



Patrick O'Keeffe
020 7911 2768
pok@gva.co.uk

West End occupier market

- During Q3 2012, 791,152 sq ft was let, 88% up on an exceptionally quiet Q2 2012 and 16% up on the five-year quarterly average. Take up for the first three quarters of 2012 is 5.8% down on the same period last year, with a strong fourth quarter required to surpass last year's total.
- The largest deal during the quarter was 22 Kingsway (WC2) where Kings College took 90,000 sq ft at a rent of £33.50 psf. At Land Securities' refurbished Ashdown House (SW1) CDC Group took 32,000 sq ft.
- The vacancy rate has decreased from 5.0% to 4.6% over the quarter with 3.8 million sq ft now available across the West End.
- As of the end of Q3 2012 there was 2.7 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) due to complete during the final quarter.
- Prime rents in Mayfair are at £95.00 per sq ft with 17 months rent free due to the continued lack of supply in the market. Super-prime rents have increased to £110 per sq ft, with 12 months rent free.
- Prime rents across the West End sub-areas rose 1.8% during the quarter and are 11.9% up annually.



Tony Joyce
020 7911 2861
tony.joyce@gva.co.uk

City occupier market

- Take up for Q3 2012 totalled 1.0 million sq ft, down 25.1% on the previous quarter, and 8.9% down on the five-year quarterly average. Nevertheless, take up for the first three quarters of the year is 8.9% up on the corresponding period in 2011.
- The largest deal of the quarter was Kiln's pre-let of 78,000 sq ft at 20 Fenchurch Street (EC3) at a reported rent of £60 per sq ft. Elsewhere, Nationwide took 49,000 sq ft at 1 Threadneedle Street (EC2).
- 6.9 million sq ft is currently under construction across the City. During the quarter, construction completed at the 37,000 sq ft 18-20 Cannon Street (EC4), pre-let to Odgers Bernston and 36,000 sq ft St Paul's House (EC4), whilst construction started at the 225,000 sq ft Moorgate Exchange (EC2).
- The vacancy rate is now at 7.2% of total stock with 6.6 million sq ft available across the City.
- Prime rents in the City core increased to £57.50 per sq ft with 27 months rent free on a ten year lease.
- Prime rents across all City sub-areas increased 1.5% during the quarter, with rents up 4.9% on the same time last year.



Rod Parker
020 7911 2875
rod.parker@gva.co.uk

Docklands occupier market

- Take up for the third quarter of the year totalled 184,768 sq ft, almost three times higher than the previous quarter but 39.6% down on the five-year quarterly average.
- During the quarter the Financial Ombudsman Service took 166,000 sq ft at 1&2 Harbour Exchange (E14).
- The Docklands vacancy rate is now 7.1% with 1.4 million sq ft available.
- The only space currently under construction is the part pre-let 542,000 sq ft at 25 Churchill Place (E14) which started on site in Q1 and is due to complete in 2014.
- Prime rents in Canary Wharf are now at £37.50 per sq ft, with rent free periods pushed out to 30 months.



Richard Garside
020 7911 2076
richard.garside@gva.co.uk

Central London investment market

- Investment transactions in central London for Q3 2012 totalled £2.8 billion, 27.9% down on the record £3.9 billion measured in Q2 2012, but 24.8% up on the five-year quarterly average of £2.2 billion.
- Central London investment so far in 2012 has totalled £9.9 billion which, with one quarter left, is already the highest annual investment since 2007, when £16.8 billion was transacted.
- A high volume of overseas investment in the City continues, with foreign investors making up 72% of investment. However, in the West End, UK property companies were the largest investors making up 36% of investment with institutional investors close behind at 30%.
- During the quarter, AXA REIM funded BNP PRE's new HQ at One St Pancras Square (King's Cross Central, N1) for £300 million. BNP Paribas will occupy 55% of the building once it completes in 2014.
- In the City, Hines and HSBC Alternative Investments purchased 1&2 Broadgate West (EC2) from Gemini Investments for £300 million at a yield of 6.5% and BAT continued the trend of owner-occupier purchases with their acquisition of Globe House (WC2) for £200 million, in excess of £1,000 per sq ft.
- In the West End Quantum Global Real Estate completed the purchase of 23 Savile Row (W1) at a yield of sub 4.0%, underpinning the prime West End yield.
- Prime yields have come in to 5.0% in the City and 4.0% in the West End.

Take up Q3 2012	West End		City		Docklands	
	Sq ft	Change on last quarter	Sq ft	Change on last quarter	Sq ft	Change on last quarter
Entire	791,152	up	1,039,930	down	184,768	up
New build/refurb (under construction)	50,096	up	50,096	down	-	-
New build/refurb (existing)	127,808	up	127,808	down	-	-
Second hand Grade A	405,860	up	405,860	down	184,768	up
Second hand Grade B	339,799	up	339,799	down	-	-
100,000 sq ft+	-	-	-	down	-	-
50,000-99,999 sq ft	-	-	78,226	down	165,396	up
10,000-49,999 sq ft	261,157	up	423,051	down	0	down
5,000-9,999 sq ft	529,995	up	538,653	up	14,753	up
Supply Q3 2012	West End		City		Docklands	
Total available space	3,775,958	down	6,628,215	up	1,387,690	down
Vacancy rate	4.6%	down	7.2%	up	7.1%	down
Core	1,040,168	up	3,552,576	up	847,546	down
Fringe	2,735,790	down	3,075,639	down	540,144	down
Future supply	West End		City		Docklands	
Under construction	2,852,819	down	6,884,848	up	542,000	-

Principal office occupier transactions Q3 2012			
Address	Size (Sq ft)	Tenant	Rent (£ psf)
2 Harbour Exchange, E14	94,578	Financial Ombudsman Service	£29.50
22 Kingsway, WC2	87,999	King's College London	£33.45
1 Harbour Exchange Sq, E14	70,818	Financial Ombudsman Service	£29.50
20 Fenchurch Street, EC3	78,226	RJ Kiln & Co Limited	£60.00
1 Threadneedle Street, EC2	48,802	Nationwide Building Society	£57.50

Prime rents Q3 2012		
Sub area	Headline rent (£ psf)	Rent free
West End		
Covent Garden	£65.00	18 months
Fitzrovia	£60.00	18 months
Holborn, WC1	£55.00	20 months
Mayfair	£95.00	17 months
Mayfair Super-Prime	£110.00	12 months
North of Oxford St	£72.50	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 Q3 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 Q3 2012			
Address	Price (£ M)	Yield (%)	Purchaser
One St Pancras Square, Kings Cross, N1	£300	-	AXA REIM
1&2 Broadgate West, EC2	£300	6.10	Hines UK
Peterborough Court, EC4	£281	5.98	Fleet Street Investments
23 Savile Row, W1	£210	4.00	Quantum Global RE
4 Temple Place, WC2	£200	4.88	British American Tobacco

Investment transactions Q3 2012 (£ M)	
West End	£1,175
City	£1,625
Docklands	-
Central London	£2,800

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