

REAL ESTATE INSIGHTS



Quarter One
April 2024 – June 2024

FOREWORD

I am delighted to present the latest edition of our Real Estate Insights Report, offering an in-depth analysis of the evolving real-estate landscape in the Heart of London (HOL) area.

The first quarter of the financial year was a quiet period for deals and transactions whilst the market waited for the outcome of July's General Election.

It is encouraging that the HOL area continues to be in high demand for office space with just 38 properties having available floorspace. With an average transaction size of 2,178 sq ft during this quarter this reflects the current lack of larger floorplate stock in the area. The office market faces a number of challenges in the near future with stricter environmental policies coming into force in 2027 and increasing demands from occupiers for modern, sustainable high quality office buildings.

The hotel sector has also seen a decline during this period in occupancy, ADR and RevPAR growth but demand for hotel accommodation is expected to grow throughout 2024, largely owing to the anticipated halo effect from high profile events during the summer months attracting travellers to London from around the world such as UEFA Euro 2024, the Paris Olympics, Wimbledon, and the European leg of Taylor Swift's Eras Tour.

Footfall remained consistently high throughout the quarter with a slight dip in June but overall the number of visits saw a significant rise of 7.53% signalling the traditional influx of visitors to the area during the spring. Consumer spending

in the HOL area increased by 2.42% compared to the previous quarter.

Overall, this report shows that the HOL area is performing well and in comparison to the wider West End. But we are ambitious. Continued growth and future proofing the HOL area is a key objective which includes supporting important new sectors such as Creative Technology.

Attracting the CreaTech industry to the HOL area will help to keep it relevant and cutting edge domestically and internationally. Historically the HOL area is home for the creative industries and with significant investment flowing into CreaTech and the potential to produce huge synergies - a deep dive into the sector has been included in this report.

We hope you find the report useful and invite you to provide us with any feedback or recommendations on additional data sets to strengthen these reports going forward.

Warm Regards,



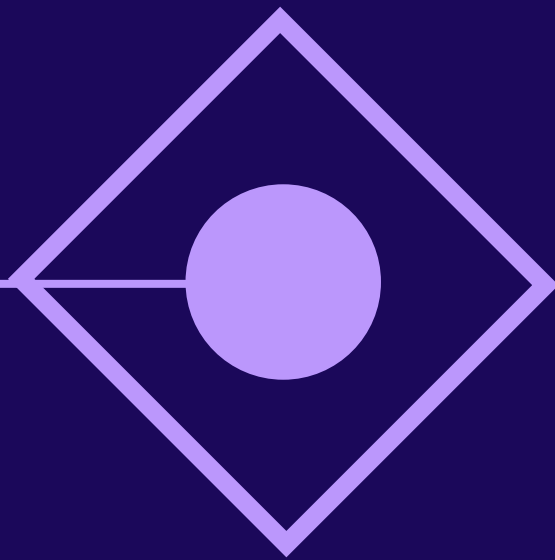
Ros Morgan
Chief Executive
Heart of London Business Alliance



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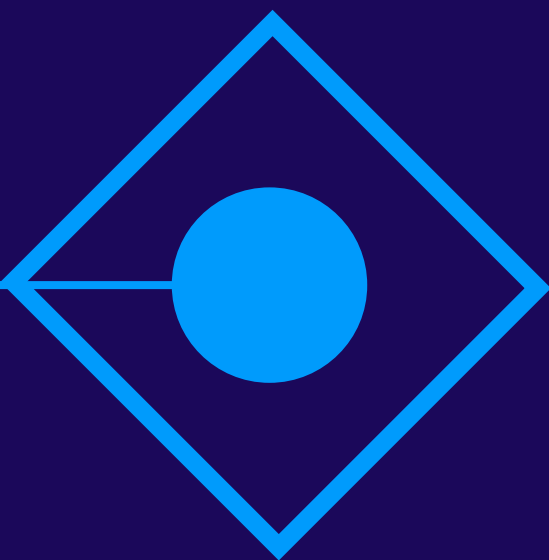
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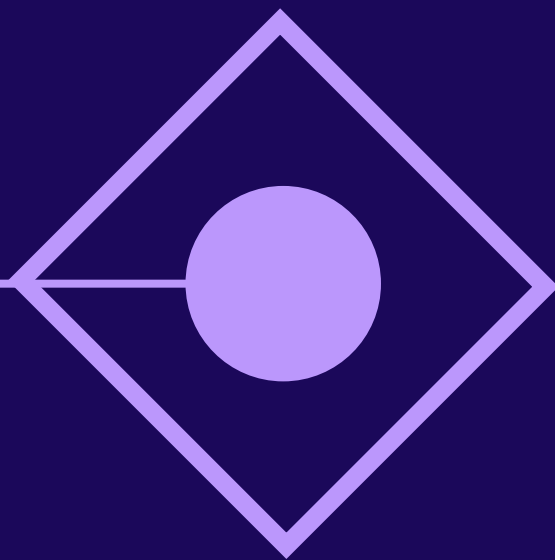
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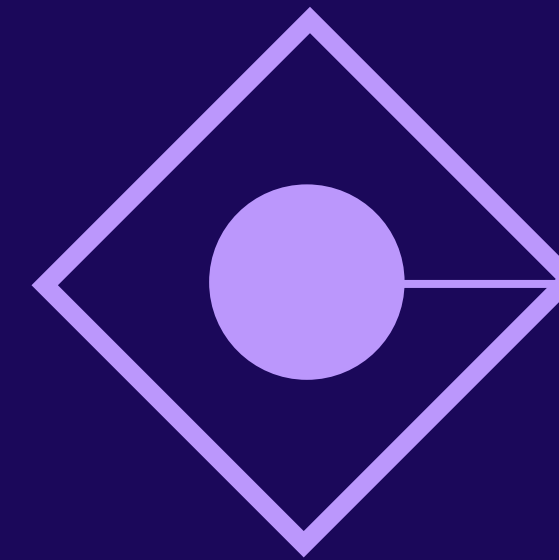
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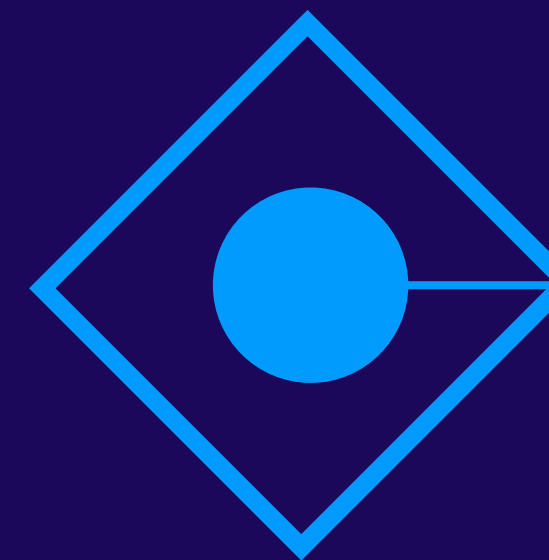
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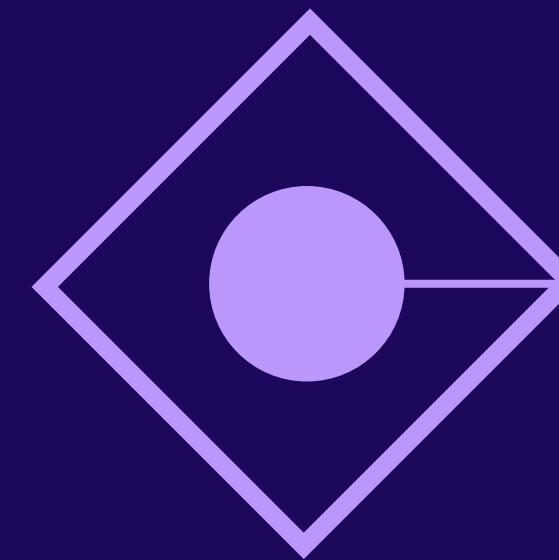
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INTRODUCTION

The Insights Report provides a detailed look at the economic performance of real estate in the Heart of London area. It is designed for everyone who has an interest or a stake in this space (current or future).

Each quarter, the report uses local data, intelligence and media monitoring to analyse consumer, sector and industry performance. It supports this with insights from leading experts.

This quarter's report also promises a deep dive into the emerging creative technology sector, exploring the vital contribution it is making across the UK and the opportunities it presents for the Heart of London area. It provides the results of our 2nd working from home study and collates all information, news, reports, consultations and policy changes that apply to the area or industry.

Format: **Online**
Publishing: **Quarterly**

In this Edition:
Deep Dive into CreaTech



Read our report on Creative Innovation [here](#).

STUDY AREA

The Heart of London (HOL) area in the City of Westminster covers almost 37 hectares of prime central London. Forming a major part of London's West End, from Green Park in the west, to the borders of Covent Garden in the east, the HOL area is one of the most culturally rich in the world.

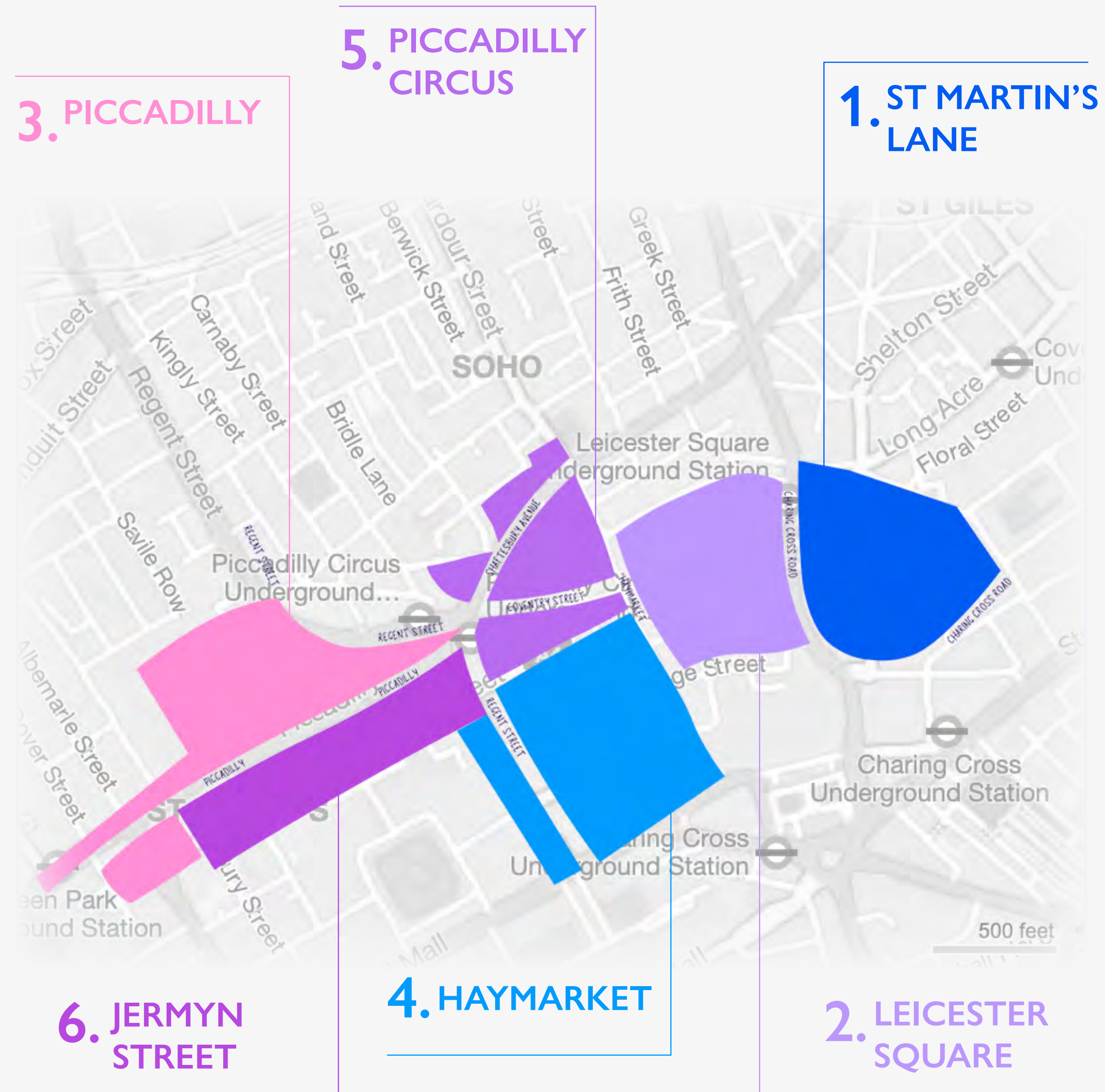
Within this report, the HOL area is classified into six districts: St Martin's Lane, Leicester Square, Piccadilly Circus, Haymarket, Piccadilly and Jermyn Street. St Martin's Lane lies between Garrick Street and Charing Cross Road, bordering Covent Garden and Leicester Square. It connects major visitor spots like Trafalgar Square, The National Gallery, The National Portrait Gallery, Shaftesbury Avenue, and Covent Garden. It is one of the capital's most well-known streets and is home to the English National Opera, renowned theatres, live entertainment and music venues, bars, cafés, independent art and antique dealers, and offices.

Leicester Square is the epicentre of London's film and entertainment industry. Located next to St Martin's, it is one of the most famous tourist destinations in London with a wide range of retail and leisure offers. Leicester Square has numerous cinemas, casinos, restaurants, and bars. Located next to Chinatown and Leicester Square, Piccadilly Circus is one of the most iconic areas in London, known for its famous Piccadilly lights, neon signs and the Anteros statue. As a place for the nation to Celebrate, Commemorate and Commiserate, it is connected to Piccadilly, Regent Street, Shaftesbury Avenue and St James.

The Haymarket area is situated between Jermyn Street and Pall Mall East, with Leicester Square to the east and Piccadilly Circus to the north. Haymarket houses the Theatre Royal, His Majesty's Theatre, New Zealand House, a cinema complex, cafés, and restaurants.

Piccadilly lies between Piccadilly Circus and Stratton Street, near Green Park Underground station. It is viewed as one of London's primary shopping destinations, hosting world-renowned fashion brands. Fortnum and Mason, The Royal Academy of Arts and luxury hotels like The Ritz, The Dilly, and Hotel Mayfair are also situated on the street, accompanied by offices, cafés, and other retail establishments.

Lastly, Jermyn Street is located between St James's Street and Lower Regent Street. Famous for its high-quality men's tailors, many of these stores have operated for decades and have earned a reputation for their exceptional quality and craftsmanship.



THE OFFICE MARKET

The office market overview studies all office properties located within the HOL area. We consider office demand within a dynamic economic climate, with factors such as employees being encouraged to return to the office, rising build costs for new developments, and the impact of the General Election all coming into play. These factors will continue to have an important impact on office demand over the short to medium term.

The market is facing increasing challenges. Recent trends towards shorter office leases, stricter environmental policies and the 2027 EPC rating targets, and higher tenant expectations all require higher capital expenditure from developers. Increasing operational costs continue to outpace rents. Despite forecasted growth in the inner London office market, vacancy rates are expected to continue to increase, as amplified by occupier demand for modern, high-quality office buildings.

Source: Financial Times, Oxford Economics, CoStar.

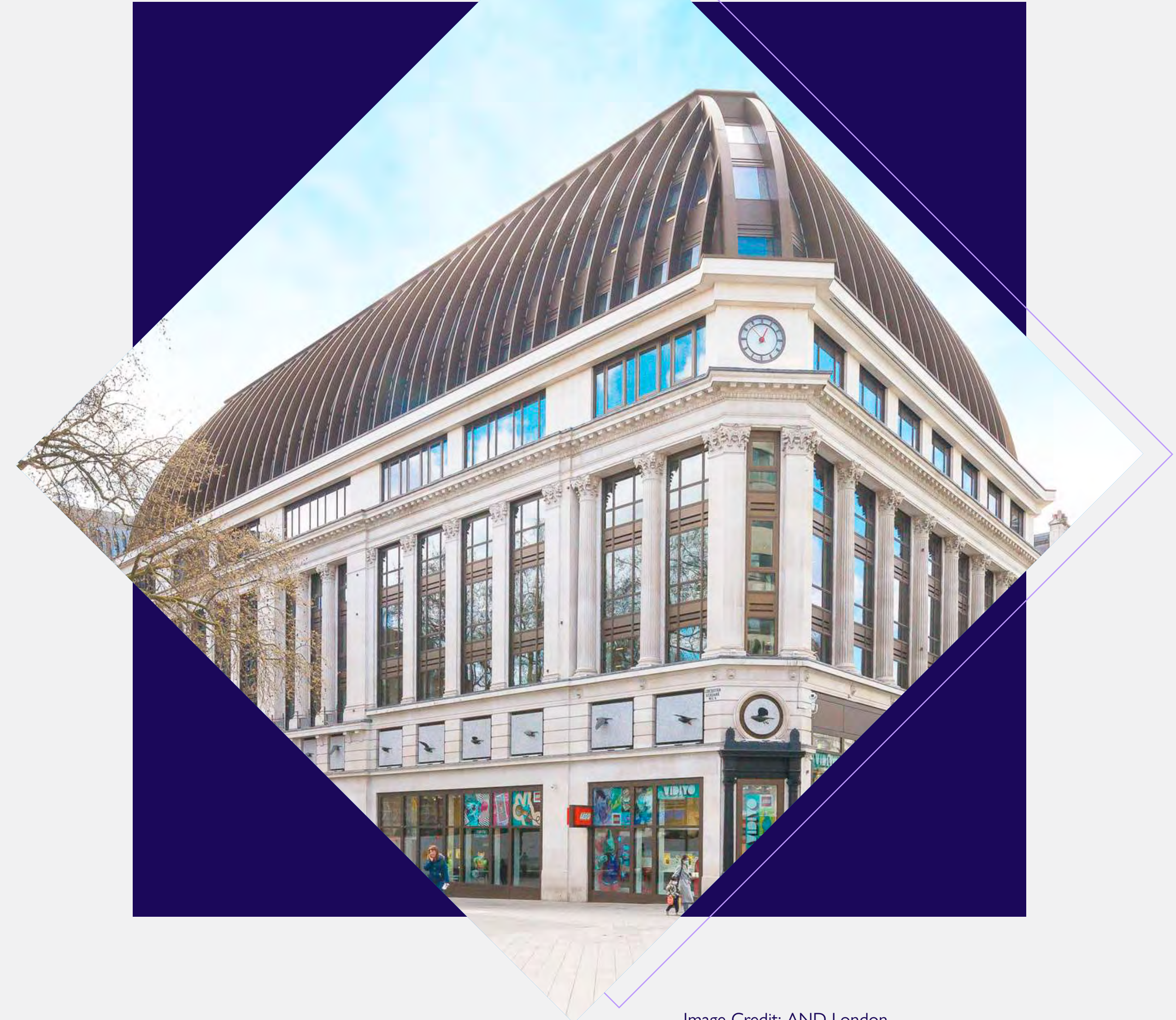


Image Credit: AND London.
Location: Communications House, Leicester Square.

MARKET OVERVIEW: OFFICE

In the HOL area, there is currently a total of 193,000 sq ft of available to lease office space, which makes up 4.6% of the total office inventory in the HOL area. This marks an increase in availability from Q4 2023-24 of +4.6%.

However, the HOL area remains in high demand given persistently limited availability and supply. There are just 38 properties with available floorspace, representing 0.8 years' of supply in the market based upon the current take-up rates. Rental growth is currently 3.2% higher than the previous quarter, demonstrating the market is positioned to grow considerably in the coming months as the market settles into the new economic and political market landscape. The rental growth is higher than the West End average, which currently sits at 2.3% and is a £2.55 increase per sq ft.

There were six leasing deals between 1 April 2024 and 30 June 2024, with a total of 13,067 sq ft transacted in the period. Each transaction was less than 5,000 sq ft, with an average transaction size of 2,178 sq ft, which has meant the main movers in the market have been small scale enterprises. The six spaces spent an average of 10 months on the market. The quarter has seen a significant decrease in the average transaction size from Q4 2023-24, when the average amount of floorspace transacted was 5,243 sq ft. There is strong evidence that tenants are more inclined towards smaller units, which strongly reflects the current availability in the area and the lack of large floorplates available at this point in time.

Footnote: Latest available data as of July 2024.

