

ALEXANDER HOUSE_

YORK_YO10_4DZ

SECURELY LET
REGIONAL OFFICE INVESTMENT
WITH CPI LINKED INDEXATION

Kimmre



EXECUTIVE SUMMARY_

- Opportunity to acquire a securely let regional office with **CPI linked indexation**.
- Located approximately halfway between London and Edinburgh, York is an affluent, well-connected city with a highly educated workforce, **attracting a number of 'blue-chip' international occupiers**.
- Alexander House totals **37,433 sq ft of Grade A office accommodation** arranged over ground and two upper floors.
- **Comprehensively refurbished in 2019.**
- **Freehold site** totalling **1.37 acres**.
- **Excellent car parking ratio of 1:394 sq ft.**
- The building is **entirely let to ETAS Ltd** on an FRI lease expiring on 23rd June 2034.
- **Unexpired term of 10.7 years (5.7 years to earliest determination).**
- **Total passing rent of £554,925 per annum** equating to a **very low rent of £14.95 per sq ft** (adopting 50% on reception).
- The rent is subject to **5 yearly reviews to CPI (0-4%)**, the next being on 24th June 2024.
- Prime headline office rents in York have increased to **£27.50 per sq ft, providing future reversionary potential.**
- **Longer term, the site provides excellent alternative use fundamentals** including residential, care home and student uses subject to obtaining the necessary planning consents.

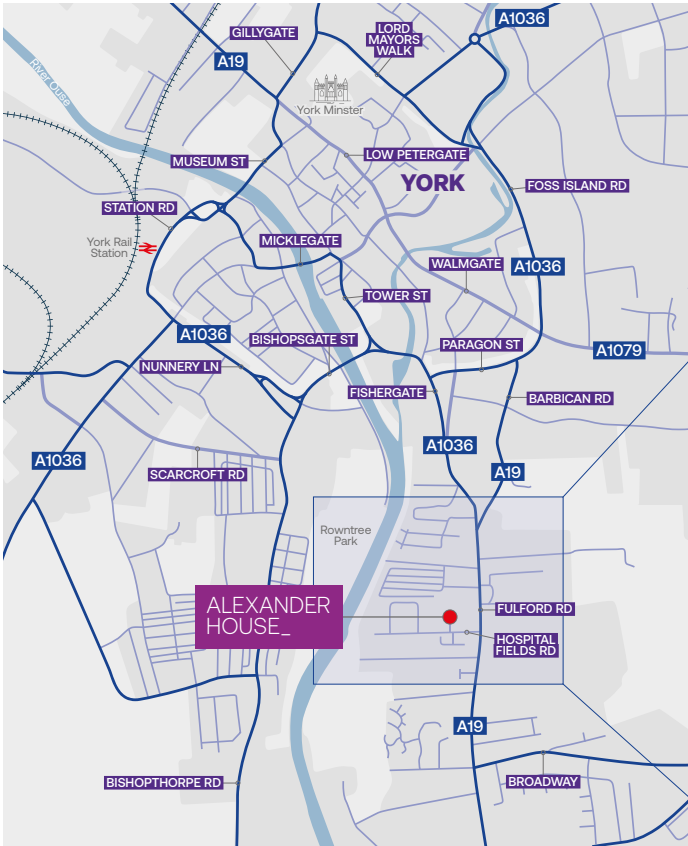


PROPOSAL_

Offers are sought in excess of **£5,780,000 (Five Million Seven Hundred and Eighty Thousand Pounds)** subject to contract and exclusive of VAT.

A purchase at this price reflects a **net initial yield of 9.00%** after allowing for purchaser's costs at 6.71%. This equates to a **low capital value of £154 per sq ft**.





