

FOR SALE

600 GORGIE ROAD

EDINBURGH | EH11 3LE

MIXED USE LEISURE & OFFICE INVESTMENT



PLAY VIDEO



OFFERS IN EXCESS OF £4,000,000

(7.46% NET INITIAL YIELD)



Sheridan Keane
REAL ESTATE INVESTMENT

INVESTMENT SUMMARY

- Rare opportunity to acquire a mixed-use leisure and office investment in Edinburgh;
- 3 storey, standalone building with private car park;
- Anchored by Pure Gym who occupy 21,322 sq ft at ground and first floor;
- The third floor comprises of 4 office suites let to The Realm VR, New Teeth Lab and a private individual;
- Extends to a total of 31,044 sq ft;
- Total site area extends to 1 acre;
- WAULT of Pure Gym is 9.8 years to expiry (no breaks);
- Total passing rent of £331,120 per annum (66% secured to Pure Gym);
- Total net income received of £317,658 per annum;
- Looking ahead to the next rent review in 2027, there is the potential for the rent on Pure Gym to reach £393,750 p.a. (£18.47 psf) in line with their RPI formula;
- Excellent long term underlying redevelopment potential to alternative uses (subject to planning);
- We are instructed to **seek offer in excess of £4,000,000 (FOUR MILLION POUNDS)** exclusive of VAT. A purchase at this level reflects an attractive **Net Initial Yield of 7.46%**, a reversionary yield of 8.61% based on the minimum RPI uplift on the Pure Gym 2027 rent review & £129 capital rate per sq ft.





LOCATION

Edinburgh is the capital city of Scotland and has a population in the region of 527,620 (source: NRScotland 2021). The city's catchment area extends to include East and West Lothian as well as Fife and the Scottish Borders. The city is located on the east coast of Scotland on the south bank of the Firth of Forth, circa 45 miles east of Glasgow and 410 miles north of London.

The city benefits from an excellent communication system with transport links by road, rail and air to many of the major cities within the UK. Edinburgh has strong road communications and is served by the M8 from the west, the M90 / A9 from the north and the A1 and A7 from the south / south east.

Edinburgh is also served by frequent direct train services to and from London and sits on the main east coast railway line. Edinburgh International Airport provides flights to in excess of 80 destinations and is one of the largest airports in the UK.

Edinburgh is the second largest financial district in the UK and in recent years has become an increasingly popular location for the TMT (technology, media and telecommunications) sector. Tourism also plays a key role, with the city being the second most visited tourist destination in the UK after London. Edinburgh is an established centre for education, being home to four universities as well as a number of colleges.



SITUATION

The property is situated on the junction where Gorgie Road meets Stenhouse Road within the Balgreen/Gorgie district of Edinburgh. It is located approximately 2 miles to the south west of Edinburgh City Centre and 2 miles east of The City Bypass & M8, therefore providing quick access to Central Scotland.

The area benefits from good accessibility to the city centre by car and is also serviced by regular buses 3, 20, 30 and X28.

Nearby occupiers include Abbeyfield Scotland, Trust Housing Association, Dunedin Canmore and HM Courts and Tribunals Service. There are a number of leisure amenities within close proximity, including a PureGym onsite, The O2 Academy Edinburgh, Nuffield Health and Fitness Centre and World of Football are all a short walk away.

Edinburgh West Retail Park is only a 10 minute walk and is home to a number of high profile retailers including M&S, Home Bargains, Aldi and Greggs.



DESCRIPTION

The subjects comprise a mixed-use leisure and office building arranged over 3 floors with a large private car park to the rear.

