

City Investment Watch



October sees the 3rd £100m+ deal this calendar year

In the month of October we saw £235.3m of transaction activity across 4 deals, and another deal in excess of £150m for the second consecutive month, demonstrating incremental signs of returning investor activity for the larger lot size deals. The year to date turnover volume currently stands at £1.79bn across 67 deals reflecting an average lot size of just £26.6m - compared to the five year average this represents a 65% fall in turnover volume and a 7% decrease by number of deals. Despite a healthy flow of deals which has seen 67 transactions throughout the year, it is interesting to note that the two £100m+ deals seen in October and September alone account for 20% of all year to date turnover. At the end of October, Savills is currently tracking a further £669m under offer across 21 deals, and with a number of live processes calling for bids in November it is expected that the recent uptick in activity seen during the last two months may well continue for the remainder of Q4.

In the largest deal of October, and the second largest deal of the year, Greycoat acquired the freehold interest in 90 High Holborn, WC1. Prominently situated on the north side of High Holborn, the freehold property comprises 183,667 sq ft which is multi-let to office tenants including Quinn Emanuel Urquhart & Sullivan UK, UCL and Labs Worldwide Limited. Acquired from Labtech the deal marks Greycoat's third acquisition of the year in the City market. Following their purchases of 120 Aldersgate Street, EC1 and 140 Leadenhall Street, EC3 in April and June respectively, the acquisition of 90 High Holborn takes Greycoat's year-to-date spend beyond £220m, reflecting c.12.5% of all City turnover, and highlighting a clear example of an investor recognising value in discounted pricing currently available in the market.

In the second largest deal of the month, Criterion Capital acquired the freehold interest in 1 Princes Street, EC2 for a sum of £35m reflecting a capital value of £443 per sq ft. Held freehold and formerly owned and occupied by Natwest, the property comprises a highly attractive Grade II listed corner building totalling 79,077 sq ft NIA. Located at the junction of

Princes Street and Poultry in a prime location adjoining the famous Ned Hotel and directly opposite the Bank of England, the property attracted strong interest from office and hotel buyers alike and was ultimately acquired by Criterion Capital, highlighting the strong demand for hotel conversion opportunities seen throughout the year.

Elsewhere in the market, the City of London sold the freehold interest in 59.5 Southwark Street, SE1 for a sum of £13.52m reflecting £439 per sq ft. Prominently located on the corner of Southwark Street and Southwark Bridge Road and circa five minutes' walk from Borough station, the property comprises 30,827 sq ft of office accommodation arranged over lower ground, ground and three upper floors, and was sold with full vacant possession. Having attracted interest from office and alternative use buyers, the building was acquired by an owner occupier.

We have seen a pick up in transactional activity with a steady flow of new stock being released into the market, with £669m under offer across 21 properties at the end of October, and several more sales processes due to call for bids in early November.

Savills City prime yield is 5.25%, while the West End prime yield is 4.00%.



£1.79bn

Jan-Oct turnover across **67** transactions



Savills Prime City yield remains at **5.25%** for the **15th** consecutive month

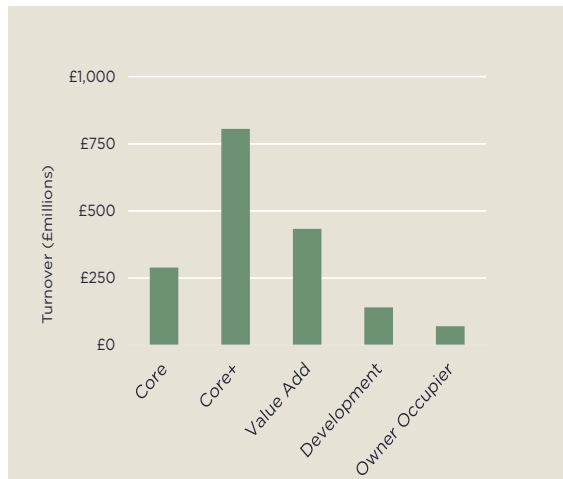


59% of transactions this year have been acquired by investors from the UK.

