

## INVESTMENT SUMMARY

- Modern single let office building on fringe of Nottingham city centre
- 31,802 sqft
- 121 car spaces on site (1:262 sqft)
- Let to undoubted covenant of Siemens plc on a 10 year lease from 11th September 2017
- Year 5 break option recently removed, showing long term commitment to the property
- Rent of £405,000 per annum (only £12.74 per sqft)
- Price - **£4,500,000**
- Low capital value of only **£141 per sqft**
- Net initial yield of **8.45%**.

## LOCATION

The city of Nottingham is located in the heart of the East Midlands, approximately 27 miles north of Leicester and 16 miles east of Derby. The city centre lies approximately 4 miles to the east of the M1 motorway which is easily accessible from Junctions 24, 25 and 26. Nottingham has a primary catchment population of just over 1,000,000 and is home to major companies including Alliance Boots, Experian, Capital One, Eon and Raleigh.

Railway services to Nottingham are excellent, direct services to London St Pancras have a journey time of around 1 hour 40 minutes. There are also regular services to Birmingham, Derby and Manchester.

The city has the established Nottingham Express Transit tram system (NET), one of the UK's most successful rapid transport systems with almost 8 million passengers annually. Line One connects the city centre with suburbs to the north and south to the main railway station. A £500m southern extension opened in 2015 which extends the line to the south west to Beeston, Chilwell and Clifton. This infrastructure investment combined with the £150m upgrading of Nottingham Station and the duelling of A453 between the city and the M1 Motorway at Junction 24 has been one of the largest infrastructure spends by a regional city in the UK and has significantly enhanced Nottingham's standing as a core regional location.

East Midlands Airport is located 12 miles to the south west of the city. The 24 hour Skylink bus service connects the airport to the city centre and rail services are provided to the nearby East Midlands Parkway, with a fastest journey time of 10 minutes. It is the 10th busiest airport in the UK in terms of passenger traffic.





## SITUATION

Lenton Lane is 3 miles south of Nottingham city centre and directly north of the A52 linking to the A453 Queens Drive, one of the principal routes into the city centre.

The immediate area around the subject property is an established commercial area with a mix of office and industrial occupiers including Game Workshop's HQ, Big Yellow Self Storage, Brammer, Paul Smith, TNT, SIG and DHL. Just east of the property is NG2 Business Park, Nottingham's premier business park and home to companies such as Specsavers, Experian, Geldards and The Bank Of England's regional HQ.

Adjacent the property is the University of Nottingham's King's Meadow Campus which was acquired by The University of Nottingham in 2005 and has since been refurbished and extensively landscaped.

Lenton Lane is also one of the city's main car showroom locations with Ferrari, Maserati, BMW, Mini and Honda all having showrooms along the road. Directly to the east of Lenton Lane is Riverside Retail Park, one of the city's main out of town destinations.

The property benefits from excellent connectivity. Not only is Lenton Lane and the A453 both major arterial routes but there is a NET tram stop directly north of the subject property on Lenton Lane, the route leads south west out towards Beeston and north eastwards into the city (8 minutes) via the NG2 Business Park with four services an hour.



## DESCRIPTION

The property comprises a detached business park style office on a self-contained site.

The building is arranged predominantly over ground and first floors with a small additional second floor. The office is of steel frame construction with a mixture of brick and clad elevations. The pitched roof has a profile metal sheet covering. The building underwent a wholesale refurbishment programme during 2017 as part of the letting deal to Siemens.

The property was retro fitted to a full Cat A standard ahead of the tenant's under lying works and benefits from:

- Raised floors
- Refurbished passenger lift
- Suspended ceilings throughout
- LED lighting
- Heating & cooling system via a heat recovery VRF split air conditioning system with centralised controller
- Shower & changing facilities
- Upgraded electrics throughout

Approximately £2,500,000 was spent on refurbishing the building as part of the letting and occupation by Siemens. More recently EV charging points have been installed in the car park.





