

Monthly Overview

Central London Offices

September 2010

Month at a Glance

Weak take-up during August was expected in what is typically a poor month for leasing; however the underlying message from the Central London market is the material change in conditions from a year ago. This is reflected in take-up exceeding last year's totals for the Central London, City and Docklands markets. At the same time, supply continues to tighten pushing rents upwards.

Monthly Review

- Following two months of above trend level, some pace came out of the Central London market as take-up fell by 58% in August to 0.6m sq ft – the lowest level since July 2009. With the West End being the only market to exhibit any substantial increase in take-up this month (54% up), the Central London market was characterised by falls in the City and Midtown levels. Based on a six-month rolling average, take-up in the City and Central London as a whole were down but increased 8% in the West End.
- Availability in Central London dipped to 15m sq ft at the end of August driven by marginal falls in both secondhand and new space. Consequently, availability remained at 7.2%. As a reflection of this, availability in the West End remained at 5.9 m sq ft, while City availability dropped 2% to 6.0m sq ft.

“The story emerging from the Central London market over August was that take-up for the year to date now exceeds the level for the whole of 2009. This demonstrates the remarkable turnaround in the market during 2010.”

Digby Flower, Head of Central London Agency.

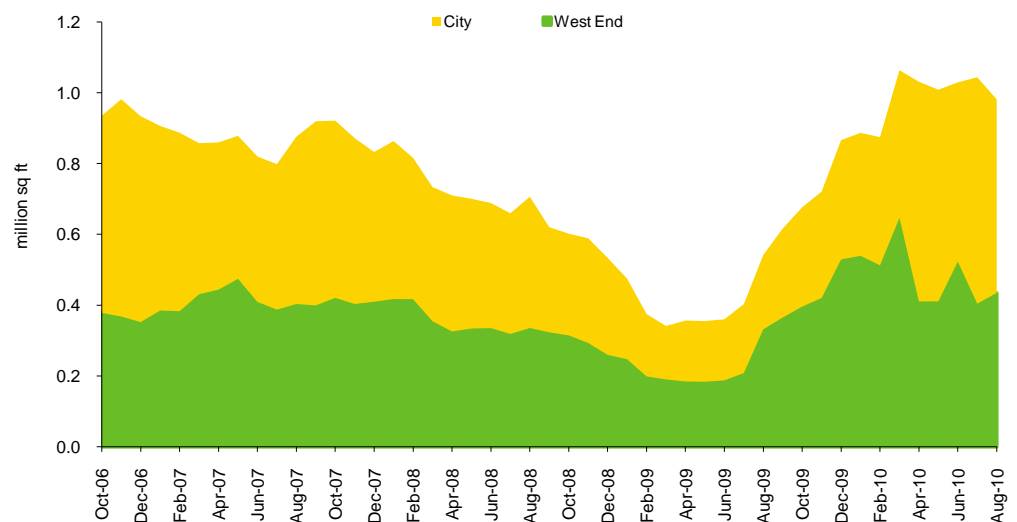
Key Stats

Changes from
July 10 August 09

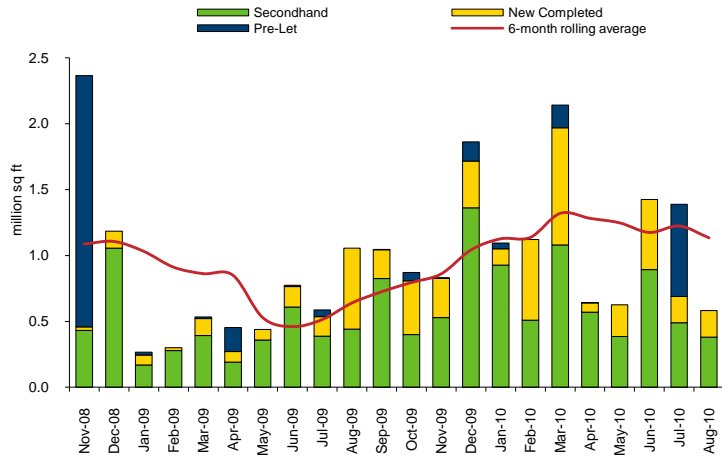
Take-up*	↓	↓
Availability	↓	↓
Rental values	↑	↓
Yields	→	→

