RESEARCH

Knight Frank

CENTRAL LONDON

QUARTERLY – OFFICES **Q2 2017**

CENTRAL LONDON PRIME YIELDS REMAIN STABLE

TAKE UP REMAINS AT TREND LEVEL

DEVELOPMENT COMPLETIONS BELOW AVERAGE

CHIEF ECONOMIST'S VIEW

Following last year's referendum, the consensus view in the Central London leasing market was effectively: demand will fall off but tight supply should act as a counter-balance.

One year later, the market has surprised us. Demand is unexceptional but critically it has not tanked.

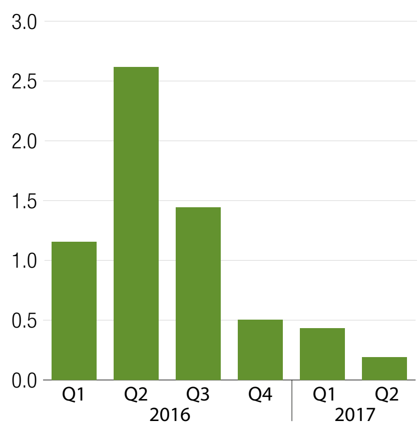
Take-up in Q2 was 3.2 m sq ft, just above the long-term average of 3.1 m sq ft. This follows a Q1 figure that was spot on the long-term average. This is hardly a spectacular performance, but it is far better than one would have imagined a year ago. The tech firms and flexible office operators appear to have shrugged off Brexit, and show no signs of losing momentum. Yet, look at supply and the picture darkens slightly. Availability stands at 16.2 m sq ft, up 19% on a year ago; although that is not alarming compared to a long-term average of 16.3 m sq ft. However, note that the rate of increase is decelerating (see graph).

So an average level of demand is preventing supply from surging as it did in 2007-2009; and to this backdrop occupiers are finding it easier to win more incentives than chip the rent. Consequently, much depends on whether demand can continue at a pace that keeps the market liquid.

FIGURE 1

Qtr-on-Qtr increase in Central London Availability

(million sq ft)



On maintaining demand levels, there are obvious concerns. Brexit remains a wet blanket on the financial sector, for instance. However, I see three emerging new sources of demand that should exercise their influence on the market in the next two to three years.

First, London is a Global City, and the pulse of the world's economy is starting to quicken. Growth in China is picking up, and the US and Canada are raising interest rates because their economies no longer need exceptional support. In the Eurozone unemployment is falling.

As the global economy gains momentum London will benefit from the rising tide, probably just not as much as it would under normal circumstances. Foreign banks are unlikely to expand here until we see the Brexit deal, but for tech firms the attraction of London is its talent, as an algorithm written in London can be used in software all over the globe. The cheap pound increases the logic for a foreign firm in making a long-term investment in London today; as shown by the arrival of SnapChat, who acquired their first London office in April.

Secondly, cyber security is hurtling up the corporate agenda, and this will create more employment in London and ultimately increase demand for office space. The recent Wannacry virus and the hacking of Parliament's email server are among a blizzard of high profile hack attacks we have seen lately. The effects of cyber attacks appear to be spreading wider, with not just politicians being targeted, but corporations and even hospitals in the firing line. Cyber security is now a hot topic and organisations are strengthening their defences, either in-house or via outsourcing to external specialists. This should generate new office demand.

Thirdly, firms are preparing for a world where robotics and artificial intelligence play an ever greater role in our lives, and consequently the value of data is surging. Companies ranging from banks to supermarkets to telephone companies hold huge quantities of data on people that can provide invaluable insights into human behaviour, which in turn will allow these actions to be automated. This is 'big data'.

"The tech firms and flexible office operators appear to have shrugged off Brexit, and show no signs of losing momentum. Yet, look at supply and the picture darkens slightly."

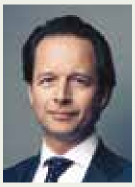
JAMES ROBERTS
Partner, Chief Economist

For a future world where your fridge handles your grocery shop, digital assistants manage personal finances, and cars drive themselves, this data needs to be mined and analysed; but at present it is largely untapped in server computers.

In the coming years I see more firms looking to unpack and examine the vast amounts of data they hold, and this will involve software and people. Some firms will develop new in-house departments to do this, others will turn to specialist providers. Either way, more people will be employed, and offices acquired to house them.

What is particularly interesting from the perspective of the London economy is that all of these trends will continue over the next two years irrespective of the outcome of the Brexit negotiations.

CENTRAL LONDON VIEW

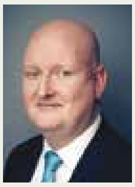


STEPHEN CLIFTON
HEAD OF CENTRAL LONDON OFFICES

"Against a backdrop of global uncertainty, Central London's stability ensures that it remains a top class destination for investment capital and occupiers alike. The significant weight of money from both overseas and domestic purchasers chasing London investment stock has kept pricing stable, and the occupational market indicators remain encouraging."

DAN GAUNT
HEAD OF CITY AGENCY

"In the City, the rapid expansion of the flexible office sector led activity during Q2; the business-to-business sector accounting for 31% of all take-up. Meanwhile, TMT occupiers remained active accounting for 28% of deals. These two sources of demand continue to help limit the effect of Brexit-related uncertainty in the financial sector."



