Attention has turned to Vauxhall and Nine Elms where over £15bn of regeneration projects are underway to develop underutilised land to make way for new public spaces, schools, homes, and transport infrastructure. The area will deliver large scale mixed-used developments and will transform one of London’s last remaining industrial districts into a world-class destination.
South Bank Overview

% of South Bank office stock by submarket

22m sq ft
Total Office Stock

SE1
Bankside
London Bridge
Waterloo
Borough West
Bermondsey

SE11
Vauxhall, Kennington

SE17
Elephant & Castle, Camberwell

SW8
Battersea, Nine Elms
South Bank Overview

South Bank reaches tipping point as lack of supply has now stalled growth in office take-up.

<table>
<thead>
<tr>
<th>Q1 15</th>
<th>% Change on Q4 14</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Availability</strong></td>
<td>672,300 sq ft</td>
</tr>
<tr>
<td>Availability Rate</td>
<td>3.1%</td>
</tr>
<tr>
<td>Availability - New &amp; Refurbished</td>
<td>353,669 sq ft</td>
</tr>
<tr>
<td>Availability - Secondhand</td>
<td>318,631 sq ft</td>
</tr>
<tr>
<td>Speculative Construction</td>
<td>389,443 sq ft</td>
</tr>
<tr>
<td>Take-up</td>
<td>225,415 sq ft</td>
</tr>
<tr>
<td>Investment</td>
<td>£169m</td>
</tr>
</tbody>
</table>

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Key Q1 15 Take-up Transactions

25 Lavington Street, SE1
- Size: 31,300 sq ft
- Grade: Secondhand Grade B
- Rent: £25.00 psf

230 Blackfriars Road, SE1
- Size: 31,164 sq ft
- Grade: Secondhand Grade B
- Rent: £43.00 psf

Cottons Centre, Cottons Lane, SE1
- Size: 25,252 sq ft
- Grade: Refurbished
- Rent: £45.00 psf

The Shard, 32 London Bridge Street, SE1
- Size: 15,383 sq ft
- Grade: New
- Rent: £59.50 psf
Quarterly Take-up by Grade

Take-up was dominated by Secondhand Grade B stock (76%) and almost all transactions were under 5,000 sq ft (72%)
Take-up was evenly spread across Bankside, London Bridge, and Borough West all accounting for approximately one third of total Take-up each.
Take-up in Q1 15 was dominated by Serviced Offices, accounting for 67% of transactions.
South Bank currently has the lowest Availability Rate on record and without The Shard is only 1.7%

<table>
<thead>
<tr>
<th>Grade</th>
<th>(sq ft)</th>
<th>South Bank</th>
<th>Midtown</th>
<th>West End</th>
<th>City</th>
</tr>
</thead>
<tbody>
<tr>
<td>New &amp; Refurbished</td>
<td></td>
<td>353,669</td>
<td>581,857</td>
<td>760,357</td>
<td>2,326,141</td>
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<tr>
<td>Secondhand Grade A</td>
<td></td>
<td>96,139</td>
<td>401,439</td>
<td>948,948</td>
<td>2,939,254</td>
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<tr>
<td>Secondhand Grade B</td>
<td></td>
<td>221,807</td>
<td>414,757</td>
<td>1,070,082</td>
<td>446,571</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>671,615</td>
<td>1,398,053</td>
<td>2,779,387</td>
<td>5,711,965</td>
</tr>
<tr>
<td>Stock</td>
<td></td>
<td>21,970,349</td>
<td>42,512,730</td>
<td>72,579,398</td>
<td>72,097,216</td>
</tr>
<tr>
<td>Availability Rate (%)</td>
<td></td>
<td>3.1%</td>
<td>3.3%</td>
<td>3.8%</td>
<td>7.9%</td>
</tr>
</tbody>
</table>
While there is still New Availability situated in London Bridge and Bankside, Refurbished stock in South Bank is virtually nonexistent.
South Bank is unique in Central London having no Refurbished stock currently available.
With the exception of the South Bank Central, SE1, delivering 225,000 sq ft office space in 2016, the next wave of major development isn’t due until 2017 and 2018.

