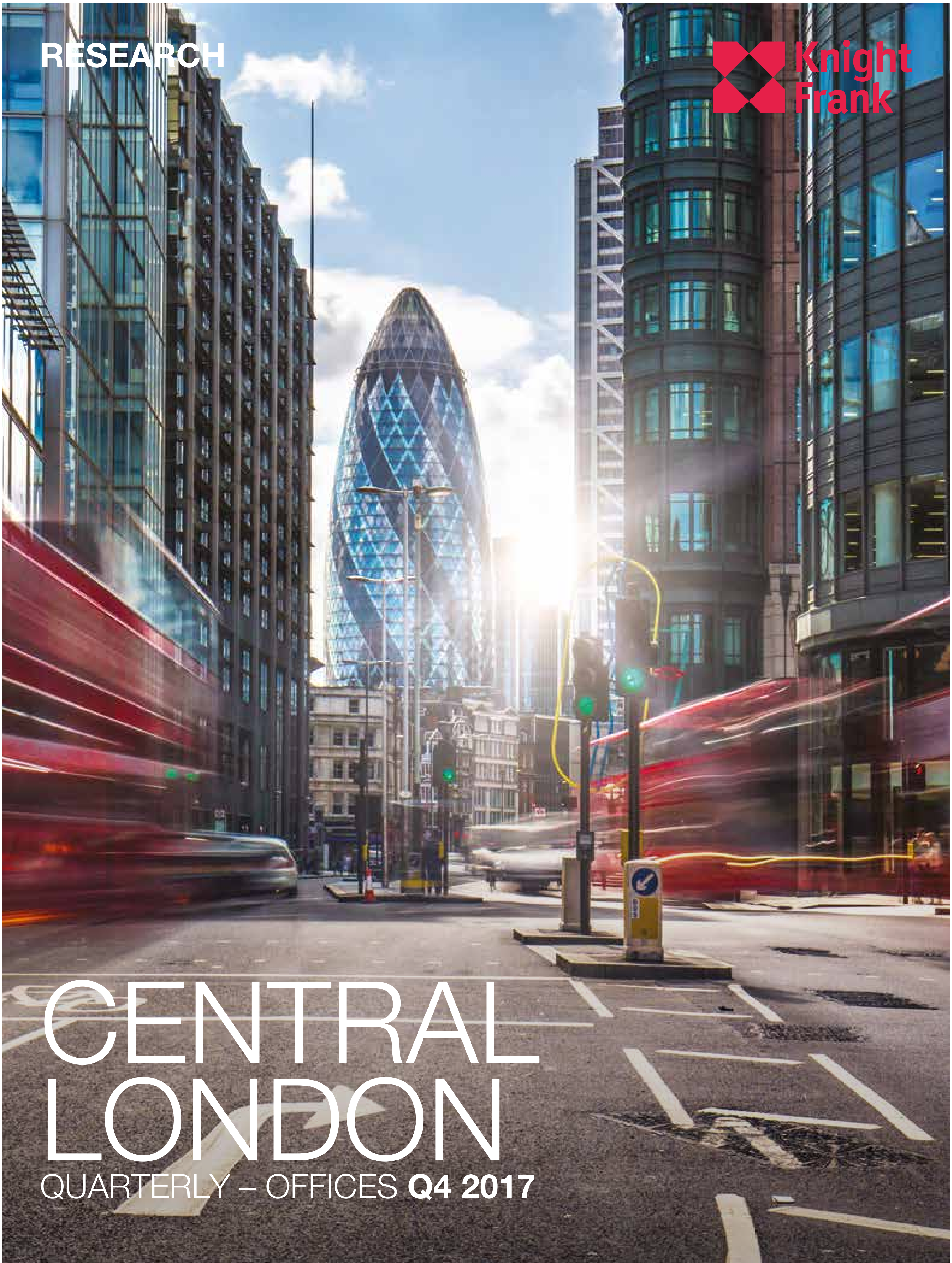


RESEARCH

CENTRAL LONDON

QUARTERLY – OFFICES **Q4 2017**

TAKE-UP INCREASES BY 17% YEAR-ON-YEAR

RENTS REMAINED STABLE ACROSS ALL MARKETS

GLOBAL CAPITAL CONTINUES TO FOCUS ON LONDON

EDITORIAL

The Central London market outperformed expectations in 2017, and indications are that 2018 will see more of the same.

As we moved into 2017, it was widely expected that the uncertainty surrounding the nature of our exit from the EU would stifle occupier and investor demand.

These expectations proved to be unfounded. Instead of delaying real estate decisions, occupiers have pushed ahead with acquisitions at the highest rate since 2014.

Central London take-up for 2017 totalled 13.8 m sq ft, an increase of 17% from 2016, and 12% above the long-term average. In fact, only two years in the last 10 have seen a higher volume of leasing activity, which provides a useful reference point to demonstrate just how remarkable this year's results have been. The message is that Brexit uncertainty has had little noticeable adverse effect on take-up of London offices, although behind the scenes both landlords and tenants remain cautious.

The technology, media and telecoms sector continued to grow, accounting for around 30% of take-up. However, it was the business-to-business sector (B2B), including flexible office providers, which dominated the headlines this year. Over the course of the year, 2.1 m sq ft was acquired by flexible workspace providers including WeWork and The Office Group. Flexible working will only gather in popularity during 2018, with large flexible deals to corporate occupiers increasingly competing with space available on traditional leases.

