



For Sale
41/42
Temple Street
BIRMINGHAM B2 5DP

Sampson Moore
PROPERTY INVESTMENT CONSULTANTS

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OVERVIEW

- Unique opportunity to acquire a small lot size central Birmingham freehold building with development potential.
- Period building extending to a net internal area of 3,762 sq.ft (349.5sq.m) on ground floor, basement and two upper floors.
- The property is currently let to Virgin Money plc at £85,000 pa.
- Virgin Money have exercised their break clause which takes effect on 24th September 2020.
- The property has considerable potential to extend upwards or completely redevelop since the adjoining buildings are several storeys higher. Various uses are likely to be acceptable including leisure/retail with residential, office or hotel above.
- The owners have reserved rights of light over the adjoining buildings.
- The property lies within the Colmore Row and Environs Conservation area but is not listed.
- Temple Street is an important and busy thoroughfare linking the main CBD office area with New Street Station. In recent years it has become popular with restaurant/leisure occupiers including The Ivy, Oyster Club, Las Iguanas, Revolucion de Cuba, Flight Club, San Carlo and Fumo.
- We are instructed to seek offers in excess of **£1.4m**, subject to contract and exclusive of VAT, for the freehold interest, reflecting **an initial yield of 5.73%**.

BIRMINGHAM

Birmingham is the commercial and administrative centre of the West Midlands, and the second largest city in the UK. The city has a population of circa 1.1 million with circa 2.5 million in the wider conurbation. It lies 125 miles north west of London and is well served by transport links including the West Coast Rail line serving Birmingham New Street, Chiltern Line serving Birmingham Snow Hill and Moor Street, the M6, M5 and M42 motorways and Birmingham International Airport. The HS2 rail line will in due course serve Curzon Street station to the east of the city centre.

The city centre is now home to an established business, professional and financial services sector, a broad retail offer and an increasingly vibrant leisure and restaurant scene. Culturally, the city boasts 3 theatres and a range of concert venues including Symphony Hall and Arena Birmingham. The conference and exhibition sector is well served by the International Convention Centre in the city centre and the National Exhibition Centre off the M42. The city is home to five universities including Birmingham University and Aston University and enjoys one of the best graduate retention rates in the UK with 41% choosing to remain in the city.

Major recent development projects include Grand Central Shopping Centre, 3 Snowhill, and the extension of the Metro line, with further projects underway including the office schemes at 103 Colmore Row Paradise and Arena Central. The city will host the 2022 Commonwealth Games.



LOCATION

The property occupies a very central position on the eastern side of Temple Street towards its northern end and close to St Philip's Churchyard and Temple Row. Temple Street forms a link between Birmingham's main CBD office area and the retail area including New Street, Grand Central Shopping Centre and New Street Station.

Temple Street and the neighbouring streets of Temple Row, Waterloo Street and Bennetts Hill form a busy cluster of leisure/restaurant uses including The Ivy, Gino d'Acampo, Oyster Club, Las Iguanas, Head of Steam, Revolucion de Cuba, Flight Club, The Botanist, San Carlo, Fumo, Sabai Sabai, Cosy Club, Franco Manca, Bodega, Buffalo & Rye and Adams.

DESCRIPTION

The property comprises a period building with a retail/banking unit on ground floor with basement ancillary space and two floors of offices above with their own entrance onto Temple Street. It is of brick/stone construction with a rendered façade and flat felt roofs. Virgin Money have installed an ATM to the shopfront. The upper floor offices are currently vacant and unrefurbished.

ACCOMMODATION

FLOOR	AREA SQ FT	AREA SQ M
Ground Floor Bank	1,229	114.2
Ground Floor Rear Office	245	22.8
Basement Kitchen	137	12.7
Basement Stores	71	6.5
First Floor Offices	1,136	105.5
Second Floor Offices	944	87.7
TOTAL	3,762	349.5

TENURE

The property is offered freehold.

TENANCIES

The whole property is currently let to Virgin Money plc on a full repairing and insuring lease of 5 years from 25th March 2019.

Virgin Money have now exercised a break clause which takes effect on 24th September 2020. Having been taken over by Clydesdale Bank, they are now consolidating into the Clydesdale branch in New Street.

