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## West End occupier market

- During Q4 2012, 822,027 sq ft was let, 3.9% up on Q3 2012 and 20% up on the five-year quarterly average. Despite the strong end to the year, take up for 2012 was still 10.2% down on 2011 at 2.8 million sq ft, although it was 3.0% up on the five-year annual average.
- The two largest deals of the quarter were both pre-lets with Publicis taking 63,000 sq ft at Lazari Investments' 82 Baker Street (W1) scheme and Coca Cola taking 60,000 sq ft at 1a Wimpole Street (W1).
- The vacancy rate has increased slightly from 4.6% to 4.7% over the quarter with 3.8 million sq ft now available across the West End.
- As of the end of Q4 2012 there was 2.5 million sq ft under construction across the West End with the 198,000 sq ft Ashdown House (SW1) and 190,000 sq ft Park House (W1) both completing, and construction starting at Derwent's refurbishment of 125,000 sq ft 1 Page Street (SW1).
- Prime rents in Mayfair remain at £95.00 per sq ft with 17 months rent free due to the continued lack of supply in the market. Superprime rents are still at £110 per sq ft, with 12 months rent free.
- Prime rents across the West End sub-areas rose 2.0% during the quarter and are 7.4% up for the year



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## City occupier market

- Take up for Q4 2012 totalled 1.5 million sq ft, up 42.7% on the previous quarter, and 29.6% up on the five-year quarterly average. The very strong final quarter meant that take up for 2012 totalled 4.7 million sq ft, 19% up on 2011 and 2.7% up on the five-year annual average.
- The largest deal of the quarter was Jardine Lloyd Thompson's letting of 281,000 sq ft over 8 floors at Minerva's St Botolph Building (EC3) at £45 per sq ft. Elsewhere, Nabarro took 126,000 sq ft at Alban Gate (EC2), paying £45 per sq ft and Miller Insurance took an 84,000 sq ft pre-let at 70 Mark Lane (EC3).
- 7.3 million sq ft is currently under construction across the City. During the quarter, construction completed at the 580,000 sq ft Shard (SE1).
- The vacancy rate is now at 7.6% of total stock with 7.0 million sq ft available across the City.
- Prime rents in the City core remain at £57.50 per sq ft with 27 months rent free on a ten year lease.
- Prime rents across all City sub-areas increased 1.3% during the quarter, with rents up 6.0% on the same time last year.



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## Docklands occupier market

- Take up for the fourth quarter of the year totalled only 75,126 sq ft, 59.3% down on the previous quarter and 75.4% down on the five-year quarterly average. This means that take up for 2012 totalled 418,300 sq ft, the lowest annual take up since 2009.
- The largest deal of the quarter was Clearstream taking 22,500 sq ft at 11 Westferry Circus (E14) over two floors.
- The Docklands vacancy rate is now 8.1% with 1.6 million sq ft available.
- The only space currently under construction remains the part pre-let 542,000 sq ft at 25 Churchill Place (E14) which started on site in Q1 2012 and is due to complete in 2014.
- Prime rents in Canary Wharf remain at £37.50 per sq ft, with rent free periods at 30 months.



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## Central London investment market

- Investment transactions in central London for Q4 2012 totalled £3.1 billion, 12.1% up on the £2.8 billion measured in Q3 2012, and 45.6% up on the five-year quarterly average of £2.2 billion.
- Central London investment during 2012 totalled £13.0 billion, the highest annual investment since 2007, and 80.3% up on total investment for 2011.
- The high volume of overseas investment remains the main story with overseas money making up 79% of investment in the West End for the quarter, and 60% in the City. Overseas investment made up 67% of total investment across central London during 2012.
- The largest deal of the quarter in the City was Ivanhoe Cambridge purchasing Woolgate Exchange (EC2) for £265 million at a yield of 5.97%.
- In Docklands, Legal & General purchased the West Tower, Millharbour (E14) for £41 million at a yield of 5.75%.
- The largest deal in the West End was the purchase of 1-11 John Adam Street (WC2) for £260 million by Blackstone at a yield of 7.5%. The largest occupier is DWO, who occupy 165,000 sq ft, and is due to move out in 2013.
- Prime yields are still 5.0% in the City and 4.0% in the West End.

