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INSIGHT

MARKETS

PROFESSIONAL

PDR resi blocks under scrutiny **p4** Steve Rotheram's to-do list **p32** IBM's former HQ transforms **p55** Women in Property awards **p65**
Woking council to buy office **p5** Manchester University regen **p36** New era for Southampton **p56** Infrastructure regulation **p67**

Schroders is No.1 in Spinningfields

■ Sale of Manchester's No.1 Spinningfields for £200m set to be one of 2017's largest regional office deals

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AND HELEN CRANE

Schroder Real Estate is set to snap up No.1 Spinningfields in Manchester for around £200m in what is likely to be one of the largest regional office deals of the year.

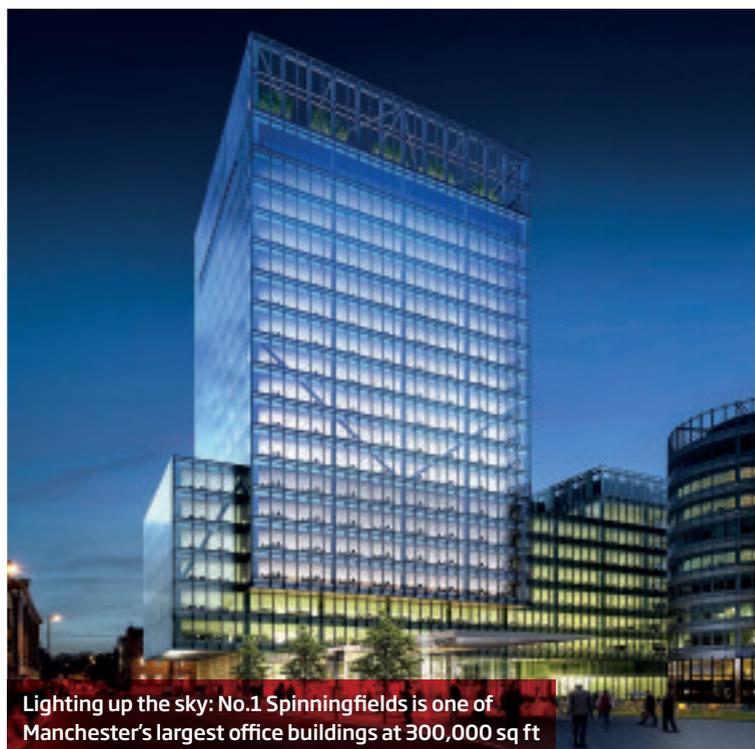
Property Week understands that the fund manager is in exclusive negotiations with developer Allied London to acquire the 300,000 sq ft tower, which is the centrepiece of the city's Spinningfields business district and one of Manchester's largest and highest-valued office buildings.

The estimated £200m price tag for the 19-storey building, which is currently under construction and due to complete later this year, would represent a yield of around 5%.

No.1 Spinningfields, which was put up for sale through Farmer Capital earlier this year, is nearly fully pre-let.

The most recent leasing deal happened last month when US flexible working giant WeWork chose the building for a 60,000 sq ft centre - its first outside London.

Pre-lets have also been agreed with a number of professional services firms including accountancy giant PwC, which inked a deal for 50,000 sq ft in 2015,



Lighting up the sky: No.1 Spinningfields is one of Manchester's largest office buildings at 300,000 sq ft

and law firms Squire Patton Boggs, Browne Jacobson and Weightmans. In addition, global restaurant operator D&D London will open its first Manchester restaurant on the building's roof terrace.

Allied has been developing the

22-acre Spinningfields estate for 20 years, and No.1 Spinningfields represents one of the last pieces of the puzzle. Last year, Allied sold the XYZ building at Spinningfields to Germany's Union for around £85m.

The No.1 Spinningfields deal is the largest of several high-profile transactions in the North West office investment market so far this year.

Last month, Salford City Council agreed to forward-fund Ask Developments and Tristan Capital Partners' 100 Embankment, which has a GDV of around £100m. Other significant deals include the sale of the Co-operative Insurance Society (CIS) Tower by The Co-operative and Hermes to Castlebrooke Investments for more than £65m and the forward sale by Castlebrooke of Landmark - its speculative office development in St Peter's Square - to Barings for £100m.

Schroders' purchase of No.1 Spinningfields follows its acquisition in 2014 of another of Manchester's tallest office buildings, City Tower, in a £132m deal from Bruntwood. Earlier this year, after the fund manager secured 47,500 sq ft of new lettings at City Tower, Tom Newman, investment manager at Schroder Real Estate, said it had taken advantage of rental growth in the city.

"It also provides a good example of our winning cities approach, as the attributes of diversification, modern infrastructure and quality of life mean the asset is well positioned to outperform in the coming years," he said.