COVENANT

For the year ending 31st December 2018, Virgin Money plc reported turnover of £1.125bn, pre-tax profit of £108.6m and Shareholders' Funds of £1.798bn. Since then they have merged with Clydesdale and Yorkshire Bank Group.

PLANNING

The property lies within the Colmore Row and Environs Conservation area but is not listed. The relevant planning documents are the 2017 Birmingham Development Plan and the 2015 City Centre Retail Strategy, which identifies Temple Street as having a successful and growing food and beverage offer.

RIGHTS OF LIGHT

Historically, the current owners of the building used to own a number of the neighbouring buildings. When these were sold off, rights of light were reserved to the vendor for their retained buildings, such that the owner of 41/42 'shall be at liberty to interfere with or destroy such access or user of light (to adjoining buildings) by making erections or buildings or altering existing buildings'.

This means that an owner of 41/42 Temple Street would be likely to be able to redevelop the plot upwards without adjoining owners being able to object on the grounds of rights of light. Further details available on request or in the data room.

The building occupies a very central position on the eastern side of Temple Street towards its northern end and close to St Philip's Churchyard and Temple Row.

ACTIVE MANAGEMENT

The property offers a wide range of possible future uses and strategies:

- Reletting of the whole building for restaurant/leisure use.
- Refurbishment of existing upper floors as offices.
- Conversion of upper floors to residential.
- Extension of the existing building upwards to create more space.
- Complete redevelopment to create a much larger high-quality new building which could include restaurant/leisure with a range of uses such as residential, office, hotel or student accommodation above.

MARKET COMMENTARY

The occupational markets in central Birmingham have remained strong over the last two years. Clearly the coronavirus lockdown will have caused a slowdown in activity, but this can be quickly reversed and indeed there may be a backlog of demand to be satisfied.

Office take-up has remained steady with 780,000 sq ft taken in 2019, the notable tenant being WeWork in three buildings. In 2020, 339,000 sq ft has already been taken despite the lockdown, in the main due to the letting of 283,000 sq ft to BT at 3 Snowhill. Prime rents are circa £34 per sq ft with secondary space now in the £20-27 per sq ft range.

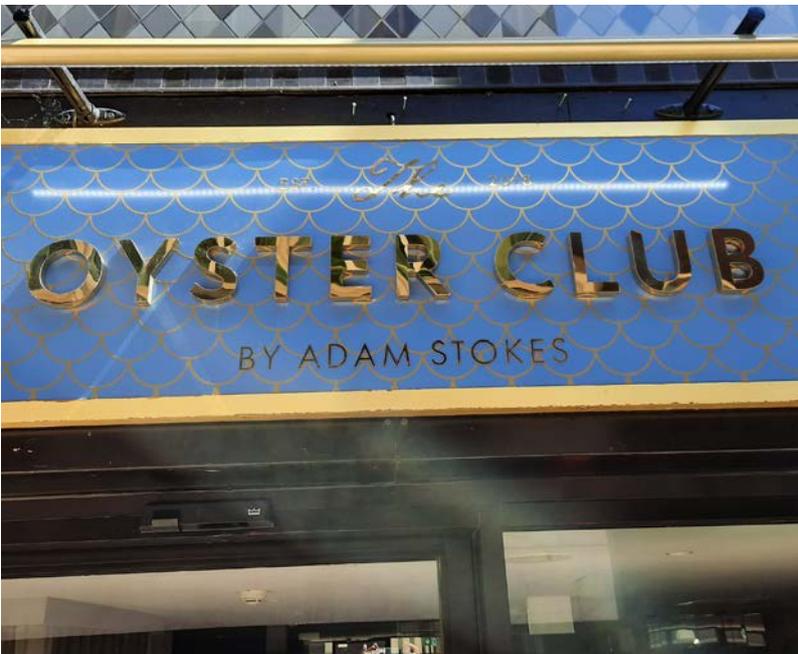
Residential sales in Birmingham have also remained strong with prices per sq ft comfortably rising to the range £300-400 per sq ft.

Since 2017 the area around Temple Street has seen a boom in new leisure/restaurant occupiers in ground floor units forming an established evening circuit.

