

STUDENT ACCOMMODATION INVESTMENT OPPORTUNITY



ST LUKE'S HALL

BALLATER STREET, GLASGOW, G5 0TR

- PROMINENT LOCATION CLOSE TO GLASGOW CITY CENTRE
- 204 EN-SUITE BED SPACES
- LEASE TO GLASGOW COLLEGE OF NAUTICAL STUDIES – NOW CITY OF GLASGOW COLLEGE
- PRIMARY RENT OF £572,054 PA
- ANNUAL REVIEW TO THE GREATER OF RPI OR 2%
- SECONDARY INCOME WITH POTENTIAL TO INCREASE
- HERITABLE INTEREST
- OFFERS IN THE REGION OF £6 MILLION

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LOCATION

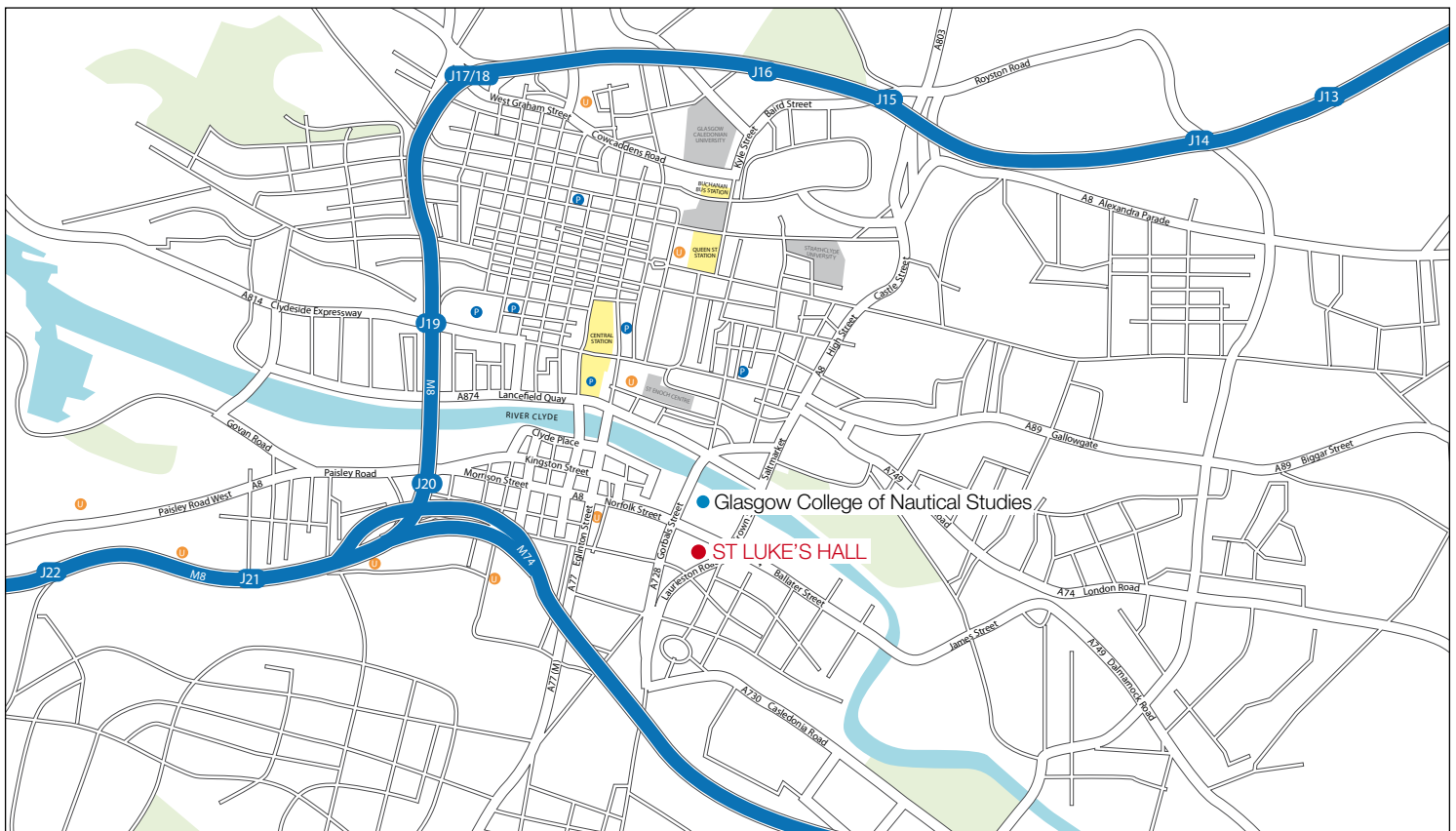
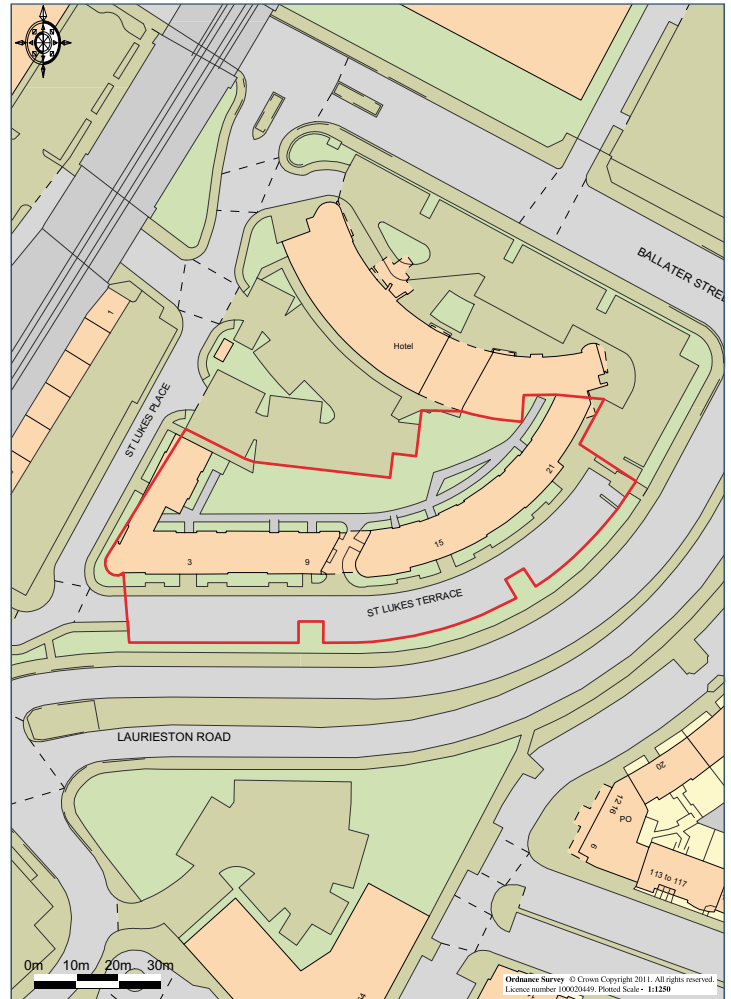
St Luke's Hall is situated close to the junction of Ballater Street (A74) and Laurieston Road (A728), to the south of the River Clyde and within easy walking distance of the main business, shopping and leisure areas of the city centre. Glasgow Central Railway Station is a short distance away and both Glasgow Queen Street Railway station and Buchanan Bus station are readily accessible by bus or via the subway, with Bridge Street subway station situated just to the west. This area is also well served by numerous bus routes. The M74 extension, due for completion in 2011, will provide swift access to the wider motorway network via the nearby junctions at Kingston Bridge and Polmadie Road.

The Glasgow College of Nautical Studies' campus is situated immediately to the North of the property at Thistle Street and is known as City of Glasgow College – Riverside Campus. The campus facilities include sports facilities, a nursery and catered accommodation for over 200 students. A Marine Skills Centre was recently added at a cost of £5.6m.

The other main campus for the City of Glasgow College is situated at Cathedral Street, in close proximity to University of Strathclyde and Glasgow Caledonian University, all of which can be reached from St Luke's by subway or bus in 10 minutes.

