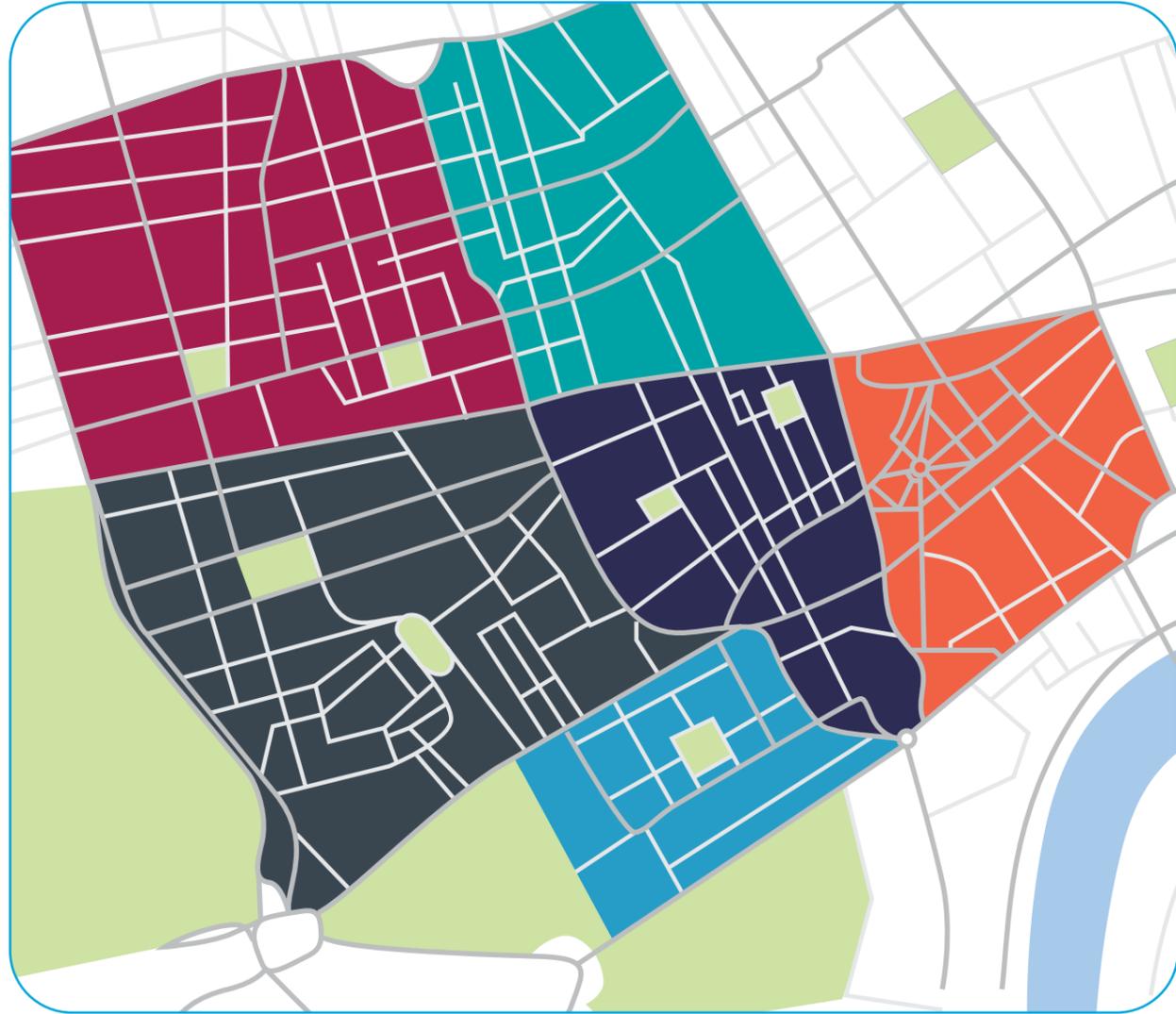


WEST END
OFFICES
**SUBMARKETS
RESEARCH**

Q4 2022





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 in the core West End markets rebounded strongly in the second half of the year bringing overall activity in 2022 to 3.03m sq ft in 742 transactions. This represents the highest level of activity recorded in the core West End markets since 2017 and only 14% below the recent 2011 peak.

The market in 2022 has been boosted by a number of large pre let's, with Blackstone's 226,000 sq ft agreement to lease at Lansdown House, GSK's leasing of The Earnshaw site on New Oxford Street and Lazard's pre let of 20 Manchester Square. All of these deals signify the strength of confidence in the West End market.

Demand edged up to 4.7m sq ft in the final quarter of 2022, an increase of 13% from the Q3 figure and the highest level of requirements recorded in 12 months. The demand for larger buildings (>20,000 sq ft) fell back by 15% in the final quarter of the year with a number of larger pre lets being agreed but this was more than compensated by an increase in all other sizes of requirements, which were up by 27%. This signifies a greater depth of demand, with the number of requirements up by 20% to 809.

Prime rents have continued to recover strongly, with rents in Mayfair now back to their previous peak of £135.00 per sq ft and Fitzrovia remaining at its new rental peak of £92.50 per sq ft. prime rents across the core West End markets have increased by 13.8% on average over the past 12 months.

742
Transactions completed in 2022, highest since 2019

TAKE UP

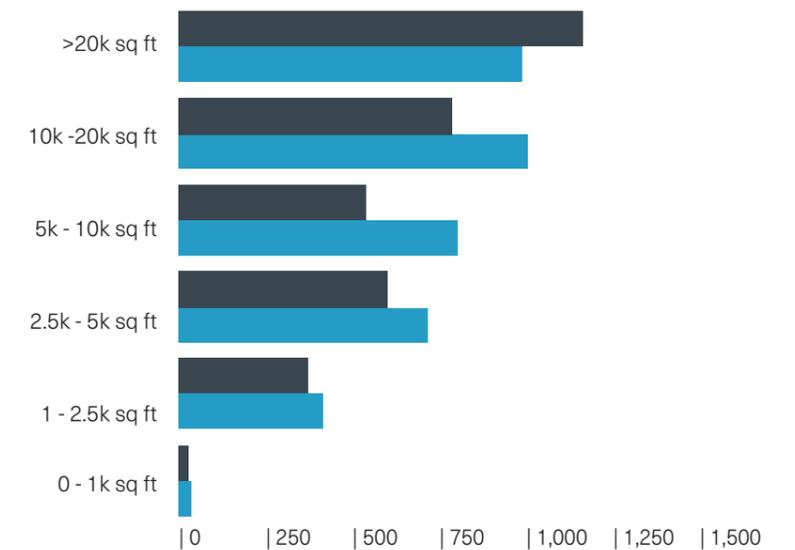
REQUIREMENTS BY SIZE (Q4 2022)

Q3 2022

Q4 2022

Q4 2022 DEMAND

4.68m sq ft



TAKE UP BY OCCUPIER TYPE (Q1 — Q4 2022)

Financial Services	46%
DAMIT	16%
Real Estate	13%
Bus & Prof Services	10%
Retailers	5%
Man/Eng & Mining	4%
Other	6%



TAKE UP (000's sq ft.)

