

**AVISON
YOUNG**

For Sale

Landmark City Centre Retail Opportunity



City Arcade, 25 Union Street, Birmingham B2 4TX

avisonyoung.co.uk/#235049

Investment Summary

- A rare opportunity to acquire Birmingham City Council's interest which hasn't come to the market in 150 years.
- The scheme is situated in the heart of Birmingham City Centre. City Arcade is surrounded by Birmingham's key business community and is located in the city's prime retail core.
- The property includes four retail units with ancillary uppers comprising a total area of 774 sq m (8,335 sq ft).
- Multi let to three tenants with a substantial vacant unit for refurbishment/repositioning.
- 33% floor space is currently vacant, providing immediate reversionary opportunity.
- Total rent of £66,000 per annum, reflecting a low average rent of £11.84 per sq ft.
- Freehold.

We are instructed to seek offers in excess of **£500,000 (Five Hundred Thousand Pounds)** reflecting a net initial yield of **12.61%**, a low capital value of **£60 per sq ft** assuming standard purchasers' costs of 4.70%.



Birmingham

The Heart of the Regions

Birmingham is the commercial and administrative centre of the West Midlands with a population of c. 1.14 million (ONS, 2019) and forms the largest regional centre in the UK in both population and economic terms. Birmingham is the heart of the larger 'West Midlands Combined Authority' with an estimated urban population of c.4.2 million (ONS, 2019).

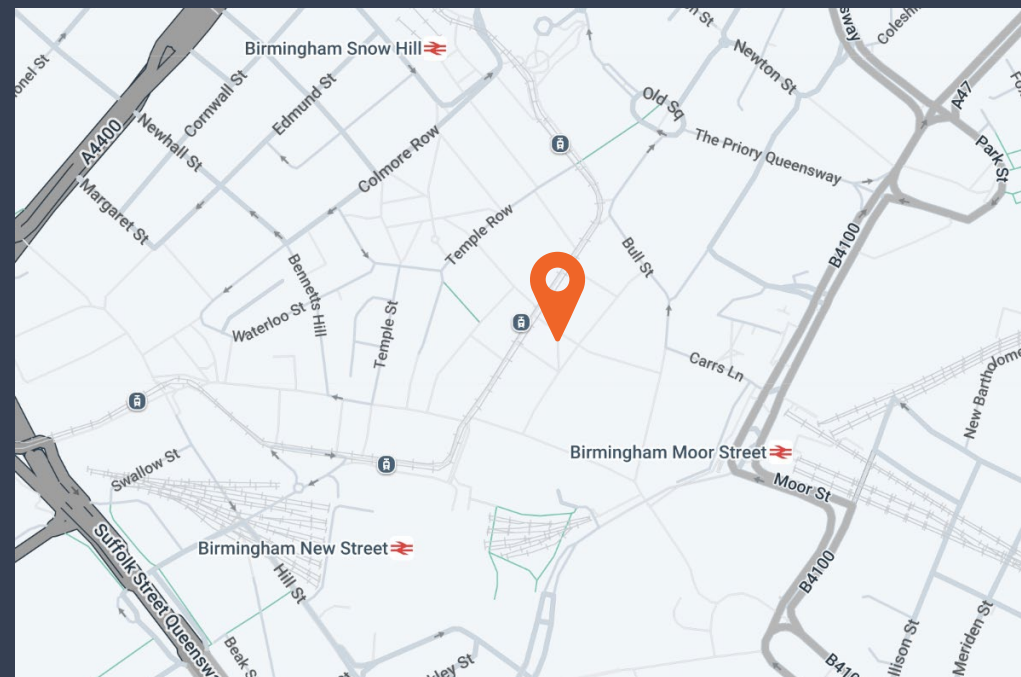
Birmingham is at the forefront of the regional economy with almost half a million people working in the city. It has a growing reputation and the largest concentration of business of all the regional cities (home to approximately 110,000 companies).

