



# Central London Real Estate Market Outlook

## Presentation to Investment Committee City of London

Peter Damesick  
EMEA Chief Economist, CBRE

9 May 2012

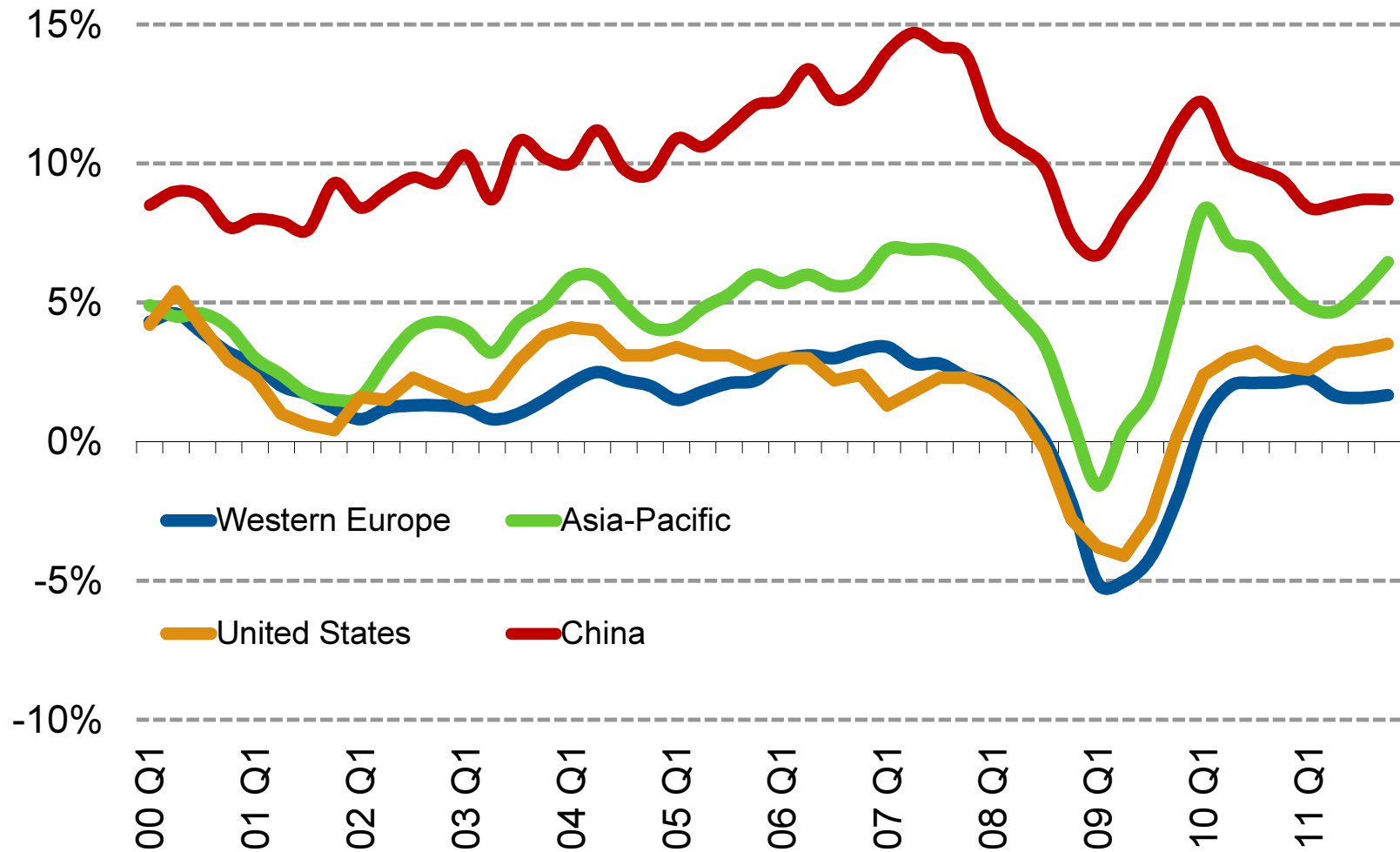
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- **Economic background and prospects**
- **Retail property market trends in Central London**
- **City office demand, supply and rental outlook**
- **Transport and market evolution**



