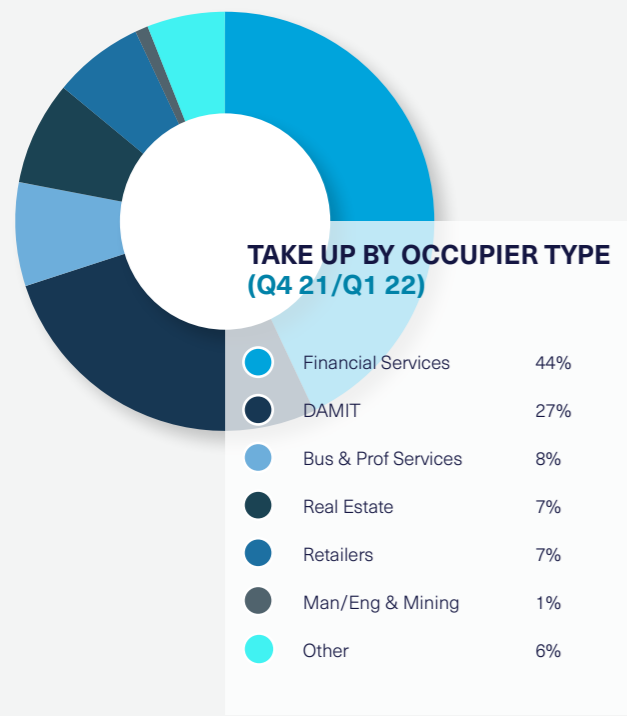
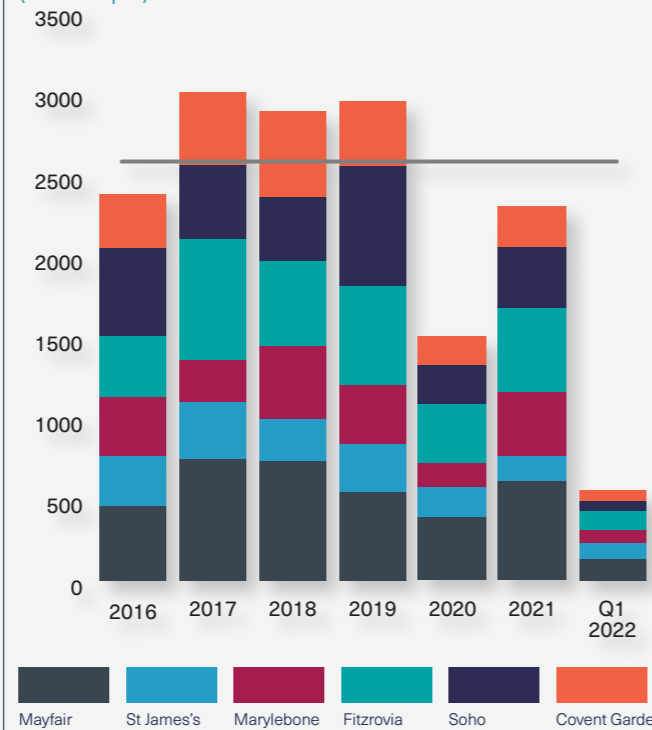
The largest transaction in the core West End markets in Q1 2022, was the 37,566 sq ft letting to Blackstone at Berkeley Square House and indicated the continued trend for occupiers targeting better quality space. There were a total of five transactions above 20,000 sq ft across the core West End markets in Q1 2022, accounting for just under 20% of total take up. Grade A take up accounted for 60%, slightly below the figure in the previous 12 months.

Demand has continued to strengthen in Q1 2022, rising by 13.6% over the quarter to 5.04m sq ft. The major change in demand has been the increase in requirements for suites below 10,000 sq ft, which is up by 33%, whilst larger requirements (>10,000 sq ft) are down by 2%. Companies in the creative and finance sectors continue to dominate demand.

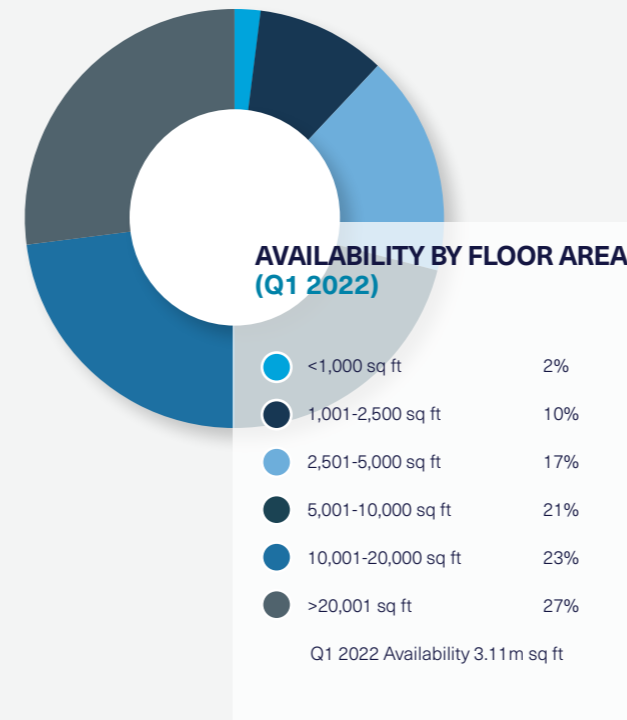
Supply fell to 3.1m sq ft in Q1 2022 from the peak level of 3.6m sq ft in Q2 2021. The main reduction in supply has been in Grade A space, which has fallen by 625,750 sq ft to 1.3m sq ft, whilst the availability of un refurbished stock has increased by almost 250,000 sq ft. The availability rate across the core West End markets is now down to 6.1%, just above the 10 year average availability rate (6.0%).

Prime rents rebounded strongly across most West End sub markets in Q1 2022, rising by 5.3% on average in the quarter and are now 12.3% higher than the same quarter last year.

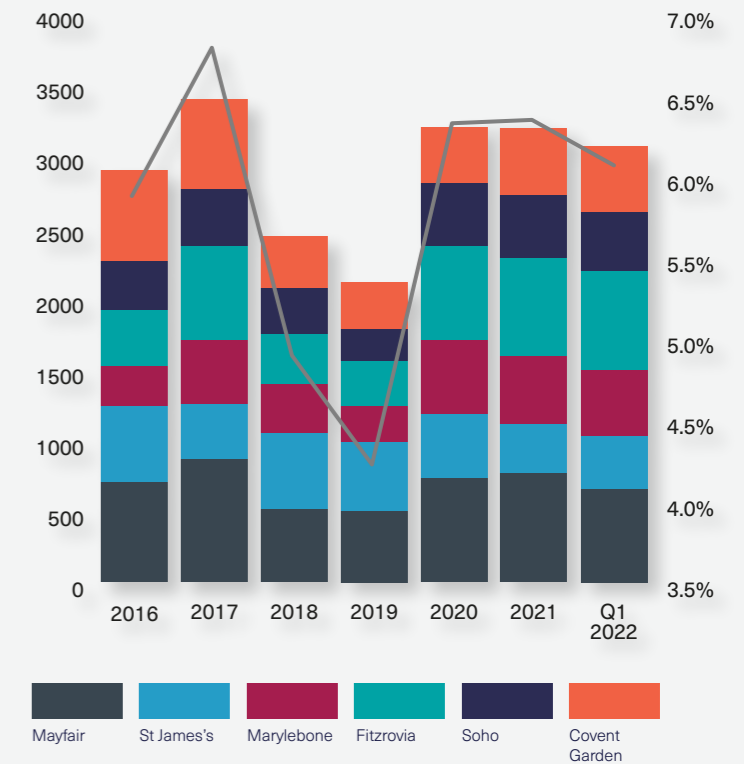
WEST END TAKE UP (000's sq ft.)



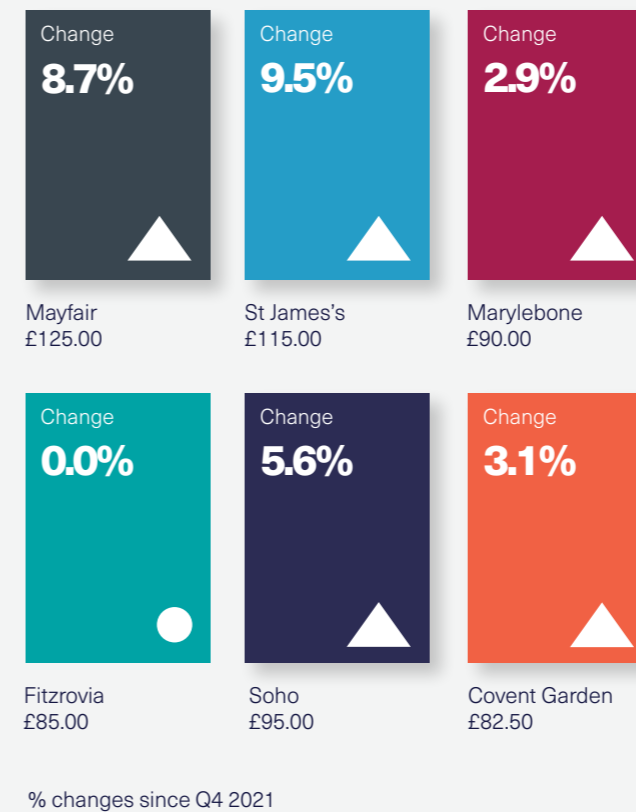
SUPPLY



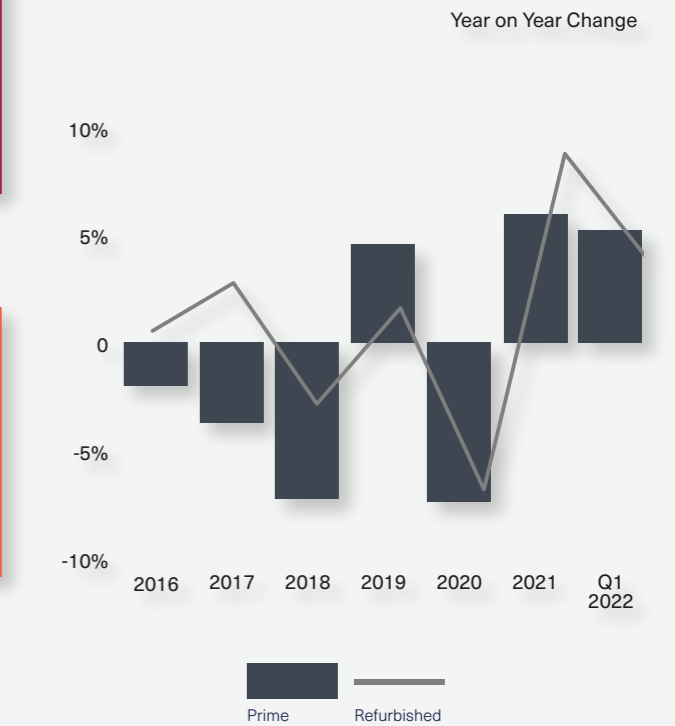
WEST END AVAILABILITY (000's sq ft.)



