



# Quayside

DAS HOUSE, NORTH QUAY HOUSE  
& SOUTH QUAY HOUSE

TEMPLE BACK | BRISTOL | BS1 6NH





DAS HOUSE

SOUTH QUAY HOUSE

NORTH QUAY HOUSE

A RARE OPPORTUNITY TO ACQUIRE  
THREE OFFICE BUILDINGS IN A PRIME  
TEMPLE QUARTER WATERFRONT  
LOCATION WITH SIGNIFICANT  
ASSET MANAGEMENT OPPORTUNITIES





# EXECUTIVE SUMMARY

Quayside, Temple Back, Bristol BS1 6NH

Bristol is the regional and business capital of the South West of England and one of the UK's major commercial and financial centres. It is the **UK's 5th largest city** with an urban zone population of 1.6m residents.

Quayside is located within the **heart of the Central Business District** and **Temple Quarter**, a major commercial and residential growth area for the city, and a short walk from Bristol Temple Meads station.

Major employers in the vicinity include PwC, Ernst Young, Burges Salmon, Royal Bank of Scotland, Osborne Clarke, Deloitte, OVO Energy and various large government departments.

Quayside is a **collection of three prominent office buildings**, ranging from four to seven storeys, that provides around **96,347 sq ft** of net lettable accommodation and **57 secure car parking spaces**.

Quayside provides good quality highly flexible accommodation with floorplates ranging between **5,512 sq ft** and **8,355 sq ft** and an excellent **parking ratio of 1:1,655 sq ft**.

The principle tenants, **DAS Insurance**, **DAS Legal** and **Unite Integrated Solutions** account for 93% of the income.

The properties provide an average weighted unexpired lease term of **4.43 years** to expiry and **4.26 years** to break.

The current passing rental is **£1,833,781 per annum**, equating to a low average rent of **£19.43 per sq ft**, offering the platform for significant **reversionary income**.

Bristol's occupational market continues to see an imbalance between landlord and tenant and has witnessed Grade A rents increase from **£28.50 per sq ft** to **£35.00 per sq ft** since late 2017, an increase of **23%**.

Quayside provides a **very exciting opportunity to reposition this prime waterfront located asset** through the **significant opportunities for income growth** by way of rent reviews, refurbishment, redevelopment, leasing and regears.

Freehold.

We are instructed to seek offers in excess of **£25,000,000 (Twenty Five Million Pounds)**, subject to contract and exclusive of VAT for our client's freehold interest.

A purchase at this level would reflect an overall **net initial yield of 6.87%**, assuming standard purchaser's costs of 6.76%. This reflects an overall capital value of **£260 per sq ft**.





# BRISTOL

"In 2014 & 2017, Bristol was named Best Place to Live in Britain"  
*Sunday Times*

## DEMOGRAPHICS

Bristol is the 5th largest conurbation in the UK and the capital of the South West. It has an estimated population of 456,000 and a larger urban zone with an estimated 1.6 million residents and is amongst the most attractive, successful and culturally prestigious cities in the UK, enjoying a rising profile within Europe and beyond.

According to the 2011 Census, Bristol has a high proportion of working age people (71%) against a UK average of 63%, and this figure has increased by 21% since 2001. Furthermore, Bristol has a higher percentage (54%) than the UK average (51%) in socio economic groupings of higher, intermediate and supervisory managerial, administrative and professional groups. Moreover, Bristol has a highly educated population with 49% having obtained a degree against a national average of 38%.

## ECONOMY & EMPLOYMENT

Bristol's economy showed strong resilience during the recession, achieving the highest annual growth rate of all core cities (1998-2006 at 6.2% per annum) and has remained the most productive.

The city's economy is now worth £14.31bn up from £13.67bn in 2015 and has the third highest number of business start ups in the UK (94.2 per 10,000 working age population).

According to the 2017 survey, Bristol has 237,500 working age residents, the equivalent to an employment rate of 77.2% which is the highest of all British core cities and 2.8% above the national average. Between 2011 and 2015, the number of employee jobs in Bristol grew by 10.8%, the 3rd fastest growing of all British core cities.

Its success is based on its world class knowledge economy based in aerospace, defence, engineering, ICT & electronics, financial services, media, creative and environmental industries, along with the global reach of its two universities.

It is a popular relocation destination, supported by a flourishing TMT, professional and financial service sectors.

The city has benefited significantly from relocations and expansion around occupiers including Rolls Royce, Ministry of Defence, BBC, Airbus, Lloyds Bank, National Composite Centre and numerous large legal practices.

In 2017 Bristol was named as the only fast growing, globally significant tech cluster in the UK (McKinsey and Co) and the UK's largest digital cluster outside of London.

## EDUCATION & CULTURE

The city benefits from two outstanding and significant universities, the University of Bristol and the University of the West of England, with the University of Bristol being the second most targeted university by employers in the UK. These contribute to Bristol's skilled labour pool, which has one of the highest retention rates in the UK. Most recently the University of Bristol incubator spin-out company Ziylo, has been bought by global company Novo Nordisk for c.\$800 million.

Combined, the universities have a population of 52,000 students and the University of Bristol has significant growth projections. Development has commenced on the University's new £350 million Temple Quarter Enterprise Campus adjacent to Bristol Temple Meads railway station, which is due to open in 2022. The new campus will include a digital innovation hub, a business school of the future and a new student village.

Bristol has been identified by NESTA as among the UK's "creative hotspots", promoting innovation and economic growth.

Bristol has a long association with the 'green' movement and is proud of its status as the 'European Green Capital 2015', the only UK city to have been awarded the accolade.

Further information is available at:  
[bristoltemplequarter.com](http://bristoltemplequarter.com) & [investinbristol.com](http://investinbristol.com)



