

Client: Frogmore Alert Service
Source: Property Week (Supplement)
Date: 20 May 2011
Page: 28
Reach: 20045
Size: 686cm2
Value: 3951.36

Oxford Street's east end makeover

Redevelopment projects to raise rates and refit shops. **Kat Baker reports**

The east end of Oxford Street is poised to undergo a facelift as developers plan to more than double its rents by creating larger format shops on that section of the UK's busiest shopping street.

Up to eight development projects are being worked up (map, opposite), which developers hope could put zone A rents on a par with the historically more expensive Oxford Circus part of the street. Development is expected to attract multi-store and international retailers to the area.

Robert Noel, managing director of Land Securities' London portfolio, which has two schemes on Oxford Street east, describes the area as "undervalued" but believes it could become "prime central London retail real estate".

"Oxford Street east is exciting," he says. "It's an under-exploited area of central London where rents could rise at a faster pace than virtually any other central London location, and the gap between east and west Oxford Street will narrow."

The race to redevelop was sparked after Primark signed a 141,000 sq ft prelet last year with Oriana, a Land Securities and Frogmore Real Estate Partners joint venture, for its block at the most eastern tip of Oxford Street. The budget retailer will start its shop fit-out in September before it opens in spring 2012, and Crossrail is due for completion in 2017, so retailers are desperate to secure units in the area to capitalise on the increased footfall.

Development at the east end of Oxford Street has historically been difficult because of its disparate ownership. With Primark as an anchor, developers are assembling sites to create "big box" units with double-height glass frontages to meet demand.

The first development out of the blocks is

expected to be Axa Real Estate Investment Management's 149-151 Oxford Street, where a hostile notice has already been served to evict Boots so the building can be redeveloped. If the retailer does not appeal this notice, it will leave before the end of the year. Axa is expected to submit

plans later this year for a 40,000 sq ft scheme to be developed in the next two and a half years.

This will be followed by Dukelease's scheme at 61-69 Oxford Street, where plans are being drawn up to develop a 35,000 sq ft shop with offices and homes above, and Great Portland Estate's 100,000 sq ft 73-89 Oxford Street scheme, of which about a third will be retail. In March Great Portland Estates paid a £7.5m premium to swap its freehold interest in 79/89 for a 250-year leasehold of that property and 73/77. Plans are now afoot to develop two shops with offices above. Both these developers can take vacant possession in 2014.

Plaza pizzazz

The 125,000 sq ft Plaza Shopping Centre is also expected to be revamped by owner Siroso. The Plaza is not thought to be trading well and discussions are under way to buy out some of the tenants and strip back the mall to create one or two big units, leaving Sports Direct trading in the basement.

Meanwhile, a possible game-changer in the area is the Royal Mail sorting office on Rathbone Place. The site adjoins Land Securities' Oxford House and Derwent London's Holden House, both on Oxford Street, where the REITs are playing the waiting game, but Royal Mail is now preparing plans for a 500,000 sq ft mixed-use scheme ahead of a possible sale. Developers are already thought to be in talks to buy the sorting office and both LandSecs and Derwent are said to be among those interested.

Redevelopment of this site is complicated, as the

servicing yard is safeguarded for the construction of Crossrail 2, so Crossrail could reject development on this land. With this in mind, it is thought LandSecs and Derwent could also consider a joint scheme to redevelop their sites together.

Altogether, these developments are expected to more than double rents by 2017. Present zone A rents of around £300 are predicted to equal those immediately to the east of Oxford Circus, which are around £600 at present.

David Kenningham, executive director of retail

Client: Frogmore Alert Service
Source: Property Week (Supplement)
Date: 20 May 2011
Page: 28
Reach: 20045
Size: 686cm2
Value: 3951.36



agency at CB Richard Ellis, says: "Post-Primark and Crossrail, there's no reason why zone A rents won't be on a par with those on the eastern side of the street close to Oxford Circus, but the size of units will be very important.

"The changes will attract some new international brands to the UK, but the most aggressive retailers will be those already in the West End, as they understand the levels of trade achievable and want access to another section of the West End."

Erol Ezen, a director in Savills' London retail team, adds that, since the Primark announcement, the

east end of Oxford Street had become "a primary focus for a large number of both UK and international retailers and landlords".

"It's fair to say that by the time Crossrail is up and running this section of Oxford Street will bear no resemblance to how it looks today," predicts Ezen. ■



Client: Frogmore Alert Service
Source: Property Week (Supplement)
Date: 20 May 2011
Page: 28
Reach: 20045
Size: 686cm2
Value: 3951.36



Land Securities at 70-80 Oxford Street
Lease expires at the 80,000 sq ft block range from two to five years

Derwent London at 54-68 Holden House
The 90,500 sq ft block was refurbished in 2003

Oriana building, a joint venture between Land Securities and Frogmore Real Estate Partners
Primark has agreed a 141,000 sq ft prelet and will open in spring 2012

Royal Mail sorting office at 35-50 Rathbone Place
Royal Mail will soon submit plans for a 500,000 sq ft mixed-use scheme. Jones Lang LaSalle is advising

Centre Point
Acquired by Mike Hussey's Abnaccant for £120m in March. Part of the scheme could be converted into residential

Siroso, a subsidiary of Rebsa, at Plaza Shopping Centre
Discussions are under way to buy out tenants and strip back the 125,000 sq ft mall to create one or two big units, leaving Sports Direct trading in the basement. Savills is advising

Resolution Property at the Quadrangle
The 136,000 sq ft property will be refurbished to create improved retail and office space before Crossrail opening in 2017

Great Portland Estates at 73-89 Oxford Street
Leases expire in 2014 and the developer is planning a 100,000 sq ft scheme, a third of which will be two shops. Plans will be submitted next year and the scheme completed in 2016. Jones Lang LaSalle and Nash Bond are advising

Axa Real Estate Investment Managers at 149-151 Oxford Street
Plans to create a 27,000 sq ft shop over the basement, ground and first floors as well as 12,000 sq ft of offices could be submitted this year. The scheme would reach completion in the next two and a half years. CB Richard Ellis is advising

Crossrail at 91-101 Oxford Street
Crossrail is constructing a western entrance to the Tottenham Court Road station, which will comprise retail on the ground floor and residential above

Dukelease at 61-69 Oxford Street
Vacant possession can be taken in 2014, and plans are being drawn up to create a store of 35,000 sq ft with offices and residential above. CB Richard Ellis is advising

Derwent London at 1 Oxford Street
Derwent can reacquire the Tottenham Court Road station site from Crossrail in 2016/17, and plans are expected to be submitted imminently for a 277,000 sq ft mixed-use scheme that will comprise 170,000 sq ft of offices, 50,000 sq ft of retail and a theatre. The scheme will reach completion in 2018/19