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# fm market update Q4

**4th QUARTER 2016** Welcome to the fourth and final update of 2016, giving you an up-to-date view of the office, investment & development market west of the West End. Included in this issue: office supply, current rents, notable offices, annual review and planning consent.

## MARKET SUMMARY



In Q4 the Government announced the 3rd Runway at Heathrow and Zak Goldsmith lost his Richmond seat in what he had hoped would be a protest against that decision, but instead appeared to be a protest against Brexit. Access to Heathrow is often cited as a factor for companies relocating to west London and in particular Hammersmith is popular with airlines.

This quarter both airlines *Cathay Pacific* and *Egypt Air* relocated their offices in Hammersmith but the largest letting locally was *Yoox Net-a-Porter Group's* 70,000 sq ft letting of the part 1st and part 2nd floor at White City Place on the former BBC Estate. They also leased a further 6,000 sq ft in Westfield London which will continue to be their HQ. The take-up of 113,000 sq ft of offices in London Borough of Hammersmith and Fulham in Q4 was the highest quarter of the year, although the total take-up for 2016 of 255,000 sq ft was 15% down on 2015 as Brexit caused indecision.

### Supply reduced across the west of West End:

- Chiswick decreased from 7.4% to 6.4%
- Paddington decreased from 3.5% to 3.2%
- RBK&C decreased from 2.9% to 1.5%
- LBH&F decreased from 13.1% to 11.4%

Other notable office lettings include two new lettings at The Aircraft Factory in Hammersmith; the technology company *Gram Games* (that make the '1010!' game) and *Kwiff* (the gambling app) taking 5,000 and 3,800 sq ft respectively. *Virgin Management* took 7,172 sq ft at 66 Porchester Road next to Royal Oak Station in W2 and *Douglas & Gordon* moved their head office from Victoria to the

7,000 sq ft ground floor at 212 New Kings Road at Fulham Green. *Hoegh Capital* and *Endeavour Mining* both took 10,000 sq ft floors at 5 Young Street, Kensington. Fashion designer, *Amanda Wakeley* took 3,000 sq ft in Logan Place, W8, although most recent press interest has been focused on her racy leather trousers as worn by Theresa May. In Chiswick, the former *Decca Records* and *Universal* building, Bond House, 347-353 Chiswick High Road was let to *HCA Healthcare* (owner of The Lister and Portland Hospitals) for £47.50 per sq ft.

Notable investment sales include *Brockton Capital* selling on 10 Hammersmith Grove for £103.5m to *Tai United* from Hong Kong. It was bought for about £89m from *Aberdeen UK Property Fund* in the wake of the Brexit vote when the fund was suspended and *Aberdeen* had to sell properties quickly to meet redemptions.

*Helical Bar* sold One King Street to Orchard Investment Management for £34.5m a net initial yield of 4.85%. *Fruition* sold the newly constructed office building 11 Beavor Lane in Ravenscourt Park to *The Omni Group* for £3.2 (£619 per sq ft).

### Best rents per sq ft are:

- £57.50 in Hammersmith
- £65 in Kensington
- £73.50 in Paddington
- £80 in Victoria
- £55 in Shepherd's Bush and Vauxhall
- £52.50 in Chiswick
- £50 in Fulham and White City
- £35 in Ealing



Amanda Wakeley & Liz Hurley (right)

## Q4 HEADLINES

### 16 THE VALE PLANNING



*Amplio Developments* has been granted planning permission by the London Borough of Ealing for the conversion and extension of *Newman Hire's* former warehouse on the border of Shepherds Bush and Acton. The scheme will provide 39 flats (13 affordable) and 11,500 sq ft of commercial space in a scheme totalling 49,500 sq ft.

*Amplio* bought the 35,000 sq ft art deco warehouse building from *Newman Hire* in July 2016 who relocated to new premises in Hayes.

