

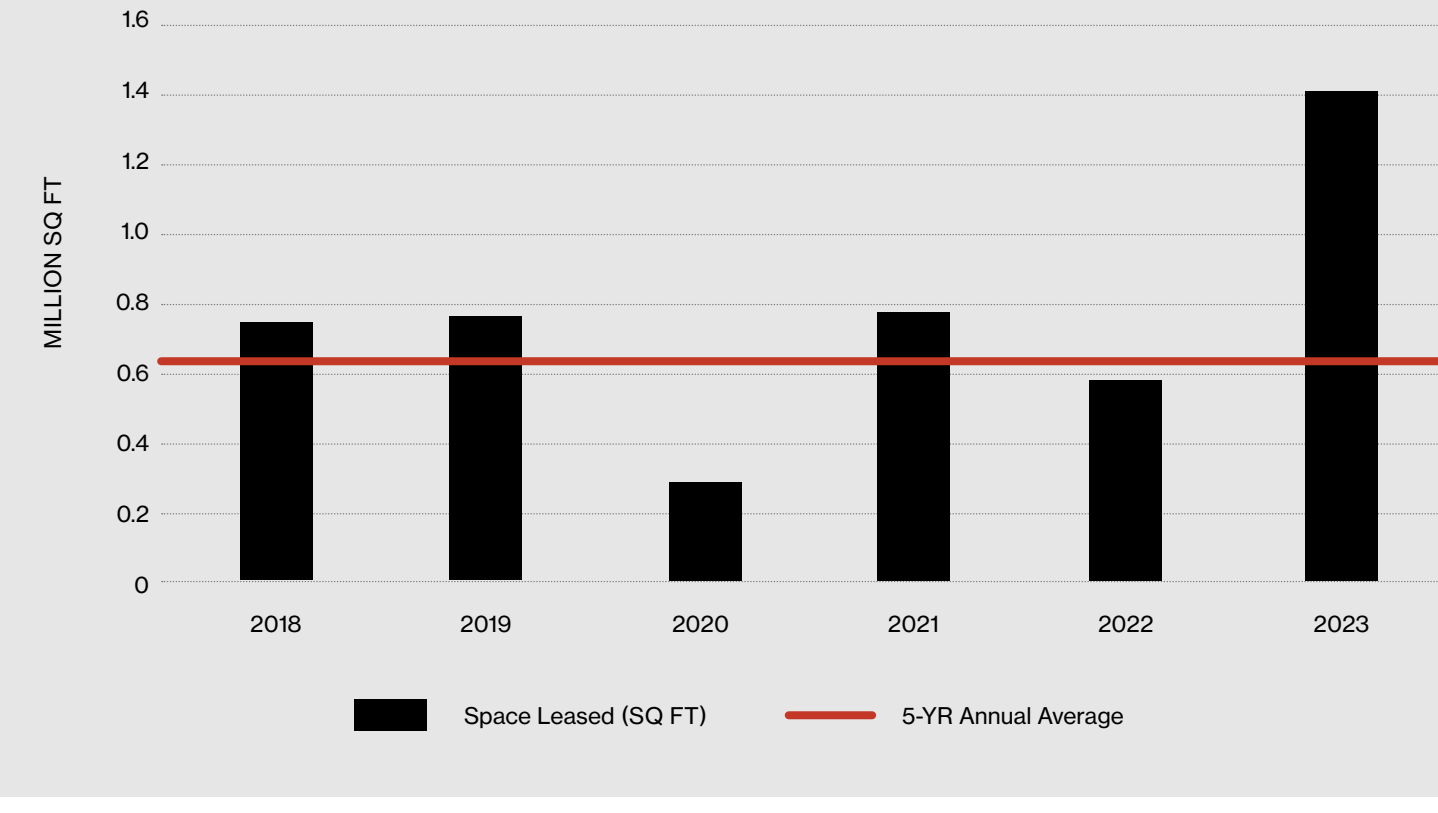


Focus on Farringdon.

Previously in our blogs the locations we have focused on have normally been those that are seeing some sort of change in occupier interest. However, on this occasion Devono itself has formed part of the occupier demand for the market in question, namely Farringdon, where we have recently relocated, moving to our new home on St Cross Street. Yet, we are not the only occupiers seeing the appeal of Farringdon.

