

Occupiers voting with their feet with 3 minute walk to office now average in City of London

3 years ago



'Commuting is key' according to the latest research from Savills as London occupiers opt for a three and three quarter minute walk from tube or train stations to their office. The findings account for the average distance from a station for all office lettings of 100,000 sq ft and above in the City of London recorded in last three years being 0.175 miles (281 metres).

Lettings include Linklaters taking 300,000+ sq ft at 20 Ropemaker, Kirkland & Ellis committing to 300,000+sq ft at 40 Leadenhall, T Rowe Price letting 144,000 sq ft at Warwick Court, and Snapchat signing 114,000 sq ft at The Bloom Farringdon, Savills reports. The research shows the most popular stations are Bank, St Pauls, Moorgate, Liverpool Street and Farringdon, with the latter two both benefitting from the Elizabeth Line opening in 2022.

In 2023, the focus of office occupier requirements continues to be on prime options, says Savills, with a key differentiator of this being connectivity, as businesses look to make the commute as 'pain-free as possible' for their employees.

Taking a broader view, Savills says since 2021 a major requirement for companies acquiring 'prime' space in the City of London includes roof terraces, with the firm reporting a 14% uplift on rents on offices able to offer private terraces. Meanwhile, offices with a strong amenity provision and 'green' credentials achieve up to a 27% premium on rents. Of all rents achieved in 2021 and 2022, Savills reports 78% achieving £60 per sq ft or above were rated BREEAM 'Excellent' or 'Outstanding' buildings.

Jon Gardiner, head of Savills Central London office leasing agency, says: "It would seem that the old adage of location, location, location is as true in 2023 as it ever was. That said, buildings in such prime locations must deliver in terms of design, offering occupiers working environments that attract staff to the office,

and with the highest environmental standards. Demand is seeing a growing divergence between the very best space where rents continue to climb, and everything else. To market a building as simply 'Grade A' in 2023 is no longer enough."

Savills analysis shows average Prime rents grew 4.5% in both 2021 and 2022, with the average quarterly Prime rent in Q4 2022 surpassing £88 per sq ft for the first time ever recorded, as dwindling supply of prime office space in the City meets increasing demand. Savills reports 117 transactions achieved rents over £70 per sq ft (30%) in this period, a record both in terms of number and percentage. Furthermore, Savills says 9% of lettings have seen rents of over £80 per sq ft.