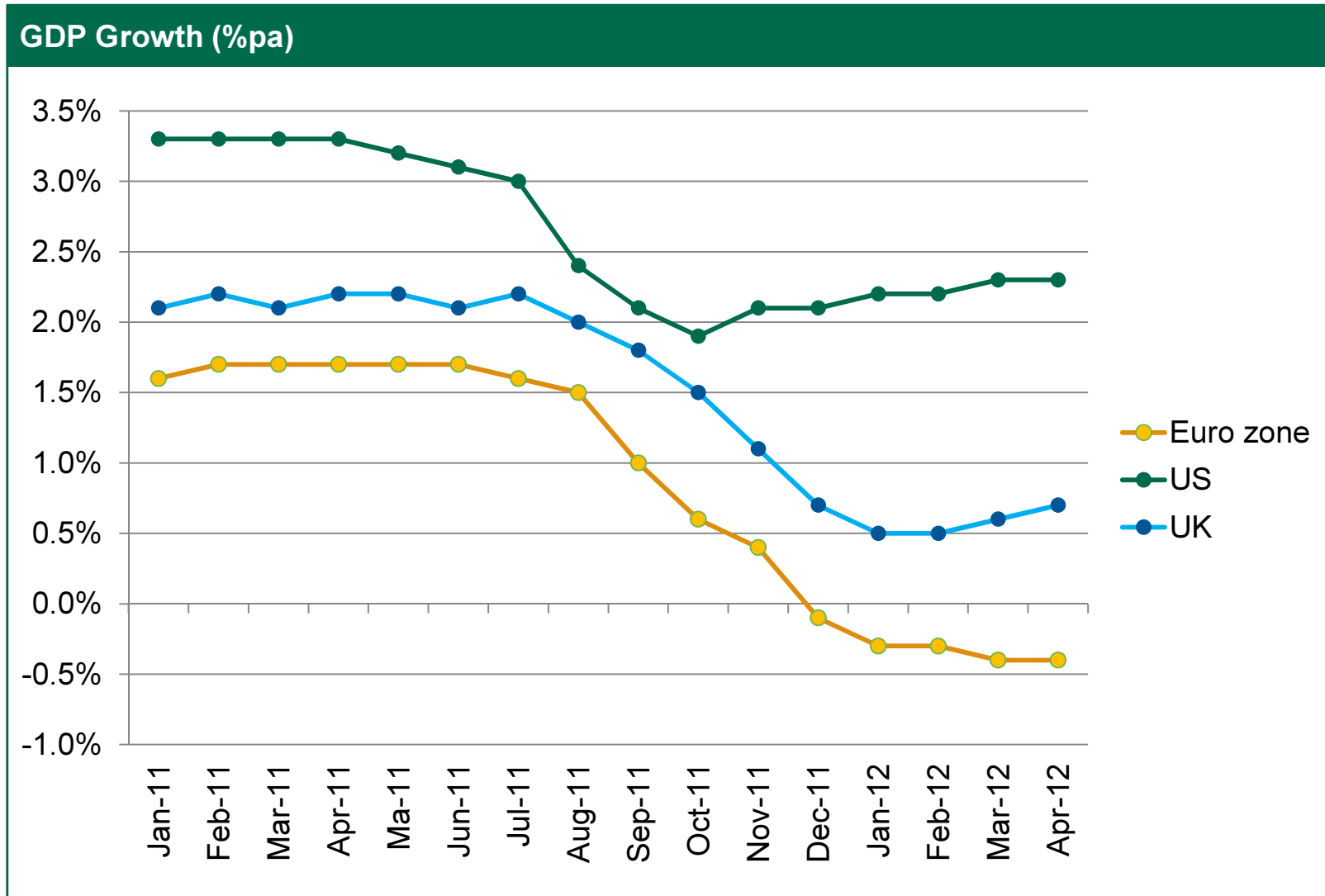
# Economies moving at different speeds

GDP, % change yoy



# Changing economic sentiment

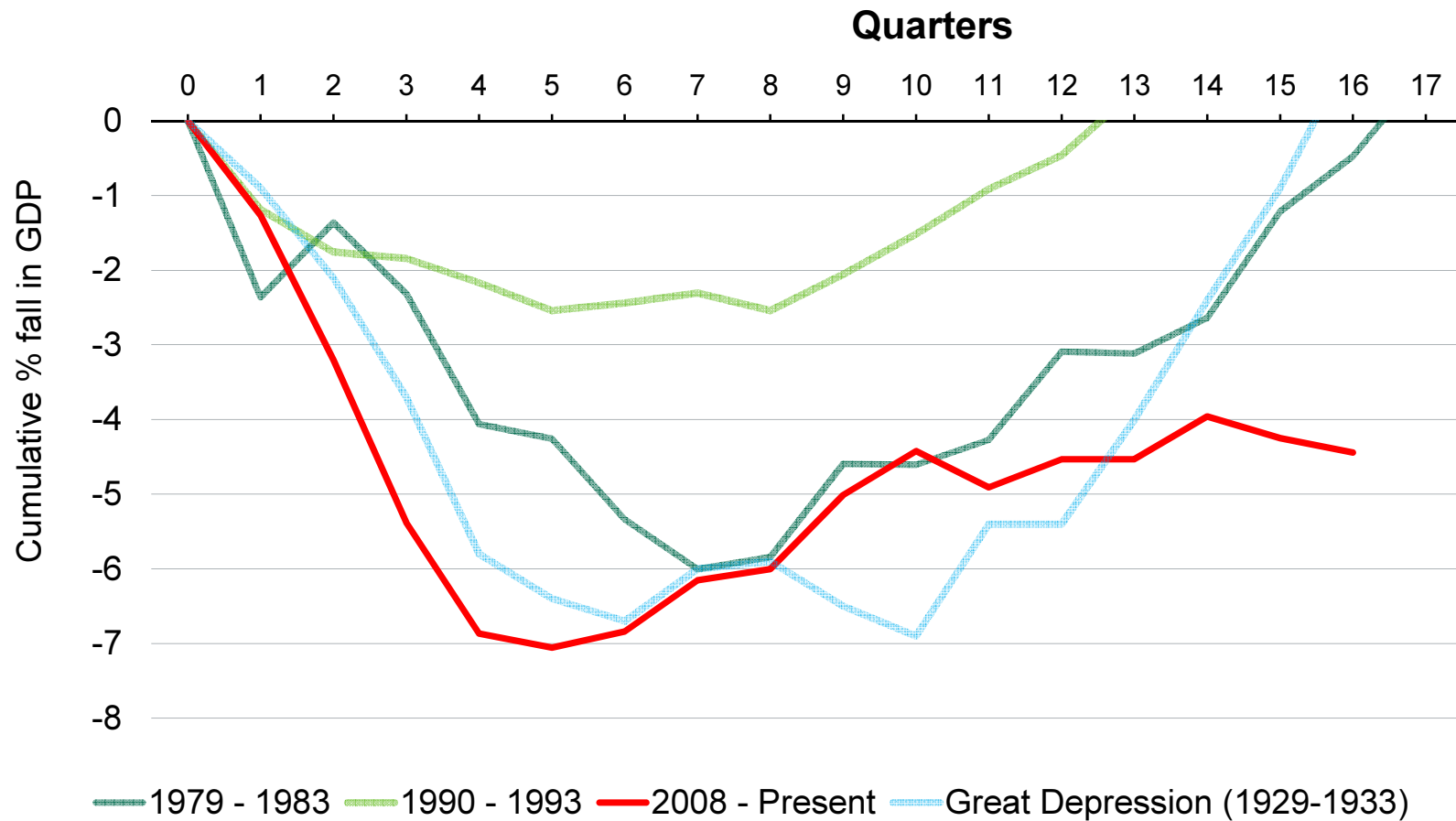
How forecasts for GDP growth in 2012 have changed



