

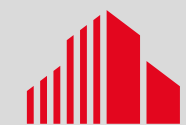


HIGH YIELDING Multi-let Office INVESTMENT

SH

SUTHERLAND
HOUSE

Matlock Road | Coventry | CV1 4JQ

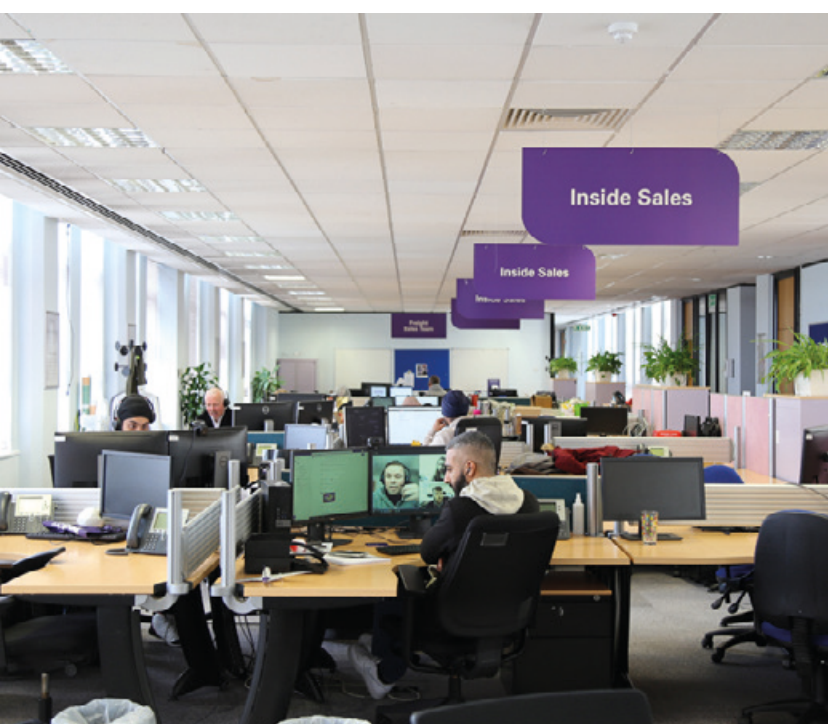


CUSHMAN &
WAKEFIELD



Investment Summary

- Excellent opportunity to acquire a multi-let office investment on the north edge of Coventry City Centre.
- Located in Coventry, the 2nd largest city in the West Midlands. It is home to many notable occupiers including Jaguar Land Rover, EON, IBM, Severn Trent and Peugeot.
- Sutherland House is located on the Foleshill Road (B4119) and is well located to give access into the City Centre (1 mile to the south) and out to the M6 (3 miles to the north).
- The Property comprises 93,954 sq ft (8,728 sq m) of office accommodation arranged over ground and 4 upper floors with 312 car parking spaces, a ratio of 1:301 sq ft.
- The Property 58% let (to 14 tenants) providing a WAULT of 1.4 years.
- Gross passing rent of £799,155 per annum.
- Freehold.
- Large site area of 3.17 acres.



Proposal Summary

We have been instructed to invite unconditional offers in excess of **£6,000,000 (Six Million Pounds)**. A purchase at this price would reflect a net initial yield of **12.5%** and a triple net yield of **10%**. This assumes standard purchasers' costs of 6.62%. This represents a **low capital value of £64 per sq ft**.





Central City
Industrial Estate

Persimmon
Paragon Park

Coventry City Centre
(1 mile south)

Coventry
University

Kwik Fit

New Residential
Development

M6 J3
(3 miles north)