LOCATION_

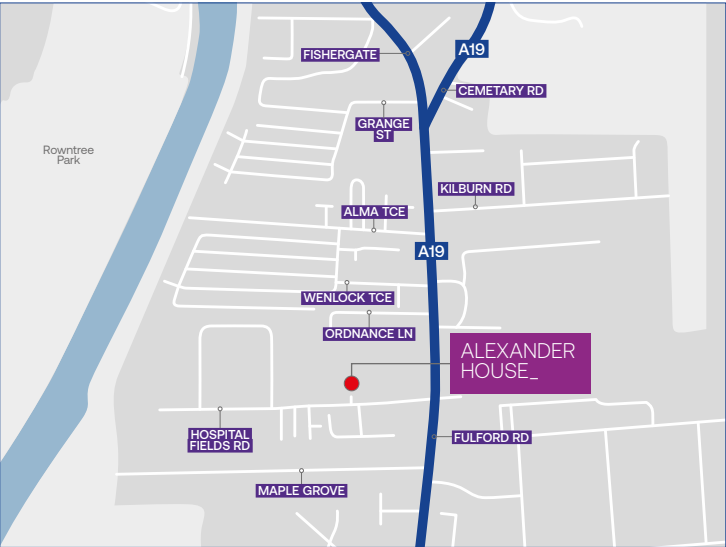
York is the primary commercial centre of North Yorkshire and a northern powerhouse city with easy access to other major financial centres. The centrally located cathedral city benefits from close proximity to the national motorway network and excellent railway links into Central London and several other key northern cities. This paired with its access to a skilled labour pool has attracted national and international occupiers such as: Network Rail, Aviva, Hiscox, Nestle.

SITUATION_

Alexander House is situated on Hospital Fields Road on the edge of York City Centre and within a 9 minutes' drive from York Rail Station.

[CLICK HERE TO VIEW GOOGLE MAPS](#)

[WHAT3WORDS TAME.RARE.BRIGHT](#)



CONNECTIVITY_

ROAD

Alexander House benefits from immediate access to the A19, which connects to the A64 and subsequently the A1 (M). By road Leeds and Manchester are 25 miles and 72 miles distant respectively.

A64	4 minutes
A1 (M)	16 minutes
M1 (47)	20 minutes
M62 (J32A)	30 minutes

RAIL

York Rail Station is located 1.8 miles from the property. Located midway between Edinburgh and London, the station provides approximately 5 trains per hour to Central London. The station is currently undergoing a £25.73m regeneration project to create an enhanced gateway to the city.

Leeds	22 minutes
Newcastle	55 minutes
Manchester Piccadilly	1 hour 23 minutes
London Kings Cross	1 hour 49 minutes
Edinburgh	2 hours 23 minutes

AIR

Leeds Bradford Airport	40 minutes
Manchester Airport	1 hour 20 minutes
Liverpool Airport	1 hour 40 minutes

DESCRIPTION_

Alexander House is a modern self-contained Grade A office building arranged over ground and two upper floors. The building is of masonry construction and provides an impressive, gated entrance leading to the refurbished reception lobby. The floorplates are configured in an 'L' shape around a central core with stair access to the north and south, allowing for sub-division to offer flexibility.

SPECIFICATION_

The property provides **37,433 sq ft** of Grade A office accommodation consisting of the following high-quality specification:



Raised floors



Communal break-out spaces



Two 13-person passenger lifts



Shower facilities on each floor



On-site bicycle racks



Electric car charging points

The property has a total of **95** secure car parking spaces equating to an excellent ratio of **1:394 sq ft**.



2019 REFURBISHMENT WORKS_

The ground floor and common areas of Alexander House underwent a **£2.14m** comprehensive refurbishment in 2019. The new specification includes:



New VRF air conditioning



New LG7 compliant lighting



Refurbished lift cars



New suspended ceilings



New male, female & disabled WC facilities on each floor



Refurbished reception

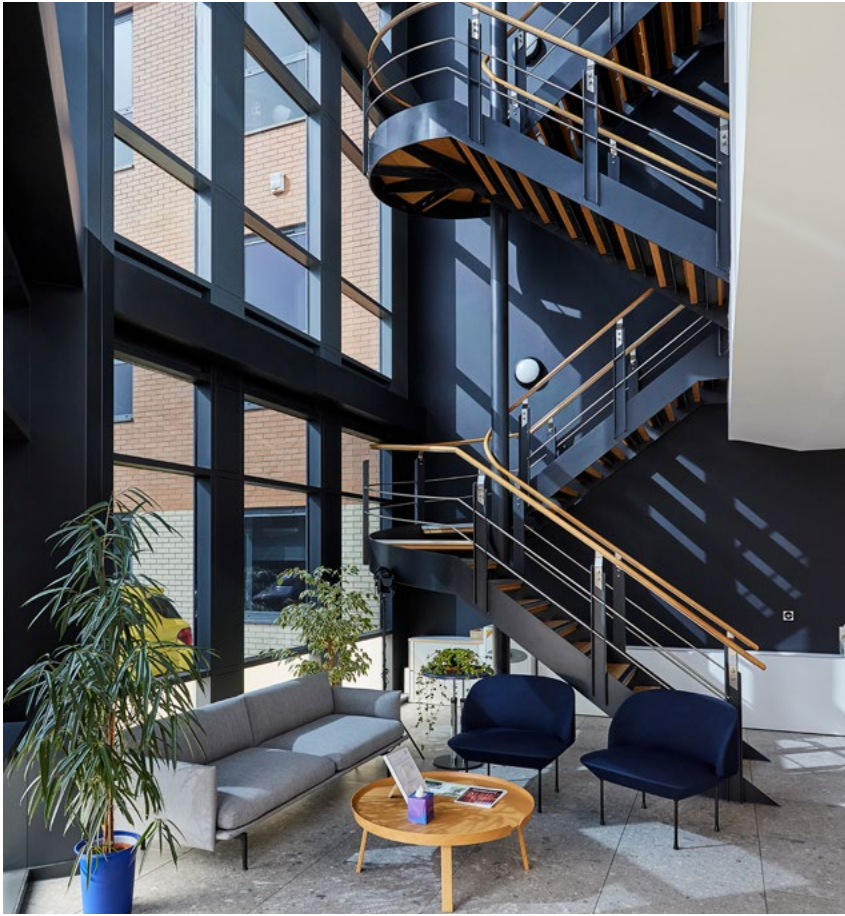
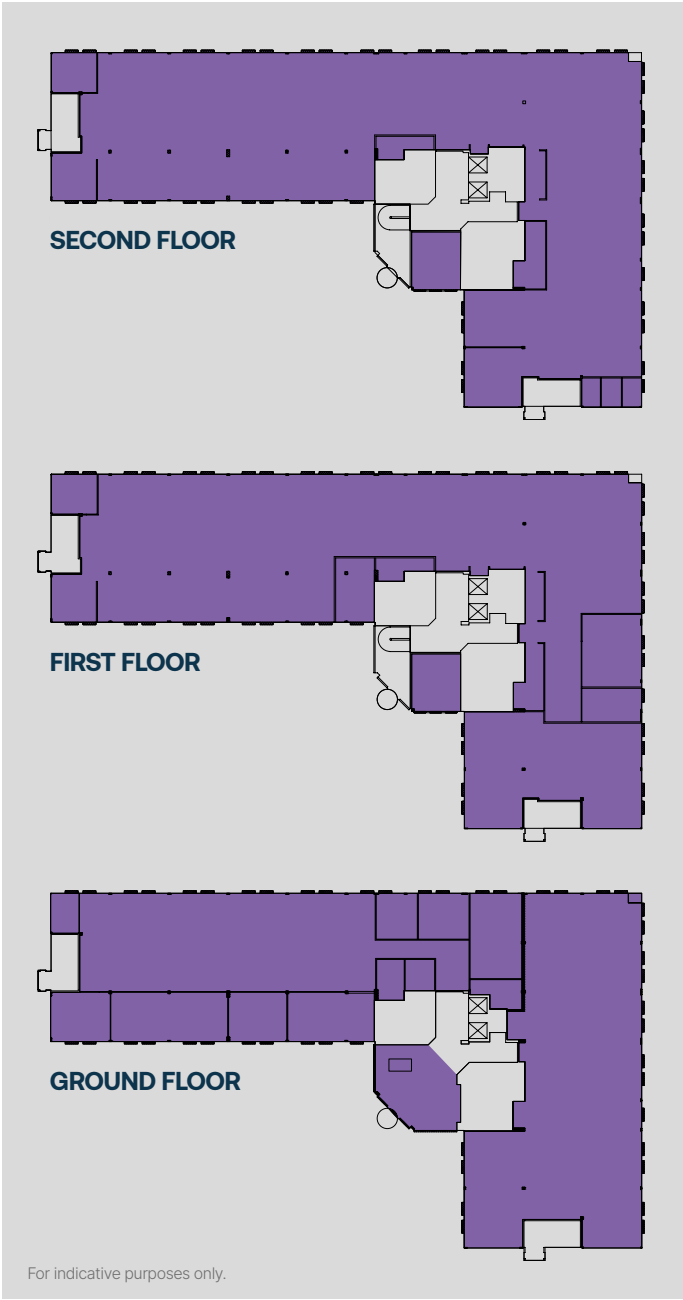
The building is rated EPC C (63).



