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Investment rockets as Investors seek Midtown exposure

Investment in Midtown offices reached £850m by the end of Q1, the highest quarterly total for over three years, as investor confidence in the area's rental growth prospects, a restricted development pipeline and that no significant tenant supply would be put on the market, boosted interest and helps ensure that interest remains strong.

Active interest in well-priced, medium-term asset management opportunities in Midtown that will fulfil occupier demand in the absence of new developments is strong across all UK investor sectors.

Alastair Hilton, Head of Investment at Farebrother commented, "Everyone wants a piece of Midtown. Fresh rental evidence that headline rents are improving means there will be further pressure to drive prime yields down below the current 5.25% mark."

Three large transactions in the Fleet Street area in Q1 underpin the market. In the largest deal, Hong Kong-listed Chinese Estates acquired the 430,000 sq ft River Court, 120 Fleet Street, EC4, let to Goldman Sachs until 2025, from an Irish syndicate for £280m at a yield of 5.25%. Across the road, at 65 Fleet Street, EC4, the Malaysian Employees Provident Fund (EPF) acquired the 230,000 sq ft HQ of Magic Circle firm Freshfields Bruckhaus Deringer for £148m from Union Investments, at an initial yield of 5.75%. At 60 Victoria Embankment, EC4, JP Morgan bought the 414,000 sq ft building it occupied on a lease to 2016 from The Carlyle Group for £190m. Carlyle acquired the building in 2010 as part of The White Tower portfolio.

ENDS

Farebrother

Farebrother is an established, multidisciplinary practice of property advisers and surveyors whose core business is to provide office brokerage, investment, landlord & tenant and management services to occupiers, investors and developers in Central London. A private practice since 1799, three partners have become Lord Mayors of London. The Practice acts for funds, estates, property companies, occupiers and private individuals, including PRUPIM, CBI and City of London.

Midtown

The Midtown office market broadly extends to Euston Road in the North, the Thames in the South, Farringdon Street/Road 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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