

OFFICE FOCUS Q1 2024



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Welcome to the Q1 2024 edition of SHW’s South East Office Focus.

2023 saw a reasonable year of take-up after a dramatic improvement in 2022. Most of this take-up has been linked to Grade A / ‘best in class’ space due to occupiers’ quest to improve the quality of their offices, in order to give staff the best working environments they can afford.

In key towns where take-up has been low this has been linked to lack of Grade A space rather than lack of demand. Also, in prime towns where there have been newbuilds or comprehensive refurbishments, there are a number of transactions bubbling away in the background waiting for these schemes to be completed.

Relocations have been mainly driven by lease events, however, there have also been several notable deals as a result of companies expanding or relocating as office attendance increases. Office attendance has returned to 3 to 4 days per week, and in many cases back to pre-pandemic levels. Occupiers adopting these levels as a minimum are seeing the productivity benefits.

Environmental, Social & Governance (ESG) continues to be a serious consideration for both landlords and, increasingly, tenants, who are willing to pay higher rents for quality but also want to benefit from the lower running costs a modern ‘green building’ will offer.

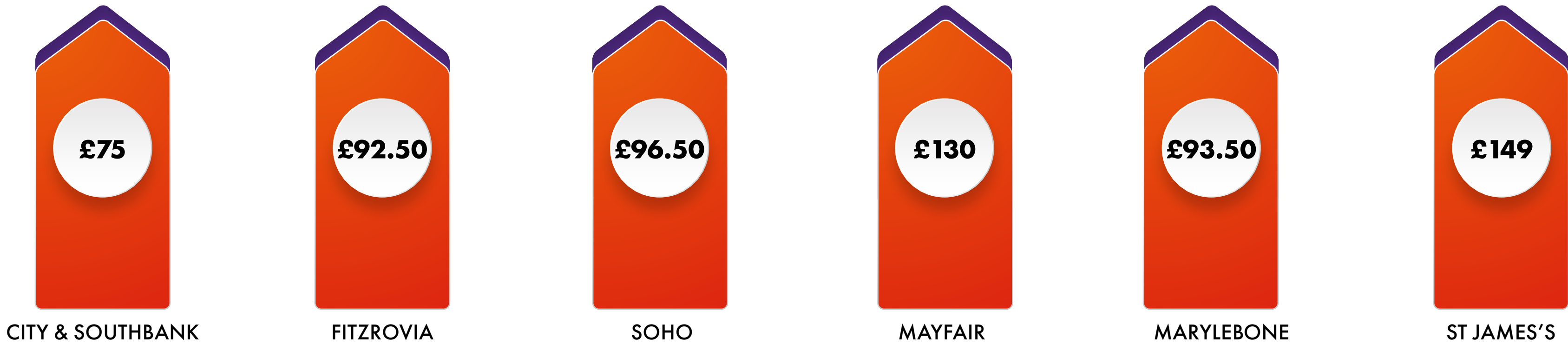
The following report reviews recent activity and market trends, comparing this with past take-up and availability. For more information, please contact any member of the SHW team.



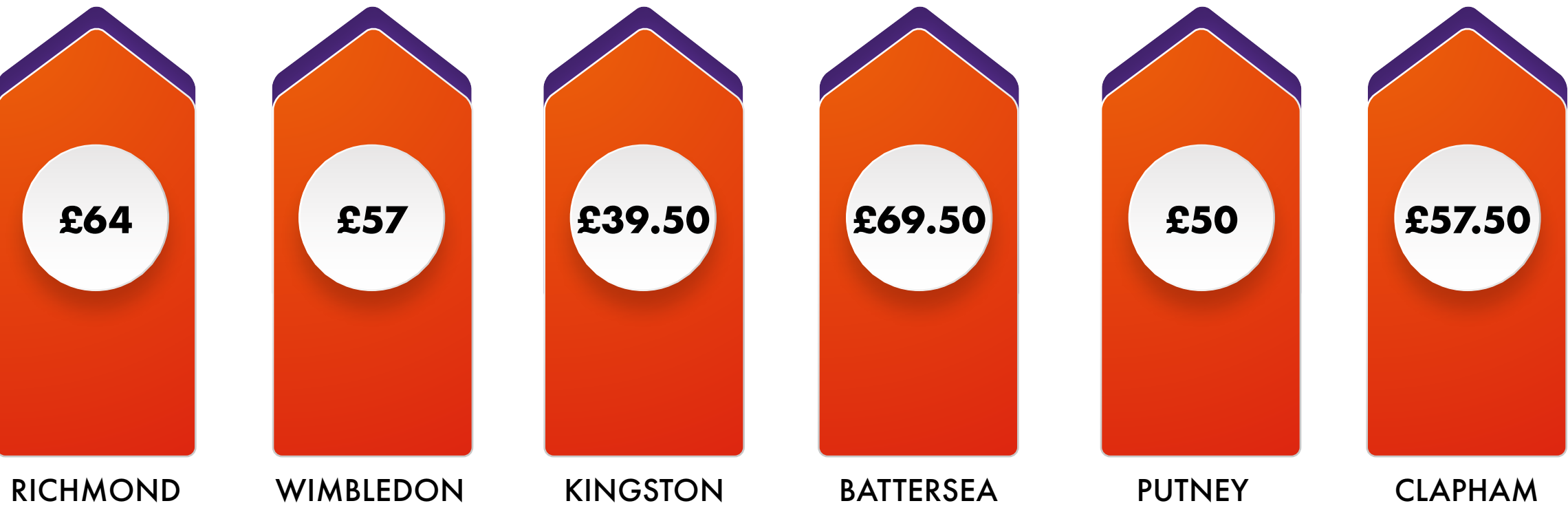
TIM HARDWICKE
Partner Head of Agency



GRADE A RENTS PER SQ FT



GRADE A RENTS PER SQ FT



INCENTIVES ON A 10 YEAR TERM



MEET THE TEAM



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Statistics assume 5,000 sq ft and above

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STRAND BRIDGE HOUSE

138-142, STRAND, LONDON WC2

5th floor - LET.

6th floor - UNDER OFFER.

GRAIN HOUSE COVENT GARDEN, LONDON WC2

6,700 sq ft Office Acquisition.

UK ECONOMY AND THE INVESTMENT MARKET

- GDP in the UK economy has steadily and resiliently grown since the covid volatility of 2020/2021, despite covid / Brexit / inflation and higher interest rates
- UK domestic interest rates increased as BoE seeks to combat inflation
- Higher cost of money reduces the margin between the amount of interest that borrowers must pay for debt and the rent that they hope to collect
- Consequently, buyers have been seeking higher yields to maintain margins – this reduces sale prices, this is now somewhat ameliorated by expectations of inflation and the interest rates steadying
- Despite this, many buyers and sellers seeking to trade for their own reasons often driven by, for example, generational change / I H T, project completion, fund life ending, redemptions, lender pressures or crystallising profit

OFFICE INVESTMENT YIELDS

Office Yields **6.75% - 11%**

Depending on:

- Location
- Letting
- Covenant
- ESG Credentials
- Parking ratio
- Specification

FUTURE

- Invest in great ESG
- Move buildings into top quartile or decile on quality of all availability in order to retain and attract tenants
- Change of use of medical, educational, residential
- Good signs of continued employee return to office and away from “WFH”

BUYER TYPES

- HNW Individuals
- Family Property Companies
- Pension Funds
- Family Office/Trust
- Property Investment Companies
- SIPP and SSAS entities
- Property Developers

Resilience – Well let to good covenants and properties great ESG credentials

Re-Pricing – Short leases, those in need of investment and improvement works



Melrose House
Income producing 22,500 sq ft office blocks in East Croydon sold by SHW



St Marks House
30,000 sq ft Eastbourne Office Investment acquired for clients by SHW



Queens Square House
38,000 sq ft Brighton Office and Retail Investment sold in 2023

MEET THE TEAM



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RENTS
(£ PER SQ FT)




LOGGED DEMAND
(SQ FT)




