

8-20

POCOCK STREET

LONDON SE1

GOVERNMENT LET INVESTMENT OPPORTUNITY ON
LONDON'S SOUTH BANK





Long leasehold sale
of the ground and
first floor offices

Reception
→

MANNA ASH HOUSE
8-10 PRINCE STREET
LONDON • SE1 1JW

5
Manna Ash House
8-10 Prince Street
London SE1 1JW

5
Manna Ash House
8-10 Prince Street
London SE1 1JW

INVESTMENT SUMMARY

- 8-20 Pocock Street provides a unique opportunity to acquire a Government let, office investment, located in one of London's most diverse and thriving submarkets.
- Prime Southbank location, positioned on the south side of Pocock Street, close to the junction of Blackfriars Road.
- Excellent transport connectivity, situated 200 metres from Southwark Station, 425 metres from London Waterloo and 550 metres from Borough Station, providing excellent mainline and underground connectivity across Central London and beyond.
- Modern, open plan offices constructed in 2000, comprising approximately 13,759 sq ft (1,279 sq m) of accommodation arranged over the ground and first floor.
- Securely let on 2 leases to The Secretary of State for Communities & Local Government and The London Ambulance Services NHS Trust.
- The property provides a total rental income of £676,100 per annum, equating to a reversionary rent of £49.14 per sq ft overall.
- Average weighted unexpired lease term of approximately 8.67 years to expiry and 2.27 years to breaks.
- Excellent future rental growth prospects and potential asset management opportunities.
- Held on a Long Leasehold from Legal & General for a term of 150 years from 1st September 2000 at a peppercorn rent.

PROPOSAL

We are instructed to seek **offers in excess of £10,550,000 (Ten Million Five Hundred and Fifty Thousand Pounds)** for the Long Leasehold interest, subject to contract and exclusive of VAT. An asset purchase at this level reflects an attractive net initial yield of **6.00%**, net of full standard purchaser's costs of 6.70%, and a capital value of only **£767 per sq ft**.





ST PAULS
CATHEDRAL

CITY OF LONDON

THE SHARD

TOWER BRIDGE



CANNON STREET
STATION



LONDON BRIDGE
STATION



BLACKFRIARS
STATION

TATE MODERN

SOUTHWARK STREET



BOROUGH HIGH STREET
STATION



SOUTHWARK
STATION

8-20
POCOCK STREET

GREAT SUFFOLK
STREET

BLACKFRIARS ROAD

THE SOUTHBANK

The Southbank has benefited from a significant amount of inward investment over the last 20 years, including major projects such as the Jubilee Line Extension and the development of the Shard Estate. The area is now considered, from a domestic and international perspective, as one of London's major cultural centres being home to the National Theatre, Tate Modern, Borough Market and the Royal Festival Hall.



The area now attracts major financial, media, legal and tech giants, as well as a wealth of companies from other sectors. High profile multinational companies including WPP, Omnicom, Ogilvy & Mather, News International and Time Inc. have located their headquarters on the Southbank. Flagship restaurants including Gordon Ramsay's Union Street Cafe, Hixter, Feng Suchi and Caravan have helped make it one of the most vibrant locations in Central London.



Strong demand from occupiers for Southbank office space is likely to continue to outstrip supply in the immediate future. This market dynamic is predicted to result in rental growth of approximately 20% over the next five years, which will see the Southbank outperform the majority of other established commercial markets across Central London. Opportunities to acquire and own Southbank property remain limited given the strong market dynamics.



LOCATION & SITUATION

8-20 Pocock Street occupies a highly prominent position on the south side of Pocock Street, close to its junction with Blackfriars Road. The property is situated a 2-minute walk (200 metres) from Southwark Underground Station (Jubilee Line), providing direct access to Green Park (3 stops) and Canary Wharf (4 stops). Waterloo Station is also within short walking distance.



SOUTHWARK STATION REDEVELOPMENT

Transport for London and the London Borough of Southwark announced in 2019 a new partnership to redevelop Southwark Station. This will include circa. 190,000 sq ft of new office and retail space as well as major upgrades to the public realm. This will further enhance the area's attractiveness to occupiers.



