



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

## West End occupier market

- Q4 was the busiest quarter of the year. 788,619 sq ft was let, 9.0% above the five-year quarterly average. Take up for 2011 totalled 2.9 million sq ft, 9.5% down on annual take up for 2010.
- The largest deal of the quarter was Camden Council taking 127,000 sq ft on a long leasehold at 3 Pancras Square (NW1), part of Argent's King's Cross Central. Elsewhere, Savills took a pre-let of 66,000 sq ft at Great Portland Estates' Cavendish Gate (W1).
- The vacancy rate has decreased from 4.9% to 4.4% over the quarter with only 3.6 million sq ft now available across the West End.
- Two buildings at King's Cross Central (NW1) went under construction this month: 1 Pancras Square (340,000 sq ft) and 3 Pancras Square (127,000 sq ft). Both are already pre-let. There is currently 2.5 million sq ft under construction. The most notable completion of the quarter was 183,000 sq ft at the Crown Estate's AirW1 (W1).
- Prime rents in Mayfair are still £80.00 per sq ft although super-prime rents are at £106 per sq ft with rent-free periods at 18 months on a ten year lease.
- Prime rents across the West End sub-areas rose 0.6% during the quarter and are 9.6% up for the year.



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

## City occupier market

- Take up for Q4 totalled 848,613 sq ft, down 29.7% on the five-year quarterly average and 27.5% down on the previous quarter. This means that take up for 2011 totalled just 3.8 million sq ft, 38% down on the annual figure for 2010 and 9% down on take up for 2009.
- The largest deal of Q4 was Aon taking a pre-let on 192,000 sq ft across ten floors at British Land's Leadenhall Building (EC3) at an average rent of £52.50 per sq ft. Aon has an option on a further 85,000 sq ft, with the scheme due to complete in 2014.
- 4.9 million sq ft is currently under construction across the City, including Bloomberg's Walbrook Square (EC4).
- The vacancy rate has decreased to 7.2% of total stock from 7.5% with only 6.6 million sq ft available across the City.
- Prime rents in the City core remain at £55 per sq ft with a slight increase in incentives to 24 months rent free on a ten year lease.
- Prime rents across all City sub-areas decreased 1% during the quarter, although rents are up 2.2% compared with this time last year.



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

## Docklands occupier market

- Take up for the final quarter of the year totalled 81,875 sq ft, 75% down on the five year quarterly average. In what was a very quiet year across Docklands, take up totalled only 464,157 sq ft, 78% down on 2010.
- The largest deal of the quarter was BBVA taking 29,000 sq ft at One Canada Square (E14). At 40 Bank Street (E14) G4S took 19,000 sq ft.
- The Docklands vacancy rate is now 6.7% with 1.3 million sq ft available.
- There are no developments under construction at present in Docklands, although Canary Wharf Group has now secured funding for 25 Churchill Place (E14) and is due to start construction imminently.
- Prime rents remain at £38.50 per sq ft with 24 months rent free on a typical ten year lease. Prime rents in the fringe have increased from £25.00 per sq ft to £27.50 per sq ft.



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

## Central London investment market

- Investment transactions in central London for Q4 2011 totalled £1.8 billion, 4% up on the £1.7 billion in Q3 2011. Total investment transactions for 2011 totalled £7.2 billion across central London, 20% down on 2010.
- During the final quarter the majority of activity was from overseas investors who accounted for 77% of all transactions by value across central London. In the City, this figure was even higher at 86% and in contrast to the previous quarter where the majority of activity was from UK property companies and funds.
- Of the ten largest deals during the quarter, eight were to overseas investors. The largest deal was PNB's purchase of the 460,000 sq ft Milton and Shire Houses (EC2) in the City from Beacon Capital Partners for £350 million at a yield of 5.5%. Ki Corporation bought the Tower 42 Estate (EC2) for £282.5 million at a yield of 7%. The largest deal in the West End was Crosstree Real Estate's acquisition of 1-3 Berkeley Street (W1) from Aviva Investors for £155 million.
- A number of the large available buildings in the City of £100 million plus are now under offer or close to going under offer, including the KanAm portfolio. Opportunities in the sub £50 million bracket continue to be limited.
- Prime yields in the City remain at 5.25%, where they have been for a year. In the West End prime yields are at 4.25% having seen little movement in the last six quarters.