DEVONO

- 1.4M SQ FT**
Leased over 160 deals in Farringdon
- 8,811 SQ FT**
Average deal size in Farringdon
- 54%**
Financial sector share of leasing - 'most active sector'
- £115.00 PSF**
Prime Grade A rent - up 44% over 5 yrs
- £70.00 PSF**
Prime Grade B rents stable since Q2 2023
- 78%**
Secondhand share - main space quality available



A Record Year for Leasing

2023 saw a record year for take-up in this part of London at 1.4M sq ft leased. This is nearly two and a half times the total recorded in 2022, with take-up previously having remained relatively stable for the past five years at an average of 630,528 sq ft.

So why have we seen such an extraordinary level of leasing? A key contributor has been the commitment of larger firms to some of the most up-to-date spaces on the scene. For example, HSBC pre-let 556,017 sq ft at the former BT HQ which is being redeveloped to create Panorama, at 81 Newgate Street. Additionally, ICE Futures have leased 139,424 sq ft at the newly refurbished Sancroft, also on Newgate Street. The increase in larger firms leasing is not an exception to the wider market but is instead part of a wider incursion into Farringdon by firms of all sizes. In fact, from our analysis we can see that 2023 constituted a post-pandemic peak in activity with 160 firms taking spaces, up 27% on the short-term annual average.



Panorama, 81 Newgate Street
556,017 sq ft leased



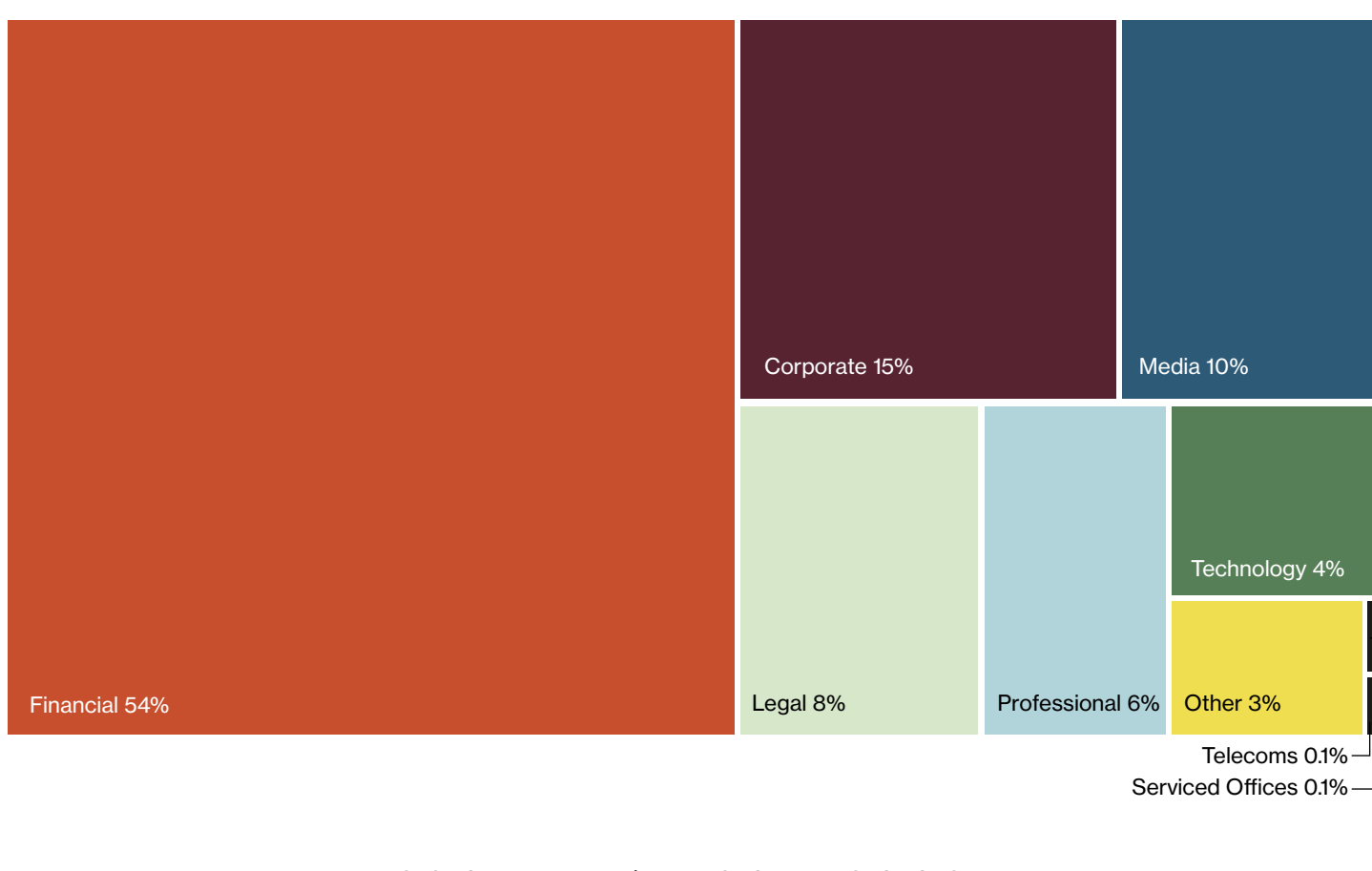
Sancroft, 10-15 Newgate Street
139,424 sq ft leased

