

frost meadowcroft

Welcome to **Q2** our second update for **2024**, giving you an up-to-date view of the commercial property market in west London. Featured in this issue: Market Summary, Take-Up, Q2 Headlines and Hammersmith Office Market - What next for Change of Use?

**SOMETHING TO CELEBRATE - 2024 PARIS OLYMPICS**

(Keely Hodgkinson 800m final, celebrating her gold medal - above)

**MARKET SUMMARY**

**OVERVIEW Q2**

There are positive signs for the UK economy in **Q2** this year with growth of **0.6%** and stabilising interest rates setting a more optimistic outlook for the office market.

Interestingly, the *ONS* reported that growth was led by the services sector, in particular the **IT industry, legal services** and **scientific research**, which grew by **0.8%** in the quarter with widespread growth across the sector. This bodes well for the office occupational market but the stark reality of the lag in this potential demand is shown by the take-up stats for west London highlighting another slow quarter with considerably below average level of leasing activity.

In **Hammersmith & Fulham** just **45,000 sq ft** was signed in the quarter representing 13 deals, the largest being **14,000 sq ft** in **White City**. Vacancy levels across the west London markets have remained generally unchanged.

**BAYSWATER**

In Bayswater, *Get the Guests*, a film production company, agreed on **1,600 sq ft** at **6 Salem Road W2** for **£60.50 sq ft** for **1 year term** on furnished space.

**KENSINGTON & CHELSEA**

In Chelsea at **60 Sloane Avenue**, *Arrow Ship Broking Group* completed on **22,641 sq ft** quoting rent **£115 per sq ft**.

In Kensington *Ashby Capital* let **4,273 sq ft** on the 4th floor at **The Kensington Building** to *VR Advisory Services*, and service provider **Ferrari Group** took **3,735 sq ft** at quoting rent **c.£80-£100 per sq ft**. At the **Universal Building**, *Angela Hamlin* the private care and nursing provider took **3,300 sq ft** at **£38 per sq ft** for **5 years**.

**HAMMERSMITH & FULHAM**

In Hammersmith *Sumitomo Chemical (UK) PLC* took **2,629 sq ft** in **Space One**, Beadon Road W6 at **£49.50 per sq ft** for **10 years** (Landlord *Romulus*). *AC Fashion Design*, a personalised gifts & clothing company, agreed on **5,195 sq ft** at **Colet Court**, 100 Hammersmith Road W6 for **£25 per sq ft** for **5 years** (Landlord *London & Regional*). At **Clockwork Building** in the Ravenscourt Park area, **Red Valley Ltd**, a digital marketing company took **3,547 sq ft** at **£42.50 per sq ft** for **10 years** (Landlord *CLS Clockwork Ltd*). *Furukawa Electric Ltd* are moving from **Farriers Yard** and taking **3,381 sq ft** at **Colet Court**.

**CHISWICK & ACTON**

In Acton, *Frost Meadowcroft's* client *Vision Development* completed on the sale of **Roslin Road & Sterling Road** totalling **26,695 sq ft** for **£6.825 million** to a private purchaser.

In Chiswick, *Halliburton*, the oil company, signed at the **Chiswick Building** taking **5,126 sq ft** at **£47 per sq ft** for **5 years** (Landlord: *Schroders*). At **Power Road Studios**, *JSS Recruitment* agreed on **543 sq ft** for **3 years**.

**Chiswick Park** has seen a flurry of lettings in **Q2**. **Building 12** has been let to *Sega* the games company and makers of *Sonic Hedgehog* who have taken **20,614 sq ft** on the 3rd floor. At **Building 4** *Micro Strategy*, the AI data tech company, agreed on **3,494 sq ft** at **£52.50 per sq ft** for **5 years**. Also in **Building 4**, *Dell* agreed on **14,740 sq ft** on the 4th floor for **£53 per sq ft** for **10 years**.

Read more in Headlines...

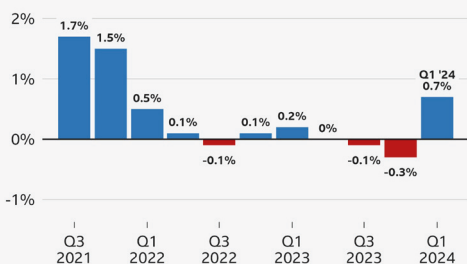
**WHITE CITY & NOTTING HILL**



In White City at **Gateway Central**, the biggest deal was to *Dogmates Ltd*, known as *'Butternut Box'* the fresh dog food providers, who have taken **14,045 sq ft**.