There is currently 389,443 sq ft of speculative space under construction in eleven schemes.
Future Supply
Completions to Q4 15

1. 160 Blackfriars Road, SE1
   98,291 sq ft
   UBS Global Asset Management  Q2 15
   (88,086 sq ft LET)

2. Global House, 96-108 Great Suffolk Street, SE1
   29,000 sq ft
   Overcourt  Q2 15

3. 95 Southwark Street, SE1
   16,951 sq ft
   Standard Life  Q2 15

4. 81 Black Prince Road, SE1
   15,242 sq ft
   Telford Homes  Q2 15
   (FULLY LET)

5. 91-93 Southwark Street, SE1
   9,534 sq ft
   Standard Life  Q2 15

6. One The Elephant, SE11
   4,166 sq ft
   Lend Lease  Q4 15
Future Supply
Completions from Q2 16 to 2018

1. South Bank Central, SE1
   224,784 sq ft
   Hermes Real Estate | CPPIB  Q2 16

2. Sky Gardens, SW8
   35,500 sq ft
   Fraser Property  Q1 17

3. 251 Southwark Bridge Road, SE1
   33,368 sq ft
   Oakmayne Properties | Lone Star  Q3 17

4. Shell Centre, York Road, SE1
   275,257 sq ft
   Canary Wharf Group | Qatari Diar
   Completion 2017

5. Wedge House, 32-40 Blackfriars Road, SE1
   56,360 sq ft
   Derwent London
   Completion 2017

6. Elizabeth House, York Road, SE1
   954,210 sq ft
   London & Regional | Chelsfield
   Completion 2018

7. Brandon House,
   180 Borough High Street, SE1
   50,537 sq ft
   Crest Nicholson
   Completion 2018

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Waterloo's retail offer potentially improves with proposed consents

Shell Centre, SE1
Up to 64,121 sq ft of retail is proposed at ground floor level across the site
Up to 27,523 sq ft of community/leisure is proposed within the basement

Elizabeth House, SE1
16,146 sq ft of small shops and cafés

Marlin Aparthotel, 111 Westminster Bridge Road, SE1
3,506 sq ft of retail and 3,615 sq ft restaurant
Investment totalled £169m in Q1 15, marginally down 3% on Q4 14 (£174m)
Investor appetite remains extremely strong for the South Bank

£169m was Invested in 12 transactions in Q1 15
100% of transactions undertaken by UK Investors

Eight Year Annual Average - £747m
Eight Year Annual Average (Excluding More London) - £535m
Q1 15 Notable Investment Transactions

**Tower Bridge Piazza, Shad Thames, SE1**
Sold by a Private Investor to Threadneedle Investments UK

- 79,164 sq ft
- **£48m (£606 psf)**
- NIY 2.93%
- Freehold

**Total rent £1,485,765 per annum - £18.77 psf**

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**Edinburgh House, 170 Kennington Lane, SE11**
Sold by a Private UK Investor to Workspace Group Plc

- 68,300 sq ft
- **£25.3m (£370 psf)**
- NIY 5.2%
- Leasehold

**Total rent £1,502,600 per annum - £22.00 psf**
Q1 15 Notable Investment Transactions

£16.2m

Bermondsey Square, SE1
Sold by Aviva Investors (Igloo) to TIAA Henderson Real Estate
40,049 sq ft | £16.2m (£405 psf) | NIY 5.9% | Freehold
Total rent £1,012,633 per annum - £25.28 psf

£3.3m

5-13 Trinity Street, SE1
Sold by a Private UK Investor to Marchmont
5,558 sq ft | £3.3m (£597 psf) | NIY 5.26% | Freehold
Total rent £184,766 per annum - £33.24 psf
Investment - South Bank Investor Breakdown

Investor Type by Value
in Q1 15

- UK Fund: 21%
- UK Private / Other: 6%
- UK Property Company: 14%
- Owner Occupier: 7%
- Overseas European: 5%
- Overseas Middle Eastern: 42%
- Overseas Far Eastern: 2%
- Overseas Other: 3%

