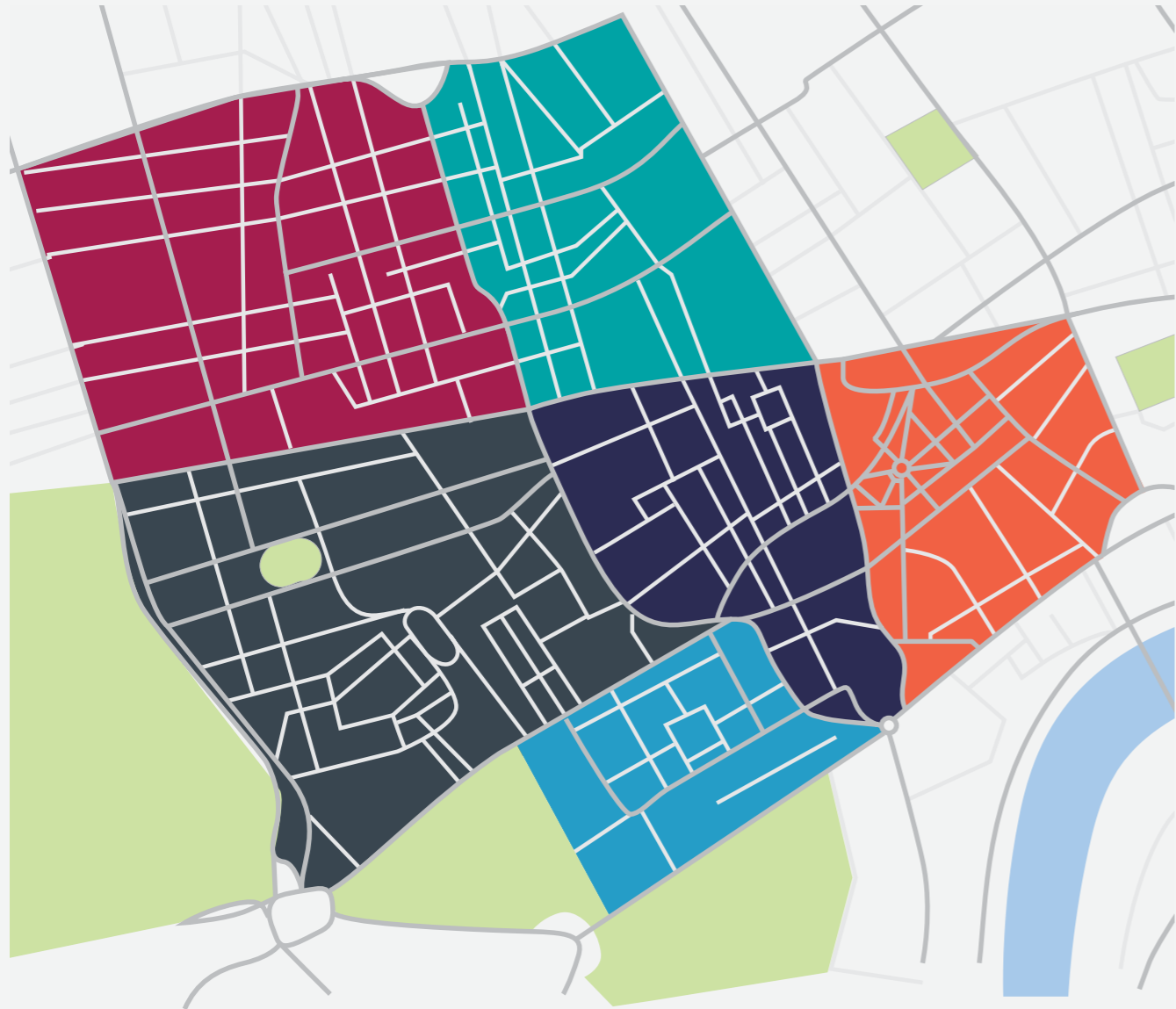


WEST END
OFFICES
**SUBMARKETS
RESEARCH**

— Q3 2020





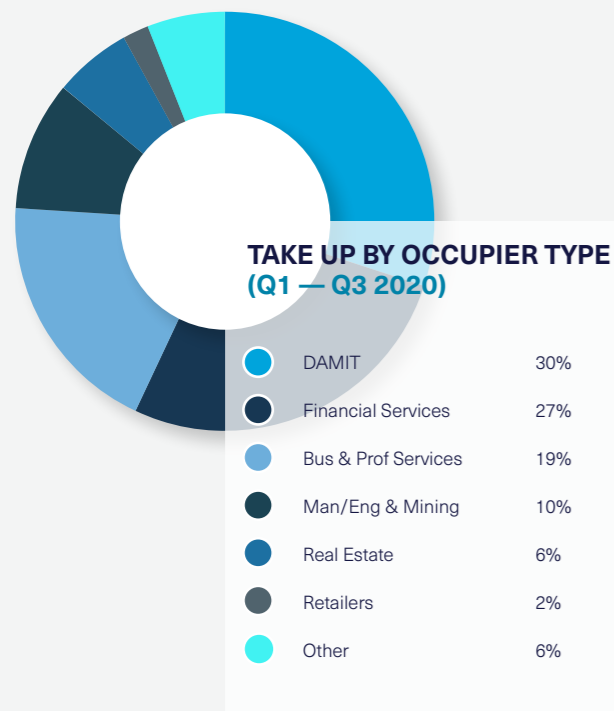
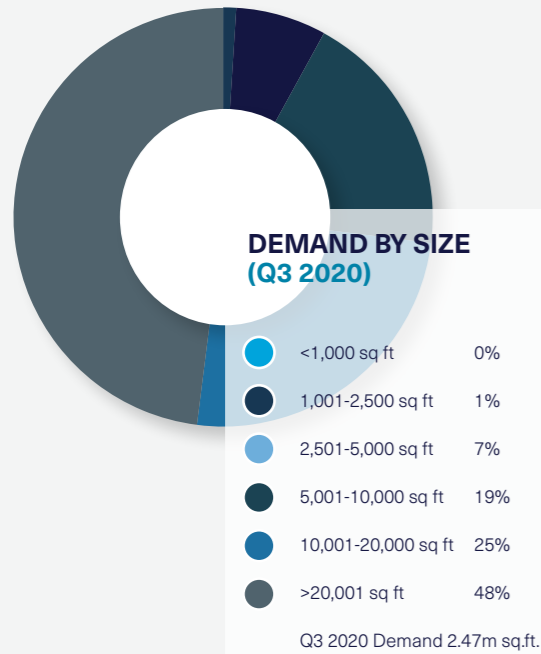
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WEST END OFFICE MARKET

COMMENTARY

TAKE UP & DEMAND



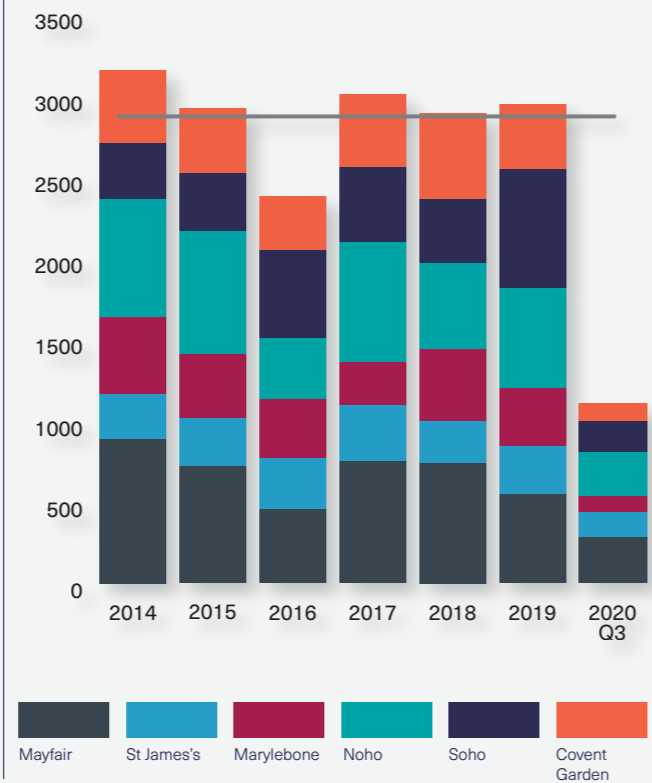
Activity in the 'core' West End markets continued to be impacted by the Covid-19 pandemic in Q3 2020, with a total of 307,025 sq ft of take up recorded across 59 transactions. This brings the year to date take up figure for the West End to 1.13m sq ft in 276 transactions, some 48% below the long run trend level of activity for the market.

The creative sector has been the most active throughout the downturn, with several larger deals boosting take up of the sector. The largest deal in the quarter was Netflix (UK) taking over Capita's lease on 87,150 sq ft The Copyright Building on Berners Street, whilst G Network took 32,808 sq ft at The Crown Estate's recently refurbished 5&7 Swallow Place.

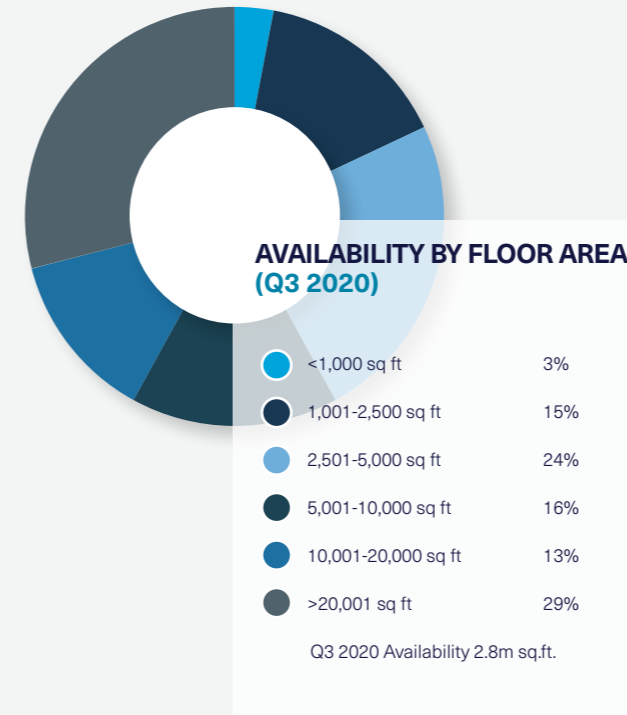
There has been a general release of space onto the market over the past six months as occupiers have sought to reduce their workspace in the light of home working. Overall availability in the 'core' West End markets increased by 475,825 sq ft to 2.76m sq ft at the end of Q3, bringing the overall increase in availability in the year to date to 620,000 sq ft. Despite this, the availability rate currently remains well below the long run average of 6.5%, standing at 5.4%.

