

# PADDINGTON | WEST END QUAY

## LONDON W2



REVERSIONARY MIXED-USE INVESTMENT WITHIN THE CITY OF WESTMINSTER

VIRTUAL FREEHOLD FOR SALE

## INVESTMENT SUMMARY

- Paddington is a key Zone 1 **Central London sub-market**;
- The area is witnessing **large scale redevelopment** with striking modern buildings and multinational headquarters;
- Impending arrival of **Crossrail (Elizabeth Line)** to add to the already vast transport hub of Paddington Station;
- **Paddington Underground Station** is serviced by the Hammersmith and City, the Bakerloo, and the District and Circle lines;
- West End Quay is located approximately **400m** from the station entrance at the easternmost point of the Paddington Basin;
- **Paddington Basin** has undergone a large scale redevelopment in the last 20 years, which included construction of the subject property in 2002;
- The micro-location comprises several high rise office and residential buildings, complimented by a diverse mix of retail and leisure occupiers, as well as **St Mary's Hospital**;
- Ground floor and basement accommodation held on a **virtual freehold**;
- Long WAULT of **7.67 years** with the opportunity to extend further;
- **100%** let to multiple covenants;
- Low passing rent reflects circa **£74psf** ITZA and **£23psf** on the retail and leisure income, respectively;
- The total current passing rent is **£978,750** per annum;
- Reversionary Market Rent of **£1,068,075** per annum.





A40 WESTWAY

PADDINGTON BASIN

PADDINGTON CROSSRAIL

OXFORD STREET

LONDON BRIDGE

LANCASTER GATE

REGENTS PARK

PADDINGTON CENTRAL

PADDINGTON STATION

WEST  
END  
QUAY

THE CITY

CANARY WHARF

WESTMINSTER

HYDE PARK

MAYFAIR

Travel by tube, rail or Crossrail - Paddington is one of London's busiest and best-connected stations. The key interchange on the Elizabeth Line and the main London terminus for Heathrow makes it the first port of call for travellers to the city.



ELIZABETH LINE



NATIONAL RAIL



HEATHROW  
EXPRESS



LONDON  
UNDERGROUND

## PADDINGTON

Paddington has been a focal point of transport in and out of the capital for over 180 years and much of the Grade I listed station remains as it was when first built in 1854 by the renowned industrial revolutionary, Isambard Kingdom Brunel.

Opened in 1801, Paddington Basin comprises the canal running from the Regent's Canal's junction with the Grand Union Canal at Little Venice south east its terminus. The area has become synonymous with high profile modern developments and a plethora of global corporates office and headquarter buildings.

Over the last 20 years Paddington Basin has seen large scale redevelopment as part of the wider Paddington Waterside scheme alongside the creation of a newly formed station entrance in light of Crossrail arriving. All of this has seen a growth in office and residential accommodation resulting in the micro-location becoming popular with retail and leisure operators.

In the spirit of the station's original architect, Brunel, there have been acclaimed buildings including the M&S HQ, designed by Lord Richard Rogers and the aptly named Brunel Building, as well as several acclaimed, innovatively designed infrastructure projects including The Rolling Bridge and The Fan Bridge.



Paddington is a vibrant Central London sub-market, located in the London Borough of Westminster. Marylebone, the West End and Hyde Park are only approximately 10 mins, 20 mins and 6 mins walks away, respectively.