MEET THE TEAM



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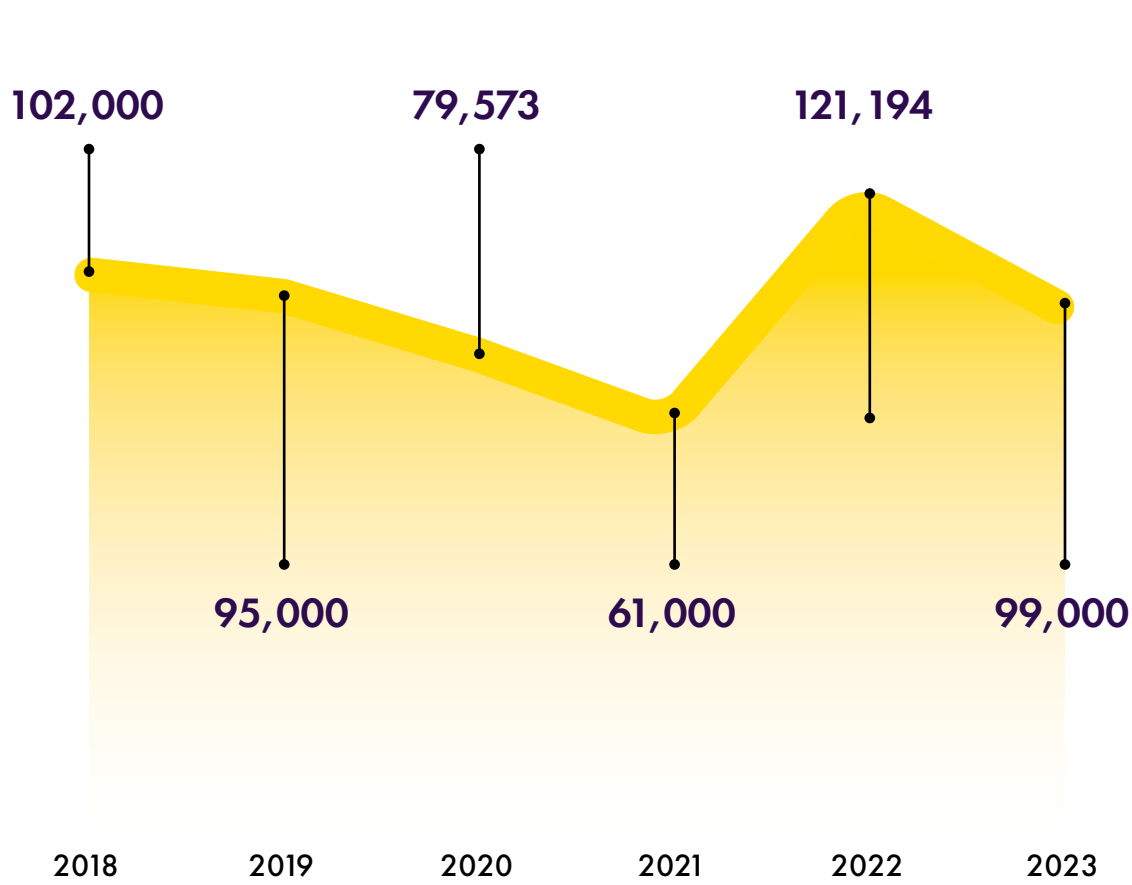


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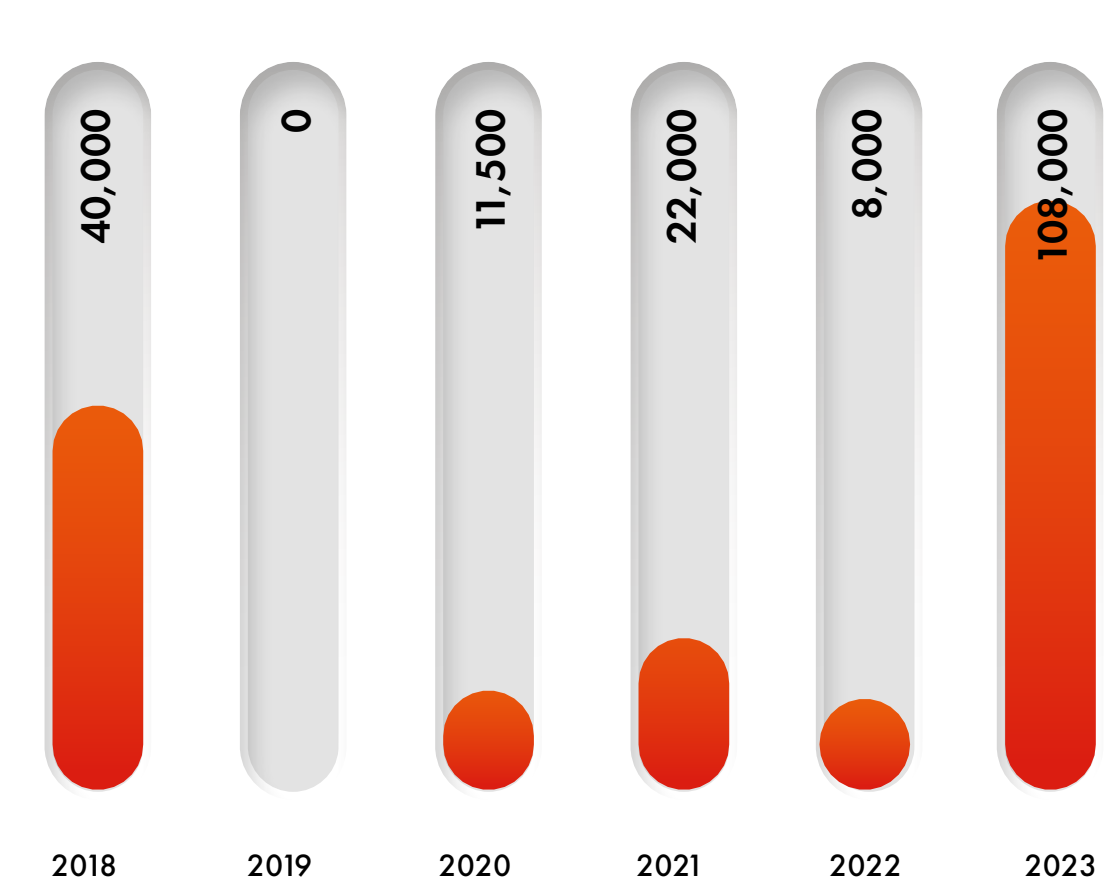


David Marcelline
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AVAILABILITY
(SQ FT)



TAKE UP
(SQ FT PER YEAR)



NUMBER OF NEW ENQUIRIES
(PER QUARTER)





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4.7% VACANCY

Statistics assume 5,000 sq ft and above

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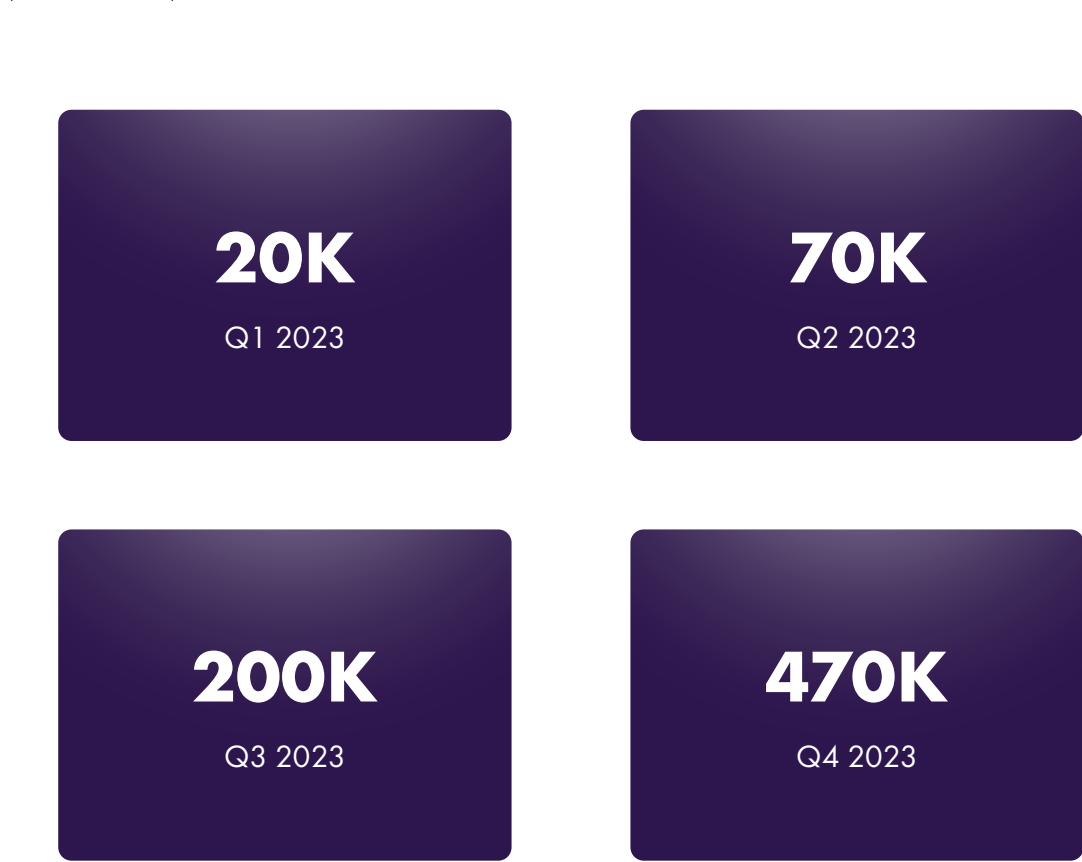
CHURCH COURT NORTHUMBERLAND ROAD BROMLEY

