



Landmark City Centre Asset With Exceptional
Development and Alternative Use Potential

Latham House

33-34 Paradise Street, Birmingham, B1 2AJ



Executive Summary

Latham House is a rare opportunity to acquire an elegant Birmingham City Centre building, with exceptional development and alternative use potential. Vacant possession is achievable in December 2023.

- Situated in a prime position in Birmingham city centre, overlooking the Paradise scheme immediately opposite, and in close proximity to the city's civic heart
- Superb connectivity, being situated immediately adjacent to Town Hall Metro stop, and within a 5-minute walk of Birmingham New Street Station
- Exceptional development and alternative use potential, with vacant possession achievable from December 2023
- Scheme options include delivery of a comprehensively refurbished office scheme, or exploring alternative uses including residential, student housing or hotel, subject to planning
- Birmingham benefits from strong office and residential market dynamics, with an immediate lack of supply in both markets, fueling growth in rents and sales values
- 2,476 sq m (26,653 sq ft) of commercial accommodation arranged over basement, ground, and six upper floors, with 14 basement car parking spaces
- Freehold, not listed and outside conservation area
- The property benefits from an elegant and attractive period façade, a large entrance reception/lobby and generous common circulation areas
- Let to four tenants – Davies & Partners Solicitors, Hortons Estate, Sir Robert McAlpine and BAM Construction (under offer) on short term tenancy arrangements, with 9,099 sq ft vacant over three floors, offering a clear route to vacant possession in December 2023
- Attractive short-term income, with a total current gross rent of £278,358.00 pa, reducing to £203,070 pa accounting for costs associated with all-inclusive tenancies, prior to the deduction of any relevant holding costs associated with the vacant space



Proposal

We are instructed to seek offers in excess of **£4,000,000** subject to contract and exclusive of VAT.

A purchase at this level reflects an **attractive low capital value of £150.08 per sq ft.**

Birmingham – A Global City

Birmingham is the economic and cultural capital of the Midlands region and is firmly established as the UK's second city. With a population of circa 1.15 million (2021), Birmingham is the largest regional centre in the UK in both population and economic terms. Birmingham is a strong and well-balanced economy centric to the larger West Midlands conurbation. The city has an urban area population of circa 2.95 million (2021) and a metropolitan population of 3.75 million (2021).

The city is a major engine for UK growth with more infrastructure than any other European city and the 10th largest city economy in Europe, producing £117 billion GDP per annum (2022). Birmingham boasts the second largest business and financial services sector in the UK and employs over 130,000 people within the city and 350,000 in the wider region. In addition to Birmingham's exceptional business credentials, the city has experienced significant growth in the leisure and tourism sector, boosted by hosting the 2022 Commonwealth Games.



Birmingham Highlights



£117 Billion GDP city economy



A key target for Investment, with more than any other European city



Major employers investing in the city, including Goldman Sachs, HM Government, HMRC, HS2, Jaguar Land Rover, and Mondelez



Home to 75,000 Companies



500,000 employees. The largest workforce of any regional city



Entrepreneurial city. No.1 in the UK regions for new business start-ups (2020)



UK's youngest and fastest growing regional city with 40% of the population under 25



5 universities with a 55% graduate retention in the region
4 higher education institutions ranked among the best globally



Hosted the most successful Commonwealth Games ever



5 Michelin-Starred restaurants



Heart of the UK transport network



UK's youngest and fastest growing regional city with 40% of the population under 25

Communications

Birmingham is located at the heart of the UK's infrastructure network



Birmingham is served by three principal railway stations, New Street, Snow Hill, and Moor Street. Birmingham New Street is the UK's busiest railway station outside of London, with over 40 million passengers a year. HS2 is due in 2030 and will further transform rail connections, reducing journey times to London to 45 minutes.



The Midland Metro is one of the UK's most successful rapid transport systems benefitting from a £1.3 billion investment. Latham House is adjacent to the Town Hall stop on Line 1, at the heart of the tram network.



Birmingham is strategically located at the centre of the UK's motorway network with the M5, M6 and M42 forming an orbital route around the city.



Birmingham airport lies 13km (8 miles) south-east of the city serving 143 national and international destinations carrying over 12 million passengers each year.



