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ONE LEEDS CITY OFFICE PARK

Meadow Lane, Leeds

A Premier Business Park Office
Investment Opportunity
with Significant Reversionary Potential

INVESTMENT SUMMARY

- + **A highly prominent position at the Gateway of Leeds South Bank**, an area experiencing unprecedented levels of development.
 - + Comprising a modern multi-let office totalling **55,006 sq ft on a site of 1.90 acres**.
 - + Excellent parking provision with **189 spaces** equating to **1:300 parking ratio**.
 - + Multi-let to two tenants, Conduent Public Sector UK Limited and KnowBe4 UK with a WAULT of **3.56 years** to expiry.
 - + Currently 26,960 sq ft vacant (49% vacancy) providing excellent reversionary potential.
 - + **Passing rent of £728,207 per annum** equating to a low average passing rent of £23.00 psf. Prime rents in Leeds are now achieving £36.00 psf.
 - + **Headline ERV of £1,526,511 per annum** (including car parking) equating to £23.00 psf and an average of £1,500 per car parking space.
 - + Highly reversionary with a **reversionary yield of 21%**.
 - + Potential alternative use angle, positioned within the prominent and expanding southern fringe of Leeds city centre.
 - + The property has an EPC rating of D (78).
 - + **Comprehensively refurbished in 2019.** +
- The property is held **Freehold**.

We are instructed to seek offers in excess of **£6,825,000 (Six Million, Eight Hundred and Twenty Five Thousand Pounds)** subject to contract and exclusive of VAT. A purchase at this level would reflect an attractive **net initial yield of 10%**, a low **capital value £124 psf** and a reversionary yield of 21% on letting of the vacant space, assuming purchaser's costs of 6.78%.

CROWN POINT
SHOPPING PARK

POINTS CROSS

AIRE PARK

OZU

1 & 2 CITY WALK

LEODIS SQUARE

PIN YARD

ASDA HQ

BRIDGE WATER
PLACE

WEST BANK

DRAPERS YARD

VICTORIA LEEDS

TRINITY LEEDS

TEMPLE POINT

LEEDS STATION

CITY SQUARE

TOWER WORKS

M621 / / M1 MOTORWAY

LEEDS

Leeds is the main commercial centre of West Yorkshire, located approximately 40 miles east of Manchester, 196 miles north of London and 62 miles west of Hull. The city region has a £69bn economy and is home to approximately 3 million people. Leeds is the third largest employment centre in the UK outside of London and has a significant dynamic student population who are choosing to reside in the city after graduation.



Over the last 10 years, the Leeds economy has grown by 34%.



Leeds is home to eight universities – the biggest concentration anywhere in Europe.



GVA of £69bn and is forecast to grow a further 21% over the next decade.



76,000 students are currently in attendance, and around 39,000 graduates depart each year.

CONNECTIVITY



Leeds city railway station has a £161m remodelling currently ongoing as part of a £500m masterplan.



