

# West End Investment Watch



## Increase in momentum builds positivity for 2025

December's turnover totalled £369.28m across 9 transactions, contributing to 9% of the West End's annual total volume and 7% by number of transactions. December contributed to Q4 to produce this year's highest quarterly figure by volume (£1.29bn), with typical end of year pressures and several high profile deals closing in the run up to year-end. However, December volumes were down 66% on the month's 5-year average, highlighting the vendor and purchaser caution that has now surrounded the market for a number of years.

Despite this upswing in activity towards the tail end of the year, H1 2024 figures were subdued amidst the year's macro-economic challenges, most notably the UK Election and a delayed release of the new Labour Government's budget. This contributed to cumulative annual transactional volumes below the 5 and 10-year average by 16% and 35% respectively, at £4.26bn across 127 transactions. On a positive note we have however witnessed a notable uptick in the number of transactions, recording a 37% increase on 2023.

The very best of the West End's core locations remain resilient, with December's largest transaction being the disposal of 11-12 St James's Square by Chinese Estates to US technology billionaire Larry Ellison for £162m, reflecting a capital value of £1,966psf. The building was offered almost entirely vacant and requires refurbishment.

Moreover, Oval Real Estate's off-market acquisition of 14 St George Street for £133m, reflecting a net initial yield of 3.91% and a capital value of £2,565 per sq ft underlines this continued flight to quality in terms of location and in this case, investment quality, particularly amongst the larger lot sizes.

Across 2024, domestic buyers retained their long-term status as the West End's largest investor group, accounting for 38% of turnover by volume and 56% by number of transactions.

However, 2024 demonstrated a buyer pool that is beginning to widen, with North American investors accounting for 36% of turnover by volume across 22 transactions, reflecting a considerable increase in the 21% witnessed in 2023. This has been evident primarily via the resurgence of North American private equity activity, with Blackstone acquiring 130-134 New Bond Street in April for £226.50m, reflecting a net initial yield of 3.55% and Ares Management's purchase of Times Place, 45 Pall Mall from JP Morgan in November for £136m, reflecting a net initial yield of 4.33% and a capital value of £2,269 per sq ft.

2024 has also seen the first signs of a return of institutional capital to the market, whose activity comprised 20% of transactional volumes. Notably, Savills advised Aviva/PSP on the disposal of 30 Golden Square to Legal & General for £72.3m, reflecting a net initial yield of 4.49% and a capital value of £2,224 psf.

Looking forward, we had all hoped with the growing liquidity and investor demand of 2024, we had passed pricing and turnover lows. However, recent rises in both long term gilts and SONIA rates serve to remind us macro economic and political factors can have a greater bearing on markets than property fundamentals.

Savills advised on 21 transactions totalling £634m, including 30 Golden Square (£72.3M), Whittington House (£58.5M), Dorland House, 121-141 Westbourne Terrace (£63.5M), One Smart's Place (£42M) and Albany House (£47M), bringing Savills 2024 West End market share to a leading 17% by number of transactions (21).

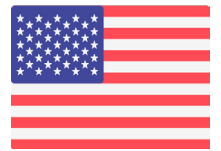
Savills West End prime yield remains at 4.0%, the Bank of England base rate remains at 4.75% and the SONIA five-year swap rate stands at 4.23% at the time of writing.

**127**

assets transacted in 2024, totalling £4.26bn



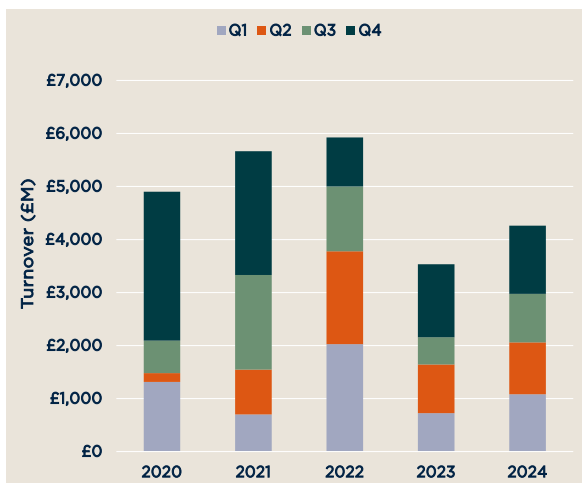
Domestic investors remain the most active buyer pool



