



# market update Q2

## 2nd QUARTER 2017

Welcome to the second update of 2017, 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 office sales and office take-up by sector.

### MARKET SUMMARY



In Q2 *ITV* took 30,000 sq ft of offices at the former *BBC* building, **Westworks** at **White City Place W12**. The deal will see the Jonathan Ross Show and daytime *ITV* programmes made in the adjoining *BBC* studios that remain at White City Place. Also in White City a US Life Sciences firm, *Mapi*, and *Central Working*, a workplace provider, took 18,000 sq ft each at Imperial's **Translation & Innovation Hub (I-Hub) W12**. A further 18,000 sq ft was also let by *Frost Meadowcroft's* client, *Publicis*, in the **Pembroke Building, Kensington Village W14**. The space was let to a charity. *Perform Group*, a sports content business took 25,000 sq ft at U&I's **12 Hammersmith Grove W6** and 45,000 sq ft has been pre-let to British software company *Finastra* at **4 Kingdom Street W2** in the Paddington Basin.

Take-up of offices in Q2 were 67,000 sq ft in Hammersmith and Fulham and a total of 147,000 so far in 2017 which is nearly double the 86,000 sq ft of take up at this point in 2016.

The lower take-up in 2016 was probably caused by the Brexit jitters before and after the referendum in June. There is currently more new supply so we expect take-up to increase as companies consider the wider range of offices available to them in West London.

This increase in supply has mainly been due to the new availability at the 110,000 sq ft **The Foundry W6** scheme by *Axa* and *Bell Hammer*

just south of Hammersmith Broadway at 77 Fulham Palace Road W6 and the 296,000 sq ft refurbished **Westworks Building** at White City W12, part of which *ITV* leased.

There continues to be an under-supply of available offices in neighbouring RBK&C with availability at just 2.1% in Q2 2017 but increasing supply and low take-up in Chiswick W4, has meant that supply here has increased to 16.9%. There are however several **Chiswick Park** and **Chiswick Tower** lettings under offer so take-up in Chiswick should improve in Q3.



Leasing deals in RBK&C were *Mercantile Maritime* taking 9,305 sq ft at **1 Franklins Row SW3** at £73 per sq ft and a serviced office provider leasing 23,300 sq ft at **50 Sloane Avenue SW3** at £80 per sq ft. At **20 Eastbourne Terrace, Paddington W2 Return Park** leased 5,900 sq ft at £65 per sq ft on 3rd floor and *World Sailing* paid £63.50 for a further 5,900 sq ft on the 2nd floor.

#### OFFICE SUPPLY AT A GLANCE

- ▲ **Hammersmith & Fulham** up from 7.8% to 13%
- ▲ **RBK&C** up from 1.2% to 2.1%
- ▲ **Paddington** up from 3.1% to 6.7%
- ▲ **Chiswick** up from 14.4% to 16.9%

#### WEST OF WEST END OFFICES RENTS AT A GLANCE

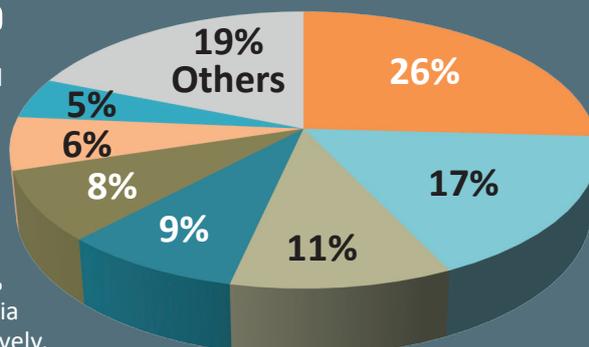
Rents range from £35 to £80 per sq ft:

- **White City** at £47.50 per sq ft.
- **Hammersmith** from £50 - £59 per sq ft
- **Chiswick** at £47.50 per sq ft
- **Paddington** and **RBK&C** at £65 - £80 per sq ft

### Q2 HEADLINES

## TECHNOLOGY COMPANIES DOMINATE TAKE-UP

Frost Meadowcroft have researched the London Borough of Hammersmith & Fulham office take-up over the last year and a half (from January 2016 to June 2017) in terms of the number of leases to each sector over 2,000 sq ft. The sector that took the most leases was technology at 26% of the activity, with fashion and media next ranked at 17% and 11% respectively. See pie chart.



