FOREWORD

James Cooksey – Head of St James’s Portfolio, The Crown Estate

The St James’s portfolio is part of The Crown Estate’s core West End holdings comprising in excess of 4 million sq ft and with a value in excess of £1 billion (in St James’s).

Our approach to the management of our holdings is to take a holistic approach to all that we do, setting a clear vision and strategy for each portfolio.

Over the last 18 months we have set-out our vision for St James’s. Our aim is not to change St James’s but refine it; sensitively, carefully and for the long term. We will do this in a way that respects its heritage yet provides what occupiers want in the 21st century.

Substantial investment will improve the cohesion of our holdings but also protect St James’s future as a distinct niche in the West End office market and a world renowned destination for shops and restaurants.

With its history and mix of buildings, it is vital that any development in St James’s is done sensitively and with the utmost regard to context. It must have an appreciation of the differing environments and characters of the streets, and reflect our commitment to architectural excellence in order to ensure our ideas preserve this most historic quarter of London. The beauty of St James’s is that by doing so, we are able to deliver a unique blend of the old and the new.

A key part of our approach is the investment in the space around the buildings as well as the buildings themselves; there is little point in presenting high quality buildings to occupiers if the surrounding environment does not achieve the desired setting.

With this in mind we are investing in public realm to remove street clutter, widen pavements and reduce the dominance of traffic on busy roads. The first example of this in St James’s was our collaboration with TFL and Westminster to deliver the Piccadilly two-way, removing a large barrier to St James’s and creating much more migration from north to south and vice versa.

At The Crown Estate we take a long-term, estate-wide approach to our strategy with a carefully planned sequence of new buildings and refurbishments, at all times working hand in glove with public space improvements.

The Crown Estate is rightly taking a considered approach, one that will stand the test of time.
INTRODUCTION

St James’s is one of London’s best known and most prestigious villages. With St James’s Square at its heart, the area is bounded by Piccadilly, Haymarket, The Mall and Green Park.

Originally dating from 1531, St James’s Palace is one of the area’s oldest buildings with The Crown Estate’s new scheme at 1 Eagle Place being the newest. St James’s exemplifies how new and old buildings can coexist and create a lively, vibrant area providing the very best in offices, retail and residential property.

This report will examine the office, retail and residential markets in St James’s over the last 12 months and look at how key development schemes and investment in public realm are transforming the area.

A key influence in St James’s is The Crown Estate, which owns almost 50% of the buildings in this market.

Over recent years, the Estate has finalised its plans for St James’s and is now beginning to put this into effect – the redevelopment of 1 Eagle Place being a good example of this.

In its “Vision for St James’s” document, the Estate sets out its strategy for investment in the area to improve the office, retail and restaurant offerings whilst retaining its character and the qualities which make this one of London’s most attractive and desirable locations.

Historically, the traditional St James’s office occupier has been from a relatively narrow base: financial organisations (boutique hedge funds and private equity companies), oil and gas exploration, and head quarters for blue chip corporations. These sectors still provide the most significant proportion of St James’s occupiers but recently the occupier base has widened to include media and tech occupiers, though it is unlikely that these will become key occupiers for the location. Principal St James’s occupiers include: BP, HSBC, Apax Partners, Anglo American, Global Asset Management and McKinsey.

Looking at retail occupiers, St James’s is best known for its traditional occupier base: shirts, shoes and hats and a wide and eclectic mix of independent retailers and galleries.

However, development and investment in the area is changing this tenant-mix – the key will be to improve the retail and restaurant offerings by attracting luxury brands but to retain the quintessential feel of St James’s as a destination.
THE ST JAMES’S OFFICE MARKET

Take-up

Take-up in the St James’s market for 2013 (to the end of quarter 3 2013) totals 252,000 sq ft, up almost 90,000 sq ft on the same period in 2012. In the most part this has been driven by an exceptional first quarter of 2013 totalling 153,000 sq ft, the highest quarterly take-up in over 10 years. Much of this is due to the Canadian Government acquiring 46,545 sq ft at 2-4 Cockspur Street.

Moreover, total annual take-up in 2012 stood at 226,000 sq ft and in the first three quarters of 2013 take-up has already reached 252,000 sq ft. We therefore expect 2013 as a whole to show a very significant increase in take-up. This is supported by the early indications for Q4 (space currently under-offer) and the expected increase in occupier demand (see below).