US investors account for 36% of turnover by volume across 22 transactions

**Graph 1**

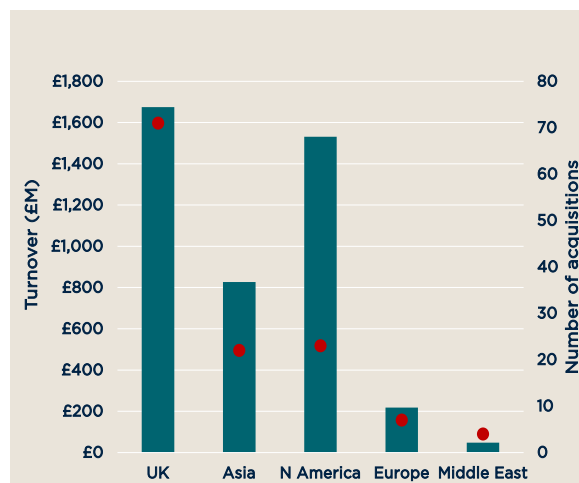
**Investment volumes**



Source: Savills

**Graph 2**

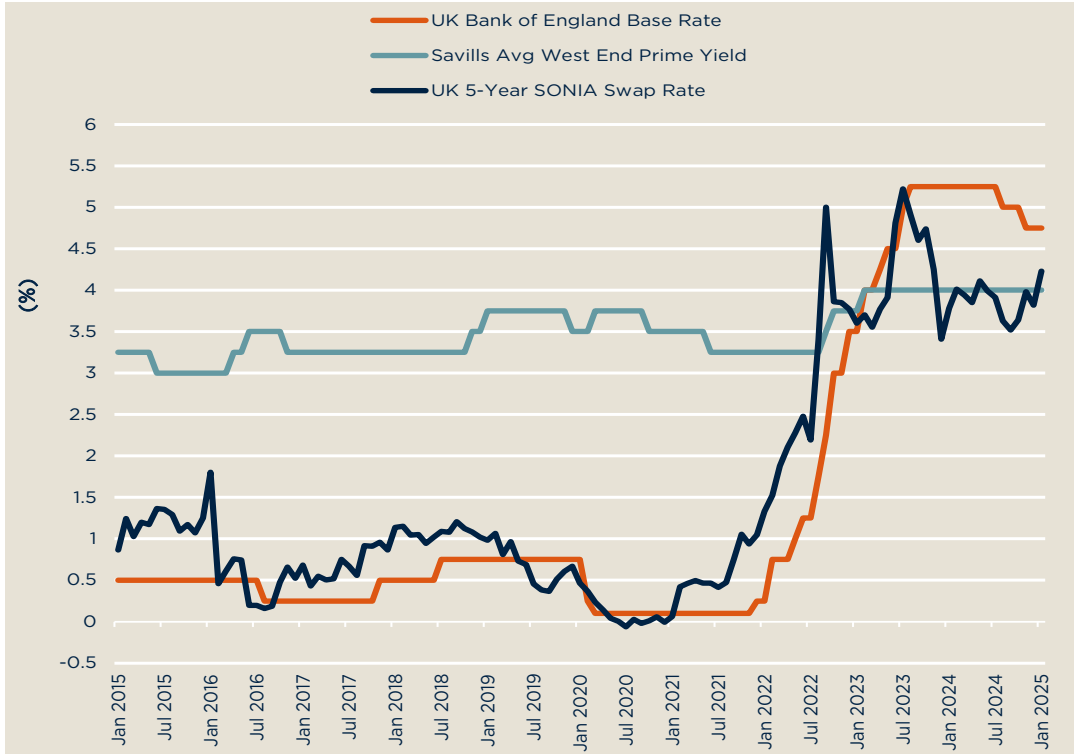
**Purchaser nationality**



Savills has the highest market share by number of transactions (21)

**Graph 3**

**West End Yield & Finance Rates**



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