Supply increased across Central London during 2017, although each submarket told a different story. We now include the E20 postcode (covering Stratford) in our Docklands reporting area, which has prompted a significant increase in the supply figure – from 800,000 sq ft to 2.1 m sq ft. In the City, supply rose marginally as new development schemes entered the figures, while in the West End supply fell by 17% as the relative lack of development activity started to take effect.

Given the limited delivery of new speculative space to the market in 2018 and 2019, we believe that supply has peaked and will fall over the course of the coming year. The continued strong demand will erode the availability of new and refurbished space. Over half of all space that is due for delivery over the next 12 months is already pre-let, leaving less than 3.0 m sq ft of speculative space.

Prime headline rents have remained stable across all markets over 2017 and, in the West End and City cores, are expected to continue to do so over the next 12 months. Any negativity surrounding Brexit uncertainty will be offset by supply pressures, particularly in some of the submarkets surrounding the traditional cores, where we expect to see positive growth in headline rents.

London's investment market remained the focus of global capital in 2017. Investment turnover reached £17.0 bn for the full year, with the final quarter recording more than £4.8 bn of transactions; this is the highest quarterly transaction total for two years and 45% ahead of the long-term average. Only 17% of investment transactions over the year involved domestic purchasers, with capital from Greater China alone accounting for 40% of all purchases.

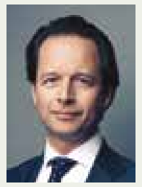
Over the last 12 months, there have been 52 individual purchases of assets in excess of £100 m. This exceeds the previous year by 41% in terms of number of transactions, a sign that Brexit has done little to deter investors from London.

As we move further into 2018, there is little reason to expect the market trends we have witnessed over the last 12 months to change. London remains open for business, and business is good.

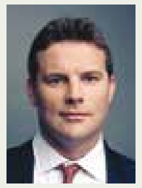
"Both occupier and investment markets exceeded expectations in 2017; London is open for business."

PATRICK SCANLON
Head of Central London Research

CENTRAL LONDON VIEW



STEPHEN CLIFTON
HEAD OF CENTRAL LONDON OFFICES
"London's commercial real estate market outperformed forecasts in 2017 as occupiers and investors defied Brexit uncertainty and gave the capital a resounding vote of confidence. We expect to see more of the same in 2018, as London remains the destination of choice for global businesses and capital."



DAN GAUNT
HEAD OF CITY AGENCY
"City take-up accelerated in the final quarter, taking leasing volumes for the year to 9% above long-term average levels. The most active sectors were TMT, with business to business (including flexible working operators), each accounting for 28% of the total. In 2018, we expect an increase in take-up from the financial sector."

IAN MCCARTER
HEAD OF WEST END AGENCY
"Strong leasing activity eroded West End availability in 2017, and we finish the year with 17% less supply that we started with. The development pipeline for the next two years is restricted, which will place supply under further pressure. We believe that this will fuel demand for pre-lets across the West End market."

NICK BRAYBROOK
HEAD OF CITY CAPITAL MARKETS
"Despite the significant increase in supply seen over the last year, pricing has remained stable as global capital continues to concentrate on large, prime assets. There were 30 acquisitions of assets in excess of £100 m over 2017, helping push annual turnover to £10.7 bn, the second highest ever recorded in the City market."

ANTHONY BARNARD
HEAD OF WEST END CAPITAL MARKETS
"Transaction volumes were broadly in line with long-term averages, despite the ongoing lack of quality supply. A broad range of nationalities were active in the market, with overseas investors accounting for more than two-thirds of all purchases. We expect pricing to remain stable as demand weighs on the limited supply."

RICHARD PROCTOR
HEAD OF CENTRAL LONDON TENANT REPRESENTATION
"Occupiers' growing focus on agility, while avoiding the hassle and CapEx associated with the fit-out process, wayleaves and dilapidations, coupled with the realisation of new accounting rules for leases, will increase pressure yet further on traditional landlords to be more creative in relation to their lease negotiations and space offerings."

“Take-up in 2017 was the strongest since before the global financial crisis, with 5.7 m sq ft leased.”

WEST END

Vacancy rate is now **6.8%**

Quarterly take-up totalled **1.3m** (sq ft)

Prime headline rents remained at **£100.00** per sq ft

Prime West End yield unchanged at **3.50%**

FIGURE 2
West End availability
(million sq ft)

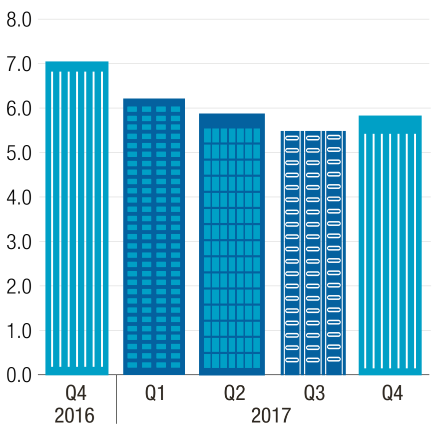
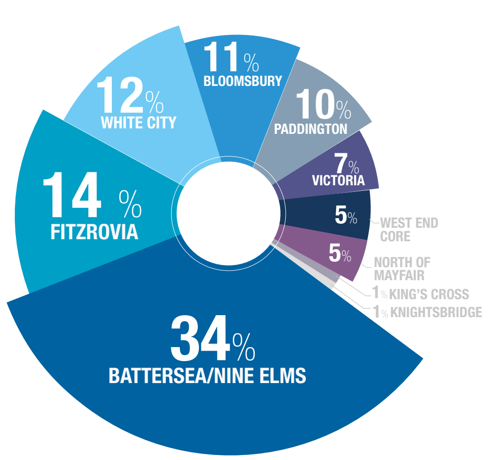


