199 COMMERCIAL STREET

LEITH | EDINBURGH | EH6 6QP

VIEW MAP

LONG-TERM INCOME.
GOVERNMENT COVENANT.
LANDMARK INVESTMENT OPPORTUNITY.

jobcentreplus

INVESTMENT CONSIDERATIONS

- Long Let Office Investment
- Located in Edinburgh's dynamic urban growth location of Leith
- Highly prominent corner building extending to 27,914 sq ft with underlying alternative use potential
- c. 12 years unexpired income
- Full Repairing and Insuring Lease to undoubted covenant of the First Secretary of State
- Total passing rent of £278,000 per annum (approx. £9.96 per sq ft)
- Offers over £3,500,000 exclusive of VAT
- NIY of 7.46%
- Capital rate per sq ft of £125
- VAT free investment
- Total contracted rent over the lease term accounts for circa 95% of offers over price

AN EXCEPTIONAL INVESTMENT COMBINING SECURE INCOME WITH ENDURING VALUE.

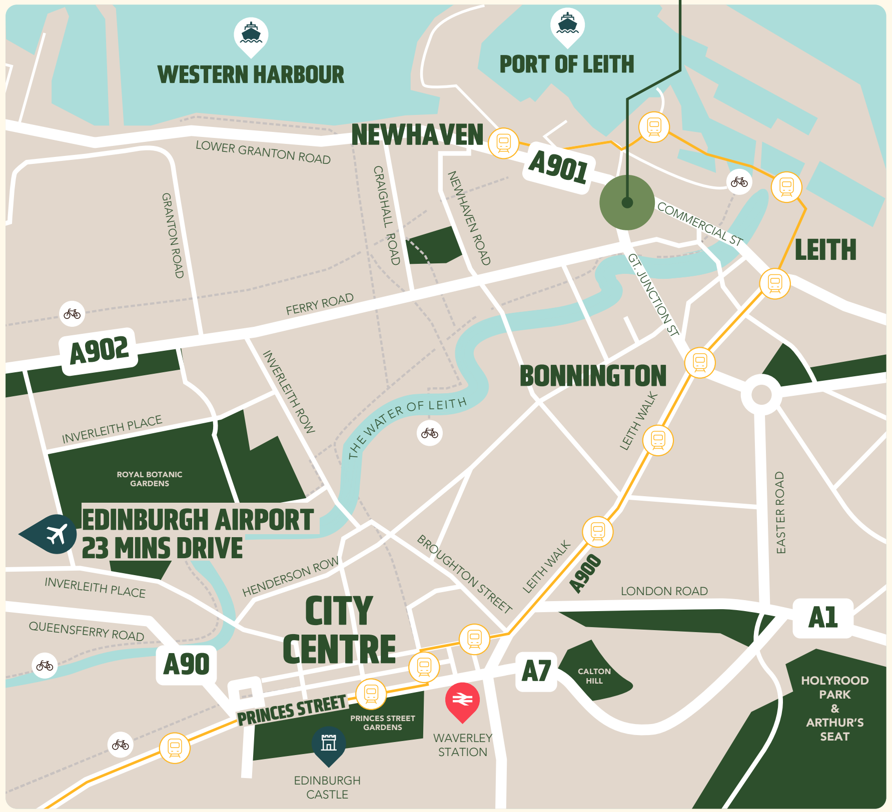
LOCATION

Edinburgh is widely recognised as one of the UK's strongest regional cities. It is Scotland's capital city and principal financial and administrative centre. It is one of the fastest growing cities in the UK, with a population of 560,000 people and a wider catchment of 1.4million people.

The city has grown by over 10% over the last decade.

Edinburgh is home to a highly educated workforce and diverse economy spanning financial services, technology, tourism, government, education and life sciences.

The city has one of the UK's highest concentrations of degree level residents and continues to attract domestic and international investment.



VIEW MAP →

LEITH

199 Commercial Street lies approximately 3 miles north of Edinburgh city centre in Leith.

Leith is a key growth area for the city with its own distinct identity. It has been the focus of considerable investment and regeneration over recent years.

The area boasts a vibrant and diverse mix of uses including residential, commercial, retail and civic. Attractions include Ocean Terminal, The Shore – with its numerous bars and restaurants, Commercial Quay, Port of Leith Distillery and much more.

Leith has previously been voted fourth coolest neighbourhood in the world by Time Out magazine and best place to live in Scotland by the Sunday Times 2020.

