Market Watch

Matthews & Goodman

Rental Index - Q3: 2018
Central London Offices: Grade A

Summary

UP

Headline rents: First time since Q3 2017

- **Last quarter headline rentals rose slightly across central London for the first time since Q3 2017. But fell by 1.18% over the last 12 months**
- **Average rent is now £63.59 per sq ft**
  - Up from £63.31 per sq ft last quarter
  - But a fall from Q3 2016 peak at £66.57 per sq ft

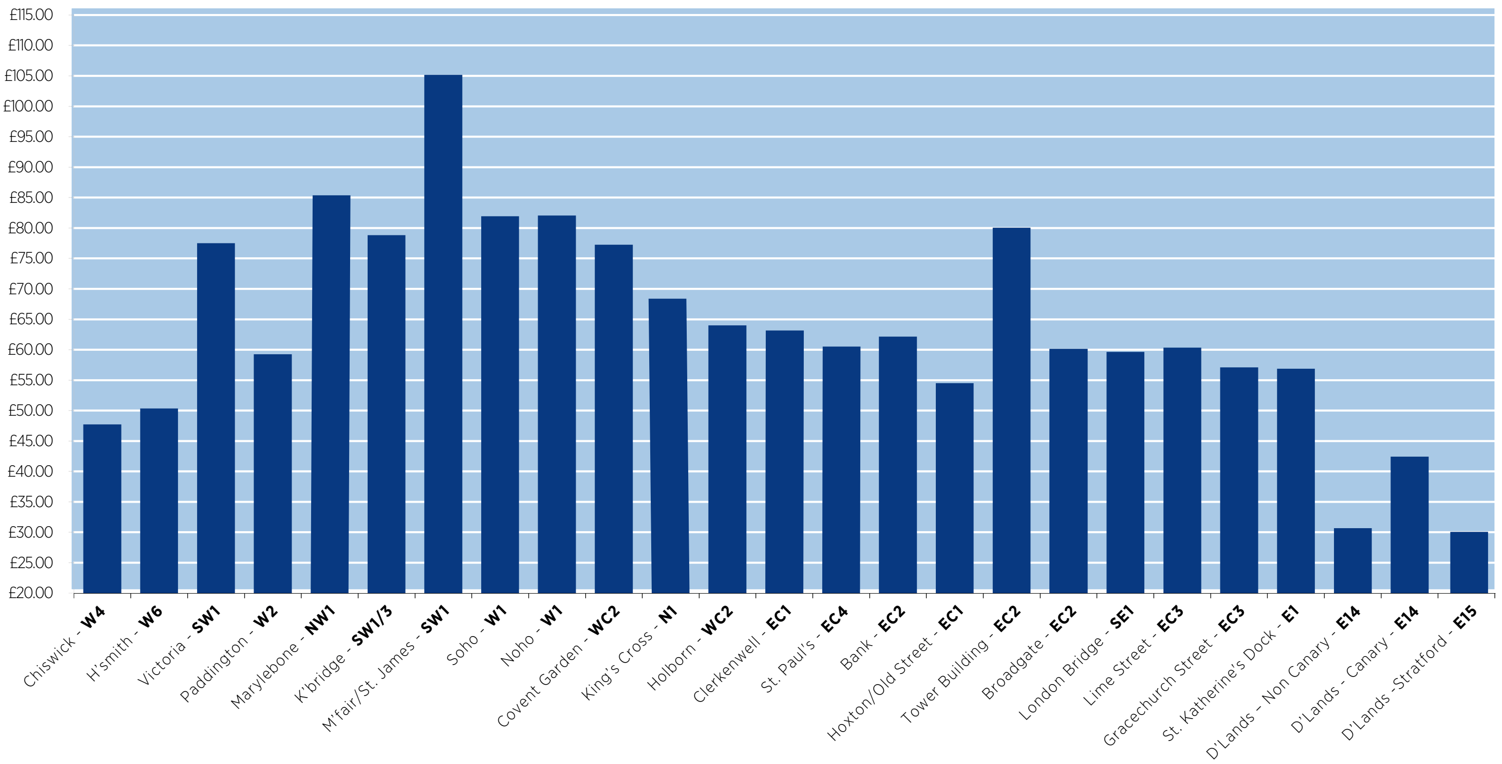
West End Core	City Core	City Fringe North
£85.09 per sq ft	**£63.08 per sq ft**	**£60.33 per sq ft**
Peak: Q4 2016 at £89.90 per sq ft	Peak: Q3 2016 at £68.08 per sq ft	Peak: Q4 2016 at £63.00 per sq ft

- **Despite political uncertainty and evidence of cranes across central London, the overall vacancy rate remains well below the historic average (9.48%) at 5.3%**
- **Lack of available new office supply is due to a combination of:**
  - Reduced development, increased pre-lets and insatiable appetite of the serviced / co-working sector.

