

# CORNERSTONE BUILDING

PRIME OFFICE VALUE-ADD OPPORTUNITY

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107 West Regent Street  
Glasgow, G2 2BA



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*Cornerstone presents an opportunity to  
acquire a 'unique' office investment  
situated in the heart of  
Glasgow's CBD*



# Investment Summary

- Prime office located within the heart of Glasgow's Business District;
- Stunning external design on a prominent corner position in close proximity to the retail and leisure pitches;
- Unique Grade A building due to the right-sized floorplates that has had a strong letting history;
- EPC rating of A;
- Offering contemporary, flexible, open plan floor plates ranging from 1,796 to 3,250 sq ft;
- The corner position provides excellent natural daylight to all floors;
- Total of 20,627 sq ft arranged over basement, ground and 5 upper floors;
- 6 secure stacked car parking spaces;
- Opportunity to significantly add value to one of Glasgow's most iconic office buildings;
- Heritable Tenure (Scottish Equivalent of English Freehold).

## Pricing

**Offers in excess of £2.2 million** exclusive of VAT.

A purchase at this level would reflect a low **capital rate of £107/sqft**, assuming purchaser's costs of 6.28%.



# Location

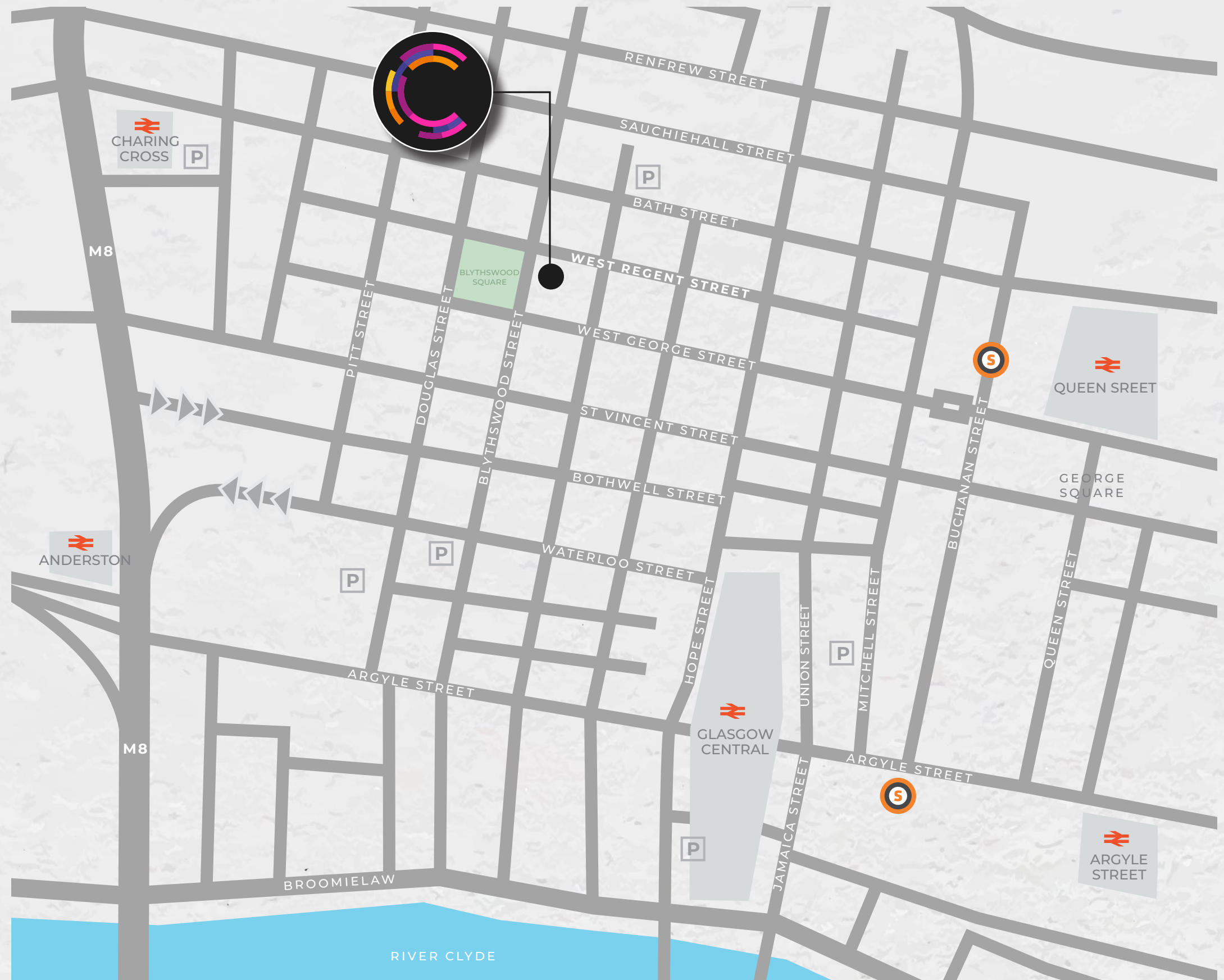
Glasgow has a population of around 635,000 making it the largest city in Scotland and the third largest in the UK. Greater Glasgow is the fifth largest catchment area in the UK with a population of approximately 2.3 million.