IAN MCCARTER
HEAD OF WEST END AGENCY

"The West End market has experienced above average levels of take-up for two consecutive quarters, however demand remains variable depending mainly upon product and unit size. Although supply is beginning to fall, rents and incentives came under pressure as landlords focused on maintaining momentum in schemes."

NICK BRAYBROOK
HEAD OF CITY CAPITAL MARKETS

"Overseas demand continues to dominate, but European buyers are now responsible for as much activity as Greater China buyers, at least in the City. Whilst we are confident the southeast Asian buyers will win the tug-of-war next quarter, the broadening of demand is a healthy sign."

ANTHONY BARNARD
HEAD OF WEST END CAPITAL MARKETS

"Momentum continued with H1 turnover reaching its highest level in the last 10 years. However, stock availability remains a constraint on turnover, and the weight of money chasing the limited available assets is keeping pricing stable. Brexit has done little to soften demand, and we expect continued strong interest from domestic and overseas purchasers."

RICHARD PROCTOR
HEAD OF CENTRAL LONDON TENANT REPRESENTATION

"Flexibility is as important as ever for occupiers as the wider uncertainty surrounding Brexit continues. Occupiers remain cautious but willing to commit to new space where there is a clear business case. Non-traditional sectors, such as technology and co-working, will continue to drive demand going forward."

WEST END

> "Availability across the West End fell for the second consecutive quarter from 6.2 m sq ft to 5.9 m sq ft, a fall of 16% in the last six months, and the lowest level in 12 months."

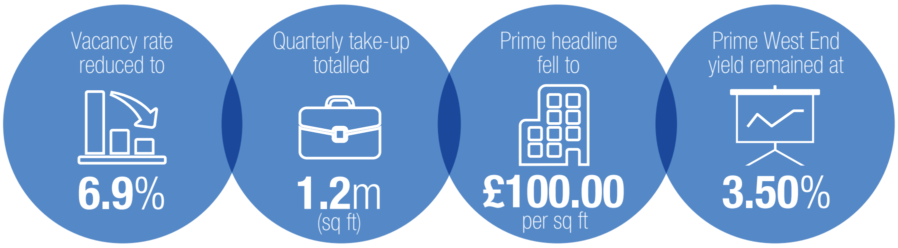


FIGURE 2
West End availability
(million sq ft)

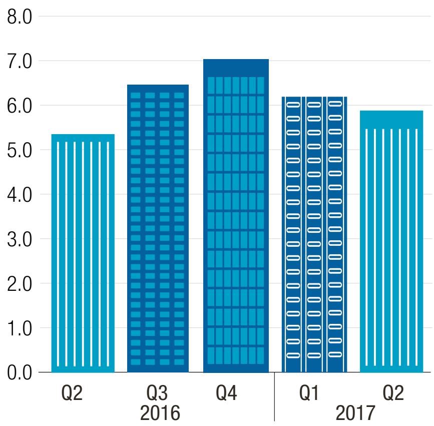
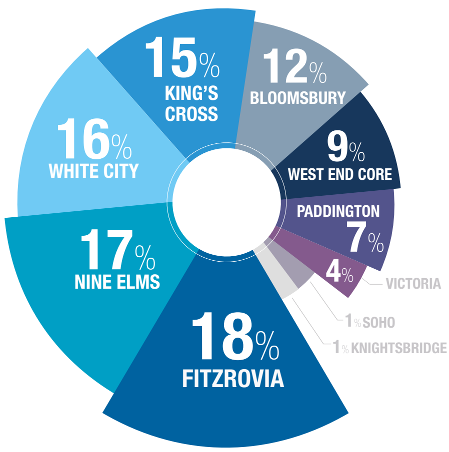


FIGURE 3
West End under construction by submarket
Q2 2017



Take-up

Take-up in the West End during the second quarter fell 20% from 1.5 m sq ft in Q1 to 1.2 m sq ft; however levels are still nearly 8% above the long-term average. Take-up of new and refurbished space also fell 20% to 360,000 sq ft. Despite the fall in recent take-up, it should be noted that so far this year there has been 2.7 m sq ft let, 42% higher than the same period last year.

There were just two transactions in excess of 50,000 sq ft, half the number recorded in Q1. The largest deal was WeWork's acquisition of 125 Shaftesbury Avenue, WC2, totalling 140,000 sq ft. The demand for smaller units continued with 79% of transactions comprising sub 5,000 sq ft units. The TMT sector was by far the most active sector during Q2, accounting for 33%, (30% in Q1), followed by the corporate sector with 20% and the business-to-business sector with 19%.

Active requirements

Total active requirements remained unchanged at 2.2 m sq ft, but still 16% above the long-term average of 1.9 m sq ft. The corporate sector saw the most significant increase in requirements (19%); the TMT and financial sectors also marginally increased.

The demand profile was dominated by both TMT and corporates accounting for 38% and 24% of demand respectively. Unchanged from Q1, there are currently four requirements over 100,000 sq ft, and more encouragingly there are more than 40 over 20,000 sq ft.

