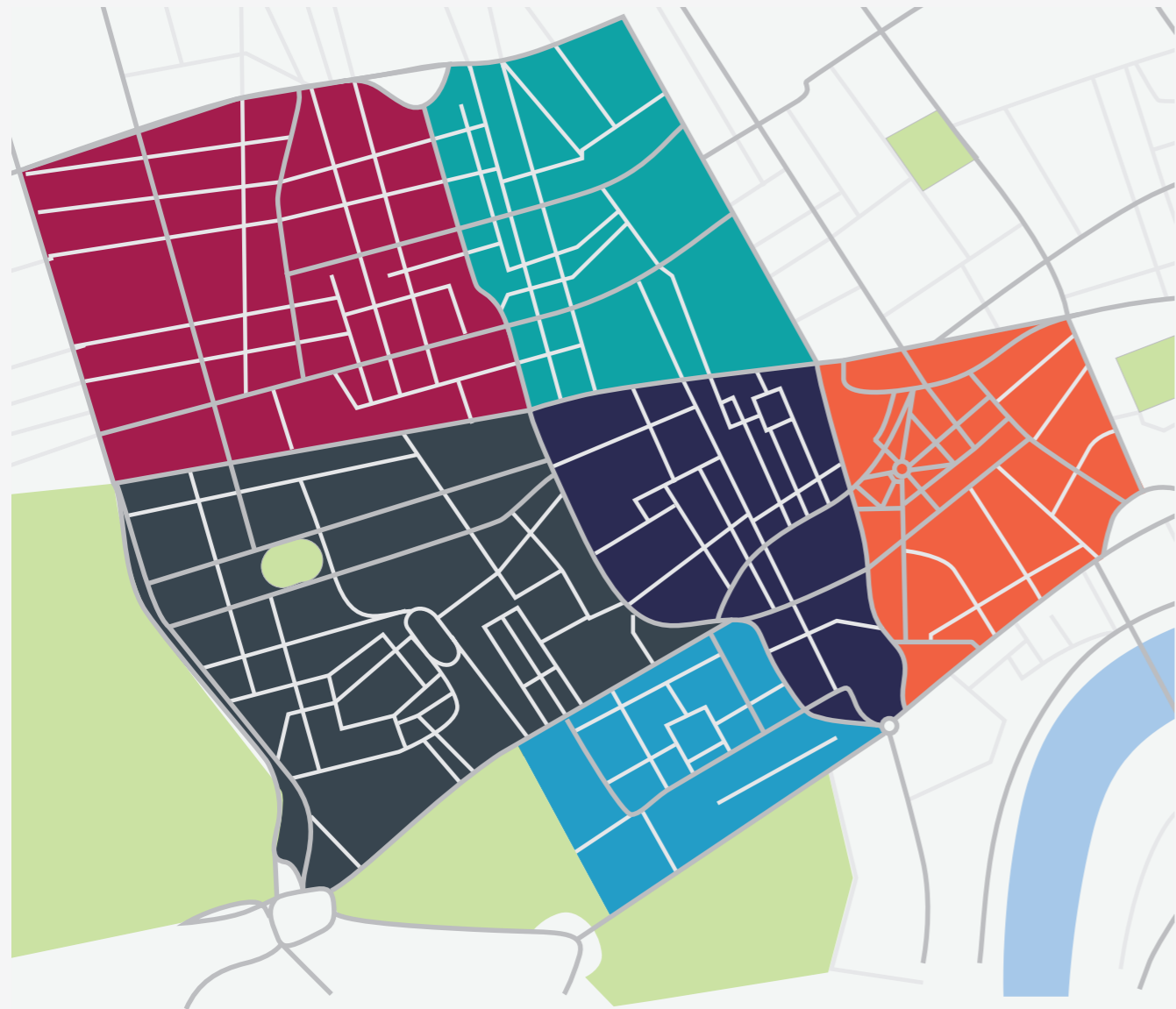


WEST END  
OFFICES  
**SUBMARKETS  
RESEARCH**

— Q1 2020





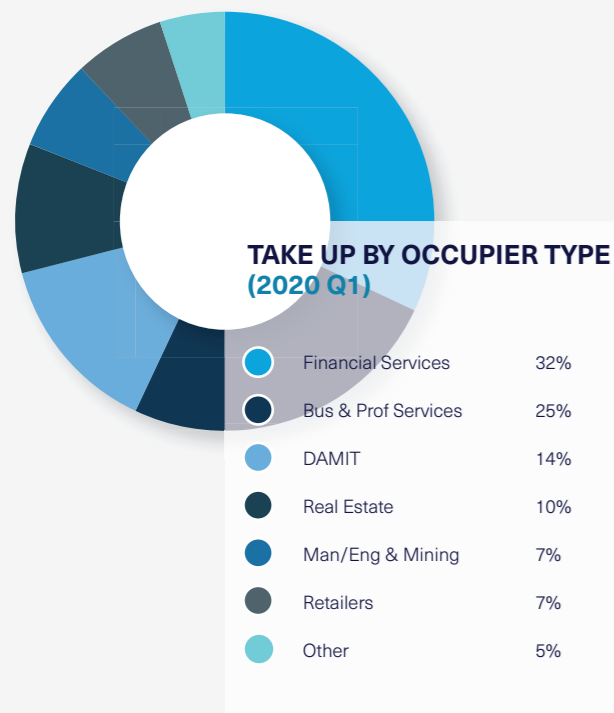
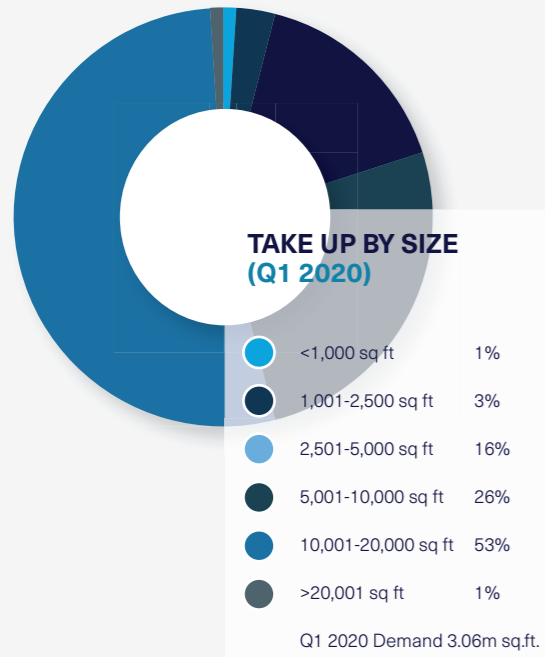
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# WEST END OFFICE MARKET

## COMMENTARY

### TAKE UP & DEMAND



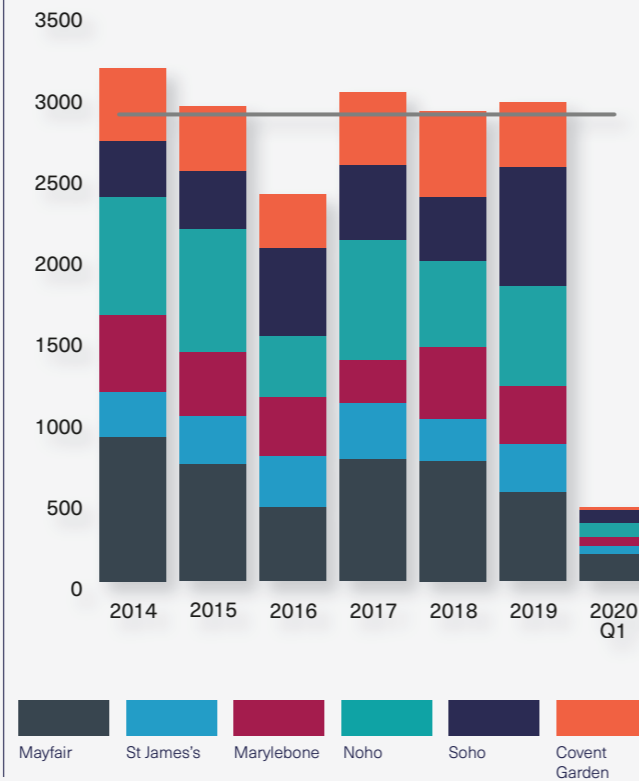
Please note that the data in this report only relates to transactions in the first quarter of this year prior to the lockdown so the impact of Covid-19 on the West End office market will only start to register in our next report for Q2 2020.

Despite a strong performance in the Mayfair market, there were disappointing levels of activity in most of the other sub markets which saw take up in the 'core' West End markets fall back to 441,660 sq ft in Q1 2020 across 131 transactions. The latest quarter's activity was down from 621,312 sq ft in the final quarter of last year. Take up continues to be focused on Grade A space, which accounted for 48% of the quarter's total activity and there was a surprising upturn in take up of unrefurbished space, which accounted for 35%.

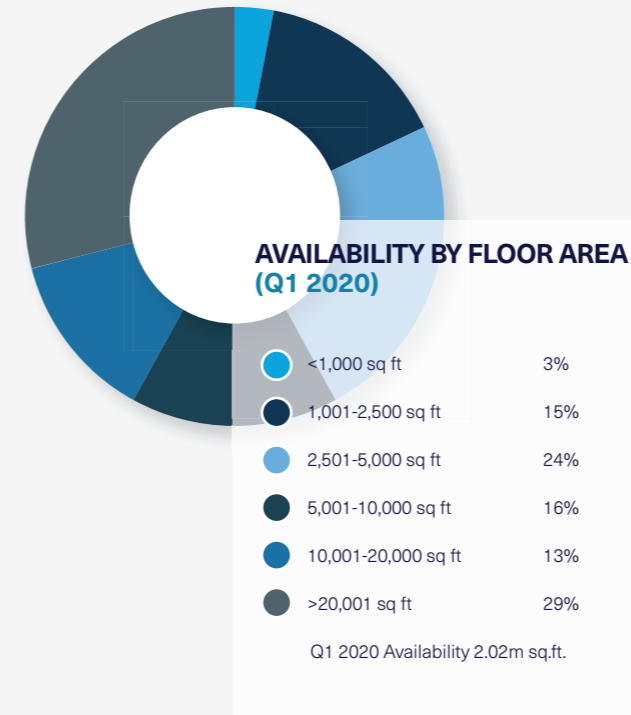
Supply has continued to tighten across most 'core' West End markets and now stands at just above 2m sq ft, which is significantly below the 10 year average of take up for these markets, which stands at 2.9m sq ft. Grade A supply stands at 816,200 sq ft, representing 40% of overall availability.

Demand for floor space in the 'core' West End markets remains around 3m sq ft. Demand continues to be focused on larger requirements (>20,000 sq ft), which account for 53% of the overall demand figure. Demand from financial services companies has reduced by 27% over the first three months of the year, although this has been counteracted by a 43% increase in demand from the DAMIT sector.

