



## MARKET UPDATE 4th QUARTER 2011

Welcome to the last update of 2011, 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

Q4 has been a slightly odd quarter in that the impact of the European sovereign debt crisis has not hit the west of West End office market but it seems inevitable that if growth is to fall in the UK and unemployment increase, these factors are likely to have an impact in Q1 of 2012. Best office rents in Hammersmith remain at Q2 and Q3 levels being £32.50/£33.00 as evidenced by our letting at Colet Court, 100 Hammersmith Road (the former St Paul's boarding school) to Liz Earle (skincare). Take up levels were high and supply of grade A space remains low in Hammersmith and Fulham and extremely low in Kensington & Chelsea. Following on from the substantial owner-occupier purchases

of Notting Hill Trust and Agilisys in Hammersmith in Q3, the 135,000 sq ft Landmark House and Thames Tower have just sold to GEMS, an educational owner-occupier for circa £34m (see below) and Harrods have purchased 120,000 sq ft at 68 and 72 Hammersmith Road for £38m.

The low supply situation in Hammersmith and Fulham is set to change in the next year or so with Development Securities starting work on their 275,000 sq ft Hammersmith Grove scheme, the first phase to be completed in Q1 2013. Also at 27 Hammersmith Grove substantial refurbishment work is underway by The Threadneedle Low-Carbon Workplace Trust (LCW) on the 62,500 sq ft, former George Wimpey HQ.

### Q4 Headlines



#### CAP-CO RETHINKING EARLS COURT PLANS UNDER GLA INSISTENCE

Capital & Counties have been urged by the Greater London Authority to make extensive design reviews for Seagrave Road to bring it in line with the 'London Plan'. The scheme was commended for many aspects of the current master plan, which includes 1.6m sq ft of offices and shops, 7,500 homes, a new high street and 23.5 acres of public space. The Kwok family, Hong Kong based investors, have just purchased a 50% stake in the scheme.

#### HAMMERSMITH GROVE SITE

Development Securities have speculatively started the 110,000 sq ft of section of offices and 6,000 sq ft of restaurants and retail at the former NCP car park site next to the entrance to the Hammersmith & City and Circle line station. The first building will be on the junction of Beadon Road and Hammersmith Grove and this will later be followed by 170,000 sq ft in a second phase. The first building is expected to be completed in Q1 2013 and they have aspirations of rent at circa £45 sq ft.



#### BORIS JOHNSON STEPS IN OVER KING STREET TOWN HALL PLANNING

A late intervention on the 16<sup>th</sup> December by the Mayor, Boris Johnson, has put a hold on the Hammersmith Town Hall King Street regeneration scheme. Consent was originally granted on 1<sup>st</sup> December. The plan was to create a new public square and 290 new homes, replacing the 1970's council extension that fronts King Street.

## QPR AND CHELSEA BOTH CONSIDERING A RELOCATION

QPR owner, Tony Fernandes, having said a new stadium is a long way off in Q3, has now begun reviewing potential sites in Shepherds Bush and White City. Possible sites under review are the land between Loftus Road and the BBC TV Centre (which itself is on the market for sale) as well as land east of Wood Lane and south of the Westway in White City, all within the London Borough of Hammersmith and Fulham. They are likely to need 15 acres, three times the size of their existing 5 acre site and its 18,000 capacity ground.

Chelsea, on the other hand, are considering an option that would mean leaving their 42,000 seater stadium in the south of Hammersmith and Fulham in SW6; relocating to a potential site, south east of Battersea Power Station, in the London Borough of Wandsworth.



## LANDMARK & THAMES SALE

The delayed completion of the purchase of Landmark House and Thames Tower to GEMS Education occurred on Thursday 15<sup>th</sup> December. GEMS are a large private kindergarten and education operator. All the existing tenants of Landmark House have expiries in March 2012. Frost Meadowcroft act for 6 of these tenants. Two of the tenants; Market One and Four Seasons have agreed leases on new properties in Chiswick and Hammersmith respectively, whilst the others have agreed short term arrangements at £28.50 per sq ft to stay until 2013, as GEMS consider their refurbishment options.



## OCUBIS' DRYLAND & FULHAM GREEN

Previous Foxton's owner, Jon Hunt's commercial office operator Ocubis, has opened Dryland at 96 Kensington High Street this quarter. Dryland is unlike other serviced offices in that it has the atmosphere of a private members club with hotel style service and differing levels of membership. Ocubis describe it as 'business residences'. Also this quarter Frost Meadowcroft let the majority of Bedford House (30,000 sq ft) at Fulham Green to Clarion Events at a rent of £27.50 per sq ft. Fulham Green is also owned by Ocubis.



## HARRODS BUYS 2 OFFICE BUILDINGS OF 120,000 SQ FT IN HAMMERSMITH

The Knightsbridge based department store has completed the purchase of the 120,000 sq ft 68 and 72 Hammersmith Road glass clad office blocks on the former Lyons Factory site near Brook Green and Olympia in W14. Bought from Stockdale, Qatar Holdings, owners of Harrods, will move office staff from its head office in Osterley and from offices at the Knightsbridge store.

## Deals

Below is a small selection of Q4 deals for Frost Meadowcroft in Kensington & Chelsea, Hammersmith & Fulham & Chiswick:

### North Wharf, Paddington, W2:

4,146 sq ft **AQUIRED FOR** Line Communications

### Jasmine Studios, Hammersmith W6:

7,175 sq ft **LET** to MiH Jeans

### Chelsea Harbour, Chelsea SW10:

5,500 sq ft **LET** to ISSA London Ltd

### Chelsea Harbour, Chelsea SW10:

6,700 sq ft **LET** to Caspian Publishing

### Fulham Green, Fulham, SW6:

30,000 sq ft **LET** to Clarion Events

### Pembroke Building, Kensington Village, W14:

8,990 sq ft **LET** to IDBS Ltd

## New instructions

Frost Meadowcroft have continued their market presence with new instructions:



### LYRIC HOUSE 149 Hammersmith Road, W6

3,767 to 11,689 sq ft available to let on behalf of Threadneedle. Centrally located opposite Brook Green. The quoting rent is £34.50 per sq ft

### BROADWAY STUDIOS Hammersmith Broadway, W6

1,349, to 5,688 sq ft refurbished offices by Sapcote. Located very centrally on Hammersmith Broadway. The quoting rent is £29.50 per sq ft.



### 2 BOLLO LANE Chiswick, W4

### 346 KENSINGTON HIGH STREET, W14

3,546 sq ft available to let. Located on the north side of Kensington High Street, close to Olympia. The quoting rent is £27.50 per sq ft

2,670 to 10,528 sq ft of new build B1/D1 self-contained offices available to let. Located opposite Chiswick Park Station. The quoting rent is £25 per sq ft.

Frost Meadowcroft, Tel: 020 8748 1200 Further information: [sbunn@frostmeadowcroft.com](mailto:sbunn@frostmeadowcroft.com) Web: [www.frostmeadowcroft.com](http://www.frostmeadowcroft.com)

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