The 37% fall in demand that was recorded at the end of Q2 was partially reversed in Q3, with overall requirements recovering to 2.47m sq ft. This partial recovery still leaves overall demand some 19% below the levels recorded at the end of Q1. The dynamics of demand remain similar, with 48% of requirements for more than 20,000 sq ft, still significantly ahead of supply in this sector of the market. The financial services sector continues to dominate demand in the 'core' West End market, accounting for 35% of the total.

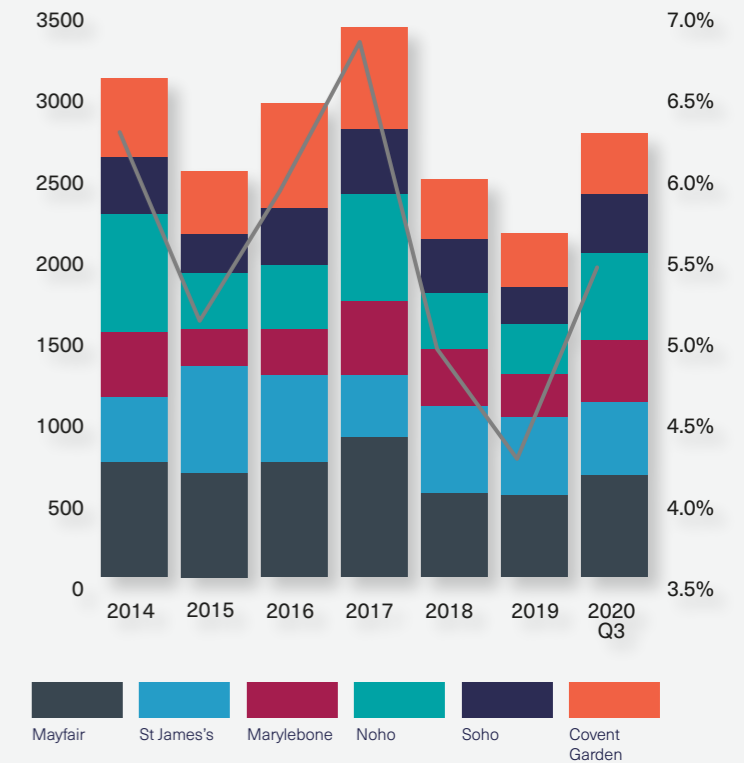
WEST END TAKE UP (000's sq ft.)



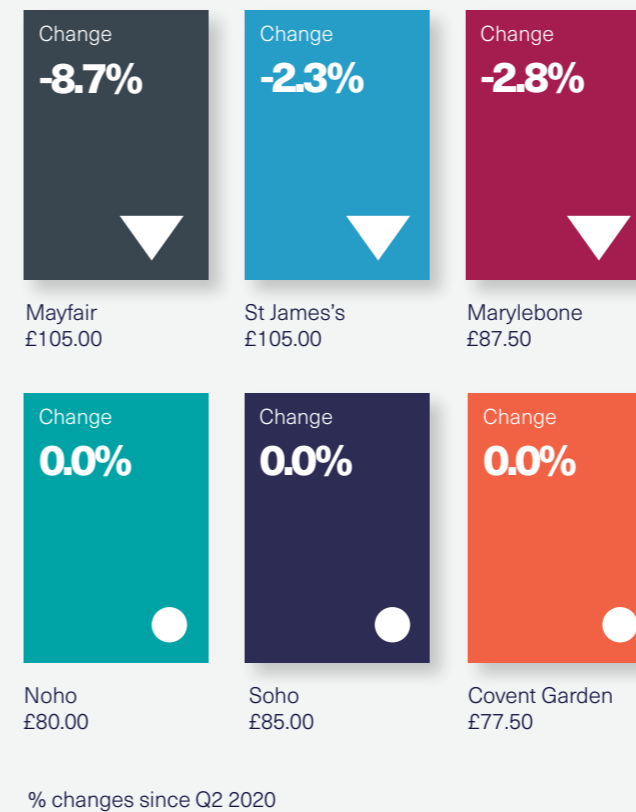
SUPPLY



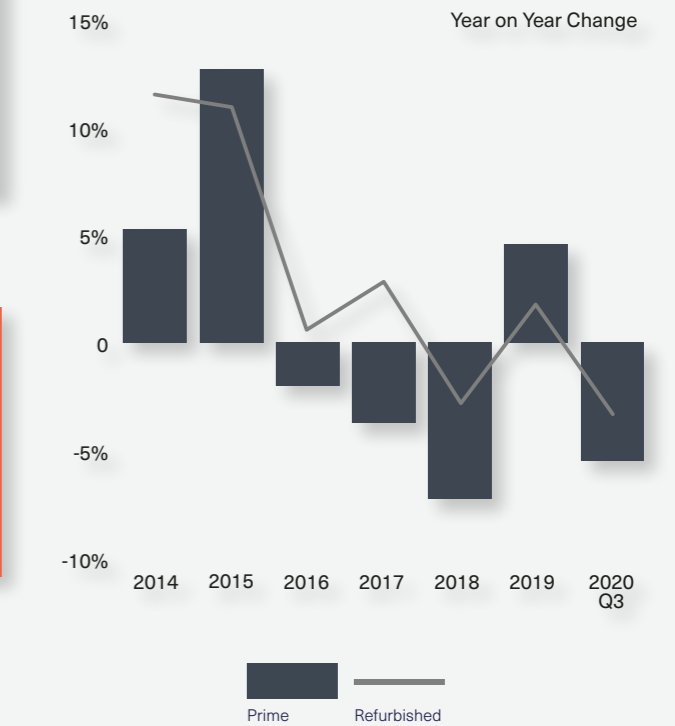
WEST END AVAILABILITY (000's sq ft.)



PRIME RENTAL VALUES



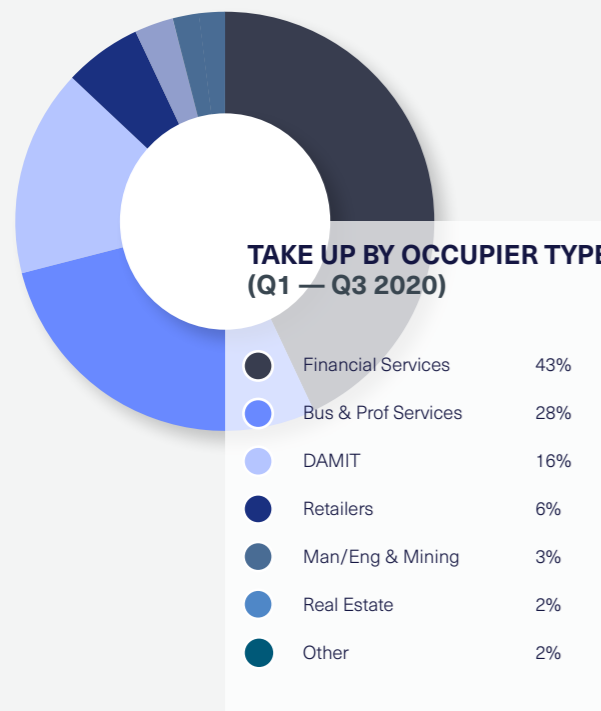
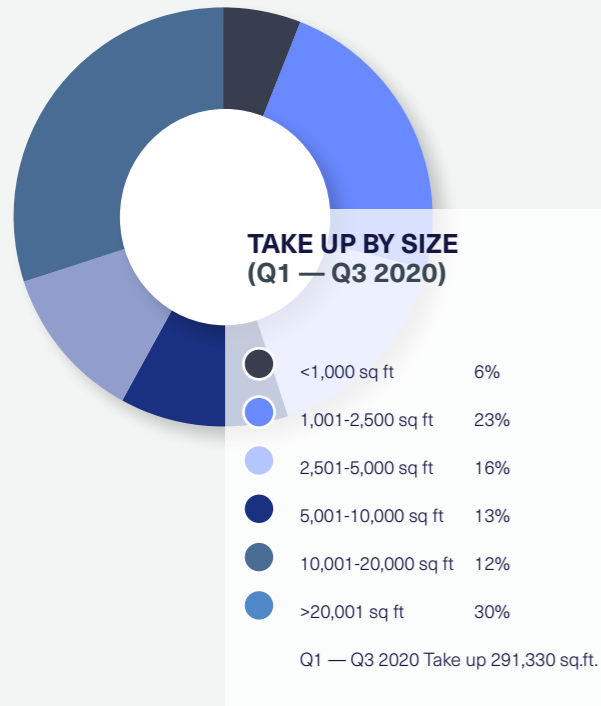
PRIME & SECONDARY RENTAL GROWTH



MAYFAIR OFFICE MARKET

COMMENTARY

TAKE UP & DEMAND



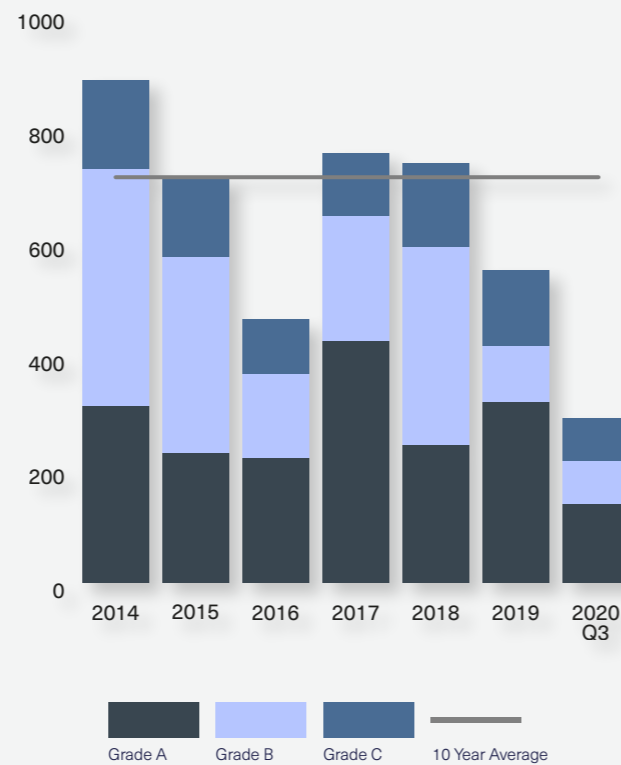
Early indications show that take up in Mayfair in the first three quarters of 2020 was 291,330 sq ft in 91 transactions, some 46% below the trend rate of activity for the market. Take up was again focused on Grade A space, which has accounted for almost one half of all letting activity in the year to date.

The largest transaction in Q3 2020 was the 24,000 sq ft letting to G Network at The Crown Estate's recently refurbished 7 Swallow Place. G Network also acquired 8,707 sq ft in the adjacent building 5 Swallow Place in a separate transaction.