Birmingham has seen unprecedented levels of inward investment in recent years. This is reflected by a significant number of major corporations relocating parts of their operations to the city, including, PWC, Barclays, Deutsche Bank, Advanced, Beazley Insurance, SBC, HS2, RICS, and WSP. Goldman Sachs recently moved to One Centenary Square taking over 110,000 sq ft. The city is home to several other major corporations with businesses such as Jaguar Land Rover, Wesleyan, Eversheds Sutherland LLP, Gateley LLP, RBS, KPMG, Kraft, and Gowling WLG all maintaining headquarter facilities in the region.

Birmingham has an advantage compared to many other areas of the UK due to its geographical position. It is located at the hub of the UK's motorway and rail network and is home to Birmingham Airport. The city's advantageous geographical connectivity brings significant growth opportunities for the local economy.

This is highlighted and enhanced by recent investment in Birmingham Airport, the Midland Metro, and development around the area of the future Curzon Street HS2 terminus. This will further increase national and international connectivity.

Birmingham attracts over 42 million visitors each year and has a fast-growing leisure and tourism sector, boosted by Birmingham's successful bid to host the 2022 Commonwealth games.



Birmingham

World Class Connectivity

Birmingham is at the heart of the UK's communications network and is undoubtedly the most connected regional city in the UK. By rail Nottingham, London, Liverpool and Manchester are less than 1.5 hours away. 90% of the UK's population is within a four-hour drive time, with a further 400 million people across Europe accessible through road, rail and air connections.

Road

Birmingham is in the heart of England's motorway network. The city is served by the M6, M5 and M42 Motorways which connect to the National Motorway Network. To the south, the M40 provides a direct link from Birmingham to London and, to the north, the M6 links Birmingham to Manchester.

Birmingham Airport	15 minutes	7 miles
Manchester	1 hr 40 mins	70 miles
London	2 hrs 10 mins	117 miles
Edinburgh	5 hrs	245 miles

Air

Birmingham Airport can be accessed in less than 10 minutes via Birmingham New Street Station. The airport is the UK's third largest, serving over 11 million passengers per year and flying to 400 international destinations. Following a £40 million runway extension in 2014, the airport can now accommodate up to 36 million passengers and support an additional 30 routes.



Rail

Birmingham New Street Station completed a £650 million redevelopment in 2015, cementing its name as a worldclass transport interchange and significantly increased its capacity. The station is the busiest in the UK outside of London, with more than 170,000 people passing through daily.

The city also benefits from Moor Street Station and Snow Hill Station – both of which provide regular services across the country to a variety of destinations including Solihull, Leamington Spa, Warwick and London Marylebone.

Birmingham Airport	9 mins
London	1 hr 23 mins
Manchester	1 hr 29 mins
Leeds	1 hr 58 mins
Bristol	1 hr 23 mins