FIGURE 3
West End under construction by submarket
Q4 2017



Take-up

Take-up in the West End fell in the final quarter of the year, following a strong third quarter. Demand in Q4 2017 totalled 1.3 m sq ft, 19% below the level recorded in Q3. There was one deal over 100,000 sq ft; Google acquired circa 120,000 sq ft on an assignment from New Look at King’s Cross. Despite the fall, levels were still nearly 17% above the long-term average. It should be noted that the size of the West End market has increased over recent years with the inclusion of new submarkets including King’s Cross, White City, and Battersea & Nine Elms.

Take-up for 2017 totalled 5.7 m sq ft, 24% above the long-term average of 4.6 m sq ft and the highest level recorded since 2007. The TMT sector was the most active sector during 2017, accounting for 26% of all known deals, followed by the corporates with 18%.

Active requirements

Total active requirements totalled 2.8 m sq ft at the end of the year. Levels are now 47% above the long-term average of 1.9 m sq ft in the West End and the highest since Q4 2007.

The demand profile was dominated by the TMT sector accounting for 36%, followed by the corporates with 29%. The number of active requirements over 50,000 sq ft focused on the West End grew by 14% year-on-year.

Supply & development

In the West End, supply increased marginally by 5% from 5.5 m sq ft in Q3 to 5.8 m sq ft by the end of Q4 2017. Supply levels are just 4% above the long-term average reflecting a vacancy rate of 6.8%. Despite the slight increase, availability in the West End is 17% below the level recorded 12 months earlier.

There is currently 2.4 m sq ft under construction across the West End; 1.0 m sq ft of this has already secured a pre-let. If an occupier is looking for more than 50,000 sq ft, there are eight options due for completion by the end of 2019. Key buildings include 2 Television Centre, White City Place (273,000 sq ft), The Post Building, 21/31 New Oxford Street (265,000 sq ft) and The Brunel Building, 55-65 North Wharf Road, W2 (238,000 sq ft).

Prime rents and incentives

In the West End, the prime rent remained at £100.00 per sq ft for the third consecutive quarter. Rent free periods remained at 21-24 months on a typical 10-year lease.

Investment

West End investment turnover in Q4 2017 totalled £1.1 bn, 70% above the £674 m recorded in Q3, and marginally below the long-term average of £1.2 bn. There were 23 transactions during the quarter, up from 19 in Q3. The total annual turnover in 2017 totalled £5.2 bn, 4% above the level recorded in 2016, and nearly 5% above the long-term average.

The largest transaction of the final quarter of 2017 was the sale of 30 Broadwick Street, W1, to Savills Investment Management LLP. The asset was sold for £190 m, which reflected a NIY of 4.00% and a capital value of £2,015 per sq ft. International buyers continue to dominate the market, accounting for 68% of the market share by value in 2017. Private investors were the most active buyers in 2017, accounting for 21%. The prime yield in the West End remained at 3.50%.

CITY

Vacancy rate is now **7.1%**

Quarterly take-up was the highest level recorded in four years

Prime headline rent remained at **£70.00** per sq ft

Prime City yield unchanged at **4.25%**

“During 2017, international buyers accounted for 90% of purchases by value.”

Take-up

Take-up for the final quarter of 2017 totalled 2.3 m sq ft, the highest level recorded since Q4 2013, and 36% above the long-term average of 1.7 m sq ft. There were five deals over 100,000 sq ft compared to none recorded in Q3. WeWork leased three buildings over 100,000 sq ft, acquiring a total of circa 630,000 sq ft during the final quarter. Take-up for the full year totalled 7.4 m sq ft, a 19% increase year-on-year and 9% above the long-term average of 6.8 m sq ft.

The demand profile was dominated by the TMT and business-to-business sectors during 2017, each accounting for 28% of deals in the City. The increase in take-up by the business-to-business has accelerated in the last 12 months; levels have more than doubled from circa 733,000 sq ft in 2016 to 1.8 m sq ft in 2017.

Active requirements

Total active requirements have increased by 12.5% from 4.0 m sq ft in Q3 to 4.5 m sq ft in the final quarter of the year, around 10% above the long-term average. Furthermore, the levels of active searches are significantly higher than the 3.7 m sq ft recorded in the fourth quarter of 2016.

By the end of Q4 it was the financial sector that dominated the demand profile, accounting for 39% of active requirements, the highest level since Q4 2009. This was followed by the TMT sector with 21%.

Supply & development

In the City, supply increased in the final quarter of the year by 6%, from 8.0 m sq ft in Q3 to 8.5 m sq ft, although levels are 10% below the long-term average.

The current vacancy rate now stands at 7.1%. The supply of new and refurbished space fell during the quarter totalling 2.8 m sq ft, the lowest level since Q1 2016.

The lack of options for occupiers seeking larger units remains, with just six new and refurbished units able to offer more than 100,000 sq ft within the next six months. Looking at the future pipeline, there is currently 8.5 m sq ft under construction due to complete within the next three years; however, 42% has already been committed.