LOCAL OCCUPIERS



SOUTHBANK INVESTMENT MARKET

The Southbank investment market continues to perform strongly, attracting both domestic and overseas investors due to the occupational market dynamics. The Southbank has seen numerous large transactions over recent years, with annual sales volumes significantly above the long term average. In 2019, total Southbank investment transactions peaked at around £1.1bn with prime yields now below 4.25%.

RECENT INVESTMENT TRANSACTIONS

Date	Address	Lot Size	Purchaser	NIY	Capital Value
Q4 2019	Harlequin Building	£60.5m	Alduwaliya AM	4.43%	£1,199
Q3 2019	5-7 Marshalsea Road	£26.9m	Private Japanese	4.24%	£1,159
Q2 2019	Palace House, Cathedral Street	£48.8m	CCLA	5.00%	£1,084
Q2 2019	179-191 Borough High Street	£32.5m	Darin Partners	4.22%	£1,061
Q1 2019	85-89 Southwark Street	£37.5m	Royal London AM	4.12%	£1,139
Q3 2018	100 Union Street	£26.25m	Weybourne Investments	4.19%	£1,251

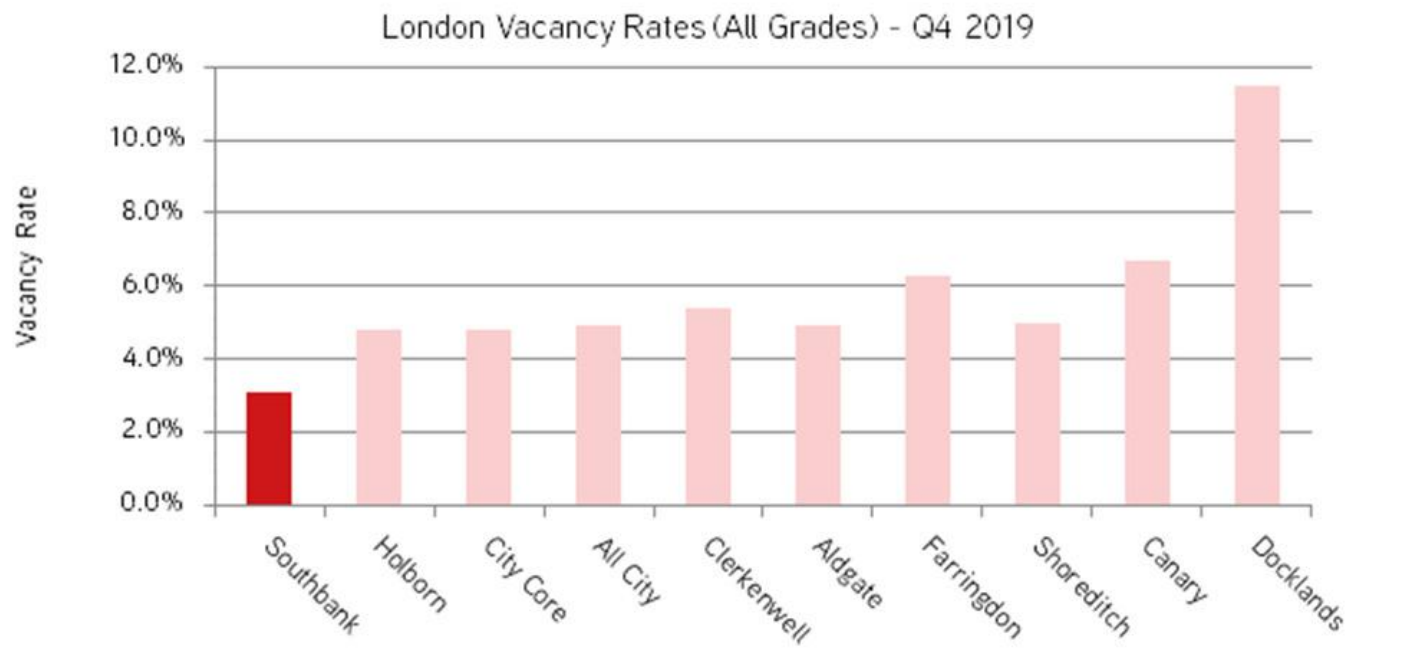


SOUTHBANK OCCUPATIONAL MARKET

Across the Southbank, the rental market remains strong with prime rents of £67.50 per sq ft being achieved for typical grade A office space of circa 10,000 sq ft. Accommodation under 10,000 sq ft, positioned within good quality schemes in prime locations, have achieved in excess of £70.00 per sq ft. The supply of office accommodation in the submarket remains extremely low, with vacancy rates for Grade A space at only 2%.