**LITTLE VENICE**  
OPP. 42 BLOMFIELD RD  
**LONDON W9**

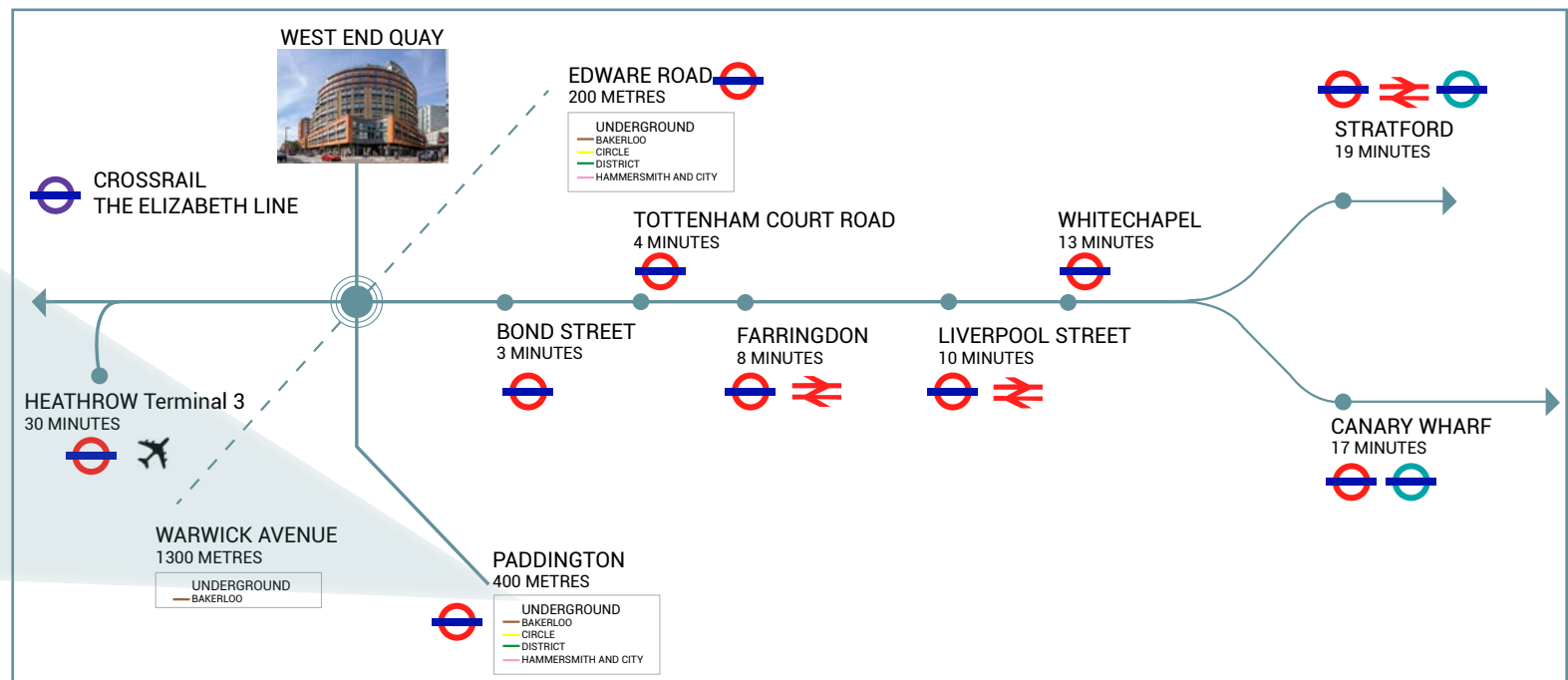
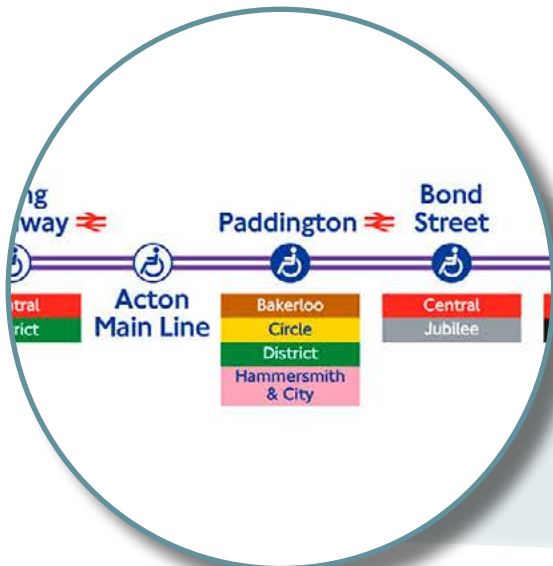
# TRANSPORT

Paddington Station is a major intermodal public transport hub and one of the UK's busiest. It is the interchange for four London Underground lines, a National Rail station, including the Heathrow Express as well as being served by several bus routes.

In figures published by Transport for London in 2017, the annual footfall for Paddington Underground and National Rail were 38m and 6.25m, respectively.