Over the last 12 months there was a total of 73 transactions. Though there were no deals over 50,000 sq ft, the top 6 deals accounted for over 39% of take-up as the majority of deals, as usual, fall within the 2,500 – 5,000 sq ft size bracket.

Interestingly, almost 80% of lettings in the last 12 months were for second-hand space. This is primarily due to a lack of supply of new offices coming to the market, rather than a reluctance of tenants to pay higher rents for better quality accommodation.

St James’s identified take-up by sector (12 months to the end of October 2013)

The recent deals at Eagle Place to Haymarket Financial and Schulte Roth & Zabel have ensured that that the banking and finance sector has accounted for a third of all take up. This is closely followed by the public sector, in the most part helped by the Canadian Government acquiring 46,545 sq ft at 2-4 Cockspur Street.

Source: BNP Paribas Real Estate
### Notable St James’s transactions – 12 months to the end of October 2013

<table>
<thead>
<tr>
<th>Address</th>
<th>Size (sq ft)</th>
<th>Occupier Name</th>
<th>Date</th>
<th>Rent (£/psf)</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2-4 Cockspur Street</td>
<td>46,545</td>
<td>Canadian Government</td>
<td>Q1 2013</td>
<td>N/A</td>
<td>Long Leasehold sale</td>
</tr>
<tr>
<td>Rex House, 4-12 Regent Street</td>
<td>19,500</td>
<td>Regus</td>
<td>Q1 2013</td>
<td>55.00*</td>
<td>4th, 6th and 7th floors, 8 year lease</td>
</tr>
<tr>
<td>10 Spring Gardens</td>
<td>17,402</td>
<td>National Institute for Care &amp; Health Excellence</td>
<td>Q4 2012</td>
<td>N/A</td>
<td>Part 1st and 2nd floors, 8 year lease</td>
</tr>
<tr>
<td>4 Carlton Gardens</td>
<td>15,392</td>
<td>Edmond de Rothschild</td>
<td>Q1 2013</td>
<td>58.00</td>
<td>2nd to 7th floors, 10 year lease</td>
</tr>
<tr>
<td>1 Eagle Place</td>
<td>14,064</td>
<td>Virgin Money</td>
<td>Q3 2013</td>
<td>85.00</td>
<td>1st and 5th floors, 10 year lease</td>
</tr>
<tr>
<td>1 Eagle Place</td>
<td>10,904</td>
<td>Schulte Roth &amp; Zabel International LLP</td>
<td>Q3 2013</td>
<td>85.00</td>
<td>4th floor, 10 year lease</td>
</tr>
<tr>
<td>1 Eagle Place</td>
<td>10,765</td>
<td>Hayfin Capital Management</td>
<td>Q3 2013</td>
<td>95.00</td>
<td>6th floor, 10 year lease</td>
</tr>
<tr>
<td>Kinnaird House, 1-2 Pall Mall East</td>
<td>9,705</td>
<td>Navig8 Limited</td>
<td>Q4 2012</td>
<td>52.50*</td>
<td>2nd floor, 5 year lease</td>
</tr>
<tr>
<td>11-12 St James’s Square</td>
<td>9,604</td>
<td>Decura</td>
<td>Q4 2012</td>
<td>69.50*</td>
<td>Part ground and 1st floors, 5 year lease</td>
</tr>
<tr>
<td>130 Jermyn Street</td>
<td>9,206</td>
<td>Bank Of East Asia</td>
<td>Q4 2012</td>
<td>52.50*</td>
<td>3rd and part 4th floors, 5 year lease</td>
</tr>
<tr>
<td>Haymarket House, 28-29 Haymarket</td>
<td>8,356</td>
<td>Zenimax Media</td>
<td>Q1 2013</td>
<td>47.50*</td>
<td>1st floor, 9 year lease</td>
</tr>
</tbody>
</table>

Source: BNP Paribas Real Estate

* Asking rents

### Indicative future tenant demand

The table below shows the amount of offices which are subject to known lease events (i.e. lease breaks or expiries) until 2016 and the proportion of these in units of 5,000 sq ft and above. This gives a general indication of possible tenant demand over this time period.

