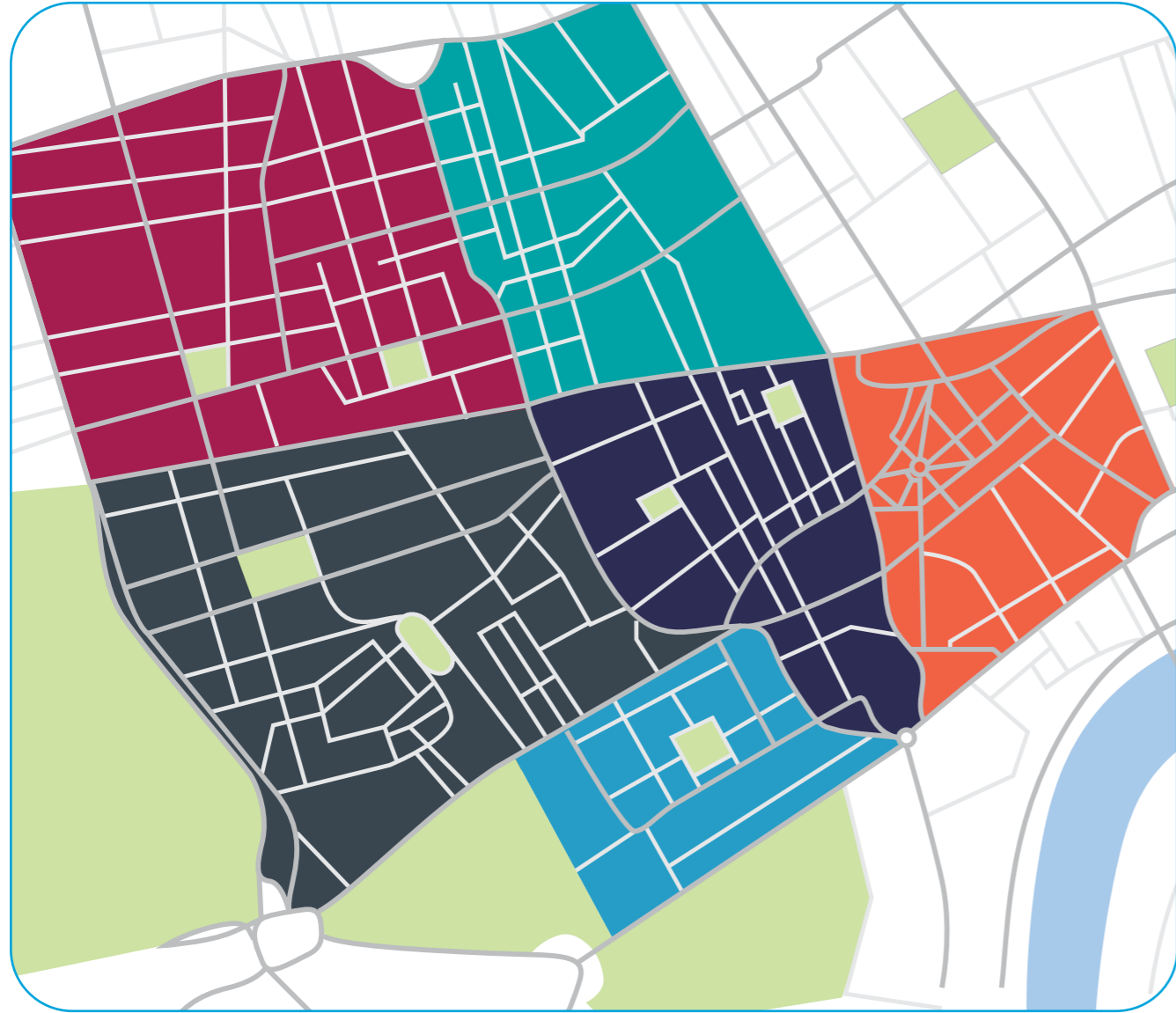


WEST END
OFFICES
**SUBMARKETS
RESEARCH**

Q3 2022





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West End Market	4-5	●
Mayfair	6-7	●
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Fitzrovia	12-13	●
Soho	14-15	●
Covent Garden	16-17	●

WEST END OFFICE MARKET

COMMENTARY

Take up in the core West End markets rebounded strongly in Q3 2022, with the highest quarterly activity in three years, 802,280 sq ft of lettings completing in 185 transactions. This brings total lettings in the first three quarters of 2022 to 2.2m sq ft and activity for the year as a whole is expected to approach 2.7 - 2.9m sq ft.

The market has been boosted by above trend activity in four of the six West End sub markets, with Mayfair recording the strongest letting market, with take up in the first three quarters of the year being 40% above trend. The largest transaction in Q3 2022 was the agreement to lease the 226,000 sq ft Lansdowne House in Berkeley Square. This typified a trend in the third quarter, with a number of headline transactions on newly completed or soon to complete developments.

Demand remained stable at 4.1m sq ft at the end of Q3, although the structure of requirements has changed, with the demand for suites of below 5,000 sq ft seeing a 15% increase, whilst requirements for space between 5,000-20,000 sq ft reduced by 19%. The demand for larger buildings (>20,000 sq ft) have increased over the past few months and now stand at 1.4m sq ft, an increase of 20% over Q2.

Prime rents have continued to recover strongly, with rents in St James's now back to £130.00 per sq ft, marginally below their 2015 peak level, and values in Fitzrovia setting a new peak of £92.50 per sq ft.

185
Transactions completed in Q3 2022

TAKE UP

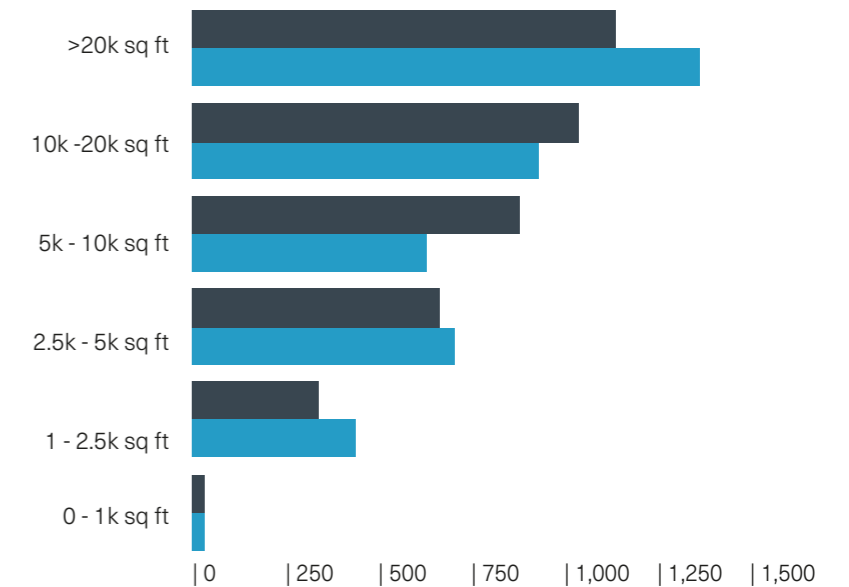
REQUIREMENTS BY SIZE (Q3 2022)

Q2 2022

Q3 2022

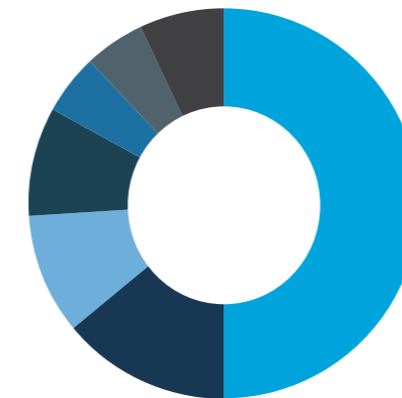
Q3 2022 DEMAND

4.13m sq ft



TAKE UP BY OCCUPIER TYPE (Q1 22—Q3 22)

Financial Services	50%
Real Estate	14%
Bus & Prof Services	10%
DAMIT	9%
Man/Eng & Mining	5%
Retailers	5%
Other	7%



TAKE UP (000's sq ft.)

