



## OFFICE & RETAIL/CAFÉ INVESTMENT OPPORTUNITY

- > MULTI-LET ON FRI LEASE TERMS
- > ATTRACTIVE BLEND OF COVENANTS
- > CURRENT INCOME: £35,800 PER ANNUM
- > ERV: £56,330 PER ANNUM
- > **PRICE: OFFERS OVER £475,000**
- > NET INITIAL YIELD: 7.22 %
- > REVERSIONARY YIELD: 11.36%
- > ASSET MANAGEMENT OPPORTUNITIES

**FOR SALE**

**HARBOUR VIEW, CROMWELL STREET QUAY, STORNOWAY, HS1 2DF**

**CONTACT:** Neil Calder: [n.calder@shepherd.co.uk](mailto:n.calder@shepherd.co.uk) | Linda Cameron: [linda.cameron@shepherd.co.uk](mailto:linda.cameron@shepherd.co.uk) | Tel: 01463 712239 | [www.shepherd.co.uk](http://www.shepherd.co.uk)



## MULTI-LET INVESTMENT OPPORTUNITY

### LOCATION

Stornoway is the principal town on the Isle of Lewis in the Outer Hebrides of Scotland, also known as the Western Isles. The Outer Hebrides is an archipelago of over 70 named islands lying off the north-west coast of Scotland.

The subjects are located in the centre of town adjacent to Stornoway Harbour on the west side of Cromwell Street (A857) with a pleasant outlook and views across the Harbour and beyond. The property benefits from car parking directly adjacent to the building.

### DESCRIPTION

The subjects comprise part of a substantial mixed-use commercial building of conventional construction with a Mansard roof including slate flashings and a metal deck. We understand this was replaced under insurance, following storm damage, in 2017 at a cost in the region of £200,000. The building, constructed circa 1985, provides accommodation arranged over ground, first and second floors.

Internally the accommodation has been configured to provide 7 No. self-contained units which includes a café and retail/office on the ground floor and offices on the upper floors. The spaces are well presented, and specification includes solid concrete floors throughout with painted plasterboard walls and suspended ceiling grids incorporating acoustic tiles and artificial lighting. Windows throughout the building are a mix of timber casement and Velux double glazed units.

The building footprint occupies the bulk of the site however there is a paved section to the westmost elevation adjacent to the Harbour where pedestrian access has been formed together with an enclosed seating area which is principally used by café customers.



UNIT REF.	FLOOR	OCCUPIER	M <sup>2</sup>	FT <sup>2</sup>
2, 5 & 6 Harbour View	Ground	NFU Mutual	125.96	1,356
3 Harbour View	Ground	Blue Lobster Café	72.66	782
4 Harbour View	Ground	NHS Western Isles	55.32	595
7 Harbour View	First	Mast-Ard Studio Ltd	66.57	717
8 Harbour View	First	Archicosm Ltd	61.28	660
10A Harbour View	Second	To Let	133.62	1,438
10B Harbour View	Second	To Let	228.82	2,463
<b>TOTAL</b>			<b>744.23</b>	<b>8,011</b>



#### TENANCY SCHEDULE

The property is currently let to 5 tenants as detailed in the table below with a current aggregate rental income of £35,800 per annum. The Estimated Rental Value (ERV) is approximately £56,330 per annum and this can be achieved through asset management.

OCCUPIER	LEASE BREAK/ EXPIRY	REMAINING LEASE TERM	CURRENT RENT	ERV	ERV / FT <sup>2</sup>	RATEABLE VALUE
NFU Mutual	07/05/2027	5.75 yrs	£13,000 pa	£13,500 pa	£9.96 / ft <sup>2</sup>	£13,000
Blue Lobster Café	30/06/2024	1.75 yrs	£6,000 pa	£7,800 pa	£9.97 / ft <sup>2</sup>	£7,100
NHS Western Isles	30/09/2026	4.00 yrs	£6,800 pa	£5,750 pa	£9.66 / ft <sup>2</sup>	£5,000
Mast-Ard Studio Ltd	13/06/2024	1.75 yrs	£5,400 pa	£5,250 pa	£7.32 / ft <sup>2</sup>	£7,000
Archicosm Ltd	30/04/2026	2.0 yrs	£4,600 pa	£4,750 pa	£7.20 / ft <sup>2</sup>	£5,900
To Let	-	-	-	£7,280 pa	£5.01 / ft <sup>2</sup>	£8,400
To Let	-	-	-	£12,000 pa	£4.87 / ft <sup>2</sup>	£15,250
<b>TOTAL</b>	-	-	<b>£35,800 pa</b>	<b>£56,330 pa</b>	-	<b>£61,650</b>



