
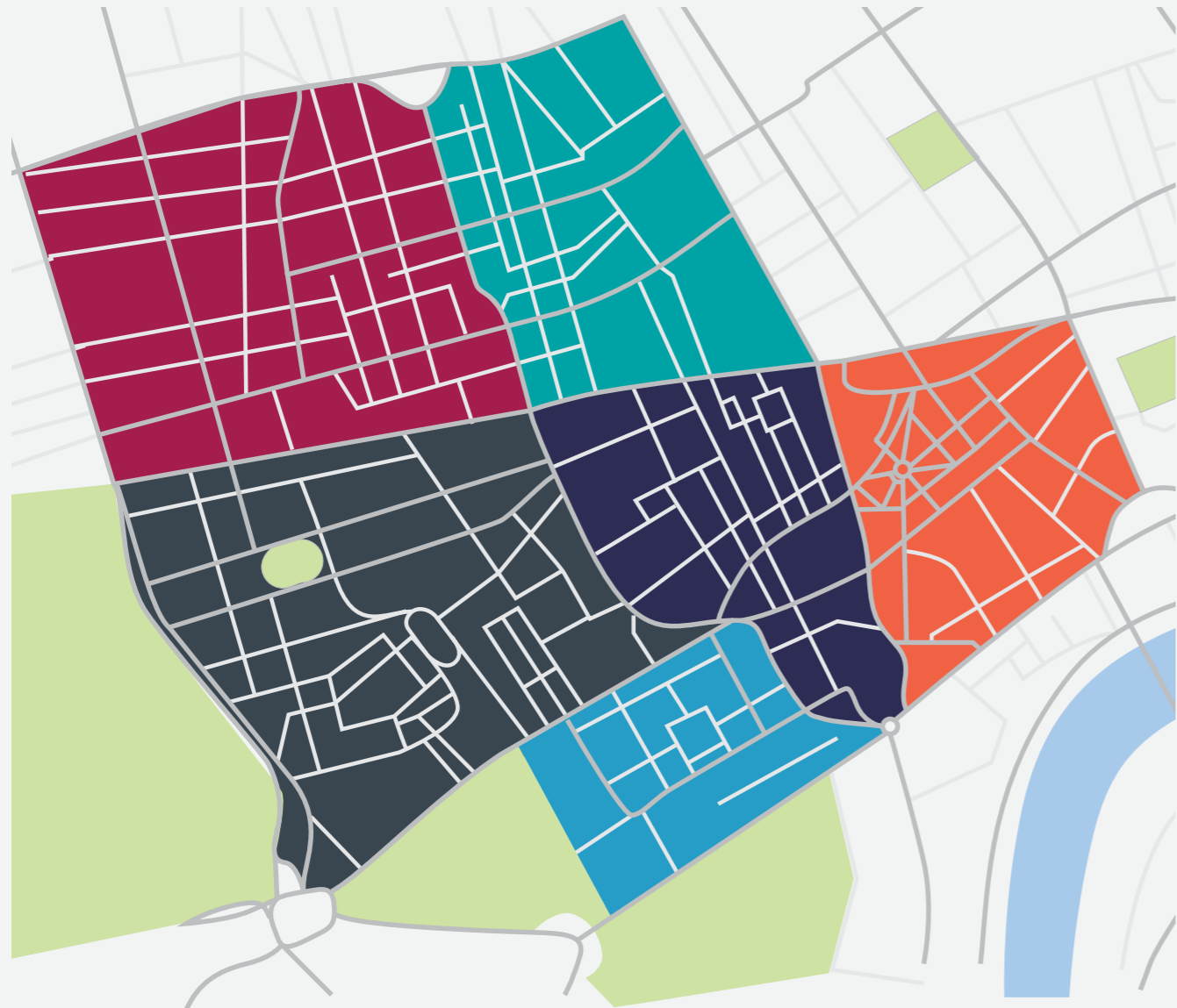


WEST END
OFFICES
**SUBMARKETS
RESEARCH**

— Q3 2021





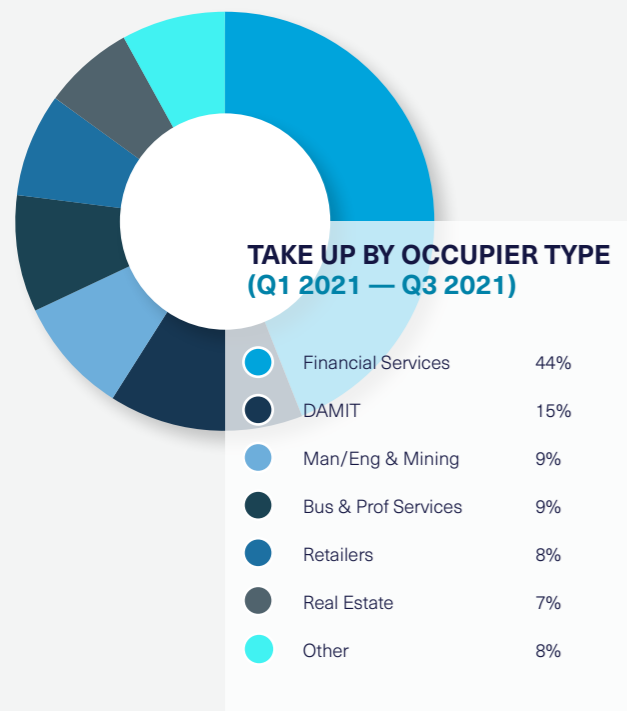
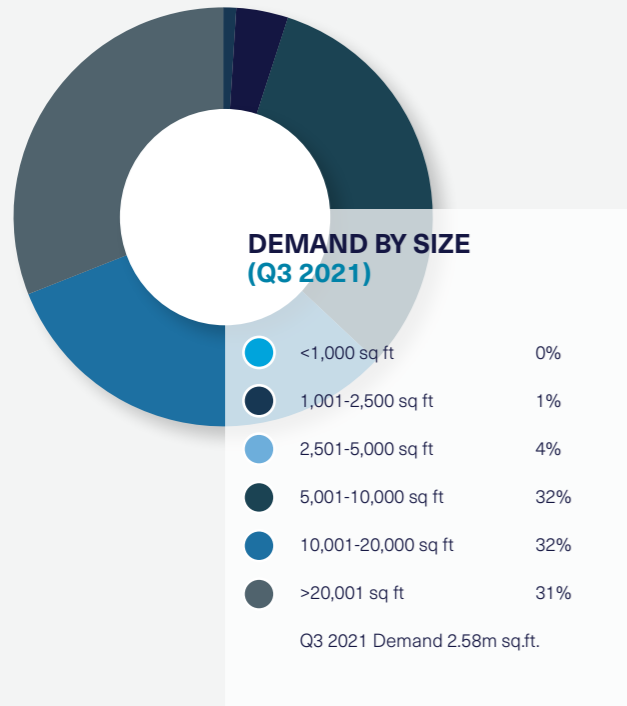
CONTENTS

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

WEST END OFFICE MARKET

COMMENTARY

TAKE UP & DEMAND



Take up across the core West End markets continued to strengthen, registering its highest quarterly total since Q4 2019, with 581,315 sq ft. This brings total lettings for the year to date to 1.5m sq ft in 399 transactions, marginally below the full year's take up in 2020.

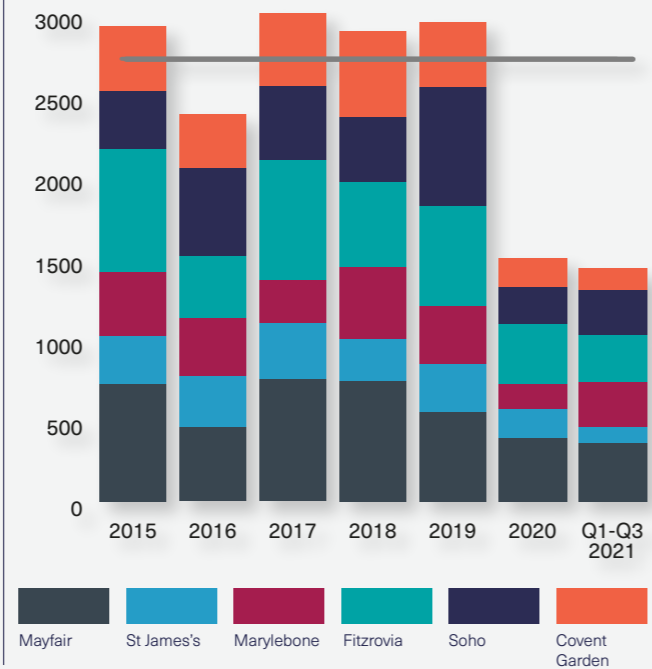
The largest transaction in the core West End markets in Q3 2021 was the letting to Octopus Energy at UK House, 2 Great Titchfield Street. The other major letting saw Smart Insurance take 44,520 sq ft at the recently completed 136 George Street, as the financial services sector continued to dominate activity in the core West End market.

Demand continued to recover and is now only 16% below pre pandemic levels at 2.6m sq ft. The main strengthening in demand is for suites of 2,501-10,000 sq ft, where requirements are up by 36% at 925,000 sq ft in just under 130 requirements. The financial services sector continues to dominate demand, accounting for 29% of active requirements.

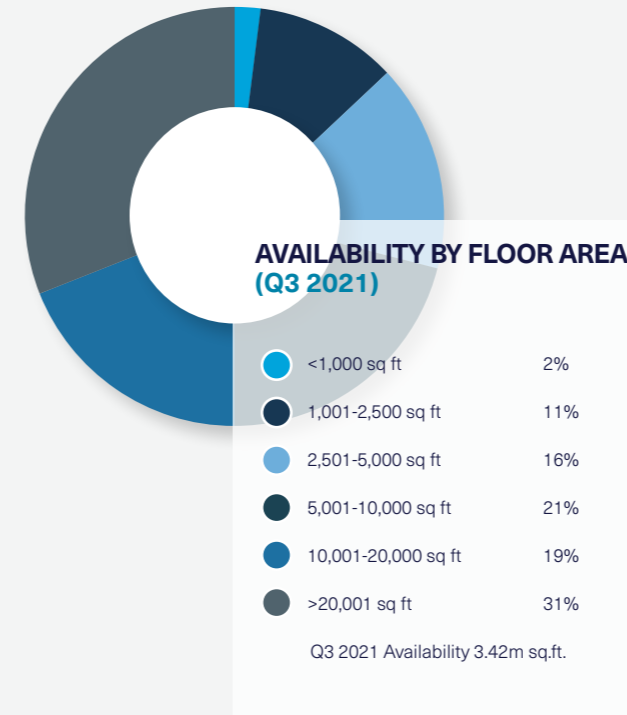
Supply reduced for the first time since the start of the pandemic, falling by 5% to 3.4m sq ft as the level of turnover in the market increased. The major increase in availability since the pandemic has been in larger floor space (>10,000 sq ft), where the supply has doubled. This sector of the market now accounts for 50% of all space on the market at the end of Q3. The overall availability rate across the core West End markets now stands at 6.7%.

Rents rebounded strongly across all of the West end sub market, with prime rents up by 5.6% on the quarter and 6.6% since Q1 2021. Rents on refurbished and un refurbished space also recovered, rising by 5.4% and 10.8% in the quarter respectively.