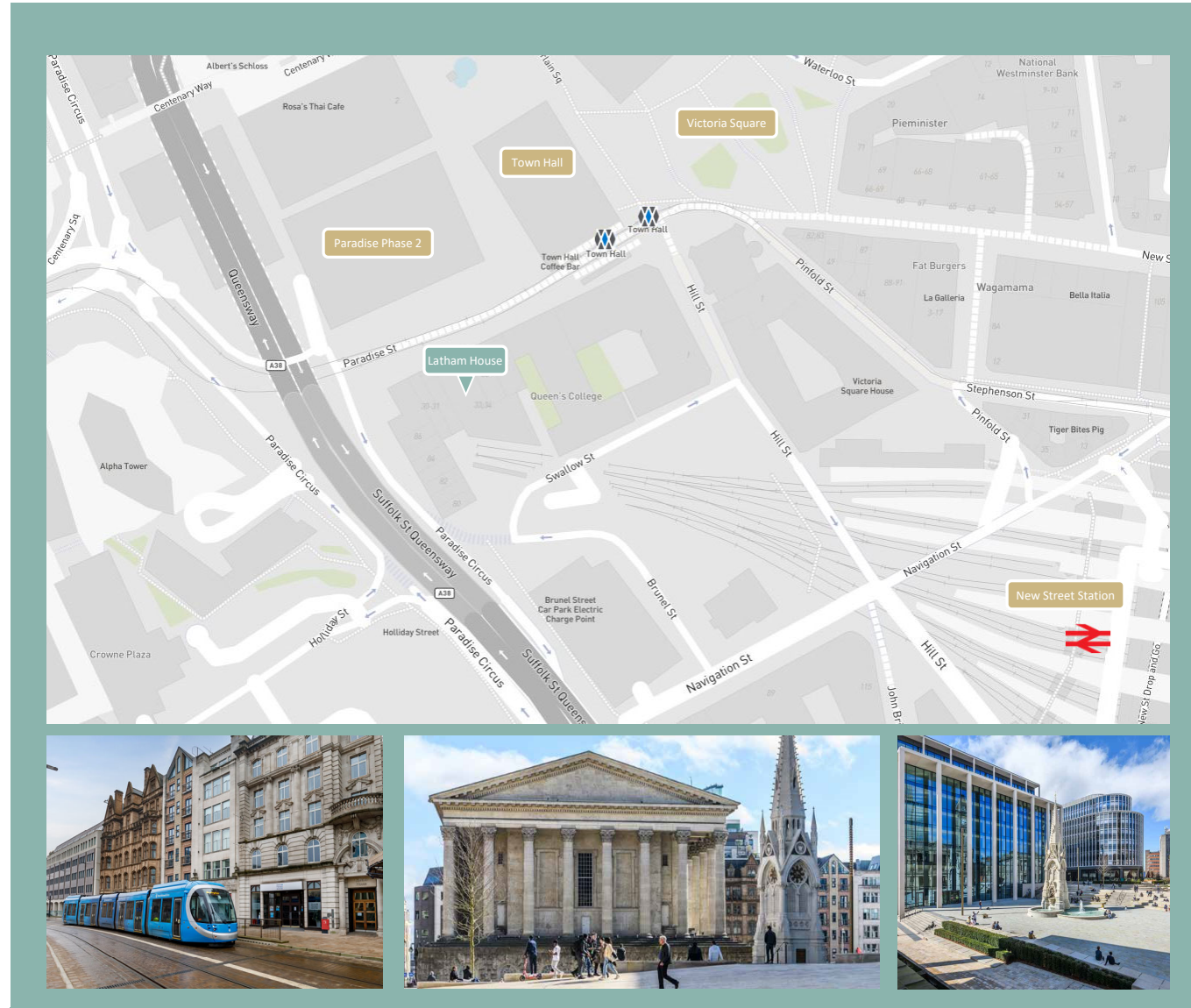
Situation

Latham House benefits from a highly prominent strategic position within Birmingham city centre, overlooking the Paradise scheme and in close proximity to the city’s civic heart, Birmingham Town Hall, Council House, Victoria Square and Birmingham Museum & Art Gallery. Birmingham’s most prestigious office address of Colmore Row, and the prime retail core are also in close proximity.

Access to Birmingham’s public transport infrastructure is excellent with the West Midland Metro’s Town Hall stop being directly adjacent and accessible. Mainline rail services are also in close proximity with Birmingham New Street within a 5 minute walk.

Latham House has benefitted from the major regeneration of Paradise, immediately opposite. The scheme has already delivered 3 prime office buildings extending to over 650,000 sq ft and attracting tenants such as Goldman Sachs, ARUP, PwC and DLA amongst others, along with exceptional food & beverage and leisure offering. The schemes first residential building, Octagon, is under construction and will deliver 370 new homes over 49 storeys.

