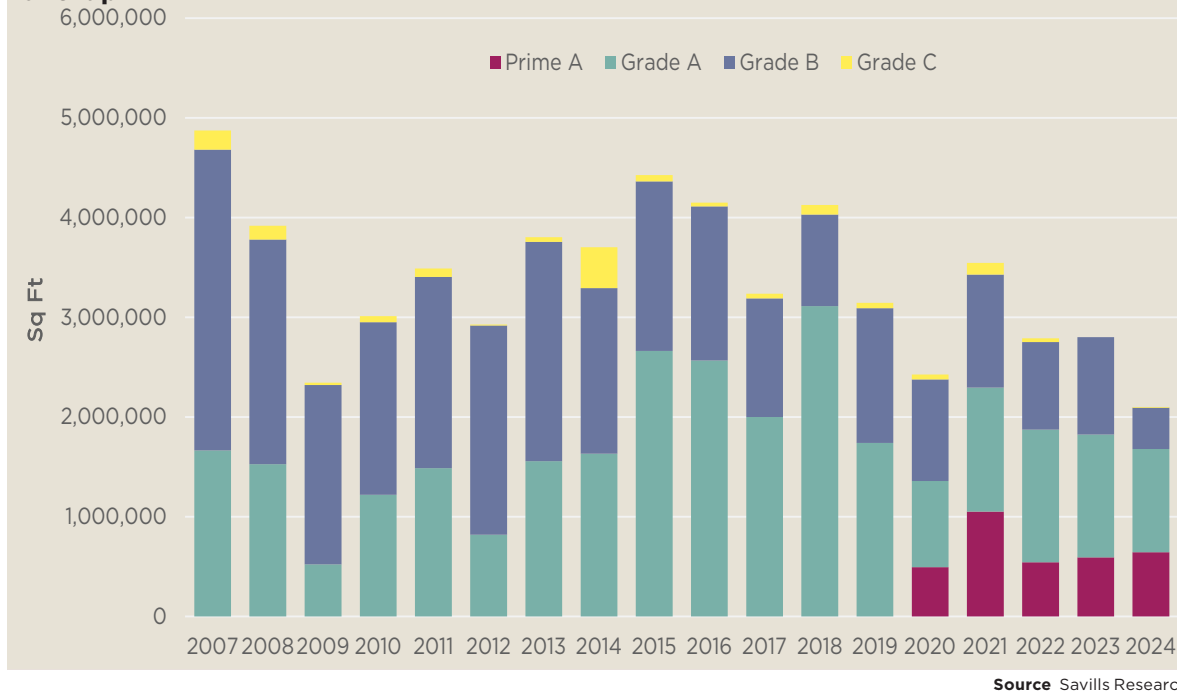


Greater London & South East Offices



Summary Take-up at the end of Q1-Q3 2024 reached 2.1 million sq ft, which was 38% above Q1-Q3 23 and 5% above the five-year average. Additionally, take-up has grown incrementally each quarter this year, and supply is 13% below the end-2023 total and 10% below the ten-year average, with no new speculative developments set to start in the next year.

Take-up



Take-up above average levels, growing incrementally each quarter this year

Take-up across the Greater London & South East market at the end of Q3 2024 reached 2.1 million sq ft, which was 38% above Q1-Q3 2023 and 5% above the five-year average. Take-up levels have grown incrementally each quarter this year, with Q3 take-up amounting 756,000 sq ft, 10% above the previous quarter.

The Western Sector continues to be the most active geographic region of the market area, with 1.1 million sq ft of take-up recorded. This accounted for 55% of wider market take-up in Q1-Q3 2024. Notable submarkets which have experienced high levels of occupier demand this year include Reading, Uxbridge, Maidenhead, Watford, Luton and Woking, all have outperformed their pre-Covid Q1-Q3 five-year average.

Prime and Grade A office space continues to be occupiers preference, accounting for 80% of take-up in Q1-Q3 2024, which is driving rental growth across the market. However, only 13% of supply across the Greater London and South East market is classified as Prime.

Deals recorded this year have been from smaller occupiers, with 72% of deals recorded being below 20,000 sq ft. There has been an increase in activity of occupiers over 20,000 sq ft, with 13 recorded in Q3 24 alone, which is 76% above the five-year average. This higher level of larger corporate activity has been consistent throughout the year with 30 deals recorded above 20,000 sq ft in Q1-Q3 2024, which is in line with the ten-year average.