* Based on the 6-month rolling average

Central London 6-Month Rolling Average Take-Up

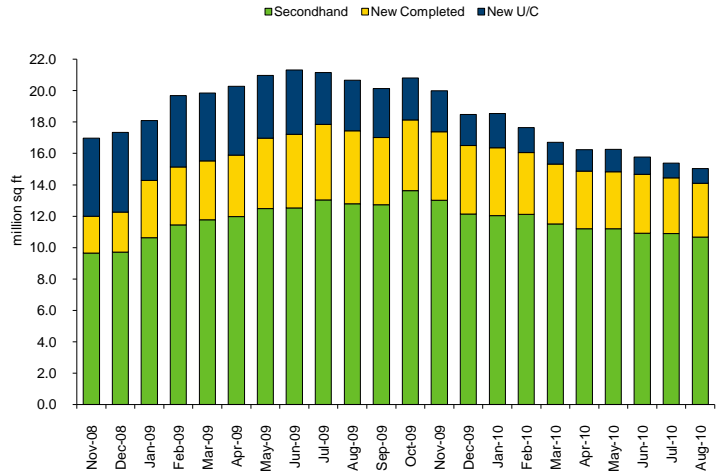


Central London Take-up



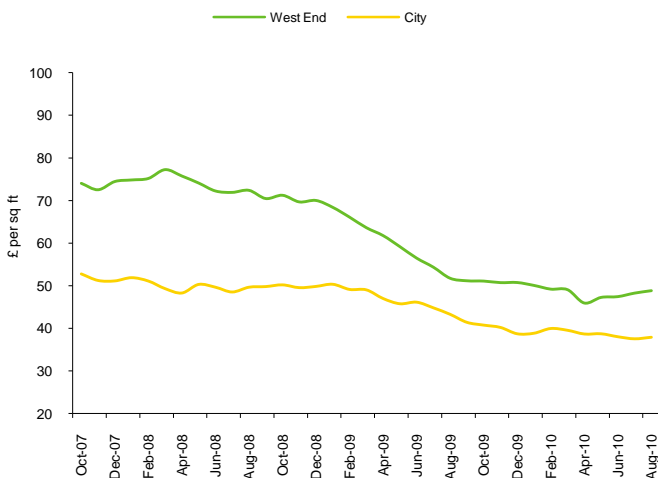
- Following two strong months, take-up levels fell back considerably in August with no significant deals to note. The largest deal of the month involved Bovis Lend Lease taking 79,600 sq ft of space at Regent's Place, NW1. The only other deal over 30,000 sq ft was at 81 King William Street, EC4 where ICBC signed for 35,000 sq ft in the City.
- Under offers declined slightly to 2.9m sq ft in Central London at the end of August. This decrease was due largely to falls in Southbank and the West End (down 16% and 41% respectively). Under offers in other markets rose.

Central London Availability



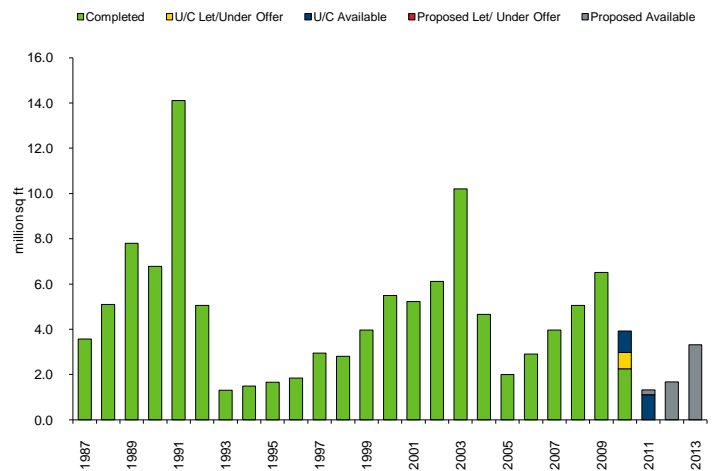
- Availability continued to decline with a 2% drop from July. The Walbrook, EC4 at 379,800 sq ft and Aldersgate, EC1 at 354,400 sq ft, remain the two largest properties in Central London.
- Active demand in Central London fell to 9.3m sq ft at the end of July – the lowest level since January. While active requirements in the City fell by 17% this month, West End demand increased by 8% to 3.2m sq ft.

Average Grade A Rent*



* Based on the 6 month rolling average of actual rents achieved during the month

Central London Development Pipeline



Central London Take-up (sq ft net)

