

# West End Investment Watch



## Over 20 new sales sets hope for active Q4

Total investment volume year to date has surpassed £2 Bn, standing at £2.16 Bn, with £79.0M of activity recorded in September. September marks the only month this year to witness a sub £100M total volume, with the Q1 to Q3 investment volume down 43% on the 5 year average, and 54% behind the 10 year average.

In the last ten years, 2020 has been the only year that witnessed annual investment volumes below £5 Bn (totalling £4.7 Bn). For 2023 to not fall short of this threshold, we would need to witness more than 50% of annual activity (by volume) to transact in Q4. Chart 2 sets out investment activity over the last 5 years, along with the proportion of trades that occurred in Q4 (37% average).

The largest trade was the long leasehold interest in ENI House, 10 Ebury Bridge Road, SW1. The property comprises 62,587 sq ft of office accommodation single let to ENI UK Limited for a further 15 years with mutual break options in 2028 and 2033. The property benefits from uncapped RPI-linked rent reviews, and has been acquired by La Française for £55M, 6.28% & £879 psf, which reflects a c.8% discount from the original quoting price in January of this year.

Other trades included two vacant possession buildings; the freehold interest in 9-12 Berners Mews, W1 sold by a private owner occupier to CBRE IM (£13M & £1,596 psf) and the virtual freehold interest in 92 New Bond Street, W1 sold by the City of London to a private Indian investor (£11M & £3,063 psf).

The uptick in openly marketed opportunities in the last few months and relatively steady flow of assets being placed under offer could pave the way for an active final quarter (at least in the context of the rest of the year). The total volume of deals under offer stands at £988M across 28 assets; of which one third was agreed in September, and 50% by volume was agreed in the last three months.

In September, we recorded 22 newly marketed opportunities, amounting to a cumulative guide price of £1.3 Bn, representing the busiest month of 2023 so far by 160%. However, in a trend we have analysed throughout this year, the available opportunities are tailored towards smaller lot sizes, with 50% by number quoting a price below £35M and only 20% guiding in excess of £100M.

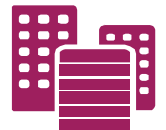
On behalf of AXA IM Alts, Savills is marketing One Smart's Place, WC2, a newly redeveloped, freehold corner building within close proximity to Tottenham Court Road station. The property comprises 39,148 sq ft of newly redeveloped, best-in-class accommodation with south facing terraces on six upper floors. The building has future proofed ESG credentials achieving an EPC rating of B, BREEAM 'Excellent' and WiredScore Gold. Multi-let to six tenants, the income is secured for a WAULT of 5.0 years to break options and 6.3 years to expiries (Q. £53.1M, 5.50% NIY & £1,356 psf).

In another European fund sale, Commerz Real AG is marketing the freehold interest in 180 Great Portland Street, W1. The property comprises 104,506 sq ft of office, retail and leisure accommodation with a 70 metre frontage onto Great Portland Street. It is multi-let to eight office tenants and four leisure and retail tenants with a WAULT of 4.6 years to break options and 7.2 years to expires. (Q. £125M, 5.00% NIY & £1,196 psf).

As we move into Q4, Savills prime West End yield remains at 4.0%, the Bank of England decided to hold the base rate at 5.25%, and the SONIA five-year swap rate stands at 4.74%.



22 newly marketed opportunities, with an average lot size of £55M



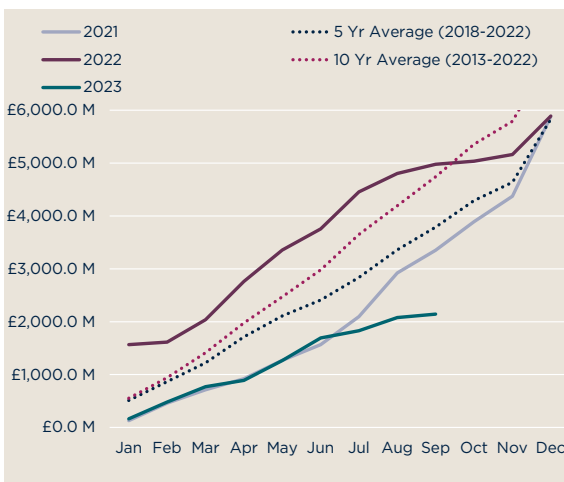
3 assets placed Under Offer, all of which were Savills sales

