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## West End occupier market

- During Q1 2013, 1.5 million sq ft was let, the highest quarterly take up since Q1 2000, and 83% up on Q4 2012 and 109% up on the five-year quarterly average. However, 57% of this activity is accounted for by one deal with Google taking 860,000 sq ft at King's Cross (NW1). Excluding the Google deal, West End take up was 10% down on the five-year quarterly average.
- The vacancy rate has increased from 4.7% to 5.3% over the quarter with 4.3 million sq ft now available across the West End.
- As of the end of Q1 2013 there was 2.6 million sq ft under construction across the West End. The 190,000 sq ft Land Securities Zig Zag Building (SW1) is now under construction, due to complete in 2015.
- Prime rents in Mayfair remain at £95.00 per sq ft with 17 months rent free. Superprime rents are still at £110 per sq ft, with 12 months rent free.
- Prime rents across the West End sub-areas were stable during the quarter but are up 5.0% on the corresponding period last year.



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## City occupier market

- Take up for Q1 2013 was the lowest since the first quarter of 2012 with 906,152 sq ft transacted, down 39% on the final quarter of 2012, and 20% down on the five-year quarterly average. However, during the quarter several occupiers went under offer on deals over 100,000 sq ft, which should result in a large increase in take up during Q2.
- The largest deals of the quarter were at 20 Fenchurch Street (EC3), where Royal Sun Alliance took 77,000 sq ft, and Liberty Syndicate Management and Liberty Mutual Insurance let 66,000 and 50,000 sq ft respectively. At AXA REIM's One St Paul's scheme, engineers Genesis Oil & Gas took 60,000 sq ft at a reported rent of £55.00 per sq ft.
- 7.8 million sq ft is currently under construction across the City. During the quarter, construction started on CIT's 300,000 sq ft South Bank Tower (formerly King's Reach Tower), due to finish in 2015.
- During the quarter, the vacancy rate increased to 8.0% of total stock with 7.4 million sq ft available across the City.
- Prime rents in the City core have decreased slightly to £55.00 per sq ft with 25 months rent free on a ten year lease.
- Prime rents across all City sub-areas decreased 1.4% during the quarter, although rents remain up 0.9% on the same time last year.



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## Docklands occupier market

- Take up for the first quarter of the year totalled only 41,644 sq ft, 44.5% down on the previous quarter and 85.7% down on the five-year quarterly average. Quarterly take up was the lowest total measured since Q2 2011. Whilst Docklands take up has been muted recently, the market is currently experiencing a significant increase in demand which should bode well for the rest of 2013.
- The largest deal of the quarter was Level 39 Limited, a new incubator space for technology companies specialising in financial services, taking 29,000 sq ft at One Canada Square (E14).
- The Docklands vacancy rate is stable 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 Q1 2013 totalled £2.8 billion, 11% down on the £3.1 billion measured in Q4 2012, but still 30% up on the five-year quarterly average of £2.2 billion.
- Whilst overseas investors remain dominant in the central London market, Q1 saw a reduction in their influence, being responsible for 55% of all transactions during the quarter, compared to 67% of total investment during 2012. UK Institutional Investors made up 23% of investment during the quarter.
- The largest deal of the quarter in the City was AXA REIM purchasing Ropemaker Place (EC2) from British Land for £472 million at a yield of 5.0%.
- In Docklands, 5 Canada Square (E14) was purchased by St Martin's from Evans Randall for £383 million at a yield of 4.97%.
- In the West End, Peterson Group has purchased Resolution Property's Ampersand scheme for £121 million. Structadene purchased the 53,000 sq ft 431-451 Oxford Street (W1) out of receivership for slightly over £100 million, reflecting a 3.5% yield.
- Prime yields are still 5.0% in the City and 4.0% in the West End.

Take Up, quarter 1 2013	West End		City		Docklands	
	(sq ft)	Change on last quarter	(sq ft)	Change on last quarter	(sq ft)	Change on last quarter
Entire	1,505,697	up	906,152	down	41,664	down
New Build/refurb (pre-construction)	866,379	up	6,588	down	-	-
New Build/Refurb (under construction)	-	down	215,247	up	-	-
New Build/Refurb (existing)	84,395	down	297,496	up	-	-
Second Hand Grade A	275,262	down	212,992	down	41,664	up
Second Hand Grade B	279,661	up	173,829	down	-	-
<b>Supply, quarter 1 2013</b>						
Total available space	4,327,178	up	7,387,374	up	1,582,424	up
Vacancy rate (%)	5.3%	up	8.0%	up	8.1%	up
Core	1,257,294	up	3,771,949	up	1,051,674	down
Fringe	3,069,884	up	3,615,425	up	530,750	up
<b>Future supply</b>						
Under construction	2,621,979	up	7,781,266	up	542,000	-

Principal office occupier transactions, quarter 1 2013			
Address	Size (sq ft)	Tenant	Rent (£ psf)
King's Cross Central, NW1	860,000	Google UK Limited	Long LH
20 Fenchurch Street, EC3	76,861	Royal Sun Alliance	£62.00
20 Fenchurch Street, EC3	65,671	Liberty Syndicate Management	£65.00
One St Paul's, EC4	60,000	Genesis Oil & Gas	£55.00
20 Fenchurch Street, EC3	50,293	Liberty Mutual Insurance	£61.00
Warwick House, W1	43,249	Creston plc	£47.00

Prime rents, quarter 1 2013		
Sub area	Headline rent (£ psf)	Rent free
<b>West End</b>		
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
<b>City</b>		
Central City Core	£55.00	25 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	24 months
London Bridge/More London	£45.00	24 months
<b>Docklands</b>		
Canary Wharf	£37.50	30 months
Other Docklands	£27.50	30 months

Prime yields, quarter 1 2013	
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
<b>City</b>	
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 1 2013			
Address	Price (£ million)	Yield (%)	Purchaser
Ropemaker Place, EC2	£472	5.00	AXA REIM
5 Canada Square, E14	£383	4.97	St Martins Property Corp
180 Wardour Street, W1	£121	-	Peterson Group
431-451 Oxford Street, W1	£100	3.50	Structadene Group
30 Berkeley Square, W1	£98	-	Mercury Group

Investment transactions, quarter 1 2013 (£ million)	
West End	£1,378
City	£918
Docklands	£513
Central London	£2,808

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