



66 Newman Street, Fitzrovia, London W1

Investment for Sale

Offering an income stream of 20 years term certain
with rent reviews to higher of OMRV or RPI (uncapped)



Executive Summary

66-67 Newman Street and
13 & 14 Berners Mews, London W1T 3EQ

Situated in prime Fitzrovia between Fitzroy Place (Estée Lauder) and Rathbone Square (Facebook) developments.

Excellent transport links with the new Crossrail (Elizabeth line) interchange at Dean Street only 250 metres away.

Prominent building with frontages to both Newman Street and Berners Mews.

Comprehensively refurbished in 2019 including addition of a new 6th floor and new windows. The total refurbishment cost was approximately £3.5M reflecting £220 p/f overall.

Office has a net internal area of 15,945 sq ft (1,481.3 sq m) arranged over lower ground, ground and six upper floors.

Provides Grade A specification offices with new M&E including air cooling and passenger lift.

Regular shaped floor plates with good natural light and roof terraces on the 4th, 5th and 6th floors.

Long leasehold tenure interest for sale with 137 years unexpired. The current ground rent is £2,000 per annum.

Let on a new FRI lease to Newman Offices Ltd for 20 years term certain.

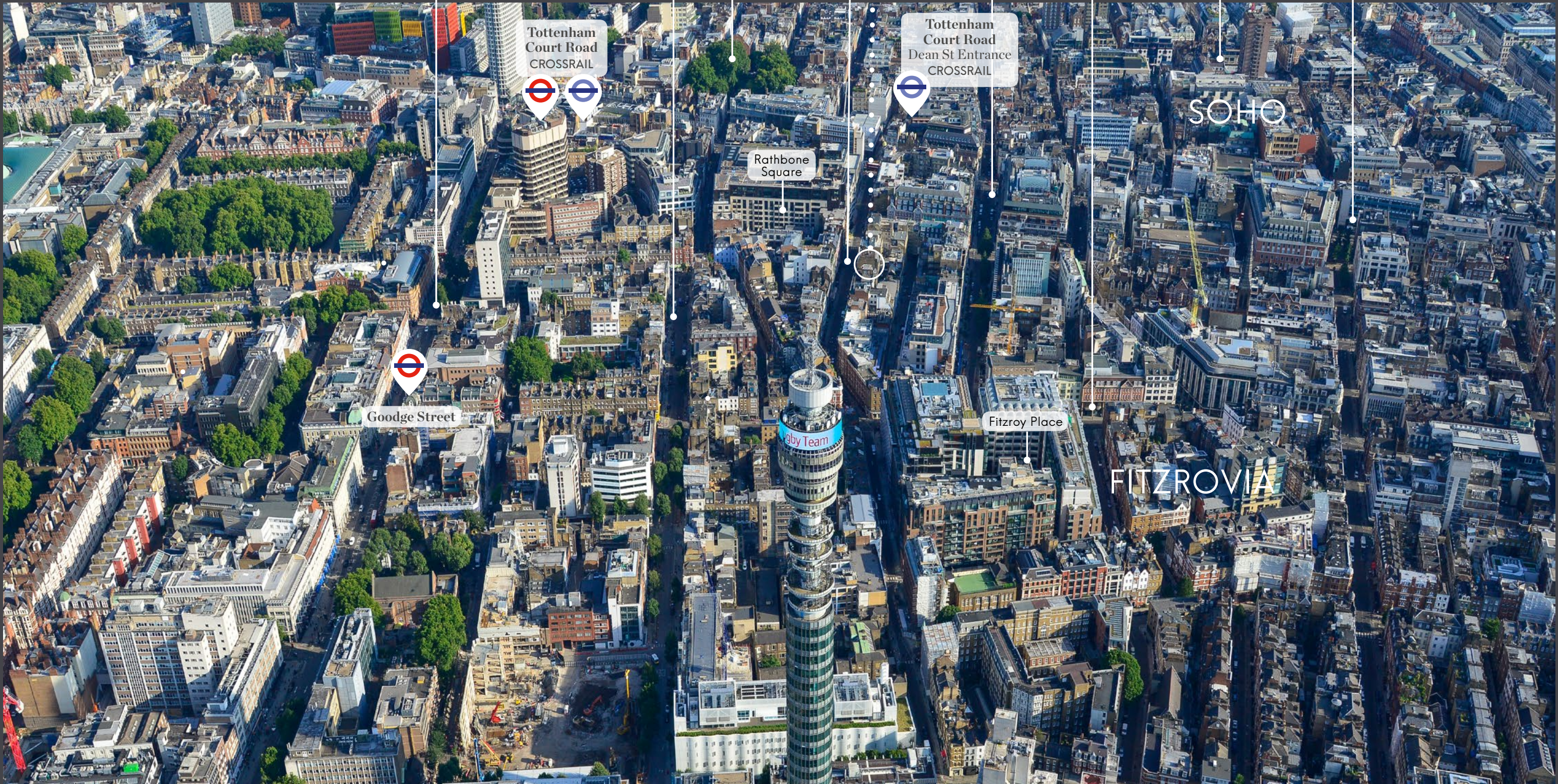
Rent passing £1,320,000 per annum equating to £82.78 per sq ft overall.

