London Supply Overview

FEBRUARY 2020

Pipeline supply numbers grow yet more constrained in the face of exceptional pre-letting activity.

Of the 12.4 million sq ft now under construction across London, 8 million sq ft is either pre-let or under offer.

- 84% of space completing across London in 2019 was pre-let prior to completion.
- For 2020, 8.0 million sq ft should complete, but over 70% (5.7 million sq ft), is pre-let or under offer.
- A further 815,000 sq ft is pre-let or under offer for 2021.
- The pipeline is continuing to reduce as occupiers absorb development space earlier in the development cycle of new buildings.

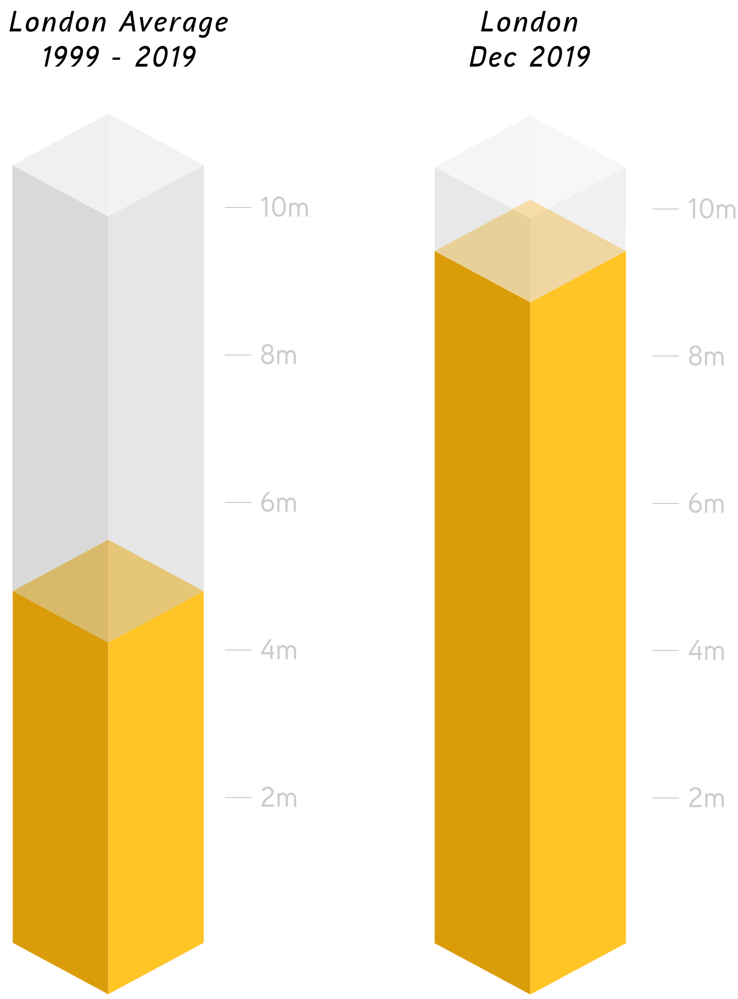
London Offices: Pre-lets Under Construction

Pre-letting activity running at **TWICE** long term average

70% of West End space under construction is pre-let

85% of West End space set to complete in 2020 is pre-let

50% of space scheduled for 2020-2021 is no longer available



Focus on 50,000 sq ft+ Market: 2015-2019

- In 2019 both off-plan and Year 1 activity rose year-on-year. Occupiers in 2019, absorbed 92% of completed space in 50k plus schemes, prior to completion.
- Occupiers are beginning searches earlier and earlier, with some out shortlisting possible new HQs 3-4 years prior to lease expiry.

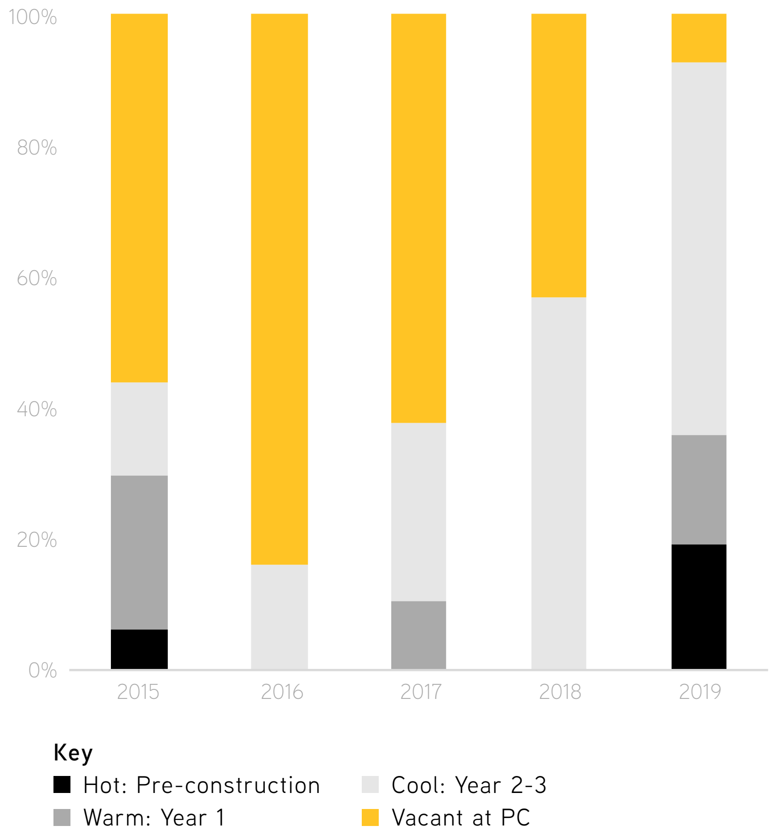
50,000 sq ft plus Schemes – Letting Activity During Development Cycle

Pipeline space is letting up at an increasingly accelerated rate.

In 2016 **83%** of development space was vacant upon completion….

…by 2019 that figure had dropped to just **8%**

Over **35%** of space completing in 2019 was either pre-let off-plan or pre-let in the first 12 months of construction



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