It is the 8th busiest of the 166 Underground, Overground and Network Rail stations that make up Zone 1 of London's public transport network.

The Elizabeth Line (Crossrail I) is due to be operational in Q4 2020 and will vastly improve the communications to and from the station to a range of key London destinations including Bond Street, the City and Canary Wharf.



# SITUATION

The property is situated at the eastern end of Paddington Basin where the area links up with Praed Street. Praed Street connects Paddington Station with Edgware Road and is a busy thoroughfare with several retail and leisure units as well as headquarters for JCDecaux.

The property is equidistant from Edgware Road and Paddington Station, both of which are approximately a 5 minute walk away.

It sits adjacent to a new Co-op Local and other retailers in the area include HSBC, M&S, KuPP, Lockhouse, Pizza Express and the Boathouse.



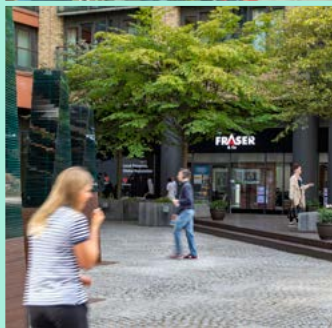
**PADDINGTON CENTRAL**

**WEST END QUAY**

Oxford Street & Marble Arch

# DESCRIPTION

The subject property comprises 12 retail and leisure units below a large scale residential development, facing onto Praed Street and 'inward' to Paddington Basin and Merchant Square.



## TENANCIES AND ACCOMMODATION

The property comprises some 29,675 sq ft and is fully let at a combined rent of £978,750 per annum. The commercial income is 100% multiple and the tenancies have an attractive Weighted Average Unexpired Term (WAULT) to expiry of 7.67 years. Superdrug has started negotiations to renew their lease. Further information available upon request.

| Address              | Tenant                               | ITZA (Sq Ft) | Total Area (Sq Ft) | Lease Start | Next Rent Review | Break      | Lease Expiry | Passing Rent (£ pa) | Passing Rent (psf ITZA) | Market Rent (£ pa) | Market Rent (psf ITZA) |
|----------------------|--------------------------------------|--------------|--------------------|-------------|------------------|------------|--------------|---------------------|-------------------------|--------------------|------------------------|
| Unit 1               | Brew Dog Bar                         | n/a          | 6,668              | 05/04/2011  | 05/04/2021       |            | 04/04/2036   | £113,748            | £22.42                  | £128,775           | £25.00                 |
| Unit 2               | Headmasters Hairdressers             | 940          | 1,716              | 18/02/2018  | 18/02/2023       |            | 17/02/2028   | £58,000             | £68.04                  | £68,200            | £80.00                 |
| Unit 3               | Carphone Warehouse                   | 791          | 942                | 25/05/2017  |                  | 24/05/2020 | 24/05/2022   | £51,800             | £70.01                  | £59,200            | £80.00                 |
| Unit 4 & 5           | Superdrug Health & Beauty            | 2,024        | 3,631              | 25/12/2004  |                  |            | 24/12/2019   | £149,000            | £72.19                  | £165,190           | £80.00                 |
| Unit 6               | Post Office                          | 1,339        | 2,051              | 30/07/2007  | 30/07/2017       |            | 29/07/2022   | £95,500             | £69.90                  | £109,800           | £80.00                 |
| Unit 7               | Flight Centre                        | 394          | 409                | 03/02/2004  |                  |            | 04/07/2024   | £29,000             | £79.67                  | £29,100            | £80.00                 |
| Unit 8               | Hamptons International Estate Agents | 593          | 773                | 15/01/2020  | 15/01/2025       | 14/01/2025 | 14/01/2030   | £46,800             | £79.89                  | £46,900            | £80.00                 |
| Unit 9 & 10A         | Tesco Express                        | 2,123        | 4,342              | 28/11/2003  | 28/11/2025       | 28/11/2030 | 27/11/2035   | £162,000            | £79.84                  | £162,300           | £80.00                 |
| Unit 10              | William Hill                         | 1,187        | 1,990              | 26/04/2006  |                  |            | 25/04/2021   | £81,000             | £70.84                  | £91,300            | £80.00                 |
| Unit 11 & 11A        | Hope Montessori Nursery School       | 1,080        | 1,737              | 27/02/2017  | 27/02/2022       |            | 26/02/2032   | £65,000             | £72.18                  | £72,000            | £80.00                 |
| Unit 12              | Fraser & Co Estate Agents            | n/a          | 2,773              | 28/10/2016  | 27/10/2021       |            | 27/10/2026   | £65,900             | £23.76                  | £69,300            | £25.00                 |
| Unit 13              | F45                                  | n/a          | 2,643              | 22/06/2017  | 22/06/2022       | 22/06/2022 | 21/06/2027   | £60,000             | £22.70                  | £66,100            | £25.00                 |
| Car Parking Space R1 | Anita Romer                          |              |                    | 01/01/2016  |                  |            |              | £1,002              |                         | £1,002             |                        |
| <b>TOTAL</b>         |                                      |              | <b>29,675</b>      |             |                  |            |              | <b>£978,750</b>     |                         | <b>£1,068,075</b>  |                        |