Estimated population  
of 456,000



The city's economy is now worth  
£14.31bn



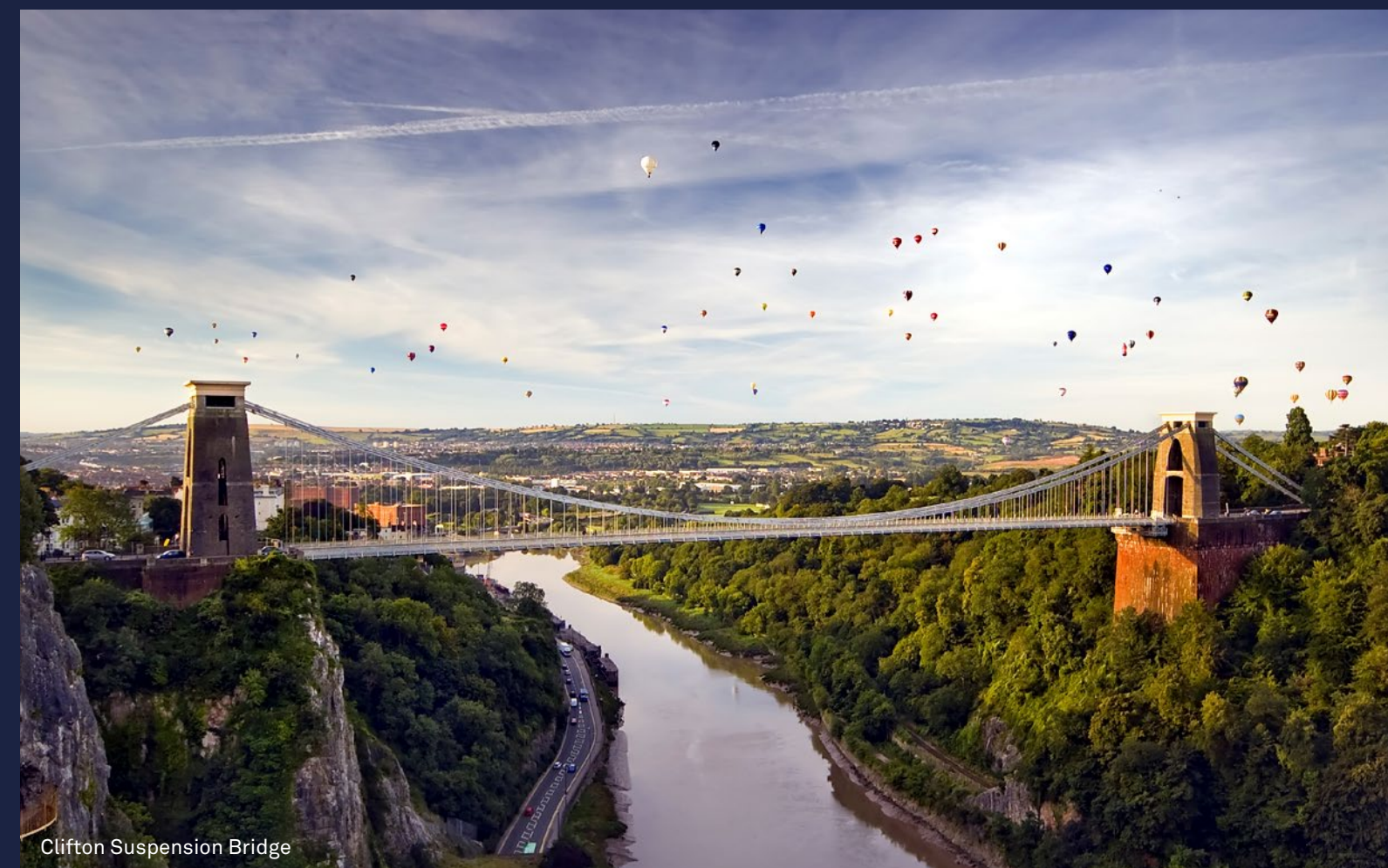
Two outstanding and significant  
universities



European Green  
Capital 2015

"Bristol - UK's leader in smart cities" *Huawei*

"Bristol - Most productive core region" *Tech Nation*



Clifton Suspension Bridge

"Bristol has been named Europe's trendiest city"  
*The National Geographic Travellers*



Temple Quay





# CONNECTIVITY

“The city centre benefits from excellent road, rail and air communications”

## ROAD

Bristol is strategically located at the junction of the M4 and M5 motorways, 118 miles west of London and the city centre benefits from excellent road communications being only 4 miles from the M4/M5 intersection. The M4 is the east-west axis from London to Cardiff, whilst the M5 is the north-south west axis from Birmingham to Exeter.

The M48 motorway and Second Severn Crossing provide strong road links to Cardiff and South Wales and the M32 motorway spur links the M4 to Bristol city centre.

### DISTANCE BY ROAD

Destination	Distance
London	118 miles
Birmingham	88 miles
Manchester	169 miles
Exeter	80 miles
Cardiff	44 miles
Bath	12 miles

## AIR

Bristol International Airport lies 8 miles south of the city centre and is serviced by a dedicated coach link. It offers direct flights to over 125 destinations throughout the UK, all of the major European economies and also the USA.

### FLIGHT TIMES FROM BRISTOL INTERNATIONAL AIRPORT

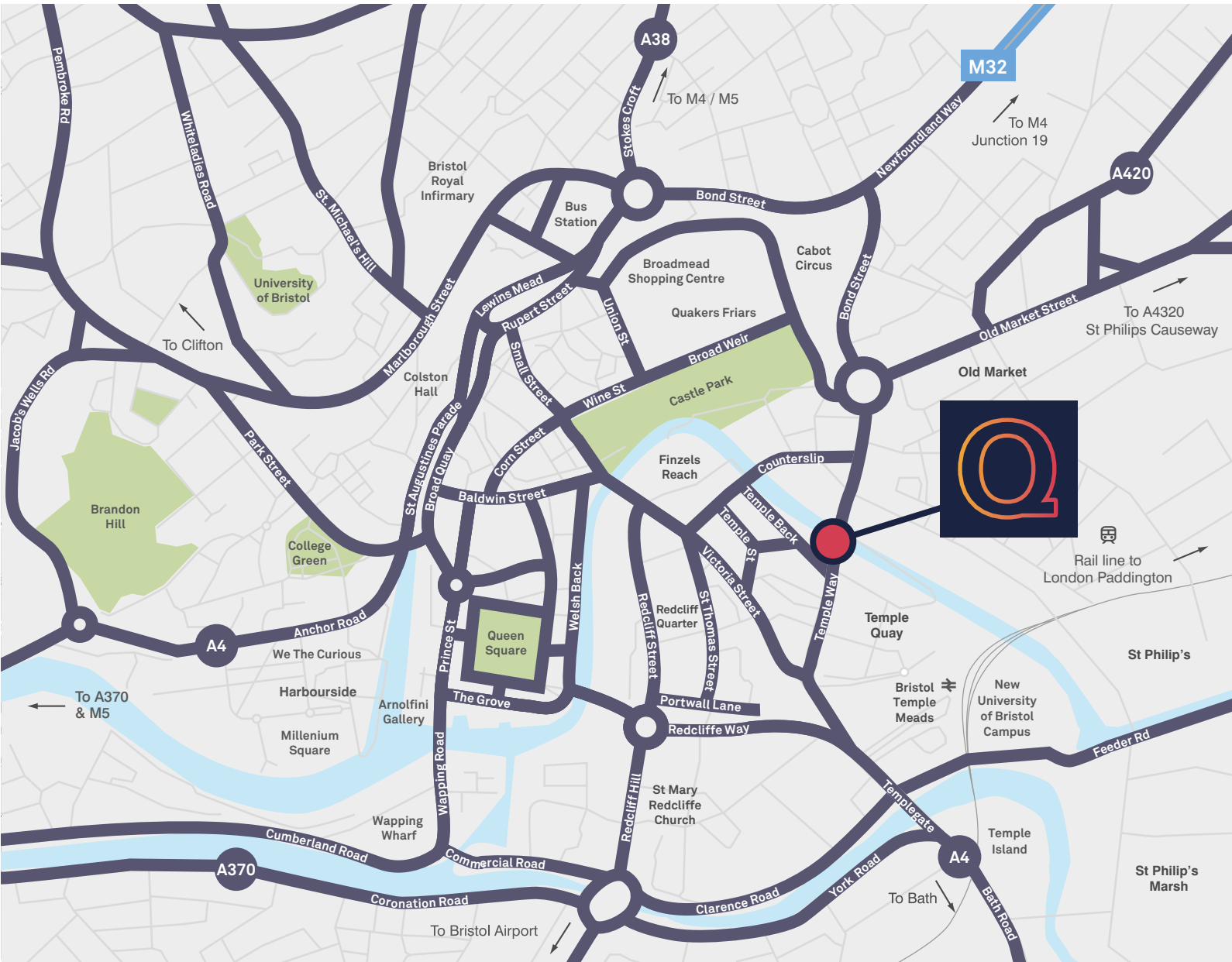
Destination	Flight time
Frankfurt	1 hour 35 minutes
Amsterdam	1 hour 10 minutes
Brussels	1 hour 10 minutes
Paris	1 hour 5 minutes
Madrid	1 hour 55 minutes
Rome	2 hours 15 minutes
Jersey	45 minutes
Belfast	45 minutes
Dublin	50 minutes
Edinburgh	1 hour 10 minutes

## RAIL

Bristol Temple Meads Station is located centrally and within a 6 minute walk of the property, providing regular direct intercity services to the UK’s major cities. The mainline to London Paddington is currently undergoing electrification works costing more than £4.8bn, which are due to go operational in Q4 2019 and will reduce the journey times to London by around 20 minutes as well as provide significantly more capacity.

