1. The prospect of Brexit has prompted a strategy of ‘wait and see’ for some investors over the first half of calendar 2019, contributing to lower investment volumes. However, London remains one of the largest, liquid, and most transparent markets globally and ranks third globally for cross-border office volumes in quarter 2, according to Real Capital Analytics.

2. Total office investment turnover in London fell to £1.69 billion during the quarter, with 40 properties transacting, compared to £5 billion during quarter 1 and £5.2 billion in quarter 2, 2018.

3. The slowdown in investment activity has in part been fuelled by a lack of assets for sale; long-income assets on the market are few and far between. Furthermore, vendors have been seeking premiums due to the lack of quality stock whilst investors continue to seek Brexit linked discounts. The mismatch between the expectations of sellers and buyers is likely to persist. Prime yields in the City remain at 4.25% and 3.75% in the West End.

4. Prime rents in the City Core rose to £72.50psf, from £70psf in quarter 1, underpinned by falling availability and strengthening demand levels. West End prime rents remain at £107.50psf, as do City Fringe at £75.00psf, however Docklands prime rents have risen to £49.50psf from £48.50psf.

5. Stock levels are now the lowest they have been since the start of 2016, which has driven vacancy rates down to 4.9%. Despite this, rent free periods have remained at 24 months on a typical 10-year lease. The professional and corporate sectors have been the most active, accounting for 35% of total market activity, followed by flexible offices (19%) and financial services (15%).

6. Looking ahead at the supply pipeline, total under construction levels in the City are currently 6.7 million sq ft, of which 36% is already committed, leaving just 4.3 million sq ft of speculative space under construction. 5.4 million sq ft under construction is due to complete in the next 12 months, of which 42% is committed. This leaves just 3.1 million sq ft of speculative space coming through, which equates to approximately 12 months of supply, assuming average levels of new and refurbished take-up. Occupiers are being driven by the quality of space on offer and to an extent are location agnostic, but there are those who will pay a premium to secure space in a specific location. Stronger than expected economic growth since the referendum, coupled with robust job creation levels in London’s tech, professional and finance and banking sectors are helping to underpin demand, with most occupiers seemingly keen to ‘get on with life’, irrespective of how Brexit concludes.