

GRAEME HOUSE

**HIGH YIELDING FREEHOLD
CITY CENTRE OFFICE INVESTMENT**
WITH REFURBISHMENT /
REDEVELOPMENT OPPORTUNITIES



DERBY SQUARE LIVERPOOL L2 7XS

**AVISON
YOUNG**

INVESTMENT SUMMARY

- Liverpool is the UK's 5th largest City forming part of the Northern Powerhouse and the 2nd largest regional economy.
- Situated in the heart of the city centre fronting Derby Square.
- The property offers **87,002 sq ft** together with **58 car parking** spaces on a site of **0.72 acres**.
- Designed in an L-shape the building offers flexible letting options from whole floors to small suites.
- Freehold.
- The property is multi let to **17** tenants currently producing:-
Gross income - £1,177,306
Landlord costs - £149,634
Triple Net income - £1,027,672
- 10,386 sq ft together with 23 car spaces currently vacant.
- Highly reversionary asset with an estimated rental value when fully let in excess of £1,537,025 pa.
- **56%** of the income is secured against Secretary of State who have just agreed short term extension on their lease until June 2022 (lease outside the 1954 Act) when they will vacate to their new 'Regional Hub' within Liverpool.
- Major office refurbishment opportunity once the Government vacate.
- Excellent redevelopment opportunity for a mixed use, hotel or residential scheme.

OFFERS IN EXCESS OF £11,000,000 (ELEVEN MILLION POUNDS) SUBJECT TO CONTRACT REFLECTING

- **Gross Initial Yield - 10%**
- **Net Initial Yield - 8.75%**
- **Yield on letting of the vacant space - 11.14%**
- **Following refurbishment of HMRC Space - 12%**
subject to contract and net of purchasers costs of 6.7%





ONE OF THE CITY'S MOST EXCITING REFURBISHMENT/
REDEVELOPMENT OPPORTUNITIES WITH POTENTIAL
FOR VACANT POSSESSION IN 2022



- 1 Royal Albert Dock
- 2 Museum of Liverpool
- 3 Hilton Hotel
- 4 Chavasse Park
- 5 John Lewis
- 6 Travelodge
- 7 New Proposed Hotel
- 8 James Street Station
- 9 The Port of Liverpool Building
- 10 Cunard Building
- 11 Royal Liver Buildings
- 12 Cruise Terminal

- 13 Ferry Stop
- 14 Law Courts
- 15 India Buildings
- 16 Town Hall
- 17 Exchange Flags
- 18 Crowne Plaza
- 19 Malmaison
- 20 St Paul's Square
- 21 Moorfields Station

GRAEME HOUSE

LIVERPOOL ONE

LIVERPOOL – A DYNAMIC CITY

Liverpool is the UK's 5th largest City and the commercial and administrative centre of the larger Merseyside area. It is located 212 miles North West of London, 98 miles North West of Birmingham and 35 miles West of Manchester and has a population of circa 500,000.

The City is an important economic centre and, along with Manchester, forms the backbone of the 'Northern Powerhouse'. The North West is the UK's second largest regional economy and is worth more than £149bn.

The City has a diverse economy with companies ranging from financial and legal services, medical research, major retailers and the automotive industry. In addition Liverpool is an important centre for public administration having offices of several government departments and non-departmental public bodies, in addition to local government agencies. Agencies such as HM Passport Office, Criminal Records Bureau, and Her Majesty's Revenue and Customs (HMRC) have offices in the city. HMRC are due to take occupation of India Buildings once the refurbishment is complete being one of their regional hubs where over 3,500 people will be located.

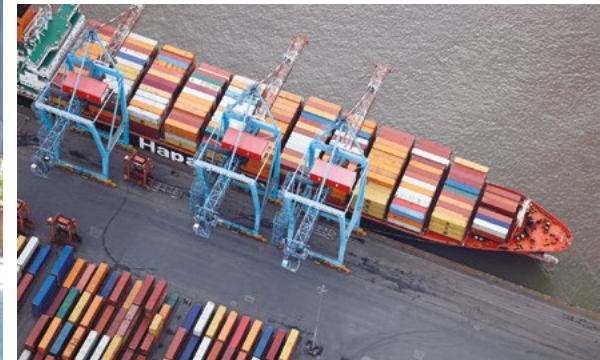
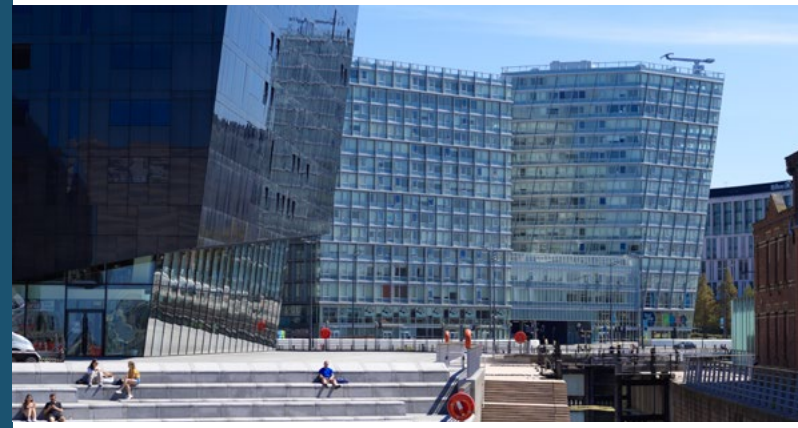
Major employers include Astra Zeneca, Sony, Cargill, Investec, Rathbone, Jaguar Land Rover, Santander, Tate and Lyle Unilever, B&M and Home Bargains.

