

642

KING'S ROAD
LONDON

MIXED-USE TROPHY ASSET ON
LONDON'S ICONIC KING'S ROAD



*The King's Road -
London's most
fashionable street*





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Investment Summary

Rare opportunity to acquire a **freehold trophy asset on London's iconic King's Road.**

Located in one of London's most affluent and desirable neighbourhoods, offering unparalleled amenity and endless opportunity.

Exceptional connectivity to Central London and beyond, with two underground stations within easy reach along with excellent road, river and air communications.

Highly prominent building fronting the King's Road, London's most fashionable street with London's finest retail, leisure and dining offerings on the doorstep.

Fully repositioned mixed-use property totalling 8,169 sq ft (758.9 sq m).

642 King's Road comprises **retail** on the ground floor, **office** on the first floor, three **residential** apartments on the second floor and a **penthouse** apartment with an extensive terrace on the third floor.

Long-dated income providing an **attractive term certain of 7.4 years.**

Strong reversionary potential with rent reviews and/or lease expiries across all contracted income within 18 months.

Offers are sought in excess of **£10,100,000** (Ten Million, One Hundred Thousand Pounds) subject to contract and exclusive of VAT.

A purchase at this level reflects a **net initial yield of 5.00%** exclusive of purchaser's costs on the commercial and a **capital value of £1,200 per sq ft** on the residential.



Chelsea & Fulham

Chelsea and Fulham are London's most desirable and affluent neighbourhoods, with endless amenities to explore. Boutique high streets of the King's Road and Sloane Square take residence here along with the headquarters of designer shops and department stores.



Bluebird Restaurant & Café

Chelsea Football Club



Sloane Square



Chelsea is notable for having the largest community of American expats living in London, demonstrating the truly global appeal of this affluent West London neighbourhood.

Chelsea and Fulham are well connected to the rest of London with quick and fast transportation. The Circle and District lines connect the City to the east, and Richmond and Wimbledon to the west. In addition, the Piccadilly Line serves as the gateway to the West End and Heathrow Airport.

RHS Chelsea Flower Show



Saatchi Gallery



Established in the swinging sixties, the art and fashion world were central to the popularity of Chelsea. Today the area attracts people of all ages with a variety of interests. The Chelsea Arts Club, the National Army Museum, The Royal Court Theatre and The Saatchi Gallery are all located within close proximity to 642 King's Road. In addition, Chelsea is home to Chelsea Football Club, Burton Court and a short walk from Chelsea Embankment.



The King's Road

Throughout the ages, the King's Road has been a nexus for reinvention, culture and creativity. Since its inception, the road has possessed an unparalleled allure.



The King's Road in present times is known as a destination for sophisticated shopping, dining and culture.



