

# Commercial Property

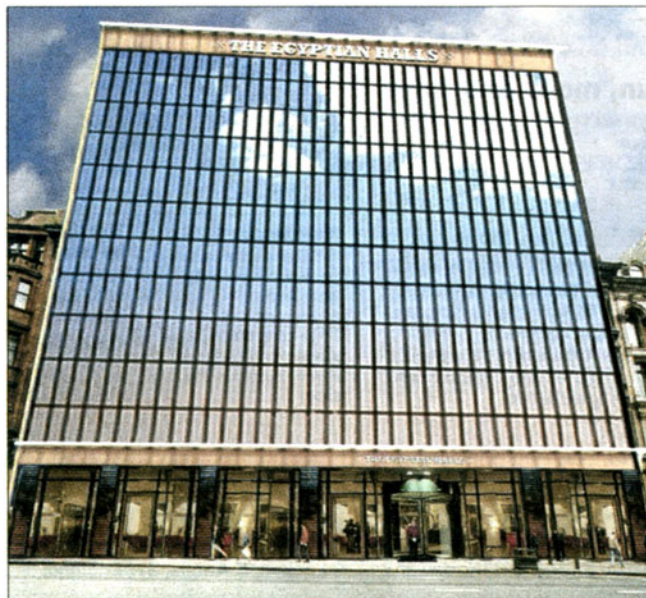
## Beware, Greek's gift not bearing up

KEN HOUSTON

EXITING Glasgow Central Station on Gordon Street brings you face to face with the Grosvenor Building, a masterpiece by the Victorian architect, Alexander "Greek" Thomson. Coincidentally, one of the terminal's side exits opens on to Union Street and another Thomson design, the Egyptian Halls. But the two buildings tell a very different story.

Only the facade of the Gordon Street property is genuine; behind it are modern offices, new in 1992 and now undergoing a refurbishment scheme by its landlord, Ignis Real Estate. The Egyptian Halls – completed in 1872 and described as the finest surviving example of a Thomson commercial building – is still intact, but only just. Now the developer who for more than a decade has been trying to return the structure to its former glory claims the state of disrepair will soon reach a point whereby demolition – despite its grade-A listing – will be the only option.

Almost resigned to this, Derek Souter of Dundee-based Union Street Investments and Union Street Properties, has proposed a scheme for a new building on the site, with ground-floor retail and a hotel. He claims his passion for restoring the present structure has almost been spent – worn down by the obduracy of the public sector bodies with whom he has had to deal. Development of the site in whatever



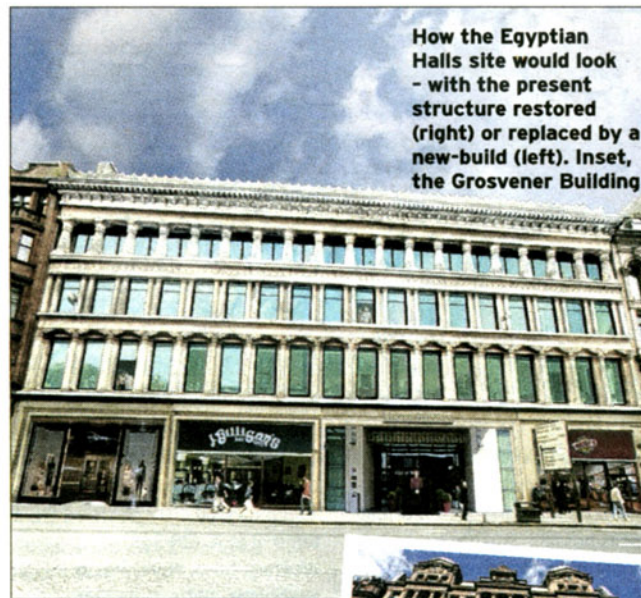
acceptable context is now his main aim.

The background to the saga is already well known in property circles. Souter's companies have spent £5 million on the project and, he says, are willing to invest a further £12m. Glasgow City Council has agreed a £1m grant and Historic Scotland a grant of around £1.65m, but that leaves about £4.35m still to be found. Souter says he is prepared to reduce the shortfall by a further £2m if Historic Scotland comes up with the remainder and is frustrated by the body's refusal to do so. Historic Scotland says

the proffered contribution towards the project is treble the usual maximum for a scheme such as this.

Souter insists that for many years his interest in the site was also driven by a genuine desire to see this unique piece of Victorian architecture retained and while this remains his preference, he is beginning to see new-build as the only option – a choice likely to become academic within a year given the state of disrepair.

He continues "The rebuild option is now subject to development appraisals. Early indications are this option shows



a decent surplus, which paradoxically vindicates the Scottish Government's advice that the Egyptian Halls should be treated as a commercial project."

Meanwhile, in contrast to all this angst, refurbishment of the Grosvenor Building will be completed in early 2011, the entire interior (currently unoccupied) being "remodelled" to provide office suites of circa 8,500 each from the first to the sixth floor. The joint letting agents, GVA Grimley and King Sturge, declined to put a value on the cost of the refurbishment, saying only that it was a "six-figure sum".

## All go in Glasgow

THE first letting at City Site Estates's 79,000 sq ft office scheme at 2 West Regent St, Glasgow has gone to i2 Office, "a new concept in serviced offices providing flexible accommodation that maximises technology". The tenant has taken 15,900 sq ft over the first and second floors on a 15-year lease at an average annual rental of £24.30 a sq ft. GVA Grimley and DTZ advised the landlord while Jones Lang LaSalle acted for i2 Office.

Still in Glasgow, semiconductor distribution specialist EBV Elektronik has taken 1,900 sq ft at 180 St Vincent Street on a ten-year lease at an initial rental of £21.50 a sq ft. Ryden acted for the landlord, MWM Property.

EP Barrus has sold the 1.83 acre site which houses a 45,000 sq ft complex at Lumley Street, Grangemouth, to Bellair for £450,000. DM Hall acted for the vendor.

Drambuie is the latest tenant to sign up at ScotMid's Rosewell House at Connect Business Park in Newbridge, Edinburgh, where it has taken 1,309 sq ft of space on a five year lease at a rental of £17 a sq ft. Cushman & Wakefield and Ryden acted for ScotMid, Savills for Drambuie.

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So what of a solution for the Egyptian Halls based on the Gordon Street building – i.e. a new-build behind the retained original facade? "It's a possibility," says Souter. "But the truly remarkable thing about this building is the iron floor interior which on completion was cutting edge structural engineering and reinforced Scotland's international architectural credentials."