MAYFAIR

ST JAMES'S

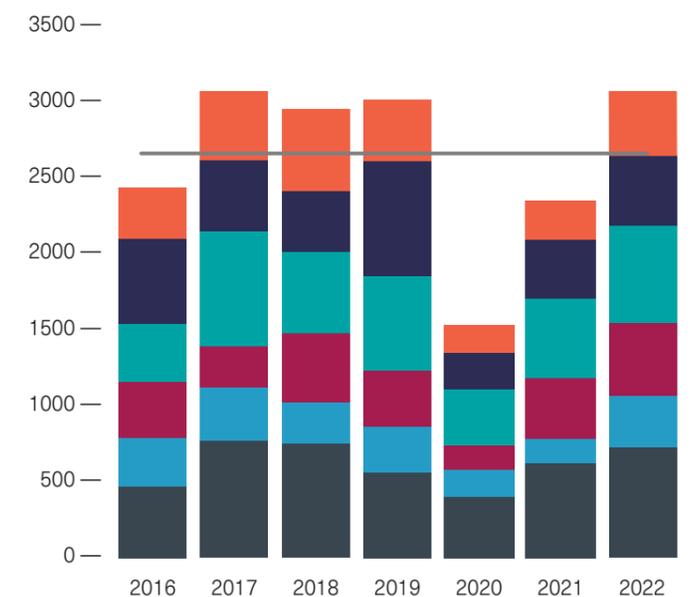
MARYLEBONE

FITZROVIA

SOHO

COVENT GARDEN

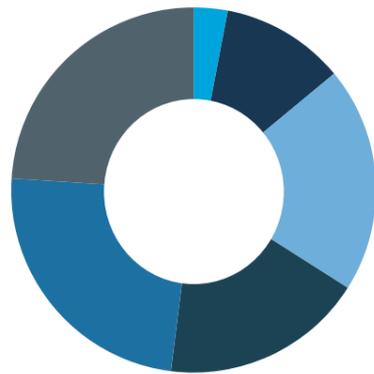
10 Year Average



SUPPLY

Supply continued to tighten, falling below 2.5m sq ft in the final quarter of the year and is now at its lowest level since Q2 2020. Total space on the market at the end of Q4 was down to 2.48m sq ft, with Grade A supply remaining at under 1m sq ft for the second successive quarter. There remains a shortage of larger buildings on the market, with only 595,210 sq ft of buildings able to accommodate requirements of 20,000 sq ft and above. The availability rate is now below the long run average (6.0%) at 4.9%.

AVAILABILITY BY FLOOR AREA (Q4 2022)

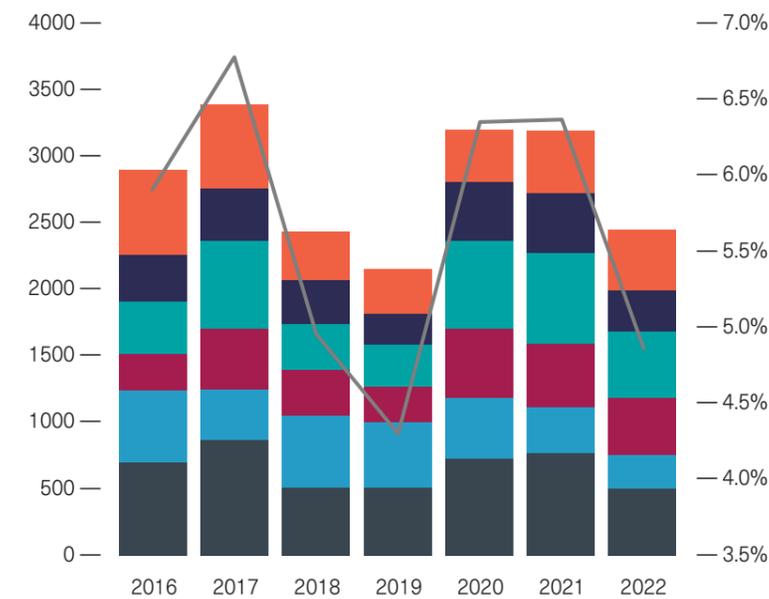


<1,000 sq ft	3%
1,001-2,500 sq ft	11%
2,501-5,000 sq ft	20%
5,001-10,000 sq ft	18%
10,001-20,000 sq ft	24%
>20,001 sq ft	24%

Q4 2022 AVAILABILITY

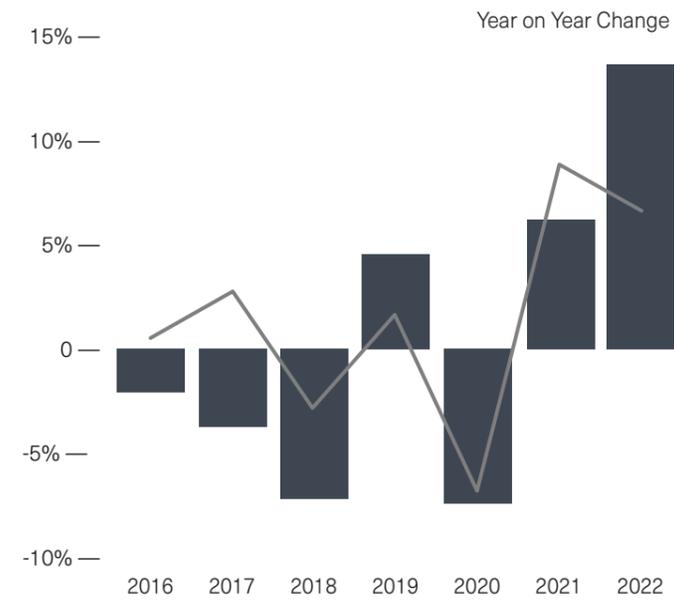
2.40m sq ft

AVAILABILITY (000's sq ft.)



Availability Rate (RHS)

