

# SPACEPOINT<sup>↑</sup>

London Office Update  
September 2023



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## “The City is back...”

>> Market Update

### **UK developer Stanhope and Japanese investment giant Mitsubishi Estate London are in talks for a series of substantial lettings upon the newly developed 8 Bishopsgate to take the building to 75% leased.**

The parties involved in the mix of completed lettings and current negotiations include Proskauer Rose, Bentley Systems, Atrium, King & Spalding, HFW (Holman Fenwick Willan), CFC Underwriting, and SCOR.

The 50-storey building, designed by WilkinsonEyre Architects, comprises 560,000 square feet of offices with 75,000 square feet of amenity space, including a 200-seat auditorium, meeting rooms and executive suites, a café, a business lounge, a restaurant, bar and public terrace, and multiple private terraces. The building also features The Lookout, a public viewing gallery and event space on the 50th floor.

This surge of interest is supported by wider market activity within the City submarket. The amount of available office space in the Square Mile has dropped from a peak of close to 15 million square feet in mid-2022 to 12.5 million square feet as of September 2023. This represents a three-year low and a 16% drop in availability in little over a year.

By comparison, City office take-up remained below pre-pandemic levels in the first half of 2023 but was up around 10% on the same period last year. But momentum is clearly picking up as we head into the autumn, with M&G also recently announcing that its 40 Leadenhall “Gotham City” scheme was close to 70% prelet with just under a year before its completion.

In the second quarter of 2023, around 70% of office space in central London was for prelet, newly-built or refurbished properties, up from 66% for the same period in 2022 and up 9% in the City.

It remains that businesses are predominantly focused on securing higher quality office space. Where companies are taking a reduced footprint when relocating, they are willing to pay higher rents to improve the environments for staff – a trend we expect is now entrenched.

Financial services companies accounted for 31% of total take-up, followed by the professional services sector (28%).

There was also an increase in the share of take-up from the flexible office sector (serviced and managed offices), which, in terms of attracting occupiers, is mirroring that of the leased market. With a notable shift in demand for best-in-class flex space, both for ESG reasons and to attract and retain talent, The City of London is the most active flexible office market in Europe, accounting for 13% of all office take-up in H1 2023.

**Get in touch if you'd like some further information on other London sub-markets.**

**Call 0203 369 9800**



## What now for Canary Wharf? Do what London does best – Adapt!

>> Commentary

As HSBC announce their plan to vacate their 1.1million sq ft tower in the heart of Canary Wharf, relocating to 556,000 sq ft in the City, what is on the horizon for this often-misunderstood London sub-market?

The east-London financial district, named for the quay where ships from the Canary Islands once unloaded, has had plenty of strife in its 40-year history, and the 2027 departure of one of its anchor-Tenants will undoubtedly cause more concern for the owners of this 22 million square foot estate. However, change is already underway to ensure an exciting future for this forward-thinking destination.

### The opportunity

Having invested £1.2 billion pounds into the estate since 2017, CWG - the principal Landlord - is hoping to attract new types of businesses to bring greater diversity to the Tenant demographics. In a further reflection of the areas increasing appeal, the number of weekend and evening visitors to the Wharf rose 50% between 2019 and 2022.