The rent is subject to 5-yearly upward-only rent reviews from 1st April 2024 to the higher of OMRV or RPI (uncapped).

The Tenant has appointed WorkPad, an established boutique serviced office provider, to operate the building under its brand.

Seeking offers in excess of £29,000,000 (Twenty Nine Million Pounds) exclusive, reflecting a net initial yield of 4.26% and a capital value of £1,818 per sq ft, assuming purchaser costs of 6.8%.

There is also opportunity to acquire a BVI registered company (66 Newman Street Ltd) which owns this single asset. The assumed purchase costs would be 1.8% which would improve the net initial yield return to 4.47%.



Location

66 Newman Street is located in Fitzrovia, which is bordered by Soho to the south, Marylebone Village to the west, Bloomsbury to the east and Regent's Park to the north.

Fitzrovia is an established upmarket district in Central London characterised by a truly diverse use profile that, along with excellent transport links, help make it one of the most desirable and dynamic districts of London's West End.

The prime southern area of Fitzrovia, where 66 Newman Street is situated, is the heart of a major regeneration programme triggered by the refurbishment of Tottenham Court Road Station and the new Elizabeth line (Crossrail) interchange development.

When Crossrail opens in 2019 there will be a new station entrance situated at the southern end of Newman Street, only a few minutes' walk away. Tottenham Court Road will become one of the most important and best connected transport nodes in Central London hosting some of the best north-south and east-west inter-connections across Central London.

The new landmark office developments have attracted substantial corporate occupiers to the district. Evidence of this is at Fitzroy Place at the north end of Newman Street which is the new HQ for Estée Lauder. While at the southern end of Newman Street, the Rathbone Place scheme has recently completed and is now fully let to Facebook.

Similarly, along Oxford Street East the regeneration has attracted major new flagship retail stores for Primark, Zara and Next. The property is only a short walk from many popular restaurants and is close to attractions such as The British Museum, Covent Garden, Carnaby Street and 'Theatreland'.

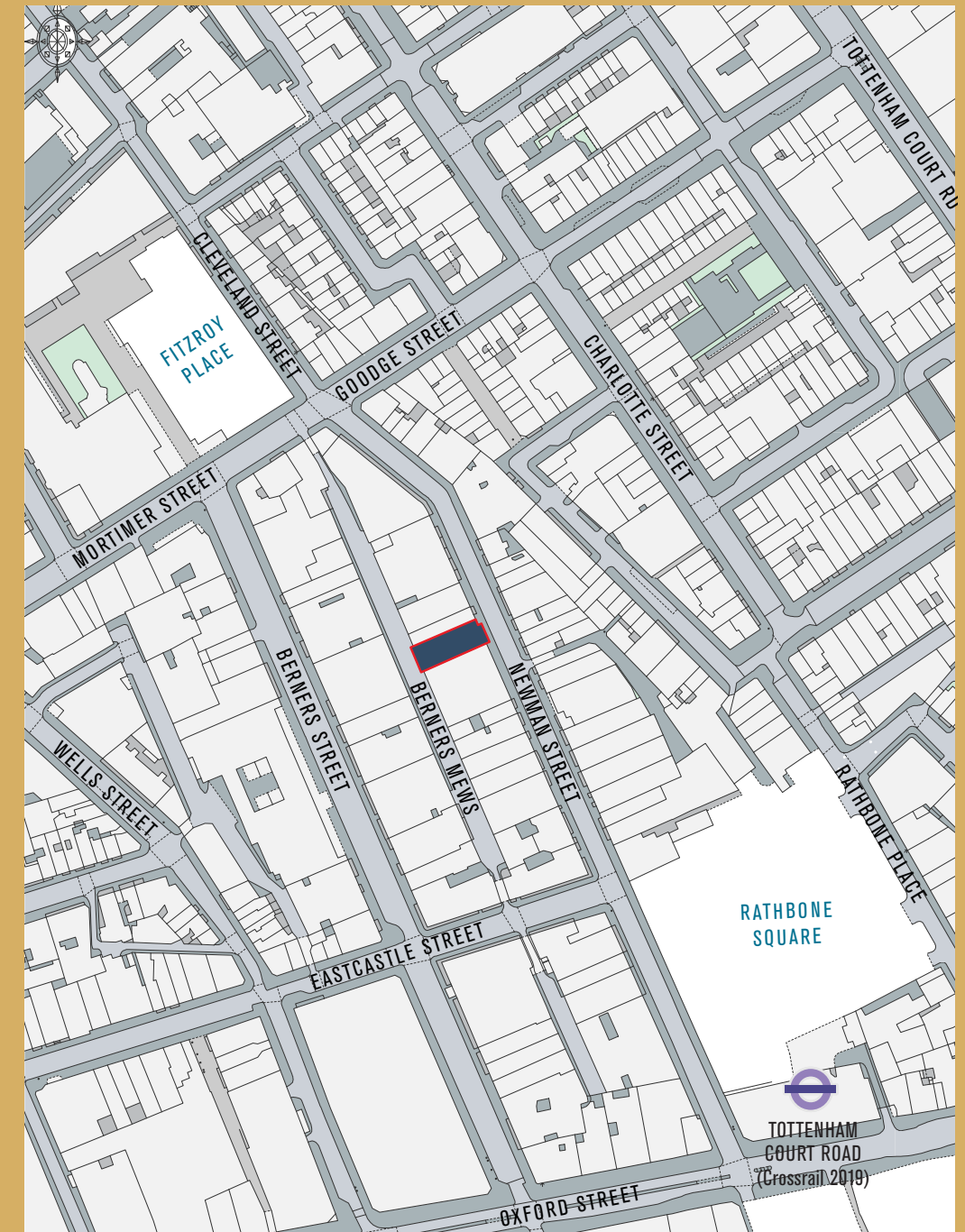
The local area boasts one of the largest collections of independent cafés, pubs, bars and restaurants in the West End. There are also a number of internationally renowned boutique hotels such as The Sanderson, Charlotte Street Hotel, The Mandrake and the London Addition Hotel which offer their own chic bars and restaurants.



