



October shows promising signs as active demand continues to grow

October saw a 406,579 sq ft complete across 34 transactions. This brought the year-to-date total to 4.38m sq ft, level with the five-year average and down 13% on the long-term average for this period.

So far this year the Insurance and Financial services sector has continued to drive leasing activity and has accounted for 21% of take-up. However, the Tech and Media sector was the largest sector this month responsible for 40% (161,997 sq ft) of take-up, an encouraging sign after the mass layoffs earlier this year.

This was influenced by the largest deal this month which was the pre-let of the G-6th floors (86,146 sq ft) at Selso, 95 Queen Victoria Street, EC4 to CapGemini with terms that are confidential at present. The next largest completion was at 88 Kingsway, WC2 where the entire building (35,633 sq ft) was let to Canvas at £65 per sq ft, on a 10-year lease.

Overall supply fell slightly to 13.5m sq ft this month, down 3% on September, this drop in supply is consistent with no significant new supply being added this month. At the end of the month the vacancy rate stood at 9.6% down 30 bps on last month but 200 bps above the five-year average.

October has seen another increase in the active demand level, with there now being 10.5m sq ft worth of requirements in the City and Central London (excluding West End exclusive requirements). This is 54% up on the long-term average. One explanation for this increase is that firms are searching for space much further in advance than they would have a few years ago, 29% of active requirements are searching with a lease expiry in 2027 or later. This may be because of a limited pipeline, with 36% of the 2023-2026 development pipeline already pre-let.

Furthermore a combination of the high cost of finance, the rising development costs and yield pricing declines are delaying development projects, 31% of the 2023-2026 pipeline faced delays of up to three quarters compared to their anticipated completion dates at this time last year. Additionally, 57% of the scheduled 2024-2027 pipeline is yet to start construction. These aforementioned factors have reduced the availability of best-in-class space available and hence more firms are having to search for space further in advance.

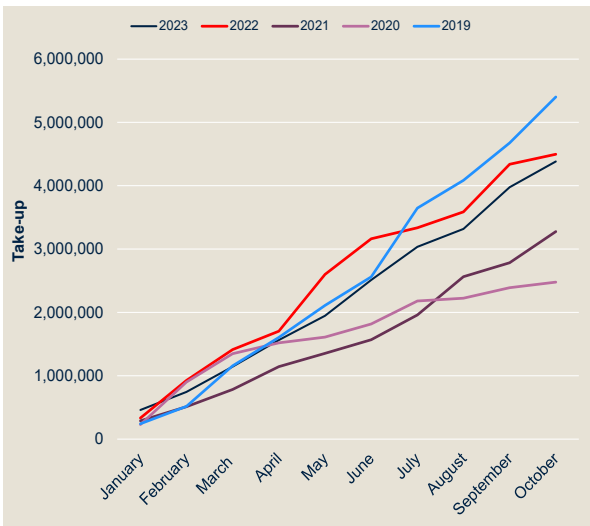
The Insurance and Financial services sector is responsible for the largest contribution of active demand with 39%, we would therefore anticipate that this sector will continue to drive leasing activity in the city over the coming years.

Key Stats

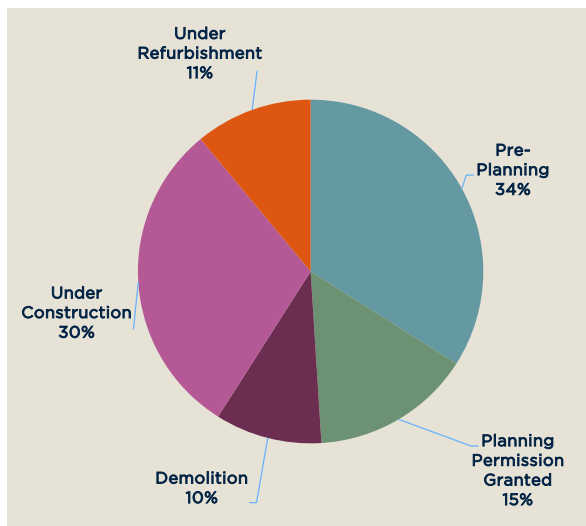


Space under offer at the end of October stood at 2.5m sq ft, up 42% on the long-term average

City Take-up by Month



2024-2027 Development Pipeline Status



Source Savills Research



Year-to-date take-up hit 4.38m sq ft at the end of October, down 5% on this time last year

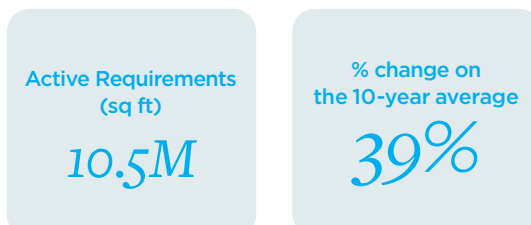


57% of the scheduled 2024-2027 pipeline is yet to start construction

City Take-up (YTD)



City & Central London Active Requirements



Source Savills Research

Year-to-date take-up

Table 1

	Sq ft	% change on previous year
Jan - Oct 22	4,590,568	40%
Jan - Oct 23	4,382,024	-5%

Development pipeline

Table 2

Sq ft	Refurb	Devs	Total	% Pre-let
2024	1,409,718	2,841,510	4,251,228	34%
2025	2,748,918	1,063,184	3,812,102	10%
2026	842,656	2,406,656	3,249,312	21%
2027	1,521,713	3,676,012	5,197,725	0%
Total	6,523,005	9,987,362	16,510,367	15%

Significant October transactions

Table 3

Address	Floor/s	Sq ft	Grade	Rent achieved	Tenant	Lessor
Selso, 95 Queen Victoria Street, EC4	G-6	86,146	A	Confidential	CapGemini PLC	Saffra Group
88 Kingsway, WC2	Building	35,633	A	£65.00	Canvas	Hagag
1 Portsoken Street, E1	4	29,179	A	£54.50	BPP Holdings	Alfred Equities
10 Lower Thames Street, EC3	2	23,946	B	£45.00	Confidential	Northern & Shell
100 Bishopsgate, EC2	Part 34	15,330	A	Confidential	Pillsbury	Brookfield

Savills contacts

Please contact us for further information

Stuart Lawson

Director
City Agency
020 7409 8920
slawson@savills.com

Catherine Facer

Director
City Agency
020 7330 8616
catherine.facer@savills.com

Victoria Bajela

Director
Research
020 7409 5943
victoria.bajela@savills.com

Ed Robinson

Analyst
Research
020 7299 3043
ed.robinson@savills.com

Savills plc: Savills plc is a global real estate services provider listed on the London Stock Exchange. We have an international network of more than 600 offices and associates throughout the Americas, the UK, continental Europe, Asia Pacific, Africa and the Middle East, offering a broad range of specialist advisory, management and transactional services to clients all over the world. This report is for general informative purposes only. It may not be published, reproduced or quoted in part or in whole, nor may it be used as a basis for any contract, prospectus, agreement or other document without prior consent. While every effort has been made to ensure its accuracy, Savills accepts no liability whatsoever for any direct or consequential loss arising from its use. The content is strictly copyright and reproduction of the whole or part of it in any form is prohibited without written permission from Savills Research.

