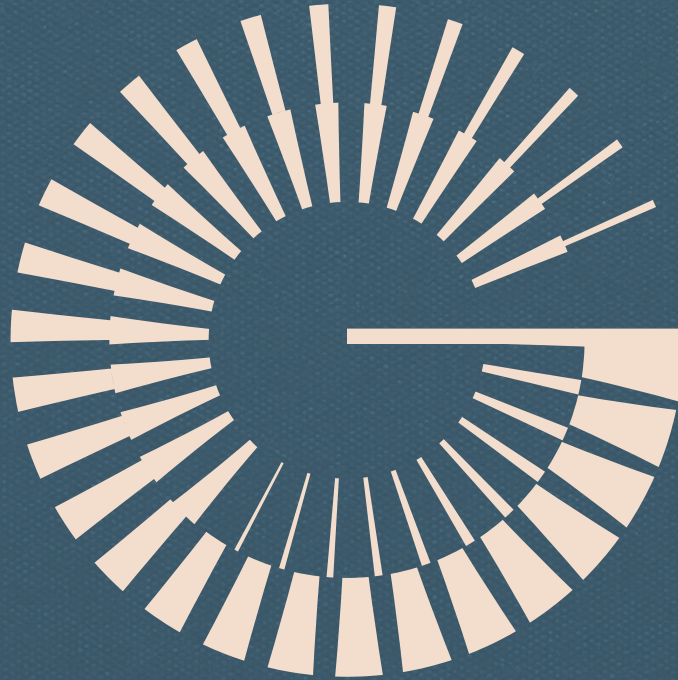


# THE GROSVENOR BUILDING



PRIME MIXED USE CITY CENTRE INVESTMENT OPPORTUNITY

72-76 GORDON STREET GLASGOW | G1 3RS





A landmark office and convenience store retail asset in a 100% prime location in Glasgow's Central Business District.



# INVESTMENT SUMMARY



Rare opportunity to acquire a **landmark office and convenience store retail asset** in a **100% prime location** in Glasgow's Central Business District.

Excellent location within **close proximity to the prime retail, office and leisure pitches** and within immediate vicinity of the major transport hubs.

The property provides **modern Grade A** office accommodation behind a striking **Alexander 'Greek' Thomson A-listed façade**.

Multi-let mixed use asset with income secured to **Sainsbury's, Idox and Cigna**.

Three **fully refurbished** vacant floors (25,471 sq ft) offering potential to sub divide to drive value.

The property has total passing rent of **£807,028 per annum**.

WAULT of **4.98 years**.

The **reception and ground floor break out area was comprehensively refurbished in 2022** at the cost of **£1.4m** providing a high-quality contemporary entrance experience.

Heritable Tenure (Scottish Equivalent of English Freehold).

## THE OFFER

Offers in excess of **£15,000,000 (Fifteen Million Pounds Sterling)** are sought for our client's heritable interest in the property, subject to contract and exclusive of VAT. A purchase at this level would reflect the following metrics, assuming standard purchaser's costs:

**Triple NIY (no rent guarantees):**  
5.04%

**Capital rate:**  
£263 per sq ft

**Sainsbury's split yield:**  
5.31%

**Idox split yield:**  
8.00%

**Cigna Split Yield:**  
10.00%

**Vacant office capital rate:**  
£175 per sq ft

**Overall office capital rate:**  
£188 per sq ft





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Glasgow, the  
largest economy  
in Scotland.

|||||||







£47.3bn GVA generated in 2021



2 million working age population within one hour's commute



Higher education institutions include 5 universities and 3 super colleges



Over 80,000 students



3rd largest financial centre in UK

# GLASGOW



2nd in Scotland for Foreign Direct Investment (fDi)

## TimeOut

'Time Out' 4th best city to visit 2022



UK's largest retail centre outside London



UNESCO City of Music

## COP26

COP26 Host



# Glasgow is Scotland's largest city with a population of nearly 635,000.



The city has an extensive catchment with the Greater Glasgow conurbation totalling around 2.3 million within a one-hour drive of the city, and accounting for more than 40% of Scotland's population. This makes Glasgow and its catchment the fifth largest urban area in UK.

Glasgow is Scotland's largest centre of employment and an economic powerhouse. There are 2 million working age people across a number key sectors including financial and business services, creative industries, health, education and retail, all within a 1 hour minute commute of the city. All of these assisted in generating approximately £47.3bn billion Gross Value Added (GVA) in 2021. Having previously been ranked first in 2020, Glasgow is now ranked joint 2nd for Foreign Direct Investment (fDi) and 6th for connectivity across Large European Cities of the Future 2023 by fDi Intelligence.

## 2017

Scottish Power/Iberdrola opened a 220,000 sq ft HQ office facility.

## 2018

Morgan Stanley opened a 155,000 sq ft state of the art facility.

## 2022

Barclays took occupation of their Northern European Campus extending to 470,000 sq ft, which forms part of a new quarter of the city (Buchanan Wharf).

## 2022

Virgin Money took 165,000 sq ft of HQ space at 177 Bothwell Street which is currently being fitted out.

## 2023

JP Morgan's bespoke 270,000 sq ft HQ on Argyle Street is due to PC in 2023.