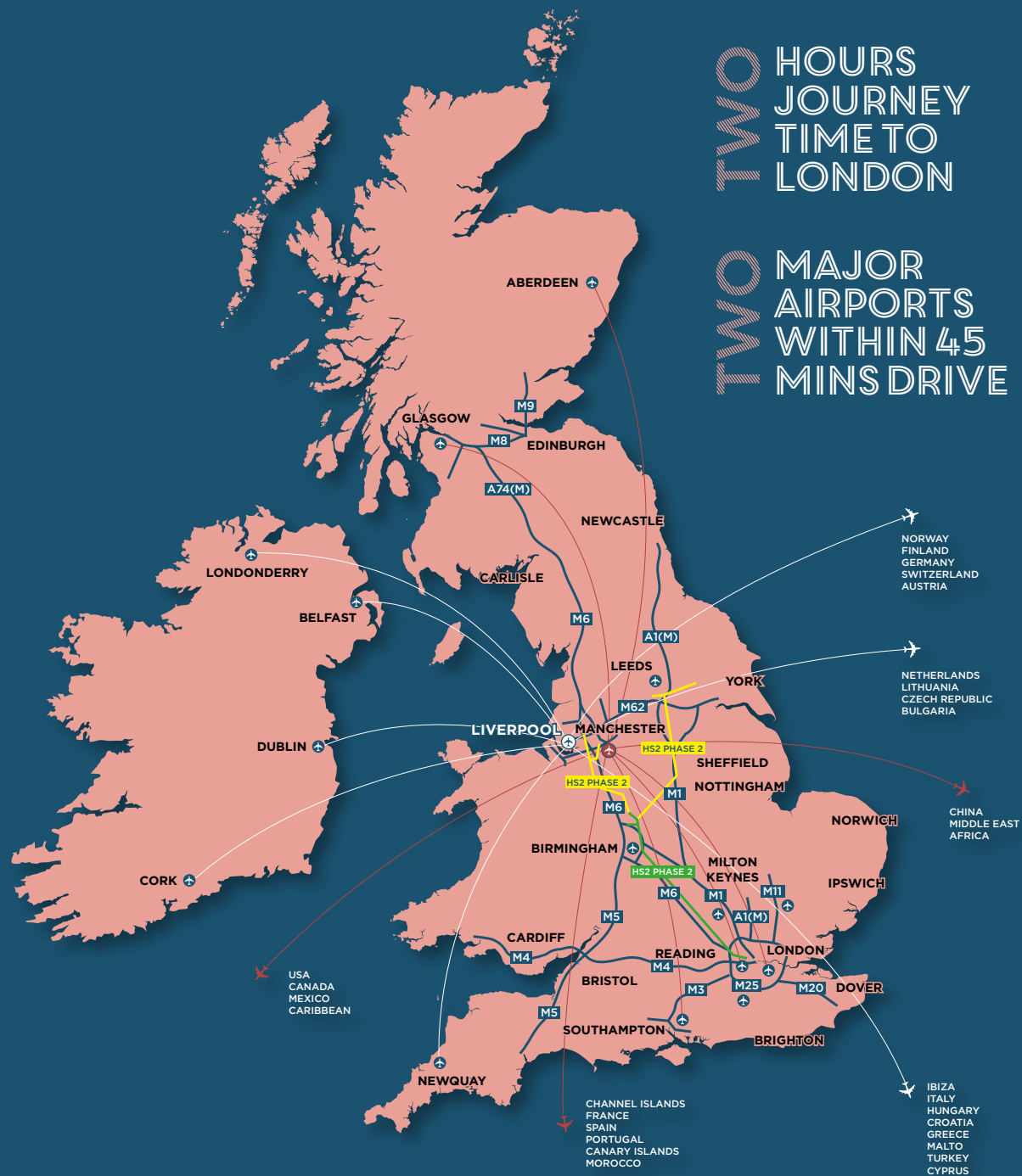
The city has world class academic and medical institutions which underpin its large student population estimated at over 50,000 full time students making the UK's 3rd largest establishment. The City boasts a high retention of qualified students who chose to live in the City post qualification providing an important pool of talent for employers.

THE CITY IS AN IMPORTANT ECONOMIC CENTRE AND, ALONG WITH MANCHESTER, FORMS THE BACKBONE OF THE 'NORTHERN POWERHOUSE'.

Liverpool is a Unesco World Heritage site which acts as a major drive for tourism which combined with the cities maritime and musical links, numerous museums and galleries together with its sporting heritage means the region attracts an estimated 63 million visitors per annum. It was the fifth most visited city in the UK by overseas visitors in 2019 and tourism is worth £4.5bn to the local economy.

Liverpool's retail offer is diverse with both independents along with six large shopping centres including the highly successful Liverpool One.





CONNECTIVITY



Liverpool has excellent transport links with direct access to the M62, M57 and M53 motorways leading to the national motorway network. The M62 lies 4.5 miles east, accessed by the A5047 from the city centre, providing direct access to the M57 to North Merseyside, the M58 to Wigan and to the M6, the backbone of Britain's motorway network. The Wirral is also easily reached from the city centre via the Kingsway (Wallasey) and Queensway (Birkenhead) tunnels leading to the M53, which serves Chester to the south.



