



Q2 2024

North of Oxford Street Office Market Snapshot

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North of Oxford Street (NOX) is a prominent submarket in the West End with a diverse offering of office space, retail and residential accommodation. This report explores how the current demand for office space in NOX compares to pre-pandemic trends, investigating how take-up surged in the years immediately following the pandemic as attitudes towards the office were reassessed. We also consider how the appeal of NOX for different sectors has changed as well as the specific areas within this market that are attracting occupiers. Whether you are considering an office move to the area or are simply wanting to learn more about this varied office market, this report should provide some helpful insights.

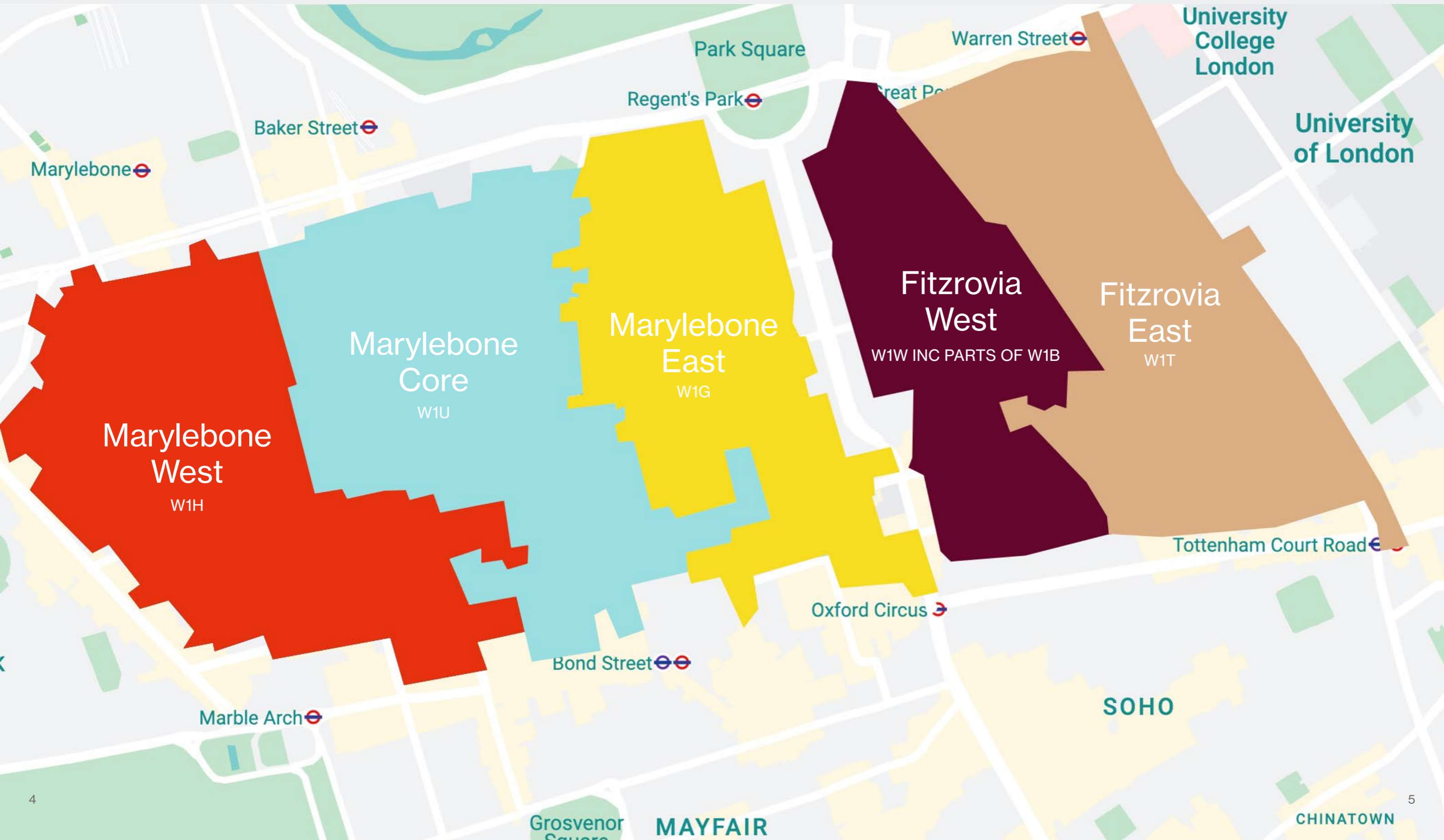
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Headline Stats