Diversity of Demand

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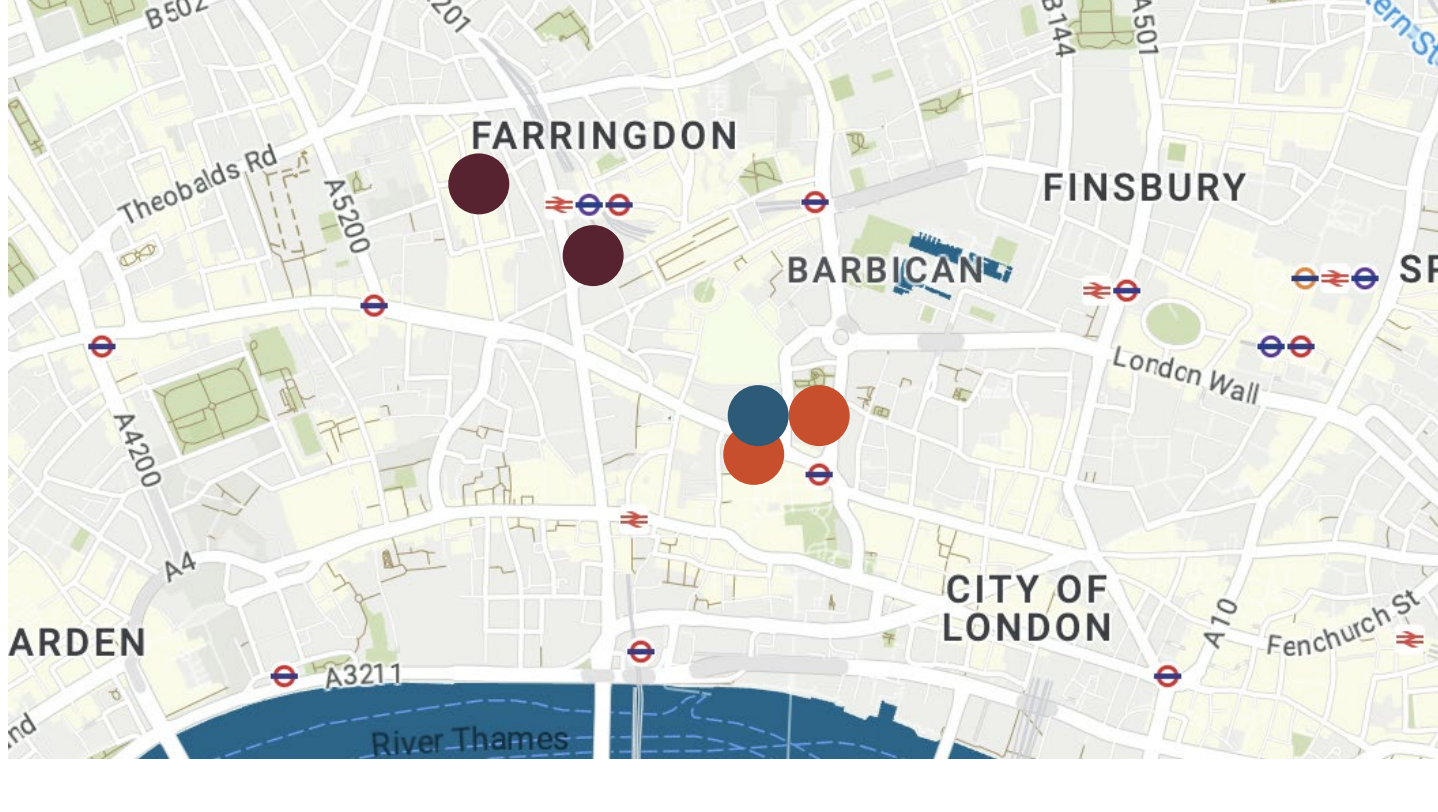
Unsurprisingly given HSBC's large letting, the financial sector represented the most active sector leasing space in Farringdon in 2023, accounting for 54% of the total space transacted, a significant rise on the 11% share registered by the sector in the previous year.

