SENTIMENT CATCHING UP WITH REALITY IN THE CENTRAL LONDON OFFICE MARKET ACCORDING TO EG*i*'s LONDON OFFICE DATABASE

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The central London office market has continued its recovery, according to the latest quarterly research by EG*i*'s London Office Database (LOD).

Take up has risen, total availability has fallen and average asking prices for new stock have risen – and risen for the fourth quarter running in the West End.

Mayfair has seen deals complete at £861 psm (£80 psf) with more in the offing.

The City Core had the best of the deals this quarter with 92,700 sq m of take up (1 million sq ft) – the best quarter since the start of 2001 – and the single deal to IPC in SE1 helped the City Fringe record its largest total since Q2 2001.

There is still a great deal of new stock lying empty in London, with more set to join it over 2004 but the appetite for new stock is growing and there are more three-to-six month refurbishment schemes commencing so landlords can catch the demand.

Tenants, however, are forgetting about second hand space while new stock remains historically cheap and second hand prices are tumbling as a result.

Bill Page, Senior Research Analyst at LOD, concluded: "Prospects are bright for central London and 2004 should be a good year. While second hand stock is set to continue to suffer, prices for new stock should stabilise and vacancy rates decrease. Big deals will continue and, by Christmas, reality and sentiment should begin to match."

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