Barclays HQ

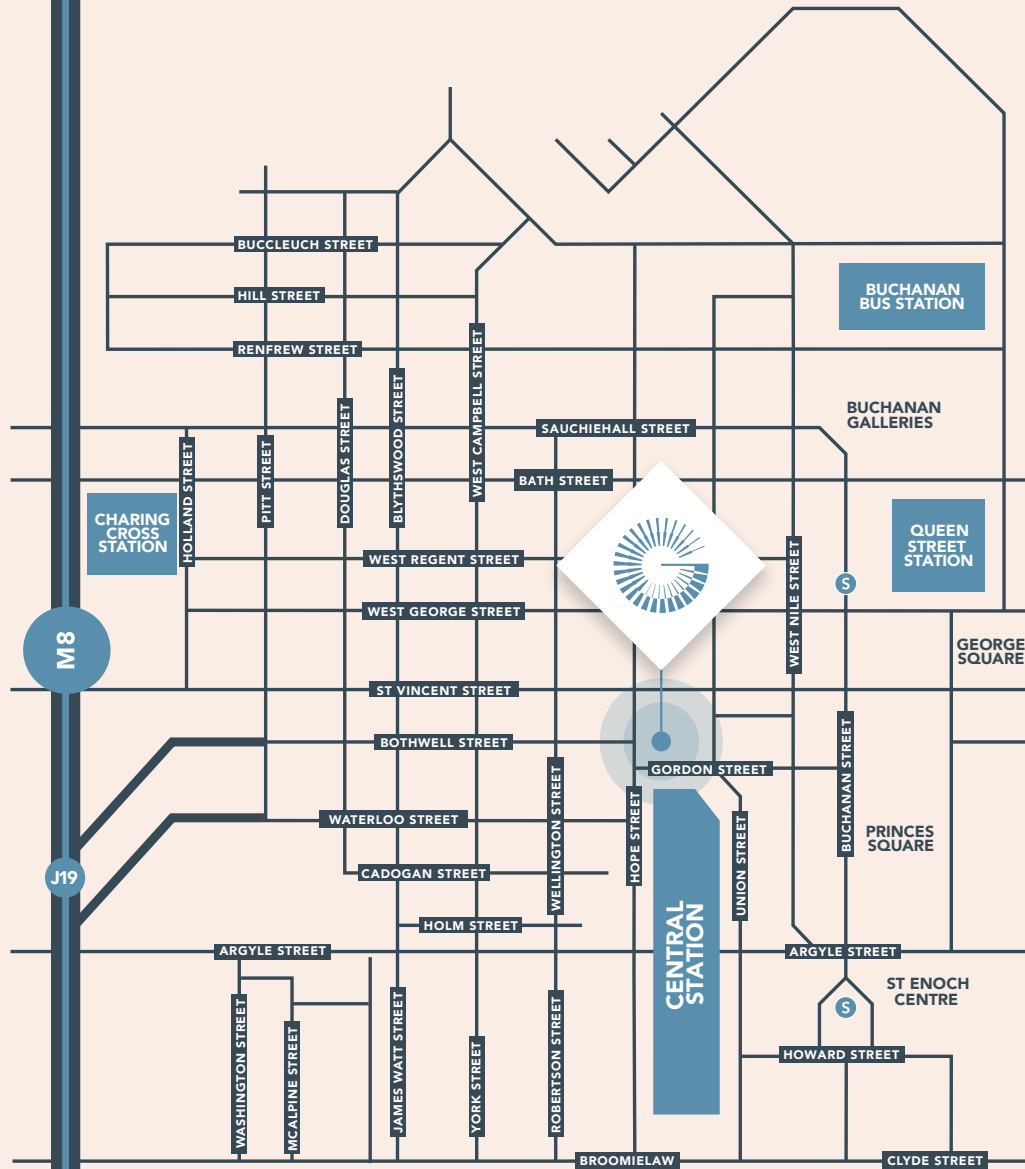


177 Bothwell Street

In addition, the city has benefitted from recent major infrastructure projects such as the M74 extension, M8 upgrade, Queen Street Railway Station upgrade and the ongoing Avenues Project, improving accessibility into and throughout the city, making it fit for 21st century living and working.

In recent years, Glasgow has undergone a period of sustained regeneration, hosting events such as the 2014 Commonwealth Game. In November 2021, Glasgow hosted the United Nations Climate Change Conference (COP26) within the Scottish Event Campus (SEC). The event showcased Glasgow as one of the world's leading conference hosts and involved 20,000 delegates from around 200 countries including global leaders from around the world.





## RAIL

The subject property is extremely well connected via rail and is located directly opposite the main entrance to Glasgow Central Station (Scotland's largest rail station) which serves over 29 million passengers annually. The station offers connections to all major centres in the UK and access to Glasgow's substantial commuter rail network, which is the largest such network in the UK outside of London. Queen Street Station, the smaller of the city's two main line railway terminals and the third busiest station in Scotland, is located a 5-minute walk from the property and benefited from a £120m improvement programme which completed in 2021.

Edinburgh	44 minutes
Aberdeen	2 hrs 50 mins
Manchester	3hrs 10 mins
Newcastle	3 hrs 20 mins
Birmingham	4 hrs 10 mins
London	4 hrs 30 mins

## BUS AND SUBWAY

Opened in 1896, Glasgow underground is the third oldest underground system in Europe. Carrying 13 million passengers a year, the Scottish government has also now committed to supporting a funding package, worth £288m which will work towards a full-scale upgrade for the service. At peak times, the routes offer services every 4 minutes. Buchanan Street Bus Station is less than 5-minute's walk from the subject, offering national bus services to destinations throughout the UK. The location is also extremely well served by local bus services with stops located at Central and Buchanan Station located a 10-minute walk from the property.

## ROAD

Glasgow is at the hub of Scotland's modern and comprehensive road network with the M8 motorway dissecting the city centre and providing direct access to Edinburgh to the east and Glasgow Airport to the west. There are six junctions providing direct access to the city centre. The M8 motorway links to the M73 and M74 motorways at Junction 4 offering access to Carlisle and Northern England and the M80 provides access to Stirling and the north of Scotland.