Sources: CoStar, The Financial Times, Oxford Economics.

Net Absorption (sq ft)

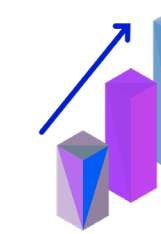
Q2 2023-24	120,342
Q3 2023-24	-44,040
Q4 2023-24	59,637
Q1 2024-25	43,948



Market Rent per sq ft

£81.49

+£2.55 from Q4



Rental Growth

+ 3.2%

-0.3% from Q4



Under Construction (sq ft)

172,421

Total Inventory (sq ft)

4.2m

+0 sq ft from Q4

No. of Buildings

190

No. of Transactions (Q1)

6

-5 from Q4

No. of Transactions (Q1 2023-24)

12

Occupancy Rate

94.6%

+1% from Q4

Vacant Space (sq ft)

224K

-44k sq ft from Q4



No. of years' supply on the market

0.83

+0.08 from Q4



Properties with available space

38

-6 from Q4



Availability Rate

4.6%

+0.6 from Q4

West End Metrics

West End overview reported combining relevant CoStar submarkets

No. of Transactions (Q1)

69

-19 from Q4

Market Rent per sq ft

£85.48

+£1.92 from Q4

Vacancy Rate

7.5%

+0.5% from Q4

No. of Years' Supply on the Market

1.32

-0.02 from Q4

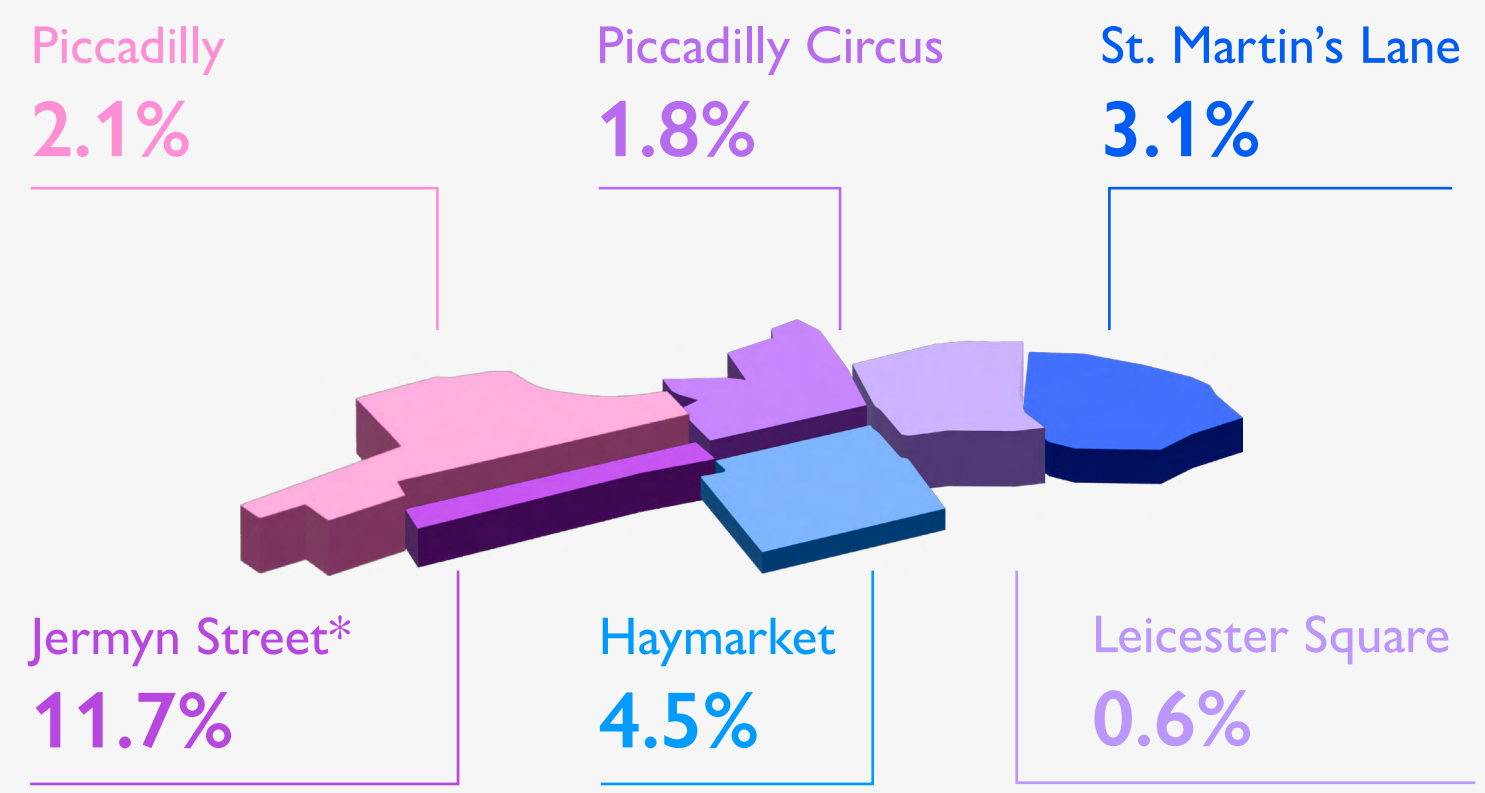
Rental Growth

2.3%

-1.7% from Q4

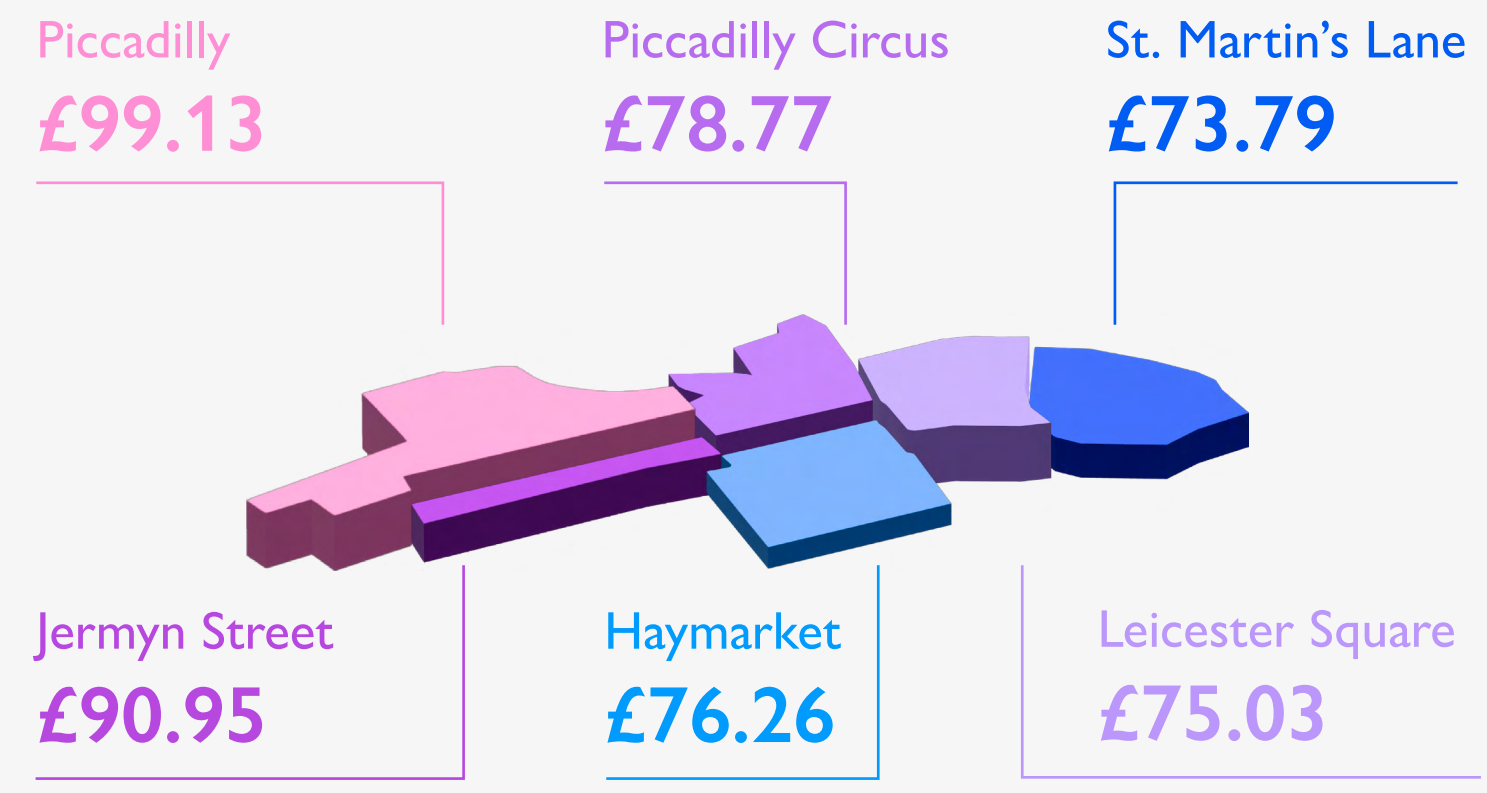
DISTRICT-LEVEL ANALYSIS: OFFICE

Availability Rate

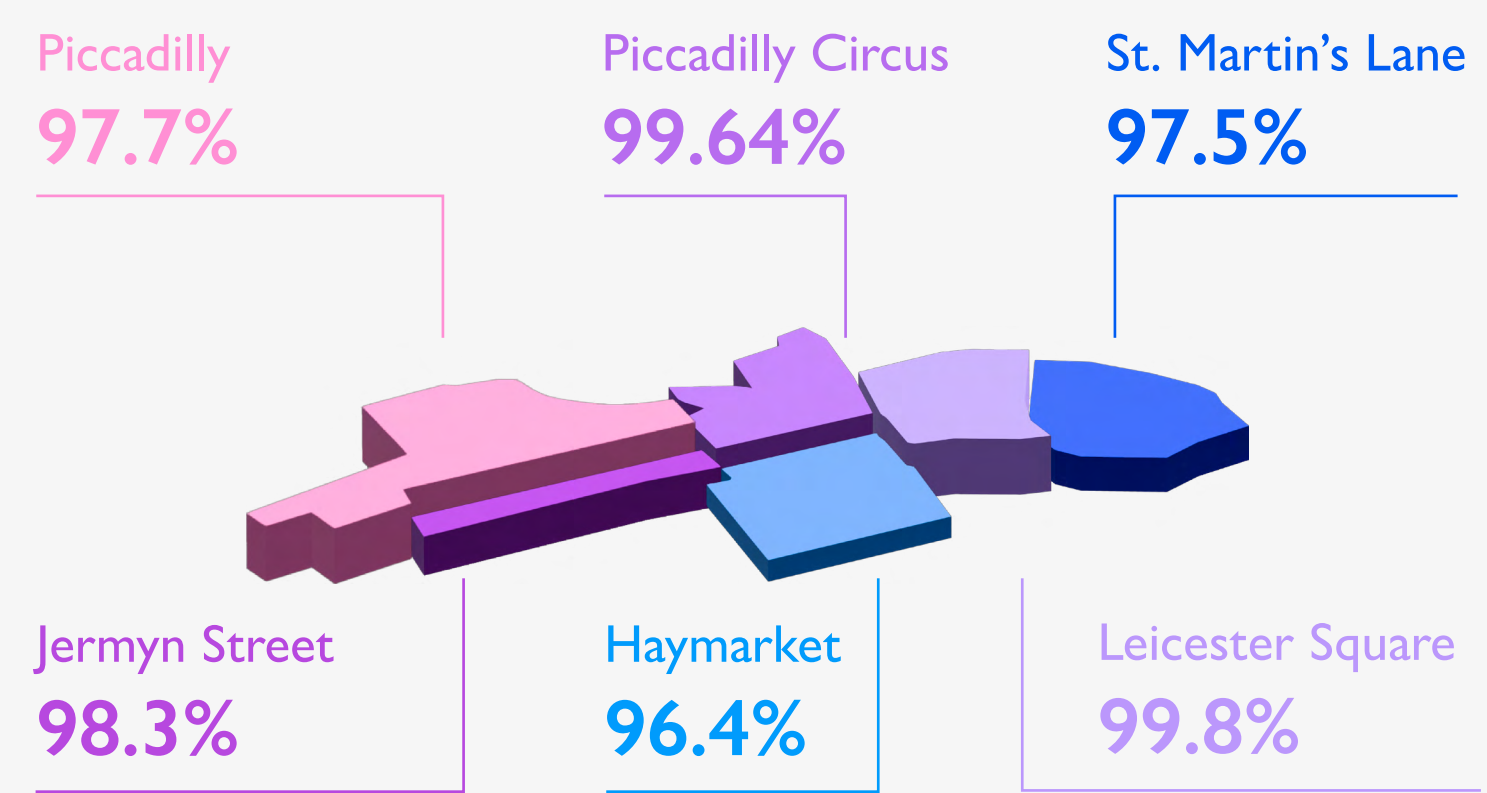


*Jermyn St availability rate increase from previous quarter can be attributed to the departure of Apax Partners from 33 Jermyn St, with 63,100 Sq Ft of ground floor office space brought to market in Q1 2024-5.

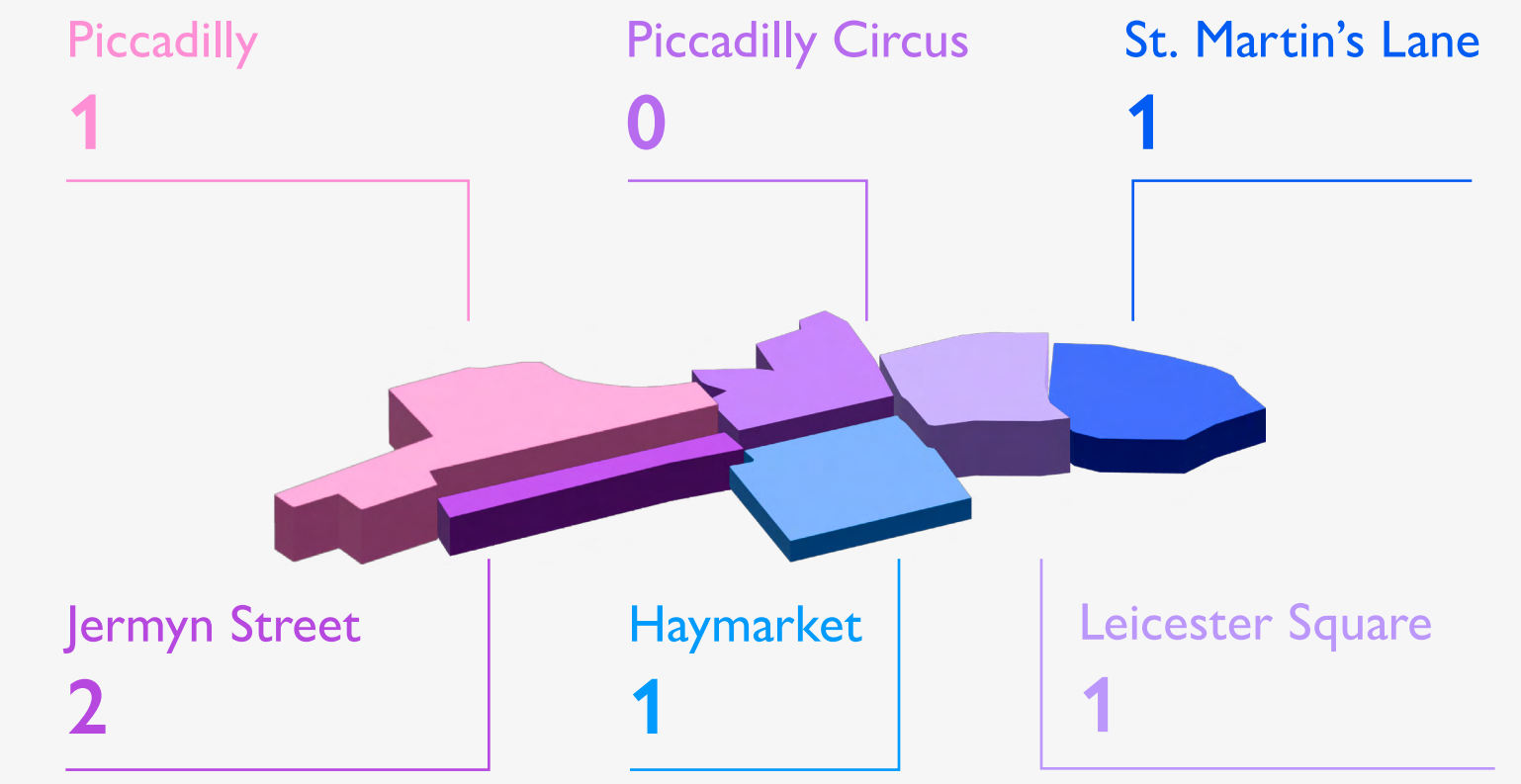
Market Rent Per Sq Ft



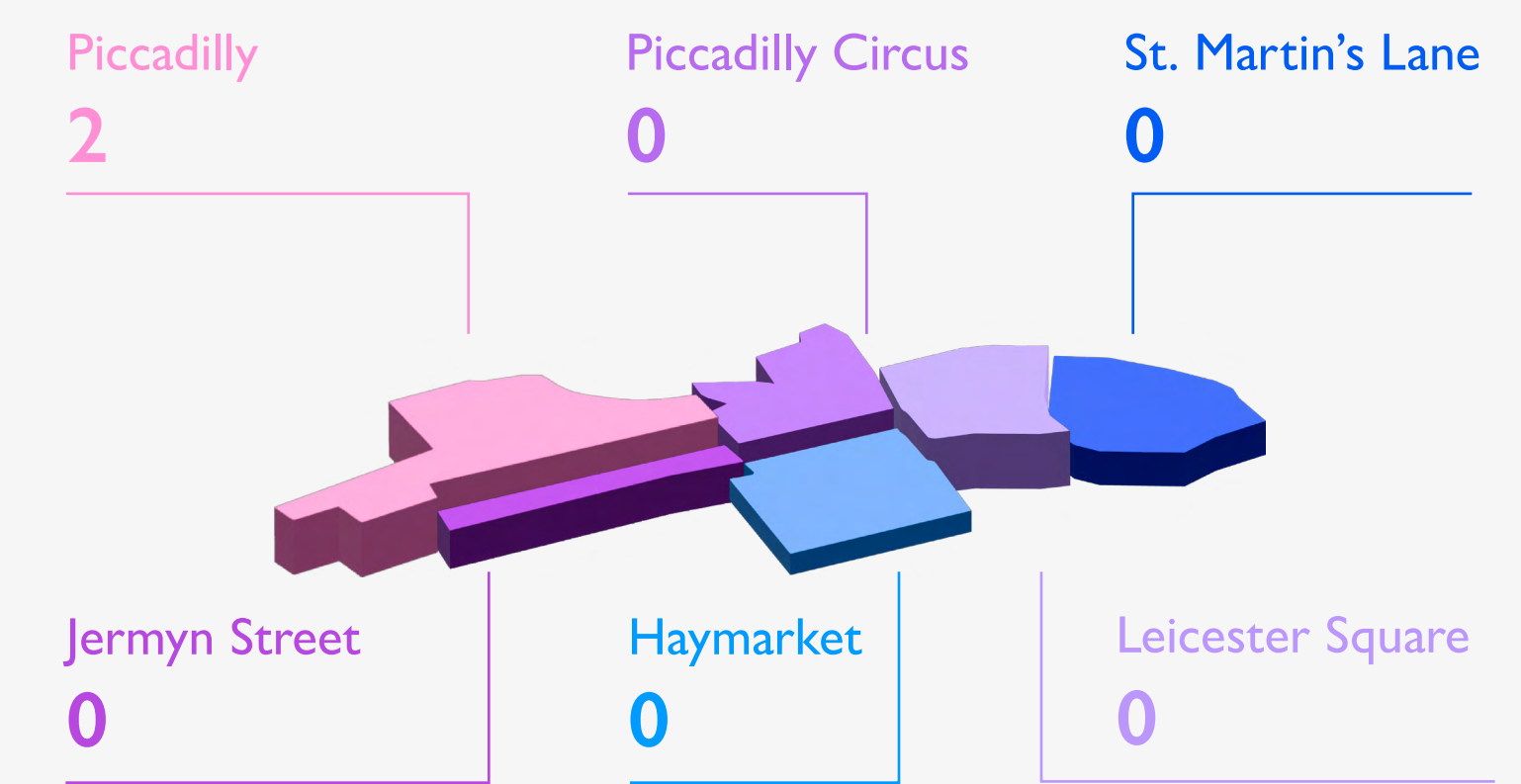
Occupancy Rate



No. of Transactions



Pipeline



Footnote: Data Source CoStar (2024).