<table>
<thead>
<tr>
<th>Date of Lease Event</th>
<th>Total Floor area occupied (sq ft)</th>
<th>Breaks / expiries 5,000 sq ft</th>
<th>No. of tenants occupying 5,000 sq ft</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>123,764</td>
<td>79,531</td>
<td>9</td>
</tr>
<tr>
<td>2014</td>
<td>193,602</td>
<td>56,333</td>
<td>6</td>
</tr>
<tr>
<td>2015</td>
<td>341,519</td>
<td>191,475</td>
<td>18</td>
</tr>
<tr>
<td>2016</td>
<td>190,733</td>
<td>117,332</td>
<td>13</td>
</tr>
<tr>
<td>TOTAL</td>
<td>849,618</td>
<td>444,671</td>
<td>46</td>
</tr>
</tbody>
</table>

These figures only show potential demand from existing St James’s occupiers and excludes “new” occupiers moving into St James’s, but comparing these figures with recent annual take-up suggests that the St James’s market will show an increase in take-up over the next few years, peaking in 2015. When considered with the relatively limited supply of new space over the same timescale, this supports the case for the predicted rental growth in the coming months and years.
SUPPLY

St James’s availability

Availability in each of the last four quarters has risen slightly and currently stands at 299,000 sq ft (compared with 264,000 sq ft at the end of Q3 2012 - a 13% increase). This is a total of 63 units, of which over half the units are in the sub 5,000 sq ft bracket.

However, only 25% of this is new or fully refurbished space which supports our assertion that it is the lack of new supply which is restricting the market rather than a lack of demand from tenants. With the availability of 1 Eagle Place (which is already attracting very good tenant-interest) and 23 King Street later in the year, we expect the proportion of new space being let to increase significantly over the remainder of 2013 and into 2014.

Vacancy rate in St James’s now stands at 3.6%, compared with 4.67% across the West End as a whole.

<table>
<thead>
<tr>
<th>Address</th>
<th>Landlord</th>
<th>Available (sq ft)</th>
<th>Typical floor plate (sq ft)</th>
<th>Condition</th>
</tr>
</thead>
<tbody>
<tr>
<td>St Albans House</td>
<td>Crown Estate</td>
<td>41,459</td>
<td>4,500</td>
<td>Refurbished in 2000</td>
</tr>
<tr>
<td>1 Eagle Place</td>
<td>Crown Estate</td>
<td>36,694</td>
<td>11,000</td>
<td>New</td>
</tr>
<tr>
<td>23 King St</td>
<td>Standard Life</td>
<td>36,660</td>
<td>7,500</td>
<td>Refurbished</td>
</tr>
<tr>
<td>45 Pall Mall</td>
<td>M1 Real Estate</td>
<td>20,385</td>
<td>6,000</td>
<td>Second hand</td>
</tr>
<tr>
<td>Carlton, 11a Regent Street Place</td>
<td>CBRE Global Investors</td>
<td>18,049</td>
<td>4,500</td>
<td>Refurbished</td>
</tr>
<tr>
<td>11 Waterloo Place</td>
<td>Crown Estate</td>
<td>15,615</td>
<td>5,000</td>
<td>Refurbished</td>
</tr>
<tr>
<td>130 Jermyn Street</td>
<td>National Grid</td>
<td>12,930</td>
<td>6,500</td>
<td>Refurbished. Redeveloped in 2000</td>
</tr>
</tbody>
</table>

Source: BNP Paribas Real Estate

St James’s key availability

St James’s vacancy rates

Source: BNP Paribas Real Estate
RENTS

St James’s prime rents

As shown in the graph below, prime St James’s rents remained static for 7 successive quarters but began to rise again in Q1 2013.

The new development stock coming to the market, especially 23 King Street and 8 St James’s Square, should move rents further forward over the remainder of 2013 and into 2014 and we are predicting that prime St James’s rents will hit £115.00 per sq ft by the end of 2014.

It should be noted that the parameters within which we form our rental growth forecasts produce a smooth upward curve over the next few years. However, looking back at historical projections compared with actual market performance, it is clear that in reality when a market has limited available grade A stock and good tenant demand from a growing economy, the smooth curve is replaced by significant spikes – often well ahead of expectations.

Against these prime rents, which are clearly achieved only on the very best buildings, it is interesting to look at rents achieved on the “average” St James’s building - see graph below.
DEVELOPMENT PIPELINE

St James’s development pipeline and future stock

Set out below is a table showing known development pipeline in the St James’s market.

