

# LONDON



**Market Insights for Tenants:** At Exis, our loyalties aren't compromised; because we do not represent landlords, we are 100% focused on providing market conditions and strategies that can benefit tenants in each marketplace – leveraging this information for your economic advantage. We're pleased to provide the below in-depth information; contact us for ways we can help you get the BEST deal on your commercial space needs.




## OVERVIEW

London's capacity to rejuvenate and adapt to new challenges has been tested throughout 2020. Office-based employment growth turned negative in 2020 as the coronavirus outbreak hit business confidence and profitability. Further job losses are expected in 2021, before a recovery begins thereafter. A slight increase in activity in November was halted by another national lockdown.

Falling demand and increasing availability, as swathes of tenant release space comes to the market, have caused Q4 2020 to become the biggest quarter for negative absorption this century. Headline rents for prime office space have remained relatively resilient, despite falling demand, due to short supply and attractive incentives. We expect deal activity to pick up in H2 2020 at which point we expect the data will begin to show a fall in office rental values across the market but particularly in grade B stock.

## FUNDAMENTALS

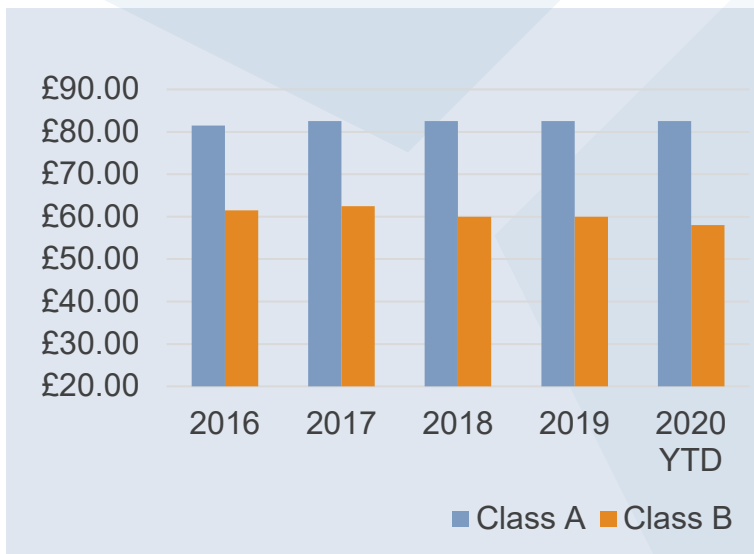
Forecast

<b>YTD net absorption</b>	<b>-229,134 ft<sup>2</sup></b> ▼
<b>Under construction</b>	<b>14.4 million ft<sup>2</sup></b> ▼
<b>Average asking rent (gross)</b>	<b>£67.50 per ft<sup>2</sup></b> ▼
<b>Concessions</b>	<b>28 months rent free</b> ▲
 <b>Market Size</b>	 <b>Largest Office Deal</b>
<b>385 Million ft<sup>2</sup></b>	<b>307,195 ft<sup>2</sup></b>
	 <b>Total Vacancy</b>
	<b>6.7%</b>

## TOTAL VACANCY



## AVERAGE ASKING RENTS



Detail Metrics: £GBP per ft<sup>2</sup> per annum

For more information, please contact:



Mike Voller | mvoller@spring4.com | +447739 736699



global tenant representation

[exisglobal.com](http://exisglobal.com) | [info@exisglobal.com](mailto:info@exisglobal.com)

# LONDON



Spring4 

## LOOKING FORWARD: WHAT THIS MEANS FOR TENANTS

Occupier demand is likely to remain subdued in Q1 2021 as another national lockdown has halted the return to the office for many firms. Prolonged lockdowns have exposed both the advantages and substantial downsides of home working and demonstrated that for many, the office is vital for productivity, learning, mental health and career development.

Twitter is an example of a firm who has been vocal about permanent home working policies, yet they have renewed their current lease at Air W1 and have taken on a further 30,925 sq. ft., increasing their London occupancy to around 83,000 sq.ft.

In 2021, it is likely that the role of the office will change to become a place of collaboration and training with increased meeting room provision and break out areas.

There will be a continued reluctance to make long-term commitments which means landlords will be required to offer more flexible lease terms. In addition, well advised tenants will have the opportunity to achieve very favourable terms on lease acquisitions and renewals in the coming months.

## KEY LEASE TRANSACTIONS

Tenant	Building Address	Submarket	Type	Sq Feet
Linklaters	20 Ropemaker Street	City	Pre-let	307,195
Slaughter & May	1 Bunhill Row	City	Renewal	260,000
BP	Cargo, 25 North Colonnade	Canary Wharf	Pre-let	205,000
Baker McKenzie	DUO Spitalfields	City Fringe	Pre-letting	153,000
Lonely Boy Studios	The London Studios	Southbank	Letting	144,080
Google	286 Euston Road	West End	Letting	134,859
IPG Mediabrands	16 Old Bailey	Midtown	Pre-let	93,161
Netflix	Copyright Building	West End	Assignment	87,000
The Office Group	210 Euston Road	Kings Cross & Euston	Pre-letting	70,000
Convener	80 Fenchurch Street	City	Pre-let	67,245

Copyright © 2020 Spring4. All rights reserved. No part of this work may be reproduced or distributed to third parties without written permission of the copyright owner. The information contained in this report was gathered by Spring4. The firm makes no representation concerning the accuracy or completeness of such information and expressly disclaims any responsibility for any inaccuracy contained herein.

For more information, please contact:

**Spring4** 

Mike Voller | mvoller@spring4.com | +447739 736699



global tenant representation

[exisglobal.com](http://exisglobal.com) | [info@exisglobal.com](mailto:info@exisglobal.com)