A pipeline of residential led mixed-use projects such as Ocean Quarter (531 units), Waterfront Plaza (388 units), Ocean Point 2 (112 BTR units and 404 PBSA units) and Ocean Drive (373 units) are set to enhance the areas appeal for workers, residents, and investors alike.

199 Commercial Street benefits from excellent connectivity and transport links due to its strategic position at the junction of Commercial Street and North Junction Street. There is easy access to the public transport system via the local bus and tram networks. Ocean Terminal tram stop is a 2 to 4 minute walk from the property. The Port of Leith and The Shore tram stops are also a short walk away. The nearest bus stops are immediately adjacent to the property.

STRATEGICALLY CONNECTED TO EDINBURGH, LEITH AND BEYOND.

DESCRIPTION

199 Commercial Street comprises a substantial 4-storey office building occupied in its entirety by The Department for Work and Pensions and the operated primarily as a JobCentre Plus for the north of Edinburgh. A number of back office facilities are also run out of the building.

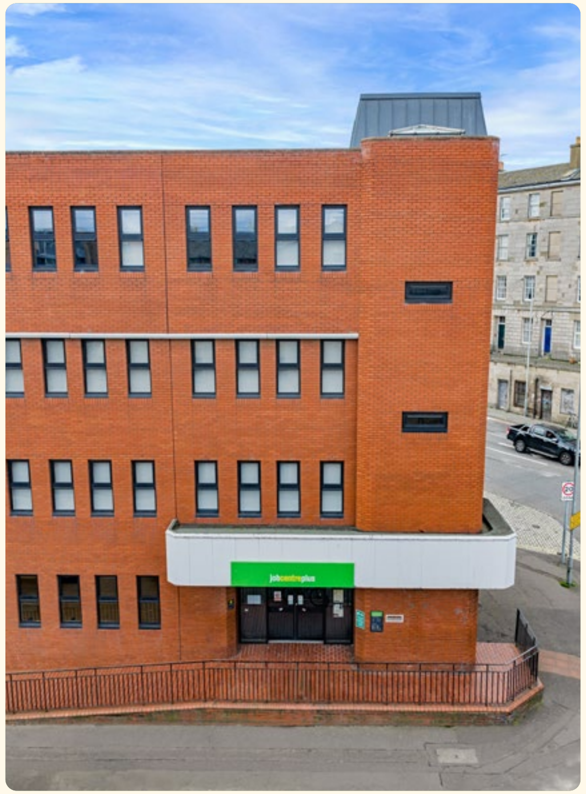
Floor plates are largely open plan and fitted out to meet the tenants' requirements.

The main access and reception area is off Commercial Street leading to the public/client facing ground floor job centre. The building is served by 2 x 8-person passenger lifts and there are 4 staircases with fire exits provided throughout the property. Male and female WCs are located on each floor with a disabled WC at ground floor level.

The building superstructure is of reinforced concrete frame, external walls are formed with cavity brick and blockwork wall construction. Roofs are predominantly of flat roof construction formed with concrete slabs and finished with asphalt.

The property benefits from 18 dedicated car parking spaces to the rear via a shared access with adjoining residential block to the east.

The flexible open-plan nature of the building suggests it would lend itself to multiple alternative uses in the future, subject to obtaining the relevant planning consents.



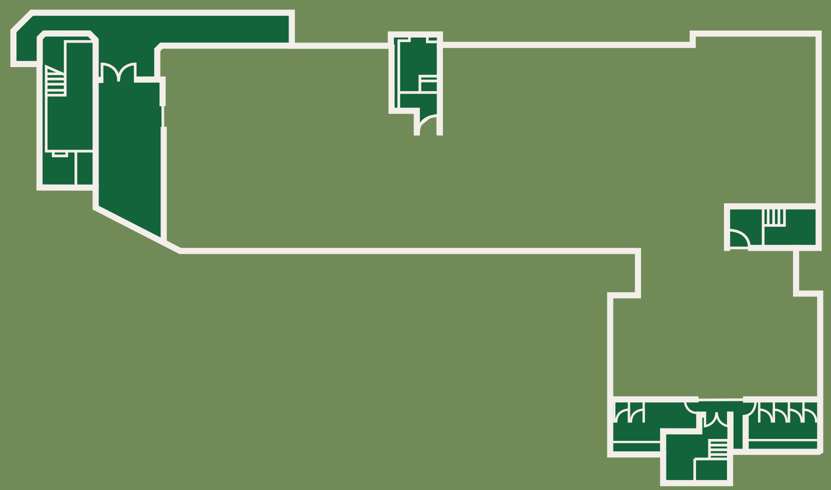
A SUBSTANTIAL OFFICE ASSET COMBINING EFFICIENT OPEN-PLAN ACCOMMODATION WITH LONG-TERM OCCUPATIONAL STRENGTH AND FUTURE ADAPTABILITY.

