



cogent. LONG-LET HIGHER EDUCATION INVESTMENT

2 Spencer Yard | Leamington Spa | CV31 3NE







INVESTMENT SUMMARY

- Redeveloped, securely let, higher education establishment.
- Located in Royal Leamington Spa and situated in the heart of Leamington's Creative Quarter, a new digital creative business hub, located between Leamington's train station and the prime retail pitch.
- The property comprises a repurposed, extended and fully refurbished former nursery which has been reconfigured to provide a high specification educational establishment specialising in creative media honours degrees in the areas of animation, audio content, content creation, film, games, music business and web development.
- Total area 294.75 sq.m (3,173 sq.ft).
- The property was subject to a comprehensive redevelopment in 2022/2023, at a cost of over £700,000. Redesigned to the highest environmental standards achieving an EPC A rating.
- Securely let to Cogent Elliot Ltd for a term of 10 years (without break) expiring on 11 November 2033.
- Cogent Elliot is an integrated creative marketing agency whose headquarters are situated adjacent to the subject property.
- The property is sublet in its entirety to SAE Education Ltd, guaranteed by ADE Holdings SAS, who operate the facility as a higher education establishment in collaboration with Cogent Elliot and the University of Hertfordshire.
- Below market passing rent of £61,500 per annum (£19.39 per sq.ft).
- The lease is subject to an upward only review to open market value on 12 November 2028.
- Headline rents in the immediate vicinity are now in excess of £23.00 per sq.ft. offering potential for significant uplift at review.



PROPOSAL

We are instructed to seek offers in excess of **£730,000** subject to contract and exclusive of VAT. A purchase at this level reflects a **net initial yield of 8.00%**, subject to purchaser's costs of 5.36%.



LOCATION

Royal Leamington Spa is an attractive and affluent Regency town located in the county of Warwickshire approximately 2 miles east of Warwick, 8 miles south of Coventry and 18 miles south east of Birmingham. It is the largest town and principal employment centre in the district of Warwick.

Due to its strategic location, Leamington Spa benefits from excellent road links with direct access to the M40. Junction 13 is situated within 5 miles providing routes to London and the south and Junction 14 is 4 miles west, providing access to the M42 and the north. The A46 is 4 miles to the north and the M45 11 miles to the north-east, providing links to major towns across the Midlands, and the M1 motorway.

Royal Leamington Spa railway station is also very well connected, with a regular direct service to London Marylebone in 71 minutes and Birmingham Moor Street and Snow Hill in 29 minutes.

Birmingham International Airport lies 19 miles north west of the town centre and provides national and international flights to over 150 destinations. The airport is accessible via the A452/A45 with a journey time of approximately 45 minutes or via a direct train service in 23 minutes.

Royal Leamington Spa is benefiting from significant investment in new homes, schools and sports facilities with the population expected to rise from circa 50,000 to 60,000 people by 2030.

SITUATION

The property is situated in Spencer Yard in Leamington's Creative Quarter, a new regeneration zone being developed by Complex Development Projects in collaboration with Warwick District Council. Spencer Yard is accessed off Spencer Street close to the junction with Bath Street in the heart of Leamington's town centre, a short walk from the prime retail pitch and the train station.

The Spencer Yard development includes the subject property a 10,800 sq.ft creative hub (known as The Fold and also occupied by Cogent Elliot) and 1 Spencer Yard, (a 4,360 sq.ft modern multi-tenanted office building). The buildings are centred around a shared courtyard which also links into additional creative premises occupied by Motionhouse, Heartbreak Productions and The Loft Theatre.

The development has been designed to deliver excellent sustainability credentials with all buildings repurposed to benefit from air source heat pumps, photovoltaic roof systems, low-energy lighting systems, improved insulation and glazing.



Virtual Walkthrough
click here



DESCRIPTION

The property comprises a repurposed, extended and fully refurbished high specification higher education establishment. Set out over ground and part first floor the property is of brick construction with a part flat and part pitched slate roof.

Internally the property has been divided into teaching rooms, offices, break out areas and toilets on ground and first floor. There is a roof terrace at first floor level with outside seating. The building benefits from air source heat pumps in conjunction with a mechanical ventilation heat recovery, photovoltaic panels on the flat roof, wall mounted air conditioning units and LED motion censored lighting throughout.

Externally the property has a right to park in two car parking spaces demised to the front of the entrance.

The property has an EPC rating of A18.

ACCOMMODATION

The buildings have been measured in accordance with the RICS Code of Measuring Practice (6th Edition) and provide the following Net Internal Areas:

Description	Sq.Ft.	Sq.M
Ground Floor	237.83	2,560
First Floor	56.92	613
Total	294.75	3,173

TENURE

The property is held long leasehold for a term of 250 years from 19 September 2023 at a peppercorn rent. The freeholder is Warwick District Council.





