

WELL LET FREEHOLD INVESTMENT OPPORTUNITY

CBRE

AH

# ALEXANDER HOUSE

21 VICTORIA AVENUE  
SOUTHEND-ON-SEA, SS99 1BD

ON THE INSTRUCTIONS OF THE  
JOINT FIXED CHARGE RECEIVERS





## EXECUTIVE SUMMARY

Well let investment opportunity.

Located in the south east London commuter town of Southend-on-Sea.

Single let to the undoubted government covenant of The First Secretary of State.

Passing rent of £1,773,742 per annum.

Large site area of 2.543 acres (1.029 hectares).

Freehold.

Totalling 235,679 sq ft.

Long term potential to redevelop the site for alternative uses subject to gaining the necessary planning consents.

The Vendor is seeking offers in excess of **£17,000,000** (Seventeen Million Pounds) subject to contract and exclusive of VAT, for the benefit of the freehold interest in the property. This price reflects a net initial yield of **9.86%** after purchaser's costs of 5.8% and only **£72 psf capital value**.



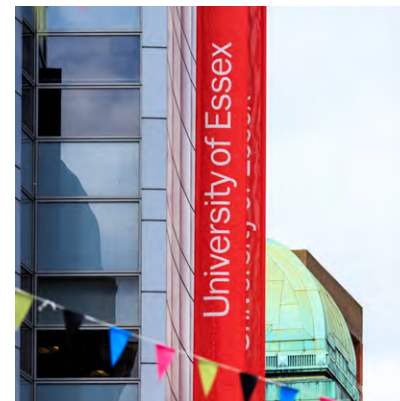




## LOCATION

Southend on Sea lies in the heart of Essex and is a well-established commercial, residential and tourist hub. The town grew rapidly in the 19th century with the arrival of the railway link to London which provided a fast connection for seaside tourists. The town now boasts two railway stations with direct links to London Liverpool Street (Southend Central 1 hour 14 minutes and Southend Victoria 1 hour 16 minutes), as well as an international airport (London Southend Airport) and its own university (The University of Essex).

The town is located 42 miles east of Central London and 20 miles south of Chelmsford. Road links are excellent with the A13 providing direct access to London within 1 hour and 30 minutes.





**AH**  
**ALEXANDER HOUSE**  
SOUTHEND-ON-SEA

**ALEXANDER HOUSE**

Southend Victoria Station ➡

The Range

Victoria Shopping Centre

Sainsburys

Odeon

High Street

University of Essex





## SITUATION

Alexander House occupies a prominent site at the junction of Victoria Avenue, Queensway and Baxter Avenue with frontages to all 3 streets. The property is less than a 1 minute walk from Southend Victoria train station and only 7 minutes' walk from Southend Central train station.

Alexander House is opposite both the High Street and the Victoria Shopping Centre with retailers including; Boots, Next, H Samuel, Pizza Express, Vodafone, Starbucks, New Look, Odeon and Royal Bank of Scotland.



## DEMOGRAPHICS

The total population of the Southend catchment area is 336,000 and it is expected to see growth at the national average over the next 5 years (Promis July 2015).





## DESCRIPTION

The property was constructed in 1973 and comprises a 16 storey office building, a separate single storey office building to the rear used as a data centre and an additional 3 storey car park. The office building was constructed using a concrete frame with an extensively glazed façade. The specification includes:

- 8 x 12 person passenger lifts
- Male, female and disabled WC's on each floor
- Air conditioning
- Suspended ceilings

The site provides for 283 cars with 196 spaces located in the 3 storey car park and 87 surface parking spaces located in front of the property.