Edinburgh	50 mins
Aberdeen	2 hrs 45 mins
Newcastle	2 hrs 45 mins
Manchester	3 hrs 30 mins
London	7 hrs 20 mins

## AIR

Glasgow's air transport connections are excellent with three international airports within 45 minutes of the city centre linking Glasgow to all major UK, European and International destinations. Glasgow is Scotland's principal long-haul airport as well as Scotland's largest charter hub. Glasgow Airport serves more Scottish destinations than any other airport and is a key component of Scotland's transport infrastructure. Glasgow Airport is located approximately 9 miles (15 minutes) west of the city centre at Junction 28 of the M8 motorway.

Edinburgh	1 hr 30 mins
Amsterdam	1 hr 50 mins
Paris	1 hr 50 mins
Rome	3 hrs 10 mins
New York	7 hrs 30 mins





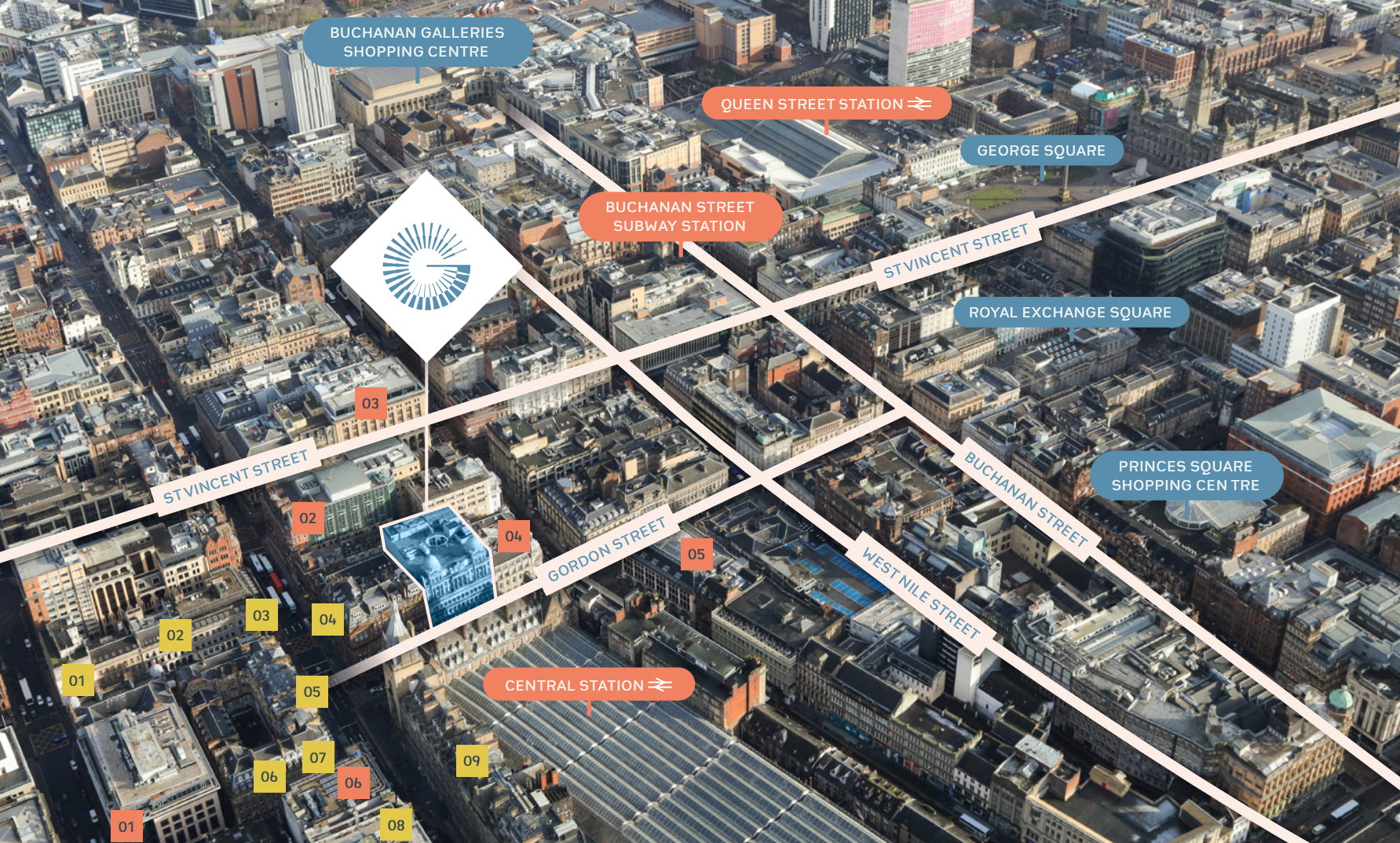
# SITUATION



The Grosvenor Building occupies a highly prominent position on the North side of Gordon Street and benefits from best-in-class transport, retail and leisure amenities. The main entrance to Glasgow Central Station (Scotland's busiest railway station), which serves over 29 million passengers per year is situated directly opposite the property and Queen Street Station is within a 5 minute walk.

Given its location at the heart of the Central Business District, there are a number of Blue-Chip occupiers within close proximity of the property. These include RBS, Lloyds Banking Group, Harper Macleod LLP, Scottish & Southern Energy, Network Rail and Grant Thornton to name but a few.

Gordon Street is one of Glasgow's busiest thoroughfares and provides direct access to the prime retailing pitch of Buchanan Street and Glasgow's prime leisure core. Nearby leisure occupiers include Café Nero, Pret A Manger, Alston, Gaucho, TGI Fridays, The Ivy, All Bar One, Sugo and Chakkoo; and nearby retail occupiers include Tesco, RBS, Kiehl's, Lush, The White Company, Hobbs, Tudor, Breitling and Apple amongst several others.