PRIME RENTAL VALUES



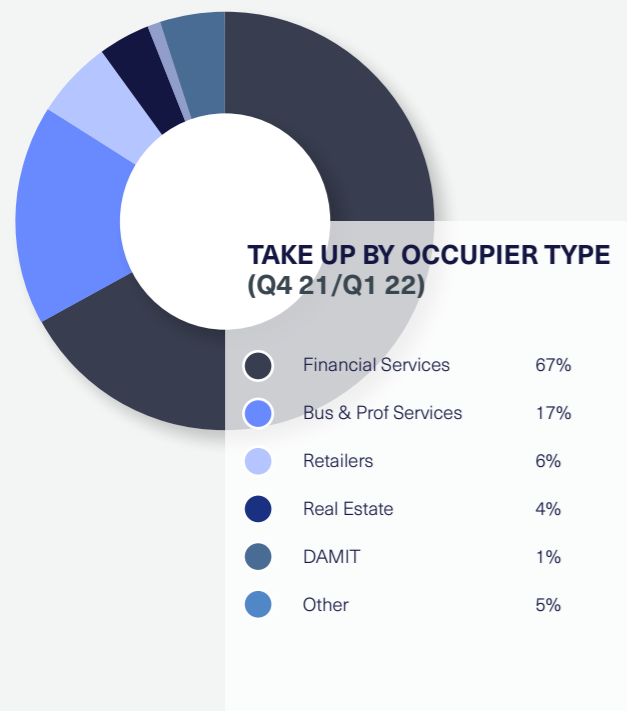
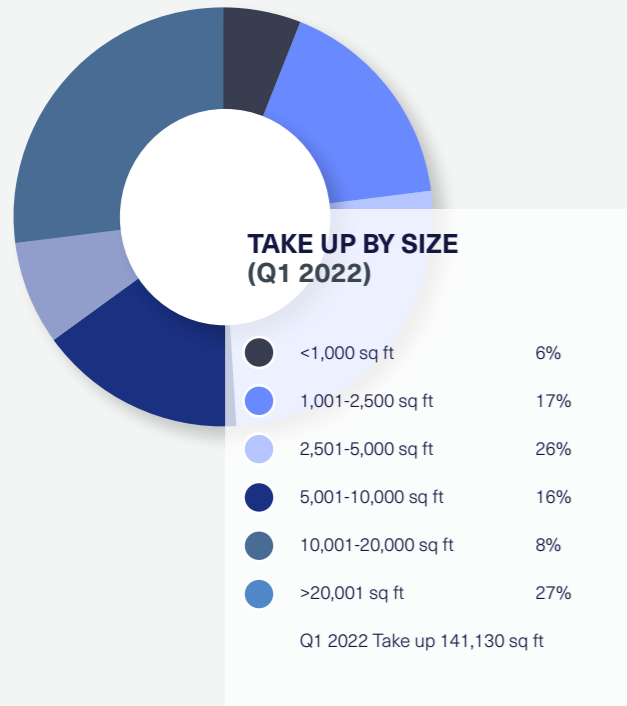
PRIME & SECONDARY RENTAL GROWTH



MAYFAIR OFFICE MARKET

COMMENTARY

TAKE UP



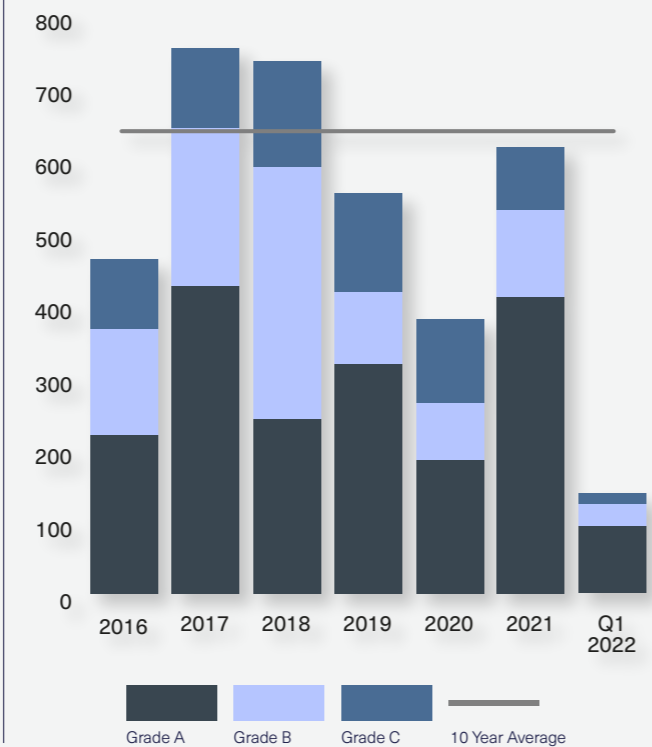
Take up in Mayfair slowed in Q1 2022, following the strong end to last year, with 141,130 sq ft of lettings completing in 44 transactions. Despite the slowing activity from the strong final quarter of 2021, take up was 21% ahead of the same quarter last year.

Occupiers have continued to target Grade A space, which accounted for 69% of total lettings in the quarter. The largest Grade A letting was at Berkeley Square House, where Blackstone took 37,566 sq ft across two floors. Availability at Berkeley Square House is now down to 27,600 sq ft with the 80% of this space under offer at the end of Q1.

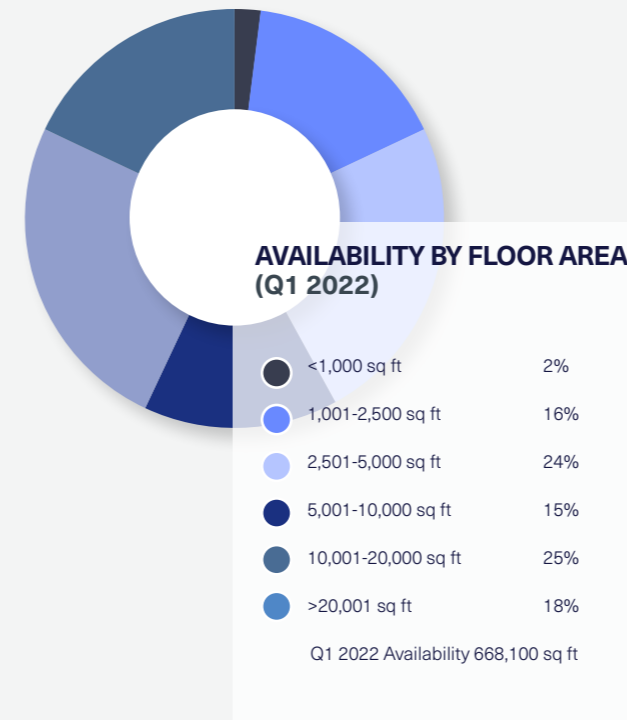
There has been a sharp downturn in supply since the peak in Q3 2020, with just under 160,000 sq ft (19%) being taken out of stock being marketed. This reduction has arisen either through new take up or with occupiers removing space from the market that they had previously thought surplus to requirements. Grade A supply is now at its lowest level since the early months of the pandemic, with only 251,120 sq ft currently on the market. The Mayfair availability rate is now down to 5.3%, one of the lowest rates amongst the West End sub markets.

Prime rents in Mayfair continued their recovery growing by 8.7% from the end 2021 level to £125.00 per sq ft. Growth over the past 12 months now stands at 19.1%, the highest growth rate amongst the core West End markets. Rents on refurbished and unrefurbished stock have also reflected the increased level of activity, returning to £90.00 per sq ft and £67.50 per sq ft respectively. Further increases are expected over the coming 12 months.

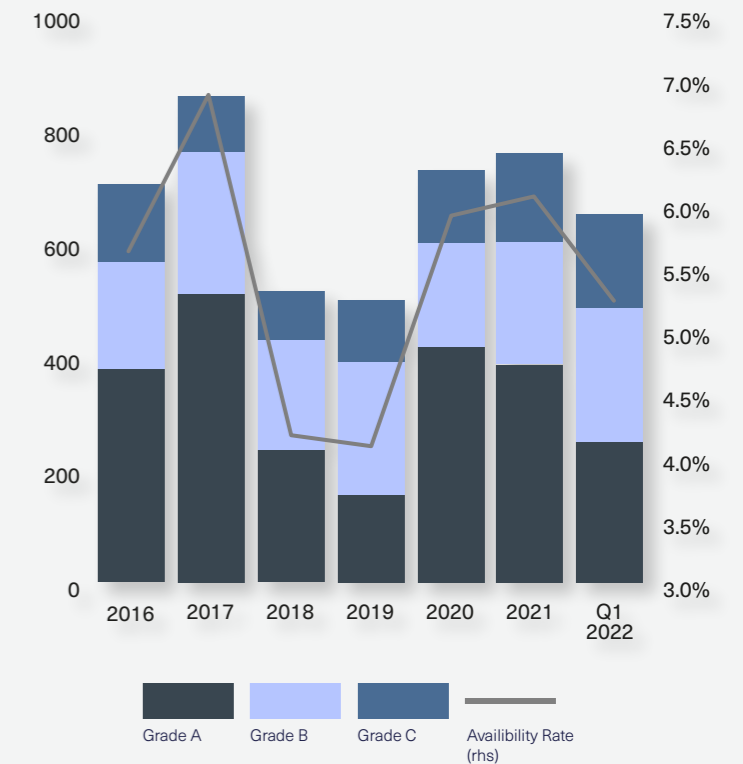
MAYFAIR TAKE UP (000's sq ft.)