B4119

Foleshill Road

Tower Court
Offices

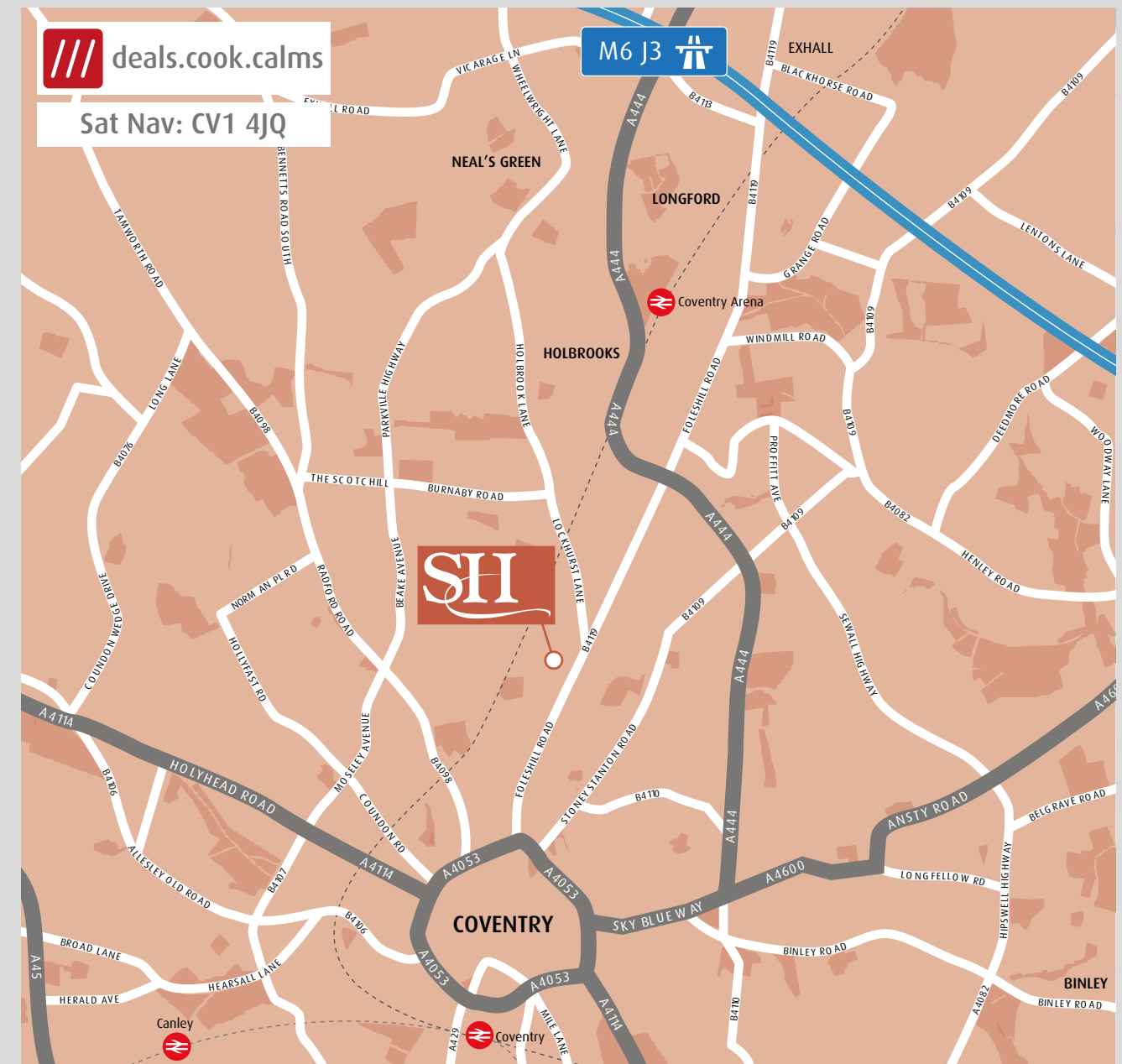