The media sector remains a key driver for new office demand across the Southbank, whilst demand for flexible office space has increased significantly as a direct response to supply shortages and the markets attractiveness to occupiers.

Date	Address	Tenant	Floor area (sq ft)	Rent (psf)
Q1 2020	240 Blackfriars	GTI Media	4,710	£72.50
Q4 2019	Bluefin Building	Meet In Place	7,970	£84.00
Q4 2019	209-215 Blackfriars Road	Statista	4,419	£61.00
Q2 2019	The Binary	Qumodo	4,037	£62.50



The Southbank submarket has one of the lowest vacancy rate in Central London.

LOCAL DEVELOPMENTS



ITV STUDIOS

- 525,000 sq ft of offices and television studios and 213 residential units
- Planning permission granted - 2018
- Practical Completion - TBC

Ownership - Mitsubishi Estate



1 BLACKFRIARS

- Mixed use development includes 135,000 sq ft of hotel and retail space with 274 residential units within a 50-storey tower
- Practical Completion - 2019

Ownership - St George



18 BLACKFRIARS

- 277,000 sq ft of office space, 291 residential apartments and 548 room hotel
- Practical Completion - 2020+

Ownership - Black Pearl



BANKSIDE QUARTER

- 300,000 sq ft of offices, 25,000 sq ft of retail and 489 residential units
- Completion - 2021 (Phase 1)

Ownership - Temasek, Native Land and Amcorp



BLACKFRIARS CIRCUS

- 40,000 sq ft of offices and retail, with 336 residential units in 5 buildings ranging up to 27 storeys
- Completed - 2018

Ownership - Barrett London



1, 2 & 3 VALENTINE PLACE

- Mixed use development including 41,500 sq ft of office accommodation,
- Completed - 2017

Ownership - Private UK



125 LAVINGTON STREET

- Mixed use scheme or comprehensive refurbishment
- Vacant possession - 2019

Ownership - Landsec



14-21 RUSHWORTH STREET

- Development site of 70,000 sf new grade A offices currently under construction
- Practical Completion - 2021

Ownership - Middlecap



BLACKFRIARS CROWN COURT

- 190,000 sq ft of offices, 41 separate residential units with additional basement, and community space
- Practical Completion - TBC

