

6-10 FREDERICK STREET

★
Edinburgh

PRIME CITY CENTRE
MIXED USE INVESTMENT



PLAY VIDEO

INVESTMENT SUMMARY

- ★ Exceptionally rare opportunity to acquire an entire mixed use block in Edinburgh's City Centre.
- ★ Prime location on the west side of Frederick Street bound by Princes Street to the south & George Street to the north.
- ★ Arranged over basement, ground, first, second and third floors and extending to 1,172 sq m (12,613 sq ft).
- ★ Let to Schuh, Radox Laboratories & Action on Smoking & Health (Scotland).
- ★ WAULT of 2.10 years to expiry & 1.40 years to break.
- ★ Total passing rent of £441,241 per annum.
- ★ ERV of £510,997 per annum.
- ★ 89% of the income is secured to Schuh & Radox Laboratories.
- ★ Excellent asset management/value add initiatives to unlock.
- ★ Strong alternative use potential with a lapsed planning consent for 5 residential apartments.

PROPOSAL

Offers in excess of **£5,150,000** (five million, one hundred & fifty thousand pounds sterling) are invited. A purchase at this level reflects an **attractive net initial yield of 8.04%**, **reversionary yield of 9.31%** & capital rate of **£408 per sq ft**, after allowing for standard purchasers costs of 6.58%.



**PRIME LOCATION
ON THE WEST SIDE
OF FREDERICK
STREET, BETWEEN
THE **ICONIC**
PRINCES STREET
AND **VIBRANT**
GEORGE STREET**



EDINBURGH IS THE CAPITAL CITY OF SCOTLAND...

...and has a population in the region of 527,620 people and is consistently recognised as one of the most prosperous and vibrant cities in the UK. Edinburgh is a globally recognised financial district and has the strongest economy of any city in the UK outside of London.

Edinburgh is located on the east coast of Scotland on the south bank of the Firth of Forth, approximately 45 miles east of Glasgow and 410 miles north of London.



UNESCO World Heritage Site



Strongest UK economy after London



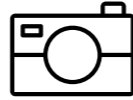
Average annual tourist spend of £3billion a year



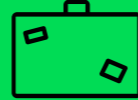
UK's 6th busiest airport flying to 130 global destinations



The Edinburgh Festival Fringe is the world's largest performing arts festival



4 million visitors annually to Edinburgh



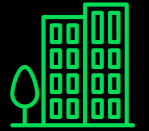
Tourism contributes £1.2billion to the local economy each year