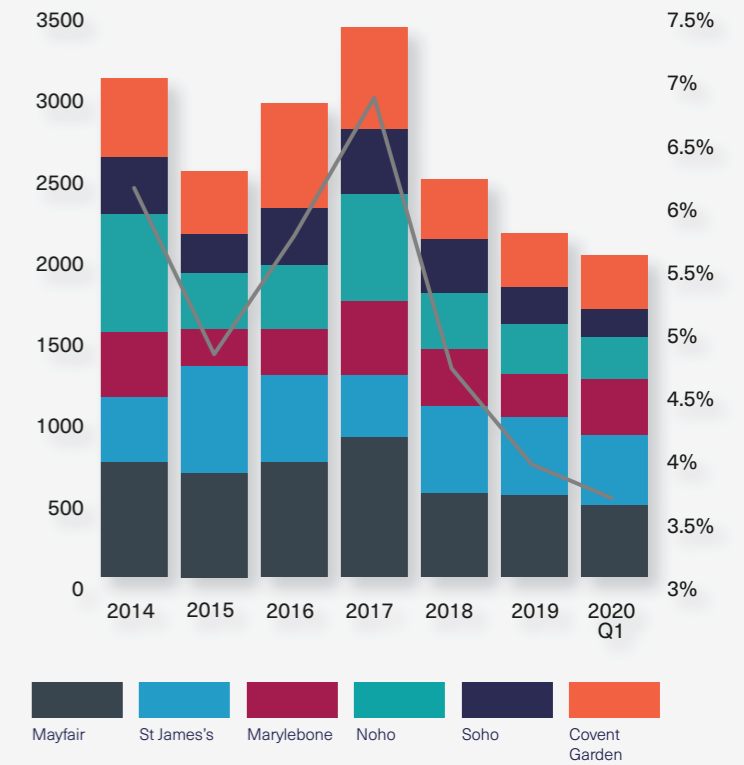
### WEST END TAKE UP (000's sq ft.)



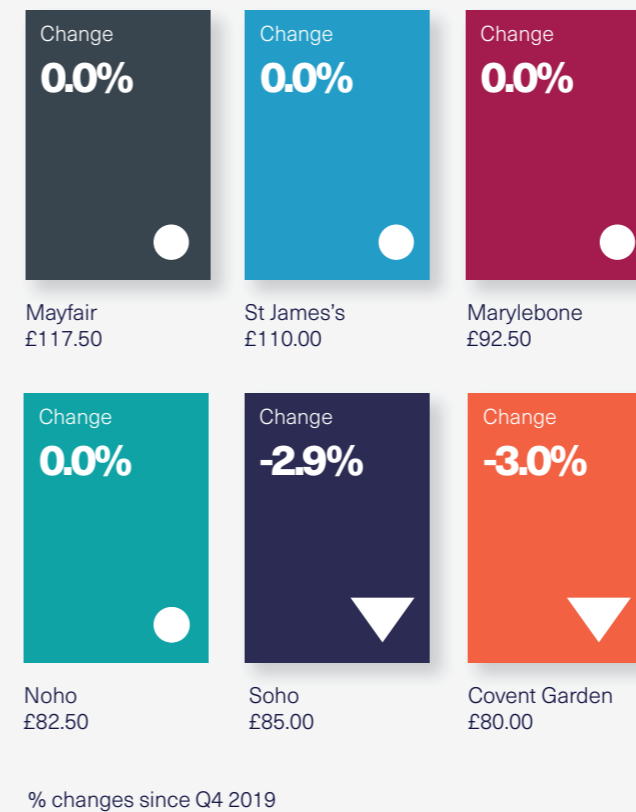
## SUPPLY



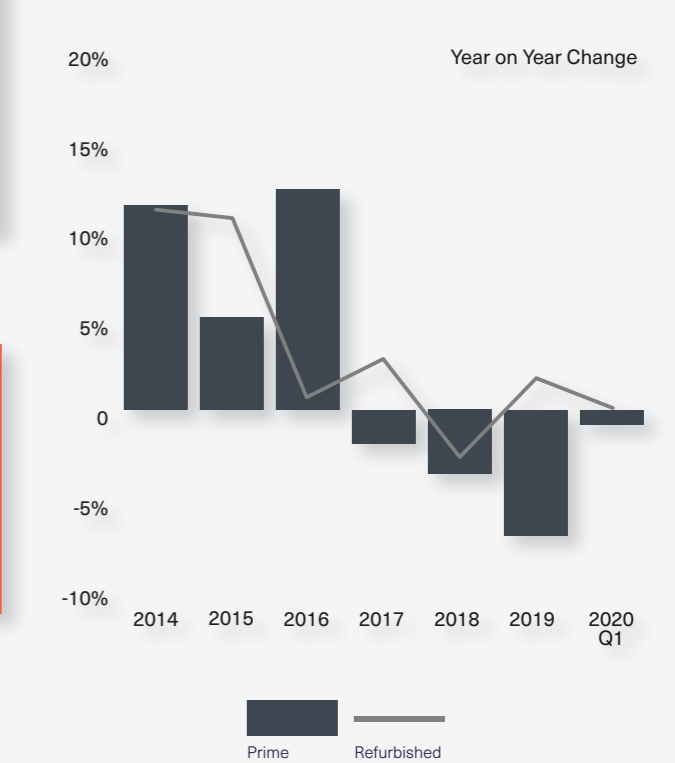
### WEST END AVAILABILITY (000's sq ft.)



## PRIME RENTAL VALUES



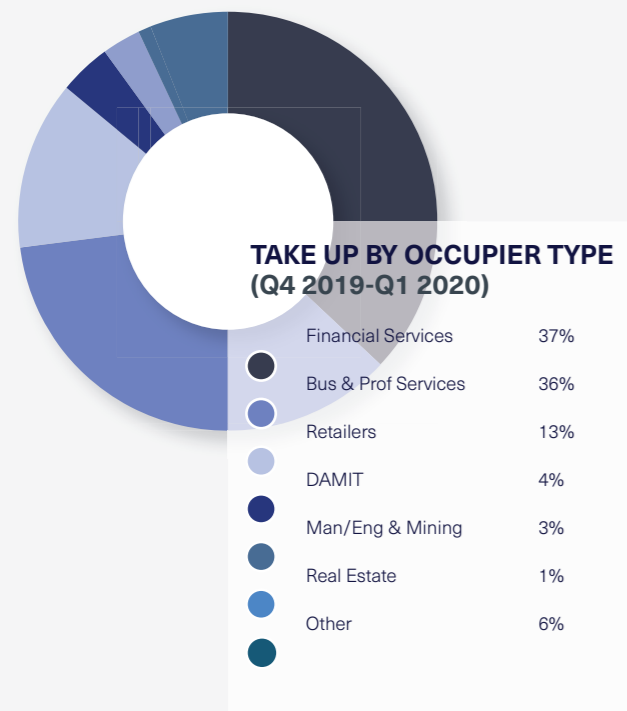
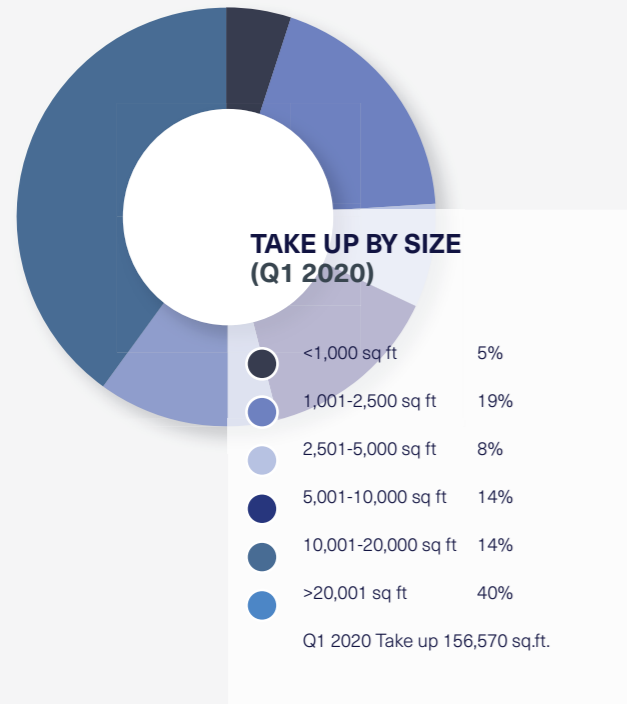
### PRIME & SECONDARY RENTAL GROWTH



# MAYFAIR OFFICE MARKET

## COMMENTARY

### TAKE UP & DEMAND



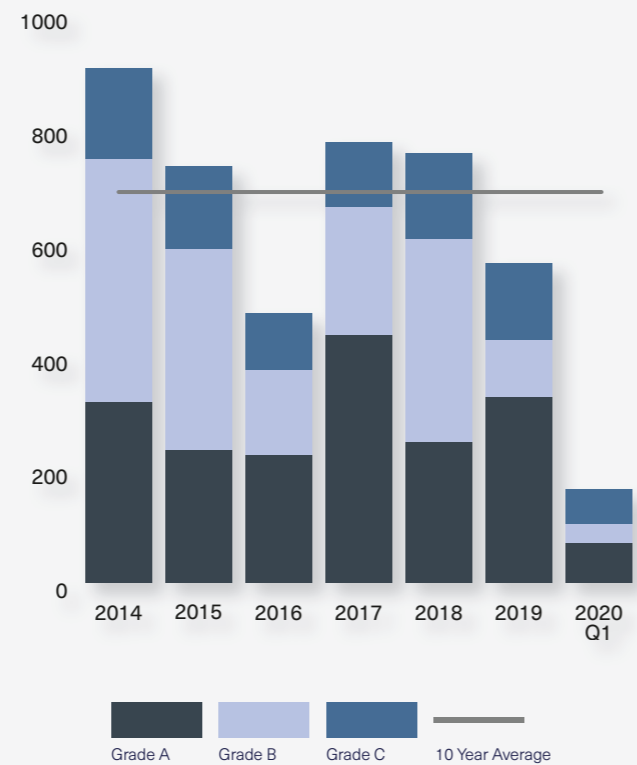
Take up fell in the Mayfair market rebounded from a disappointing end to 2019, with activity up by 71% in Q1 2020 to 156,565 sq ft across 43 transactions. Two larger lettings boosted the first quarter's total, with serviced office provider, Business Cube taking 40,249 sq ft at Nightingale House, 65 Curzon Street and Gulf Investment Corporation taking the final 21,745 sq ft at 1 Curzon Street.

Activity in the quarter was focused on Grade A space, which accounted for 43% of total take up, whilst lettings of unrefurbished space accounted for 38%. There are significant shortages of larger floor plates in the Mayfair market, with the largest Grade A space available at Berkeley Square House, 25 Berkeley Square and 10 Stratton Street, although space in these buildings is spread across several floors.