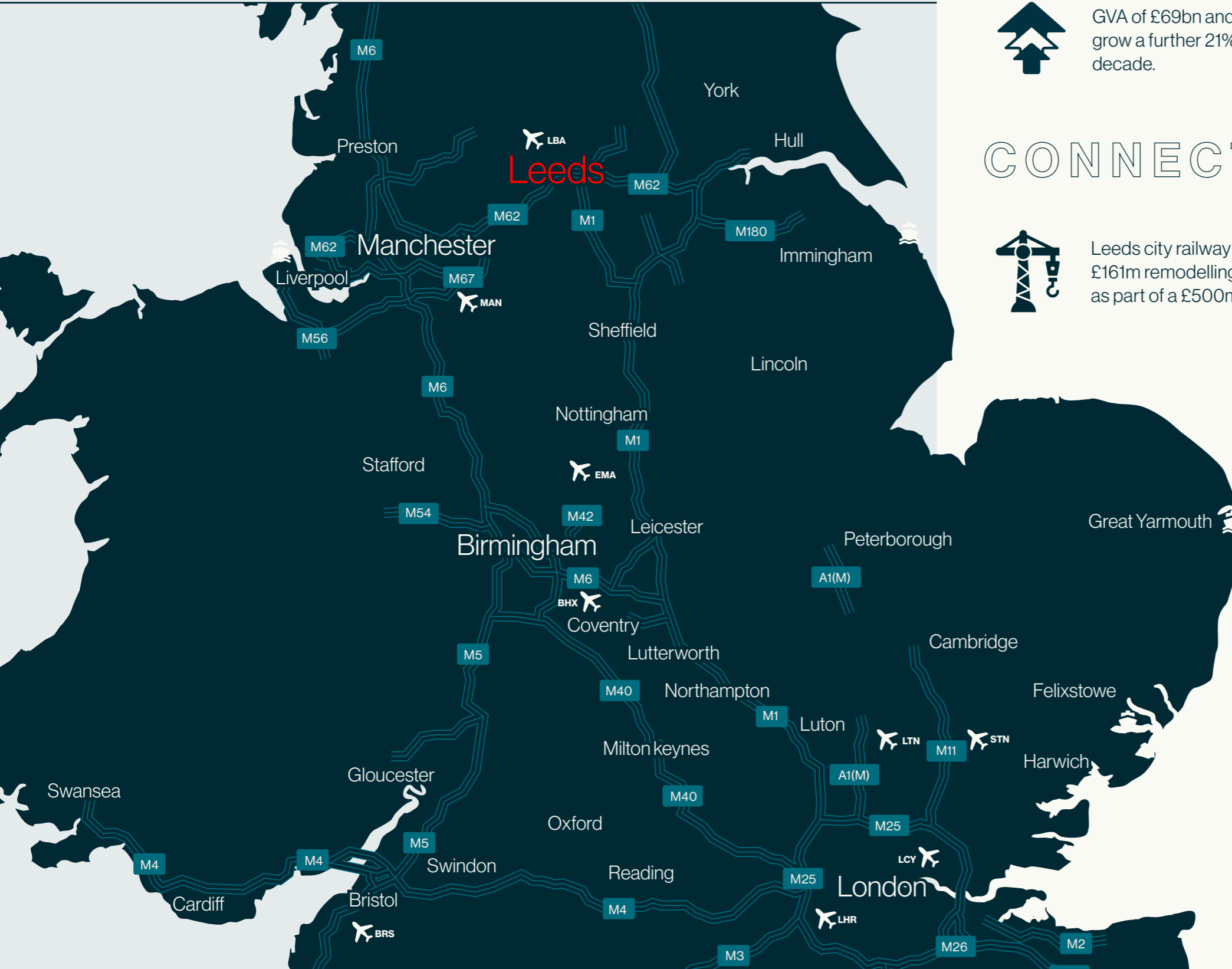
Leeds Railway Station is the busiest train station in the north of England, and the UK's third busiest outside London.



Eight miles north-west of the city centre, Leeds Bradford Airport is the largest airport in Yorkshire.



Leeds Bradford Airport's current 3.7 million annual passengers are predicted to reach 8 million by 2026.