## ACCOMMODATION SCHEDULE

### OFFICE BUILDING

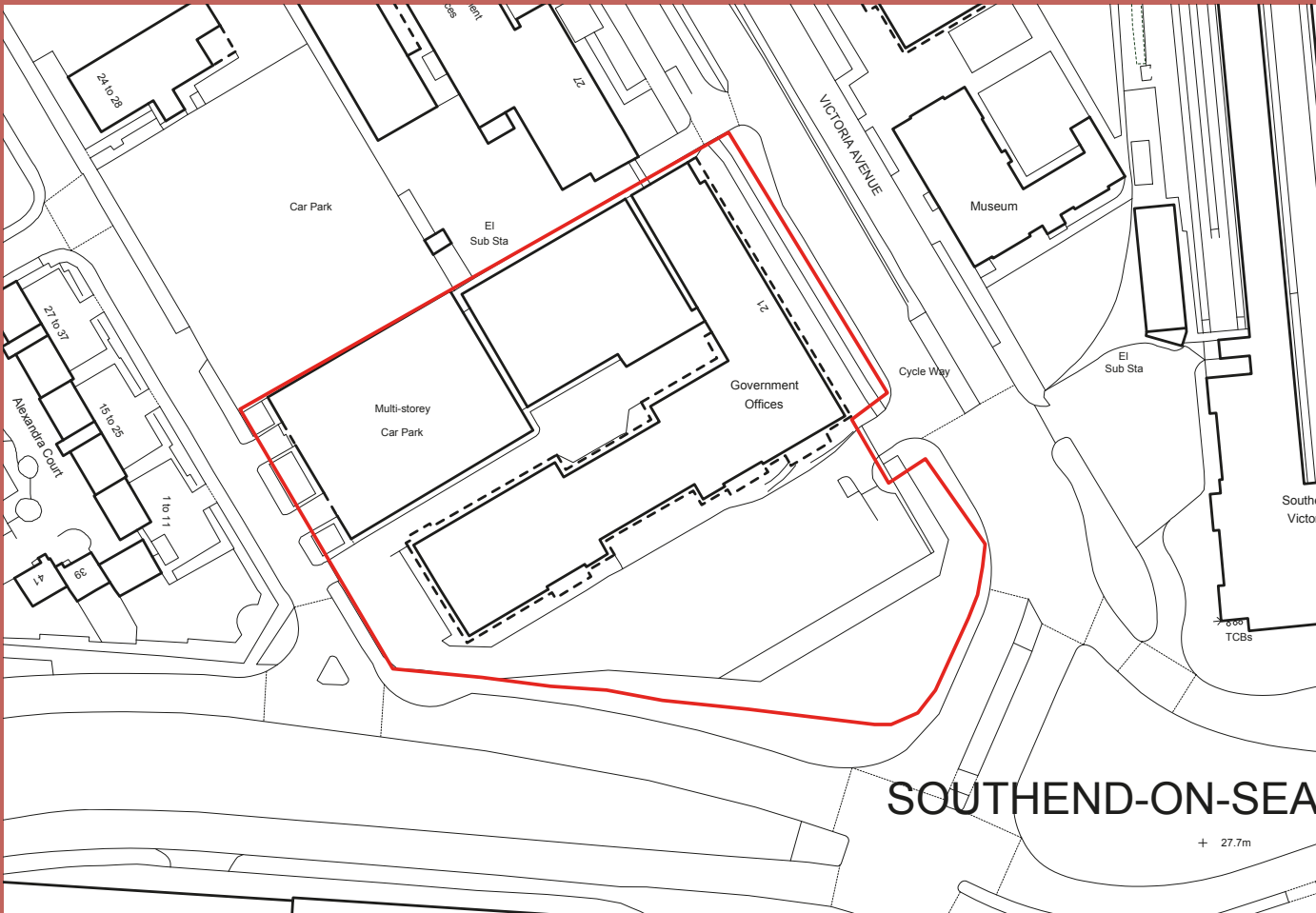
Floor	Use	Sq M	Sq Ft
15th floor	Offices	695.19	7,483
14th floor	Offices	1,370.12	14,748
13th floor	Offices	1,354.33	14,578
12th floor	Offices	1,356.65	14,603
11th floor	Offices	1,356.65	14,603
10th floor	Offices	1,356.65	14,603
9th floor	Offices	1,356.65	14,603
8th floor	Offices	1,356.65	14,603
7th floor	Offices	1,356.65	14,603
6th floor	Offices	1,356.65	14,603
5th floor	Offices	1,356.65	14,603
4th floor	Offices	1,352.01	14,553
3rd floor	Offices	1,356.65	14,603
2nd floor	Offices	1,356.65	14,603
1st floor	Offices	1,529.36	16,462
Ground	Offices	1,380.71	14,862
Ground	Reception	102.01	1,098
<b>TOTAL</b>		<b>21,350.23</b>	<b>229,814</b>

### DATA CENTRE

Floor	Use	Sq M	Sq Ft
Whole building	Data Centre	544.88	5,865
<b>TOTAL</b>		<b>544.88</b>	<b>5,865</b>







## TENURE

The property is held freehold.

## TENANCY AND INCOME

The property is let on 2 coterminous leases as described below.

The office building and multi storey car park are single let to The First Secretary of State on a lease commencing 25th December 2013 and expiring 2nd April 2026. The annual rent is £1,758,658 per annum equating to £7.50 per sq ft having apportioned £39,200 per annum to the multi storey car park.

There is a tenant only break option on 2nd April 2021 with a nine month notice period. The rent is reviewed 5 yearly to the higher of Open Market Value or the passing rent. The next review is 25th December 2018.

The data centre is single let to The First Secretary of State on a separate lease commencing 25th December 2013 and expiring 2nd April 2026. The annual rent is £15,058 per annum equating to £2.57 per sq ft.

There is a tenant only break option on 2nd April 2021 with a nine month notice period. The rent is reviewed 5 yearly to the higher of Open Market Value or the passing rent. The next review is 25th December 2018.

