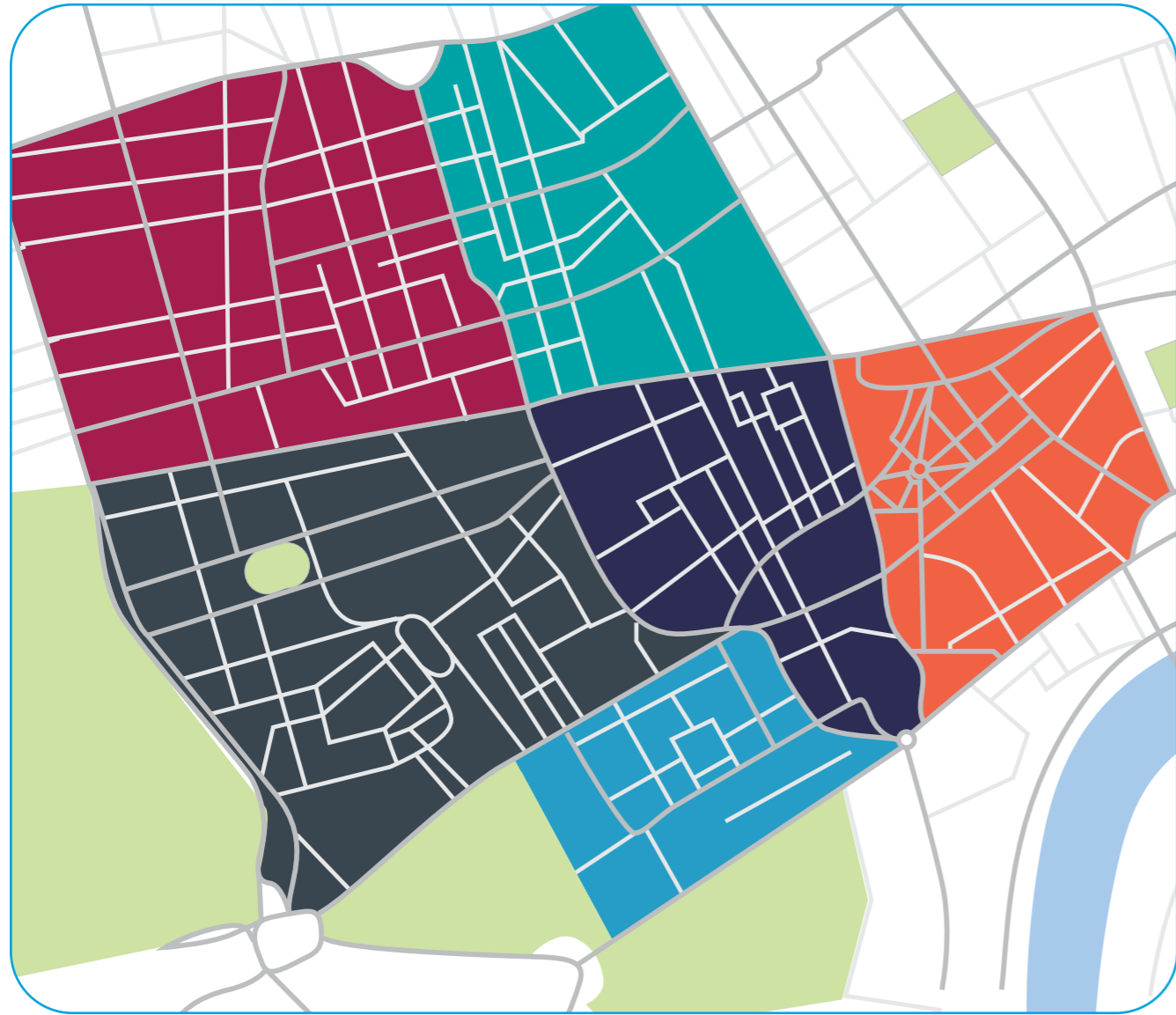


WEST END
OFFICES
**SUBMARKETS
RESEARCH**

Q2 2022





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West End Market	4-5	●
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Marylebone	10-11	●
Fitzrovia	12-13	●
Soho	14-15	●
Covent Garden	16-17	●

WEST END OFFICE MARKET

COMMENTARY

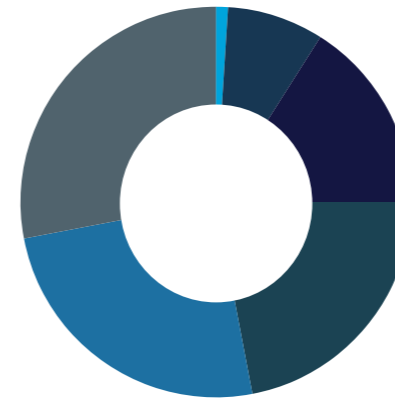
Take up in the core West End markets remained strong in Q2 2022, with a total of 624,350 sq ft of lettings completing in 156 transactions. This brings total activity in the first six months of 2022 to 1.3m sq ft, the highest first half take up recorded over the past two years. The market looks to be on course to exceed last year's total take up figure, with circa 2.6m sq ft of activity.

The market has been boosted by strong performances in both the Fitzrovia and St James's markets, with both of these sub sectors seeing above trend levels of activity in the first six months of the year. The largest transaction in Q2 2022 was the 67,000 sq ft pre let to BP at the Crown Estate's refurbishment 20 Carlton House Terrace. This was followed by the 50,122 sq ft letting to law firm Forsters at Lazari Investment's 22 Baker Street.

Demand fell back slightly to 4.1m sq ft at the end of Q2, due primarily in a fall off in requirements from the financial services and DAMIT sectors. These two sectors have dominated take up over the post pandemic period, accounting for almost 60% of the office space acquired over 2020/21, but clearly a number of larger requirements have been satisfied. Demand has become more broadly based and there are signs that other sectors of the economy are now looking to upgrade their office accommodation.

5.4%
Availability rate
(lowest since pre-pandemic)

TAKE UP



REQUIREMENTS BY SIZE (Q2 2022)

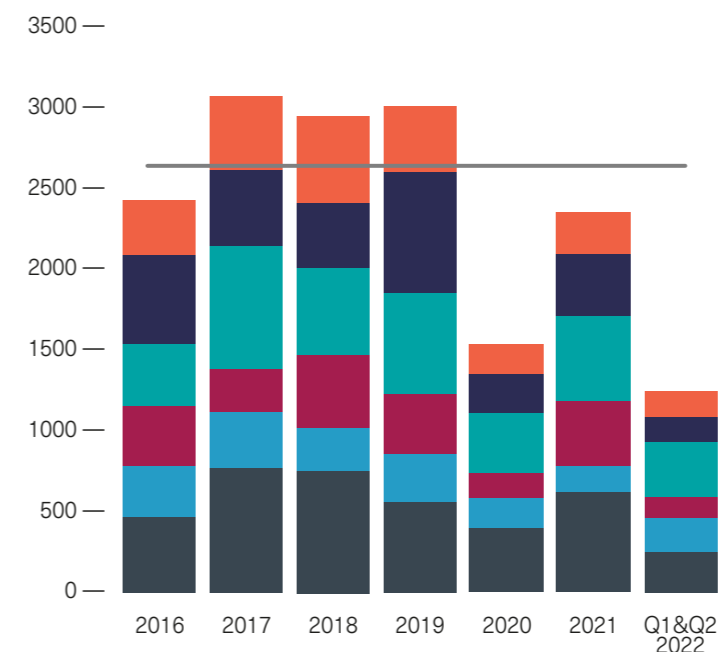
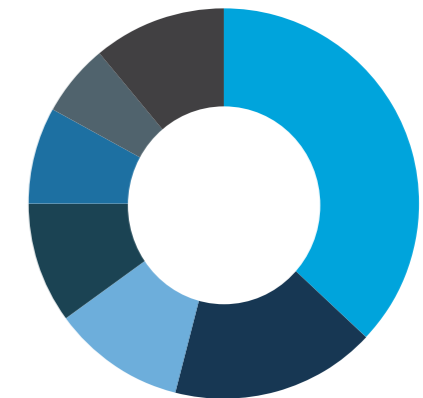
<1,000 sq ft	1%
1,001-2,500 sq ft	8%
2,501-5,000 sq ft	16%
5,001-10,000 sq ft	22%
10,001-20,000 sq ft	25%
>20,001 sq ft	28%

Q2 2022 DEMAND

4.1m sq ft

TAKE UP BY OCCUPIER TYPE (Q1 22/Q1 22)

Financial Services	37%
Real Estate	17%
Bus & Prof Services	11%
DAMIT	10%
Man/Eng & Mining	8%
Retailers	6%
Other	11%



TAKE UP ('000's sq ft.)