SCHEME SUMMARY

- Concrete frame construction with brick elevations, under a slate tiled roof
- Built in 2000 and substantially refurbished in 2010
- 204 en-suite student bed spaces comprising 39 standard cluster flats of 3, 5 and 6 units
- Warden's Office
- 2 bedroom Warden's Flat
- Laundry
- Communal seating area
- 44 Parking Spaces
- Cycle storage
- Site area of 2.1 acres (0.85 hectares)



TENANCY

The Glasgow College of Nautical Studies has an occupational lease over the premises for a term of 35 years, details of which are summarised below.

Number of bed spaces	204
Unit Breakdown:	
Standard En-suite	140
Double En-suite	56
Twin En-suite	5
Disabled En-suite	3
Lease Summary	<ul style="list-style-type: none"> - Leased to The Glasgow College of Nautical Studies - Term Time: 170 beds for 38 weeks - Non Term: 20 beds for 14 weeks - 35 year lease from 3rd September 2000 - Higher of RPI or 2% annual uplifts - Mutual rolling 5 year break clause - Landlord responsible for management, repair/maintenance costs and utilities
Direct Let	<ul style="list-style-type: none"> - Term Time: 34 beds for 38 weeks - Non Term: 182 beds for 14 weeks
Total Gross Income 2009/10	- circa £634,000

SUMMARY OF GROSS INCOME 2005 - 2011

	2005/6	2006/7	2007/8	2008/9	2009/10	2010/11
Primary Income	£465,088	£482,027	£503,396	£530,507	£543,770	£572,054
Secondary Income	£193,072	£132,649	£181,925	£143,180	£90,406	£120,000*
Total Income	£658,160	£614,676	£685,321	£673,687	£634,176	£692,054

*Estimated Figure

Primary Income has risen steadily over the period, with regular increases dictated by the lease agreement.

Secondary Income is a combination of term time lettings in excess of 170 rooms, students staying on over summer, third party summer lets and income from the launderette. The considerable reduction in 2009/10 was primarily due to the decommissioning of c60% of bedrooms during the summer period to allow for refurbishment of the accommodation.

The latest actual and projected income figures for 2010/11 show Primary Income of £572,054 and indicate that Secondary Income will be in the region of £120,000 for the current financial year, with additional third party income over the summer months and income from the launderette still to be included.

The Primary Income is due for its annual review on 3 September 2011 to the greater of RPI or 2%. The average year on year increase in RPI in the months from August 2010 to March 2011 has been 4.9%. On this basis, the Primary Income will increase to c£600,000 p.a. from 3 September 2011. The Vendor will consider a rental top up to this level from the date of purchase until the 3 September 2011.

The maintenance and letting of St Luke's is currently managed by the College, however, under the terms of the lease there is the opportunity for the landlord to work more closely and proactively with the College to improve the Secondary Income and manage costs. A schedule of Landlord's expenditure can be provided to interested parties.

GLASGOW COLLEGE OF NAUTICAL STUDIES

The Glasgow College of Nautical Studies has a total full-time student intake of circa 9,000, however, there are only circa 2,000 (22%) that are on-site at one time due to students spending large periods of time out at sea. 50% of the College's activity is in the specialist area of Marine Engineering and Maritime studies and the College is the only maritime training college in Scotland and one of only 4 in the UK, thus attracting a large percentage of international students. Courses are also delivered in other subject areas such as Childcare Education, Health, Social Studies, Drama, Computing, Sport and Mechanical Engineering.

The College enjoys a strong financial position, with its national and international reputation as a provider of marine engineering and nautical studies attracting significant income from tuition fees and education contracts, making the College less reliant upon Funding Council Grants.