ACCOMMODATION_

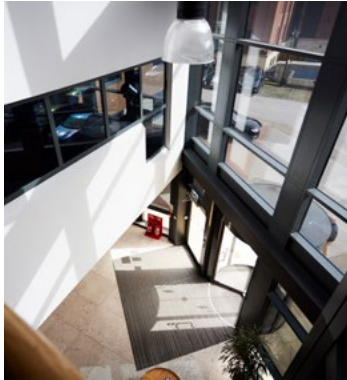
The property has been measured in accordance with the RICS Property Measurement 2nd Edition and provides the following areas:

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	SQ FT	SQ M	SQ FT	SQ M
Second Floor	12,535	1,164.5	12,328	1,145.3
First Floor	12,526	1,163.7	12,318	1,144.4
Ground Floor	13,043	1,211.7	12,787	1,187.9
TOTAL	38,104	3,539.9	37,433	3,477.6



SITE_
The site extends to 1.37 acres (0.55 hectares).

TENURE_
The property is held Freehold.



TENANCY_

ETAS

The property is entirely let to ETAS Limited, guaranteed by Robert Bosch Limited, on an FRI lease, for a term of 15 years from 24th June 2019, expiring on 23rd June 2034. The rent is subject to 5 yearly reviews to CPI (0 – 4%), the next being on 24th June 2024 with a further CPI linked review on 24th June 2029.

There is a tenant only option to break on 24th June 2029, subject to 9 months' notice. The lease is included within the Landlord and Tenant 1954.

The current passing rent is £554,925 per annum, equating to £14.95 per sq ft (adopting 50% on reception). The lease includes 75 surface level car parking spaces.

ALSTOM

The ground floor has been partially sub-let to Alstom Transport UK Ltd, on an FRI lease, for a term of 7 years and 8 months from 15th July 2021, expiring on 23rd March 2029. The rent is subject to 5 yearly OMRV reviews, the next being on 24th June 2024.

There is a mutual option to break on 14th May 2027, subject to 9 months' notice. The sub-lease is excluded from the Landlord and Tenant 1954.

The passing rent is £116,766 per annum, **equating to £22.00 per sq ft, demonstrating the building's immediate reversionary potential.** The lease includes 20 surface level car parking spaces.



COVENANT_

ETAS LTD

ETAS Ltd is a global provider of embedded software solutions and services. ETAS operates out of 12 countries across Europe, Asia and the Americas, employing 2,300 people. Alexander House is ETAS' only UK office and is responsible for software development.

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

	31 DEC 2022	31 DEC 2021	31 DEC 2020
Turnover	£16,439,063	£11,680,448	£8,795,009
Pre-tax Profit	£1,635,877	£1,063,420	£518,769
Total Net Worth	£4,366,974	£3,045,463	£2,196,525

ROBERT BOSCH LIMITED (GUARANTOR)

Robert Bosch Limited is a global leader in technology and innovation. Bosch has a global presence in over 60 countries and 421,300 employees worldwide. ETAS was established as a subsidiary of Robert Bosch GmbH in 1994.

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

	31 DEC 2022	31 DEC 2021	31 DEC 2020
Turnover	£430,118,000	£453,032,000	£431,362,000
Pre-tax Profit	£15,247,000	£10,809,000	£15,459,000
Total Net Worth	£41,034,000	£35,740,000	£26,765,000

ALSTOM TRANSPORT UK LTD (SUB-LEASE)

Alstom is the UK & Ireland's leading supplier of new trains and rail infrastructure. There are over 6,000 people employed who operate out 30 UK locations. Alexander House's close proximity to York Rail Station makes it an ideal location for Alstom to operate from.

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	£442,200,000	£463,000,000	£466,300,000
Pre-tax Profit	£41,900,000	£71,200,000	£74,800,000
Total Net Worth	£352,900,000	£342,900,000	£274,800,000



YORK MARKET OVERVIEW_

York’s office market is characterised by reducing supply paired with a limited development pipeline creating a clear supply and demand imbalance as demonstrated in the city’s recent rental growth. This gap will widen as developers capitalise on the city’s thriving residential market, which witnessed a 23.1% price rise in the last year alone, and continue to convert commercial space to residential use.

Prime office rents in York now stand at £27.50 per sq ft following the letting to JM Finn at Hudson Quarter, the only new office development within the city walls for the last 10 years. We are witnessing occupiers targeting buildings with strong ESG credentials who are willing to pay a premium to occupy these spaces.