MAYFAIR

ST JAMES'S

MARYLEBONE

FITZROVIA

SOHO

COVENT GARDEN

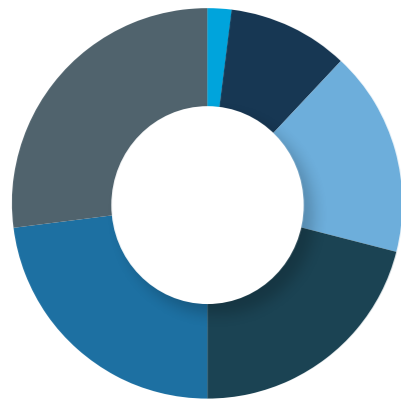
10 Year Average

SUPPLY

Supply fell below 3m sq ft for the first time in 18 months, falling to 2.8m sq ft at the end of June 2022 from the peak level of 3.6m sq ft in Q2 2021. The most significant reductions in supply has been seen in larger buildings (>20,000 sq ft), which has fallen by 41% to 676,550 sq ft. The availability rate is now below the long run average (6.0%) at 5.4%.

Prime rents have rebounded strongly, with Mayfair rents now at their highest level since the peak years of 2015.

AVAILABILITY BY FLOOR AREA (Q2 2022)



● <1,000 sq ft	2%
● 1,001-2,500 sq ft	10%
● 2,501-5,000 sq ft	17%
● 5,001-10,000 sq ft	21%
● 10,001-20,000 sq ft	23%
● >20,001 sq ft	27%

Q2 2022 Availability

2.77m sq ft

AVAILABILITY (000's sq ft.)

MAYFAIR

ST JAMES'S

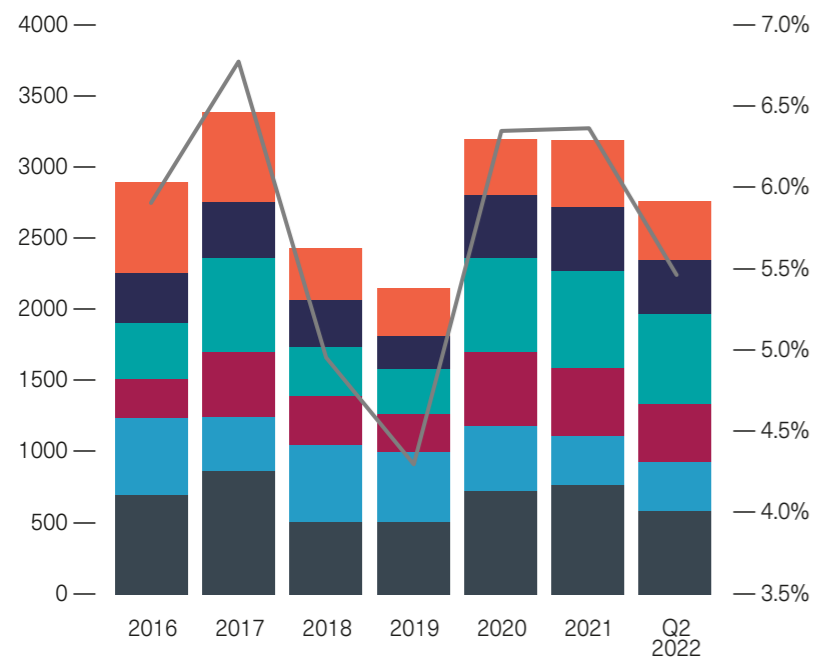
MARYLEBONE

FITZROVIA

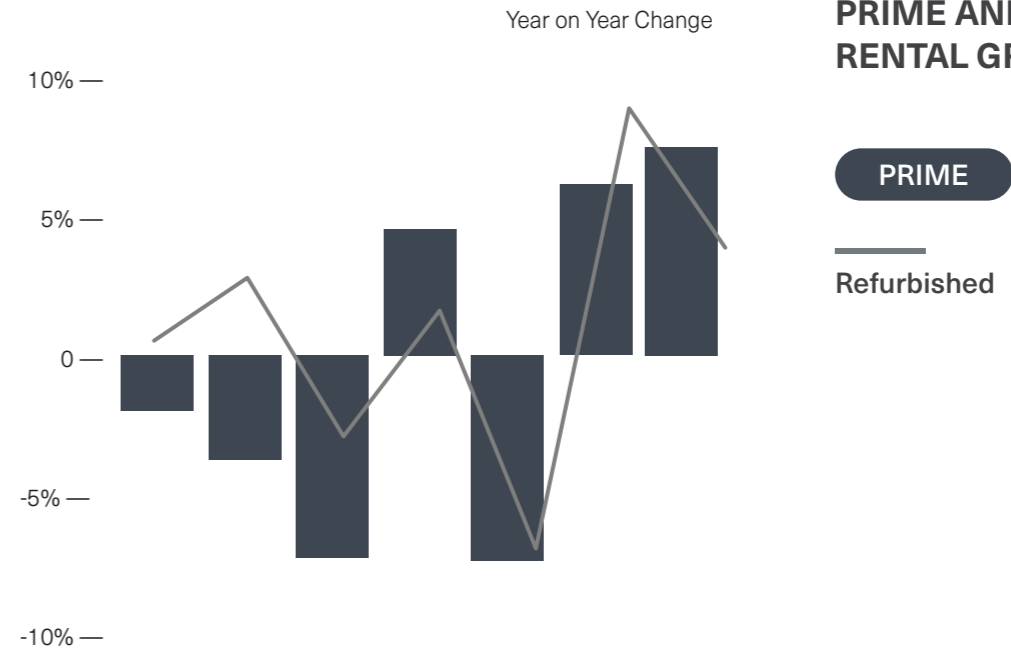
SOHO

COVENT GARDEN

Availability Rate (RHS)



RENTAL VALUES



PRIME AND SECONDARY RENTAL GROWTH

PRIME

Refurbished

PRIME RENTAL VALUES

MAYFAIR

Q2 2022
£130.00

Q1 2022
£125.00

Change
4.0%



ST JAMES'S

Q2 2022
£120.00

Q1 2022
£115.00

Change
4.3%



MARYLEBONE

Q2 2022
£90.00

Q1 2022
£90.00

Change
0.0%



FITZROVIA

Q2 2022
£87.50

Q1 2022
£85.00

Change
2.9%



SOHO

Q2 2022
£95.00

Q1 2022
£95.00

Change
0.0%



COVENT GARDEN

Q2 2022
£82.50

Q1 2022
£82.50

Change
0.0%



MAYFAIR OFFICE MARKET

COMMENTARY

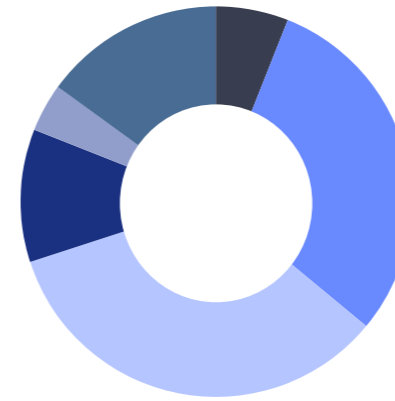
Prime rents in Mayfair moved back to £130.00 per sq ft, their highest level since the peak of £135.00 per sq ft in 2015 and 10.6% above their pre pandemic levels. Rents on both refurbished and unrefurbished floor space have moved above their previous peaks hitting £92.50 per sq ft and £67.50 per sq ft respectively.

Take up slowed slightly in Q2 2022 although the number of deals remained stable at levels recorded over the past 12 months. Total activity for the quarter was 103,165 sq ft across 46 transactions, bringing the total for the first half of 2022 to 248,600 sq ft in 96 transactions.

There was only one transaction above 5,000 sq ft in Q2, the 5,470 sq ft letting to Hackett at 9-10 Savile Row and the largest transaction in the year to date remains the 37,600 sq ft letting to Blackstone at Berkeley Square House. The financial services sector has dominated activity in the first six months of 2022, accounting for 76% of total take up. Millennium Capital are also due to take occupation of their new headquarters at 20 Grosvenor Street in the latter months of the year, which Fora will be managing for them – the deal was agreed in Q4 2021.

