

# CHESTER

37 FOREGATE STREET

FOR SALE  
PRIME HIGH STREET INVESTMENT  
OPPORTUNITY



ON BEHALF OF

# M&S

EST. 1884



CHEETHAM & MORTIMER

Hartnell  
TaylorCook

# CHESTER

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**FOR SALE**  
**PRIME HIGH STREET INVESTMENT**  
OPPORTUNITY

INVESTMENT

## INVESTMENT CONSIDERATIONS

- A unique and historic city centre acknowledged to be a premier shopping, leisure and tourist destination for the region.
- Excellent road, rail and air communications and a strong commuter base to Liverpool and Manchester.
- Wealthy local population with Higher Income Classifications above the National average.
- A prime trading location on the edge of the historic core, opposite Marks & Spencer and close to Primark and Boots. The nearby former BHS unit has potential to attract further flagship retailers to the pitch.
- Let to an improving National Multiple Retailer (D&B Rating 2A1) whose latest accounts show consistent year on year growth.
- Following the removal of a break clause, the lease provides for an unexpired term of approximately 5 years.
- Agreed rent review increase of £15,000 in November 2018 to £85,000 per annum.
- An attractive yield profile and a capital value affordable to private investors.

## PROPOSAL

Inviting offers in excess of **£945,000 (Nine Hundred and Forty Five Thousand Pounds)**, to show an attractive return of **8.5%**.



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## INTRODUCTION

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Chester is one of the most historic and memorable cities in the North of England. Its origins date from the Roman era, when it served as an important port and garrison town. The Roman influence still resonates today in the form of the amphitheatre and surrounding fortress walls. This, combined with the Victorian creation of the unique two level prime shopping tiers, known as The Rows, has made Chester a popular leisure and shopping destination.



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## LOCATION

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### LOCATION

Chester is situated approximately 19 miles south of Liverpool, 40 miles south-west of Manchester and 200 miles north-west of London.

Road, rail and air communications are excellent. The M56 and M53 motorways are located within close proximity to the city centre, providing easy access to the Wirral and Liverpool to the north, North Wales (via the A55) to the south-west and the M6 motorway and Manchester to the east.

Direct rail services are available to London Euston (2 hours 2 minutes), Liverpool (42 minutes) and Manchester (1 hour 5 minutes) as well as the ferry terminal at Holyhead (1 hour 50 minutes).

Manchester International airport and Liverpool John Lennon airport are both situated within a 40 minute drive time of Chester. Manchester is the third largest airport in the UK, hosting over 100 airlines that serve 225 destinations across five continents.

### SITUATION

The property occupies a prime trading position on Foregate Street. It is positioned adjacent to Wilko, directly opposite Marks and Spencer and in close proximity to River Island, H Samuel, Paperchase, Body Shop, Holland & Barrett and Boots. The exact location is shown on the plan.

[ROLL OVER PLAN TO SEE MAP](#)

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## DEMOGRAPHIC

### DEMOGRAPHIC AND ECONOMIC PROFILE

Chester has a resident population of 132,087 people and a population of 804,000 within the primary catchment area. According to PROMIS this is above the regional centre average ranking the city 15th out of the PROMIS UK centres. The resident population is classified as affluent with 28% of the population within a 15 minute drive time being classified within a social grade of AB (high and intermediate management, administration and professional) which is significantly higher than the national average of 23%.

Financial business services and tourism dominate local employment. Major employers include Lloyds Bank and Marks and Spencer's Financial Services. The city attracts over 8 million tourists a year, generating an annual spend of over £800m. In addition to the historic city centre, other attractions include Cheshire Oaks factory outlet centre, Chester Race Course and Chester Zoo – a top 10 UK Visitors Attraction with over 1.4m visitors annually.

**1,470,000 SQ FT**

TOTAL RETAIL FLOOR SPACE IN CHESTER

**8 MILLION**

TOURISTS VISIT ANNUALLY



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## RETAILING IN CHESTER

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### RETAILING IN CHESTER

Chester is one of the region's premier retail destinations. The historic character creates a unique shopping environment extending across 1,470,000 sq ft of retail floor space. Flagship retailers include Zara, Jack Wills, Joules, Gieves and Hawkes and Jo Malone.

The prime core is focussed along Eastgate Street and Foregate Street. Eastgate Street is situated inside the Roman walls and is partially pedestrianised. It forms part of the historic Row level shop complex and is characterised by smaller traditional units. Retailers represented include Next, Jack Wills and Fat Face.

Foregate Street is situated outside of the Roman walls and is characterised by modern units with larger floor templates, exemplified by Marks and Spencer, Primark, Boots and River Island.

Chester has two covered shopping centres. Close to the subject premises, The Grosvenor Centre (245,000 sq ft) is regarded as the prime scheme. It is anchored by Debenhams and H&M, Topshop, Dorothy Perkins and TK Maxx and has parking for 410 cars.