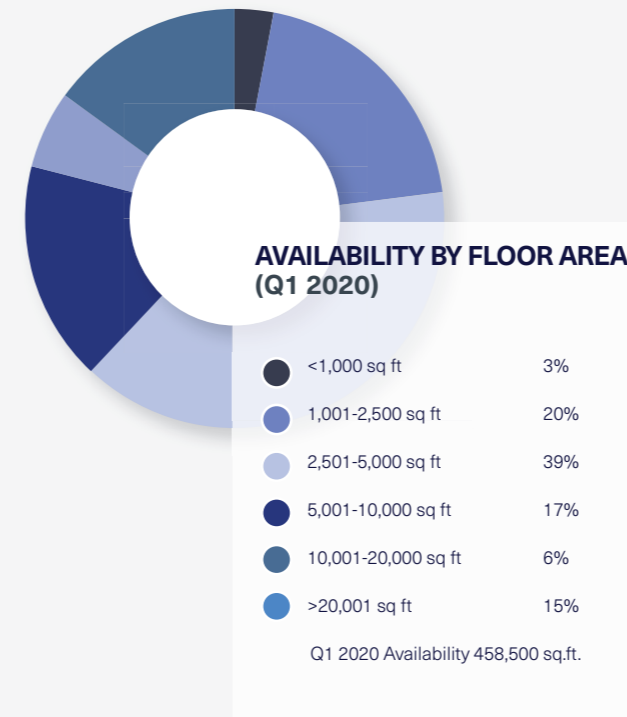
Supply continues to edge downwards, with only 458,500 sq ft on the market at the end of Q1 2020, equating to an availability rate of 3.6%. Availability is relatively evenly spread across Grade A, refurbished and unrefurbished space although more than 62% of current supply is in suites of 5,000 sq ft and below.

Rental values in Mayfair have remained relatively stable through to the end of Q1 2020, with the impacts of the Covid-19 lockdown yet to be reflected in the market. Prime rents have remained at £117.50 per sq ft, with rents on refurbished space at £87.50 per sq ft. Values on unrefurbished space slipped back by 3.7% to £65.00 per sq ft despite the relatively strong levels of activity in this sector of the market.

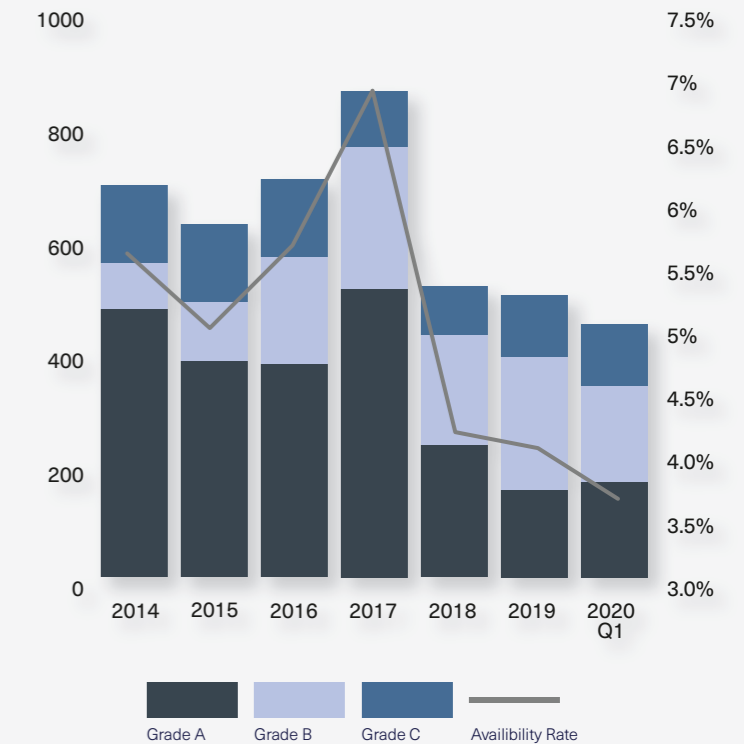
### MAYFAIR TAKE UP (000's sq ft.)



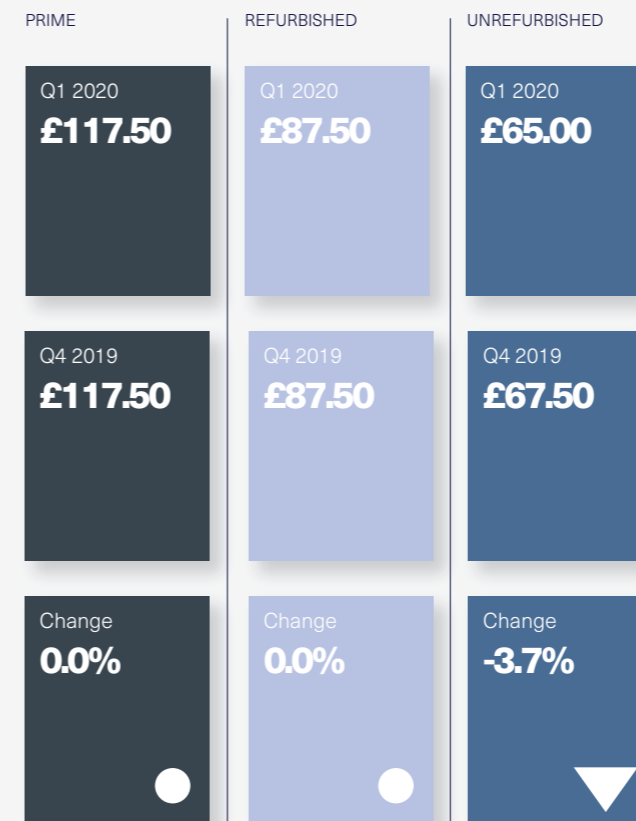
## SUPPLY



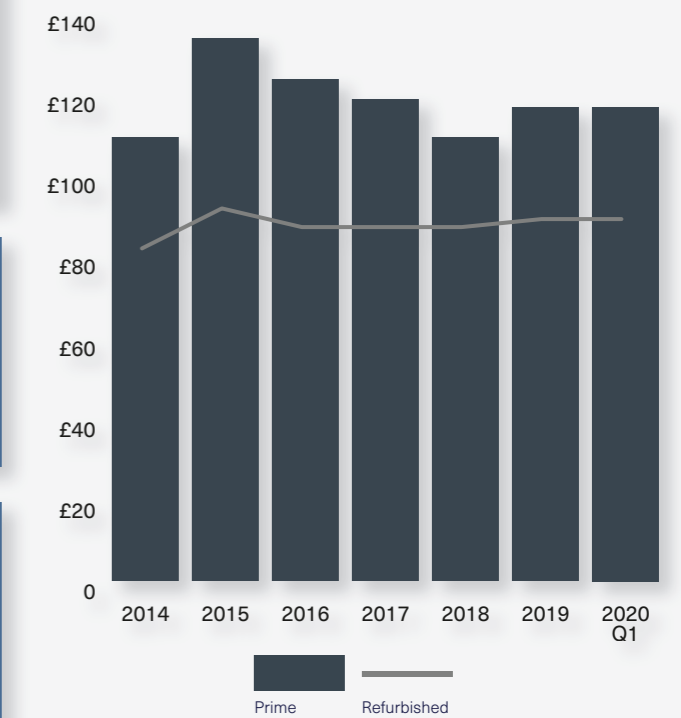
### MAYFAIR AVAILABILITY (000's sq ft.)



## RENTAL VALUES



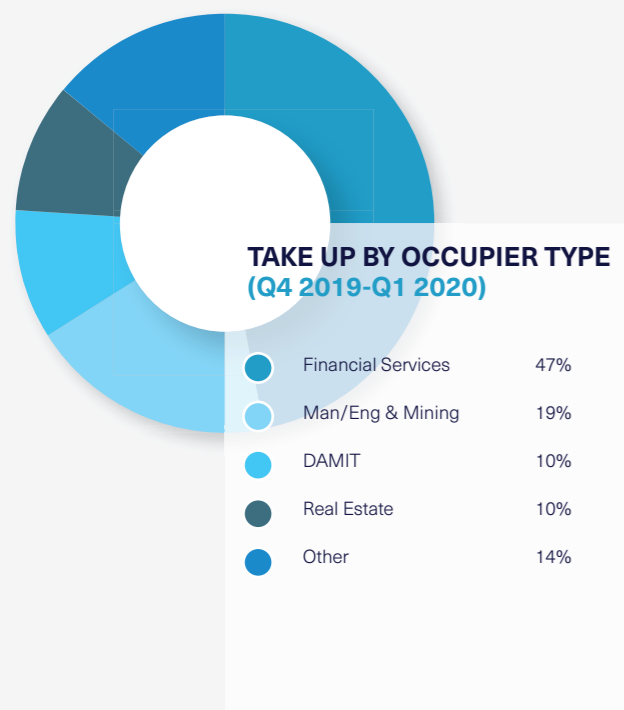
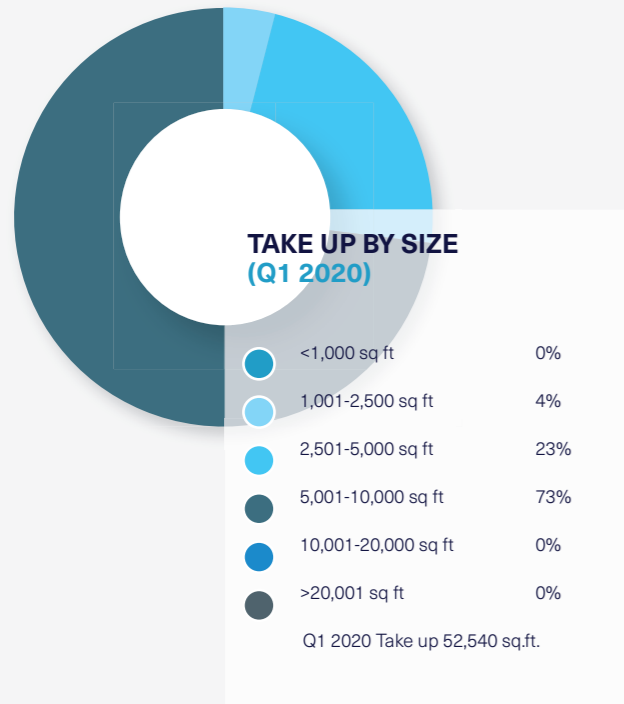
### PRIME & SECONDARY RENTAL GROWTH



# ST JAMES'S OFFICE MARKET

## COMMENTARY

### TAKE UP & DEMAND



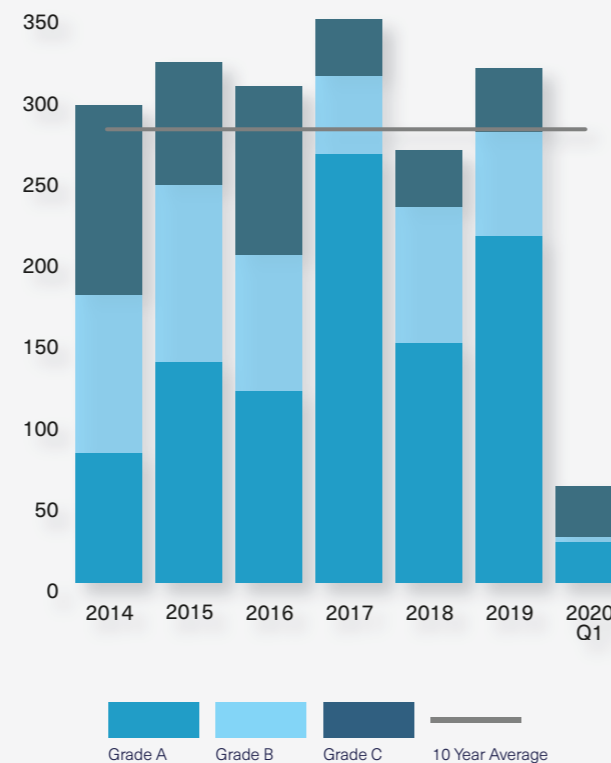
Take up in the St James's market continued at a similar vein to the second half of 2019, with total activity of 52,540 sq ft in Q1 2020 across 12 transactions. Transactions were focused on lettings below 6,500 sq ft, with the largest deal in the quarter being aerospace group Northrop Grumman's acquisition of 6,435 sq ft at Rex House, 4-12 Regent Street.

