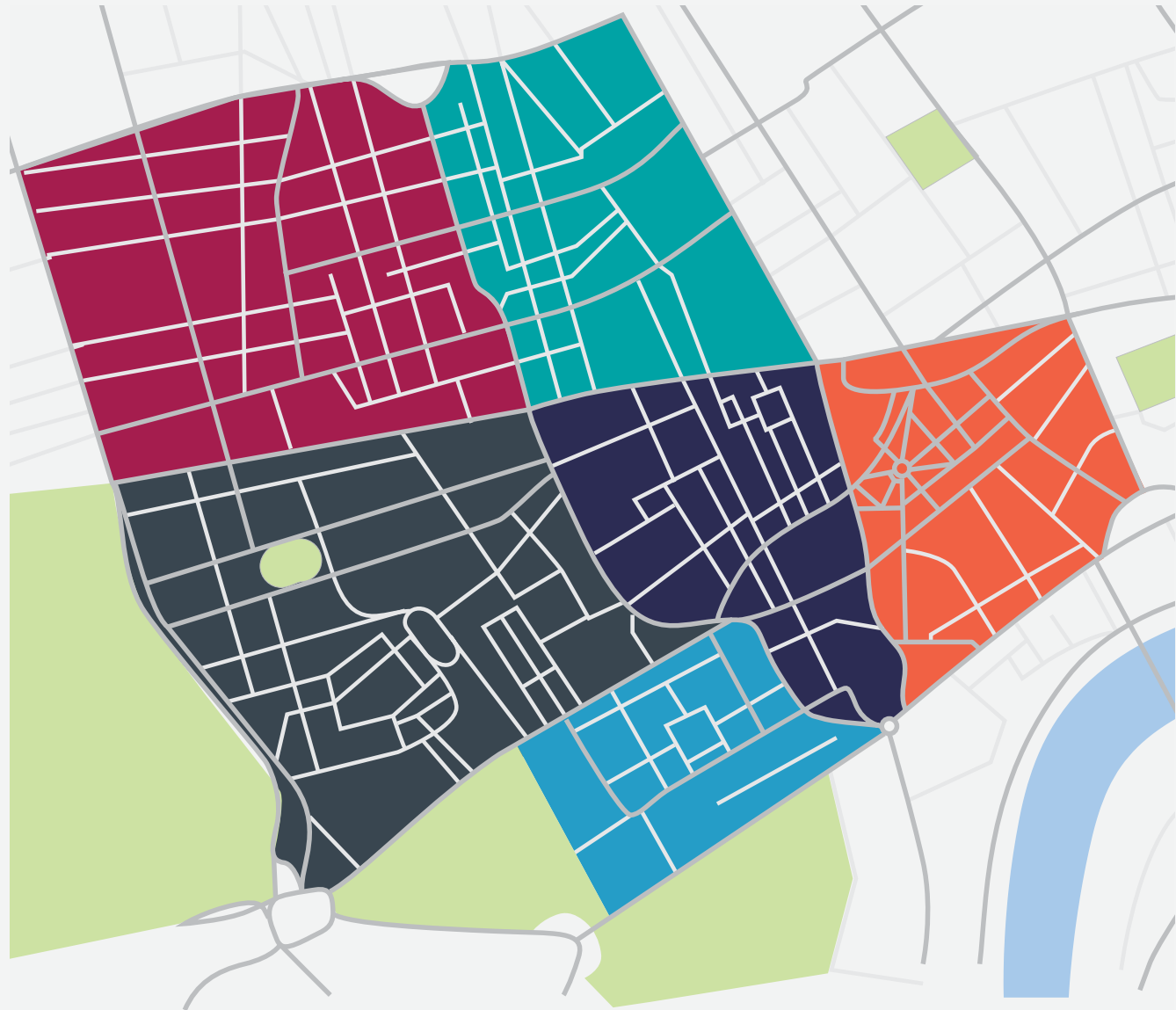


WEST END
OFFICES
**SUBMARKETS
RESEARCH**

— Q2 2021





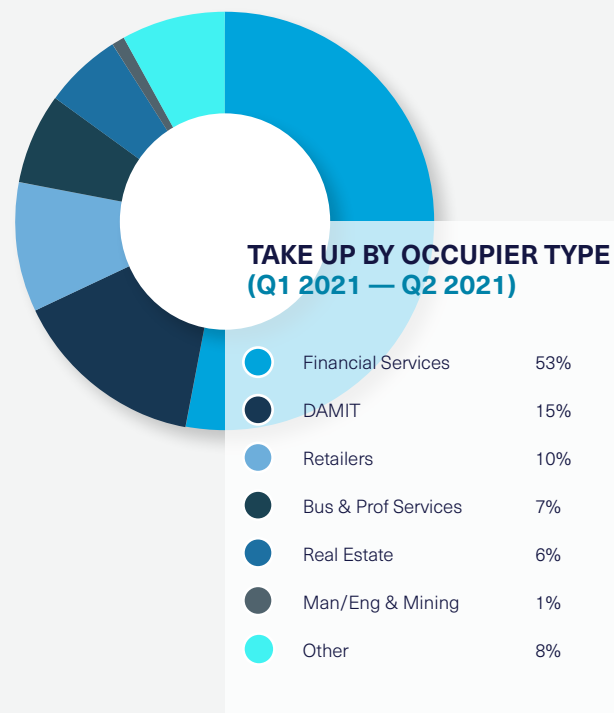
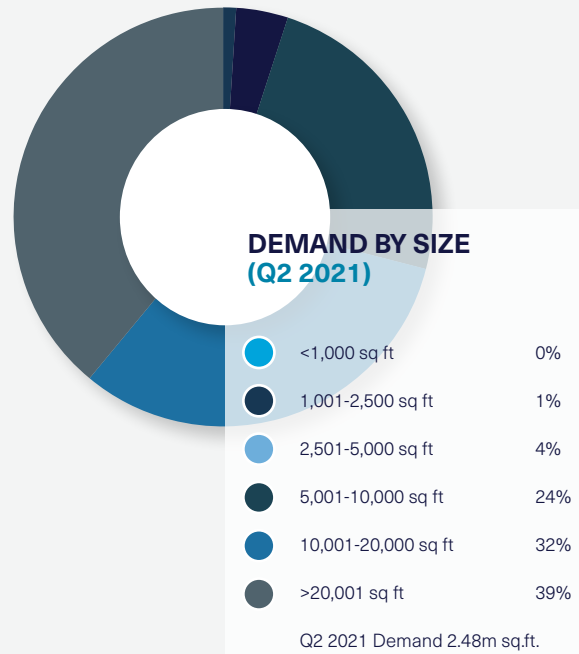
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WEST END OFFICE MARKET

COMMENTARY

TAKE UP & DEMAND



Take up across the core West End markets improved in H1 of 2021, with a total of 784,000 sq ft of space acquired across 204 transactions. This six months of activity was 16% higher than the second half of 2020 but remains 43% below the 10 year average. Activity has been dominated by the financial services sector, which has accounted for 53% of activity.

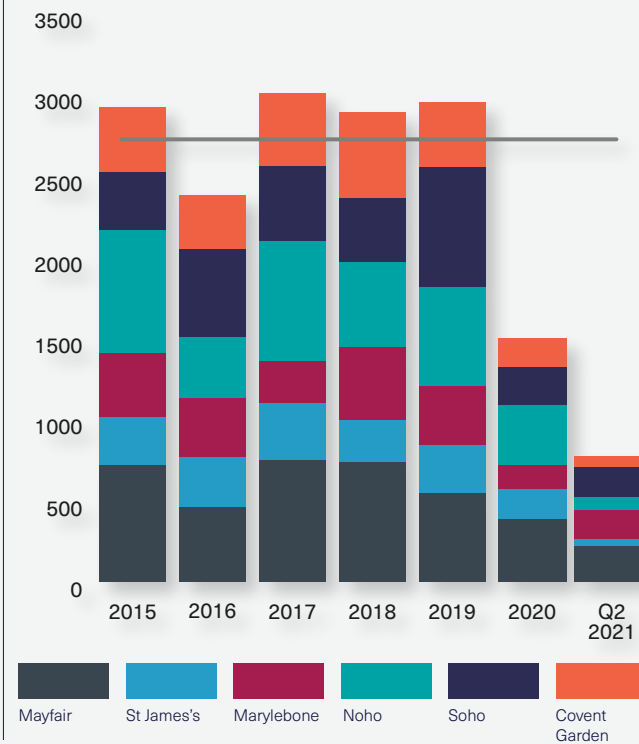
The largest transaction in the core West End markets in Q2 2021 was the freehold purchase of 10 Great Pulteney Street by Boohoo.com (47,050 sq ft) following their acquisition of the Debenhams and Dorothy Perkins brands.

Supply edged above 3.5m sq ft in Q2 2021, rising to 3.59m sq ft, the highest level in more than 10 years. Despite the reduction of tenant controlled space, the overall availability rate across the core West End markets now stands at 7.1%.

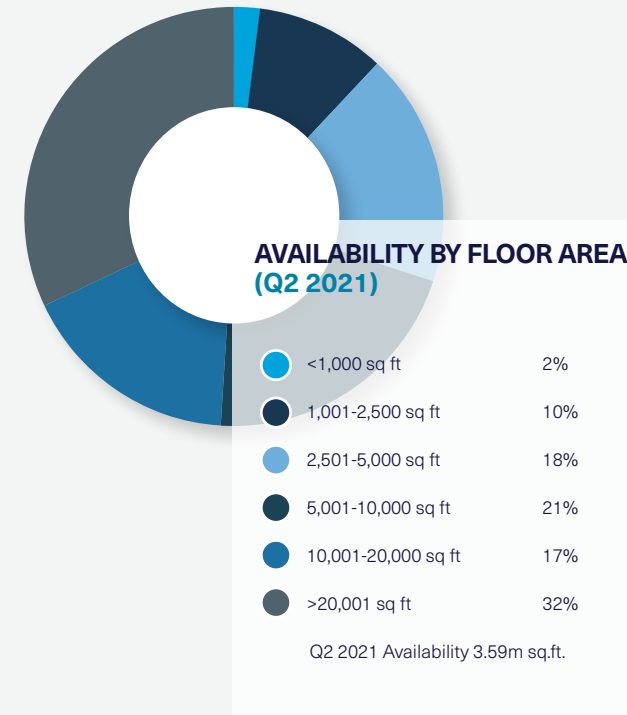
Active demand in the West End core markets has continued to improve in Q2 2021, reaching 2.5m sq ft, 28% above the figure at the height of the first lockdown 12 months ago. Financial services continue to dominate demand, accounting for 32% of the market, despite the strong levels of take up by this sector. Requirements from the creative industries (DAMIT) continue to gain momentum, accounting for 25% of overall demand.

Prime rents have stabilised in Q2 2021 and values in Noho and Covent Garden are now above their levels at the start of the year. Rents on refurbished space have followed a similar trend and are now 1.2% above the level at the start of the year on average.

