

# Concept House

5 Young Street, Sheffield, S1 4LA

Government Let Office Investment Opportunity





# Prime Government Let

## Office Investment Opportunity

- Prominent location fronting St Mary's Gate.
- Modern office building extending to **61,679 sq ft (5,730.13 sq m)**.
- Flexible floor plates suitable for a wide range of tenants.
- The building benefits from 127 car parking spaces providing an excellent ratio of **1:486 sq ft**.
- Secured to the **First Secretary of State** under a lease expiring 03/11/2025. Tenant break April 2021.
- Passing rent of **£925,000** per annum, fixed increases in 2010, 2015 & 2020.
- Low base rent of **£13.06 per sq ft**.
- Offers sought in excess of **£11,665,000 (Eleven Million Six Hundred and Sixty Five Thousand Pounds)** net of purchasers costs of 5.725%.

A purchase at this level would exhibit the following attractive yield profile having allowed for Purchasers Costs of 5.725%.

Net Initial Yield		7.50%
November 2010 Review	£938,800 pa	7.61%
November 2015 Review	£1,036,550 pa	8.40%
November 2020 Review	£1,144,440 pa	9.28%
Equivalent Yield		8.45%



# Sheffield

Sheffield is England's fourth largest city and the commercial, administrative and retail centre of South Yorkshire, with an urban area population of approximately 640,000. The city is located 150 miles (240 km) north of London, 33 miles (53 km) south of Leeds and 38 miles (61 km) east of Manchester and benefits from its central location within the UK, adjacent to the M1 Motorway.

The city enjoys excellent access to the national motorway network, with Junctions 31 to 34 of the M1 on the eastern fringe of the city, approximately 4 miles (6.5 km) from the city centre. The M1 provides direct access to points north (Leeds, Barnsley and Wakefield) and south (Nottingham, Milton Keynes and London). In addition, the M18, accessed at Junction 32 of the M1 provides direct access to the Humber-side Ports. The A57 and M67 provide access to Manchester, approximately 38 miles (61 km) to the West.

Sheffield Mainline Station is located to the east of the city centre and provides direct services to the following UK cities with approximate fastest journey times as below:

London (St Pancras)	126 minutes
Manchester	52 minutes
Leeds	41 minutes
Birmingham	65 minutes
Nottingham	47 minutes

Manchester, East Midlands and Leeds-Bradford International Airports are located 47 miles (76 km), 53 miles (85 km) and 45 miles (72 km) respectively and are all within 1 hours drive of the city. All provide a range of national, European and international services.

## Location

The property is situated within the south western quadrant of Sheffield city centre at the junction of Charter Row and St Mary's Gate (Inner Ring Road) with access being from Young Street.

Adjacent to the subject property is Block A St Mary's Square occupied by the University for Industry.

Over recent years the immediate area has seen significant development. Tiger Developments have recently completed the development of City Gate S1, a 58,223 sq ft office development, 4 storey podium car park and a 120 bed Premier Inn Hotel.

In addition, Velocity are in the process of completing the development of 'The Tower' that will extend to 23 storeys of residential accommodation.





## Local Economy

In recent years Sheffield has successfully transformed itself from a city dominated by its manufacturing base, to a service-led economy. Major employers include HSBC, Abbey, Halifax and CGNU. Outside of the financial sector, large offices have also been established by private sector companies including Dixons plc, Nabarro Nathanson, Yorkshire Cable, Insight Enterprises, Irwin Mitchell and EDS. The city also has a strong public sector presence, with Sheffield City Council, The Department for Education & Skills, Department for Work & Pensions and The Home Office all employing in excess of 1,000 people in the city.

Sheffield is a major educational centre with a student population of approximately 55,000. The city has also benefited in recent years from a growth in cultural and tourist attractions including The Millennium Gardens, The English Institute of Sport and The Sheffield Arena.

## Market Commentary

The Sheffield office market has been transformed over recent years with a number of high profile development schemes and significant public realm investment. In addition to this the city is expected to continue its growth with major developments including the Hammerson's Sevenstones Regeneration Project and RREEFs The Moor Retail Scheme both located a short walk from the subject property.

Annual take up in the Sheffield market over the last 10 years has averaged approximately 225,000 sq ft per annum. Lettings totalling in excess of 250,000 sq ft have been secured in 2009 to date, highlighting the strength of the local economy.

Prime rents for the city are presently £18.50 per sq ft.

## Description

The subject property was constructed in 1995 and is arranged over basement, ground and six upper floors. There is a designated plant room within the roof void. The property is laid out as a 'T' shape and split into three wings known as east, west and south thereby providing flexible accommodation.

