

SAXON HOUSE

1 CAUSEWAY LANE • LEICESTER • LE1 4AA

ATTRACTIVE FREEHOLD OFFICE BUILDING WITH SHORT TERM INCOME
REDEVELOPMENT / REFURBISHMENT POTENTIAL

PERMITTED DEVELOPMENT CONSENT FOR
122 RESIDENTIAL APARTMENTS





Property Summary

- Strategically located in the heart of England, Leicester is the largest city in the East Midlands and benefits from excellent road, rail and air connections.
- Prominent city centre office building that was originally developed in 1993 and extends to **88,992 sq ft GIA (74,501 sq ft NIA)** of accommodation over six storeys.
- Excellently situated adjacent to the ring road and the Highcross Shopping Centre, anchored by John Lewis.
- Floor plates have good floor to ceiling heights, are divisible and benefit from good natural light from all elevations.
- The office accommodation is well specified with raised floors, suspended ceilings and air conditioning.
- The property is currently occupied by HMRC until 30th June 2022 at a very low passing rent of **£627,000 per annum (reflecting £8.41 per sq ft)**.
- Presents an exciting opportunity to undertake numerous asset management initiatives and would be suitable for a range of different uses including, residential conversion / Build To Rent, student accommodation, hotel or office refurbishment, subject to planning.
- Benefits from a permitted development consent allowing for the change of use from offices to **122 residential apartments**.
- Freehold.
- **Low capital value of £73 per sq ft GIA.**
- We are instructed to seek offers in excess of **£6,500,000 (Six Million, Five Hundred Thousand Pounds)**, subject to contract and exclusive of VAT. This reflects an **attractive net initial yield of 9%** assuming 6.64% purchaser's costs.

Leicester

Leicester is the largest city in the East Midlands and tenth largest city in the UK, with a county population of approximately 355,000 (2018) and a £23.5 billion economy. Leicester is situated approximately 27 miles south of Nottingham, 45 miles east of Birmingham and 103 miles north of London.

The city is located immediately to the east of the M1 with access from Junctions 21, 21A and 22, providing north south links and access to London. Leicester's mainline train station is approximately 10 minutes' walk (0.7 miles) to the south east of the property providing direct services to London St Pancras with five services every hour and journey times from 68 minutes. There are also frequent services to Derby (22 mins), Nottingham (29 mins) and Birmingham (50 mins). East Midlands Airport is located approximately 19 miles north west of Leicester City Centre and is connected via a 24-hour skylink bus service. The airport provides frequent domestic and international flights to a range of destinations.

Leicester is enjoying a period of sustained prosperity and is a major driver of economic development in the UK. This is in part due to its strategic central location, excellent transport infrastructure, and the city's diverse and educated workforce. The city has attracted major international businesses including Walkers Crisps, IBM, Santander, Hastings Direct, PPL PRS, Land Registry, Mattioli Woods, British Gas, National Grid, HSBC and Next Plc among others. Leicester is also home to world class sporting sides Leicester Tigers Rugby Club and Leicester City Football Club.



Leicester is centrally located in the UK with excellent transport networks providing the following travel times.



CAR

Only a 12 minute drive from the M1 Junction 21, delivering instant access to the UK motorway network

Destination	Time
London	2hrs 12 mins
Derby	42 mins
Nottingham	43 mins
Birmingham	50 mins
Milton Keynes	1hr 7 mins
Sheffield	1hr 20 mins



TRAIN

Leicester mainline railway station is less than 1 mile away

Destination	Time
London St Pancras	1hr 8 mins
Derby	22 mins
Nottingham	29 mins
Birmingham New Street	50 mins



AIR

East Midlands Airport & Birmingham International Airport within easy access via the M1 and M69 / M6

Destination	Time
East Midlands Airport	25mins
Birmingham International Airport	40mins



Haymarket Shopping Centre

Saxon House

Highcross Car Park

John Lewis

Highcross Shopping Centre

Wulcomb Residential Development

Showcase Cinema De Luxe

Novotel Leicester

Aparthotel Adagio Leicester

No. 1 Great Central Square

Travelodge

Situation

Saxon House is situated prominently at the junction of Causeway Lane and East Bond Street just inside the city ring road (Vaughan Way). Opposite the property is the Highcross Shopping Centre which provides over a hundred shops and is anchored by Apple and John Lewis. The surrounding area comprises an attractive mix of modern and period properties used for both commercial and residential purposes.