MAYFAIR

ST JAMES'S

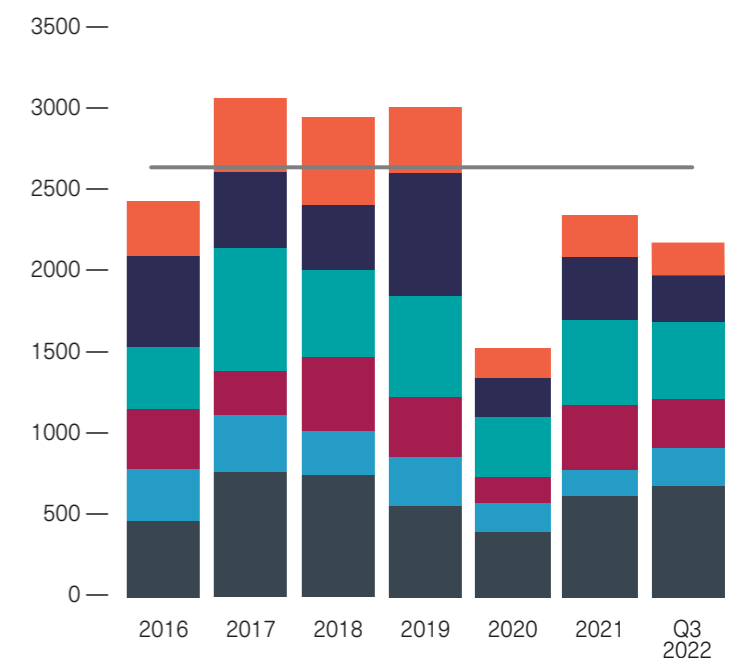
MARYLEBONE

FITZROVIA

SOHO

COVENT GARDEN

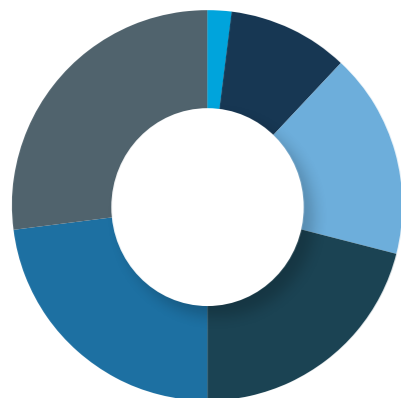
10 Year Average



SUPPLY

Supply continued to tighten, having fallen below 3m sq ft for the first time in 18 months in Q2. Total space on the market at the end of Q3 was down to 2.6m sq ft, with Grade A supply falling below 1m sq ft for the first time since the start of the pandemic. The most significant reductions in supply has been seen in larger buildings (>20,000 sq ft), which has fallen by 43% to 653,110 sq ft. The availability rate is now below the long run average (6.0%) at 5.1%.

AVAILABILITY BY FLOOR AREA (Q3 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%

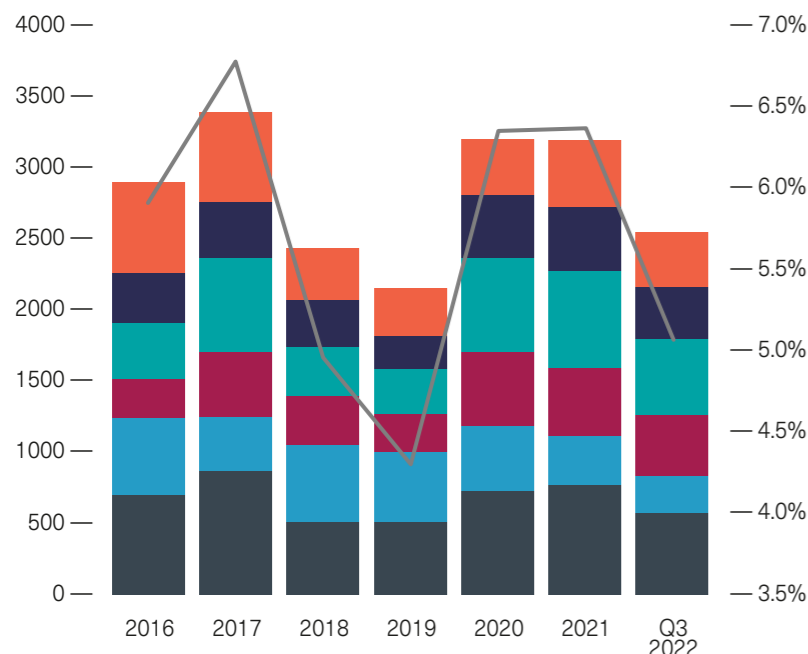
Q3 2022 Availability

2.60m sq ft

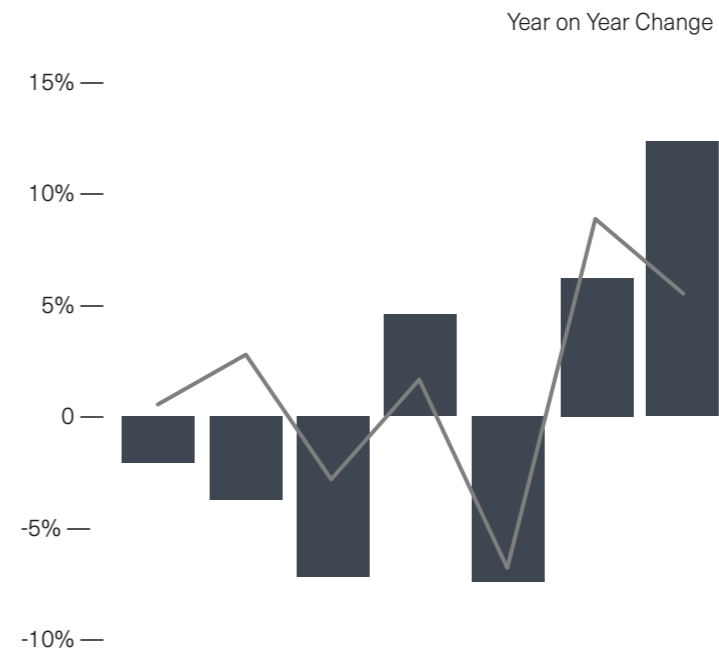
AVAILABILITY (000's sq ft.)

- 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	ST JAMES'S	MARYLEBONE
Q3 2022 £130.00 Q2 2022 £130.00 Change 0.0%	Q3 2022 £130.00 Q2 2022 £120.00 Change 8.3%	Q3 2022 £92.50 Q2 2022 £90.00 Change 2.8%
FITZROVIA	SOHO	COVENT GARDEN
Q3 2022 £92.50 Q2 2022 £87.50 Change 5.7%	Q3 2022 £100.00 Q2 2022 £95.00 Change 5.3%	Q3 2022 £87.50 Q2 2022 £82.50 Change 6.1%

MAYFAIR OFFICE MARKET

COMMENTARY

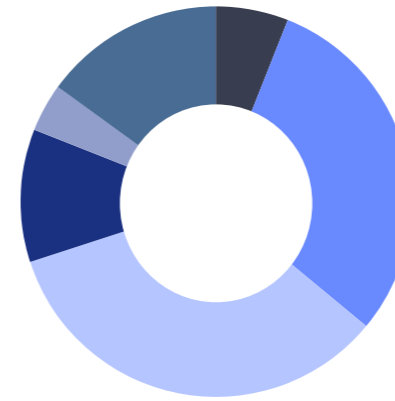
Take up in Mayfair surged in Q3 following Blackstone's agreement to lease the entire 226,000 sq ft at Lansdowne House on Berkeley Square. This pushed overall activity in the quarter to 388,900 sq ft in 49 deals, the highest quarterly activity in the Mayfair market in more than a decade. Blackstone have agreed to consolidate their UK workforce at their new headquarters although the building is not expected to be ready for occupation until 2028.

Total take up in the first three quarters of the year is 673,485 sq ft, already above the total for the previous 12 months. Take up for the full year should surpass the recent peaks of activity set in 2017/18.

Rents remained stable over quarter but are still considerably ahead of the levels at the start of the year. Prime rents are up by 13.0% from their start year values, with rents on refurbished and un refurbished space up by 8.8% and 3.8% respectively.

Prime rents increase over past 12 months
13%

TAKE UP



TAKE UP BY SIZE (Q1 — Q3 2022)

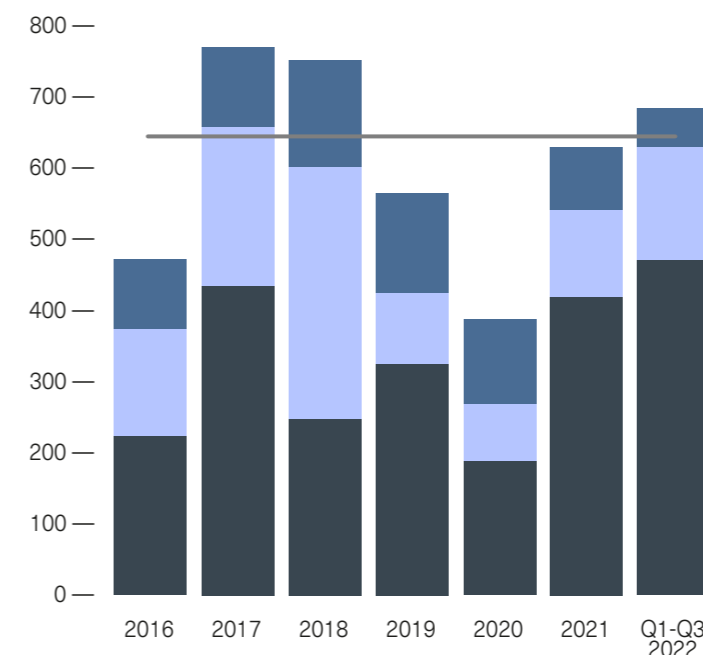
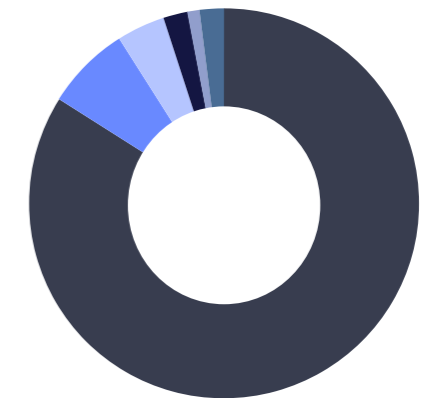
<1,000 sq ft	6%
1,001-2,500 sq ft	30%
2,501-5,000 sq ft	34%
5,001-10,000 sq ft	11%
10,001-20,000 sq ft	4%
>20,001 sq ft	15%

