

Q3 UKIT Activity Survey 2007 Q3 UKIT Activity Survey 2007 Q3

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The recent events in the banking world have inevitably had an impact on the property investment markets. Activity levels are down on last year and look set to slow further.

The withdrawal of many of the UK Institutional Investors from the market has resulted in less competition for deals, causing the average yield on transactions to rise. Property companies are back in the market, particularly where they are well funded and have existing debt facilities.

The major movements in transaction yields were in the office and industrial sectors, both markets recording an increase of around 50 basis points.

Central London office yields moved out by 30 basis points and with both Euro and £sterling SWAP rates coming off their June high the market looks good value. Selective buying will see investors pick up some good deals.

EZRA M NAHOME
Head of National Investment

Buyers Notes

- Overseas investors maintained their positive stance towards the UK property market again this period, accounting for almost one half of the places in our top 25 investors list.
- The Central London and Docklands office markets had a significant impact on the most active buyers table with six out of the top ten transactions by value being in those markets.
- Propinvest Holdings, Metrovacesa SA and Quinlan Private were all involved in the purchase of assets at Canary Wharf, whilst Beacon Capital Partners, GIC Real Estate and Westbrook Real Estate made high profile purchases in the City and Midtown markets.
- Beacon Capital Partners added to its purchase of Citypoint, EC2 in April by acquiring MidCity Place, WC1 for £330m. This signalled one of the last transactions by Beacon before closing its \$4bn global office fund to new investors.
- Westbrook Real Estate made a high profile purchase as it finally acquired Shell Mex House, WC2 for £490m from joint owners Rotch Property, Guy Dellal and the Reuben brothers.
- Institutional investors continued to reign in their investment activity but Prudential and Morley Fund Management maintained a buying profile.
- Prudential spent some £830m in the second and third quarters, with almost 80% targeted at the office sector. The largest purchase was the £230m acquisition of ABN Amro's London head office at 250 Bishopsgate, EC2.
- Prestbury and West Coast Capital, in conjunction with HBOs, acquired the Merlin Entertainments portfolio which included Alton Towers, Madame Tussaud's and Thorpe Park. The assets were acquired via a sale & leaseback deal for £622m with the entertainment group taking a 35 year lease of the sites.

Rank	Buyers	Value of deals (£m)	No. of deals
1	Propinvest Holdings	1,601.0	5
2	Metrovacesa SA	1,330.0	2
3	Quinlan Private	1,050.0	1
4	Liberty International	1,049.1	11
5	Beacon Capital Partners	990.0	2
6	GIC Real Estate	861.5	3
7	HBoS	837.0	2
8	Prudential	830.6	17
9	CPPIB	783.0	3
10	Morley Fund Management	781.5	18
11	GE Real Estate	749.4	8
12	Prestbury Inv Holdings	749.0	2
13	West Coast Capital	622.0	1
14	Great Portland Estates	620.5	6
15	Westbrook Real Estate	584.0	2
16	Invista REIM	569.8	44
17	ABP Investments	530.0	2
18	Evans Randall	469.0	2
19	Pearl Group	462.5	1
20	Apollo Real Estate	442.0	1
21	CIT	433.2	3
22	REIT Asset Management	414.1	2
23	KanAm Grundinvest Fonds	406.3	1
24	Pacific Group	345.0	2
25	Legal & General Property	326.5	9
		14,309.9	138

- UK Institutional Investors
- UK Quoted Property Companies
- UK Private Property Companies
- Overseas Investors
- Other UK Investors

Source: LSH Research/
Property Data



Sellers Rank		Value of deals (£m)	No. of deals
1	Royal Bank of Scotland	1,520.5	3
2	HSBC/HSBC Pension Trust	1,272.4	3
3	British Land	1,193.3	12
4	Schroder Properties	1,152.9	7
5	Land Securities	996.3	9
6	Legal & General Property	821.2	17
7	Blackstone Real Estate	707.0	2
8	Tishman Speyer	660.0	1
9	Standard Life	620.8	13
10	Invista REIM	592.6	22
11	Westfield Holdings	530.0	2
12	Merrill Lynch	527.2	2
13	USS	497.0	2
14	Rotch Property	494.8	2
15	Guy Dellal/Reuben Brothers	490.0	1
16	Topland Group	462.5	1
17	UK Balanced Property Trust	417.5	1
18	Evans of Leeds	400.0	1
19	Bridgehouse Cap/Morgan Stanley	400.0	1
20	AXA REIM	359.3	4
21	Liberty International	332.6	2
22	Evans Randall	332.1	2
23	Hammerson	310.0	2
24	Songbird Estates	290.0	1
25	Morley Fund Management	284.7	9
		14,117.5	119