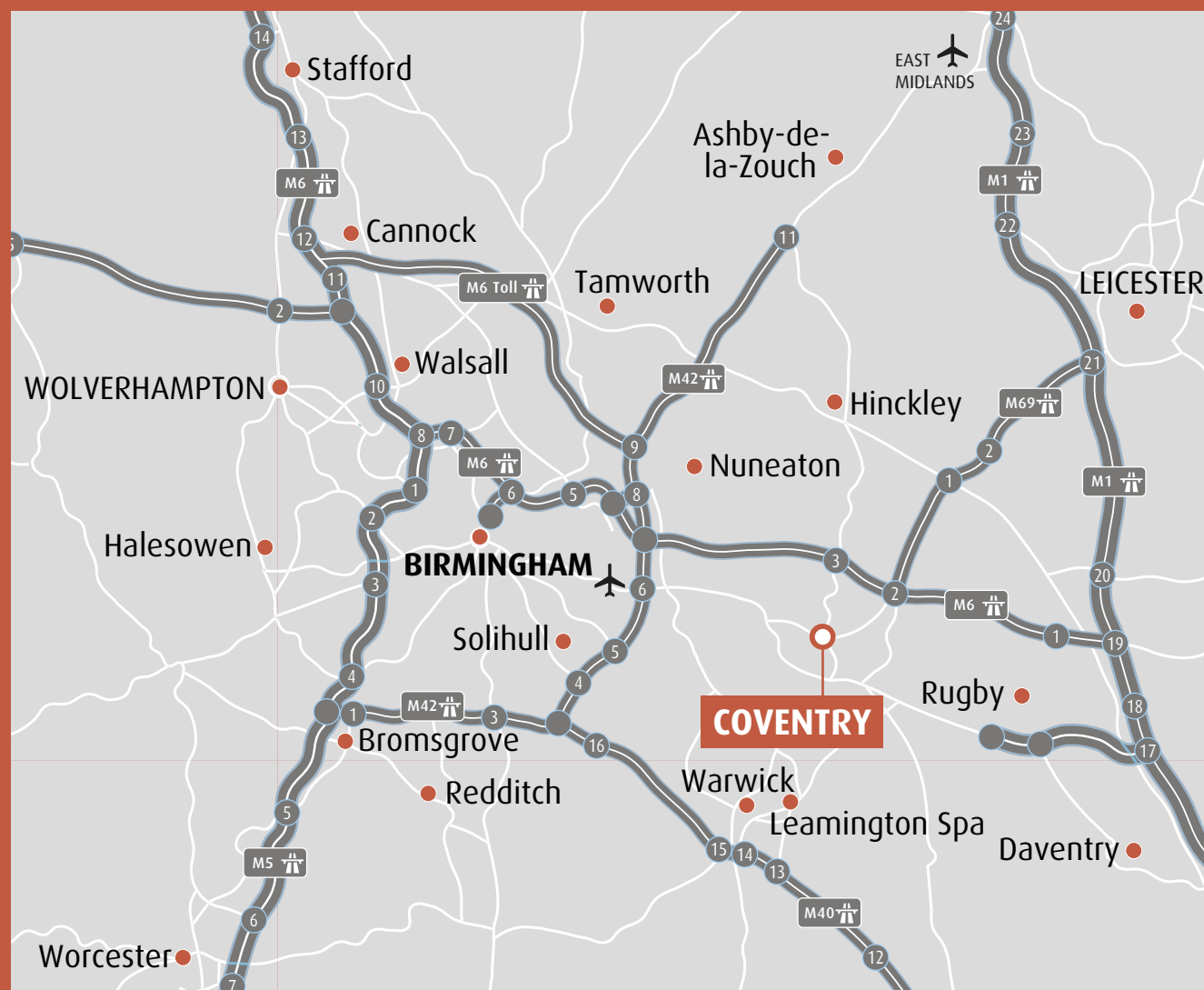
Coventry Canal