Source: Consensus Economics

# UK Recession Comparison

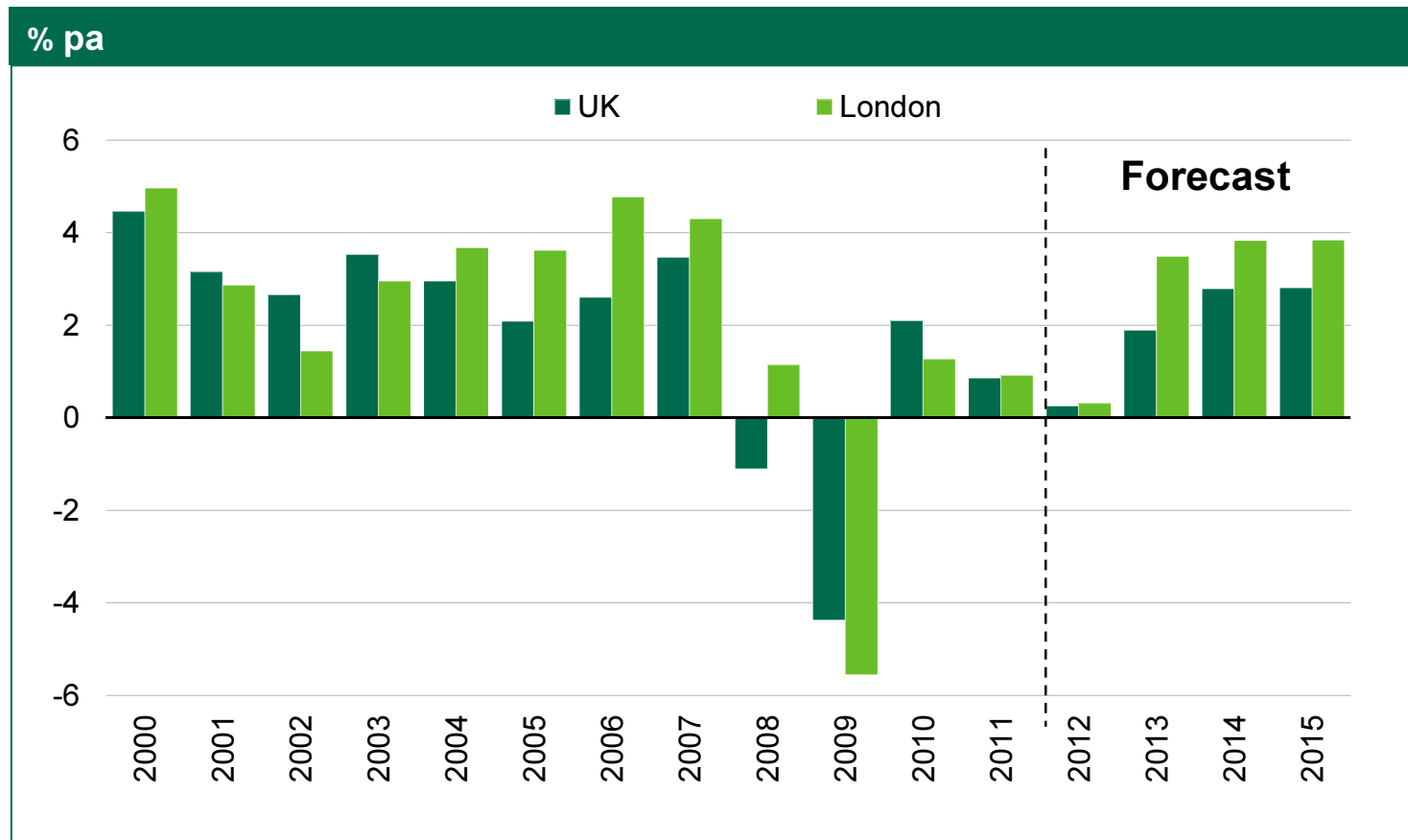
Cumulative % fall in output from peak



Source: CBRE, Macrobond

# London to outperform UK

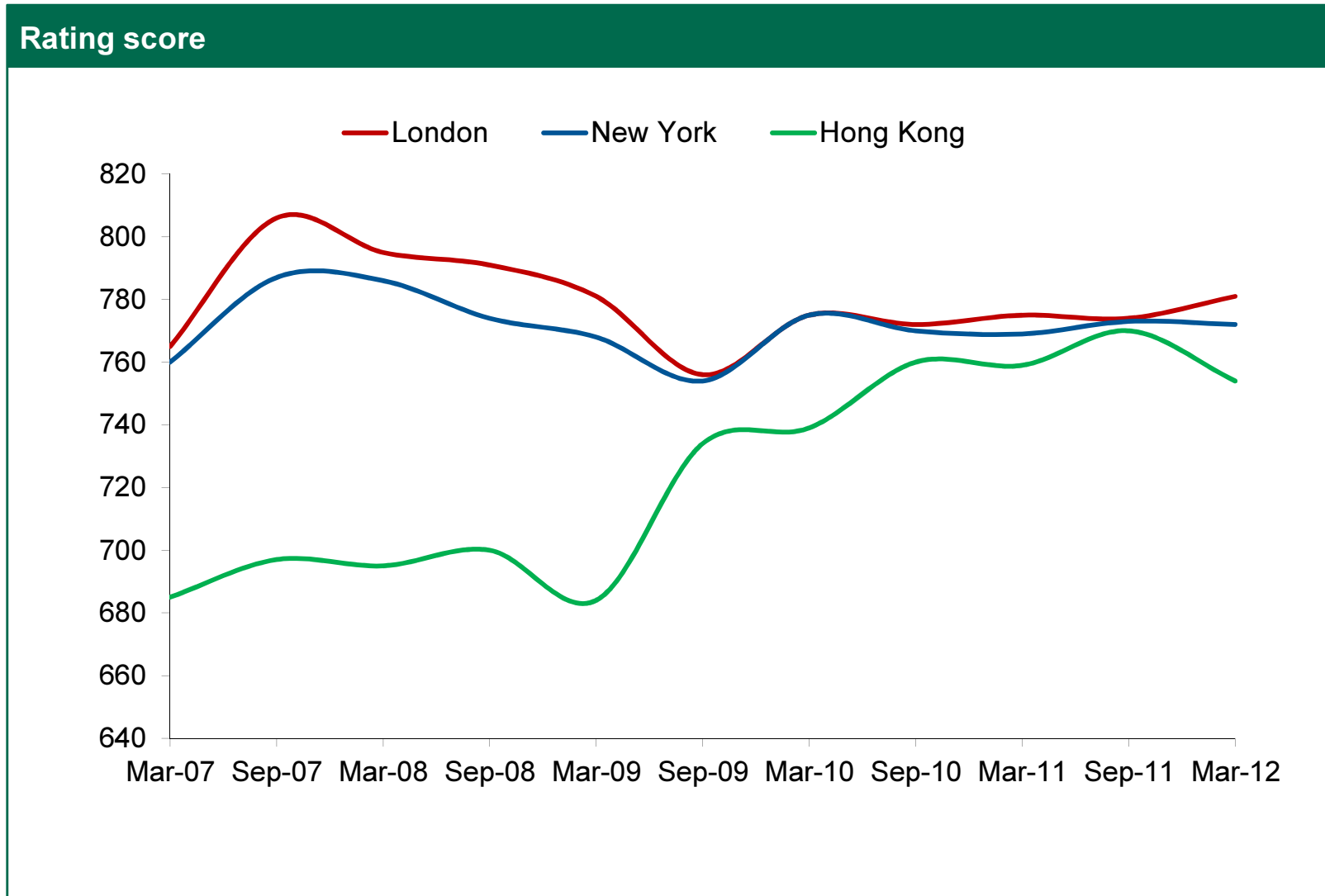
## UK vs. London, real GDP growth



Source: Oxford Economics

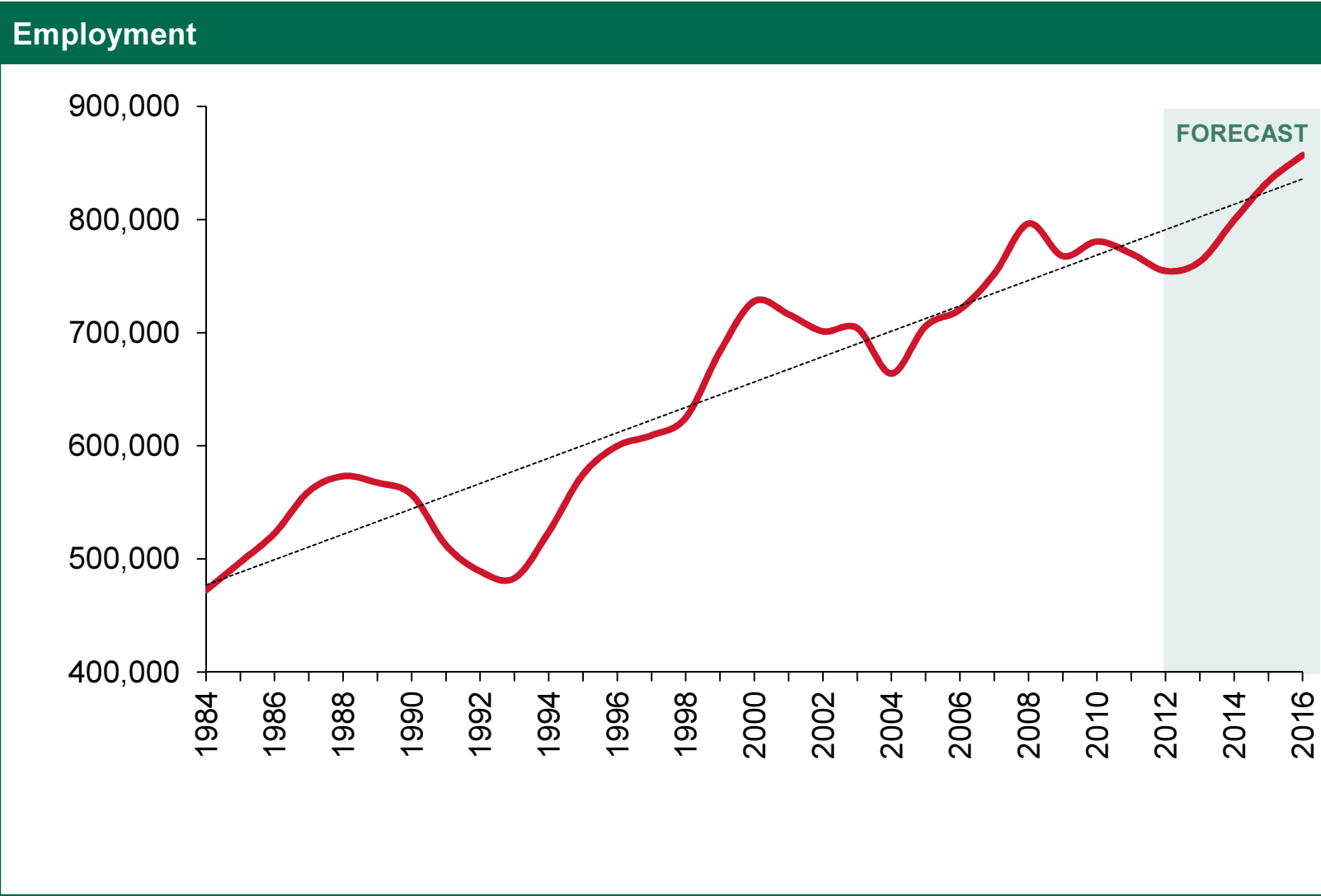
# London pulling away from New York again

