

# Norwich House, Savile Street & 6 – 8 George Street Hull HU1 3ES



Prime Freehold Multi Let Office & Retail  
Investment With PDR Potential



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## Investment Summary

- Centrally Located in Hull City Centre with attractive views over Queens Garden.
- Multi let office and retail building with office suites arranged over four floors and three retail units on the ground floor totalling approximately **2,948 sm (31,733sq ft)** with **6 car spaces**.
- Freehold.
- Currently produces a rental income of **£199,884 pa**, including the Regus fit out rent and assuming 12 months guarantee on the vacant office suite, which will provide the opportunity for a reversion going forward.
- Key tenants include: Regus, Scope and Newcross Healthcare Solutions.
- Potential for Permitted Development Conversion to residential.
- **AWULT to expiry 6.09 years** (4.9 years to the breaks).
- Offers sought in excess of **£1,400,000 (One Million, Four Hundred Thousand Pounds)** subject to contract and exclusive of VAT. This equates to a capital value of **£36 per sq ft** on the upper parts.
- A purchase at this level would provide an **initial yield of 13.46 %** assuming purchasers costs of 6.05% and a **reversionary yield of 20.27%.**





HULL  
PARAGON

St Stephen  
Shopping Centre

A165

Prospect  
Shopping Centre

Primark

Princess Quay  
Shopping Centre

City Hall

Albion Square  
Redevelopment

New Hull  
Theatre

Marks &  
Spencers

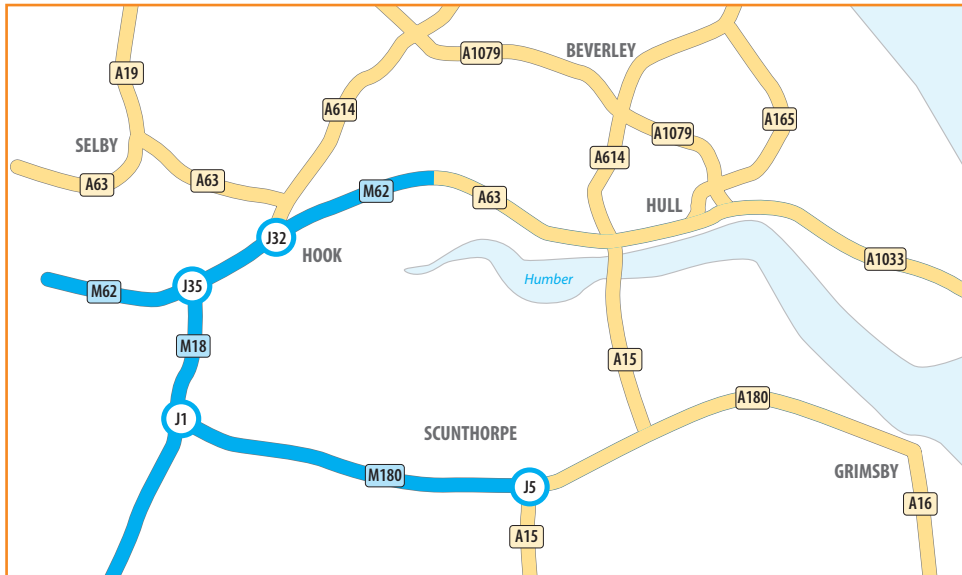
BBC

Gosschalks  
Solicitors

QUEENS  
GARDENS



# Norwich House, Savile Street & 6 – 8 George Street Hull HU1 3ES

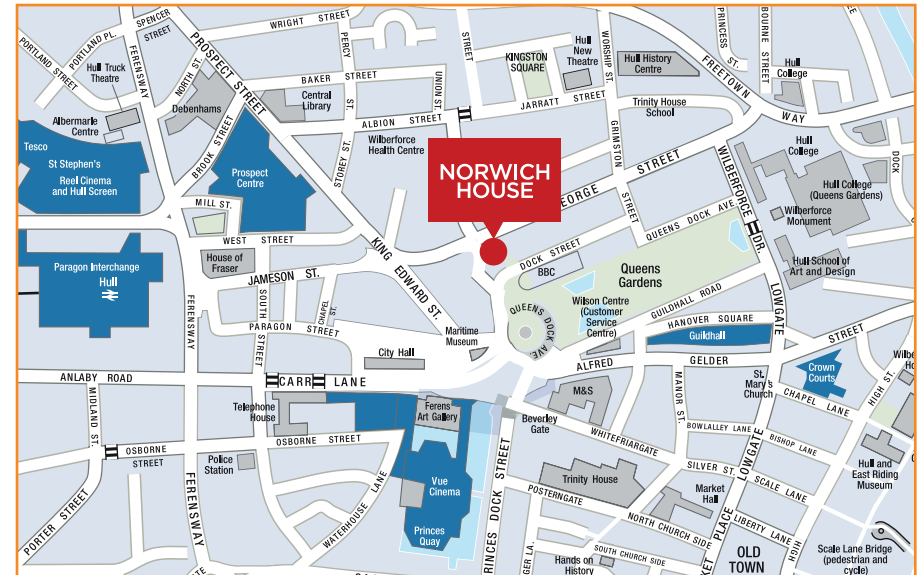


## Location

Hull is located in the North East of the UK, on the northern bank of the Humber Estuary. The City is located 60 miles east of Leeds, 46 miles east of Doncaster, 40 miles south east of York and 187 miles north of London.