Liverpool benefits from an extensive railway network with fast and regular services to major UK destinations. Liverpool Lime Street Station provides mainline service connections to all major UK towns and cities with Manchester 32 minutes, London Euston just over 2 hours away with trains departing hourly. The station is currently undergoing a £340m investment upgrade to enable it to double the number of travellers. Later phases of HS2 will provide faster connections to London and the rest of the UK.

Liverpool also benefits from the Merseyrail Loop system which links Lime Street Station to Moorfields, Central and James Street Stations, (5 minutes from the property), connecting the city centre to the Merseyside suburbs in addition to the Wirral and Chester.



Liverpool John Lennon Airport is situated 6 miles south east of the city centre and has established itself as one of the UK and Europe's fastest growing airports. The airport handles over 3.5m passengers offering flights to over 60 destinations. Manchester Airport, the UK's third largest airport which handles more than 27m passengers a year, is only 36 miles east of Liverpool city centre. It is home to 70 airlines offering direct flights from Manchester to over 210 destinations worldwide.



Liverpool is a city built on maritime heritage and world trade influences since the 1700's. The shipping industry is still of major importance to the city with the port being one of UK's busiest container ports handling over 1m containers every year. The new deep water port at Liverpool2 has strengthened the cities importance for container shipping.

Mersey Ferries operate direct cross river services 7 days a week between Pier Head (5 minutes from the property) and Seacombe Wirral with a journey time of 10 minutes.

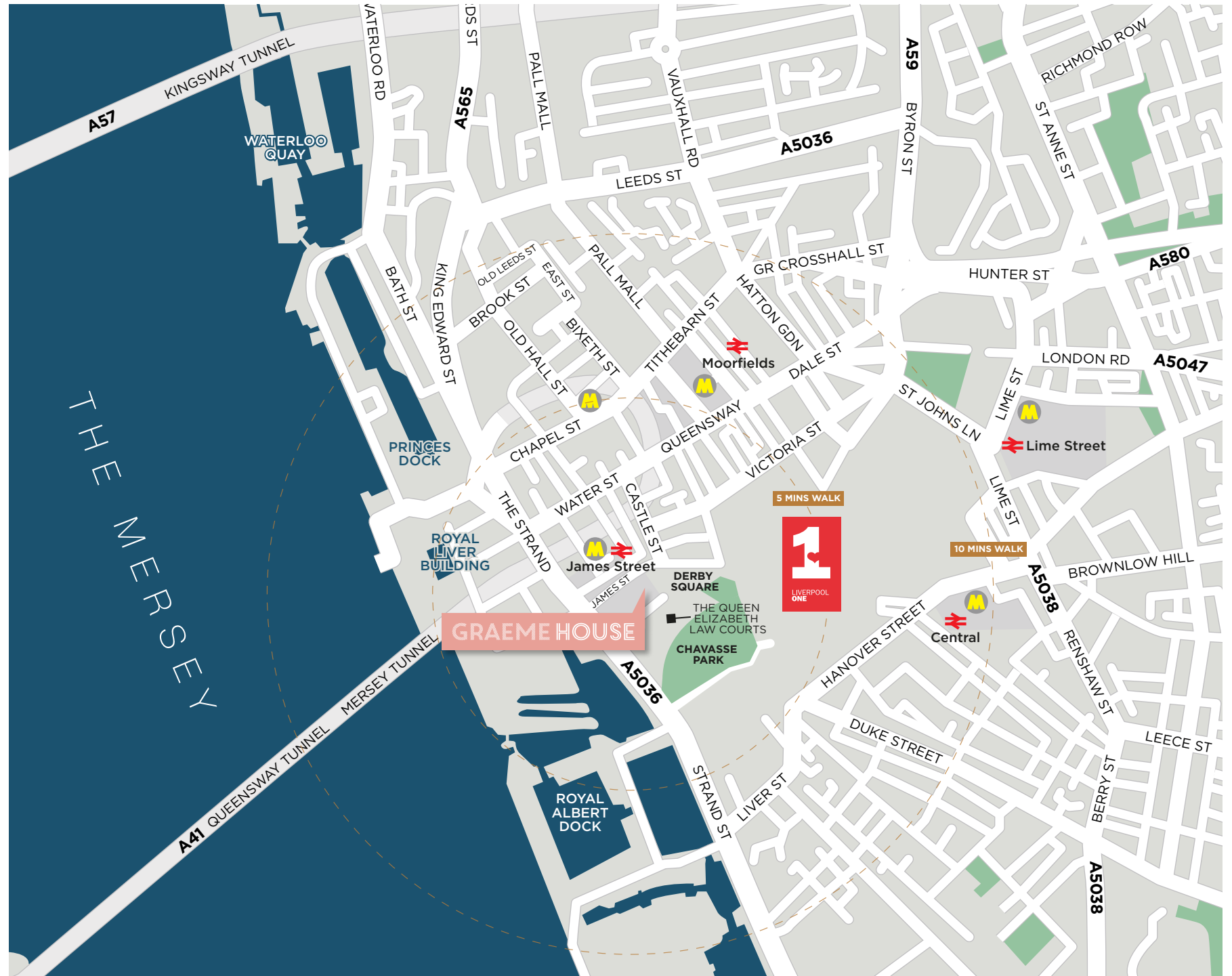
The cruise terminal at Princess Dock received over 60 cruise ships last year bringing over 100,000 passengers to the city. Approval for a £50m upgrade of the facility has been approved and construction has started.