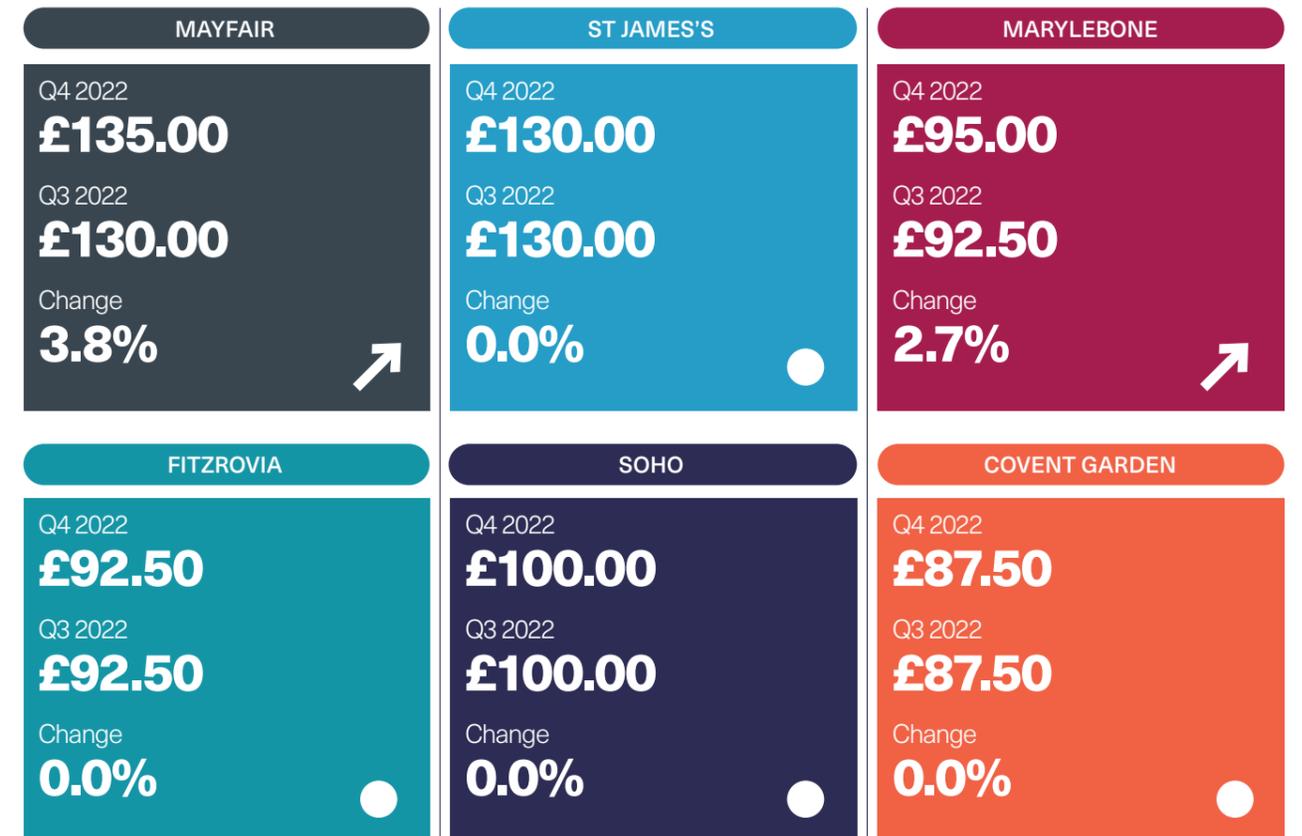
RENTAL VALUES



PRIME AND SECONDARY RENTAL GROWTH

PRIME
Grade B

PRIME RENTAL VALUES



MAYFAIR OFFICE MARKET

COMMENTARY

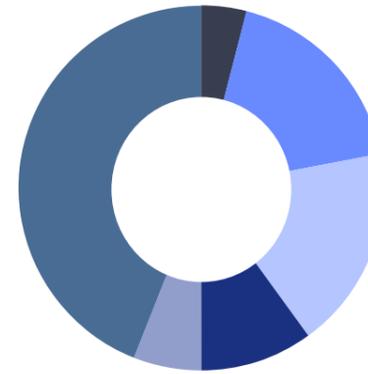
A slow final quarter of the year failed to dampen activity in the Mayfair market as take up for the year recorded its highest level since 2018, with 729,450 sq ft of lettings in 180 transactions. A number of buildings were withdrawn from the market ahead of refurbishment leading to a slowing in activity in the final quarter of the year, with a lack of larger lettings.

The largest transaction in Q4 was the 7,180 sq ft letting to Next Energy Capital at the recently refurbished 75 Grosvenor Street. This is the first floor of the building to let and the remainder of the building still available. Financial services businesses have dominated leasing activity in Mayfair over the past 12 months, with Blackstone's pre let of Lansdowne House in Q3 being the largest letting.

Prime rents moved back to their 2015 peak level of £135.00 per sq ft, an increase of 17.4% on the year. Rents on Grade B and Grade C space grew at a slower rate, rising by 8.8% and 6.7% to £92.50 per sq ft and £69.50 per sq ft respectively.

17.4%
Prime rent increase over past 12 months

TAKE UP



TAKE UP BY SIZE (Q1 — Q4 2022)

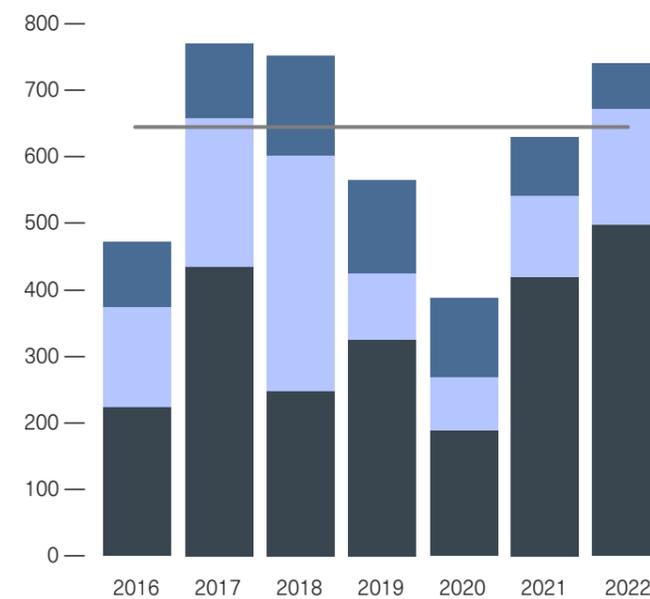
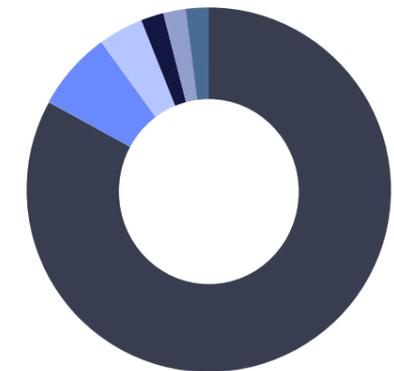
<1,000 sq ft	4%
1,001-2,500 sq ft	18%
2,501-5,000 sq ft	18%
5,001-10,000 sq ft	10%
10,001-20,000 sq ft	6%
>20,001 sq ft	44%

2022 TAKE UP

729,450 sq ft

TAKE UP BY OCCUPIER TYPE (Q1 — Q4 2022)

Financial Services	83%
Real Estate	7%
Bus & Prof Services	4%
DAMIT	2%
Man/Eng & Mining	2%
Other	2%



TAKE UP (000's sq ft.)

GRADE A

GRADE B

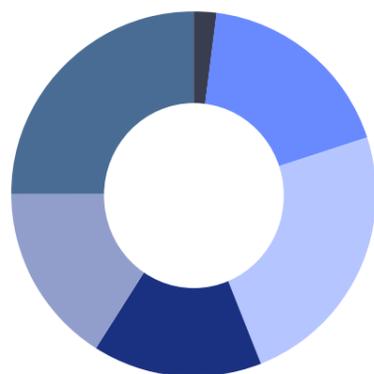
GRADE C

10 Year Average

SUPPLY

Supply fell to the lowest levels in 15 years, moving down to 505,100 sq ft, with the most significant reductions being seen in Grade A space, which is now down to 192,400 sq ft. The next few years will see a number of newly refurbished properties coming to the market, with landlords hoping to benefit from the strong letting market.

AVAILABILITY BY FLOOR AREA (Q4 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%

Q4 2022 AVAILABILITY

505,100 sq ft

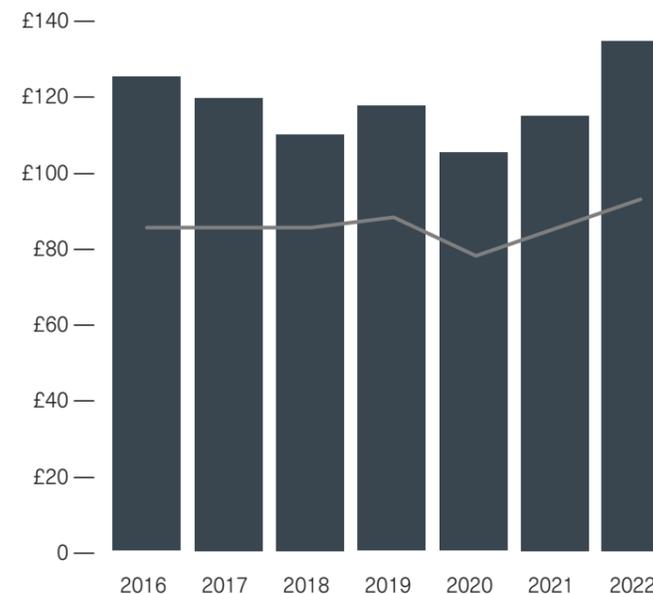
AVAILABILITY (000's sq ft.)

GRADE A
GRADE B
GRADE C

Availability Rate



RENTAL VALUES



PRIME AND SECONDARY RENTAL GROWTH

GRADE A

Grade B

SERVICED OFFICE DESK RATES Q4 2022

Lowest

£600

Highest

£1,200

RENTAL VALUES Q4 2022

PRIME

GRADE B

GRADE C

Q4 2022

£135.00

Q4 2022

£92.50

Q4 2022

£69.50

Q3 2022

£130.00

Q3 2022

£92.50

Q3 2022

£67.50

Change

3.8%



Change

0.0%



Change

3.0%



ST JAMES'S OFFICE MARKET

COMMENTARY

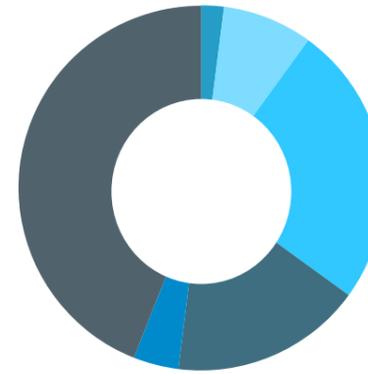
Take up in the St James's market moved above trend levels for the first time since the pandemic in 2022, with a total of 318,600 sq ft of space acquired in 59 transactions. Activity has been focused towards better buildings, with 75% of all lettings of Grade A space.

