RESEARCH

Guide to rents, rent free periods & market trends

Q2 2018

LONDON OFFICE MARKET OVERVIEW

Carter Jonas

THE TENANT ADVISOR'S VIEW

LONDON OFFICES: STILL A TENANT'S MARKET

Less than a year before the UK's exit from the European Union, how is the London office market fairing?

DEMAND

Office demand across Central London since the beginning of the year has continued to show remarkable resilience as the sub-market commentaries in this document demonstrate. The technology, media, business and financial services sectors have been the key drivers of office demand during the first half of the year.

The 2018 Tech Nation report cites the UK as being one of the top three locations, after China and the US, for total capital investment in digital technology during 2017. London's language, legal and regulatory framework, tax-friendly approach to start-ups and vibrant culture have all conspired to make the capital Europe's key 'tech hub' – factors that have served to underpin demand for London office space.

SUPPLY & PRE-LETTING ACTIVITY

The supply of new Grade A floor space coming to the market in Central London is forecast to decline over the next few years, reflecting the fall in new development starts post-Brexit vote.

The number of pre-lets being agreed – contracting to take a lease on a building before it has been constructed / the building programme completed – is a good barometer of office vacancy. Pre-lets are becoming more frequent, particularly in the City of London, especially on lettings above 50,000 sq ft – driven by the limited supply of buildings with large floor plates, and the need to secure operationally suitable space, before lease expiry, in competition with other occupiers.

RENT FORECAST

Based on the Carter Jonas Research Team's supply and demand forecasts, it is likely that many areas of the London office market will witness a plateauing in rents for well located, new and refitted Grade A space during the second half of 2019 and, quite probably, the restoration of rental growth during 2020, particularly in the Midtown and South Bank sub-markets where vacancy levels for new and refitted Grade A space are particularly low. See Table 1.

THE NEW & SECONDHAND OFFICE MARKETS

The rental gap between the new and secondhand office markets is widening in some sub-markets, in particular in the City. This trend reflects the different supply and demand dynamics of each market – as tenants trade up into new space and create increased vacancy in the secondhand market. Secondhand space is therefore likely to continue offering good value for money in many parts of London, for at least the next 12-18 months, until new / refitted Grade A office vacancy falls to a point where occupiers are forced to consider secondhand space through lack of choice.

The next 12-18 months therefore offer a window of opportunity for those tenants wishing to relocate before market conditions become less tenant-friendly.

RENT REVIEWS – COMBATING INCREASING OPERATING COSTS

Commercial property leases typically provide for landlords to review the rent every five years. Where the rent review is linked to a break option it is often possible to use the option of terminating the lease and relocating as a bargaining counter to agree a more advantageous rent review settlement.

Where no break option exists, the eventual rent review settlement will be directly influenced by the lease rent review valuation provisions and the rent and rent free period letting packages that are being agreed on office space of comparable size, age, location and specification. Most leases will allow the value of rent free periods that are being agreed on the lettings of comparable office space to be taken into account when assessing the rent at review to arrive at a discounted, 'net effective' rent review settlement, rather than a settlement based on higher 'headline' rents, which ignore the value of rent free periods. The Carter Jonas Rent Review Team can advise further.

RELOCATE OR RENEW LEASE?

Relocating is expensive and disruptive and should only be considered if there are key operational reasons that justify it – including the need for more space to accommodate growth or the requirement for better quality premises to enhance staff recruitment and retention and reduce absenteeism. Conversely, adopting agile working and hot desking practices could justify a move to smaller premises, potentially enabling significant rent, business rates and service charge cost savings to be made. Serviced and co-working space also offers another accommodation option – with no need to tie-up working capital in expensive office fit out or data / telecoms infrastructure: the landlord will provide it – and there's no need to commit to a long lease either.

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STAFF RECRUITMENT AND RETENTION – THE INFLUENCE OF THE OFFICE ENVIRONMENT

One of the key threats to the growth of any business is the inability to attract and retain productive staff with the right skills. In an economy where skills shortages are currently the hallmark of the labour market, I and my Team are noticing a key shift in the occupier mindset. While rent, business rates and building service charge occupancy costs are a key factor in most real estate decisions, an increasing number of our clients are placing the quality of the office environment, accessibility to public transport, the vibrancy of the public realm and quality and range of local amenities high up the list of relocation considerations – knowing that these factors will be key to successful staff recruitment and retention.

MORE ABOUT WELLNESS

The Millennial workforce is, not unreasonably, demanding from their employers an environment that reinforces healthy living and provides an attractive and engaging place to work – one of the keys to successful recruitment. Businesses, in turn, are demanding better quality buildings and a broader range of services from landlords.

