

60

CHARLES LEICESTER LE1 1FB STREET

FREEHOLD CITY CENTRE
OFFICE INVESTMENT

WITH CONSENT FOR RESIDENTIAL
CONVERSION TO 72 FLATS AND POTENTIAL
FOR STUDENT ACCOMMODATION





INVESTMENT SUMMARY

- Leicester is one of the major centres in the East Midlands with a population of circa 368,000.
- Communications are excellent with the M1 and M69 motorways to the south-west, rail services to London (St Pancras) in 1 hour 3 minutes, and East Midlands Airport 15 miles to the north-west.
- Located in the popular St George's cultural quarter, with Tesco opposite and M&S, Primark, Ramada Encore Hotel, and Matalan less than 100m away on Humberstone Gate, with both Highcross and Haymarket shopping centres less than a five-minute walk.
- 47,560 sq ft (NIA) (4,418.43 sq m) office building on ground and thirteen upper floors, with 9 car parking spaces arranged over site.
- Refurbished in 2019 and subdivided into suites appealing to a variety of occupiers, including two with display frontage.
- EPC Rating of C(72)
- Let to a variety of occupiers including Duncan Lewis Solicitors, Everyday Loans Ltd, Life Links (Richmond Fellowship), Vodafone, and Jonathan Ashworth MP
- Consent for conversion to 72 apartments and discussions with planners for circa 79, with potential for student accommodation.
- Annual rental income of £478,464.53 pa, and ERV of circa £515,000 pa.
- Freehold



Offers sought in the region of **£4,500,000**, subject to contract and exclusive of VAT, giving a net initial yield of 10% after normal purchase costs and a potential reversion of 10.74%, and a capital cost of only £94.62 psf.

LOCATION



Leicester is the main commercial centre and administrative capital of Leicestershire. With a population of 368,000 (2021) Leicester is the largest city in the East Midlands and tenth largest city in the United Kingdom. The wider Leicester urban area has a population of 560,000 (2021) and is a fast growing youthful city driving a £23.5 billion economy with a particular focus on tech start-ups.

Strategically located at the heart of the UK within the East Midlands region, Leicester is situated approximately 27 miles south of Nottingham; 28 miles north east of Coventry; 45 miles east of Birmingham; and 103 miles north of London.

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 highly educated workforce. The city has attracted major international businesses including Next Plc, Walkers Crisps, British Gas, IBM, Hastings Direct, Land Registry, Mattioli Woods, National Grid and HSBC among others. The city is represented by two leading universities, The University of Leicester, and De Montfort University, which attract approximately 45,000 students, and is home to world class sporting sides Leicester Tigers Rugby Club and Leicester City Football Club.



COMMUNICATIONS

Road - The city benefits from excellent road communications being located immediately to the east of the M1 with access from junctions 21, 21a and 22, providing north south links and access to London. In addition, the M69 provides access to the M6 and M42, and the wider Midlands region and Birmingham.

Rail - Leicester railway station provides direct services to London St Pancras with five services every hour and journey times from 63 minutes. There are also frequent services to Derby (21 mins) Nottingham (21 mins) and Birmingham (48 mins).

