



**PRIME CENTRAL BIRMINGHAM HIGH YIELDING, SINGLE LET OFFICE INVESTMENT**

37-43 Church Street | Birmingham | B3 2RT



## Investment Summary

- ◆ Prime single let office in the UK's second city
- ◆ Located in a prime location in Birmingham's CBD less than 100m from Snow Hill station and Colmore Row
- ◆ Grade II listed period office building
- ◆ **12,238 sq ft** of accommodation arranged over lower ground, ground and three upper floors
- ◆ 15 car spaces
- ◆ Let to The Wilkes Partnership LLP until 31 December 2027
- ◆ Current passing rent of £187,005 per annum (**under £16.00 per sqft**)
- ◆ Long leasehold with effectively 112 years unexpired. Current ground rent of £18,700 per annum
- ◆ The Wilkes Partnership LLP is an established Midlands based law firm
- ◆ Significant short term asset management and full refurbishment/repositioning opportunities
- ◆ Of interest to investors and owner occupiers
- ◆ Offers are sought in excess of **£1,865,000**
- ◆ A purchase at this level reflects an attractive **net initial yield of 8.5%**, off the current net rent
- ◆ **A low capital value of only £152 per sq ft**



# Birmingham

Birmingham is the second largest city in the UK with a population of over 1.1m million, the wider West Midlands has a population of over 5.6 million. Birmingham is a major regional UK office centre and has national exhibition and conferencing facilities in the city centre at the NIA and ICC.

Significant inward investment in recent years.

- ◆ Goldman Sachs creating over 1,000 jobs in the city with its first regional centre.
- ◆ BBC relocation – 80,000 sqft in Digbeth.
- ◆ Government Property Agency – 200,000 sqft.
- ◆ HMRC – 230,000 sqft.

The city ranks in the Top 10 in Europe economically, generating over £120 billion GDP per annum.

City Universities - Birmingham has four established universities and is the UK's second largest student city with an estimated 80,000 people in higher education. Two of the city's universities are located centrally. Aston University's main campus is within half mile of the CBD while Birmingham City University campus is at Eastside.

UK's youngest city with over 40% of the population under the age of 25.

Recognised as the UK's leading city for start ups outside of London.





## Situation

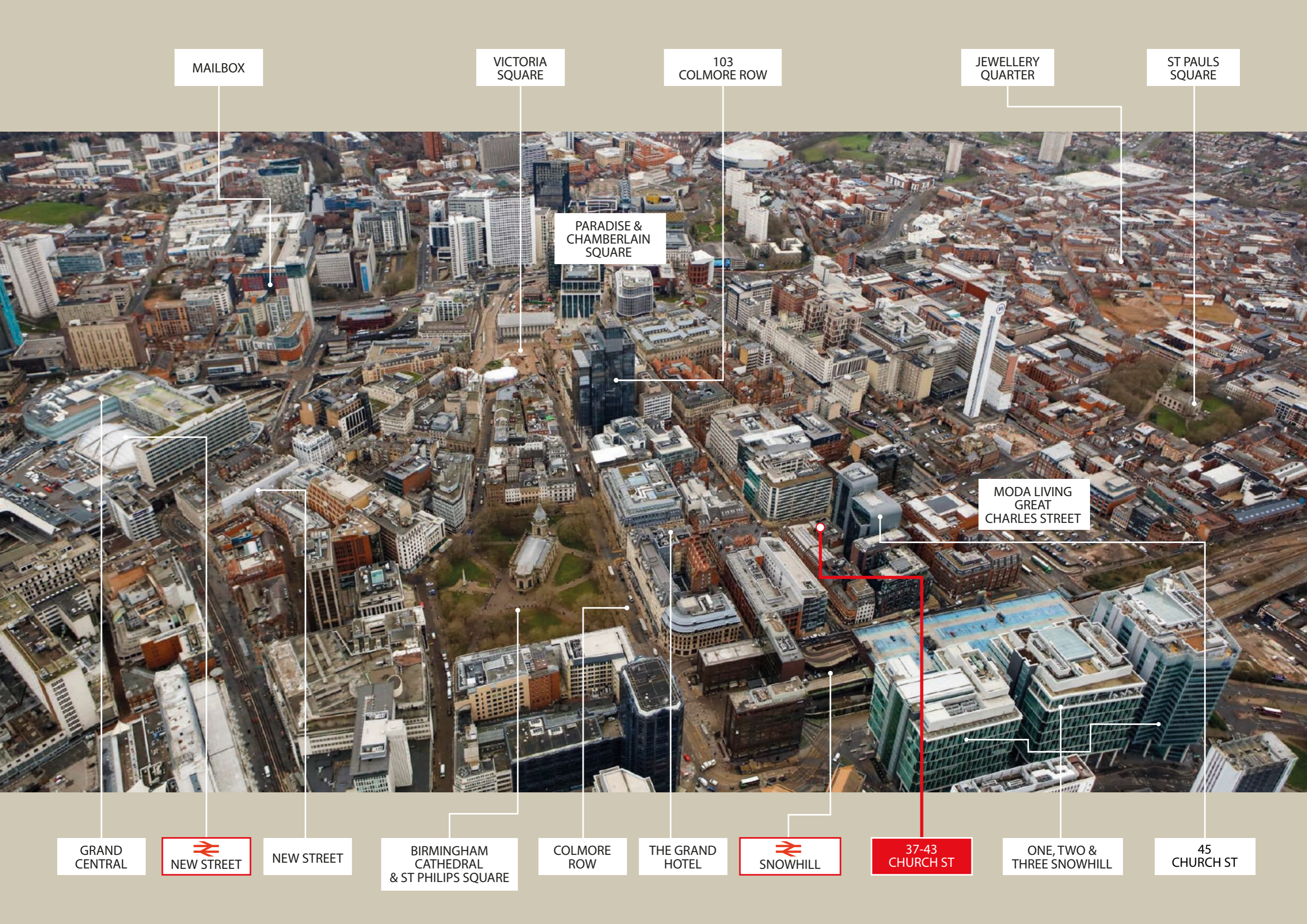
Church Street is located in the centre of the city's CBD under 100m from Colmore Row and St Phillip's Square. Lying in the heart of the city core it is located between the Snow Hill and Paradise office schemes.

