

NEW WAVERLEY  
EDINBURGH

# THE CANONGATE

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## *A Luxury Boutique 21 Bedroom Apart-Hotel*





# INVESTMENT SUMMARY

- ◆ Unique opportunity to acquire a luxury, 21-bedroom boutique apart-hotel located in the centre of Edinburgh's historic Old Town, EH8 8BH.
- ◆ Situated in the heart of Edinburgh's New Waverley development next to the Royal Mile and Waverley train station. (<http://newwaverley.com/>)
- ◆ The former C-listed Victorian schoolhouse will benefit from commercial premises, across two floors, (class 3) ideal for a restaurant, bar and terrace. Commercial spaces could be operated or leased independently.
- ◆ Forecasted operating rooms revenue in excess of £1,400,000 per annum.
- ◆ Forecasted operating profits of £978,000 (excluding rates) based on 83.2% occupancy and an average daily rate of (ADR) £226 and £188 RevPAR.
- ◆ Offers in Excess of £8,000,000.
- ◆ The transaction is to be structured with a 10% deposit on conclusion of missives and a balancing payment made on practical completion expected in June 2019.

A purchase at asking price would reflect an Initial Yield of 12.2% (excluding rates and VAT) and a capital value per unit of £345,000 excluding all common parts.





SITUATION

Uniquely located, this boutique apart-hotel is right in the heart of Edinburgh's city centre. Situated just a stone's throw from Edinburgh Castle, St. Giles' Cathedral, the National Museum of Scotland, the National Library and Edinburgh University. As a central part of the 'New Waverley' scheme, the Canongate will create a vibrant hub within this flagship mixed-use development, creating an entirely new destination for Edinburgh. The development is positioned next to the historical Royal Mile with the main shopping and commercial thoroughfares of Princes Street and George Street close by. Within a comfortable walking distance are major high street retailers, fine restaurants and fashionable bars. Getting to and from New Waverley could not be easier given the array of transport connections. The newly refurbished Waverley Station is only 4 minutes' walk away, offering regular trains throughout the Lothian region, Scotland and the UK. The nearest airport is Edinburgh Airport, 7 miles from the apart-hotel, with Glasgow Airport 48.5 miles away.





## SCOTLAND & EDINBURGH TOURISM

VisitScotland statistics show that the number of international tourist trips to Scotland in the year to Sept 2018 compared to the year to Sept 2017, increased by 12.69% (to 2.9m). These statistics highlight the mass marketing undertaken by VisitScotland to promote the country's tourist destination.

Spending by overseas tourists has increased at an even faster rate, rising by 18.96% to £1.85bn in 2018 compared to 2016 spending. This showcases the benefits of Sterling devaluation in recent times.

The boom in inbound tourism is further evidenced by the two main international airports in Scotland both declaring 2018 a strong year for passenger numbers. Glasgow recorded 9.69m passengers whilst Edinburgh boasted 14.3m passengers, a rise of 0.9m, bolstered by a growth in international passengers thanks to the addition of a number of new routes.

On the back of this strong performance, hotel investment transactions in Scotland exceeded £902m in 2018, marking a more than fourfold increase on 2017's total. Much of the investment in this sector is from overseas buyers taking advantage of the exchange rate, with the Middle East and Far Eastern buyers on the increase. A large portion of investment spend was accounted for by portfolios of assets alongside a healthy number of individual transactions.

The hotel sector across Scotland has benefitted from the continued weakness of Sterling in currency markets, coupled with the very high profile destination of Scotland around the world. Further expansion of both Glasgow and Edinburgh Airports will continue to open up new markets, with direct routes to new destinations planned in 2019.