In response, a new generation of office buildings is being developed to provide better air quality, greater flexibility to control air temperature, improved lighting and water quality and the introduction of landlord sponsored / subsidised gym and in-house café facilities.

REDUCING THE PROPERTY FOOTPRINT – MINIMISING PROPERTY COSTS

Property costs are typically the second largest outgoing, after staff salaries, for most organisations. Optimising the quantum of floor space needed to accommodate working practices and current and future headcount will enable rent, business rates, building service charge and fitting out costs to be minimised.

Smaller desk sizes, multi-function meeting rooms, 'touch-down' space and the introduction of new operating practices such as agile working and hot desking are strategies that many of our clients are adopting to reduce their property footprint and operating costs. Carter Jonas' Workplace Consultancy Team can advise further.

SERVICED OFFICES & CO-WORKING SPACE

Serviced office and co-working space providers have expanded their operations across London significantly over the last few years and are gradually catalysing a change in the culture of the landlord and tenant relationship – with the emphasis on service and lease flexibility.

The ready fitted out 'plug-in and go' accommodation solution, available on flexible leases, typically from 3 months to 5 years, with furniture and data / telecoms infrastructure provided, is an attractive accommodation solution for start-ups and fast growing businesses. Although the rental cost of serviced / co-working space is higher than conventional / non-serviced space, the need to tie up valuable, and scarce, working capital in expensive office fit out is eliminated.

PROPERTY & PEOPLE – THE INEXTRICABLE LINK WITH BUSINESS PERFORMANCE

As illustrated above, there is an inextricable link between property, people and business performance. The need to make the right property decision in terms of stay put / relocate / quality / size / operating layout / interior will be paramount if the tenant's business is to flourish.

It is no coincidence that I and my Team are increasingly being asked by our clients to provide advice on the impact that an office move will have on their business in terms of its people, as well as operating costs. Carter Jonas has, in response to client demand, developed several new analytical tools to help prepare and support the business case for relocating or staying put. Further information is available upon request.

PLAN AHEAD & START THE PROCESS EARLY

If your business is facing a lease expiry, rent review or break option plan well in advance of the lease event and consider each of the available property options carefully and how each may influence the business's operating costs, recruitment policies, staff retention and productivity. I and my Team can advise further.

Table 1
Typical Current and Forecast Rents For New and Refitted Grade A Space

	£ per sq ft per annum		
Location	**Q2 2018**	**Q2 2019**	**Q2 2020**
Mayfair/St James's - Prime	£105.00	£102.50	£100.00
Marylebone	£85.00	£85.00	£85.00
Soho	£92.50	£92.50	£92.50
Fitzrovia	£85.00	£85.00	£85.00
Victoria	£75.00	£75.00	£75.00
Paddington	£72.50	£72.50	£72.50
Holborn	£65.00	£62.50	£62.50
Bloomsbury	£85.00	£85.00	£85.00
King's Cross	£82.50	£82.50	£82.50
Covent Garden	£77.50	£75.00	£75.00
Southwark	£67.50	£67.50	£67.50
City - Insurance District	£65.00	£62.50	£60.00
Clerkenwell & Shoreditch	£65.00	£62.00	£60.00
Spitalfields	£65.00	£62.50	£60.00
Aldgate East	£55.00	£52.50	£50.00
Hammersmith	£57.50	£55.00	£52.50
White City	£52.50	£50.00	£47.50
Canary Wharf	£50.00	£47.50	£45.00
Stratford	£47.50	£45.50	£45.50

SUB-MARKET OVERVIEW

" THE VARIOUS SUB-MARKETS THAT FORM THE LONDON OFFICE MARKET EACH HAVE VERY DIFFERENT SUPPLY, DEMAND, RENT AND RENT FREE PERIOD DYNAMICS"

CITY

- Advertised rents for new and refitted Grade A space in most parts of the City of London have fallen by, typically £2.00 - £3.00 per sq ft per annum since Q2, 2017.
- Advertised rents for prime located new and refitted Grade A space are likely to decline by a further £1.00 - £2.50 per sq ft per annum during the next twelve months, reflecting the uncertainty associated with Brexit. Rents for secondhand space in secondary locations are likely to fall by £1.50 - £3.50 per sq ft per annum over the same period.
- Rent free periods are forecast to increase by 2-4 weeks, over the next twelve months, based on 5-10 year leases.
- Some tenants seeking new or refitted Grade A space, typically in excess of 30,000 sq ft, are starting their property searches earlier and some are entering into pre-letting agreements in order to secure operationally suitable space.
- The developer of what will be the tallest City office building, 22 Bishopsgate, comprising 1.27 million sq ft, due for completion in H2, 2019, is reportedly in pre-let negotiations with several prospective tenants on over 800,000 sq ft / 60% of the floor space.
- The City occupier mix is gradually changing as technology and creative businesses move into the Square Mile – attracted by lower office occupancy costs, compared with some West End and Midtown locations, improvements in broadband connectivity and transport infrastructure – including the Elizabeth Line where services from Moorgate and Liverpool Street start at the end of the year.