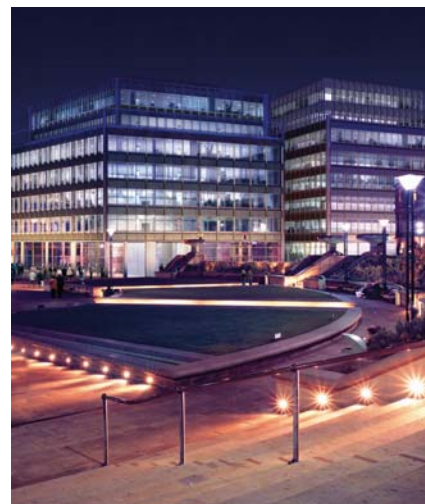
The main central staircase within the building is located in the front reception area with 3 passenger lifts located around this central core. Internally, the building is fitted out with raised access floors, suspended ceilings and timber veneered flush doors. The tenant has installed demountable stud partitions to form cellular offices. The building is heated by means of low pressure hot water perimeter radiators. The basement area is utilised as a car park with some plant rooms located around the central core. The basement car park provides 96 car parking spaces with a further 31 at surface level.

## Accommodation

The building has been measured, in accordance with the RICS Code of Measuring Practice 6th Edition to provide the following net internal floor areas:

	Sq M	Sq Ft
Ground/Reception	58.34	628
Office	737.74	7,941
First Floor Office	834.17	8,979
Second Floor Office	823.86	8,868
Third Floor Office	823.21	8,861
Fourth Floor Office	823.21	8,861
Fifth Floor Office	822.93	8,858
Sixth Floor Office	806.67	8,683
<b>Total</b>	<b>5,730.13</b>	<b>61,679</b>

We understand that the original letting was based on an agreed floor area of 61,700 sq ft. The 127 car parking spaces provide a ratio of 1 space per 486 sq ft, which is approximately twice the average expected for buildings within the city centre.



# Capital Allowances

The benefit of any residual capital allowances, estimated to be £250,000, will pass to the purchaser.

## Tenure

Freehold.

The extent of the demise is identified on the plan.

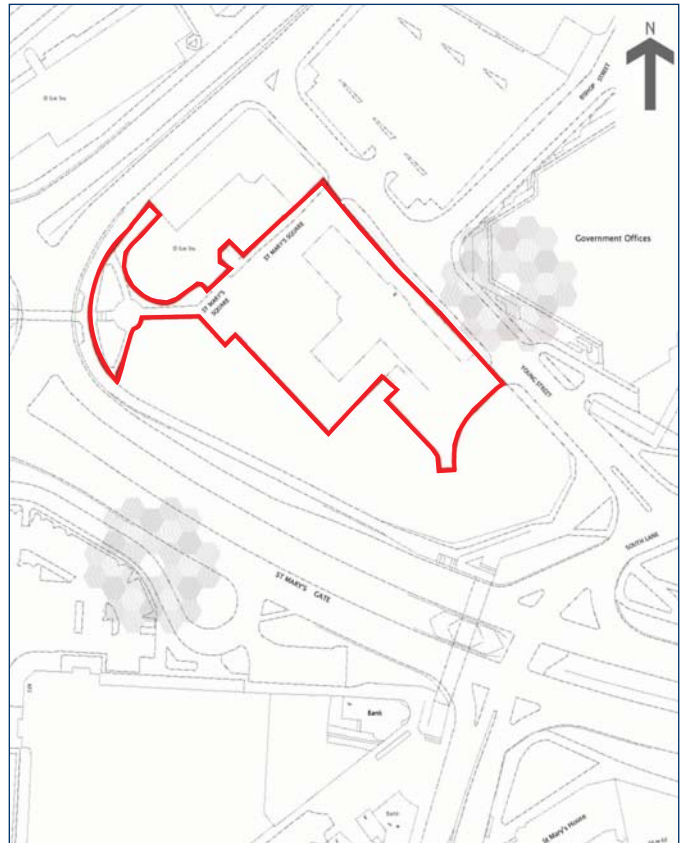
## Tenancy

The Tenant has agreed to surrender their existing lease and enter into a new lease for a term expiring 03/11/2025.

The tenancy will be subject to a tenant break 2/04/2021.

The rent is subject to the following fixed rental uplifts, reflecting approximately 2% per annum compound. The lease is drawn on Full Repairing and Insuring terms.

Passing Rent	£925,000 pa
November 2010	£938,800 pa
November 2015	£1,036,550 pa
November 2020	£1,144,440 pa



## VAT

The property is elected for VAT and accordingly VAT will be payable on the Purchase Price. Subject to meeting the requirements, it is the intention to structure the transaction as a Transfer Of a Going Concern (TOGC).

## Proposal

We are instructed to seek offers in excess of **£11,665,000 (Eleven Million Six Hundred and Sixty Five Thousand Pounds)** exclusive of VAT for our clients freehold interest in the Property.

A purchase at this level would exhibit the following yield profile having allowed for Purchasers costs of 5.725%.

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