Directly opposite the property, on the opposite side of Vaughan Way is the recently completed mixed use scheme Great Central Square, comprising a Novotel hotel, an aparthotel and 33,000 sq ft of prime Grade A office accommodation. Nearby is the recently completed Wullcomb development by Long Harbour, with 297 residential units for the private rented market.



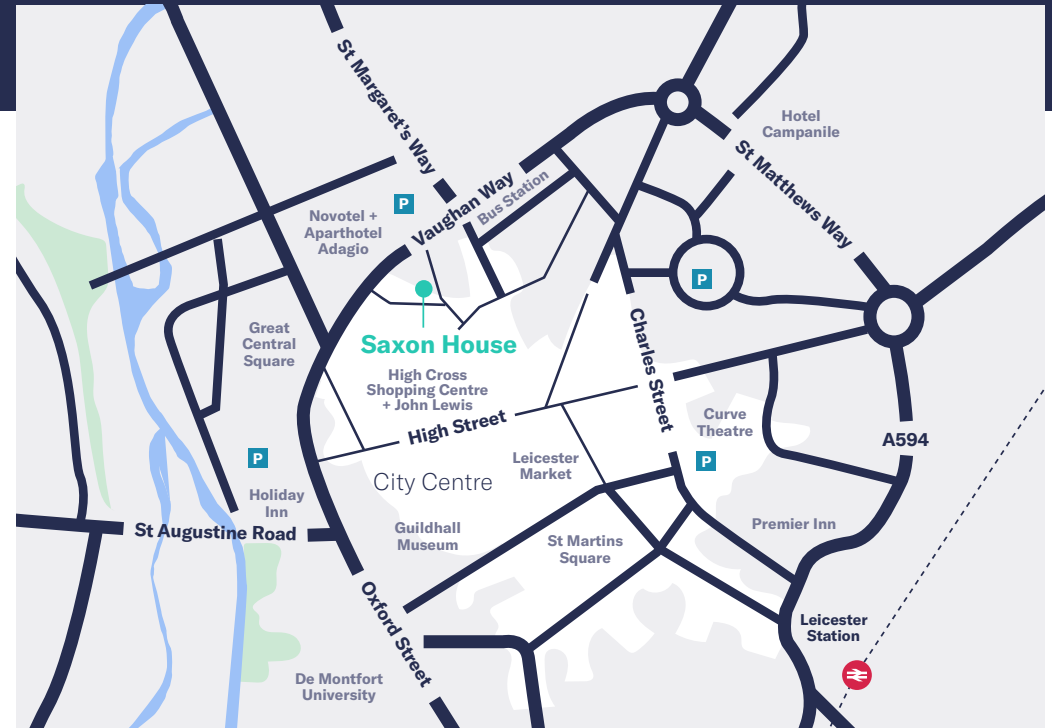
LEICESTER RAILWAY STATION



ADAGIO APARTHOTEL



HIGHCROSS SHOPPING CENTRE



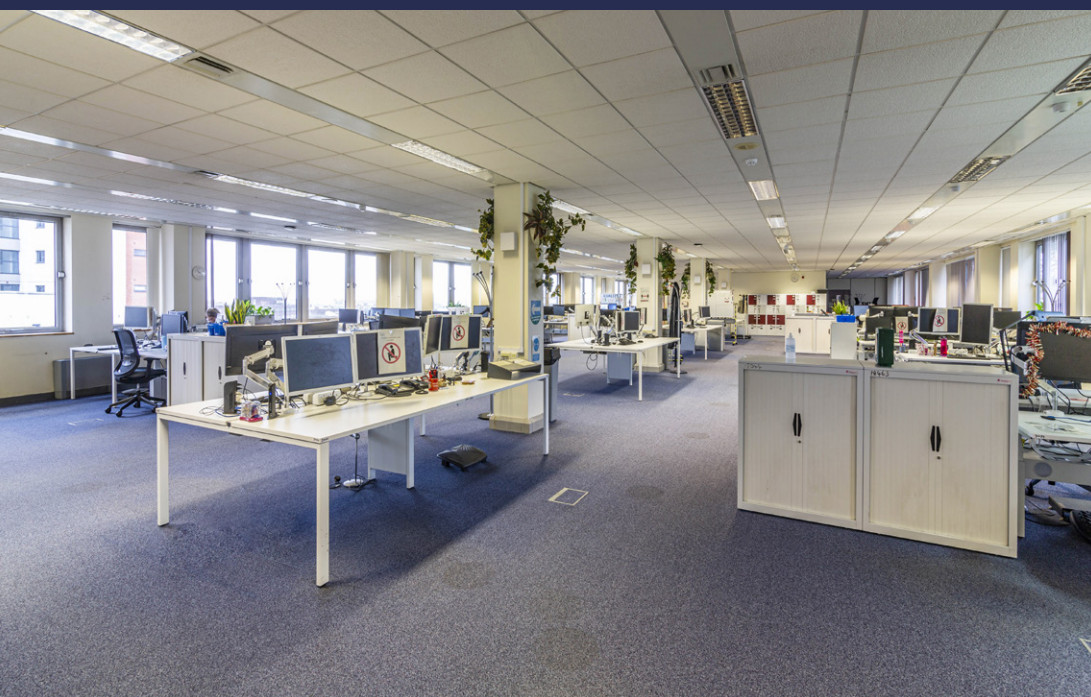
Property Description

The building comprises an impressive six storey detached office building, totalling some 88,992 sq ft GIA (74,501 sq ft NIA). The building was constructed in 1993 with a steel frame, brick elevations, a pitched roof and double-glazed windows.

The office accommodation benefits from good natural light, predominately open plan floor plates and good floor to ceiling heights. A large reception area at ground floor leads out onto the junction of Causeway Lane and East Bond Street, facilitating access into the city centre and the Highcross Shopping Centre.

The property benefits from the following specification:

- Double-glazed windows
- Full access raised floors
- Suspended ceilings with recessed lighting
- Air conditioning providing heating and cooling
- 28 secure car parking spaces
- Two lifts (13 person capacity)
- Male and female toilets on each floor