## Global Financial Centres index scores



Source: Global Financial Centres Index 11, March 2012, Z/Yen

# Central London: Finance and Business Services Employment



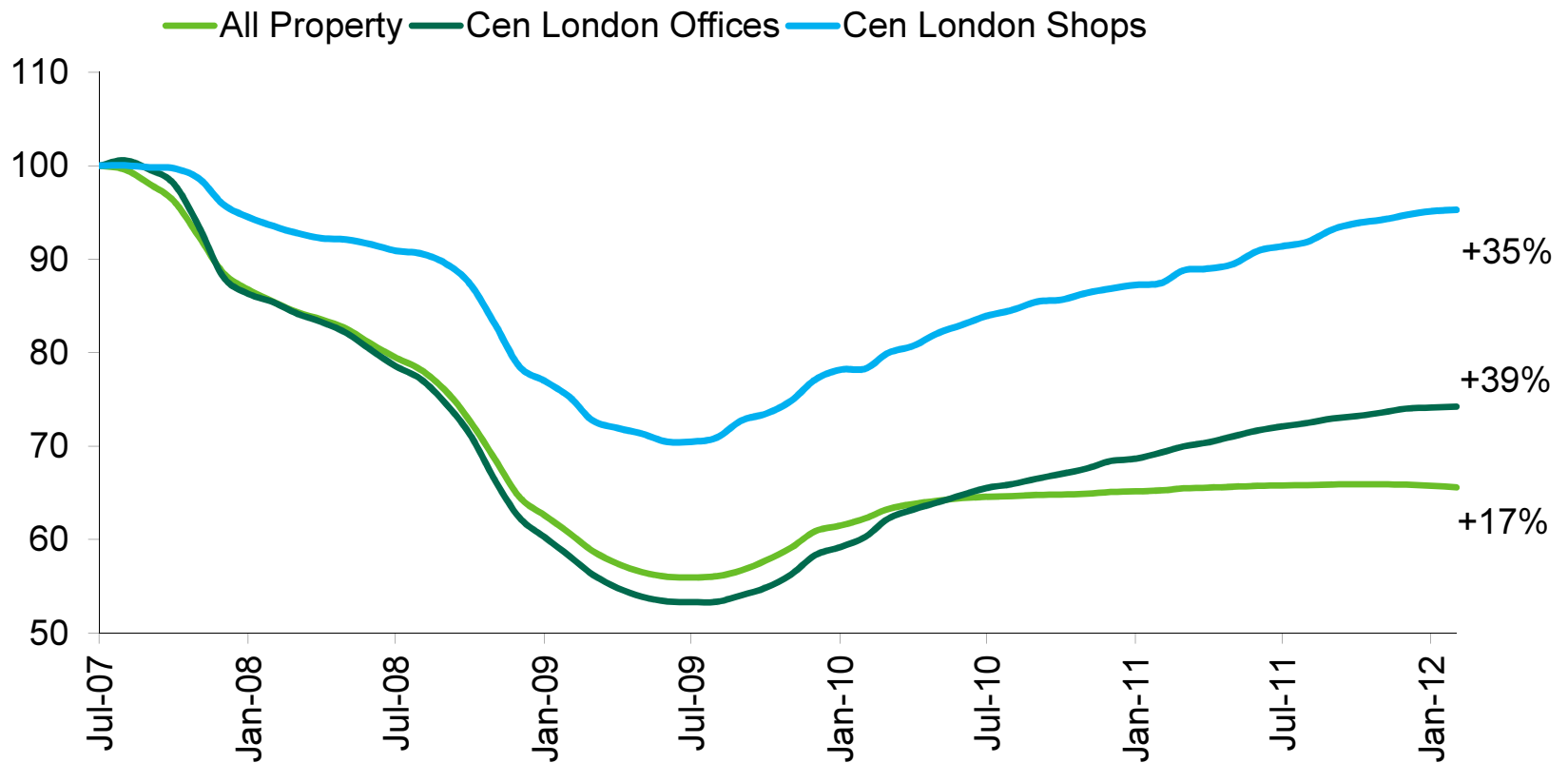
Source: CBRE and Oxford Economics





# All Property and Central London Sectors: Capital Growth

Index, July 2007 = 100

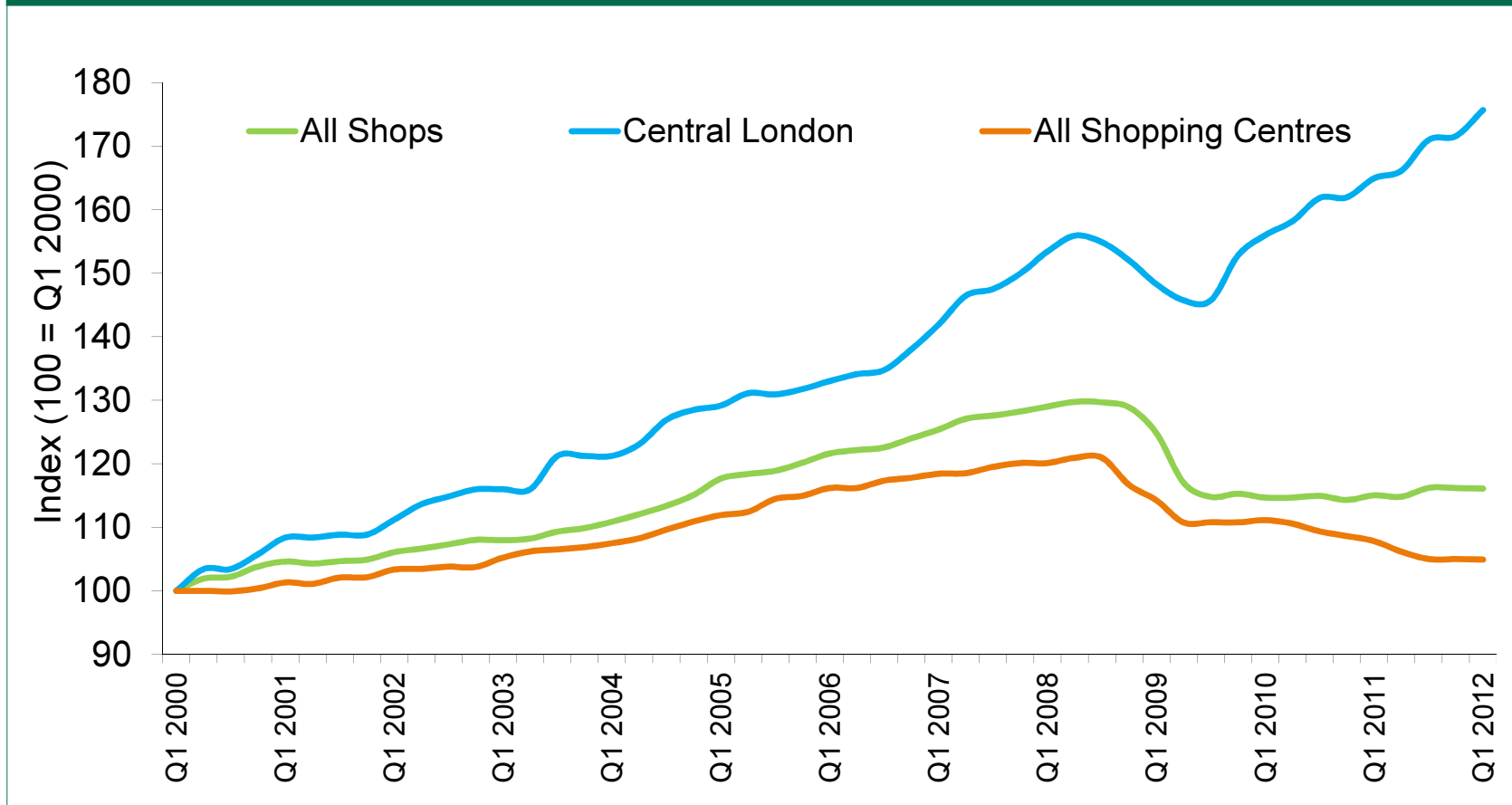


Source: IPD Monthly Index

# UK Retail: Prime Rent Index

## Prime Central London shops outpace rest of UK retail

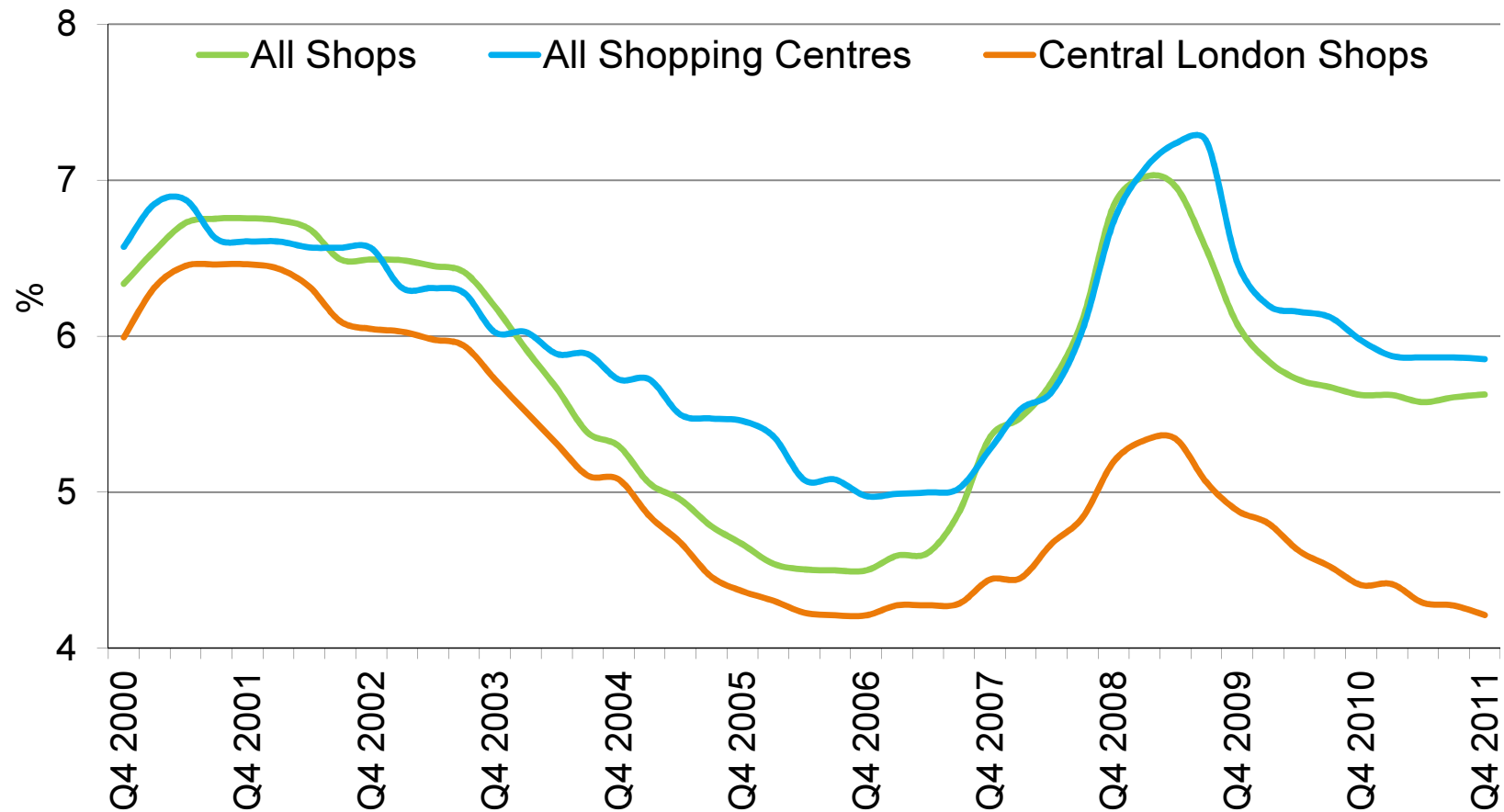
### All Shops, Central London Shops, Shopping Centres