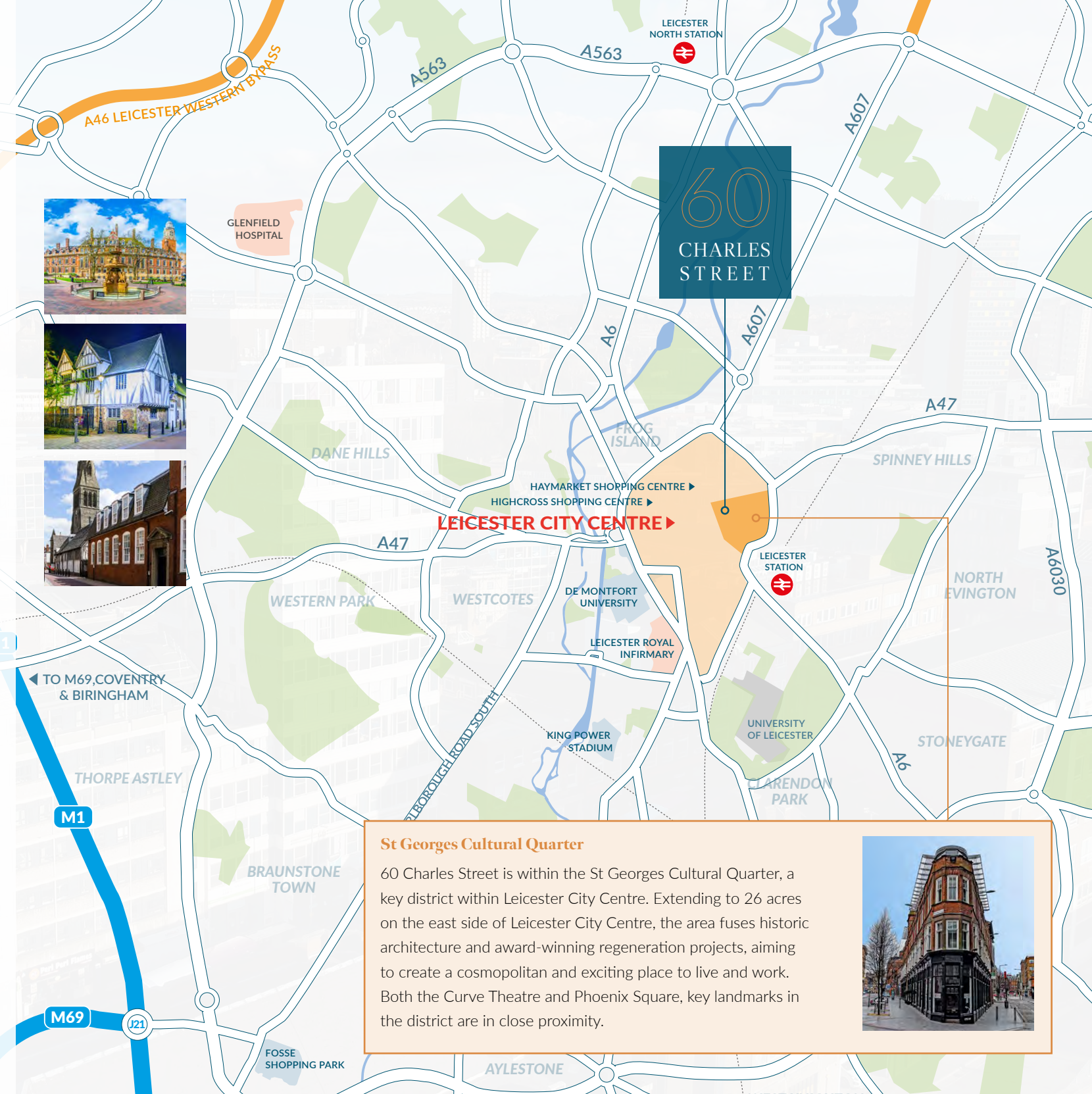
Air - East Midlands Airport is located approximately 19 miles north west of Leicester City Centre and is connected via a 24-hour Skylink bus service. The airport provides frequent domestic and international flights to a range of destinations.



SITUATION

60 Charles Street is a highly prominent landmark building, occupying a strategic position in the heart of Leicester City Centre. Occupying a corner position, with frontage to Charles Street and Yeoman Lane, the building is in close proximity to Leicester's retail and leisure core, and principal office area with an abundance of public transport connections. Charles Street is a key city street, connecting with Humberstone Gate immediately to the north, providing access to the city's principal retail provision, and to Leicester Railway Station, less than half a mile to the south, a key transport hub with over 200 regional and national services every day. Charles Street is a short distance from the inner Ring Road which provides access to the rest of the city including communication links with the M1/M69 Junctions.

The immediate area provides a wealth of retail and leisure amenities, offering a thriving neighbourhood of modern and period properties for both commercial and residential use. Leicester's City Centre retail and leisure provision lies adjacent to the property, with Tesco opposite and M&S, Primark, Ramada Encore Hotel and Matalan less than 100m away on Humberstone Gate, with both Highcross and Haymarket shopping centre less than a five-minute walk. There is ample car parking provision in the immediate area, including the 500 space Rutland Centre NCP within a 1-minute walk of the property.