Accommodation

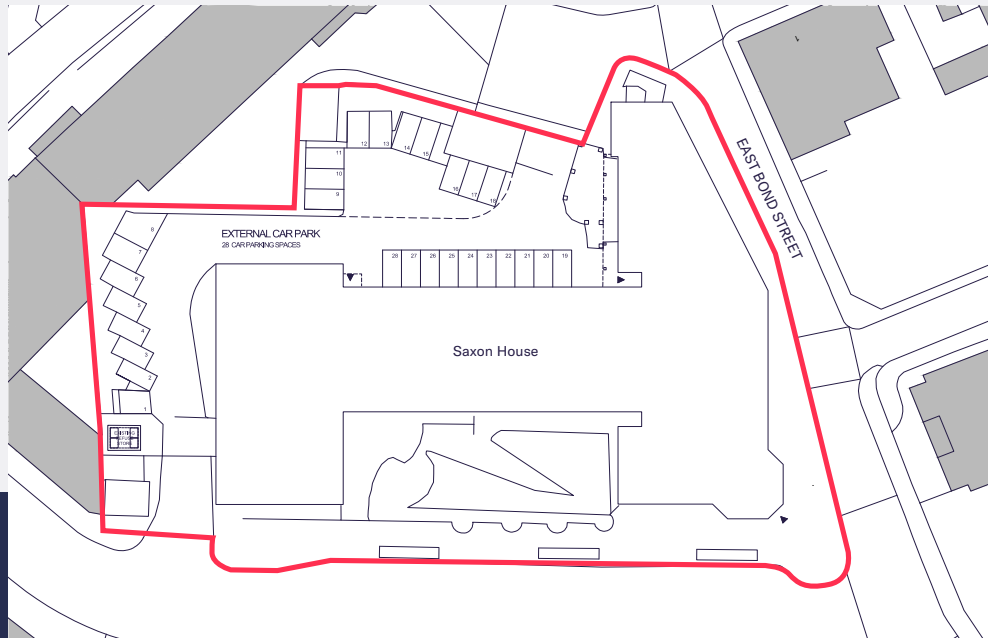
The property provides the following Net Internal Areas and Gross Internal Areas:

FLOOR	NIA Sq M	NIA Sq Ft	GIA Sq M	GIA Sq Ft
5th	1,004.0	10,807	1,183.4	12,738
4th	1,005.9	10,828	1,182.4	12,727
3rd	1,006.4	10,833	1,182.4	12,727
2nd	1,005.6	10,824	1,181.8	12,721
1st	1,448.2	15,588	1,798.9	19,363
Ground	1,451.2	15,621	1,738.7	18,715
Total	6,921.3	74,501	8,267.60	88,992

There is a substantial roof space void of approximately 11,700 sq ft (1,087 sq m) at 6th floor. Whilst there is currently no structural floor to the majority of this space, subject to the necessary works and consents, this space could be utilised as additional accommodation.

The site area extends to approximately 0.75 acres (0.3 hectares).

Title Plan



Indicative Title Demise



Tenure

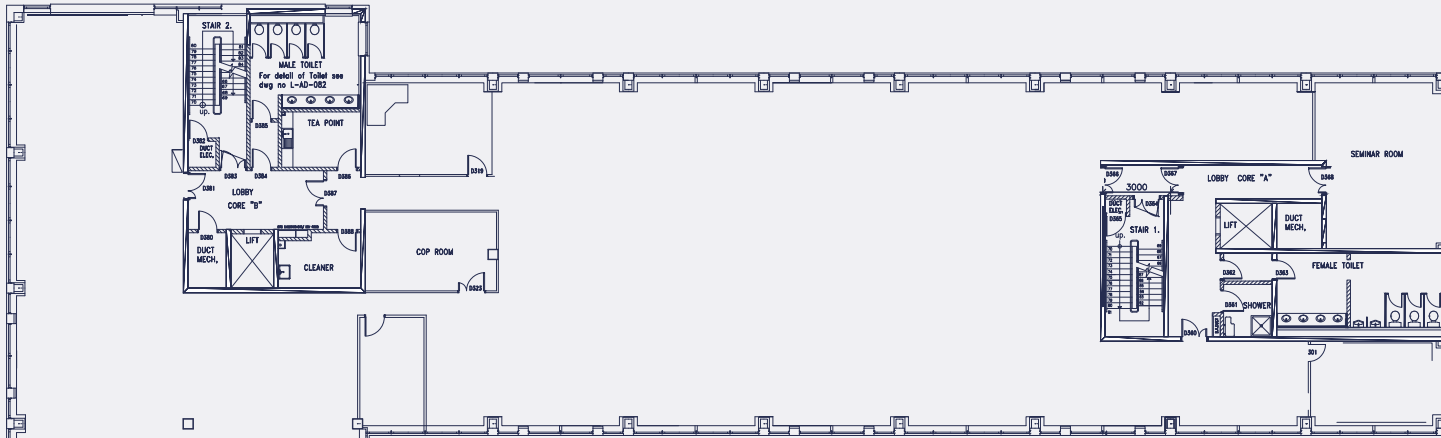
Freehold.