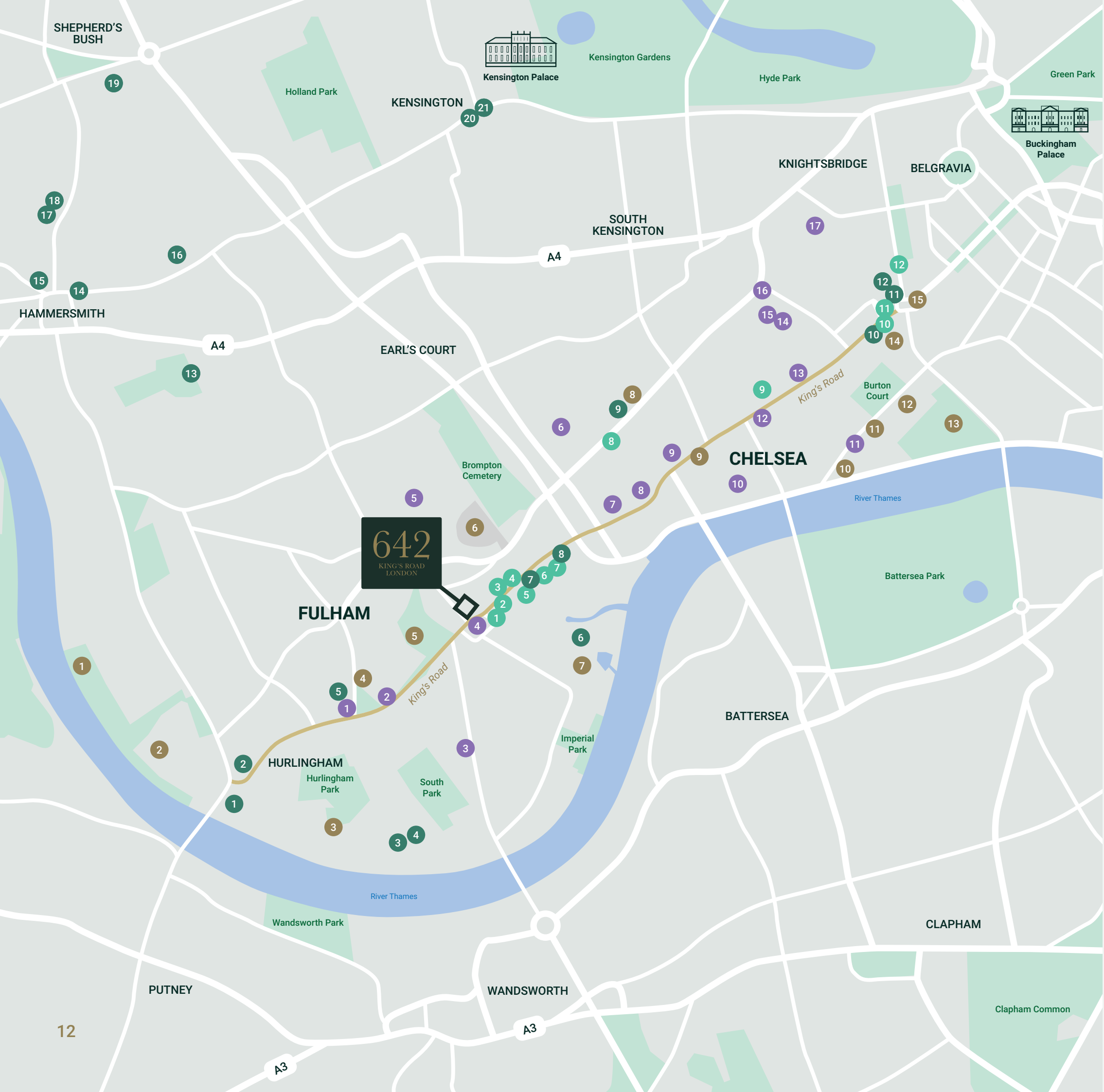
Global fashion brands, cosmetic boutiques, antique stores, jewellers, upholsters, restaurants and cafés like the prestigious Bluebird and The Ivy in Chelsea Garden now line the streets of Chelsea and Fulham.



Backed by a rich history and distinctive royal approval, the King's Road was originally King Charles II's private lane for when he visited his palace at Kew.



The King's Road took a different turn at the heart of Swinging London in the 1960s when it became dominated with influential fashion designers and frequented by the likes of the Beatles, the Rolling Stones and Jimi Hendrix.



Amenities

Occupiers

1. Clarion Events
2. Douglas & Gordon
3. Thomas Lyte
4. Genesis Imaging
5. Cargo Records
6. KLC School of Design
7. Rockstar Games
8. King's Road Medical Centre
9. easyGroup
10. Cadogan Estates
11. Europa Capital Partners
12. XIX Entertainment
13. Association of Tennis Professionals
14. L'Oreal
15. UKTV
16. Silence Therapeutics
17. Fever-Tree
18. dunnhumby
19. Endemol Shine UK
20. Sony Music UK
21. Daily Mail General Trust

Culture

1. Craven Cottage (Fulham FC)
2. Fulham Palace
3. The Hurlingham Club
4. The White Horse
5. Eel Brook Common
6. Stamford Bridge (Chelsea FC)
7. Roca London Gallery
8. Fulham Road Picturehouse
9. Everyman Chelsea
10. Chelsea Physic Garden
11. National Army Museum
12. Royal Hospital Chelsea
13. Ranelagh Gardens
14. Saatchi Gallery
15. Royal Court Theatre

Retail

1. Warr's Harley Davidson
2. Christopher Wray
3. Loomah
4. Guinevere
5. John Cullen Lighting
6. The Rug Company
7. Coach House Chelsea
8. Wyndham House
9. Chelsea Farmer's Market
10. Duke of York Square
11. Peter Jones & Partners
12. Sloane Street

Dining

1. Koji
2. St Clements
3. FENN
4. Santa Maria Pizzeria
5. The Harwood Arms
6. Bandol
7. La Famiglia
8. Medlar
9. Bluebird Café
10. The Cross Keys
11. Restaurant Gordon Ramsey
12. The Chelsea Ivy Garden
13. Rabbit
14. Villa Mamas
15. Elystan Street
16. Claude Bosi at Bibendum
17. Dinings SW3

Connectivity

The King's Road benefits from exceptional connectivity, boasting a PTAL rating of 6a.

