

ANDERSON HOUSE

Breadalbane Street | Edinburgh | EH6 5JR

Anderson House

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stormideas

**HIGH YIELDING
QUALITY MULTI-LET
OFFICE INVESTMENT**



INVESTMENT SUMMARY

01. Located a few minutes' walk from the bustling Shore area of Leith and only 10 minutes' walk from two new tram stops at Balfour St and Foot of the Walk.
02. Quality open-plan office accommodation arranged over 6 floors extending to 24,392 sq ft (2,266 sq m) plus 47 car spaces - a ratio of 1 space per 519 sq ft (48 sq m).
03. Highly desirable efficient floorplate layout of circa 4,100 sqft - 4,300 sqft.
04. 81.43 % of the income is secured with The Scottish Ministers who have been in occupation since 2004, regarding their lease in 2020.
05. Newly installed fully electric heating and cooling system using air source heat pumps resulting the building achieving an EPC A.
06. The building offers longer term alternative use options including residential, serviced apartments or student housing subject to planning.
07. Annual gross rent of £359,176 resulting in a low average passing rent of £17.51 per sq ft, inclusive of car parking, providing a net income of £308,886 after vacant rates and service charge shortfalls.
08. Opportunity to increase rents following a planned common part refurbishment.
09. Running yield becomes 12.57% by simply letting the already refurbished ground floor at £16 psf.

PROPOSAL

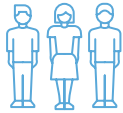
Seeking offers in excess of **£3.15m** exclusive of VAT, showing a net initial yield of 9.21%, rising to 12.57% upon letting the ground floor at £16psf. This reflects a very low capital rate of £129.14 per sq ft.



EDINBURGH



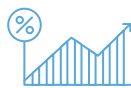
Edinburgh, the capital city of Scotland, is the powerhouse of the Scottish economy, being home to more FTSE 100 companies than any city outside of London.



It has a population of 554,000 people, within a large regional catchment of 1.6 million people and is projected to increase by 118,000 by 2037.



Over 50% of the working population of 350,000 are in knowledge intensive jobs, with over 40,000 working in the financial sector and 20,000 in software development.



The city boasts Gross Value Added (GVA) per head of 1.7 times the UK average and attracts 3.5 million tourists every year.



The city has a strong educational heritage with four Universities providing an educational hub for over 100,000 students, including 16,000 overseas students which is the reason its workforce is one of the most highly educated in the UK. 55% of the workforce hold a degree or professional qualification.

SITUATION

Leith has benefited from substantial investment with the regeneration of the Waterfront and the Shore areas which has significantly improved the attractiveness of the area and has provided extensive amenities, including restaurants, coffee shops, bars and independent retailers including many Michelin star restaurants.

The recently completed Trams to Newhaven project has significantly improved Leith's accessibility, providing direct access to Edinburgh airport within 45 minutes and the city centre within 14 minutes from the nearest tram stop to the building, which is only a 10 minute walk away.

The property is accessed from Anderson Place and Breadalbane Street, which connects with Bonnington Road, one of the key roads linking the city centre with Leith.

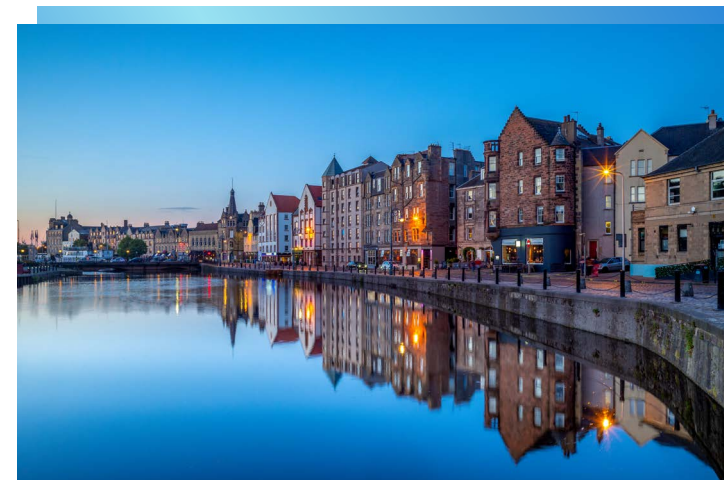
Immediately opposite the subjects, Pure Offices operate a successful serviced office environment which is home to over 60 different businesses and is currently 96% occupied.