### JOURNEY TIME BY RAIL

Destination	Journey time
Cardiff	45 minutes
Reading	1 hour 10 minutes
Birmingham New Street	1 hour 23 minutes
London Paddington	1 hours 37 minutes
Manchester Piccadilly	2 hours 58 minutes
Glasgow	5 hours 47 minutes
Edinburgh	5 hours 52 minutes







## AMENITIES

- 01. Glassboat Brasserie
- 02. Bella Vista
- 03. Spicer & Cole
- 04. Tesco/Friska
- 05. Pret A Manger
- 06. Philpotts
- 07. Marcos Olive Branch
- 08. Temple Gardens
- 09. Castle Park
- 10. Friska
- 11. Philpotts/McColls
- 12. Veen

## HOTELS

- 01. Bristol Harbour Hotel & Spa
- 02. Travelodge
- 03. Premier Inn
- 04. Novotel
- 05. Hilton Garden Inn
- 06. Bristol Marriott Hotel
- 07. Ibis

## NEARBY OCCUPIERS

- 01. Direct Line Group
- 02. TLT Solicitors
- 03. DAC Beachcroft
- 04. Clarke Willmott
- 05. Barnett Waddingham
- 06. Ernst Young
- 07. Bristol City Council
- 08. Barton Willmore
- 09. Simmons & Simmons
- 10. Bevan Brittan
- 11. NFU
- 12. Oracle
- 13. Aecom
- 14. University of Law
- 15. Irwin Mitchell
- 16. OVO Energy
- 17. HSBC
- 18. Osborne Clarke
- 19. Womble Dickinson
- 20. NatWest/RBS
- 21. Bank of Ireland
- 22. Central Government
- 23. Regus
- 24. Ultraphatics
- 25. Burges Salmon
- 26. PWC
- 27. HMRC

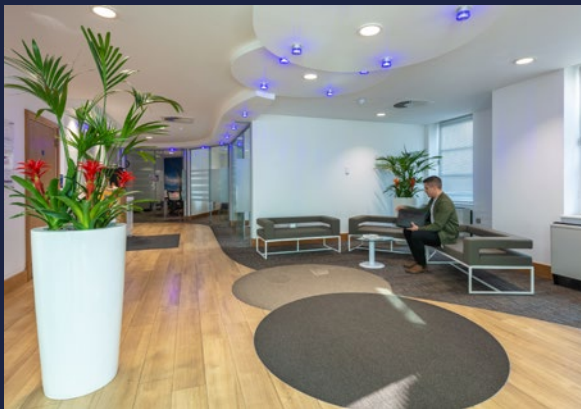




# DESCRIPTION

A collection of three very prominent buildings fronting Temple Way, Temple Back and the Floating Harbour directly opposite Temple Quay

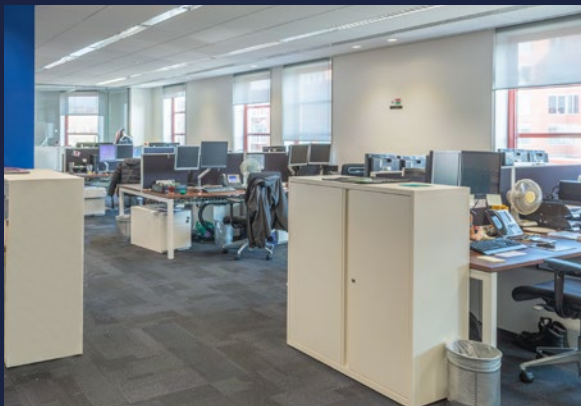
## DAS HOUSE



## SOUTH QUAY HOUSE



## NORTH QUAY HOUSE



The buildings are arranged around a secluded secured courtyard and are of steel frame construction with brick elevations and powder coated steel framed double-glazed windows. The buildings are arranged over four to seven storeys totalling 96,347 sq ft providing flexible floorplates between 5,512 sq ft and 8,355 sq ft. Each building has a separately accessed secure ground floor or basement car park.

### ACCOMMODATION

The property has been measured in accordance with the RICS Code of Measuring Practice (6th Edition) and provides a total net internal floor area of 96,347 sq ft (8,950.84 sq m).

The property has also been measured in accordance with the new RICS Property Measurements (1st Edition) which incorporates the

new International Property Measurement Standards (IPMS). The property on this basis has a net internal floor area of 98,027 sq ft (9,107.02 sq m).

A copy of the measured survey is available in the data room and capable of being assigned and relied upon by the purchaser.

# DAS HOUSE

DAS House provides a total net internal area of approximately 45,656 sq ft over ground and six upper floors, with floor plates up to 8,355 sq ft



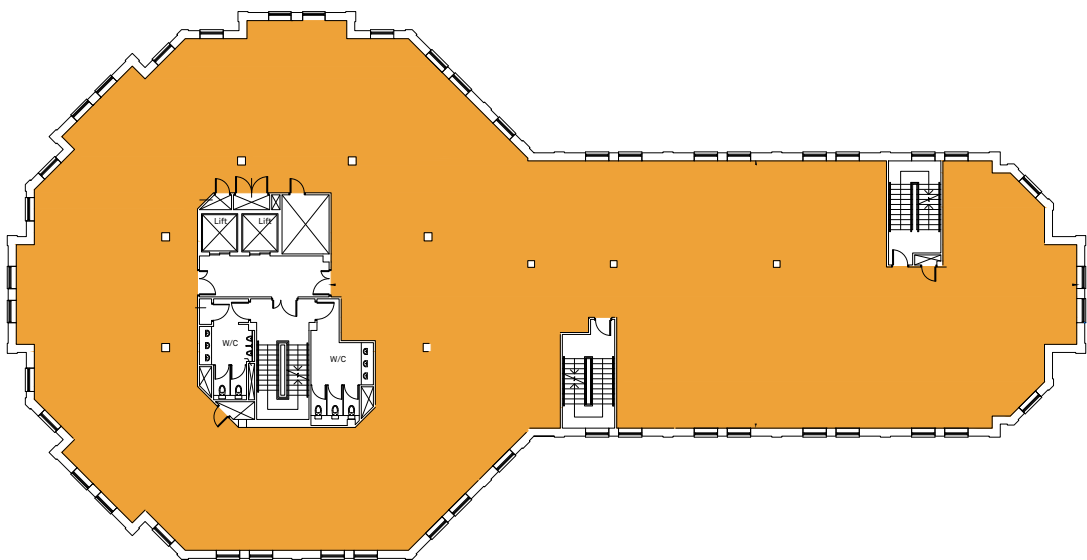
### THE SPECIFICATION INCLUDES

- Double height reception
- Four pipe fan coil air conditioning
- Full access raised floors (150 mm void)
- Typical floor to ceiling heights of 2.65m
- Suspended ceilings incorporating LG3 compliant lighting
- Two (8 person) passenger lifts servicing up to the fifth floor with the sixth floor via the staircase
- Male, female and disabled WC facilities
- Shower/locker facilities
- 26 external and secure car parking spaces (1:1,729 per sq ft)
- Secure motorbike and bicycle parking

