



**3 ST PAUL'S PLACE
NORFOLK STREET
SHEFFIELD S1 2JE**

SUSTAINABLE BEST IN CLASS MULTI-LET OFFICE BUILDING

 **CUSHMAN &
WAKEFIELD**



INVESTMENT SUMMARY

- Grade A Office building extending to 76,460 sq ft over ground to 9th floors
- Located in St Paul's Place; Sheffield's prime office pitch
- Excellent ESG credentials with an EPC rating of 'B', BREEAM 'Excellent' and connectivity to district heating network
- Strong & diverse tenant line up including Freeths LLP, TES Global and Ove Arup & Partners
- 60% of the income secured against D&B 5A1 rated covenants
- Total passing gross passing rent of £1,872,861.27 p.a reflecting a reversionary average rent of £24.18 psf for the office space
- 1 service charge cap leading to a net operating income of £1,793,529.27 p.a
- WAULT of 3.4 years to expiry and 2.4 years to breaks

PROPOSAL

We have been instructed to seek offers in excess of **£17,680,000 (Seventeen Million, Six Hundred and Eighty Thousand Pounds)** Subject to Contract and exclusive of VAT. A purchase at this level is reflective of a **NIY of 9.92%**, a triple **NIY of 9.50%** and a **Capital Value of £231 psf**.

SHEFFIELD

The city has significantly transformed to a service-led economy with specialisms in technology and advanced manufacturing worth over £30 billion.

Sheffield City Region made history when it negotiated its unique devolution deal with Central Government, injecting £1.3 billion into the local economy over a 30-year period. The deal gives Sheffield devolved decision making powers on infrastructure, transport, skills, housing and drivers of business growth.

Anchored by two exceptional universities with 60,000+ students and landing significant public and private investment, Sheffield has gained a reputation as a vibrant digital cluster and driving force within the UK's Northern Powerhouse.

In recent years, Sheffield has undergone significant regeneration with large investment into improving the office, retail, residential and outdoor space offered by the CBD.

DEVELOPMENTS INCLUDE

HEART OF THE CITY II

Following on from the £130 million, Heart of the City I mixed use development which completed in 2016.

Heart of the City II comprises the redevelopment of a 1.5 million sq ft, 7-hectare site at a cost of £500 million, and is expected to generate 5,500 - 7,000 jobs.

Occupiers include HSBC, CMS and DLA who have taken 140,000 sq ft, 45,000 sq ft and 17,000 sq ft respectively.

ADVANCED MANUFACTURING INNOVATION DISTRICT

2,000-acre Innovation District created by a partnership between Sheffield's two universities, business and the region's Local Authorities.

WEST BAR SQUARE

A new 700,000 sq ft office-led mixed-use scheme accommodating up to 1,800 workers, as well as retail, leisure, a hotel and 350 BTR homes

L&G have invested £150 million into the first phase of the scheme

THE MOOR

Sheffield City Council spearheaded the regeneration of the 28-acre retail and leisure city centre estate alongside various invested partners

The first phases have delivered a new multi-storey car park, cinema and retail.

Further phases are expected to deliver 1,100 build-to-rent residential units & 300 student beds.





SHEFFIELD CITY HALL

HEART OF THE CITY:
HSBC, HENRY BOOT
CMS, DLA PIPER

2 ST PAUL'S PLACE:
DEPARTMENT OF
EDUCATION

1 ST PAUL'S PLACE:
KNIGHTS PLC

TOWN HALL

SHEFFIELD CITY
COUNCIL

PEACE GARDENS

MERCURE

WINTER GARDENS

3

Q PARK

NOVOTEL

ST PAUL'S CITY LOFTS

SHEFFIELD HALLAM
UNIVERSITY

SITUATION

Adjacent to the 'Heart of the City' scheme, St Paul's Place is the prime office pitch in the heart of Sheffield, ideally placed to benefit from the wide range of amenity and transport infrastructure offered.

It is the last phase of 3 offices totalling 260,000 sq ft with occupiers for the first 2 buildings including Barclays Bank, RBS, Coutts & Co, PWC, Lambert Smith Hampton, multiple government departments and numerous restaurants and coffee shops.



