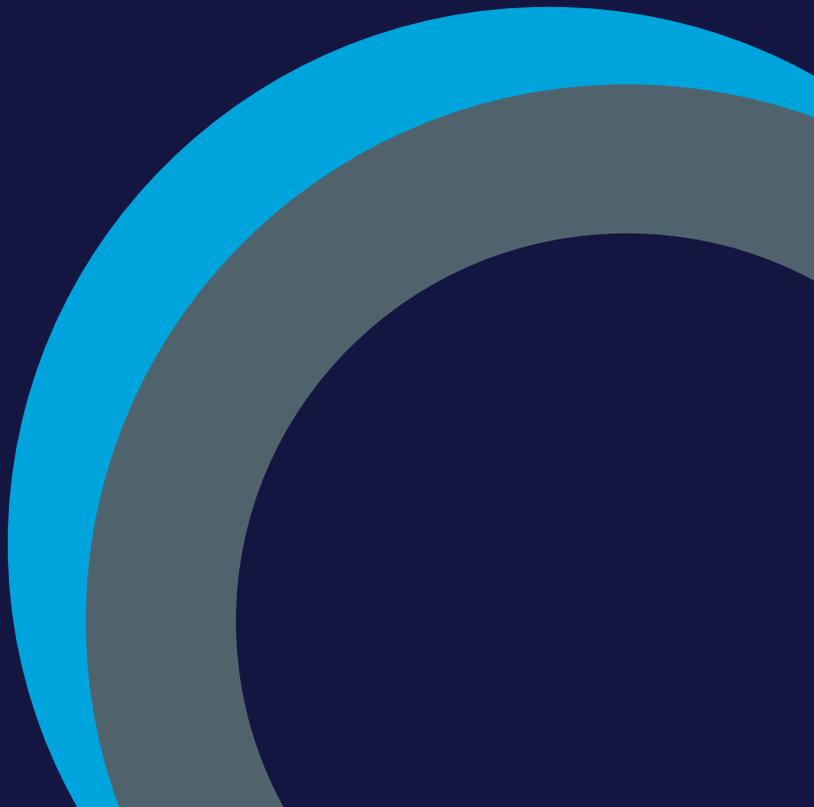
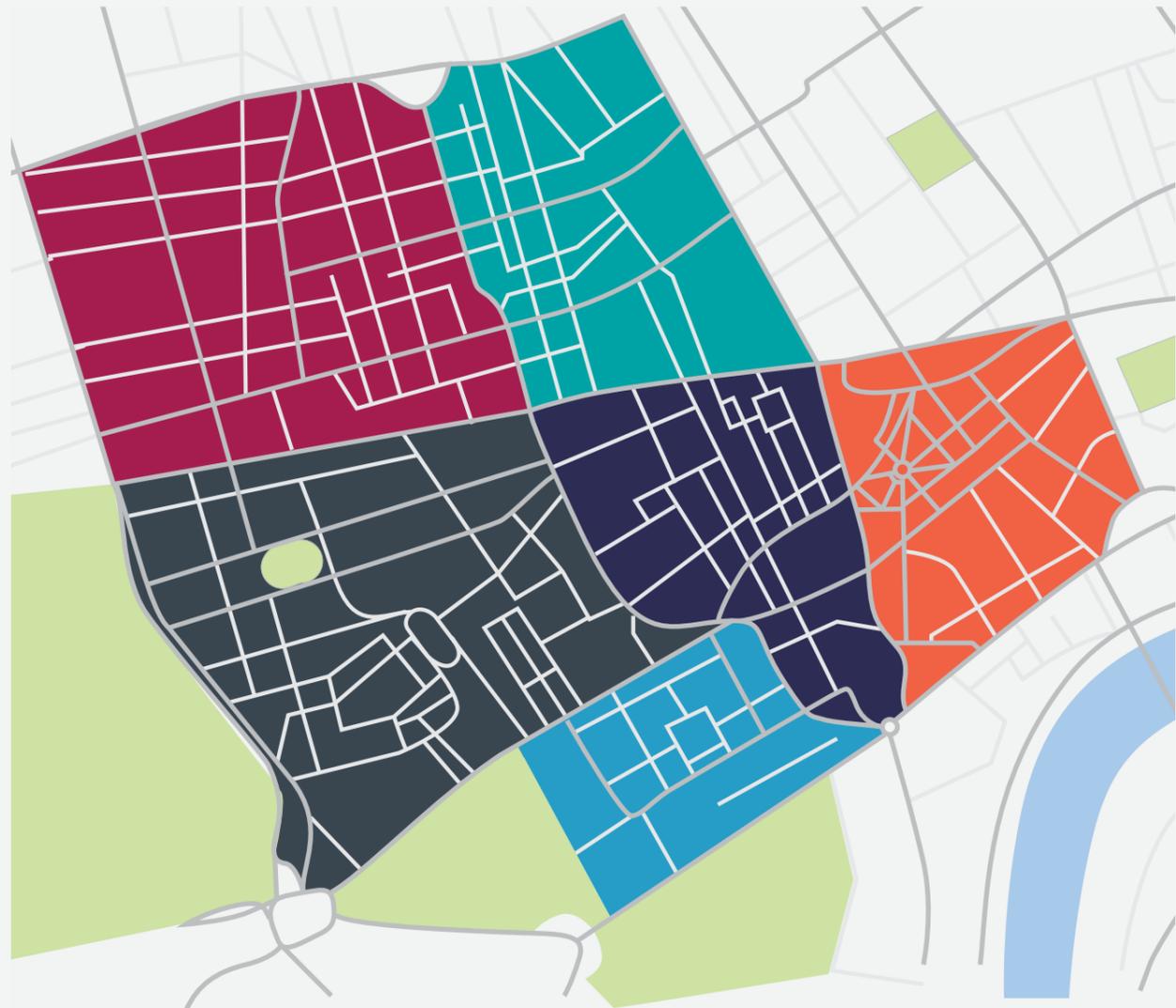


WEST END  
OFFICES  
**SUBMARKETS  
RESEARCH**

— Q4 2021





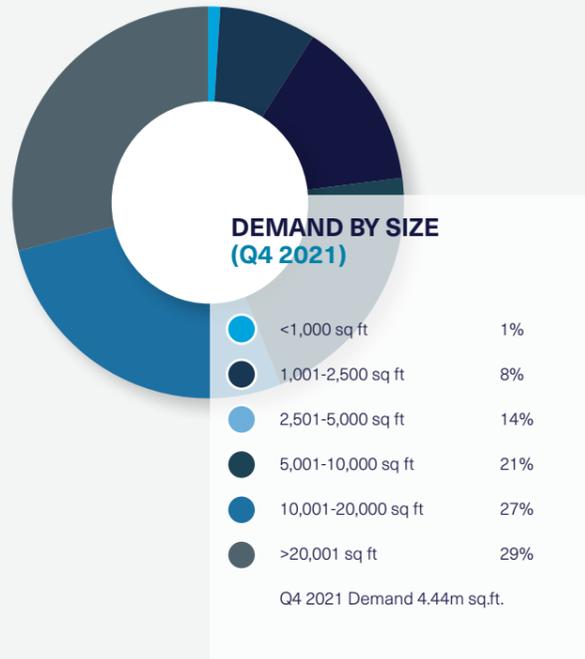
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# WEST END OFFICE MARKET

## COMMENTARY

### TAKE UP & DEMAND



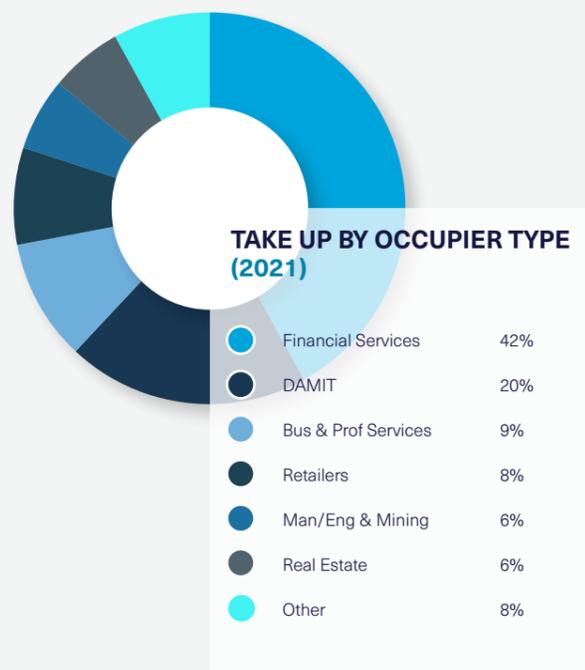
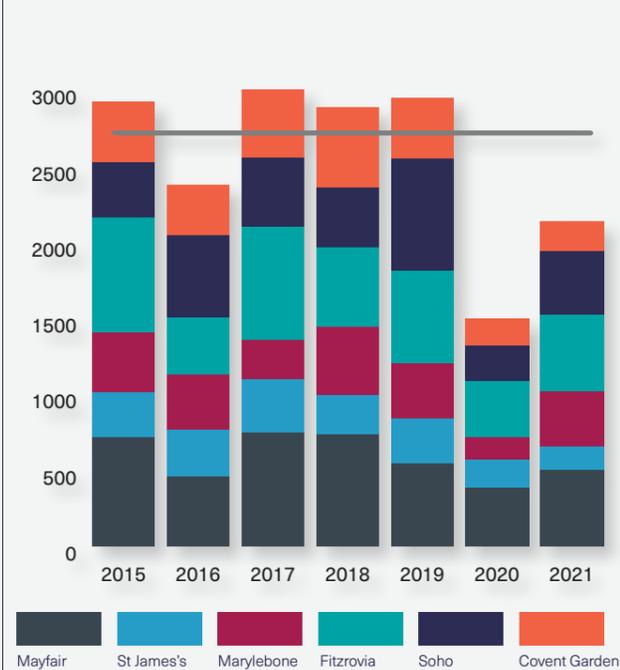
Take up across the core West End markets strengthened significantly in the second half of 2021, with activity increasing by 58% over the first six months of the year. This brings total lettings for the year to 2.25m sq ft in 568 transactions. The total number of transactions during the year is 48% higher than the lockdown impacted 2020 but still 24% below pre pandemic levels.

