

SPACEPOINT[↑]

London Office Update
January 2024



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The 10 biggest central London office lettings of 2023

>> Market Update

City:

- **HSBC** – The global banking giant announced plans to exit its 8 Canada Square skyscraper in Canary Wharf by 2027. It has since agreed a pre-let deal for around **550,000 sq ft** it will occupy at 81 Newgate Street building in the City.
- **Kirkland & Ellis** – The US law company inked a pre-let deal for a reported **170,000 sq ft** at 40 Leadenhall Street.
- **Intercontinental Exchange** – ICE has taken over **127,000 sq ft** at the Sancroft scheme near St Paul's station.
- **Northeastern University London** – NUL has taken four floors comprising around **98,000 sq ft** at newly refurbished 1 Portsoken Street in Aldgate.
- **CFC Underwriting** – The specialist insurance provider signed up for floors 10-15 at 8 Bishopsgate, taking **90,000 sq ft**. Stanhope is the development manager and Mitsubishi is owner of the property.

Midtown:

- **TikTok** – the popular short video app business agreed to let the entirety of the **140,000 sq ft** development at 140 Aldersgate Street in Farringdon.

West End:

- **Millennium Management** has signed a deal for the entire **175,000 sq ft** of office space at 50 Berkeley Street, having been based there since 2004 and vacating for the building to be comprehensively refurbished and extended.
- **John Lewis Partnership** – The employee-owned business behind John Lewis and Waitrose took some **108,000 sq ft** at 1 Drummond Gate in Pimlico.

- **Pimco Europe** – The investment manager has signed for around **106,000 sq ft** at a development on Baker Street in Marylebone.
- **Chanel** – The luxury business signed for over **86,000 sq ft** at 38 Berkeley Square in Mayfair.

Call us to discuss your objectives and needs for your office.

Call **0203 369 9800**



Waving off '23, looking forwards to '24.

>> Commentary

2023 has been a challenging year for many industries, in part due to rising inflation allied with a 15-year high in interest rates. Further challenges to business confidence have come from the terrible effects of war and disaster, and we sincerely hope that this new year may quickly bring resolution and peace to those who need it most.

2024 appears to present a mixed landscape of negative and positive influences. On the negative side we start the year with continued global turmoil, supply chain challenges and geo-political tensions. Looking ahead, the UK, US, India, Russia, and EU/European Parliament all have elections this year, bringing likely change of national/global priorities and strategies, thereby fuelling uncertainty. On the positive side the general consensus appears to suggest that inflation will continue to reduce, coming closer to the Bank of England's target rate of 2%, and as a result, interest rates are expected to cool. Whilst rates will likely remain higher than the previous decade, this anticipated softening towards 4.5% will help to spur growth as we go into the middle of the year. Our own election outcome may realise further business-friendly initiatives; as the Conservatives are currently lagging in the polls, there is speculation that they may introduce policies to stimulate growth in the Spring to enhance their re-election prospects.

From the perspective of commercial real estate, as we look back on 2023 the recovery in central London's office occupier market ran out of steam, with annual take-up being 15% down from 2022, at 13million sq ft, and comfortably below the 5-year average of 20million sq ft preceding the pandemic. That said, the take-up of space remained firmly focused towards those buildings deemed best-in-class. The share of leasing activity concluded in 2023 in Grade-A buildings reached a record 29%, up from the 10-year average of 18%.

As we look forwards into 2024, occupiers will face some challenging decisions. If relocating, there will need to be a recognition of a very tight supply of prime, Grade-A sustainable buildings that cannot meet the continuing demand for this class of space. Rents will continue to rise at above-market rates for these properties, and as the demand for office

space continues to show signs of recovering this is likely going to mean that Grade-B buildings will need to be given more consideration.

Towards the end of 2023, a number of the largest US tech companies implemented strict return-to-office policies. Tech occupiers are expected to acquire new space in 2024 to accommodate the large net increase in staff they now have relative to the levels pre-pandemic. And so there is an expectation of a further increase in demand of office space from this demographic that has been reticent to acquire space in recent years.

Get in touch if you are considering your office options in 2024.

Call [0203 369 9800](tel:02033699800)



Decoding the path to the ideal serviced office space



Education

When it comes to choosing the perfect serviced office, there are several important considerations to keep in mind. From location and cost to amenities and sustainability, each factor plays a crucial role in determining the ideal workspace for your business.

1. Location – The location of your serviced office plays a significant role in the success of your business. A strategically located destination with excellent transportation links can ensure seamless connectivity and attract a diverse range of skilled professionals to support your business growth.

2. Budget – In London, desk prices can range from anywhere between £500 – £1,400 per month. By having a clear understanding of your financial limitations and priorities, you can navigate the diverse options available, aligning with both your budget and business goals.