Location

The city of Coventry is the 2nd largest in the West Midlands and 12th in the United Kingdom. The total population was estimated to be 345,385 in 2015. It is located 21 miles to the east of Birmingham and 100 miles north-west of London. Both are directly accessible by rail. Other local towns include Leamington Spa, Warwick and Stratford Upon Avon, all of which are reachable within a 30-minute drive time.



Coventry is the UK City of Culture 2021 and has benefitted from strong investment and a healthy labour market in recent years. It is home to the UK Battery Industrialisation Centre with manufacturers Jaguar Land Rover and Peugeot both still retaining a strong presence in the area. Coventry is also home to both Coventry University and Warwick University, attracting a healthy student population.



Situation

Sutherland House is located on the Foleshill Road (B4119). The Property is a single-unit 93,954 sq ft (8,728 sq m) multi-let office situated on a 3.17 acre site. Current occupiers include FedEx, OM Safety Solutions and various local occupiers. The Property is approximately 1 mile north of the city centre and the railway station. A further 1 mile north, along the Foleshill Road, is the junction where the B4119 meets the A444, which gives direct access to the M6 (junction 3) & Ricoh Arena.

The surrounding areas comprise of a mixture of residential and commercial properties. There is an industrial estate across the canal to the north with a mixture of local and national occupiers. To the south of the Property are residential houses with a recent residential development by Persimmon Homes across the Foleshill Road to the east.

RAIL



The closest major railway station is Coventry station. This provides direct services to Birmingham New Street (21 minutes) and London Euston (65 minutes). The future delivery of HS2 phase 1 is set to deliver a boost to rail transport in the West Midlands and, with Coventry being located approximately 10 miles from the Solihull interchange station, it is in prime position to benefit from this investment.

ROAD



Being located in the centre of the Midlands, Coventry benefits from excellent connections to several motorways. The M6, M40, M42 & the M69 are all in close proximity to the Property giving excellent access to the majority of England.

AIR



There are two airports locally to the city, Coventry and Birmingham International. The latter is approximately 11 miles west of the site and operates flights to most major destinations globally.

Specification

- Raised floors (in FedEx area)
- LED lighting (in part)
- Suspended ceilings
- Warm/cool air ducting
- Passenger & goods lifts
- 12 hr reception/security
- 24 hr access
- 312 car parking spaces

Accommodation

FLOOR	SQ M	SQ FT
GROUND	1,935	20,828
FIRST	1,650	17,756
SECOND	1,733	18,655
THIRD	1,709	18,398
FOURTH	1,702	18,317
TOTAL	8,723	93,954

All measurements are to a Net Internal Area (NIA).



Description

Sutherland House is a 93,954 sq ft (8,728 sq m) office building arranged over ground and 4 upper floors. It was originally constructed in the 1920's and formed part of the Courtaulds textile operation in Coventry that closed in the late 1980's/early 90's. It has been refurbished regularly since, with the front reception area being added on more recently.

The building has a concrete frame and a flat roof with a rendered brick infill elevations. The 1st to 4th floors have three light wells running through the centre of the Property, giving the Property good natural light throughout.

In January 2021, the Property underwent an extensive refurbishment which included replacing the external rendering, a new flat roof and all the windows, which are now double glazed. The building is situated on a large piece of land which currently provides 312 car parking spaces. Access is provided at both ends of the site off Matlock Road.

To the rear of the Property is a small lodge which is currently used by a local taxi firm. This is a single storey, building with solid floor, suspended ceiling and air conditioning. It extends to 642 sq ft (NIA).

Internally there are 5 lifts, two at each end of the Property for passengers and one goods lift. There are also male & female WC's on each floor at either end of the building. The ground floor is part occupied by FedEx and partly run as a 'business centre'. The latter has solid concrete floors, suspended ceilings and cool/warm air ducting throughout. The areas occupied by FedEx have been fit out with raised floors, suspended ceilings and LED energy efficient lighting. The vacant floors are unrefurbished.



Site Area:
3.17 acres
1.28 hectares

Tenancy Information

The Property is let in accordance with the tenancy schedule below. As of April 2022, it provides a total gross income of £799,155 per annum.

Based on the occupied area, this provides an average rent of £14.56 per sq ft. The investment provides a weighted unexpired lease term of 1.4 years.