Demand strengthened once again in the final quarter of the year. Our methodology of collecting requirements has been enhanced this quarter, where we have improved our coverage of demand for the sub 5,000 sq ft market. On a like for like basis, demand has risen by 32% in the final quarter of the year, with the creative sector (DAMIT) seeing the most significant up turn, triggered by a number of larger requirements.

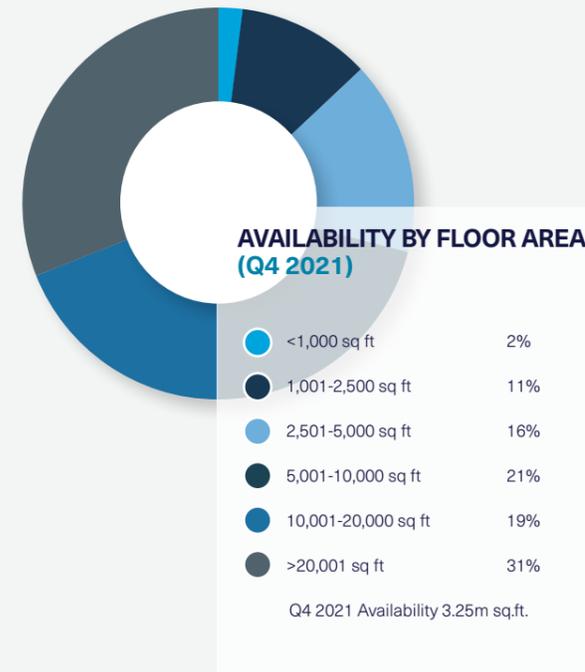
Supply continued to reduce from the peak level of 3.6m sq ft recorded at the end of Q2 2021, falling to 3.25m sq ft, with Grade A supply falling by 23% to 1.47m sq ft. There are a number of notable Grade A buildings that were under offer at the end of 2021, which should lead to a further contraction in Grade A supply in early 2022. The overall availability rate in the West End is now down to 6.4%, broadly in line with the end 2020 figure.

Prime rents rebounded strongly across all of the West End sub markets in 2021, rising by 6.1% on average. The most significant increases were seen in the Mayfair and Soho markets, where prime values were up by 9.5% and 9.1% respectively. Rents on refurbished and un refurbished space also recovered, having risen by 9.0% and 9.8% on average over the year.

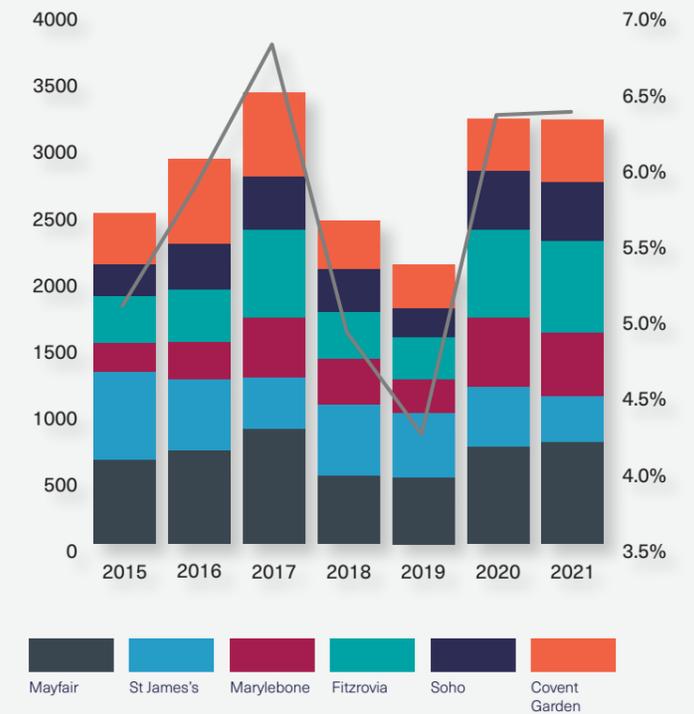
### WEST END TAKE UP (000's sq ft.)



## SUPPLY



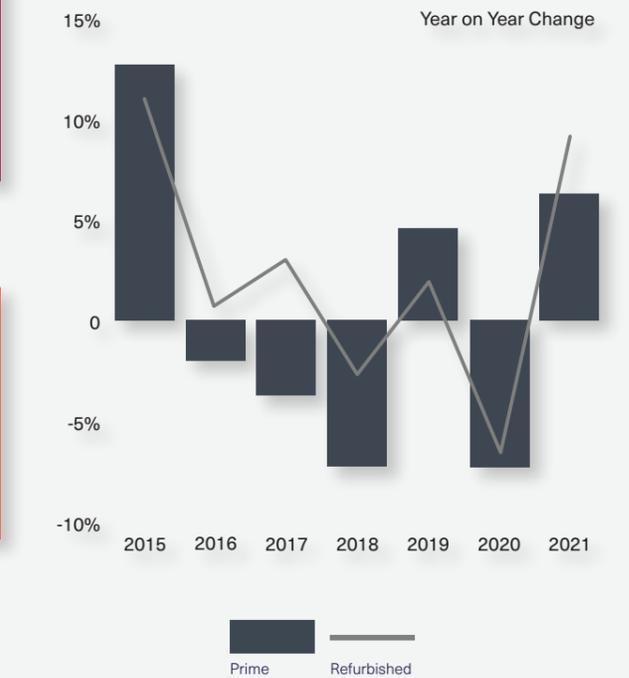
### WEST END AVAILABILITY (000's sq ft.)



## PRIME RENTAL VALUES



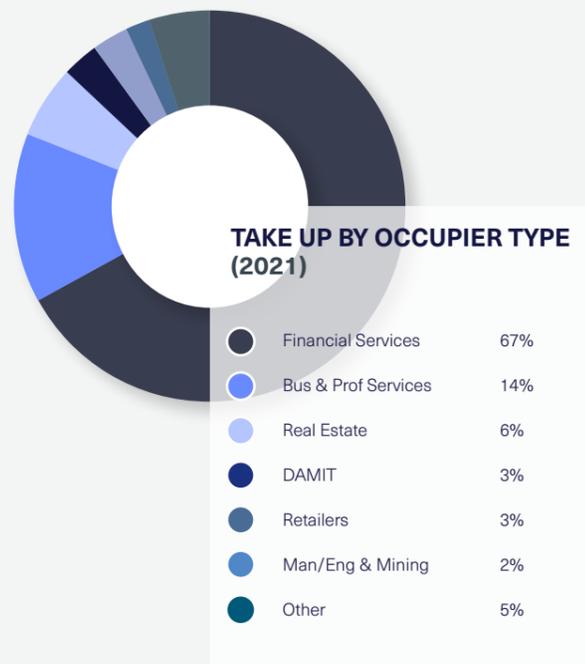
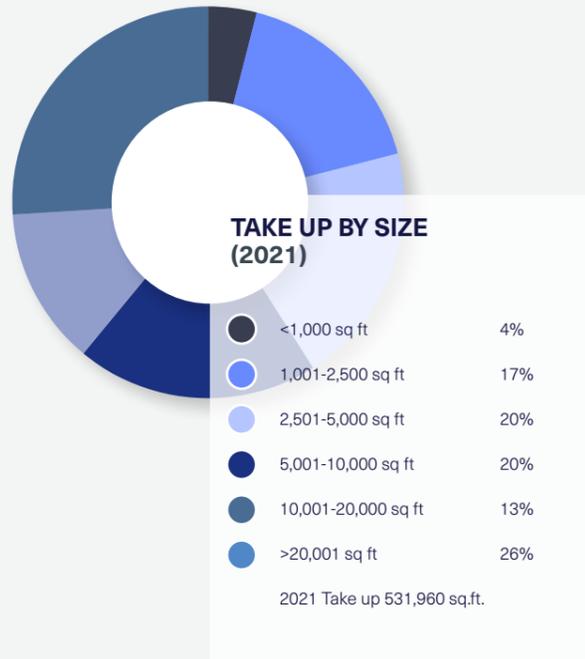
### PRIME & SECONDARY RENTAL GROWTH



# MAYFAIR OFFICE MARKET

## COMMENTARY

### TAKE UP



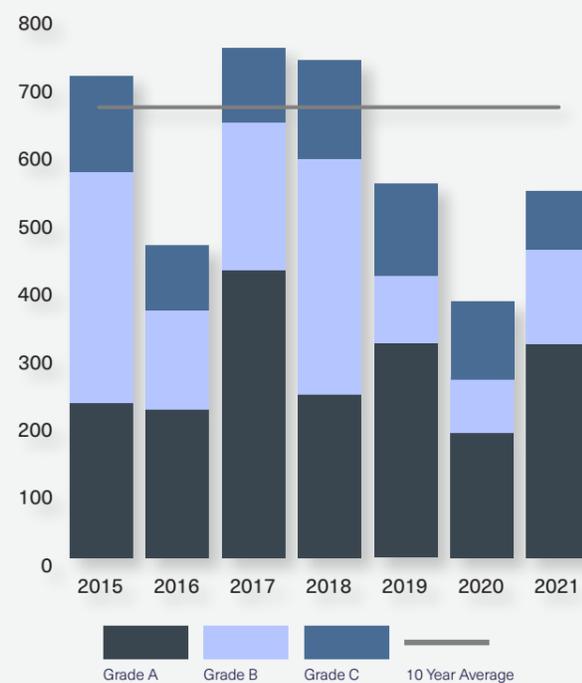
Take up in the Mayfair market rebounded strongly in 2021 compared to the previous 12 months, with activity up by 38% to 531,960 sq ft in 146 transactions. Occupiers are starting to more accurately assess their space requirements in the light of flexible working.

