LEASING SLOWDOWN BUT OVERSEAS INVESTORS REMAIN ACTIVE

- Take-up across 2017 to date has reached the relatively healthy level of 3.47m sq ft.
- Following a strong start to the year, demand has however slowed with May 2017 registering take-up of just 0.35m sq ft.
- The largest letting was magazine publisher Hearst UK’s agreement to lease 70,600 sq ft at the LSQ London scheme in Leicester Square.
- Aside from this deal, occupier activity was focussed within the smaller size bands.
- Looking ahead, there is currently c.2.2m sq ft under offer, exceeding the level recorded at the same point last year.
- Despite fairly weak letting volumes, Central London vacancy has fallen from 6.35% at end-Q1 2017 to 6.19%.
- This marks a reversal in the rising vacancy profile recorded over 2016 - Q1 2017, although demand will need to pick up going forward to accommodate the new supply coming through over the remainder of the year.
- Headline rents for the best and most interesting space are holding up but quoting and dealing rents for unexceptional space are showing signs of softening.
- Whilst leasing activity was muted, the investment market recorded several key sales in May.
- Overseas Investors, and especially Asia-Pacific investors, continued to drive investment activity, ploughing c. £800m into Central London offices.

STATS AT A GLANCE

<table>
<thead>
<tr>
<th>Property</th>
<th>Price £m</th>
<th>Yield</th>
<th>Purchaser</th>
</tr>
</thead>
<tbody>
<tr>
<td>20 Gresham St</td>
<td>£310M</td>
<td>4.07%</td>
<td>China Resources Land</td>
</tr>
<tr>
<td>33 Old Broad St</td>
<td>£258M</td>
<td>3.46%</td>
<td>Sea Holdings</td>
</tr>
<tr>
<td>11-12 St James’s Sq</td>
<td>£175M</td>
<td>4.45%</td>
<td>Chinese Estates Group</td>
</tr>
</tbody>
</table>

Sources: BNPPRE Research/Property Data