Within easy reach of two London Underground stations, an Overground station and a nearby bus terminal at Hammersmith Broadway, Chelsea and Fulham are well connected to the rest of London, the wider UK and international airports.



Rail



Fulham Broadway
6 minutes' walk



Imperial Wharf
11 minutes' walk



Parsons Green
15 minutes' walk

River



Chelsea Harbour Pier
15 minutes' walk

Air



Heathrow
13.9 miles



London City
13 miles

Road



A3
2.3 miles



A40
3.5 miles



M4
5 miles



M3
12.8 miles



M25
15 miles



Situation



The property occupies a prominent position on the King's Road, 1.7 miles south west of the road's origin at Sloane Square, and benefits from dual aspect with Britannia Road.

The surrounding area is characterised by an abundance of high-end designer boutiques and attractive residential properties.

Tenure

The property is held freehold.

Description

642 King’s Road comprises a mixed-use trophy asset providing retail space on the ground floor, office space on the first floor and residential accommodation on the second and third floors.

The property underwent extensive repositioning and refurbishment in 2016. The works were carried out by the current landlord to a high specification with Drummonds remaining in occupation on the ground floor throughout. Initial works included the removal of the existing first floor followed by a three storey extension, alongside other new build design elements.

A Matterport video of the property is available [here](#).

RETAIL

Fully glazed dual aspect frontage

Expansive showroom

Exceptional tenant fit out

OFFICE

Stripped back ceilings

Air conditioning

LED lighting

Separate entrance with lift access

RESIDENTIAL

Three apartments and a penthouse

Unrivalled panoramic views from the terraces

Separate entrance and stairwell with lift access







Accommodation

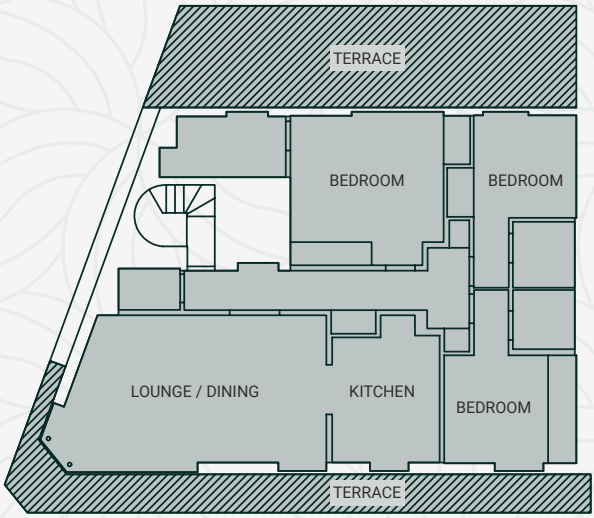
The property has been measured by Lane & Frankham in accordance with the RICS Professional Statement on Property Measurement 2nd Edition (2018) and provides a total area of 758.9 sq m (8,169 sq ft).

The survey, which can be assigned to the purchaser, provides the following net internal floor areas:

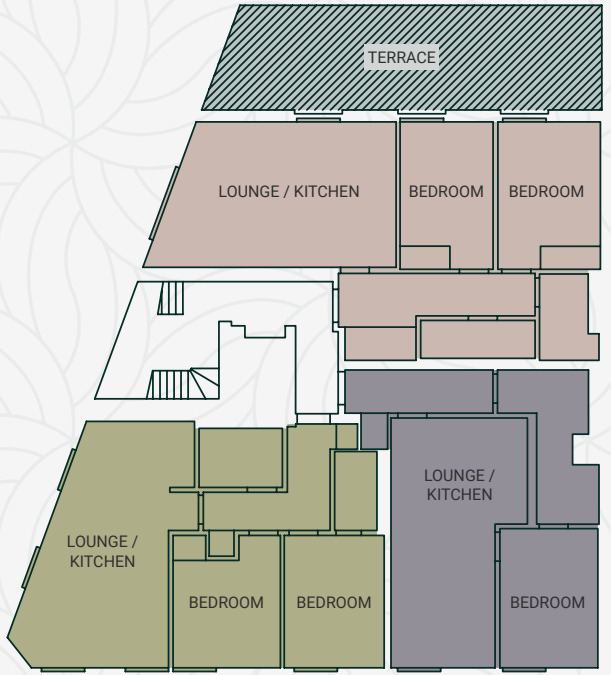
Residential				
FLOOR	NSA (SQ M)	NSA (SQ FT)	IPMS 3B (SQ M)	IPMS 3B (SQ FT)
Third - Penthouse	121.4	1,307	121.4	1,307
Second - Flat 1	65.9	709	66.7	718
Second - Flat 2	51.1	550	51.3	552
Second - Flat 3	69.1	744	69.8	751

