

# West End Investment Watch



## October activity bodes well for a strong Q4 in the West End

In an illustration of continued market momentum, we recorded nine transactions in the West End during October, totalling £539m. Whilst cumulative annual turnover, which now stands at £3.85bn, remains 25% below the previous five years' average of £5.13bn, it stands 30% ahead of last year's equivalent figure.

The key transaction to take place during October was Ingka Group's acquisition of Arcadia Group's long leasehold interest in 214-218 Oxford Street, W1, following an open market process in which Savills jointly advised the vendor. The purchase price of £378m reflects a capital value of £1,562 psf, based on the net internal area of 241,990 sq ft, and it is understood that the purchaser will operate its retail business, IKEA, from the majority of the store.

Following two false starts with separate parties, The Naval Club, 38 Hill Street, W1, has been acquired with vacant possession by an undisclosed Middle Eastern investor for a price understood to be in the region of £35m. This reflects a capital value of £3,528 psf based on the estimated net internal accommodation and again underlines the premium that can be realised by vacant freehold opportunities in the core West End.

The freehold interest in 4-5 Buckingham Gate, SW1, also transacted during October, bringing to an end a marketing campaign that had commenced last summer, at a price in the region of £30m which reflects a capital value of £759 psf. The property, which benefits from consent for conversion into a 53-key hotel, was sold with vacant possession by French investor, Cofimar, who had acquired it in 2017 for £32m, to Middle Eastern investor, Sidra Group.

In what was one of two off-market transactions last month, the freehold interest in The Odeon Cinema,

135 Shaftesbury Avenue, WC2, has been acquired by Yoo Capital for a price understood to be £28.5m (£891 psf based on the GIA of 32,000 sq ft). The property is single let to Odeon for a remaining five years and we understand its presence in the building triggered / necessitated a £3.5m premium to be paid to them by the vendor on completion of the transaction.

Other transactions to take place during October included the freehold interest in former school, Colet Court, 100 Hammersmith Road, W6, which London & Regional has acquired for £18.5m (4.74% / £408 psf); 68-71 Newman Street, W1, which the Association of British Travel Agents (ABTA), has sold to CBREgi for £18.14m (4.70% / £1,043 psf); 112-116 New Oxford Street, WC1, which the Italian Family Office of Campari has acquired from MARK for £15.15m (3.95% / £1,467 psf); and the freehold interest The Curtis Building, W6, which Savills has sold with vacant possession on behalf of Grosvenor Securities Limited for £9m (£521 psf).

The sole leisure transaction during October was Savills disposal Shaftesbury Plc's freehold interest in 10 Irving Street, WC2, which has been acquired by a Private Investor at a price in excess of the quoting level of £6.5m. The property comprises restaurant accommodation and four residential apartments above, with restaurant operator Bella Italia, whose lease expires in 2029, accounting for 71% of the income.

With over £3bn known to be under offer and over twenty opportunities launched during October alone, we expect a busy lead in to Year End and for pricing to reflect the theme of polarisation which continues to transcend the market. On the basis of evidence seen this month, Savills prime West End yield remains at 3.25%. The MSCI net initial and equivalent yields stand at 3.45% and 4.7% respectively.