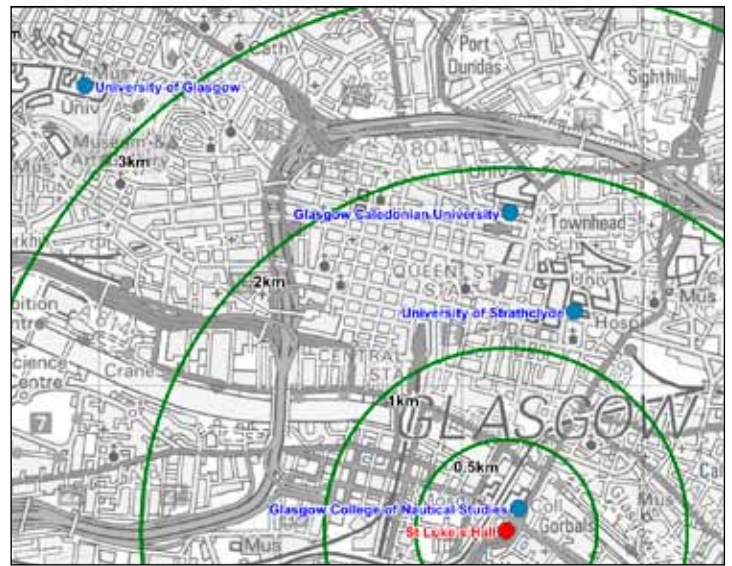
At July 2010, the College had cash at bank of £8.024m and surplus on income and expenditure account of £5.765m. The college posted Net Assets including Pension Liability of £24.721m.



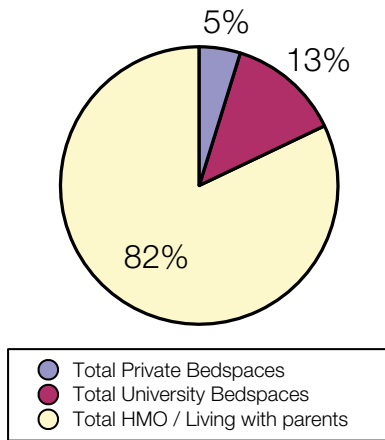
GLASGOW SUPPLY / DEMAND DYNAMICS

- Glasgow has c.52,000 students in Full Time Higher Education and five main institutions
- There are c.9,000 purpose built bed spaces (Private and University owned)
- Glasgow has c.43,000 students without access to purpose built bed spaces
- The development pipeline suggests a further 3,000 beds may be developed
- Good supply/demand imbalance in Glasgow for purpose built student accommodation equating to an existing provision of only 18% and an anticipated provision of 23% including the development pipeline.

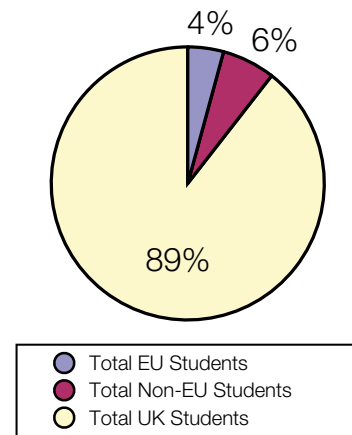
(Source: HESA 09/10)



STUDENT ACCOMMODATION PROVISION - GLASGOW



GLASGOW STUDENT NUMBERS



CITY OF GLASGOW COLLEGE

On 1st September 2010, the merger of Glasgow College of Nautical Studies, Central College Glasgow and Glasgow Metropolitan College was formally approved, to create City of Glasgow College.

The newly formed college will have a combined student population of 40,000, of which 11,500 will be FTE's, combined income of £57million and Net Assets of £69million (2010-11).

The 2 main existing college campuses at Cathedral Street and Thistle Street (Riverside) are proposed to be redeveloped to provide new facilities as part of the merger, however, a Government decision on the proposals has been postponed until after the Scottish Election on 5th May 2011.

The recent completion of the Marine Skills Centre and the proposed redevelopment of the Riverside campus underlines the College's commitment to the location and reinforces the requirement for student accommodation.

TENURE

Heritable Interest (Scottish equivalent of English Freehold)

PRICE

Offers in the region of £6 million, exclusive of VAT

VAT

The property has not been elected for VAT and VAT will not be payable on purchase.

VIEWINGS AND ENQUIRIES

Viewings are available strictly by appointment with the joint agents.

Important notice

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