

West End take-up and rents continue to rise signaling ongoing confidence in office market

3 years ago



Occupier activity in London's West End hit new heights over the summer, recording the highest monthly volume of space transacted (excluding Decembers; traditionally the peak of leasing activity) since October 2018, according to [Savills](#).

The international real estate advisor says that office leasing in August reached 385,463 sq ft, the highest August level in six years, with sub-10,000 sq ft transactions continuing to drive market activity, accounting for 77% of completions. Overall 43 deals completed during the month, the second highest monthly number to complete since March 2020.

Rents have also risen: the average prime rent for 2022 so far currently stands at £122.70 per sq ft, up 3% on the same period during 2021. The average Grade A rent also currently stands at £81.49 per sq ft, up 2% on the previous year. In addition, rent free periods have started to soften to an average of 22 months in Q3, compared to 22-24 months earlier on in the year, according to Savills

The largest transaction to complete in August, and the first transaction by a serviced office provider so far in 2022 in the West End, was Landmark Space's 34,921 sq ft pre-let of the part first and part second floors, at Orchard Place, 8-10 Broadway, SW1, on a 10 year lease at £75.00 per sq ft.

Savills says that despite rising cost pressures, occupational demand continues to remain strong. At present there is approximately 1.5 million sq ft of office space under offer in the West End, up 26% on the long-term average. The largest space under offer to a single occupier is Audley Property Management, CO-RE's

Lansdowne House, Berkeley Square, W1 scheme, where over 200,000 sq ft is currently under offer to Blackstone and expected to exchange this year.

Hunter Booth, head of Savills West End London agency team, comments: “Despite headwinds, the summer continued to be busy in the West End as occupiers vied for the limited amount of space available, particularly at the prime end of the market where most demand lies. While debates around occupancy levels and the future of hybrid working still rage in some circles, the reality is that many companies are still taking office space, as evidenced by the rise in rents and the decline in rent free periods. Given that Q4, particularly December, is often the busiest for the West End market, we anticipate a positive end to 2022.”