

# 8-10 Kensington Square

18-26 Thackeray Street & Abbots Court London W8

Prime London Retail Investment Opportunity



## Investment Summary

- Located in the Royal Borough of Kensington and Chelsea, approximately 150 metres south of Kensington High Street
- 8-10 Kensington Square, 18-26 Thackeray Street & Abbots Court is an attractive red brick mansion block, comprising eight retail units and eight residential flats, arranged over lower ground, ground and five upper floors, providing a total of 23,246 sq ft (2,159 sq m) of accommodation
- Grade II Listed
- Freehold
- Multi-let to eight retail tenants, providing a weighted average unexpired lease term of 4.70 years and let at an average rent of £64.36 per sq ft ITZA
- The residential element is sold off on a 999 year long lease at a peppercorn rent
- Total current passing rent of £160,375 per annum
- Overall estimated rental value of £250,000 per annum, reflecting a Zone A rent of £100 per sq ft
- We are instructed to seek offers in excess of £3,350,000, subject to contract and exclusive of VAT. The price reflects a net initial yield of 4.52%, assuming standard purchasers costs of 5.80%
- The property is held in a UK SPV and a sale of this vehicle would also be considered



## Location

The property is located in the Royal Borough of Kensington & Chelsea, one of the most vibrant shopping and tourist destinations in Central London and is considered to be one of the most affluent residential locations.

Kensington Square and Thackeray Street are located approximately 150 metres South of Kensington High Street and only one mile from Knightsbridge. The immediate area is home to a number of world famous tourist attractions, including the Victoria & Albert Museum, Harrods, The Natural History Museum and the Royal Albert Hall.

The area is also renowned for its many high end restaurants and hotels, as well as its close proximity to the public open spaces of Hyde Park, Holland Park and Kensington Palace Gardens.

## Situation

The property is bounded by the main thoroughfares of Kensington High Street to the north, Cromwell Road (A4) to the south, Queen's Gate to the east and Warwick Road to the west.

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## Communications

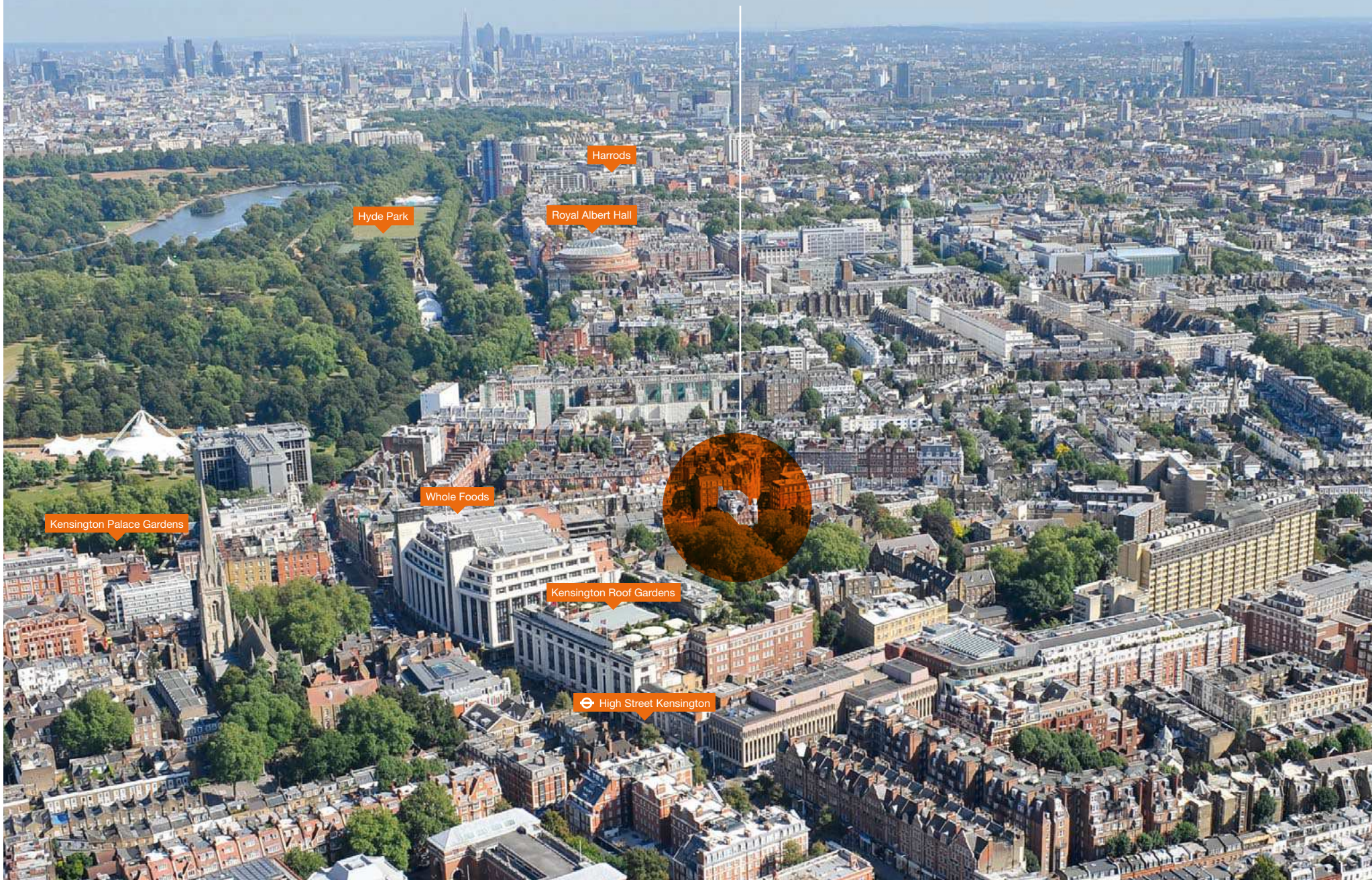
The property benefits from excellent public transport links with Kensington High Street (Circle and District lines), Gloucester Road (Circle, District and Piccadilly lines) and Earls Court (District and Piccadilly lines) Underground stations all within a short walk. In addition, there are a number of regular bus services running along Kensington High Street.

