

31st August 2010

No new space driving take-up of refurbished Midtown offices

Two quick deals on good quality refurbished space at UK & European's 9 Kingsway, WC2, provide further evidence that Midtown's development pipeline is drying up. To date there has been only one office scheme start in Midtown in 2010, despite take-up in Midtown of over 370,000 sq ft in both Q1 and Q2. The lack of development stock will have an increasingly significant impact on the Midtown market to 2012 as more and more refurbished space is absorbed.

In the first deal, TV Channel At the Races took close to 3,500 sq ft on a five year lease. In the second, Global Ethics took nearly 4,000 sq ft on a ten year deal. The floors had not been on the market long. Practical completion took place in early Spring. The building is now fully let.

Joe Lewis of UK and European said "Midtown's available new or refurbished space amounts to just 2.1% of total stock. The prospects for a return to a normal level of construction activity for this cycle are remote. We believe that the Midtown market is resilient, continues to provide good returns on development or refurbishment schemes and has further potential."

Charlie Thompson, Partner in the Leasing, Sales & Development Team at Farebrother commented "Good quality refurbished space will let. Occupiers are increasingly restricted to taking secondhand space. At the end of Q2 10 there was just 250,000 sq ft under construction and available in Midtown. Midtown's construction supply is virtually exhausted. Once 110 Fetter Lane, EC4 and St Martin's Courtyard, WC2, are completed this quarter, there is no scheduled completion until Q2 11 when UK & European's own scheme at 1 Kingsway, WC2, is finished.

Farebrother and Jones Lang Lasalle were the letting agents for UK & European. At the Races was represented by Mellersh & Harding, Global Ethics by Hurford Salvi Carr.

ENDS

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.

UK & European

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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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