Snow Hill Station is within 100m along Edmund Street. There is both on street car parking around the central core as well as various public car parks including the 860 space Snow Hill car park above the train station.

The immediate area around the property along Church Street has been improved in recent years with investment in the public realm directly in front of the building. There is a small public seating area and a part pedestrianised street which has recently been extended further along Cornwall Street.

Adjoining the property directly to the north is Royal London's 45 Church Street and to the south Adapt's 148 Edmund Street both Grade A multi let office buildings.





MAILBOX

VICTORIA SQUARE

103 COLMORE ROW

JEWELLERY QUARTER

ST PAULS SQUARE

PARADISE & CHAMBERLAIN SQUARE

MODA LIVING GREAT CHARLES STREET

GRAND CENTRAL

 NEW STREET

NEW STREET

BIRMINGHAM CATHEDRAL & ST PHILIPS SQUARE

COLMORE ROW

THE GRAND HOTEL

 SNOWHILL

37-43 CHURCH ST

ONE, TWO & THREE SNOWHILL

45 CHURCH ST

# City Regeneration Projects

## HS2

The main transport led project is the HS2 terminus at Eastside which will also see a further £725 million committed to the area for wider regeneration projects.

## Paradise

MEPC & Federated Hermes are currently delivering a £1.2 billion office led development around Chamberlain Square. There is to be over 1.7 million sqft of world class offices and commercial space in and around improved public realm. The scheme is projected to have fully completed by 2028.



## Great Charles Street

2.6 acre gateway site at the end of Church Street. Moda Living are currently delivering 722 new homes, including a 39 storey tower. The scheme is expected to complete in 2026 and will act as a key link between the city centre and the Jewellery Quarter and provide a dynamic new neighbourhood on the edge of the city centre.

## Snow Hill Station Masterplan

City Council & West Midlands Combined Authority are promoting the enhancement and redevelopment of Snow Hill Station and its multi storey car park.

# Transport

Over a five year period from 2022 there is a planned £1.3 billion investment strategy into the West Midlands transport infrastructure.

## ROAD



The city is at the heart of the national motorway network. Junction 6 of the M6 is 2 miles to the north of the city centre, accessed via the A38M which provides a direct link into the city centre. The wider Birmingham area is served by the M42 to the south and east and the M5 to the west.

## AIR



Birmingham Airport is the third largest airport in the UK outside London and serves over 11.5 million passengers per year. The airport is 10 miles to the east of the city centre, accessed via the A45. The airport is also served by Birmingham International railway station.

