

38% of all Central London leasing deals are now 'super-prime', says CBRE

3 years ago



A clear 'bifurcation' of the London office market has emerged since the pandemic, resulting in the emergence of a large 'super-prime' segment as occupiers chase the best quality space, according to the latest research from global real estate advisor, CBRE.

During Q1 2023, 37 deals transacted at a rent of £100 per sq ft or higher, the most of any quarter on record. This high rent segment of the market represented 18% of Q1 2023 take-up in terms of sq ft and 14% of the market in terms of deal count.

"What is clear is that Q1 2023, was not an outlier," says Simon Brown, Senior Director and Head of Office Research at CBRE. "The trend towards high rent deals has been evident since the end of lockdown and for the first time, £100+ per sq ft rents are becoming more common place outside of the West End. Whilst leasing activity in general has slowed since the pandemic, we have seen an uptick in activity for the very best quality space."

According to the research, in the 12 months to Q1 2023, there were six leasing deals in the City where rents over £100 per sq ft were achieved. In comparison, prior to 2022, there were only three City deals in total since records began that commanded a rent in excess of £100 per sq ft. Furthermore, 38% of all Central London leasing deals over the past 12 months have transacted at a super-prime level, highlighting an emerging trend of a growing super-prime market across Central London.

Adam Cosgrove, Head of West End Leasing at CBRE, said: "We have seen super-prime transactions across all West End submarkets, but it has been particularly pronounced within Mayfair & St James's where rents have been secured significantly ahead of the prevailing 'headline prime rent'. The super-prime transactions have been driven by demand from occupiers looking to secure the very best space with strong sustainability credentials. We are also seeing a far greater spread of rents being secured within buildings with the highest rents being achieved on the stand-out floors, often benefitting from access to



private terraces and high-quality amenity space."