Ownership - Fabrix Capital



185 PARK STREET

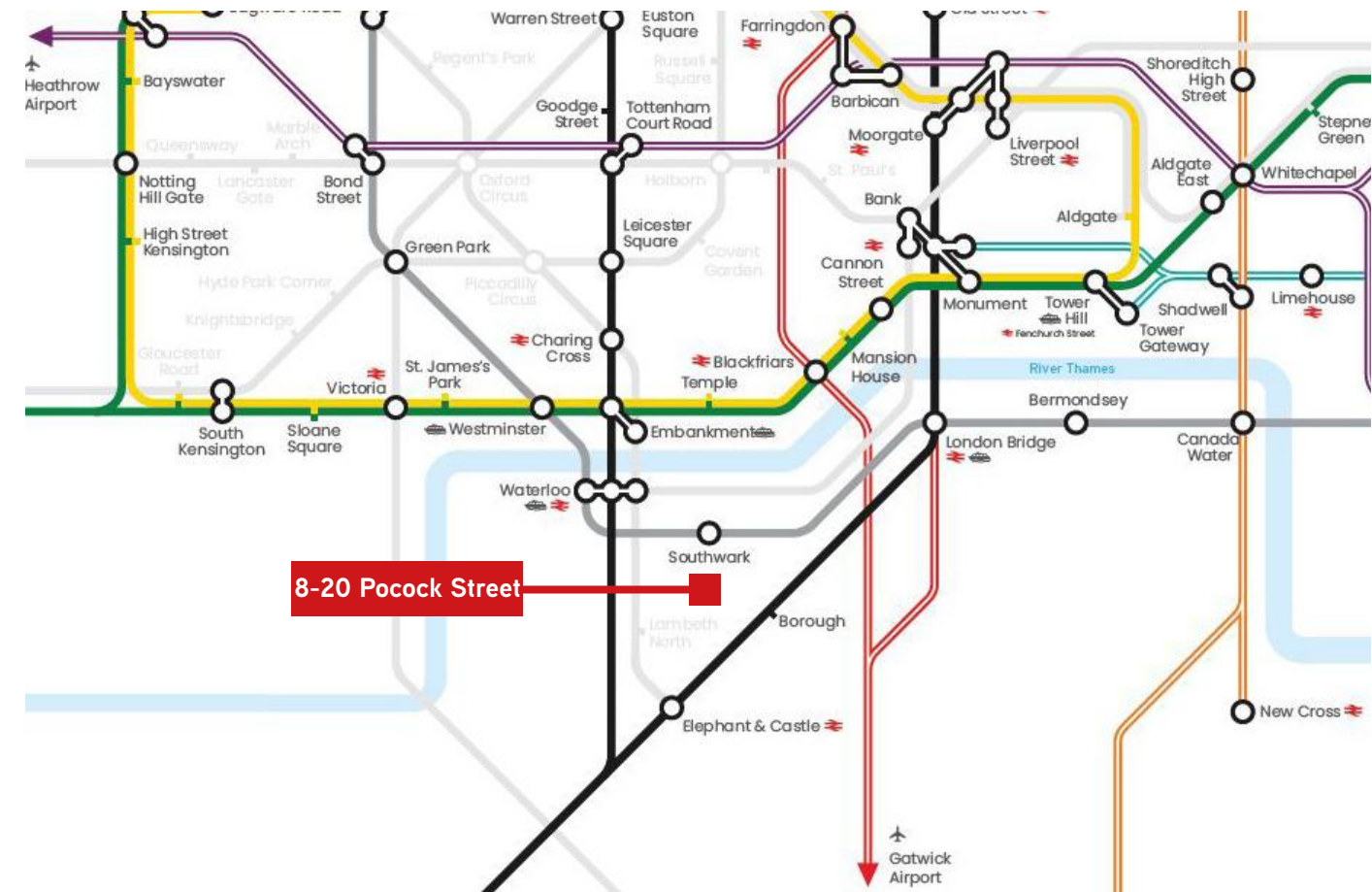
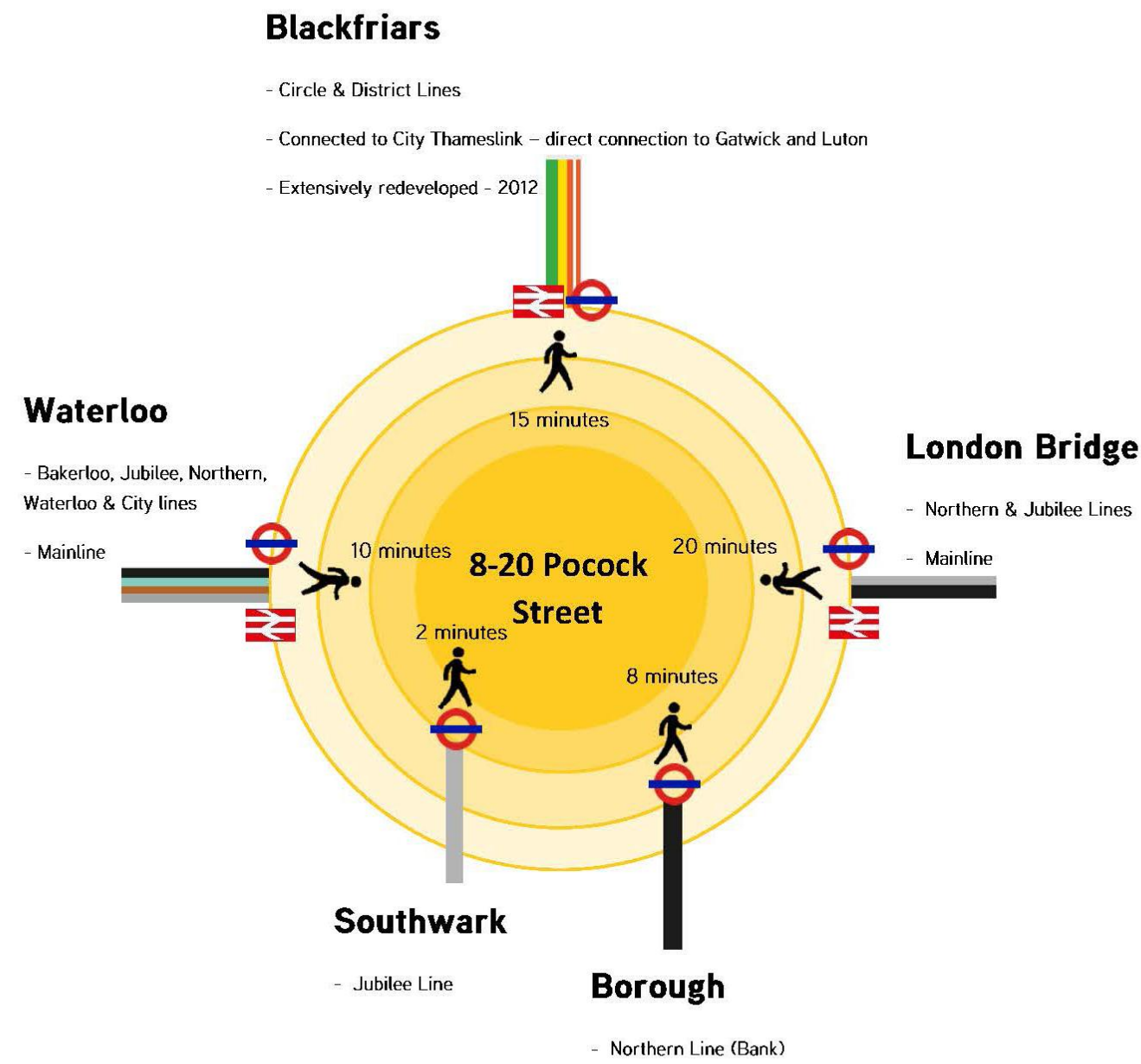
- 87,000 sq ft of offices, 163 residential units and ancillary retail and cultural space
- Practical Completion - 2022