Office				
FLOOR	NIA (SQ M)	NIA (SQ FT)	IPMS 3 (SQ M)	IPMS 3 (SQ FT)
First	232.9	2,507	235.1	2,531

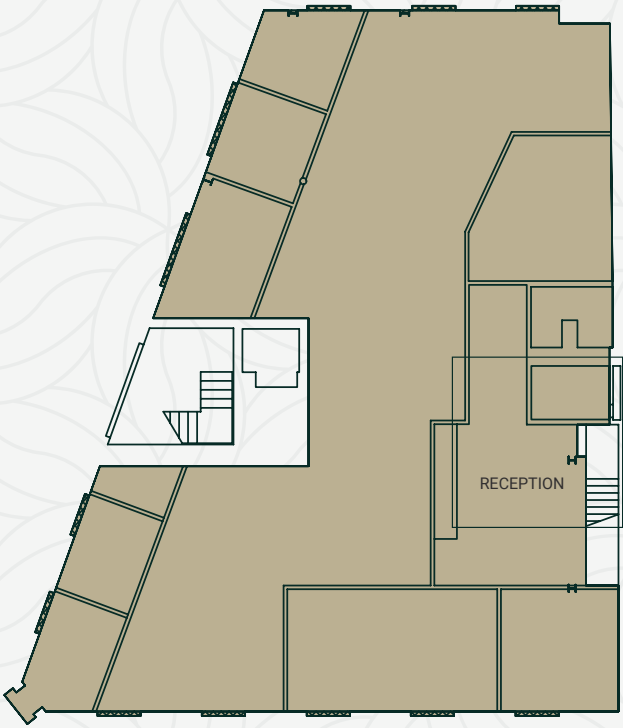
Retail				
FLOOR	NIA (SQ M)	NIA (SQ FT)	ITZA (SQ M)	ITZA (SQ FT)
Ground	218.5	2,352	135.5	1,458



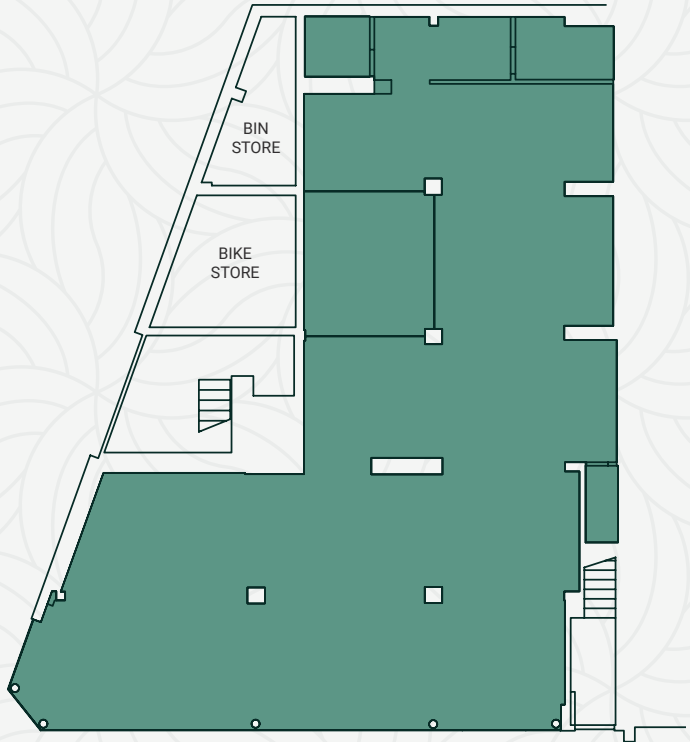
Third Floor - Residential



Second Floor - Residential



First Floor - Office



Ground Floor - Retail

Tenancy Schedule

The commercial is multi-let to two tenants, while the residential is let as four self-contained flats.