UNIT	TENANT	EXPIRY DATE	AREA (sq ft)	RENT pa	RENT Psf
Business Centre (BC) 1	Greenfinch Mortgage Solutions Ltd	31/01/23	152	£1,800	£11.84
BC2	Eco-Clean and Maintenance Ltd	13/01/23	311	£3,840	£12.35
BC3	Dawn Rowley	30/04/22	109	£1,260	£11.56
BC4	Inner Vision	28/02/23	211	£2,580	£12.23
BC5	Midland Mencap	28/02/23	101	£1,320	£13.07
BC6	SDC Fire and Security	10/01/23	538	£6,720	£12.49
BC7	Smartap	30/06/22	192	£2,040	£10.63
G2	Servicescale Limited	29/11/22	850	£7,650	£9.00
G3	Vacant		2,648		
G - LC	OM Safety Solutions	28/03/23	2,729	£24,500	£8.98
G - SC	Technovate Global Engineering Services Ltd	14/04/23	320	£3,720	£11.63
G - GR	Servicescale Limited	28/11/22	757	£6,850	£9.05
G5	Fed Ex Express UK Ltd	08/10/23	10,500	£157,500	£ 15.00
1st Floor	Vacant		17,756		
2nd Floor	Vacant (Currently split into 4 suites ranging from 2,984 sq ft to 10,044 sq ft)		18,655		
3rd Floor	Fed Ex Express UK Ltd	08/10/23	18,398	£275,970	£ 15.00
4th Floor	Fed Ex Express UK Ltd	08/10/23	18,317	£274,755	£ 15.00
Reception Coffee Shop	MOHOMED KOSHITH MOHOMED RAZIK LEBBE	30/04/22	768	£10,000	£ 13.02
LODGE	Sky Taxis Midlands Ltd	30/11/14	642	£6,500	£ 10.12
Parking Spaces	Fedex Express UK Ltd	08/10/23		£12,150	
			93,954	£799,155	

The current void costs associated with the Property are £160,958 per annum.
The net rent is therefore currently £638,197 pa.



Coventry Office Market Commentary

The Coventry office market is a fast-growing market in the West Midlands. This is being driven by various regeneration schemes such as Friargate. This has been further fuelled by the expansion of the job market into the technology, media and healthcare sectors.

Rents in Coventry have grown by approximately 10.9% over the last 5 years with the market benefiting from the region's growth and investment. Average rents are now just above £14.00 per sq ft with prime rents now north of £20 per sq ft.

The vacancy rate in Coventry currently stands at approximately 9%, which is broadly in line with the UK average. Total stock in Coventry is estimated to be 5.1 million sq ft. Take up in the city has been fairly stable over the past 4-5 years, with an average of circa 200,000 sq ft per annum, although this will have been slightly dented by the Covid-19 pandemic.



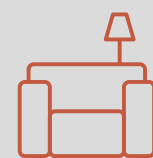
Recent transactions include:

DATE	ADDRESS	TOWN	SIZE (sqft)	TENANT	TERM (BREAK)	HEADLINE RENT (psf)	REVIEW	INCENTIVES	COMMENTS
August 21	Cheylesmore House, Parkside	Coventry	68,399	The Secretary of State for Communities and Local Government	15 (10)	£14.63	RPI 2-4%	TBC	Edge of town location. 2002 build, 1:213 sq ft parking.
May 21	Oak House, Harry Weston Rd	Coventry	9,165	Bellway Homes Ltd	5	£15.00	TBC	6 months	
Q1 - 21	Rioch Arena, Phoenix Way	Coventry	9,900	DWP	5 (3)	£16.00	n/a	6 months	Un-refurbished space inside sports stadium.
April 20	Friars House, Manor House Drive	Coventry	6,880	Reall Ltd	10	£15.50	5-year OM	20 months	6th floor leased.
April 20	Suite C Welland House	Coventry	7,597	Adient	10	£18.50	5-year OM	11 months	5-year tenant only break.



Alternative Uses (subject to planning)