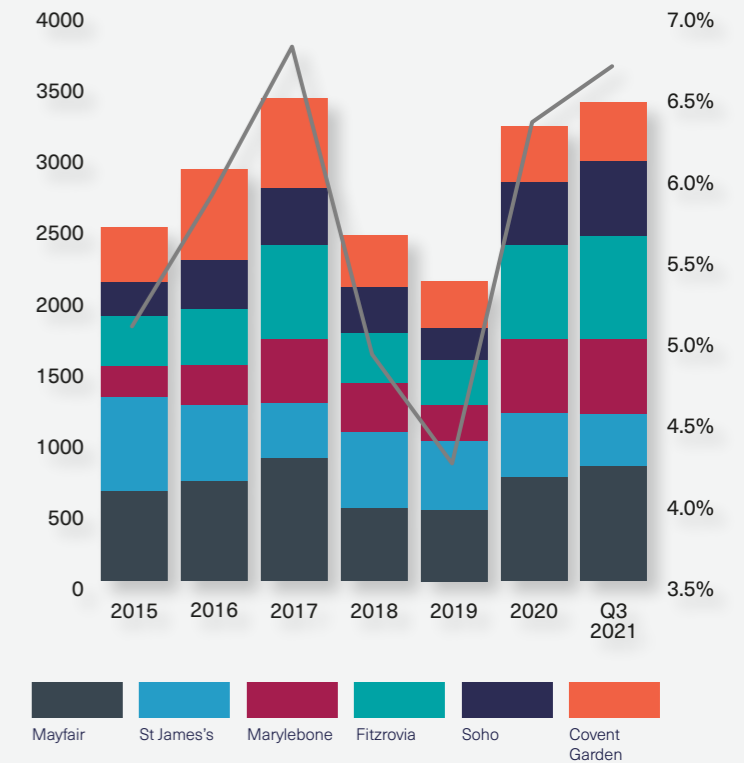
WEST END TAKE UP (000's sq ft.)



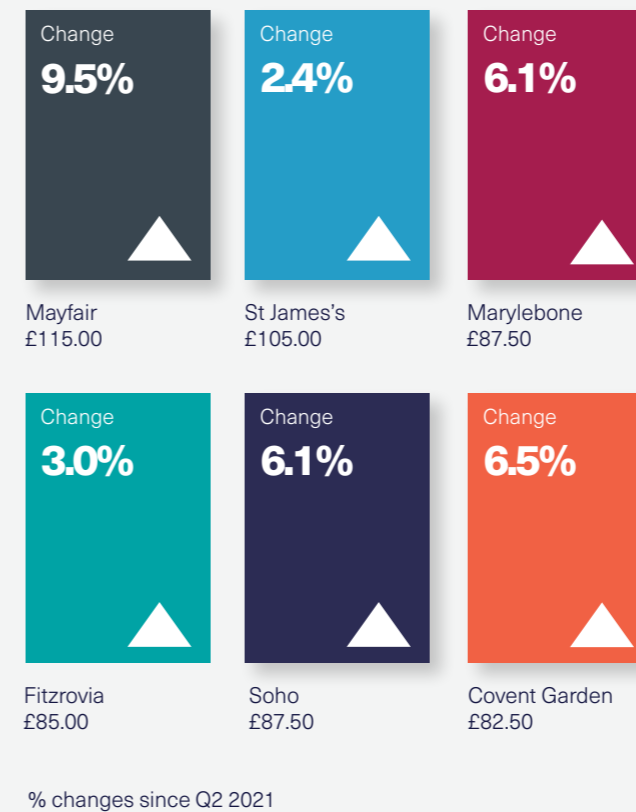
SUPPLY



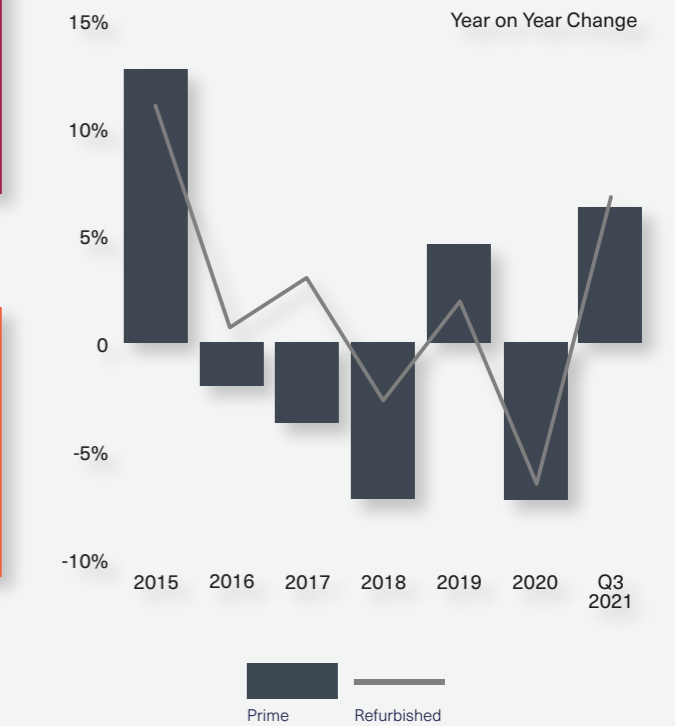
WEST END AVAILABILITY (000's sq ft.)



PRIME RENTAL VALUES



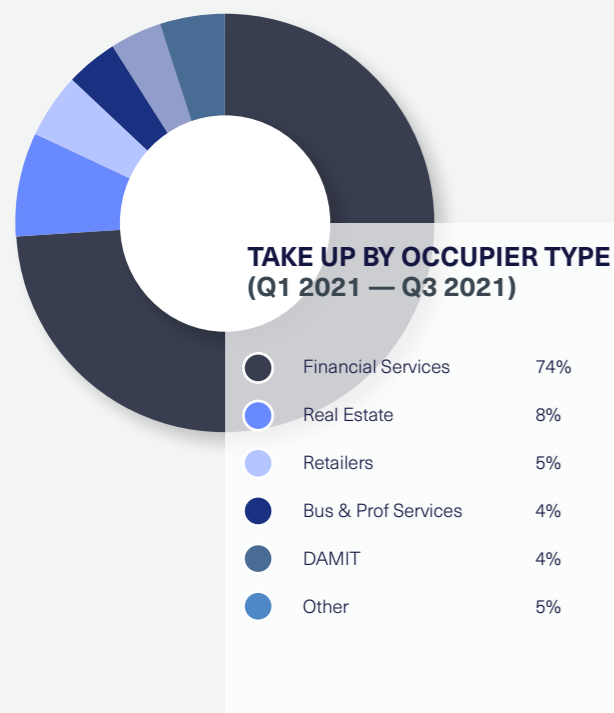
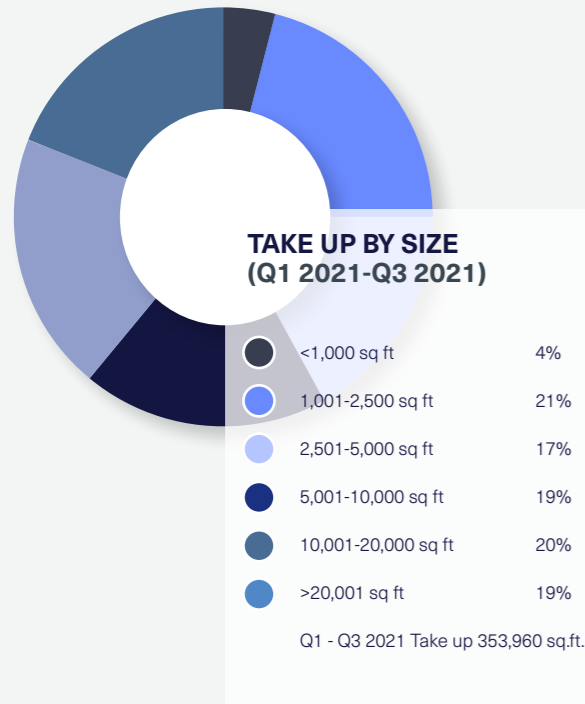
PRIME & SECONDARY RENTAL GROWTH



MAYFAIR OFFICE MARKET

COMMENTARY

TAKE UP



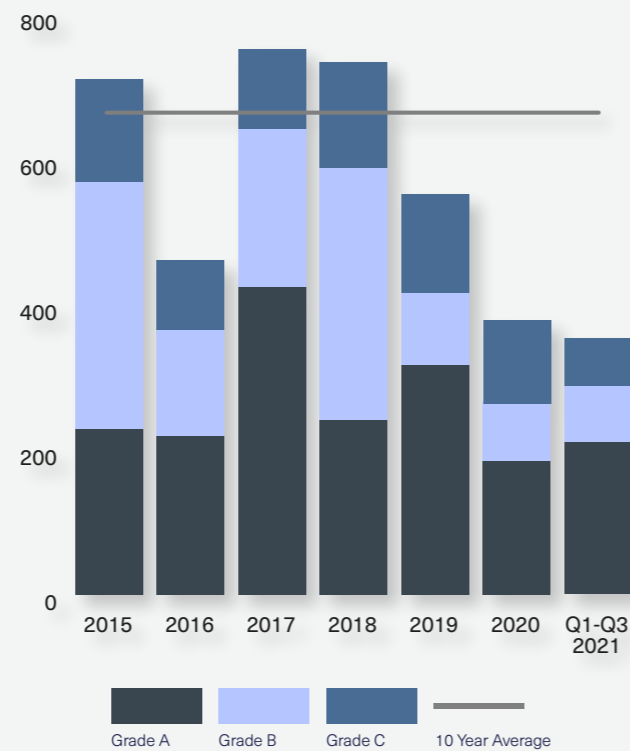
Take up in the Mayfair market in the first three quarters of the year moved to 353,960 sq ft in 104 transactions and already rivals the level of activity for the whole of 2020. Third quarter take up was boosted by a strong level of activity in lettings of below 5,000 sq ft, which accounted for almost 50% of the quarter's total.

Activity continues to be focused towards quality accommodation, with the letting of Grade A and B space accounting for 82% of the year to date's take up. The most significant transactions in Q3 were the 10,250 sq ft letting of 10-12 New Burlington Street to debt investors CarVal Investors, whilst US legal group KKL took 8,900 sq ft at Great Portland Estates Medici Courtyard.

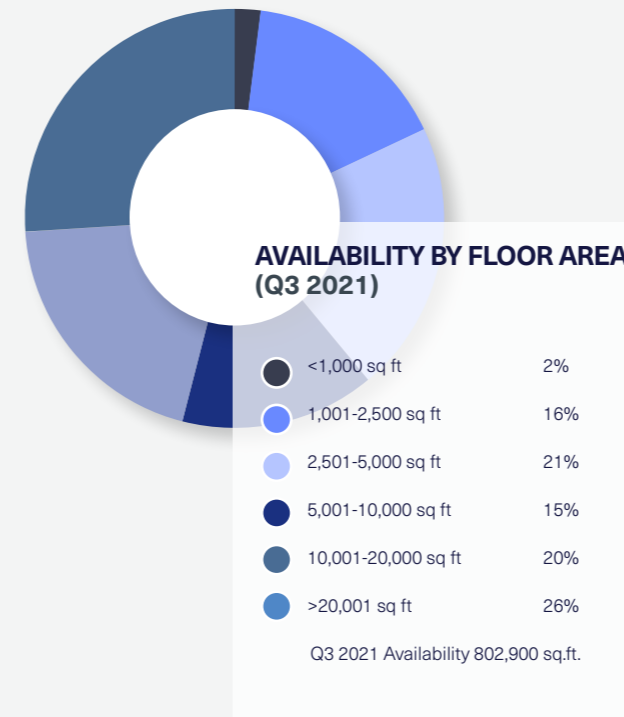
Supply edged down to 802,900 sq ft in Q3 2021, the first downward movement in 18 months. Total supply remains 340,000 sq ft above pre pandemic levels, with the majority of the increase in buildings above 10,000 sq ft, which accounts for almost 80% of the increase in supply. The Mayfair availability rate now stands at 6.4%, below the average for the core West End markets at 6.7%.

