



fm market update Q3

3rd QUARTER 2015

Welcome to the third 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 supply has tightened in the Royal Borough of Kensington & Chelsea despite the effects of the Chinese slowdown, as good demand from businesses has led to an office vacancy rate of just 1.72%. Supply in the London Borough of Hammersmith & Fulham has been boosted to 3.85% from a 1.5% low in Q1 as Stanhope prepare former BBC Buildings at White City Place for the market in 2016 and 2017. Chiswick office supply has also increased to 14.38% due to the speculative construction of the huge 334,000 sq ft Building 7 at Chiswick Park, although this supply will be catering for large companies only. Best office rents in Hammersmith, Kensington & Chelsea are £57.50 per sq ft, £52.50 in Shepherd's Bush, £50 in Fulham and £48 in Chiswick.

Housing and Planning Minister Brandon Lewis has just announced

that permitted development rights, which were due to expire next May, will now be made permanent. They will also be expanded to allow offices to be demolished, not just converted. Those who already have permission will have three years in which to complete the change of use. Those areas that are currently exempt from the office to residential permitted development rights such as RBK&C will have until May 2019 to make an Article 4 direction if they wish to continue refusing prior approval applications for the change of use. In Hammersmith, where there is no exemption, we estimate that Permitted Development in LBH&F will have converted 840,000 sq ft offices to residential from its inception over 2 years ago. This is the equivalent of just under 8% of the Borough's entire office stock.

Q3 Headlines

THAMES WHARF PLANNING

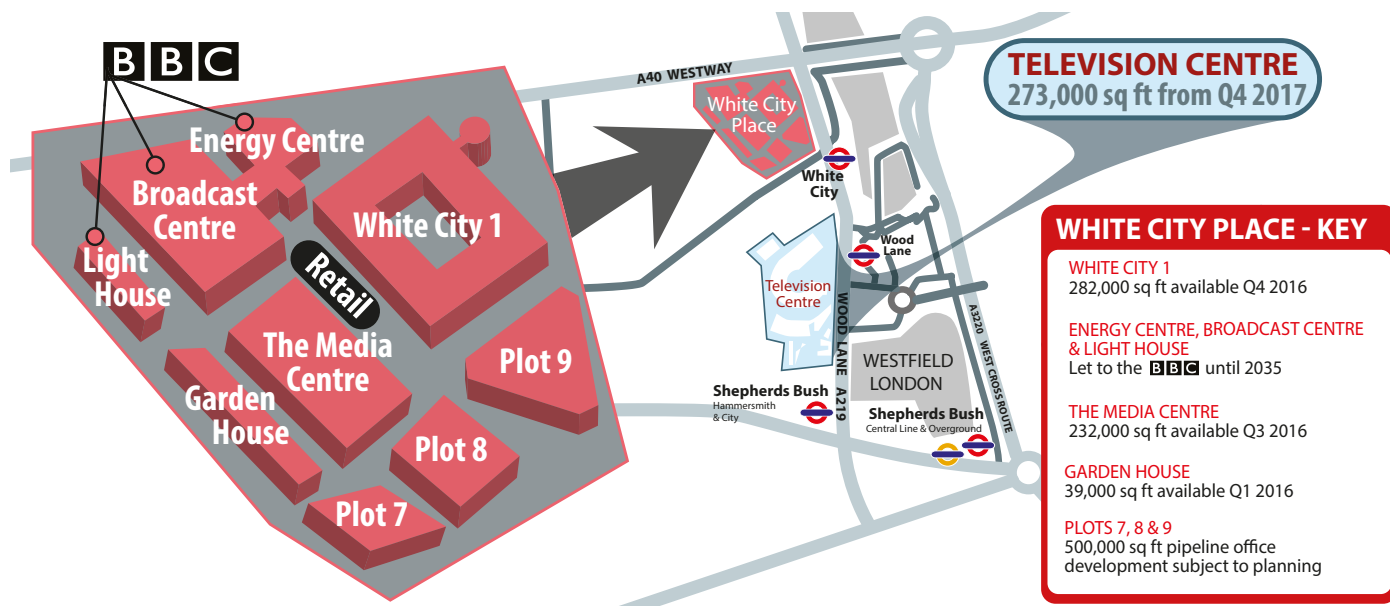
Planning consent has been granted to London & Regional for the demolition of the existing buildings adjacent to the River Thames and a redevelopment comprising the construction of two residential buildings together with the retention and conversion of the buildings fronting Rainville Road. This will provide a total of 57 flats and 8,750 sq ft of offices as well as retaining the 5,850 sq ft restaurant, The River Café. The architects, Rogers Stirk & Partners have just relocated from the wharf to the Leadenhall Building in the City (known as the Cheesegrater). Formerly a Duckhams Oil Depot, Rogers have evoked the distinctive shape of the barrel vault roof in the design of both of the new apartment blocks. The original barrel vault roof was designed by Hammersmith based architects Lifschutz Davidson Sandilands in 1991.



NOTTING DALE SALE

Mansford have sold the freehold of the 31,000 sq ft Phoenix Brewery in Bramley Road, W10 to Charles Dunstone, founder of Talk Talk and investor in Royal Borough of Kensington & Chelsea property. It sold for £25.3 million (£816 per sq ft) which represents a net initial yield of 3.7%. Tenants include fashion companies Charlotte Olympia and Alice Temperley.

STANHOPE'S NEW LOOK WHITE CITY PLACE



The first office buildings are now being refurbished and marketed at BBC TV Centre, Wood Lane and White City Place. The TV Centre masterplan transforms the existing iconic 14 acre site into a mixed-use development that combines office and studio space for the BBC with a range of other uses including entertainment and leisure facilities, a Soho House, boutique hotel and residential as well as public open space. The listed buildings, including the famous Television Centre forecourt and façade, Studio 1 and the central Helios Plaza will be retained. The office

element to be let is a new building called Television Centre 2 and will be a 9 floor 273,000 sq ft office building that will take up one side of the site's famous forecourt. Practical completion is expected in Q4 2017. In addition to the BBC TV Centre Stanhope are converting and refurbishing the former BBC Media Village Estate. White City Place sits on 17 acres of land adjacent to the Imperial College campus. It comprises of 6 existing buildings of 950,000 sq ft and a 4-acre development site. Stanhope's plans include the total refurbishment and repositioning of 3 existing buildings

as well as the potential development of new office buildings. The BBC will remain in the Energy Centre and Broadcast Centre overlooking the A40 and the Light House overlooking Dorando Close at the back of the estate but have vacated the other three buildings. This immediate supply will comprise the refurbished 39,000 sq ft Garden House overlooking Dorando Close at the back of the estate to let in Q1 or Q2 2016 and The Media Centre set back from the entrance in South Africa Road. This 232,000 sq ft office building with 6 floors will be refurbished to let in Q3 2016.



Two substantial properties were launched this quarter, Building 7 at Chiswick Park and 1 Queen Caroline Street above Hammersmith Station. 1 Queen Caroline Street, formerly Coca Cola's 84,000 sq ft HQ, has been remodelled and redesigned by Landid and Brockton who have opted to expose the shiny new fan coil system and

build a cool roof garden, bringing industrial chic to what was previously a very bland office building. Building 7 is a huge, 334,000 sq ft 12 floor building designed by Rogers Stirk Harbour. It is positioned at the end of the lake and has spectacular views down the centre of the office campus and across London.