THE COMMERCIAL MARKET

The study analysed a range of market factors including availability, rental growth, leasing transactions, new development activity and future supply to gauge the strength of demand in the local retail and F&B market and its growth on a quarterly basis. It also considers the wider hospitality and leisure offer across the HOL area.

The commercial market overview examined the full inventory within the HOL area. Over the past few years, as well as this past quarter, the retail sector has faced significant socio-economic pressure. Most recently, sustained unseasonable weather and cost of living concerns have impacted consumer spending. There are signs that these pressures are beginning to alleviate and spend levels in the HOL area have remained consistent despite these pressures. Decreasing inflation, increased political certainty following the General Election, rising real wages, and a busy summer events calendar will have a positive effect on consumer confidence. Consumer spending trends are explored further within the Insights section of this report. Experiential retailers are beginning to take-up traditional retail floorspace, further nuancing the use and innovation in commercial space. Demand for retail space is forecasted to increase particularly in prime retail locations such as the HOL area. The location is high on requirement lists if new floorspace can be realised.

Sources: CoStar, Savills.

MARKET INSIGHT

Camilla Topham | Co-Founder



Across the last quarter the HOL area has continued to thrive, as international and domestic tourism continues to grow and with hospitality and leisure driving people seeking experiences.

Generally, the last 12 months has been challenging for hospitality operators, however there are signs of things settling now, as there is more political certainty and falling inflation. Operators continue to battle costs overall, as staffing costs have continued to rise. However, there is optimism in the market. The 'flight to quality' continues, which is reflected in the high demand for the HOL area. The Devonshire continues to trade phenomenally, and all eyes are on the new Albert's Schloss, which opened its doors earlier in the summer. The continuation of high-profile lettings in the HOL area further cements the desirability of the location.



MARKET OVERVIEW: COMMERCIAL

There is currently a total of 50,793 sq ft available commercial space, which makes up 2.7% of the total commercial inventory in the HOL area. This marks a decrease in availability from the previous quarter, which stood at 3.0% in Q4 of 2023-24. This trending decrease in availability differs from the wider West End, where availability has increased from 2.6% in Q4 2023-24 to 3.0% in Q1 2024-25. Market rent per sq ft is currently £98.06, higher than the £96.79 per sq ft average for the West End as a whole.

While market rent in the HOL area has decreased by -0.2%, the sector has remained more resilient than the wider West End which has declined -0.4%, most likely because of suppressed supply. There was only one leasing deal reported from April 1 2024 to June 30 2024. At 48 Chandos Place, 852 sq ft unit was leased for £67.49 per sq ft after having been on the market for 15 months. In the HOL area, there are just eight properties with available space, representing 3.2 years' of supply on the market at current take-up rates. The increase in years' supply on the market and vacant space is within normal historical levels of quarter-to-quarter change, with the bulk of the increase generated by the 17,000 sq ft Natwest on 208 Piccadilly Street, a Crown Estate property, becoming vacant. It is currently being marketed by Cushman and Wakefield. As the building is a prime heritage asset, it is unlikely this will remain on the market for long. There is currently one property under construction located at 47-48 Cranbourn Street with construction on going since October 2023. The site is located at the intersection of Bear Street and Cranbourn Street and occupies a notable 'wedge' shape. The development will provide 2,000 sq ft of retail floorspace and it is due for delivery in September 2024.

Footnote: Latest available data as of July 2024.

Net Absorption (sq ft)

Q2 2023-24	-6,425
Q3 2023-24	15,826
Q4 2023-24	2,264
Q1 2024-25	-19,065

Market Rent per sq ft

£98.06
 -£0.18 from Q4

Rental Growth

-0.2%
 -1.2% from Q4

Under Construction (sq ft)

2,000

Total Inventory (sq ft) **1.9m** +0 sq ft from Q4


No. of Buildings **172**

No. of Transactions (Q1) **1** +1 from Q4

No. of Transactions (Q1 2023-24) **3**

Occupancy Rate **97.8%** -1% from Q4

Vacant Space (sq ft) **41.8K** +19.1k sq ft from Q4

No. of years' supply on the market

3.2
 +1.19 from Q4

Properties with available space

8

Availability Rate

2.7%

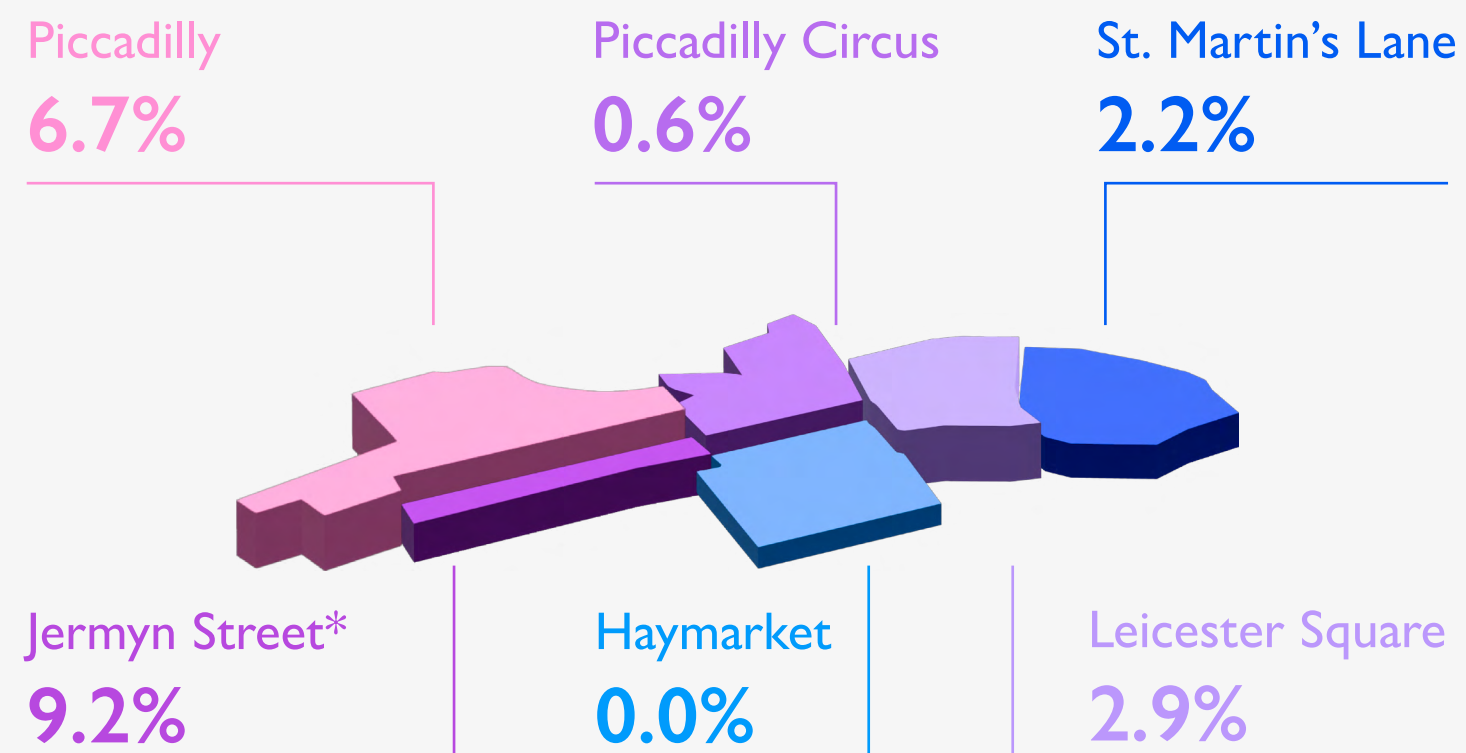
West End Metrics

West End overview reported combining relevant CoStar submarkets

No. of Transactions (Q1)	14	-6 from Q4
Market Rent per sq ft	£96.79	-£0.36 from Q4
Vacancy Rate	2.4%	+0.4% from Q4
No. of Years' Supply on the Market	1.43	+0.19 from Q4
Rental Growth	-0.4%	No change from Q4

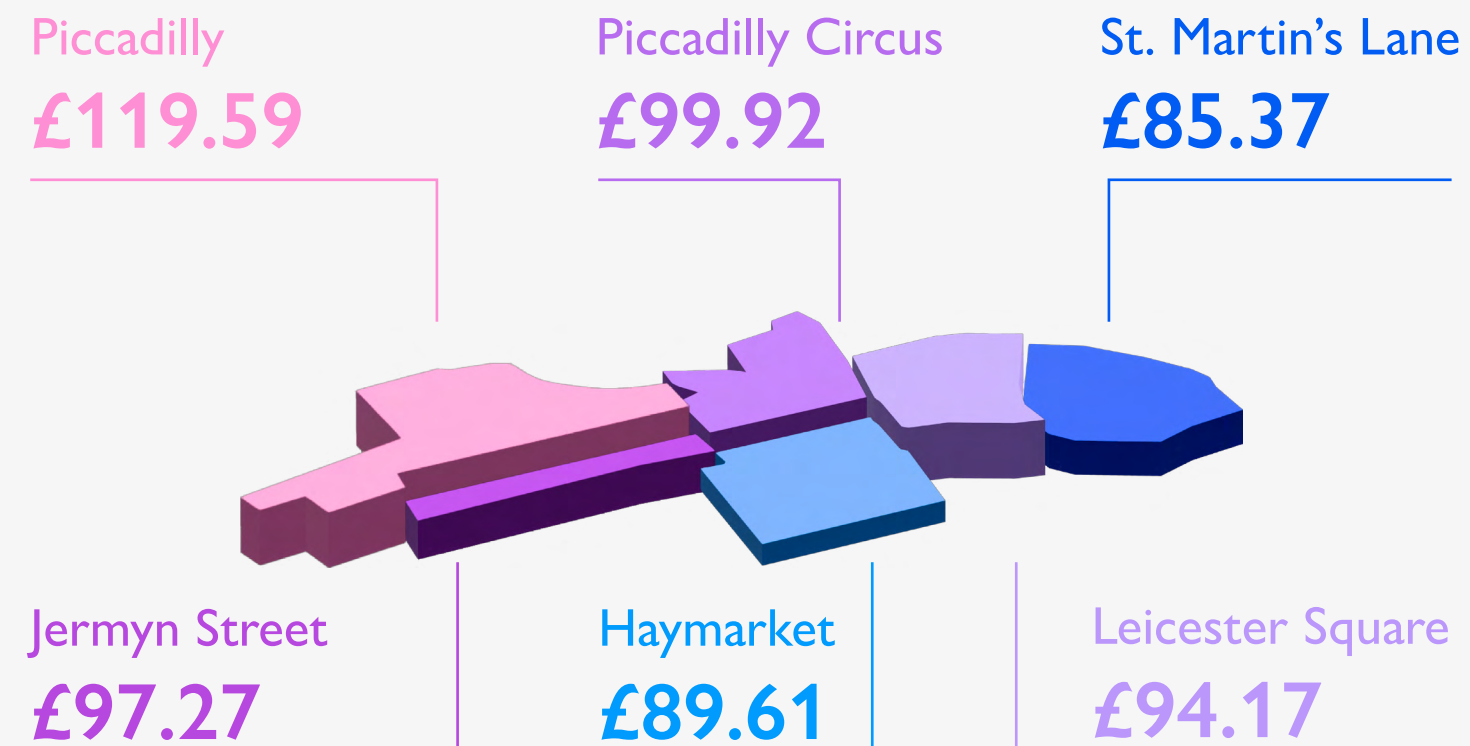
DISTRICT-LEVEL ANALYSIS: COMMERCIAL

Availability Rate

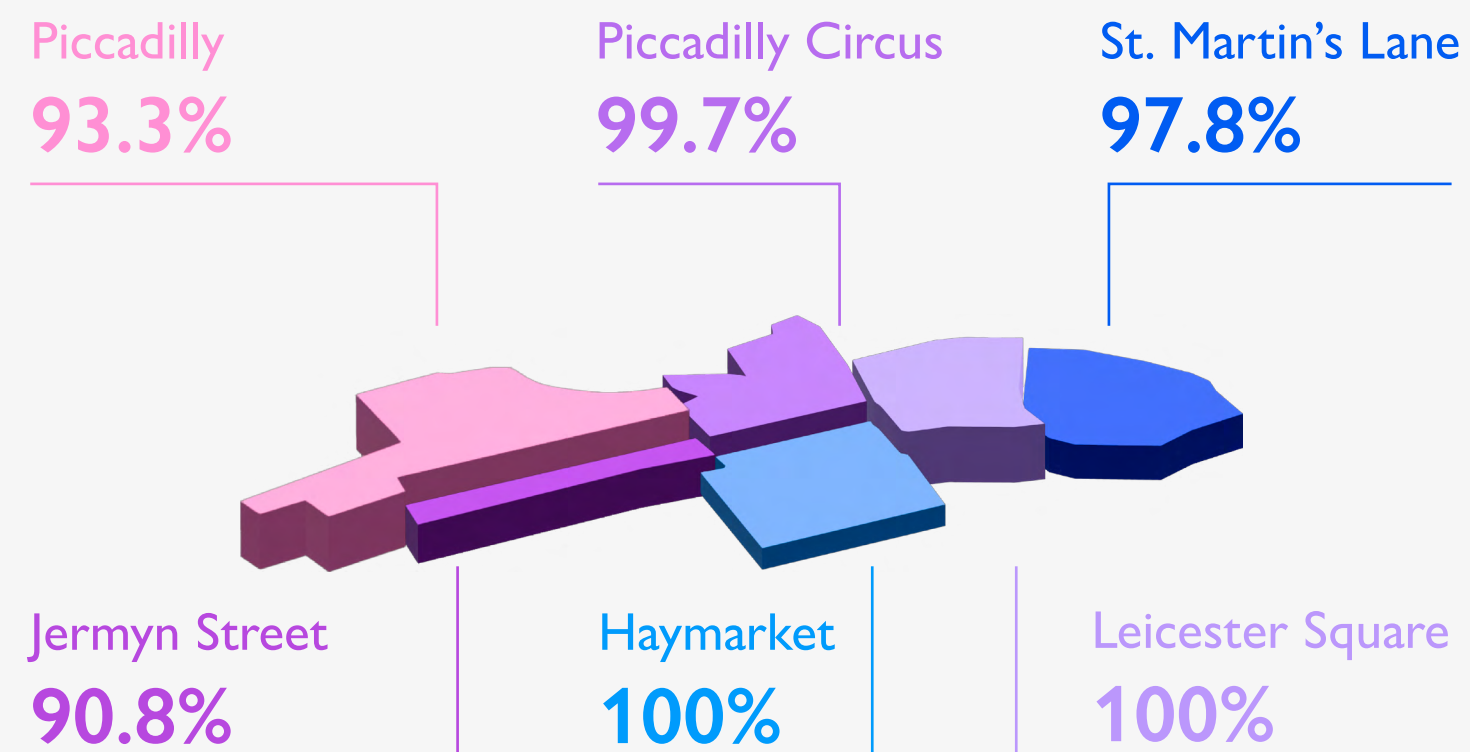


*Jermyn St occupancy rate decrease & availability rate increase can be attributed to the closure of the NatWest bank branch at 208 Piccadilly St.

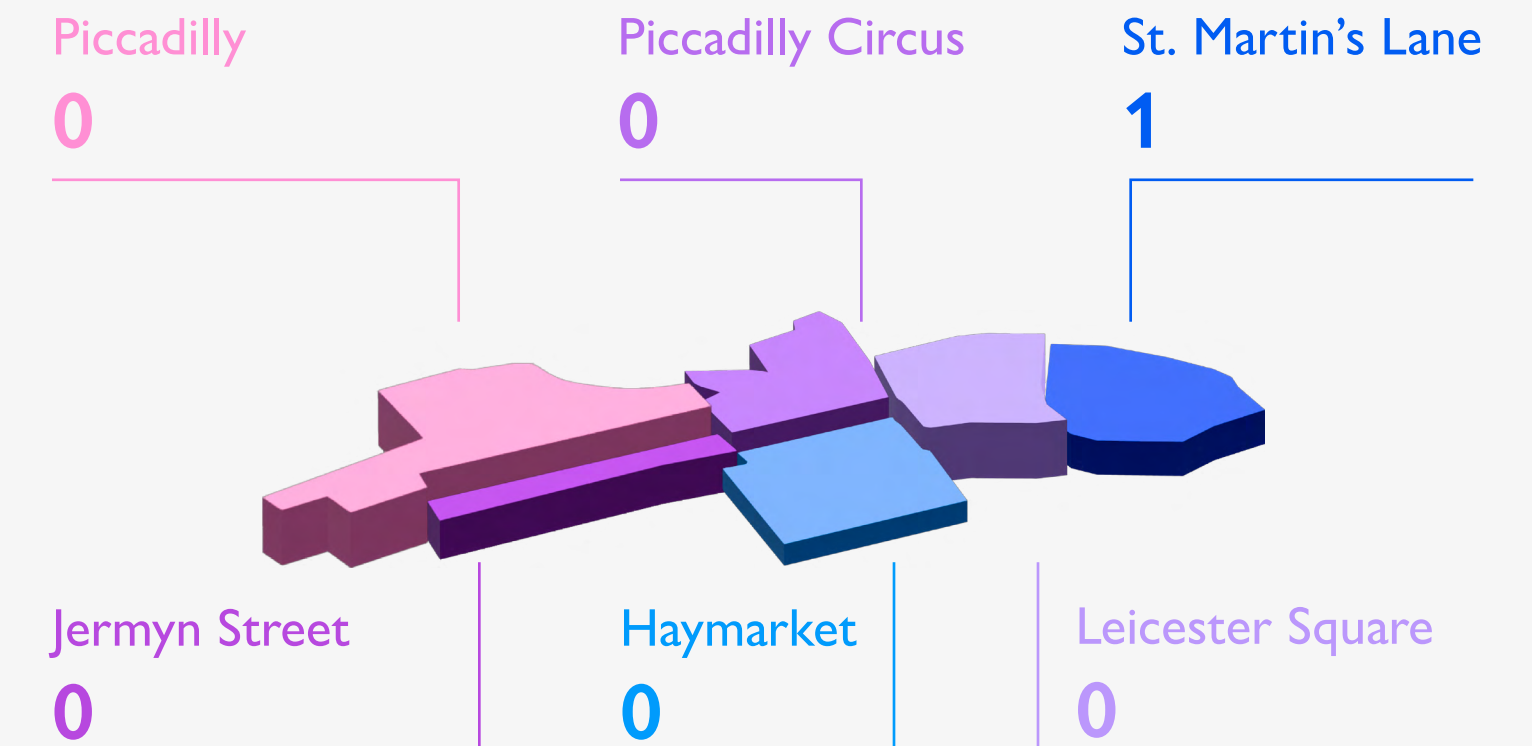
Market Rent Per Sq Ft



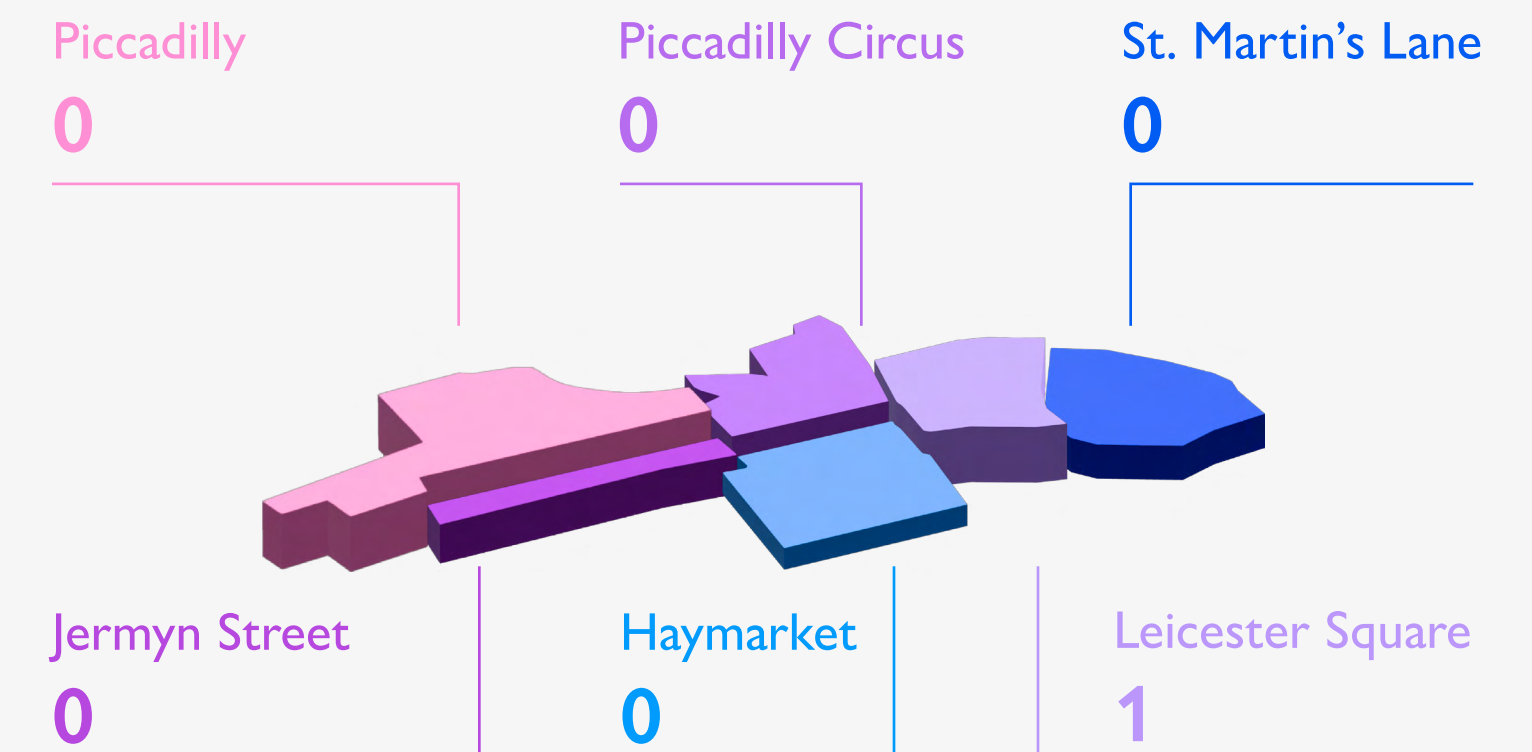
Occupancy Rate



No. of Transactions



Pipeline



Footnote: Data Source CoStar (2024).