Source: CB Richard Ellis Rent and Yield Monitor

# UK Retail: Average Prime Yields

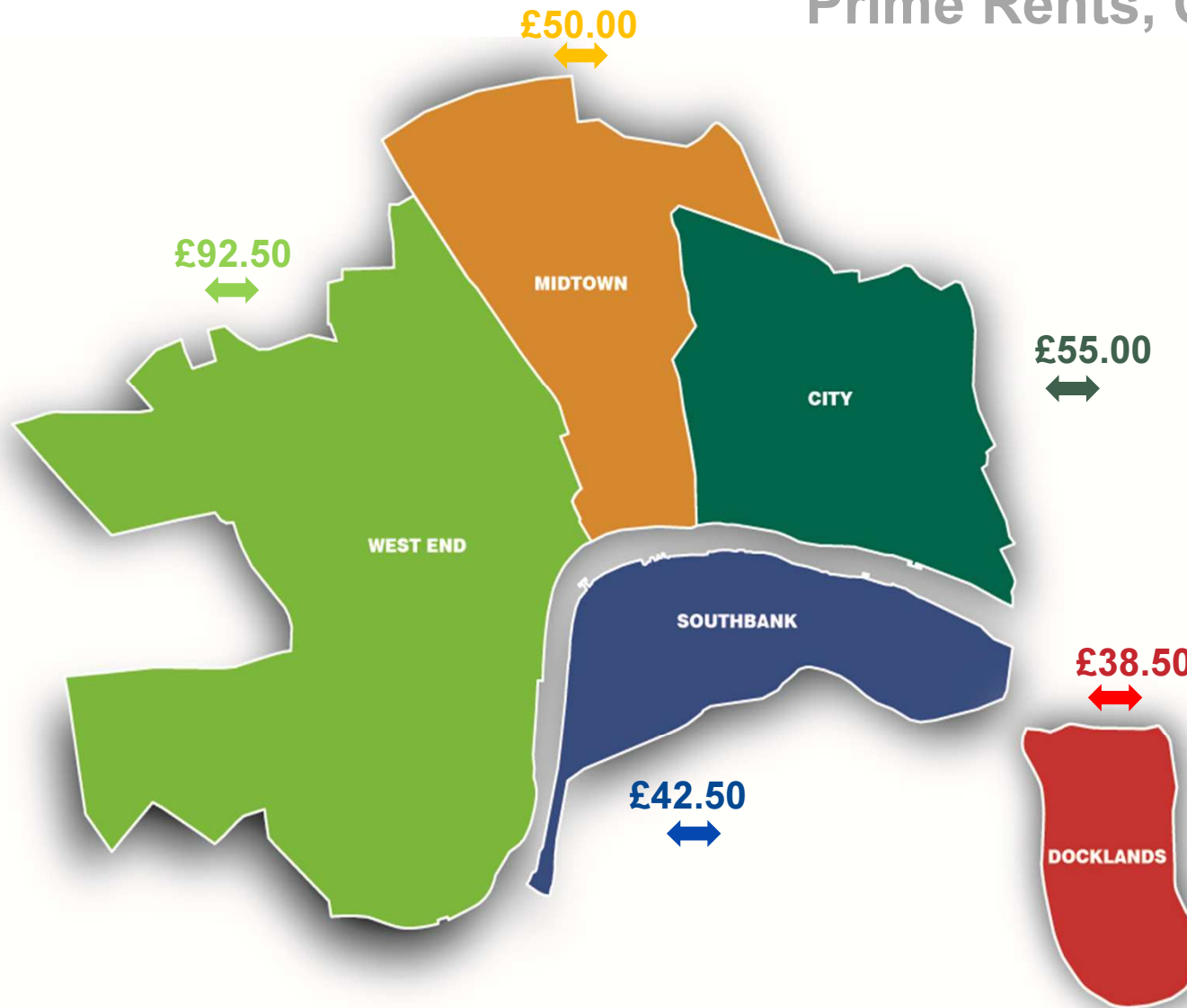
## Prime London shops return to 2007 yield levels



Source: CBRE Rent and Yield Monitor

# Central London Office Markets

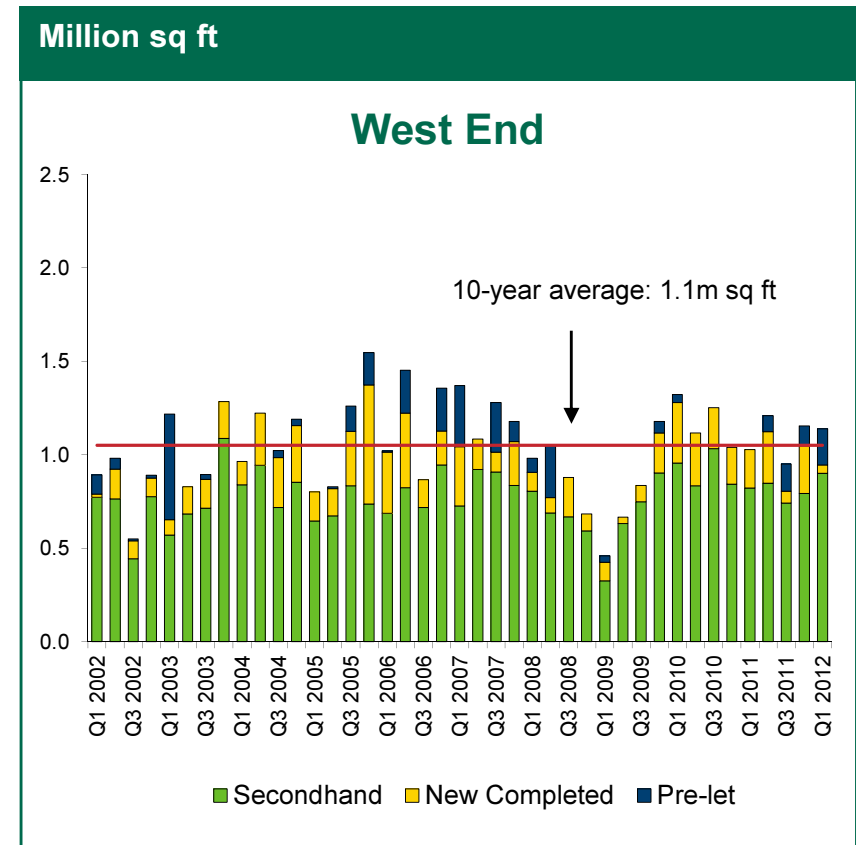
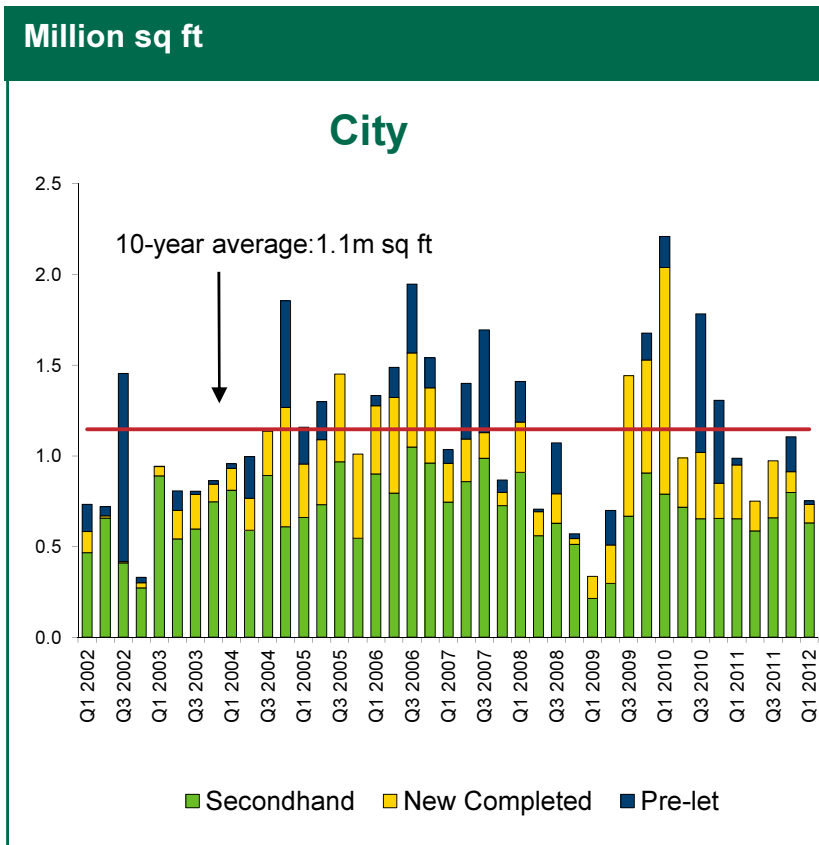
## Prime Rents, Q1 2012



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# City office demand weaker in 2011

