



Proposed Bridge at Chelsea Harbour

The Frost Meadowcroft MARKET UPDATE 4th QUARTER 2012

Welcome to the fourth and final 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.

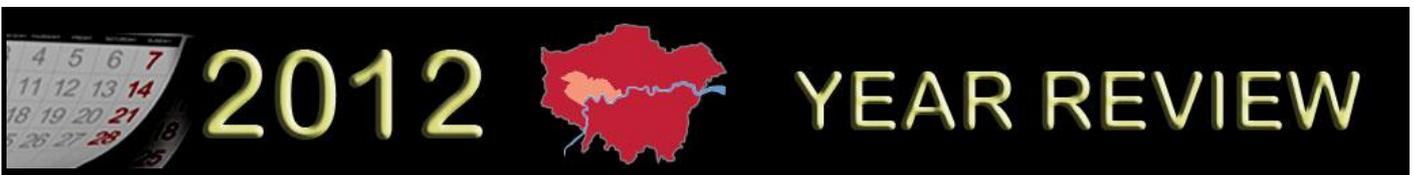
Market Summary

The UK economy eased out of recession in Q3 with GDP growth at 1% and service industries (that create most of the office demand) at 1.3% growth. This has led to good take up in the west of West End this quarter, such as 26,000 sq ft in Ocubis' Fulham Green development to two tenants; The Research Partnership and Clarendon Business Solutions and also the 23,000 sq ft let to Medidata at Metro on the Hammersmith Roundabout opposite Coca Cola and Disney's offices. Coca Cola are relocating from their owner occupied building, the 65,000 sq ft 1 Queen Caroline Street to 1a Wimpole Street in the West End. Watch this space for the sale and redevelopment of Coca Cola's Hammersmith property next year.



pic: Fulham Green

Office rents remain reasonably static with the best rents achieved in Hammersmith remaining at £36 per sq ft and £46 per sq ft in Kensington High Street. The Metro letting was £34 per sq ft and at 160 Kensington High Street Mind Gym paid £46 per sq ft for 7,090 sq ft. Frost Meadowcroft represented Handelsbanken who are soon to open new branch offices at the refurbished 125 Kensington High Street at £39.50 per sq ft. At Shepherds Studios in Shepherds Bush, Deezer Music paid £29.50 per sq ft. New build 10 Hammersmith Grove 'topped out' this quarter- topping out is a builders' rite ceremony when the last beam is placed at the top of a building. Practical completion of the 110,000 sq ft first phase is due in Spring 2013. The entire office scheme will eventually be 275,000 sq ft and will include restaurants on the ground floor, much needed in Hammersmith town centre.



OFFICE LETTINGS

The year began confidently with the European Sovereign Debt Crisis not affecting the west of West End as much as was feared at the end of 2011. Best rents in Hammersmith began the year at £34.50 and at £42.50 per sq ft in Kensington High Street, finishing the year just slightly higher at £36 and £46.50 per sq ft. At Chiswick Park Aker pre let the 215,000 sq ft Building 6 for £45 per sq ft. Later in the year confidence waned as GDP failed to grow in Q2 and Q3 and the UK economy had a 2nd recession. Large lettings included Immediate Media (the new name for BBC Magazines) taking the 60,000 sq ft Vineyard House at 44 Brook Green (on the junction of Hammersmith Road) and Winton Capital pre letting 62,500 sq ft at the former Wimpey HQ at 27 Hammersmith Grove. In Chiswick, Viasat leased 52,000 sq ft at Chiswick Green and Equinox took 35,000 sq ft at 99 Kensington High Street.

DEVELOPMENT

Hammersmith Palais was demolished to make way for student housing and the VW car showroom at the end of St Peter's Square was demolished for a 0.6 acre housing development by Crest Nicholson. Grainger were chosen to redevelop Kensington & Chelsea's Hortensia Road and Young Street car parks. In White City, Westfield received planning for their mixed use extension to their shopping centre and next door, Helical Bar and Aviva submitted planning consent for their 10 acre site that was formerly occupied by Dairy Crest opposite the BBC TV Centre between Wood Lane and the Westway. Consent was also granted for the Terry Farrell & Partners master plan for the demolition of Earls Court and the redevelopment of the 77 acre site that crosses the boundary of the Boroughs of Hammersmith and Kensington.