TENANCY

Tenant	Cogent Elliot Ltd
Term	10 years from 13 November 2023
Lease Expiry	12 November 2033
Passing Rent P.A.	£61,500 (£19.39 per sq. ft.)
Rent Free	The tenant has a rent free period which expires on 17 September 2024. The Vendor will top-up the rent free period from completion of the sale.
Rent Review	13 November 2028
Rent Review Mechanism	Upward only to the higher of passing rent or OMV.

The lease is held on full repairing and insuring terms subject to a photographic Schedule of Condition, which was completed after completion of the refurbishment works.

SUBTENANCY

Sub-Tenant	SAE Education Ltd
Guarantor	ADE Holdings SAS
Term	6 years from 13 November 2023
Lease Expiry	12 November 2029
Passing Rent P.A.	£61,500 (£19.39 per sq. ft.)
Security of Tenure	The lease is excluded from Sections 24-28 of the Landlord & Tenant Act 1954.

COVENANT

cogent.

Cogent Elliot Ltd is a creative marketing agency specialising in brand consultancy, digital asset management, direct marketing, media marketing, photographic services and website design, build and marketing. The company provides services to the automotive, financial, retail, consumer durables and leisure industries. Clients include Virgin, Wolseley, Volvo, Atos, Arriva, National Grid, Bacofoil, Lifetime Brands, ION, Melitta, Spoticar, Rexel, IM Group and BioCare.

The company is headquartered at The Fold, adjacent to the subject property. The Fold is a refurbished and repurposed creative hub, developed by Compelx Development Projects, providing office and co-working space, production facilities, recording booths, a tech testing lab and edit facilities.

The company have taken a lease over the subject property in collaboration with SAE Education to provide a higher education facility for creative media honours degrees in the areas of animation, audio content, content creation, film, games, music business and web development.

The company has total assets less current liabilities of £1,465,000.

The company is wholly owned by Cogent Elliot Group Ltd which has net assets of over £2,500,000.

SAE CREATIVE
MEDIA
EDUCATION

Established in 1976, SAE Education provides creative media programmes to about 10,000 students at 40+ campuses globally.

SAE is recognised for providing students with access to the best industry equipment and facilities, employing teaching staff with strong industry experience and delivering hands on teaching and learning in small class environments. The Institute engages with industry to develop curriculum that is relevant to local and global workforce needs. Work placements and internships are embedded in SAE programmes and are pathways to employment.

In the UK SAE Education has campuses in Leamington, Glasgow, Liverpool and two in London. The company's degree courses are accredited by the University of Hertfordshire.

SAE Education is part of SAE Institute Europe which generates €50 million in revenues globally. The business was acquired by AD Education in February 2022 to create a combined business providing education to 22,000 students in 10 countries in Europe with combined revenue of circa €200 million. AD Education is owned by Ardian a global private investment house with asset of over US\$125 billion.