Ownership - J&T Real Estate

CONNECTIVITY

8-20 Pocock Street benefits from exceptional connectivity in terms of road, mainline and underground services. The building is within easy walking distance of five underground stations, three mainline stations, as well as a number of major bus routes and arterial roads. The property offers excellent access to all areas of Central London and the South East.

8-20 Pocock Street benefits from the highest possible PTAL (Public Transport Accessibility Levels) rating of 6b, indicating the building's excellent access to local public transport connections.



DESCRIPTION AND SPECIFICATION

8-20 Pocock Street comprises 13,759 sq ft of office accommodation arranged over the ground and first floor, of an 8-storey building completed in 2000. Above the first floor, the property is held under a separate title and is used as residential accommodation, owned by the freeholder Legal & General.

The office specification includes the following:

- Suspended ceilings
- Raised floors
- Disabled access lift
- Male, female and disabled WCs on each floor
- Air conditioning

The 1st floor underwent comprehensive tenant works in 2017, at lease renewal.

The ambulance service, located on the ground floor have recently undertaken a communications system upgrade, as well as a reconfiguration of the office layout.

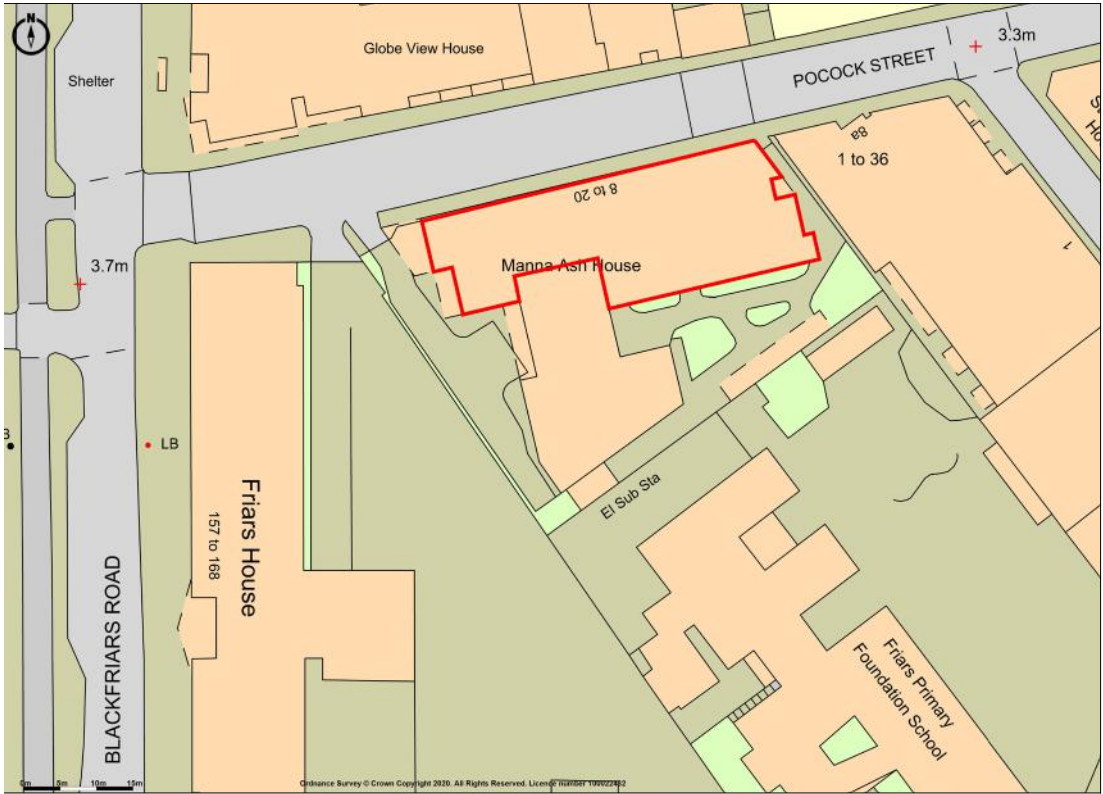
ACCOMMODATION

The property offers a total of 13,759 sq ft (1,279 sq m) of office accommodation arranged over the ground and first floor. The net lettable areas are as follows:

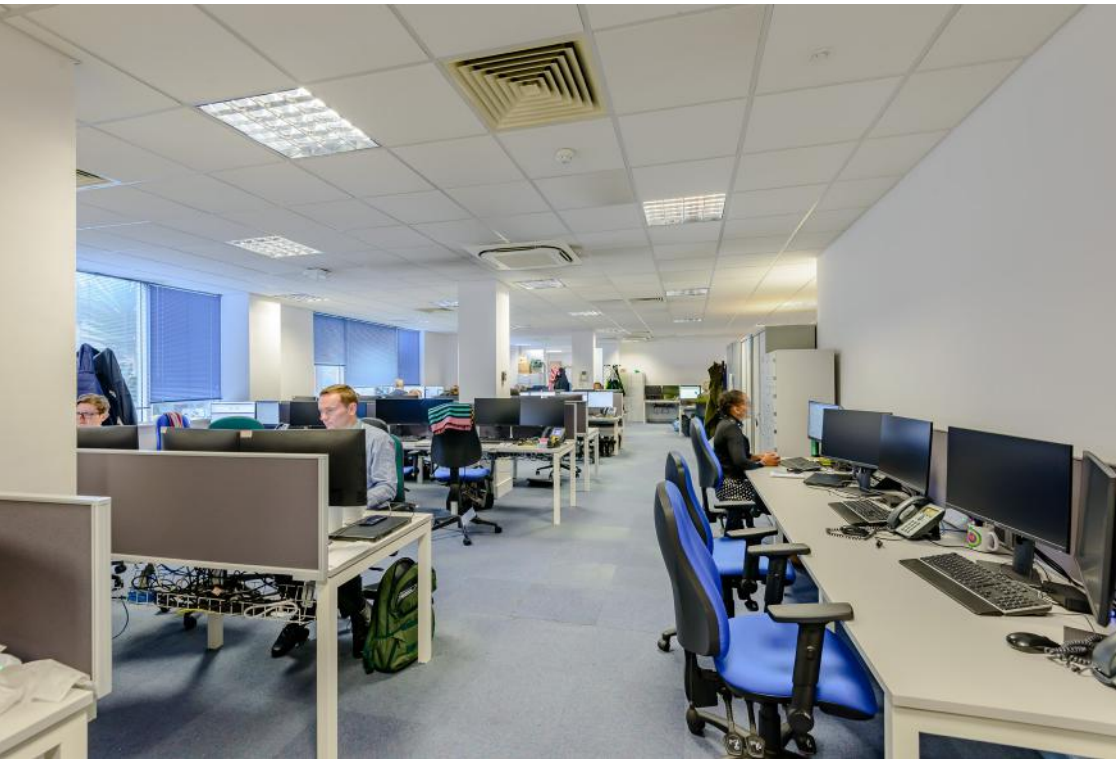
Floor	Use	Area (sq m)	Area (sq ft)
Part Ground & 1st Floor	Offices	701	7,542
Ground Floor	Offices	578	6,217
TOTAL		1,279	13,759

