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Market Analysis
London Office Database

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Introduction

40 Berkeley Square, W1: Caxton lining up at £70 psf?

Sentimental Feeling

The property industry tends to forget very quickly - when it wants to. It was not so long ago that contacts in the West End and City agency fraternity were bemoaning the dire prospects for rental growth and gloomy outlook of increasing supply and dwindling demand. But a couple of quarters later, there is nothing but talk of a recovery. The question is: are we getting carried away with a mere ‘reason to believe’ - is recovery imminent or is there genuine cause for optimism?

The general consensus amongst agents is that the West End has already started to bounce back and that the City will follow suit next year. But the facts don’t lie: vacancy rates have risen again (to a record 14.46% in the West End and 18.89% in the City).

Of course we, in the press, must take our share of the blame. Headline deals (such as *Estates Gazette’s* reports that Caxton Associates was lining up a £70 psf-plus letting in Berkeley Square, W1) and positive corporate moves (like CSFB taking back 250,000 sq ft of Canary Wharf space originally outlined for disposal) have obviously been making the news. And not since the heady days of 2000/2001 have I had so many occasions to dedicate column inches - adorned with positive quotes from the industry’s leading commentators - to major central London deals.

But, as one leading agency head said, "there is a danger that we are all allowing sentiment to run away with reality." He agrees that indeed "in the last 4-6 weeks we have seen a substantial uplift in activity and requirements but we need to see some of these negotiations completed before we can start talking of a recovery." This sentiment may have led to an increase in quoting rents but, for now, this appears to be little more than wishful thinking. Take up actually dropped in both the City and West End compared with the last quarter of 2003. But let’s not all switch to purveying doom and gloom again. There is no doubt a platform for recovery and the limited supply pipeline is further cause for optimism.

As a footnote, it is good to see that both Land Securities (with its major Gresham Street and Bankside office schemes being lined up for deals with LloydsTSB and IPC respectively) and British Land (who has agreed a 400,000 sq ft prelet with Willis Group for its Lime Street office scheme) have landed on their feet again. But as previously warned in this column, smaller developers - who do not offer flagship buildings or cannot afford to give away such enticing incentives - are still struggling to let their vacant buildings.

51 Lime Street, EC3: British Land agree prelet with Willis Group

Vanilla Shake

The last *Estates Gazette* of Q1 2004 carried a story revealing some £500 million of trophy West End stock coming to the market. The flood of stock will have surprised few. Interest rates remain low and there is more equity chasing property than I can ever remember. Yes the banks are, on the surface, expressing some more caution so the 105% loan-to-value deals are perhaps not as frequent as in the recent past. But the weight of money is frightening: the institutions are well-and-truly back, with literally billions allocated for central London property in anticipation of a recovery in rents.

Investors range from privates from the Middle East and Ireland to even Simon Cowell and Jeffrey Archer. They all want a piece of the action. And the property comapanies? They keep chasing the deals where they can add value, hoping that they will not be priced out by what they consider to be "overspending" institutions and newcomers. Great Portland Estates is the prime example.

“Investors range from Simon Cowell to Jeffrey Archer”

The central London specialist has undergone a sensational turnaround since Toby Courtauld and Rob Noel took the reins a couple of years ago. The duo have cut debt substantially and streamlined the portfolio to comprise almost entirely central London stock. They have plenty of money to spend - so what could possibly be wrong? They simply cannot find enough stock. Vendors may be pumping their stock onto the market - but these are what Noel refers to as "Vanilla" deals:- dry buildings that are being put on the market simply to cash in on the private/institutional demand. But Noel wants stuff with which he can get his hands dirty.

GPE’s recent acquisition of Austin Reed’s HQ in Sackville Street, W1 is a good example - a refurbishment opportunity which should deliver in time to benefit from forthcoming rental growth. It also gives GPE a foothold in the proposed wider redevelopment of the Regent Street "Quadrant" - by the Crown Estate. These are the deals that the real players - the long term property players - will chase hard. Landlords who perhaps don’t have the appetite, courage or money to refurbish soon-to-be vacant stock should join the vanilla vendors if they are to get the best price.

Adam Coffer,
News Editor,
Estates Gazette Group

London Lettings League Table - Q1 2004

		Sq Ft	No. of Deals
1	Knight Frank	577,006	12
2	CB Richard Ellis	555,623	19
3	Jones Lang LaSalle	265,728	13
4	Farebrother	199,893	19
5	DTZ	153,740	19
6	Cushman & Wakefield Healey & Baker	136,740	18
7	GVA Saxon Law	84,740	15
8	Nelson Bakewell	64,879	13
9	Hodnett Martin Smith	64,149	10
10	Chesterton	64,033	10
11	Kinney Green Stanford Webster	63,602	9
12	EA Shaw	61,111	8
13	Godfrey Vaughan	57,538	17
14	Drivers Jonas	54,011	5
15	Chapman Swabey	53,796	10
16	Morgan Pepper	49,389	3
17	Lambert Smith Hampton	46,636	3
18	FPDSavills	40,376	5
19	Edward Charles & Partners	37,190	5
20	Richard Susskind	32,822	9
21	Colliers CRE Ltd	32,346	4
22	Dron & Wright	32,247	5
23	Newton Perkins	31,732	5
24	ATIS Real Weatheralls	30,723	7
25	James Boardman & Partners	29,974	4
Docklands			
1=	CB Richard Ellis	408,279	3
1=	Knight Frank	408,279	3
3	Chesterton	17,933	4
4	Carl Dobbin and Company	10,280	1
5	ATIS Real Weatheralls	4,187	1
City Core			
1	DTZ	73,793	8
2	Chapman Swabey	43,493	8
3	Drivers Jonas	41,324	4
4	Knight Frank	37,075	2
5	Chesterton	37,022	3
Midtown			
1	Farebrother	150,688	15
2	CB Richard Ellis	58,763	3
3	EA Shaw	55,211	7
4	Lambert Smith Hampton	33,659	1
5	Nelson Bakewell	23,608	2

Return of the "Big Deal"

As predicted, Q1 2004 saw the return of the big deals in London which is an encouraging start to 2004. The two Docklands lettings, which started negotiation at the end of 2003, finally completed in February. Reuters completed on 283,000 sq ft at 30 South Colonnade and BP signed for 125,000 sq ft at 20 Canada Square. Both deals firmly placed CBRE and Knight Frank at the top of the lettings tables, for both Docklands and London overall, for Q1 2004. Knight Frank claimed the top spot for London boosted by its 48,000 sq ft letting to General Medical Council at 350 Regents Place, NW1. Cushman & Wakefield Healey & Baker were joint agents on this deal.

30 South Colonnade, E14: Biggest London deal for years

Jones Lang LaSalle completed a number of medium-sized deals placing them in third place, the largest of which was the 145,000 sq ft letting to University College London NHS Trust at 250 Euston Road, NW1.

It was a busy quarter for DTZ in the City Core market as it secured the first letting at Hammerson and Kajima's 1 London Wall, EC2, signing Dewey Ballantine for just over 30,000 sq ft. Chapman Swabey were second to DTZ in the Core market having completed three deals totaling nearly 20,000 sq ft at Clements House, 14-18 Gresham Street, EC2, two of which were joint with DTZ. Otherwise, the market was quiet but optimistic with numerous big deals lined up for the second quarter.

1 London Wall, EC2: Dewey Ballantine deal

Farebrother completed a healthy number of deals across Midtown including the entire 33,500 sq ft building at Churchill House, 35-36 Red Lion Square, WC1 let to The Royal College of Anesthetists (joint with EA Shaw and Lambert Smith Hampton) and Capita Group signing for two floors totaling 22,000 sq ft at The Eye, 108-110 High Holborn, WC1 (joint with CBRE).

Note: The lettings league table covers entire London area including LOD's South, West and North Central markets as well as the traditional central London markets such as Core, Fringe, West-End, Midtown and Docklands.

30 Gresham Street, EC2: Extravagent launch, led by Lulu

10 Exchange Square, EC2: Herbert Smith in talks
Architect: Skidmore Owings & Merrill
Developer: British Land

122 Leadenhall St, EC3: British Land shows confidence in City

Q1 2004 Overview

Market Sentiment

The singer Lulu launched 30 Gresham Street, EC2 this quarter in an extravagant opening ceremony. Land Securities' 36,000 sq m development was one of many speculative deliveries in the City Core, where prices had been falling as fast as new stock had been arriving. What made the quoted property company spend an estimated £150,000 launching the scheme at what was meant to be the bottom of the market? The return of market sentiment.

Market sentiment was the biggest change in the market this quarter – and one that cannot be quantified. Twelve months ago, an average vacancy rate of over 17%, average second hand prices of only £345 psm (£32 psf) and swathes of speculative stock being delivered would have depressed many. Add to that the Budget recommending the removal of up to 90,000 civil servants from London and the release of almost 30,000 sq m of put-options by Lehman Brothers and Clifford Chance in Docklands, this could easily be seen as another bad quarter for the industry. But at the start of 2004, things don't seem that bad at all.

Other figures back this up. The average asking price for new stock has risen – and risen for the third quarter running in the West End. Total availability has actually fallen and 112,000 sq m was withdrawn. There were 79 investment sales this quarter and, after 2005, speculative completions dry up. Big deals are returning and we have seen the biggest prelet agreed (although not completed) for some time with Willis Group agreeing to take 39,000 sq m at 51 Lime Street, EC3. Yet some developers are still reluctant to commit. Those that have - Palestra, SE1 and 55 New Oxford Street, WC1 both started this quarter – will find themselves without much competition when their schemes are delivered.

