

Investment Sale



Freehold Office Investment

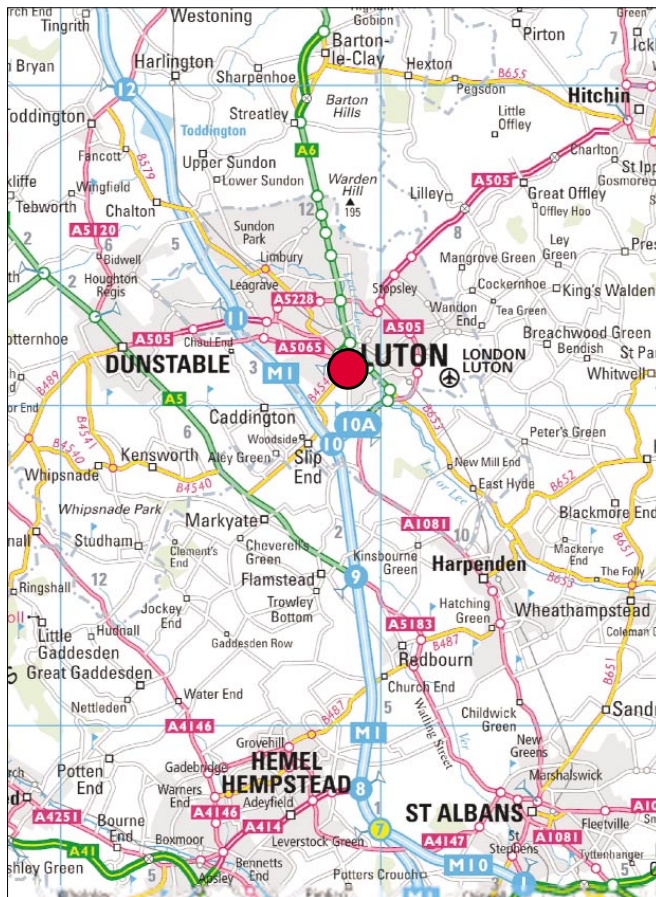
King House
George Street West
Luton



King House Luton

Executive Summary

- Landmark town centre office building with active management opportunities.
- Current income of £255,000 per annum reflecting £98.79 per sq m (£9.17 per sq ft).
- Estimated rental value of £286,909 per annum based on an office ERV of £104.95 per sq m (£9.75 per sq ft) and £53.82 per sq m (£5.00 per sq ft) in respect of the vacant basement storage.
- The entire building let to the First Secretary of State on a full repairing and insuring lease expiring in December 2025 subject to a tenant option to break as at 2nd April 2021. The unexpired term is, therefore, just under 14 years.
- Offers in excess of **£4,195,000 (Four Million, One Hundred & Ninety Five Thousand)** are invited for the freehold interest to show a net initial yield of **5.75%** rising to **6.47%** upon letting of the vacant storage accommodation and settlement of the rent review due as at 25th December 2010.



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Location

Luton is the major commercial centre within the county of Bedfordshire and has a population of approximately 184,000. The town lies approximately 48.2 km (30 miles) north of Central London and 22.5 km (14 miles) south of Milton Keynes.

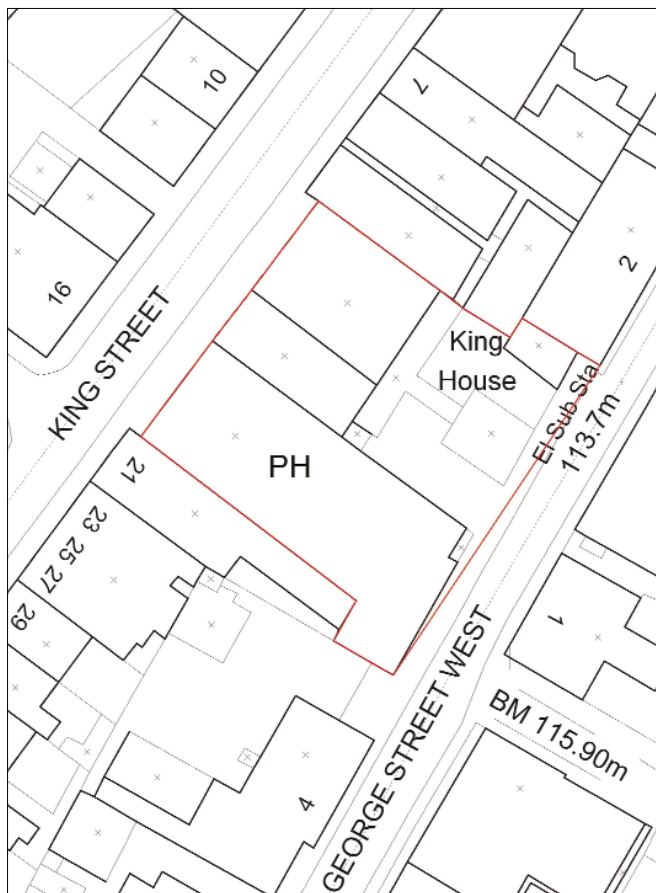
The town benefits from excellent road communications with Junctions 10 and 11 of the M1 adjacent to the town and the intersection with the M25 some 16 km (10 miles) to the south. Luton railway station provides fast and frequent rail services to both the Midlands and Central London with a fastest journey time of 25 minutes to London King's Cross Thameslink. London Luton Airport is a short distance to the east of the town and provides both domestic and international services.

