

KALMARs

AWARD WINNING
ESTATE AGENTS



QUARTERLY NEWSLETTER JULY 2015

KALMARs MARKET LEADERS IN
THE SOUTH LONDON AREA

INTRODUCTION

Welcome to KALMARs second quarterly report for 2015, an analysis of the South London property market. This combines our experience with carefully researched data from leading indices, providing up to date information to assist those interested in property in South London. This is general data, for more specific information affecting a property contact one of the specialist consultants from our team, the largest, and as we approach our 50th year, the most experienced in South London.

A surge in rents and plummeting availability is clearly demonstrated by the figures and graphs throughout this report and is underlined by our own experience. Thus the very strong demand and improvements in business’s performances has transformed the market over the last two years as the UK economy, particularly in London, has come out of recession and is now performing very well across all commercial and residential sectors.

The strong market is a result of:

- Improvements in the business’s confidence.
- Increased availability of money.
- Permitted development taking fringe office stock out of the market.
- A shortage of residential supply.

The uptake of space across all sectors has already and will continue to result in a lack of supply particularly on larger offices of over say 50,000 sq ft, where developments typically take over five years from start to finish, The Shard took 14 years. The Government’s recent planning proposals to speed up consents on brownfield sites will hopefully assist this.

This report covers London south of the Thames and inside the South Circular. It sets out KALMARs experience of demand; prices and supply for commercial and residential property; major transactions, both of vacant and investment property; and has a selection of KALMARs deals.

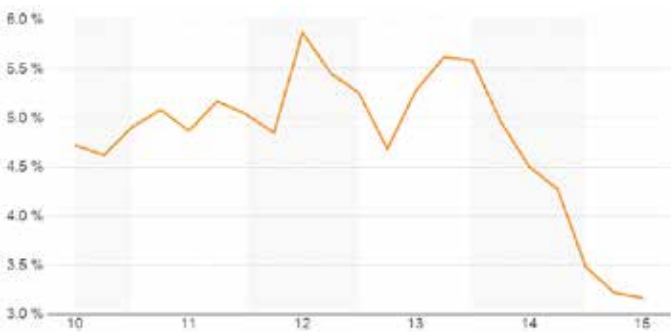


Richard Kalmar
MD KALMARs Commercial
Chairman Southwark Chamber of Commerce

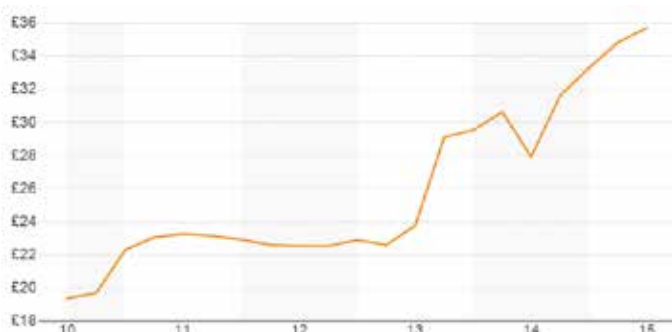
COMMERCIAL

The commercial market on the Southbank and in inner South London is dominated by the large office buildings along the Southbank, where large professional and media companies have been actively acquiring space, including News International in the “Baby Shard” taking over 400,000 sq ft. All sectors are showing keen demand as the economy picks up and hence the data throughout this report reflects similar patterns.

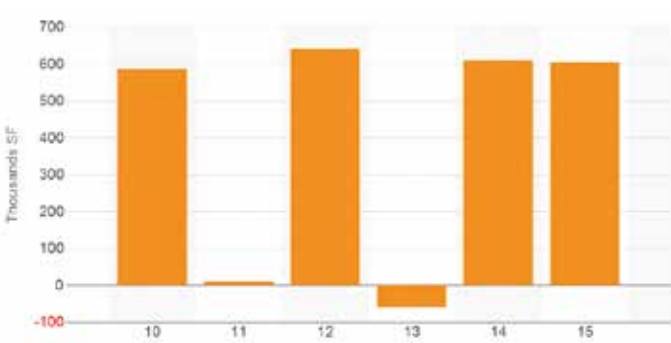
VACANCY RATE



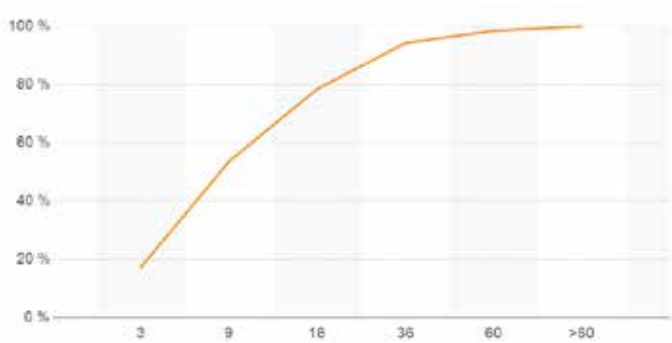
ASKING RENT PER SF



NET ABSORPTION



PROBABILITY OF LEASING MONTHS



Availability	Survey	5-Year Avg
Rent Per SF	£35.71	£25.85
Vacancy Rate	3.2%	4.9%
Vacant SF	1,780,284	2,718,648
Availability Rate	3.9%	7.1%
Available SF	2,236,794	4,031,528
Sublet SF	284,013	281,923
Months on Market	8.4	9.5