Supply and Demand in the City

City Core availability has hit 1.5 million sq m this quarter – 300,000 sq m of which is new stock. Take up was down 30,000 sq m on last quarter and 107,000 sq m of speculative space will complete between now and Q2 2005. Existing stock is still suffering; Dresdner's old space at Matrix, Aldgate High Street, EC3 is being marketed for nil rent and Swiss Re has announced a revised letting strategy to tempt tenants into its landmark St Mary Axe tower – at less than £538.20 psm (£50 psf). Nevertheless, sentiment is up. In addition to the Willis Group prelet, HVB is tipped to take Moor House, London Wall, EC2; Herbert Smith is in talks for 10 Exchange Square, EC2 and Lloyds TSB is expected to sign for 30 Gresham Street, EC2.

The amount of speculative completions this quarter, however, is a cause for some concern: 1-2 Finsbury Square, EC2; 10 Exchange Square, EC2; Vitro, Fenchurch Street, EC3; 1 Plantation Place, EC3 and 6 Gracechurch Street, EC3 all completed this quarter with 50,000 sq m still available. A further 60,000 sq m of available stock will complete next quarter, but after Spring 2005 completions dry up. Land Securities has spotted this and has served notice on tenants at its 57,000 sq m New Street Square, EC4 proposal - aiming for delivery in 2007 - and British Land has confirmed its commitment to the capital by submitting an application for a landmark tower at 122 Leadenhall Street, EC3.

In the City Fringe, Blackfriars and RLAM's 27,000 sq m Palestra, SE1 scheme, which was originally meant to start in July 2003, finally got underway in February. A glance at our figures shows why: there is nothing else due to complete in the Fringe between the end of 2004 and Palestra's delivery in 2006 – the field is clear. The contra-cyclical fanfare surrounding the scheme is justified – it has even been tipped for a Guardian prelet. The only potential rival is Land Securities' 123 Bankside, SE1. Construction hasn't started, but IPC is thought to be taking a partial prelet giving the green light for full construction.

This quarter, the Fringe market has seen total availability fall by 40,000 sq m (43,000 sq m was withdrawn) and the average price for new stock start to rise. Serviced office operators took almost 8,000 sq m and More London is still attracting tenants with a 1,300 sq m deal to Visit London.

Brilliant Quarter for Docklands

This was a brilliant quarter for the Docklands market at a time when the future of the Canary Wharf estate is uncertain. Reuters completed on almost 27,000 sq m at 30 South Colonnade; BP on 11,600 sq m at 20 Canada Square and Barclays Capital took a 6,500 sq m sublease from Credit Suisse First Boston at 10 South Colonnade. CSFB took 23,000 sq m off the market at 5 Canada Square and the revival in the financial sector looks set to continue throughout 2004. We can expect to see some more withdrawals and some more expansion, but actual prelets and speculative starts are a long way off. The quarter's progress was tempered by the addition to the market of put options from Lehman Brothers and Clifford Chance (almost 30,000 sq m) and we are still to see what Skadden Arps, McGraw Hill and Bank of America are to do with their surplus space (estimated at around 20,000 sq m). Nevertheless, developers are still looking to the long term - permission was awarded for the redevelopment of Hertsmere House and Canary Wharf Group and Manhattan Loft submitted a bid for Wood Wharf.

On the investment front, Canary Wharf Group completed its sale of 5 and 25 Canada Square this quarter to subsidiaries of the Royal Bank of Scotland for over £1 bn. Not only was this one of the largest investment sales for some time, it also means the estate now has competing landlords. The forthcoming sale of Canary Wharf Group itself will also change the management structure and may lead to further break up – policy on lettings and construction may change with it.

10 South Colonnade, E14: Barclays Capital sublease

Midtown Shortages

It is testament to the market improvements across London as a whole that one can foresee a shortage of new stock in Midtown. Over the last two quarters, 30,000 sq m of new stock was taken in the market leaving 40,000 sq m lying empty and only 8,300 sq m set to complete. At the current rate of take up this stock will not take long to be absorbed. There is also a lack of schemes in the pipeline – only around 120,000 sq m. Landlords will have to make do with 3 to 6 month refurbishment programmes to catch the increasing demand. Investream started its speculative 4,088 sq m 55 New Oxford Street, WC1 scheme this quarter, to be delivered by the end of the year. 12 months ago, such a move would have been regarded as risky, but now the only surprise is that others aren't following.

Total availability did rise this quarter and take up fell on Q4, but the market is set for further improvements and, with the progressive squeezing of the supply side, 2004 will see reducing vacancy rates and rising asking prices.

"55 New Oxford Street, WC1 starts speculatively in Q1"

Lyons in the West End

The Lyons Report has been like the sword of Damocles over the West End for the last 12 months and was finally published this quarter. Its recommendations, taken with those of Sir Peter Gershon, were announced in the Budget and stunned Whitehall. A top figure of 90,000 civil servant cuts and relocations were proposed. While the actual figure will be less, the office market will be affected. 20,000 people - the original recommendation - occupy around 250,000 sq m; disposals will hit the market. However, these disposals will be staggered between now and the end of the decade – at a time when the market will peak – lessening the effect. Some of the stock will present refurbishment opportunities – a good thing in a strong market – and some will be converted to residential and mixed-use schemes.

Sir Michael Lyons: Sword of Damocles?

The real problem is more difficult to quantify – how much space will the Government not take? Historically, the Government has been one of the main drivers of demand and, since 2000, Government departments have taken almost 200,000 sq m in the West End alone. That is a significant amount not to be taken in the future. Developers of Cardinal Place and Belgrave House (Land Securities and Grosvenor) as well as those sitting on completed stock (HRO at Victoria Plaza) will need to look to other sectors for salvation.

Apart from the bleak news from the Budget and rising vacancy rates, progress was seen this quarter. Total availability fell and the average asking price for new stock rose for the third quarter running. Grosvenor launched its 10 Grosvenor Street, W1 scheme at £753.50 psm (£70 psf) - the joint highest London rent with CREM's Curzon Square, Park Lane, W1 – and Caxton Associates looks set to take space at 40 Berkeley Square, W1 at the same amount. 24-25 New Bond Street was sold at a yield of only 1% - in anticipation of future rental uplift - and two new schemes in Soho Square - 7 and 20 - are now fully let. The market saw its biggest deal in years when UCL NHS Trust signed for 13,500 sq m at 250 Euston Road, NW1 and, after remaining vacant since completion in 2000, 48 Warwick Street, W1 has almost bagged its final tenant with Zara set to join Donaldsons in the building.

There is a lot of vacant stock on the market – with more set to join it over 2004 and 2005 - but nothing started this quarter and after 2005 speculative completions end. Gentle price rises can be expected over the rest of the year, but vacancy rates will take time to recover. Developers, however, should have less to fear – unless they are developing around Whitehall and Victoria.

48 Warwick Street, W1: Almost fully let after 4 years of vacancy

Summary

Statistics that would have caused panic 12 months ago now don't seem so bad. Big deals are happening again with more set to complete in the next two quarters. Asking prices for new stock have started to rise, total availability has fallen and tenants are withdrawing space. The competition for space is still between landlords, not tenants, but that will change over the next 12 months. We passed the bottom of the market last year and landlords are becoming aware of this. Tenants only really have until the end of 2004 to get good deals and landlords know that they won't have to offer generous inducements for much longer. Developers are yet to capitalise and there is little new stock to come online after 2005. It is doubtful that we will see £1077 psm (£100 psf) + deals again but Caxton's rumoured interest in 40 Berkeley Square at £753.50 psm (£70 psf) proves that tenants are once again willing to take prime space at prime rents.

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Analysis

Vacancy Rates %

12 Arthur Street, EC4: Adding to City Core vacancy rates

	Q3 2002	Q4 2002	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004
City Core	8.00	9.50	11.33	11.91	14.80	17.05	18.89
City Fringe	10.07	11.31	11.79	16.66	17.45	17.60	20.26
Docklands	9.00	11.36	14.48	15.38	13.73	16.74	17.06
Midtown	8.34	9.33	10.57	11.34	11.70	14.33	14.98
West End	10.56	11.65	11.90	12.29	12.83	13.51	14.46
Overall	9.31	10.63	11.75	13.01	14.14	15.68	17.10

Vacancy rates continue to rise across all markets and have breached the 20% mark in the City Fringe. This was partly due to 39,390 sq m being vacated in the market, including **BT Group** leaving its offices at **120 Holborn** and **207 Old Street, EC1** (28,639 sq m) for existing space at **BT Centre, Newgate Street**.

Across London, more speculative space completed increasing levels further and **Lehman Brothers'** vacation of Broadgate for Canary Wharf (24,687 sq m) added to the City Core's woes. Although other market indicators are improving (see later), vacancy rates seem set to worsen over the remainder of 2004. Speculative completions dry up in 2005 – coinciding with what is set to be a strong market – and vacancy rates will then reduce toward normality.

Notable completions adding to vacancy rates this quarter include: **British Land's 10 Exchange Square** and **1 Plantation Place, EC2** (27,395 sq m); **Shieldpoint's 12 Arthur Street, EC4** (9,729 sq m); **Helical Bar's 40 Berkeley Square, W1** (6,075 sq m) and **Frogmore's Vitro, Fenchurch Street, EC3** (4,556 sq m).