Hull is the economic and regional capital of East Yorkshire and the Humber region with a population of approximately 210,000 residents. The City has good road connections to the M62, M180 and M18 motorways and benefits from Humberside airport 16 miles to the south of the city. Humber Port is the UK's busiest port and the fourth biggest in Europe handling over 85 million tonnes of cargo each year.

Hull is a city and unitary authority in the East Riding of Yorkshire. Key sectors of the local economy include ports and logistics, renewable energy, and healthcare and technologies. The city is evolving, having been awarded 'UK City of Culture 2017'. It is also several years into its 10-year 'City Plan', a private-sector-led initiative launched in 2013 aimed at boosting the local economy.



## Situation

The Property occupies a prominent position at the junction of Savile Street, George Street and Dock Street, with views into Queens Gardens. The immediate area is mixed use, predominately office and retail with some leisure and residential uses. Nearby occupiers include BBC Humberside Radio Station, Intersport, Grosvenor Casino and the Rugby Tavern.

Hull City Council has now acquired the whole of the Albion Square site in the city centre and opposite Norwich House, the full ownership of the site between Jameson Street and Albion Street including the former Edwin Davis, Co-op and BHS department stores have all now be secured by the City Council and redevelopment of this site is due to start in 2018. The former TSB bank at the corner of George Street and Bond Street and adjacent Norwich House is also due to be converted into 32 flats helping further regenerate the immediate surroundings.

**Norwich House**, Savile Street  
& 6 – 8 George Street Hull HU1 3ES



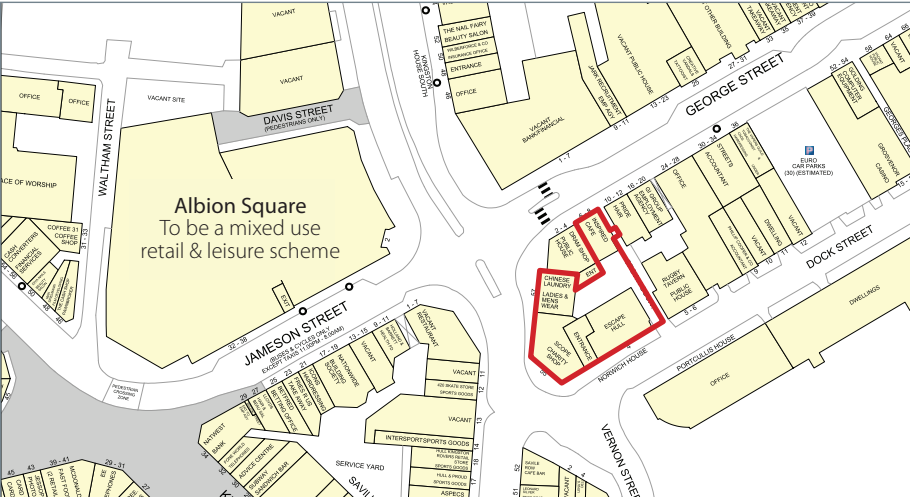
## Description

The property comprises a 5 storey building with retail on the ground floor and four floors of offices above. The ground floor is split into three retail units fronting George Street, Savile Street and Dock Street with a service yard and car park to the rear. The ground floor office entrance and recently refurbished reception is located on Dock Street overlooking both BBC Humberside Radio Station and Queens Gardens.