HQ office complex acquired by London Borough of Bromley


RENTS
(£ PER SQ FT)




LOGGED DEMAND
(SQ FT)




MEET THE TEAM



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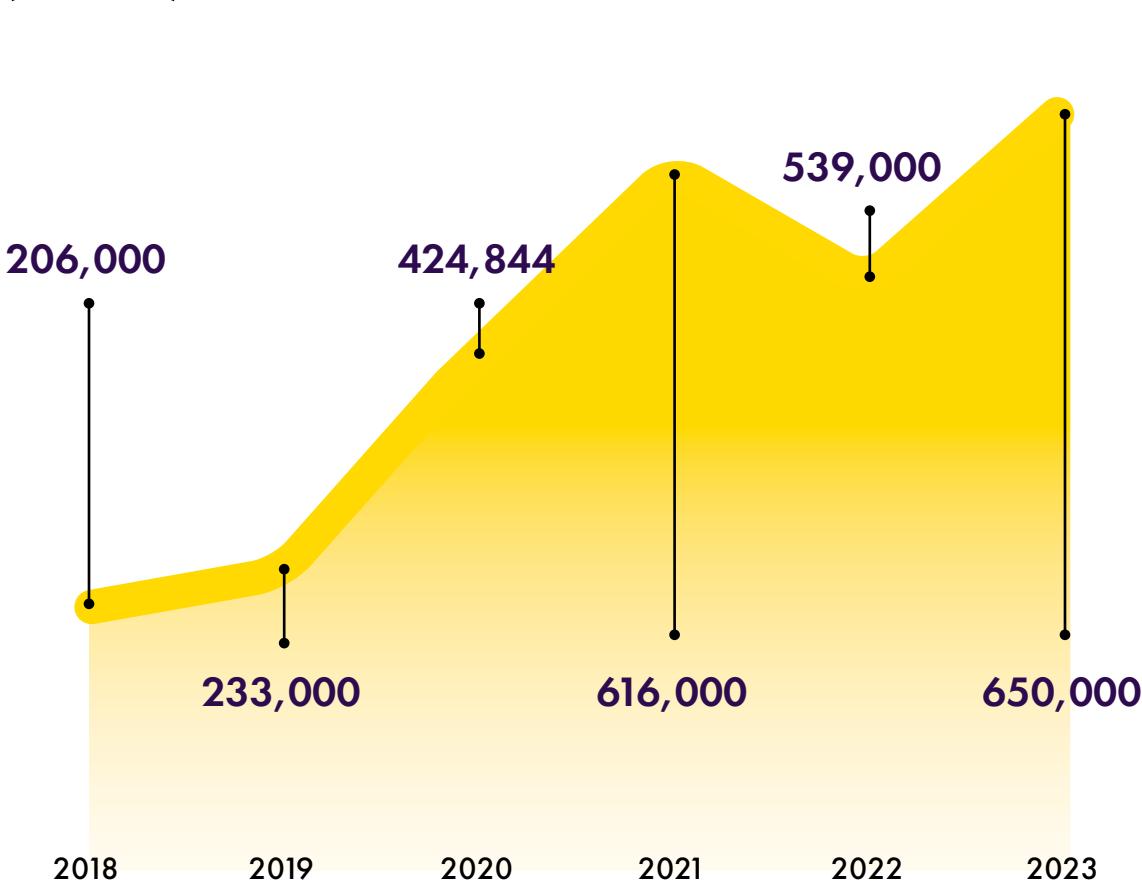


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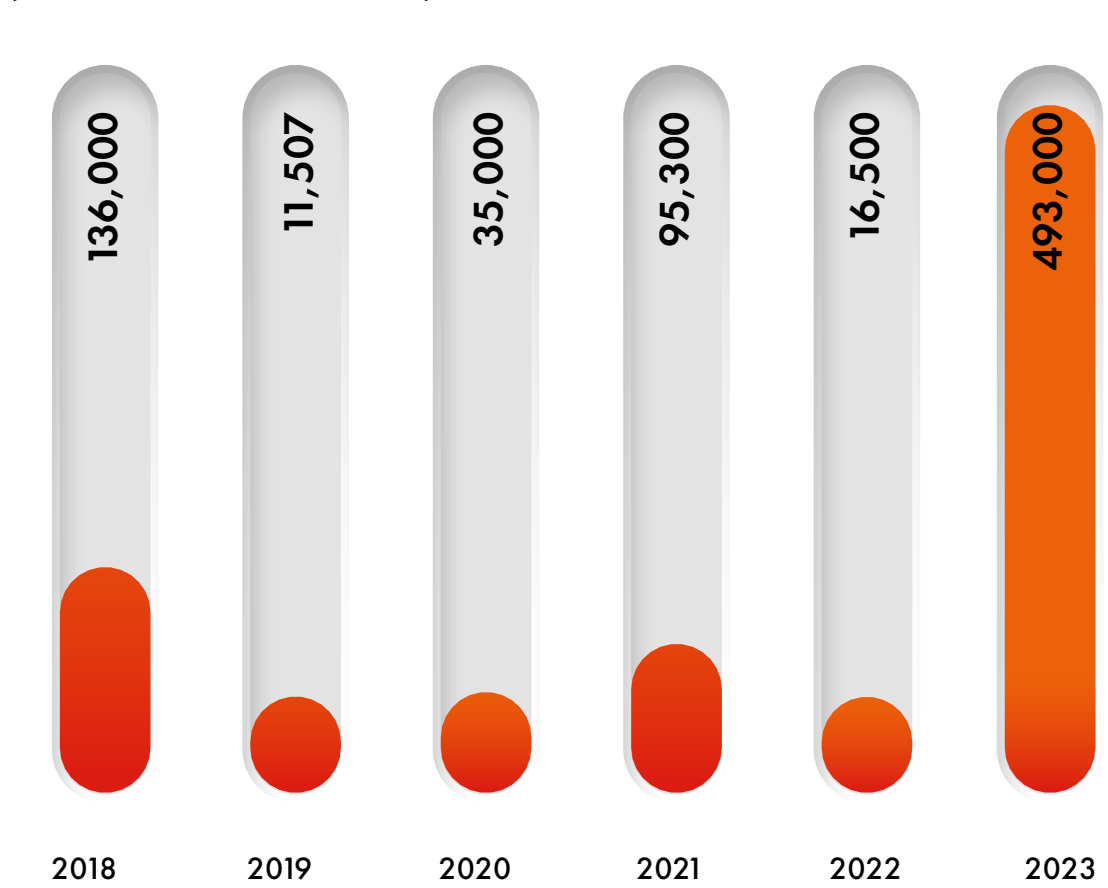


Luke Longley
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AVAILABILITY
(SQ FT)



TAKE UP
(SQ FT PER YEAR)



NUMBER OF NEW ENQUIRIES
(PER QUARTER)





13.7% VACANCY

Statistics assume 5,000 sq ft and above

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BUILDING 2, RUSKIN SQUARE CROYDON

345,000 sq ft new build offices PRE-LET to Home Office.

RENTS
(£ PER SQ FT)



LOGGED DEMAND
(SQ FT)



