

CUMBERLAND COURT

NOTTINGHAM
NG1 6HH

REGIONAL CITY CENTRE HEADQUARTERS
OFFICE INVESTMENT

Kimmre

EXECUTIVE SUMMARY

- A rare opportunity to acquire a **reversionary headquarters office investment** in Nottingham City Centre.
- Nottingham has seen **substantial public and private sector inward investment** focussed on transport infrastructure and regeneration.
- **Cumberland Court is Freeths' UK Headquarters** comprising **48,715 sq ft of office accommodation** arranged over basement, ground and five upper floors.
- **Excellent city centre car parking ratio of 1:955 sq ft.**
- The building is **entirely let to Freeth Cartwright LLP** on an FRI lease expiring on 30th September 2028.
- **Unexpired term of 5.1 years.**
- Freeths were founded in Nottingham and have been in occupation in the building since it was developed in 2003, providing **excellent prospects of tenant retention going forward.**
- **Current passing rent of £828,000 per annum** equating to a **very low rent of £17.15 per sq ft** (adopting 50% on reception).
- Subject to an **outstanding upwards only open market rent review** (1st July 2023).
- Prime headline office rents in Nottingham stand at **£25.00 per sq ft**, which remain heavily discounted to the Big 6 regional cities providing **significant future reversionary potential.**
- Nottingham continues to be characterised by a **severe undersupply of high-quality office accommodation** and an extremely limited development pipeline.
- Virtual Freehold.
- Immediate asset management opportunity to **engage with Freeths to regear their lease and upgrade the ESG credentials** of the building.
- **Longer term, the site provides excellent alternative use fundamentals** including residential, hotel and student uses subject to obtaining the necessary planning consents.

PROPOSAL

Offers are sought in excess of **£9,700,000 (Nine Million Seven Hundred Thousand Pounds)** subject to contract and exclusive of VAT.

A purchase at this price reflects a **net initial yield of 8.00% and a low capital value of £199 per sq ft** after allowing for purchaser's costs at 6.71%.





WHY NOTTINGHAM?

Nottingham is located in the centre of the UK and is the capital of the East Midlands region, situated 128 miles north of London and 45 miles north east of Birmingham.

The city is home to a thriving business community and benefits from an educated local workforce. This is supported by two highly ranked, award-winning institutions, The University of Nottingham and Nottingham Trent University which has attracted a high calibre of students, many of whom remain in the city for employment purposes. The city has a strong occupier base from the finance, professional, manufacturing and public services sectors with major occupiers including E.On, HMRC, KPMG, Domestic & General and Experian.



ACCESSIBILITY

Situated in the heart of England, with 90% of the population accessible within 2 hours due to the city's excellent motorway and railway connections. The city is also set to benefit significantly from the development of HS2.



POPULATION

Nottingham is the UK's 8th largest urban area with a population of 1.3 million. Thanks to the two world-leading universities, Nottingham benefits from one of the youngest and highest skilled populations in the UK.



ECONOMIC REGENERATION

The city is embarking on an intense period of economic regeneration, with a £2bn redevelopment of the 'Southside' of the city underway which will revolutionise the entry into the city from Nottingham train station.



EDUCATION

Nottingham benefits from two high-achieving universities in the University of Nottingham and Nottingham Trent University which are attended by over 60,000 students.



TRANSPORT

Nottingham has witnessed c£1bn of public and private sector investment in its transport infrastructure including the £150m upgrade of Nottingham train station and £570m extension of the NET tram system in 2015.

Old Market Square



University of Nottingham



Nottingham City Centre



CONNECTIVITY

ROAD

Nottingham has excellent access to the national motorway network with its UK central position, directly adjacent to Junctions 24, 25 and 26 of the M1 Motorway, and also in close proximity to the A42 / M42 link to the West Midlands and the A50 link to the North West.

M1 (J24)	11 miles
A50	12 miles
M42	27 miles
Birmingham	51 miles
London	126 miles

RAIL

Nottingham benefits from an extensive intercity and regional services, with direct trains to London St Pancras International every 30 minutes.

Nottingham train station was subject to a £150 million refurbishment upgrade in 2018 which has helped cement its position as major transport hub for the East Midlands region. The city will also benefit from a dedicated HS2 station which is planned at Toton and will bring investment worth around £10billion for the wider East Midlands region.

