

DACRE HOUSE

VICTORIA, LONDON SW1

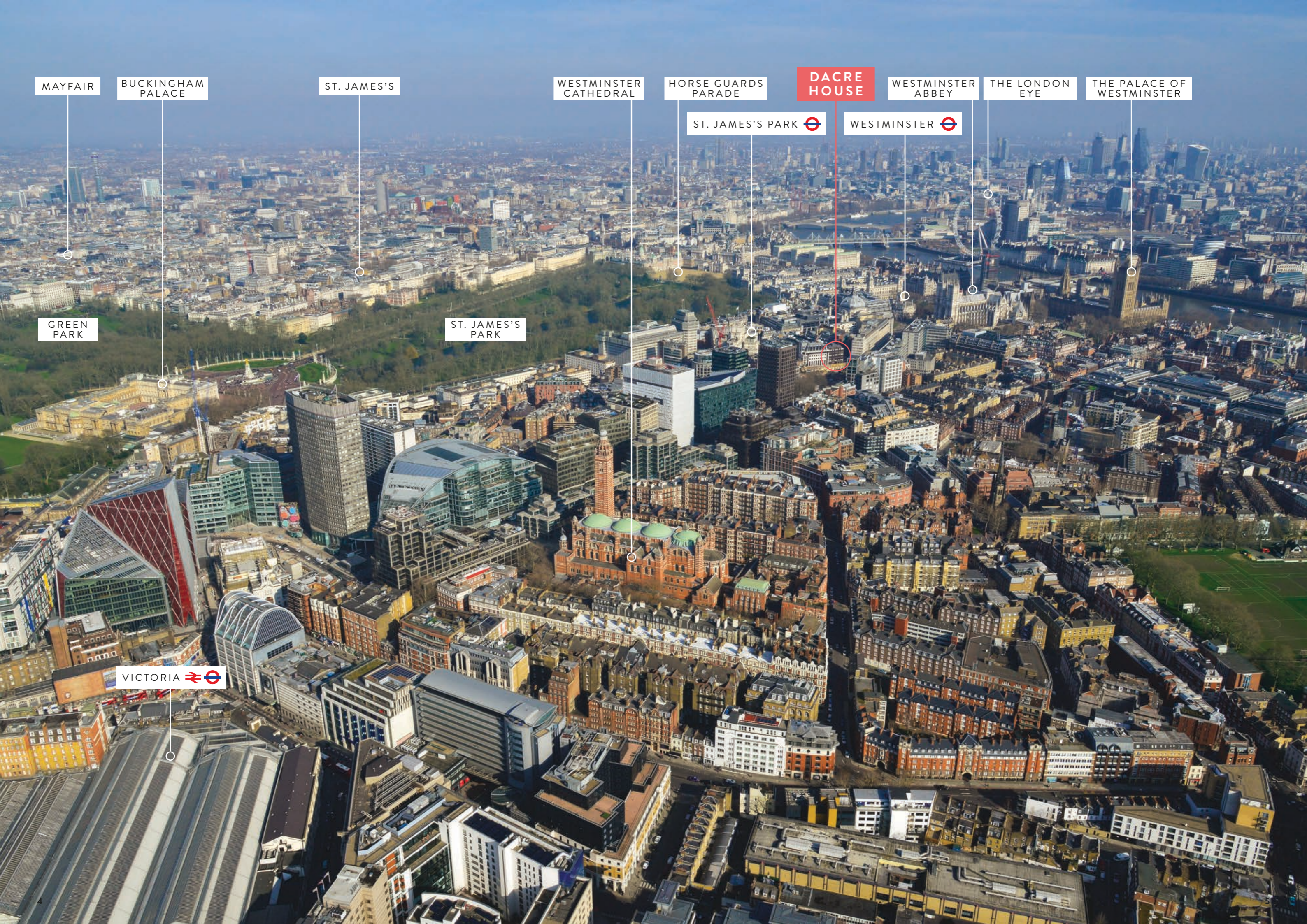
VICTORIA DEVELOPMENT OPPORTUNITY

EXECUTIVE SUMMARY

- Freehold
- Prominent corner building in a core Victoria location at the junction of Dacre Street and Dean Farrar Street, within close proximity to St. James's Park, Westminster and Victoria stations
- Substantial ongoing investment and regeneration of the immediate surrounding area including developments and public realm improvements
- 17,345 sq ft (1,613 sq m) of office, retail and ancillary accommodation arranged over lower ground, ground and five upper floors
- Multi-let to three office tenants and two retail tenants producing a total rent of £595,820 per annum
- Low passing office rent of only £42 per sq ft compared to Victoria rents that are now reaching £95 per sq ft
- Full vacant possession in January 2020
- Planning Consent for a Grade A office-led redevelopment and extension of the existing building that increases the net floor area by 40% to 24,175 sq ft (2,246 sq m)
- 2019 Pre-Application for a new build Grade A office-led scheme has been positively received by Westminster City Council
- Fantastic opportunity to asset manage, refurbish or redevelop the asset and capitalise on the area's continuing rental growth.

