



VITALITY HOUSE

WELLINGTON ROAD, STOCKPORT, GREATER MANCHESTER, SK2 6NG

HIGH YIELDING HQ OFFICE INVESTMENT WITH REDEVELOPMENT POTENTIAL



GERALDEVE
A NEWMARK COMPANY

Investment Summary



Located in **Stockport**, **The Sunday Times** 'Best Place to Live in the North West' in 2024.



An additional **£1bn of regeneration is programmed for Stockport**, further enhancing the towns appeal to businesses, residents and visitors.



A highly prominent asset fronting the A6, the main arterial route through Stockport Town Centre.



Excellent connectivity **c.0.5 miles from Stockport Train Station and one mile from the M60**.



75,682 sq ft (NIA) arranged over ground and 10 upper floors.



Multi-let to 4 tenants with **75% of passing rent from Vitality**, who occupy the building as their **northern HQ** and have a **D&B rating of 5A1 'Very Low Risk'**.



AWULT of **3.03 years** to expiry and **1.45 years** to break.



Passing rent of £795,037 per annum, which equates to a **low rate of £10.13 per sq ft** on the leased office accommodation.



Potential to access considerable reversion through refurbishment with **prime office rents in Stockport achieving £27.00 psf**.



Potential to refurbish or redevelop the property for alternative uses, including residential.



Large 1.49 acre site with a very low site cover of 13%, offering the potential to increase site density.



187 car spaces equating to an excellent ratio of **1:404 sq ft**.

FREEHOLD

Freehold

We are instructed to seek offers in excess of **£6,215,00 (Six Million Two Hundred and Fifteen Thousand Pounds)** subject to contract and exclusive of VAT.

A purchase at this level reflects an attractive **Net Initial Yield of 12.00%**, a **Reversionary Yield of 16.55%** and a **very low Capital Value of £82 psf**, subject to purchasers costs of 6.64%





Manchester City Centre

STOCKPORT 8
£250m mixed use scheme
incl. 1,200 homes

STOCKPORT EXCHANGE
£145m business district providing
375k sq. ft Grade A offices

Merseyway Shopping Centre

REDROCK
£45m leisure
development
including a 12 screen
cinema and 38k sqft
of retail & leisure

WARREN STREET
£110m 563 unit
BTR development
by Amstone

WEIR MILL
253 homes with
ancillary leisure
and public realm

**STOCKPORT
INTERCHANGE**
£135m transport
interchange with 196
apartments and 2
acre Viaduct Park

M60

M60

Stockport Town Hall

Stockport Railway Station

ROYAL GEORGE VILLAGE
£120m scheme providing 442
apartments, co-working space
and civic gardens

STOCKPORT
COLLEGE

PROGRESSIVE LIVING
To deliver 248 homes
on the former Ritz
cinema site

PUREGYM

GO

ST THOMAS HOSPITAL
68 homes alongside
a 70-bedroom adult
care facility

A6

Vitality House

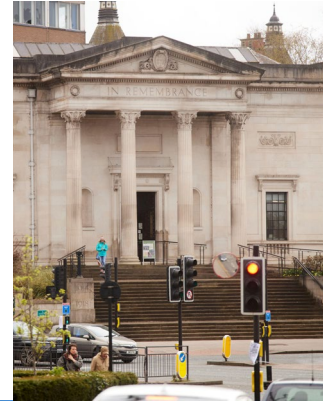
Why Stockport



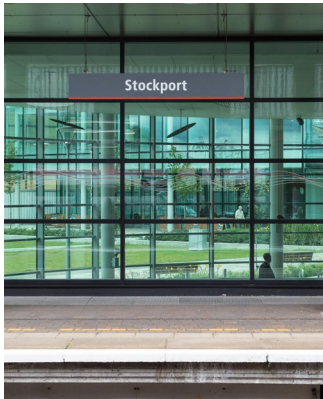
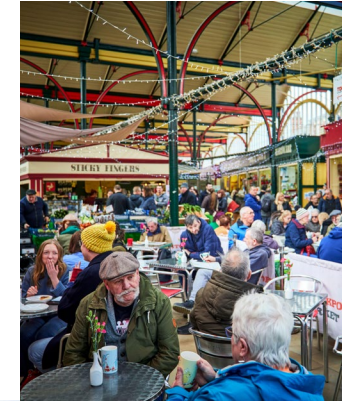
The Sunday Times
**'Best Place to Live
in the North West
2024'**