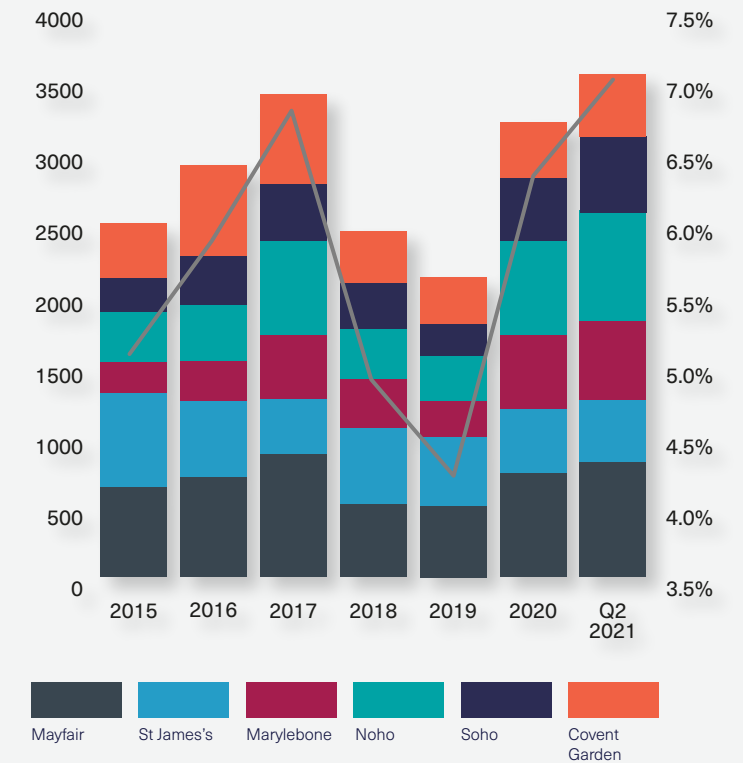
WEST END TAKE UP (000's sq ft.)



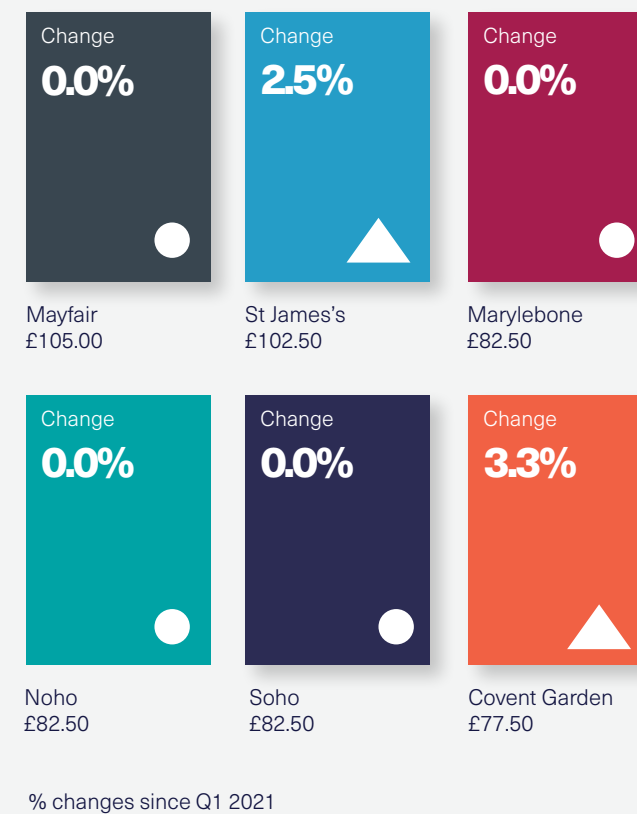
SUPPLY



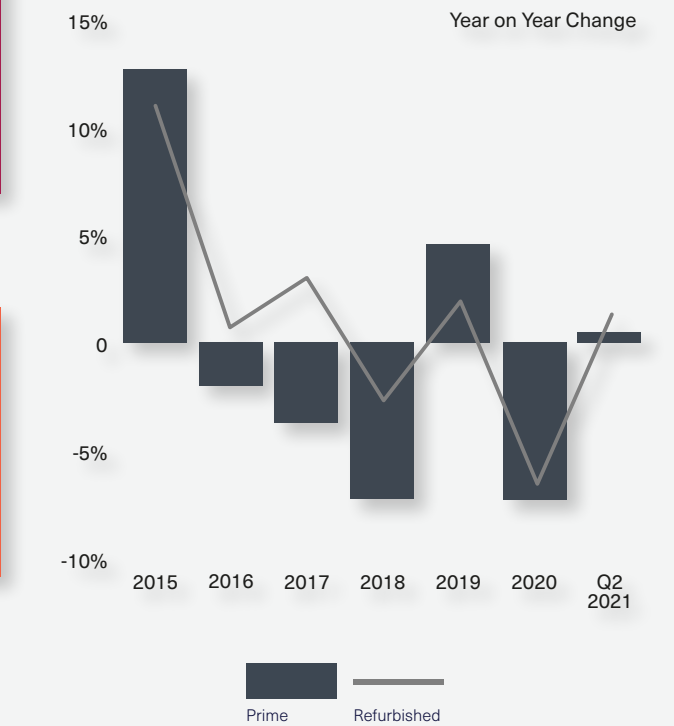
WEST END AVAILABILITY (000's sq ft.)



PRIME RENTAL VALUES



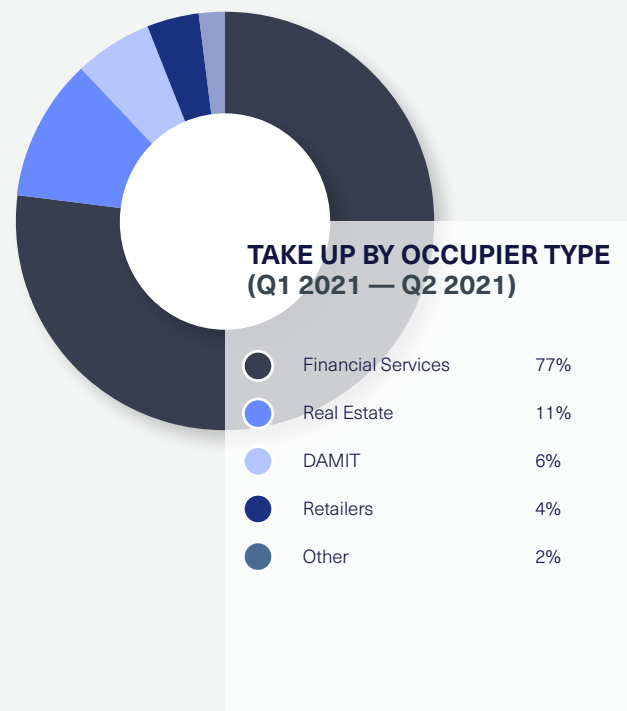
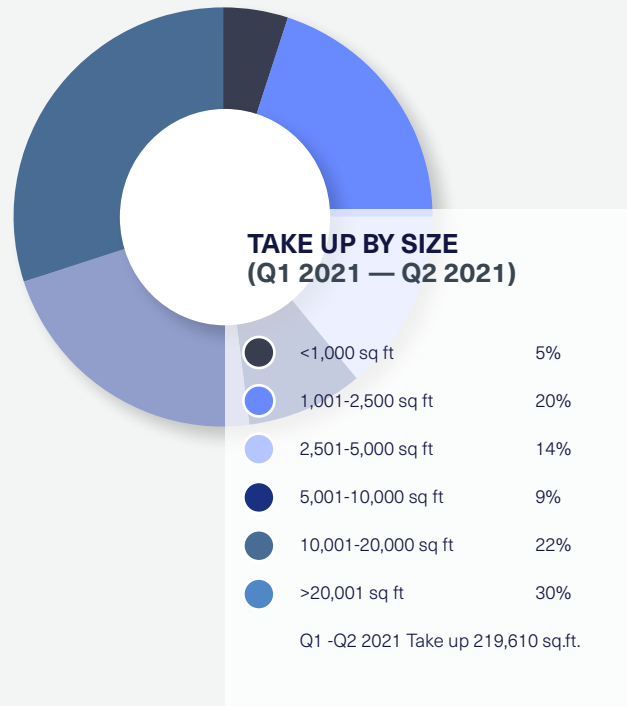
PRIME & SECONDARY RENTAL GROWTH



MAYFAIR OFFICE MARKET

COMMENTARY

TAKE UP



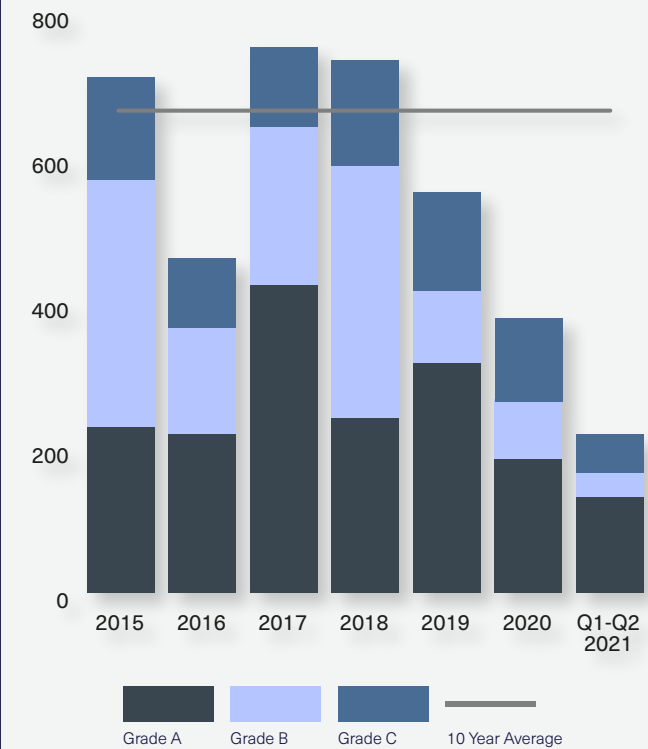
Take up in Mayfair in the first six months of 2021 remains below trend levels but activity has improved and is now 28% above the figure for last six months of 2020. Activity totals 219,610 sq ft in the first half of 2021 across 59 transactions, with the main focus being on lettings of Grade A space.

The two largest deals in Q2 were the 32,250 sq ft letting to Bain Capital at Mayfair Place, whilst Brown Advisory took 16,500 sq ft at Great Portland Estate's newly completed building on Hanover Square. The building is now 96% let with the final 6,325 sq ft under offer at the end of Q2.