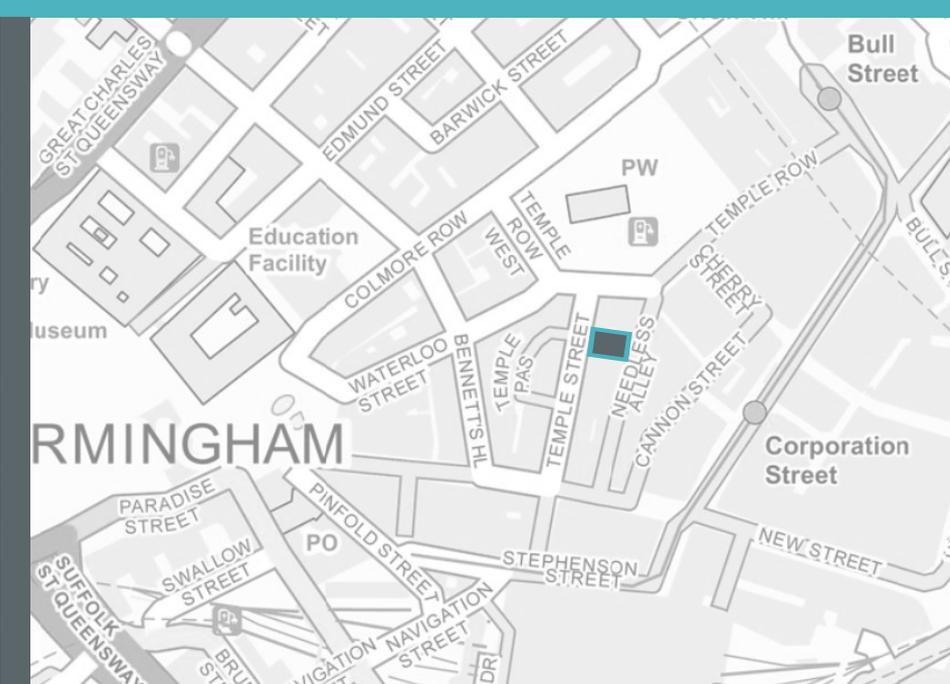
41/42
Temple Street



AIR SPACE WITH POTENTIAL FOR DEVELOPMENT



Temple Street and the neighbouring Temple Row, Waterloo Street & Bennetts Hill form a busy cluster of leisure/restaurant uses.



INVESTMENT MARKET EVIDENCE

Investor sentiment towards Birmingham has been strong in recent times. Below is a table of recent transactions:

PROPERTY	PRICE	YIELD	DATE	COMMENT
Newwater House, 11 Newhall Street	£5.0m		Apr 2020	1970s building. Refurb opportunity. Purchasers intend to spend £3m.
Herbert House, 61-71 Cornwall St	£1.275m	6.00%	Jan 2020	Ground floor only. Let to David Lloyd.
45 Church Street	£61.0m	5.30%	Dec 2019	Prime modern block.
34-36 Bennetts Hill & 38 Waterloo Street	£3.275m	5.79%	Oct 2019	Multi-let period office with ground floor retail.
120 Edmund Street	£48.750m	6.10%	Oct 2019	Large multi-let block.
60 Church Street	£6.8m	6.75%	Oct 2019	Refurbished multi-let block.
79-83 Colmore Row, Birmingham	£6.9m	7.13%	Nov 2019	Lease expiry June 2020. Refurb opportunity thereafter.
63 Church Street	£4.05m	6.71%	Sept 2018	Leasehold expiring 2114 with ground rent of £20,713 pa.
3 Temple Row West /42-43 Bull Street	£6.55m	5.33%	June 2018	3 Temple Row West is multi-let and refurbished. Bull Street is single let to the Secretary of State for 10 years.
24 Bennetts Hill, Birmingham	£4.0m	5.90%	Dec 2017	20,013 sq ft mixed-use multi-let investment 9.77 years term certain.
37-43 Church Street	£2.290m	6.14%	July 2017	Unrefurbished period building. Leasehold expiring 2136.

EPC

Ground floor and basement D (97)
 First floor D (98)
 Second floor E (117)

Further detail available on request.

VAT

The vendors have not elected to waive exemption for VAT, so no VAT is currently charged on rents.

ANTI-MONEY LAUNDERING

In accordance with AML regulations, two forms of ID and confirmation of the source of funding will be required from the successful purchaser, directors or beneficiaries.

MISREPRESENTATION ACT 1967

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PROPOSAL

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CONTACT

For further information or for access to the data room please contact:



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SUBJECT TO CONTRACT - JUNE 2020