St Georges Cultural Quarter

60 Charles Street is within the St Georges Cultural Quarter, a key district within Leicester City Centre. Extending to 26 acres on the east side of Leicester City Centre, the area fuses historic architecture and award-winning regeneration projects, aiming to create a cosmopolitan and exciting place to live and work. Both the Curve Theatre and Phoenix Square, key landmarks in the district are in close proximity.



DESCRIPTION

The property comprises a 47,560 sq ft (NIA) (4,418.43 sq m) office building providing accommodation from the ground floor through to the thirteenth floor. The two ground floor suites operate as A2 Use Class premises taking advantage of the prominent trading position. Services and plant are installed within the basement area, and on the two flat roof areas.

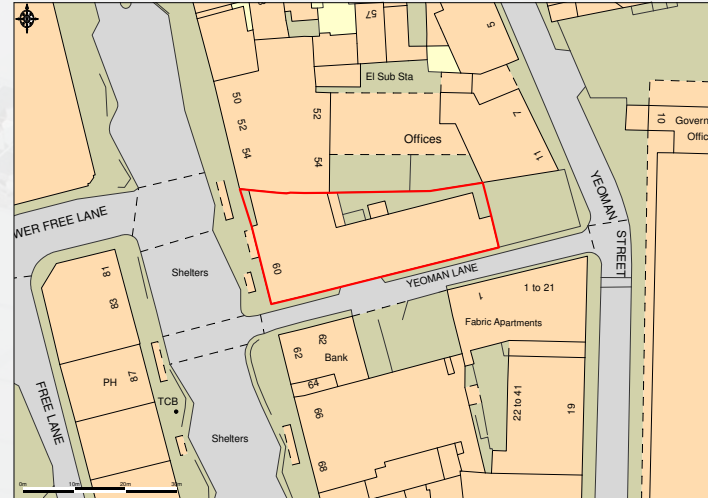


The accommodation was extensively refurbished in 2019, with the exception of the 10th floor, and is arranged to provide a mix of open plan and cellular office accommodation. All floors are served by two high speed 9 person passenger lifts, as well as WC facilities. The specification otherwise includes a commissionaire served entrance hall, air conditioning, gas fired central heating, carpeted floors, suspended grid ceilings with inset lighting, security CCTV, and covered parking for 9 vehicles accessed from Yeoman Lane.

RESIDENTIAL CONVERSION PLANNING CONSENT

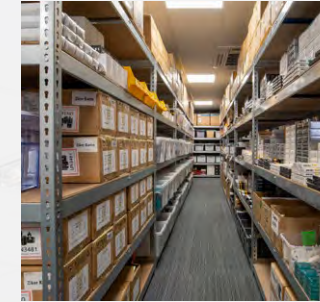
On 1st November 2022 our clients obtained consent by appeal for (Appeal Ref: APP/W2465/W/21/3289826) for a change of use from offices (Class B1(a)) to 72 flats (Class C3). A full copy of the consent is available within the dataroom. Ongoing discussions with planners suggest “there may be scope in considering a 1 storey upwards extension along the whole of the east wing if it was significantly set back”. This could result in a further 6-7 units.

Our clients also consider the building would be suitable for conversion to student accommodation (architects suggest potential for over 80 units).



TENURE

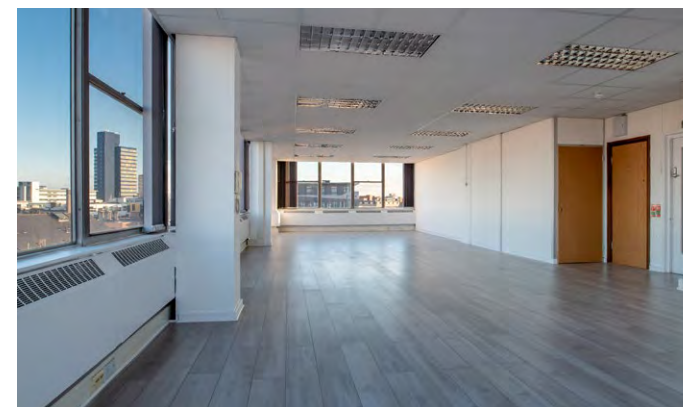
Freehold.