KEY CITY LETTINGS - H1, 2018

100 Liverpool Street, EC2 - 161,000 sq ft to Sumitomo Mitsui Banking Corporation

Governors House, 5 Laurence Pountney Hill, EC4 - 125,000 sq ft to Bryan Cave Leighton Paisner (legal services)

135 Bishopsgate, EC2 - 120,000 sq ft to Interpublic Group (media)

70 St Mary Axe, EC3 - 100,000 sq ft with option on additional 34,000 sq ft to Sidley Austin (legal services)

One Angel Court, EC2 - 58,290 sq ft to Prudential (financial services)

Aurum, 30 Lombard Street, EC3 - 57,350 sq ft to St James's Place (financial services)

The Crosspoint, EC2 - 41,000 sq ft sold to The Carlyle Group / Uncommon (serviced office provider)

The Minster Building, EC3 - 37,000 sq ft to Spaces (serviced office provider)
- 66,000 sq ft to Charles Taylor (insurance)

10 Queen Street Place, EC4 - 33,580 sq ft to Iris (media)

NORTH CITY FRINGE

- Advertised rents for new and refitted space have fallen by, typically, £2.50 per sq ft per annum since Q2, 2017.
- Rents are forecast to weaken by £1.50 – £3.00 per sq ft per annum over the next twelve months as a consequence of Brexit uncertainty, substantially above the rate of inflation business rates increases, and the availability of competing good quality, well located, similar cost space in adjoining sub-markets.
- Rent free periods are likely to increase by 2-4 weeks for a 5-10 year lease by Q2, 2019.
- Of all the London office sub-markets, the north City fringe has seen some of the highest increases in business rates following the 2017 business rates revaluation, with rates increasing from, typically, £12.50 - £14.50 per sq ft per annum for new and refitted Grade A space during Q1, 2017 to £20.00 – £22.00 per sq ft per annum today.
- Neighbouring, more centrally located, sub-markets, including the City of London and Holborn, where office occupancy costs are similar, are reinventing themselves as technology hubs with the aim of taking market share from the north City fringe.

KEY NORTH CITY FRINGE LETTINGS – H1, 2018

The Epworth, 25 City Road, EC1
- 39,757 sq ft to Spaces (serviced office provider)
- 21,615 sq ft to NTT Data (technology)

EAST CITY FRINGE

- Advertised rents in the east City fringe sub-market have typically declined by £2.50 - £5.00 per sq ft per annum in the Spitalfields area since Q2, 2017 but have remained broadly static over the same period in the Aldgate East area, reflecting the different supply and demand dynamics of each district.
- Advertised rents in the east City fringe are likely to decline by £1.00 - £2.50 per sq ft per annum during the next twelve months, reflecting Brexit uncertainty and the fact that more centrally located space in the City is now available at similar rental levels, as landlords discount rents to secure lettings.
- Rent free periods are likely to increase by 2-4 weeks for a 5-10 year lease during the period to Q2, 2019.
- The Chinese government's decision to purchase the Royal Mint Court campus at Tower Hill, comprising over 520,000 sq ft in four buildings, for its London embassy has taken a significant amount of supply out of the east City fringe sub-market.
- The east City fringe development pipeline is limited. The only schemes of any significant scale are One Braham, comprising 320,000 sq ft, which is due for completion in March 2020, and Lloyd's Chambers, Portsoken Street, a 240,000 sq ft refurbishment – completion due Q4, 2019.

KEY EAST CITY FRINGE TRANSACTIONS – H1, 2018

Royal Mint Court, Tower Hill, EC3 - 520,000 sq ft on 5.4 acres sold to The People's Republic of China for its UK Embassy

Aldgate Tower, 2 Leman Street, E1 – 39,800 sq ft to Groupon (e-commerce)

The Loom, 14 Gowers Walk, E1 – 13,600 sq ft to Hey Habito (financial services)