The flight to quality accommodation has continued, with 58% of all lettings during the year being of Grade A space, whilst Grade B space accounted for a further 26% of activity. The largest letting during the year was KPMG's disposal to Fora of 39,700 sq ft at 20 Grosvenor Street in Q4, with only three further deals above 20,000 sq ft being completed.

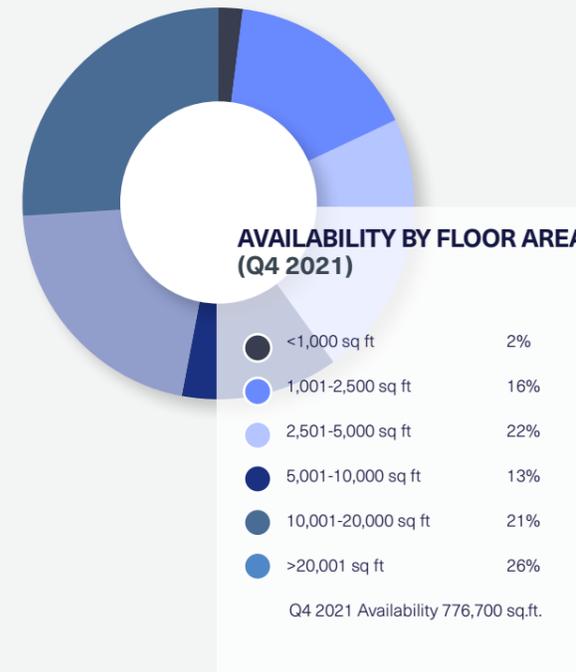
Supply moved below 800,000 sq ft in the final quarter of the year after peaking at 825,300 sq ft in mid 2021. The main adjustment in supply has been in Grade A and B space which has fallen by 14%, whilst un refurbished stock has edged up to 163,620 sq ft, a clear indication of occupiers upgrading their office accommodation. Grade A space continues to account for 50% of all stock on the market, although almost 30% of Grade A space was under offer at the end of the year.

Prime rents in Mayfair have rebounded strongly in the second half of the year, moving back to £115.00 per sq ft, their highest level since the onset of the pandemic. Rents on refurbished and un refurbished stock have also reflected the increased level of activity, returning to £85.00 per sq ft and £65.00 per sq ft respectively. Further increases are expected over the coming 12 months.

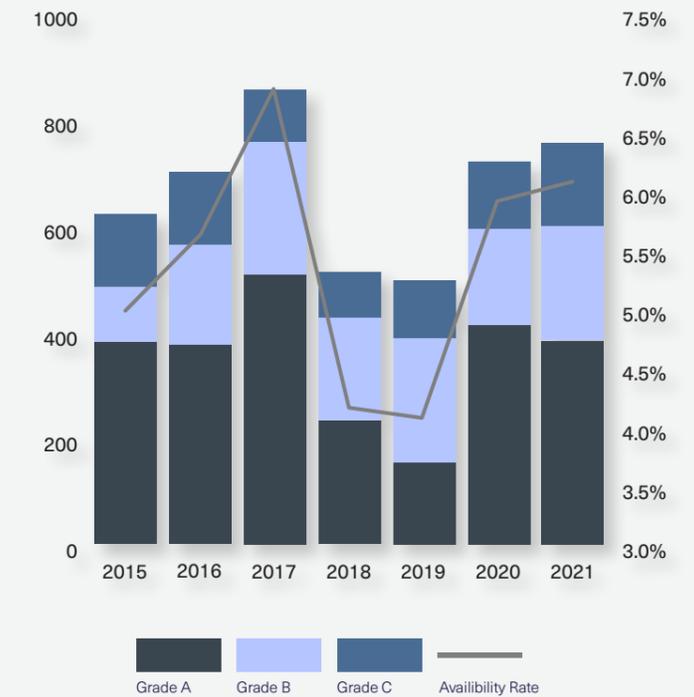
MAYFAIR TAKE UP (000's sq ft.)



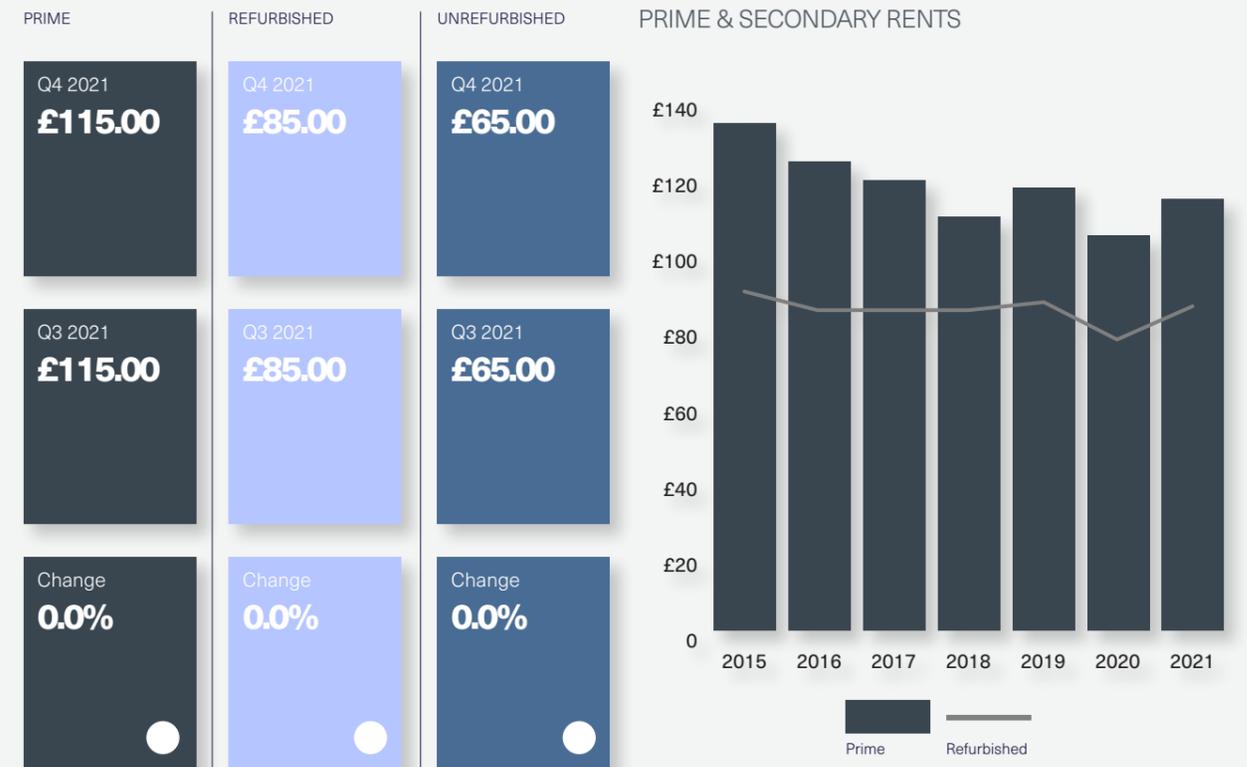
## SUPPLY



MAYFAIR AVAILABILITY (000's sq ft.)



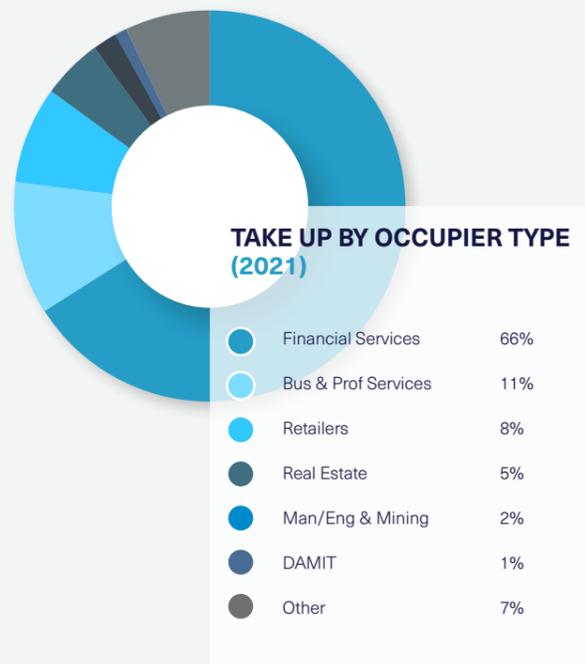
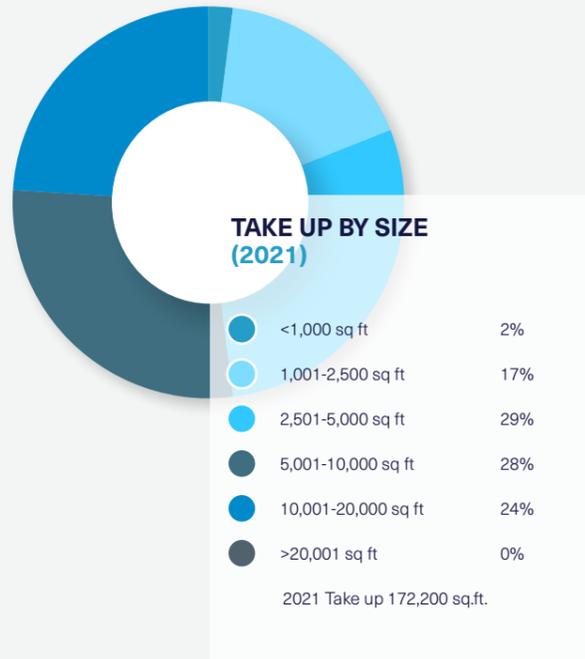
## RENTAL VALUES Q4 2021



