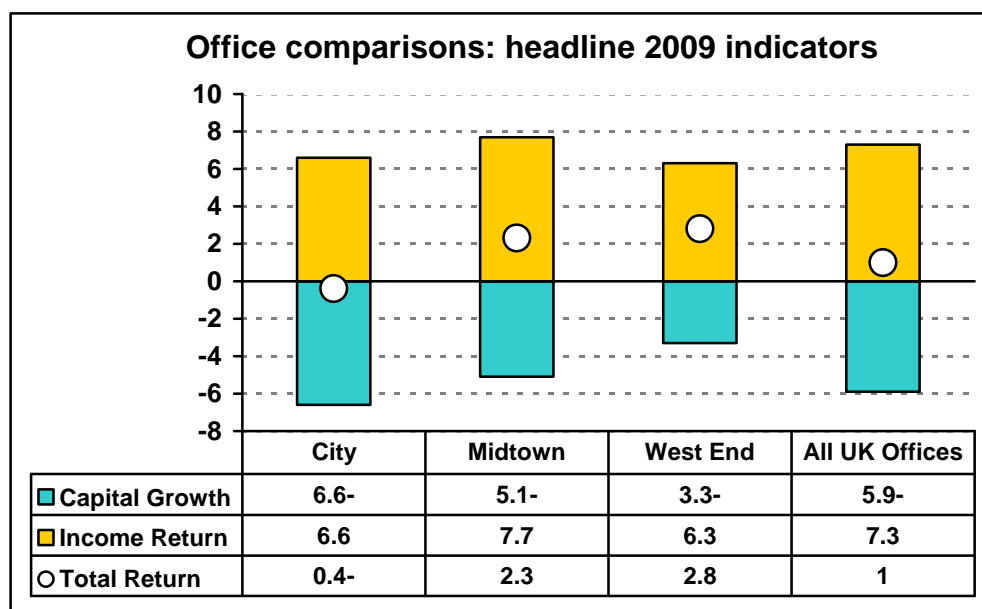


**Embargoed till 08:30 BST, 11/05/2010**

## London Midtown outperforms City and UK offices in 2009, says IPD

**London, 11<sup>th</sup> May 2010:** The London Midtown office market outperformed the City and the broader UK office market last year delivering a 2.3% annual total return, according to the **Farebrother IPD Midtown Investment Report**.

This is the first annual Farebrother IPD Report to analyse the performance of Midtown properties relative to City, West End and the broader UK office markets from data captured within the IPD UK Annual Databank. It reveals Midtown properties delivered softer capital depreciation than City properties and the broader UK office market as a whole and provided the strongest income returns across the entire Central London market. See graph below.



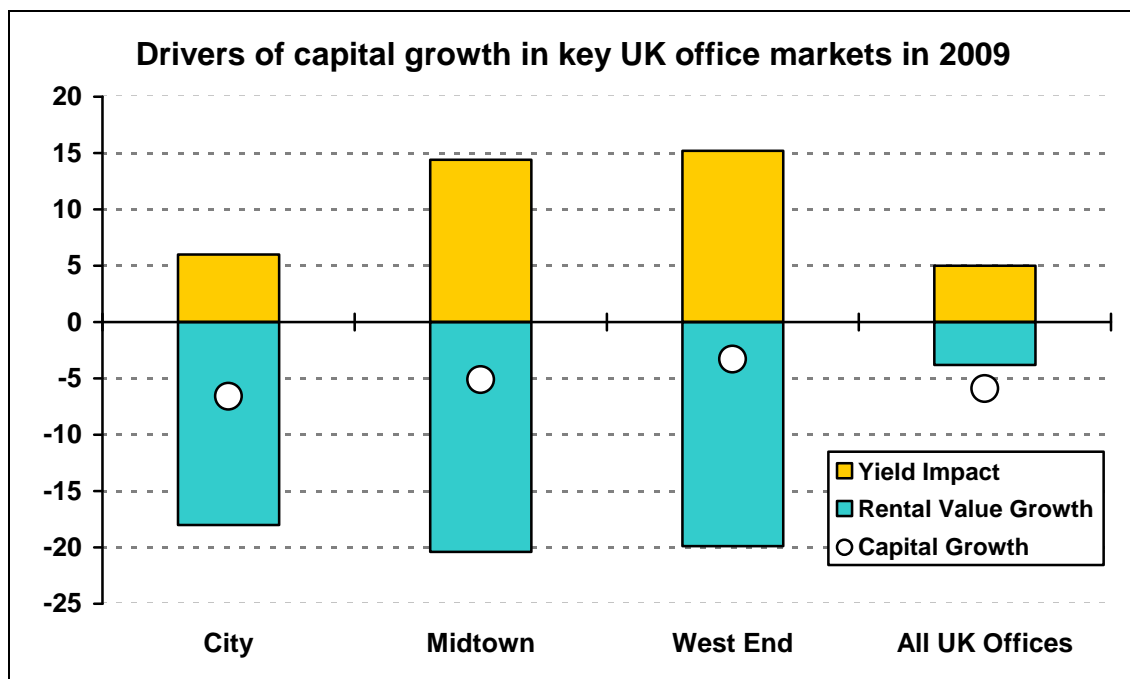
Source: Farebrother IPD Midtown Investment Report 2009