“Rathbone Square (Facebook) and Fitzroy Place (Estée Lauder), previously a sorting office and hospital respectively, have attracted an additional 4,000 new employees to Fitzrovia. This will transform the local amenity provision and has increased the vibrancy of an already fashionable location.”

Situation

The property is located on the western side of Newman Street, near its junction with Mortimer Street. Newman Street runs north to south connecting one of Europe's premier retailing streets, Oxford Street, with Mortimer Street/Goodge Street to the north.



Local Amenities & Occupiers

NEWMAN STREET IS A PRESTIGIOUS ADDRESS AT THE VERY CENTRE OF A THRIVING BUSINESS COMMUNITY. MANY LEADING COMPANIES IN THE MEDIA, ADVERTISING AND PUBLISHING INDUSTRIES HAVE CHOSEN TO BASE THEMSELVES IN THE AREA, ALONG WITH LEADERS IN THE FIELDS OF TECHNOLOGY, TMT, ARCHITECTURE, ENGINEERING AND FASHION.

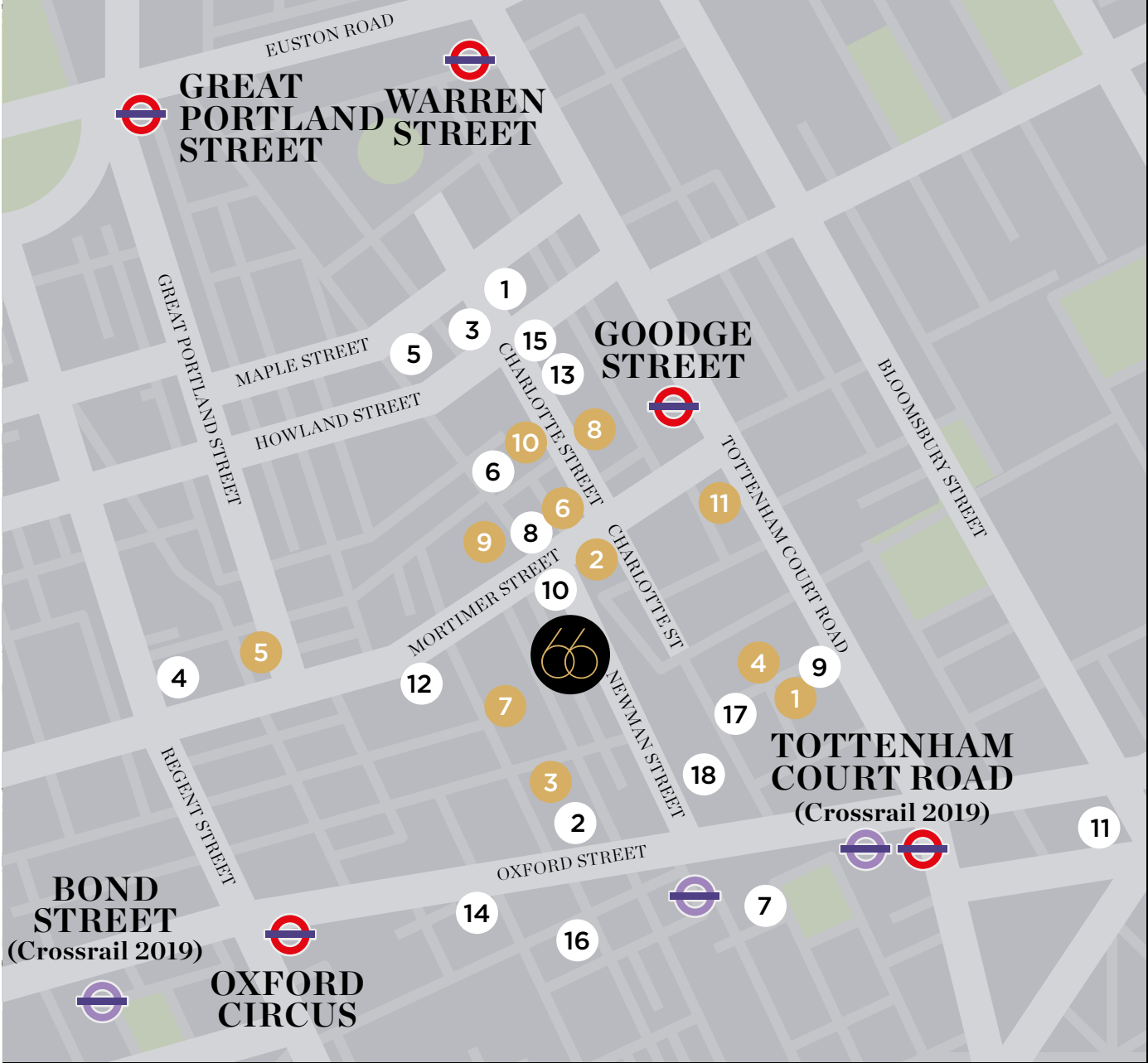
Historically home to the creative industries, the recent increase in the provision of Grade A offices in Fitzrovia has been attractive for corporate occupiers as employers seek to appeal to a creative, dynamic and talented workforce. The prime location has acted as a draw for global occupiers that include Facebook, Estée Lauder, Saatchi & Saatchi, The Boston Consulting Group, Netflix, Heineken, Sony, MTV, and Capita.