# LOCAL DEVELOPMENT

"Extensive development pipeline driving rental growth".

As one of London's key Opportunity Areas, Paddington is now the largest and most significant regeneration project in the City of Westminster, spanning approximately 80 acres. Already benefitting from the development of over 2 million sq ft of high-quality commercial space and substantial investment from the local ownership base such as British Land, there is another 1.3 million sq ft in the pipeline.



## 1. THE BRUNEL BUILDING

|                          |  |
|--------------------------|--|
| DESCRIPTION              | 240,000 sq ft offices / 5,500 sq ft retail |
| USE                      | Mixed                                      |
| STATUS                   | Construction commenced                     |
| EXPECTED COMPLETION DATE | 2019                                       |
| DEVELOPER(S)             | Derwent London                             |



## 2.1 MERCHANT SQUARE

|                          |  |
|--------------------------|--|
| DESCRIPTION              | 222 apartments / 90 room Hotel / Sky Bar |
| USE                      | Mixed                                    |
| STATUS                   | Consented                                |
| EXPECTED COMPLETION DATE | TBC                                      |
| DEVELOPER(S)             | European Land                            |



## 3. FIVE KINGDOM STREET

|                          |   |
|--------------------------|---|
| DESCRIPTION              | 210,00 sq ft offices                      |
| USE                      | Office                                    |
| STATUS                   | Consented but seeking alternative consent |
| EXPECTED COMPLETION DATE | 2022                                      |
| DEVELOPER(S)             | British Land                              |



## 4.2 MERCHANT SQUARE

|                          |               |
|--------------------------|---------------|
| DESCRIPTION              | 165,00 sq ft  |
| USE                      | Office        |
| STATUS                   | Consented     |
| EXPECTED COMPLETION DATE | 2020          |
| DEVELOPER(S)             | European Land |



## 5. PADDINGTON TRIANGLE

|                          |   |
|--------------------------|---|
| DESCRIPTION              | 235,000 sq ft Office & Retail             |
| USE                      | Mixed                                     |
| STATUS                   | Consented but seeking alternative consent |
| EXPECTED COMPLETION DATE | 2022                                      |
| DEVELOPER(S)             | Crossrail                                 |



## 6. 6 MERCHANT SQUARE

|                          |                                    |
|--------------------------|------------------------------------|
| DESCRIPTION              | 119 Apartments/ 5,400 sq ft retail |
| USE                      | Mixed                              |
| STATUS                   | Consented                          |
| EXPECTED COMPLETION DATE | TBC                                |
| DEVELOPER(S)             | European Land                      |



## 7. PADDINGTON GARDENS

|                          |   |
|--------------------------|---|
| DESCRIPTION              | 335 apartments / 200,000 sq ft office, retail & leisure |
| USE                      | Mixed   |
| STATUS                   | Construction commenced                                  |
| EXPECTED COMPLETION DATE | Q4 2019   |
| DEVELOPER(S)             | Meritas Real Estate                                     |