Tenancy

The property is currently occupied by HMRC. The vendor, Mapeley STEPS Limited, will provide a short term lease at a rental of £627,000 (£8.41 per sq ft) from completion of the sale through until lease expiry on the 30th June 2022. The lease will be subject to a tenant break option on the 31st March 2022, subject to 6 months' notice. The lease will be outside the Landlord & Tenant Act 1954 and the tenant will not be liable for dilapidations.

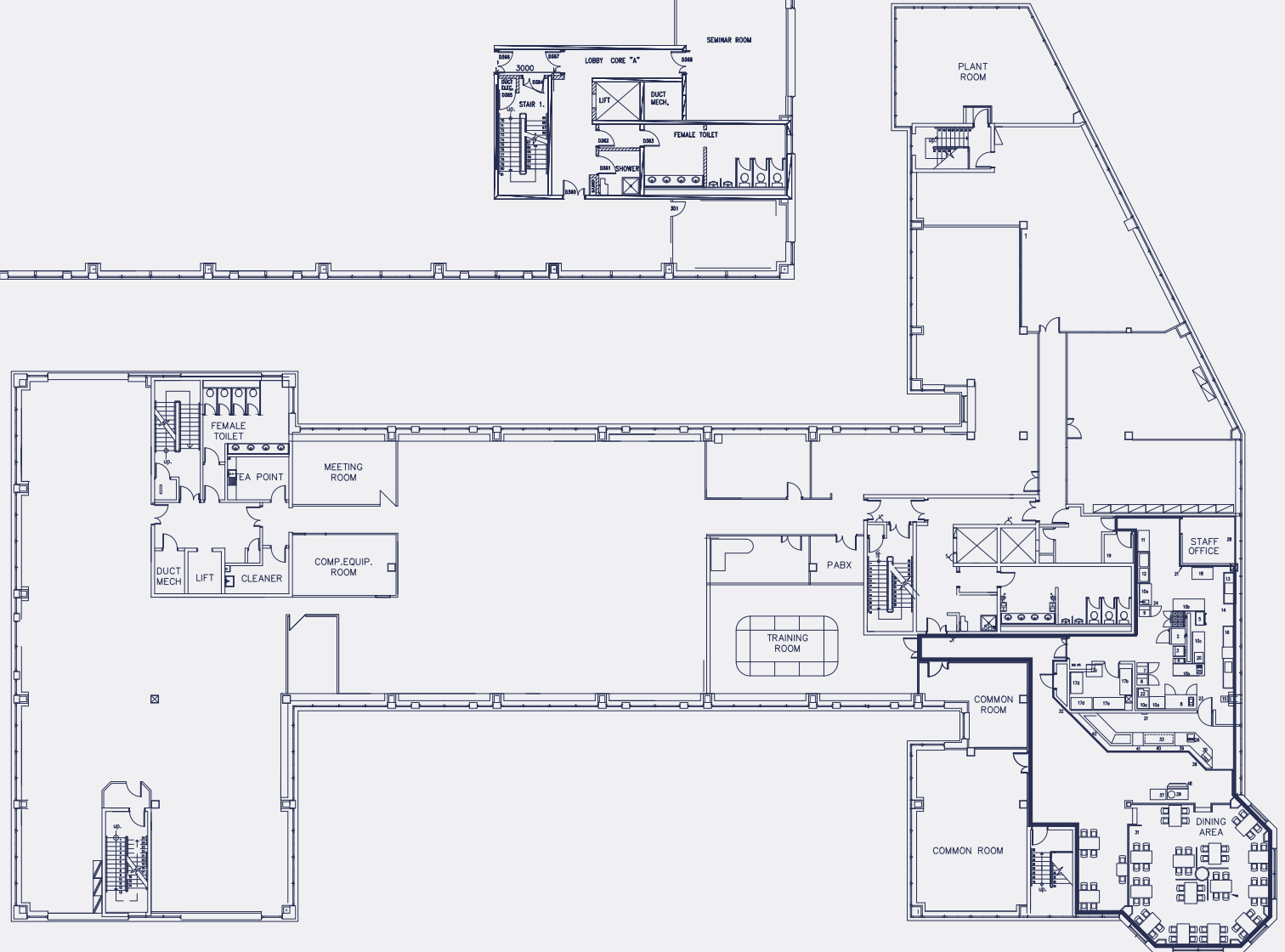


Floor Plans (Existing)



Typical Upper Floor

Ground Floor



Redevelopment Potential

The property presents an exciting opportunity to undertake numerous asset management initiatives and would be suitable for a range of different uses including, residential conversion, student scheme, hotel or aparthotel development or an office refurbishment.

The property currently benefits from Permitted Development consent, dated 18th December 2018, to convert the property to 122 apartments. There may be the potential for an extension to the existing building or additional floors, subject to gaining the necessary planning consent.

The Permitted Development consent granted by the Council may provide a useful tool for further negotiation and subsequent submission to maximise the planning potential of the building. There may also be potential to pursue a wholesale redevelopment of the building.

The property is not listed, nor is it located within a conservation area.