### ACCOMMODATION

Floor	Use	Net Internal Area		IPMS	
		NIA (sq ft)	NIA (sq m)	IPMS (sq ft)	IPMS (sq m)
Ground	Reception	715	66.41	741	68.87
Ground	Offices	1,871	173.79	1,934	179.67
First	Offices	7,909	734.76	8,048	747.68
Second	Offices	8,354	776.11	8,499	789.58
Third	Offices	8,355	776.23	8,504	790.01
Fourth	Offices	8,315	772.50	8,469	786.77
Fifth	Offices	8,109	753.39	8,268	768.08
Sixth	Offices	2,028	188.45	2,028	188.45
<b>Total</b>		<b>45,656</b>	<b>4,241.64</b>	<b>46,491</b>	<b>4,319.11</b>

### TYPICAL FLOOR PLATE 2<sup>nd</sup> Floor







# SOUTH QUAY HOUSE

South Quay House provides a total net internal area of approximately 27,078 sq ft over ground and three upper floors, with floor plates up to 6,819 sq ft



THE SPECIFICATION INCLUDES

- Four pipe fan coil air conditioning
- Full access raised floors (150 mm void)
- Typical floor to ceiling heights of 2.65m
- Suspended ceilings incorporating LG3 compliant lighting
- Two (8 person) passenger lifts servicing each floor
- Male, female and disabled WC facilities
- Shower/locker facilities
- 14 secure basement car parking spaces (1:1,926 per sq ft)
- Secure motorbike and bicycle parking

ACCOMMODATION

Floor	Use	Net Internal Area		IPMS	
		NIA (sq ft)	NIA (sq m)	IPMS (sq ft)	IPMS (sq m)
Ground	Reception	115	10.64	117	10.87
Ground	Offices	6,819	633.48	6,929	643.68
First	Offices	6,570	610.34	6,664	619.13
Second	Offices	6,570	610.34	6,664	619.13
Third	Offices	6,570	610.34	6,664	619.13
Basement	Storage	434	40.33	435	40.45
Total		27,078	2,515.47	27,473	2,552.39

TYPICAL FLOOR PLATE  
2<sup>nd</sup> Floor



# NORTH QUAY HOUSE

North Quay House provides a total net internal area of approximately 23,613 sq ft over ground and three upper floors, with floor plates up to 5,696 sq ft



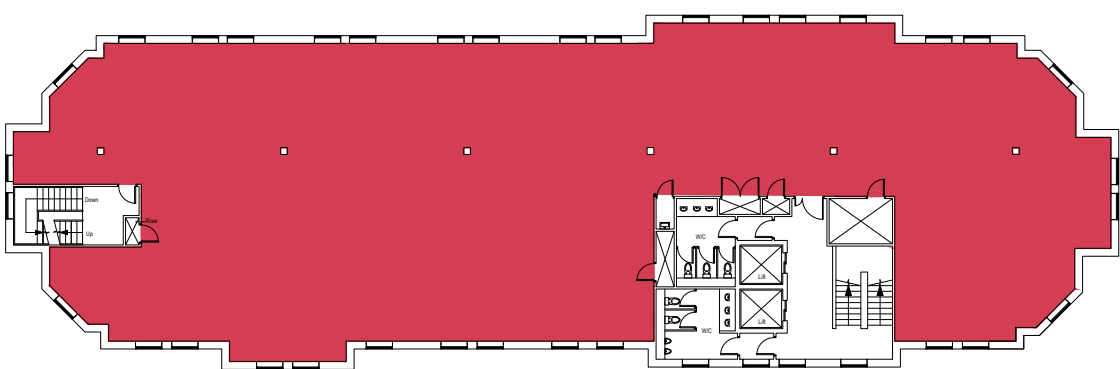
THE SPECIFICATION INCLUDES

- Four pipe fan coil air conditioning
- Full access raised floors (150 mm void)
- Typical floor to ceiling heights of 2.65m
- Suspended ceilings incorporating LG3 compliant lighting
- Two (8 person) passenger lifts servicing each floor
- Male, female and disabled WC facilities
- Shower/locker facilities
- 17 secure basement car parking spaces (1:1,321 per sq ft)
- Secure motorbike and bicycle parking

ACCOMMODATION

Floor	Use	Net Internal Area		IPMS	
		NIA (sq ft)	NIA (sq m)	IPMS (sq ft)	IPMS (sq m)
Ground	Reception	374	34.76	374	34.76
Ground	Offices	5,512	512.12	5,628	522.80
First	Offices	5,696	529.15	5,802	539.07
Second	Offices	5,556	516.18	5,668	526.61
Third	Offices	5,689	528.50	5,801	538.94
Basement	Storage	786	73.02	790	73.36
Total		23,613	2,193.73	24,063	2,235.54

TYPICAL FLOOR PLATE  
2<sup>nd</sup> Floor







# TENANCY & TENURE

## TENANCY

The property is let to five tenants; DAS Services Limited, DAS Law Limited, Unite Integrated Solutions Plc, Development Initiatives Poverty Research Limited and LIGS Limited with a weighted average unexpired lease term of 4.43 years to expiry and 4.26 years to break.

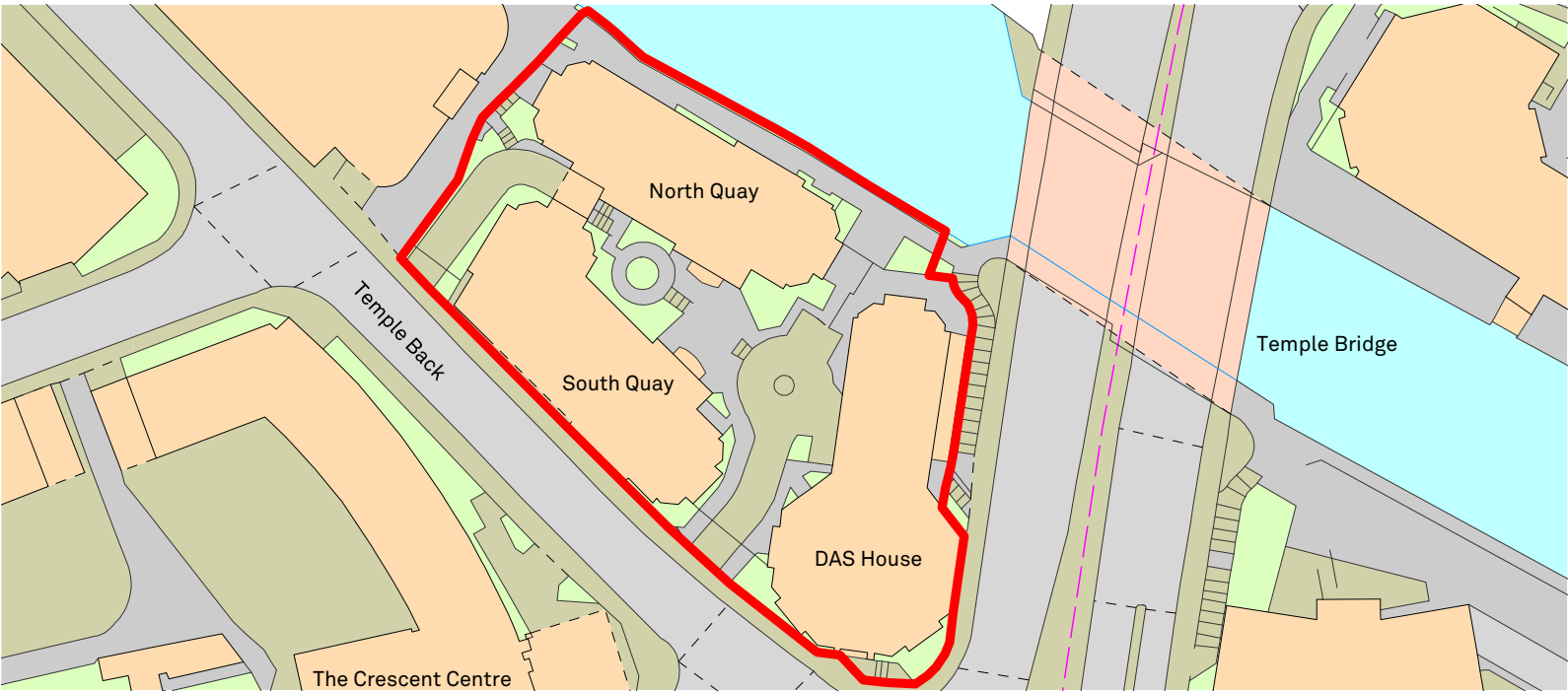
The contracted passing rent is £1,833,781 per annum, equating to an overall rent of £19.43 per sq ft.