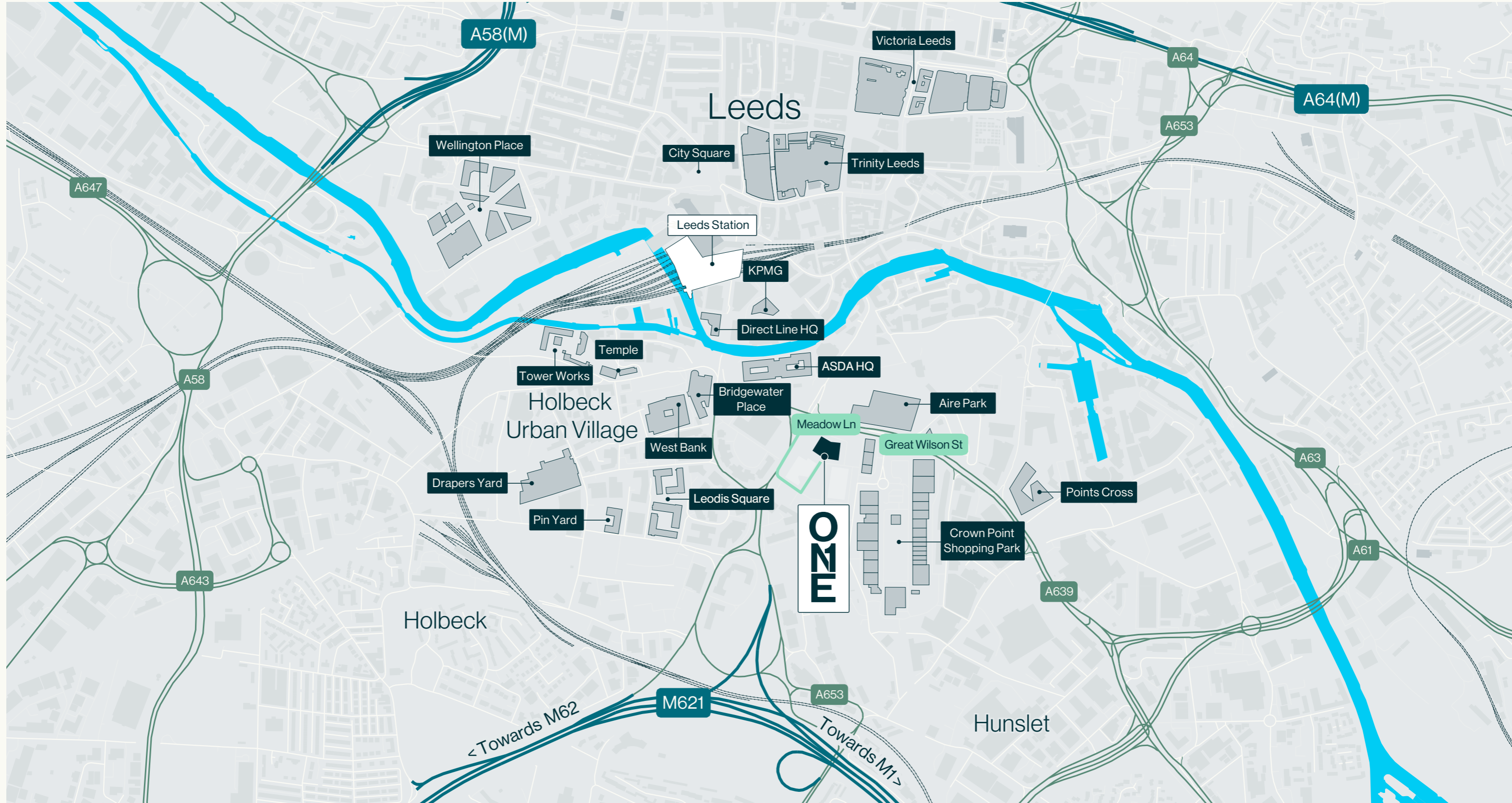


Location	Train Times
Sheffield	46 mins
Manchester	52 mins
Birmingham	1 hr 53 mins
London	2 hr 15 mins

SITUATION

1 Leeds City Office Park occupies a prominent position at the junction of Meadow Lane and Great Wilson Street, in the South Bank area of Leeds city centre benefitting from a short walk to the centre and its amenities.

Leeds City Office Park is home to over 150,000 sq ft of high quality business space across three buildings, nearby occupiers include; Asda, Addleshaw Goddard, BT, Aecom and Jet2Holidays. The property also benefits from excellent road connections being within a one minute drive to Junction 3 of the M621 motorway.



PROXIMITY

The area has experienced substantial regeneration in recent years, as office development has migrated southwards towards the motorway. In addition, the recent cancellation of HS2 has created better occupier confidence. The following development schemes are all in nearby proximity to the site and will enable further growth to the area.



^ **Temple by CEG**
New 40,000 sq ft office, Globe Point and proposed 135,000 sq ft office, Globe Square.



^ **Tower Works by L&G**
245 BTR apartments.



^ **Leodis Square by Dandara Living**
744 BTR apartments.



^ **Drapers Yard by CEG**
New 68,000 sq ft life sciences facility for LabCorp.



^ **Points Cross by Guinness Homes**
928 shared ownership apartments and duplexes.



^ **Pin Yard by Grainger Plc**
216 BTR apartments.



< **West Bank by Shelborn and Stamford Property Holdings**
Development of the prominent former Lloyds call centre site to provide 500,000 sq ft of offices and a hotel.


< **Aire Park by Vastint**
Former Tetley Brewery site, extending to 8.1 hectares will be developed into a mixed-use neighbourhood. Including 850 homes, a hotel, 915,000 sq ft employment space, and spaces for creative industries alongside complementary amenities.