Prime rents increase
£130

TAKE UP



TAKE UP BY SIZE (Q1 22 & Q2 22)

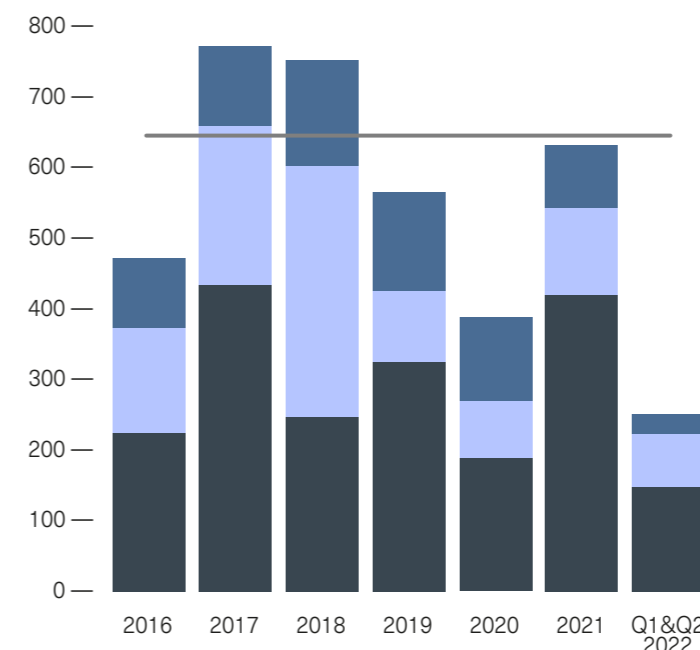
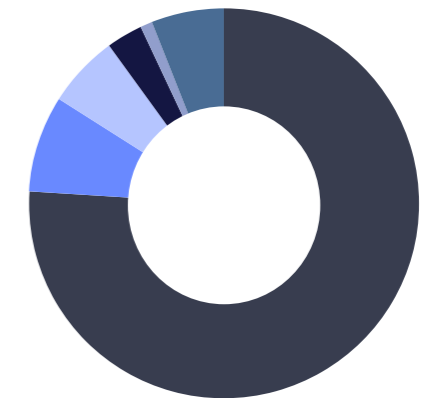
<1,000 sq ft	6%
1,001-2,500 sq ft	30%
2,501-5,000 sq ft	34%
5,001-10,000 sq ft	11%
10,001-20,000 sq ft	4%
>20,001 sq ft	15%

Q1 & Q2 2022 TAKE UP

248,600 sq ft

TAKE UP BY OCCUPIER TYPE (Q1 22 & Q2 22)

Financial Services	76%
Real Estate	8%
Bus & Prof Services	6%
DAMIT	3%
Retailers	1%
Other	6%



TAKE UP (000's sq ft.)

GRADE A

GRADE B

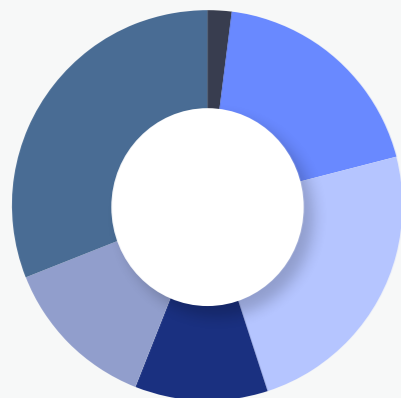
GRADE C

10 Year Average

SUPPLY

Supply continued to tighten, falling to 661,200 sq ft down by 164,100 sq ft (20%) from the mid 2021 peak. The majority of the tightening in supply has been in the 2,500-10,000 sq ft range, where availability is down by 40%. The overall availability rate in Mayfair is now down to 5.2%, significantly below the long run trend availability rate, which stands at 6.0%.

AVAILABILITY BY FLOOR AREA (Q2 2022)



● <1,000 sq ft	2%
● 1,001-2,500 sq ft	19%
● 2,501-5,000 sq ft	24%
● 5,001-10,000 sq ft	11%
● 10,001-20,000 sq ft	13%
● >20,001 sq ft	31%

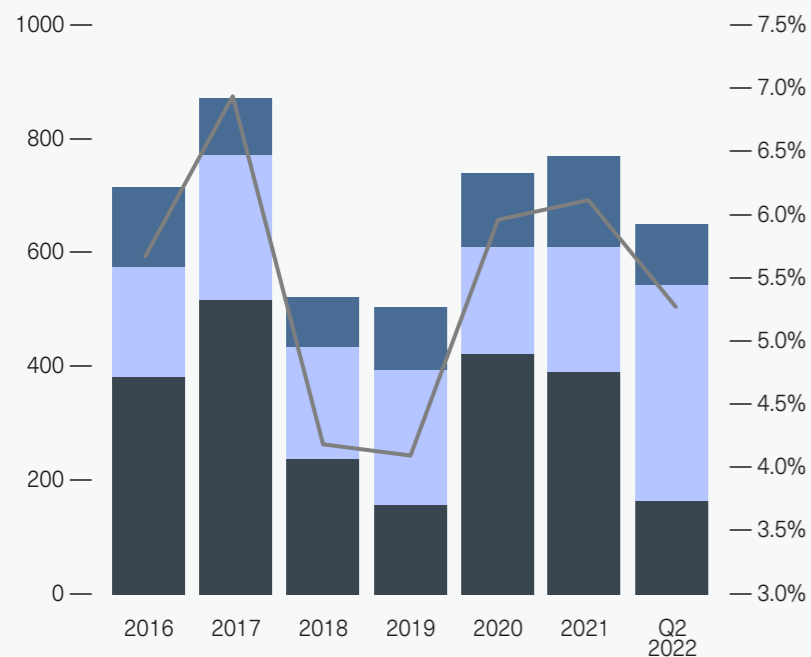
Q2 2022 Availability

661,200 sq ft

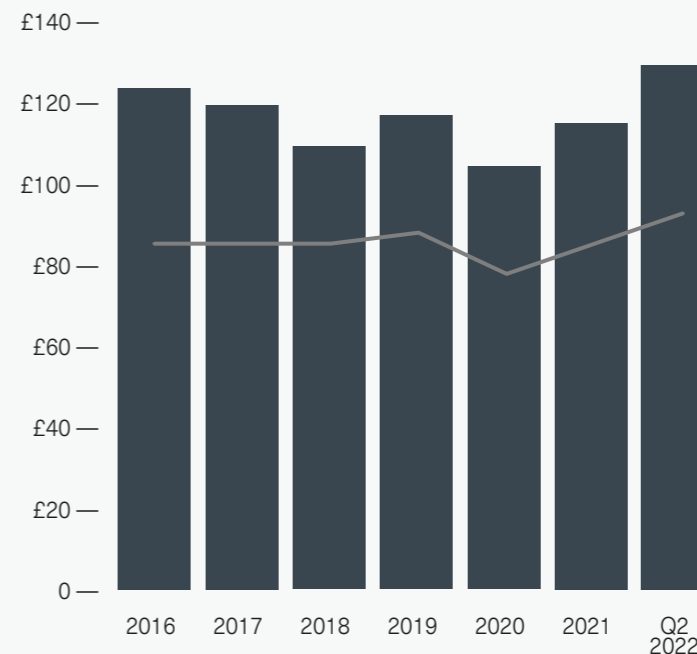
AVAILABILITY (000's sq ft.)

GRADE A
GRADE B
GRADE C

Availability Rate



RENTAL VALUES



PRIME AND SECONDARY RENTAL GROWTH

GRADE A

Refurbished

SERVICED OFFICE DESK RATES Q2 2022

Lowest

£220

Highest

£2,250

RENTAL VALUES Q2 2022

PRIME

Q2 2022
£130.00

Q1 2022
£125.00

Change
4.0%



REFURBISHED

Q2 2022
£92.50

Q1 2022
£90.00

Change
2.8%



UNREFURBISHED

Q2 2022
£67.50

Q1 2022
£67.50

Change
0.0%



ST JAMES'S OFFICE MARKET

COMMENTARY

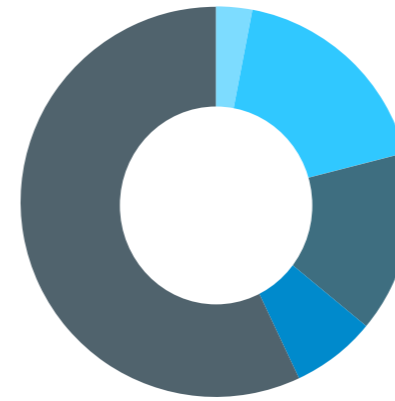
The St James's office market continued to see strong levels of activity in Q2, with 92,300 sq ft of lettings across five transactions. The first six months of 2022 has seen a total of 206,500 sq ft of take up, the highest six monthly total since H1 2017 and already ahead total take up in each of the past two years.

The largest transaction in the quarter was the 67,000 sq ft letting to BP at 20 Carlton House Terrace ahead of completion. The building is undergoing a comprehensive refurbishment, with three additional floors to be added bringing total floorspace to 162,000 sq ft, with completion expected in H1 2023. BP have taken the top five floors.

Prime rents in St James's continued to recover and are now back to £120.00 per sq ft, their highest level since 2016. This brings growth on prime rents to 20.0% over the 18 months and further movement is expected in the short term. Rents on refurbished and un refurbished space remained at £85.00 per sq ft and £67.50 per sq ft respectively.