Demand	Survey	5-Year Avg
12 Mo. Absorption SF	1,062,387	340,988
12 Mo. Leasing SF	1,873,736	1,918,039

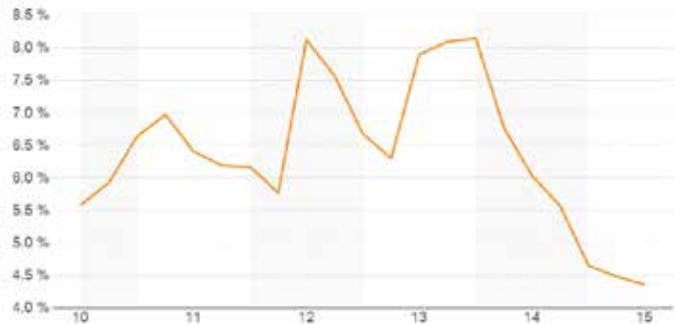
Inventory	Survey	5-Year Avg
Existing Buildings	8,516	8,505
Existing SF	56,191,769	55,808,200
12 Mo. Const. Starts	212,918	591,298
Under Construction	1,313,803	1,545,129
12 Mo. Deliveries	187,526	546,413

Sales	Past Year	5-Year Avg
Sale Price Per SF	£494	£365
Asking Price Per SF	£531	£464
Sales Volume (Mil.)	£314	£555
Yield	6.0%	6.0%

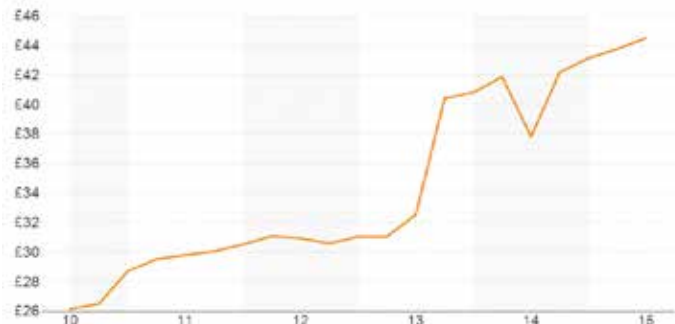
OFFICES - SOUTH LONDON

In addition to the general improvement in the market, the biggest factor affecting this market is Permitted Development taking a large amount of stock out of the market. Outside the central hubs, virtually all of the new space that has been created is a result of planning requirements and forms part of residential developments, often not in ideal commercial locations, but as demand picks up it is slowly letting in all but the most inappropriate locations. KALMARs are currently concluding the remaining lettings/sales in three large schemes each exceeding 50,000 sq ft in the Greenwich/Lewisham area for Galliard Homes, and have let the last space in a large development in central Brixton for Barratts.

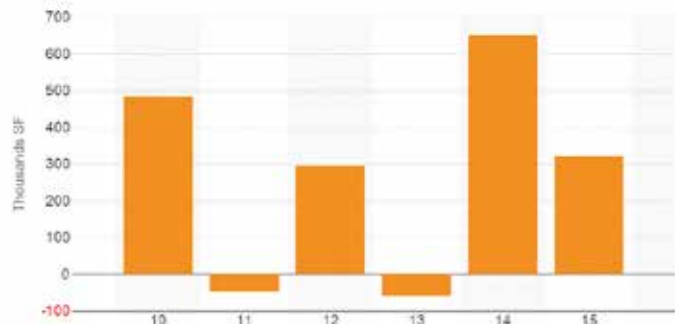
VACANCY RATE



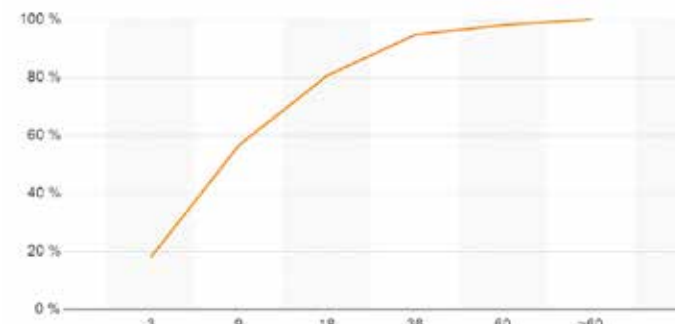
ASKING RENT PER SF



NET ABSORPTION



PROBABILITY OF LEASING MONTHS



Availability	Survey	5-Year Avg
Rent Per SF	£44.53	£34.90
Vacancy Rate	2.9%	4.6%
Vacant SF	1,106,247	1,631,203
Availability Rate	3.4%	5.9%
Available SF	1,313,302	2,269,608
Sublet SF	227,216	191,007
Months on Market	5.1	7.8