Glasgow is Scotland's largest centre of employment and has a relatively young population with 70% being of working age. The city benefits from a diverse range of sectors integrated into its economy providing a highly skilled and experienced workforce such as financial and business services, creative industries and the science and innovation sector.

The Glasgow region economy is established as a global business destination and an economic powerhouse which generated approximately £47.3 billion Gross Value Added (GVA) in 2021.

The city is home to eight higher education institutes with five universities and three colleges. These include the University of Glasgow, the University of Strathclyde and the City of Glasgow College.

The University of Glasgow is one of the four ancient universities in Scotland with over 29,000 students and is ranked in the top 80 in Best Global Universities. In 2021, 42.3% of the population in the Glasgow City Region were found to be educated to degree level which ranked second highest amongst the UK's Core City Regions.



# Glasgow Highlights



Over 100 companies relocated to Glasgow due to regeneration with investment into the city centre, business district and infrastructure

## 70%

70% of population are of working age



Glasgow benefits from a range of sectors such as financial and business services, creative industries and life sciences



According to Foreign Direct Investment (fDi) intelligence, Glasgow is ranked joint 2nd for fDi in Europe



Hosted the United Nations Climate Change Conference (COP26) within the Scottish Event Campus (SEC) with 20,000 delegates from around 200 countries, including global leaders, coming to the city



Home to eight higher education institutes including five universities and three colleges



Ranked 6th for connectivity Across Large European Cities for the Future 2023

## 635,000

There are 635,000 people populating Glasgow making it the largest city in Scotland and a population of 2.3 million in the Greater Glasgow catchment

## £47.3B

£47.3 billion Gross Value Added (GVA) in 2021



Global business destination and an economic powerhouse



In 2021, 42.3% of the population in Glasgow City Region were educated to degree level



Hosted the 2014 Glasgow Commonwealth Games

# Situation

The Cornerstone building occupies a prominent corner position on West Regent Street and Wellington Street. This prime corner position offers excellent natural daylight on 3 of 4 elevations. It sits in the heart of Glasgow's Central Business District and benefits from excellent public transport connections. Central Station is a 5 minute walk immediately south of the building and Queen Street Station a 5 minute walk east.

Junction 19 of the M8 motorway is approximately 0.5 miles to the west offering easy access to the wider Scottish motorway network. In addition, Glasgow airport is only a 15 minute drive from the property.

Nearby occupiers include CMS, Colliers International, Savills, Edrington, Shepherd and Wedderburn and West Ranga.

# The Site

The property occupies a site of approximately 0.044 acres (0.108 hectares). It is rectangular shaped.



# Connections



## ROAD

The M8 motorway bisects the City Centre providing access to Edinburgh to the east and Glasgow Airport to the west. Further east, Junction 13 of the M8 connects to the M80, providing direct access to Stirling and the north of Scotland. The M8 links to the M73 and also the M74 motorway at Junction 4, leading to Carlisle and the north of England respectively.