## RAIL



The city has three main railway stations connecting to main line routes across the country. New Street Station has direct links to London Euston with a fastest journey time of 80 minutes. The city's other main line stations are Snow Hill and Moor Street which have direct links to London Marylebone with a fastest journey time of 90 minutes.

## HS2

The city's HS2 terminal will be at Curzon Street at Eastside, on the eastern edge of the city centre and provide journey times to London of under 50 minutes. HS2 is expected to create an additional 30,000 jobs for the region.

## MIDLAND METRO



The Midland Metro line is a route which runs from the city centre through Birmingham's Jewellery Quarter to Wolverhampton. The line has also been extended from Snow Hill Station and now links with New Street Station and beyond to Edgbaston.

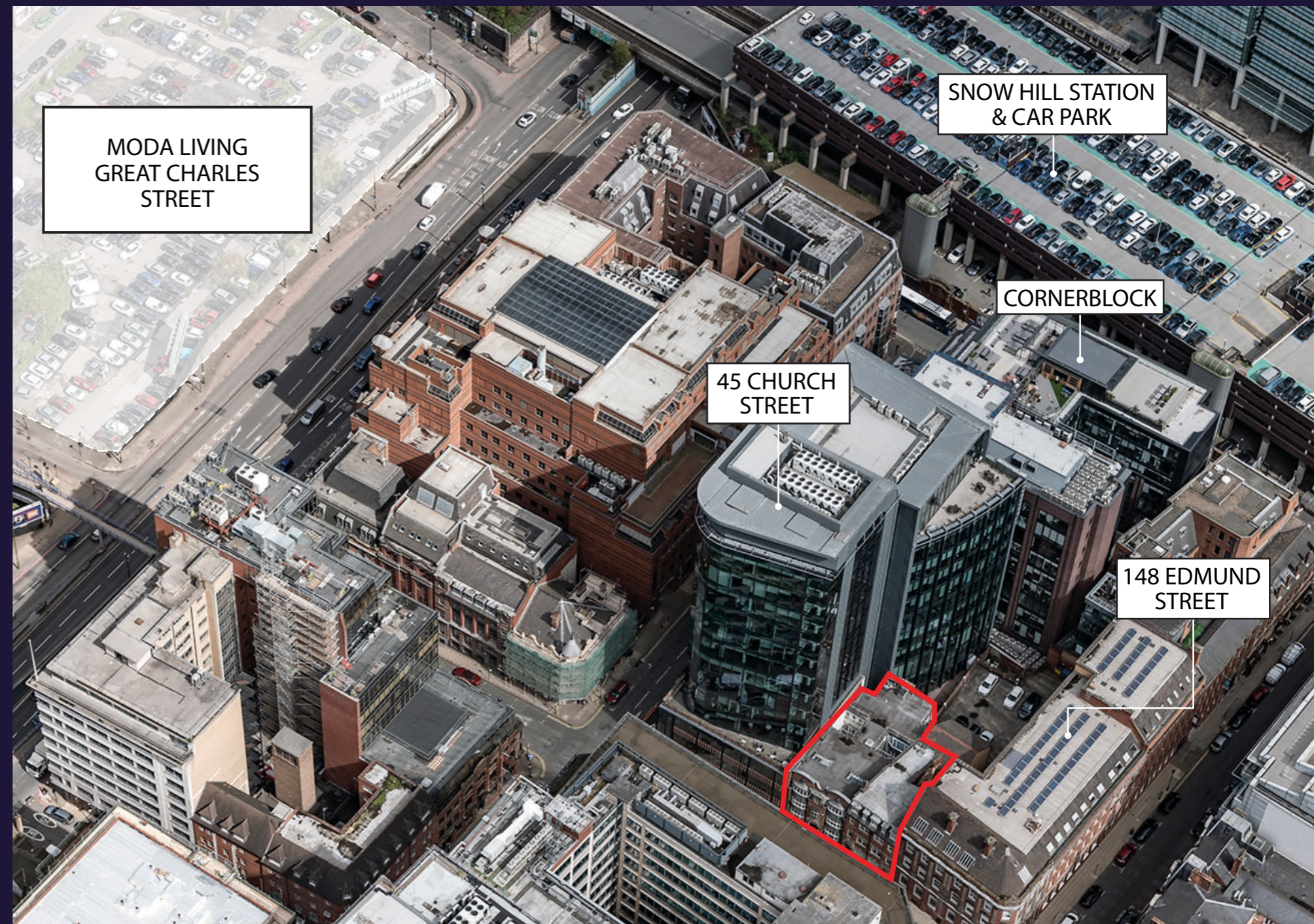
## Description

The property comprises Grade II & II\* listed buildings arranged over lower ground, ground and three upper floors. The property was originally two adjoining buildings with a traditional brick frontage and two main entrances off Church Street.