TENANCIES

The property is let in line with the below tenancy schedule, producing a rent of £478,464.53pa, with potential to increase this further through rental increases at reviews and renewals.

Three of the car spaces are currently let, with a further six available.



Tenants Information - Rental & Service Charges Income

Floor No	Tenant	SQFT	Rent Per SQFT	RENT	Parking Income	Lease Start Date	Lease Expiry Date	Term	Break Clause	Rent Review	Service charge %	Service Charge Cap	Comments
				Rent per Annum £	Per Annum £								
Ground Floor - Shop Left	Velma Ferdinand Ltd t/a Fosse Law Solicitors	790	£17.77	14,034.60	600.00	06/07/2018	31/07/2028	10 years	31/07/2021 & 31/07/2024	n/a	2%	£2,765.40 pa	Outside Act. Rent deposit.
Part Ground Floor - Shop Right	People Solutions Group Ltd	1146	£15.27	17,500.00	-	13/04/2022	12/04/2026	4 years	13/04/2024	n/a	Included in rent		Outside Act. Schedule of condition. Rent deposit.
First Floor - Suite 1	Duncan Lewis Solicitors Ltd	2332	£8.50	19,817.75	600.00	22/05/2018	31/03/2033	15 Years	25/03/2023 & 25/03/2028	£22,569.92 on 25/3/2028	6.35%	£8,160.25 pa	Outside Act. Schedule of condition. Rent deposit.
First Floor - Suite 2	Family Law Mediation Ltd	452	£7.96	3,600.00		01/01/2023				£8,400pa from 01/01/2024	Included in rent		Licence agreement
First Floor - Suite 3 Room 1	DM Solicitors Ltd	1519		2,400.00	-	01/12/2022							Licence agreement
First Floor - Suite 3 Room 2	Wiggett Group Ltd			3,000.00		21/10/2021							Licence agreement
First Floor - Suite 3 Room 3	Burton & Burton Solicitors Ltd			7,200.00		09/12/2022							Licence agreement
First Floor - Suite 3 Room 4	LC Services			4,200.00		14/04/2022							Licence agreement
First Floor - Suite 3 Room 5	Abdi Suldan			2,640.00		08/08/2022	31/05/2027	4.75 years					
First Floor - Suite 4	Richmond Fellowship t/a Life Links	1315	£8.50	11,180.05	-	01/09/2018	31/08/2028	10 years	01/09/21 & 01/09/2023	01/09/2023	Fair proportion	£4,603.55	Outside Act. Schedule of condition. Rent deposit.
Second Floor	Twin Employment and Training Ltd	5938	£8.45	50,150.00	-	01/07/2021	30/06/2026	5 years	30/06/2024	n/a	Fair proportion	£20,784.40	Rent deposit.
Third Floor - Suite 1	HY Education Limited	2377	£14.00	33,278.00	-	04/10/2022	03/10/2032	10 years	04/10/2025 every 3yrs thereafter	n/a	Included in rent		Outside Act. Rent deposit.
Third Floor - Suite 2	HY Education Limited	3551	£9.15	32,499.96	-	02/01/2024	31/12/2024	1 year					Licence agreement