1.18%

Headline rents over last 12 months - new supply shortage now reversing this trend

Headline Rent (per sq ft per annum exclusive)



Compiled by Matthews & Goodman's Market Watch Unit

Definitions:
- **City Core: St. Paul's (EC4); Bank (EC2); Tower Build. (EC2); Broadgate (EC2); Lime Street (EC3); Gracechurch St. (EC3)**
- **City Fringe North: Holborn (WC2); Clerkenwell (EC1); Hoxton/Old Street (EC1)**
- **West End Core: Knightsbridge (SW1/3); Mayfair/ St James (SW1); Soho (W1); Noho (W1); Covent Garden (WC2)**
- **Central London: all districts from Chiswick (W4) to Docklands-Stratford (E15)**

For more information on rent:

Richard Clarke
t. 020 7367 5530
e. rclarke@matthews-goodman.co.uk

Neil Prince
t. 020 7747 3170
e. nprince@matthews-goodman.co.uk

Market Watch

Matthews & Goodman

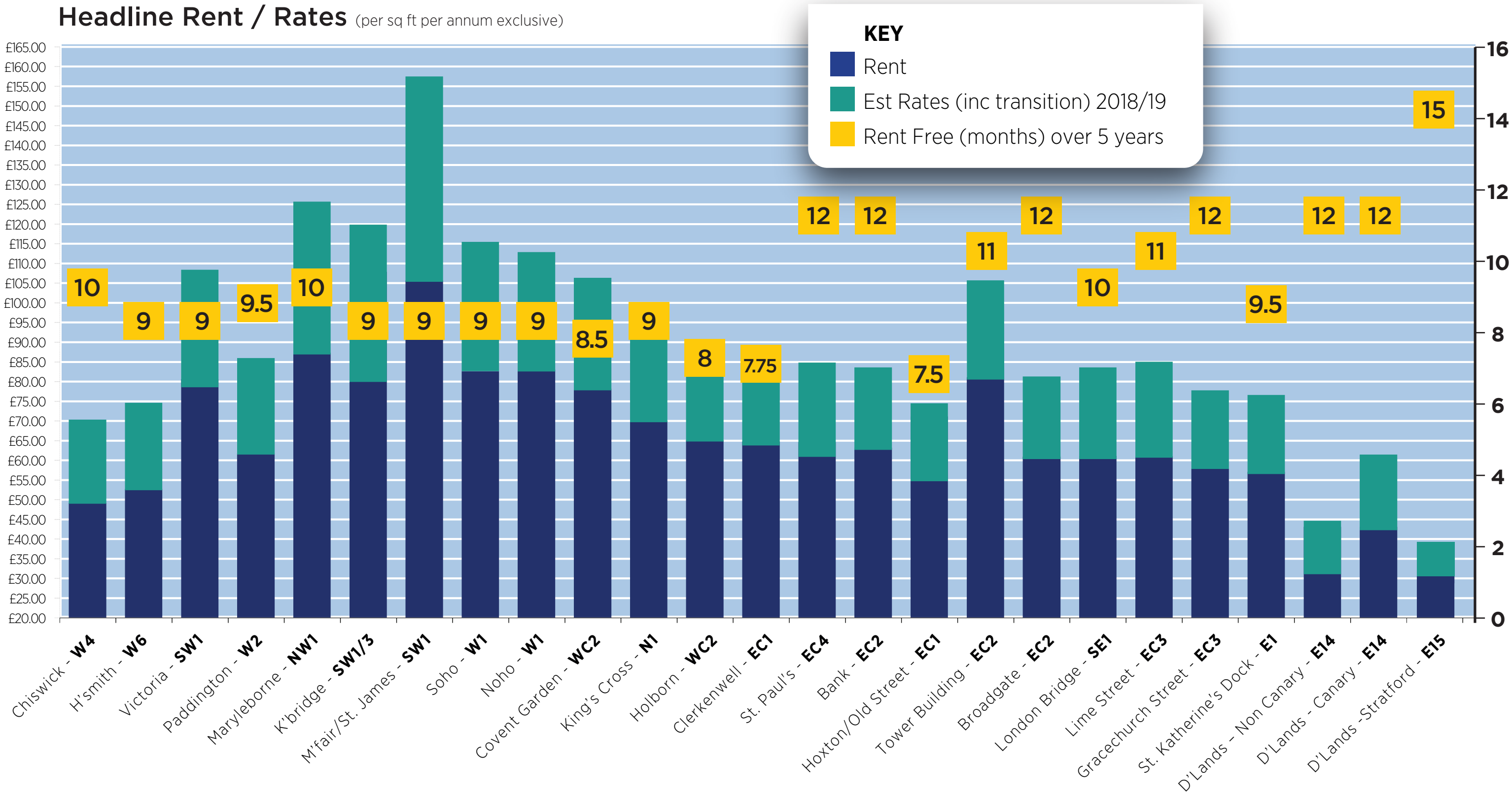
Rent Free Periods and Rates Payable

Central London Offices: Grade A

Summary

- Rent free periods increased marginally across **central London** over the last six months
- **Average:** 44 weeks or just over 10 months for a 5-year lease
- **West End:** average 40 weeks (27 weeks Q1 2017)
- **City Core:** average 43 weeks (30 weeks Q1 2017)
- **City Fringe North:** average 34 weeks (24 weeks Q1 2017)

Headline Rent / Rates (per sq ft per annum exclusive)



Note:
- **This information is based on assumptions made for the period YC April 2018-March 2019**
- **Macro- economic assumptions:**
- **Annual inflation target 3%**
- **UBR 49.3p (incl. small business supplement)**
- **Crossrail supplement 2p**
- **City of London Security Levy 0.5p**
- **Transition cap 'large, upward' (32%)**

Compiled by Matthews & Goodman's Market Watch Unit

Notable Take Ups

Chinese Government
Purchase of
600,000 SF
at Royal Mint Court, E1

WeWork
A further
97,000 SF
at Holborn Bars EC1

Sony Pictures
77,000 SF
Pre-let at the Brunel Building, Paddington W2

For more information on rent frees and rates

Chris Morrow
Business Rates Advice
t. 020 7367 5394
e. cmorrow@matthews-goodman.co.uk

Craig Hinvest
Rent Free Periods
t. 020 7747 3185
e. chinvest@matthews-goodman.co.uk