Take up above trend in Q1-Q2 2022
56%

TAKE UP



TAKE UP BY SIZE (Q1 22 & Q2 22)

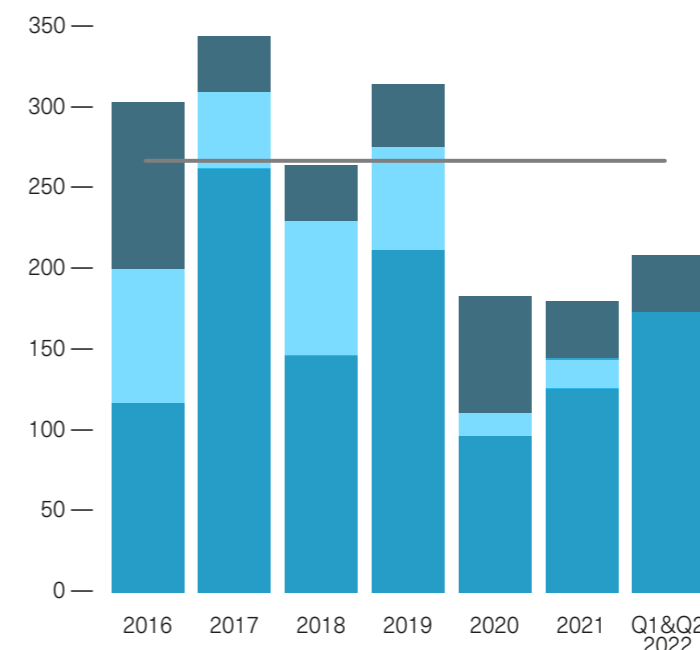
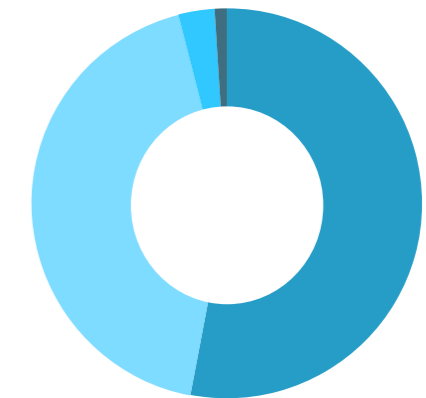
<1,000 sq ft	0%
1,001-2,500 sq ft	3%
2,501-5,000 sq ft	18%
5,001-10,000 sq ft	15%
10,001-20,000 sq ft	7%
>20,001 sq ft	57%

Q1 22 & Q2 22 TAKE UP

206,500 sq ft

TAKE UP BY OCCUPIER TYPE (Q1 22 & Q2 22)

Financial Services	53%
Man/Eng & Mining	43%
DAMIT	3%
Real Estate	1%



TAKE UP (000's sq ft.)

GRADE A

GRADE B

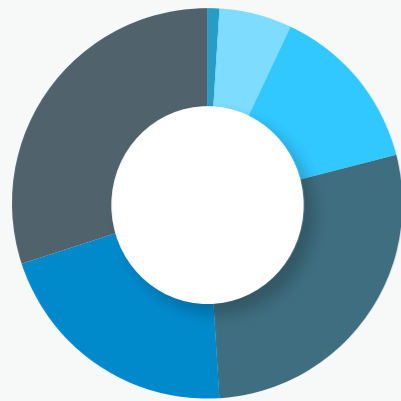
GRADE C

10 Year Average

SUPPLY

The strong period of activity has seen supply fall to the lowest level in 10 years, falling to 286,400 sq ft, with larger space (>20,000 sq ft) seeing the sharpest downturn. St James's has been a main source of larger buildings for occupiers but there has been a gradual erosion over the past few years. The largest space on the market is still BentallGreenOak's 78 St James's Street, with the building now more than 50% let and further space under offer. The availability rate in St James's is now down to 5.3% having been at 8.7% at the start of the pandemic.

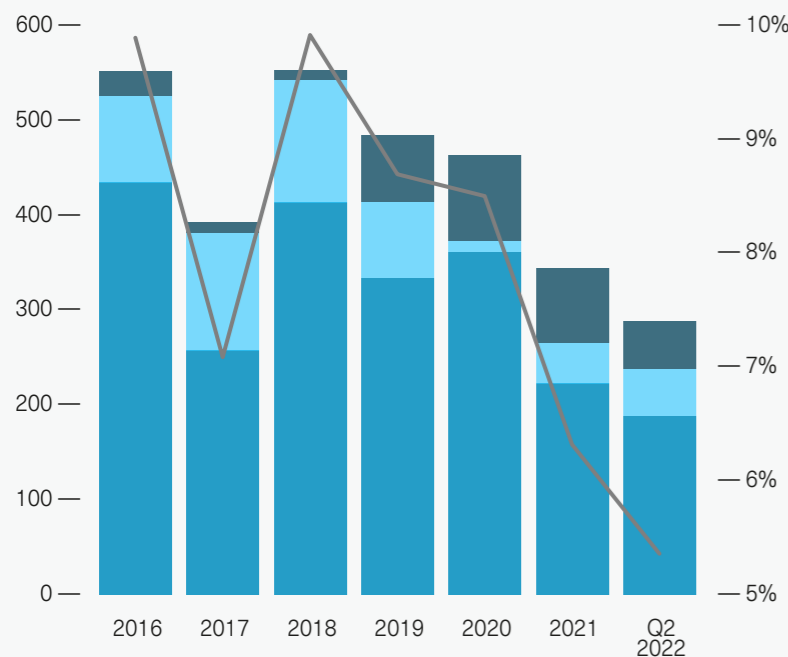
AVAILABILITY BY FLOOR AREA (Q2 2022)



<1,000 sq ft	1%
1,001-2,500 sq ft	6%
2,501-5,000 sq ft	14%
5,001-10,000 sq ft	28%
10,001-20,000 sq ft	21%
>20,001 sq ft	30%

Q2 2022 Availability

286,400 sq ft



AVAILABILITY (000's sq ft.)

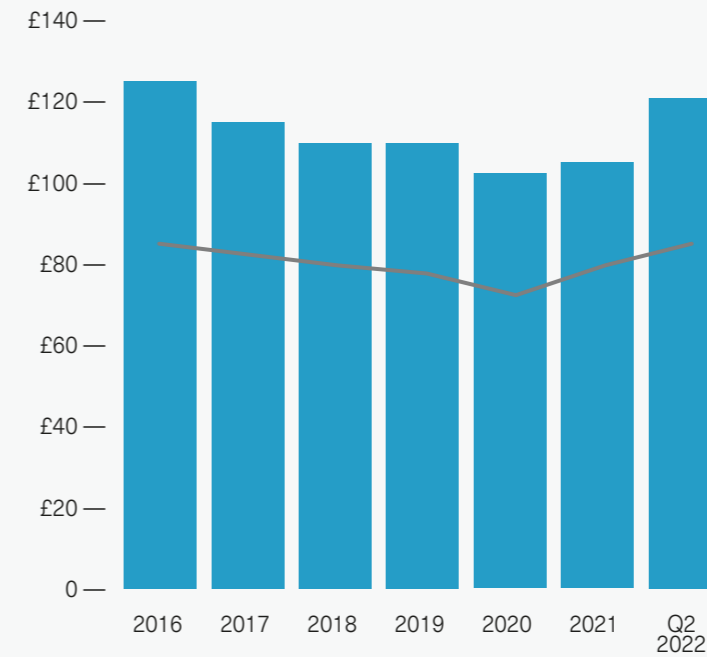
GRADE A

GRADE B

GRADE C

Availability Rate

RENTAL VALUES



PRIME AND SECONDARY RENTAL GROWTH

GRADE A

Refurbished

SERVICED OFFICE DESK RATES Q2 2022

Lowest

£460

Highest

£1,100

RENTAL VALUES Q2 2022

PRIME

REFURBISHED

UNREFURBISHED

Q2 2022

£120.00

Q2 2022

£85.00

Q2 2022

£67.50

Q1 2022

£115.00

Q1 2022

£85.00

Q1 2022

£67.50

Change

4.3%



Change

0.0%



Change

0.0%



MARYLEBONE OFFICE MARKET

COMMENTARY

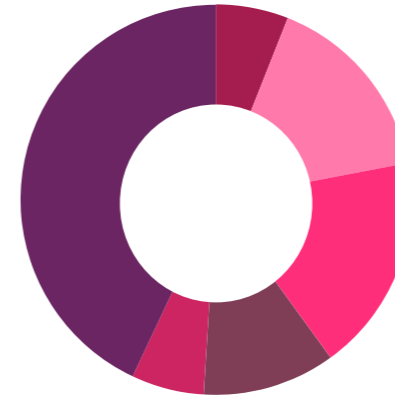
Take up has slowed in the Marylebone market following the above trend activity recorded in the previous 12 months. Activity 111,280 sq ft in Q2 2022 in a total of 27 transactions. This brings overall lettings for the first six months of the year to 191,850 sq ft, with several larger transactions in the first two quarters.

There were two transactions above 5,000 sq ft in Q2, the largest deal was the 52,122 sq ft letting to law firm Forsters at 22 Baker Street. The building is to under go a period of significant investment and refurbishment before the group take occupation in late 2023.

Prime rents in Marylebone remained at £90.00 per sq ft in Q2 2022 but remain £2.50 per sq ft below their pre pandemic level. Prime rents have increased by 9.1% over the past 12 months. Rents on refurbished space dropped back to £75.00 per sq ft as supply in this area of the market remains high. Unrefurbished rents remained at £65.00 per sq ft.