DESCRIPTION


1 Leeds City Office Park comprises a prominent, modern two-storey detached office building extending to 55,006 sq ft. The property is of steel frame construction with steel clad elevations, a pitched tiled roof and aluminium framed double glazed window units. The property has recently undergone comprehensive refurbishment in 2019 to include a new reception area along with new LED lighting to all the office suites.


Externally, the building benefits from a generous car park offering designated spaces, providing a very attractive parking ratio of 1:300 sq ft.





- 


Chilled ceiling air condition
- 


Raised access floor
- 


Automatic solar controlled blinds in the atrium
- 


Brise soleil features
- 


189 secure parking spaces
- 


2.80m floor to ceiling height
- 


LED lighting
- 


Metal tile suspended ceiling
- 


2 x 13 Person glazed passenger lifts
- 

1-8 sqm occupational density
- 

7.50m structural grid
- 

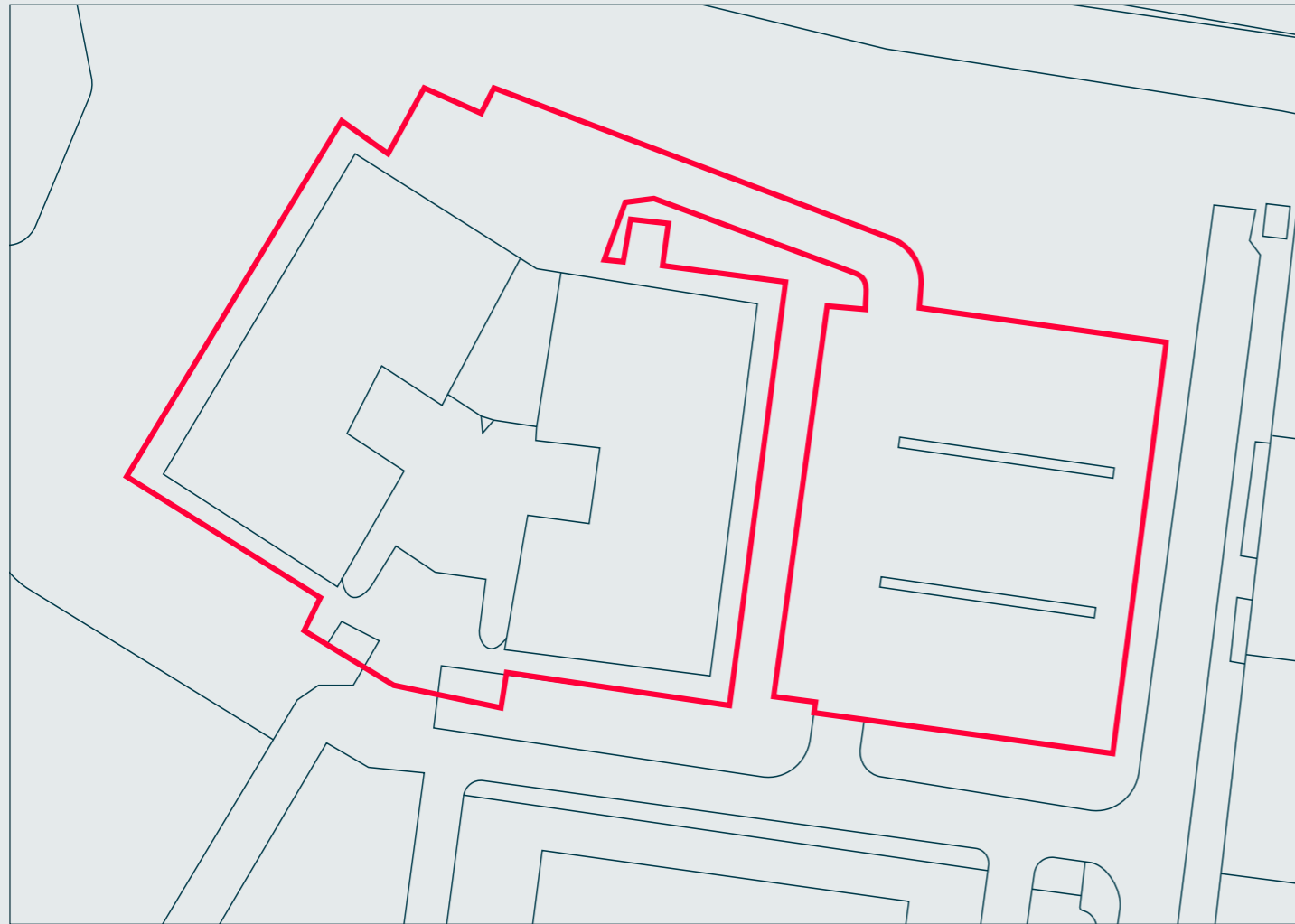
Cycle storage
- 

Access controlled entrance
- 

EPC rating of D
- BREEAM**
BREEAM Good rating
- 

Showers and lockers

ACCOMMODATION



*For illustration purposes only

Area	SqFt	Sq M
Ground Floor	17,988	1,671.20
First Floor	17,958	1,668.40
Second Floor	18,498	1,718.50
Third Floor (Mezzanine)	562	52.20
TOTAL	55,006	5,110.30

Parking

The building includes 189 parking spaces with a split of 75 surface and 114 undercroft. These have been rentalised separately to the offices.

