MARKETBEAT
CENTRAL LONDON
Q3 2019
Leasing activity across Central London remained relatively stable with 3.0 million sq ft transacted in the third quarter of 2019. This brought 2019 year-to-date leasing volumes to 8.6 million sq ft, 5% below the corresponding period in 2018 but 2% above the five-year Q1-Q3 average of 8.5 million sq ft.

Take-up during the quarter was boosted by an increase in larger transactions, with 13 deals over 50,000 sq ft completing, of which three were in excess of 100,000 sq ft.

The volume of space under offer continued to rise, increasing 12% over the quarter to reach 3.8 million sq ft at the end of September. Total space under offer is now 35% ahead of the five-year quarterly average which should support leasing activity in the final quarter of the year.

Supply levels increased marginally during Q3 to stand at 13.0 million sq ft, reflecting a vacancy rate of just 4.8%. Total supply is now 6% below the ten-year quarterly average of 13.8 million sq ft.

The volume of New Grade A space on the market remained constrained, with just 6.3 million sq ft available at the end of September, equating to 48% of total supply. As such the choice for larger occupiers remains limited. At the end of September, there were just nine units able to satisfy a requirement of 100,000 sq ft or larger.

Central London investment volumes dipped slightly over the quarter to reach £2.4 billion in the period from July to September. This brought the total year-to-date volumes to £7.6 billion, which remained below the amount transacted during the same period in 2018 and the five-year Q1-Q3 average.

There has been little indication of a softening of occupational demand, and we believe that most larger companies are viewing Brexit as a speed bump rather than a paradigm shift.

Turnover in the third quarter of 2019 was supported by nine deals in excess of £100 million, up from five in the previous quarter. This included the largest deal of the quarter which was Lazari’s purchase of 23 Savile Row, W1 for £277.5 million.

UK investors were the dominant source of capital into Central London during Q3, accounting for over a third of all investment volumes with £960 million of capital invested. This was followed by investors from the Asia Pacific region who accounted for a further 16% of investment activity, equating to just over £389 million.

Prime yields remained stable at 4.25% in the City and Midtown and 3.75% in the West End. Looking forward prime yields are anticipated to hold at this level for the short to medium term.

2019 Q1-Q3 take-up stood at 8.6 million sq ft
2% ahead of the 5-year YTD average

3.8 million sq ft under offer across London
35% ahead of the 5-year average

2019 Q1-Q3 investment volumes were £7.6 billion
39% below 5-year Q1-Q3 average

Number of transactions signed over 50,000 sq ft in Q3 2019
13
3 were in excess of 100,000 sq ft

7.4 million sq ft speculatively under construction
53% of space is pre-let or under offer

Prime yields across London
4.25% City  3.75% West End
The political situation in the UK remains in a state of flux heading into the final quarter of 2019, although Oxford Economics estimate that the most likely outcome of the Brexit negotiations has shifted away from a ‘no-deal’ scenario towards a deal being agreed.

Considering this continued uncertainty, as well as the fact that we are in the mature phase of the cycle, the Central London office market has held up relatively well in the three years following the EU referendum result. The likelihood of any concrete certainty being achieved in the short term is waning, as a further extension to the 31st October deadline looks increasingly likely.

London still possesses strong fundamentals which leave both occupiers and landlords well-positioned to benefit from the excellent access to talent, finance and infrastructure that London provides.

2019 year-end take-up is anticipated to be ahead of the volumes transacted in 2016, but may fall short of the near-record levels transacted in both 2017 and 2018. 3.8 million sq ft was under offer at the end of September, which should boost take-up in the short term.

The occupational market has been characterised by a period of low supply during the last eighteen months, particularly in terms of newly built or refurbished stock. This lack of quality space is especially acute in core submarkets, a trend which looks set continue in the short to medium term, at least.

The restricted development pipeline over the next two years could cause vacancy rates to decline further, which could help provide some upward support to rents, albeit at the expense of occupier choice. If the lack of quality space does continue, pre-letting will continue to play an important role in the market as occupiers are forced to look further ahead to secure the real estate the require.

Investors are also likely to face similar changes in terms of a lack of available stock, and there could well be further competition from overseas investors who are able to benefit from the currency advantage.

Both occupiers and investors appear to have already priced in Brexit, and have proceeded in their acquisitions. Demand for both occupational and investment stock in Central London looks set to remain robust.