The second half of the year has been typified by lettings of below 10,000 sq ft, with only one transaction above this threshold, the 21,400 sq ft letting to talent agency Curtis Brown at Cunard House 15 Regent Street.

Prime rents in St James's moved to £130.00 per sq ft in Q3 and remained at that level in the final quarter of the year. This brings growth on prime rents in St James's to 23.8% since the start of the year. The growth in rents on Grade B and Grade C space has been more modest, rising by 10.1% and 3.8% respectively since the start of 2022.

49%
Decrease in availability since pandemic

TAKE UP



TAKE UP BY SIZE (Q1 — Q4 2022)

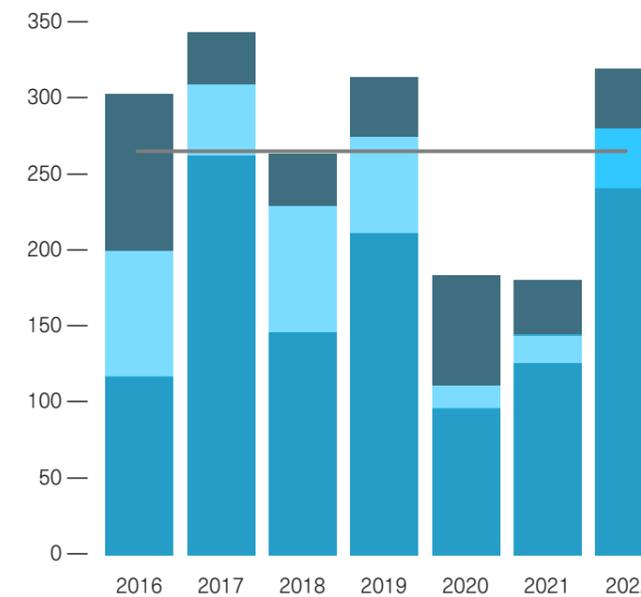
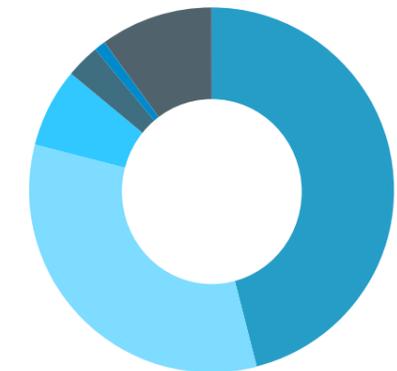
<1,000 sq ft	2%
1,001-2,500 sq ft	8%
2,501-5,000 sq ft	25%
5,001-10,000 sq ft	17%
10,001-20,000 sq ft	4%
>20,001 sq ft	44%

2022 TAKE UP

318,580 sq ft

TAKE UP BY OCCUPIER TYPE (Q1 — Q4 2022)

Financial Services	46%
Man/Eng & Mining	33%
Bus & Prof Services	7%
DAMIT	3%
Real Estate	1%
Other	10%



TAKE UP (000's sq ft.)

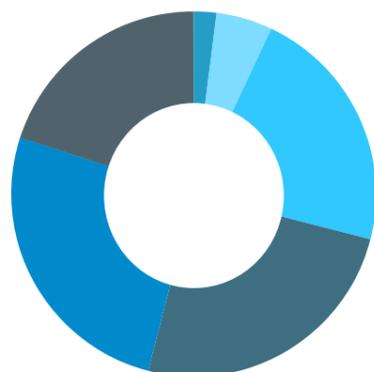
GRADE A
GRADE B
GRADE C

10 Year Average

SUPPLY

Supply has continued to tighten, having fallen to 245,088 sq ft at the end of 2022, with the availability rate down to 4.5%. Availability in St James's has seen the sharpest contraction over the past few years, falling by 49% from pre pandemic levels. The largest space on the market remains BentallGreenOak's 78 St James's Street and this is the only ready to occupy building in St James's able to accommodate a requirement of above 20,000 sq ft.

AVAILABILITY BY FLOOR AREA (Q4 2022)



<1,000 sq ft	2%
1,001-2,500 sq ft	5%
2,501-5,000 sq ft	22%
5,001-10,000 sq ft	25%
10,001-20,000 sq ft	26%
>20,001 sq ft	20%

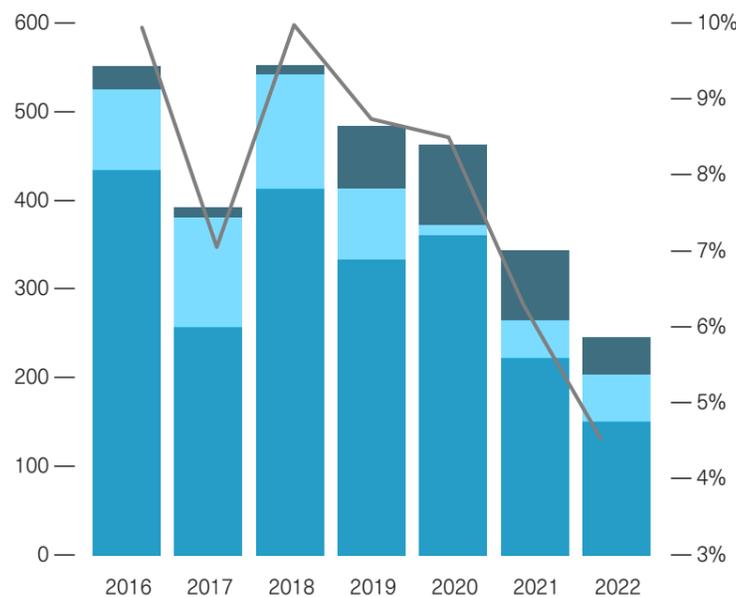
Q4 2022 AVAILABILITY

245,100 sq ft

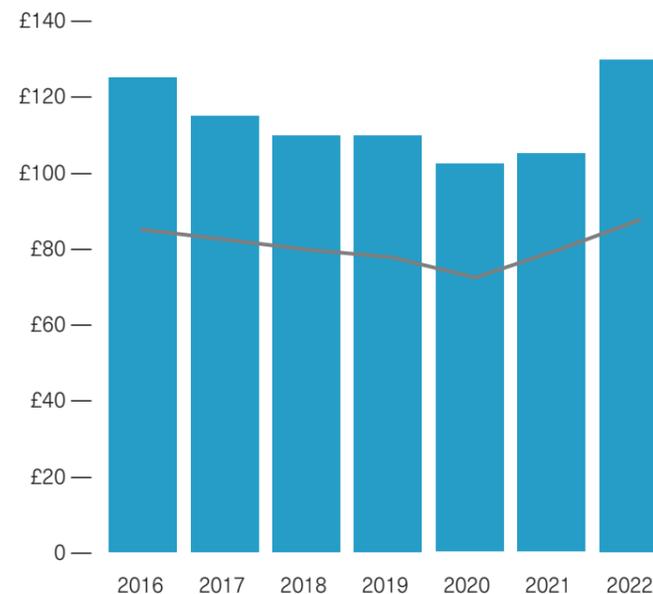
AVAILABILITY (000's sq ft.)

