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PRESS RELEASE

West End office market defies economic headwinds as take-up rises by 50% in Q1 2018

West End take-up in Q1 2018 rose by 50% on Q1 2017 reaching 0.98m sq ft. Although this represented a slight fall on Q4 2017, the level was 22% up on the 10-year average.

The media tech sector accounted for 17% of take-up, while the banking and finance sector fell just behind at 15%. Serviced offices made up 14%, up from 9% in Q4 2017, with a record 10 deals completing over the quarter.

The Victoria submarket performed particularly well in Q1, with the vacancy rate dropping from 5.08% to 3.83%, in part thanks to significant lettings at Nova North and Verde SW1, which reached full occupancy, and Nova South, which has only 10,700 sq ft now remaining.

Strong demand continued for pre-lets of over 50,000 sq ft, with West End supply totalling 3.08m sq ft, a fall on the 10-year average of 4m sq ft and largely in line with the five-year average of 3.24m sq ft. The vacancy rate was 4.59% at quarter end.

**Simon Knights, Head of West End Office Agency at BNP Paribas Real Estate said:** “With strong demand from media tech and banking and finance occupiers in Q1, the market continues to show resilience in the face of economic headwinds. Serviced offices showed a notable increase in demand, and we expect the trend towards greater flexibility among occupiers to continue to translate into demand from the sector.

Take-up for the City office market reached 1.76m sq ft in Q1 2018, up from 1.43m sq ft in Q4 2017 and an increase of 24% on the 10-year average, the research from BNP Paribas Real Estate revealed.

The rise was attributed to a number of significant deals including lettings at British Land and GIC’s 100 Liverpool Street, EC2, and TH Real Estate’s Can of Ham, EC3, where SMBC and Sidley Austin both took prelets of over 100,000 sq ft.

The banking and finance sector came out on top for the City’s occupiers, making up 27% of all take-up during the quarter and demonstrating that the City core continues to attract the world’s largest banks and financial institutions.
The media tech sector, which was joint with banking and finance in 2017, made up 17% of all take-up. Serviced offices, which made up 15% of all City take-up in 2017, only made up 1% in Q1 2018.

City supply totalled 5,720,073 sq ft in Q1 2018, an 8% drop on Q1 2017 and a 25% drop on the 10-year average. The City vacancy rate in Q1 2018 was 6.19%.

**Dan Bayley, Head of City Agency at BNP Paribas Real Estate** said: “The positive take-up figures for Q1 further reinforce the commitment to the City from banks and financial institutions despite the uncertainty around Brexit.

“Furthermore, with London home to some of the highest growth Media Tech companies in Europe, we are confident that the sector will continue to drive demand for space in both the ‘Tech Belt’ and City core over the next five years.”

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**About BNP Paribas Real Estate**

BNP Paribas Real Estate, one of the leading international real estate providers, offers its clients a comprehensive range of services that span the entire real estate lifecycle: property development, transaction, consulting, valuation, property management and investment management.

With 5,100 employees, BNP Paribas Real Estate support owners, leaseholders, investors and communities in their projects thanks to its local expertise across 36 countries (15 through its facilities and 21 through its Alliance network) in Europe, the Middle-East and Asia. BNP Paribas Real Estate generated €811 m revenues in 2017. In 2017 BNP Paribas Real Estate continued its growth through the acquisition of Strutt & Parker, one of the UK's largest independent property partnerships. BNP Paribas Real Estate is part of the BNP Paribas Group.

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