The accommodation has been internally linked on two floors and is split into front and rear suites, arranged around two central staircases and lobbies. There are also internal lightwells in both buildings.

Each building has its own heating system, some of the individual rooms have separate air conditioning.

There are 15 rear car parking spaces accessed from Edmund Street via a shared entrance with the adjoining 148 Edmund Street. The spaces for the subject property are predominantly on the open, surfaced car park area.



## Accommodation

The property has been measured by Hollis and provides the following floor areas:

Floor	IPMS3 (sq m)	IPMS3 (sq ft)	NIA (sq m)	NIA (sq ft)
Lower Ground	192.1	2,067	190.1	2,045
Ground	304.7	3,279	295.0	3,174
First	286.2	3,081	278.7	3,000
Second	288.4	2,105	281.4	3,030
Third	65.6	706	61.0	657
<b>Total</b>	<b>1,137.0</b>	<b>12,238</b>	<b>1,106.2</b>	<b>11,906</b>



## Tenure

The property is held on a long leasehold basis from Cregoe Colmore Estates Ltd. The term is for 99 years from May 1986. The head lessee has the right to extend the term for a further 51 years, providing an unexpired term of 112 years on exercising the option.

The current ground rent is £18,700 and reviewable annually to the higher of the previous rent and 10% of the rents receivable.

The car park spaces are held on a similar agreement at a rent of £30,000 per annum. This rent is reviewable (upwards/downwards) every five years to open market value. The next review is due in 2028. The long leaseholder can serve six months notice at any time to determine the agreement.

There is an obligation for the long leaseholder to contribute to the service charge for the rear car park, this is passed on to the occupational tenant of 37-43 Church Street.





## Tenancy

The property is let on a full repairing and insuring lease to The Wilkes Partnership LLP for a term expiring on 31 December 2027. There is a Schedule of Condition attached to the lease, prepared in 2011.

The passing rent is £187,005 per annum, under £16.00 per sqft.

The tenant pays a further £30,000 per annum for the allocated car parking spaces and is also liable to contribute to the service charge for the car park.

## Covenant



### The Wilkes Partnership LLP

The company is a leading, independent medium sized UK law firm operating from the Midlands. The firm has two offices in Birmingham and Solihull and provides a wide range of services including corporate & commercial, employment, family and property law. There are over 20 partners in the firm and almost 200 associates, assistant lawyers and support staff.

Figures from their latest available accounts are summarised below:

	30/04/2024	30/04/2023	30/04/2022	30/04/2021
Turnover	£14,133,107	£13,821,332	£14,048,926	£12,069,832
Pre Tax Profit	£5,143,945	£4,579,411	£4,716,587	£3,893,846
Total Assets less Current Liabilities	£7,224,141	£6,984,751	£6,669,002	£5,383,535
Total Members' Interest	£7,167,683	£6,905,709	£6,508,257	£5,140,563

## Asset Management Opportunities

There will be a number of future asset management opportunities open to a purchaser. Wilkes also occupy space in the adjoining 148 Edmund Street where a number of departments are based.