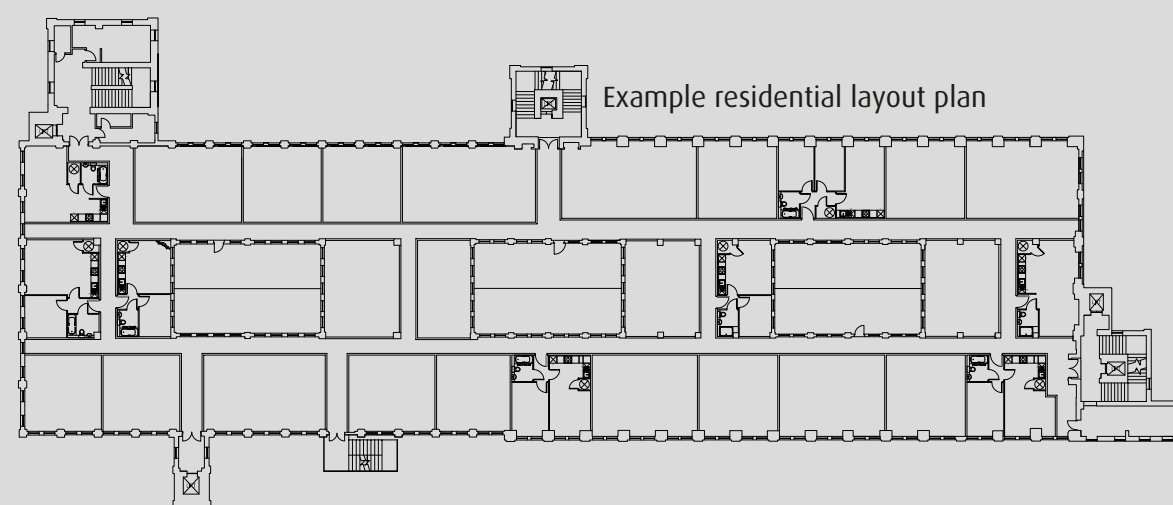
The configuration of the Property with large floor plates & good floor to ceiling height provide good flexibility for conversion. Furthermore, the size of the site and location of the Property leave it well placed to benefit from a change of use (STP).



Residential

A possible change of use for Sutherland House would be a residential conversion. In 2017, prior approval was granted for permitted development into 136 apartments. This has since lapsed, with a change in laws around permitted development meaning that any change of use will now require full planning consent. Nevertheless, the location, size of property and previous consent give good grounds for a further application to alter the use of the Property in the future.

Directly across the Foleshill Road, Persimmon Homes developed Paragon Park in 2020. This is a 200-unit residential scheme which is comprised of a blend of detached, semi-detached, terraced houses and apartments.



Light Industrial

Due to the location and size of the site, there may be potential for some alternative uses such as light industrial/ trade counters (STP). Junction 3 of the M6 motorway is 2.75 miles from the Property which, coupled with good access to the city centre, could drive strong rental values from this change of use.



Advertising

The Property is located on the Foleshill Road with good visibility from passing vehicles and pedestrians. Some further rental income could be achieved by constructing advertising boards at the edge of the Property or on the property itself.



Asset Management Initiatives

- Let part of the available space to a serviced office provider to increase the tenant mix and improve the running yield.
- Explore a potential lease re-gear with Fed-Ex to improve the security of income.
- Refurbish the vacant space to make the office more attractive to occupiers and improve on the rental tone in the building.
- Improve the ESG credentials of the office – e.g. installation of PV panels/electric vehicle charging points/introduce better on-site facilities including cycle store, gym, shower facilities and improve the amenities on offer for the benefit of occupiers.
- Look at alternative uses for the site longer term (STP).

Tenure

The freehold of the Property is held within an SPV. Whilst an SPV sale could be explored, our client has a preference for a property sale. Further details of this are available upon request.

EPC

The Property's EPC rating is a **D (79)**. A copy of this certificate is available on request.

Service Charge

The current service charge budget is £3.10 per sq ft. Further details of this are available on request.

Planning

The Property currently benefits from consent for planning use class E. We believe that the Property has potential for conversion to alternative uses, including residential. All interested parties are advised to make their own planning enquiries.



Proposal

We have been instructed to seek offers in excess of **£6,000,000 (Six Million Pounds)**, subject to contract and exclusive of VAT. A purchase at this level would reflect a net initial yield of **12.5%** and a true initial yield of **10%**, allowing for purchaser's costs of 6.62%. This also represents a **low capital value of £64 per sq ft.**



Anti Money Laundering

A successful purchaser will be required to provide the appropriate information to satisfy current Anti-Money Laundering regulations when Heads of Terms are agreed.



Further Information

For further information on the sale, including data room access, or to arrange an inspection, please contact:

Ned Jones

Ned.jones@cushwake.com
07826 549 393

Harry Abell

Harry.abell@cushwake.com
07827 553 132



No.1 Colmore Square, Birmingham, B4 6AJ

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