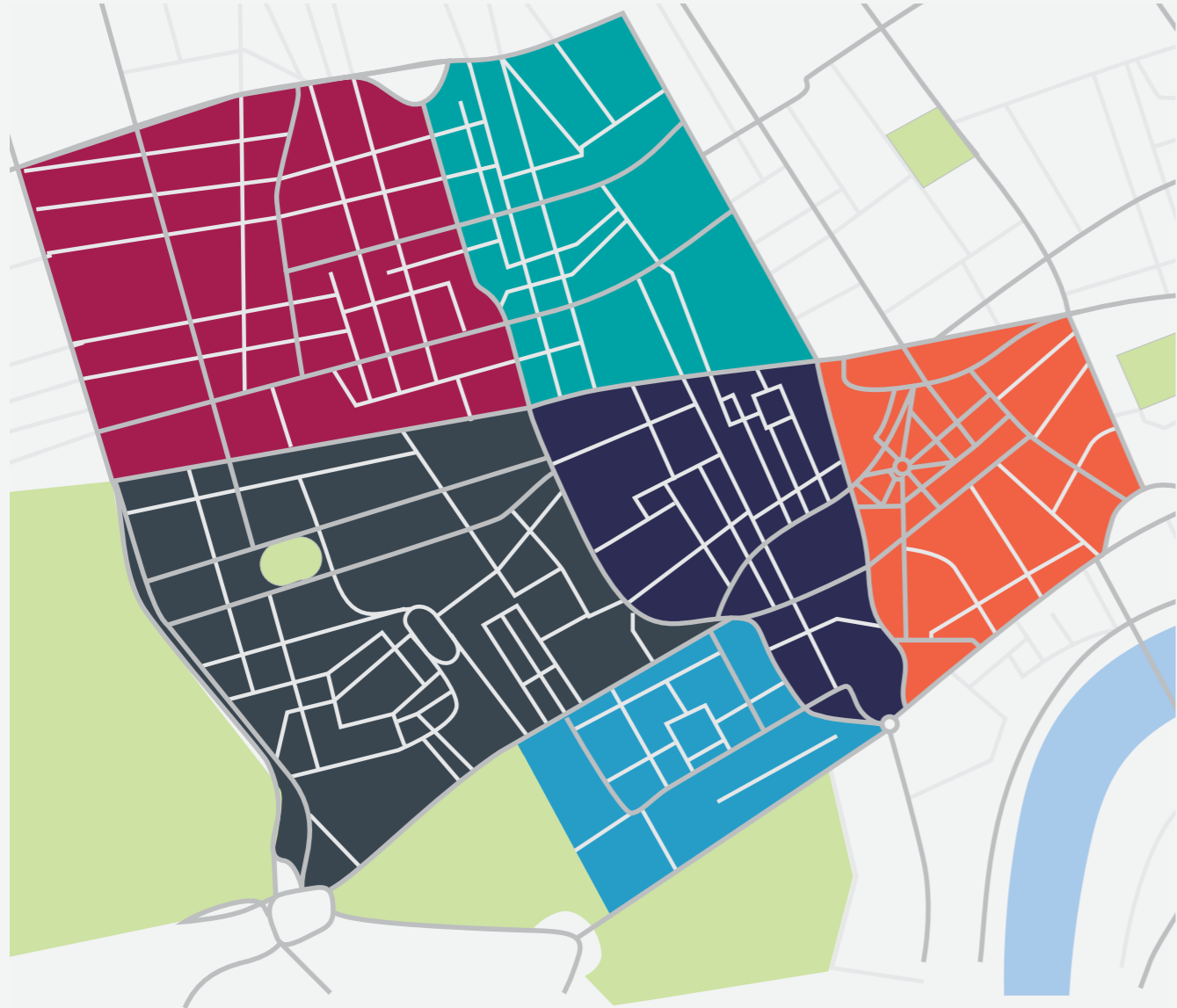


WEST END
OFFICES
**SUBMARKETS
RESEARCH**

— Q4 2020





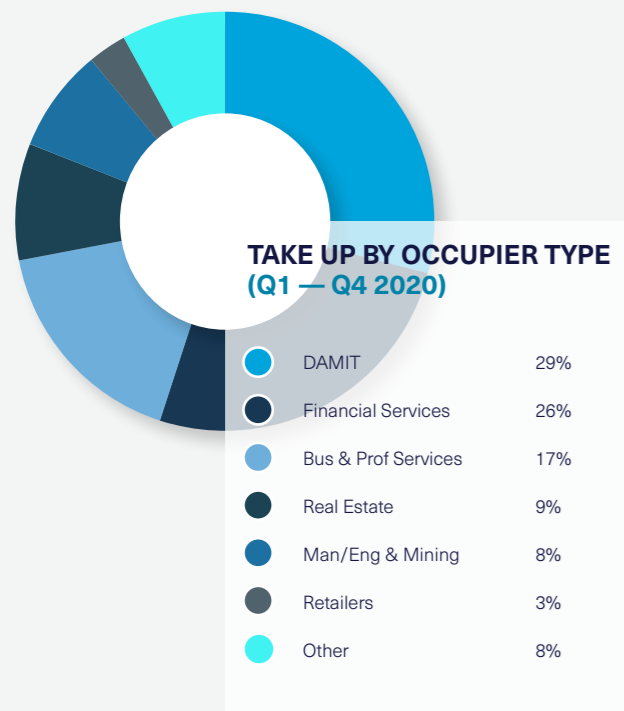
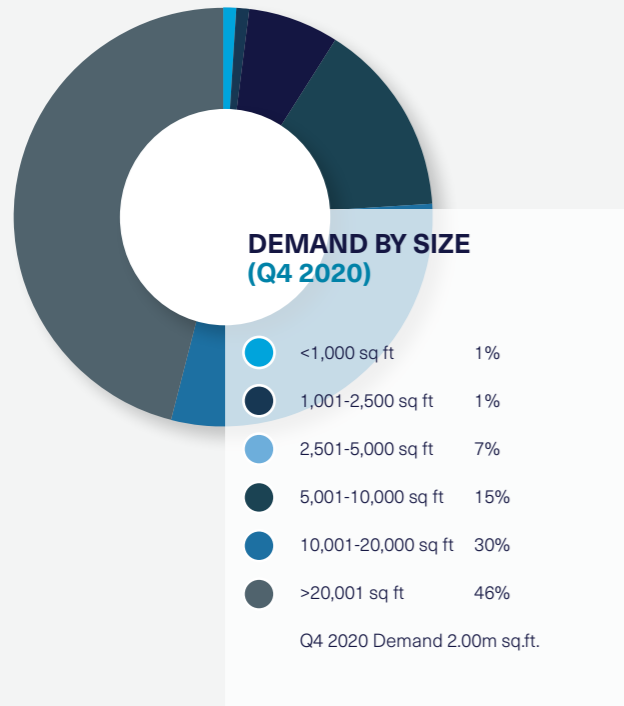
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WEST END OFFICE MARKET

COMMENTARY

TAKE UP & DEMAND



Take up across the core West End markets ended the year 50% below the 10 year average, with a total of 1.44m sq ft across 363 transactions. In a typical year, the West End sees total activity of 2.9m sq ft and 700-750 transactions. Activity in 2020 was focused towards Grade A space, which accounted for 61% of the years lettings.

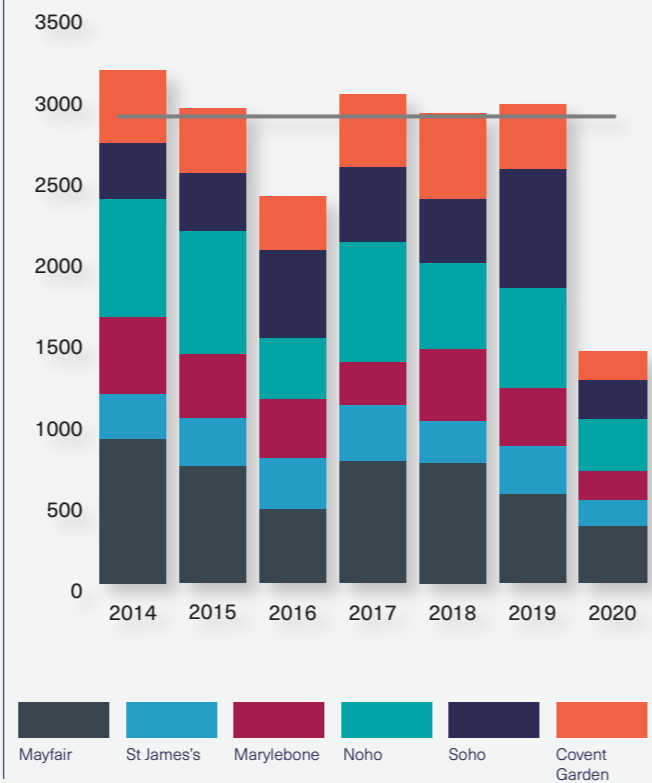
The final quarter of the year, saw a total of 233,135 sq ft of take up, with the largest transaction in the quarter being the 42,000 sq ft letting to CPPIB at 40 Portman Square. This was one of three transactions above 20,000 sq ft.

Supply has continued to edge up and now stands at 3.24m sq ft, an increase of 1.22m sq ft. More than 74% of the recorded increase in supply has been in Grade A space, which now stands at 1.7m sq ft.

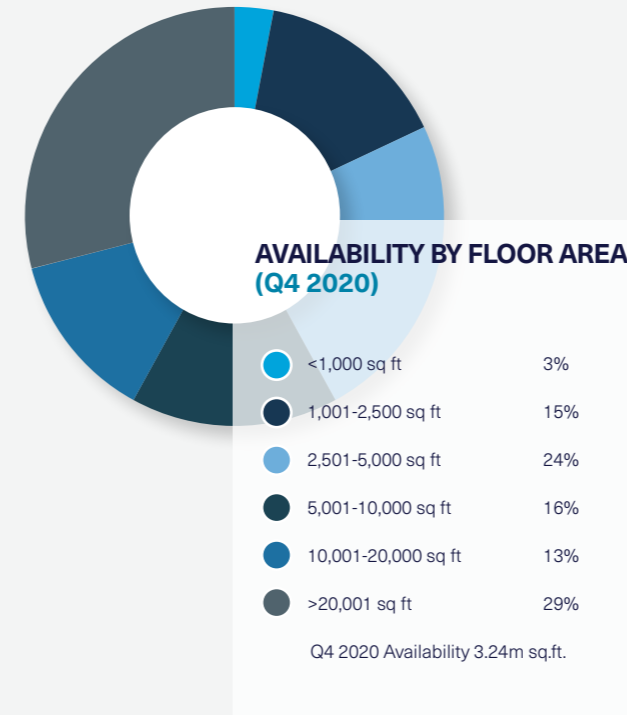
Demand weakened dropping back to 2.0m sq ft from 2.47m sq ft at the end of Q3 2020. The main weakening in demand has been in the medium to larger size bands (>5,000 sq ft), where overall requirements are down by 20%. The Financial Services sector continues to be the primary driver behind current requirements, accounting for 43% of total floor space demanded.