The total income is therefore **£1,773,742 per annum.**

The entire property is occupied by HMRC which houses circa 1,600 permanent employees at the building. HMRC recently rationalised their holdings in Southend and have consolidated many of their staff and functions in Alexander House.

HMRC have occupied the building since 1973.



## DEVELOPMENT POTENTIAL

Due to the large site area and low levels of massing to the rear, the property lends itself to a large scale redevelopment at some point in the future. The property could either be developed in its existing use as offices or for alternative uses subject to the necessary consents.

The property lies within the area covered by the Southend Central Area Action Plan (SCAAP) which sets out the strategy for major change and regeneration of the town centre.

## RESIDENTIAL MARKET

Levels of home ownership in Southend are above the UK national average with 74% of the residents owning their properties. Average house prices in Southend are also above the UK national average and the infrastructure links to London make the town attractive for commuters. The building could also be suitable in the future as a Private Rented Scheme (PRS).

Recent residential sales in Southend include:

Property	Price	Date	Comments
Flat 1, The Pickfords Building, SS2	£250,000	Aug 2014	2 bed flat
11 Clifftown Parade, SS1	£293,000	Sept 2013	2 bed flat
Flat 5, Grange Heights, SS1	£168,000	Feb 2015	1 bed flat
Flat 1, 4 Clifftown Road, SS1	£180,000	July 2014	1 bed flat





## MARKET COMMENTARY

South East offices have performed exceptionally well in 2015 with investors attracted to both rental and capital growth. South East offices have reported a total return of 20.2% in 2015 to date and CBRE predict an annualised total return of 12.6% between 2015 and 2019.

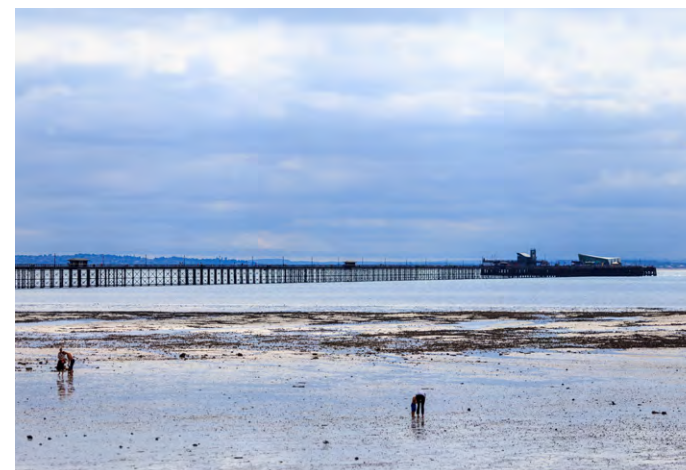
There has also been a surge in occupier activity with rents forecast to grow by 5.8% in 2015 and by an annualised rate of 2.9% from 2015 to 2019.

Recent comparable office lettings in Southend include:

Property	Rent £psf	Date	Comments
Finance House, 20-21 Aviation Way, Southend	£10.78	June 2015	Ground floor letting
10 Alexandra Street, Southend	£7.46	January 2015	First floor letting
Cohav House, 16-17 Aviation Way, Southend	£10.00	August 2014	First floor letting
Princess Caroline House, 1 High Street, Southend	£9.35	June 2014	Ground floor letting

Recent comparable investment sales include:

Property	Price (£million)	NIY	Cap Val £psf	Date	Comments
Warwick House, 67 Station Road, Redhill	£5,180,000	7.90%	£253	Mar 2015	Single let to the First Secretary of State for 6.6 years
Elstree Gate, Imperial Way, Borehamwood	£9,250,000	9.60%	£135	Feb 2015	Let to the First Secretary of State and Cable and Wireless for 6.2 years
Jupiter and Juniper House, Warley Hill Business Park, Brentwood	£8,390,000	8.22%	£221	Feb 2015	Multi let offices with a WAULT of 3.5 years
Apollo and Lunar House, Wellesley Road, Croydon	£94,900,000	5.50%	£215	Available	Single let to the First Secretary of State for 8 years





## PLANNING

The property is located in the county of Essex and administered by Southend on Sea Borough Council. The property is not listed and does not sit within a conservation area.

The property lies within the area covered by the Southend Central Area Action Plan (SCAAP) which sets out the strategy for major change and regeneration of the town centre.

## VAT

The property has been elected for VAT purposes and it is intended to treat the transaction as TOGC so that VAT will not be payable upon the purchase price.

## EPC

The property has an EPC score of 109 giving it a rating of E.

## PROPOSAL

The Vendor is seeking offers in excess of **£17,000,000** (Seventeen Million Pounds) subject to contract and exclusive of VAT, for the benefit of the freehold interest in the property. This price reflects a net initial yield of **9.86%** after purchaser's costs of **5.8%** and only **£72 psf capital value**.

## FURTHER INFORMATION

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