UK's 2nd most visited tourist destination

N^o.1

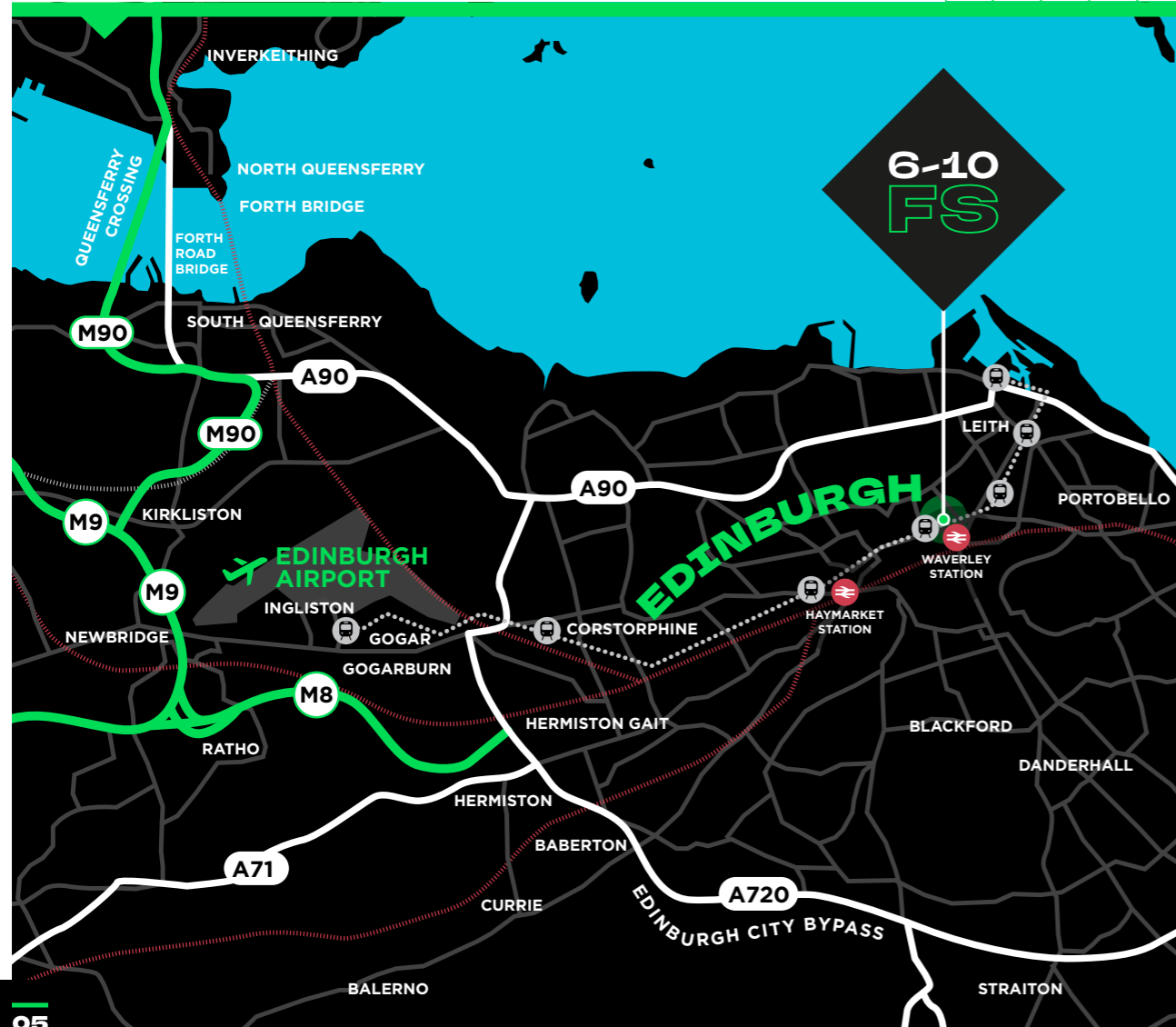
No.1 International Congress & Convention Association conference destination outside of London



HQ location for global companies such as ABRDN, Natwest Group and Scottish Widows

6-10
FS

LOCATION OVERVIEW



ROAD

Edinburgh has excellent road communications with direct access into the national motorway network. The city is served by the M8 from the west (Glasgow and Livingston), the M90/A9 from the north (Aberdeen and Inverness) and the A1 and A7 from the south/southeast (the Borders, East Lothian and Newcastle).

RAIL

Edinburgh also benefits from exceptional railway services and facilities following recent multi-million-pound refurbishments, line extensions and upgrades. Waverley Station is located at the east end of Princes Street with Haymarket a short walk from the west end. The East Coast Mainline connects Edinburgh with London and the south, with both stations providing connections to all major Scottish centres.

TRAM

Opened in May 2014, the city's tram network provides a direct link from Edinburgh Airport to City Centre including stops on Princes Street and the west end. A northern extension to the tram network is underway which will provide connections to Leith and Newhaven.

AIR

Edinburgh International Airport is located 8 miles west of the city centre and is easily accessible via The City of Edinburgh Bypass or the motorway network. There are also direct links from Princes Street by bus and tram.

Edinburgh Airport is Scotland's busiest airport and is approximately 20 minutes by car and 45 minutes by bus or tram. The airport is the 6th busiest in the UK flying to 160 destinations and welcoming 11.2 million people in 2022.

Edinburgh Airport was sold to Global Infrastructure Partners for £800m in April 2012. Since their ownership, £25 million has been spent on a new landside terminal extension, security hall and £19 million south east pier extension, with a further £125million planned.

BUS

Lothian Buses provide an award-winning service, with the majority of services routed via Princes Street ensuring the city centre is easily accessible. The city also benefits from over 75km of cycle paths and extensive pedestrian routes.