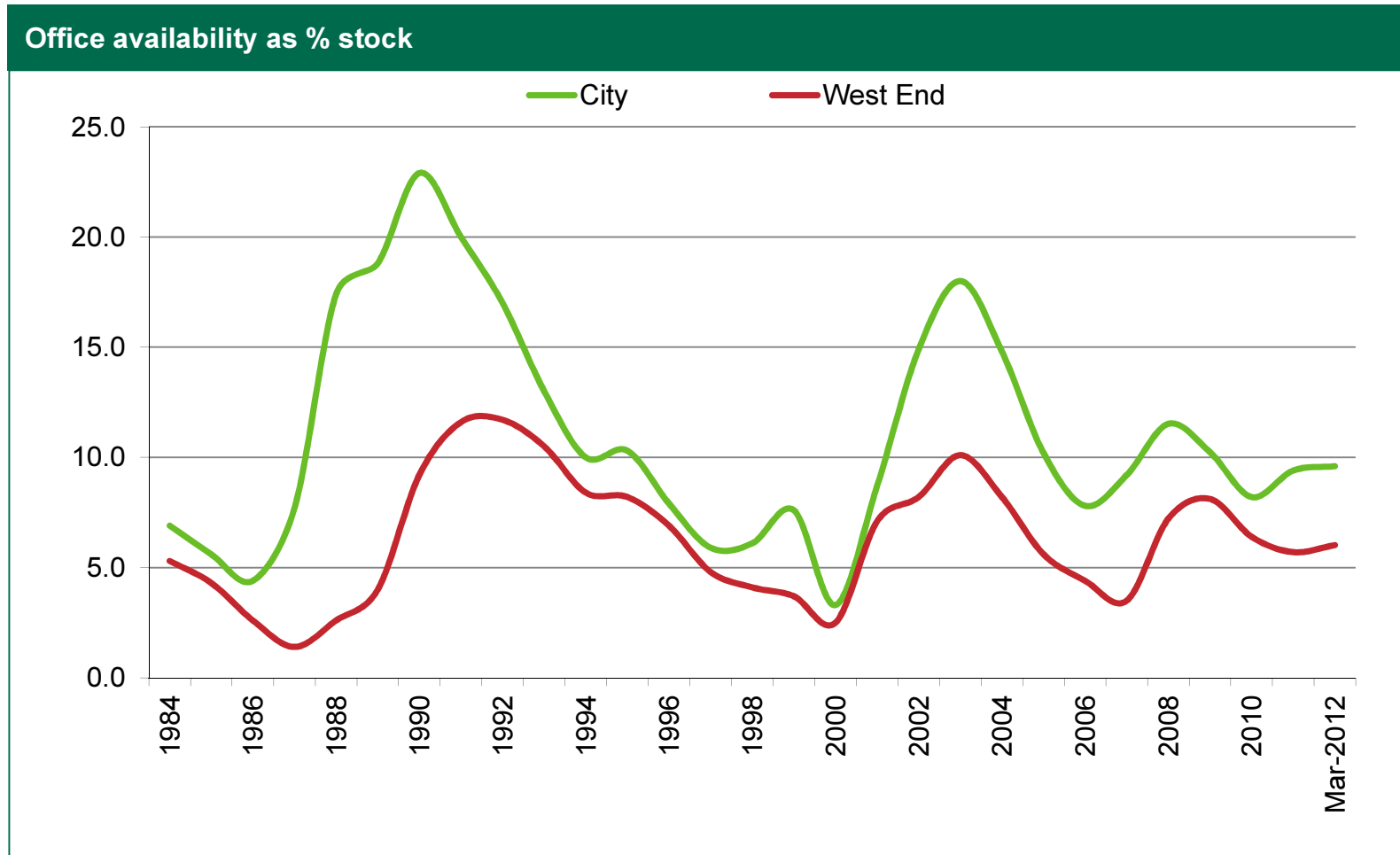
## Quarterly office take-up



Source: CBRE

# Availability on the rise

## Office availability, end year rates



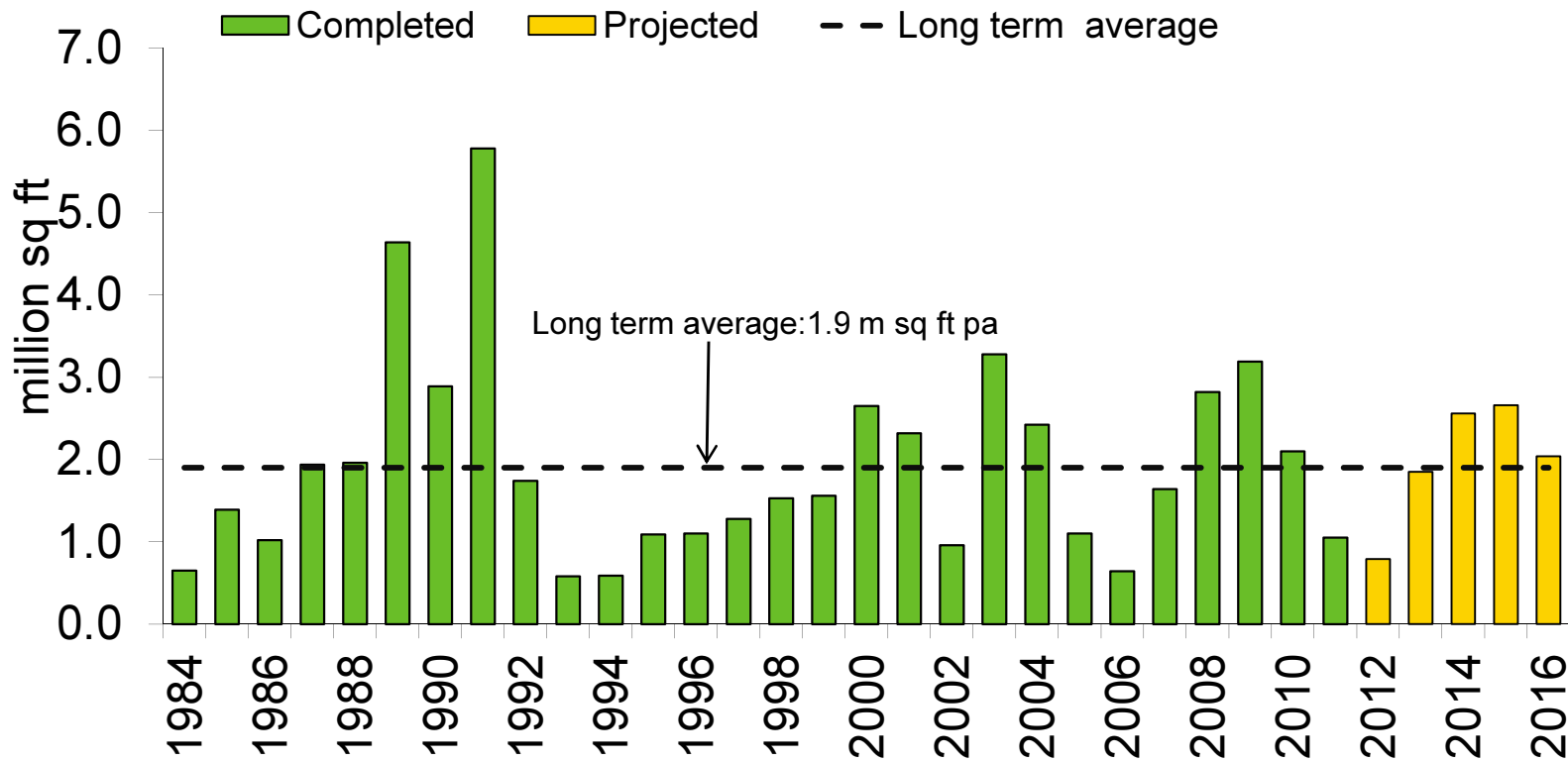
Source: CBRE

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# City Office Developments

1985 - 2016

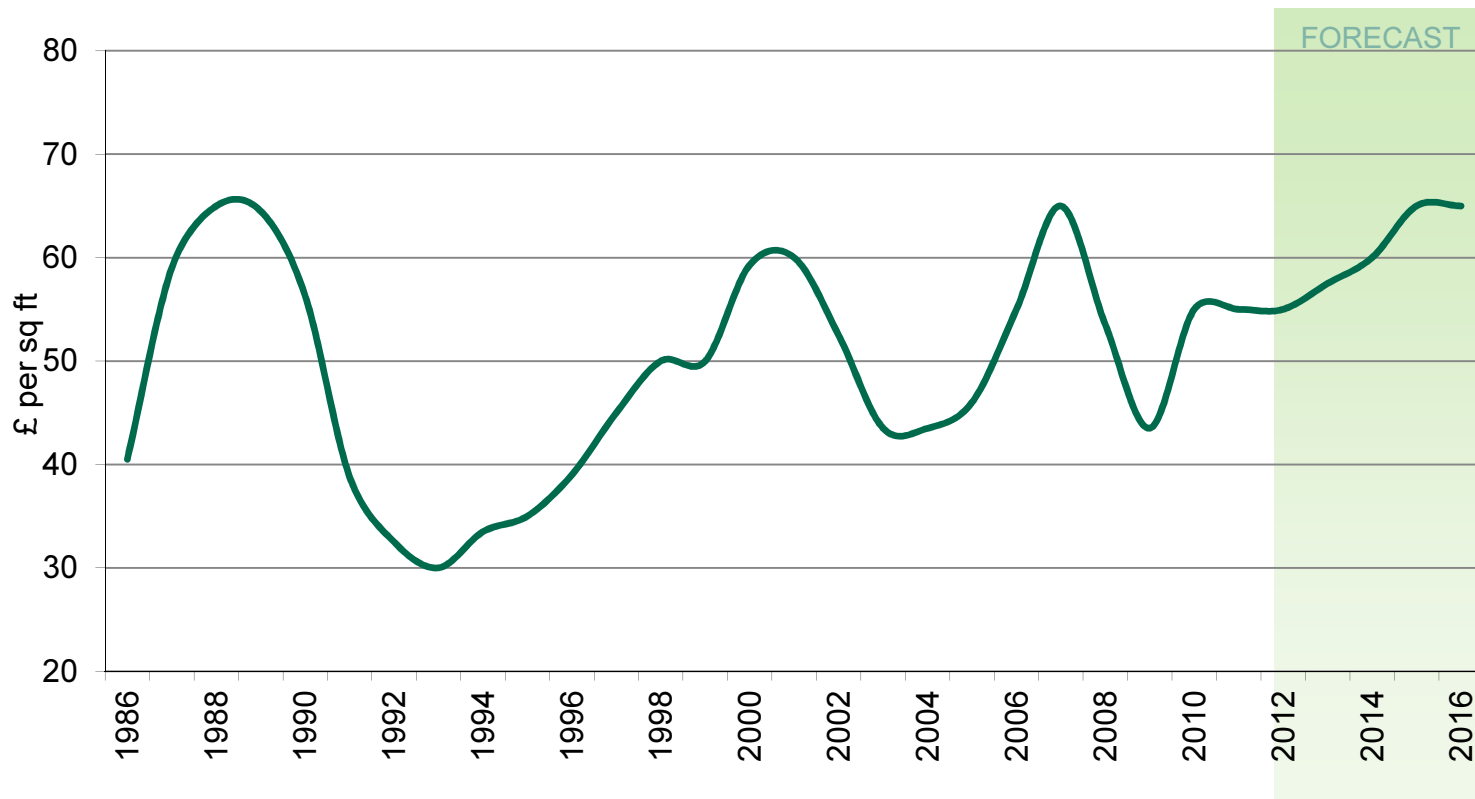


Source: CBRE

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# City Prime Office Rents: 1986 – 2016



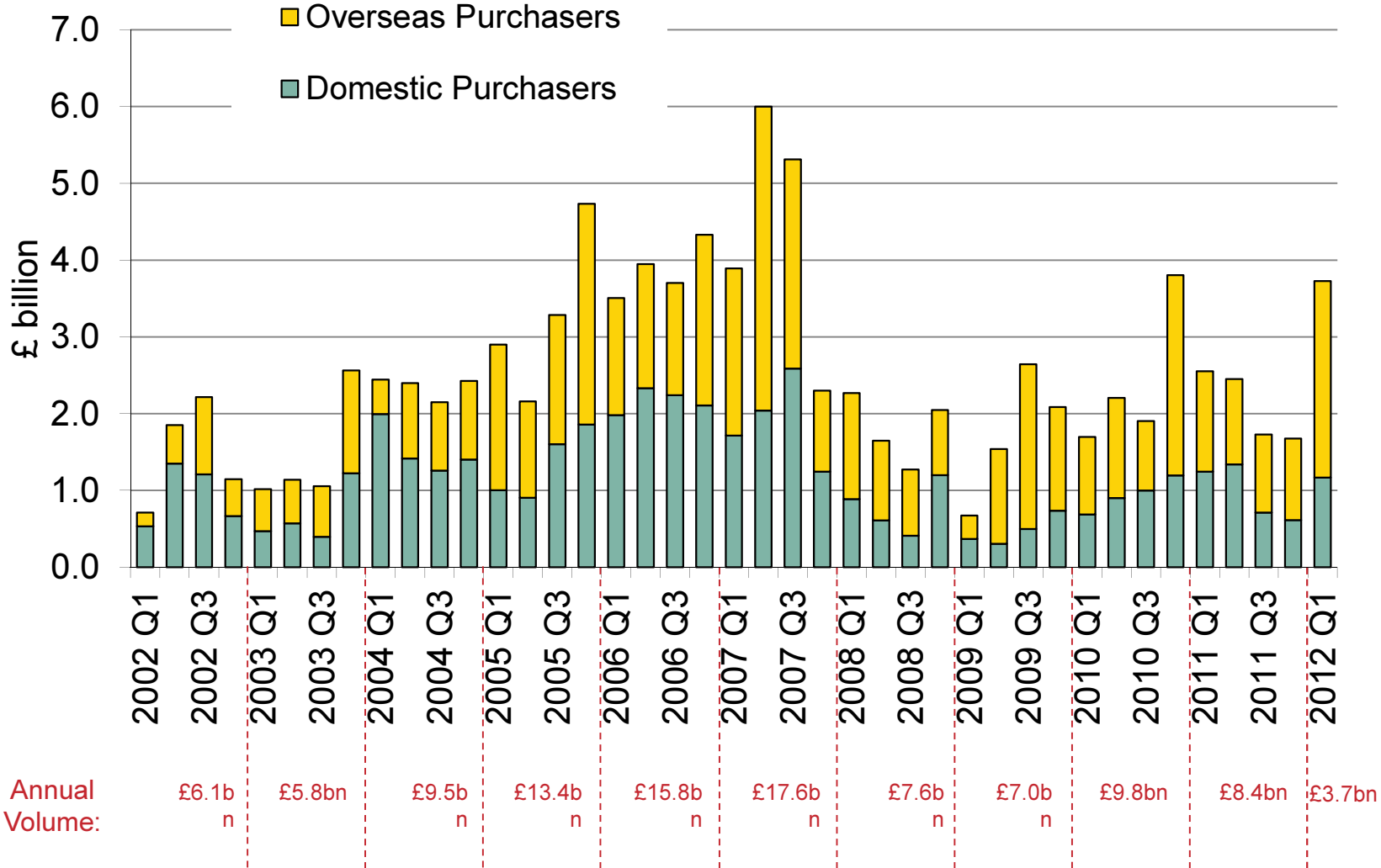