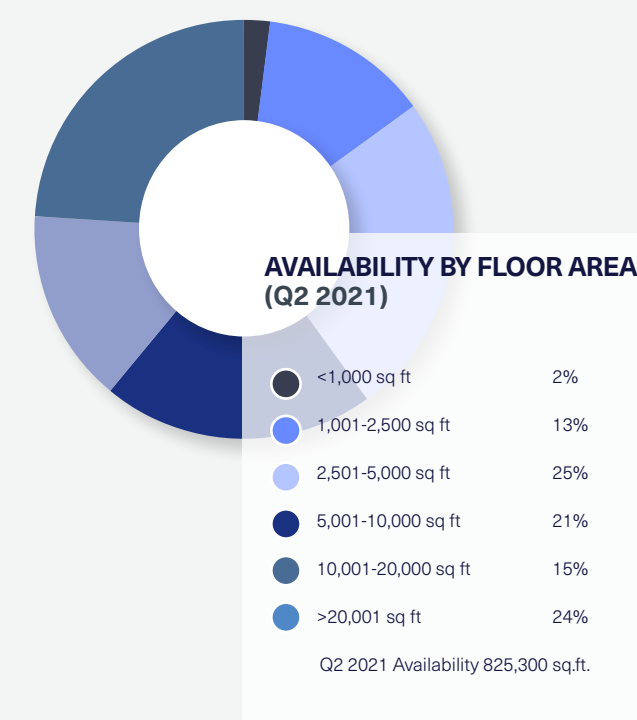
Supply continued to edge upwards, moving up to 825,300 sq ft and is now at its highest level since 2017. Supply has now increased by 367,000 sq ft since the start of the pandemic. With the rise in availability of Grade A space accounting for the majority (68%) of the increase. The availability rate in Mayfair now stands at 6.5%, in line with the long term average for the sub market.

Prime rents remained at £105.00 per sq ft in Q2 and are now back to levels last seen in 2013 and down from their peak level of £135 per sq ft in 2015. Rents on refurbished space have moved up by 3.2% to £80.00 per sq ft over the first half of 2021 as demand for better quality space has intensified. Rents on unrefurbished space have slipped to £57.50 per sq ft as tenants have sought to take advantage of increased stock on the market.

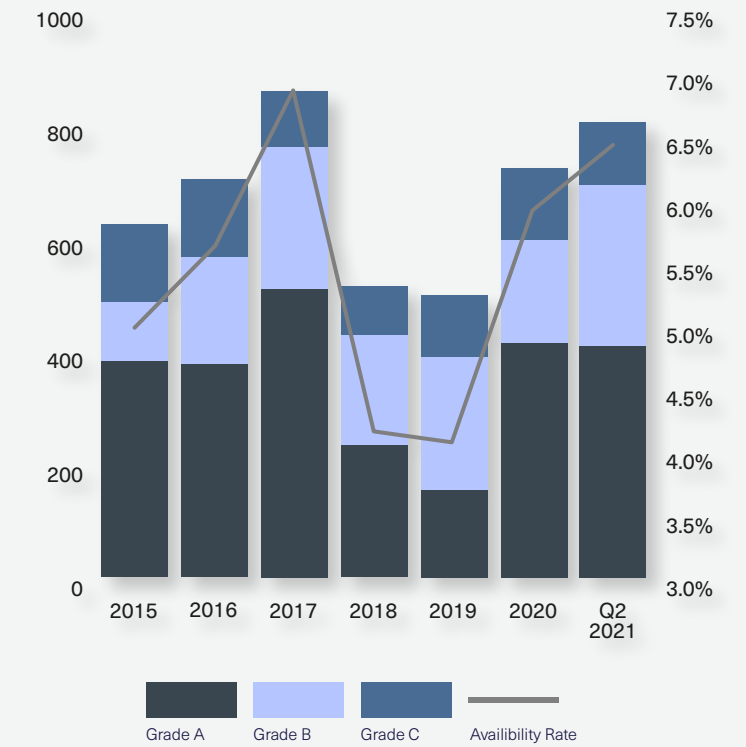
MAYFAIR TAKE UP (000's sq ft.)



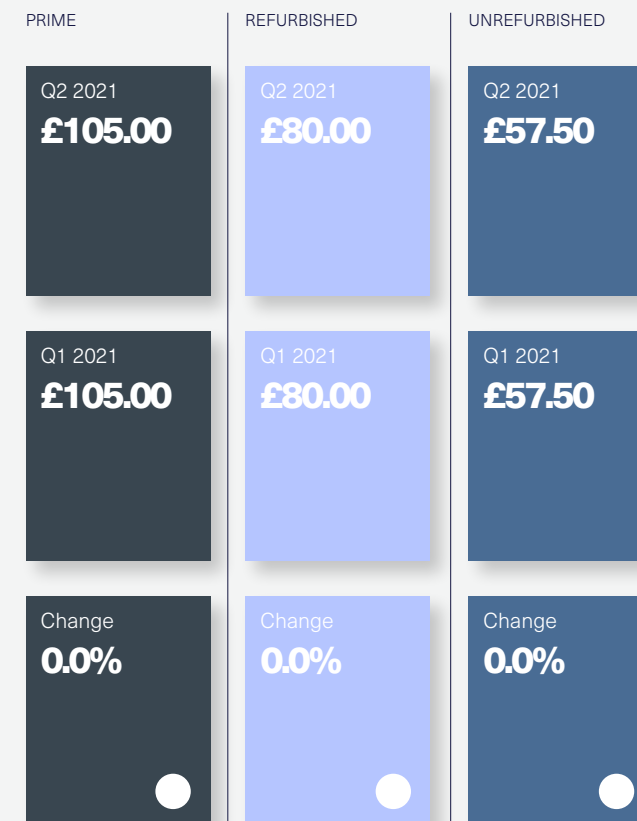
SUPPLY



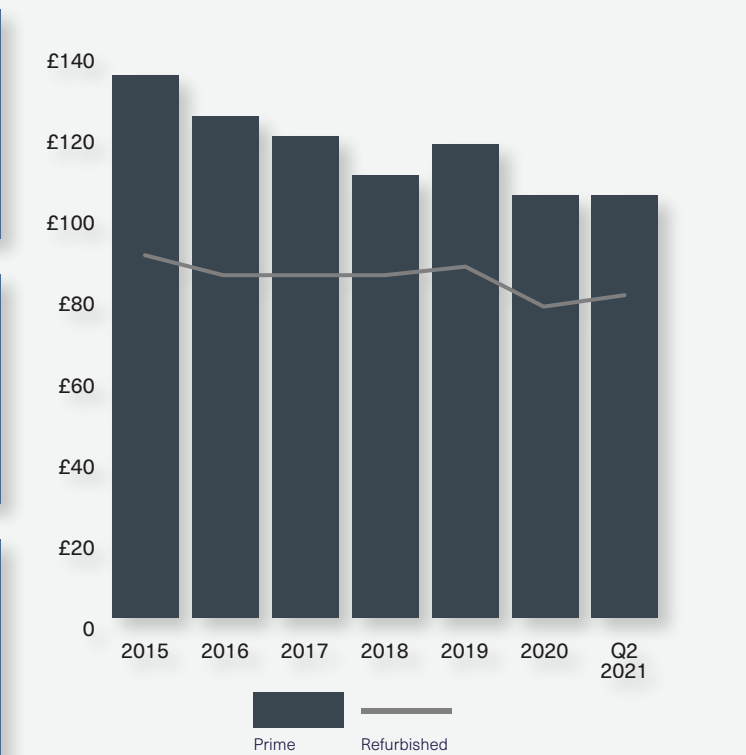
MAYFAIR AVAILABILITY (000's sq ft.)



RENTAL VALUES Q2 2021



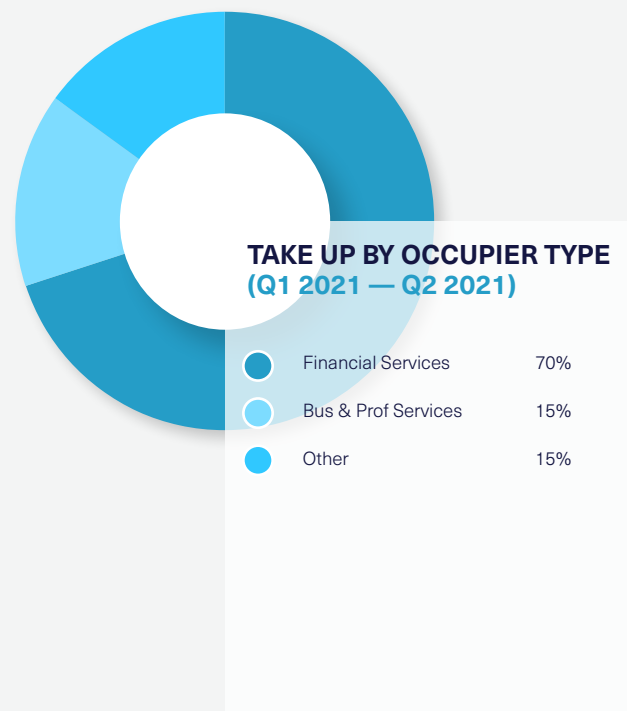
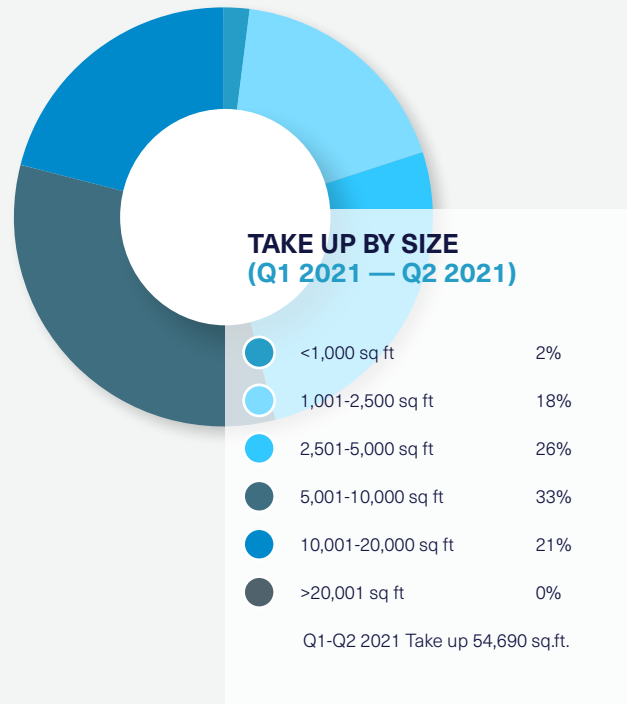
PRIME & SECONDARY RENTS



ST JAMES'S OFFICE MARKET

COMMENTARY

TAKE UP



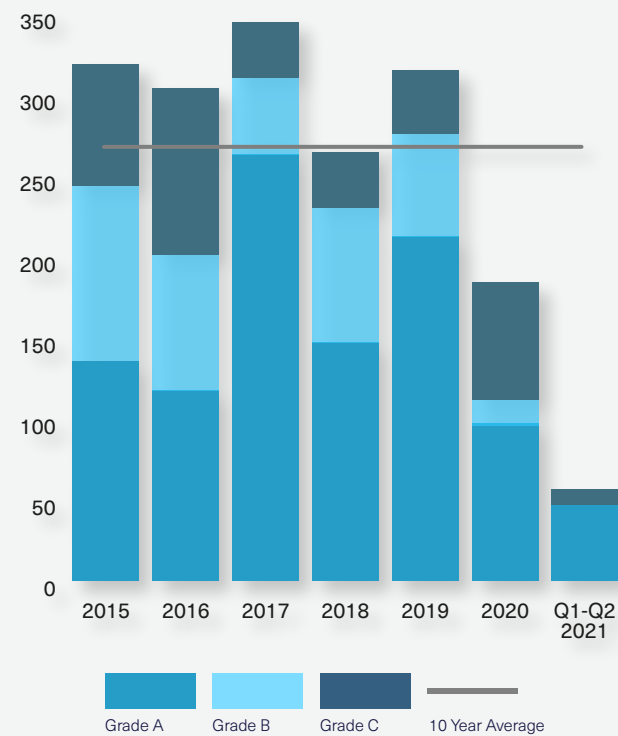
Take up in the St James's market remained below trend in the first six months of 2021, with lettings totalling 54,690 sq ft in 15 transactions. Activity improved in Q2, with a total of 42,126 sq ft of transactions. The largest letting seeing Genesis Investment Management taking 11,410 sq ft at The Crown Estate's 16 St James's Street.

