

Welcome to the Second update of 2015, giving you an up-to-date view of the office, investment & development market in the west of the West End and providing an insight into prevailing trends in this sector.

## Market Summary

Office demand continued unabated into Q2 with rents still increasing due to lack of supply. Best office rents in Hammersmith and Kensington are at £52.50 with Chiswick and Fulham at £42.50 to £47.50 per sq ft. West of West End investment yields have reduced to below 4% for the best freehold property but residential transactions levels are lower for house sales over £1m. This is possible due to vendors and purchasers not yet recalibrating following the residential stamp duty increases last December which meant that purchases of houses between £1m and £5m are costing an additional 1 to 3% more in stamp duty than the previous rates in 2014. The residential market is busy under £1m, perhaps because of the benefits of the reduced stamp duty below this price and the improved availability of lending for purchasers.

Substantial transactions include British Land buying the 200,000 sq ft 1 Sheldon Square, Paddington Basin W2 for £210 m (£1,050 per sq ft), Frogmore buying Notting Hill Gate W11 for £215m (3.22%), Residential Land's £60m purchase of the private rented sector flat scheme at 4b Merchant Square W2 and UK Commercial Property Trust selling 176-206 Kensington High Street for £60m. In Hammersmith, Hermes purchased the former George Wimpy HQ, the 205,000 sq ft 26-28 Hammersmith Grove for £131m (£631 per sq ft) which equates to a 4.11% yield and Schroders bought the 340,000 sq ft Kings Mall Shopping Centre and 88,000 sq ft One Lyric Square office building in the centre of Hammersmith for £153m. In Putney, SW15 the 12,823 sq ft Blades Court was bought by Berwick Hill and Henderson for £6.53m (£509 per sq ft).

## Q2 Headlines



### FROGMORE BUY NOTTING HILL ESTATE

Frogmore has bought the four prominent blocks of shops and offices along Notting Hill Gate, W11 for £215m. The estate was developed by Land Securities in the 1960s following a road widening in the 1950s. Frogmore state that they will now

reposition the estate by enhancing the shop occupiers and refurbishing the offices to create a town centre more suitable to this stylish, affluent part of West London. Frost Meadowcroft will advise Frogmore on the office element of the estate.



Two fashion companies have just relocated to the west of West End. Temperley, most famous for bridal wear joins a growing number of fashion occupiers in Notting Dale, W11 including: Charlotte Olympia, Cath Kidston, Monsoon, Stella McCartney and Pink Lining. Temperley have taken 5,797 sq ft on the fifth, sixth and seventh floors of the 31,000 sq ft Phoenix Brewery, owned by Mansfords. Paying a rent of £50 per sq ft on the best space, the property is now fully let. Just south of here at 50 Brook Green, Hammersmith, makeup artist Charlotte Tilbury have leased 5,271 sq ft at £49 per sq ft in a converted 3 floor former school building.



## LONDON UNDERGROUND'S ST JAMES PARK HQ TO BE CONVERTED

The iconic Art Deco London Underground HQ at 55 Broadway, St James' Park, designed by Charles Holden and built in 1929, is to be converted to a residential-led scheme. As a Grade I listed Portland stone building the historic features will remain. Once developed, it will comprise 77 flats including 35 affordable properties as well as a 14,000 sq ft office section.



**EARLY PLANS FOR CANAL SIDE TOWN AT OLD OAK** Cargiant and their development partners London & Regional Properties have unveiled early plans for the future of its 46-acre site at Old Oak Common next to the Grand Union Canal north of Wormwood Scrubs and south of Willesden Green Junction. Their plans will create around 9,000 new homes on the Old Oak Park site, the current home of Cargiant the car dealership who will need to relocate. The development will be a series of proposed new neighbourhoods. Running through these will be a new high street that will connect the new stations with the Grand Union Canal and Wormwood Scrubs. Public squares and parks will provide a heart of activity, within 1 million sq. ft. of commercial office and workspace, as well as a new cultural quarter. Alongside the new residential, commercial and cultural spaces will be schools, nurseries, play spaces, health facilities, restaurants, bars and a range of other uses. There is about 1 km of canal frontage to the site. Old Oak Common is one of the Mayor's opportunity areas, with plans for 24,000 new homes and a future Crossrail/HS2 interchange station.

## OCTOPUS HARPOONED

Galliard has scrapped a scheme to build a 50 meter high commercial building with a large electronic advertising display, dubbed the London Octopus because of its shape, in favour of a proposed residential led scheme. They bought the half acre site at Chiswick Roundabout for £15m from their co-owner London & Bath Estates. Previously the site was destined to become a commercial building with one of the largest electronic advertising displays in the UK that offended some locals, who described it as the Piccadilly Circus of West London.



## WILD WEST



BEFORE...



...AFTER

The developers who demolished the Carlton Tavern pub just north of Maida Vale station without planning permission have been ordered to rebuild the entire building brick-by-brick. Councillors in Westminster have ordered the Tel Aviv based owners of the Carlton Tavern, CLTX Ltd, to rebuild the pub within 18 months after it was demolished in April. Planning to demolish and rebuild 10 flats was denied by the planners in January. Westminster had requested that Historic England assess the pub, which would give it a 56-day grace period before any demolition. Instead, it was demolished two days after new planning laws protecting it as a "community asset" became effective on 6 April. Councillor Robert Davis, deputy leader of Westminster City Council said "We cannot live in a city where unruly developers can just knock down buildings as and when they please. "Westminster is home to the West End – not the Wild West."

## AIRCRAFT FACTORY RELEASE

Work has begun on the retrofitting of the former Alliance Aircraft Factory in Hammersmith in preparation for its launch towards the end of this year as a stylish new office campus. Formerly the site for the construction of bi-planes in World War I, its high ceilings, open plan spaces and attractive new landscaped garden is likely to attract the modern technology and media companies that now cluster in Hammersmith.