This demand is driven by London’s aforementioned strong fundamentals, which in the short to medium-term, are unlikely to change. Despite Brexit, all indicators suggest that London’s commercial real estate market will remain resilient.
**TAKE-UP**

Leasing activity across Central London remained relatively stable with 3.0 million sq ft transacted in Q3, which was 12% below the volumes transacted during the corresponding period in 2018. 2019 year-to-date take-up reached 8.6 million sq ft, which was 5% down on take-up volumes at the same point in 2018, but 2% ahead of the five year Q1-Q3 average.

**LEASING VOLUMES – 2015-2019 Q3**

![Bar chart showing leasing volumes from 2015 to 2019 Q3]

- Q1
- Q2
- Q3
- Q4
- Under offer
- 5-year Q1-Q3 average

BT’s pre-let acquisition of One Braham was the largest transaction during the third quarter, totalling 328,000 sq ft. Other significant deals include Diageo acquiring 106,000 sq ft in 16 Great Marlborough Street and Convene committing to 99,000 sq ft in 22 Bishopsgate.

The flexible workspace sector accounted for 28% of take-up during Q3 2019, followed by the banking & finance sector which accounted for an additional 23% of take-up between July and September.

**TAKE-UP BY SECTOR – Q3 2019**

- **FLEXIBLE WORKSPACE**: 28%
- **BANKING/FINANCE**: 23%
- **MEDIA & TECH**: 18%
- **PROFESSIONAL SERVICES (inc LEGAL)**: 13%

Take-up during the quarter was boosted by an increase in larger transactions, with 13 deals over 50,000 sq ft completing, of which three were in excess of 100,000 sq ft.

Levels of space under offer continued to trend upwards to reach 3.8 million sq ft at the end of September. This was 35% ahead of the five-year quarterly average and should support leasing activity in the latter part of the year.

**KEY OCCUPIER TRANSACTIONS – Q3 2019**

- **BT**: 1 BRAHAM STREET, E14
- **Diageo**: 16 GREAT MARLBOROUGH STREET, W1
- **Convene**: 22 BISHOPSGATE, EC2

- 328,000 SQ FT
- 106,000 SQ FT
- 99,000 SQ FT

- Aldgate & Whitechapel Pre-let under construction
- Soho Pre-let - off plan
- City Core Pre-let under construction

**SUPPLY**

Central London supply stood at 13.0 million sq ft at the end of September, which equated to a vacancy rate of 4.79%. Supply increased marginally over the quarter, but remained 7% above the five-year average of 12.2 million sq ft. However, supply remains 6% below the ten-year average of 13.8 million sq ft.

The volume of New Grade A space on the market remained constrained, with just 6.3 million sq ft available at the end of September, equating to 48% of total supply. This highlights the disconnect between the demand and supply of quality space, given that 59% of take-up in 2019 YTD has been for New Grade A space.

Second hand supply increased marginally over the quarter to 6.7 million sq ft. Of this space, tenant controlled space (i.e. sublet space) accounted for 3.6 million sq ft or 28% of total available space, which is on a par with the previous quarter.

The choice for larger occupiers remains limited. At the end of September, there were just nine units able to satisfy a requirement of 100,000 sq ft or larger, compared to 15 units available at the end of the same period last year.
FUTURE SUPPLY

The volume of speculative space under construction increased marginally over the quarter from 7.2 million sq ft to 7.4 million sq ft. Pre-committed space accounted for 53% of all space under construction, which in turn could force occupiers to look even further ahead of lease events to secure the right space.

INVESTMENT

A total of £2.4 billion was invested in Central London during the third quarter of 2019, which was 21% below the previous quarter. This brought the total year-to-date investment volumes to £7.6 billion, which was 46% below the same period in 2018 (£14.2 billion) and 39% lower than the five-year Q1-Q3 average of £12.4 billion.

INVESTMENT VOLUMES - 2015-2019 Q3

Turnover in Q3 was supported by nine deals in excess of £100 million, up from five in the previous quarter. This included the largest deal of the quarter which was Lazari’s purchase of 23 Savile Row, W1 for £277.5 million. Other significant transactions included Mitsubishi Estates’ disposal of 8 Finsbury Circus, EC2 to Stamford Land for £260 million and Orion Capitals’ acquisition of The BT Centre, 81 Newgate Street, EC1 for £209.55 million.