MEET THE TEAM

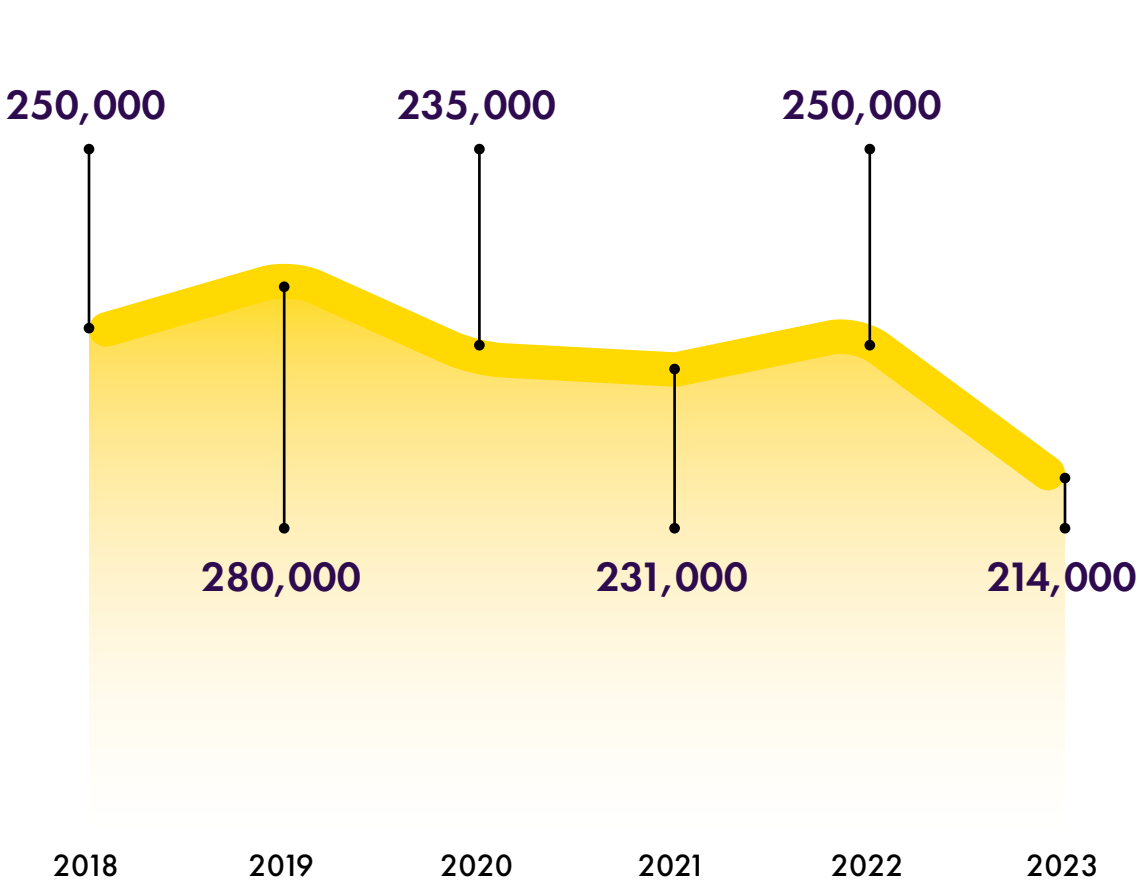
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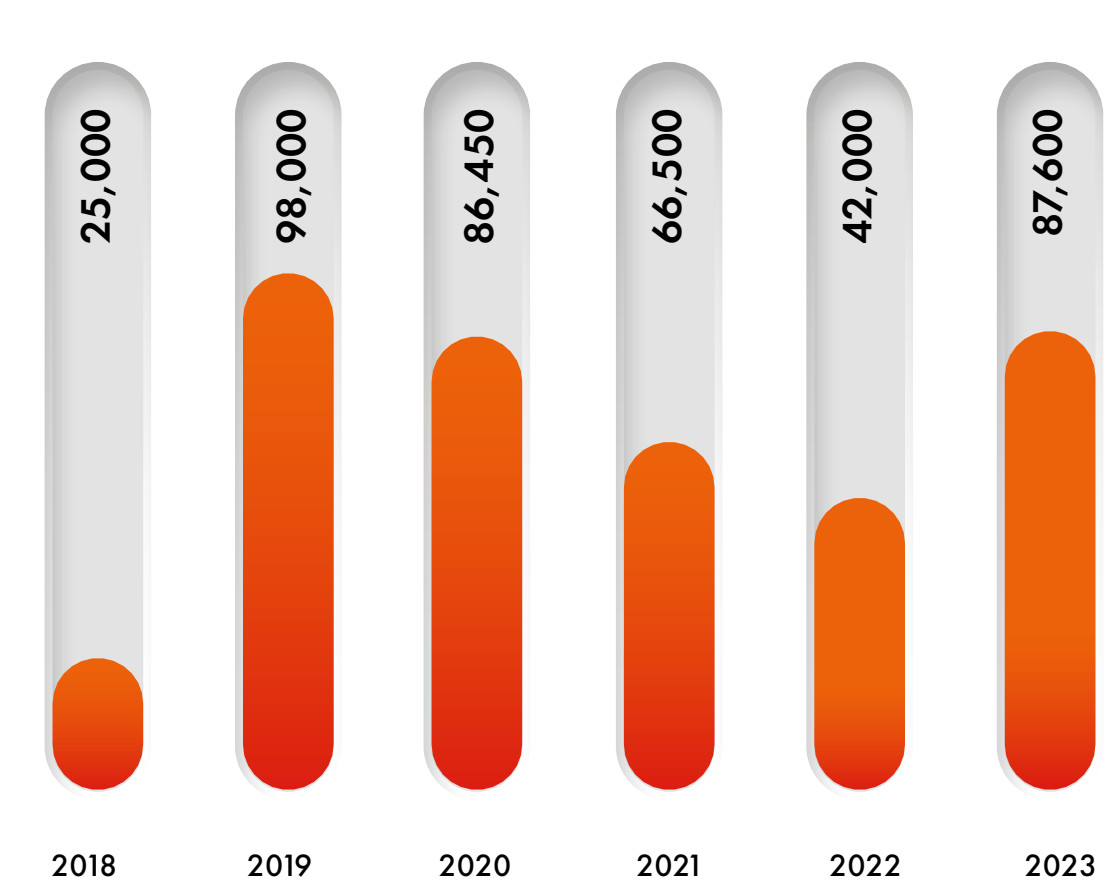
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AVAILABILITY
(SQ FT)



TAKE UP
(SQ FT PER YEAR)



NUMBER OF NEW ENQUIRIES
(PER QUARTER)



 **8.5% VACANCY**

Statistics assume 5,000 sq ft and above

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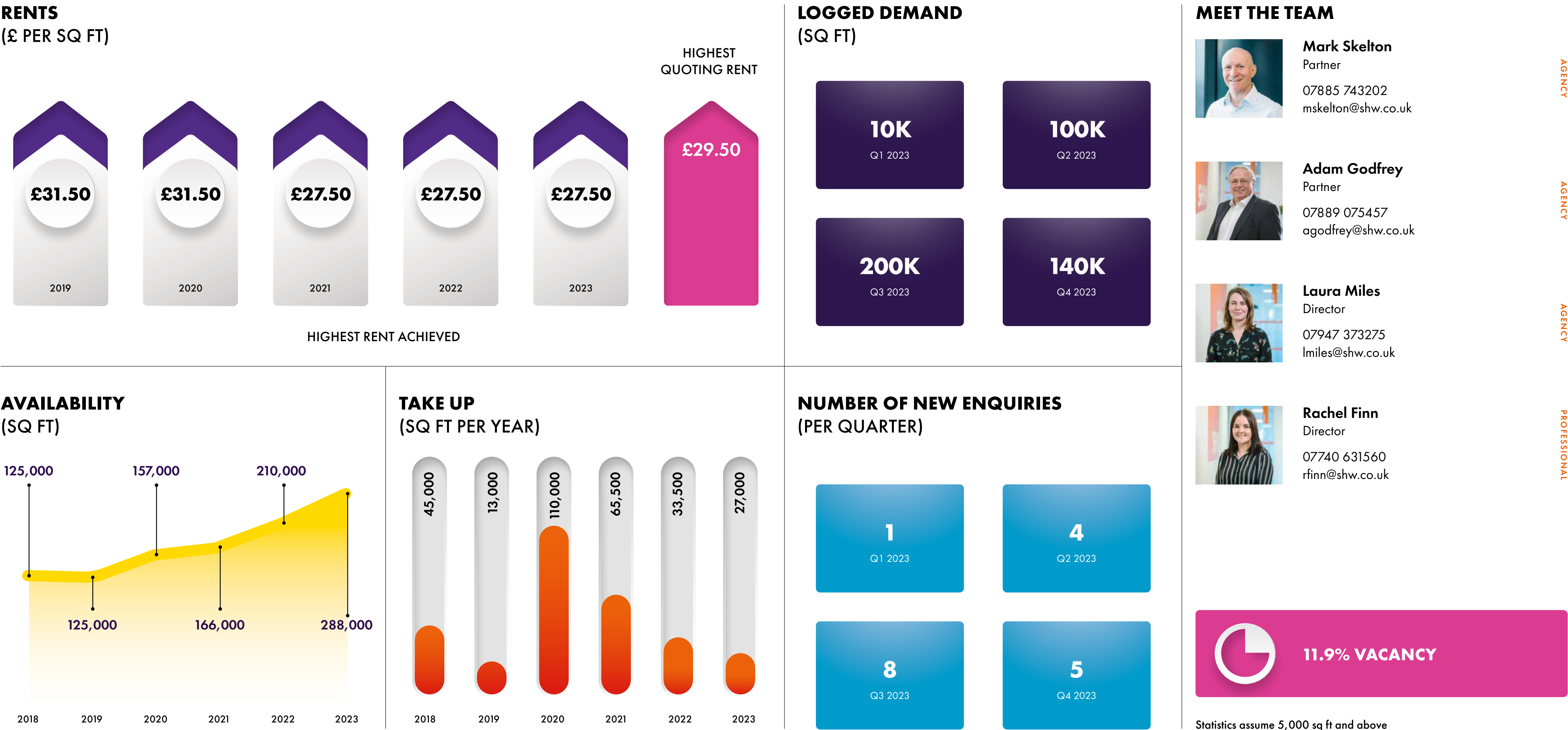
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EPSOM GATEWAY EPSOM

8,000 sq ft LET.