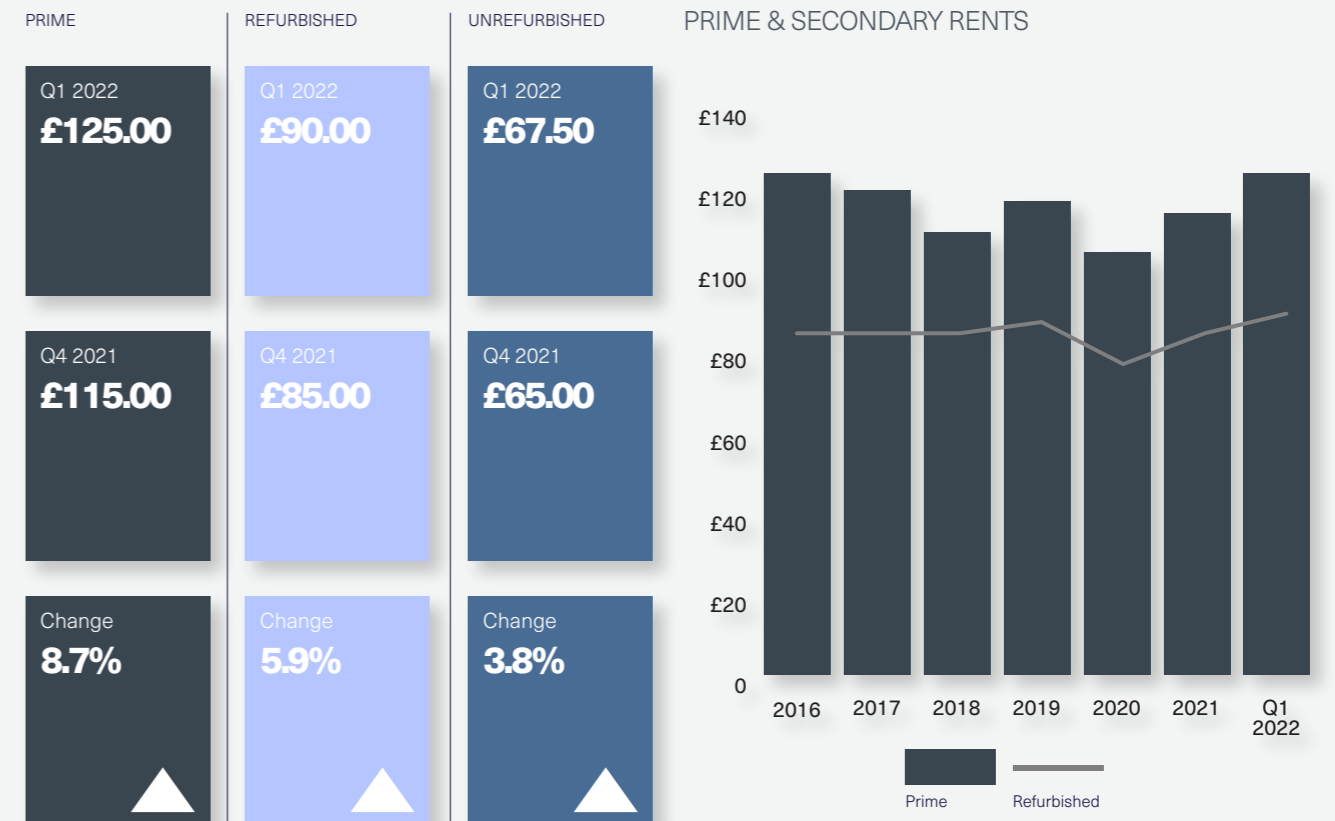
SUPPLY



MAYFAIR AVAILABILITY (000's sq ft.)



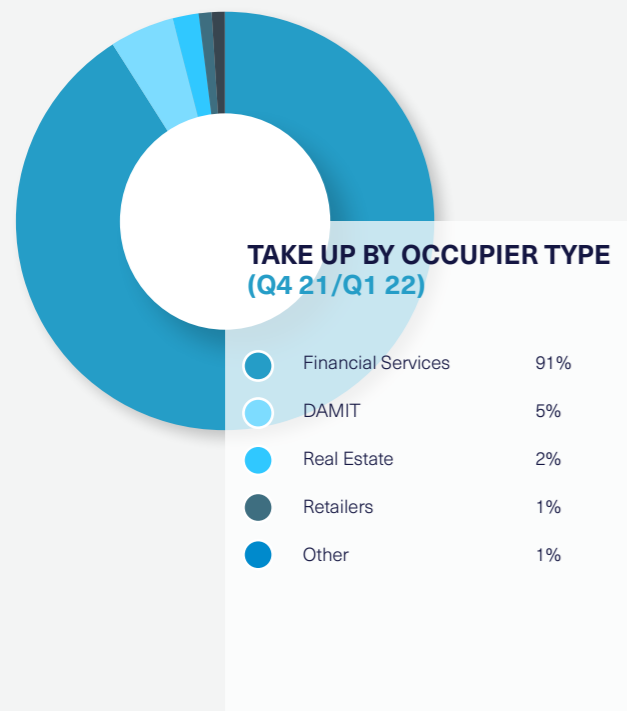
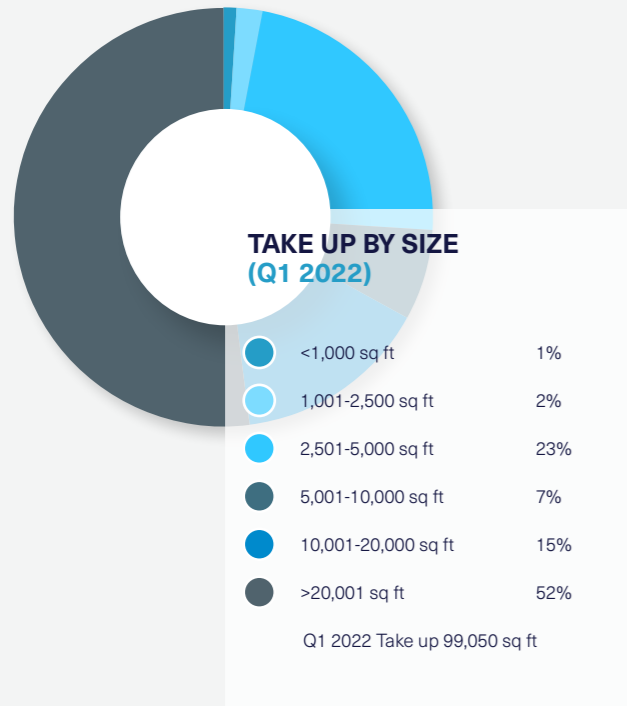
RENTAL VALUES Q1 2022



ST JAMES'S OFFICE MARKET

COMMENTARY

TAKE UP



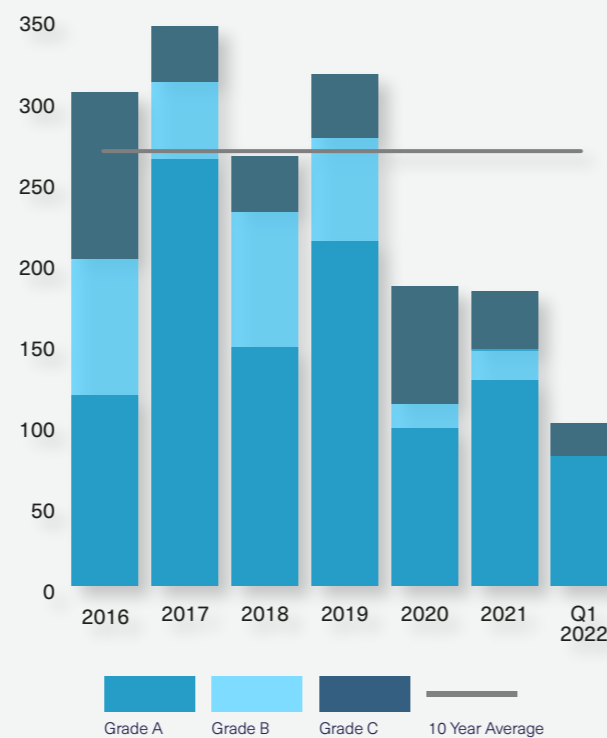
The St James's office market has experienced a strong start to the year, with the highest level of Q1 take up recorded since 2018. Overall activity for the three months was 99,050 sq ft in 12 transactions, with several larger lettings boosting activity. Financial services continue to dominate take up accounting for 91% of lettings over the past six months.

The largest transaction in the quarter was the 28,700 sq ft letting to Stonehage Fleming, who took the three lower floors at RTZ's headquarters building at 6 St James's Square, whilst US private equity group Warburg Pincus took 22,850 sq ft on the 4th and 5th floors at Stirling Square, 5-7 Carlton Gardens.

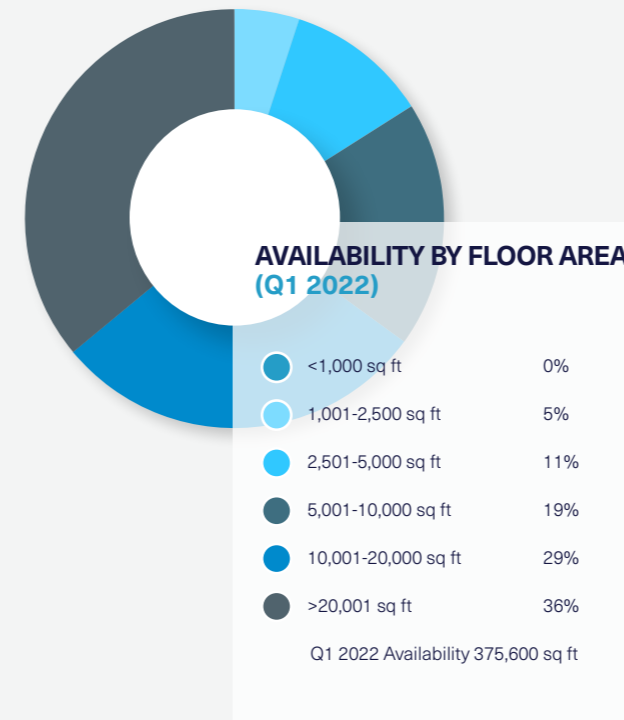
Supply edged up slightly in the first three months of 2022, rising to 375,600 sq ft with majority of the increase coming from the release of good quality second hand space onto the market. Grade A space still accounts for almost two thirds of stock on the market, with 235,800 sq ft available. The largest space on the market is at 78 St James's Street, where 84,650 sq ft is still available.

Prime rents in St James's rebounded strongly in Q1 2022, moving back to £115.00 per sq ft for the first time since Q3 2019. This brings growth on prime rents to 5.0% over the 12 months to the end of March 2022. Rents on refurbished space moved back to £85.00 per sq ft, whilst rents on unrefurbished space are now above pre pandemic levels of £67.50 per sq ft.