## History

Kensington Square was laid out in 1681 by Thomas Young. It became highly fashionable when William III bought Nottingham House and converted it into Kensington Palace. The Square was originally called Kings Square and until the 1840s was surrounded by fields. Houses on the west, south and north are mostly original, though much altered.



# 8-10 Kensington Square



Hyde Park

Harrods

Royal Albert Hall

Kensington Palace Gardens

Whole Foods

Kensington Roof Gardens

High Street Kensington



## Description

The property is a Grade II listed attractive red brick mansion block, comprising eight retail units and eight residential flats, arranged over lower ground, ground and five upper floors. Three retail units front onto Kensington Square and five retail units front onto Thackeray Street.

The residential flats known as Abbots Court have an entrance on Thackeray Street. The entrance leads into a smart lobby area, benefiting from a lift serving all flats and a porter's office on the ground floor. The residents also enjoy the benefit of access to the private gardens in Kensington Square, one of the few remaining private gardens in London.



## Accommodation

The property provides the following internal floor areas:

Demise	Ground NIA sq ft	Ground ITZA sq ft	Basement (sq ft)		ITZA Overall	Total	
			Ancillary	Vault		sq m	sq ft
8 Kensington Square	293	250	202	120	278	57	615
9 Kensington Square	566	267	369	43	316	90.9	978
10 Kensington Square	311	326*	447	152	378	84.5	910
18 Thackeray Street	529	321	442	-	351	90	971
20 Thackeray Street	326	277	385	36	317	69.4	747
22 Thackeray Street	453	338	420	26	381	83.5	899
24 Thackeray Street	295	227	352	39	258	63.7	686
26 Thackeray Street	189	184	333	31	213	51.4	553
<b>Sub Total</b>	<b>2,962</b>	<b>2,190</b>	<b>2,950</b>	<b>467</b>	<b>2,492</b>	<b>590.4</b>	<b>6,359</b>

Demise	Floor	Beds	Baths	sq m	sq ft
Abbots Court Flat 1	1	4	3	204	2,201
Abbots Court Flat 2	1	4	2	164	1,764
Abbots Court Flat 3	2	3	4	205	2,204
Abbots Court Flat 4	2	3	3	165	1,779
Abbots Court Flat 5	3	3	4	203	2,187
Abbots Court Flat 6	3	2	1	134	1,443
Abbots Court Flat 7	4 & 5	3	4	288	3,100
Abbots Court Flat 8	4 & 5	3	2	205	2,209
<b>Sub Total</b>				<b>1,569</b>	<b>16,887</b>
<b>Total</b>				<b>2,159</b>	<b>23,246</b>

\* Analysis includes 5% addition for return frontage.