Prime rents and incentives

In the City, prime rent remained at £70.00 per sq ft for the ninth consecutive quarter. Rent free periods remained at 24 months on a typical 10-year lease.

Investment

Investment turnover in the City increased by 7% from £2.8bn in Q3 to £.3.0bn in Q4, 11% above the level recorded in Q4 2016 and 59% above the long-term average. Overseas purchasers accounted for 91% of turnover by volume. There were 11 assets sold for more than £100m, the largest transaction of the quarter was the sale of the Devonshire Square Estate, EC2, purchased by WeWork for £580 m, reflecting a NIY of 5.17%.

Year-end investment turnover totalled £10.7 bn, 41% above the level recorded for 2016 and 45% above the long-term average. During 2017, international buyers accounted for 90% of purchases by value, with far eastern buyers representing 49%. The prime yield in the City core remained at 4.25%.

FIGURE 4
City take-up
(million sq ft)

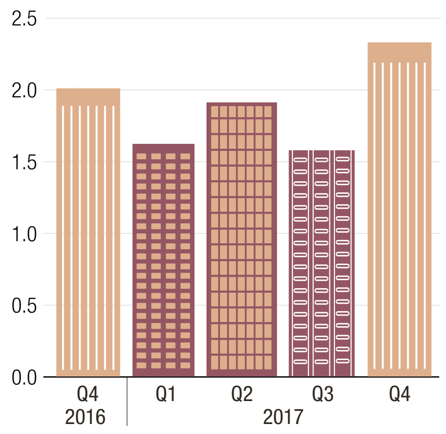
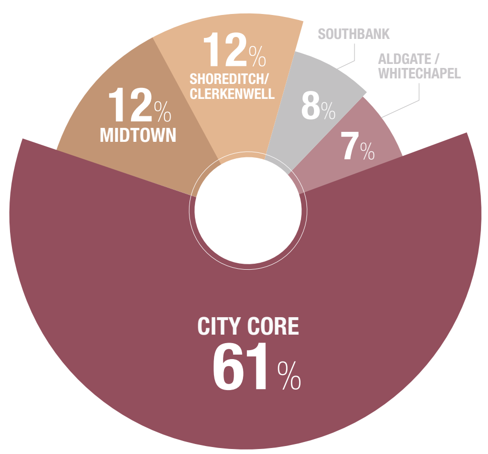


FIGURE 5
City under construction by submarket
Q4 2017



DON'T PANIC!

Knight Frank's chief economist reviews the key risks ahead in 2018.

Displayed on the front cover of The Hitchhiker's Guide to the Galaxy was the words "Don't Panic", which is sage advice when considering economic threats. In 2018, some view London as a more risky location than usual. However, it is important to be aware of the extent and likelihood of the risks. Many readers will doubtless remember the Millennium Bug, and how the chaos we were told it might unleash completely failed to materialise.

With this in mind, here are the major risks often cited for the London economy in 2018, to which we have assigned ratings one to five for likelihood and extent of impact (with one as low, and five as high). In our view, the risks likely to have the greatest impact have the lowest likelihood, and vice versa.

JAMES ROBERTS
Partner, Chief Economist

01
A HARD BREXIT

IMPACT	4.0
LIKELIHOOD	1.0

Since the May government lost its Parliamentary majority in the June 2017 general election, the pendulum on Brexit has been steadily edging from hard towards soft. For a majority in Parliament, the government is now dependent upon the Democratic Unionist Party (DUP), who are opposed to a customs border either between Northern Ireland and the Republic Ireland, or with the UK mainland.

Indeed the phase one agreement on the Brexit talks guarantees that in the absence of a negotiated Brexit deal, Northern Ireland will remain fully aligned with the markets of the Republic of Ireland and mainland Britain. That suggests that the UK and the EU remaining in full alignment is now the default position.

A CETA-style trade deal would require a customs border. This moves the debate towards staying in the single market and customs union, or possibly a hybrid of CETA and full membership. For both the UK and the EU, all this crosses 'red lines' previously set out, but we believe the necessity of avoiding economic disruption and honouring Northern Ireland's peace agreement mean those lines will need to be blurred or abandoned.

02
MASS FINANCIAL JOB RELOCATIONS

IMPACT	3.0
LIKELIHOOD	1.0

That Brexit may require banks to move operations and jobs that serve EU27-based clients from the UK to cities in Europe has been well publicised, as is Oliver Wyman's worst case forecast of 75,000 jobs lost, which was published in 2016. However, more recent forecasts have been markedly lower. A study by Thomson Reuters in summer 2017, estimated 10,000 jobs, for instance. The office space occupied by 10,000 workers is the equivalent of just 0.5% of Central London's office stock.

Several leading banks who previously said they would move thousands of jobs from the UK, have more recently revised their figures to hundreds.

03
ANOTHER GENERAL ELECTION

IMPACT	3.5
LIKELIHOOD	1.5

The UK parliament operates to a five year fixed term, and the next election is not due unto 2022, by which time the political landscape could have changed beyond all recognition. Parliament can vote to dissolve itself and force an election, although at present fear of a victory for the Labour Party is holding the Conservative Party together, and keeping the DUP on board. Consequently, Parliament voting to dissolve itself in the foreseeable future appears unlikely.