Fourth Floor	HY Education Limited	5,939	£8.50	74,225.00	-	01/09/2024	31/08/2027	3 years		07/08/2023 and 5 yearly	12%		Letting in solicitor's hands
Fifth Floor - Suite 1	PSI Services UK Ltd	1486	£8.50	12,634.40	-	18/06/2018	17/06/2028	10 years	18/06/2021 & 18/06/2024	18/06/2023	3.20%	£8,197.40	Outside Act.
Fifth Floor - Suite 2	PSI Services UK Ltd	964	£8.50	8,197.40	-	18/06/2018	17/06/2028	10 years	18/06/2021 & 18/06/2024	18/06/2023	2.10%	£3,375.40	Outside Act.
Sixth Floor - Suite 1	LR Mukudu & RW Lushiku t/a Afro Innovation Group Trustees	1413	£6.50	9,186.45	-	03/09/2018	02/09/2028	10 years	03/09/2023	03/09/2023	3%	£5,000	Outside Act.
Sixth Floor - Suite 2	Thorn Baker Limited	1038	£9.83	10,200.00	-	12/05/2022							Licence agreement
Seventh Floor - Suite 1	Smile Fundraising Limited	1895	£7.60	14,400.00									Licence agreement
Seventh Floor - Suite 2	Synacq Consulting Ltd	569	£11.07	6,300.00		01/04/2021	31/03/2026	5 Years	31/03/2023	n/a	Included in rent		
Eighth Floor - Suite 1	Jacob & Joe Holdings Limited	1532	£15.67	24,000.00	-	01/08/2023	31/07/2028	5 years	03/11/2026		Included in rent		Outside Act. Rent deposit.
Eighth Floor - Suite 2	Frames Group Limited	917	£13.09	12,000.00	-								Licence agreement
Ninth Floor - Suite 1 & 2	Everyday Loans Ltd	2,463	£8.73	21,500.00	600.00	04/05/2020	03/05/2030	10 years	05/05/2025	04/05/2025	3.00%	£8,619.80	Outside Act.
Tenth Floor - Suite 1	Dosaji Ltd t/a Bobs Store	1459	£4.11	6,000.00		01/08/2022							Licence agreement
Tenth Floor - Suite 2	Jonathan Ashworth MP	1059	£4.72	5,000.00		26/09/2018	25/09/2028	10 years	05/05/2022 & 07/05/2027	Annual 5% increase	2%		
Eleventh Floor	Epuffer Ltd	2463	£5.43	13,370.52		13/07/2018	12/07/2033	15 Years	13/07/2023 & 13/07/2028	13/07/23 and 13/07/2028	5%	£7,388.40	Outside Act
Twelfth Floor	Sokora Jewels	2463	£8.50	20,933.80		22/09/2022	30/11/2026	5 years	22/09/2024	n/a	Fair proportion	£8,619.80	Rent deposit.
Thirteenth Floor Suite 1	Twin Employment and Training Ltd	1270	£11.81	15,000.00		01/12/2021							Licence agreement
Thirteenth Floor Suite 2	Apricot Thorne Ltd	1210	£5.51	6,666.60		01/04/2022							Licence agreement
Roof Top 1	EE Ltd & Hutchison 3G Limited			4,550.00		01/08/2024	31/07/2034	10 years					
Roof Top 2	Vodafone Limited			11,000.00		04/02/2011	03/02/2036	25 Years		04/02/2026 and 5 yearly			Schedule of condition
Sub total		47,560		476,664.53	1,800.00								
	Total Income			478,464.53									

TENANT COVENANTS

We have undertaken searches for recent accounts information on the various tenants and summarise these below.

Tenant	Company No.	Year Ending	Turnover	Pre-tax Profit	Net Worth	Comments
Velma Ferdinand Ltd t/a Fosse Law Solicitors	08075130	31/05/2023	-	-	£80,502	
People Solutions Group Ltd	7209051	31/03/2023	£5,101,264	£1,931,787	£8,060,114	
Duncan Lewis Solicitors Ltd	03718422	31/03/2023	£26,757,884	£1,712,657	£12,745,525	
Family Law Mediation Ltd	13053203	31/02/2022	-	-	£38	
DM Solicitors Ltd	13841271	31/01/2023			£2,572	
Wiggett Group Ltd	09644698	30/06/2023			£3,693,476	
Burton & Burton Solicitors Ltd	05212759	31/08/2023			£100,156	
L C Services						No accounts available
Life Links Ltd (Richmond Fellowship)	00662712	31/03/2023	£46,296,000	£798,000	£43,048,000	
Twin Employment and Training Ltd Ltd	05914029	31/12/2022	-	-	-£885,605	
HY Education Limited	07241616	31/12/2023			£1,413,746	
PSI Services UK Ltd	3082717	31/12/2022	£9,161,067	-£1,865,864	-£874,868	
LR Mukadu & RW Lushiku t/a Afro Innovation	CE024269					No accounts available
Thorn Baker			-	-		No accounts available
Smile Fundraising Ltd	08573627	30/06/2022			£1,839,874	
Frames Group Ltd	14153004	30/06/2023	-	-	£100	Incorporated 06/06/2022
Everyday Loans Ltd	05536115	31/12/2023			£460,000	
Dosaji Ltd t/a Bob's store	13048045	30/11/2022	-	-	-£189	
Jonathan Ashworth MP	UK11167712	-	-	-	-	No accounts filed
Epuffer Ltd	09942229	31/01/2023	-	-	£69,641	
Sokora Jewels Ltd	11402472	30/06/2023	-	-	£30,275	
Apricot Thorne Ltd	15324591					Incorporated 03/12/2023
EE Ltd & Hutchison 3G UK Ltd	03885486	31/12/2022	£2,380,253,000	£86,132,000	£2,161,379,000	
Vodafone Limited	01471587	31/03/2023	£5,810,600,000	-£800,000	£4,487,700,000	

