



LONDON COVENT GARDEN WC2

EXECUTIVE SUMMARY

- Prime Covent Garden location
- Freehold with full vacant possession
- A charming Grade II listed property, formerly a Victorian schoolhouse, situated on a triangular site with rear courtyard
- Rare opportunity to acquire a vacant freehold in Covent Garden with potential for a luxury residential development or comprehensive refurbishment of the existing offices
- 22 Tower Street is currently arranged as B1 offices on lower ground, ground and four upper floors
- Existing Net Internal Area of 16,964 sq ft (1,576 sq m) and Gross Internal Area of 20,627 sq ft (1,916 sq m)
- Planning permission was granted by the London Borough of Camden in November 2014 for change of use to provide 22 residential units with a total NSA of 16,559 sq ft (1,538 sq m)
- The property also comprises of 2 Tower Court, a circa 1,350 sq ft residential dwelling
- Offers are invited for the freehold interest

A rare opportunity to acquire a prime freehold investment and development opportunity in the heart of Covent Garden



LOCATION

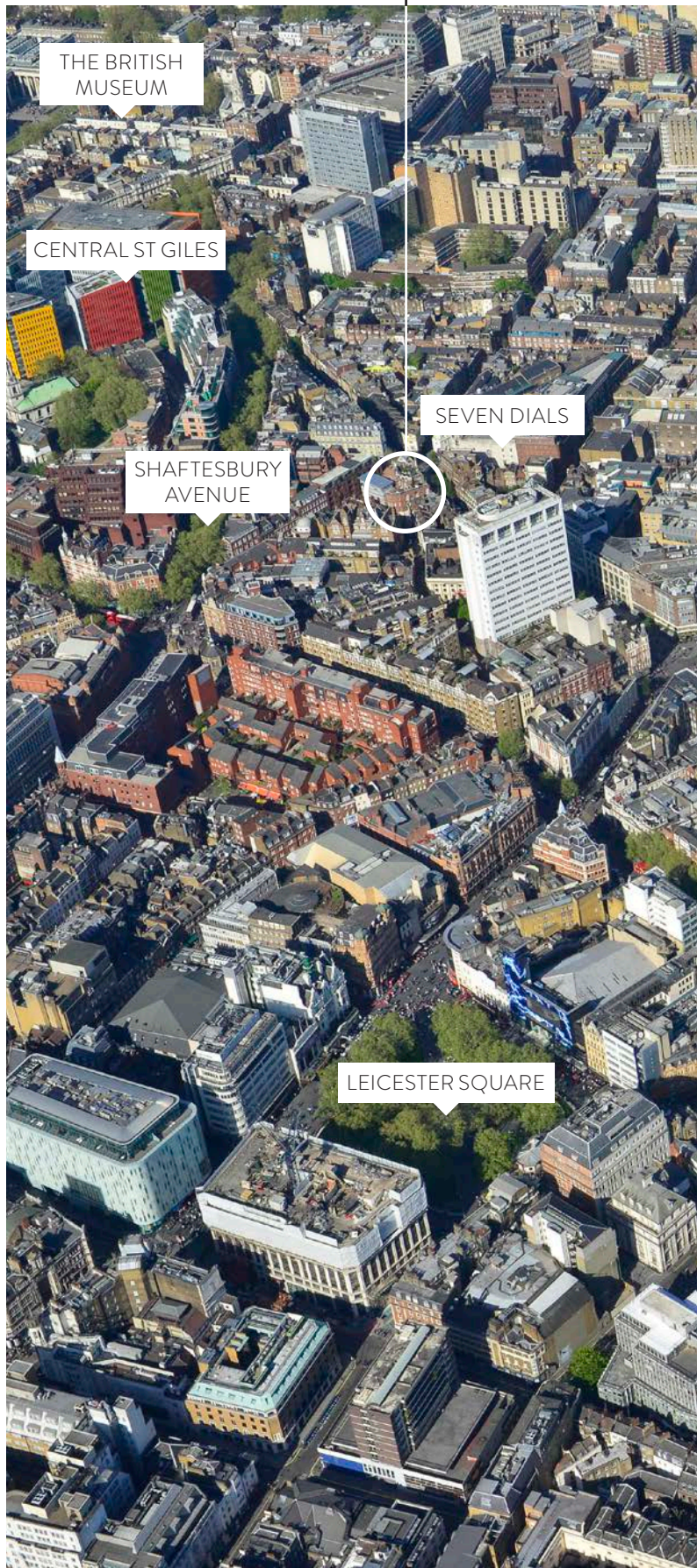
The property is located within the London Borough of Camden in Covent Garden, one of London's most vibrant residential, retail, commercial and leisure destinations.