Supply & development

Availability across the West End fell for the second consecutive quarter from 6.2 m sq ft to 5.9 m sq ft, a fall of 16% in the last six months, and the lowest level in 12 months. The recent fall in supply has brought levels closer in line with the long-term average of 5.5 m sq ft. The vacancy rate in the West End market now stands at 6.9%.

There is less than 1.0 m sq ft under construction in the West End which is due to complete this year, 58% of which is already committed. There is 2.3 m sq ft due to complete in the next two years, with five buildings that could offer an occupier over 100,000 sq ft. These include, White City Place, W12, The Post Building, WC1, The Brunel Building, W2, and Key Bridge, Vauxhall, SW8.

Prime rents and incentives

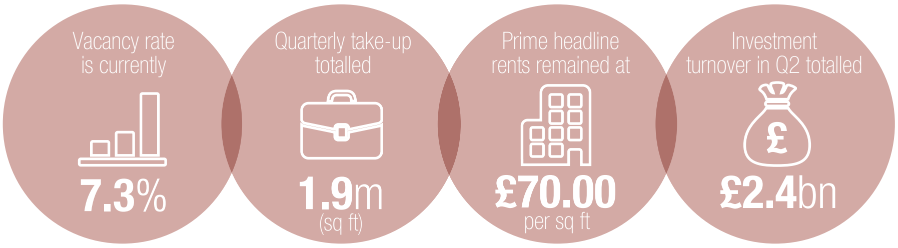
In the West End, the prime rent fell to £100.00 per sq ft, the lowest level since Q1 2014. Rent free periods increased to 21-24 months on a typical 10-year lease.

Investment

West End turnover in Q2 2017 totalled £1.2bn, 43% below the level recorded in Q1, but on par with the long-term average. There were 14 investment transactions during the quarter, six of which were over £100m. So far this year there has been £3.35bn invested in the West End, on par with the highest level recorded in 10 years for a comparable period.

The largest sale of Q2 was 33 Horseferry Road, SW1, which was purchased by Sinar Mas Group for £207.5 m, reflecting a NIY of 3.70%. Overseas investors continued to dominate the market accounting for just under 70% of the market share by value. The diversity of international purchasers also continues to strengthen. The prime yield in the West End remained at 3.50%, unchanged since Q1 2015.

CITY



"Availability of new and refurbished stock fell nearly 9% from 3.4 m sq ft to 3.1 m sq ft, 11% below the long-term average."

Take-up

Take-up for the second quarter of 2017 totalled 1.9 m sq ft, up nearly 20% from the previous quarter and 57% up on the same quarter last year. Current demand is now 12% above the long-term average of 1.7 m sq ft. There was particular growth (55%) in the non-core markets, totalling nearly 1.0 m sq ft, the highest since Q4 2014.

The largest deal in the City during the quarter was the pre-letting of circa 277,000 sq ft to WeWork at Two Southbank Place, SE1. The continuous expansion of flexible working has accelerated the business-to-business sector ahead of TMT as the most active during Q2; the sector accounted for 31% of take-up, with the TMT sector at 28%, followed by the financials with 18%.

Active requirements

Total active requirements increased for the third consecutive quarter from 4.5 m sq ft in Q1 to 4.6 m sq ft in Q2, 12% above the long-term average of 4.1 m sq ft and the highest level recorded since Q2 2014. Encouragingly it is the financial and TMT sectors which have the highest level of active requirements in the City, each sector totalling over 1.0 m sq ft.

Supply & development

Supply in the City market increased by just 2% from 8.6 m sq ft in Q1 to 8.8 m sq ft by the end of Q2, albeit levels are still 6% below the long-term average of 9.4 m sq ft. The vacancy rate is now 7.3%, the highest since Q3 2014. Availability of new and refurbished stock fell nearly 9% from 3.4 m sq ft to 3.1 m sq ft, 11% below the long-term average.

There is currently 8.4 m sq ft under construction in the City; 3.2 m sq ft of this is already committed. There is 1.7 m sq ft due to complete this year, the largest scheme, totalling circa 276,000 sq ft, is the refurbishment of 3 Minster Court, EC3. There are a further three schemes that could offer an occupier over 100,000 sq ft that are due to complete this year: Herbal House, EC1; 2 London Wall Place, EC2; and 8 Salisbury Square, EC4.

Prime rents and incentives

The prime rent remained stable at £70.00 per sq ft for the seventh consecutive quarter. Rent free periods have moved out from 21-24 months to 24 months on a typical 10-year term certain.

Investment

Investment turnover totalled £2.4bn during Q2 across 26 deals, 9% down on the previous quarter but above the long-term average of £1.8bn. Overseas purchasers continued to dominate the market accounting for 86% of all transactions by price. There were seven transactions in excess of £100m; six of these were acquired by international investors. Domestic purchasers remained reasonably active within the smaller lot size range, accounting a third of all deals by number but only 14% by value. The largest deal of the quarter was the sale of Cannon Place, 78 Cannon Street, EC4, purchased by DEKA for £485 m, reflecting a NIY of 4.44%.

Availability was up 20% on Q1 at £4.95bn, with £1.99bn (40%) of this figure being under offer. 80% of all availability is attributable to 11 substantial properties of over £100m which were either available or under offer at the quarter end. The prime City yield remained at 4.25%.