The office reception provides access to the upper floors by way of two 10 person passenger lifts and a staircase. The office layout is open plan and fitted out to include suspended ceilings and perimeter trunking. There are male and female WC's on each floor and fire exits at both ends of the building. The building is heated by way of gas central heating, benefits from excellent natural light and is DDA compliant.

The part vacant fully refurbished fourth floor offers maximum flexibility to tenants and can be split into two suites or let as a whole.

In addition and also included in the sale is the neighbouring 6-8 George Street which comprises a ground floor retail premises with two upper floors.





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## Accommodation

The property provides the following net internal areas, measured in accordance with the RICS Measuring Code of Practice (6th Edition).

Floor	Use	Sq ft	Sq m	ITZA sq ft
4th Floor	Offices	4,883	453.64	
3rd Floor	Offices	6,238	579.53	
2nd Floor	Offices	6,169	573.11	
1st Floor	Offices	6,130	569.49	
Grd, 4 Dock Street	Retail	2,328	216.28	1,732
Grd, 55 Savile Street	Retail	2,991	277.87	2,503
Grd, George Street	Retail	733	68.10	649
6/8 George Street	Retail/Offices	2,261	210.05	
TOTAL		31,733	2,948.10	

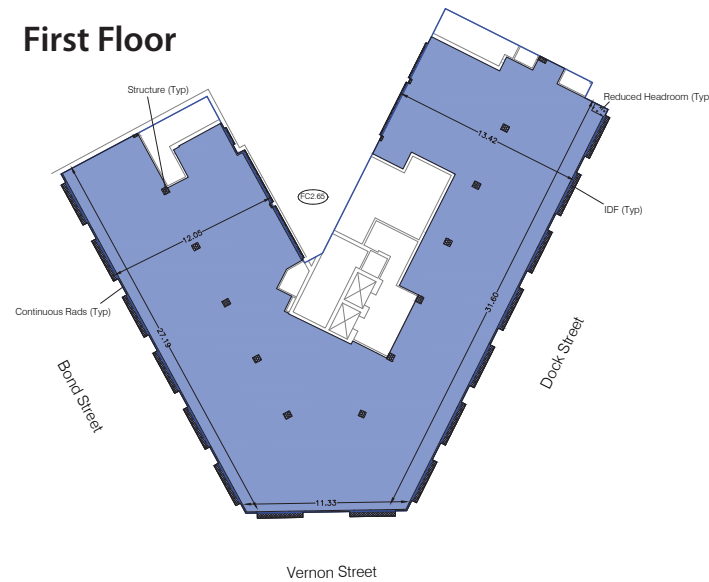


# Floor plans

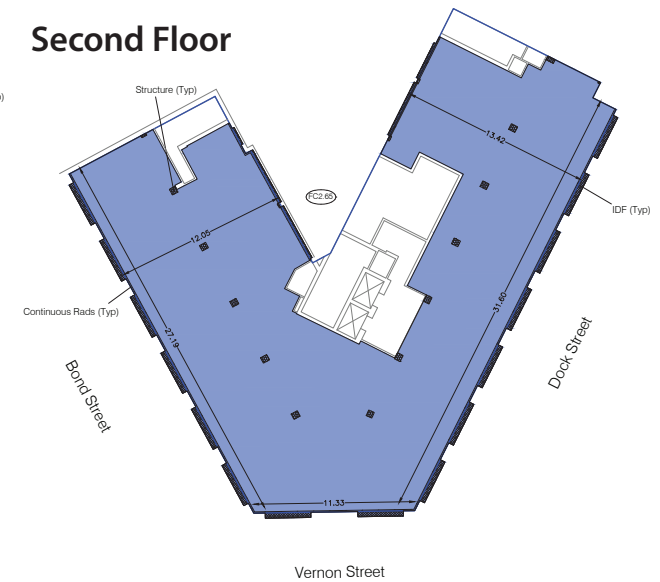
## Ground Floor



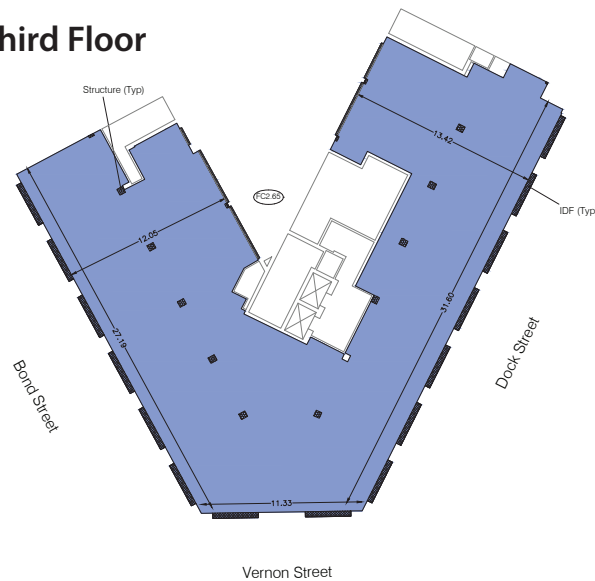
## First Floor



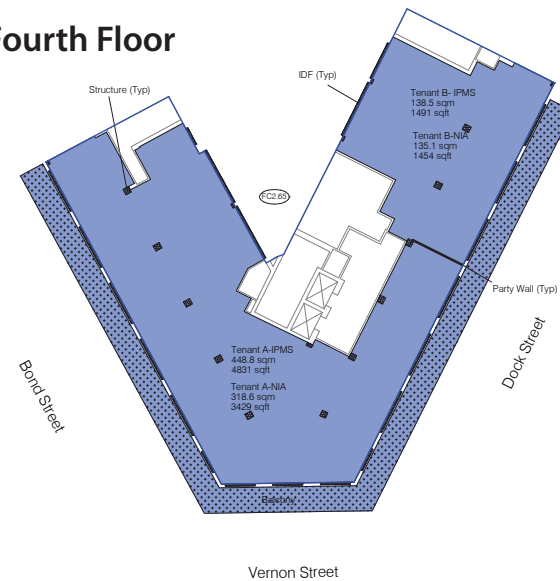
## Second Floor



## Third Floor



## Fourth Floor





# Norwich House, Savile Street & 6 – 8 George Street Hull HU1 3ES

## Planning

Norwich House is not Listed nor situated within a Conservation Area.  
6-8 George Street is situated within the Georgian New Town Conservation Area, but is not Listed.

## Tenure

The property is held freehold.





# Norwich House, Savile Street & 6 – 8 George Street Hull HU1 3ES

## Tenancy

The property is let to seven tenants, with only one vacant office suite on the 4th floor which benefits from 12 months rental guarantee. Regus (Hull Savile Street Centre Ltd) who occupy the first and second floors in addition to their turnover rent also pay a fit out rent as detailed in the tenancy schedule below.