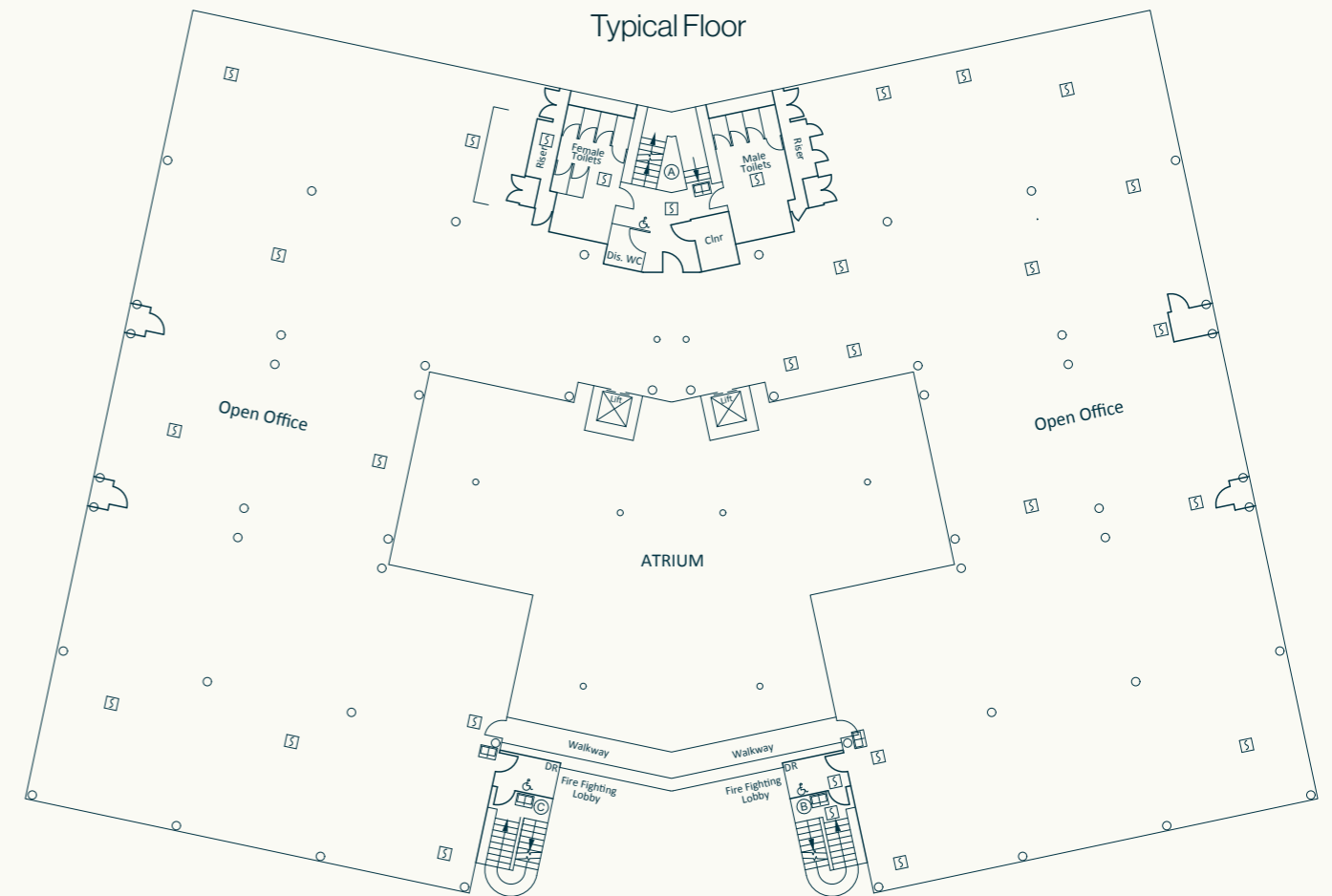
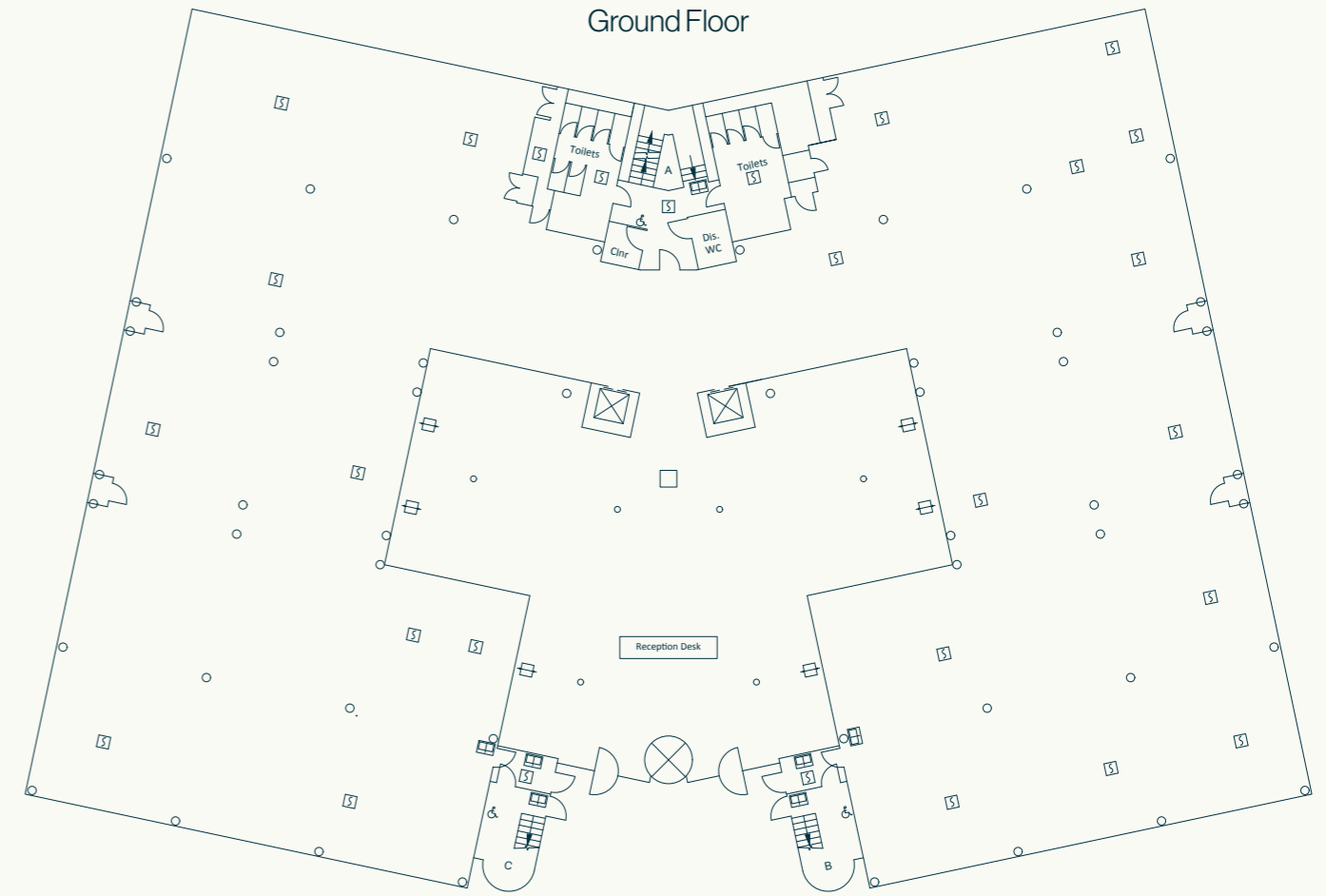
Site

The site extends to 1.9 acres.

Tenure

The property is held Freehold.