Total Availability (sq m)

New Street Square, EC4: Jones Lang LaSalle premarketing

	Q1 2002	Q2 2002	Q3 2002	Q4 2002	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004
City Core	940,492	1,070,603	1,173,294	1,200,412	1,300,851	1,321,534	1,407,370	1,431,552	1,476,837
City Fringe	832,224	806,515	761,312	839,504	854,402	865,717	854,705	893,865	852,825
Docklands	541,449	556,925	565,719	1,039,587	1,003,827	997,130	1,026,869	1,012,677	985,400
Midtown	230,655	252,504	247,763	273,530	287,995	289,529	292,350	289,683	304,973
West End	682,643	788,401	808,808	822,433	910,473	842,855	826,985	794,035	792,183
Total	3,227,464	3,474,948	3,556,896	4,175,467	4,357,548	4,316,765	4,408,279	4,421,812	4,412,218

Total availability has fallen by 0.22% on Q4 2003 (increases in 2001 reached around 30%) and the trend is downward. The City Fringe experienced a fall helped by 42,500 sq m being withdrawn - 10,000 sq m more than was actually let - compared to 63,000 sq m of new availability. The Docklands market had its best quarter for some time with the deals to **Reuters** and **BP** finally completing (37,930 sq m) and **Credit Suisse** withdrew 23,226 sq m at **5 Canada Square**. Improvements, however, were lessened due to the additions to the market of put options from **Lehman Brothers** and **Clifford Chance**, totalling 28,785 sq m.

The figures ally with overall market sentiment that the situation is improving and further decreases can be expected by the end of 2004/early 2005. However, optimists need to remember that the total on the market in early 2001 was only 1.48 million sq m and the recommendations by **Sir Michael Lyons, Sir Peter Gershon** and contained in the 2004 **Budget** have yet to lead directly to property disposals – inevitable if up to 90,000 Civil Servants are to move or lose their jobs.

Notable additions this quarter include: **Jones Lang LaSalle** being appointed to premarket **Land Securities' New Street Square, EC4** development (56,883 sq m); **Exxonmobil** disposing of its 15,143 sq m **St Catherine's House, Kingsway, WC2** (also through **JLL**); **Hargreaves Goswell Down** being appointed on **BT's** former space at **Milton Gate, EC2** and **Jones Lang LaSalle** (again) being instructed by the **Home Office** to dispose of **Abel House, Cleland House** and **Horseferry House, SW1** totalling 33,742 sq m before its move to **2 Marsham Street, SW1** (seemingly unaffected by the Budget and Lyons).

Take Up (sq m)*

350 Regent's Place, NW1: GMC soak up new stock

	Q1 2002	Q2 2002	Q3 2002	Q4 2002	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004
City Core	40,220	42,023	26,038	18,317	58,546	59,359	35,784	82,278	50,924
City Fringe	97,329	49,149	42,269	26,503	49,094	38,854	38,543	65,711	31,858
Docklands	6,135	34,252	3,481	2,469	5,875	2,389	20,850	12,987	46,893
Midtown	17,550	22,789	22,945	20,908	25,372	27,489	20,698	48,142	30,174
West End	50,749	59,704	85,255	48,680	43,051	46,921	63,715	84,739	71,962
Total	211,983	207,917	179,988	116,877	181,937	175,012	179,590	293,857	231,811

**only units >232 sq m*

Although down on Q4 2003, take up is improving. Q4 did turn out to be a relatively exceptional quarter for London, but the overall trend has been upward since the end of 2002. The prelet to **Willis Group** at **British Land's 51 Lime Street, EC3** (39,000 sq m) is testament to the improving fortunes (terms have been agreed but the deal has not completed so is not included in these figures). The Docklands market's impressive quarter was reflected in its take up more than doubling with the long awaited deals to **Reuters** and **BP** completing (37,930 sq m) and **Barclays Capital** taking a 6,503 sq m sublease from **Credit Suisse First Boston** at **10 South Colonnade**. The Reuters deal was the largest of the quarter and the largest London deal since Allen & Overy signed for 1-10 Bishops Square, E1 in early 2002.

The 13,500 sq m deal to **UCL NHS Trust** at **250 Euston Road, NW1** was not enough to maintain the West End' s Q4 2003 improvements and the 12,500 sq m in two City Core deals to **The Royal Bank of Canada** at **Thames Court, EC4** and **Marriott** at **Barnard's Inn, EC4** didn't improve on the market's impressive Q4. City Core agents, however, will have been encouraged by the size of deals seen this quarter and the 2,929 sq m deal to **Dewey Ballantine** at **1 London Wall, EC2** will provide hope for all those speculative completions (although Dewey has since put 590 sq m back on the market).

Other deals of note include the **British Red Cross** purchasing the 4,645 sq m **Moorfields House, EC2** for its own occupation from Swiss Re for around £7 million and the **General Medical Council** taking 4,464 sq m at **British Land's 350 Regent's Place, NW1**.

Average Asking prices* (£psm)

New Build (existing)**

	Q1 2002	Q2 2002	Q3 2002	Q4 2002	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004
City Core	£575.87	£577.25	£494.13	£465.60	£464.65	£472.54	£474.11	£475.41	£474.57
City Fringe	£403.65	£345.62	£319.41	£312.91	£298.73	£314.55	£295.44	£314.05	£319.05
Docklands	n/a	£501.00	£500.53	£500.53	£500.53	£500.53	£464.20	£442.67	£446.71
Midtown	n/a	£592.00	£470.93	£551.74	£489.76	£493.35	£468.23	£456.39	£435.94
West End	£726.57	£622.00	£635.91	£626.05	£539.63	£524.91	£533.53	£534.88	£556.79
Overall	£646.92	£526.90	£482.25	£463.35	£463.47	£469.66	£455.87	£452.72	£457.19

***not including refurbished space.*

Second Hand Grade A

	Q1 2002	Q2 2002	Q3 2002	Q4 2002	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004
City Core	£461.45	£443.40	£442.68	£420.98	£392.02	£373.09	£362.89	£345.04	£336.87
City Fringe	£331.14	£331.82	£333.49	£310.92	£294.27	£282.58	£275.84	£269.90	£247.45
Docklands	£335.11	£314.40	£324.24	£338.08	£343.14	£299.25	£299.35	£315.25	£265.29
Midtown	£429.83	£436.76	£435.28	£411.88	£372.24	£368.81	£349.29	£330.40	£346.32
West End	£491.03	£484.45	£505.36	£474.21	£451.42	£443.60	£426.36	£407.76	£413.05
Overall	£442.29	£427.93	£427.64	£411.61	£392.79	£377.72	£363.98	£348.91	£345.06

**new leases only*

The average asking price for new stock has risen across London and has risen for the third quarter running in the West End. The City Fringe and Docklands markets have also experienced slight rises. The average price for second hand grade A space has also risen in Midtown and West End but has fallen slightly overall. The size of the rises experienced this quarter may not be significant, but the existence of the rises certainly is. There is still a long way to go before early 2001 levels are seen, but recovery is evident.

Predictions made at the end of last year for a further 10% fall in the price of new stock in the City Core (*The Times* 27/12/2003) seemed reasonable, but three months on they seem far less so. There is still much speculative stock to complete in the market – over 100,000 sq m between now and Q2 2005 - but sentiment is improving as more requirements emerge and improvements continue in the financial sector.

In the West End, the launch of **Grosvenor's 10 Grosvenor Street** at £753.50 psm (£70 psf) – the joint highest London asking price with **CREM's Curzon Square** on Park Lane – is encouraging, but is still far below the £1,076.42 psm (£100 psf) sought at **Cleveland House, St James's Square, SW1** in 2000/early 2001.

Expectations still vary across London. In Docklands, nil rent is still being sought for **Planet 24's** old space at **The Wallbrook Building, Marsh Wall** and in the City Core, **CB Richard Ellis** and **Newton Perkins** are also attempting to dispose of **Dresdner's** old space at the **Matrix, Aldgate High Street, EC3** for free.

The lack of further falls, however, may partly be due to landlords anticipating recovery in the future rather than recovery taking hold now: Why dispose of space cheaply now when it will command far more in 12 months' time?

Cleveland House, SW1: Will we see £100 psf again?

Investment sales (sq m)

	Q1 2003		Q2 2003		Q3 2003		Q4 2003		Q1 2004	
	Total sold	Deals	Total sold	Deals	Total sold	Deals	Total sold	Deals	Total sold	Deals
City Core	121,755	17	115,522	15	86,593	16	193,719	14	120,866	21
City Fringe	14,735	13	25,336	9	66,977	10	33,762	14	47,886	13
Docklands	0	0	0	0	7,180	1	0	0	164,278	4
Midtown	29,965	5	37,766	7	19,995	8	15,405	5	63,336	14
West End	41,128	25	81,830	27	37,610	15	64,714	27	39,901	27
Total	207,583	60	260,454	58	218,355	50	307,600	60	436,267	79

79 transactions this quarter proves the demand for London office buildings remains. Even the Docklands market experienced its first action for some years with **5 & 25 Canada Square** being sold to the **Royal Bank of Scotland** for £1.112 billion - one of the largest ever property investment deals. In the West End, the sale of **24-25 New Bond Street** to the **Corporation of London** for a yield of only 1% illustrated that the anticipation of rental uplift can be as important as current passing rent. The sale of **1 Lime Street** in the City Core to **Shelbourne**, who borrowed 103% of the £240 million it needed, is evident of the commitment to the market.

The consultation paper on REITS announced in the March Budget brings these vehicles a step closer and, with private investors still nursing burnt fingers from the stock market, demand for investing in commercial property is set to remain in 2004. However, Stamp Duty Land Tax will encourage shorter leases – and discourage investors seeking a guaranteed long-term covenant - and the cost of money looks set to increase, adding to investors' costs.

Other key transactions this quarter include: **Garbe** selling the near-fully let **Victoria House, Bloomsbury Square, WC1** to **Moritz Holdings** for £160 million; **Land Securities** selling **Lacon House, Theobalds Road, WC1** to **DGI** for £95 million and **190 High Holborn, WC1** for £30 million; **DAIWA** selling **88 Wood Street, EC2** to **Muenchmeyer Petersen Capital** for £160 million; **Chelsfield** disposing of **Riverside House, SE1** for £97 million and **Canary Wharf Group** purchasing Reuters' **85 Fleet Street** and **St Bride's House, EC4** for £32.3 million and disposing to clients of **UBS** for £30 million within a month.