- Technology
- Fashion
- Media
- Co-Working
- Education
- Medical
- Professional Services
- Others

# NOTABLE SALES



**Kensington Square W8:** A 2.7 acre Theology & Philosophy college site in Kensington has sold for over £100 million.

The site was bought by *Johnny Sandelson* from freeholder *Jesuits in Britain* which has had a home there since 1993. It incorporates 23-24a Kensington Square and behind this are large private gardens and further buildings.

The property is currently leased to *Heythrop College* but has scope for homes, shops and offices. *Heythrop* was established in Louvain, Belgium in 1614 and has been part of the *University of London* since 1970. It is used to educate those who are preparing for ordination for the priesthood. The college will close in 2018.

**Centre House, White City W12:** *Berkeley St James* has bought land adjoining its existing substantial *Berkeley St James* White City residential site in Wood Lane from *Imperial London*. The former BBC Buildings are known as Centre House and are behind White City Station and opposite the former BBC TV Centre. They were re-branded the Ugli Campus in an ironic celebration of their architecture. They comprise 60,000 sq ft across four blocks and are let to *TCN* and *JP Creative*, which sub-let space to around 50 small start-up and creative businesses.

*St James* has appointed *Pilbrow & Partners* to work up designs for the Centre House extension to the site and aims to submit

a planning application in 2018.

**One Queen Caroline Street W6:** An affiliate of *Tilad*, a Gulf-based multi-family office, has acquired its first UK commercial property after buying One Queen Caroline Street, Hammersmith from *Brockton Capital* and *Landid*. The price was not disclosed but it is understood to be in the region of £80m (£964 per sq ft).

**16 The Vale W3:** *Frost Meadowcroft's* client, *Amplio Developments* has sold the 35,000 sq ft Art Deco warehouse in Acton to a West London housing association for £13.5m (£386 per sq ft).

*Amplio* obtained planning permission to redevelop 16 The Vale for mixed-use. The handsome warehouse, which borders Shepherd's Bush and Acton, was originally built by aircraft parts manufacturer *Brown Brothers* and was purchased by *Amplio* in July 2016 from *Newman Hire* who were long standing clients of *Frost Meadowcroft*.

*Amplio* was subsequently granted planning permission by the *London Borough of Ealing* to redevelop the building into a 50,000 sq ft mixed use scheme comprising 39 private and affordable flats and 11,475 sq ft of commercial space.



## THE GRENFELL TOWER TRAGEDY at LATIMER ROAD W11 MUST CHANGE BUILDING AND FIRE REGULATIONS

The inferno at Grenfell Tower was the worst loss of life from fire since World War II. Tragically at least 80 people died although the police do not expect to be able to have an accurate final death toll until 2018. A major change to the way buildings are built and managed must now occur. The police have now launched the UK's largest criminal inquiry other than for terrorism. 60 companies and organisations involved in the construction, refurbishment and management of the tower block are now under investigation. The Police have said the investigation "is not simply restricted to the cladding and instead will involve an examination of exit routes, fire doors, how the refurbishment affected fire safety and management of the building."

The Government has offered free testing of all properties over 6 storeys with the cladding called ACM (Aluminium Composite Material) which is sometimes called a 'sandwich panel' because it is a type of flat panel that consists of two thin aluminium sheets bonded to a non-aluminium core. Where the core is made of polyethylene (plastic), which is

flammable the panels do not comply with building regulations guidance for tall buildings that states the core material must be of limited combustibility.

The owners of the *Reynobond* (the brand of cladding used at Grenfell Tower) cautioned the prospective buyers of their product, concerning the core, saying that distance of the panel from the ground is a determinant of "which materials are safer to use". In a brochure it has a graphic of a building in flames, with the caption as soon as the building is higher than the fire fighters' ladders; it has to be conceived with an incombustible material".

Channel 4 News has also learnt that, unusually, two different insulation materials were used. *Kingspan* expressed surprise that its insulating material had been used in combination with another and said of its insulating material, *Kooltherm K15* that it "has never been tested with a standard polyethylene (PE) core Aluminium Composite Material (ACM) panel, and we would be very surprised if such a system combining a PE core with any insulation material would ever pass the appropriate British Standards".

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