Prime rents rebounded strongly in Q3 on the back of increased letting activity and demand, particularly from the financial services sector. Values are now back to £115.00 per sq ft, levels last seen in Q2 2020 and 2.1% below pre pandemic levels. Rents on refurbished and unrefurbished space also recovered, with unrefurbished values up by 13.1% to £65.00 per sq ft.

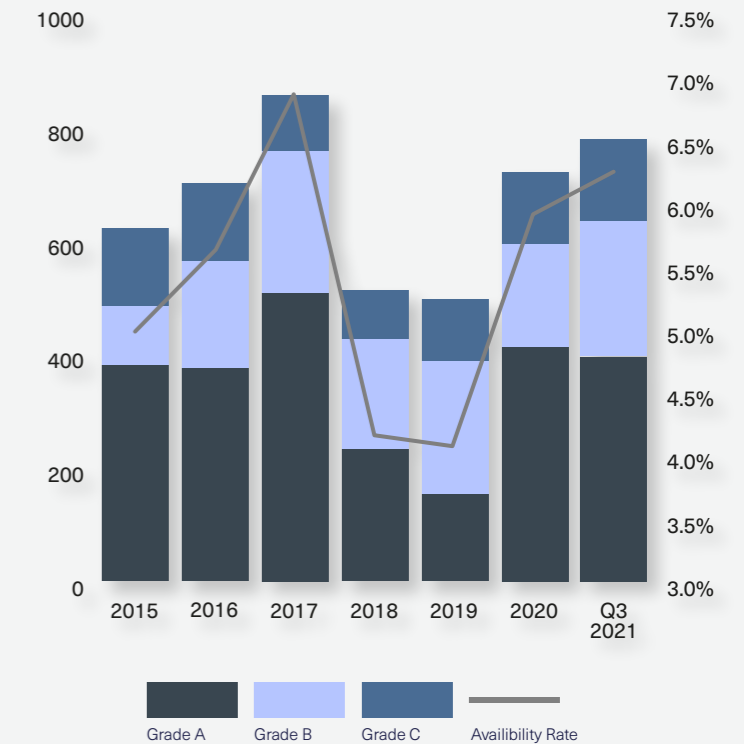
MAYFAIR TAKE UP (000's sq ft.)



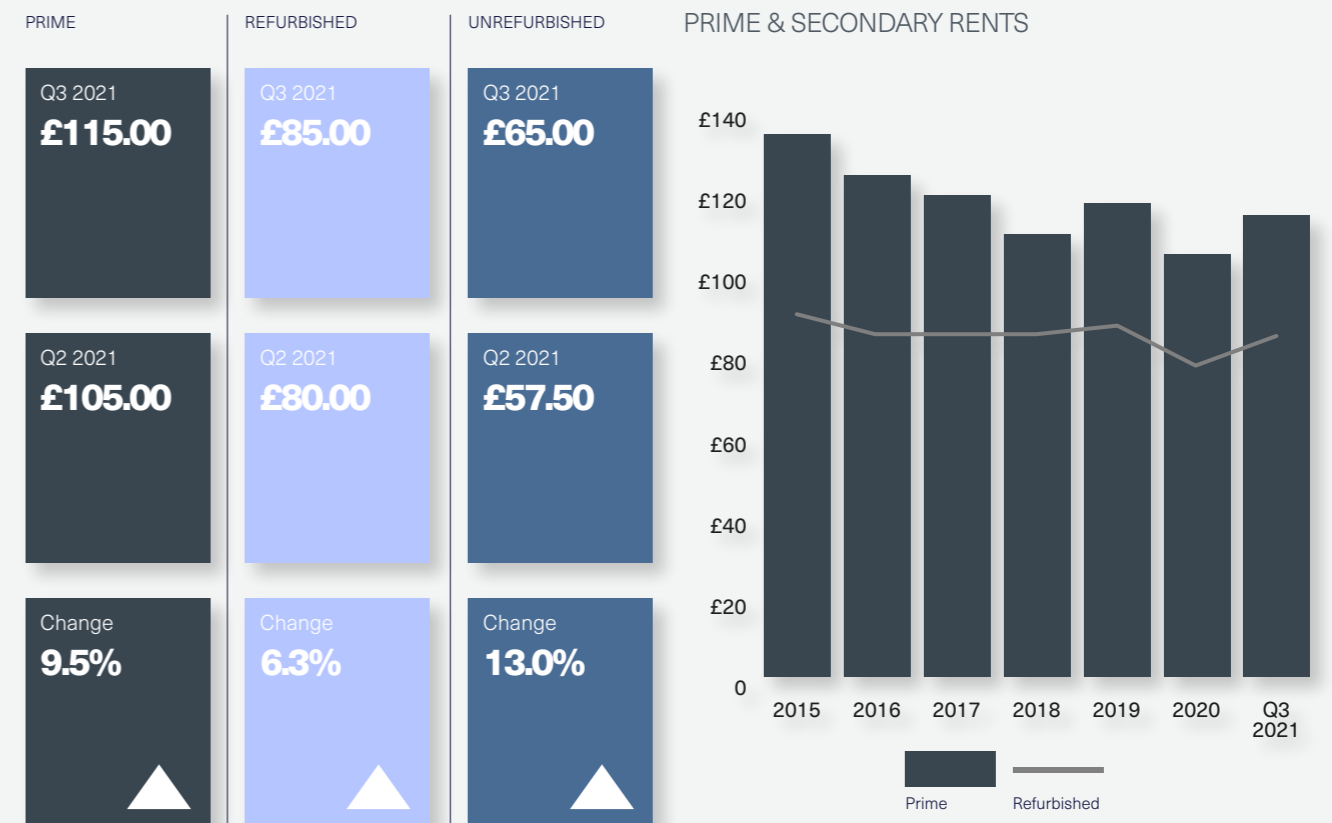
SUPPLY



MAYFAIR AVAILABILITY (000's sq ft.)



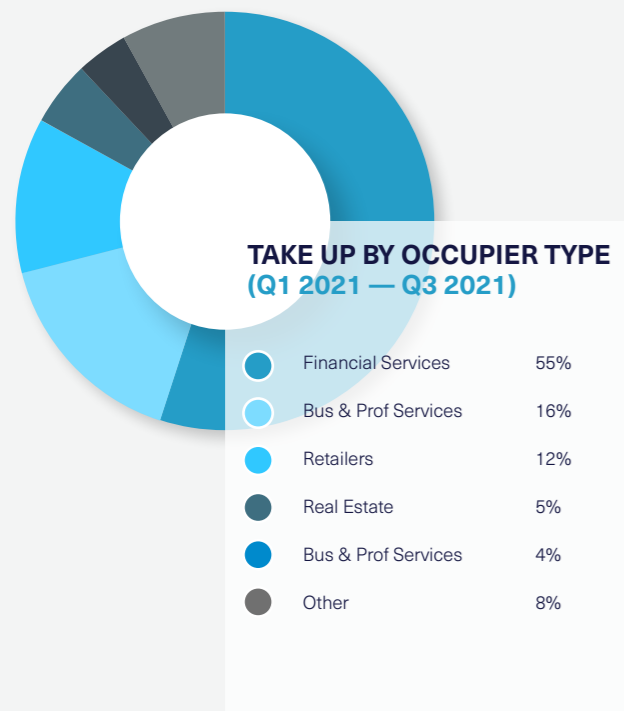
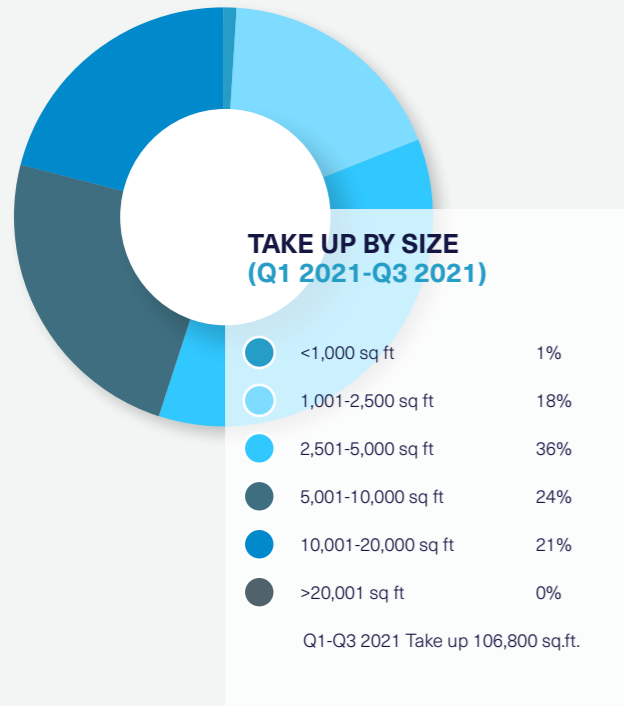
RENTAL VALUES Q3 2021



ST JAMES'S OFFICE MARKET

COMMENTARY

TAKE UP



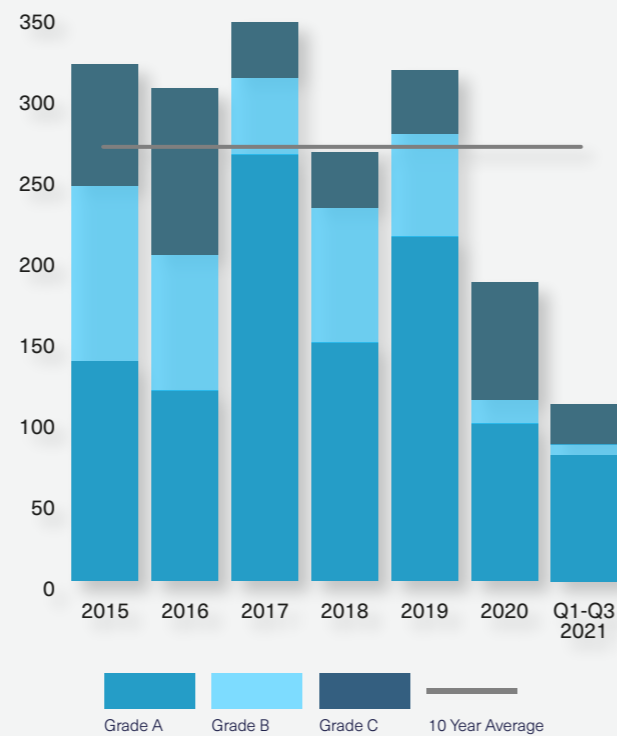
Activity in the St James's market remained below trend in Q3 2021, with lettings totalling 47,900 sq ft, bringing the year to date figure to 106,785 sq ft in 29 transactions. Full year activity is expected to rival the total for the previous 12 months but remain below the trend level for the second successive year.