## LEISURE

- |    |                   |    |                          |
|----|-------------------|----|--------------------------|
| 01 | Bavarian Brauhaus | 06 | Smoking Fox              |
| 02 | 63 rd & 1st       | 07 | Café Nero                |
| 03 | Malo              | 08 | Pure Gym                 |
| 04 | Mezcal            | 09 | Voco Grand Central Hotel |
| 05 | Bar Burrito       |    |                          |

## OFFICE

- |    |                          |
|----|--------------------------|
| 01 | Ashurst                  |
| 02 | Hutchison 3G             |
| 03 | Lloyds Banking Group     |
| 04 | Miller Samuel Hill Brown |
| 05 | Harper Macleod           |
| 06 | SSE                      |





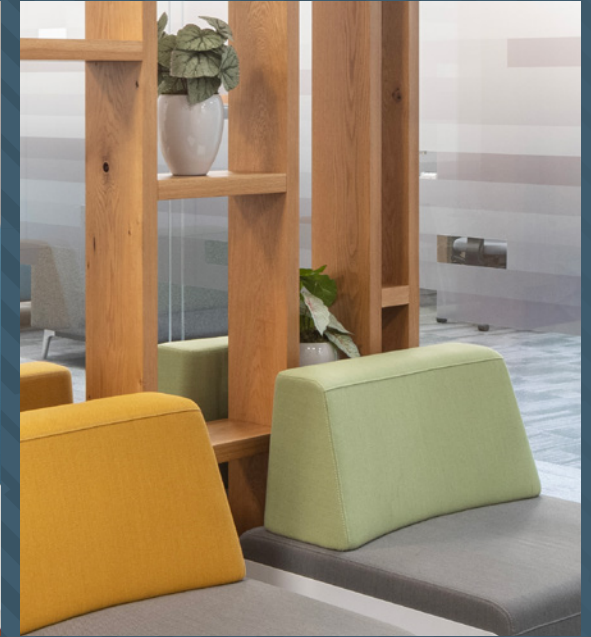
# DESCRIPTION

Modern Grade A office space behind a striking Alexander 'Greek' Thomson A-listed façade.

The property was originally designed by the renowned Scottish architect Alexander 'Greek' Thomson around 1864 and is Category A listed. The property comprises 50,431 sq ft of Grade A office space (excluding reception and retail) arranged over six upper floors together with a large ground floor retail unit extending 6,498 sq ft. The property was comprehensively refurbished in 2010 and the 2nd, 4th and 5th floors and reception areas underwent further refurbishment in 2021 and 2022 respectively at a cost of £1.50m.

## The property benefits from the following specification:

- Contemporary entrance foyer and business lounge/break out areas
- 22 secure car parking spaces
- 2 high speed, 10 person passenger lifts
- Dedicated male, female and accessible toilets
- Bicycle racks and lockers
- 24 hour secure working environment
- Building management system
- Independent service lift
- Manned reception with secured barrier system
- EPC rating B
- New LEDs, VRF A/C (on recently refurbished floors), EV Charging







Reception and  
ground floor  
break out area  
comprehensively  
refurbished  
in 2022





# ACCOMMODATION

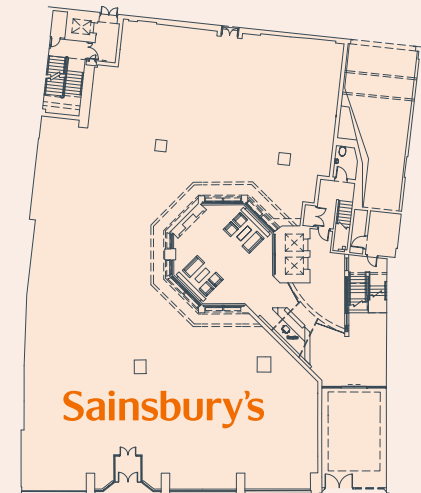


The property has been measured in accordance with the RICS Code of Measuring Practice (6th Edition). The measured areas are as follows:

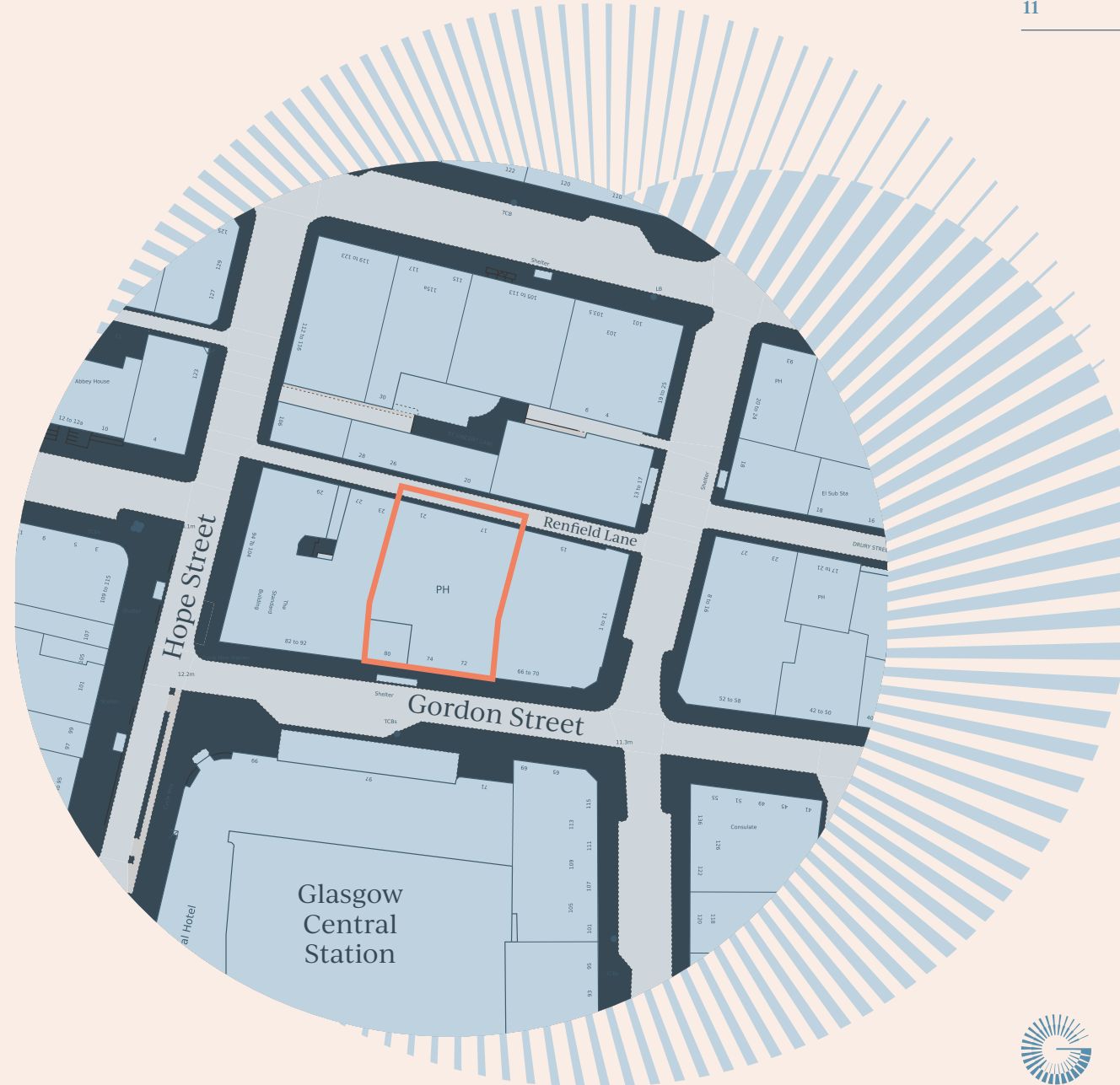
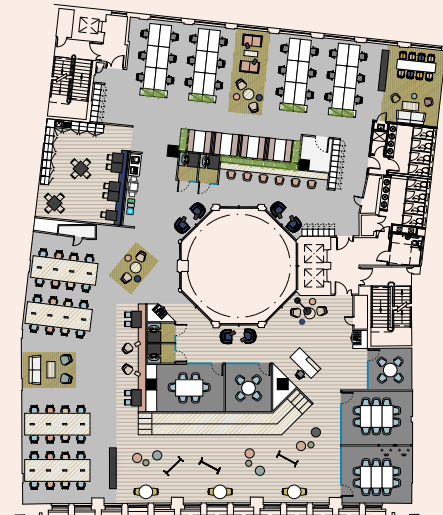
FLOOR	DESCRIPTION	NIA (SQ M)	NIA (SQ FT)
6th Floor	Office	775.14	8,343
5th Floor	Office	785.08	8,451
4th Floor	Office	773.31	8,324
3rd Floor	Office	788.08	8,483
2nd Floor	Office	807.92	8,696
1st Floor	Office	755.70	8,134
Ground	Reception	168.52	1,814
*Ground	Retail	603.68	6,498
<b>TOTAL</b>		<b>5,457.43</b>	<b>56,929</b>

\* Retail unit has an ITZA of 3,346 sq ft

GROUND FLOOR PLAN



TYPICAL FLOOR PLAN





|||||||

Fully refurbished  
flexible, open  
plan floor plates

|||||||

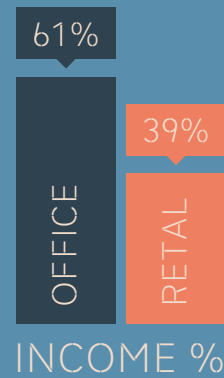
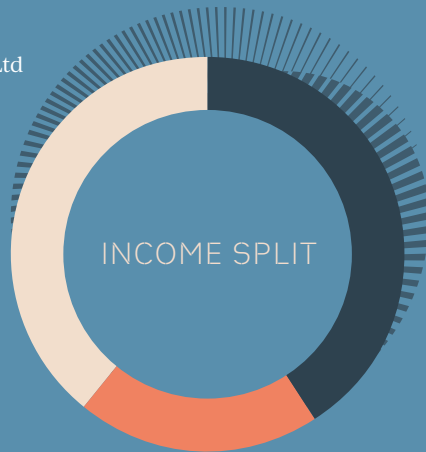




# TENANCY INFORMATION

|||||||

- Sainsbury's Supermarkets Ltd
- Cigna Life Insurance
- Idox Plc



## TENURE

Heritable (Scottish equivalent of Freehold).

## SERVICE CHARGE

The service charge budget for the year ending 31/12/2023 is £562,000, which equates to £13.89 psf for floors 1, 3 & 6 and £8.23 psf for the vacant element.

Cigna currently benefit from a service charge cap over the 3rd and 6th floors which results in a landlord shortfall of £43,200.36 in the current budget year (YE 23). The YE 23 budget was unusually high due to unprecedented utilities costs and sums accrued to replace two boilers at the cost of £85,000. It is highly anticipated that Cigna's service charge cap will exceed their apportionment in the subsequent budget (YE 24) and there will be no shortfall going forward, therefore the vendor will provide a service charge guarantee over the current shortfall.