The Forum Shopping Centre forms a key component within the local authority driven Northgate Project – a consented mixed use scheme comprising retail, leisure, and residential units.

Cheshire West & Chester council have approved funding for phase 1. This includes a new market hall, public realm, food and drink space and a cinema. Works are expected to start in autumn 2019 with completion in spring 2021.

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DESCRIPTION / ACCOMMODATION

## DESCRIPTION

The property predominantly comprises a Victorian three storey retail unit that was extended in the 1960's. The original front structure is of frame construction with brick infill panels and walls beneath a pitched slate covered roof. The first and second floor extends over the pavement. The ground floor retail area was extended at the rear and incorporates a first floor section beneath a flat asphalt and felt covered roof. The front and rear of the upper floor sections are detached from each other. The front section comprises former residential accommodation and is now accessed across the flat roof that separates the rear section. This provides remote storage. The rear section provides ancillary staff accommodation. Access for escape purposes is available at the rear leading onto Frodsham Street.

## TENURE

Freehold

## ACCOMMODATION

The property has the following approximate dimensions and net internal floor areas:

FLOOR	AREA SQ M	AREA SQ FT
Gross Frontage	5.27 m	17' 4"
Net Frontage	4.35 m	14' 3"
Internal width	4.81 m	15' 9"
Shop Depth	26.46m	86'10"
Built Depth	27.46m	90' 1"
<b>GROUND FLOOR</b>		
Sales	120.86 sq m	1301 sq ft
ITZA	597.25 Units	
<b>FIRST FLOOR</b>		
Rear Ancillary	16.25 sq m	175 sq ft
Front Remote Store	43.08 sq m	464 sq ft
<b>SECOND FLOOR</b>		
Disused	47.01 sq m	506 sq ft
<b>TOTAL</b>	<b>227.20 sq m</b>	<b>2,445 sq ft</b>

## TENANCY

The entire property is leased to Cardzone Ltd for a term expiring on 27th November 2023. The lease is drawn on an internal repairing and insuring basis with the former residential accommodation at the front of the building being subject to a Schedule of Condition.

The Tenant had an option to terminate their lease on the 27th November 2018. In return for providing a six month rent free period, the tenant waived their option and agreed a fixed increase in the rent from £70,000 to £85,000 per annum. This is effective from 27th November 2018.

A Schedule of Disrepair was prepared on 17th July 2017. A copy of the report is available to interested parties.

# CHESTER

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## FOR SALE PRIME HIGH STREET INVESTMENT OPPORTUNITY

TENANT

### RENTAL VALUE

The passing rent will be £85,000 per annum. We equate this to a rate of £132.24 per sq ft ITZA.

In our opinion, the property has an Estimated Rental Value of £90,000pax based on a rent of £140.00 ITZA including a 5% additional allowance for the repair clause. This is based on the following market activity:

PROPERTY	TENANT	TRANSACTION	DATE	RENT £PSF ITZA
25 Foregate St	Warren James	OML	Q2 2016	£135.00
10-12 Foregate St	Mococo	OML	Q2 2015	£152.00
23 Foregate St	H Samuel	LR	Q4 2014	£167.00



### THE TENANT

Cardzone Ltd (Company No 04639036) was established in January 2003 and currently trades from over 100 outlets throughout the UK. The tenant has a Dun and Bradstreet rating of 2A1 which translates into a “minimum risk of failure”.

For the financial period ending the 1st July 2017, the company reported a 70% increase in pre-tax profits to £3,030,202 on increased turnover of 45% to £25,192,779. Despite challenging conditions on the high street, the company reported a 1% increase in like for like sales over the period.

Their financial performance for the last 3 years can be summarised as follows:

	YEAR END 1ST JULY 2017	YEAR END 2ND JULY 2016	YEAR END 30TH JUNE 2015
Sales Turnover	£25,192,779	£17,383,338	£15,122,246
Profit Before Taxes	£3,030,202	£1,782,796	£1,300,743
Tangible Net Worth	£2,619,061	£1,594,030	£1,531,638
NET Current Assets	£1,922,278	£597,268	£603,420



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PROPOSAL / CONTACT

## EPC

Asset Rating - D92

## VAT

The property is registered for VAT. It is the intention of the vendor to undertake the sale as a Transfer of a Business as a Going Concern (TOGC).

## PROPOSAL

We are instructed to invite offers in excess of **£945,000 (Nine Hundred and Forty Five Thousand Pounds)**, subject to contact and exclusive of VAT, for the freehold interest.

A purchase at this price would show the following yield profile assuming costs based on 5.68% and an Estimated Rental Value of £90,000 per annum in November 2023:

Net initial yield	8.51%
Reversionary yield	9.01%
Equivalent yield	8.80%

## CONTACT

If you require further information or wish to arrange an inspection of the property please contact:

## CHEETHAM & MORTIMER

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## Hartnell Taylor Cook

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