GRADE A
GRADE B
GRADE C

Availability Rate



RENTAL VALUES



PRIME AND SECONDARY RENTAL GROWTH

GRADE A

Grade B

SERVICED OFFICE DESK RATES Q4 2022

Lowest

£650

Highest

£1,200

RENTAL VALUES Q4 2022

PRIME

GRADE B

GRADE C

Q4 2022

£130.00

Q4 2022

£87.50

Q4 2022

£67.50

Q3 2022

£130.00

Q3 2022

£85.00

Q3 2022

£67.50

Change

0.0%

Change

2.9%

Change

0.0%

MARYLEBONE OFFICE MARKET

COMMENTARY

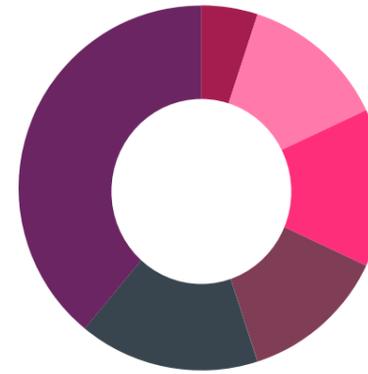
Take up in the Marylebone market continued to gain momentum throughout the year and a buoyant final quarter saw the full year figure reach 475,340 sq ft across 116 transactions. The year's total is the highest level of take up recorded since 2014 and reflects Marylebone's emergence as a growing location for the financial services sector.

The year has been characterised by a number of larger pre lets and the largest transaction in Q4 was the 81,725 sq ft pre let of 20 Manchester Square to investment bank Lazard's. The seven storey building will undergo a comprehensive refurbishment and is due to be ready for occupation in 2025. Lazard's have agreed to take a 15 year lease.

Prime rents in Marylebone moved back to their previous peak level of £95.00 per sq ft, which was set in 2015. Prime rents have increased by 8.6% since the start of the year with rents on Grade B space also moving back to previous peak levels of £77.50 per sq ft. Grade C stock has seen rents remained stable at £65.00 per sq ft since Q3 2021.

475k sq ft
Take up in 2022, highest since 2014

TAKE UP



TAKE UP BY SIZE (Q1 — Q4 2022)

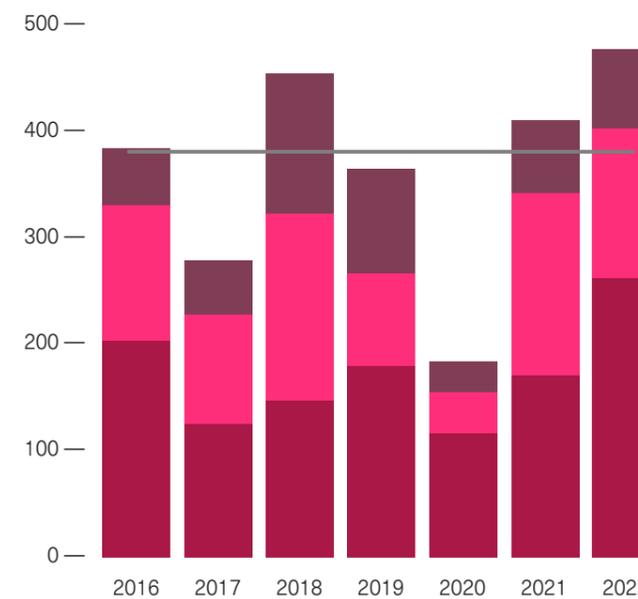
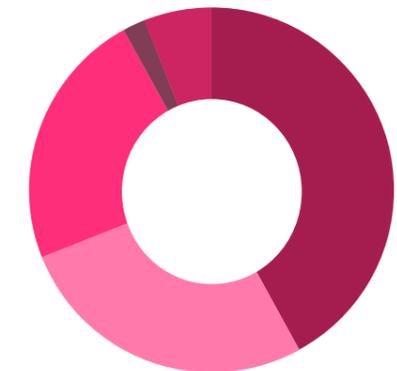
<1,000 sq ft	5%
1,001-2,500 sq ft	13%
2,501-5,000 sq ft	14%
5,001-10,000 sq ft	13%
10,001-20,000 sq ft	16%
>20,001 sq ft	39%

2022 TAKE UP

475,340 sq ft

TAKE UP BY OCCUPIER TYPE (Q1 — Q4 2022)

Financial Services	42%
Bus & Prof Services	27%
Real Estate	23%
DAMIT	2%
Other	6%



TAKE UP (000's sq ft.)

GRADE A

GRADE B

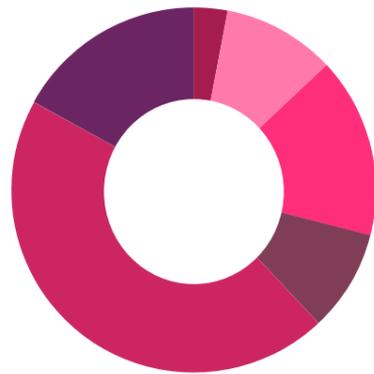
GRADE C

10 Year Average

SUPPLY

Supply has been boosted by the completion of One Great Cumberland Place, with overall availability up by 4% since Q3 to 449,670 sq ft and Grade A supply at 141,740 sq ft. The new scheme offers the largest Grade A space in the Marylebone market, with 27,870 sq ft still available. Despite the introduction of new space onto the market, availability is down over the year as a whole, with the availability rate now down to 4.6% from 4.9% at the start of the year.

AVAILABILITY BY FLOOR AREA (Q4 2022)



<1,000 sq ft	3%
1,001-2,500 sq ft	10%
2,501-5,000 sq ft	16%
5,001-10,000 sq ft	9%
10,001-20,000 sq ft	45%
>20,001 sq ft	17%

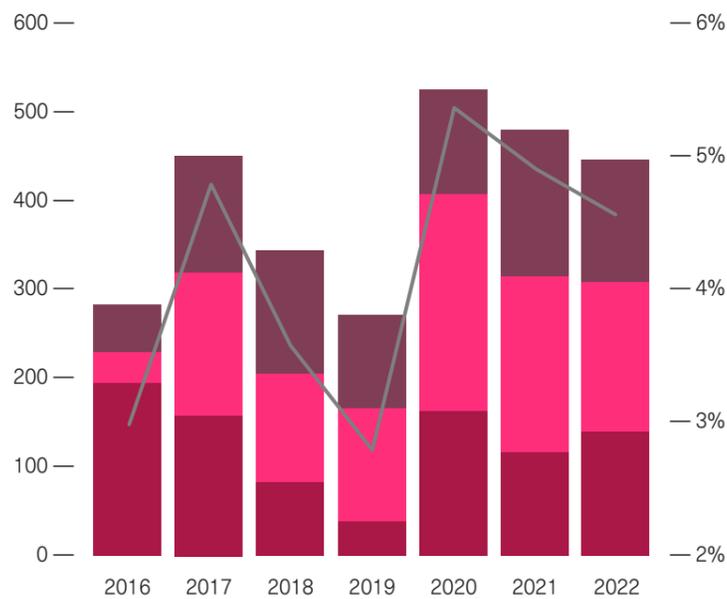
Q4 2022 AVAILABILITY

449,700 sq ft

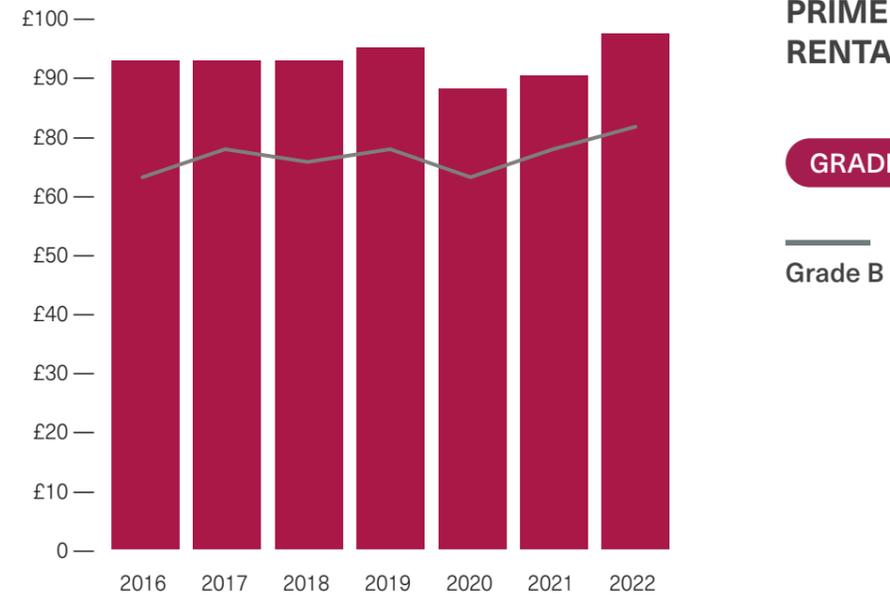
AVAILABILITY (000's sq ft.)