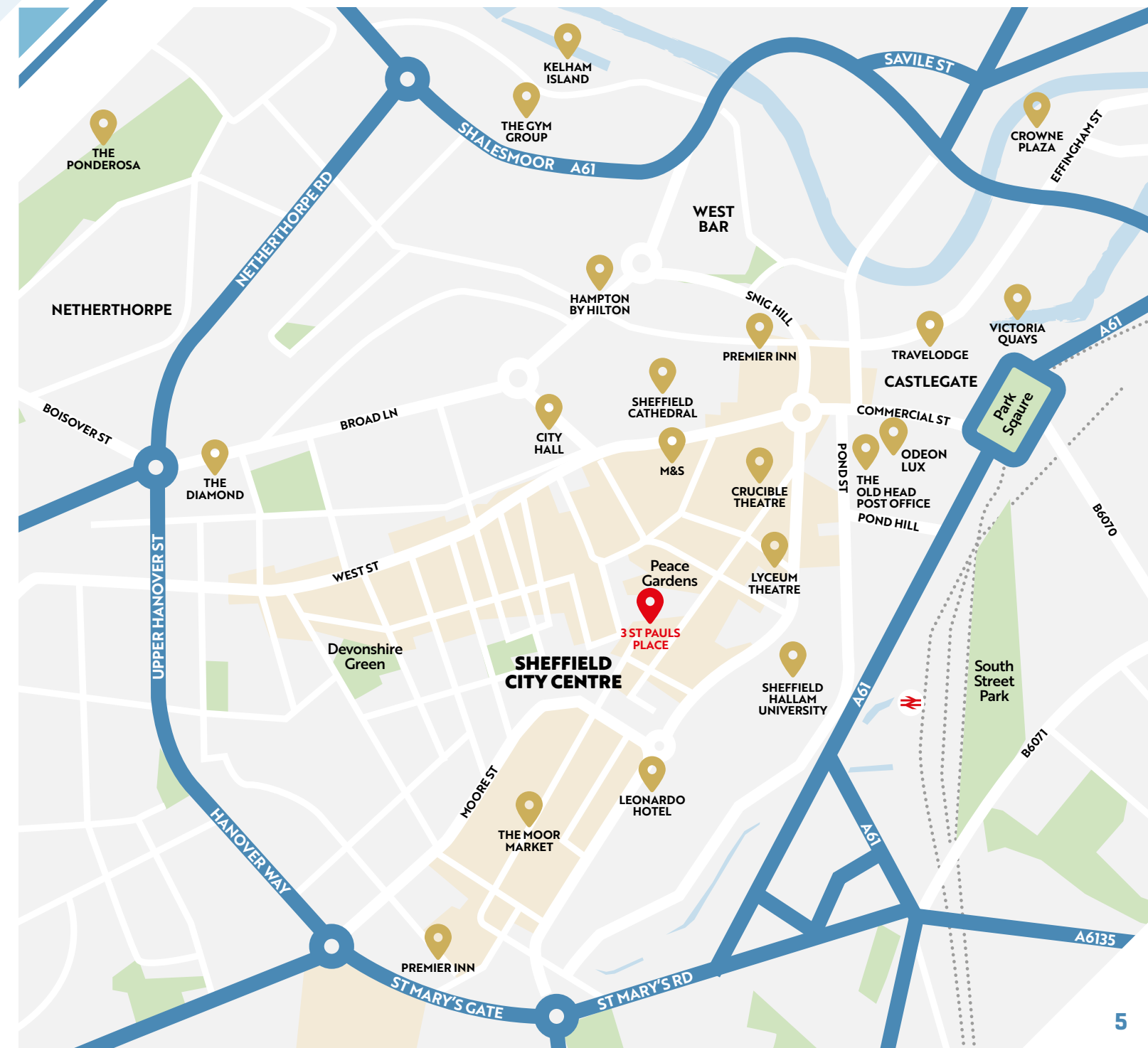
St Paul's Place is also just a 7 minute walk from Sheffield Railway Station, opposite Sheffield Town Hall and the Peace Gardens public square providing an attractive setting with ample amenity provision