Q1 — Q3 2022 TAKE UP

673,480 sq ft

TAKE UP BY OCCUPIER TYPE (Q1 — Q3 2022)

Financial Services	84%
Real Estate	7%
Bus & Prof Services	4%
DAMIT	2%
Retailers	1%
Other	2%



TAKE UP (000's sq ft.)

GRADE A

GRADE B

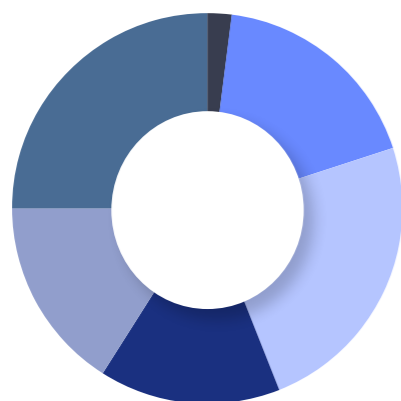
GRADE C

10 Year Average

SUPPLY

Supply continued to tighten from the post pandemic peak in mid 2021, falling to 584,100 sq ft at the end of Q3. The majority of the tightening in supply has been in Grade A space, which is now down to 172,700 sq ft, with only three buildings above 20,000 sq ft. The owners of Lansdowne House are still marketing short term space at the building ahead of the construction. The overall availability rate in Mayfair is now down to 4.6%, significantly below the long run trend availability rate, which stands at 6.0%.

AVAILABILITY BY FLOOR AREA (Q3 2022)



● <1,000 sq ft	2%
● 1,001-2,500 sq ft	18%
● 2,501-5,000 sq ft	24%
● 5,001-10,000 sq ft	15%
● 10,001-20,000 sq ft	16%
● >20,001 sq ft	25%

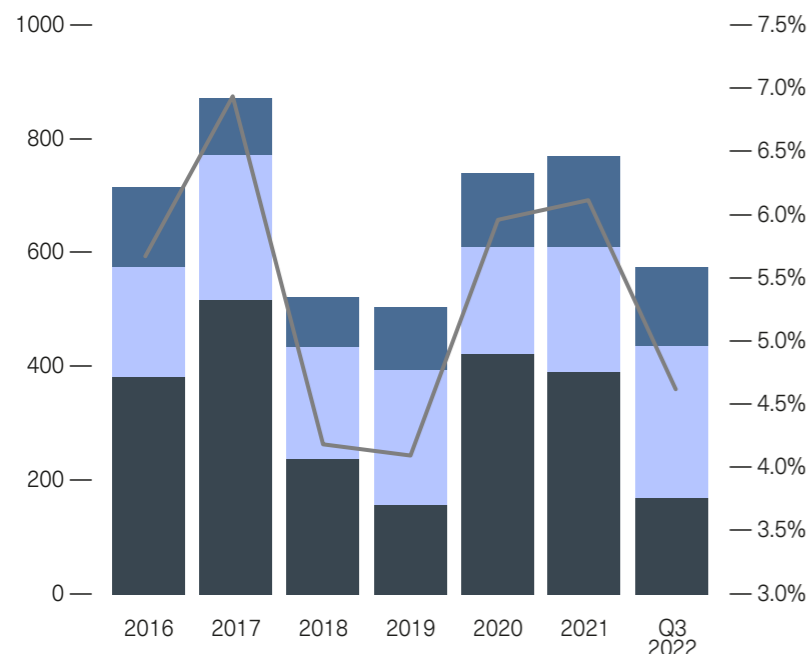
Q3 2022 Availability

584,100 sq ft

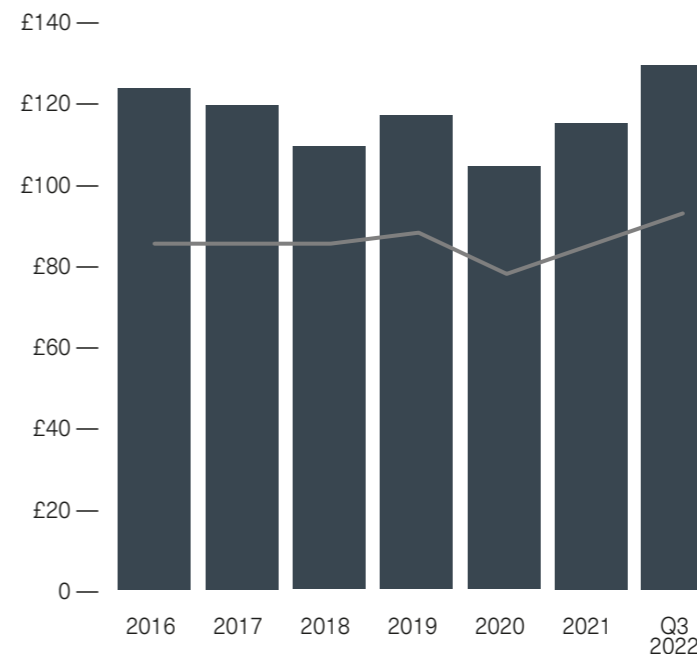
AVAILABILITY (000's sq ft.)

GRADE A
GRADE B
GRADE C

Availability Rate



RENTAL VALUES



PRIME AND SECONDARY RENTAL GROWTH

GRADE A

Refurbished

SERVICED OFFICE DESK RATES Q3 2022

Lowest

£690

Highest

£1,200

RENTAL VALUES Q3 2022

PRIME

Q3 2022
£130.00

Q2 2022
£130.00

Change
0.0%

REFURBISHED

Q3 2022
£92.50

Q2 2022
£92.50

Change
0.0%

UNREFURBISHED

Q3 2022
£67.50

Q2 2022
£67.50

Change
0.0%

ST JAMES'S OFFICE MARKET

COMMENTARY

Take up slowed in the St James's market in Q3 following two quarters of strong activity. Lettings in the quarter were 26,250 sq ft in 10 transactions bringing the year to date figure to 235,370 sq ft. Activity for the year is still ahead of trend levels and full year activity should be ahead of the 10 year average at 320,000 sq ft.

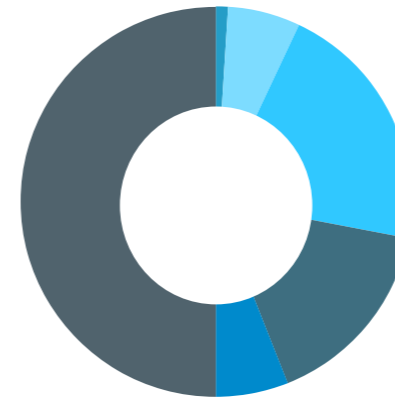
There was only one transaction above 5,000 sq ft in the quarter, the 5,900 sq ft letting to One Rock Capital Partners at Cleveland House, 33 King Street, although the majority of Grade A space was under offer at the end of the quarter.

Prime rents in St James's have now rebounded to £130.00 per sq ft and are now only 3.7% below their end 2015 peak of £135.00 per sq ft. This brings growth on prime rents to 23.8% since the start of the year. The growth in rents on refurbished and un refurbished space has been more modest, rising by 6.9% and 3.8% respectively since the start of 2022.