GRADE A
GRADE B
GRADE C

Availability Rate



RENTAL VALUES



PRIME AND SECONDARY RENTAL GROWTH

GRADE A
Grade B

SERVICED OFFICE DESK RATES Q4 2022

Lowest

£550

Highest

£1,200

RENTAL VALUES Q4 2022

PRIME

Q4 2022
£95.00

Q3 2022
£92.50

Change
2.7%



GRADE B

Q4 2022
£75.00

Q3 2022
£75.00

Change
0.0%



GRADE C

Q4 2022
£65.00

Q3 2022
£65.00

Change
0.0%



FITZROVIA OFFICE MARKET

COMMENTARY

Fitzrovia has been one of the strongest West End sub markets throughout the year and finished 2022 with take up of 632,880 sq ft in 165 transactions. This is the highest annual total since 2017 and almost double the level of the pandemic impacted 2020.

The final quarter of the year was typified by smaller transactions, with only one letting above 15,000 sq ft, the 16,200 sq ft letting at 1 Wells Street. The financial services sector continued to play a significant role in lettings in Fitzrovia in 2022, accounting for 29% of space taken.

Prime rents in Fitzrovia moved to a new peak level of £92.50 per sq ft in Q3 and have remained at that level in the final quarter of the year. Rents on Grade B space have also continued to recover, moving to £69.50 per sq ft (3.0% growth since the start of the year), whilst rents on poorer quality stock have slipped to £60.00 per sq ft.

633ksq ft
Take up in 2022, highest since 2017

TAKE UP



TAKE UP BY SIZE (Q1 — Q4 2022)

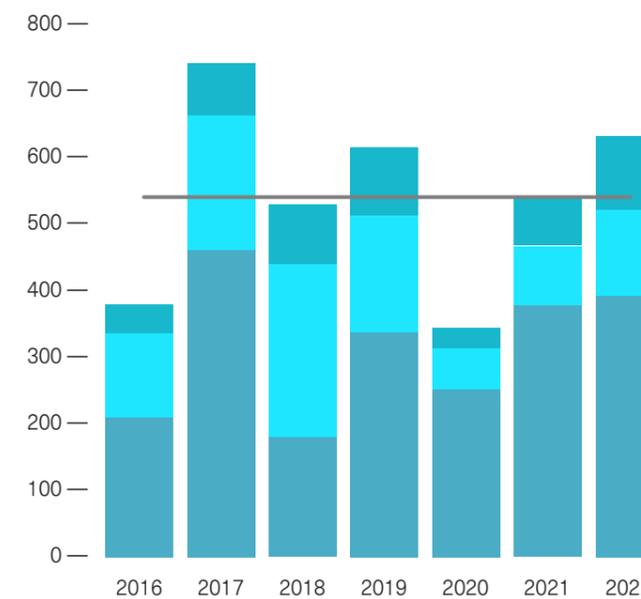
<1,000 sq ft	5%
1,001-2,500 sq ft	16%
2,501-5,000 sq ft	8%
5,001-10,000 sq ft	18%
10,001-20,000 sq ft	37%
>20,001 sq ft	16%

2022 TAKE UP

632,880sq ft

TAKE UP BY OCCUPIER TYPE (Q1 — Q4 2022)

Financial Services	29%
Real Estate	24%
DAMIT	23%
Retailers	8%
Bus & Prof Services	4%
Other	12%



TAKE UP (000's sq ft.)

GRADE A

GRADE B

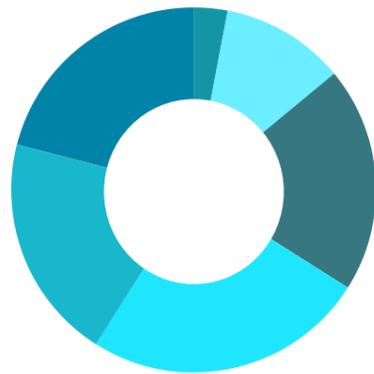
GRADE C

10 Year Average

SUPPLY

The strong level of activity in Fitzrovia has seen availability fall below 500,000 sq ft for the first time since the start of the pandemic. Fitzrovia remains one of the primary locations for buildings to accommodate larger requirements, with two Grade A buildings of 20,000 sq ft and above on the market, the largest being the 51,625 sq ft at the recently refurbished Met Building on Percy Street. Despite this, Grade A space has also been eroded, falling from 400,000 sq ft in mid 2021 to currently stand at 159,360 sq ft. The availability rate in Fitzrovia is one of the highest amongst the West End sub markets at 5.4%.

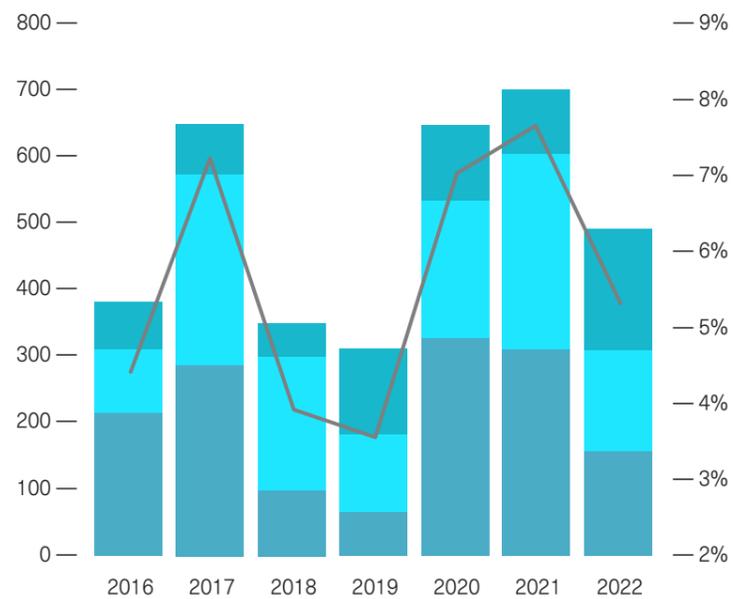
AVAILABILITY BY FLOOR AREA (Q4 2022)



<1,000 sq ft	3%
1,001-2,500 sq ft	11%
2,501-5,000 sq ft	20%
5,001-10,000 sq ft	25%
10,001-20,000 sq ft	20%
>20,001 sq ft	21%

Q4 2022 AVAILABILITY

497,750 sq ft



AVAILABILITY (000's sq ft.)