Average prime rents continued to slip, falling by 1.85% on average over the final quarter of the year. This brings the overall fall in average prime rents over 2020 to 7.42%. The most significant falls have been seen in Mayfair and Covent Garden, where prime rents are down by 10.64% and 9.09% respectively. It is envisaged that downward pressure on rental levels will continue in the short term.

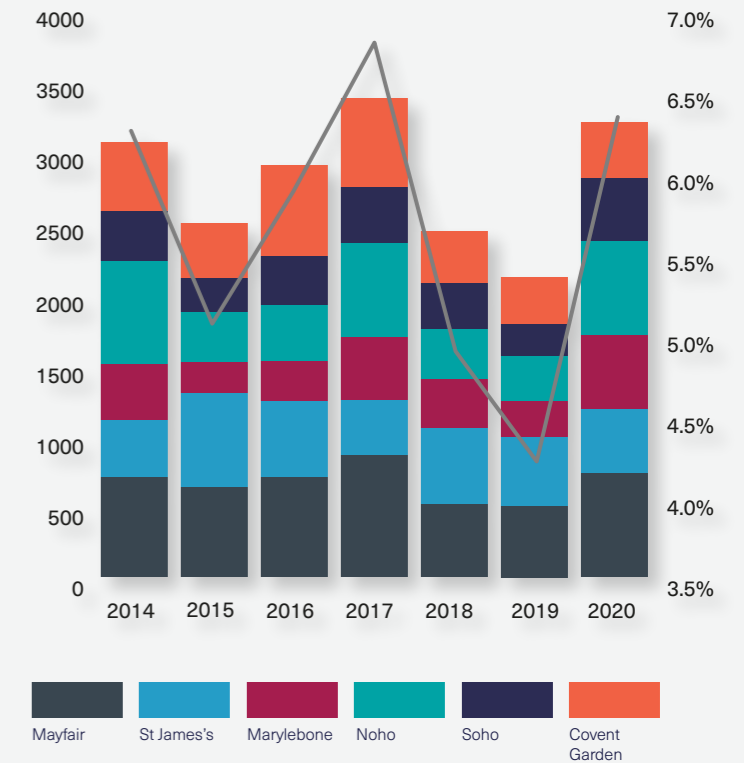
WEST END TAKE UP (000's sq ft.)



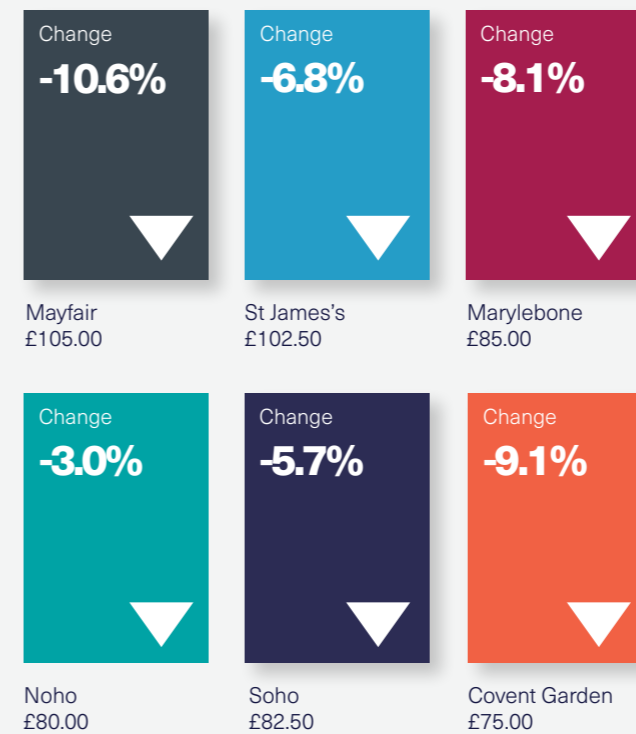
SUPPLY



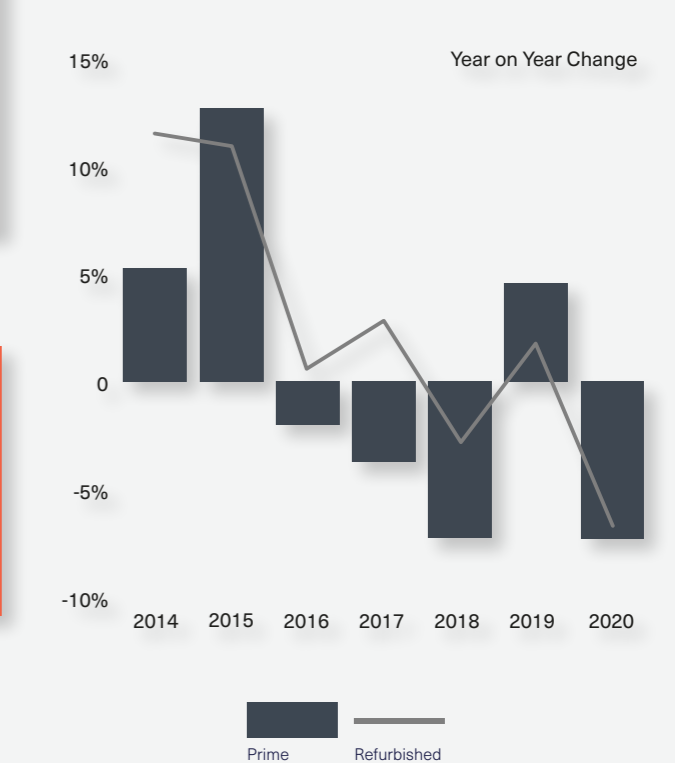
WEST END AVAILABILITY (000's sq ft.)



PRIME RENTAL VALUES 2020



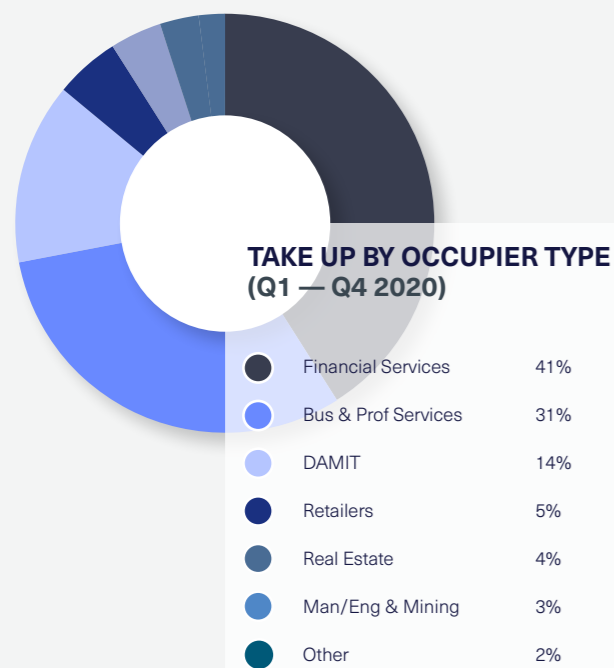
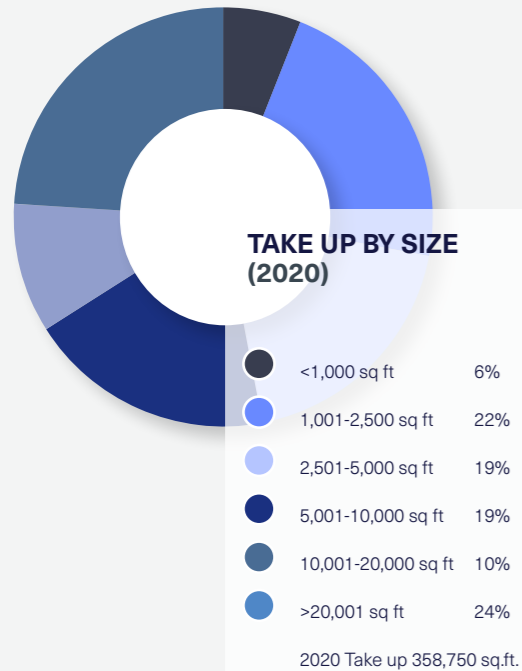
PRIME & SECONDARY RENTAL GROWTH



MAYFAIR OFFICE MARKET

COMMENTARY

TAKE UP & DEMAND



Total take up in the Mayfair for the calendar year 2020 was 358,750 sq ft across 115 transactions. This is some 50% below the 10 year average for the Mayfair market, with the amount of transactions around 42% below usual levels.

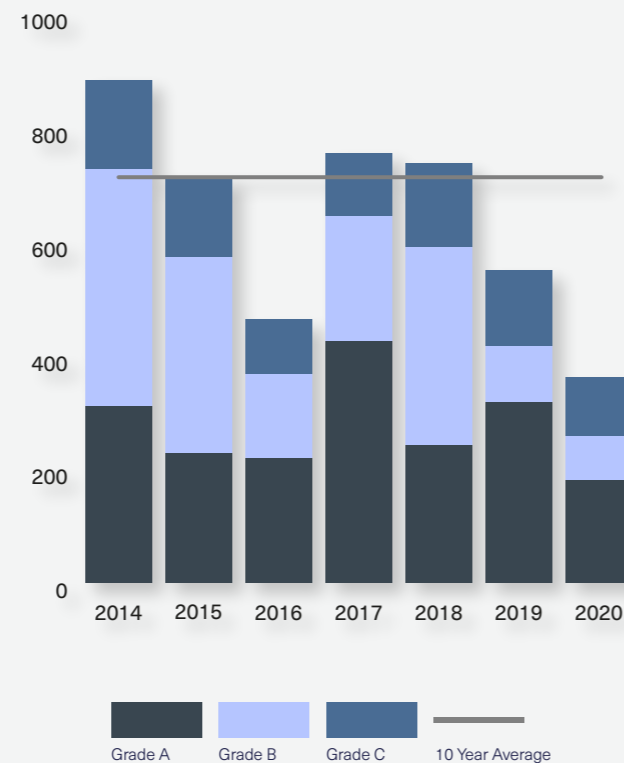
Take up in Mayfair has been polarised, with the main focus of letting activity being in Grade A and budget space. Lettings of Grade A space accounted for 49% of overall activity, with the leasing of poorer quality space representing 29% of the year's total.

The largest transaction in the final quarter of the year was the 16,757 sq ft letting to co-working operator One Avenue Group at 64 North Row.