However, despite the activity of the larger financial firms dwarfing that of other occupiers, we can still see that a diverse range of sectors were leasing office space in Farringdon in 2023. Aside from the serviced office and technology sectors, every sector registered significant increases in leasing on their 2023 totals with the corporate, legal and professional sectors all having recorded ten-year highs. This not only reflects the diversity of character and quality of the offices in Farringdon and their appeal for a variety of sectors, but also that a Farringdon location grants a number of benefits valued by occupiers of all types, including the presence of amenities such as Leather Lane food market and excellent transport links with access to the Elizabeth Line, underground and national rail lines.



LARGEST CLERKENWELL/FARRINGDON TRANSACTIONS, 2023

TENANT	ADDRESS	SECTOR	SIZE (SQ FT)
HSBC	Panorama, 81 Newgate Street	Financial	556,017
ICE FUTURES	Sancroft, 10-15 Newgate Street	Financial	127,459
SAINSBURYS	JJ Mack, 33 Charterhouse Street	Corporate	67,997
CONVENE	Sancroft, 10-15 Newgate Street	Media	44,966
PENTLAND BRANDS LTD	The Johnson Building, 77 Hatton Garden	Corporate	40,807



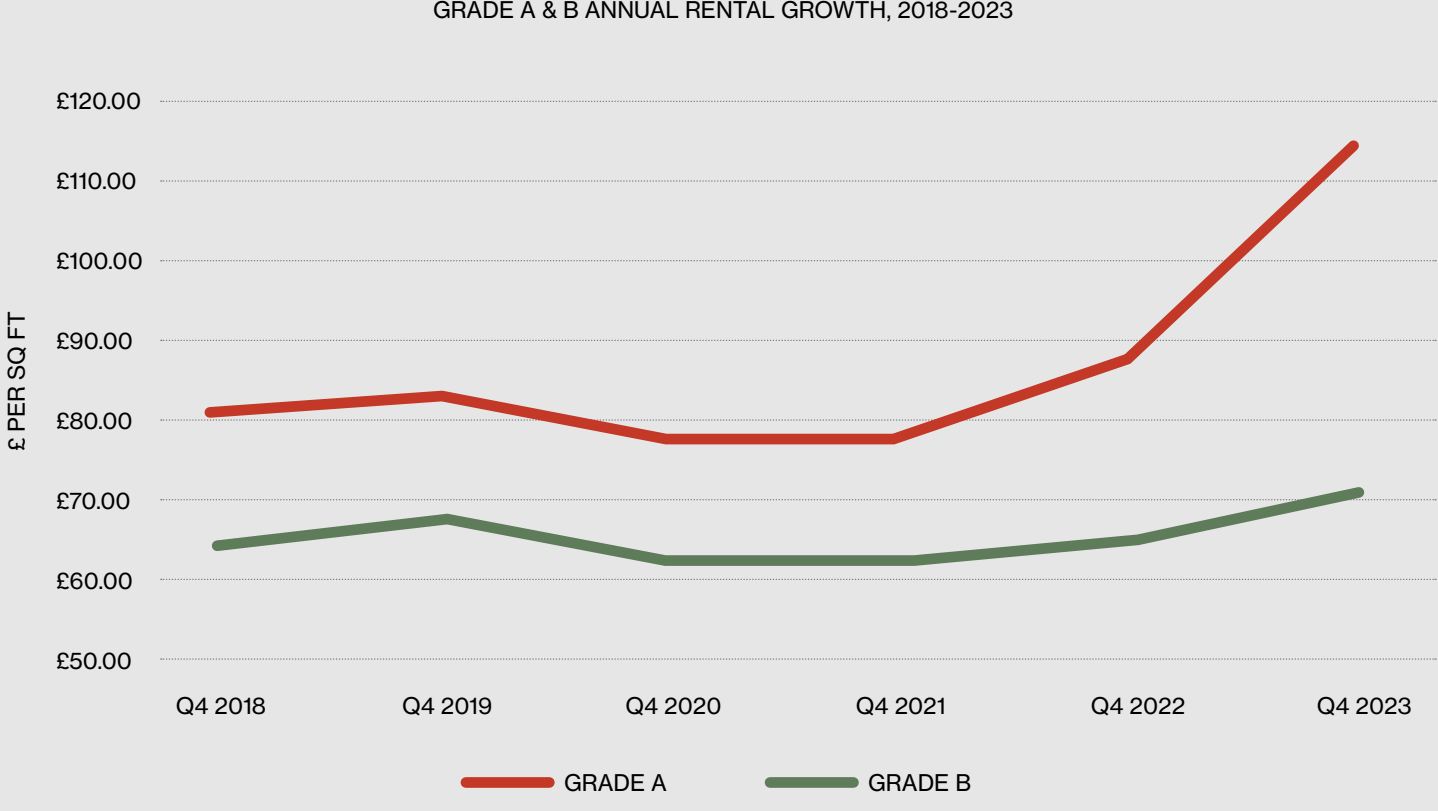
Accessibility at a Price

Although Farringdon's occupiers have enjoyed the greater accessibility that the Elizabeth Line has brought, they have also been forced to get to grips with the rapid rental growth that has set in since the line opened. While rental growth slumbered following the onset of the pandemic, when rents for Grade A spaces hovered around £77.50 per sq ft until the opening of the line in Q2 2022, Grade A rents have since increased quarter-on-quarter, pushing past the £100.00 per sq ft mark in Q2 2023 and now standing at £115.00 per sq ft as at the start of 2024. As such, occupiers searching for new space or preparing for a rent review may be surprised to hear that Grade A rents are now up 44% on the level recorded five years ago. For context, the only submarket to have seen more rapid rental growth over this period is Mayfair, and even this growth has been confined to its super prime spaces. For those looking for

