

Farebrother

CENTRAL LONDON

SENTIMENT

- Consumer and business confidence is gradually improving
- Hybrid working is here to stay
- Occupiers want high quality, amenity rich & sustainable offices
- Rents are holding firm on the best of the best space — record rents have been achieved on Mayfair's Berkeley Square and in the city's Leadenhall building
- Retail market remains slow but footfall in Central London rises
- Strong Investor appetite remains for prime London offices

OFFICE AVAILABILITY

London's Office vacancy rate has risen to a 10-year high from 5% in 2019 to 9.3%

Availability in Central London continues to increase albeit the pace of the increase is beginning to slow

Sublease space in the market has receded in recent months although accounts for c.35% of total availability (97% of this is second-hand space)

Under offers total 2.7m sq ft, the highest the market has seen since Q1 2020

OFFICE TAKE-UP & DEMAND

Although still below pre-pandemic levels Q2 2021 was the busiest quarter for take-up since the crisis began

Law firms have driven activity at the larger end of the market (Latham & Watkins pre-let of 246,000 sq ft at 1 Leadenhall)

Half year take-up = 2.9m sq ft, on par with the same period in 2020 (3 m sq ft)

Active demand stands at 9.6 million sq ft, just 3% below pre-pandemic levels

Over 4 million sq ft of active demand is looking for occupation post 2022 — a boost for the long-term recovery

INVESTMENT MARKET

Year to date transactional volumes - £4.3bn (10-year average is £6.2bn)

£4.2 bn worth of assets currently under offer and a further £6.6 bn of assets available

Prime yields remain unchanged (4% in the City & 3.5% in the West End)

Investors from the UK & USA were a particular feature of the market during the first half of 2021

Likely to continue seeing strong investor interest for best-in-class with secure long-term income

KEY TRANSACTIONS

LEASING DEALS



Kaleidoscope, EC1
Tik Tok
88,500 sq ft



One Bank Street, E14
Apple
66,000 sq ft



1 Leadenhall, EC3
Latham & Watkins
200,000 sq ft (pre-let)



Bloom, Clerkenwell
Snapchat
114,000 sq ft (under offer)

INVESTMENT DEALS



30 Fenchurch Street, EC3
Purchaser - Brookfield
£635M



The Minster Building, EC3
Purchaser — Suntec REIT
£353M



One Braham Street, EC1
Purchaser — Union
£468M

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