Availability down in Q2 2022
4.9%

TAKE UP



TAKE UP BY SIZE (Q1 22 & Q2 22)

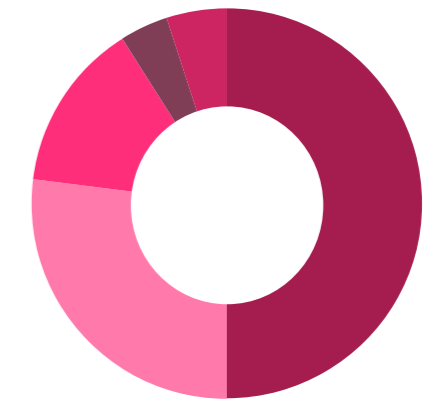
<1,000 sq ft	6%
1,001-2,500 sq ft	16%
2,501-5,000 sq ft	18%
5,001-10,000 sq ft	11%
10,001-20,000 sq ft	6%
>20,001 sq ft	43%

Q1 22 & Q2 22 TAKE UP

191,850 sq ft

TAKE UP BY OCCUPIER TYPE (Q1 22 & Q2 22)

Bus & Prof Services	50%
Real Estate	27%
Financial Services	14%
DAMIT	4%
Other	5%



500—

400—

300—

200—

100—

0—

2016 2017 2018 2019 2020 2021 Q1&Q2 2022

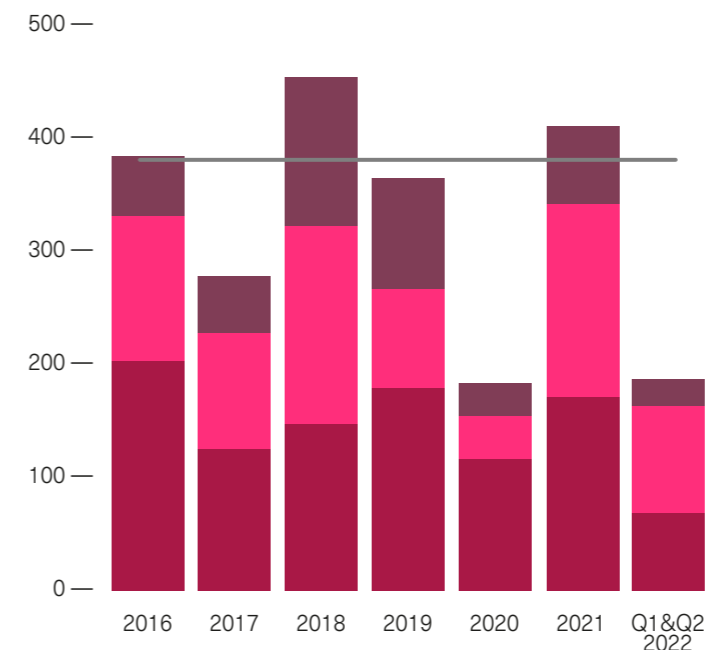
TAKE UP (000's sq ft.)

GRADE A

GRADE B

GRADE C

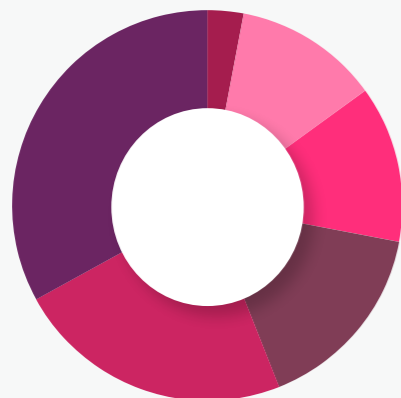
10 Year Average



SUPPLY

Supply has plateaued over the past six-nine months, having adjusted down from the peak in mid 2021. Overall space on the market stands at 483,450 sq ft, 14% below the peak, with the main adjustment being in Grade A space, which is down to 126,845 sq ft. The largest Grade A space on the market is at the recently refurbished 72 Welbeck Street, where 47,275 sq ft is available, although 36,340 sq ft was under offer at the end of Q2.

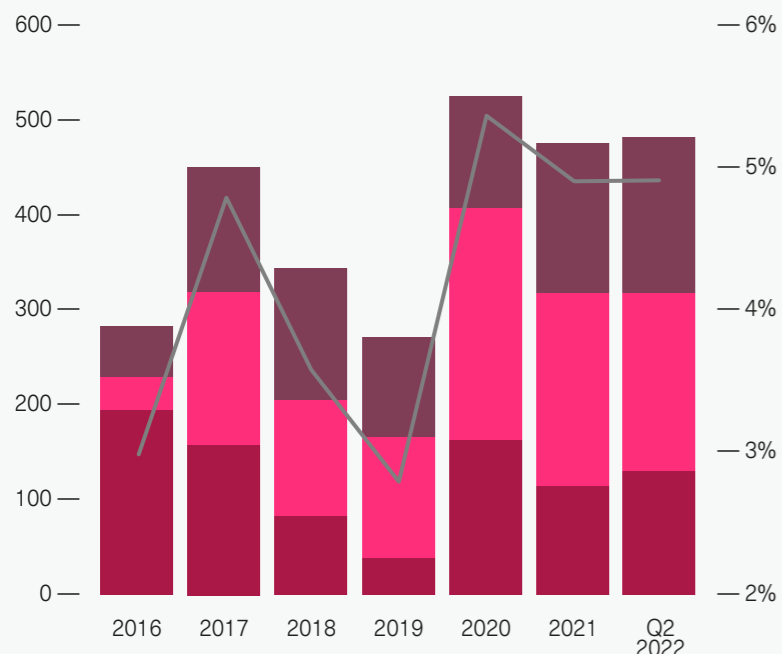
AVAILABILITY BY FLOOR AREA (Q2 2022)



<1,000 sq ft	3%
1,001-2,500 sq ft	12%
2,501-5,000 sq ft	13%
5,001-10,000 sq ft	16%
10,001-20,000 sq ft	23%
>20,001 sq ft	33%

Q2 2022 Availability

483,450 sq ft



AVAILABILITY (000's sq ft.)

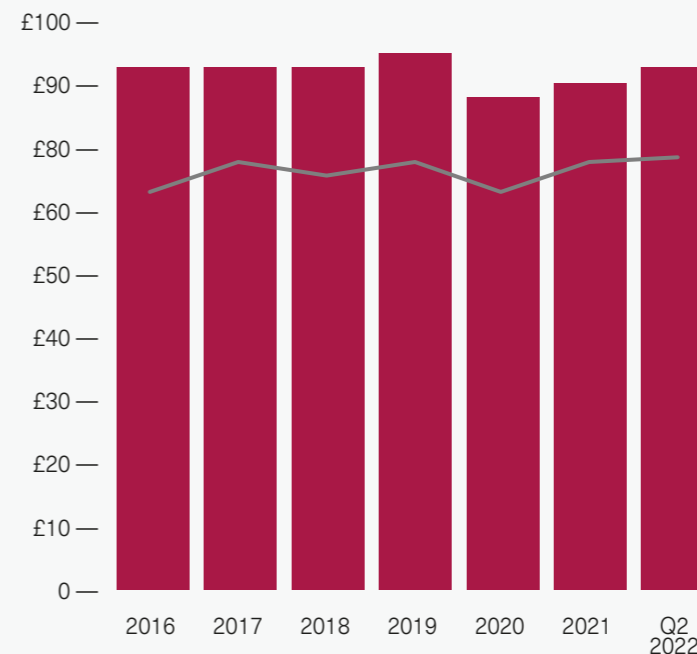
GRADE A

GRADE B

GRADE C

Availability Rate

RENTAL VALUES



PRIME AND SECONDARY RENTAL GROWTH

GRADE A

Refurbished

SERVICED OFFICE DESK RATES Q2 2022

Lowest

£450

Highest

£1,000

RENTAL VALUES Q2 2022

PRIME

Q2 2022
£90.00

Q1 2022
£90.00

Change
0.0%

REFURBISHED

Q2 2022
£75.00

Q1 2022
£77.50

Change
-3.2%

UNREFURBISHED

Q2 2022
£65.00

Q1 2022
£65.00

Change
0.0%

FITZROVIA OFFICE MARKET

COMMENTARY

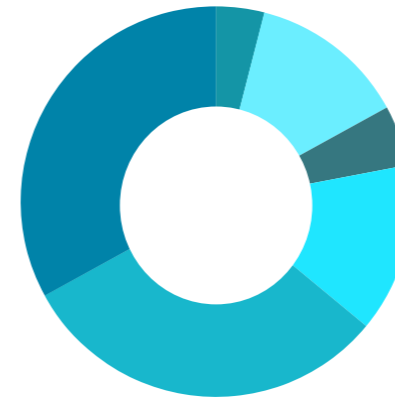
Fitzrovia was one of the strongest markets in the West End in 2021, with take up remaining above the long run trend rate of activity. The second quarter of the year saw total letting activity of 159,750 sq ft in 38 transactions, bringing the year to date activity to 317,300 sq ft.

The largest transaction in Fitzrovia in Q2 2022 was the 27,575 sq ft letting to United Talent Agency at GPE's new scheme 1 Newman Street. The majority of the office space at 1 Newman Street is now let or under offer, with only 13,972 sq ft still available. Continuing on a trend which has been seen across other sub markets, the second largest letting saw Gerald Eve take 26,300 sq ft at the recently refurbished One Fitzroy, as its new headquarters.

