



2nd QUARTER 2018

Welcome to the second update of 2018, giving you an up-to-date view of commercial property in West London. Featured in this issue: vehicle charge extension and research on take up by sector for Kensington & Chelsea and Chiswick.

market update Q2

MARKET SUMMARY



TVT2 White City



TVT2 White City - walkways, atrium & offices



TAKE-UP

In Q2 2018 take-up in the **Borough of Hammersmith & Fulham** (LBH&F) was **241,000 sq ft**. This is mainly due to the French multi-national advertising company, *Publicis*, signing for 215,000 sq ft at **Television Centre 2**, White City at an average rent of **£50 per sq ft**.

Frost Meadowcroft client, *Arts Alliance*, the cinema technology company, also moved north from Hammersmith to White City, taking **7,000 sq ft** at **Westworks**.

This take-up figure of **396,000 sq ft** for the first 2 quarters is just a shade behind the entire take-up in 2017 which was **409,000 sq ft**.

The centre of **Hammersmith** has been relatively quiet for larger lettings compared to the supply available. The technology company, *Zaizi*, took the **4,300 sq ft** 4th floor of **Kings House**, the new 2017 constructed office building at 174 Hammersmith Road owned by *Frost Meadowcroft* clients, *Kier* and *Investec*. *Advanced Technology Partners* took the **3,225 sq ft** 6th floor at **Space One** and *Nevs Models Agency* relocated from Kings Road Chelsea and leased **3,200 sq ft** at **Broadway Studios** for **£39.50 per sq ft**.

news

OFFICE SUPPLY

In **LBH&F** the *Publicis Group* letting has reduced office supply from its high Q1 level of **9.9%** to **7.5%**. This is still much higher than the low supply of **1.5%** in Q1 2015 but the *Publicis* letting is likely to boost the perception of **White City** and **west London** as an important office market. Office supply is higher than in neighbouring **RBK&C** where it has reduced

to **2.1%** but below that of **Paddington** which is at **8.5%**. This is due to the construction of the **240,000 sq ft Brunel Building** and **159,000 sq ft** at **5 Merchant Square** in Paddington Basin marketed by M&S. **Chiswick** supply has reduced to **11.3%** from **13%** but with space available at the huge **Building 7** at **Chiswick Park** remains at a high level of net supply.

AT A GLANCE SUPPLY & RENT, WEST OF WEST END

OFFICE SUPPLY

- **Hammersmith & Fulham** down from 9.9% to 7.5%
- **RBK&C** down from 2.5% to 2.1%
- **Chiswick** down from 13% to 11.3%
- **Paddington** up from 3.4% to 8.5%
- **Wandsworth** up from 2.2% to 2.8%

OFFICE RENTS

- **Hammersmith & Fulham** £40 to £54 per sq ft
- **Chiswick** £35 to £47.50 per sq ft
- **Nine Elms** (LB Wandsworth) £55 per sq ft
- **Paddington** £59 to £75 per sq ft
- **Notting Hill** £59 to £65 per sq ft

In **Paddington**, *Sony Pictures*, the US entertainment company, signed a pre-let of **77,000 sq ft** across 5 floors of *Derwent's* new **Brunel Building** at circa **£75 per sq ft**. They are relocating from their Soho headquarters. **The Brunel Building** located at 55-65 North Wharf Road, fronting the Grand Union Canal and opposite Paddington Station, is under construction with practical completion next year.



Brunel Building

In **Notting Hill** technology company, *What3Words*, signed for a **10,000 sq ft** studio at the new 4th floor at **Great Western Studios**, W2. *What3Words* is a mapping system that has divided the world into a grid of 3m x 3m squares. Each square has been assigned a unique 3-word address allowing anyone to accurately find any location and share it more quickly, easily and with less ambiguity than with other systems.



Great Western Studios



David Hemmings drives a Rolls Royce in classic 1966 London film 'Blow Up'

VEHICLE CHARGES to be extended out to North & South Circular Roads

Driving a petrol sports or luxury car to work in London looks set to become a thing of the past for anyone not willing to pay **£12.50 per day** for the privilege.

This quarter the mayor, *Sadiq Khan* has unveiled details of his plan to introduce an **"ultra-low emission zone"** (ULEZ) covering all of London in the next few years.

The scheme, which will see the most polluting vehicles charged for entering the centre of the capital's congestion charge area from **April 2019**, will be extended to the North Circular and South Circular roads in **2021**.