Despite the uptick in larger assets, the average lot size decreased over the quarter to £59.6 million, down from £81.6 million in the previous quarter.

The City and East London markets saw the largest share of Q3 investment turnover at £1.8 billion. A total of £630.3 million was transacted across the West End submarkets in Q3, slightly down on the £971.6 million transacted during the previous quarter.

KEY INVESTMENT TRANSACTIONS – Q3 2019

<table>
<thead>
<tr>
<th>Location</th>
<th>Deal Size</th>
<th>Purchaser</th>
<th>Vendor</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>23 SAVILE ROW, W1</td>
<td>£277.5m</td>
<td>Lazari</td>
<td>LIM / Plaza Global Real Estate</td>
<td>Purchased by Lazari</td>
</tr>
<tr>
<td>8 FINSBURY CIRCUS, EC2</td>
<td>£260m</td>
<td>Stamford Land</td>
<td>Mitsubishi Estate</td>
<td>Acquired by Mitsubishi Estates</td>
</tr>
<tr>
<td>BT CENTRE, 81 NEWGATE ST, EC1</td>
<td>£209.55m</td>
<td>Orion</td>
<td>BT</td>
<td>Purchased by Orion</td>
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UK investors were the dominant source of capital into Central London during the third quarter of 2019, accounting for over a third of all investment volumes, boosted by the aforementioned Lazari purchase of 23 Savile Row, W1. Asia Pacific investors made up a further 16%, whilst North American investors acquired 15% of quarterly volumes.

One challenge for investors remains accessing suitable stock. At the end of September, there was an estimated £2.1 billion of assets on the market. This is down on the same period last year when approximately £2.5 billion of commercial properties were available or had bids received.

INVESTMENT BY PURCHASER ORIGIN – Q3 2019

<table>
<thead>
<tr>
<th>Region</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia Pacific</td>
<td>16%</td>
</tr>
<tr>
<td>Europe</td>
<td>13%</td>
</tr>
<tr>
<td>UK</td>
<td>39%</td>
</tr>
<tr>
<td>Middle East</td>
<td>13%</td>
</tr>
<tr>
<td>North America</td>
<td>15%</td>
</tr>
<tr>
<td>South America</td>
<td>2%</td>
</tr>
<tr>
<td>Other/Unknown</td>
<td>2%</td>
</tr>
</tbody>
</table>

Prime yields remained stable at 4.25% in the City and Midtown and 3.75% in the West End during Q3. Looking forward prime yields are anticipated to hold at this level for the short to medium term.
Rental growth in City Core during the quarter
Rents increased by 1.7% on average year-on-year

Average annual rental growth across London markets
- Wider City – average annual growth of 3.9%
- East London – average annual growth of 3.1%
- West End - average annual growth of 0.4%

Biggest annual rental change was recorded in
- Clerkenwell (+8.2%)
- Shoreditch (+6.1%)
- Southbank (+6.1%)
- Canary Wharf (+5.9%)
- Paddington (+3.6%)
- Stratford (+3.5%)
- City Core (+3.0%)
- Bloomsbury (+2.2%)
TAKE-UP

Q3 take-up in the West End reached 992,816 sq ft, which was 16% below the five-year Q3 average. This brought YTD take-up to 2.83 million sq ft, which was 2% below the five-year Q1-3 average and 9% below the volumes transacted in the corresponding period in 2018.

Pre-letting continued to play an important role in the West End market, accounting for 24% of total take-up in the first three quarters of 2019. There was a diverse profile of occupiers committing to pre-let space in Q3, including Diageo and Bridgepoint Capital.

The volume of space under offer at the end of September totalled 1.27 million sq ft, which was 35% ahead of the same point in 2018. This was 56% ahead of the five-year average, and should boost take-up volumes heading into the final quarter of 2019.

NEW grade A space accounted for 64% of all take-up during the third quarter of 2019. There was a total of 54 transactions above 5,000 sq ft in Q3, with 24 of those between 5,000–10,000 sq ft. Larger transactions helped support take-up, with four transactions above 50,000 sq ft taking place in Q3.

The banking & finance sector accounted for the largest share of Q3 take-up with 36% of leasing volumes, followed by the flexible workspace sector which accounted for an additional 23%.