## RAIL

The City Centre of Glasgow has two main railway stations – Glasgow Central and Glasgow Queen Street. The rail network provides regular access to all principle cities and towns in Scotland, with a regular service to Edinburgh every 15 minutes, as well as regular services to Aberdeen, Dundee and Inverness. London is also accessible via the West Coast main line.

Glasgow City Centre further benefits from an underground and low-level rail system, which links the City Centre to outlying residential areas.



## AIR

Glasgow International Airport is located 10 miles west of Glasgow City Centre, at Junction 28 of the M8 motorway, approximately 15 minutes' drive away. The airport has a current annual passenger turnover in excess of 9.4 million people, with regular domestic, European, Far East and Trans-Atlantic flights. of Dyce, which serves primarily UK and European destinations.

# The Property

The property consists of a multi storey Grade A office development constructed in 2009.

Arranged over lower ground, ground and 5 upper floors, the building offers modern office accommodation and has the following specification:

- 13 person passenger lift serving all floors
- VRF air conditioning
- Self-contained male and female toilets on each floor
- Floor to ceiling height of 2.7m
- Recessed ceilings incorporating LG7 lighting
- Raised access flooring throughout
- Column free floor plates throughout

On the south elevation, overlooking the back lane, as if to remind us of the real character of this building, the stone appears to slide away to reveal an entire elevation of curtain walling. This creates a wall of uninterrupted glazing which transforms the quality of the office interior.

## Accommodation Areas

The subjects have been measured in accordance with the RICS Code of Measuring Practice (Sixth Edition) and extend to the following approximate gross internal area:

Floor/Level	Net Internal Area		Gross Internal Area	
	Sq M	Sq Ft	Sq M	Sq Ft
Fifth	289.18	3,113	363.20	3,909
Fourth	298.48	3,213	374.84	4,035
Third	298.54	3,213	374.97	4,036
Second	299.54	3,224	374.42	4,030
First	300.38	3,233	374.43	4,030
Ground	262.36	2,824	363.57	3,913
Lower Ground	167.84	1,807	352.75	3,797
	1,916.32	20,627	2,578.18	27,750