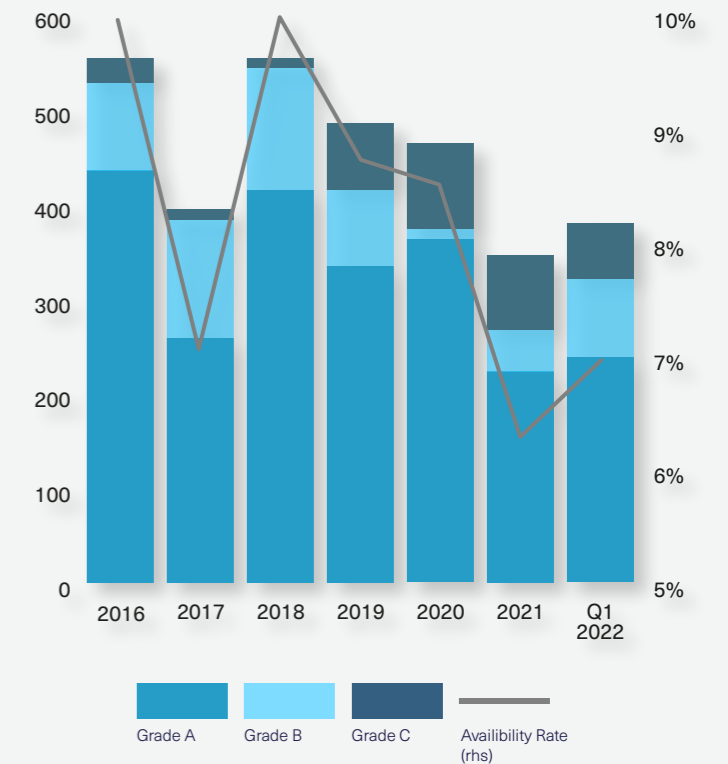
ST JAMES'S TAKE UP (000's sq ft.)



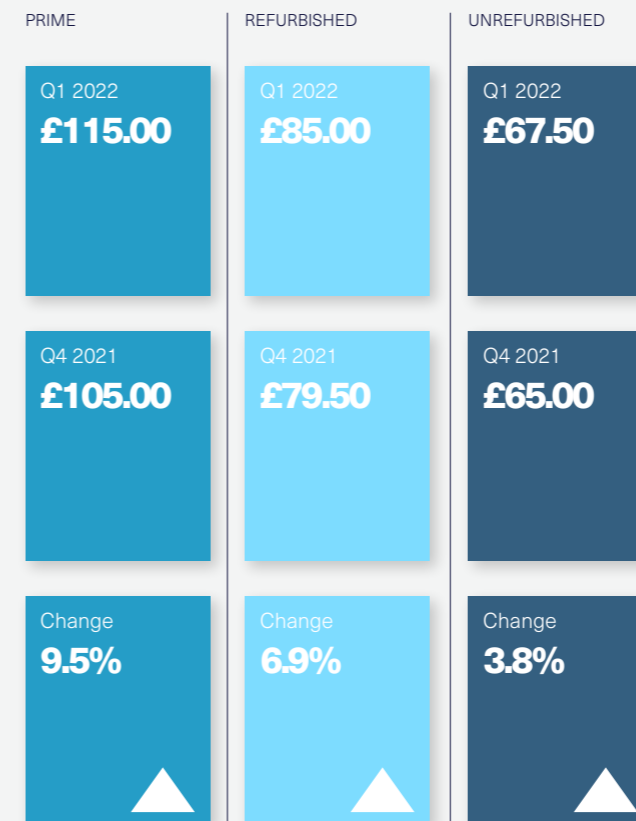
SUPPLY



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



RENTAL VALUES Q1 2022



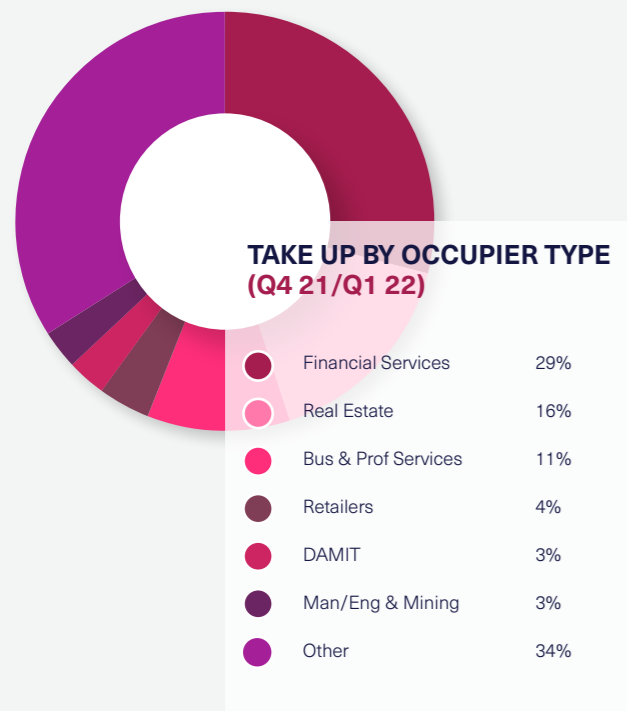
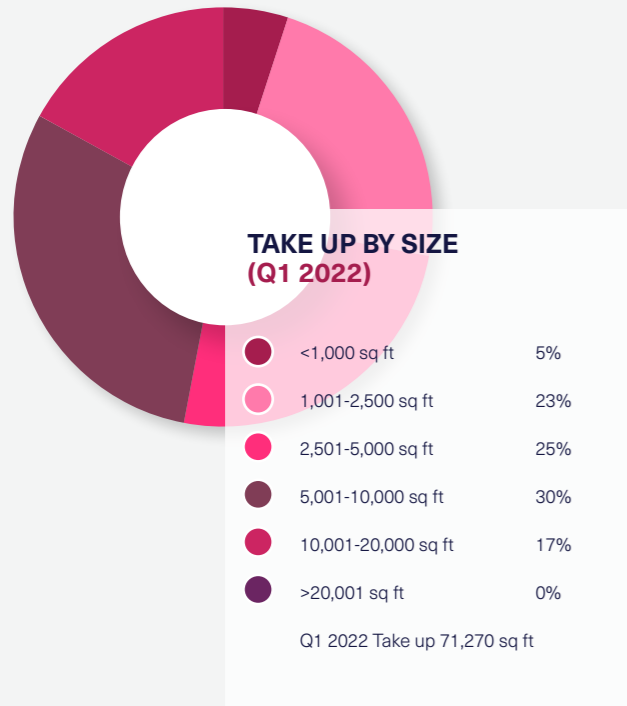
PRIME & SECONDARY RENTS



MARYLEBONE OFFICE MARKET

COMMENTARY

TAKE UP



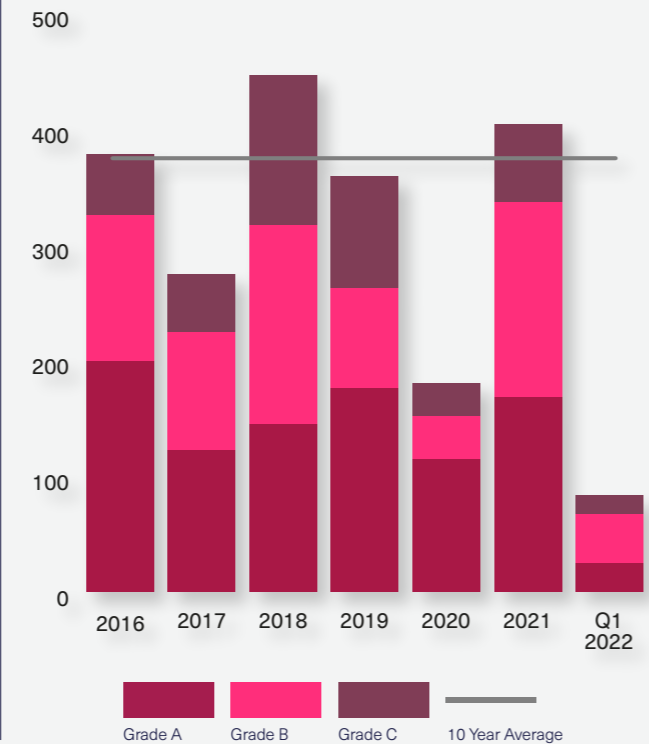
Following on from a strong year in 2021, the Marylebone market saw a slowing in activity in Q1 2022, with a total of 71,270 sq ft of space acquired in 24 transactions. Unlike the other core West End sub markets, there is a shortage of Grade A space in Marylebone and take up has generally been focused on refurbished and unrefurbished stock.

The only transaction above 10,000 sq ft in Q1 was the 11,965 sq ft letting to TDR Capital at 4 Bentinck Street. The Marylebone market has become a focus for financial services occupiers over the past few years but with shortages of Grade A stock this has slowed this year.

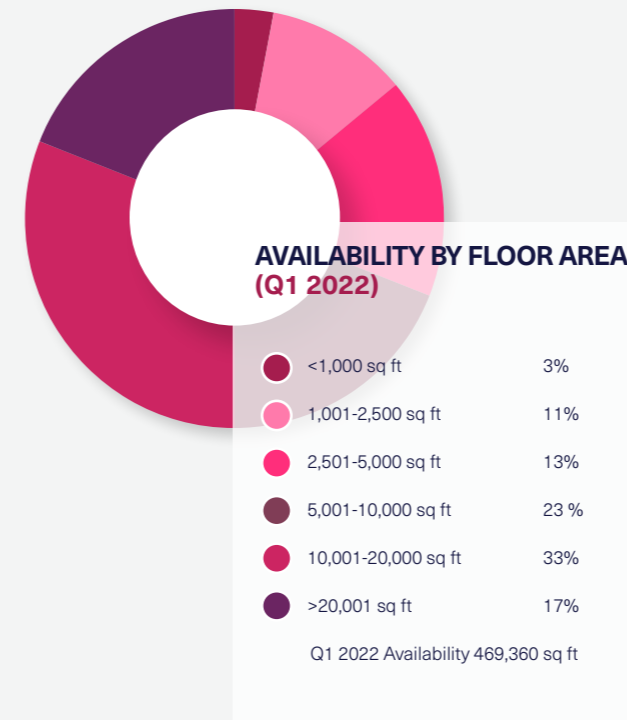
Supply has continued to tighten and is now at its lowest level since Q3 2020, standing at 469,360 sq ft. Grade A stock is down to 132,160 sq ft, with the largest space at 72 Welbeck Street, although the majority of the space at the building was under offer at the end of Q1. Unrefurbished space accounts for the greatest proportion of supply in the Marylebone market, representing 48% of overall availability.