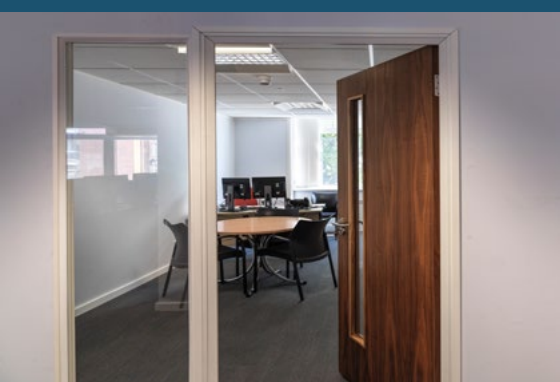


The Citybike scheme offers over 1.000 bikes for hire around the city from 140 docking stations.

THE PROPERTY SITS BETWEEN
THE HIGHLY SUCCESSFUL
LIVERPOOL ONE RETAIL AND
LEISURE COMPLEX, THE QUEEN
ELIZABETH LAW COURTS AND
CASTLE STREET

Nearby occupiers include Brabners, DLA Piper, Blue Arrow, Jackson Cantor, Lloyds Bank together with a host of retail, restaurants, coffee shops and bars.





DESCRIPTION

Graeme House has accommodation at lower ground, ground and 6 upper floors. Developed in an L shape the steel framed building has brick and glazed elevations offering efficient floor plates for occupiers. In addition there is a car park at lower ground level for 58 vehicles.

The building has been partially refurbished including the reception, lift lobbies and first and second floors. The upper floors which have impressive views over the City currently occupied by the Secretary of State.

Internal specification includes:-



COMFORT COOLING



LG7 LIGHTING WITH PIR SENSORS



3 PASSENGER LIFTS



GAS CENTRAL HEATING



CARPET FLOOR COVERINGS



MALE AND FEMALE WC FACILITIES ON EACH FLOOR



PERIMETER TRUNKING



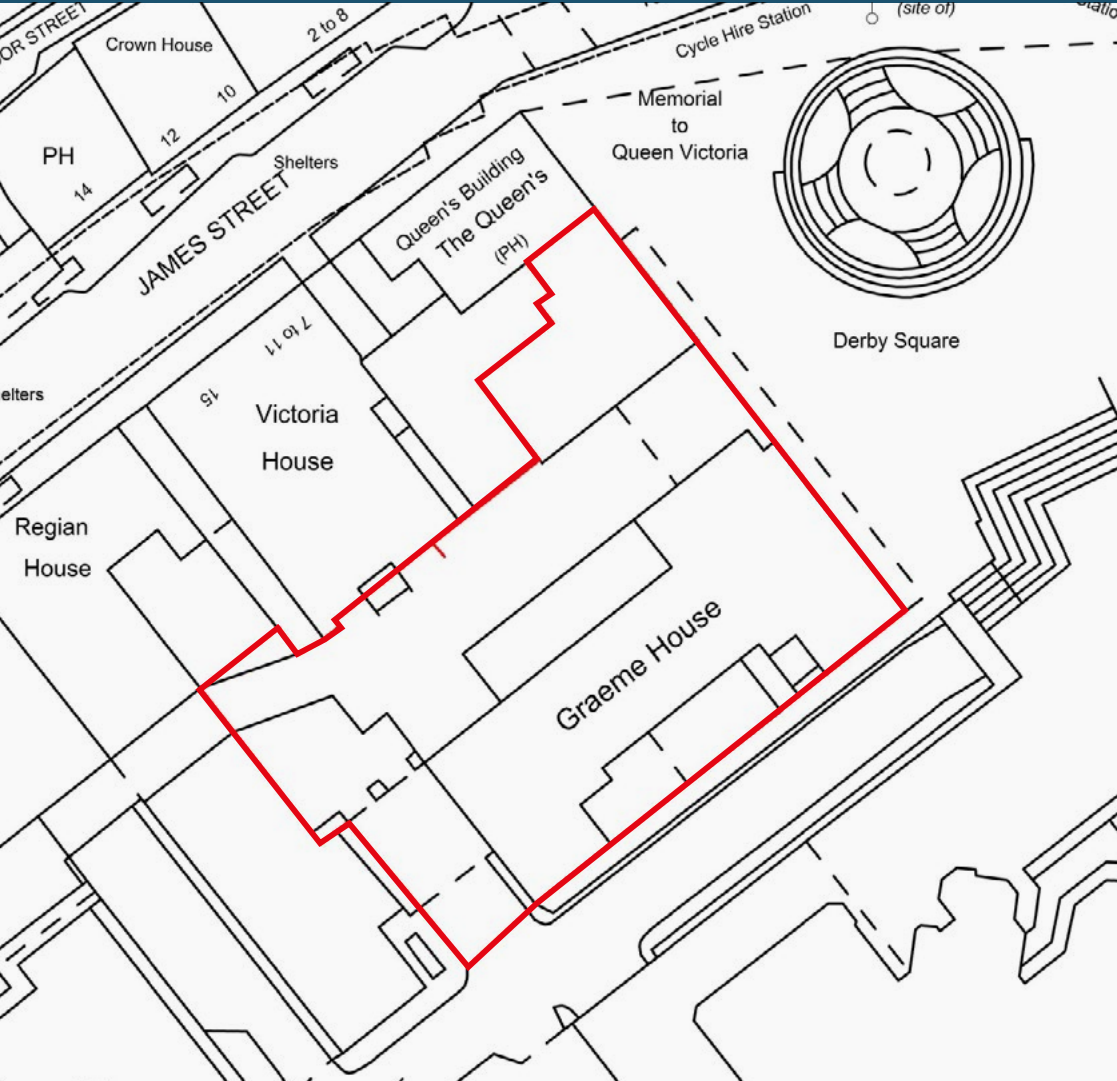
58 CAR PARKING SPACES
ACCESSED OFF THE STRAND