FIGURE 4
City take-up
(million sq ft)

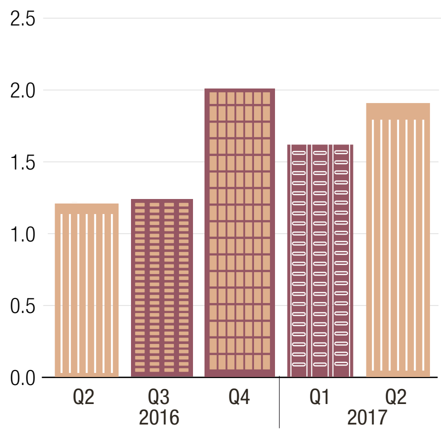
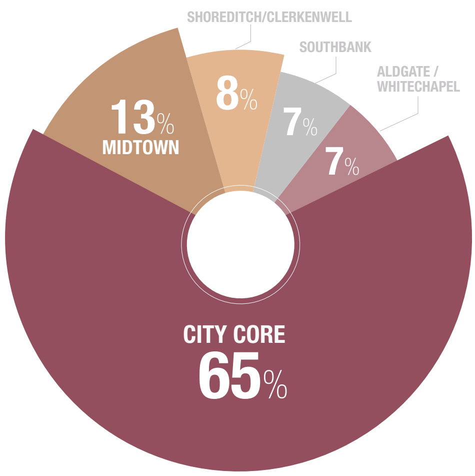


FIGURE 5
City under construction by submarket
Q2 2017



FUTURE DEMAND

As we move towards, and past, Brexit, what will happen to occupier demand?

We have provided extensive commentary in previous editions of this report around the tightening of the development pipeline, and how that might affect the choices available to tenants. As we progress through the Brexit negotiations, we have now focused our attention on the outlook for occupier demand.

There is little doubt that the uncertainty surrounding Brexit will have a negative impact on occupier demand. Some estimates put potential job losses in the financial sector at 232,000 positions, although some suggest as 'few' as 9,000 positions. Assuming the higher number, there is the risk of the Central London market losing almost two years' worth of take-up, with the release of up to 10% of the capital's office stock to the market. In reality though, the number of positions lost to the continent looks set to be lower, particularly as a softer Brexit looks increasingly likely.

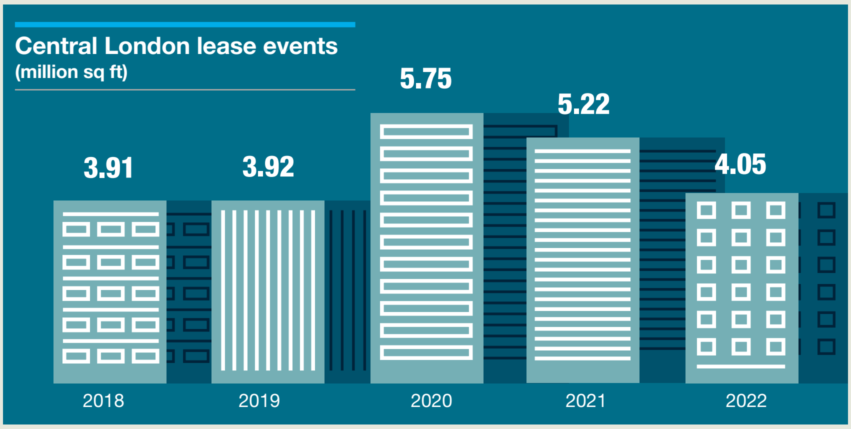
Looking forward, London cannot rely on financial sector growth to drive rents upwards, as it has in previous cycles.

However, the composition of occupier demand in Central London has been changing, even before the referendum. So, where might demand come from as we move through Brexit?

Our analysis of lease events over the next five years points to opportunities through potential structural demand from 2019 onwards. This will be driven by a high volume of lease events in 2020 and 2021, particularly in the sub-50,000 sq ft size bracket.

Also, we believe that the following sectors will be major contributors to occupier demand over the next five years:

Financial:
Ironically, the restructuring of the financial sector is likely to generate occupational requirements, even if they are through downsizing or off-shoring. Additionally, the Brexit uncertainty could boost hedge fund returns, while increasing M&A activity is likely to generate growth in the private equity sector.

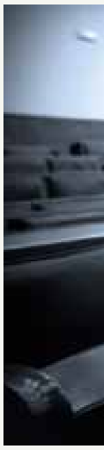


Technology:
Venture capital investment and M&A activity into London's tech sector reached record levels in 2016. Despite many of the global tech brands having already committed to London, demand over the next five years will be driven by corporate activity as firms use synergies to find business advantage. Fintech and insurtech, which have attracted considerable capital investment over the last 12 months, will be particularly active.

Professional:
Once the nature of the Brexit agreement is clearer in 2019, many businesses will push the button on decisions that they had previously shelved. This potential increase in corporate activity will prove a boon to the management consultancies, accountants and lawyers, who will all need to be involved in any new agreements put in place. Activity should also have been picking up as these firms are retained by the government to help plan for life after the EU.