## COVENANT

The building is multi-let to a strong blend of occupiers including established local companies and national covenants. Further details briefly outlining the covenant information is provided below which includes a summary of the business activity:

▶ **The National Farmers Union Mutual Insurance Society**

Trading as NFU Mutual, UK registered mutual insurance composite with 310 offices throughout the UK. It underwrites more than £1.5 billion in annual premium in life and general insurance lines for rural communities within the UK.

▶ **Blue Lobster Cafe**

Local operators, lifestyle business includes shop with coffee bar & tasty bakes which achieved a Trip Advisor Certificate of Excellence.

▶ **NHS Western Isles**

NHS board serving the Outer Hebrides of Scotland. It is one of the fourteen regions of NHS Scotland. NHS Western Isles is responsible for providing primary and secondary healthcare to the 26,000 people in the Outer Hebrides. It employs over 1,000 staff. NHS Western Isles NHS has 3 Hospitals.

▶ **Mast-Ard Studio Ltd**

Company No. SC609561 – incorporated in October 2018 albeit first established in 2009 by Calum Angus Mackay, former Director at BBC Scotland and the original company co-director of MacTV. Calum has directed and produced many award-winning documentaries and the company continues to strengthen international media links. The company is part of a vibrant independent production community, primarily generated by the Gaelic language channel, BBC Alba.

▶ **Archichosm Limited**

Company No. SC283558 – incorporated in April 2005 provides chartered architectural services to the Western Isles and beyond overseeing projects from inception to completion for all types of building uses. The company was first established during 1996 in Stornoway and formerly operated as Anderson Associates, now rebranded to Archichosm Limited. It is a rural architecture practice with vast experience in a multitude of sectors and construction contexts. They have won awards in Conservation, Sustainability, Community, Housing, and Design, and have been featured in magazines and books, most recently '2020 Visions, Home: Housing Scotland 2000-2020' published by the Royal Incorporation of Architects in Scotland (RIAS) in 2017 to represent Scotland's best domestic architecture from the last two decades.



**TENURE**

The property is held on a heritable title (Scottish equivalent of English freehold).

**EPC RATING**

The certificates and recommendation reports are available on request.

**SERVICE CHARGE**

The tenants are responsible for service charge costs in relation to repair and maintenance of the common parts of the building. Further details can be provided to interested parties.

**LEGAL PACK**

Lease and Title documentation will be provided to interested parties.

**PROPOSAL**

Offers over £475,000, exclusive of VAT are invited in respect of our client's heritable interest in the property with the benefit of the existing leases. Based on the current rental income of £35,800 per annum, exclusive of VAT, a purchase price at this level represents a Net Initial Yield of 7.22% after deduction of normal purchaser's costs and a Reversionary Yield of 11.36%.

**VAT**

Our clients have elected to waive exemption for VAT and accordingly VAT will be payable on the purchase price. It is anticipated the sale could be treated as a TOGC (Transfer of a Going Concern).

**COSTS**

Each party will bear their own legal costs. The purchaser will be liable for any LBTT, Registration Dues and VAT thereon.



**For further information or viewing arrangements please contact the sole agents:**

**Shepherd Chartered Surveyors** Mulberry House, 39-41 Harbour Road, Inverness, IV1 1UA

**CONTACT:** Neil Calder: [n.calder@shepherd.co.uk](mailto:n.calder@shepherd.co.uk) | Linda Cameron: [linda.cameron@shepherd.co.uk](mailto:linda.cameron@shepherd.co.uk) | Tel: 01463 712239 | [www.shepherd.co.uk](http://www.shepherd.co.uk)

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