Additional service charge information is held within the data room.

TENANT	UNIT	CAR PARKING SPACES	SIZE (SQ.FT)	RENT (£/PA)	RENT (£/SQ.FT)	LEASE START	LEASE EXPIRY	WALVT (TO EXPIRY)	COMMENTS
Cigna Life Insurance	6	4	8,343	£161,515	£18.16	01/03/2015	31/12/2024	1.68	The tenant has a service charge cap of £11.17 psf subject to annual RPI-linked uplifts. The floor area for the purposes of service charge is stated within the lease to be 8,190 sq ft. There is a shortfall of £22,329 in the current budget year which will be guaranteed by the vendor.
Vacant	5	4	8,451	-	-	-	-	-	The vendor will provide an 18 month service charge guarantee.
Vacant	4	4	8,324	-	-	-	-	-	The vendor will provide an 18 month service charge guarantee.
Cigna Life Insurance	3	4	8,483	£168,175	£18.65	01/03/2015	31/12/2024	1.68	The tenant has a service charge cap of £11.59 psf subject to annual RPI-linked uplifts. The floor area for the purposes of service charge is stated within the lease to be 8,550 sq ft. There is a shortfall of £20,871.36 in the current budget year which will be guaranteed by the vendor.
Vacant	2	3	8,696	-	-	-	-	-	The vendor will provide an 18 month service charge guarantee.
Idox Plc	1		8,134	£162,600	£19.99	27/06/2017	26/06/2027	4.17	Area of 8,130 sq ft stated within lease.
Sainsbury's Supermarkets Ltd	Ground		6,498	£314,737	£94.06	15/03/2017	28/02/2032	8.85	Area reflects ITZA of 3,346 sq ft. 1 March 2027 RPI linked rent review (1.5-3%).
Scottish Power	Substation			£1.00	-	07/07/1993	06/07/2053	-	
<b>TOTAL</b>		<b>22</b>	<b>56,929</b>	<b>£807,028</b>				<b>4.98</b>	





# TENANCY INFORMATION

## Sainsbury's

### Sainsbury's Supermarkets Limited (Company Number – 03261722)

Sainsburys are the second largest chain of supermarkets in the UK with a share of the UK Supermarket Sector of 16.9%. Founded in 1869 by John Graham Sainsbury with a shop in Drury Lane, London, the company became the largest grocery retailer in 1922 and was an early adopter of self-service retailing in the UK. The holding company, J Sainsbury plc, is split into three divisions, Sainsbury's Supermarkets Limited, Sainsbury's Convenient Stores Limited and Sainsbury's Bank. The Group's Head Office is in the Sainsbury's Store Support Centre in Holborn Circus, City of London and the Group also has interest in property. It is listed on the London Stock Exchange and is a constituent of the FTSE 100 Index.

Sainsbury's recently closed their nearby Bothwell Street store with the subject unit now being their only store in the CBD. In addition, their Buchanan Galleries store is also due to close as part of the wider redevelopment of the centre by Land Securities.

YEAR TO DATE	TURNOVER (£000'S)	PRE-TAX PROFIT (£000'S)	SHAREHOLDER'S FUNDS (£000'S)
05/03/2022	25,238,000	244,000	5,418,000
06/03/2021	23,823,000	(90,000)	4,248,000
07/03/2020	24,059,000	172,000	4,723,000

VISIT WEBSITE



### Idox PLC (Company Number – 03984070)

Founded in 2000, Idox focus on developing specialist software and information management solutions for government and industry to assist in user productivity. Idox are headquartered from Berkshire, United Kingdom and are located throughout the UK, however have offices in France, Germany, Poland, India and USA. They are listed on the London Stock Exchange and is constituent of FTSE AIM UK 50 Index.

YEAR TO DATE	TURNOVER (£000'S)	PRE-TAX PROFIT (£000'S)	SHAREHOLDER'S FUNDS (£000'S)
31/10/2022	66,184	6,602	67,416
31/10/2021	62,185	7,268	60,810
31/10/2020	68,017	2,702	46,958

VISIT WEBSITE



### Cigna Life Insurance Company of Europe SA/NV (Company Number - FC015987)

Cigna Life Insurance is part of The Cigna Group. Founded in 1982, The Cigna Group is a for-profit American multi-national healthcare and insurance company based in Connecticut. Its insurance subsidiaries are providers of medical, dental, disability, life and accident insurance.

Cigna employ over 70,000 people worldwide through their Cigna Healthcare & Evernorth Health Services with 190 million customers in over 30 countries.

Cigna recently issued a 'back to the office' demand for their staff with working from home greatly reduced.

YEAR TO DATE	TURNOVER (£000'S)	PRE-TAX PROFIT (£000'S)	SHAREHOLDER'S FUNDS (£000'S)
31/12/2021	320,119	30,029	171,556
31/12/2020	362,018	48,551	185,722
31/12/2019	307,229	17,682	135,908

VISIT WEBSITE









# GLASGOW OFFICE OCCUPATIONAL MARKET



In the years preceding Covid-19, Glasgow saw strong levels of occupier demand with take up reaching a record 1.4 million sq ft in 2018 and over 800,000 sq ft in 2019. 2022 saw a total of 409,200 sq ft transacted, which was down slightly on the 10-year average. Interestingly there was a 24% increase in the number of deals, showing a more active market but smaller average deal sizes. With a number of large known requirements, 2023 is expected to be back in line with long term averages of 620,000 sq ft as the city bounces back from the restrictions imposed over the last few years.