Khan said: *"Tackling London's lethal air and safeguarding the health of Londoners requires bold action. Air pollution is a national health crisis and I refuse to stand back as thousands of Londoners breathe in air so filthy that it shortens our life expectancy, harms our lungs and worsens chronic illness."*

Once the zone is extended to the North

Circular and South Circular, it will cover a huge area of London, and officials estimate **100,000 cars, 35,000 vans and 3,000 lorries** will be affected per day.

It will also include a *"particulate matter standard"* as **every part of London exceeds World Health Organization air quality guidelines** for PM 2.5, the most dangerous particulate.

The charge in the central London zone and extended area will operate all day, every day. Drivers within the expanded zone using *"non-compliant"* vehicles will pay a daily charge of **£12.50**.

Khan will also tighten standards for the most polluting heavy vehicles, including **buses, coaches and lorries**, which will face a daily charge of between **£100-£300**, across the whole of London from October 2020.

The RAC estimated that there were about **1.2m non-compliant cars** and vans registered in London with many likely to be owned by the most deprived households.

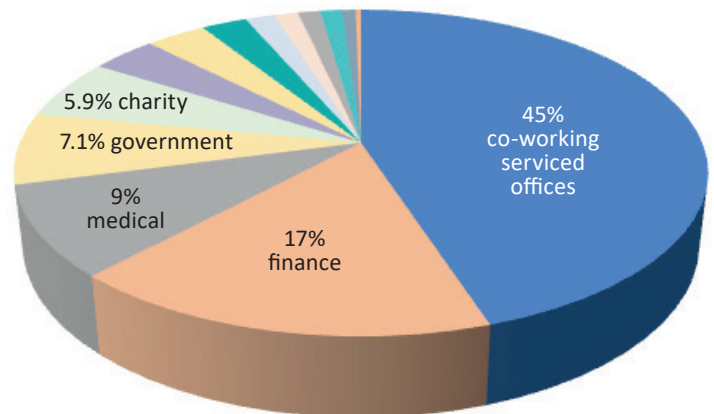
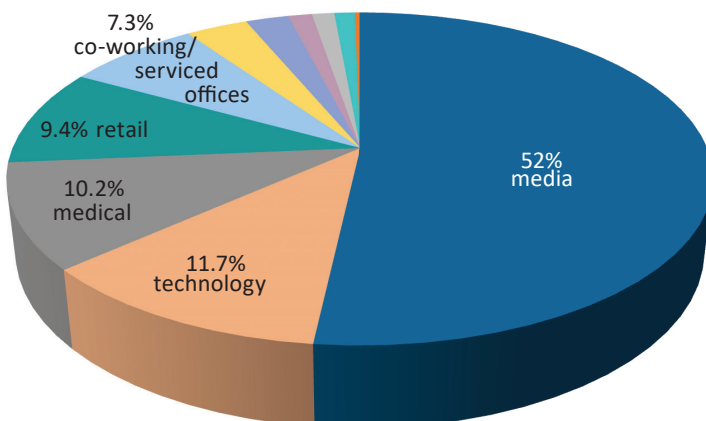
TAKE-UP BY SECTOR

Chiswick

Frost Meadowcroft research has shown that take up of supply in the **Chiswick** office market over the last two years has been dominated by the **media sector**, accounting for over **50%** of the floor area and also the number of transactions. There were 9 lettings to media companies over the two years such as *China Global Television Network* and *Volant Media* (TV production start-up).

OTHER PREDOMINANT SECTORS IN CHISWICK WERE:

- **Technology** (11.7%)
- **Medical** (10.2%)
- **Retail** (9.4%)
- **Co-Working/Serviced Offices** (7.3%)



Kensington & Chelsea

In **RBKC** our research over the last year shows that the amount of supply taken up has been dominated by the co-working/serviced office sector (45%). This is mainly due to *The Office Group's* leasing of the **41,000 sq ft** upper section of **90-94 Notting Hill Gate** from Frost Meadowcroft client *Frogmore*.

Finance is the next largest sector with **17%** of the take-up and also with the most number of transactions. There were 12 lettings to the financial sector in the last year, mostly in the east of the Borough near Sloane Square and Knightsbridge. Another predominant sector were **medical** companies with **9%** take-up.

Notably there have been no substantial lettings to the fashion sector in the last year which is usually a large percentage of take-up in this part of London. It would appear that they are experiencing the same economic pressures as the retail sector resulting in less occupier movement. Coupled with the lack of supply of offices in **Kensington** and **Chelsea**, companies such as *The White Company* and *Yoox Net a Porter* have chosen neighbouring **White City** and *Victoria Beckham* has moved to **202 Hammersmith Road** in Hammersmith.