The passing rent on the property totals £459,261 per annum.

The retail is single let to Drummonds Bathrooms Ltd at £190,000 per annum equating to £130.32 per sq ft (ITZA).

The rent is subject to review on 2 May 2023.

The lease has recently been extended by 3 years.

The office accommodation is single let to Onside Law LLP at £137,085 per annum equating to £54.68 per sq ft overall.

The lease was subject to a break option in October 2022 which has recently been removed.

FLOOR	USE	AREA (SQ FT)	TENANT	START	BREAK	EXPIRY	REVIEW	RENT (PA)	COMMENTS
Ground	Retail	2,352	Drummonds Bathrooms Ltd	03/05/2013	-	02/05/2031	02/05/2023	£190,000	Tenant extended lease expiry by 3 years from 02/05/2028
First	Office	2,507	Onside Law LLP	20/10/2017	-	19/10/2027	20/10/2022	£137,085	Tenant removed break option dated 20/10/2022
Second (Flat 1)	Residential	709	Private	03/10/2020	03/04/2022	02/10/2023	-	£31,200	12 month rolling break option (mutual)
Second (Flat 2)	Residential	550	Private	01/04/2021	-	31/03/2023	-	£19,800	
Second (Flat 3)	Residential	744	Private	02/09/2021	02/09/2022	02/09/2023	-	£30,776	12 month rolling break option (mutual)
Third (Penthouse)	Residential	1,307	Private	05/06/2021	04/12/2022	04/06/2023	-	£50,400	12 month rolling break option (mutual)
		8,169			7.4 years*	7.4 years*	£459,261		

* Commercial WAULT

Covenant Overview

Drummonds Bathrooms Ltd

Onside Law LLP



Ground Floor

Founded in 1988, Drummonds is a leading manufacturer and retailer of classic, luxury bathroom products. 642 King’s Road operates as the company’s flagship show room. Drummonds head office and warehouse is located in Surrey and in 2016, a further show room was opened in New York.

First Floor

Onside Law is a boutique commercial law firm providing world class legal services to global clients across sport, media and entertainment. In addition to 642 King’s Road, the company has offices in Geneva and Sydney. Following the firm’s creation in 2005, Onside Law has risen rapidly to become ranked as one of the top sports and media law firms in the UK.



*Strategically
positioned close to
landmark residential
developments*

Chelsea Creek



King's Road Park



Residential Market Commentary

A road fit for royalty, the allure of the King's Road beckons residents to call the street their home. Surrounded by designer boutiques, bars and independent restaurants, the amenity of the location is unmatched. The area has a strong character and community whilst the subject property fronts the amenity rich King's Road.

The strength of the local amenity has ensured the residential market has remained buoyant despite recent headwinds. As buyer's preferences trend towards a renewed interest in outdoor spaces and walkable amenity, Chelsea and Fulham are well-positioned to benefit from their unmatched offerings.