TENURE

8-20 Pocock Street is held by way of a long leasehold interest, under title number TGL195726, from 1st September 2000, at a peppercorn rent, with approximately 130 years remaining.



The property occupies a site of approximately 0.18 acres (0.07 hectares).



TENANCY

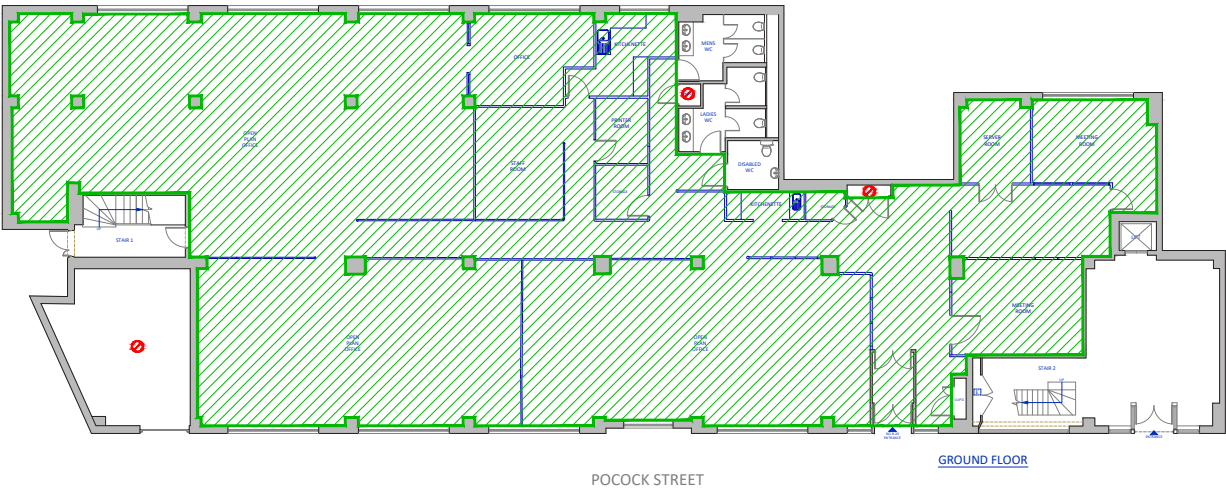
The office accommodation is let to two UK Government tenants producing a total rent of £676,100 per annum, equating to a reversionary passing rent of only £49.14 per sq ft overall.

Floor	Tenant	Size	Lease Start	Review	Lease Break	Lease Expiry	Rent per sq ft	Rent per annum	Comments
Part Ground & 1st Floor	The Secretary of State for Communities & Local Government	7,542	22/03/2017	25/03/2022	24/03/2022	24/03/2027	£50.00	£377,100	Operating as a legal hearing centre & substantially refitted by the SOS in 2017.
Ground Floor	The London Ambulance Service National Health Service Trust	6,217	28/06/2002	28/06/2022 28/06/2027	27/06/2022 27/06/2027	30/08/2030	£48.10	£299,000	Operating as an administrative centre for the London ambulance service.
TOTAL		13,759					£49.14	£676,100	