	West End		City		Docklands	
Take up, quarter 4 2011	(sq ft)	Change on last quarter	(sq ft)	Change on last quarter	(sq ft)	Change on last quarter
Entire	788,619	up	848,613	down	81,875	down
New Build/Refurb (pre-construction)	155,000	up	17,670	up	-	down
New Build/Refurb (under construction)	85,486	down	191,988	up	-	-
New Build/Refurb (existing)	149,722	up	105,021	down	-	-
Second Hand Grade A	198,637	down	302,900	down	81,875	down
Second Hand Grade B	199,774	down	231,034	down	-	down
100,000 sq ft +	126,818	down	191,988	up	-	down
50,000-99,999 sq ft	122,911	up	87,558	up	-	down
10,000-49,999 sq ft	328,568	up	345,377	down	67,735	up
5,000-9,999 sq ft	210,322	up	223,690	down	14,140	down
Take up, quarter 4 2011	West End		City		Docklands	
Total available space	3,581,111	down	6,629,135	down	1,310,690	down
Vacancy rate (%)	4.4%	down	7.2%	down	6.7%	down
Core	794,133	down	3,185,739	down	813,409	down
Fringe	2,786,978	down	3,443,396	up	497,281	down
Future supply	West End		City		Docklands	
Under construction	2,529,408	up	4,866,103	up	-	-

Principal office occupier transactions, quarter 4 2011			
Address	Size (sq ft)	Tenant	Rent (£ psf)
Leadenhall Building, EC3	191,988	Aon Limited	£52.50
3 Pancras Square, NW1	126,818	Camden Council	-
Murray House, EC3	87,558	Deloitte	-
Cavendish Gate, W1	65,716	Savills	£68.60
11 Baker Street, W1	57,195	Pimco Europe Limited	-

Prime rents, quarter 4 2011		
Sub area	Headline rent (£ psf)	Rent free
<b>West End</b>		
Covent Garden	£62.50	18 months
Fitzrovia	£57.50	18 months
Holborn WC1	£60.00	20 months
Mayfair	£80.00	18 months
Mayfair Super-Prime	£106.00	18 months
North of Oxford St	£67.50	20 months
Paddington	£50.00	20 months
Soho	£75.00	18 months
St James's	£80.00	18 months
Victoria	£65.00	20 months
<b>City</b>		
Central City Core	£55.00	24 months
Chancery Lane / Midtown	£55.00	21 months
City Eastern Fringe	£27.50	24 months
City Northern Fringe	£46.50	24 months
Insurance Sector	£52.50	22 months
West City	£54.50	24 months
Waterloo/Bankside	£43.00	21 months
London Bridge/More London	£43.00	21 months
<b>Docklands</b>		
Canary Wharf	£38.50	24 months
Other Docklands	£27.50	24 months

Prime yields, quarter 4 2011	
Sub area	Yield
Mayfair / St James's	4.25%
Victoria	5.50%
North Oxford Street / Fitzrovia	5.25%
Soho / Covent Garden	5.50%
Paddington	5.75%
City Core	5.25%
City Eastern Fringe	6.25%
City Northern Fringe	6.00%
Southwark	5.75%
Holborn	5.25%

Principal office investment transactions, quarter 4 2011			
Address	Price (£ million)	Yield %	Purchaser
Milton & Shire Houses	£350	5.5%	Permodalan Nasional Bhd
Tower 42 Estate	£282.5	7%	Ki Corporation Ltd
Threadneedle Street, 60	£176	4.75%	St Martins Property Corp
Berkeley Street, 1-3	£155	-	Crosstree Real Estate
North Wharf Gardens site	£121	6%	Meritas Real Estate

Investment transactions, quarter 4 2011 (£ million)	
West End	£602
City	£1,176
Docklands	£12
Central London	£1,790

08449 02 03 04

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