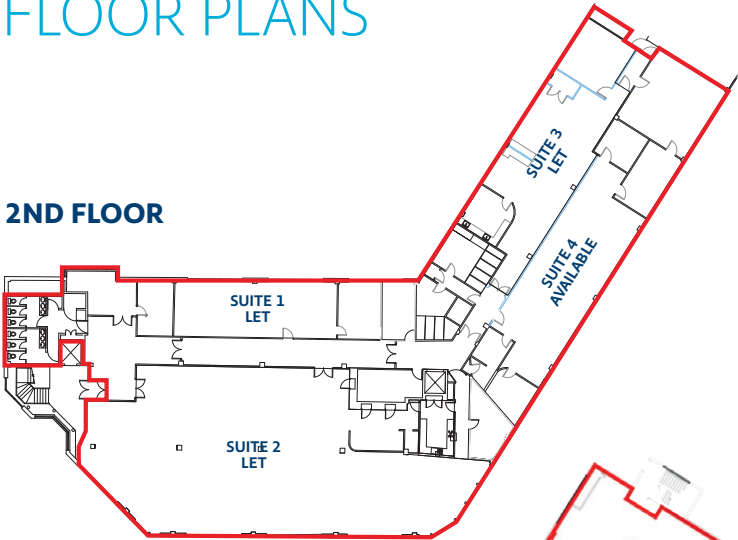
The Pure Gym at ground and first is entirely open plan with male and female changing facilities as well as staff and consultancy rooms throughout.

The office accommodation on the 3rd floor has been sub-divided to create 4 suites each of a varying size. The specification of the office suites is consistent throughout and benefits from:-

- Raised Access Floor
- Air conditioning
- Full lift access
- Suspended ceiling with recessed lighting
- Shower facilities
- Kitchen facility
- Gas fired central heating
- Male, female and accessible W/Cs
- Private car park