WEST END

- Advertised rents in districts such as Paddington, Soho and Fitzrovia have increased by, typically, £2.50-£7.50 per sq ft per annum since Q2, 2017 in those areas located near an Elizabeth Line station. By contrast, rents for 'super prime' space in Mayfair and St James's have declined by circa £2.50 - £7.50 per sq ft per annum since the second quarter of 2017 – as tenants continue to seek better value space elsewhere. Rents in other areas of the West End such as Victoria and Marylebone have declined by up to £2.50 per sq ft per annum since the middle of last year.
- Advertised rents for new and refitted Grade A space throughout the West End are likely to remain broadly static for the next twelve months, underpinned by low vacancy. However, rents for 'super-prime' space in Mayfair and St James's are forecast to decline by £2.00 - £3.00 per sq ft per annum, reflecting the availability of competing, better value, space located in neighbouring sub-markets.
- Rent free periods are likely to increase by 2-4 weeks over the next twelve months, but only for those properties that have been on the market for a prolonged period.
- Demand for conventional / non serviced office space of sub-5,000 sq ft is weak – undermined by the emergence of serviced and co-working space providers that offer all-inclusive rent, business rates and service charge letting packages on ready fitted out space on short / medium term, flexible, leases.
- The West End has one of the lowest levels of office vacancy. The supply pipeline is limited across all districts that form the West End sub-market.
- The Buckingham Green scheme in Victoria, c. 55,000 sq ft, is due for completion imminently.
- In Paddington, Derwent's Brunel Building, comprising 243,000 sq ft, of which 78,000 sq ft has been pre-let to Sony Pictures, is due for completion during H1, 2019. Construction has also started on The Paddington Cube – c. 360,000 sq ft – which is due to complete during Q4, 2021.

KEY WEST END LETTINGS - H1, 2018

Nova North, 11 Bressenden Place, Victoria, SW1 - 65,909 sq ft to SNC Lavalin (business services)

18-19 Hanover Square, Mayfair, W1 - 57,200 sq ft pre-let to Kohlberg Kravis Roberts (financial services)

Nova South, 160 Victoria Street, SW1
- 47,900 sq ft to Vitol (energy)
- 29,914 sq ft to LEK Consulting (business services)

Park House, 116 Park Street, W1 - 31,949 sq ft to London Executive Offices (serviced office provider)

62 Buckingham Gate, Victoria, SW1
20,643 sq ft to Mercuria (energy)

2 St James's Market, SW1
20,000 sq ft to Varde Partners Europe (financial services)

MIDTOWN

- The movement in advertised rents for new and refitted Grade A space since Q2, 2017 has varied across the Midtown sub-market – remaining relatively static in Holborn and King's Cross, rising by circa £2.50 - £5.00 per sq ft per annum in Bloomsbury, reflecting enhanced connectivity via to the soon to start Elizabeth Line rail service, and declining by up to £2.50 per sq ft per annum in Covent Garden.
- Advertised rents are likely to remain broadly static across all the Midtown districts over the next twelve months, underpinned by low vacancy, save for Holborn and Covent Garden where rents are forecast to soften by £1.00 – £2.50 per sq ft per annum due to competition from lower cost City buildings.
- Rent free periods are forecast to remain unchanged across Midtown for the period to Q2, 2019, save for poorly located properties, or space that has been on the market for some time where rent free periods are likely to increase by 2-4 weeks for 5-10 year leases.
- The development of the Elizabeth Line station at Tottenham Court Road has boosted occupier demand in those areas of Bloomsbury and Soho and Fitzrovia in the West End, that are located close to the station, causing rents in these hotspots to rise over the last twelve months.

KEY MIDTOWN LETTINGS - H1, 2018

Aviation House, 125 Kingsway, Holborn, WC2 - 125,000 sq ft to WeWork (co-working space provider)

28 Chancery Lane, Holborn, WC2
100,000 sq ft to Framestore (media)

151-165 Shaftesbury Avenue, WC2
13,106 sq ft to Hogarth Worldwide (media)

EAST LONDON

- Advertised rents for new and refitted Grade A space in Canary Wharf, for upper floors, have remained broadly static since Q2, 2017. However, advertised rents for refurbished space on lower floors have declined by circa £2.50 - £5.00 per sq ft per annum over the same period.
- The Crossharbour district of Docklands offers good quality refurbished Grade A space at some of London's lowest rents – typically sub-£37.50 per sq ft per annum. Business rates are low too (see office cost map), making occupancy costs very competitive compared with Central London office sub-markets.
- In Stratford advertised rents for new / refitted Grade A space have increased by up to £2.50 per sq ft per annum over the last twelve months due to low vacancy.
- As rents and rent free periods adjust to a lower level of post-Brexit vote demand in competing, more centrally located, sub-markets such as the City and City fringe, Docklands and Stratford office landlords will be required to compete that much harder to attract new tenants to the east London area. It is likely, therefore, that Stratford office rents will decline by £1.00 – £2.00 per sq ft per annum over the next twelve months. Similarly, rents in Docklands are likely to decline by up to £2.50 per sq ft per annum by mid-2019, due to weak demand and relatively higher vacancy levels.
- Rent free periods are likely to increase over the next twelve months by 2-4 weeks in both Stratford and Docklands sub-markets for a 5-10 year lease for space that has been on the market for a prolonged period.
- At Wood Wharf, adjoining Canary Wharf, four office buildings are under construction as the developer, Canary Wharf Group, capitalises on the significant improvements in transport connectivity that the Elizabeth Line / Crossrail will bring to the area:
- 15 Water Street – completion 2020 – all pre-let
- 20 Water Street – completion 2020 – 11,000 sq ft
- 7 Charter Street – completion 2021 – 117,600 sq ft
- 7 Union Square – completion 2021 – 210,000 sq ft
- Transport connectivity is set to improve significantly at the end of the year with the start of Elizabeth Line services reducing journey times from Canary Wharf to the City to 6 minutes and 13 minutes to the West End (Bond Street).
- Stratford will similarly benefit from Elizabeth Line connectivity. The district has become an established hub for Government departments and not for profit organisations because of its low rent and business rates costs compared with the more established Central London office sub-markets.