ACCOMMODATION

We estimate the subjects extend to the following Net Internal Areas:

FLOOR	USE	AREA (SQ FT)
Ground floor	Reception	156
Ground floor	Offices	6,433
First floor	Offices	6,911
Second floor	Offices	6,952
Third floor	Offices	7,462
TOTAL		**27,914**

TYPICAL LAYOUT



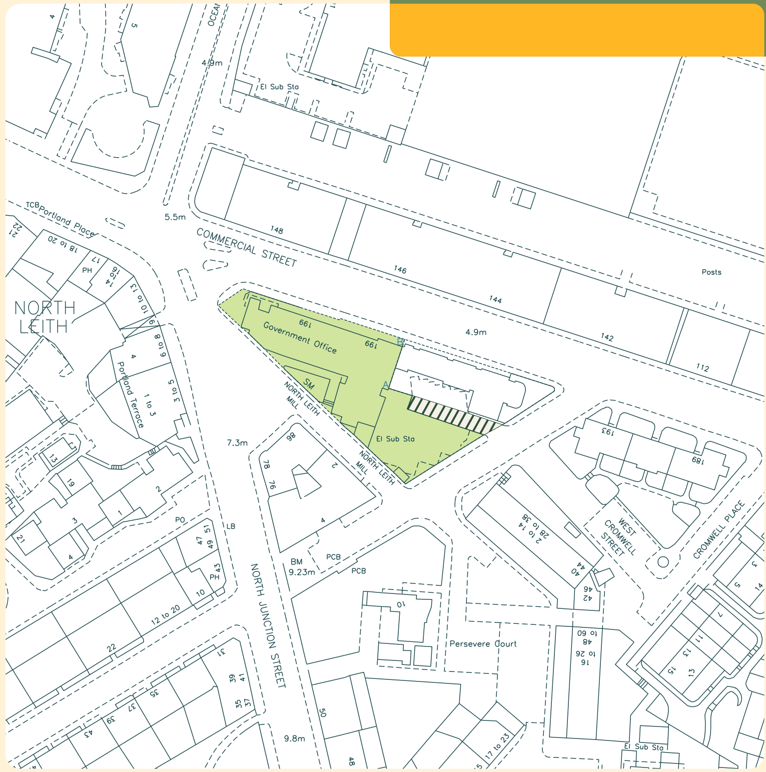
Indicative purposes only

EPC

The building has recently been assessed and provides an EPC Rating of B+. A copy of the Energy Performance Certificate and draft Section 63 Action Plan can be accessed via the Data Room.

TENURE

Heritable Interest/Outright Ownership Interest.



TENURE

TENANT	First Secretary of State.
DURATION	60 years from 9th October 1978, expiring on 1st August 2038.
RENT	£278,000 per annum exclusive of VAT paid quarterly in advance.
RENT REVIEWS	5 yearly, upward only, based on “fair market” rental value. Fair market is rent defined as the fair annual rent at which a building situated within the City of Edinburgh District boundary of a similar size, specification, and age to the property if vacant can be let as one entity at the relevant term in question for the duration of the lease.
NEXT REVIEW DATE	9th October 2028.
REPAIR	Full Repairing and Insuring.

OFFICE MARKET OVERVIEW

EDGING TO FIFTY

A scarcity of prime supply is constraining take-up and fuelling regear activity. Limited options continue to fuel incremental rental growth for best in class product.

PRIME YIELD: 6.5%

Q1 2026 HEADLINE RENTS

CITY CENTRE	£48 per sq ft
WEST EDINBURGH	£30 per sq ft
NORTH EDINBURGH / LEITH	£18 per sq ft

2026 SHAPES UP BETTER

City centre take-up has remained below trend over the first half of 2026, it nonetheless marks a notable improvement upon 2025.

Q1 2026 saw the strongest quarter in the city centre since Q4 2024, with take-up of 118,760 sq ft up 40% on Q4 2025's total and 13% below the long-term average.

Out of town fared relatively better than the city centre in 2025. The early part of 2026 has been quieter. Q1 out of town take-up amounted to 27,360 sq ft, 42% below trend.