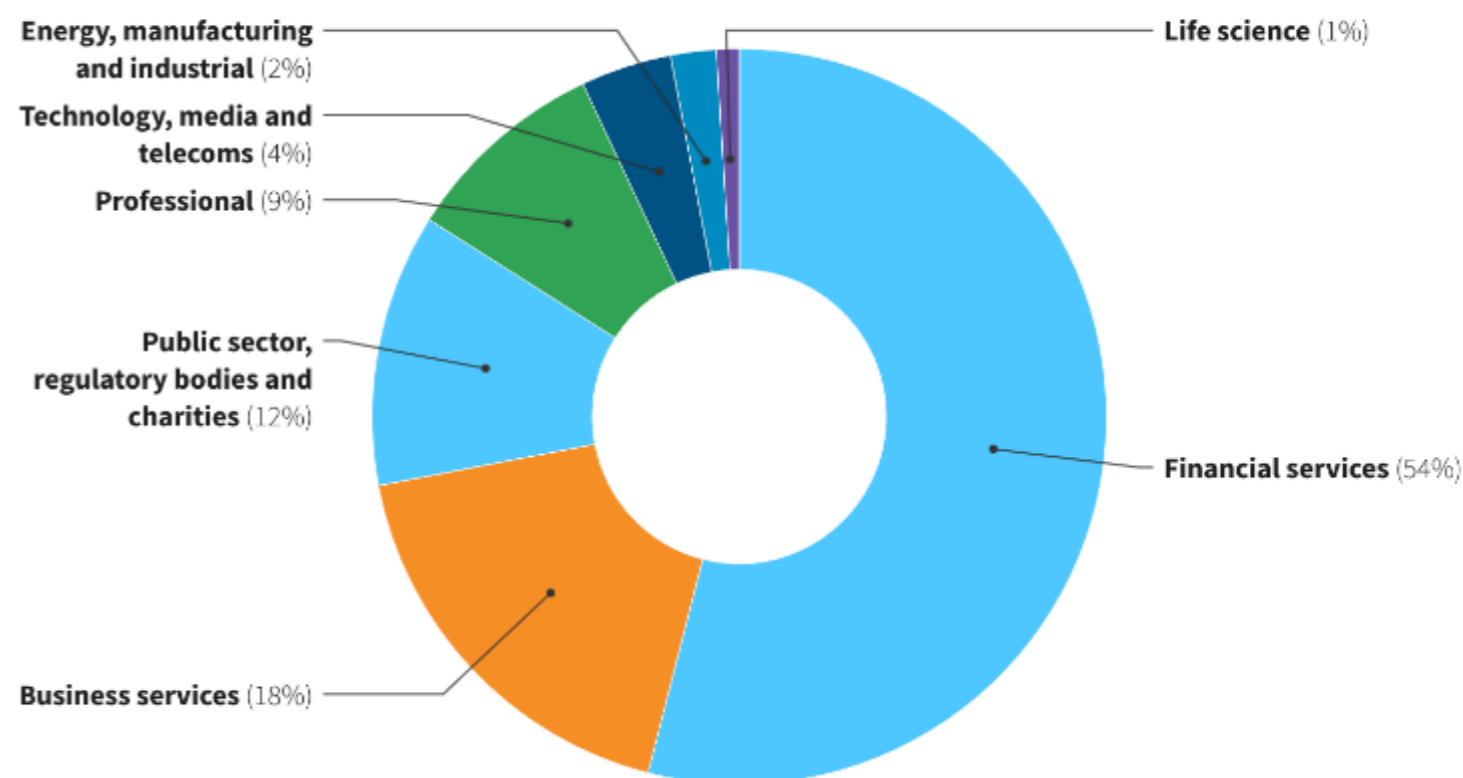
The community already benefits from exceptional transport links, with a generous provision of restaurants, bars and sporting/leisure facilities. With so much to offer, and so much change already taking place, allied with some of the best-value office costs in the capital, could Canary Wharf become a destination that you should consider?

For more information - <https://canarywharf.com/>

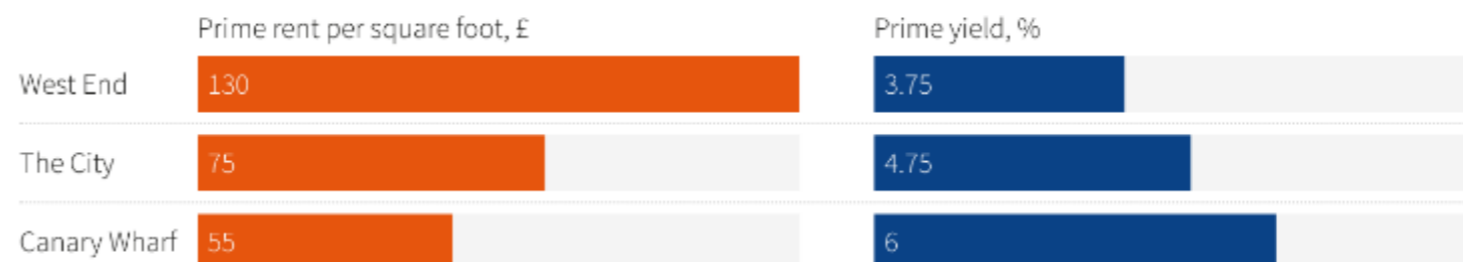
Want to explore options in Canary Wharf?