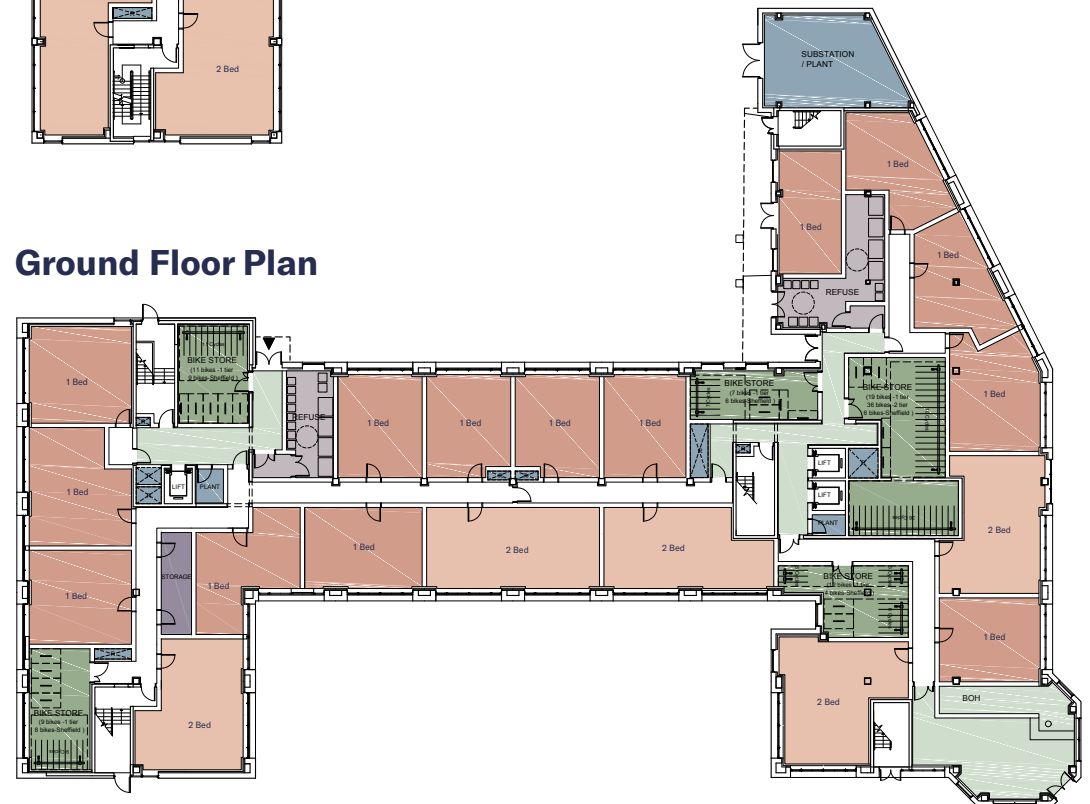
Indicative 3D Image

Permitted Development Consent

Typical Upper Floor Plan



Ground Floor Plan



Leicester Office Market

The city has a diverse supply of local employment and has attracted several major occupiers, including Pepsi, IBM, Hastings Direct, PPL PRS, Land Registry, Mattioli Woods, British Gas, National Grid, HSBC and Next Plc.

The office market is characterised by a lack of available Grade A office stock, with residential permitted development having removed several competing buildings from the marketplace in recent years. This is compounded by a historic lack of speculative office development in the city centre generally.



Leicester is one of the largest commercial centres in the Midlands, due to the city's central position and excellent proximity to road, rail and air networks.

Office take up in Leicester for 2020 is below the 10 year average of 275,000 sq ft as a result of Covid-19. It is however anticipated that once the market recovers a scarcity of quality office accommodation will remain and demand for quality office space will return.

Pre Covid-19, the office market was buoyant with very limited true Grade A accommodation available or quality refurbished accommodation. The exception to this being the recent completion of No. 1 Great Central Square to provide 33,000 sq ft of prime office accommodation opposite Saxon House that is expected to achieve a rent in the region of £19/£20 per sq ft.

Prime rents have plateaued, reflecting a long absence of new build speculative development in the city centre. Evidenced by recent out of town pre-let deals, top rents stand at circa £18.00 per sq ft, placing Leicester among the most economical office locations in the UK. The arrival of No.1 Great Central Square is widely expected to lift Leicester's prime rent.



ONE GREAT CENTRAL SQUARE

Residential Market

In recent years Leicester has seen strong capital growth. The average price for residential property currently stands at £240,842 (Zoopla) as of February 2021, which is a rise of 4.81% over the past 12 months.