The passing rents range from £16.02 per sq ft to £22.11 per sq ft.

The leases to DAS Services Limited and DAS Law Limited contain no yielding up provisions, as such the tenants are not required to put the property in any better condition than evidenced in the Schedules of Condition. At lease expiry the tenants will only be required to remove those items not itemised within the lease documentation.

## TENURE

The property is held freehold under title numbers AV154293 (DAS House), BL76297 (South Quay House) and AV178349 (North Quay House) and as delineated in red on the plan, for identification purposes only.



# TENANCY SCHEDULE

DAS Services Limited, DAS Law Limited, Unite Integrated Solutions Plc, Development Initiatives Poverty Research Limited and LIGS Limited

Building	Accommodation	Tenant	Area (Sq Ft)	Start Date	Lease Expiry	Annual Rent	Rent (per sq ft)	Comments
DAS House	Ground	DAS Services Limited	1,871	01/01/2019	24/12/2022	£41,368	£22.11	Lease subject to a Schedule of Condition Lease excluded from L&T 1954 Act
	First		7,909	01/01/2019	24/12/2022	£174,865	£22.11	
	Second		8,354	01/01/2019	24/12/2022	£184,704	£22.11	
	Third		8,355	01/01/2019	24/12/2022	£184,726	£22.11	
	Fourth		8,315	01/01/2019	24/12/2022	£183,842	£22.11	
	Fifth		8,109	01/01/2019	24/12/2022	£179,287	£22.11	
	Sixth		2,028	01/01/2019	24/12/2022	£44,838	£22.11	
			44,941			£993,630	£22.11	
South Quay House	Basement	Unite Integrated Solutions Plc	434	19/03/2019	12/02/2027	£2,170	£5.00	Rent Review date 13/02/2022
	Ground		6,819	19/03/2019	12/02/2027	£117,745	£17.27	Lease subject to a Schedule of Condition
	First		6,570	19/03/2019	12/02/2027	£113,445	£17.27	12 months rent free expiring on 18/03/2020. Vendor will top up
	Second		6,570	19/03/2019	12/02/2027	£113,445	£17.27	Service charge cap of £7.29 per sq ft
	Third		6,570	19/03/2019	12/02/2027	£113,445	£17.27	
			26,963			£460,250	£17.07	
North Quay House	Part Ground	DAS Law Limited	1,893	25/12/2015	24/12/2020	£30,323	£16.02	Lease subject to a Schedule of Condition / Lease excluded from 1954 Act
	Part Ground	Development Initiatives Poverty Research Limited	3,619	01/03/2019	29/02/2024	£72,250	£19.96	Landlord & Tenant break option, notice can be served at anytime / Notice period 12 months
	First	DAS Law Limited	5,696	25/12/2015	24/12/2020	£91,243	£16.02	Lease subject to a Schedule of Condition / Lease excluded from 1954 Act
	Part Second	DAS Law Limited	1,891	25/12/2015	24/12/2020	£30,291	£16.02	Lease subject to a Schedule of Condition / Lease excluded from 1954 Act
	Part Second	LIGS Limited	3,665	24/03/2016	23/03/2026	£64,663	£17.64	Tenant only option to break (24/03/21), subject to no less than 6 months notice Rent Review date 24/03/2021 The original letting area was agreed at 3,695 sq ft at a fixed rent per sq ft of £17.50
	Third	DAS Law Limited	5,689	25/12/2015	24/12/2020	£91,131	£16.02	Lease subject to a Schedule of Condition / Lease excluded from 1954 Act
			22,453			£379,901	£16.92	
			94,357			£1,833,781	£19.43	



**DAS SERVICES LIMITED**

(Company No: 03457887)



DAS can trace its origins back to the Le Mans motor racing event in 1917, when a mutual company was set up under the name Defence Automobile et Sportive (DAS), offering insurance for motor accidents, fire and theft. Today DAS has grown to employ over 700 people across five UK locations and in 2018 wrote 7 million insurance policies. In addition to a team based in Bristol, DAS UK Group has sales offices in London and Manchester and a claims office in south Wales.

DAS UK Group is part of the international network of DAS companies owned by the ERGO Insurance Group, one of the major insurance groups in Germany and Europe. They, in turn, have been specialising in legal expenses products and services for more than 80 years.

The majority shareholder in ERGO is Munich Re, the largest and financially strongest reinsurer in the world. As part of a global insurance group, with its own law firm and an office in Ireland, DAS UK Group has the size and strength to offer extensive support, specialist teams and an impressive portfolio of products and services.

DAS UK Holdings Limited (DAS UK Group) was formed in 1975 as a joint venture between DAS Munich and Phoenix Assurance – now part of Royal & Sun Alliance. Until that time, legal protection insurance in the UK was prohibited. In 1989, the company became wholly owned by DAS. Today, DAS is the UK's leading specialist legal protection insurer offering a comprehensive range of legal protection and legal service products, as well as assistance for motorists, private individuals and businesses. They also offer support and guidance to thousands of customers through their legal advice helpline.

DAS Services Limited (Company No: 03457887) have a Dun and Bradstreet rating of N1 which represents a minimum risk of business failure despite having negative financial strength.

DAS Services Limited	Year Ending 31 December 2017	Year Ending 31 December 2016	Year Ending 31 December 2015
Sales Turnover	£49,512,000	£58,675,000	£59,955,000
Profit / (Loss) Before Taxes	£1,829,000	£2,403,000	£2,295,000
Net Current Assets (Liabilities)	£3,371,000	£1,276,000	£3,000,000

**DAS LAW LIMITED**

(Company No: 05417859)



DAS Law Limited (Company No: 05417859) is part of DAS UK Group. DAS Law employ over 200 people and provide legal advice and support across a wide spectrum of issues ranging from employment matters and personal injury litigation, to commercial disputes.

DAS Law Limited have a Dun and Bradstreet rating of N1 which represents a minimum risk of business failure despite having negative financial strength.

DAS Law Limited	Year Ending 31 December 2017	Year Ending 31 December 2016	Year Ending 31 December 2015
Sales Turnover	£14,021,000	£12,654,000	£13,375,000
Profit / (Loss) Before Taxes	(£2,181,000)	(£1,964,000)	(£3,123,000)
Net Current Assets (Liabilities)	(£6,988,000)	(£742,000)	(£3,539,000)

**UNITE INTEGRATED SOLUTIONS PLC**

(Company No: 02402714)



Unite Integrated Solutions Plc (Company No: 02402714) is the largest manager and developer of purpose-built student accommodation, supporting the country's world leading higher education sector. The company provides over 50,000 students with accommodation each year in around 130 properties across 22 leading university towns and cities across the UK.