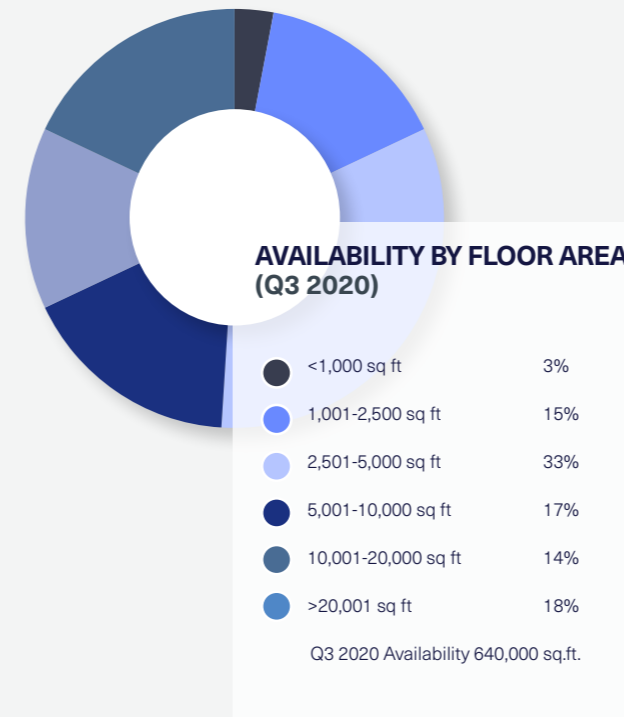
Supply in Mayfair has increased by 25% (127,900 sq ft) since the start of the year, rising to 639,970 sq ft at the end of Q3 2020. Grade A availability accounts for the entire increase of space on the market as tenants have released space onto the market, rising from 159,100 sq ft at the start of the year to 313,000 sq ft at the end of September.

Prime rents in Mayfair slipped back to £105.00 per sq ft, levels last seen at the start of the recovery from the financial crisis in 2013. This brings the fall in prime rents in the year to date to 10.6%. Rents on both refurbished and unrefurbished space also eased, falling to £82.50 per sq ft (down by 5.7% since the start of the year) and £60.00 per sq ft (down 11.1%) respectively.

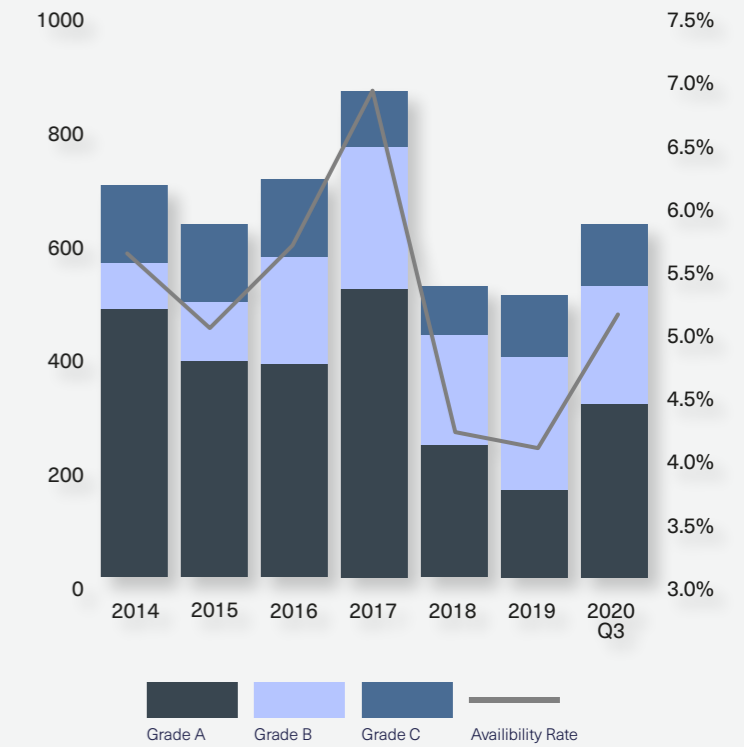
MAYFAIR TAKE UP (000's sq ft.)



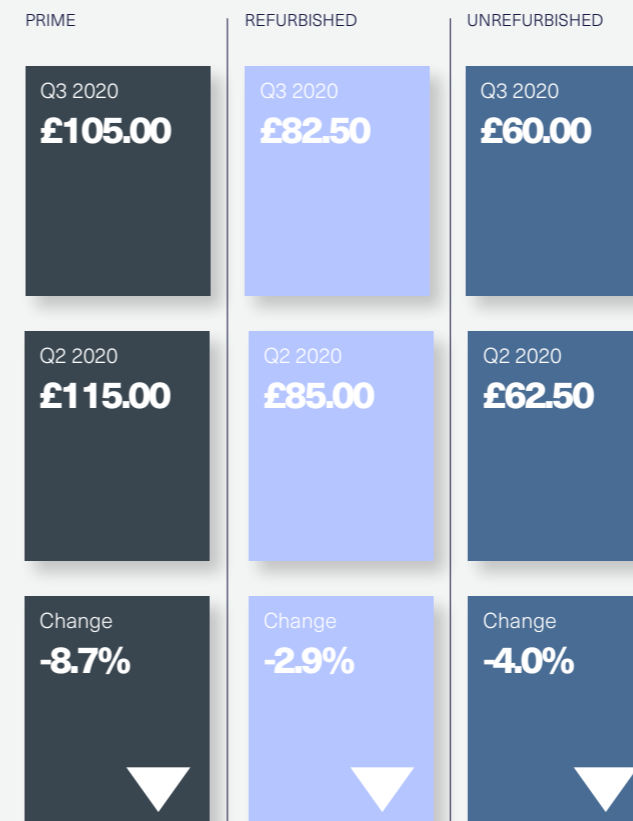
SUPPLY



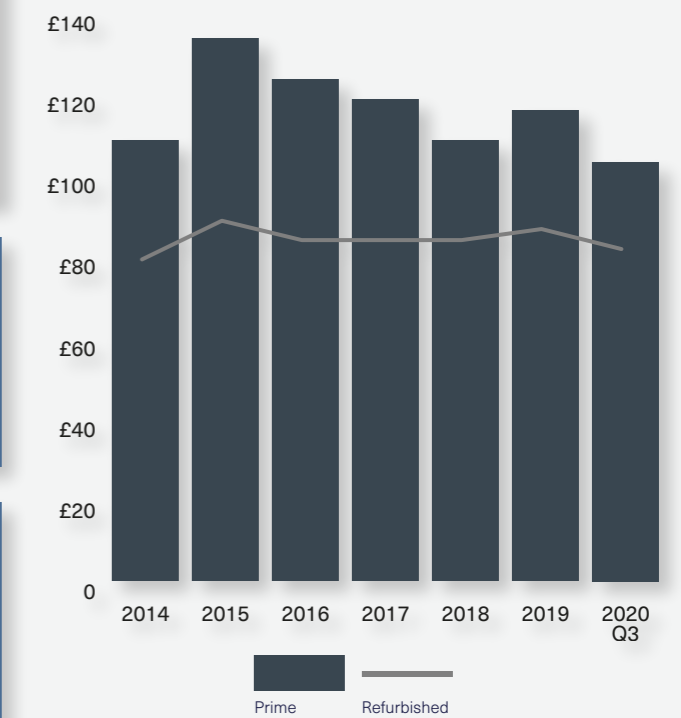
MAYFAIR AVAILABILITY (000's sq ft.)



RENTAL VALUES



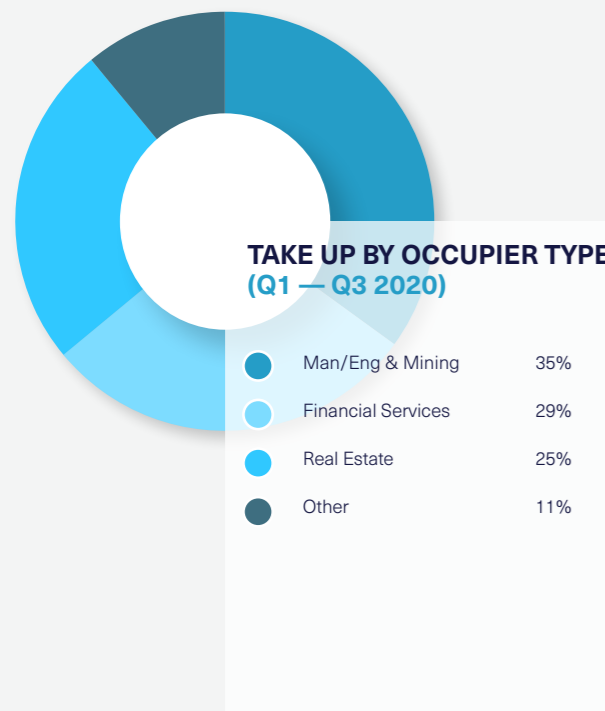
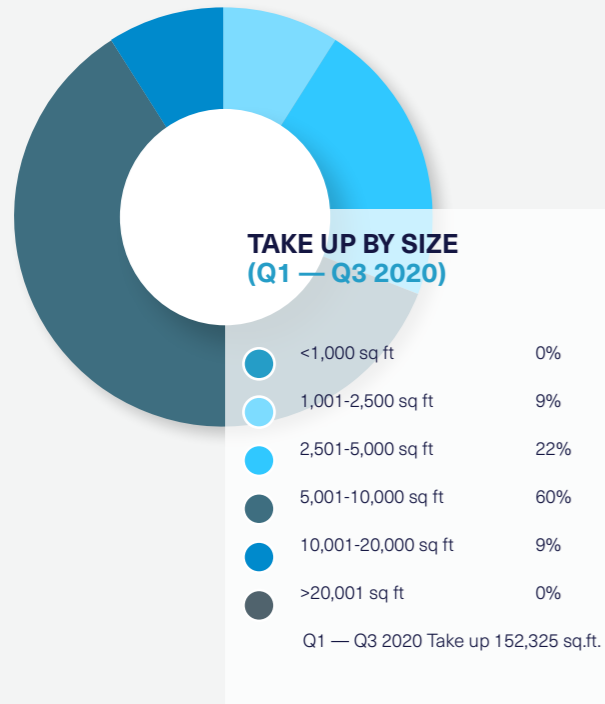
PRIME & SECONDARY RENTAL GROWTH



ST JAMES'S OFFICE MARKET

COMMENTARY

TAKE UP & DEMAND



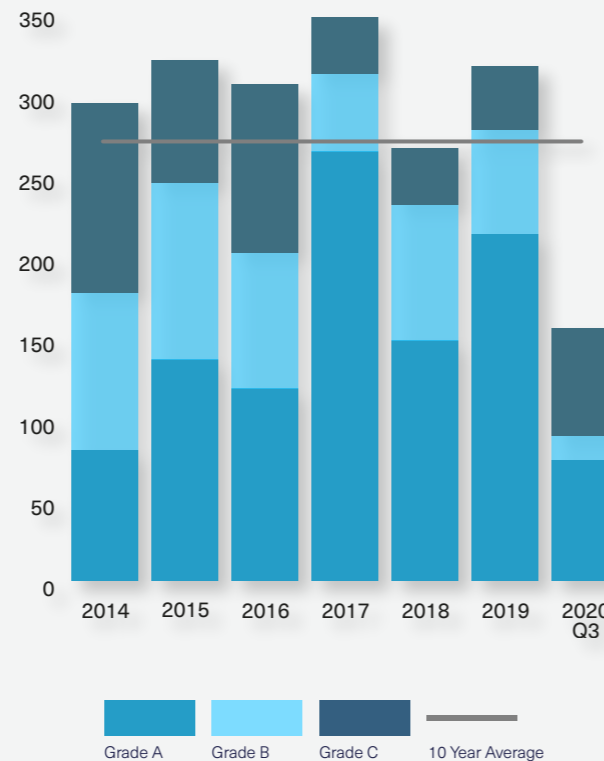
Take up in the St James's market has slowed since lockdown, following a strong first quarter of the year. Total activity in the first three quarters of the year is 152,325 sq ft in 35 transactions, with a lack of larger lettings completing.