**30%**

YTD turnover 30% ahead of 2020



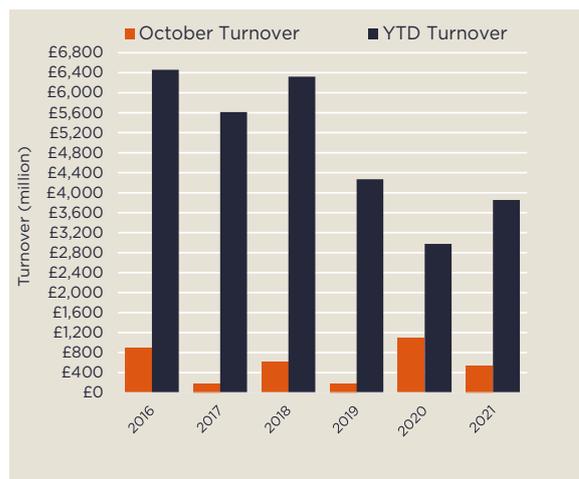
Over 20 deals launched during October



Savills prime yield stands at 3.25%

### YTD & October Turnover (2016-2021)

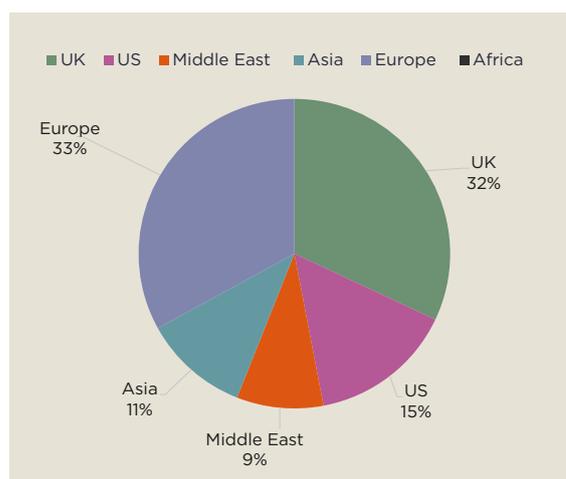
Graph 1



Source: Savills

### YTD Transaction Volume by Purchaser Nationality

Graph 2



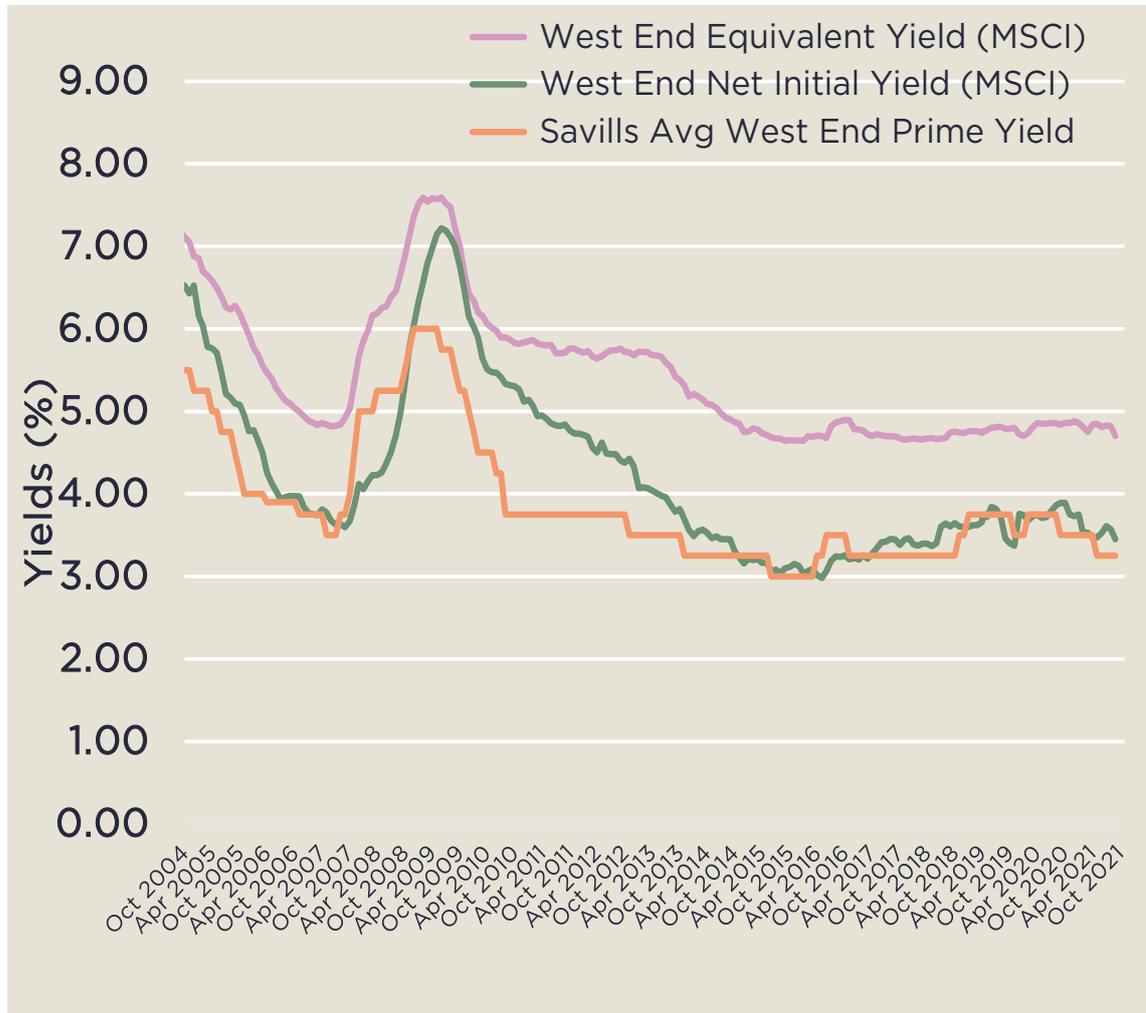
Over £3bn under offer

## Key deals in October 2021

Address				Sector	Area sq ft	Tenure			Price	Yield	CV/q ft	Vendor	Purchaser
Building Name	No	Street	PC			FH/LH	U/x term	Gearing					
-	4-5	Buckingham Gate	SW1	Mixed Use	39,525	FH	-	-	£30.00 M	-	£759	Cofimar (French Hotelier)	Sidra
Colet Court	100	Hammersmith Road	W6	Office	45,362	FH	-	-	£18.50 M	4.74%	£408	TBC	London & Regional
The Naval Club	38	Hill Street	W1	Mixed Use	17,131	FH	-	-	£35.00 M	-	£2,403	The Naval Club	Private Middle Eastern
-	10	Irving Street	WC2	Retail Resi	3,955	FH	-	-	6.94 M	3.40%	£1,755	Shaftesbury	Private Investor
-	112-116	New Oxford Street	W1	Office Retail	10,327	FH	-	-	£15.15 M	3.95%	£1,467	MARK	Campari
-	68-71	Newman Street	W1	Office	17,392	FH	-	-	£18.14 M	4.70%	£1,043	ABTA	CBREGI
-	214-218	Oxford Street	W1	Office Retail	241,990	LLH	-	-	£378.00 M	-	£1,562	Arcadia	Ingka Group
Curtis Building	26-28	Paddenswick Road	W6	Office	17,270	FH	-	-	£9.00 M	6.94%	£521	Grosvenor Securities	Aver Properties

### Graph 3

#### West End Yield graph



Source: Savills, MSCI

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