Birmingham	1 hour 10 minutes
London St Pancras	1 hour 36 minutes
Manchester	1 hour 50 minutes

TRAM

Nottingham benefits from the Nottingham Express Transit (NET) tram system, one of the UK's most successful city transport systems. The NET tram system connects the northern, southern and western peripheries to the city centre which was extended at a total cost of £570 million in 2015.

AIR

East Midlands Airport is located 15 miles south west of the city centre. The airport is home to the UK's largest dedicated air cargo operation, making it the country's most important airport for express freight.

East Midlands	13 miles
Birmingham	48 miles
Manchester	63 miles

Click for
[Google maps](#)

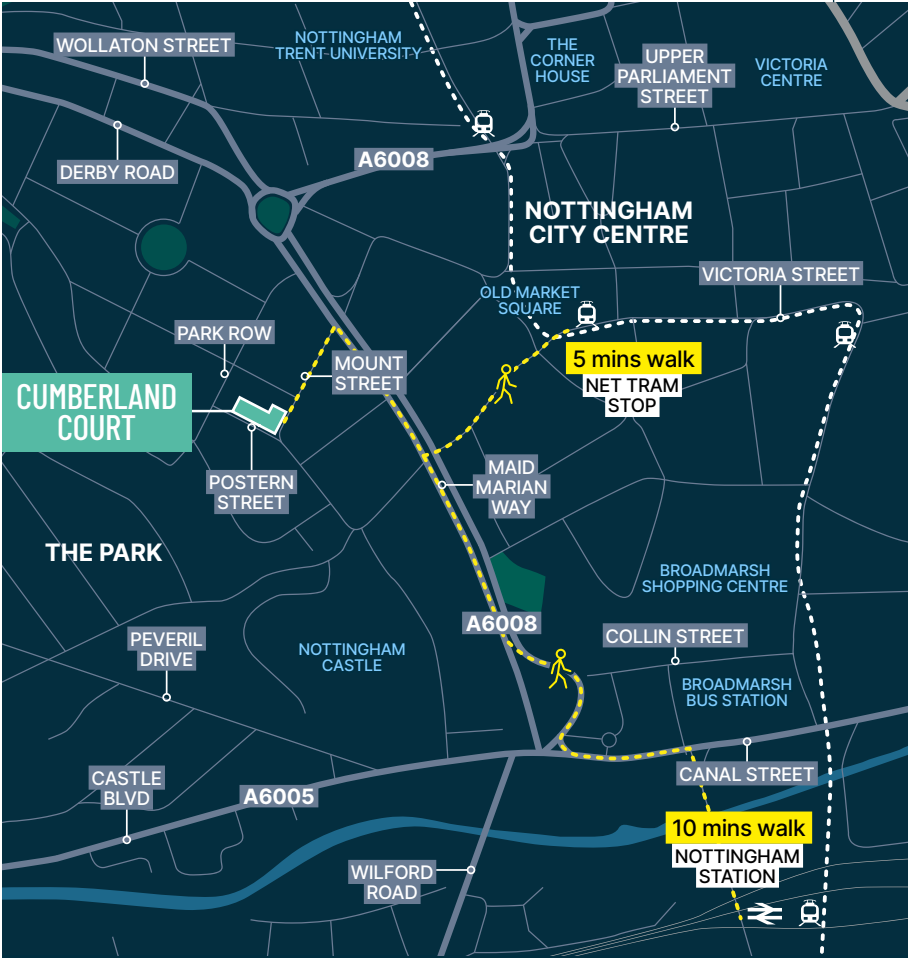
Click for What3Words:
[each.fled.critic](#)



Nottingham Train Station



NET Tram



SITUATION

Cumberland Court occupies a highly prominent position fronting Mount Street, in the heart of Nottingham's Central Business District.

The property is situated within a 10 minute from Nottingham Train Station and a few minutes' walk from the city centre's principal retailing and leisure amenities including The Broadmarsh Shopping Centre, Old Market Square and The Victoria Shopping Centre.

DESCRIPTION

Cumberland Court (formerly Building B) is a prominent headquarters office and is one of three buildings that form 'Cumberland Place', alongside Agora (Building C) and 37 Park Row (Building A).