Call 0203 369 9800

### Canary Wharf Group's office tenants by sector



### Canary Wharf offices are cheap for tenants and investors



Note: Data as of March 2023

Source: Knight Frank | Y. Chen | Breakingviews | July 3, 2023

## Preparing for the end of your lease



Education

**When approaching the end of your contract in a conventional lease space, a lot of planning is required to ensure your exit from your current space and transition into your new space goes as smoothly as possible. Some elements are simply organisational good practice to ensure that you avoid impending mayhem as the move date approaches, but other considerations are those of your legal obligations contained within your lease, which are business-critical, and if not appropriately managed then it could cost your organisation significant amounts of money and turmoil.**

So, to address the most impactful consideration first; your legal obligations within your lease. It is highly likely that your lease will require you to remove your personal fixtures and fittings from the office space when returning the property back to the Landlord – you may have heard the term “dilapidations”.

Leases are complex documents, and unfortunately are not of a standard format, so the wording can differ substantially from one lease to another. It is, therefore, absolutely paramount to engage professional advisors on this matter. To illustrate this, unless the repair obligation is expressly limited then, in some circumstances, the Tenant could be required to put the property into a better state of repair than it was in at the start of the lease! You should engage a chartered Building Surveyor who is experienced in managing office reinstatement obligations and dilapidations negotiations, as they will be able to review your lease, and provide clear guidance throughout this process, as well as advice on the likely cost of works required.

You should also make sufficient preparations for advising external organisations and partners of your relocation. As you are approaching the end of your time in your current premises you will likely know the address details of the new space that you are going to be moving into. There will be a lot of external organisations that will need to be updated of your relocation and so preparing a comprehensive list of these, as early as possible, will be extremely beneficial as it is likely to require a

reasonable amount of time to gather the details of all the parties needed.

This master list of people you will need to send a change of address to could include; clients and partners, service providers and suppliers, professional organisations you belong to, statutory bodies (such as HMRC, Companies House etc), third-party accounts departments, internet/telephony service provider(s), banks and financial institutions, insurance companies, food service or bottled water providers, stationery services, service companies for photocopiers or printers, etc.