Take up in Q3 2020 was dominated by two lettings at WELPUT's recently refurbished 20 St James's Street, with OurOnyx taking 6,912 sq ft and Harrison Street Real Estate Capital 6,540 sq ft. The final floor at The Crown Estate's The Marq, 32 Duke Street was also taken, with 6,331 sq ft on the 1st floor being let to Millennium.

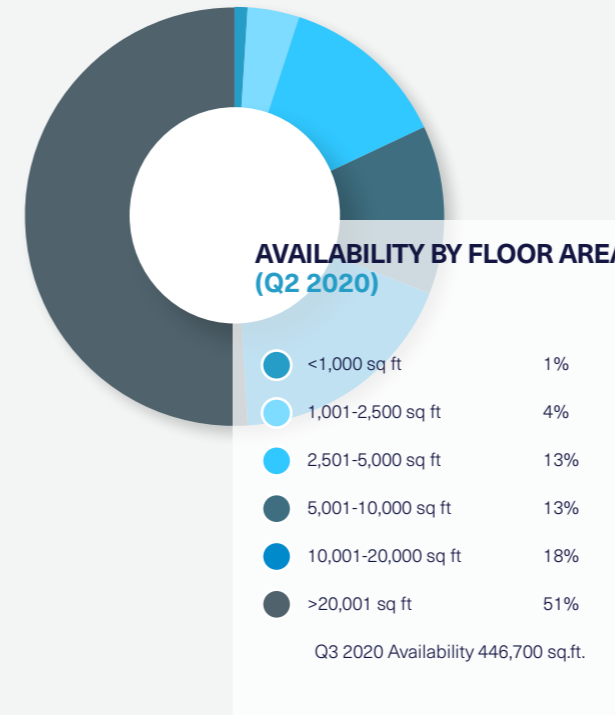
Supply has fluctuated around 450,000 sq ft over the first three quarters of the year and ended Q3 at 446,700 sq ft, slightly down on the figure at the end of 2019. Grade A supply continues to dominate availability, with both One Jermyn Street (120,000 sq ft) and 6 St James's Square (53,479 sq ft) accounting for 54% of Grade A space on the market.

Prime rents in St James's started to adjust in mid 2019, ahead of Brexit and before the impacts of the pandemic. The current prime rent is £105 per sq ft, a level last seen in 2013, and values are down by 4.5% since the start of the year. Rents on refurbished and unrefurbished space are also down, falling by 3.2% and 7.7% to £75 per sq ft and £60 per sq ft respectively.

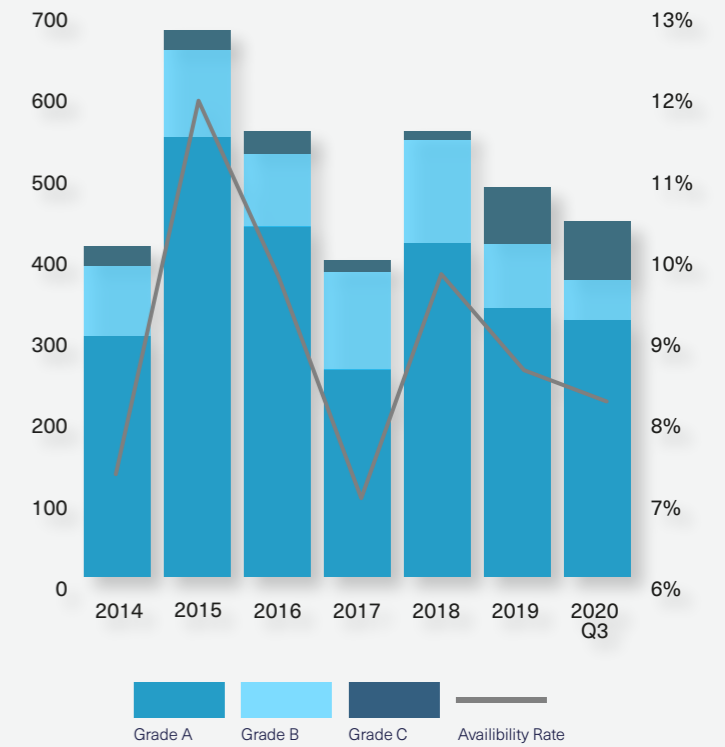
ST JAMES'S TAKE UP (000's sq ft.)



SUPPLY



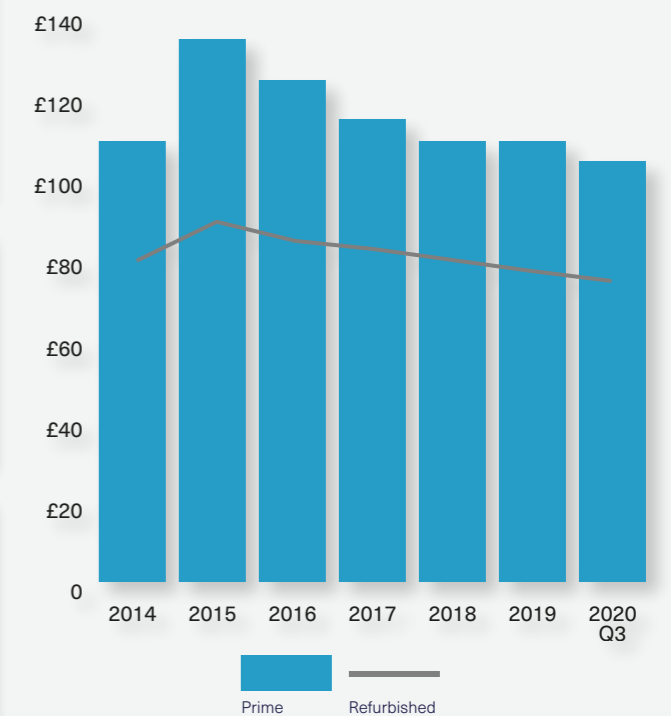
ST JAMES'S AVAILABILITY (000's sq ft.)



RENTAL VALUES



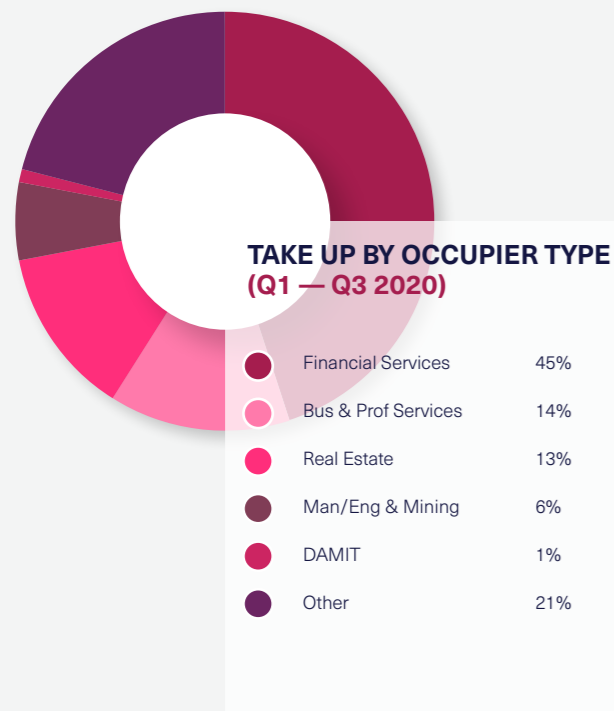
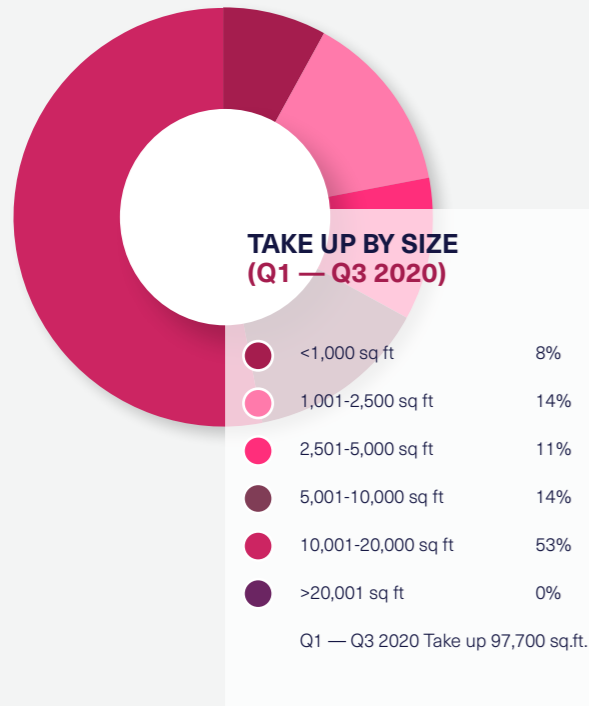
PRIME & SECONDARY RENTAL GROWTH



MARYLEBONE OFFICE MARKET

COMMENTARY

TAKE UP & DEMAND



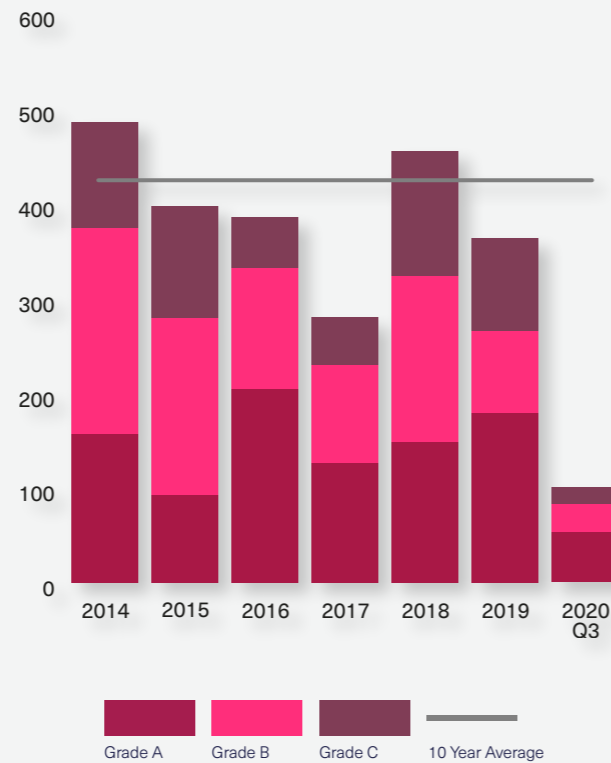
Marylebone market has been one of the West End sub markets most significantly impacted by the pandemic lockdown, with take up in the first three quarters of the year of 97,700 sq ft, some 70% below the trend level of activity. In the year to date, there have been a total of 33 transactions although two thirds of these completed in Q1.

