

West End Investment Watch



Buyers' options grow as availability exceeds £4bn

July was muted witnessing only five deals totalling £102.2M, bringing turnover this year to date to £1.92 bn (58 transactions). This represents a 56% decline on the £4.45bn which transacted in the same period last year and reflects a 24% decrease on the five-year average of £2.52bn.

The largest trade was Liberty House, 76 & 80 Hammersmith Road, W6 which was acquired by McAleer & Rushe (MRP). The freehold interest in this 1.4 acre site contains two office buildings comprising 89,874 sq ft. Both buildings were provided with full vacant possession upon completion. The price achieved of £48M & £584 psf reflects a 30% discount to the original quoting price in June 2022.

Savills, on behalf of Labtech, has disposed of the freehold interest in 1-11 Hawley Crescent, Camden, NW1, a comprehensively refurbished 24,258 sq ft mixed use building. The offices are solely occupied by Airwair International, trading as Dr Marten's, with the building serving as Dr Marten's European Headquarters for a further 3.75 years at a passing rent of £46.90 psf. The building has been acquired by a European property company.

In an off-market trade, DTZ IM have sold the freehold interest in Garrick House, Charing Cross Road, WC2. The building comprises 12,102 sq ft providing retail at ground floor and vacant office upper parts, offering the opportunity to reposition the asset and change use to hotel, subject to the necessary consents. The asset was acquired by a UK private equity company with pricing understood to be £19.5M reflecting £1,611 psf.

We are still tracking over £1 bn under offer, of which 42% by volume represent deals agreed within the last 2 months. Notably, 55 St James's Street, SW1, owned by Lothbury, is under offer to an Asian buyer following a competitive

bidding process. The corner building was developed in 2015 to provide 28,232 sq ft of Grade A office, retail and residential accommodation. The commercial element benefits from a WAULT of 4.10 years to expiry.

Despite the lack of trade which is typical of the summer period, we are tracking 8 bids processes called in July, including 125 Shaftesbury Avenue, WC2 and 60 Great Portland Street, W1 (Q. £95M, 4.93% NIY, £1,114 psf), both of which will provide strong bellwethers of market sentiment for value-add and core-plus opportunities of scale, respectively.

At the time of writing Savills records £4.10 bn of available stock across 87 opportunities, the highest volume this year to date, with 50% (by lot size) derived from the 10 largest sales, suggesting there is greater willingness to 'market test' assets than earlier in the year. UK institutions continue to be net sellers this year, accounting for over half of available stock by volume, followed by North American vendors comprising 22%.

In arguably the most notable opportunity to be marketed this year, Savills are advising the Langham Estate on the disposal of a mixed use estate in the heart of Fitzrovia. The 'Lotus Portfolio' comprises 27 freehold assets totalling c.432,500 sq ft NIA of office, medical, education, retail and residential accommodation. The Portfolio is 83% let generating a contracted rent of circa. £18.06M per annum, reflecting a low rent of £41.77 per sq ft overall.

Savills prime West End yield remains at 4.0%, and, at the time of writing, the Bank of England base rate has risen to 5.25%. The SONIA five-year swap rate stands at 4.91%.