As with the Mayfair market, take up was focused at the two extremes of the market, with the letting of unrefurbished space accounting for 52% of the quarter's activity, whilst the letting of Grade A space represented 43% of the total.

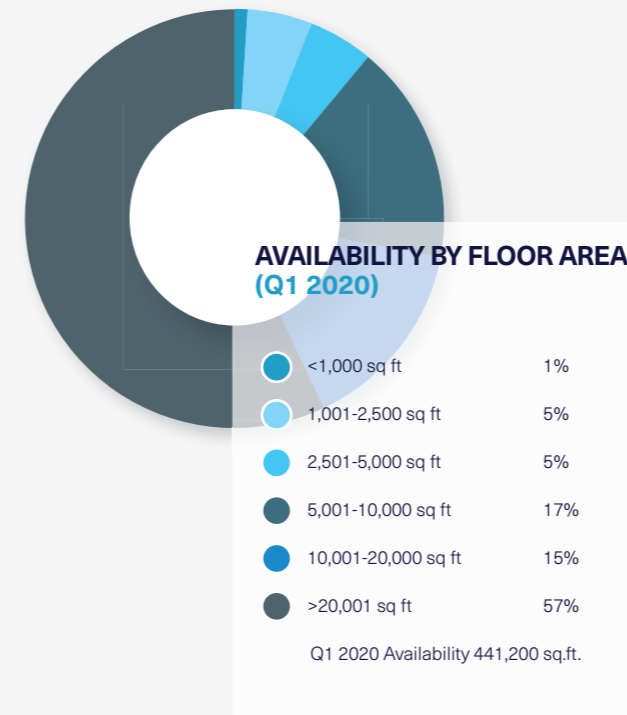
Supply in St James's continues to run at a higher level than the other 'core' West End markets, with a total of 441,200 sq ft on the market at the end of March 2020, representing an availability rate of 8.0%. Supply is dominated by a number of larger Grade A buildings which are on the market, with 120,000 sq ft available at One Jermyn Street, 46,792 sq ft being marketed at Rio Tinto's head office at 5/6 St James's Square and 34,901 sq ft available at 20 St James's Street.

Prime rents in St James's moved back down to £110 per sq ft in the final quarter of 2019 and have remained at that level over the first three months of this year. This has also been reflected in rents on refurbished space and unrefurbished space where values have remained at £77.50 per sq ft and £65.00 per sq ft respectively.

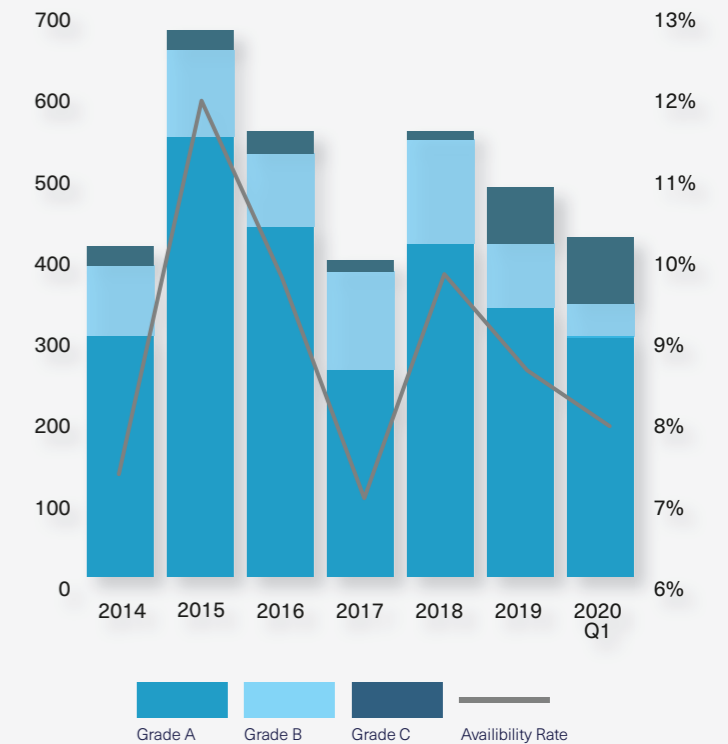
### ST JAMES'S TAKE UP (000's sq ft.)



## SUPPLY



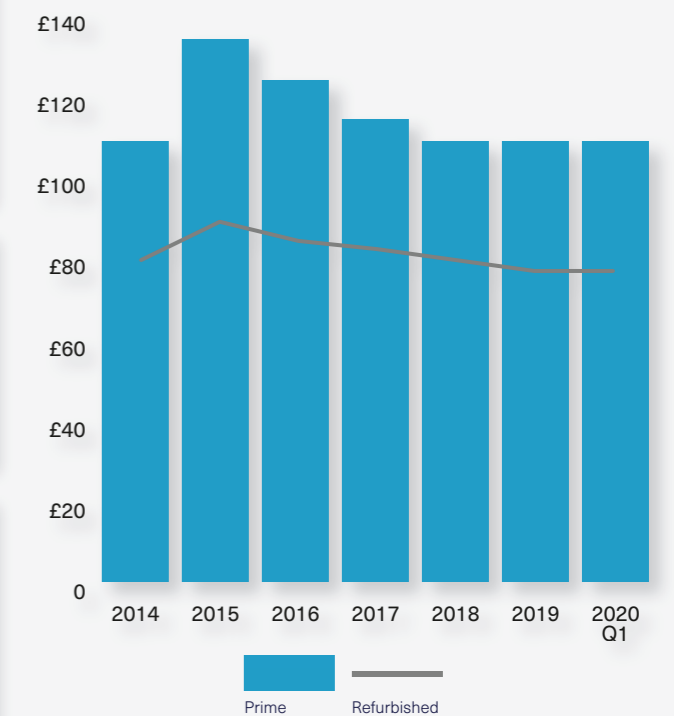
### ST JAMES'S AVAILABILITY (000's sq ft.)



## RENTAL VALUES



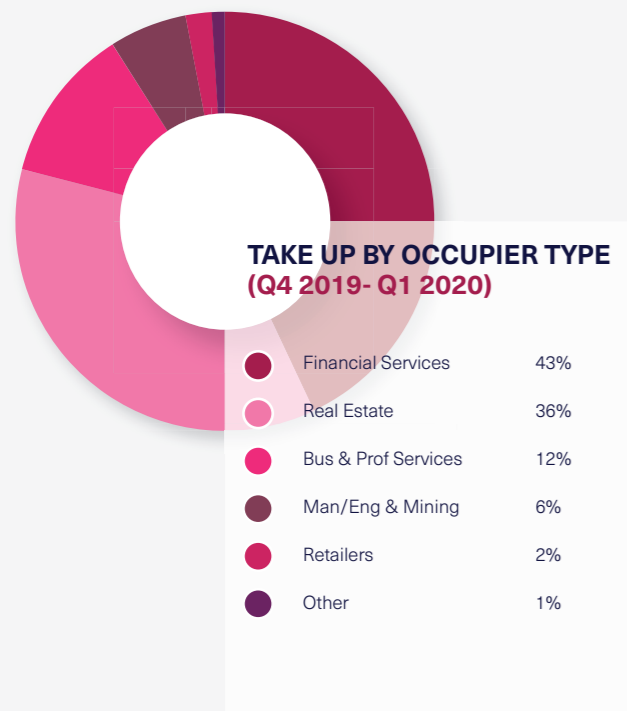
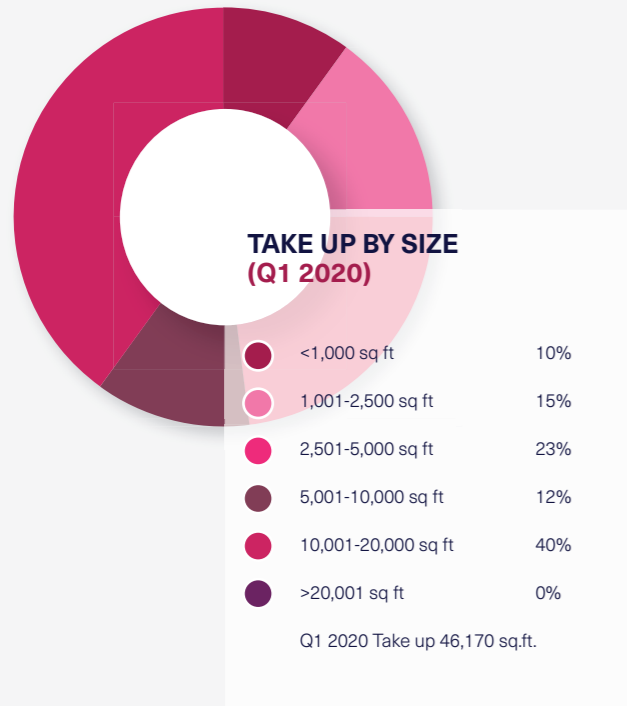
### PRIME & SECONDARY RENTAL GROWTH



# MARYLEBONE OFFICE MARKET

## COMMENTARY

### TAKE UP & DEMAND



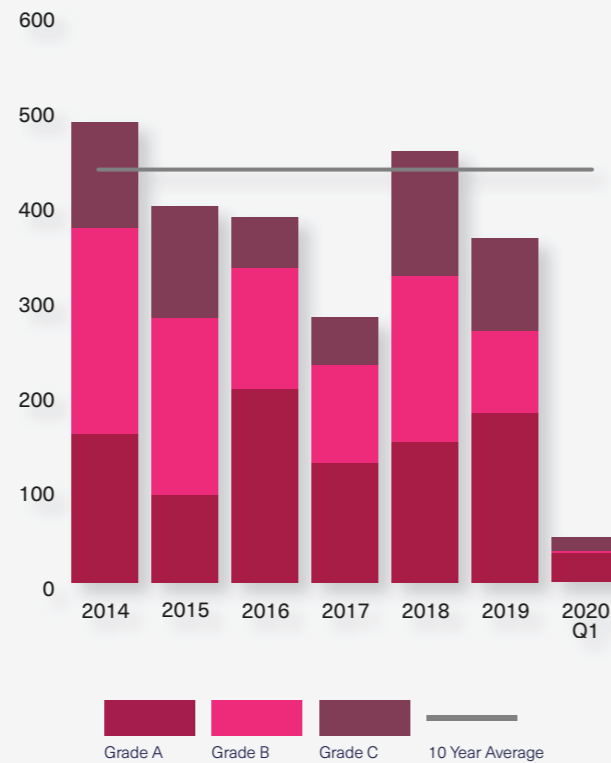
Take up in Marylebone remained slow in Q1 2020, with only 46,170 sq ft of space acquired across 17 transactions, the lowest quarterly activity recorded in almost two years. Letting activity has been held back by the low levels of supply in the Marylebone market since 2017. The largest transaction in the first quarter of the year was the 18,534 sq ft letting to Apollo Management, who took the expansion space at 10 Portman Square before moving to their new HQ at Soho Place in 2022.

