

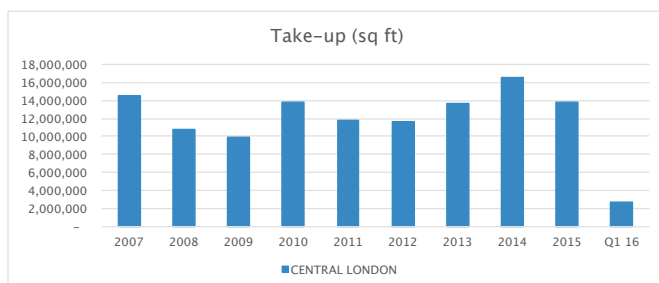
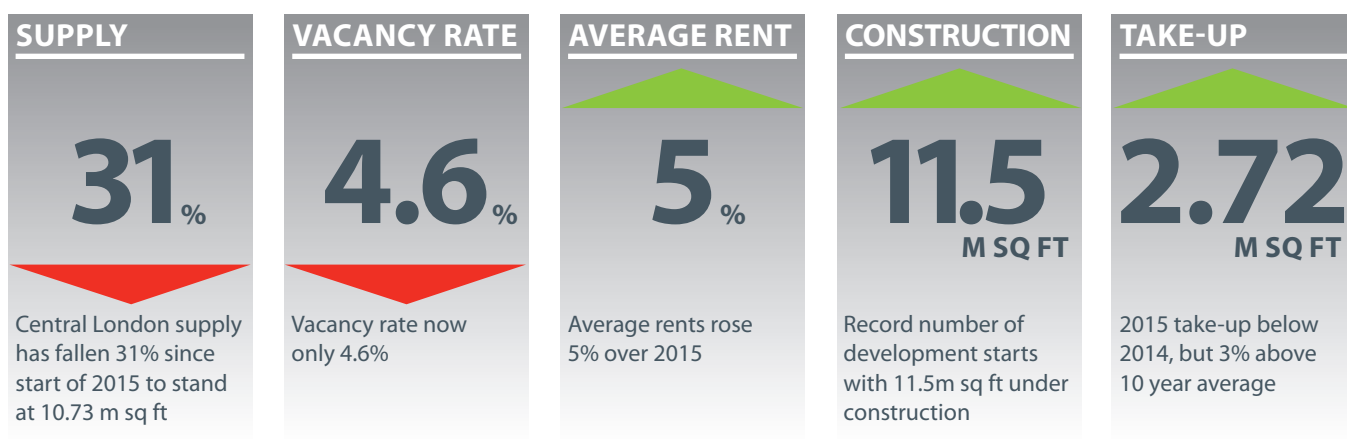
CENTRAL LONDON OFFICE MARKET BRIEFING