Take up above trend in Q1-Q3 2022

18%

TAKE UP



TAKE UP BY SIZE (Q1 — Q3 2022)

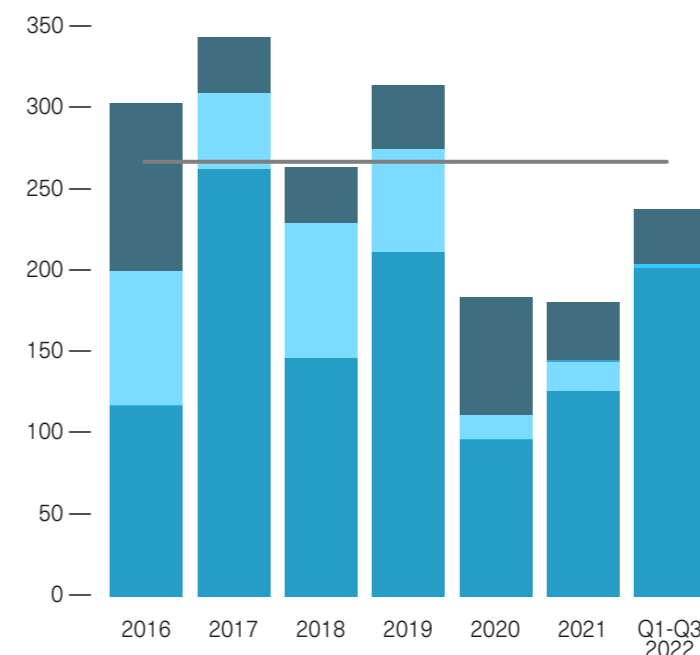
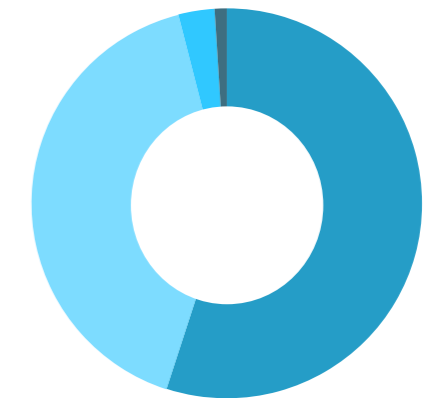
<1,000 sq ft	1%
1,001-2,500 sq ft	6%
2,501-5,000 sq ft	21%
5,001-10,000 sq ft	16%
10,001-20,000 sq ft	6%
>20,001 sq ft	50%

Q1 — Q3 2022 TAKE UP

235,400 sq ft

TAKE UP BY OCCUPIER TYPE (Q1 — Q3 2022)

Financial Services	55%
Man/Eng & Mining	41%
DAMIT	3%
Real Estate	1%



TAKE UP (000's sq ft.)

GRADE A

GRADE B

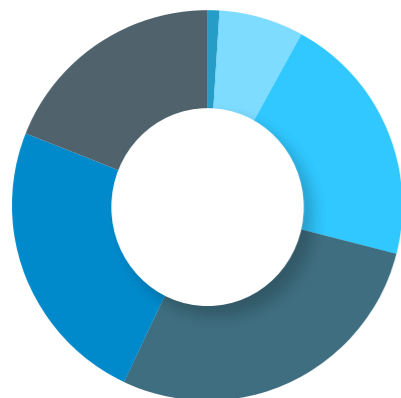
GRADE C

10 Year Average

SUPPLY

Supply has tightened further and is now at its lowest level in 15 years at 261,200 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 remains 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 4.8% having been at 8.7% at the start of the pandemic.

AVAILABILITY BY FLOOR AREA (Q3 2022)



<1,000 sq ft	1%
1,001-2,500 sq ft	7%
2,501-5,000 sq ft	21%
5,001-10,000 sq ft	28%
10,001-20,000 sq ft	24%
>20,001 sq ft	19%

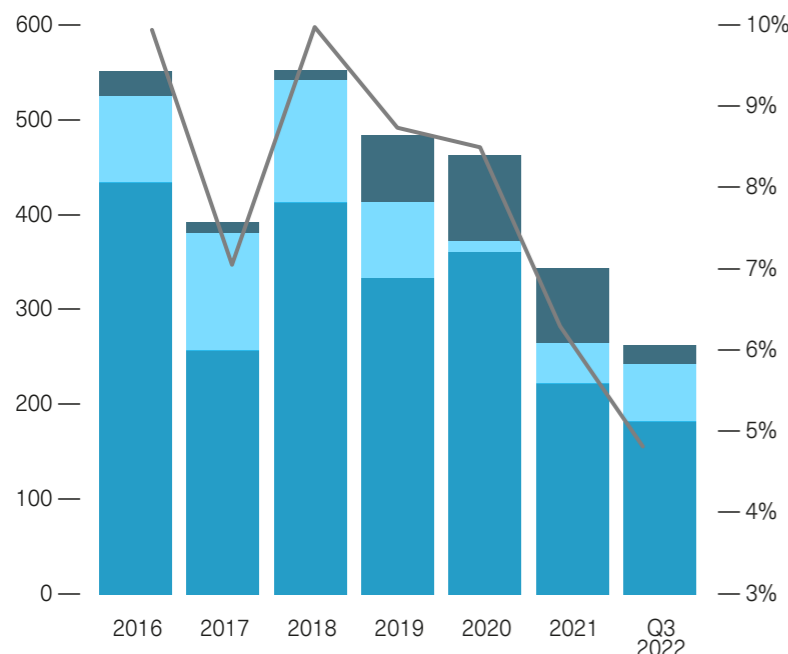
Q3 2022 Availability

261,200 sq ft

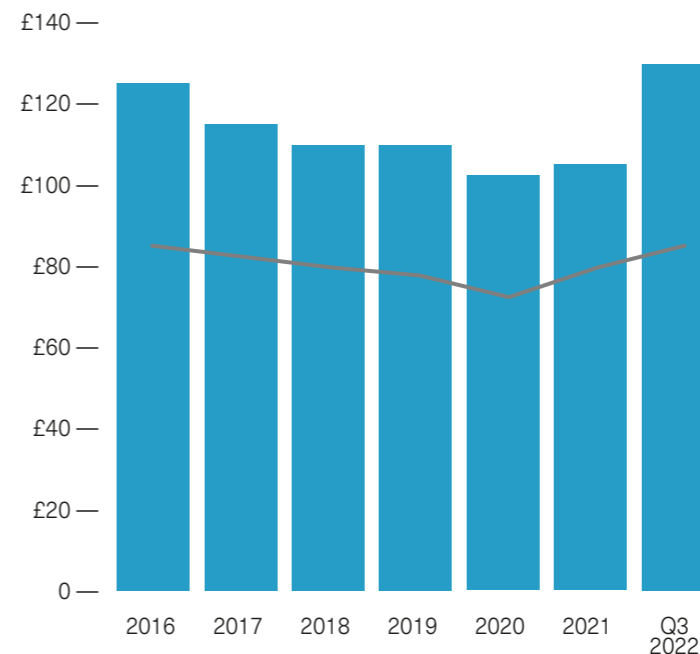
AVAILABILITY (000's sq ft.)

GRADE A
GRADE B
GRADE C

Availability Rate



RENTAL VALUES



PRIME AND SECONDARY RENTAL GROWTH

GRADE A

Refurbished

SERVICED OFFICE DESK RATES Q3 2022

Lowest

£690

Highest

£1,200

RENTAL VALUES Q3 2022

PRIME

Q3 2022
£130.00

Q2 2022
£120.00

Change
8.3%



REFURBISHED

Q3 2022
£85.00

Q2 2022
£85.00

Change
0.0%



UNREFURBISHED

Q3 2022
£67.50

Q2 2022
£67.50

Change
0.0%



MARYLEBONE OFFICE MARKET

COMMENTARY

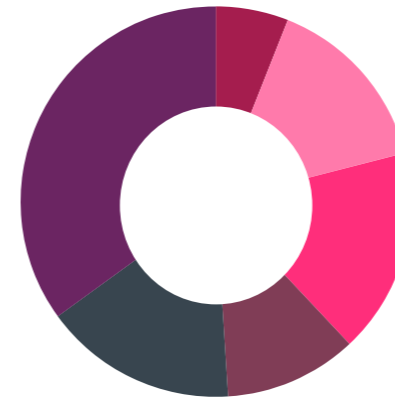
Take up has continued at above trend levels in 2022, with full year activity expected to be circa 400,000 sq ft. Year to date activity is 300,830 sq ft in 87 transactions, with 98,460 sq ft of transactions completing in Q3.

A number of larger transactions completed in the third quarter, with lettings ahead of completion at The Portman Estate's One Great Cumberland Place accounting for the largest lettings. Flexible workspace provider x+why took a management agreement on 21,970 sq ft at the new scheme, with US investment group Adams Street Partners taking the 7,586 sq ft 7th floor.

Prime rents in Marylebone edged back up to £92.50 per sq ft at the end of Q3 2022 and are now back to their pre pandemic level. Prime rents have increased by 5.7% since the start of the year, whilst rents on refurbished and unrefurbished space have remained stable at £75.00 per sq ft and £65.00 per sq ft respectively.

