

PRIME INVESTMENT SALE

**87-89** BUCHANAN  
STREET  
GLASGOW, G1 3HF





# 87-89

## BUCHANAN STREET

GLASGOW, G1 3HF

### INVESTMENT SUMMARY

- An opportunity to acquire a prominent retail asset on Scotland's prime retail pitch
- Net internal area of 6,126 sq.ft. arranged over 4 floors
- Fully Let to Telefonica UK Ltd on FRI terms expiring 21 December 2027 having been in occupation since 1987
- Passing rent of £427,500 p.a. reflecting approximately £304 per square foot ZA
- Excellent Location opposite Princes Square and adjacent to Massimo Dutti and Hugo Boss
- Offers invited in excess of £6,700,000 reflecting 6% NIY after purchasers costs of 6.6%









## LOCATION

**GLASGOW IS SCOTLAND'S LARGEST CITY WITH A CORE POPULATION OF OVER 600,000 PEOPLE (2016) AND OVER 2.5 MILLION PEOPLE IN THE GREATER GLASGOW CONURBATION. GLASGOW IS SITUATED APPROXIMATELY 396 MILES NORTH OF LONDON AND APPROXIMATELY 44 MILES WEST OF SCOTLAND'S CAPITAL CITY, EDINBURGH.**

Glasgow acts as the economic powerhouse of the Scottish economy being the largest city, generating a gross value added of approximately £20bn per annum which represents 16% of Scotland's total output. It is the largest employment centre in Scotland with 54,000 companies having representation in the city region supporting c. 850,000 jobs and was ranked in the top 15 European Financial Centres according to the Global Financial Services Index 2018. The city is the 3rd largest in the UK and the wider catchment accounts for 40% of Scotland's population making it the 5th largest urban area in the UK.

Glasgow is a globally recognised education base and with more than 135,000 students from 135 countries currently studying in the city. The city has 5 universities and 3 super colleges. It has one of the most highly skilled and flexible workforces in Europe, with 46% of the current working age population educated to degree level or above. The city is home to an impressive list of blue chip companies and major global organisations including Barclays Wealth, Santander, HSBC, Morgan Stanley, Direct Line, The Student Loans Company, Ministry of Defence, O2, Atos, Tesco Bank, Dell and J.P Morgan.



**Road** Four main motorways give Glasgow high speed road access to cities throughout the UK. The M8 motorway provides direct access into the city via six junctions located on the periphery of the CBD and lies at the heart of Scotland's integrated motorway network, connecting directly to Edinburgh. It links with the M74 and the M73 motorways at Junction 4, offering access to Carlisle and Northern England. It also provides access to Stirling and Northern Scotland through its connection to the M80 / A80 at Junction 13. There are also over 170 daily bus services across over 100 routes in and out of Glasgow.



**Rail** Glasgow has the largest sub urban rail network outside of London and benefits from having two main railway stations; Glasgow Central Station and Glasgow Queen Street. These stations provide both local services and regular intercity transport to all major cities throughout the UK.

Glasgow is also served by a subway and a local rail system which links the city centre to the suburban areas, making it very accessible for commuters.



**Air** Glasgow benefits from having three international airports within 45 minutes of the city centre (Glasgow International, Prestwick and Edinburgh) linking Glasgow to all major UK, European and International destinations. Glasgow International, only 15 minutes' drive from the city centre, is one of the busiest airports in the UK, hosting c. 200 flights a day and serving 9.9 million passengers annually.

## GLASGOW

- Glasgow is Scotland's largest City and 3rd largest City in the UK.
- Glasgow is the largest employment centre in Scotland with 54,000 companies in the city region supporting c. 850,000 jobs
- Glasgow is ranked in the top 15 European Financial Centres according to the Global Financial Services Index 2018.
- Buchanan Street is Scotland's Prime Retail Street, 2nd in the UK to Oxford Street in London
- Glasgow receives more than 90 million shoppers per year with 6,600 people passing through Buchanan Street every hour.