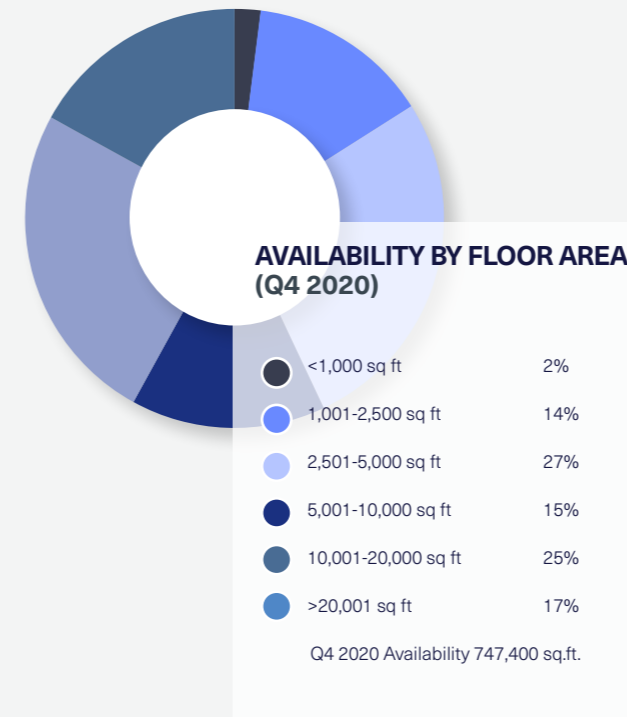
Supply in Mayfair has increased by almost 300,000 sq ft since the low point recorded in Q1 2020. Availability at the end of 2020 was 747,400 sq ft, with 57% of supply (426,800 sq ft) in Grade A space. The two largest Grade A buildings on the market are the recently redeveloped 73-75 Grosvenor Street (36,942 sq ft) and 2 Park Street (25,275 sq ft).

Prime rents in Mayfair slipped back to £105.00 per sq ft at the end of 2020 from £117.50 per sq ft at the start of the year. This brings the fall in prime rents in the year to date to 10.6%, the most significant fall amongst all of the 'core' West End sub markets. The downturn in rents on both refurbished and unrefurbished space has been more significant, falling by 11.4% and 11.1% since the start of the year, respectively.

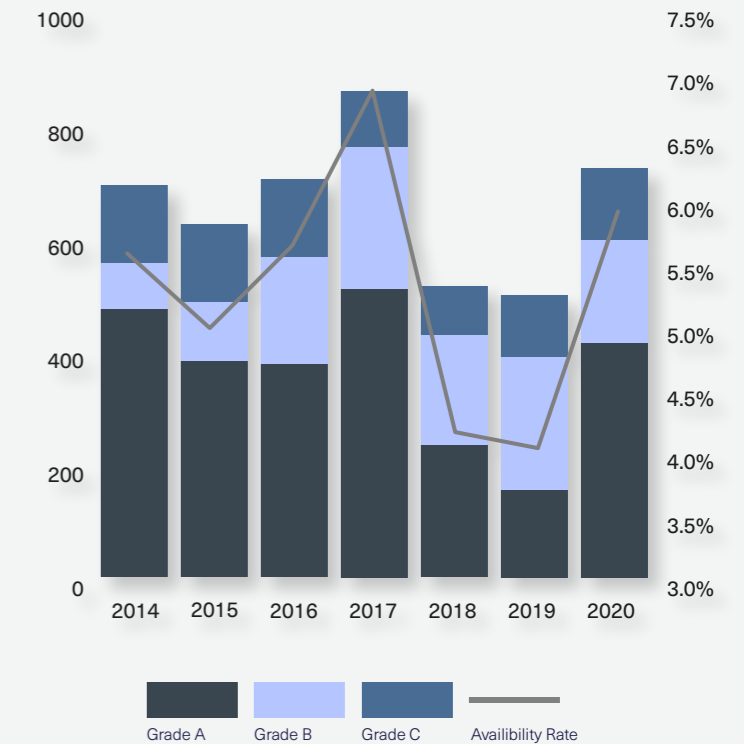
MAYFAIR TAKE UP (000's sq ft.)



SUPPLY



MAYFAIR AVAILABILITY (000's sq ft.)



RENTAL VALUES 2020

PRIME

Q4 2020
£105.00

Q4 2019
£117.50

Change
-10.6%

REFURBISHED

Q4 2020
£77.50

Q4 2019
£87.50

Change
-11.4%

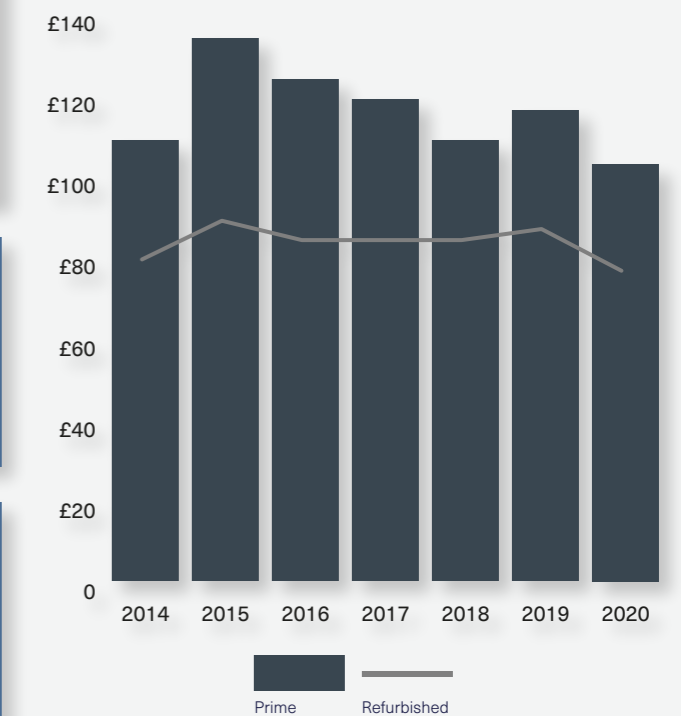
UNREFURBISHED

Q4 2020
£60.00

Q4 2019
£67.50

Change
-11.1%

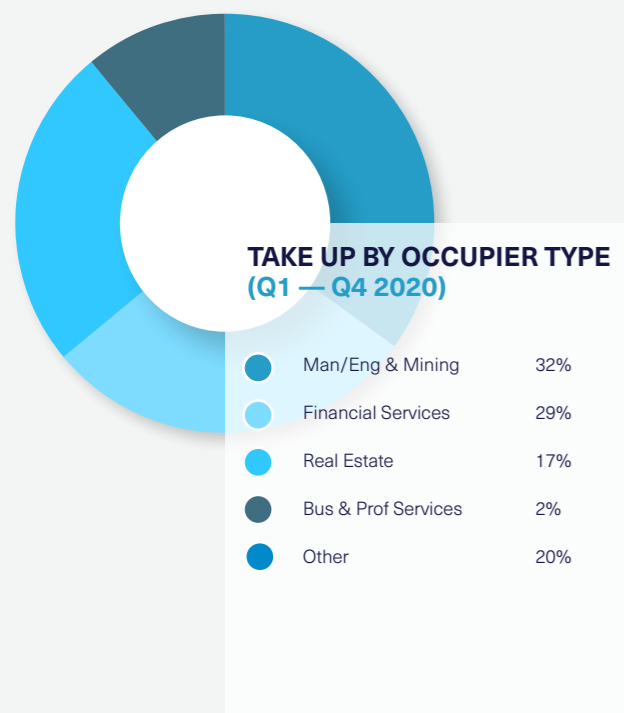
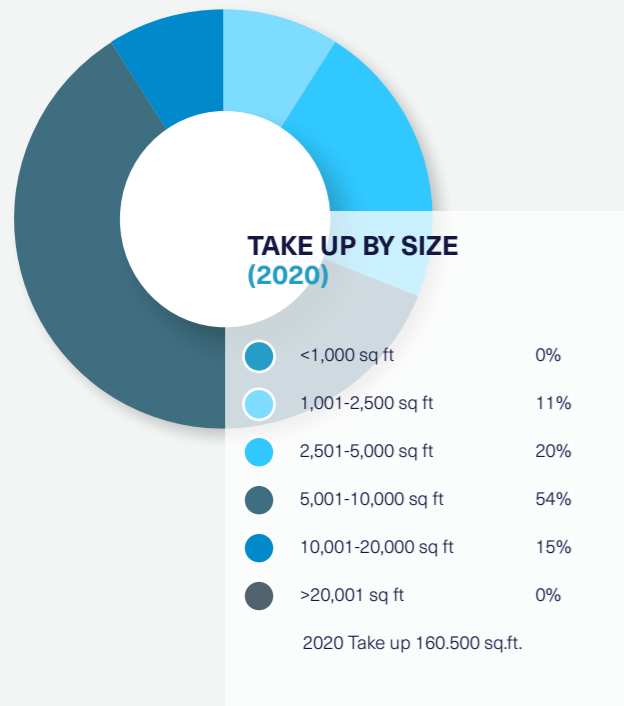
PRIME & SECONDARY RENTS



ST JAMES'S OFFICE MARKET

COMMENTARY

TAKE UP & DEMAND



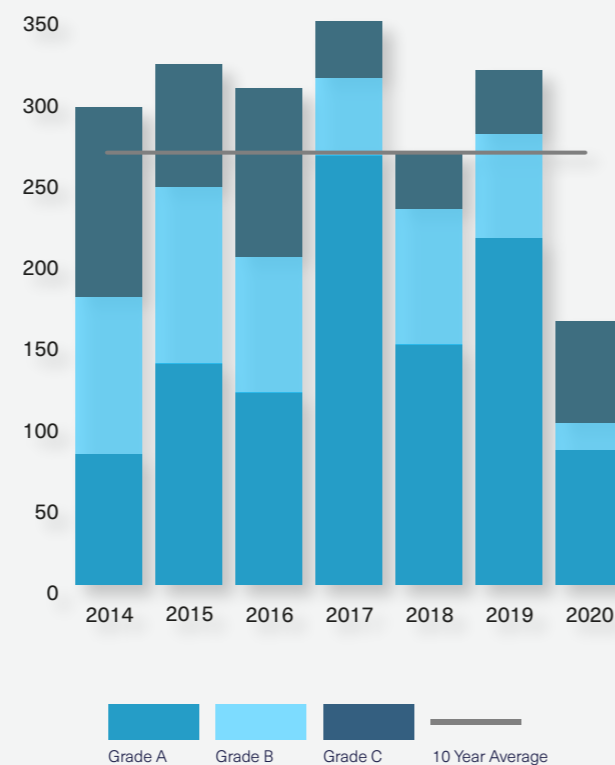
Take up in the St James's market slowed significantly in the second half of the year, with only 41,050 sq ft of lettings recorded in the six months period compared to almost 120,000 sq ft in H1. Total activity in the year was 160,500 sq ft across 38 transactions.

There were only two transactions above 10,000 sq ft during the year, the largest being the 14,065 sq ft letting to aerospace group Leonardo Company at 1 Eagle Place, with the other deal being the short term letting of 10,150 sq ft at 55-58 Pall Mall to private members club 67 Pall Mall.