Prime rents in Marylebone moved to £90.00 per sq ft in Q1 2022, an increase of 9.1% over the past 12 months. Despite this recovery, prime values remain £2.50 below their pre pandemic level. Rents on refurbished and unrefurbished space continued to advance, growing by 10.7% and 18.2% over the 12 months to £77.50 per sq ft and £65.00 per sq ft respectively.

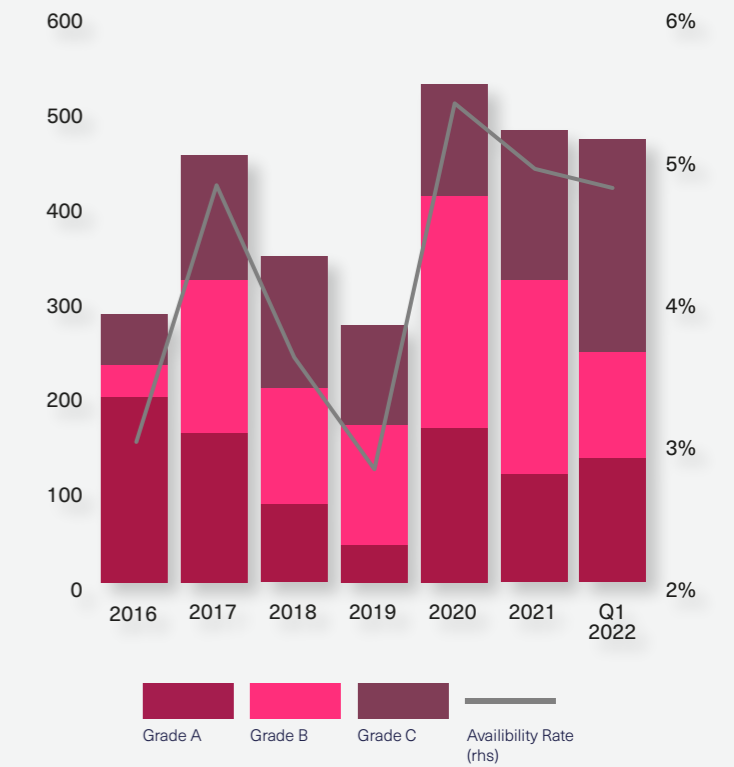
MARYLEBONE TAKE UP (000's sq ft.)



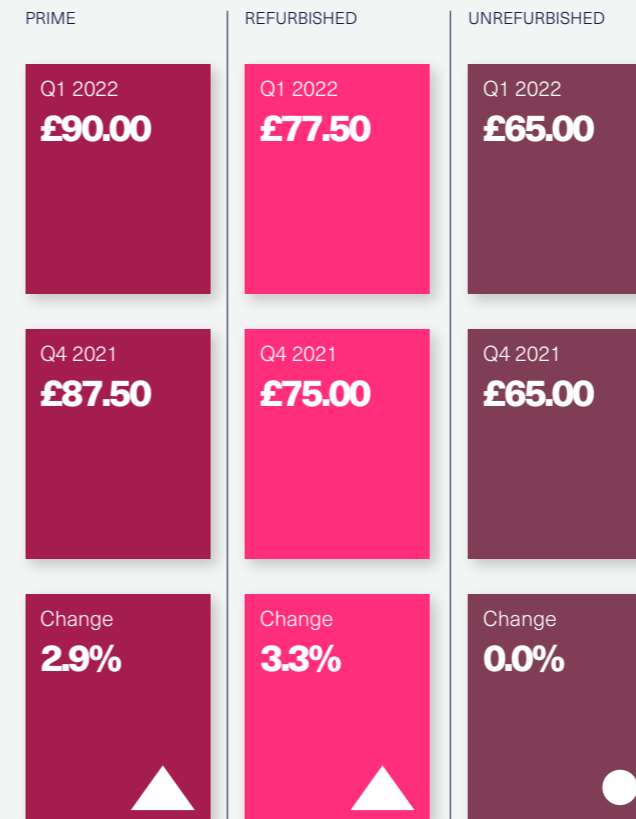
SUPPLY



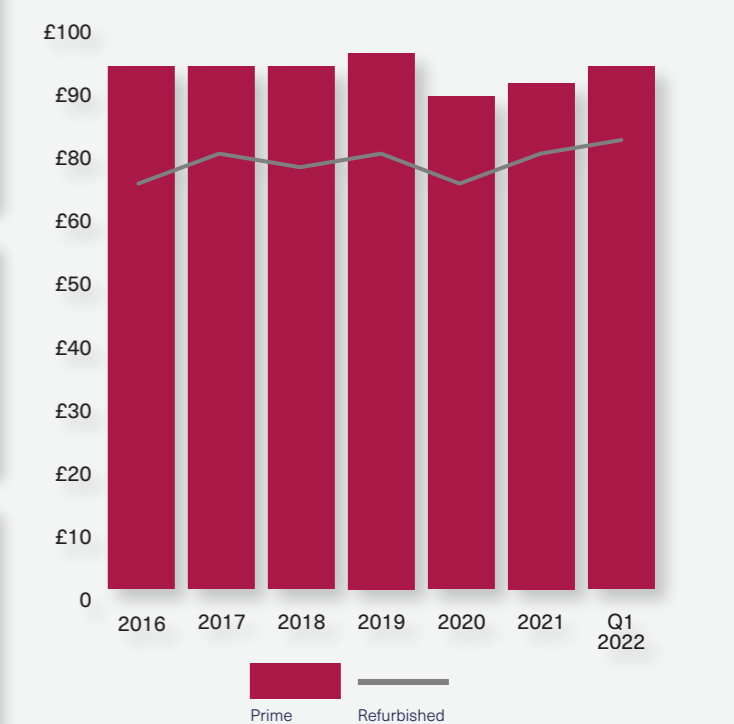
MARYLEBONE AVAILABILITY (000's sq ft.)



RENTAL VALUES Q1 2022



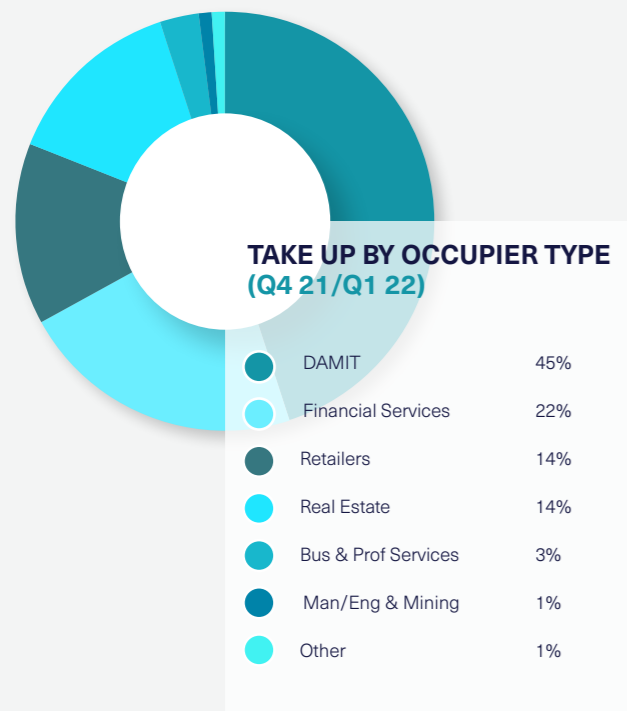
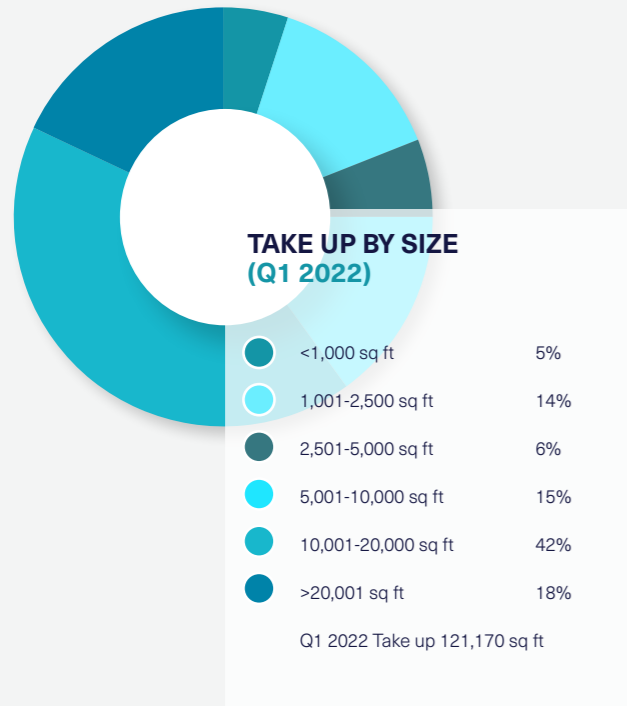
PRIME & SECONDARY RENTS



FITZROVIA OFFICE MARKET

COMMENTARY

TAKE UP



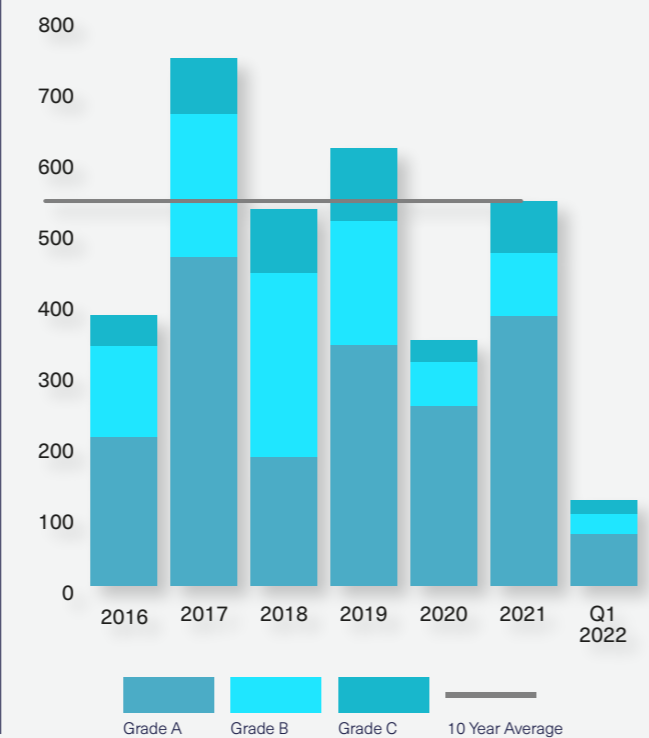
Fitzrovia was one of the strongest markets in the West End in 2021, with take up for the year rivalling the long run trend rate of activity. This has continued into Q1 2022, with 121,170 sq ft of lettings completing across 31 transactions.

