The take-up of central London office space reached 564,000 sq ft in January 2016 driven by the continued expansion of the serviced office sector, the latest research from BNP Paribas Real Estate has found.

WeWork’s acquisition of the 106,800 sq ft 2 Eastbourne Terrace in Paddington was the largest deal of the month. The serviced office provider is now responsible for 10 Central London deals in two years, bringing its total space to 677,000 sq ft.

The move underlines the rapid expansion of the office sector, which saw its share of total take-up reach 9% in 2015, a significant increase on the five-year average of 3% between 2010 and 2014.

January saw the vacancy rate fall further to 4.15% of 9.13m sq ft of supply from 4.33% (9.53m sq ft) in December 2015, maintaining a 15-year low.

Two deals in excess of £100/sq ft were signed at 3 St James Square, SW1, with £160/sq ft paid by Silver Ridge Asset Management and £140/sq ft paid by Astorg Partners.

Meanwhile, £67.50/sq ft was paid by technology company Stripe for The Bower, EC1, reflecting the demands of occupiers for choice and value, as ‘Techbelt’ rents edge closer to ‘core’ city levels.

Dan Bayley, Head of City Leasing, said: “Occupiers’ search for choice and value will continue to push to the boundaries of Central London in 2016, and will continue to drive rental growth.”
On the supply side, 2016 completions are expected to reach 7.75m sq ft, one fifth of which are already committed, and will include schemes such as Nova South, SW1 (set to complete in Q2) and One Angel Court, EC2 (Q4).

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