TAKE-UP BY SECTOR – Q3 2019

- **36%** BANKING/FINANCE
- **23%** FLEXIBLE WORKSPACE
- **14%** RETAIL/LEISURE

KEY OCCUPIER TRANSACTIONS – Q3 2019

<table>
<thead>
<tr>
<th>Company</th>
<th>Property Details</th>
<th>Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diageo</td>
<td>16 Great Marlborough Street, W1</td>
<td>105,000 sq ft</td>
</tr>
<tr>
<td>Nationwide</td>
<td>The Post Building, W1</td>
<td>88,500 sq ft</td>
</tr>
<tr>
<td>Bridgepoint</td>
<td>5 Marble Arch, W1</td>
<td>83,000 sq ft</td>
</tr>
<tr>
<td>Soho</td>
<td>Bloomsbury</td>
<td></td>
</tr>
<tr>
<td>Pre-let off plan</td>
<td>New lease</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Pre-let under construction</td>
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</tbody>
</table>

SUPPLY

Supply volumes fell marginally over the quarter with 4.3 million sq ft available at the end of September, equating to a vacancy rate of 3.90%. Supply is now at its lowest level since Q2 2016 but remains in line with the five-year average vacancy rate.

Newly built or refurbished space accounted for 45% of total supply at the end of September, falling from 52% at the end of 2018.

Across the West End there was just one building able to accommodate an immediate requirement in excess of 100,000 sq ft, although there were an additional eight buildings with 50,000-100,000 sq ft available. There was a total of thirteen schemes above 50,000 sq ft, four of which are located in Hammersmith or White City.

Generally, supply across the West End continues to be restricted, with the volume of newly built or refurbished space particularly acute. Ten of the fifteen West End submarkets had Grade A vacancy rate of less than 2.0% at the end of Q3.
FUTURE SUPPLY

The development pipeline for the next five years looks increasingly restricted, with pre-let transactions insulating against any anticipated future uptick in supply volumes. At the end of September, 69% of space under construction was pre-let or under offer.

2020 could see up to an additional 723,000 sq ft of speculative space come online, although this figure will likely be further eroded by pre-letting activity. At the end of Q3, 58% of space under construction and due to reach practical completion in 2020 was pre-let.

This lack of anticipated speculative space is likely to continue into 2021, where there is currently just 477,000 sq ft of speculative space under construction due to reach practical completion.

INVESTMENT

INVESTMENT VOLUMES – 2015-2019 Q3

West End investment volumes reached £630.3 million during Q3, bringing the Q1-3 total to £2.63 billion. Q1-3 investment volumes were 54% below the same point in 2018, and 51% below the five-year Q1-3 average.

There were just two transactions in excess of £100 million during Q3, and unlike during Q2, the £50-£100 million lot size only saw two transactions take place (compared to eight in the previous quarter).

UK investors accounted for 81% of investment volumes during Q3, with Middle Eastern capital the next most active accounting for an additional 15%. Asian investors represented just 3% of Q3 transaction volumes.

KEY INVESTMENT TRANSACTIONS – Q3 2019

- **55 BROADWAY, SW1**
  - £122m
  - Purchaser: Integrity
  - Vendor: International

- **16 ST JAMES’S STREET, SW1**
  - £81.15m
  - Purchaser: Crown Estate
  - Vendor: L&G

- **KING’S HOUSE, HAMMERSMITH, W6**
  - £50m
  - Purchaser: Private Middle Eastern
  - Vendor: Kier & Investec

Q3 investment was dominated by private money targeting the West End, representing 70% of investment volumes, well ahead of the trend seen across Central London. Sovereign Wealth Funds accounted for an additional 11% of investment into the West End, with Funds accounting for a further 9%.

As seen across Central London as a whole, there is a shortage of available stock, with just £1.3 billion of assets on the market or subject to bids at the end of September. There is currently £1.9 billion under offer, suggesting some pick-up in the final quarter of 2019.

Prime West End yields remained stable at 3.75%, which saw the gap between prime West End yields and ten-year bonds grow to 2.75%, the largest gap since Q3 2016.

INVESTMENT BY PURCHASER ORIGIN – Q3 2019

Europe - UK 81%

Middle East 15%

Asia Pacific 3%

Other/Unknown 1%
TAKE-UP
A total of 2.0 million sq ft was transacted in the City market during the third quarter of 2019, marking the highest Q3 leasing volume since 2014. This brought the 2019 year-to-date total to 4.8 million sq ft, in line with the five-year Q1-Q3 average but 9% below the same period in 2018.