<table>
<thead>
<tr>
<th>Status</th>
<th>Scheme</th>
<th>Developer</th>
<th>Size (sq ft)</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>U/C 5-6 St James’s Square</td>
<td>Exemplar</td>
<td>115,000</td>
<td>Mixed use development. Due to complete in Q4 2013. Owner occupation.</td>
</tr>
<tr>
<td>2</td>
<td>U/C 8 St James’s Square</td>
<td>Green Property</td>
<td>65,000</td>
<td>New build. Ready in Q4 2013.</td>
</tr>
<tr>
<td>3</td>
<td>21 St James’s Square</td>
<td>Pembroke RE</td>
<td>100,000</td>
<td>New / Refurbishment</td>
</tr>
<tr>
<td>5</td>
<td>U/C 1 Regent Street</td>
<td>Crown Estate</td>
<td>26,500</td>
<td>Refurbishment. Due Q3 2014.</td>
</tr>
<tr>
<td>6</td>
<td>U/C 55 St James’s Street</td>
<td>Lothbury IM</td>
<td>25,000</td>
<td>Redevelopment. Due 2015</td>
</tr>
<tr>
<td>7</td>
<td>PPG 48 Pall Mall</td>
<td>Three Delta</td>
<td>30,000</td>
<td>Earliest completion 2015.</td>
</tr>
<tr>
<td>8</td>
<td>Dukes Court, Duke Street</td>
<td>Crown Estate</td>
<td>36,000</td>
<td>New. Earliest completion 2017</td>
</tr>
<tr>
<td>9</td>
<td>Norfolk House, 31 St James’s Square</td>
<td>Sateria Investments / Audley Property Management</td>
<td>100,000</td>
<td>New. Earliest completion 2017.</td>
</tr>
<tr>
<td>10</td>
<td>St James’s Corner, St James’s Street</td>
<td>Crown Estate</td>
<td>40,000</td>
<td>New. Earliest completion 2019.</td>
</tr>
</tbody>
</table>

Looking at longer term pipeline, the most significant schemes will include Norfolk House, 31 St James’s Square (which includes 30 Charles II Street) by Sateria Investments/Audley Property Management. This will result in 100,000 sq ft of new offices behind partially retained facades, which will transform the south-east of the Square. The proposed scheme is still in its early design stages, with short-term leases expiring in late 2015, with an indicative completion date of 2017.

Pembroke Real Estate will be redeveloping the other side of the Square – 21 St James’s Square – in a similarly sized scheme which includes a Grade I listed building.
What differentiates St James’s from other luxury retail destinations is the blend of a strong heritage and eclectic retail. Occupiers include a variety of well known brands, the renowned Fortnum & Mason, auction houses such as Christie’s and small independent retailers that are specialists in the respective fields. Examples include outdoor specialists Farlows, wine merchants Berry Brothers, cheese-mongers Paxton & Whitfield and perfumers DR Harris. More contemporary retailers now include Duchamp, JM Weston and Emma Willis.

In a year which has been tough for retailers generally, the luxury goods market has continued to perform well. With continued growth of the luxury market forecast and the increasing attractiveness of Central London for these brands and retailers, demand for space in the prime retail pitches is increasing.

New luxury brands looking to enter the market are competing with existing strong brands which are looking to expand in prime locations, and the lack of appropriate stock has made it difficult for retailers to open in the traditional Bond Street core. Consequently, many such retailers are pursuing opportunities in the surrounding streets and considering other locations such as St James’s.

There is clear evidence that consumers are willing to shop outside the traditional luxury retail core and explore new areas. Retailers are responding to this sentiment, as evidenced by news that high-end Swedish fashion brand Tiger of Sweden has signed for their debut UK store at 210 Piccadilly within the Crown Estate’s Gateway scheme. The retailer will occupy 3,200 sq ft over ground and basement floors fronting onto Piccadilly, the largest of 11 units in the scheme.

Additionally, the Crown Estate has secured a number of lettings to other high-end brands for the retail and leisure space at this scheme, including Sunspel, Osprey, Grosvenor Shirts and a flagship store for Barbour International. Further announcements are expected shortly.

Further key parts in the Crown Estate’s strategy of improving the retail and Leisure offerings in St James’s were the lettings to restaurants Cicchetti at 215 Piccadilly and Villandry at 11 Waterloo Place.

New retail additions to St James’s include UK fashion and home retailer Cath Kidston, which will open a 7,000 sq ft flagship store at 180 Piccadilly (French Railways House) in late 2013.