Birmingham High Speed 2

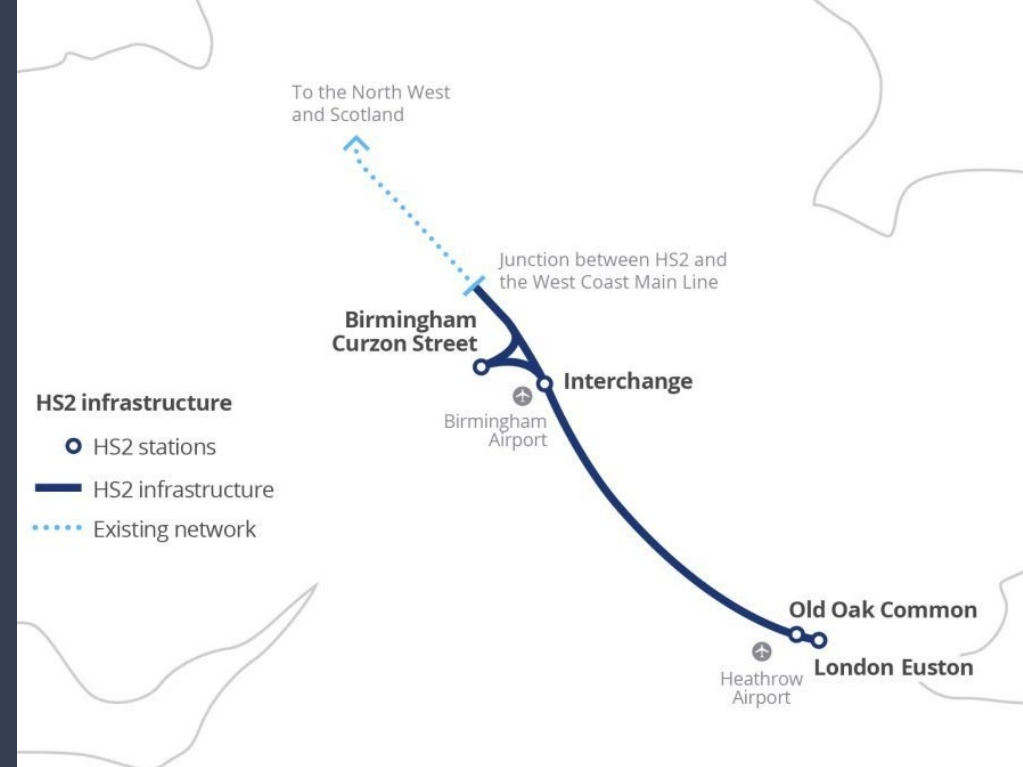
HS2 will become the world's most advanced passenger railway system, positioning Birmingham at the very heart of the UK's highspeed rail network.

Phase 1 is under construction and due for completion between 2029 and 2033, linking London to Birmingham City Centre in just 49 mins, with train capacity doubling between the UK's two largest cities.

Approximately £1 billion is being invested at Curzon Street Station, the Birmingham terminus for HS2. Located on the eastern side of the city centre, the station will be linked to New Street, Snowhill and Moor Street stations by a £137 million metro extension, creating Line 2 of the Midland Metro System. This will lead to a £4 billion increase in economic output in the region per year, as well as an estimated additional 30,000 jobs for the region.

The traditional boundaries of Birmingham's central business district are also likely to expand because of the enhanced infrastructure and critical mass created in this part of the city, which will be of notable benefit to the subject property and surrounds.

In addition, the scheme is also set to benefit the city's residential market. The average Birmingham house price has increased by 8% since 2017 and is forecast to increase further as HS2 nears completion.



Birmingham

The Midlands Metro

The Midland Metro tram, originally opened in 1999, was subject to extension in 2015, from its original terminus at Snow Hill to New Street Station. There have been multiple extensions since including:

Eastside Extension

The extension to Digbeth will serve the High Speed 2 (HS2) station at Curzon Street, separating from the existing West Midlands Metro line at Bull Street.

Wednesbury to Brierley Hill Extension

The extension will branch off the current Metro line just east of the Wednesbury Great Western Street Metro stop, before heading through Tipton and Dudley on its way to Brierley Hill. There are plans for up to 17 Metro stops, with provision for two additional stops. The extension will be delivered in two phases with the first to Dudley town centre expected to open to passengers in 2024.