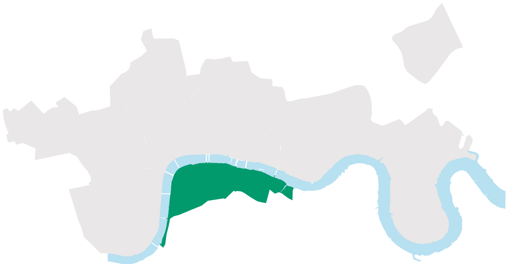
KEY EAST LONDON LETTINGS - H1, 2018

15 Water Street, Wood Wharf, Docklands, E14
- 45,000 sq ft to The Office Group (serviced office provider)

Press Centre, Here East, Queen Elizabeth Olympic Park, Stratford, E20:
- 25,000 sq ft to Neopost UK (business services)
- 18,750 sq ft to Barratt East London (property developer)

1 Westfield Avenue, International Quarter, Stratford, E15
- 25,000 sq ft to Unicef (charity)

SOUTH BANK



- Since Q2, 2017, advertised rents have increased by circa £1.50 - £2.50 per sq ft per annum for new, refitted and refurbished Grade A and B office space in the London Bridge / Southwark area, reflecting low vacancy levels.
- Advertised rents across the South Bank are likely to remain broadly static for the next twelve months, underpinned by low office vacancy.
- Rent free periods, similarly, are likely to remain broadly static during the period to Q2, 2019.
- The South Bank office market has one of London's lowest office vacancy levels – a result of 'developer friendly' local planning policies that have encouraged the development of former office and warehouse properties for higher value residential and hotel uses.
- Office vacancy on the South Bank is declining and reducing tenant choice.
- Developments such as The Shard at London Bridge and South Bank Central at Southwark, are either now fully let or close to being fully let.

KEY SOUTH BANK LETTINGS – H1, 2018

Cooper & Southwark, 61 Southwark Street, Southwark, SE1
- 64,400 sq ft to CBRE (business services)

One Embassy Gardens, Vauxhall, SW8
- 44,000 sq ft to DK (publishing)

South Bank Central, 30 Stamford Street, Southwark, SE1
- 14,914 sq ft to Civica (IT services)

WEST LONDON

- Advertised rents for new and refitted Grade A space have remained broadly static in Hammersmith and White City since Q2, 2017.
- Rents are likely to decline by £1.00 - £2.50 per sq ft per annum over the next twelve months as a consequence of Brexit uncertainty and competition between the neighbouring White City and Hammersmith districts.
- Rent free periods are likely to increase by 1-2 months for a 5-10 year lease over the next 12 months.
- The supply of new Grade A space in Hammersmith is set to increase in 2019 when L&G's 245 Hammersmith Road development, comprising circa 242,477 sq ft reaches completion during the second quarter of the year.
- White City has, since the beginning of the year, attracted some large scale lettings at the former BBC TV Centre campus at Wood Lane – see below.

KEY WEST LONDON LETTINGS – H1, 2018

2 Television Centre, Wood Lane, White City, W12
- 212,000 sq ft to Publicis Media

One Lyric Square, Hammersmith, W6
- 40,000 sq ft to The Office Group (serviced office provider)

The Shepherds Building, Charecroft Way, Shepherd's Bush, W14
- 13,527 sq ft to Gousto (catering)

Great Western Studios, 65 Alfred Road, Westbourne Park, W2
- 11,000 sq ft to What Three Words (technology)