NEWPLAN HOUSE EPSOM

6,000 sq ft LET.

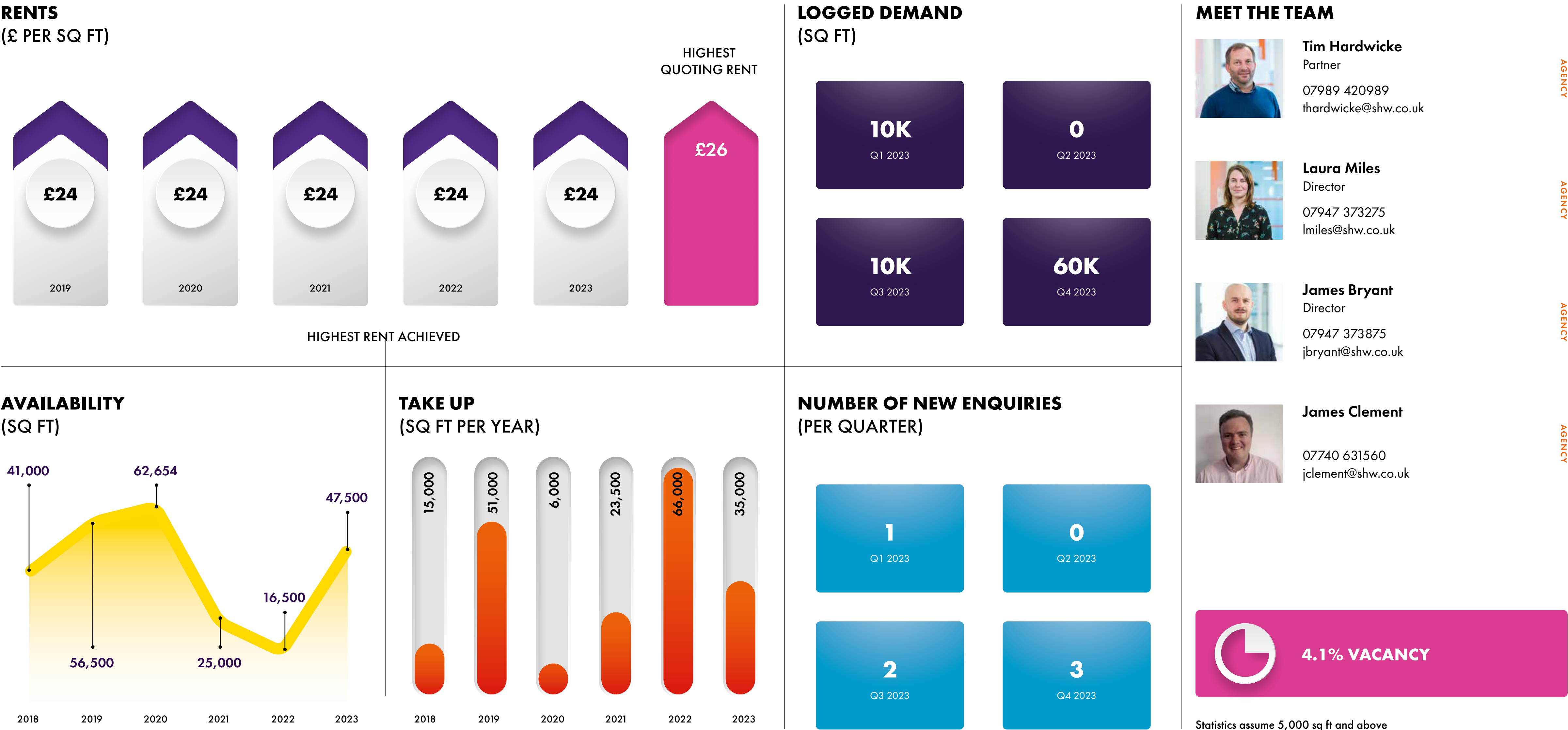


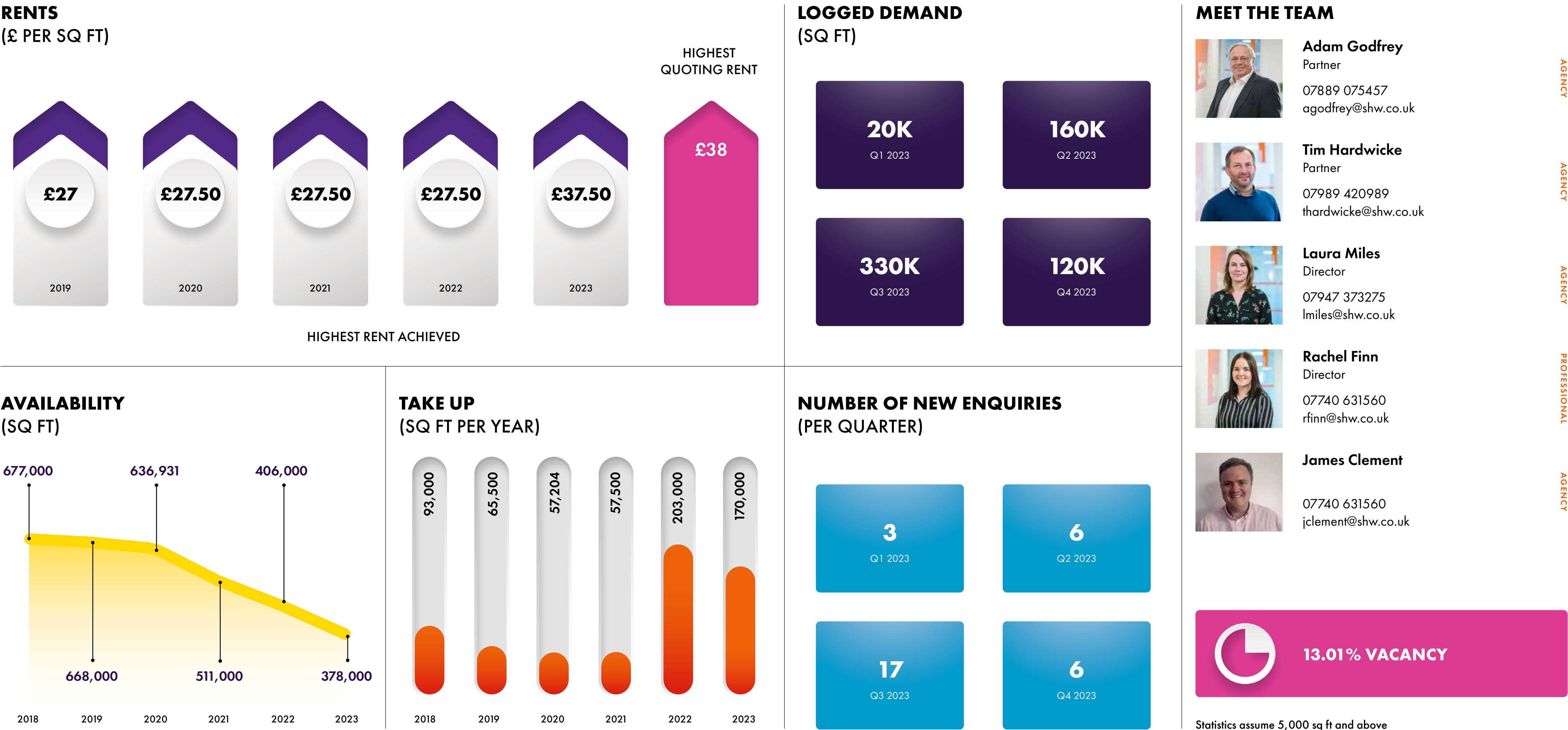
GROSVENOR HOUSE REDHILL

ONLY 5,500 sq ft remaining.

LONDON COURT REIGATE

5,800 sq ft Refurbished office LET.
9,700 sq ft AVAILABLE.





PARK HOUSE CRAWLEY

63,000 sq ft LET - 48,000 sq ft remaining TO LET.

THE CREATE BUILDING CRAWLEY

Crawley's newest office building located in the town centre.
4 floors 42,500 sq ft let as UNDER OFFER.
3 floors / 35,300 sq ft AVAILABLE.