Earls Court Stadium (London) 1973.

Included within this mixed use scheme will be 1.1m sq ft of offices.

TRANSACTIONS

Building sales include the BBC TV Centre that was sold to Stanhope for £200m, Helical Bar bought Broadway One in the centre of Hammersmith for £14m and Legal & General bought nearby Bectel House, 245 Hammersmith Road for £42.5m (a yield of 9.8%). Overall we have observed a sustained level of transactions and there is a larger volume of future development in the pipeline.

Q4 Headlines

LIFSCHUTZ DAVIDSON SANDILANDS INSTRUCTED ON HELICAL BAR'S HAMMERSMITH TOWN HALL REDEVELOPMENT

Hammersmith based architects Lifschutz Davidson Sandilands have been appointed to revise the plans for Hammersmith Town Hall in King Street.



Planning permission had been granted to Sheppard Robinson for a scheme to replace the 1970s Town Hall extension and other buildings with a public square and 290 new homes. The 15 storey scheme was abandoned by the Council in July (2012) after a public outcry over height concerns. The new proposal is in the early stages of discussion but it has been agreed that the new scheme will be no more than eight storeys or no higher than the

current Town Hall extension. Parameters for the new design will include; creation of a new public square, opening up the Grade II listed northern face of the old Town Hall, improved access, creation of new homes, retail and restaurant space. It will also include a £1 million regeneration fund to be provided for improvements to buildings locally in King Street and will not require the relocation of Thomas Pocklington Trust tenants from their mansion block.

KENSINGTON & CHELSEA GIVE APPROVAL FOR CAPITAL & COUNTIES EARLS COURT SCHEME

On the 21st November, 2 months after Hammersmith and Fulham approved the development; the Royal Borough of Kensington & Chelsea granted planning permission for Sir Terry Farrell's 10.1m sq ft masterplan (including affordable homes, offices, hotels, education facilities and a 5 acre park). The section 106 agreement is in final discussions with the local authorities.

There is a legal challenge from West Kensington & Gibbs Green Estate Group, who are contesting the re-development of 760 council flats.



PLANS REVEALED FOR A FOOTBRIDGE TO LINK CHELSEA HARBOUR TO BATTERSEA

Plans have been submitted to both Hammersmith & Fulham and Wandsworth Councils for a £22 million project to build a pedestrian & cycle

bridge connecting Chelsea Harbour (Imperial Wharf) Fulham to Lombard Road in Battersea. The architects and development firm, One-World Design, hope to fund the project with corporate sponsorship and it is to be gifted to London.

As early as 1924 Viscount Curzon MP acknowledged in the House of Commons that a bridge for pedestrian access situated between Wandsworth Bridge and Battersea Bridge was needed.

375 KENSINGTON HIGH STREET - 40% SOLD OFF PLAN



Former Tax offices at Charles House, 375 Kensington High Street have been demolished to allow for the construction of 467 luxury apartments. Asking prices range from £830,000 to £6.6million for a 3 bedroom penthouse of 2,010 sq ft, this equates to approximately £1,625 to £3,283 per sq ft. 40% have been sold off plan mainly in property shows across Asia. The present development will be built in four blocks - Bridgeman, Charles, Wolfe and Trinity - to be completed in stages. The first will be available for occupation from winter 2013 and the final phase expected to complete in winter 2014. There are 3 further blocks in the pipeline and a proposed school.

OTHER NEWS

PLANNING AGREED IN PRINCIPLE FOR HAMMERSMITH'S, IRISH CULTURAL CENTRE

The council have agreed to grant planning subject to the legal agreement for a transformed Irish Cultural Centre.

The scheme designed by Levitt Bernstein includes 24 apartments.



EMPTY RATES

In the Autumn Statement George Osborne announced that as from October 2013, newly completed commercial buildings will have a grace period of 18 months before having to pay empty property business rates.