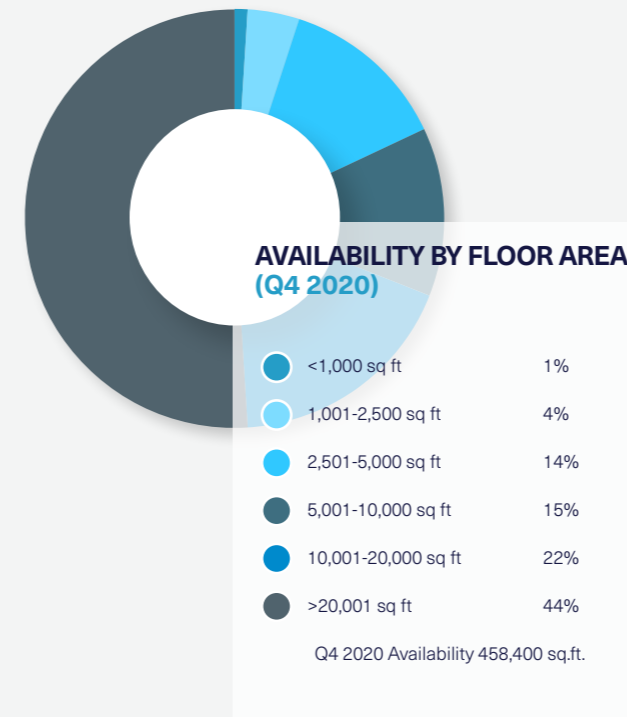
Unlike the other 'core' West End sub markets, supply in St James's has remained relatively stable during the year, ending 2020 at 458,400 sq ft, 4% below the figure at the start of the year. Supply is still dominated by Grade A space, which represents 78% of total stock on the market. Grade A supply is dominated by two buildings, the 120,000 sq ft at One Jermyn Street and RTZ marketing 53,450 sq ft of their headquarters building at 6 St James's Square.

Prime rents in St James's have continued to edge down over the past two years, ending 2020 at £102.50 per sq ft. The overall decline in rents over the two year period has been 10.9%, with the majority of the downturn occurring in 2020 (6.8%). Rents on refurbished space are now down to £72.50 per sq ft (down by 6.5% in 2020), with unrefurbished rents down to £57.50 per sq ft (down by 11.5% over the year).

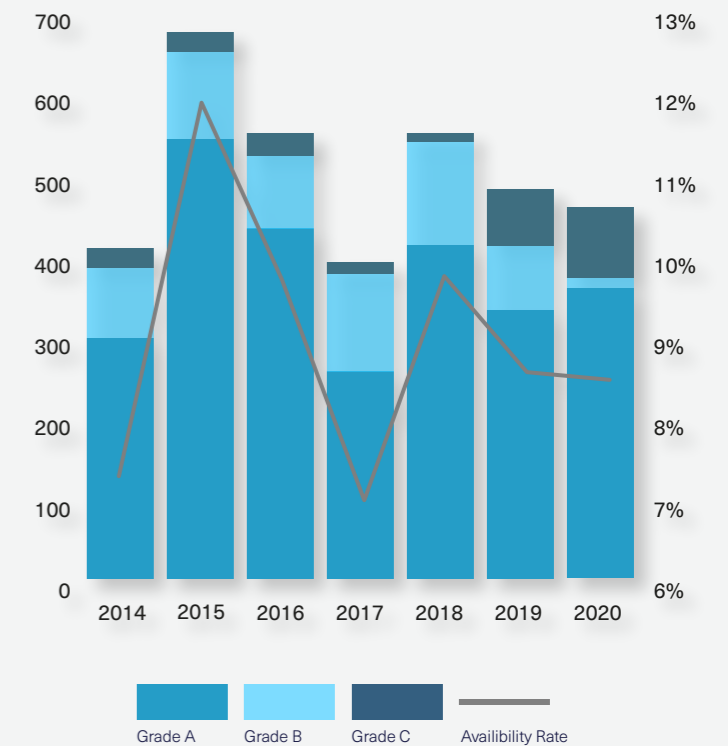
ST JAMES'S TAKE UP (000's sq ft.)



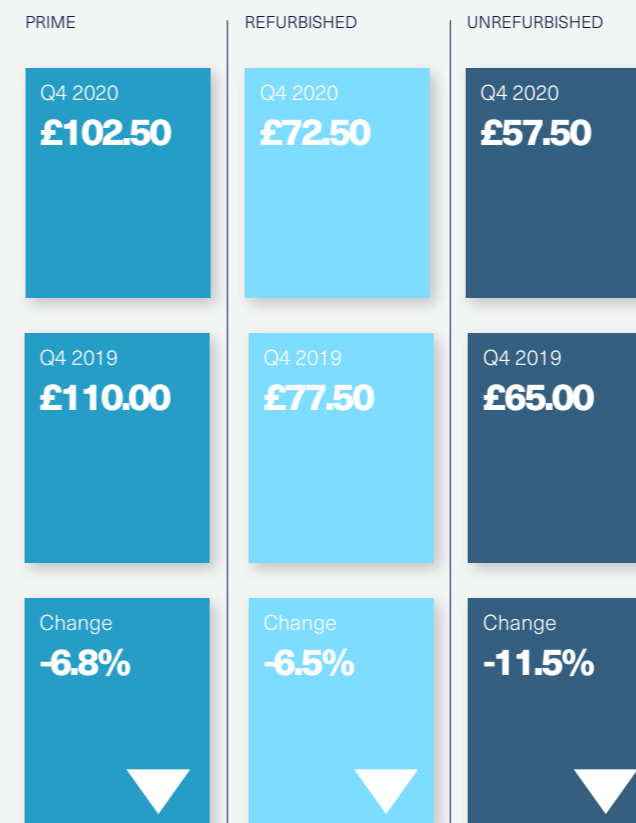
SUPPLY



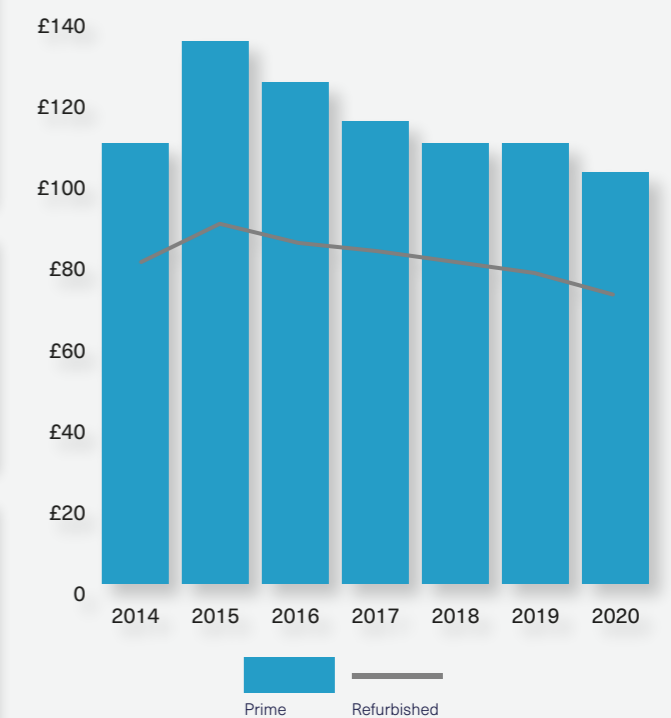
ST JAMES'S AVAILABILITY (000's sq ft.)



RENTAL VALUES 2020



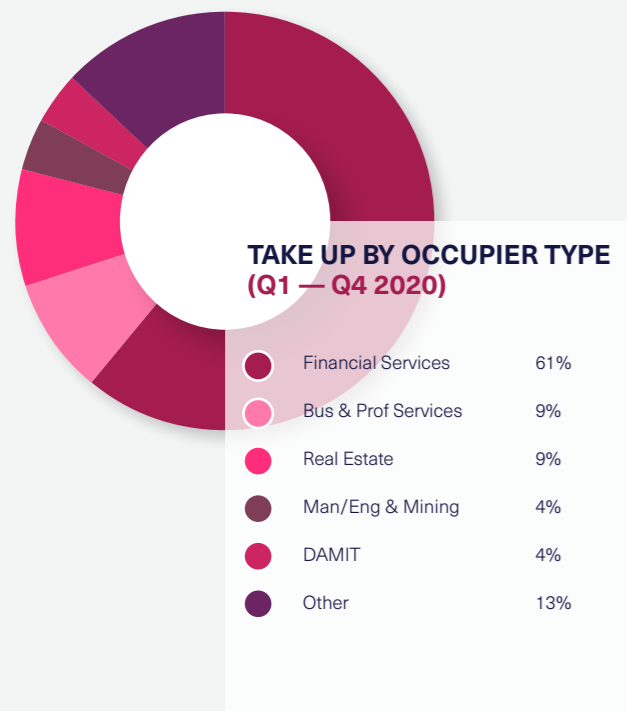
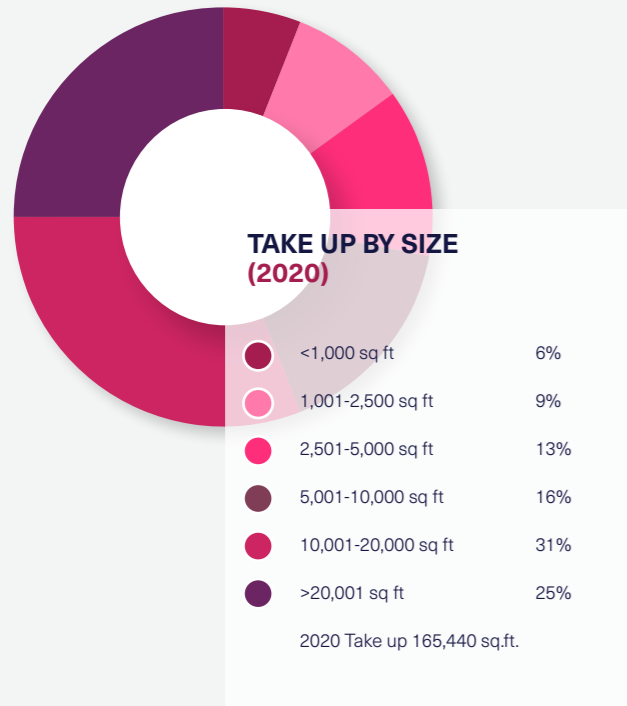
PRIME & SECONDARY RENTS



MARYLEBONE OFFICE MARKET

COMMENTARY

TAKE UP & DEMAND



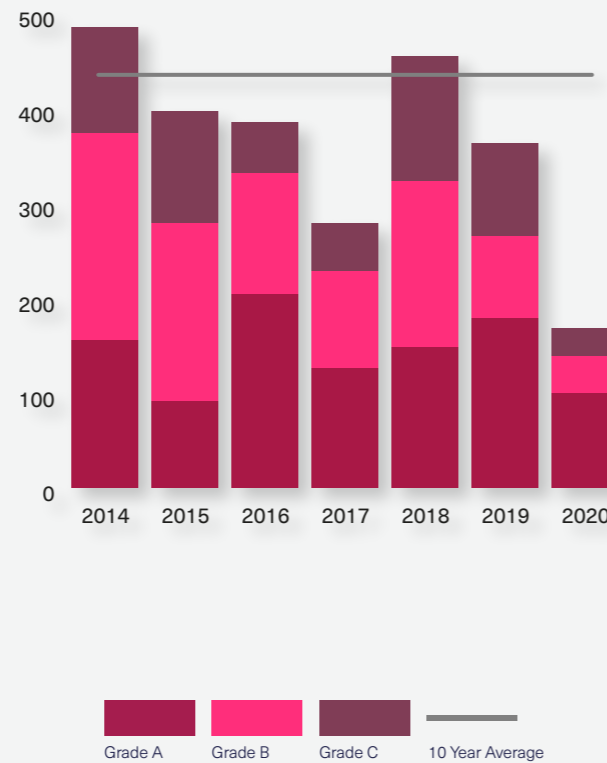
Marylebone market has been one of the West End sub markets most significantly impacted by the pandemic lockdown, with take up in 2020 down to 165,440 sq ft across 44 transactions. Activity for the year was 62% below the 10 year average for the market, with transaction levels significantly below the normal levels of 100 lettings per annum.