**NEW WAVERLEY -  
THE DEVELOPMENT  
(COMPLETING 2020/21)**

The Canongate is the central hub to the exciting New Waverley development which brings together various retail, office, hotel and residential aspects creating a leading mixed-use environment to work, live and relax within Edinburgh city centre







# THE CANONGATE – A LUXURY 5 STAR BOUTIQUE APART-HOTEL

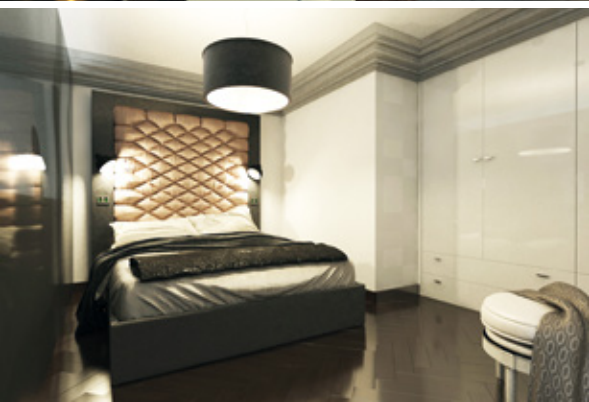
## HOTEL DESCRIPTION

The C-listed Victorian building is set out over three floors, comprising of 21 self-catering hotel apartments, a spacious commercial unit (ideal for operation as a restaurant), an atrium living room, a bar and roof terrace.

The specification within the scheme is luxurious, creating an elegant product to rival the major hotels in Edinburgh.

All apartments range in size between 33 sqm (335 sqft) to 53 sqm (570 sqft) and include fully equipped bespoke kitchens, contemporary bathrooms, living / dining areas and mezzanine bedrooms.

The building contains a large entrance reception, as well as a management office, lift access and parking to the rear of the site.