The challenge for the future development of St James’s will be balancing the desire to drive rental and capital growth with the need to create an environment with a distinctive identity. It is essential that landlords respond to the changing retail environment, maintaining the mix of occupiers and keeping up with increased consumer demands. This is particularly true in the luxury sector, as shoppers expect an environment that matches the luxury retail offer.

The Crown Estate’s block ownership helps create a distinctive ‘place’ as rather than always chasing the highest rents offered by luxury retailers the landlord will directly reap the long term benefits of a diversified offer encompassing famous brands, niche retailers, restaurants, auction houses and galleries.

Holistic management is required to ensure that an exciting destination with a distinctive and stimulating retail mix is created; it is variety that allows for place making and the Crown Estate’s retail vision to position St James’s as a world-class shopping and dining destination whilst maintaining its heritage, sense of tradition, elegance and luxury depends on the careful balancing of different needs.

David Thunmarker – Chief executive, Tiger of Sweden

“We chose St James’s for our first UK store for the central location, the history, the mixture of old and new architecture, but most importantly it is an area that is going through a transformation and that is going to be new and fresh. It is one of the most exciting parts of the world to open a flagship store”.

BNP PARIBAS REAL ESTATE
Residential Market Commentary - St James’s

As has been widely reported in recent press articles and research reports, residential property in prime central London continues to perform very well. A number of factors have aided this market growth but common factors are the pent-up demand and lack of available stock, both second-hand & new build.

Research also suggests that the demographic of purchasers is also quite varied. While UK domestic purchasers account for a large proportion of sales in London’s prime postcodes, international purchasers have also increased considerably, acquiring properties for both investment and owner occupier purposes.

Traditionally, purchasers were more attracted to other prime areas including Belgravia and Mayfair as they had a more up-market residential feel and more abundant local amenities. However, the recent investment in St James’s by The Crown Estate and other owners and developers, as well as the improving retail and leisure destinations and the proximity to luxury social establishments, means that purchasers are becoming significantly more active in this location and thus moving St. James’s into a more “super prime” postcode bracket.

The number of international buyers that are now being attracted to St James’s has increased significantly as they look to secure their main residence as they have other motives such as UK based businesses, business interests or family ties in the UK and London in particular.

Demand for off-market investment opportunities is also attracting a wide range of international purchasers. Developments in prime locations such as St James’s and other comparable locations have begun to create a certain buzz given the shortage of these opportunities coupled with the cachet of owning a property in one of the most exclusive enclaves of London.

As a result, the appetite for residential sites and commercial-to-residential conversion opportunities has increased very significantly, with residential site values outstripping commercial values by a large margin.

However, planning policy has slowed or restricted some development and it will be interesting to see the effect of Westminster Council’s planning “opt-out” on site values going forward.

Residential Development Pipeline

Research into activity past and present shows that the majority of schemes in St. James’s are low in quantum of units. Below are some examples of residential schemes:

With Planning:

- 55-56 St James’s Street, 8 Arlington Street, Bennett Street. Planning consent for 5 units and site cleared. Developer/Interested Party – Windsor Life Assurance Company.
- 66 St. James’s Street – Planning consent for 4 private units. Developer/Interested party – Capital & City Holdings Ltd.
- 87-88 St. James’s Street – Planning consent for 10 private units. Developer/Interested party – Carlyle Group.
- Vandon House Hotel – Planning consent for 58 hotel rooms and 5 private residential units. Developer/Interested party – TBC.

Under Construction:


Second hand Property Sales

As highlighted above, the St. James’s residential market is now considered a super prime residential location, with interest attracting a mix of UK and international buyers. This has resulted in significant increases in value of both second hand and new build properties.

Whilst very much location dependent in the micro market, sales are reportedly achieving well in excess of £3,000psf+.