Supply edged up slightly in the first three months of 2020, moving to 343,440 sq ft, up from 274,200 sq ft at the end of 2019. Availability remains focused on refurbished space, which accounts for 54% of total supply, whilst Grade A space remains constrained at 60,014 sq ft. The largest Grade A space is at Howard De Walden Estate's recently refurbished 110 Marylebone High Street, where 13,400 sq ft remains available.

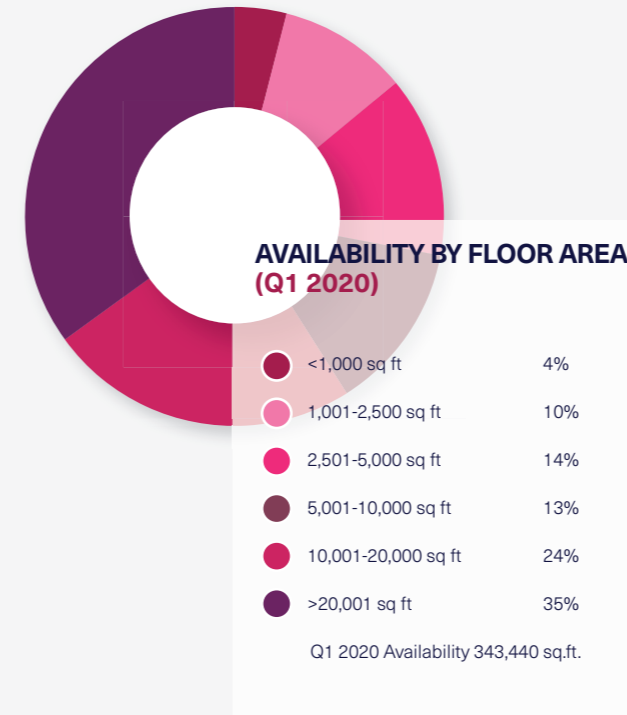
Whilst supply has increased in the early part of 2020, the availability rate in Marylebone remains low at 3.6%.

Rents have remained stable in the Marylebone market, with prime rents standing at £92.50 per sq ft, whilst refurbished and unrefurbished space attracts rents of £75.00 per sq ft and £62.50 per sq ft respectively.

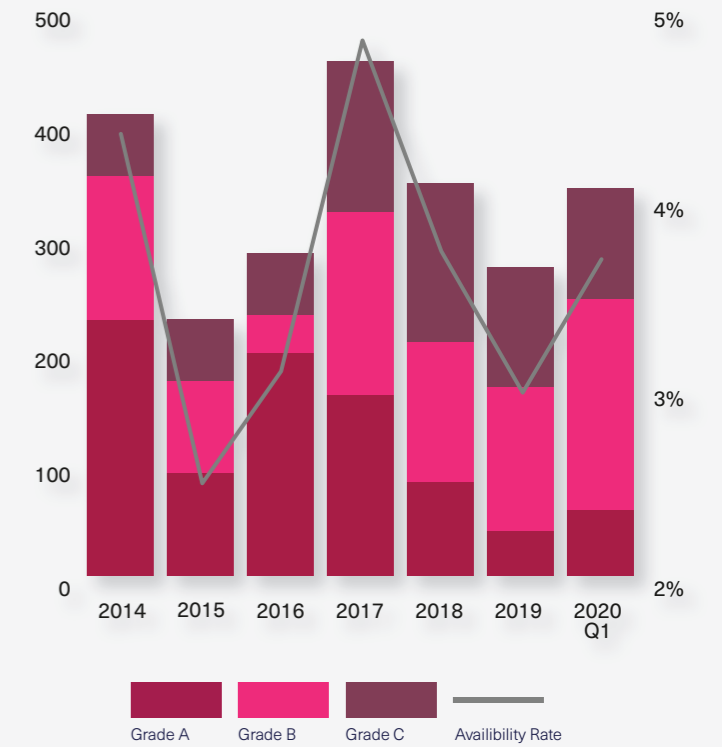
### MARYLEBONE TAKE UP (000's sq ft.)



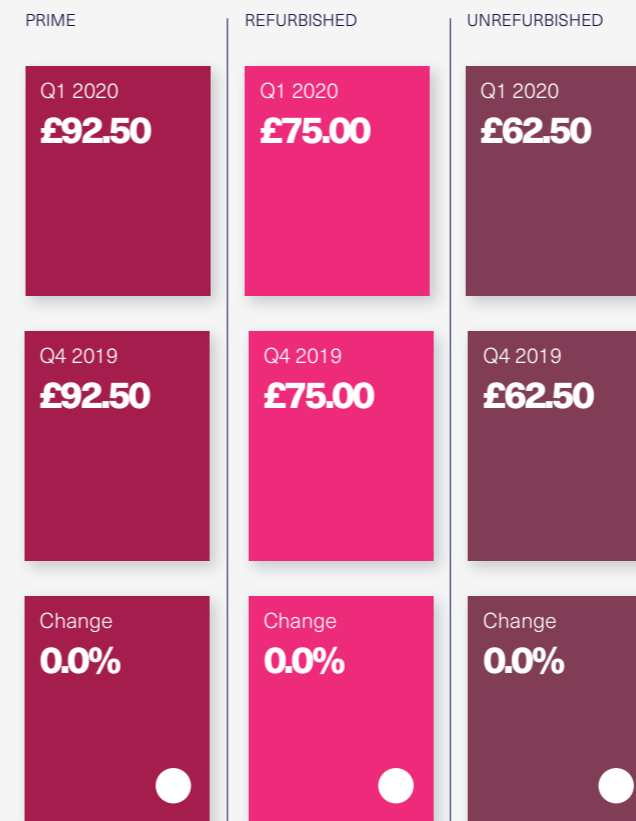
## SUPPLY



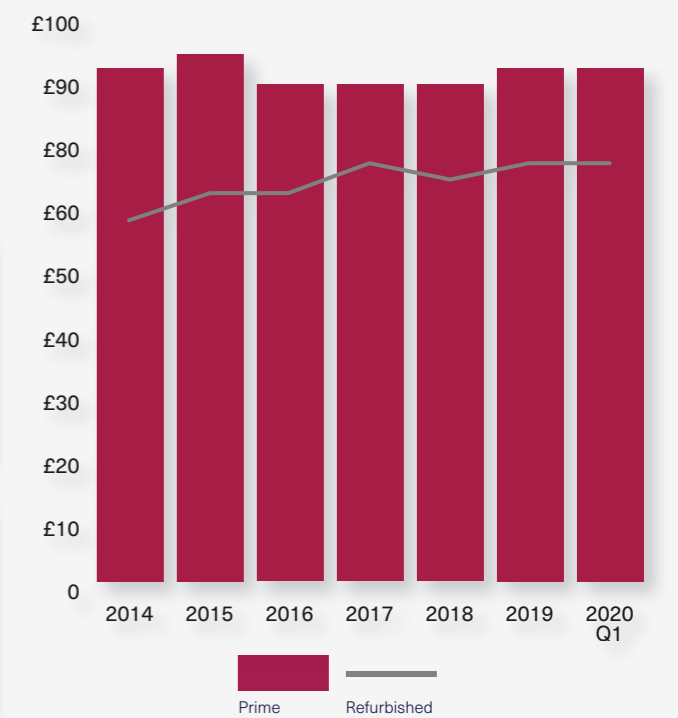
### MARYLEBONE AVAILABILITY (000's sq ft.)



## RENTAL VALUES



### PRIME & SECONDARY RENTAL GROWTH

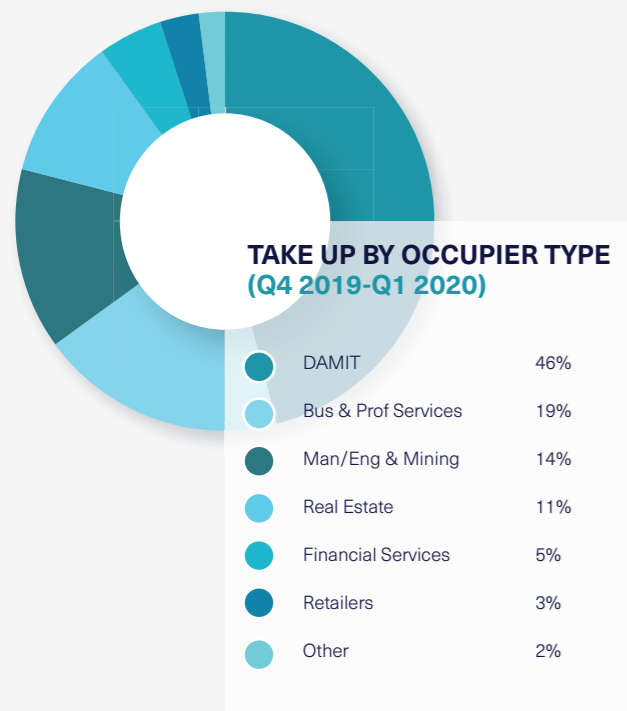
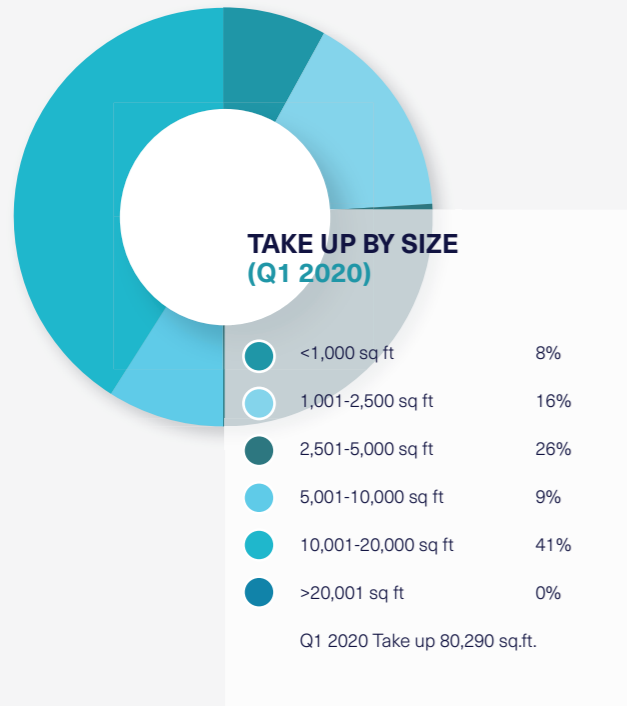