Offers are invited in excess of £18,500,000 (Eighteen Million Five Hundred Thousand Pounds) for the Freehold interest, subject to contract and exclusive of VAT. A purchase at this level reflects a capital value of £1,067 per sq ft on the existing area and £765 per sq ft on the consented area.





MAYFAIR

BUCKINGHAM
PALACE

ST. JAMES'S

WESTMINSTER
CATHEDRAL

HORSE GUARDS
PARADE

**DACRE
HOUSE**

WESTMINSTER
ABBEY

THE LONDON
EYE

THE PALACE OF
WESTMINSTER

ST. JAMES'S PARK 

WESTMINSTER 

GREEN
PARK

ST. JAMES'S
PARK

VICTORIA 

LOCATION

DACRE HOUSE IS SITUATED WITHIN THE HEART OF LONDON'S VICTORIA DISTRICT, A LOCATION RENOWNED FOR ITS HISTORY HAVING PLAYED HOST TO THE SEAT OF GOVERNMENT AND ROYALTY FOR OVER 1,000 YEARS. VICTORIA IS BOUND BY MAYFAIR AND ST. JAMES'S TO THE NORTH, WESTMINSTER TO THE EAST AND BELGRAVIA TO THE WEST.

Today Victoria is a thriving commercial, residential and leisure hub, with the post-war architecture having been replaced with impressive, sleek glass buildings that have given Victoria a modern edge. Some of London's most ambitious new developments, such as Nova, Cardinal Place, the Zig Zag building and The Broadway, have ensured Victoria has become a dynamic office market.

Alongside traditional UK Government occupiers, (attracted by proximity to The Palace of Westminster, Downing Street and Whitehall) demand is also driven by Technology, Media & Telecommunications (TMT) and the retail sectors.

Major office occupiers include Google, Channel 4, Burberry, Jimmy Choo and Louis Vuitton.

The ongoing regeneration and transformation of the area has also attracted an abundance of local amenities including shops, bars, restaurants, theatres and hotels. Notable occupiers include The Cinnamon Club, Apollo Theatre and The Goring Hotel.

The area's appeal is further contributed to by the expansive array of public green spaces, including St. James's Park, Green Park and Hyde Park, which provide 454 acres of Royal Parkland.



SITUATION

DACRE HOUSE OCCUPIES A PROMINENT CORNER POSITION ON THE NORTH SIDE OF DACRE STREET AT ITS JUNCTION WITH DEAN FARRAR STREET. POSITIONED PERFECTLY, DACRE HOUSE BENEFITS FROM THE MARKET DYNAMICS OF VICTORIA, ST. JAMES'S PARK AND WESTMINSTER, AREAS THAT CONTINUOUSLY EXPERIENCE STRONG INVESTMENT AND OCCUPATIONAL DEMAND.



THE BROADWAY

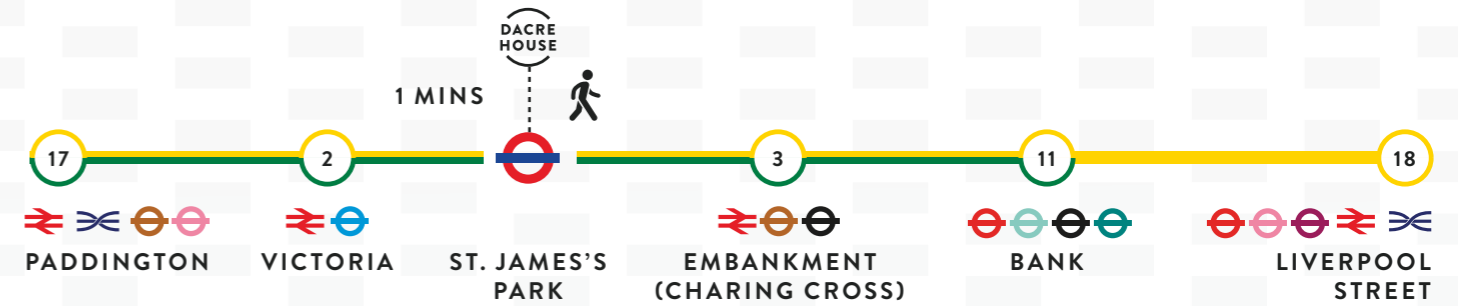
Situated opposite Dacre House is The Broadway (former New Scotland Yard) development. The immediate area will benefit from improvements to the public realm, including pedestrian-friendly shared space proposed onto Dacre Street itself, and additional amenities.