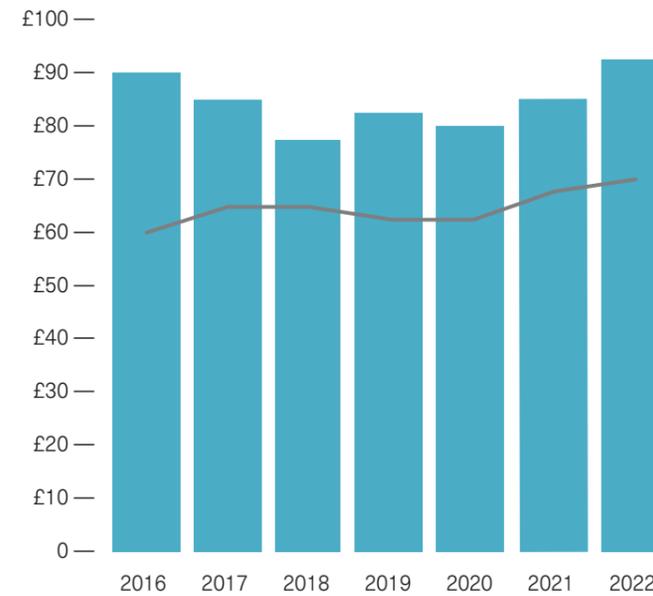
GRADE A

GRADE B

GRADE C

Availability Rate

RENTAL VALUES



PRIME AND SECONDARY RENTAL GROWTH

GRADE A

Grade B

SERVICED OFFICE DESK RATES Q4 2022

Lowest

£460

Highest

£950

RENTAL VALUES Q4 2022

PRIME

Q4 2022
£92.50

Q3 2022
£92.50

Change
0.0%

GRADE B

Q4 2022
£69.50

Q3 2022
£69.50

Change
0.0%

GRADE C

Q4 2022
£60.00

Q3 2022
£62.50

Change
-4.0%

SOHO OFFICE MARKET

COMMENTARY

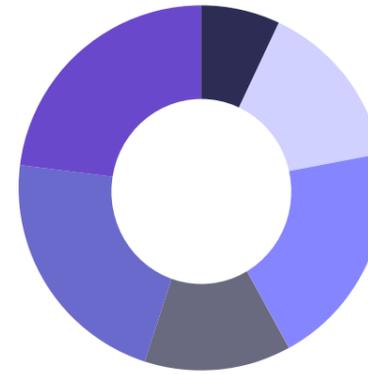
Activity continued at close to trend levels in the Soho market in 2022, with a total of 449,300 sq ft of lettings across 145 transactions. Take up for the year was 12% above the previous 12 months figure and signals a further move in the recovery from the pandemic.

After a slow start in Q1 2022, activity in Soho was strong in the remaining three quarters, with the final three months seeing a good level of lettings completing. The largest deal in Q4 was the letting to US private equity group Bregal Investments LLP who took 24,190 sq ft at 20 Air Street. This continued the trend of the financial services sector increasing their presence in the Soho market.

Prime rents in Soho moved back to £100.00 per sq ft in Q3 2022 for the first time since early 2017 and remained at that level in the final quarter of the year. 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 set in 2017. Rents on Grade B space have also strengthened, moving back to £77.50 per sq ft, whilst Grade C rents moved higher to £67.50 per sq ft, growing by 17.4% over the year.

11.1%
Prime rent increase over past 12 months

TAKE UP



TAKE UP BY SIZE (Q1 — Q4 2022)

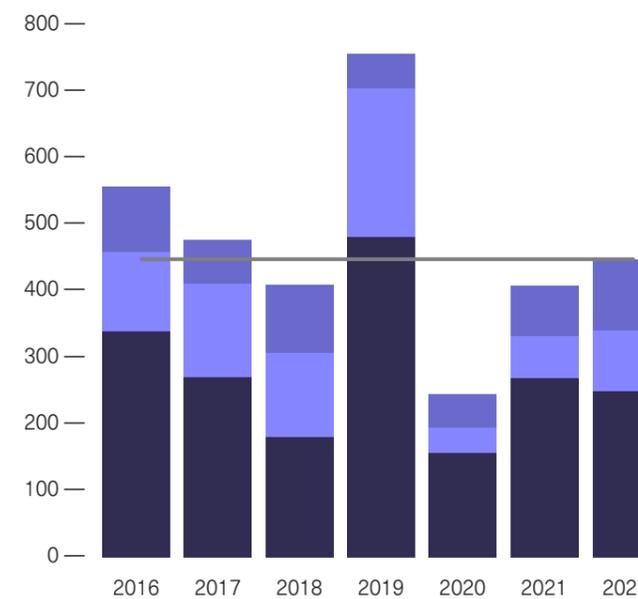
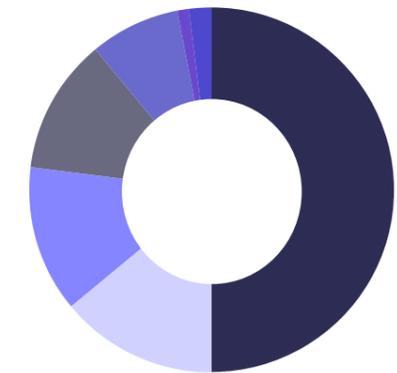
<1,000 sq ft	7%
1,001-2,500 sq ft	15%
2,501-5,000 sq ft	20%
5,001-10,000 sq ft	13%
10,001-20,000 sq ft	22%
>20,001 sq ft	23%

2022 TAKE UP

449,300 sq ft

TAKE UP BY OCCUPIER TYPE (Q1 — Q4 2022)

Financial Services	50%
Retailers	14%
Bus & Prof Services	13%
DAMIT	12%
Real Estate	8%
Man/Eng & Mining	1%
Other	2%



TAKE UP (000's sq ft.)

GRADE A

GRADE B

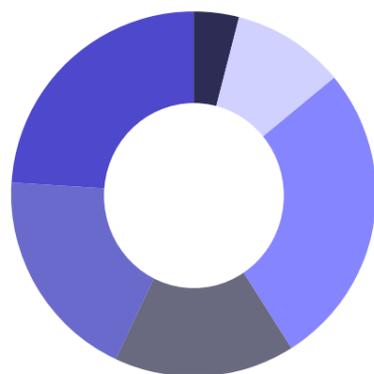
GRADE C

10 Year Average

SUPPLY

Supply has reduced steadily over the past 12 months and is now 100,000 sq ft below the start year figure at 324,840 sq ft. The primary reduction in space has been in Grade B space, which is now down to 49,350 sq ft. Grade A supply has been boosted by Soho Estate's Ilona Rose House, which is the largest Grade A space on the market, with 55,478 sq ft still available on the 1st-3rd floors. The availability rate in Soho is now down to 4.5% at the end of 2022.

AVAILABILITY BY FLOOR AREA (Q4 2022)



<1,000 sq ft	4%
1,001-2,500 sq ft	10%
2,501-5,000 sq ft	27%
5,001-10,000 sq ft	16%
10,001-20,000 sq ft	19%
>20,001 sq ft	24%

