

# City Investment Watch

Continued investment demand results in total turnover up by 7% on last year

March 2015

## Market comment and notable deals

■ February turnover was £579m across 12 deals, resulting in the year-to-date turnover reaching £1,093m, which is 7% up on this point last year.

■ The largest transaction of the month was the £94m purchase of the long leasehold in Senator House, 85 Queen Victoria Street, EC4 by Legal & General. The 155,153 sq ft multi-let building gives a yield of 6.6% and a capital value of £606 per sq ft.

■ So far this year, UK purchasers have accounted for the majority of turnover (36%), closely followed by US purchasers (24%) and Asian purchasers (17%). UK purchasers have also completed 10 of the 24 transactions so far this year.

■ Whilst certain UK funds have an appetite for larger lot sizes, their average purchase price is £35.59m so far this year, compared with £85.63m for US purchasers, £62.38m for European, and £60.37m for Asian purchasers. As the year progresses it is likely the average purchase price of both US and Asian purchases will rise as large lots are released to the market.

■ So far this year, we have seen the highest number of transactions within SE1 being five, with a combined total value of £102.45m. This is compared with four transactions being completed in EC4 so far this year totalling £433.85m.

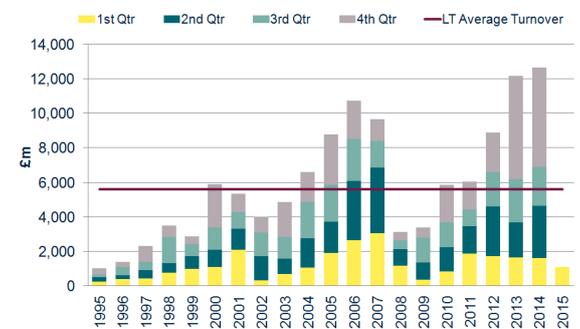
■ In 2015, the average FH yield in the City Core across the four deals where the yield is known is 4.5%. This is compared with the average LLH in the City Core of 5.8% across the five deals where the yield is known.

■ The Walbrook is currently the largest lot size available being marketed at £580m, and reported to be under-offer to Cathay Life. The 440,565 sq ft building is multi-let to seven tenants including JLL, Den Norske Bank and Vanguard producing a yield of 4%.

■ Savills prime yield is still 4.25% for the third month, which fell 50bps since the end of 2013.

GRAPH 1

## City turnover



Graph source: Savills

GRAPH 2

## City turnover by nationality

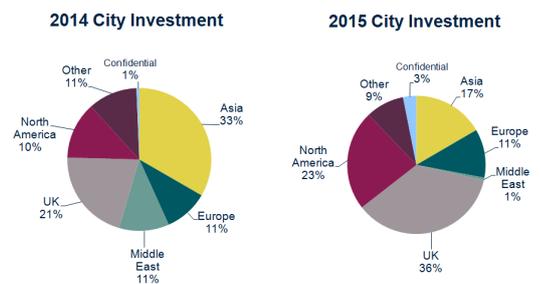


Chart source: Savills

TABLE 1  
**Key deals in February 2015**

Address	Postcode	Sector	Area (sq ft)	Tenure	Price	Yield	Vendor	Purchaser
Senator House, 85 Queen Victoria Street	EC4	Office	155,153	LLH	£94 M	6.64%	Investream/Angelo Gordon	Legal & General
Farringdon Place, 20 Farringdon Street	EC1	Office	170,600	LLH	£88 M	3.40%	LIM	Derwent
3 Minster Court	EC3	Office	275,210	vFH	£85 M	7.39%	Santander	Ivanhoe Cambridge
16 Old Bailey	EC4	Office	94,295	vFH	£78 M	4.41%	Confidential	Nan Fung
63 St Mary Axe	EC3	Office	84,596	LLH	£70 M	5.05%	Rockspring	Axa
Fox Court, 14-22 Grays Inn Road	WC1	Office	101,661	FH	£70 M	-	Rockspring	Karlin

Table source: Savills

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