5 Canada Square, E14: Largest investment deal for years with 25 Canada Square

Construction Starts with prelets (sq m)

	Q1 2003		Q2 2003		Q3 2003		Q4 2003		Q1 2004	
	Started	Prelet	Started	Prelet	Started	Prelet	Started	Prelet	Started	Prelet
City Core	865	0	18,713	0	7,428	590	4,976	0	6,384	0
City Fringe	29,603	20,071	75,806	69,677	1,952	0	0	0	26,845	0
Docklands	0	0	0	0	0	0	0	0	0	0
Midtown	1,717	0	15,462	2,635	2,957	2,059	2,640	0	4,088	0
West End	49,193	0	12,503	8,640	55,280	13,935	82,014	62,881	0	0
Total	81,378	20,071	122,484	80,952	67,617	16,584	89,630	62,881	37,317	0

Despite improving conditions and predictions of a healthy 2006/2007, developers still aren't committing. Whether this unwillingness is based on the developers' fear of risk or that of their funders cannot be quantified, but Q1 2004 saw a surprisingly low level of speculative starts. Such caution would have more justified in 2001 (starts then completed in the depressed 2003 market).

The only developers to really challenge the trend this quarter were **Blackfriars Investments** who, with **Royal London Asset Management**, started work on the long awaited **Palestra, SE1** scheme comprising 26,845 sq m and **Investream**, who has commenced the 4,088 sq m **55 New Oxford Street, WC1**. Palestra is due for delivery in Q2 2006 and New Oxford Street at the end of 2004. Elsewhere, refurbishment works commenced at Morley's 140-144 Leadenhall Street, EC3 (Hanover Securities will purchase the scheme once works complete in May 2004) and three floors went under construction at **BT's** former building at **Tenter House, Moorfields, EC2**. The rest of the building will be refurbished – but subject to demand.

Palestra, SE1: Construction finally starts

6 Gracechurch St, EC3: Completed speculatively in Q1 2004

Completed space actively marketed (sq m)

	Q1 2002	Q2 2002	Q3 2002	Q4 2002	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004
City Core	47,897	39,277	58,721	56,873	56,626	85,343	170,327	249,946	291,308
City Fringe	40,787	42,348	53,694	63,775	56,660	74,092	88,831	92,127	86,754
Docklands	18,648	53,735	59,031	100,635	136,193	143,976	131,396	128,831	122,751
Midtown	18,380	25,781	28,982	41,853	53,761	53,941	52,312	48,130	41,038
West End	89,180	95,795	79,415	92,322	113,589	109,001	114,047	128,959	116,514
Total	214,892	256,936	279,843	355,458	416,829	466,354	560,443	647,993	658,366

The amount of completed space actively marketed has risen again, as would be expected. However, it has risen by just 1.6% - the smallest rise for some years – and has actually fallen in all markets except the City Core. The City Core rises were attributable to completions at **10 Exchange Square, EC2; 1-2 Finsbury Square, EC2; 6 Gracechurch Street, EC3; 1 Plantation Place, EC2** and **Minster House, Arthur Street, EC4** amongst others. City Core completions dwarfed those from other markets with the only significant additions from elsewhere being **Helical Bar's 40 Berkeley Square, W1** in the West End with 6,075 sq m available and **233 High Holborn** in Midtown with all its 2,640 sq m available.

Deals such as **BP** at **20 Canada Square, E14** (11,639 sq m); **General Medical Council** at **350 Regent's Place, NW1** (4,464 sq m) and **Capita Group** at **The Eye, High Holborn, WC1** (2,079 sq m) amongst others helped reduce figures further.

The amount of speculative space set to complete across London in 2004 – around 210,000 sq m between the start of Q2 and the end of Q4 - means that falls across London as a whole are unlikely but the improvements in demand give encouragement. The City Fringe only has 8,600 sq m to complete and the Midtown 8,300 sq m – further falls can be expected in those markets.

Belgrave House, SW1: No government demand expected

Under Construction by Completion half year and Occupation status (sq m)*

	1st half 2004		2nd half 2004		1st half 2005	
	To Complete	Still Av	To Complete	Still Av	To Complete	Still Av
City Core	156,889	112,431	34,729	31,570	12,835	12,835
City Fringe	17,097	7,202	21,733	2,231	69,677	0
Docklands	92,902	32,517	0	0	0	0
Midtown	12,249	9,614	4,088	4,088	0	0
West End	90,531	47,764	148,161	26,546	97,643	59,553
Total	369,668	209,528	208,710	64,435	180,154	72,388

	2nd half 2005		1st half 2006		1st half 2008	
	To Complete	Still Av	To Complete	Still Av	To Complete	Still Av
City Core	0	0	0	0	0	0
City Fringe	0	0	26,845	26,845	0	0
Docklands	0	0	0	0	0	0
Midtown	0	0	0	0	0	0
West End	1,486	1,486	0	0	60,062	0
Total	1,486	1,486	26,845	26,845	60,062	0

**includes schemes where agents are not yet appointed*

The 1st half of 2004 (which here includes completions from Q1) sees over 200,000 sq m of speculative space complete across London, over half of which is in the City Core. However, over the remainder of 2004 and 2005, the amount of speculative space coming online plummets and all but dries up in the City Fringe, Docklands and Midtown. **Palestra** is a new addition to forthcoming completions, but a cursory look at the table shows it has no concern with competition. New stock remains empty in London for long periods of time but demand is improving and there are significant requirements in the market. The City Core clearly has the worse of the problems, but the data on asking prices (see earlier) indicates that the worst of the falls appear to be over and estimates of further 10% reductions over 2004 now seem unlikely. **Land Securities** has announced that it is to bring forward its 57,000 sq m **New Street Square, EC4** scheme but completion is unlikely until late 2007. This time last year, speculative starts were a cause for concern, but now it is the lack of them that look set to cause problems by 2007.

Major speculative completions to come in 2004 include 32,517 sq m at **Barclay's BP1** in Docklands; 28,064 sq m at **Moor House, London Wall, EC2** (although **HVB** is tipped to take the space) and **Grosvenor's** 25,287 sq m **Belgrave House, SW1** – which can no longer expect Government demand after this year's budget.

© Swiss Re

Availability (sq m)

City Core

	Q1 2004	% +/- 12 months	% +/- 3 months
New/Refurb (existing)	291,308	414.44	16.55
Pre-marketing	471,495	27.26	9.83
Second Hand	605,892	16.11	-0.53
Under Construction	108,143	-69.27	-24.48
Total	1,476,837	13.53	3.16

Total availability has risen on last quarter and on the last 12 months. The largest addition was for **Land Securities'** 57,000 sq m **New Street Square, EC4** scheme, where **Jones Lang LaSalle** has been appointed to secure a prelet. The figure for new space has risen again due to completions at **10 Exchange Square, EC2; 1-2 Finsbury Square, EC2; 6 Gracechurch Street, EC3; 1 Plantation Place, EC2** and **12 Arthur Street, EC4**, amongst others, but all were previously on the market so did not affect the total figure. The largest single unit of second hand space added was 7,051 sq m at **122 Leadenhall Street, EC3** on a sublease from **Credit Agricole** through King Sturge. British Land's proposed 48-storey tower for that site is not currently premarketed. The deal to **Reuters** at **30 South Colonnade** in Docklands also resulted in around 18,000 sq m of instructions for **CB Richard Ellis** and **Knight Frank - Canary Wharf Group** took on key Reuters leaseholds and freeholds and attempted to dispose. If **British Land's** prelet deal to **Willis** at **51 Lime Street, EC3** had completed – 39,000 sq m – the total would only have risen by around 6,200 sq m or 0.4%.

City Fringe

	Q1 2004	% +/- 12 months	% +/- 3 months
New/Refurb (existing)	86,754	53.11	-5.83
Pre-marketing	357,682	-1.85	-8.06
Second Hand	376,189	-0.39	-7.55
Under Construction	32,200	-42.15	456.04
Total	852,825	-0.18	-4.59

Total availability fell by almost 5% this quarter as few significant additions were added and 40,785 sq m was withdrawn. The increase in space under construction was due to works commencing speculatively at **Blackfriars** and **RLAM's Palestra, SE1** scheme available through **DTZ**. The largest single addition was **Hargreaves Goswell Down** being instructed on **BT's** old space at **Milton Gate, EC1** but the **Reuters** deal at **30 South Colonnade** affected the Fringe as well as the Core with **CBRE** and **Knight Frank** disposing of 6,845 sq m at **Gemini Court, Thomas More Square, E1** and 3,225 sq m at **Apollo Court**. The largest current instruction is still **Sellar's** 60,754 sq m **London Bridge Tower, SE1** which **CB Richard Ellis** and **FPDSavills** are premarketing.

122 Leadenhall St, EC3: Existing space on the market

Docklands

	Q1 2004	% +/- 12 months	% +/- 3 months
New/Refurb (existing)	122,751	-9.87	-4.72
Pre-marketing	734,650	-2.45	0.00
Second Hand	95,482	16.37	-18.17
Under Construction	32,517	0.00	0.00
Total	985,400	-1.84	-2.69

The deals to **Reuters** and **BP** at **30 South Colonnade** and **20 Canada Square** respectively were a great boost for Docklands, removing 37,930 sq m from the market. The overall effect was lessened, however, when two put options became available. 19,045 sq m is now available from **Canary Wharf Group** at **Lehman's 25 Bank Street** and 9,740 sq m is available at **Clifford Chance's 10 Upper Bank Street**. The figure could rise now **McGraw Hill** has confirmed it will not occupy its 4,071 sq m 9th floor (not on the market) at **20 Canada Square** and neither **Skadden Arps's** estimated 6,000 sq m surplus nor **Bank of America's** at **5 Canada Square** is yet on the market. There is, however, somewhat of a resurgence in the financial sector with **Credit Suisse** removing 23,226 sq m from the market at **5 Canada Square** and then subletting 6,503 sq m to **Barclays** at **10 South Colonnade**. The forthcoming sale of **Canary Wharf Group** itself also raises questions over the future of some of the huge proposals on the market – 196,000 sq m is proposed at **North Quay** (Shed 35), for instance. Would a new owner review development policy?