Leasing	581K SQ FT leased in 2023 – down 38% on 2022	148 Deals transacted – lowest number since 2020	Financial Largest share of space leased in 2023 – 50%
Rents	£107.00 PSF Prime Grade A rent – up 13% over 12 months	£77.50 PSF Prime Grade B rent – stable for 3 quarters	18-20 Months rent-free incentive on a 10-yr lease
Availability	1.4M SQ FT of space available – up 52% on Q2 2023	25% Grade A share of space available – up 5% on the previous qtr	7,017 SQ FT average size of space available

North of Oxford Street and its Submarkets

While North of Oxford Street (NOX) forms a component of the West End, NOX itself is home to a diverse mix of offices whose character and quality differs across the submarket's districts of Marylebone and Fitzrovia. For the purpose of illustrating the differing levels of activity and sector appeal of these districts, we have separated them into the following submarkets:



3

Marylebone West

Only 3 Sectors Active In 2023: Corporate, Media & Financial

67%

Of Deals In 2023 Were For Grade A Spaces

77,206

Marylebone Place, 1 Adam Street: Completes Q4 2024
77,206 sq ft Available

50,034

SQ FT Leased In 2023 - Leasing Volumes Down Year-On-Year Since 2020

35%

Marylebone Core

35% Of The Space Leased In NOX In 2023 Was Located In Marylebone Core

Financial

Financial Sector Dominant: Largest Annual Share Of Leasing Since 2021

204k

Marylebone Core Registered The Largest Quantity Of Space Leased In NOX In 2023: 204k sq ft

106k

25 Baker Street: Delivering Q1 2025
Pimco Pre-Let 106k sq ft - Largest Deal In NOX Of 2023

38%

Marylebone East

2019 - Media Sector Leased The Most Space (38%)

49%

2023 - Financial Sector Leased The Most Space (49%)

92%

92% Of Deals Transacted In Marylebone West In 2023 Were Below 5,000 sq ft

2025

3 Schemes Completing In 2025 - 9 Cavendish Square - 56 Queen Anne Street - 14 Cavendish Square

91%

Fitzrovia West

Majority Of Demand For Secondhand Spaces - 91% Of Deals In 2023

38%

Professional Sector: Largest Share Of Space Leased In 2023 (38%) - Up From 5% In 2019

5 yrs

Corporate Firms Stepped Away From This Area In Last 5 Yrs - Share Down From 16% In 2019 To 5% In 2023

66%

Of Deals Below 2,500 sq ft

9/24

Fitzrovia East

9 Out Of 24 Developments Currently In The Pipeline For NOX Are Earmarked For Fitzrovia East

43%

43% Of Nox Media Sector Leasing Was Centred In Fitzrovia East In 2023

91%

Majority Of Demand For Secondhand Spaces - 91% Of Deals In 2023

63%

63% Of Space Taken By The Tech Sector In NOX In 2023 Was Located Here



Leasing Activity

While the area accounts for some of the most recognisable parts of the West End, the name North of Oxford Street may seem somewhat imprecise. The market is known by several names, including Noho and Fitzrovia, however these do not capture the full scope of the location, which extends from Edgware Road in the west all the way to Tottenham Court Road. While we will dig deeper into the districts that make up this market later in the report, taking North of Oxford Street as a whole we can see this is a market for which

demand transformed following the onset of the pandemic. Office leasing in the market flourished in the immediate aftermath, as firms scrambled to secure spaces in the more upmarket locations in the West End so as to “earn the commute” amidst the proliferation of hybrid working patterns. North of Oxford Street was one of several submarkets to benefit and from 2020 take-up increased year-on-year, culminating in a peak of 943K sq ft in 2022. However, since this point leasing

volumes have reached something of a peak with a drop in 2023 recorded of 38% on the previous year, which was mainly due to a reduction in the number of deals being transacted. There were only 148 deals transacted in the North of Oxford Street area in 2023, the lowest number recorded since the pandemic low in 2020. In turn, the average deal size also contracted to a ten-year low at 3,926 sq ft, although this was mainly due to the drop in transaction numbers rather than a change in size requirements, with only

a slight increase in the proportion of deals below 5,000 sq ft, from 79% in 2022 to 84% in 2023. That being said, transaction numbers in 2023 were still higher than the pre-pandemic short-term annual average, indicating that the demand we are seeing for this submarket is still more substantial than that seen prior to 2020. This is even in the face of rents that have grown significantly, with Grade A and Grade B rents having risen by 26% and 19% respectively over the

last 5 years. As a result of this growth, Grade A rents in NOX are currently in the top five highest of central London's submarkets and those for secondhand spaces also rank third highest.