Phase 2 of the Paradise scheme is directly opposite Latham House fronting Paradise Street, was granted full planning consent in 2022 and has started on site. Phase 2 will deliver a fourth office building – Three Chamberlain Square, extending to 190,000 sq ft (seeking rents of £45 p/sf +), a 152 bed 4 star hotel alongside exceptional new public realm in the form of Radcliff Square, Radcliff Passage and the Western Terrace. Delivery of Phase 2 of Paradise will dramatically improve the immediate environment around Latham House.



Paradise Street Developments – In Direct Proximity to Latham House



One Ratcliff Square Hotel



Paradise Street North Side



Ratcliff Square, off Paradise Street



Paradise View – Under Construction

Birmingham Aerial



Description

Latham House is an elegant Birmingham City Centre building, with exceptional development and alternative use potential, with vacant possession achievable in December 2023.

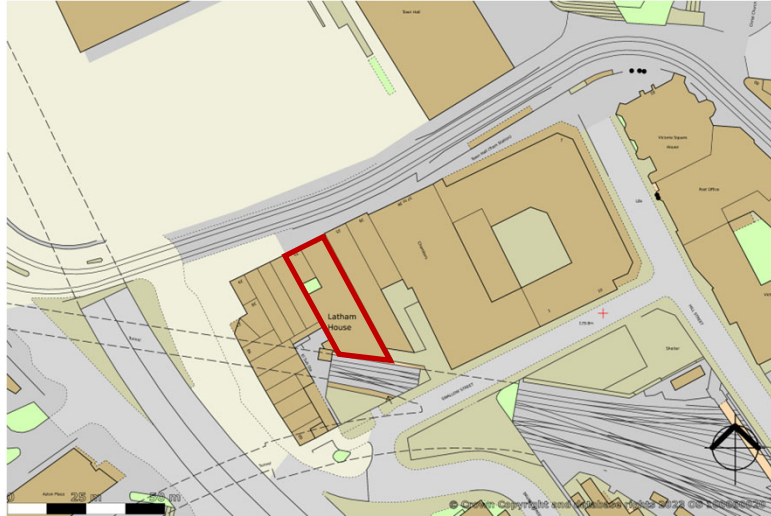
The property provides the following construction and design features;

- 2,476 sq m (26,653 sq ft) of commercial accommodation
- Impressive Edwardian baroque stone façade with frontage to Paradise Street, being originally designed by renowned architect A Gilbey Latham
- Arranged over basement, ground, and six upper floors
- Typical floorplate of c. 4,000 sq ft
- Super structure of steel and reinforced concrete with internal columns
- 14 basement car parking spaces, accessed from Swallow Street to the rear
- Ground floor commercial unit with separate dedicated access from Paradise Street
- Ground entrance reception/lobby with impressive scale and height
- Generous common circulation areas, with main staircase and secondary fire escape stair to rear
- 2 x passenger lifts serving all floors and basement
- Male & female WCs on each floor, with accessible WC on ground floor
- Double glazed powder coated windows to all elevations
- Office space currently fitted with perimeter trunking, suspended ceilings with recessed lighting and air conditioning
- Floors are capable of being refurbished to the latest Grade A office specification, or refurbished and sub-divided to create a residential, student or hotel scheme, subject to planning



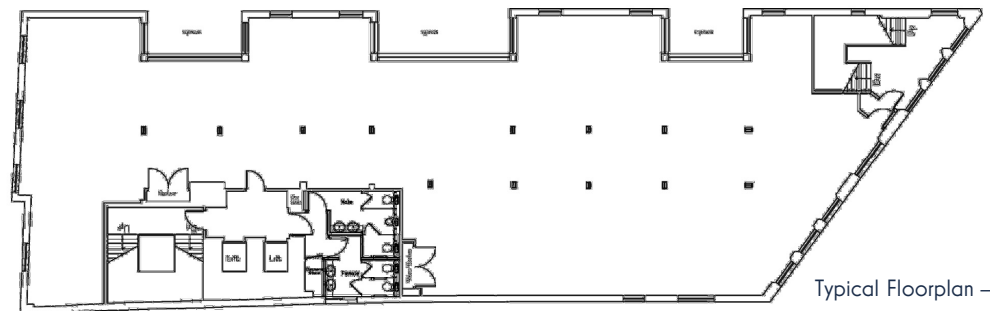
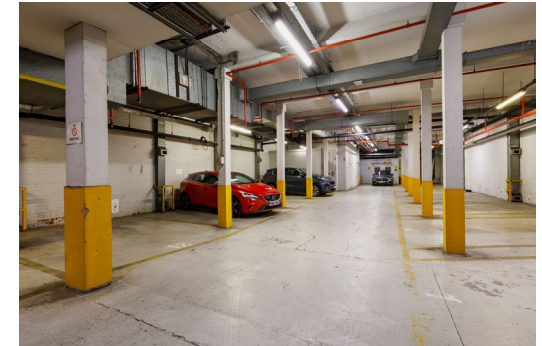
Tenure

The property is held Freehold under the title – WM423893. A title summary is available in the data room.