LEASING VOLUMES – 2015-2019 Q3

The flexible workspace sector accounted for the largest share of quarterly take-up during Q3, taking over 606,000 sq ft or 31% of total leasing volumes. In fact, the sector has taken the largest proportion of space each quarter during the year. Media & technology and banking & financial occupiers remained active with a 23% and 17% share respectively.

Total space under offer increased for the fourth consecutive quarter to 2.3 million sq ft, and is now 48% ahead of the five-year quarterly average of 1.6 million sq ft. This should help to sustain leasing volumes moving into the latter part of 2019.

KEY OCCUPIER TRANSACTIONS – Q3 2019

Nine transactions over 50,000 sq ft transacted during the quarter, the largest of which was One Braham, E1, where BT have agreed to pre-let 328,000 sq ft. Other notable leasing deals include Convene’s debut into the London market with the acquisition of 99,000 sq ft at 22 Bishopsgate, EC2 and 100 Liverpool Street, EC2, where the Bank of Montreal agreed a pre-let of 60,000 sq ft.

TAKE-UP BY SECTOR – Q3 2019

31% FLEXIBLE WORKSPACE
23% MEDIA & TECH
17% BANKING/FINANCE

SUPPLY
City supply totalled 6.8 million sq ft at the end of September, which equated to a vacancy rate of 4.9%. This was the second consecutive quarter of increasing supply, primarily as a number of new schemes are approaching completion bringing a welcome boost to supply levels. Nevertheless, supply remained well below the ten-year quarterly average of 7.7 million sq ft.

New Grade A supply increased over the quarter to 3.8 million sq ft, whilst second hand supply fell 5% over the quarter to stand at 3.0 million sq ft, or 45% of total available space.

There remains a lack of options for occupiers seeking larger units, with just one building available within the next six months capable of accommodating a requirement in excess of 100,000 sq ft (70 St Mary Axe, EC3). Looking over the next 12 months, there are just five schemes currently under construction, including 22 Bishopsgate, which are able to accommodate 100,000 sq ft requirements, forcing occupiers to look further ahead.
FUTURE SUPPLY

Total space under construction across the City submarkets stood at 8.7 million sq ft. At the end of September, 4.3 million sq ft or 50% was pre-let or under offer, which should continue to place downward pressure on Grade A supply over the next few years.

The volume of speculative space under construction fell slightly over the quarter to 4.2 million sq ft. The largest scheme under construction and due to complete in 2020 is 22 Bishopsgate, (62% pre-let or under offer) and the largest development due to complete in 2021 is HYLO, Bunhill Row, EC1 (261,000 sq ft of office space).

There is a further 3.4 million sq ft of space which could enter the pipeline over the next three years, albeit, at the end of September, just 1.6 million sq ft of this space had a planning application submitted or approved.

INVESTMENT

INVESTMENT VOLUMES – 2015-2019 Q3

City & East London investment volumes totalled £1.8 billion for the third quarter, 15% lower than the previous quarter and 21% below the five-year Q3 average. This brought the 2019 year-to-date volumes to £4.9 billion, 41% below the same period in 2018 (£8.4 billion) and 30% lower than the five-year Q1-Q3 average of £7.0 billion.

There were seven transactions for lot sizes in excess of £100 million this quarter, above Q2 when four deals were signed. Despite the pick up in larger transactions over the quarter, the average lot size fell to just over £60 million, down from £92.6 million in the previous quarter.

Significant transactions during the quarter include Stamford Land’s acquisition of 8 Finsbury Circus, EC2 for £260 million and Orion Capital’s purchase of The BT Centre, 81 Newgate Street, EC1.

KEY INVESTMENT TRANSACTIONS – Q3 2019

<table>
<thead>
<tr>
<th>Property</th>
<th>Purchase Value</th>
<th>Purchase</th>
<th>Vendor</th>
</tr>
</thead>
<tbody>
<tr>
<td>8 FINSBURY CIRCUS, EC2</td>
<td>£260m</td>
<td>Purchaser: Stamford Land</td>
<td>Vendor: Mitsubishi Estate</td>
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<tr>
<td>CONDOR HOUSE, EC4</td>
<td>£170m</td>
<td>Purchaser: AXA REIM</td>
<td>Vendor: Northstar Realty</td>
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<tr>
<td>BONHILL BUILDING, EC2</td>
<td>£112.5m</td>
<td>Purchaser: Swiss Life</td>
<td>Vendor: L&amp;G</td>
</tr>
</tbody>
</table>

UK investors were the most active source of capital during the third quarter of 2019, purchasing £451.4 million and representing 25% of all investment volumes. Asian Pacific and North American investors remained active with a 20% share each, totalling £723.7 million of total volumes.