The £400+ million development comprises six towers (ranging from 14 to 21 storeys) and includes 20,000 sq ft of public space, 268 residential units, 146,000 sq ft of offices (GIA), and 38,000 sq ft of retail (GIA), with practical completion expected in 2021.



TRANSPORT / CONNECTIVITY

ST. JAMES'S PARK UNDERGROUND STATION IS APPROXIMATELY 100 YARDS FROM DACRE HOUSE, MAKING THE PROPERTY EASILY ACCESSIBLE VIA THE DISTRICT AND CIRCLE LONDON UNDERGROUND LINES. IT IS ALSO SERVICED BY THE JUBILEE LINE VIA WESTMINSTER STATION.



Victoria National Rail and London Underground stations are 0.6 miles away. Victoria Station has been subject to a £700 million regeneration project further enhancing the sub-market's connectivity. The station is London's second busiest serving 75 million passengers in 2018, with trains to Gatwick Airport and the South East, along with access to the Circle, District and Victoria lines.



Crossrail 2 is the next phase of Europe's largest infrastructure investment programme, with Victoria identified as a key interchange. The new line will provide 30 Crossrail trains per hour increasing station capacity by 24,000 passengers daily. Once operational the line will run north to south through London and will increase the capacity to London's rail network by 10%.



LOCAL OCCUPIERS

RETAIL, RESTAURANTS, AND BARS

- 1 Browns Victoria
- 2 Franco Manca
- 3 L'Occitane en Provence
- 4 M Victoria Street
- 5 Rail House Café
- 6 Roux at Parliament Square
- 7 Shake Shack
- 8 Space NK
- 9 Sticks'n'Sushi
- 10 The Cinnamon Club
- 11 Vagabond Wines
- 12 Zara

GOVERNMENT DEPARTMENTS

- 28 British Chambers of Commerce
- 29 Central Hall Westminster
- 30 Companies House
- 31 Department of Business, Energy and Industrial Strategy
- 32 Department for Education
- 33 Department for Transport
- 34 Department for Work & Pensions
- 35 Foreign and Commonwealth Office
- 36 Her Majesty's Treasury
- 37 Houses of Parliament
- 38 Law Commission
- 39 Ministry of Defence
- 40 Ministry of Justice
- 41 The Supreme Court

OFFICE OCCUPIERS

- 13 Adam Smith Institute
- 14 American Express
- 15 Boeing
- 16 Burberry
- 17 Capital Economics
- 18 Channel 4
- 19 DWS
- 20 Google
- 21 Intu Properties
- 22 Jimmy Choo
- 23 Jupiter Asset Management
- 24 L.E.K. Consulting
- 25 Phoenix Equity Partners
- 26 Rolls Royce
- 27 Tom Ford

HOTELS

- 42 Conrad London St. James
- 43 The Ritz
- 44 Hotel 41
- 45 St Ermin's Hotel Autograph Collection
- 46 St. James's Court Hotel
- 47 Taj 51 Buckingham Gate Suites and Residences
- 48 The Goring
- 49 The Rubens





LOCAL DEVELOPMENTS

COMMERCIAL

- 1 VERDE**
320,000 sq ft of office accommodation
Completed in 2017
- 2 NOVA EAST**
140,000 sq ft of office accommodation
PC Q1 2022
- 3 PORTLAND HOUSE**
350,000 sq ft of office accommodation
Planning submitted

- 4 THE ZIG ZAG BUILDING**
225,000 sq ft of office & retail accommodation
Completed in 2015
- 5 SOUTHSIDE, 105 VICTORIA STREET**
300,000 sq ft of office accommodation
PC Q2 2024
- 6 40 BROADWAY**
115,000 sq ft of office & retail accommodation
Planning granted

- 7 21 DARTMOUTH STREET**
53,000 sq ft of office accommodation
Completed in 2019
- 8 4 VICTORIA STREET**
128,000 sq ft of office accommodation
Completion in 2019
- 9 1 VICTORIA STREET**
Large scale redevelopment – details pending

