

Insurers Migrating South?

Latest research by Newton Perkins has identified a shifting of the sands within the EC3 postcode over Summer/Autumn as several high profile insurance occupiers have announced their intention to relocate to buildings south of the "Lloyds Triangle".

Let's start with a little background. The EC3 postcode has historically been, and remains, the focal point of the UK wholesale insurance sector. The London market wrote a staggering £17bn of premium business last year. The hub within EC3 is the iconic 1986 Richard Rogers designed Lloyd's building on Lime Street. Many underwriters and higher profile brokers are only willing to consider offices in the immediate surrounds. The vicinity (known as the "Lloyd's Triangle") has maintained and indeed increased its allure for world leading insurers such as Willis and AON (to be joined shortly by W R Berkley with their so called "Scalpel" building) siting their HQ's overlooking Lloyd's.

Indeed, the lack of supply in the traditional "Triangle" is prompting top City rents to be paid even in locations just outside the traditional definition of the "Triangle" (such as Ascot Underwriting committing to £70 per sq ft for a floor at the new Canary Wharf/Land Securities development at 20 Fenchurch St).

Our research has now confirmed a willingness to look outside the "Triangle" and the attached map shows 15 of the more significant re-locations over the past two years. The latest affirmation was last month's confirmation of the pre-letting of half (85,000 sq ft) of 70 Mark Lane by Miller Insurance who will move from Jewry Street in 2015.

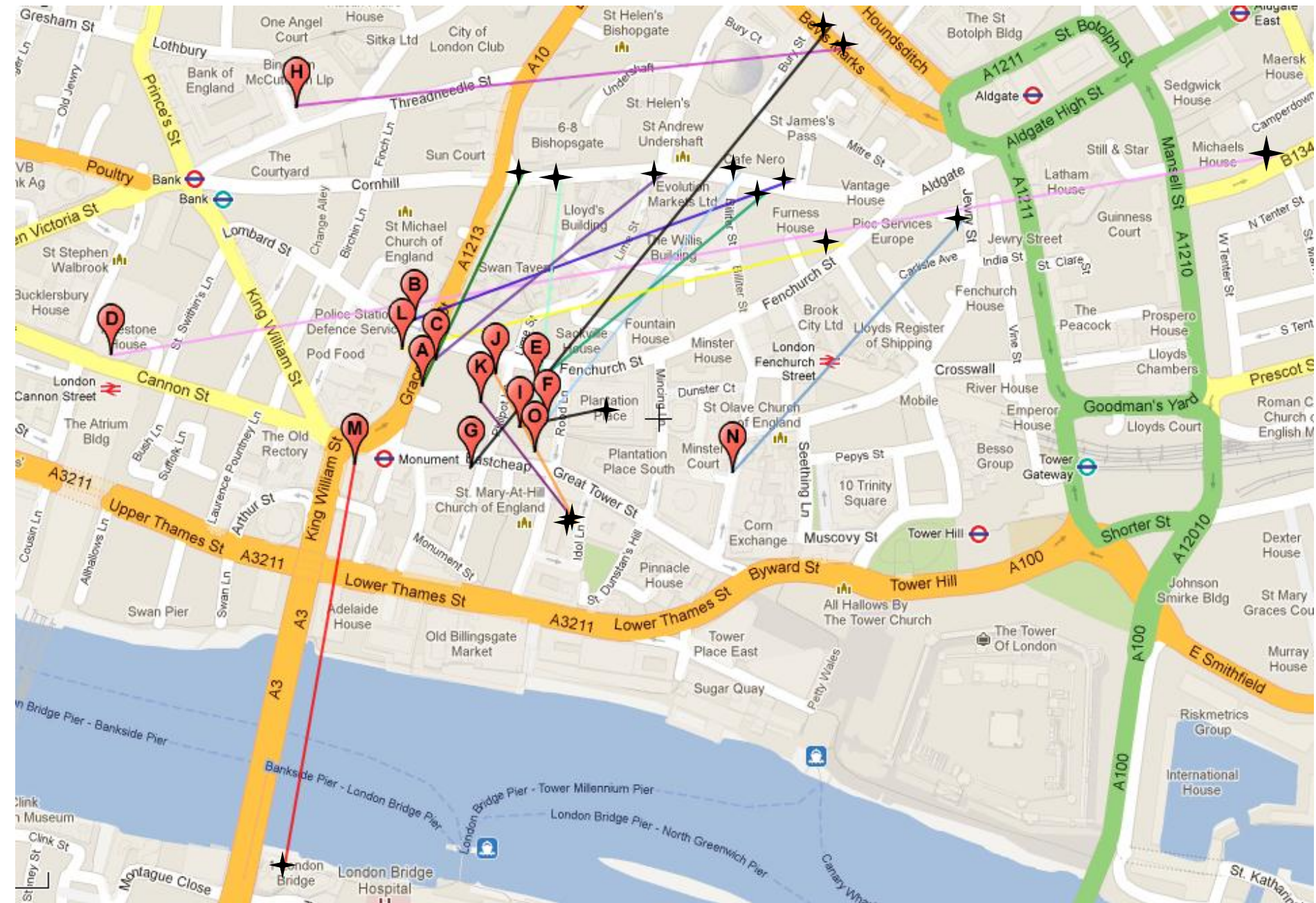
This follows on the heels of recent lettings to top performing 20 Fenchurch Street to Markel and R.J. Kiln (both moving from Billiter Street) with Royal & Sun Alliance also now "under offer" to move from Leadenhall Street. An even more notable geographic shift is Heath Gallagher's intended move to part of Delancey's Walbrook building, opposite Cannon Street station in EC4, a first for a leading broker.