### Midtown Performance

The story of Midtown's performance in 2009 is one of two halves: yield expansion together with a weakening rental environment in the first six months as the UK economy slipped into recession. In the second half of last year, a rebound, predicated

on the renewal of investor confidence and yield compression, despite negative rental growth.

Over 2009, Midtown properties benefited from a 14.4% yield impact compared to 11.5% for all central London offices, prompting capital value growth to rebound by 23.5% on 2008 prices. Midtown income returns have outperformed both the City and West End markets every year between 2001 and 2009, reflecting improved office stock and a resilient tenant base.



Source: Farebrother IPD Midtown Investment Report

### Midtown characteristics

Midtown properties' outperformance relative to City offices and the broader UK office market reflects the area's unique occupier characteristics. Unlike City and West End offices which are dominated by financial services tenants, Midtown assets accommodate a diverse occupier market. In fact, volatile industries, such as banking and finance, are minority tenants within Midtown properties.

This diversity helped deliver the lowest vacancy rate of all central London markets, measured as a percentage of total rental income if all assets are fully let at estimated

rental value in the databank at 11.1% – half the City's 23.5%. The low vacancy rate is reflected in the significantly shallow level of disinvestment in Midtown assets during 2009.

**Alistair Subba Row, Managing Partner and Head of Investment at Farebrother, said:** “Since 2001, the level of Income Return from London Midtown assets has outperformed both City & West markets. The Midtown market has changed and changed significantly. It is an established Central London market on a par with the West End and City. Midtown’s resilience makes it as attractive a market to investors as the West End and more attractive than the volatile City market.”

**Rebecca Graham, Research Manager at IPD, said:** “The recovery delivered by the Midtown central London office market has been considerable – with returns at 2.3%, relative to 1.0% for all UK offices. This rebound is even more remarkable when put into context that annual returns for 2008 were -24.7%. Furthermore, Midtown properties are the strongest income-producing part of the Central London office market over the noughties.”

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**Notes to editors:**

**IPD**

IPD is a global information business, dedicated to the objective measurement of commercial real estate performance. As the world’s number one provider of real estate performance analysis for funds, investors, managers and occupiers, we offer a full range of services including research, reporting, benchmarking, conferences and indices. We operate in over 20 countries including most of Europe, the US, Canada, Australia, New Zealand and Japan. Our indices are the basis for the developing commercial property derivatives market, and the most authoritative measures of real estate returns worldwide. For further information visit [www.ipd.com](http://www.ipd.com).

**Farebrother**

Farebrother are property advisers and chartered surveyors offering a full range of property services in the Centre of London, specialising in Midtown and Southbank. Founded in 1799, the Practice acts for funds, estates, property companies, occupiers

and private individuals, including Scottish Widows, PRUPIM, The Governing Body of Rugby School and Delancey.

### **Midtown**

The Midtown office market broadly extends to Euston Road in the North, the Thames in the South, Farringdon Road / Street in the East and Trafalgar Square / Tottenham Court Road in the West. Major occupiers include Goldman Sachs, Deloitte and Warner Bros. The proportion of occupiers from creative sectors; fashion, media, internet and IT has increased in recent years, with brands such as Grey London, McCann Erickson, Agent Provocateur and Ben Sherman relocating to Midtown.

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