The largest fund managed by the company is the Unite UK Student Accommodation Fund (USAF) which is currently valued at £2.2bn.

Unite Integrated Solutions Plc have a Dun and Bradstreet rating of N1 which represents a minimum risk of business failure despite having negative financial strength.

Unite Integrated Solutions Plc	Year Ending 31 December 2017	Year Ending 31 December 2016	Year Ending 31 December 2015
Sales Turnover	£225,130,000	£205,147,000	£201,499,000
Profit / (Loss) Before Taxes	£10,383,000	£4,315,000	£21,239,000
Net Current Assets (Liabilities)	(£12,968,000)	(£18,835,000)	£3,029,000

**DEVELOPMENT INITIATIVES POVERTY RESEARCH LIMITED**

(Company No: 06368740)



Development Initiatives Poverty Research Limited (Company No: 06368740) are an independent international development organisation that focuses on the role of data in driving poverty eradication and sustainable development. Founded in the south west of England in 1993, they now have partnerships across the world with over 70 people working in Brazil, Kenya, Uganda, UK and USA.

The company's operations are funded through private foundations. These include the Bill and Melinda Gates Foundation, the William and Flora Hewlett Foundation and Omiduyar.

Development Initiatives Poverty Research Limited have a Dun and Bradstreet rating of N3 which represents an average risk of business failure and negative financial strength.

Development Initiatives Poverty Research Limited	Year Ending 31 December 2017	Year Ending 31 December 2016	Year Ending 31 December 2015
Sales Turnover	£4,028,614	£205,147,000	£201,499,000
Profit / (Loss) Before Taxes	(£171,522)	(£30)	(£14,394)
Net Current Assets (Liabilities)	£1,670,415	£2,469,977	£1,118,908

**LIGS LIMITED**

(Company No: 00182469)



LIGS Limited (Company No: 00182469) was incorporated on 16th June 1922 with the registered office located in London. LIGS Limited are part of the Lockton Group who are the world's largest privately held independent insurance broker.

LIGS Limited have a Dun and Bradstreet rating of 4A1 which represents a minimum risk of business failure.

LIGS Limited	Year Ending 30 April 2018	Year Ending 30 April 2017	Year Ending 30 April 2016
Sales Turnover	£132,673,354	£115,976,402	£102,896,338
Profit / (Loss) Before Taxes	13,207,951	10,222,358	1,968,063
Net Current Assets (Liabilities)	£28,136,181	£40,827,754	£28,686,629



# KEY DEVELOPMENTS

Bristol city centre has undergone and continues to see a significant amount of major mixed-use development encompassing uses such as offices, residential, build to rent, purpose built student accommodation and major infrastructure.

- 1

**CASTLE PARK VIEW**  
M&G & Bouygue are developing a 26 storey scheme to include 375 Build to Rent apartments
- 2

**FIRE STATION/HALO**  
Cubex Land & Palmer Capital propose a mixed use scheme of offices (116,000 sq ft) and 300 BTR apartments
- 3

**ASSEMBLY BRISTOL**  
AXA & Bell Hammer office development comprising three buildings totalling around 310,000 sq ft
- 4

**GLASSFIELDS/THE DISTILLERY**  
Royal London mixed use development comprising around 250,000 sq ft of offices and a 200 bed Jurys/Leonardo hotel
- 5

**SOAPWORKS**  
Proposed mixed use development to include office and residential accommodation
- 6

**ND6 & 7**  
Legal & General development delivering 255 & 120 Build to Rent apartments

- 7

**4 GLASS WHARF**  
NFU & Salmon Harvester have consent for a 215,000 sq ft office building
- 8

**REDCLIFF QUARTER**  
Change Real Estate development to comprise a 236 bed hotel, 240 apartments and 240 BTR apartments
- 9

**ASPIRE**  
CEG have planning consent for a 200,000 sq ft office building
- 10

**TEMPLE SQUARE & ENGINE SHED II**  
Temple Square is proposed to deliver around 250,000 sq ft of offices including Engine Shed II at around 44,000 sq ft
- 11

**TEMPLE QUARTER ENTERPRISE CAMPUS**  
University of Bristol's New £350M Innovation Campus to include 900,000 sq ft of academia space and 954 student beds
- 12

**TEMPLE ISLAND**  
Bristol City Council are proposing a conference centre, hotel, new homes and office accommodation
- 13

**REDCLIFFE WHARF**  
Complex Developments propose a mixed use scheme to include offices, residential & leisure uses







# OCCUPATIONAL MARKET

Bristol city centre office stock totals 13.5 million sq ft, with prime rents now standing at £35.00 per sq ft and vacancy rates are at a historic low of 3.5%

## TAKE UP

2018 saw take up for Bristol city centre at 536,585 sq ft in line with the 10 year average, representing a decrease of 14% from 2017 (612,780 sq ft). This decrease is largely explained by a severe lack of supply rather than reduced demand, with the total available stock being at a 20 year low.

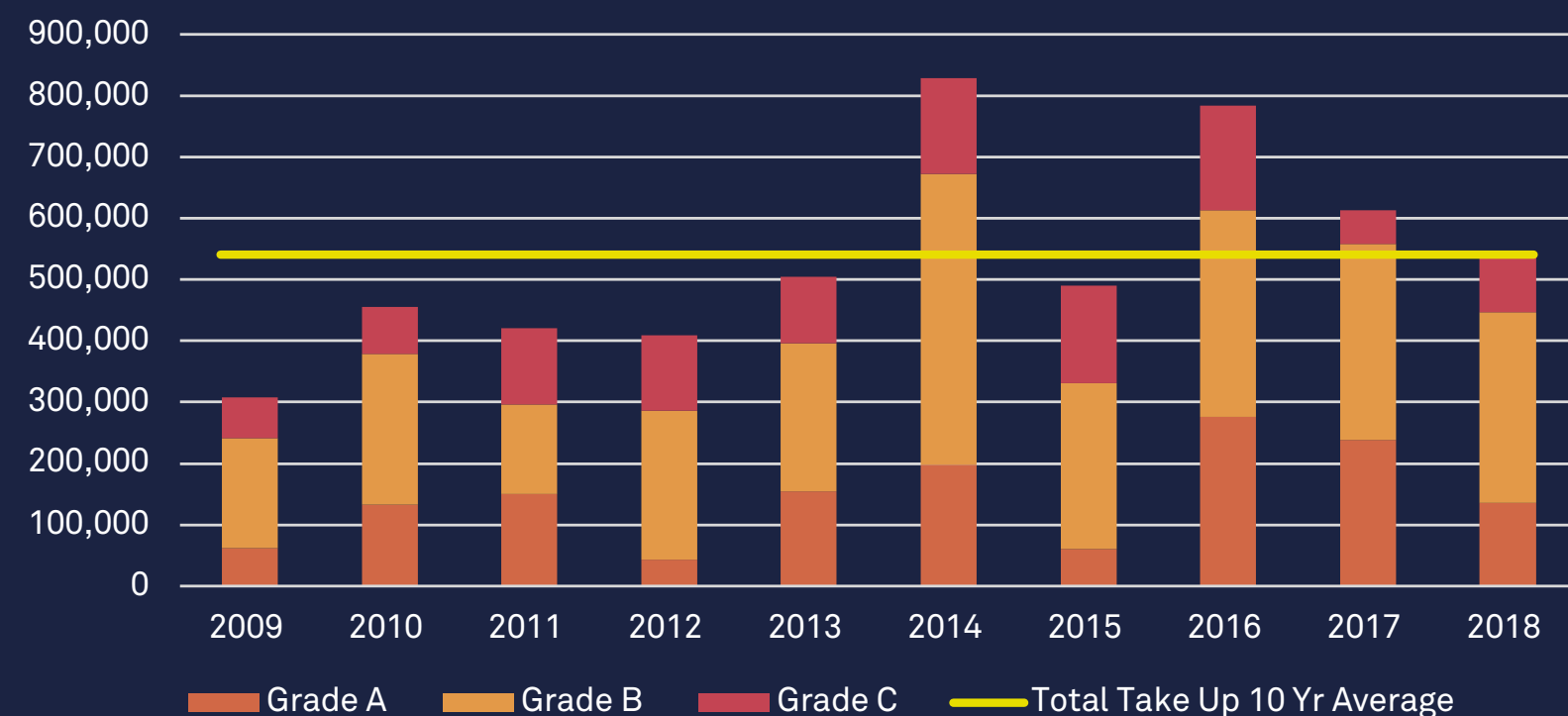
We have also witnessed over 1.5 million sq ft of office stock removed from the market for alternative uses during the past few years, largely due to the application of Permitted Development Rights (PDR) legislation, demand for purpose-built student accommodation, build to rent and hotels.