**Do you know the EPC rating of your current office?**

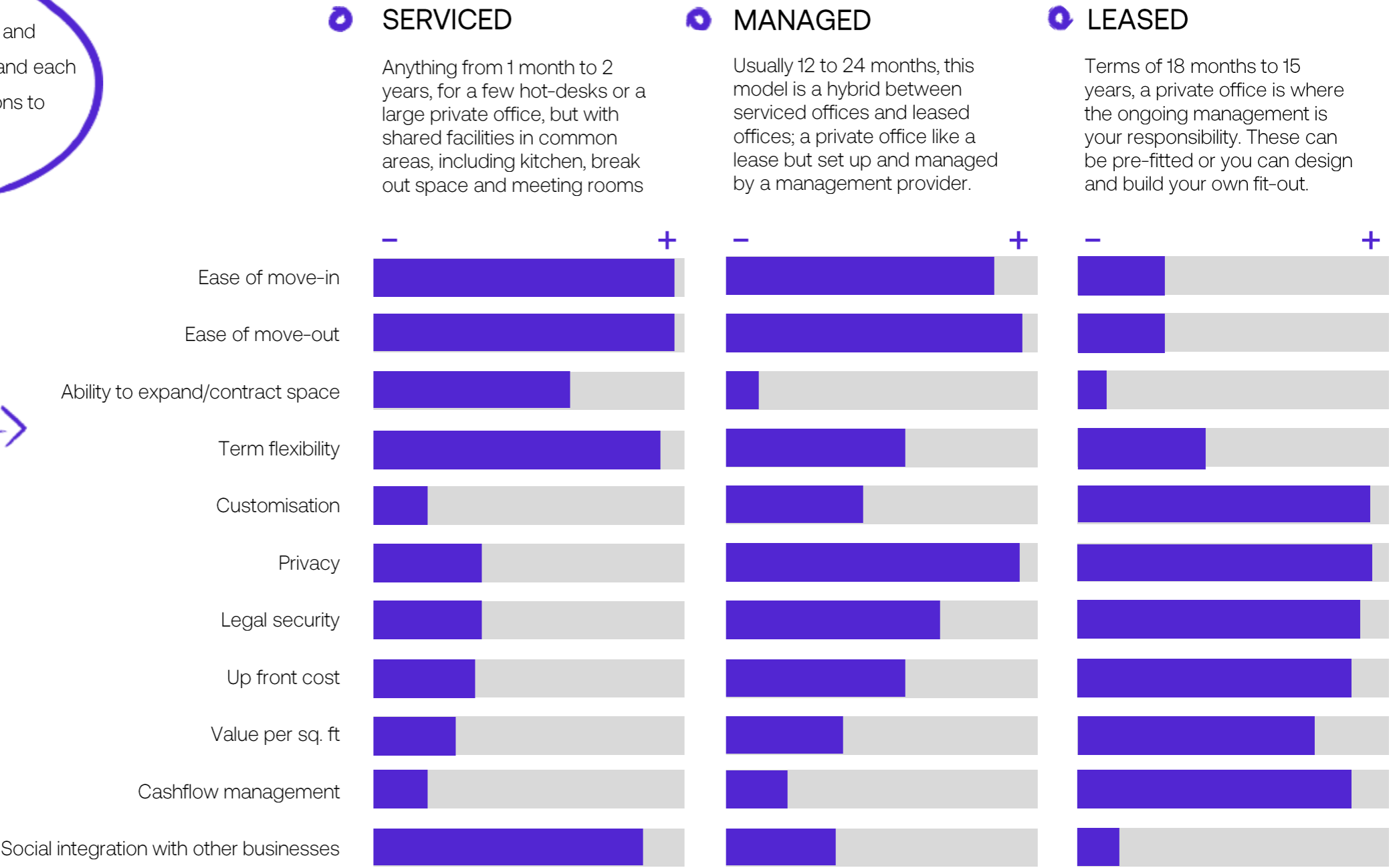
**Call 0203 369 9800**



# Which type of office is right for you?

>> Types of office

Each business has differing needs and priorities for their staff and clients, and each office type offers alternative solutions to cater for those requirements:



# Serviced offices

## What is a serviced office?

A simple analogy is to think of a serviced office as a hotel for businesses. You turn up, and everything you need in an office is there and ready to go. Serviced offices are fully managed, set up and equipped to enable you to start work immediately, with all costs wrapped up into one monthly bill. The concept of the serviced office revolves around a combination of hospitality and flexibility. It delivers all the office amenities required to run a business, on a contract length of your choice and served with a smile.



## The benefits of serviced offices



**Flexibility** – you can occupy a serviced office for any period of time from a few months to a few years. As your company grows or your needs change, you will be able to scale accordingly.

**Simplicity** – you arrive, you plug in, and you go. The offices are fully furnished, internet is installed, and telephone can be at the ready. Set up is absolutely minimal.

**Speed** – as the agreement is by license rather than lease, solicitors do not typically need to be involved. This means agreements can be finalised in a few days, allowing an almost immediate move.

**Low set up costs** – you won't incur solicitors fees, fit out costs, there is no need to purchase any furnishings or pay any IT instalment costs. The office is plug and play. Unlike a leased office, all these aspects are already in hand.

**Facility management** – the operator will manage the office to ensure it runs smoothly, dealing with everything, from call handling, meeting and greeting visiting clients, overseeing the cleaning, and to supplying teas and coffees.

**Leverage their portfolio** – A lot of providers have multiple locations situated across London and other parts of the country, and you can use their facilities across all locations.

## Will serviced suit my business?



Serviced offices appeal to companies of all shapes and sizes, from small start-ups to large corporates. Serviced really comes into its own when companies require flexibility.

**Scaling companies** – If your head count is expected to grow quickly and you want your office to scale in line with your headcount, then serviced is worth considering.

**Start-ups** – you don't have to commit to a long lease length, which will allow you to adapt with your business in which ever direction it takes.