Typical Costs of New Office Space – Key European Cities - Q2, 2018

	Prime office rent	Service charges	Real estate taxes	Total Occupancy costs
Dublin	€646 -700/sq m pa	€54 - 86/sq m pa	€54 -65/sq m pa	**€753 -850/sq m pa**
Amsterdam	€400/sq m pa	€50 /sq m pa	Negligible	**€450/sq m pa**
Paris	€480 - 780/sq m pa	€40 - 100 /sq m pa	€50/sq m pa	**€570 - 930/sq m pa**
Frankfurt	€483/sq m pa	€55 - 90/sq m pa	Included in service charges	**€538 - 573/sq m pa**
Munich	€438/sq m pa	€45 - 75/sq m pa	Included in service charges	**€483 - 513/sq m pa**
Brussels	€300/sq m pa	€30-65/sq m pa	€20-30/sq m pa	**€350 - 395/sq m pa**
Luxembourg	€ 560/sq m pa	€30-65/sq m pa	€20-30/sq m pa	**€610 – 655/sq m pa**

THE TENANT ADVISORY TEAM

Our tenant representation services include:

- Stay put/relocate cost appraisals
- Office search & relocation management
- Relocation budgeting & planning
- Lease & rent review negotiation
- Repairs/dilapidations cost assessment & negotiation
- Building, air conditioning & passenger lift surveys
- Business rates analysis & appeal
- Service charge audit

For more data on the London office market, office availability, rents and rent free periods, market trends and information on budgeting and planning for a lease renewal, rent review or office relocation please contact one of the team.

OUR EXPERIENCE

Lease negotiations and relocations 10,000 sq ft+

43,000 sq ft
UK Payments Administration
2 Thomas More Square, E1

39,000 sq ft
Care Quality Commission
151 Buckingham Palace Road, SW1

28,000 sq ft
Warner Bros/Shed Media
85 Grays Inn Road, WC1

23,000 sq ft
Nursing & Midwifery Council
Two Stratford Place, E20

17,500 sq ft
Hackett Limited
The Clove Building, SE1

16,000 sq ft
Circle Housing
Two Pancras Square, N1

15,000 sq ft
Hitachi Rail Europe
40 Holborn Viaduct, EC1

11,000 sq ft
Salamanca Group
50 Berkeley Street, W1

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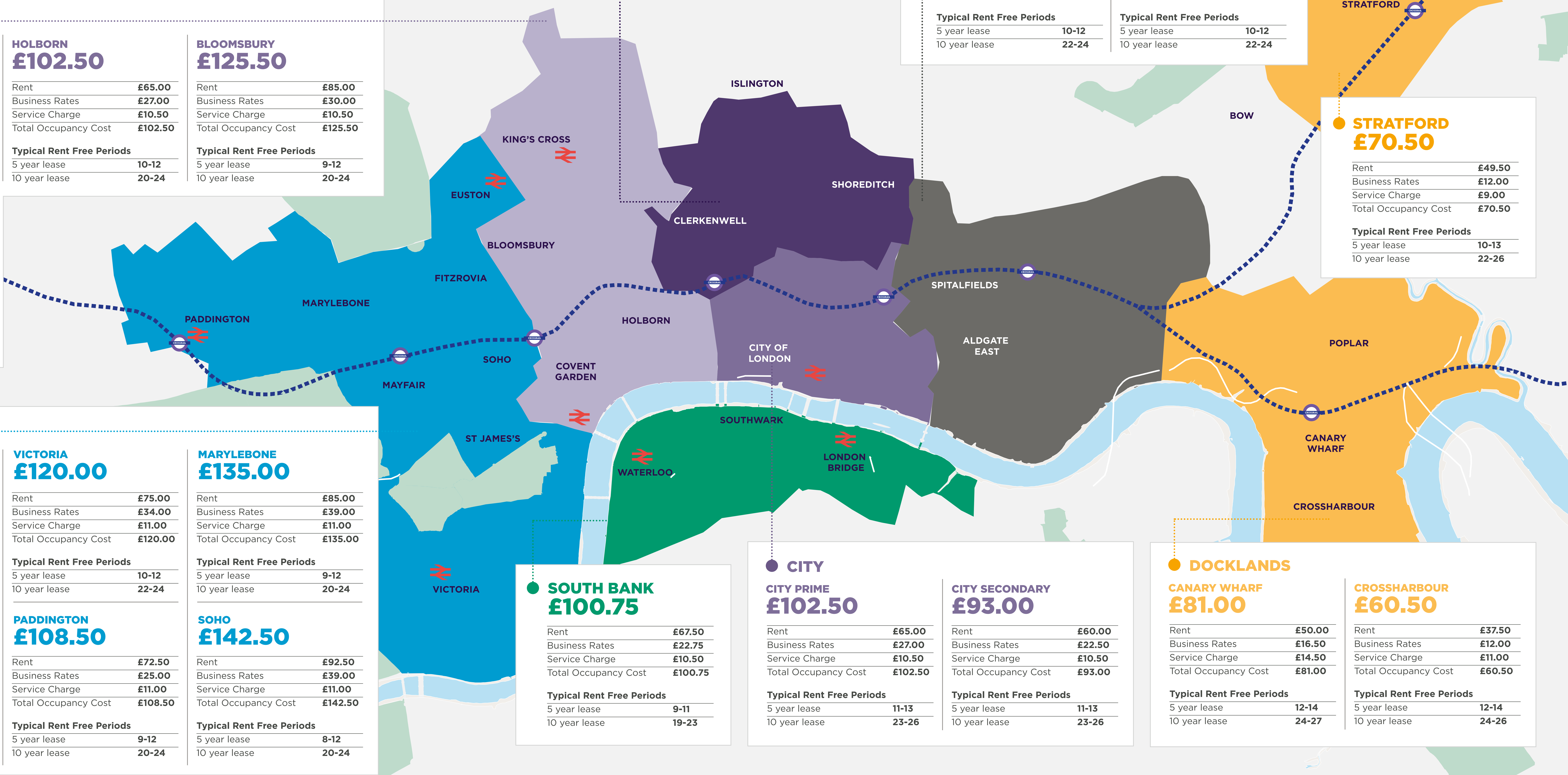
Carter Jonas