The trend may work in favour of new buildings such as Rockspring/Charterfield's [Monument Place](#) building, Arab Investments' 40 Gracechurch Street and WealthCap's refurbishment at 100 Lower Thames Street. These buildings all enjoy proximity to Lloyds but with the enhanced pivotal east/west : north/south transport links of a more southerly location.

However, closer analysis suggests that the availability of good quality buildings offering high occupational densities were two significant factors in luring these tenants south. Furthermore, as with all migrations, we may see a reverse trend. The future availability of top quality buildings such as British Land/Oxford Properties 600,000 sq ft "Leadenhall Building" (already half let to AON), AXA's 6 Bevis Marks and the medium term offer from Blackstone of their revamped Devonshire Square may re assert the attractions of the north postcode area. A view supported by November's long anticipated confirmation of the largest City letting of 2012 to Jardine Lloyd Thompson (280,000 sq ft in Delancey's St Botolph building near Aldgate) -to complete the lettings at this bold large floor plate building.

Therefore, our expectation is that when buildings of the right quality and cost profile become available occupiers are likely to be drawn north again. So perhaps it is a case of several swallows appearing to make a summer?

Southerly Migrations in EC3



Please see page 3 for Occupiers List

<u>Occupier</u>	<u>Former Location</u> 	<u>New Location (date of move)</u> 
A. Tokio Marine	150 Leadenhall Street	60 Gracechurch Street (2011)
B. Catlin	88 Leadenhall Street	20 Gracechurch Street (2010)
C. Allianz	27 Leadenhall Street	60 Gracechurch Street (2010)
D. Heath Gallagher	Alie Street	The Walbrook, Cannon St (TBC)
E. Markel	52 Leadenhall Street	20 Fenchurch Street (2014)
F. RJ Kiln	52 Leadenhall Street	20 Fenchurch Street (2014)
G. Howden	Bevis Marks House	16 Eastcheap (2011)
H. Renaissance Re	Bevis Marks House	125 Old Broad Street (2010)
I. Ascot	30 Fenchurch Street	20 Fenchurch Street (2014)
J. HDI Gerling	Great Tower Street	10 Fenchurch Street (2011)
K. Hannover Re	Great Tower Street	10 Fenchurch Street (2011)
L. Aegis	107 Fenchurch Street	33 Gracechurch Street (2010)
M. Bell & Clements	London Bridge	55 King William Street
N. Miller Insurance	Jewry Street	70 Mark Lane (2015)
O. Royal & Sun Alliance	Leadenhall Court	20 Fenchurch Street (2014)