The largest deal in Q3 2020 was the 18,237 sq ft letting to HCA Healthcare at Howard deWalden Estate's recently refurbished 2 Cavendish Square. Financial services companies continued to be the dominant tenant type in the Marylebone market accounting for 45% of the year to date activity.

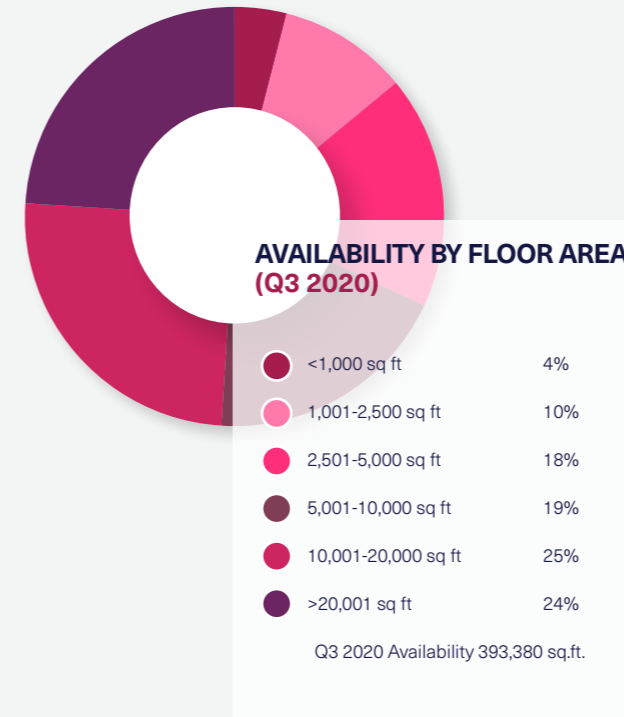
Supply has risen by 43% since the end of 2019, ending Q3 at 393,380 sq ft. Despite this increase, Marylebone continue to have the lowest availability rate amongst the West End market, standing at 4.0%. Grade A supply represents just 30% of total availability, the lowest level in the main West End markets.

Prime rents in Marylebone continued to ease back in Q3 2020, moving to £87.50 per sq ft for the first time since early 2019. Rents on refurbished and unrefurbished space also fell back over the past quarter, moving to £72.50 per sq ft and £60.00 per sq ft respectively.

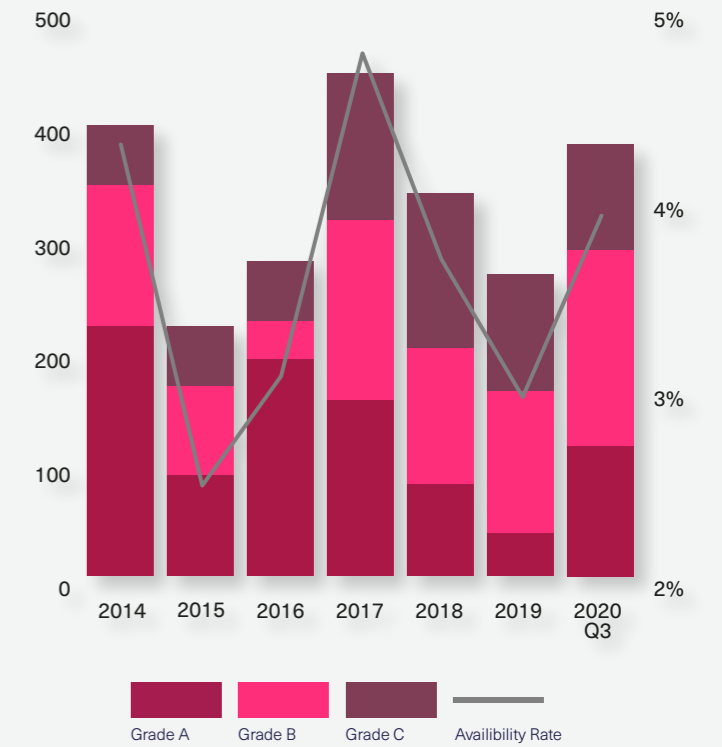
MARYLEBONE TAKE UP (000's sq ft.)



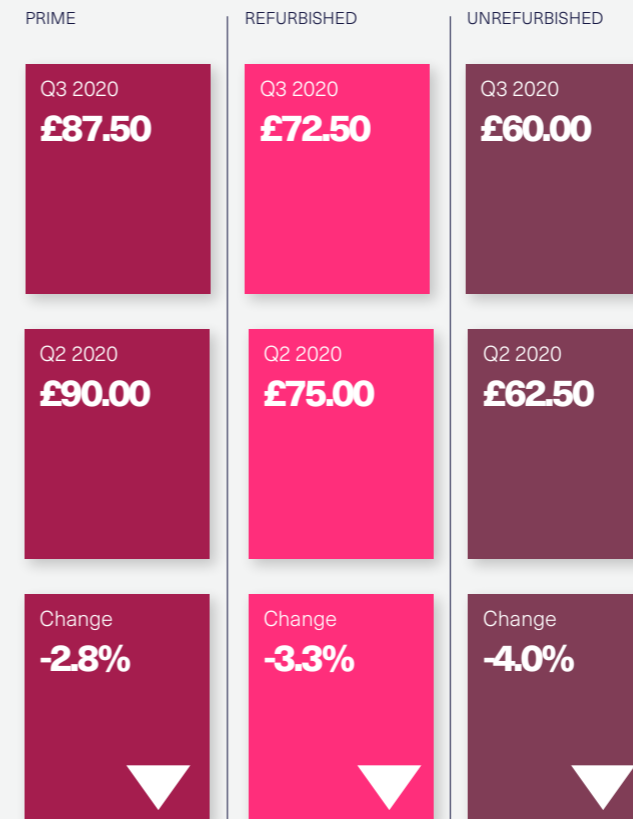
SUPPLY



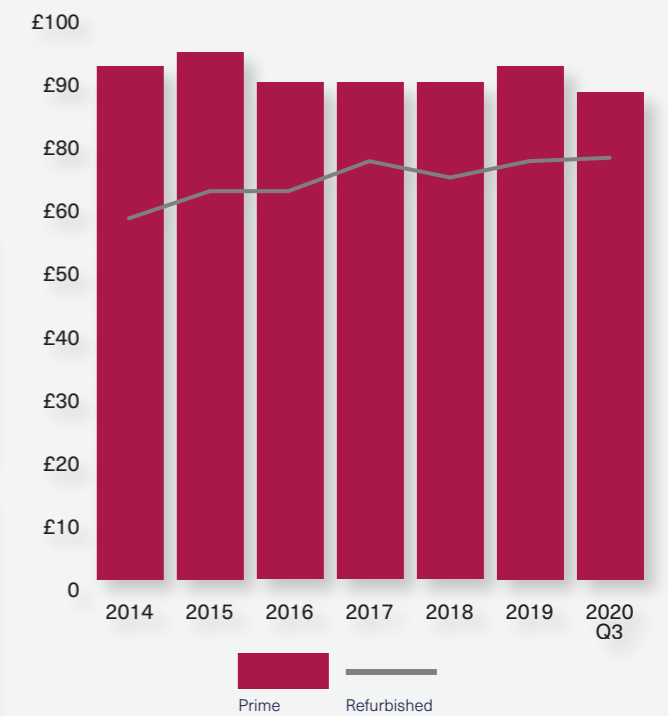
MARYLEBONE AVAILABILITY (000's sq ft.)



RENTAL VALUES



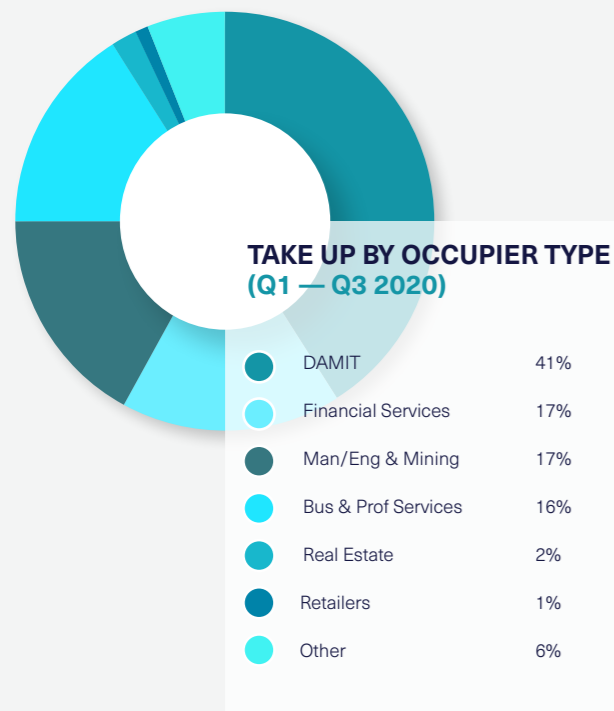
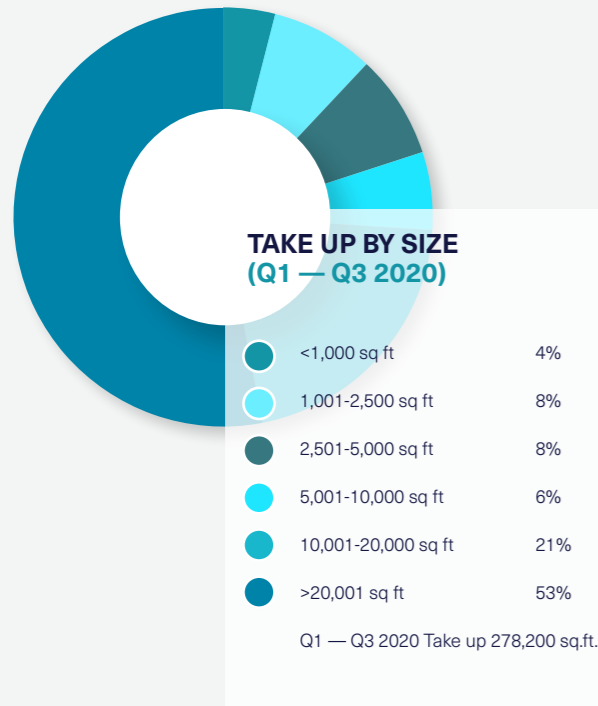
PRIME & SECONDARY RENTAL GROWTH