Q1 2016

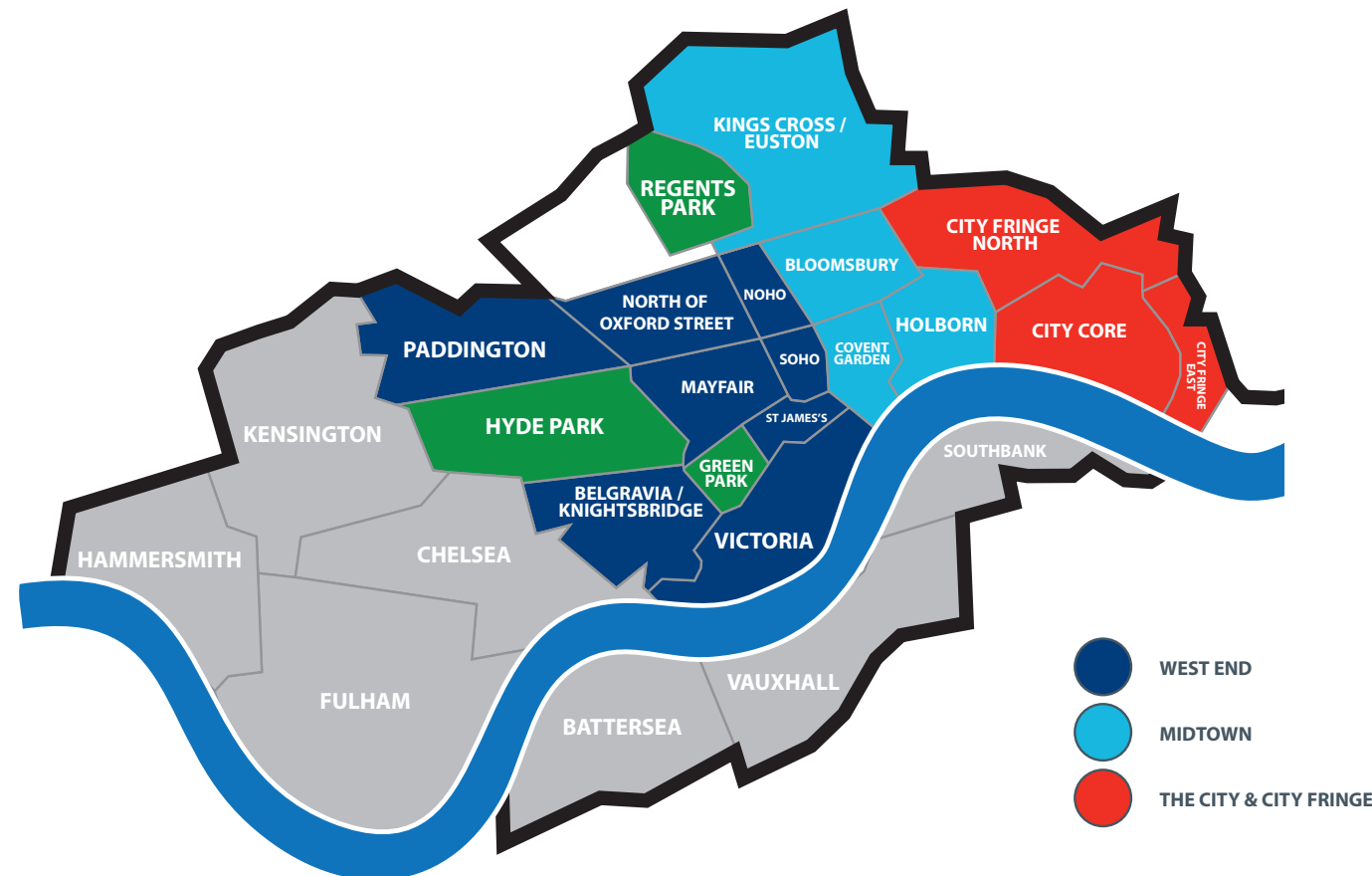
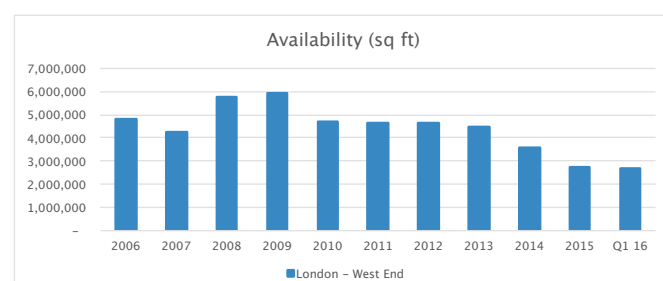
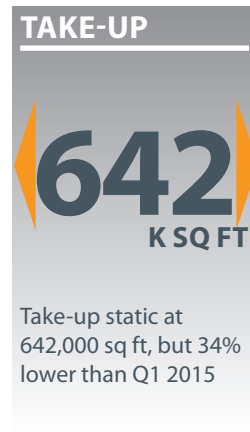
Leasing Overview

The Central London occupier market remains competitive and although the year got off to a relatively slow start, quarterly take-up of 2.72m sq ft in Q1 was up very slightly on the Q4 2015 level.



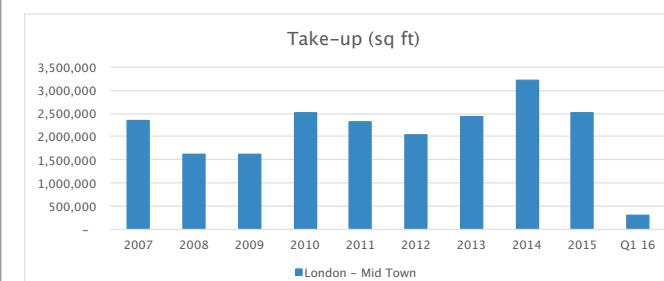
West End

Take-up levels in the West End remained similar to the final quarter of 2015, with 642,000 sq ft of new lettings reported which is 34% below the level reached in Q1 2015. Total take-up in 2015 was 3.46m sq ft compared with the 5 year average of 3.71m sq ft.