**Project space** – if you only require the space to last for the duration of a certain project, that is no problem.

**Overflow** – if your current office proves to be too small but you are tied into it for another year or so, then serviced can act as excellent overflow space.

**Between offices** – whilst you wait for your new dream space to come to fruition, you can keep the doors open and occupy a serviced office as a stop gap.

Serviced office availability

\* For a bespoke search, please click here



SEARCH



**Shoreditch**      **Liverpool Street, EC2**

Desks                      9

**Monthly Total      £5,850**

[Click here for more details](#)



**City**                      **Gracechurch Street, EC3**

Desks                      16

**Monthly Total      £10,415**

[Click here for more details](#)



**Holborn**              **High Holborn, WC1**

Desks                      20

**Monthly Total      £15,000**

[Click here for more details](#)



**Soho**                      **Ingestre Court, W1F**

Desks                      11

**Monthly Total      £10,395**

[Click here for more details](#)



**Canary Wharf**      **One Canada Square, E14**

Desks                      42

**Monthly Total      £21,000**

[Click here for more details](#)



**Hammersmith**      **Hammersmith Road, W6**

Desks                      6

**Monthly Total      £2,400**

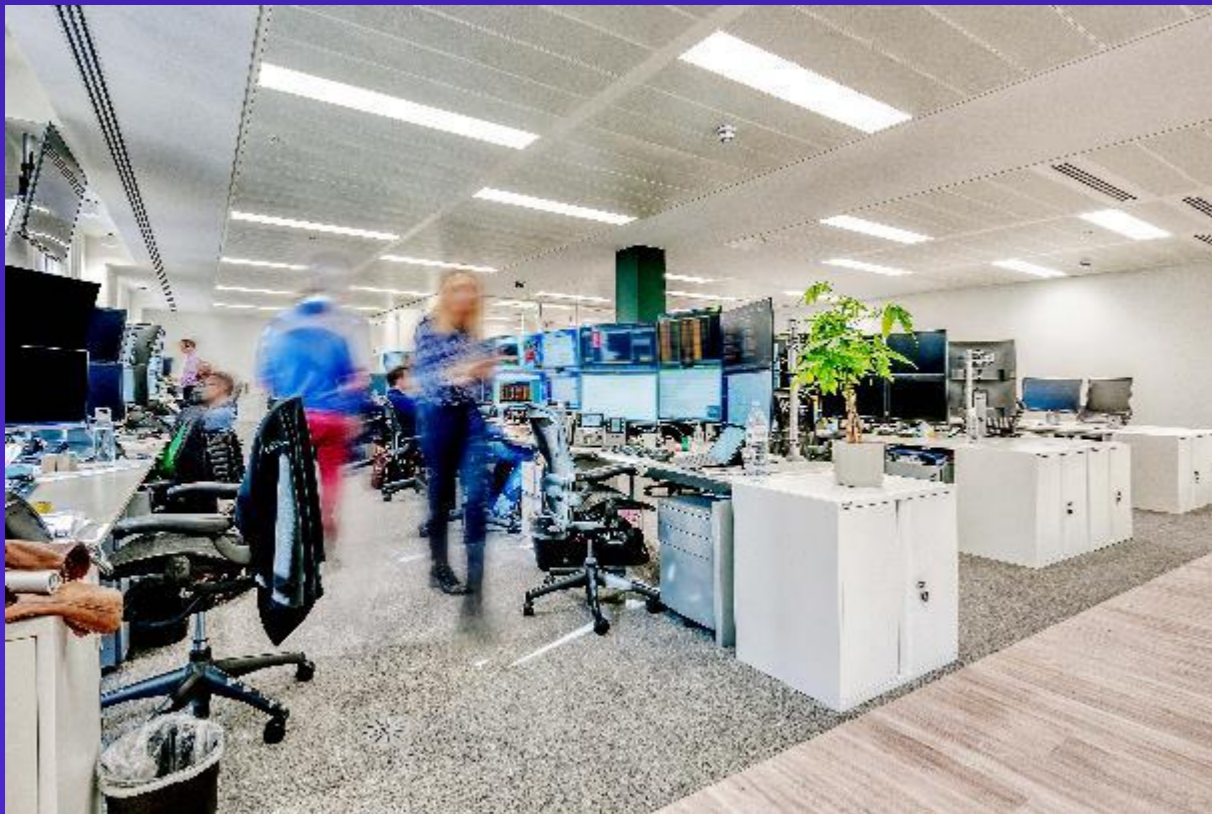
[Click here for more details](#)

# Leased offices

## What is a leased office?

A conventional leased office is the predominant method for companies occupying office premises. A company (the Tenant) will agree a lease contract to rent an office space for a period of time (usually a number of years) from a Landlord.