Demand	Survey	5-Year Avg
12 Mo. Absorption SF	642,162	818,067
12 Mo. Leasing SF	1,281,048	1,184,616

Inventory	Survey	5-Year Avg
Existing Buildings	1,979	1,971
Existing SF	37,819,782	35,603,452
12 Mo. Const. Starts	2,458	899,601
Under Construction	659,088	2,738,080
12 Mo. Deliveries	41,224	986,581

Sales	Past Year	5-Year Avg
Sale Price Per SF	£547	£324
Asking Price Per SF	£581	£537
Sales Volume (Mil.)	£258	£513
Yield	5.8%	6.0%

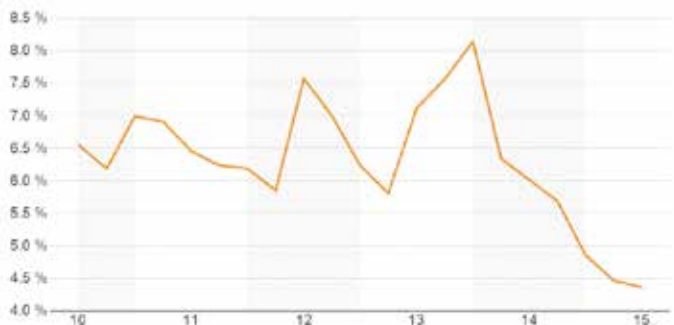
OFFICES - SOUTHBANK

The SE1 market represents a microcosm of both Central London and South London markets, it has not only experienced the general improvements in the office market, it has also benefitted from “the Shard effect” and expansion of The City. Thus the area has already fundamentally changed, but as striking improvements in the facilities for office staff and the perception of the area improves, this is set to continue.

Now that the Shard and More London are virtually fully let, there has been a reduction in 12 months construction starts and deliveries. This has resulted in KALMARs concluding several major pre-let or sales including one of the largest pre-lets in SE1 being 29,000 sq ft by Tower Bridge and a pre-sale of 12,000 sq ft off Blackfriars Road.

Total sales revenue is slightly reduced due to a lack of stock, not due to falling prices. For example we have just concluded the sale of a 5,000 sq ft 1970’s building in Long Lane at £680 psf, and on average sales price per square foot increased from £481 to £529 psf over the last 12 months.

VACANCY RATE



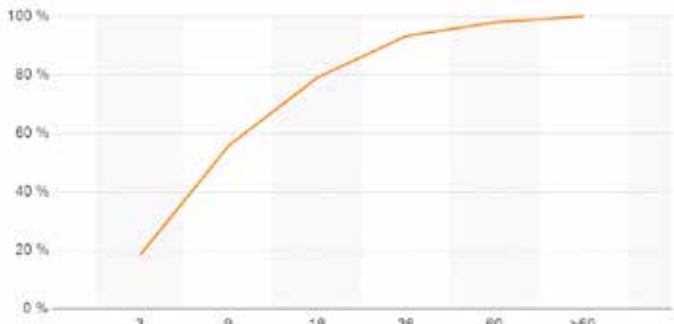
ASKING RENT PER SF



NET ABSORPTION



PROBABILITY OF LEASING MONTHS



Availability	Survey	5-Year Avg
Rent Per SF	£42.21	£31.74
Vacancy Rate	4.4%	6.4%
Vacant SF	1,319,829	1,922,263
Availability Rate	4.9%	8.7%
Available SF	1,540,305	2,704,616
Sublet SF	225,588	184,234
Months on Market	6.3	9.7

Demand	Survey	5-Year Avg
12 Mo. Absorption SF	603,659	227,047
12 Mo. Leasing SF	1,392,809	1,363,575

Inventory	Survey	5-Year Avg
Existing Buildings	1,947	1,948
Existing SF	30,236,477	30,011,052
12 Mo. Const. Starts	85,528	426,003
Under Construction	1,126,131	1,374,048
12 Mo. Deliveries	68,262	400,263

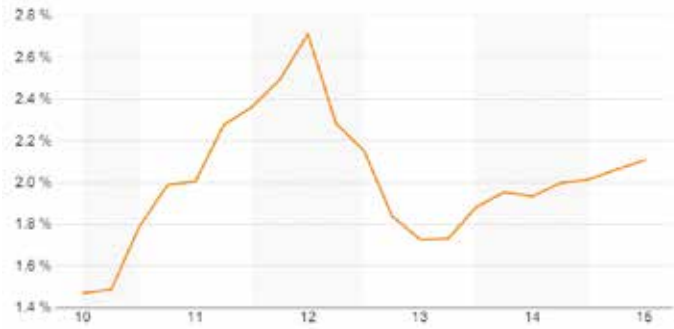
Sales	Past Year	5-Year Avg
Sale Price Per SF	£529	£421
Asking Price Per SF	£566	£517
Sales Volume (Mil.)	£261	£474
Yield	4.7%	5.8%