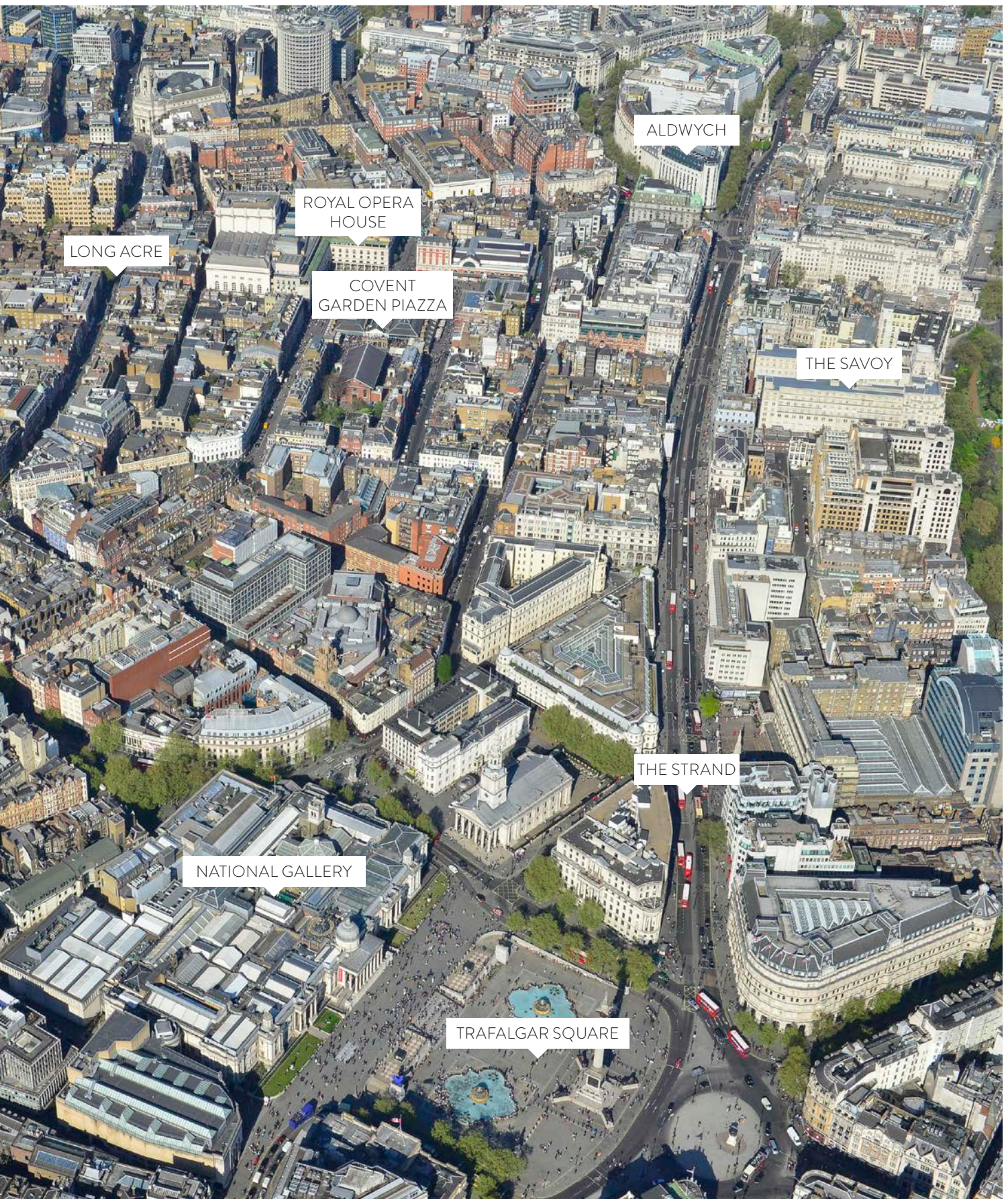
Originally associated with the former fruit and vegetable market and more recently recognised as the theatre capital of London, Covent Garden is forever changing. Over the last 10 years this has been largely due to the strategic planning and investment by key estate holders – Capital & Counties Properties Plc (Capco), Shaftesbury Plc and The Mercers' Company.

The estates holders have focused their attention on creating an upmarket retail and residential district to complement the existing commercial and leisure offer. As a result, over 70 upmarket brands have now been introduced including Chanel, Dior, Burberry Brit, Rugby Ralph Lauren and Apple, who have their largest store in Europe within the Piazza.

As well as enhanced retail, the area also benefits from a variety of internationally recognised restaurants and hotels including The Ivy, Rules, The Savoy and St Martins Lane Hotel.

Office occupiers are also attracted to the diverse nature of Covent Garden with media and advertising companies, large multi-national companies, government departments, financial institutions and professional firms locating there due to the historic character and range of amenities.





SITUATION

The property is situated on the north side of Tower Street on a large 0.20 acre (0.08 ha) triangular site with frontages on to Tower Street and Tower Court. Tower Street links Earlham Street and Shaftesbury Avenue to the north with Upper St Martin's Lane to the south.