Moreover, we suspect that many of the frontrunners to become the next Prime Minister have concluded that it is better to leave Theresa May in place until after the divisive Brexit issue is resolved. If this is the case, the UK does not leave until March 2019, but a post-Brexit transition period is expected to last until December 2020.

04
HIGHER INTEREST RATES

IMPACT	2.5
LIKELIHOOD	4.5

The Bank of England joined the US Federal Reserve and the Bank of Canada by raising interest rates in 2017, and has guided that the future outlook is for very gradual rises over a long period. The general expectation is for inflation to moderate in 2018, which should guarantee the Monetary Policy Committee (MPC) follows through on its guidance of a gradual approach. Moreover, market interest rates have been edging upwards for some time. All this should moderate the impact of future rate increases on the real economy.

05
GROWTH REMAINS SLUGGISH

IMPACT	2.5
LIKELIHOOD	4.5

Knight Frank's UK GDP growth forecast for 2018 is 1.5%, which is in line with the IMF, and compares poorly with the 20 year average figure of 2.0% per annum. London usually outperforms the rest of the UK on economic growth, but the capital also will also in our opinion grow at a slower pace compared to long-term average levels. Brexit will inevitably delay business decision making, and the consumer is being squeezed by below inflation pay rises. Nevertheless, 1.5% growth is a disappointing but not alarming forecast.

"Several leading banks who previously said they would move thousands of jobs from the UK, have more recently revised their figures to hundreds."

“A strong finish to the year saw take-up levels rise to 62% above average, as Q4 leasing reach 370,000 sq ft.”

DOCKLANDS

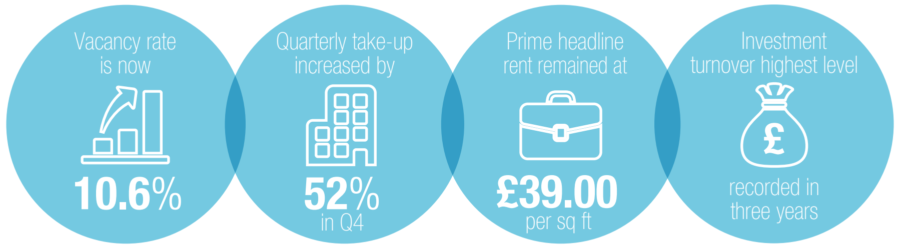


FIGURE 6
Docklands availability
(million sq ft)

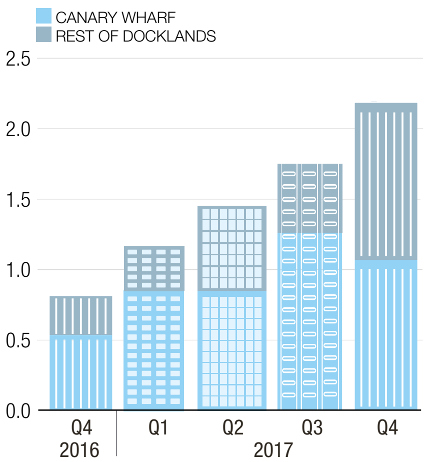
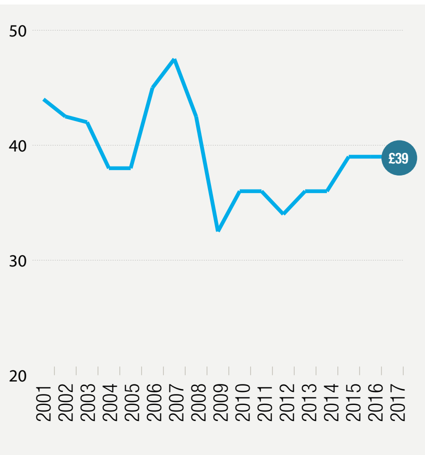


FIGURE 7
Canary Wharf prime headline rents
£ per sq ft



Take-up

Take-up in the final quarter of 2017 totalled 370,000 sq ft, 52% higher than the previous quarter and 62% above the long-term average of 232,000 sq ft. The number of deals increased by 57% quarter-on-quarter. The largest deal of the quarter was the letting of circa 240,000 sq ft at Westfield Avenue, Stratford to HMRC, the largest deal across Central London in Q4.

Total take-up in Docklands for 2017 totalled 705,000 sq ft, 24% below the long-term average of 929,000 sq ft. The public sector was the most active in the market during 2017 accounting for 71% of transactions.

Active requirements

Due to HMRC’s recent acquisition, the level of active requirements has fallen 31% from 729,000 sq ft in Q3 to 500,000 sq ft in the fourth quarter. There is strong demand from the co-working and public sectors. These include WeWork, Regus and the Competition & Markets Authority.

Supply and development

Supply in Docklands continued to rise quarter-on-quarter during 2017. By the end of Q4, supply levels totalled 2.1 m sq ft. The current vacancy rate now stands at 10.6%.

Despite the increase across the Docklands market, supply in Canary Wharf fell 15% to 1.1 m sq ft in the fourth quarter. However, this is likely to increase towards the end of the year with the refurbishment of 200,000 sq ft at 25 Cabot Square. There is a further 700,000 sq ft under construction in Canary Wharf at 1 Bank Street, albeit 280,000 sq ft is already committed to Société Générale.

Rental Profile

The prime headline rent remained stable at £39.00 per sq ft for the ninth consecutive quarter.