UK Institutional Investors
UK Quoted Property Companies
UK Private Property Companies
Overseas Investors
Other UK Investors

Source: LSH Research/
Property Data

Retail Sector – Buyers Rank		Value of deals (£m)	No. of deals
1	CPPIB	783.0	3
2	Propinvest Holdings	532.7	3
3	ABP Investments	530.0	2
4	Pearl Group	462.5	1
5	Apollo Real Estate	442.0	1

Retail Sector – Sellers Rank		Value of deals (£m)	No. of deals
1	Land Securities	670.0	3
2	British Land	610.0	8
3	Westfield Holdings	530.0	2
4	Topland Group	462.5	1
5	USS	442.0	1

Sellers Notes

- The top five positions in the most active sellers list in the six months to the end of September were held by the same investors as the second quarter, although there was some repositioning amongst the group.
- Royal Bank of Scotland and HSBC held the top two places following their disposals at Canary Wharf. In addition to the disposal of Citibank Tower in June, Royal Bank of Scotland also sold 5 Canada Square for £450m to Evans Randall.
- British Land and Land Securities continued their sales programmes, both companies selling close to £1bn of assets during the six month period. British Land sold £1.2bn of property whilst Land Securities disposed of £996m.

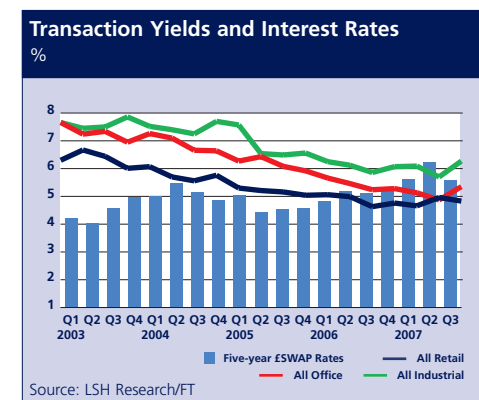
Office Sector – Buyers Rank		Value of deals (£m)	No. of deals
1	Metrovacesa SA	1,330.0	2
2	Propinvest Holdings	1,068.5	2
3	Quinlan Private	1050.0	1
4	Beacon Capital Partners	990.0	2
5	Westbrook Real Estate	490.0	1

Office Sector – Sellers Rank		Value of deals (£m)	No. of deals
1	Royal Bank of Scotland	1,520.5	3
2	HSBC	1,190.0	2
3	Schroder Properties	749.7	3
4	Tishman Speyer	660.0	1
5	British Land	575.6	3

Industrial Sector – Buyers Rank		Value of deals (£m)	No. of deals
1	Brixton	192.3	5
2	Legal & General Property	191.0	3
3	Rockpoint Capital	187.0	1
4	Scottish Widows	98.5	2
5	Hermes REIM	88.0	2

Industrial Sector – Sellers Rank		Value of deals (£m)	No. of deals
1	Gladman Developments	187.0	1
2	Legal & General Property	126.9	6
3	SEGRO	103.0	1
4	B&Q	73.0	1
5	Consensus	68.0	1

- Institutional investors were the most active sellers in our top sellers listing, accounting for eight of the 25 positions, but only marginally ahead of overseas investors who accounted for seven places.
- Schroder Properties disposed of £1.2bn of property. Their sale of a 50% stake in New Mersey Shopping Park, Liverpool for £209m, represented a 4% yield.
- Legal & General Property was the second most active institutional seller, disposing of £821m of property in 17 transactions. Two key disposals of Central London developments accounted for more than one half of their sales. The £240m sale of the 1m sq ft Walbrook Square, EC4 scheme to Spanish group Metrovacesa SA was the largest, whilst Mitsubishi Estate Company paid £200m for a 50% stake in the mixed-use scheme at Central St.Giles, WC2.



This publication, issued quarterly, focuses on the buyers and sellers in the marketplace. The analysis covers a snapshot of the transactions that have been reported over the past six month period, updated on a rolling basis. In this edition we have analysed £28.1 billion of transactions that have been reported between April 2007 and September 2007 inclusive. Transaction information supplied by Property Data and other sources.

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