The largest transaction in the year was agreed in the final quarter, with the Canadian Pension Plan Investment Board (CPPIB) taking 42,000 sq ft at 40 Portman Square. The deal confirms the lead role of the financial services sector in leasing activity in the Marylebone market during the year, with Apollo Management and Tosca Fund also taking space during the year.

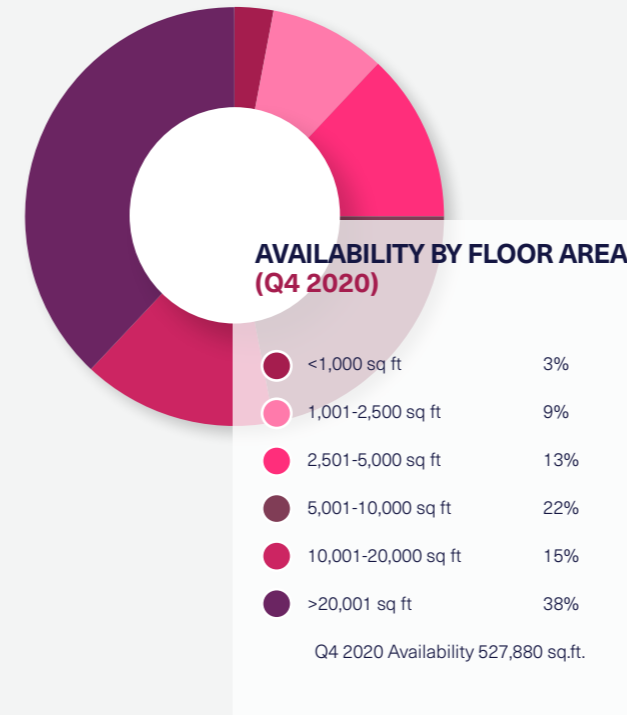
Availability in the Marylebone market has increased by 253,680 sq ft since the start of the year, ending 2020 at 527,880 sq ft. The major increase in supply has been in Grade A and refurbished space. Grade A supply has been boosted by the release of a significant amount of space at 72-86 Baker Street, where Publicis are sub-letting 71,779 sq ft, and 33 Cavendish Square.

Prime rents in Marylebone have continued to adjust in the final quarter of the year, moving down to £85.00 per sq ft at the end of December. The overall decline in prime rents over the year is 8.1%. Rents on refurbished and unrefurbished space have also adjusted, moving to £70.00 per sq ft and £57.50 per sq ft respectively.

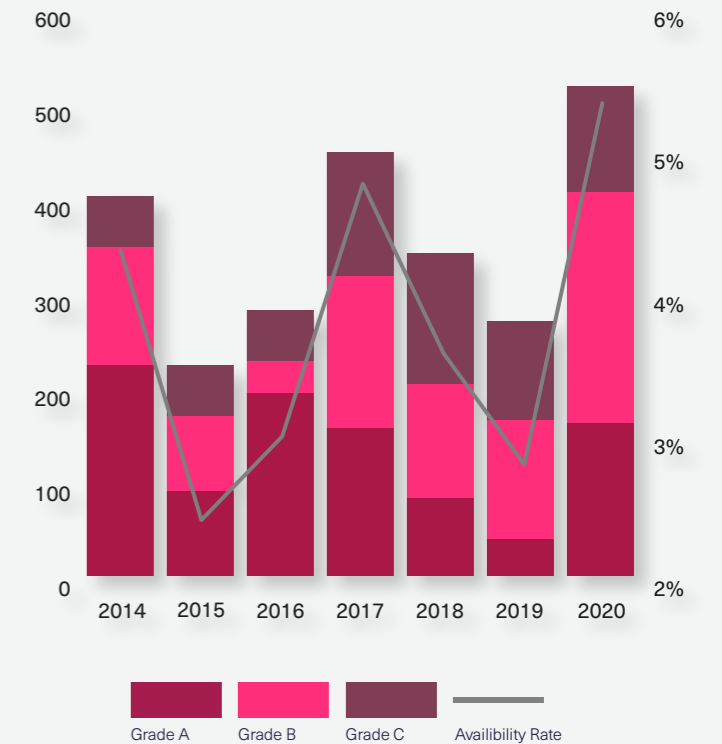
MARYLEBONE TAKE UP (000's sq ft.)



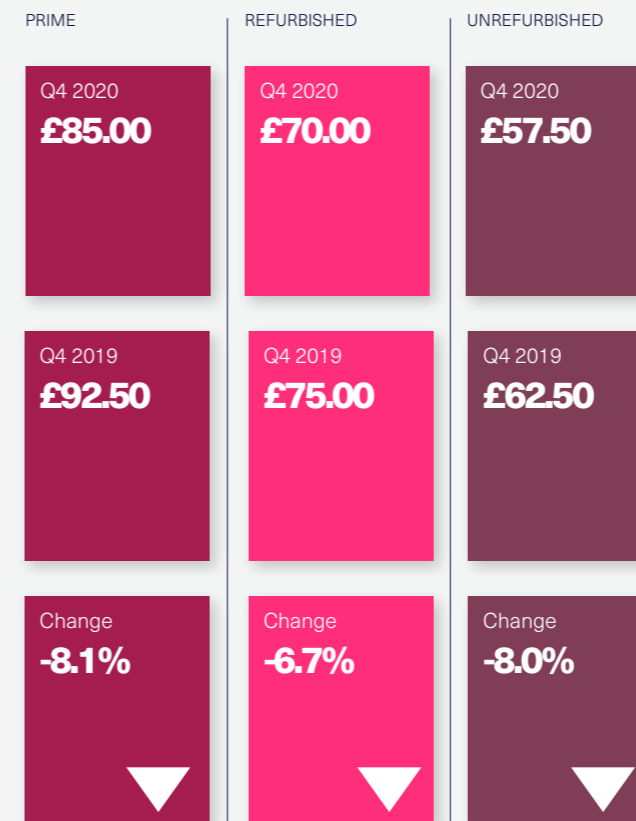
SUPPLY



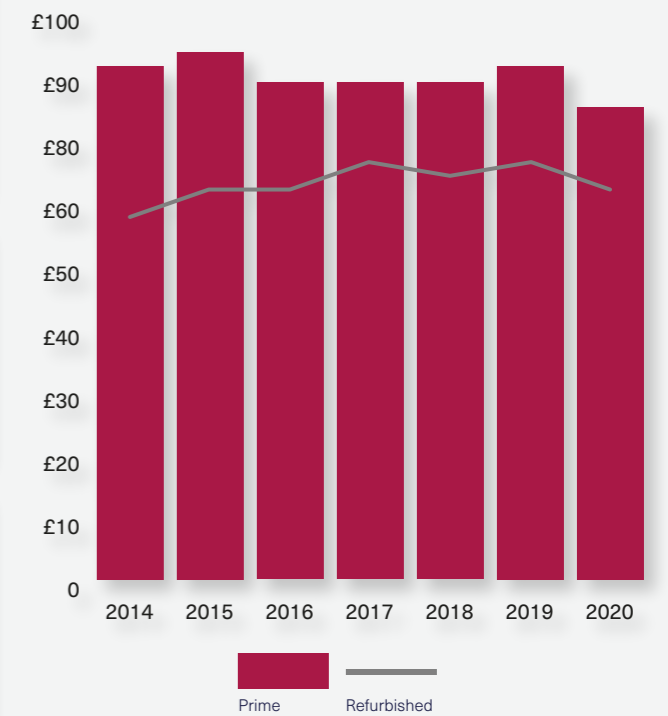
MARYLEBONE AVAILABILITY (000's sq ft.)



RENTAL VALUES 2020



PRIME & SECONDARY RENTS



NOHO OFFICE MARKET

COMMENTARY

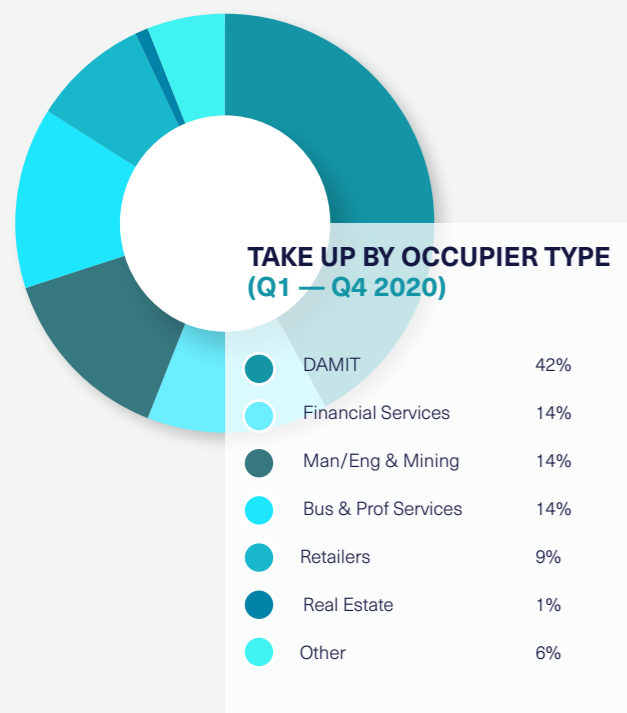
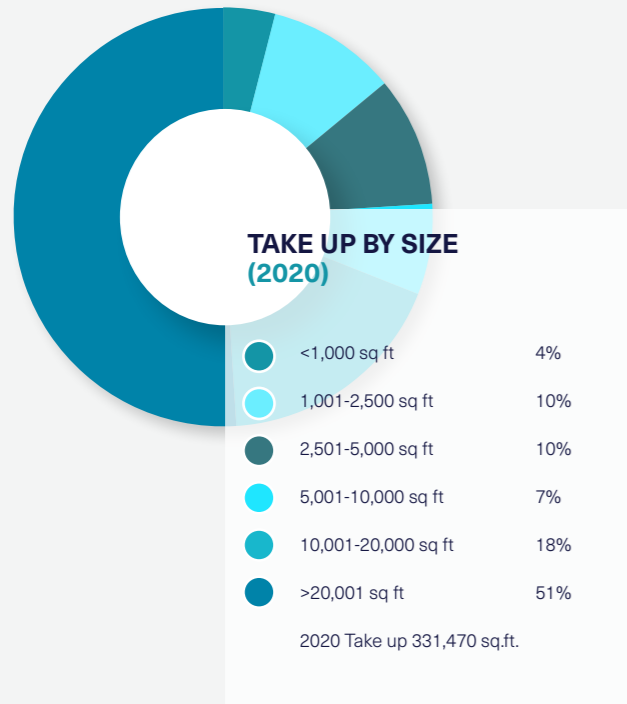
Take up in the Noho market has remained relatively robust when compared to the other 'core' West End markets. Total activity for the year was 331,470 sq ft across 64 transactions, with lettings spread relatively evenly across the year, although take up slowed in the final quarter.