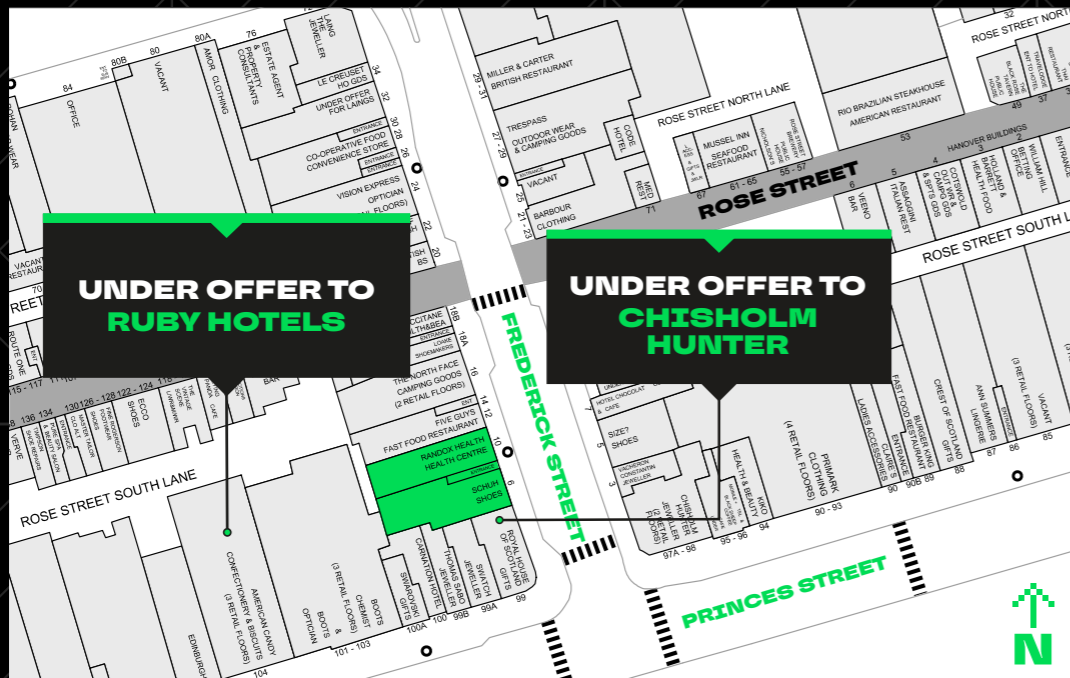
Glasgow	48 mins
Newcastle	1 hrs 23 mins
York	2 hrs 25 mins
Leeds	3 hrs
Manchester	3 hrs 15 mins
Birmingham	4 hrs 20 mins
London	4 hrs 21 mins

SITUATION

The subject property occupies a prime retailing position on Frederick Street between its junctions with George Street and Princes Street. The property is part of an attractive profile of national brands including Barbour, Loake, Five Guys, North Face, Chisholm Hunter, Hotel Chocolat, Vacheron Constantin and L'Occitane.

PRIME RETAIL SPOT ON FREDERICK STREET WITH EXCELLENT CONNECTIVITY.

Frederick Street benefits from excellent connectivity with Waverley Railway Station and Edinburgh's Bus Station within a few minutes walk. The majority of Edinburgh's bus services also run nearby, predominantly along Princes Street. For those travelling by car, George Street to the north has a central reservation metered car parking and Queen Street offers quick and easy access to all areas of the city and to the wider Scottish motorway network and beyond.



DESCRIPTION

The property comprises a traditional sandstone building accommodating two retail properties arranged over basement, ground and one upper level whilst the office accommodation is arranged over first, second and third floors.

The offices provide cellular accommodation, retaining many

original period features including fireplaces, ceiling cornices and sash windows. Each floor is connected by a communal stairwell with the top floor interconnected between both suites.

The property is located within the New Town conservation area and is Category B Listed.

HISTORIC PLANNING PERMISSION

Planning permission for the conversion of the commercial offices into 5 residential apartments was granted on 13 May 2019.