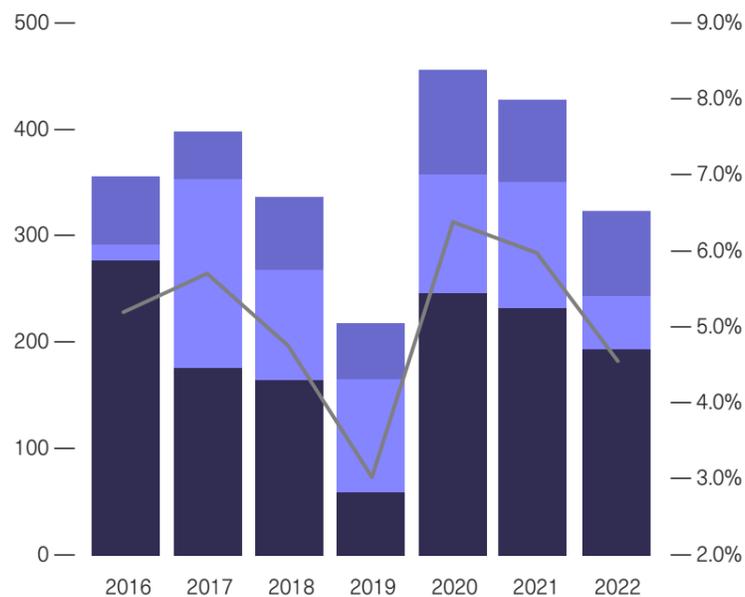
Q4 2022 AVAILABILITY

324,840 sq ft

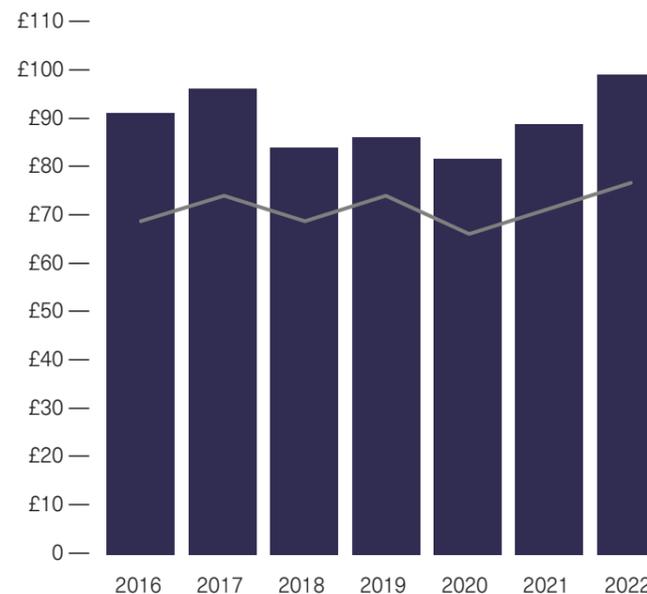
AVAILABILITY (000's sq ft.)

GRADE A
GRADE B
GRADE C

Availability Rate



RENTAL VALUES



PRIME AND SECONDARY RENTAL GROWTH

GRADE A

Grade B

SERVICED OFFICE DESK RATES Q4 2022

Lowest

£335

Highest

£1,150

RENTAL VALUES Q4 2022

PRIME

GRADE B

GRADE C

Q4 2022

£100.00

Q4 2022

£77.50

Q4 2022

£67.50

Q3 2022

£100.00

Q3 2022

£77.50

Q3 2022

£65.00

Change

0.0%

Change

0.0%

Change

3.8%

COVENT GARDEN OFFICE MARKET

COMMENTARY

Take up in the Covent Garden market was boosted by the largest transaction in the West End in Q4 2022, the 160,000 sq ft letting of Royal London Asset Management's new scheme at 77-91 New Oxford Street to GSK. The building is currently under construction, with completion due in H2 2024 and is to be GSK's new global headquarters.

The strong final quarter of the year pushed overall take up for Covent Garden to 424,280 sq ft in 77 transactions. This takes activity for the year above trend levels for the Covent Garden market, despite the first three quarters of the year being slow.

Rents in Covent Garden remained stable in Q4 2022, having moved ahead in the previous three quarters. Prime rents are at £87.50 per sq ft, having grown by 9.4% over the past 12 months, with rents on Grade B space up by 7.4% to £75.00 per sq ft. Rents on Grade C space £57.50 per sq ft and remain the lowest option amongst the sub markets.

6.7%
Availability rate, the highest of the six sub-markets

TAKE UP



TAKE UP BY SIZE (Q1 — Q4 2022)

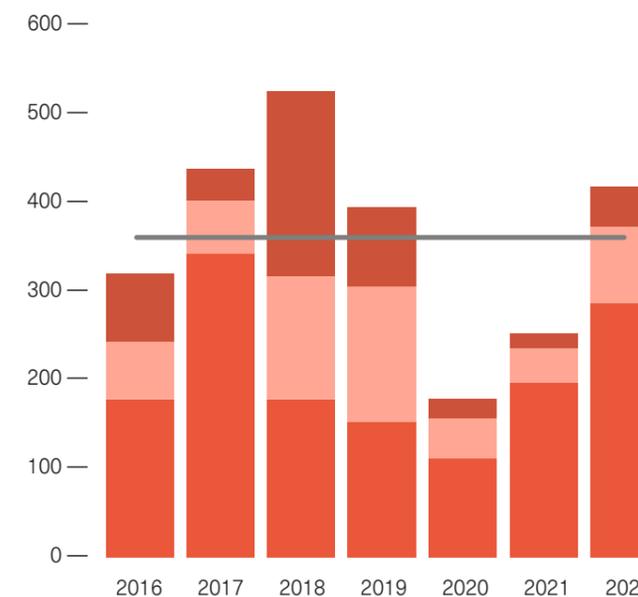
<1,000 sq ft	2%
1,001-2,500 sq ft	12%
2,501-5,000 sq ft	19%
5,001-10,000 sq ft	8%
10,001-20,000 sq ft	12%
>20,001 sq ft	47%

2022 TAKE UP

424,280 sq ft

TAKE UP BY OCCUPIER TYPE (Q1 — Q4 2022)

DAMIT	58%
Real Estate	12%
Retailers	11%
Bus & Prof Services	7%
Financial Services	5%
Other	7%



TAKE UP (000's sq ft.)

GRADE A

GRADE B

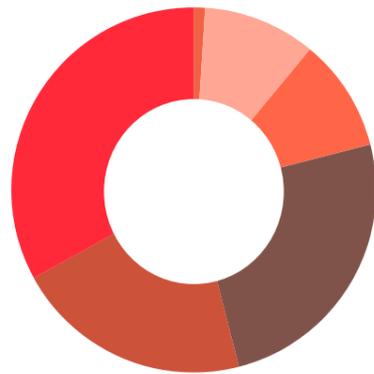
GRADE C

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 but has edged up in the final quarter of the year to 458,300 sq ft. The increase in supply has been due to several new schemes completing, with Grade A space moving up to 157,925 sq ft. The most recent Grade A space to complete is Hines The Grainhouse on Dryden Street, which provides 31,453 sq ft of offices. The availability rate now stands at 6.7% and is the highest amongst the West End sub markets.

AVAILABILITY BY FLOOR AREA (Q4 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%

Q4 2022 AVAILABILITY

458,300 sq ft

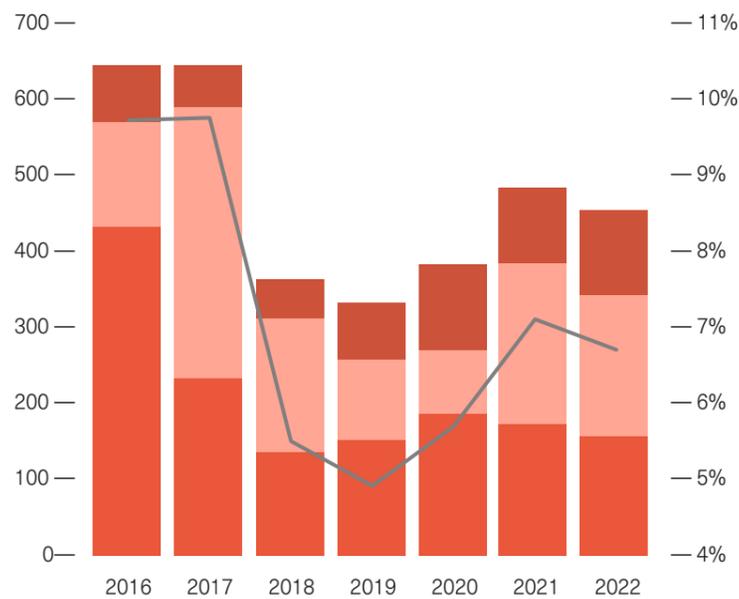
AVAILABILITY (000's sq ft.)

GRADE A

GRADE B

GRADE C

Availability Rate



RENTAL VALUES



PRIME AND SECONDARY RENTAL GROWTH

GRADE A

Grade B

SERVICED OFFICE DESK RATES Q4 2022

Lowest

£500

Highest

£900

RENTAL VALUES Q4 2022

PRIME

GRADE B

GRADE C

Q4 2022

£87.50

Q4 2022

£75.00

Q4 2022

£57.50

Q3 2022

£87.50

Q3 2022

£75.00

Q3 2022

£57.50

Change

0.0%

Change

0.0%

Change

0.0%

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