



MARKET UPDATE 1st QUARTER 2012

Welcome to the first update of 2012, giving you an up-to-date view of the office market west of the West End and providing an insight into prevailing trends in this sector.

Market Summary

The west of West End market has begun 2012 with a flurry of office lettings and a number of substantial planning applications granted for development schemes. The impact of the European sovereign debt crisis has not hit the west of West End as we feared it might at the end of Q4. With demand and confidence improving, office rents have increased slightly to best rents of £34.50 in Hammersmith and £42.50 at Chiswick Park and Kensington High Street. It seems inevitable that rent-free incentives currently available to tenants will start to reduce. BBC Magazines have taken the 60,000 sq ft Vineyard House, 44 Brook Green, Hammersmith. The rent they are paying for the former Lyons factory property is £34.50 per sq ft. They have relocated from 80 Wood Lane where Imperial College has submitted its plans for nearly 1 million sq ft

including a health and research facility and student housing. This will be called Imperial West.

Nearby, Westfield has also received consent for a mixed use scheme opposite their current shopping centre in Wood Lane. With buildings ranging from 4, 12 and 20 storeys, the Westfield site will include 1,522 homes on the east side of the site, a new department store in the middle and an extension to the existing centre which will include restaurants, leisure property and a public square next to the 1898 listed former power shed that is now the Bus Station. Hammersmith & Fulham also approved the first residential phase of Capital & Counties' Earls Court site and the conversion of the historic Hammersmith Palais to student housing.

Q1 Headlines

HAMMERSMITH PALAIS THE STUDENTS MOVE IN

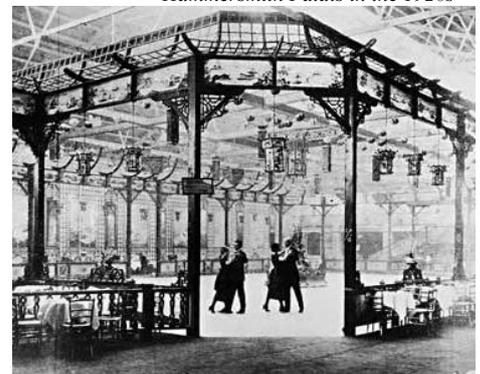
Private equity group, Carlyle, has purchased the site and has now secured permission to build a 418 room building for student accommodation. This £46 million purchase was part of a larger acquisition including Ewer Street in Southwark, and Goswell Road, Islington. The scheme will be available to rent in 2013 and 2014.

The 'Palais' was built in 1910 as a roller skating rink and then became a

dance hall in 1919, after World War I. During the Second World War, despite the Blitz, the dance hall remained open with a resident band providing the live music. Since that time it has provided the venue for concerts by the Cure, U2 and not forgetting punk rock band, The Clash, whose 1978 song 'White Man in Hammersmith Palais' recounted an all-night reggae gig at the venue in Shepherds Bush Road.

The doors finally closed in 2007.

Hammersmith Palais in the 1920s



KENSINGTON HIGH STREET GANTRY

De Vere Gardens in Kensington Road has gained a temporary landmark with the construction of a clever gantry that bridges Kensington Road during the construction of the 5-storey luxury apartment development. The site is the former Kensington Park and Kensington Palace Thistle hotels.

The site accommodation provides welfare facilities, canteen, drying rooms, first aid, induction rooms and offices for 45 Sir Robert McAlpine staff, 55 subcontractors' staff and up to 750 site workers. It will be in position for 2½ years.

HELICAL BAR BUYS BROADWAY

Helical Bar has purchased the prominent Broadway House at 1-15 King Street, opposite Hammersmith Broadway, from receivers for £14 million. The intention is to raise the yield by 3% with asset management and a refurbishment plan. The property totals 35,000 sq ft which is part let to retail and office occupiers, including two vacant office floors. Frost Meadowcroft will market the property once it has undergone a substantial makeover.