MIXED USE

- 10 NOVA NORTH & SOUTH**
560,000 sq ft of office & retail accommodation
170 residential units
Completed in 2017
- 11 THE BROADWAY**
130,000 sq ft of office accommodation
268 residential units
PC Q4 2021

RESIDENTIAL

- 12 BUCKINGHAM GREEN**
140,000 sq ft of office accommodation
65 residential units
Completed in 2019
- 13 29-35 OLD QUEEN STREET**
16 residential units
PC Q3 2019
- 14 1-3 QUEEN ANNE'S GATE**
28 residential units
PC Q2 2019
- 15 1 PALACE STREET**
72 residential units
PC Q1 2020
- 16 29 GREAT PETER STREET**
14 residential units
PC Q2 2020
- 17 25 BUCKINGHAM GATE**
23 residential units
Planning application submitted
- 18 CASTLE LANE**
31 residential units
Completed in 2017
- 19 RIVERWALK**
116 residential units
Completed in 2016
- 20 MILLBANK QUARTER**
187 residential units
PC Q2 2022

DESCRIPTION

DACRE HOUSE WAS COMPLETED IN THE 1970S AND OCCUPIES A PROMINENT CORNER POSITION, BENEFITTING FROM SUBSTANTIAL FRONTAGE ONTO DACRE STREET AND DEAN FARRAR STREET. THE BUILDING PROVIDES 17,345 SQ FT (1,613 SQ M) OF OFFICE, RETAIL AND ANCILLARY ACCOMMODATION ARRANGED OVER LOWER GROUND, GROUND AND FIVE UPPER FLOORS.

The office and ancillary space, totalling 13,404 sq ft (1,246 sq m) is situated over lower ground, and first to fifth floors. The office floorplates are approximately 2,800 sq ft (260 sq m) and benefit from excellent natural light on multiple sides. The fifth floor also has a private roof terrace. The 3.6m height reception fronts Dacre Street and provides access to a passenger lift linking all floors.

The retail accommodation, totalling 3,941 sq ft (367 sq m) is arranged as two units predominantly situated over lower ground and ground floors. The larger of the units incorporates a mezzanine level and benefits from dual frontage onto both Dacre Street and Dean Farrar Street.

SPECIFICATION

THE CURRENT SPECIFICATION IS AS FOLLOWS:

- VRV fan coil air conditioning
- Suspended ceilings
- Raised floors
- 8 person passenger lift providing access to all floors
- Male and female WCs
- Shower facilities
- Cycle parking
- Two onsite car parking spaces
- Fifth floor roof terrace.

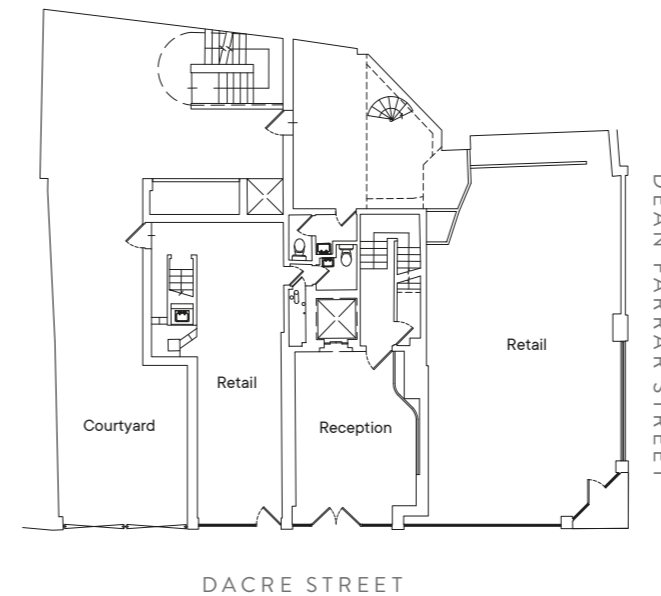
EXISTING AREA SCHEDULE

FLOOR	USE	SIZE (SQ FT)	SIZE (SQ M)
Fifth	Offices	1,962	182
Fourth	Offices	2,592	241
Third	Offices	2,805	261
Second	Offices	2,805	261
First	Offices	2,803	260
Office Sub-total		12,967	1,205
Mezzanine	Retail	157	15
Ground	Retail	1,763	164
Lower Ground	Retail	2,021	188
Retail Sub-total		3,941	367
Lower Ground	Store	437	41
TOTAL		17,345	1,613