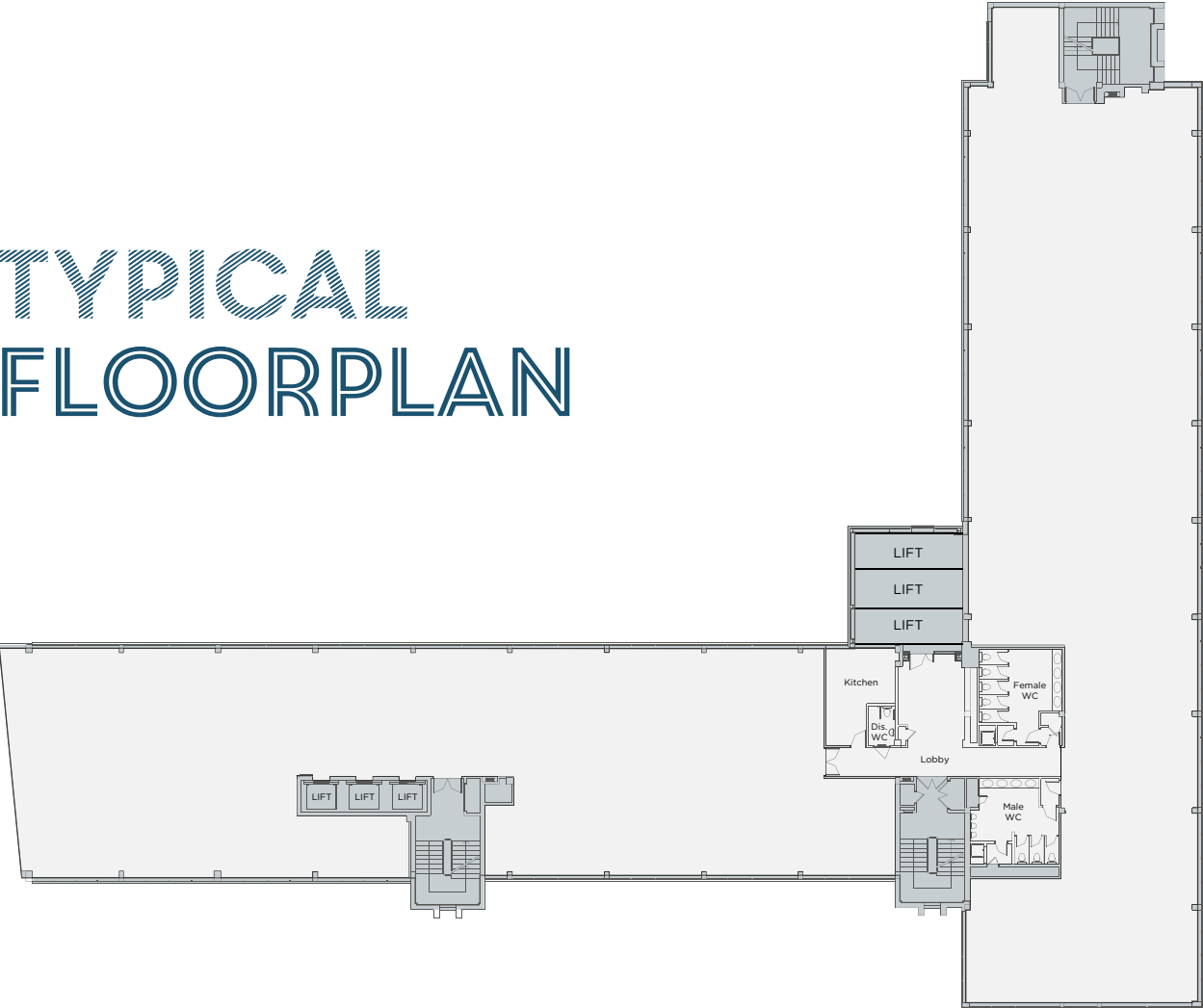
SUSPENDE CEILINGS

TENURE

Freehold.