**A £1 billion Council
led programme
of investment
& regeneration
is underway**



**2,000,000 people
within a 30-minute
drive**



**10 Manchester
trains per hour and
a two-hour direct
journey to London**



**Stockport has a
population of 295,300
of which 80% are
Economically Active,
ahead of the North
West average of 77%**



**4,000 homes and 1m
sq ft of commercial
space to be delivered
in next five years**



**Stockport's
employment
base has grown by
13% since 2015 -
stronger than the
national and Greater
Manchester averages.**



**Stockport's economy
grew by 24% between
2008 and 2018 and
is home to 13,000
business including
Industrials REIT,
musicMagpie and Sky**



**Metrolink due
to be extended
to Stockport
Interchange**



Location & Situation

Stockport is a town and metropolitan borough of Greater Manchester, located c.6 miles south east of Manchester City Centre.

Stockport is strategically located on the M60 motorway (Junction 1) and is the main interchange for the Greater Manchester, Cheshire East, Derbyshire and West Yorkshire regions.

Vitality House is prominently positioned on the corner of Hempshaw Lane and Wellington Road / the A6.

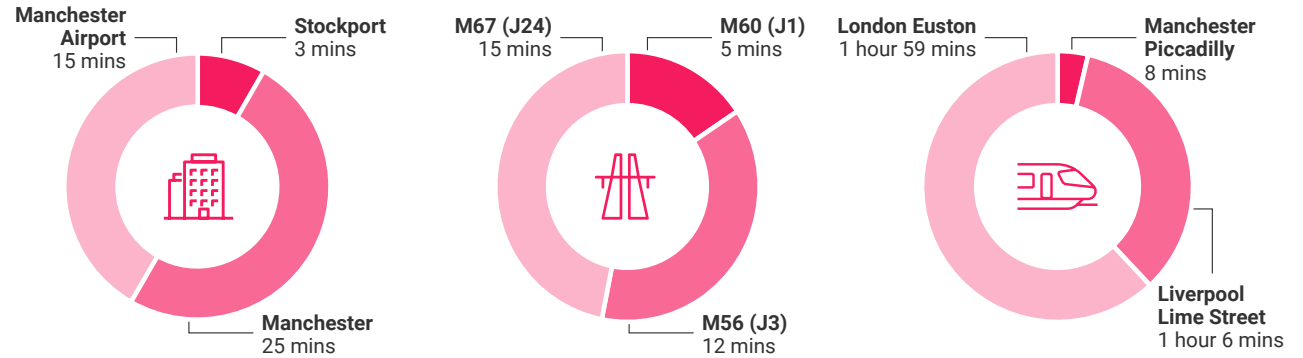
The A6 is the main arterial route through Stockport Town Centre and provides direct links to Manchester City Centre and the M60.

Stockport Train Station is within c.0.5 miles which provides regular direct services to Manchester (8 minutes), London Euston (2 hours) and numerous major UK regional centres including Liverpool, Birmingham and Cardiff.

Stockport's main retail & leisure core and The Merseyway Shopping Centre are within a c.15 minute walk providing an extensive amenity offering including bars, restaurants and shopping facilities.

Manchester Airport and Liverpool Airport are within approximately 7 miles and 36 miles respectively, serving over 30 million passengers annually to over 240 destinations.

Journey Times















Description

Vitality House is a self-contained office building and comprises of 75,682 sq. ft (7,031 sq m) of accommodation arranged over ground and ten upper floors.

Internally the property offers flexible open plan floor-plates capable of single or multi occupation and has been refurbished and modernised throughout.

Specification

-  Staffed reception
-  High speed internet services
-  Comfort cooling
-  Suspended ceilings
-  Part LED Lighting
-  Fully DDA compliant access
-  Tenant café
-  24/7 access
-  Three x 13 passenger lifts
-  187 Parking Spaces (1:404 sq ft)
-  Bike Racks
-  Secure gated site

Tenure

The property is held Freehold.



Accommodation Schedule

The property provides the following Net Internal Floor Areas (NIA).