NOHO OFFICE MARKET

COMMENTARY

TAKE UP & DEMAND



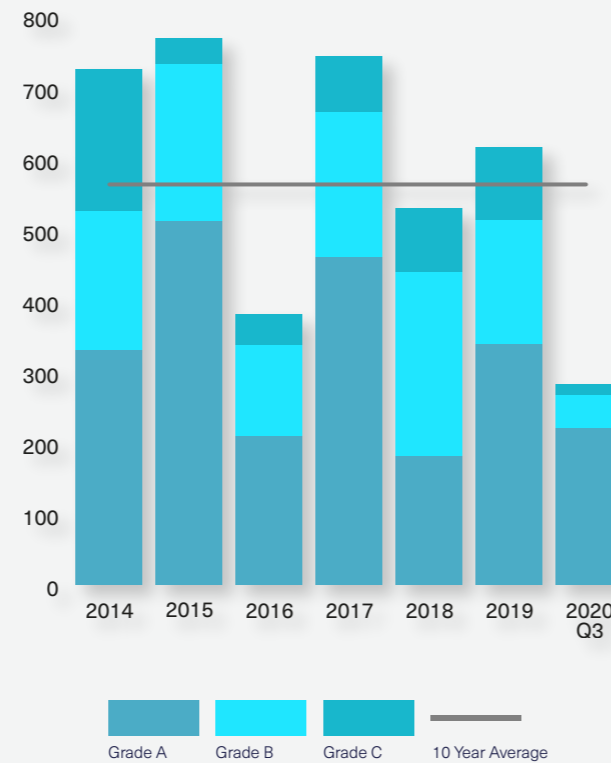
Noho continued to be one of the strongest sub markets in Q3, with take up of 117,370 sq ft over the quarter, bringing activity in the first nine months to 278,200 sq ft. Activity has been focused on Grade A space, which accounts for 79% of the years take up.

Noho saw the largest transaction in the West End in the quarter, the 87,150 sq ft letting of The Copyright Building on Berners Street to Netflix (UK). Netflix took over the lease from Capita, who pre let the building in 2016 on a 20 year term. Capita have stated that they intend to close one third of their offices over the coming months.

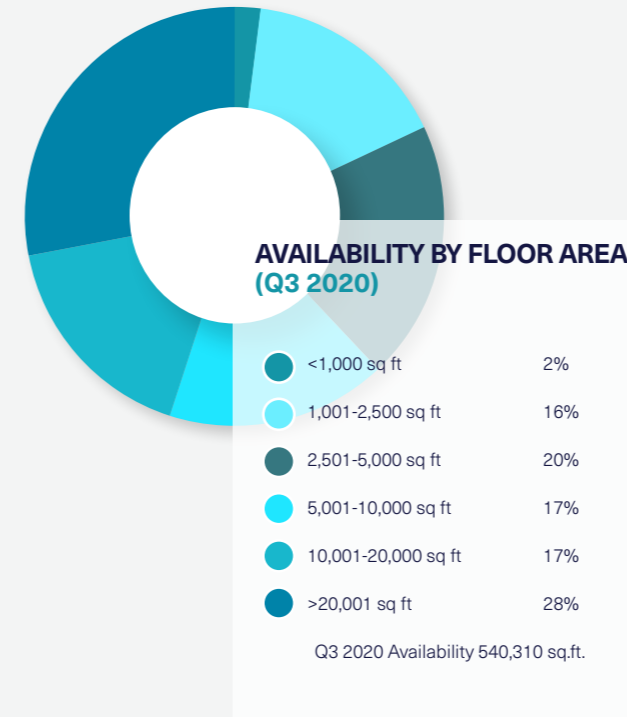
Supply in Noho has increased by 220,250 sq ft since the start of 2020, rising to 540,310 sq ft at the end of Q3. The majority of the rise in availability has been in Grade A accommodation, which has risen to 253,820 sq ft as a number of occupiers have released space onto the market. The most significant re marketing of space is at 80 Charlotte Street, where Arup have placed 80,500 sq ft on the market.

Prime rents in Noho remained stable at £80.00 per sq ft in Q3, one of only two sub markets to see this. Rents on both refurbished and unrefurbished space unsurprisingly edged lower, moving to £62.50 per sq ft and £52.50 per sq ft respectively.

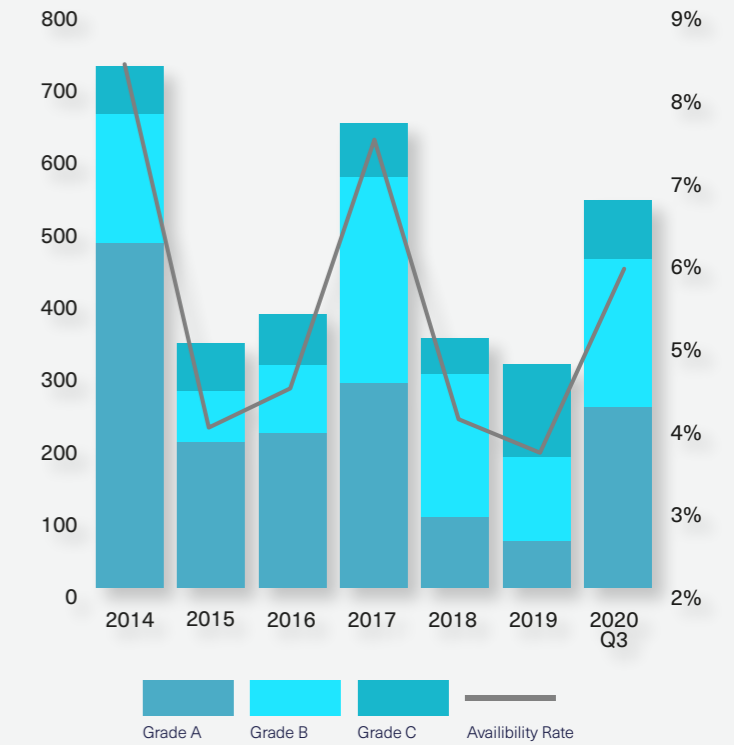
NOHO TAKE UP (000's sq ft.)



SUPPLY



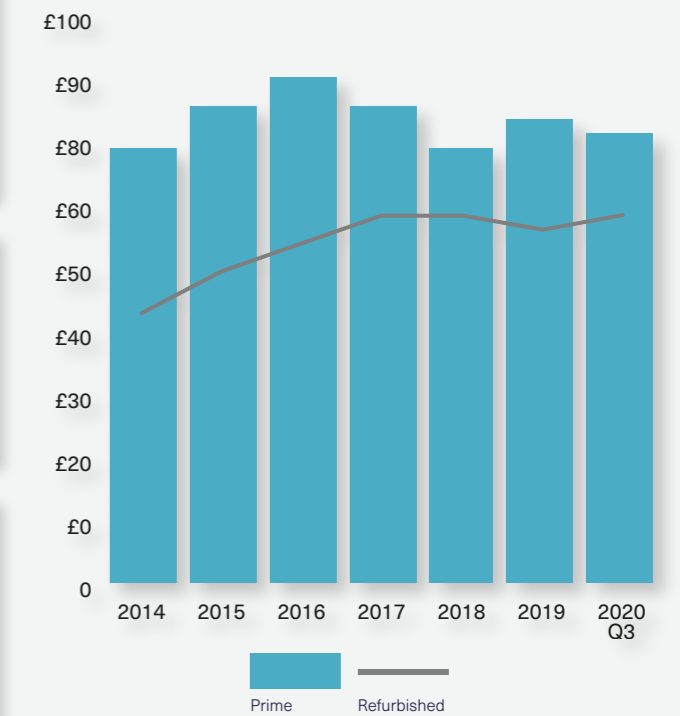
NOHO AVAILABILITY (000's sq ft.)



RENTAL VALUES



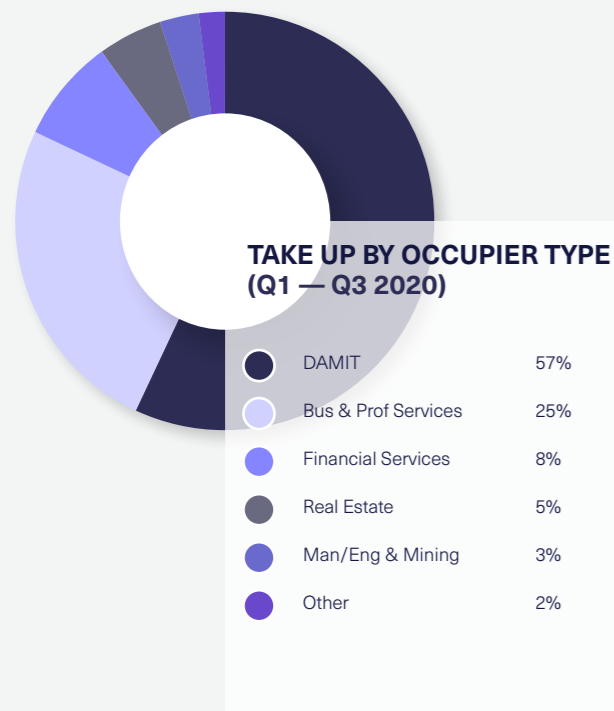
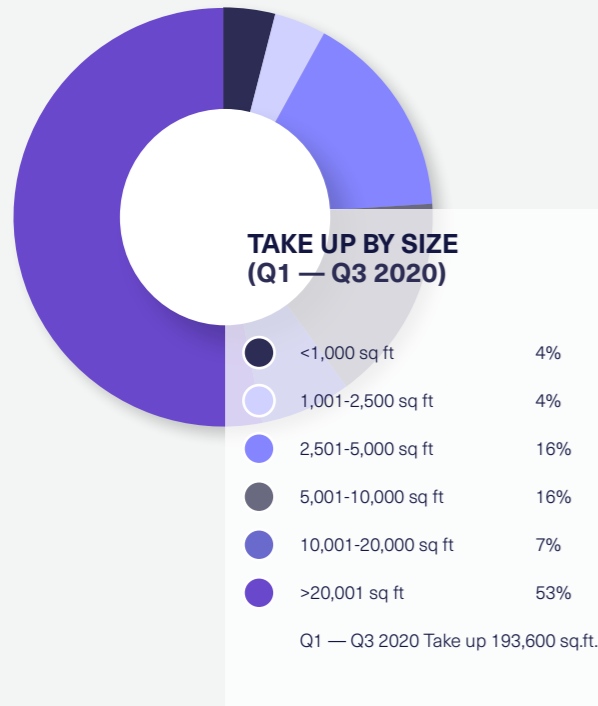
PRIME & SECONDARY RENTAL GROWTH