Across both the city centre and out of town markets, technology, professional services and pharmaceuticals / biotechnology were the most active sectors in Q1.

Amid a shortage of prime supply, activity remains focused on regears and that partly reflects below par take-up over the past 18 months. A substantial 265,000 sq ft of lease re-gear transactions were recorded in 2025 as the trend for occupiers choosing to remain in existing space continues.

TIGHTEST MARKET IN THE BIG SIX

Total availability in the city centre increased during Q1 2026 to stand at 1.3m sq ft, its highest level since 2015. However, supply is equivalent to 2.4 years of average annual take-up and on this measure, Edinburgh remains the tightest-supplied city centre market among the Big Six, marginally ahead of Manchester's 2.6 years.

Out of town is a similar story, with the delivery of 7 Lochside Avenue, Edinburgh Park providing a key boost to the quality of the out of town offer. This scheme has already had some success, with deals to Spacelabs and Enercon in the last six months, with fitted space being offered by the landlord.

DWINDLING DEVELOPMENT

While there is a compelling case for development, viability concerns continue to hamper appetite given high yields, elevated build costs and cost of finance. No new build speculative starts are currently scheduled, with major schemes at Rosebery (154,071 sq ft) and New Yards at Haymarket (185,257 sq ft) contingent on securing sizeable pre-lets.

In West Edinburgh, several significant refurbishments are scheduled for delivery in 2026, including Base, 3 Redheughs Avenue (89,323 sq ft) half of which is understood to be under offer and 3 Lochside Avenue (81,322 sq ft).

RENTS PUSHING FIFTY

Prime headline rents continue to see incremental growth via newly refurbished schemes, rising by 3% over recent months to stand at £48.00 per sq ft.

With limited new supply and a clear flight to quality among occupiers, further gradual rental growth in the city centre is expected to continue over the coming years, towards £50.00 per sq ft.

A more significant step change in rental tone could occur if a pre-let is secured on future new build schemes. Rents in the order of £55.00 per sq ft would be required for developments such as New Yards and Rosebery House to proceed, given current construction costs. Achieving this level would accelerate rental growth beyond current forecasts.

Out of town prime rents have remained stable at £30.00 per sq ft for several years. Conditions are expected to keep rents flat over the medium term, albeit higher levels are being achieved through offering fitted and furnished space.

NORTH EDINBURGH / LEITH

From 2024 to 2026, the North Edinburgh office market remained a relatively small but stable segment of the city's overall commercial property sector.

- **2024**: The sub-sector experienced a strong year, with transacted space at 24,966 sq. ft. across 14 deals. This surge was heavily influenced by a single large transaction: a 10,711 sq. ft. lease secured by whisky bottling and distribution specialists Volpecastello Ltd at Quay House on Commercial Quay.
- **2025**: Activity held relatively steady year-on-year, with 24,674 sq. ft. transacted across 17 deals. A notable transaction during this period was the creative agency Contagious acquiring 2,227 sq. ft. at Commercial Quay.
- **Prime Rental Tone**: Throughout the entire three-year period, prime rents for best-in-class space in North Edinburgh consistently held steady around £17 to £18 per sq. ft..
- **Flexible/Serviced Office Demand**: Flexible and serviced workspace operators (such as Clockwise and Pure Offices) performed well in this location, maintaining solid occupancy levels throughout the review periods.

SUPPLY DYNAMICS

By the end of 2025, North Edinburgh (Leith) remained highly constrained compared to other outlying markets like West Edinburgh. Total office supply in Leith stood at 106,789 sq. ft., representing a tiny fraction of the broader city-wide vacancy pipeline.

TENANT/COVENANT

The original tenant under the lease was the Secretary of State for the Environment. The tenants interest is now vest in the First Secretary of State. The covenant strength is considered undoubted.

VAT

The subjects are not elected for VAT.

PROPOSAL

We are instructed to invite offers over £3,500,000 exclusive of VAT. A purchase at this level would reflect a net initial yield of 7.46% allowing for standard purchasers' costs and LBTT, and a capital rate per sq ft of £125.

AML

In accordance with anti-money laundering (AML) regulations, the purchaser will be required to satisfy the vendor on the source of funds used to complete the transaction.

CAPITAL ALLOWANCES

Further information can be provided upon request.

CONTACTS

Nick Armstrong
Mobile 07740 961 592
Email nick.armstrong@ryden.co.uk

Ford Swanson
Mobile 07770 223 196
Email ford.swanson@ryden.co.uk

Ryden

199 COMMERCIAL STREET

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