# ST JAMES'S OFFICE MARKET

## COMMENTARY

### TAKE UP



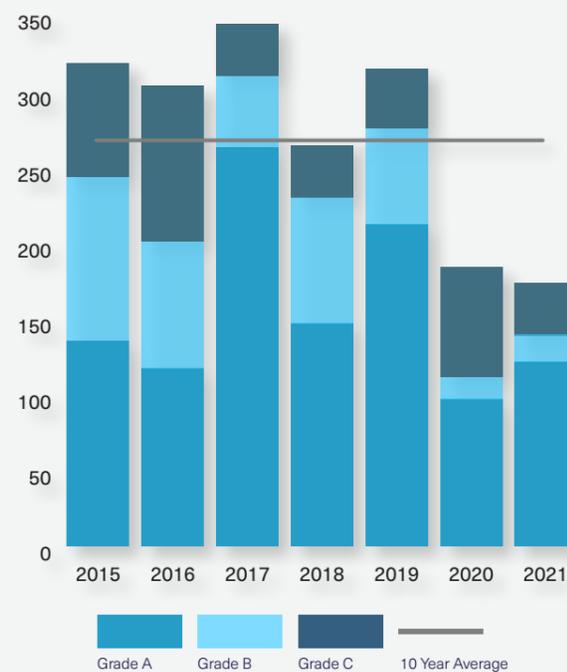
The second half of the year saw take up in the St James's market return to trend levels, bringing the overall level of activity for the year to 172,200 sq ft across 46 transactions. Grade A space continues to dominate lettings, accounting for 70% of the years take up.

There were only three transactions above 10,000 sq ft completing during 2021, with the largest transaction being the 18,750 sq ft letting to Schonfeld Strategic Advisors at BentallGreenOak's recently completed refurbishment of 78 St James's Street. This is the second letting at the new scheme, following King Street Capital's leasing of 8,100 sq ft in Q3.

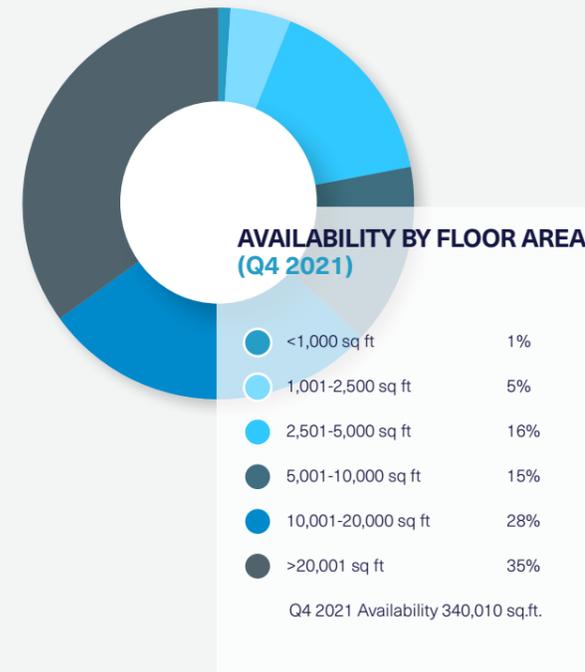
Supply has continued to tighten in the St James's market, falling to its lowest level since 2012, at 340,010 sq ft. Grade A space continues to dominate availability accounting for almost two thirds of stock on the market. The largest space on the market is at 78 St James's Street, where 83,150 sq ft remains available. The only other space above 20,000 sq ft on the market was at 6 St James's Square, where 24,030 sq ft is available, although this was under offer at the end of the year.

Prime rents in St James's remained £105.00 per sq ft in Q4 having dipped to £100.00 per sq ft in the first quarter. Rents in St James's remain at a discount to Mayfair, although the strengthening in activity seen in the second half of the year should see prime rents improve during 2022. Rents on refurbished space edged back slightly to £79.50 per sq ft in the final quarter, whilst rents on un refurbished space are now back to pre pandemic levels at £65.00 per sq ft.

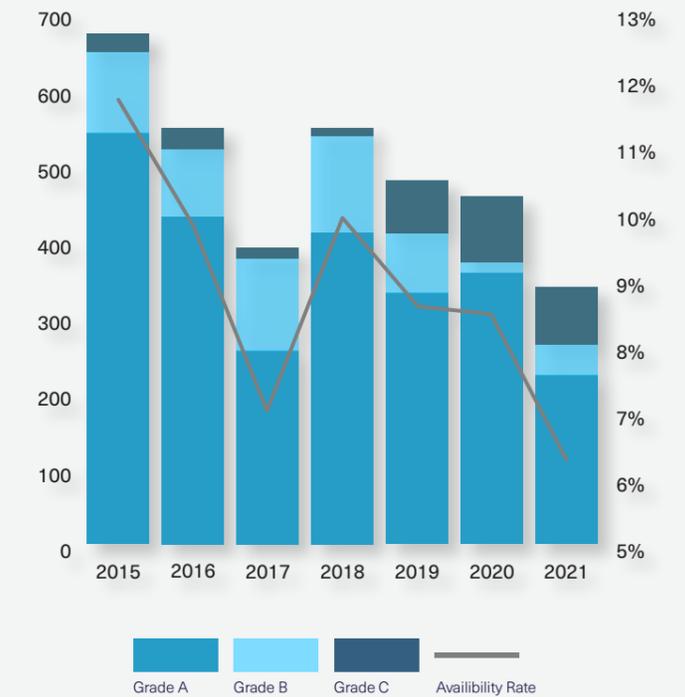
### ST JAMES'S TAKE UP (000's sq ft.)



## SUPPLY



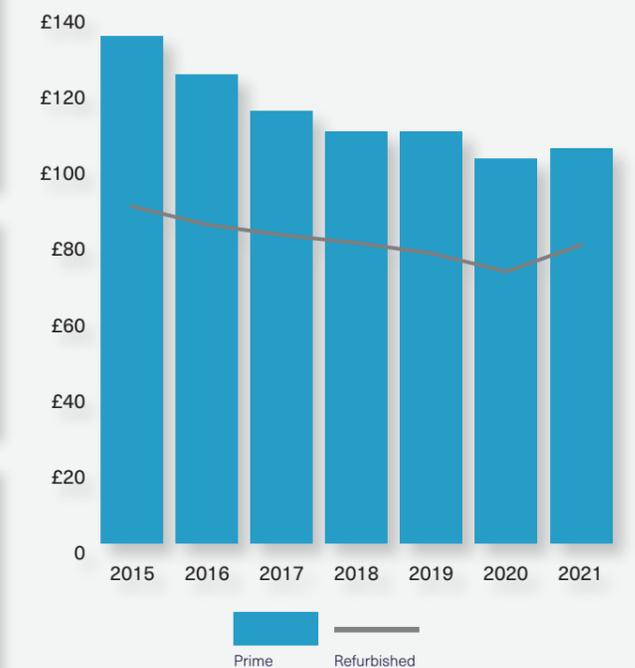
### ST JAMES'S AVAILABILITY (000's sq ft.)



## RENTAL VALUES Q4 2021



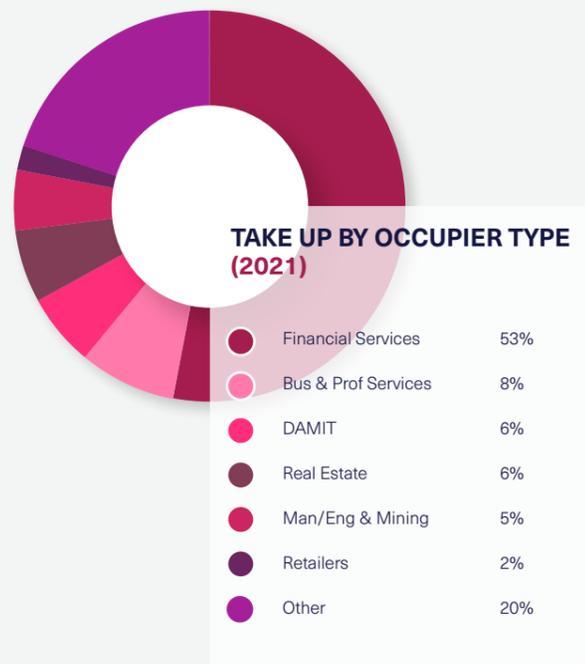
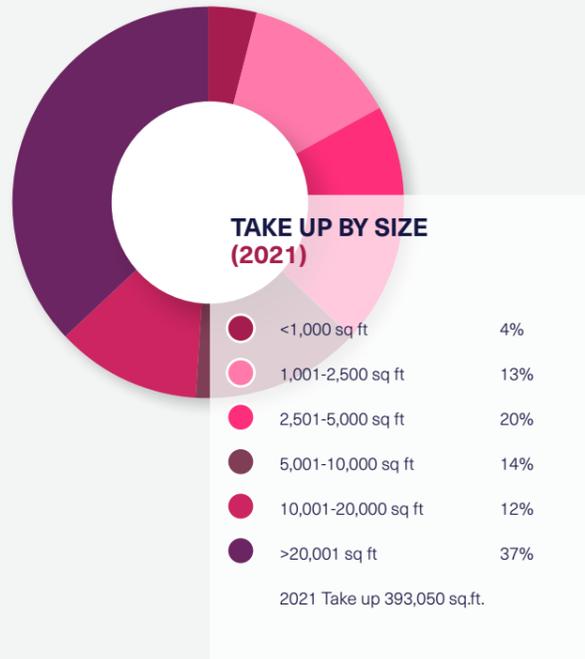
### PRIME & SECONDARY RENTS



