

# City Investment Watch



## September sees highest monthly turnover in 2024

September saw a total of £385.4m of turnover across 11 deals, reflecting the highest monthly turnover seen so far this year. The month also witnessed the largest transaction of the year and although the sale of Atlantic House accounted for a substantial proportion of the month's turnover, a total of 11 deals during September represents the highest number of transactions and reflects the ongoing trend of healthy investor demand in the smaller lot size range. At the end of September, year-to-date turnover stood at £1.55bn across 61 deals reflecting an average lot size of £25.5m – this represents a 66% decrease in turnover volume when compared to the five-year average and 8% by number of deals.

In the largest deal of the year, Royal London acquired the freehold interest in Atlantic House, 45-51 Holborn Viaduct, EC1, from CBRE IM. Held freehold and developed in 2001, Atlantic House comprises 261,506 sq ft of office and ancillary accommodation arranged over twelve floors. Located approximately 300 metres to the south of Farringdon station, the property is single-let to Hogan Lovells International LLP on a lease expiring December 2026 at a passing rent of £11.08m per annum reflecting £42.38 per sq ft overall. Hogan Lovells have pre-let Royal London's 21 Holborn Viaduct development which is anticipated to reach practical completion in H1 2027. The freehold interest was acquired for a sum of circa £185m which reflects a net initial yield of 7.44% and a capital value of £707 per sq ft.

In the month, Savills disposed of the virtual freehold interest in 100 Middlesex Street, E1 on behalf of Nuveen. The property is located approximately 300 metres to the east side of Liverpool Street station and comprises 63,451 sq. ft. of educational, leisure and ancillary accommodation arranged over lower ground, ground and five upper floors. The building is multi-let to four tenants at a topped up rent of £2,491,416 per annum reflecting a highly reversionary £39.27 per sq ft overall and provides a WAULT of 5.5 years to breaks and 6.4 years to expiries. Held virtual freehold with 984 years unexpired term at a nominal rent of £1 per annum, the building was acquired by French SCPI, Remake

Asset Management, for a sum of £33.975m reflecting a net initial yield of 6.87% and a capital value of £535 per sq ft. The acquisition follows Remake's purchase last year of the nearby building at Spitalfields House, 110-114 Middlesex Street, and is another example of French SCPI's looking to acquire high-yielding investments in Central London.

In September, Legal & General acquired the freehold interest in 38 Finsbury Square, EC2. Located approximately 300 metres from both Moorgate and Liverpool Street stations, the fully vacant property comprises 46,309 sq ft NIA and benefits from a planning consent to refurbish and extend to 53,647 sq ft NIA. Sold by a private Hong Kong investor for a sum of £20m reflecting £373 per sq ft on the consented area, the transaction is notable as a rare office repositioning sale in a value add market which has been largely dominated by change of use deals; and secondly, having seen a sustained trend of UK institutional funds disposing of their Central London offices, L&G's return to the acquisition side, alongside RLAM's acquisition of Atlantic House is a potential turning point in the UK funds returning to focusing on London offices.

In terms of the running themes relating to the wider macroeconomic backdrop, the Bank of England's Monetary Policy Committee voted to maintain the base rate at 5.00% during its committee meeting on 18th September, thereby cooling any expectations of rapid short-term rate cuts after an initial reduction in August. In terms of the chronic lack of new stock which has blighted the market for so long, September saw a much-needed batch of new properties launched to the market, with 21 deals accounting for an estimated market value of £1.51bn. Savills is currently tracking a further £536m under offer across 17 deals.