DERWENT QUEENS CINEMA DEVELOPMENT

Developer Derwent London gained consent for a mixed-use development of 21,400 sq ft and will build 18,700 sq ft of apartments together with 2,700 sq ft of ground floor retail space. The aim is to target boutique retailers and art galleries as potential tenants of the retail units.

The plans by Stiff and Trevillion Architects retain the art deco facade and will include a new public space on the opposite side of Queensway. Construction is due to start in early 2013, with completion due in late 2014.

CHISWICK DEVELOPMENTS

OCTOPUS GIVEN THE GO AHEAD

London & Bath Estates and the architects Make were given planning approval to go ahead with the 'Octopus Building', a striking 50 metre high office. Comprising offices, showroom, rooftop gardens and a public viewing gallery, it will be lit by LED lights with a mixture of public art and advertising, making use of its position overlooking both the busy A4 and Chiswick roundabout. Construction is due to start in late summer 2012.



CGI of The Octopus (above)

SAINSBURY'S RELOCATION & MIXED USE DEVELOPMENT SCHEME

Invista, a property management company, is understood to be leading the project to move Sainsbury to the Chiswick High Road and re-develop the site around the car park. TateHindle architects have drawn up plans and it is understood that planning permission has yet to be submitted.



Artists impressions- Sainsbury relocation (above)

JAMIE OLIVER'S 'UNION JACKS' COMES TO W4

The second branch of 'Union Jacks' concept restaurant is to open shortly in Chiswick High Road, next to Foxtons.

METRO BANK FIRST DRIVE-IN STORE

Opposite 'Packhorse and Talbot' on the Chiswick High Road, Metro Bank have just received planning consent to construct a drive-in bank, due to open late 2012.



WAINBRIDGE BUYING BECHTEL

Wainbridge stepped in when talks fell through with MGPA, the private real estate investor, who went under offer to buy the building in January. Wainbridge, a fund set up by former Hines directors, were previously an underbidder on Bechtel House in Hammersmith.

CBRE Global Investors are in final negotiations with the fund for £53m for 170,000 sq ft block at a yield of 8.5%.

The property is let to Bechtel until September 2014 and is guaranteed by Bechtel Corporation.

Deals

Below is a small selection of Q1 deals for Frost Meadowcroft in Kensington & Chelsea, Hammersmith & Fulham & Chiswick:

84 Eccleston Square, Victoria SW1:

10,052 sq ft **ACQUIRED FOR** Aegis Defence Services Ltd

Landmark House, Hammersmith W6, Various floors:

totalling: 13,100 sq ft, Frost Meadowcroft represented 4 tenants (Red Interactive, Coupons, Global Careers & Namco)

21 Conduit Place, Paddington W2

1,200 sq ft **LET** to Aibiquity Ltd

Broadway Studios, Hammersmith W6:

2,582 sq ft **LET** to Stella and Dot

9 Young Street, Kensington W8:

1,038 sq ft **LET** to Snapps Ltd

Turnham Green Mews, Units 1,7,4,10,11,12 & 8:

totalling: 5,058 sq ft **SOLD** to Owner Occupiers

New Instructions

Frost Meadowcroft have continued their market presence with new instructions:



PHEONIX BREWERY, W10

1,141 to 3,831 sq ft available to let. Located 200 meters to the north of Latimer Road Underground. The quoting rent is £29.50 per sq ft.



FOR SALE - 84 PEMBROKE ROAD, W8

4,510 sq ft available for sale. Located just to the north of the Cromwell Road & Kensington High Street is 10 min walk to the north. The guide price is £1.75 million.



10 LEDBURY MEWS NORTH Notting Hill, W11

2,450 sq ft available to let Traditional mews style office. Located in the fashionable part of Notting Hill.



DUKES GATE Chiswick, W4

2,235 sq ft. available to let, offices in an attractive courtyard development. Located opposite Chiswick Park Station. The quoting rent is £25 per sq ft.

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