CONTACT



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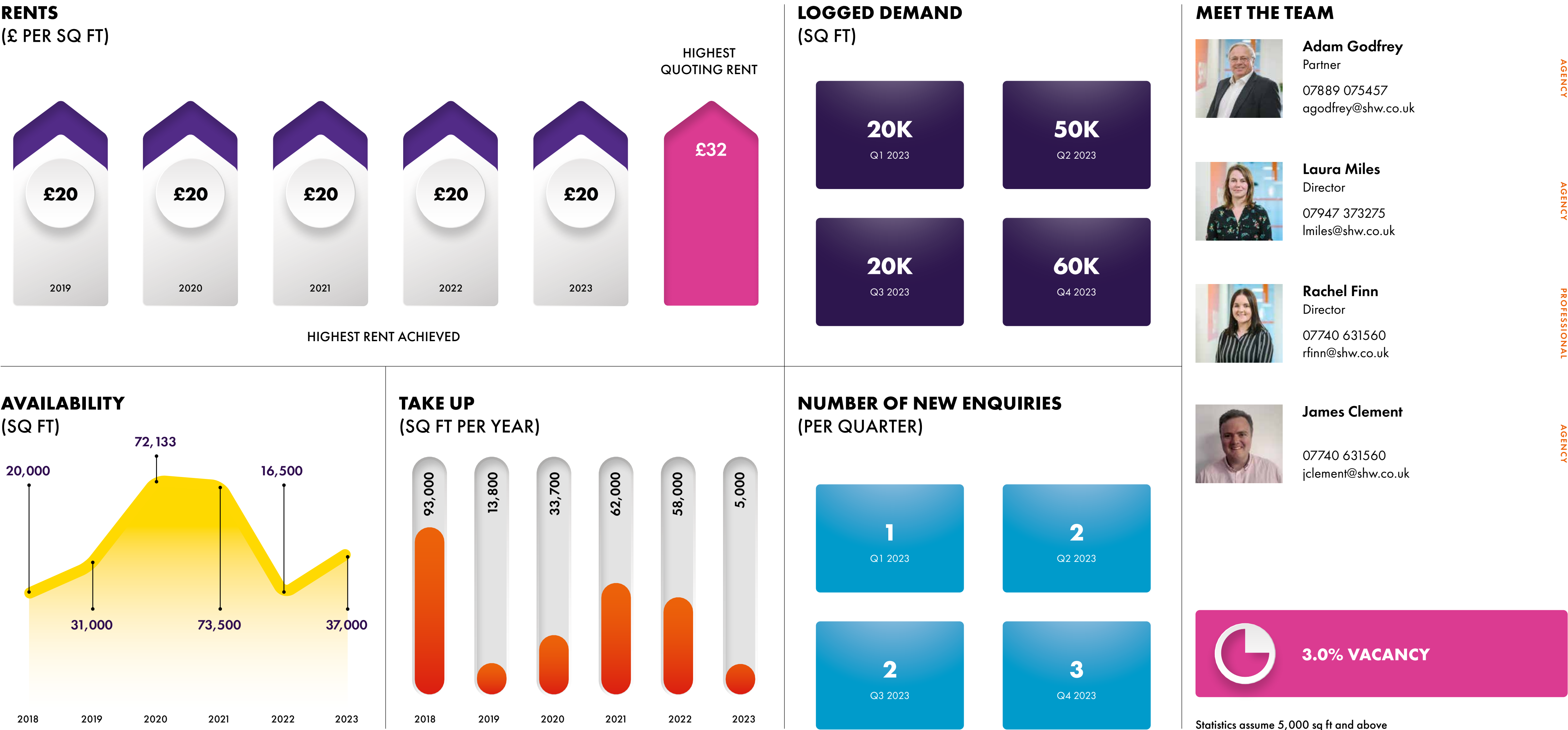
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ESG is now an important factor for occupiers when considering office space and attracting the best tenants. With the new minimum energy efficiency standards (MEES) regulations released in April 2023.

We can help you formulate a clear EPC Strategy to bring your property up to a C or above. Have a portfolio? We can also put together an easy-to-follow strategy to help you achieve a minimum C rating across multiple properties.

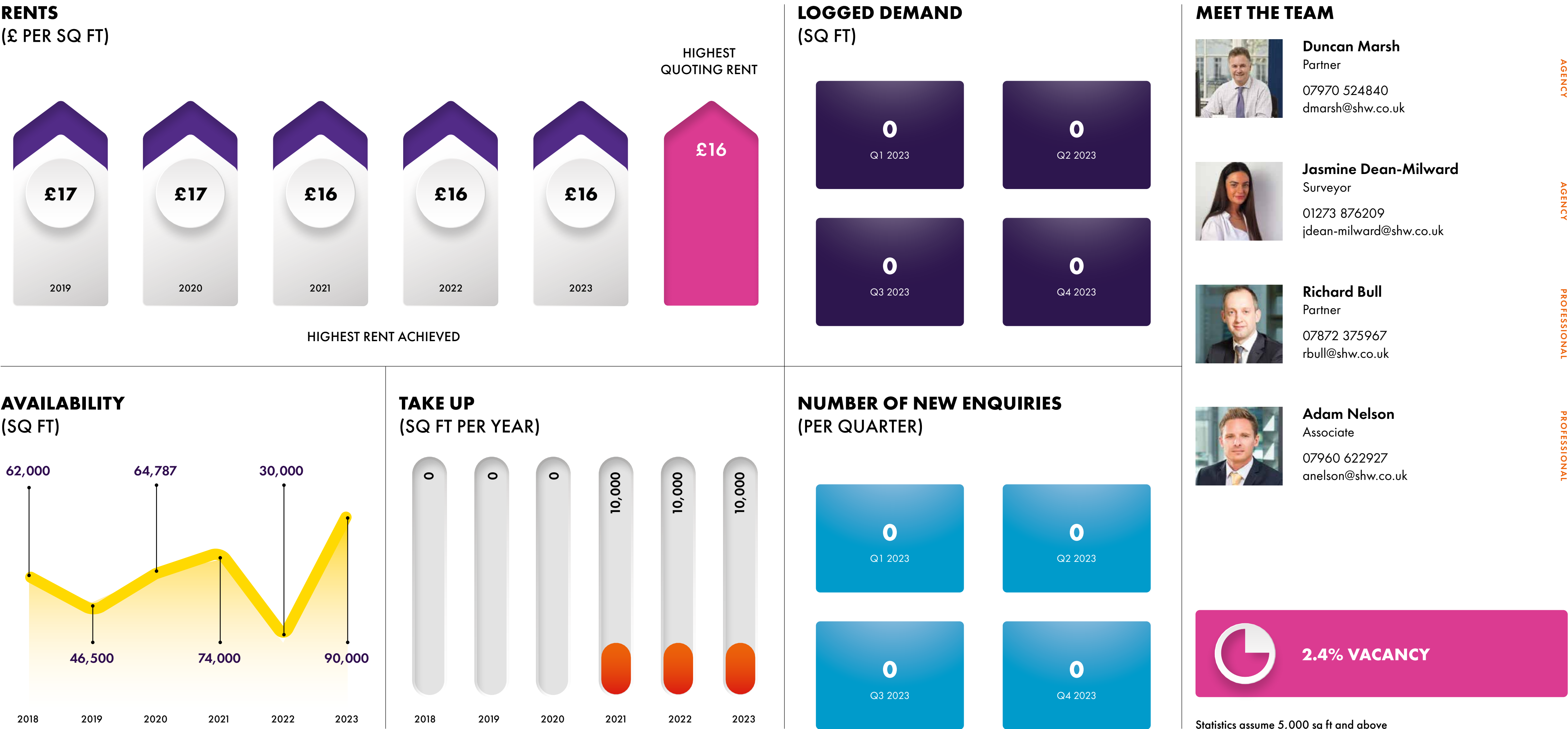
Having an EPC strategy will allow you to make informed choices about your properties

At SHW, we can help you identify the right factors to promote your building in today's ESG-focused market.



ST MARKS COURT HORSHAM

Grade A offices COMING SOON.