Description	Sq Ft (NIA)	Sq M (NIA)
Ground Floor	6,520	605.7
First Floor	7,781	722.8
Second Floor	7,781	722.8
Third Floor	7,621	708.0
Fourth Floor	7,758	720.7
Fifth Floor	7,160	665.1
Sixth Floor	7,987	742.0
Seventh Floor	7,987	742.0
Eighth Floor	7,976	740.9
Ninth Floor	7,111	660.6
Total	75,682	7,031

Service Charge

The annual service charge (year ending 30th June 2025) is £512,737.20 per annum, reflecting £6.77 per sq ft.

Site

The site extends to approximately 1.49 acres (0.62 hectare), providing a very low site cover approximately 13%.



Tenancy Information

The property is multi-let to 4 tenants (excluding roof masts and car parking) providing a total passing rent of £795,037 per annum, reflecting a low rent of £10.13 per sq ft on the leased office accommodation. The property has an AWULT of 1.45 years to break and 3.03 years to expiry.

Tenant	Floor/Suite	Area (sq ft)	Passing Rent (pa)	Passing Rent (psf)	Parking Spaces	Rent & C.P Income	Lease Start Date	Review Date	Break Date	Lease Expiry	Comment
Vitality Corporate Services Limited	G1	1,670	£0	£0	-	£0	-	-	1 year	3 years	3 year lease from date of sale with tenant rolling break from year 1
Vacant	G2	4,850	-	-	-	-	-	-	-	-	-
Vitality Corporate Services Limited	1st	7,781	£93,372	£12.00	18	£101,472	-	-	1 year	3 years	3 year lease from date of sale with tenant rolling break from year 1
Vitality Corporate Services Limited	2nd	7,781	£93,372	£12.00	15	£100,122	-	-	1 year	3 years	3 year lease from date of sale with tenant rolling break from year 1
Vitality Corporate Services Limited	3A	3,745	£0	£0	-	£0	-	-	1 year	3 years	3 year lease from date of sale with tenant rolling break from year 1
Vacant	3B	863	-	-	-	-	-	-	-	-	-
Vitality Corporate Services Limited	3C	670	£0	£0	-	£0	-	-	1 year	3 years	3 year lease from date of sale with 1 year tenant rolling break
Vitality Corporate Services Limited	3D	1,631	£0	£0	-	£0	-	-	1 year	3 years	3 year lease from date of sale with tenant rolling break from year 1
Vacant	3E	712	-	-	-	-	-	-	-	-	-
Inspired Recruitment Limited	4A	1,588	£15,880	£10.00	3	£17,230	01/01/2013	01/01/2023	01/01/2023	30/06/2025	-
Vitality Corporate Services Limited	4B	6,170	£74,040	£12.00	14	£80,340	-	-	1 year	3 years	3 year lease from date of sale with tenant rolling break from year 1
GW Financial Solutions	5A	3,070	£30,700	£10.00	3	£32,050	19/01/2018	19/01/2023	19/01/2023	18/01/2028	-
Vitality Corporate Services Limited	5B & D	1,667	£0	£0	-	£0	-	-	1 year	3 years	3 year lease from date of sale with tenant rolling break from year 1
Vacant	5C	790	-	-	-	-	-	-	-	-	-
GW Financial Solutions	5E	1,633	£16,330	£10.00	3	£17,680	04/08/2021	18/01/2023	-	03/08/2028	-
Vitality Corporate Services Limited	6th	7,987	£95,844	£12.00	19	£104,394	-	-	1 year	3 years	3 year lease from date of sale with tenant rolling break from year 1
Vitality Corporate Services Limited	7th	7,987	£95,844	£12.00	19	£104,394	-	-	1 year	3 years	3 year lease from date of sale with tenant rolling break from year 1
Vitality Corporate Services Limited	8th	7,976	£95,712	£12.00	19	£104,262	-	-	1 year	3 years	3 year lease from date of sale with tenant rolling break from year 1
Vacant	9A (C & E)	4,393	-	-	-	-	-	-	-	-	-
Alternative Propositions Ltd (AIB)	9B	846	£19,035	£22.50	1	£19,035	16/06/2022	-	-	15/06/2027	Rent includes, rent, service charge, electricity and 1 car space.
Vacant	9D	1,229	-	-	-	-	-	-	-	-	-
Vacant	9F	643	-	-	-	-	-	-	-	-	-
		75,682	£610,162		114	£680,979					
Roof Masts	-	4	-	-		£105,058	-	-	-	-	4 roof masts let on four leases
Car Parking	-	-	-	-	33	£9,000	-	-	-	-	8 tenants on car parking licences
Vacant Car Spaces	-	-	-	-	40	-	-	-	-	-	-
					187	£795,037					

Covenant Information

Vitality Corporate Services Limited 75% of income

Vitality Corporate Services Limited (Company No: 05933141) are a leading health and life insurance provider with approximately 1.7 million members.