RECENT LETTINGS

A schedule of the most recent letting transactions in and around York are outlined below:

DATE	PROPERTY	TENANT	AREA (SQ FT)	RENT (£PSF)	TERM
Oct-22	Artemis House	Business Waste	6,668	£18.00	5.0
Oct-22	20 George Hudson Street	Simpson Associates Information Services	2,780	£22.50	5.0
Aug-22	Hudson Quarter	JM Finn	2,978	£27.50	10.0 (5.0)
Jun-22	5A Museum Street	Cityvale Group Holdings	2,200	£20.15	5.0 (3.0)
Jun-22	Hudson Quarter	Arcadis	6,403	£26.50	10.0 (5.0)
Jun-22	16 Toft Green	Aecom	4,096	£21.00	5.0
Mar-22	1 Innovation Way	Aptamer Group	11,834	£17.50	5.0
Mar-22	Hudson Quarter	Redcentric	6,762	£25.50	10.0



INVESTMENT MARKET OVERVIEW_

Regional office investment volumes totalled £680 million in H1 2023 with investors taking a preference for low-risk opportunities. High quality regional offices with attractive income profiles, let to secure covenants are showing impressive levels of resilience especially where they provide adaptability to short and long-term business plans.

Set out in the table (right) are recent regional office investment transactions.

DATE	PROPERTY	TENANT (MULTI OR SINGLE)	AREA (SQ FT)	WAULT	PRICE	NIY	CV EPSF	PURCHASER
Jun-23	12 Greek Street, Leeds	Multi-let	23,223	5.0	£6.40m	7.32%	£276	APAM
Apr-23	1 Whitehall Quay, Leeds	Mercer & BJSS	36,923	9.0	£12.0m	8.35%	£325	CPG
Apr-23	90 Victoria Street, Bristol	Multi-let	24,377	3.5	£7.75m	7.83%	£318	RO Group
Mar-23	Oakfield & Barley House, Bristol	University of Bristol	35,814	3.4	£7.08m	7.74%	£198	Newcore
Oct-22	Merchant Exchange, Manchester	Multi-let	26,993	3.8	£7.30m	7.61%	£270	Private
Oct-22	Southgate House, Milton Keynes	Secretary of State for Levelling Up, Housing & Communities	41,646	5.9	£9.45m	6.50%	£226	Private
Jun-22	37 Park Row, Nottingham	Multi-let	25,573	3.4	£5.68m	7.50%	£222	RO Group
Jan-22	Speedo House, Nottingham	Speedo	37,801	6.0	£8.60m	8.00%	£228	The David Ross Foundation





UNDERLYING VALUE_

Alexander House provides adaptability to several business plans through short-term asset management initiatives and long-term redevelopment potential.

SHORT-TERM ASSET MANAGEMENT OPPORTUNITIES

- The property provides immediate reversion through the 2024 CPI rent review.
- There is scope to begin discussion with ETAS to remove their break and extend the term.
- ESG credentials have capacity to be enhanced.

- ## LONG-TERM REDEVELOPMENT POTENTIAL – STUDENT / RESIDENTIAL
- York has one of the greatest shortages of student accommodation in the country.
 - Growing demand is outpacing the development pipeline, leaving a void for investors to capitalise on.
 - Residential values in York grew by 23.1% in 2022, substantially greater than the national average of 9.3%.
 - This is the largest increase in the UK and it is anticipated that these trends will continue as 82% of York is designated green belt, severely restricting development land availability.
 - Alexander House provides scope to capture the ongoing market demand for both student and residential properties through its existing fundamentals of a suburban location, flexible building layout and extensive outside space.

STUDENT
Heslington East Campus
Status: Completed
Date: Q4 2022
Size: 1,480 beds



STUDENT
3 James Street
Status: Planning Approved
Date: Q3 2025
Size: 303 beds



RESIDENTIAL
Hungate
Status:
Phases 1-3 complete
Phases 4-6 under construction
Date: Q4 2025
Size: 1,000 units



INVESTMENT RATIONALE_



**Unrivalled
connectivity:**

Surrounded by
a network of road,
rail and air links



**Income
security:**

An unbroken 5.7 year
term secured against an
undoubted covenant



Rental growth:
2024 CPI rent review



**Comprehensively
refurbished**



**Excellent
car parking:**
95 on site car parking
spaces (1:394 sq ft)



Optionality:
Adaptability to
short-term and long-term
business plans



VAT_

The property has been elected for VAT purposes and will be treated as a transfer of a going concern (TOGC).

EPC_

EPC rating - C (63)

A copy of the full Energy Performance Certificate is available within the data room.

DATA ROOM_

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

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:

JOSH BEEBEE

josh.beebee@kimmre.com
07539 439 300

MAX CLYNES

max.clynnes@kimmre.com
07746 984 112

HARRIETT CUNDY

harriett.cundy@kimmre.com
07469 895 695

Kimmre

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PROPOSAL_

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