This planning application has now lapsed. The planning application reference number is 18/00103/FUL and further information can be found by visiting the City of Edinburgh Council planning portal:

PLANNING APPLICATION →



THE EVOLUTION OF PRINCES STREET

Princes Street has also been evolving as a mixed-use location as further buildings are redeveloped to hotel, residential and leisure. Two of the city's 5-star hotels are situated on Princes Street, with the Waldorf Astoria Edinburgh at the west end and Balmoral at the east end. Princes Street is a destination in its own right, with the retailers situated on the north side of the street benefiting from unparalleled views over Princes Street Gardens and the Old Town.

At the west end of Princes Street in the former House of Fraser department store, Diageo have created a signature Johnnie Walker Visitor Experience Centre as part of a £150m investment into the brand. The attraction opened in late 2021 and is anticipated to generate over £100m annually in tourism.

This redevelopment acted as somewhat of a catalyst for a wider redevelopment of a number of department stores and redundant upper levels along Princes Street.

120A PRINCES STREET

Redevelopment of the upper floors to incorporate 14 serviced apartments.

109 PRINCES STREET

Criterion Capital acquired the former Debenhams department store in 2024 with the benefit of a planning consent for a 207 bedroom hotel.

104-108 PRINCES STREET

Ruby Hotel are due to open a 347 key hotel with licensed leisure facilities at ground and lower ground across the former Russell & Bromley, Next and Zara stores. Works are due to start Q4 2024.

100 PRINCES STREET

The Red Carnation Hotel have recently opened following a comprehensive redevelopment of the former Royal Over-Seas League to create 30 rooms.

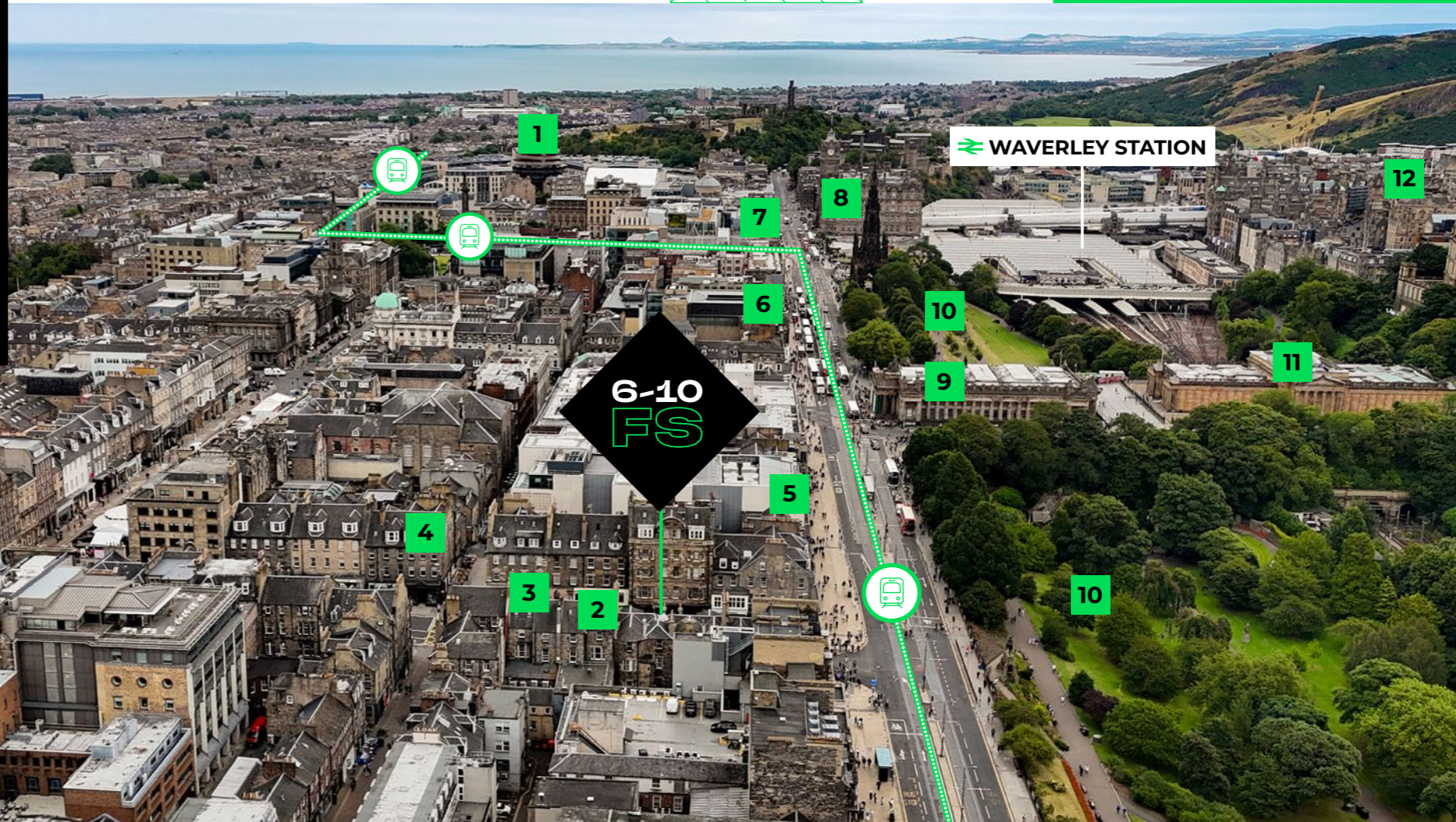
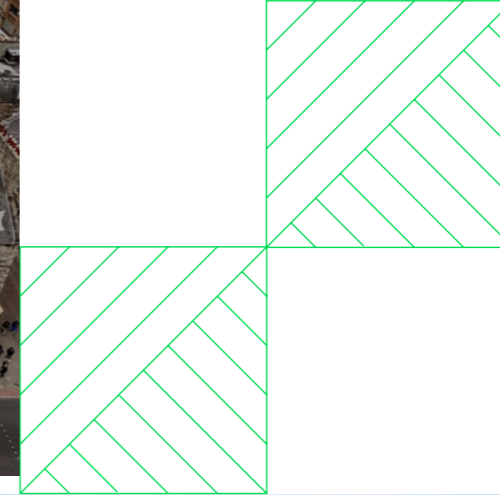