The property is equidistant between Seven Dials Circus and Cambridge Circus and is situated, directly opposite the Ambassador's Theatre and St Martin's Theatre on West Street.

Today, Seven Dials is a prosperous and lively area which plays host to a combination of original and independent retailers, destination new-concept restaurants and bars as well as indulgent hotels, helping attract over 45 million visitors every year.

Seven Dials is home to a diverse retail offering including boutique fashion brands, the soon to be opened Luis Vuitton Moët Hennessy skincare brand, Fresh, and leading retailers such as Superdry and Diesel.

Monmouth Street is home to the renowned Covent Garden Hotel with the Radisson Blu Edwardian on neighbouring Mercer Street.



Local Occupiers

1. Yahoo
2. Google
3. Mindshare
4. Robert Walters
5. Apple
6. Marathon Asset Management
7. Lincoln International
8. Chanel
9. Mulberry
10. Jo malone
11. Kurt Geiger
12. Paul Smith

Restaurants & Hotels

1. Le Atelier de Joel Robuchan
2. Clos Maggiore
3. Arbutus
4. Covent Garden Hotel
5. St Martin's Lane Hotel

Theatres and Entertainment

1. Royal Opera House
2. Donmar Warehouse
3. Ambassador's Theatre
4. Cambridge Theatre
5. St Martin's Theatre



CONNECTIVITY



Above: Tottenham Court Road - architects impression of western ticket hall

The location benefits from excellent transport links. Covent Garden (Piccadilly line), Leicester Square (Northern & Piccadilly lines) and Tottenham Court Road (Northern and Central lines) stations are all within walking distance.

Crossrail

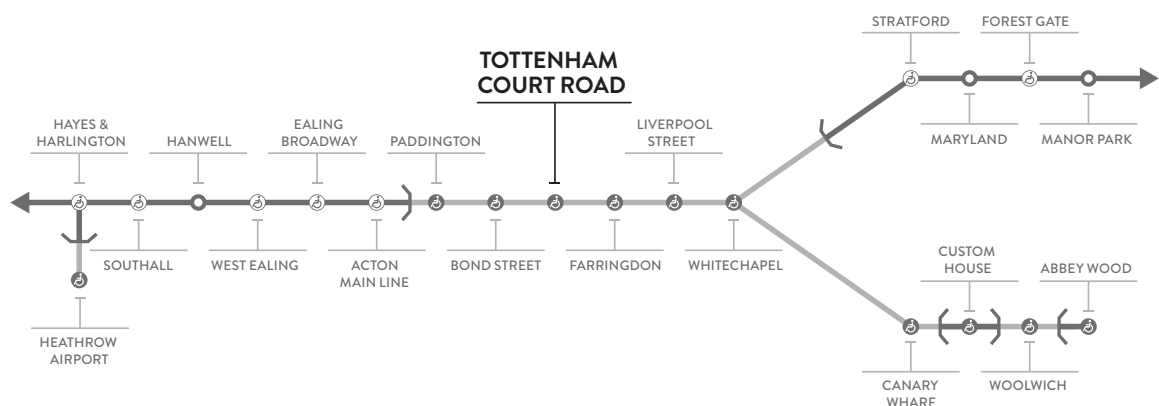
Crossrail is the biggest construction project in Europe and is due for completion in late 2018. This new world class inner-city railway running east to west across a 100km route will provide swift access into and across London.

Tottenham Court Road Station, which is located seven minutes walk from the property, will be a major interchange along this route

and is currently undergoing upgrade works as part of the £15.95bn investment. These works include a new five storey underground station, as well as a larger ticket hall and additional pedestrian access from Dean Street.

Crossrail is expected to bring an additional 1.5 million people within a 45 minute commuting distance from Central London. Tottenham Court Road Station currently provides access for almost 150,000 passengers daily; when Crossrail begins operating in 2018, passenger numbers are anticipated to grow by over 100,000 daily, revolutionising pedestrian flow across the West End.

“Tottenham Court Road Station when opened in 2017/8 is expected to provide access for over 250,000 passengers daily”





DESCRIPTION

The property sits on a generous triangular plot and comprises of 22 Tower Street and 2 Tower Court.

22 Tower Street

22 Tower Street is a prominent red brick property currently arranged as offices over lower ground, ground and four upper floors.

The building was originally constructed around 1874 as a Victorian Schoolhouse and is Grade II listed. It has a broadly symmetrical front elevation with projecting end bays and features a five storey bell tower bay in the north section.

The roof is of steep slate with gabled ends, tall yellow stock brick chimney-stacks and parapets.

The property benefits from 45 metre frontages onto both Tower Street and Tower Court, and has a central entrance with a stucco surround on to Tower Street.

The floor plates within 22 Tower Street are typically circa 2,500 sq ft and provide office accommodation throughout.

The third and fourth floors are set back from Tower Street with a late 20th century glazed wall and curved roof providing galleried space overlooking Tower Street.