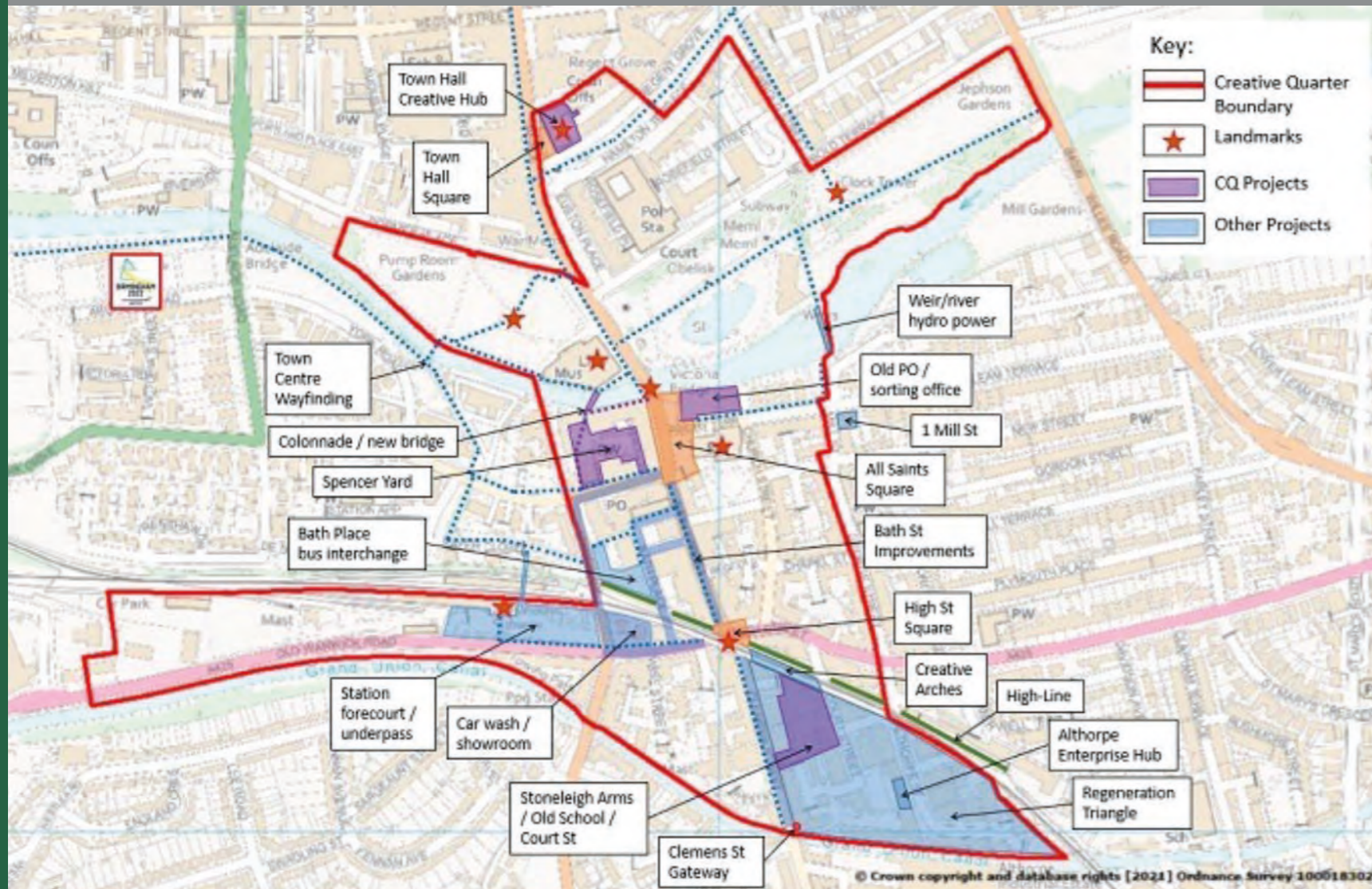


OCCUPATIONAL MARKET

The in-town office market in Leamington is suffering from a chronic shortage of quality and well located stock. This is evidenced by the recent lettings achieved on the adjacent Crown Building, 1 Spencer Yard. This property reached practical completion in January 2024 and comprises 4,360 sq.ft of high specification creative business space in six suites over three storeys. The property has been refurbished to the highest eco standards including air source heat pumps, a photovoltaic system, LED lighting throughout and thermally efficient glazing. The EPC rating throughout the building is A21. The suites are already all let or under offer, with very strong interest received, at headline rents of over £23.00 per sq.ft.



LEAMINGTON CREATIVE QUARTER - CO-ORDINATED PROJECTS



SILICON SPA

The games industry in Royal Leamington Spa employs over 2,500 people and it is now the second largest cluster in the country, behind only London, contributing over £100m to local GDP. There are more than 50 companies active locally, half of which were established in the last decade. In 2008 Activision became the first multinational developer to set up in the town and since then SEGA, Sony, Microsoft (Playground Games), Ubisoft, Epic Games, Blitz Games and Pixel Toys all have a presence in the area. Recent high profile additions to the town include Facebook's owner Meta, taking c.40,000 sq ft on Precision Park and Sumo Group pre-letting c.40,000 sq ft at Bedford Street Studios (former House of Fraser store).

The future of the sector in Leamington Spa is assured, as the region is at the centre for UK education in games development, with specialist courses at Royal Leamington Spa College, Coventry University and University of Warwick. The growth of the sector is therefore expected to accelerate, and this will continue to strengthen demand for commercial accommodation in the city and its environs. This is one of the main reasons why SAE Education chose Leamington and the subject property for its campus.

Warwick District Council has understood the benefits Leamington's gaming cluster brings to the region and their 10 year partnership with Complex Development Projects to deliver the new Creative Quarter is testament to this vision. The subject property and Spencer Yard redevelopment form the first phase of this redevelopment. Further ambitious regeneration projects for the Old Town are planned that will create further 'much needed digital creative office space' to support the town's important creative industries. Works on the creation of a new arts hubs to accommodate a range of uses and occupiers have recently begun in nearby Clemens Street. Further information can be found on the website leamingtoncreativequarter.co.uk

LaSalle, landlord of the former Marks & Spencer unit in the Royal Priors Shopping Centre, is also proposing an £8M redevelopment providing approximately 30,000 sq ft of new office accommodation which could create up to 400 jobs.



ADDITIONAL INFORMATION

VAT

The property is elected for VAT but will be sold by way of a TOGC.

EPC

The property has an EPC rating of A18. The report is available on request.

ANTI MONEY LAUNDERING

In accordance with Anti Money Laundering Regulations, two forms of identification and confirmation of the source of funding will be required from the successful purchaser.

PROPOSAL

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CONTACT

For further information or if you wish to arrange a viewing please do not hesitate to contact:

BEN BLACKWALL

M: 07798 647 836
bb@atlasre.co.uk

ANDREW FRANCK-STEIER

M: 07798 647 640
afs@atlasre.co.uk



6 The Old Post Office,
Old Market Square,
Warwick, CV34 4RA