Availability down in Q3 2022
4.4%

TAKE UP



TAKE UP BY SIZE (Q1 — Q3 2022)

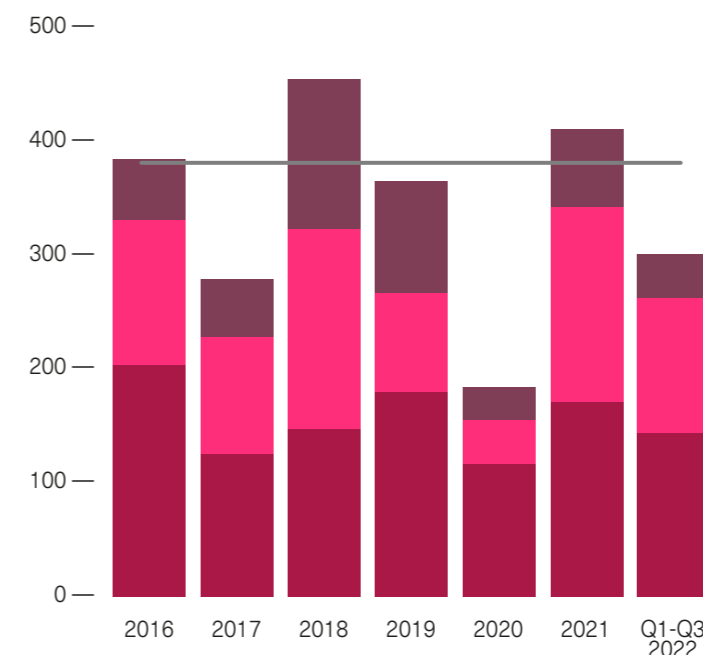
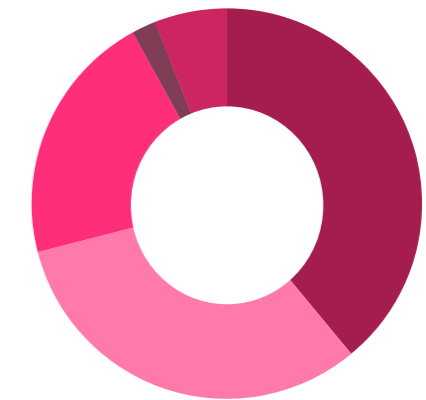
<1,000 sq ft	6%
1,001-2,500 sq ft	15%
2,501-5,000 sq ft	17%
5,001-10,000 sq ft	11%
10,001-20,000 sq ft	16%
>20,001 sq ft	35%

Q1 — Q3 2022 TAKE UP

300,830 sq ft

TAKE UP BY OCCUPIER TYPE (Q1 — Q3 2022)

Bus & Prof Services	39%
Real Estate	32%
Financial Services	21%
DAMIT	2%
Other	6%



TAKE UP (000's sq ft.)

GRADE A

GRADE B

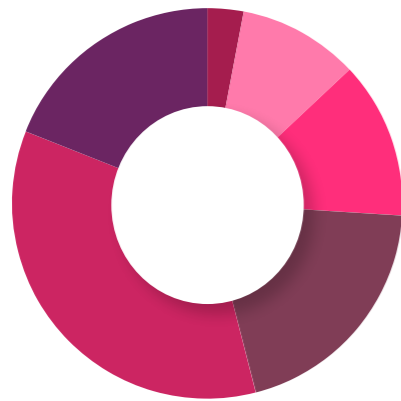
GRADE C

10 Year Average

SUPPLY

Supply continued on its downward trajectory, falling to 434,450 sq ft at the end of Q3, the lowest level since the end of 2020. Grade A supply is down to 104,195 sq ft, with only one building able to provide more than 20,000 sq ft for occupiers, the 20,248 sq ft at 105 Wigmore Street, although one third of the space is under offer. One Great Cumberland Place completed shortly after the end of Q3 adding a further 27,870 sq ft. The availability rate in Marylebone is now back down to 4.4%.

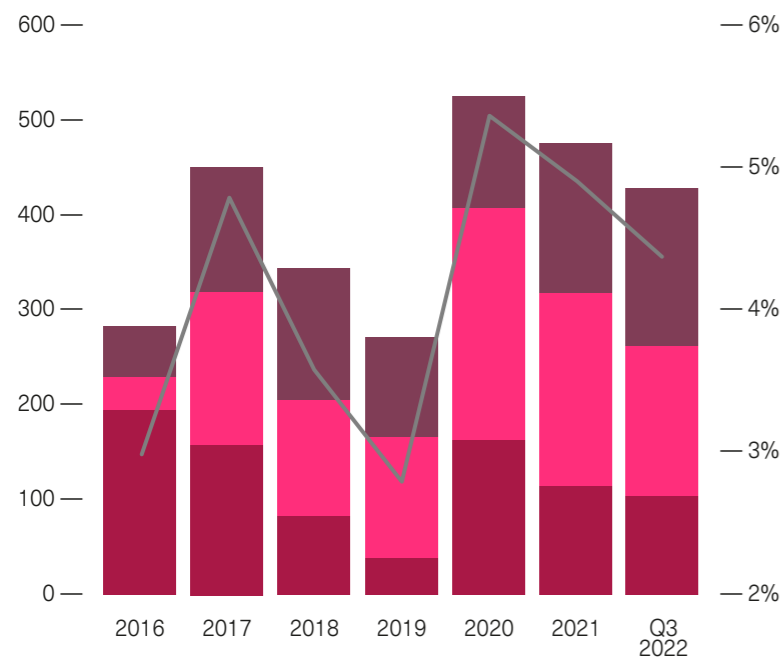
AVAILABILITY BY FLOOR AREA (Q3 2022)



<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	20%
10,001-20,000 sq ft	35%
>20,001 sq ft	19%

Q3 2022 Availability

434,450 sq ft



AVAILABILITY (000's sq ft.)

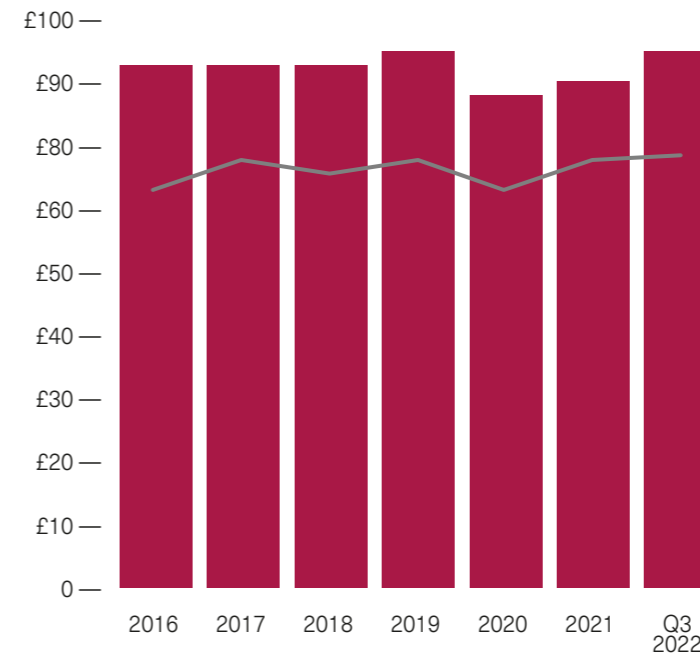
GRADE A

GRADE B

GRADE C

Availability Rate

RENTAL VALUES



PRIME AND SECONDARY RENTAL GROWTH

GRADE A

Refurbished

SERVICED OFFICE DESK RATES Q3 2022

Lowest

£550

Highest

£1,200

RENTAL VALUES Q3 2022

PRIME

Q3 2022
£92.50

Q2 2022
£90.00

Change
2.8%



REFURBISHED

Q3 2022
£75.00

Q2 2022
£75.00

Change
0.0%



UNREFURBISHED

Q3 2022
£65.00

Q2 2022
£65.00

Change
0.0%



FITZROVIA OFFICE MARKET

COMMENTARY

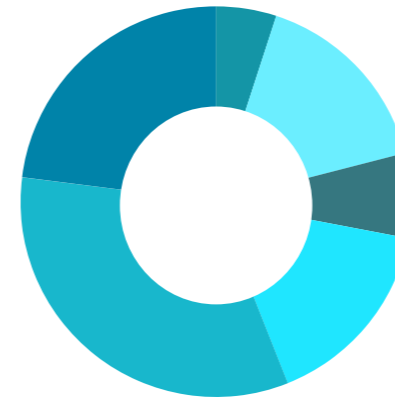
Fitzrovia has continued its strong period of letting activity after it was one of the first West End sub markets to rebound from the pandemic. Third quarter take up was 135,650 sq ft in 48 transactions, bringing the year to date activity to 460,025 sq ft.

The largest transaction in Fitzrovia in Q3 2022 was the 18,364 sq ft letting to GLG, who took additional space at 1 Fitzroy Place, Mortimer Street. The final floor at 1 Newman Street has let with Scape taking 13,733 sq ft.