LEISURE, HOSPITALITY & F&B

3.6%

Availability
in line with Q4 2023-24

0.0%

Vacancy
in line with Q4 2023-24

10,000 sq ft

Net Absorption
up from 1,161 sq ft Q4 2023-24

100%

Occupancy
in line with Q4 2023-24

£84.51

Market asking rent per
sq ft
Up from £83.75 in Q4 2023-24

Properties spend an average
of

3.3

Months on the market, up
from 0.3 months in Q4 2023-24

INSIDE THE DEAL 21-23 Shaftesbury Avenue

Landsec announced in June that it has completed the lease for Blackwood, a premium sports pub, to the ETM Group at 21-23 Shaftesbury Avenue, as part of The Lucent development at Piccadilly Circus. The space was new to the market and is located just down the road from The Devonshire.

This high-profile leasing of 7,836 sq ft of space signifies a major milestone in Landsec's hospitality plan for Piccadilly Circus, creating a new venue for watching sports in the West End.

Footnote: The above figures include properties categorised under specific CoStar Secondary Types (Bar/Nightclub, Casino, Fast Food, Hotel, Movie Theatre, Restaurant, Quick Service, Theatre/Concert Hall). These are considered to fall under the broad headings of leisure, food and beverage, and hospitality, in markets where CoStar produces analytics.

Image Credit: Landsec & AND London.



THE HOTEL MARKET

The hotel market overview looks at a range of market demand metrics and supply factors specific to the HOL area and its hotel market in comparison to the wider West End. These metrics include occupancy growth, ADR growth, RevPAR growth, development activity, and construction supply. This approach aims to gauge the performance of the local hotel market and its performance on a quarterly basis.

The hotel market has experienced a sustained recovery driven by the strength of the UK staycation market and the resurgence of corporate travel over recent quarters. However, the first financial quarter of 2024 observed the first decline in occupancy, ADR and RevPAR growth since 2021 across the hotel sector in aggregate. Cost pressure has concentrated this decline in growth within the luxury hotel sector, while economy hotels have remained relatively resilient and have been meeting consumer demand for value. Demand for hotel accommodation is expected to grow throughout 2024, largely owing to the anticipated halo effect from high profile events attracting travellers to London from around the world such as UEFA Euro 2024, the Paris Olympics, BST Hyde Park, Wimbledon, and the European leg of Taylor Swift's Eras Tour, with two sets of dates over the summer at Wembley Stadium, delivering a boost for the Capital's hotel sector.



VACANCY, REVPAR & ADR

There are currently 3,483 hotel rooms in the HOL area with an occupancy rate of 87.3%. This marks an increase in occupancy from Q4 2023-24 of +2.3%, consistent with seasonal trends. Both April and May 2024 observed decreases in year-on-year occupancy rates. Industry sources have cited cost of living, supply additions, the shopping tax and VAT for international travellers and impact of the unseasonable weather on domestic travel as primary factors in this micro-trend. However, an increase in year-on-year occupancy in June 2024 suggests persistent demand from visitors of the HOL area and that the sector is moving in a positive direction again.

The highest proportion of hotels in the HOL area are Luxury operators, with 1,356 luxury rooms, comprising 39% of all the rooms in the area. The next highest proportion of hotel rooms is the Upscale offering, with 1,078 rooms, making up 31% of the hotel offering. Upper Upscale hotels comprise 15% of the hotel offering, with 530 total rooms, and Economy rooms make up the smallest proportion of the HOL area offering with 519 rooms, making up 15% of the total stock. The Luxury sector in the HOL area has seen a -1.6% decrease in ADR from the previous quarter, whilst the Economy sector has seen a +5.5% increase in ADR, indicating that travellers are opting for cost-effective offers to meet budget constraints.

In aggregate, the HOL area remains in high demand with increasingly limited availability. ADR and RevPAR, which reflect the average revenue earned for an occupied room and the ability of a hotel to fill its available rooms, have both increased from the previous quarter in line with occupancy. ADR has increased +0.4% and RevPAR has increased +2.7% to currently stand at £345.10 and £301.44, respectively.

Total Hotels*

31

Total Rooms

3,483

Occupancy Rate

87.3%

(+2.3% change in occupancy rate quarter-to-quarter)

ADR

£345.10

(0.4% change in ADR quarter-to-quarter)

RevPAR

£301.44

(+2.7% change in RevPAR quarter-to-quarter)

1 Star Hotels



0

2 Star Hotels



2

3 Star Hotels



5

4 Star Hotels



17

5 Star Hotels



7



Image Credit: AND London.

*Hotel total includes serviced apartments.

Footnote: Latest available data as of July 2024.
Source: CoStar.

RevPAR Definition: Revenue per available room.
ADR Definition: Average Daily Rate.

DEEP DIVE CREATECH

This quarter we have featured a deep dive that explores the emerging CreaTech sector, supporting the launch of our **'A Home for Tomorrow's Cultural Innovation'** report. We explore the economic impact of the sector and the potential for the HOL area to take advantage of this sector's projected growth.



Image Credit: Landscape of Immersive Experiences,
wolfbrown.com

DEEP DIVE: CREATECH

What is it?

Creative technology (CreaTech) is defined as when creativity meets technology, either existing or novel, to innovate in a creative setting. It brings together creativity and emerging technologies to enable new ways of engaging audiences and to inspire innovation, bringing in a new wave of innovative businesses, new investment and inclusive growth.

According to the Creative Industries Council, CreaTech builds on the UK's reputation for creativity and invention by embracing the commercial and cultural possibilities of virtual reality, artificial intelligence, 5G, and other developing fields

The CreaTech sector is expanding rapidly, driven by the increasing integration of technology in the creative process across various sectors like media, entertainment, and advertising. In recent years, the shift towards digital platforms has accelerated, with more companies investing in digital content creation and AI.

There is a growing emphasis on enhancing consumer engagement and experience through interactive and immersive content. Personalisation and targeted content delivery are key trends driven by data analytics and AI. As emerging new sectors go, it's one to watch and the opportunities are wide-ranging.

The prominence of the sector is growing. In 2023, CreaTech was at the heart of the **Creative Industries Sector Vision** by HM Government. In 2020, the sector contributed £116bn to the annual GVA.

Significant investment is flowing into CreaTech start-ups and companies, with venture capitalists and investors recognising the potential of innovative technologies to transform the creative industries. Between 2017 and 2020, 64% of investment in CreaTech came from UK investors. In the same period, 19% of the deals came from the United States, 2% came from Germany and 1.4% from France. UK and US investors accounted for 82% or £981.8m of investment, placing the UK third globally behind the US and China in 2020. Given trends, it is projected that the UK will continue to see fast-paced growth and investment.



INDUSTRY INSIGHT



Chris Michaels
Founder of Chris Michaels
Digital Advisory

CreaTech is the breakout success story of the UK's Creative Industries. A wave of new businesses, growing at dizzying speed is powering growth and innovation. It is time to bring them to London's West End.

Businesses dependent on creativity and technology are not new. Every publisher, every TV company, and every gallery depends on old and emerging technologies in some way. But CreaTech companies, such as GrandWaves and Arcade, are a response to a very new wave of technologies happening now. From AI to blockchain to 5G, new models of production, and service business are happening now.

The last generation of technology businesses - those who've taken advantage of the space available on London's fringes - needed space, whether for advanced manufacturing or to scale up large teams. The CreaTech sector is set to be huge, but at its heart will be small and micro-SMEs - a few creatives working in the cloud. The West End can welcome them - its tight spaces and adjacency to world-leading academia, business, tourism and cultural institutions will produce synergies and spillovers. The dawn of CreaTech is a unique opportunity for the West End to embrace a new generation of business as it did theatre, film and advertising. The time to act is now.

DEEP DIVE: CREATECH

What does it mean for the HOL area?

In 2021, 57% of the UK's CreaTech companies were based in London. The opportunity to attract new businesses into the HOL area is therefore significant and should be capitalised on. The expansion of CreaTech across the HOL area presents an exciting opportunity to build partnerships between the cultural, creative and business communities to drive innovation across a range of areas and activities, creating increased employment opportunities in both the tech and creative fields.

A recent report by the GLA, London's Creative Industries - shows that 21% of all jobs in London are within the Creative Economy, up by 300,000 in just three years. However, it also shows that London's creative clusters are transforming with 20% of businesses moving out of Westminster into new digital clusters in the last decade.

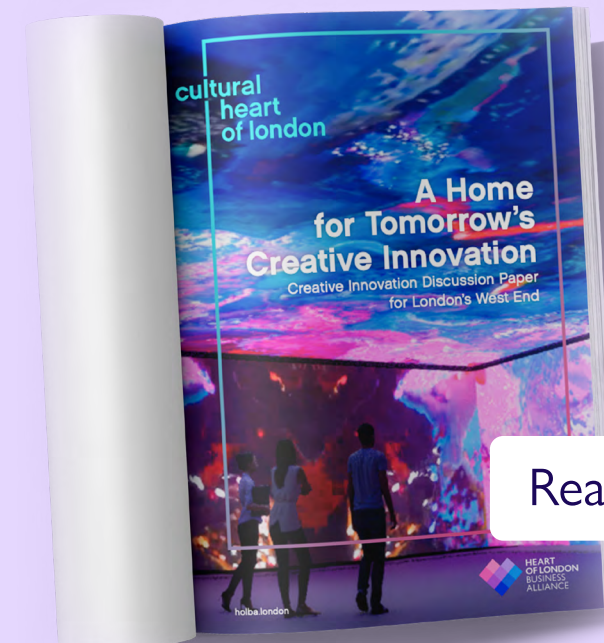
In June, HOLBA launched '**A Home for Tomorrow's Cultural Innovation**' report. The report highlights the opportunity for the area to support the sector and capitalise on this increasing investment. It builds on our 2022 strategic vision for the **Arts Quarter**, to attract a new wave of digital creative innovators to the district by bringing in new investment and opportunities to drive creativity and cross-sector collaboration.

One of the major opportunities for the HOL area is its rich cultural heritage with its many important national cultural institutions. It will be vital to secure access to this expertise and explore how this can be leveraged to attract new business and elevate the cultural offer. CreaTech can help to scale the audience of cultural events and festivals in the area, making them more interactive, experiential and immersive through enabling businesses to reimagine the place in the future and its future cultural role in the West End. It can deliver new approaches for business and cultural tourism to increase footfall and economic activity.

Key opportunities include the chance to innovate in areas such as public art, for example using Landsec's Below The Lights as a landmark to further expand digital content and installations across the district by becoming the rallying point for innovative content and trails that will benefit the wider West End. This could also be explored on the streets that surround the National Gallery, the National Portrait Gallery and even extend to the Fourth Plinth at Trafalgar Square, by adding smart city features and cultural content that enhances user experience and builds on the narrative of an immersive cultural offer.

A key factor for encouraging tech start-ups back to the West End will be accessible and flexible workspaces that are attractive and meets the demands of creative innovators. It will also be vitally important to curate and enable the development of a West End ecosystem to enable opportunities for interested businesses influencers and cultural institutions to be identified, by providing forums to come together, share ideas and collaborate.

Opportunities to Explore



[Read here](#)

Creating opportunities to activate windows and façades through digital installations.

Transforming events and activities with exciting new formats developed through creative technology.

Creating space for anchor and start-up businesses to grow the ecosystem.

Sub-optimal office space may meet the requirements for a CreaTech business.

Foster partnerships between cultural, creative and business communities to drive innovation.

HOLBA Occupier Showcase



Esports is a CreaTech industry which saw an annual average growth rate of 8.5% between 2016 and 2019. In 2019, it created £111.5m in GVA. BLAST, situated on Charing Cross Road, is an esports company that focuses on creating live and digital experiences, from in person tournaments to online content. The business currently leases 2,875 sq ft of space on the fourth floor at 39-41 Charing Cross Road.

BLAST are famous for their unparalleled production quality and game changing fan-first moments. Bringing together the best teams and biggest superstars to fight it out for glory and multi-million dollar prize pools. Attracting tens-of-thousands of fans to crazy-big-adrenaline-pumped live events in big arenas from London and Copenhagen to Atlanta and Sao Paulo, with millions more watching at home from all around the world on their global broadcasts.

BLAST works with some of the world's best game publishers and brands to elevate their properties into amazing esports experiences. They're currently working with world-leading game publishers Epic Games, Valve and Ubisoft to produce, market and deliver esports for popular titles Rocket League, Fortnite, Rainbow Six and Counter-Strike 2.

Sources: BLAST, Ukie.

INSIGHTS

Our Insights focus on a range of metrics, including transport, footfall, visitor demographics, consumer spending, social media mentions, and publications, announcements and consultations from key stakeholders across the HOL area.

The Insights are considered within a complex economic climate, with factors from employees being encouraged to return to the office, London's Mayoral election, the General Election and the cost of living crisis.



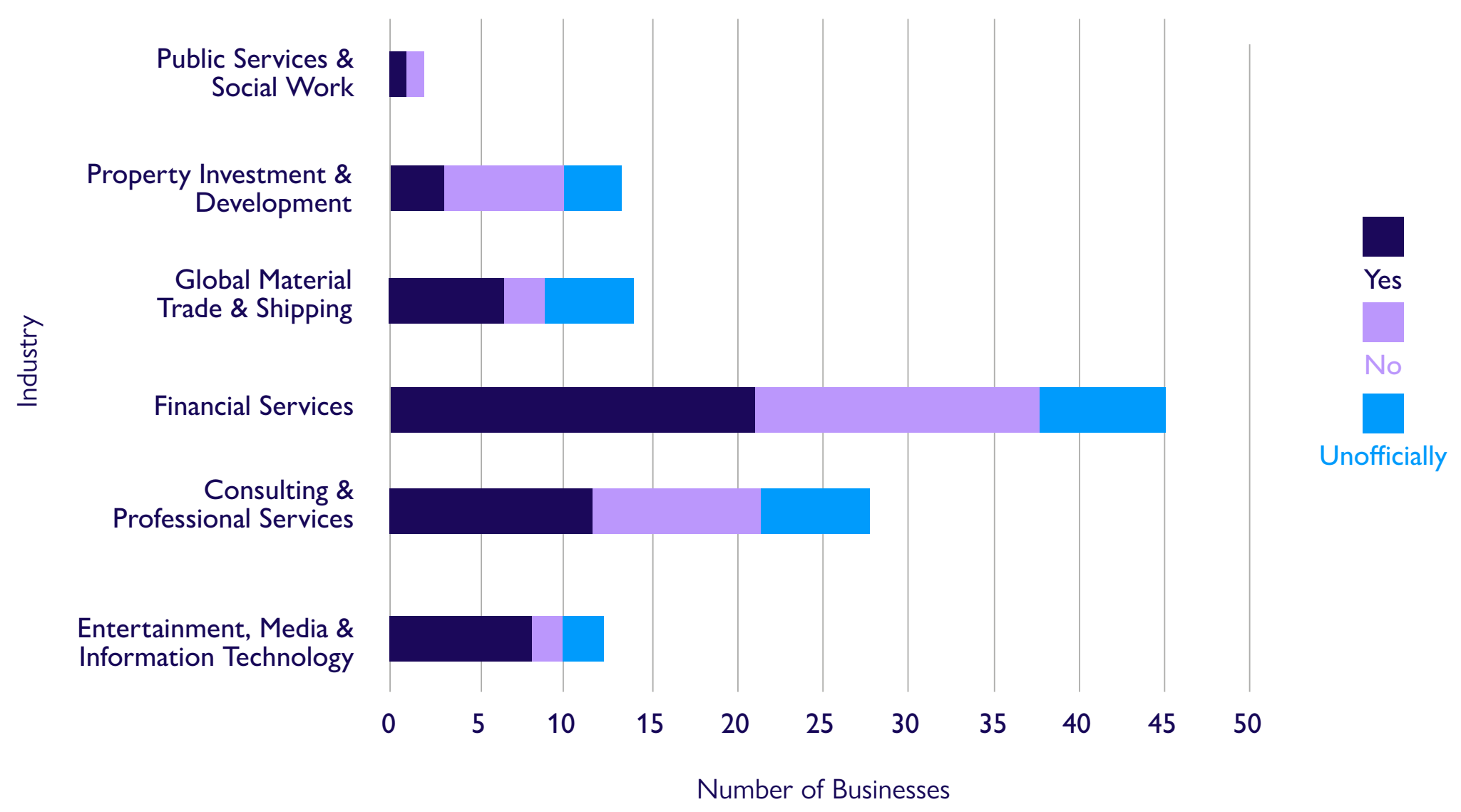
WORKING FROM HOME

HOLBA is undertaking a major business study to understand the office and working from home habits of businesses within the area.

The study has seen us approach 903 businesses and generate a response rate of 12.6%, which is a sample size of 10% of all office-based businesses located within the HOL area. We are keen to continue gathering data to monitor this vital metric on a quarterly basis – please use the QR code to download our survey and contribute your company’s data.