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RETAIL OCCUPATIONAL MARKET

- Frederick Street continues to play an important role in Edinburgh's retail landscape and benefits from strong footfall levels given its link between George Street and Princes Street.
- There have been a number of recent deals on the street including Laings The Jewellers acquiring 30/32 Frederick Street (former BA travel unit), this sits close to their existing store on George Street and highlights the strong levels of trade from this location.
- The L'Occitane store at 18b Frederick Street is also under offer to a new retailer and Chisholm Hunter have recently concluded on the former Cath Kidson unit at the corner of Princes Street and Frederick Street. This is for a dual facia Panerai and IWC boutique store and will be a fantastic addition to this location.



KEY

1. St James Quarter
2. Five Guys
3. North Face
4. Barbour
5. Primark
6. Uniqlo
7. Apple
8. Balmoral Hotel
9. Royal Scottish Academy of Art & Architecture
10. Princes Street Gardens
11. National Galleries of Scotland
12. Edinburgh's Old Town

TENANCY INFORMATION

Address	Use	Tenant	Area (sq.ft)	ITZA (sq. ft)	Rent (£/p.a.)	Rate (£/psf)	ERV (£/psf)	ERV (£/p.a.)	% (income)	Repair	Lease Start	Next Rent Review	Break Option	Lease Expiry	UXT (break)	UXT (expiry)	Comments
8 Frederick Street - Part Second Floor	Office	Action on Smoking & Health (Scotland)	902		£10,824	£12.00	£15.00	£13,530.00	2.45%	FRI	27/01/2006		-	30/06/2025	0.7	0.7	Notice to quit has been served by the tenant.
8 Frederick Street - Part First, Second & Third Floor	Office	Action on Smoking & Health (Scotland)	3,246		£37,917	£11.68	£15.00	£48,690.00	8.59%	FRI	01/07/2005		-	30/06/2025	0.7	0.7	Notice to quit has been served by the tenant.
6-6a Frederick Street - Basement, Ground & First	Retail	Schuh Limited	5,853	1,927	£242,500	£126	£155.00	£298,685.00	54.96%	FRI	07/02/1994	07/02/2024	-	06/02/2026	1.3	1.3	Rent Review is outstanding.
10 Frederick Street - Basement & Ground Floor	Retail	Randox Laboratories Limited	2,612	956	£150,000	£157	£157.00	£150,092.00	34.00%	FRI	26/05/2023		26/05/2026	25/05/2028	1.6	3.6	
Total			12,613		£441,241			£510,997.00	100.00%						2.1	1.4	

There is a service charge budget from 28 November 2023 to 27 November 2024 at a total amount of £42,791.57 per annum reflecting £3.39 per sq ft which is wholly recoverable from the tenants.