Situation

King House forms a landmark office building within the town centre just to the south of The Mall Arndale shopping centre, the principle retail area of Luton. King House is located on the west side of George Street West which links George Street, the town's pedestrianised shopping area with the A505 Stuart Street, the town's inner ring road. The property is within an established office location close to such occupiers as the Health & Safety Executive, NHS, Luton Borough Council, Norwich Union, the BBC and numerous government departments.

Luton town centre is undergoing considerable regeneration with The Mall Arndale shopping centre to shortly undergo a substantial extension fronting the newly refurbished St Georges Square. In addition, Network Rail has recently announced funding for the refurbishment of Luton railway station and the surrounding area with completion of these works by 2009.

Other developments planned for the town include Napier Park, where Explore Investments Ltd are proposing a mixed use scheme comprising 1,000 residential units, 500,000 sq ft of offices and a mixture of retail and leisure on the 55 acre former Vauxhall site to the east of the town centre. Ballymore are also proposing a mixed use scheme on the 14 acre Power Court site just to the north east of George Street. Both of the schemes will significantly enhance the attractiveness of Luton town centre and will stimulate economic activity.



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King House, George Street West, Luton

Description

The property was constructed in the mid 1960's of a reinforced concrete frame with brick and concrete external elevations arranged over basement, ground and seven upper floors. The majority of the ground floor comprises two retail units and a public house which have been sold off on 999 year leases.

The office accommodation is arranged over ground and seven upper floors with a self contained entrance from George Street West.

The internal specification is of a very high standard and benefits from the following:

- Two 7 person passenger lifts
- Suspended ceilings
- Category 2 lighting
- Gas fired central heating
- Double glazed windows
- Disabled access

Accommodation

Measured in accordance with the RICS Code of Measuring Practice 5th Edition, the property has the following net internal areas:

Description	Sq M	Sq Ft
Basement storage	297.70	3,205
Ground floor reception	27.52	296
First floor	358.53	3,859
Second floor	365.87	3,938
Third floor	365.87	3,938
Fourth floor	365.87	3,938
Fifth floor	365.87	3,938
Sixth floor	365.87	3,938
Seventh floor	365.87	3,938
Total Approximate Area	2,878.97	30,988

Tenure

The property is held freehold.

Tenancy

The offices are let to the First Secretary of State (previously known as the Secretary of State for the Environment) on a full repairing and insuring lease until 24th December 2025 subject to upward only rent reviews every 5 years at a current rent of £255,000 per annum. The next rent review is due as at 26th December 2010. There is a

tenant's break option on 2nd April 2021 upon 6 months prior written notice.

The basement storage area is currently vacant.

Details of the 999 year leases are available on request.

Market Commentary

There have been a number of recent lettings within the town that clearly demonstrate that rental levels are rising. These, along with the developments and infrastructure projects mentioned earlier, will ensure that rents within the town begin to reach the levels found in the competing centres of St Albans and Milton Keynes where rents for similar specified buildings are in the order of £17.50 and £15.00 per sq ft respectively.

Further details of comparables are available.

VAT

VAT will be applicable.

Proposal

We are instructed to seek offers in excess of **£4,195,000 (Four Million, One Hundred & Ninety Five Thousand)** for the benefit of the freehold interest to reflect a net initial yield of **5.75%** rising to **6.47%** upon letting of the vacant basement storage and settlement of the rent review in December 2010. We have allowed for purchasers acquisition costs at 5.7625%.

Viewing and Further Information

For further information or to arrange an inspection of the property, then please do not hesitate to contact either:

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Subject to Contract and Exclusive of VAT

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