Lower Ground Floor

Fourth Floor

## Sample Floor Plans

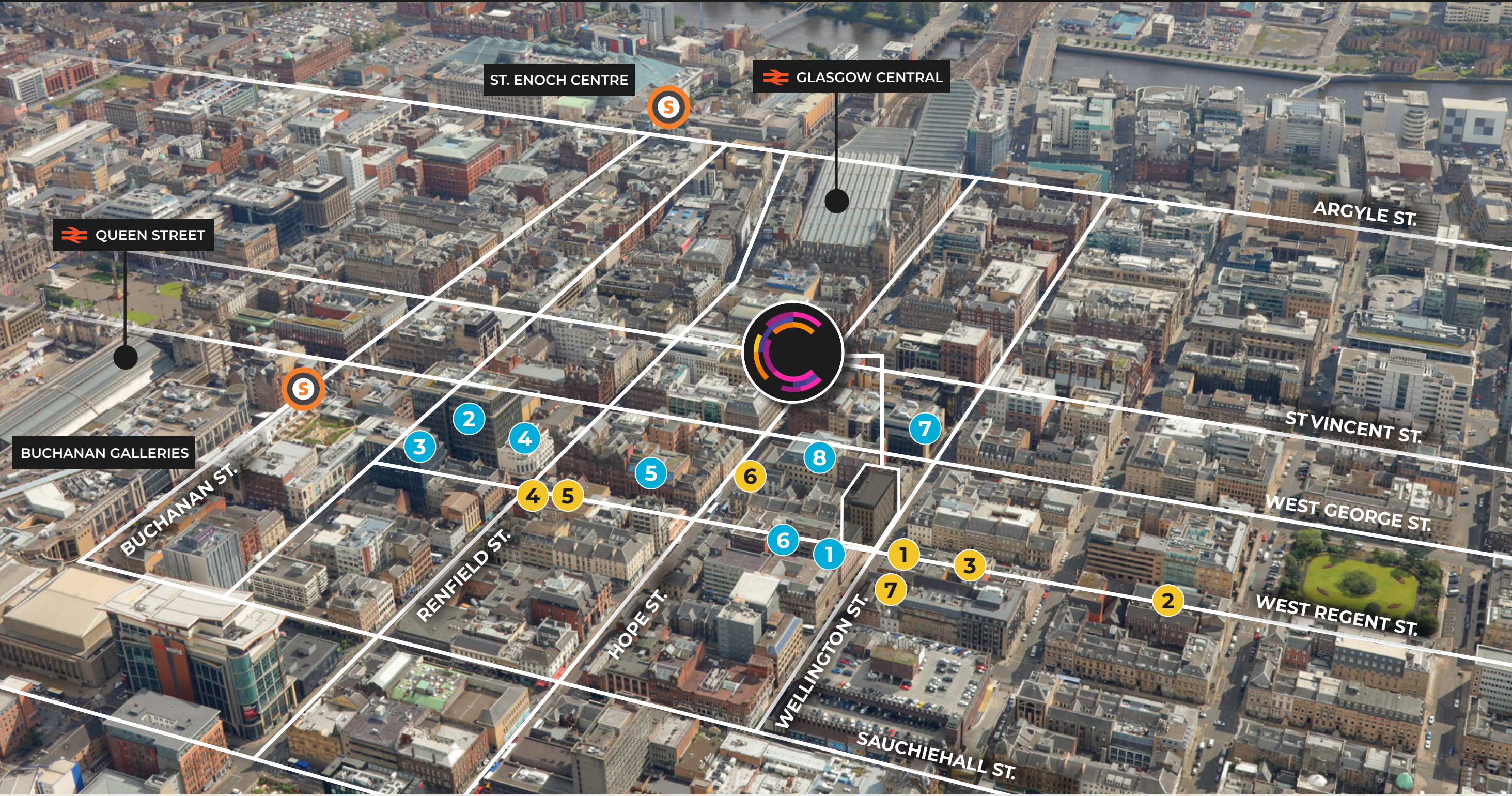
# Neighbouring Occupiers

## Local Amenities

- 1 Piece
- 2 Where the Monkey Sleeps
- 3 Meat
- 4 Cup Tea Lounge
- 5 Amber Regent
- 6 NYC Cafe
- 7 Sartis

## Surrounding Occupiers

- 1 Ashfield Healthcare
- 2 Weirs / Global Radio / Shepherd & Wedderburn
- 3 Gamma Telecoms / Digby Brown / Fan Duel
- 4 Lithe IT
- 5 Velocity
- 6 Woolgar Hunter / Space & People
- 7 Edrington / HP
- 8 Michael Page / Peninsula



# Tenancy Schedule

Accommodation	Tenant	Area (sq ft)	Lease Start	Rent Review	Break	Expiry Date	Rent	Office Rent (psf)	Comments
Lower Ground	Secretary of State for Communities and Local Government	1,807	06/01/2014			24/12/2023	£26,042	£14.41	Tenant has vacated. Dilapidations negotiations ongoing.
Ground	Vacant	2,824							Floor is refurbished and ready to let.
First	J & P Coats Ltd	3,233	13/02/2012	13/02/2027	13/02/2027	12/02/2032	£84,200	£25.27	1 car space. Lower middle space, assume £2500.
Second	Secretary of State for Communities and Local Government	3,224	06/01/2012			05/12/2023	£75,858	£23.53	Tenant has vacated. Dilapidations negotiations ongoing.
Third	Secretary of State for Communities and Local Government	3,213	25/05/2009			05/12/2023	£83,475	£25.98	Tenant has vacated. Dilapidations negotiations ongoing.
Fourth	Addleshaw Goddard LLP	3,213	26/06/2009			25/06/2024	£80,725	£25.12	A Notice to Quit has been served.
Fifth	Addleshaw Goddard LLP	3,113	26/06/2009			25/06/2024	£78,400	£25.18	A Notice to Quit has been served.
		20,627					£428,700		



# Glasgow Occupational Market



Glasgow's office market continues to recover strongly as society navigates out of the Covid-19 pandemic and a sense of pre-restriction normality resumes. Glasgow's second hand office take-up for 2023 so far has totalled just over 170,000 sq ft.