The largest transaction in Fitzrovia in the first three months of the year was the 29,200 sq ft letting to private equity group Pincus Weinburg, who took a sub lease of the 3rd floor from Arup at 80 Charlotte Street. The other major letting in the quarter was Michael Kors leasing of 18,900 sq ft at 90 Whitfield Street.

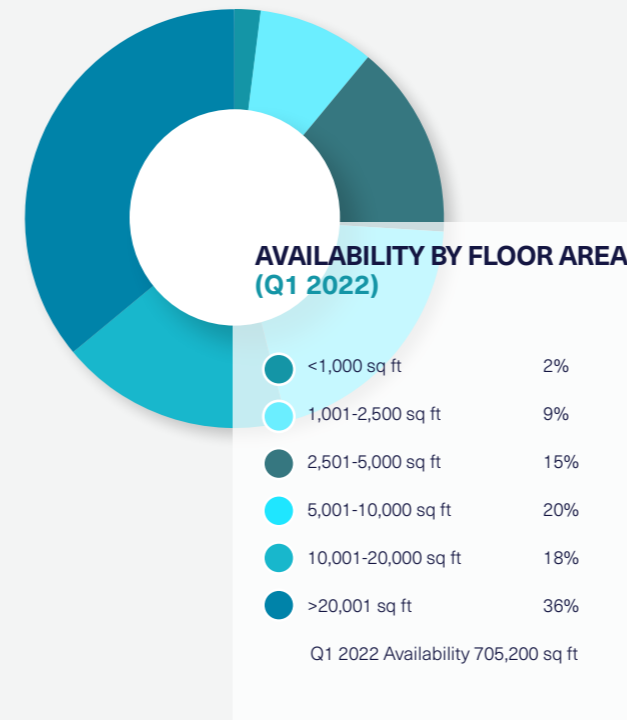
Fitzrovia saw one of the highest releases of space back onto the market following the onset of the pandemic. The availability rate rose from 3.1% (275,860 sq ft) in Q1 2020 to peak at 8.4% (774,300 sq ft) in mid 2021 and has adjusted downwards since. Total stock on the market was down to 705,200 sq ft at the end of March 2022, with Grade A space representing 49% of floor space on the market. The availability rate has adjusted down to 7.7%.

The recovery in prime rents in Fitzrovia has been held back by the high levels of supply on the market. Rents remained stable at £85.00 per sq ft in Q1 2022 and have grown by 3.0% over the past 12 months. Rents on both refurbished and unrefurbished floor space have shown a stronger recovery moving to £67.50 per sq ft (8.0% growth over 12 months) and £57.50 per sq ft (9.5% growth) respectively.

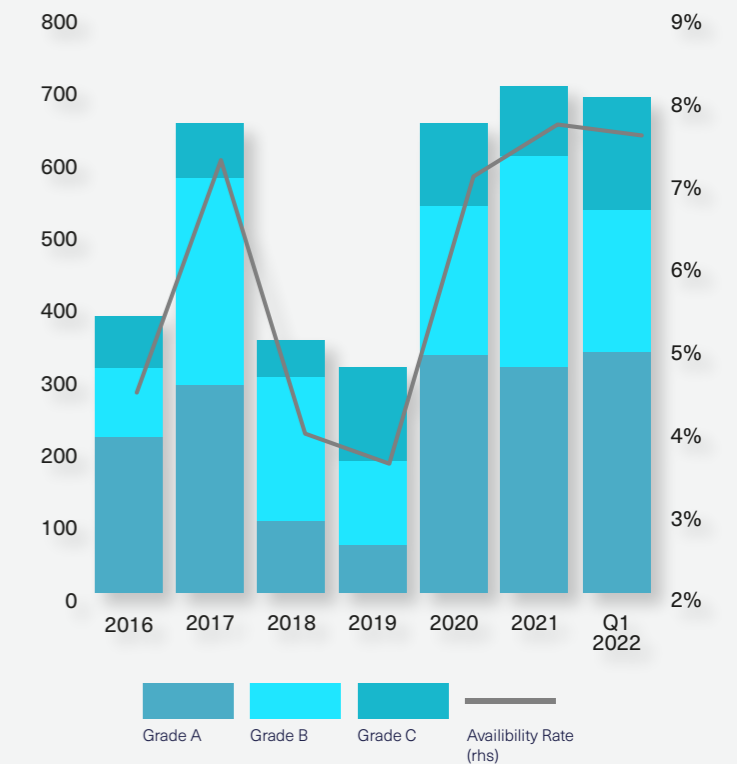
FITZROVIA TAKE UP (000's sq ft.)



SUPPLY



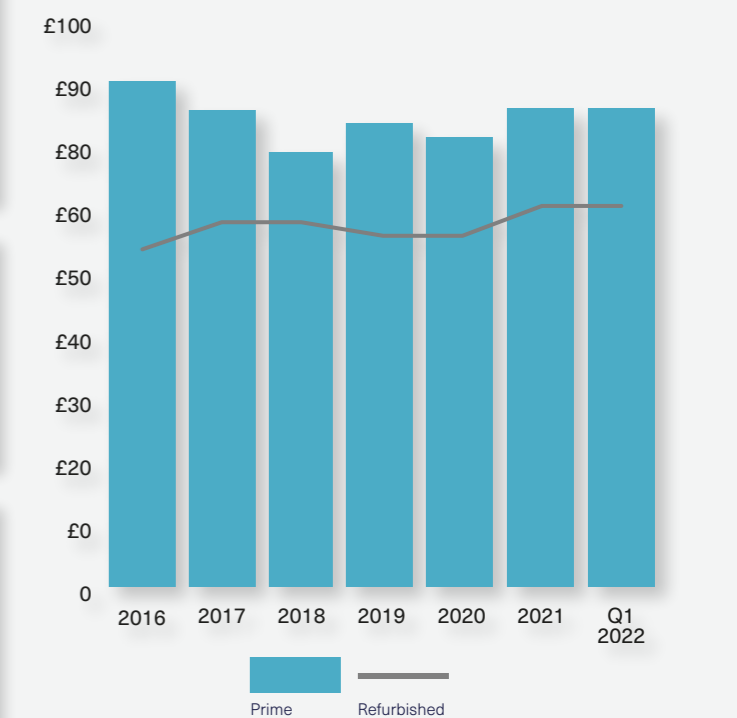
FITZROVIA AVAILABILITY (000's sq ft.)



RENTAL VALUES Q1 2022



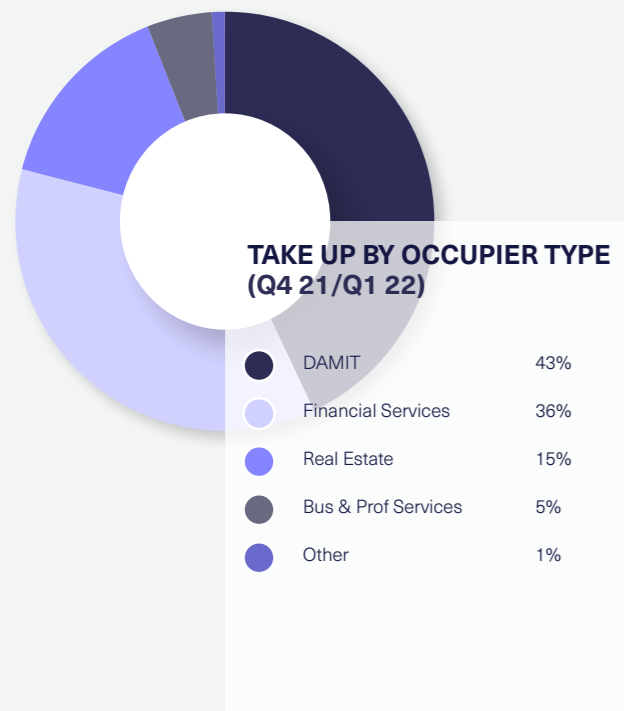
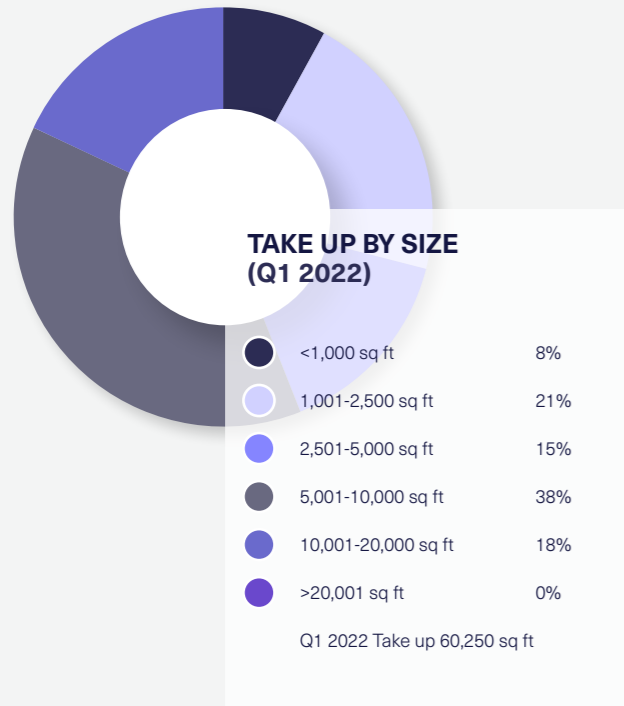
PRIME & SECONDARY RENTS



SOHO OFFICE MARKET

COMMENTARY

TAKE UP



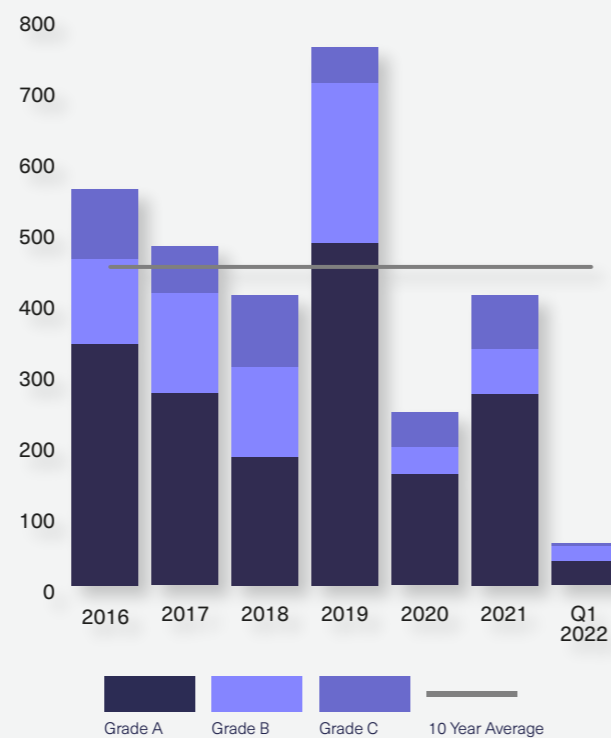
Following on from a strong year in 2021, take up in the Soho market slowed in Q1 2022 with a total of 60,200 sq ft of activity in 26 transactions. There were a lack of larger transactions in the first few months of the year, with the average deal size falling to 2,307 sq ft, 29% below the average size of transaction last year.