ANDERSON HOUSE



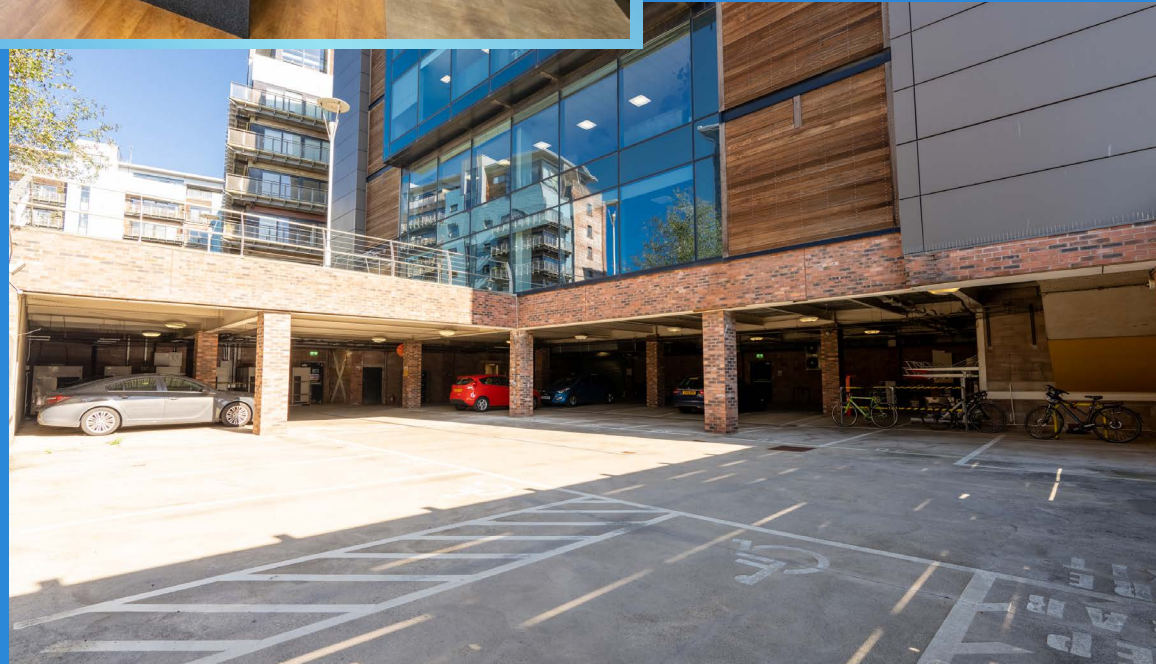
Adjacent to the subjects, on Bonnington Road, Platforms BTR project has recently topped out with completion due in summer of 2024. Heimstaden Bostad AB agreed to forward fund the development at a total of £125m. It extends to 6 storeys in height and comprises 464 new homes which will be fully serviced to include individual and family homes. A new road which will link Anderson place and Bonnington Road Lane is part of this development.





DESCRIPTION

- ▶ Anderson House comprises 6 floors of flexible open plan office space. The building is of steel frame construction with solid concrete floors and externally is clad in a mixture of wooden panelling, brick work, glazing and aluminium cladding. The office is positioned within a landscaped courtyard
- ▶ In 2020 the central heating and cooling system has been replaced with an air source heat pump system resulting in an EPC A rating
- ▶ Level 0 and 1 have benefitted from an extensive category A refurbishment to include new metal ceilings, LED lighting, new raised access flooring and common part refurbishment
- ▶ Internally, the accommodation provides:
 - Well configured column free floorplates
 - New HVAC heating and cooling system
 - Large, double-glazed windows
 - Suspended ceilings
 - Male, female and disabled toilets
 - Shower facilities
 - 2 x 8 person lifts
 - Attractive roof terrace
- 47 dedicated car spaces at basement level and on an adjacent car park deck at the ratio of 1 space per 519 sq ft (48 sq m)



