



The Frost Meadowcroft MARKET UPDATE 4th QUARTER 2013

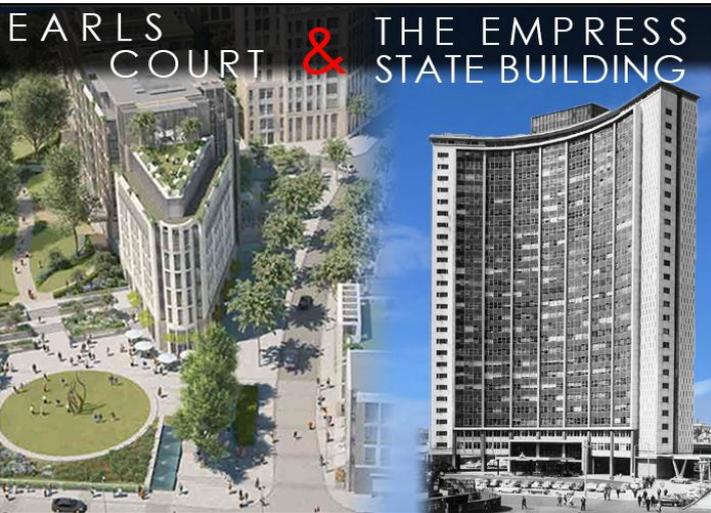
Welcome to the fourth and final update of 2013, giving you an up-to-date view of the office investment & development market west of the West End and providing an insight into prevailing trends in this sector.

Market Summary

This quarter has seen a substantial increase in office rents and residential prices. This confidence in both the office and residential development sectors has been illustrated by the appetite from developers buying vacant speculative stock such as Coca Cola's 80,000 sq ft at 1 Queen Caroline Street over Hammersmith Station guided at £28.5m but under offer at a much higher price, Scottish Widow's 40,000 sq ft 414 Chiswick High Road under offer at over £20m and Haymarket's residential scheme in Bute/Wolverton Gardens, Brook Green that sold to Bellway for £20m. The Warwick Building investment in Kensington Village also sold for £40.1m, a yield of 5.26%.

Office rents are still increasing - Dave TV Channel are under offer at 10 Hammersmith Grove at record Hammersmith rents rumoured to be close to the asking rent of £50 per sq ft and upgraded older buildings in the town are letting at £33 to £37.50 per sq ft. Greenhills are taking 4,500 sq ft at Fulham Green meaning this 110,000 sq ft scheme is now fully let. Fulham Green's owner, Ocubis, has now begun the refurbishment and letting of the next building there, the 25,000 sq ft Riverbank House that Frost Meadowcroft will be marketing in 2014. In residential, Berkeley's central Hammersmith Sovereign Court scheme has reached £1,000 per sq ft, a value you would normally apply to houses on St Peters Square or Hammersmith Riverside.

Q4 Headlines



CapCo are to apply for a change of use of the Empress State Building on Lillie Road Fulham to 340 residential homes. The property was completed in 1961 on the site of The Empress Hall ice rink and was the tallest commercial building in London for 1 year before Millbank was built in 1962. In addition to the change of use there will be new balconies and winter gardens for the flats. The first phase of the Earls Court masterplan has been exhibited. As you exit West Brompton Station there will be a new tree-lined park square surrounded by shops and cafes called West Brompton Village. North of this will be Lost River Park named after the underground Counters Creek river, a new Earls Court High Street and tree-lined boulevards, Circus & Broadway, just west of the existing Exhibition Centre and Earls Court Underground Station.

RISING NEW BUILD RESIDENTIAL PRICES IN HAMMERSMITH

Berkeley have hit £1,000 per sq ft at its town centre site in Glenthorne Road and Beadon Road, selling 146 flats off-plan, 3 years before they will be built and before the existing Kings Mall Car Park and West 45 office building has been demolished. In Stamford Brook Linden Homes are selling Ashlar Court for £950 per sq ft.