FITZROVIA IS BLESSED WITH A COLLECTION OF SOME OF THE BEST RESTAURANTS, CAFÉS, PUBS AND HOTELS IN LONDON.

Among the many restaurants of note in the locality there is the ever fashionable Roka, the Michelin-starred Pied à Terre, Hakkasan, Dabbous and the new Percy & Founders.

For quick lunches and daytime breaks there is a wealth of cafés, coffee shops and eateries close to hand, including many respected and familiar names.

The area is also well served with gyms, fitness centres and spas, while Regent’s Park provides opportunities for outdoor exercise and fresh air.



RESTAURANTS

- 1 Hakkasan
- 2 Roka
- 3 Berners Tavern
- 4 Pied à Terre
- 5 The Riding House Café
- 6 Salt Yard
- 7 Suka at Sanderson
- 8 Gaucho
- 9 Percy & Founders
- 10 Tsunami
- 11 Crazy Bear

LOCAL OCCUPIERS

- 1 Adobe
- 2 Arcadia Group
- 3 Arup
- 4 BBC
- 5 BT
- 6 Dennis Publishing
- 7 Dolby
- 8 Estée Lauder
- 9 Fremantlemedia
- 10 Capita Business Services Ltd
- 11 Google
- 12 Lionsgate Films
- 13 Major League Baseball
- 14 New Look
- 15 Boston Consultancy Group
- 16 Sony
- 17 20th Century Fox
- 18 Facebook



Communications

FITZROVIA IS ONE OF THE BEST SERVED AREAS OF CENTRAL LONDON FOR TRANSPORT AND COMMUNICATION LINKS. TOTTENHAM COURT ROAD STATION WILL BECOME A CROSSRAIL INTERCHANGE IN 2019 MAKING IT ONE OF LONDON’S BUSIEST TRANSPORT HUBS.

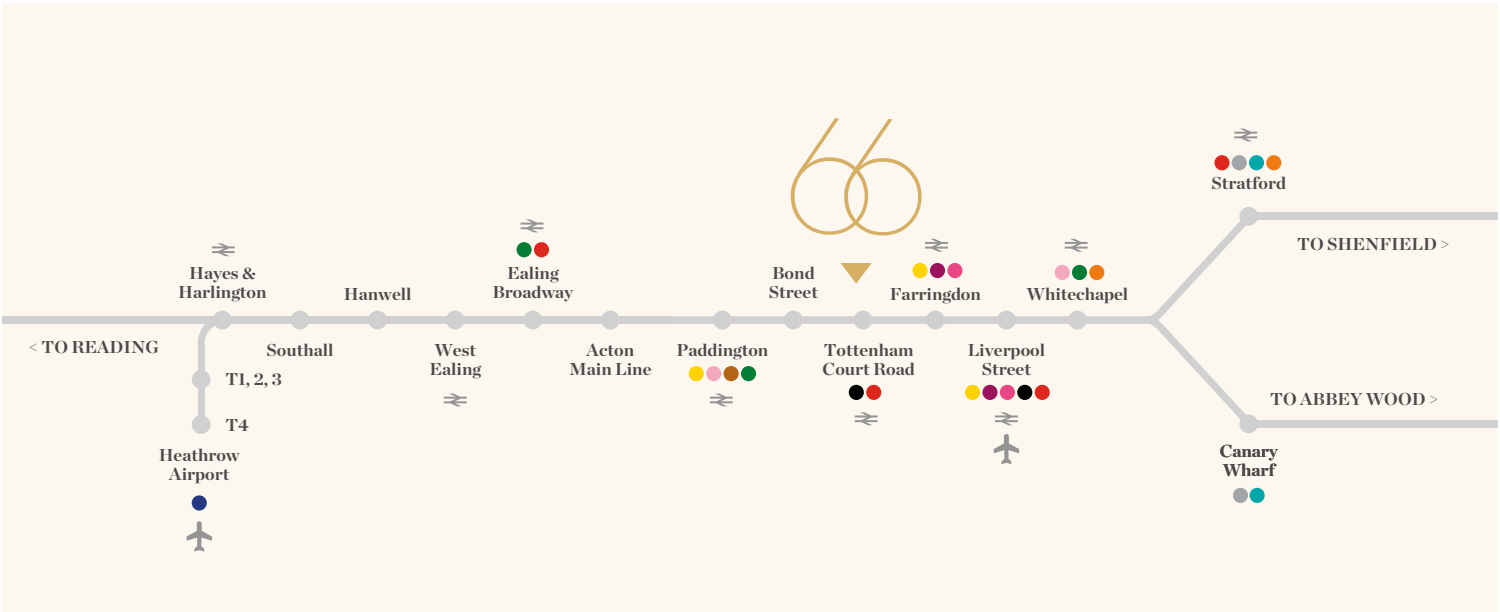
There are four underground stations within a short walk of Newman Street offering seven different underground lines with direct links to all ten of London’s mainline railway stations. This includes St Pancras International, with its Eurostar service to Paris and Brussels.