the best in class there are five new developments delivering in Farringdon in 2024 which will serve to increase the share of Grade A space available even further.

That being said, affordable options remain with a wide range of spaces available. The best Grade B options are priced at £70.00 per sq ft, remaining so for the latter half of 2023. While this rent is towards the higher end of the Grade B scale in comparison to other markets, the upward pressure is far less significant than that of Grade A options with the current level representing a more muted increase of 8% over the past five years. This is reflective of the amount of secondhand office space available in the market, as although the level is slightly lower than the total recorded at the end of 2022, secondhand still accounts for more than three quarters of the space available.

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Farringdon's range of available office space offers something for all occupiers. For those more cost-conscious there is an abundance of characterful secondhand space available and for the larger firms we have seen hunting for best-in-class spaces, developers are rising to meet the challenge. On this basis, now more than ever occupiers are seeing the appeal of Farringdon, and we expect the market's existing diverse occupier community to continue growing.

Supporting firms in their Farringdon search.

- Hawkins Brown
- CORIO
- BDB PITMANS
- Calibre|One
- theTradeDesk
- codat
- ibstock Pic
- AvePoint
- HermanMiller

Download our latest report - The Occupier, Q4 2023

We are pleased to share with you Devono's latest edition of The Occupier. Taking a close look at market activity across Q4 2023, we highlight the latest trends in office leasing, rents, availability, and serviced office pricing along with our outlook for 2024.