# Ground Floor Plan



8 Kensington Square



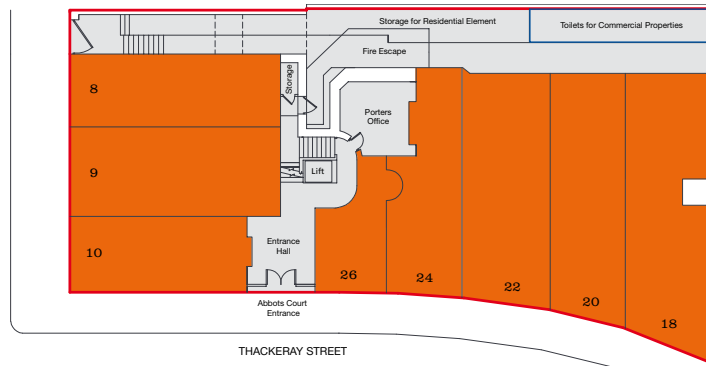
9 Kensington Square



10 Kensington Square



26 Thackeray Street



18 Thackeray Street



24 Thackeray Street



22 Thackeray Street

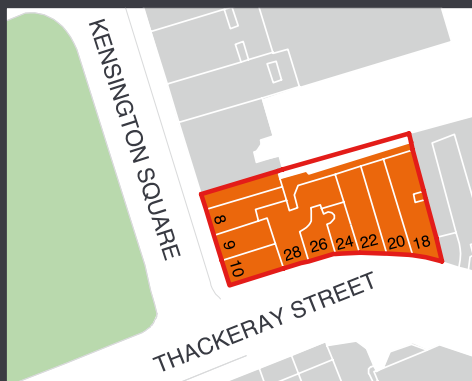


20 Thackeray Street



## Tenure

The property is held freehold.



## Tenancy

The property is let to eight retail tenants providing a weighted average unexpired lease term of 4.70 years and are let at an average rent of £64.36 per sq ft ITZA. The residential element has been sold off on a new 999 year leasehold.

The current passing rent is £160,375 per annum.

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## Tenancy Schedule

Address	Tenant	Total sq ft	Lease Start	Lease Expiry	Next review	Rental Income £pa	Passing £psf ITZA	Comments
8 Kensington Square	Pomegranate Jewellers	615	25/03/2004	24/03/2029	25/03/2014	£18,250	£65.65	Rent deposit held of £8,534. Inside the L&T Act.
9 Kensington Square	Kensington Square Kitchens	978	18/04/2007	24/03/2018	25/03/2013	£21,500	£68.09	Inside the L&T Act. Outstanding rent review not activated.
10 Kensington Square	Mosaik France	910	13/06/2010	12/06/2015	-	£23,500	£62.17	Rent deposit held of £7,028. Inside the L&T Act.
18 Thackeray Street	Thackeray Art Gallery	971	29/09/2003	28/09/2013	-	£21,500	£61.25	Inside the L&T Act.
20 Thackeray Street	Imenio Hairdresser	747	11/10/2005	10/10/2020	11/10/2015	£21,000	£66.25	Inside the L&T Act.
22 Thackeray Street	Montparnasse Patisserie Boulangerie	899	04/04/1996	03/04/2016	-	£25,875	£67.91	Rent deposit held of £5,773. Inside the L&T Act.
24 Thackeray Street	Thimble Taylor	686	28/02/2005	27/02/2015	-	£15,750	£62.50	Inside the L&T Act.
26 Thackeray Street	Stephen Nesbitt (t/a Kensington Travel)	553	24/06/2003	23/06/2018	24/06/2013	£13,000	£61.03	Inside the L&T Act. Outstanding rent review not activated.
<b>Sub-total</b>		<b>6,359</b>				<b>£160,375</b>		
Abbots Court	Flats 1-8	16,887	New 999 year lease			Peppercorn		
<b>Total</b>		<b>23,246</b>				<b>£160,375</b>		

## Kensington Retail Market

Kensington High Street forms one of London's key retail sub-markets, comprising Oxford Street, Knightsbridge, Regent Street, Covent Garden, Bond Street and the King's Road.