RETAIL

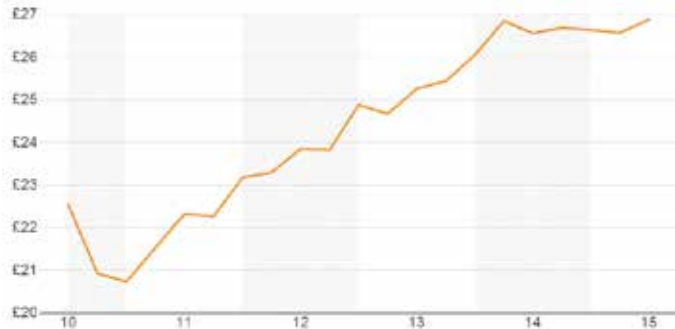
Sales values per square foot have gone up dramatically, reflecting the increased investment demand to buy, hence falling yields. Rentals have remained almost static due to the changing patterns in shopping with the growth of internet shopping and the increasing number of shopping malls.

One of the major deals is the sale of Vinopolis, which is to become a £250 million retails & food court. Full plans of which are yet to be unveiled, but this underlines the increasing popularity on the Southbank of the artisan foods market.

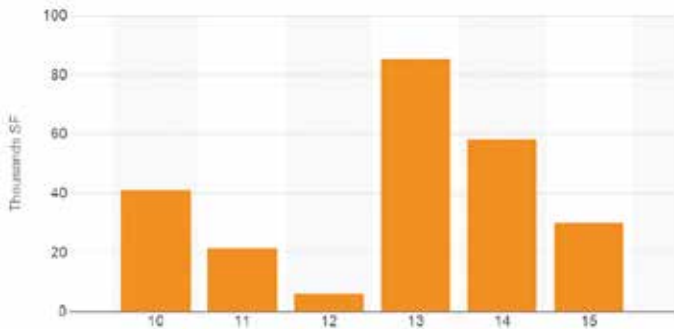
VACANCY RATE



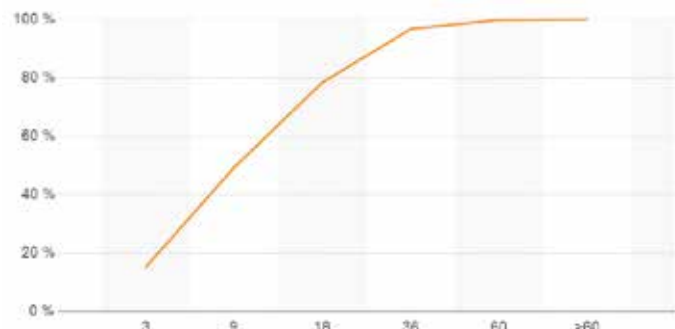
ASKING RENT PER SF



NET ABSORPTION



PROBABILITY OF LEASING MONTHS



Availability	Survey	5-Year Avg
Rent Per SF	£26.88	£24.57
Vacancy Rate	2.1%	2.0%
Vacant SF	313,562	295,208
Availability Rate	3.1%	3.5%
Available SF	472,051	515,631
Sublet SF	47,615	59,410
Months on Market	9.8	8.2

Demand	Survey	5-Year Avg
12 Mo. Absorption SF	86,729	40,577
12 Mo. Leasing SF	168,179	220,322

Inventory	Survey	5-Year Avg
Existing Buildings	5,830	5,810
Existing SF	14,877,213	14,729,942
12 Mo. Const. Starts	70,390	94,121
Under Construction	130,672	116,627
12 Mo. Deliveries	119,264	81,146

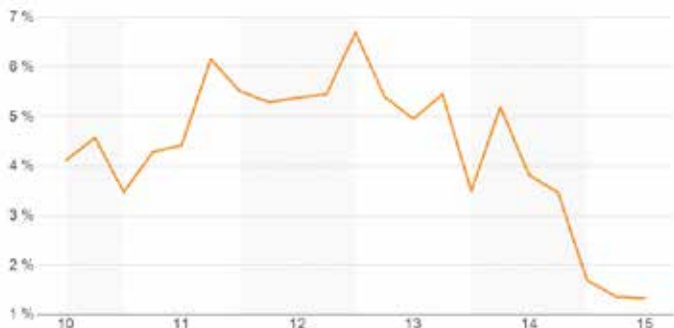
Sales	Past Year	5-Year Avg
Sale Price Per SF	£417	£206
Asking Price Per SF	£317	£251
Sales Volume (Mil.)	£26	£59
Yield	6.8%	6.2%