Take-up		Monthly Change %	Year to date	Rolling 12 months 01/09/09 - 31/08/10	August-2010	July-2010	June-10	Q2- 2010	Q1 - 2010	Full 2009
City	Total	-86%	4,286,100	6,035,900	139,400	969,400	506,400	982,600	2,194,500	4,209,005
	Pre-let	-95%	906,000	735,000	35,000	700,000	-	-	171,000	386,198
	New Completed	-52%	1,632,500	2,362,700	37,700	78,700	172,100	271,300	1,244,800	1,731,785
	Secondhand	-65%	1,747,600	2,938,100	66,700	190,800	334,300	711,400	778,700	2,091,022
	Under Offer				1,560,000	1,491,800	1,625,100	1,625,100	909,000	
West End	Total	54%	3,125,000	4,775,300	409,400	265,800	522,700	1,126,000	1,323,800	3,146,167
	Pre-let	-	42,900	105,300	0	-	-	0	42,900	96,250
	New Completed	261%	769,500	1,022,800	128,300	35,500	103,900	281,200	324,500	441,894
	Secondhand	22%	2,312,600	3,647,200	281,100	230,300	418,800	844,700	956,500	2,608,023
	Under Offer				857,600	1,103,400	993,600	993,600	1,004,800	
Midtown	Total	-87%	655,900	1,128,600	19,400	144,300	175,600	273,800	218,400	922,651
	Pre-let	-	0	0	0	0	-	-	-	-
	New Completed	-100%	207,400	410,300	0	81,000	64,400	97,200	29,200	261,803
	Secondhand	-69%	448,500	718,300	19,400	63,300	111,200	176,600	189,200	660,848
	Under Offer				220,000	173,300	294,100	294,100	287,100	
Southbank	Total	5%	202,100	360,000	10,100	9,600	31,300	85,400	97,000	355,883
	Pre-let	-	1,800	4,600	0	-	-	1,800	-	2,854
	New Completed	-100%	35,500	133,800	0	3,700	4,900	4,900	26,900	119,234
	Secondhand	72%	164,800	221,600	10,100	5,900	26,400	78,700	70,100	233,795
	Under Offer				85,300	102,100	98,400	98,400	72,400	
Docklands	Total	100%	779,800	1,056,100	4,200	-	188,200	248,900	526,700	383,293
	Pre-let	-	0	0	0	-	-	-	-	-
	New Completed	-	186,900	186,900	0	-	186,900	186,900	-	32,351
	Secondhand	100%	592,900	869,200	4,200	-	1,300	62,000	526,700	350,942
	Under Offer				183,900	165,500	130,800	130,800	361,000	
Central London	Total	-2%	9,048,800	13,356,000	582,500	1,389,200	1,424,200	2,716,700	4,360,400	9,017,999
	Pre-let	-	950,700	844,900	35,000	700,000	-	1,800	213,900	485,302
	New Completed	-63%	2,831,800	4,116,500	166,000	199,000	532,200	841,500	1,625,300	2,587,067
	Secondhand	-45%	5,266,300	8,394,500	381,500	490,200	892,000	1,873,400	2,521,200	5,944,630
	Under Offer				2,906,700	3,036,000	3,142,000	3,142,000	2,605,400	

Key Central London Leasing Transactions by Size August 2010

Occupier	Sq ft	Market	Address
Bovis Lend Lease	79,600	Euston	Regent's Place, 2/20 Triton Street, NW1
ICBC Limited	35,000	City	81 King William Street, EC4
Tenon Group	19,000	West End	66 Chiltern Street, W1
Greenberg Traurig Maher	17,900	Midtown	200 Grays Inn Road, WC1

Central London Availability (sq ft net)

Availability		August-2010	July-2010	June-10	Q2 2010	Q1 2010	2009
City	Total	5,958,100	6,073,900	6,103,700	6,103,700	6,583,500	7,467,700
	New	2,463,000	2,538,100	2,621,200	2,621,200	2,799,500	3,235,100
	Secondhand	3,495,200	3,535,900	3,482,500	3,482,500	3,784,100	4,232,600
	Availability Rate %	8.2	8.1	8.3	8.3	9.0	10.2
West End	Total	5,880,300	5,943,300	5,967,900	5,967,900	6,287,200	6,893,700
	New	1,167,400	1,200,300	1,367,400	1,367,400	1,489,500	1,883,900
	Secondhand	4,712,900	4,743,000	4,600,500	4,600,500	4,797,800	5,009,800
	Availability Rate %	7.0	7.0	7.0	7.0	7.3	8.1
Midtown	Total	1,295,200	1,362,000	1,356,400	1,356,400	1,683,600	1,784,200
	New	288,700	301,200	295,800	295,800	334,400	499,700
	Secondhand	1,006,400	1,060,900	1,060,600	1,060,600	1,349,200	1,284,500
	Availability Rate %	5.8	5.8	5.8	5.8	7.3	7.7
Southbank	Total	583,100	585,600	582,500	582,500	566,600	478,400
	New	27,600	30,400	30,400	30,400	37,800	35,500
	Secondhand	555,500	555,300	522,100	552,100	528,800	442,900
	Availability Rate %	3.2	3.3	3.3	3.3	3.3	2.8
Docklands	Total	1,309,000	1,424,900	1,765,100	1,765,100	1,590,500	1,863,900
	New	417,400	424,400	541,200	541,200	541,200	688,600
	Secondhand	891,700	1,000,50	1,223,900	1,223,900	1,049,200	1,175,300
	Availability Rate %	9.2	9.2	9.5	9.5	8.6	10.0
Central London	Total	15,025,800	15,389,700	15,771,400	15,775,600	16,711,500	18,487,900
	New	4,364,100	4,494,300	4,851,800	4,856,000	5,202,400	6,342,800
	Secondhand	10,661,700	10,895,400	10,919,600	10,919,600	11,509,100	12,145,100
	Availability Rate %	7.2	7.2	7.2	7.2	7.7	8.5

*Availability Rate is calculated by the amount of space currently available on the market including new space under construction that is due to come onto the market over the next 12 months as a proportion of the total stock.

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