# MARYLEBONE OFFICE MARKET

## COMMENTARY

### TAKE UP



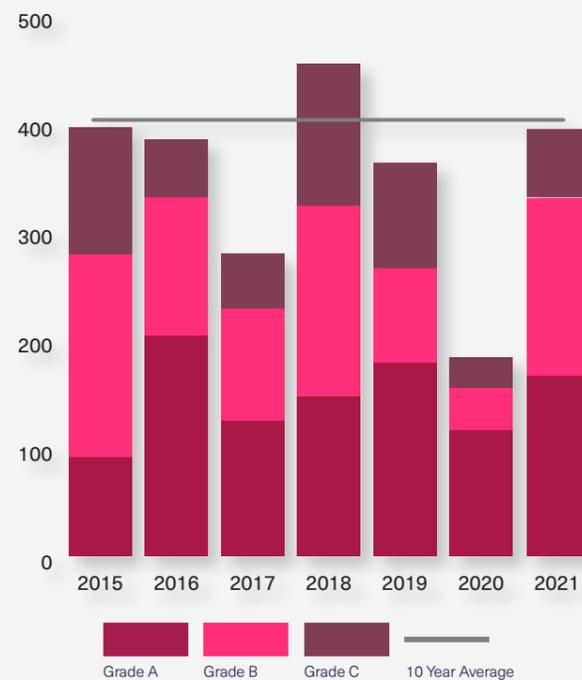
Marylebone has continued to be one of the most active markets in the West End in 2021, with take up for the year to date at 393,050 sq ft in 99 transactions, marginally below the trend level. As with most other markets, activity has been focused towards better quality floor space, with lettings of Grade A and B accommodation both accounting for 42% of overall take up.

The financial services sector has dominated activity in the Marylebone market over the past few years, having accounted for 56% of all lettings since 2019. The latest quarter has seen no exception to this with Providence Equity taking 18,550 sq ft at Astrea's recently refurbished 72 Welbeck Street ahead of completion. This was not the largest transaction in Q4, with Far East casino group Genting taking the entire building at 25 Marylebone Road (30,035 sq ft).

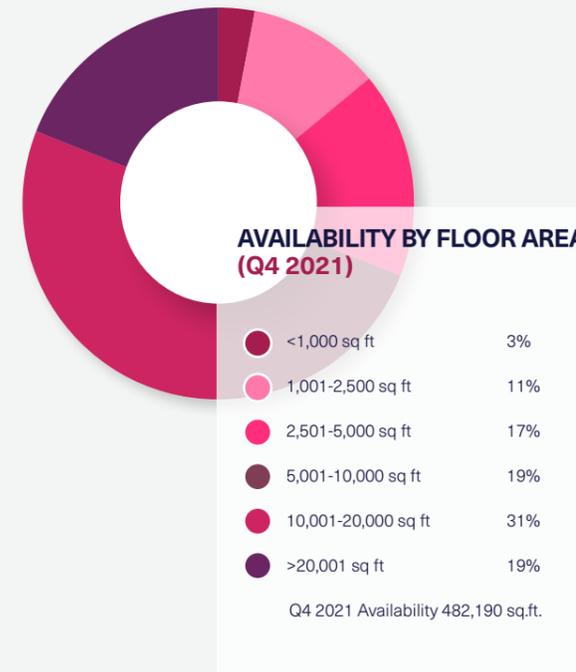
As with most other core West End markets, Marylebone saw supply adjust down for the first time in 18 months in Q3 and this trend has continued in the final quarter of the year. Availability at the end of Q4 2021 dipped below 500,000 sq ft at 482,190 sq ft, with Grade A space accounting for 24% of space on the market. The largest space on the market in Marylebone is at 33 Cavendish Square, although availability is spread across a number of floors. The availability rate in Marylebone remains the lowest amongst the core West End markets at 4.9%.

Prime rents in Marylebone remained at £87.50 per sq ft in Q4 2021, having grown by 6.25% over the year. Rents on refurbished and unrefurbished space continued to advance, moving to £75.00 per sq ft and £65.00 per sq ft respectively, with shortages in stock in these markets driving values forward.

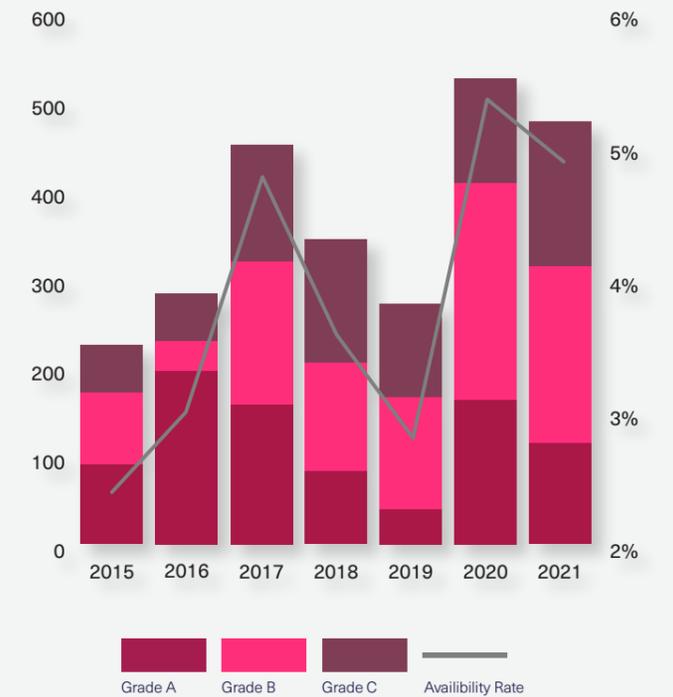
### MARYLEBONE TAKE UP (000's sq ft.)



## SUPPLY



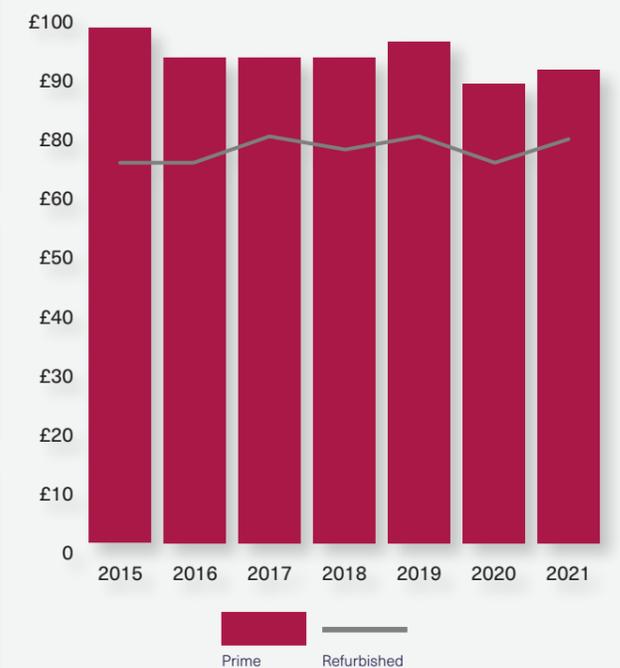
### MARYLEBONE AVAILABILITY (000's sq ft.)



## RENTAL VALUES Q4 2021



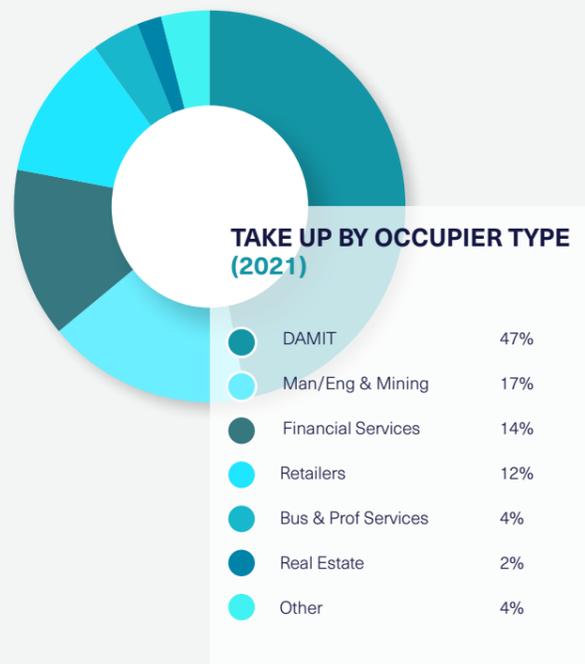
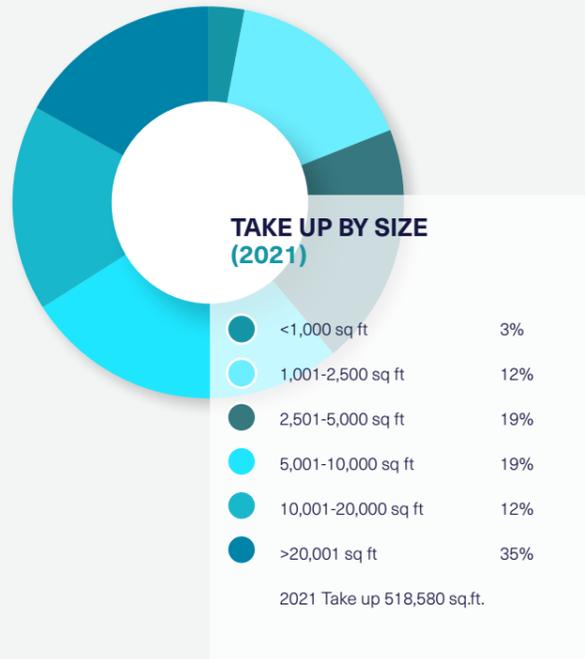
### PRIME & SECONDARY RENTS



