Frances House

La Plaiderie, St Peter Port, GY1 1GX

Prime Office Investment

Quoting: +£12,540,000

Total Space
25,662 Sq Ft
—

Prime
Office Building
—

Location
Highly Central
—

Specification
Comprehensive refurb
—

Fully-let
9 corporate tenants
—

Rental Growth
Strong Profile
—

FLY THROUGH VIDEO

https://vimeo.com/1221107628/27385aee84?share=copy&fl=sv&fe=ci

PROPOSAL

We are instructed to seek offers in excess of £12,540,000 (twelve million five hundred and forty thousand pounds), subject to contract. A purchase at this level reflects an attractive net initial yield of 7.50% exclusive of purchaser's costs of 7.60%. As the asset is also held in a Guernsey Special Purpose Vehicle, there is an opportunity for collective investment schemes to acquire on a document duty exempt basis, thereby benefitting from a net initial yield of circa 8.00%.

OVERVIEW

Frances House offers a rare opportunity to acquire a fully-let, high-quality office investment generating an annual rent of £1,012,059.

Comprehensively refurbished in 2023, its contemporary finishes set a new standard of design in the Guernsey office market. Located in the heart of the financial services district, redeveloped to an exceptional standard and let to nine corporate tenants, this market-leading asset provides a rare opportunity to acquire a strong and diverse income stream, with an exemplary letting track record.

INVESTMENT HIGHLIGHTS

- Prime office building
- Highly central location
- 25,662 sq ft of accommodation with 31 parking spaces
- Comprehensively refurbished in 2023 to an exceptional standard
- Third floor roof terrace with stunning sea views
- Fully let to nine corporate tenants
- Strong rental growth profile
- 36.6% of the rent is due for review in 2027 which is likely to increase the rent by over £43,000 per annum, translating to a yield of 7.8%
- Range of suite sizes maximising lettability
- Generous parking ratio
- Exceptional letting track record
- Term Certain: 7.8 years to expiry (4.2 years to the breaks)
- 83% of the rent anchored by GFSC Regulated Entities

INVESTMENT SUMMARY

- Guernsey is regarded as one of the world's leading offshore centres with a Standard & Poor's credit rating of A+/A- and an estimated GDP of £3.48 billion (2023).
- Guernsey has excellent connections to the UK mainland with an average flight time of 55 minutes to London, and Europe is also easily accessible.
- St Peter Port is the island's capital and commercial centre, and home to international businesses including Barclays, Rothschild, UBP, BNP Paribas, PwC, EY, Investec, HSBC, Deloitte and KPMG.
- The Guernsey office market is characterised by extremely limited supply of good quality space leading to high rates of tenant retention.
- Frances House is a highly specified office building following a comprehensive refurbishment in 2023.
- The building provides 25,662 sq ft of high-quality office accommodation with a range of floor plates up to 7,400 sq ft, offering ultimate leasing flexibility.
- It includes 31 parking spaces, and best-in-class end of journey facilities including secure cycle store, showers and locker room.
- Strong frontage in a central location along the pedestrianised link connecting the main retail centre to the financial services district.
- Total income of £1,012,059 per annum.
- Strong rental growth prospects with prime rents now achieving £45 per sq ft.
- Six of the leases benefit from GRPI Rent Reviews, offering a strong mix of rental growth throughout the building.
- Term certain of 7.8 years(4.2 years to the break).

LOCATION

Frances House is situated in the heart of Guernsey's traditional financial services district, between the main retail core and St Julian's Avenue. It is an extremely central and accessible location, conveniently close to the amenities of the town centre and just a few minutes' walk from the long stay public parking at North Beach and Salerie Corner. Other occupiers in the vicinity include a variety of financial services businesses and law firms.

DESCRIPTION

Frances House is a 25,662 sq ft purpose built office building, with a generous parking provision of 31 spaces. Arranged over ground and upper three floors, it comprises nine office suites arranged in the main building and a separate wing with independent access. The office accommodation is further complemented by the exceptional quality of the common areas. The recent refurbishment has set new standards for repositioned offices on the island, demonstrated by the rapid take-up by occupational tenants.

ACCOMMODATION

Frances House provides a range of floor plates and a good balance of parking, maximising the lettability of the space. It is ideal for multiple occupation with excellent natural light from the upper floors, sea views and two roof terraces, as well as two distinct entrances providing access to the main building and the wing. The ground floor also features a secure bike store with electric charging points and a locker room with high quality shower facilities for the convenience of all tenants. The third floor features relaxing roof terraces, with views over the harbour.

Unit	Floor	Area (Sq Ft)	Parking Spaces
GFA (Suite 1)	Ground	1,098	2
GFB (Suite 2)	Ground	646	1
GFC (Suite 3)	Ground	517	0
1A (Suite 1)	First	1,227	3
1B (Suite 2)	First	5,080	7
1C (Suite 3)	First	2,551	2
2A (Suite 1)	Second	1,249	1
2B (Suite 2)	Second	7,535	9
3A & 3B	Third	5,759	6
Total		**25,662**	**31**

SPECIFICATION

Comprehensively refurbished in 2023, Frances House sets a new benchmark for office space in the Channel Islands. Today it is a market leader in staff amenity, providing highly contemporary Cat A accommodation with exceptional common areas, including high quality shower facilities, locker storage and secure bike parking.

TENURE

The property is held freehold.

TENANCY

The property is fully let and occupied by nine separate tenants, with 83% of the rent being anchored by four well established financial services providers who occupy the largest suites. All the leases are granted on FRI terms and are subject to three yearly rent reviews. The strong mix of GRPI and market reviews offers a diverse profile of guaranteed rental growth to further underwrite the yield. Whilst there is one service charge cap for Equiom, the Landlord has never had to provide a top up.

The Weighted Average Unexpired Lease Term (WAULT) is 7.8 years to expiry (4.2 years to the break). However, the restricted supply chain in Guernsey results in the island benefiting from very high tenant retention rates, meaning it is rare for tenants to exercise their breaks. Particularly for those occupying high quality premises similar to the subject property. The subject property has also experienced a very strong letting track record with 100% occupancy prior to, and since, completion of the works.

AML

In accordance with Anti-Money Laundering (AML) Regulations, the purchase will be required to satisfy the vendor on the source of the funds used to complete the transaction.

LEGALS

All terms are subject to contract.
Each party shall bear their own legal costs in connection with this transaction.

Our Services

Watts Property Consultants are able to offer the full range of commercial property services to meet clients' requirements.

Valuation

We have a team of RICS Registered Valuers who combine experience, local market knowledge and high standards of professionalism to provide valuation reports tailored to provide clients with the information they require.

Property Management

Our dedicated Property Management Team has a broad range of technical and financial management skills to ensure the properties we manage are in safe hands.

FURTHER INFORMATION & VIEWING

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