The largest transaction in the quarter was the 10,730 sq ft (19,500 sq ft including vaults and retail) letting to luxury jewellers Vashi at The Hobhouse, Suffolk Street, where BDG Sparkes Porter represented the landlord. Aside from this letting the financial services sector has continued to dominate activity in the St James's market, accounting for 55% of the year to date take up.

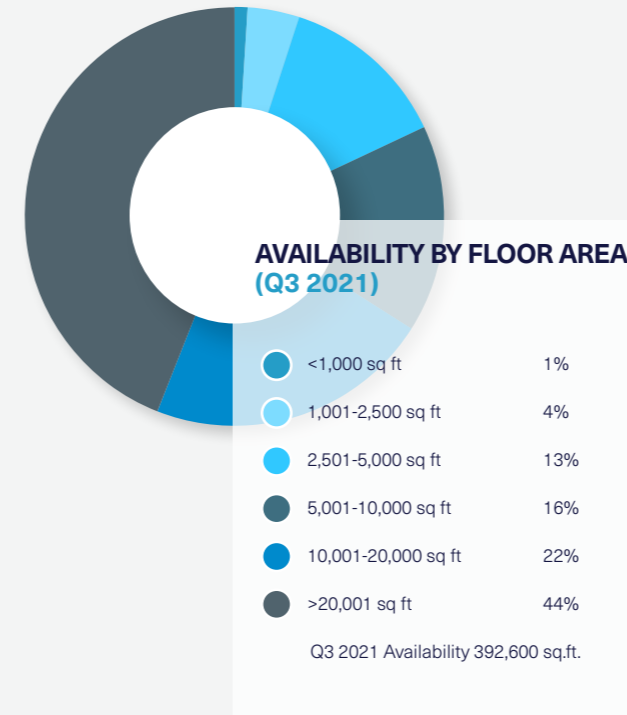
Supply has continued to edge downwards over the past few years, falling below 400,000 sq ft at the end of Q3 2021 at 392,600 sq ft. The completion of BentallGreenOak's refurbishment of the 109,750 sq ft 78 St James's Street has resulted in a boost to larger Grade A buildings on the market. Grade A supply now accounts for almost three quarters of overall availability and offers the some of the best and largest Grade A space across the West End. The availability rate in the St James's market fell to 7.2%, its lowest level since 2017.

Prime rents in St James's edged back to £105.00 per sq ft following the slow start to the year when rents slipped to £100.00 per sq ft. Rents in St James's are now at a discount to Mayfair, where there has been a stronger recovery in activity. Rents on refurbished space also moved up to £80.00 per sq ft, with rents on unrefurbished space back to pre pandemic levels at £65.00 per sq ft.

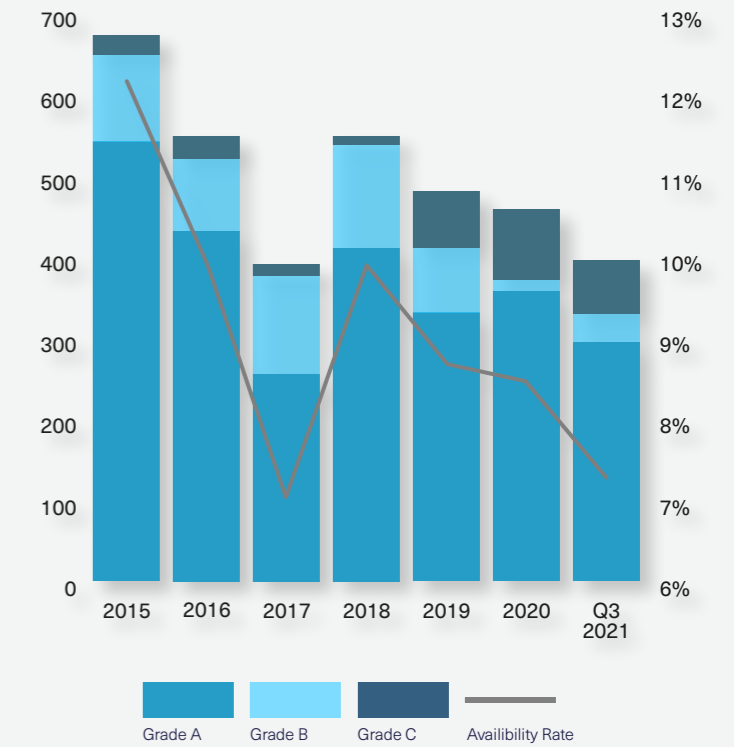
ST JAMES'S TAKE UP (000's sq ft.)



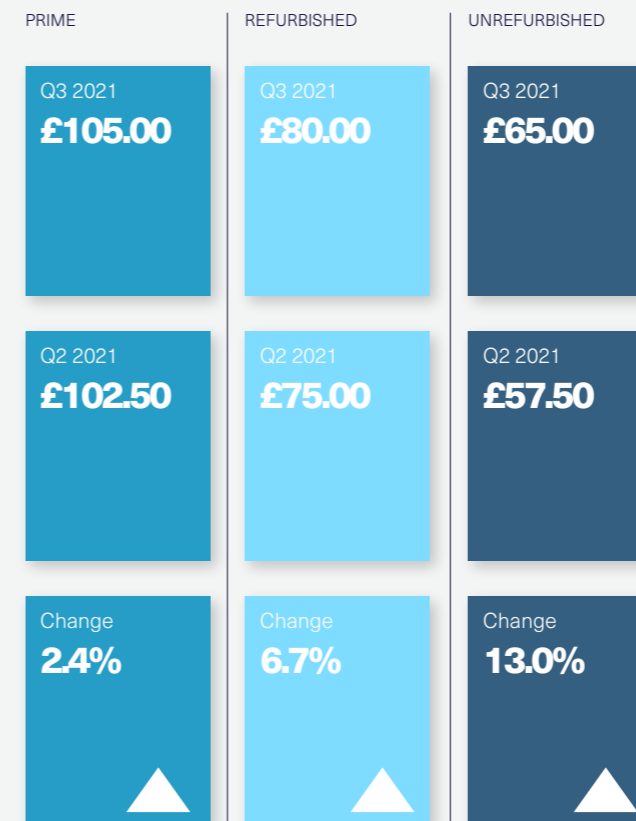
SUPPLY



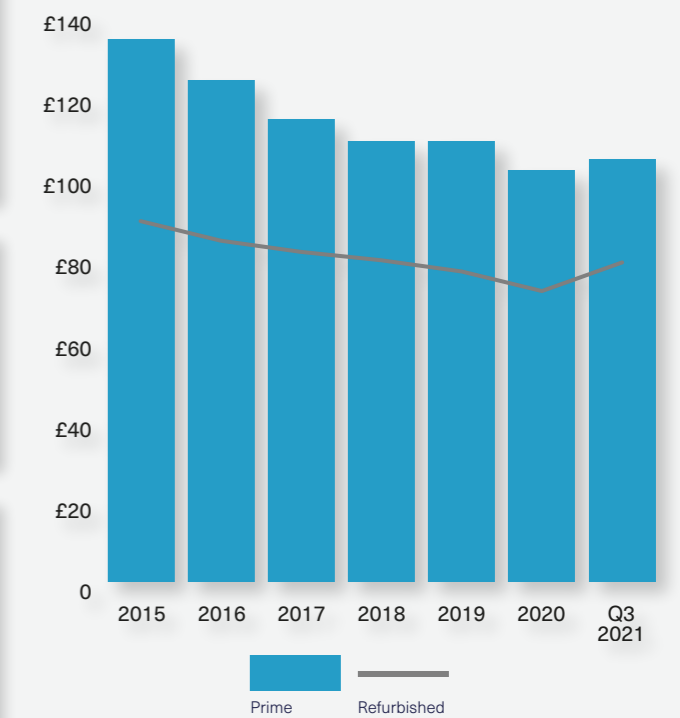
ST JAMES'S AVAILABILITY (000's sq ft.)



RENTAL VALUES Q3 2021



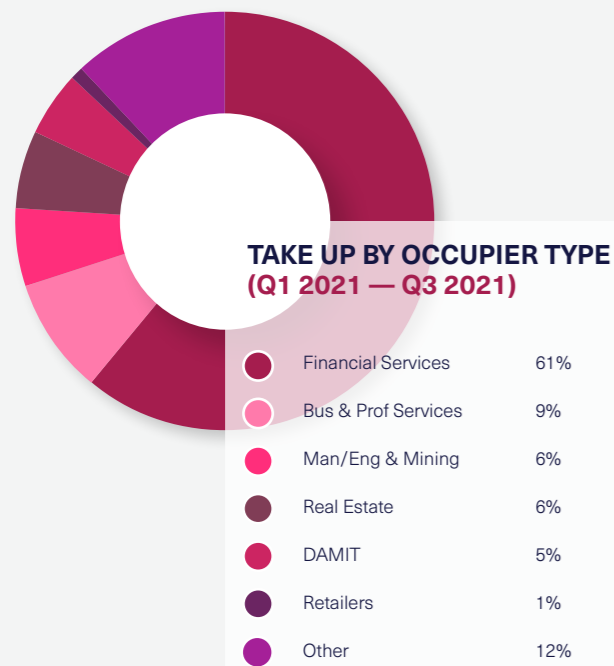
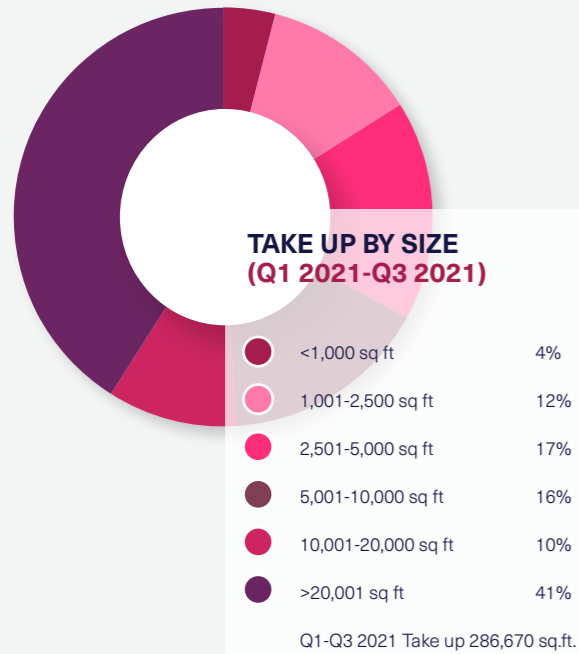
PRIME & SECONDARY RENTS



MARYLEBONE OFFICE MARKET

COMMENTARY

TAKE UP



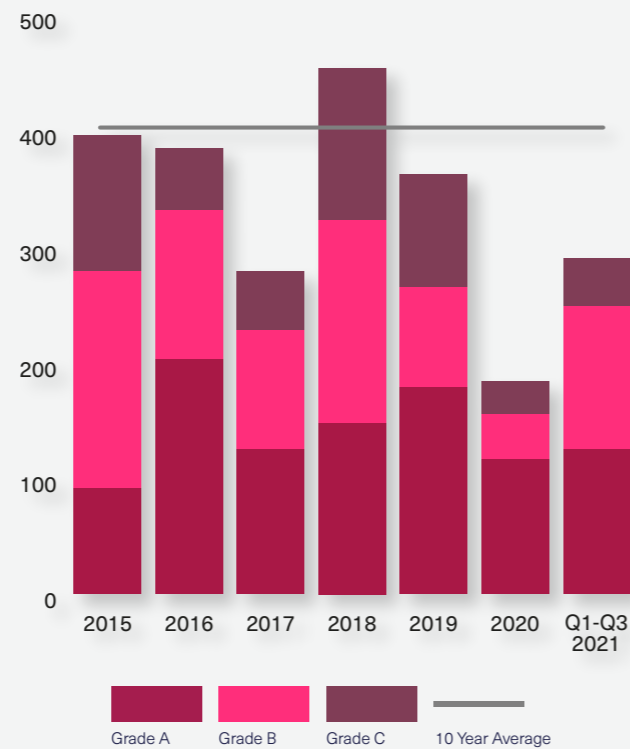
Marylebone has remained one of the most active market this year, with take up for the year to date at 286,670 sq ft in 71 transactions, marginally below the trend level. Activity has been focused towards better quality floor space, with lettings of Grade A and B accommodation both accounting for 43% of overall take up.