Prime rents in Fitzrovia moved to £92.50 per sq ft in Q3 2022 and are now at a new record level, surpassing the previous 2016 peak level of £90.00 per sq ft. Rents on both refurbished and unrefurbished floor space also continued to recover, moving to £69.50 per sq ft (3.0% growth since the start of the year) and £62.50 per sq ft (13.6% growth) respectively.

14%
Take up above trend
in Q1-Q3 2022

TAKE UP



TAKE UP BY SIZE (Q1 — Q3 2022)

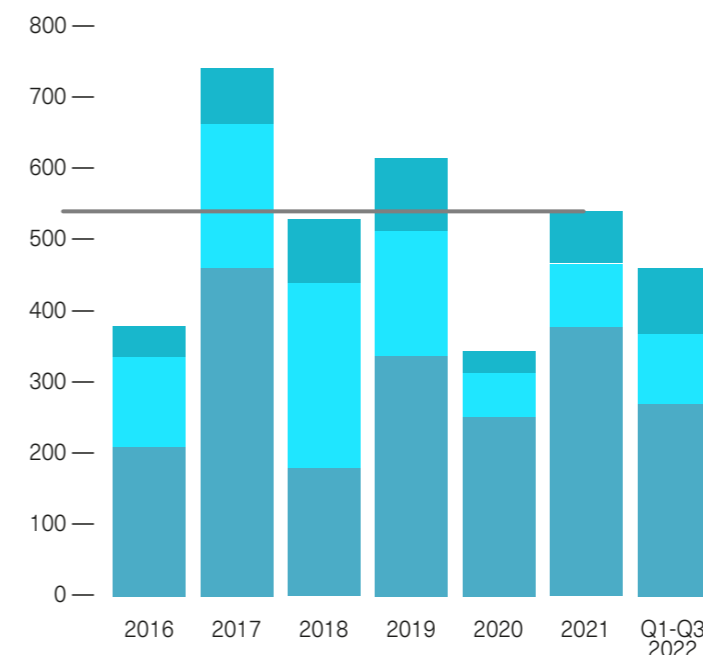
<1,000 sq ft	5%
1,001-2,500 sq ft	16%
2,501-5,000 sq ft	7%
5,001-10,000 sq ft	16%
10,001-20,000 sq ft	33%
>20,001 sq ft	23%

Q1 — Q3 2022 TAKE UP

460,020 sq ft

TAKE UP BY OCCUPIER TYPE (Q1 — Q3 2022)

Real Estate	30%
DAMIT	24%
Financial Services	21%
Retailers	10%
Bus & Prof Services	2%
Other	13%



TAKE UP (000's sq ft.)

GRADE A

GRADE B

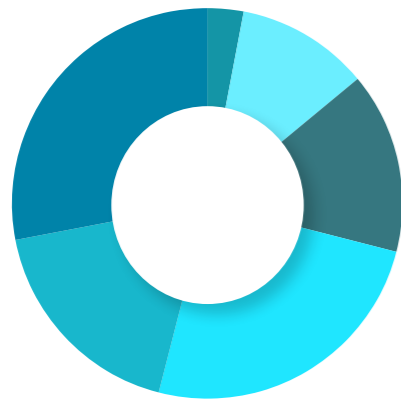
GRADE C

10 Year Average

SUPPLY

The strong level of activity in Fitzrovia has seen availability fall to 550,690 sq ft, a decline of 208,000 sq ft (27%) over the past 12 months. Fitzrovia continues to be one of the primary locations for buildings to accommodate larger requirements, with four Grade A buildings of 20,000 sq ft and above. Despite this, Grade A space has also been eroded, falling from 400,000 sq ft in mid 2021 to currently stand at 212,500 sq ft. The availability rate in Fitzrovia is one of the highest amongst the West End sub markets at 6.0%.

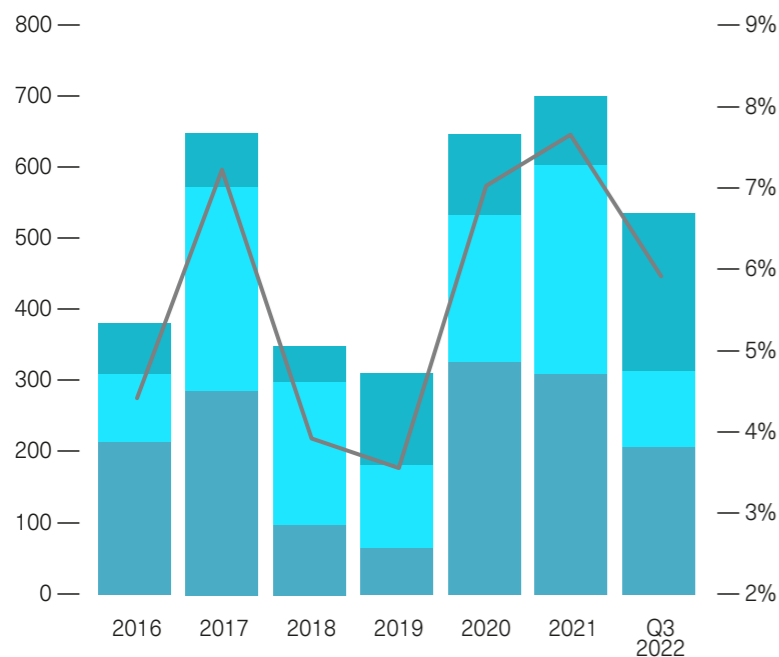
AVAILABILITY BY FLOOR AREA (Q3 2022)



<1,000 sq ft	3%
1,001-2,500 sq ft	11%
2,501-5,000 sq ft	15%
5,001-10,000 sq ft	25%
10,001-20,000 sq ft	18%
>20,001 sq ft	28%

Q3 2022 Availability

550,700 sq ft



AVAILABILITY (000's sq ft.)

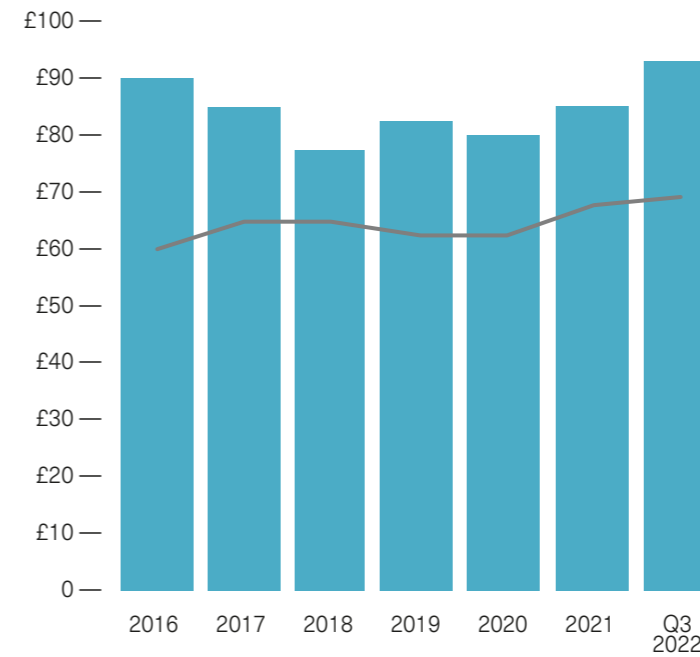
GRADE A

GRADE B

GRADE C

Availability Rate

RENTAL VALUES



PRIME AND SECONDARY RENTAL GROWTH

GRADE A

Refurbished

SERVICED OFFICE DESK RATES Q3 2022

Lowest

£460

Highest

£950

RENTAL VALUES Q3 2022

PRIME

Q3 2022
£92.50

Q2 2022
£87.50

Change
5.7%



REFURBISHED

Q3 2022
£69.50

Q2 2022
£69.50

Change
0.0%



UNREFURBISHED

Q3 2022
£62.50

Q2 2022
£59.50

Change
5.0%



SOHO OFFICE MARKET

COMMENTARY

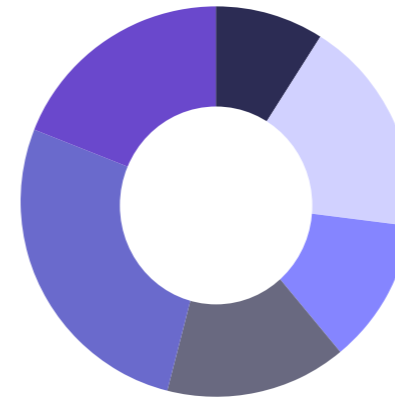
Activity continued at close to trend levels in the Soho market in Q3, with a total of 93,800 sq ft of lettings across 33 transactions. This brings the total take up in the first three quarters of the year to 289,250 sq ft.