Lettings were focused on Grade A space, with several larger buildings being released onto the market for assignment or sub lease. The most significant of these was Netflix taking an assignment of Capita's lease at The Copyright Building on Berners Street. The largest transaction in the final quarter of the year was the 7,205 sq ft letting to blockchain specialist group nChain at 190 Oxford Street.

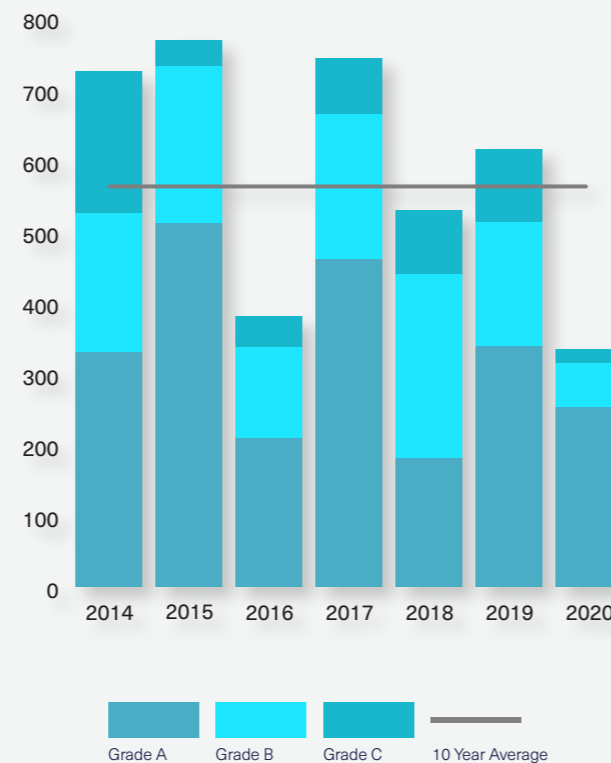
The Noho market has seen one of the largest increases of supply amongst the 'core' West End markets, with availability rising by 384,300 sq ft to 660,150 sq ft. The main increase in stock has been in Grade A supply, with a number of larger spaces being released back onto the market. The largest of these is at 80 Charlotte Street (80,500 sq ft) with a further two floors at 99-111 New Cavendish Street.

Despite the increase in supply, prime rents have remained relatively stable in the Noho market, ending the year 3.0% lower at £80.00 per sq ft. Rents on refurbished space have remained stable over the year at £62.50 per sq ft, whilst rents on unrefurbished space are down by 4.6% to £52.50 per sq ft.

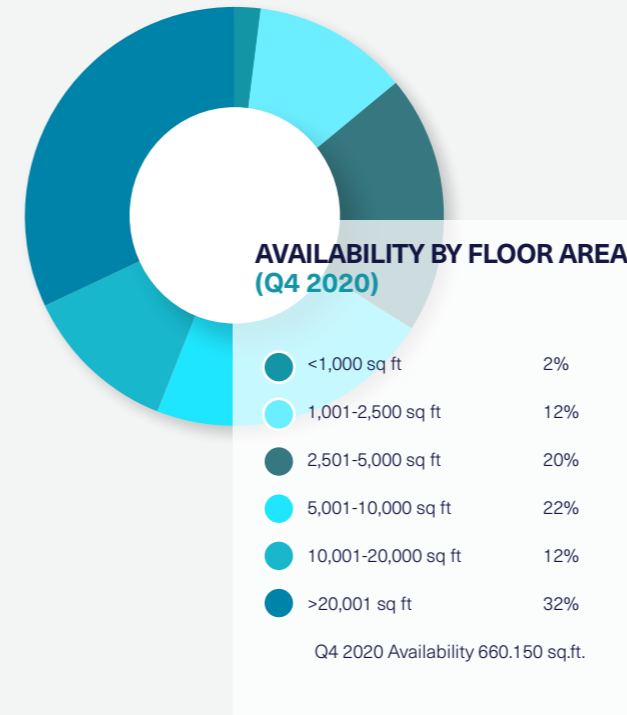
TAKE UP & DEMAND



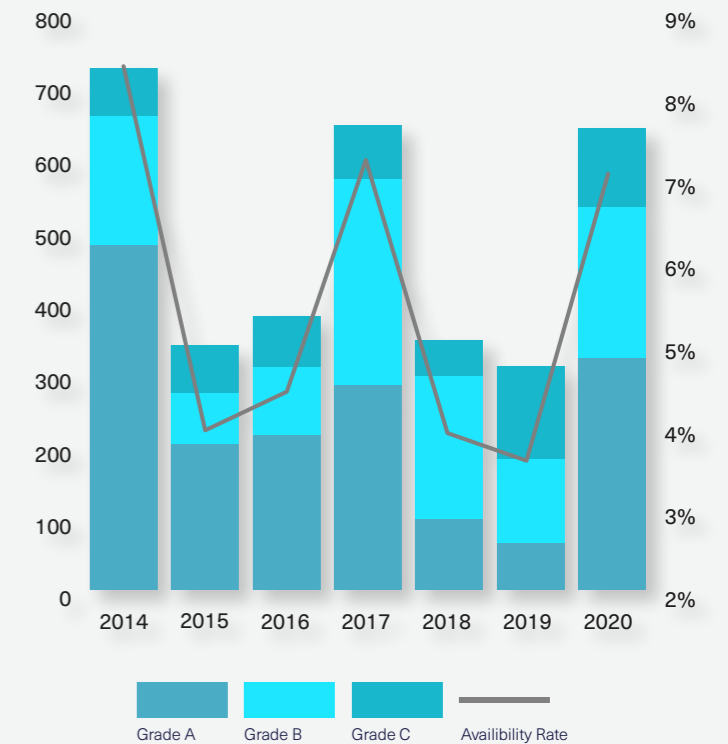
NOHO TAKE UP (000's sq ft.)



SUPPLY



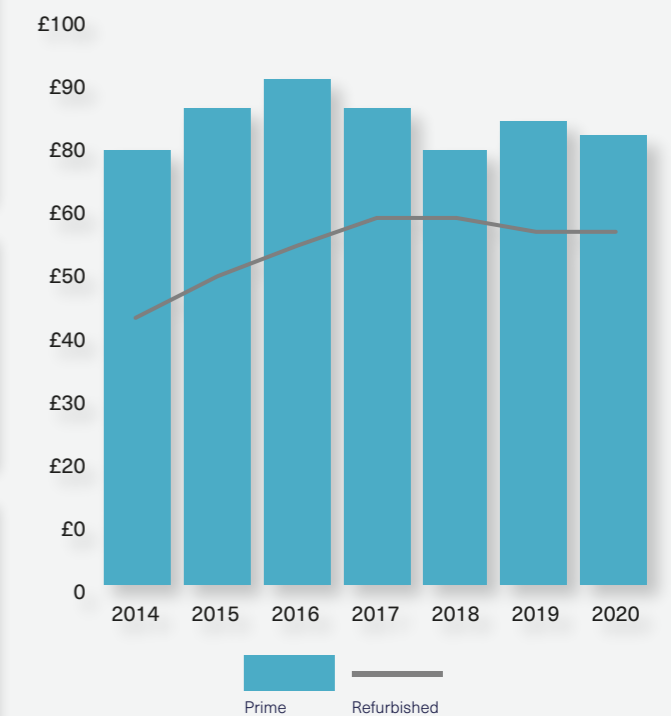
NOHO AVAILABILITY (000's sq ft.)



RENTAL VALUES 2020



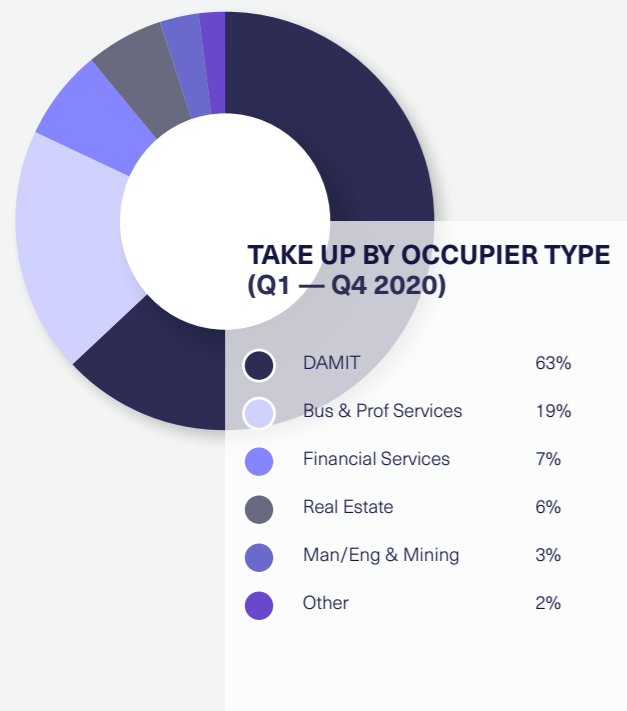
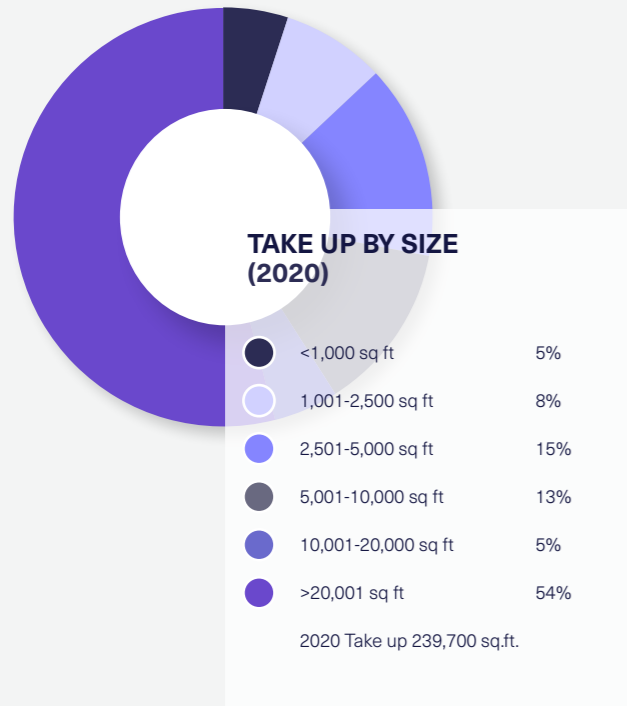
PRIME & SECONDARY RENTS