FLOOR PLANS

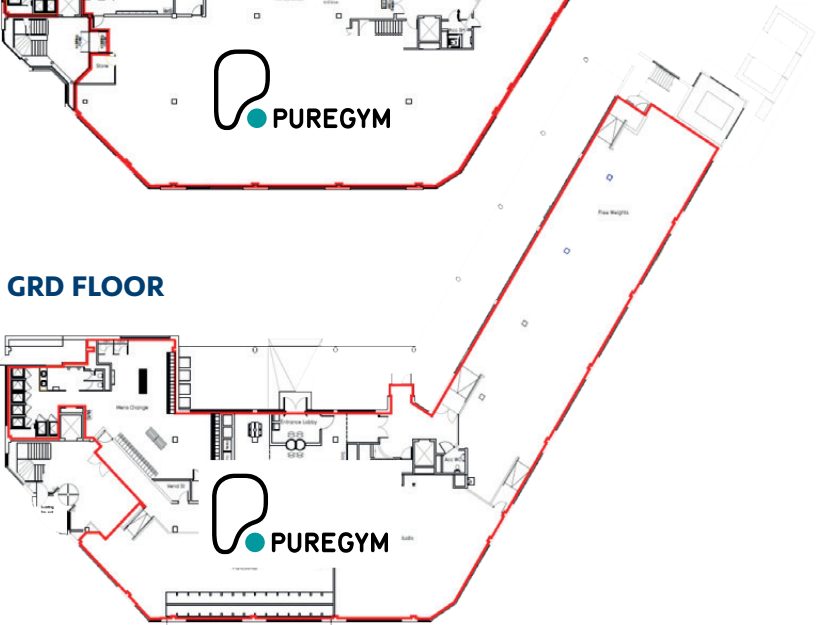
2ND FLOOR



1ST FLOOR



GRD FLOOR



TENANCY SCHEDULE

UNIT	TENANT	SIZE (SQ FT)	LEASE START	BREAK OPTION	REPAIR	RENT				COMMENTS
			(END)			GROSS RENT	NET RENT	RATE PER SQ FT	REVIEW	
Ground & First Floor	Pure Gym Ltd. Town Centre House, Merrion Centre, Leeds, LS2 8LY	21,322	25/06/2012 (24/06/2032)		FRI	£218,364	£218,364	£10.24	24/06/2027	S/C annual cap based on a 3% annual increase. Reviews every 5th anniversary of the date of entry, higher of OMRV or RPI formula on a straight line basis, capped and collared at 4% - 1%.
Second Floor Suite 1	* The Realm VR Ltd. 2nd Floor, 600 Gorgie Road, Edinburgh, EH11 3AL	1,000	01/03/2022 (29/02/2032)	01/03/2027	FRI	£12,000	£12,000	£12.00	01/03/2027	Rent reduced to £8,400 for first 2 years to be topped up by vendor. The break option is tenant only.
Second Floor Suite 2	* Mrs Ebiere Claire Scott-Emuakpor and Efemena Egharhevw	4,455	27/05/2022 (26/05/2032)	27/05/2027	FRI	£52,000	£38,538	£8.65		The rent is all inclusive to cover rent & service charge. The service charge is £13,462 for 2022. PG from Dr Victor Ekpu for all lease obligations for the duration of the term.
Second Floor Suite 3	New Life Teeth Lab Limited, 3b Ormiston Road, Edinburgh, EH12 7SJ	1,813	27/10/2021 (26/10/2031)		FRI	£21,756	£21,756	£12.00	27/10/2026	S/C Cap at lease start was £9,065, to be reviewed annually in line with RPI formula. Rent review 5th anniversary of the date of entry to open market rent.
Second Floor Suite 4	Vacant - Vendor Top Up	2,454				£27,000	£27,000	£11.00		12 month rent, rates and s/c charge top up provided by the vendor
TOTAL		31,044				£331,120	£317,658			

* The landlord can break the lease should Pure Gym vacate in any way shape or form subject to six months written notice.

PURE GYM 2027 RENT REVIEW

Looking ahead to the next rent review in June 2027, based on the RPI formula within the lease and the 2022 agreed rent of £218,364 p.a, we calculate the RPI cap at June 2027 will be £393,750 p.a. (£18.47 psf) with the collar reflecting a minimum uplift to £253,827 p.a (£11.90 psf). This offers guaranteed reversion to investors at the next rent review. Further information is available on request.

SERVICE CHARGE

The service charge budget for the year ending 24 June 2023 is £52,300 which equates to £1.68 per sq ft. Further information is available on request.

TENURE

The subject property is held on heritable title (Scottish equivalent to English freehold).

PROPOSAL

We are instructed to **seek offer in excess of £4,000,000 (FOUR MILLION POUNDS)** exclusive of VAT.

A purchase at this level reflects an attractive **Net Initial Yield of 7.46%**, a reversionary yield of 8.61% based on the minimum RPI uplift on the Pure Gym 2027 rent review & £129 capital rate per sq ft.

Standard purchasers costs of 6.51% have been assumed.

EPC

Available on request.



VAT

Our clients have elected to waive exemption for VAT and accordingly VAT will be payable on the purchase price, although we anticipate the sale will be dealt with by way of a Transfer of Going Concern (TOGC).

LEGAL COSTS

Each party to be responsible for their own legal costs incurred during the transaction. For the avoidance of doubt the incoming tenant will be responsible for Land and Buildings Transaction Tax (LBTT), registration dues and any VAT payable thereon.

AML

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.



PLAY VIDEO

CONTACT

Stewart Sheridan

Tel: 07740 940898
stewart@sheridankeane.co.uk

Graeme Millar

Tel: 07523 512804
graeme@sheridankeane.co.uk

Fraser McDonald

Tel: 07516 513767
fraser@sheridankeane.co.uk



www.sheridankeane.co.uk

Sheridan Keane Real Estate Investment
90a George Street
Edinburgh
EH2 3DF

Tel: 0131 300 0296

Sheridan Keane Real Estate Investment for themselves and for the vendors or lessors of this property whose agents they are give notice that: (i) the particulars are set out as a general outline only for the guidance of intending purchasers or lessees, and do not constitute, nor constitute part of, an offer or contract; (ii) all descriptions, reference to condition and necessary permission for use and occupation, and other details are given without responsibility and any intending purchasers or tenants should not rely on them as statements or representations of fact but must satisfy themselves by inspection or otherwise as to the correctness of each of them and are advised to do so; (iii) no person in the employment of Sheridan Keane Real Estate Investment have any authority to give representation or warranty whatever in relation to this property; (iv) all prices, rents and premiums quoted are exclusive of VAT at current rate.

Date of publication: January 2023

