NEWS

Due at South: Frogmore, headed by Paul White, has unveiled plans for a luxury 80-room hotel at 3 and 4 South Place near Broadgate in London. It plans a 72,000 sq ft boutique hotel, designed by architect Allies & Morrison. Hotel operator D&D London, formerly Conran Restaurants, will operate the hotel on a 35-year lease. Frogmore is awaiting planning consent for the scheme, which will cost £50m. Gerard Nolan & Partners advised Frogmore.

Axa checks into Soho

■ Derelict site off Shaftesbury Avenue bought for £27m to create 100-bed boutique hotel

BY LAURA CHESTERS

Axa Real Estate Investment Managers has teamed up with boutique hotel operator Firmdale Hotels to buy a former bomb site in London's Soho.

Axa, on behalf of Co-operative Insurance Society, has bought the site at Ham Yard from receivers. In conjunction with Firmdale Hotels, it plans to create a £90m hotel development near Shaftesbury Avenue.

Firmdale, owned by Tim Kemp and his wife Kit, had agreed to buy the freehold site from LPA (Law of Property Act) receiver Allsop after liquidation proceedings were started against Windmill Developments, the site's Gibraltar-registered owner.

Before exchanging contracts, Axa, led by fund manager Huw Stephens, approached Firmdale and completed a deal to buy the site in eight days.

Axa paid £27m in cash for the site and has agreed a cap-and-collar lease with Firmdale for 125 years. The hotel operator will pay a Retail Prices Index-linked rent.

The price paid and the rent agreed gives the Co-operative a 7% initial yield.

Firmdale, which owns well-known boutique hotels in London such as Charlotte Street Hotel and the Haymarket, plans to run a 100-bed hotel on the site.

Axa and Firmdale will work in partnership and hope to work together on further opportunities.

The quick nature of the transaction by Axa is a sign that it intends to act more quickly to benefit from new investment opportunities in the current market.

A planning application for the hotel site will be submitted next year and Firmdale plans to open in 2012. The operator will also incorporate affordable housing and flats into the scheme.

The site attracted 31 offers and Firmdale had originally planned to fund the development of the hotel by completing a sale and leaseback of its other assets. It planned to raise more than £55m from two of its six London hotels: the Knightsbridge Hotel and Number 16 in Kensington.

Firmdale aims to start on site in July 2010 and it is thought the five-star, luxury hotel will be called the Soho Hotel. The development will regenerate one of the last remaining derelict sites in Soho and both Axa and Firmdale are keen to create a sustainable development that fits with the local area and is supported by local residents and businesses.

Firmdale last month opened its Crosby Street Hotel in the SoHo district of New York. Kemp has put the hotel up for sustainability awards, and hopes the new London hotel will also be built along green standards. The operator plans further expansion in London's Mayfair and in New York.

Gerard Nolan & Partners advised Firmdale.

Midlands sheds merry-go-round

Up to 620,000 sq ft of Midlands industrial space is on the verge of changing hands.

DHL has this week sublet 310,000 sq ft formerly occupied by Danone to Halfords at Prologis Park in Coventry. Halfords is expanding from Washford Industrial Estate in Redditch.

On the same park, Tesco is thought to be close to assigning the lease on 310,000 sq ft to DHL.

DHL needs the unit to accommodate drinks company Diageo, with which it has signed a logistics contract.

Diageo is moving from the 275,000 sq ft it occupies at Goodman's Daventry Distribution Centre at Royal Oak in the New Year, after it has dealt with the Christmas rush.

Robert Rae, founding partner at North Rae Sanders, which is joint agent at Prologis Park Coventry, said that the deals were part of a trend of occupiers taking secondary space instead of speculatively built space.

Haslams is acting for Halfords; Lambert Smith Hampton is acting for Tesco.

Five MCR properties with receivers

LPA receivers have been appointed to a small portion of Aneel Mussarat's MCR Property Group's portfolio as a result of loan-to-value covenant breaches.

It is thought that the receivers have been appointed by West Bromwich Building Society to five properties out of a much larger portfolio owned by the Manchester-based company.

In a statement, MCR said: "This decision has come as a complete surprise, mindful of the position that many other property companies are faced with similar circumstances.

"Each of the group companies has been meticulous in meeting repayment obligations ... and it is pleasing to note that other funders are taking a more pragmatic approach.

"While the group's proactive management and improvement of its assets would have been the most sensible course of action, MCR's staff will endeavour to assist the receivers to the best of their ability."

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Gross to be cross-examined
Michael Gross, who is fighting a compulsory purchase of his property in London's Docklands was due to be cross-examined as we went to press.
■ Full story at propertyweek.com

Crane survey hoisted in
The latest Drivers Jonas London Crane Survey reports on speculative space, completions and more and is out now.
■ Read the full report at propertyweek.com

WG Mitchell portfolio under offer
A private buyer backed by a JO Hambro fund has placed under offer a £40m portfolio owned by Northern Irish group WG Mitchell.
■ See propertyweek.com for more