

Barnardo's to lease final part of office development in West Edinburgh



Cosmopolitan Investments has let the final 3,500 sq ft of business space at a West Edinburgh office development, taking the level of occupation at the building from zero to full in just nine months.

The latest tenant to be secured at the building, Birch House, is Barnardo's, the UK's biggest charity, which last year posted a turnover of more than £500 million. Barnardo's will be paying an initial rental of £9.50 a sq ft on a ten-year lease with an optional break at year five.

This follows the letting, last month, to ENABLE, another leading charity which took a five-year lease on 1,154 sq ft of accommodation at a rental of £12 a sq ft. The transaction has allowed ENABLE to merge two of its current offices at Shawfair in south Edinburgh and at Livingston.

The final letting on the 10,000 sq ft building is a remarkable turnaround for Cosmopolitan and its group managing director, Iain Mercer. He said: "Less than a year ago we had an empty building and now it is fully let at market rents to four excellent covenants. Clearly we are delighted at the success of the letting campaign, given that, in general terms, tenant demand is still well down on what it was five years ago.

"The 'third sector' is becoming increasingly important to the conventional business space market. In addition to serving the public good, Barnardo's is bigger than some quoted companies.

Almost a quarter of its £250m income last year came from trading activities and a further £8m from investments and property development.”

Martin Crewe, director of Barnardo’s Scotland said: “Birch House offers an exciting opportunity for us to further develop our services to children and young people. The location is very attractive with ease of access to the M8 plus proximity to the Bankhead tram and Edinburgh Park railway stations. Car parking is also an important consideration.

“As a charity we have to be very cost conscious and the ‘move in’ condition of the building means we will have to spend little to fit it out for our purposes.”

The landlord was represented by Eric Young and Co and GVA James Barr, whilst the tenant represented itself.

The latest deal follows lettings in the second half of last year to the Stuttgart-based Dialog Semiconductor plc – one of the fastest-growing companies of its type in Europe – and the US company, Hollander International Systems. With an established office in Edinburgh city centre, Dialog, secured the additional space at Birch House primarily as a test centre for components such as microchips which eventually form part of tablets and MP3 devices produced by some of the world’s leading consumer electronics companies.

Purchased in 2007, Birch House – the offices of the former Ethicon sutures plant – was the first speculative development by Iain Mercer as group managing director of Cosmopolitan following the sudden death of the founder, his father, Wallace Mercer.

While successful, the speculation was “a close run thing” as Mr Mercer Jnr. recalled later. He said: “We spent £820,000 buying the building and the same again redeveloping it into 10,000 sq ft of high quality office space. About six months into the project Northern Rock collapsed and our own lender,

Bank of Scotland, was starting to become concerned about the letting prospects. Then a Norwegian oil and gas firm called Petroleum Geo-Services decided to enter into a pre-let agreement on the entire building and we managed to complete the development without exceeding the budget shortly before the credit crunch really started to bite.”