The only transaction above 10,000 sq ft in the first three months of the year was Dowley Turner Real Estate's letting of 10,970 sq ft on at 25 Argyll Street which was achieved by BDG Sparkes Porter. Two further refurbished floors are available at the building.

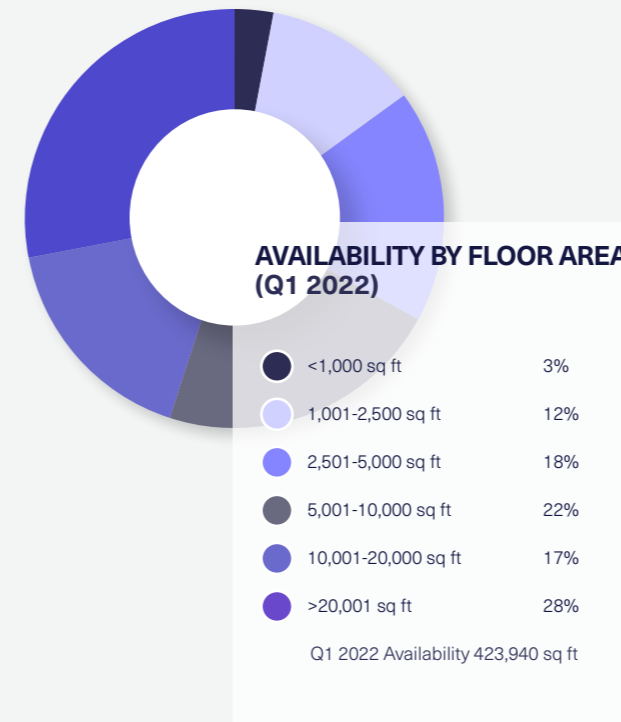
The reduction in supply slowed in the first three months of Q1 2022, falling to 423,940 sq ft, with the availability rate falling below 6.0% for the first time since the start of the pandemic. Grade A supply is now down to 192,140 sq ft, with a lack of larger buildings and floor plates on the market. The largest Grade A space is at 20 Air Street, where two floors provide 43,770 sq ft. The other major Grade A space is at The Wingate, Shaftesbury Avenue, where 25,424 sq ft is available over the upper floors.

Prime rents in Soho have rebounded strongly and are now at £95.00 per sq ft, their highest level since Q1 2018. This recovery has seen values exceed their pre pandemic level, growing by 5.6% over the first quarter of the year and 15.2% over the past 12 months. Rents on refurbished and unrefurbished space have also strengthened, moving back to £75.00 per sq ft and £60.00 per sq ft.

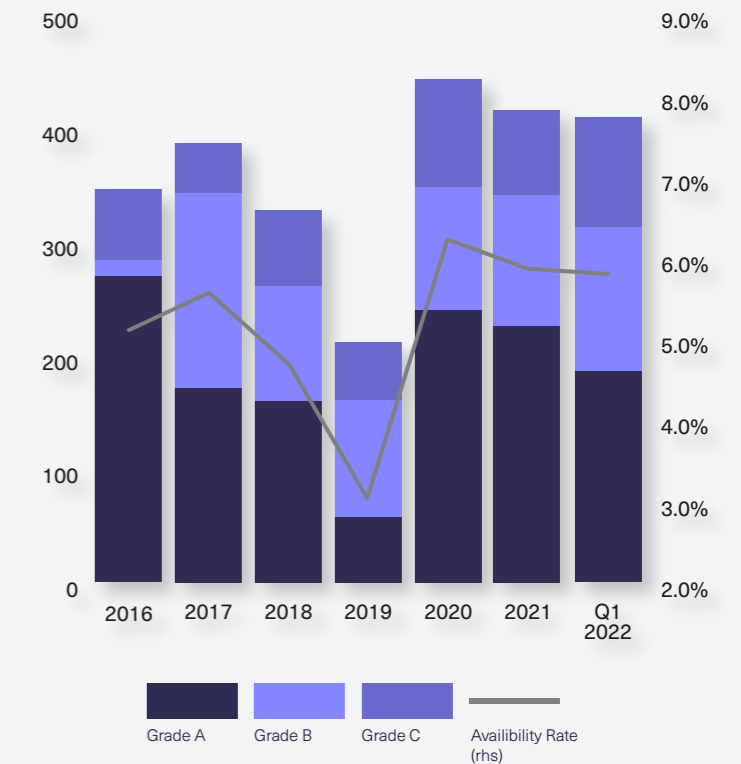
SOHO TAKE UP (000's sq ft.)



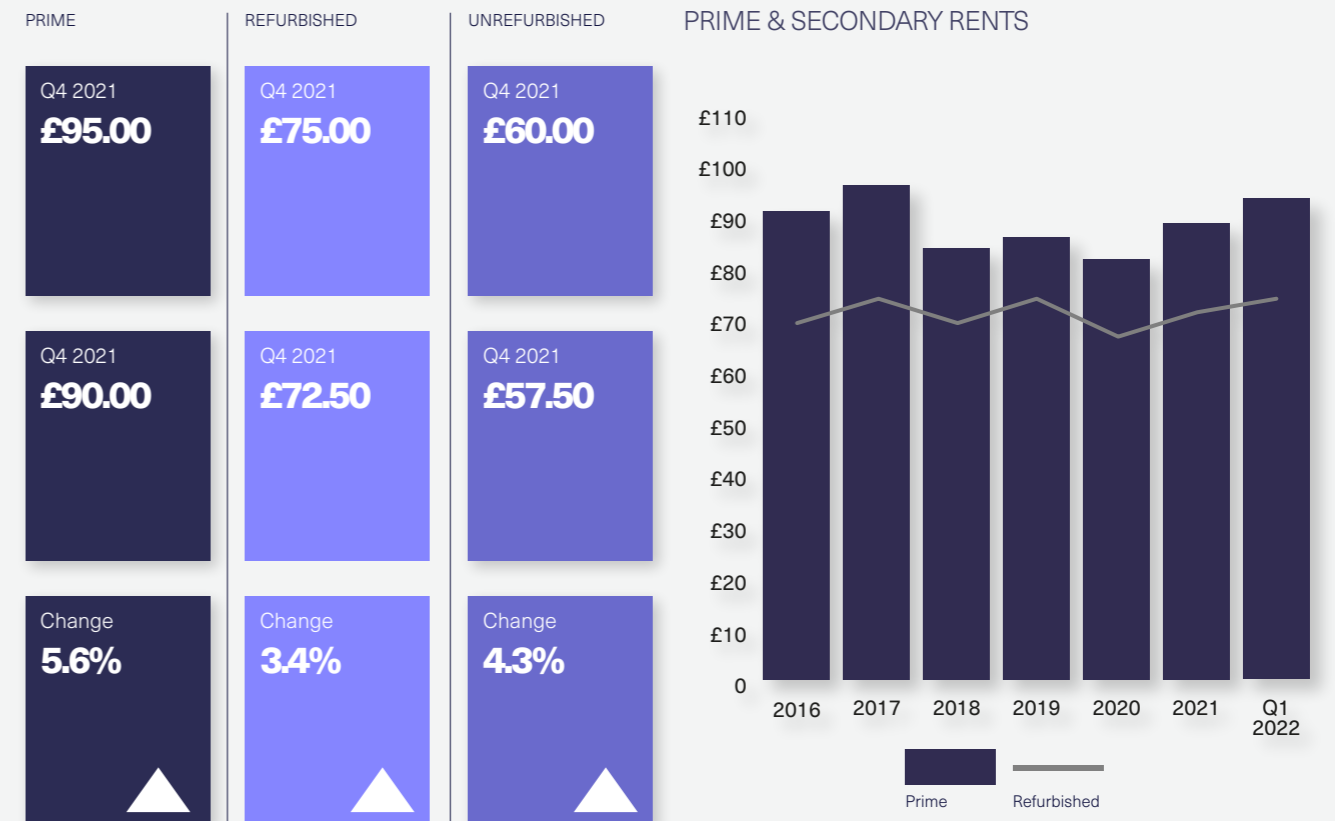
SUPPLY



SOHO AVAILABILITY (000's sq ft.)