# NOHO OFFICE MARKET

## COMMENTARY

### TAKE UP & DEMAND



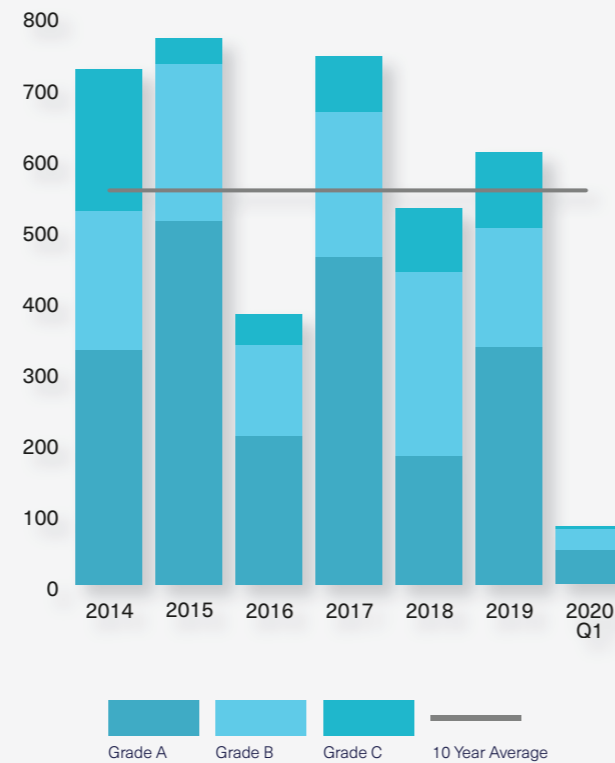
Take up in the Noho market fell to its lowest quarterly total since 2016 in Q1 2020, with only 80,285 sq ft acquired across 27 transactions. Activity was driven by lettings of Grade A space, which accounted for almost 60% of the quarters total, with the largest transaction being the 16,637 sq ft letting to US drinks group Brown Forman International at Great Portland Estate's Wells & More Building at 45/49 Mortimer Street.

Supply has tightened significantly in Noho over the past few years, falling to 275,860 sq ft at the end of Q1 2020, a reduction of almost 60% from the recent peak in 2017. Grade A supply is now down to 78,406 sq ft, with the largest Grade A space at Langham Estates recently refurbished 8-11 Great Castle Street, where 12,630 sq ft is available from May 2020.

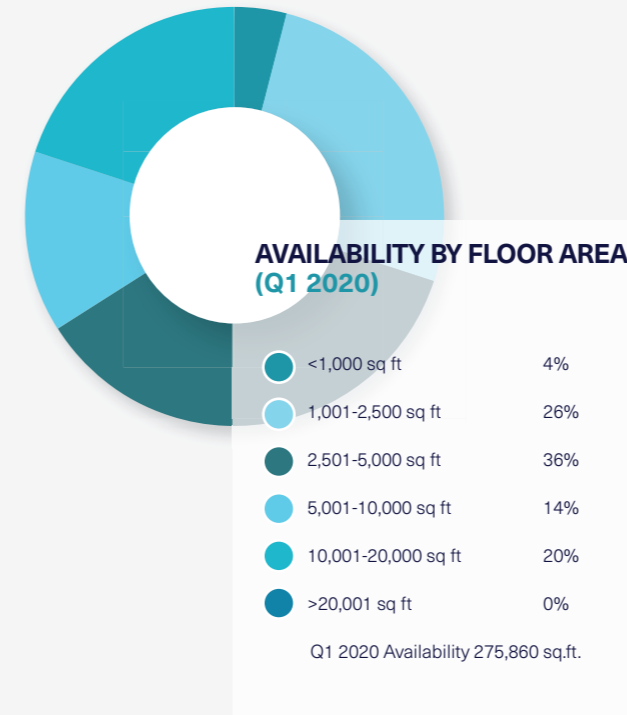
Unrefurbished space accounts for more than 36% of stock on the market in Noho, with the largest space on the market being the 16,420 sq ft at Informa House, 30-32 Mortimer Street. The overall availability rate is now down to 3.2%.

Rents in Noho have remained stable over the first three months of the year, with prime values remaining at £82.50 per sq ft and refurbished and unrefurbished rents at £62.50 per sq ft and £55.00 per sq ft respectively.

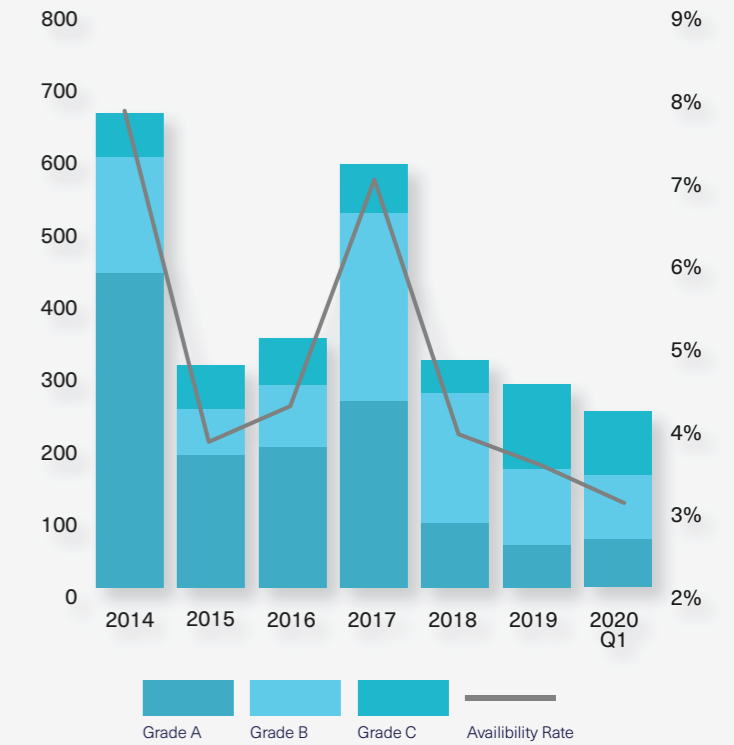
### NOHO TAKE UP (000's sq ft.)



## SUPPLY



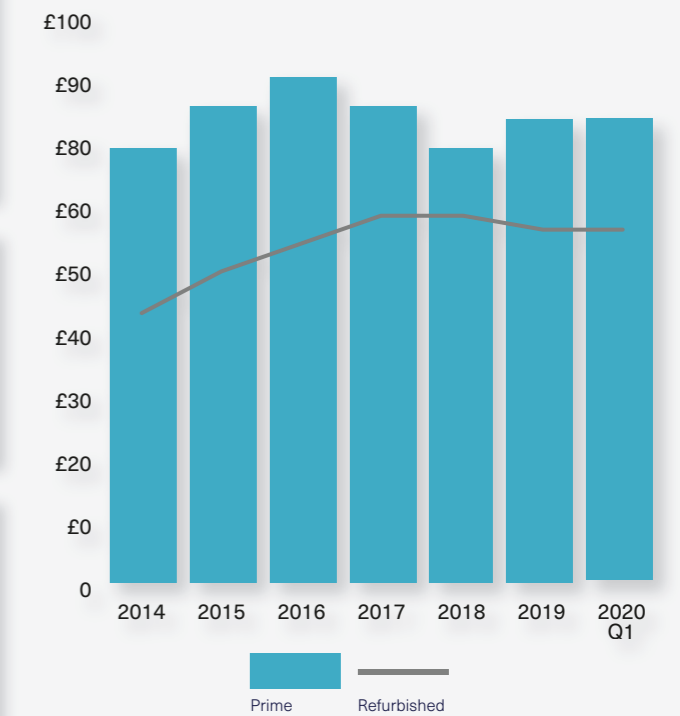
### NOHO AVAILABILITY (000's sq ft.)



## RENTAL VALUES



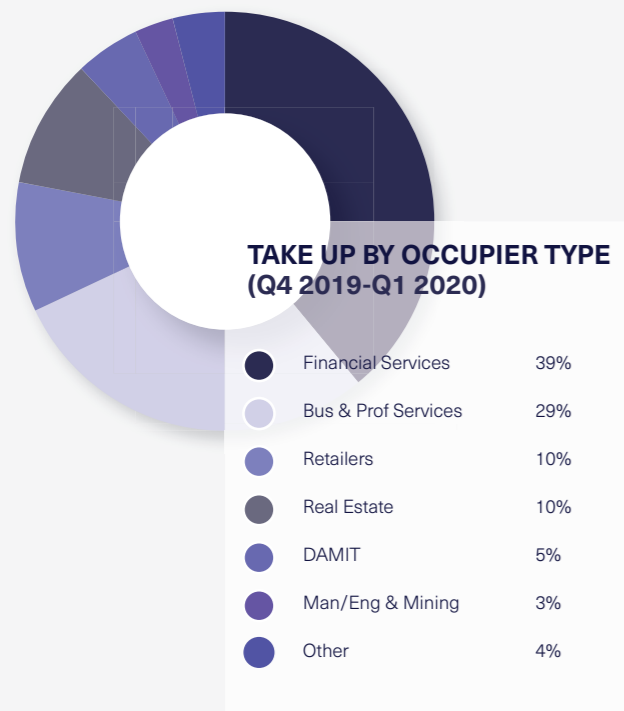
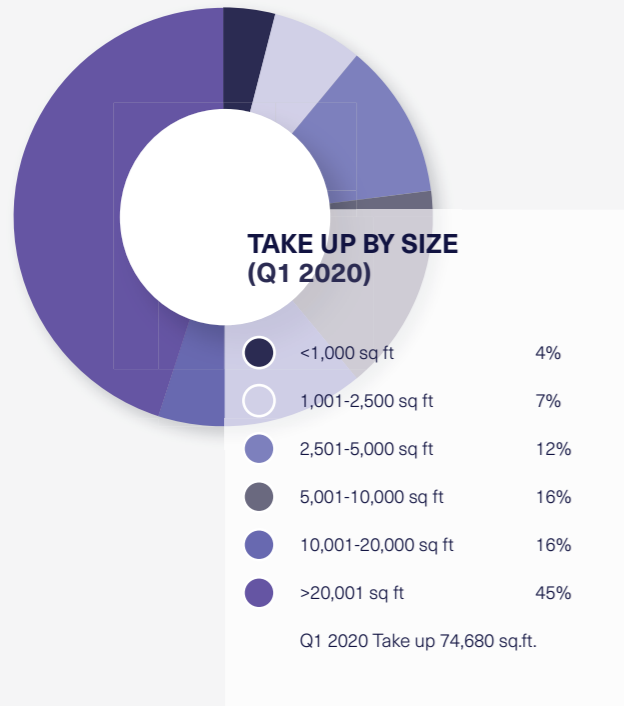
### PRIME & SECONDARY RENTAL GROWTH