The challenge for the market is a lack of stock rather than a lack of demand. At the end of September, there was an estimated £786 million of assets on the market. This is down on the same period last year when approximately £1.3 billion of commercial properties were available.

INVESTMENT BY PURCHASER ORIGIN – Q3 2019

- UK: 25%
- Europe: 17%
- North America: 20%
- Middle East: 13%
- Asia Pacific: 20%
- South America: 3%
- Other/Unknown: 2%
TAKE-UP

Take-up in the East London submarkets slowed during the third quarter of 2019 with just 84,000 sq ft transacted, the lowest quarterly leasing volumes since Q4 2018. This brought the 2019 year-to-date leasing volume to 1.0 million sq ft, 19% above the five-year Q1-Q3 average of 870,000 sq ft and 35% ahead of the same period in 2018 (762,000 sq ft).

Space under offer increased 65% quarter on quarter to stand at 262,000 sq ft at the end of September. Despite this increase, total space under offer is 43% below the five-year quarterly average of 457,000 sq ft and 32% lower than the same period last year (387,000 sq ft).

LEASING VOLUMES – 2015-2019 Q3

The largest transaction of the quarter saw Liverpool Media Academy (LMA) agree to open a 30,000 sq ft campus at the Broadcast Centre, Here East. Another notable deal was 1 Westfield Avenue, International Quarter London where The Insolvency Service agreed to lease 21,000 sq ft on the 16th floor.

Unsurprisingly, Q3 take-up was dominated by the public & government sector, which accounted for 62% or 52,000 sq ft of quarterly take-up. Banking & finance occupiers were also active with 26% of total leasing volumes, followed by the tech sector, accounting for 12% of Q3 leasing volumes.

TAKE-UP BY SECTOR – Q3 2019

KEY OCCUPIER TRANSACTIONS – Q3 2019

SUPPLY

Total availability increased over the quarter to 1.9 million sq ft, reflecting a vacancy rate of 8.5%. Total availability was 7% above the 1.8 million sq ft available during the same period last year and 15% higher than the five-year quarterly average of 1.7 million sq ft.

Second-hand supply increased 24% over the quarter with the addition of 187,000 sq ft of space at 17 Columbus Courtyard from Credit Suisse entering supply figures. Second hand space continues to dominate availability in East London, accounting for 70%, or 1.3 million sq ft of Q3 supply.

FUTURE SUPPLY

The total volume of speculative space under construction decreased slightly over the quarter to 1.3 million sq ft, down from the 1.5 million sq ft at the end of Q2. This was driven by a number of developments which reached practical completion; Export Building (120,000 sq ft available), 2 Redman Place, IQL (49,000 sq ft available) and 1-5 Bank Street (entire building pre-let).

The majority of construction activity is concentrated in Canary Wharf, as Stratford deliveries remain largely fuelled by preletting. There were six schemes speculatively under construction; of which the largest is 3 Westfield Avenue, IQL (357,000 sq ft) due to complete in 2021.
REPORT DEFINITIONS

- All market statistics relate to units/transactions over 5,000 sq ft
- Supply is defined as space available for immediate occupation and space under construction that is due to complete within the next 6 months and is not let. It includes space under offer.
- Take-up figures refer to space let, pre-let, or acquired for occupation during the quarter.
- Under offer relates to units which a potential occupier has agreed in principle to acquire, subject to negotiation.
- Pre-lets include both off-plan – i.e. before construction has started on site– and pre-lets while under construction but prior to practical completion.
- Speculative development relates to newly developed or comprehensively refurbished building undertaken without the benefit of a secured tenant. It excludes buildings due for completion within six months.
- Prime rents relate to a consistently achievable headline rental figure that relate to new prime, well located, high specification units of a standard size (10,000 sq ft) commensurate within the predefined market area, assuming there is always existing demand and available supply.

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