ACCOMODATION				TENANT	LEASE TERMS				RENT		ERV		COMMENTS
Floor	Use	Sq m	Sq ft		Start	Expiry	Break	Review	£pa	£ psf/ZA	£pa	£ psf/ZA	
4th A	B1	135.08	1,454	Newcross Healthcare Solutions Ltd	16-Feb-18	15-Feb-23	15-Feb-21	Fixed increase 15/2/2021	£11,750	£8.08	£11,750	£8.08	Fixed increase on 16/2/21 to £12500 pa. Service Charge cap @ £6196 + RPI. TBO on 6 m notice but paying a penalty of £5875 + VAT. Outside L&T Act.
4th B	B1	318.56	3,429	Vacant					£27,432	£8.00	£27,432	£8.00	12 months rental guarantee to be provided by the vendor. Divisible into 2 suites if required.
3rd	B1	579.53	6,238	The Humberside, Lincolnshire and North Yorkshire Community Rehabilitation Co Ltd	14-Nov-16	31-Jan-22			£47,250	£7.57	£49,904	£8.00	Outside L&T Act. Schedule of Condition in lease.
1st & 2nd	B1	1,142.62	12,299	Hull Savile Street Centre Ltd t/a Regus	16-Nov-15	15-Feb-26			£0	£0.00	£98,392	£8.00	Principal Rent = 80% of the Net Turnover. No rent is currently payable. Tenant option to extend for a further 5 years. Outside L&T Act. Service charge cap of £65,090 + CPI.
					16-Nov-15	15-Nov-25			£56,702		£56,702		Fit Out Cost payment is 10% pa over 10 years ie 2.5% per quarterly Turnover Period. Fit Out Cost is £567,024 equating to £56,702.44 pa for 10 years. Regus plc provide a guarantee for 50% of the Fit Out Costs reducing by 10% pa to the 20th Turnover Period (5th Year)
Grd Dock St	A1	216.28	2,328	Team Building & Things To Do Ltd t/a Escape Hull	1-Aug-16	31-Jul-26	1-Aug-21	1-Aug-21	£15,000	£8.66	£15,000	£8.66	Inside the L&T Act. Mutual break on 6 m notice. Service charge cap of £2000 + RPI for 5 years. Rent deposit of £4,500 inc of VAT.
Grd Savile St	A1	277.87	2,991	Scope	16-Dec-13	15-Dec-23	15-Dec-18	16-Dec-18	£27,000	£10.79	£27,000	£10.79	Inside the L&T Act. TBO on 6 m notice.
Grd George St	A1	68.10	733	Chinese Laundry (Hull) Ltd	25-Mar-11	24-Mar-21			£10,500	£16.18	£10,500	£16.18	Inside the L&T Act. Rent Deposit held of £2,500 + VAT
		<b>2,738.04</b>	<b>29,472</b>						<b>£195,634</b>		<b>£296,680</b>		