The growth in Leicester is as a result of its fantastic array of amenities, travel connections, green spaces and two popular universities, University of Leicester and De Montfort, leading to large student numbers, first-time buyers and professionals now wishing to live in the City Centre.

Capital values achieved vary from £250 per sq ft to £300 per sq ft for the most desirable properties.

The Private Build to Rent market is evolving quickly within the City with rents being achieved of circa £1,000 per month for a 1 bed apartment.



THE WULLCOMB

Student Market

Leicester City is home to two major universities, University of Leicester and De Montford University. Student numbers total circa 38,000 students but the universities are only in a position to offer circa 8,000 students' accommodation in halls of residence. This represents just 21% of the full time student population, illustrating a considerable undersupply.

The number of bedrooms provided by a combination of the halls of residence and the private sector schemes totals circa 17,000. This represents 45% of the total student population and leaves approximately 21,000 (55%) of the student population unable to access university or private sector accommodation.

Rents for student schemes vary dependent on location and specification and are approximately £150 per bed per week assuming self catering apartments.



DE MONTFORT UNIVERSITY MAIN CAMPUS



Proposal

We are instructed to seek offers in excess of **£6,500,000 (Six Million, Five Hundred Thousand Pounds)**, subject to contact and exclusive of VAT.

A purchase at this level reflects a low capital value of £73 per sq ft GIA and an attractive net initial yield of 9% assuming purchaser's costs of 6.64%.

VAT

The property is elected for VAT. It is envisaged that the sale will be treated as a Transfer of Going Concern (TOGC).

EPC

The property has an EPC rating of 111 (band E).

Data Room

There is a data room for the property which contains key property information. Access to the data room will be given on request.

Further Information

Should you require further information or wish to view the property, please contact either:

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