Source: CBRE

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# Central London Office Investment Transactions



Source: CBRE  
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# Cross-Regional CRE Investment in Europe, 2011

London got 31% of global investment into Europe in 2011



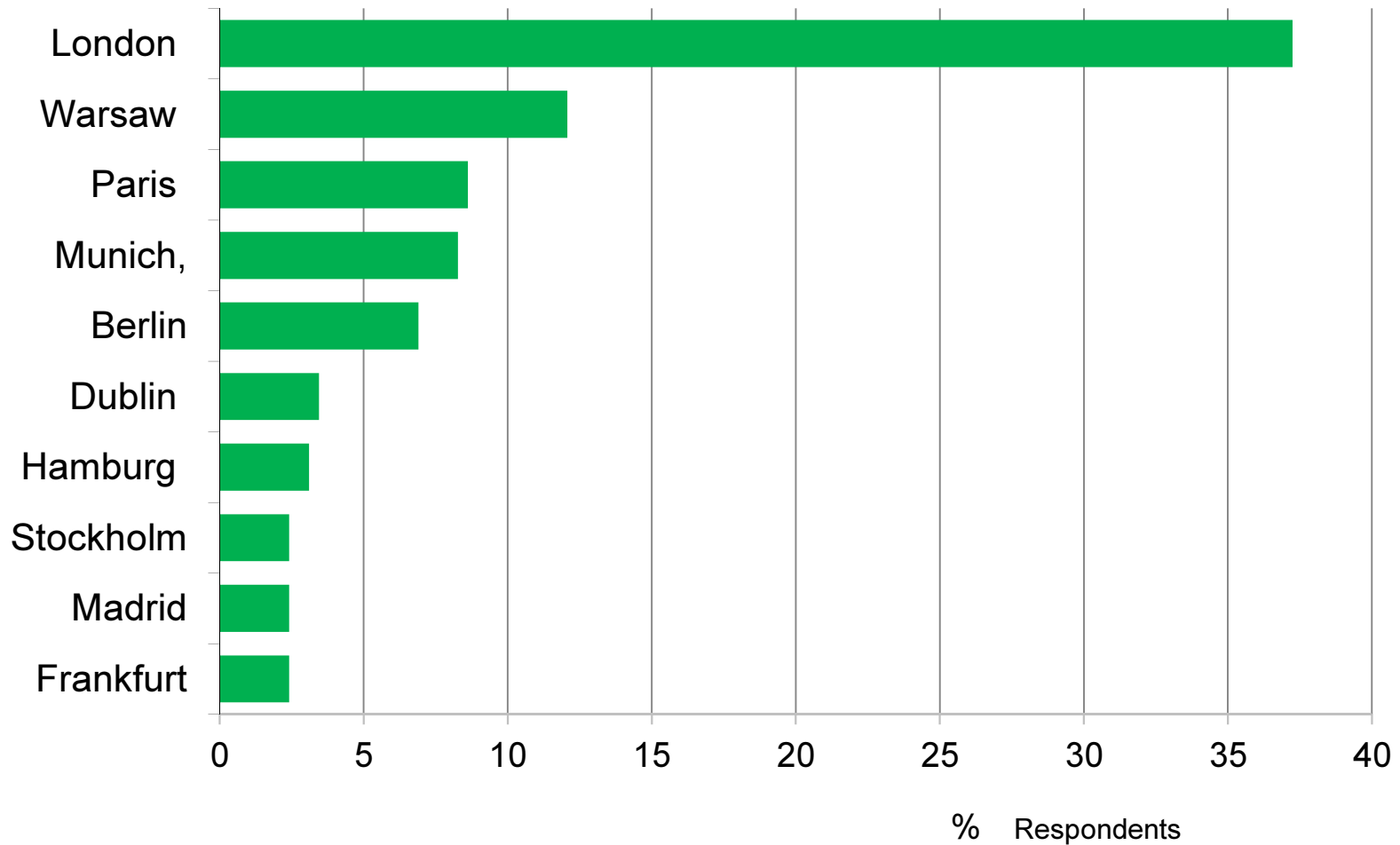
Source: CBRE, Property Data, KTI



# Which city in Europe is most attractive for investment?

## Real Estate Investor Intentions 2012

(n = 290)