Savills has advised on a quarter of transactions so far this year



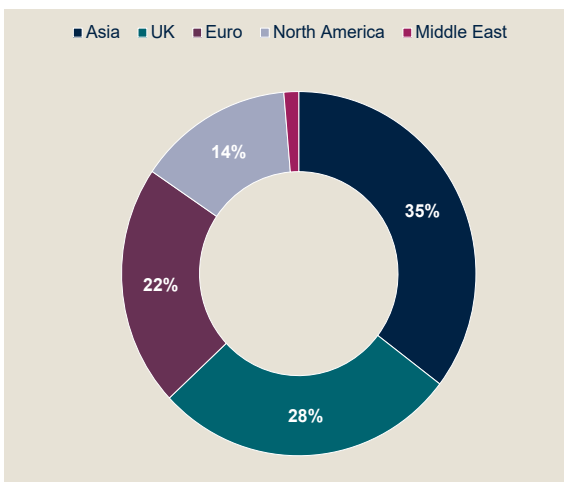
£1.06 bn currently under offer



£4.10 bn of available stock, the highest amount so far this year

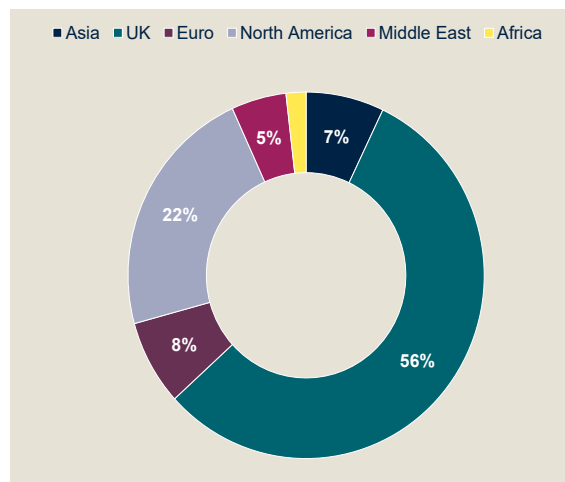
Purchaser Nationality (YTD Trades)

Graph 1



Vendor Nationality (Available Stock)

Graph 2

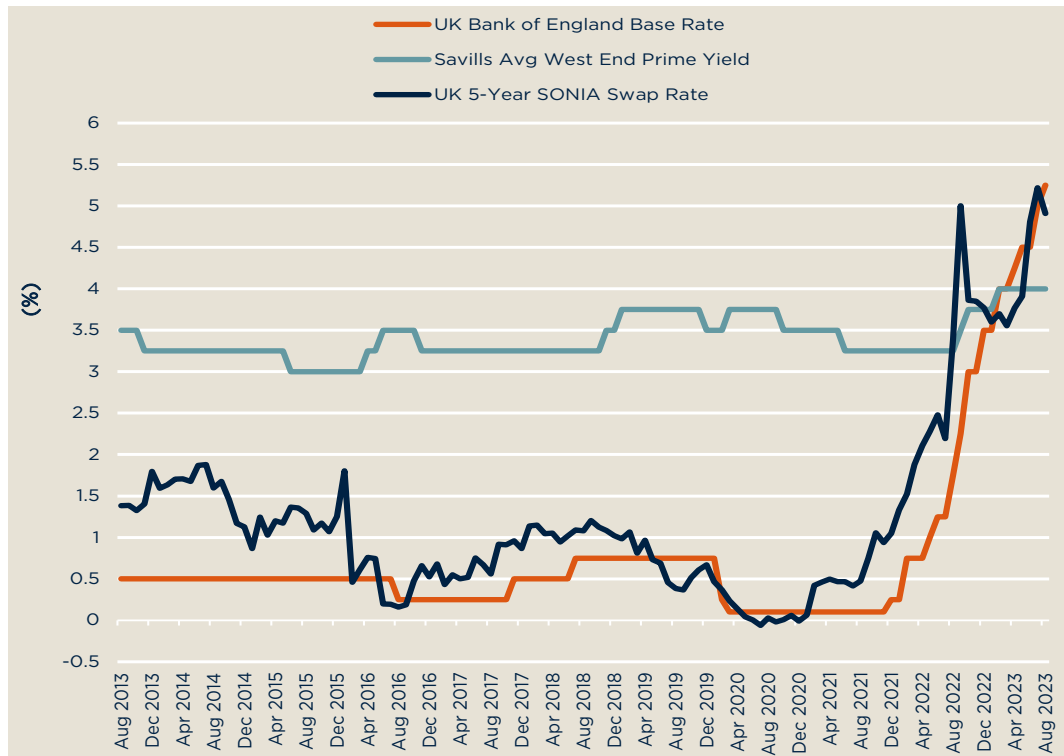


£47M

Average lot size of available opportunities

West End Yield & Finance Rates Graph

Graph 3



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