*The property has been measured in accordance with the RICS Code of Measuring Practice, 6th Edition and provides the approximate net internal floor area. A measured survey is available. The property provides an approximate IPMS 3 area of 56,254 sq ft.



TENANCY



WauLT to expiry of 3.56 years and 2.87 years to break.



Average passing rent of £23 per sq ft.



Total income of £728,207 per annum.



Multi let to two tenants.



Demise	Tenant	Area (Sq Ft)	Undercroft CPS	Surface CPS	CPS Rent	Office Rent	Total Rent	Office Rent psf	Lease Start	Lease Expiry	Break Option	Next Review	Inside 1954 Act	Comments
Ground Floor - Suite A	Vacant	8,994	-	-	-	-	-	-	-	-	-	-	-	-
Ground Floor - Suite B	Vacant	8,994	-	-	-	-	-	-	-	-	-	-	-	KnowBe4 UK Limited have a right of first refusal for the duration of their lease on Suite B
First Floor - Suite A	Vacant	8,992	-	-	-	-	-	-	-	-	-	-	-	-
First Floor - Suite B	KnowBe4 UK Limited	8,966	36	24	£78,000	£206,954	£284,954	£23.08	19/04/2023	18/04/2028	-	-	Yes	Rent free 19/04/2023 - 18/01/2024 £103,477 pa from January 2024 - May 2025 £206,954 pa from May 2025 - expiry CPS rent free until 18/01/2024 £39,000 from January 2024 - May 2025 £78,000 from May 2025
Second Floor & Mezzanine	Conduent Public Sector UK Limited	19,060	10	0	£17,500	£425,753	£443,253	£22.34	01/02/2022	30/11/2031	30/11/2030	01/02/2027	No	Rent free until 01/02/2024 12 months' break notice. Lease is guaranteed by Conduent Business Process Solutions Ltd
Vacant Car Parking	-	-	68	51	-	-	-	-	-	-	-	-	-	-
TOTAL		55,006	114	75	£95,500.00	£632,707.00	£728,207.00							

* JustPark Parking Limited has a rolling monthly operating agreement which currently includes 32 surface spaces. Vendor receives 75% of all revenue generated. This agreement can be terminated by either party on giving 1 months' written notice. Conduent Public Sector UK are agreeing a 3 month rolling license for a further 30 spaces at £1,250 per annum per space. Upon completion of the license the contract with JustPark will cease.

COVENANTS

Conduent Public Sector UK Limited

Conduent Public Sector UK Limited offers business process and document management products and services. The Company provides products including a range of printers, scanners, and photocopier machines, as well as renders services including information technology outsourcing and document management.

Conduent Public Sector UK Limited has a creditsafe rating of 72A representing very low risk of business failure.

Year to Date	Turnover	Pre Tax Profit	Net Profit
31/12/2022	£13,662,049	-£3,490,857	£2,521,465
31/12/2021	£9,971,927	£2,867	£5,733,337
31/12/2020	£4,668,647	£22,180	£5,747,156

The lease is guaranteed by Conduent Business Process Solutions Ltd which has shareholder funds of £79,050,000.



KnowBe4 UK Ltd Human error. Conquered.

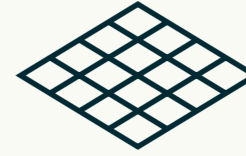
KnowBe4, is the provider of the world's largest security awareness training (SAT) and simulated phishing platform, which is used by more than 25,000 organizations around the globe. KnowBe4 helps organisations address the human element of security by raising awareness about ransomware, CEO fraud and other social engineering tactics through a new-school approach to awareness training on security.

KnowBe4 UK Ltd has a creditsafe rating of 68B representing low risk of business failure.

Year to Date	Turnover	Pre Tax Profit	Net Profit
31/12/2021	£8,263,116	£285,495	£3,904,435
31/12/2020	£6,084,679	£374,187	£3,575,739
31/12/2019	£3,405,224	£159,456	£3,265,999



OCCUPATIONAL MARKET



Out of Town Demand

Take up in 2022 totalled 271,629 sq ft over 101 transactions.



Prime Rents

£38.00 per sq ft in Leeds city centre, whilst prime out of town rents are established at £24.75 per sq ft.



Key Markets

H1 2023 city centre increasingly resilient with over 440,000 sq ft of take up.