Bristol is still dominated by the booming tech and professional services sectors who have accounted for 82% of total take up in 2018. Infrastructure and transport improvements have helped to diversify Bristol's occupier base further, and coupled with healthy demand and limited new supply, Q1 2019 saw vacancy rates hit a historic low.

The upturn in demand from the professional sector was led by a number of significant lettings namely Simmons & Simmons, Mewburn Ellis and Parmenion Capital Partners taking space at Aurora and Dyson Technologies Ltd moving in to Bristol and taking space at One Cathedral Square alongside The University of Bristol. Channel 4 have also chosen Bristol as a new creative hub believed to be The Fermentation building at Finzels Reach.

A recent key trend across the UK has been the rapid expansion of serviced office and co-working providers, and Bristol has witnessed significant interest in this sector. The co-working company Runway East made their Bristol debut in 2018, taking 30,148 sq ft in 1 Victoria Street and being fully occupied within six weeks, triggering their second requirement for central Bristol. More recently, DeskLodge, have committed to second building in central Bristol taking 28,700 sq ft in Unum House.

## ANNUALISED TAKE UP BY GRADE (SQ FT)



## RECENT LEASING TRANSACTIONS

Date	Property	Area (sq ft)	Tenant	Rent (psf)	Term (Break)	Incentive
Q4 2018	3 Temple Quay 3 <sup>rd</sup> Floor (part)	8,298	Brunel Professions	£33.00	10 (5)	18
Q4 2018	Hartwell House 3 <sup>rd</sup> Floor	13,458	Epic	£31.50	10 (5)	13
Q3 2018	Aurora, Part Ground Floor Finzels Reach	3,194	Amdaris	£35.13	10	16
Q3 2018	Aurora, Part Ground Floor Finzels Reach	5,012	Experis	£34.00	10 (5)	12
Q3 2018	Aurora, 3 <sup>rd</sup> & 4 <sup>th</sup> Floor Finzels Reach	31,000	Parmenion	£33.75	10	24
Q4 2017	One Cathedral Square College Green	28,718	Dyson Technologies Ltd	£32.50	10 (5)	14
Q4 2017	Aurora, 5 <sup>th</sup> & 6 <sup>th</sup> Floors Finzels Reach	26,985	Simmons and Simmons	£31.50	15 (12)	24
Q4 2017	One Cathedral Square College Green	27,341	University of Bristol	£31.00	15 (10)	18
Q3 2017	Aurora, 1 <sup>st</sup> Floor Finzels Reach	13,326	Mewburn Ellis	£30.50	15 (12)	24

## AVAILABILITY

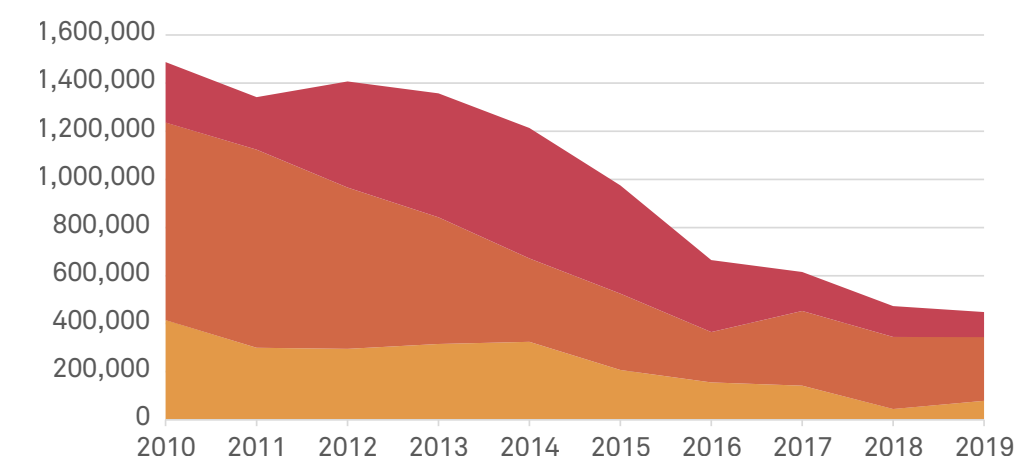
Central Bristol availability has fallen notably over the last five years and most significantly over the past 18 months as a result of continued healthy tenant demand, very limited development, the implementation of Permitted Development Rights, demand from residential, build to rent and student developers.

Total availability has dropped from around 1.47m sq ft in 2012 to 447,000 sq ft by the end of 2018, representing 69% reduction in total stock availability.

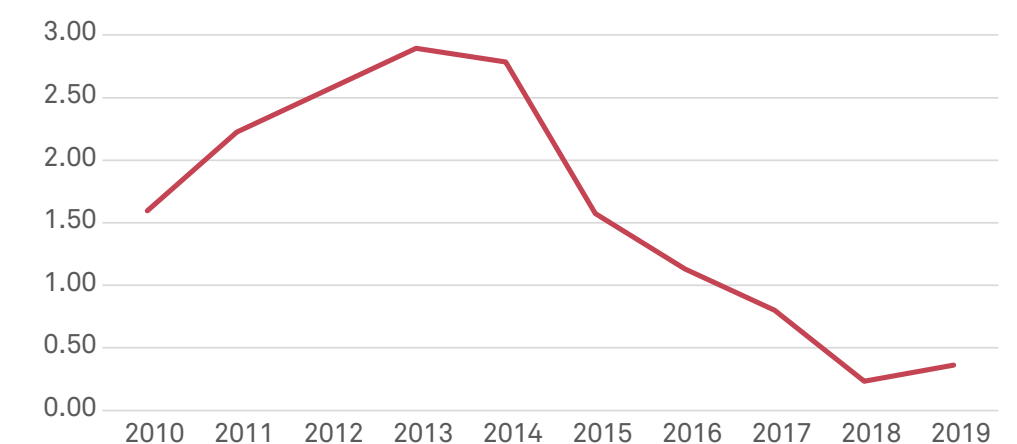
Bristol has witnessed two projects commence development, namely, Assembly Bristol (189,000 sq ft) due for completion in Q4 2020 with 25,400 sq ft under offer and The Distillery, Glassfields (92,000 sq ft) three inter-connecting buildings due for delivery in Q3 2020.