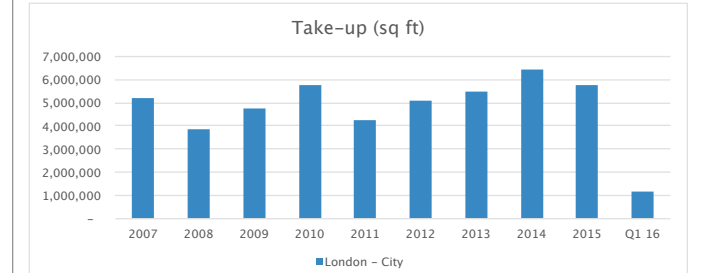
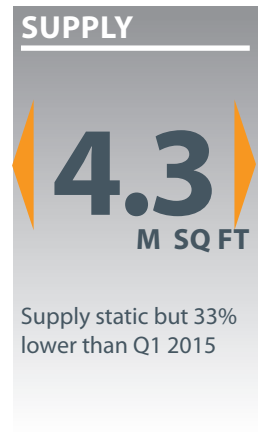
Midtown

After a strong year of leasing activity in 2015 (with 2.5m sq ft of take-up) Q1 2016 has seen a marked reduction in take-up in the Midtown market with only 305,422 sq ft of new lettings, roughly half the amount let in Q1 2015.



City

Take-up across the City market as a whole was up by a third in Q1 2016 to stand at 1.27m sq ft, though this was in itself a third lower than the total for Q1 2015. Take-up for 2015 as a whole reached 5.75m sq ft.



Investment Overview

Across the UK as a whole, investment transaction volumes in Q1 2016 were 26% lower than that in the same period of last year. This was reflected in the Central London market where recorded transactions fell from the record high in Q4 2015 to stand at £1.99 billion, but were nonetheless higher than the corresponding period in 2015.

The City saw its lowest volume of transactions since Q3 2011, with

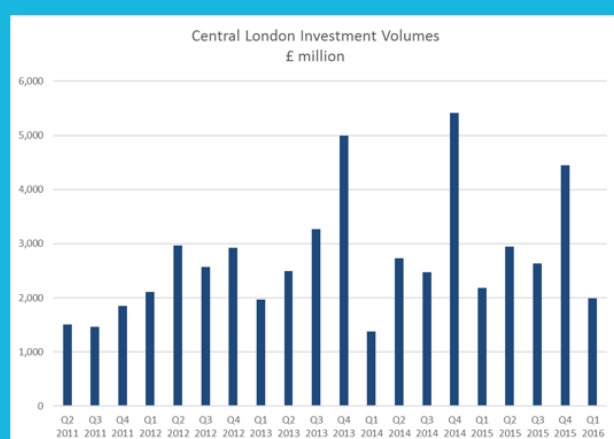
£890m of sales recorded. The West End fared little better, with volumes falling by 48% since the record high of Q4 2015 to stand at £782 million.

Along with falling investment volumes, average prime yields in Q1 rose from 4.62% to 4.69%, which is the highest level since July 2015. Prime yields in the City remained stable at 5.00% but the West End saw a small rise in the prime yield from 3.00% to 3.25%.

The widely accepted explanation for significant fall in trades, as well as the slight upward movement in West End prime yields, is the reduction in the number of buyers in the run up to the EU referendum. Interestingly, it is also widely accepted that non-domestic investors are the most relaxed about the effects of the referendum, regardless of the outcome.

Key Deals

Address	NIA Sq Ft	Purchase Price	NIY	Capital Value/sq ft	Purchaser
21 Hanover Sq, W1	10,686	£28.10m	2.00%	£2,629	Private
Waterstones, 203-206 Piccadilly, W1	66,320	£92.00m	3.20%	£1,387	Cicerone Fund Fabrica SGR
Kinnaird House 1 Pall Mall East SW1	67,200	£85.00 m	3.57%	£1,265	Sidra Capital
Almack House, 26-28 King Street, SW1	97,563	£232.00m	3.49%	£2,378	PonteGadea Inmobiliaria SL
14 St George Street, W1	51,861	£121.70	3.47%	£2,345	Chinese Estates Holdings Ltd
33 Margaret Street, W1	103,000	£216.30	3.30%	£2,100	Deka
Holborn Gate High Holborn WC1	163,000	£138.00m	4.9%	£847	Westmount RE
The Helicon Building, 1 South Place, EC2	220,000	£145.00m	4.50%	£659	Cina Overseas Land & Investment Ltd
5 Fleet Place, EC4	130,000	£145.00m	4.07%	£1,115	Poly Real Estate Company Ltd



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