

News Release

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Deloitte: Growing confidence in London's real estate increases appeal for Arab investors

19 January, 2014- The London office development market remains at a four-year high with 9.7 million sq. ft. across 71 schemes now under construction, according to the winter edition of [Deloitte London Office Crane Survey](#).

The survey, by [Deloitte](#) Real Estate, describes improving sentiment in London's commercial office development market with 28 new starts recorded across the capital. 6.6 million sq. ft. is expected to be delivered next year. Importantly over two million sq ft is already leased to tenants prior to construction completion, showing encouraging occupier confidence.

Key office transactions involving Middle Eastern investors over 2013 included:

- St Martins Property Group, the real estate investment vehicle of the Kuwaiti Government, acquired 5 Canada Square, E14 for £383 million in January 2013 and More London, SE1 for £1.7 billion in December 2013;
- In September 2013, Ashby Capital, understood to be acting on behalf of a Saudi investor acquired 200 Aldersgate, EC1 for £225 million;
- In July 2013, The Shard opened in London, becoming Western Europe's tallest building, in which the State of Qatar is the majority shareholder (95%);
- The acquisition of IBM's London HQ in SE1 from Lord Sugars' Amsprop in September 2013 by a Middle Eastern Investor for £120 million.

Robin Williamson, [Real Estate](#) industry leader at Deloitte Middle East, commented on the London Office Crane Survey: "2014 is currently set to deliver the largest amount of space into the Central London office market for 10 years. This is good news for the increasing number of companies looking for office space in a market where supply is reducing and shortages are appearing. However, we do not expect a significant oversupply of office space next year as there are strong indications that tenants will commit to this space during construction and so the amount being delivered into the market and available to lease will continue to reduce. Indeed, less than half the space completed over the last six months was available to let, with the rest let by tenants pre-completion.

"Interestingly, there are certain parallels between the London office development market and the various Middle Eastern office development markets, most notably that the 'super prime space' remains in demand with recovering rental rates.

"In contrast, the pre-letting of office accommodation in the Middle East region remains the exception and there is little sign this will change in the foreseeable future," concluded Williamson.



To view the survey results, go to: <http://www2.deloitte.com/content/dam/Deloitte/uk/Documents/real-estate/deloitte-uk-london-office-crane-survey-winter-2013.pdf>

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Note to editors:

The Deloitte Real Estate Crane Survey is the definitive survey of commercial construction in all the major UK cities as well as Paris and is seen as a good measure of developers' sentiment and future office supply.

Central London development data commenced in 1982 and the first London Crane Survey was published in 1996. The last London Crane Survey was published in May 2013.

Deloitte Real Estate's commercial property research team is focused on producing regular publications and comprehensive bespoke reports for investors, developers and occupiers. Their output includes data analysis and commercial property research reports covering the major European markets through to the presentation and discussion of pertinent issues.

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