## SITUATION

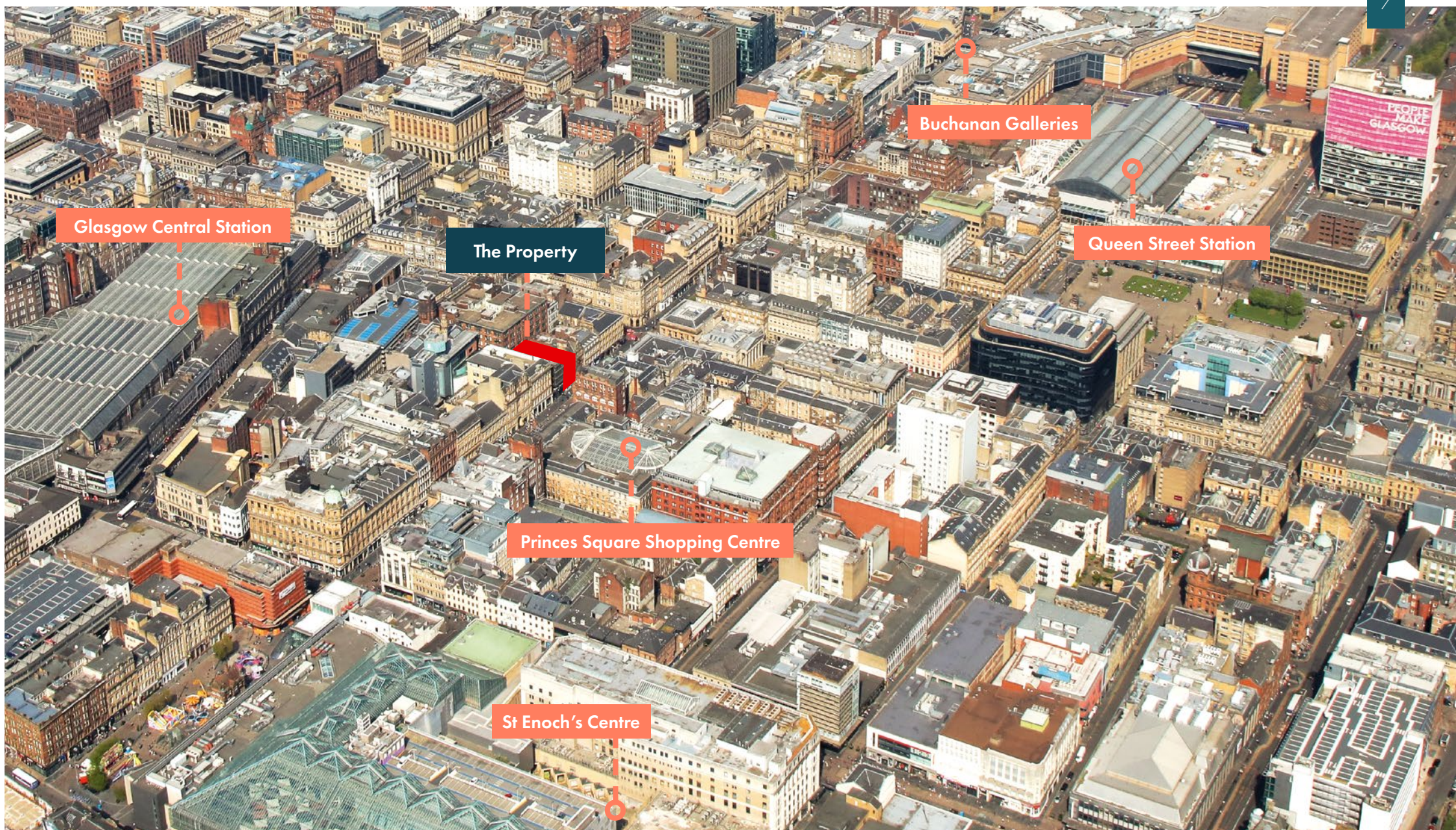
**BUCHANAN STREET IS THE PRIME RETAIL STREET IN SCOTLAND AND IS WIDELY REGARDED AS THE STRONGEST RETAILING STREET OUTSIDE OF OXFORD STREET IN LONDON. IT IS ANCHORED BY THE 660,000 SQ FT BUCHANAN GALLERIES TO THE NORTH AND THE 540,000 SQ FT ST ENOCH CENTRE TO THE SOUTH AND FORMS THE CENTRAL PART OF GLASGOW'S 'GOLDEN Z' OF RETAIL.**

Glasgow receives more than 90 million shoppers per year with 6,600 people passing through Buchanan Street every hour. Glasgow benefits from a wide retail catchment with over 2.2m people within a 45 minute drive of the city centre which creates a comparison spend of £2.56 billion, 2nd only to London in the UK according to CACI.

Glasgow's City Centre is to receive a budget of £115.5 million out of the £1.13 billion Glasgow City Region City Deal, with the specific aim of developing improved infrastructure, including the resurfacing of streets and pavements, improving underground facilities and reducing vehicle traffic in the city centre. Retailers on the street include Apple, Hugo Boss, Massimo Dutti, Ted Baker, Levi's, Nike and Zara.









# DESCRIPTION

The property is prominently situated on Buchanan Street between Exchange Place and Princess Square and accesses the street via a full width glazed frontage. The property is arranged over ground, basement and two upper floors, the first of which is fitted and used by the tenant as offices. The upper floors also have their own separate on street access. The basement comprises staff facilities and storage.





## ACCOMMODATION

Floor	NIA (sqft)
Basement	1,566
Ground	1,484
1st	1,488
2nd	1,588
<b>Total</b>	<b>6,126</b>
Total Reduced Area	1,405

## TENANCY

The property is let in its entirety to Telefonica UK Ltd on a 10 year FRI Lease from 22 December 2017 to 21 December 2027, at a current passing rent of £427,500 (£304 ZA). The property is subject to rent review on 22 December 2022. The tenant is showing a net worth in excess of £1 BN, for their last financial reporting period to the end of December 2018 the company saw a 5% annual increase in turnover to excess of £5.74 BN. This generated a 34% increase in pre-tax profit to £715 M.