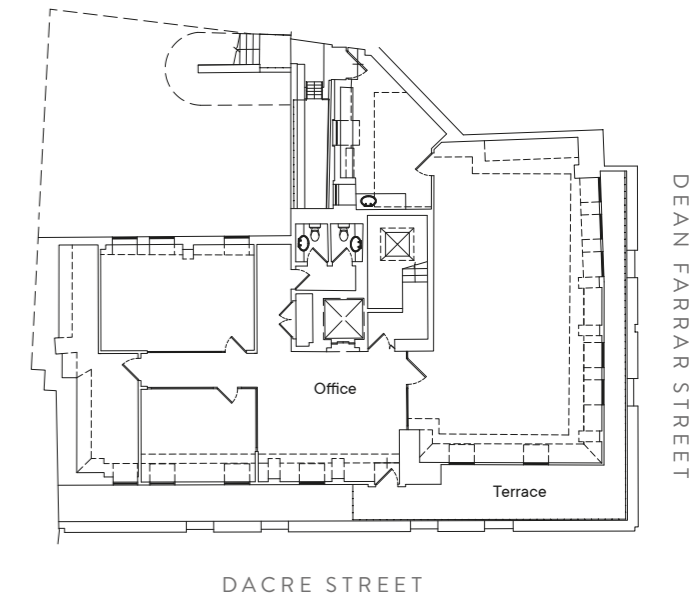
The GIA of the existing building is 20,279 sq ft (1,884 sq m).



EXISTING GROUND FLOOR



EXISTING FIFTH FLOOR



Not to scale. For indicative purposes only.

PLANNING

THE PROPERTY IS SITUATED IN THE LONDON BOROUGH OF WESTMINSTER AND SITS WITHIN THE BROADWAY AND CHRISTCHURCH GARDENS CONSERVATION AREA.

CONSENTED REDEVELOPMENT

DACRE HOUSE BENEFITS FROM PLANNING PERMISSION (REFERENCE 17/01327/FULL) GRANTED IN OCTOBER 2017 FOR A GRADE A OFFICE-LED REDEVELOPMENT AND EXTENSION OF THE EXISTING BUILDING THAT INCREASES THE NIA BY 40% TO 24,175 SQ FT (2,246 SQ M).

THE CONSENT INCLUDES:

- A two-storey roof extension
- Rear infill extensions at ground to fifth floors
- Stepped rear terraces at second to seventh floors
- Repositioning of the office reception and an additional lift serving all floors
- One A3 restaurant unit and one A1 retail unit
- Secure basement cycle storage (20 racks) and two showers
- Creation of an additional 6,830 sq ft (633 sq m) of net lettable area, with office floorplates ranging from 1,776 sq ft on the seventh floor to 3,208 sq ft on the first floor.

Further information on the consented scheme can be found on the data room.