The fourth floor benefits from spectacular vaulted ceilings with floor to ceiling heights of up to 5.3 metres (17.5 ft). A fourth floor mezzanine has also been added to the original property.

There is a double height orangery, constructed in 1992, at the rear of the property providing access into the private gardens.

The building includes an 8 person passenger lift to all floors as well as parking on site for two cars.

22 Tower Street comprises the following net internal floor areas.

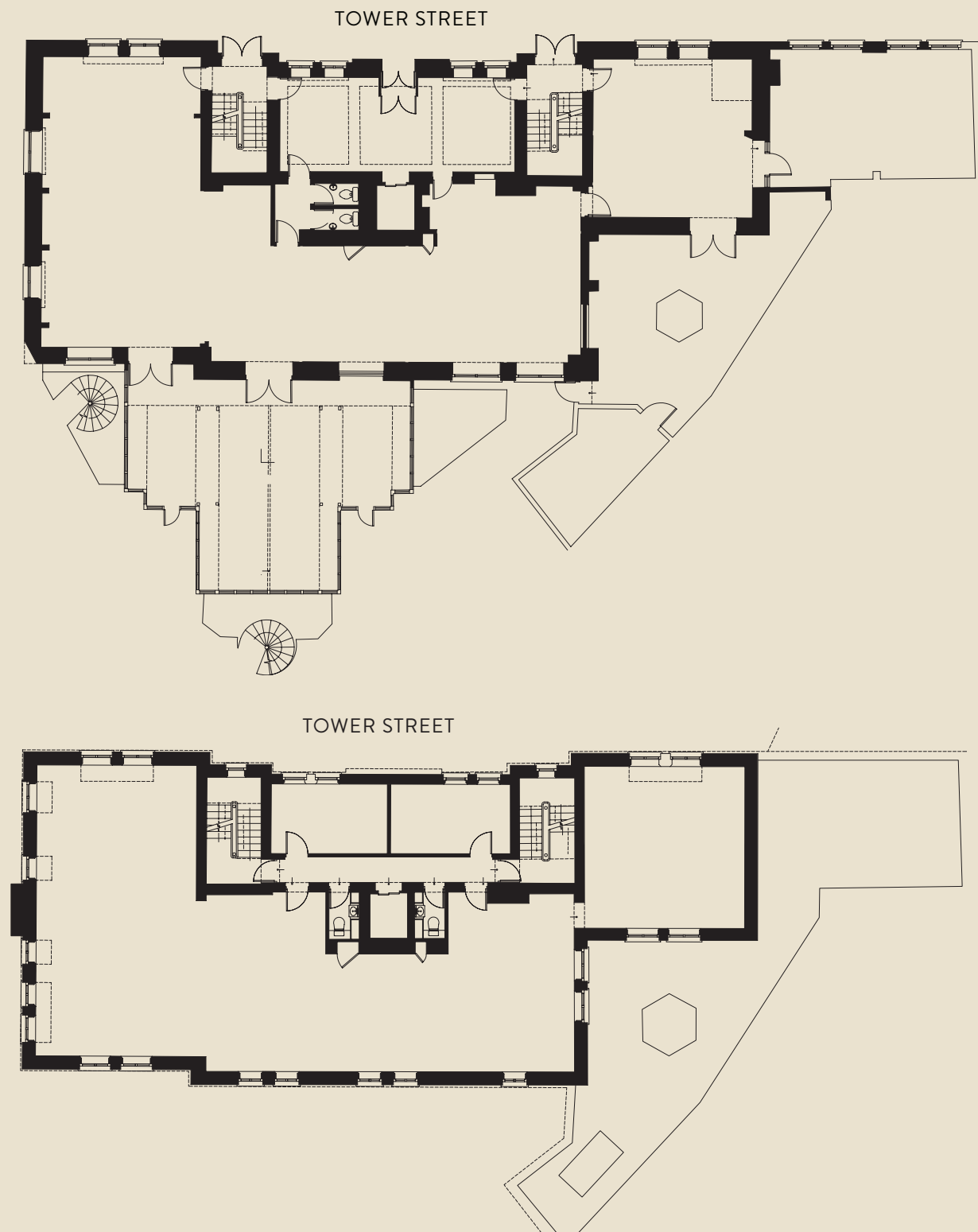
Floor	Use	sq m	sq ft
4th	Office	207.0	2,228
4th	Mezzanine	37.0	398
3rd	Office	234.0	2,519
2nd	Office	234.0	2,519
1st	Office	234.0	2,519
G	Office	271.0	2,917
G	Conservatory	67.0	721
G	Reception	34.0	366
LG	Office	258.0	2,777
G	Car Parking x 2		
TOTAL		1,576.0	16,964

2 Tower Court

2 Tower Court is located in the gardens at the rear of the site with its own private access from Tower Court. The property is arranged over four storeys as a residential house and totals 1,350 sq ft GIA.