40 occupiers have taken new office space in 2023, further emphasising both the office market recovery and the increased confidence many occupiers have about returning to the office.

Further solace can also be taken from the amount of active office requirements currently in the Glasgow market, with 54 businesses currently looking for office space within the city, equating to some 334,200 sq ft.

Available Grade A space remains seldom available, and the city has a current vacancy rate of 0.33%. As expected, a squeeze has been put on top-level office rents within the city and the past quarter did witness Glasgow's prime office rents increase – with top office rents now sitting at £36.00psf and its widely expected deals will be agreed at £40.00 psf by the end of the year. Furthermore, we have witnessed a significant increase in 'plug and play' rents with some small fitted suites commanding all inclusive rents of close to £60 per sq ft.

There were 124 office leasing deals in 2022 with the vast majority being sub 4,000 sq.ft. The Cornerstone Building is one of the few modern offices in the CBD to offer the "right sized" floor plates in an EPC A rated building.

Property	Date	Tenant	Specification	Size (sq ft)	Rent £psf
8th floor, 2 West Regent Street	June 23	WIZU Workspace	New Build	7,294	£28.50
Ground floor, St Vincent Plaza, 319 St Vincent Street	April 23	We are Luxe Ltd	New Build	12,008	£25.50
5th floor , 6 Atlantic Quay, 55 Robertson Street	April 23	Iomart	Refurbishment	10,424	£29.00
McLellan Works, 274 Sauchiehall Street	December 2022	Hoare Lea	Refurbishment	5,011	£25.00
2 Atlantic Square	December 2022	Siemens	New Build	14,488	£35.00
Cadworks	December 2022	Brewin Dolphin	New Build	6,086	£36.00
6 Atlantic Quay	September 2022	EDF Energy	Refurbishment	9,670	£29.00
177 Bothwell Street	September 2022	Evelyn Partners	New Build	29,683	£35.25
Onyx	June 2022	Diageo	Refurbishment	12,438	£27.00
Cadworks	April 2022	OVO Energy	New Build	33,905	£34.00
2 Atlantic Square	March 2022	BDO	New Build	14,812	£34.50
2 Atlantic Square	February 2022	Burness Paull	New Build	8,078	£35.00
177 Bothwell Street	November 2021	Transport Scotland	New Build	49,300	£32.50
2 Atlantic Square	September 2021	Atkins	New Build	28,912	£34.50
177 Bothwell Street	September 2021	Aecom	New Build	19,000	£35.25
Cadworks	August 2021	TLT	New Build	10,000	£34.50
177 Bothwell Street	July 2021	CBRE	New Build	17,500	£32.50
177 Bothwell Street	June 2021	BNP Paribas	New Build	18,000	£34.50
206 St Vincent Street	January 2021	MDDUS	Refurbishment	11,329	£27.00

# Glasgow Investment Market

Glasgow is part of the 'Big 6' UK regional office markets and has attracted long term investment from a diverse range of sources, including UK institutions, overseas funds, and high net worth individuals.

Since the pandemic, Glasgow's office market has experienced significant rental growth and there continues to be a shortage of Grade A accommodation which has led to an increase in investment volumes. 2022 saw £280.38m of offices transacted in Glasgow, above the 10-year average of £262m. In the Glasgow office sector, H1 2023 has more than doubled the investment volumes H1 2022, with £64.05m being recorded in comparison to £31.84m. These positive investment volumes signal that investors are still interested in Glasgow and for the remainder of 2023 there should be continued inflows of capital to the city.

Investors in Glasgow offices have been attracted to either core assets with long let Grade A accommodation or value add opportunities that can be redeveloped/ refurbished into a core asset. The Glasgow market has seen multiple value-add transactions take place over the past 24 months including Sutherland House, 2-4 Blythswood Square, 'Aurora' at 120 Bothwell Street, and 50 Bothwell Street.