A number of sales are priced in the high £2,000psf levels and these price trends are expected to continue given the low quantum of stock coming forward over the next 12 – 24 months.
<table>
<thead>
<tr>
<th>Address</th>
<th>Beds</th>
<th>Tenure</th>
<th>Date of Sale</th>
<th>Asking Price</th>
<th>Selling Price</th>
<th>G.F.A.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 Walpole Mayfair (2nd Floor), 4-5 Arlington Street, London SW1</td>
<td>3</td>
<td>Leasehold; TBA</td>
<td>15/10/2012</td>
<td>£11,500,000, (£3678/ft²)</td>
<td>£11,500,000, (£3678/ft²)</td>
<td>3,127 ft² 290 m²</td>
</tr>
<tr>
<td>4 Walpole Mayfair (4th Floor), 4-5 Arlington Street, London SW1</td>
<td>3</td>
<td>Leasehold; TBA</td>
<td>05/06/2013</td>
<td>£11,500,000, (£3808/ft²)</td>
<td>£11,500,000* (£3808/ft²)</td>
<td>3,020 ft² 280 m²</td>
</tr>
<tr>
<td>Penthouse, Walpole Mayfair (5th/6th Floor), 4-5 Arlington Street, London SW1</td>
<td>3</td>
<td>Leasehold; TBA</td>
<td>17/04/2012</td>
<td>£13,750,000, (£4542/ft²)</td>
<td>£13,750,000, (£4542/ft²)</td>
<td>3,077 ft² 281 m²</td>
</tr>
<tr>
<td>Flat 4 (4th Floor), 24 St James's Place, London SW1</td>
<td>4</td>
<td>Leasehold; 104 years approx unexpired</td>
<td>02/05/2013</td>
<td>£8,000,000, (£2566/ft²)</td>
<td>£8,000,000, (£2566/ft²)</td>
<td>3,118 ft² 289 m²</td>
</tr>
<tr>
<td>Flat 3 (3rd/4th Floor), 24 St James's Place, London SW1</td>
<td>4</td>
<td>Leasehold; plus share of F/H</td>
<td>02/10/2012</td>
<td>£8,750,000, (£3464/ft²)</td>
<td>£7,500,000, (£2969/ft²)</td>
<td>2,526 ft² 234 m²</td>
</tr>
<tr>
<td>Flat 1 (1st Floor), 73 St James’s Street, London SW1</td>
<td>2</td>
<td>Leasehold; 126 years approx unexpired</td>
<td>20/06/2013</td>
<td>£2,025,000, (£2050/ft²)</td>
<td>£1,985,000, (£2009/ft²)</td>
<td>988 ft² 91 m²</td>
</tr>
<tr>
<td>3 Walpole Mayfair (3rd Floor), 4-5 Arlington Street, London SW1</td>
<td>3</td>
<td>Leasehold; expiring 30/05/2012</td>
<td>09/06/2013</td>
<td>£11,500,000, (£3672/ft²)</td>
<td>£9,400,000, (£3001/ft²)</td>
<td>3,132 ft² 291 m²</td>
</tr>
<tr>
<td>Flat 8 (2nd Floor), 1c King Street, London SW1</td>
<td>2</td>
<td>Leasehold</td>
<td>05/12/2011</td>
<td>£4,950,000, (£2541/ft²)</td>
<td>£4,765,000, (£2446/ft²)</td>
<td>1,948 ft² 181 m²</td>
</tr>
<tr>
<td>Flat 6 (4th Floor), 23 St James’s Square, London SW1</td>
<td>2</td>
<td>Leasehold; 117 years approx unexpired, plus share of F/H</td>
<td>05/10/2010</td>
<td>£2,150,000, (£2247/ft²)</td>
<td>£2,075,000, (£2168/ft²)</td>
<td>957 ft² 88 m²</td>
</tr>
<tr>
<td>Flat 3 (1st Floor), 23 St James’s Square, London SW1</td>
<td>2</td>
<td>Leasehold; 117 years approx unexpired</td>
<td>06/10/2010</td>
<td>£2,150,000, (£2247/ft²)</td>
<td>£2,075,000, (£2168/ft²)</td>
<td>957 ft² 88 m²</td>
</tr>
<tr>
<td>Flat 3 (6th/7th Floor), 5 Carlton Gardens, London SW1</td>
<td>3</td>
<td>Leasehold; approx 120 years remaining</td>
<td>01/05/2013</td>
<td>£7,500,000, (£3028/ft²)</td>
<td>£7,500,000, (£3028/ft²)</td>
<td>2,477 ft² 230 m²</td>
</tr>
<tr>
<td>Flat 1 (6th/7th Floor), 5 Carlton Gardens, London SW1</td>
<td>3</td>
<td>Leasehold; 11 years approx unexpired</td>
<td>05/03/2013</td>
<td>£9,250,000, (£3652/ft²)</td>
<td>£9,250,000, (£3652/ft²)</td>
<td>2,533 ft² 235 m²</td>
</tr>
<tr>
<td>5th/6th Floor, 68 Pall Mall, London SW1</td>
<td>2</td>
<td>Leasehold; 168 years approx unexpired</td>
<td>05/08/2007</td>
<td>£6,950,000, (£2076/ft²)</td>
<td>£6,700,000, (£2002/ft²)</td>
<td>3,347 ft² 311 m²</td>
</tr>
<tr>
<td>The Penthouse (5th/6th Floor), 68 Pall Mall, London SW1</td>
<td>2</td>
<td>Leasehold; 164 years approx unexpired</td>
<td>21/10/2011</td>
<td>£8,950,000, (£2815/ft²)</td>
<td>£7,900,000, (£2431/ft²)</td>
<td>3,250 ft² 302 m²</td>
</tr>
</tbody>
</table>