# FITZROVIA OFFICE MARKET

## COMMENTARY

### TAKE UP



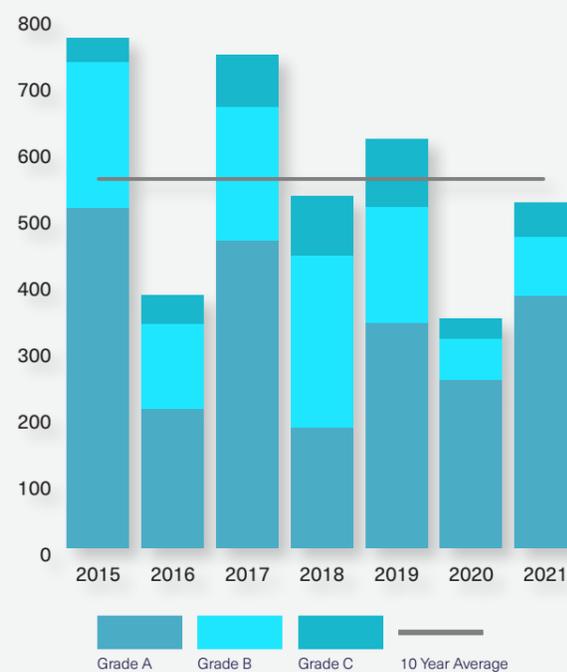
Fitzrovia has remained one of the strongest markets in the West End, with activity driven by higher levels of availability and the best supply of larger Grade A space across the core markets. Take up in 2021 was 518,580 sq ft in 107 transactions, with lettings of Grade A space accounting for 72% of all lettings during the year.

The largest transaction in the West End market in 2021 was once again in Fitzrovia, with online gaming group, Gamesys, taking the 96,950 sq ft former Arcadia headquarters building at Colegrave House on Berners Street. Two of the three largest lettings in the core West End markets were in Fitzrovia in 2021, with Octopus Energy having taken 51,690 sq ft at UK House in the third quarter.

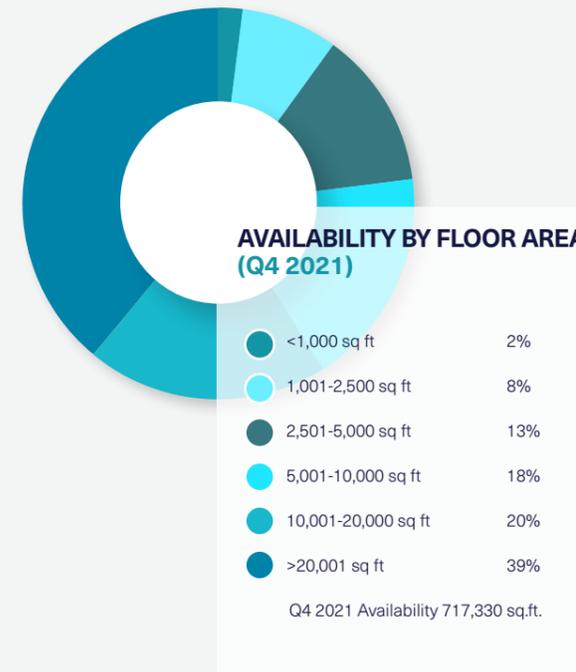
Supply in Fitzrovia eased back further in Q4 2021, falling to 717,330 sq ft, but still remains above the levels recorded at the end of 2020. Whilst there have been a number of key lettings during the past 12 months, larger Grade A space still account for almost 30% of overall space on the market. The 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 and a further 41,480 sq ft at Great Portland Estate's 1 Newman Street.

Following the increase in activity, prime rents and rents on refurbished stock in Fitzrovia have risen to levels last seen in 2018, standing at £85.00 per sq ft and £67.50 per sq ft respectively. Rents on unrefurbished floor space have not rebounded as strongly but have returned to their pre pandemic levels of £55.00 per sq ft.

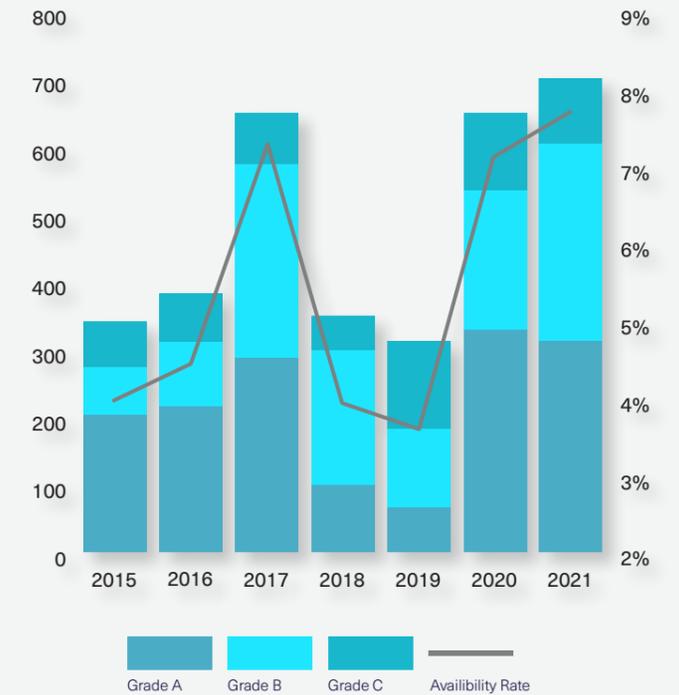
### FITZROVIA TAKE UP (000's sq ft.)



## SUPPLY



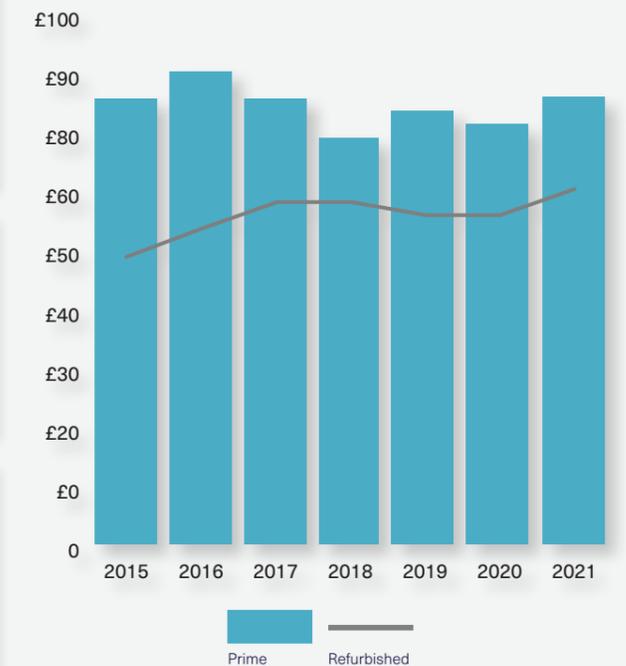
### FITZROVIA AVAILABILITY (000's sq ft.)



## RENTAL VALUES Q4 2021



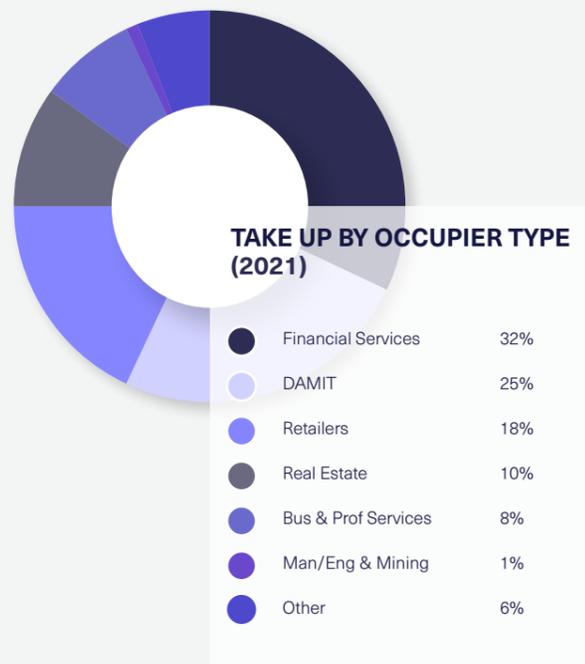
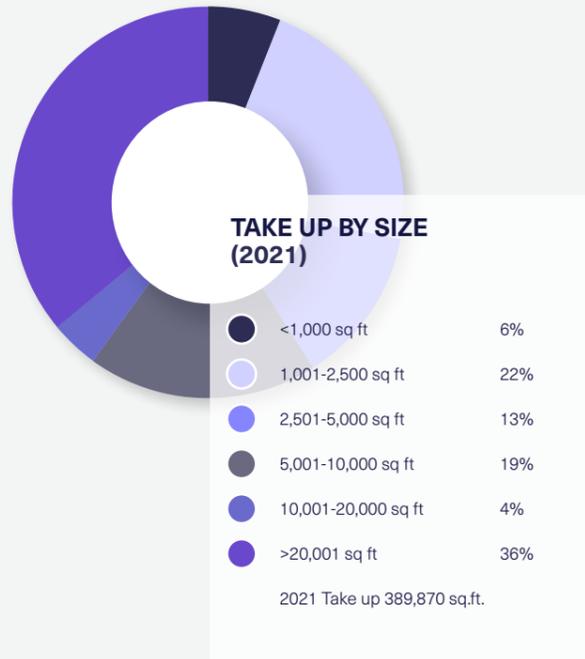
### PRIME & SECONDARY RENTS