Third quarter activity was dominated by the 44,520 sq ft letting of Native Land's new scheme at 136 George Street to fintech company Smart Insurance. The company have relocated from their Paddington headquarters and will rebrand their new HQ Smart House. Tate & Lyle also took 13,210 sq ft at Almacantar's new mixed use scheme at 5 Marble Arch Place.

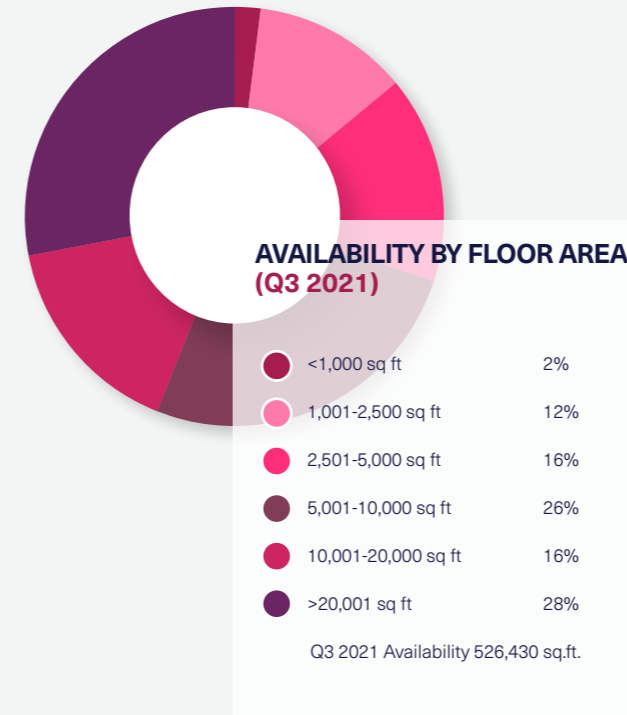
As with most other core West End markets, Marylebone saw supply adjust down for the first time in 18 months in Q3. Availability at the end of Q3 2021 was 526,430 sq ft, with Grade A space accounting for 39% of space on the market. The largest Grade A availability is at the newly refurbished 72 Welbeck Street. The availability rate in Marylebone remains the lowest amongst the core West End markets at 5.4%.

Prime rents in Marylebone moved up by 6.1% to £87.50 per sq ft in Q3 2021 but remain 5.4% below their pre pandemic levels. This is one of the largest adjustments in rents across the West End sub markets and prime values are still 7.9% below their 2015 peak level of £95.00 per sq ft. Rents on refurbished space also edged up to £72.50 per sq ft, whilst values on un refurbished space have moved back to their pre pandemic level of £62.50 per sq ft.

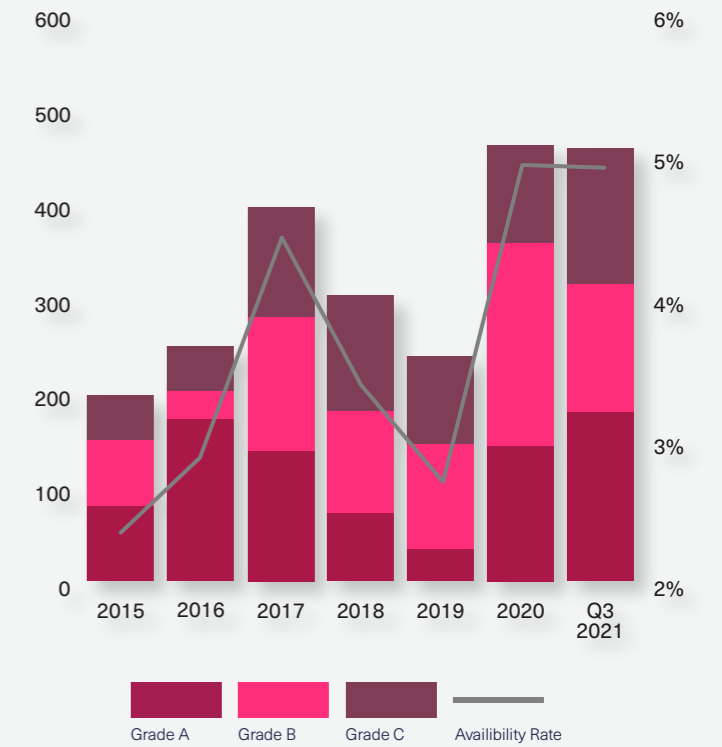
MARYLEBONE TAKE UP (000's sq ft.)



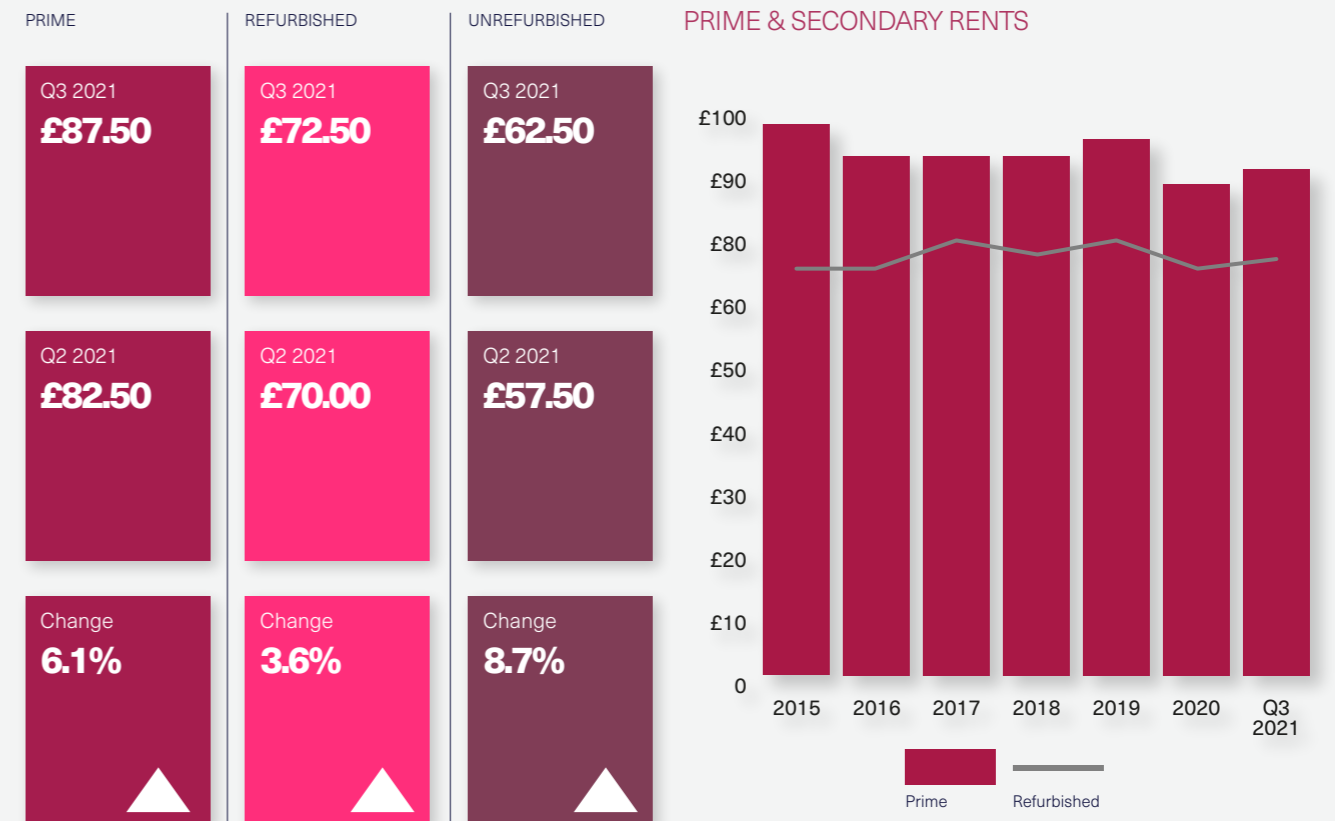
SUPPLY



MARYLEBONE AVAILABILITY (000's sq ft.)



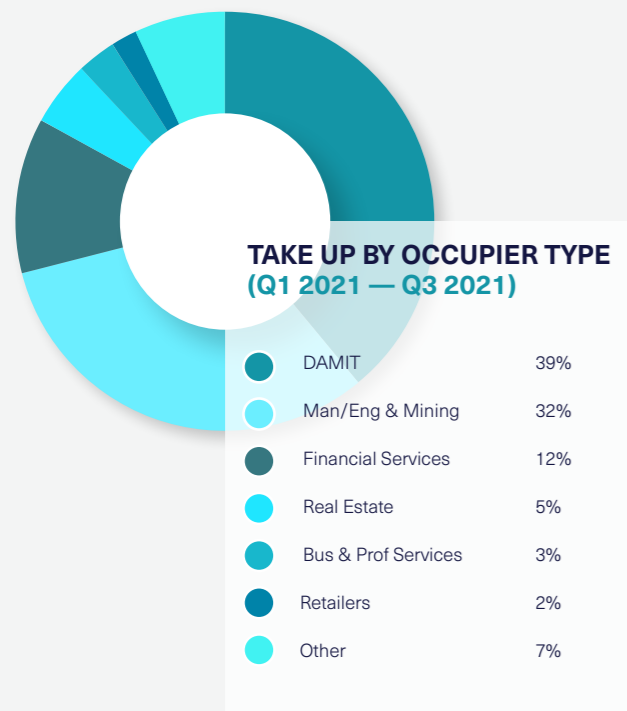
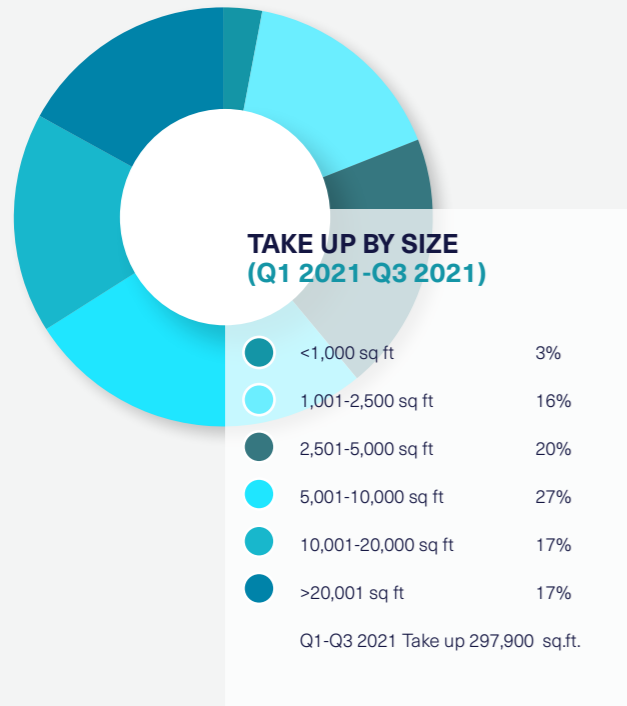
RENTAL VALUES Q3 2021