Westside Extension

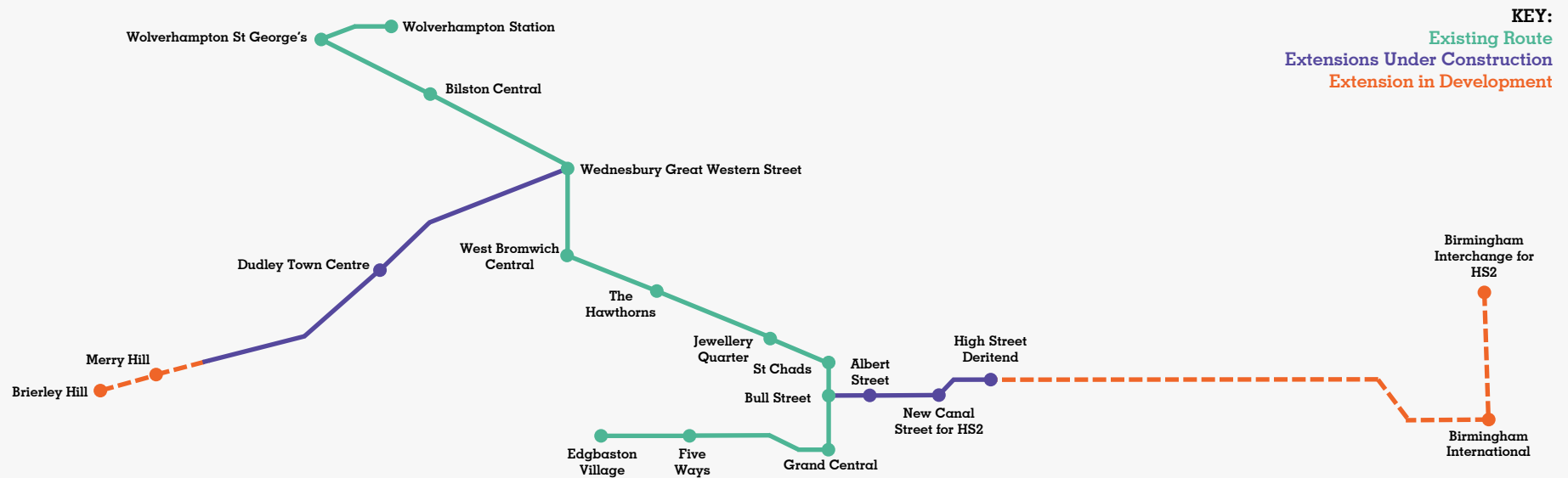
The extension to Centenary Square opened in 2019 and is now a continuous line through to Edgbaston.

Wolverhampton City Centre Extension

The Wolverhampton City Centre extension has recently completed, with the line opening to passenger services, in 2023. As part of the Wolverhampton Interchange, the extension runs from a junction with the existing West Midlands Metro system close to the current terminus at Wolverhampton St. George's through to Wolverhampton Railway Station.

East Birmingham to Solihull Extension

The final extension currently planned will see the route from the Birmingham Eastside Extension extended further eastwards to serve north Solihull and terminate at the HS2 interchange station. The final phase will be completed in 2026.



Birmingham – The Facts



298,000 educated to degree level,
more than any other UK core City

(Source: West Midlands Growth Company)



£3.64 billion of investable
infrastructure under development

(Source: West Midlands Growth Company)



44,190 businesses
(largest number of any regional city)

(Source: West Midlands Growth Company)



42,000,000 visitors per year

(Source: West Midlands Growth Company)



People are 40% better off living in
Birmingham than the South-East

(Source: West Midlands Growth Company)



Home to more international
companies than any UK city
outside of London

(Source: BOMF)



37.4% under 25 years old – one of
the highest % in Europe

(Source: West Midlands Growth Company)



Prime office rents now at £45.00
per sq ft



Birmingham City Council on target
to Net Zero Carbon by 2030

(Source: Birmingham City Council)



Successful hosts of the 2022
Commonwealth Games and future
hosts of the 2027 Invictus Games



1 in 7 people moving outside
London moved to the Midlands

(Source: BOMF)



UK's first 5G testing hub

(Source: BOMF)

Our Future City - Central Birmingham Framework 2045

City Arcade is at the heart of Birmingham City Councils Central Birmingham Framework 2045 - a strategic plan designed to guide the development and transformation of Birmingham over the coming decades. The framework's primary aims include:

- To ensure that Birmingham grows in a way that is **environmentally sustainable**, with a strong emphasis on reducing carbon emissions, promoting green spaces, and enhancing the city's resilience to climate change.
- To **bolster Birmingham's economy** by attracting investment, supporting innovation, and creating jobs by developing key sectors such as digital technology, creative industries, and advanced manufacturing.
- To create a city centre that is **inclusive and accessible to all**, ensuring that the benefits of growth and development are shared across all communities including affordable housing, diverse public spaces, and improved connectivity.
- To **improve transportation and connectivity within the city and beyond** including plans for better public transport systems, pedestrian-friendly streets, and the integration of new technologies in transport.
- To foster **a vibrant cultural and social life** in Birmingham by supporting arts, culture, and public events. The framework aims to enhance the city's identity and make it an attractive place to live, work, and visit.
- To **improve the quality of life for residents and visitors** by ensuring that the city centre is safe, clean, and welcoming.