The property was constructed in 2003 and comprises 48,715 sq ft of office accommodation arranged over basement, ground and five upper floors. It benefits from a fully glazed feature reception and well-configured, flexible floor plates which would be suitable for single or multi-occupation.

2019 REFURBISHMENT

Freeths have shown a continued commitment to the building which they have occupied since it was developed in 2003. In 2019, they refurbished the building extensively including remodelling the reception, upgrading the fully fitted staff restaurant and creating new meeting rooms.

EPC

EPC rating - C (71). A copy of the full Energy Performance Certificate is available within the data room.



SPECIFICATION

The building benefits from the following specification:



VRF air-conditioning



Suspended ceilings



Raised floors



Two 12-person passenger lifts



On-site bicycle racks



Restaurant/café



Office floor to ceiling heights of 2.7m



Excellent level of natural light

The property has a total of 51 secure basement car parking spaces equating to an **excellent city centre ratio of 1:955 sq ft.**

SITE

The site extends to 0.24 acres (0.10 hectares).

TENURE

Virtual Freehold (highlighted red on the plan). The property forms part of an estate and is held on a 999 year lease from 28th July 2003 at a peppercorn rent.

The Freehold to the estate is owned by Cumberland Place Management Company Limited (highlighted blue on the plan) which is also the management company. The owners of the three buildings at the estate each own shares in the management company. Cumberland Court represents 33.3% of the shares in the management company.

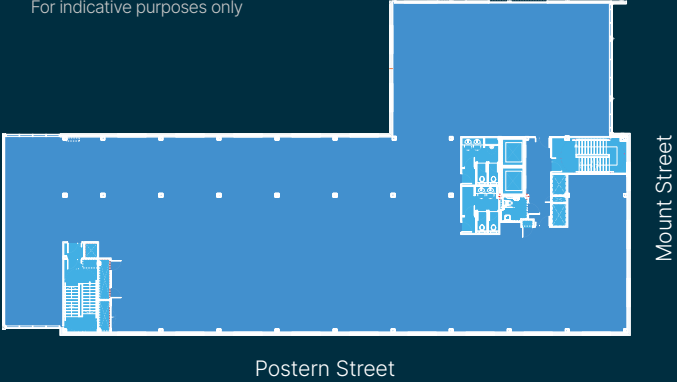


ACCOMMODATION

The property has been measured in accordance with the RICS Property Measurement 2nd Edition and provides the following areas:

	IPMS 3		NIA	
	sq ft	sq m	sq ft	sq m
Fifth Floor	9,386	872.0	9,158	850.8
Fourth Floor	9,868	916.8	9,726	903.6
Third Floor	9,881	918.0	9,733	904.2
Second Floor	9,882	918.1	9,757	906.5
First Floor	8,750	812.9	8,643	803.0
Ground Floor	1,723	160.1	1,698	157.8
Total	49,490	4,597.9	48,715	4,525.9

For indicative purposes only



FREETHS HISTORY AT CUMBERLAND COURT



Freeths was founded in Nottingham in 2003



Cumberland Court forms their UK headquarters office



Occupied the building for over 20 years



Upgraded their space in 2019



Removed their tenant option to break in 2023



Exploring options to upgrade the buildings ESG credentials

TENANCY

The property is let in its entirety to **Freeth Cartwright LLP** on a 25-year FRI lease expiring on 30th September 2028. This provides an **unexpired term of approximately 5.1 years**.

The **current passing rent is £828,000 per annum which equates to a rent of £17.15 per sq ft** (adopting 50% on reception). The rent is subject to 5 yearly upwards only rent reviews (assuming a floor area of 48,715 sq ft), with the rent review on 1st July 2023 outstanding.

COVENANT

Freeth Carwright LLP (Freeths) is a leading national law firm with over 1,000 employees across 13 UK offices.

Freeths provide a range of business services and regularly act on major cases in civil litigation, clinical negligence and real estate. The company was recently listed in The Times Best Law Firms 2023 and has an annual revenue of over £111 million. Their client roster includes; Aldi, Experian, Tarmac and Lloyds Bank.