Insurance:
While this sector faces downside risks from technology, the ageing population will present significant opportunities in the life, annuities and retirement sectors. Insurers may well step into the management of retirement portfolios, and profits might also be maximised as the analysis of medical and behavioural data enables providers to adjust premiums according to risk.

Occupier demand is unlikely to be buoyant as the Brexit negotiations progress; however, we believe that there will be opportunities for landlords through structural demand, and that there are sectors that will grow both because of, and despite, Brexit.



2019

MANY BUSINESSES WILL PUSH THE BUTTON ON DECISIONS THAT THEY HAD PREVIOUSLY SHELVED

DOCKLANDS

"Despite the recent low levels of demand, the commercial market in Docklands and its surrounding areas has seen an encouraging level of market activity over the last few years."

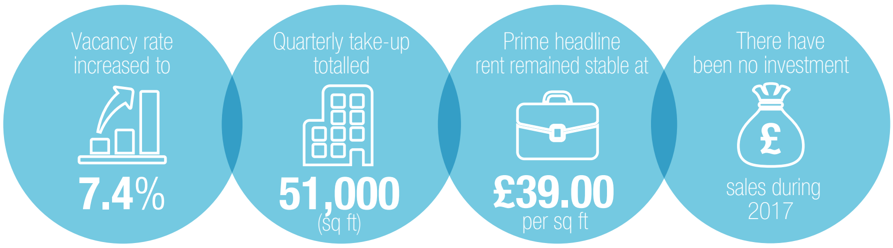


FIGURE 6
Docklands availability
(million sq ft)

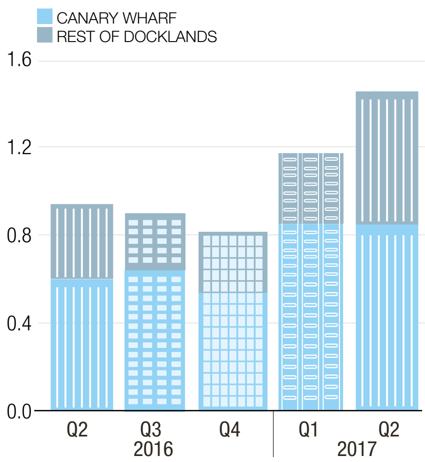
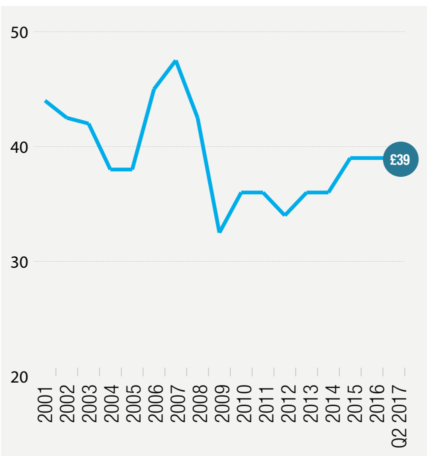


FIGURE 7
Canary Wharf prime headline rents
£ per sq ft



Demand

Take-up in Docklands for Q2 totalled just over 50,000 sq ft, 71% above the previous quarter, however, this still remains well below the long-term average of 228,000 sq ft. There were just six transactions during the quarter, with three over 10,000 sq ft; the largest was a short-term lease totalling 16,900 sq ft at Quay House, Admirals Way, followed by Motive UK Advisors acquiring circa 13,500 sq ft at The Columbus Building, and finally a letting to an undisclosed tenant totalling 11,500 sq ft at The Forge, Westferry Road.

There has been just over 81,000 sq ft of take-up so far this year, with a further 80,000 sq ft under offer in the Docklands market. Despite the recent low levels of demand, the commercial market in Docklands and its surrounding areas has seen an encouraging level of market activity over the last few years.

Active Requirements

Total active requirements in Docklands increased for the second consecutive quarter to 702,000 sq ft, 5% above the level recorded in Q1. The largest source of demand came from the public sector, totalling 605,000 sq ft.

The Docklands market has attracted significant occupier interest, as reflected in the recent news that Cancer Research and the British Council have decided to relocate to Stratford, as well as HMRC who are under offer with Westfield Stratford for their 300,000 sq ft consolidation requirement.

Supply & development

Supply in Docklands during the last few months has increased from 1.2 m sq ft to 1.4 m sq ft, but remains on par with the long-term average. Availability of office space in Canary Wharf continues to comprise second-hand stock, with no new or refurbished supply on the market since Q3 2015. With the recent inclusion of circa 250,000 sq ft at Here East, E15, the current vacancy rate in Docklands is 7.4%.

Looking forward, the commercial pipeline is particularly tight with 900,000 sq ft under construction and due for completion by the end of 2019; 280,000 sq ft is already pre-let to Société Générale. There are a number of other development sites capable of being delivered in 2019, but are likely to remain on hold until a pre-let is secured.

Rental Profile

The prime headline rent remained stable at £39.00 per sq ft for the seventh consecutive quarter.

Investment

There were no investment sales during Q2 in Canary Wharf or the wider Docklands market. There are two assets for sale in Canary Wharf; 20 Canada Square which is currently under offer with an asking price of £418m, and also 1 Westferry Circus, on the market for £122.5 m. The lack of stock in this market will continue to influence the investment turnover figures for the foreseeable future.