|                                       | West End  |                        | City      |                        | Docklands |                        |
|---------------------------------------|-----------|------------------------|-----------|------------------------|-----------|------------------------|
| Take up, quarter 4 2012               | (sq ft)   | Change on last quarter | (sq ft)   | Change on last quarter | (sq ft)   | Change on last quarter |
| Entire                                | 822,027   | up                     | 1,203,043 | up                     | 75,126    | down                   |
| New Build/refurb (pre-construction)   | 62,986    | up                     | 1,484,186 | up                     | -         | -                      |
| New Build/Refurb (under construction) | 149,009   | up                     | 53,958    | up                     | -         | -                      |
| New Build/Refurb (existing)           | 153,931   | up                     | 240,213   | up                     | -         | -                      |
| Second Hand Grade A                   | 286,023   | down                   | 474,879   | up                     | 37,733    | down                   |
| Second Hand Grade B                   | 170,078   | down                   | 349,992   | up                     | 37,393    | up                     |
| 100,000 sq ft+                        | 0         | -                      | 406,684   | up                     | 0         | -                      |
| 50,000-99,999 sq ft                   | 122,540   | up                     | 144,979   | up                     | 0         | down                   |
| 10,000-49,999 sq ft                   | 366,041   | up                     | 474,399   | up                     | 22,500    | up                     |
| 5,000-9,999 sq ft                     | 333,446   | down                   | 458,124   | down                   | 52,626    | up                     |
| Supply, quarter 4 2012                | West End  |                        | City      |                        | Docklands |                        |
| Total available space                 | 3,838,062 | up                     | 6,974,337 | up                     | 1,580,793 | up                     |
| Vacancy rate (%)                      | 4.7%      | up                     | 7.6%      | up                     | 8.1%      | up                     |
| Core                                  | 980,654   | down                   | 3,485,122 | down                   | 1,305,130 | up                     |
| Fringe                                | 2,857,408 | up                     | 3,489,215 | up                     | 275,663   | down                   |
| Future supply                         | West End  |                        | City      |                        | Docklands |                        |
| Under construction                    | 2,527,634 | down                   | 7,257,398 | up                     | 542,000   | -                      |

| Principal office occupier transactions, quarter 4 2012 |              |                                   |              |
|--|--------------|-----------------------------------|--------------|
| Address  | Size (sq ft) | Tenant                            | Rent (£ psf) |
| Alban Gate, EC2  | 125,541      | Nabarro LLP                       | £45.00       |
| The St Botolph Building, EC3                           | 281,143      | Jardine Lloyd Thompson Group plc  | £45.00       |
| The Walbrook Building, EC4                             | 60,978       | Gallagher Heath                   | £57.50       |
| 82 Baker Street, W1                                    | 62,986       | Publicis Limited                  |              |
| 70 Mark Lane, EC3                                      | 84,001       | Miller Insurance Services Limited | £55.00       |

| Prime rents, quarter 4 2012 |                       |           |
|-----------------------------|-----------------------|-----------|
| Sub area                    | Headline rent (£ psf) | Rent free |
| West End                    |                       |           |
| Covent Garden               | £65.00                | 18 months |
| Fitzrovia                   | £62.50                | 18 months |
| Holborn WC1                 | £55.00                | 20 months |
| Mayfair                     | £95.00                | 17 months |
| Mayfair Super-Prime         | £110.00               | 12 months |
| North of Oxford St          | £85.00                | 18 months |
| Paddington                  | £57.50                | 20 months |
| Soho                        | £80.00                | 18 months |
| St James's                  | £95.00                | 17 months |
| Victoria                    | £67.50                | 20 months |
| City                        |                       |           |
| Central City Core           | £57.50                | 27 months |
| Chancery Lane / Midtown     | £55.00                | 24 months |
| City Eastern Fringe         | £35.00                | 24 months |
| City Northern Fringe        | £47.50                | 24 months |
| Insurance Sector            | £55.00                | 24 months |
| West City                   | £55.00                | 24 months |
| Waterloo/Bankside           | £47.50                | 21 months |
| London Bridge/More London   | £45.00                | 24 months |
| Docklands                   |                       |           |
| Canary Wharf                | £37.50                | 30 months |
| Other Docklands             | £27.50                | 30 months |

| Prime yields, quarter 4 2012    |           |
|---------------------------------|-----------|
| Sub area                        | Yield (%) |
| Mayfair / St James's            | 4.00      |
| Victoria                        | 5.25      |
| North Oxford Street / Fitzrovia | 5.25      |
| Soho / Covent Garden            | 5.25      |
| Paddington                      | 5.75      |
| City Core                       | 5.00      |
| City Eastern Fringe             | 6.25      |
| City Northern Fringe            | 5.75      |
| Southwark                       | 5.75      |
| Holborn                         | 5.25      |

| Principal office investment transactions, quarter 4 2012 |                   |           |                         |
|--|-------------------|-----------|-------------------------|
| Address  | Price (£ million) | Yield (%) | Purchaser               |
| Woolgate Exchange, EC2                                   | £265              | 5.97      | Ivanhoe Cambridge       |
| 1-11 John Adam Street, WC2                               | £260              | 7.50      | Blackstone Real Estate  |
| 1 Great Winchester Street, EC2                           | £245              | 5.50      | China Investment Corp   |
| 78 St James's Street, SW1                                | £177              | 5.10      | SOFAZ (Azerbaijan)      |
| 160 Tooley Street, SE1                                   | £170              | 4.25      | London Bor of Southwark |

| Investment transactions, quarter 4 2012 (£ million) |        |
|---|--------|
| West End  | £1,214 |
| City  | £1,870 |
| Docklands   | £55    |
| Central London                                      | £3,139 |

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