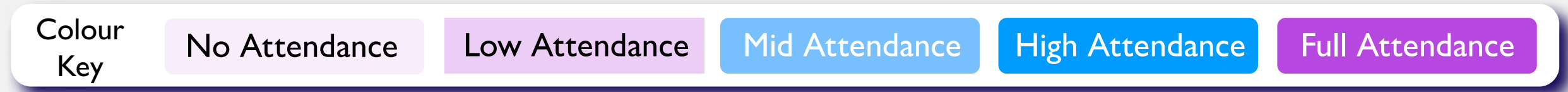
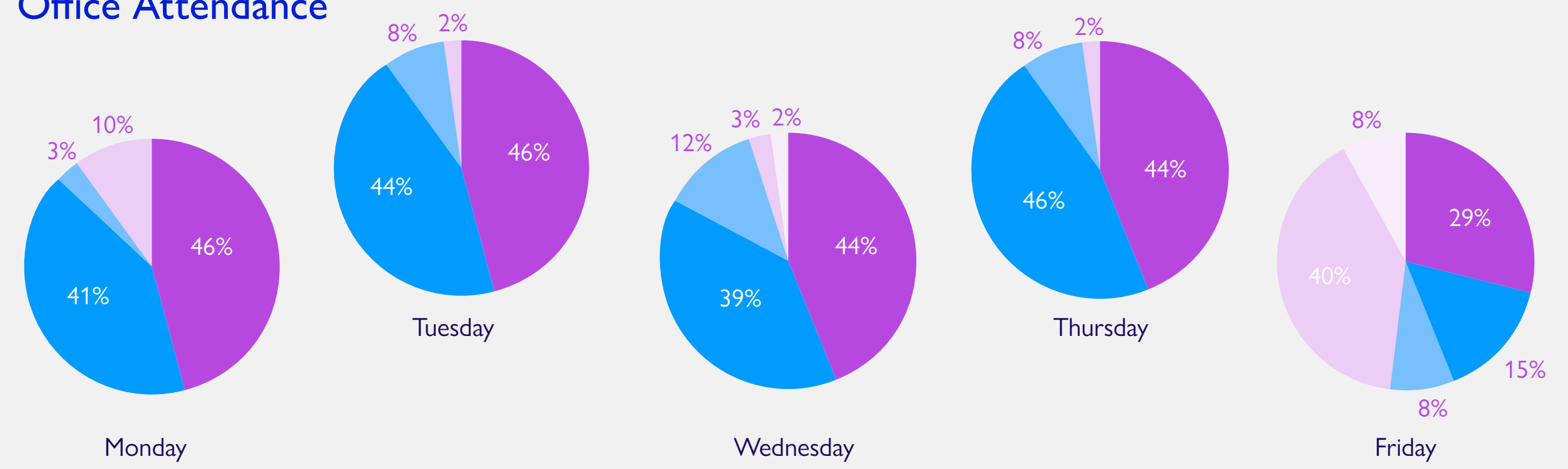


Work from Home by Industry



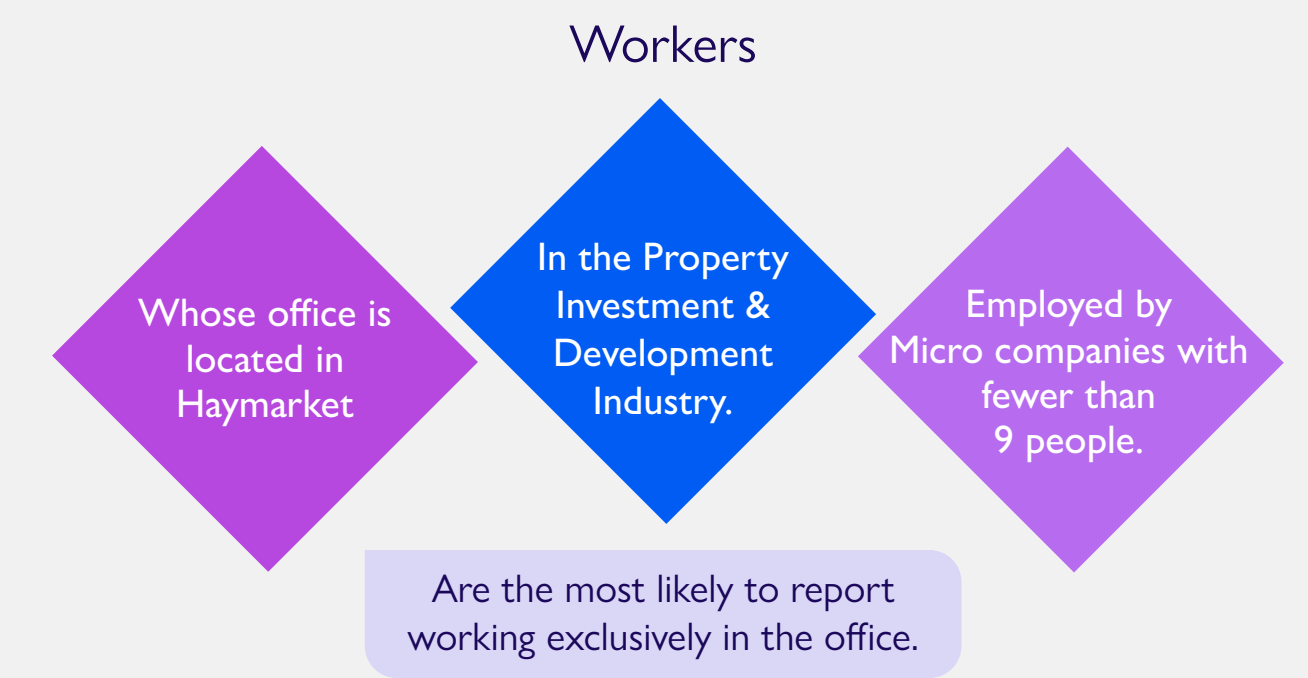
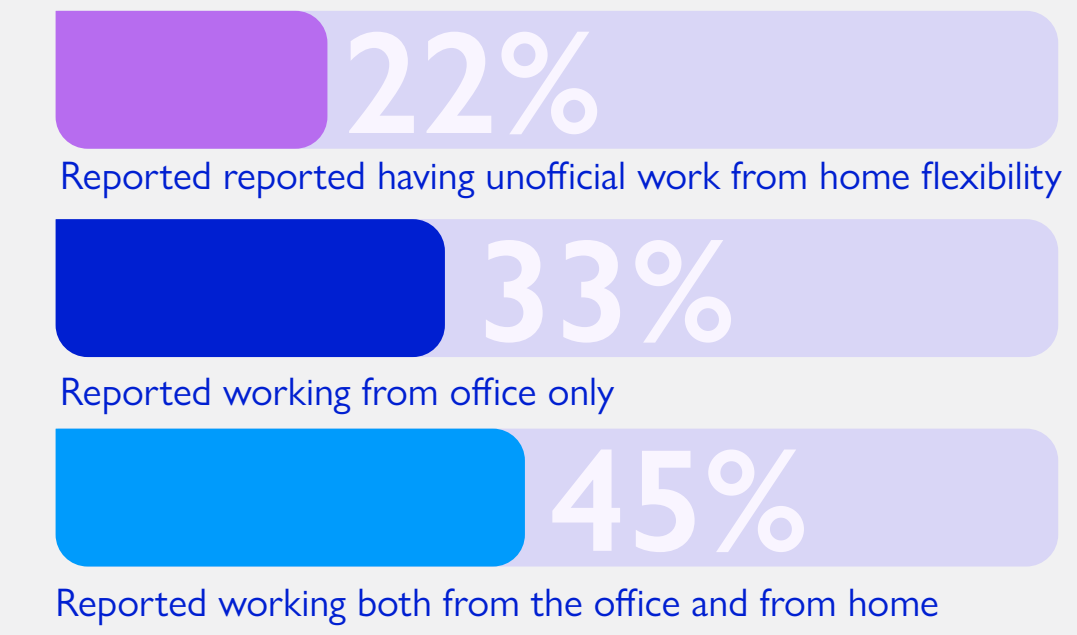
Footnote: Survey results are cumulative across a two quarter period (February 2024 to June 2024)

Office Attendance



Footnote: The daily attendance breakdown was reported by 60 respondents, the above data reflects that total.

Among businesses surveyed in the Heart of London area:



The work-from-home habits of businesses within the HOL area are a mixed picture, with 33% reporting they work exclusively from the office and 67% enabling hybrid or remote working practices in some capacity for their staff. Of the companies that allowed for hybrid working, 32.89% reported that their work from home habits were 'unofficial', meaning there is flexibility in the ability to work from home.

Only 28% of businesses surveyed indicated that 100% of their staff were present in the office on Fridays, making it by far the weekday with the lowest office attendance. Encouraging workers to return to the office on Fridays will require an enhanced workspace experience to incentivise visitation to the HOL area throughout the week.

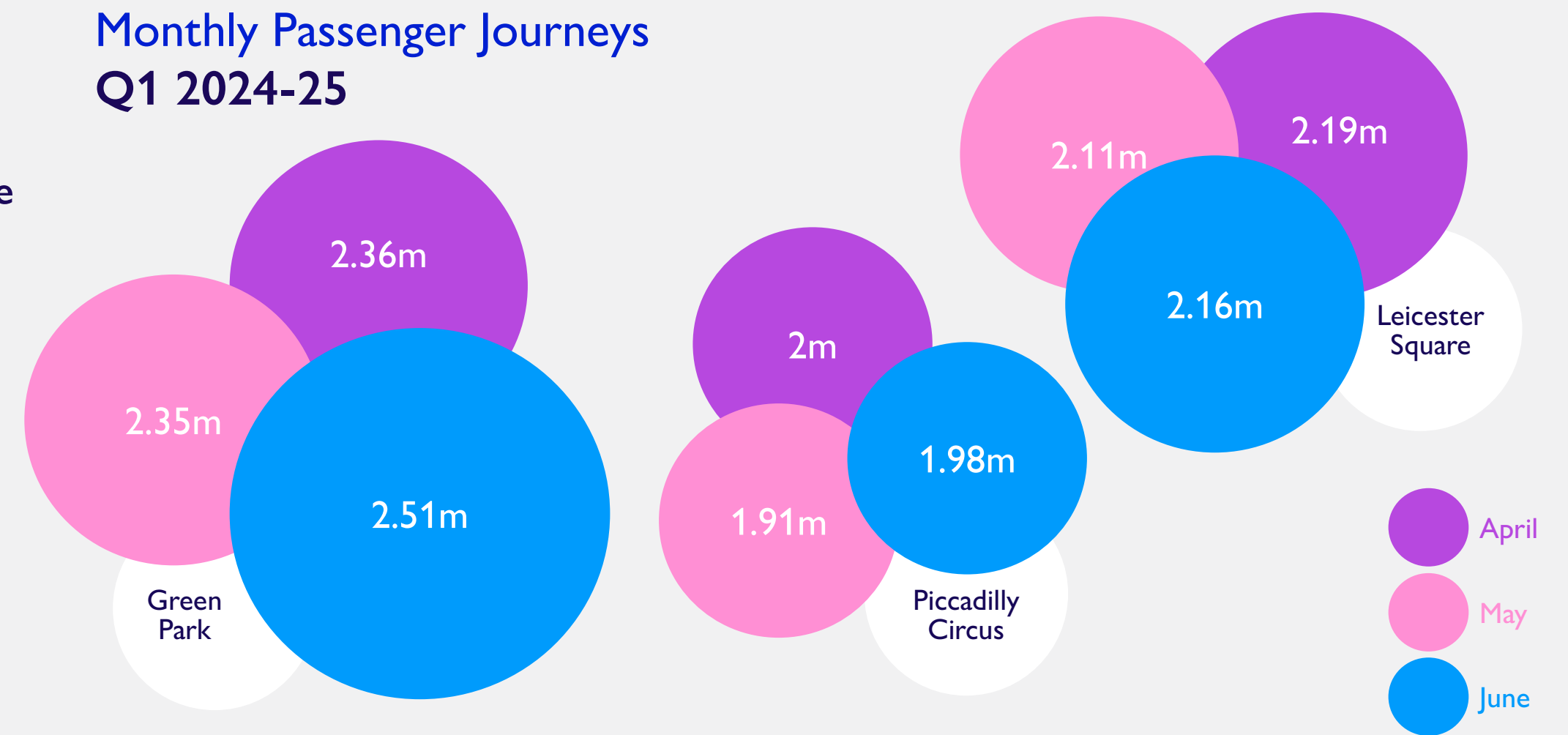
TRANSPORT

The HOL area is home to three Underground stations – Green Park, Piccadilly Circus and Leicester Square (the HOL stations) and together they give visitors access to five major Underground lines: Jubilee, Piccadilly, Victoria, Bakerloo, and Northern Line.

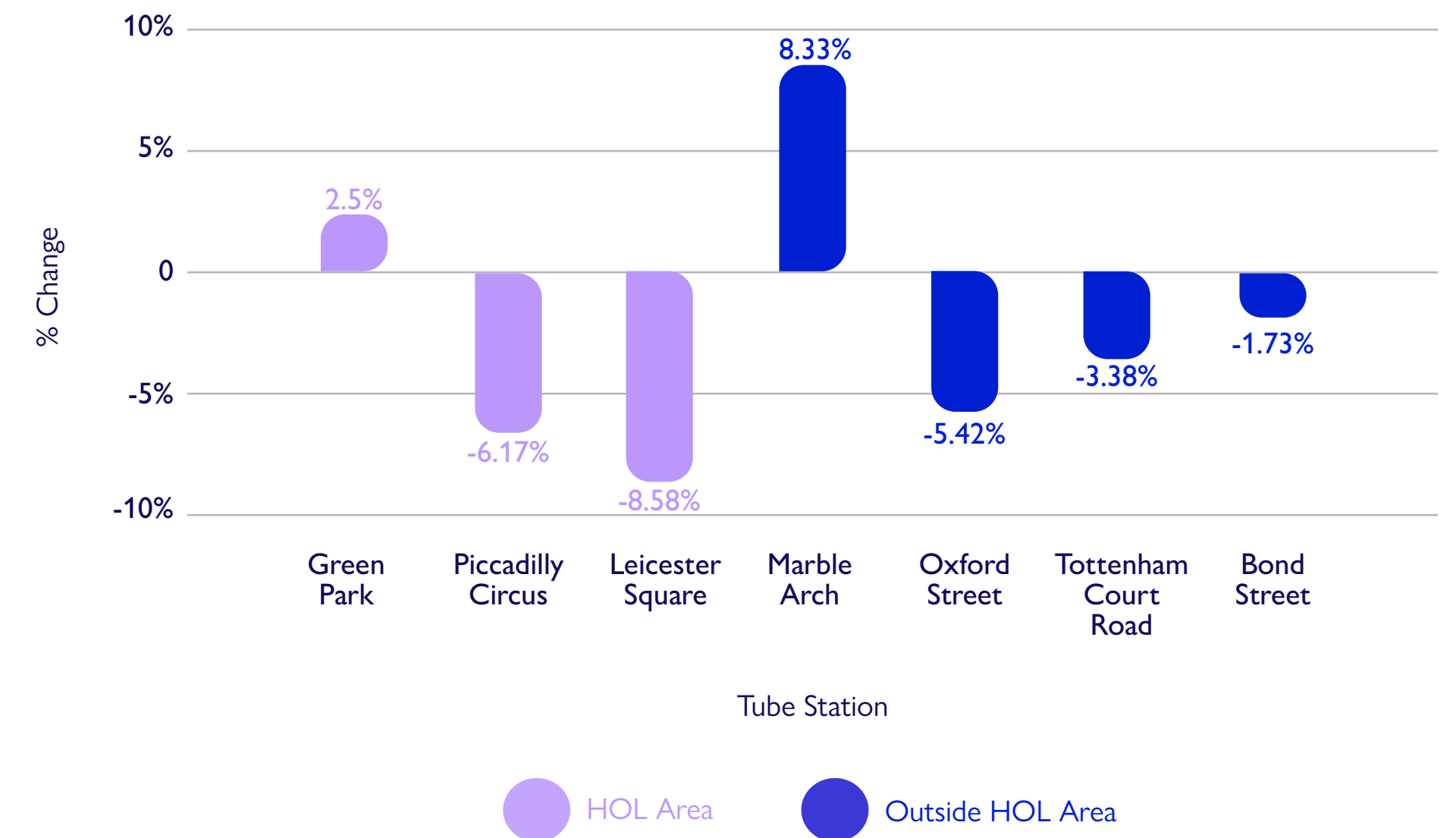
Passenger journeys in the HOL stations between April and June 2024 (Q1 2024-25) reached a total of 19.6 million which makes up 34.7% of the total passenger journeys made in all West End Stations (Marble Arch, Bond Street, Oxford Circus, Tottenham Court Road, and the HOL stations). Among the three HOL stations, Green Park station had the highest passenger journeys at 7.23 million, which makes up 36.8% of the total passenger journeys made through the HOL stations in the first quarter. Passenger journeys remained fairly consistent throughout the quarter, peaking at 6.6 million in June, highlighting the HOL area’s summer appeal. These stations followed a similar trend throughout the quarter, with a minor dip from April to May, followed by a rise to June. Notably, Green Park station saw substantial growth, with journeys rising from 2.36 million in April to 2.51 million in June.

Looking at the quarter-to-quarter change (comparing Q1 2024-25 to Q4 2023-24), the HOL stations witnessed an overall 3.9% dip in passenger journeys, while the West End stations experienced a dip of 3.3%. Green Park and Marble Arch were the only two stations that saw a rise in passenger journeys, which may be attributable to their proximity to major open spaces and other tourist attractions.