EXISTING FLOOR PLANS







PLANNING

The property is located within the London Borough of Camden and falls within the Seven Dials Conservation Area.

In October 2014 planning permission (Ref: 2014/3425/P) and listed building consent (Ref: 2014/3431/L) was granted for:

“Change of use and conversion from offices (B1) to 22 residential units (C3) comprising 3 x studio units, 12 x one-bed units, 5 x two-bed units and 2 x three-bed unit including removal of existing orangery and replacement with new two storey structure.”

The existing planning permission includes the provision of 18 private residential apartments and 4 affordable units. A subsequent planning application (Ref: 2015/2429/P) has been submitted to modify or discharge the affordable housing requirements to provide a Payment in Lieu of on-site affordable housing, which will be determined shortly.

The scheme granted planning permission comprises:

Private Units

Unit	Floor	Beds	NSA (sq m)	NSA (sq ft)
1	LG + Ground	1	93.0	1001
2	Ground	Studio	46.4	499
3	First	1	64.4	693
4	Ground - Affordable	1	53	570
5	LG + Ground - Affordable	2	114.6	1,234
6	LG + Ground - Affordable	3	108.4	1,166
7	Ground - Affordable	2	73.8	794
8	First + Mezz	1	59.9	645
9	First + Mezz	1	68.9	741
10	First	1	77.4	834
11	First	1	62.1	668
12	Duplex	2	70.7	761
13	Second	Studio	46.2	498
14	Second	1	55.1	593
15	Third	3	94.5	1017
16	Third	Studio	37.4	402
17	Third	2	70.6	760
18	Fourth + Mezz	1	63.1	679
19	Fourth + Mezz	1	57.4	618
20	Fourth + Mezz	1	63.3	682
21	Fourth + Mezz	1	67.5	727
22	Fourth + Mezz	2	90.8	977
TOTAL			1,538.4	16,559