## 8. PADDINGTON SQUARE

|                          |  |
|--------------------------|--|
| DESCRIPTION              | 360,000 sq ft Offices 75,220 sq ft Retail Restaurant Space |
| USE                      | Mixed  |
| STATUS                   | Consented  |
| EXPECTED COMPLETION DATE | 2022   |
| DEVELOPER(S)             | Sellar / Great Western Developments                        |



## 9. WEST END GATE

|                          |   |
|--------------------------|---|
| DESCRIPTION              | 891 apartments 28,500 sq ft of commercial |
| USE                      | Mixed                                     |
| STATUS                   | Construction commenced                    |
| EXPECTED COMPLETION DATE | Q2 2020                                   |
| DEVELOPER(S)             | Berkeley Group                            |



WEST END QUAY

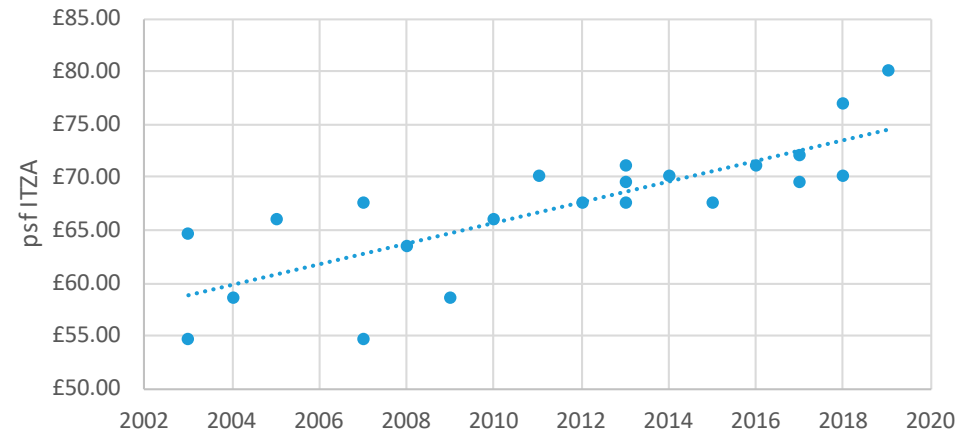


## RENTAL GROWTH

The property benefits from extremely low rental levels when compared to other neighbouring shopping areas, providing excellent growth opportunities as the microlocation continues to develop and mature.

| Address                                | Distance From Property | Zone A (psf ITZA) | A3 (psf) |
|--|------------------------|-------------------|----------|
| West End Quay, W2                      | 0.00 km                | £70               | £22      |
| Edgware Road (Near M&S), W2            | 0.28 km                | £185              | £55      |
| Paddington Square, W2                  | 0.40 km                | £250              | £150     |
| Praed Street, Paddington Station, W2   | 0.50 km                | £160              | £80      |
| Sheldon Square, Paddington Central, W2 | 0.70 km                | n/a               | £50      |
| Baker Street, W1                       | 1.20 km                | £250              | £90      |
| Marylebone High Street, W1             | 1.50 km                | £400              | £100     |
| Queensway, W2                          | 1.70 km                | £200              | £75      |
| Westbourne Grove, W11                  | 2.00 km                | £400              | £80      |
| Notting Hill Gate, W11                 | 2.30 km                | £250              | £80      |
| St John's Wood High Street, NW8        | 2.30 km                | £200              | £60      |

## Rental Growth



## INVESTMENT COMPARABLES

| Date   | Address                       | Tenant                    | Tenure | Price       | Yield | Cap Val (psf) |
|--------|-------------------------------|---------------------------|--------|-------------|-------|---------------|
| Dec-19 | 230-236 Westbourne Grove, W11 | Joseph                    | FH     | £13,920,000 | n/a   | £1,926        |
| Sep-19 | 57 St Johns Wood High St, NW8 | Coral Racing              | FH     | £4,275,000  | 3.98% | £1,426        |
| Jan-19 | 35-41 Kings Road, SW3         | Pret, Reebok, Itsu +2     | FH     | £41,180,000 | 3.99% | £2,890        |
| Oct-18 | 23-25 Mortimer Street, W1     | Ligne Roset Westend       | VFH    | £2,600,000  | 4.25% | £875          |
| Nov-17 | 38-42 Kingsway, WC2           | Bills & Paul              | VFH    | £7,500,000  | 3.78% | £1,337        |
| Jul-17 | 42-44 Mortimer Street, W1     | Leaf Lover                | LLH    | £4,750,000  | 3.86% | £852          |
| May-17 | 90 Westbourne Grove, W2       | Sainsbury's & Residential | FH     | £12,000,000 | 4.20% | £1,031        |
| Jan-17 | 140 Great Portland St, W1     | Boots                     | VFH    | £5,480,000  | 3.43% | £2,289        |
| Dec-16 | 96-98 Bishops Bridge Rd, W2   | Heal's                    | FH     | £3,500,000  | 3.86% | £1,117        |
| Sep-16 | 100 Queensway, W2             | Various                   | VFH    | £4,150,000  | 3.10% | £1,489        |
| Dec-16 | 74-76 Chiltern Street, W1     | BXR, Fucina, Panetteria   | VFH    | £16,000,000 | 4.48% | £858          |