3. Scalability/Growth Potential – As your business expands, you may require additional space and resources. Ensure that the office provider can accommodate your evolving needs, offering options for both short term and long-term growth.

4. Reputation & Reviews – Do thorough research and read reviews about the serviced office provider, accounting for service quality, responsiveness, and overall satisfaction. Look for positive testimonials and a solid reputation.

5. Community/Networking Opportunities – Enquire about community building initiatives, events and networking opportunities organised by the office provider. A vibrant community fosters connections, partnerships, and the sharing of ideas.

6. Amenities – Additional amenities like on site-gym facilities, parking options, or even day-care services can add value and convenience to your workspace.

7. Sustainability – Look for serviced office providers that prioritise eco-friendly practices, such as energy-efficient lighting, recycling programs, and sustainable building materials. A commitment to sustainability not

only benefits the environment but also enhances your brands reputation.

8. Brand Alignment – Are you looking for a corporate atmosphere or something with a more informal feel? The workspace should reflect your values and support the desired atmosphere from your employees and clients.

9. Additional Services – These may include a manned reception and administrative support, IT assistance, cleaning, and maintenance.

Are you looking for a serviced office space?

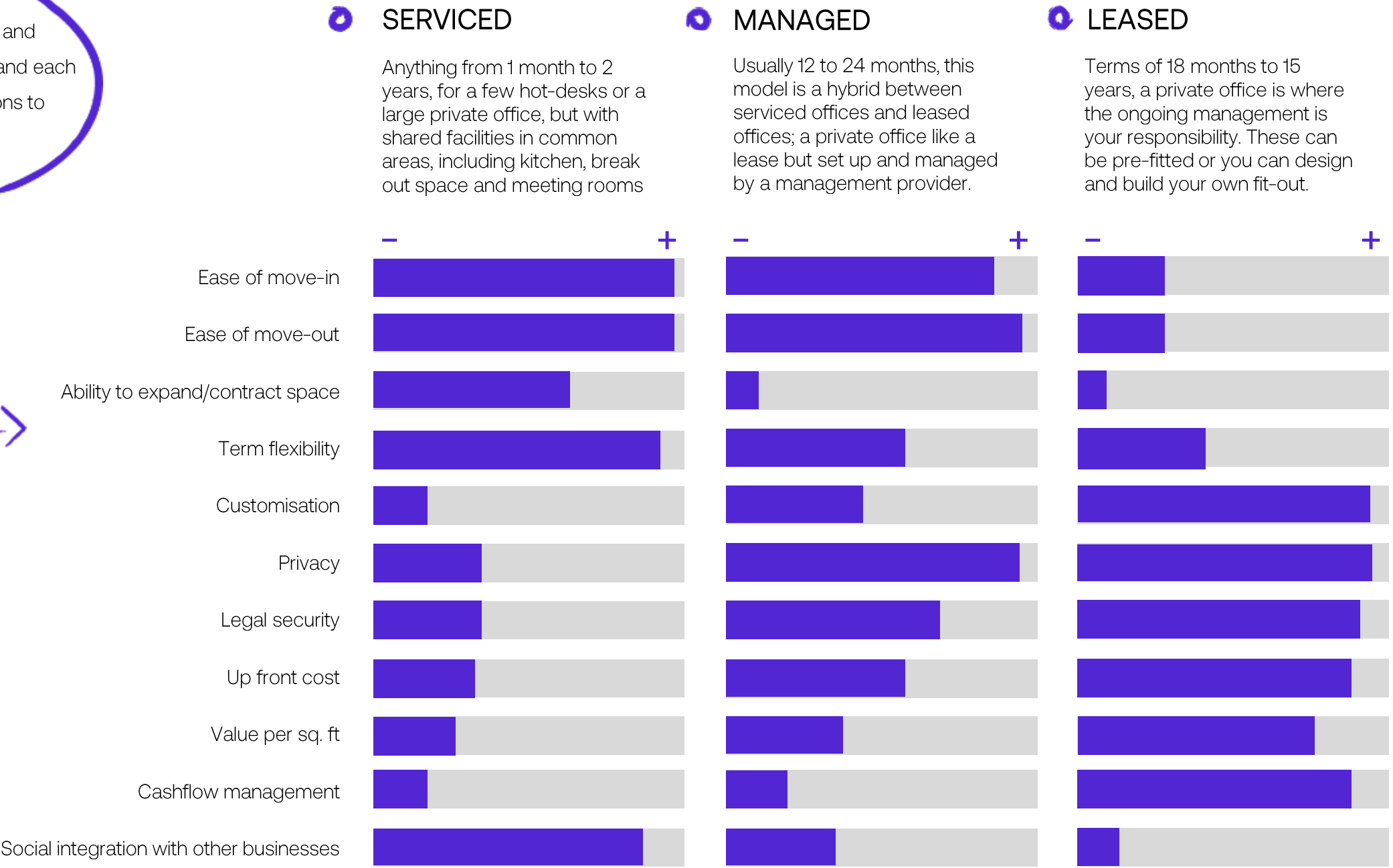
Call 0203 369 9800



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



Westminster Horse Guards Avenue, SW1

Desks 10

Monthly Total £7,500

[Click here for more details](#)