The property is located a short 4 minute walk from one of only five central London Crossrail stations. The new Tottenham Court Road Elizabeth Line Terminal will be situated at the southern end of Newman Street.

Services are due to open in 2019 with the full line opening in 2020 offering a rapid and direct service to Heathrow Airport, as well as to The City and Canary Wharf. Both Gatwick and Heathrow airports can currently be reached from Tottenham Court Road in under 50 minutes.

Once Crossrail is operational, Heathrow will be reached in only 30 minutes. Over £16 billion has been invested into the project that will link Central London East to West and bring 1.5 million more people within 45 minutes of Central London.

The arrival of the Elizabeth Line is expected to increase passengers at Tottenham Court Road station by 33% to over 200,000 a day. Crossrail will provide trains every two and a half minutes at peak times, with direct trains to Canary Wharf in 12 minutes and Paddington in only 5 minutes. Each train will be 200 metres long, capable of carrying 1,500 passengers and fitted with Wifi and 4G.



Journey Times



Bank	6 minutes
Baker Street	8 minutes
Victoria	8 minutes
London Bridge	14 minutes



Farringdon	3 minutes*
Liverpool Street	5 minutes*
Paddington	5 minutes*
Canary Wharf	12 minutes*



Euston	4 minutes
Waterloo	5 minutes
King's Cross St Pancras	8 minutes
Marylebone	10 minutes



Heathrow	30 minutes*
London City	37 minutes
Gatwick	47 minutes
Stansted	12 minutes

Once Crossrail (Elizabeth Line) opens in 2019/2020

Crossrail

Without doubt the most exciting transport project to hit London since the London Underground 150 years ago. From 2019 it will provide a direct route from Heathrow to Canary Wharf with stops throughout Central London – including Tottenham Court Road, just a few minutes’ walk from 66 Newman Street.
crossrail.co.uk

London Underground

The world’s original metropolitan railway and the easiest way to get around London. A train arrives at a London Underground station every 3 seconds.
tfl.gov.uk

Heathrow

One of the world’s major hub airports. Reachable from your front door at Newman in 40 minutes – and that’s before Crossrail.
heathrowairport.com

London City

The home of short-haul and Friday evening escapes to Europe. Readily accessible from Canary Wharf, the City and just a Tube ride from Tottenham Court Road.
londoncityairport.com

Eurostar

From its new home in the fantastically renovated St Pancras railway station. Eurostar is your link to Europe. What’s more St. Pancras is only 10 minutes from Newman Street by tube.
eurostar.com



Description

66 Newman Street was originally built in 1938 but has recently been comprehensively restored and refurbished. The property was stripped back to frame and facade and a new 6th floor was added, with works completing in April 2019. The office specification now provides:

- The offices are arranged over lower ground, ground and six upper floors totalling 15,945 sq ft (1,481.3 sq m).
- The main office entrance is located on Newman Street and there is a separate rear access on Berners Mews.
- The property provides regular shaped open plan floors, averaging 2,200 sq ft suitable for open-plan and cellular configuration.
- There are good levels of natural light from both the front and rear elevations, plus lightwells.
- Sixth floor benefits from terraces, east and west facing with far-reaching views. In addition there are rear terraces on the 4th and 5th floors. Terraces total 767 sq ft.
- Spacious and stylish reception off Newman Street.
- New contemporary finishes throughout.
- There is a new 10-person automatic passenger lift serving all floors.
- New M&E installations – Fully exposed VRF comfort cooling, with fresh air ventilation.
- New windows throughout.
- New perimeter trunking on upper floors.
- Plaster ceilings with LG7 lighting.
- Fully accessible raised floor.
- High quality male and female lavatories on each floor.
- Cycle racks and shower facilities on the lower ground floor, accessed from Berners Mews to the rear.



Accommodation

The property has been measured by Stirling Temple in accordance with both the RICS Code of Measuring Practice (6th edition), providing the following net internal areas (NIA).