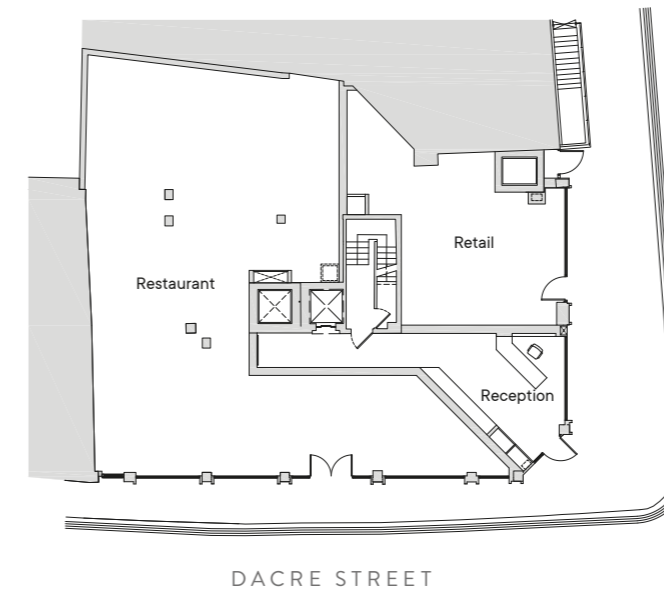
CGI OF CONSENTED REDEVELOPMENT

CONSENTED AREA SCHEDULE

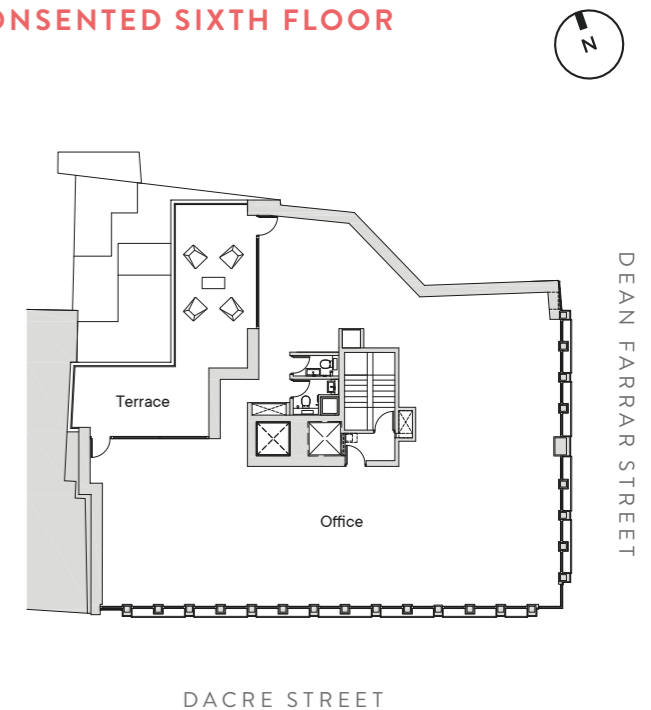
FLOOR	USE	SIZE (SQ FT)	SIZE (SQ M)	TERRACE (SQ FT)
Seventh	Offices	1,776	165	280
Sixth	Offices	2,217	206	431
Fifth	Offices	2,766	257	129
Fourth	Offices	2,992	278	32
Third	Offices	3,046	283	43
Second	Offices	3,165	294	65
First	Offices	3,208	298	-
Ground - Reception	Offices	355	33	-
Office Sub-total		19,525	1,814	980
Ground	A3 Retail	2,142	199	-
Lower Ground	A3 Retail	1,636	152	-
Ground	A1 Retail	603	56	-
Lower Ground	A1 Retail	269	25	-
Retail Sub-total		4,650	432	-
TOTAL		24,175	2,246	980

The GIA of the consented building is 28,503 sq ft (2,648 sq m).

CONSENTED GROUND FLOOR



CONSENTED SIXTH FLOOR



Not to scale. For indicative purposes only.

PROPOSED NEW BUILD SCHEME

A NEW BUILD PRE-APPLICATION (JUNE 2019) HAS BEEN POSITIVELY RECEIVED BY WESTMINSTER CITY COUNCIL, THE PROPOSALS INCLUDE THE DEMOLITION OF THE EXISTING BUILDING AND ITS REPLACEMENT WITH A GRADE A OFFICE-LED DEVELOPMENT WITH RETAIL AND RESTAURANT USES AT GROUND FLOOR.

The design focuses upon building and improving upon the 2017 consented scheme as follows:

- Demolition and re-build to provide a nine-storey building arranged over lower ground, ground and seven upper floors
- Private rear terraces at sixth and seventh floors
- 1,389 sq ft communal roof terrace
- Reconfigured office reception
- Core repositioning improving layout of both lifts (serving all floors), stairs and WCs
- Improved A1 and A3 retail frontage and positioning
- Office slab to slab heights of 3.1m and ground floor retail of 4.4m
- Secure basement cycle storage (20 racks) and four showers
- Creation of an additional 6,279 sq ft (582 sq m) of net lettable area, with office floorplates ranging from approximately 2,100 sq ft on the seventh floor to 3,100 sq ft on the second floor
- Sustainable design approach targeting BREEAM 'Very Good' with aspirations of 'Excellent'.

Further information on the proposed new build scheme can be found on the data room.