TENANCY SCHEDULE

FLOOR	TENANT	AREA (SQ FT)*	AREA (SQ M)*	CAR PARKING SPACES	LEASE START	BREAK DATE	RENT REVIEW	LEASE EXPIRY	RENT PER ANNUM	RENT PSF	COMMENTS
2-5	Scottish Ministers	16,366	1520.45	31	02/02/2020	02/08/2026	02/02/2025	01/02/2030	£292,503	£17.87	Service charge cap at £10.31 subject to annual RPI
1	Storm Ideas Limited	4,137	384.34	8	20/12/2019	20/12/2024	20/12/2024	19/12/2029	£66,672	£16.12	Service charge cap at £9.37 subject to annual RPI
G	Vacant	3,889	361.3	8							Anticipated market rent of £16 psf pointing to £62,224
Substation	SB Distribution Ltd				15/02/2002			14/02/2062	£1		
TOTAL		24,392	2.266.09	47					£359,176		

- ▶ Net income of £308,886 pa after vacant rates and service charge shortfall of £50,290 pa.
- ▶ * The building has been measured on an NIA basis in accordance with the Code of Measuring Practice (6th Edition)

TENANTS



The Scottish Ministers

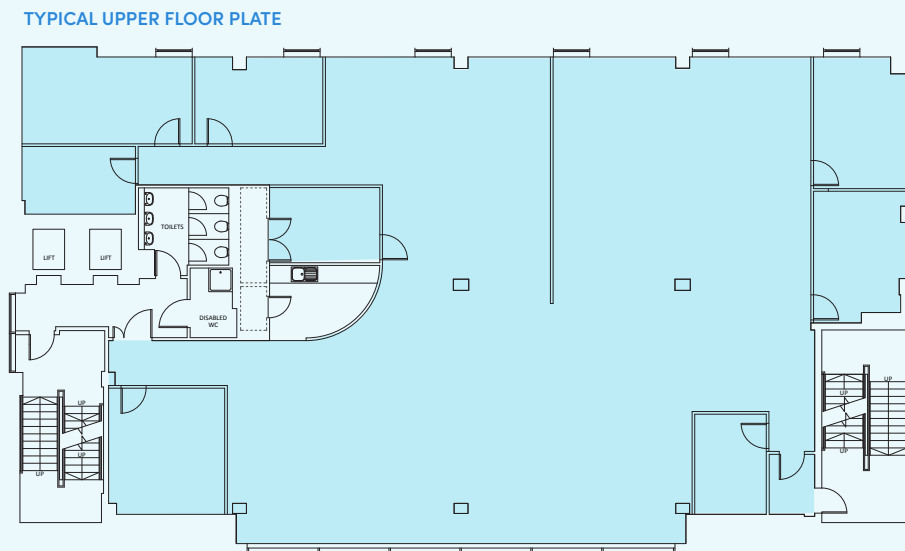
The Central Legal Office, a branch of NHS National Services Scotland occupy the second to fifth floors. They focus on Public sector law covering Litigation, Employment, Commercial Contracts and Commercial Property. The lease is in the name of The Scottish Ministers, who are the Scottish Government.