Total Turnover in Q1 15
£169m
£169m UK vs. £0m Overseas

Investor Type by Value
3 years to Q1 15

- UK Fund: 51%
- UK Private / Other: 10%
- UK Property Company: 37%
- Owner Occupier: 2%
- Overseas European: 0%
- Overseas Middle Eastern: 0%
- Overseas Far Eastern: 0%
- Overseas Other: 0%

Total Turnover 3 years to Q1 15
£4.16bn
£2bn UK vs. £2.16bn Overseas

N.B. Percentages may not sum to 100, due to rounding
Investment - South Bank Vendor Breakdown

Vendor Type by Value in Q1 15

Vendor Type by Value 3 years to Q1 15

Total Sold in Q1 15
£169m
£169m UK vs. £0m Overseas

Total Sold 3 years to Q1 15
£4.16bn
£1.91bn UK vs. £2.25bn Overseas

N.B. Percentages may not sum to 100, due to rounding
Why South Bank?
A market in transition - Built environment / infrastructure
Lifestyle / Amenity / River frontage
A platform for performance - Rental & Capital growth
Sustainable? - Restricted market

Pricing
Prime Yields - 4.6% (More London / 85 & 89 Southwark Street)
Capital Values - £329 - £920 psf
## Investment - Who is actively Investing?

### SE1

**Institutions**
- Boulbtbee LDN
- Chelsfield Partners LLP
- Delancey
- Derwent London
- Development Securities
- Dorrington
- GMS Estates Ltd
- Great Portland Estates
- Grosvenor
- Helical Bar
- Land Securities
- London & Regional
- Marchmont
- Motcomb Estates
- Overcourt
- Workspace Group

**Overseas**
- Aberdeen Asset Management
- CBRE Global Investors
- Cordea Savills
- DTZ Investment Management
- Hermes Real Estate
- LaSalle Investment Management
- M&G Investments
- Royal London Asset Management
- Schroders
- Standard Life
- Threadneedle Investments UK
- TIAA Henderson Real Estate
- UBS

**Others**
- CIT
- CommerzReal
- CPPIB
- Deka
- Ho Bee Investment
- Jadwa Investment
- KGAL
- Longulf
- Meyer Bergman
- Qatari Diar
- St Martins Property

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Investment - Who is actively Investing?

SE11, SE17, SW8

**Institutions**
- Boultbee Brooks Real Estate
- CLS
- Delancey
- Downing
- Helical Bar
- Lend Lease
- Mount Anvil
- Notting Hill Housing
- Oakmayne Properties
- St James (Berkeley Group)
- Wendover
- Workspace Group

**Overseas**
- Legal & General
- Rockspring
- Schroders
- Threadneedle
- UBS
- Ballymore Group
- Dalian Wanda Group
- Dutch Government
- EPF
- Frasers Property
- Sime Darby
- SP Setia
- US Government
We forecast last year that 2015 would prove to be the tipping point in South Bank with demand outstripping supply, and this is certainly proving to be the case. We predict significant regression in annual Take-up of available stock this year, and into 2016 but corresponding increase in Pre-letting and lettings during construction.

Focus is now firmly on Vauxhall and Nine Elms where large-scale development is fully underway, which on completion will become a strikingly modern addition to the cityscape.

South Bank’s renaissance continues across the use classes as a number of hotels around Waterloo gain consent together with exciting plans for Lower Marsh, SE1, and the tunnels underneath Waterloo Station.

South Bank will remain a challenging market due to lack of liquidity. Investor appetite remains strong in the South Bank for standing investments and redevelopment, however, the volume of transactions in 2015 will once again be dictated by availability of opportunity.
Attention has turned to Vauxhall and Nine Elms where over £15bn of regeneration projects are underway to develop underutilised land to make way for new public spaces, schools, homes, and transport infrastructure. The area will deliver large scale mixed-used developments and will transform one of London’s last remaining industrial districts into a world-class destination.