

OUR VIEW ON LONDON OFFICES

London's economy is showing signs of slowing

The London economy grew at an annualised rate of 2.7%, in line with the overall UK economy.

The latest data shows a reversal of a trend where the London economy has grown at a faster rate than the UK for the majority of the past decade.

Despite the slowing, London's economy still generates a surplus of £26.5bn, which is used to support the UK's less affluent regions.

London's 'creative industries' account for 11.1% of the capital's economic output

A recent report by the GLA has estimated that the creative sector generates output totalling £42bn.

The creative sector according to GLA's analysis includes the following industries; advertising/marketing, design, film/TV & radio, IT/computer services, publishing, galleries & libraries and the performing arts.

London's is by far the most important centre for the creative sector, accounting for 47.4% of the UK's creative sector output.

London is the 'Digital Tech' capital of Europe

Over the past five years (2012-16) London has attracted £13.8bn of venture capital and private equity investment into the sector. This is greater than the combined total of Paris, Berlin, Amsterdam and Dublin (£12.8 bn).

In total, London's Digital Tech industry employs in excess of 300,000 people, with an estimated 31% of these employees coming from overseas.

The number of workers from the EU migrating to London falls in q1 2017

The latest information from the Centre for London has indicated that the number of registrations by non UK nationals coming to the capital to work has fallen by 15% in q1 2017 compared to the same period in the previous year.

More than three quarters of the decline is attributable to the reduction in EU nationals coming to the capital.

A separate report from London First has estimated that almost 13% of London's workforce was born in other EU countries.

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THE FACTS

Downturn in West End rents spreads to other London markets

West End take up in h1 2017 recovers to its highest level since h2 2016, 2.2m sq ft

16.0%

The fall in prime West End rents over the past 12 months

Take up across the whole of Central London touches 5.8m sq ft following strong second quarter

West End supply falls to 4.5m sq ft, representing an availability rate of 4.9%

86.6%

Amount of take up in h1 2017 that was grade A space

West End Office

Grade A supply falls to its lowest level in seven years as occupiers target new space

London prime rents

Location	Prime headline rent (£psf June 2017)
City	£70.00 ▼
Midtown	£70.00 ▼
West End	£105.00 ▼
Victoria	£80.00 ▶▶
Docklands	£47.50 ▶▶
Bankside	£65.00 ▶▶
Clerkenwell	£67.50 ▶▶
Shoreditch	£67.50 ▲
Kings Cross	£77.50 ▶▶
Paddington	£65.00 ▶▶
Hammersmith	£52.50 ▶▶
Stratford	£40.00 ▶▶

42.9%

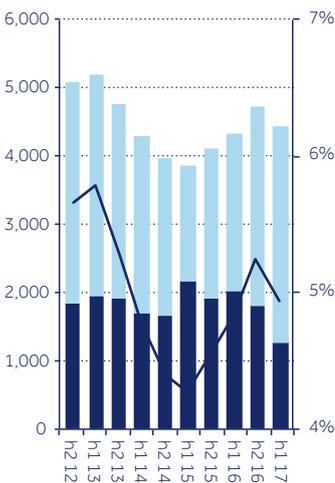
Reduction in West End grade A supply over past two years

9.1m sq ft

Central London take up in h1 2017

Office supply (June 2017)

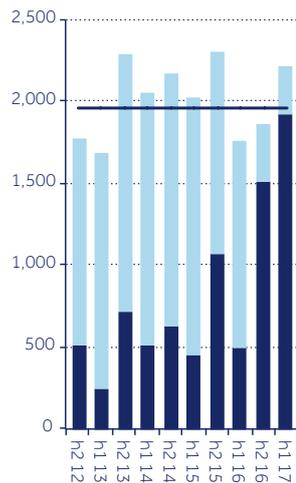
■ Grade A
■ 2nd hand
— Availability rate (rhs)



Availability 000's sq ft 4.4m ▼
Availability rate 5% ▼

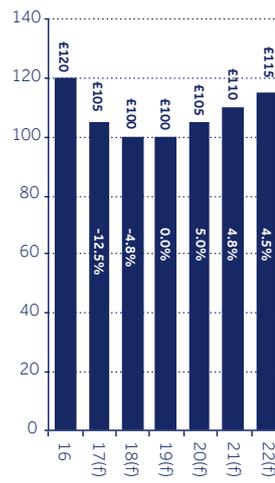
Office demand (June 2017)

■ Take up
■ Grade A
■ 2nd hand
— 10 yr average



(h1 2017) Take up 000's sq ft 2.2m ▲

Office rents (June 2017)



Prime EPSF £105.00 ▼
Secondary good EPSF £80.00 ▼
Secondary poor EPSF £60.00 ▼
Annualised growth rate 1.7% p.a