



Freehold Office Investment

King House, Luton

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Executive Summary

- Office providing 27,703 sq ft of accommodation arranged over ground and seven upper floors.
- The building is situated centrally, adjacent to the Arndale Centre and near to the main railway station.
- Freehold.
- The property is let to The First Secretary of State for a further 22.5 years (Tenant Break Option 2021).
- The sale includes the freehold interest (subject to 999 year leases) of two retail units and a public house.
- The property is held in an SPV which is available.
- Offers invited in excess of £3,710,000 showing a net initial yield of 6.50% after acquisition costs of 5.75%



Location

Luton is approximately 33 miles to the north of central London, 10 miles north of St Albans and 29 miles south of Bedford.

The town benefits from excellent road communications with easy access to the M1 motorway. Regular train services are provided to both London St Pancras and London Kings Cross as well as the north (Midland Mainline). Luton Airport is also located a short distance to the east of the town and provides both domestic and international services.

The subject property is well located within the town centre, to the south of the Arndale Shopping Centre, the principal retail area of Luton. King House is on the east side of George Street West, which links George Street (the town's pedestrianised shopping area) with Stuart Street, the town's inner ring road. The property is within an established office location close to General Motors, Norwich Union, EDS and Legal & General.



Description

The investment comprises a substantial freehold office building let to The First Secretary of State. The freehold interest of the basement accommodation, two retail units and a public house, which have been sold off 999 on year leases, is also included.

General

The subject property was constructed in the mid 1960s of reinforced concrete frame, with concrete cladding beneath a flat roof. The office accommodation was comprehensively refurbished by the tenant in the late 1990s.

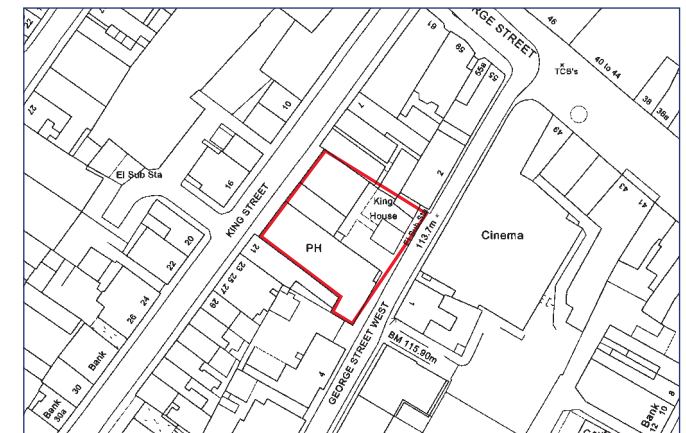
Office Accommodation

The office building is arranged over ground and seven upper floors with a self-contained entrance from George Street West. There are two 7-person passenger lifts serving all floors of the building.

The office accommodation incorporates a mixture of partitioned and open plan offices. It benefits from suspended ceilings and inset fluorescent light panels, gas-fired central heating, perimeter radiators, part papered and painted walls throughout and aluminium framed double glazed windows.

Site

The property occupies a site of approximately 0.103 hectares (0.254 acres). The site has a frontage of approximately 34 m (111 ft) to George Street West and 30.4 m (98 ft) to King Street.





Accommodation

The offices provide a total of **2,575 sq m** (27,703 sq ft) arranged as follows:

	sq m	sq ft
Ground Floor Reception	12	126
First Floor	361	3,883
Second Floor	367	3,949
Third Floor	367	3,949
Fourth Floor	367	3,949
Fifth Floor	367	3,949
Sixth Floor	367	3,949
Seventh Floor	367	3,949
Total	2,575	27,703

Tenure

Freehold.



Tenancy

The offices are let to The First Secretary of State (previously known as The Secretary of State for the Environment) until 24th December 2025 subject to five yearly upward only rent reviews (next 2005) at a current rent of **£255,000 per annum**. There is a tenant's break option on **2nd April 2021** subject to six months' prior written notice.

Details of the 999 year leases are available on request.

Market Commentary

The most recent open market letting within Luton town centre is at The Atrium, Park Street West, where 14,405 sq ft of modern air conditioned accommodation has just been let to Mazars, a regional firm of accountants, at a rent of £14.50 per sq ft. This was for a term of 15 years with no rent free period.

Rents within Luton town centre compare favourably with Capability Green, the leading business park along the M1 corridor located at Junction 10A of the M1. The most recent letting here was at 800 Capability Green, where 9,622 sq ft of office accommodation was let in March 2003 to Polaroid (UK) Ltd on a 10 year lease at a rent of £17.75 per sq ft with a four month rent free period.

VAT

The property is registered for VAT and VAT will therefore be payable on the sale price.

Proposal

We are instructed to seek offers in excess of **£3,710,000 (Three Million, Seven Hundred and Ten Thousand Pounds)** subject to contract and exclusive of VAT.

A purchase at this level would show a net initial yield of **6.50%** after allowing for acquisition costs of 5.75%.

SPV

The property is the sole asset of an offshore Special Purpose Vehicle. Details of the SPV are available on request. The SPV can be made available subject to negotiation.

Further Information

If you require further information, please do not hesitate to contact:

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