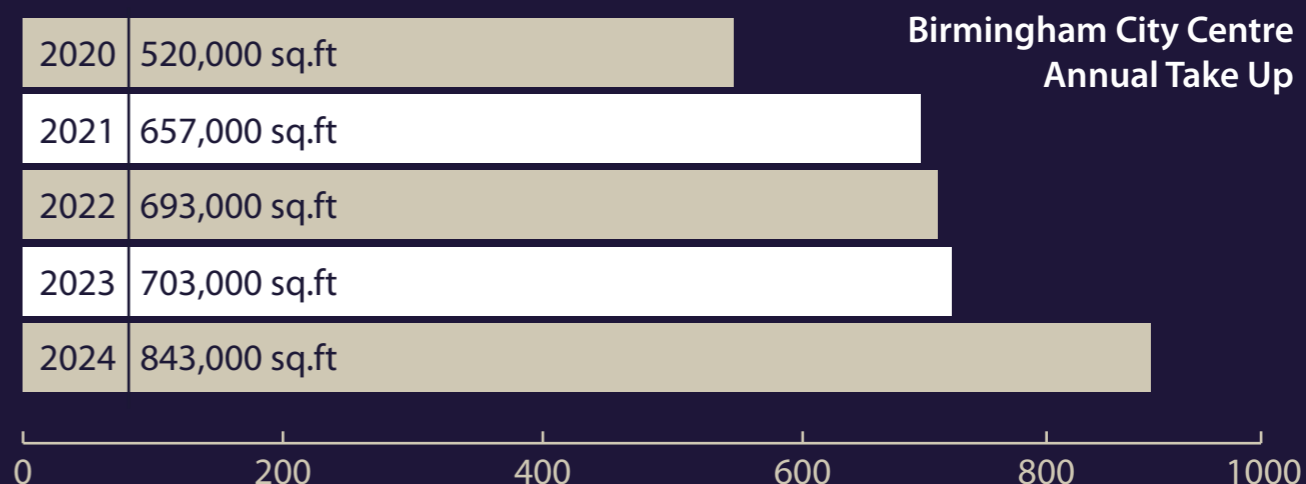
- ◆ Discuss renewal options with current tenant in due course to discuss a phased or full surrender of the lease in order to take possession of the building. This future office opportunity could be appealing to both investors and owner occupiers.
- ◆ The vendor will also be able to take on future dilapidations negotiations with the existing tenant. Further information is available on request.
- ◆ The building offers the potential to undertake a comprehensive refurbishment and create a “boutique” small suite office offering either a fully refurbished or fully fitted space. We have indicative costs for a comprehensive refurbishment of the building. Further information is available on request.
- ◆ Seek an alternative use for the building, subject to planning.



## Birmingham Office Market

### Demand

Since COVID Birmingham city centre has seen strong occupational demand focused around Grade A office space of all sizes. There has been a noticeable “flight to quality”. The city has seen year on year growth in take up since 2020. The 2024 take up figures are up 23% on the five year average. Away from the historic professional services sector there has been a significant increase in demand from the education, training and technology, media and telecoms sectors. Even with this growth 40% of all deals done were still within the professional services sector.



70% of the letting transactions during 2024 were sub 6,000 sqft. A growing trend in the smaller suite market is the demand from occupiers for fully fitted Grade A+ accommodation. Since 2022 the number of “fully fitted” deals has doubled each year in the city centre.

### Supply

Grade A office supply is at its lowest levels since 2007. The current levels of demand and scale of active requirements has led to a shortage of available space which is further compounded by a lack of new developments in the pipeline.

There is a significant shortage of high quality Grade A small office suites in the city core and few refurbishments of small suite offices being undertaken. This background provides a solid foundation for future rental growth prospects at Church Street.

## Rental Value

Prime office rents in the city centre have increased 4% per annum over the last five years. Headline rents are now at £42.50 per sqft and expected to increase to £45.00 per sqft by the end of the year and £50.00 per sqft by the end of 2026.

Small Grade A office suites around Colmore Row are achieving in excess of £30.00 per sq ft depending on the specific building, offering and location.

- ◆ Cornerblock, Livery Street - a number of suites of between 1,500 – 4,200 sqft were let during 2024 at between £36 - 40.00 per sqft.
- ◆ Chatwin Building, Colmore Row – two suites of between 3-4,000 sqft were let in 2023 at between £36.50 - £38.00 per sqft.

- ◆ 31 Temple Street – the landlord has provided an array of facilities to tenants including roof terrace, presentation rooms & communal breakout areas. The refurbished space has achieved upto £34.50 per sqft. Some suites have then been fully fitted, securing premium rents of £8-10 per sqft more than solely refurbished suites and are now achieving upto £42.50 per sqft.

Fully fitted Grade A+ space in the city is projected to rise to £55.00 per sqft in the next couple of years.