Confidence in the Glasgow office market has grown since the sale of 177 Bothwell in November 2022 for £220 million, reflecting a record yield of 4.50% as well as the largest single asset acquisition ever recorded in Scottish history. There is a renewed confidence in the regional office market, with a variety of Glasgow transactions solidifying this sentiment, with Priory Real Estate purchased 2-4 Blythswood Square and Sutherland House for 6.50% and 8.00%, respectively. This shows that there is good demand for offices in Glasgow's CBD. We have highlighted opposite some recent investment sales.

Property	Date	Price	NIY	Capital Value (psf)	Purchaser
RWF House	June 2023	£9.7m	7.26%	£245	GTProperties
191 West George Street	June 2023	£36.2m	6.40%	£423	CORUM
Sutherland House	April 2023	£9.050m	8.00%	£230	Priory Real Estate
2-4 Blythswood Square	April 2023	£9.1m	6.50%	£335	Priory Real Estate
177 Bothwell Street	November 2022	£220m	4.50%	£698	Pontegadea
Eastgate	October 2022	£21.86m	6.00%	£386	Zetland Capital



# Investment Rationale

Unique building within the context of Glasgow Office Market

The building would potentially be suited to a variety of alternative uses such as hotel, serviced apartments and residential, subject to planning

Offers an incoming purchaser significant asset management strategies going forward in terms of looking at plug and play options on the vacant floors to drive performance - some fitted suites in the city are commanding all-inclusive rents of close to £60 per sq ft.

The building is well positioned to take advantage of occupier trends and requirements

Opportunity to capture rental growth trends

A rare opportunity to purchase a high-quality asset at a significant discount to what it has traded for previously

Prominent Corner position and one of Glasgow's best business addresses

Upgrading the common parts and utilising the garage to provide amenity and wellbeing space

The building is ahead of its time with excellent ESG credentials (an EPC A rating)



# Rates

We have made enquiries of the Scottish Assessors Association (SAA) website in respect of the entries appearing in the most recent Valuation Roll. The property is entered in the latest Valuation Roll as follows.

The Scottish Government have confirmed that the rate poundage for 2023/2024 will be 49.8p, with additional supplements applying to business premises with rateable values over £51,000 and £100,000 giving an Intermediate Property Rate of 51.1p and Higher Property Rate of 52.4p respectively.

Address	Description	Rateable Value
Basement, 107 West Regent Street, Glasgow	Office	£30,00
Ground, 107 West Regent Street, Glasgow	Office	£60,000
1st Floor, 107 West Regent Street, Glasgow	Office	£60,000
2nd Floor, 107 West Regent Street, Glasgow	Office	£60,000
3rd Floor, 107 West Regent Street, Glasgow	Office	£60,000
4th Floor, 107 West Regent Street, Glasgow	Office	£60,000
5th Floor, 107 West Regent Street, Glasgow	Office	£57,500
4X Car Parking Spaces	Car Park	£8,800
Total		£396,300

# Service Charge

The service charge budget for the year 2022/2023 was £125,875 per annum reflecting an average rate of £6.09/sqft. Year 2023/2024 service charge budget is currently being finalised and can be provided upon request.

# Tenure

Heritable title (Scottish equivalent of English Freehold).



# EPC

The property has an EPC rating of A. A copy of the EPC can be supplied to interested parties.

# Capital Allowances

Capital Allowances can be made available through separate negotiation.

# VAT

The property is elected for VAT. However, it is anticipated that a sale will be enacted by way of a Transfer of going concern (TOGC).

# AML Regulations

To comply with Anti Money Laundering Regulations, we are legally required to undertake due diligence on prospective purchasers/tenants which will at a minimum include proof of identity/address and funding.

Applicable documentation will therefore be required on agreement of Heads of Terms.

# Data Room

Further information can be found within a dedicated sales Data Room. Access can be provided upon request.





# Investment Proposal

**Offers in excess of £2.2 million** exclusive of VAT.

A purchase at this level would reflect a low **capital rate of £107/sqft**, assuming purchaser's costs of 6.28%.

## Contacts

For further information or to organise an inspection, please contact the sole selling agents.



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