

West End Office Market Watch



April's leasing activity sees greater diversity in sectors and location

During April, take-up reached 167,548 sq ft across 18 transactions, taking the year-to-date total to 959,682 sq ft. This is down 22% on the ten-year average; however, this still represents a 2% increase on 2021's leasing activity for this point in the year.

The largest transaction to complete this quarter was Samsung's lease of the part 3rd floor (25,000 sq ft) at 80 Strand, WC2 for an achieved rent of £75.00 per sq ft.

In a break with recent months where the Insurance & Financial Services sector has dominated leasing activity, April's take-up was made up of a relatively diverse group of sectors. Although Insurance and Financial Services still accounted for the largest share at 28%, it was followed closely by the Tech & Media and Retail & Leisure

sectors on 23% and 22% respectively. These sectors were not only boosted by the Samsung transaction but also by Puig's pre-let of the part 1st and 2nd floors (24,783 sq ft) at Hines' new development at Grain House, Drury Lane, WC2 for £86.25 per sq ft.

Notably, the highest rents achieved this month did not take place in the core, but at The Kensington Building, 1 Wrights Lane, W8 where Manchester United took the 5th floor (8,524 sq ft) for £120.00 per sq ft, while Ilex leased the part 4th (8,886 sq ft) for £115.00 per sq ft.

Tenant-controlled space has grown in the last two months, standing at 1.54m sq ft, up 10% since February thanks to notable releases of space including Twitter seeking to sublease 85,000 sq ft at its office at 20 Air Street, W1. In

fact, 39% of tenant-controlled space added in this time period has been in Soho, followed by NOX East on 30%. In spite of this, the amount of grey space remains 11% below the five-year average and only makes up 20% of overall supply.

Furthermore, overall supply has remained stable with the vacancy rate dropping 10 bps to 6.6%. Although Savills latest forecast is expecting this to rise off the back of subdued leasing activity. A record amount of new developments are also expected to put upward pressure on this figure.

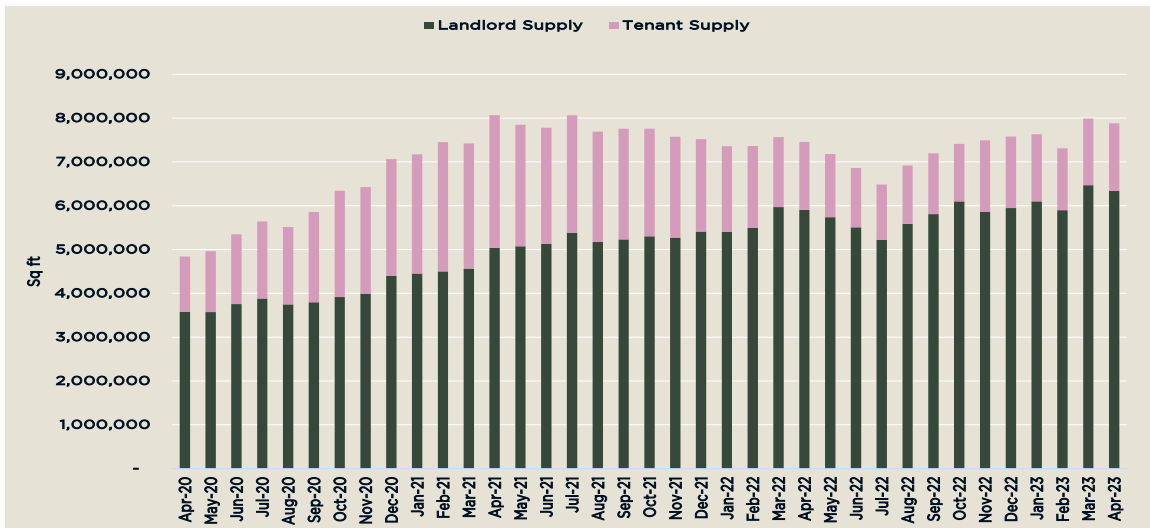
However, the newest and amenity-rich space is still benefiting from strong demand, as evidenced by the fact that 34% of this year's pipeline has already been pre-let.

Key Stats



959,682 sq ft year-to-date take-up, across 102 transactions

Tenant-controlled space remains below long-term average despite recent rise



Source Savills Research



17% of the 2023-26 development pipeline is already pre-let



Total space under offer increases for the third consecutive month to 1.46m sq ft

West End take-up (YTD)

% change on Jan-Apr 2022

2%

% change on the 10-year average

-22%

West End active requirements

West End and Central London Active Requirements

4.2m sq ft

% change on five-year average

-4.8%

Source Savills Research

Year-to-date take-up

Table 1

	Sq ft	% change on previous year
Jan - Apr 22	941,926	26%
Jan - Apr 23	959,682	2%

Development pipeline

Table 2

Sq ft	Refurb	Devs	Total	% Pre-let
2023	1,402,948	2,540,537	3,943,485	34%
2024	1,359,557	753,000	2,112,557	22%
2025	1,337,472	1,551,084	2,888,556	6%
2026	556,286	2,837,506	3,393,792	4%
Total	4,656,263	7,682,127	12,338,390	17%

Significant April transactions

Table 3

Address	Floor/s	Sq ft	Grade	Rent achieved	Tenant	Lessor
80 Strand, WC2	Part 3rd	25,000	A	£75.00	Samsung	Strandbrook
Grain House, 30-35 Drury Lane, WC2	Part 1st & 2nd	24,783	A	£86.25	Puig	Hines
The Point, 37 North Wharf Road, W2	6th	23,228	A	£80.00	Alpha FX	Tishman Speyer
60 Charlotte Street, W1	1st	11,997	A	£91.00	Coremont	Westbrook Partners
Bravington House, 2 Bravingtons Walk, N1	LG - 2nd	10,718	A	£77.50	InHealth	Nan Fung Group

Savills contacts

Please contact us for further information

Hunter Booth

Director
West End Agency
0207 409 8832
hunter.booth@savills.com

Andrew Barnes

Director
Central London Tenant Rep
0207 499 8644
andrew.barnes@savills.com

Victoria Bajela

Director
Research
0207 409 5943
victoria.bajela@savills.com

Deri Ashford

Analyst
Research
0207 409 5903
deri.ashford@savills.com

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