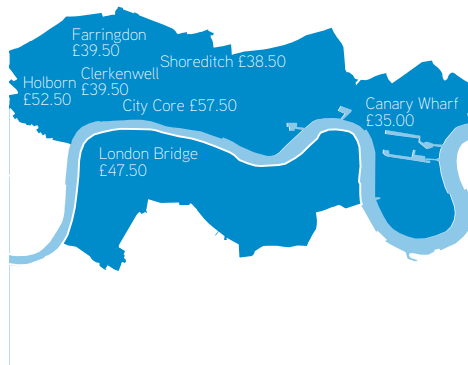


RESEARCH & FORECAST REPORT



Occupier News



- Amlin has agreed to take a 111,000 sq ft pre-let at The Leadenhall Building on levels 18-24 and level 45 with options to take up to a further 36,500 sq ft. Amlin will be relocating to The Leadenhall Building from its current offices in the Aviva Tower in March 2015. AON are already the anchor tenant.
- RSA and Liberty Insurance have added lettings to Markel, Ascot Underwriting and Tokio Marine at 20 Fenchurch Street which has now let 19 out of 34 floors, 16 months before practical completion.
- There is further activity at Heron Tower as Westhouse Securities is under offer to take 13,000 sq ft on the 20th floor. In addition, Partnership Assurance is also in negotiations to take 38,000 sq ft over three floors and Dorsey & Whitney is also taking a floor.
- Huddle, the cloud computing software firm, has now launched a search for up to 20,000 sq ft in the City fringe.
- Law firm DWF is shortlisting in the City with reference to its 60,000 sq ft requirement.

KEY MARKET INDICATORS

2012

AVAILABILITY	↓
COMPLETIONS	↑
ABSORPTION	→
TAKE-UP	↑
RENTS	→
YIELDS	→

Development News

- WR Berkley, the US insurance firm, has received planning permission from the City Corporation for its planned 35-storey tower block in EC3. The 400,000 sq ft project is anticipated to get under way during 2013, completing in 2017.
- 22,422 sq ft has been pre-let at Derwent London's Buckley building, due to complete in March 2013.
- Goldman Sachs has submitted a planning application for demolition of the Fleet Building with a view to constructing a new 1.1m sq ft, eight-storey HQ building.

520+ offices in 62 countries on 6 continents

United States: 147
Canada: 37
Latin America: 19
Asia Pacific: 201
EMEA: 118

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January 2013

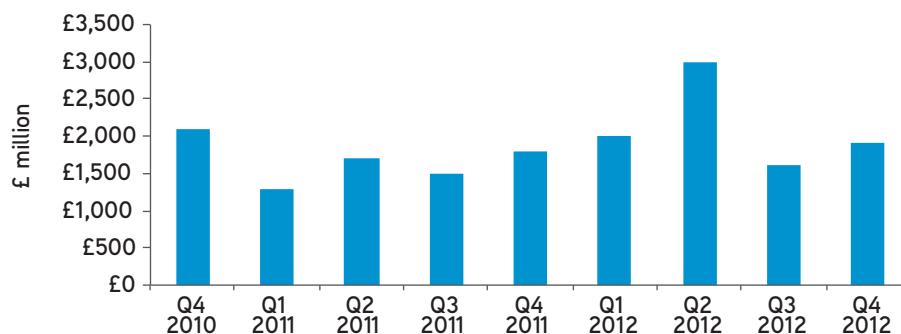
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Investment News

FIGURE 1: CITY OF LONDON QUARTERLY TOTAL TRADED ASSETS 2010-2012



Source: Colliers International

- Colliers tracked a total of 36 deals over Q4 2012 with a total value of approximately £1.9bn.
- 2012 quarterly transactions were fairly steady, with the average traded in any quarter being £2.1bn. This equates to an average lot size of £66m.
- 2012 saw City investment transactions reach close to £8.6bn which represents a rise of 37% on 2011 (£6.3bn).

Deals

- A private overseas client of Deutsche Bank has purchased 1 Threadneedle Street, EC3 from SEB for £63m (£1,173 psf) – NIY 4.5%. Nationwide recently acquired a 20-year lease of the entire building (Colliers acted).
- Winchester House sold to CIC for £245m (£783 psf) – NIY 5.51%. Deutsche Bank occupies the building on a lease expiring 2020. Wells Fargo provided the debt.
- NTT bought the long leasehold interest (10% gearing for 125 years) in 20 Finsbury Circus on October for £42.9m (£500 psf) from the City of London Corporation, equating to a NIY of 7.93%. Deutsche Bank has a lease expiry in 2015.
- 207 Old Street was acquired in a JV between Helical Bar and Crosstree for £60.75m. The asset offers a major redevelopment/refurbishment opportunity.

Q4 Summary and 2013 Prediction

- The influx of foreign capital into London remains unprecedented.
- Domestic investors continue to look at the City as a primary focus along with the West End, with rife competition for well-located Grade A buildings let on institutional leases.
- Secondary product is beginning to witness some re-pricing according to the specific asset and the capital expenditure required or rental growth tone.
- UK financing remains scarce and this, coupled with foreign borrowing, is set to see increased investment from abroad.
- A number of real estate loans agreed in less stringent times are due for re-financing this year which could result in more stock being circulated.