The financial services sector continues to dominate activity in the St James's market following a quiet year in 2020. Financial services occupiers accounted for 70% of all lettings in the year to date, compared to only 37% in the previous 12 months.

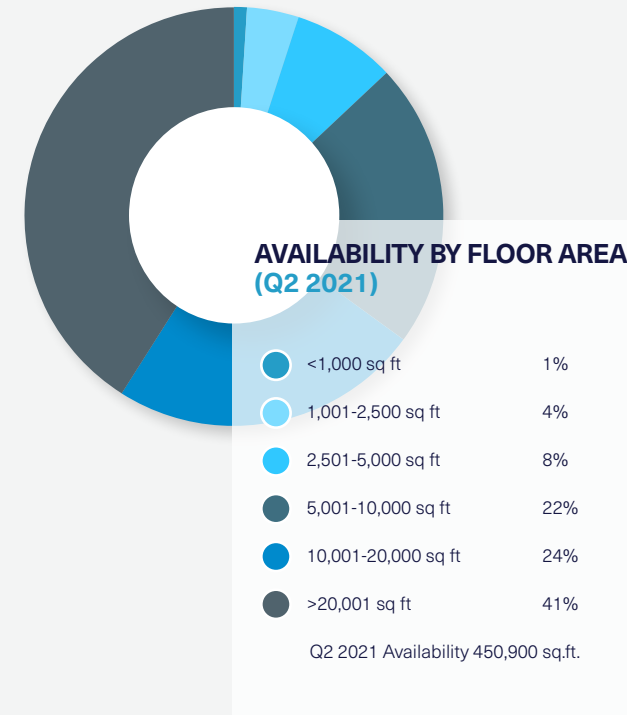
Supply edged up slightly in the St James's market, with BentallGreenOak's refurbishment of the 109,750 sq ft 78 St James's Street completing and boosting total availability to 450,900 sq ft. Grade A now accounts for 75% of overall availability and offers some of the best and largest Grade A space across the West End. The availability rate in St James's stands at 8.3%, the second highest amongst the West End sub markets.

Prime rents in St James's edged back to £102.50 per sq ft following the slow start to the year when rents slipped to £100.00 per sq ft. Despite this recovery, prime values are still 4.7% below where they were 12 months ago and 24.1% off their peak level of £135.00 per sq ft at the end of 2015. Rents on refurbished space also moved up to £75.00 per sq ft as activity improved.

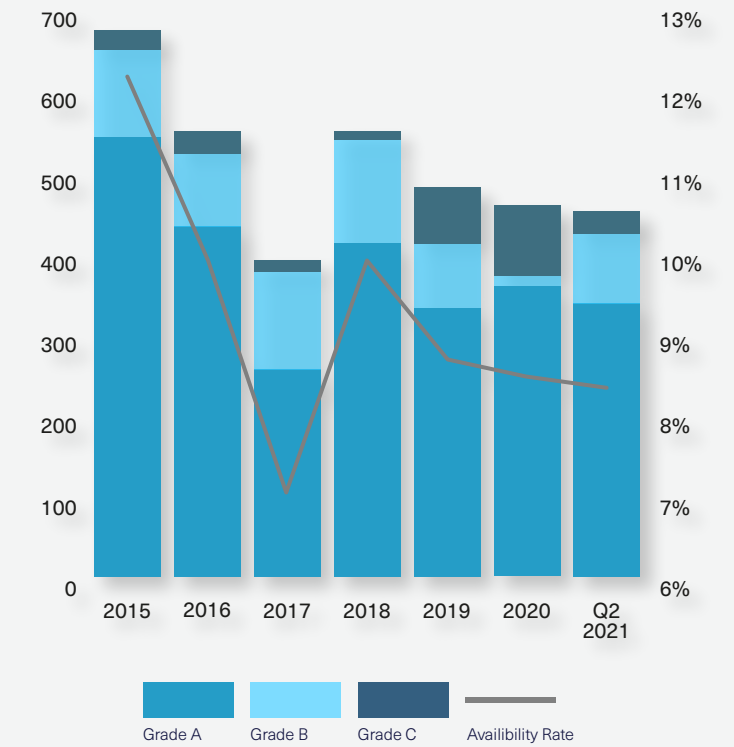
ST JAMES'S TAKE UP (000's sq ft.)



SUPPLY

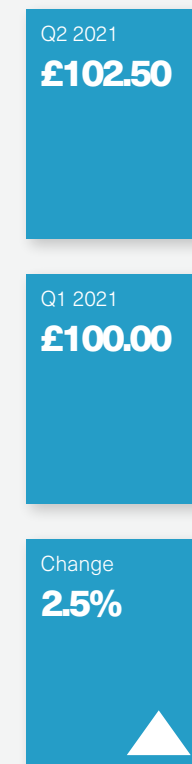


ST JAMES'S AVAILABILITY (000's sq ft.)

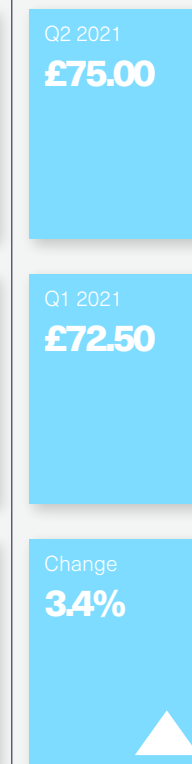


RENTAL VALUES Q2 2021

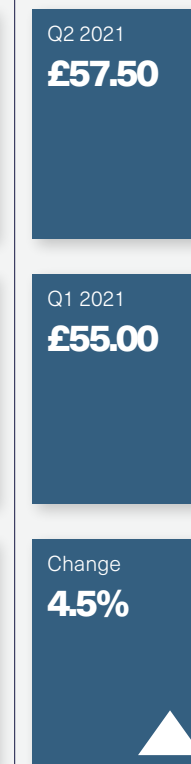
PRIME



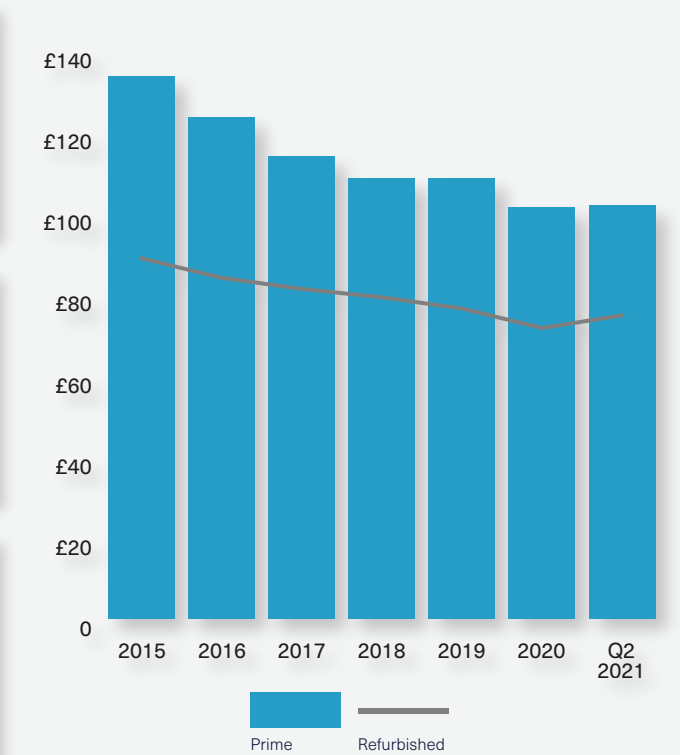
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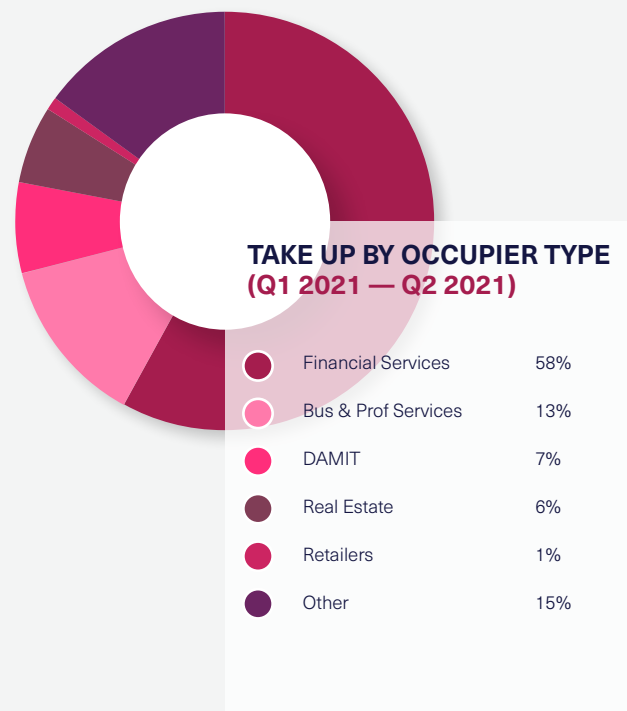
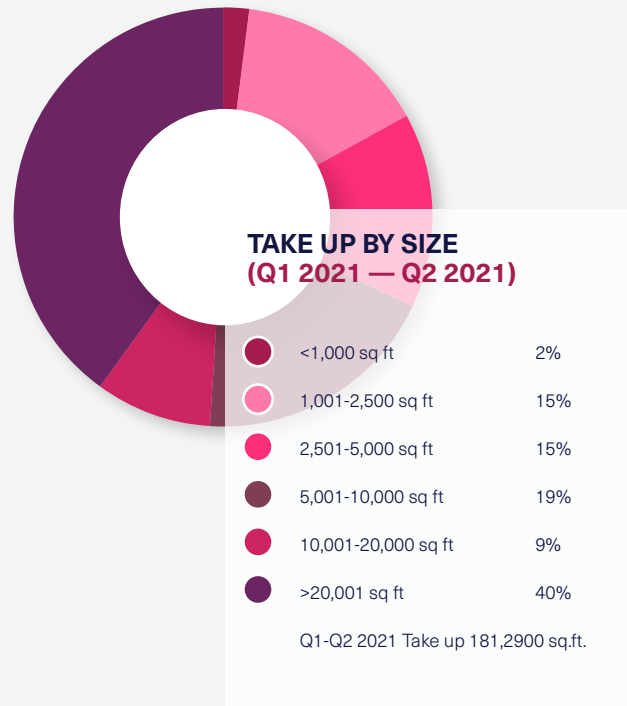
PRIME & SECONDARY RENTS