Kensington High Street has a large number of flagship high quality fashion stores including Gap, Urban Outfitters, Topshop, Zara, Next, Jigsaw and Massimo Dutti, Diesel, Kurt Geiger, Cos, and The Kooples. In addition, there are a number of flagship department stores including Whole Foods, Tesco, Waitrose and Marks & Spencer.

Rents on Kensington High Street are calculated using 30 ft Zones, with prime rents currently at £250 ZA, a substantial discount to both Oxford Street (£800 ZA) and Bond Street (£1,300 ZA).

Prime rental levels reached £325 ZA at the height of the market but now stand at £250 ZA allowing substantial room for growth for the whole Kensington area.

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## Local Market Development

Kensington is a thriving cosmopolitan area and a number of re-development projects are currently under construction that will lead to further improvement in retail demand. A list of the local residential developments is detailed below and highlighted on the map opposite:

- 1** Campden Hill School  
Developer: Native Land and Grosvenor Estate  
Status: Under construction  
Net Area: 180,000 sq ft
- 2** Vicarage Gate House  
Developer: Northacre  
Status: Under construction  
Number of units: 14
- 3** 151 Kensington High Street  
Developer: LBS Properties  
Status: Planning approved  
Number of units: 27
- 4** 62-74 Kensington High Street  
Developer: Private European investor  
Status: Planning approved  
Number of units: 9 apartments + 3 townhouses
- 5** 19-27 Young Street  
Developer: Grainger Plc and Kensington and Chelsea Borough Council  
Status: Under construction  
Number of units: 60-70
- 6** De Vere Gardens  
Developer: Lancer  
Status: Under construction  
Number of units: 97
- 7** 6 Palace Gate  
Developer: L&H London  
Status: Under construction  
Number of units: 4
- 8** Commonwealth Institute  
Developer: Chelsfield  
Status: Under construction  
Number of units: 55
- 9** The Kensington (Odeon Cinema)  
Developer: Minerva  
Status: Planning approved  
Number of units: 40
- 10** 7-9 Kensington High Street  
Developer: London Group of Properties  
Status: Planning approved  
Number of units: 8



**19-27 Young Street**  
Redevelopment of the NCP car park into 60-70 residential units. The development will have a hugely positive impact on the immediate micro location, making it more pedestrian friendly and aesthetically pleasing.

[www.19-27youngstreet.co.uk/proposal.html](http://www.19-27youngstreet.co.uk/proposal.html)

## Asset Management Opportunities

The property benefits from clear asset management opportunities, providing the ability to add value through short term and medium term events, which include the following:

- Secure the uplift in rent to the current passing estimated rental value
- Improve the tenant mix and active frontage of the parade
- Merge units to benefit from double frontages
- Benefit from strong local retail rental growth
- Sell the individual retail units on new long leasehold interests

## Planning

The property lies within the Royal Borough of Kensington and Chelsea.

The property is Grade II listed and lies within the Kensington Square Conservation Area.

## EPC

The property has an EPC rating of F.

## VAT

The property is not elected for VAT.





## Proposal

We are instructed to seek offers in excess of £3,350,000, subject to contract and exclusive of VAT. The price reflects a net initial yield of 4.52%, assuming standard purchasers costs of 5.80%.

The property is held in a UK SPV and a sale of this vehicle would also be considered.

## Contact

To arrange an inspection, or to receive further information, please contact:

**Charles Thompson**

t 020 7318 4655

e [charles.thompson@struttandparker.com](mailto:charles.thompson@struttandparker.com)

**Antony Thesiger**

t 020 7318 5024

e [antony.thesiger@struttandparker.com](mailto:antony.thesiger@struttandparker.com)



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