Some of the largest deals in Q3 2022 continue to be focused at Soho Estates new scheme Ilona Rose House at 113-119 Charing Cross Road, where technology group Planet Payment took the 17,270 sq ft 4th floor, whilst Dawn Capital took the 9,081 sq ft 7th floor. The largest letting in the quarter was the 18,600 sq ft sub let at St Vincent House Orange Street to Pennine Way.

Prime rents in Soho moved back to £100.00 per sq ft in Q3 2022 for the first time since early 2017. Values are now 11.1% above the levels at the start of the year but remain below the peak of £105.00 per sq ft. Rents on refurbished space have also strengthened, moving back to £77.50 per sq ft, whilst unrefurbished rents edged up to £65.00 per sq ft.

Prime rent increase
(last 12 months)
14.3%

TAKE UP



TAKE UP BY SIZE (Q1 — Q3 2022)

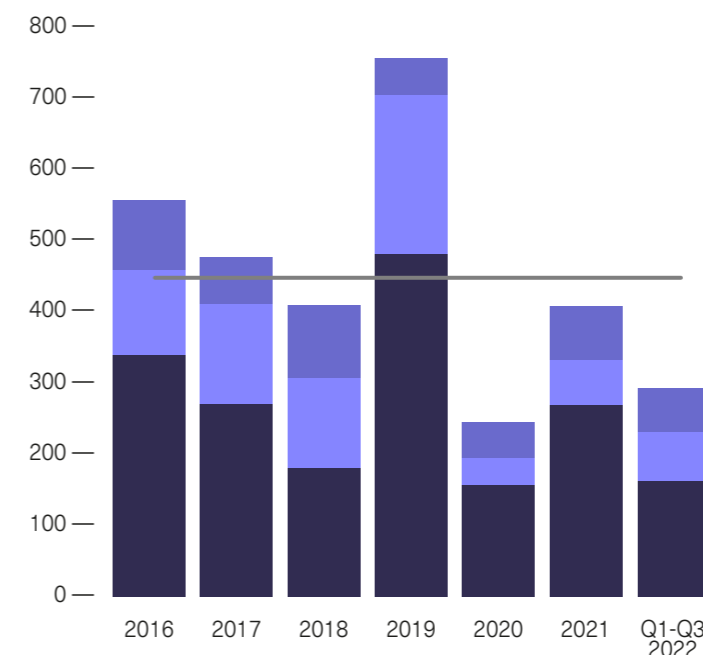
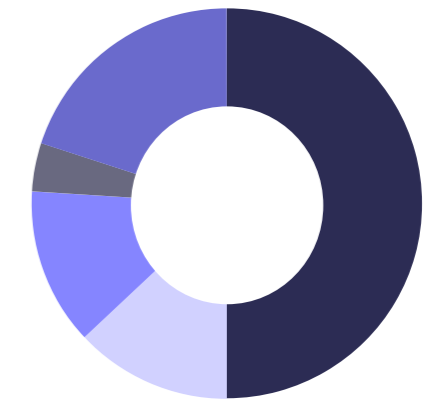
<1,000 sq ft	9%
1,001-2,500 sq ft	18%
2,501-5,000 sq ft	12%
5,001-10,000 sq ft	15%
10,001-20,000 sq ft	27%
>20,001 sq ft	19%

Q1 — Q3 2022 TAKE UP

289,200 sq ft

TAKE UP BY OCCUPIER TYPE (Q1 — Q3 2022)

Financial Services	50%
Real Estate	13%
DAMIT	13%
Bus & Prof Services	4%
Other	20%



TAKE UP (000's sq ft.)

GRADE A

GRADE B

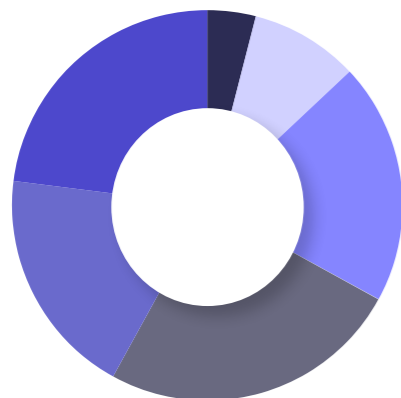
GRADE C

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 351,530 sq ft. The primary reduction in space has been in larger buildings, which has almost entirely been absorbed over the past 12-15 months. Ilona Rose House is the largest Grade A space on the market at the end of Q3, with 55,478 sq ft still available on the 1-3 floors. The availability rate in Soho dipped below 5.0% in Q2 and remains at 4.9% at the end of September.

AVAILABILITY BY FLOOR AREA (Q3 2022)



<1,000 sq ft	4%
1,001-2,500 sq ft	9%
2,501-5,000 sq ft	20%
5,001-10,000 sq ft	25%
10,001-20,000 sq ft	19%
>20,001 sq ft	23%

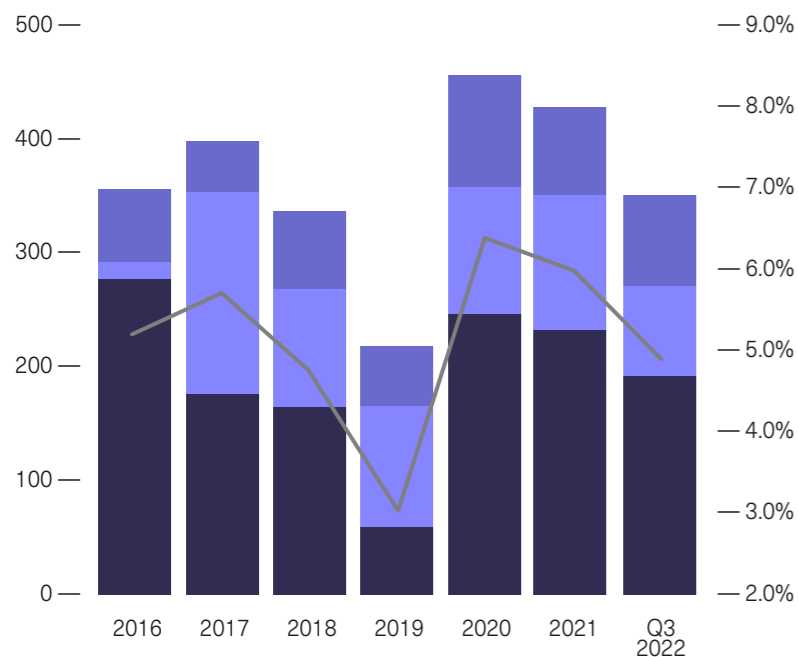
Q3 2022 Availability

351,530 sq ft

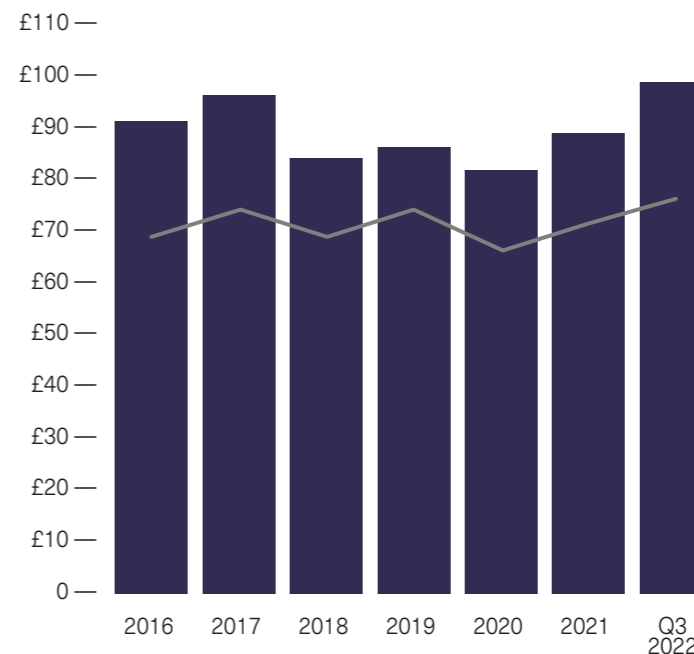
AVAILABILITY (000's sq ft.)