Soho Golden Square, W1F

Desks 6

Monthly Total £4,500

[Click here for more details](#)



Kings Cross One Pancras Square, N1C

Desks 15

Monthly Total £17,250

[Click here for more details](#)



Camden Hawley Crescent, NW1

Desks 3

Monthly Total £1,750

[Click here for more details](#)



Hammersmith Angel Walk, W6

Desks 36

Monthly Total £31,560

[Click here for more details](#)



Old Street City Road, EC1V

Desks 24

Monthly Total £36,397

[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:

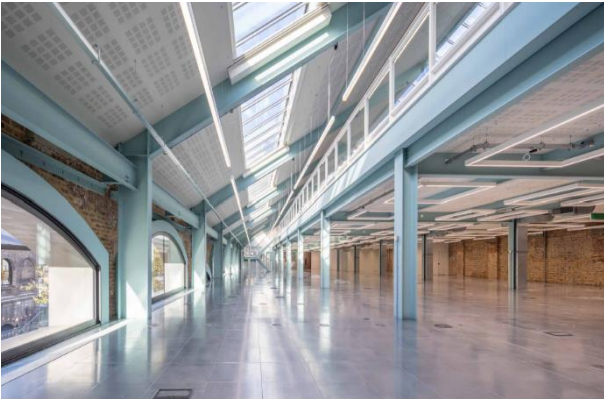
When approaching the end of your contract in a conventional lease space, a lot of planning is required to ensure your exit from your current space and transition into your new space goes as smoothly as possible. Some elements are simply organisational good practice, but other considerations are those 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



Kings Cross Stable Street

Size (sq ft) 17,778 sq ft

Monthly Total £200,683

[Click here for more details](#)



Mayfair Curzon Street

Size (sq ft) 943 sq ft

Monthly Total £15,798

[Click here for more details](#)



Shoreditch Old Street

Size (sq ft) 1,766 sq ft

Monthly Total £14,000

[Click here for more details](#)



St. James St. James Street

Size (sq ft) 1,228 sq ft

Monthly Total £18,846

[Click here for more details](#)



Covent Garden Smart's Place

Size (sq ft) 5,500 sq ft

Monthly Total £55,701

[Click here for more details](#)



Soho Ramillies Street

Size (sq ft) 4,181 sq ft

Monthly Total £38,726

[Click here for more details](#)

Case Study



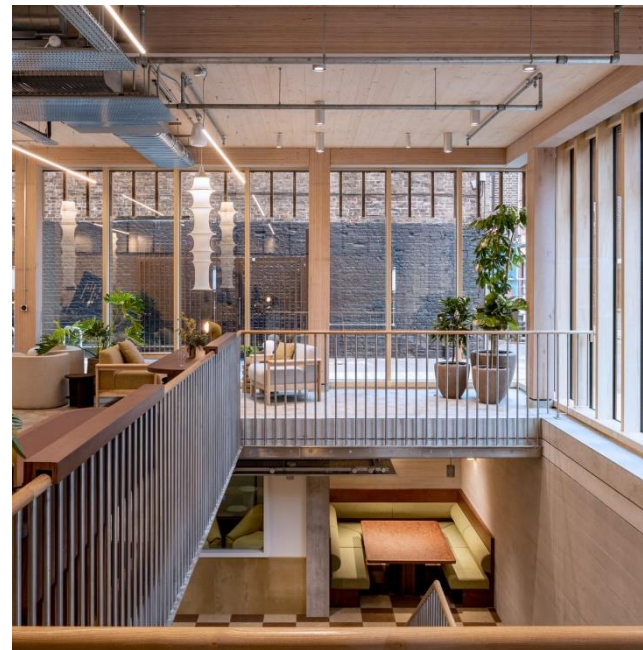
Location
Shoreditch

Sector
E-commerce

The tallest, fully timber building in London, with a powerful sustainable agenda.

Astound commerce were looking to move away from the leased model and into a serviced office. With Hybrid working, a smaller number were using the office regularly and so space was being wasted in the old office. We started the search with them in March and secured them the Black & White Building in August. We covered many different providers, but The Office Group was their preference.

Sustainability, was important for Astound and the credentials attached to the Black & White Building were unrivalled. The building truly is one of a kind with a fully engineered timber structure which is 37% less embodied carbon than its equivalent in concrete and steel.



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