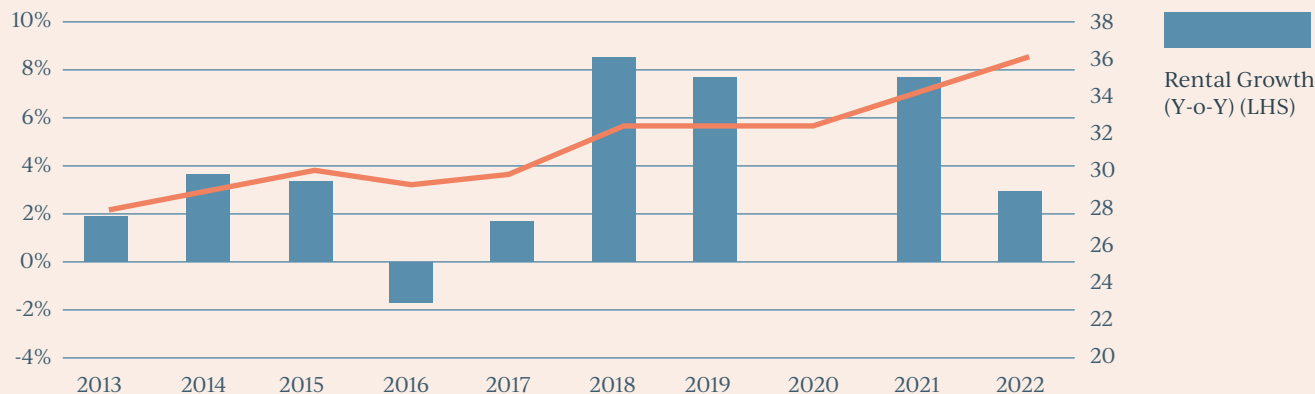
Flight to quality has continued to apply upward rental pressure on the 'best in class' space that helps occupiers with their ongoing ESG commitments. However, in line with this, flexibility is still a key consideration for

occupiers. There were over 124 office leasing deals in 2022 with the average deal size being 2,634 sq ft demonstrating an increased appetite for hybrid working. 'Plug and Play' opportunities have continued to command strong all-inclusive rents. In central locations we have observed rates close to £60.00 psf, again reinforcing desire for flexibility.

As with other regional centres in the Big 6, Glasgow has continued to see sustained rental growth in previous years. Prime rents currently sit at £36.00 psf and are expected to increase to £39.50 psf by the end of Q3 2023. We are also seeing rapidly improving rents for best-in-class refurbishments, with new leases achieving in excess of £35.00 psf.

ADDRESS	TENANT	SIZE (SQ FT)	RATE (PSF)	DATE
2 Atlantic Square	Siemens	14,490	£34.50	Dec-22
6 Atlantic Quay	EDF	9,670	£29.00	Sep-22
Onyx, Bothwell Street	Diageo	13,400	£27.00	Jun-22
Ink Building, 24 Douglas Street	Circularity Scotland	4,520	£25.50	Jun-22
180 West George Street	LMR Partners	5,995	£29.00	Mar-22
McLellan Works, 274 Sauchiehall Street	Cala Homes	5,737	£25.00	Mar-22
180 West George Street	Frazer Nash Consultants	7,459	£29.50	Jan-22

Headline Rents are currently at £36.00 psf but will soon hit £39.50 psf







# GLASGOW OFFICE INVESTMENT MARKET



Glasgow is a major economic centre and part of the 'Big 6' UK regional office market and has attracted long term investment from a diverse range of sources, including UK institutions, overseas funds, and high net worth individuals.

Since the onset of the pandemic the market has witnessed significant rental growth and has a chronic shortage of Grade A accommodation which led to an uptick in investment volumes in 2021 to circa £250 million which is in line with the 10 year average – a significant increase on the £86 million transacted in 2020. 2022 saw similar levels of investment at £255 million showing a positive trajectory of capital inflows to the city.

Investors at present are focussed on two strategies – one being long let Grade A accommodation or alternatively value add/ refurbishment opportunities that can be turned into the former. The Glasgow market has seen a number of value-add transactions take place over the past 24 months including Aurora at 120 Bothwell Street, 50 Bothwell Street and 150 St Vincent Street. These will all look to capitalise on the current flight to quality that occupiers are seeking.

The most recent sale of note is 177 Bothwell Street which completed in November 2022 for a price in the region of £210 million - a record price for an office in Scotland. 2023 has started well with the sale of 2-4 Blythswood Square achieving a yield of 6.56% and Sutherland House completing at 7.57% showing there is good demand for well located Glasgow offices. We have highlighted below some recent investment sales:

PROPERTY ADDRESS	PRICE	NIY	CAPITAL RATE (£ PSF)	DATE
6-20 Bell Street	q.£8,200,000	q.8.20%	£176.15	Under offer
Sutherland House	£9,050,000	7.57%	£230	Apr-2023
2-4 Blythswood Square	£9,000,000	6.56%	£331.80	Mar-2023
Eastgate	£21,600,000	5.60%	£386.00	Nov-2022
78 St Vincent Street	£2,330,000	8.59%	£150.00	Aug-2022