Source: BNP Paribas Real Estate
PUBLIC REALM

Creating an attractive, well laid-out environment with a strong identity has become increasingly important in attracting the best office, retail and residential occupiers and consumers; people have become more discerning in their tastes and look at the overall experience when choosing locations to work, live and socialise.

As well as modern, attractive design of the buildings these consumers will use or occupy, a key element in improving any destination is the appearance and presentation of the wider environment and the ease and enjoyment of pedestrian access by redressing the balance between pedestrians and motorists.

Across Central London examples of improvements in public realm works are evident, be it the new pedestrian crossing at Oxford Circus, the street furniture on South Molton Street or the development of a new public square at King’s Cross.

In St James’s, The Crown Estate has worked closely with Westminster Council and invested considerably to improve access and the public realm in Piccadilly, St James’s Street and Pall Mall. Returning these thoroughfares to two way streets has reduced traffic speeds and noise, increased pedestrian permeability and, by reintroducing the traditional street pattern, enhanced the historic setting.

Further works are planned which will concentrate on Haymarket, St James’s Market, Regent Street and Waterloo Place. One option is to strip the streets of years of accumulated street furniture, widen footpaths, and install a central median along Regent Street to improve pedestrian access across the street.

Further initiatives will increase the provision of public space. On Waterloo Place this will be achieved by reducing traffic volumes and car parking, resurfacing, and making the most of its connection to St James’s Park via the Duke of York Steps. In the area between Haymarket and Regent Street the St James’s Market scheme will seek to create a new pedestrian square with half an acre of new public space for “world-class business, shopping and dining; a sustainable mix of uses and create a better sense of place, more appropriate to St James’s”. 

The Piccadilly 2-way improvements
CASE STUDY – 23 KING STREET

Developer: Standard Life Investments
Size: 45,000 sq ft
Completion: Autumn 2013

Having purchased this 1980’s building in June 2010, Standard Life appointed Trehearne Architects to transform the existing structure into a fully specified Grade A office building targeted towards the prestigious occupiers synonymous with St James’s.

The original 1960’s facade has been retained but comprehensively remodelled and the building’s floor area increased by over 30% by the creation of new space including the addition of a new 6th floor. The building now provides approximately 45,000 sq ft of efficient, modern space with floor plates of circa 7,800 sq ft.

While not yet formally launched to the market, Standard Life has already achieved a very significant letting in the building. The top two floors of the building, totalling 8,315 sq ft, have been let to Singaporean investor Temasek at a rent of £130 per sq ft. This rent sets a new benchmark in the West End in this cycle.

David Stewart – Fund Manager, Standard Life

“We are pleased to have secured this rare opportunity to develop a high class office building into the supply-constrained St. James’s market. The attention to detail of the development team has ensured that we deliver a first class product to the market.”
CASE STUDY – 1 EAGLE PLACE

Owner: The Crown Estate / HOOPP (developed by Stanhope)

Size:
- Offices: 57,000 sq ft
- Retail: 20,000 sq ft (11 units)
- Residential: 20,000 sq ft (16 apartments, 5 for sale, 11 to rent)

Completed: July 2013

Eagle Place forms a significant part of The Crown Estate’s Gateway Scheme – the redevelopment of a site at the east end of Piccadilly down to Jermyn Street.

Designed by Eric Parry, the building provides a total of approximately 57,000 sq ft of newly-constructed offices and retail behind a partially retained façade. The office floor plates are circa 11,000 sq ft.

The striking public art on the parapets is by sculptors Richard Deacon and Stephen Cox and scarlet curvilinear faience work adorns the windows overlooking Piccadilly.

The 1st, 4th, 5th and 6th floors have all now been let over 3 separate transactions to Hayfin Capital Management, Virgin Money and Schulte, Roth & Zabel International LLP. All deals are on 10 years leases with rents ranging from £85.00 per sq ft to £95.00 per sq ft.