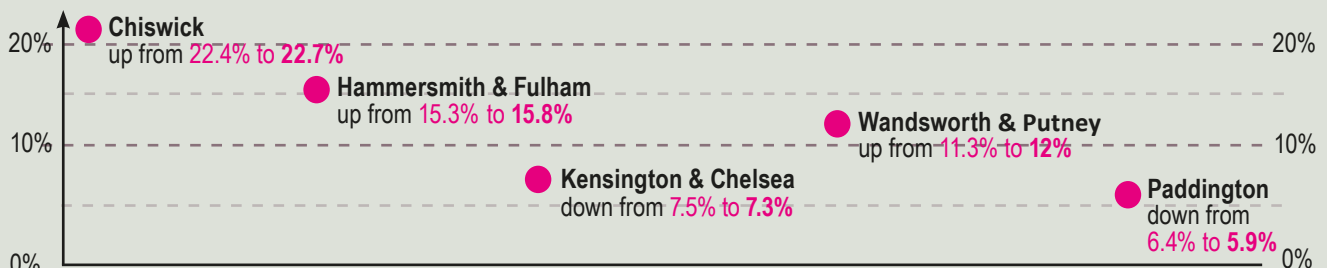
In Notting Hill *Oliver Fisher Solicitors* agreed at **87 Lancaster Road** for **3,291 sq ft** at a rent of **£40 per sq ft** for **7 years** (Landlord: *Adena Property* represented by *Frost Meadowcroft*).

UK economy comes out of recession  
Quarterly GDP growth in the UK



**AT A GLANCE Q2**

**VACANCY**



**RENTS**

<b>Chiswick</b> £35 to £57.50 per sq ft	<b>Hammersmith &amp; Fulham</b> £28 to £62.50 per sq ft	<b>Kensington &amp; Chelsea</b> £40 to £120 per sq ft	<b>Wandsworth &amp; Putney</b> £30 to £52.50 per sq ft	<b>Paddington</b> £39 to £95 per sq ft
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# HAMMERSMITH OFFICES CHANGE OF USE NEEDED?



Recent data for Q2 on office space in Hammersmith reveals that the market is still in recovery mode following the disruptions of 2020 and 2021.

With a high supply of office space accounting for 15-20% of the built stock in West London lower grade buildings are struggling to attract occupiers. Decreasing rents and vacancies are leading to lower capital values and the cost to refurbish these offices to meet the necessary EPC and ESG standards is often not economically viable. *So, what's next for these properties?*

Declining capital values have caught the attention of developers, making the conversion of office spaces to residential use viable again. If a building can be bought

“Declining Capital Values have caught the attention of developers”

for £250 - £300 per sq ft in an area where flats sell for £750-£1,000 per sq ft, it makes financial sense to consider this change, pending planning approval. This is where it gets interesting: with no Article 4 direction (protecting employment use) currently in place for the town centre, several former high-profile offices in Hammersmith are being acquired with the intention of changing their use through permitted development or specific planning applications.

Notable properties like **Chivas House** (35,000 sq ft) on the River, **Grove House** on Hammersmith Grove (65,000 sq ft), **Hythe House** on Shepherds Bush Road (58,000 sq ft), **Lyric House** on Hammersmith Road (25,000

sq ft), and **Farriers Yard & Forge** on Fulham Palace Road (55,000 sq ft) are all under consideration and the outcome of these applications is highly anticipated.

The central Hammersmith commercial hub has seen development and refurbishment of several impressive new office spaces, such as **The Ark** and **245 Hammersmith Road**, this ensures that the market remains well supplied with lettable Grade A space.

Local authorities need to recognise that change of use, under certain circumstances, can be beneficial. Older, obsolete buildings should be considered for alternative uses if these properties are to have a future, they must evolve.



**Farriers Yard & Forge**, the office buildings mentioned above, are being marketed for sale by *Frost Meadowcroft* and *CBRE*. These 55,000 sq ft buildings are part of the larger 250,000 sq ft **Assembly** development, which was purchased by private overseas clients of *Knight Frank Investment Management* earlier this year. While **The Foundry**, a grade A office building within the development, is currently commanding rents of around

£50 per sq ft, **Farriers Yard** stands as an example of an older office space that would be uneconomical to refurbish for continued office use. Given its condition and market dynamics, **Farriers Yard & Forge** are considered more suitable for conversion to a different use, with current interest coming primarily from residential developers. The properties are being offered at a guide price of £15 million.

## QUEENSWAY SITE SALE

Developer *Vabel* has completed on the acquisition of 114-150 **Queensway & 97-113 Inverness Terrace** opposite **The Whiteley** for an undisclosed sum. The site already has consent for 87,000 sq ft of offices, 30,000 sq ft of residential and 23,000 sq ft of retail space but *Vabel* intends to submit new proposals.



**CHISWICK PARK  
TOP PERFORMER WITH  
135,000 sq ft  
OF DEALS**

2024 has been a successful year at **Chiswick Park** with more than 135,000 sq ft of transactions in Q1 & Q2. Lettings include approximately 21,000 sq ft to *Sega* in **Building 12** and 15,000 sq ft to *Dell* in **Building 4**, who recently sold their Thames Valley, Bracknell head office.

*Pokemon*, represented by *Frost Meadowcroft* have just completed on a total of around 60,000 sq ft in **Building 10**.