MARYLEBONE OFFICE MARKET

COMMENTARY

TAKE UP



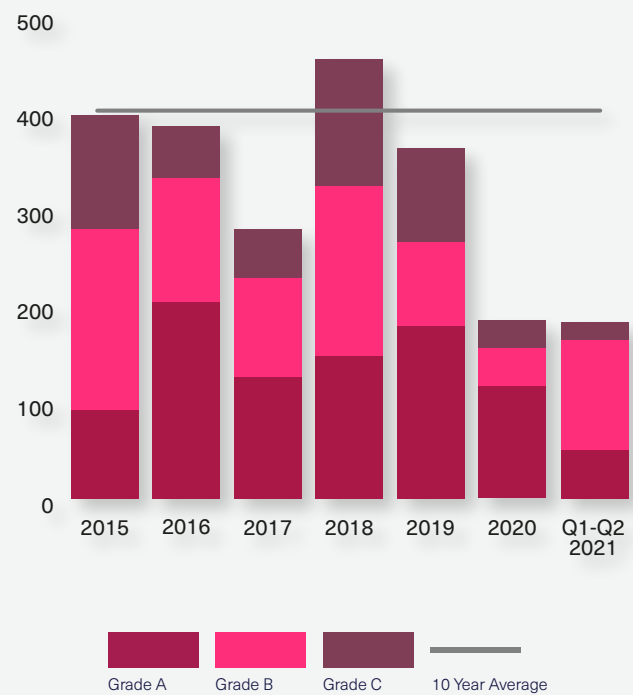
The Marylebone market has been one of the strongest across the 'core' West End in 2021, with take up of 181,290 sq ft in 41 transactions. Activity eased slightly in Q2 following the strong start to the year, with a total of 56,100 sq ft of lettings.

Activity in Q2 was dominated by deals below 8,000 sq ft, with the largest transaction being the 7,160 sq ft letting on the 14th floor at 33 Cavendish Square to Simmons Gainsford, whilst Monument Bank also took 6,450 sq ft on the 6th floor.

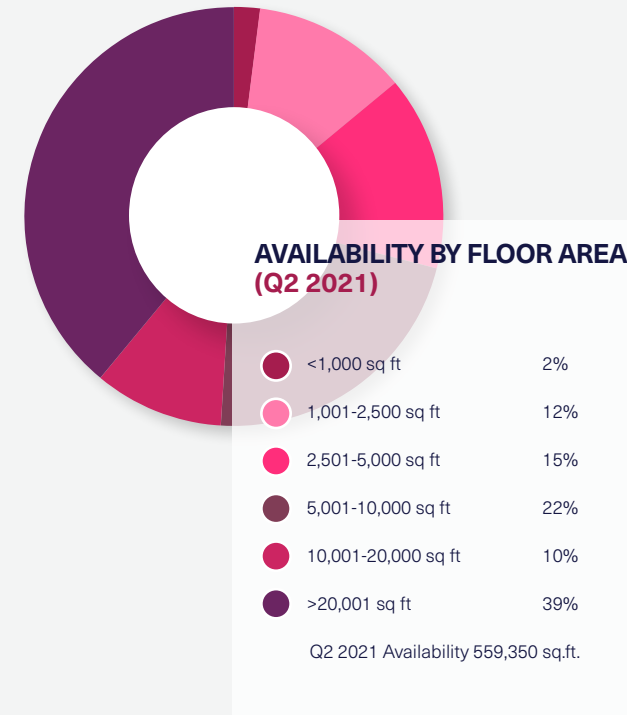
The increase in supply eased in the Marylebone market in Q2 2021, as overall availability increased by 5.4% to 559,350 sq ft. This brings the overall increase in supply since the start of the pandemic to 215,915 sq ft, with the majority of the increase occurring in Grade A space. The availability rate in Marylebone is the lowest amongst the core West End, standing at 5.7%.

Prime rents in Marylebone remained stable at £82.50 per sq ft in Q2 2021 having come off by 8.3% over the past 12 months. This is one of the largest adjustments in rents across the West End sub markets and prime values are now 13.2% below their 2015 peak level of £95.00 per sq ft. Rents on refurbished space remained unchanged at £70.00 per sq ft, rental values on un refurbished space have moved back to £57.50 per sq ft after slipping in Q1.

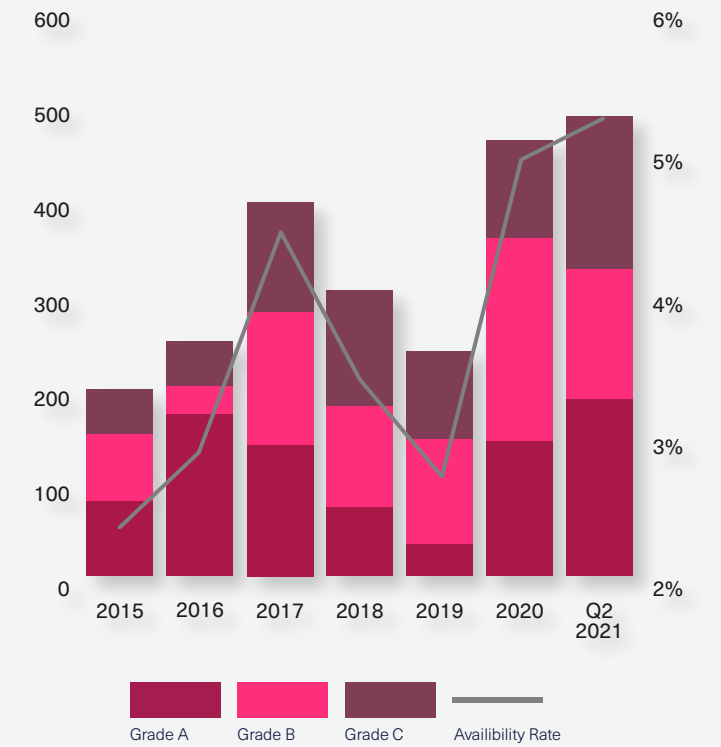
MARYLEBONE TAKE UP (000's sq ft.)



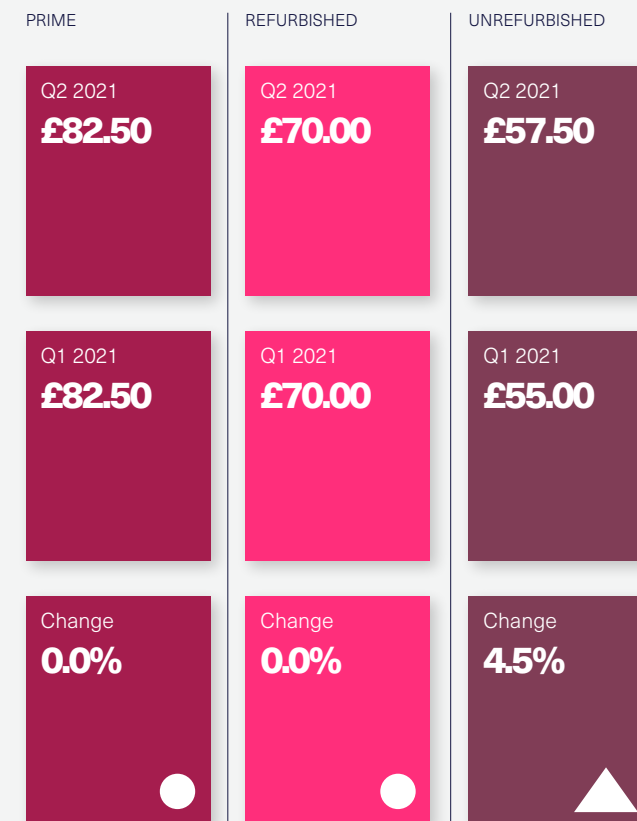
SUPPLY



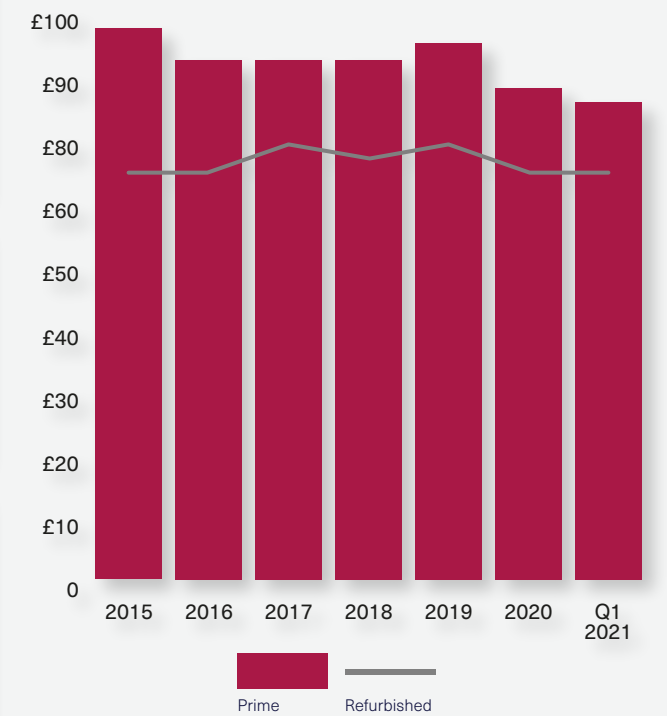
MARYLEBONE AVAILABILITY (000's sq ft.)