RENTS
(£ PER SQ FT)



LOGGED DEMAND
(SQ FT)



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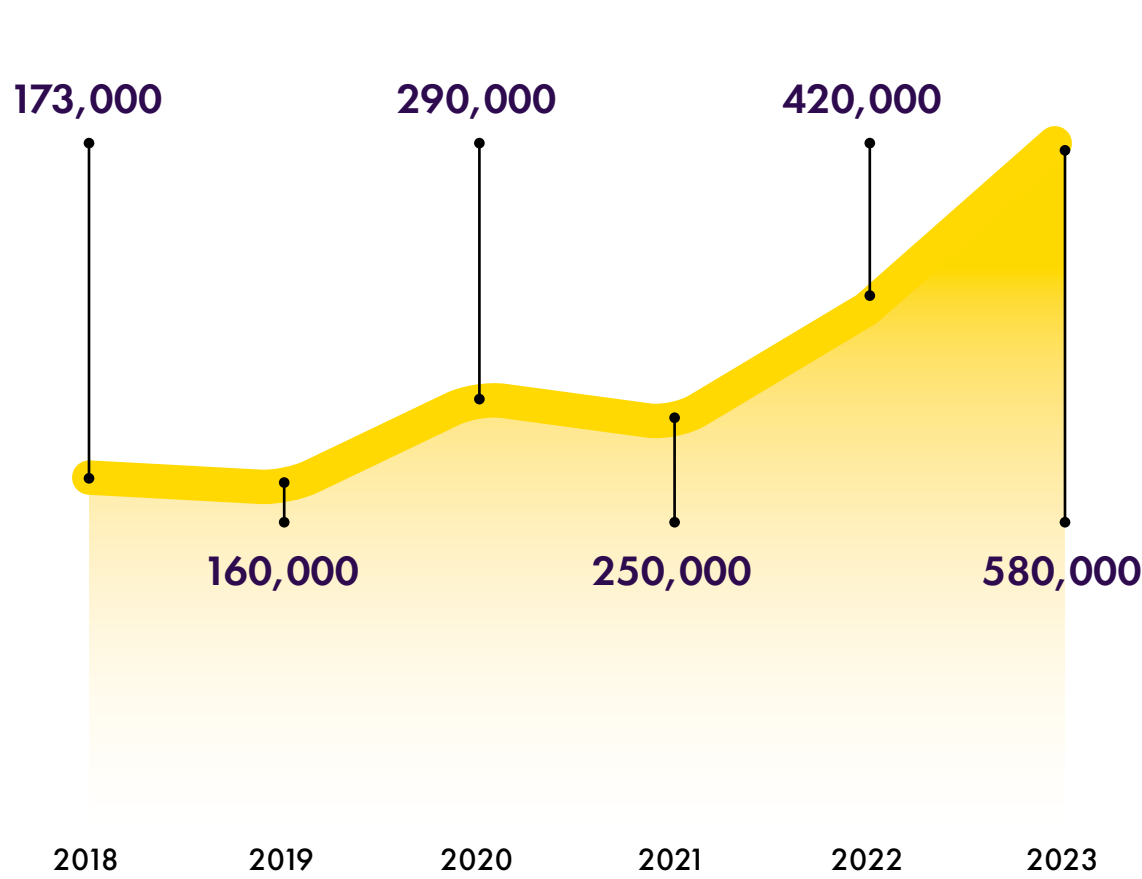


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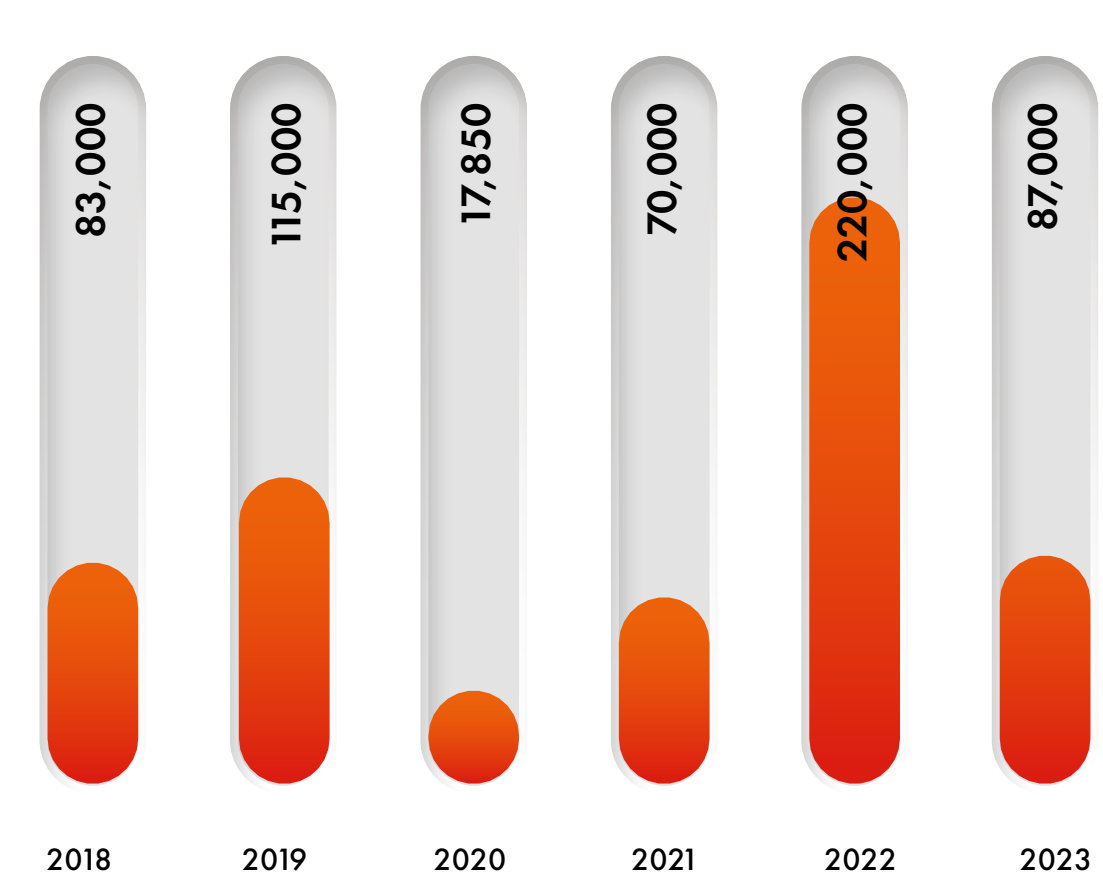


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AVAILABILITY
(SQ FT)



TAKE UP
(SQ FT PER YEAR)



NUMBER OF NEW ENQUIRIES
(PER QUARTER)



14.1% VACANCY

Statistics assume 5,000 sq ft and above

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An architectural rendering of a modern multi-story office building with a glass and brick facade. The building features large windows and a prominent entrance. The text is overlaid on the left side of the image.

THE PORTLAND BUILDING BRIGHTON

New build offices totalling 33,000 sq ft.
50% UNDER OFFER.

An architectural rendering of a modern multi-story office building with a glass and brick facade. The building features large windows and a prominent entrance. The text is overlaid on the right side of the image.

10 MIDDLE STREET BRIGHTON

30,000 sq ft UNDER CONSTRUCTION.
AVAILABLE Q4 2024.

RENTS
(£ PER SQ FT)



LOGGED DEMAND
(SQ FT)



MEET THE TEAM



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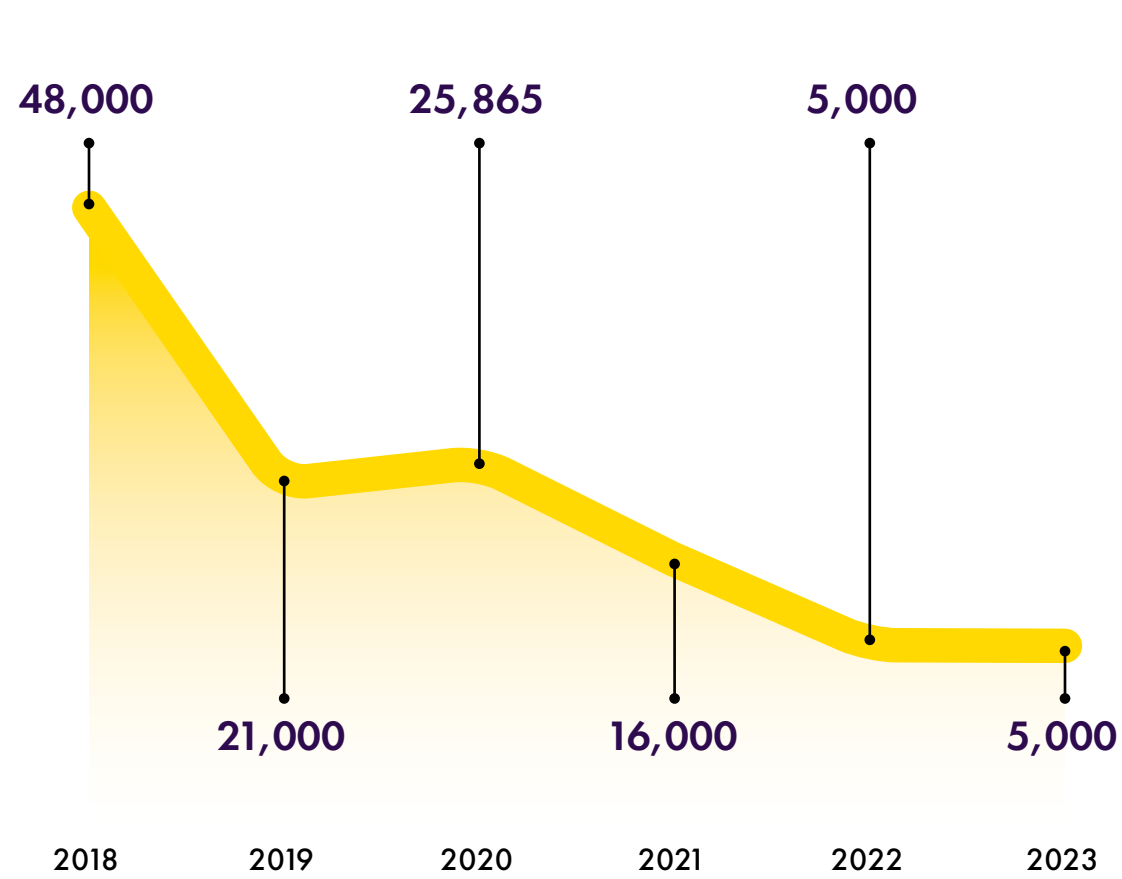