The company has an Experian score of 100/100 representing a very low risk of business failure as confirmed by their latest accounts:

	31 Mar 2022	31 Mar 2021	31 Mar 2020
Turnover	£111,962,000	£102,473,000	£102,948,000
Pre-tax Profit	£43,435,000	£40,429,000	£37,216,000
Total Net Worth	£31,419,000	£29,711,000	£25,205,000





NOTTINGHAM OCCUPATIONAL MARKET

Nottingham is an established regional office market, with a strong occupier base attracted by its excellent transport infrastructure, retail and leisure amenities and access to a well-educated labour pool. The city performed well in 2022 with total take-up recorded at 319,000 sq ft. The city centre office market is experiencing its strongest year since Covid-19 with 187,000 sq ft of lettings representing 58% of 2022's total.

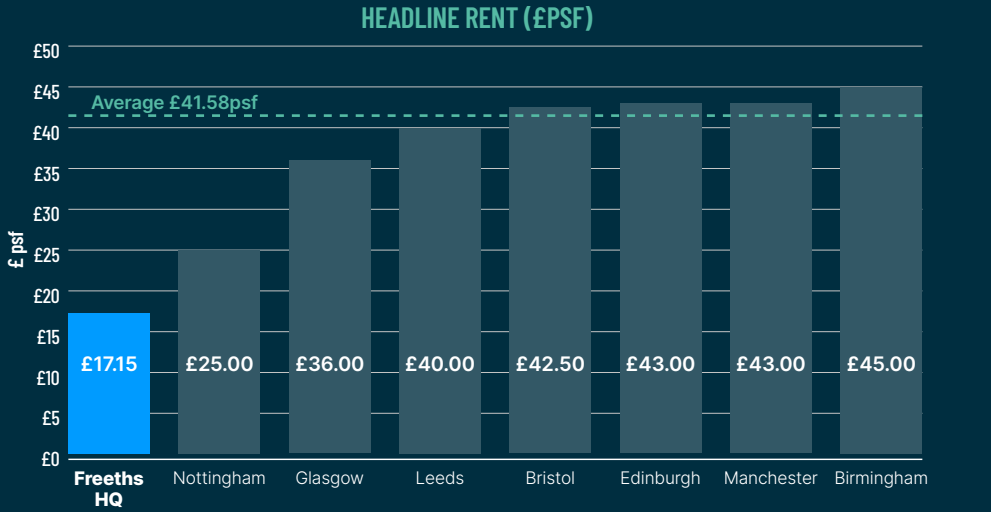
The city centre office market has continued to be characterised by a severe undersupply of high-quality office accommodation, due to a constrained development pipeline and existing stock been converted to alternative uses. This imbalance in supply/demand has prompted rental increases as evidenced at CEG's City Gate East with 25% of total take-up in 2022 and achieving a new headline rent of £24.95 per sq ft.

A schedule of the most recent letting transactions in Nottingham are outlined below:

Date	Property	Tenant	Area (Sq ft)	Rent (£psf)
Feb-23	City Gate East	KPMG	4,541	£24.95
Feb-23	New Castle House	Entain PLC	15,694	£22.50
Nov-22	City Gate East	Turner & Townsend	4,271	£24.50
Nov-22	City Gate East	Equifax	19,045	£24.50
Jul-22	City Gate East	Atkins Ltd	3,375	£22.50
Jul-22	City Gate East	Worldwide Clinical Trials	10,875	£22.50
Mar-21	11 Station Street	Domestic & General	51,000	£25.00

CURRENT PRIME REGIONAL OFFICE HEADLINE RENTS £PSF

The current passing rent at Cumberland Court sits at a 45% discount to headline rents in Nottingham City Centre and 138% discount to the average current headline rent in the Big 6 regional cities.



INVESTMENT MARKET OVERVIEW

In the current market where investors are taking a preference for low-risk opportunities, high quality regional offices have been particularly sought after especially where there are prospects to redevelop in the future. These assets are expected to be viewed favourably by investors due to their strong fundamentals namely; rental growth prospects, favourable supply/demand dynamics, and their connectivity to the wider UK.

Set out in the table below are recent regional office investment transactions.