SOHO OFFICE MARKET

COMMENTARY

TAKE UP & DEMAND



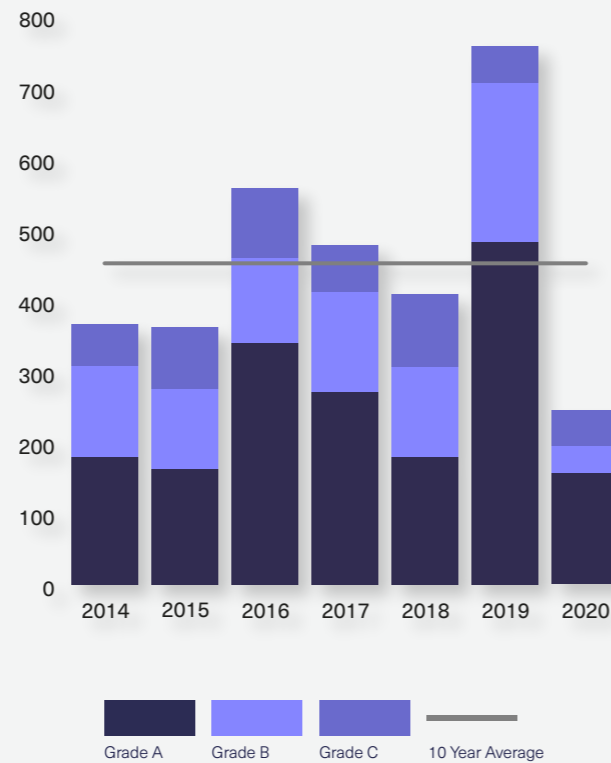
Take up in the Soho market was clearly a year of two halves, with the first six months of 2020 seeing 190,600 sq ft of lettings, whilst the second six months saw just 49,100 sq ft of activity. The total for the year was 239,700 sq ft across 58 transactions, some 48% below the 10 year average take up figure for the Soho market.

The largest transaction in the second half of the year was Twitter's expansion space at The Crown Estate and Norges Bank owned 20 Air Street, where the social media group increased their occupancy to 83,000 sq ft by acquiring the 3rd floor of 28,548 sq ft and regearing their leases on the 1st and 6th floors.

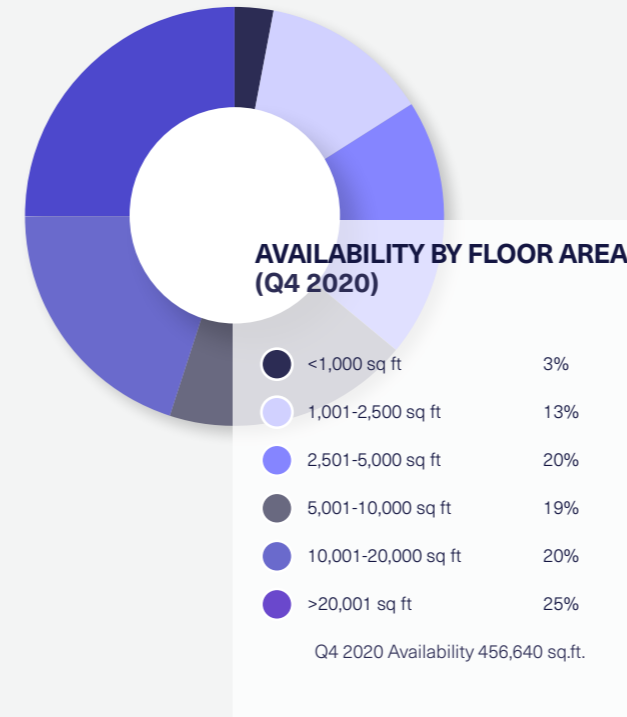
Soho has seen one of the most significant increases in availability amongst the West End sub markets since the start of the year, with total supply rising by 239,780 sq ft to 456,640 sq ft at the end of 2020. The rise in supply has been almost entirely due to the increase in Grade A space, which accounts for 77% of the overall increase in availability. The largest Grade A space available is at 10 Great Pulteney Street, where 45,130 sq ft is on the market.

Prime rents in Soho moved back to £82.50 per sq ft at the end of 2020, their lowest level since 2014. Prime rents are down by 5.7% over the past 12 months, although the greatest reduction has been seen in rents on refurbished space where values are down by 10.0% to £67.50 per sq ft

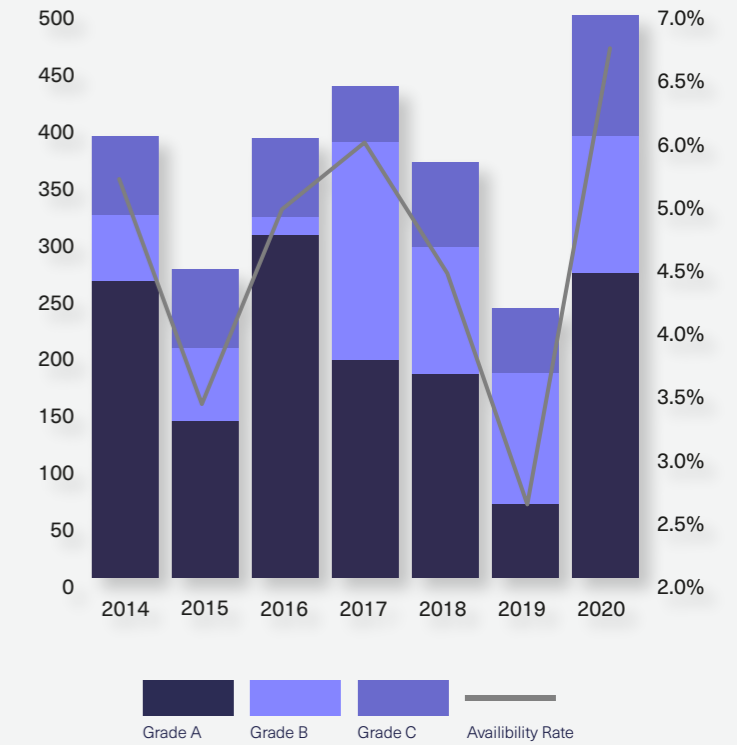
SOHO TAKE UP (000's sq ft.)



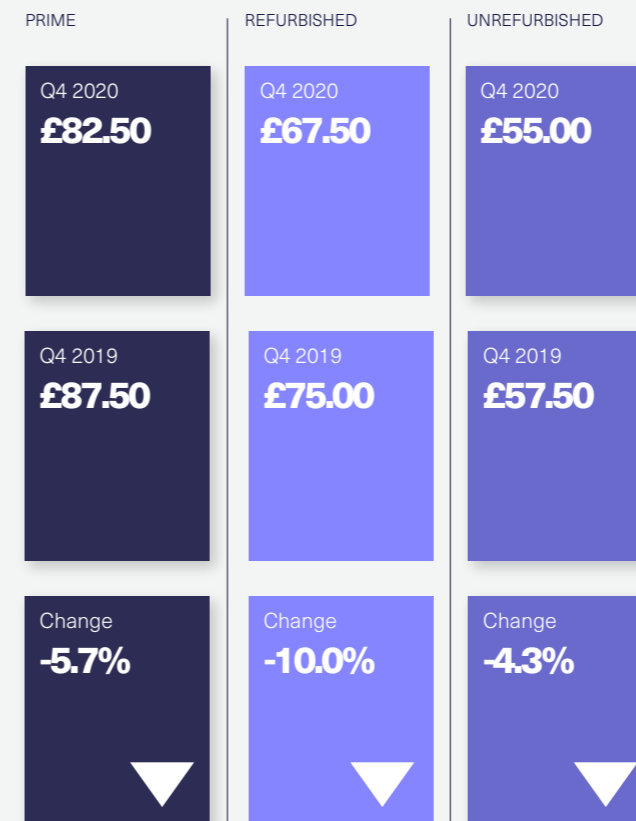
SUPPLY



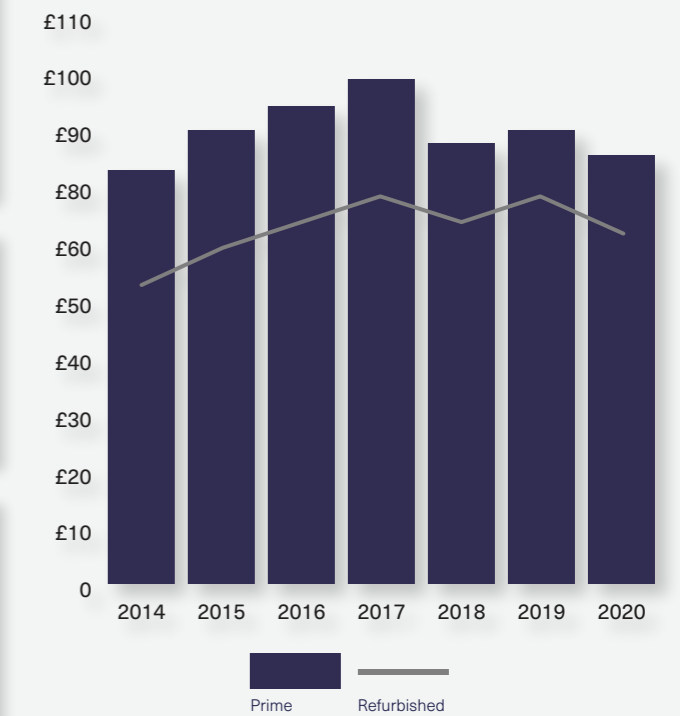
SOHO AVAILABILITY (000's sq ft.)