INDUSTRIAL

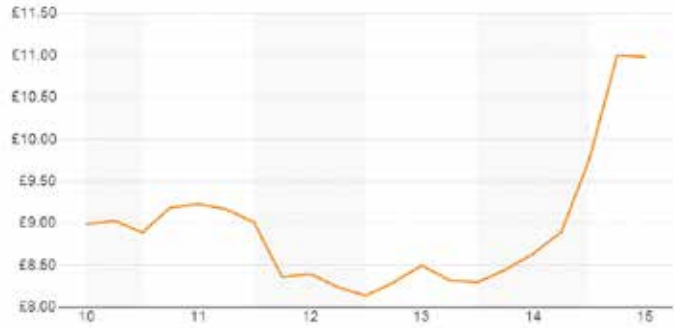
Industrial rents have risen sharply, in part due to a particularly sharp fall in supply and reduction in vacancy, which is unlikely to change either in the long or short term. The only new development under construction within 6 miles of central London is the Surrey Canal Trade Park New Bermondsey, where we have concluded the largest letting in South London for some years, a 56,000 sq ft letting to DHL and have a further 25,000 sq ft available at £15 psf.

The lack of new development underlines the fact that London is no longer an industrial centre, most progressive manufacturing businesses have already or are moving out, as transport and environmental issues make London less attractive. The road system and competition, national and international, has resulted in there being more appropriate and hence valuable uses for this inner City area.

VACANCY RATE



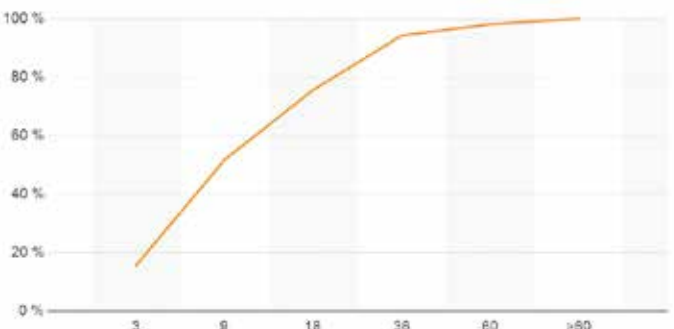
ASKING RENT PER SF



NET ABSORPTION



PROBABILITY OF LEASING MONTHS



Availability	Survey	5-Year Avg
Rent Per SF	£10.98	£8.75
Vacancy Rate	1.3%	4.5%
Vacant SF	146,893	501,177
Availability Rate	2.0%	7.3%
Available SF	224,438	811,281
Sublet SF	10,810	38,278
Months on Market	5.7	12.9

Demand	Survey	5-Year Avg
12 Mo. Absorption SF	371,999	73,363
12 Mo. Leasing SF	312,748	334,142

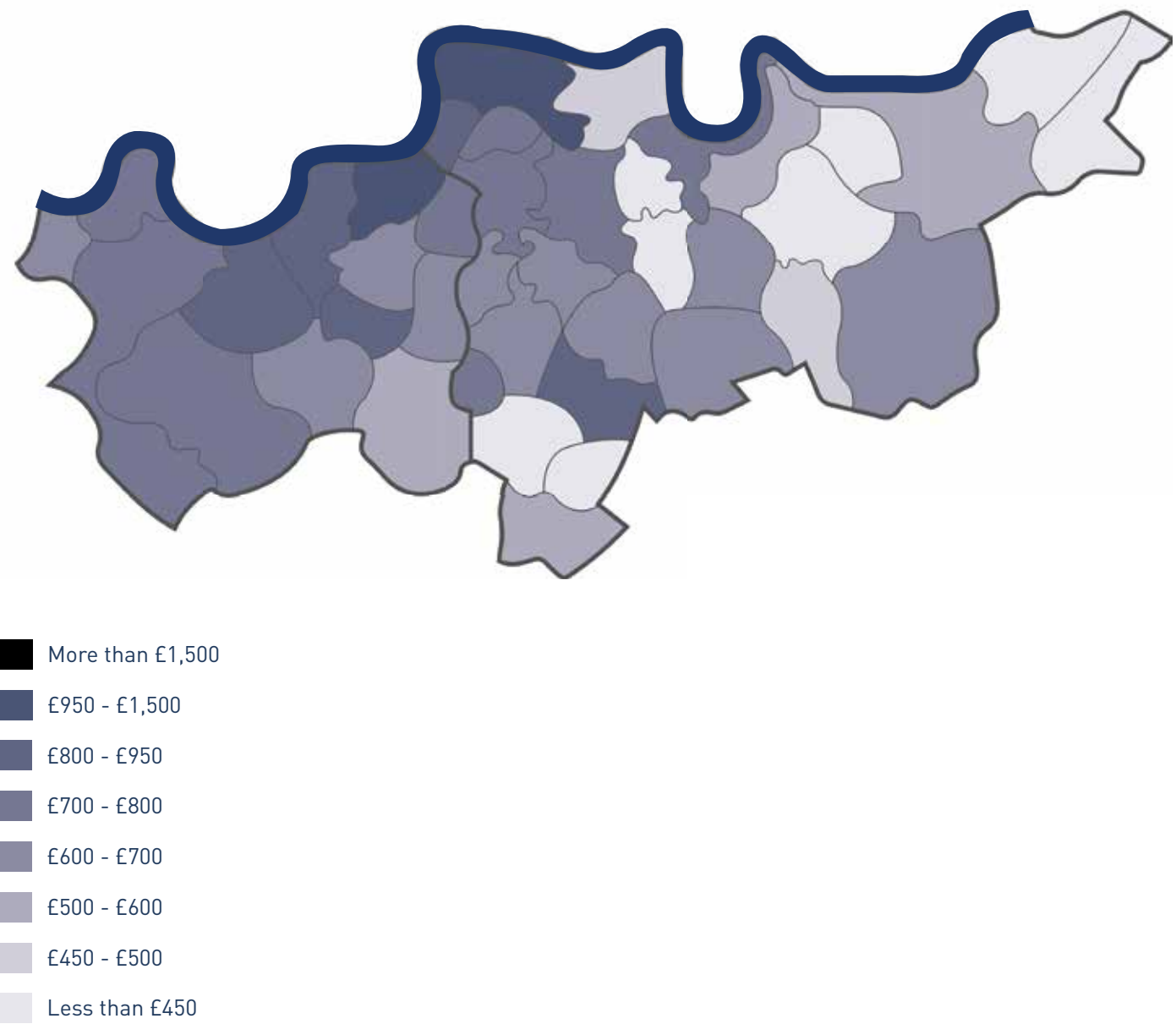
Inventory	Survey	5-Year Avg
Existing Buildings	739	747
Existing SF	11,078,079	11,067,207
12 Mo. Const. Starts	57,000	83,734
Under Construction	57,000	54,454
12 Mo. Deliveries	0	76,476