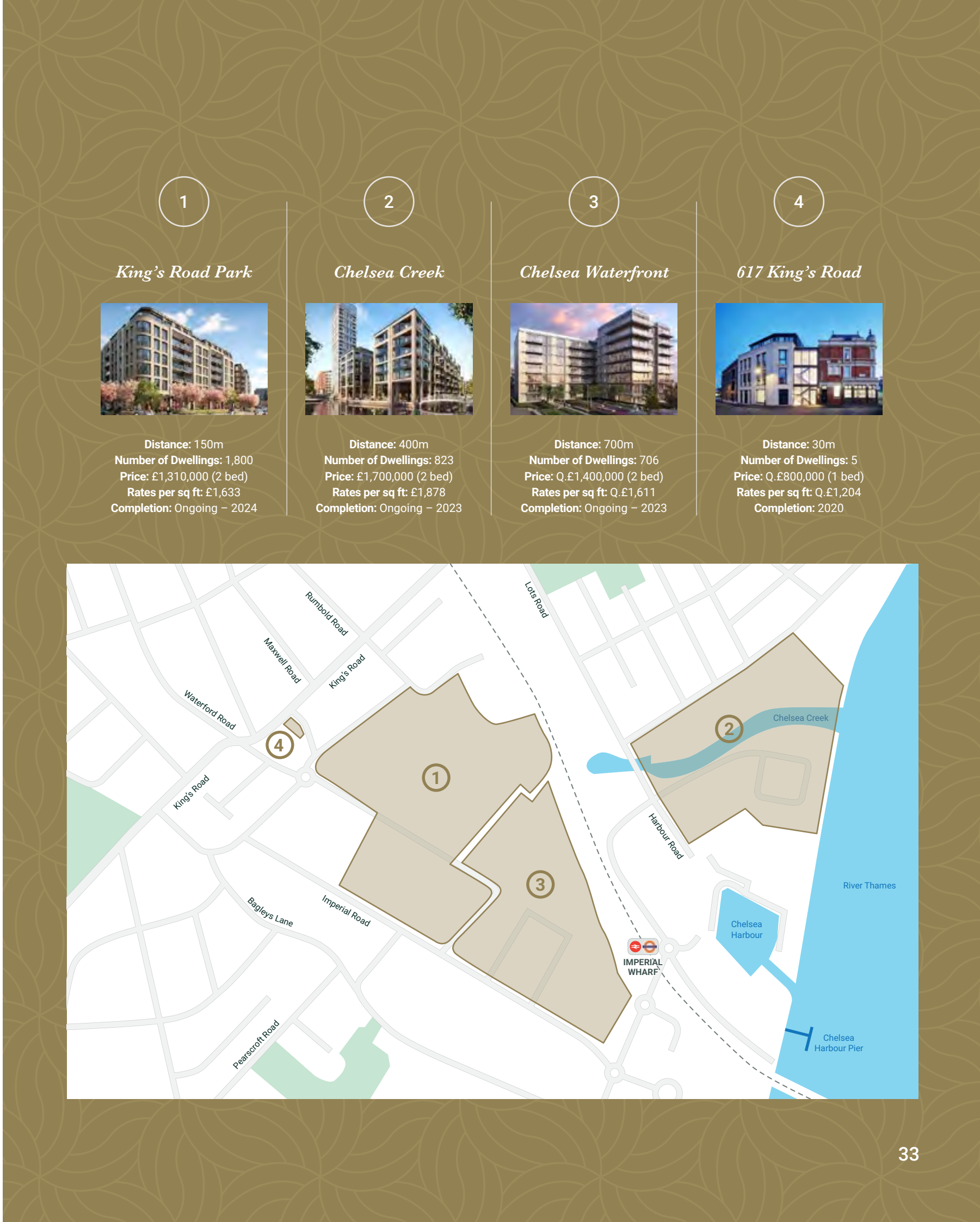
Prices within the SW6 postcode have achieved over £1,800 per sq ft within the first three months of 2022. As a result, the residential potential provides a compelling underpin to 642 King's Road.

A CHANGING SCENE

In the face of overwhelming demand for residential property in the highly sought-after neighbourhoods of Fulham, Kensington and Chelsea, substantial new developments have been undertaken. Just under 100 acres of land were earmarked for redevelopment in the South Fulham Riverside Regeneration area.

The resulting inward investment has been substantial and transformed the area from industrial use to high-end residential developments, new public spaces and a reconnection of the city with the riverside. King's Road Park will be the final development to reach practical completion.

The significant uplift resulting from these developments has supported nearby redevelopment at a smaller scale, as evidenced by the nearby 617 King's Road (formerly Hand & Flower) scheme and the upper floors of 642 King's Road.



Retail Market Commentary

The King's Road is one of London's premier retail destinations, associated with some of the most iconic names in fashion, music and the arts.