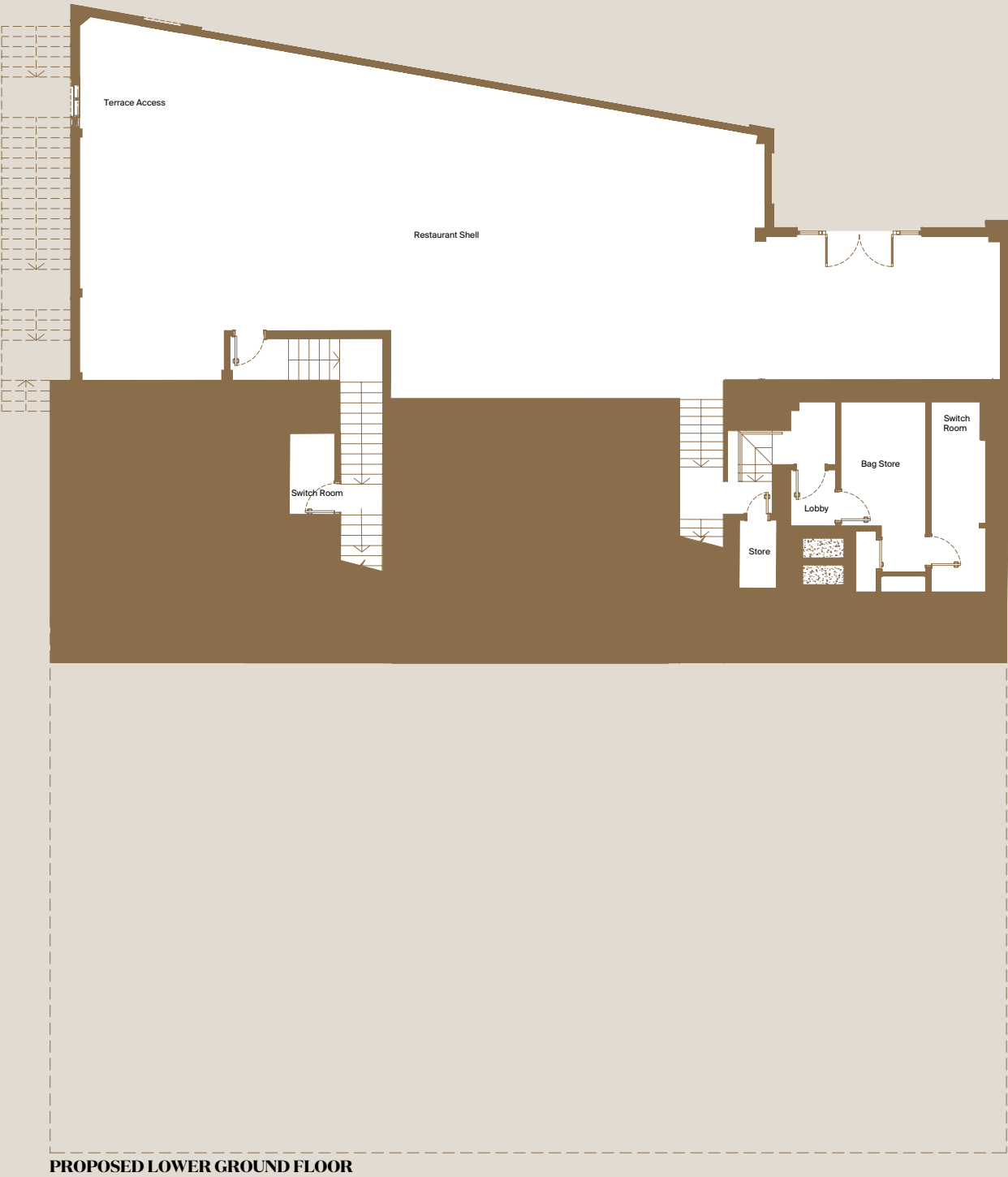




ACCOMMODATION SCHEDULE

LOCATION	SIZE (SQM)
Restaurant Shell	180
Bar Shell	60
Reception and Switch Rm	43
Terrace	185
Office & Comms Rm	12
Lower Atrium	104
Unit 01	22 + 11 = 33
Unit 02	25 + 10 = 35
Unit 03	29 + 14 = 43
Unit 04	25 + 13 = 38
Unit 05	25 + 13 = 38
Unit 06	28 + 14 = 42
Unit 07	25 + 10 = 35
Unit 08	22 + 11 = 33
Unit 09	30 + 10 = 40
Unit 10	22 + 11 = 33
Unit 11	24 + 10 = 34
Unit 12	29 + 14 = 43
Unit 13	25 + 13 = 38
Unit 14	25 + 13 = 38
Unit 15	28 + 14 = 42
Unit 16	25 + 10 = 35
Unit 17	22 + 11 = 33
Unit 18	38 + 15 = 53
Unit 19	24 + 13 = 37
Unit 20	24 + 13 = 37
Unit 21	24 + 14 = 38