Prime rents in Fitzrovia have moved back to £87.50 per sq ft in Q2 2022, only 2.8% below their 2016 peak of £90,00 per sq ft. Rents on both refurbished and un refurbished floor space also continued to recover, moving to £69.50 per sq ft (11.2% growth over 12 months) and £59.50 per sq ft (19.0% growth) respectively.

18%
Take up above trend
in Q1-Q2 2022

TAKE UP



TAKE UP BY SIZE (Q1 22 & Q2 22)

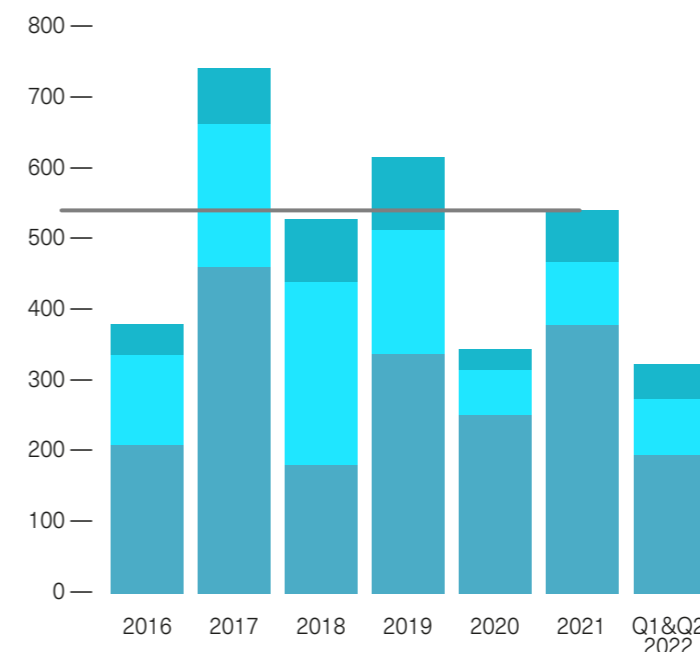
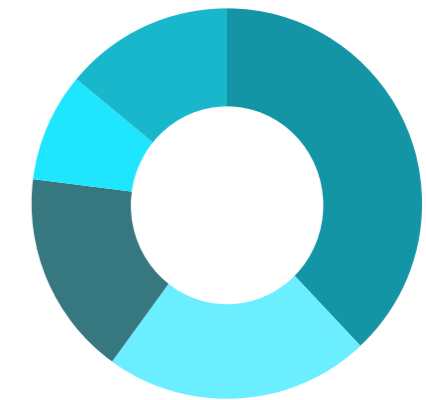
<1,000 sq ft	4%
1,001-2,500 sq ft	13%
2,501-5,000 sq ft	5%
5,001-10,000 sq ft	14%
10,001-20,000 sq ft	31%
>20,001 sq ft	33%

Q1 22 & Q2 22 TAKE UP

317,300 sq ft

TAKE UP BY OCCUPIER TYPE (Q1 22 & Q2 22)

Real Estate	38%
DAMIT	22%
Financial Services	17%
Retailers	9%
Other	14%



TAKE UP (000's sq ft.)

GRADE A

GRADE B

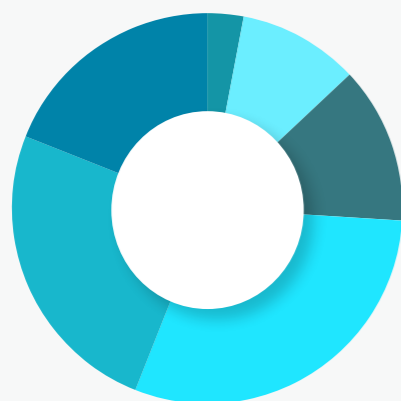
GRADE C

10 Year Average

SUPPLY

The strong levels of activity in Fitzrovia has seen availability fall to 581,400 sq ft, a decline of just under 200,000 sq ft (25%) over the past 12 months. Fitzrovia had the best supply of larger buildings during the post pandemic era but this has been gradually eroded since the peak of availability. Grade A space has also become more limited, falling from 400,000 sq ft in mid 2021 to currently stand at 227,500 sq ft.

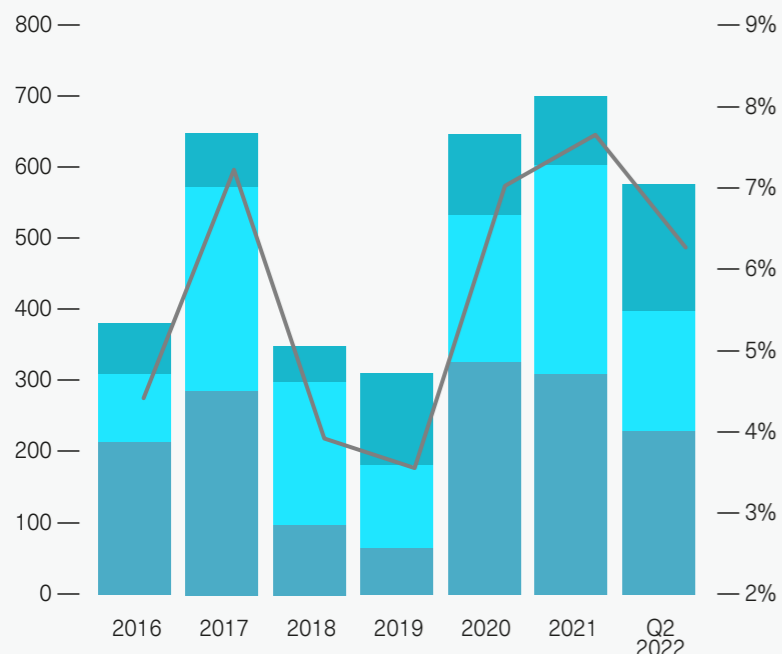
AVAILABILITY BY FLOOR AREA (Q2 2022)



<1,000 sq ft	3%
1,001-2,500 sq ft	10%
2,501-5,000 sq ft	13%
5,001-10,000 sq ft	30%
10,001-20,000 sq ft	25%
>20,001 sq ft	19%

Q2 2022 Availability

581,400 sq ft



AVAILABILITY (000's sq ft.)

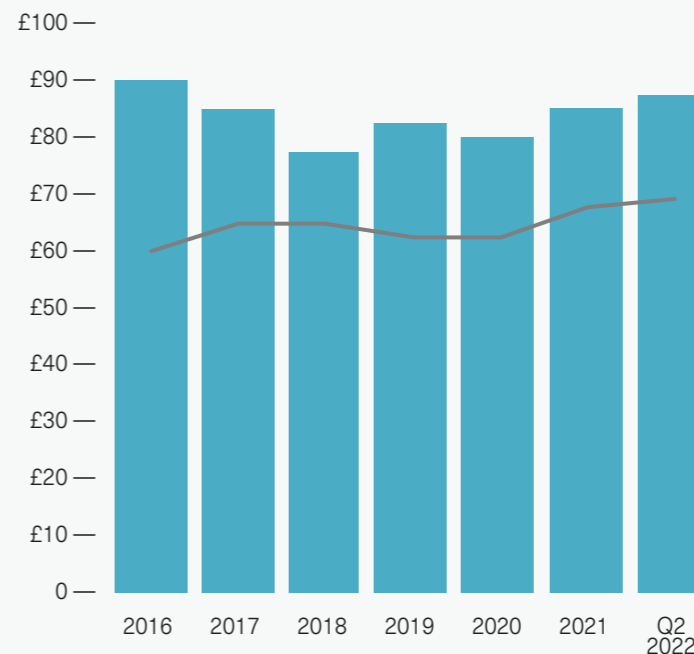
GRADE A

GRADE B

GRADE C

Availability Rate

RENTAL VALUES



PRIME AND SECONDARY RENTAL GROWTH

GRADE A

Refurbished

SERVICED OFFICE DESK RATES Q2 2022

Lowest

£230

Highest

£900

RENTAL VALUES Q2 2022

PRIME

Q2 2022
£87.50

Q1 2022
£85.00

Change
2.9%



REFURBISHED

Q2 2022
£69.50

Q1 2022
£67.50

Change
3.0%



UNREFURBISHED

Q2 2022
£59.50

Q1 2022
£57.50

Change
3.5%



SOHO OFFICE MARKET

COMMENTARY

Take up in the Soho market accelerated in Q2 2022, with a total of 105,360 sq ft of lettings in 25 transactions. Activity in the second quarter was more heavily focused on larger lettings, with three deals above 15,000 sq ft completing. Overall activity for the first six months of the year stands at 173,500 sq ft, below trend levels but continuing the strong trends in activity seen in the previous 12 months.

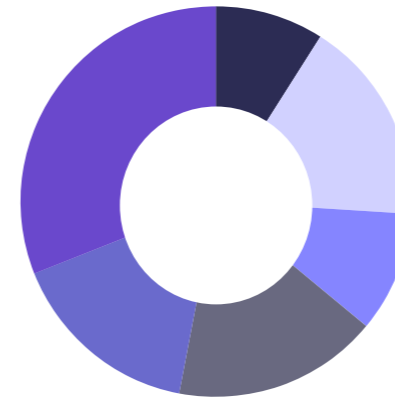
The largest deals in Q2 2022 were the 30,570 sq ft letting to Skyscanner at Soho Estates new scheme at the former Foyles bookshop site at 113-119 Charing Cross Road, whilst Efficio took 23,690 sq ft at Kinnaird House on Pall Mall East.