CENTRAL LONDON

Reports of the market's demise have been greatly exaggerated.

Over the past 12 months, the Central London office market has shown remarkable resilience. After the result of the EU referendum, it would have been unsurprising to have seen a significant drop in demand from both occupiers and investors as uncertainty over the future of the UK's future deal with the EU dominated headlines.

However, we find ourselves in a scenario where office take-up is stable at long-term average levels, supply has most likely peaked, and yields remain stable.

We recorded 3.2 m sq ft of take-up in Central London in the second quarter of the year, taking the total for the first six months of 2017 to 6.3 m sq ft. It is worth highlighting that this is around 16% above the corresponding figure for the previous year, before the UK voted to leave the EU.

Once again the technology, media and telecoms (TMT) sector was the most active, accounting for 30% of all take-up. However, the business-to-business sector, including serviced / flexible offices, came a close second, accounting for 27% of leasing activity. Driven by the ongoing expansion of WeWork, the sector has acquired more than 1.6 m sq ft since the referendum, and is likely to continue its expansion as tenants seek increased flexibility. In the long-term, however, we must consider the potentially negative effect of flexible space on the take-up of small units on traditional leases, which to date has held up well.

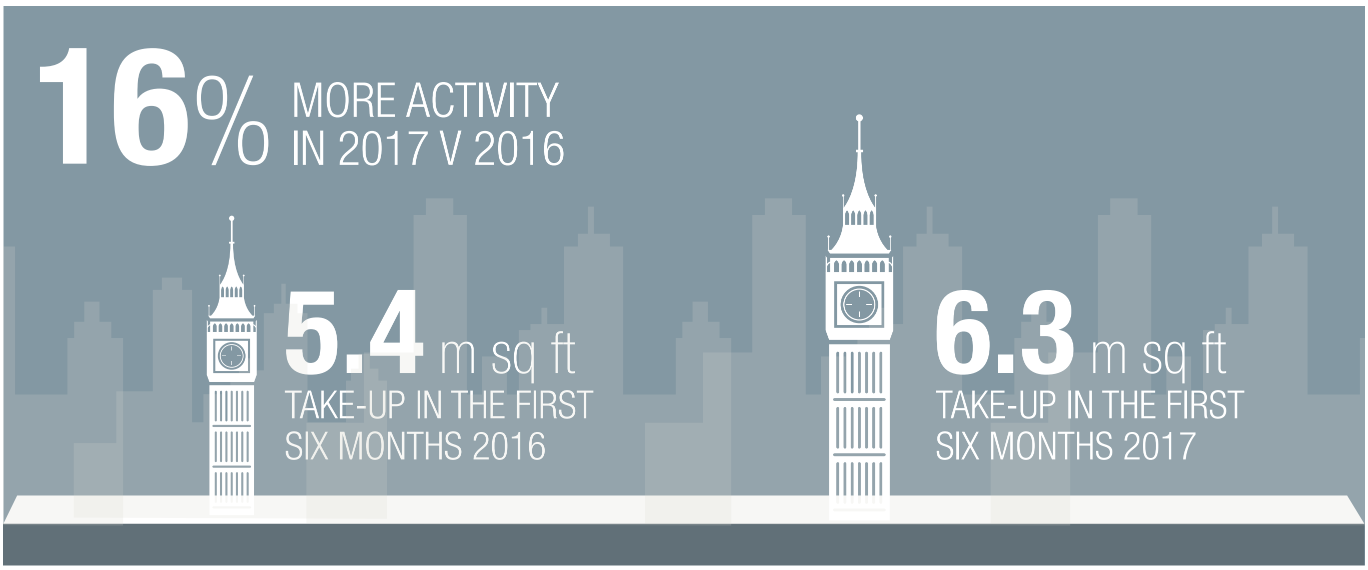
It is this sustained demand, along with a shrinking development pipeline, that has helped keep supply levels in check. Central London availability remained stable at 16.2m sq ft, just marginally below the long-term average level.

Central London investment stock remained in demand, with pricing stable at 4.25% and 3.50% in the City and West End markets respectively. Investment turnover fell during by 24% during the quarter to £3.59bn, although this remains above the long-term average. As has been the case now for some time, turnover was largely dependent upon stock availability, which we expect to increase over the course of the year as landlords look to capitalise on current levels of investment demand.

As we move through the summer, there is little reason to expect any significant change in the current trends; occupier sentiment remains cautious (although not negative), and money from across the globe remains focused on London as a place to invest. Against a backdrop of political uncertainty, the Central London property market looks resolutely stable.

"As we move through the summer, there is little reason to expect any significant change in the current trends. Against a backdrop of political uncertainty, the Central London property market looks resolutely stable."