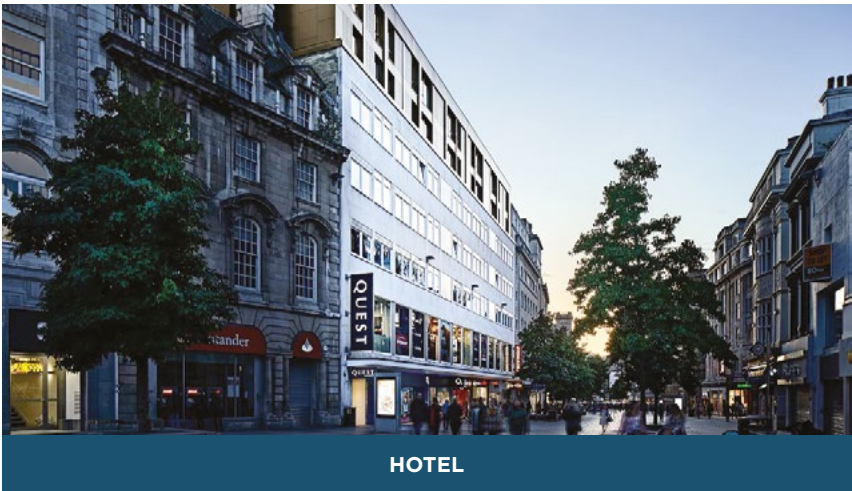
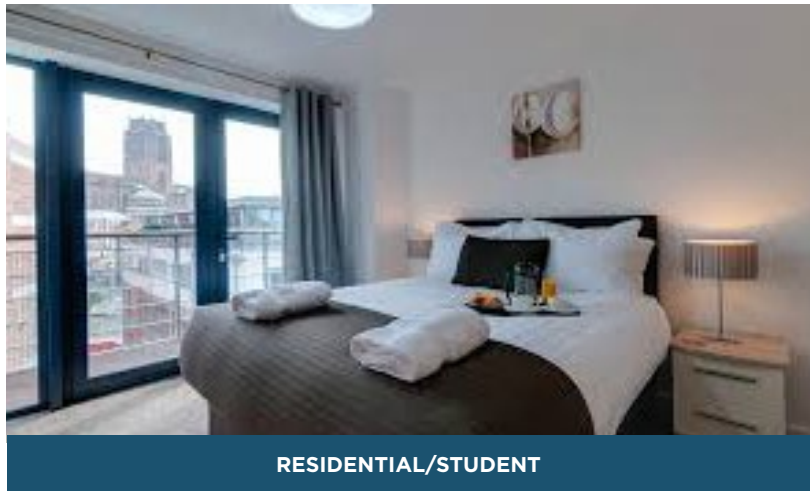
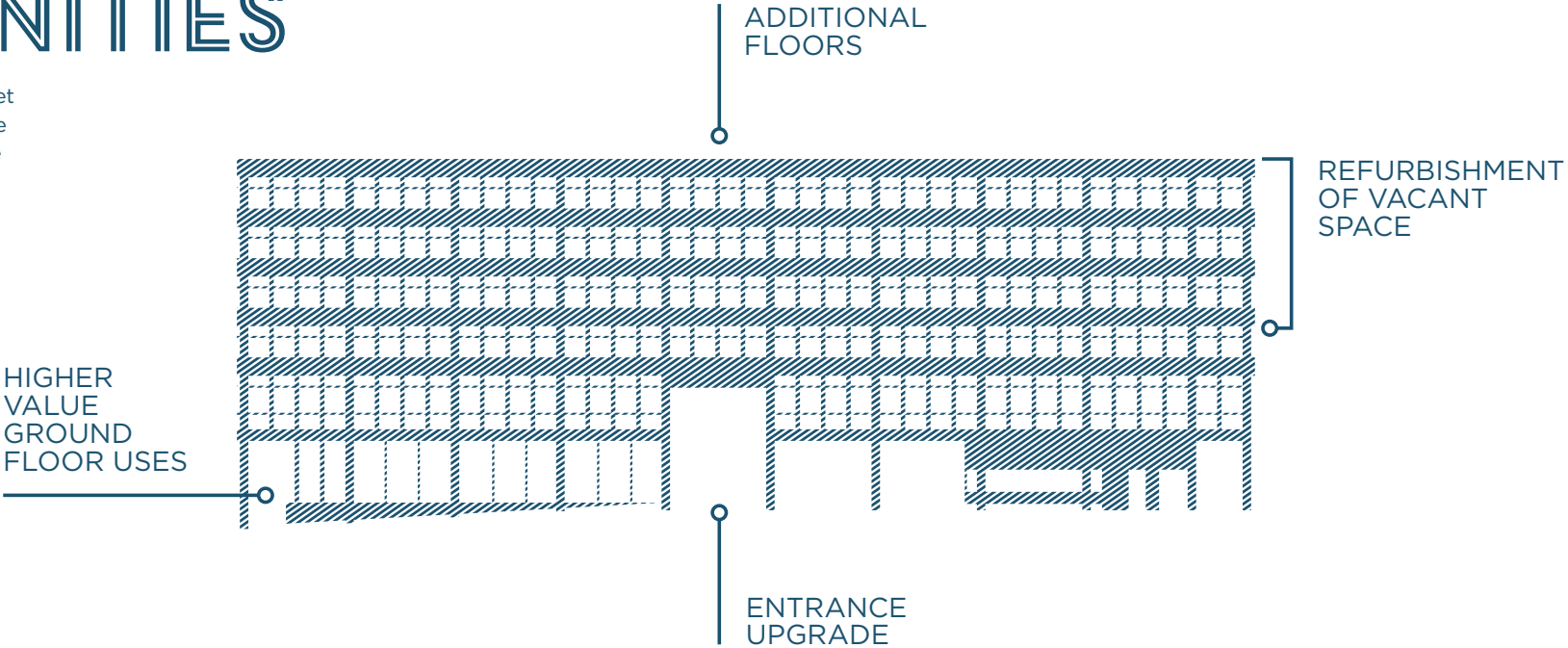