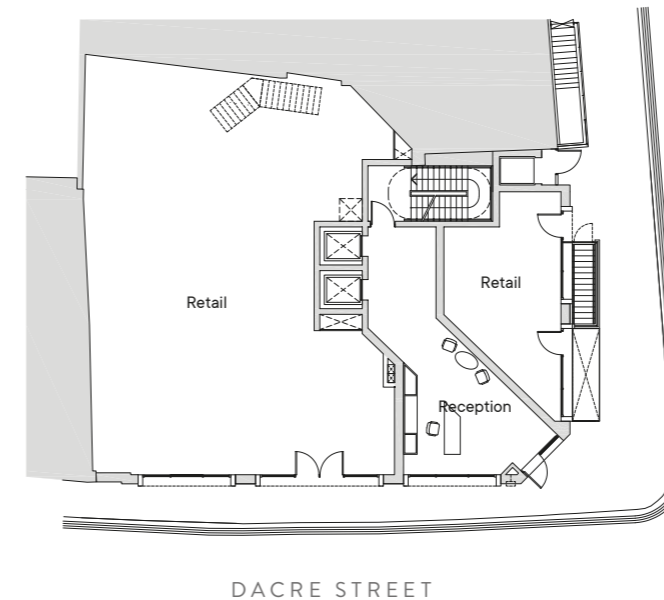
CGI OF NEW BUILD SCHEME

PROPOSED AREA SCHEDULE

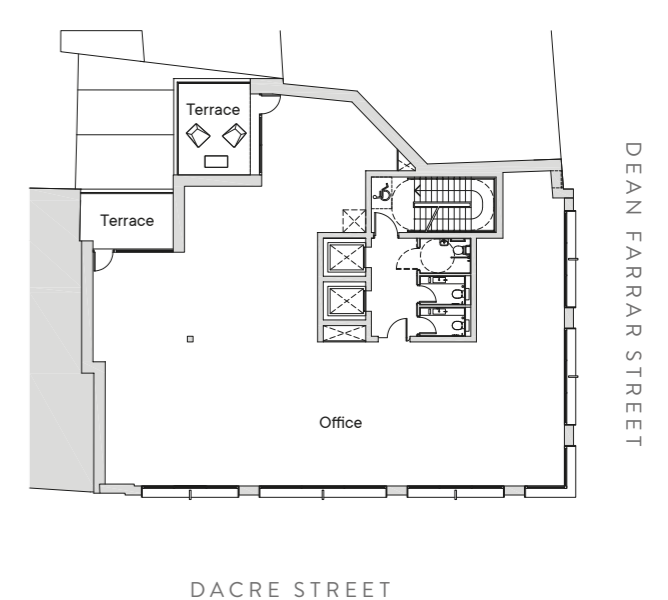
FLOOR	USE	SIZE (SQ FT)	SIZE (SQ M)	TERRACE (SQ FT)
Roof	Offices	-	-	1,389
Seventh	Offices	2,110	196	183
Sixth	Offices	2,454	228	226
Fifth	Offices	2,715	252	-
Fourth	Offices	2,885	268	-
Third	Offices	2,885	268	-
Second	Offices	3,111	289	-
First	Offices	3,078	286	-
Ground	Reception	355	33	-
Office Sub-total		19,593	1,820	1,798
Ground	A3 Retail	2,282	212	-
Lower Ground	A3 Retail	1,372	128	-
Ground	A1 Retail	377	35	-
Retail Sub-total		4,031	375	-
TOTAL		23,624	2,195	1,798

The GIA of the proposed building is 29,265 sq ft (2,719 sq m).

PROPOSED GROUND FLOOR



PROPOSED SIXTH FLOOR



Not to scale. For indicative purposes only.

TENANCY

THE PROPERTY IS MULTI-LET TO THREE OFFICE TENANTS AND TWO RETAIL TENANTS PRODUCING A TOTAL RENT OF £595,820 PER ANNUM, WHICH EQUATES TO A LOW OFFICE PASSING RENT OF APPROXIMATELY £42 PER SQ FT.

Full vacant possession in January 2020.

TENURE

FREEHOLD.



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OCCUPIER DEMAND

THE WEST END CONTINUES TO BE BUOYED BY THE TMT SECTOR WHO REMAIN THE MOST ACTIVE SECTOR IN THE MARKET.

The TMT sector remained the most active in Q2 2019, accounting for 30% of the market share, followed by Financial Services (19%) and Public Sector entities (14%). G-Research was responsible for the largest letting in Q2, taking 102,500 sq ft at Soho Place.

With the war for talent now against a backdrop of record job vacancy levels and the average tenure of a Tech industry worker being 18 months, unsurprisingly Tech businesses target space in the most prestigious parts of London. Increasingly, as office space is a window to business culture and as the Tech sector continues to expand rapidly this sector is expected to remain especially active.

VICTORIA

RENTS IN VICTORIA HAVE NOW REACHED £95 PER SQ FT.

Demand from office occupiers in this location continues to grow as they take advantage of the significant discount to prime West End rents.

Victoria take-up totalled 159,095 sq ft in Q2 2019, on-par with Q1 and 8% ahead of the long-term quarterly average. The Public Sector was the most active, accounting for 58% of take-up, largely due to the quarter's largest transaction by the Parliamentary Estates acquisition at 64 Victoria Street, followed by Finance at 20%.