Midtown

	Q1 2004	% +/- 12 months	% +/- 3 months
New/Refurb (existing)	41,038	-23.67	-14.74
Pre-marketing	20,804	61.89	-12.23
Second Hand	234,796	21.04	11.30
Under Construction	8,335	-69.59	21.02
Total	304,973	5.90	5.28

Last quarter's improvements in Midtown were not repeated, but prospects still look good for the market as demand is solid and there is little set for speculative completion. The largest new addition was **Exxonmobil** disposing of **St Catherine's House, Kingsway, WC2,** comprising 15,143 sq m, through **Jones Lang LaSalle**. The **Reuters** deal in the Docklands also had an impact on Midtown, with 4,465 sq m becoming available at **200 Gray's Inn Road** through **CB Richard Ellis** and **Knight Frank**. **Carlton Communications** also put its 4,048 sq m building at **101 St Martin's Lane, WC2** on the market through **Hodnett Martin Smith** ahead of its merger with **Granada**. The change in the amount under construction was due to works commencing at **Investream's 55 New Oxford Street, WC1**, comprising 4,088 sq m, and the deals to **Capita** at **The Eye, WC1** (2,079 sq m); **Accucard** taking more space at **125 Shaftesbury Avenue, WC2** (2,025 sq m) and **LECG at 5 Southampton Street, WC2** (1,574 sq m) reduced the amount of new space on the market.

25 Bank Street, E14: Lehman's put option on the market

West End

	Q1 2004	% +/- 12 months	% +/- 3 months
New/Refurb (existing)	116,514	2.58	-9.65
Pre-marketing	67,922	-65.76	-9.36
Second Hand	485,011	-8.87	2.70
Under Construction	122,736	85.18	4.10
Total	792,183	-12.99	-0.23

Last quarter's decline in total availability was repeated. 97,000 sq m was added to the market, 70,000 sq m was taken in deals over 232 sq m and 13,000 sq m was withdrawn.

For the last four quarters, these pages have warned of the forthcoming **Lyons Report** and the removal of 20,000 Civil Servants. In the event, the report, coupled with the **Sir Peter Gershon's** recommendations and the **Budget**, suggested that the overall figure could be as much as 90,000. It is too early for predictions on office disposals, but 20,000 people would typically occupy around 250,000 sq m. Disposals will happen, but they will be added during the market upturn lessening the overall impact. What will not be quantifiable is the impact **Lyons** and the **Budget** will have on leases not signed and deals not done.

Notable additions this quarter include **Jones Lang LaSalle** winning the three **Home Office** disposals at **Cleland House, Abel House** and **Horseferry House, SW1** totalling 33,742 sq m ahead of its move to **2 Marsham Street** and 4,274 sq m became available at **3-10 Grosvenor Crescent** through **DE&J Levy, Godfrey Vaughan** and **WA Ellis**.

Availability has fallen across London as a whole and in all markets apart from the City Core and Midtown. HVB, Lloyds, Herbert Smith and IPC, amongst others, are all set to satisfy requirements and the financial sector is recovering. 45,000 sq m was withdrawn in Q3 2003; 80,000 sq m was withdrawn in Q4 and 112,000 sq m was withdrawn this quarter. Tenants are reassessing their plans and taking space off the market. Improvements seem set to continue through 2004 and many of the forthcoming additions to the market will be the result of companies centralising into new offices and leaving second hand space behind. However, there is still a lot of stock on the market and vacancy rates remain high – but the difference in sentiment between now and this time last year is clear. The Budget announcements regarding Civil Service job losses will have an impact on office property – in SW1 in particular – but disposals will take time to come to the market and arrive in a period of growth. If the recommendations were made 3 years ago, the results would be happening now and the effects felt far more keenly. What cannot be accurately quantified is the amount of stock that now won't be taken.

Gordon Brown: policy to lead to disposals

London Office Database

Average Asking Prices (£psm)*

16 St Clare Street, EC3:
£7.50 psf - but still no deal
©CMC Architects

City Core

	Q1 2004	% +/- 12 months	% +/- 3 months
New - New Build (existing)	£474.57	2.13	-0.18
New - New Build (pre-construction)	£414.41	0.00	0.00
New - New Build (under construction)	£322.92	-33.33	0.00
New - Refurb (existing)	£370.82	-12.44	0.02
New - Refurb (under construction)	£269.10	n/a	n/a
Second-hand Grade A	£336.87	-14.07	-2.37
Second-hand Grade B	£249.26	-19.33	0.12

The average asking price for new stock has risen over the last 12 months, but fell slightly on last quarter. Falls continue across other grades, but not by much. Developers have been modest with their expectations – **Shieldpoint** is seeking £322.93 psm (£30 psf) for its **12-18 Arthur Street, EC4** scheme; **The Universities Superannuation Scheme** is after £457.50 psm (£42.50 psf) for **6 Gracechurch Street, EC3** and **Swiss Re** are reportedly only seeking in the late £40s psf (around £517 psm) for the surplus space at **30 St Mary Axe** – which two years ago would surely have commanded closer to £753.50 psm (£70 psf). However, drastic rent cuts as seen at the refurbished **16 St Clare Street, EC3** (£80.73 psm (£7.50 psf)) and the nil rent being sought for **Dresdner's** second hand space at **Matrix, Aldgate High Street EC3** have not yet resulted in take up. Landlords are also realising that they can afford to be stubborn for 12 months and wait for a strong market.

City Fringe

	Q1 2004	% +/- 12 months	% +/- 3 months
New - New Build (existing)	£319.05	6.80	1.59
New - Refurb (existing)	£258.34	-20.69	-1.61
New - Refurb (under construction)	£349.83	-15.58	-15.58
Second-hand Grade A	£247.45	-15.91	-8.32
Second-hand Grade B	£197.25	-17.58	-3.01

Prices for new stock have risen for the second quarter running but, like the City Core, other grades continue to suffer. The amount of new stock dries up throughout 2004 and 2005 with only the 2006 delivery of **Palestra** increasing supply. However, there is around 87,000 sq m of new stock still lying empty in the market keeping the supply-side high – although this is relatively little compared to other markets. The highest asking price in the market is £511 psm (£47.50 psf) sought at **Broadgate West** phase 2 through **Knight Frank**, but less than a mile away on the Bethnal Green Road/Shoreditch High Street junction only £134.55 psm (£12.50 psf) is sought at the newly refurbished **Tea Building, E1**. Second hand grade A space experiences similar dichotomy; two floors at **15-25 Artillery Lane** are available for only £53.80 psm (£5 psf) but at **Aliffe House, Mansell Street, E1**, 5,695 sq m is available at £407.95 psm (£38 psf).

"Large dichotomy in City Fringe and Docklands - but Midtown holds its own"

Docklands

	Q1 2004	% +/- 12 months	% +/- 3 months
New - New Build (existing)	£446.71	-10.75	0.91
Second-hand Grade A	£265.29	-22.69	-15.85
Second-hand Grade B	£189.57	-0.51	-8.26

Planet 24 seeking an assignee for its space at nil rent is testament to the trouble second hand space is experiencing in the Docklands, despite last quarter's slight rise. However, like the City Fringe, there is large variation. The 19th floor of **One Canada Square** is currently available for £484 psm (£45 psf) through **Montagu Evans**, but the 5th of **City Reach One** is available through **Colliers CRE** and **Knight Frank** for £104.95 psm (£9.75 psf).

Variations are not as large across the **Canary Wharf Estate**, but the sale of **5** and **25 Canada Square** this quarter means that different landlords are at work in a very uniform market. The impending sale of **Canary Wharf Group** itself will eventually impact on leasing policy on the estate and movements, up or down, can be expected for quoting rents.

Midtown

	Q1 2004	% +/- 12 months	% +/- 3 months
New - New Build (existing)	£435.94	-10.99	-4.48
New - Refurb (existing)	£339.89	-10.75	-2.64
New - Refurb (pre-construction)	£365.98	23.64	0.00
Second-hand Grade A	£346.32	-6.96	4.82
Second-hand Grade B	£264.82	-18.13	-0.85

Despite last quarter's improvements in take up, the asking price for new stock continues to fall. The lack of forthcoming schemes will squeeze the supply side but 40,000 sq m of new space is still lying empty despite the clear demand for new stock. Nevertheless, Midtown can still command rents on a par with other markets – the 12th and 13th floors of **The Adelphi** are available through **Knight Frank** at £618.93 psm (£57.50 psf) and the part 1st of the **Grand Buildings** on the **Strand** is available through **CB Richard Ellis** at £581.26 psm (£54.00 psf) (although Globeop secured a deal at this building last quarter at £151 psm (£14 psf) less than the sublessor's passing rent of £618.95 psm (£57.50 psf)).