It is a more complex arrangement than that of the simplicity of a serviced office, but, with it, comes substantially more freedom to create exactly the space you want, as well as greater privacy, and significantly more security from a legal rights perspective.



## The leased office market is comprised of:

**New leases** - offered by the building owner, are typically on contractual terms of 5 -20 years, and incorporating lease break opportunities within those periods. These are often presented in a condition known as CAT-A; meaning heating, lighting, ventilation and power are all supplied to the space, but the incoming Tenant will need to install their own fixtures, fittings and furnishings, etc. Although, it is becoming more frequent for Landlords to install a “speculative fit-out” (known as CAT-A+) that offers most elements of what a business may need from a space.

**Sub-leases** - offered by Tenants who no longer need some or all of their space. This will be an office that is typically offered with the existing fit-out in place, although larger spaces with many years left on the lease may be stripped out and offered as CAT-A space. By taking out a sub-lease, it is the current Tenant who becomes your Landlord, and they themselves retain their Tenant relationship with their original Landlord, the Superior Landlord. Sub-leases may be short term, such as 12 months, or sometimes up to 10 years.

**Assignments** - are existing lease contracts that are being offered to the market by the outgoing Tenant. Unlike a sub-lease, which can offer part or all of the demised area on new contractual terms, an assignment of a lease is the trading of an existing lease on its prescribed terms, though it is possible to latterly make amendments to the prescribed terms, to a certain degree. Assigning their lease, for the most part, absolves the assignor Tenant from their contractual obligations to the premises, and the assignee Tenant becomes entirely responsible. Much like sub-leases, assigned office premises are frequently offered with the existing fit-out in situ, and are often for terms from 12 months – 5 years.

## Preparing for the end of your lease:

When approaching the end of your contract in a conventional lease space, a lot of planning is required to ensure your exit from your current space and transition into your new space goes as smoothly as possible. Some elements are simply organisational good practice, but other considerations are those of your legal obligations contained within your lease which, if not appropriately managed, then it could cost your organisation significant amounts of money and turmoil.

Leased office availability

\* For a bespoke search,  
please click here



SEARCH



**Mayfair**      **Bolton St, W1J**

Size (sq ft)      1,638 sq ft

**Monthly Total**      **£17,063**

[Click here for more details](#)



**Paddington**      **Westbourne Terrace, W2**

Size (sq ft)      11,517 sq ft

**Monthly Total**      **£52,786**

[Click here for more details](#)



**Mayfair**      **Red Place, W1K**

Size (sq ft)      2,866 sq ft

**Monthly Total**      **£20,300**

[Click here for more details](#)



**Midtown**      **High Holborn, WC1**

Size (sq ft)      2,650 sq ft

**Monthly Total**      **£13,803**

[Click here for more details](#)



**Shoreditch**      **Calvin Street, E1**

Size (sq ft)      1,155 sq ft

**Monthly Total**      **£3,801**

[Click here for more details](#)



**Mayfair**      **St George Street, W1S**

Size (sq ft)      1,800sq ft

**Monthly Total**      **£10,500**

[Click here for more details](#)

## Case Study



Location	Sector
National	Construction

Pinnacle Group have used Spacepoint for numerous office relocations. The latest was their HQ in Liverpool.

“Pinnacle Group has been working with Laurie and his team for a number of years. He has successfully delivered on our brief each time and ensured a good balance between affordability and functionality for the c26,000 sq ft he has secured for us around the country. Laurie is always our first port of call when it comes to our property requirements, the professional, yet personal approach, combined with innovative tech make for a winning combination.”

Paul De Kock – Head of Projects



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