## ACCOMMODATION

The property has net internal area totalling:

	SQM	SQFT
Ground Floor	1,526.8	16,434
First Floor	1,388.3	14,944
Second Floor	39.4	424
<b>TOTAL</b>	<b>2,954.5</b>	<b>31,802</b>

The overall site is 0.62 hectares (1.55 acres) and provides 121 car spaces, a ratio of 1:262 sqft.

## TENURE

The property is held part long leasehold and part freehold. The long leasehold element is held on a 125 year term from 6 March 1992 at a peppercorn rent. The freehold element is shaded blue.

## TENANCY

The property is let to Siemens plc for a 10 year term from 11 September 2017. The tenant has recently removed their Year 5 break option giving a guaranteed lease term through until September 2027.

The current rent passing is £397,522 per annum. As part of the deal to remove the break clause the Year 5 rent review has been agreed and will increase to £405,000 per annum, only £12.74 per sqft. A 6 month rent free incentive was provided as half rent for 12 months from 29 September 2021. The vendor is proposing to top up the incentive to a rent of £405,000 per annum.

## NOTTINGHAM OFFICE MARKET

The rent of £405,000 reflects only £12.74 per sqft. This is at a substantial discount to office rents around the city fringe. The prime rent in the city has been set in Q1 2021 with the Domestic & General pre-let of 50,000 sqft at 11 Station Street. The deal has been done at £25.00 per sqft. Rents at other fringe city centre locations are substantially higher than the rent at 2 Central Park.

- Larger office suites at NG2 in the likes of The Curve & The Arc are £17-18.50 per sqft. Speedo are paying £20 per sqft on their 37,800 sqft HQ. The expectation is that the rental tone on the park will increase to over £20.00 per sqft to fall closer in line with the city centre rents.
- Equinox, Island Business Quarter has attracted the NHS where rents are £16-16.75 per sqft.
- Browne Jacobsen are paying £14.60 per sqft on 59,300 sqft at Mowbray House, Castle Meadow.





## INVESTMENT MARKET COMPARABLES

Recent and relevant office investment comparables are set out below:

ADDRESS	SIZE (sqft)	TENANT	EXPIRY (BREAK)	PRICE	YIELD	Date
Turing House, Didsbury Technology Park, MANCHESTER	27,630	Siemens Energy	Dec 2026	Exchanged £4,800,000	5.00%	Sep 2021
155 Aztec West, BRISTOL	20,356	Hoare Lea LLP	Nov 2031 (Nov 2027)	£5,400,000	6.96%	Aug 2021
John Webster House, Nottingham Business Park, NOTTINGHAM	14,822	Centres For Assisted Reproduction	Dec 2032	£3,350,000	6.75%	Jan 2021
Banbury Cross Business Park, BANBURY	33,599	Lloyds Bank plc	Dec 2025	£7,120,000	7.20%	Oct 2020
Apex Court, Island Business Quarter, NOTTINGHAM	38,816	Secretary of State	Jan 2030	£7,550,000	7.37%	Aug 2020

## COVENANT SIEMENS

Siemens is a global manufacturing company specialising in electrification and automation. It is one of the world's largest manufacturers producing a range of products from consumer goods such as home appliances and personal computers to industrial technology such as power station turbines, ultrasound systems and building management systems.

In the UK alone, Siemens employ over 15,000 people and operate from 45 locations. Within the Midlands they operate 12 sites covering Rail Automation, Turbine Systems and Intelligent Traffic Solutions, whilst the subject property is the UK operations centre for the Energy Management Services business.

The company reported the following figures in their last three published accounts:

	30/09/2020	30/09/2019	30/09/2018
Turnover	472,967,000*	756,014,000	790,907,000
Pre Tax Profit	7,682,000	25,442,000	38,371,000
Total Equity	1,383,628,000	1,469,237,000	2,114,482,000

\*On 1 April 2020 the company disposed of its energy business to Siemens Energy Ltd. The energy business is presented in the 2020 figures as a discontinued operation.