FLOORPLANS



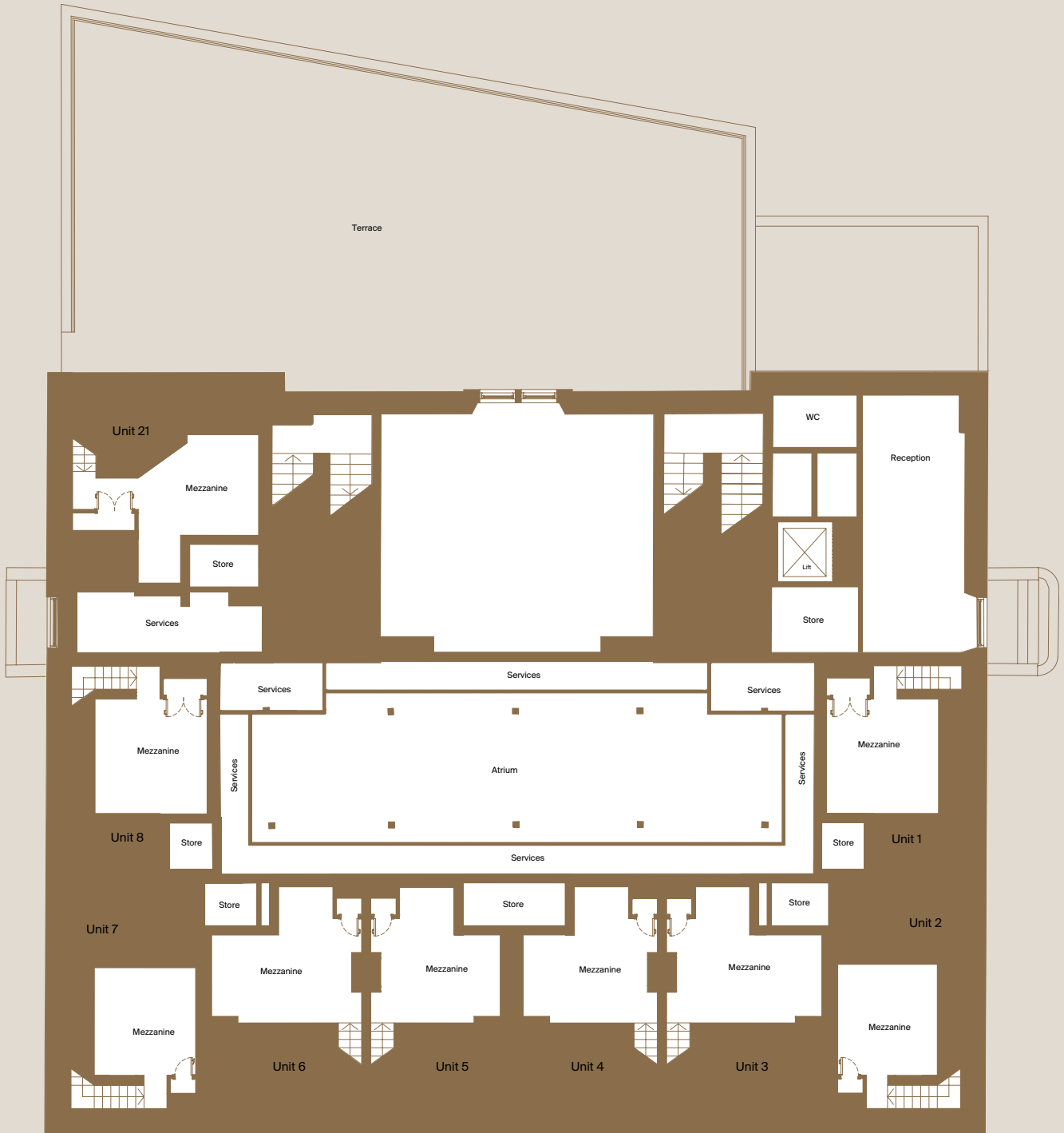


FLOORPLANS



PROPOSED GROUND FLOOR

FLOORPLANS



PROPOSED GROUND FLOOR MEZZANINE



FLOORPLANS



PROPOSED FIRST FLOOR

FLOORPLANS



PROPOSED FIRST FLOOR MEZZANINE









TENURE

The property is being sold with a 175 year lease activated in Dec 2017.

PROFESSIONAL TEAM

Site preparation, engineering and construction works are well underway. Projected completion due in June 2019.

Edinburgh Castle Ltd are the owners / developers of The Canongate. They have worked alongside Staran Architects to redesign the building and will be taking the project through to completion.

There is scope for an owner / operator to make some changes to the final finish / specification at this stage however; options for alterations will reduce as the building moves further towards completion in June.

LEAD CONTRACTOR



Redpath is a leading regional Scottish contractor specialising in refurbishment, interiors and construction projects.

Redpath have been employed to carry out the full renovation and fit-out of the original Canongate Venture Building into a leading boutique apart-hotel. They are working alongside some leading brands creating input on bespoke kitchens, bathrooms and interior design.

VAT / BUSINESS RATES /  
CAPITAL ALLOWANCE

The property is elected for VAT. Business rates are yet to be confirmed by Edinburgh Council. Due to the extensive refurbishment of the building, capital allowance benefits could be claimed by the new owner. Further detail can be produced upon request.

PROPOSAL

Our client is seeking Offers in Excess of £8,000,000 plus VAT for the purchase of The Canongate.

This would include a fully completed (unfurnished) apart-hotel, consisting of 21 high end hotel apartments, as well as fully serviced, shell finished, commercial spaces that are ready for fit out and operation.

Our client has produced a forecasted operating performance that can be requested directly from Knight Frank. It forecasts an operating rooms revenue in excess of £1,400,000 per annum. After expenses, payroll, sales & marketing costs, utilities etc, this results in a forecasted Net Operating Profit of £978,000 (excluding rates & VAT) based on 83.2% occupancy and an ADR of £226 and £188 RevPAR.

The transaction is expected to be structured with a 10% deposit on the conclusion of missives (exchange) and a balancing payment made on practical completion in June 2019.

A purchase at asking price would reflect an initial Yield of 12.2% (excluding rates and VAT) and a capital value per apartment of £345,000.

All Enquiries:



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