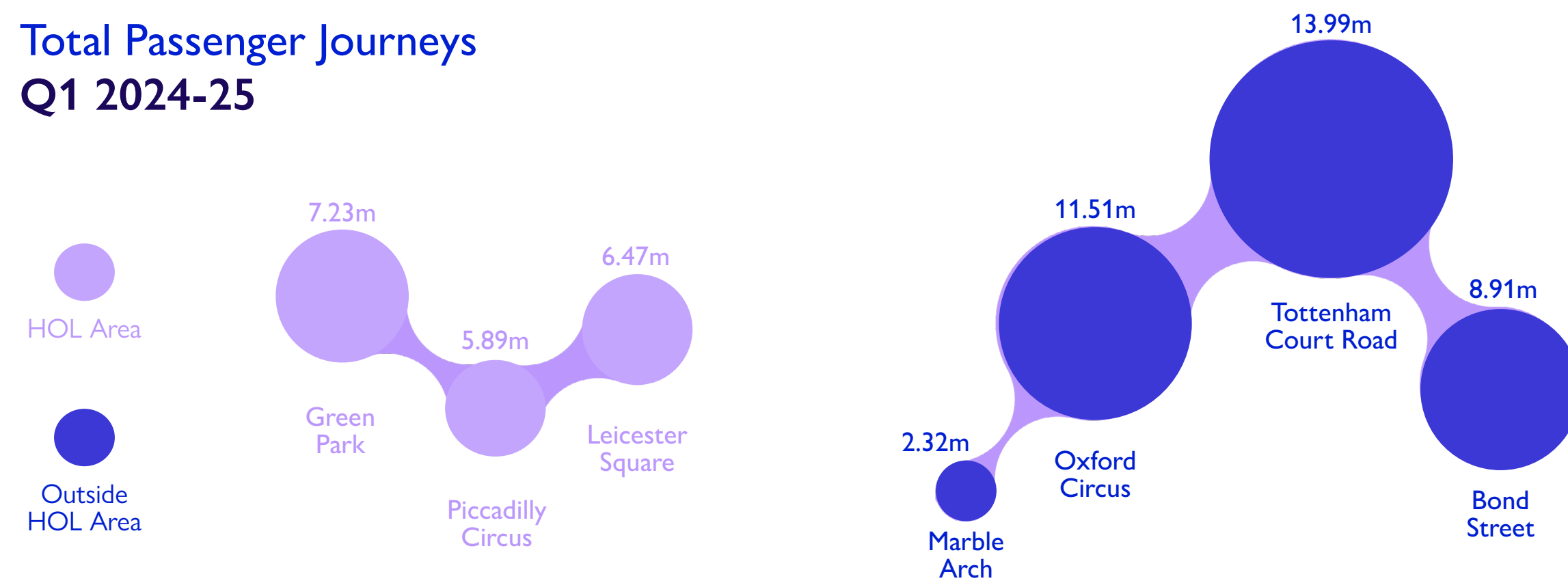
Monthly Passenger Journeys Q1 2024-25



Change in Passenger Journeys Q4 2023-24 vs. Q1 2024-25



Total Passenger Journeys Q1 2024-25

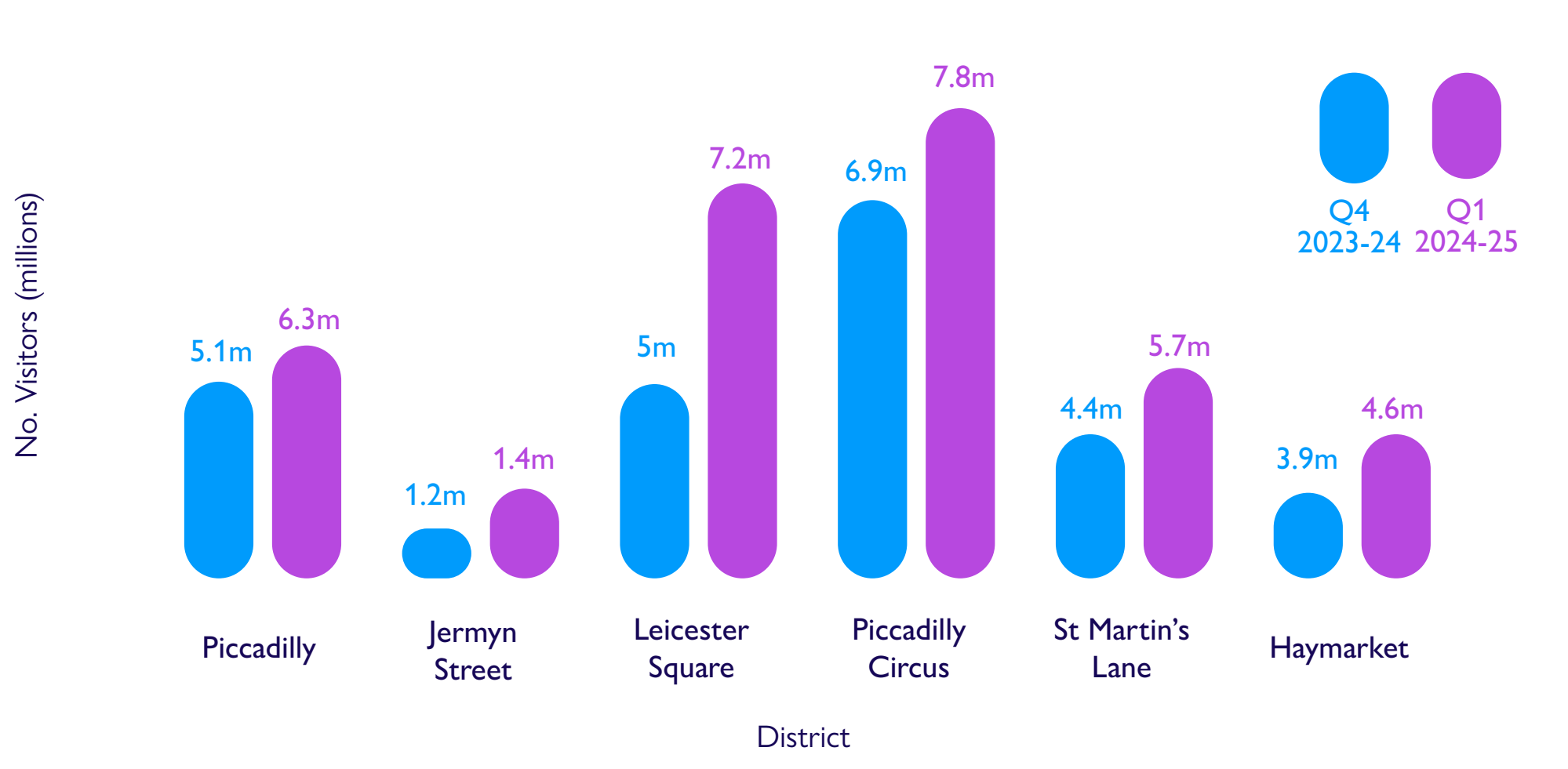


FOOTFALL

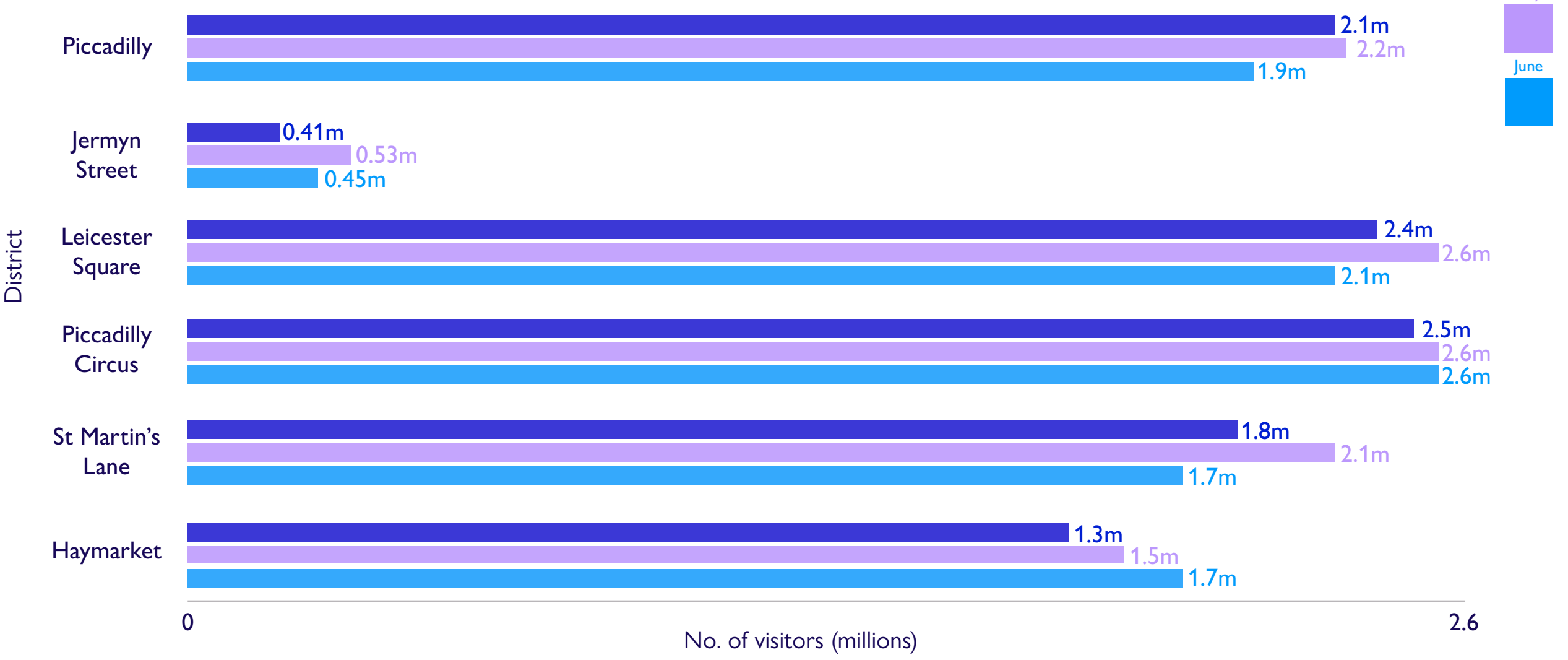
Footfall in the HOL area, between April and June 2024 (Q1 2024-25), reached a total of 19.9 million, of which 13.2 million were domestic visitors and 6.7 million were international visitors. This makes up around one third of the foot traffic through the Core West End as a whole. The number peaked in May 2024, with over 7.1 million people passing through the HOL area, owing to the popularity of the area during the summer months, an influx of tourists and visitors, along with the school half-term break, and the two bank holidays during this month. While footfall remained consistently high throughout the quarter, June 2024 saw a slight dip to just over 6.3 million visitors. Among the six HOL districts, Piccadilly Circus had the highest footfall at 7.8 million, which made up 39% of total footfall in the HOL area and 11.8% of the Core West End area.

Footfall trends in Piccadilly, Jermyn Street, Leicester Square, Piccadilly Circus, and St Martin's Lane followed a similar pattern from April to June. These districts saw an increase in foot traffic from April to May, followed by a slight decrease from May to June. In contrast, Haymarket experienced steady growth throughout this period, with footfall rising from 1.37 million in April to 1.72 million in June. Looking at the quarter-to-quarter change, the HOL area witnessed an 24% rise in footfall, while the Core West End area experienced a smaller increase of 18%. Among the six HOL districts, Leicester Square had the most significant rise in footfall by 31%, followed by a 23% rise in St Martin's Lane and a 20% rise in Piccadilly district.

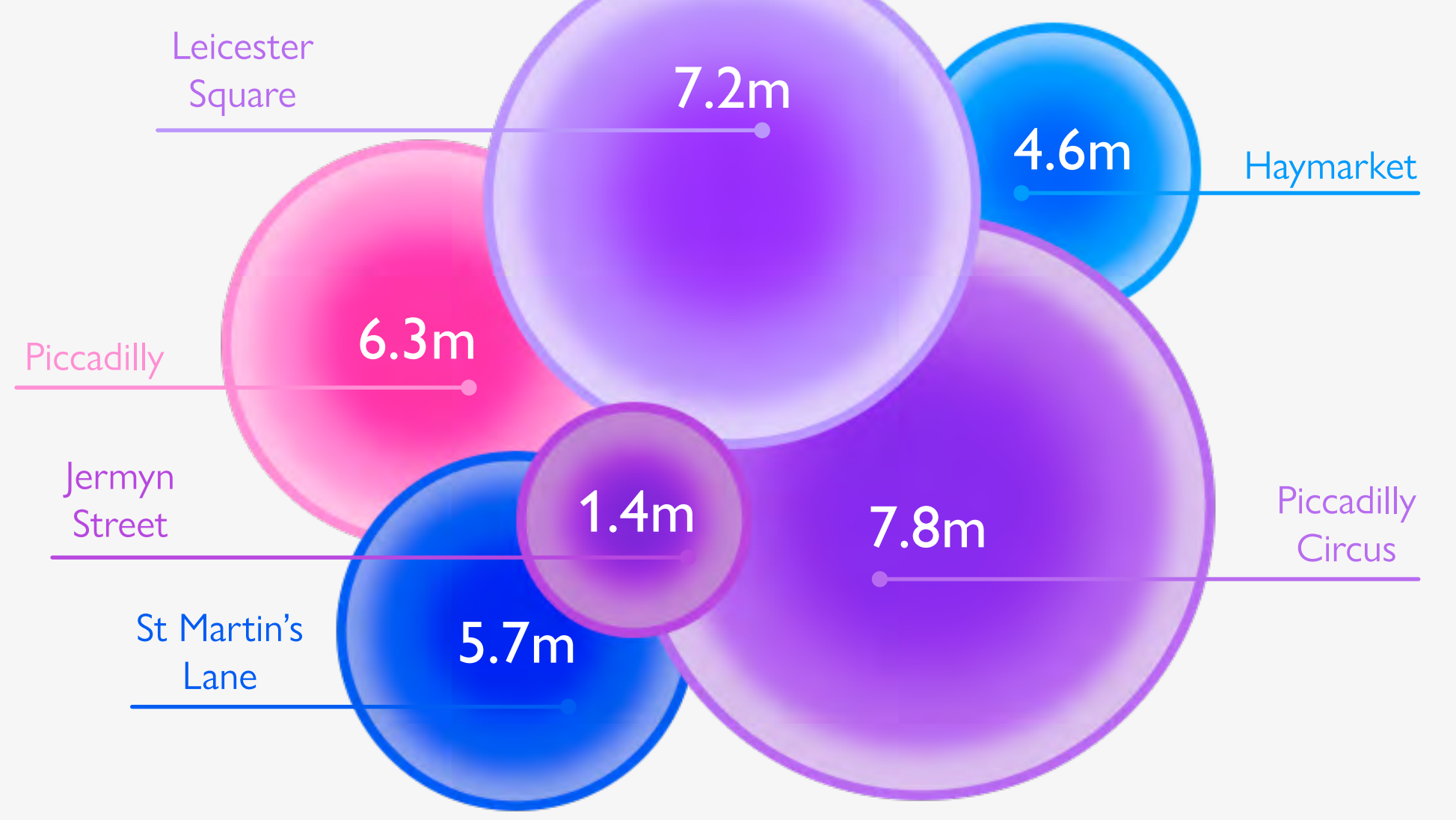
Quarter-to-quarter change



District-level monthly footfall Q1 2024-25



Total footfall Q1 2024-25



*The footfall numbers for individual districts may not equal the total footfall across the HOL area. This discrepancy arises because the same person visiting multiple districts will be counted separately in each district's footfall count. However, when calculating the overall footfall across the HOL area, that person would only be counted once.

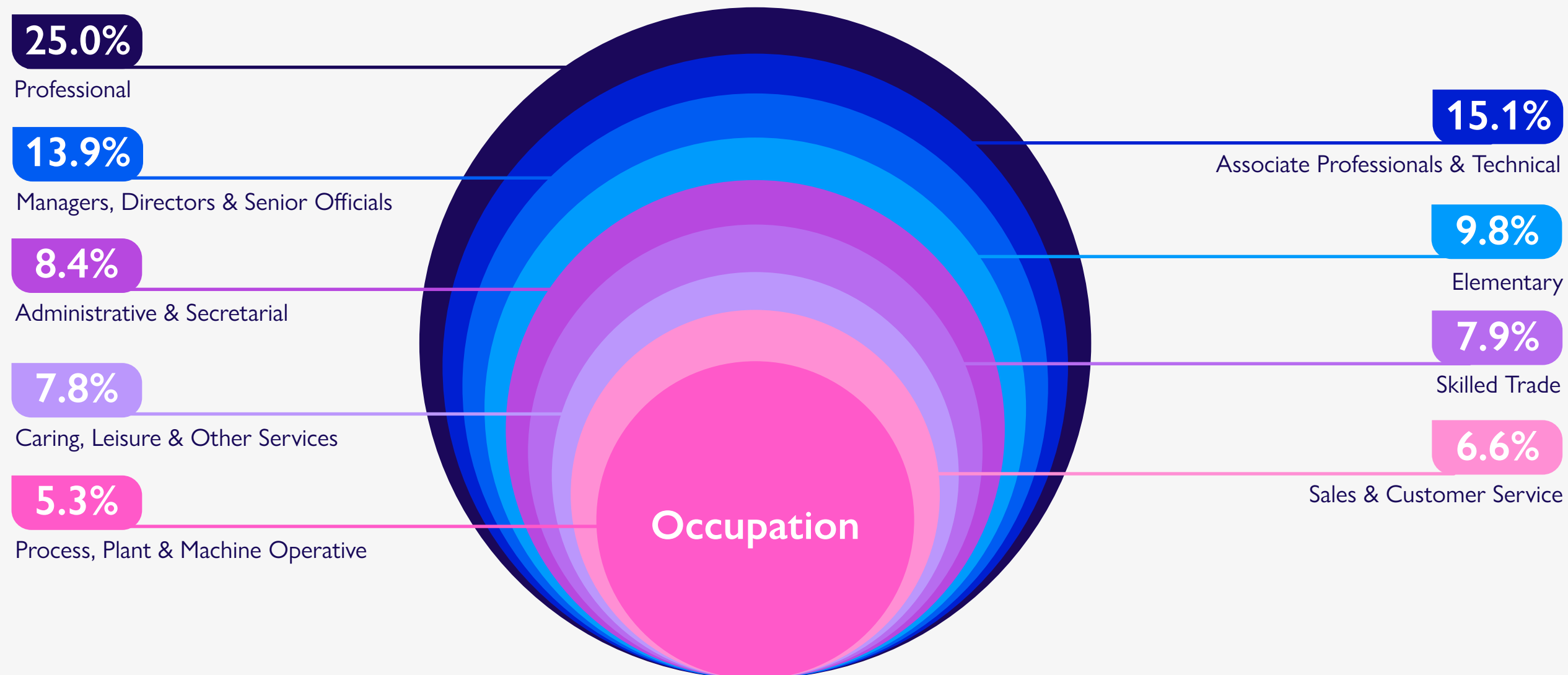
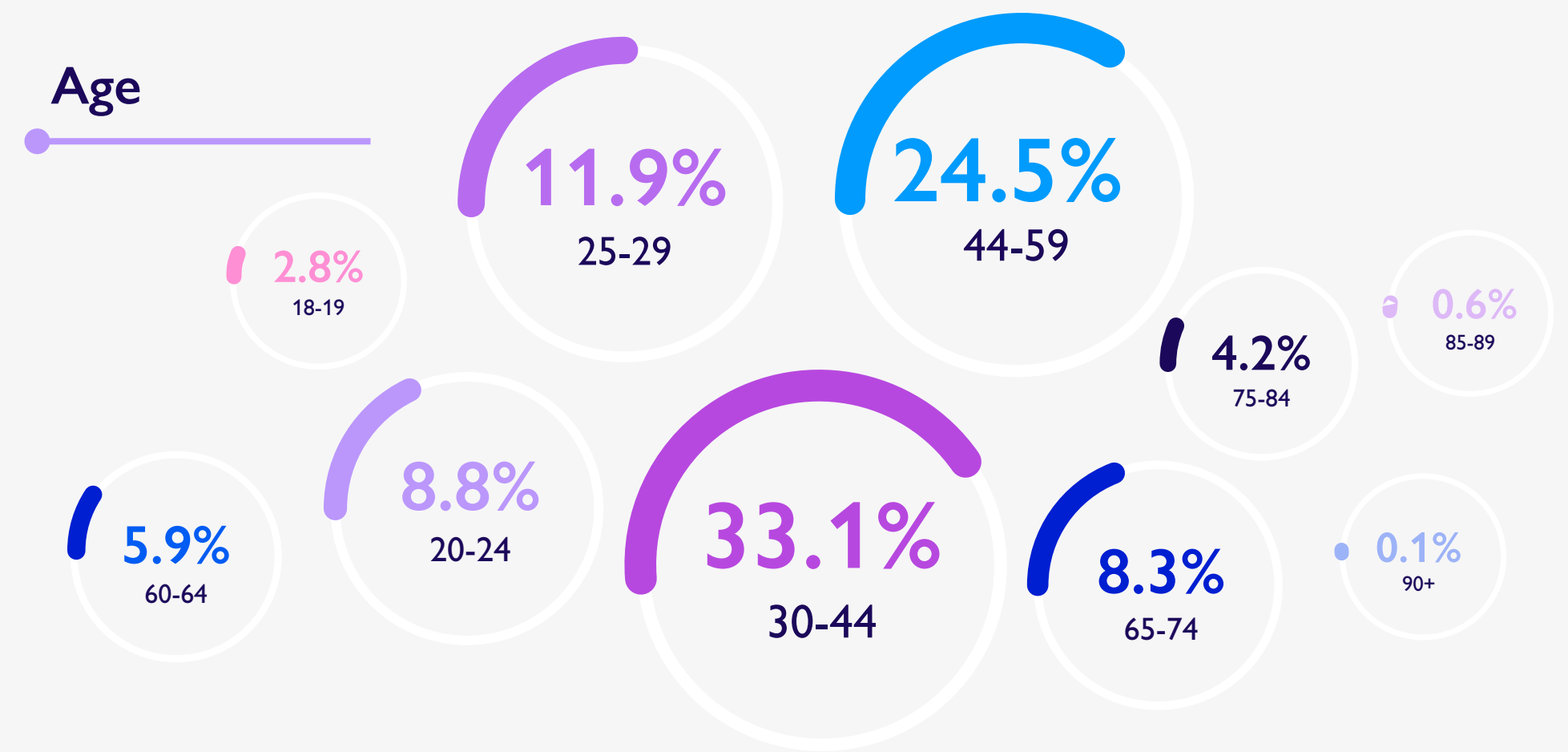
Due to methodology changes this quarter's data may not align with percentage changes in the monthly reports
Footnote: Latest available HUU footfall data from Colliers (2024).