# SOHO OFFICE MARKET

## COMMENTARY

### TAKE UP & DEMAND



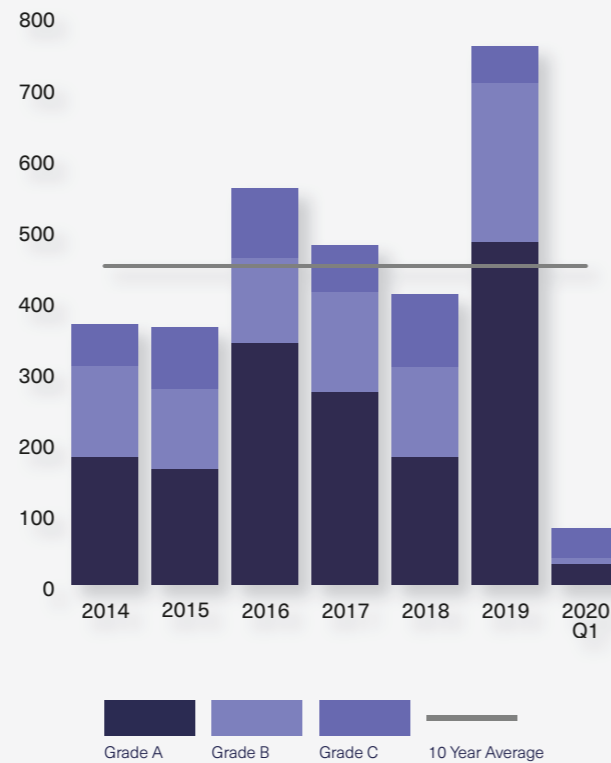
Supply in Soho fell to the lowest level amongst the 'core' West End markets, falling below 200,000 sq ft to 176,030 sq ft, with the availability rate now down to 2.7%. The fall in availability follows the record levels of activity registered in 2019, when 750,300 sq ft of floor space was acquired. Grade A availability now stands at 51,780 sq ft, with the largest space at the newly released Hobhouse on Suffolk Street, where 11,050 sq ft is available across three floors, which is being marketed by BDG Sparkes Porter. We have also commenced marketing of 33,000 sq ft at 25 Argyll Street of which one floor of 11,000 sq ft is currently under offer.

The tight supply conditions have held back take up in the first three months of the year, with only 74,680 sq ft of lettings completing, across 19 transactions. The main focus of activity was on unrefurbished stock, with take up in this sector of the market accounting for 55% of letting during the quarter.

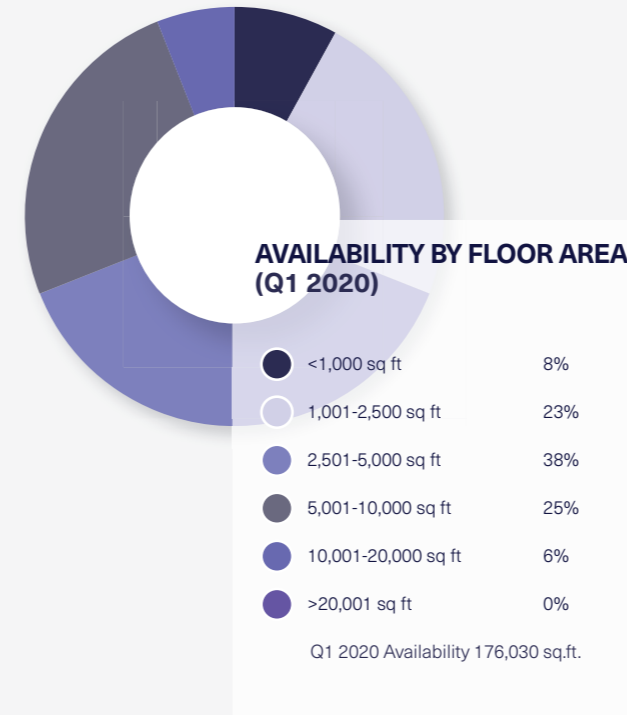
The largest transaction was the 35,738 sq ft letting to serviced office operator The Office Group at Liberty House 208-222 Regent Street. The largest letting of Grade A space was the at 47 Great Marlborough Street, where Media Force took 7,534 sq ft.

Prime rents in Soho moved down to £85.00 per sq ft in the first three months of the year, one of only two markets where prime rents have eased back from their end 2019 levels. Both refurbished and unrefurbished rents remained stable at £75.00 per sq ft and £57.50 per sq ft respectively.

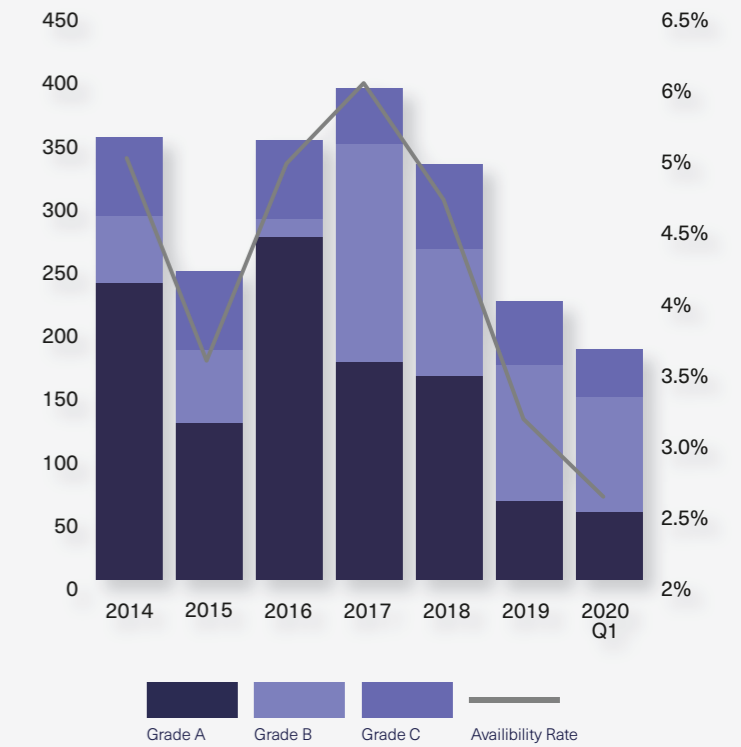
### SOHO TAKE UP (000's sq ft.)



## SUPPLY



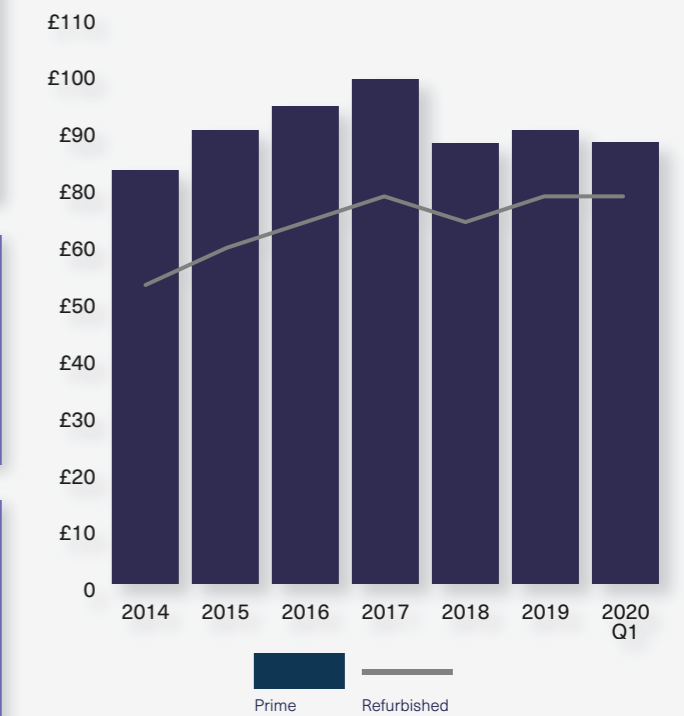
### SOHO AVAILABILITY (000's sq ft.)



## RENTAL VALUES



### PRIME & SECONDARY RENTAL GROWTH

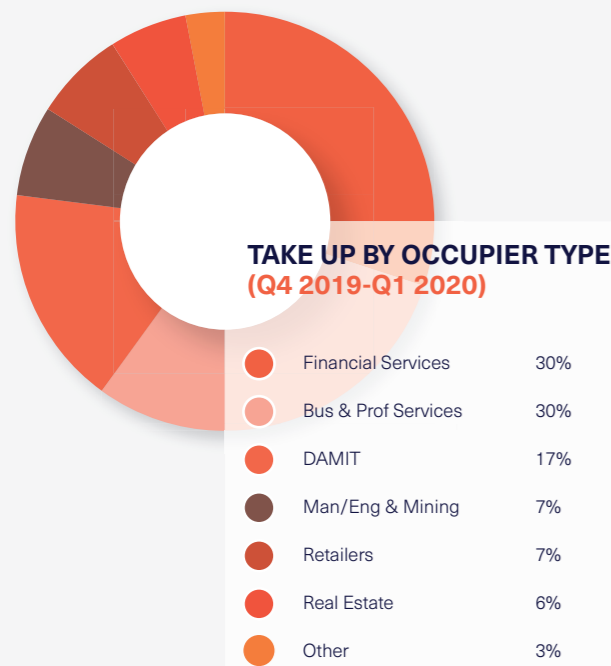
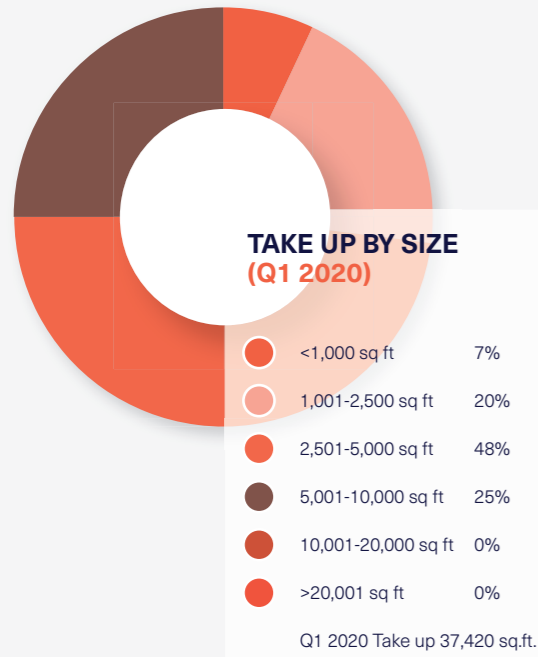