10 Grosvenor Street, W1:
Joint highest asking price
with Curzon Square

West End

	Q1 2004	% +/- 12 months	% +/- 3 months
New - New Build (existing)	£556.79	3.18	4.10
New - Refurb (existing)	£443.53	-13.09	-3.86
New - Refurb (under construction)	£326.96	n/a	26.56
Second-hand Grade A	£413.05	-8.50	1.30
Second-hand Grade B	£325.15	-9.76	-3.33

The asking price for new stock has risen for the 3rd quarter running which is great news for West End agents and landlords. Granted, the average is way off what some new space was commanding at the start of 2001 - £1,076 psm (£100 psf) seems a million years ago – but the fact that prices are rising is arguably more important than the average amount itself.

Grosvenor launched its **10 Grosvenor Street, W1** scheme this quarter at £753.50 psm (£70 psf) – the joint highest asking price with **CREM's Curzon Square, Park Lane, W1** - and second hand space at **Mayfair Place A, Berkeley Street** is still going for £699.66 psm (£65 psf) through **Nelson Bakewell**. **Caxton Associates** is said to be taking space at **40 Berkeley Square** at £753 psm (£70 psf). Some second hand grade A space, however, is still pulling the average down with the 3rd floor at **30-34 Jermyn Street, SW1** available through **GVA Saxon Law** and **Sparkes Porter** at only £107.64 psm (£10 psf).

Dewey Ballantine signed for two floors at 1 London Wall, EC2 in January at £462.80 psm (£43 psf). It placed half a floor back on the market in March at £522 psm (£48.50 psf). Caxton Associates is rumoured to be taking space at 40 Berkeley Square at £753 psm (£70 psf). Quoting rents for such space in the area are around £700 psm (£65 psf).

3 months ago the City Core was predicted to see a further 10% fall in the asking price for its new stock over 2004, but now this seems unlikely. Whilst rises have not been large, and the occasional fall can be expected, steady improvements can be expected to continue. Second hand space is still suffering – there is 1.8 million sq m of it available across central London – but the supply side will dwindle throughout 2005 and by 2007 some markets could see themselves with a shortage of stock. Whilst £1,076.40 psm (£100 psf) seems an awful long way off, a slow but steady rise in average asking prices seems to have started.

** New leases only*

Take Up (sq m)*

City Core

	Q1 2004	% +/- 12 months	% +/- 3 months
New/Refurb (existing)	7,699	438.40	-45.65
Second Hand	42,694	-24.47	-37.32
Under Construction	531	n/a	n/a
Total	50,924	-13.02	-38.11

Disappointingly, last quarter's impressive total was not matched. Nevertheless, the underlying trend is upward and the next few quarters are set for some big deals. The **Willis Group** prelet at **51 Lime Street, EC3** (39,018 sq m) still hasn't completed; **HVB** is tipped for the 28,064 sq m **Moor House, London Wall; Herbert Smith** is in talks for **British Land's** 15,179 sq m **10 Exchange Square, EC2** and **Lloyds** is tipped for **Land Securities'** 36,114 sq m **30 Gresham Street, EC2.**

This quarter wasn't without its deals. **JP Morgan** sublet 7,430 sq m to **The Royal Bank of Canada** at **Thames Court, EC4** and **Marriott Hotels** took 5,109 sq m at **Barnard's Inn, Fetter Lane, EC4** – although it received some very generous terms. **Dewey Ballantine** also gave hope to owners of all that speculative space by taking 2,929 sq m at **Hammerson** and **Kajima's 1 London Wall, EC2** – but has since instructed **Gerald Eve** to dispose of 591 sq m.

City Fringe

	Q1 2004	% +/- 12 months	% +/- 3 months
New/Refurb (existing)	6,324	-68.74	-54.01
Second Hand	25,534	13.29	-50.86
Total	31,858	-35.11	-51.52

Like the City Core, the City Fringe was unable to match last quarter's performance when it reached its highest level for two years. No upward trend is yet visible, but **IPC** is thought to be taking a prelet at **Land Securities' 123 Bankside, SE1** scheme and the lack of speculative completions until **Palestra's** emergence in 2006 gives hope.

The market saw some significant deals from serviced office operators this quarter: **Workspace** purchased the 3,252 sq m **Linton House, Union Street, SE1; Relocate** took 2,544 sq m at **14 Bonhill Street, EC2** and **Oppida** took 1,858 sq m of new space at **46-48 East Smithfield, E1**.

Elsewhere, **Visit London** took 1,301 sq m at **2 More London, SE1** and **Network Forensics** took 2,208 sq m at **The Cotton's Centre, SE1**.

Thames Court, EC4:
Royal Bank of Canada sublease
© Kohn Pederson Fox

Docklands

	Q1 2004	% +/- 12 months	% +/- 3 months
New/Refurb (existing)	11,639	n/a	596.09
Premarketing	26,291	n/a	n/a
Second Hand	8,963	52.56	-20.78
Total	46,893	698.18	261.09

The Docklands market had an outstanding quarter for take-up – the best since Q4 2001 – after the long-awaited deals to **Reuters** and **BP** completed. **BP** actually signed for more space than was originally expected, taking 11,639 sq m at **20 Canada Square** with a further option on the 4th floor. **Reuters** signed for 26,291 sq m at **30 South Colonnade, E14** – the largest London deal since the end of 2002 – but the deal wasn't without a significant outlay for **Canary Wharf Group:** CWG purchased two Reuters' freeholds for £32.3 million; agreed to spend £3 million refurbishing South Colonnade before Reuters move in; gave Reuters a 12-month rent-free period and took on four of Reuters' leasehold properties. It has since disposed of the freeholds (at a £2.3 million loss) but the deal still illustrates the lengths CWG had to go to in securing a tenant.

In another deal, **Barclays Capital** took a 6,503 sq m sublease from **Credit Suisse First Boston** at **10 South Colonnade** after **CSFB** took 23,226 sq m off the market at **5 Canada Square**. The improvements in the financial sector are set to continue, but the introduction to the market of **Lehman Brothers'** and **Clifford Chance's** put options (28,785 sq m) tempered the market's improvements.

Midtown

	Q1 2004	% +/- 12 months	% +/- 3 months
New/Refurb (existing)	10,140	181.82	-51.22
Premarketing	3,127	n/a	n/a
Second Hand	16,907	-13.16	-38.19
Total	30,174	18.93	-37.32

Last quarter's improvements were not repeated, but Midtown still saw some notable deals proving demand still exists in the market. **The Royal College of Anaesthetists** purchased the 3,127 sq m **Churchill House, Red Lion Square, WC1** for its own occupation for £8.45 million (the building will be refurbished); **Amerada Hess** took 2,445 sq m at **The Adelphi, WC2** downsizing from its **33 Chester Street** HQ in the West End and **MCI Worldcom's** old HQ at **Fox Court, Gray's Inn Road, WC1** is now fully let after originally coming to the market in September 2001. The amount of new stock available was reduced further with three large deals: **Capita Group** took 2,079 sq m at **The Eye, High Holborn, WC1**; **Accucard** took 2,025 sq m at **125 Shaftesbury Avenue, WC2** and **LECG** took 1,574 sq m at **The Davidson Building, 5 Southampton Street, WC2.**

20 Canada Square, E14:
BP sign for more than originally thought

West End

	Q1 2004	% +/- 12 months	% +/- 3 months
New/Refurb (existing)	19,499	78.59	30.79
Second Hand	51,551	70.28	-26.18
Under Construction	912	-50.91	n/a
Total	71,962	67.16	-15.08

Like the rest of Central London, the West End couldn't match the improvements seen last quarter. Nevertheless, the overall trend is upward and there were almost 150 deals over 232 sq m this quarter compared to only 81 this time last year. Optimism, however, could prove unfounded when recommendations from the **Budget** are implemented. The quantifiable implications are on disposals – the unquantifiable are on deals not done. Since the year 2000, government departments have been responsible for 64 deals in the West End, equating to 190,000 sq m. If the proposed cut-backs are implemented, 190,000 sq m is a lot of space not to be taken over the next three years. The implications are set to come during market growth, lessening the overall effect, but SW1 is set for some changes between now and the end of the decade.

This quarter, however, did see the largest West End deal for almost two years with **UCL NHS Trust** signing for 13,499 sq m at **250 Euston Road, NW1**. It immediately sublet an additional 1,445 sq m to **IDX**. Elsewhere, **The General Medical Council** took 4,464 sq m at **British Land's 350 Euston Place** and **Trans4m** took 2,242 sq m at **Euston Tower, NW1**. The property industry itself was responsible for reducing the amount of new stock on the market, with **Colliers CRE** taking 1,715 sq m at **The Corner, Wigmore Street, W1**.

Less space was taken in Q1 2004 than Q4 2003 and there were fewer deals completed. This time last year that would have been cause for more misery, but at the start of 2004 the sentiment is of optimism and the overall trend is upward. This quarter has seen the biggest London deal in years with Reuters finally completing at 30 South Colonnade, E14 and the biggest West End deal for some time with UCL NHS Trust taking 250 Euston Road, NW1. There are some significant deals to come this year – in the City Core, Willis Group will complete its 39,000 sq m prelet at 51 Lime Street in due course and Herbert Smith, HVB and Lloyds will take around 80,000 sq m if rumours are true. The financial sector is getting stronger and, although it may have learned the lessons of 2001 in taking too much space, more deals can be expected from them – and more space will be withdrawn.

However, it is still a tenants' market and tenants are under no pressure to sign. Landlords are also realising that it may be more prudent to wait 12 months before chasing deals thereby achieving a higher rent. As the market picks up, tenants will realise that the generosity of landlords is diminishing and signing for space in 2004 will be a much better idea than signing in 2005.