FITZROVIA OFFICE MARKET

COMMENTARY

TAKE UP



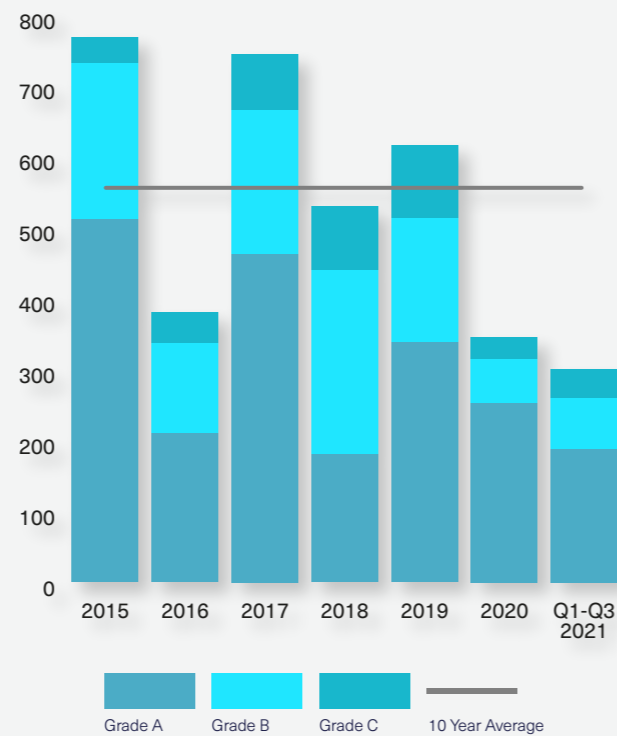
Take up in Fitzrovia continued to gather momentum in Q3 2021 bringing the year to date figure to 297,900 sq ft in 73 transactions. Whilst activity remains below trend levels, the strong recovery over the second and third quarters has meant that current take up is only 28% below ten 10 year average.

Activity in Q3 was bolstered by the largest letting in the core West end markets, with Octopus Energy taking 51,682 sq ft at UK House, 2 Great Titchfield Street. The other major deal was the 14,860 sq ft letting to The & Partnership at the Charlotte Building, 17 Gresse Street.

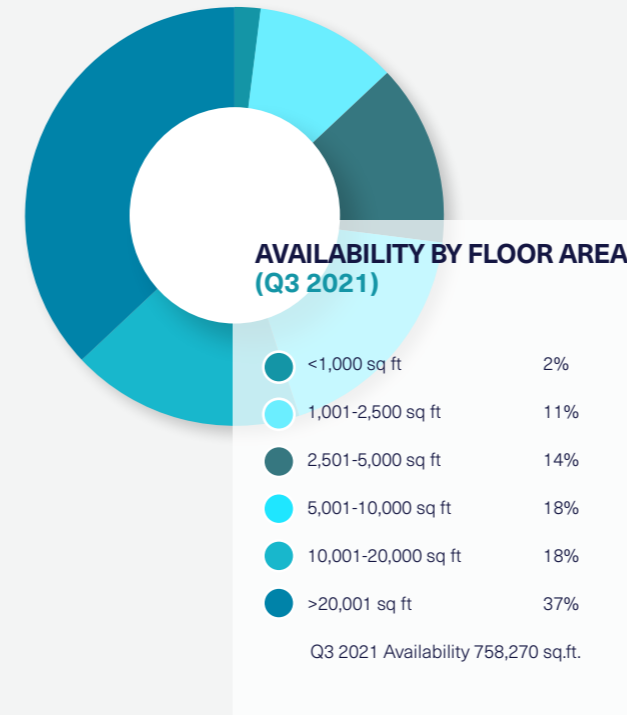
Supply eased in Q3 2021, falling to 758,270 sq ft, with 45% of current stock on the market in Grade A space. Over the past 18 months there have been a number of larger Grade A buildings released back onto the market and the availability of buildings above 20,000 sq ft account for 70% of overall Grade A space. The largest space remains Arup's sub let space at 80 Charlotte Street, whilst there are two floors available at 101 New Cavendish Street totalling 44,325 sq ft.

Following the increase in activity, prime rents in Noho have returned to £85.00 per sq ft, levels last seen in 2018. Rents on refurbished and unrefurbished floor space have not rebounded as strongly but have returned to their pre pandemic levels of £65.00 per sq ft and £55.00 per sq ft respectively.

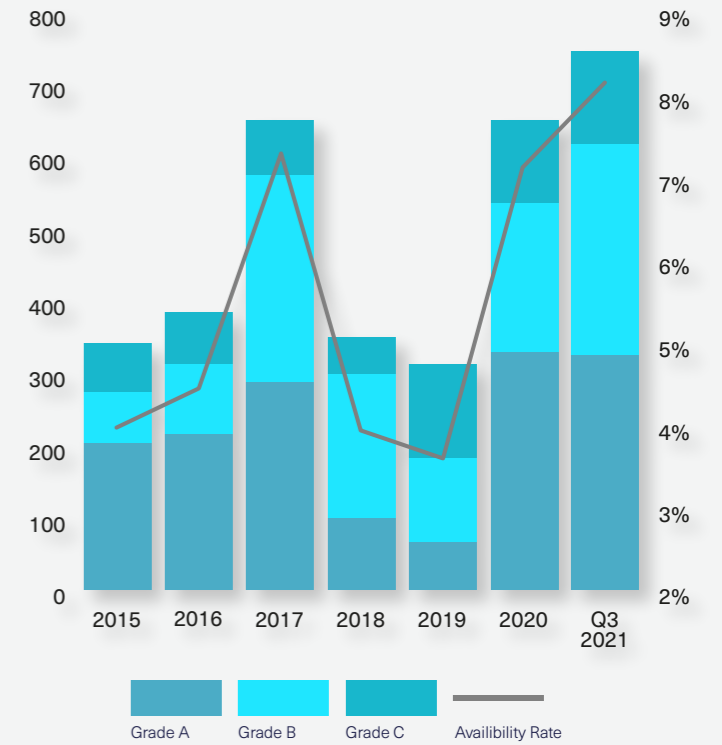
FITZROVIA TAKE UP (000's sq ft.)



SUPPLY



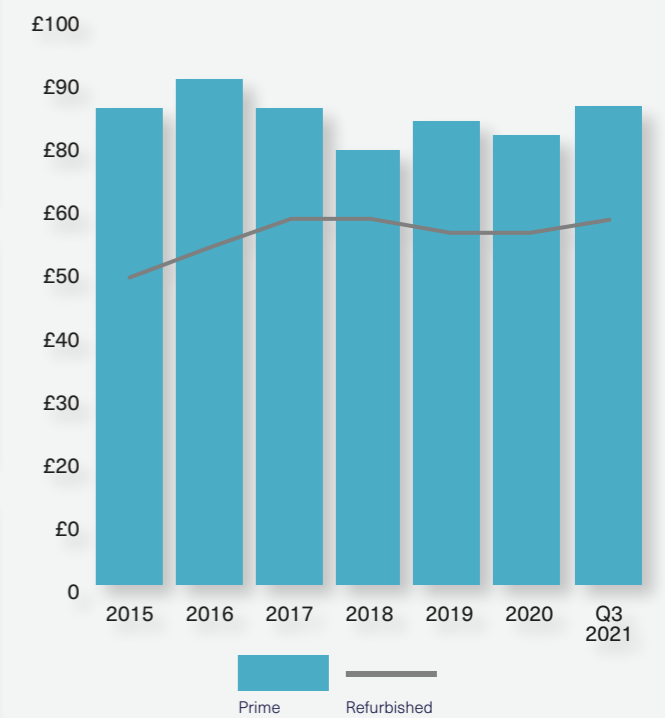
FITZROVIA AVAILABILITY (000's sq ft.)



RENTAL VALUES Q3 2021



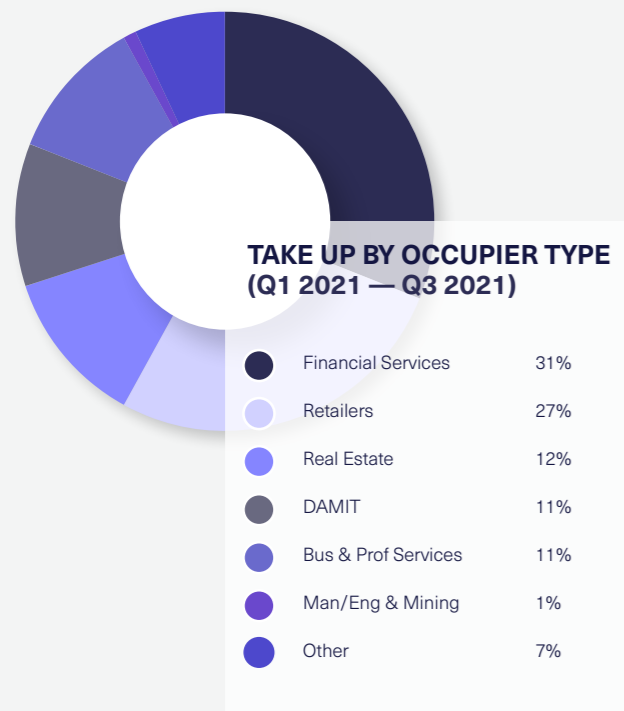
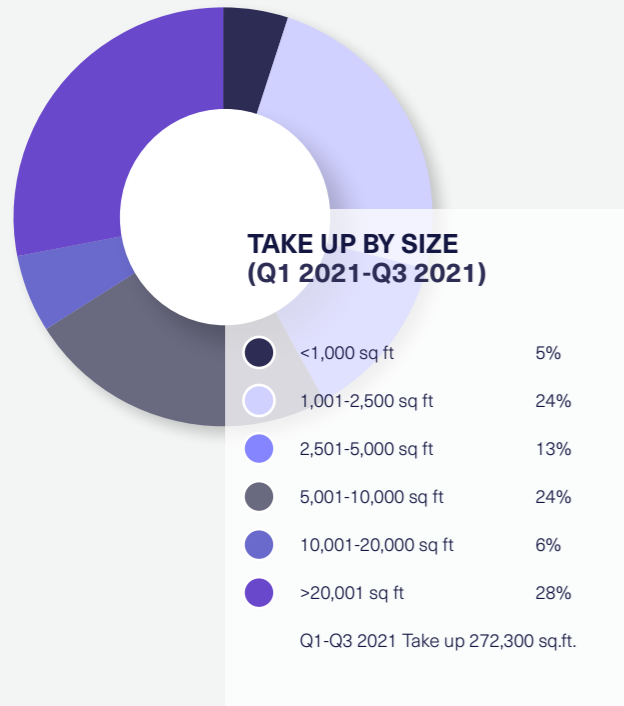
PRIME & SECONDARY RENTS