PATRICK SCANLON
Head of Central London Research



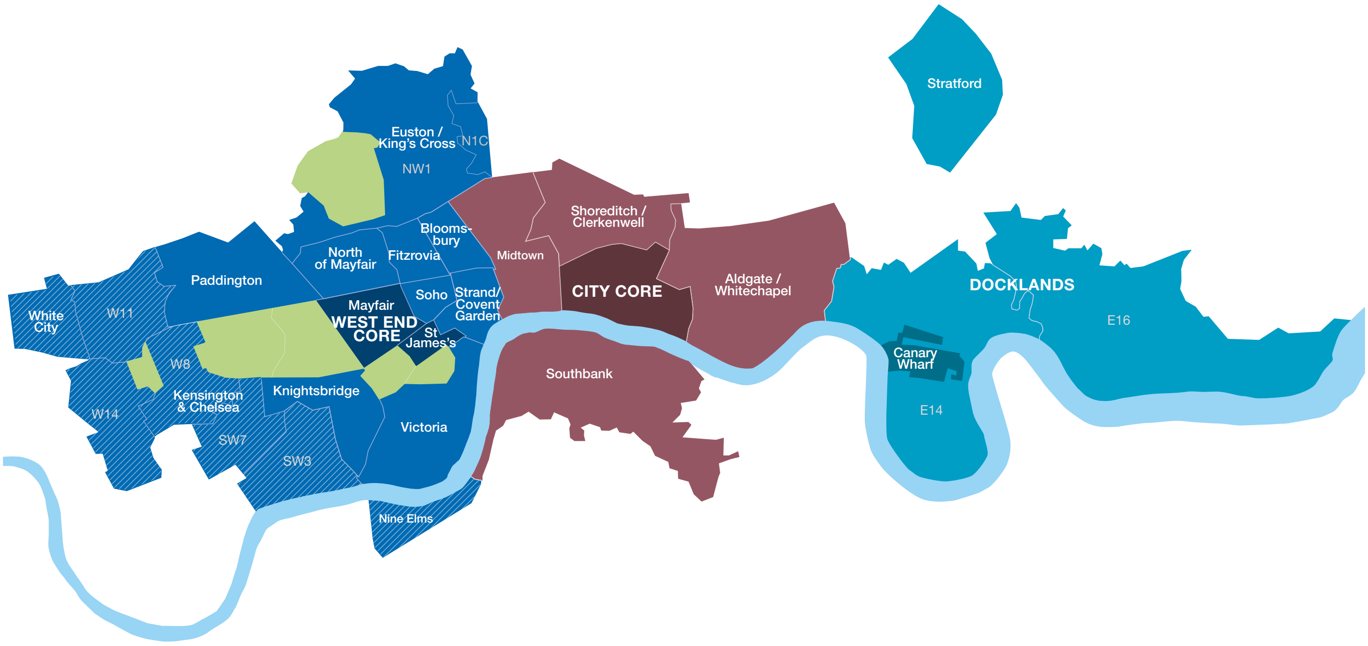
KEY STATISTICS

Central London office market

		Q2 16	Q3 16	Q4 16	Q1 17	Q2 17	% CHANGE 3 mths	% CHANGE 12 mths	Long-term quarterly average
AVAILABILITY (sq ft)	**West End**	5.35 m	6.52 m	7.04 m	6.19 m	**5.88 m**	-5%	10%	5.51 m
	City	7.32 m	7.62 m	7.70 m	8.60 m	**8.60 m**	3%	21%	9.35 m
	Docklands	0.94 m	0.91 m	0.81 m	1.17 m	**1.45 m**	24%	54%	1.42 m
	Central London	13.61 m	15.05 m	15.55 m	15.96 m	**16.17 m**	1%	19%	16.28 m
VACANCY RATE	**West End**	6.4%	7.8%	8.3%	7.2%	**6.9%**	n/a	n/a	6.2%
	City	6.3%	6.6%	6.4%	7.2%	**7.3%**	n/a	n/a	8.0%
	Docklands	4.8%	4.6%	4.1%	6.0%	**7.3%**	n/a	n/a	6.8%
	Central London	6.2%	6.8%	6.9%	7.1%	**7.1%**	n/a	n/a	7.2%
TAKE-UP (sq ft)	**West End**	1.01 m	1.37 m	1.02 m	1.47 m	**1.24 m**	-16%	23%	1.15 m
	City	1.22 m	1.24 m	2.01 m	1.62 m	**1.91 m**	18%	57%	1.71 m
	Docklands	0.15 m	0.12 m	0.62 m	0.03 m	**0.05 m**	67%	-67%	0.23 m
	Central London	2.38 m	2.73 m	3.65 m	3.12 m	**3.20 m**	3%	34%	3.09 m
ACTIVE REQUIREMENTS (sq ft)	**West End**	2.49 m	2.69 m	2.71 m	2.21 m	**2.13 m**	-4%	-14%	1.89 m
	City	3.30 m	4.09 m	3.65 m	4.54 m	**4.64 m**	2%	22%	4.06 m
	Docklands	0.83 m	1.13 m	0.56 m	0.67 m	**0.70 m**	4%	-16%	0.39 m
	Unspecified	1.98 m	1.62 m	1.65 m	1.17 m	**1.15 m**	-2%	-42%	1.56 m
	Central London	9.09 m	9.53 m	8.57 m	8.59 m	**8.62 m**	0%	-5%	7.90 m
UNDER CONSTRUCTION (sq ft)	**West End**	2.89 m	3.48 m	2.94 m	3.31 m	**3.16 m**	-5%	9%	2.53 m
	City	8.78 m	9.39 m	10.30 m	8.30 m	**8.43 m**	2%	-4%	5.98 m
	Docklands	0.70 m	0.70 m	0.70 m	0.70 m	**0.70 m**	0%	0%	0.56 m
	Central London	12.37 m	13.57 m	13.94 m	12.31 m	**12.29 m**	0%	-1%	9.07 m
INVESTMENT	**West End**	£1.36 bn	£1.13 bn	£1.50 bn	£2.13 bn	**£1.22 bn**	-43%	-10%	£1.20 bn
	City	£2.58 bn	£1.16 bn	£2.65 bn	£2.59 bn	**£2.37 bn**	-8%	-8%	£1.80 bn
	Docklands	£0.13 bn	£0 bn	£0.04 bn	£0 bn	**£0 bn**	n/a	-100%	£0.44 bn
	Central London	£4.07 bn	£2.29 bn	£4.19 bn	£4.72 bn	**£3.59 bn**	-24%	-12%	£3.48 bn