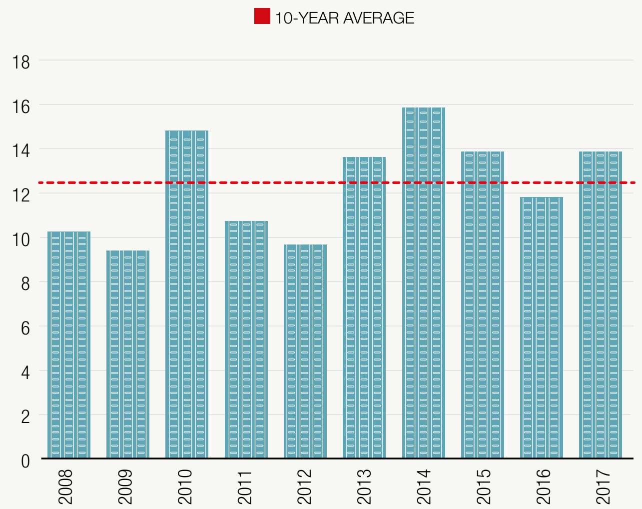
Investment

Investment turnover totalled £674m during the final quarter of 2017, the highest level recorded since Q4 2014. There were three investment transactions during Q4; the largest was the sale and leaseback of 15 Canada Square, purchased by a Hong Kong investor for £400m, reflecting a NIY of 4.24%. Also sold in Canary Wharf was 5 Churchill Place, purchased by another Hong Kong investor for £268.8m, reflecting a NIY of 4.25%.

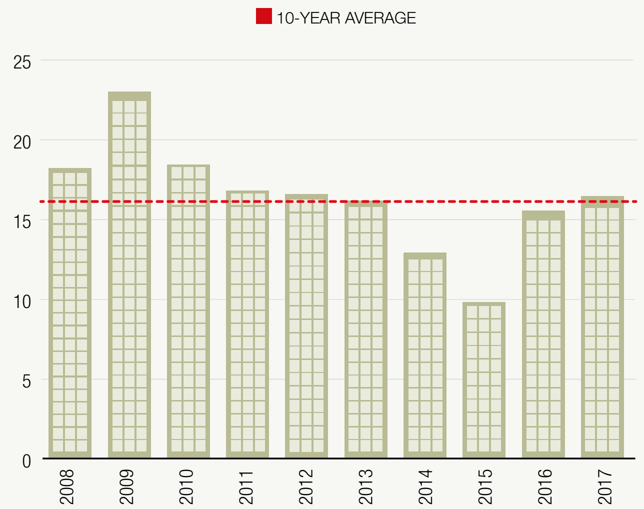
The limited stock in this market will continue to influence the investment figures going forward. Key available stock includes 1 Westferry Circus which came to the market in Q3 and is already under offer; and 1 Cabot Square in Q4, now on the market with a quoting price of £475m.

CENTRAL LONDON – KEY INDICATORS AT A GLANCE

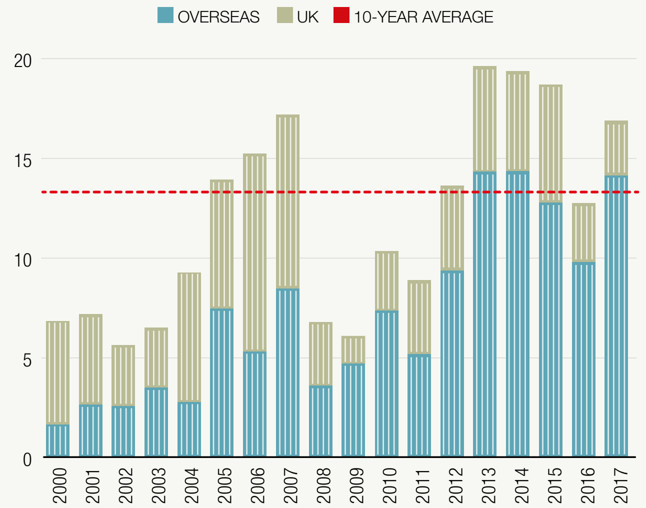
CENTRAL LONDON TAKE-UP
MILLION SQ FT



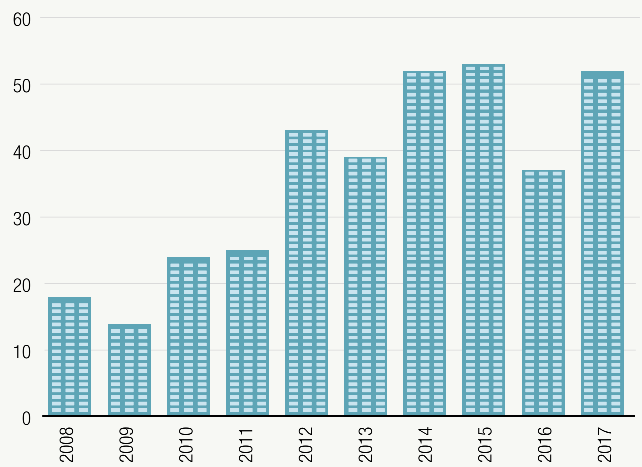
CENTRAL LONDON AVAILABILITY
MILLION SQ FT