SOHO OFFICE MARKET

COMMENTARY

TAKE UP



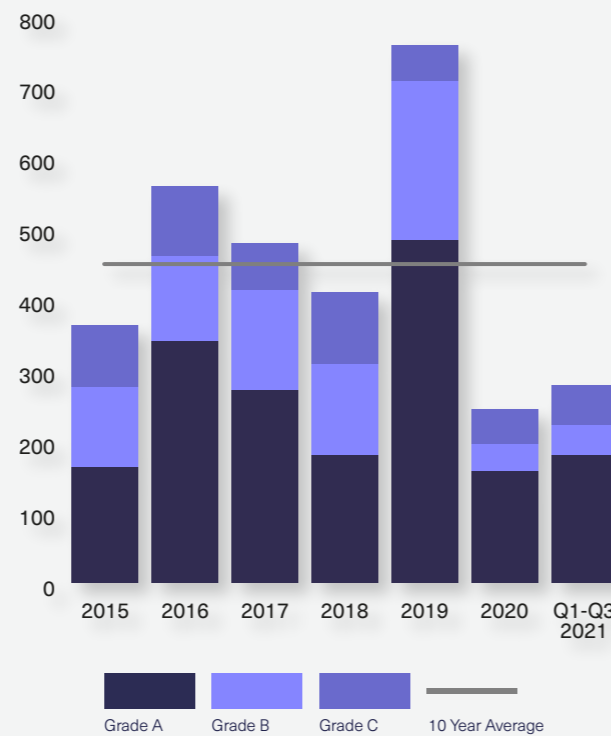
Activity in the Soho market has remained consistent during the first three quarters of 2021, with a total of 272,300 sq ft of lettings secured in 84 transactions. The latest quarter was characterised by an increased volume of smaller transactions, with no lettings completing above 10,000 sq ft.

The two largest transactions in Q3 2021 were the 9,240 sq ft letting of 12 Golden Square to US real estate group Northwood Investors, whilst Pattern took 7,100 sq ft at 76 Wardour Street.

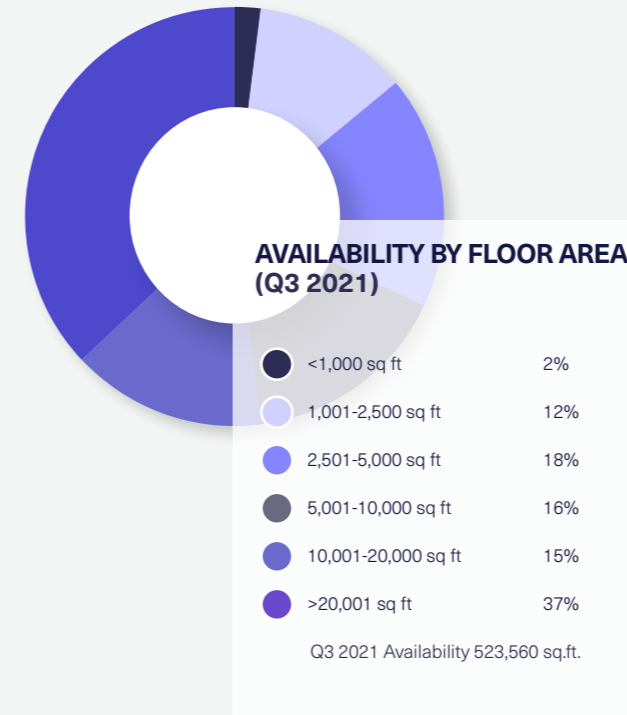
Supply in Soho has increased significantly since the start of the pandemic and Q3 saw the first reduction in availability since Q1 2020. Overall supply fell to 523,560 sq ft, with the major reduction being in refurbished space. Grade A supply continues to dominate current availability accounting for 59% of total stock on the market. The availability rate in Soho now stands at 7.3%, up from 2.5% at the start of the pandemic.

Prime rents in Soho have now recovered to pre pandemic levels at £87.50 per sq ft, rising by 6.1% over the past three months. Rents on both refurbished and unrefurbished space also rebounded, moving to £70.00 per sq ft and £57.50 per sq ft respectively, with growth rates of 7.7% and 9.5% over the quarter.

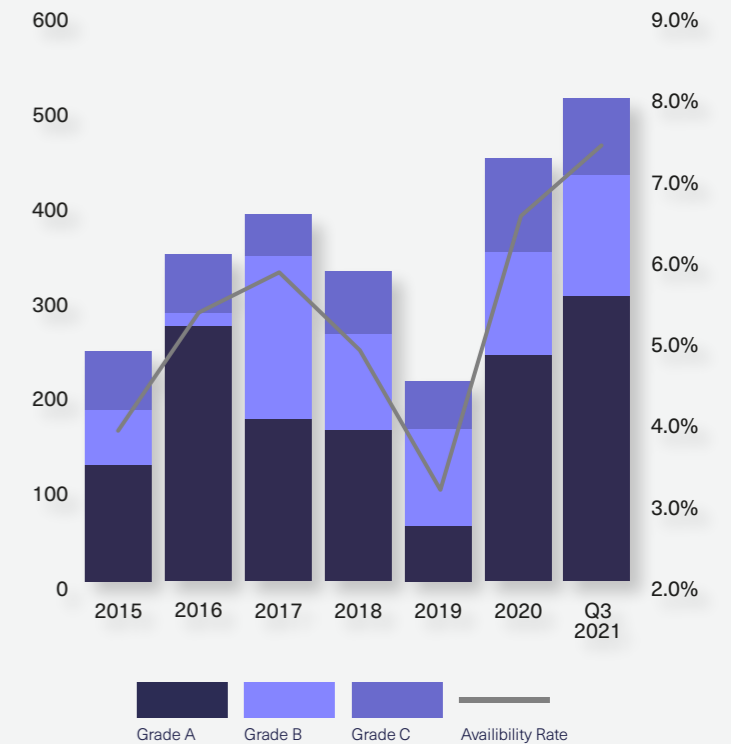
SOHO TAKE UP (000's sq ft.)



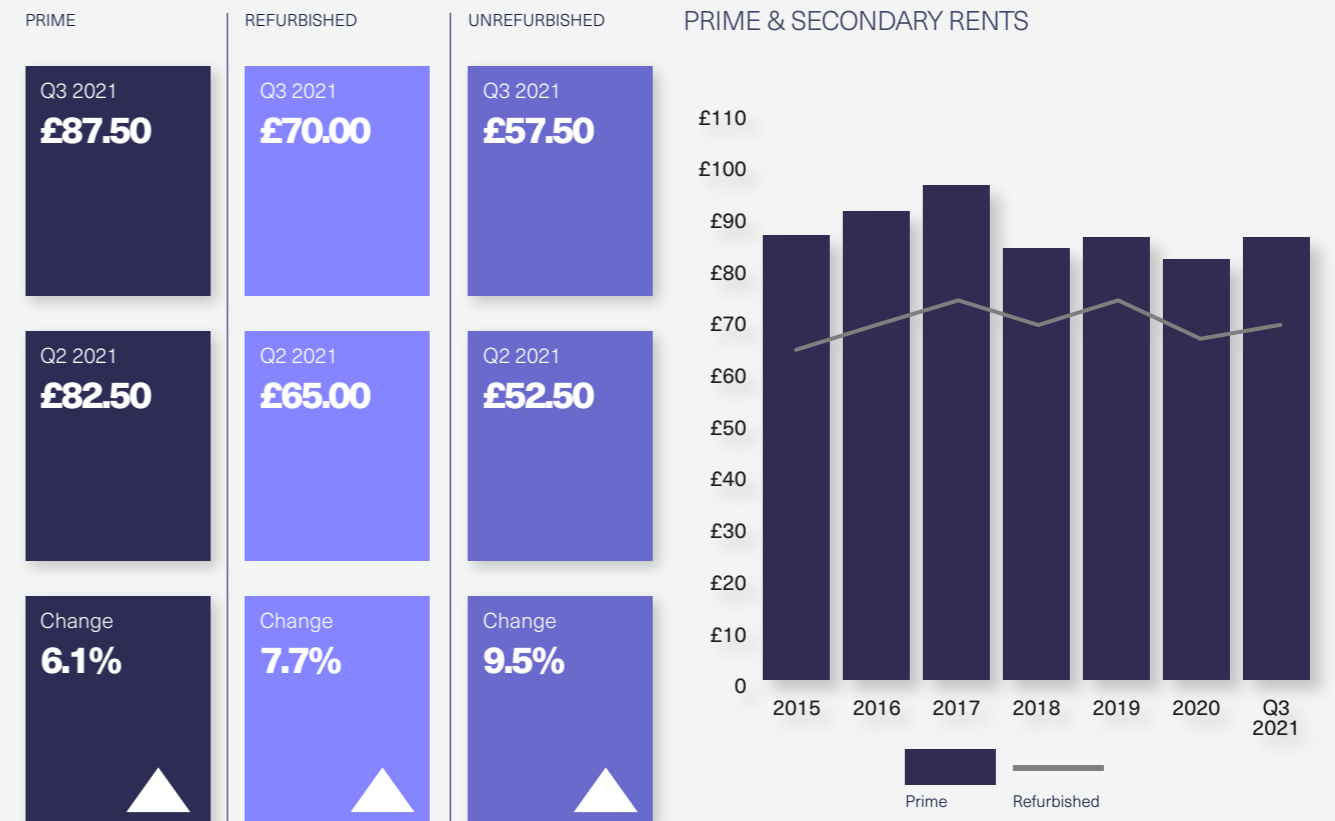
SUPPLY



SOHO AVAILABILITY (000's sq ft.)