Accommodation

Floor	Area (Sq M)	Area (Sq Ft)
6th Floor	263.84	2,840
5th Floor	381.55	4,107
4th Floor	374.49	4,031
3rd Floor	366.22	3,942
2nd Floor	364.18	3,920
1st Floor	363.25	3,910
Ground Floor	362.60	3,903
TOTAL	2,476	26,653



Typical Floorplan – Upper Floors

Tenancy

Vacant Possession is achievable in December 2023

Latham House will be let to four tenants on short term tenancy agreements, with 9,099 sq ft vacant over three floors, offering a clear route to vacant possession in December 2023.

The property benefits from attractive short-term income, with a total current gross rent of £278,358 pa, reducing to £203,070 pa accounting for costs associated with all-inclusive tenancies, prior to the deduction of any relevant holding costs associated with the vacant space.

Floor	Area (Sq M)	Area (Sq Ft)	Parking Spaces	Tenant	Lease Start	Lease Expiry	Break	Rent Review	Gross Rent p.a.	Net Rent p.a.	Rent Per Sq Ft	Rent per car park space	Inside L&T Act 1954	Comments
6th Floor	264	2,840		Sir Robert McAlpine Limited	26/04/2021	25/04/2023			£49,700	£49,700	£17.50		No	
5th Floor	382	4,107		Under Offer BAM Construction Limited	Short term agreement inclusive of service charge and business rates, expiring September 2023				£40,000	-£13,836	£9.74			All inclusive agreement, with landlord covering service charge (£21,836) and business rates (£32,000). Negative net rent of -£13,826 pa after costs
4th Floor	374	4,031		Under Offer Hortons' Estate Limited	Short term agreement inclusive of service charge, expiring December 2023				£72,558	£51,106	£18.00			All inclusive agreement, with landlord covering service charge (£21,452)
3rd Floor	366	3,942		Vacant										Unrefurbished Current service charge liability of £20,972
2nd Floor	364	3,920		Vacant										Unrefurbished Current service charge liability of £20,860
1st Floor (Front)	115	1,237		Vacant										Unrefurbished Current service charge liability of £6,577
Ground Floor & 1st Floor (Rear)	611	6,576	4	Davies and Partners Solicitors Limited	22/06/2018	21/06/2028	22/12/2023 (Mutual)	22/06/2023	£116,100	£116,100	£17.66	£1,900	No	Deed of Variation completed December 2022, moving break date to 22/12/2023 Mutual break option with a minimum 6 months written notice Ground Floor - 3,903 sq ft , 1st Floor - 2,673 sq ft
Car Parking			10	Vacant										
TOTAL	2,476	26,653	14						£278,358	£203,070				

Birmingham Office Market

Birmingham boasts one of the largest CBD office markets in the UK, with over 18 million sq ft of built stock, along with a high-quality business community and a dynamic Central Business District. Market conditions are extremely favourable for new schemes, with positive supply/demand dynamics, providing an excellent platform for a new office scheme at Latham House.

Take-Up

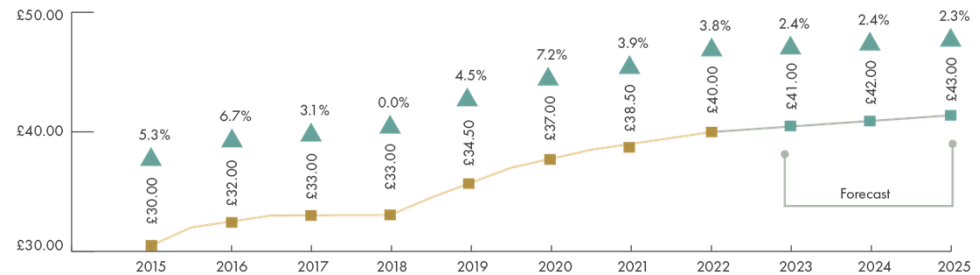
2022 remained robust, with take up increasing to 692,700 sq ft, above the 5 year average. This has been boosted by the exciting Goldman Sachs prelet at One Centenary Way (110,000 sq ft).