Vitality are ultimately owned by Discovery Holdings, a leading global insurer with over 4.4 million clients.

Vitality have a Dun & Bradstreet rating of 5A1, reflecting a 'Minimum Risk' of business failure and a CreditSafe score of 81 representing a "Very Low Risk".

	30/06/2023	30/06/2022	30/06/2021
Sales / Turnover	£393,588,000	£351,852,000	£284,078,000
Profit / (Loss) Before Taxes	(£6,975,000)	£4,211,000	£4,112,000
Net Assets	£40,801,000	£48,386,000	£46,352,000



Creditsafe Ratings

All office tenants are rated as 'Very Low Risk' by Creditsafe

Office Tenant Name	Creditsafe Rating	% of passing income
Inspired Recruitment Limited - (03947710)	Very Low Risk	2.42%
GW Financial Solutions - (06855313)	Very Low Risk	7.06%
Alternative Propositions Ltd - (08253536)	Very Low Risk	2.46%
Roof Masts Tenant Name		
Hutchinson 3GUK Ltd - (03885486)	Very Low Risk	3.52%
M247 UK Limited - (04975343)	Very Low Risk	6.80%
Cellnex UK Limited - (05153745)	Low Risk	1.07%
Cornerstone Telecommunications Infrastructure Limited - (08087551)	Very Low Risk	2.17%



Office Market Commentary

South Manchester is the North West's most active office submarket outside of Manchester city centre with a current five-year average take-up of 474,675 sq ft. 2023 take-up in South Manchester totalled 547,195 sq ft, representing an 18% increase on 2022 figures and c.15% ahead of the five-year average.

Stockport is one of the key towns within the South Manchester office submarket with recent developments and refurbishment schemes setting new benchmark rents.

Prime rents are currently £28.00 psf in South Manchester and £27.00 psf in Stockport, with secondhand, unrefurbished space in Stockport achieving £15.50 psf +.

Occupational Comparables

Date	Property	Floor Area (sq ft)	Tenant	Rent (psf)	Condition
March 2024	Solutions House, Stockport	12,000	OFGL	£15.50	Unrefurbished
January 2024	The Courts, Stockport	6,700	Confidential	£15.00	Unrefurbished
September 2023	Foundation, Altrincham	13,356	Sportfive	£25.00	Refurbished
September 2023	Towers Business Park, Didsbury	14,948	Conferma Pay	£25.50	Refurbished
December 2023	2 Stockport Exchange	6,263	Industrials	£25.00	Grade A New
October 2023	3 Stockport Exchange	11,248	Hurst Accountants	£27.00	Grade A New
September 2023	Cavendish House, Sale	10,424	Pary Delights	£15.72	Secondhand
May 2023	Lakeside House, Cheadle Royal	37,130	Seda Phrama Developments	£17.00	Unrefurbished
March 2023	3 Barrington Road, Altrincham	9,525	Heywood Technologies	£23.50	Refurbished

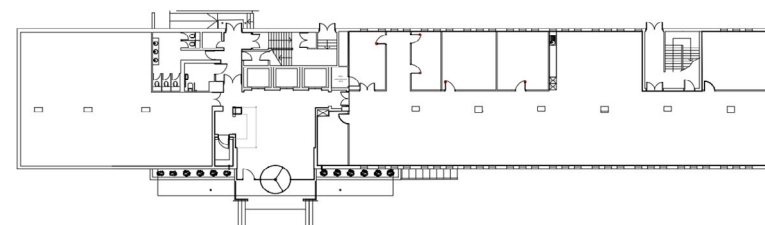
Office Refurbishment Potential

The current passing rent of £10.13 psf at Vitality House represents a c.63% discount to prime Stockport rents and a c.35% discount to current unrefurbished rents.