City	Drive Time
Nottingham	50 mins
Leeds	55 mins
Manchester	1 hr 10 mins
Birmingham	1 hr 30 mins

City	Time by Rail*
Leeds	40 mins
Manchester	50 mins
Nottingham	50 mins
Birmingham	1 hr 5 mins
London	2 hrs

*from Sheffield Train Station





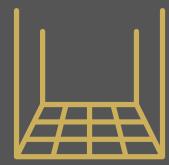
SPECIFICATION



15 secure
basement
car spaces



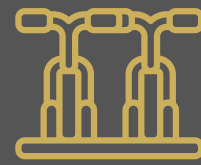
Impressive
building
reception
and lounge
lobby



Column
free
floorplates



3
passenger
lifts



120
basement
cycle racks



Club style
shower,
changing
and locker
facilities



2.75m floor
to ceiling
height

ESG

BREEAM®

BREEAM
Excellent



EPC B



District
Heating
System

*(supplied by a waste
to energy plant
which uses non-
recyclable waste)*



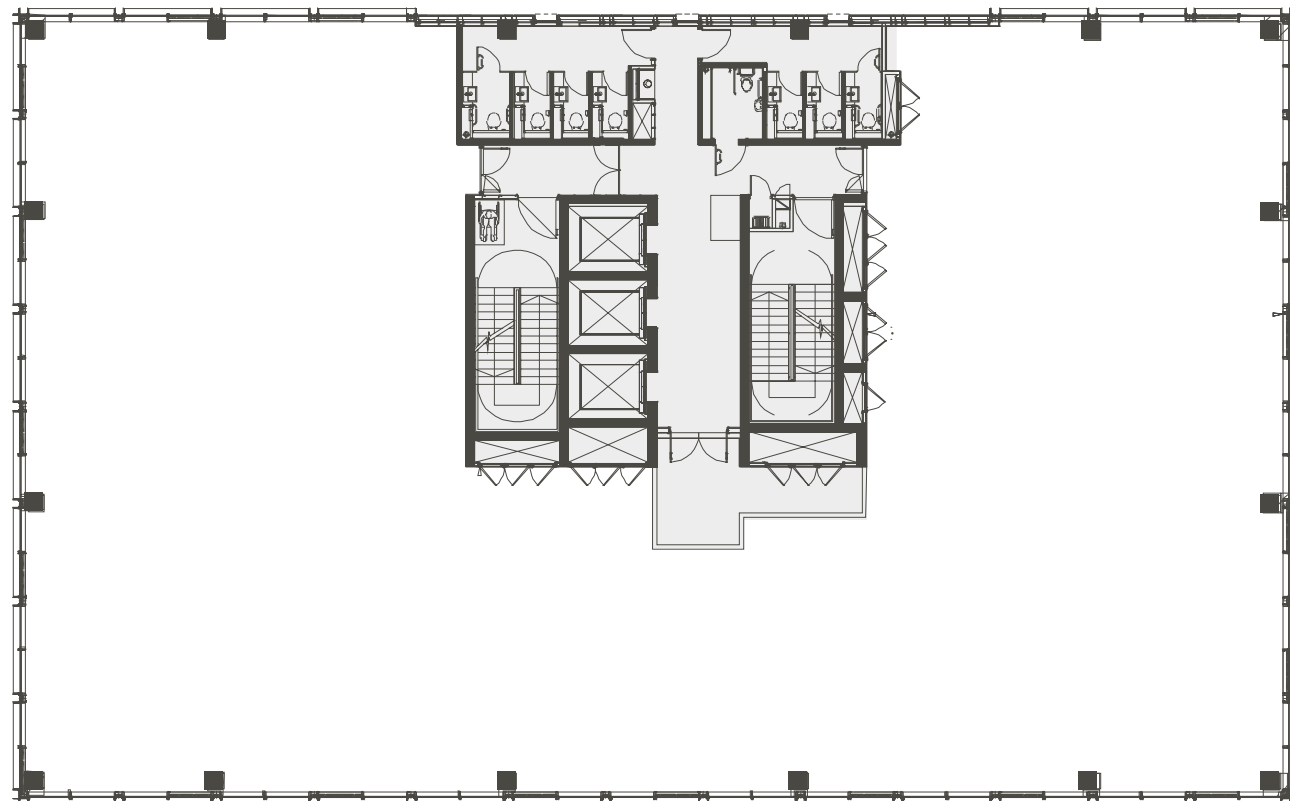
No
provision
of gas

ACCOMMODATION

Unit	Area IPMS 3		Area NIA	
	Sq m	Sq ft	Sq m	Sq ft
Gnd	259.1	2,789	249.3	2,684
Gnd	153.3	1,650	146.9	1,581
1st	759.8	8,178	754.7	8,124
2nd	759.8	8,178	754.5	8,121
3rd	759.3	8,173	754.2	8,118
4th	759.6	8,176	754.1	8,121
5th	759.4	8,174	743.9	8,007
6th	759.8	8,178	754.6	8,122
7th	759.8	8,178	740.1	7,967
8th	759.5	8,175	754.4	8,121
9th	766.3	8,248	759.9	8,180
TOTAL	7,255.7	78,097.0	7,166.6	77,146

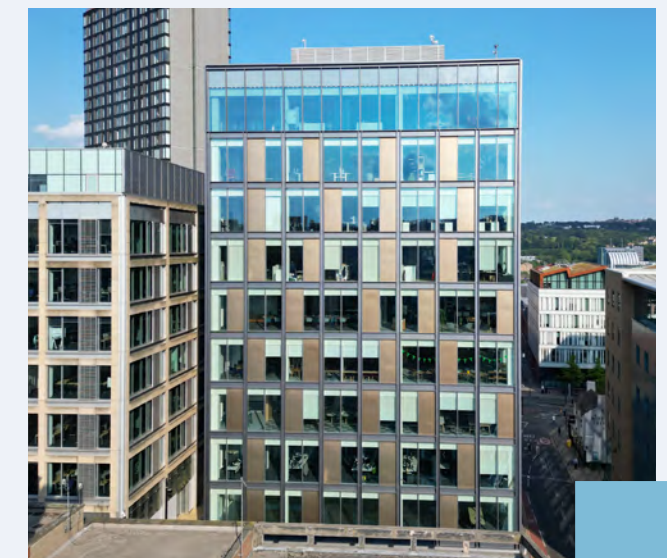


INDICATIVE FLOORPLATE



TENANCY

Floor	Tenant	Area (sqft) NIA	Parking Spaces	Lease Start	Break Date	Next Rent Review	Lease Expiry	1954 Act	Rent (£psf)	Rent (pa)	Service Charge (pa)	Comments
Part Ground	Rise at Seven Ltd	2,684	0	30/06/2020	30/06/2026		29/06/2030	Outside	£25.98	£69,725.00	£29,524.00	Advanced sub-tenant interest. Tenant not in occupation.
