THE TOTAL AMOUNT OF DEVELOPMENT ACTIVITY IN THE CITY HAS INCREASED MARGINALLY OVER THE LAST 12 MONTHS, STANDING AT 20.5M SQ FT

The total amount of development activity in the City, taking into account planning applications, consents and developments under construction, has increased marginally over the last 12 months, standing at 20.5m sq ft, according to BNP Paribas Real Estate’s latest refurbishment and development activity report. There has been an increase in both expected completions and planning applications, although the amount of space with planning permission fell during this period.

Dan Bayley, MD of Central London at BNP Paribas Real Estate, commented: “At the end of August this year, a couple of new starts brought the total volumes of space under construction in the City to 4.07m sq ft. However, the level of completions will remain restricted this year with just 0.58m sq ft coming to the market and another 0.99m sq ft scheduled for delivery in 2013. Looking ahead, development completions are expected to rise above 2m sq ft in 2014, when 122 Leadenhall Street and 20 Fenchurch Street are due to complete, both of which have already been part pre-let to insurance occupiers.”

There has been little overall change to the total level of development activity in the West End since autumn 2011. Both volumes of space with planning consent and at the application stage have decreased during this period, but the fall was offset by a strong rise in the amount of space under construction. After a quiet period of speculative development, completion levels are expected to return to trend, as more schemes have started during the first half of this year.

The amount of space under construction in the West End now totals 2.59m sq ft, a 25% increase on 12 months ago. A total of 0.62m sq ft is due to complete during the rest of 2012. A further 1.61m sq ft of new space is expected to be delivered in 2013, significantly higher than the 10 year average level. With a lack of good quality stock for immediate occupation, over a quarter of developments under construction have attracted pre-lets.

The Midtown office market continues to be characterised by a lack of grade A stock. Space under construction has increased with 0.33m sq ft scheduled for completion this year and in 2013, led by small scale refurbishments.
“Following the major pre-let to European Medicines Agency, construction activity has returned to the Docklands office market for the first time since the summer of 2009. There remains some 11m sq ft of planning permission for offices and Canary Wharf is hoping to tailor this to attract a broader nonfinancial occupier base including tenants from the growing TMT sector,” added Bayley.

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About BNP Paribas Real Estate
BNP Paribas Real Estate, leading international real estate provider, offers to its clients a comprehensive range of services that span the entire real estate lifecycle: property development, transaction, consulting, valuation, property management and investment management.
BNP Paribas Real Estate has local expertise on a global scale through its presence in 36 countries through more than 150 offices and 3,400 employees (15 wholly owned subsidiaries and 21 by its alliance network, that represents today more than 3,000 people). BNP Paribas Real Estate is a subsidiary of BNP Paribas.
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Press contact: Alex Tucker, UK Press Officer, +44 (0) 207338 4086 alex.tucker@bnpparibas.com