Source: CBRE European Investor Intentions Survey, February 2012

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# Central London Prime Office Yields (%)



Source: CBRE  
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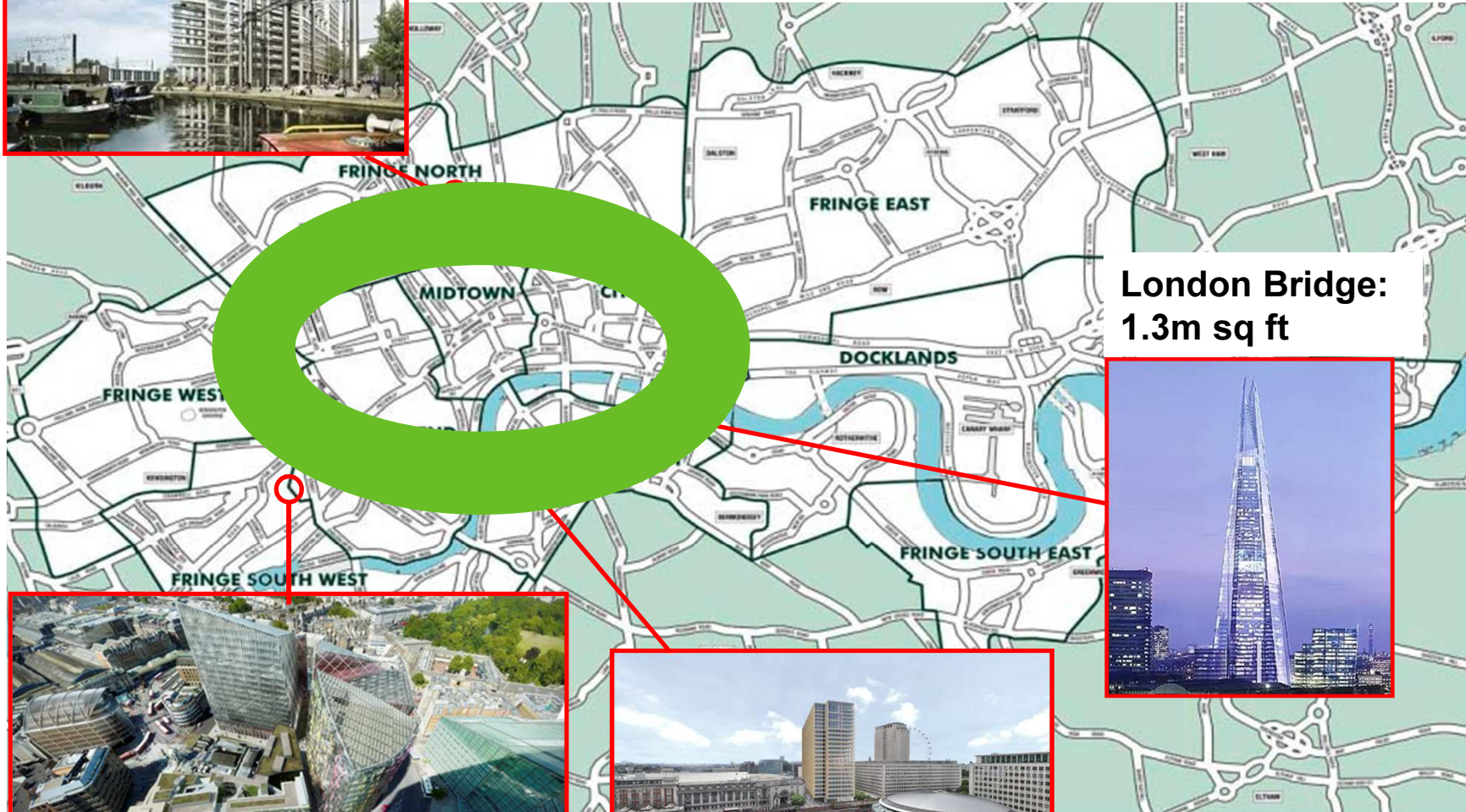


# The next wave of development

Mixed use development



King's Cross: 8m sq ft



London Bridge:  
1.3m sq ft



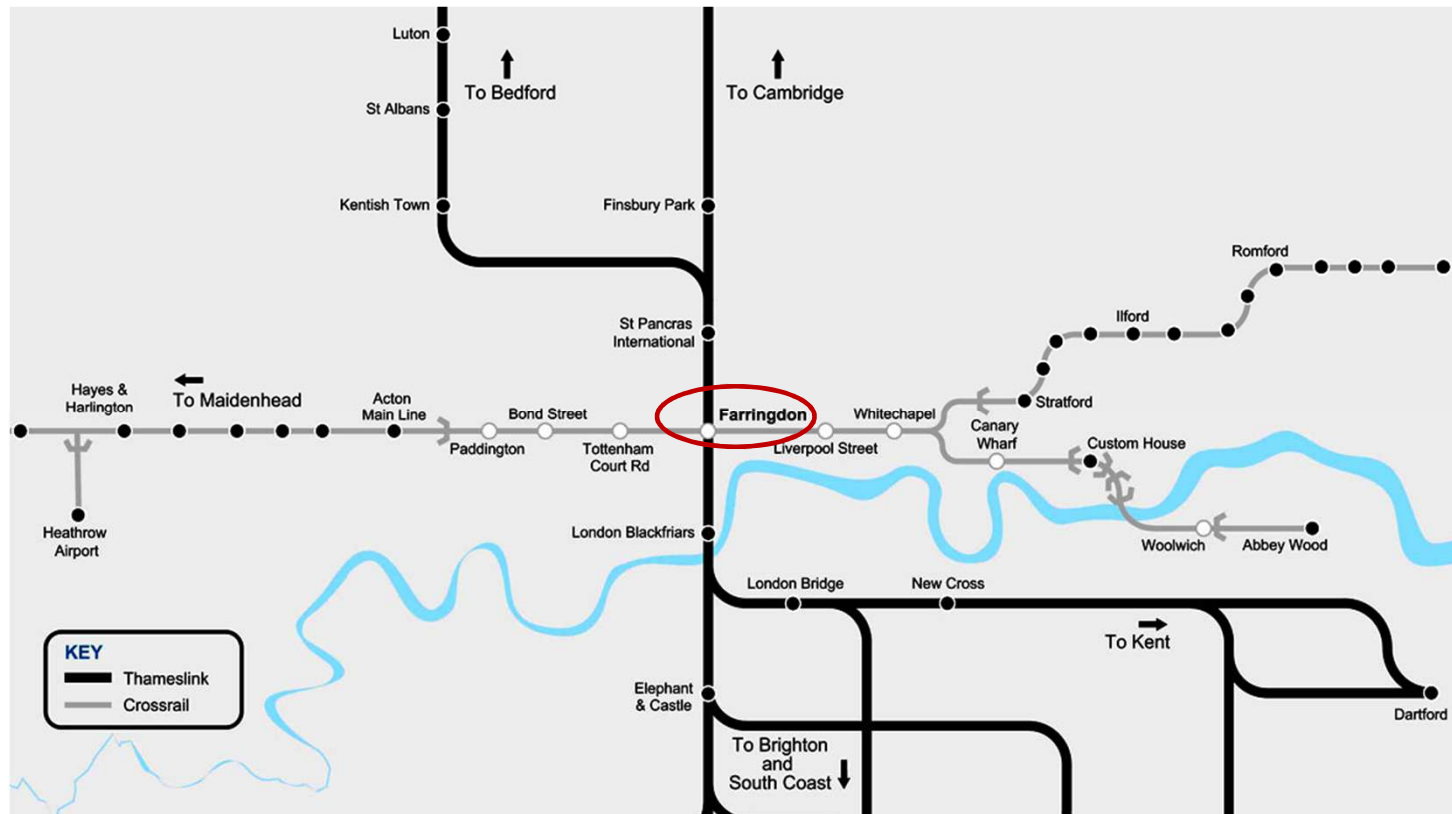
Victoria: 2.5 - 3m sq ft



Waterloo: 3 - 4m sq ft

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# Crossrail and Thameslink Programme



- Redevelopment of Blackfriars and improvement to Farringdon and London Bridge stations
- Farringdon: new transport interchange
- Connectivity creates development potential





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