Part Ground	Allegheny Technologies Ltd	1,581	0	10/11/2022	09/11/2027	10/11/2027	09/11/2032	Outside	£26.09	£41,250.00	£17,391.00	9 month break notice.
Part 1st	Vacant	4,178	0						£27.50	£108,628.00	£45,958.00	2 years rent, rates & service charge guarantee.
Part 1st & 2nd	Ansys UK Ltd	11,380	3	08/04/2019	08/04/2026	09/04/2024	07/04/2029	Inside	£24.50 Parking £1,750	£284,060.00	£125,180.00	9 month break penalty. Rent review outstanding.
3rd & 4th	TES Gloval Ltd	16,239	3	27/04/2018			26/04/2028	Inside	£23.66 Parking £1,750	£389,451.50	£178,629.00	Break not exercised.
Part 5th (unit A)	Freeths LLP	5,918	1	23/01/2018			22/01/2028	Inside	£25.21 Parking £1,750	£150,950.00	£65,098.00	
Part 5th (unit B)	Freeths LLP	2,089	1	15/12/2022			22/01/2028	Inside	£25.72 Parking £1,750	£53,725.00	£22,979.00	Expansion space.
6th	Building Design Partnership Ltd	8,122	1	02/08/2017			01/08/2027	Inside	£24.03 Parking £3,000	£198,183.00	£89,342.00	
Part 7th	Handelsbanken PLC	3,321	0	13/01/2017			12/01/2027	Inside	£23.73	£78,794.00	£36,531.00	
Part 7th	Rise at Seven Ltd	4,646	0	02/08/2021	30/06/2026	30/06/2025	29/06/2030	Outside	£25.00	£116,150.00	£51,106.00	9 month break notice.
8th & 9th	Ove Arup & Partners International Ltd	16,302	0	07/04/2016			06/04/2026	Inside	£23.00	£374,944.77	£179,322.00	Service charge cap at £100,000 pa + RPI uplifts. Leaves a shortfall of c£79,332. Tenant wants to extend their lease.
Basement	Vacant Parking		6						Parking £1,750 per space (total £10,500)			
Roof	IDAQ Networks Ltd		0	01/12/2017			30/11/2027	Outside		£7,000.00		Wireless roof cell, 10 year license agreement, RPI linked uplift at review.
		76,460	15						£24.18	£1,872,861.27	£841,060.00	