250 Euston Road, NW1:
Biggest West End deal for some time

** Only units over 232 sq m*

London Office Database

Completed space still available as at Q1 2004 (sq m)

30 St Mary Axe, EC3: Landmark building still waiting for tenant

City Core

Completed half year	Q1 2004
1 2001	1,479
2 2001	2,479
1 2002	2,493
2 2002	10,538
1 2003	50,083
2 2003	171,141
1 2004*	49,878

**As at the end of Q1 2004*

Almost 50,000 sq m completed in Q1 2004, adding to the 239,000 sq m still lying empty from previous years. Almost 107,000 sq m of speculative space will be added over the next 15 months. On paper, things still look bleak for the City Core, but demand is improving and requirements are up. Some key completed schemes are tipped for take-up this year: **Herbert Smith** is in talks for space at **British Land's** 15,179 sq m **10 Exchange Square, EC2** and **Lloyds** is tipped for **Land Securities**' 36,114 sq m **30 Gresham Street, EC2**. However, there is still 1,479 sq m remaining from the refurbishment of **Citypoint** in 2001 and **Swiss Re** has had to re-evaluate its letting policy for the 25,684 sq m surplus at **30 St Mary Axe, EC3**, despite the building fast-becoming an international icon.

The improving financial sector is cause for optimism. Developers are still willing to adapt their expectations (although without success at **16 St Clare Street, EC3**) but many are now anticipating the return of the market in 2005 and willing to put off deals until then to secure higher rents.

City Fringe

Completed half year	Q1 2004
1 2000	1,520
2 2000	0
1 2001	4,792
2 2001	3,194
1 2002	3,141
2 2002	12,658
1 2003	25,289
2 2003	35,327
1 2004*	833

**As at the end of Q1 2004*

There was only one speculative completion this quarter in the City Fringe – **10-14 Dallington Street, EC1**. There is almost 87,000 sq m of new space lying empty, but compared to all other markets but Midtown this is very little and only equates to just over 30 units. The largest existing liability is at **Gemini Investments' Broadgate West, EC2** where 16,931 sq m is available through **Knight Frank**.

35,500 sq m of speculative space is currently under construction but only 8,600 sq m completes between now and June 2006 when **Palestra** comes online.

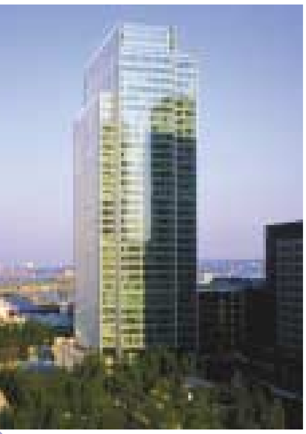
Prospects for the market are good, but developers still have to wait two to three years to find tenants for their stock.

Docklands

Completed half year	Q1 2004
2 2001	48,249
1 2002	0
2 2002	5,016
1 2003	40,701
2 2003	28,785
1 2004*	0

**As at the end of Q1 2004*

The Docklands market still has the second highest amount of new empty stock after the Core, despite the 11,639 sq m **BP** deal, and these figures include the **Lehman Brothers** and **Clifford Chance** put options and the rest of the surplus space not yet on the market. However, the improvements seen in the financial sector and the good quarter for take up give hope for the market – but 32,517 sq m at **Barclay's BP1** is due to complete this summer. After that, however, there is nothing under construction and the market has a real chance to consolidate. Whether any new policy will be taken on construction and lettings by the new owners of **Canary Wharf Group** remains to be seen but the market needs to continue to tempt occupiers away from the City by offering the right kind of space.



10 Upper Bank Street, E14: Clifford Chance's put option increases new space on market

Midtown

Completed half year	Q1 2004
1 2001	463
2 2001	2,979
1 2002	77
2 2002	9,862
1 2003	16,731
2 2003	7,956
1 2004*	2,640

**As at the end of Q1 2004*

There is just over 40,000 sq m of new empty stock in Midtown – the lowest of all the markets – and little set to complete. **Investream** realised this and commenced its 4,088 sq m **55 New Oxford Street, WC1** scheme ready for delivery at the end of 2004, but there is no new stock arriving after that. If demand remains steady, this new vacant stock should be absorbed over the next 18 months and developers should be looking at refurbishment schemes lasting 6-12 months to catch this shortage. The largest existing liability is 7,430 sq m at **125 Shaftesbury Avenue**, but there are only 23 units in total. The amount of new stock was reduced this quarter thanks to deals to **Capita Group** at **The Eye, High Holborn, WC1** (2,079 sq m); **Accucard** at 1**25 Shaftesbury Avenue, WC2** (2,025 sq m) and **LECG** at **The Davidson Building, 5 Southampton Street, WC2** (1,574 sq m).

West End

Completed half year	Q1 2004
1 2000	1,242
2 2000	672
1 2001	3,312
2 2001	6,523
1 2002	3,122
2 2002	17,570
1 2003	30,720
2 2003	44,876
1 2004*	6,567

**As at the end of Q1 2004*

The West End has the third highest amount of new stock lying vacant. However, like the City Core, demand is picking up and deals this quarter to the **GMC** at **350 Regent's Place, NW1** and **Colliers CRE** at **The Corner, Wigmore Street, W1** helped reduce last quarter's total by 10,000 sq m. **48 Warwick Street** is almost fully let after almost four years of vacancy with **Zara** placing the remainder under offer and there were only two major completions this quarter – **40 Berkeley Square, W1** with 6,075 sq m left available after the **Blackstone** prelet and 492 sq m at 1**4-15 Greycoat Place, SW1**. However, 126,000 sq m of speculative space is set to complete between now and Q3 2005 and the government cannot be relied on to take any of it. Large existing liabilities such as **HRO's** 21,739 sq m V**ictoria Plaza, Buckingham Palace Road, SW1**, which completed last quarter, are proving hard to let and **CREM's** £753.50 psm (£70 psf) asking price at its **Curzon Square** scheme hasn't attracted any tenants. Nevertheless, the asking price for new stock is recovering as landlords become aware of returning interest and, despite the existing and forthcoming liabilities, prices should continue to rise.

Curzon Square, W1: £70 psf still too much for a deal?

There is 650,000 sq m of new space lying empty in London - 141,000 sq m of it from before 2003. The market is recovering but it still has a lot to do. Rumoured deals to Herbert Smith and Lloyds TSB in the City Core are set to help, but there's 208,000 sq m of speculative space completing between Q2 2004 and Q1 2005. Prices for new stock have, with few exceptions, stopped falling and are rising tentatively in some markets. Caxton Associates looks set to pay £753 psm (£70 psf) for new space at 40 Berkeley Square, W1 – more than the commonly quoted £700 psm (£65 psf) for such stock in the area. Market sentiment is up and landlords are becoming less anxious about finding tenants – they're prepared to wait a bit longer for the upturn. That said, the SW1 market is set to suffer as a result of the Lyons Report, the Gershon recommendations and the Budget. New stock in that area now has to look to other sectors for salvation.

Construction Starts (sq m)

City Core

Q1 2001	57,825
Q2 2001	33,369
Q3 2001	161,003
Q4 2001	143,303
Q1 2002	18,700
Q2 2002	55,573
Q3 2002	28,340
Q4 2002	18,713
Q1 2003	865
Q2 2003	18,713
Q3 2003	7,428
Q4 2003	4,976
Q1 2004	6,384

Developers and their funders are still being put off by the high vacancy rates and the 100,000 sq m of forthcoming speculative completions. However, completions dry up by April 2005 and schemes starting now would be delivered for the start of 2007. **Land Securities** has announced plans to start its 56,883 sq m **New Street Square, Fetter Lane, EC4** scheme speculatively, aiming to start in mid-2005 after serving notice on tenants and **British Land** will start works on its **51 Lime Street, EC3** scheme as soon as possible now **Willis Group** has agreed terms for a prelet. This quarter has only seen works start on three floors at **Tenter House**, **Moorfields** and short terms works start at **140-144 Leadenhall Street, EC3.**

Docklands

Q1 2001	44,987
Q2 2001	0
Q3 2001	0
Q4 2001	92,902
Q1 2002	0
Q2 2002	0
Q3 2002	0
Q4 2002	0
Q1 2003	0
Q2 2003	0
Q3 2003	0
Q4 2003	0
Q1 2004	0

Once again, there were no starts in Docklands as the market attempts to consolidate. The permission awarded for the 24,387 sq m **Hertsmere House Tower** this quarter shows that ambition remains but speculative starts seem an impossibility. Full or majority prelets will be the only way to get construction going in the market and the recent recovery in the financial sector is only likely to soak up some of the existing vacant stock and not lead to any new buildings.

West End

Q1 2001	22,998
Q2 2001	122,654
Q3 2001	17,890
Q4 2001	69,047
Q1 2002	11,919
Q2 2002	92,390
Q3 2002	11,067
Q4 2002	61,023
Q1 2003	49,193
Q2 2003	12,503
Q3 2003	55,280
Q4 2003	82,014
Q1 2004	0

No significant schemes started this quarter as, like elsewhere, high vacancy rates and forthcoming completions put many off. However, like elsewhere, 2006/2007 looks set to be a good time to deliver schemes.

The **Crown Estate** is likely continue with its **Regent Street** transformation this year with **Chesham House** and **185-191 Regent Street** due to go under construction (a total of 13,213 sq m). **Freshwater's** 3,650 sq m **Abercorn House, Cavendish Square, W1** is set to start in summer and **Great Portland Estates** have expressed their desire to commence more schemes in the near future - but there are few major developments set to start.

City Fringe

Q1 2001	4,829
Q2 2001	86,509
Q3 2001	17,367
Q4 2001	31,578
Q1 2002	14,608
Q2 2002	996
Q3 2002	14,685
Q4 2002	10,294
Q1 2003	29,603
Q2 2003	75,806
Q3 2003	1,952
Q4 2003	0
Q1 2004	26,845

Like the City Core, the slow market has put off developers over the last year but **Blackfriars Investments** and **Royal London Asset Management** have finally bucked the trend and started works on **Palestra, SE1** after a long wait. It is set to be delivered amidst few competing schemes in mid-2006 and was the only start in the market this quarter.