# SOHO OFFICE MARKET

## COMMENTARY

### TAKE UP



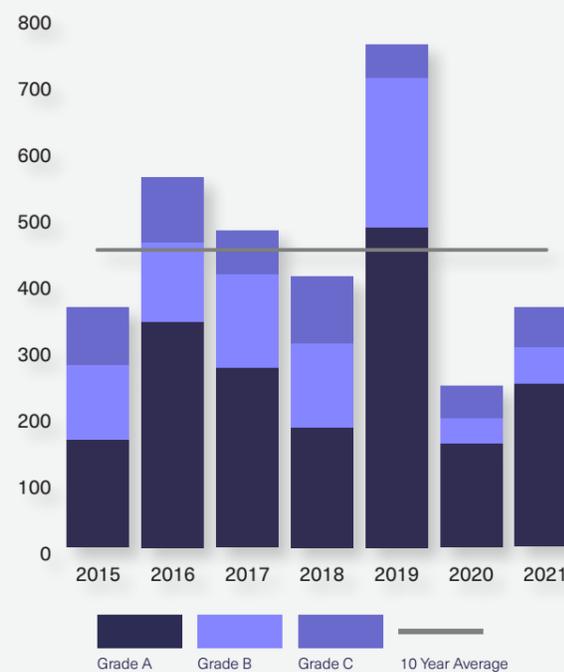
The Soho market also had a strong year in 2021, with activity rebounding to 389,875 sq ft, an increase of 60% on the previous 12 months and the number of transactions during the year doubling with a total of 119 deals completing.

The final quarter of the year saw two larger transactions completing, with on line dating group Badoo taking 34,067 sq ft at Medius House, 2 Sheraton Street, whilst Copper.co took 30,632 sq ft at 13-17 Broadwick Street. The largest transaction during the year remains the 46,000 sq ft purchase of the freehold of 10 Great Pultney Street by online retailer Boohoo.

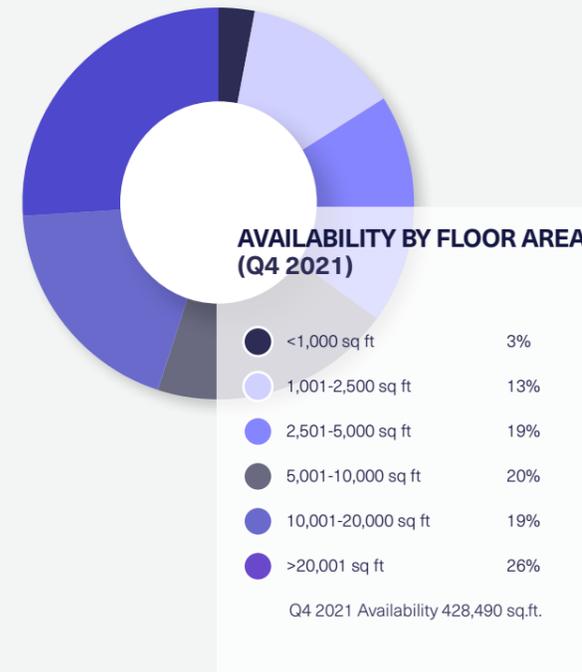
Supply in Soho has reduced significantly over the past nine months, falling by 28% (166,000 sq ft) from the Q1 2021 peak to 428,490 sq ft. The most significant tightening in supply has been in Grade A space, which has fallen by 41% since the first quarter of 2021 to 232,785 sq ft. The largest space on the market is at The Wingate on Shaftesbury Avenue, where 39,043 sq ft is available with a full refurbishment due to complete in H1 2022.

Prime rents in Soho moved back to £90.00 per sq ft for the first time since 2018, rising by 2.9% over the past three months and 9.1% over the year as a whole. Rents on refurbished space also continued to rebound, moving to £72.50 per sq ft having risen by 7.4% since the start of the year.

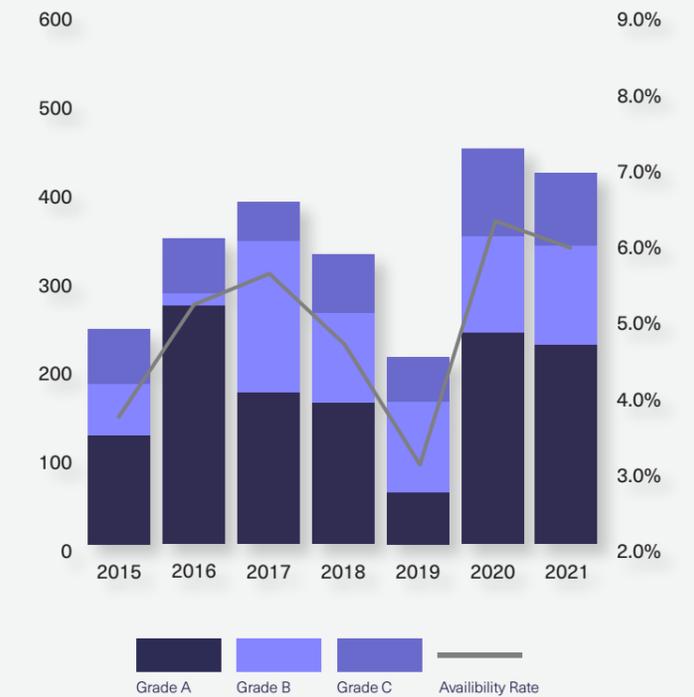
### SOHO TAKE UP (000's sq ft.)