In addition, one of the flagship retail units has been let to Tiger of Sweden as their first stand-alone UK store.

Anthea Harries – Portfolio Manager St James’s, The Crown Estate

“Eagle Place is the first phase of The Crown Estate’s exciting vision for St James’s. Cutting-edge design has delivered striking offices, superb retail and contemporary residential homes which will transform this part of the Estate.”
CASE STUDY – 8 ST JAMES’S SQUARE

Developer  Green Property
Size  65,000 sq ft
Completion  Spring 2014

Green Property acquired this site in 2008 from Pacific Group. Formerly home to Universal Music, the original building has now been demolished. A new eight-storey office building is being constructed around the retained building 7 St James’s Square which was built in 1910 by Sir Edwin Lutyens.

When complete, the building will provide a total of approximately 65,660 sq ft of offices overlooking St James’s Square, with floors of circa 11,000 sq ft and private terraces on three floors. The retained building 7 St James’s Square will be converted back to a single private residence of close to 30,000 sq ft.

Mike Tapp – Director, Green Property

“We are very excited by the opportunities which the redevelopment of this landmark St James’s building presents. We were very conscious in the design stage to produce a building to meet the demanding standard of the modern occupier, whilst still protecting the historic setting and importance of this part of St James’s. Redevelopment of the offices allows us to re-instate the House to its former glory – with a few modern touches”.

BNP PARIBAS REAL ESTATE
CASE STUDY – ST JAMES’S MARKET

Developer: The Crown Estate / Oxford Properties

Size:
- Offices: 210,000 sq ft
- Retail: 50,000 sq ft
- Residential: 3 schemes, 20 private apartments and 12 affordable homes

Completion: 2016

The Crown Estate recently formed a joint venture with Canada’s Oxford Properties to redevelop and transform the run-down north-east corner of St James’s between Regent Street and Haymarket – known as St James’s Market. Whilst the main buildings are located here, the scheme involves 3 separate sites: 14-20 Regent Street and 52-56 Haymarket, Russell Court and 7 Cleveland Row, and 29-30 St James’s Street and 25-27 Bury Street.

The aim is to “re-stitch” the area between Regent Street and Haymarket to prime St James’s in what has been described as the most ambitious redevelopment of St James’s in the last century.

Planning consent for the MAKE designed £320 million scheme in the Haymarket / Regent Street block was granted in January 2013. When complete, the scheme will provide 210,000 sq ft of offices, 50,000 sq ft of flag-ship retail and restaurant space, a 10,000 sq ft pedestrian square and half an acre of public realm improvements.

The existing 52-56 Haymarket block will be completely demolished (including the St Alban’s Street elevation), with the 14 – 20 Regent Street buildings (including Carlton Street) being developed behind new and retained facades.

7 Cleveland Row will be converted from office to residential use behind the restored façade to provide 6 apartments. Russell Court will be demolished and replaced by Mews houses and apartments.

The St James’s Street and Bury Street site will be refurbished behind retained facades to provide residential apartments in St James’s Street and offices in Bury Street, both with ground floor retail.

A key part of the proposals is improvements to the public spaces – the area around St Alban’s Street is currently very run-down and will be replaced by a new public square and public art. These improvements will extend all the way down through Royal Opera Arcade to Pall Mall and transform the location.

Paul Brundage – Senior Managing Director, Oxford Properties

“St James’s Market is a landmark redevelopment in a prestigious location – one of the most significant developments in the West End in recent years. The project represents a truly exciting opportunity to transform a historic corner of London.”
SUMMARY

- Market conditions are improving and 2013 looks set to be a very good year for occupier take-up.

- There is still a limited supply of Grade A stock, but some very high quality schemes are to be marketed in 2013 / 2014.

- We expect these schemes to result in significant increases in prime rents.

- With innovative modern design which is sensitive to the historic environment, these schemes will enhance St James's as a location yet offer demanding occupiers the space they want.

- Retail is improving and St James's is now a destination of choice for both established, traditional retailers and luxury brands.

- St James's is now acknowledged as a super-prime residential location and commands prices to match.

- Improvements in public realm are vital in the transformation of St James's.

- The key to the changing face of St James's is that any development is done in such a way as to enhance the environment and is mindful of the historic context. If this can be achieved, St James's will continue to be one of London's most desirable destinations.