Availability in Victoria decreased by 27% quarter-on-quarter to 511,000 sq ft, with levels now 34% below the long-term average. This reflects a current vacancy rate of 2.9% against a wider West End vacancy rate of 5.1%.

RECENT LEASING TRANSACTIONS

The table below further reinforces the rental performance in the immediate area:

DATE	PROPERTY	RENT (PER SQ FT)	TERM
Jun-19	Smithson Plaza, 26 St. James's Street, SW1	£95.00	10 yrs
Mar-19	Buckingham Green, SW1	£95.00	15 yrs
Mar-19	Buckingham Green, SW1	£87.50	10 yrs
Oct-18	Buckingham Green, SW1	£95.00	10 yrs
Aug-18	Smithson Plaza, 26 St. James's Street, SW1	£202.00	10 yrs
Jan-18	Nova North, SW1	£85.00	10 yrs

Availability levels have dropped by 11% to 4.4 million sq ft, leaving them at the lowest since Q4 2015 and 19% below the long-term average. This has driven down the vacancy rate to 5.1%, against a long term average of 6.2%. In addition, prime headline rents have increased to £107 per sq ft, driven by the supply dearth.

Looking forward at the development pipeline, there is 4.75 million sq ft under construction in the West End, 68% of which is already committed. 45% of the 1.7 million sq ft under construction and due to complete in the next 12 months is also already committed. This leaves just 937,000 sq ft of speculative space coming through, which equates to just under seven months of supply.

Looking forward to the development pipeline, there are no schemes under construction due to complete this year and just one scheme due to complete in Q4 2022.

Victoria will be subjected to an influx of new occupier demand as the Houses of Parliament undergo an extensive refurbishment, which is predicted to create a spike in demand, and corresponding rental growth.

Dacre House is therefore well placed to capitalise immediately on the location's continuing rental performance and provides the opportunity to deliver a Grade A office-led scheme to the market at an optimum time.

INVESTMENT

WEST END INVESTMENT MARKET

LONDON HAS CONTINUED TO SEE STRONG DEMAND FROM INVESTORS, DUE TO LOW INTEREST RATES AND WEAKENED STERLING.

The West End market remains characterised by a shortage of available investment product, which has resulted in sustained depth in investor demand. The lack of stock coupled with sustained enthusiasm for prime, well-located assets has ensured investor demand remains robust.

Due to a lack of stock there was only one investment sale in the Victoria market during Q2 2019, 2-14 Palmer Street was purchased by a private South African investor for £19.15M. Q1's largest transaction was the sale of Sanctuary Buildings, 14-16 Great Smith Street, SW1, to Hana Financial Group for £285M.



SANCTUARY BUILDINGS, SW1



4 MATTHEW PARKER STREET, SW1

KEY INVESTMENT COMPARABLES

DATE	ADDRESS	TENURE	SIZE (SQ FT)	PRICE	NIY	CAP VAL (PSF)
Jul-19	21 Dartmouth Street, SW1	FH	53,042	£88.90 M	3.75%	£1,676
Apr-19	2-14 Palmer Street, SW1	FH	20,602	£19.15 M	Vacant Possession	£930
Apr-19	50 Pall Mall, SW1	FH	35,257	£61.00 M	4.12%	£1,730
Mar-19	Clarence House, 4 Matthew Parker Street, SW1	FH	39,290	£51.50 M	4.47%	£1,310
Mar-19	Premier House, 10 Greycoat Place, SW1	FH	60,701	£50.00 M	Vacant Possession	£824
Oct-18	14 Tothill Street, SW1	FH	59,892	£87.00 M	3.77%	£1,453
Aug-18	One Neathouse Place, SW1	FH	117,472	£175.00 M	Vacant Possession	£1,490
Jul-18	12 Grosvenor Place, SW1	LLH	8,920	£12.00 M	Vacant Possession	£1,345

FURTHER INFORMATION

VAT

The property is VAT elected.

DATA ROOM

Please contact the vendor's agents for access to the data room.

EPC

Dacre House is classified as having a rating of C (74).

PROPOSAL

Offers are invited in excess of £18,500,000 (Eighteen Million Five Hundred Thousand Pounds) for the Freehold interest, subject to contract and exclusive of VAT.

A purchase at this level reflects a capital value of £1,067 per sq ft on the existing area and £765 per sq ft on the consented area.

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