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Midtown remains high on the agenda of the majority of investors

The Farebrother IPD Midtown Investment Half Year Report 2010 demonstrates investors' continued support and growing confidence in the Midtown market with an increase in both rental value and income return. As a result, Midtown remains high on the agenda of the majority of investors.

All IPD Central London segments were noticeably buoyant during the first half of 2010, with total returns for Midtown offices at 13.2%. City offices saw the greatest total returns at 15.1% followed by West End offices at 14.2%.

Midtown led the way in rental value growth during both Q1 (2.1%) and Q2 (1.8%), far outperforming both the City (1.7% and 1.6%) and West End (1.0% and 1.4%).

There was a significant shift in yields across all UK office markets over the past year. Midtown and West End yields moved in 160 basis points to 6.6% illustrating an increasingly positive sentiment in the markets.

Alastair Hilton, who recently joined Farebrother from Cushman & Wakefield as a Partner commented, "The rationale for investing in Midtown is compelling. It is therefore no surprise that the majority of investors active in Central London will consider Midtown."

The Midtown market has been active in the first half of 2010 with positive net investment at 14.0% of capital value, 960 basis points higher than West End offices at 4.4% and City offices, where net disinvestment was at -1.8% of capital value.

Alastair commented, "Midtown offices are holding their own and the restricted supply will help continue this trend. Yield movement for City and West End offices has driven total return for these segments but income return and rental value growth in Midtown has boosted capital values in the area."

The report is available at farebrother.net/investment

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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, PRUIM, 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 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.

Investment Property Databank

Investment Property Databank is a global information business, dedicated to the objective measurement of commercial real estate performance. IPD offers a full range of services including research, reporting, benchmarking, conferences and indices. Operating in over 20 countries including most of Europe, the US, Canada, Australia, New Zealand and Japan, its indices are the basis for the developing commercial property derivatives market and the most authoritative measures of real estate returns worldwide.

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