Net Internal Areas

Floor	Use	Area (sq m)	Area (sq ft)
Sixth	Offices	113.6	1,223
Fifth	Offices	151.9	1,635
Fourth	Offices	177.1	1,906
Third	Offices	203.4	2,189
Second	Offices	198.9	2,141
First	Offices	195.8	2,108
Ground	Offices	190.7	2,053
Ground	Reception	17.7	191
Lower ground	Offices	213.3	2,296
Lower ground	Store	18.9	203
Total	Offices	1,481.3	15,945

Other

Floor	Area (sq m)	Area (sq ft)
Sixth Level Terrace West	12.4	133
Sixth Level Terrace East	23.2	250
Fifth Level Terrace West	18.0	194
Fourth Level Terrace West	17.8	192

The full measured survey is available on the data site and is assignable to the purchaser.

Floor Plans

Lower Ground

2,296 sq ft (213.3 sq m)



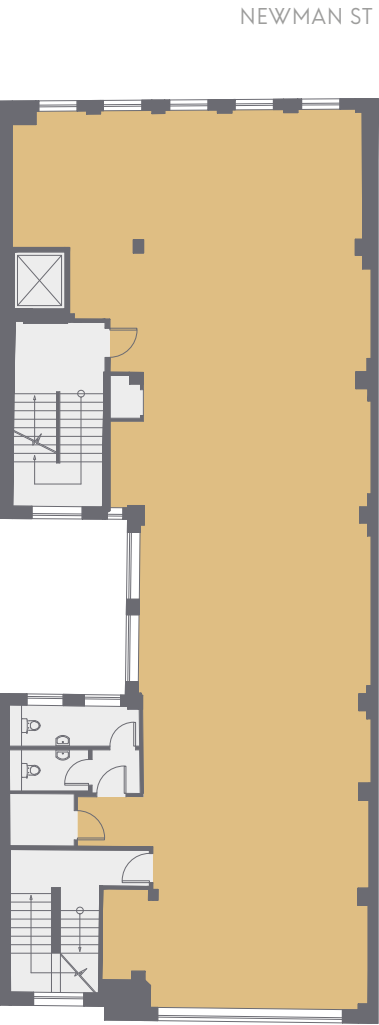
Ground Floor

2,053 sq ft (190.7 sq m)



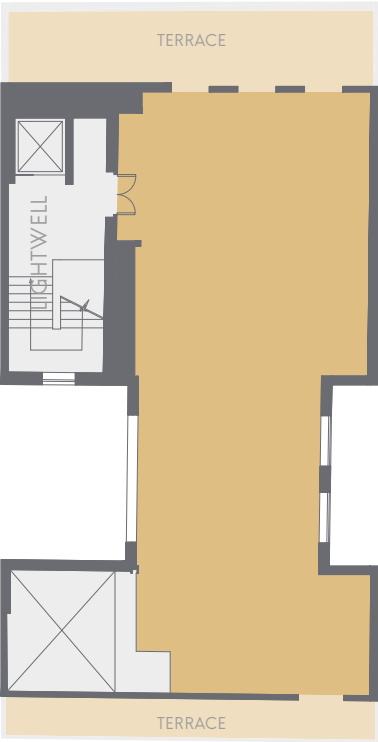
Typical Upper (3rd)

2,189 sq ft (203.4 sq m)



Sixth Floor

1,223 sq ft (113.6 sq m)



Floor plans are not to scale, for indicative use only.



Tenure

The property is held by way of a long leasehold interest from The Berners-Allsopp Estate expiring in January 2156 (136.75 years unexpired). The current ground rent is £2,000 per annum.

The rent is next reviewed in June 2036 and each 30th anniversary thereafter. The rent is to be reviewed to the lower of 1% of the open market rent or the initial rent of £2,000 increased in line with RPI.

Tenancy

The property is single let on a new full repairing and insuring lease to Newman Offices Ltd for a term certain of 20 years without break options.

The initial rent is £1,320,000 per annum, subject to 5-yearly upward-only rent reviews from 1st April 2024 to higher of OMRV or RPI (uncapped).

Covenant

The tenant, Newman Street Offices Limited, is a new company established to lease the property and appoint WorkPad to operate the building as a serviced office.

There is a rent deposit of £1.32 Million (inclusive) held by the Landlord. Half of this (£660,000) is released to the Tenant after 3 years.

The occupier will operate under the WorkPad brand as a boutique serviced office provider. Established in 2013 WorkPad currently operate from over 17 premises predominantly in the West End districts of Fitzrovia, Soho, Covent Garden and Marylebone.

Please see their website www.workpad.co.uk for further information.





1

80 Charlotte Street, W1 / Derwent London

Mixed-use scheme comprising 332,000 sq ft of offices, 45,000 sq ft of residential, 3,000 sq ft of retail and a new public realm park. The offices have been pre-let to Boston Consulting Group and Arup Group on leases expiring in 2034 and 2040 respectively. Achieved rents reflect between £75.00 psf and £85.00 psf.

Completion due in Q4 2019.



2

Fitzroy Place, W1 / Aviva, AshbyCapital and Exemplar

Fitzroy Place provides 241,000 sq ft of commercial accommodation and 291 apartments on a 3-acre site. The majority of the offices are let to Estée Lauder.

Completed in 2016.



5

The Copyright Building / Union Investments RE

Mixed use scheme developed by Derwent to provide 107,198 sq ft of offices and retail. The offices have been single let to Capita for 20 years from completion of works.

Completed in 2018.



6

42 Berners Street / The Berners-Allsopp Estate

Currently under construction the property will provide 26,500 sq ft of Grade A offices.