Key Letting Transactions

Date	Building	Occupier	Size (Sq Ft)	Rent (PSF)
Under Offer	103 Colmore Row	Handelsbanken	3,800	£45.00
Under Offer	103 Colmore Row	Weightmans	12,000	£40.00
Q4 2022	One Temple Row	Orbis Partners	2,164	£32.50
Q4 2022	10 Livery Street	Mott MacDonald	30,811	£32.50
Q4 2022	Interchange	Teacher Active	9,968	£33.50
Q4 2022	Two Chamberlain Square	Cubo	11,000	£36.00
Q4 2023	45 Church Street	Bevan Brittan	9,091	£35.00
Q3 2022	103 Colmore Row	Colliers	9,215	£40.00
Q3 2022	One Centenary Way	Goldman Sachs	110,000	£38.50
Q3 2022	103 Colmore Row	FacePunch Studios	12,178	£38.50

Rents and Future Growth

Prime office rents in Birmingham currently stand at an established £40.00 psf, with a number of lettings now starting to exceed this level. Rents have grown strongly over recent years, with further growth forecast as the flight to quality amongst occupiers continues.



Supply

Total Grade A supply currently stands at around 295,000 sq ft, which represents an extremely low Grade A vacancy rate of only 1.8%.

Birmingham Residential Market

Birmingham has the most acute shortage of housing of any tier one regional city, and the residential market remains undersupplied despite record levels of delivery. With exceptionally strong rental growth over the last 3 years, over 70% of construction is now designed for Built-to-Rent, with a lack of schemes targeting Private Sale also stimulating capital value pricing growth. Birmingham is forecast to significantly outperform the UK average in terms of house price and rental value growth. Market conditions for a residential scheme at Latham House are extremely positive.

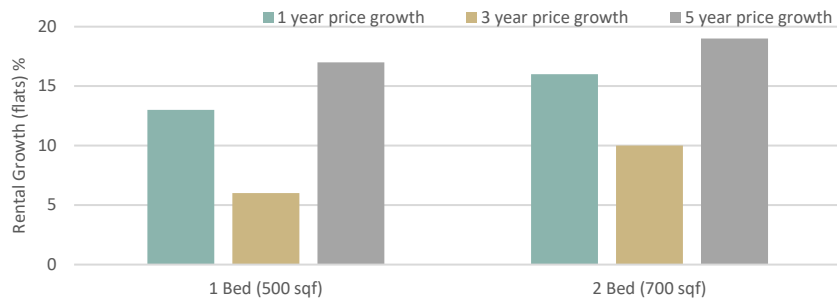
Supply

Birmingham City Council estimate there is a need to deliver c.6,800 homes pa. The current annual rate of housebuilding is less than 3,500 homes (average over the last 5 years), creating a significant delivery shortfall.

Rents

One and two bed flats have seen rental growth of 13% and 16% respectively over 2022, building on previous growth.

Birmingham Rental Growth



Birmingham Forecasts

Five-year house price growth

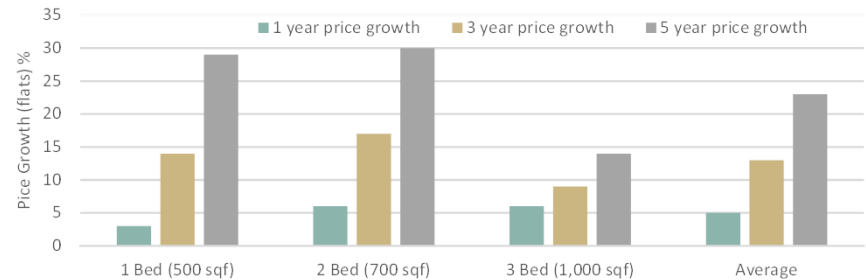


Five-year rental value growth



Source: JLL Research Nov 2022

Birmingham House Price Growth



Further Information

Planning

The property is within the jurisdiction of Birmingham City Council. The property is not Listed and is located outside of the Colmore Row Conservation Area. Any change of use or significant refurbishment/extension of the property will require full planning permission. We consider the property to have good potential for conversion for a range of uses, along with potential for additional floors subject to appropriate planning permission being secured. Prospective purchasers are encouraged to make their own enquiries of the Local Planning Authority. A summary planning report produced by JLL is available in the data room.

VAT

The property has been elected for VAT. It is anticipated the sale will be treated as a Transfer of Going Concern (TOGC).

Data Room

Access is available on request.

Floorplans

PDF and DWG floorplans are available in the Data Room.

Service Charge

There is a service charge operating at the property. The service charge budget for the year ending 30/06/2023 is £137,293.00. Further information is available on request.

EPC

The property has an EPC rating D(82). Energy performance certificate is available in the data room.

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