16 The Vale is a four floor art deco style stone and brick clad warehouse with steel crittall windows, originally built by *Brown Brothers Engineering* in 1928. *Brown Brothers* were manufacturers of aircraft parts. *Newman Hire* hires out antiques and props to the film and TV industry. The new scheme retains the handsome art deco facade.

# Notting Hill & Notting Dale

## OFFICE PLANNING CONSENT



South Block, Notting Hill Gate



136-142 Bramley Road

In the same planning committee this quarter RBK&C granted two substantial office consents. One was the redesign, refurbishment and improvement of the Notting Hill Estate by architects *Squires for Frogmore* and the other was for the construction of a new office building at 134-136 Bramley Road in Notting Dale, W10 designed by architects, *Stiff + Trevillion*. Both these consents will bring much needed office supply to RBK&C where recent years has seen a consistently low supply despite good demand.

*Squire and Partners'* proposals will enhance Notting Hill Gate with high quality architecture as well as provide uplift in office accommodation. The North Block at 92-120 Notting Hill Gate, on the junction with Pembridge Road, will comprise 34,585 sq

ft and the South Block at 47-69 Notting Hill Gate will comprise 27,500 sq ft.

134-136 Bramley Road is adjacent to the A40 Westway and was formerly occupied by *John Brown Publishing*. *Stiff + Trevillion's* proposals are for a replacement office building and associated landscaping improvements to the triangular-shaped site. The building is designed with an efficient layout and structure to suit the modern office worker. The commercial area has been increased to 67,500 sq ft GIA, but massing is regulated by a series of set-backs and terraces, to respect the neighbouring properties and daylight and sunlight requirements. The objective is to create an architectural icon that is sustainable and efficient with low energy consumption.

# annual review 2016

## OFFICE LETTINGS AND TRANSACTIONS

The year began strongly with double the take-up of Q4 2015 in Q1 as a raft of supply reached practical completion and was speedily let. 33,500 sq ft was let at newly refurbished Aircraft Factory in Cambridge Grove Hammersmith and 30,000 sq ft at 1 Queen Caroline Street, Coke's old HQ in Q1. The Aircraft Factory finished the year with just under 60,000 sq ft let, which is 80% of the estate.

Thames Wharf Studios by the River in Hammersmith and The Clockwork Building in Ravenscourt Park were also practically completed in Q2 as the office market became the improving sector. Co-working boosted take-up in west of West End with *WeWork* leasing 109,000 sq ft at 2 Eastbourne Terrace, Paddington, W2.

Following the shock of the Brexit vote on 24th June the immediate

reaction was negative with property company shares and sterling falling dramatically. After the initial shock however, perhaps spurred on by an interest rate cut and the new Government leadership reversing the austerity policies, take up in Q3 was up on Q2 and *Apple's* huge pre-let of 500,000 sq ft boosted confidence in 'fringe' London south and west of the West End.

Q4 take-up was the highest take-up quarter of the year boosted substantially by *Yoox Net a Porter's* 70,000 sq ft leasing of White City Place as well as a further 6,000 sq ft in *Westfield London*, adjoining their existing HQ there.

## PLANNING & DEVELOPMENT

The year began with *Westfield London* beginning the construction of their 3 new zones - a new retail quarter centred around a new *John Lewis*, a 1,300 home new residential quarter around a green

square and a plaza around the existing Dimco buildings that will have a focus on smaller shops and leisure.

The residential-led conversion of the existing Kensington *Odeon*, Post office and office block, Whitlock House was also consented. There will remain a 7 screen cinema on the lower ground floor of this scheme. A planning consent was also submitted for a new Picture House in Chiswick on the site of the Ballet company, *Rambert*, that *Frost Meadowcroft* had sold to them.

*Irvine Sellar* and *Renzo Piano*, developer and architect of The Shard, changed their plans for a Paddington Pole to a Cube and were granted consent in December. The scheme on the former *Royal Mail* sorting office at 31 London Street is for a 360,000 sq ft cube that *Renzo Piano* says will appear to 'float' above the new shops and restaurants as it will be supported by slender poles.