RENTAL VALUES Q2 2021



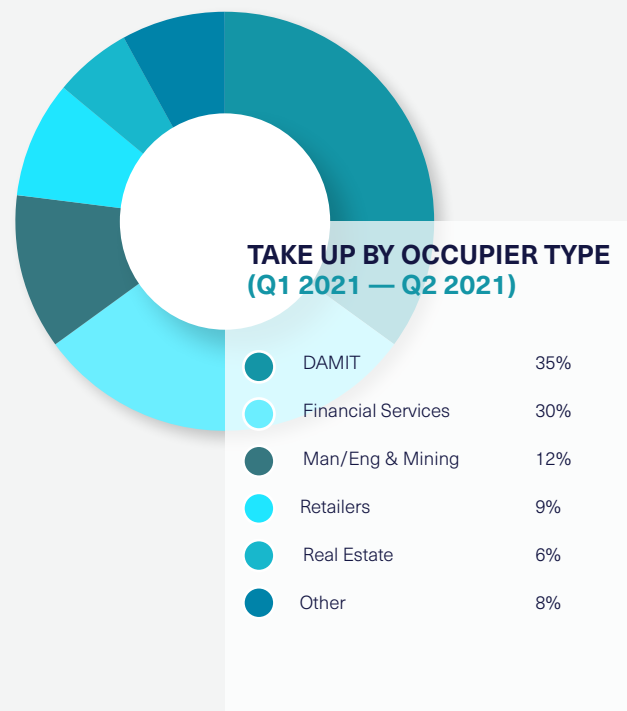
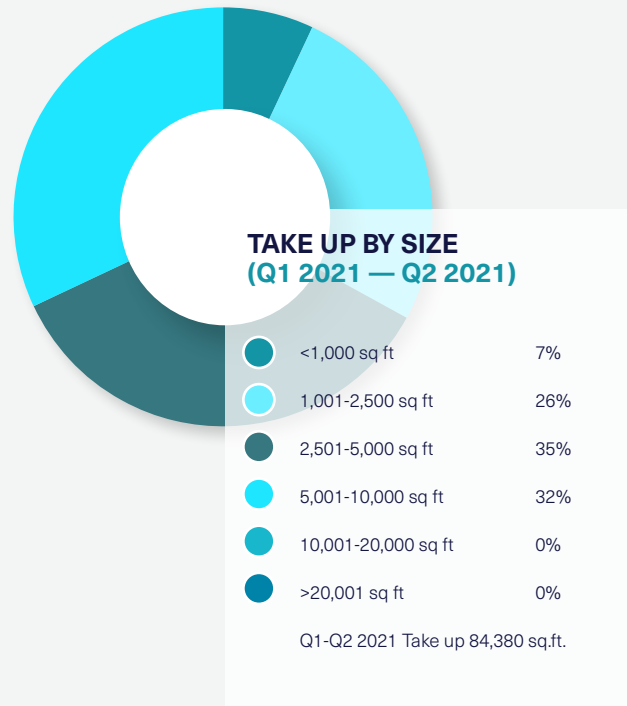
PRIME & SECONDARY RENTS



NOHO OFFICE MARKET

COMMENTARY

TAKE UP



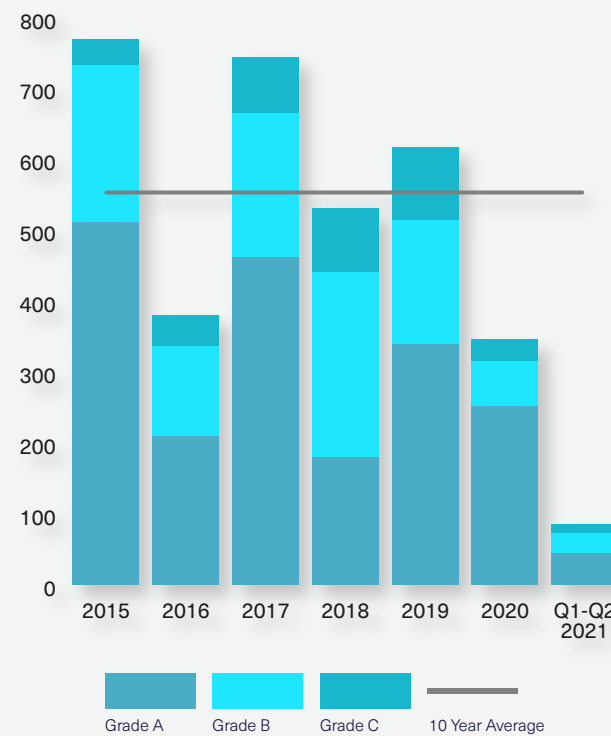
After a slow start to the year the Noho market saw a pick-up in activity in Q2 resulting in the total activity in the first six months being 84,380 sq ft. Despite the improved levels of activity take up remains 69% below trend levels in the year to date, with a lack of lettings above 10,000 sq ft.

The largest lettings in the year to date both completed in Q2, with Revcap taking 9,200 sq ft on the 2nd and 3rd floors at the recently refurbished 60 Charlotte Street, whilst 6,380 sq ft was let at 1-2 Berners Street.

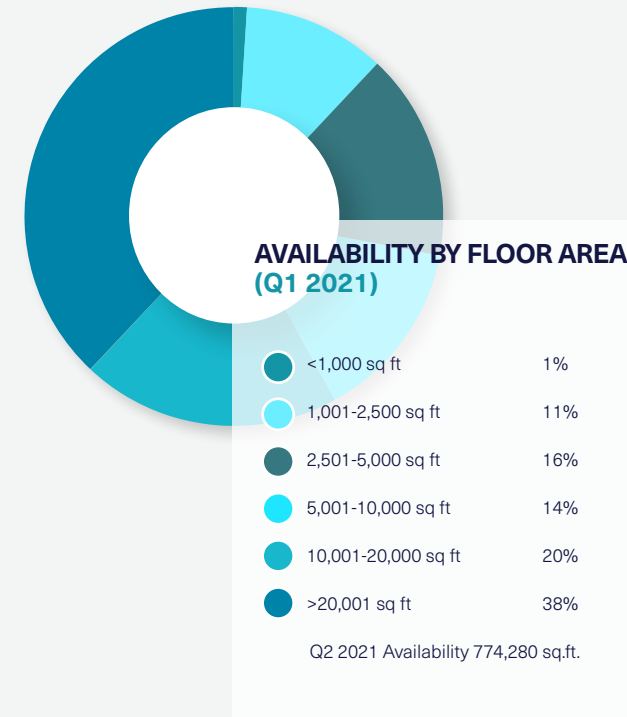
Noho has been one of the markets most significantly impacted by the release of tenant controlled space onto the market due to lockdown and the changes in working patterns. This continues to be the case in Q2, with supply edging up to 774,280 sq ft. The main increase in supply has been in Grade A space, which accounts for 68% of the overall increase with the remaining 32% being in refurbished space.

Despite the increase in supply, prime rents have strengthened in the first six months of 2021, returning to £82.50 per sq ft, meaning that values have remained stable over the past 12 months. Rents on unrefurbished space are down by 9.1% over the past 12 months to £50.00 per sq ft, with tenants taking the opportunity to upgrade their accommodation at the expiry of leases. Refurbished rents remain stable at their Q1 level of £62.50 per sq ft.

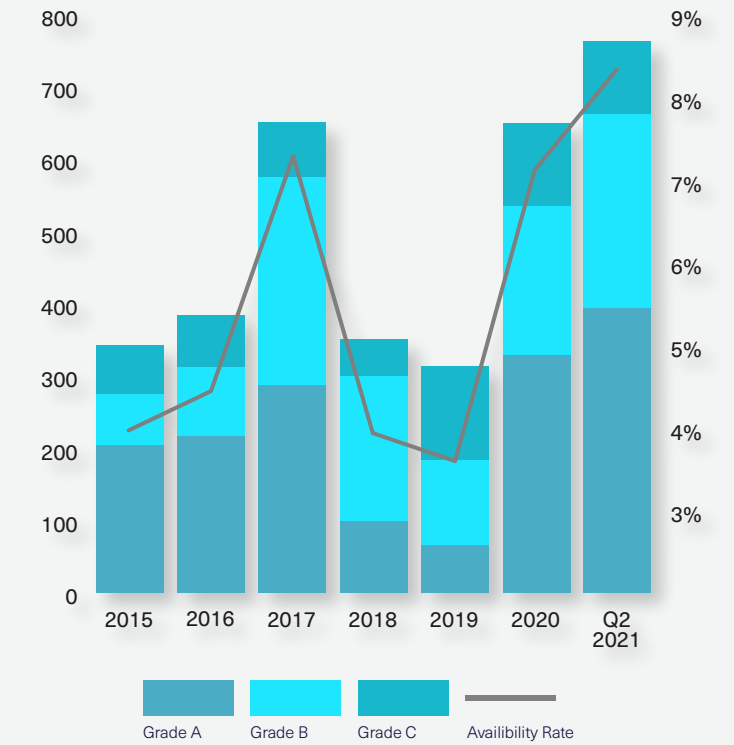
NOHO TAKE UP (000's sq ft.)



SUPPLY



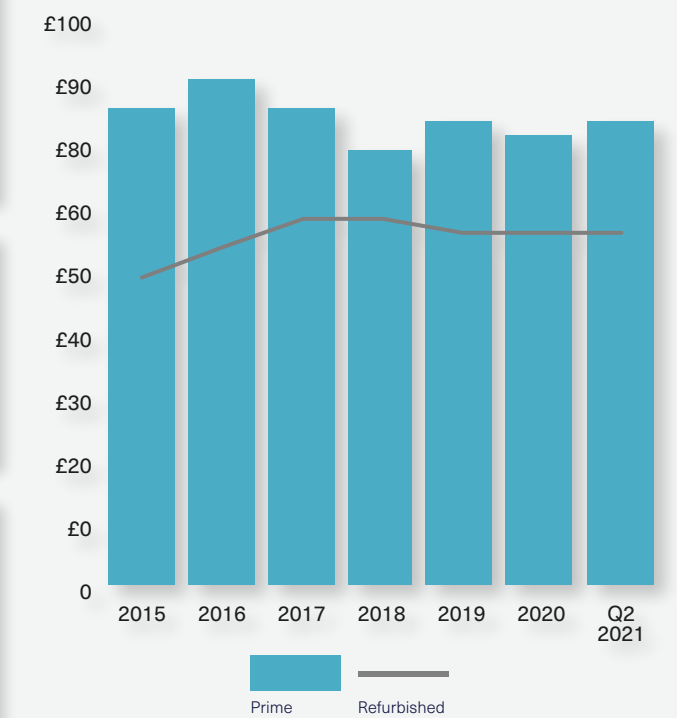
NOHO AVAILABILITY (000's sq ft.)



RENTAL VALUES Q2 2021



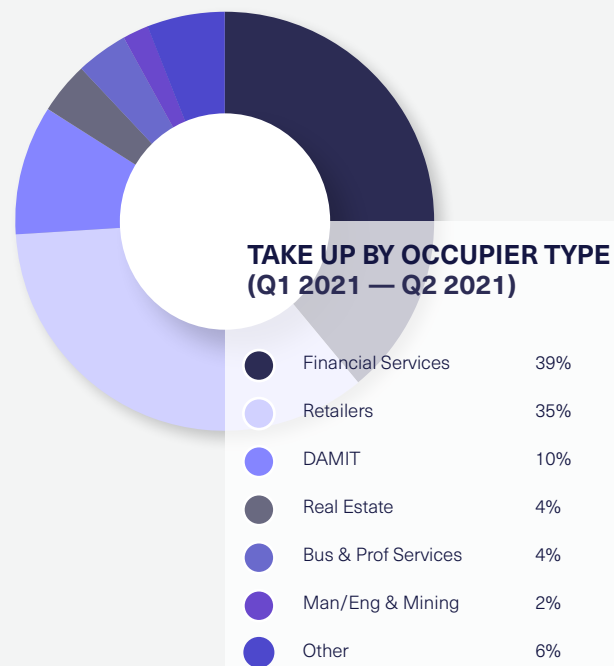
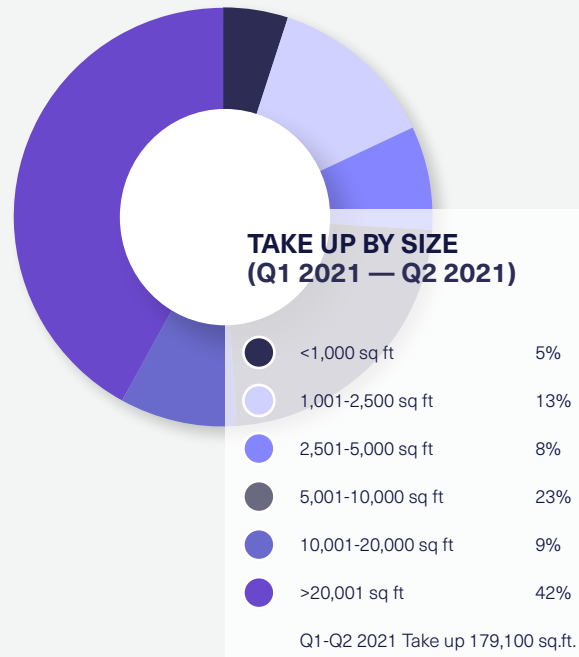
PRIME & SECONDARY RENTS