CGI of Proposed Rear Gardens and Elevation

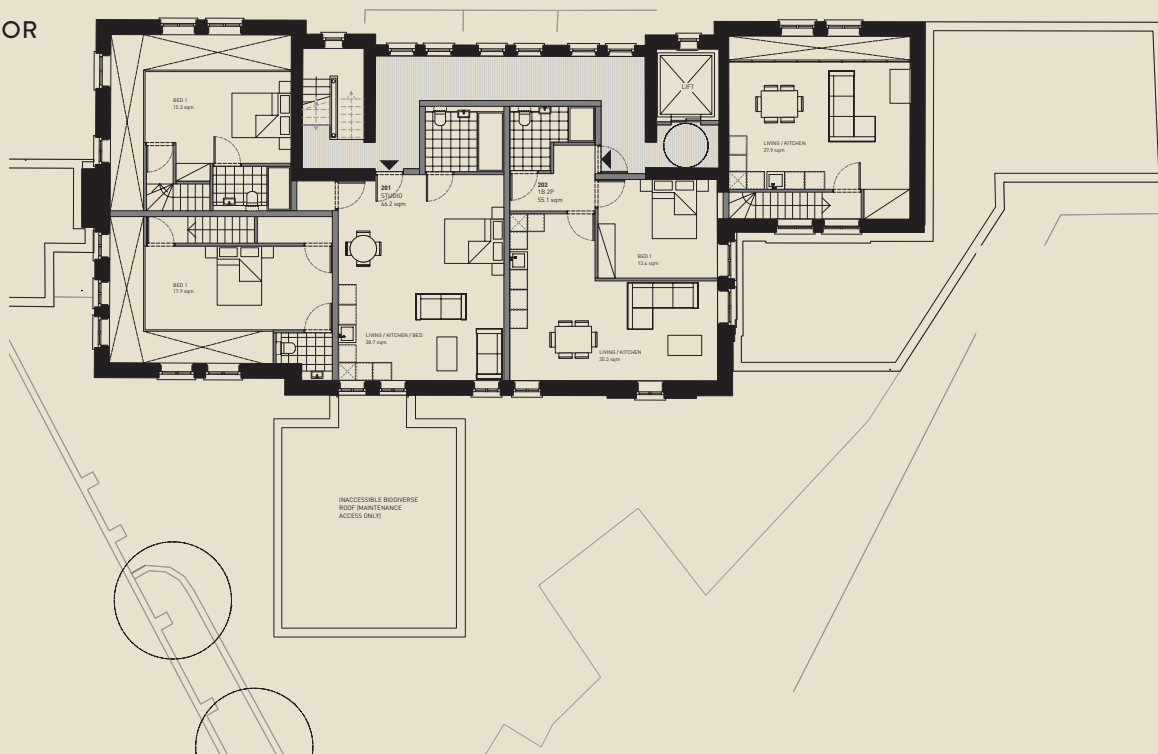


CGI of Proposed Front Elevation

GROUND FLOOR

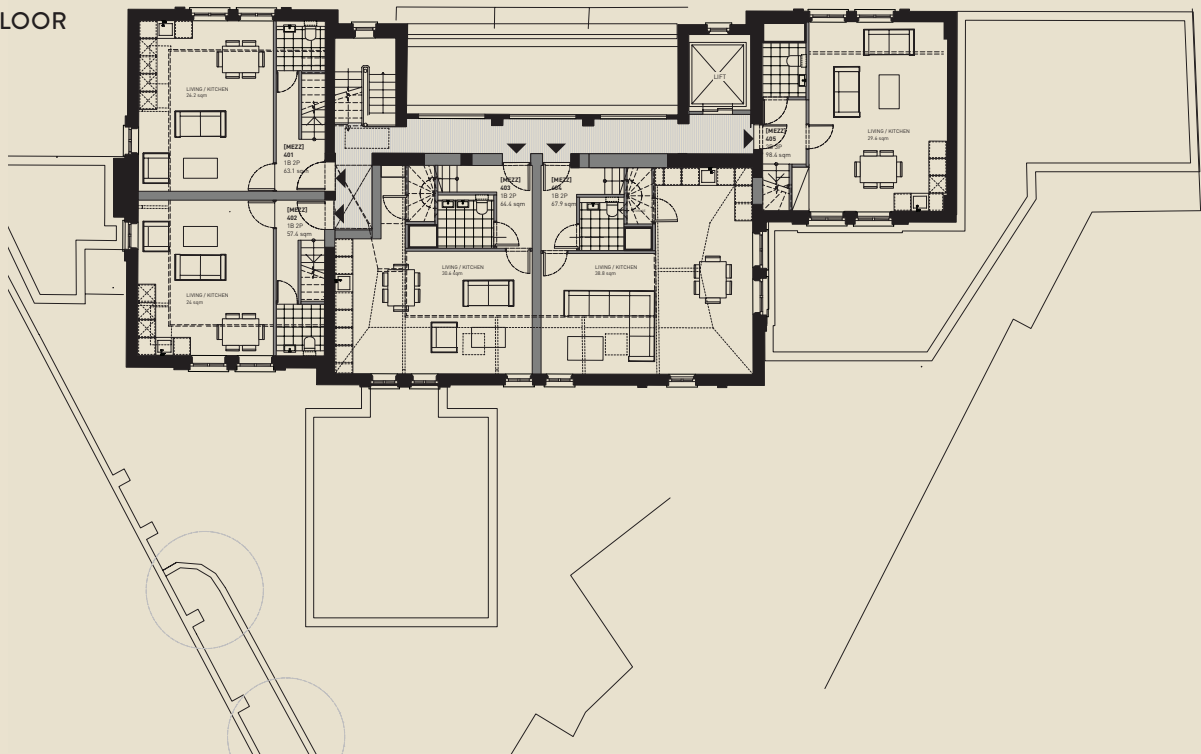


SECOND FLOOR

[illegible]

CONSENTED FLOOR PLANS

FOURTH FLOOR



FIFTH FLOOR



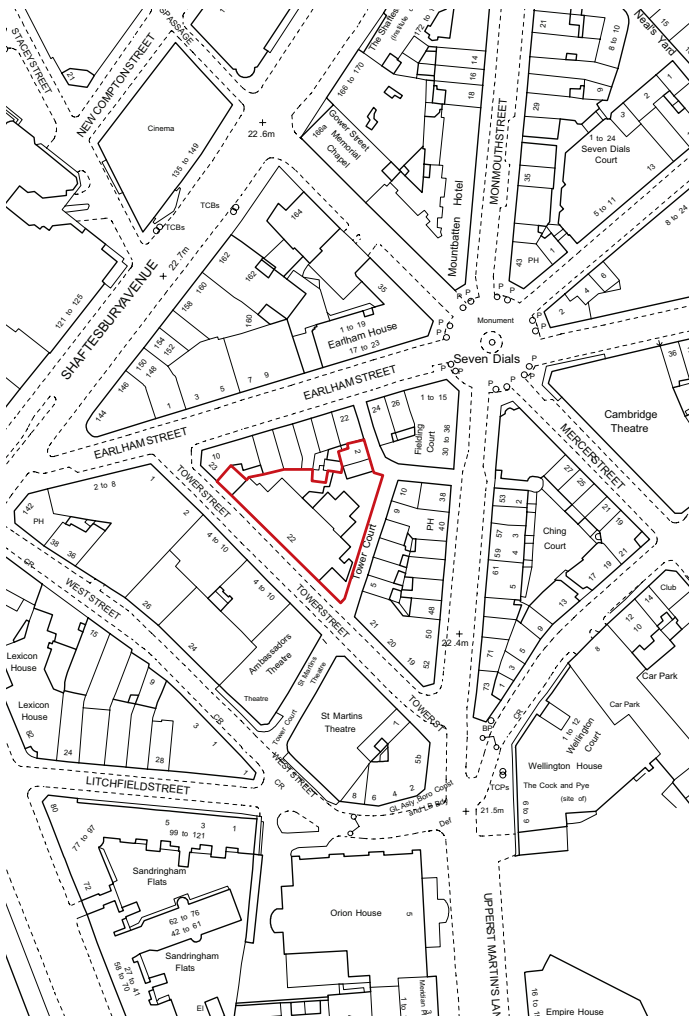
TENURE

Freehold.