COVENANTS

The following are the dominant tenants:



TES GLOBAL LTD - 21 % OF INCOME

TES Global are an online education solutions provider who generate software which supports teachers and schools worldwide. Active for over 100 years, they work with over 13 million educators across 100 countries. Services include training, sharing materials, timetabling and staff management. **Dunn & Bradstreet Rating: 5A1**



OVE ARUP & PARTNERS INTERNATIONAL LTD - 20 % OF INCOME

Arup are a global collective of engineers, designers, consultants and experts specialising in sustainable development. The company employs 18,500 people operating in 140 countries. **Dunn & Bradstreet Rating: 5A1**



ANSYS UK LTD - 15 % OF INCOME

Founded in 1970, Ansys are a global leading simulation software provider with 32 sites worldwide. Ansys develops, markets and supports engineering simulation software used to predict how product designs will behave in real-world environments. **Dunn & Bradstreet Rating: 5A1**

FREETHS

FREETHS LLP - 11 % OF INCOME

Freeths LLP are a UK law firm employing over 1,200 staff across 13 offices in the UK. They are a full-service firm who are in The Times Best Law Firms 2024 and consistently rank in the top tier of the Legal 500 and Chambers guides. **Dunn & Bradstreet Rating: N2**



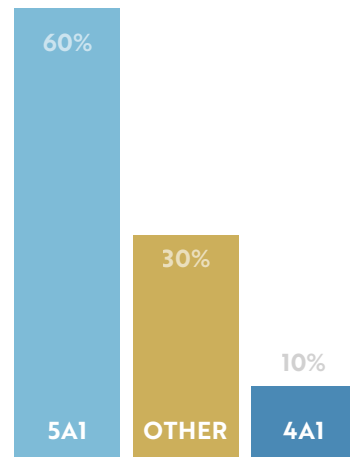
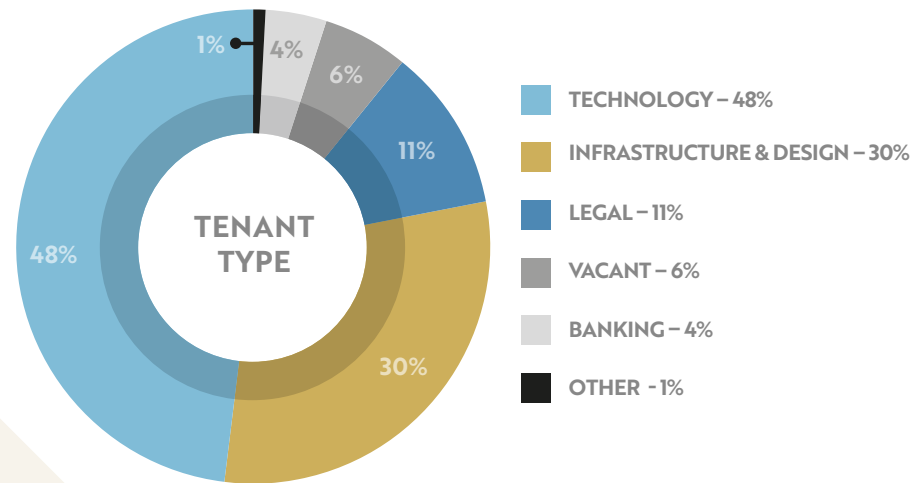
BUILDING DESIGN PARTNERSHIP LTD - 10 % OF INCOME