# COVENT GARDEN OFFICE MARKET

## COMMENTARY

### TAKE UP & DEMAND



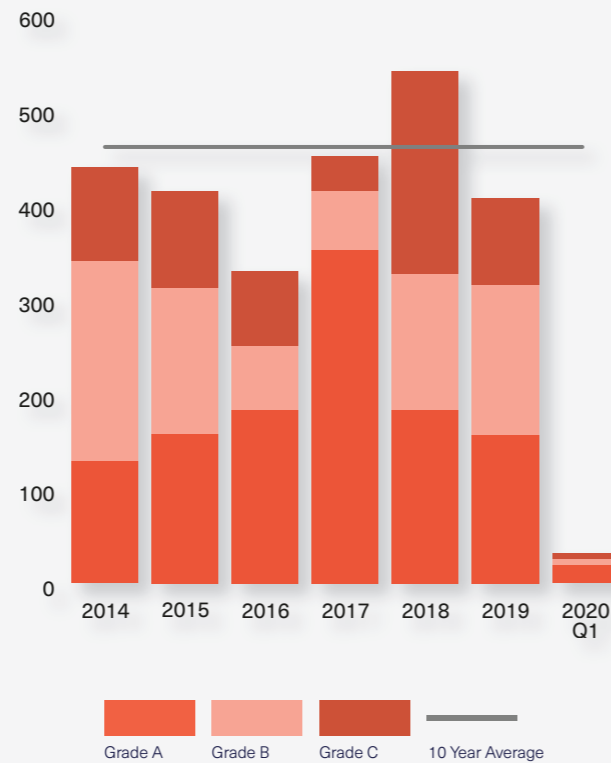
Take up in Covent Garden fell to its lowest level in five years in Q1 2020, with only 31,423 sq ft of space acquired, across 13 transactions. Activity was focused on smaller lettings, with the largest transaction being the 7,694 sq ft letting to Zebra Technologies at Endeavour House 189 Shaftesbury Avenue.

Supply continued to tighten, falling to 325,500 sq ft, the lowest level on record for more than 10 years. Grade A supply accounts for 49% of total stock on the market, bolstered by 41,100 sq ft at 1 Kingsway and 38,431 sq ft at the new mixed use scheme at 1 Smarts Place.

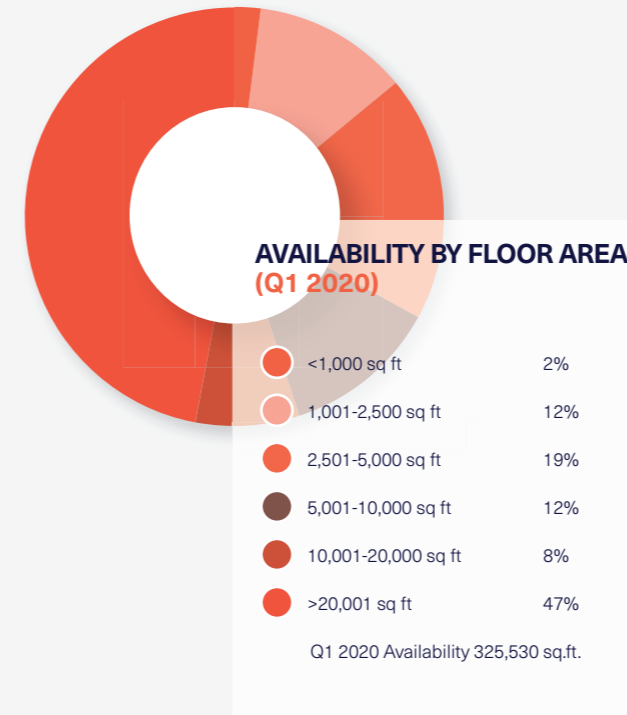
The availability rate in Covent Garden is now down to 4.9% but it remains one of the higher rates amongst the 'core' West End markets and above the average for the West End as a whole, which stands at 4.1%.

Prime rents in Covent Garden edged down for the first time in 15 months, moving back down to £80.00 per sq ft following strong growth during 2019. Rents on refurbished and unrefurbished space remained stable at £65.00 per sq ft and £55.00 per sq ft respectively.

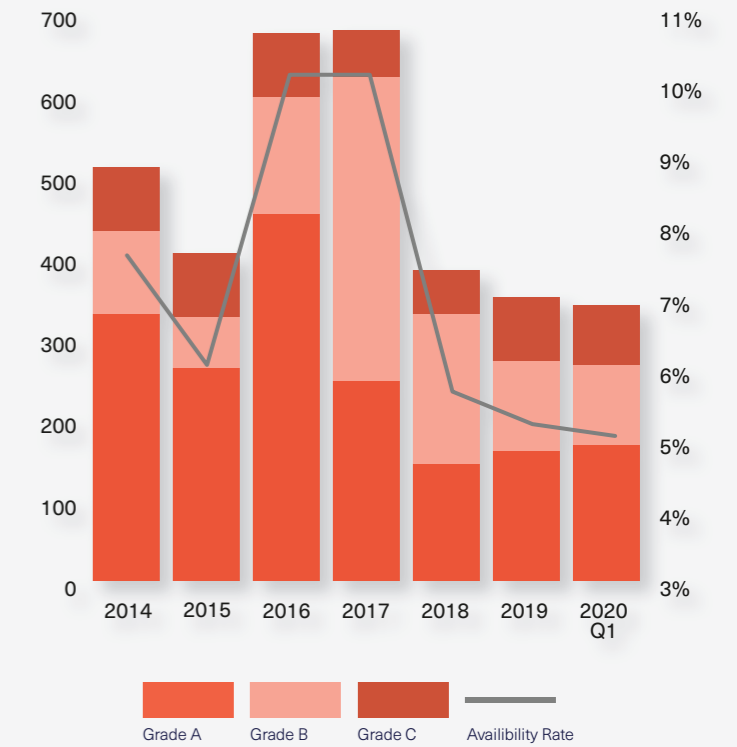
### COVENT GARDEN TAKE UP (000's sq ft.)



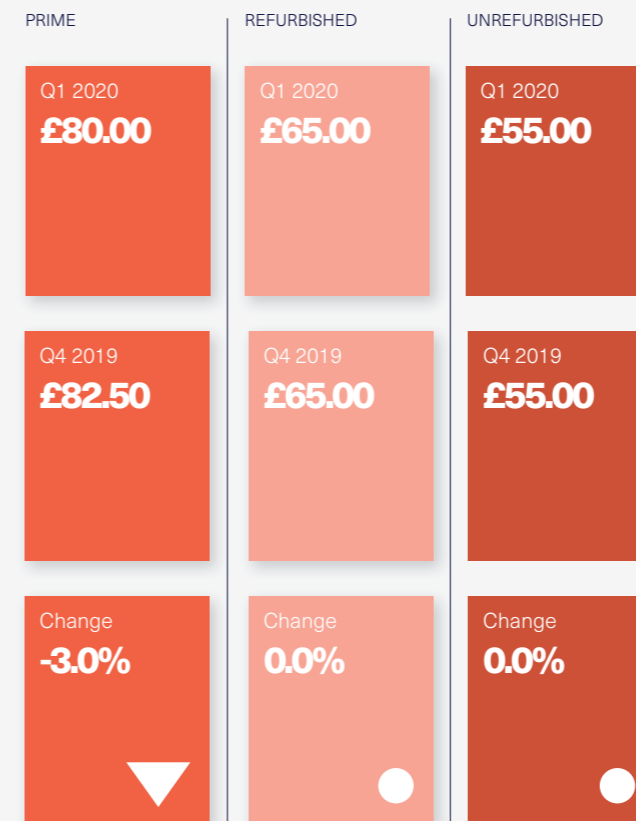
## SUPPLY



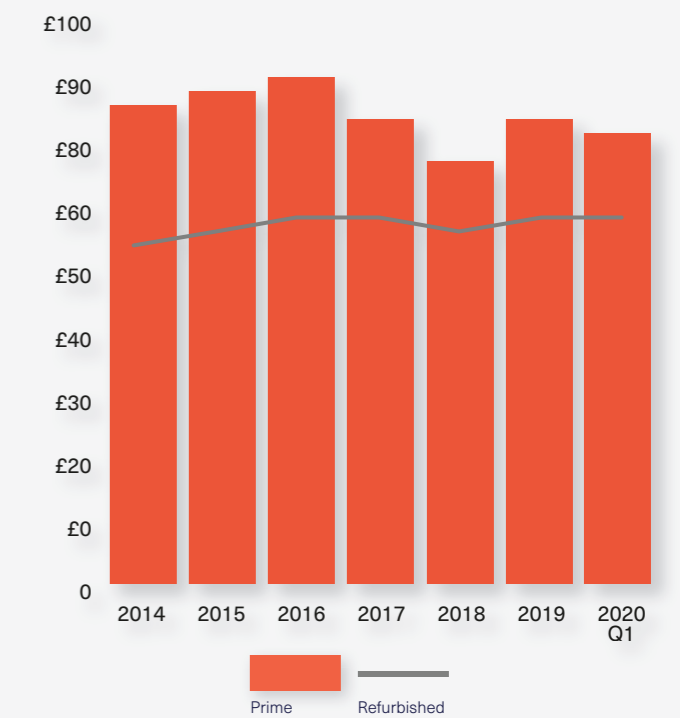
### COVENT GARDEN AVAILABILITY (000's sq ft.)



## RENTAL VALUES



### PRIME & SECONDARY RENTAL GROWTH



# BDG Sparkes Porter

**Ross Blanchflower**

[ross.blanchflower@bdgsp.co.uk](mailto:ross.blanchflower@bdgsp.co.uk)

**William Ewing**

[william.ewing@bdgsp.co.uk](mailto:william.ewing@bdgsp.co.uk)

**Stuart Fricker**

[stuart.fricker@bdgsp.co.uk](mailto:stuart.fricker@bdgsp.co.uk)

**James Harrison**

[james.harrison@bdgsp.co.uk](mailto:james.harrison@bdgsp.co.uk)

**Gregory Porter**

[gregory.porter@bdgsp.co.uk](mailto:gregory.porter@bdgsp.co.uk)

54 South Molton Street  
London  
W1K 5SG

t: 020 7629 1088

w: [bdgsp.co.uk](http://bdgsp.co.uk)