SARM STUDIO REDEVELOPMENT

Trevor Horn from the pop bands The Buggles and Art of Noise and producer of Frankie Goes to Hollywood, has received planning consent for the redevelopment of his Sarm Studios in Ladbroke Grove. Formerly the famous Island Records recording studio where Bob Marley & The Wailers recorded, the new Sarm Studios will still have recording facilities in the basement. The upper floors will be offices and residential following a 3 year redevelopment.

(Trevor Horn pictured in the early 80's below)



RIVERSIDE STUDIOS DEVELOPMENT



EXISTING



THE FUTURE

A planning application has been submitted for the demolition of the existing Riverside Studios and Queens Wharf and the construction of an 8 storey block of 165 homes together with

a new art performance centre for Riverside Studios including a restaurant and cafe. A new river walkway linking Chancellors Road to Hammersmith Bridge is also proposed



TOWN HALL BACK IN VIEW & NEW CLOCK

FINALLY A NEW TOWN HALL FOR HAMMERSMITH

For those of us who work in property in Hammersmith I doubt we will miss our visits to the current town hall extension up its weird, wind-swept external escalators into the 1970's monstrosity that would be more at home in the film Clockwork Orange than in King Street, Hammersmith. Architects Lifschutz Davison Sandilands have won consent for LBH&F, Helical Bar & Grainger's King Street regeneration scheme. As well as a smart new council office building, cool town clock and Curzon cinema the existing Grade II listed town hall that is currently hidden by the extension will have its former ceremonial stone steps reinstated and will link up with a new public piazza.

QPR TO RELOCATE TO OLD OAK

QPR Football Club has revealed their plans for a new 40,000 sq seater stadium as part of a new city quarter developed by a Mayoral Development Corporation. The Old Oak area comprises several hundred acres of mostly railway land in the north of Hammersmith and Fulham. Sir Terry Farrell is developing the master plan for the site that will include thousands of homes, a hotel, retail, studios and offices, bars and restaurants. They will seek planning consent for 2015.



2013 YEAR REVIEW

DEVELOPMENT

The year began with the Government announcement that Permitted Development (PD) rights allowing conversion to offices would come into force and left developers wondering which local authorities would be granted an exemption. On 30th May the new policy began with only parts of central London and the Royal Borough of Kensington and Chelsea granted exemptions. The policy applies to parts of Paddington and all of Hammersmith & Fulham, Hounslow, Ealing and Richmond. From the summer several office properties were granted PD and have been sold to residential developers.

OFFICE LETTINGS

The offices being converted to residential have put pressure on office rents that are already increasing because of the improvement in the London economy. Best office rents in Hammersmith have surged from £36 per sq ft to £47.50 per sq ft, in Notting Hill and Kensington to £45 per sq ft, Notting Dale to £36 per sq ft, Fulham to £32.50 and Paddington to £55 per sq ft. Best Victoria quoting rents will be £75 in 2014. Notable lettings include the 115,000 sq ft pre-let of the former Access Storage property in Brook Green to Dunn Humby, Virgin relocated to The Battleship in Paddington and assigned their 20,000 sq ft lease at 50 Brook Green to Omnicore, also Virgin Media eased

45,000 sq ft at Griffin House, Hammersmith Road.

PURCHASES

Haymarket sold their 35,000 sq ft office building at 174 Hammersmith Road to Kier for £15m and their buildings in Bute Gardens, Brook Green with residential consent to Bellway for £20m. GE Capital sold the 160,000 sq ft Ark for £67m. M&S sold their 10 acre storage depot in White City for £100m to Berkeley Homes and next door, Imperial bought Helical Bar's 11 acres for a similar amount. In Victoria, the 253,000 sq ft 123 Buckingham Gate sold for £185m, a yield of 5.8% and Hermes bought the 143,000 sq ft Chiswick Tower for £56.5m, a yield of 7%.