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**3rd QUARTER 2018** Welcome to the third update of 2018, giving you an up-to-date view of commercial property in West London. Featured in this issue: Take-Up; Planning granted for Newcombe House, Notting Hill; Market Summary & Conventional Leasing's response to Co-Working

market  
update **Q3**

## MARKET SUMMARY

### TAKE-UP



This quarter **Pernod Ricard** signed for a huge **85,000 sq ft** section of **Building 7** at **Chiswick Park**. This is the newest building at the back of the park overlooking the railway. A new pedestrian walkway linking the office Park to Chiswick Park Station will provide access for Pernod employees enabling



Notting Hill Southblock

There has been an increase in pre-lets this quarter as **Ovo Energy** agreed to lease **21,000 sq ft** for **£65 per sq ft** in **Frost Meadowcroft** client **Frogmore's** scheme at **69 Notting Hill Gate** on the south side of the road. Designed by **Squire & Partners** architects the new refurbishment will be completed in March 2019. **Hellman & Friedman** have also pre-let the **20,500 sq ft** top two floors of **Derwent's Brunel Building** in Paddington Basin, W2, following on from **Sony Picture's** pre-let there last quarter.

In **Hammersmith Frost Meadowcroft** client **Kier** and **Investec** have secured two lettings at **King's House**, 174 Hammersmith Road to consultancy **4C Associates** and **Oracle Racing** for the top floor at **£55 per sq ft**. **Oracle Racing** is a yacht racing team supported by **Oracle** founder **Larry Ellison**. Further north in **White City**, **Autolus**, the biotech company and **Attention**



King's House, 174 Hammersmith Road

**Seekers**, a creative agency took **33,000 sq ft** and **4,000 sq ft** respectively at **West Works**, joining **Arts Alliance**, **Jellycat** and **ITV** at the **Stanhope**, **AIMCo** and **Mitsui** Building. Nearby, **Workspace** purchased the **150,000 sq ft** **Shepherd's Building** from **Frost Meadowcroft** client **Helical** for **£125m (£833 per sq ft)**, giving an initial yield of **4.8%**.



## AT A GLANCE SUPPLY & RENT WEST OF WEST END

### OFFICE SUPPLY COMPARING Q1 to Q3 2018

- **Hammersmith & Fulham** down from 9.9% to 7.4%
- **RBK&C** down from 2.5% to 2.4%
- **Chiswick** down from 11.3% to 9.3%
- **Paddington** up from 3.4% to 8.4%
- **Wandsworth** up from 2.2% to 2.6%

**LONDON** generally down from 7.3% to 6.9%

### OFFICE RENTS

- **Hammersmith & Fulham** range from £40 to £56 per sq ft
- **Chiswick** range from £35 to £52.50 per sq ft
- **Nine Elms** (LB Wandsworth) best rent £55 per sq ft
- **Paddington** range from £60 to £75 per sq ft
- **Notting Hill** range from £59 to £65 per sq ft



# in NOTTING HILL

## PLANNING GRANTED FOR NEWCOMBE HOUSE

Sadiq Khan has approved the replacement of **Newcombe House** on the junction of Notting Hill Gate and Kensington Church Street with a new residential-led but mixed-use scheme designed by *Urban Sense Consultant Architects* for *Brockton Capital* and *Landid*.



CGI from Notting Hill Gate



CGI of the new square south of Notting Hill Gate



CGI of one of the 5 entrances to the new square off Notting Hill Gate

The Mayor of London gave consent to the redevelopment which was twice turned down by councillors at the Royal Borough of Kensington and Chelsea.

Khan called in the proposals earlier this year and secured an increase from 46 to 55 homes, of which 23 will now be affordable, rather than the 9 under the previous proposal.

In addition to housing, the development will include two new office properties, a medical centre, step-free access to the nearby Notting Hill Gate Tube station and a public square with pedestrian and cycle access.

## CONVENTIONAL LEASING → RESPONDS TO CO-WORKING

In the last 2 years, more and more co-working companies have entered the west of West End office market to compete with the existing serviced offices and conventional landlords. Brands such as *WeWork*, *The Office Group*, *Work.Life*, *Huckletree*, *Workspace* and *Spaces* have all acquired buildings in **RBK&C**, **Hammersmith & Fulham** and **Chiswick**.

However perhaps due to the prevalence of estates already suited to the creative and media sector, such as **Great Western Studios**, **Coda Studios** and now **Charlotte Terrace**, conventional leasing seems to be responding to the challenge, mainly by offering more flexible leases and fixing costs without the need for profit or slogans in reception! Tenants are now in a very good position to obtain improved access to conventional leases without the long commitment they would have needed, say 5 years ago and can still have their own identity, pay less rent and obtain the privacy not available in co-working. See the adjacent tables setting out the advantages and disadvantages of co-working and conventional leasing's response locally.



ADVANTAGES Co- working	RESPONSE Conventional Leasing
Flexible lease length	Many landlords offer <b>12 month leases upwards &amp; tenant breaks</b> with 3 months written notice
Speed & ease of occupation	Most offer a <b>standard tenant pack</b> with a shorter form of lease
No legal fees	Shorter leases generally <b>do not require solicitors</b> if you are prepared to take some risk
Ability to expand in the building	Most conventional schemes offer the <b>opportunity to expand</b>
Optical Fibre	Most offer <b>optical fibre</b> , as a non-profit provision
Furniture included	Landlords such as <b>Coda Studios &amp; Charlotte Terrace</b> offer a <b>furnished suite option</b>
Kitchen in situ	<b>All</b> landlords provide a <b>tea point/kitchenette</b> if required
All-inclusive costs	Most offer <b>fixed service charge plus RPI</b>
Collaboration with other companies	Modern multi-office complexes with shared <b>facilities &amp; break out areas</b> lead to similar <b>company collaboration opportunities</b>

DISADVANTAGES Co- Working	RESPONSE Conventional Leasing
Escalating & hidden service costs	Unlike co-working, conventional leasing costs are mostly <b>fixed for 1 to 5 years</b>
No identity	Opportunity to <b>display signage</b> creating <b>company identity</b>
Staff retention	<b>Staff poached</b> by other firms in co-working environment
Security/Privacy	Confidential information or conversations can be seen or heard in the co-working environment
Concentration	Difficult to concentrate in the co-working environment
Facilities too busy	<b>Meeting rooms often FULLY BOOKED</b> or not available as required