

OFFICE FOR SALE

**CHALLENGE HOUSE**  
**29 CANAL STREET**  
**GLASGOW**  
**G4 0AD**



**Reith  
Lambert**

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## INVESTMENT SUMMARY

- Exceptional location adjacent to M8 motorway offering excellent connectivity to the Scottish motorway network.
- Let to various charitable organisations on flexible/short term deals.
- Net rent of £62,125 pa compared to an ERV of £116,925 pa.
- Net Internal Area of 10,342 sq ft (961sq m).
- Site area of approximately 0.33 acres.
- Potential for variety of uses including office, student, residential (subject to planning).
- 19 car parking spaces providing an excellent ratio of 1:544 sq ft.
- Heritable interest (Scottish equivalent of English Freehold).

**OFFERS OVER £500,000**  
**NET INITIAL YIELD – 11.89%**  
**REVERSIONARY YIELD - 22.38%**  
**LOW CAPITAL VALUE - £48.34 psf**

## GLASGOW

Glasgow is the largest city in Scotland with a population of around 600,000. The Greater Glasgow conurbation has a population in the order of 1.7 million. Glasgow is Scotland's largest centre of employment producing a gross value added of £19.3 billion, 16.3% of Scotland's total output. In the last decade, there has been significant public sector investment which has led to over 100 companies relocating to Glasgow.

## LOCATION

The building is prominently situated on the northern edge of Glasgow city centre fronting the M8 at junction 16. The building is also accessible by public transport with Cowcaddens Subway and Buchanan Street Bus station 5 minutes' walk and the city centre 10 minutes' walk.

In recent years the surrounding area has seen significant development across a broad range of sectors including, student residential, office, self-storage, car showrooms and residential.



Challenge House, 29 Canal Street, Glasgow, G4 0AD



## SPECIFICATION

The property comprises a 4-storey office building constructed in 1994. It extends to a net internal area of 10,342 sq ft; 8,930 sq ft office and 1,412 sq ft storage (which is accessed via a roller shutter door from the car park). Floor plans area available on request.

- 8-person passenger lift.
- Partial raised access flooring.
- Suspended ceilings (excepting the top floor).
- Floor to ceiling glazing.
- Secure car parking for 19 vehicles (excellent ratio of 1:544 sq ft).
- Site area of approximately 0.33 acres.



## TENANCIES

The property is owned by The Challenge Trust who are a charitable organisation. The strategy for the building has been to provide affordable accommodation to charitable organisations. The suites are let on a variety of monthly, short and medium term lease and licence arrangements. The tenants have generally been long term occupiers with an average occupation in excess of 11 years.

In order to protect the existing tenants and to provide flexibility for potential purchasers, all tenants are being asked to agree a new licence which will run until 18 July 2019. The licences will allow a purchaser to obtain vacant possession or negotiate new agreements from this date. The licences will include rent and service charge (for the day to day management of the building). The licenses will specifically remove any liability for dilapidations or works to the fabric of the building up until 18 July 2019.

The gross rent of £63,841 pa reduces to £62,125 pa after deducting the service charge shortfall of £1,716 resulting from the vacant units. A tenancy schedule can be provided to seriously interested parties.

The net internal floor areas of the building are set out on the schedule opposite.

## CONDITION

There are various items of maintenance required on the building. Full details can be provided to interested parties via a schedule provided by JC&P Building Surveyors. The condition of the building has been factored in to the quoting price.



Floor	Suite	Area sq ft	Let / Vacant
<b>Ground</b>	Warehouse	1,412	Communal Storage
	GR1 office	874	Let
<b>First</b>	1A1	576	Vacant
	1A2	271	Let
	1B	398	Let
	1C	1,510	Let
<b>Second</b>	2A	1,963	Let
	2B	1,046	Let
<b>Third</b>	3A	215	Vacant
	3B1	95	Let
	3B2	95	Vacant
	3B3	431	Let
	3C	649	Meeting Space
	3D	807	Let
<b>TOTAL</b>		<b>10,342</b>	

## SERVICE CHARGE

The service charge budget for the year to 28/11/2019 is £11,138 pa. There is full recovery from the occupied accommodation and a shortfall of £1,716 pa from the vacant suites. Details are available on request.

## PLANNING

The property is located within the Townhead/Cowcaddens Economic Development Area. The Glasgow City Plan identifies the area as having potential for managed change and supports alternative uses.

## TITLE

The demise is outlined red on the title plan.

## RATEABLE VALUE

Each office is assessed separately for rating purposes and all qualify for 100% rates relief to qualifying occupiers under the Small Business Bonus Scheme.

## EPC

A copy can be made available on request.

## VAT

The property has been elected for VAT and therefore VAT will be payable in respect of the purchase price. We anticipate the transaction can be treated as a TOGC (Transfer of Going Concern).

## TENURE

Heritable (Scottish equivalent of English Freehold).



## PROPOSAL

Offers over **£500,000** reflecting a NIY of **11.89%**, a reversionary yield of **22.38%** (based on our stated ERV's) and a low capital value of **£48.34 psf** assuming standard purchasers' costs of 4.50%.

## CONTACT

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