### 6-8 George Street

Grd, 1st & 2nd	A1	210.05	2,261	Lawgate Properties Limited	29-Sep-1975	28-Sep-2074		29-Sep-24	£4,250	£1.88	£4,250	£1.88	Inside the L&T Act. Reviews 7 yearly to 25% of Market Rental Value. Underlet to Inspire Communities Ltd @ £8,000 pa
<b>TOTAL</b>		<b>2,948.10</b>	<b>31,733</b>						<b>£199,884</b>		<b>£300,930</b>		

\*Turnover rent and Fit Out Cost rent calculations are available in the data room.



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## Covenants

Company	Experian Rating	Financial Year	Turnover (£)	Pre-Tax Profit (£)	Net Assets (£)
Scope	100/100	31/03/2016	99,523,000	4,137,000	28,061,000
Team Building & Things To Do Ltd	51/100	30/04/2016	n/a	n/a	96,487
Chinese Laundry (Hull) Ltd	50/100	31/10/2016	n/a	n/a	3,586
Hull Savile Street Centre Ltd	15/100	31/12/2016	143,000	-259,000	-303,000
The Humberside, Lincolnshire	12/100	31/12/2016	16,388,877	-1,127,812	112,205
Newcross Healthcare Solutions Ltd	99/100	30/04/2016	89,930,288	14,234,352	20,292,092
Lawgate Properties Ltd	78/100	30/09/2016	n/a	n/a	1,199,509

### **Scope (Company number: 00520866)**

Scope is a charity engaged in the promotion of equality, diversity, independence and health of disabled people, especially those with cerebral palsy.

### **Team Building & Things To Do Ltd (Company number: SC475315)**

Trades as 'escape Hull', providing a challenging live activity centre for corporate team building or friends and family.

### **Chinese Laundry (Hull) Ltd (Company number: 05241224)**

Chinese Laundry is one of Yorkshire's premier vintage clothing boutiques. Established in 2004, they have been purveying a classic range of male & female fashion for over 11 years with shops in York and Hull.

### **Hull Savile Street Centre Ltd (t/a Regus) (Company number: 09082235)**

Regus is the world's largest provider of flexible workspace solutions, with a network of almost 3000 business centres, spanning almost 900 cities across 120 countries. Founded in Brussels, Belgium, in 1989, Regus is based in Luxembourg and listed on the London Stock Exchange.

### **The Humberside, Lincolnshire & North Yorkshire Community Rehabilitation Company Ltd (Company number: 08802522)**

The Humberside, Lincolnshire & North Yorkshire Community Rehabilitation Company delivers world-class rehabilitation services and is committed to supporting people to make lasting change. They uphold and enforce court sentences and protect the communities.

### **Newcross Healthcare Solutions Ltd (Company number: 03184321)**

An independent organisation that provides highly trained staff, clinical expertise and administrative support to help care for sick and vulnerable people. Providing exceptional healthcare across the UK since 1996.



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## Market commentary

### Analysis of Income

The property is 86% let with a rent guarantees for 12 months covering the vacant office suite on the fourth floor. The property has a WAULT of 6.09 years (4.9 years to the breaks). In addition to and turnover rent there is an additional Fit Out Cost rent paid by Regus (Hull Savile Street Centre Ltd) for 10 years from the 16th November 2015 which repays the cost of the Regus fit out provided by the current landlord. The income split is retail 29% and office 71%.