## COVENANTS

| Address       | Tenant                             | % of Income | Experian Rating    |
|---------------|------------------------------------|-------------|--------------------|
| Unit 9 & 10A  | Tescos Stores Ltd                  | 16.55%      | Very Low Risk      |
| Unit 4 & 5    | Superdrug Stores Plc               | 15.22%      | Very Low Risk      |
| Unit 1        | Draft House Holding Ltd            | 11.62%      | Above Average Risk |
| Unit 6        | Post Office Ltd                    | 9.76%       | Very Low Risk      |
| Unit 10       | William Hill Organisation Ltd      | 8.28%       | Above Average Risk |
| Unit 12       | Quest Estates Ltd                  | 6.73%       | Low Risk           |
| Unit 11 & 11A | Hope Montessori Nursery School Ltd | 6.64%       | Low Risk           |
| Unit 13       | Dreamcorp Fitness Ltd              | 6.13%       | Above Average Risk |
| Unit 2        | The Headmasters Partnerships Ltd   | 5.93%       | Very Low Risk      |
| Unit 3        | The Carphone Warehouse Ltd         | 5.29%       | Below Average Risk |
| Unit 8        | Hamptons Estates Ltd               | 4.78%       | Above Average Risk |
| Unit 7        | Flight Centre (UK) Ltd             | 2.96%       | Very Low Risk      |