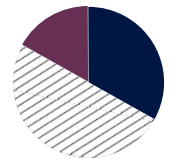
Notable deals have included TUI UK Limited acquiring 81,000 sq ft at The Lumen Building, Capability Green, Luton, as a pre-let refurbishment deal. Health Services Laboratories leased 50,100 sq ft at Building 7, Croxley Park, Watford. Additionally, Wood Group leased 44,000 sq ft at 500 South Oak Way, Green Park, Reading.

Consequently, the most active business sector this year has been Manufacturing & Industry, which includes pharmaceutical occupiers, accounting for 29% of overall take-up. This sector has 91,000 sq ft under offer and a further 377,000 sq ft of requirements either inspecting or negotiating.

The second most active sector has been Public Services, Education and Health, which has accounted for 19% of overall take-up in Q1-Q3 2024. This has predominantly been driven by education deals. Notable deals include Imperial College of Science and Technology and Medicine leasing 48,000 sq ft at Media Works, White City Place and an education occupier acquiring 21,000 sq ft at 100 London Road, Kingston Upon Thames.

Savills is currently tracking 2.3 million sq ft of active demand within the region. There is 580,000 sq ft under offer, across 30 deals, with a further 1.58 million sq ft of requirements that are either inspecting or negotiating on relocations. Based on current demand, it is anticipated that take-up in the Greater London and South East region will be between 2.8 and 3 million sq ft, which is slightly above 2023 take-up.

Key Data Points



80%
Grade A space accounted for 80% of take-up in Q1-Q3 2024



13%
Total supply is 13% below the end-2023 level



11
Eleven submarkets achieved record rents in Q1-Q3 2024

Savills defines Prime Grade A as best-in-class office space that is ESG-compliant (EPC A&B) and contains multiple amenities; it has been tracked since 2020.

SUPPLY CONTRACTS FURTHER, WITH ONLY 13% OF SUPPLY CLASSIFIED AS PRIME OFFICE STOCK

At the end of Q3 2024, supply has fallen further, with a decrease of 13% since the end of 2023. Supply now amounts 13.2 million sq ft, which is 10% below the ten-year average. The majority of Grade A supply is located along the Western Corridor, totalling 4.26 million sq ft. The majority of this stock is in the Thames Valley region, with Reading alone accounting for 27% of the total.

However, Prime Grade A supply is limited across the whole market, with 1.8 million sq ft available, which represents 13% of total supply. Additionally, there is only 821,000 sq ft being speculatively developed in the region. During Q3 2024, there were nine completions, amounting 655,000 sq ft, with 40% of this let during construction.

PRIME OFFICES CONTINUE TO SET NEW RECORD RENTS ACROSS THE MARKET

Prime Grade A buildings that provide sustainable office space and contain multiple amenities have continued to achieve record high rents across the market. The lack of competition and the occupier preference for best-in-class space has resulted in significant rental growth.

This trend is expected to continue across the region with prime supply diminishing against a backdrop of improved corporate occupier demand and a limited development pipeline.

Savills team

Please contact us for further information

Andrew Willcock
Head of Greater London & South East Office Agency
020 7409 8866
awillcock@savills.com

Holly Purvis
Director
07977 371475
holly.purvis@savills.com

Rob Pearson
Director
020 7299 3093
rpearson@savills.com

Stuart Chambers
Director
020 7075 8704
stuart.chambers@savills.com

Olivia Fryer (nee Jones)
Director
020 7409 8708
olivia.fryer@savills.com

Ben Harris
Associate
020 7877 4541
ben.harris@savills.com

Steven Lang
Director
Commercial Research
020 7409 8738
slang@savills.com

Simon Preece
Associate Director
Commercial Research
020 7409 8768
spreece@savills.com

Laura Harris
Analyst
Commercial Research
020 7535 3343
laura.harris@savills.com

Key Statistics

The tables below detail key statistics relating to the Greater London & South East office market. Savills Research tracks take-up and supply over 5,000 sq ft.

Take-Up

	Data (Sq Ft)	Year-on-Year Change
Q1-Q3 2024 Take-up	2.10 million sq ft	+38%
Q1-Q3 2024 Grade A Take-up	1.69 million sq ft	+47%
Average Deal Size	15,909 sq ft	+23%
10-Year Average Q1-Q3 Take-up	2.34 million sq ft	-
5-Year Average Q1-Q3 Take-Up	2.01 million sq ft	-

Supply

	Data	Change from Q4 2023
Total Supply	13.2 million sq ft	-13%
Grade A Supply	7.0 million sq ft	-5%
In-Town Supply Proportion	52%	+2%
Out-of-Town Supply Proportion	48%	-2%
Development Pipeline (Under Construction)	821,000 sq ft	-

Source Savills Research

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