SOHO OFFICE MARKET

COMMENTARY

TAKE UP & DEMAND



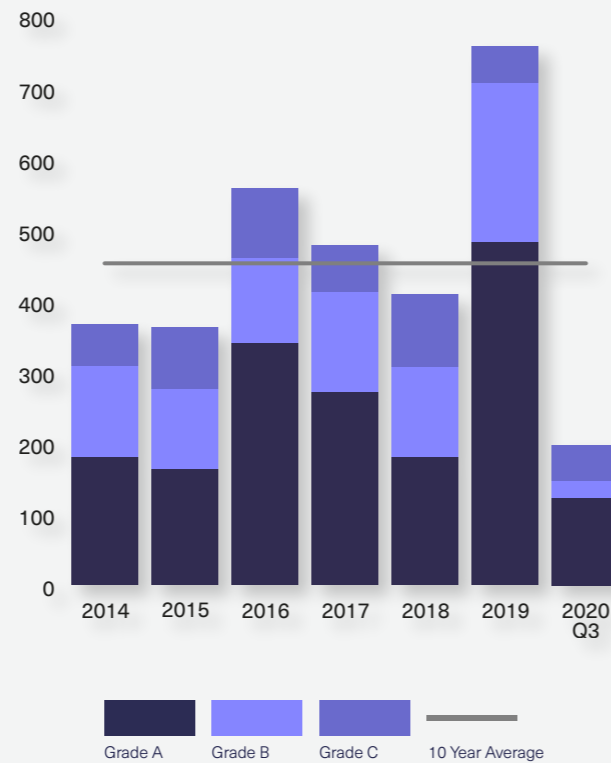
Take up slowed in the Soho market in Q3, with only 15,740 sq ft of lettings completing. This follows a good period of activity in the Soho market in 2019 and the first six months of this year. Total take up in the year to date is 193,600 sq ft across 41 transactions.

The largest transaction in the year to date continues to be the 65,900 sq ft pre let to Roxor Gaming at 25 Golden Square in Q2, with the largest transaction in the third quarter being the 5,950 sq ft letting to Nuance Communications at 33-34 Soho Square.

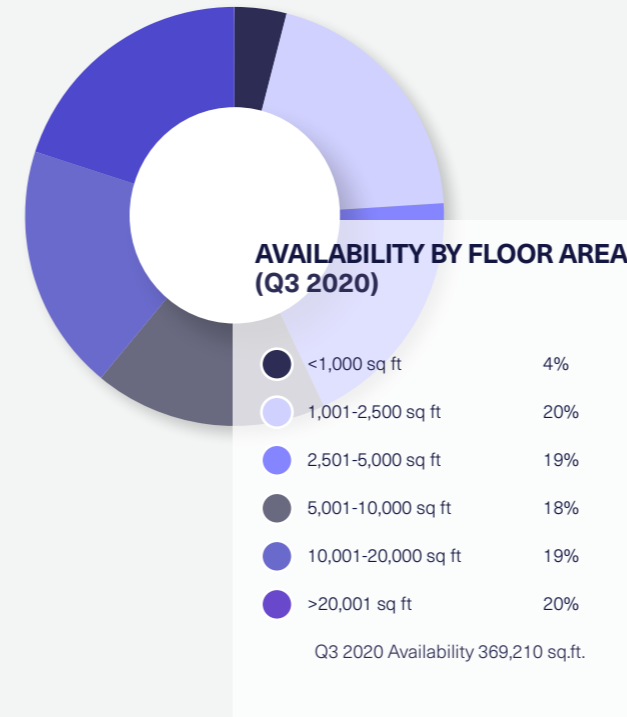
Soho has seen one of the most significant increases in availability amongst the West End sub markets since the start of the year, with total supply rising by 152,30 sq ft to 369,210 sq ft at the end of September 2020. The rise in supply has been almost entirely due to the increase in Grade A space, which accounts for 57% of overall space on the market. The largest Grade A space is at 10 Great Pulteney Street, where 45,130 sq ft is on the market.

Prime rents and rents on unrefurbished space in Soho remained stable at £85.00 per sq ft and £57.50 per sq ft and still offers some of the best space on the market for occupiers in the 'creative' sector. Rents on refurbished space eased back once again, falling to £70.00 per sq ft. a level last seen at the end of 2018.

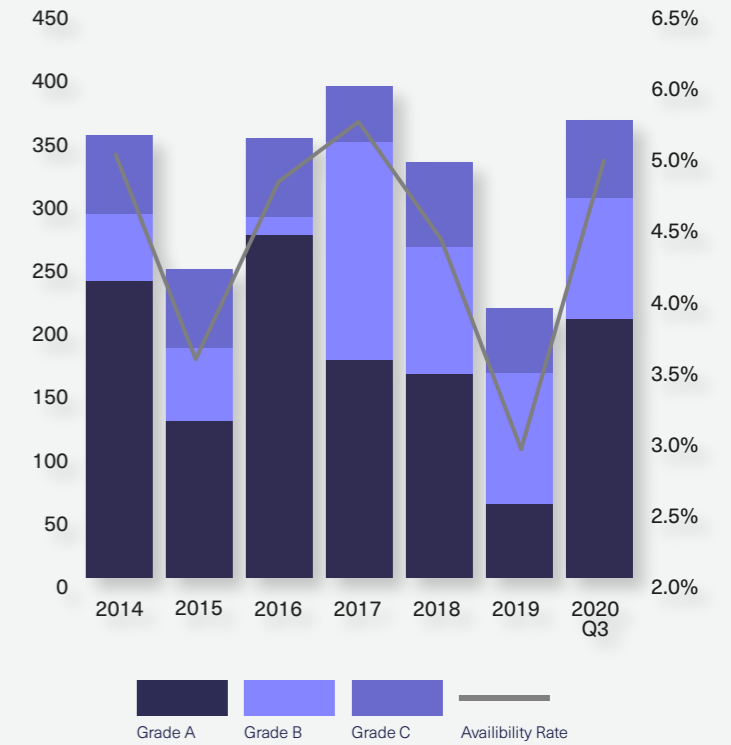
SOHO TAKE UP (000's sq ft.)



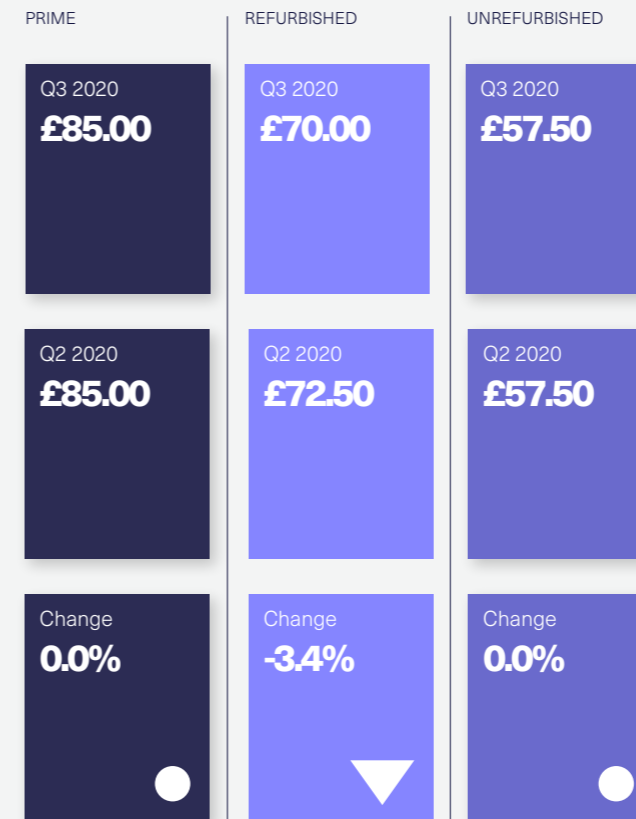
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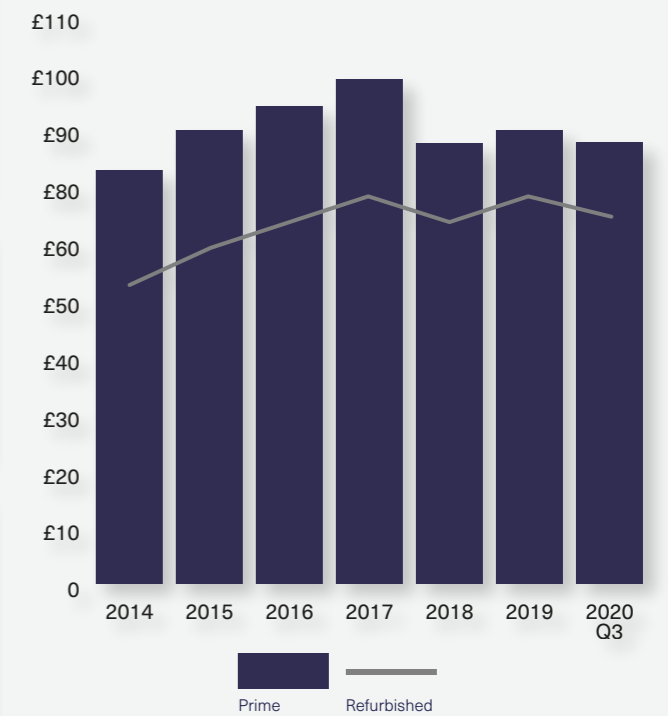
SOHO AVAILABILITY (000's sq ft.)