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



**£1.55bn**

Jan-Sep turnover across **61** transactions



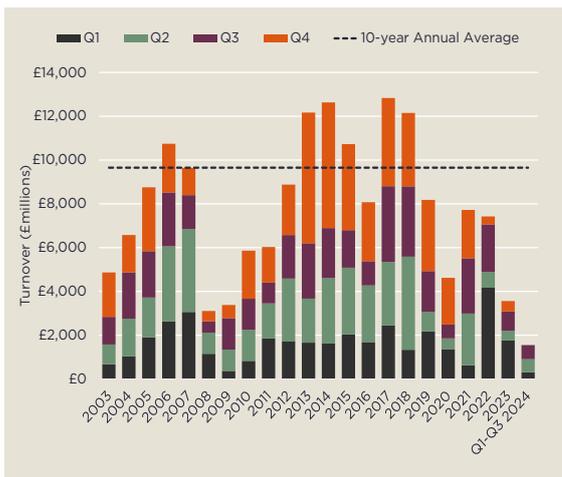
Savills Prime City yield remains at **5.25%** for the **14th** consecutive month



**54%** of transactions this year have been for assets below **£20m**.

### City quarterly investment turnover

Graph 1



Source: Savills

### City availability by size-band

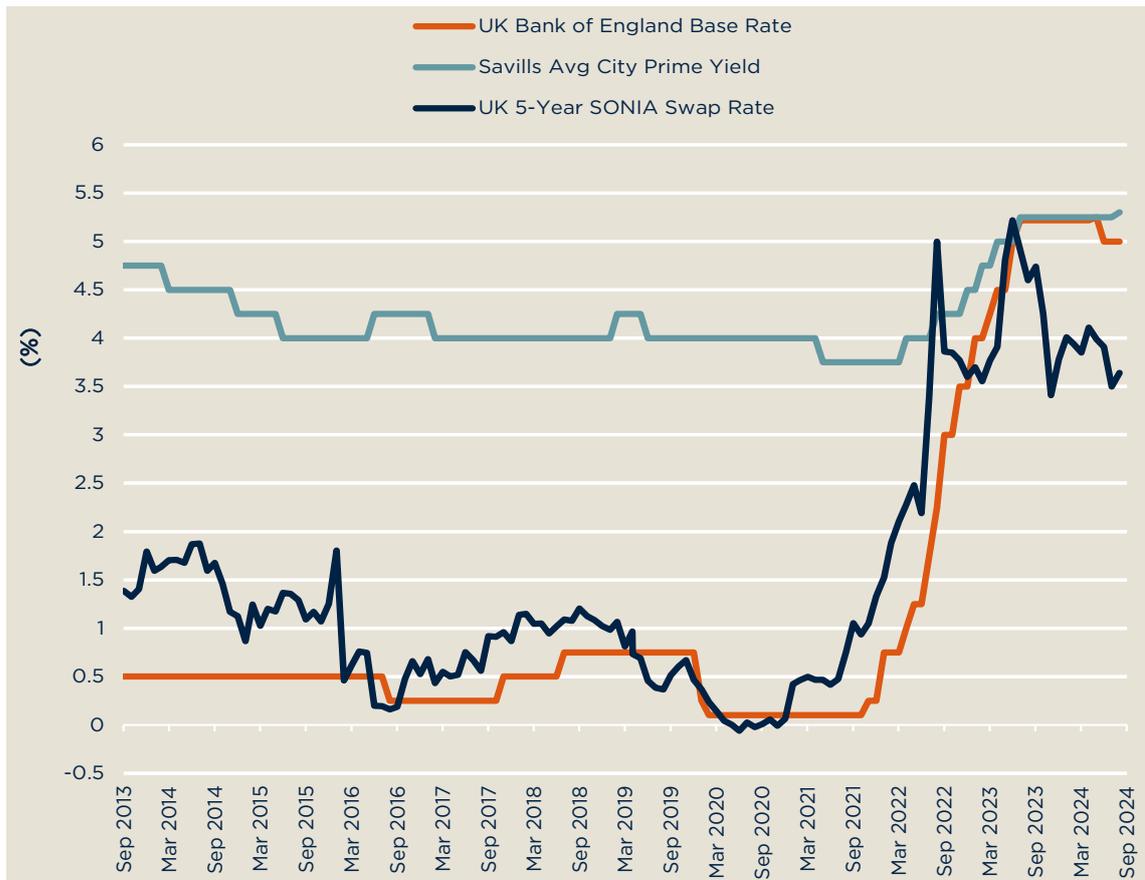
Graph 2



**£536m** under offer across **17** transactions

## City Yields

Graph 3



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