Scheduled to complete Q3 2018

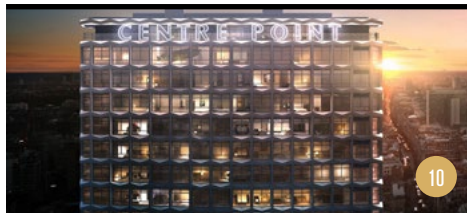


9

1 Soho Place, W1 / Derwent London

Mixed-use scheme providing 209,000 sq ft of offices, 36,000 sq ft of retail, a 40,000 sq ft theatre and new public realm.

Completion is scheduled for H2 2020.



10

Centre Point, 101/103 Oxford Street, WC1 / Almacantar

34-storey luxury residential tower development comprising 82 apartments, ranging from 1-bedroom to a 5-bedroom duplex penthouse.

Completed in 2017.



13

Network Building, 95-100 Tottenham Court Road, W1 / Derwent London

Multi-let office and retail building of 64,100 sq ft. An office led scheme of c. 100,000 sq ft is proposed.

Construction starting in 2021 at the earliest.



14

55 Newman Street / Private Overseas Hotelier

Planning permission for a 105-bedroom luxury hotel with over 10,000 sq ft of associated food and beverage offering. The property forms part of a portfolio owned and operated by the Leeu Collection.

Scheduled to complete in 2021.

Developments

There are several high profile developments proposed and currently underway which will see Fitzrovia become one of the most desirable places to live and work in the West End.



Key Developments around Fitzrovia



3

Rathbone Square, W1 / Deka Immobilien

Developed by Great Portland Estates and sold to Deka in February 2017 for £435m. Provides 242,800 sq ft of offices and 142 residential apartments. Single let to Facebook for 15 years at a rent of £87 per sq ft on best.

Scheduled to complete in 2021.

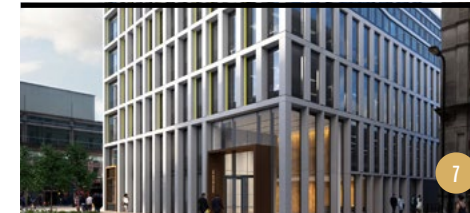


4

Oxford House, 76 Oxford Street, W1 / Great Portland Estates

Planning granted for an 88,200 sq ft mixed use scheme comprising 55,000 sq ft of Grade A offices and 33,200 sq ft of retail and restaurant space.

Scheduled to complete in H1 2019.



7

The Avenue, One Bedford Avenue, WC1 / Exemplar, AshbyCapital and The Bedford Estates

Redevelopment to provide 45,000 sq ft of retail and 70,000 sq ft of office accommodation.

Completed in 2017.



8

Oriana, 26-48 Oxford Street, W1 / Ponte Gadea

Phase 1 delivered 149,000 sq ft of retail space which was let to Primark for their flagship store. Phase 2 will provide 76,500 sq ft of retail and 18 high quality private apartments.



11

Tin Pan Alley, Denmark Street, WC2 / Consolidated Developments

Mix use scheme comprising an urban gallery, music venue, hotel, retail and office space. Totals 210,000 sq ft.

Under construction with full completion due in 2020.



12

The Plaza, 120 Oxford Street, W1 / Arcadia Group and Siroso

Proposal for a redevelopment of the 300,000 sq ft Plaza Shopping Centre and offices on Oxford Street, including the creation a new 73,500 sq ft flagship retail store.



15

Tasman House, 55 Wells Street, W1 / Great Portland Estates

Mixed-use scheme providing 37,300 sq ft of retail, office and restaurant accommodation.

Completed in 2018.



16

73-89 Oxford Street, W1 / Norges (NBREM)

90,500 sq ft of office and retail accommodation. Pre-let to New Look Retailers Ltd, Benetton Group S.r.l and Moneysupermarket.com Group PLC with a WAULT of 17 years. Development by GPE with completion anticipated by 2018. The property was sold to Norges in Q4 2016 for £276.5m.



Occupational Market

Facebook’s agreement to lease the entire office development at Rathbone Square will have a major impact on the Fitzrovia market. Supply is set to remain severely limited as a result leading to further pre-letting activity over the next 24 months. The impact of Facebook’s relocation to the submarket is expected to be substantial, attracting not only ‘like-minded’ companies, but also occupiers from other diverse business sectors keen to tap into the ‘Facebook effect’.

Average headline rents now stand at a record £86 per sq ft in Fitzrovia with an overall vacancy rate of just 2.7%, one of the lowest levels recorded in the West End.

“Due to restricted pipeline office supply, headline rents are expected to reach in excess of £90.00 per sq ft in 2019.”

In addition, healthy absorption of pipeline product has shifted occupier focus to other potential schemes, triggering further absorption of brand new space, as at 80 Charlotte Street. Such activity is contributing to continued improvement in local amenities, variety and quantity of leisure offering and general increased footfall which, in tandem with the infrastructure upgrades related to Crossrail is expected to further transform Newman Street.