TYPICAL COSTS FOR NEW/REFITTED MID-RISE GRADE A OFFICE SPACE OVER 5,000 SQ FT

Q2 2018

Costs = £ per sq ft per annum
Rent Free Periods = Months
Business rates cost estimates include the Crossrail levy but take no account of any transitional relief that may be available
Rents are landlord's advertised rents which will be negotiable, typically by 2.5%-5.0%



CITY FRINGE NORTH
£97.00

Rent	£65.00
Business Rates	£21.00
Service Charge	£11.00
Total Occupancy Cost	£97.00

Typical Rent Free Periods	
5 year lease	9-12
10 year lease	20 -24

CITY FRINGE EAST

SPITALFIELDS £98.00

Rent	£65.00
Business Rates	£23.00
Service Charge	£10.00
Total Occupancy Cost	£98.00

Typical Rent Free Periods	
5 year lease	10-12
10 year lease	22-24

ALDGATE EAST £84.00

Rent	£55.00
Business Rates	£19.00
Service Charge	£10.00
Total Occupancy Cost	£84.00

Typical Rent Free Periods	
5 year lease	10-12
10 year lease	22-24

MIDTOWN

KING'S CROSS £124.00

Rent	£82.50
Business Rates	£31.00
Service Charge	£10.50
Total Occupancy Cost	£124.00

Typical Rent Free Periods	
5 year lease	8-11
10 year lease	19-23

HOLBORN £102.50

Rent	£65.00
Business Rates	£27.00
Service Charge	£10.50
Total Occupancy Cost	£102.50

Typical Rent Free Periods	
5 year lease	10-12
10 year lease	20-24

BLOOMSBURY £125.50

Rent	£85.00
Business Rates	£30.00
Service Charge	£10.50
Total Occupancy Cost	£125.50

Typical Rent Free Periods	
5 year lease	9-12
10 year lease	20-24

COVENT GARDEN £119.00

Rent	£77.50
Business Rates	£31.00
Service Charge	£10.50
Total Occupancy Cost	£119.00

Typical Rent Free Periods	
5 year lease	10-12
10 year lease	20-24

STRATFORD
£70.50

Rent	£49.50
Business Rates	£12.00
Service Charge	£9.00
Total Occupancy Cost	£70.50

Typical Rent Free Periods	
5 year lease	10-13
10 year lease	22-26

WEST END

MAYFAIR & ST JAMES'S £167.00

Rent	£105.00
Business Rates	£50.00
Service Charge	£12.00
Total Occupancy Cost	£167.00

Typical Rent Free Periods	
5 year lease	9-12
10 year lease	19-24

VICTORIA £120.00

Rent	£75.00
Business Rates	£34.00
Service Charge	£11.00
Total Occupancy Cost	£120.00

Typical Rent Free Periods	
5 year lease	10-12
10 year lease	22-24

MARYLEBONE £135.00

Rent	£85.00
Business Rates	£39.00
Service Charge	£11.00
Total Occupancy Cost	£135.00

Typical Rent Free Periods	
5 year lease	9-12
10 year lease	20-24

FITZROVIA £130.50

Rent	£85.00
Business Rates	£34.50
Service Charge	£11.00
Total Occupancy Cost	£130.50

Typical Rent Free Periods	
5 year lease	9-12
10 year lease	20-24

PADDINGTON £108.50

Rent	£72.50
Business Rates	£25.00
Service Charge	£11.00
Total Occupancy Cost	£108.50

Typical Rent Free Periods	
5 year lease	9-12
10 year lease	20-24

SOHO £142.50

Rent	£92.50
Business Rates	£39.00
Service Charge	£11.00
Total Occupancy Cost	£142.50