**4.00%**

West End prime yield remains stable at 4% for the 10th consecutive month

### Cumulative Investment Volumes

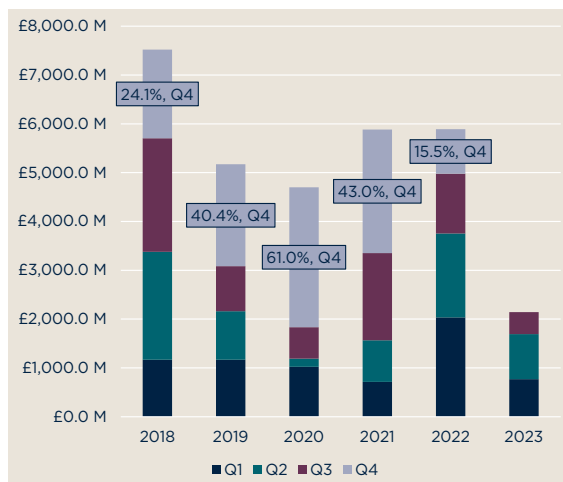
Graph 1



Source: Savills

### Investment Volumes by Quarter

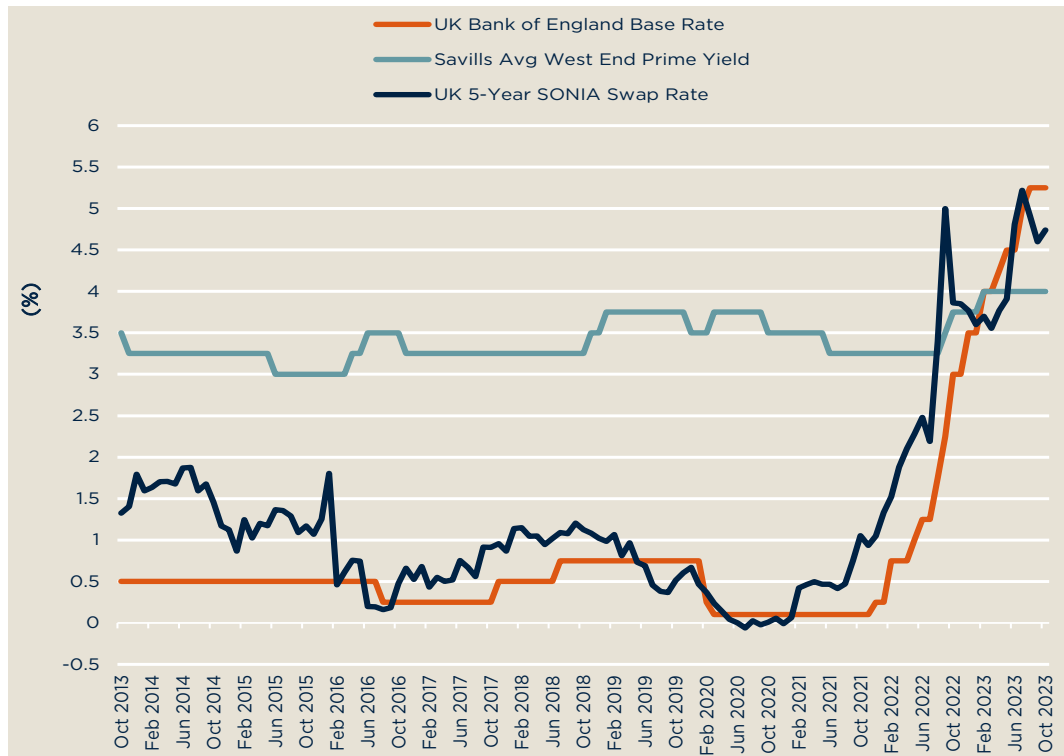
Graph 2



Both September trades acquired by European investors

## West End Yield & Finance Rates Graph

Graph 3



### Savills contacts

Please contact us for further information

#### Paul Cockburn

Director  
West End Investment  
020 7409 8788  
pcockburn@savills.com

#### Will Post

Associate Director  
West End Investment  
0207 107 5490  
william.post@savills.com

#### Olivia Hoareau

Associate  
West End Investment  
0207 557 9994  
olivia.hoareau@savills.com

#### Deri Ashford

Research Analyst  
Commercial Research  
0207 409 5903  
deri.ashford@savills.com

Savills plc: Savills plc is a global real estate services provider listed on the London Stock Exchange. We have an international network of more than 600 offices and associates throughout the Americas, the UK, continental Europe, Asia Pacific, Africa and the Middle East, offering a broad range of specialist advisory, management and transactional services to clients all over the world. This report is for general informative purposes only. It may not be published, reproduced or quoted in part or in whole, nor may it be used as a basis for any contract, prospectus, agreement or other document without prior consent. While every effort has been made to ensure its accuracy, Savills accepts no liability whatsoever for any direct or consequential loss arising from its use. The content is strictly copyright and reproduction of the whole or part of it in any form is prohibited without written permission from Savills Research.