SERVICE CHARGE

The current annual service charge is £189,300 pa, and payments per suite are detailed in the tenancy schedule. On certain suites there is no recovery, and the shortfall is met by the landlord.

We anticipate a current landlord's service charge shortfall of circa £115,099 pa.



<4%
Leicester

Vacancy rate

9%
UK average

THE LEICESTER OFFICE MARKET

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. The office market is characterised by a lack of available office stock in the city centre, with the majority of new development delivered out of town. In the City Centre, residential permitted development has removed a large number of competing buildings from the marketplace, which is compounded by a historic lack of speculative office development in the city centre market. Leicester's vacancy rate is now less than 4%, against a UK average of 9%.

Recent lettings in Leicester include Freeths Solicitors having taken Suite 2 on the first floor of Two Colton Square in Leicester, comprising 5,763 square feet of office accommodation on a ten-year IRI-lease at £115,280 per annum, equating to £20.00 per square foot. Due to a limited pipeline of high-quality grade A space rents are set to grow as new build and refurbishment projects are delivered. With low average rents at 60 Charles Street, and supportive office market conditions, there is an opportunity to reposition the office offering at the building and to move rents forward as part of an ongoing asset management strategy.

We estimate that the ERV of the building is circa £515,000pa based on £10.50psf and £12 psf on the ground floor areas with shop frontages.

**£350**
(per sq ft)Prime residential
sale capital values

THE LEICESTER RESIDENTIAL AND STUDENT MARKET

Leicester has benefited from significant investment over the last 5 years, with investment into public realm and infrastructure. This is bolstered by the development of a genuine city centre residential market, continued growth in student numbers from University of Leicester and De Montfort (now over 45,000) and the growth in the retail and leisure scene. With the improving sentiment around City Centre residential and student accommodation markets, and a number of successful scheme deliveries, we expect strong demand and value trends to continue, pushing up both sales and rental values in the city.

Prime residential sale capital values in Leicester currently stand at around £350 per sq ft, with recent growth and ongoing upward pressure. A number of new build and conversion schemes have recently completed or are under construction in close proximity to 60 Charles Street. Yeoman Court, directly adjacent, comprises 15 one-bedroom residential units completed in 2022. The True Leicester Scheme on Rutland Street has recently delivered 460 student (PBSA) units. Hammerson and Packaged Living's residential scheme at Highcross comprises a new 305 new units. The immediate vicinity also includes a number of conversion schemes including Fabric Apartments on Yeoman Street and The Foster Building on Charles Street, demonstrating demand for both new build and conversion projects for both residential and student uses.



60

CHARLES
LEICESTER LE1 1FB
STREET

PROPOSAL

Our clients are seeking offers in the region of £4,500,000 for their freehold interest, subject to contract and exclusive of VAT which will show a purchaser a net initial yield of 10% and net reversionary yield of 10.74% allowing for normal purchasers costs. The quoting terms equate to a low capital cost of £94.62 per sq ft.

The property is registered for VAT purposes.

EPC

C (73)

FURTHER INFORMATION



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