We set out below details of the latest occupational transactions:

Date	Address	Tenant	Area (Sq Ft)	Rent (Per Sq Ft)
Q4 2018	42 Berners Street	Fora	21,259	£90
Q4 2018	2 Fitzroy Place	Netflix	12,878	£90
Q4 2018	20 Rathbone Place	T-Systems	4,188	£89.50
Q4 2018	Elsley House	Not disclosed	9,279	£95
Q3 2018	Kent House, Market Place	Sequoia IMC	2,760	£87.50
Q3 2018	4 – 8 Maple Street	Benevolent AI	20,417	£80 on best
Q3 2018	1 Stephen Street	Odeon Cinemas	11,118	£75
Q1 2018	44 – 46 Whitfield Street	Boat Rocker Rights	2,026	£85.00
Q1 2018	15 – 18 Rathbone Place	Impact Radius	4,630	£87.50 – £91
Q1 2018	55 Wells Street	Williams Lea Tag	19,265	£85 – £90
Q4 2017	1 New Oxford Street	COS	65,000	£85 on best



Investment Market

The Central London investment market continues to be highly active, driven by the following:

- Central London is a magnet for international, and domestic investment capital.
- The market has advantages of critical mass, maturity, transparency, liquidity, time zone and language.
- It is the market of choice for overseas investors, particularly those seeking long-term wealth preservation.
- Repositioning of Sterling against the US Dollar and the Euro making the market even more compelling.
- Attraction of property income returns when compared to other asset classes.
- Robust property fundamentals – occupational demand, supply, currently low vacancy rate – and anticipated modest supply pipeline.
- Characteristically tight supply of suitable investment opportunities.
- Prime West End yields have remained stable at approximately 3.25% – 3.75% over the past nine years.

Address	Tenure	Sq Ft	Net Rent (Pa)	Overall Rent Psf	Price	Niy	£ (Psf)	Date
85 Newman Street	Freehold	15,174	£881,020	£58.06	£20,750,000	3.98%	£1,367	Q4 2018
55 Wells Street, W1	Freehold	33,703	£2,790,618	£82.80	£65,550,000	3.99%	£1,945	Q4 2018
135-141 Wardour Street, W1	Freehold	33,662	£2,533,091	£75.25	£55,000,000	4.31%	£1,634	Q4 2018
58-59 Great Marlborough Street, W1	Freehold	13,096	£772,463	£58.98	£19,850,000	3.65%	£1,516	Q4 2018
33-34 Gresse Street, W1	Freehold	17,865	£1,024,062	£57.32	£25,000,000	3.84%	£1,399	Q4 2018
27/35 Mortimer Street	Freehold	30,997	£1,602,365	£51.69	£38,500,000	3.90%	£1,242	Q4 2018
8-12 Broadwick Street	Freehold	8,807	£489,494	£55.58	£14,250,000	3.22%	£1,618	Q4 2018
160 Great Portland Street, W1	Freehold	92,133	£5,550,000	£60.24	£127,350,000	4.08%	£1,382	Q3 2018
151 Wardour Street	Freehold	26,175	£2,150,000	£82.14	£49,000,000	4.11%	£1,872	Q3 2018
20 Soho Square, W1	Freehold	66,575	£4,993,125	£75.00	£117,450,000	3.98%	£1,764	Q2 2018
6 Poland Street, W1	Freehold	5,463	£297,012	£54.37	£8,550,000	3.26%	£1,565	Q3 2018
48-54 Charlotte Street, W1	Freehold	24,310	£1,225,000	£50.39	£31,000,000	3.70%	£1,275	Q2 2018
30 Broadwick Street, W1	Freehold	94,297	£8,113,773	£86.04	£190,000,000	4.00%	£2,015	Q1 2018
40-41 Great Marlborough Street, W1	Freehold	15,014	£1,536,465	£102.34	£45,250,000	3.18%	£3,014	Q4 2017
9 Poland Street, W1	Freehold	7,074	£472,375	£66.78	£14,000,000	3.16%	£1,979	Q4 2017
33 Foley Street, W1	Freehold	41,883	£3,186,213	£76.07	£85,750,000	3.65%	£2,047	Q2 2017
110 Tottenham Court Road, W1	Freehold	16,345	£1,049,444	£64.21	£24,000,000	4.10%	£1,468	Q2 2017
The Copyright Building, Berners St, W1	Long leasehold	107,198	£7,340,194	£85.25	£166,200,000	4.14%	£1,550	Q2 2017





Facade Pre-Refurbishment

Planning

The property is not Listed, nor is it situated in a Conservation Area.

EPC

Available in the data room.

Capital Allowances

Capital allowances are available by separate negotiation.

VAT

The property is registered for VAT and it is proposed that the sale will be by way of a Transfer Of a Going Concern (TOGC).

Proposal

We are instructed to seek offers in excess of **£29,000,000** (Twenty Nine Million Pounds) subject to contract and exclusive of VAT.

Price reflects a net initial yield of **4.26%** and a capital value of **£1,818 per sq ft** overall, assuming purchaser's costs at **6.8%**.

The vendor is willing to sell the BVI registered company (66 Newman Street Limited) which owns the property. A purchase of the company, with assumed purchaser costs of 1.8%, would show an attractive net initial yield of 4.47%.

Subject to contract
April 2019

Contacts

Should you wish to inspect the property, please contact:



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