CENTRAL LONDON INVESTMENT TURNOVER
£ BILLION



CENTRAL LONDON INVESTMENT TRANSACTIONS OVER £100M
NUMBER OF DEALS



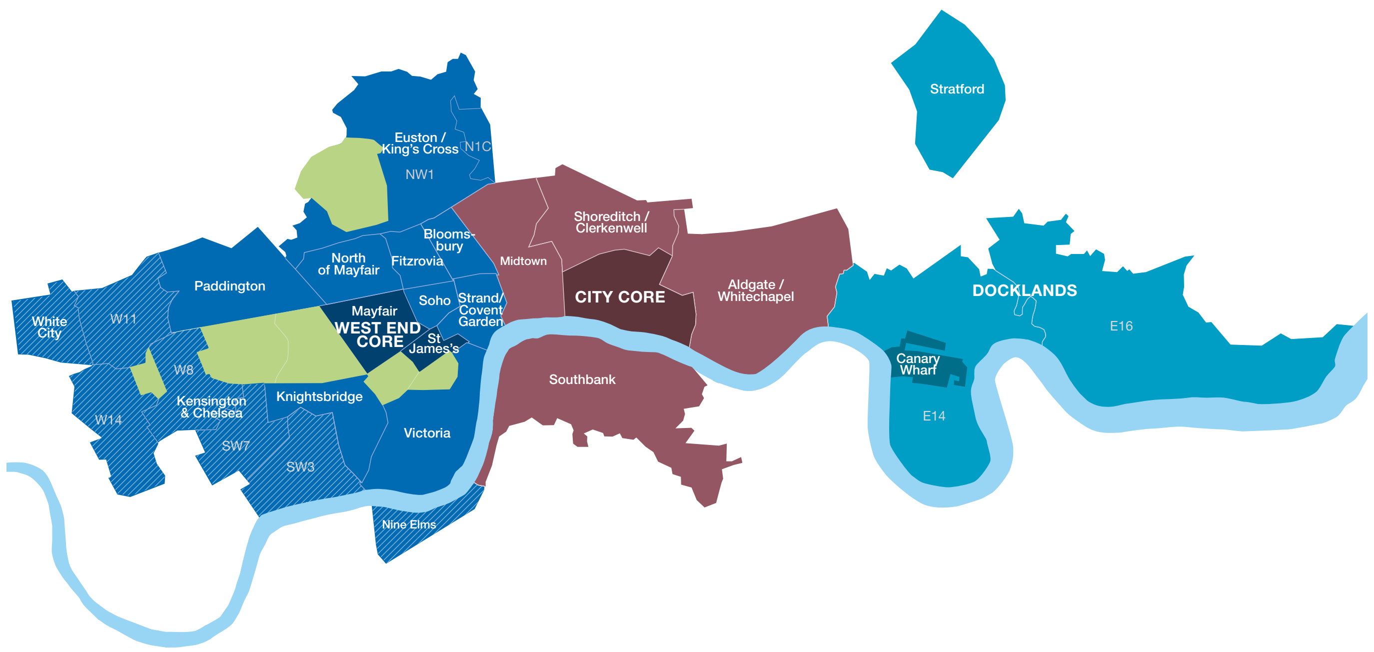
KEY STATISTICS

Central London office market

		Q4 16	Q1 17	Q2 17	Q3 17	Q4 17	% CHANGE 3 mths	% CHANGE 12 mths	Long-term quarterly average
AVAILABILITY (sq ft)	West End	7.04 m	6.19 m	5.88 m	5.48 m	**5.83 m**	6%	-17%	5.61 m
	City	7.70 m	8.60 m	8.60 m	7.95 m	**8.46 m**	6%	10%	9.38 m
	Docklands	0.81 m	1.17 m	1.45 m	1.75 m	**2.10 m**	20%	159%	1.47 m
	Central London	15.55 m	15.96 m	16.17 m	15.18 m	**16.39 m**	8%	5%	16.46 m
VACANCY RATE	West End	8.3%	7.2%	6.9%	6.4%	**6.8%**	n/a	n/a	6.3%
	City	6.4%	7.2%	7.3%	6.6%	**7.1%**	n/a	n/a	8.0%
	Docklands	4.1%	6.0%	7.3%	10.2%	**10.6%**	n/a	n/a	7.1%
	Central London	6.9%	7.1%	7.1%	6.9%	**7.3%**	n/a	n/a	7.3%
TAKE-UP (sq ft)	West End	1.02 m	1.47 m	1.24 m	1.65 m	**1.34 m**	-19%	31%	1.15 m
	City	2.01 m	1.62 m	1.91 m	1.58 m	**2.33 m**	47%	16%	1.71 m
	Docklands	0.62 m	0.03 m	0.05 m	0.25 m	**0.38 m**	52%	-39%	0.23 m
	Central London	3.65 m	3.12 m	3.20 m	3.48 m	**4.05 m**	16%	11%	3.09 m
ACTIVE REQUIREMENTS (sq ft)	West End	2.71 m	2.21 m	2.13 m	2.31 m	**2.8 m**	21%	3%	1.88 m
	City	3.65 m	4.54 m	4.64 m	4.01 m	**4.46 m**	11%	22%	4.06 m
	Docklands	0.56 m	0.67 m	0.70 m	0.73 m	**0.50 m**	-32%	-11%	0.41 m
	Unspecified	1.65 m	1.17 m	1.15 m	1.40 m	**2.88 m**	106%	75%	1.60 m
	Central London	8.57 m	8.59 m	8.62 m	8.45 m	**10.64 m**	26%	24%	7.95 m
UNDER CONSTRUCTION (sq ft)	West End	2.94 m	3.31 m	3.16 m	2.12 m	**2.35 m**	11%	-20%	2.46 m
	City	10.30 m	8.30 m	8.43 m	8.69 m	**8.52 m**	-2%	-17%	5.99 m
	Docklands	0.70 m	0.70 m	0.70 m	0.90 m	**0.96 m**	7%	37%	0.96 m
	Central London	13.94 m	12.31 m	12.29 m	11.71 m	**11.83 m**	1%	-15%	9.41 m
INVESTMENT	West End	£1.50 bn	£2.13 bn	£1.22 bn	£0.67 bn	**£1.15 bn**	72%	-23%	£1.24 bn
	City	£2.65 bn	£2.59 bn	£2.37 bn	£2.78 bn	**£2.95 bn**	6%	11%	£1.85 bn
	Docklands	£0.04 bn	£0 bn	£0 bn	£0.41 bn	**£0.71 bn**	73%	1575%	£0.40 bn
	Central London	£4.19 bn	£4.72 bn	£3.59 bn	£3.86 bn	**£4.81 bn**	25%	15%	£3.49 bn