Prime rents in Soho have remained at £95.00 per sq ft over Q2 but are at 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 space have also strengthened, moving back to £75.00 per sq ft, whilst unrefurbished rents edged up to £62.50 per sq ft.

prime rent increase
(last 12 months)

15.2%

TAKE UP



TAKE UP BY SIZE (Q1 22 & Q2 22)

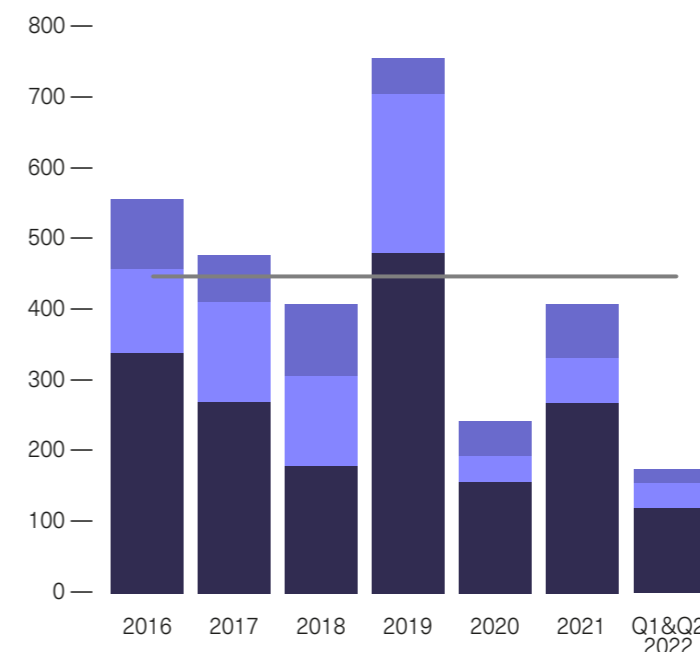
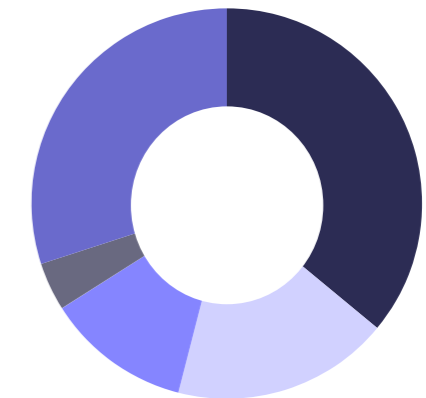
<1,000 sq ft	9%
1,001-2,500 sq ft	17%
2,501-5,000 sq ft	10%
5,001-10,000 sq ft	17%
10,001-20,000 sq ft	16%
>20,001 sq ft	31%

Q1 22 & Q2 22 TAKE UP

173,500 sq ft

TAKE UP BY OCCUPIER TYPE (Q1 22 & Q2 22)

Financial Services	36%
Real Estate	18%
DAMIT	12%
Bus & Prof Services	4%
Other	30%



TAKE UP (000's sq ft.)

GRADE A

GRADE B

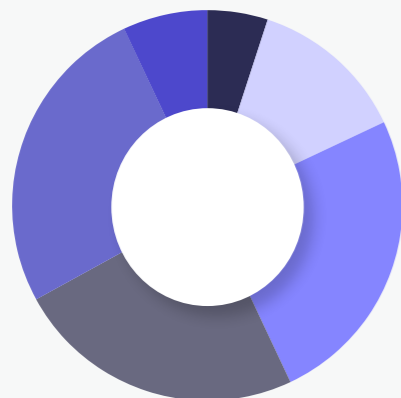
GRADE C

10 Year Average

SUPPLY

Supply has reduced steadily from the pandemic peaks recorded in early 2021 and is now almost 250,000 sq ft (41%) lower than Q1 2021 at 350,930 sq ft. The primary reduction in space has been in larger buildings, which has almost entirely been absorbed over the past 12-15 months. The only building able to accommodate a requirements above 20,000 sq ft in Soho is The Wingate on Shaftesbury Avenue, where 25,425 sq ft is still available.

AVAILABILITY BY FLOOR AREA (Q2 2022)



<1,000 sq ft	5%
1,001-2,500 sq ft	13%
2,501-5,000 sq ft	25%
5,001-10,000 sq ft	24%
10,001-20,000 sq ft	26%
>20,001 sq ft	7%

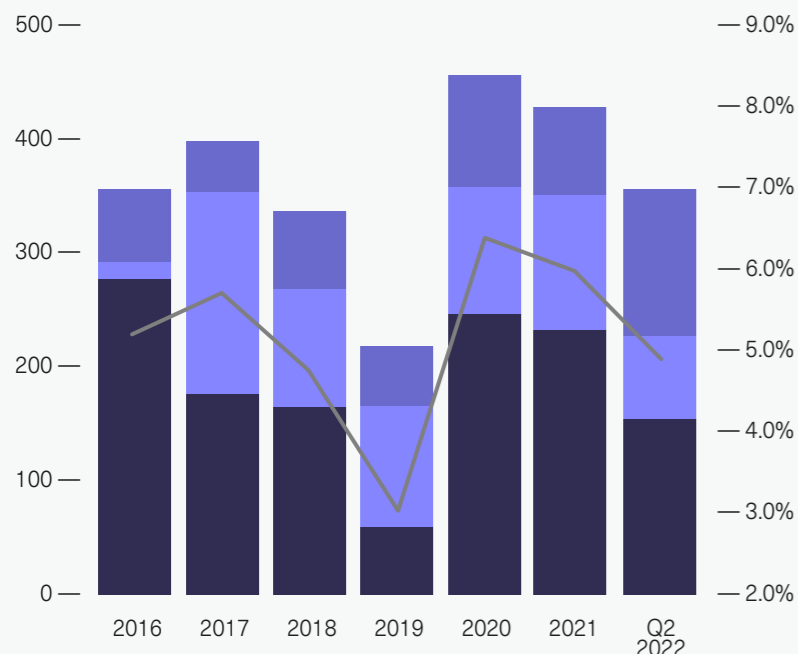
Q2 2022 Availability

350,930 sq ft

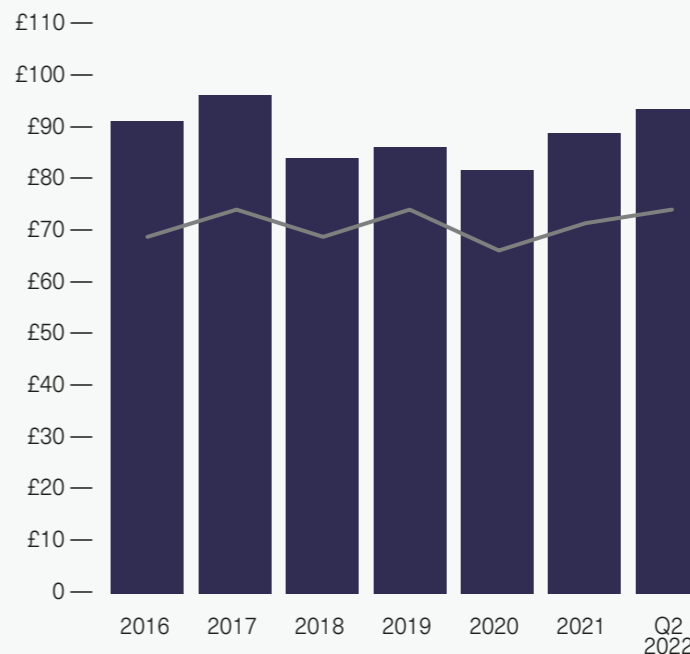
AVAILABILITY (000's sq ft.)

- GRADE A
- GRADE B
- GRADE C

Availability Rate



RENTAL VALUES



PRIME AND SECONDARY RENTAL GROWTH

GRADE A

Refurbished

SERVICED OFFICE DESK RATES Q2 2022

Lowest

£250

Highest

£1,150

RENTAL VALUES Q2 2022

PRIME

REFURBISHED

UNREFURBISHED

Q2 2022
£95.00

Q2 2022
£75.00

Q2 2022
£62.50

Q1 2022
£95.00

Q1 2022
£75.00

Q1 2022
£60.00

Change
0.0%

Change
0.0%

Change
4.2%



COVENT GARDEN OFFICE MARKET

COMMENTARY

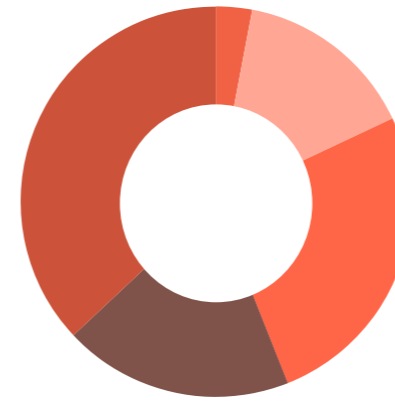
Take up in Covent Garden has remained below trend rates since the pandemic hit and despite an upturn in activity in Q4 2021 and Q1 2022, the past three months has seen a slowing. Total take up in Q2 2022 was 52,520 sq ft in 15 transactions, bringing year to date activity to 138,040 sq ft.