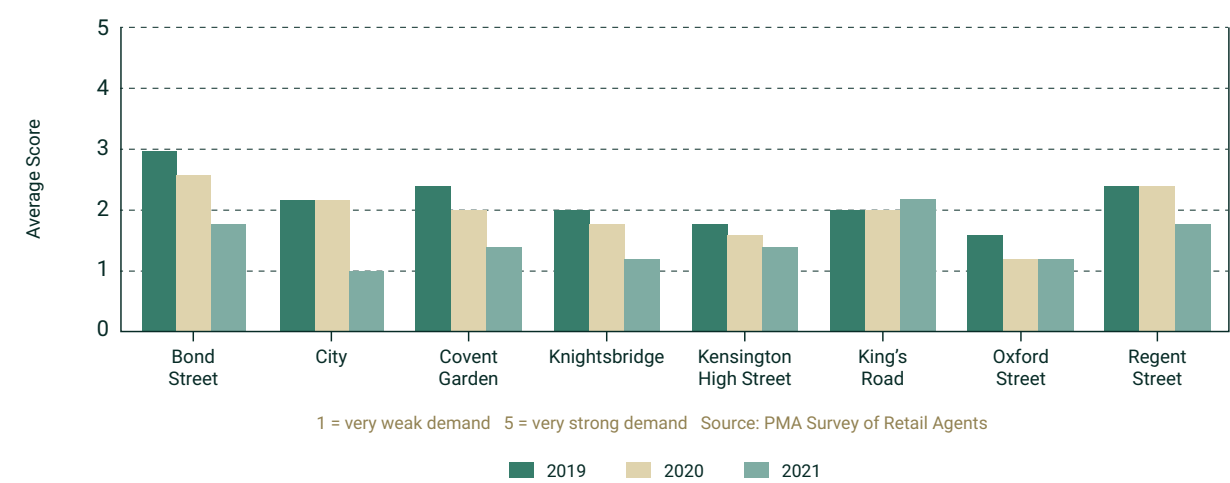
642 King's Road lies within Chelsea's Design Quarter; a partnership of interior design firms concentrated in one area, making the locale an emporium for interior designers.

The current tenant, Drummonds, is typical of the location, occupying the space as their flagship showroom for classic, luxury bathroom products.

The King's Road is a demonstration of resilience – 2021 vacancy rates on the King's Road held up best out of the eight main Central London retail centres. Furthermore, retailer demand on the King's Road has fared better during the Covid-19 pandemic than many other Central London pitches due in part to its smaller reliance on international tourism and strong local catchment.

It is no coincidence that in 1999, Starbucks chose the King's Road as the location for their first café in the UK.

In 2021, the King's Road was the most in-demand retail sub-market in Central London



Office Market Commentary

The King's Road offers occupiers a smart, attractive headquarters location underpinned by compelling demographics, transport connections and exceptional amenity. Chelsea and Fulham have all that is needed to live, work and play within the same neighbourhood, a factor of growing importance to office occupiers.

London's West End office market is buoyant, with prime rents in Kensington and Chelsea surpassing £80 per sq ft. With the rapid contraction of core West End supply as new build rates fall below 1%, occupiers are looking further afield to areas such as Chelsea and Fulham. Further west, the Fulham Centre is set to achieve rents in excess of £60 per sq ft.

This places 642 King's Road in an excellent position to capitalise on the rental growth and constrained supply of good quality space.

Demonstrating the calibre and growing appeal of the West London market is Christian Dior's decision to vacate their Oxford Circus headquarters in favour of a new development at Lancer Square, Kensington.

Lancer Square, Kensington



The Fulham Centre



Investment Rationale

Rare opportunity to acquire a freehold trophy asset on London's iconic King's Road.

Fully let, mixed-use property providing exceptional spread of risk.

Drummonds' recent lease extension demonstrates their long-term commitment to the property.

Onside Law have removed their 2022 break committing to the property until at least 2027.

Long-dated income providing an attractive term certain of 7.4 years.

Strong reversionary potential with rent reviews and/or lease expiries across all contracted income within 18 months.

Redevelopment of the property in 2016 mitigates the need for short/medium term capital expenditure.

Strategically positioned close to landmark residential developments.

Exceptional residential offering, including a penthouse with extensive terrace and panoramic views.

The property's commercial space is underpinned by strong, long-term residential potential.

Opportunity to sell apartments at a premium to the quoting price of £1,200 per sq ft – prices within the SW6 postcode have achieved over £1,800 per sq ft in 2022



Further Information

EPC

642 King’s Road has an EPC rating of D on the ground floor (retail) and B on the first floor (office).

VAT

The property is elected for VAT. However, it is anticipated that the sale of the property will be treated as a Transfer of a Going Concern (TOGC).

DATA ROOM

Access to the data room is available on request.

AML

In accordance with Anti-Money Laundering (AML) Regulations, the purchaser will be required to satisfy the vendor on the source of the funds used to complete the transaction.

Proposal

Offers are sought in excess of **£10,100,000** (Ten Million, One Hundred Thousand Pounds) subject to contract and exclusive of VAT.

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View from penthouse

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