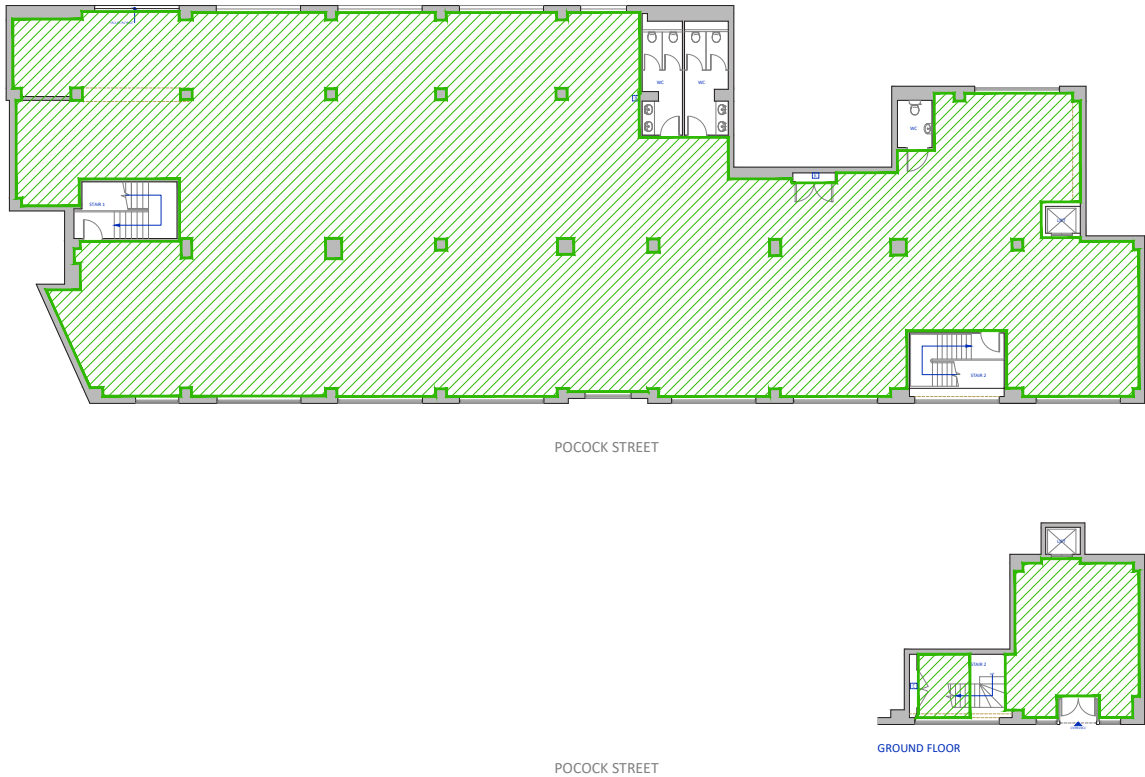
The Average Weighted Unexpired Lease Term is approximately 8.67 years to expiry and 2.27 years to break.

FLOOR PLANS

Ground Floor



Part Ground & 1st Floor



FURTHER INFORMATION

PLANNING

The property lies within the London Borough of Southwark and is not listed.

VAT

The property has been elected for Value Added Tax (VAT). It is anticipated that the sale will be structured as a Transfer of Going Concern (TOGC).

EPC

The offices have an EPC rating of B 49. The Energy Performance Certificate is available upon request.

PROPOSAL

Offers are invited in excess of **£10,550,000 (Ten Million Five Hundred and Fifty Thousand Pounds)** for the long leasehold interest, subject to contract and exclusive of VAT. An asset purchase at this level reflects an attractive net initial yield of **6.00%**, net of full standard purchaser's costs of 6.70%, and a low capital value of only **£767 per sq ft.**





8-20

POCOCK STREET
LONDON SE1

CONTACT

DOMINIC AMEY
TEL: +44 20 7344 6604
MOB: +44 7811 944024
DOMINIC.AMEY@COLLIERS.COM

JACK HARRISON
TEL: +44 20 7344 6724
MOB: +44 7720 073231
JACK.HARRISON@COLLIERS.COM

HANNAH BUTLER
TEL: +44 20 7487 1931
MOB: +44 7936 338 763
HANNAH.BUTLER@COLLIERS.COM

Disclaimer: Colliers 2020

Colliers International gives notice that these particulars are set out as a general outline only for the guidance of intending Purchasers or Lessees and do not constitute any part of an offer or contract. Details are given without any responsibility and any intending Purchasers, Lessees or Third Party should not rely on them as statements or representations of fact, but must satisfy themselves by inspection or otherwise as to the correctness of each of them. No person in the employment of Colliers International has any authority to make any representation or warranty whatsoever in relation to this property. (February 2020)

Colliers International is the licensed trading name of Colliers International central London UK LLP which is a limited liability partnership registered in England and Wales with registered number OC391630. Our registered office is at 50 George Street, London W1U 7GA.