SOHO OFFICE MARKET

COMMENTARY

TAKE UP



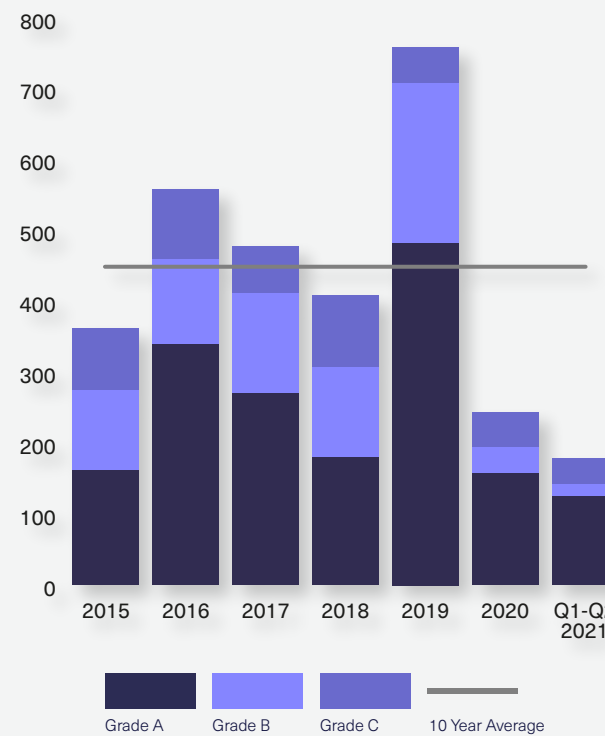
The strong bounce back in take up that occurred in the Soho market in Q1 continued in Q2 2021, with total activity of 179,100 sq ft across 43 transactions in the year to date. Activity in the first six months of 2021 is only 26% below the levels of activity achieved in the previous 12 months.

The largest and most significant transaction Q2 2021, saw online retailer Boohoo.com purchase the freehold of the 47,050 sq ft 10 Great Pulteney Street for £72m.

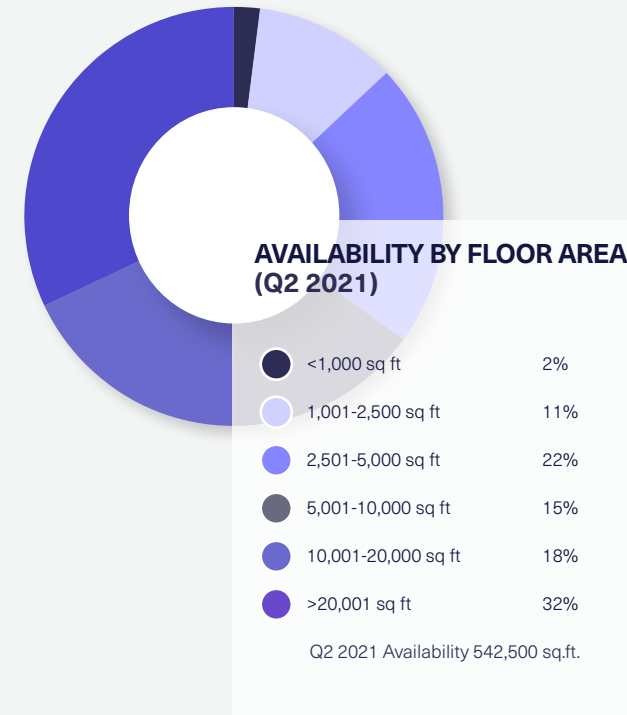
The increases in supply, which have been evident in the Soho market, were partially reversed in Q2, with availability falling by 8.8% to 542,500 sq ft. This is the first easing in supply in the Soho market since the start of the pandemic in March last year. The availability rate now stands at 7.6%, above the 10 year average for the Soho market, which stands at 5.0%.

Prime rents in Soho remained stable at £82.50 per sq ft in Q2 2021 whilst rents on both refurbished and unrefurbished space moved down to £65.00 per sq ft and £52.50 per sq ft respectively. This brings the overall reduction in refurbished and unrefurbished rent to 10.3% and 8.7% over the past 12 months.

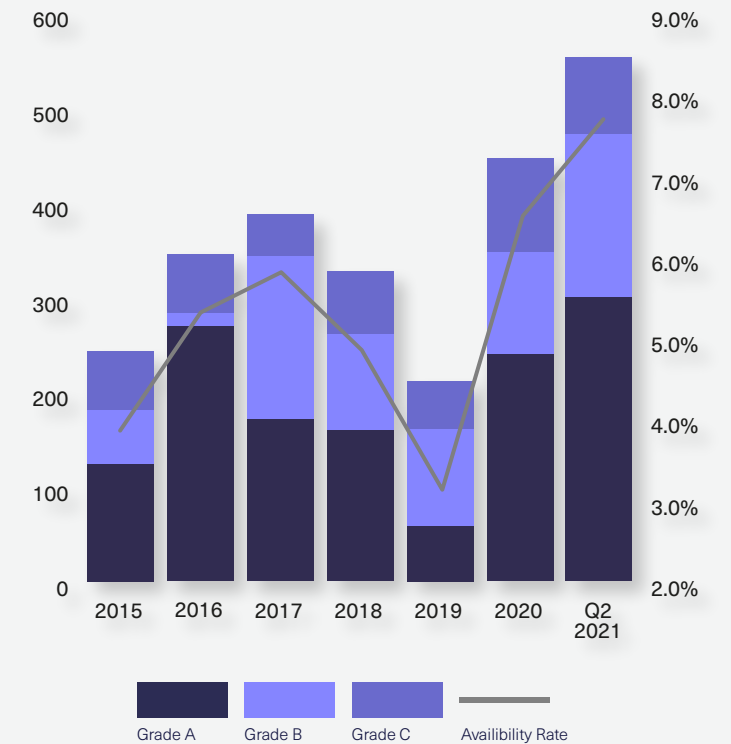
SOHO TAKE UP (000's sq ft.)



SUPPLY

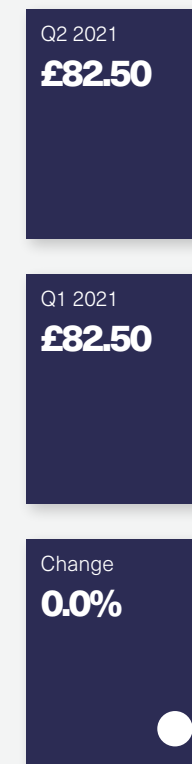


SOHO AVAILABILITY (000's sq ft.)

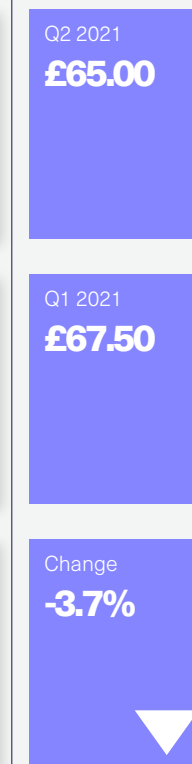


RENTAL VALUES Q2 2021

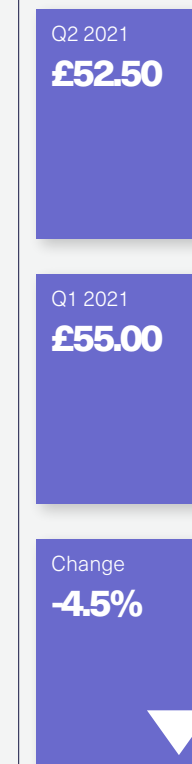
PRIME



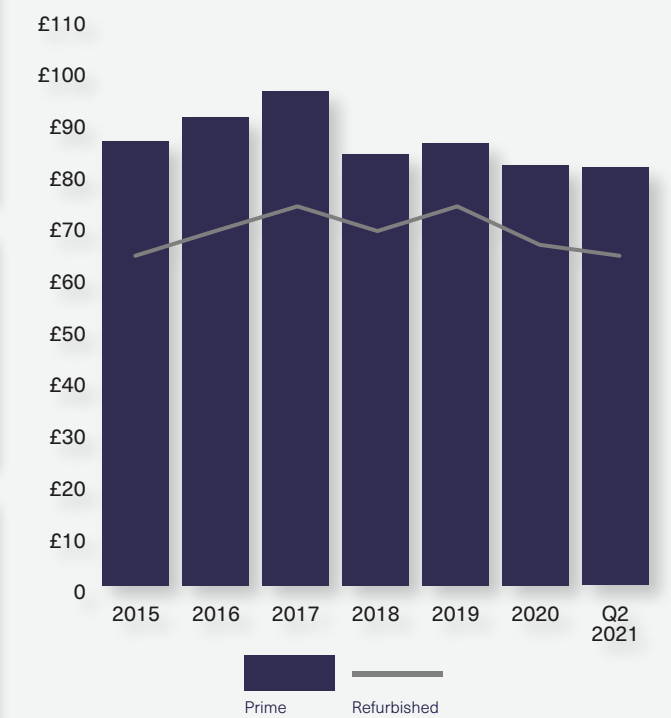
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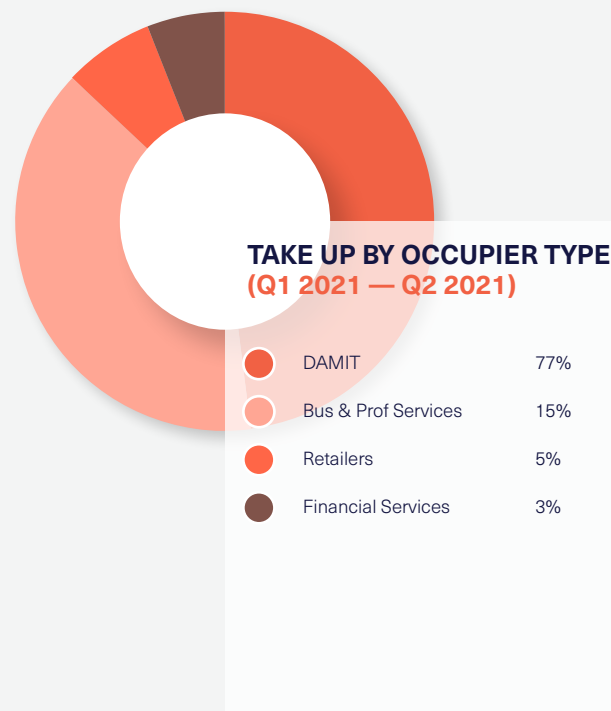
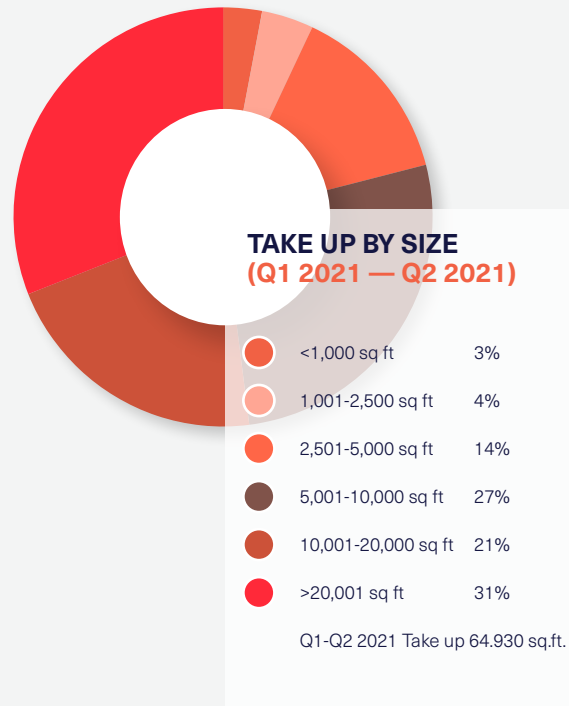
PRIME & SECONDARY RENTS