BDP is a design and placemaking business employing over 900 people across the world consisting of a combination of architects, engineers, designers and urbanists. They have been involved in large scale projects such as the Queen Elizabeth Hospital and refitting the Royal Albert Hall. **Dunn & Bradstreet Rating: 4A1**

Handelsbanken

HANDELSBANKEN PLC - 4 % OF INCOME

Handelsbanken are a Swedish bank providing banking services including traditional corporate transactions, investment banking and trading. Headquartered in Stockholm, it is one of the major banks in Sweden and has a strong presence in other Nordic countries, the United Kingdom and the Netherlands. **Dunn & Bradstreet Rating: 5A1**



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ASSET MANAGEMENT OPPORTUNITIES

- Let vacant part 1st Floor
- Move the rents on as the asset is now reversionary
- Enhance upper floor decoration and reception area furnishings
- Remove breaks clauses with Ansys UK Ltd and Rise at Seven Ltd that are effective in 2026
- Re-gear the lease with Ove Arup which is due to expire in 2026

SHEFFIELD OFFICE MARKET

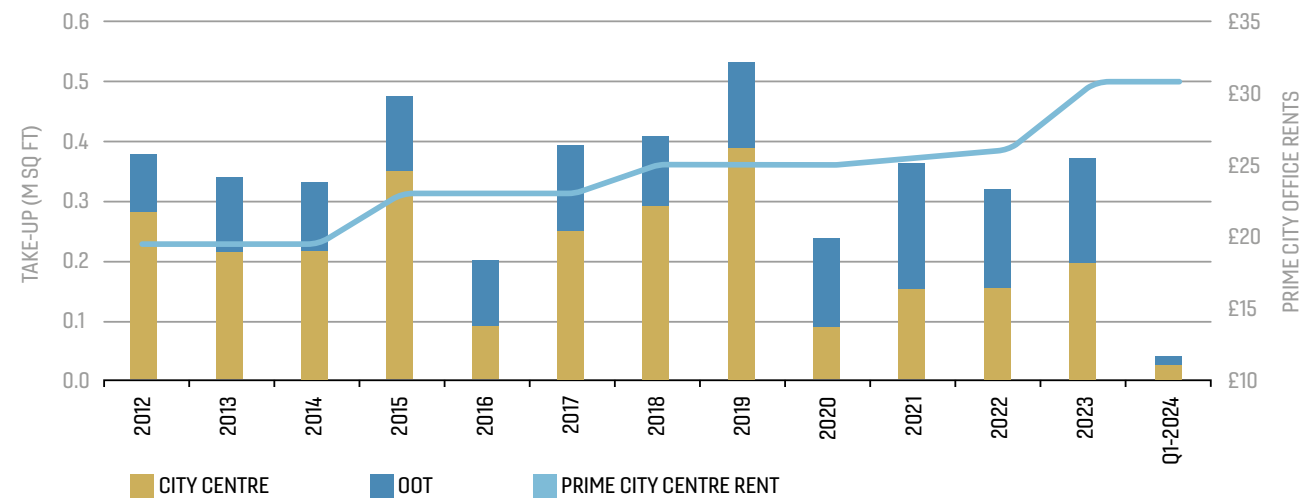
Sheffield has a thriving and scalable office market with over 15.6m of built stock of which approximately 8.7m sq ft is within the city centre.

TAKE-UP/RENTAL TONE

Headline rents have grown by 37% over the 11 year period starting at £19 psf of which 15% is within the last 12 months as supply of grade A space finally matched demand. This also represented the strongest growth of any regional city for 2023.

Headline rents for grade A space have now reached £30 psf and are likely to rise further in the short term. The 11 year average take up for Sheffield has been approximately 300,000 sq ft per annum with 2023 marking the highest level since pre Covid times.