Source: Knight Frank Research

THE CENTRAL LONDON OFFICE MARKET



WEST END

West End Core – West End Core refers to Mayfair and St James's, the area bounded by Oxford Street, Regent Street and Park Lane in W1 and by Green Park, St James's Park and The Mall in SW1.

North of Mayfair – North of Mayfair refers to the area north of Oxford Street, west of Portland Place.

Fitzrovia – Fitzrovia also known as Noho, refers to the area north of Oxford Street, east of Portland Place.

Soho – Soho refers to W1B, W1F and W1D.

Euston/King's Cross – Euston/King's Cross refers to NW1 and N1C.

Victoria – Victoria refers to SW1 (excluding St James's) and SW1X.

Bloomsbury – Bloomsbury refers to the area of WC1 bounded by Euston Road, Southampton Row, New Oxford Street and Tottenham Court Road.

Strand/Covent Garden – Strand/Covent Garden refers to WC2, west of Kingsway.

Paddington – Paddington refers to W2.

Kensington/Chelsea – Kensington/Chelsea refers to SW3, SW7, W8, W11, W14.

Knightsbridge – Knightsbridge refers to SW7 and SW1X, which includes Belgravia.

White City – White City refers to W12.

Nine Elms – Nine Elms refers to SW8.

CITY

City Core – City Core refers to EC2 (excluding EC2A), EC3, EC4 (excluding EC4A and EC4Y), and EC1A.

Midtown – Midtown refers to EC1N, EC4A, EC4Y, WC1 (excluding Bloomsbury), and WC2 (excluding Strand/Covent Garden).

Shoreditch/Clerkenwell – Shoreditch/Clerkenwell refers to EC1 (excluding EC1A and EC1N), and EC2A.

Aldgate/Whitechapel – Aldgate/Whitechapel refers to E1.

Southbank – Southbank refers to SE1.

DOCKLANDS

Canary Wharf – Canary Wharf refers to the area comprising Canary Riverside, Westferry Circus, Columbus Courtyard, Cabot Square, Canada Square, Blackwall Place and Heron Quays (East).

Rest of Docklands – Rest of Docklands refers to E14 and E16 including the Royal Business Park (excluding Canary Wharf), and Stratford E20.

General Note

This report has been prepared by Knight Frank Research, the research and consultancy division of Knight Frank. Knight Frank Research gratefully acknowledges the assistance given by the West End, City and Docklands Offices in the compilation and presentation of this material. Certain data sourced from LOD. All graph data sourced by Knight Frank.

Technical Note

The following criteria have been adopted in the preparation of this report.

i. All floorspace figures quoted in this report refer to sq ft net.

ii. Take-up figures refer to space let, pre-let, or acquired for occupation during the quarter.

iii. Availability refers to all space available for immediate occupation, plus space still under construction which will be completed within six months and which has not been let.

iv. Availability and take-up are classified into three grades:
New/refurbished: Space under construction which is due for completion within six months or space which is currently on the market and is either new or completely refurbished.
Second-hand A Grade: Previously occupied space with air-conditioning.
Second-hand B Grade: Previously occupied space without air-conditioning.

v. Demand figures quoted in this report refer to named requirements for over 10,000 sq ft.

vi. Under construction figures quoted in this report refer to developments of over 20,000 sq ft which are currently underway. They do not include properties undergoing demolition.

vii. Investment figures quoted in this report refer to accommodation where the majority of income/potential income is from office usage and comprises transactions of £1 m and above.
The data includes standing investments, site purchases and funding transactions.

viii. This report is produced to standard quarters.
Quarter 1: January 1 – March 31,
Quarter 2: April 1 – June 30,
Quarter 3: July 1 – September 30,
Quarter 4: October 1 – December 31

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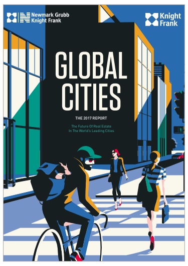

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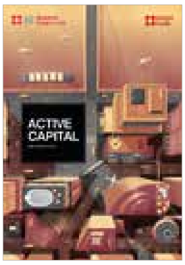

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