COVENT GARDEN OFFICE MARKET

COMMENTARY

TAKE UP



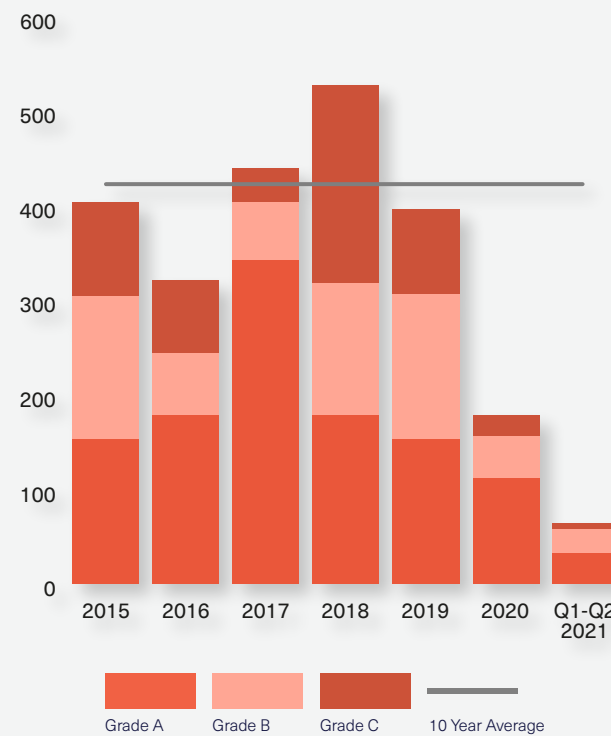
Take up in Covent Garden remained constrained in Q2 2021, with only 39,770 sq ft of transactions recorded in the quarter. This brings activity for the first six months of the year to 64,930 sq ft in 12 transactions. Activity in the year to date remains 69% below trend levels.

The largest letting in Q2 was the only deal above 10,000 sq ft, with The Conduit Club taking 13,574 sq ft at 6 Langley Street. The other major transaction in the second quarter was the 6,265 sq ft letting to the Time Out Group at 168-173 Drury Lane.

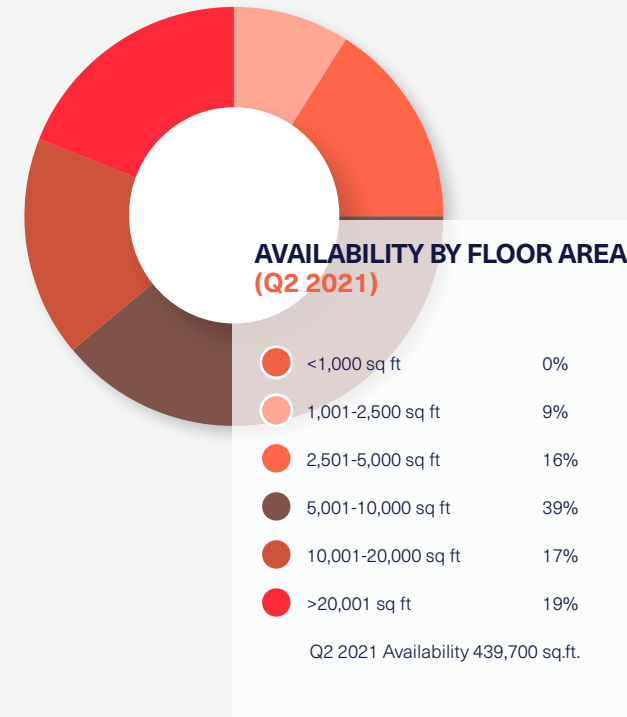
Supply in the Covent Garden market was down by 4.8% in Q2 2021 to 439,700 sq ft, which is the first downward shift in availability since the start of the pandemic. Despite the adjustment, supply is still 35% above pre pandemic levels, with the majority of the increase being due to a rise in Grade A space which now stands at 254,300 sq ft, 58% of the overall total.

Prime rents in Covent Garden moved back up to £77.50 per sq ft in Q2 2021 and are now only 3.1% below their pre pandemic level. Rents on refurbished space have proved to be more resilient than the top end of the market, moving back to levels seen before the pandemic at £65.00 per sq ft. Rents on unrefurbished space are at £50.00 per sq ft, the lowest (along with Noho) amongst the West End sub markets.

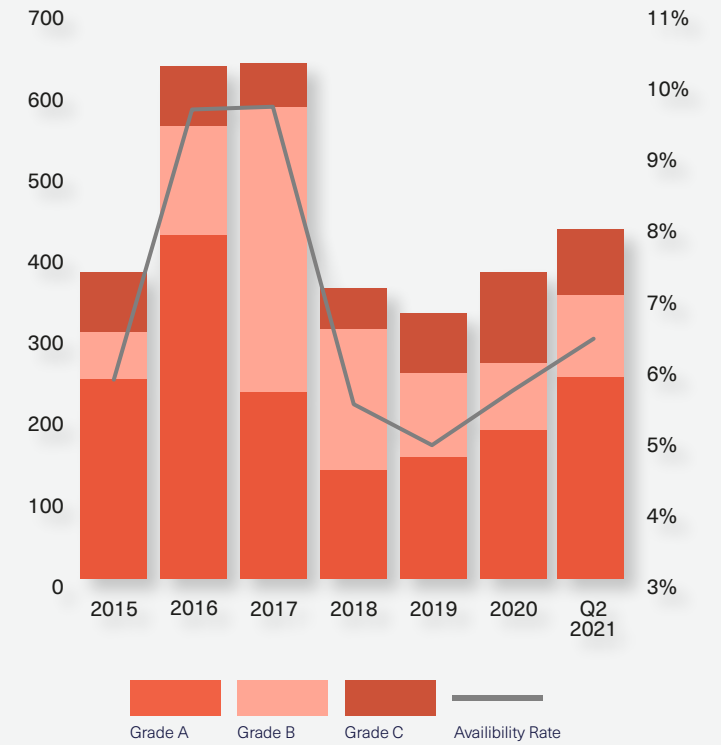
COVENT GARDEN TAKE UP (000's sq ft.)



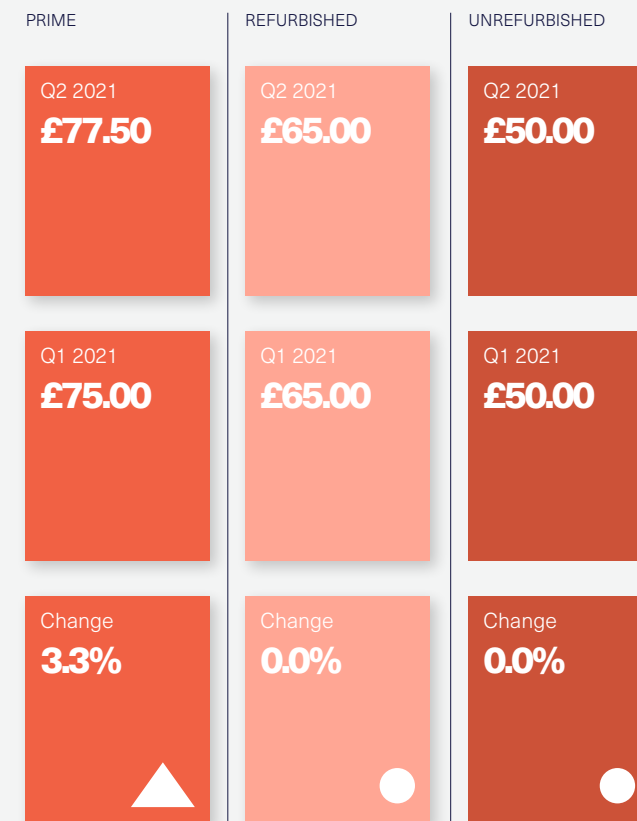
SUPPLY



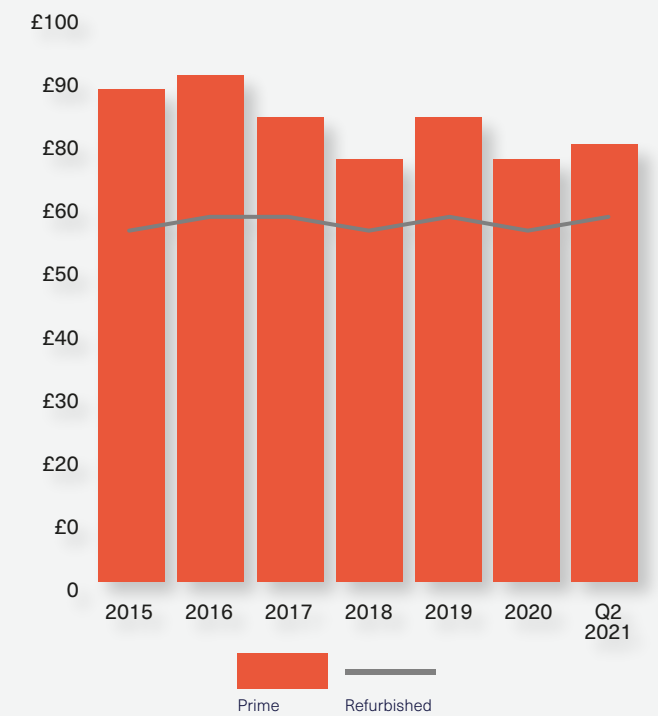
COVENT GARDEN AVAILABILITY (000's sq ft.)



RENTAL VALUES Q2 2021



PRIME & SECONDARY RENTS



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