SHEFFIELD TAKE-UP & PRIME RENTS (£ PER SQ FT)



RECENT DEALS:

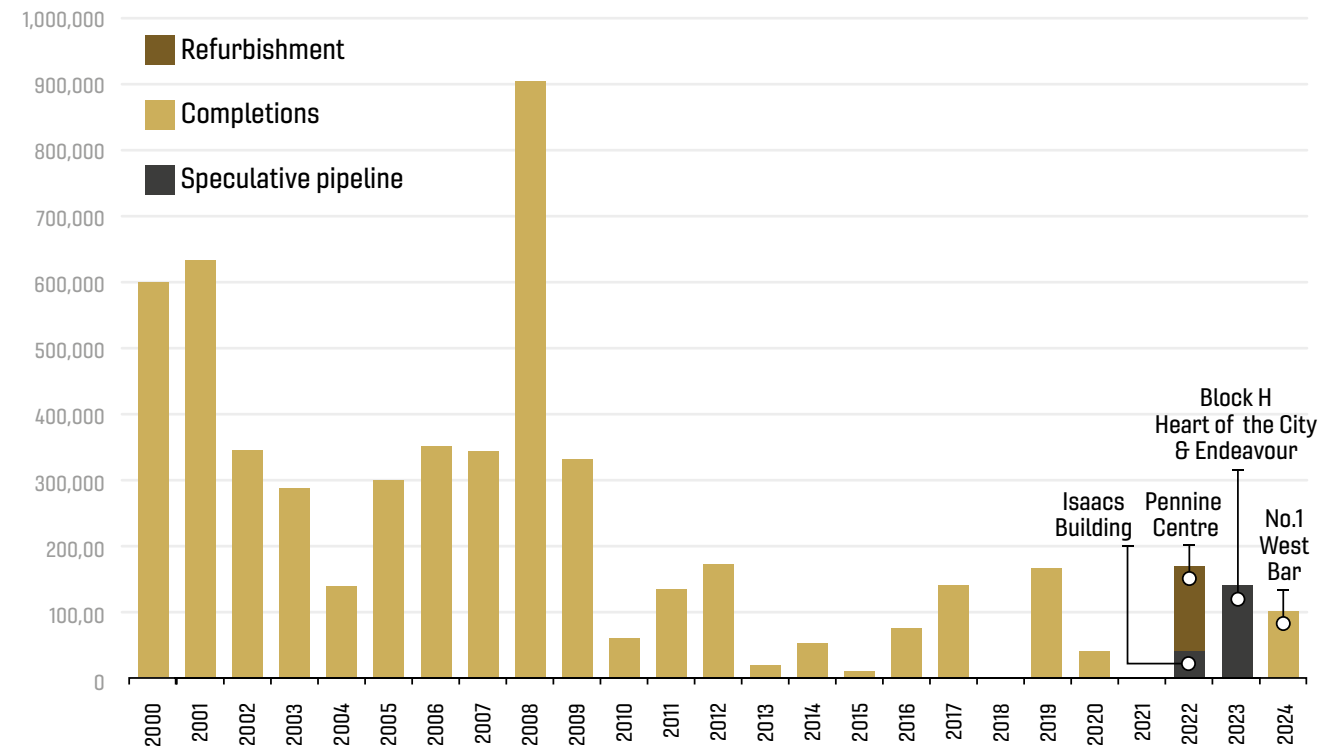
- CMS - Grosvenor House, HOCII - 47,500 sq. ft - £25.50psf
- HBD - Isaacs Building, HOCII - 15,000 sq. ft - £26.50psf
- BT- Endeavour - 63,000 sq. ft - £26.50psf
- DLA - Elshaw House - 17,000 sq ft signed at £30psf (most recent)

SUPPLY/DEVELOPMENT PIPELINE

There remains a chronic shortage of grade A offices in the City; Completions in Sheffield during 2022, 2023 and 2024 have averaged around 100,000 sq. ft per annum and are still materially less than in the market cycle prior to GFC. Those that have been built have largely been pre-let either prior to or during construction.