Sales	Past Year	5-Year Avg
Sale Price Per SF	£336	£201
Asking Price Per SF	£221	£139
Sales Volume (Mil.)	£27	£22
Yield	2.5%	6.0%

RESIDENTIAL

Residential demand for lettings and sales has been very keen for over two years which has continued to push prices up. This is clearly demonstrated from the map and table shown.

LONDON RESIDENTIAL PRICES PER SQUARE FOOT, BY POSTCODE JUNE 2015



DEMAND

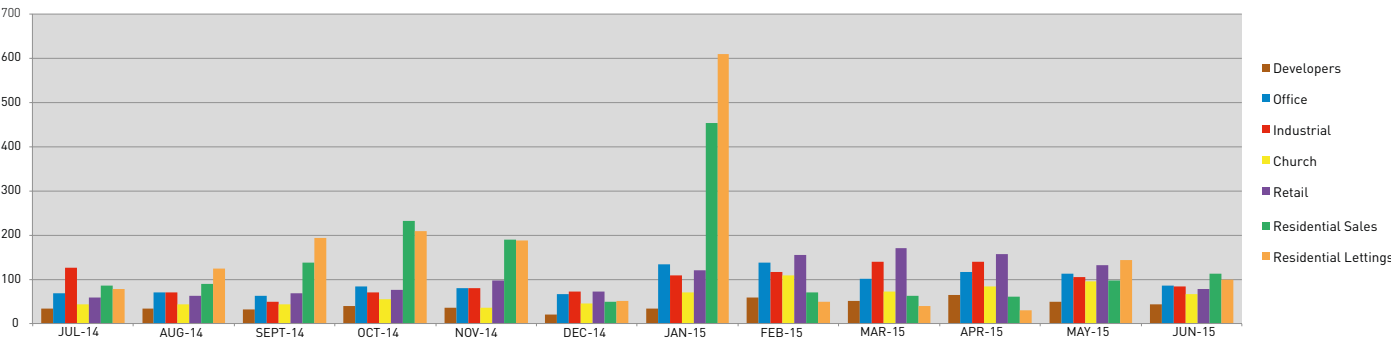
KALMARs APPLICANTS

Listed hereunder are KALMARs applicants over the last 12 months, which gives a barometer of demand. Our enquiries have almost doubled and are almost four times the number of applicants respectively from 2 and 4 years ago. You will note the January spike which happens virtually every year, this is particularly due to increased residential demand. Other anomalies often appear, sometimes caused by us launching a particularly popular property or estate, we would be happy to discuss these on request.

KALMARs APPLICANTS JUL 14-JUN 15

	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Average	Total
Residential Sales	86	89	137	231	190	50	454	71	62	61	97	112	137	1640
Residential Lettings	78	124	194	209	188	52	609	49	39	30	143	100	151	1815
Total Residential	164	213	331	440	378	102	1063	120	101	91	240	212	288	3455
Developers	33	34	32	39	35	21	33	59	51	64	50	44	41	495
Office	69	71	63	83	79	66	133	138	102	117	113	86	93	1120
Industrial	127	70	49	71	79	73	108	116	139	140	104	83	97	1159
Church	44	44	44	54	36	45	70	109	73	84	96	67	64	766
Retail	88	80	50	76	67	59	63	68	77	98	73	121	77	799
Total Commercial	332	282	256	324	327	278	465	577	535	562	494	358	399	4790
Overall Total	496	495	587	764	705	380	1528	697	636	653	734	570	687	8245