TYPICAL FLOORPLAN



ASSET MANAGEMENT OPPORTUNITIES

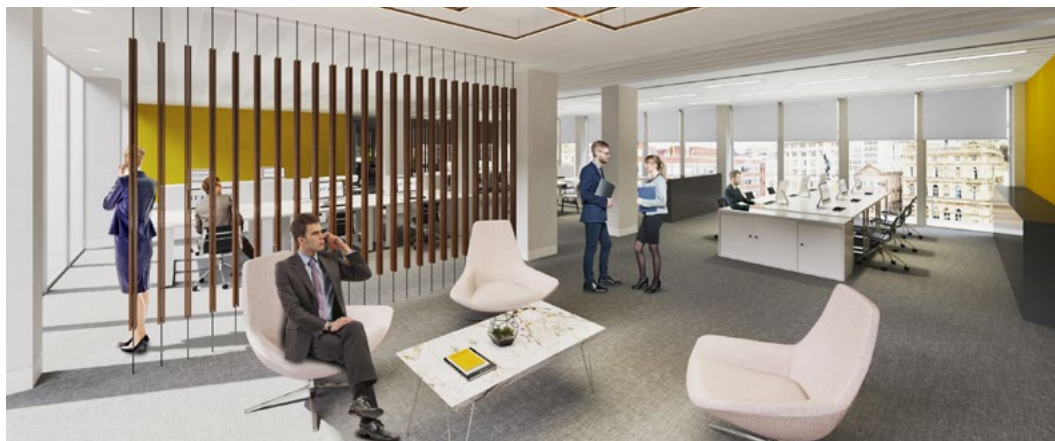
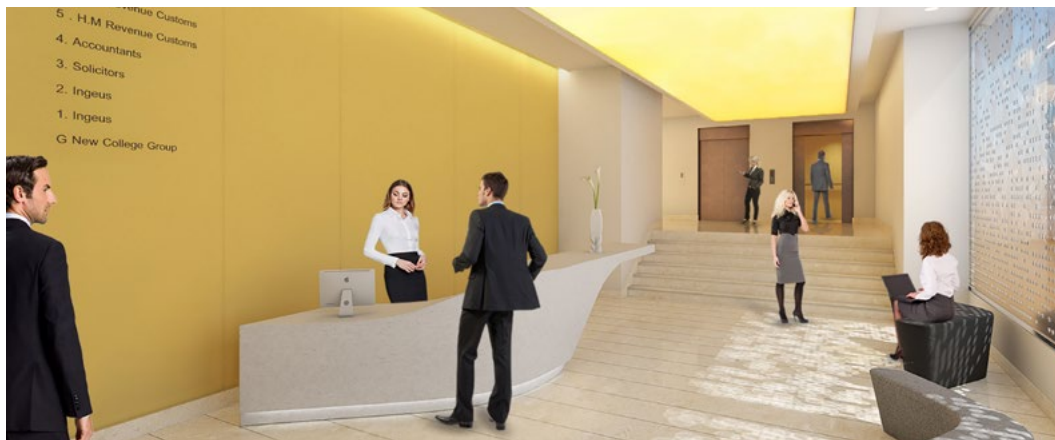
In addition to driving value through general asset management initiatives with existing tenants the building also offers the chance to improve value through refurbishment and redevelopment.



ASSET MANAGEMENT OPPORTUNITIES

The lease profile offers a buyer the opportunity to reposition the asset through refurbishment.

In June 2022 circa 45,000 sq ft of space will be available for refurbishment when the government leave the property. Office vacancy levels are at a 20 year low in the city, we believe this will allow the new owner the opportunity to carry out a refurbishment programme and achieve rents in excess of £17.50 / sq ft.



TENANCY

The property is let in accordance with the tenancy schedule below currently producing a gross income of **£1,177,306 pa.**

The leases are drawn on a mixture of full repairing terms and all inclusive agreements where the landlord provides various services including service charge, insurance and utilities.

The current triple net income is **£1,027,672 pa.**

We believe following the letting of the vacant space and the refurbishment of the 3rd- 6th floors the property has an estimated market rent when fully let of **£1,537,025 pa.**

A detail breakdown of landlord costs can be provided to interested parties.