Date	Property	Tenant (s)	Area (Sq ft)	Term Certain (yrs)	Price	NIY	CV £psf	Purchaser
Apr-23	90 Victoria Street, Bristol	Multi-let	24,377	3.5	£7,750,000	7.82%	£318	RO Group
Feb-23	10 Queen Square, Bristol	Multi-let	17,000	3.0	£5,300,000	7.50%	£297	Private
Oct-22	37 Park Row, Nottingham (adjacent building)	Multi-let	25,573	3.4	£5,680,000	7.50%	£222	RO Group
May-22	E.On, Nottingham	E.On	105,864	5.5	£28,000,000	6.85%	£269	Corum XL
Feb-22	Armourers House, Bristol	Secretary of State	25,790	2.8	£7,250,000	6.48%	£281	AEW
May-21	The Pearson Building, Nottingham	Multi-let	62,947	9.2	£21,000,000	6.69%	£334	Equitix



INVESTMENT RATIONALE



Unrivalled connectivity: surrounded by a network of road, rail and air links



Opportunity to acquire Freeths UK HQ



Income security: An unbroken 5.1 year term secured against an undoubted covenant



Exceptionally low rent (£17.15psf): Opportunity to capture rental growth



Excellent car parking 1:955 sq ft: 51 secure basement car parking spaces



Future redevelopment: Providing long-term optionality

ASSET MANAGEMENT OPPORTUNITIES


OFFICE REPOSITIONING

- Cumberland Court offers scope to reposition the building into a flagship Grade A office building for Freeths UK HQ with market-leading ESG credentials.
- There is an immediate opportunity to action Freeths’ outstanding rent review, capitalising on the upward pressure of headline rents in the city centre.
- There is scope to begin discussions in relation to re-gearing the existing lease to extend the term given Freeths’ continued commitment to the building.
- Cement a new headline rent for the city centre by enhancing the buildings specification.
- Opportunity to benefit from occupier trends of higher-take up for best-in-class assets and rental premiums for high quality ESG buildings.