GRADE A
GRADE B
GRADE C

Availability Rate



RENTAL VALUES



PRIME AND SECONDARY RENTAL GROWTH

GRADE A

Refurbished

SERVICED OFFICE DESK RATES Q3 2022

Lowest

£335

Highest

£1,150

RENTAL VALUES Q3 2022

PRIME

REFURBISHED

UNREFURBISHED

Q3 2022
£100.00

Q3 2022
£77.50

Q3 2022
£65.00

Q2 2022
£95.00

Q2 2022
£75.00

Q2 2022
£62.50

Change
5.3%

Change
3.3%

Change
4.0%

COVENT GARDEN OFFICE MARKET

COMMENTARY

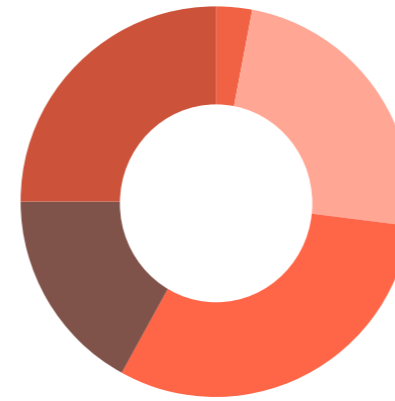
Letting activity in Covent Garden has shown a slow recovery from the pandemic, with activity remaining below trend levels over the past two years. Total take up in Q3 2022 was 59,250 sq ft in 22 transactions, bringing year to date activity to 204,220 sq ft.

Only one deal completed above 5,000 sq ft in the third quarter, the 9,170 sq ft letting to film visual effects company Outpost VFX at the recently refurbished Charles Doll Building, 9-13 Grape Street. Retailers have been particularly active in the Covent Garden market over the first three quarters of 2022, accounting for 29% of space acquired, with the creative and tech sector accounting for a further 25% floor space leased.

Prime rents and rents on refurbished space edged higher to £87.50 per sq ft and £75.00 per sq ft respectively at the end of Q3 2022. Prime rents are now 9.4% ahead of where they were at the start of the year as occupier demand continues to strengthen. Rents on un refurbished space moved back to £57.50 per sq ft but remain the lowest option amongst the sub markets.

Availability down in 2022
15%

TAKE UP



TAKE UP BY SIZE (Q1 — Q3 2022)

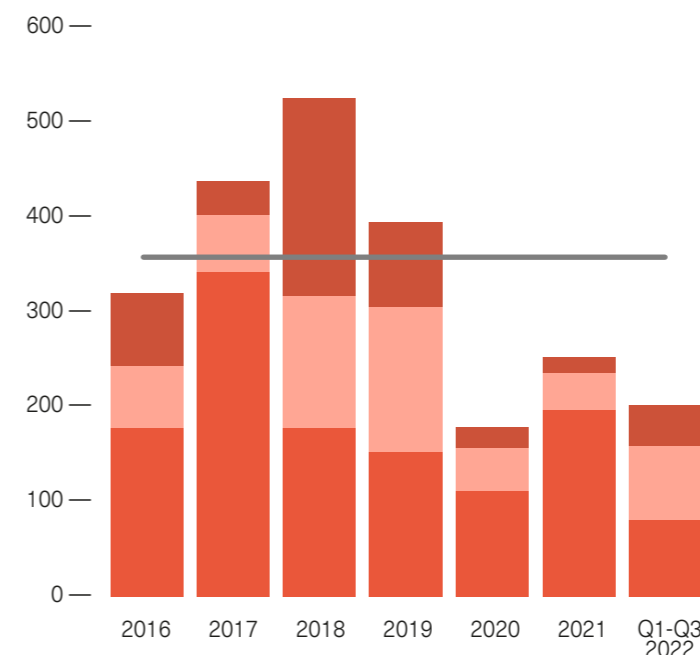
<1,000 sq ft	3%
1,001-2,500 sq ft	24%
2,501-5,000 sq ft	31%
5,001-10,000 sq ft	17%
10,001-20,000 sq ft	25%
>20,001 sq ft	0%

Q1 — Q3 2022 TAKE UP

204,220 sq ft

TAKE UP BY OCCUPIER TYPE (Q1 — Q3 2022)

Retailers	29%
DAMIT	25%
Bus & Prof Services	17%
Financial Services	9%
Real Estate	2%
Other	18%



TAKE UP (000's sq ft.)

GRADE A

GRADE B

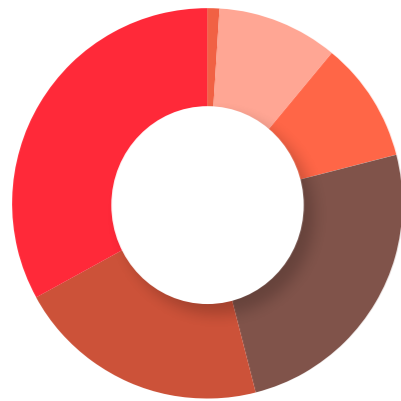
GRADE C

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 plateaued in Q3 2022 at 413,900 sq ft, only 16% below peak levels. The supply of Grade A space has tightened falling to 117,700 sq ft, with the largest grade A space at the comprehensively refurbished Kodak Building at 65 Kingsway. The availability rate is now down to 6.1% but remains one of the highest amongst the West End sub markets.

AVAILABILITY BY FLOOR AREA (Q3 2022)



<1,000 sq ft	1%
1,001-2,500 sq ft	10%
2,501-5,000 sq ft	10%
5,001-10,000 sq ft	25%
10,001-20,000 sq ft	21%
>20,001 sq ft	33%

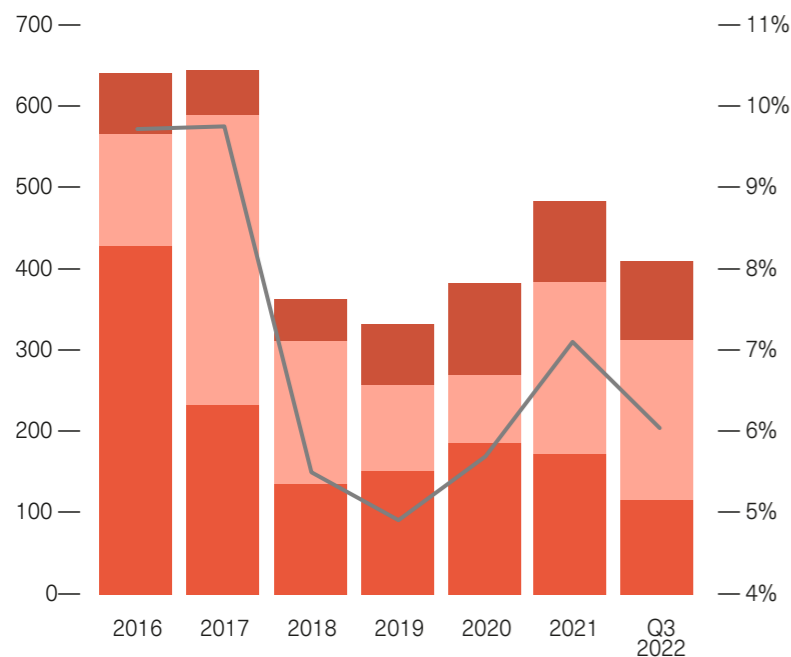
Q3 2022 Availability

413,900 sq ft

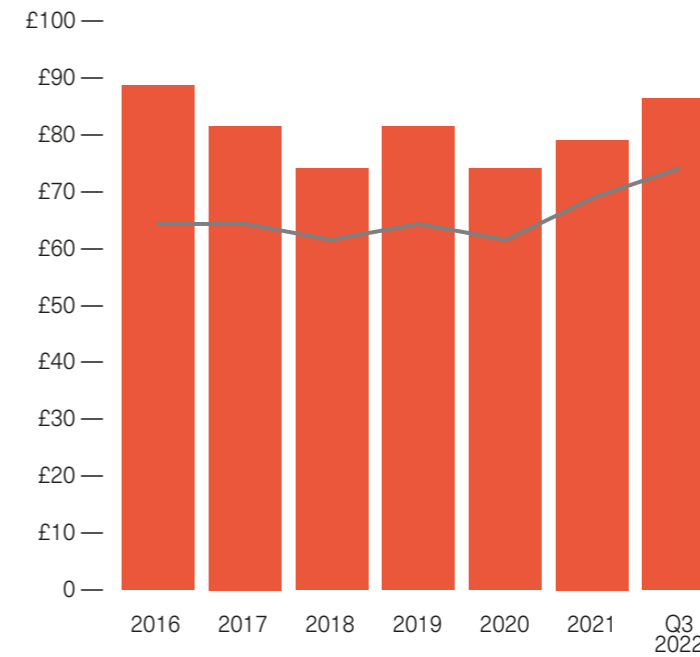
AVAILABILITY (000's sq ft.)

GRADE A
GRADE B
GRADE C

Availability Rate



RENTAL VALUES



PRIME AND SECONDARY RENTAL GROWTH

GRADE A

Refurbished

SERVICED OFFICE DESK RATES Q3 2022

Lowest

£600

Highest

£900

RENTAL VALUES Q3 2022

PRIME

REFURBISHED

UNREFURBISHED

Q3 2022
£87.50

Q3 2022
£75.00

Q3 2022
£57.50

Q2 2022
£82.50

Q2 2022
£72.50

Q2 2022
£55.00

Change
6.1%

Change
3.4%

Change
4.5%

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