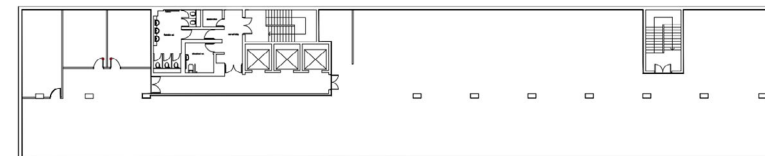
There is the potential to capture considerable reversion through an office leasing and refurbishment programme of Vitality House.

Floor Plans

Ground Floor



Typical Upper Floor



Not to scale. Indicative Only

Redevelopment Potential

Vitality House has significant redevelopment potential, including a repurposing or new build residential scheme. The property is surrounded by residential uses with several nearby offices recently being converted to residential via permitted development.

There's a high demand for housing in Stockport, fuelled by commuters looking for more affordable homes outside of Manchester City Centre, yet still wanting convenient access to the city centre via railway connections and the A6. With ongoing investment in the town and a scarcity of available properties meeting this demand, it's anticipated that house prices and rental rates in Stockport will continue to rise.

5 YEAR HOUSE PRICE GROWTH FORECAST – NORTH WEST

CAPITAL GROWTH %	2024	2025	2026	2027	2028	5 YEAR CUMULATIVE
NORTH WEST	4.0%	4.5%	5.5%	6.5%	5.5%	28.8%

5 YEAR RENTAL GROWTH FORECAST – MANCHESTER

RENTAL GROWTH %	2024	2025	2026	2027	2028	5 YEAR CUMULATIVE
MANCHESTER	6.0%	5.5%	4.5%	4.0%	4.0%	25.8%

Planning

Gerald Eve have prepared a planning note in relation to the potential alternative uses for the building, which is available on request.

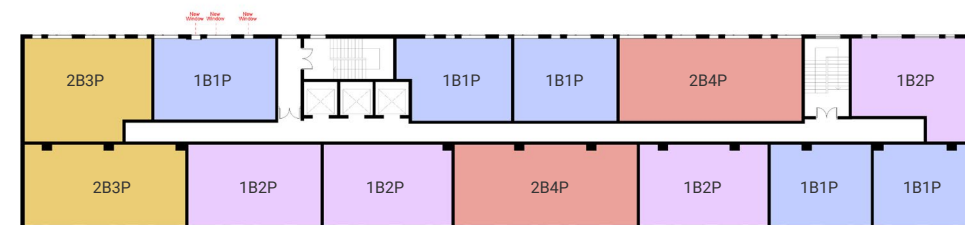
The principle of converting the building to residential use, via Prior Approval, is likely to be acceptable, subject to addressing the relevant technical matters set out in the planning note.

Indicative Residential Scheme

An indicative feasibility study has shown the potential for Vitality House to accommodate a 124 unit, 164 bed residential scheme with c.2,000 sq ft of ground floor amenity space, as outlined below.

Floor	Apartment Type			
	1B1P	1B2P	2B3P	2B4P
G	1	2	3	1
1	5	4	2	2
2	5	4	2	2
3	5	4	2	2
4	5	4	2	2
5	5	4	2	2
6	5	4	2	2
7	5	4	2	2
8	5	4	2	2
9	5	4	2	2
TOTAL	46	38	21	19

Indicative Residential Floor Plan



Indicative Residential Scheme CGI



VAT

The property has been elected for VAT and it is envisaged that the transaction will be treated as a Transfer of Going Concern (TOGC).

EPC

A copy of the EPC certificate is available upon request.

RAAC Survey

A Reinforced Autoclaved Aerated Concrete (RAAC) survey of Vitality House has been undertaken which showed RAAC was not present.

Data Room

Access to the data room is available on request.

Proposal

We are instructed to seek offers in excess of **£6,215,00 (Six Million Two Hundred and Fifteen Thousand Pounds)** subject to contract and exclusive of VAT.

A purchase at this level reflects an attractive **Net Initial Yield of 12.00%**, a **Reversionary Yield of 16.55%**, and a **very low Capital Value of £82 psf**, subject to purchasers costs of 6.64%

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