RENTAL VALUES



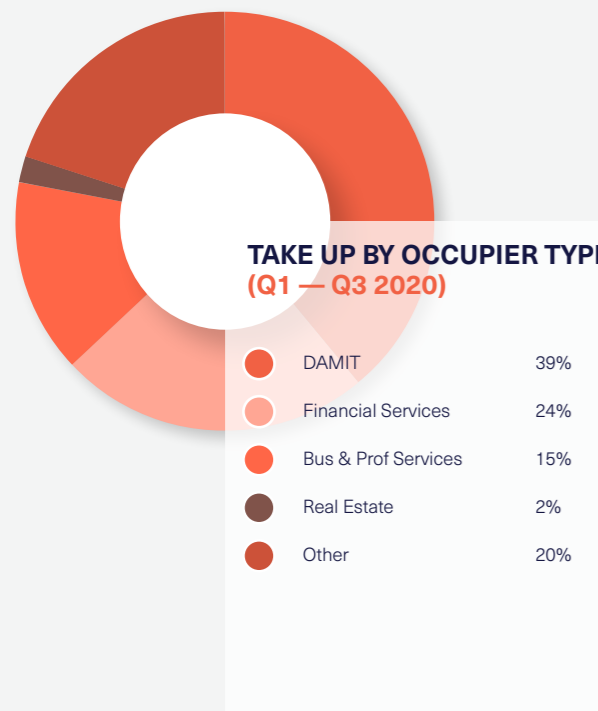
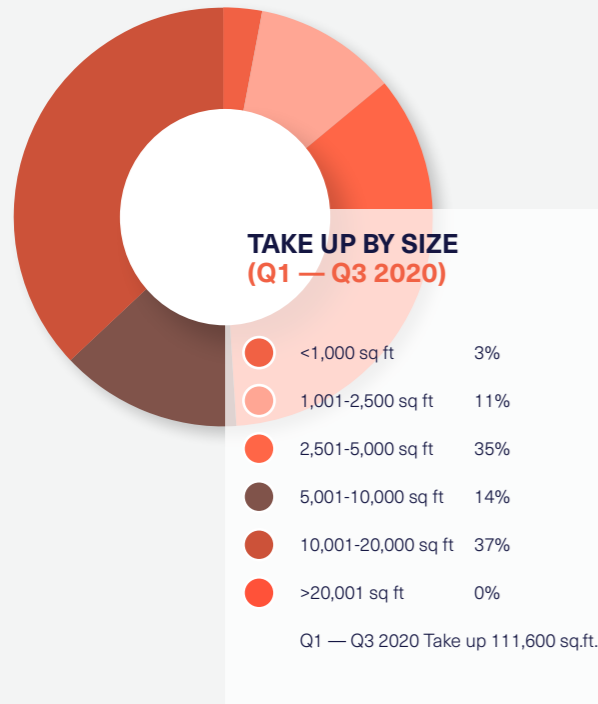
PRIME & SECONDARY RENTAL GROWTH



COVENT GARDEN OFFICE MARKET

COMMENTARY

TAKE UP & DEMAND



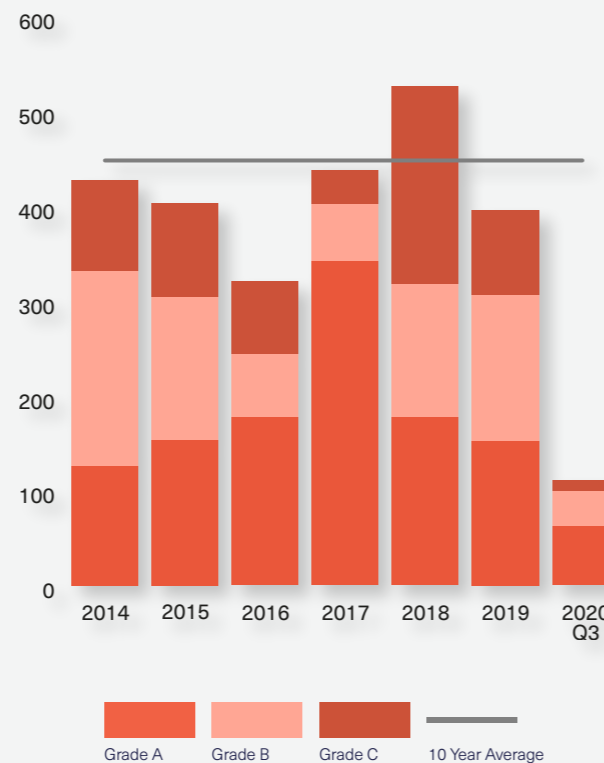
Covent Garden has been one of the markets most significantly impacted by the pandemic, with take up falling 67% below trend levels in the first three quarters of the year. Take up for the nine months is 111,600 sq ft in 30 transactions, with Q3 seeing a bounceback from a very weak second quarter.

Take up in Q3 was 44,411 sq ft, with the two largest transactions in the Covent Garden market completing during the quarter. The largest transaction was the 17,000 sq ft letting to Peleton at 110 Long Acre, whilst software group Autodesk took 12,830 sq ft at 6 Agar Street.

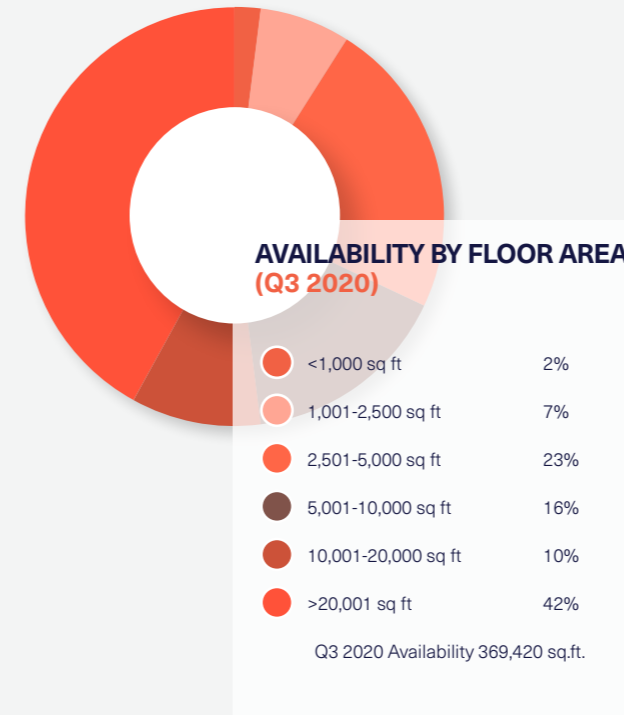
Supply in Covent garden has only edged up slightly over the year, rising by 10% to 369,420 sq ft, with the increase in availability due to a release of unrefurbished space onto the market. Grade A supply accounts for 41% of overall stock on the market, with the largest space at 1 Kingsway, where 40,480 sq ft is available over three floors.

Prime rents in Covent Garden adjusted down to £77.50 per sq ft in the first six months of the year and remained stable at that level in Q3. Rents on refurbished space have remained at £65.00 per sq ft, with relatively low levels of stock in this sector of the market. Rents on unrefurbished space slipped to £52.50 per sq ft.

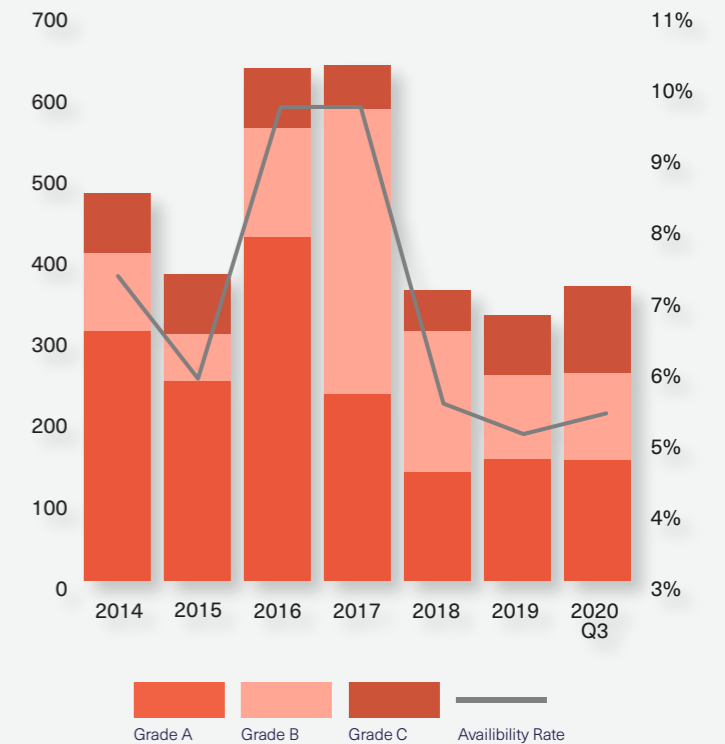
COVENT GARDEN TAKE UP (000's sq ft.)



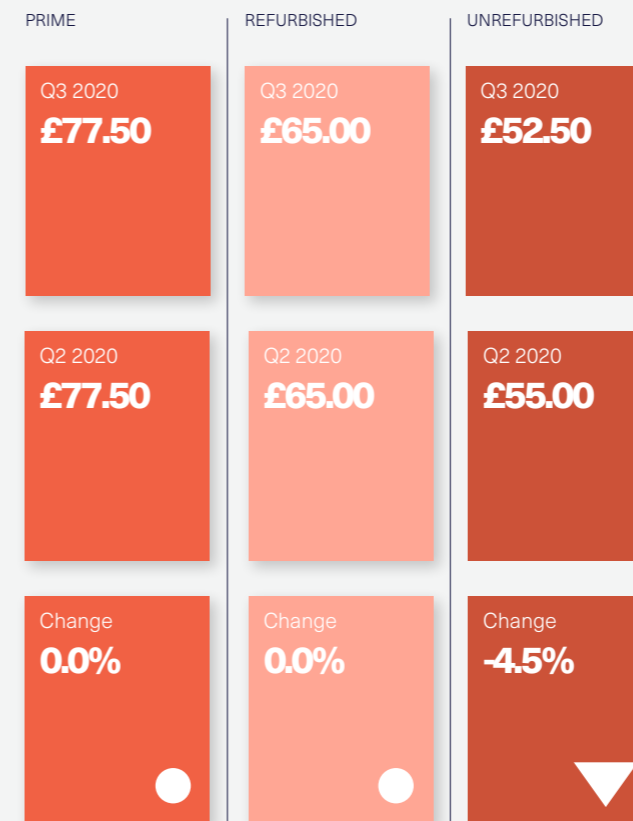
SUPPLY



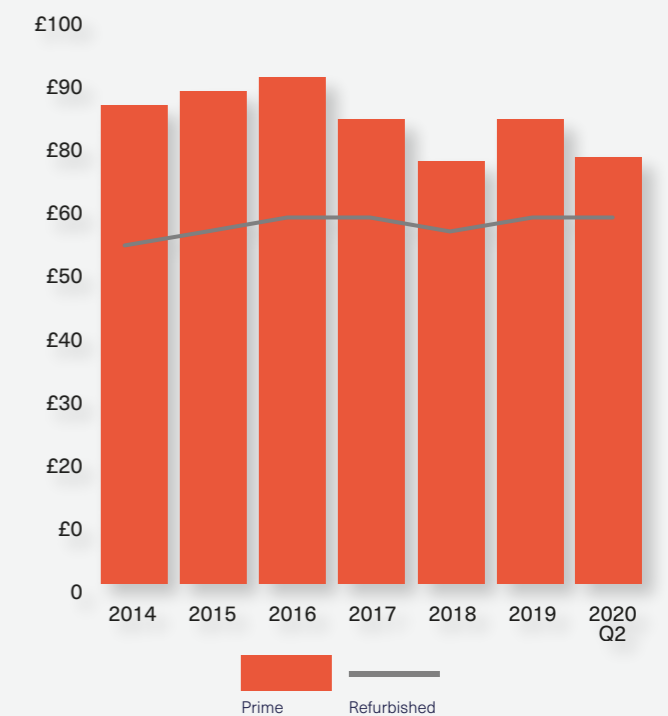
COVENT GARDEN AVAILABILITY (000's sq ft.)



RENTAL VALUES



PRIME & SECONDARY RENTAL GROWTH



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