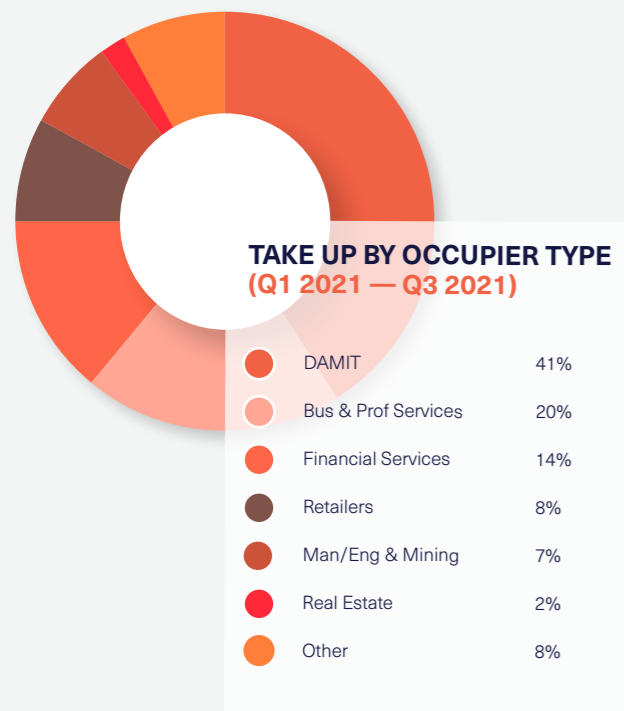
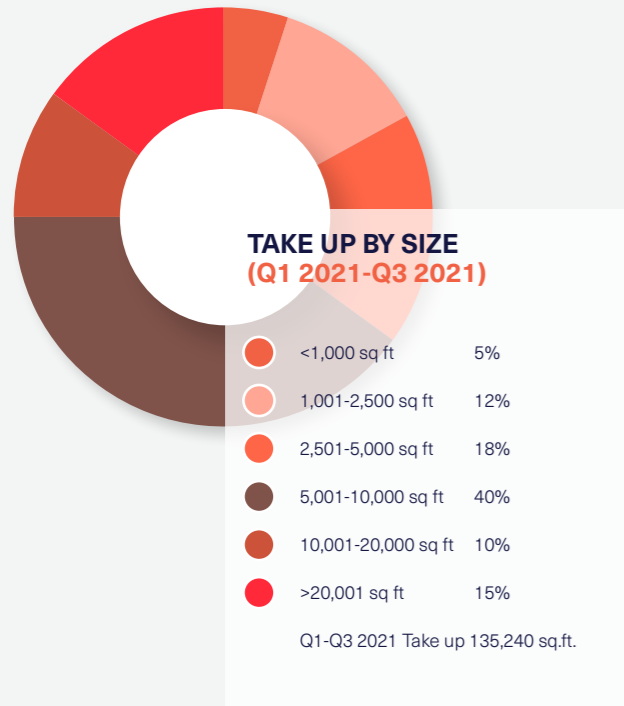
RENTAL VALUES Q3 2021



COVENT GARDEN OFFICE MARKET

COMMENTARY

TAKE UP



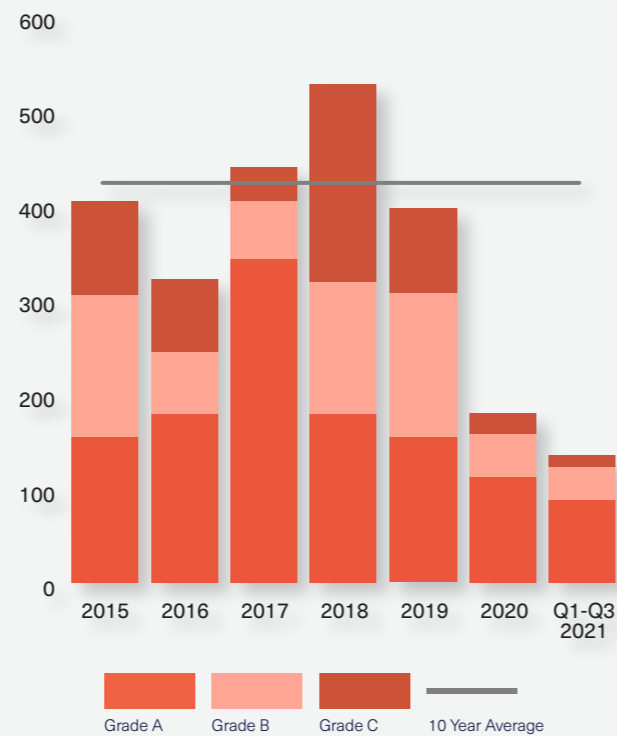
Take up in Covent Garden has recovered in each of the past three quarters, with Q3 showing the strongest levels of activity at just under 70,000 sq ft. This brings the year to date levels of activity to 135,240 sq ft across 38 transactions.

The third quarter saw a lack of larger lettings, with no deals above 7,000 sq ft completing. The largest transaction in the quarter was the 6,750 sq ft letting to Sumup Payments at 16 Shorts Gardens, whilst legal group Hamllins LLP took 6,500 sq ft at 1 Kingsway, who were represented by BDG Sparkes Porter.

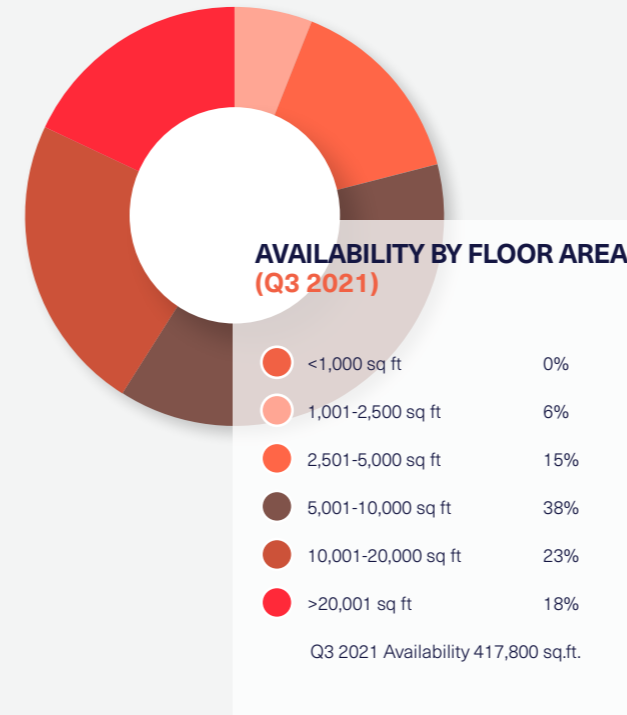
Supply in Covent Garden continued to edge upwards in the first half of 2021 but the past three months has seen the first downward shift in availability since the start of the pandemic. Total availability stood at 417,800 sq ft at the end of Q3 2021, with the main focus of supply in Grade A space. The availability rate has fallen to 6.15, the second lowest rate amongst the core West End markets.

Prime rents in Covent Garden continued the growth which started in the previous quarter, reaching £82.50 per sq ft at the end of Q3 2021 with values growing by 10.0% over the past six months. Rents on refurbished space have proved to be more resilient than the top end of the market, moving back to levels last seen in 2018 at £67.50 per sq ft. Rents on unrefurbished space are at £55.00 per sq ft, the lowest (along with Noho) amongst the West End sub markets.

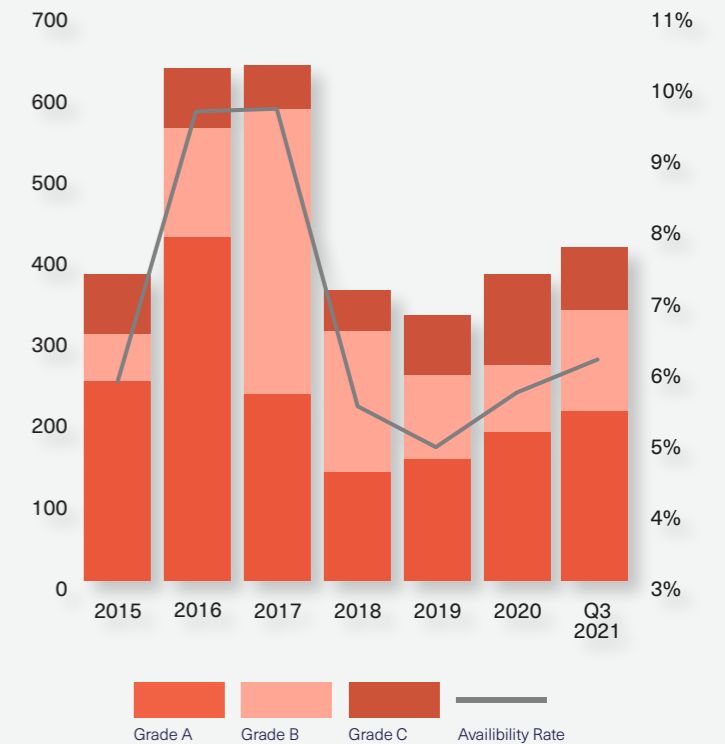
COVENT GARDEN TAKE UP (000's sq ft.)



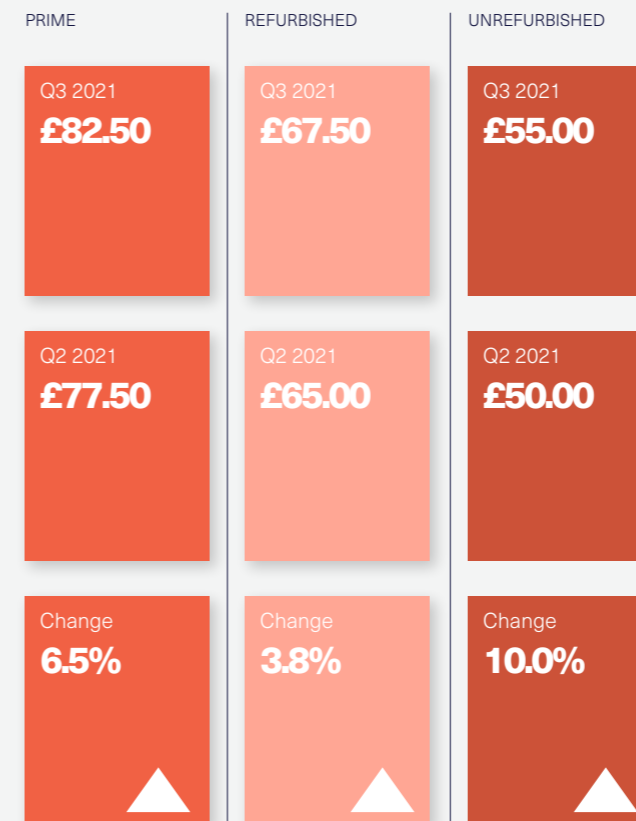
SUPPLY



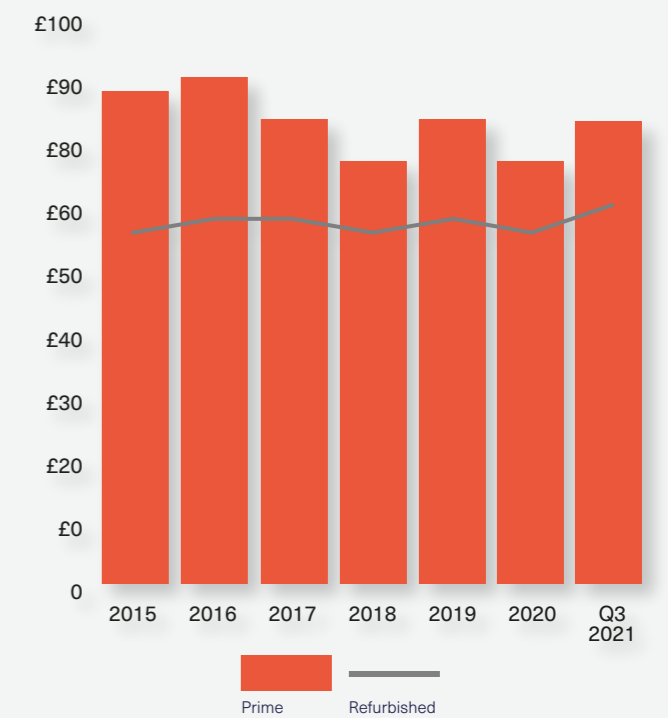
COVENT GARDEN AVAILABILITY (000's sq ft.)



RENTAL VALUES Q3 2021



PRIME & SECONDARY RENTS



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