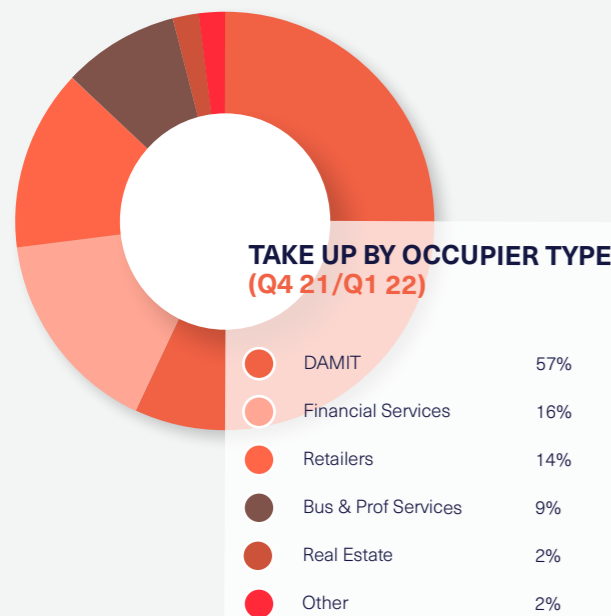
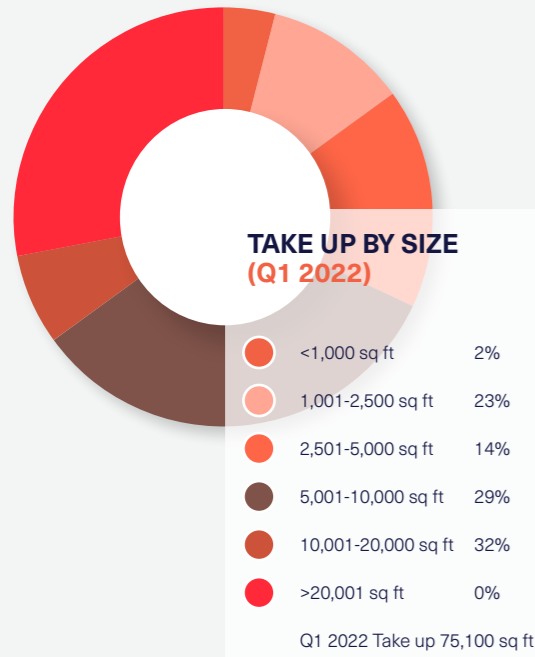
RENTAL VALUES Q1 2022



COVENT GARDEN OFFICE MARKET

COMMENTARY

TAKE UP



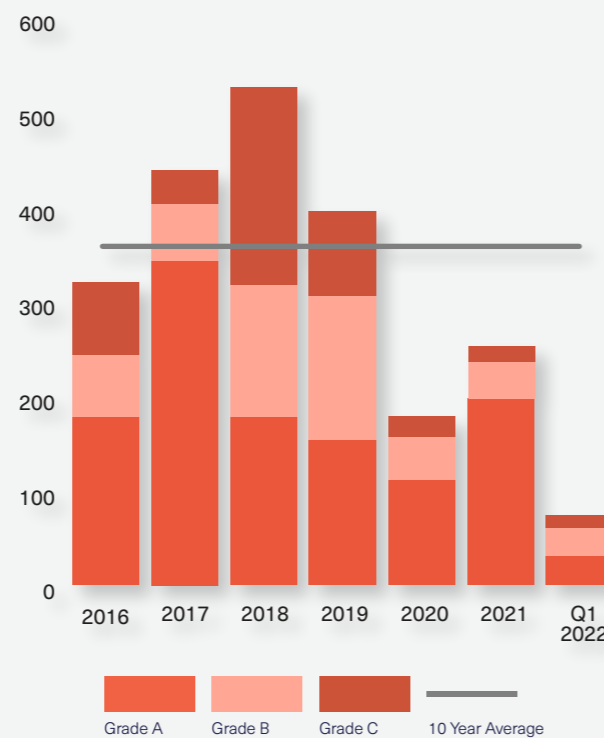
Take up in Covent Garden has remained below trend rates since the pandemic but Q1 2022 showed the first signs that activity may be strengthening. Total take up in the first quarter was 75,080 sq ft in 20 transactions.

Several deals above 10,000 sq ft completed, with the largest transaction in the quarter being the 13,700 sq ft letting to beauty products company Shiseido on the 6th floor at 1 Kingsway. The other transaction above 10,000 sq ft was to solicitors Clintons, who took 10,600 sq ft at the new mixed use scheme at 2 St Giles Square.

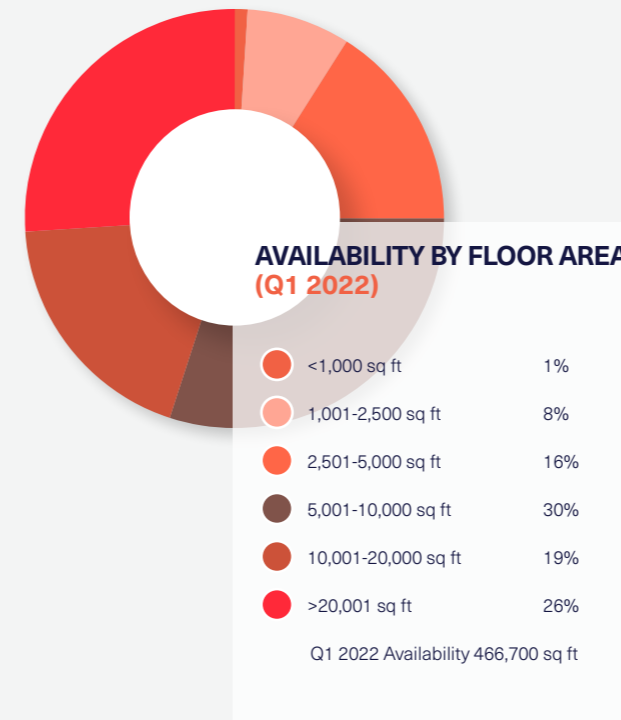
Supply in Covent Garden has been slow to recover since the increases following the pandemic. Availability edged downwards in Q1 2022 to 466,700 sq ft but remains 43% above pre pandemic levels. Over the same period, Grade A supply has fallen by 12% to 141,180 sq ft as occupiers have targeted better quality stock. The largest Grade A space is at the comprehensively refurbished Kodak building at 65 Kingsway.

Prime rents moved back to £82.50 per sq ft at the end of Q1 2022, recovering the ground lost in the previous quarter. Values are now 10.0% ahead of where they were 12 months ago as the confidence returns to the Covent Garden market. Rents on refurbished and unrefurbished space have proved to be more resilient than the top end of the market, moving to £72.50 per sq ft and £57.50 per sq ft respectively.

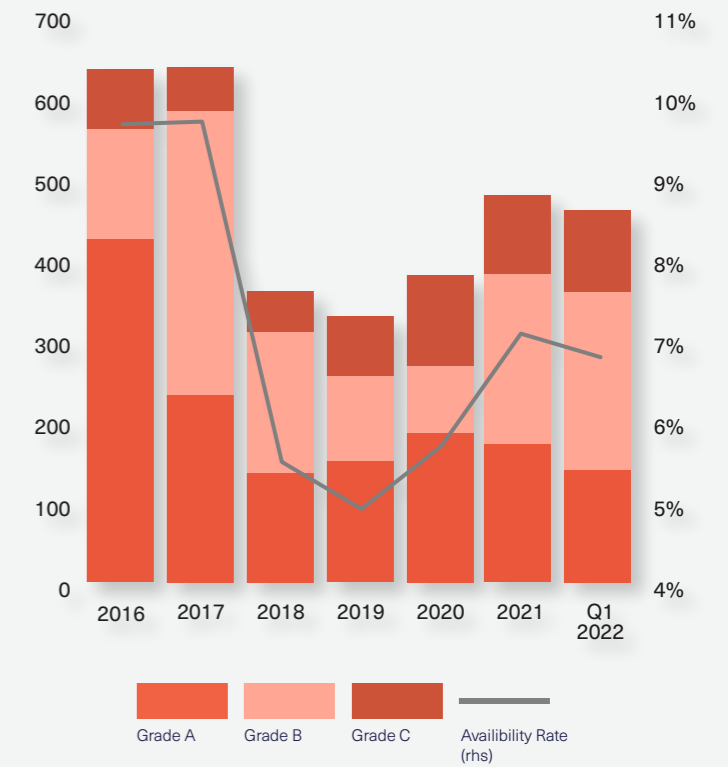
COVENT GARDEN TAKE UP (000's sq ft.)



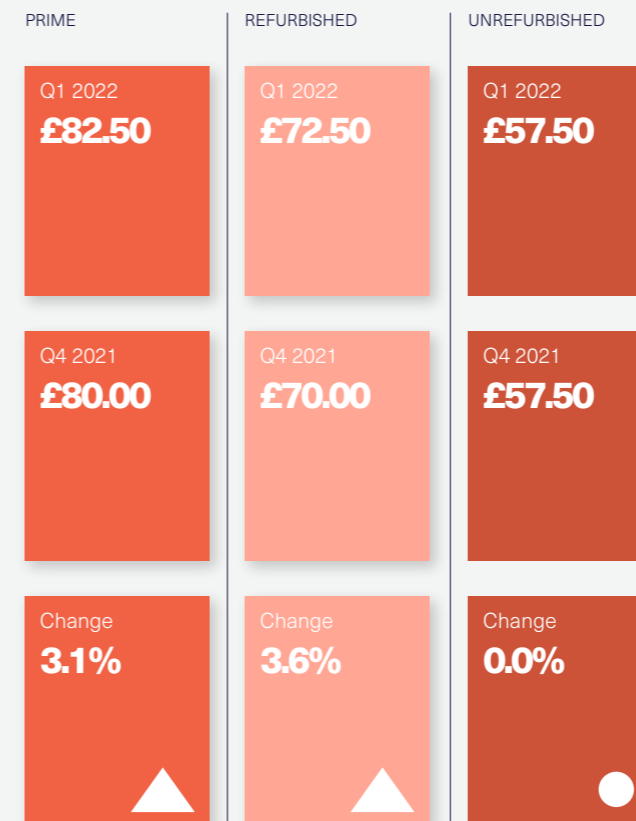
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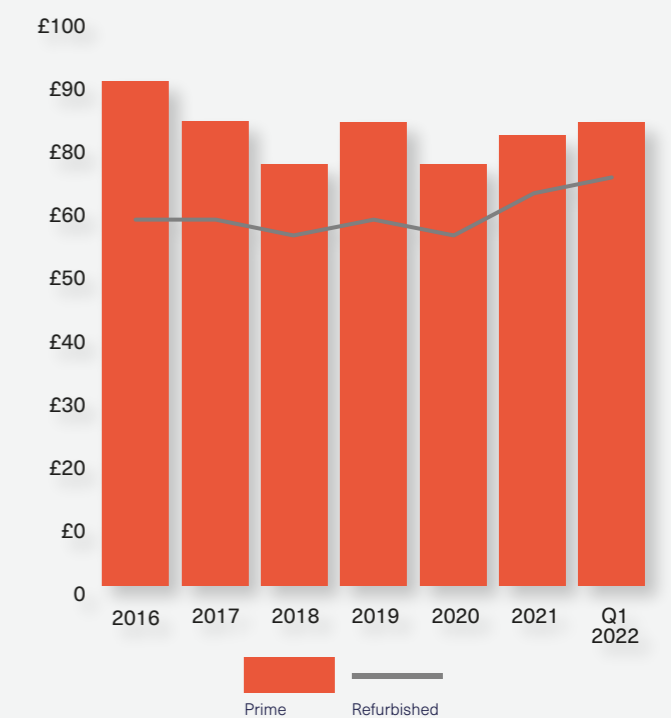
COVENT GARDEN AVAILABILITY (000's sq ft.)



RENTAL VALUES Q1 2022



PRIME & SECONDARY RENTS



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