ASSET MANAGEMENT/ VALUE-ADD INITIATIVES

There are a number of asset management opportunities on offer for a prospective purchaser with a select few summarised below:

- ★ Partial/Full conversion of the offices to serviced apartments (subject to planning)
- ★ Short WAULT offers excellent re-gear/re-letting opportunities
- ★ Opportunity to benefit from record office rental growth on the upper floors
- ★ Target outstanding retailer requirements for Frederick Street to drive competitive tension at existing lease expiry
- ★ Implement 2024 rent review on Schuh to potentially increase the passing rent.

COVENANT STRENGTH

schuh

Schuh

(Dun & Bradstreet Credit Rating: 4A 2)

Schuh was founded in 1981 when they opened their first store in Edinburgh. Since then, they have grown to 132 stores in the UK & Ireland and as of 2015, they opened their very first store outside the UK & Ireland in Oberhausen, Germany. Schuh was acquired by US footwear retailer Genesco for £125million.

	28-01-2023 (£000s)	29-01-2022 (£000s)	30-01-2021 (£000s)
Turnover	£354,491	£305,893	£234,041
Profit / (Loss) Before Taxes	£13,422	£11,615	(£21,192)
Tangible Net Worth	£17,259	£6,813	(£6,494)

RANDOX

Randox Laboratories Limited

(Dun & Bradstreet Credit Rating: 5A 3)

Randox is a Northern Irish health and toxicology company in the in vitro diagnostics industry headquartered in Crumlin, County Antrim, Northern Ireland. The company develops diagnostic solutions for hospitals, clinical, research and molecular labs, food testing, forensic toxicology, veterinary labs and life sciences. It develops, manufactures and markets reagents and equipment for laboratory medicine, with a distribution network of 145 countries.

	28-01-2023 (£000s)	29-01-2022 (£000s)	30-01-2021 (£000s)
Turnover	£134,183	£308,850	£547,701
Profit / (Loss) Before Taxes	£2,803	£21,274	£219,318
Tangible Net Worth	£96,937	£198,699	£166,588



Action on Smoking & Health (Scotland)

(Scotland) (Dun & Bradstreet Credit Rating: A 1)

Founded in 1973 by the Royal College of Physicians of Edinburgh, ASH Scotland is one of four Action on Smoking and Health (ASH) charities, which were initially one UK-wide organisation and became independent of each other in 1993.

	28-01-2023	29-01-2022	30-01-2021
Turnover	£704,903	£870,380	£752,830
Profit / (Loss) Before Taxes	(£202,330)	£199,189	(£17,169)
Tangible Net Worth	£436,894	£639,224	£440,035

VAT

VAT has been elected and it is anticipated that the sale will be treated as a transfer of a going concern.

PROPOSAL

Offers in excess of £5,150,000 (FIVE MILLION, ONE HUNDRED & FIFTY THOUSAND POUNDS STERLING) are invited. A purchase at this level reflects an attractive net initial yield of 8.04%, reversionary yield of 9.31% & capital rate of £408 per sq ft, after allowing for standard purchasers costs of 6.58%.

TENURE

Heritable Interest (Scottish equivalent to English Freehold).

ANTI-MONEY LAUNDERING

To comply with the current anti-money laundering regulations the agents acting on both sides of any qualifying transaction are required to undertake appropriate due diligence in advance of the transaction, including identifying and verifying all relevant parties and establishing the source(s) and legitimacy of funding. Both parties will be required to disclose all relevant information prior to conclusion of missives to enable the agents to meet their respective obligations under the regulations.

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Sheridan Keane
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