City year-to-date turnover by investment

category

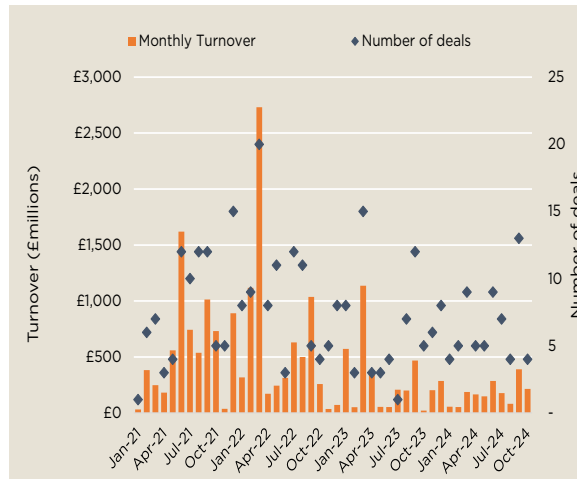
Graph 1



Source: Savills

City investment turnover by month

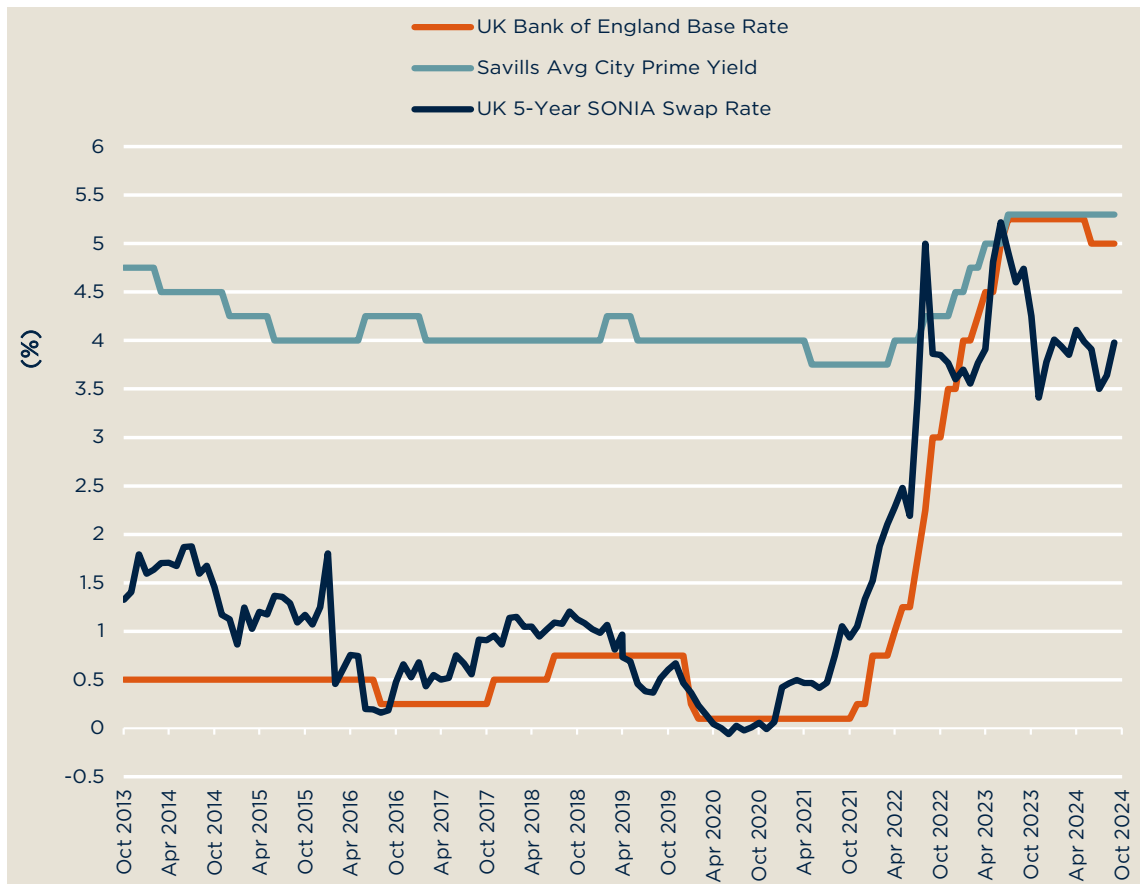
Graph 2



£669m under offer across **21** transactions

City Yields

Graph 3



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