Only two deals completed above 10,000 sq ft in the second quarter, with the largest transaction being the 14,475 sq ft letting to Models 1 at The Market Exchange on Macklin Street. The other transaction above 10,000 sq ft was to beauty products group, Kao, who took the 11,420 sq ft 4th floor at L&G Investment Management's 6 Agar Street.

Prime rents and rents on refurbished space remained stable at £82.50 per sq ft and £72.50 per sq ft respectively at the end of Q2 2022. Prime rents are now 10.0% ahead of where they were 12 months ago as the confidence returns to the market. Rents on un refurbished space have slipped back to £55.00 per sq ft, primarily on the back of increasing supply in this sector of the market.

Availability down in Q2 2022
17%

TAKE UP



TAKE UP BY SIZE (Q1 22 & Q2 22)

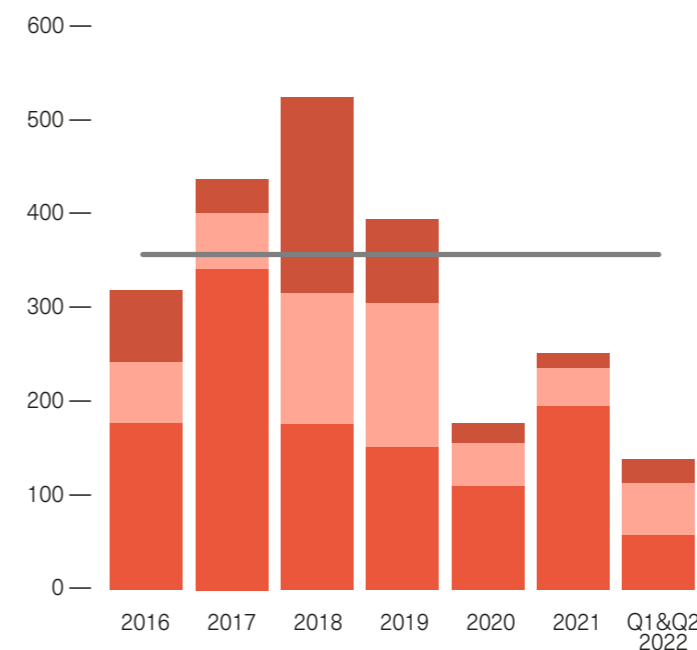
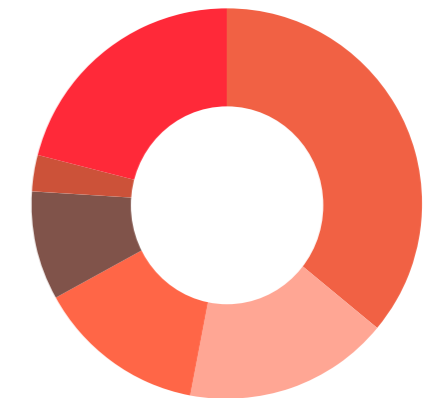
<1,000 sq ft	3%
1,001-2,500 sq ft	15%
2,501-5,000 sq ft	26%
5,001-10,000 sq ft	19%
10,001-20,000 sq ft	37%
>20,001 sq ft	0%

Q1 22 & Q2 22 TAKE UP

138,040 sq ft

TAKE UP BY OCCUPIER TYPE (Q1 22 & Q2 22)

Retailers	36%
Bus & Prof Services	17%
DAMIT	14%
Financial Services	9%
Real Estate	3%
Financial Services	21%



TAKE UP (000's sq ft.)

GRADE A

GRADE B

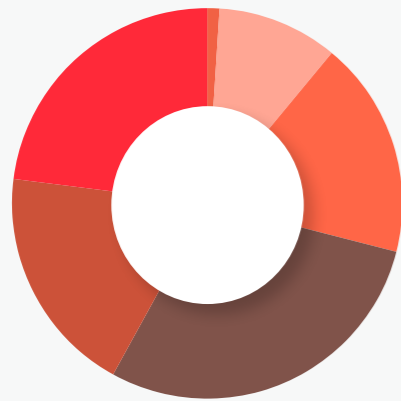
GRADE C

10 Year Average

SUPPLY

Supply in Covent Garden has been slow to recover since the pandemic having peaked later than most other markets (Q4 2021). Availability continued to edge downwards in Q2 2022 to 405,400 sq ft, only 17% below peak levels. Grade A supply has remained relatively stable and stands at 155,436 sq ft, with the largest Grade A space at the comprehensively refurbished Kodak building at 65 Kingsway. The main contraction in space has been in better quality second hand space, which is down by 25% at 162,825 sq ft.

AVAILABILITY BY FLOOR AREA (Q2 2022)



<1,000 sq ft	1%
1,001-2,500 sq ft	10%
2,501-5,000 sq ft	18%
5,001-10,000 sq ft	29%
10,001-20,000 sq ft	19%
>20,001 sq ft	23%

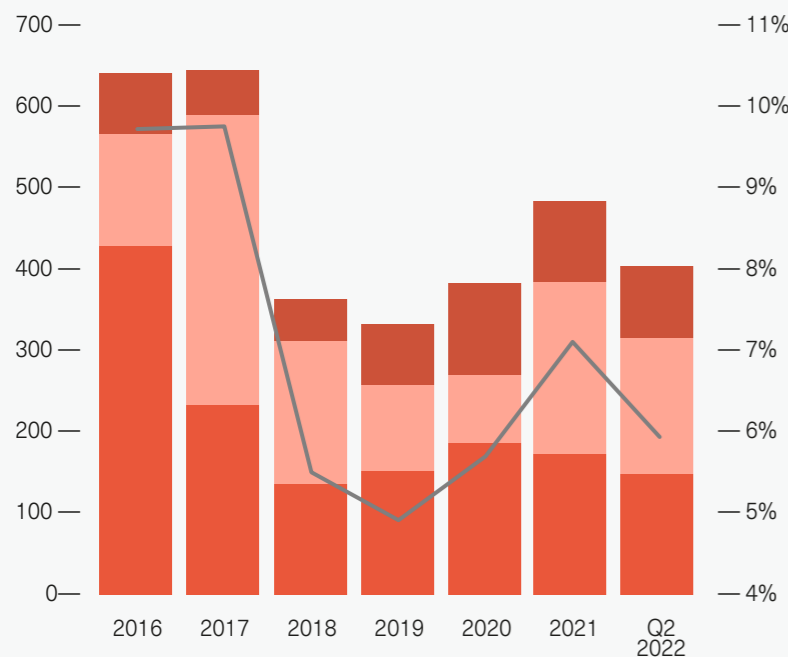
Q2 2022 Availability

405,400 sq ft

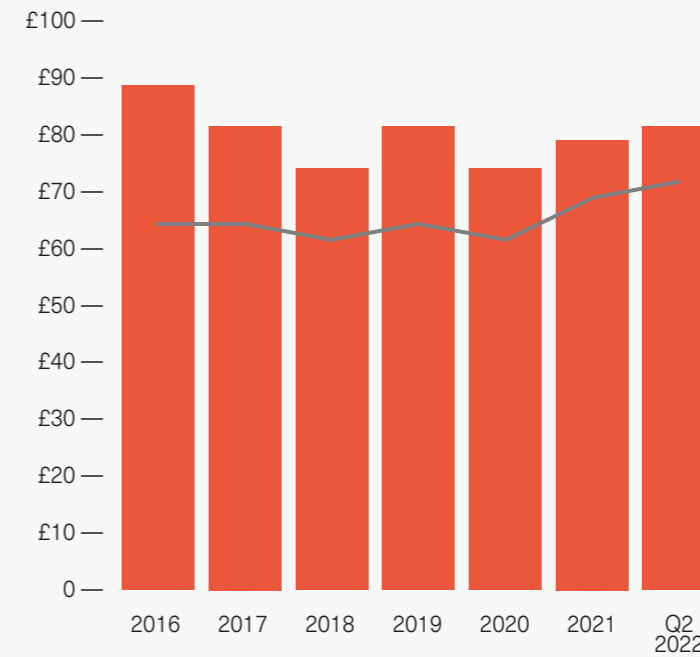
AVAILABILITY (000's sq ft.)

GRADE A
GRADE B
GRADE C

Availability Rate



RENTAL VALUES



PRIME AND SECONDARY RENTAL GROWTH

GRADE A

Refurbished

SERVICED OFFICE DESK RATES Q2 2022

Lowest

£400

Highest

£900

RENTAL VALUES Q2 2022

PRIME

REFURBISHED

UNREFURBISHED

Q2 2022

£82.50

Q2 2022

£72.50

Q2 2022

£55.00

Q1 2022

£82.50

Q1 2022

£72.50

Q1 2022

£57.50

Change

0.0%

Change

0.0%

Change

-4.3%



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