The property is registered under the title number NGL743473 and is outlined on the OS Plan below for identification purposes only.

TENANCY

The property will be sold with full vacant possession.



NOTE:- Reproduced from the Ordnance Survey Map with the permission of the Controller of H.M. Stationery Office. © Crown copyright licence number 100024244 Savills (UK) Ltd. NOTE:- Published for the purposes of identification only and although believed to be correct accuracy is not guaranteed.





MARKET COMMENTARY

Office Commentary

Office take up across Central London continues to confound supply shortages. Media and Tech occupiers still represent the largest business sector for take up but Banking and Financial services is not far behind.

This is particularly relevant for Covent Garden which has long attracted a very broad cross section and this is evidenced by the wide variety of well-known companies located here. Covent Garden has benefitted greatly from the current and continuing tech boom. Amongst all West End submarkets, it now has the highest concentration of Media and Tech occupiers.

Within the Covent Garden area there is a total of circa 10 million sq ft of office space. Current vacancy rates are just below 4% and grade A availability below 2%. With no significant new supply in the pipeline we would expect this vacancy rate to fall further in the short term.

Current headline rents are around £75 per sq ft, with isolated examples of lettings occurring in the mid £80's per sq ft on Long Acre and in Orion House. In Covent Garden, the lack of supply is particularly pronounced with an exceptionally low vacancy rate and restricted development pipeline. We anticipate continued upward movement in prime rents over the next three years with voids and incentives tightening further due to this structural imbalance. This is likely to benefit the better quality and refurbished second-hand accommodation which will appear to be at a significant discount to the very best space, yet providing flexible space in the same location.

Recent Leasing Transactions

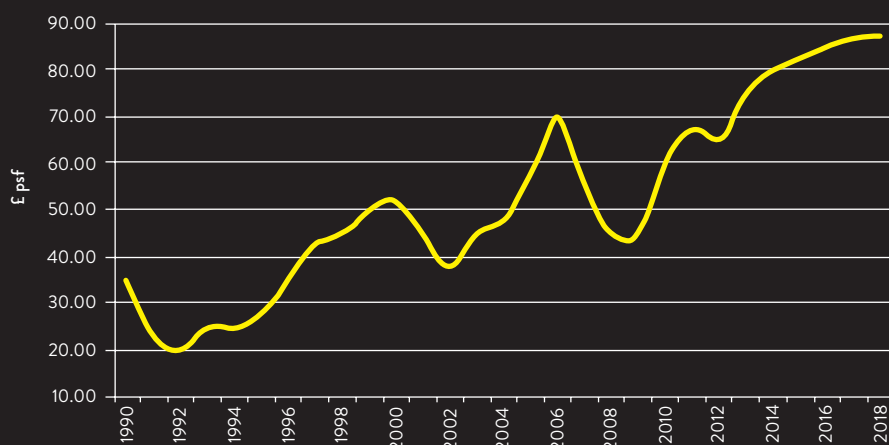
Date	Property	Size (sq ft)	Rent (psf)	Lease	Tenant
June 2015	17 Slingsby Place	3,017	£75.00	10 yr with 5yr break	U/O Confidential
June 2015	21 Tower Street	4,356	£64.00	10 yr with 5yr break	Libertine London Ltd
June 2015	77 Kingsway	5,241	£57.00	15 yr with 10yr break	CMI
June 2015	1 Kingsway	13,950	£62.50	11 yr with 5 mth RF	Handlesbanken
May 2015	The Adelphi, 1-11 John Adam Street	37,588	£75.00	15 yr	Assoc. of Chartered
May 2015	Orion House, St Martins Lane	5,832	£83.50	10 yr	United Artists
May 2015	55 Drury Lane	5,474	£67.50	10 yr	Northern Powergrid
Apr 2015	Davidson Building, 5/8 Southampton Street	6,234	£72.50	10 yr	First Utility
Apr 2015	Berkshire House, 168/173 High Holborn	5,075	£58.00	10 yr with 4 yr brk	ITHR Consulting
Apr 2015	6 Kean Street	2,969	£60.00	5 yr	SVG Capital

Investment Transactions

The weight of global capital competing for prime real estate coupled with limited supply and strong forecast rental growth is driving investment performance. The prime West End office yield is around 3.50% and the outlook for Q4 2015 looks positive with demand showing no sign of abating. Some relevant freehold investment transactions are provided in the table below.