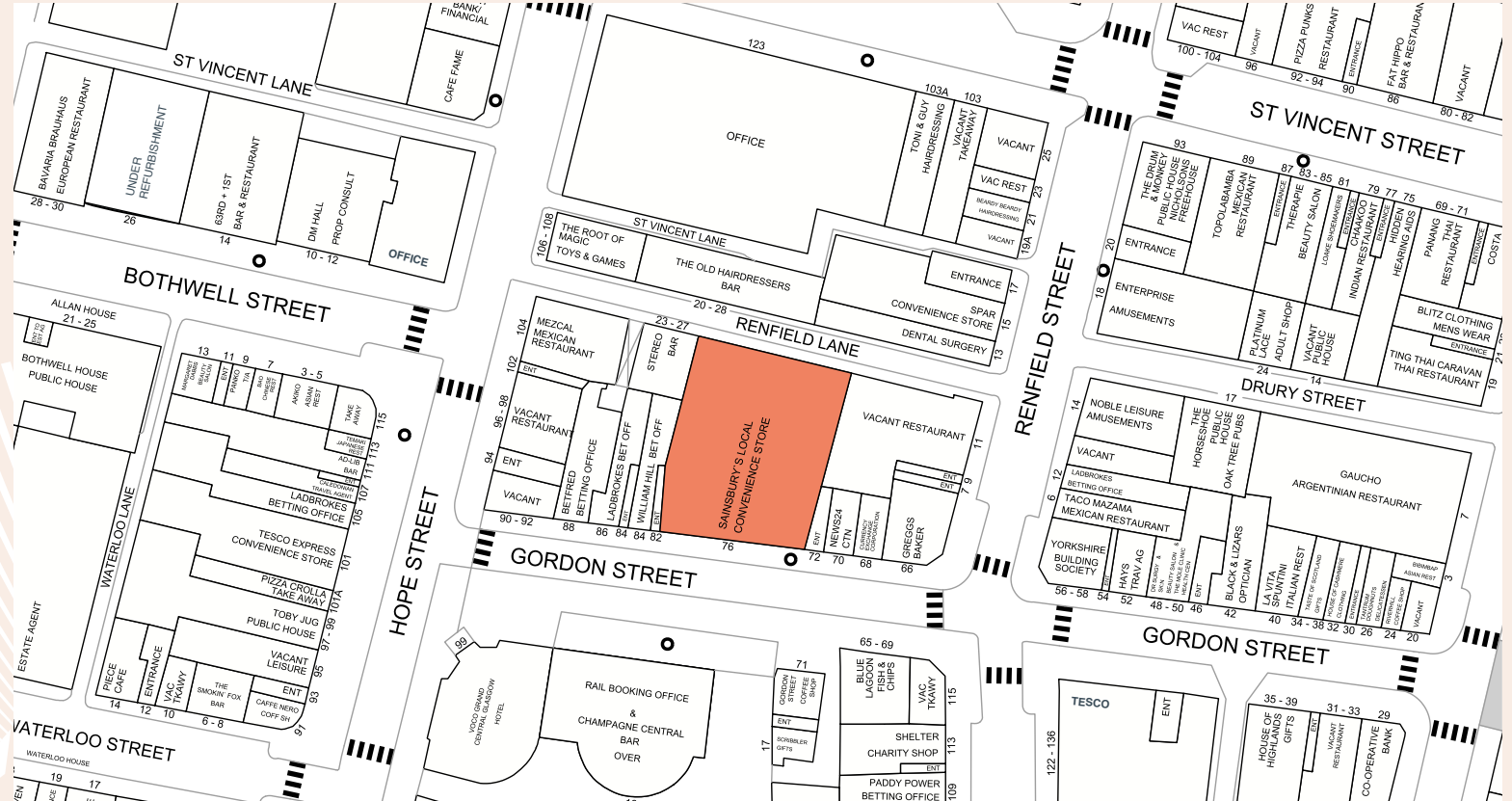


# GLASGOW RETAIL MARKET

Glasgow is widely regarded as the best retail destination in the UK outside of London's West End.

Commonly known as the 'Golden Z', Argyle Street, Buchanan Street and Sauchiehall Street represents Scotland's prime retailing location. Buchanan Street has continued to lead the way as a world class retail destination, with Zone A rates for the best configured units on the prime pitch rebounding in recent months to £275 per sq ft.

Gordon Street provides the main thoroughfare between Glasgow Central Station and Buchanan Street. Given the high levels of footfall, many retailers and leisure operators have located on the street including Gordon Street Cafe, Tesco, La Vita and Barrhead Travel.







# ADDITIONAL INFORMATION



## EPC

The property has an EPC rating of B.

## DATA ROOM

Access to the data room can be provided to interested parties upon request.

## CAPITAL ALLOWANCES

The availability of Capital Allowances can be discussed with prospective purchasers. However, it is recommended that all parties seek their own specialist advice in this regard.

## VAT

The property is elected for VAT, however, it is anticipated the sale will be affected by way of a Transfer of Going Concern (TOGC).

## INVESTMENT RATIONALE

- Prominent position in the heart of the CBD
- 24% increase in the number of office occupational transactions in 2022 compared to 2021
- Flexible floor plates with the potential for subdivision
- Limited Grade A vacancy driving requirement to high quality Grade B space
- Exceptional access to transport links and nearby city centre amenities
- Opportunity to look at plug and play options on the vacant floors to drive performance - some fitted suites in the city are commanding all-inclusive rents of close to £60 per sq ft.
- Long lease to outstanding Sainsbury's covenant with guaranteed rental uplifts (RPI 1.50-3.00%)

## INVESTMENT PROPOSAL

Offers in excess of **£15,000,000 (Fifteen Million Pounds Sterling)** are sought for our client's heritable interest in the property, subject to contract and exclusive of VAT. A purchase at this level would reflect the following metrics, assuming standard purchaser's costs:

**Triple NIY (no rent guarantees):** 5.04%

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**Capital rate:** £263 per sq ft

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**Sainsbury's split yield:** 5.31%

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**Idox split yield:** 8.00%

---

**Cigna Split Yield:** 10.00%

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**Vacant office capital rate:** £175 per sq ft

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**Overall office capital rate:** £188 per sq ft

## FURTHER INFORMATION

For further information or to arrange an inspection please contact:

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THE  
GROSVENOR  
BUILDING