Source: Knight Frank Research

THE CENTRAL LONDON OFFICE MARKET



WEST END

West End Core – West End Core refers to Mayfair and St James's, the area bounded by Oxford Street, Regent Street and Park Lane in W1 and by Green Park, St James's Park and The Mall in SW1.

North of Mayfair – North of Mayfair refers to the area north of Oxford Street, west of Portland Place.

Fitzrovia – Fitzrovia also known as Noho, refers to the area north of Oxford Street, east of Portland Place.

Soho – Soho refers to W1B, W1F and W1D.

Euston/King's Cross – Euston/King's Cross refers to NW1 and N1C.

Victoria – Victoria refers to SW1 (excluding St James's) and SW1X.

Bloomsbury – Bloomsbury refers to the area of WC1 bounded by Euston Road, Southampton Row, New Oxford Street and Tottenham Court Road.

Strand/Covent Garden – Strand/Covent Garden refers to WC2, west of Kingsway.

Paddington – Paddington refers to W2.

Kensington/Chelsea – Kensington/Chelsea refers to SW3, SW7, W8, W11, W14.

Knightsbridge – Knightsbridge refers to SW7 and SW1X, which includes Belgravia.

White City – White City refers to W12.

Nine Elms/Battersea – Nine Elms refers to SW8.

CITY

City Core – City Core refers to EC2 (excluding EC2A), EC3, EC4 (excluding EC4A and EC4Y), and EC1A.

Midtown – Midtown refers to EC1N, EC4A, EC4Y, WC1 (excluding Bloomsbury), and WC2 (excluding Strand/Covent Garden).

Shoreditch/Clerkenwell – Shoreditch/Clerkenwell refers to EC1 (excluding EC1A and EC1N), and EC2A.

Aldgate/Whitechapel – Aldgate/Whitechapel refers to E1.

Southbank – Southbank refers to SE1.

DOCKLANDS

Canary Wharf – Canary Wharf refers to the area comprising Canary Riverside, Westferry Circus, Columbus Courtyard, Cabot Square, Canada Square, Blackwall Place and Heron Quays (East).

Rest of Docklands – Rest of Docklands refers to E14 and E16 including the Royal Business Park (excluding Canary Wharf), and Stratford E20.

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General Note

This report has been prepared by Knight Frank Research, the research and consultancy division of Knight Frank. Knight Frank Research gratefully acknowledges the assistance given by the West End, City and Docklands Offices in the compilation and presentation of this material. Certain data sourced from LOD. All graph data sourced by Knight Frank.

Technical Note

The following criteria have been adopted in the preparation of this report.

i. All floorspace figures quoted in this report refer to sq ft net.

ii. Take-up figures refer to space let, pre-let, or acquired for occupation during the quarter.

iii. Availability refers to all space available for immediate occupation, plus space still under construction which will be completed within six months and which has not been let.

iv. Availability and take-up are classified into three grades:

   New/refurbished: Space under construction which is due for completion within six months or space which is currently on the market and is either new or completely refurbished.

   Second-hand A Grade: Previously occupied space with air-conditioning.

   Second-hand B Grade: Previously occupied space without air-conditioning.

v. Demand figures quoted in this report refer to named requirements for over 10,000 sq ft.

vi. Under construction figures quoted in this report refer to developments of over 20,000 sq ft which are currently underway. They do not include properties undergoing demolition.

vii. Investment figures quoted in this report refer to accommodation where the majority of income/ potential income is from office usage and comprises transactions of £1 m and above.

   The data includes standing investments, site purchases and funding transactions.

viii. This report is produced to standard quarters.

   Quarter 1: January 1 – March 31,
   Quarter 2: April 1 – June 30,
   Quarter 3: July 1 – September 30,
   Quarter 4: October 1 – December 31

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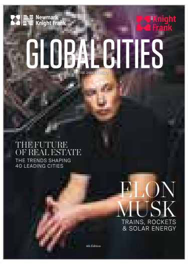

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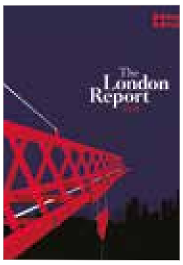

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