However, landlords remain confident that demand will persist, especially as there are 22 developments in the pipeline over the next five years, reinforcing a market that is already as diverse in its building types as it is in its occupiers.

Who is Leasing?

While the North of Oxford Street market has shown appeal for a wide variety of sectors, it has been the financial sector that has been the primary contributor to leasing in recent years, accounting for the largest annual share of space leased for the last three years, peaking at 50% in 2023. This has mainly been due to the sector generating larger requirements, with the financial sector having generated six of the top ten largest deals between 2020 and 2024. This is a marked change from the pre-pandemic scenario, in which financial firms accounted for only 13% of the space leased from 2015 to 2019.

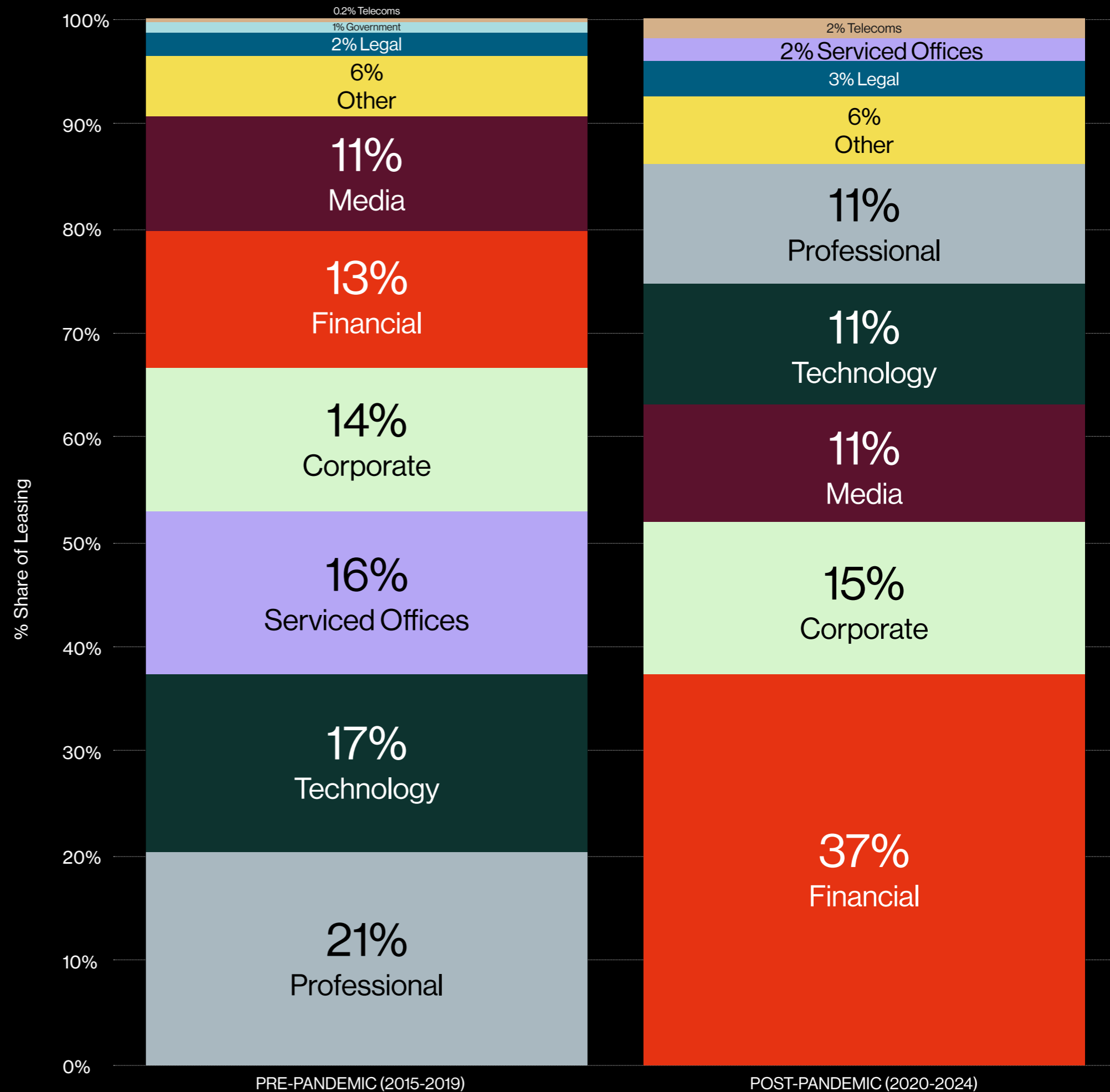
The Financial Sector generated 6 of the top 10 largest deals between 2020 and 2024