VISITOR DEMOGRAPHICS

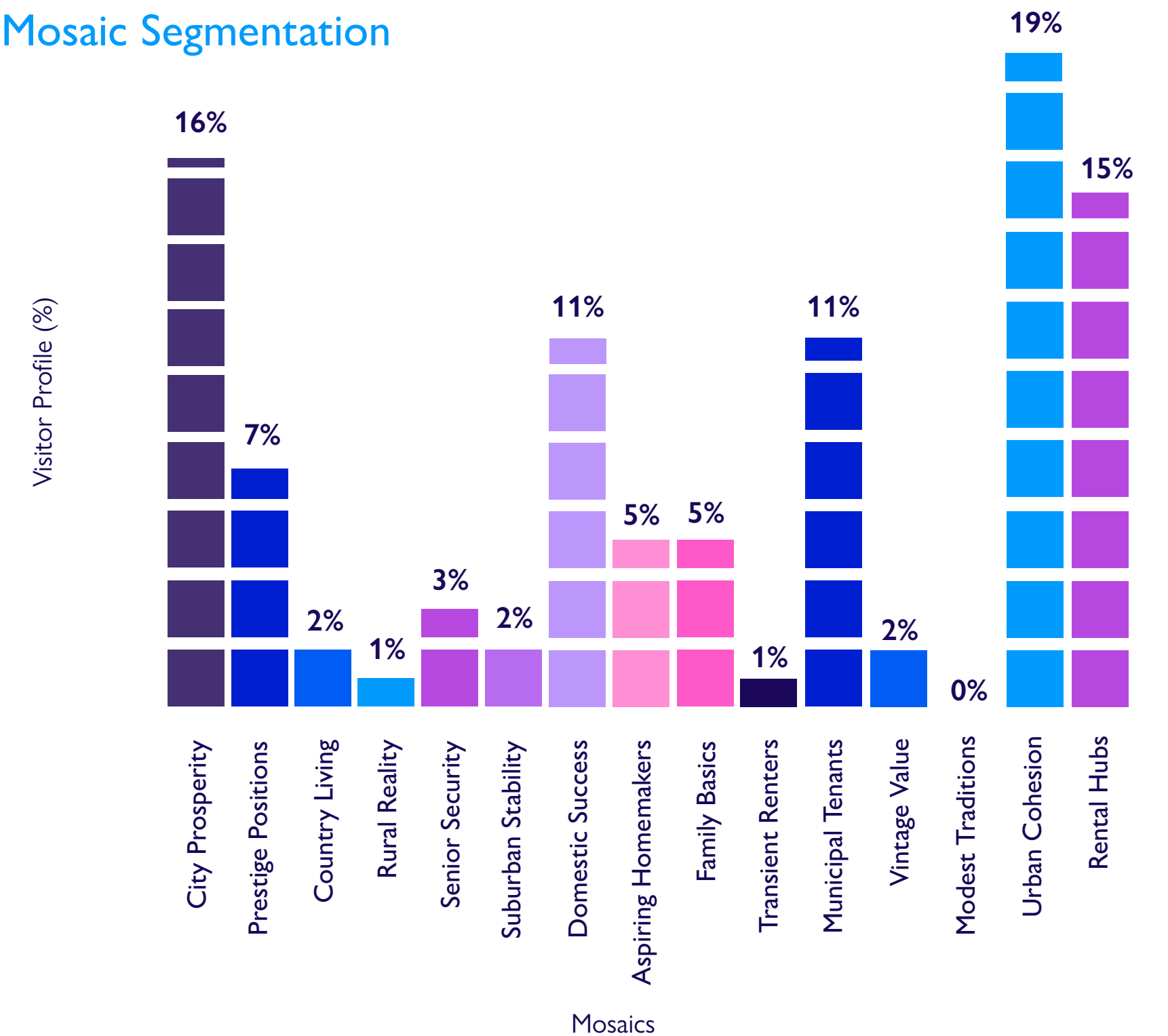
Between April and June 2024, the HOL area attracted a diverse range of visitors, with the majority falling within the 30 to 59 age brackets. This demographic represented over half of all visitors during this period, indicating its popularity amongst working-age adults. The largest single group of visitors belonged to the 30-34 age group, accounting for a substantial 33.1% of the total. Following closely, the 45-59 age group made up 24.5% of visitors. Young adults under 30 were at 23.5%, whilst visitors aged 60+ made up 19% of the total visitor count. Whilst being a smaller proportion compared to other age groups, it indicates that the HOL area appeals to a wide age spectrum, from young adults to seniors.

In terms of occupation, the largest share of visitors fell under the Professional Occupations category (25.0%), followed by Associate Professionals (15.1%) and Managerial occupations (13.9%). These figures correlate with the concentration of office-based businesses in the HOL area and its reputation as a thriving business district.

Looking at visitor Mosaic Segmentation, Urban Cohesion emerged as the largest segment at 19% followed by City Prosperity at 16.4%. Rental Hubs made up the third largest segment at 15%. Interestingly, both Municipal Tenants and Domestic Success segments each contributed 11% to the visitor profile. Collectively, these Mosaics represent over half of London's total population, naturally translating into a significant presence in the HOL area. This distribution effectively mirrors the broader socio-economic landscape of the capital, highlighting the HOL area's role as a microcosm of London's diverse urban population.



Mosaic Segmentation



Footnote: Latest available data from Colliers (2024).

CONSUMER SPEND

Between April 2024 and June 2024, consumer spending in the HOL area increased by 2.42% compared to the previous quarter. The total number of transactions also grew by 3.67%, and the number of visits saw a significant rise of 7.53%, signalling the influx of visitors to the area during the spring.

Monthly spending and transaction volumes followed similar trends throughout the quarter, reflecting consistent patterns. While the spending and transaction indexes remained stable in April and May, they experienced a slight dip in June. Conversely, the number of visits rose in May, but declined to an index of 97 by the end of the quarter.

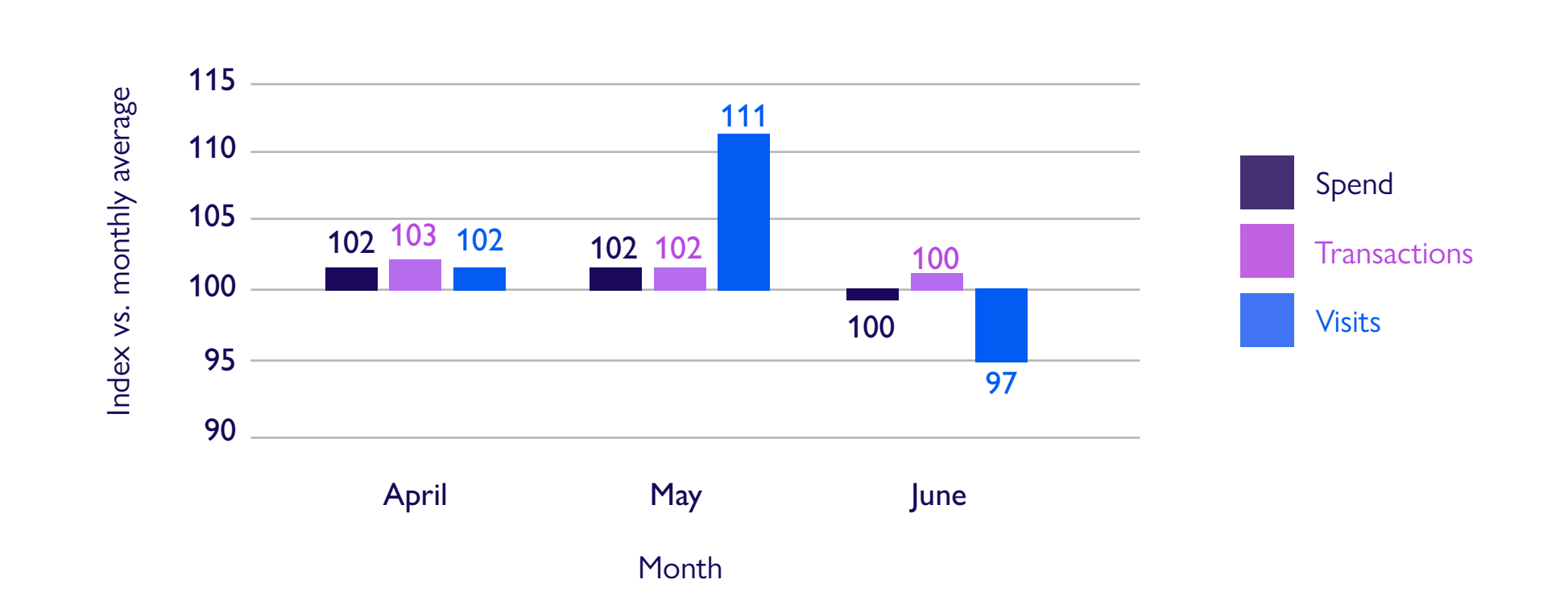
Between the first and the fourth week of April, consumer spending rose from an index of 96 to 107 (a rise of £10,534), and transactions rose from 100 to 105 (a rise of 5,456) while visits dropped from an index of 110 to 86 (a drop of 294.2k). This indicates the occurrence of fewer but higher-value transactions. By the end of April, spending and transactions remained steady while visits rebounded to an index of 120 (1.46m visits).

In May, and June consumer spending and transactions remained relatively stable throughout, whilst visits experienced a decline in May from an index of 109 to 91 (a drop of 226.8k) and minor fluctuations in June. Overall, the indices for spend and transactions generally moved together indicating a correlation between the two and remained stable regardless of the fluctuation in visits.

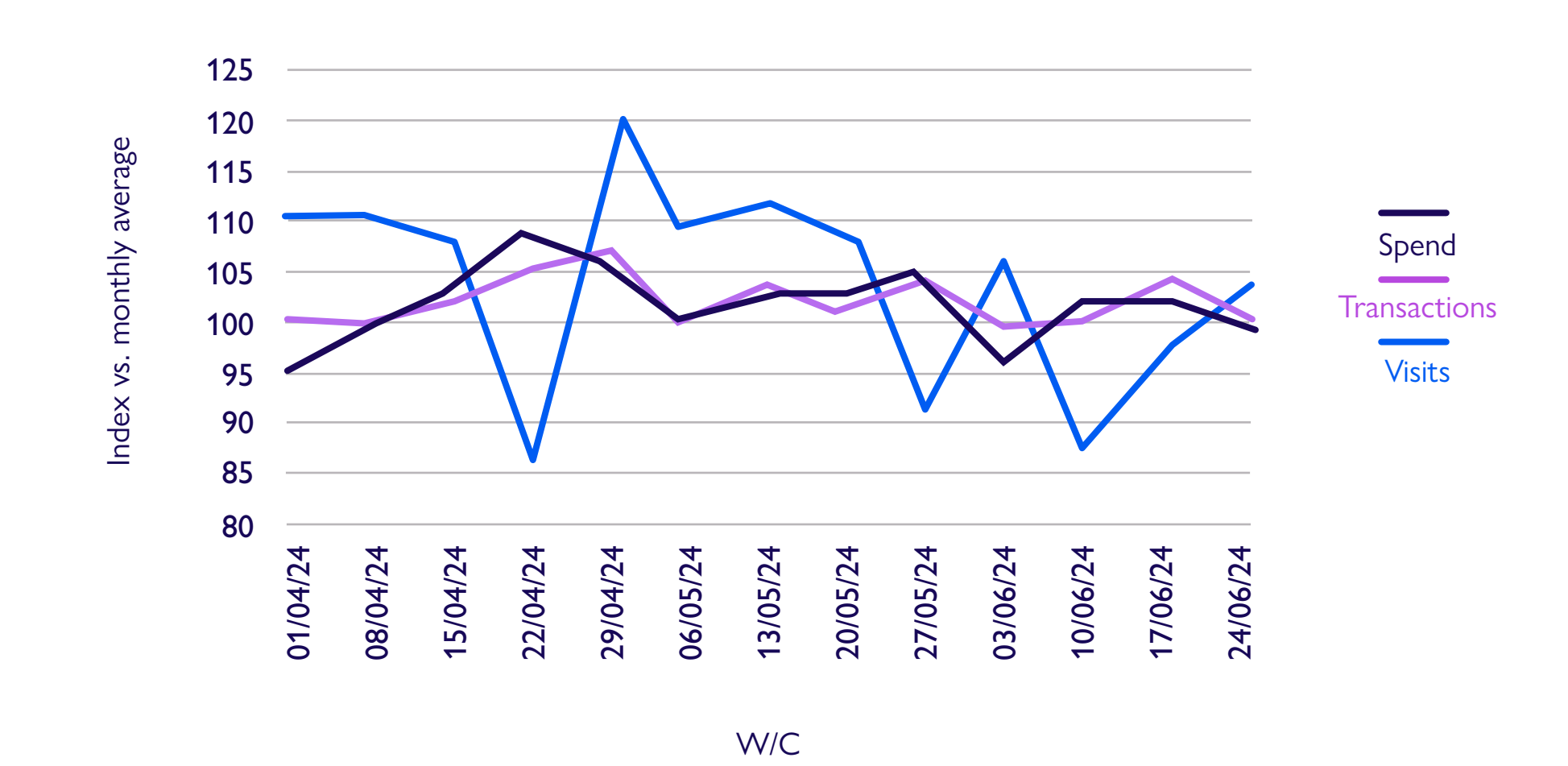
Quarter-on-Quarter Change in the HOL Area



Monthly Spend, Transactions & Visits



Spend, Transactions, Visits Index



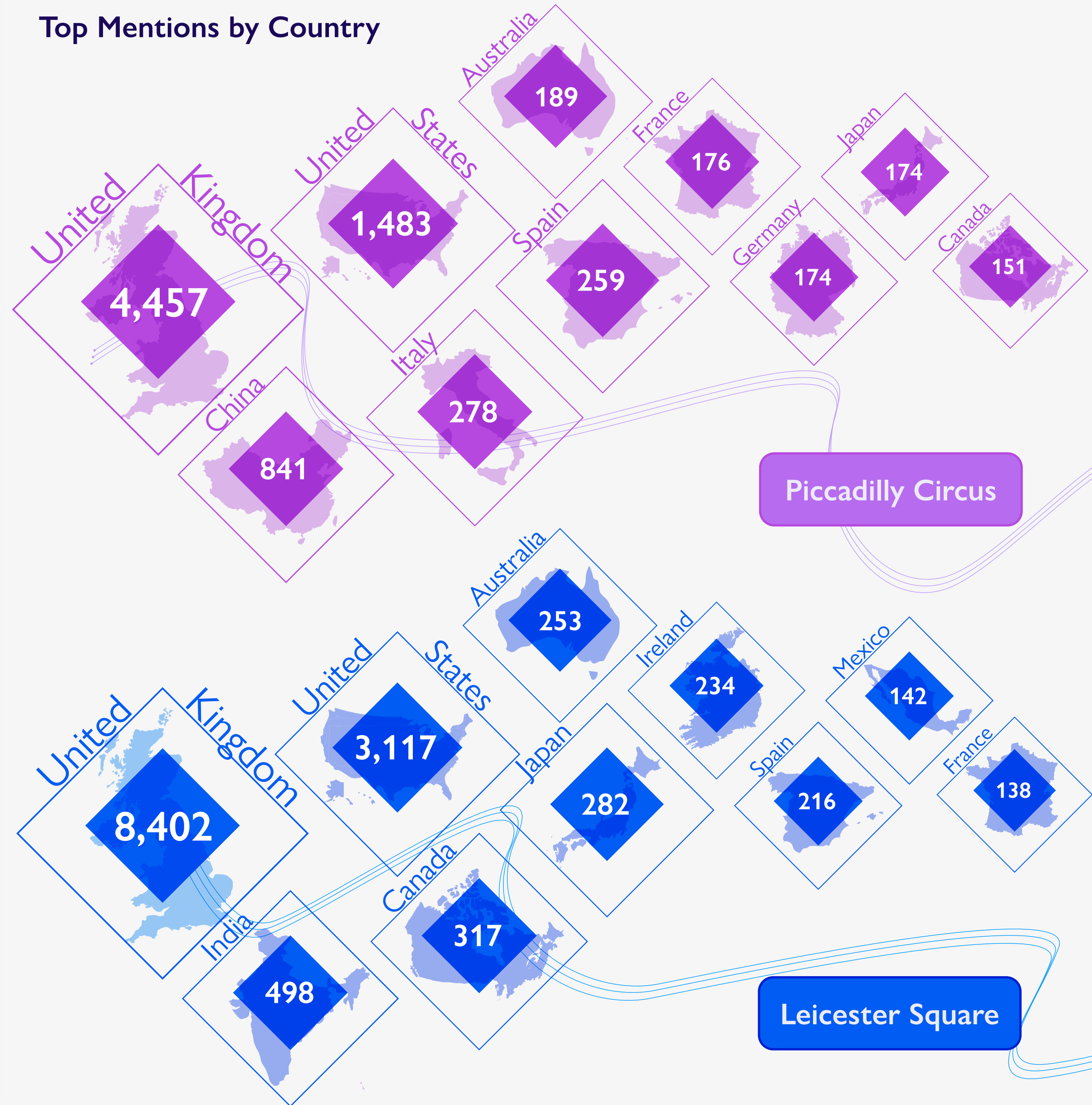
Footnote: Latest available data from Colliers, MasterCard (2024) HOLBA members can read more [here](#)
Spend data figures are adjusted for inflation.

SOCIAL MEDIA: GLOBAL

The Social Media analytics data from Meltwater for April 2024 to June 2024 provides valuable insights into the online mentions of two iconic tourist destinations in London - Piccadilly Circus and Leicester Square.

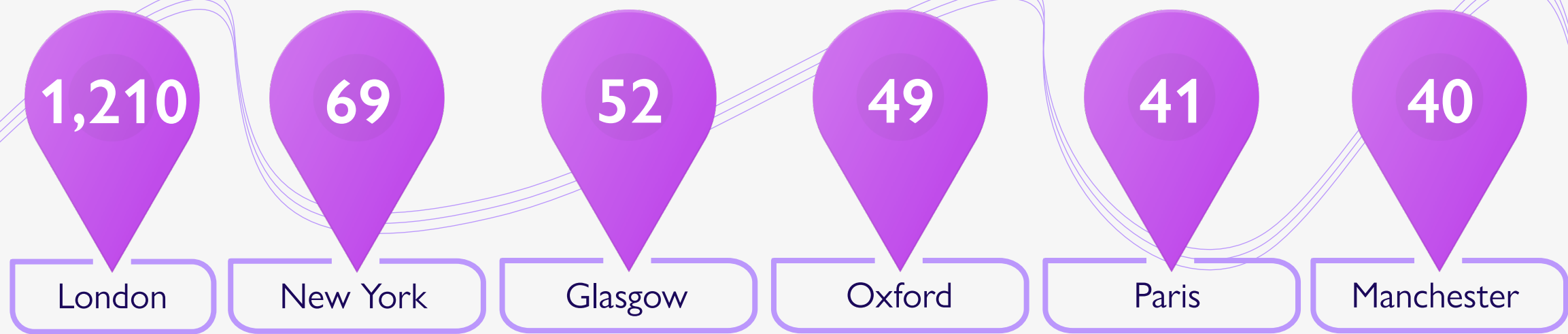
Overall, the HOL area has an extremely high level of engagement on social media, with the focus being on arts and entertainment, travel, and news. This highlights the area's significance as a globally renowned cultural landmark, a popular tourist destination, and a vibrant hub of activity.

Top Mentions by Country

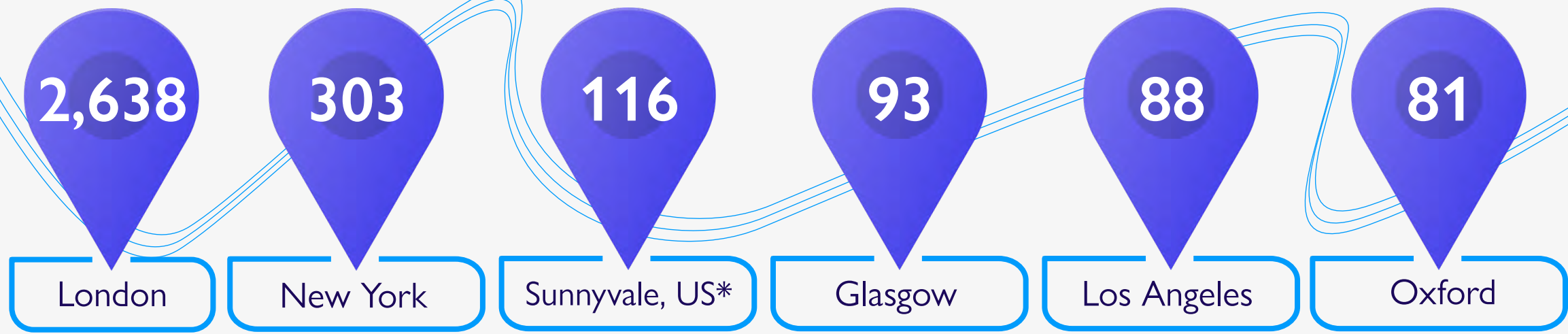


Top Mentions by City

Piccadilly Circus



Leicester Square



*Location data may be influenced by data centres and re-routing VPNs.