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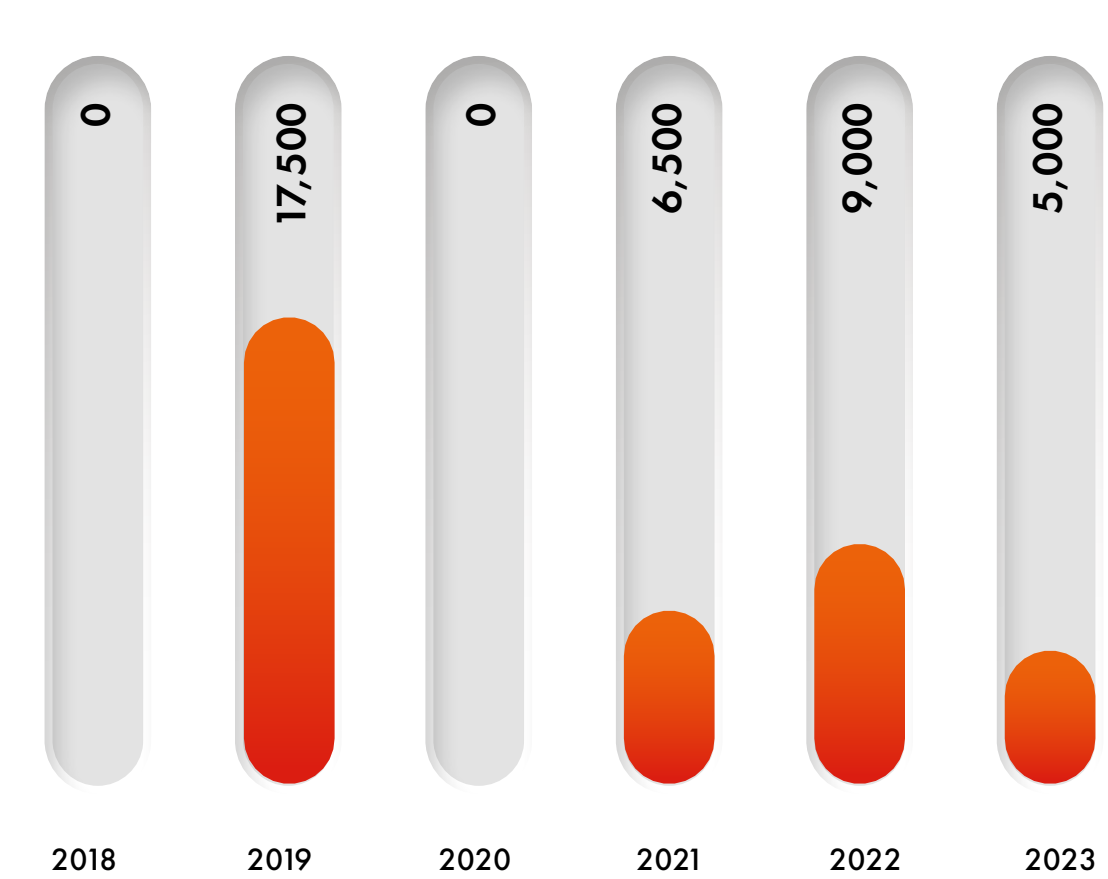


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AVAILABILITY
(SQ FT)



TAKE UP
(SQ FT PER YEAR)



NUMBER OF NEW ENQUIRIES
(PER QUARTER)



Statistics assume 5,000 sq ft and above

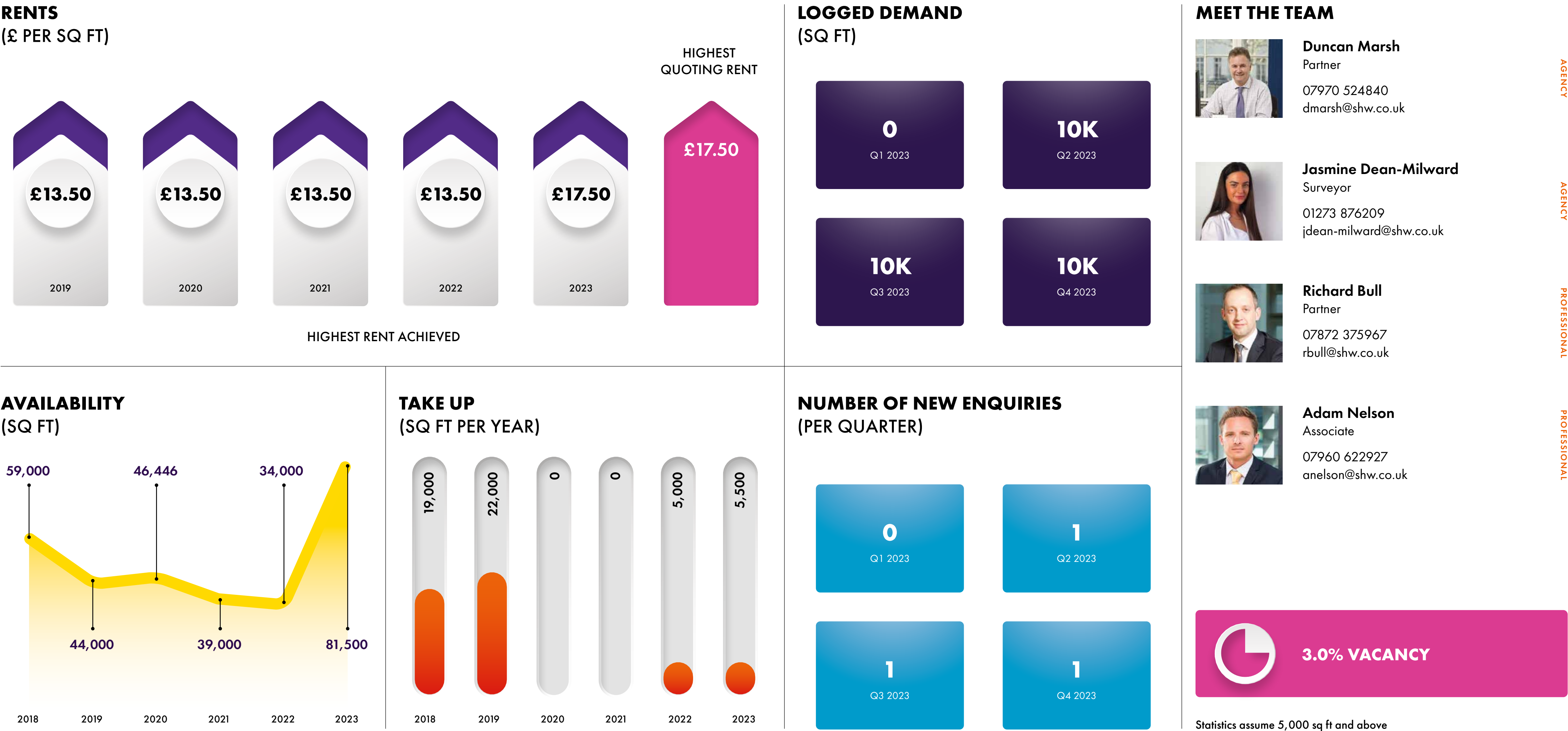
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IVY HOUSE EASTBOURNE

4,500 sq ft LET at £16.50 psf.



CANNON HOUSE WORTHING

7,429 sq ft of refurbished space LET to HSBC at a new rental high of £17.50 psf.

SHW BRIGHTON

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Lees House, Brighton, East Sussex.
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SHW CRAWLEY/GATWICK

Crawley

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