At the start of 2019, the current supply ratio reflected only 0.36 years for Grade A space when compared with the three years average take up, which is the lowest of all major UK cities.

## BRISTOL CITY CENTRE AVAILABILITY BY GRADE



## BRISTOL CITY CENTRE OFFICE AVAILABILITY – YEARS OF SUPPLY







# OCCUPATIONAL MARKET

## REQUIREMENTS AND RENTAL GROWTH

There are a range of Grade A requirements in the market which remain unsatisfied, along with a large number of lease events anticipated between 2020 and 2022, where occupiers will look to move and upgrade their accommodation and ways of working. Bristol is an extremely well balanced economy with strong demand from business and financial services, TMT and public sector occupiers.

Popular requirements are seeking floorplates of between 5,000 – 10,000 sq ft with the most active sectors being legal, professional and TMT, which is driving take up of forthcoming new and refurbished stock in particular.

The Temple Quarter area is very well placed to benefit from any relocations as witnessed by the recent moves by Simmons & Simmons, Mewburn Ellis and Parmenion Capital Partners to Aurora, and the new entrants, Dyson and Channel 4.

Bristol has witnessed the highest rate of rental growth of all the major cities during the past 18 months at 23% for Grade A rents. With the lack of available quality accommodation we expect further rental compression between Grade A and B rents, we believe this will drive Grade A rents above £35.00 per sq ft and Grade B above £30.00 per sq ft during 2019.



# INVESTMENT MARKET

The UK commercial real estate investment market saw £54.4Bn of transactions in 2018, slightly down from £62Bn in 2017, although well above the 10 year average of £48Bn

The Bristol office investment market witnessed reduced investment activity during 2018 standing at £322M compared with £463M in 2017, however this was largely a function of vendors seeking to benefit from the strongest rental growth period in the city’s history before capitalising on the additional value. Strong fundamentals have encouraged investors to target the city and acute competition for assets has seen yields shift inwards to 4.75% and capital values to £650 per sq ft following the sale of Aurora in Q4 2018.

This has been driven by the higher yield returns available to investors outside of the capital, a trend which is anticipated to continue this year and buoyed by the positive occupational market dynamics and strong rental growth forecast.

Property	Size (sq ft)	Tenant(s)	Unexpired Term	Date	Price (£ Per Sq Ft)	NIY	Purchaser
Kings Orchard One Queen Street	89,010	Bevan Brittan LLP	8 years to lease expiry	March 19	£31,400,000 (£353 per sq ft)	5.75%	Under Offer
Aurora Finzels Reach	95,531	Simmons & Simmons, Mewburn Ellis, Parmenion & Experis	10.3 years to lease events	Nov 18	£62,130,000 (£650 per sq ft)	4.75%	Royal London Asset Management
Castlemead Lower Castle Street	137,052	Multi-let	4.40 years to lease events	June 18	£32,000,000 (£233 per sq ft)	7.16%	Floreat Group
1 Rivergate Temple Quay	69,754	OVO Energy Limited	8 years to lease expiry / 5 years to lease event	June 18	£27,600,000 (£396 per sq ft)	5.84%	CBRE Global Investment Partners
The Crescent Centre Temple Back	89,935	Multi-let to The Secretary of State, Arriva Transport and Brookfield	5.29 years to lease expiry / 2.92 years to lease events	Feb 18	£15,000,000 (£167 per sq ft)	3.21%	Commercial Estates Group Limited
One Cathedral Square	56,059	University of Bristol and Dyson Technologies Ltd	12.4 years to lease expiry / 7.6 years to lease events	Dec 17	£33,500,000 (£597 per sq ft)	4.98%	BMO F&C REIT
Freshford House Redcliffe Way	30,859	Multi-let to Epic, Strava and Fujitsu	8.16 years to lease expiry / 4.13 years to lease events	Nov 17	£9,760,000 (£316 per sq ft)	6.50%	Columbia Threadneedle
Tower Wharf Cheese Lane	70,644	Multi-let to LSH, Oracle, NewLaw Legal and Ashfords	5.2 years to lease expiry / 2.8 years to lease events	Aug 17	£23,150,000 (£328 per sq ft)	3.60%	Picton Capital
Prudential Buildings Wine Street	66,366	Multi-let to Reed, Tesco, Capita and Graphcore	7.3 years to lease expiry / 5.2 years to lease events	Aug 17	£21,270,000 (£320 per sq ft)	6.39%	Columbia Threadneedle
1 Georges Square Bath Street	68,660	Clarke Willmott	5.75 years to lease expiry	July 17	£26,000,000 (£378 per sq ft)	5.50%	M&G Real Estate
Colston Tower Colston Street	88,861	Multi-Let	4.89 years to lease events	April 17	£17,500,000 (£197 per sq ft)	6.65%	AEW Europe



# FURTHER INFORMATION

## SERVICE CHARGE

Quayside has an estate service charge account and separate service charge accounts for each building.

The service charge accounts for the year ending 31st December 2018 are as follows:

- DAS House £438,558 (£9.76 per sq ft)
- South Quay House £188,161 (£6.98 per sq ft)
- North Quay House £162,005 (£7.22 per sq ft)

The DAS House service charge account is currently operated on the basis the tenant's floor power and cleaning is charged through the account, which is planned to continue post sale.

Further information on the service charge accounts is available within the data room.

## VAT

DAS House and North Quay House are not subject to an option to tax and as such VAT will not be payable on the purchase price. South Quay House is subject to VAT and therefore VAT will be payable upon the purchase price.

## EPC

The Energy Performance Certificates ratings are as follows:

- DAS House E107
- South Quay D89
- North Quay D99

Energy Performance Certificates are available within the data room.

## DATA ROOM

Data room access can be provided upon request, which contains the following information:

- Title Documents
- Occupational Documents
- Measured Surveys
- EPC
- Management Information
- Harbour Wall Survey

Full details can be found at: [www.quaysidebristol.com](http://www.quaysidebristol.com)



# PROPOSAL

## INVESTMENT RATIONALE

- Prime waterfront location within the heart of the Central Business District adjacent to Temple Quay and close to Bristol Temple Meads Station
- Multi-let with staggered lease events providing sequential opportunities to phase the refurbishment, redevelopment and reletting of the buildings whilst maintaining core income
- Significant asset management opportunities including rent reviews, lease renewals, refurbishment and redevelopment
- The buildings provide a good range of flexible floorplate sizes popular with tenant requirements
- With average rents of £19.43 per sq ft, the property is highly reversionary
- Very low capital value of £260 per sq ft compared with prime Grade A buildings now at £650 per sq ft
- Bristol has the lowest availability on record currently standing at around 447,000 sq ft and 3.5%
- Bristol has witnessed the fastest rental growth in its history with Grade A rents increasing by around 23% in 18 months
- Bristol has one of the most diverse employment bases including some of the largest floorspace occupied by the banking, legal and TMT sectors in the UK outside London
- Bristol has benefited significantly from relocations and expansion around occupiers including Rolls Royce, Ministry of Defence, BBC, Airbus, Lloyds Bank, Channel 4, Dyson and numerous large legal practices
- Quayside provides a very exciting opportunity to reposition this prime waterfront located asset

## PROPOSAL

We are instructed to seek offers in excess of **£25,000,000 (Twenty Five Million Pounds)**, subject to contract and exclusive of VAT for our client's freehold interest.

A purchase at this level would reflect an overall **net initial yield of 6.87%**, assuming standard purchaser's costs of 6.76%. This reflects an overall capital value of **£260 per sq ft**.

## FURTHER INFORMATION

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