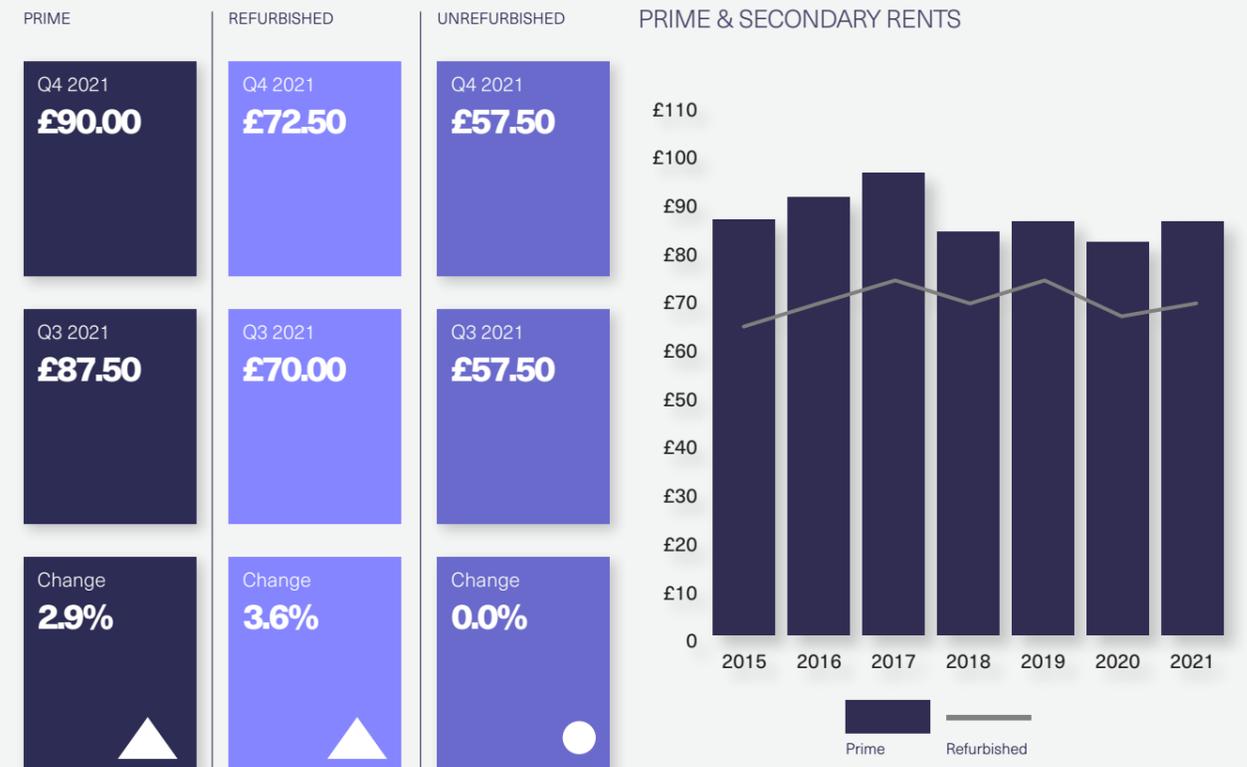
## SUPPLY



### SOHO AVAILABILITY (000's sq ft.)



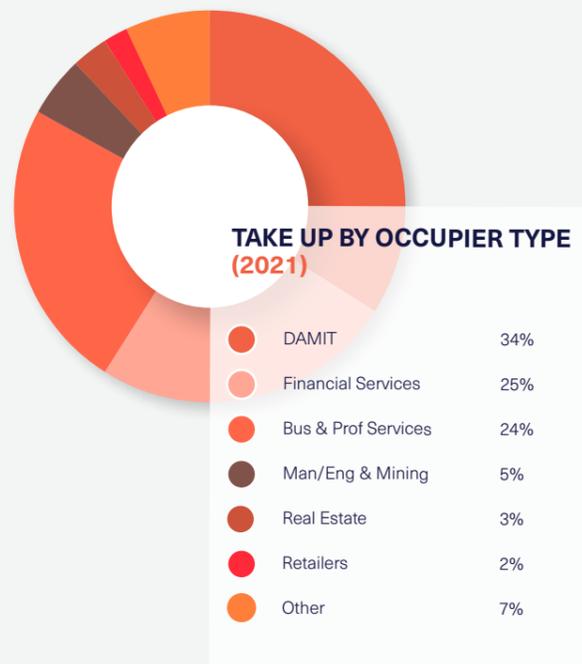
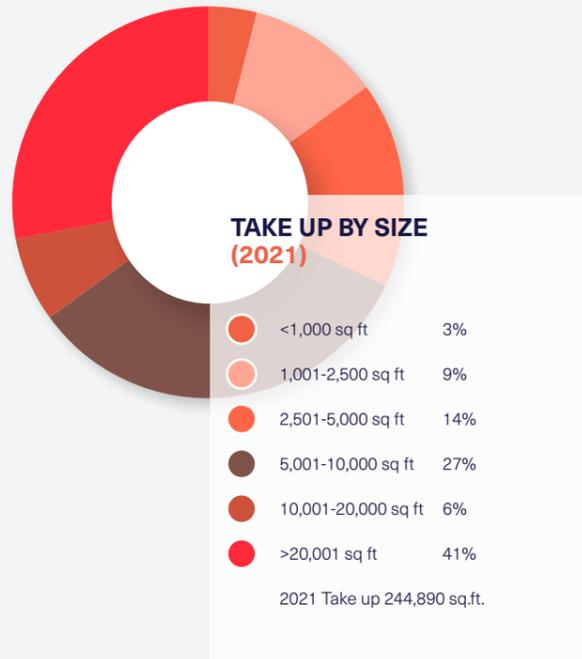
## RENTAL VALUES Q4 2021



# COVENT GARDEN OFFICE MARKET

## COMMENTARY

### TAKE UP



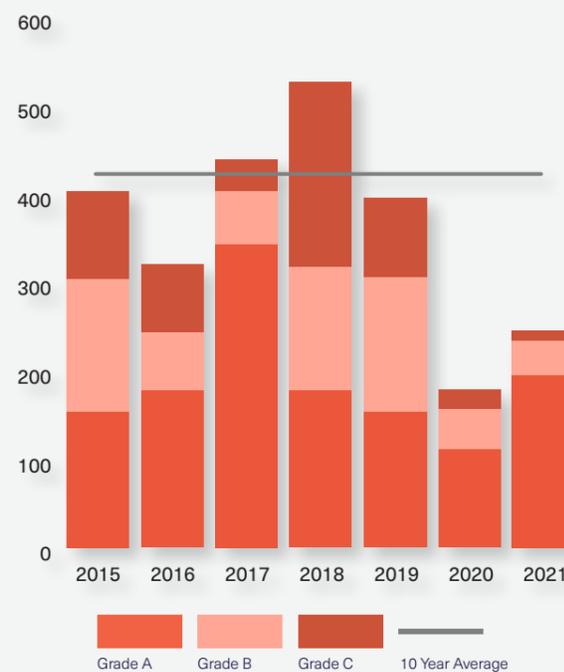
Take up in Covent Garden finished 2021 35% higher than the previous 12 months with activity at 244,890 sq ft across 51 transactions. Activity was biased towards the second six months of the year, which accounted for 73% of the years activity.

The Covent Garden market has been hindered by a lack of larger transactions over 2021, with only three deals above 20,000 sq ft completing. Two of these deals were at Central St Giles in the final quarter of the year. Grade A space continued to be the main focus for occupiers, accounting for 79% of the years take up.

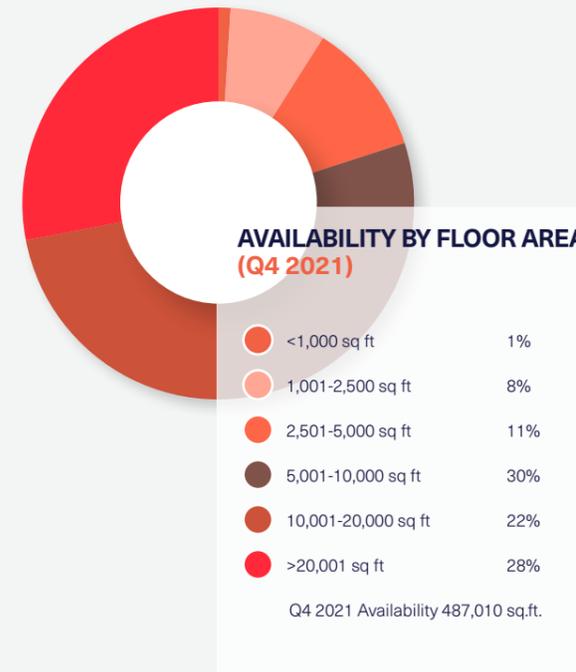
Supply in Covent Garden continued to edge up in Q4 2021, reversing the slight falls that were monitored in the previous quarter. Total availability has risen to 487,010 sq ft at the end of 2021, with the main focus of supply in refurbished space, which accounts for 44% of stock on the market. The availability rate has moved back to 7.1%, the highest availability rate recorded in the Covent Garden market since 2017.

Prime rents in Covent Garden edged back to £80.00 per sq ft at the end of 2021 from £82.50 per sq ft the previous quarter, although values are still 6.7% up over the year as a whole. Rents on refurbished and unrefurbished space have proved to be more resilient than the top end of the market, moving to £70.00 per sq ft £57.50 per sq ft respectively.

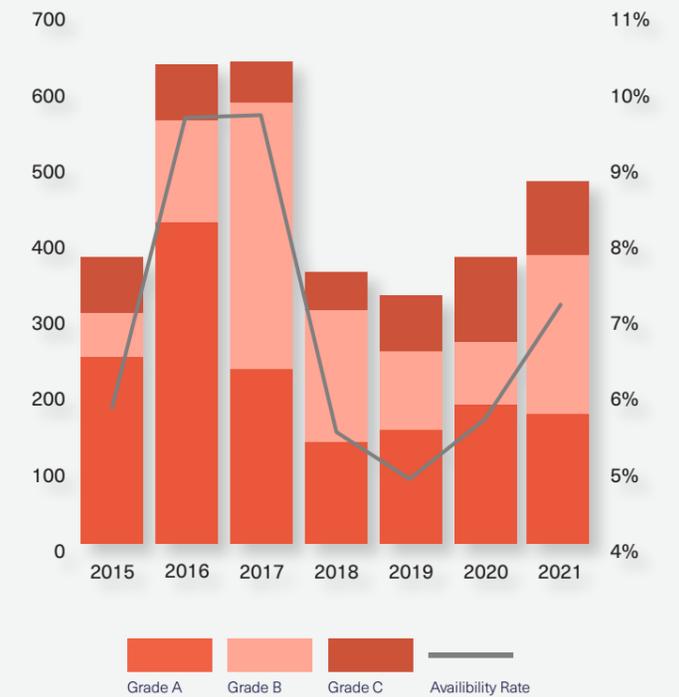
### COVENT GARDEN TAKE UP (000's sq ft.)



## SUPPLY



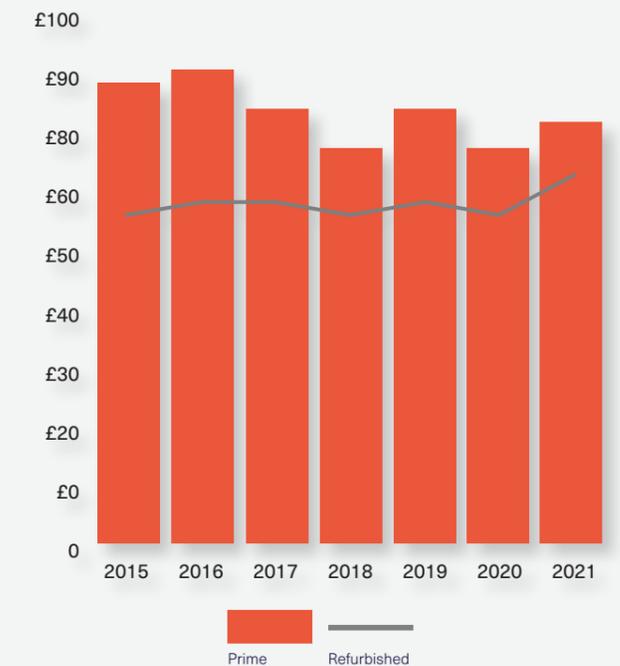
### COVENT GARDEN AVAILABILITY (000's sq ft.)



## RENTAL VALUES Q4 2021



### PRIME & SECONDARY RENTS



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