APPLICANTS REPORT



KALMARs COMMERCIAL APPLICANTS

Year	No. of applicants
2014	6,849
2013	5,010
2012	1,762
2011	2,018
2010	1,785

KALMARs RESIDENTIAL APPLICANTS

Year	No. of applicants
2014	4,361
2013	1,830
2012	1,849
2011	1,820
2010	1,582

MAJOR DEALS - OFFICE ON THE SOUTHBANK



5 MONTAGUE CLOSE - MINERVA HOUSE SE1,
£1,607,25A PA, 38,636 SQ FT



25 LAVINGTON STREET SE1,
£782,500, 31,300 SQ FT



230 BLACKFRIARS ROAD SE1,
£1,339,800, 30,800 SQ FT



EDINBURGH HOUSE - 154-182 KENNINGTON
LANE SE1, £25,300,000, 62,684 SQ FT



BECKET HOUSE - 1 LAMBETH PALACE ROAD
SE1, £87,000,000, 146,152 SQ FT



SUNGARD COURT - 4-5 PARIS GARDENS SE1,
£27,850,000, 38,470 SQ FT



HAYS LANE - COTTONS CENTRE SE1,
£1,849,495, 25,042 SQ FT



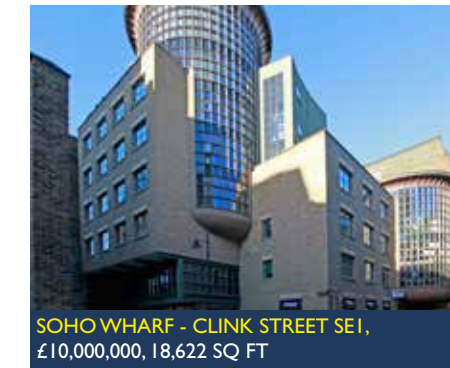
25 LONDON BRIDGE ST - NEWS BUILDING
SE1, £430,000 SQ FT



82-84 TANNER ST - THE ARC SE1,
£636,951, 26,673 SQ FT

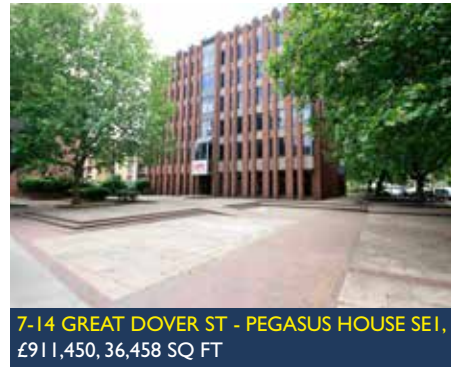


SOUTH BANK TOWER - STAMFORD STREET
SE1, £150,000,000, 269,000 SQ FT



SOHO WHARF - CLINK STREET SE1,
£10,000,000, 18,622 SQ FT

SIGNIFICANT RETAIL DEALS



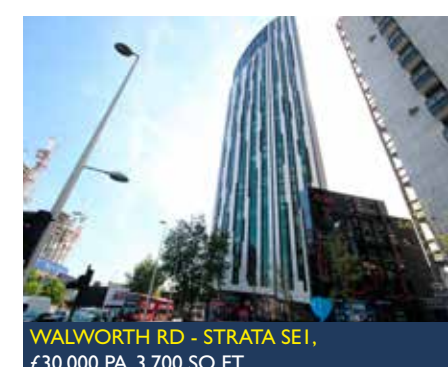
7-14 GREAT DOVER ST - PEGASUS HOUSE SE1,
£911,450, 36,458 SQ FT