## MARKET OVERVIEW

### OCCUPATIONAL

Buchanan Street continues to see strong levels of occupier demand which has led to consistent prime rental growth to see ZA's current sit in excess of £320 per sq.ft.

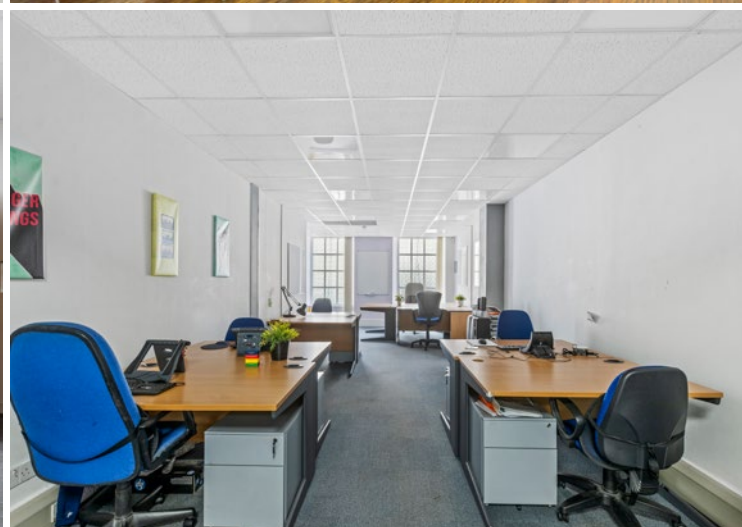
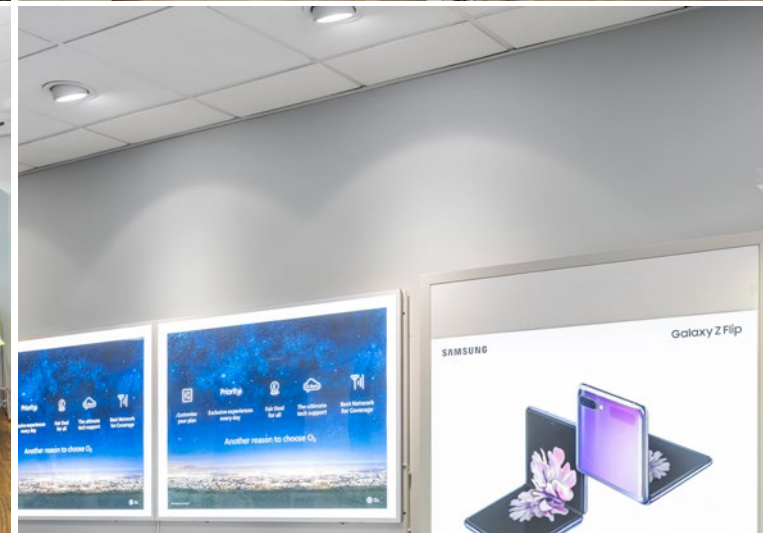
Address	Tenant	Date	Transaction	Zone A Psf
55 Buchanan Street	Omega	2019	Assignment	£320
111 Buchanan Street	Kiehls	2019	Rent Review	£314
55-79 Buchanan Street	Hugo Boss	2019	Renewal	£317
61-79 Buchanan Street	Ted Baker	2018	Rent Review	£314
54 Buchanan Street	Three Store	2018	Assignment / Rent Review	£314
84-90 Buchanan Street	Vodafone	2017	Regear	£320
36 Buchanan Street	Levi	2017	New Letting	£321
50 Buchanan Street	Office Shoes	2017	Rent Review	£314
131 Buchanan Street	T2	2017	New letting	£317
122-124 Buchanan Street	Scribbler	2017	New Letting	£329

## INVESTMENT

A selection of recent investment comparables in the vicinity are outlined opposite.

Address	Tenant	Date	Price	NIY
122-128 Buchanan Street	Scribbler and Swatch	2018	£9.36m	4.2%
130-140 Buchanan Street	Starbucks and Pringle	2018	£14m	4.1%
164 Buchanan Street	Clarks	2017	£4.07m	4.4%
55-59 Buchanan Street	Kiko, Russel & Bromley and Molton Brown	2017	£22.15m	3.99%
106-112 Buchanan St (IVY)	The Ivy, Edinburgh Woollen Mill, Thomas Pink and Nationwide (Office)	2019	£17.2m	4.75%







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## TENURE

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The property is held by way Heritable Title, Scottish equivalent of English Freehold.

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## RATES

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The property has a total rateable value of £295,000 p.a.

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## PROPOSAL

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Offers invited in excess of £6,700,000 reflecting 6% NIY after purchasers costs of 6.6%

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## VAT

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The property has been elected for VAT.

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## EPC

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The property carries an EPC rating of C42. Certificates are available on request.

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## DATAROOM

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A dedicated data room is available. Access details will be made available on request to named parties.

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## CONTACTS

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