Other small, refurbished comparable letting deals done during 2024 include:

Address	Date	Tenant	SqFt	£/SqFt	Comments
31 Temple Street	Q1	Invida	3,079	£34.50	Refurbished. Grade A.
31 Temple Street	Q1	Sporting Group International	1,065	£41.00	Refurbished Grade A. Fully Fitted.
Imperial & Whitehall, 21-51 Colmore Row	Q1	John Shepherd	1,123	£32.00	Refurbished. Grade A.
120 Colmore Row	Q1	Quark Europe	1,732	£36.00	Refurbished. Grade A. Fully fitted.
4 St Phillips Square	Q2	Canaccord Genuity Wealth	3,729	£32.50	Refurbished. Grade A.
Enterprise House, 115 Edmund Street	Q2	Sweco UK	2,075	£34.50	Refurbished. Grade A. Fully fitted.
1 Colmore Row	Q2	St Modwen	2,860	£42.50	Refurbished. Grade A. Fully fitted.
31 Temple Street	Q2	Ardent Management	2,365	£41.00	Refurbished. Grade A. Fully fitted.
36 Bennetts Hill	Q2	Murphy Group	1,834	£27.26	Refurbished.
4 St Phillips Square	Q3	Gensler	3,669	£32.50	Refurbished. Grade A.
4 St Phillips Square	Q3	Side Trade	3,229	£32.50	Refurbished. Grade A.
Billiards Building, 134 Edmund Street	Q4	Hoare Lea	3,986	£40.00	Refurbished. Grade A. Fully fitted.

Our ERV for the entire property, assuming the offices are refurbished to a Grade A standard would be in the order of £365,000 per annum - £30.00 per sqft, almost a 100% increase from the passing rent.

## Investment Market

Recent successful sales of office investments around Birmingham's city centre which would be considered comparable in terms of the type of property and lot size are detailed below.

Address	Date	Price	SqFt	Yield	CV psf	Comments
Cathedral Place, Waterloo Street	Dec 2024	£2,350,000	11,378	6.2%	£206	Grade II listed. 52% vacant. No rental guarantees. Vacant suites required full refurbishment.
172 Edmund Street	Nov 2024	£2,175,000	12,439	4.5%	£175	66% vacant. No rental guarantees. All vacant suites refurbished.
Chatwin Building, 81 Colmore Row	Aug 2024	£10,200,000	29,427	9.0%*	£347	57% vacant. *Yield includes rental guarantees. All vacant suites refurbished.
21 Bennetts Hill	Dec 2023	£5,200,000	20,574	9.2%*	£252	11% vacant. *Yield includes rental guarantees. All vacant suites refurbished.
Portman House, 5-7 Temple Row West	Jan 2023	£1,400,000	6,200	4.0%	£226	18% vacant. No rental guarantees. All vacant suites required refurbishment.
Cavendish House, Waterloo Street	Dec 2022	£5,400,000	28,146	8.8%	£192	12% vacant. *Yield includes rental guarantees.
Cheltenham House, Temple Street	Sep 2022	£4,700,000	16,300	5.9%	£288	100% let. Small suite offices, sublet from head lessee.

## Investment Rationale

- ◆ A rare opportunity to acquire a prime office with short term income with wholesale refurbishment potential.
- ◆ Single let until December 2027.
- ◆ Possibility of an engineered surrender before due expiry.
- ◆ Dilapidations negotiations to be undertaken prior to expiry.
- ◆ Low passing rent of under £16.00 per sqft.
- ◆ Repositioning opportunity to create a "boutique" office offering.
- ◆ Highly reversionary.
- ◆ A comprehensively refurbished Grade A building would demand £30.00 per sqft or £40.00+ for fully fitted accommodation.
- ◆ Future alternative use potential, subject to planning.

## Proposal

We are instructed to seek offers in excess of **£1,865,000 (One Million Eight Hundred & Sixty Five Thousand Pounds)**, subject to contract and exclusive of VAT.

A purchase at this level reflects an **attractive net initial yield of 8.5%** based on the current net rent and allowing for purchaser's costs of 6.26%.

This also reflects a **low capital value of only £152 per sq ft.**

## VAT

The property is elected for VAT and VAT would be payable on the purchase. The intention is to sell as a TOGC.

## EPC

The building has an EPC rating of E-124 and is valid through until March 2035. A copy of the certificate is available on request.

## Anti Money Laundering

A successful purchaser will be required to provide the appropriate information to satisfy current Anti-Money Laundering regulations when Heads of Terms are agreed.



## Further Information

For further information or to arrange inspections please contact:



**INVESTMENT**

**ANDREW PRICE**

07798 656 360

[andy@apinvestment.co.uk](mailto:andy@apinvestment.co.uk)

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