As financial firms have pushed into NOX, we have seen the space leased by professional firms dwarfed somewhat despite continuing to register strong transaction numbers, with their share of leasing contracting from 21% pre-pandemic to 11% post. In turn, the tech sector has also slipped down the rankings to fourth place, failing to reach the 2015 peak when Facebook took 216,000 sq ft at 1 Rathbone

Place which it has now vacated early in favour of the King's Cross/Euston area. Since this point, the closest the sector has come to a deal anywhere near this size in NOX was Gamesys's acquisition of 102,150 sq ft at Colegrave House, Berners Street.

There are however sectors that have seen little change in their share of leasing from pre to post pandemic, for example media. North of Oxford Street continues to attract significant media occupiers post-pandemic, as Netflix showed its commitment to both the office and the area by committing to 87,387 sq ft in The Copyright Building at the height of the pandemic in 2020, with this having been the largest media sector deal recorded in NOX since pre-2004. In turn, while take-up by the sector in 2023 did dip just below the 2015-2019 average, we are still seeing many media firms flock to NOX with the number of deals recorded in the area in 2023 still having been higher than the average for the aforementioned period.

North of Oxford Street Office Market:
Share Of Space Leased By Sector, Pre And Post Pandemic, 2015-2024



Outlook

In our other recent publications, we have discussed the push of occupiers towards more easterly markets as holding significant sway over leasing patterns, and this will continue to have significant implications for the North of Oxford Street market. While markets such as the City and Southbank saw leasing pick up over Q2 2024, take-up in the North of Oxford Street actually reduced by 20%, with both quarters reporting leasing levels below the quarterly average for the period of 2019 to 2023. This suggests that the disappointing level of take-up reported so far in 2024 is due to more than simple market despondency and may be symptomatic of a change of disposition away from this market. As such, we expect leasing in North of Oxford Street to remain comparatively muted for the rest of the year.

That being said, when it comes to those sectors that are continuing to commit to space in North of Oxford Street, we do expect there to be something of a move away from previous trends. Over 2024 so far, the technology sector has been the primary contributor to take-up in NOX with a share of 28% rather than the financial sector, mirroring the

change in the wider market. This is largely due to the tech sector generating larger requirements than the other sectors, averaging a deal size of 10,088 sq ft. On the other hand, we have only seen one deal transacted by the traditionally reliable media sector this year while the professional sector is holding greater sway over the market than it has in recent years with an H1 2024 share of space leased of 25%.

Availability is set to receive a boost of circa. 831k sq ft from 15 new developments set to complete before the end of 2025

Availability is set to receive a boost of circa. 831k sq ft from 15 new developments set to complete before the end of 2025, however these developments could also serve to push the envelope on rental growth. In turn, the already substantial gap between Grade A rents in NOX which are currently at £107.00 per sq ft and those on offer in the City of £85.00 per sq ft could become even wider, potentially putting off occupiers with larger requirements. Yet, the ongoing delivery of new developments will help to ensure North of Oxford Street remains relevant in the central London office market over the long-term, and while the area may not currently be seeing deals of the same size as in previous years, this market should continue to attract occupiers.





About Devono

Devono is the UK's leading occupier-only advisory firm. We specialise in advising businesses of all sizes and sectors, on commercial real estate solutions that best support their wider business objectives.

A significant part of our role is helping our clients to understand and define their occupational requirements. We take into account key factors including talent challenges, headcount fore-

casts, operational priorities and cost considerations, to help craft a brief that is not only fit for purpose today but will also deliver a sustainable occupational footprint moving forward.

Our ultimate goal as an organisation is to navigate real estate opportunities in such a way as to positively influence a company's culture, productivity and financial performance.

Our Services



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