Continuing Growth

10 year average take up in the city centre of 584,660 sq ft and out of town average of 297,451 sq ft.



Location Needs

Occupiers are increasingly seeking to create strategic hubs which need to be well located and easily accessible via public transport.

Date	Property	Tenant	Size (SqFt)	Rent (Per Sq Ft)
April 23	1 Leeds City Office Park	KnowBe4	8,966	£23.00
Mar 22	1175 Thorpe Park	Spamedica	7,684	£23.00
Mar 22	1175 Thorpe Park	Homeserve	8,664	£23.00
Jan 22	Lumina, Thorpe Park	SSE	3,854	£24.00
Dec 21	1 Munroe Court, White Rose Office Park	NHS Shared Services	12,415	£22.00
Sept 21	Lumina, Thorpe Park	The Mosaic Tile Company	10,653	£23.50
Sept 21	Lumina, Thorpe Park	Galliford Try	5,650	£23.50
Feb 21	B3 Thorpe Park	Lowell	133,118	£23.50

INVESTMENT COMMENTARY



Most Invested

Interest and activity in the office market has seen a resurgence with Offices being the most invested sector in Q1 2023 in the UK.



£9.2 Billion

UK CRE investment totalled £9.2 billion in Q1 2023, up 4% on Q4 2022



27%

27% of UK transactions in 2023 YTD were in the Office sector, second only to the Alternative / Mixed sector.



Global

UK remained the second most invested market globally in Q1 2023

One Leeds City Office Park represents excellent value compared to both historic and current values. The recent letting to KnowBe4 demonstrates its continued appeal to occupiers and the opportunity to secure the revisionary yield.

Date	Address	Tenant	WAULT	Price	Yield	Cap Val (psf)
Available	Centrum 4600, Thorpe Park, Leeds	Dr Oetker (UK) Ltd, Greggs Plc & Brio (Colton Ltd)	12.07	£7.16m	7.50%	£334
Under Offer	1100 Century Way, Thorpe Park, Leeds	Northern Gas Networks Ltd	3.40	£6.09m	9.00%	£152
Jun 22	1175 Century Way, Thorpe Park, Leeds	Multi-let including Homeserve Membership Ltd & SpaMedica Ltd	3.90	£8.60m	7.10%	£277
Mar22	Aztec West, Bristol	ST James Place Wealth Management	14.4	£20.00m	4.75%	£488
Feb-22	The Arc, NG2 Business Park, Nottingham	Multi let to 4 tenants	1.70	£13.00m	4.50%	£291





INVESTMENT RATIONALE

Leeds City Office Park represents an **exceptional office building on the southern fringe Leeds.**



+ **Significant opportunity** to drive income return with a reversionary yield of 21%, following letting of the vacant space.



+ **Located on one of Leeds Premier Business Parks** within a few minutes walk to Leeds city centre and only a short drive to the motorway network.



+ **Both tenants represent low business risk** and provide a WAULT of 3.56 years to expiry.



+ **Recent refurbishment** across the building creating high quality space with a double height atrium and Grade A offices.



+ **Excellent parking provision with a ratio of 1:300** sq ft, well above the city centre average.



+ **Flexibility of suites** upon lease expiries with divisible floor plates.



+ **Strong rental growth prospects**, with passing rents at a significant discount to Leeds prime rents.



+ The southern gateway of the city is **seeing continued infrastructure improvement and wide regeneration**, increasing the popularity of this location for occupiers.



+ **Potential for full site alternative use** including life sciences or residential development (subject to planning permission).

EPC

The property has an EPC rating of **D (78)**.

Service Charge

There is an estate service charge administered by the estate management company for the maintenance of common areas. There is a building service charge. The service charge is recoverable from the occupiers through provisions in the leases. Further information is available in the data room.

Data Room

Data room access is available upon request, which includes service charge budget, building survey, measured survey, leases and title information.

Surveys

Vendor's Building and Measured Survey's can be assigned to the purchaser.

AML

The purchaser will be required to provide all necessary information to comply with anti-money laundering legislation.

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Henrie Westlake
+44 7879 434 028
henrie.westlake@knightfrank.com

Corinne Travis
+44 7770 012 396
corinne.travis@knightfrank.com



Mathew Atkinson
+44 7900 226 885
mathew.atkinson@jll.com

Eleanor Smith
+44 7971 527 983
eleanor.smith1@jll.com

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