25 LONDON BRIDGE ST - NEWS BUILDING
SE1, £2,626,555 PA, 45,714 SQ FT



32 LONDON BRIDGE ST - THE SHARD SE1,
NUMEROUS DEALS



WALWORTH RD - STRATA SE1,
£30,000 PA, 3,700 SQ FT



434-453 OLD KENT ROAD SE1,
£42,000 PA, 3,000 SQ FT



2-32 SOUTH LAMBETH PLACE SE8,
£163,520 PA, 4,672 SQ FT



90 SOUTHWARK ST - BANKSIDE 3 SE1,
£9,461,565, 210,257 SQ FT



100 SOUTHWARK ST - BANKSIDE 2 SE1,
£7,358,850, 163,530 SQ FT



1 LONDON BRIDGE SE1,
£2,591,220, 54,552 SQ FT



HOLLAND STREET - PAVILION D SE1,
3,180 SQ FT



73-75 CAMBERWELL ROAD SE5,
£69,500 PA, 5,590 SQ FT



5 MORE LONDON RIVERSIDE - HILTON
LONDON TOWER BRIDGE SE1, 6,000 SQ FT



110 SOUTHWARK ST - BANKSIDE 1 - THE BLUE
FIN BUILDING SE1, £1,600,225, 29,095 SQ FT



20 BLACKFRIARS ROAD SE1,
£116,000,000, 478,362 SQ FT



ST DUNSTONS HOUSE - 201-211 BOROUGH
HIGH ST SE1, £13,500,000, 35,817 SQ FT



41-43 EAST DULWICH ROAD - CROWN
HOUSE SE22, £95,000 PA, 3,912 SQ FT



5 WINSLADE WAY SE6,
£20,000 PA, 3,447 SQ FT



GREENWICH HIGH RD - BLOCK E SE10,
£60,000 PA, 3,010 SQ FT



KINGS AVE - CLAPHAM PARK ESTATE SW4,
£59,500 PA, 3,160 SQ FT



128 HERNE HILL SE24,
£70,000 PA, 4,008 SQ FT



VINOPOLIS CITY OF WINE - I BANK END SE1,
37,109 SQ FT



THE TOOL WORKS - 17-21 BLACKHEATH RD SE10, £550,000, 3,251 SQ FT



62 CAMPSHILL ROAD SE13,
£1,250,000, 4,700 SQ FT



RETAIL UNIT, UNIT 1 BEAR LANE - 18 GREAT SUFFOLK STREET SE1, £1,500,000, 3,300 SQ FT



18 GREAT SUFFOLK STREET SE1, 9,208 SQ FT



56-62 LORDSHIP LANE SE22,
£5,080,000, 10,883 SQ FT



452-458 NEW CROSS ROAD SE14,
£2,560,000, 3,444 SQ FT



RETAIL UNIT, UNIT 142-146 TRAFALGAR ROAD SE10, £1,100,000, 4,014 SQ FT

SIGNIFICANT INDUSTRIAL DEALS



SURREY CANAL ROAD - THE TEA SHED, SE14,
57,000 SQ FT



33-39 BEADNELL ROAD SE23,
£1,250,000, 5,845 SQ FT



SUN WHARF - 24 CREEKSIDE SE8,
£15,150,000, 48,378 SQ FT



77 MALHAM RD SE23,
£910,000, 8,321 SQ FT



UNIT 4 - BESSEMER PARK - 250 MILKWOOD ROAD SE24, £500,000, 5,134 SQ FT

KALMARs DEALS



KING HENRY'S DOCK, EUROPE ROAD, SE18,
£6,623,421 - SALE



GALLEYWALL TRADING ESTATE, SE16,
£131,584 - RENT



SURREY WHARF, MALT STREET,
26,000 SQ FT - ACQUISITION



BLOCK S1 BERMONDSEY SPA, JAMAICA ROAD,
SE1, £690,000 - SALE



PEGASUS HOUSE, 90-108 GREAT SUFFOLK, SE1,
£275,175 PA - RENT



UNIT D, BERMONDSEY SPA, SE16,
£560,000 - SALE



THE RENAISSANCE, LOAMPIT VALE, SE13,
£85,000 - RENT



21/23 PARKHOUSE STREET, SE5,
£1,700,000 - SALE



UNITS 3 & 4 SANDGATE TRADING ESTATE,
LONDON SE15, £800,000 - SALE



37-39 PECKHAM ROAD, SE5,
32,635 SQ FT - SALE



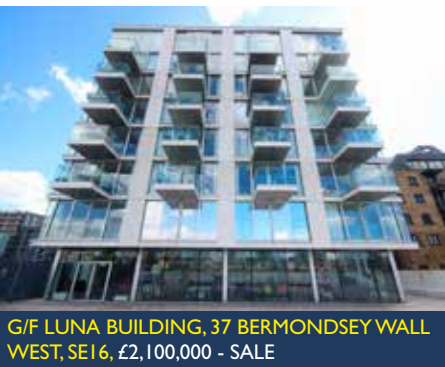
5A BEAR LANE, SE1,
£1,500,000 - SALE



1 AND 3 DYLAN ROAD, SE24,
£2,400,000 - SALE



UNIT 11 LLOYDS WHARF, MILL STREET, SE1,
£88,000 PA - RENT



G/F LUNA BUILDING, 37 BERMONDSEY WALL
WEST, SE16, £2,100,000 - SALE

CONCLUSION

As shown throughout this report, the commercial and residential property market in South London is currently experiencing strong demand and consequently growth. The Government's recent announcement of allowing development on brownfield sites could have a significant effect as it puts further pressure on commercial uses to be converted into residential. At present, the details are yet to be announced. However KALMARs have already seen a reversal in the trend as some sites we were selling, and anticipated residential developers buying, are now being acquired by commercial developers buying due to the rise in commercial values.

The information in the report has been provided from KALMARs own research and the commercial graphs through researching CoStar, the leading research company with over 100 employees keeping it up to date. The residential information has been provided by Move Properly.

Whilst it is given in good faith, it is given without liability on our part. We strongly recommend contacting us to check any information before making a financial commitment.

For more information contact KALMARs team of commercial consultants.



Jamaica Wharf
2 Shad Thames
Tower Bridge
London SE1 2YU

Tel: 020 7403 0600

www.kalmars.com