**TESCO**

Superdrug



**BREWDOG**

POST  
OFFICE

William  
**HILL**

**FRASER**  
& Co

Hope  
Montessori  
Nursery

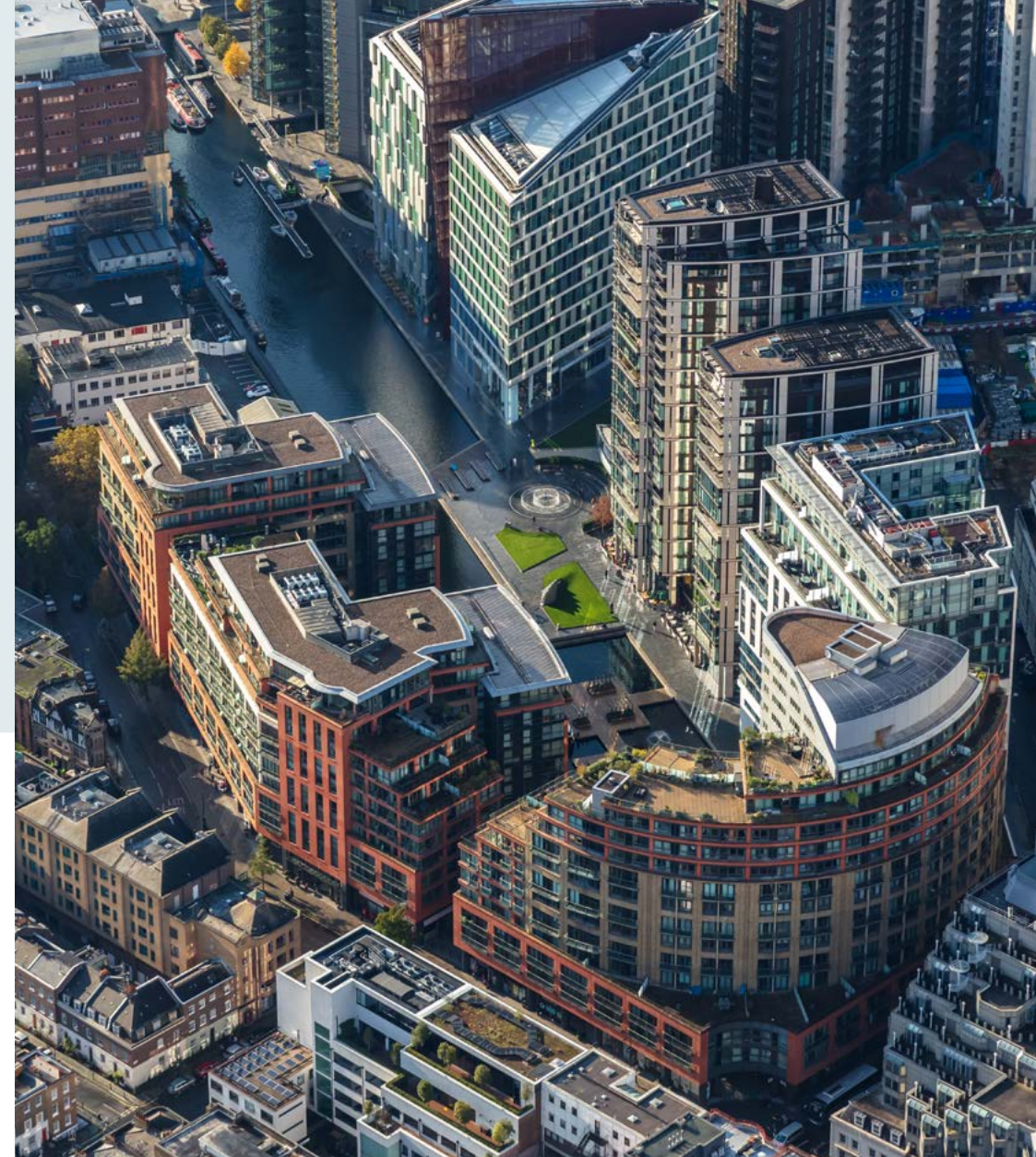
**FAS**

HEADMASTERS  
Beautiful, Fashionable, Confidence-Boosting Hair

**Carphone  
Warehouse**

**HAMPTONS**  
INTERNATIONAL

**FLIGHT  
CENTRE™**



## TENURE

The property is held in a 990 year long leasehold interest from 1st January 2001 (circa 972 years unexpired) at a peppercorn rent.



## INVESTMENT RATIONALE

- Key Central London sub-market;
- Extensive ongoing development pipeline regenerating the area;
- Major transport hub in nearby Paddington Station;
- Impending arrival of Crossrail (Elizabeth Line);
- 100% multiple covenants;
- Strong rental growth prospects;
- Long established tenant mix and positive occupational picture.

### VAT

The property has been elected for VAT and it is assumed the sale will be conducted via a Transfer of a Going Concern (TOGC).

### EPCs

Available upon request.

### Proposal

Offers are invited for the Virtual Freehold interest in the subject property, subject to contract and exclusive of VAT

### Contact

For further information or to arrange an inspection, please contact:

**Ben Simpson**  
bs@cwm.co.uk  
07751 220 817



**Jamie Whitelaw**  
jw@cwm.co.uk  
07738 684 881

35 Heddon Street, London, W1B 4BP

#### MISREPRESENTATIONS ACT:

CWM & Partners LLP for themselves and for the vendors/lessors of the property whose agents they are, give notice that: 1. These particulars are set out as a general outline for the guidance of the intended purchasers or lessees, and do not constitute part of, an offer or contract; 2. All descriptions, dimensions, reference to, tenure, tenancies, condition and necessary permissions for the use and occupation, and other details are given without responsibility and any intending purchaser or tenant should not rely on them as statements or representations of fact but must satisfy themselves by inspection or otherwise as to the correctness of each of them; 3. No person in the employment of CWM & Partners LLP has any authority to make or give any representations or warranty in relation to this property. January 2020.

Designed and produced by Avignon Capital | [avignoncapital.com](http://avignoncapital.com)

avignon