NEW BUILD OFFICE DEVELOPMENT PIPELINE



COMPETING CITY CENTRE GRADE A SCHEMES:

- **Isaacs building, HoC II**
(39,000 sq ft) completed in Q3 2023 - Pre let in part. 21,000 sq ft remaining at a quoting rent of £27 psf
- **Elshaw House, HoC II**
(72,000 sq ft) completed Q4 2023 - Part let to DLA. 53,000 sq ft remaining at a quoting rent of £32 psf
- **No 1 West Bar**
(100,000 sq ft) completed Q1 2025 - To Let. Due for completion in Q4 2024 -Quoting rents of £28 psf and targeting larger corporate requirements
- **190 Norfolk Street**
Planning permission granted for 22,000 sq ft and only being offered as a pre-let. Quoting rents of £32 psf.
- <200,000 sq ft of competing Grade A space, either existing or with planning permission, half of which is in a different location and targeting a different market.

This equates to just 2.30% of total city centre built stock and less than a years' supply of Grade A space (based on the 10 year average take-up)



INVESTMENT TRANSACTIONAL EVIDENCE

Transaction Date	Property Name	Town	Size Sq ft	Global Rent PA	WAULT Expiry	WAULT Break	Price	NIY	Cap Val PSF	Vendor	Purchaser
Under Offer	Central Square	Leeds	217,533	£6,661,149	7.7	5.6	Q.£78,000,000	Q.8%	£338	M&G	TBC
Under Offer	The Mint	Edinburgh	70,467	£2,623,616	11.7	10.2	Q.£41,000,000	Q.6%	£582	Hines	TBC
Under Offer	82 King Street	Manchester	81,806	£2,302,967	4	4	c.£23,000,000	c.9.38%	£347	BMO	TBC
Under Offer	Chatwin Building	Birmingham	15,982	£980,158	13	9.2	Q.£11,475,000	8.00%	£390	Private Purchaser	TBC
Under Offer	26 Whitehall Road	Leeds	122,000	£3,251,324	6.4	3.5	c.£25,000,000	12.00%	£221	Credit Suisse	ME Investor
June 2024	7 Park Row	Leeds	41,606	£1,420,544	8.90	6.5	£11,750,000	11.50%	£282	CBRE IM	Augur Group / Firefly
April 2024	1 West Regent Street	Glasgow	143,797	£4,245,269	7.7	4.6	£45,700,000	6.80%	£389	M&G	Corum
April 2024	Halo	Bristol	116,024	£4,322,316	9.8	10.5	£70,160,000	5.77%	£605	Tesco Pension Fund	CBRE IM
February 2024	Programme, All Saints St	Bristol	174,387		7.5	4.1	£36,500,000	9.23%	£209.	Resolution Property	Morgan Capital
January 2024	55 Princess Street	Manchester	54,899	£1,477,839	7	4	£15,000,000	7.50%	£275	Abrdn	Seneca
January 2024	1 Newhall Street	Birmingham	52,654	£1,392,063	8	6	£15,350,000	8.50%	£291	Ardstone	NFU



TENURE

The property is available by way of a long lease for a term of 250 years from 28th August 2014 at a peppercorn rent. The freeholder is Sheffield City Council.

SERVICE CHARGE

The annual service charge equates to £11 psf. Note that only one tenant, ARUP, has a service charge cap.

VAT

We understand the property has been elected for VAT and therefore anticipate that the sale will be undertaken as a Transfer of a Going Concern (TOGC).

AML

In accordance with AML Regulations, the successful purchaser will be required to satisfy the Vendor on the source of funds used to acquire City Gate.

CAPITAL ALLOWANCES

Capital allowances will be made available upon request.

EPC

The Property's energy rating is B



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The Misrepresentation Act 1967. Cushman & Wakefield (and any joint agent appointed) for themselves and for vendors or lessors of this property, whose agents they are, gives notice that: 1 The particulars are produced in good faith, but are a general guide only and do not constitute any part of a contract. 2 No person in the employment of the agent(s) has any authority to make or give any representation or warranty whatsoever in relation to this property. 3 The property is offered subject to contract and unless otherwise stated all rents are quoted exclusive of VAT. 4 Nothing in these particulars should be deemed a statement that the property is in good condition, or that any services or facilities are in working order. 5 Unless otherwise stated, no investigations have been made regarding pollution, or potential land, air or water contamination. Interested parties are advised to carry out their own investigations if required. Designed and Produced by Creativeworld. Tel: 01282 858200. July 2024.

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