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The Frost Meadowcroft MARKET UPDATE 2nd QUARTER 2013

Welcome to the second update of 2013, giving you an up-to-date view of the west of the West End office, investment and development market, providing an insight into prevailing trends in this sector.

Market Summary

On 30th May 2013 new Permitted Development Rights were granted in the UK with a few exempted areas. These rights include the change of use of B1a use class office buildings to C3 use class private residential buildings if the property is not listed and there is no contamination, flood plain or highways issues. Whilst the Central Activities Zone in London and Royal Borough of Kensington & Chelsea won exemptions, Hammersmith & Fulham, Ealing, Hounslow and Richmond did not.

Almost immediately office stock has begun to sell to developers including the 6,125 sq ft Glassmills in King Street and the 2,286 sq ft Rylett Studios both in Hammersmith & Fulham. This gradual loss of office stock is bound to put pressure on office rents in Royal Borough of Kensington & Chelsea and on the offices in Hammersmith & Fulham and Chiswick that are not suitable for conversion in the next year or so. This is good news for those that want to buy a residence locally but bad news for companies that lease offices based in the west of the West End.

The new 100,000 sq ft 10 Hammersmith Grove is rumoured to be part under offer at £47 per sq ft to Pernod Ricard taking 40,000 sq ft. On completion this will set a new record rent for substantial office buildings in Hammersmith where rents of over £40 per sq ft have not been seen before. Other lettings have included 17,000 sq ft to Bazaar Voice in The Metro Building at £35 per sq ft and One King Street at £32.50, both in Hammersmith, Kopperberg at Fulham Green at £35 per sq ft and Jam Jar at Phoenix Brewery in Notting Dale, W10 at £32.50 per sq ft.

There continues to be a surge in large residential planning consents and sites under construction as developers take advantage of the increasing house prices in the area. Residential prices in Hammersmith & Fulham and Chiswick have achieved over the £1,000 per sq ft level as house buyers are priced out of Kensington & Chelsea.

In Victoria the 253,000 sq ft 123 Buckingham Palace Road is being marketed for £185m, representing a yield of 5.8%.



123 BUCKINGHAM PALACE ROAD SW1



10 HAMMERSMITH GROVE W6



GLASSMILLS, 322 KING STREET W6



CHELSEA FC, THE LILLIE BRIDGE DEPOT & THE EMPRESS STATE BUILDING

TFL's Lillie Bridge railway depot could be a potential site for Roman Abramovich to buy for Chelsea FC given that TFL have now stated that a sale to Capital & Counties, who own Earls Court and are developing a master plan for the area, is 'not on the table'. At the end of the year the 17 acre site is scheduled to be sold by TFL. Meanwhile Capital & Counties have purchased Land Securities 50% stake in the nearby 31 storey, 451,000 sq ft Empress State Building in Lillie Road, SW6 for £117m valuing the property at circa £518 per sq ft. The building is entirely let to the Mayor's Office for Policing and Crime until June 2019.



HELICAL BAR, DAIRY CREST SALE & ONE KING ST LETTING

In Q2 Helical Bar and Aviva sold their 11 acre former Dairy Crest site, opposite the BBC in Wood Lane, White City to Imperial College London for about £100m as part of the Imperial West campus expansion plans that will include student accommodation, teaching rooms, labs and commercial space for the science University. In our Q1 Market Update we reported that Helical and Aviva had obtained planning consent for 1,150 homes, 210,000 sq ft of offices and circa 60,000 sq ft

of retail and leisure. Presumably it's 'back to the drawing board' for Imperial's architects on this site. Helical Bar have also successfully let the 1st floor of One King Street a central Hammersmith office building that they recently purchased and then refurbished. The 3rd floor was let by Frost Meadowcroft to DrugDev a pharmaceutical consultancy for £32.50 per sq ft. The final refurbished floor is now being marketed at £34.50 per sq ft.

ACCESS STORAGE, BROOK GREEN

Plans have been approved to convert the landmark Grade II listed, former Ford Motors warehouse that sits opposite the green of Brook Green, to a 115,000 sq ft 6 floor office building. Architects Collado Collins have designed the building so that the handsome warehouse facade is retained but that three floors are added within a glass dome, together with the creation of a conservatory behind the building. The building is a rare example of a purpose built motor depot, garage and showroom. It was built in 1915 by Heathcote and Sons of Manchester when the Ford Factory was at Trafford Park, Manchester prior to its relocation to Dagenham.



DIMES PLACE, MOSS & CO

Matthew Woodthorpe Architects successfully obtained planning consent for Moss & Co Timber, a Frost Meadowcroft client. The consent is for the future change of use of their timber yard in Dimes Place in Hammersmith (just north of the existing Town Hall tucked behind King Street) to 8 contemporary houses and a refurbished office building. Frost Meadowcroft is now searching for a suitable new site for Moss and Co in north west London to facilitate their consent.



HISTORIC NOMIS STUDIOS DENIED PLANNING

A development that failed to gain consent in Q2 was the demolition of 45-51 Sinclair Road in Olympia, together with the construction of a block of 52 flats. The scheme retained number 53

Sinclair Road and an historic arch at the rear that faces Hofland Road. Owned by music manager Simon Napier-Bell who managed Japan and Wham! In the mid-eighties, Nomis Studios offered ten band

rehearsal rooms of varying sizes and was frequented by Pink Floyd, The Style Council, Dire Straits, Tina Turner, Status Quo, The Police, George Benson, Wham!, Culture Club and Duran Duran.