Typical Rent Free Periods	
5 year lease	8-12
10 year lease	20-24

SOUTH BANK
£100.75

Rent	£67.50
Business Rates	£22.75
Service Charge	£10.50
Total Occupancy Cost	£100.75

Typical Rent Free Periods	
5 year lease	9-11
10 year lease	19-23

CITY

CITY PRIME £102.50

Rent	£65.00
Business Rates	£27.00
Service Charge	£10.50
Total Occupancy Cost	£102.50

Typical Rent Free Periods	
5 year lease	11-13
10 year lease	23-26

CITY SECONDARY £93.00

Rent	£60.00
Business Rates	£22.50
Service Charge	£10.50
Total Occupancy Cost	£93.00

Typical Rent Free Periods	
5 year lease	11-13
10 year lease	23-26

DOCKLANDS

CANARY WHARF £81.00

Rent	£50.00
Business Rates	£16.50
Service Charge	£14.50
Total Occupancy Cost	£81.00

Typical Rent Free Periods	
5 year lease	12-14
10 year lease	24-27

CROSSHARBOUR £60.50

Rent	£37.50
Business Rates	£12.00
Service Charge	£11.00
Total Occupancy Cost	£60.50

Typical Rent Free Periods	
5 year lease	12-14
10 year lease	24-26

WEST LONDON

HAMMERSMITH £88.50

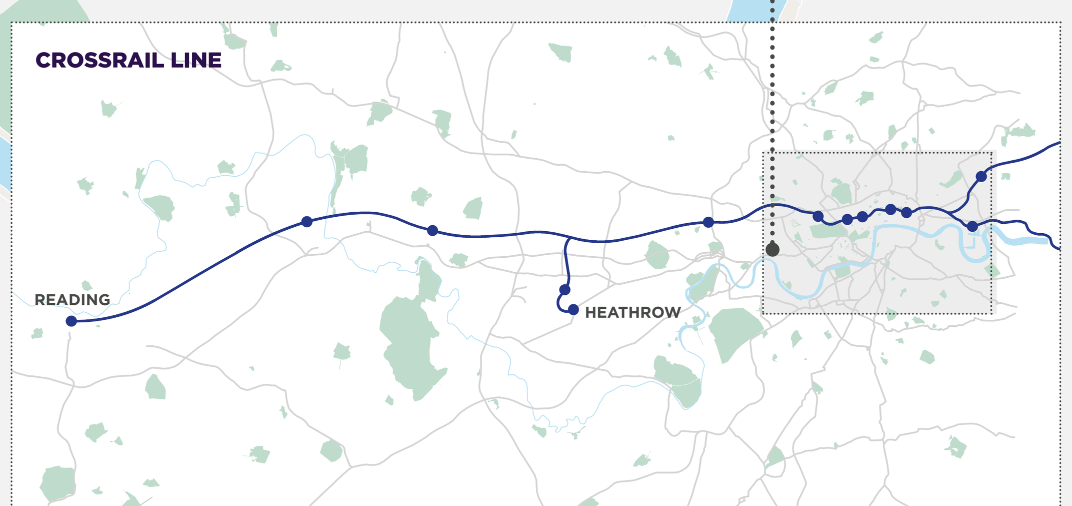
Rent	£57.50
Business Rates	£21.50
Service Charge	£9.50
Total Occupancy Cost	£88.50

Typical Rent Free Periods	
5 year lease	10-12
10 year lease	20-24

SUBMARKETS

- West End
- Midtown
- City
- City Fringe North
- City Fringe East
- South Bank
- Docklands & Stratford

CROSSRAIL LINE



GRADES OF OFFICE ACCOMMODATION
For marketing purposes office accommodation is generally categorised into Grades which are defined as follows:

GRADE A
New or newly refurbished office space where the building specification includes suspended ceilings and fully accessible raised floors for data/telecoms cable management, passenger lift and air conditioning facilities.

GRADE B
Office space that may only incorporate under floor or perimeter trunking for data/telecoms cable management, rather than fully accessible raised floors, and/or air cooling facilities, instead of an air conditioning system that dehumidifies, filters and draws fresh air into the building. Grade B space also tends to be of a generally lower quality building specification.

"REFITTED"
Office space that is 'as new', having been completely refitted throughout, to include new fixtures and fittings to the common parts and reception area, new building services - including air conditioning and passenger lift facilities, electrical, plumbing and lighting systems, and new raised floors, suspended ceilings and new sanitary ware. The specification of works will comply with the latest health and safety legislation and may also include re-cladding the exterior of the building.

"REFURBISHED"
Space is defined as office accommodation where the landlord has redecorated and recarpeted the available office space (but not necessarily the common parts) and overhauled, but not renewed, the building services, such as the air conditioning and passenger lift facilities.

Carter Jonas