AREA	UNIT	TENANT	AREA (SQ FT)	CONTRACTED RENT (£ PA)	RENT (£ PSF PA)	LEASE START	LEASE EXPIRY	LEASE BREAK	ALL INCLUSIVE	TOTAL SHORTFALL	NET INCOME (£ PA)	NET INCOME (£ PA PSF)	ERV
Car Park Suites	Suite 1	Vacant	1,138							7,118.48	-7,118.48		11,380.00
	Suite 2	John Graham Construction Limited	250	8,904	35.62	29/10/2019	30/10/2019		Yes	1,563.81	7,340.19	29.36	5,000.00
Lower Ground	Suites 1, 5, 7 & 10	The Law Academy Limited	2,080	35,586	17.11	01/11/2015	31/10/2020		Yes	14,633.53	20,952.59	10.07	31,200.00
	Suite 2	Britannia International Supplies Limited	170	3,480	20.47	06/11/2017	05/11/2020		Yes	1,120.90	2,359.10	13.88	3,400.00
	Suite 3	Vacant	799						Yes	7,206.31	-7,206.31	9.42	11,985.00
	Suite 6	Vacant	1,394							8,719.83	-8,719.83		27,880.00
	Suite 9	Vacant	160							1,000.84	-1,000.84		2,800.00
Ground Floor	East wing	Quinn Melville Barrow LLP	2,159	31,300	14.50	18/02/2019	17/02/2029	17/02/2024	No		31,300.00	14.50	33,464.50
	South wing	New College Manchester Limited	6,047	72,564	12.00	26/06/2015	25/06/2020		No		72,564.00	12.00	84,658.00
	South wing; Suite 9	The Hampden Partnership Limited	146	3,166	21.68	01/07/2015	30/06/2023	01/07/2021	No		3,166.00	21.68	2,920.00
	South wing; Suite 10	Keaney & Co Solicitors Limited	305	6,060	19.87	01/11/2015	31/10/2020		Yes	2,625.90	3,434.10	11.26	6,100.00
	Ground Floor	Seetec Business Technology Centre Limited	2,650	39,750	15.00	12/09/2019	11/09/2022	12/09/2021	Yes	6,797.13	32,952.87	12.44	41,075.00
First Floor	East wing; Suite 106	Pulse Regeneration Limited	505	9,060	17.94	16/06/2016	15/06/2021		Yes	3,258.91	5,801.09	11.49	10,100.00
	East wing; Suite 101	Vacant	6,264							39,182.94	-39,182.94		93,960.00
	East wing; Suite 102	Vacant	335						Yes	2,095.51	-2,095.51		6,700.00
	South wing; Suite 103	Ingeus UK Limited	4,555	70,602	15.50	15/07/2019	14/07/2022	15/07/2021	No		70,602.00	15.50	70,602.50
	East wing; Suite 105	Perennial Developments Limited	335	6,780	20.24	01/01/2018	31/12/2020		Yes	2,095.51	4,684.49	13.98	6,700.00
	East wing; Suite 107	Vacant	230							1,438.71	-1,438.71		4,600.00
Pt First / Pt Second	Pt 1st; Suite 104 & Pt 2nd; Suite 204	Servoca Nursing & Care Limited	789	21,360	27.07	30/01/2018	29/01/2021		Yes	6,346.85	15,013.15	19.03	11,835.00
Second Floor	East wing; Suite 201	Reed In Partnership Limited	3,685	44,220	12.00	04/12/2014	09/07/2020		No		44,220.00	12.00	73,700.00
	East wing; Suite 202 (a)	Reed in Partnership Limited	980	21,256	21.69	21/08/2018	20/08/2023	20/08/2021	No		21,256.00	21.69	19,600.00
	East wing; Suite 202 (b)	Vacant	1,200				31/10/2022			7,506.31	-7,506.31		24,000.00
	South wing; Suite 203	Reed In Partnership Limited	643	14,950	23.25	02/12/2017	01/12/2022	02/06/2021	Yes	4,022.13	10,927.87	17.00	12,860.00
	South wing; Suite 205	The Training Business Limited	387	6,900	17.83	01/12/2014	09/07/2020		Yes	2,918.66	3,981.34	10.29	7,740.00
	South wing; Suite 207	Vacant	505						Yes	4,475.88	-4,475.88	11.14	10,100.00
	South wing; Suite 208	Gary Macateer & Daniel Norton Kenyon t/a Kenyon Mcateer Solicitors	670	12,960	19.34	09/09/2016	09/07/2020		Yes	5,231.94	7,728.06	11.53	13,400.00
	South wing; Suite 206	John Graham Construction Limited	3,241	62,858	19.39	12/02/2018	11/10/2020		Yes	20,273.29	42,584.27	13.14	48,615.00
Third, Fourth, Fifth & Sixth	3rd, 4th, 5th & 6th floors + 18 cars	Secretary of State for Housing Communities and Local Government	45,380	680,000	14.98	29/06/2020	28/06/2022		No		680,000.00	14.98	794,150.00
Car Park Income	15 spaces	Various tenants		25,550							25,550.00		26,250.00
	23 spaces												40,250.00
TOTAL			87,002	1,177,306						149,633.37	1,027,672.31		1,537,025.00

58 SECURE
CAR PARKING
SPACES



EPC RATING

The property has an EPC rating of C73 and a copy of the full assessment can be found on the data room.

DATA ROOM

A data room has been set up with relevant documentation relating to the property.

VAT

We are advised that the property is elected for VAT purposes and therefore the sale of the property will attract VAT it is anticipated that the sale will be treated as a transfer of a going concern.

PROPOSAL

**OFFERS IN EXCESS OF £11,000,000 (ELEVEN MILLION POUNDS)
SUBJECT TO CONTRACT REFLECTING**

- **Gross Initial Yield - 10%**
- **Net Initial Yield - 8.75%**
- **Yield on letting of the vacant space - 11.14%**
- **Following refurbishment of HMRC Space - 12%
subject to contract and net of purchasers costs of 6.7%**

FURTHER INFORMATION

If you wish to view the property or require any further information please contact the individuals below.

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**AVISON
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