Address	Price	Capital Value	NIY	Tenure	Date
30 – 33 Henrietta Street, WC2	£15,200,000	£1,326 psf	2.25%	FH	Aug-15
64 – 76 New Oxford Street, WC1	£36,500,000	£1,438 psf	-	FH	May-15
31-33 Bedford Street, WC2	£30,245,000	£1,229 psf	-	FH	Jan-15
Hend House, 233 Shaftesbury Ave, WC2	£21,350,000	£1,467 psf	3.83%	FH	Dec-14
10 Bedford Street, WC2	£65,100,000	£1,330 psf	3.91%	FH	Oct-14

Covent Garden Headline Rents and Forecast 1990-2018



We also highlight that the trend for rental growth in the Central London A3 market looks set to continue. Restaurant availability, especially for large units with outdoor space, is highly restricted. This is set against consistently high demand levels, owing to high footfall driven by increasing tourist and visitor numbers which will grow further with the arrival of Crossrail.

Residential Commentary

Covent Garden has emerged as a vibrant residential market with the delivery of a number of high profile residential schemes, which have attracted a wide demographic of purchasers. This includes the private rented sector, which has grown by 65% over the past ten years with 35% of Covent garden residents now renters.

This vibrancy coupled with the fantastic retail and leisure offer, in comparison to other parts of Prime Central London, has dictated that the greatest proportion of residents fall within the 30 – 44 age bracket. It is also estimated that a third of local residents are aged 29 or younger, which accounts for the dramatic increase in students living in this area over the last ten years attracted by the proximity to some of the world's leading universities.

Until recently, it has been the core Prime Central London locations such as Kensington and Mayfair where Super Prime (£2,000/sq ft+) values have been achieved. This expansion of super prime has seen Covent Garden new build schemes achieving in excess of £2,500 per sq ft and has drawn purchasers from the more traditional golden postcodes. These purchasers are attracted by the diversity of the area and the perception of getting 'more for your money'.

Prime London House prices rose by an average of 2.6% in 2014. Although Savills research anticipates a slight drop in house prices this year due to political uncertainty, the General Election result has elicited a positive sentiment boost for the housing market, having helped de-risk investment into the London market in the short and medium-term.

Furthermore, moving forward, the outlook remains positive, Savills is forecasting a five year price growth of 22.7% in the prime markets of London. As ever, the fundamentals of investing in London still remain strong, as the city continues to be a political and legal safe haven, home to an exceptional system of education institutions, has a strong and stable currency and operates in a globally accessible time zone.

Similarly, the outlook for the prime rental market is also positive. The strengthening London economy and the continued expansion of sectors such as technology and telecommunications will underpin the continued demand for prime rental property in London, with Savills forecasting five year rental growth of 17.1%.

PROPOSAL

Offers are invited for the freehold interest of both 22 Tower Street and 2 Tower Court.

VAT

The property is elected for VAT.

FURTHER INFORMATION

Further information is available at www.savills.co.uk/22towerstreet

This includes:

- Brochure
- Existing floor plans (CAD and PDF)
- Consented floor plans (CAD and PDF)
- Consented planning application documents
- Title register and plan
- Energy Performance Certificates
- Asbestos register

VIEWINGS

All viewings are by appointment only through the joint selling agents. Please contact any of the agents listed below to arrange a viewing.

CONTACTS

For further information please contact:

Savills

Andrew Boyd

Director
Residential Development
+44 (0) 20 7409 9993
+44 (0) 7807 999 079
aboyd@savills.com

Lizzie Parrot

Associate
Residential Development
+44 (0) 20 7409 9943
+44 (0) 7807 999 502
lparrott@savills.com

Darren Arnold

Director
Residential Development
+44 (0) 20 7409 9926
+44 (0) 7967 555 521
darnold@savills.com

Colliers International

Jonathan Evans

Director
Capital Markets
+44 (0) 20 7344 6585
+44 (0) 7949 108 408
jonathan.evans@colliers.com

Robert Johnston

Surveyor
Capital Markets
+44 (0) 20 7344 6546
+44 (0) 7917 58 4104
robert.johnston@colliers.com

Catherine Tilley

Surveyor
West End Offices
+44 (0) 20 7487 1987
+44 (0) 7795 445 833
catherine.tilley@colliers.com



Important Notice

Savills, Colliers International (the joint sales agents) and their clients give notice that:

1. They are not authorised to make or give any representations or warranties in relation to the property either here or elsewhere, either on their own behalf or on behalf of their client or otherwise. They assume no responsibility for any statement that may be made in these particulars. These particulars do not form part of any offer or contract and must not be relied upon as statements or representations of fact.
2. Any areas, measurements or distances are approximate. The text, photographs and plans are for guidance only and are not necessarily comprehensive. It should not be assumed that the property has all necessary planning, building regulation or other consents and Savills have not tested any services, equipment or facilities. Purchasers must satisfy themselves by inspection or otherwise.

Designed and Produced by Savills Marketing: 020 7499 8644 September 2015