THE ISLAND QUARTER


STUDENT
Status: Under Construction
Date: 2023/24
Size: 702 beds

RESIDENTIAL
Status: Under Construction
Date: 2025
Size: 900 units



1 BROOK STREET

STUDENT
Status: Under Construction
Date: 2024/5
Size: 661 beds



11 STATION STREET

OFFICE
Status: Completed
Date: Q4 2022
Size: 51,000 sq ft to Domestic & General



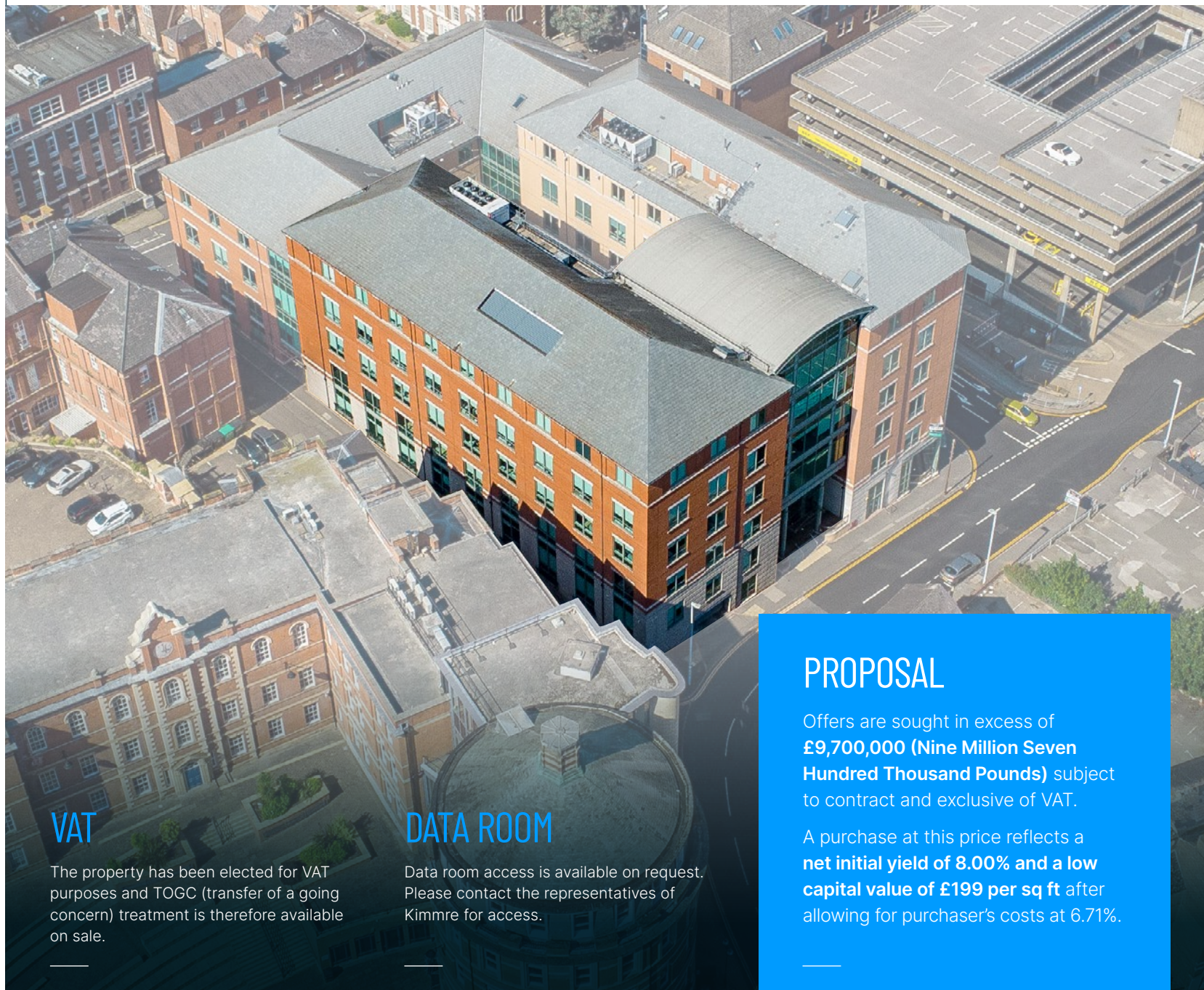
QUEENS ROAD

RESIDENTIAL
Status: Under Construction
Date: 2023
Size: 348 units



ALTERNATIVE USE: STUDENT & RESIDENTIAL

- Cumberland Court provides the opportunity to explore alternative uses to capitalise on the ever-increasing residential and student demand given its proximity to Nottingham Trent University and the city’s amenities.
- There is a severe lack of student accommodation in Nottingham City Centre as the number of students needing accommodation in the city has grown from 40,000 to 51,000 since 2016.
- Many residential dwellings have been converted in an attempt to fulfil the unprecedented demand causing a reduction in residential assets.
- Student rents increased by 2.4% in 2021/22 whilst residential rents increased by 10.9% in the last year.



VAT

The property has been elected for VAT purposes and TOGC (transfer of a going concern) treatment is therefore available on sale.

DATA ROOM

Data room access is available on request. Please contact the representatives of Kimmre for access.

PROPOSAL

Offers are sought in excess of **£9,700,000 (Nine Million Seven Hundred Thousand Pounds)** subject to contract and exclusive of VAT.

A purchase at this price reflects a **net initial yield of 8.00% and a low capital value of £199 per sq ft** after allowing for purchaser's costs at 6.71%.

ANTI-MONEY LAUNDERING

In accordance with UK legislation, the purchaser will be required to comply with AML requirements and satisfy the vendor accordingly.

CONTACT

For further information please contact:

Max Clynes

max.clynes@kimmre.com
07746 984 112

Josh Beebee

josh.beebee@kimmre.com
07539 439 300

Harriett Cundy

harriett.cundy@kimmre.com
07469 895 695

Kimmre

MISREPRESENTATION ACT 1967

Kimmeridge Real Estate Ltd on its own behalf and for vendors or lessors of this property, whose agent it is, gives notice that: 1. The particulars are produced in good faith, but are a general guide only and do not constitute any part of a contract. 2. No person in the employment of the agent(s) has any authority to make or give any representation or warranty whatsoever in relation to this property. 3. The property is offered subject to contract and unless otherwise stated all rents are quoted exclusive of VAT. 4. Nothing in these particulars should be deemed a statement that the property is in good condition, or that any services or facilities are in working order. 5. Unless otherwise stated, no investigations have been made regarding pollution, or potential land, air or water contamination. Interested parties are advised to carry out their own investigations if required. Publication Date: Sept 2023. carve-design.co.uk 16196/15