The caution seen over the last 12 months now seems unjustified when considering 2006/2007 completions and it is only really **Land Securities**' 71,148 sq m **Bankside 123** scheme that seems set to start in 2004 – but even that looks likely to have the benefit of a prelet to **IPC**.

Midtown

Q1 2001	18,152
Q2 2001	32,784
Q3 2001	16,273
Q4 2001	36,131
Q1 2002	1,600
Q2 2002	17,041
Q3 2002	0
Q4 2002	0
Q1 2003	1,717
Q2 2003	15,462
Q3 2003	2,957
Q4 2003	2,640
Q1 2004	4,088

Investream's 55 New Oxford Street, WC1 was the only start this quarter. The 4,088 sq m scheme commenced speculatively and will be delivered by the end of 2004. Like the City Fringe, the lack of competing schemes makes the caution in Midtown surprising and there are few schemes expected to start this year and very little even at permission or application stage compared to other markets.

This was a barren quarter for construction starts. The high vacancy rates, long vacancy periods and low rents have put many off speculative development. However, a scheme commencing now will be delivered in 2006, by which time much of the existing speculative stock will have been soaked up. Few, however, seem to be following the lead of Palestra and 55 New Oxford Street and we may well experience a shortage of new stock in 2006/2007. Developers may have to settle for 3 to 6 month refurbishment schemes to catch demand, rather than major redevelopments which still only seem likely with full or majority prelets in place. If developers wait much longer, they run the risk of missing the next cycle altogether.

"Developers and funders still put off by high vacancy rates"

55 New Oxford Street, WC1: Speculative start in Midtown

"Barren quarter for West End starts"

London Office Database

"Only 8,600 sq m to complete in Fringe before Palestra arrives"

BP1, E14:
Speculative Summer completion for Docklands

Cardinal Place, SW1:
Large liability for Land Securities

Under Construction and still available (sq m)

City Core

Est. Completion Date	To Complete	Still available
Q2 2004	73,474	62,312
Q3 2004	29,993	26,834
Q4 2004	4,736	4,736
Q1 2005	12,835	12,835

107,000 sq m of speculative space is set for completion over the next 12 months. However, this time last year there was over 330,000 sq m of speculative space under construction. The largest current liability is **Hammerson, Greycoat** and **Henderson's Moor House, London Wall, EC2** comprising 28,064 sq m – tipped for a prelet by **HVB**. After Q1 2005 there is nothing currently under construction due to complete and schemes started now and completing in 2006/2007 – like **Land Securities' New Street Square** – will find themselves with little competition.

City Fringe

Est. Completion Date	Complete	Still available
Q2 2004	6,369	6,369
Q3 2004	279	279
Q4 2004	21,454	1,952
Q1 2005	0	0
Q2 2005	69,677	0
Q1 2006	0	0
Q2 2006	26,845	26,845

Before **Palestra** commenced this quarter, there was only 8,600 sq m of speculative space set to complete – all in 2004. Granted, space has the capacity to remain vacant after completion for three years but currently there are only nine speculative schemes under construction across the whole market. The market improvements already under way are set to continue and developers should be encouraged to starts schemes. **Palestra** may find itself with some competition if **Land Securities** starts its **Bankside 123** scheme this year.

Docklands

Est. Completion Date	Complete	Still available
Q2 2004	92,902	32,517
Q3 2004	0	0
Q4 2004	0	0

The only speculative completion on the horizon is the surplus space at **Barclay's BP1**. The recovering financial sector may well see some of this extra space being absorbed before or shortly after completion, but the majority is set to remain vacant for some time as the 122,751 sq m of existing new stock in the market competes for tenants.

Midtown

Est. Completion Date	Complete	Still available
Q2 2004	4,247	4,247
Q3 2004	0	0
Q4 2004	4,088	4,088

The data above illustrates why Investream commenced its 4,088 sq m 55 **New Oxford Street, WC1** refurbishment, with the only other significant liabilities being **25 Southampton Street, WC2** and **48-51 Floral Street, WC2**. Granted, there is over 40,000 sq m of existing new stock lying empty in the market, but there was 30,000 sq m of new stock taken in the last two quarters alone – new stock shouldn't take long to soak up and it was a surprise that prices fell again this quarter.

West End

Est. Completion Date	Complete	Still available
Q2 2004	39,321	38,409
Q3 2004	64,148	6,450
Q4 2004	84,013	20,096
Q1 2005	46,008	7,918
Q2 2005	51,635	51,635
Q3 2005	1,486	1,486
Q4 2005	0	0
Q1 2008	60,062	0

With 116,000 sq m of vacant new space and 126,000 sq m of forthcoming speculative completions, the West End cannot be out of the woods yet. The May 2004 completion of **Grosvenor's** 25,287 sq m **Belgrave House, SW1** is the largest forthcoming liability until **Land Securities** complete 51,635 sq m at **Cardinal Place, SW1** in 2005. The last two quarters saw 32,160 sq m of new stock being taken – it will take time to absorb at that rate – but demand improvements look set to continue and prices have risen for the last three quarters.

2003 saw a lot of speculative completions, as will 2004. After that, however, there is very little stock, currently under construction, to come online. The developers of Palestra and 55 New Oxford Street have realised this and started works speculatively, but few are following. Demand is improving and prices for new stock are even starting to rise – speculative starts are getting less and less risky. It is testament to the recovering market sentiment that the lack of completing schemes after 2005 is now being thought of as a cause for concern rather than a chance for consolidation.

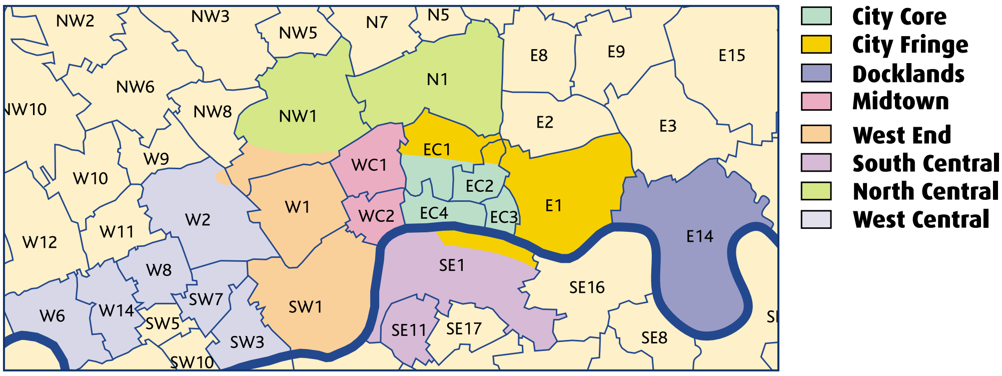
What LOD monitors

Markets

City Core: EC1A, EC2M, EC2N, EC2R, EC2Y, EC2V, EC2A (only Finsbury Pavement, Finsbury Square, Appold Street and Chiswell Street), EC3, EC4.
City Fringe: EC1M, EC1N, EC1R, EC1V, EC1Y, EC2A (excluding Finsbury Pavement, Finsbury Square, Appold Street and Chiswell Street), E1, SE1 postcode sectors 0, 1, 2 and 9.
Docklands: E14
Midtown: WC1 and WC2 (excluding Leicester Square)
West End: W1, SW1, NW1 sectors 3,5 & 6, Leicester Square (WC2) and Paddington (W2)

Data

Building Stock: Any office building over 232 sq m (2,500 sq ft) in West End, Midtown and City Fringe and over 465 sq m (5,000 sq ft) in City Core, Docklands, South Central, North Central and West Central.
Availability: Any unit above 46 sq m (500 sq ft) in buildings subject to the above stock thresholds
Take up: Any unit above 232 sq m (2,500 sq ft) subject to stock thresholds
Planning: Any project over 232 sq m (2,500 sq ft), subject to stock thresholds



Definitions

- **Quarters:** For data collation reasons, our quarters run from the 1st of the month to the last day of the 3rd month i.e. 1st January to 31st March; 1st April to 30th June; 1st July to 30th September and 1st of October to 31st December. Some data in this report is given in half years for space reasons.
- **Vacancy Rates:** Total building stock figures divided by vacant space whether being marketed or not. Neither figures include space under construction or yet to commence construction.
- **Availability:** New/Refurb (existing) is a combined total of newly constructed and refurbished space; Premarketing is any space marketed which is yet to commence construction; Second Hand is any space which has previously been occupied; Under Construction is a combined total of refurbishment and redevelopment projects currently under construction. Space under offer is included. Purely investment properties are not included.
- **Take up:** See criteria and definitions above.
- **Average Asking Prices:** An average of asking prices by grade of space by market. Only space available on new leases with a quoting rent is collated. Space under offer has been included. Please note that Second Hand Grade A space is previously occupied units with air conditioning and one or more of raised floors, under floor trunking or perimeter trunking.
- **Investment sales:** Subject to stock thresholds, a total of space sold as freehold, long leasehold or virtual freehold, both for investment and for owner occupation.
- **Construction Starts with prelets:** A total of space commencing refurbishment or redevelopment by quarter with a total of that space prelet. This includes space not on the market.
- **Under Construction by Completion half year and Occupation Status:** A total of all office space expected to complete by half year with how much has been prelet. This includes space not on the market.
- **Completed and Available space:** A total of new space (refurbishments and redevelopments) on the market (includes space let but never occupied) over time.
- **Construction starts:** A total of space by construction start date.
- **Under Construction and still available:** A total of all office space currently under construction by completion date with how much is still available.

London Office Database

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