RENTAL VALUES 2020



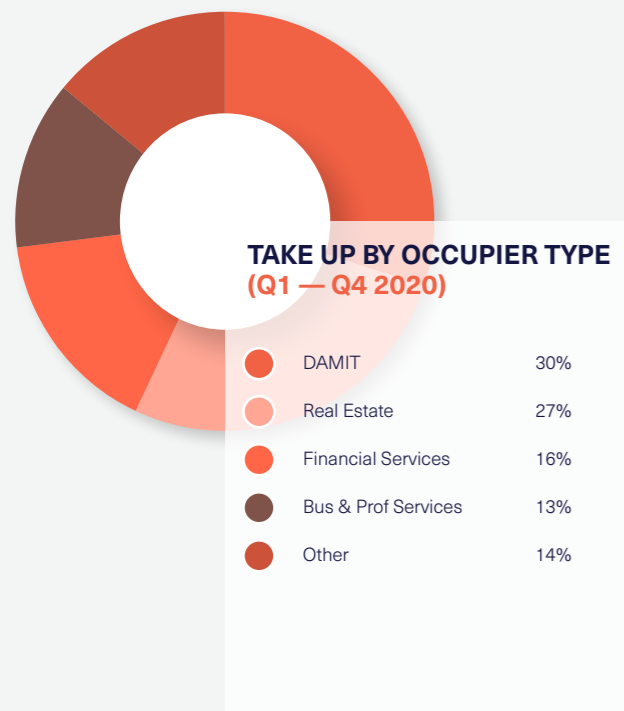
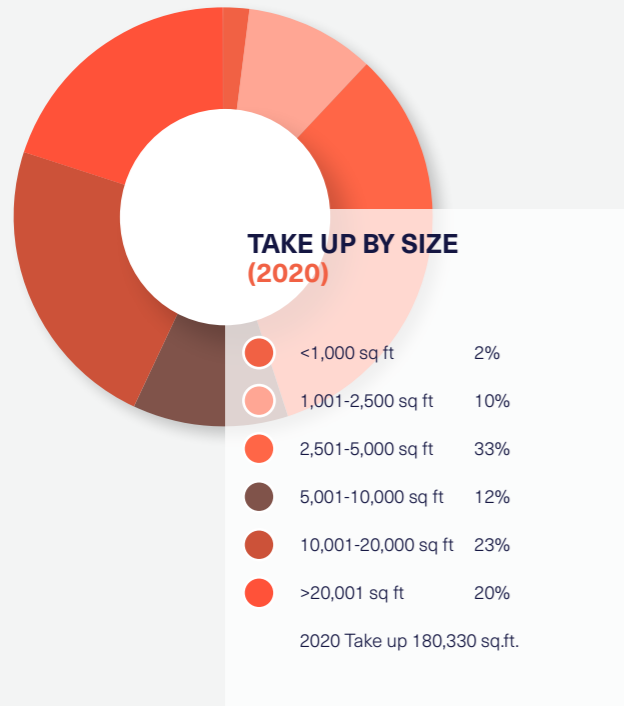
PRIME & SECONDARY RENTS



COVENT GARDEN OFFICE MARKET

COMMENTARY

TAKE UP & DEMAND



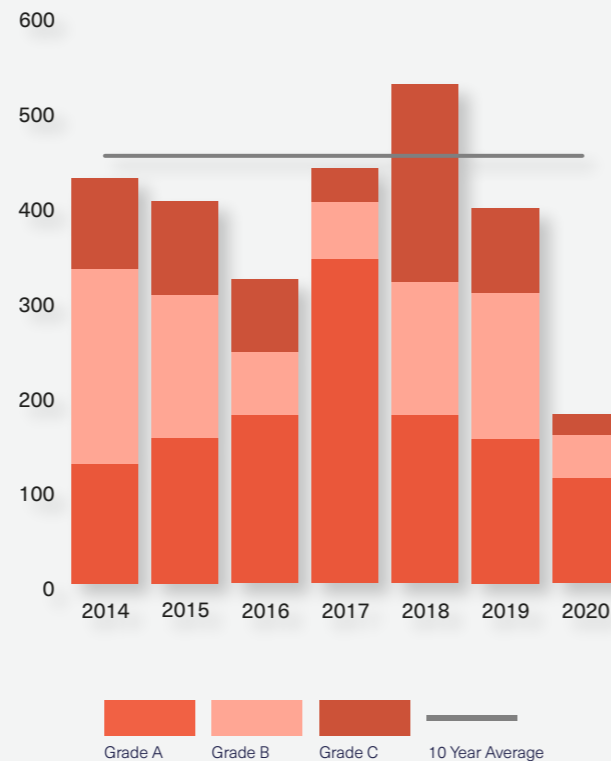
Take up in Covent Garden fell 60% below the 10 year average for the market in 2020, with a total of 180,330 sq ft across 44 transactions. The slowing activity was evident in the first half of the year, with H2 seeing an upturn in lettings, with a total of 106,000 sq ft leased.

The most significant transaction during the year was completed in Q4, with Hines pre letting 35,800 sq ft at its current refurbishment of Grain House, 30-35 Drury Lane. Hines UK and European teams will relocate to the building when the major refurbishment is completed in 2023. The building will provide a total of 91,000 sq ft when completed.

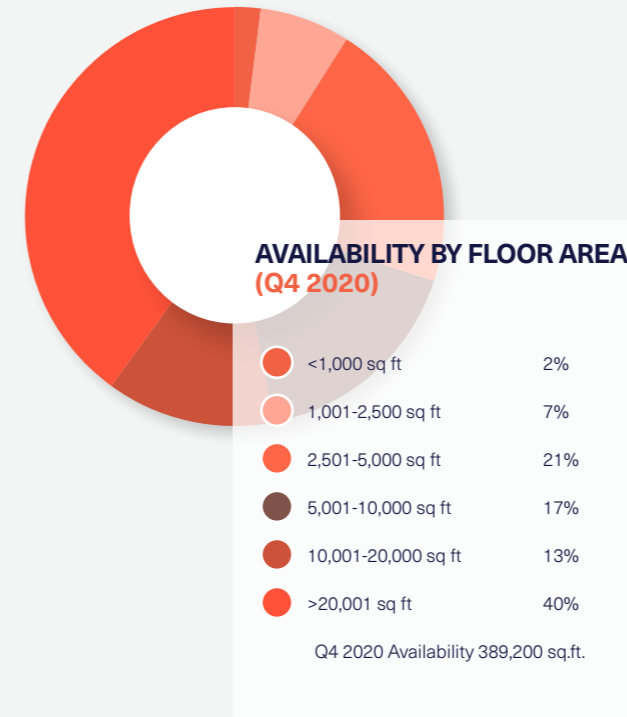
Supply in the Covent Garden market has remained relatively stable over 2020, ending the year 20% higher than at the end of Q1. There is a total of 389,200 sq ft, with just under 50% of current floor space on the market in Grade A stock. The largest space on the market is at 190 High Holborn, where 44,900 sq ft is available by way of assignment or sub lease at a competitive rent. A further 40,500 sq ft of Grade A space is available at 1 Kingsway.

Prime rents in Covent Garden continued to adjust, moving to £75.00 per sq ft by the end of the year. The overall decline in prime rents over the year has been 9.1%, with rents on unrefurbished space falling by the same extent to £50.00 per sq ft. Rents on refurbished space were more robust, moving to £62.50 per sq ft at the end of 2020, a downturn of 3.9% over the year.

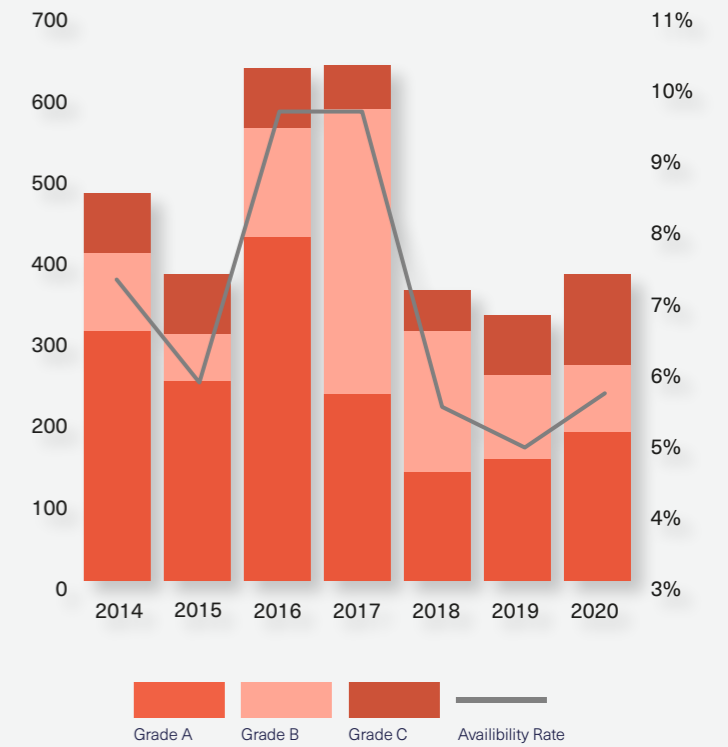
COVENT GARDEN TAKE UP (000's sq ft.)



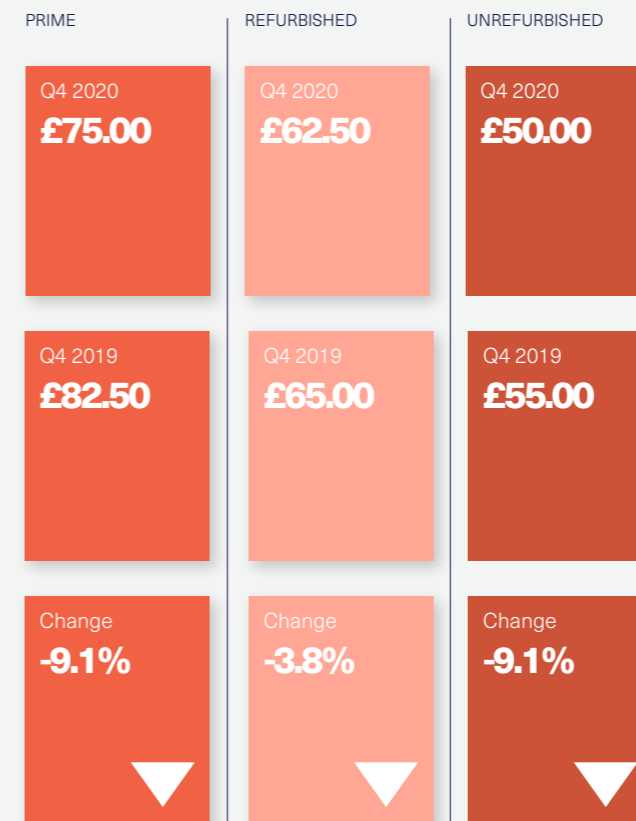
SUPPLY



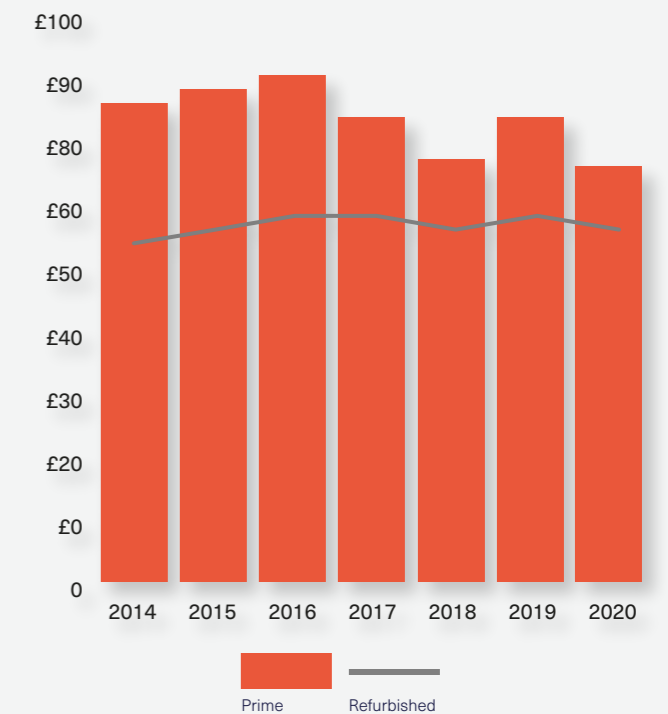
COVENT GARDEN AVAILABILITY (000's sq ft.)



RENTAL VALUES 2020



PRIME & SECONDARY RENTS



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