### Rental Levels

Recent examples of high achieved rents in Hull include Centrica Storage paying £16.75 Sq ft for 17,500 SF at Bridgehead Business Park, and rradar paying £15 Sq ft for 15,780 Sq ft at The Beacon. Hull's office market has expanded over the last couple of years. Numerous pre-let and speculative buildings have been delivered recently, meaning the market has about 4% more office stock than it did at the end of 2015. The largest delivery was Cartergate House (34,670 Sq ft), a headquarters office building pre-let to Wilkin Chapman solicitors.

Recent construction activity has focused around Bridgehead Business Park, a 50-acre site being developed by regeneration specialist Wykeland Group. New headquarters office buildings have been delivered there for Centrica Storage, SGS, and The One Point. The Ergo Centre, a business centre aimed at occupiers in the renewable energy and environmental technology sectors, has also recently been delivered.

Leasing picked up in 2017, surpassing 2016's full-year total by the end of the third quarter of 2017, helped by six lettings above 10,000 Sq ft (more than in the previous three years combined). ENGIE signed a 15-year lease on 25,635 Sq ft at New Oxford House in the second quarter of 2017, relocating from its existing offices at Europarc upon expiry of its lease.

### Investment Market

Hull was announced the winner of UK City of Culture 2017, the award bought £250m of investment to the city as well as providing a boost to visitor numbers. The allocated funds helped enhance a number of projects within the city, including:

- £130m redevelopment of Albion Square and Bond Street to enhance the visitor and leisure offer.
- £50m invested in major cultural regeneration projects, including a £25m public realm project, improvements to Hull New Theatre and the Ferens Art Gallery, and work to re-start development of the Fruit Market.
- A new £30m arts centre.
- A £7m revamp of the Woodford Leisure Centre in east Hull.

Sales volumes in Hull jumped to a post-crisis high in 2017, helped by the sale of Centrica Storage's office at Bridgehead Business Park for £4.5 million, reflecting a net initial yield of 6.5%. Other recent sales include the sale of Melton Court in North Ferriby to Seneca Property (as part of a £20 million portfolio of six business centres).



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## Service charge

A fully recoverable service charge regime is in place for the building with an actual spend against the budget for the year ending 31st December 2017 of £86,209.29 pa, equating to just £2.88 psf on the management areas for the whole building (excluding 6-8 George Street which is let on separate FRI terms).

## VAT

The property is elected for VAT and it is therefore expected that any sale be treated by way of a Transfer of a Going Concern (TOGC).

## EPCs

Energy Performance Certificates have been prepared for the property and further details can be provided on request.



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## Asset Management

- Re-gear Regus lease
- Let the vacant office suite
- The Vintage Clothing Boutique Chinese Laundry, has been occupation of this unit since its inception in 2004. There is opportunity to re-gear their lease which expires in 2021.
- Longer term there is the prospect to re-configure the layout of the ground floor retail units.
- Explore acquiring the head leasehold interest at 6-8 George St or consider a sub sale of this element.
- Explore conversion to PRS by way of permitted development rights. A set of plans showing a possible PRS layout is included in the Data Room. It is estimated that such a layout could create 33 one/two bedroom apartments.



**TYPICAL FLOOR – Possible PRS layout**



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## Proposal

We are instructed to seek offers in excess of **£1,400,000 (One Million, Four Hundred Thousand Pounds)** subject to contract and exclusive of VAT.

A purchase at this level would produce a **net initial yield of 13.46 %**, assuming standard purchase costs of 6.05 %, which rises to **20.27 %** based on a rental value of £298,254 pa. This produces an attractive **Capital Value of £44 psf** for the entire building and only **£36 psf on the upper parts**.



## Further Information

For further information, access to the data room or to arrange an inspection of the property please contact:



**Tim Morgan**

T : 020 7318 1933

M: 07775 654 795

E: [tjm@hsmuk.com](mailto:tjm@hsmuk.com)

**Tom Larkin**

T : 020 7318 1938

M: 07415 314 125

E: [tml@hsmuk.com](mailto:tml@hsmuk.com)

[www.hsmuk.com](http://www.hsmuk.com)



chartered surveyors & property consultants

**Jason Barnsdale**

T : 01302 308 174

M: 07836 534 040

E: [jason@barnsdales.co.uk](mailto:jason@barnsdales.co.uk)

[www.barnsdales.co.uk](http://www.barnsdales.co.uk)

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