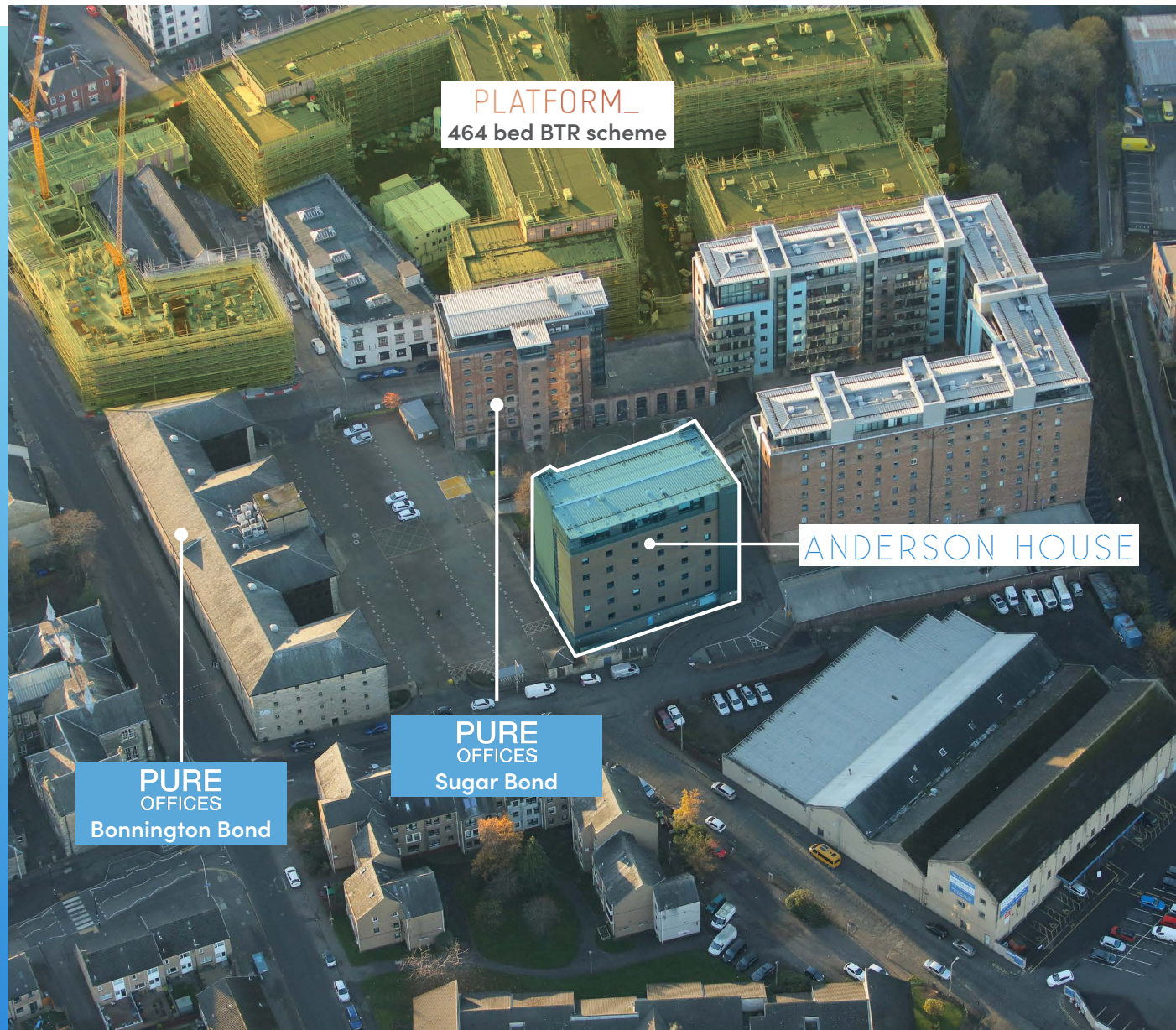
stormideas

Storm Ideas Ltd

Storm Ideas, a specialist entertainment agency, is located on the 1st Floor of Anderson House. They primarily focus upon strategy, design, marketing, research, content, product for media companies to improve and attract more consumer attention.

FLOOR PLANS





TENURE

Heritable (Scottish equivalent of English Freehold).

VAT

The property is elected for VAT. We anticipate that the transaction will be structured as a Transfer Of a Going Concern (TOGC).

EPC

The property has an EPC rating of A.

SERVICE CHARGE

The current service charge budget equates to £8.01 psf. A copy of the service charge budget is available on request.

LEGAL COSTS

Each party will be responsible for their own legal costs, with the purchaser responsible for the payment of registration dues and any LBTT payable.

ENTRY

On conclusion of legal missives.

ASSET MANAGEMENT

- ▶ Storm Ideas Ltd consolidated into this office closing their other space in Sugar Bond and it is now their UK HQ so they might consider removing the break.
- ▶ The common parts through the upper parts would benefit from refurbishment which will assist in driving rents beyond £20psf. Sugar Bond is achieving rents of £19psf.
- ▶ A lift replacement is being planned through the service charge.
- ▶ The ground floor suite would benefit from removal of existing external walls and a softening of the entrance to give it more external prominence.
- ▶ Opportunity to re-brand and add to external signage to improve prominence.

PROPOSAL

We are instructed to seek offers in excess of £3.15m (Three million one hundred and fifty thousand pounds sterling pounds) subject to contract and exclusive of VAT.

This is a low capital rate of £129.14psf and a net initial yield of 9.21% rising to 12.57% on letting the ground floor suite at £16psf.

ANTI-MONEY LAUNDERING REGULATIONS

Under both HMRC and RICS Guidance, as property agents we are obliged to undertake AML diligence for both the purchasers and vendors (our client) involved in a transaction. As such, personal and or detailed financial and corporate information might be required before any terms are agreed or any transaction can conclude.

CONTACTS & FURTHER INFORMATION

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