The framework envisions a future Birmingham that is more sustainable, inclusive, economically robust, and culturally vibrant, positioning the city as a leading urban centre in the UK and globally by 2045.



Birmingham Retail Market

Birmingham boasts an exceptional retail landscape and ranks as the largest retail centre outside of London, encompassing approximately 3.23 million sq ft of retail floorspace.

Birmingham stands out as a premier retail and leisure destination within the UK. The city's central retail landscape is characterised by several key thoroughfares, including New Street and High Street, alongside managed shopping centres such as Bullring, Grand Central, and The Mailbox.

At the heart of Birmingham's retail scene is Bullring, a renowned three-level shopping centre anchored by Selfridges, a flagship M&S store and numerous national fashion brands. Bullring seamlessly connects with Grand Central, a dynamic retail and leisure complex situated above New Street Station, collectively offering over 200 shops within a covered environment.

Beyond Bullring, New Street, High Street and Corporation Street form bustling pedestrianised avenues housing a diverse array of retail and leisure establishments, including popular brands like Apple, Urban Outfitters, HSBC, McDonalds, Optical Express, Poundland, House of Fraser, Super Drug and world's largest Primark.

Birmingham retail market has rebounded from negative net absorption experienced during the pandemic. The upward trend in vacancy rates has decelerated notably. Birmingham's retail vacancy is currently 3.6%, remaining significantly below the peak of 5.7% observed in 2012.



The Pitch

City Arcade is situated just off Corporation Street, home to House of Fraser and multiple other national retailers. The Arcade is strategically located close to the three primary retail pitches in Birmingham; 100m from New Street, 120m from the High Street and 200m from Grand Central which in turn leads to the Bullring Shopping Centre.

The property is located adjacent to Martineau Place and within close-proximity of Hammerson's proposed Martineau Galleries; a regeneration of The Square Shopping Centre and Dale End (High Street) car park including up to 1,300 new homes, up to 130,000 sq m of workspace, restaurants, cafes, shops, and a new 200 bed city centre hotel.



Tenancy Schedule

Unit	Size (Sq Ft)	Tenant	Lease Start	Lease Expiry	Rent PA	Rent PSF	Comments
Unit 2 Ground Floor	1,658	Tilt Brum Ltd (t/a Tilt)	23/09/2015	22/09/2025	£18,000	£10.86	
Unit 2 First Floor	1,701	Tilt Brum Ltd (t/a Tilt)	25/03/2021	24/03/2031	£8,000	£4.70	Tilt Brum occupy 1 st floor above Unit 3
Unit 3 Ground Floor & Basement	1,010	Kyung Park Oh	29/06/2023	29/06/2033	£20,000	£19.81	EPC C
Unit 4	1,206	Private Occupier (t/a B&H)	25/03/2024	Tenancy at Will	£20,000	£16.58	10-year lease has been agreed. Upwards only review on the anniversary of the 5 th year. EPC D
Unit 5 Basement, First, Second, Third floors	2,761	Vacant	-	-	N/A-	-	EPC E
Total	8,335				£66,000		

Tenure

Freehold.

Data Room

A dedicated online data room is available on request to interested parties to review key documents.

Legal Costs

The purchaser is to be responsible for both their own legal costs and Birmingham City Council's legal costs that are incurred in the transaction.

Site Plan



EPCs

EPCs are available in the data room.

VAT

The Council has not opted to tax the site but reserves the right to do so, if necessary, prior to completion of the sale. The sale price will be exclusive of VAT.

Proposal

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