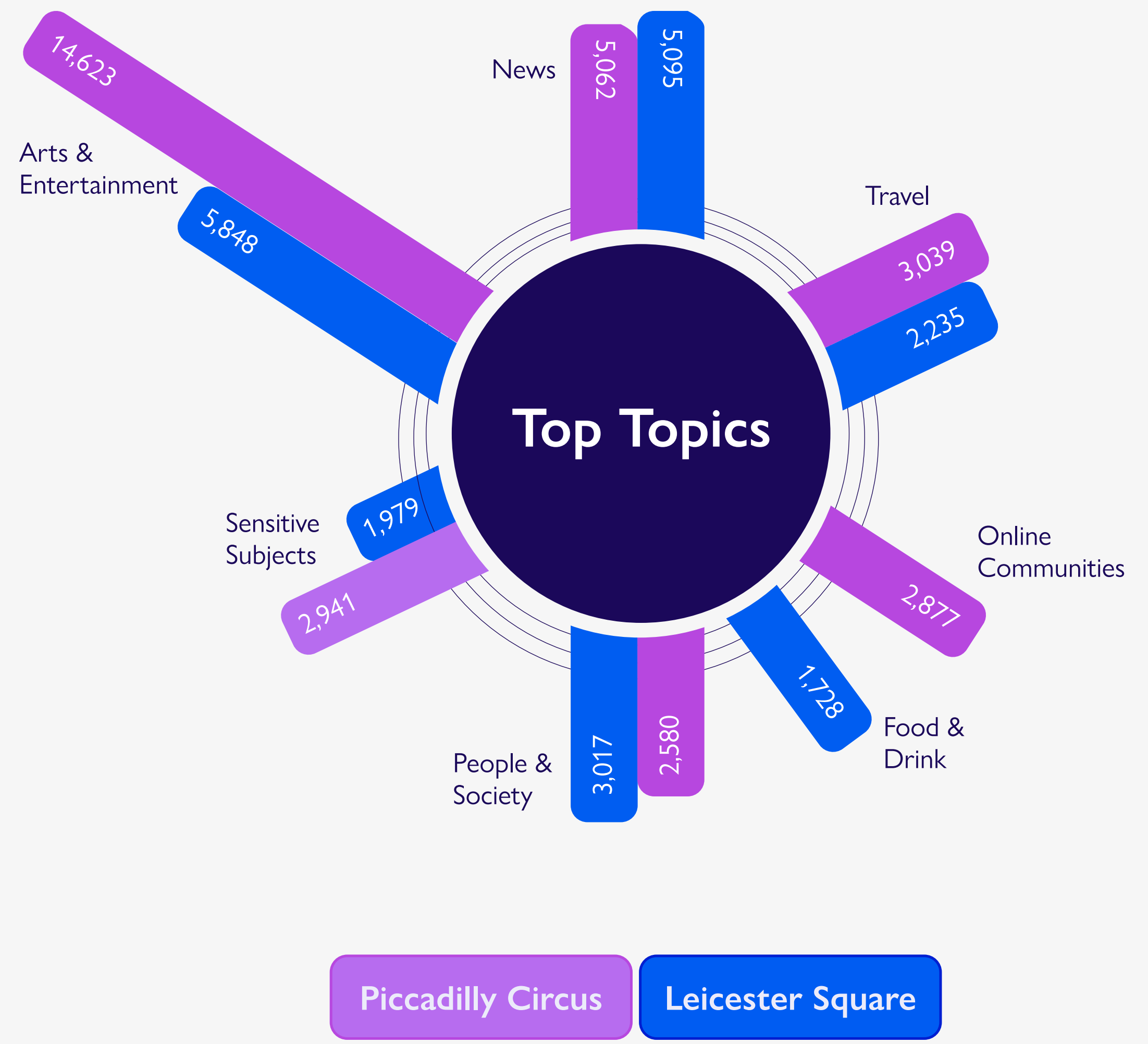
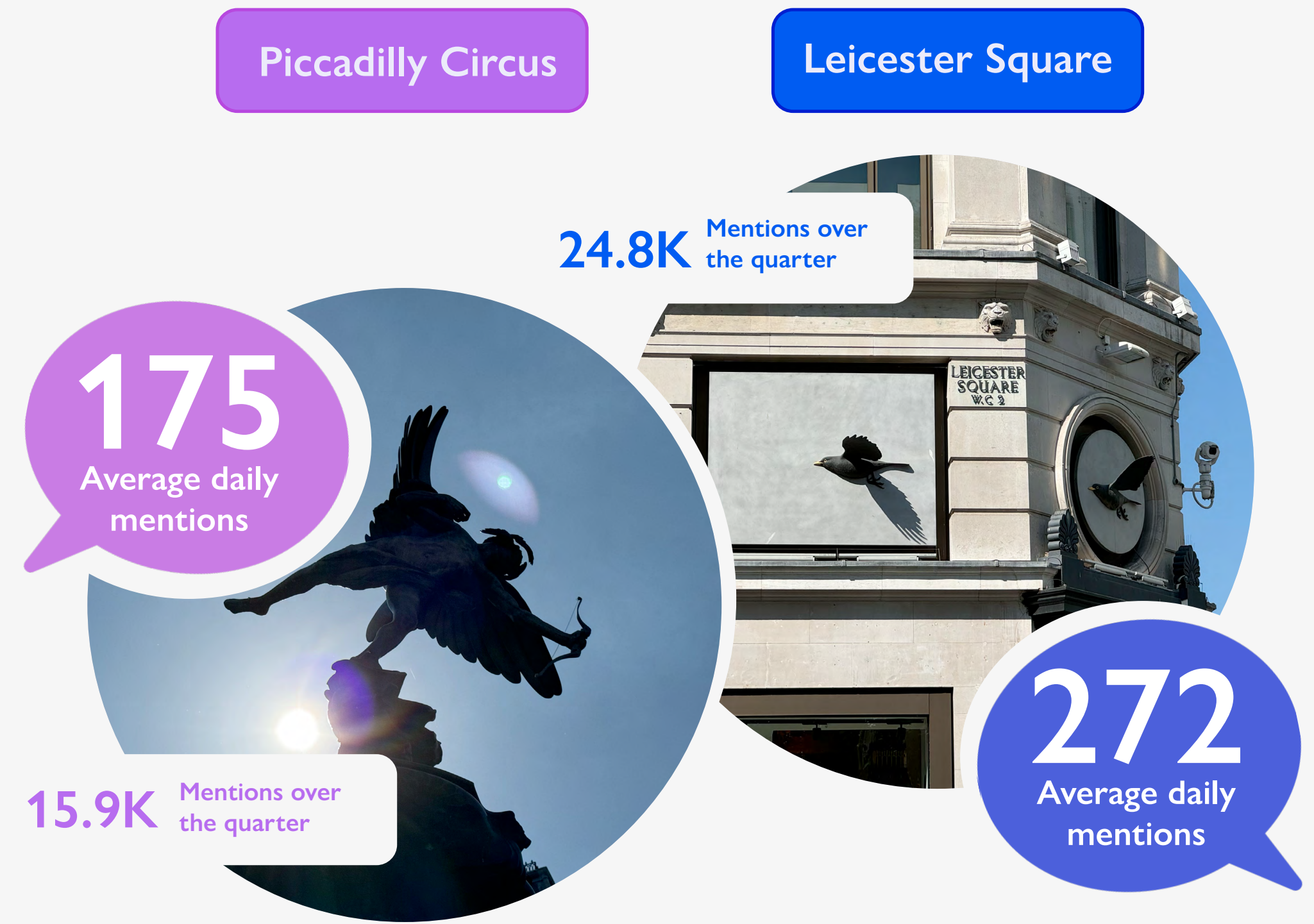
Source: Meltwater - Using X (formerly Twitter), News, Instagram, Reddit, Pinterest, Forums, Blogs, Reviews, Comments, Facebook.

SOCIAL MEDIA: DISTRICTS AND TOPICS

Piccadilly Circus had the highest mention in topics like Arts and Entertainment (5,848), followed by News (5,062), Travel (3,039), Sensitive Subjects (2,941), Online communities (2,877), and People and Society (2,580).

Leicester Square had the highest mention in topics like Arts and Entertainment (14,643), followed by News (5,095), People and Society (3,017), News (16, 723), Travel (2,235), Sensitive Subjects (1,979) and Food and Drink (1,728).

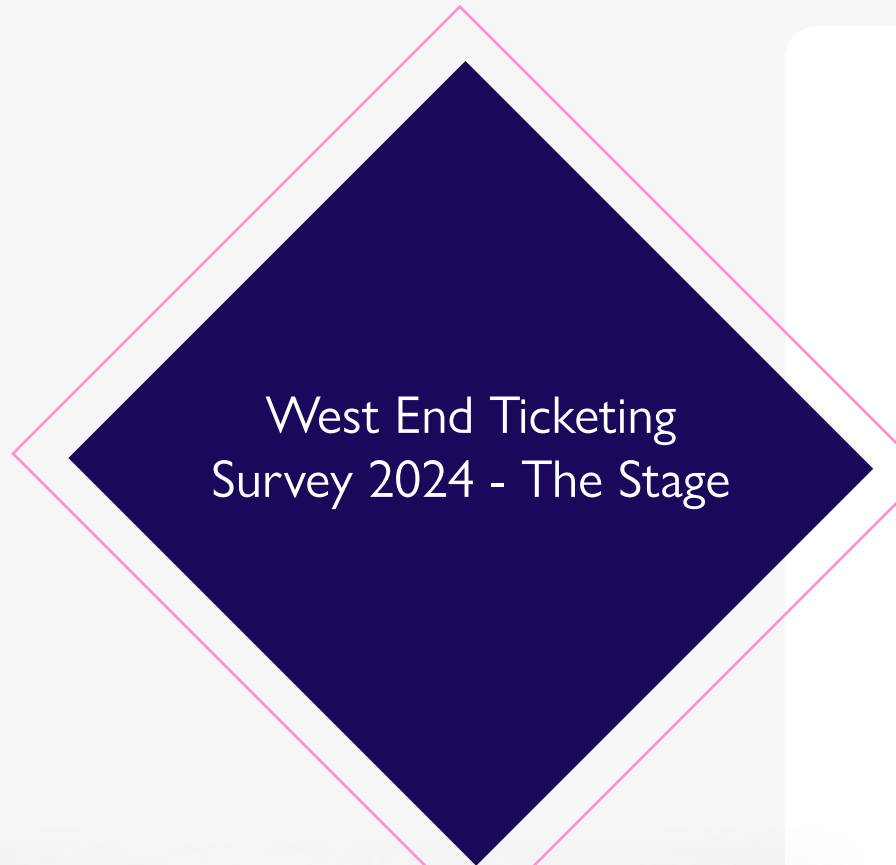
Leicester Square emerged as the more prominently mentioned location on social platforms, with an average of 272 daily mentions, higher than that of Piccadilly Circus, which averaged 175 daily mentions. This indicates that Leicester Square enjoys greater visibility and engagement on social media platforms.



Source: Meltwater - Using X (formerly Twitter), News, Instagram, Reddit, Pinterest, Forums, Blogs, Reviews, Comments, Facebook.

PUBLICATIONS, ANNOUNCEMENTS & CONSULTATIONS

We have rounded up the key announcements, publications and consultations that impact the HOL area into one digest so you don't have to.



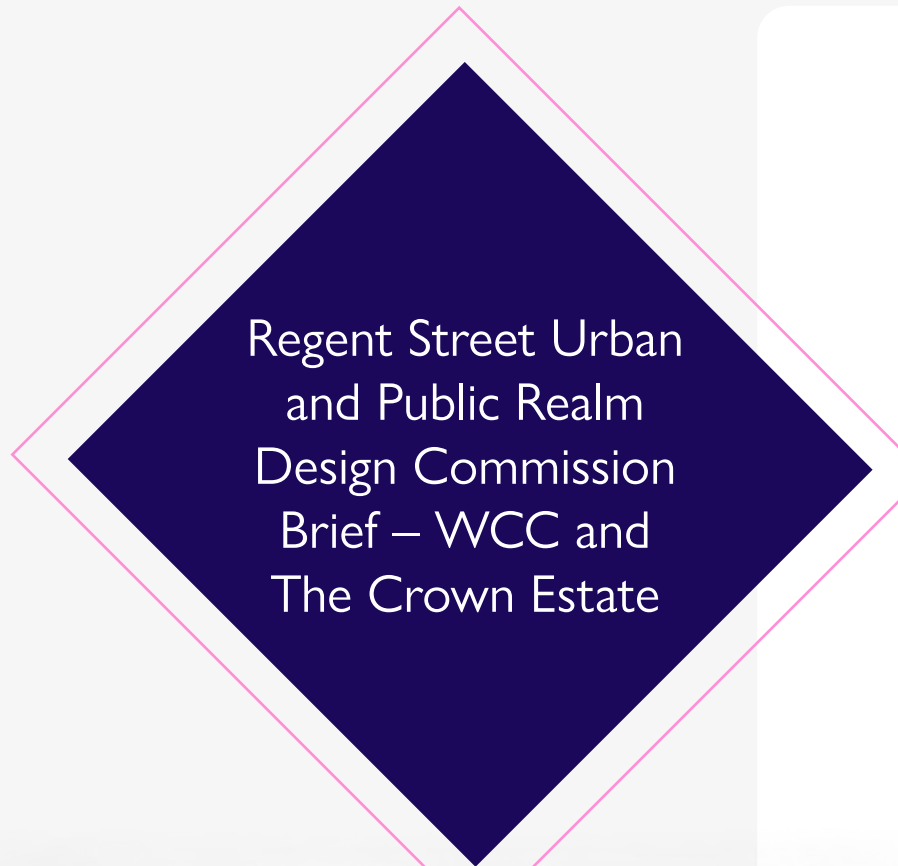
The Stage's 2024 West End ticketing survey, published in June 2024, provides a comprehensive analysis of theatre ticket prices in London's West End. The survey, conducted in May by SOLT (Society of London Theatre), reveals significant changes in pricing trends compared to the previous year.

Key findings include a 9.3% increase in top-price tickets, with the overall average reaching £154.56. Notably, plays saw a dramatic 50% rise in their most expensive tickets, with three productions exceeding £200. Musicals experienced a more modest 3.9% increase in top-price tickets, averaging £168.68.

On the lower end, the average cheapest ticket decreased slightly to £24.58, down 3.4% from 2023. Commercial theatres showed contrasting trends, with bottom-price tickets decreasing by 3.9% to £25.86, while top-price tickets surged by 11.5% to £166.98.

The survey identified 'Romeo and Juliet' at the Duke of York's Theatre in the HOL area as the most expensive play (£298.95) and 'Cabaret' at the Playhouse as the priciest musical (£303.95). The Royal Opera House, situated adjacent to the HOL area offered the cheapest ticket at £4 for a ballet performance. These findings highlight the growing disparity in West End ticket prices, with top-end costs rising significantly while more affordable options remain relatively stable.

Read the full article [here](#).



In June 2024, Westminster City Council (WCC) and its partner, The Crown Estate, released their design commission brief, which outlines a major urban design and public realm project for Regent Street, Haymarket, and Piccadilly Circus in London's West End. WCC and The Crown Estate are partnering to transform these iconic areas into world-class destinations that are accessible, green, and sustainable.

The project presents a once-in-a-generation opportunity, and when considered in the context of the Council's neighbouring Oxford Street programme, is the largest, most complex and high-profile public realm improvement programme in central London.

The project aims to create a people-focused, nature-led design that enhances the area's heritage while addressing modern challenges like climate change and evolving city trends. Key elements include improving pedestrian spaces, increasing green infrastructure, implementing innovative lighting and wayfinding strategies, and integrating public art.

The brief calls for an experienced urban design team to develop a comprehensive master plan and detailed public realm design up to RIBA Stage 3. The process will involve extensive stakeholder engagement and public consultation to ensure the final design reflects community needs and aspirations.

Read the full article [here](#).

PUBLICATIONS, ANNOUNCEMENTS & CONSULTATIONS

London Growth Plan – Mayor of London

In April 2024, London Mayor Sadiq Khan, alongside then Shadow Chancellor Rachel Reeves, introduced the 'London Growth Plan'. This initiative aims to create 150,000 high-quality, well-paid jobs in London by 2028.

The plan focuses on established sectors like finance, retail, and hospitality, as well as emerging fields such as health sciences, fintech, AI, cybersecurity, and creative industries. It emphasises attracting new investment, supporting the growth of small and medium-sized enterprises (SMEs), and bringing new businesses to the city.

Developed collaboratively with local councils, businesses, and trade unions, the plan prioritises 'levelling up' opportunities within London, particularly targeting small businesses and outer London areas alongside the Central Business District. The plan also involves collaboration with the Mayor's Fund for London, which will work with private sector partners to facilitate the entry of individuals from low-income backgrounds into the job market.

Following his re-election on May 2nd, Mayor Sadiq Khan has committed to delivering this plan, with engagement activity planned throughout the summer. HOLBA will be contributing to the process with the Mayor. Businesses are also invited to contribute online. The survey can be found [here](#).



MAYOR OF LONDON

Off-peak Fridays - The Mayor of London & TFL

In our last quarterly report, we discussed the Mayor of London's 'Off-peak Fridays' trial which was aimed at boosting passenger journeys and supporting London's economic recovery. The initiative sought to address the decline in office workers commuting on Fridays post-pandemic. The trial, which ran for 13 weeks from March 8 to May 31, offered off-peak fares on Fridays across various London transport services, including the Underground, Overground, DLR, Elizabeth Line, and London rail services.

Initial Tube ridership data showed a modest 3% increase in usage compared to the same period in 2023. Approximately 40.6 million London Underground journeys were made on Fridays during the trial period, excluding Good Friday, compared to about 39.4 million journeys in 2023.

Transport for London (TfL) said that this data alone is not sufficient to fully assess the scheme's impact. TfL noted that total journeys across all its services were up by just over 6% compared to the previous year, suggesting that the 3% rise on the Tube might have occurred regardless of the trial.

TfL plans to conduct a more comprehensive analysis, taking into account various factors beyond just ridership numbers. The full impact of the scheme on London's broader economic recovery and working patterns remains to be determined.



Transport for London

PUBLICATIONS, ANNOUNCEMENTS & CONSULTATIONS

Partial City Plan Review –
WCC




City of Westminster

Westminster City Council (WCC) has launched a partial review of its City Plan, the main planning document that guides development in the borough. The current City Plan, adopted in April 2021, is being updated to address key priorities and create a fairer, more inclusive city.

The partial review focuses on three main areas:

1. Strengthening Policy 13 on Affordable Housing to ensure more genuinely affordable homes are developed.
2. Introducing new Policy 43 on Retrofit First, encouraging developers to prioritize refurbishment of existing buildings over demolition where appropriate.
3. Adding new Policies 8-11 for four Site Allocations to unlock the development potential of underutilized sites.

The Regulation 19 consultation on these changes ran from March 14 to May 9, 2024, allowing stakeholders to comment on the proposed revisions. The council has reviewed these comments and may make further amendments to ensure the plan is legally compliant, sound, and prepared in accordance with the Duty to Cooperate.

The final revised City Plan is expected to be submitted to the Planning Inspector for examination in mid to late 2024. This process may include additional public hearings as directed by the inspectorate.

METHODOLOGY

1

Undertook a desktop review of HOLBA's first Economic and Real Estate Insights Report and AND London's first Real Estate Insights Report. This enabled us to understand in detail the work undertaken to date and understand the current markets and trends.

Sources

HOLBA; Colliers; Centre for Cities.

2

Collected comprehensive data on real estate and sector performance KPIs through CoStar, Experian, and AND London's extensive commercial database, alongside gathering on-the-ground information from conversations with local agents.

Sources

CoStar; Experian; Financial Times; Oxford Economics; AND London; Savills.

3

Liaised with HOLBA's other data providers to collate, format, and manage data on area performance as well as relevant updates and intelligence from HOLBA's advocacy and business engagement teams.

Sources

CoStar; HOLBA; Creative Industries Council; Creative Industries Policy and Evidence Centre; Digital Catapult; Tech Nation; Politics Home; GLA; TfL; Experian; Mastercard; Meltwater.

4

Carried out analysis to provide detailed insight into the HOL area with a particular focus on inward investment and identification of long-term trends.

Sources

AND London.

5

Monitored and reported on HOLBA's property owners' strategies; publications and announcements; relevant key industry reports and thought leadership; and topical deep dive and trend analysis.

Sources

HOLBA.

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